

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail. OBAYASHI CORPORATION assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Notice of Convocation of
the 115th Ordinary General Meeting of Shareholders

Securities Code: 1802
May 31, 2019

Dear Shareholders,

You are cordially invited to attend the 115th Ordinary General Meeting of Shareholders of OBAYASHI CORPORATION (hereinafter referred to as the "Corporation"). The meeting will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal voting or Internet voting. Prior to voting, please examine the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights by 5:15 p.m. on Monday, June 24, 2019 in Japan Standard Time.

Sincerely yours,

Kenji Hasuwa
President
OBAYASHI CORPORATION
2-15-2, Konan, Minato-ku, Tokyo

Details of the General Meeting of Shareholders

1. Date and Time:

Tuesday, June 25, 2019, at 10:00 a.m. (Japan Standard Time)
(Reception desk is scheduled to open at 9:00 a.m.)

2. Place:

Head Office of the Corporation (3F Auditorium), Shinagawa Intercity Tower B,
2-15-2, Konan, Minato-ku, Tokyo, Japan

3. Agenda

Matters to be reported:

Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 115th Fiscal Year (from April 1, 2018 to March 31, 2019; hereinafter referred to as the “fiscal year under review”), as well as the audit reports of the Accounting Auditors and the Audit & Supervisory Board for Consolidated Financial Statements

Matters to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Ten (10) Directors

Proposal 3: Election of One (1) Audit & Supervisory Board Member

Information Concerning the General Meeting of Shareholders

- You are kindly requested to present the enclosed “Form for Exercising Voting Rights” to the receptionist when you attend the meeting.
- If you intend to exercise your voting rights by proxy, one other shareholder who possesses voting rights may attend the General Meeting of Shareholders as proxy. If this is the case, please note that such shareholder is requested to submit the letter of proxy.
- If any changes have been made to items in the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements or the Reference Documents for General Meeting of Shareholders, such changes will be posted on our website.
- The voting results on the resolutions of the General Meeting of Shareholders will be posted on our website.

The Corporation's Website: <https://www.obayashi.co.jp/>

Guidance for Exercising Voting Rights

You may exercise your voting rights by one of the following three methods.

1. To exercise your voting rights by attending the General Meeting of Shareholders

Please present the enclosed “Form for Exercising Voting Rights” to the receptionist.

Please also bring this notice as a meeting agenda.

Date and time of the meeting: **Tuesday, June 25, 2019, at 10:00 a.m. (Reception desk is scheduled to open at 9:00 a.m.)**

2. To exercise your voting rights by post

Please indicate on the enclosed “Form for Exercising Voting Rights” whether you approve or disapprove of each proposal, and return it by the voting deadline below.

Deadline: **to be received on Monday, June 24, 2019, at 5:15 p.m.**

3. To exercise your voting rights via the Internet

Follow the instructions on the following page (available in Japanese only) and input your vote for or against each proposal.

Deadline: **to be exercised on Monday, June 24, 2019, at 5:15 p.m.**

How to fill out the “Form for Exercising Voting Rights”

Please indicate whether you approve or disapprove of each proposal.

*When neither “Approve” nor “Disapprove” is circled on a Proposal, that proposal will be deemed to indicate approval.

Please note that your voting via the Internet shall prevail, if you exercise your voting rights both in writing (by post) and via the Internet. If you exercise your voting rights more than once via the Internet, only the last vote shall be deemed effective.

If you intend to attend the Ordinary General Meeting of Shareholders, neither voting by mail (the Form for Exercising Voting Rights) nor via the Internet is necessary.

Institutional investors may use the electronic platform to exercise voting rights for institutional investors, operated by ICJ, Inc.

Reference Documents for General Meeting of Shareholders

Proposals and Reference Issues

Proposal 1: Appropriation of Surplus

The basic policy of the Corporation is to provide shareholders with returns commensurate with the Corporation's performance, including through share buybacks, with a primary emphasis on sustaining stable dividend payouts to shareholders over the long term, and with a target consolidated dividend payout ratio of 20% to 30%, while taking into account the need to enhance internal reserves so as to further improve its financial base, develop technologies and carry out capital expenditure for the future.

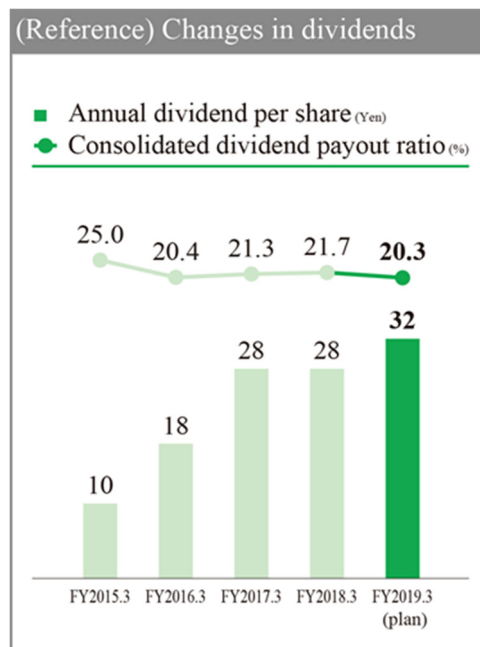
Under the policy, the Corporation proposes a year-end dividend for the fiscal year under review of 18 yen per share. In addition to the interim dividend of 14 yen, the annual dividend would amount to 32 yen per share, an increase of 4 yen from the previous fiscal year.

1. Year-end dividends

- (1) Type of dividend property: Cash
- (2) Appropriation of dividends to shareholders and total amount of dividends
Dividend per share: 18 yen
Total amount of dividends: 12,925,013,454 yen
- (3) Date of effectiveness: June 26, 2019

2. Other appropriation of surplus

- (1) Item and amount of surplus to be increased
General reserve: 75 billion yen
- (2) Item and amount of surplus to be decreased
Retained earnings brought forward: 75 billion yen



Proposal 2: Election of Ten (10) Directors

The terms of office of all ten (10) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect ten (10) Directors (including three (3) Independent Directors).



The candidates for Directors are as follows:

No.	Name		Position and areas of responsibility in the Corporation	Number of Board of Directors meeting Attended (FY2019.3)	Tenure (at the conclusion of this General Meeting of Shareholders)
1	Takeo Obayashi	Reappointment	Chairman Representative Director	14/14	36 years
2	Kenji Hasuwa	Reappointment	Representative Director President	14/14	4 years
3	Shingo Ura	Reappointment	Representative Director Executive Vice President General Manager of Building Construction Division Responsible for Overall Building Construction	14/14	2 years
4	Takehito Sato	Reappointment	Representative Director Executive Vice President General Manager of Civil Engineering Construction Division Responsible for Overall Engineering Construction	12/12	1 year
5	Yasuo Kotera	Reappointment	Director Senior Managing Executive Officer Responsible for Overall Administration	12/12	1 year
6	Toshihiko Murata	Reappointment	Director Senior Managing Executive Officer General Manager of Tokyo Main Office	12/12	1 year
7	Toshimi Sato	Reappointment	Director Managing Executive Officer Responsible for Corporate Strategy, Personnel, Finance and Accounting. General Manager of Corporate Strategy Division and Deputy General Manager-in-Charge of Tokyo Main Office (responsible for Project Administration)	12/12	1 year
8	Shinichi Otake	Reappointment Outside Independent officer	Independent Director	14/14	6 years
9	Shinichi Koizumi	Reappointment Outside Independent officer	Independent Director	14/14	4 years
10	Naoki Izumiya	Reappointment Outside Independent officer	Independent Director	10/12	1 year



- Notes: 1. No special conflicts of interest exist between the Corporation and the proposed candidates.
2. The number of Board of Directors meetings attended by Messrs. Takehito Sato, Yasuo Kotera, Toshihiko Murata, Toshimi Sato, and Naoki Izumiya only refers to the Board of Directors meetings held after they were appointed as Director at the 114th Ordinary General Meeting of Shareholders held on June 26, 2018.

	1	Takeo Obayashi <div style="float: right; border: 1px solid black; padding: 2px;">Reappointment</div> <p style="text-align: right;">(Date of birth: Jun. 9, 1954)</p>
	<p>[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]</p> <p>Apr. 1977 Joined the Corporation</p> <p>Jun. 1983 Director</p> <p>Jun. 1985 Managing Director</p> <p>Jun. 1987 Senior Managing Director</p> <p>Jun. 1989 Executive Vice President</p> <p>Jun. 1997 Vice Chairman</p> <p>Jun. 2003 Chairman</p> <p>Jun. 2007 Director</p> <p>Jun. 2009 Chairman Representative Director (incumbent)</p>	
<p>Number of the Corporation's shares held: 16,944,095</p> <p>Tenure: 36 years</p> <p>Status of attendance to Board of Directors meeting: 14/14 (100%)</p>	<p>[Reasons for nomination of the candidate as Director]</p> <p>Ever since assuming the Director position in 1983, Mr. Takeo Obayashi has been involved in the management of the Corporation as a member of the Board of Directors. He has demonstrated excellent management skills as Chairman, Representative Director since 2009. He plays an important role for corporate governance, prompting members of the Board of Directors including Independent Directors to discuss freely and striving for managing meetings to have constructive discussions, etc. as Chairman of the Board of Directors. The Corporation nominated him as a candidate for Director because he has such background and quality and is continuously essential for the Corporation's management.</p>	
	2	Kenji Hasuwa <div style="float: right; border: 1px solid black; padding: 2px;">Reappointment</div> <p style="text-align: right;">(Date of birth: Nov. 15, 1953)</p>
	<p>[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]</p> <p>Apr. 1977 Joined the Corporation</p> <p>Apr. 2010 Executive Officer</p> <p>Oct. 2012 Managing Executive Officer</p> <p>Oct. 2014 General Manager of Technology Business Development Division</p> <p>Jun. 2015 Director</p> <p>Apr. 2016 Senior Managing Executive Officer</p> <p>Mar. 2018 Representative Director President (incumbent)</p>	
<p>Number of the Corporation's shares held: 16,700</p> <p>Tenure: 4 years</p> <p>Status of attendance to Board of Directors meeting: 14/14 (100%)</p>	<p>[Reasons for nomination of the candidate as Director]</p> <p>Mr. Kenji Hasuwa assumed the Executive Officer position in 2010 and has held the positions of Deputy General Manager-in-Charge of Civil Engineering Construction Division at Tokyo Main Office and Deputy General Manager of Technical Division and General Manager of Technology Business Development Division (responsible for overseeing new businesses including renewable energy business) and has been responsible for the Group's Construction Division, Technology Division and New Businesses Division. He assumed the Representative Director and President position in March 2018 and has demonstrated strong leadership, contributing to improving the Group's corporate value. The Corporation nominated him as a candidate for Director based on the judgment that he has excellent capabilities and knowledge gained from this background and is necessary for recovering society's trust in the Corporation and improving corporate value further.</p>	

	3	Shingo Ura	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
			(Date of birth: Sep. 29, 1950)
[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]			
Apr. 1973 Joined the Corporation Aug. 2007 Executive Officer Apr. 2010 Managing Executive Officer Deputy General Manager of Building Construction Division at Tokyo Main Office Apr. 2012 Senior Managing Executive Officer General Manager of Building Construction Division at Tokyo Main Office Apr. 2015 General Manager of Tokyo Main Office Jun. 2017 Representative Director Executive Vice President (incumbent) Apr. 2019 General Manager of Building Construction Division (incumbent)			
Number of the Corporation's shares held:	13,100	General Manager of Building Construction Division Responsible for Overall Building Construction	
Tenure:	2 years		
Status of attendance to Board of Directors meeting:			
		14/14 (100%)	
[Reasons for nomination of the candidate as Director]			
		Since joining the Corporation, Mr. Shingo Ura has engaged in the building construction business. He assumed the Executive Officer position in 2007 and was responsible for marketing at Building Construction Division at Tokyo Main Office and was General Manager of Tokyo Main Office, etc. He is currently serving as Executive Vice President overseeing the building construction business. Since 2017, he has also participated in the Corporation's management as Representative Director. The Corporation nominated him as a candidate for Director based on the judgment that he has excellent capabilities and knowledge gained from this background and is capable of continuing fully performing his functions as Director by drawing on his considerable experience.	

	4	Takehito Sato	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: Sep. 6, 1952)		
Number of the Corporation's shares held: 8,359 Tenure: 1 year Status of attendance to Board of Directors meeting: 12/12 (100%)	[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]		
	<p>Apr. 1975 Joined the Corporation</p> <p>Apr. 2011 Executive Officer Deputy General Manager-in-Charge of Civil Engineering Construction Division at Tokyo Main Office</p> <p>Apr. 2015 General Manager of Shikoku Branch</p> <p>Apr. 2016 Managing Executive Officer</p> <p>Mar. 2018 Senior Managing Executive Officer General Manager of Civil Engineering Construction Division (incumbent)</p> <p>Jun. 2018 Director</p> <p>Apr. 2019 Representative Director Executive Vice President (incumbent)</p> <p>General Manager of Civil Engineering Construction Division Responsible for Overall Civil Engineering Construction</p>		
[Reasons for nomination of the candidate as Director]			
<p>Since joining the Corporation, Mr. Takehito Sato has engaged in the civil engineering construction business. He assumed the Executive Officer position in 2011 and has held the positions of Deputy General Manager-in-Charge of Civil Engineering Construction Division at Tokyo Main Office and General Manager of Shikoku Branch. He is currently serving as Executive Vice President, responsible for overseeing the civil engineering construction business. He also assumed the Director position in 2018 and has participated in the Corporation's management as Representative Director since April 2019. The Corporation nominated him as a candidate for Director based on the judgment that he has excellent capabilities and knowledge gained from this background and is capable of continuing fully performing his functions as Director by drawing on his considerable experience.</p>			
	5	Yasuo Kotera	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div>
	(Date of birth: Sep. 12, 1953)		
Number of the Corporation's shares held: 23,137 Tenure: 1 year Status of attendance to Board of Directors meeting: 12/12 (100%)	[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]		
	<p>Apr. 1977 Joined the Corporation</p> <p>Apr. 2010 Executive Officer General Manager of Accounting Department at Head Office</p> <p>Apr. 2012 Managing Executive Officer</p> <p>Apr. 2015 Senior Managing Executive Officer(incumbent)</p> <p>Apr. 2017 General Manager of Real Estate Development Division</p> <p>Jun. 2018 Director (incumbent)</p> <p>Responsible for Overall Administration</p>		
[Reasons for nomination of the candidate as Director]			
<p>Since joining the Corporation, Mr. Yasuo Kotera has primarily engaged in the planning and management department related to administration. He assumed the Executive Officer position in 2010 and mainly was responsible for corporate management planning, finance and accounting, etc. He is currently serving as Senior Managing Executive Officer, responsible for overall administration. He also has participated in the Corporation's management as Director since 2018. The Corporation nominated him as a candidate for Director based on the judgment that he has excellent capabilities and knowledge gained from this background and is capable of continuing fully performing his functions as Director by drawing on his considerable experience.</p>			

	<h1 style="margin: 0;">6</h1>	<h2 style="margin: 0;">Toshihiko Murata</h2> <div style="text-align: right; border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <p style="text-align: right; margin-top: 5px;">(Date of birth: Feb. 7, 1955)</p>
<p>Number of the Corporation's shares held: 6,000</p> <p>Tenure: 1 year</p> <p>Status of attendance to Board of Directors meeting: 12/12 (100%)</p>	<p>[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]</p> <p>Apr. 1977 Joined the Corporation</p> <p>Apr. 2012 Executive Officer Deputy General Manager-in-Charge of Building Construction Division at Osaka Main Office</p> <p>Apr. 2015 Managing Executive Officer Deputy General Manager of Building Construction Division at Osaka Main Office</p> <p>Apr. 2017 General Manager of Building Construction Division</p> <p>Mar. 2018 Senior Managing Executive Officer (incumbent)</p> <p>Jun. 2018 Director (incumbent)</p> <p>Apr. 2019 General Manager of Tokyo Main Office (incumbent) General Manager of Tokyo Main Office</p>	
	<h1 style="margin: 0;">7</h1>	<h2 style="margin: 0;">Toshimi Sato</h2> <div style="text-align: right; border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <p style="text-align: right; margin-top: 5px;">(Date of birth: Apr. 6, 1960)</p>
<p>Number of the Corporation's shares held: 1,800</p> <p>Tenure: 1 year</p> <p>Status of attendance to Board of Directors meeting: 12/12 (100%)</p>	<p>[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]</p> <p>Apr. 1985 Joined the Corporation</p> <p>Jan. 2011 Senior General Manager of North American Regional Headquarters of Overseas Business Division</p> <p>Apr. 2013 General Manager of Finance Department at Head Office</p> <p>May 2015 General Manager of Corporate Management Planning Department at Head Office</p> <p>Apr. 2017 Executive Officer</p> <p>Jun. 2018 Director (incumbent)</p> <p>Apr. 2019 Managing Executive Officer (incumbent) Responsible for Corporate Strategy, Personnel, Finance, and Accounting General Manager of Corporate Strategy Division and Deputy General Manager-in-Charge of Tokyo Main Office (responsible for Project Administration)</p> <p>[Reasons for nomination of the candidate as Director]</p> <p>Since the joining of the Corporation, Mr. Toshimi Sato has engaged in overseas administrative work. He assumed the Executive Officer position in 2017 and has been responsible for corporate management planning, personnel, finance and accounting, etc. He is serving as Managing Executive Officer since April 2019. He also has participated in the Corporation's management as Director since 2018. The Corporation nominated him as a candidate for Director based on the judgment that he has excellent capabilities and knowledge gained from this background and is capable of continuing fully performing his functions as Director by drawing on his considerable experience.</p>	


	8	Shinichi Otake	<input type="checkbox"/> Reappointment	<input type="checkbox"/> Outside
		<input type="checkbox"/> Independent officer	(Date of birth: Jan. 25, 1948)	
<p>Number of the Corporation's shares held: 0</p> <p>Tenure: 6 years</p> <p>Status of attendance to Board of Directors meeting: 14/14 (100%)</p>	<p>[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]</p> <p>Apr. 1971 Joined NTT Public Corporation (the predecessor of NTT)</p> <p>Jun. 2002 President of NTT ME Tokyo Corporation</p> <p>Jun. 2004 Executive Vice President of Nippon Telegraph and Telephone WEST Corporation</p> <p>Jun. 2007 Senior Executive Vice President of Nippon Telegraph and Telephone WEST Corporation</p> <p>Jun. 2008 President of Nippon Telegraph and Telephone WEST Corporation</p> <p>Jun. 2012 Chief Executive Counselor, Member of the Board of Nippon Telegraph and Telephone WEST Corporation</p> <p>Jun. 2013 Independent Director of the Corporation (incumbent)</p> <p>Jun. 2014 Chief Executive Counselor of Nippon Telegraph and Telephone WEST Corporation</p> <p>Jul. 2018 Senior Advisor of Nippon Telegraph and Telephone WEST Corporation (incumbent)</p>			
	<p>[Reasons for nomination of the candidate as Independent Director]</p> <p>Mr. Shinichi Otake has considerable experience, excellent capabilities, knowledge, and character gained through many years of involvement in the management of Nippon Telegraph and Telephone WEST Corporation. Since becoming Independent Director of the Corporation in 2013, he has provided valuable advice to the Corporation's management. The Corporation nominated him as a candidate for Independent Director in order to continue making use of his considerable experience and extensive knowledge in appropriate decision making by the Corporation's Board of Directors and supervision of management.</p>			
	9	Shinichi Koizumi	<input type="checkbox"/> Reappointment	<input type="checkbox"/> Outside
		<input type="checkbox"/> Independent officer	(Date of birth: Feb. 29, 1948)	
<p>Number of the Corporation's shares held: 0</p> <p>Tenure: 4 years</p> <p>Status of attendance to Board of Directors meeting: 14/14 (100%)</p>	<p>[Career summary, position and areas of responsibility in the Corporation, and significant concurrent positions outside the Corporation]</p> <p>Apr. 1971 Joined Toray Industries, Inc.</p> <p>Jun. 2004 Vice President (Member of the Board) of Toray Industries, Inc.</p> <p>Jun. 2006 Senior Vice President (Member of the Board) of Toray Industries, Inc.</p> <p>Jun. 2007 Senior Vice President (Member of the Board & Member of the Executive Committee) of Toray Industries, Inc.</p> <p>Jun. 2008 Executive Vice President and Representative Member of the Board of Toray Industries, Inc.</p> <p>Jun. 2013 Senior Advisor of Toray Industries, Inc. Chairman of the Board of Toray Corporate Business Research, Inc.</p> <p>Jun. 2015 Advisor of Toray Industries, Inc. Independent Director of the Corporation (incumbent)</p> <p>Jun. 2017 Standing Corporate Auditor of DeNA Co., Ltd. (incumbent)</p> <p>Significant concurrent position:</p> <p style="padding-left: 20px;">Standing Corporate Auditor of DeNA Co., Ltd.</p> <p style="padding-left: 20px;">Managing Director (Outside Director) of Japan Bank for International Cooperation</p> <p style="padding-left: 20px;">Outside Director of Preferred Networks, Inc.</p>			
	<p>[Reasons for nomination of the candidate as Independent Director]</p> <p>Mr. Shinichi Koizumi has considerable experience, excellent capabilities, knowledge, and character gained through many years of involvement in management of Toray Industries, Inc. Since becoming Independent Director of the Corporation in 2015, he has provided valuable advice to the Corporation's management. The Corporation nominated him as a candidate for Independent Director in order to continue making use of his considerable experience and extensive knowledge in appropriate decision making by the Corporation's Board of Directors and supervision of management.</p>			

Proposal 3: Election of One (1) Audit & Supervisory Board Member

Of five (5) incumbent Audit & Supervisory Board Members, the term of office of Audit & Supervisory Board Member, Hiroshi Yokokawa, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose to elect one (1) Audit & Supervisory Board Member.

We obtained the prior consent of the Audit & Supervisory Board with respect to submission of this proposal.

The candidates for Audit & Supervisory Board Members is as follows.

	Hiroshi Yokokawa (Date of birth: Jun. 21, 1947)	<input type="checkbox"/> Reappointment	<input type="checkbox"/> Outside
		<input type="checkbox"/> Independent officer	
Number of the Corporation's shares held: 1,400 Tenure: 4 years Status of attendance to Board of Directors meeting: 14/14 (100%) Status of attendance to the Audit & Supervisory Board meeting: 20/22 (91%)	[Career summary, position and significant concurrent positions outside the Corporation] Apr. 1970 Joined the Ministry of International Trade and Industry Sep. 1999 Director General of Consumer Goods Industries Bureau Jun. 2000 Retired from the Ministry of International Trade and Industry Jul. 2000 Executive Vice President of Japan External Trade Organization Jul. 2002 Retired from Japan External Trade Organization Aug. 2002 Advisor of Osaka Gas Co., Ltd. Jun. 2003 Managing Director of Osaka Gas Co., Ltd Jun. 2005 Representative Director and Senior Managing Director of Osaka Gas Co., Ltd Jun. 2008 Representative Director and Executive Vice President of Osaka Gas Co., Ltd Jun. 2009 Representative Director, Executive Vice President of Osaka Gas Co., Ltd Apr. 2011 Director of Osaka Gas Co., Ltd Jun. 2011 Retired from Director of Osaka Gas Co., Ltd. Jul. 2011 President of the Japan Commercial Arbitration Association Jun. 2015 Retired from President of the Japan Commercial Arbitration Association Outside Audit & Supervisory Board Member of the Corporation (incumbent)		
	Significant concurrent position: President of Japan Association of Athletics Federations Chairperson of Association for the Promotion of Electric Vehicles President of The Materials Process Technology Center		
	[Reasons for nomination of the candidate as Audit & Supervisory Board Member] After many years of involvement in economic, trade, and industry administration, Mr. Hiroshi Yokokawa gained experience in corporate management as Officer, Osaka Gas Co., Ltd. In addition, he has excellent capabilities, knowledge, and character. Since becoming Outside Audit & Supervisory Board Member of the Corporation in 2015, he has carried out appropriate audits of the Corporation's management. The Corporation nominated him as a candidate for Outside Audit & Supervisory Board Member in order to continue having his considerable experience and extensive knowledge reflected in audits of the Corporation.		

- Notes:
1. No special conflicts of interest exist between the Corporation and Mr. Hiroshi Yokokawa.
 2. Mr. Hiroshi Yokokawa is candidate for Outside Audit & Supervisory Board Member. In addition, he meets the "Requirements for Selection as an Outside Director/Audit & Supervisory Board Member Candidate" stipulated by the Corporation (presented on page 14), and is candidate for independent directors/auditors pursuant to the provisions of the financial instruments exchange on which the Corporation is listed.
 3. The Corporation has entered into a liability limitation agreement regarding the liabilities described in Clause 1, Article 423 of the Companies Act with Mr. Hiroshi Yokokawa. Under the agreement, he shall be liable to compensate for damages up to 5 million yen or the minimum liability limit set forth in Clause 1, Article 425 of the Companies Act, whichever is higher, if he was acting in good faith and did not commit gross negligence in performing his duties. If the candidate is re-elected at this General Meeting of Shareholders, the Corporation plans to renew the agreement with him.
 4. In March 2018, the Corporation was prosecuted regarding a violation of the Antimonopoly Act in relation to bids for the Chuo Shinkansen maglev line construction project, resulting in a guilty verdict (fine of 200 million yen) in October 2018. Mr. Hiroshi Yokokawa monitored and supervised the status of business execution by each Director and implementation of the internal control system through operational audits, etc. before the occurrence of the incident during his position as Independent Audit & Supervisory Board

Member to prevent violations of laws and regulations.

In addition, since the occurrence of the incident, he has monitored and verified steps for identifying the cause and preventing recurrence, such as establishing a third-party committee, and has fulfilled his duties fully.

(Reference)

Process for selecting candidates for Director and Audit & Supervisory Board Member

The Corporation has established the Recommendation Committee and the Remuneration Committee as advisory bodies of the Board of Directors. The former deliberates on appointments of officers, and the latter deliberates on the remuneration of officers, and both submit the results to the Board of Directors.

In November 2018, we reviewed the membership composition of those committees with the aim of enhancing corporate governance, changing to having an Outside Director chair the committees rather than the President previously, and revised the committee frameworks such that Outside Directors comprise a majority of the memberships (changed to three Outside Directors and two (inside) Directors, from the previous composition of three Outside Directors and five (inside) Directors). This will help ensure that the Corporation's process for deciding on officer appointments makes even more transparent and objective than before. Meanwhile, this time candidates for Director and Audit & Supervisory Board Member are decided upon deliberations having been carried out by the Recommendation Committee consisting of the new membership.

Requirements for Selection as an Outside Director/Audit & Supervisory Board Member Candidate

1. The Outside Director/Audit & Supervisory Board Member candidate ("Candidate") must have capabilities, knowledge, experience, and character suitable for such position at the Corporation. The Candidate must be able to provide directions and opinions to the Corporation's management from an independent and impartial standpoint.
2. The Candidate must not be a former Director, Audit & Supervisory Board Member, or employee of the Corporation or any of its associated companies.
3. The Candidate must not currently belong, and must not have belonged in the past, to an Accounting Auditor, law office, or main bank with which the Corporation currently has a contract.
4. The Candidate must not currently be, and must not have been in the past, a major shareholder with an ownership stake of 10% or more. The Candidate must not currently belong, and must not have belonged in the past, to an entity that is a major shareholder.
5. The Candidate must not currently belong, and must not have belonged in the past, to an entity that has a business relationship with the Corporation in which the annual amount of transactions has exceeded 2% of the net sales of both the Corporation and such entity during the last three fiscal years.
6. The Candidate must not currently work, and must not have worked in the past, as an executive at a non-profit organization to which the Corporation has made an annual donation exceeding 20 million yen during the last three fiscal years.
7. If the Candidate does not meet the requirements in 3. through 6., at least five years must have passed since the candidate left the relevant entity.
8. The Candidate must meet the requirements for an independent director/auditor pursuant to the provisions of the Tokyo Stock Exchange's Securities Listing Regulations.