



OBAYASHI CORPORATION

Regarding Cease and Desist Orders and Surcharge Payment Orders Received from the Japan Fair Trade Commission Concerning a Subsidiary (Obayashi Road Corporation)

OBAYASHI CORPORATION (hereinafter referred to as the "Corporation") reports that on July 30, 2019, Obayashi Road Corporation, a subsidiary of the Corporation (hereinafter referred to as the "Subsidiary") received cease and desist orders and surcharge payment orders from the Japan Fair Trade Commission pursuant to the Antimonopoly Act after on-site inspections by the Japan Fair Trade Commission on February 28, 2017 on the grounds of suspicion of violations of the Antimonopoly Act in relation to determination of the sales price of asphalt mixtures in Japan. The details are as follows.

This is a truly regrettable situation and we deeply apologize to our shareholders and other stakeholders for the concern that this matter has caused.

1. Overview of Subsidiary receiving the orders

- | | |
|---------------------------------|---|
| (1) Trade name | Obayashi Road Corporation |
| (2) Location of the Head Office | 2-8-8, Kandasarugaku-cho, Chiyoda-ku, Tokyo |
| (3) Representative | Katsuji Fukumoto, President |

2. Overview of cease and desist orders

It was deemed that Subsidiary's conduct including raising the sales price in coordination with other companies in regard to the sales price of asphalt mixtures sold in Japan up until January 2015 was in violation of Article 3 (Prohibition of Unreasonable Restraint of Trade) of the Antimonopoly Act and the Subsidiary was ordered to take the necessary measures to ensure that said violating conduct was eliminated.

3. Overview of surcharge payment orders

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|-----------------------------|-------------------|
| Amount of surcharge payable | 4,083 million yen |
| Payment deadline | March 2, 2020 |

4. Going forward

After carefully studying the content of the cease and desist orders and surcharge payment orders, the Corporation and the Subsidiary will prudently examine responses going forward.

The cessation of the violating conduct of this matter was recognized by the Japan Fair Trade Commission on January 28, 2015 when the Subsidiary received an on-site inspection from the Japan Fair Trade Commission due to a matter of violation of the Antimonopoly Act regarding construction to repair disaster-damaged pavement associated with the Great East Japan Earthquake, which had been ordered by the East Nippon Expressway Company Limited Tohoku office.

The Subsidiary later formulated an Antimonopoly Act Compliance Program in October 2015, and in March 2016, the Subsidiary established an “Outside Investigation Committee” made up of external experts and professionals who are independent from the Subsidiary. In July 2016 the Subsidiary received recommendations from said committee and implemented recurrence prevention measures and due to such actions, measures have already been implemented to prevent recurrence. The Corporation will continue to provide guidance and oversight regarding the Subsidiary’s response to these measures and the cease and desist orders.

5. Impact on performance

The Corporation will record an extraordinary income of 2,096 million yen in its consolidated financial statements for the first three months ended June 30, 2019, which is the difference between remaining balance of the 6,179 million yen provision for loss on Antimonopoly Act concerning this matter that was provided for as of March 31, 2019 and the amount of 4,083 million yen for the aforementioned surcharge payment orders. (Financial results for said quarter is scheduled to be announced on August 7, 2019.)

Disclaimer

This document announced in the Japanese language at the Tokyo Stock Exchange on July 30, 2019 was translated into English and presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between the Japanese announcement and this English translation, the former will prevail.

If you have any questions, please contact Obayashi investor relations at irk@ml.obayashi.co.jp.