

To Our shareholders

NOTICE OF THE 151st GENERAL MEETING OF SHAREHOLDERS

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

We express our deepest sympathy to all people affected by the recent Great East Japan Earthquake and hope that they will be able to return to their normal lives as soon as possible.

Notice is hereby given that the 151st 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 following methods:

[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 Tuesday, June 28, 2011 (Tokyo time)**.

[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 Tuesday, June 28, 2011 (Tokyo time)**. For more information, please refer to “Voting through the Internet” on pages 52-53.

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.

1. **Date:** Wednesday, June 29, 2011, 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 Board of Corporate Auditors for Consolidated Financial Statements, for fiscal year ended March 31, 2011 (the 151st Business Year commenced April 1, 2010 and ended March 31, 2011)
 2. Financial Statements, for fiscal year ended March 31, 2011 (the 151th Business Year commenced April 1, 2010 and ended March 31, 2011)

(2) Matters to be voted on by Shareholders:

Item No. 1: Appropriation of earned surplus

Item No. 2: Election of ten (10) Members of the Board.

Item No. 3: Election of four (4) Corporate Auditors.

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.

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 and the lighting will be reduced on the day 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.aisei.co.jp>).**

IMPORTANT NOTE:

This notice and attached documents are English translations of the “Notice of the 151st General Meeting of Shareholders (*Dai-151-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, 2011, 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, 2010 to March 31, 2011)

I . Current State of the Affiliated Companies

(1) Progress and Results of Operations

During the fiscal year ended March 2011, the overall recovery of the world economy remained slow because advanced countries' economies did not reach the point of entering a self-sustaining recovery, while emerging economies continued to be strong. The Japanese economy continued its slow recovery, but the pace of that recovery remained sluggish. Furthermore, due to the effects of the Great East Japan Earthquake, which occurred on March 11, 2011, there was growing uncertainty about the future of the Japanese economy.

The domestic construction market shrank because domestic capital investments were held back by the stagnant Japanese economy and the continuing strength of the yen, and moreover, because public works-related expenditure continued to fall. The overseas construction market, meanwhile, continued to be strong particularly in China and India, where domestic demand continued to grow, and in other Asian countries whose economies were steadily growing overall.

Under these circumstances, the Company and its affiliated companies (collectively, the "Affiliated Companies") aimed to secure profits in a shrinking market and strove to accomplish its management tasks in accordance with its Medium Term Business Plan, which began in FY2009. As a result, new orders received by the Affiliated Companies during the term ended March 31, 2011 were worth ¥1,254 billion, a 0.8% increase compared to the previous year, and net sales were ¥1,218.1 billion, a 15.5% decrease. Although operating income grew, ordinary income was ¥24 billion, a 13.3% decrease, due to exchange losses and other factors, and net income for the current term was ¥10.8 billion, a 48.7% decrease compared to a year earlier.

New orders received and net sales for each segment are as follows:

Up to the previous term, new orders and net sales were divided into Construction, Real Estate Development, and Other businesses when reported, but starting from this fiscal year, due to the application of the Accounting Standards for the Disclosure of Information, Etc. and of other guidelines, they are divided into the Civil Engineering, Building Construction, Real Estate Development, and Other businesses when reported. In comparing new orders and net sales for the current year with those for a year earlier, those divided into the previous year's categories are rearranged so that they divided according to the current year's categories.

(CIVIL ENGINEERING BUSINESS)

New orders for the Affiliated Companies during the current term were worth ¥328.8 billion, a 16.6% increase compared to the previous term, as there was growth in new orders received by the Company.

New orders for the Company were worth ¥229.8 billion, a 37.4% increase. The percentages of new orders from government agencies, private companies and overseas construction projects out of the total were 52.8%, 35.2% and 12.0%, respectively, and the percentage of orders won without competitive bidding out of the total was 30.7%.

Net sales for the Affiliated Companies were ¥311.9 billion, a 31.7% decrease, because in both cases a decline in net sales was observed.

Net sales for the Company were ¥208.2 billion, a 37.9% decrease.

(BUILDING CONSTRUCTION BUSINESS)

New orders for the Affiliated Companies during the current term were worth ¥802.5 billion, a 4.2% decrease compared to the previous term, as the Company received fewer orders.

New orders for the Company were worth ¥721.7 billion, a 8.6% decrease. The percentages of new orders from government agencies, private companies and overseas construction projects out of the total were 5.7%, 92.2% and 2.1%, respectively, and the percentage of orders won without competitive bidding out of the total was 47.1%.

Net sales for the Affiliated Companies were ¥783.3 billion, a 8.0% decrease, because a decline in net sales was observed in both the Company and its affiliated companies.

Net sales for the Company were ¥708.2 billion, a 6.9% decrease.

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

Major new orders received during FY ended March 2011:

Client	Project
CENTRAL JAPAN RAILWAY COMPANY	Nagoya Station New Building (tentative name)
JR CENTRAL BUILDING CO.,LTD.	
EAST NIPPON EXPRESSWAY COMPANY LIMITED	Tokyo Outer Ring Road Construction Work at Tajiri

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Client	Project
SURUGADAI DEVELOPMENT SPECIAL PURPOSE COMPANY	Kanda Surugadai 4-6 Project (tentative name)
TOKYO ELECTRON MIYAGI COMPANY LIMITED	Tokyo Electron Miyagi Company Limited Head Quarter Office Factory Construction Project
HORONOBE GEOFRONTIER PFI Co.,Ltd	Horonobe URL Second Stage Construction Related Contract Work(Facility Construction,Operation and Maintenance,Data Acquisition)

Major projects completed during FY ended March 2011:

Client	Project
KANTO REGIONAL DEVELOPMENT BUREAU, MINISTRY OF LAND, INFRASTRUCTURE AND TRANSPORT	Tokyo International Airport D Runway Construction works
FUTAKOTAMAGAWA EAST PART AREA URBAN LAND REDEVELOPMENT ASSOCIATION	Futakotamagawa East Part 1st Urban Land Redevelopment Facility Construction Work (3rd block)
AKASAKA 4-CHOME YAKENZAKA SOUTHERN PART AREA URBAN LAND REDEVELOPMENT ASSOCIATION	Akasaka 4-chome Yakenzaka Southern Part 1st Urban Land Redevelopment Facility Construction Work
MORI TRUST COMPANY LIMITED	Sendai Trust Tower Construction Work
ALDAR PROPERTIES PJSC	Yas Island Development - Southern Tunnel Crossing

(REAL ESTATE DEVELOPMENT BUSINESS)

In the real estate sales market, the ratio of contracts concluded in sales of condominiums remained high backed by preferential treatment under housing-related tax systems and an improvement in the balance of supply and demand in the market. The real estate lease market, on the other hand, continued to face difficulties mainly because the vacancy rate remained high as corporate demand for offices did not grow and rents continued to fall.

Net sales for the Affiliated Companies during the current term were ¥77.3 billion, a 12.1% decrease compared to the previous term, as there was a substantial reduction in the Company's sales.

(OTHER BUSINESSES)

Property management and other businesses continued to face a harsh business environment due to continued price competition among property management firms as clients were still keenly aware of the need for cost reductions and there was a growing demand for changes of management firms and reviews of management specifications.

Net sales for the Affiliated Companies during the current term were ¥45.4 billion, a 0.6% increase compared to the previous term.

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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, 2010)	New Orders Received	Net Sales	Backlog carried over Next Period
CIVIL ENGINEERING	378.5	328.8	311.9	395.3
BUILDING CONSTRUCTION	1,192.2	802.5	783.3	1,211.4
REAL ESTATE DEVELOPMENT BUSINESS	0.1	77.3	77.3	0.2
OTHER BUSINESSES	0.4	45.3	45.4	0.3
TOTAL:	1,571.4	1,254.0	1,218.1	1,607.3

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, 2010)	New Orders Received	Net Sales	Backlog carried over Next Period
CIVIL ENGINEERING	337.3	229.8	208.2	358.9
BUILDING CONSTRUCTION	1,142.6	721.7	708.2	1,156.1
SUB TOTAL:	1,479.9	951.6	916.4	1,515.1
REAL ESTATE DEVELOPMENT BUSINESS	0.1	13.5	13.4	0.2
OTHER BUSINESSES	—	8.5	8.5	—
TOTAL:	1,480.0	973.7	938.4	1,515.3

(2) Investments in Plant and Equipment

The Affiliated Companies' plant and equipment investment during FY ended March 2011 was ¥5.8 billion in total. Major investments included the purchase and replacement of construction machinery, equipment, and other items.

(3) Fund Raising

The Company issued the 30th unsecured straight corporate bonds (¥15.0 billion) in June 2010 and the 31st ones in December 2010 (¥10.0 billion), respectively.

(4) Acquisition or disposal of shares and other equities or subscription rights for new shares in other companies

On April 1, 2010, the Company and Yuraku Real Estate Co., Ltd. exchanged shares with each other, with the former as the wholly owning parent company and the latter as the wholly owned subsidiary in the share exchange.

(5) Issues to Be Dealt with

We recognize that the key issue for the Company and the Affiliated Companies is to secure profitability in the shrinking market. To this end, we adopted and are performing a new Medium Term Management Plan (FY 2009 – 2011) (the “Plan”), setting the fiscal year 2009 as the first year of the new Plan.

In February 2010, given the high likelihood that construction demand will continue to fall, we brushed up some of the issues to be dealt with, and are tackling to increase our earning power and to improve our financial strength as our top priority management issue.

Increasing earning power

- (a) Restructuring overseas businesses
 - Securing profits from, and increasing the profitability of, projects currently under way
 - Establishment of a new profit management system
- (b) Ensuring thorough risk control for individual projects
 - Application of stricter credit management controls and risk examination when accepting orders for projects
 - Bolstering project management functions
- (c) Enhancing price competitiveness by improving productivity and reducing costs
 - Further strengthening procurement and purchasing capabilities
 - Reduction of fixed costs, including personnel expenses
- (d) Adopting prioritized concentration of managerial resources on focus areas and developing human resources

Improvement of financial strength

- (a) Facilitating asset fluidization to improve capital efficiency
- (b) Improving the cash flow balance for each project
- (c) Reducing the amount of interest-bearing debts

We express our deepest sympathy to all people affected by the recent Great Eastern Japan Earthquake and hope that they will be able to return to their normal lives as soon as possible. The Affiliated Companies will strive using all of our resources to help the victims of the earthquake and reconstruct the areas affected by it.

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At the same time, due to the effects of the earthquake, issues such as increases in construction material costs and further decreases in demand could be concerned. Therefore, the Affiliated Companies will further concentrate its energies on accomplishing the management tasks listed above.

(6) Transition of Assets and Income

(Transition of Assets and Income of the Affiliated Companies)

	FY Ended March 2008	FY Ended March 2009	FY Ended March 2010	FY Ended March 2011 (Current FY)
(Unit: ¥ Billion)				
New Orders Received	1,753.6	1,524.5	1,244.4	1,254.0
Net Sales	1,711.7	1,641.1	1,441.9	1,218.1
Net Income or (Loss)	24.4	(24.4)	21.2	10.8
Net Income or (Loss) per Share (*Unit: Yen)	*22.97	* (22.93)	*19.74	*9.58
Total Assets	1,739.4	1,671.4	1,501.2	1,395.4
Shareholders' Equity	373.9	284.7	297.1	290.5

(Transition of Assets and Income of the Company)

	FY Ended March 2008	FY Ended March 2009	FY Ended March 2010	FY Ended March 2011 (Current FY)
(Unit: ¥ Billion)				
New Orders Received	1,405.7	1,179.4	982.9	973.7
Net Sales	1,369.7	1,294.7	1,130.4	938.4
Net Income or (Loss)	12.2	(23.1)	7.2	8.8
Net Income or (Loss) per Share (*Unit: Yen)	*11.49	* (21.77)	*6.79	*7.76
Total Assets	1,400.8	1,350.0	1,231.4	1,143.4
Shareholders' Equity	317.5	237.3	254.7	257.1

(7) Major Subsidiaries and Technological Tie-ups

(a) The major subsidiaries are as follows:

Name of Company	Paid-up Capital	% of Equity Ownership	Major Lines of Business
	(¥ bn.)	(%)	
Taisei Rotec Corporation	11.3	100.0	Design, construction and supervision of works related to pavement and to other civil engineering work as well as the manufacture and sale of asphalt for pavement
Yuraku Real Estate Co., Ltd.	13.6	100.0	Sale, lease, sub-lease, management, brokerage, appraisal, and consultation of real estate, and insurance agent business
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
Taisei Service Co., Ltd.	0.1	100.0	Management of buildings, condominiums and other premises, and lands and their attached facilities, and insurance agent business

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

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

(8) 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:

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

Other businesses:

Property management, 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-18) No. 300) under the Construction Business Law, and as a Licensed Real-Estate Transaction Agent (license (12) 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.

(9) 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:

Middle East Office	(United Arab Emirates)
Taipei Office	
Philippine Office	(Manila)
Kuala Lumpur Office	
Jakarta Office	
India Office	(New Delhi)
North Africa Office	(Egypt)
U.S.A. Office	(California)

Taisei Technology Center(Yokohama City)

(b) Major Subsidiaries

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

(10) 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	4,084	[653]	*77	[64]
BUILDING CONSTRUCTION BUSINESS	7,757	[793]	*218	[160]
REAL ESTATE DEVELOPMENT BUSINESS	1,020	[61]	*74	[5]
OTHER BUSINESSES	1,178	[1,660]	*53	[*28]
TOTAL:	14,039	[3,167]	*422	[201]

- 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

(*Decrease)

Number of Employees (Unit: Persons)				Average Years of Employment
At the Year-End	Change from Previous Year End	Average Age		
8,086	*157	42.6		19.2

- 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 8,188, which includes the employees on loan working in other companies.

(11) Major Companies Providing Loans to the Affiliated Companies

(Unit: ¥ Billion)

Name of Lender	Loaned Amount
Mizuho Corporate Bank Co., Ltd.	70.7
Mizuho Trust & Banking Co., Ltd.	33.1
Resona Bank, Limited.	27.7
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	22.0
The Norinchukin Bank	15.3

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 684,348.

Note: The Company issued new shares through a share exchange with Yuraku Real Estate Co. Ltd. on April 1, 2010. As a result, the number of shares issued by the Company was increased by 49,646,378 from the end of previous FY.

(3) Number of Shareholders: 108,962-**(4) Major Shareholders (Top 10):**

Name of Shareholder	Number of Shares held (Unit: Thousand shares)	Ratio of Shares held (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	63,488	5.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	44,830	3.93
Taisei Employees' Shareholding Plan	33,236	2.92
Taisei Associates' Shareholding Plan	26,877	2.36

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Retirement Benefit Trust in Mizuho Trust (Mizuho Corporate Bank, Ltd. Account)	23,180	2.03
SSBT OD05 OMNIBUS ACCOUNT–TREATY CLIENTS	22,987	2.02
Mitsubishi Estate Co., Ltd.	17,604	1.54
Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. Account)	16,108	1.41
Meiji Yasuda Life Insurance Company	14,238	1.25
Bank of New York Tax Treaty Jasdec Omnibus No.2	13,485	1.18

Note: The Company's own shares (684,348) are excluded in calculating the Ratio of Shares held.

III. Matters concerning New Share Subscription Rights in the Company, Etc.

The Company issued bonds with new share subscription rights in accordance with the Companies Act as follows:

(As of March 31, 2011)

The Company's first series of unsecured mandatorily acquirable subordinated convertible bonds with new share subscription rights.	
Date of issue	April 30, 2009
Number of new share subscription rights	40
Type of shares for which new share subscription rights can be exercised	The common share of the Company
Number of shares for which new share subscription rights can be exercised	58,479,532
Amount to be paid when new share subscription rights are exercised	¥342 per share
Period during which new share subscription rights can be exercised	From June 1, 2009 to July 24, 2014
Payment substitute	When new share subscription rights are exercised, all bonds related thereto shall be used to pay for new shares issued, and the value of the bonds to be used for payment shall be equal to the face value of the bonds.
Balance of bonds with new share subscription rights	¥20.0 billion

IV Matters concerning Members of the Board and Corporate Auditors

(1) Members of the Board and Corporate Auditors

<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	Chairperson of Building Contractors Society
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; and Deputy Chief of Corporate Planning Office; and In Charge of International Operations</i>	
Yasuhiro Arai	Member of the Board <i>Chief of Corporate Planning Office</i>	
Nobuyuki Motegi	Member of the Board <i>Chief of Tokyo Branch; and In Charge of Marketing and Sales</i>	
Satoru Ogata	Member of the Board <i>Chief Executive, International Operations Headquarters</i>	

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<u>Name</u>	<u>Position</u> <i>Business In Charge</i>	<u>Important Concurrent</u> <u>Position</u>
Nobuharu Shimizu	Member of the Board <i>Chief of Urban Development Division</i>	Representative Director of Symbol Tower Development Co., Ltd.; and Representative Director of Taisei Building Management Corporation
Tetsuo Sekiya	Member of the Board	
Yoshiro Yamamoto	Member of the Board	Chairperson of Mizuho Welfare Foundation; Chairperson of Mizuho International Foundation; Chairperson of Japan Telecom Users Association; Chairperson of Japan Association of Retired Industrial Persons; External Director of Yasuda Real Estate Co., Ltd.; External Corporate Auditor of Seiko Epson Corporation; and External Director of Credit Saison Co., Ltd.
Hiroyasu Takuma	Senior Corporate Auditor (full-time)	External Corporate Auditor of Ginza Parking Center Co., Ltd.
Akito Sakamaki	Senior Corporate Auditor (full-time)	
Takao Nakajima	Corporate Auditor	

<u>Name</u>	<u>Position</u> <i>Business In Charge</i>	<u>Important Concurrent</u> <u>Position</u>
Haruo Ueno	Corporate Auditor	Graduate School Guest Professor of Educational Foundation Hosei University; and External Director of Ishihara Sangyo Kaisha, Ltd.
Yasushi Nagasawa	Corporate Auditor	Vice President of Educational Foundation Kogakuin University

Notes:

1. Messrs. Tetsuo Sekiya and Yoshiro Yamamoto are External Members of the Board.
2. Mr. Akito Sakamaki resigned as Senior Corporate Auditor (full-time) on March 31, 2011.
3. Messrs. Takao Nakajima, Haruo Ueno and Yasushi Nagasawa are External Corporate Auditors.
4. Mr. Takao Nakajima has been engaged in Board of Audit (“*Kaikei-Kensa-In*”) for over the years and has considerable knowledge and insight about finance and accounting.
5. Corporate Auditor Messrs. Takao Nakajima, Haruo Ueno and Yasushi Nagasawa meet the requirements of impartiality prescribed by Tokyo Stock Exchange, and are registered as independent officers according to the sub-Clause 436-2 of Securities Listing Regulations of Tokyo Stock Exchange.

(2) Amounts of Remuneration and Others Paid to Members of the Board and Corporate Auditors

(Unit: ¥ Million)

Category	Total		External Members of the Board and External Corporate Auditors	
	Number of Payees	Amount Paid	Number of Payees	Amount Paid
Members of the Board	10	409	2	21
Corporate Auditors	5	92	3	29

- 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 Corporate Auditors 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 Corporate Auditors

(Concurrent posts of External Members of the Board and External Corporate Auditors)

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Director	The company of concurrent post	Concurrent Post	Relation to the Company
Tetsuo Sekiya	—	—	—
Yoshiro Yamamoto	Mizuho Welfare Foundation;	Chairperson	—
	Mizuho International Foundation;	Chairperson	—
	Japan Telecom Users Association;	Chairperson	—
	Japan Association of Retired Industrial Persons;	Chairperson	—
	Yasuda Real Estate Co., Ltd.;	External Director	Business Partner
	Seiko Epson Corporation;	External Corporate Auditor	Business Partner
	Credit Saison Co., Ltd.	External Director	Business Partner

Corporate Auditor	The company of concurrent post	Concurrent Post	Relation to the Company
Takao Nakajima	—	—	—
Haruo Ueno	Educational Foundation Hosei University;	Graduate School Guest Professor	—
	Ishihara Sangyo Kaisha, Ltd.	External Director	—
Yasushi Nagasawa	Educational Foundation Kogakuin University	Vice President	—

(Major Activities of External Members of the Board)

Classification	Name	Major activities
Member of the Board	Tetsuo Sekiya	He attended 13 of the 14 meetings of the Board of Directors held during the current business year and expressed opinions useful for the management of the Company in order to establish internal control systems and enhance corporate governance based on the profound knowledge he had gained through his experience as a manager in a different industry and from a neutral standpoint and perspective as an external Member of the Board.
Member of the Board	Yoshirou Yamamoto	He attended 12 of the 14 meetings of the Board of Directors held during the current business year and expressed opinions useful for the management of the Company in order to establish internal control systems and enhance corporate governance based on the profound knowledge he had gained through his experience as the president of a banking institution and from a neutral standpoint and perspective as an external Member of the Board.
Corporate Auditor	Takao Nakajima	He attended all of the meetings of the Board of Directors and the Board of Corporate Auditors held during the current business year and expressed his opinions as necessary based on his abundant knowledge of finance and accounting. He also expressed his opinions about matters related to the performance of auditor duties.
Corporate Auditor	Haruo Ueno	He attended all of the meetings of the Board of Directors and the Board of Corporate Auditors held during the current business year and expressed his opinions as necessary based on the profound knowledge he had gained from his experience as a director in a different industry. He also expressed his opinions about matters related to the performance of auditor duties.
Corporate Auditor	Yasushi Nagasawa	He attended 12 of the 14 meetings of the Board of Directors and the Board of Corporate Auditors held during the current business year and expressed his opinions as necessary based on the profound knowledge he had gained from his experience as a university professor. He also expressed his opinions about matters related to the performance of auditor duties.

(Descriptions of the Contract to Limit the Liability)

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

TRANSLATION, For Your Reference Purpose Only

The gist of the Contracts to Limit the Liability that the Company has entered into with External Members of the Board and External Corporate Auditors in accordance with the relevant provisions of the Articles of Incorporation is as follows:

(a) 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.

(b) Contracts to Limit the Liability with External Corporate Auditors

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, External Corporate Auditor 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 Corporate Auditor has performed his duties in good faith and without gross negligence.

V Accounting Auditor**(1) Name of Accounting Auditor**

KPMG AZSA Limited Liability Company.

Note: On July 1, 2010, KPMG AZSA became KPMG AZSA Limited Liability Company, changing its audit corporation category.

(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 2011, etc.

Section	Fee
(1) The amount of fee for the services provided as Accounting Auditor for FY ended March 2011	¥ 87 million
(2) The total amount of money and financial benefits to be paid by the Company and its subsidiaries	¥ 200 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 of Directors and the Board of Corporate Auditors.

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

VI. Systems and Policies of the Company

At the meetings of the Board of Directors held on April 23 and July 22, 2010, the Company decided to revise its Basic Policy for Improvement of Systems to Ensure the Appropriateness of Operations, which was passed at the meeting of the Board of Directors held on April 24, 2008 as follows:

(REVISION OUTLINE)

Resolution of the April 23, 2010 meeting of the Board of Directors

- Necessary revision following changes to internal systems to promote compliance management

Resolution of the July 22, 2010 meeting of the Board of Directors

- Necessary revision following the restructuring of the Affiliated Companies' Structure of Values and Policies

Established on May 18, 2006

Revised on April 27, 2007

Partially revised on April 24, 2008

Partially revised on April 23, 2010

Partially revised on July 22, 2010

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 of Directors dynamic and substantive by utilizing the committees within the Board of Directors to preliminarily examine important issues before submitted to the meetings of the Board and by exercising the system of the External Members of the Borad.
- (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 Corporate Auditors with their performance of duties if Corporate Auditors 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 Corporate Auditors and other structures for reporting to Corporate Auditors; and Structure to ensure Corporate Auditors' efficient performance of their audit

- (a) Corporate Auditors 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 Corporate Auditors.
- (b) In order for Corporate Auditors to audit the implementation of the internal controls, the Company shall develop the structure to enable Corporate Auditors to receive reports from the management and employees at any time such as identifying the issues to be reported to Corporate Auditors 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 Corporate Auditors.

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- (c) The Members of the Board representing the Company and Corporate Auditors shall facilitate their mutual understandings through their discussions on regular meetings about development of environment for auditing by Corporate Auditors, important issues regarding the auditing and others.
- (d) Close relationship with Corporate Auditors shall be secured by the measures, such as:
 - Corporate Auditors and General Manager of the Auditing Department shall exchange documents regarding linkage between Corporate Auditors and the Auditing Department; and
 - The Auditing Department and Accounting Auditor shall have regular meetings with Corporate Auditors.

(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, 2011

<u>ASSETS</u>	Millions of Yen
Current assets:	
Cash and time deposits -----	¥ 203,995
Notes and accounts receivable, trade -----	292,757
Cost of uncompleted contracts -----	108,595
Cost of development projects in progress -----	149,280
Other inventories -----	10,184
Deferred income tax assets -----	37,766
Other current assets -----	45,391
Allowance for doubtful accounts -----	(504)
Total current assets -----	847,467
Fixed assets:	
Property, plant and equipment:	
Buildings and structures -----	70,017
Machinery, vehicles and equipment -----	6,699
Land -----	155,184
Construction in progress -----	99
Total property, plant and equipment -----	231,999
Intangibles -----	7,434
Investments and other assets:	
Investment securities -----	194,924
Deferred income tax assets -----	49,521
Other assets -----	82,079
Allowance for doubtful accounts -----	(17,932)
Total investments and other assets -----	308,591
Total fixed assets -----	548,025
Total assets -----	¥ 1,395,493

TRANSLATION, For Your Reference Purpose Only

<u>LIABILITIES</u>	Millions of Yen
Current liabilities:	
Notes and accounts payable, trade -----	¥ 365,024
Short-term borrowings -----	214,226
Straight bonds due within one year -----	22,200
Lease obligations -----	196
Advances received and progress billings on uncompleted contracts -----	100,303
Allowance for warranty on completed contracts-----	1,975
Allowance for losses on construction contracts-----	10,619
Other current liabilities -----	93,505
Total current liabilities -----	808,052
Long-term liabilities:	
Straight bonds -----	40,600
Convertible Bonds -----	20,000
Long-term borrowings -----	175,006
Lease obligations -----	453
Deferred income tax liabilities for revaluation of land-----	7,735
Retirement benefits for executive officers and employees -----	29,564
Retirement benefits for directors and corporate auditors -----	642
Allowance for losses on investments in subsidiaries and affiliates----	305
Allowance for environmental spending-----	284
Other long-term liabilities -----	22,249
Total long-term liabilities -----	296,842
Total liabilities -----	1,104,894
<u>NET ASSETS</u>	
Shareholders' equity:	
Common stock -----	112,448
Capital surplus -----	94,169
Retained earnings -----	83,857
Treasury stock -----	(193)
Total shareholders' equity -----	290,282
Accumulated other comprehensive income:	
Unrealized gains on available-for-sale securities, net of taxes-----	4,792
Unrealized losses on hedging derivatives, net of taxes -----	(138)
Revaluation reserve for land -----	(2,483)
Foreign currency translation adjustments-----	(3,063)
Total accumulated other comprehensive income -----	(892)
Minority interests -----	1,209
Total net assets -----	290,598
Total liabilities and net assets -----	¥ 1,395,493

TAISEI CORPORATION
CONSOLIDATED
STATEMENT OF INCOME

Year ended March 31, 2011

	Millions of Yen	
Net sales:		
Construction business	¥ 1,079,139	
Development projects	138,979	¥ 1,218,118
Cost of Sales:		
Construction business	982,501	
Development projects	117,519	1,100,021
Gross profit:		
Construction business	96,637	
Development projects	21,459	118,097
Selling, general and administrative expenses		81,803
Operating income		36,294
Non-operating income:		
Interest and dividends	3,283	
Other non-operating income	1,000	4,283
Non-operating expenses:		
Interest expenses	8,677	
Foreign exchange losses	4,040	
Taxes and dues	2,115	
Other non-operating expenses	1,700	16,534
Ordinary income		24,043
Extraordinary gains:		
Gains on prior period adjustments	1,842	
Gains on sale of investment securities	1,265	
Other extraordinary gains	221	3,329
Extraordinary losses:		
Losses on valuation of investment securities	2,522	
Impairment losses on fixed assets	3,205	
Losses on investments in subsidiaries and affiliates	826	
Other extraordinary losses	1,444	7,998
Income before income taxes		19,373
Income taxes:		
Current	2,008	
Deferred	6,504	8,513
Income before minority interests		10,860
Minority interest in consolidated subsidiaries		22
Net income		¥ 10,883

TAISEI CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2011

Millions of Yen

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of March 31, 2010	112,448	83,901	78,604	△175	274,778
Changes during the period					
Increase by share exchanges		10,253			10,253
Dividends			△5,574		△5,574
Net income			10,883		10,883
Sale of treasury stock		14		3	18
Acquisition of treasury stock				△21	△21
Reversal of revaluation reserve for land			△56		△56
Changes other than shareholders' equity, net (*1)					
Total changes during the period	—	10,268	5,252	△17	15,503
Balance as of March 31, 2011	112,448	94,169	83,857	△193	290,282

	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	Total accumulated other comprehensive income		
Balance as of March 31, 2010	16,212	△63	△2,540	△2,634	10,974	11,425	297,179
Changes during the period							
Increase by share exchanges							10,253
Dividends							△5,574
Net income							10,883
Sale of treasury stock							18
Acquisition of treasury stock							△21
Reversal of revaluation reserve for land			56		56		-
Changes other than shareholders' equity, net (*1)	△11,420	△75		△428	△11,924	△10,216	△22,140
Total changes during the period	△11,420	△75	56	△428	△11,867	△10,216	△6,580
Balance as of March 31, 2011	4,792	△138	△2,483	△3,063	△892	1,209	290,598

(*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 Corporate Law, and accounting principles and practices generally accepted in Japan (“Japanese GAAP”). The accounts of consolidated overseas subsidiaries for the year ended March 31, 2011 are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six 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 about Japanese accounting principles and practices.

1. Significant Accounting Policies

(1) Consolidation

① The number of consolidated subsidiaries 28 companies

Main consolidated subsidiaries 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 the consolidation)

Non-consolidated subsidiaries are excluded from the scope of the consolidation because these companies are small companies 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 not had any significant impacts on the consolidated financial statements.

③ Change in the scope of the consolidation

KOBE FASHION PLAZA Co., LTD and one other subsidiary were excluded from the scope of the consolidation due to sales of the shares.

TAISEI WELFARE Co., LTD and three other subsidiaries were excluded from the scope of the consolidation due to liquidation.

(2) Equity method

① The number of companies accounted for using the equity method

Non-consolidated subsidiaries 0 company

Affiliated companies 9 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 have not been 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 have not been 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 have not been 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 not had any significant impacts on the consolidated financial statements.

(Change in accounting policies)

Effective for the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted ASBJ Statement No.16, "Accounting Standard for equity method" and ASBJ Guidance No.24, "Guidance on Accounting Standard for equity method" (both issued by the ASBJ on March 3, 2008).

This change has no impact on the consolidated financial statements.

(3) Summary of accounting policies

① Valuation of material 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 fair market value not readily available

Available-for-sale securities with fair market value not 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 project 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 material 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.

【Finance leased assets that do not transfer ownership】

Finance leased assets that do not transfer ownership are depreciated using the straight-line

method over lease periods, supposing estimated residual values to be zero.

③ Allowance

【Allowance for doubtful accounts】

Allowance for doubtful accounts is provided to cover probable losses on collection. It consists of an estimated uncollectible amount of certain identified doubtful receivables and an amount calculated applying percentages of losses on collection in the past to the rest of the receivables.

【Allowance for warranty on completed contracts】

Allowance for warranty on completed contracts is provided as an estimated amount calculated using an actual percentage of related losses during a 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 executive officers and employees】

Retirement benefits for executive officers and employees are 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 fair value of the 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 estimated average remaining service period of the employees.

Unrecognized actuarial gains and losses are amortized from the next financial year 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.

【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 are provided for estimated losses from certain subsidiaries and affiliates in liquidation.

【Allowance for environmental spending】

Allowance for environmental spending is provided based on estimate 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

【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.

(4) Change in accounting policies

Accounting Standard for Asset Retirement Obligations

Effective for the year ended March 31, 2011, the Company adopted ASBJ Statement No.18, “Accounting Standard for Asset Retirement Obligations”, and ASBJ Guidance No.21, “Guidance on Accounting Standard for Asset Retirement Obligations” (both issued by the ASBJ on March 31, 2008).

As a result of this change, operating income and ordinary income decreased by ¥ 51 million and income before income taxes decreased by ¥ 611 million in comparison with what would have been accounted for under the previous accounting policy.

Asset retirement obligations increased 1,178 million at the beginning of the year due to the adoption of ASBJ Statement No.18 and ASBJ Guidance No.21.

(5) Change in financial statement presentation

Effective for the year ended March 31, 2011, the Company adopted the amended Corporate law based on the ASBJ Statement No. 22 “Accounting Standard for Consolidated Financial Statements”, issued by the ASBJ on December 26, 2008.

As a result, “Income before minority interests” is presented in the consolidated statement of income for the year ended March 31, 2011.

Effective for the year ended March 31, 2011, the Company adopted the amended Corporate law based on the ASBJ Statement No. 25 “Accounting Standard for Presentation of Comprehensive Income”, issued by the ASBJ on June 30, 2010. As a result, “Valuation and translation adjustments” and “Total valuation and translation adjustments” in the consolidated balance sheet and the consolidated statement of changes in net assets as of March 31, 2011 are changed presentation to “Total accumulated other comprehensive income” and “Accumulated other comprehensive income”, respectively.

2. Consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Cash and time deposits -----	¥	42 Million
Cost of development projects in progress -		10,570 Million
Buildings and structures -----		19,725 Million
Machinery, vehicles and equipment-----		2 Million
Land -----		42,274 Million
Investment securities-----		2,071 Million
<u>Other assets (Investments and other assets)</u>		<u>1,952 Million</u>
Total-----		76,638 Million

② Debt related to the assets

Long -term borrowings -----	¥	67,433 Million
(The amount of ¥38,722 million transferred to Short-term borrowings is included.)		
Other long-term liabilities		
<u>(Deposits from tenants)-----</u>		<u>459 Million</u>
Total-----		67,892 Million

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

(2) Accumulated depreciation of tangible fixed assets ----- ¥ 135,951 Million

(3) Contingent liabilities

① Contingent liabilities due to guarantees made

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

TAISEI FUJISAN NANRYO KAIHATSU Co., Ltd. -----	¥	6,000 Million
Europe House LLC. -----		4,662 Million
<u>Others (10 companies) -----</u>		<u>2,289 Million</u>
Total-----		12,951 Million

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.

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SURUGADAI KAIHATSU TMK -----	¥ 15,680 Million
<u>TMK AZERIAHIRUZU -----</u>	<u>2,900 Million</u>
Total -----	-18,580 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, 2011 (Including the excess amount of ¥5,648 million related to investment and rental property.)

¥ 10,252 Million

(5) Cost of uncompleted contracts in relation to

allowance for losses on construction contracts ----- ¥ 7,078 Million

3. Consolidated Statement of Income

(1) Net sales recognized on the percentage-of-completion method ----- ¥ 779,154 Million

(2) Provision for loss on construction contracts

included in cost of Sales ----- ¥ 3,709 Million

(3) Research and development expenses ----- ¥ 8,641 Million

4. Consolidated Statement of Changes in Net Assets

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

(2) Dividends

① Dividends paid

Resolution	Classes of stocks	Total of dividend	Dividend per share	Record date	Effective date
June 29, 2010 Annual shareholders' meeting	Common stock	¥ 2,725million	¥ 2.50	March 31, 2010	June 30, 2010
November 11, 2010 Board meeting	Common stock	¥ 2,849million	¥ 2.50	September 30, 2010	December 6, 2010

② Dividend with the record date in the year ended March 31, 2011 and the effective date in the next financial year

The Company will propose to the annual shareholders' meeting on June 29, 2011 that the dividend on the common stocks will be as follows:

- Total of dividend ----- ¥ 2,848 Million
- Dividend per share (in yen) ----- ¥ 2.50
- Record date ----- March 31, 2011
- Effective date ----- June 30, 2011

The dividend will be allocated from retained earnings.

5. Financial Instruments

(1) Policy of Financial Instruments

The Company and its consolidated subsidiaries restrict investments to the lower risk assets such as deposits, and raise funds by the 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 never 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	203,995	203,995	—
② Notes and accounts receivable, trade	292,757	292,733	△23
③ Investment securities			
Debt securities intended to be held to maturity	603	606	2
Available-for-sale securities	118,534	118,534	—
〔LIABILITIES〕			
① Notes and accounts payable, trade	365,024	365,024	—
② Short-term borrowings	214,226	215,234	△1,008
③ Straight bonds due within one year	22,200	22,300	△100
④ Straight bonds	40,600	41,159	△559
⑤ Convertible bonds	20,000	23,138	△3,138
⑥ Long-term borrowings	175,006	176,825	△1,819
〔Derivative financial instruments〕 (*)	(227)	(227)	—

(*)Note The derivative financial instruments are stated net of assets and liabilities.

() indicates net liability position.

Note1: The estimation method of the fair value

〔ASSETS〕

①Cash and time deposits and ②Notes and accounts receivable, trade

The fair values of these financial instruments are equivalent to the book value, because of 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.

③Investment 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〕

①Notes and accounts payable, trade, ②Short-term borrowings

The fair values of these financial instruments are equivalent to the book value, because of 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.

③Straight bonds due within one year, ④Straight bonds and ⑤Convertible 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 estimate the fair value

Nonmarketable securities (book value amount to ¥ 75,786 million) are not included in the above 〔Asset〕 ③ Investment securities – Available-for-sale securities; since it is difficult to estimate the fair values thereof because neither market quoted value is available nor future cash flows can be estimated.

6. Investment and Rental Property

(1) Context of Investment and Rental Property

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

(2) Fair Value of Investment and Rental Property

Millions of Yen	
Book Value	Fair Value
106,886	105,195

Note1: The book value is a net book value amount.

Note2: The book value includes asset retirement obligations (¥409 million).

Note3: The fair value of investment and rental property as of March 31, 2011 are mainly estimated by the Company according to the appraisal standard of real-estate (including those which are estimated by employing the land price index with necessary adjustments, if any).

7. Per Share Data

(1)	Net assets worth per share (in Yen) -----	¥ 253.94
(2)	Net income per share (in Yen) -----	¥ 9.58

8. Others

(1) Business combination
(Transaction under common control)

The Company executed the share exchange with YURAKU REAL ESTATE CO., LTD., (the “Yuraku”), one of the Company’s consolidated subsidiary, to be wholly owned subsidiary of the Company.

Outline of this share exchange was as follows:

① Name of these parties of this transactions, Scheme of this business combination, Name of the company after transaction, and Purpose of the transaction

1) Name of these parties of this transactions and its businesses

• Parent company

Company name	Business
TAISEI CORPORATION	General construction

• Wholly owned subsidiary

Company name	Business
YURAKU REAL ESTATE CO., LTD	Sales of housing, Leasing of office buildings and residential properties, Agency and Appraisal of real estate and Insurance agency

2) Effective date on share exchange

April 1, 2010

3) Scheme of this business combination

The share exchange agreement, with Yuraku to be wholly owned subsidiary of the Company.

4) Name of the company after transaction

Not change

5) Purpose of this transaction

This agreement aims to achieve stability in the group’s profitability in the development business, and to improve business efficiency of the Taisei Group through integration of both companies so that management resources may be effectively employed.

② Accounting for this transaction

This transaction was accounted as transaction under common control in accordance with ASBJ Statement No.21, Accounting Standard for Business Combinations and ASBJ Guidance No.10, Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures(both issued by ASBJ on December 26, 2008).

③ Additional acquisition of subsidiary stock

1) Detail of acquisition cost

Consideration	Common stock of Yuraku	¥ 10,253 Million
Direct costs	Advisory fees, etc.	¥ 70 Million
Total(*)		¥ 10,323 Million

(*)The acquisition costs by the Company's consolidated subsidiaries at ¥36 million are not included.

2) Share exchange ratio, the calculation method and issued number of stocks by share exchange

• Share exchange ratio

Classes of stocks	Common stock of the Company	Common stock of Yuraku
Share exchange ratio	1	1.90

• The calculation method

Referring to the calculations of the ratio evaluated by the third parties separately appointed, the share exchange ratio was determined upon consultation between the Company and Yuraku.

• Issued number of stocks by share exchange(in share)

49,536,178 (Excluding those issued to the Company's consolidated subsidiaries (110,200 shares))

3) The amount of goodwill, reason of occurring, amortization method and period

• The amount of goodwill

¥ 270 Million

• Reason of occurring

Goodwill occurred since the acquisition cost of the Yuraku common stocks exceeded the minority interest of Yuraku.

• Amortization method and period

Amortization using the straight-line method over 5 years

TAISEI CORPORATION
NON-CONSOLIDATED
BALANCE SHEET

March 31, 2011

<u>ASSETS</u>	Millions of Yen
Current assets:	
Cash and time deposits -----	¥ 178,708
Notes receivable, trade -----	17,293
Accounts receivable, trade -----	222,422
Real estates for sale -----	64,688
Cost of uncompleted contracts -----	98,105
Cost of development projects in progress -----	28,731
Deferred income tax assets -----	
34,628	
Accounts receivable, other -----	30,408
Other current assets -----	11,057
Allowance for doubtful accounts -----	(130)
Total current assets -----	685,914
Fixed assets:	
Property, plant and equipment:	
Buildings and structures -----	30,809
Machinery and vehicles -----	1,852
Tools, furniture and fixtures -----	636
Land -----	79,048
Construction in progress -----	22
Total property, plant and equipment -----	112,369
Intangibles -----	4,054
Investments and other assets:	
Investment securities -----	172,681
Investments in subsidiaries and affiliates -----	77,005
Long-term loans receivable -----	10,214
Claims provable in bankruptcy, claims provable in rehabilitation and other -----	
7,704	
Long-term prepaid expenses -----	374
Deferred income tax assets -----	33,889
Long-term non-operating accounts receivable, other -----	36,034
Other assets -----	26,927
Allowance for doubtful accounts -----	(23,746)
Total investments and other assets -----	341,086
Total fixed assets -----	457,510
Total assets -----	¥ 1,143,424

TRANSLATION, For Your Reference Purpose Only

<u>LIABILITIES</u>	Millions of Yen
Current liabilities:	
Notes payable, trade -----	¥ 17,651
Accounts payable, trade -----	287,118
Short-term borrowings -----	136,203
Straight bonds due within one year -----	22,200
Lease obligations -----	99
Income taxes payable -----	571
Advances received and progress billings on uncompleted contracts -----	90,664
Deposits received -----	97,100
Allowance for warranty on completed contracts-----	1,373
Allowance for losses on construction contracts-----	9,996
Other current liabilities -----	20,782
Total current liabilities -----	<u>683,762</u>
Long-term liabilities:	
Straight bonds -----	40,600
Convertible Bonds -----	20,000
Long-term borrowings -----	120,508
Lease obligations -----	170
Retirement benefits for employees -----	14,064
Allowance for losses on investments in subsidiaries and affiliates----	1,445
Allowance for environmental spending-----	246
Other long-term liabilities -----	5,514
Total long-term liabilities -----	<u>202,550</u>
Total liabilities -----	<u>886,312</u>
<u>NET ASSETS</u>	
Shareholders' equity:	
Common stock -----	112,448
Capital surplus:	
Additional paid-in-capital -----	56,538
Other capital surplus -----	37,649
Total capital surplus -----	<u>94,187</u>
Retained earnings:	
Other retained earnings:	
Reserve for tax deferral on replacement of fixed assets -----	2,822
Other reserve -----	31,500
Retained earnings carried forward -----	12,226
Total retained earnings -----	<u>46,549</u>
Treasury stock -----	(193)
Total shareholders' equity -----	<u>252,991</u>
Accumulated gains from valuation:	
Unrealized gains on available-for-sale securities, net of taxes -----	4,255
Unrealized losses on hedging derivatives, net of taxes -----	(135)
Total accumulated gains from valuation -----	<u>4,120</u>
Total net assets -----	<u>257,112</u>
Total liabilities and net assets -----	<u>¥ 1,143,424</u>

TAISEI CORPORATION
NON-CONSOLIDATED
STATEMENT OF INCOME

Year ended March 31, 2011

	Millions of Yen	
Net sales:		
Construction business	¥ 916,487	
Development projects	21,999	¥ 938,487
Cost of Sales:		
Construction business	836,899	
Development projects	20,587	857,487
Gross profit:		
Construction business	79,587	
Development projects	1,412	80,999
Selling, general and administrative expenses		52,085
Operating income		28,914
Non-operating income:		
Interest and dividends	6,857	
Other non-operating income	467	7,324
Non-operating expenses:		
Interest expenses	6,505	
Provision of allowance for doubtful accounts	64	
Bad debts expenses	372	
Foreign exchange losses	3,946	
Taxes and dues	2,115	
Other non-operating expenses	1,147	14,152
Ordinary income		22,086
Extraordinary gains:		
Gains on sale of investment securities	1,180	
Other extraordinary gains	433	1,613
Extraordinary losses:		
Losses on valuation of investment securities	2,428	
Losses on investments in subsidiaries and affiliates	2,438	
Other extraordinary losses	1,042	5,909
Income before income taxes		17,790
Income taxes:		
Current	△224	
Deferred	9,199	8,975
Net income		¥ 8,815

TAISEI CORPORATION
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2011

Millions of Yen

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in-capital	Other capital surplus	Total capital surplus
Balance as of March 31, 2010	112,448	46,248	37,650	83,898
Changes during the period				
Increase by share exchanges		10,290		10,290
Appropriation for other reserve				
Dividends				
Net profits				
Sale of treasury stock			△1	△1
Acquisition of treasury stock				
Changes other than shareholders' equity, net				
Total changes during the period	—	10,290	△1	10,289
Balance as of March 31, 2011	112,448	56,538	37,649	94,187

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Other retained earnings			Total retained earnings		
	Reserve for tax deferment on replacement of fixed assets	Other reserve	Retained earnings carried forward			
Balance as of March 31, 2010	2,822	29,500	10,984	43,307	△175	239,479
Changes during the period						
Increase by share exchanges						10,290
Appropriation for other reserve		2,000	△2,000	—		—
Dividends			△5,574	△5,574		△5,574
Net profits			8,815	8,815		8,815
Sale of treasury stock					3	2
Acquisition of treasury stock					△21	△21
Changes other than shareholders' equity, net						
Total changes during the period	—	2,000	1,241	3,241	△17	13,512
Balance as of March 31, 2011	2,822	31,500	12,226	46,549	△193	252,991

	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 as of March 31, 2010	15,300	△56	15,244	254,723
Changes during the period				
Increase by share exchanges				10,290
Appropriation for other reserve				—
Dividends				△5,574
Net profits				8,815
Sale of treasury stock				2
Acquisition of treasury stock				△21
Changes other than shareholders' equity, net	△11,045	△78	△11,124	△11,124
Total changes during the period	△11,045	△78	△11,124	2,388
Balance as of March 31, 2011	4,255	△135	4,120	257,112

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 Corporate Law, 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 about 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 the net assets. Cost of available-for-sale securities sold is calculated using the moving-average method.

Available-for-sale securities with fair market value not readily available

Available-for-sale securities with fair market value not 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.

- Finance leased assets that do not transfer ownership

Finance leased assets that do not transfer ownership are depreciated using the straight-line method over lease periods, supposing estimated residual values to be zero.

(3) Allowance

【Allowance for doubtful accounts】

Allowance for doubtful accounts is provided to cover probable losses on collection. It consists of an estimated uncollectible amount of certain identified doubtful receivables and an amount calculated applying percentages of losses on collection in the past to the rest of the receivables.

【Allowance for warranty on completed contracts】

Allowance for warranty on completed contracts is provided as an estimated amount calculated using an actual percentage of related losses during a 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 employees' severance and retirement benefits based on estimated amounts of projected benefit obligation and fair value of the 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 estimated average remaining service period of the employees.

Unrecognized actuarial gains and losses are amortized from the next financial year using the straight-line method over 10 years, which is not longer than an estimated average remaining service period of the employees.

【Allowance for losses on investments in subsidiaries and affiliates】

Allowance for losses on investments in subsidiaries and affiliates are 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 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.

(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

【Income taxes】

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

【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.

(7) Change in accounting policies

【Accounting Standard for Asset Retirement Obligations】

Effective for the year ended March 31, 2011, the Company adopted ASBJ Statement No.18, “Accounting Standard for Asset Retirement Obligations”, and ASBJ Guidance No.21, “Guidance on Accounting Standard for Asset Retirement Obligations” (both issued by the ASBJ on March 31, 2008).

As a result of this change, operating income and ordinary income decreased by ¥ 26 million and income before income taxes decreased by ¥ 391 million in comparison with what would have been accounted for under the previous accounting policy.

Asset retirement obligations increased 631 million at beginning of the year due to the adoption of ASBJ Statement No.18 and ASBJ Guidance No.21.

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2. Non-consolidated Balance Sheet

(1) Pledged assets and related debt

① Pledged assets

Cash and time deposits-----	¥	42
Million		
Real estates for sale -----	749	Million
Investment securities-----	0	Million
Investments in subsidiaries and affiliates --	1,333	Million
Long-term loans receivable -----	1,521	Million
<u>Other assets (Investments and other assets)</u>	<u>6</u>	<u>Million</u>
Total-----	3,652	Million

② Debt related to the assets

Other long-term liabilities		
(Deposits from tenants)-----	¥	42 Million

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

(2) Accumulated depreciation of tangible fixed assets----- ¥ 59,927 Million

(3) Contingent liabilities

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①Contingent liabilities due to guarantees made

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

YURAKU REAL ESTATE CO., LTD.-----¥	72,011 Million
TAISEI FUJISAN NANRYO KAIHATSU Co., Ltd.-----	6,000 Million
Europe House LLC.-----	4,662 Million
SYMBOLTOWER DEVELOPMENT Co., Ltd. -----	2,392 Million
<u>Others (3companies) -----</u>	
<u>1,154Million</u>	
Total -----	86,219Million

②Additional 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
<u>TMK AZERIAHIRUZU -----</u>	<u>2,900 Million</u>
Total -----	-17,140Million

The amount for SURUGADAI KAIHATSU TMK indicates the Company's share of the additional investment obligation.

(4) Receivables from and payables to subsidiaries and affiliates

Receivables from subsidiaries and affiliates:

Short -term ----- ¥	8,272 Million
Long-term -----	14,969 Million

Payables to subsidiaries and affiliates:

Short -term ----- ¥	60,183 Million
Long-term -----	498 Million

(5) Cost of uncompleted contracts in relation to allowance for losses on construction contracts ----- ¥ 7,071 Million

3. Non-consolidated Statement of Income

(1) Net sales recognized on the percentage-of-completion method ----- ¥ 731,403 Million

(2) Sales to subsidiaries and affiliates ----- ¥ 13,852 Million

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(3) Purchase from subsidiaries and affiliates
included in cost of sales----- ¥ 59,570

Million

(4) Provision for loss on construction contracts
included in cost of Sales----- ¥ 3,295

Million

(5) Transactions other than operating transactions
with subsidiaries and affiliates ----- ¥ 315

Million

(6) Research and development expenses ----- ¥ 8,379

Million

4. Non-consolidated Statement of Changes in Net Assets

Class and Number of treasury stock (in thousands share) at the yearend ----- Common stock 684

5. Deferred Income Taxes

Significant components of deferred income tax assets and liabilities

Deferred income tax assets:

Retirement benefits for employees-----¥	35,752Million
Inventories -----	27,540 Million
Bad debt expenses and allowance for doubtful accounts -----	19,758 Million
Investments in subsidiaries and affiliates-----	15,696 Million
Accrued bonuses -----	3,072 Million
Others -----	8,522 Million
<u>Tax loss carryforward -----</u>	<u>7,015 Million</u>
Sub total -----	117,357 Million
<u>Valuation allowance -----</u>	<u>△19,745 Million</u>
Total deferred income tax assets-----	97,611 Million

Deferred income tax liabilities

Gains on securities contribution

to employee retirement benefit trust-----¥	△23,556 Million
Unrealized gains on available-for-sale securities -----	△2,920 Million
Others -----	△2,617 Million
<u>Total deferred income tax liabilities -----</u>	<u>△29,094 Million</u>
Net deferred income tax assets-----¥	68,517 Million

6. Lease Transactions

Besides the fixed assets on the balance sheet, a part of machinery and equipment was used under finance leases contracts that did not transfer ownership of leased assets to lessees.

(1) Assumed acquisition cost as of March 31, 2011 -----¥	691 Million
(2) Assumed accumulated depreciation as of March 31, 2011 -----	493 Million
(3) Assumed future lease payments as of March 31, 2011 -----	197 Million
(4) Other information with respect to lease transactions	

Assumed depreciation was calculated using the straight-line method over lease periods, supposing estimated residual values to be zero. Since the amount of the future lease payments was immaterial compared to the balance of fixed assets as of March 31, 2011, the assumed acquisition cost and the future lease payment include interest portions.

7. 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	YURAKU REAL ESTATE CO., LTD.	100%	Guaranty of liabilities Concurrence of corporate auditors	Guaranty of liabilities	¥ 72,011 Million	-	¥ -

② Business conditions and policy of business conditions

Guaranty of liabilities was for the borrowings from financial institutions.

8. Per Share Data

(1) Net assets per share (in Yen) -----	¥225.62
(2) Net income per share (in Yen) -----	¥7.76

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

Agenda and Reference Information.

Item No.1 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 the results of the fiscal year ended March 31, 2011 and business surroundings in the future, etc., the cash dividend at the end of the fiscal year ended March 31, 2011 is proposed to be ¥2.50 per share, the same as interim dividend, as stated below.

As the result, the total dividend for the fiscal year ended March 31, 2011, including the interim dividend, is ¥5.0 per share.

1. Matters Concerning the Year-end Dividend

(1) Cash dividend and its total amount:

Common stock ¥ 2.50 per share

Total Amount ¥ 2,848,961,280-

(2) Effective date of dividend of surplus:

June 30, 2011

2. Matters concerning accumulation of other reserve

(1) Item of increased surplus and its amount:

Other reserve: ¥ 3,000,000,000-

(2) Item of decreased surplus and its amount :

Retained earnings carried forward:

¥ 3,000,000,000-

Item No.2 Election of ten (10) Members of the Board

The terms of offices of all of the present Members of the Board expire at the closing of this General Meeting of Shareholders. Therefore, an election of ten (10) Members of the Board are proposed.

The candidates of the Members of the Board are as follows:

No.	Name of the Candidate	Post held at Present	Number of the Company's shares held by the Candidate
1	Takashi Yamauchi (Born on June 12, 1946)	President and Chief Executive Officer, Chairman of the Board	250,000
2	Hirofumi Ichihara (Born on February 1, 1948)	Member of the Board Executive Vice President Chief of Marketing & Sales Division (Integrated), Deputy Chief of Corporate Planning Office and In Charge of Safety Administration	85,062
3	Hiroyuki Kimura (Born on August 23, 1947)	Member of the Board Executive Vice President Chief of Civil Engineering Division and Deputy Chief of Corporate Planning Office	70,000
4	Misao Akune (Born on August 9, 1948)	Member of the Board Executive Vice President Chief of Business Administration Division and Deputy Chief of Corporate Planning Office, and In Charge of International Operations	95,000
5	Satoru Ogata (Born on September 24, 1947)	Member of the Board Executive Vice President Chief Executive, International Operations Headquarters	58,062
6	Yasuhiro Arai (Born on January 17, 1947)	Member of the Board Senior Managing Executive Officer Deputy, Civil, Engineering, International Operations Headquarters	33,000

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No.	Name of the Candidate	Post held at Present	Number of the Company's shares held by the Candidate
*7	Toshio Tominaga (Born on December 13,1948)	Senior Managing Executive Officer Chief of Architecture & Engineering Division (Integrated) and Chief of Building Construction Division and Deputy Chief of Corporate Planning Office	14,000
8	Nobuharu Shimizu (Born on May 15, 1948)	Member of the Board Managing Executive Officer Chief of Urban Development Division	34,000
*9	Toru Tuji (Born on February 10, 1939)	Advisor of Marubeni Corporation	0
*10	Fumio Sudo (Born on March 3, 1941)	Advisor of JFE Holdings, Inc.	0

Notes:

1. There is no conflict of interests between the Company and the candidates.
2. Messrs. Toru Tuji and Fumio Sudo are the candidates for External Members of the Board.
3. Special information on External Members of the Board is as follows:
 - (1) Reasons for nominating Messrs. Toru Tuji and Fumio Sudo as the candidates of External Members of the Board.

Messrs. Toru Tuji and Fumio Sudo were nominated to reflect to the Company's business their considerable experience as business executives and their deep insight.

- (2) Contract with External Members of the Board to limit their liability.

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

According to this provision, the Company will enter into the contract with Messrs. Toru Tuji and Fumio Sudo to limit their liability.

The gist of the contract is as follows:

With regard to the liability specified in Paragraph 1 of Article 423 of the Corporation 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

Corporation Act, provided that the External Members of the Board performed their duties in good faith and without gross negligence.

- (3) Measures taken in response to the improper execution of duties occurred at another company in last five years

During the June 2003 to June 2009 period, Mr. Toru Tuji was an external Auditor at SOMPO JAPAN INSURANCE INC. For reasons including the omission of payment of incidental insurance and the improper handling of a life insurance policy, an administrative penalty (an order for the partial suspension of operations and a business improvement order) was imposed on SOMPO JAPAN INSURANCE INC. by the Financial Services Agency under the Insurance Business Act on May 25 2006.

Before these incidents occurred, Mr. Tuji made comments to that company's board of directors and board of corporate auditors in terms of a legal compliance perspective. Afterwards, during regular exchanges of opinions with the board of directors and the representative directors, he regularly checked on the progress of the implementation of the business improvement plan that SOMPO JAPAN INSURANCE INC. had submitted to the Financial Services Agency and also submitted valuable opinions with the prevention of the recurrence of similar scandals.

4 * Marks represent new candidates.

Item No.3 Election of Four(4) Corporate Auditors

The terms of offices of Messrs. Hiroyasu Takuma, Takao Nakajima and Haruo Ueno, who are currently Corporate Auditors, expire at the closing of this General Meeting of Shareholders. Mr. Akito Sakamaki resigned as Senior Corporate Auditor (statutory) on March 31, 2011. Therefore, an election of four (4) Corporate Auditors is proposed. The Board of Corporate Auditors has given prior consent to this item.

The candidates of the Corporate Auditors are as follows:

No.	Name of the Candidate	Post held at Present	Number of the Company's shares held by the Candidate
*1	Atushi Okamoto (Born on October 7, 1942)	Counsellor	94,000
*2	Nobuyuki Motegi (Born on April 22, 1945)	Member of the Board	114,000
*3	Masakuni Sekimoto (Born on October 14, 1943)	Secretary General, Board of Audit of Japan	0

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No.	Name of the Candidate	Post held at Present	Number of the Company's shares held by the Candidate
*4	Terunobu Maeda (Born on January 2, 1945)	Special Counsellor, Mizuho Financial Group, Inc.	0

- Notes:
1. There is no conflict of interests between the Company and the candidates.
 2. Messrs. Masakuni Sekimoto and Terunobu Maeda are the candidates for External Corporate Auditor and meet the requirements of impartiality prescribed by Tokyo Stock Exchange, and will be registered as independent officers according to the sub-Clause 436-2 of Securities Listing Regulations of Tokyo Stock Exchange.
 3. Special information on External Corporate Auditors are as follows:
 - (1) Reasons for nominating Messrs. Masakuni Sekimoto and Terunobu Maeda as the candidates of External Corporate Auditor.
 - (a) Mr. Masakuni Sekimoto is nominated to reflect to the Company's business his considerable experience in Board of Audit of Japan and his deep insight of finance and accounting although he has not been involved in management of a company. The Company decided with expectation that he would fulfill his official duty as an External Corporate Auditor with his personality and insight.
 - (b) Mr. Terunobu Maeda is nominated to reflect to the Company's business his considerable experience as an advisor to the management in multi-industries and his deep insight through his experience of a president of bank. The Company decided with expectation that he would fulfill his official duty as an External Corporate Auditor with his personality and insight.
 - (2) Contract with External Corporate Auditor to limit their liability.

In order for External Corporate Auditors to fulfill their expected roles, Articles of Incorporation provides that the Company may enter into contracts with External Corporate Auditors to limit their maximum liability for damages to the Company within a certain range.

According to this provision, the Company will enter into the contract with Messrs. Masakuni Sekimoto and Terunobu Maeda to limit their liability.

The gist of the contract is as follows:

With regard to the liability specified in Paragraph 1 of Article 423 of the Corporation Act, External Corporate Auditor 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

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Corporation Act, provided that the External Corporate Auditor performed his duties in good faith and without gross negligence.

4 * Marks represent new candidates.

FOR YOUR REFERENCE:

The Executive Officers (“Shikko-Yakuin”) as of April 1, 2011, are as follows:

<u>Title</u> Business in Charge	<u>Name</u>
Chairman and Chief Executive Officer	Takashi Yamauchi
Executive Vice President Chief of Marketing & Sales Division (Integrated), Deputy Chief of Corporate Planning Office, and In Charge of Safety Administration	Hirofumi Ichihara
Executive Vice President Chief of Civil Engineering Division and Deputy Chief of Corporate Planning Office	Hiroyuki Kimura
Executive Vice President Chief of Business Administration Division, and Deputy Chief of Corporate Planning Office, and In Charge of International Operations	Misao Akune
Executive Vice President In Charge of Marketing & Sales (Building Construction) , Marketing & Sales Division(Integrated)	Hiroshi Tada
Executive Vice President Chief Executive, International Operations Headquarters	Satoru Ogata
Senior Managing Executive Officer Deputy, Civil Engineering, International Operations Headquarters	Yasuhiro Arai
Senior Managing Executive Officer Chief of Kansai Branch	Hiroshi Kubo
Senior Managing Executive Officer In Charge of Marketing & Sales (Building Construction), Marketing & Sales Division(Integrated)	Jyunji Yamada
Senior Managing Executive Officer Chief of Architecture & Engineering Division (Integrated) and Chief of Building Construction Division, and Deputy Chief of Corporate Planning Office	Toshio Tominaga
Senior Managing Executive Officer Chief of Medical & Welfare Business Division (IV)	Yasuo Sento
Senior Managing Executive Officer Chief of Marketing & Sales(Civil Engineering) Division, and Deputy Chief of Corporate Planning Office	Kazuhiko Dai
Managing Executive Officer Chief of Nagoya Branch	Takashi Furuyama
Managing Executive Officer Project Director, Civil Engineering Project of International Operations Headquarters	Hidemi Omi

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<u>Title</u> Business in Charge	<u>Name</u>
Managing Executive Officer Chief of Marketing & Sales Promotion Division, and Deputy Chief of Corporate Planning Office	Takashi Hayashi
Managing Executive Officer Chief of Marketing & Sales (Building Construction) Division III	Masatake Taniuchi
Managing Executive Officer Chief of Engineering Division	Fumihisa Otsuka
Managing Executive Officer Chief of Design Division	Kazuyuki Noro
Managing Executive Officer Chief of Urban Development Division	Nobuharu Shimizu
Managing Executive Officer Branch Director, Middle East Branch	Toru Koizumi
Managing Executive Officer Project Director, Civil Engineering Project of International Operations Headquarters	Makoto Kosuge
Managing Executive Officer Chief of Marketing & Sales (Building Construction) Division II	Fumihiro Yamada
Managing Executive Officer In Charge of Marketing & Sales (Building Construction) , Marketing & Sales Division(Integrated)	Hidetoshi Yasukawa
Managing Executive Officer In Charge of Civil Engineering	Shigeki Watanabe
Managing Executive Officer Chief of Corporate Planning Office	Akito Sakamaki
Managing Executive Officer Chief of Procurement Division and Deputy Chief of Corporate Planning Office	Yasushi Suzuki
Managing Executive Officer Chief of Tokyo Branch and In Charge of Marketing & Sales	Norimitsu Yoshihama
Executive Officer In Charge of Marketing & Sales (Building Construction) , Marketing & Sales Division(Integrated), and In Charge of Urban Development	Masahiro Konno
Executive Officer Chief of Yokohama Branch	Tsutomu Mori
Executive Officer Chief of Tohoku Branch	Junji Katsura
Executive Officer Deputy Chief of Business Administration Division, and In Charge of Compliance	Toshio Matsuda

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<u>Title</u> Business in Charge	<u>Name</u>
Executive Officer Chief of Chugoku Branch	Junichi Ikeguchi
Executive Officer Chief of Marketing & Sales (Building Construction) Division I	Masatsugu Yamada
Executive Officer Chief of Taisei Technology Center	Osamu Tsujita
Executive Officer Chief of Safety Administration Division	Sumio Yabuki
Executive Officer Deputy Chief of Civil Engineering Division and General Manager, Civil Engineering Department	Hisao Tamura
Executive Officer Chief of Environment Division	Tsuyoshi Hirono
Executive Officer In Charge of Technology	Kazuhiko Honbu
Executive Officer Chief of Mechanical & Electrical Division	Michio Kuboniwa
Executive Officer Chief of Nuclear Facilities Division	Hirofumi Kamata
Executive Officer Project Director, Civil Engineering Project of International Operations Headquarters	Satoru Tsutae
Executive Officer Chief of Sapporo Branch	Masahito Fujita
Executive Officer Chief of Chiba Branch	Shigeru Konnai
Executive Officer Chief of Kyusyu Branch	Shigeyoshi Tanaka
Executive Officer Deputy, Building Construction, International Operations Headquarters, and General Manager, Building Construction Department of International Operations Headquarters	Yukio Matsuno
Executive Officer Deputy Chief of Marketing & Sales (Civil Engineering) Division and General Manager, Marketing & Sales Department, Marketing & Sales (Civil Engineering) Division	Masahiro Ohshima
Executive Officer Chief of Kanto Branch	Yoshiyuki Murata

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<u>Title</u> Business in Charge	<u>Name</u>
Executive Officer Deputy, Business Administration, International Operations Headquarters, and General Manager, Contracts & Claims Management Department of International Operations Headquarters	Masafumi Anami
Executive Officer General Manager, Finance Department, Business Administration Division	Shigeyuki Sakurai
Executive Officer Project Director, Building Construction Project of International Operations Headquarters	Yoshitaka Inoue
Executive Officer Deputy Chief of Medical Welfare Business Division IV, and General Manager, Marketing & Sales Department, Medical Welfare Business Division	Yasushi Yoshinari

Voting through the Internet

1. Matters to be noted in voting through the Internet

When a Shareholder exercises its voting rights through the Internet, please exercise its voting rights with acknowledgments of the following matters.

- 1) Voting through the Internet shall be valid when it is made by the end of the office hours of the preceding business day of the General Meeting of Shareholders (*i.e.*, Monday, June 28, 2011, 5:30 P.M. <Tokyo time>). For the purpose of counting votes, etc., please exercise your voting rights at your earliest convenience.
- 2) Voting through the Internet is only available on the designated website for voting of the Company (please refer to the URL indicated below). Internet access by a cellular phone is not available for the designated website for voting.

Voting through the Internet requires the “*Giketsuken-koushi (Voting) Code*” and “*Password*” as indicated on the Voting Form enclosed with this Notice of the General Meeting of Shareholders.
- 3) “*Giketsuken-koushi (Voting) Code*” and “*Password*” are valid only for the 150th General Meeting of Shareholders. For the next General Meeting of Shareholders, a different “*Giketsuken-koushi (Voting) Code*” and “*Password*” will be issued.
- 4) 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.
- 5) In the event that a Shareholder votes through the Internet more than once, only the last voting shall be treated as a valid voting.
- 6) Shareholders are requested to bear any costs and expenses for the Internet voting, such as access rate charged by a provider, communication rate, etc.

2. Steps to vote through the Internet

- 1) Access the URL, <http://www.it-soukai.com/> or <https://daiko.mizuho-tb.co.jp/>
The URL above is not accessible from 3:00 A.M. to 5:00 A.M. (Tokyo time) during the period of the voting.
- 2) Enter your “*Giketsuken-koushi (Voting) Code*” and “*Password*” and press the mark “*Login.*”

Your “*Giketsuken-koushi (Voting) Code*” and “*Password*” are indicated in the right upper corner of the Voting Form enclosed with the Notice of the General Meeting of Shareholders.
- 3) Follow the instructions on the screen to exercise your voting rights.

3. Operational environment

- ◎ Personal computer: Computer machines having installed the software, Windows® series
(A cellular phone, PDA and game machine cannot be used as a device to exercise a Shareholder's voting rights through the Internet.)
- ◎ Browser: Microsoft® Internet Explorer5.5 or newer
- ◎ Internet environment: An environment in which a Shareholder can make use of the Internet according to an agreement with a provider, etc.
- ◎ Screen resolution: The Company highly recommends a Shareholder to use 1024 x 768 pixels or more.

Microsoft and *Windows* are registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.

4. Security

- 1) The voting through the Internet can be used safely since an encryption technique (SSL 128 bit) has been introduced to prevent your entered information from being falsified or hacked.
- 2) The “*Giketsuken-koushi (Voting) Code*” and “*Password*” indicated on the Voting Form are important information to identify the Shareholders of the Company. Please pay attention never to inform others of them.
- 3) The Company will not ask a Shareholder about its “*Password*.”

5. Contact

Please call the following phone number if you have any questions about the voting through the Internet, such as how to operate your personal computer.

Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.

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)

《 To Institutional Investors 》

As a step to vote, the “Electronic Voting Platform” is available for the institutional investors.