

To Our shareholders

NOTICE OF THE 154th GENERAL MEETING OF SHAREHOLDERS

Taisei Corporation would like to take this occasion to express particular thanks for the support of our shareholders.

Notice is hereby given that the 154th General Meeting of Shareholders of Taisei Corporation (the “Company”) will be held as indicated below.

Since those unable to attend the Meeting are entitled to exercise their voting rights in writing or by an electromagnetic file, you, if unable to attend, are requested to study the attached documents, and to exercise your voting rights through either of the methods described on page 2.

1. Date: Friday, June 27, 2014, 10:00 A.M. (Tokyo time)

2. Place: The Main Hall, 52nd floor
Taisei Corporation Head Office
Shinjuku Center Building
25-1, Nishi-Shinjuku 1-chome
Shinjuku-ku, Tokyo 163-0606, Japan

3. Agenda:

- (1) Subjects to be reported:**
1. Business Report, Consolidated Financial Statements, and Auditing Reports of Accounting Auditor and Audit & Supervisory Board for Consolidated Financial Statements, for fiscal year ended March 31, 2014 (the 154th Business Year commenced April 1, 2013 and ended March 31, 2014)
 2. Financial Statements, for fiscal year ended March 31, 2014 (the 154th Business Year commenced April 1, 2013 and ended March 31, 2014)

(2) A Matter to be voted on by Shareholders:

Item: Appropriation of earned surplus

4. Exercising of Voting Rights by Proxy

If exercising your voting rights by proxy, you can appoint one of the other Shareholders of the Company who is entitled to vote and ask that person to attend the General Meeting of Shareholders as your proxy. In this case, please be advised that a Letter of Proxy shall be submitted along with a Voting Form.

5. How to exercise your voting rights unless you can attend the Meeting

(1) Voting by post

Please indicate your preferences on each item of the matters to be voted on in the enclosed Voting Form, and return the Form by post to be **received no later than 5:30 P.M. on Thursday, June 26, 2014 (Tokyo time)**.

(2) Voting through the Internet

Please access the designated website for voting of the Company (<http://www.it-soukai.com/>), enter the “*Giketsuken-koushi (Voting) Code*” and “*Password*” as indicated on the enclosed Voting Form, and follow the instructions on the screen to enter your preferences **no later than 5:30 P.M. on Thursday, June 26, 2014 (Tokyo time)**. For more information, please refer to “Voting through the Internet” on pages 56-57.

In the event that you vote both by post and through the Internet, only the voting through the Internet shall be valid. In addition, if you vote through the Internet more than once, the last voting shall be valid.

Your presence at the Meeting is cordially requested.

Yours sincerely,

TAISEI CORPORATION
Takashi YAMAUCHI
President and
Chief Executive Officer
Chairman of the Board

Notes:

1. Shareholders attending the Meeting are requested to submit the Voting Form to the reception desk at the Place of the Meeting.
2. The temperature in the venue will be set at 28°C as our endeavor for electricity saving. We would appreciate your cooperation and understanding.

3. In the event that any amendment is made in Reference Materials for the General Meeting of Shareholders, Business Report, Financial Statements or Consolidated Financial Statements, the Company will disclose the amended matter on its website (<http://www.taisei.co.jp>).

IMPORTANT NOTE:

This notice and attached documents are English translations of the “Notice of the 154th General Meeting of Shareholders (*Dai-154-kai Teiji Kabunushi Sokai Shoshu Go-Tsuchi*),” “Business Report (*Jigyo Hokoku*)” and “Reference Materials for the General Meeting of Shareholders (*Kabunushi Sokai Sanko Shorui*)” of Taisei Corporation dated June 2, 2014, and are prepared solely for the convenience of Shareholders who are non-Japanese speakers. In the event that any of the information contained in these English translations is inconsistent with the information contained in the Japanese original documents, the Japanese original texts shall prevail.

(Attached Document)

Business Report

(From April 1, 2013 to March 31, 2014)

I. Current State of the Affiliated Companies

(1) Progress and Results of Operations

During the current term, due to certain effects of the government's financial and fiscal policy, the Japanese economy continued to recover—as exemplified by the signs of recovery in capital investments in addition to improved production and consumption.

In the domestic construction market, due to the recovery of demand in the non-manufacturing sectors combined with last-minute rises in demand before an increase in the consumption tax rate, the market remained strong.

Under these circumstances, the Company and its affiliated companies (collectively, the “Affiliated Companies”) reported consolidated results of its operations as follows: orders received of ¥1,654.8 billion, a 17.2% increase compared to the previous fiscal year, net sales of ¥1,533.4 billion, an 8.3% increase, recurring income of ¥56.7 billion, a 61.9% increase, and net income for the year of ¥32.0 billion, a 60.0% increase compared to the previous fiscal year.

The status for orders and sales in each segment is as follows.

(CIVIL ENGINEERING BUSINESS)

New orders for the Affiliated Companies during the current term were worth ¥485.4 billion, a 23.9% increase compared to the previous fiscal year, as there was growth in new orders received by the Company.

New orders for the Company were worth ¥360.2 billion, a 36.5% increase. The percentages of new orders from government agencies, private companies and overseas construction projects out of the total were 54.3%, 31.8% and 13.9%, respectively, and the percentage of orders received without competitive bidding out of the total was 30.4%.

Net sales for the Affiliated Companies were ¥418.5 billion, a 16.8% increase compared to the previous fiscal year, because an increase in net sales was observed in both the Company and its consolidated subsidiaries.

Net sales for the Company were ¥296.1 billion, a 25.1% increase.

(BUILDING CONSTRUCTION BUSINESS)

New orders for the Affiliated Companies during the current term were worth ¥967.8 billion, an 11.5% increase compared to the previous fiscal year, as there was growth in new orders received by both the Company and its consolidated subsidiaries.

New orders for the Company were worth ¥861.5 billion, an 11.3% increase. The percentages of new orders from government agencies, private companies and overseas construction projects out of the total were 14.1%, 83.9% and 2.0%, respectively, and the percentage of orders received without competitive bidding out of the total was 32.8%.

Net sales for the Affiliated Companies were ¥922.6 billion, a 0.8% increase, because an increase in net sales was observed in both the Company and its consolidated subsidiaries.

Net sales for the Company were ¥822.0 billion, a 0.7% increase.

The major construction projects the Company accepted new orders for or completed in its civil engineering and building construction business divisions during the current term are as follows:

Major new orders received during FY ended March 2014:

Client	Project
Roppongi 3-chome East Area Urban Land Redevelopment Association	Roppongi 3-chome East Area 1 st Type Urban Land Redevelopment New Construction of Building Facilities and Public Facilities
Land Transport Authority of Singapore	Contract T226 Construction of Marina Bay Station and Tunnels for Thomson Line
Ministry of the Environment	FY2013 Iidate-mura Radioactive Decontamination Work (NO.2)
Japanese Red Cross Society	New Construction of Saitama Red Cross Hospital
Tokyo Metropolitan Government	Construction work for the new Toyosu market (tentative name) seafood wholesale building and other facilities NO.2

Major projects completed during FY ended March 2014:

Client	Project
Miyagi Prefecture	Disaster-related wastes management (Kesenuma area of Kesenuma Block)
Kitasato Daiichi Sankyo Vaccine Co., Ltd.	Construction of New Vaccine Research Production Building
MM Development Tokutei Mokuteki Kaisha	(Tentative Name) MM21 34 th Town Area Commercial Facilities Development Plan (MARK IS MINATOMIRAI)
Land Transport Authority of Singapore	Contract 907 Construction and Completion of Landmark Station Including Associated Tunnels for Downtown Line
SHOWA UNIVERSITY	(Tentative Name) Construction of SHOWA UNIVERSITY New Toyosu Hospital

(REAL ESTATE DEVELOPMENT BUSINESS)

In the real estate sales market, the business environment continued to be strong as the rate of contracts for purchasing condominiums remained high mainly due to low interest rates and improved corporate sentiment, although construction costs continued to rise. The real estate leasing market showed signs of recovery; for example, while the vacancy rate for offices improved, the rent for some buildings exhibited a rising trend.

Under these circumstances, net sales of the Affiliated Companies in the real estate segment were ¥182.3 billion, a 37.1% increase compared to the previous fiscal year due to the increase in the revenues of both the Company and consolidated subsidiaries.

(OTHER BUSINESSES)

The Affiliated Companies recorded an increase of net sales in this segment of ¥9.9 billion, a 2.5% increase compared to the previous fiscal year due to the increase in the revenues of the Company.

TRANSLATION, For Your Reference Purpose Only

The new orders received, net sales, and total balance of contract backlog for each segment of the Affiliated Companies are as follows:

(Unit: ¥ Billion)

	Backlog at the Beginning of this Period (April 1, 2013)	New Orders Received	Net Sales	Backlog carried over Next Period
CIVIL ENGINEERING	454.0	485.4	418.5	521.0
BUILDING CONSTRUCTION	1,184.4	967.8	922.6	1,229.7
REAL ESTATE DEVELOPMENT BUSINESS	12.8	182.5	182.3	13.0
OTHER BUSINESSES	—	9.9	9.9	—
TOTAL:	1,651.3	1,645.8	1,533.4	1,763.7

The new orders received, net sales, and total balance of contract backlog for each segment of the Company are as follows:

(Unit: ¥ Billion)

	Backlog at the Beginning of this Period (April 1, 2013)	New Orders Received	Net Sales	Backlog carried over Next Period
CIVIL ENGINEERING	411.2	360.2	296.1	475.3
BUILDING CONSTRUCTION	1,130.6	861.5	822.0	1,170.1
SUB TOTAL:	1,541.9	1,221.8	1,118.1	1,645.5
REAL ESTATE DEVELOPMENT BUSINESS	12.1	69.0	68.7	12.4
OTHER BUSINESSES	—	9.2	9.2	—
TOTAL:	1,554.1	1,300.1	1,196.1	1,658.0

(2) Investments in Plant and Equipment

The Affiliated Companies' plant and equipment investment during FY ended March 2014 was 12.0 billion yen in total. Major investments included the purchase and replacement of construction machinery, equipment, and other items.

(3) Fund Raising

The Company issued unsecured straight corporate bonds 10 billion yen in June 2013 (33rd issue) and 10 billion yen in December of the same year (34th issue).

(4) Issues to be dealt with

Mainly as a result of the progress in reconstruction projects after the Great East Japan Earthquake and growing demand in the private sector due to expectations for economic recovery, the market is expected to remain strong in the future. However, taking into account the impact of steep price increases for construction materials, as well as demand trends after the Tokyo Olympics, the business environment may continue to be harsh in the years to come.

Recognizing these circumstances, the Company and the Affiliated Companies have formulated strategies for each business segment and specific measures in accordance with the medium-term business plan, which started in FY 2012, and are working toward achieving our management goals listed below.

Summary of Medium-term Business Plan (FY 2012–2014)

Basic Policy

1. Fulfillment of social responsibilities on the construction industry
2. Establishment of business structure for the creation of high-added value

Business Issues

- (1) Construction business: Strengthening of the core business
- (2) Development/improvement of social infrastructure and Contribution to post-earthquake reconstruction
- (3) Overseas business: Establishment of an earnings structure
- (4) Strengthening of initiatives and expansion of business fields to create high-added value
- (5) Development/improvement of robust business foundations

The Company and the Affiliated Companies recognize the six items listed below as important issues to be addressed and will strive to achieve the business plan by tackling these issues.

Contributing to the development of social infrastructures

The Company and the Affiliated Companies will continue to tackle projects for recovery from the Great East Japan Earthquake and problems of deteriorating infrastructures with whole power of our group, and thus contributing to the future development and improvement of Japanese social infrastructure.

Improving production capacity

As there is concern about lack of engineers as a result of the growing demand for construction, the Company and the Affiliated Companies will improve its productivity through the appropriate allocation of engineers and technological innovation, and promote the active hiring of capable technical personnel as required. By doing this, the Company and the Affiliated Companies will increase its production capacity and maintain the high quality of its products and services.

Enhancing cost-competitiveness and procurement capabilities

Under current circumstances where the labor market has become tight and the prices of construction materials and machinery have soared, the Company and the Affiliated Companies will strive to maintain and improve the profitability by making further efforts to strengthen the procurement functions and enhance its cost-competitiveness.

Securing consistent profits in overseas business

In operations outside Japan, the Company and the Affiliated Companies will make every effort to maintain steady profits and achieve sound growth in the future by focusing on the specific regions and business sectors where we can make the most of our strengths, and reinforcing our profit management system and construction management systems.

Increasing the Affiliated Companies' profit-making capabilities

The Company will ensure integrated management of the Affiliated Companies and will increase the Affiliated Companies' profit-making capabilities by allocating the Affiliated Companies' managerial resources appropriately, reinforcing the governance of the Affiliated Companies, and establishing closer cooperation among the Affiliated Companies.

Strengthening financial structure

By improving its profitability and operating cash flow, the Company and the Affiliated Companies aim to achieve the goal of reducing interest-bearing debt (to less than 300 billion yen on a consolidated basis) under the medium-term business plan and further increase its internal reserves.

(5) Transition of Assets and Income**(Transition of Assets and Income of the Affiliated Companies)**

	FY Ended (Unit: ¥ Billion) March 2011	FY Ended March 2012	FY Ended March 2013	FY Ended March 2014 (Current FY)
New Orders Received	1,254.0	1,379.5	1,404.4	1,645.8
Net Sales	1,218.1	1,323.5	1,416.4	1,533.4
Net Income or (Loss)	10.8	1.1	20.0	32.0
Net Income or (Loss) per Share (*Unit: Yen)	*9.58	*1.04	*17.60	*28.17
Total Assets	1,395.4	1,494.6	1,543.0	1,599.0
Shareholders' Equity	290.5	292.6	343.3	384.1

(Transition of Assets and Income of the Company)

	FY Ended (Unit: ¥ Billion) March 2011	FY Ended March 2012	FY Ended March 2013	FY Ended March 2014 (Current FY)
New Orders Received	973.7	1,077.2	1,072.2	1,300.1
Net Sales	938.4	1,025.1	1,085.6	1,196.1
Net Income or (Loss)	8.8	3.1	12.4	21.6
Net Income or (Loss) per Share (*Unit: Yen)	*7.76	*2.74	*10.91	*18.97
Total Assets	1,143.4	1,263.7	1,300.0	1,361.0
Shareholders' Equity	257.1	259.7	301.4	330.0

(6) Major Subsidiaries and Technological Tie-ups

(a) The major subsidiaries are as follows:

Name of Company	Paid-up Capital (¥ bn.)	% of Equity Ownership (%)	Major Lines of Business
Taisei Rotec Corporation	11.3	100.0	Design, construction and supervision of works related to pavement and other civil engineering work as well as the manufacture and sale of asphalt for pavement
Taisei-Yuraku Real Estate Co., Ltd.	10.0	100.0	Sale, lease, sub-lease, management, brokerage, appraisal, and consultation of real estate, and insurance agent business, guarding, renewal
Taisei U-Lec Co., Ltd.	4.5	100.0	Research, surveying, planning, design, supervision, construction and technical assistance for building construction, civil engineering and all the other construction works
Taisei Setsubi Co., Ltd.	0.6	99.9	Works for air-conditioning facilities, sanitary engineering and electrical engineering, and all the other businesses related to building facilities

(b) The major technological tie-ups with the Company are as follows:

- NCC International AB (Sweden)
- The Foundation Delft Hydraulics (Netherlands)
- SK Engineering & Construction Co., Ltd (South Korea)
- Bouygues Travaux Publics (France)
- Carnegie Mellon University (U.S.A.)
- CH2M HILL (U.S.A)

(7) Main Lines of Business

The Affiliated Companies' main business segments are as follows:

Civil engineering business;

All the business related to Civil Engineering works

Building construction business;

All the business related to Building Construction works

Real estate development business; and

Sale & purchase, lease, management, brokerage and all the other businesses related to real estate;

Other businesses;

Projects incidental or related to construction such as research undertaking, provision of technology and environmental measurements, leisure-related businesses, and other services

The Company, licensed by the Ministry of Land, Infrastructure and Transport as a Specific Construction Contractor (license (S-23) No. 300) under the Construction Business Law, and as a Licensed Real-Estate Transaction Agent (license (13) No. 607) under the Real-Estate Transaction Business Law, is engaged mainly in the following lines of business operations:

- (a) Planning, surveying, design, supervision, construction and installation, engineering and consulting services, related to civil engineering, building construction, and other construction works of all kinds;
- (b) Sale, purchase, lease, brokerage and management of real estate; and
- (c) Urban development, regional development, etc.

(8) Major Offices

(a) The Company

Head Office: 25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan

Branch Offices:

Tokyo Branch	(Shinjuku-ku, Tokyo)
Kansai Branch	(Osaka City)
Nagoya Branch	(Nagoya City)
Kyushu Branch	(Fukuoka City)
Sapporo Branch	(Sapporo City)
Tohoku Branch	(Sendai City)
Chugoku Branch	(Hiroshima City)
Yokohama Branch	(Yokohama City)
Hokushinetsu Branch	(Niigata City)
Shikoku Branch	(Takamatsu City)
Chiba Branch	(Chiba City)
Kanto Branch	(Saitama City)
Kobe Branch	(Kobe City)
Kyoto Branch	(Kyoto City)
International Operations Headquarters	(Shinjuku-ku, Tokyo)

Overseas Offices:

Taipei Office	
Kuala Lumpur Office	
Jakarta Office	
India Office	(New Delhi)
Middle East Office	(Doha)
North Africa Office	(Egypt)
U.S.A. Office	(California)
Taisei Technology Center	(Yokohama City)

(b) Major Subsidiaries

Taisei Rotec Corporation	(Shinjuku-ku, Tokyo)
Taisei-Yuraku Real Estate Co., Ltd.	(Chuo-ku, Tokyo)
Taisei U-Lec Co., Ltd.	(Shinagawa-ku, Tokyo)
Taisei Setsubi Co., Ltd.	(Shinjuku-ku, Tokyo)

(9) Status of Employees

(a) The Affiliated Companies

(*Decrease)

Business Segments	Number of Employees (Unit: Persons)	
	At the Year-End	Change from Previous Year End
CIVIL ENGINEERING BUSINESS	3,743 [881]	*30 [41]
BUILDING CONSTRUCTION BUSINESS	7,787 [1,355]	27 [415]
REAL ESTATE DEVELOPMENT BUSINESS	1,925 [1,619]	36 [*13]
OTHER BUSINESSES	144 [25]	*3 [*5]
TOTAL:	13,599 [3,880]	30 [438]

Notes: 1 The “Number of Employees” includes the workers on loan from other companies and excludes the employees on loan working in other companies.

2 The [number] shows the yearly average of temporary employees, which is not included in the “Number of Employees”.

(b) The Company

Number of Employees (Unit: Persons)		Average Age	Average Years of Employment
At the Year-End	Change from Previous Year End		
7,951	6	42.8	19.1

Notes: 1 The “Number of Employees” includes the workers on loan from other companies and excludes the employees on loan working in other companies.

2 The number of employees is 7,973, which includes the employees on loan working in other companies.

(10) Major Companies Providing Loans to the Affiliated Companies

(Unit: ¥ Billion)

Name of Lender	Loaned Amount
Mizuho Bank Co., Ltd.	48.6
Mizuho Trust & Banking Co., Ltd.	20.6
Resona Bank, Limited.	15.2
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12.4
Development Bank of Japan Inc.	10.4

II. Matters concerning the Shares of the Company

(1) **Number of shares authorized:** 2,200,000,000-

(2) **Number of shares issued:** 1,140,268,860-

Number of shares issued includes the Company’s own shares, number of which are 1,278,358-.

(3) **Number of Shareholders:** 126,580-

(4) Major Shareholders (Top 10):

Name of Shareholder	Number of Shares held (Unit: Thousand shares)	Ratio of Shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	50,304	4.42
Japan Trustee Services Bank, Ltd. (Trust Account)	45,798	4.02
Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. Account)	39,289	3.45
Taisei Employees' Shareholding Plan	27,395	2.41
Taisei Associates' Shareholding Plan	26,457	2.32
HSBC-FUND SERVICES BANK NEGARA MALAYSIA-EQUITY	18,095	1.59
Mitsubishi Estate Co., Ltd.	17,604	1.55
Meiji Yasuda Life Insurance Company	14,238	1.25
Bank of New York Mellon SANV 10	11,827	1.04
Japan Trustee Services Bank, Ltd. (Trust Account NO.6)	11,811	1.04

Note: The Company's own shares (1,278,358-) are excluded in calculating the Ratio of Shares held.

III. Matters concerning Members of the Board and Audit & Supervisory Board Member

(1) Members of the Board and Audit & Supervisory Board Member

<u>Name</u>	<u>Position</u> <i>Business In Charge</i>	<u>Important Concurrent</u> <u>Position</u>
Takashi Yamauchi	President and Chief Executive Officer, Chairman of the Board	External Director of the Building & Housing Center of Japan
Hirofumi Ichihara	Member of the Board <i>Chief of Marketing & Sales Division (Integrated); Deputy Chief of Corporate Planning Office; and In charge of Safety Administration</i>	
Hiroyuki Kimura	Member of the Board <i>Chief of Civil Engineering Division; and Deputy Chief of Corporate Planning Office</i>	
Misao Akune	Member of the Board <i>Chief of Business Administration Division; Deputy Chief of Corporate Planning Office; and In charge of International Operations</i>	
Kazuhiko Dai	Member of the Board <i>Chief of Marketing & Sales (Civil Engineering Division); and Deputy Chief of Corporate Planning Office</i>	
Yoshiyuki Murata	Member of the Board <i>Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division; and Deputy Chief of Corporate Planning Office</i>	Director of Construction- ec.com Co.,Ltd
Shigeyuki Sakurai	Member of the Board <i>Deputy Chief of Business Administration Division; and General Manager of Accounting Department</i>	
Masahiro Sakai	Member of the Board <i>Chief of Marketing & Sales (Building Construction) Division II</i>	
Toru Tsuji	Member of the Board	

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<u>Name</u>	<u>Position</u> <i>Business In Charge</i>	<u>Important Concurrent</u> <u>Position</u>
Fumio Sudo	Member of the Board	Honorary Advisor of JFE Holdings, Inc. External Director of LIXIL Group Corporation External Director of NEW OTANI CO., LTD. External Director of Takeda Pharmaceutical Company Limited External Director of Tokyo Electric Power Company, Incorporated
Atsushi Okamoto	Senior Audit & Supervisory Board Member (full-time)	
Nobuyuki Motegi	Senior Audit & Supervisory Board Member (full-time)	
Masakuni Sekimoto	Audit & Supervisory Board Member	
Terunobu Maeda	Audit & Supervisory Board Member	Commissioner of National Public Safety Commission Chairperson of the Medium and Small Business Research Institute Chairperson of Japan Economic Research Institute External Audit & Supervisory Board Member of the Higo Bank, Ltd
Shigeru Morichi	Audit & Supervisory Board Member	Director of Policy Research Center of National Graduate Institute for Policy Studies
Kiwamu Miyakoshi	Audit & Supervisory Board Member	

- Notes: 1. Messrs. Toru Tsuji and Fumio Sudo are External Members of the Board. Messrs. Toru Tsuji and Fumio Sudo meet the requirements of impartiality prescribed by Tokyo Stock Exchange and are registered as independent officers according to Sub-clause 436-2 of Securities Listing Regulations of Tokyo Stock Exchange.
2. Messrs. Masakuni Sekimoto, Terunobu Maeda, Shigeru Morichi and Kiwamu Miyakoshi are External Audit & Supervisory Board Members. Messrs. Masakuni Sekimoto, Terunobu Maeda, Shigeru Moriuchi and Kiwamu Miyakoshi meet the requirements of impartiality prescribed by Tokyo Stock Exchange and are registered as independent officers according to Sub-clause 436-2 of Securities Listing Regulations of Tokyo Stock Exchange.

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3. Mr. Masakuni Sekimoto has been engaged in Board of Audit (“Kaikai-Kensa-In”) for over the years and has considerable knowledge and insight about finance and accounting.
4. Mr. Terunobu Maeda has been engaged in banking and management for over the years and has considerable knowledge and insight about finance and accounting.
5. During FY 2014, change of important current position is as follows;

Classification	Name	Important concurrent posts	Details of change	Date of change
Member of the Board	Toru Tsuji	Outside Director of SEKISUI CHEMICAL CO., LTD.	Leaving of post	June 26, 2013

(2) Amounts of Remuneration and Others Paid to Members of the Board and Audit & Supervisory Board Member

(Unit: ¥ Million)

Category	Total		External Members of the Board and External Audit & Supervisory Board Member	
	Number of Payees	Amount Paid	Number of Payees	Amount Paid
Member of the Board	14	380	2	24
Audit & Supervisory Board Member	6	120	4	43

- Note:
1. Maximum amount of remunerations for Members of the Board in total is ¥70 million per month as resolved at 146th General Meeting of Shareholders held on June 27, 2006.
 2. Maximum amount of remunerations for Audit & Supervisory Board Member in total is ¥12 million per month as resolved at 134th General Meeting of Shareholders held on June 29, 1994.

(3) Matters concerning External Members of the Board and External Audit & Supervisory Board Members

(i) Concurrent posts of External Members of the Board and External Audit & Supervisory Board Members)

The status is as described in “(1) Members of the Board and Audit & Supervisory Board Members”

There are no relationships to be mentioned between the Company and the organizations at which each External Member of the Board and/or Audit & Supervisory Board Member concurrently holds a post.

(ii) Major Activities of External Members of the Board and External Audit & Supervisory Board Members)

Classification	Name	Major activities
Member of the Board	Toru Tsuji	He attended all the board meetings held in the current fiscal year. Based on the deep insights obtained from his experience as a manager in a different industry and from his neutral position and view as an external member of the board, he offered useful opinions to the Company's management in order to establish an internal control system and strengthen corporate governance.
Member of the Board	Fumio Sudo	He attended all of the board meetings held during the current fiscal year. Based on the deep insights obtained from his experience as a manager in a different industry and from his neutral position and view as an external member of the board, he offered useful opinions to the Company's management in order to establish an internal control system and strengthen corporate governance.
Audit & Supervisory Board Member	Masakuni Sekimoto	He attended all of the board meetings and audit & supervisory board meetings held during the current fiscal year. He offered his opinions as and when appropriate based on his broad knowledge of finance and accounting, and offered opinions regarding the execution of duties of audit & supervisory board member.
Audit & Supervisory Board Member	Terunobu Maeda	He attended 12 out of a total of 13 board meetings held in the current fiscal year and 13 of a total of 14 audit & supervisory board meetings held during the same period. He offered his opinions as and when appropriate based on his broad knowledge of finance and accounting, and offered opinions regarding the execution of duties of audit & supervisory board member.
Audit & Supervisory Board Member	Shigeru Morichi	He attended all the board meetings held in the current fiscal year and 13 of a total of 14 audit & supervisory board meetings held during the same period. He offered his opinions as and when appropriate based on the deep insights obtained from his experience as a university professor, and offered opinions regarding the execution of duties of audit & supervisory board member.
Audit & Supervisory Board Member	Kiwamu Miyakoshi	He attended all of the board meetings and audit & supervisory board meetings held during the current fiscal year. He offered his opinions as and when appropriate based on the deep insights obtained from his experience as a police officer, and offered opinions regarding the execution of duties of audit & supervisory board member.

(iii) Descriptions of the Contract to Limit the Liability

In order for External Members of the Board and External Audit & Supervisory Board Members to fulfill their expected roles, Articles of Incorporation provides that the Company may enter into contracts with External Members of the Board and External Audit & Supervisory Board Members to limit their maximum liability for damages to the Company within a certain range.

The gist of the Contracts to limit the liability that the Company has entered into with External Members of the Board and External Audit & Supervisory Board Members in accordance with the relevant provisions of the Articles of Incorporation is as follows:

(Contracts to Limit the Liability with External Members of the Board)

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, External Members of the Board shall be held liable for damages up to the higher of an amount of ¥ 10 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, provided that the External Member of the Board has performed his duties in good faith and without gross negligence.

(Contracts to Limit the Liability with External Audit & Supervisory Board Member)

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, External Audit & Supervisory Board Member shall be held liable for damages up to the higher of an amount of ¥ 10 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, provided that the External Audit & Supervisory Board Member has performed his duties in good faith and without gross negligence.

IV. Accounting Auditor**(1) Name of Accounting Auditor**

KPMG AZSA Limited Liability Company.

(2) Descriptions of the Contract to Limit the Liability

The Articles of Incorporation provides that the Company may enter into a contract with Accounting Auditor to limit its maximum liability for damages to the Company within a certain range.

The gist of the Contract to limit the liability that the Company has entered into with Accounting Auditor in accordance with the relevant provision of the Articles of Incorporation is as follows:

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, Accounting Auditor shall be held liable for damages up to the higher of an amount of ¥ 100 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, provided that Accounting Auditor has performed its duties in good faith and without gross negligence.

(3) The Amount of the Fee for Accounting Auditor for FY ended March 2013, etc.

Section	Fee
(1) The amount of fee for the services provided as Accounting Auditor for FY ended March 2013	¥ 87 million
(2) The total amount of money and financial benefits to be paid by the Company and its subsidiaries	¥ 187 million

Notes: 1. Under the audit contract between the Company and Accounting Auditor, the fee is not divided into the fee for the audit under the Companies Act and the fee for the audit under the Financial Instruments and Exchange Act, and it is impracticable to divide the fee into those two parts. Therefore, the total amount of those fees is stated in the column 1 above.

2. The Company and its subsidiaries paid Accounting Auditor a consideration for conducting a review of the costs and expenses arising in Japan to prepare tax returns in foreign countries and other services, that is not within the services specified in Paragraph 1 of Article 2 of the Certified Public Accountant Act.

(4) The Policy to Decide on Dismissal or Non-reappointment of Accounting Auditor

It is the Company's policy that if any event occurs which could materially impair Accounting Auditor's capability to continuously perform its duties and responsibilities in a satisfactory manner, an agenda shall be submitted to the General Meeting of Shareholders to dismiss or to

not reappoint Accounting Auditor, after consultation to the Board and the Audit & Supervisory Board.

It is also the Company's policy that the Audit & Supervisory Board shall discuss and make a decision as to whether to dismiss Accounting Auditor in accordance with the Regulations of the Audit & Supervisory Board, if Accounting Auditor is found to fall under any of the items of Paragraph 1 of Article 340 of the Companies Act.

V. Systems and Policies of the Company

In order to secure a system for properly and efficiently executing business and to ensure the reliability of financial reporting, the Company set out its "Basic Policy for Improvement of Systems to Ensure the Appropriateness of Operations" at the Board as follows:

Basic Policy for Improvement of Systems to Ensure the Appropriateness of Operations

(1) Systems to ensure that Members of the Board and employees comply with laws and regulations and the Articles of Incorporation when performing their duties

- (a) Members of the Board shall be keenly aware that the establishment of compliance management is the foundation of management and shall faithfully observe compliance-related regulations, including Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, on their own initiative.
- (b) The Company shall secure compliance by enhancing the consciousness and autonomy of each member of the officers and employees:
 - by implementing various programs as recommended by the Compliance Committee, such as stricter application of disciplinary punishments and other procedures to the officers and employees who violates the laws and regulations, development of the business structure to prevent collusive bidding practices, and the proper operation of the Corporate Ethics Helpline; and
 - by promoting education of compliance and internal audits (self-audits) at the level of individual departments.
- (c) The General Affairs Department shall guide the activities by individual corporate bodies to secure compliance management, and the Auditing Department shall ensure the effectiveness of internal audits by working closely with the individual corporate bodies.

(2) Structure to retain and manage information regarding performance of duties by Members of the Board

- (a) The Company shall codify the rules and procedures concerning information and shall develop the structure to appropriately manage information belonging to the Company, in order to appropriately record and retain information relating to the performance of the duty of Members of the Board, to prevent the leakage and unauthorized use of the information, and to make effective use of the information.

(3) Structure relating rules and other measures to manage risk of losses

- (a) The Company shall develop the structure to appropriately manage the primary risks relating to quality, safety, environment, compliance, information, profit and loss, and others, in accordance with the Company's Basic Policy for Development of Risk Management Structure.
- (b) The Company shall develop the structure to manage the risks in the event of an emergency or a large disaster that includes arrangements for ensuring the business continuity.
- (c) Each corporate body shall enhance its risk management capabilities as a business unit by providing its members with risk management education and other programs.
- (d) The General Affairs Department will promote the proper management related to company-wide risks, and the Auditing Department will promote endeavors for continuous improvement of the risk management system through internal auditing.

(4) Structure to ensure the efficient performance of the duties of the Members of the Board

- (a) The Company shall facilitate the swift and efficient management of operations by utilizing the system of Executive Officers in order to separate the business execution function from the corporate decision-making and supervisory function. Also, the Company shall make the decision making process of the Board dynamic and substantive by utilizing the committees within the Board to preliminarily examine important issues before submitted to the meetings of the Board and by exercising the system of the External Members of the Board.
- (b) The Company shall develop and improve the rules and procedures for decision making and for authorities of managers, for quicker decision makings and more efficient management including the execution of duties, responding changes in environment for management.

(5) Structure to ensure proper operations of businesses throughout the Affiliated Companies

- (a) The Affiliated Companies shall share the Taisei Group Ideal (objectives the Company and its affiliated companies continue to pursue and the vision that is their objective), the

Taisei Spirit (concepts considered important by all Affiliated Companies directors and employees), and the Overall Principles of Conduct (basic principles of conduct as an organization, as well as criteria for action and decision-making that all directors and employees of the Affiliated Companies should actively practice and strictly adhere to), as well as clarify each Affiliated Company's functions and roles, and develop necessary systems such as the creation of a group management conference in order to enhance the governance of Affiliated Companies as a group.

- (b) The Company shall develop the group-level risk management and compliance structures by establishing common rules to be shared throughout the Affiliated Companies and by promoting the internal rules and procedures of the each Affiliated Company.
 - (c) The Company shall ensure the effective structures for risk management and compliance through the Auditing Department's internal audits of the Affiliated Companies and the mutual communication between the Company and the other Affiliated Companies such as the conferences among the Company's Legal Department and the Affiliated Companies.
- (6) Structure to assign employees to assist Audit & Supervisory Board Members with their performance of duties if Audit & Supervisory Board Members require such assistance, and to ensure independence of such employees from Members of the Board;**
- Structure to require Members of the Board and employees to report to Audit & Supervisory Board Members and other structures for reporting to Audit & Supervisory Board Members; and Structure to ensure Audit & Supervisory Board Members' efficient performance of their audit**
- (a) Audit & Supervisory Board Members and General Manager of the Personnel Department shall discuss in advance as to assignments, transfers, evaluations and others of the staff of the Auditor's Secretarial Department, of which primary role is to assist the performance of duties by Audit & Supervisory Board Members.
 - (b) In order for Audit & Supervisory Board Members to audit the implementation of the internal controls, the Company shall develop the structure to enable Audit & Supervisory Board Members to receive reports from the management and employees at any time such as identifying the issues to be reported to Audit & Supervisory Board Members by the management and employees, and the structure to facilitate the officers and employees to report violations of laws and ordinances via the Corporate Ethics Helpline to Audit & Supervisory Board Members.
 - (c) The Members of the Board representing the Company and Audit & Supervisory Board Members shall facilitate their mutual understandings through their discussions on regular meetings about development of environment for auditing by Audit & Supervisory Board Members, important issues regarding the auditing and others.

TRANSLATION, For Your Reference Purpose Only

- (d) Close relationship with Audit & Supervisory Board Members shall be secured by the measures, such as:
- Audit & Supervisory Board Members and General Manager of the Auditing Department shall exchange documents regarding linkage between Audit & Supervisory Board Members and the Auditing Department; and
 - The Auditing Department and Accounting Auditor shall have regular meetings with Audit & Supervisory Board Members.

(7) Structure to ensure appropriateness of the financial reports

- (a) The Company shall develop the internal control structure necessary to ensure appropriateness of the financial reports.

TAISEI CORPORATION
CONSOLIDATED
BALANCE SHEET

March 31, 2014

<u>ASSETS</u>	Millions of Yen
Current assets:	
Cash and time deposits -----	¥ 355,547
Notes and accounts receivable, trade -----	444,425
Cost of uncompleted contracts -----	74,166
Cost of development projects in progress -----	100,148
Other inventories -----	5,739
Deferred income tax assets -----	37,697
Other current assets -----	59,305
Allowance for doubtful accounts -----	(818)
Total current assets -----	1,076,212
Fixed assets:	
Property, plant and equipment:	
Buildings and structures -----	49,958
Machinery, vehicles and equipment -----	8,238
Land -----	121,657
Construction in progress -----	1,196
Total property, plant and equipment -----	181,051
Intangibles -----	5,017
Investments and other assets:	
Investment securities -----	265,858
Net defined benefit asset -----	30,337
Deferred income tax assets -----	902
Other assets -----	44,902
Allowance for doubtful accounts -----	(5,216)
Total investments and other assets -----	336,784
Total fixed assets -----	522,852
Total assets -----	¥ 1,599,065

LIABILITIES

Current liabilities:

Millions of
Yen

Notes and accounts payable, trade	-----	¥	466,030
Short-term borrowings	-----		118,799
Straight bonds due within one year	-----		11,200
Lease obligations	-----		283
Advances received and progress billings on uncompleted contracts	-----		140,656
Deposit received	-----		122,874
Allowance for warranty on completed contracts	-----		3,059
Allowance for losses on construction contracts	-----		50,671
Allowance for losses on order received	-----		69
Other current liabilities	-----		32,453
Total current liabilities	-----		<u>946,096</u>

Long-term liabilities:

Straight bonds	-----		55,000
Long-term borrowings	-----		131,494
Lease obligations	-----		762
Deferred income tax liabilities	-----		4,345
Deferred income tax liabilities for revaluation of land	-----		4,912
Retirement benefits for directors and corporate auditors	-----		399
Allowance for losses on investments in subsidiaries and affiliates	---		251
Allowance for environmental spending	-----		263
Net defined benefit liability	-----		54,278
Other long-term liabilities	-----		17,094
Total long-term liabilities	-----		<u>268,802</u>
Total liabilities	-----		<u>1,214,899</u>

NET ASSETS

Shareholders' equity:

Common stock	-----		112,448
Capital surplus	-----		94,169
Retained earnings	-----		120,778
Treasury stock	-----	(329)
Total shareholders' equity	-----		<u>327,067</u>

Accumulated other comprehensive income:

Unrealized gains on available-for-sale securities, net of taxes	-----		59,650
Unrealized losses on hedging derivatives, net of taxes	-----	(181)
Revaluation reserve for land	-----	(2,337)
Foreign currency translation adjustments	-----	(2,284)
Remeasurements of defined benefit plans	-----		128
Total accumulated other comprehensive income	-----		54,975

Minority interests	-----		2,123
Total net assets	-----		<u>384,166</u>
Total liabilities and net assets	-----	¥	<u>1,599,065</u>

TAISEI CORPORATION
CONSOLIDATED
STATEMENT OF INCOME

Year ended March 31, 2014

	Millions of Yen	
Net sales:		
Construction business	¥ 1,321,288	
Development projects	<u>212,184</u>	¥ 1,533,473
Cost of Sales:		
Construction business	1,239,531	
Development projects	<u>162,914</u>	<u>1,402,446</u>
Gross profit:		
Construction business	81,757	
Development projects	<u>49,269</u>	131,026
Selling, general and administrative expenses		<u>77,253</u>
Operating income		<u>53,773</u>
Non-operating income:		
Interest and dividends	3,263	
Foreign exchange gains	3,568	
Investment gain on equity method	1,549	
Other non-operating income	<u>762</u>	9,143
Non-operating expenses:		
Interest expenses	5,071	
Other non-operating expenses	<u>1,089</u>	<u>6,160</u>
Ordinary income		56,756
Extraordinary gains:		
Gains on sales of fixed assets	2,513	
Gains on sales of investment securities	2,022	
Other extraordinary gains	<u>14</u>	4,550
Extraordinary losses:		
Losses on sales of fixed assets	8,850	
Impairment losses on fixed assets	4,599	
Other extraordinary losses	<u>1,264</u>	<u>14,714</u>
Income before income taxes		46,592
Income taxes:		
Current	10,772	
Deferred	<u>3,347</u>	<u>14,119</u>
Income before minority interests		32,473
Minority interest in consolidated subsidiaries		384
Net income		<u>¥ 32,089</u>

TAISEI CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2014

Millions of Yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2013	112,448	94,169	93,020	(301)	299,336
Changes during the period					
Dividends			(5,695)		(5,695)
Net income			32,089		32,089
Sale of treasury stock		0		0	0
Acquisition of treasury stock				(28)	(28)
Reversal of revaluation reserve for land			1,376		1,376
Foreign currency translation adjustments on overseas affiliate			(12)		(12)
Changes other than shareholders' equity, net (*1)					—
Total changes during the period	—	0	27,758	(27)	27,730
Balance as of March 31, 2014	112,448	94,169	120,778	(329)	327,067

	Accumulated other comprehensive income						Minority interests	Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2013	45,931	(207)	(960)	(2,568)	—	42,194	1,769	343,300
Changes during the period								
Dividends								(5,695)
Net income								32,089
Sale of treasury stock								0
Acquisition of treasury stock								(28)
Reversal of revaluation reserve for land			(1,376)			(1,376)		—
Foreign currency translation adjustments on overseas affiliate				12		12		—
Changes other than shareholders' equity, net (*1)	13,718	26		271	128	14,145	354	14,499
Total changes during the period	13,718	26	(1,376)	283	128	12,780	354	40,866
Balance as of March 31, 2014	59,650	(181)	(2,337)	(2,284)	128	54,975	2,123	384,166

(*1) Excluding the reversal of revaluation reserve for land.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presenting Consolidated Financial Statements:

TAISEI CORPORATION (the “Company”) and its consolidated domestic subsidiaries maintain their official accounting records in accordance with the provisions set forth in the Japanese Companies Act, and accounting principles and practices generally accepted in Japan (“Japanese GAAP”). The accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified five items as applicable. Certain accounting principles and practices generally accepted in Japan are different from International Financial Reporting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying consolidated financial statements are intended for use by those who are informed of Japanese accounting principles and practices.

1. Significant Accounting Policies

(1) Consolidation

- ① The number of consolidated subsidiaries 25 companies

Main consolidated subsidiaries TAISEI YURAKU REAL ESTATE Co., Ltd.
TAISEI ROTEC CORPORATION
TAISEI U-LEC Co., Ltd.

- ② Main non-consolidated subsidiaries

TOKYO ACADEMIC SERVICE Co., Ltd.
EHIME HOSPITAL PARTNERS.Ltd.

(The reason for excluding these subsidiaries from consolidation)

Non-consolidated subsidiaries are excluded from the scope of consolidation because these companies are small in scale and the sums of each of the total assets, sales, net income (equal to share interest) and retained earnings (equal to share interest) of these companies have no significant impact on the consolidated financial statements.

(2) Equity method

- ① The number of companies accounted for using the equity method

Non-consolidated subsidiaries 0 company
Affiliated companies 7 companies

Main affiliated companies accounted for using the equity method

TAISEI PHILIPPINE CONSTRUCTION, Inc.

P.T. INDOTAISEI INDAH DEVELOPMENT

② Non-consolidated subsidiaries and affiliated companies that are not accounted for using the equity method

Main non-consolidated subsidiaries that have not been accounted for using the equity method

TOKYO ACADEMIC SERVICE Co., Ltd.

EHIME HOSPITAL PARTNERS.,Ltd.

Main affiliated companies that are not accounted for using the equity method

CHIBA SENCITY CORPORATION

KAGA ASCON Co., Ltd.

(The reason for excluding these companies from the scope of equity method)

Non-consolidated subsidiaries and affiliated companies that are not accounted for using the equity method are excluded from the equity method scope because not only each company's net income and retained earnings but also sums of each of these figures have no significant impact on the consolidated financial statements.

(3) Summary of accounting policies

① Valuation of significant assets

【Securities】

- Debt securities intended to be held to maturity

Debt securities intended to be held to maturity are stated at amortized cost.

- Securities other than trading securities, held-to-maturity securities, and equity securities issued by subsidiaries and affiliates (hereafter “available-for-sale securities”)

Available-for-sale securities with fair market value readily available

Available-for-sale securities with fair market value readily available are stated at fair value as of the balance sheet date, the difference between the acquisition costs and the fair value is not reflected in income, but included directly in the net assets. Cost of available-for-sale securities sold is calculated using the moving-average method.

Available-for-sale securities with no fair market value readily available

Available-for-sale securities with no fair market value readily available are stated at moving-average cost.

【Inventories】

- Cost of uncompleted contracts

Cost of uncompleted contracts is mainly stated at cost based on the specific-identification cost method.

- Cost of development projects in progress

Cost of development projects in progress is mainly stated at the lower of cost based on the specific-identification cost method or net realizable value.

- Other inventories

Cost of other projects

Cost of other projects is mainly stated at the lower of cost based on the specific identification cost method or net realizable value.

Raw materials and supplies

Raw materials and supplies are mainly stated at the lower of cost based on the moving-average method or net realizable value.

【Derivative financial instruments】

Derivative financial instruments are stated at fair value.

- ② Depreciation method of significant depreciable assets

【Buildings】

Buildings are mainly depreciated using the straight-line method.

【Other tangible fixed assets】

Other tangible fixed assets are mainly depreciated using the declining-balance method.

③ Allowance

【Allowance for doubtful accounts】

Allowance for doubtful accounts is provided to reserve probable losses from bad debt. It consists of the estimated uncollectible amount of certain identified doubtful receivables and the amount estimated on the basis of the past default ratio for normal receivables.

【Allowance for warranties on completed contracts】

Allowance for warranties on completed contracts is provided as the amount estimated using an actual ratio of related losses during the past certain period.

【Allowance for losses on construction contracts】

Allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably estimated.

【Allowance for loss on order received】

Allowance for losses on order received is provided with respect to orders (excluding construction contracts) for which eventual losses are reasonably estimated.

【Retirement benefits for directors and corporate auditors】

In the Company's certain consolidated subsidiaries, retirement benefits for directors and corporate auditors are provided as 100% of the amount that would be required to be paid in accordance with relevant internal rules under the assumption that all directors and corporate auditors retired at the balance sheet date.

【Allowance for losses on investments in subsidiaries and affiliates】

Allowance for losses on investments in subsidiaries and affiliates is provided for estimated losses from certain subsidiaries and affiliates in liquidation.

【Allowance for environmental spending】

Allowance for environmental spending is provided based on estimated costs for disposal of Polychlorinated Biphenyl ("PCB") waste, which is obligated to dispose by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Waste.

④ Other accounting policies on the consolidated financial statements

【Recognition of net defined benefit liability】

Net defined benefit liability is provided for severance and retirement benefits for executive officers of the Company's certain consolidated subsidiaries and employees based on estimated amounts of projected benefit obligation and plan assets at the year-end.

Past service costs are amortized using the straight-line method (some consolidated subsidiaries use the declining-balance method) over 1-10 years, which is not longer than an average remaining service period of the employees when the costs are incurred.

Actuarial gains and losses are amortized from the subsequent financial year (from the current financial year in some consolidated subsidiaries) using the straight-line method (some consolidated subsidiaries use the declining-balance method) over 1-10 years, which is not longer than an estimated average remaining service period of the employees when the gains or losses are incurred.

【Revenue recognition of construction】

Contract revenue associated with construction contracts of which the outcome can be reliably estimated is accounted for by the percentage-of-completion method; otherwise contract revenue is accounted for by the completed-contract method. The percentage of completion at the end of the reporting period is determined by the percentage of the cost incurred to the estimated total costs.

【Hedge accounting】

Gains or losses resulting from hedging instruments are deferred until related losses or gains on hedged items are recognized. For an interest rate swap contract which meets certain conditions, a net amount to be paid or received under the contract is added to or deducted from interest on liabilities for which the swap contract has been concluded.

【Amortization of goodwill】

Goodwill, which is the excesses of investment cost over net equity of consolidated subsidiaries and affiliated companies accounted for using the equity method, is amortized over the period less than 20 years for which the goodwill is expected to contribute to consolidated net income, using the straight-line method, or is charged to income in the year incurred if the goodwill is immaterial.

【National consumption tax and local consumption tax】

National consumption tax and local consumption tax are excluded from other accounts in the financial statements.

【Income taxes】

Income taxes are calculated based on the system of consolidated tax returns.

2. Changes in accounting policy

Adoption of the Accounting Standard for Retirement Benefits

Effective from the end of the fiscal year ended March 31, 2014, the Company adopted “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (“ASBJ”) Statement No.26, issued on May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ statement No.25, issued on May 17 2012), except amendment set forth in the paragraph 35 of “Accounting Standard for Retirement Benefits”, and the paragraph 67 of “Guidance on Accounting Standard for Retirement Benefits”.

By this adoption, the difference between retirement benefit obligations and plan assets is recorded as net defined benefit liability (or, net defined benefit asset in the case plan assets exceed retirement benefit obligations), and unrecognized actuarial gains and losses and unrecognized past service costs are recorded as net defined benefit liability and net defined benefit asset.

In transition, as stipulated in the paragraph 37 of “Accounting Standard for Retirement Benefits”, the impact associated with the change is recognized by adjusting remeasurements of defined benefit plans presented in accumulated other comprehensive income on the consolidated balance sheet.

As a result, net defined benefit asset of ¥30,337 million and net defined benefit liability of ¥54,278 million are recognized as of the fiscal year ended March 31, 2014. And also, accumulated other comprehensive income increased by ¥128 million.

The effect of this change on Per Share Data is described in the relevant section.

3. Consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Cost of development projects in progress-----	¥ 4,138 Million
Investment securities-----	2,105 Million
<u>Other assets (Investments and other assets) -----</u>	<u>1,921 Million</u>
Total-----	8,166 Million

② Debt related to the assets

Long -term borrowings -----	¥ 1,050 Million
-----------------------------	-----------------

The assets are also pledged as collateral for borrowings of non-consolidated companies.

(2) Accumulated depreciation of tangible fixed assets ----- ¥ 125,943 Million

(3)Contingent liabilities

①Contingent liabilities due to guarantees made

The Company and its consolidated subsidiaries are contingently liable as the guarantors for borrowings of the following companies that are not consolidated.

TAISEI FUJISAN NANRYO KAIHATSU Co., Ltd.-----	¥ 2,730 Million
R40., LLC-----	1,641 Million
<u>Others (7 companies)-----</u>	<u>1,274 Million</u>
Total -----	5,646 Million

The amount for R40., LLC indicates the Company and its consolidated subsidiaries' shares of the contingent liabilities due to the guarantees made.

②Additional investment obligations

The Company and its consolidated subsidiaries are contingently liable to invest in the following Special Purpose Companies for their repayment and other obligations of borrowings.

SURUGADAI KAIHATSU TMK -----	¥15,680 Million
<u>YB HAMACHO KAIHATSU TMK -----</u>	<u>1,600 Million</u>
Total -----	17,280 Million

The amount for SURUGADAI KAIHATSU TMK indicates the Company and its consolidated subsidiaries' share of the additional investment obligation.

(4)Revaluation reserve for Land

Certain consolidated domestic subsidiaries revaluated their land in accordance with the Act on Revaluation of Land (the "Act"). As a result, differences between book values before and after revaluation, net of income taxes were stated as "Revaluation reserve for land" in the net assets on the consolidated balance sheet.

- Revaluation method

The revaluation was executed in accordance with the method prescribed in the Article 2, Items 3, 4 and 5 of the Act.

- Revaluation date

On November 30, 2001 and March 31, 2002.

- Excess amount of the book values of the revaluated land over the fair values as of March 31, 2014 (Including the excess amount of ¥2,482 million related to investment and rental property)

¥ 8,828 Million

(5)Cost of uncompleted contracts in relation to

allowance for losses on construction contracts -----¥ 7,821 Million

4. Consolidated Statement of Income

(1) Net sales recognized on the percentage-of-completion method ----- ¥ 982,415 Million

(2) Allowance for losses on construction contracts

included in cost of sales ----- ¥ 31,377 Million

(3) Research and development expenses ----- ¥ 9,534 Million

5. Consolidated Statement of Changes in Net Assets

(1) Number of outstanding shares (in thousands share) ----- 1,140,268

(2) Dividends

① Dividends paid

Resolution	Class of stocks	Total amount of dividends	Dividends per share	Record date	Effective date
June 27, 2013 Annual shareholders' meeting	Common stock	¥ 2,847 Million	¥ 2.50	March 31, 2013	June 28, 2013
November 12, 2013 Board meeting	Common stock	¥ 2,847 Million	¥ 2.50	September 30, 2013	December 3, 2013

② Dividends with the record date in the year ended March 31, 2014 and the effective date in the subsequent financial year

The Company will propose to the annual shareholders' meeting on June 27, 2014 that the dividends on the common stocks will be as follows:

- Total amount of dividends ----- ¥ 3,986 Million
- Dividends per share ----- ¥ 3.50
- Record date ----- March 31, 2014
- Effective date ----- June 30, 2014

The dividends will be allocated from retained earnings.

6. Financial Instruments

(1) Policies for using Financial Instruments

The Company and its consolidated subsidiaries restrict investments to the low risk assets such as deposits, and raise the funds by indirect finance such as borrowings from bank as well as by the direct finance such as issuing corporate bonds, commercial papers.

Derivative financial instruments are employed mainly for hedging of the fluctuation of the interest rate and foreign currency exchange, and not used for speculation.

(2) Fair Value of Financial Instruments

	<u>Millions of Yen</u>		
	Book value	Fair value	Difference
〔ASSETS〕			
① Cash and time deposits	355,547	355,547	—
② Notes and accounts receivable, trade	444,425	444,361	(63)
③ Investment securities			
Debt securities intended to be held to maturity	818	825	7
Available-for-sale securities	207,054	207,054	—
〔LIABILITIES〕			
① Notes and accounts payable, trade	466,030	466,030	—
② Short-term borrowings	118,799	119,423	(624)
③ Straight bonds due within one year	11,200	11,224	(24)
④ Deposits received	122,874	122,874	—
⑤ Straight bonds	55,000	55,992	(992)
⑥ Long-term borrowings	131,494	132,788	(1,294)
〔Derivative financial instruments〕 (*)	(274)	(274)	—

(*)Note The assets and liabilities are reported as net amount. Any item for which the total becomes a net liability is indicated in parenthesis.

Note1: The calculation method of the fair value of financial instrument and securities, derivative transaction

〔ASSETS〕

①Cash and time deposits

The fair values of these financial instruments are almost equivalent to the book value, due to the short term settlements.

②Notes and accounts receivable, trade

The fair values of these financial instruments are almost equivalent to the book value, due to the short term settlements; although, the fair value of notes and accounts receivable, trade due over one year are based on the present value of discounted cash flows using the interest rate determined by the factors of the estimated collection terms and credit risks, with respect to each receivable categorized by collection terms.

③ Investment securities

The fair values of the marketable securities are based on the quoted market value, and bonds are based on the market value, the price indicated by a third party such as broker, or the present value of discounted cash flows, respectively.

[LIABILITIES]

① Notes and accounts payable, trade and ④ Deposits received

The fair values of these financial instruments are almost equivalent to the book value, due to the short term settlements.

② Short-term borrowings

The fair values of these financial instruments are almost equivalent to the book value, due to the short term settlements; although the fair value of long-term borrowings due within one year are based on the same method as that for long-term borrowings.

③ Straight bonds due within one year and ⑤ Straight bonds

The fair values of the marketable bonds are based on the quoted market value, otherwise the fair values of the bonds are the present value of discounted cash flows using the interest rate determined by the factors of the estimated redemption terms and issuer's credit risk.

⑥ Long-term borrowings

The fair values of long-term borrowings are based on the present value of discounted cash flows using the interest rate which may be applicable when the same kind borrowings are made.

[Derivative financial instruments]

The fair values of derivative financial instruments are based on the prices calculated by a correspondent financial institution.

The fair values of an interest rate swap contract which meets certain conditions are including in the fair value of its corresponding long-term borrowings (if due within one year, short-term borrowings) since such swap contracts are embedded derivatives which should not be separated from underlying transactions (i.e. borrowings).

Note2: Financial instruments which are difficult to calculate the fair value

Nonmarketable securities (book value amount to ¥57,985 million) are not included in the above [Asset] ③ Investment securities – Available-for-sale securities; since it is difficult to calculate the fair values because they have no quoted market price and the future cash flows cannot be estimated.

7. Investment and Rental Property

(1) Context of investment and rental property

The Company and certain consolidated subsidiaries hold some office buildings for rent in Tokyo and other areas.

(2) Fair value of investment and rental property

<u>Millions of Yen</u>	
Book value	Fair value
59,134	65,882

Note1: Carrying amount is the amount that the accumulated depreciation and impairment losses are deducted from the cost of acquisition.

Note2: The book value includes asset retirement obligations (¥240 million).

Note3: The fair value of investment and rental property as of March 31, 2014 is mainly calculated by the Company according to the appraisal standard of real-estate and is adjusted using official indices.

8. Per Share Data

(1) Net assets worth per share ----- ¥ 335.42

Note: As described in “2. Changes in accounting policy”, the Company has adopted “Accounting Standard for Retirement Benefits” and applied transitional treatment stipulated in the paragraph 37 of “Accounting Standard for Retirement Benefits”.

As a result, net assets worth per share increased by ¥0.10.

(2) Net income per share ----- ¥ 28.17

TAISEI CORPORATION
NON-CONSOLIDATED
BALANCE SHEET

March 31, 2014

<u>ASSETS</u>	Millions of Yen
Current assets:	
Cash and time deposits -----	¥ 299,686
Notes receivable, trade -----	7,841
Accounts receivable, trade -----	373,527
Real estates for sale -----	50,788
Cost of uncompleted contracts -----	67,220
Cost of development projects in progress -----	10,045
Deferred income tax assets -----	34,797
Accounts receivable, other -----	41,352
Other current assets -----	13,142
Allowance for doubtful accounts -----	(622)
Total current assets -----	897,778
Fixed assets:	
Property, plant and equipment:	
Buildings and structures -----	21,873
Machinery and vehicles -----	1,148
Tools, furniture and fixtures -----	866
Land -----	69,689
Construction in progress -----	368
Total property, plant and equipment -----	93,946
Intangibles -----	1,863
Investments and other assets:	
Investment securities -----	236,420
Investments in subsidiaries and affiliates -----	84,098
Long-term loans receivable -----	8,576
Claims provable in bankruptcy, claims provable in rehabilitation and other -----	2,026
Long-term prepaid expenses -----	278
Prepaid pension cost -----	12,453
Other assets -----	33,473
Allowance for doubtful accounts -----	(9,889)
Total investments and other assets -----	367,437
Total fixed assets -----	463,247
Total assets -----	¥ 1,361,026

LIABILITIES

Current liabilities:

Millions of
Yen

Notes payable, trade -----	¥	29,991
Electronically recorded monetary obligations -----		29,687
Accounts payable, trade -----		335,584
Short-term borrowings -----		83,749
Straight bonds due within one year -----		11,200
Lease obligations -----		163
Income taxes payable -----		2,567
Advances received and progress billings		
on uncompleted contracts -----		126,602
Deposits received -----		150,445
Allowance for warranty on completed contracts -----		2,234
Allowance for losses on construction contracts -----		50,270
Other current liabilities -----		19,146
Total current liabilities -----		<u>841,641</u>

Long-term liabilities:

Straight bonds -----		55,000
Long-term borrowings -----		89,724
Lease obligations -----		495
Retirement benefits for employees -----		21,157
Deferred income tax liabilities -----		17,129
Allowance for losses on investments in subsidiaries and affiliates ---		1,323
Allowance for environmental spending -----		249
Other long-term liabilities -----		4,227
Total long-term liabilities -----		<u>189,307</u>
Total liabilities -----		<u>1,030,949</u>

NET ASSETS

Shareholders' equity:

Common stock -----		112,448
Capital surplus:		
Additional paid-in-capital -----		56,538
Other capital surplus -----		37,648
Total capital surplus -----		<u>94,187</u>
Retained earnings:		
Other retained earnings:		
Reserve for tax deferment on replacement of fixed assets -----		1,312
Other reserve -----		38,500
Retained earnings carried forward -----		26,807
Total retained earnings -----		<u>66,619</u>
Treasury stock -----	(329)
Total shareholders' equity -----		<u>272,926</u>

Accumulated gains from valuation:

Unrealized gains on available-for-sale securities, net of taxes -----		57,327
Unrealized losses on hedging derivatives, net of taxes -----	(176)
Total accumulated gains from valuation -----		<u>57,150</u>
Total net assets -----		<u>330,077</u>
Total liabilities and net assets -----	¥	<u>1,361,026</u>

TAISEI CORPORATION
NON-CONSOLIDATED
STATEMENT OF INCOME

Year ended March 31, 2014

	Millions of Yen	
Net sales:		
Construction business	¥ 1,118,161	
Development projects	<u>78,014</u>	¥ 1,196,176
Cost of Sales:		
Construction business	1,059,819	
Development projects	<u>55,136</u>	<u>1,114,956</u>
Gross profit:		
Construction business	58,342	
Development projects	<u>22,877</u>	81,220
Selling, general and administrative expenses		<u>48,380</u>
Operating income		32,839
Non-operating income:		
Interest and dividends	3,923	
Foreign exchange gains	3,320	
Other non-operating income	<u>538</u>	7,781
Non-operating expenses:		
Interest expenses	3,889	
Other non-operating expenses	<u>1,060</u>	4,949
Ordinary income		35,671
Extraordinary gains:		
Gains on sales of investment securities	1,616	
Other extraordinary gains	<u>686</u>	2,303
Extraordinary losses:		
Losses on sales of fixed assets	806	
Impairment losses on fixed assets	4,321	
Other extraordinary losses	<u>1,255</u>	6,382
Income before income taxes		31,591
Income taxes:		
Current	7,662	
Deferred	<u>2,326</u>	9,989
Net income		<u>¥ 21,602</u>

TAISEI CORPORATION
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2014

Millions of Yen

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in-capital	Other capital surplus	Total capital surplus
Balance at beginning of year	112,448	56,538	37,648	94,187
Changes during the period				
Reversal of reserve for tax deferral on replacement of fixed assets				
Provision of other reserve				
Dividends				
Net income				
Sale of treasury stock			0	0
Acquisition of treasury stock				
Changes other than shareholders' equity, net				
Total changes during the period	—	—	0	0
Balance at end of year	112,448	56,538	37,648	94,187

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Other retained earnings			Total retained earnings		
	Reserve for tax deferral on replacement of fixed assets	Other reserve	Retained earnings carried forward			
Balance at beginning of year	3,000	31,500	16,211	50,712	(301)	257,045
Changes during the period						
Reversal of reserve for tax deferral on replacement of fixed assets	(1,687)		1,687	—		—
Provision of other reserve		7,000	(7,000)	—		—
Dividends			(5,695)	(5,695)		(5,695)
Net income			21,602	21,602		21,602
Sale of treasury stock					0	0
Acquisition of treasury stock					(28)	(28)
Changes other than shareholders' equity, net						
Total changes during the period	(1,687)	7,000	10,595	15,907	(27)	15,880
Balance at end of year	1,312	38,500	26,807	66,619	(329)	272,926

	Accumulated gains from valuation			Total net assets
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Total accumulated gains from valuation	
Balance at beginning of year	44,614	(203)	44,411	301,456
Changes during the period				
Reversal of reserve for tax deferral on replacement of fixed assets				—
Provision of other reserve				—
Dividends				(5,695)
Net income				21,602
Sale of treasury stock				0
Acquisition of treasury stock				(28)
Changes other than shareholders' equity, net	12,713	26	12,739	12,739
Total changes during the period	12,713	26	12,739	28,620
Balance at end of year	57,327	(176)	57,150	330,077

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presenting Non-consolidated Financial Statements:

TAISEI CORPORATION (the “Company”) maintains its official accounting records in accordance with the provisions set forth in the Japanese Companies Act, and accounting principles and practices generally accepted in Japan (“Japanese GAAP”). Certain accounting principles and practices generally accepted in Japan are different from International Financial Reporting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying financial statements are intended for use by those who are informed of Japanese accounting principles and practices.

1. Significant Accounting Policies

(1) Valuation of assets

【Securities】

- Debt securities intended to be held to maturity

Debt securities intended to be held to maturity are stated at amortized cost.

- Equity securities of the Company’s subsidiaries and affiliated companies

Equity securities of the Company’s subsidiaries and affiliated companies are stated at cost based on the moving-average method.

- Securities other than trading securities, held-to-maturity securities, and equity securities issued by subsidiaries and affiliates (hereafter, “available-for-sale securities”)

Available-for-sale securities with fair market value readily available

Available-for-sale securities with fair market value readily available are stated at fair value as of the balance sheet date, the difference between the acquisition costs and the fair value is not reflected in income, but included directly in net assets. Cost of available-for-sale securities sold is calculated using the moving-average method.

Available-for-sale securities with no fair market value readily available

Available-for-sale securities with no fair market value readily available are stated at moving-average cost.

【Inventories】

- Real estates for sale

Real estates for sale are stated at the lower of cost based on the specific-identification cost method or net realizable value.

- Cost of uncompleted contracts

Cost of uncompleted contracts is stated at cost based on the specific-identification cost method.

- Cost of development projects in progress

Cost of development projects in progress is stated at the lower of cost based on the specific-identification cost method or net realizable value.

- Raw materials and supplies

Raw materials and supplies are stated at the lower of cost based on the moving-average method or net realizable value.

【Derivative financial instruments】

Derivative financial instruments are stated at fair value.

(2) Depreciation method of fixed assets

【Property, plant and equipment】

- Buildings

Buildings are depreciated using the straight-line method.

- Other tangible fixed assets

Other tangible fixed assets are depreciated using the declining-balance method.

(3) Allowance

【Allowance for doubtful accounts】

Allowance for doubtful accounts is provided to reserve probable losses from bad debt. It consists of the estimated uncollectible amount of certain identified doubtful receivables and the amount estimated on the basis of the past default ratio for normal receivables.

【Allowance for warranties on completed contracts】

Allowance for warranties on completed contracts is provided as the amount estimated using an actual ratio of related losses during the past certain period.

【Allowance for losses on construction contracts】

Allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably estimated.

【Retirement benefits for employees】

Retirement benefits for employees are provided for their severance and retirement benefits based on estimated amounts of projected benefit obligation and plan assets at the year-end.

Past service costs are amortized using the straight-line method over 10 years, which is not longer than an average remaining service period of the employees when the costs are incurred.

Actuarial gains and losses are amortized from the subsequent financial year using the straight-line method over 10 years, which is not longer than an average remaining service period of the employees when the gains and losses are incurred.

【Allowance for losses on investments in subsidiaries and affiliates】

Allowance for losses on investments in subsidiaries and affiliates is provided for estimated losses

that exceed amounts of investments and loans to the companies.

【Allowance for environmental spending】

Allowance for environmental spending is provided based on estimated costs for disposal of Polychlorinated Biphenyl (“PCB”) waste, which is obligated to dispose by the Act on Special Measures Concerning Promotion of Proper Treatment of PCB Waste.

(4) Revenue and cost recognition

【Revenue recognition of construction】

Contract revenue associated with construction contracts of which the outcome can be reliably estimated is accounted for using the percentage-of-completion method; other contract revenue is accounted for using the completed-contract method. The percentage of completion at the end of the reporting period is determined by the ratio of the cost incurred to the estimated total costs.

(5) National consumption tax and local consumption tax

National consumption tax and local consumption tax are excluded from other accounts in the financial statements.

(6) Other accounting policies on the non-consolidated financial statements

【Retirement benefits for employees】

The accounting treatment on unrecognized actuarial gains and losses and unrecognized past service cost with respect to retirement benefits is different from that applied in the consolidated financial statements.

【Hedge accounting】

Gains or losses resulting from hedging instruments are deferred until related losses or gains on hedged items are recognized. For an interest rate swap contract which meets certain conditions, a net amount to be paid or received under the contract is added to or deducted from interest on liabilities for which the swap contract has been concluded.

【Income taxes】

Income taxes are calculated based on the system of consolidated tax returns.

2. Non-consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Investments in subsidiaries and affiliates -----	¥1,110 Million
<u>Long-term loans receivable -----</u>	<u>1,916 Million</u>
Total-----	3,026 Million

② Debt related to the assets

Other long-term liabilities (Deposits from tenants)-----	¥ — Million
---	-------------

The assets are pledged as collateral for borrowings of companies in which the Company has invested.

(2) Accumulated depreciation of tangible fixed assets ----- ¥ 51,884 Million

(3) Contingent liabilities

① Contingent liabilities due to guarantees made

The Company is contingently liable as the guarantor for borrowings of the following companies.

TAISEI YURAKU REAL ESTATE Co., Ltd. -----	¥ 72,000 Million
TAISEI FUJISAN NANRYO KAIHATSU Co., Ltd.-----	2,730 Million
R40., LLC-----	1,641 Million
SYMBOLTOWER DEVELOPMENT Co., Ltd. -----	840 Million
<u>Others (2 companies) -----</u>	<u>371 Million</u>
Total-----	77,583 Million

The amount for R40., LLC indicates the Company's share of the contingent liabilities due to the guarantees made.

② Additional investment obligations

The Company is contingently liable to invest in the following Special Purpose Companies for their repayment and other obligations of borrowings.

SURUGADAI KAIHATSU TMK-----	¥ 14,240 Million
-----------------------------	------------------

The amount indicates the Company's shares of the additional investment obligations.

(4) Receivables from and payables to subsidiaries and affiliates

Receivables from subsidiaries and affiliates:

Short-term -----	¥ 11,604 Million
Long-term-----	¥ 11,138 Million

Payables to subsidiaries and affiliates:

Short-term -----	¥ 62,835 Million
Long-term-----	¥ 17 Million

(5) Cost of uncompleted contracts in relation to allowance for losses on construction contracts ----- ¥ 7,620 Million

3. Non-consolidated Statement of Income

(1) Net sales recognized on the percentage-of-completion method ----- ¥ 899,628 Million

(2) Sales to subsidiaries and affiliates ----- ¥ 18,594 Million

(3) Purchase from subsidiaries and affiliates included in cost of sales ----- ¥ 55,683 Million

(4) Allowance for losses on construction contracts included in cost of sales ----- ¥ 31,195 Million

(5) Transactions other than operating transactions with subsidiaries and affiliates ----- ¥ 466 Million

(6) Research and development expenses ----- ¥ 9,340 Million

4. Non-consolidated Statement of Changes in Net Assets

Class and number of treasury stock (in thousands share) at the year-end ----- Common stock 1,278

5. Deferred Income Taxes

Significant components of deferred income tax assets and liabilities

Deferred income tax assets:

Retirement benefits for employees ----- ¥ 30,393 Million

Inventories ----- 28,508 Million

Investments in subsidiaries and affiliates ----- 13,211 Million

Bad debt losses and allowance for doubtful accounts ----- 5,194 Million

Accrued bonuses ----- 3,006 Million

Others ----- 5,658 Million

Subtotal ----- 85,974 Million

Less valuation allowance ----- (15,250) Million

Total deferred income tax assets ----- 70,723 Million

Deferred income tax liabilities:

Unrealized gains on available-for-sale securities ----- ¥ (31,690) Million

Gains on securities contribution to employee retirement benefit trust ----- (20,604) Million

Others ----- (761) Million

Total deferred income tax liabilities ----- (53,056) Million

Net deferred income tax assets ----- ¥ 17,667 Million

6. Related Party Transactions

(1) Related companies - Subsidiaries and affiliates

① Description of transactions

Attribution	Name	Voting right share owing (share owned)	Relationship	Nature of transaction	Amounts of transaction	Accounts	Closing balance
Subsidiary	TAISEI YURAKU REAL ESTATE Co., Ltd.	100%	Guaranties of liabilities	Guaranties of liabilities	¥ 72,000 Million	-	¥ -

② Business conditions and policy of business conditions

Guaranties of liabilities are for the borrowings from financial institutions.

7. Per Share Data

(1) Net assets per share-----¥ 289.80

(2) Net income per share-----¥ 18.97

**Reference Materials
for
The General Meeting of Shareholders**

Agenda and Reference Information

Item Appropriation of Earned Surplus

The Company has made it a basic policy to pay long-term stable dividend to Shareholders. The Company tries to reinforce internal reserve for the future business operation, and returns the profit to the Shareholders by way of a special dividend and the like when the business performance of the Company is well.

Comprehensively taking into account both establishment of our business structure to secure stable net income for the year through smooth progress of Medium-term Business Plan (FY 2012–2014), and business surroundings in the future, etc., the cash dividend at the end of the fiscal year ended March 31, 2014 is proposed to be ¥3.50 per share as stated below.

As the result, the total dividend for the fiscal year ended March 31, 2014, including the interim dividend, is ¥6.00 per share, ¥1.00 increase compared to the dividend of the previous fiscal year.

1. Matters Concerning the Year-end Dividend
 - (1) Cash dividend and its total amount:
Common stock ¥ 3.50 per share

Total Amount ¥ 3,986,466,757-
 - (2) Effective date of dividend of surplus:
June 30, 2014
2. Matters concerning accumulation of other reserve
 - (1) Item of increased surplus and its amount
Other reserve:
¥ 15,000,000,000-
 - (2) Item of decreased surplus and its amount
Retained earnings carried forward:
¥ 15,000,000,000-

FOR YOUR REFERENCE:

The Executive Officers (“Shikko-Yakuin”) as of May 1, 2014, are as follows:

<u>Title</u> Business in Charge	<u>Name</u>
President and Chief Executive Officer	Takashi Yamauchi
Executive Vice President <i>Chief of Marketing & Sales Division (Integrated); Deputy Chief of Corporate Planning Office; and In charge of Safety Administration</i>	Hirofumi Ichihara
Executive Vice President <i>Chief of Civil Engineering Division; and Deputy Chief of Corporate Planning Office</i>	Hiroyuki Kimura
Executive Vice President <i>Chief of Business Administration Division; Deputy Chief of Corporate Planning Office; and In charge of International Operations</i>	Misao Akune
Executive Vice President <i>Chief Executive, International Operations Headquarters</i>	Satoru Ogata
Executive Vice President <i>Chief of Marketing & Sales (Building Construction) Division III</i>	Toshio Tominaga
Senior Managing Executive Officer <i>Chief of Marketing & Sales(Civil Engineering) Division; and Deputy Chief of Corporate Planning Office</i>	Kazuhiko Dai
Senior Managing Executive Officer <i>Chief of Marketing & Sales(West Japan) Division</i>	Masatake Taniuchi
Senior Managing Executive Officer <i>Chief of Procurement Division; and Deputy Chief of Corporate Planning Office</i>	Yasushi Suzuki
Senior Managing Executive Officer <i>Deputy Chief of Civil Engineering Division; and General Manager of Civil Engineering Department</i>	Hisao Tamura
Managing Executive Officer <i>Chief of Kansai Branch</i>	Fumihiko Yamada
Managing Executive Officer <i>In charge of Civil Engineering</i>	Shigeki Watanabe
Managing Executive Officer <i>Chief of Nagoya Branch</i>	Junichi Ikeguchi
Managing Executive Officer <i>Chief of Safety Administration Division</i>	Toshio Matsuda
Managing Executive Officer <i>In charge of Technology</i>	Kazuhiko Hombu
Managing Executive Officer <i>Chief of Mechanical & Electrical Division</i>	Michio Kuboniwa
Managing Executive Officer <i>Chief of Yokohama Branch</i>	Shigeru Konnai

TRANSLATION, For Your Reference Purpose Only

<u>Title</u>	<u>Name</u>
Business in Charge	
Managing Executive Officer <i>Chief of Corporate Planning Office</i>	Shigeyoshi Tanaka
Managing Executive Officer <i>Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division; and Deputy Chief of Corporate Planning Office</i>	Yoshiyuki Murata
Managing Executive Officer <i>Deputy Chief of Business Administration Division; and General Manager of Accounting Department</i>	Shigeyuki Sakurai
Managing Executive Officer <i>Chief of Marketing & Sales (Building Construction) Division II</i>	Masahiro Sakai
Managing Executive Officer <i>In charge of Algeria East-West Highway Project, International Operations Headquarters</i>	Motofumi Fujiwara
Managing Executive Officer <i>In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)</i>	Yoshinobu Shigeji
Managing Executive Officer <i>In charge of Technology</i>	Hiroshi Kanazawa
Managing Executive Officer <i>Chief of Nuclear Facilities Division</i>	Hirofumi Kamata
Managing Executive Officer <i>Deputy Chief of Marketing & Sales (Civil Engineering) Division; and In charge of Olympics projects</i>	Masahiro Oshima
Managing Executive Officer <i>Chief of Urban Development Division</i>	Katsuyuki Kanai
Managing Executive Officer <i>Deputy Chief of Marketing & Sales (Civil Engineering) Division</i>	Takashi Ohkawa
Managing Executive Officer <i>Chief of Tokyo Branch</i>	Tamotsu Umehara
Managing Executive Officer <i>Chief of Marketing & Sales Promotion Division; and Deputy Chief of Corporate Planning Office</i>	Takeo Horinouchi
Managing Executive Officer <i>Chief of Design Division</i>	Haruhiko Kouno
Executive Officer <i>Deputy, in charge of Civil Engineering Division, International Operations Headquarters</i>	Satoru Tsutae
Executive Officer <i>Deputy, in charge of Building Construction & Engineering, International Operations Headquarters</i>	Yukio Matsuno
Executive Officer <i>Deputy, in charge of Administration, International Operations Headquarters</i>	Masafumi Anami

<u>Title</u>	<u>Name</u>
Business in Charge	
Executive Officer <i>General Manager of Building Construction & Engineering, International Operations Headquarters; General Manager of Nuclear Facilities Project Department, International Operation Headquarters; and In charge of NDIA Project(package 18), International Operations Headquarters</i>	Yoshitaka Inoue
Executive Officer <i>Chief of Medical Welfare Business Division</i>	Yasushi Yoshinari
Executive Officer <i>In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)</i>	Yusuke Fukuda
Executive Officer <i>Chief of Proposal & Solution Division; and In charge of Olympic projects</i>	Tetsuya Shibayama
Executive Officer <i>Chief of Tohoku Branch</i>	Shoji Kondo
Executive Officer <i>Chief of Chugoku Branch</i>	Norihiko Yaguchi
Executive Officer <i>Deputy Chief of Marketing & Sales (West Japan) Division</i>	Takao Kanai
Executive Officer <i>Chief of Chiba Branch</i>	Hiroshi Shirakawa
Executive Officer <i>Deputy Chief, in charge of Civil Engineering, Tokyo Branch; and General Manager of Civil Engineering Department, Tokyo Branch</i>	Yoshinori Nishida
Executive Officer <i>Project Director, International Operations Headquarters</i>	Hiroshi Suzuki
Executive Officer <i>Chief of Engineering Division</i>	Tsuyoshi Nakanishi
Executive Officer <i>In charge of Technology</i>	Atsuo Ogawa
Executive Officer <i>Deputy Chief, in charge of Civil Engineering, Kansai Branch</i>	Takeshi Kagata
Executive Officer <i>Chief of Kanto Branch</i>	Masaharu Okada
Executive Officer <i>General Manager of Next Generation Project Department, Civil Engineering Division</i>	Jiro Taniyama
Executive Officer <i>Chief of Kyushu Branch</i>	Yoshiro Aikawa
Executive Officer <i>Deputy Chief of Corporate Planning Office; and General Manager of Corporate Planning Department</i>	Keiji Hirano

TRANSLATION, For Your Reference Purpose Only

<u>Title</u>	<u>Name</u>
Business in Charge	
Executive Officer <i>General Manager of Project Creation Department, Marketing & Sales Division (Integrated)</i>	Masahiro Tsuchiya
Executive Officer <i>Chief of East Japan Reconstruction Division; and Deputy Chief, in charge of Building Construction Division, Tohoku Branch</i>	Masaaki Ito
Executive Officer <i>Chief of Environmental Division</i>	Makoto Imasaka
Executive Officer <i>General Manager of Design Department, Civil Engineering Division</i>	Nobuyuki Hayashi
Executive Officer <i>Chief of Marketing & Sales (Building Construction) Division I</i>	Hiroshi Tsuchiya
Executive Officer <i>Deputy Chief of Marketing & Sales (Building Construction) Division II</i>	Simpei Oguchi
Executive Officer <i>Chief of Taisei Technology Center</i>	Tatsuhiko Matsui
Executive Officer <i>Chief of Hokushinetsu Branch</i>	Susumu Morita
Executive Officer <i>Deputy Chief of Marketing & Sales (Building Construction) Division II</i>	Taku Yamamoto
Executive Officer <i>Chief of Sapporo Branch</i>	Noriaki Kon
Executive Officer <i>General Manager of Secretarial Department</i>	Atsushi Yamamoto

Voting through the Internet

1. Matters to be noted in voting through the Internet

- 1) A Shareholder can exercise its voting rights through “*Voting Rights Exercise Website*” (the “Website”) designated by the Company (Please refer to the URL indicated below) instead of exercising its voting rights by writing and mailing the Voting Form. When you desire to exercise the voting right through the Website, you need to login by using “*Giketsuken-koushi (Voting) Code*” and “*Password*” as indicated in the right side of the Voting Form enclosed with this Notice of the General Meeting of Shareholders. In addition, for the purpose of security, you will have to change the “*Password*” when you enter the Website for the first time.

<http://www.it-soukai.com/>

Note: The URL is changed from last year therefore please note that you need to login on the Website indicated above.

- 2) **The deadline of exercise of voting rights is 5:30 P.M. on Thursday, June 26, 2014 (Tokyo time).**

A Shareholder needs to input the voting by the deadline therefore we would like to ask you to exercise the voting rights at your earliest convenience.

- 3) In the event that a Shareholder votes both by mailing the Voting Form and through the Internet, only the voting through the Internet shall be treated as the valid voting. In addition, if you vote through the Internet more than once, the last voting shall be valid
- 4) “*Password*” (including the password changed by a Shareholder) is only valid for the General Meeting of Shareholders this year. At the time of next General Meeting of Shareholders, a new “*Password*” will be issued.
- 5) Shareholders are requested to bear any costs and expenses relating to access of the Internet.

Attention

The “*Password*” is used to confirm that a voting person is truly a Shareholder. We never ask a Shareholder about its “*Password*”.

The “*Password*” is locked when a Shareholder inputs wrongly several times. If your password is locked, you need to follow instructions on the screen.

We have confirmed normal operation of the Website by general electric devises for accessing the Internet, however there may be a case that the Website is not available by your electric devises.

2. Contact for questions

Please call the following phone number of Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. if you have any questions.

- 1) Special contact number for questions regarding how to operate “Voting Rights Exercise Website”

TEL: 0120 – 768 – 524 (Toll Free Service for Domestic Shareholders) (Available: 9:00 A.M. – 9:00 P.M. <Tokyo Time>, except Saturdays, Sundays and National Holidays)

- 2) Special contact number for questions regarding securities administration other than questions 1) above.

TEL: 0120 – 288 – 324 (Toll Free Service for Domestic Shareholders) (Available: 9:00 A.M. – 9:00 P.M. <Tokyo Time>, except Saturdays, Sundays and National Holidays)

Reference for Institutional Investors

The “Electronic Voting Platform” operated by ICJ is available for the institutional investors.