

Dear Sirs/Madams,

OBAYASHI CORPORATION
Announcement on the Changes in Forecasts

In consideration of its recent business activities, Obayashi Corporation (hereinafter called "Obayashi") hereby inform you that it revised its consolidated and non-consolidated forecasts for the cumulative second quarter (1st and 2nd quarters aggregate) of fiscal year ending March 31, 2009 as follows. (The forecast was first announced on May 15, 2008 when Obayashi announced its financial results for fiscal year ended March 31, 2008.)

1. The revised forecasts

(1) Consolidated forecasts for the cumulative second quarter (1st and 2nd quarters aggregate, i.e. from April 1, 2008 to September 31, 2008)

(Unit: million yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income
Initial Forecast (A) (Announced on May 15, 2008)	870,000	8,500	11,500	6,000
Revised Forecast (B)	785,000	6,500	10,000	4,500
Variance (B) - (A)	△85,000	△2,000	△1,500	△1,500
Variance Rate (%)	△9.8	△23.5	△13.0	△25.0
(For reference) Results for the 2Q of FYE March 2008	646,711	7,234	9,890	4,985

(For reference) Net income per share for the cumulative second quarter: 6.25 yen

(2) Non-consolidated forecasts for the cumulative second quarter (1st and 2nd quarters aggregate, i.e. from April 1, 2008 to September 31, 2008)

(Unit: million yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income
Initial Forecast (A) (Announced on May 15, 2008)	680,000	3,000	6,500	4,000
Revised Forecast (B)	608,000	1,000	4,800	2,800
Variance (B) - (A)	△72,000	△2,000	△1,700	△1,200
Variance Rate (%)	△10.6	△66.7	△26.2	△30.0
(For reference) Results for the 2Q of FYE March 2008	549,729	4,801	7,490	4,404

(For reference) Net income per share for the cumulative second quarter: 3.89 yen

(3) Reasons for the changes

a. Reasons for the changes in the non-consolidated forecast

Net sales will decrease by 72.0 billion yen from the initial forecast due to the decrease in the expected net sales of completed construction contracts as (i) the progress of some of the projects using percentage-of-completion method was less than initially estimated and (ii) the completion of some of the projects using completed contract method, whose contract amounts were to be booked in this cumulative second quarter, has been postponed to the latter half of this fiscal year or later.

Accordingly, operating income, ordinary income and net income will decrease by 2.0 billion, 1.7 billion and 1.2 billion yen respectively from the initial forecast.

Gross margin of the completed construction contracts will be 4.7% as against the initial forecast of 4.5%.

b. Reasons for the changes in the consolidated forecast

The consolidated forecast was revised in accordance with the changes in the non-consolidated forecast.

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

3. The forecast for the fiscal year ending March 31, 2009 will be announced on Obayashi's official announcement of the result for the cumulative second quarter (1st and 2nd quarters aggregate) of the fiscal year, which is scheduled to be in November 2008.

Sincerely yours,

OBAYASHI CORPORATION

Disclaimer

The above forecasts were made based on the information currently available and the actual results may vary from these forecasts due to various factors.

If you have any questions, please contact Obayashi investor relations at irg@ml.obayashi.co.jp.