

(Note) These documents are partial translations of the Japanese originals for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese originals, the Japanese originals shall prevail. The Company assumes no responsibility for these translations or for direct, indirect or any other forms of damages arising from the translation.

Securities Code: 6366

June 10, 2019

### **Notice of the 91st Ordinary General Meeting of Shareholders**

Dear Shareholders,

We would hereby like to inform you that the 91st Ordinary General Meeting of Shareholders of the Company will be held as follows, and would be grateful if you could attend the meeting.

If you are unable to attend the meeting in person, you may exercise your voting rights by using one of the following methods. Please refer to the reference materials for the meeting attached to this notice and exercise your voting right.

#### **Voting in Writing (by Mail)**

Please use the enclosed voting ballot to indicate your approval or disapproval of the proposals and return it to us by Monday, June 24, 2019.

#### **Voting via the Internet**

Please refer to “Exercising Your Voting Rights via the Internet or by Electronic Proxy” on page 3, and exercise your voting rights by 4:36 p.m. in Japan time, Monday, June 24, 2019.

If you vote both by mail and via the Internet, only your Internet vote will be deemed valid regardless of the receiving time.

Yours faithfully,

Masaji Santo, Representative Director, President &  
CEO

Chiyoda Corporation  
6-2, Minato Mirai 4-chome, Nishi-ku,  
Yokohama City, Kanagawa Pref.

- |                          |  |
|--------------------------|--|
| <b>1. Date and Time:</b> | 10:00 a.m. on Tuesday, June 25, 2019<br>(Reception will open at 9:00 A.M.)   |
| <b>2. Venue:</b>         | Lecture Hall on the 11th floor of Minato Mirai Grand Central Tower,<br>6-2, Minato Mirai 4-chome, Nishi-ku, Yokohama City. |

Please be advised that since last year, gifts are not handed to shareholders attending the meeting. We appreciate your understanding.
---

### **3. Meeting Agenda:**

- Matters to be reported:**
1. Business report, consolidated financial statements, and the results of auditing consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Committee for the 91st (from April 1, 2018 to March 31, 2019)
  2. Non-consolidated financial statements for the 91st (from April 1, 2018 to March 31, 2019)

**Matters to be resolved:**

- Proposal 1:** Partial amendments to the Articles of Incorporation (Convocation of General Meetings of Shareholders and meetings of the Board of Directors, etc.)
- Proposal 2:** Partial amendments to the Articles of Incorporation (Issuance of Class A Preferred Shares)
- Proposal 3:** Issuance of new shares by way of third-party allotment
- Proposal 4:** Partial amendments to the Articles of Incorporation (Increase in authorized number of shares)
- Proposal 5:** Appointment of seven Directors who are not Audit and Supervisory Committee Members

---

\* If you attend the meeting in person, please remember to hand in the enclosed voting ballot at the reception desk.

\* When exercising your voting rights by an authorized representative (proxy), please hand in the voting ballot along with an identification document that verifies the authority of representation at the reception desk. The proxy shall be limited to one person who is a shareholder of the Company with voting rights as stipulated in the Articles of Incorporation.

\* We will post any modifications to the reference and attached materials for the meeting on our website (<https://www.chiyodacorp.com/>)

## **Exercising Your Voting Rights via the Internet or by Electronic Proxy**

### **1. How to vote via the Internet**

Log on to the voting website (<https://evote.tr.mufg.jp/>) using the voter code and password indicated on the enclosed reference sheet and follow the on-screen instructions to register your vote for or against each proposal.

### **2. Electronic Proxy Voting Platform**

Institutional investors may use the Electronic Proxy Voting Platform for Institutional Investors managed by ICJ, Inc. as an electronic method for the exercise of votes at the General Meeting of Shareholders of the Company.

## Business Report

From April 1, 2018 to March 31, 2019

### 1. Share data (As of March 31, 2019)

#### (1) Authorized number of shares

570,000,000 shares

#### (2) Number of shares issued and outstanding

260,324,529 shares

Note: One unit of stock is one hundred shares.

#### (3) Number of shareholders 29,562 persons

(increased 11,329 persons from the previous fiscal year-end)

#### (4) Major shareholders (Top 10)

	Number of shares held (thousands)	Investment ratio (%)
Mitsubishi Corporation	86,931	33.57
The Master Trust Bank of Japan, Ltd. (Trust account)	10,297	3.98
MUFG Bank, Ltd.	9,033	3.49
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	8,371	3.23
Japan Trustee Services Bank, Ltd. (Trust account)	4,809	1.86
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,500	1.74
Mitsubishi UFJ Trust and Banking Corporation	4,274	1.65
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	3,527	1.36
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,169	1.22
CREDIT SUISSE AG, DUBLIN BRANCH MAIN EQUITY ACCOUNT	3,008	1.16

(Notes) Investment ratio is calculated excluding treasury stock (1,357,156 shares).

## 2. Directors

### (1) List of Directors (As of March 31, 2019)

Name	Position and responsibilities	Representative positions in other companies (Including key concurrent posts, etc.)
Katsuo Nagasaka	Representative Director, Chairman of the Board	
Masaji Santo	Representative Director, President & CEO General Manager, Structural Reform Promotion Office	
Arata Sahara	Representative Director, Senior Executive Vice President CTMO	
Hirotsugu Hayashi	Representative Director, Senior Executive Vice President CFO, CCO, CPO, Deputy General Manager, Structural Reform Promotion Office	
Masahiko Kojima	Director, Executive Vice President Assistant to President – Growth Strategy, Deputy General Manager, Structural Reform Promotion Office	
Ryosuke Shimizu	Director, Executive Vice President CSO, Division Director, Corporate Planning Division	
Nobuyuki Uchida	Director, Senior Vice President Deputy Operations Director, Energy Project Operations Division	
Nobuo Tanaka	Director	Chairman of The Sasakawa Peace Foundation Outside Audit & Supervisory Board Member of INNOTECH CORPORATION Outside Audit & Supervisory Board Member of TEIJIN LIMITED
Hiroshi Sakuma	Director	Executive Vice President of Mitsubishi Corporation
Takahiro Kitamoto	Director, Full-Time Audit and Supervisory Committee Member	
Mikio Kobayashi	Director, Full-Time Audit and Supervisory Committee Member	
Hiroshi Yamaguchi	Director, Audit and Supervisory Committee Member	Chairman of the Board of KANTO ELECTRICAL SAFETY INSPECTION ASSOCIATION President of The Institute of Electrical Engineers of Japan (IEEJ)

Name	Position and responsibilities	Representative positions in other companies (Including key concurrent posts, etc.)
Tetsuya Aiba	Director, Audit and Supervisory Committee Member	Senior Vice President of Mitsubishi Corporation
Mika Narahashi	Director, Audit and Supervisory Committee Member	Lawyer

- (Notes) 1. Hideaki Takaishi and Yukihiro Imadegawa retired as Directors at the closing of the 90th Ordinary General Meeting of Shareholders held on June 21, 2018, due to the expiration of their terms of office.
2. Nobuo Tanaka and Hiroshi Sakuma are Outside Directors. Mikio Kobayashi, Hiroshi Yamaguchi, and Mika Narahashi are Outside Directors, Audit and Supervisory Committee Members.
3. Takahiro Kitamoto and Mikio Kobayashi are appointed as full-time Audit and Supervisory Committee Members to enhance the effectiveness of audits and strengthen audit and supervisory functions by further promoting information gathering and through sufficient collaboration with the internal audit division and other relevant divisions.
4. In accordance with the guideline of the Tokyo Stock Exchange, Inc., the Company registered Nobuo Tanaka, Mikio Kobayashi, Hiroshi Yamaguchi, and Mika Narahashi as independent officers.
5. Directors who are Audit and Supervisory Committee Members, Takahiro Kitamoto and Tetsuya Aiba have considerable knowledge of finance and accounting as described below:
- Takahiro Kitamoto has served as the CFO of overseas subsidiaries of Mitsubishi Corporation.
  - Tetsuya Aiba has served as the manager of the accounting division and as Director and CFO of overseas subsidiaries of Mitsubishi Corporation.
6. The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, has concluded a contract with each Outside Director and Director who are Audit and Supervisory Committee Members to limit the liability for damages stipulated in Article 423, Paragraph 1 of the Law. The limitation of liability amount under such contract shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Law.
7. CTMO, CFO, CCO, CPO, and CSO are acronyms for the following titles:
- CTMO ... Chief Talent Management Officer
  - CFO ... Chief Financial Officer
  - CCO ... Chief Compliance Officer
  - CPO ... Chief Privacy Officer
  - CSO ... Chief Sustainability Officer

**(2) Remuneration for Directors**

(i) Total amount of remuneration of the term under review

	No. of persons	Base remuneration (millions of yen)	Performance-based remuneration (millions of yen)	Remuneration for Purchase of Treasury Stock (millions of yen)
Directors who are not Audit and Supervisory Committee Members	8	187	0	44
Directors who are Audit and Supervisory Committee Members	6	66	(N/A)	(N/A)

- (Notes)
1. Total remuneration for Directors who are not Audit and Supervisory Committee Members is 232 million yen, and for Directors who are Audit and Supervisory Committee Members is 66 million yen. Total remuneration for Outside Directors and Outside Audit and Supervisory Committee Members (one Outside Director, four Outside Audit and Supervisory Committee Members) is 54 million yen.
  2. The above numbers of persons represents the number of Directors and Audit and Supervisory Committee Members to whom remuneration was paid during the fiscal year under review, including two Directors (including Directors who are Audit and Supervisory Committee Members) who retired as of the conclusion of the 90th Ordinary General Meeting of Shareholders held on June 21, 2018.
  3. One of the Directors is receiving remuneration, etc. from a subsidiary.

(ii) Policy on decision of content of remuneration

The Company's system of remuneration for Directors aims at strengthening linkage with performance, sharing values with shareholders, and increasing motivation and morale toward improving business results, and was approved by resolution at the FY2015 Ordinary General Meeting of Shareholders held on June 23, 2016 as follows.

1. Directors who are not Audit and Supervisory Committee Members

	Category	Concept of Remuneration	Outline of System of Remuneration
	Base Remuneration	Corresponds to roles and responsibilities	300 million yen or less per year
	Performance-Based Remuneration	Corresponds to the achievements for each term	Taking into account quantitative elements such as the levels of net profit for the year attributable to owners of parent and dividends as well as qualitative elements such as the degree of achievement of management objectives, keep within 200 million yen per year or 1% of the amount of net profit for the year attributable to owners of parent.
	Remuneration for Purchase of Treasury Stock	Linked to long-term achievements improvement	90 million yen or less per year. Directors other than Directors, Audit and Supervisory Committee Members (excluding Outside Directors) acquire treasury stocks through the Directors Holding Association.

(Note) Only base remuneration shall be paid to Outside Directors.

2. Directors who are Audit and Supervisory Committee Members

The amount of remuneration for Directors who are Audit and Supervisory Committee Members shall be 84 million yen or less per year as the base remuneration that corresponds to roles and responsibilities. For the remuneration for Directors, Audit and Supervisory Committee Members, only base remuneration, which is a fixed remuneration, shall be paid in consideration of their duties.



**(3) Outside Directors and Directors who are Audit and Supervisory Committee Members**

- (i) Relations between other companies, etc. in which they hold key concurrent posts and the Company
1. Mitsubishi Corporation, which Outside Director Hiroshi Sakuma and Director who is an Audit and Supervisory Committee Member Tetsuya Aiba concurrently serve, is in capital and business alliance with the Company as well as being its major shareholder.
  2. There are no particular business relationships, etc. between the company in which he holds a key concurrent post and the Company, other than the relationship mentioned in 1. above.
- (ii) Attendance and opinions expressed at the Board of Directors/  
Audit and Supervisory Committee meetings

Title	Name	Major activities
Director	Nobuo Tanaka	Mr. Tanaka attended all meetings of the Board of Directors (17 meetings) held during the term under review. He expressed necessary opinions for the overall management of the Company utilizing his experience, knowledge, etc. in the energy field.
Director	Hiroshi Sakuma	Mr. Sakuma attended all meetings of the Board of Directors (17 meetings) held during the term under review. He expressed necessary opinions for the overall management of the Company utilizing his experience, knowledge, etc. as a corporate manager.
Director who is Audit and Supervisory Committee Member	Takahiro Kitamoto	Mr. Kitamoto attended all meetings of the Board of Directors (14 meetings), the Board of Executive Officers (11 meetings), and the Audit and Supervisory Committee (10 meetings) held during the term under review after assignment as Director on June 21, 2018. He also attended major internal meetings within the Company including meetings of the Executive Committee as a full-time Audit and Supervisory Committee Member, and expressed opinions if needed. He reported the result of regular auditing of the Company at meetings of the Audit and Supervisory Committee.
Director who is Audit and Supervisory Committee Member	Mikio Kobayashi	Mr. Kobayashi attended all meetings of the Board of Directors (17 meetings), the Board of Executive Officers (14 meetings), and the Audit and Supervisory Committee (14 meetings) held during the term under review. He also attended the major internal meetings of the Company including meetings of the Executive Committee as a full-time Audit and Supervisory Committee Member and expressed opinions if needed. He reported the result of regular auditing of the Company at meetings of the Audit and Supervisory Committee.
Director who is Audit and Supervisory Committee Member	Hiroshi Yamaguchi	Mr. Yamaguchi attended all meetings of the Board of Directors (14 meetings), the Board of Executive Officers (11 meetings), and the Audit and Supervisory Committee (10 meetings) held during the term under review after assignment as Director on June 21, 2018. He expressed opinions if needed, utilizing his wealth of knowledge of the energy industry.
Director who is Audit and Supervisory Committee Member	Tetsuya Aiba	Mr. Aiba attended all meetings of the Board of Directors (14 meetings) and the Board of Executive Officers (11 meetings), and attended 9 out of 10 meetings of the Audit and Supervisory Committee held during the term under review after assignment as Director on June 21, 2018. He expressed necessary opinions, utilizing his considerable knowledge of finance and accounting.

Title	Name	Major activities
Director who is Audit and Supervisory Committee Member	Mika Narahashi	Ms. Narahashi attended all meetings of the Board of Directors (14 meetings), the Board of Executive Officers (11 meetings), and the Audit and Supervisory Committee (10 meetings) held during the term under review after assignment as Director on June 21, 2018. She expressed necessary opinions chiefly from a legal viewpoint with explanations of the purposes of laws and regulations as lawyer.

### **3. Accounting Auditor**

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

Deloitte Touche Tohmatsu LLC

#### **(2) Remuneration for Accounting Auditor during the term under review**

[1] Remuneration for Accounting Auditor during the current business year:

128 million yen

[2] The total amount of cash and other profits from assets the Company and its subsidiaries have to pay:

158 million yen

(Notes) 1. The auditing agreement entered into between the Company and the Accounting Auditor does not distinguish between the remuneration for auditing under the Companies Act and that for auditing under the Financial Instruments and Exchange Law. The amount indicated in [1] above is the sum of these two types of remuneration.

2. With regard to [2] above, the Company pays the Accounting Auditor fees as consideration for advice and guidance mainly to enhance the risk management system, apart from the services stipulated under Article 2, Paragraph 1 of the Certified Public Accountants Act.

3. Besides the above amount of remuneration for the current business year, 1 million yen of additional remuneration in association with the previous business year is to be paid.

4. Of significant subsidiaries of the Company, overseas subsidiaries are audited by an auditor other than the Accounting Auditor of the Company.

5. The Audit and Supervisory Committee confirmed the contents of an audit plan including the audit system of Accounting Auditor and the calculation basis of estimated remuneration, including audit hours and the unit rate of remuneration, through obtaining necessary materials and receiving reports from Directors, relevant departments within the Company, and Accounting Auditor, while taking into consideration factors, such as the status of the execution of duties in the previous fiscal years, the status of the entrustment for non-audit services, and other companies' examples. As a result of reviewing the above, the Audit and Supervisory Committee gave the consent set forth in Article 399, Paragraphs 1 and 3 of the Companies Act based on its judgment that the remuneration for Accounting Auditor is appropriate.

#### **(3) Dismissal or non-reappointment of Accounting Auditor**

If the audit corporation who is Accounting Auditor ("current Accounting Auditor") falls into any of the categories listed in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will dismiss the current Accounting Auditor with the consent of all the Audit and Supervisory Committee members.

In this event, the Audit and Supervisory Committee will also appoint a temporary Accounting Auditor, as necessary; and the Audit and Supervisory Committee Member who is selected by the Audit and Supervisory Committee will report on and explain the dismissal of the current Accounting Auditor and the appointment of the temporary Accounting Auditor at the first General Meeting of Shareholders called after such dismissal.

If the Company deems the current Accounting Auditor to have difficulty in performing proper auditing, or judges that the current Accounting Auditor needs to be replaced in consideration of the quality of the audit performed by the current Accounting Auditor or the effectiveness and efficiency of audit performance, the Audit and Supervisory Committee will decide on a proposal for non-reappointment of the current Accounting Auditor and appointment of a new Accounting Auditor. In this event, the Audit and Supervisory Committee member who is selected by the Audit and Supervisory Committee will report on and explain the non-reappointment of the current Accounting Auditor and the appointment of the new Accounting Auditor at the General Meeting of Shareholders.

(Note) The policy stated above was resolved at the Audit and Supervisory Committee on June 21, 2018.

#### **4. Organization and policy of the Company**

Outline of framework created aiming at ensuring Directors' duties executed in compliance with laws and regulations and the Articles of Incorporation, other frameworks aiming at ensure the proper execution of operations and management status of such frameworks

<Framework for ensuring proper execution of operations>

An outline of the framework for ensuring proper execution of operations (the basic policy on the internal control system) determined by the Board of Directors is as follows. (Last Revision: March 28, 2018)

[Basic Policy on the Internal Control System]

The Company, in accordance with laws and regulations, has developed and managed an internal control system to ensure the proper execution of operations. To enhance internal controls, the Company has established the Internal Control Committee, which coordinates and summarizes the opinions voiced within the Company. At the end of the term or whenever it considers necessary, the Internal Control Committee proposes improvements, etc. on internal controls to the Executive Committee. The Executive Committee then reviews the proposals from the Internal Control Committee, and the Board of Directors makes the necessary decisions on the internal control system.

[Development and Management of the Internal Control System]

##### **1. Framework of Compliance with Laws and Regulations**

- (1) The Company focuses on the business execution in compliance with domestic and international laws and regulations and corporate ethics as the top priority, and conducts business activities based on corporate philosophy and the principles provided in the Code of Conduct of the Chiyoda Group. The Directors take the initiative to set an example for the rest of the Company, while the Board of Directors oversees the execution of duties by the Directors in light of compliance with laws and regulations.
- (2) To enhance the framework of compliance with laws and regulations, the Company establishes the Compliance Committee chaired by the Chief Compliance Officer (CCO). In addition, by creating relevant rules and manuals, conducting various training and providing relevant information, the Company thoroughly raises the awareness of its executives and employees, as well as enhances the effectiveness of compliance through the development of whistle-blowing systems and consultation systems. Furthermore, such whistle-blowers or persons who utilize consultation systems will not be treated disadvantageously on the grounds of having made such reports or engaged in such consultations.
- (3) With respect to legal issues and the procedures for making management decisions, the Board of Directors consults with legal counsel from time to time in its decision-making process, in an effort to enhance its objectivity and transparency.
- (4) The internal audit division conducts audits on the status of compliance with laws and regulations of each sector.
- (5) The Company confronts antisocial forces in a firm manner and will not offer profits to them. In the event that unreasonable demands are made on the Company by antisocial forces, it will respond systematically in collaboration with external, expert organizations such as the police force and lawyers.

##### **2. Framework of Information Retention and Management**

- (1) The Company properly retains and manages documents by setting forth basic matters such as the documents subject to management, the relevant administrators and the retention periods in the in-house regulations of document handling and confidential information

management, with regard to handling of information relating to the execution of duties by the Directors.

- (2) The Company prepares minutes of important meetings such as those of the Board of Directors and the Executive Committee in accordance with laws and regulations as well as in-house regulations, and properly retains and manages them.

### 3. Framework of Loss and Risk Management

- (1) The Company establishes a risk and crisis management framework for each type of risk in accordance with basic policy regarding the Company's risk and crisis management, in-house regulations and various manuals. In addition, the Company establishes an organization that constantly monitors risks throughout the Company to centrally supervise the risk management activities implemented by the risk managers assigned to each division.
- (2) The division in charge of risk supervision fulfills the crisis management secretariat function in the event of a crisis and deals with emergency situations, while it engages in constant activities to prevent and manage risks including providing relevant information and promoting awareness.
- (3) In terms of risk management associated with receiving contract awards and executing awarded projects, which are the Company's core business, the Company develops examination system with regard to take-up, estimation policy, proposals, etc. In addition, an organization is established to be responsible for internal checking including the cold-eye reviews, etc. The relevant divisions review and audit the execution of the projects, using specialized expertise in a timely manner, in line with the execution stages of the projects.

### 4. Framework to Ensure Efficiency

- (1) The Board of Directors makes decisions on company-wide management policies and the execution of material businesses, formulates concrete management plans and takes effort to achieve management targets. In addition, in order to promptly make decisions on operations, the Board of Directors delegates part of its authority to the Executive Committee to the extent that it does not conflict with laws and regulations, in an effort to ensure the efficiency of operations.
- (2) To contribute to the efficient achievement of management targets, organizations are formed flexibly and official authorities are clearly articulated and delegated, in accordance with the in-house regulations regarding division of duty and official authority.
- (3) To enhance the efficiency of operations throughout the Company, various in-house regulations are established systematically, enforced and managed in an appropriate manner. In addition, information systems are utilized proactively to enable the efficient sharing and analysis of information.

### 5. Framework of internal control of the Chiyoda Group

- (1) The Chiyoda Group clearly sets forth the values to be shared by all group executives and employees in its corporate philosophy and the Code of Conduct of the Chiyoda Group, while the Company and the group companies conduct business based on close mutual cooperation.
- (2) The Company will establish in-house regulations to ensure the propriety and efficiency of operations of the Chiyoda Group, while managing and supervising the group companies by establishing a responsible division for each particular group company. The Company will also establish a division to constantly engage in the planning and design relating to group management and a division to constantly provide control and instructions relating to the operation of the group companies.

- (3) The group companies will establish a framework of internal control based on the same policy as the Company, including a system for reporting information to the Company in a timely and appropriate manner and a whistle-blowing system, to maintain consistency between the Company and its group companies. Specifically, in terms of compliance with laws and regulations, the Company establishes the Group Companies Compliance Liaison Meeting consisting of members from each group company for the purpose of sharing compliance information within the Chiyoda Group. In terms of the risk and crisis management of the group companies, a system similar to the Company's system will be established. In addition, internal audits of the group companies are conducted by the internal audit division of the Company.
- (4) As for major group companies, a framework is in place in which the Company's Audit and Supervisory Committee members serve concurrently as the Audit & Supervisory Board Members of each group company and they can conduct proper investigations as necessary.

#### 6. Framework to Ensure the Effectiveness of the Audits by Audit and Supervisory Committee

- (1) To enhance auditing activities of the Audit and Supervisory Committee, employees who specialize in supporting the Audit and Supervisory Committee to execute their duties are placed.
- (2) To ensure the independence of such employees and to ensure the effectiveness of instructions given to them, the Audit and Supervisory Committee will evaluate the performance of the Audit and Supervisory Committee Office's employees. Furthermore, staff transfers will require the prior approval of the Audit and Supervisory Committee and transferred staff must not concurrently hold positions related to the actual execution of operations of the Company.

#### 7. Framework for Reporting to the Audit and Supervisory Committee

- (1) Executives and employees, when requested by the Audit and Supervisory Committee, report on their activities relating to internal controls on a regular basis or whenever important matters arise. The Company does not treat executives and employees who have reported to the Audit and Supervisory Committee disadvantageously on the grounds of having made such reports.
- (2) To ensure the effectiveness of audits conducted by the Audit and Supervisory Committee, the Representative Directors meet with the Audit and Supervisory Committee on a regular basis to exchange opinions regarding the status of reports made by executives and employees to the Audit and Supervisory Committee. When the Audit and Supervisory Committee requests that Audit and Supervisory Committee members attend important meetings such as those of the Executive Committee, the Representative Directors accept the request.
- (3) To ensure the effectiveness of reporting by the group companies, the Audit and Supervisory Committee meets with the Audit & Supervisory Board Members of major group companies on a regular basis to exchange opinions and share information on the framework of internal controls system of the Chiyoda Group.
- (4) If the Audit and Supervisory Committee requests to use external experts selected by it for the audits conducted by Audit and Supervisory Committee members, the Company will pay the necessary expenses associated with the use of external experts, unless it is clearly proved that such external experts are not necessary for the execution of duties of Audit and Supervisory Committee members.

#### 8. Framework for securing the appropriateness of financial reporting

- (1) To secure the appropriateness of financial reporting required under the Financial Instruments and Exchange Law, the Company, together with the principal group companies, will establish and operate the necessary framework of internal control such as the documentation of operating rules. In case a new risk is recognized or in case a fault or deficiency is detected in the framework, prompt corrective action will be taken.
- (2) The Company will conduct internal audits of daily operations, etc. to identify and validate the actual status of control activities in each area and secure the effectiveness of internal control functions related to financial reporting on a company-wide basis by establishing a highly-independent internal control division.

#### <Outline of the management status of the framework for ensuring proper execution of operations of the Company>

The Company has developed and managed an internal control system based on the “Policy on the Internal Control System” resolved at the meeting of the Board of Directors as stated above. The Company works for continuous improvement by confirming the management status in each division and sharing information at the meeting of the Internal Control Committee, which was held twice in the FY2018. The major management initiatives in the FY2018 are as follows.

#### [1] Initiatives relating to compliance with laws and regulations

- The Company has conducted business activities based on corporate philosophy and the principles provided in the Code of Conduct of Chiyoda Group, by setting compliance with domestic and international laws and regulations and business execution in accordance with corporate ethics as the top priority.
- In the FY2018, the Company formulated compliance framework regulations, and built a system for prompt reporting to the Chief Compliance Officer (CCO).
- The Company continuously engaged in the thorough implementation of compliance programs which the Company has developed. Specifically, the Company held internal seminars that cover enactment and revision of various internal regulations, as well as Construction Business Act and insider trading prevention. Meanwhile, visits were made to all domestic group companies as well as overseas group companies, where the Company worked to educate both domestic and overseas group companies with the purpose of spreading awareness of compliance with laws and regulations. Furthermore, issues and details of initiatives were shared through the Group Companies Compliance Liaison Meeting.
- The Company conducted various training, such as the position-specific training related to the compliance of laws and regulations, pre-transfer training for overseas posting, and harassment prevention training, while holding the Compliance Committee meeting twice.
- The internal audit division conducted audits on compliance programs, compliance frameworks, compliance related documents and others of the Company.

#### [2] Initiatives relating to loss and risk management

- The Company has established a risk and crisis management framework for each type of risk in accordance with the basic policy regarding the Company's risk and crisis management, in-house regulations, and various manuals.
- In terms of risk management, the Company had classified company-wide risks into the three categories of “corporate-related risk,” “investment and finance risk,” and “project risk.” As for “corporate-related risk,” the Company selected priority risks corresponding to the activities of various departments in the FY2018, and conducted activities to reduce risks in their respective action plans.

Simultaneously, the Company revised priority risks that require immediate attention in response to changing social conditions and made revisions for the following term taking into account the implementation status from each division.

- In order to comply with the GDPR (EU General Data Protection Regulation) implemented in May 2018, the Company established an internal governance framework for GDPR that effectively utilizes its existing compliance reporting system and information security incident reporting system.
- The Company has long dealt with risk management, which includes head office disaster prevention, BCP, and overseas security, by establishing a permanent dedicated division. In the FY2018, an attempt was made to integrate operations by combining the various units into the Crisis Management Department. With the purpose of strengthening the Group-wide risk management system, the Company has implemented a crisis management system that coordinated with the overseas sites, prepared response procedures for various crisis events, and implemented field drills as of the previous year. Continuing with this process, the Company has verified the effectiveness of these measures by conducting comprehensive safety confirmation training, and has also conducted self-defense disaster prevention training and company-wide disaster prevention training in order to raise headquarters disaster prevention capacity.

Also, in order to secure the safety of employees who frequently go on business trips abroad, as part of measures against terrorism overseas, the Company has taken initiatives such as selecting the airplanes that overseas business travelers will fly on, promoting acquisition of knowledge using e-learning, and disseminating information on unsafe area via a dedicated website for employees.

- In terms of risk management associated with awarding contracts for projects, division in charge continuously conducted management activities, implementing the cold-eye reviews to 49 projects. With regards to investments, the division conducted assessment in accordance with in-house regulations and regularly reported the status of profit and loss on the investments executed to the Executive Committee.

[3] Initiatives relating to ensuring efficiency

- In order to promptly make decisions on the execution of operations, the Company's Board of Directors delegates a part of its authority to the Executive Committee to the extent permitted by laws and regulations, in an effort to ensure the efficiency of the execution of duties.
- In the FY2018, in accordance with the operation rules of the Executive Committee which were revised in the FY2017, the Company clarified declaration items and conducted follow-up on the deliberation results and instruction items, in an effort to ensure greater efficiency.

[4] Initiatives relating to the framework of internal control of the Chiyoda Group

- The Chiyoda Group clearly sets forth the values to be shared by all group executives and employees in its corporate philosophy and the Code of Conduct of the Chiyoda Group, while the Company and the group companies conduct business based on close mutual cooperation.
- In the FY2018, in addition to deciding on a policy to strengthen internal controls for certain group companies, the Company continued initiatives to maintain and improve its information sharing framework for the Group management issues.
- As for initiatives relating to the Chiyoda Group's compliance with laws and regulations, in



addition to holding Group Companies Compliance Liaison Meetings, which consist of members from the Company and domestic group companies, the Company visited major overseas group companies and domestic group companies individually in order to enhance control and information sharing within the Chiyoda Group.

- [5] Initiatives relating to ensuring the effectiveness of audits by the Audit and Supervisory Committee
- To ensure the effectiveness of audits conducted by the Audit and Supervisory Committee, 13 regular meetings were held with Representative Directors, 9 meetings were held with Executive Directors, and 68 meetings were held with Directors regarding individual themes in order to exchange opinions.
  - Audit and Supervisory Committee members attended important meetings including those of the Executive Committee and the Compliance Committee, as well as the Internal Control Committee for collaboration between the Audit and Supervisory Committee and the internal control division, and expressed their opinions as necessary.
  - To verify whether the effectiveness of audits conducted by group companies, the Audit and Supervisory Committee held two meetings with Audit & Supervisory Board Members of major group companies, exchanged opinions and shared information regarding internal control systems within the Chiyoda Group.
  - To enhance the auditing activities of the Audit and Supervisory Committee, employees who specialize in assisting the Audit and Supervisory Committee to execute its duties are placed. In the FY2018, such specialized employees were assigned, and evaluations of their performance were conducted by the Audit and Supervisory Committee.
- [6] Initiatives relating to reporting to the Audit and Supervisory Committee
- Executives and employees, when requested by the Audit and Supervisory Committee, report on their activities relating to internal controls on a regular basis or whenever important matters arise.
  - The Audit and Supervisory Committee received reports from executives and employees on their activities relating to internal controls at regular meetings or through hearings. In addition, as important matters relating to internal controls, the Company requested reports on risk management status and measures to prevent recurrence regarding risk of losses due to the cost increases of large projects incurred this term. The occurrence of a case where the Audit and Supervisory Committee uses external experts in auditing its Audit and Supervisory Committee Members was not recognized.

(Note) Monetary amounts and numbers of shares less than stated units in this Business Report are rounded down.

**Proposal 1: Partial amendments to the Articles of Incorporation (Convocation of General Meetings of Shareholders and meetings of the Board of Directors, etc.)**

1. Reasons of proposal

The Company has been continuously strengthening the supervisory functions of the Board of Directors and improving corporate governance by adopting a company with an Audit and Supervisory Committee system. We have decided to make the following amendments to realize the flexibility in, and the enhancement of Board of Directors' supervisory functions to, the convocation and operation of general meeting of shareholders and the Board of Directors with the aim of further separating the execution of operations from supervision, strengthening the supervisory functions of the Board of Directors, improving corporate governance, and realizing highly transparent management and appropriate decision-making process.

(1) Article 12

In order to ensure the flexibility in the operation of general meeting of shareholders, the chairman of the general meeting of shareholders is not limited to the President, and other representative director can be the chairman.

(2) Article 23

In order to ensure the flexibility in the operation of the Board of Directors and to promote the separation of management and execution of operations, with respect to the order of substitution of the Chairman of the Board of Directors who has the authority to convene a meeting of the Board of Directors, the Company has made it possible to appoint by the Board of Directors' decision a director including outside directors, who are independent from the execution of operations as a substitute to the Chairman even though other Representative Directors are available.

2. Details of amendments to the Articles of Incorporation

The details of the amendments are as follows. The partial amendments to the Articles of Incorporation with respect to Proposal 2 "Partial amendments to the Articles of Incorporation (Issuance of Class A Preferred Shares)" and Proposal 4 "Partial amendments to the Articles of Incorporation (Increase in authorized number of shares)" are not included in the following.

(Underlined indicates changes.)

Current articles of incorporation	Proposed amendments
<p>CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 12 (Convocation of General Meeting of Shareholders)</p> <p>An Annual General Meeting of Shareholders shall be convened in June each year; and an Extraordinary General Meeting of Shareholders shall be convened from time to time whenever necessary.</p> <p>A General Meeting of Shareholders shall be <u>convened, upon a resolution of the Board of Directors,</u> by the <u>President</u> of the Company who shall preside at the General Meeting.</p> <p>In case, however, the <u>President</u> is prevented from so doing, one of the directors in accordance with the precedence as determined by the Board of Directors shall <u>act in his/her place.</u></p> <p>Article 13 to Article 17 (omitted)</p>	<p>CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 12 (Convocation <u>and Chairperson</u> of General Meeting of Shareholders)</p> <p>An Annual General Meeting of Shareholders shall be convened in June each year and an Extraordinary General Meeting of Shareholders shall be convened from time to time whenever necessary.</p> <p>A General Meeting of Shareholders shall be <u>presided</u> by the <u>Representative Director</u> of the Company <u>who shall be selected from the Representative Director by Board of Directors.</u></p> <p>In case, however, the <u>Representative Director of chairpersonship</u> is prevented from so doing, one of the directors in accordance with the precedence as determined by the Board of Directors shall <u>be the chairperson.</u></p> <p>Article 13 to Article 17 (current)</p>
<p>CHAPTER IV DIRECTORS, BOARD OF DIRECTORS AND EXECUTIVE OFFICERS</p> <p>Article 18 to Article 22 (omitted)</p>	<p>CHAPTER IV DIRECTORS, BOARD OF DIRECTORS AND EXECUTIVE OFFICERS</p> <p>Article 18 to Article 22 (current)</p>
<p>Article 23 (Convocation of Meeting of the Board of Directors)</p> <p>The meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors who shall preside at the meeting.</p> <p>In case, however, the office of the Chairman of the Board of Directors is vacant or the</p>	<p>Article 23 (Convocation of Meeting of the Board of Directors)</p> <p>The meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors who shall preside at the meeting.</p> <p>In case, however, the office of the Chairman of the Board of Directors is vacant or the</p>

<p>Chairman of the Board of Directors is prevented from so doing, <u>the President shall act in his/her place. In case the President is also prevented from so doing.</u> then one of the directors in accordance with the order of precedence determined by the Board of Directors shall act in his/her place.</p> <p>Notice of convening a meeting of the Board of Directors shall be sent to each director at least two (2) days before the date set for such a meeting. Such period may, however, be shortened in case of urgency.</p> <p>Article 24 to Article 30 (omitted)</p>	<p>Chairman of the Board of Directors is prevented from so doing, then one of the directors in accordance with the order of precedence determined by the Board of Directors shall act in his/her place.</p> <p>Notice of convening a meeting of the Board of Directors shall be sent to each director at least two (2) days before the date set for such a meeting. Such period may, however, be shortened in case of urgency.</p> <p>Article 24 to Article 30 (current)</p>
--	--

## Proposal 2: Partial amendments to the Articles of Incorporation (Issuance of Class A Preferred Shares)

### 1. Reasons of proposal

The Company intends to enter into a share subscription agreement with Mitsubishi Corporation ("Mitsubishi Corporation" or the "Planned Allottee"), and Class A Preferred Shares (the "Class A Preferred Shares") with a total issue price of 70 billion yen shall be issued by way of a third-party allotment (the "Third-Party Allotment") as described in Proposal 3. Therefore, the Company proposes to amend the Articles of Incorporation in order to issue Class A Preferred Shares as an additional equity security available to the Company and to add corresponding articles to address the Class A Preferred Shares. For the reasons of issuance of the Class A Preferred Shares, please see Proposal 3 "Issuance of new shares by way of third-party allotment".

### 2. Details of amendments to the Articles of Incorporation

The details of the amendments are as follows. The partial amendments to the Articles of Incorporation with respect to Proposal 1 "Partial amendments to the Articles of Incorporation (Convocation of General Meetings of Shareholders and meetings of the Board of Directors, etc.)" and Proposal 4 "Partial amendments to the Articles of Incorporation (Increase in authorized number of shares)" are not included in the following.

(Underlined indicates changes.)

Current Articles of Incorporation	Proposed amendments
<p>CHAPTER II SHARES</p> <p>(Total Number of Shares Authorized to Be Issued)</p> <p>Article 6 The total number of shares authorized to be issued by the Company shall be five hundred seventy million (570,000,000).</p>	<p>CHAPTER II SHARES</p> <p>(Total Number of Shares <u>and Total Number of Class Shares Authorized to Be Issued</u>)</p> <p>Article 6 The total number of shares authorized to be issued by the Company shall be five hundred seventy million (570,000,000), <u>and the total number of class shares authorized to be issued by the Company shall be five hundred seventy million (570,000,000) common shares, and one hundred</u></p>

<p>Article 7 (omitted)</p> <p>(Unit of Shares)</p> <p>Article 8 The number of the shares shall be one hundred (100).</p> <p>Article 9 through Article 11 (omitted)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p>	<p><u>seventy-five million (175,000,000)</u> <u>Class A Preferred Shares.</u></p> <p>Article 7 (current)</p> <p>(Unit of Shares)</p> <p>Article 8 The number of the shares shall be one hundred (100) <u>for common shares and one (1) for Class A Preferred Shares.</u></p> <p>Article 9 through Article 11 (current)</p> <p><u>CHAPTER II-2 Class A Preferred Shares</u> <u>(Dividends from Surplus)</u> <u>Article 11-2</u> <u>(Preferred Dividends)</u> <u>1. If the Company is to pay dividends from surplus, it shall pay the dividends in cash to shareholders who hold the Class A Preferred Shares (the “Class A Preferred Shareholders”) or registered pledgees of the Class A Preferred Shares (the “Registered Class A Preferred Share Pledgees”) entered or recorded in the final shareholders register as at the record date for such dividends (the “Record Date for Dividends”), in preference to shareholders who hold common shares (the “Common Shareholders”) and registered pledgees of common shares (the “Registered</u></p>
---	---

(New)	<p><u>Common Share Pledgees”) entered or recorded in the final shareholders register as at the Record Date for Dividends, in the amount provided in Section 2 below for each Class A Preferred Share (the amount to be paid as such dividend will be hereinafter referred to as the “Class A Preferred Dividend”).</u></p> <p><u>(Amount of Preferred Dividends)</u></p> <p><u>2. The amount of the Class A Preferred Dividend per Class A Preferred Share will be the amount calculated by using the following formula on a daily prorated basis assuming a year to be 365 days (or 366 days, if the business year contains a leap day) for the actual number of days elapsed in the period from and including the first day of the business year (or the payment date, if the Record Date for Dividends belongs to a business year ending on the last day of March 2020) up to and including the Record Date for Dividends. If, however, dividends from surplus are paid to the Class A Shareholders or the Registered Class A Preferred Share Pledgees using a record date prior to the Record Date for Dividends during a business year to which the Record Date for Dividends belongs, the amount to be paid as the Class A Preferred Dividend for each Class A Preferred Share will be reduced by the total amount of the Class A Preferred Dividends per Class A</u></p>
-------	---





(New)	<p><u>paid to the Class A Preferred Shareholders or the Registered Class A Preferred Share Pledges.</u></p>
(New)	<p><u>(Distribution of Residual Assets)</u></p> <p><u>Article 11-3</u></p> <p><u>(Preferred Distribution)</u></p>
	<p><u>1. If the Company is to distribute residual assets, it shall distribute to the Class A Preferred Shareholders or the Registered Class A Preferred Share Pledges, in preference to the Common Shareholders and the Registered Common Share Pledges, the amount in cash for each Class A Preferred Share calculated by adding the amount equivalent to the Class A Accumulated and Unpaid Dividends and the Amount Equivalent to the Class A Accrued and Unpaid Dividends to JPY 400.</u></p> <p><u>“Amount Equivalent to the Class A Accrued and Unpaid Dividends” is the amount of the preferred dividends obtained, assuming the residual asset distribution date to be the Record Date for Dividends, by applying the number of days elapsed in the period from and including the first day of the business year (or the payment date, if the residual asset distribution date belongs to a business year ending on the last day of March 2020) up to and including the residual asset distribution date to the formula set forth in Article 11-2, Section 2 above.</u></p>
(New)	

(New)	<p><u>(Non-participation Clause)</u></p> <p><u>2. No distribution of residual assets in excess of the amount provided in Section 1 above will be made to the Class A Preferred Shareholders or the Registered Class A Preferred Share Pledgees.</u></p>
(New)	<p><u>(Voting Rights)</u></p> <p><u>Article 11-4 Class A Preferred Shareholders do not have voting rights at general meetings of shareholders.</u></p>
(New)	<p><u>(Put Option the Consideration for which is Cash (Redemption Request))</u></p> <p><u>Article 11-5</u></p> <p><u>Details of Redemption Request</u></p> <p><u>Each Class A Preferred Shareholder is entitled to request the Company at any time on or after July 1, 2021 to acquire all or part of the Class A Preferred Shares held by such Class A Preferred Shareholder in consideration for cash (the "Redemption Request"). In such case, on the date when such Redemption Request takes effect, the Company shall deliver to the requesting Class A Preferred Shareholder, in exchange for the acquisition by the Company of one (1) Class A Preferred Share, cash consideration in the amount set forth in Section 2 below not exceeding the Distributable Amount within the meaning of Article 461, Paragraph 2 of the Companies Act as of the date of such</u></p>

(New)	<p><u>Redemption Request (the “Redemption Request Date”) to the extent permissible under laws and regulations. If a Redemption Request is made in excess of the Distributable Amount as of the Redemption Request Date, the Class A Preferred Shares to be acquired will be determined in proportion to the number of the Class A Preferred Shares for which the Redemption Request is made.</u></p> <p>(Redemption Price)</p> <p><u>2. The redemption price per share of the Class A Preferred Shares will be the higher of (a) or (b) below:</u></p> <p><u>(a) The amount calculated by multiplying the amount equivalent to the average of the volume weighted average prices (the “VWAPs”) in regular trade of the Company’s common shares announced by the Tokyo Stock Exchange, Inc. (the “TSE”) for thirty (30) consecutive Trading Days counting from the forty-fifth (45th) Trading Day prior to the Redemption Request Date (The price will be calculated to two (2) decimal places and then rounded off to one (1) decimal place. If, during the abovementioned period, any of the events provided in Article 11-7, Section 3 occurs, the average of the VWAPs</u></p>
-------	---

	<p><u>mentioned above will be adjusted to a value that the Company deems appropriate in accordance with Article 11-7, Section 3 by the Base Number of Shares defined below.</u></p> <p><u>For the purpose of this (a), “Base Number of Shares” means the value calculated by first adding the amount equivalent to the Class A Accumulated and Unpaid Dividends and the Amount Equivalent to the Class A Accrued and Unpaid Dividends to JPY 400 and then dividing the sum by the conversion price calculated in accordance with Article 11-7, Sections 2 and 3.</u></p> <p><u>“Trading Day” means the day on which regular trade in the Company’s common shares is conducted on the TSE, excluding the days on which no VWAP is announced by the TSE (the same applies hereafter).</u></p> <p><u>(b) The amount calculated by adding the amount equivalent to the Class A Accumulated and Unpaid Dividends and the Amount Equivalent to the Class A Accrued and Unpaid Dividends to JPY 400.</u></p> <p><u>In this Section, the Amount</u></p>
--	---

(New)	<p><u>Equivalent to the Class A Accrued and Unpaid Dividends is calculated by replacing the term “residual asset distribution date” in the calculation of the Amount Equivalent to the Class A Accrued and Unpaid Dividends provided in Article 11-3, Section 1 with the term Redemption Request Date.”</u></p>
(New)	<p><u>(The Place at which Redemption Requests are Accepted)</u></p> <p><u>3. Stock Transfer Agency Department of Mitsubishi UFJ Trust and Banking Corporation</u></p>
(New)	<p><u>(Effectuation of Redemption Requests)</u></p> <p><u>4. A Redemption Request takes effect when the document necessary for the Redemption Request reaches the place at which Redemption Requests are accepted set out in Section 3 above or on the desired date indicated on that document, whichever is later.</u></p>
(New)	
(New)	
(New)	<p><u>(Call Option the Consideration for which is Cash (Mandatory Redemption))</u></p> <p><u>Article 11-6</u></p> <p><u>(Details of Mandatory Redemption)</u></p> <p><u>1. Regardless of the intention of the Class A Preferred Shareholders or the Registered Class A Preferred Share Pledgees, the Company may, on or after July 1, 2021 upon the occurrence of the date</u></p>

(New)	<p><u>separately determined by the Board of Directors of the Company (the “Mandatory Redemption Date”), deliver to the Class A Preferred Shareholders or the Registered Class A Preferred Share Pledges, in exchange for the acquisition by the Company of all or part of the Class A Preferred Shares, cash consideration in the amount set forth in Section 2 below not exceeding the Distributable Amount within the meaning of Article 461, Paragraph 2 of the Companies Act as of the Mandatory Redemption Date of the Class A Preferred Shares after giving notice to such Class A Preferred Shareholders or the Registered Class A Preferred Share Pledges no later than two (2) weeks prior to the Mandatory Redemption Date. When acquiring part of the Class A Preferred Shares, the Class A Preferred Shares to be acquired will be determined in proportion to the number of the Class A Preferred Shares to be acquired.</u></p> <p><u>(Mandatory Redemption Price)</u></p> <p><u>2. The mandatory redemption price per share of the Class A Preferred Shares will be the higher of (a) or (b) below:</u></p> <p><u>(a) The amount calculated by multiplying the amount equivalent to the average of the VWAPs for thirty (30) consecutive Trading Days counting from the forty-fifth (45th) Trading Day prior to the Mandatory Redemption Date (The price will be calculated to</u></p>
-------	---

(New)	<p><u>two (2) decimal places and then rounded off to one (1) decimal place. If, during the abovementioned period, any of the events provided in Article 11-7, Section 3 occurs, the average of the VWAPs mentioned above will be adjusted to a value that the Company deems appropriate in accordance with Article 11-7, Section 3.) by the Base Number of Shares defined below.</u></p> <p><u>For the purpose of this (a), “Base Number of Shares” means the value calculated by first adding the amount equivalent to the Class A Accumulated and Unpaid Dividends and the Amount Equivalent to the Class A Accrued and Unpaid Dividends to JPY 400 and then dividing the sum by the conversion price calculated in accordance with Article 11-7, Sections 2 and 3.</u></p> <p><u>(b) The amount calculated by adding the amount equivalent to the Class A Accumulated and Unpaid Dividends and the Amount Equivalent to the Class A Accrued and Unpaid Dividends to JPY 400.</u></p> <p><u>In this Section, the Amount Equivalent to the Class A Accrued and Unpaid Dividends is calculated by replacing the term “residual asset distribution date” in the calculation of the Amount Equivalent to the Class A Accrued and Unpaid Dividends provided in Article 11-3, Section 1 with the term “Mandatory Redemption Date.”</u></p>
-------	--





	<p><u>2. The initial conversion price is JPY 100.</u></p> <p><u>(Adjustment of Conversion Price)</u></p> <p><u>3.</u></p> <p><u>(a) If any of the following events occurs, the conversion price will be adjusted as set out below:</u></p> <p><u>(i) If the common shares of the Company are subject to a share split or gratis allotment of shares, the conversion price will be adjusted in accordance with the formula set out below. In the case of a gratis allotment of shares, the terms “number of issued common shares before split” and “number of issued common shares after split” in the following formula are deemed to be replaced with “number of issued common shares before gratis allotment (excluding common shares held by the Company at that time)” and “number of issued common shares after gratis allotment (excluding common shares held by the Company at that time),” respectively.</u></p> $\frac{\text{Conversion price after adjustment}}{\frac{\text{Number of issued common shares before split}}{\text{Number of issued common shares after split}}} = \frac{\text{Conversion price before adjustment}}{X}$ <p><u>The conversion price after adjustment will apply from the</u></p>
--	--

	<p><u>day following the record date for the share split or the day on which the gratis allotment takes effect (or, if a record date for the gratis allotment is determined, from the day following such record date).</u></p> <p>(ii) <u>If the common shares of the Company are subject to a share consolidation, the conversion price will be adjusted in accordance with the following formula:</u></p> $\frac{\text{Conversion price after adjustment}}{\text{Conversion price before adjustment}} = \frac{\text{Conversion price before adjustment}}{\text{Conversion price before adjustment}} \times \frac{\text{Number of issued common shares before consolidation}}{\text{Number of issued common shares after consolidation}}$ <p><u>The conversion price after adjustment will apply from day on which the share consolidation takes effect.</u></p> <p>(iii) <u>If the Company issues common shares, or disposes of common shares held by the Company, at a paid-in amount below the market price per common share provided in (d) below (excluding the case of a gratis allotment, the case of an acquisition of shares or stock acquisition rights (shinkabu yoyakuen) (including those attached to bonds with stock acquisition rights; hereinafter the same in this Section) in exchange for delivery of common shares,</u></p>
--	--

	<p><u>the case of an exercise of stock acquisition rights to acquire common shares or the case of a delivery of common shares by amalgamation, stock swap or company split), the conversion price will be adjusted in accordance with formula set out below (the "Conversion Price Adjustment Formula"). If any property other than money is the subject of contribution, "Amount to be paid in per share" in the Conversion Price Adjustment Formula will be the fair value of such property. The conversion price after adjustment will apply from the day following the payment date (or following the last day of a payment period if such payment period is determined) or, if a record date for the allotment of shares to shareholders is determined, from the day following such record date (the "Shareholder Allotment Date"). If the Company disposes of common shares held by it, the terms "number of newly issued shares" and "number of treasury shares" in the following formula are deemed to be replaced with "number of shares disposed of" and "number of treasury shares before disposal," respectively.</u></p>
--	---

	$\frac{\text{Conversion price after adjustment}}{\text{Conversion price before adjustment}} = \frac{\text{X}}{\left( \frac{\text{Number of issued common shares} - \text{Number of treasury shares}}{\text{Number of issued shares} - \text{Number of treasury shares}} \right) + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid in per share}}{\text{Market price}}}$ <p>(iv) If the Company issues or disposes of shares that entitle their holders to receive delivery of common shares at a conversion price per common share below the market price per common share provided in (d) below by causing the Company to acquire such shares or being acquired by the Company (this includes the case of a gratis allotment of shares), then, as of the payment date for such shares (or on the last day of a payment period if such payment period is determined; hereinafter the same in this (iv)), as of the day on which a gratis allotment of shares takes effect, if applicable (or, if a record date for the gratis allotment of shares is determined, such record date; hereinafter the same in this (iv)), or as of the Shareholder Allotment Date, if there is such date, all of the shares to be issued or disposed of will be deemed to have been acquired by the Company and relevant common shares will be deemed to have been delivered on the initial terms, and the amount to be</p>
--	--

	<p>calculated as the “amount to be paid in per share” in the Conversion Price Adjustment Formula using that amount will be the conversion price after adjustment. The conversion price after adjustment will apply from the day following the payment date, or in the case of a gratis allotment of shares, from the day following the day on which such allotment takes effect, or if there is a Shareholder Allotment Date, from the day following that date. Notwithstanding the foregoing, if the consideration for the common shares to be delivered upon acquisition has not been determined as at the point in time mentioned above, the conversion price after adjustment will be calculated assuming that all shares to be issued or disposed of at the time of determination of such consideration have been acquired and relevant common shares have been delivered on the terms as at the point in time when the consideration is determined, and this will apply from the day following the day on which such consideration is determined.</p> <p>(v) If the Company issues stock acquisition rights that, by being exercised or being acquired by</p>
--	---

	<p> <u>the Company, entitle their holders to receive delivery of common shares at a price whereby the aggregate of the amount to be paid in for the stock acquisition rights per common share and the property to be contributed on exercise of the stock acquisition rights (if any property other than money is the subject of contribution, the fair value of such property; hereinafter the same in this (v)) falls below the market price per common share provided in (d) below (this includes the case of a gratis allotment of stock acquisition rights), then, as of the date of allotment of such stock acquisition rights, as of the day on which a gratis allotment of stock acquisition rights takes effect, if applicable (or, if a record date for the gratis allotment of stock acquisition rights is determined, such record date; hereinafter the same in this (v)), or as of the Shareholder Allotment Date, if there is such date, all of the stock acquisition rights to be issued will be deemed to have been exercised or acquired and relevant common shares will be deemed to have been delivered on the initial terms, and the amount to be calculated as the “amount to be paid in per share”</u> </p>
--	---

	<p> <u>in the Conversion Price Adjustment Formula using the aggregate of the amount to be paid in for the stock acquisition rights per common share and the property to be contributed on exercise of the stock acquisition rights per common share will be the conversion price after adjustment. The conversion price after adjustment will apply from the day following the allotment date of such stock acquisition rights, or in the case of a gratis allotment of stock acquisition rights, from the day following the day on which such allotment takes effect, or if there is a Shareholder Allotment Date, from the day following that date. Notwithstanding the foregoing, if the consideration for the common shares to be issued upon acquisition or exercise has not been determined as at the point in time mentioned above, the conversion price after adjustment will be calculated assuming that all stock acquisition rights to be issued at the time of determination of such consideration have been exercised or acquired and relevant common shares have been delivered on the terms as at the point in time when the</u> </p>
--	--

	<p><u>consideration is determined, and this will apply from the day following the day on which such consideration is determined.</u></p> <p><u>(b) In addition to the events provided in (a) above, if any of the events provided in (i) through (iii) below occurs, the Company will adjust the conversion price in an appropriate manner after giving prior written notice to the Class A Preferred Shareholders and the Registered Class A Preferred Share Pledgees to that effect and also stating the reasons for such adjustment, the conversion price after adjustment, the day on which such adjusted conversion price becomes effective and any other necessary matters:</u></p> <p><u>(i) If it is necessary to adjust the conversion price because of: a merger; share exchange; acquisition of all issued shares of other joint-stock company through share exchange; share transfer; absorption-type split; succession to all or part of the rights and obligations held by other company in relation to its own business through absorption-type split; or incorporation-type split;</u></p> <p><u>(ii) If two or more events necessitating an adjustment to the conversion price occur consecutively, and in calculating the adjusted conversion price due</u></p>
--	---



	<p><u>to one of such events, it is necessary to consider the effect of the other event on the market price that ought to be used in that calculation; or</u></p> <p><u>(iii) If the adjustment of the conversion price is otherwise necessary due to the occurrence of any event that changes or may change the number of issued common shares (excluding the number of common shares held by the Company).</u></p> <p><u>(c) Any calculation necessary in adjusting the conversion price will be made to two (2) decimal places and then rounded off to one (1) decimal place.</u></p> <p><u>(d) The market price per common share to be used in the Conversion Price Adjustment Formula is the average of the VWAPs for thirty (30) consecutive Trading Days counting from the forty-fifth (45th) Trading Day prior to the day to which the adjusted conversion price is applied.</u></p> <p><u>(e) If, as a result of a calculation made in adjusting the conversion price, the difference between the adjusted conversion price and the pre-adjustment conversion price is less than 0.1 yen, no adjustment will be made to the conversion price. However, any adjustment determined to be unnecessary in this (e) will be carried forward to be considered for the calculation of the subsequent</u></p>
--	---

(New)	<p><u>adjustments.</u></p> <p>(Number of Common Shares to be Delivered in Exchange for Acquisition)</p> <p>4.</p> $  \begin{array}{r}  \text{400 yen} \\  + \text{ Amount} \\  \text{equivalent to the} \\  \text{Class A} \\  \text{Accumulated and} \\  \text{Unpaid} \\  \text{Dividends} \\  + \text{ Amount} \\  \text{Equivalent to the} \\  \text{Class A Accrued} \\  \text{and Unpaid} \\  \text{Dividends)} \\  \hline  \text{Conversion price}  \end{array}  $ <p>In this Section, the Amount Equivalent to the Class A Accrued and Unpaid Dividends is calculated by replacing the term “residual asset distribution date” in the calculation of the Amount Equivalent to the Class A Accrued and Unpaid Dividends provided in Article 11-3, Section 1 with the term “Conversion Request Effective Date.”</p> <p>(Place at which Conversion Requests are Accepted)</p> <p>5. Stock Transfer Agency Department,</p>
(New)	



	<p>Article 12 ~ Article 17 (current)</p> <p><u>(General Meeting of Class Shareholders)</u></p> <p><u>Article 17-2</u></p> <p><u>The provisions of Articles 12 to 17 hereof shall apply <i>mutatis mutandis</i> to the General Meeting of Class Shareholders.</u></p>
--	--

### **Proposal 3: Issuance of new shares by way of third-party allotment**

The Company intends to issue the Class A Preferred Shares by way of a third-party allotment under Article 199 of the Companies Act as described in "2" below for the reasons as described in "1" below.

The Company requests the shareholders to approve this Proposal at the Ordinary General Meeting of Shareholders because: (i) the Third-Party Allotment may have a possibility of falling within the definition of the favorable issue under the Companies Act, (ii) the Planned Allottee falls within the definition of the Specific Underwriter under Article 206-2, Paragraph 1 of the Companies Act, and (iii) it would be needed to confirm the intent of shareholders in compliance with Rule 432 of the Securities Listing Regulations established by Tokyo Stock Exchange Inc. (the "TSE") due to the percentage of dilution resulting from the Third-Party Allotment. In other word: (i) since the Company cannot completely deny the possibility that the amount to be paid in for the Class A Preferred Shares will be considered as an amount especially favorable to the Planned Allottee under the Companies Act as the Share Valuation Report, which the Company obtained from a third-party appraiser, points out that, based on the closing price of the common shares of the Company as of the record date (May 8, 2019), the Third-Party Allotment is considered substantially favorable to the Planned Allottee, the Company considers it appropriate to confirm the intention of the shareholders by obtaining the approval of the shareholders at the Ordinary General Meeting of Shareholders by special resolution under Article 199, Paragraphs 2 and 3 of the Companies Act; (ii) in case all of the Class A Preferred Shares are converted to ordinary shares, the number of voting rights that Mitsubishi Corporation will own is 7,869,312 (Assuming there are no Class A Accumulated and Unpaid Dividends and Class A Accrued and Unpaid Dividends). The total number of the shares with voting rights will be 9,589,050, which is the sum of the total number of voting rights in the Company as of March 31, 2019 (i.e., 2,589,050 voting rights) and such number of voting rights to be issued upon the exercise of the put options (i.e., 7,000,000 voting rights). As a result, Mitsubishi Corporation will own 82.06% of the shares with voting rights. Accordingly Mitsubishi Corporation falls within the definition of the Specific Underwriter under Article 206-2, Paragraph 1 of the Companies Act; and (iii) because the Third-Party Allotment will cause dilution at a rate of 25% or more and the conversion of Class A Preferred Shares to common shares in the Company will cause a change in the Company's controlling shareholder, it would be needed to obtain an opinion from an independent third-party or confirm the intent of shareholders in compliance with Rule 432 of the Securities Listing Regulations established by the TSE.

In addition, the issuance of Class A Preferred Shares shall be subject to the effectuation of the securities registration statements required under the Financial Instruments and Exchange Act

of Japan, and approval for the proposals regarding the Third-Party Allotment and the partial amendments to the Articles of Incorporation (Issuance of Class A Preferred Shares) (i.e., this Proposal and Proposal 2) at the Ordinary General Meeting of Shareholders.

The Company also borrows funds from Mitsubishi Corporation Financial & Management Services (Japan) Ltd. ("MCFJ"), a wholly owned subsidiary of Mitsubishi Corporation, and MUFG Bank, Ltd. ("MUFG Bank") (the "Borrowing"). The Borrowing, together with the Third-Party Allotment, are collectively referred to as the "Financing Plan".

## 1. Reasons of Issuance of the Class A Preferred Shares by Third-Party Allotment

### (1) Background of the Financing Plan

#### a. The Company's Financial Status and the Necessity for Large-scale Funding

The Company announced in its "Notice of Revisions to the Forecast of Consolidated Results and Dividend", dated October 31, 2018, that due to significant increase of the construction costs of 85 billion yen for the Cameron LNG Project in Louisiana in the U.S. (the "Cameron LNG Project"), it revised downwards its full-year consolidated financial forecast for the fiscal year ended March 31, 2019 as follows: operating loss revised to 87 billion yen (a decrease of 98 billion yen from the previously announced forecast); ordinary loss revised to 87 billion yen (a decrease of 99 billion yen); and loss attributable to owners of parent revised to 105 billion yen (a decrease of 112 billion yen). In addition, as the Company announced in its "Consolidated Financial Results for the Six Months ended September 30, 2018" dated November 9, 2018, the Company recognized an operating loss of 96 billion yen, an ordinary loss of 96 billion yen, and a quarterly loss attributable to owners of parent of 109 billion yen during the six-month period ended September 30, 2018. It was noted in the "Notes on Consolidated Quarterly Financial Statements" in the consolidated quarterly financial statements for the second quarter that substantial doubts arose regarding the Company's ability to continue as a going concern.

As announced in the "Consolidated Financial Results for the Nine Months Ended December 31, 2018" dated February 13, 2019, the Company reported that due to additional loss caused by additional costs to comply with the schedule for the Tangguh LNG project in Indonesia (the "Tangguh LNG Project") and increased costs for the Cameron LNG Project, as described above, the Company accounted an operating loss of 108 billion yen, an ordinary loss of 107 billion yen, and a quarterly loss attributable to owners of parent of 128 billion yen.

Furthermore, as announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2019" dated May 9, 2019, the fiscal year ended March 2019 resulted in an ordinary loss of 193 billion yen, an operating loss of 200 billion yen and a loss attributable to owners of parent of 215 billion yen due to the various reasons including: (i) unexpected

increased costs arising out of multiple reworks in the Cameron LNG Project which is in the final stage for the construction of the first liquefaction train; (ii) increased costs of the Cameron LNG Project, after the review of the Company with the help from an outside advisor, in relation to the construction of the second and the third liquefaction trains on the Company's assumption that the same additional costs incurred in the construction of the first liquefaction train will arise since the Company has not found that the productivity at the site improved due to the turnover rate which has continued to be higher than the Company expected even after February 2019; (iii) increased costs of the Tangguh LNG Project that were recorded after the Company's review in order to minimize delays in progress caused by multiple factors; and (iv) the increased costs after the Company's review of the risks related to litigations and arbitrations as well as the risks related to small- or medium-sized projects in Japan and overseas. Cash flows from operating activities were 38 billion yen (negative) due to the record of profit loss before income taxes of 194 billion yen, and the increase of accounts receivable by 23 billion yen which was offset by the increase of provision for loss on construction contracts by 64 billion yen, the decrease of income and expenditure of working capital (sum of the accounts receivable, cost on uncompleted construction contracts, notes and accounts payable for construction contracts and advances received on uncompleted construction contracts) of 90 billion yen and the decrease of jointly controlled assets of the joint venture by 20 billion yen, resulting in a net free cash flow of 37 billion yen (negative), which is the amount deducting cash flow from investing activities from cash flow from operating activities.

Consequently, the Company fell into a capital deficit as of March 31, 2019 and, because of such capital deficit, the common shares of the Company are expected to enter into the grace period pertaining to delisting from Tokyo Stock Exchange in accordance with the criteria for the delisting. As a result, recovering from such capital deficit is urgently required for the Company.

The Company considers its top priority is to complete ongoing projects, such as the Cameron LNG Project and the Tangguh LNG Project. In order to address this priority, the Company strengthened company wide support for such projects by establishing task forces, as well as, allocating necessary human resources, including site workers, and financial support, which are necessary to comply with the project schedule. The Company has been working on reducing costs, optimizing project cash flow, and negotiating additional contract price adjustments for ongoing projects. The Company has also worked to improve cash flow by implementing cost-cutting measures on General and Administrative expenses as well as by selling unprioritized assets.

However, notwithstanding the Company's best efforts, it became unavoidable to obtain large-scale funding, in order to avoid a cash shortfall and recover from the capital deficit. Thus, the Company decided to implement the Financing Plan and to cover its expenditures for: (i)

working capital for ongoing projects and future projects (174 billion yen); (ii) restructuring of company structure for the expense reduction (3 billion yen); and (iii) reinforcement of performance of the construction and investment in facilities for IT management (3 billion yen). For those reasons, the Company concluded that implementing the Financing Plan is required as early as possible.

(Notes) 1 Cameron LNG Project:

Engineering, procurement and construction of three liquefaction trains with a projected export of 13.5 million tons per annum of LNG and the export facility located at Hackberry, Louisiana USA, performed by a joint venture named CCJV consisting of Chiyoda International Corporation, a U.S. based wholly owned subsidiary of the Company, and McDermott, and awarded by Cameron LNG LLC.

2 Tangguh LNG Project:

Engineering, procurement and construction of third train of Tangguh LNG located at West Papua, Indonesia performed by a joint venture constituting of Company, PT. Chiyoda International Indonesia, an Indonesian based wholly owned subsidiary of Company, PT. Tripatra Engineers and Constructions, PT. Tripatra Engineering, PT. Saipem Indonesia and PT. Suluh Ardhi Engineering awarded by BP Berau Ltd.

b. Background to Selection of Sponsors

As the Company announced previously, the Company held discussions, for financial support with multiple sponsors. For reference see the Company's "Revisiting the Medium-Term Management Plan (2017-2020) ~Vision for Revival~" dated November 9, 2018. This included discussions with the Company's largest shareholder, Mitsubishi Corporation, in order to secure funds to improve the Company's financial status as well as funds necessary for operating our business.

The Company engaged JP Morgan Securities Japan Co., Ltd. as its financial adviser, and, from the middle of November 2018, made contacts with multiple potential sponsors. Numerous potential sponsors showed preliminary interest as the global market of Company's core business of performing engineering, procurement and construction services for liquefied natural gas ("LNG") facilities has strong potential for growth. The Company held intensive discussions with potential sponsors on the possibility for support while responding to their due diligence requests. After the initial due diligence and discussions concluded, the Company



received multiple initial proposals. However, following the initial proposals further due diligence went on, which included the examination of project related risks, including the possibility of the additional costs in the Cameron LNG Project and the Tangguh LNG Project, and potential sponsors determined that it would be difficult to manage the risks associated with projects in which Company is involved without their having sufficient experience in the execution of such projects and prominent knowledge on risk management in relation to the Company's ongoing projects. As a result, potential sponsors started to withdraw or revise the proposals as they thought that in light of the nature of the Company's business it would be difficult to offer alone the funds which are necessary for the Company. From the middle of April 2019, Mitsubishi Corporation became the only potential sponsor that could undertake the size of our funding we needed whether alone or combination of some sponsors.

While negotiation with Mitsubishi Corporation proceeded, the Company attempted to reengage with other potential sponsors to see if they could reconsider their past positions based on terms that relaxed the Company's initial requirements and were comparable to terms under discussion between the Company and Mitsubishi Corporation. However, other potential sponsors did not submit revised proposals. As a result, there were no potential sponsors other than Mitsubishi Corporation which offered to provide funding by way of equity financing which would enable the Company to end its capital deficit and recover from its financial difficulties by improving its cash flow.

In addition, as Mitsubishi Corporation is a business alliance partner, the Company believes Mitsubishi Corporation has a deep understanding of the Company's business. The Company also considers that Mitsubishi Corporation is well positioned to support the Company by dispatching highly skilled human resources to the Company; especially for risk management and sales. The Company may also be able to take advantage of Mitsubishi Corporation's business network to expand its business in the environmental area, where the Company is aiming to grow. Thus, the Company concluded that Mitsubishi Corporation is the best sponsor for improving the Company's corporate value.

#### c. Background of Proposal from Mitsubishi Corporation and MUFG Bank

As described in "b. Background to Selection of Sponsors", from the middle of November 2018, similar to other potential sponsors, the Company continued to discuss financial support proposals with Mitsubishi Corporation, and, concurrently proceeded with due diligence conducted by Mitsubishi Corporation.

From the Company's point of view, it would be preferable to secure the necessary funds by the equity financing as much as possible since the equity financing improves capital

adequacy ratio to an adequate level. However, the Company, in its discussions with Mitsubishi Corporation, carefully considered how to reduce the impact of dilution arising from a third-party allotment on the existing shareholders. In particular, the Company negotiated with Mitsubishi Corporation for financial support with the condition that the dilution ratio does not exceed 300%, considering that a dilution ratio exceeding 300% could subject the Company to the delisting criteria of the TSE. The Company notes that there is an exception to the delisting criteria but that is subject to the TSE recognizing that there is a small likelihood of infringement on the interests of shareholders and approving application of the exception to the transaction. As part of that process the TSE would have to conduct a comprehensive review of the Third-Party Allotment including the purpose of a third-party allotment, the identity of allottee and the implementing procedures pertaining to changes in the total number of shares authorized to be issued. Taking this into consideration, the Company negotiated with Mitsubishi Corporation so that: (i) the financial support should be a combination of third-party allotment and borrowing; and (ii) the transaction amount of third-party allotment should be around 70 billion yen which is necessary for ending the capital deficit of the Company.

The Company also carefully discussed with Mitsubishi Corporation how to design equity instruments that would reduce the impact of dilution on the existing shareholders as much as possible. The Company and Mitsubishi Corporation agreed on: (i) having put options, in exchange for cash consideration, which are exercisable by an allottee; and (ii) creating call options, in exchange for cash consideration, which are exercisable by the Company. By utilizing such equity instruments, the possibility of large dilution due to the exercise of put options the consideration for which is common shares might be reduced. In addition, the Company also held discussions with MUFG Bank regarding the borrowing of subordinated loans on the condition that payment for the Class A Preferred Shares would be simultaneously executed.

As a result of the above, based on the result of the due diligence and discussions with the Company, Mitsubishi Corporation and MUFG Bank made the proposal outlined below to the Company in the beginning of May 2019.

- (i) Mitsubishi Corporation will contribute 70 billion yen by way of the third-party allotment to purchase Class A Preferred Shares from the Company which is necessary to recover from the Company's capital deficit.
- (ii) MUFG Bank will provide 20 billion yen in total pursuant to a subordinated loan agreement with the Company.
- (iii) Mitsubishi Corporation will cause MCFJ to provide 90 billion yen in total pursuant to a

loan agreement with the Company. Among 90 billion yen, a loan of 30 billion yen will be executed prior to the transactions (i) and (ii) above.

- (iv) (i), (ii) and a part of (iii) above shall be conducted as a series of transactions and (i) above shall be approved by the shareholders meeting of the Company.

d. Reasons why the Financing Plan was Considered to be the Best Method for the Company and its Shareholders

The proposal from Mitsubishi Corporation and MUFG Bank mentioned in "c. Background of Proposal from Mitsubishi Corporation and MUFG Bank" included a combination of loans and capital contribution and the issuance of Class A Preferred Shares. The Class A Preferred shares have no voting rights at the general meeting of shareholders. As the Class A Preferred Shares might lead to significant dilution of the existing shareholders due to the exercise of put options the consideration for which is common shares, the Company carefully examined such final proposal.

First, prior to the final proposal from Mitsubishi Corporation, the Company relaxed the initial conditions which the Company had notified to potential sponsors in light of the discussions with Mitsubishi Corporation over the equity instruments and attempted to reengage with other potential sponsors to see if they could reconsider their past positions. However, there was no proposal other than that from Mitsubishi Corporation which satisfies the size of amount required by the Company in order to end the capital deficit of the Company as well as improve the liquidity of the Company. As result, the Company decided to seek support from Mitsubishi Corporation and MUFG Bank.

Second, as described in "b. Background to Selection of Sponsors", Mitsubishi Corporation has a deep understanding on the Company's business and has proposed to provide support in the form of human resources and the Company expects that will further enhance the corporate value of the Company.

Based on the above, the Company believes that further strengthening of the business relationship with Mitsubishi Corporation will further stabilize the business foundation of the Company and contribute to the improvement of its corporate value and shareholder value.

The Company considers that the combination of equity financing from Mitsubishi Corporation and associated borrowings with Mitsubishi Corporation and MUFG Bank is the best option as this will quickly resolve the notes regarding the ongoing concern assumption and resolve the business and financial issues faced by the Company for not only short term but for medium-term.

(2) Reason for Selecting the Financing Plan

Before deciding to pursue the Third-Party Allotment, the Company compared and examined various funding approaches as described below. The Company considered that the most important factor is to raise equity funds certainly and promptly in the desired time frame. This is for eliminating the capital deficit of the Company and to improve the cash flow.

At the same time, the Company carefully considered how to keep the dilution as low as possible and to secure the necessary amount of funds to end its capital deficit. From this perspective, the combination of third-party allotment and borrowing is the best methods for addressing this situation.

It should be noted that the Company also considered a public offering to raise capital. However, the Company determined it could not adopt this approach given the notes on the Company's financial statement concerning its ability to continue as a going concern. With regard to a rights offering and a shareholder allotment, since all share options may not be exercised considering the Company's financial status, the Company reached the conclusion this is not an appropriate option for solving the Company's financial problems as the amount of funding that can be raised is uncertain.

On the other hand, the Company believes that a third-party allotment, which has the highest degree of certainty in procuring the required amount, will be the most effective option for the Company if we can select an appropriate sponsor. The Company sought funding under conditions that are more favorable for the Company, and has been negotiating with potential sponsors about the possibility of support including funding through capital contribution since the middle of November 2018. As a result, it turned out that there is no sponsor other than Mitsubishi Corporation who can undertake the required amount of funding by itself or even in a combination with other sponsors. Accordingly, the Company decided to issue Class A Preferred Shares to Mitsubishi Corporation to procure 70 billion yen which is the necessary amount to end the capital deficit. In making this decision the Company also took into consideration the potential impact on stable business operations and the stock price of the Company that could be caused by an immediate change in its shareholder composition. Then the remaining necessary funds of 110 billion yen are to be procured by Borrowing to cover the total required fund 180 billion yen.

In case all of the Class A Preferred Shares are converted to ordinary shares, the number of voting rights that Mitsubishi Corporation will own is 7,869,312 (Assuming there are no Class A Accumulated and Unpaid Dividends and Class A Accrued and Unpaid Dividends). The total number of the shares with voting rights will be 9,589,050, which is the sum of the total number of voting rights in the Company as of March 31, 2019 (i.e., 2,589,050 voting rights) and such number of voting rights to be issued upon the exercise of the put options (i.e., 7,000,000 voting rights). As a result, Mitsubishi Corporation will own 82.06% of the shares with voting rights.

Accordingly Mitsubishi Corporation falls within the definition of the Specific Underwriter under Article 206-2, Paragraph 1 of the Companies Act. Regarding this point, in the Board of Directors meeting held on May 9, 2019, the Company's Audit and Supervisory Committee expressed the opinion that the Third-Party Allotment, which is amounting to 70 billion yen as equity funds, is required and reasonable considering following points: A) the Third-Party Allotment is the best option considering the Company's situation comparing to other typical methods; B) the usage of the funds is reasonable; C) Mitsubishi Corporation is showing a strong intention to work with the Company on improving management of the Company for long term growth.

(3) Reasonableness of Issuing Conditions

a. Calculation Ground for the amount of Third-Party Allotment

(a) Specific Contents of the Amount to Be Paid in

The Company held good faith discussions with each of the potential sponsors regarding the method and related terms and conditions for financial assistance in the Company. During such discussions, the results of due diligence, financial condition of the Company, demands on funds, and stock price of common share of the Company had been considered. The Company put priorities on required amount of funds as well as timeline for closing the financing as the Company's financial condition was desperately critical. Under such situation, Mitsubishi Corporation's, proposal was the most in line with the Company's request and the only viable option given the Company's severe financial conditions and required timeline, and the amount to be paid in for the Class A Preferred Shares was determined to be 400 yen per share. The amount to be paid in for the Class A Preferred Shares was finally agreed upon as a result of faithful discussions and negotiations with Mitsubishi Corporation based also on the results of discussions with several potential sponsors. Given the Company's circumstance in which equity financing in a scale of 70 billion yen is necessary in order to resolve the capital deficit, we have determined the amount to be paid in for the Class A Preferred Shares to be the most favorable condition for the Company at this point in time.

In addition, the Company considers it is a reasonable price even considering the Share Valuation Report obtained from the third-party valuation institution as stated in "(b) The Company Has Obtained a Share Valuation Report from a Third-Party Valuation Institution" and "(c) Determination of the board of directors of the Company regarding the amount to be paid in based on the Share Valuation Report" below. However, there might be a various thoughts as to the valuation of the Class A Preferred Shares since the Class A Preferred Shares do not have a market value and the valuation of class shares is very much complex, which leaves the

possibility that different views exist regarding valuation of class shares. Considering these, since the Company cannot completely deny the possibility that the amount to be paid in for the Class A Preferred Shares will be considered as an amount especially favorable to Mitsubishi Corporation under the Companies Act, the Company considers it appropriate to confirm the intention of the shareholders, and decided that the issue of the Class A Preferred Shares through the Third-Party Allotment will be subject to the approval of the Ordinary General Meeting of Shareholders by special resolution.

(b) The Company Has Obtained a Share Valuation Report from a Third-Party Valuation Institution

In determining the amount to be paid in for the Class A Preferred Shares based on the results of discussions and negotiations with Mitsubishi Corporation, and for reference in shareholders' exercising their voting rights at the Ordinary General Meeting of Shareholders, the Company requested PLUTUS CONSULTING Co., Ltd. ("PLUTUS"), a third-party appraiser, to evaluate the share value of the Class A Preferred Shares and to submit to the Company a report. The Company obtained a valuation report (the "Share Valuation Report") on May 8, 2019. PLUTUS, a third-party appraiser, does not fall under any related party of the Company or Mitsubishi Corporation and has no material interest to be noted in connection with the Third-Party Allotment. After considering the valuation method for the share value of the Class A Preferred Shares, PLUTUS adopted the evaluation approach of Monte Carlo simulation, which is a common valuation method used for the evaluation. PLUTUS evaluated the fair value of the Class A Preferred Shares by setting certain assumption regarding, among others, the Initial Conversion Price, timing of the exercise of the put options the consideration for which is common shares of the Company or cash, the price of the common shares of the Company, volatilities of the common shares, the dividend yield, the risk free rate and the discount rate. According to the Share Valuation Report, the price of the Class A Preferred Shares per share, which was calculated based on stock price (closing price) of the common shares of the Company as of May 8, 2019, is 1,210 yen. The per share price for the Class A Preferred Shares (i.e., 400 yen) represents a 66.94% discount against the valuation price of the Class A Preferred Shares.

Since there might be a various thoughts as to the valuation of the Class A Preferred Shares since the Class A Preferred Shares do not have the market value and the valuation is very much complex, the Company also received the valuation for the common share of the Company for the reference purposes ranging from 100 yen to 399 yen. Based on these reference numbers, the valuation of the Class A Preferred Shares are from 500 yen to 1,630

yen.

(c) Decision of the Board of Directors on Financing Plan

Based on the Share Valuation Report, the amount to be paid in might be considered as a favorable price to Mitsubishi Corporation. However, also according to the Share Valuation Report, assuming that the stock price of the common shares of the Company will become lower than the stock price as of May 8, 2019 (i.e., the record date of the Share Valuation Report), the value of the Class A Preferred Shares is expected to be further lowered.

As described above, the Company admits that there are some factors including below which were not considered in the Share Valuation Report and the Company also admits that Mitsubishi Corporation considers these factors in considering the amount to be paid in the Class A Preferred Shares:

A) It is possible that the stock price of the common shares of the Company as of May 8, 2019 does not fully reflect the impact arising out of Company's press release reporting the capital deficit of the Company as it is possible that the stock price of the common shares of the Company as of May 8, 2019 is based on the substantial expectations for contribution by Mitsubishi Corporation. As the Company announced on May 6, 2019, which is the immediately preceding day that the downward adjustments to the results to reflect the Company's deficit was officially announced, it has been reported that Mitsubishi Corporation and MUFG Bank have decided to jointly make an investment of over 150 billion yen in the Company. Thus, the stock price of the common shares of the Company may not fully reflect the capital deficit of the Company;

B) It is highly likely that the Company will proceed to the statutory liquidation procedure if the Company does not accept the terms and conditions of the Class A Preferred Shares;

C) The proposal was a reasonable method to revitalize the Company as the interest rate of the borrowing proposed along with the Class A Preferred Shares is at a reasonable level in light of the fact that the Company is in capital deficit; and

D) the total amounts to be paid in provides the sufficient liquidity with the Company for its business operation.

As described above, given that the Company needs to conduct the financing in order to end the capital deficit of the Company, resolve the notes on going concern assumption and improve its financial status at an early stage by improving the liquidity, the Company considers that the Third-Party Allotment Method is the best option based on its current situation compared to other common funding options. In addition, the proposal of a third-party allotment from Mitsubishi Corporation was the only one proposal which the Company considers after the

negotiation with multiple potential sponsors. In light of above, the Company believes that the amount to be paid in for the Class A Preferred Shares through the Third-Party Allotment will increase the corporate value and shareholder value and will not be disadvantageous to minority shareholders of the Company.

As described above, while the Company admits the Third-Party Allotment might cause substantial dilution, given the Share Valuation Report and the Company's thought that the number of shares to be issued in the Third-Party Allotment and the scale of dilution is reasonable, the Company considers that the Third-Party Allotment will not be unprofitable for minority shareholders of the Company. As such, the Company concluded that the term of the amount to be paid in is reasonable.

b. Rationale for Determining that the Size of the Potential Share Dilution is Reasonable.

The Class A Preferred Shares to be allotted to Mitsubishi Corporation do not have voting rights at the Company's general meeting of shareholders. However, dilution might occur for existing shareholders if Mitsubishi Corporation exercises the put option attached to the Class A Preferred Shares to convert them to common shares of the Company. If such put option is assumed to be exercised regarding the entire the Class A Preferred Shares where the accumulated unpaid dividends and the accrued unpaid dividends of the Class A Preferred Shares do not exist, the number of the Company's common shares with voting rights would be 700,000,000. As the Company's existing common shares are 260,324,529, accordingly, 269% dilution could potentially occur. The exercise of the put options attached to Class A Preferred Shares, the consideration for which is the common shares of the Company, large dilution is expected to occur.

The purpose of the Third-Party Allotment, is to recover from the Company's capital deficits and remove notes about the Company's ability to continue as an ongoing concern. The Company considers this will lead to the achievement of a solid business and financial base for the entire Company that can realize medium- and long-term growth, and eventually contribute to improving the Company's medium- and long-term corporate value and shareholder value. In addition, the Company believes that establishing a strong transactional relationship with, Mitsubishi Corporation will further stabilize its business base, and contribute to the improvement of the Company's corporate value and shareholder value.

In addition, (i) while the Third-Party Allotment will issue equities at a large scale, such issuance is at a scale that the Company considers necessary to end the Company's capital deficit, (ii) the Third-Party Allotment to Mitsubishi Corporation is considered to be the most appropriate financing method compared to other financing methods, and (iii) the amount to be paid in is considered to be the most favorable terms and conditions for the Company and the



existing shareholders at this point in time in light of the severe financial conditions of the Company, discussions with several potential sponsors over the possibility of support and the result of the discussions and negotiations with Mitsubishi Corporation. Based on these factors, the Third-Party Allotment is the best terms for the Company at this point in time, and, even considering the possible large dilution resulting from the Third-Party Allotment, the Company determines that the scale of dilution and the number of shares of the Third-Party Allotment is rational.

c. Matters Regarding the Procedures of Ethical Actions of a Corporate

Because the Third-Party Allotment will cause dilution at a rate of 25% or more and the conversion of Class A Preferred Shares to common shares in the Company will cause a change in the Company's controlling shareholder, it would be needed to obtain an opinion from an independent third-party or confirm the intent of shareholders in compliance with Rule 432 of the Securities Listing Regulations established by the TSE. Therefore, the Company intends to obtain a shareholders' approval for this Proposal on the Third-Party Allotment by a special resolution at the Ordinary General Meeting of Shareholders.

In addition, in light of the magnitude of the impact on the existing shareholders, the Company appointed Mr. Nobuo Tanaka, a director of the Company, and Mr. Mikio Kobayashi, Mr. Hiroshi Yamaguchi and Ms. Mika Narahashi (There four directors are outside directors who have been notified to the TSE as independent officers of the Company and are members of Audit and Supervisory Committee and directors of the Company who are to a certain extent independent from the manager of the Company), in order to ensure fairness, transparency and objectivity in the decision-making process of the Company. The Company consulted them on the Third-Party Allotment, and received the following opinions as of May 9, 2019: "The Third-Party Allotment is deemed necessary and appropriate, and the Third-Party Allotment shall not necessarily be deemed disadvantageous to minority shareholders of the Company."

(4) Reasons for Selecting Planned Allottee, etc.

a. Outline of Planned Allottee

(1)	Name:	Mitsubishi Corporation
(2)	Address:	3-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo
(3)	Title and Name of Representative:	President and CEO: Takehiko Kakiuchi
(4)	Business:	Sale and production of various products including energy, metals, machinery, chemicals and living essentials products, development of natural resources, infrastructure related

		business, and finance and logistics business		
(5)	Paid in Capital:	204,446,667,326 yen (As of September 30, 2018)		
(6)	Date of Registration:	April 1, 1950 (Date of Establishment: July 1, 1954)		
(7)	Number of Issued Shares:	1,590,076,851shares (As of September 30, 2018)		
(8)	Fiscal Year End:	March		
(9)	Number of Employees:	77,476 (Consolidated) (As of March 31, 2018)		
(10)	Major Customers:	Corporations within and outside Japan		
(11)	Main Banks:	MUFG Bank, Ltd. and Mizuho Bank, Ltd.		
(12)	Major Shareholders and Percentage of Shares:	Japan Trustee Services Bank, Ltd.: 8.89% The Master Trust Bank of Japan, Ltd.: 5.97% Tokio Marine & Nichido Fire Insurance Co., Ltd.: 4.50% (As of September 30, 2018)		
(13)	Relationships between the Company and Planned Allottee:			
	Capital relationship:	Mitsubishi Corporation directly owns 86,931,220 common shares (33.57% of total voting rights) of the Company.		
	Personnel relationship:	Mr. Hiroshi Sakuma, who was an executive officer of Mitsubishi Corporation until March 31, 2019 and is an adviser of Mitsubishi Corporation from April 1, 2019 also serves as a director of the Company.		
	Business relationship:	The Company has transactions with Mitsubishi Corporation with respect to the industrial plant and infrastructure area etc.		
	Status as a related party:	The Company is an equity-method affiliate of the Planned Allottee.		
(14) Operating Results and Financial Status for the Last Three Fiscal Years (Based on IFRS) (Consolidated) (in millions yen, except for special notes):				
Fiscal Year Ended:		March 2017	March 2018	March 2019
Total Equity:		5,789,011	6,265,211	6,636,920
Total Assets:		15,753,557	16,036,989	16,532,800
Equity per Share Attributable to Owners of the Parent		3,101.43	3,362.34	3,589.37

(yen):			
Revenues:	6,425,761	7,567,394	16,103,763
Profit (loss) before Tax:	601,440	812,722	851,813
Profit (loss) for the Year:	480,074	610,416	645,784
Profit (loss) for the Year Attributable to Owners of the Parent:	440,293	560,173	590,737
Profit (loss) for the Year Attributable to Owners of the Parent per Share (yen):	277.79	353.27	372.39
Cash Dividends per Share (yen):	80.00	110.00	125.00

b. Reasons for Selecting Mitsubishi Corporation

Please see above from (1) to (3) for an explanation of why the Company decided to select Mitsubishi Corporation.

c. Mitsubishi Corporation's Policy for Share Holding

While there is no limitation on the exercise period for the put options attached to the Class A Preferred Shares for conversion into common shares of the Company, the Company understands that, at the present moment, Mitsubishi Corporation does not have an intention to exercise the put options immediately and sell the common shares issued to Mitsubishi Corporation through the exercise of the put options. Also, the Company understands that Mitsubishi Corporation intends to assist the Company in achieving its growth and increasing its corporate value with a medium- to long-term perspective.

The Company will obtain a confirmation letter from Mitsubishi Corporation in which Mitsubishi Corporation agrees that: (i) when Mitsubishi Corporation transfers all or part of the Class A Preferred Shares issued by the Company by way of Third-Party Allotment within two years from the payment date, Mitsubishi Corporation will immediately inform the Company of the name and address of the transferee, the number of the Class A Preferred Shares so transferred, the transfer price, the reasons for the transfer and the transaction scheme for the transfer; (ii) the Company will report them to the TSE, and (iii) the reported information will be disclosed to the public. The Company will then submit the confirmation letter to the TSE.

d. Contents Confirmed with respect to the Funds Required for the Payment by Mitsubishi

## Corporation

Based on the amount of the consolidated revenue, total assets, total paid in capital, cash and cash equivalents, and term deposits as stated in the Third Quarterly Securities Report for the third quarter of fiscal year 2018 dated February 14, 2019 (i.e., revenue of 12,188,279 million yen, total assets of 16,807,092 million yen, total capital of 6,480,975 million yen, cash and cash equivalents plus term deposits of 1,522,722 million yen), which is the most recent quarterly report submitted by Mitsubishi Corporation to the Director General of Kanto Local Financial Bureau, the Company considers that there will be no hindrance to the payment of the amount to be paid in for the Third-Party Allotment by Mitsubishi Corporation.

## 2. Terms and Conditions for Issuance of Class A Preferred Shares

- (1) Name of Shares  
Chiyoda Corporation Class A Preferred Shares (the "Class A Preferred Shares")
- (2) Number of Shares Offered for Subscription  
175,000,000 shares
- (3) Amount to be Paid in for Shares Offered for Subscription  
400 yen per share
- (4) Total Amount to be Paid in for Shares Offered for Subscription  
70,000,000,000 yen
- (5) Stated Capital and Capital Reserve to be Increased  
Stated capital: 35,000,000,000 yen (200 yen per share)  
Capital reserve: 35,000,000,000 yen (200 yen per share)
- (6) Payment Date  
July 1, 2019
- (7) Subscription Period  
July 1, 2019
- (8) Method of Issuance  
All Class A Preferred Shares will be allotted to Mitsubishi Corporation by a third party allotment.
- (9) Details of the Class A Preferred Shares  
For the details of the Class A Preferred Shares, please see Proposal 2 "Partial amendments to the Articles of Incorporation (Issuance of Class A Preferred Shares)".

**Proposal 4: Partial amendments to the Articles of Incorporation (Increase in authorized number of shares)**

1. Reasons of proposal

The Company proposes to amend the Articles of Incorporation which has reflected Proposal 2 in order to further increase the total number of common shares and class A shares authorized to be issued under Article 6 of the Articles of Incorporation which enables the Company to issue the common shares upon the exercise of the put options. Increase the total number of common shares and class A shares is subject to the approvals at the Ordinary General Meeting of Shareholders for Proposals 2 and 3, and issuance of the Class A Preferred Shares pursuant to the Third-Party Allotment.

2. Details of amendments to the Articles of Incorporation

The details of the amendments are as follows. The partial amendments to the Articles of Incorporation with respect to Proposal 1 "Partial amendments to the Articles of Incorporation (Convocation of General Meetings of Shareholders and meetings of the Board of Directors, etc.)" are not included in the following.

(Underlined indicates changes.)

Articles of Incorporation after the amendment pursuant to Proposal 2 "Partial amendments to the Articles of Incorporation (Issuance of Class A Preferred Shares)"	Proposed Amendments
<p>Chapter 2 Shares</p> <p>(Total Number of Shares and Total Number of Class Shares Authorized to Be Issued)</p> <p>Article 6</p> <p>The total number of shares authorized to be issued by the Company shall be <u>five hundred seventy million (570,000,000)</u>, and the total number of class shares authorized to be issued by the Company shall be <u>five hundred seventy million (570,000,000)</u> common shares, and one hundred seventy-five million (175,000,000) Class A Preferred Shares.</p>	<p>Chapter 2 Shares</p> <p>(Total Number of Shares and Total Number of Class Shares Authorized to Be Issued)</p> <p>Article 6</p> <p>The total number of shares authorized to be issued by the Company shall be <u>one billion one hundred seventy-five million (1,175,000,000)</u>, and the total number of class shares authorized to be issued by the Company shall be <u>one billion (1,000,000,000)</u> common shares, and one hundred seventy-five million (175,000,000) Class A Preferred Shares.</p>

Article 7 ~ Article 11-9 (omitted)	Article 7 ~ Article 11-9 (Same as written in Proposal 2 "Partial amendments to the Articles of Incorporation (Issuance of Class A Preferred Shares)")
------------------------------------	---

**Proposal 5: Appointment of seven Directors who are not Audit and Supervisory Committee Members**

Terms of office of all nine Directors who are not Audit and Supervisory Committee Members will expire at the closing of this General Meeting of Shareholders.

Therefore, the Company proposes to elect seven Directors who are not Audit and Supervisory Committee Members, a decrease of two Directors from the current board composition, with a view to ensuring strategic and flexible decision-making at the Board of Directors.

This Proposal was deliberated in the Audit and Supervisory Committee, and obtained the opinion that all of the nominees are qualified.

The table below lists the nominees for those positions.

[List of nominees]

Nomination No.	Name		Positions and responsibilities within the Company	Number of years in office as Director (at the closing of this General Meeting of Shareholders)
1	Masaji Santo	Reelection	Representative Director, President & CEO General Manager, Structural Reform Promotion Office	2 years
2	Nobuo Tanaka	Reelection Outside Director Independent Officer	Director	4 years
3	Kazushi Okawa	New nominee		—
4	Koji Tarutani	New nominee	Senior Advisor	—
5	Tsunenori Kazama	New nominee	Strategic Project Development Department, Energy Project Operations Division	—
6	Hiroshi Yamaguchi	New nominee Outside Director Independent Officer	Director, Audit and Supervisory Committee Member	— (Note 1)
7	Aiichiro Matsunaga	New nominee Outside Director		—



- (Notes)
1. The term of office of Mr. Hiroshi Yamaguchi as Director who is Audit and Supervisory Committee Member will be one year at the closing of this General Meeting of Shareholders.
  2. If this proposal is approved, the Board of Directors of the Company will comprise seven Directors who are not Audit and Supervisory Committee Members and three Directors who are Audit and Supervisory Committee Members.

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Masaji Santo (October 21, 1957)	<p>April 1981: Joined Mitsubishi Corporation</p> <p>April 2009: President of Mitsubishi Chile Ltda. (Santiago)</p> <p>April 2012: Senior Vice President of Mitsubishi Corporation President of Mitsubishi Chile Ltda. (Santiago)</p> <p>July 2012: Senior Vice President, Division COO of Environment &amp; Infrastructure Business Division of Mitsubishi Corporation</p> <p>June 2013: Director of the Company (retired in June 2016)</p> <p>July 2013: Senior Vice President, Division COO of Infrastructure Business Division and Division COO of Environmental Business Division of Mitsubishi Corporation</p> <p>April 2015: Senior Vice President, Division COO of Infrastructure Business Division of Mitsubishi Corporation</p> <p>April 2016: Senior Vice President, Regional CEO for Latin America &amp; the Caribbean of Mitsubishi Corporation</p> <p>April 2017: Senior Executive Vice President of the Company</p> <p>June 2017: Representative Director, President &amp; CEO of the Company</p> <p>October 2017: Representative Director, President &amp; CEO and General Manager, Structural Reform Promotion Office of the Company (current position)</p>	37,529
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Masaji Santo is versed in the businesses of the Company and its group companies from having served as Outside Director of the Company for 3 years from June 2013, after having served as President of Mitsubishi Chile Ltda. and Senior Vice President of Mitsubishi Corporation. He has been appointed as Representative Director, President &amp; CEO of the Company in June 2017, and formulated the Company's Revitalization Plan in May this year by leveraging his global work experience and knowledge. We have determined that he is qualified to implement the Plan as a leader and contribute to improving the corporate value of the Company, and have renominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Nobuo Tanaka (March 3, 1950)	<p>April 1973: Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>October 1991: Director of Directorate for Science, Technology and Engineering of Organisation for Economic Co-operation and Development (OECD)</p> <p>June 1995: Director, Industrial Finance Division of Industrial Policy Bureau of Ministry of International Trade and Industry</p> <p>June 1998: Minister of Embassy of Japan in the United States of America, Ministry of Foreign Affairs of Japan</p> <p>June 2000: Vice President of Research Institute of Economy, Trade and Industry</p> <p>January 2002: Director-General, Multilateral Trade System Department of Trade Policy Bureau of Ministry of Economy, Trade and Industry</p> <p>July 2004: Director of Directorate for Science, Technology and Industry of OECD</p> <p>September 2007: Executive Director of International Energy Agency</p> <p>June 2012: Outside Audit &amp; Supervisory Board Member of TEIJIN LIMITED (current position)</p> <p>June 2013: Outside Audit &amp; Supervisory Board Member of INNOTECH CORPORATION (current position)</p> <p>April 2015: President of The Sasakawa Peace Foundation</p> <p>June 2015: Director of the Company (current position)</p> <p>December 2016: Chairman of The Sasakawa Peace Foundation (current position)</p>	0
<p>&lt;Reason for the nomination&gt;</p> <p>Although Mr. Nobuo Tanaka does not have direct experience in corporate management, he has appropriately carried out his duties as Outside Director by drawing on his abundant knowledge in the energy field nurtured through his assignment as Executive Director of the International Energy Agency, and his knowledge in global scale, and we therefore have renominated him as a candidate for Outside Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3*	Kazushi Okawa (May 12, 1956)	<p>April 1980: Joined Mitsubishi Corporation</p> <p>September 2007: Assistant Manager to Plant and Industrial Machinery Division of Mitsubishi Corporation</p> <p>June 2008: Assistant to Corporate Plan Implementation Office of the Company</p> <p>April 2010: Senior Vice President, Division COO of Infrastructure Project Division of Mitsubishi Corporation</p> <p>June 2010: Director of the Company (retired in June 2013)</p> <p>April 2012: Senior Vice President, Division COO of Plant Engineering Division of Mitsubishi Corporation</p> <p>April 2014: Executive Vice President, Group COO of Machinery Group of Mitsubishi Corporation</p> <p>April 2016: Executive Vice President, Group CEO of Machinery Group of Mitsubishi Corporation</p> <p>April 2019: Corporate Advisor of Mitsubishi Corporation (current position)</p>	7,600
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Kazushi Okawa is versed in the businesses of the Company and its group companies from having served as Director of the Company for 3 years from June 2010, after having served as Senior Vice President, Division COO of Plant Engineering Division, Executive Vice President, Group COO and CEO of Machinery Group of Mitsubishi Corporation. We have determined that he is qualified to contribute to improving the corporate value of the Company by leveraging his abundant knowledge and extensive track record in management, and have nominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4*	Koji Tarutani (May 13, 1962)	<p>April 1986: Joined The Mitsubishi Bank, Ltd.</p> <p>December 2012: General Manager of Corporate Business Risk Management Division and General Manager (Special Assignment) of Global Compliance Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2014: General Manager of Credit Examination Office of Internal Audit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2016: General Manager (Special Assignment) of Internal Audit Division of Mitsubishi UFJ Financial Group and General Manager of Credit Examination Office of Internal Audit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>September 2016: General Manager of Legal Division of Mitsubishi UFJ Financial Group and General Manager of Legal Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2019: Joined the Company, Senior Advisor (current position)</p>	0
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Koji Tarutani has served as General Manager (Special Assignment) of Internal Audit Division and General Manager of Legal Division of Mitsubishi UFJ Financial Group, after serving as General Manager of Credit Examination Office of Internal Audit Division and General Manager of Legal Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. We have determined that by leveraging his extensive knowledge in finance and risk management as a director, he is qualified to contribute to the growth of the Company and improving its corporate value, and have nominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5*	Tsunenori Kazama (February 28, 1951)	<p>April 1976: Joined the Company</p> <p>September 2005: Project Manager for RGX6 Team of the Company</p> <p>March 2014: Project Sponsor for Jangkrick FPU Project of the Company</p> <p>September 2016: Project Sponsor for Yamal LNG Project of the Company</p> <p>May 2018: Project Director for Tangguh LNG Project of the Company</p> <p>January 2019: Strategic Project Development Department, Energy Project Operations Division of the Company (current position)</p>	0
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Tsunenori Kazama has overseen various projects of the Company as a leader while having served as Project Sponsor for Jangkrick FPU Project and Yamal LNG Project, and Project Director for Tangguh LNG Project. We have determined that by leveraging his abundant track record in management and execution of projects and his global professional knowledge as a director, he is qualified to contribute to the growth of the Company and improving its corporate value, and have nominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6*	Hiroshi Yamaguchi (February 15, 1951)	<p>April 1975: Joined Tokyo Electric Power Company</p> <p>June 2005: Executive Officer, General Manager of Engineering Department, Electric Power Distribution Division of Tokyo Electric Power Company</p> <p>June 2006: Executive Officer, Deputy General Manager of Electric Power Distribution Division of Tokyo Electric Power Company</p> <p>June 2007: Managing Director, Deputy General Manager of Electric Power Distribution Division of Tokyo Electric Power Company</p> <p>June 2012: Director, Representative Executive Vice President and General Manager of Electric Power Distribution Division of Tokyo Electric Power Company</p> <p>June 2013: Director, Representative Executive Vice President of Tokyo Electric Power Company</p> <p>June 2014: Representative Executive Vice President and Chief Engineer of Tokyo Electric Power Company</p> <p>April 2016: Representative Executive Vice President and Chief Engineer, Safety Management of Tokyo Electric Power Company Holdings, Inc.</p> <p>June 2017: Chairman of the Board of KANTO ELECTRICAL SAFETY INSPECTION ASSOCIATION (current position)</p> <p>May 2018: President of The Institute of Electrical Engineers of Japan (IEEJ)</p> <p>June 2018: Director, Audit and Supervisory Committee Member of the Company (current position)</p>	5,229

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Hiroshi Yamaguchi currently offers appropriate opinions from a neutral and objective point of view as the Outside Audit and Supervisory Committee Member of the Company, leveraging his abundant knowledge of the energy industry and experience of having served as Director, Representative Executive Vice President and General Manager of Electric Power Distribution Division of Tokyo Electric Power Company. Based on these achievements, we have determined to ask him to retire from the position of Director who is Audit and Supervisory Committee Member, and to nominate him as a candidate for Outside Director, with a view that he will leverage his abundant knowledge and experience in the management of the Company.</p>		



No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7*	Aiichiro Matsunaga (March 14, 1963)	<p>April 1986: Joined Mitsubishi Corporation</p> <p>May 2013: General Manager of Power Systems International Dept., New Energy &amp; Power Generation Division of Mitsubishi Corporation</p> <p>April 2014: President of Mitsubishi Corporation do Brasil S.A., Sao Paulo (Concurrently) Deputy Regional CEO of Latin America and the Caribbean of Mitsubishi Corporation</p> <p>April 2017: Senior Vice President of Mitsubishi Corporation, Regional CEO of Latin America and the Caribbean, Sao Paulo (Concurrently) President of Mitsubishi Corporation do Brasil S.A.</p> <p>April 2018: Senior Vice President, Regional CEO of Latin America and the Caribbean of Mitsubishi Corporation (Concurrently) President of Mitsubishi Corporation do Brasil S.A.</p> <p>April 2019: Executive Vice President, Group CEO of Industrial Infrastructure Group of Mitsubishi Corporation (current position)</p>	0
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Aiichiro Matsunaga has, after joining Mitsubishi Corporation, served as General Manager of Power Systems International Dept., New Energy &amp; Power Generation Division of Mitsubishi Corporation, and President of Mitsubishi Corporation do Brasil S.A., thus he is versed in a range of business areas including infrastructure, power generation and new energy. He currently serves as Executive Vice President, Group CEO of Industrial Infrastructure Group of Mitsubishi Corporation. We have nominated him as a candidate for Outside Director as he is expected to adequately perform his duty as Outside Director by leveraging his experience and knowledge in global management in general.</p>			

- (Notes)
1. Asterisks (\*) indicate new nominees for the position of Director who is not Audit and Supervisory Committee Member.
  2. No conflict of interest exists between the Company and the above candidates. Moving forward, we will carefully handle instances individual transactions, when such conflicts may be.
  3. Number of shares of the Company held by each candidate includes ownership interest held through the Directors Holding Association (less than one share being rounded down).

4. Mr. Nobuo Tanaka, Mr. Hiroshi Yamaguchi and Mr. Aiichiro Matsunaga are nominees for Outside Director. The Company has registered Mr. Tanaka and Mr. Yamaguchi with the Tokyo Stock Exchange as independent officers, and intends to continue their designation as independent officers when their election is approved. Mr. Tanaka and Mr. Yamaguchi meet the Independence Standards for Outside Directors set forth by the Company.
5. Mr. Nobuo Tanaka currently serves as an Outside Director of the Company, and his term of office as Outside Director will be four years at the closing of this Ordinary General Meeting of Shareholders.
6. Mr. Hiroshi Yamaguchi currently serves as an Outside Director who is Audit and Supervisory Committee Member of the Company, and his term of office as Outside Director will be one year at the closing of this Ordinary General Meeting of Shareholders. In this Proposal, he is nominated as new candidate for Outside Director who is not Audit and Supervisory Committee Member.
7. The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, has concluded a contract with Mr. Nobuo Tanaka and Mr. Hiroshi Yamaguchi for limitation of liability stipulated in Article 423, Paragraph 1 of the Law. The limitation of liability amount under such contract shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Law, and when the re-election of Mr. Tanaka and Mr. Yamaguchi is approved, the Company intends to continue this contract with them.
8. Subject to the approval on the election of Mr. Tsunenori Kazama and his subsequent appointment as Non-executive Director, the Company is scheduled, pursuant to Article 427, Paragraph 1 of the Companies Act, to conclude a contract with him for limiting his liability stipulated in Article 423, Paragraph 1 of the Law, within the minimum statutory limit of liability stipulated in Article 425, Paragraph 1 of the Law.
9. Subject to the approval on the election of Mr. Aiichiro Matsunaga and his subsequent appointment as Non-executive Director, the Company is scheduled, pursuant to Article 427, Paragraph 1 of the Companies Act, to conclude a contract with him for limiting his liability stipulated in Article 423, Paragraph 1 of the Law, within the minimum statutory limit of liability stipulated in Article 425, Paragraph 1 of the Law.
10.    CEO     Chief Executive Officer  
      COO     Chief Operating Officer

## [Reference] Independence Standards

To achieve appropriate decision making and management oversight by the Board of Directors from a variety of perspectives, the Company appoints Outside Directors from among highly insightful persons who possess an objective and professional perspective (persons who fulfill the requirements set forth in Article 2, Item 15 of the Companies Act). The Company bases the independence of Outside Directors on the factors determining independence set forth by Tokyo Stock Exchange, Inc. and deems an Outside Director to be independent if none of the following items are applicable.

### 1. Major Client or Supplier

- (1) A party for whom the Company is a major client or supplier (Note 1) or an executive thereof
- (2) A party that is the Company's major client or supplier (Note 2) or an executive thereof

### 2. Experts

Consultants, accountants, lawyers and persons affiliated with such organizations who receive annual compensation of 10 million yen or more in cash or other assets from the Company, other than remuneration for directors and audit & supervisory board members

### 3. Major Shareholders

Major shareholders of the Company (a party holding 10% or more direct or indirect voting rights) or an executive thereof

### 4. Donation Recipients

Recipients to whom the Company donates in excess of an annual 10 million yen or an executive thereof

### 5. Historical Requirements

A party to whom any of 1. to 4, above applies in the past 10 years

### 6. Close Relatives

Spouse or relative within second degree of kinship of the following persons

- (1) A party to whom any of 1. to 5, above applies
- (2) A Director, Executive Officer or other core employee of the Company or its subsidiary (Note 3)

7. Any party other than the above in special circumstances that do not allow said party to fulfill duties as an independent Director, including the existence of conflict of interest with the Company

The Company's Board of Directors shall make efforts to nominate as candidates for the position of Independent Director persons who can be expected to contribute to frank, lively and constructive deliberations at the Board of Directors in accordance with these standards.

---

- (Notes) 1. "A party for whom the Company is a major client or supplier" refers to a party who received payment equivalent to 2% of said party's annual consolidated net sales or payment of 100 million yen or more, whichever is the higher of the two, in the most recent fiscal year.
2. "A party that is the Company's major client or supplier" refers to a party whose transactions with the Company were equivalent to 2% or more of the Company's annual consolidated net sales in the most recent fiscal year, or a party who provided loans to the Company equivalent to 2% or more of the Company's consolidated total assets in the most recent fiscal year.
  3. "Core employee" refers to Division Director or superior.