



## OBAYASHI CORPORATION

### Announcement of Recognition of Compensation for Damages (Extraordinary loss) caused by construction delay

Tokyo, April 19, 2016 — Obayashi Corporation (hereinafter referred to as “the Company”) hereby announces that it has recognized the compensation for damages as “Extraordinary loss”.

#### 1 Recognition of compensation for damages

Due to construction defect found in a domestic ongoing large building construction project, the Company has started to wholly re-construct that spot after consultation with the client. Since the Company needs an extension work period, it will pay the compensation for damages caused by construction delay to the client.

The company deeply apologizes to all stakeholders for causing such problems and will endeavor continuously to keep construction quality and offer safety and security.

#### 2 Impacts on consolidated business

The amount of compensation for damages is uncertain under the discussion with the client, however, the Company recognized estimated extraordinary loss by 3.5 billion yen.

In terms of the loss on construction contracts caused by correction work, it has already recorded as provision for loss on construction contracts at the fiscal year ended March 31, 2016.

As for forecasts for the fiscal year ending March 31, 2017, please refer to “Announcement of Revisions for the Financial and Dividends Forecasts” released today.

#### Disclaimer

This “Recognition of Compensation for Damages(Extraordinary loss)caused by construction delay” announced in the Japanese language at the Tokyo Stock Exchange on April 19, 2016 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. The numbers shown in any such words or phrases relating to any future events as, among other expressions, “forecast”, “expected” or “projected” provided in this document are forward-looking statements based on the information available at the time of the release of the Japanese original. Due to various factors, the actual result may vary from the forecast data.

If you have any questions, please contact Obayashi investor relations at [irk@ml.obayashi.co.jp](mailto:irk@ml.obayashi.co.jp).