



OBAYASHI CORPORATION

Notice Regarding Extension and Partial Revision to the Board Incentive Plan Trust

OBAYASHI CORPORATION (hereinafter referred to as the “Corporation”) hereby announces that it has resolved at the meeting of the Board of Directors held today to submit a proposal at the 117th Ordinary General Meeting of Shareholders to be held on June 24, 2021 (hereinafter referred to as the “General Meeting of Shareholders”), regarding a revision to the stock remuneration plan (hereinafter referred to as the “Plan”) of the Board Incentive Plan Trust, adopted as an incentive plan for Directors of the Corporation and Executive Officers who have entered into a service agreement with the Corporation (excluding Independent Directors and individuals who reside overseas; Directors and Executive Officers hereinafter referred to as the “Directors, etc.”), as described below.

1 Purpose of the revision

Amid sudden changes to the business environment surrounding the Corporation, the Corporation has decided to expand the stock remuneration framework under the Plan in order to secure talented human resources as management for the realization of its “Vision for the Future” for the 150th anniversary (2042) and to further enhance motivation of Directors to contribute to the improvement of medium- to long-term performance and increase of corporate value and shareholder value, and amend the design of the Plan with regard to the details of provision in order to allow flexible response depending on short-, medium- to long-term performance as well as the responsibilities of each position.

Therefore, the Corporation believes that this will be able to provide a sufficient level of incentive when the performance of the Corporation has improved, and balance motivation for the achievement of both short-term and medium- to long-term performance targets.

Shares in the Plan will continue to be granted at the time of retirement as Directors, etc. Therefore, the revision will sustain the effect of the incentive to increase medium- to long-term corporate value until retirement because Directors, etc. will share not only the benefits caused by rising stock prices with shareholders, but also the risks caused by declining stock prices.

The Corporation has established, as an advisory institution to the Board of Directors, the Remuneration Committee, whose members are made up of a majority of Independent Directors and is chaired by one of the Independent Directors, and as a result of deliberation with this committee, has deemed this revision of the Plan as appropriate from the viewpoint of improving corporate value.

2 Extension of the Plan and its outline after revisions

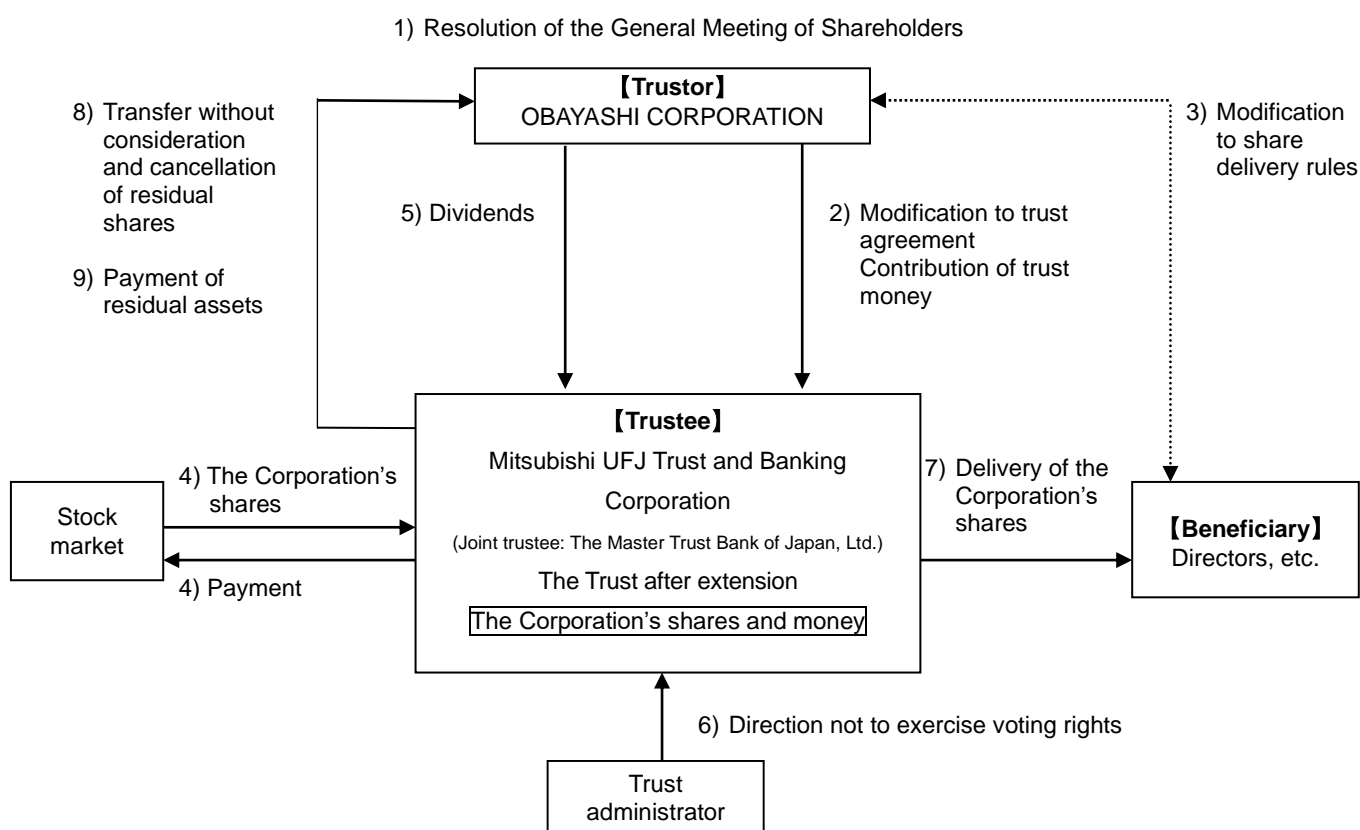
The Plan is a stock remuneration plan in which the Corporation's shares will be acquired through a trust by using moneys contributed by the Corporation as remuneration for Directors, etc. The Directors, etc. will be delivered Corporation's shares in a number corresponding to the number of points that are granted to the Directors, etc. of the Corporation every fiscal year according to their positions and the degree of achievement of performance targets, etc.; provided, however, that the Corporation's shares will be delivered to Directors, etc. at the time of their retirement as Directors, etc., in principle.

Specific details of the revisions to the Plan are as presented below. Dilution of shares will not occur as the Corporation's shares to be additionally acquired for the revision of the Plan are to be acquired from the stock market.

1) Eligible persons for the Plan	Directors and delegated Executive Officers (excluding Independent Directors and individuals who reside overseas)
2) Applicable Period	The initial applicable period will be the three fiscal years from the fiscal year ending March 31, 2022 until the fiscal year ending March 31, 2024. At the expiry of the applicable period, the applicable period may be extended for another three years. This can happen more than once and the applicable period may be re-extended in the same way in the future.
3) Maximum amount of money to be contributed by the Corporation	Total of 1,000 million yen covering three fiscal years
4) Maximum number of the Corporation's shares to be granted to Directors, etc.	The maximum of the aggregate number of points which will be granted to Directors, etc., per fiscal year, will be 330,000 points. Based on one point being equivalent to one common share of the Corporation, the aforementioned number of points converts to approximately 0.05% of the total number of outstanding shares of the Corporation (as of March 31, 2021, after deducting treasury shares) per fiscal year (approximately 0.14% per 3 fiscal years).
5) Calculation method of the number of Corporation's shares to be granted Directors, etc.	<p>1) Performance-linked provision standards At a certain time in each year during the trust period, Directors, etc. shall be granted points linked to the performance of the Corporation (hereinafter referred to as the "Performance-linked Points"). Performance-linked Points are calculated by multiplying points for individual Directors, etc. according to performance-linked provision standards that are determined in advance by position (hereinafter referred to as the "Individual Points (Performance-linked Provision Portion)") by the performance-linked coefficient, which depends on the level of achievement of the performance targets determined in advance by the Board of Directors of the Corporation, as follows. Points granted to Directors, etc. who die during their tenure shall be adjusted according to the period until the date of death. (Method to calculate Performance-linked Points) Individual Points (Performance-linked Provision Portion) for each Director, etc. x Performance-linked coefficient (*1)</p> <p>2) Fixed provision standards At a certain time in each year during the trust period, Directors, etc. shall be granted individual points, which are determined according to the duties of each position, according to the fixed provision stock remuneration plan established in advance by the Board of Directors of the Corporation.</p>

6) Timing of Delivery of the Corporation's shares	At the time of their retirement as Directors, etc. (at the time of death in case a Director, etc. dies)
7) Method of acquiring the Corporation's shares by the Trust	Acquisition from the stock market

*1 There are two types of performance-linked coefficients, and both fluctuate between 0 to 150%. The first type is the short-term performance-linked coefficient, which is based on the level of achievement of the performance targets determined based on performance, etc. in previous fiscal years, and the second type is the medium- to long-term performance-linked coefficient, which depends on the level of achievement of the performance targets determined referring to the medium-term business plan, etc. The Corporation set the medium- to long-term performance-linked coefficient for FY2021, which falls under "Medium-Term Business Plan 2017," based on operating income, etc., which is a management indicator target in "Medium-Term Business Plan 2017." After the conclusion of "Medium-Term Business Plan 2017," the Corporation plans to decide the medium- to long-term performance-linked coefficient at a meeting of the Board of Directors after deliberation by the Remuneration Committee, referring to the management indicator targets in the next medium-term business plan.



- 1) The Corporation will obtain approval for partial revision of the Plan at the General Meeting of Shareholders.
- 2) Upon agreement on modification to the trust agreement, the Corporation contributes funds within a range of amount approved by the General Meeting of Shareholders in the 1) and extends the trust period of the Trust with Directors, etc. who meet beneficiary requirements as the beneficiaries.
- 3) Upon extension of the Plan, the Corporation will make a partial revision to the share delivery rules.
- 4) The Trust will acquire the Corporation's shares from the stock market using remaining cash in the Trust at the time of modification to the trust agreement and the money trusted in the 2), in accordance with the directions of the Trust Administrator. After extension of the trust period, the number of shares the Trust acquires shall be within a range of approved resolution by the General Meeting of Shareholders in the 1).
- 5) Dividends on the Corporation's shares held by the Trust are treated in the same way as other shares.
- 6) Voting rights for the Corporation's shares held by the Trust are not exercised throughout the trust period.
- 7) During the trust period, points are granted to the Directors, etc., according to their positions and the degree of achievement of performance targets. The Corporation's shares corresponding to the points will be delivered from the Trust to the Directors, etc. who meet beneficiary requirements, on the date the said Directors, etc. retire (at the time of death in case a Director dies) (Fractional shares less than one unit will be converted into cash by the Trust in accordance with the provisions of the trust agreement, and the cash will be paid to the beneficiary).
- 8) In the case that shares remain upon termination of the trust, due to the failure to achieve performance targets or other reasons during the trust period, the Corporation will continue to use the Trust for a new stock remuneration plan by changing the trust agreement and contributing additional money, or transfer the said remaining shares from the Trust to the Corporation without consideration and cancel them by passing a resolution at a meeting of the Board of Directors.
- 9) Upon conclusion of the Trust, the remaining assets after allocation to the beneficiaries are to belong to the Corporation within the scope of the reserve for trust expenses after deducting funds used for acquiring shares from the trust money. Furthermore, remaining assets in excess of the reserve for trust expenses are to be donated to organizations that have no special conflict of interest with the Corporation and Directors, etc.

(Note) The Corporation may continue the Plan by contributing money to the Trust as additional funds for the acquisition of the Corporation's shares within a range of amounts approved for the said acquisition by this General Meeting of Shareholders.

(Reference)

【Overview of trust agreement】

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| 1) Type of trust | Monetary trust other than an individually managed monetary trust (Third Party Beneficiary Trust) |
| 2) Purpose of trust | To raise management's awareness of contributing to continued improvement of Corporation's medium- and long-term performance and increasing its corporate value by granting a certain amount of the Corporation's shares and monetary benefits to the Corporation's Directors, etc. who meet beneficiary requirements |

3) Trustor	OBAYASHI CORPORATION
4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
5) Beneficiary	Directors, etc. who meet beneficiary requirements
6) Trust administrator	Third party with no special conflict of interest with the Corporation (certified public accountant)
7) Date of trust period extension agreement	August 6, 2021 (planned)
8) Trust period after extension	From August 6, 2021 (planned) to August 31, 2024 (planned)
9) Plan launch date after extension	August 6, 2021 (planned)
10) Exercise of voting rights	Not to be exercised
11) Class of shares to be acquired	Common shares of the Corporation
12) Maximum amount of trust money	1,000 million yen (planned) (including trust fees and expenses)
13) Stock acquisition period	From August 10, 2021 (planned) to August 31, 2021 (planned)
14) Stock acquisition method	Acquire from stock market
15) Rights holder	OBAYASHI CORPORATION
16) Remaining assets	The Corporation, as the holder of rights to the remaining balance, may receive remaining assets, which should be within a range of reserve for trust expenses, after deducting funds used for acquiring shares from the trust money

【Affairs related to the trust and stock】

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| 1) Trust-related affairs | Mitsubishi UFJ Trust and Banking Corporation is to become the trustee of the Trust to handle trust-related affairs. |
| 2) Stock-related affairs | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is to engage in affairs related to vesting the Corporation's shares to beneficiaries based on the agreement of the entrustment of affairs. |

(Note 1) When extending the Plan, an agreement regarding the extension will be concluded between the Corporation, the trustees, and the trust administrator. Following the conclusion of the agreement, an additional contribution of money and acquisition of shares will be made within the scope of the maximum amount of money to be contributed to the Trust (1,000 million yen during the trust period) and the maximum number of the Corporation's shares to be acquired (990,000 shares during the trust period) approved by the General Meeting of Shareholders.

(Note 2) The acquisition of shares will be made following the first announcement of financial results to fall during the trust period after the extension (announcement of the financial results for the 1st quarter of the fiscal year ending March 31, 2022).

Disclaimer

This document announced in the Japanese language at the Tokyo Stock Exchange on May 12, 2021 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.