

Investor Presentation



**Financial Results for FY2010 (Full year)
and
Outlook and Business Plan for FY2011**

May 17, 2011

OBAYASHI CORPORATION

Disclaimer

This investor presentation, an English translation of the presentation made at the investor meeting at Obayashi Corporation (Tokyo, Japan) on May 17, 2011 as a digest of Obayashi Corporation's financial report "Summary of the Financial Results for FY2010 ended March 2011" ("Kessan Tanshin") filed at the Tokyo Stock Exchange on May 13, 2011, is presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between Japanese "Kessan Tanshin" and this presentation, Japanese "Kessan Tanshin" will prevail. This investor presentation is not to solicit any individuals or entities to buy or sell stocks of Obayashi Corporation. This investor presentation contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The unit used is 100 million yen or Japanese "oku-en" unless otherwise specified.



We build,
OBAYASHI
toward 2011

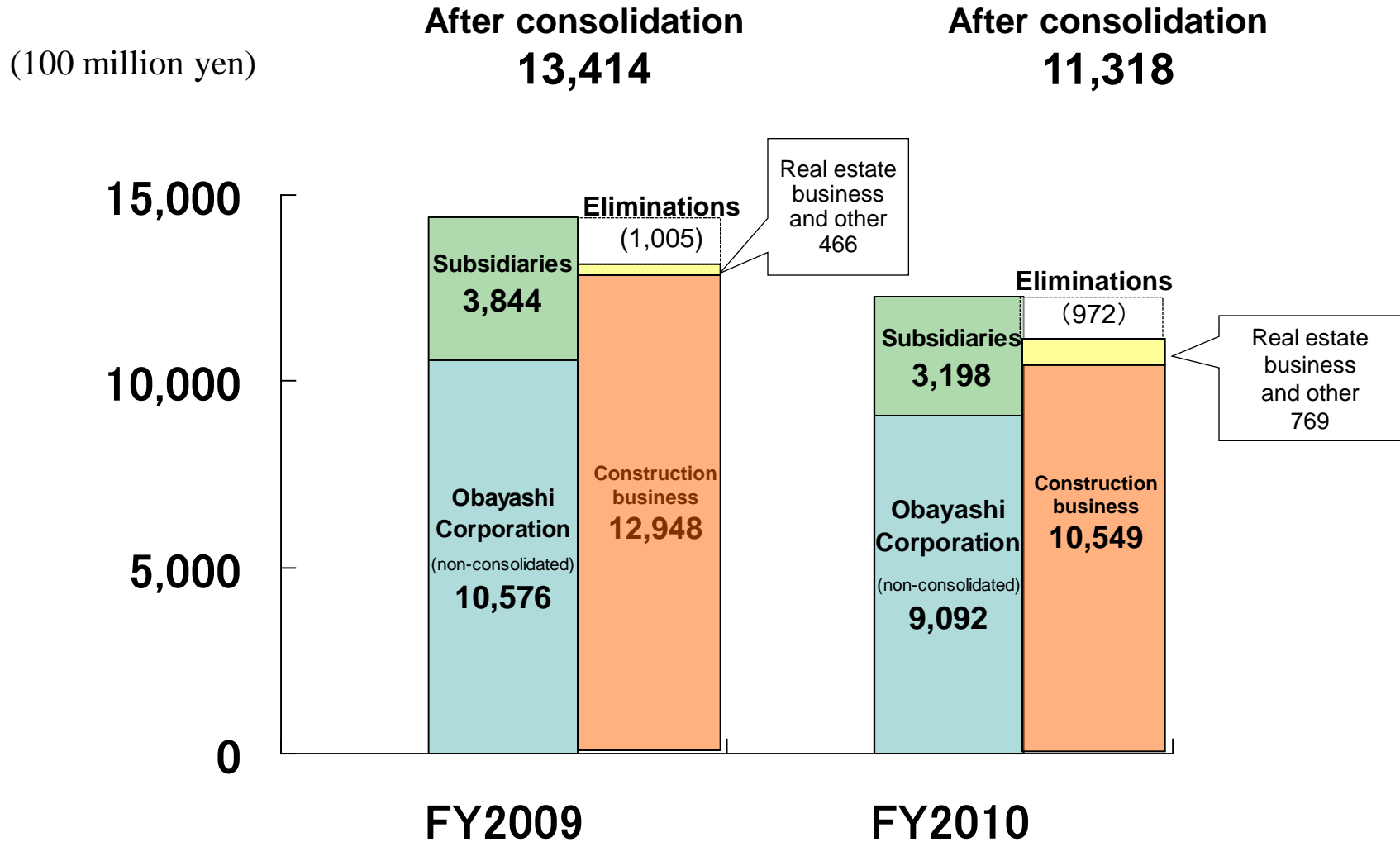
Financial Results for FY2010 and Outlook for FY2011

【Consolidated】 Overview of Financial Results

(100 million yen)

	FY2009	FY2010	Increase (decrease)
Net sales	13,414	11,318	(2,095)
Gross profit	145	997	851
Operating income (loss)	(625)	231	857
Ordinary income (loss)	(596)	222	818
Net income (loss)	(533)	154	687

【Consolidated】 Net Sales



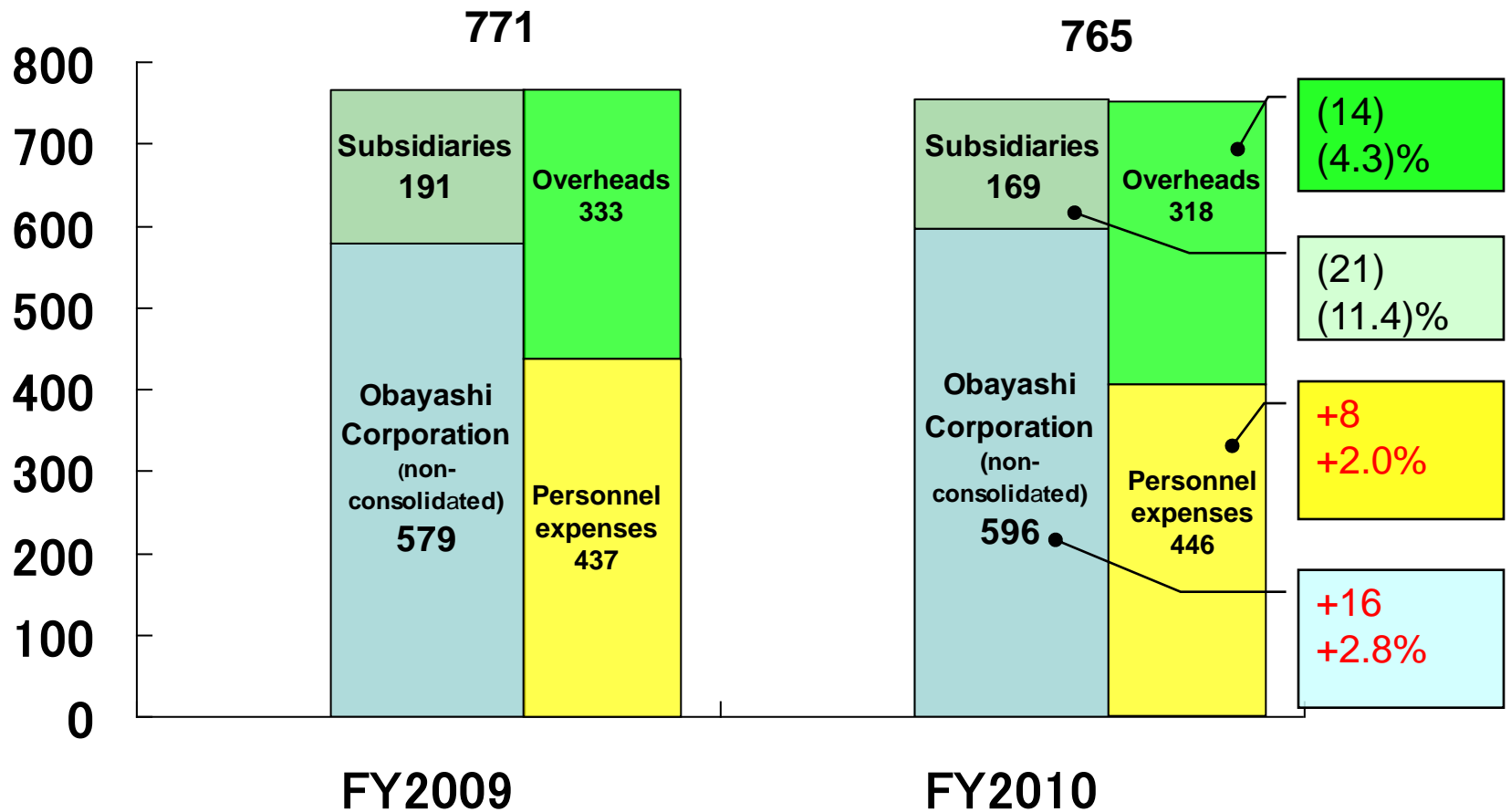
【Consolidated】 Gross Profit

(100 million yen)

	FY2009	FY2010	Increase (decrease)
Obayashi Corporation (non-consolidated)	(121)	794	915
Subsidiaries	265	223	(42)
Elimination of unrealized profit	1	(20)	(21)
Total	145	997	851
Construction business	128	836	708
Real estate business and other	17	160	143
Total	145	997	851

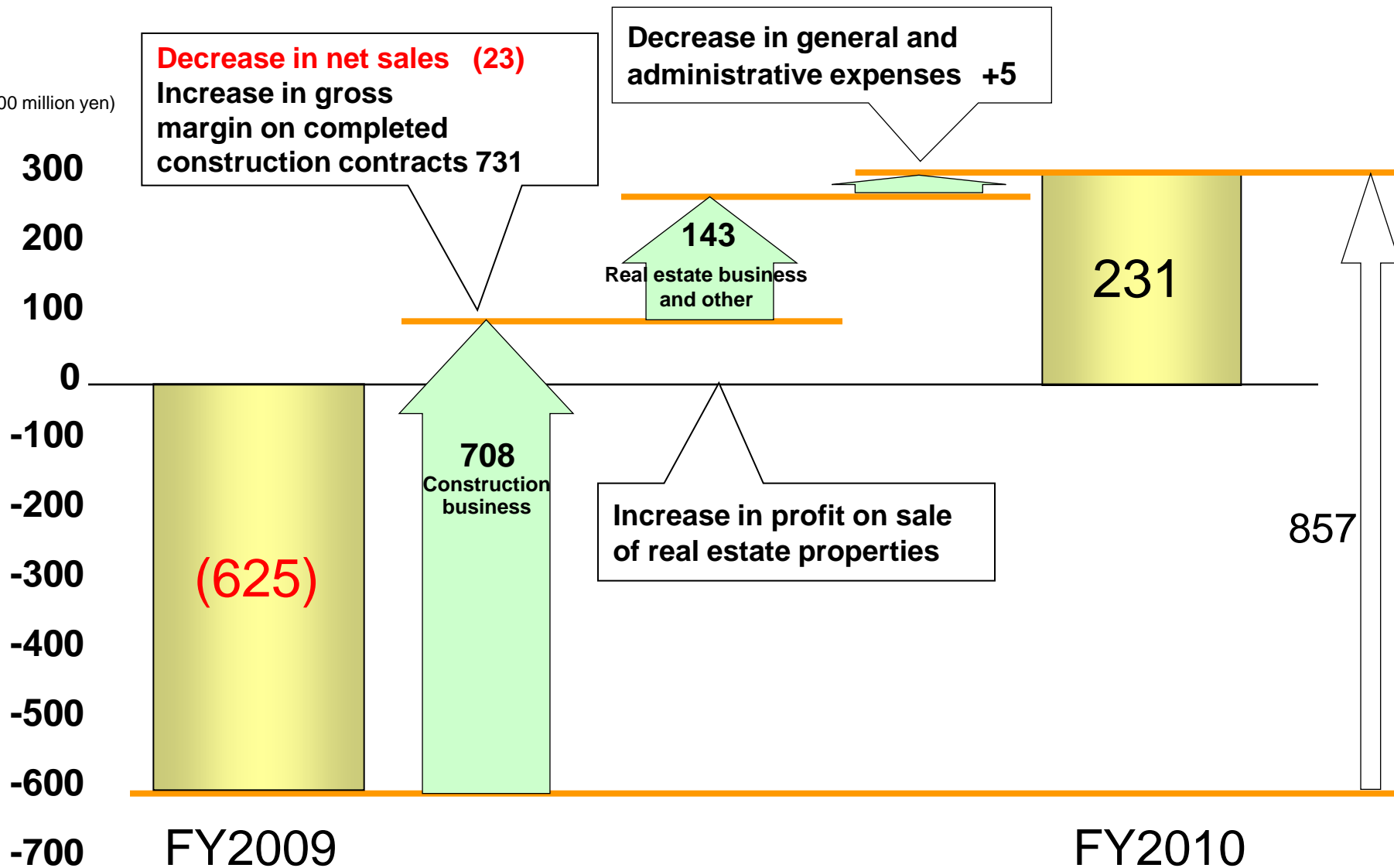
【Consolidated】 General and Administrative Expenses

(100 million yen)



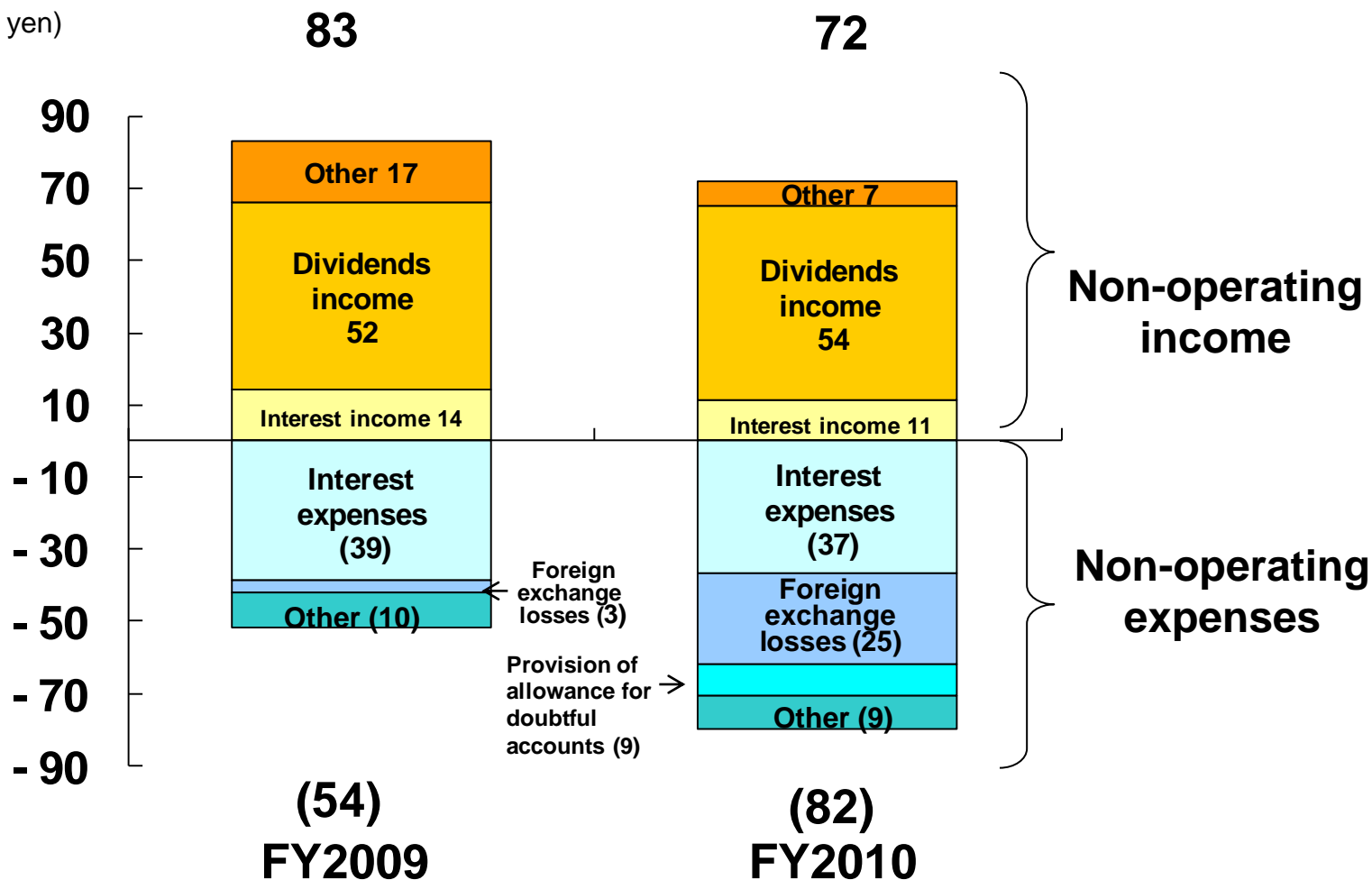
【Consolidated】 Causes of Variance in Operating Income

(100 million yen)



【Consolidated】 Non-operating Income and Expenses

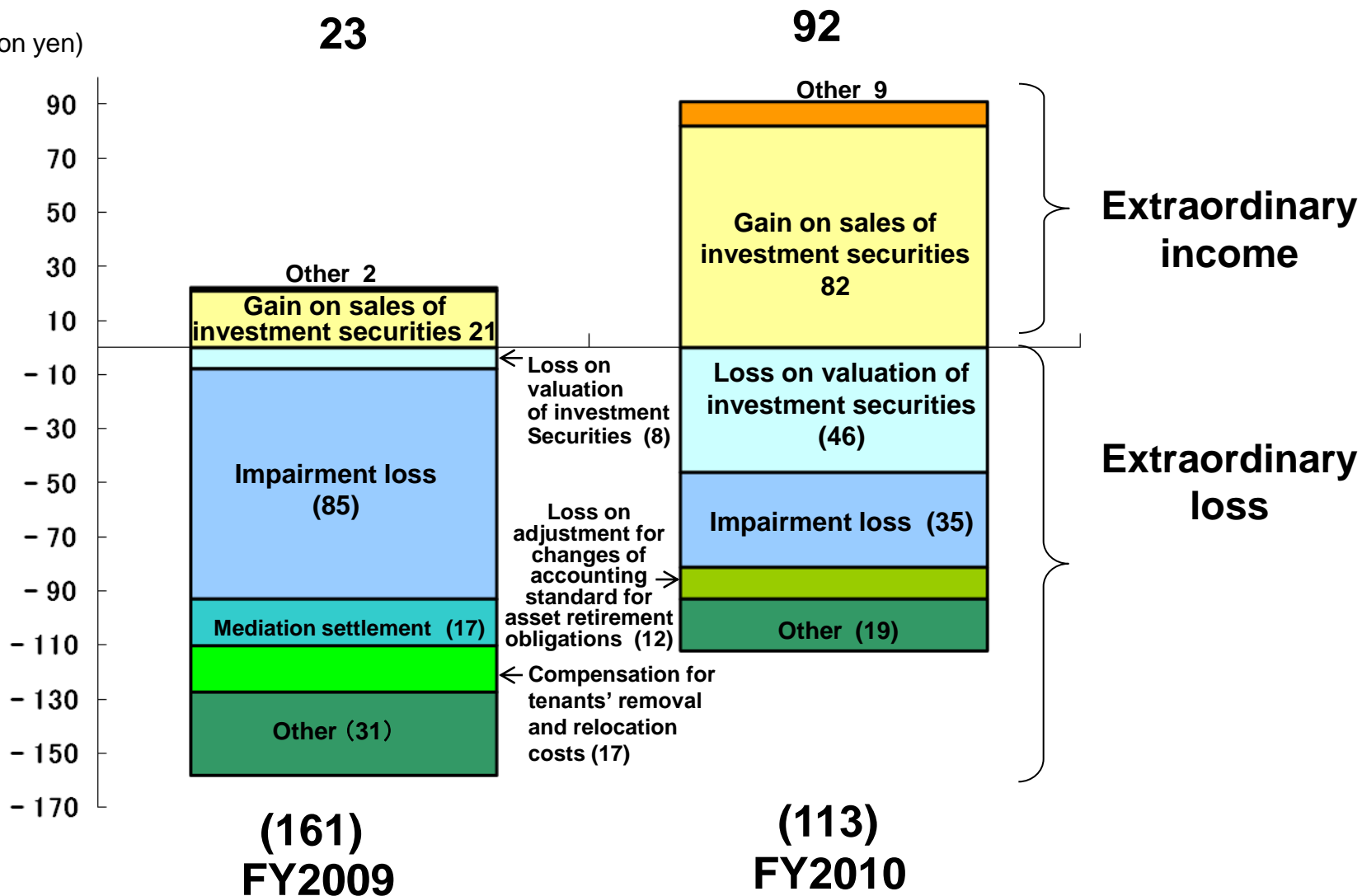
(100 million yen)



Non-operating balance	29	(9)	Variance (38)
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【Consolidated】 Extraordinary Income and Loss

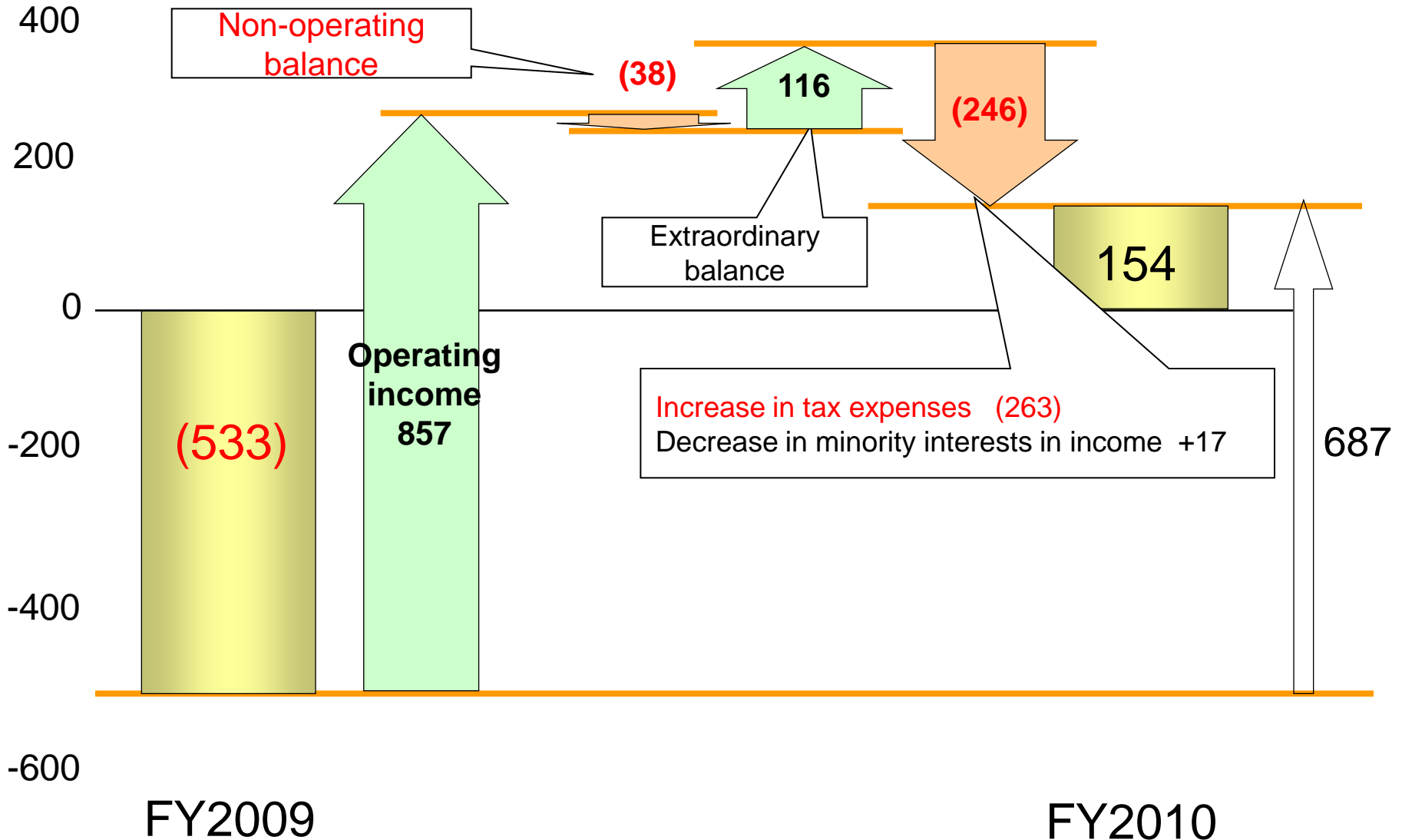
(100 million yen)



Extraordinary balance	(137)	(21)	Variance	116
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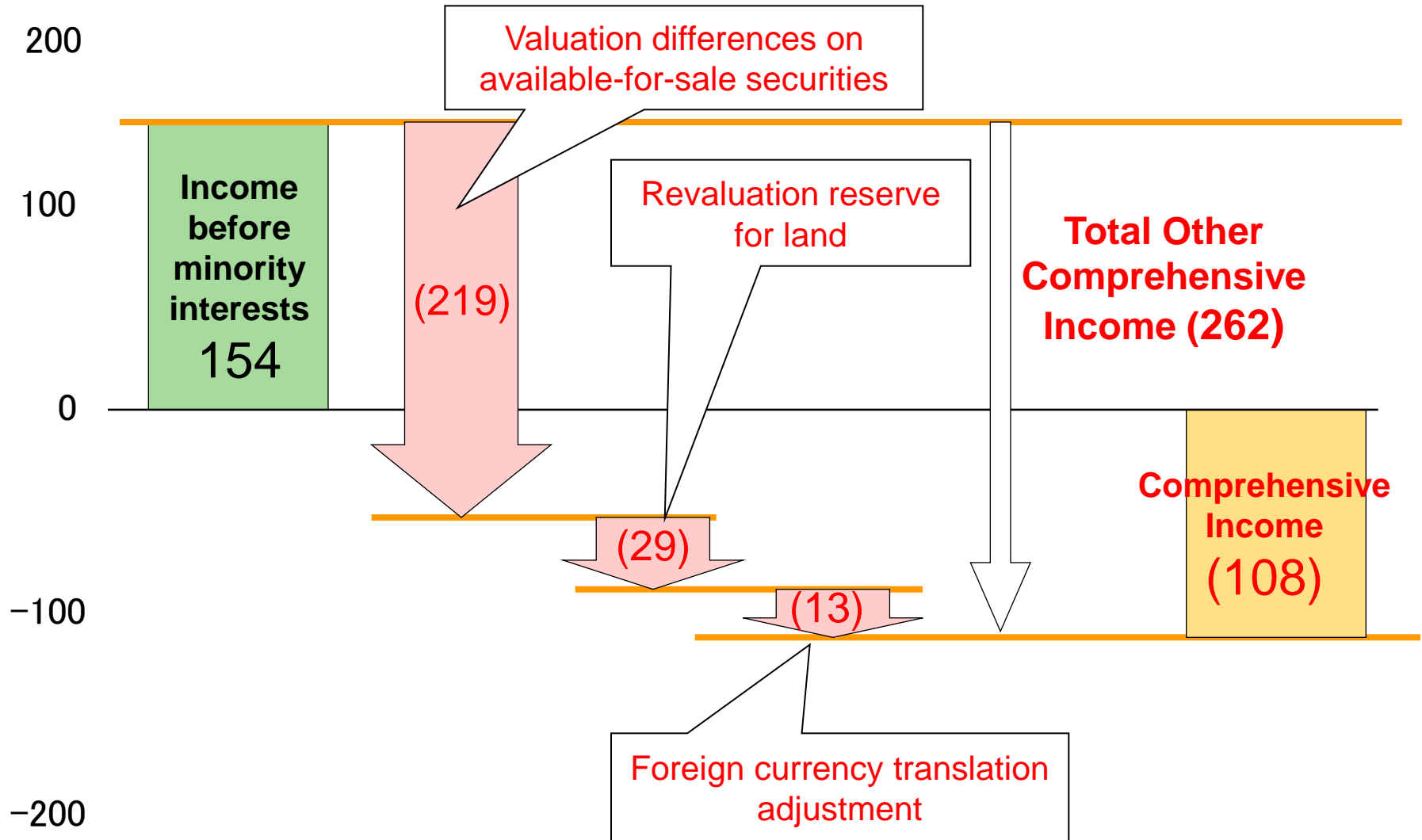
【Consolidated】 Net Income

(100 million yen)



【Consolidated】 Comprehensive Income (FY2010)

(100 million yen)



【Consolidated】 Major Changes in Balance Sheets 1

(100 million yen)

	March 31, 2010	March 31, 2011	Increase (decrease)
Notes receivable, accounts receivable from completed construction contracts and other	4,335	4,163	(171)
Notes payable, accounts payable for construction contracts and other	4,530	4,293	(237)
Costs on uncompleted construction contracts	828	528	(300)
Advances received on uncompleted construction contracts	947	600	(347)

Main reasons for decrease in "Notes receivable, accounts receivable from completed construction contracts and other" and "Notes payable, accounts payable for construction contracts and other" are as follows:
A decrease in works completed during the relevant period resulted in a decrease of approximately 240 billion yen for sales in the construction business.

Main reasons for decrease in "Costs on uncompleted construction contracts" and "Advances received on uncompleted construction contracts" are as follows:
An increase in construction to which percentage-of-completion method is applied caused a decrease in works in progress under completed-contract method.
(Fundamentally, percentage-of-completion method is applied to all construction contracts from April 1, 2009)

【Consolidated】 Major Changes in Balance Sheets 2

(100 million yen)

	March 31, 2010	March 31, 2011	Increase (decrease)
Real estate for sale	549	247	(301)
Buildings and structures	662	799	137
Land	2,407	2,669	261

Main reasons for decrease in “real estate for sale” and increase in “buildings and structures” and “land” are as follows:

- (1) Some of the real estate for sale were transferred to noncurrent assets (land, buildings) for changing the purpose of holding them.
- (2) Land & buildings for rent (office buildings) were acquired.
- (3) A new main building “Techno-Station” and new laboratory facility “Open Lab-1” in our Technology Research Institute were completed . (Completed in September 2010)

【Consolidated】 Major Changes in Balance Sheets 3

(100 million yen)

	March 31, 2010	March 31, 2011	Increase (decrease)
Investment securities	2,965	2,511	(453)

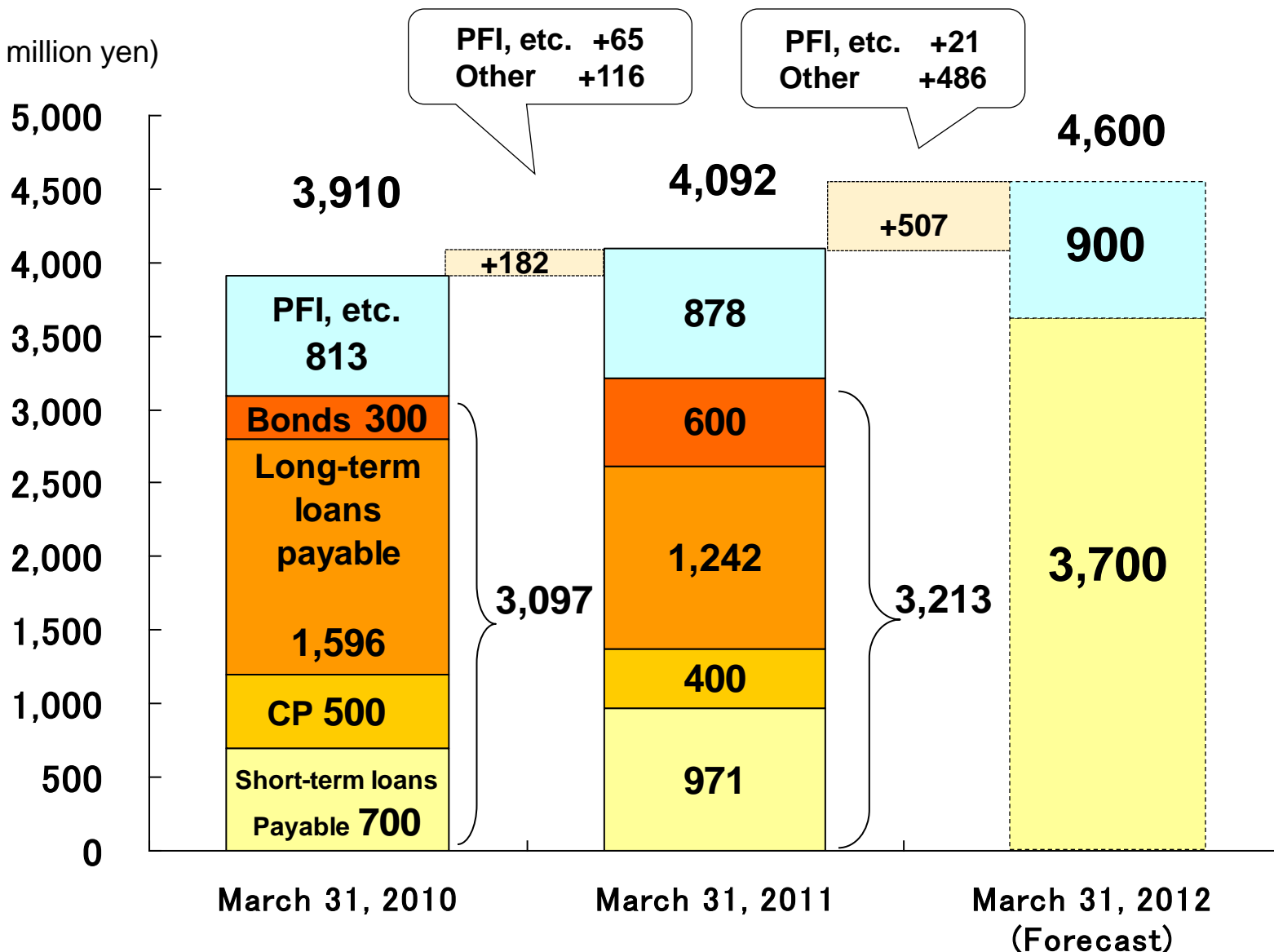
- Main reasons for decrease in “investment securities”
 - Decrease in valuation gain by 28.7 billion yen (non-consolidated)
 - Decrease due to disposal by 12.2 billion yen (non-consolidated)
 - Decrease due to valuation loss by 4.6 billion yen (non-consolidated)

The Nikkei Stock Average

End of March 2010: 11,089 yen → End of March 2011: 9,755 yen

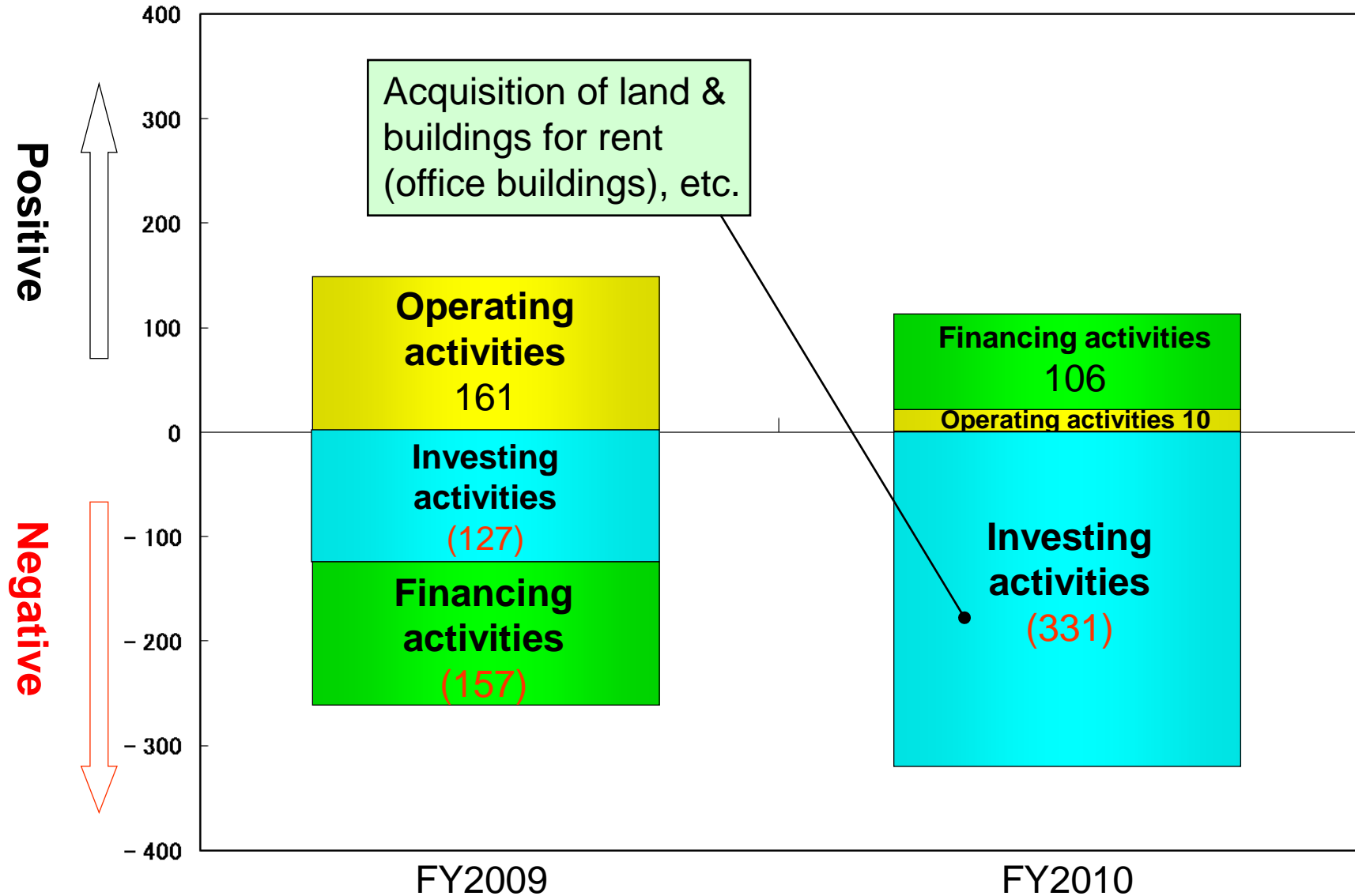
【Consolidated】 Transition of Interest-bearing Liabilities

(100 million yen)



【Consolidated】 Cash Flows

(100 million yen)

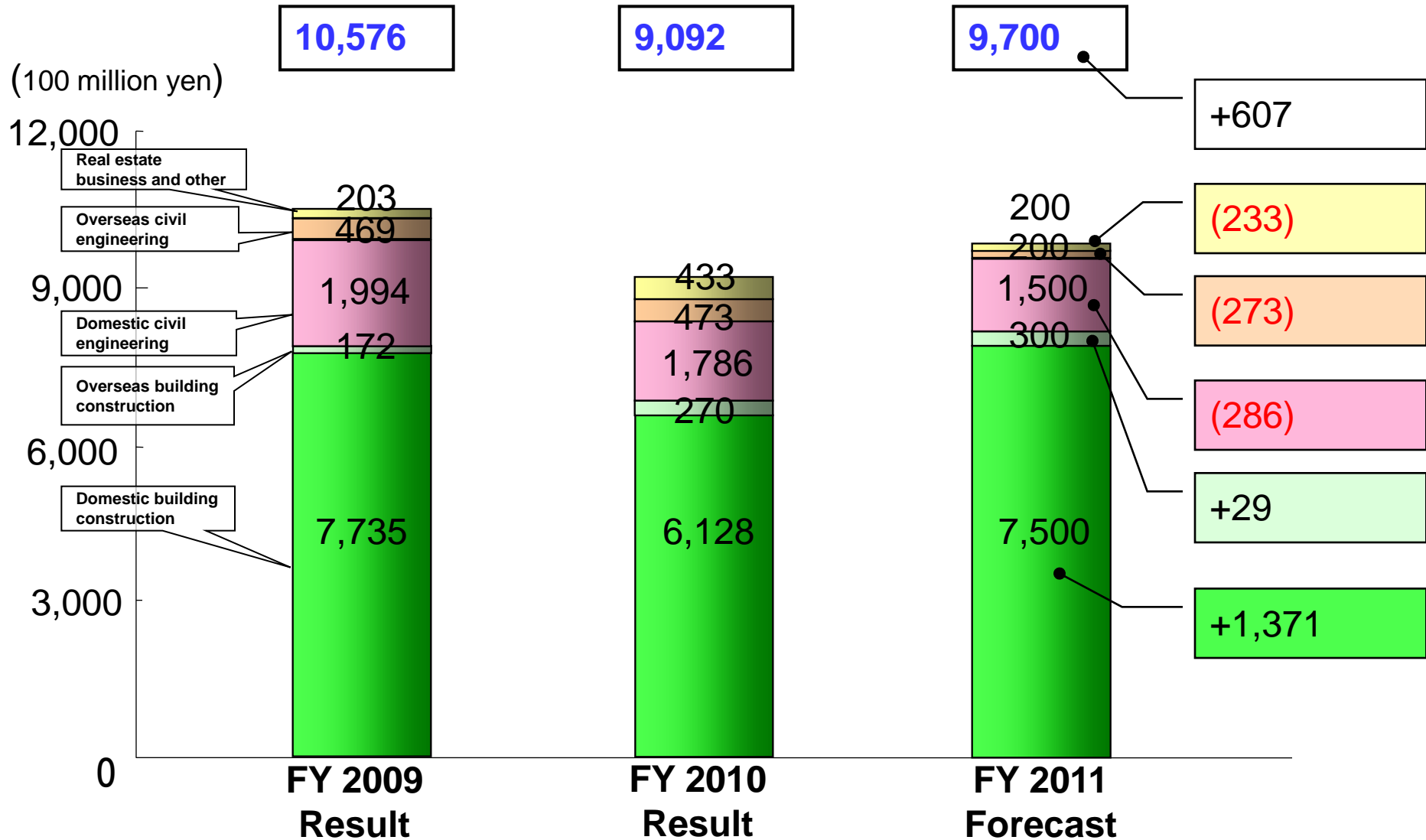


【Consolidated】 Forecast for FY2011

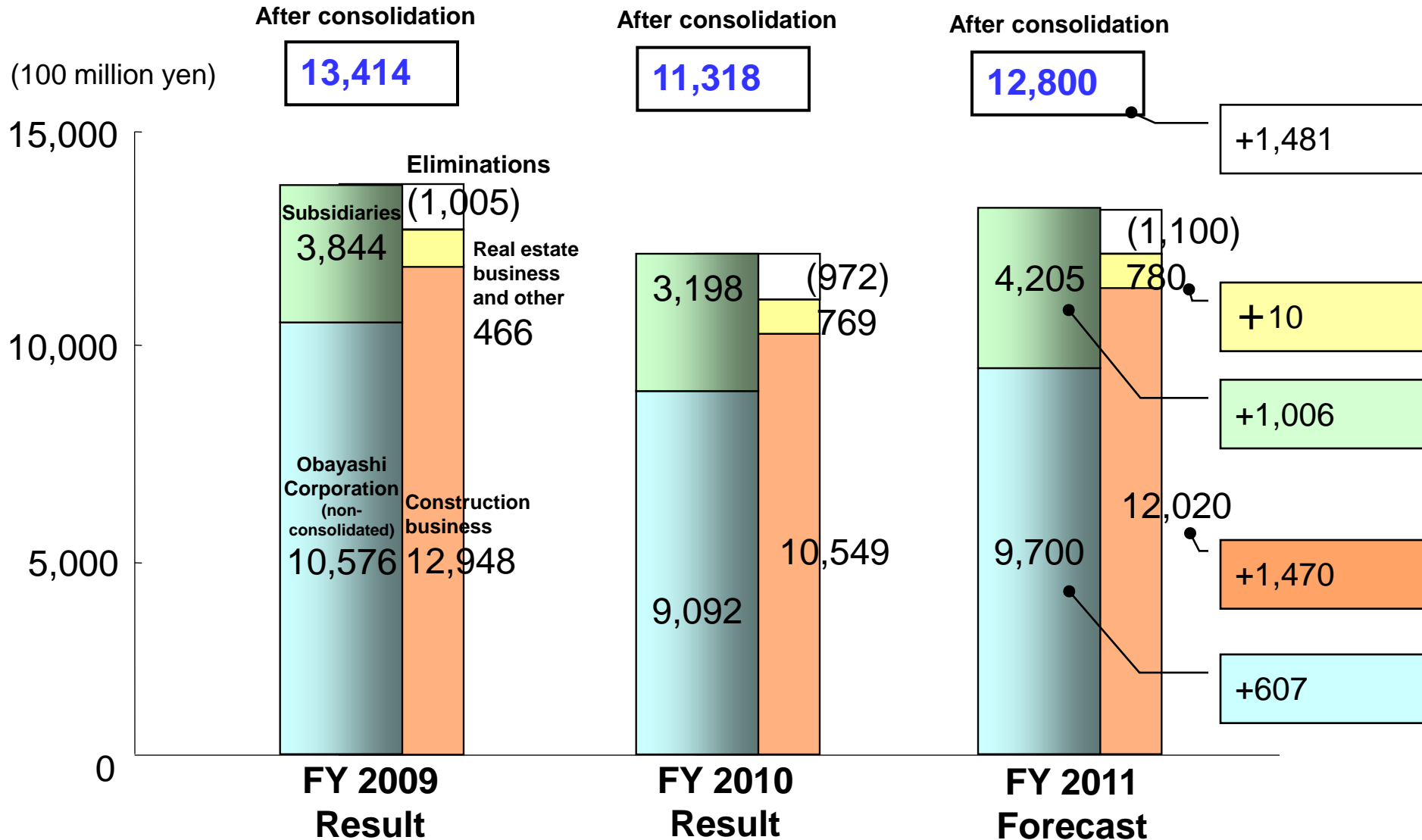
(100 million yen)

	FY2010	FY2011 Forecast	Increase (decrease)
Net sales	11,318	12,800	1,481
Gross profit	997	1,100	102
Operating income	231	310	78
Ordinary income	222	340	117
Net income	154	200	45

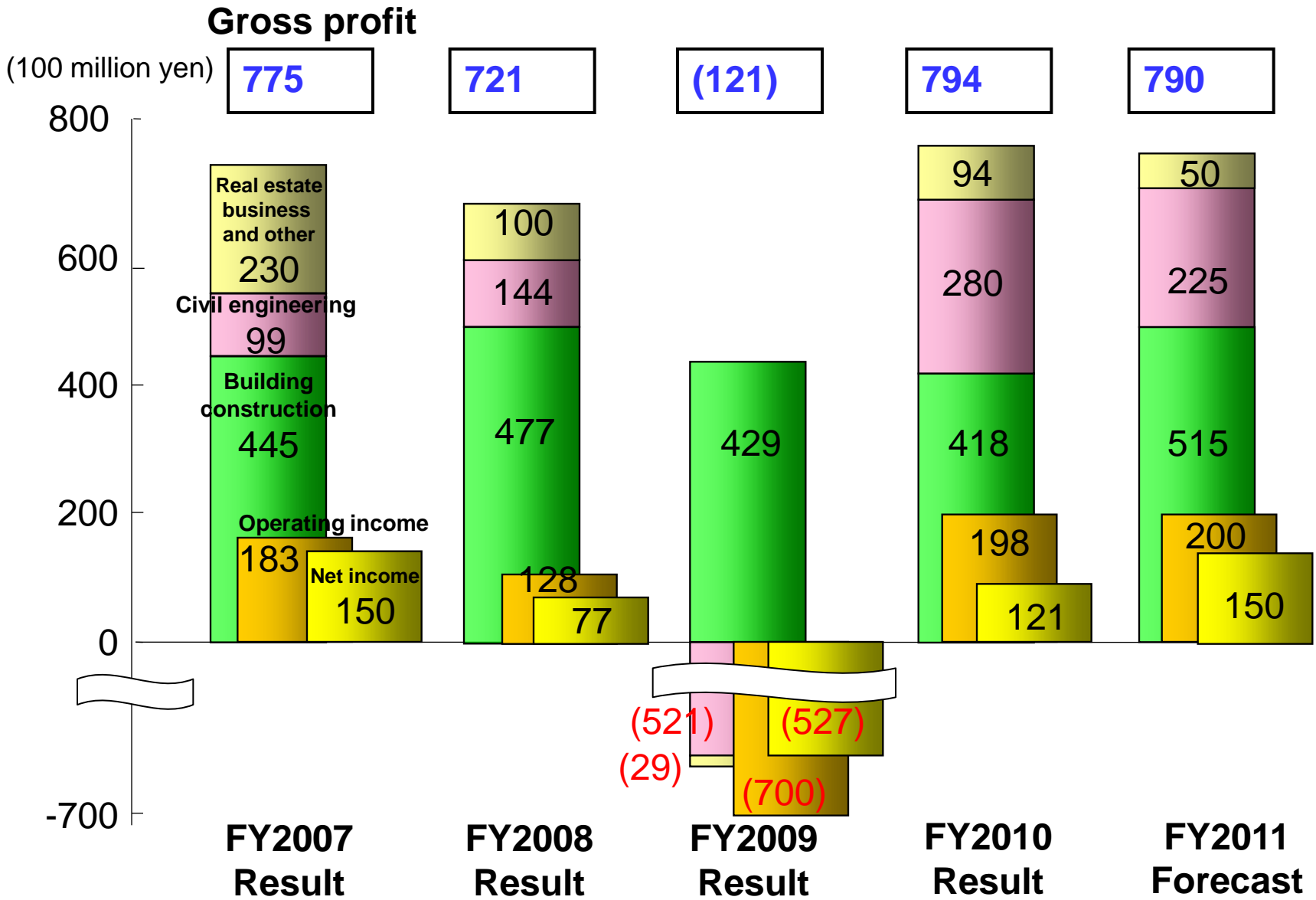
【Non-consolidated】 Forecast for Net Sales



【Consolidated】 Forecast for Net Sales



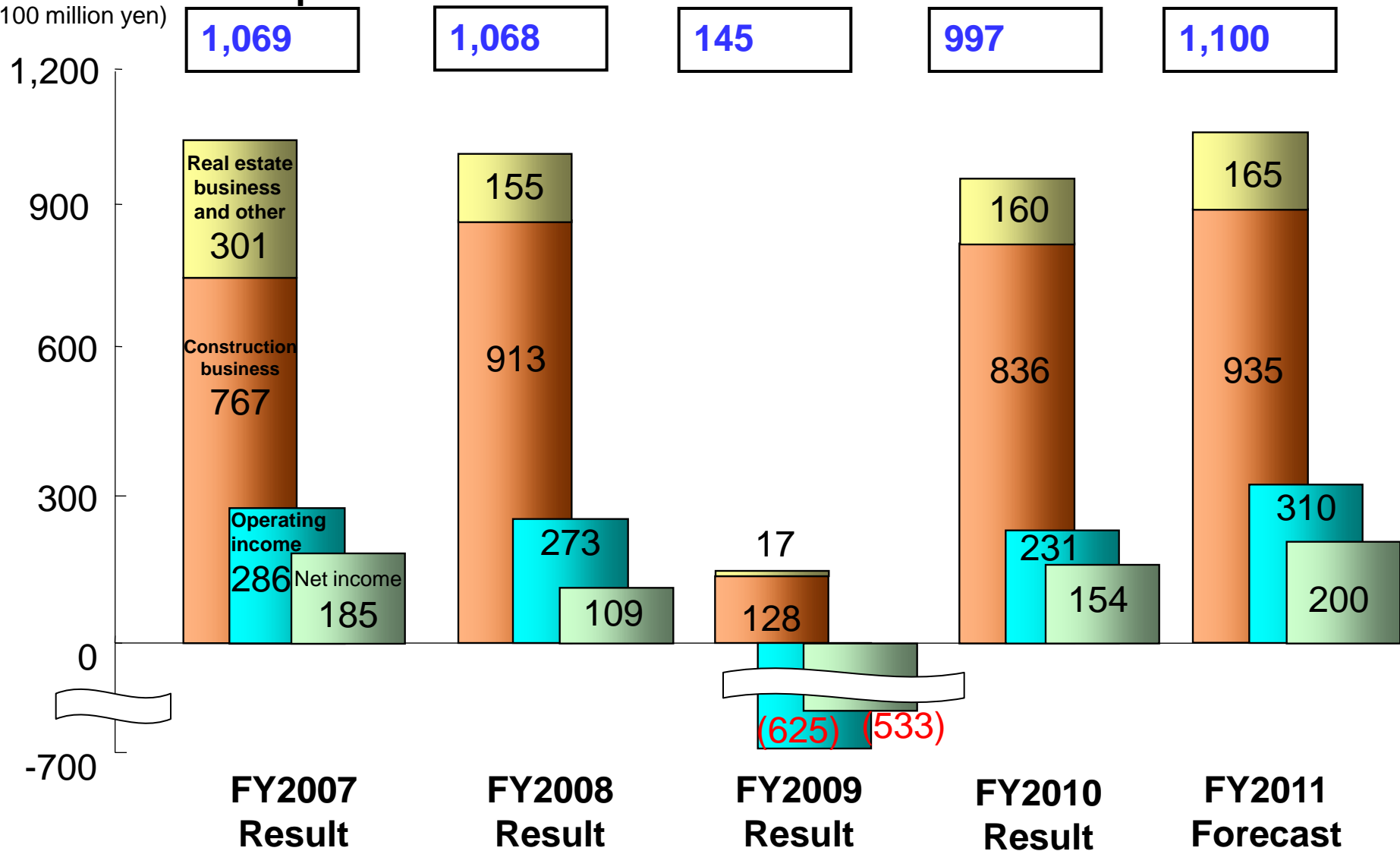
【Non-consolidated】 Forecast for Gross Profit, Operating Income and Net Income



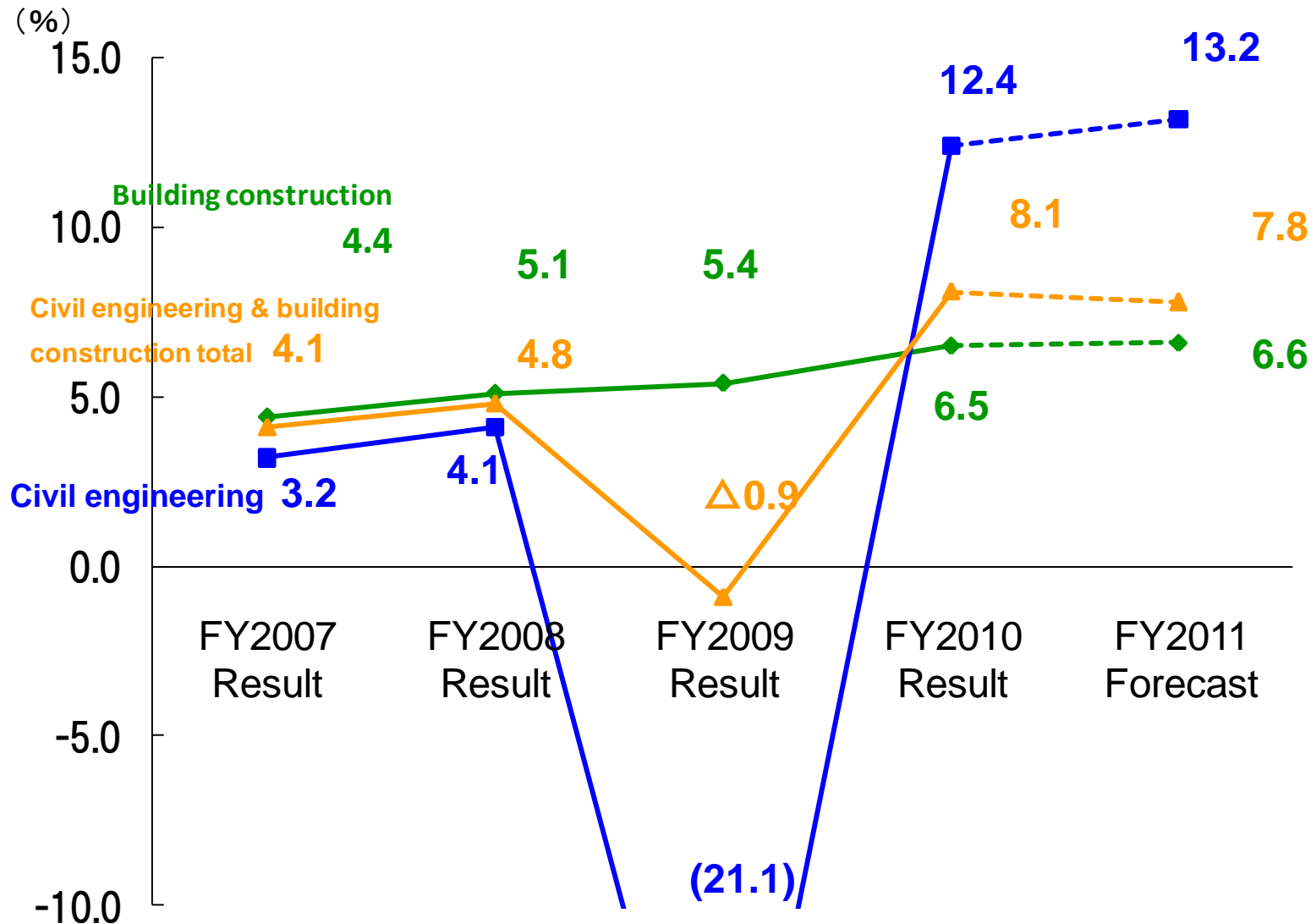
【Consolidated】 Forecast for Gross Profit, Operating Income and Net Income

Gross profit

(100 million yen)

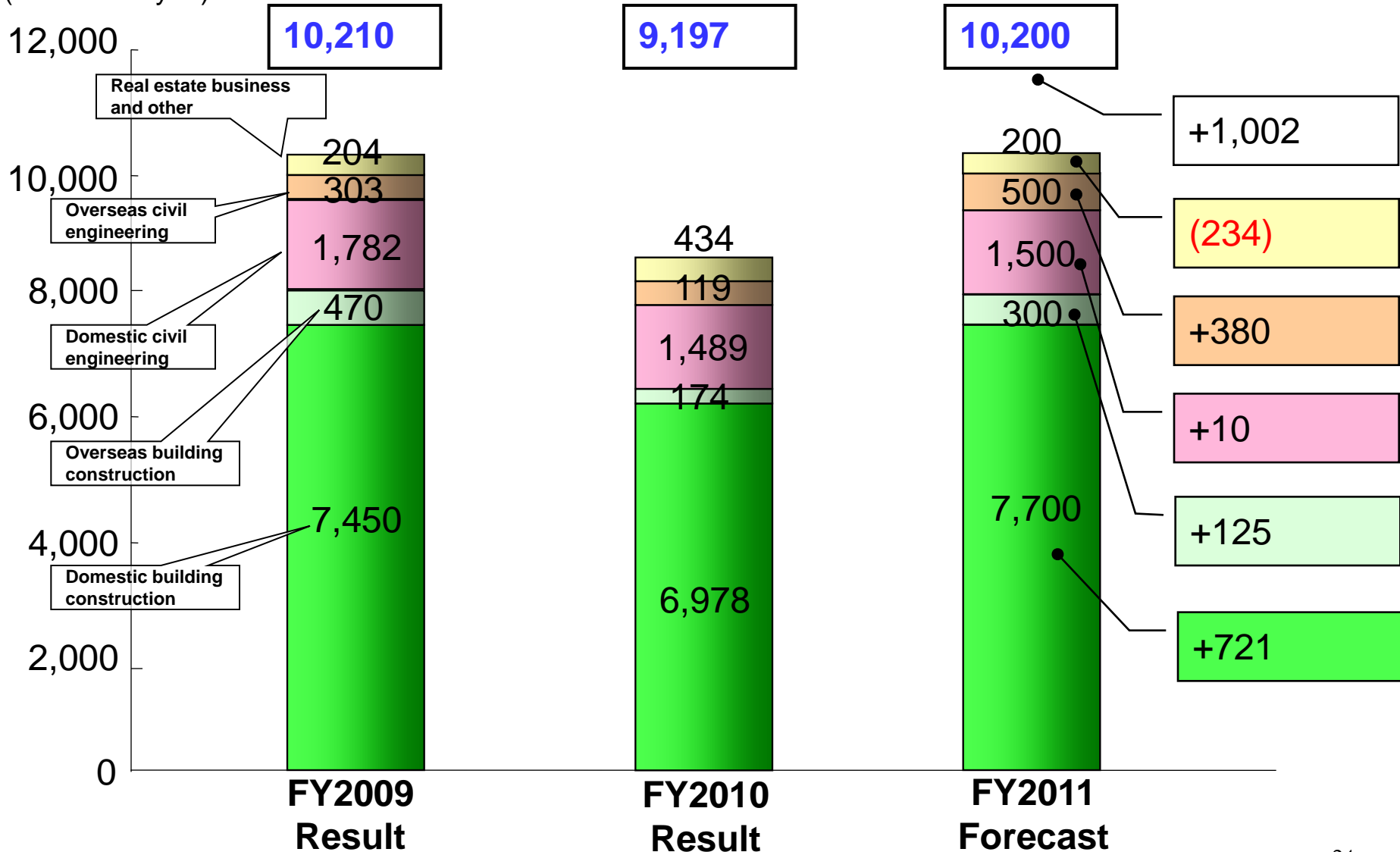


【Non-consolidated】 Transitions of Gross Margin on Completed Construction Contracts

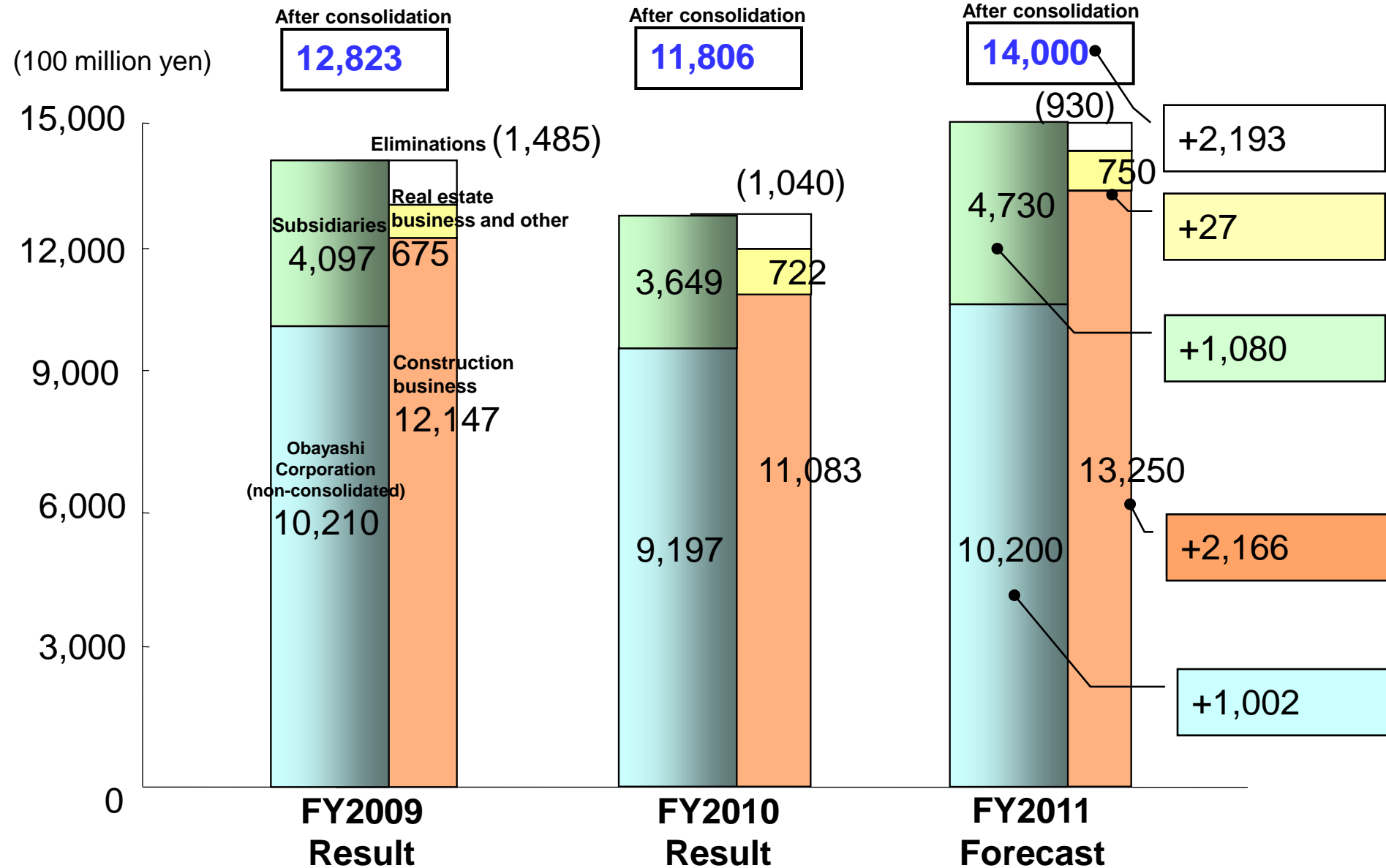


【Non-consolidated】 Forecast for Orders Received

(100 million yen)



【Consolidated】 Forecast for Orders Received





私たちが、つくります。

We build.
OBAYASHI
toward 2011

Business Plan by Segment

1 Obayashi Corporate Vision and Values

Who we want to be

Leading company that is “kind” to the Earth and environment

- 1 Exercise true craftsmanship and employ superior technologies to make every space as valuable as it can be.
- 2 Show concern for the global environment and contribute solutions to social challenges like a good corporate citizen should.
- 3 Value everyone we come in contact with in our business

Our approach to CSR

Engagement (with clients)

Global (contribution to the Earth and society)

Amenity and Associate (to and among employees)

Open (communication with stakeholders)

Five action commitments

- 1 Comply with the law and conduct sensibly
- 2 Practice fair and free competition
- 3 Maintain sound relationships with stakeholders
- 4 Completely avoid involvement with any organized criminal elements
- 5 Keep transparency through proper disclosure of information

What we believe in

Shows fundamental values to be practiced

Corporate message:

“Toward a Brighter Future” “Shaping the Times with Care”

2 Construction Business

Contribution to recovery from earthquake

<Social responsibility of the construction industry>

- ◇ Form close partnerships with related government agencies and respond to our full capability

Trend of public civil engineering

- ◇ Execution of disaster response budget (budget amendment)
- ◇ Cancellation/delay of planned projects

Trend of private non-residential buildings

- ◇ Increase consciousness towards disasters
Earthquake-resistance reinforcement, tsunami measures (sea walls, levees, etc.)
- ◇ Transfer of production centers (decentralization of centers, shift overseas)
- ◇ Effect of delay in recovery of supply chain, etc.

© Domestic construction investment forecast

Published by Research Institute of Construction and Economy. Apr 26, 2011.

	FY2008 Prospect	FY2009 Prospect ①	FY2010			FY2011			trillion yen Prospect before earthquake (2011.1)	
			Prospect ②	year-on- year	increase/de- crease rate	Prospect ③	year-on- year	increase/de- crease rate	2011 Prospect i	variance ③-i
				②-①			③-②			
Construction Investment	47.65	42.17	39.03	-3.14	-7.4%	42.25	3.22	8.3%	40.21	2.04
Private construction investment	31.44	25.27	24.92	-0.35	-1.4%	25.59	0.67	2.7%	26.92	-1.33
Private residential	16.39	13.70	13.83	0.13	0.9%	14.42	0.59	4.3%	14.67	-0.25
Private non-residential building construction	9.99	7.76	7.10	-0.66	-8.5%	7.04	-0.06	-0.8%	8.08	-1.04
Private civil engineering	5.06	3.81	3.99	0.18	4.7%	4.13	0.14	3.5%	4.17	-0.04
Public construction investment	16.21	16.90	14.11	-2.79	-16.5%	16.66	2.55	18.1%	13.29	3.37
Public building construction	2.06	2.33	2.01	-0.32	-13.7%	2.04	0.03	1.5%	1.61	0.43
Public civil engineering	14.15	14.57	12.10	-2.47	-17.0%	14.62	2.52	20.8%	11.68	2.94

3 Building Construction Business

(100 million yen)

**FY2011
Order Target**

	Consolidated			Non-consolidated		
	FY2010 Result	FY2011 Forecast	year-on-year	FY2010 Result	FY2011 Forecast	year-on-year
Domestic	7,338	8,150	+811	6,978	7,700	+721
Overseas	1,507	2,100	+592	174	300	+125
Building construction total	8,845	10,250	+1,404	7,153	8,000	+846

Ensure “amount” of domestic orders received

- ◆ Continue policy of “not accepting loss-making orders without a scenario for recovery of profit”
- ◇ Strengthen sales in the Tokyo metropolitan region
- ◇ Plans/proposals which anticipate diversifying client needs

Focus on promising markets with growth potential

- ◇ Earthquake-resistance reinforcement, renovation fields such as energy-saving reforms
- ◇ Fields related to medicine, pharmaceuticals and welfare; environment-related fields

Response to corporate globalization

- ◇ Further enhancement of targeting Japanese manufacturing industry overseas and foreign global companies

4 Civil Engineering Business

(100 million yen)

**FY2011
Order Target**

	Consolidated			Non-consolidated		
	FY2010 Result	FY2011 Forecast	year-on-year	FY2010 Result	FY2011 Forecast	year-on-year
Domestic	2,117	2,200	+82	1,489	1,500	+10
Overseas	119	800	+680	119	500	+380
Civil engineering total	2,237	3,000	+762	1,609	2,000	+390

Adapt to changing domestic business environment

- ◇ Shrinking market scale ⇒ Deployment of personnel; actions for new businesses
- ◆ **Focus on “maintenance/renovation of infrastructure”, which will be a major market in the future**
 - ... Repair of roads and bridges while in use, which requires a high-level of expertise
- ◇ Focus on decontamination of soil and energy-related projects

Extensive involvement in overseas projects

- ◆ **Acquired Canada’s Kenaidan Group** to strengthen North American business
- ◇ Participate in large-scale infrastructure development projects in Asia, the Middle East, Oceania and etc.

© Construction record of Kenaidan Group Ltd.

The R.C. Harris Water Treatment Plant supplies approximately 44% of Toronto's drinking water. The Kenaidan Group supervised construction of the underground filtering plant which is affiliated with the water treatment plant.



Construction of the Richmond Speed Skating Oval within the venue for the 2010 Vancouver Winter Olympics. The Kenaidan Group supervised foundation construction and concrete works.

5 Real Estate Business

FY2011 Sales Target

(100 million yen)

	FY2009 Result	FY2010 Result	year-on- year	FY2011 Forecast	year-on-year
Obayashi Corporation	119	* 363	+243	100	-263
Obayashi Real Estate Corporation	83	100	+16	89	-10
Seiwa Real Estate Co., Ltd.	-	-	-	200	+200
Total of 3 major companies	203	463	+259	389	-74
Consolidated net sales	219	476	+257	400	-76

* In FY2010, Obayashi Corporation recorded net sales which were larger than normal years due to recording the sales of large properties.

Increase profit from real estate business

◆ **Make Seiwa Real Estate Co., Ltd. a full subsidiary;** strengthen the real estate business

< Business performance of Seiwa Real Estate Co., Ltd. >

Annual net sales : Approximately 20 billion

Breakdown of business : Sale in lots (75%), rent (15%) and Others (10%)

⇒ Collaborate among Obayashi Corporation, Obayashi Real Estate Corporation and Seiwa Real Estate Co., Ltd. and **enhance the stable income base of the real estate business with a focus on the rental business.**

6 R&D and ICT-related Technology

Use of technology development and ICT that **are consistent with “client needs”**

- ◇ Developed “**Eco-Navi® (renewal construction version)**”, a total energy-saving evaluation system designed for building renovation
- ◇ Developed high-durability and high-strength “**Sea-water mixing/sea-sand concrete**” which best suits construction in coastal regions
- ◇ Extensive Involvement in realization of “low carbon society”
 - ☆ Low-carbon construction
 - ☆ Development/spread of low-carbon technology and materials
- ◇ Promote the utilization of ICT to contribute to increased productivity

Focus on environment

Natural light is used at the main building of our Technology Research Institute, Techno-Station

Selected as an Outstanding Case Example for the Energy-Saving Light Design Award (sponsored by the Ministry of the Environment)



Actions for social contribution through our core business

For client needs



Cooperated with Rokkatei Confectionery Co., LTD. and municipal entities to contribute to the creation of regional cultural facilities
~Project with a long history of 20 years~

Received the Architectural Institute of Japan Award

7 Dividends

Basic policies regarding profit distribution (No changes)

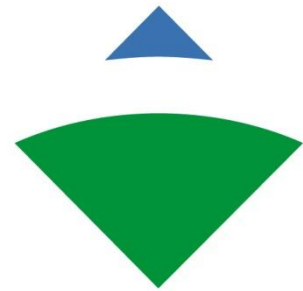
- ◎ Give priority to sustaining stable dividend payouts over the long term
- ◎ Retain earnings in order to further strengthen our financial standing and to invest in technology development and facilities for the future



A consolidated dividend payout ratio in the range of 20% to 30% will be used as a guide for returning profit to shareholders

Dividends for FY2011e will be 8 yen per share (forecast)

*Year-end dividends for FY2010 are scheduled at 4 yen



OBAYASHI