

Investor Presentation



Financial Results for 2Q/FY2010 (cumulative) and Outlook for Full FY2010

November 11, 2010

OBAYASHI CORPORATION

Disclaimer

This investor presentation, an English translation of the presentation made at the investor meeting at Obayashi Corporation (Tokyo, Japan) on November 11, 2010 as a digest of Obayashi Corporation's news release "Summary of the 2nd Quarter (cumulative) Financial Results for FY2010 ending March 2011" ("Kessan Tanshin") announced at the Tokyo Stock Exchange on November 9, 2010, 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

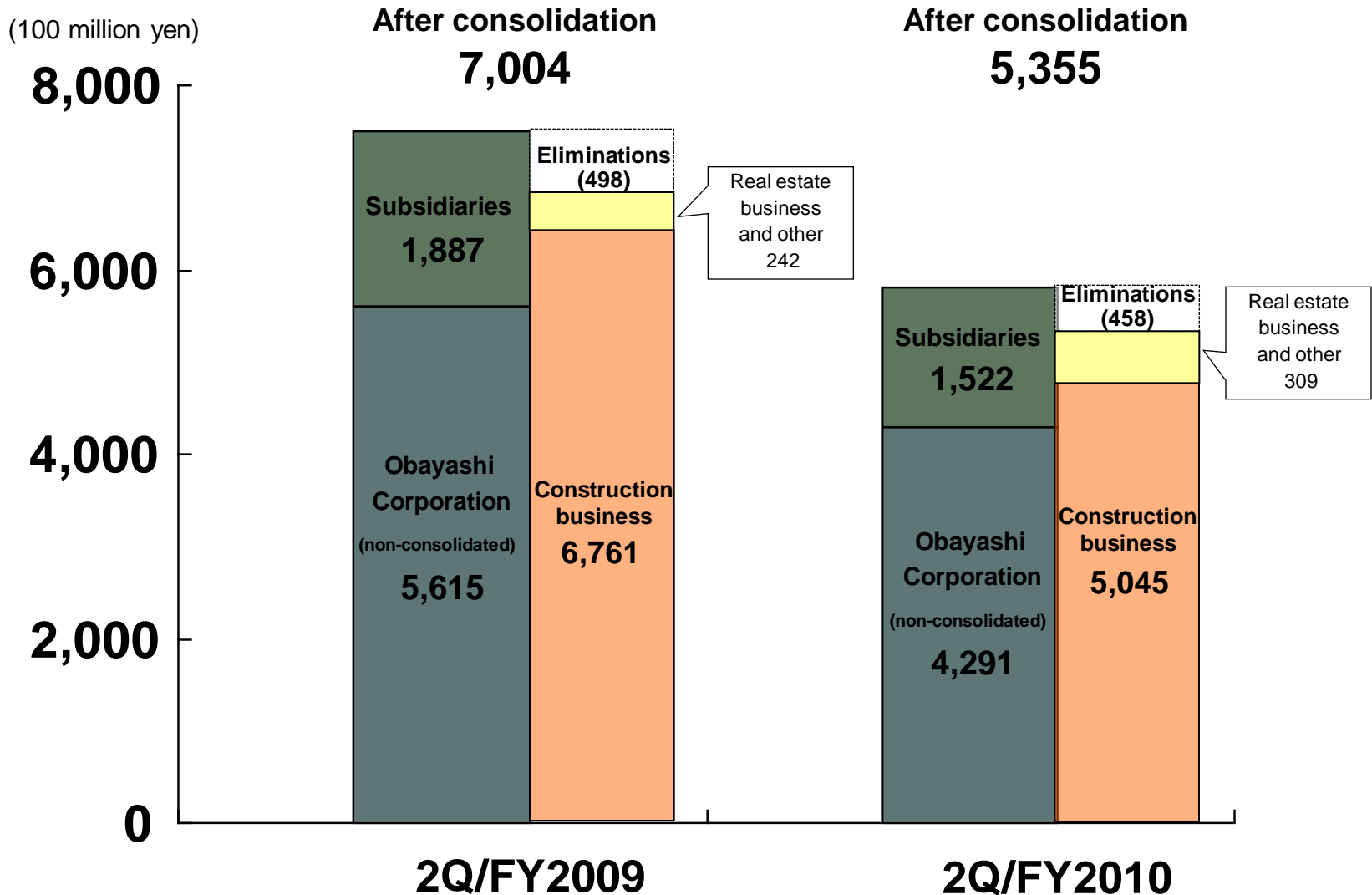
Financial Results for 2Q/FY2010 (Cumulative)

(Consolidated) Overview of Financial Results

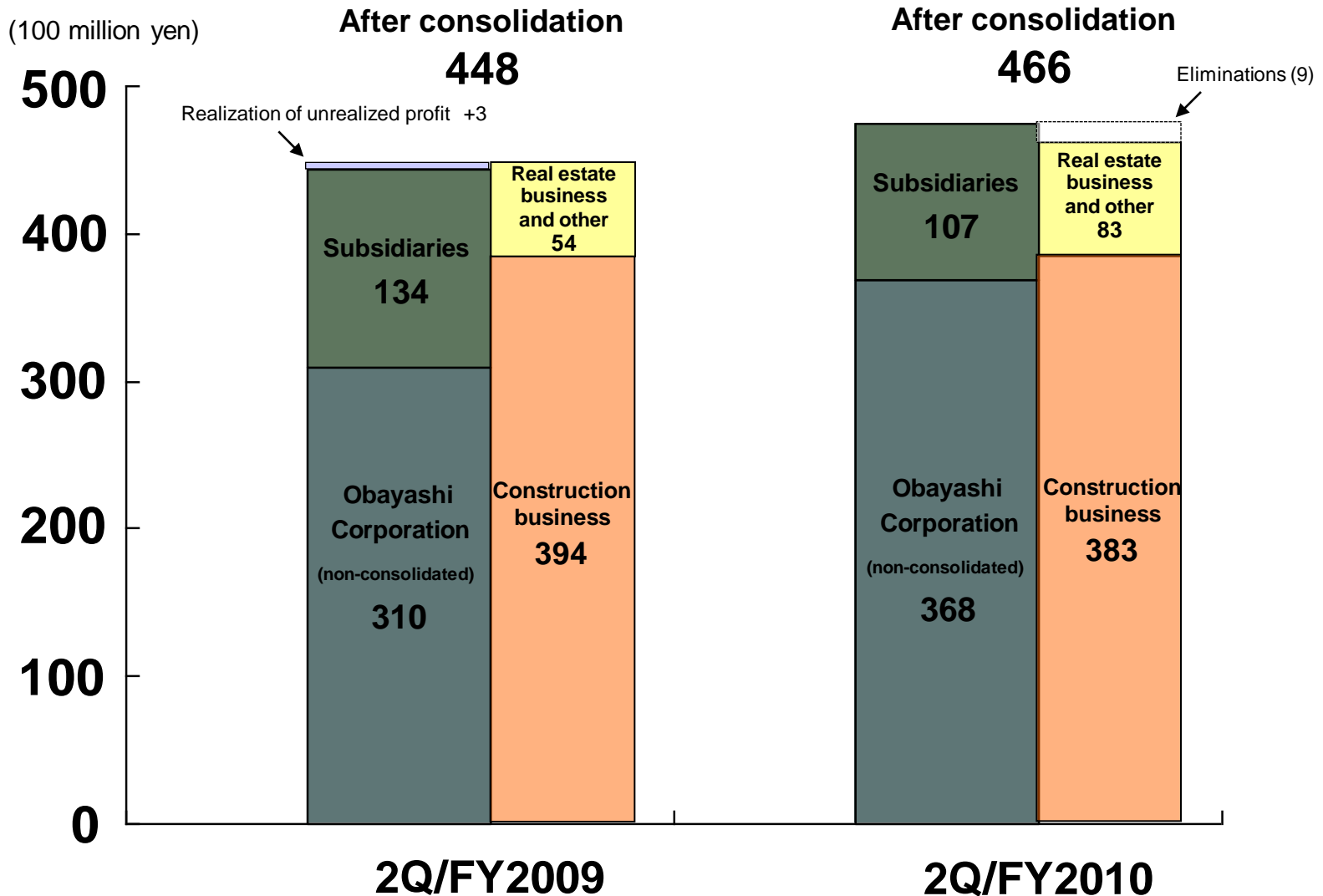
(100 million yen)

	2Q/FY2009	2Q/FY2010	Increase (decrease)
Net sales	7,004	5,355	(1,648)
Gross profit	448	466	17
Operating income	58	82	24
Ordinary income	76	74	(2)
Net income	16	49	33

(Consolidated) Net Sales

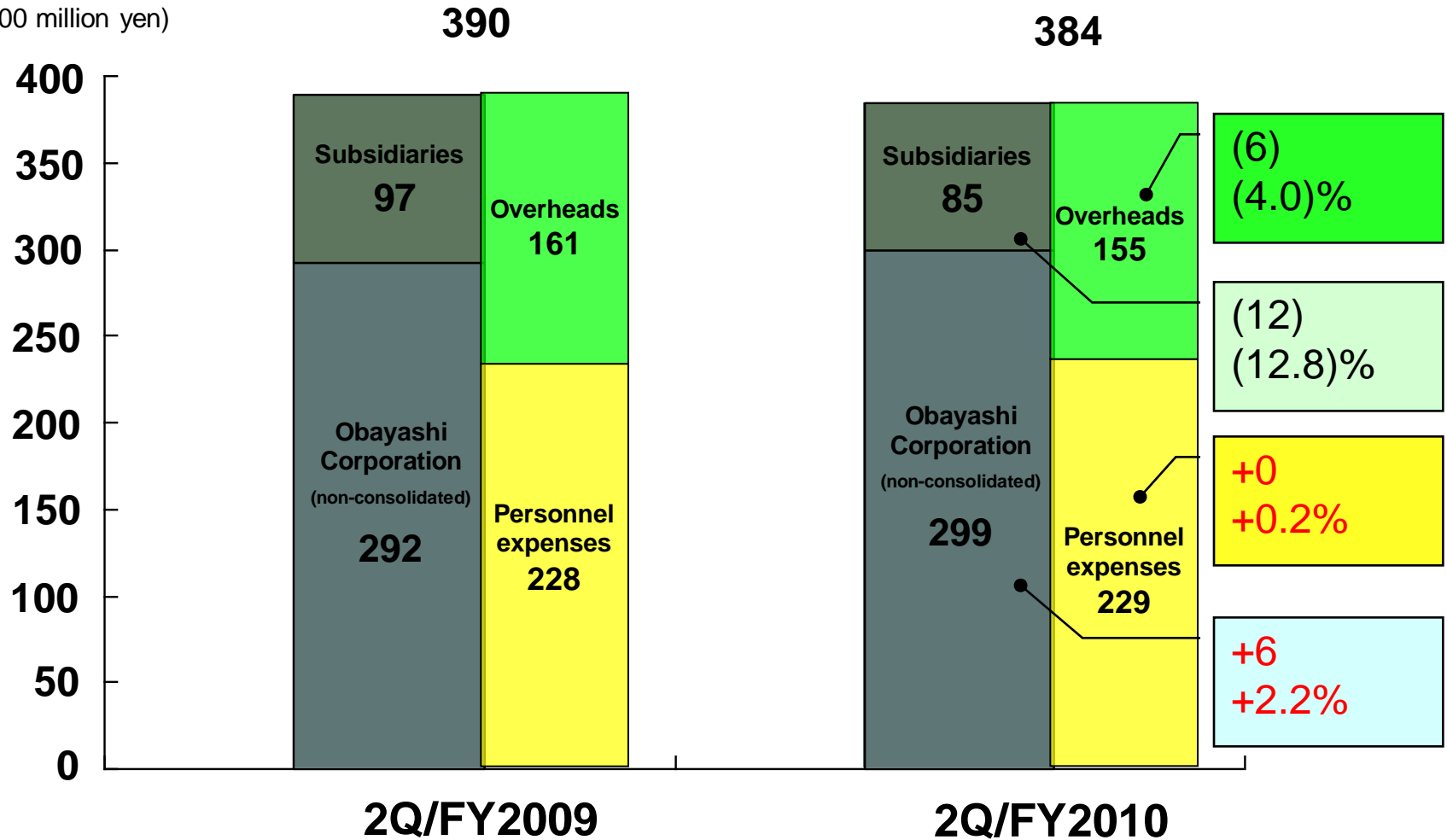


(Consolidated) Gross Profit

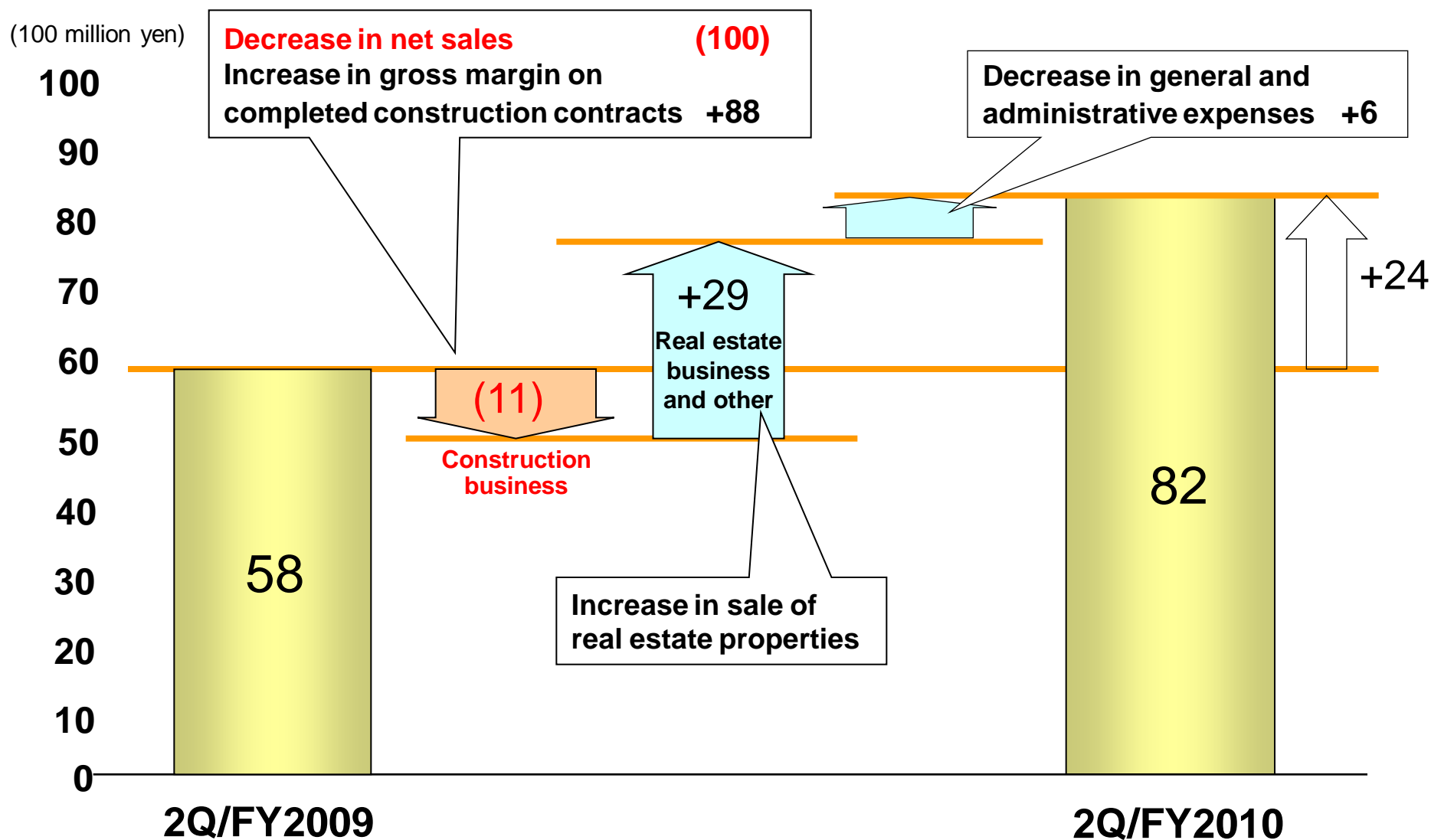


(Consolidated) General and Administrative Expenses

(100 million yen)

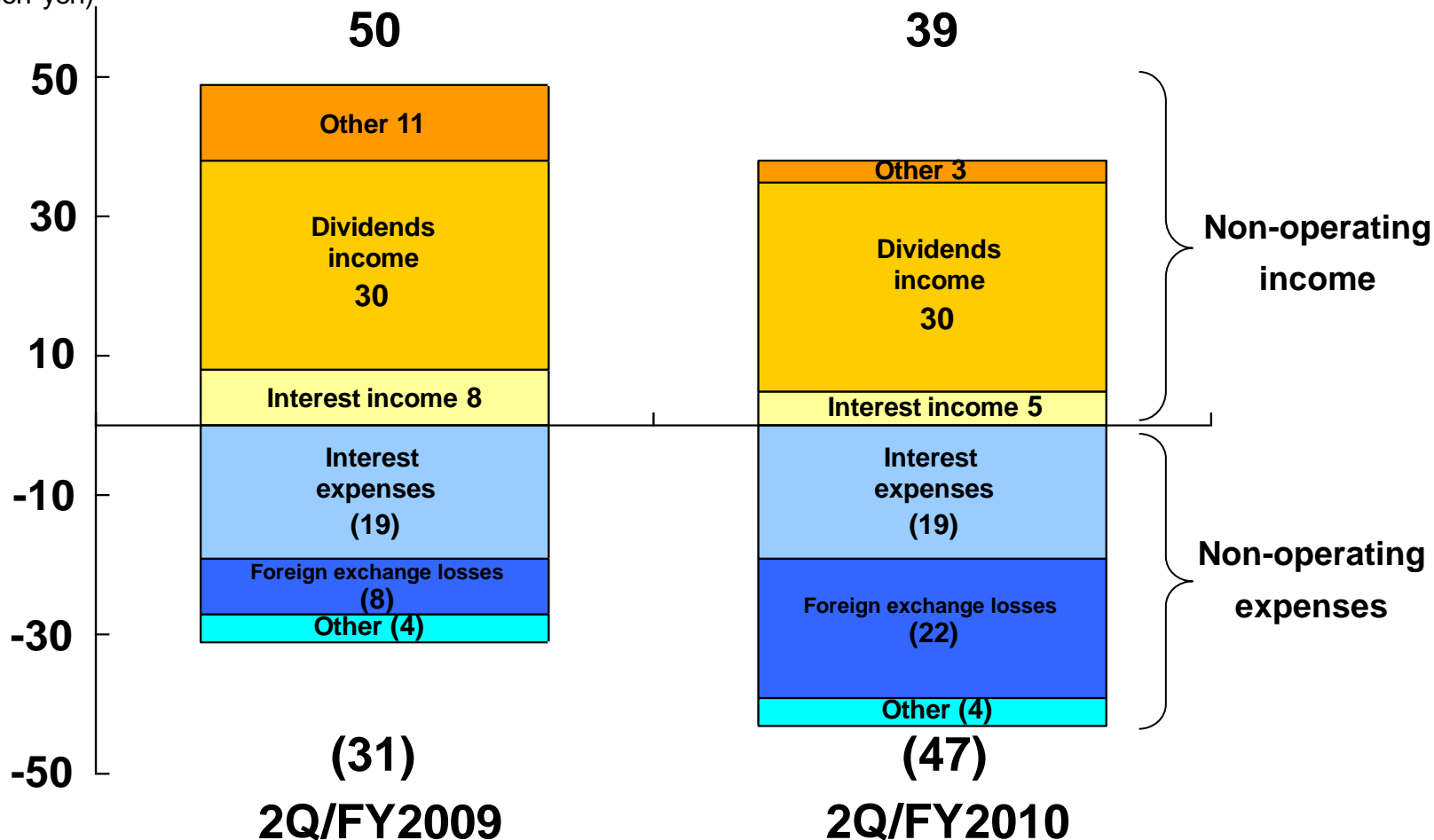


(Consolidated) Causes of Variance in Operating Income



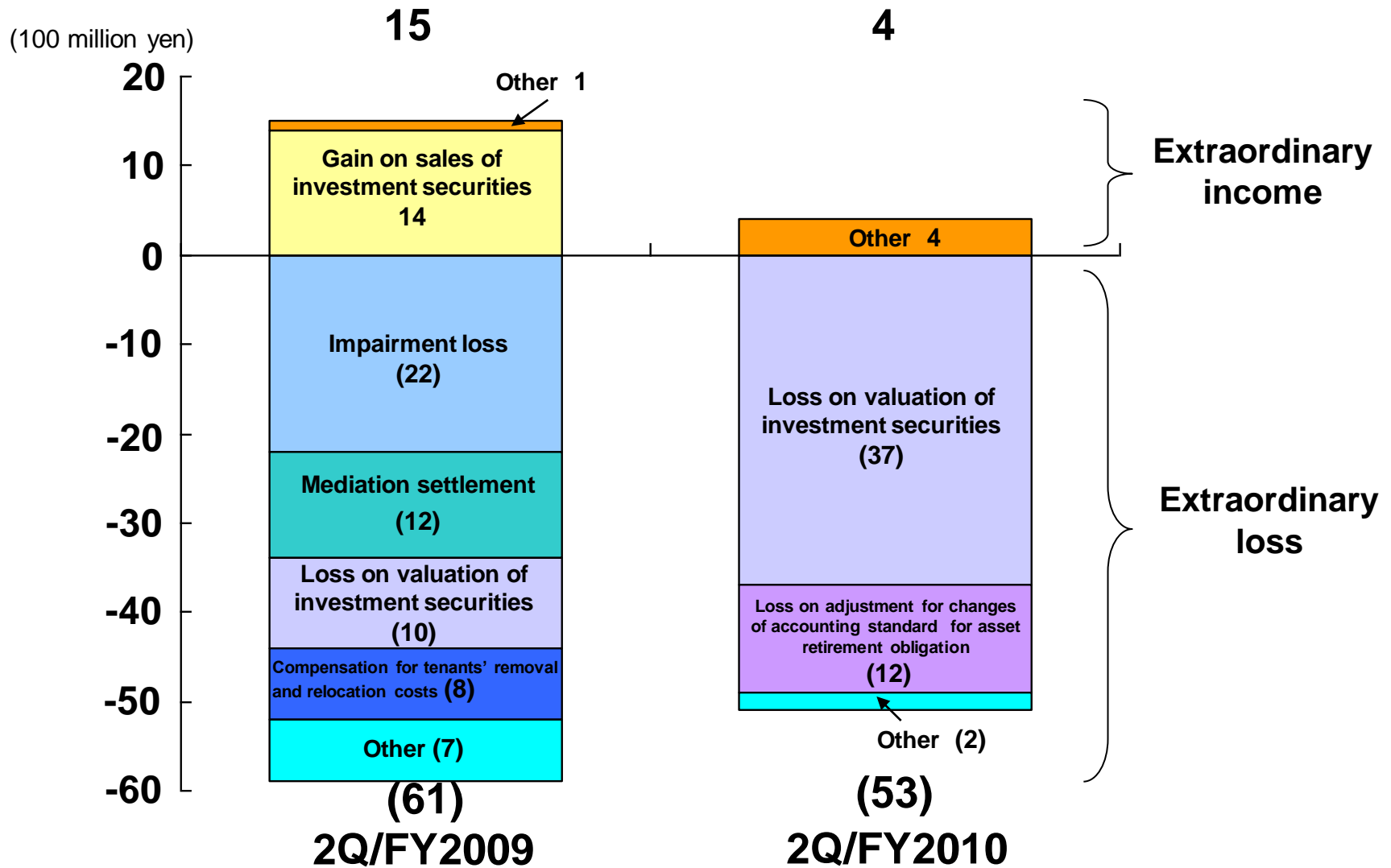
(Consolidated) Non-operating Income and Expenses

(100 million yen)



Non-operating balance	18	(8)	Variance (26)
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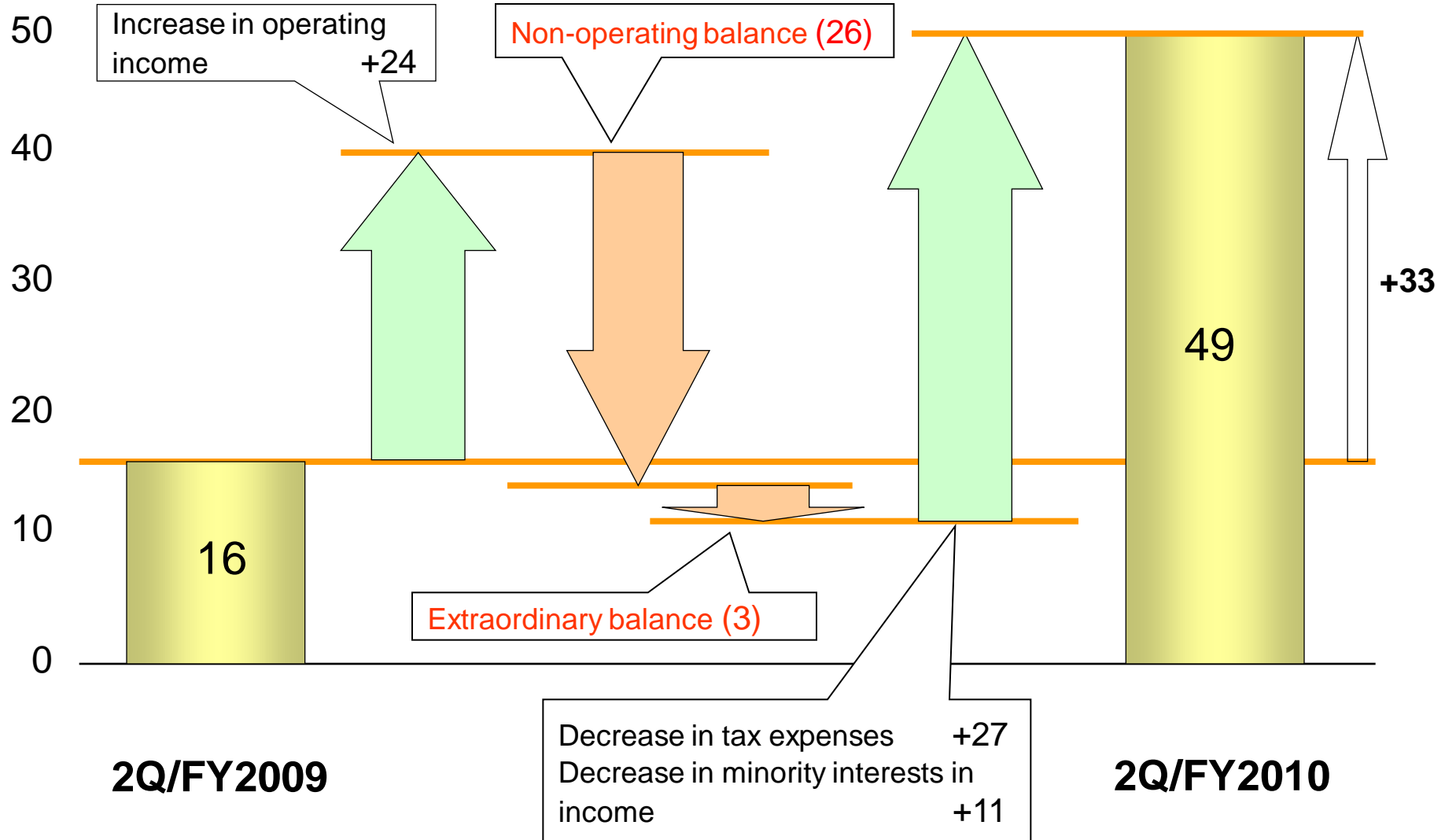
(Consolidated) Extraordinary Income and Loss



Extraordinary balance	(45)	(48)	Variance (3)
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(Consolidated) Net Income

(100 million yen)



(Consolidated) Major Changes in Balance Sheets 1

(100 million yen)

	March 31, 2009	March 31, 2010	Increase (decrease)
Real estate for sale	549	442	(106)
Buildings and structures	662	812	150
Land	2,407	2,621	213

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 “Technostation” and new laboratory facility “Open Lab-1” in our Technology Research Institute were completed . (Completed in Sep. 2010)

(Consolidated) Major Changes in Balance Sheets 2

(100 million yen)

	March 31, 2010	September 30, 2010	Increase (decrease)
Investment securities	2,965	2,640	(325)

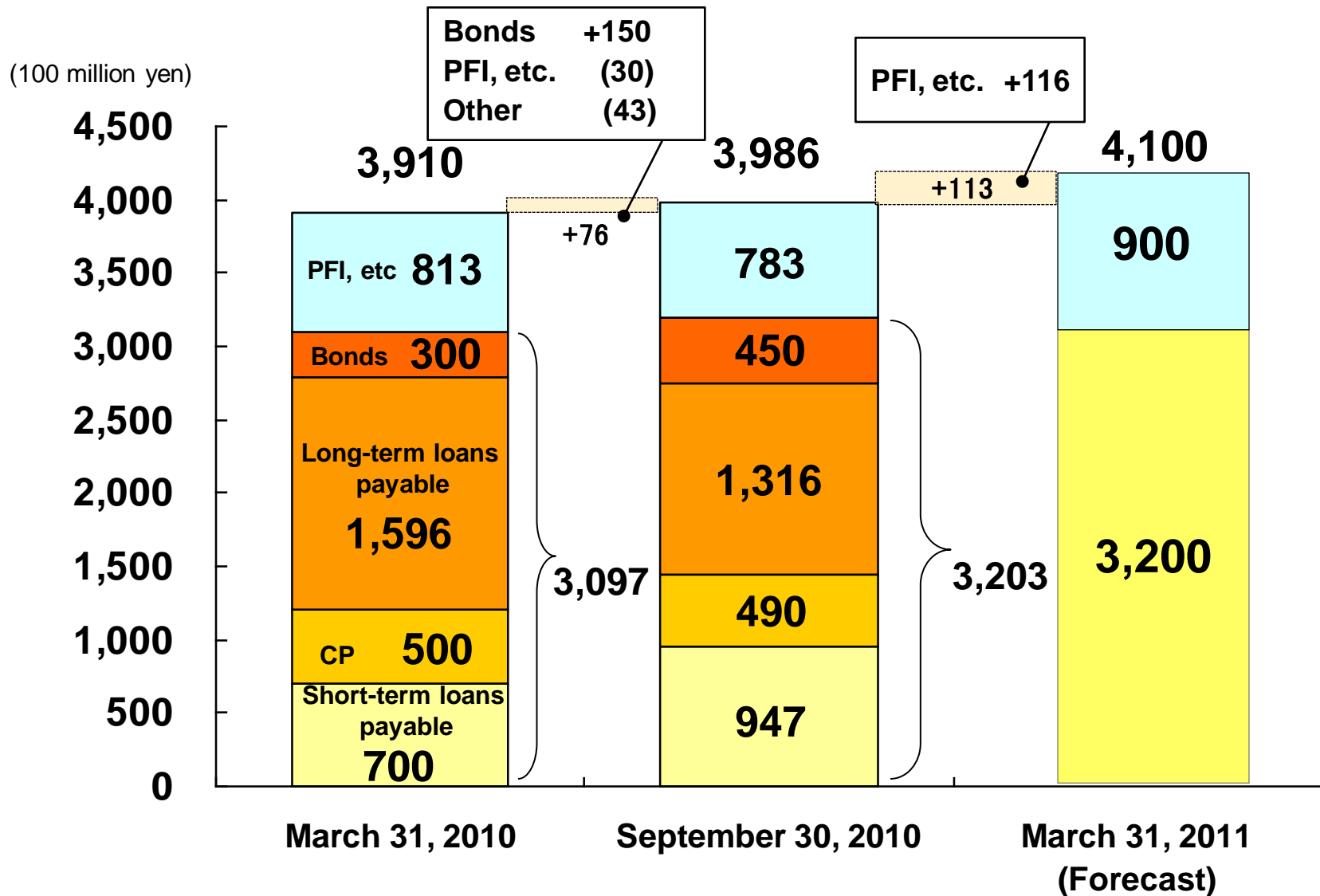
Main reason for decrease in “investment securities”

- Decrease in valuation gain by 29.3 billion yen (non-consolidated)

The Nikkei Stock Average

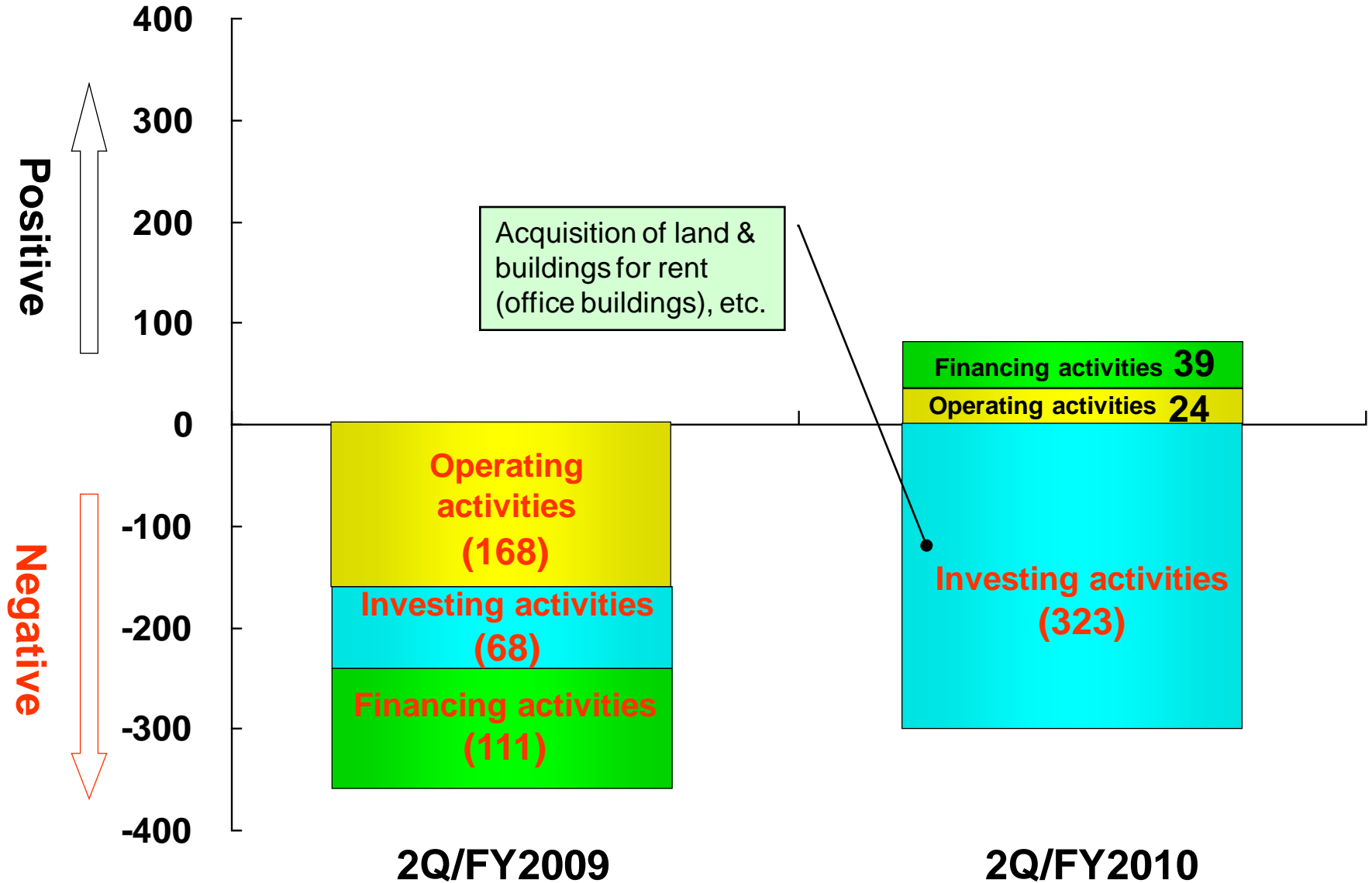
End of March, 2010, 11,089 yen → End of September, 2010 9,369 yen

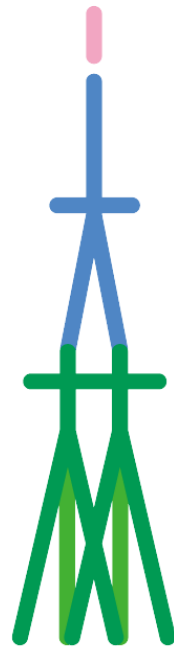
(Consolidated) Transition of Interest-bearing Liabilities



(Consolidated) Cash Flows

(100 million yen)





We build,
OBAYASHI
toward 2011

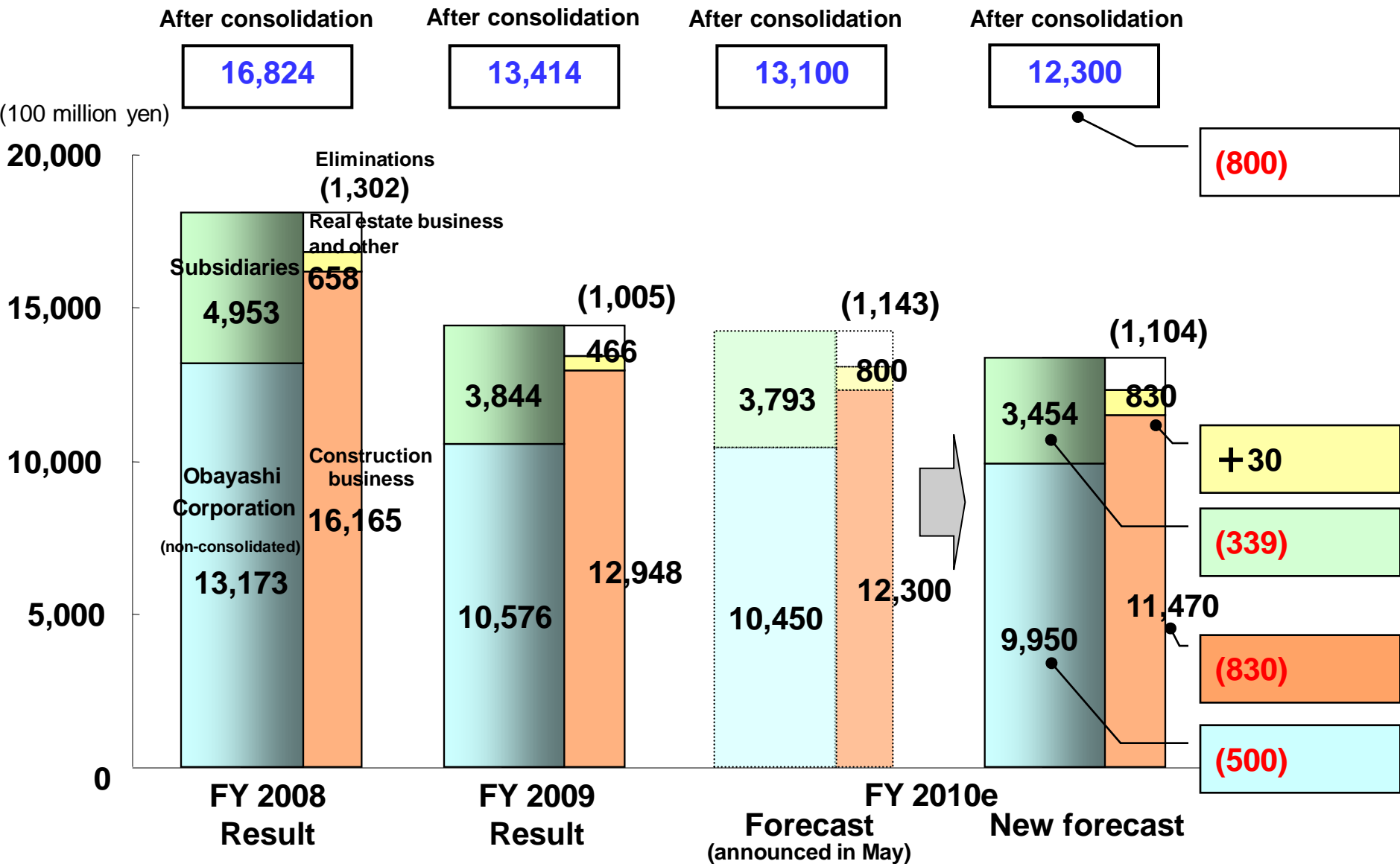
Forecasts for FY2010 and Issues & Measures for the Company

(Consolidated) New forecast for FY2010e

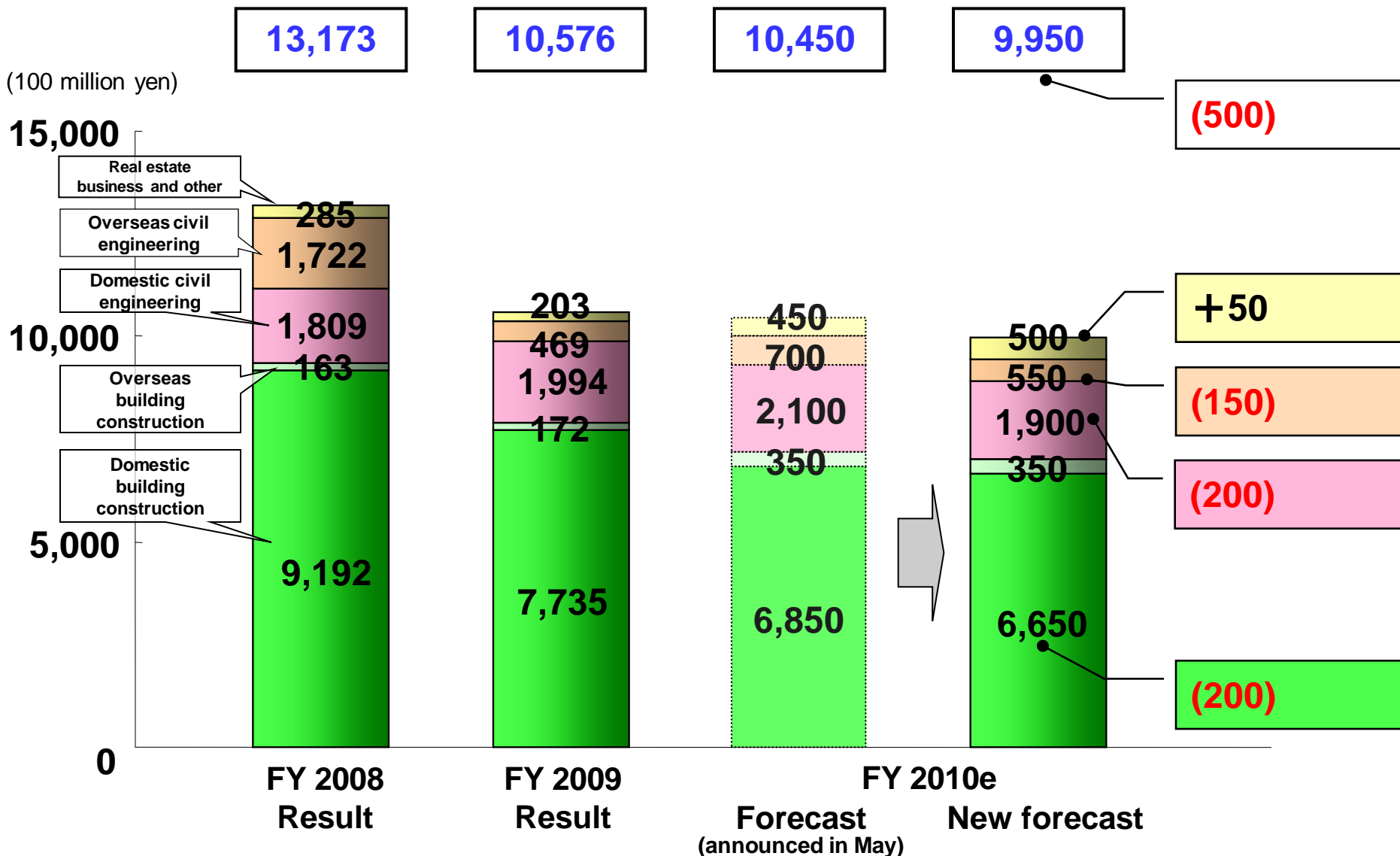
(100 million yen)

	FY2010e forecast (announced in May)	FY2010e New forecast	Increase (decrease)
Net sales	13,100	12,300	(800)
Gross profit	1,020	1,000	(20)
Operating income	265	250	(15)
Ordinary income	280	250	(30)
Net income	190	150	(40)

(Consolidated) Forecast for Net Sales

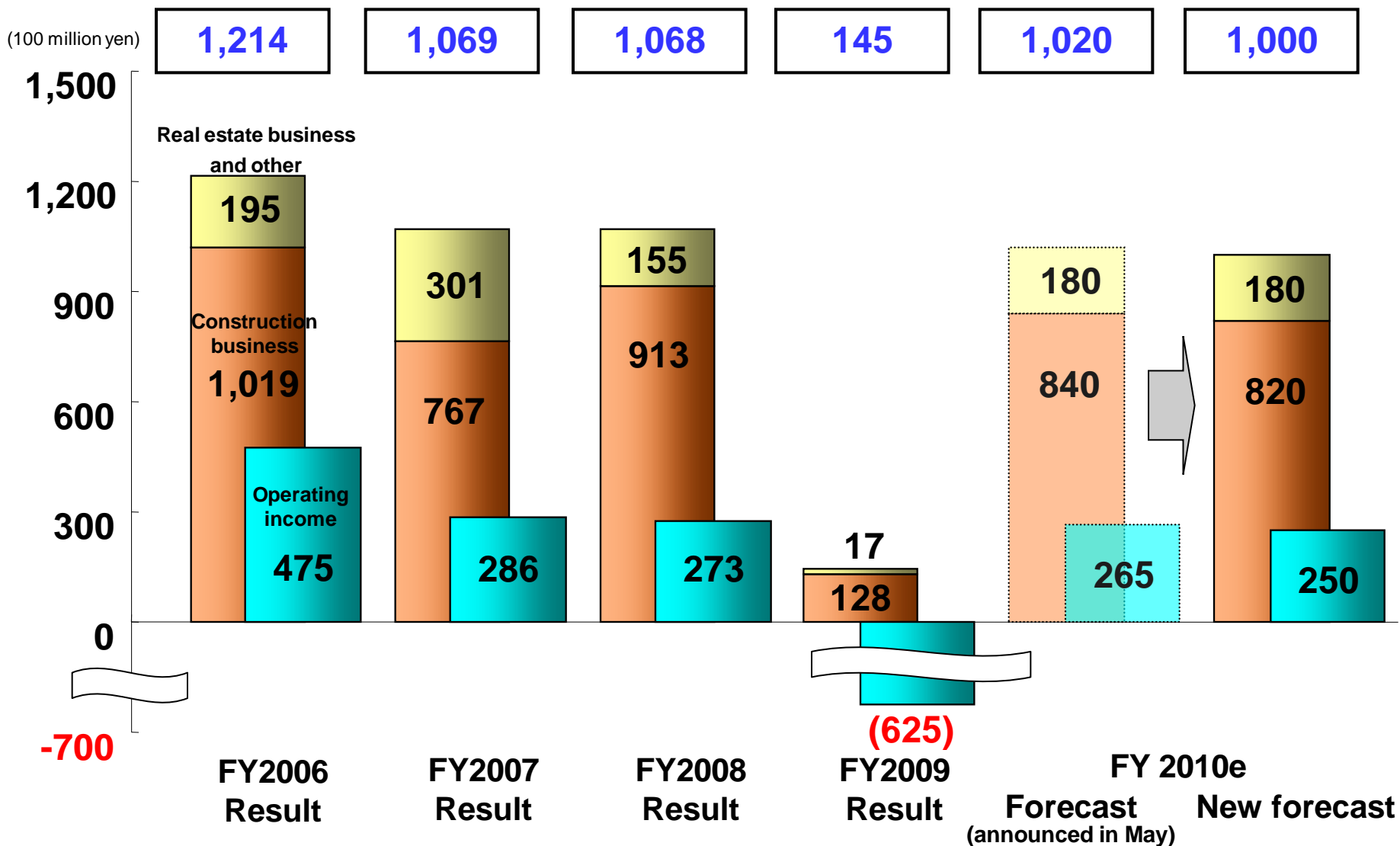


(Non-Consolidated) Forecast for Net Sales

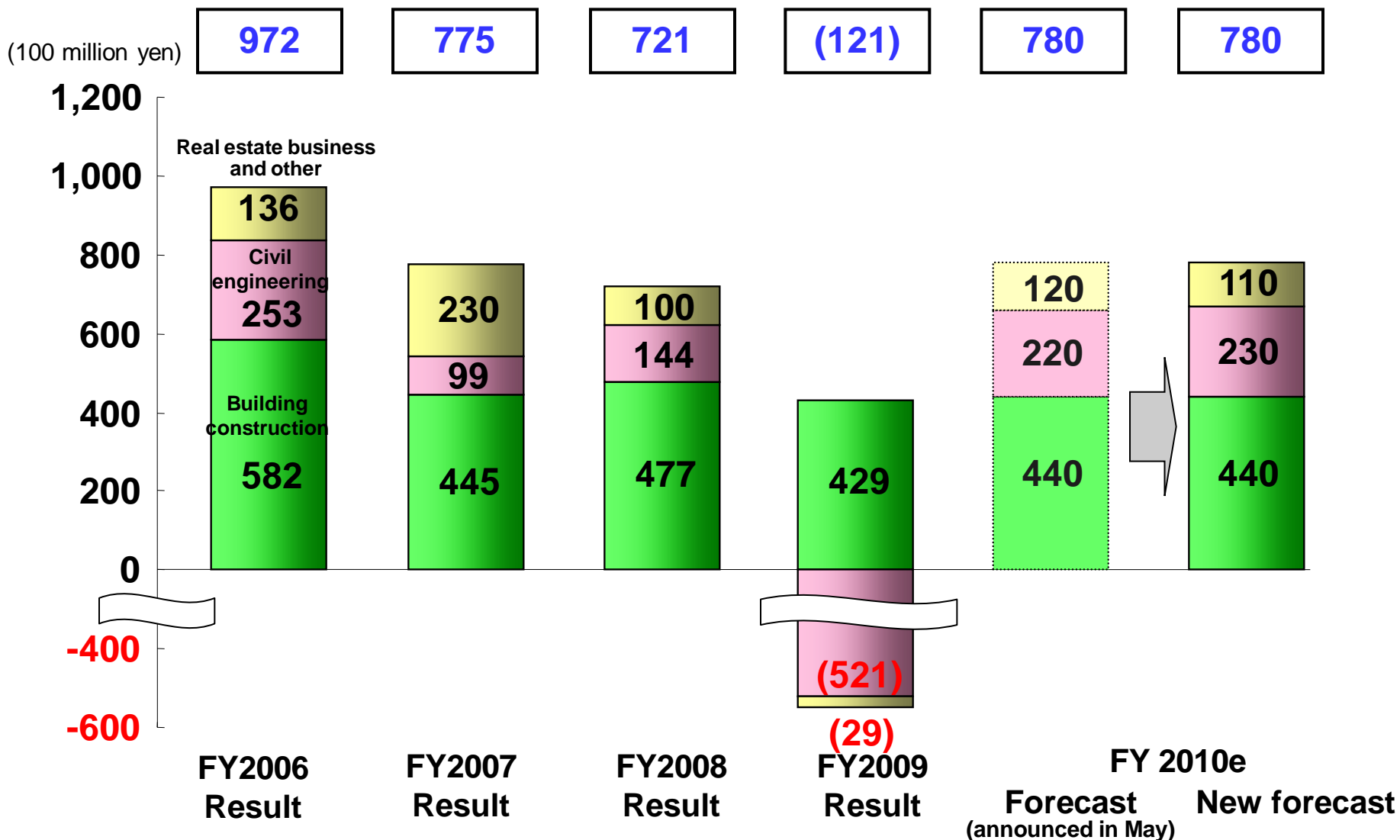


(Consolidated) Forecast for Gross Profit and Operating Income

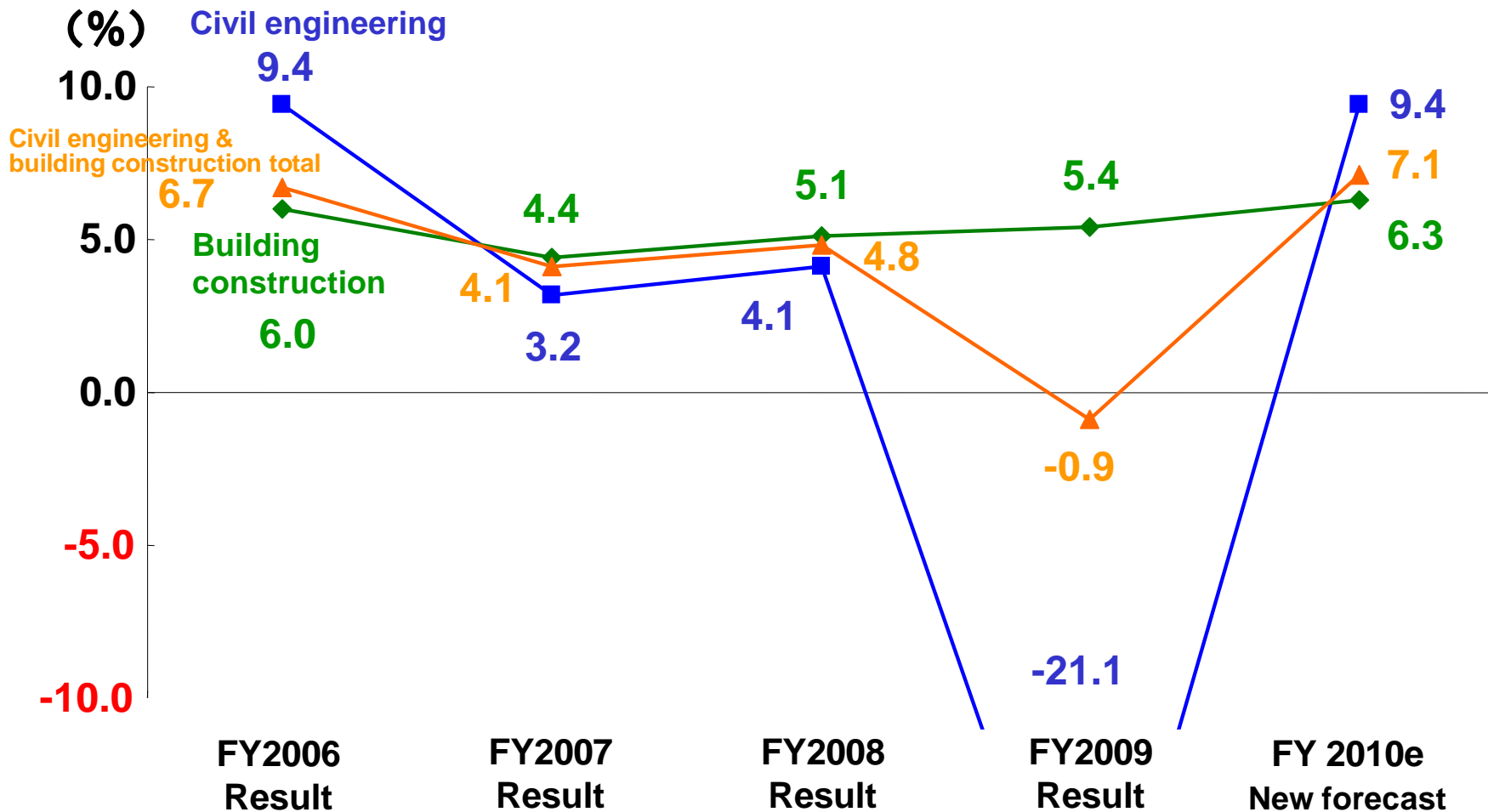
Gross profit



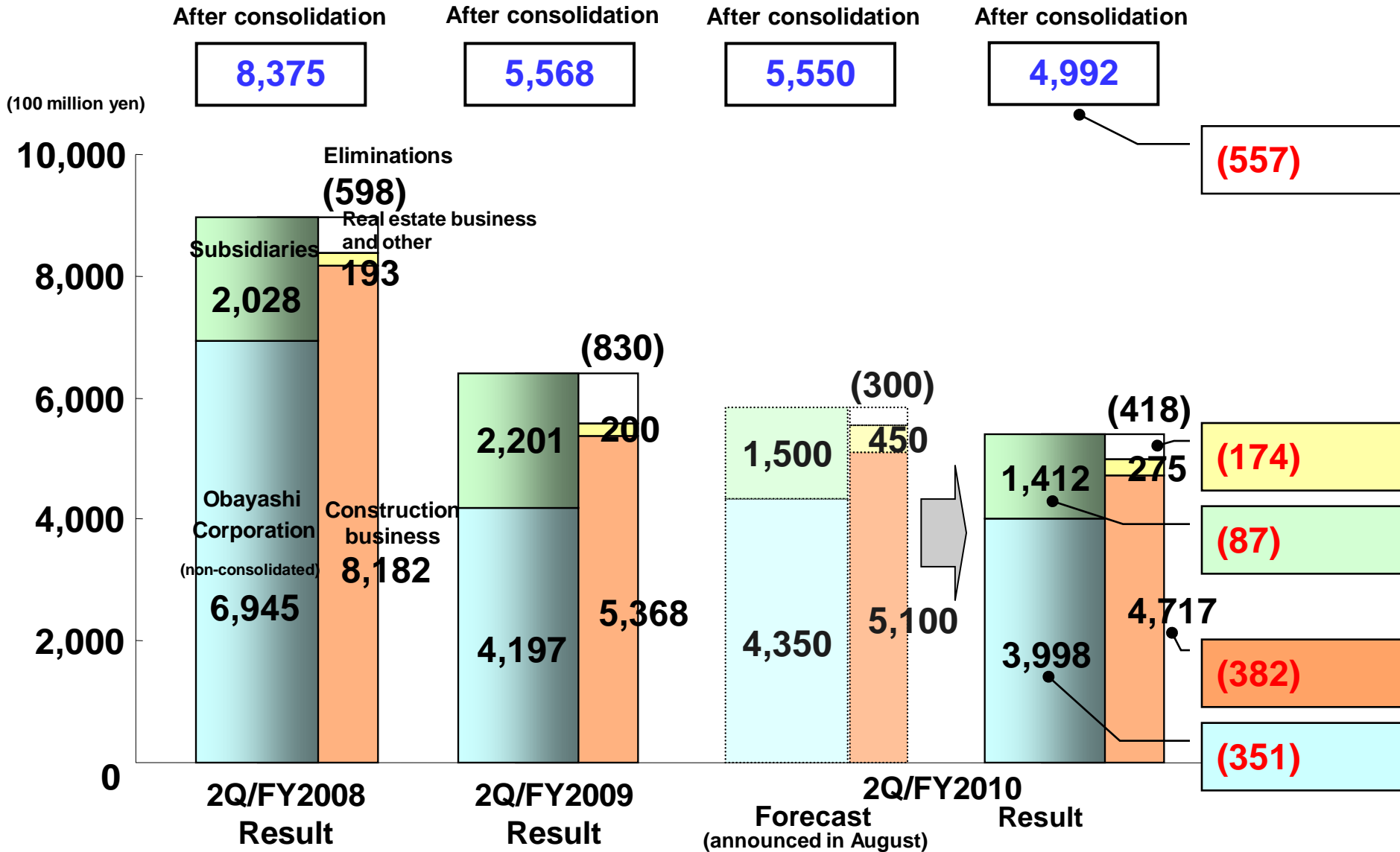
(Non-Consolidated) Forecast for Gross Profit



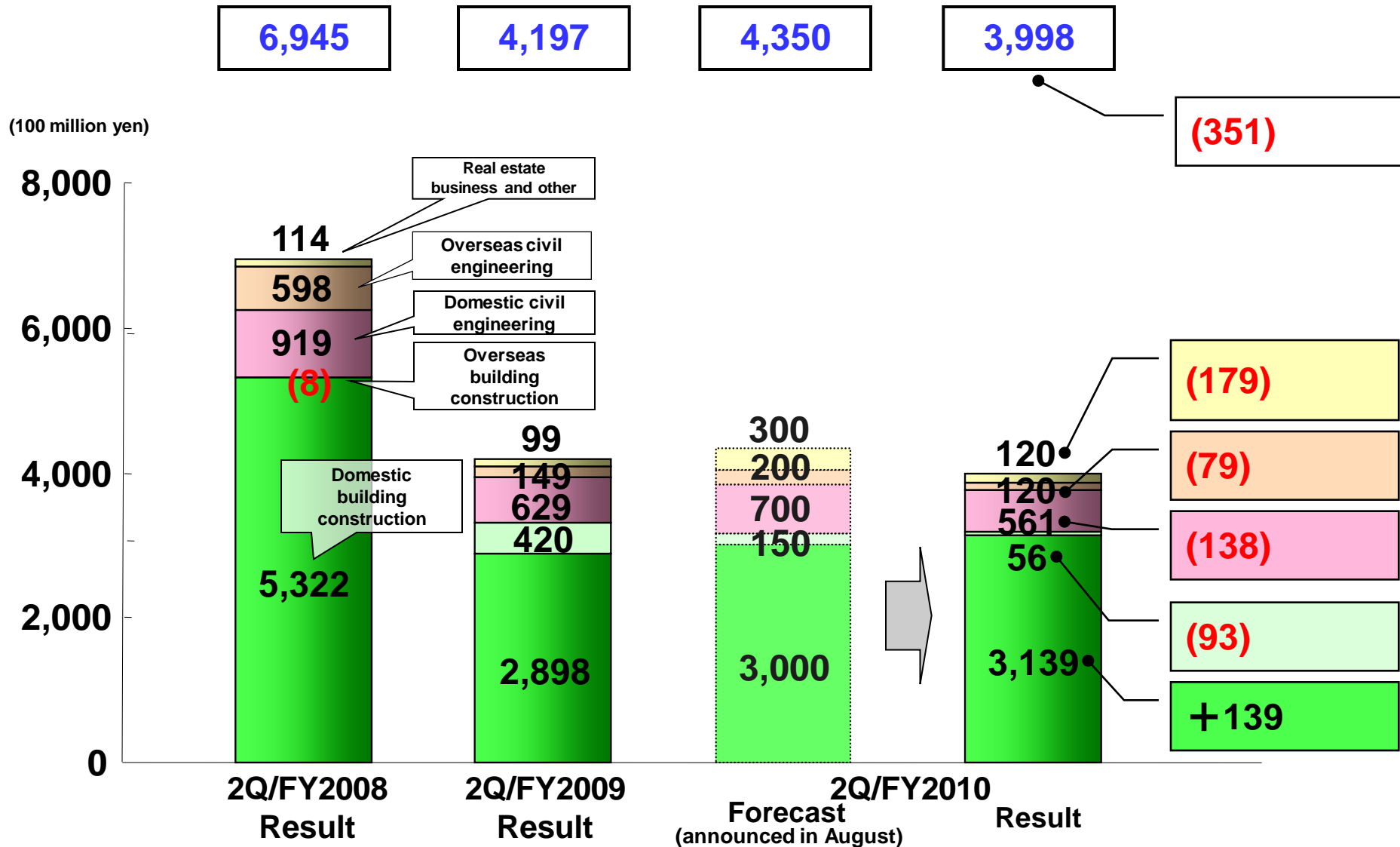
(Non-Consolidated) Transitions of Profit Ratio of Completed Construction Contracts



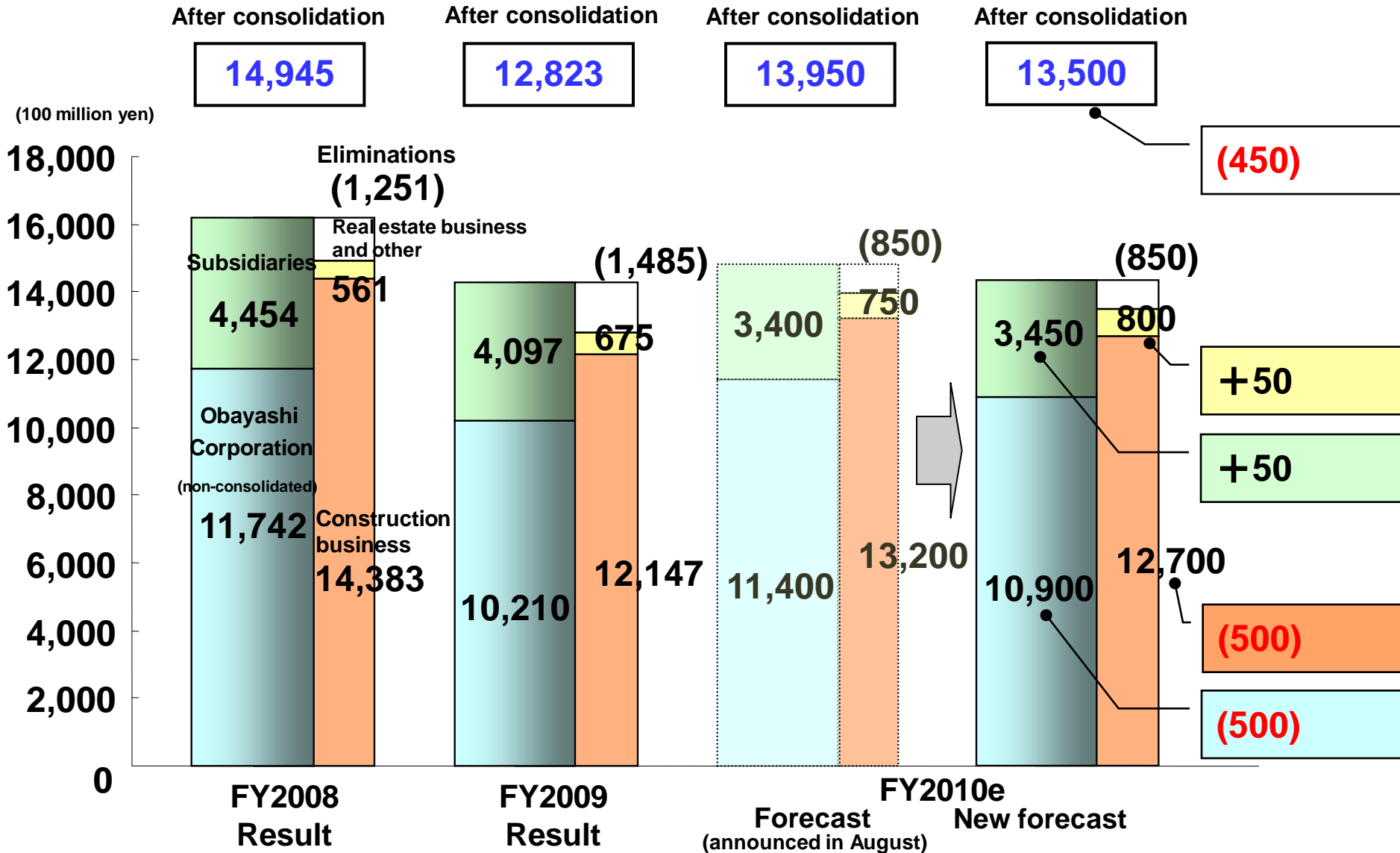
(Consolidated) Result for Orders Received for 2Q/2010(cumulative)



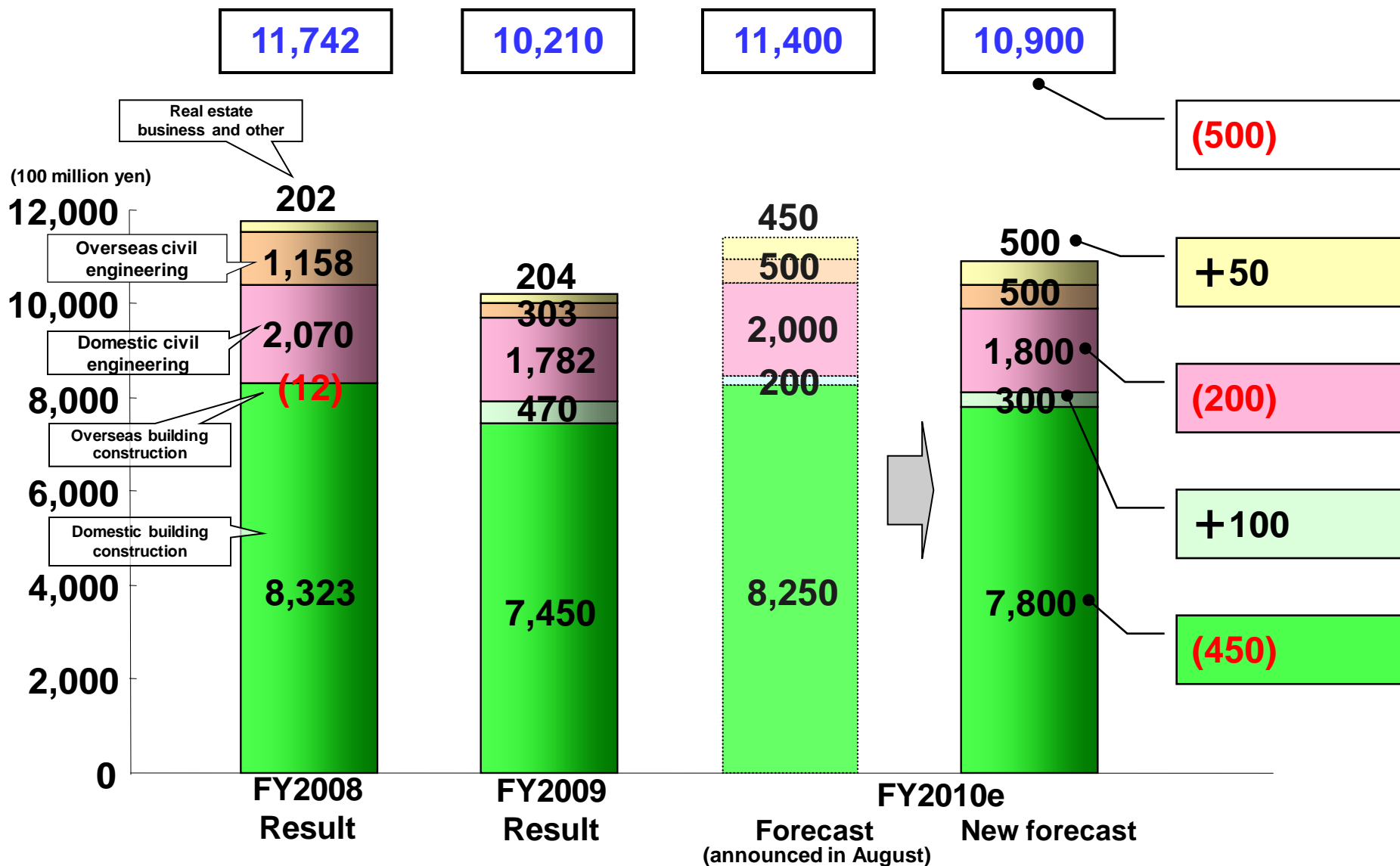
(Non-consolidated) Result for Orders Received for 2Q/2010(cumulative)



(Consolidated) Forecast for Orders Received for Full Year



(Non-consolidated) Forecast for Orders Received in Full Year



Management Issues and Measures to Be Taken (1)

1. Ensure appropriate profit from construction business and necessary amount of orders received




⇒ Continue to emphasize profitability when accepting orders

2. Adapt to changing business environment

- Trend of construction investment in the manufacturing industry
< Quickly respond to the full-scale restarting of investment >
- Increasingly sophisticated client needs <Apply the Group's technical expertise>
- Decrease in public spending on civil engineering
<Focus on private civil engineering projects>
- Extensive involvement in overseas projects

◎Construction investment forecast

Source “Quarterly Outlook of Construction and Macro Economy” Research Institute of Construction and Economy. Oct 21, 2010.

	(FY2009)	(FY2011)
Private non-residential buildings	7.8 trillion yen	⇒ 8.5 trillion yen 
Private civil engineering	3.8 trillion yen	⇒ 4.2 trillion yen 
Public civil engineering	14.6 trillion yen	⇒ 11.0 trillion yen 

◎Extensive involvement in overseas projects

- ◇ Strengthen risk management system
- ◇ Narrow down target areas and countries of operation
- ◇ Intensive support for overseas capital investment by Japanese companies

3. Focus on growth opportunities

- ◇ Focus on environment-related fields
- ◇ Focus on renovation projects

4. Technical development targeted at client needs

- ◇ Provide optimum solution using environment-related technology
- ◇ Further commercialize advanced earthquake-resistant and vibration control technology
- ◇ Further commercialize “URUP method” which allows shorter construction period for multi-level crossing of roads and railways

© Technical development targeted at client needs

Technology Research Institute's new main building and lab facility completed in September 2010

Facility that achieved “carbon-neutral” the first in Japan



< New main building, Techno Station >

“A building that doesn't shake during earthquakes,” the first in the world



< Entire view of Technology Research Institute >

—Environment-related Technology—

Low-Carbon (CO₂ reduction) technology

- ☆ Low-Carbon Concrete
- ☆ Personal air conditioning “O-TASC”
- ☆ Demoliation Method “QB Cutoff method”

Purification of polluted soil or underground water

- ☆ “RCUBIC MINI Soil Remediation System” downsized purification facility that can be used in small workspaces
- ☆ Sale of “Chloroclean” microbial nutrient agent for VOC decontamination

—Other technologies that respond to client needs—

Earthquake-resistant, vibration control technology

- ☆ Super-active vibration control technology, “Laputa 2D”
- ☆ Base isolation system that controls micro-vibrations, “HyBIS”
- ☆ Earthquake-resistance reinforcement while facilities are in use, “3Q Series”

Use of Building Information Modeling(BIM)

Promote information-sharing between client, designer and construction manager, using “Three-dimensional construction model,” which is “three-dimensional info” (Columns, beams, wall, piping, etc.) in addition to material specs.

Technology for removing asbestos

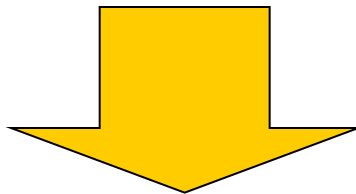
- ☆ Removal of asbestos from elevator shafts, “Elevestos Cut Method”

Dividends

No changes in basic policies regarding profit distribution

Sustain stable dividend payouts over the long term

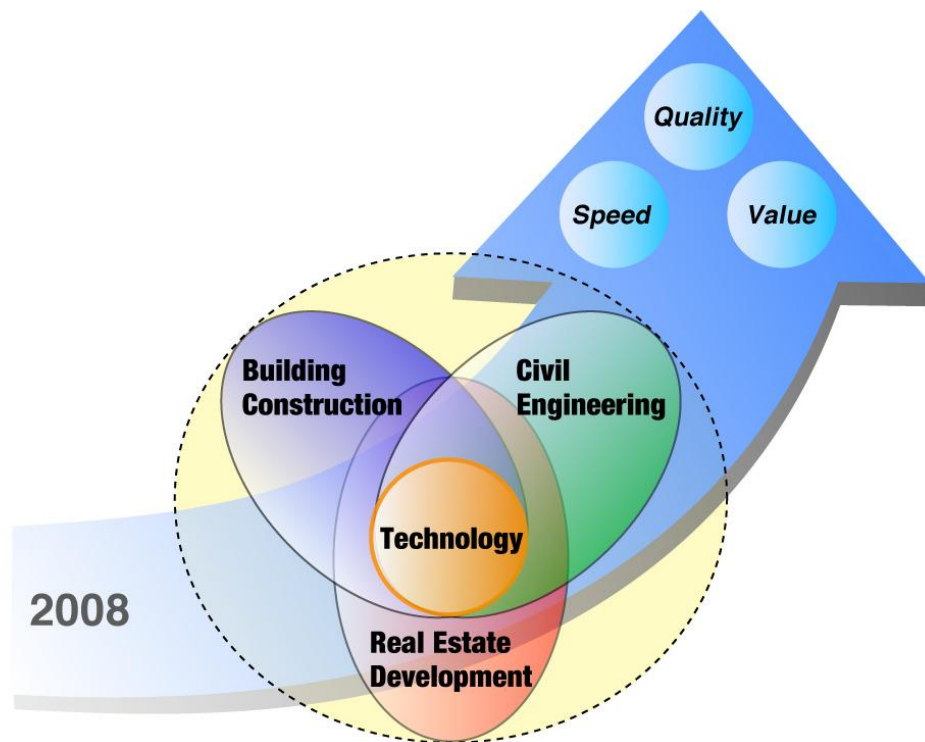
Provide returns in line with business performance



Dividends for FY2010e will be 8 yen per share (forecast)
(interim dividends will be 4 yen)

Medium Term Business Plan 2008

“Grow by Leveraging our Technology”



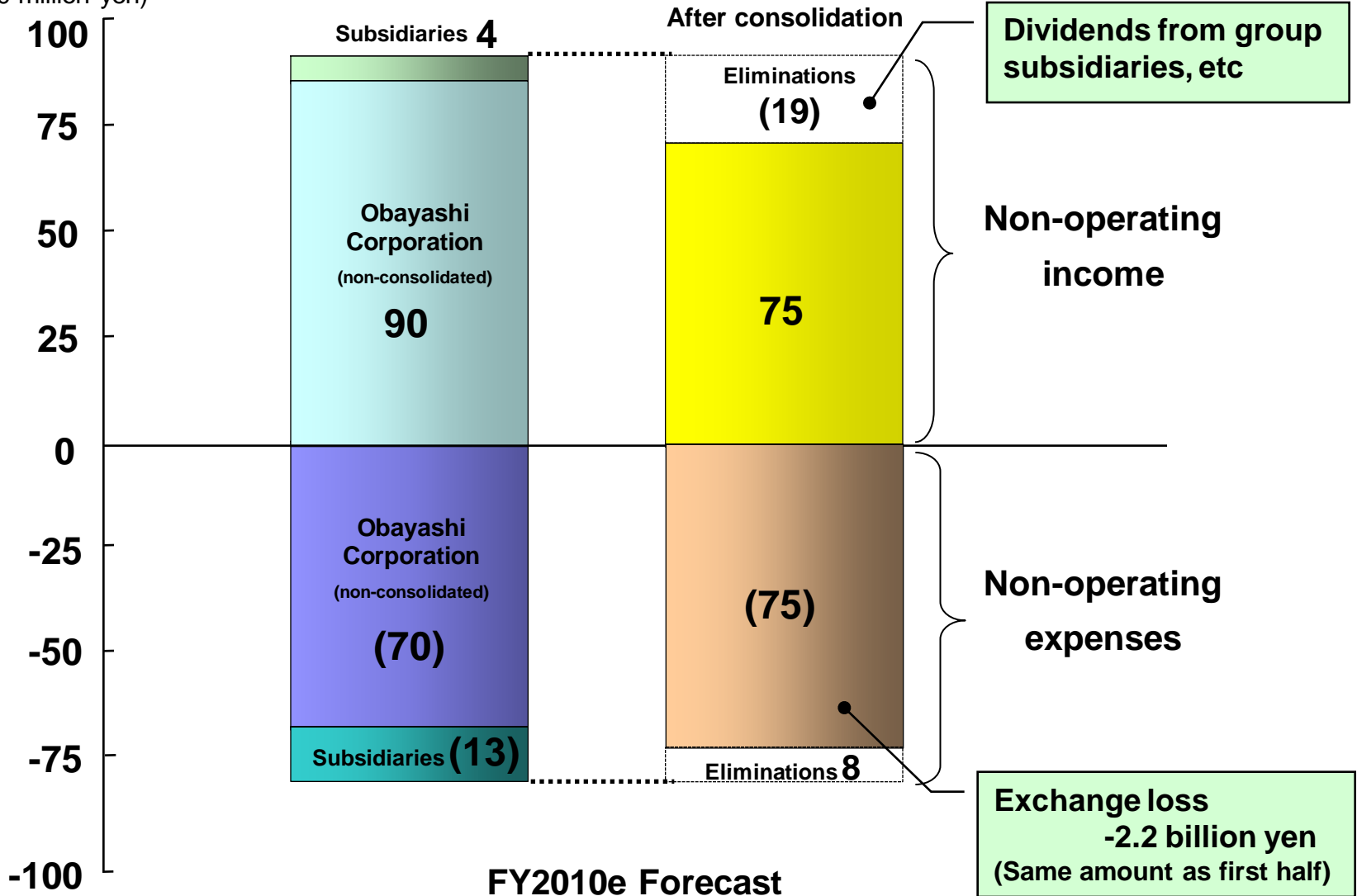
TARGET
Consolidated FY2012 Ordinary Profit*
JPY 56 Billion

*Profit before extra-ordinary profits/losses and income taxes

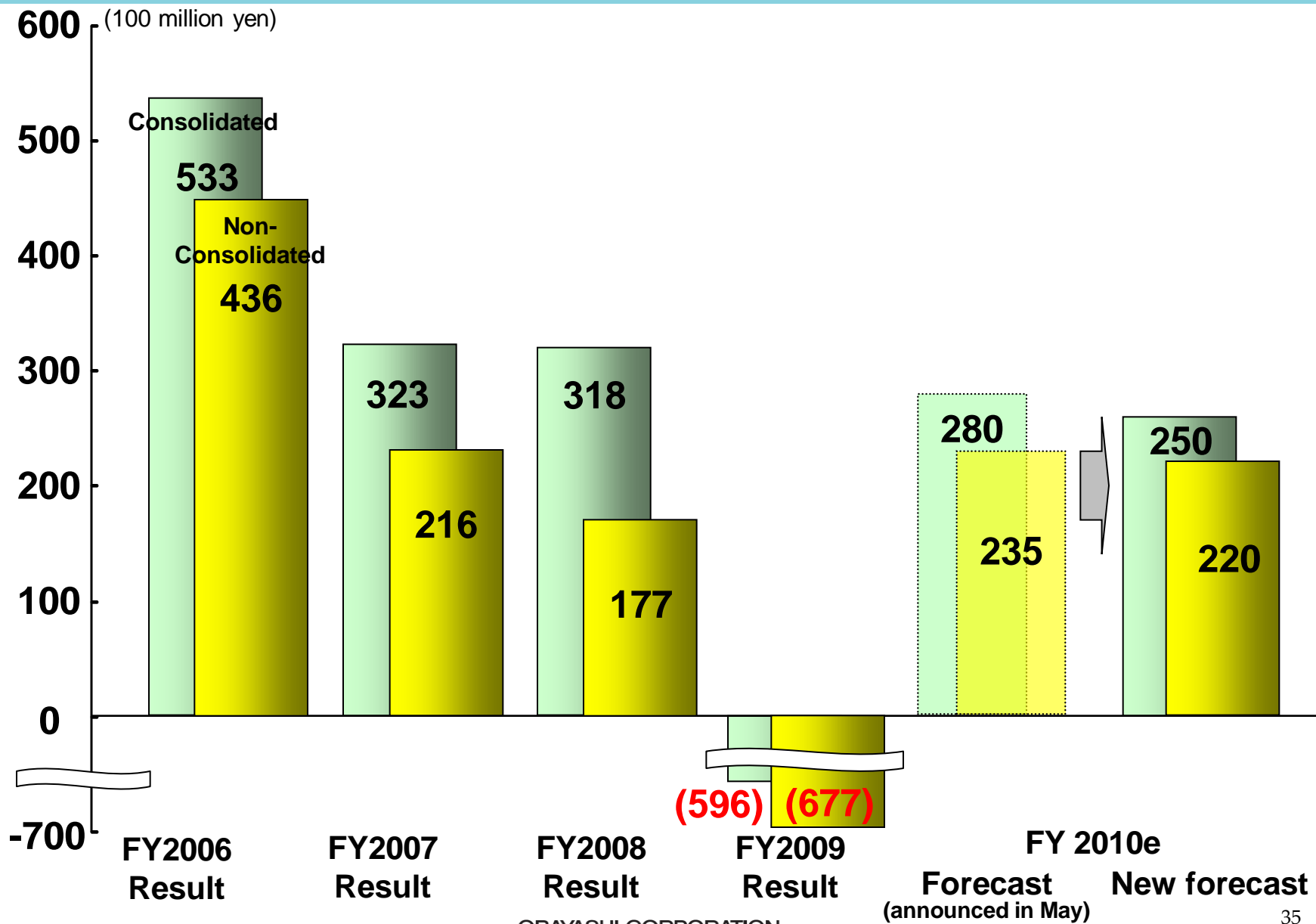
The Obayashi Group will provide society with safety and security in everyday life through its construction and construction-related businesses and thereby contribute to society.

(Consolidated) Forecasts for Non-operating income and Expenses

(100 million yen)

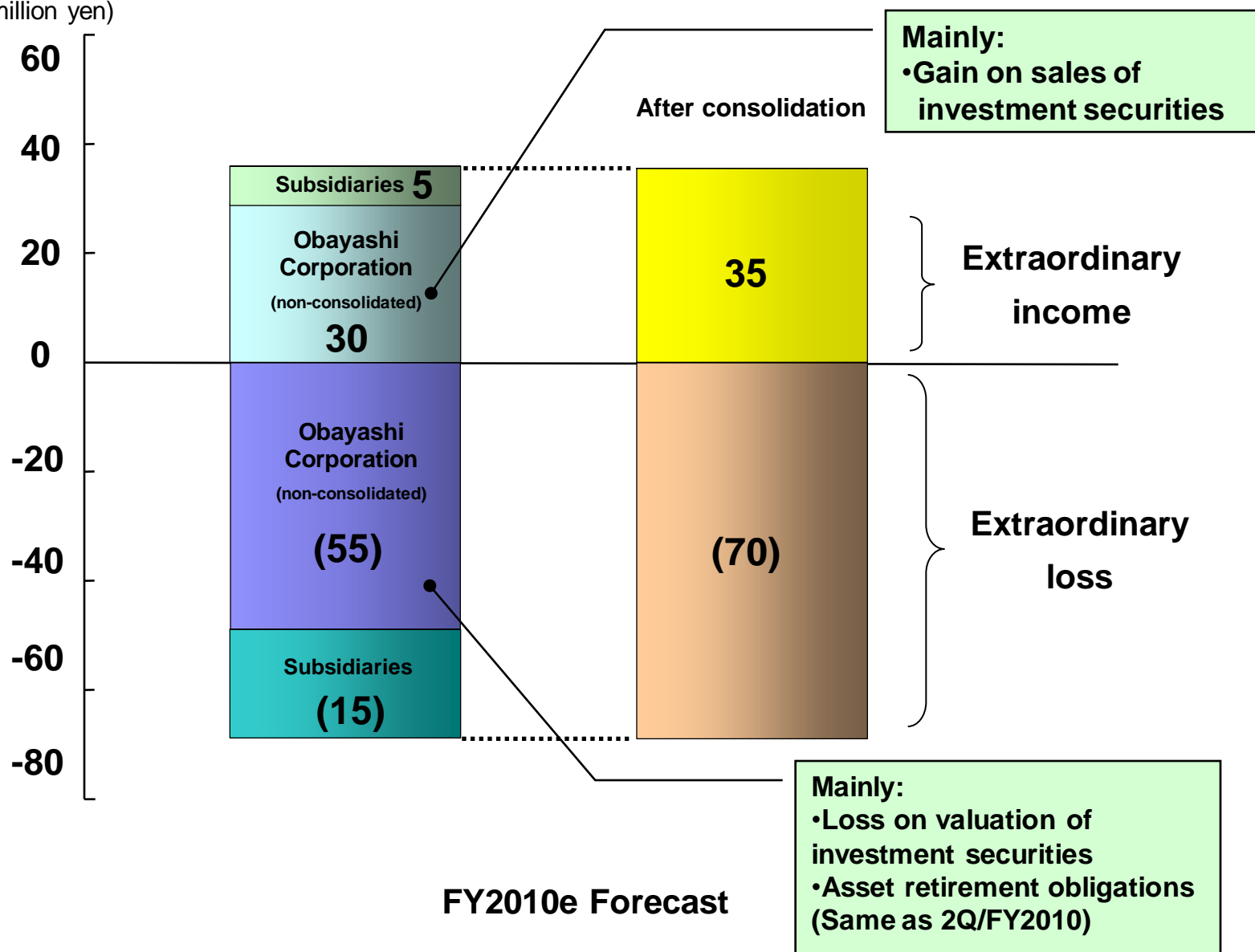


(Consolidated) Transition of Ordinary Income



(Consolidated) Forecast for Extraordinary income and loss

(100 million yen)



(Consolidated) Transition of Net Income

(100 million yen)

