

**OBUYASHI CORPORATION**  
announces changes in forecasts

Tokyo, October 8, 2010 — In light of its recent business performance, Obayashi Corporation hereby announces that it has revised its consolidated and non-consolidated forecasts for the first half (cumulative first and second quarters) of the fiscal year ending March 31, 2011 which were announced on May 13, 2010 when the company released its financial results of the previous fiscal year.

The revisions are as follows:

**Revised forecasts**

**Consolidated** forecasts for the first half of the fiscal year ending March 31, 2011 (from April 1, 2010 to September 30, 2010)

(Unit: million yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Forecast to be revised (A) (Announced on May 13, 2010)	590,000	6,000	7,000	3,000	4.17 yen
New Forecast (B)	535,000	8,000	7,000	5,000	6.96 yen
Variance (B) - (A)	(55,000)	2,000	-	2,000	
Variance Rate (%)	(9.3)	33.3	-	66.7	
(For reference) Results for the first half of the fiscal year ended March 2010	700,430	5,828	7,681	1,632	2.27 yen

**Non-consolidated** forecasts for the first half of the fiscal year ending March 31, 2011 (from April 1, 2010 to September 30, 2010)

(Unit: million yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Forecast to be revised (A) (Announced on May 13, 2010)	470,000	4,000	7,000	4,500	6.26 yen
New Forecast (B)	429,000	6,900	8,000	1,800	2.50 yen
Variance (B) - (A)	(41,000)	2,900	1,000	(2,700)	
Variance Rate (%)	(8.7)	72.5	14.3	(60.0)	
(For reference) Results for the first half of the fiscal year ended March 2010	561,513	1,799	3,279	2,272	3.16 yen

## 1. Reasons for the changes

### (1) Reasons for the changes in the non-consolidated forecast

#### a. Net sales

Net sales will decrease by 41.0 billion yen, or 8.7%, from what was previously forecasted as, among other factors, progress in some large-scale construction contracts are less than initially anticipated and a sale of a real estate property, which was projected in the first half of this fiscal year, is now expected to occur in the second half.

#### b. Operating income

Operating income will increase by 2.9 billion yen, or 72.5%, from the previous forecast as gross profit margin will improve from the previous forecast of 5.6% (civil engineering, 5.6% and building construction, 5.6%) to 7.7% (civil engineering, 10.7% and building construction, 6.7%).

#### c. Ordinary income

Ordinary income will increase by 1.0 billion yen, or 14.3%, from the previous forecast while 2.9 billion-yen increase is expected in operating income. This is mainly due to foreign exchange losses incurred as a result of a stronger yen at the end of September 2010 than the expected yen value applied to the previous forecast announced on May 13, 2010.

#### d. Net income

An extraordinary loss of 5.3 billion yen is expected to be incurred primarily owing to a 3.7 billion-yen loss on valuation of investment securities following a fall in the stock market. Consequently, net income will decrease by 2.7 billion yen, or 60.0%, from the previous forecast.

### (2) Reasons for the changes in the consolidated forecast

#### a. Consolidated net sales and operating income

Consolidated net sales and operating income are revised in accordance with the changes made in the non-consolidated forecast.

#### b. Consolidated net income

Consolidated net income will increase by 2.0 billion yen, or 66.7%, from the previous forecast mainly as a result of a decrease in tax expenses following the dissolution of a subsidiary. (The decrease in tax expenses was a part of the previously-announced consolidated forecast for the full fiscal year.)

2. The interim dividends will be 4 yen per share as scheduled.

3. The consolidated and non-consolidated forecasts for the fiscal year ending March 2011 will be announced on the day that the financial results for the first half of the fiscal year is disclosed, which is scheduled to be in coming November.

#### Disclaimer

This revision of forecasts, announced in the Japanese language at the Tokyo Stock Exchange on October 8, 2010, was translated into English and presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between the Japanese announcement and this English translation, the former will prevail. The numbers shown in any such words or phrases relating to any future events as, among other expressions, "forecast", "expected" or "projected" provided in this document are based on the information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

If you have any questions, please contact Obayashi investor relations at [irg@ml.obayashi.co.jp](mailto:irg@ml.obayashi.co.jp).

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