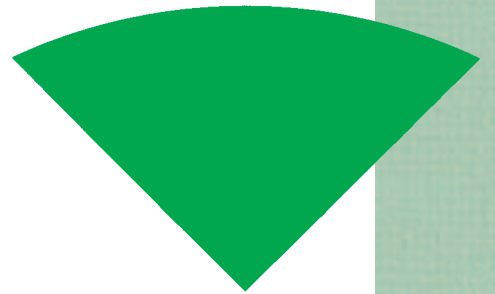


OBAYASHI
ANNUAL REPORT



2005



Corporate Profile

Founded: January 1892

Company Established: December 1936

Paid-in Capital: ¥57,752,671,801 (as of March 31, 2005)

Number of Shares Authorized: 1,224,335,000 stocks

Total Number of Shares Issued and Outstanding:

721,509,646 stocks

Number of Shareholders: 58,851 (as of March 31, 2005)

Employees: 9,646 (as of March 31, 2005)

Obayashi Business

1. Contracting for construction work
2. Regional, urban, oceanic, and environmental development; other business relating to construction
3. Engineering and managing related to the preceding two items, including research, planning, designing, and supervising
4. Housing business
5. Sale, purchase, exchange, lease, brokering, ownership, caretaking and utilization of real estate
6. Planning, construction, maintenance, and management of roads, harbors, waterworks and drainage, government office buildings, educational and cultural facilities, waste disposal facilities, medical facilities, and other public facilities
7. Business related to environmental pollution restoration, such as purification of soils, river, lake, and marsh beds, and collection, shipment, and treatment of general and industrial waste
8. Power generation, and supply of electricity and heat
9. The trading of greenhouse gas emission rights
10. Manufacture, supply, sale, and lease of construction machinery and equipment, and materials and equipment for temporary work
11. Manufacture and sale of concrete products for construction, fireproof or nonflammable building materials, materials for construction, materials for the interior and exterior of buildings, furniture and wooden products for buildings, and sale of civil engineering and buildings materials
12. Maintenance and care of buildings and related facilities; security and guard services
13. Acquisition, development, licensing for use, and sale of software industrial properties and providing know-how related to the utilization of computers
14. Information processing services; providing information and supply of telecommunication circuits
15. Sale, lease, and maintenance of electronic office machinery and equipment, including computers
16. Management of health, medical, athletic and leisure facilities, hotels and restaurants, and travel agencies
17. Sale of Medical Machinery and tools
18. Temporary Personnel Placement Agency Business under the Temporary Personnel Placement Agency Act
19. Consignment of general affairs, personnel, accounting and other operations
20. Operation of insurance agencies under the Automobile Accident Compensation Security Act and of non-life insurance agencies
21. Landscaping, gardening, and horticulture
22. Loans, guarantees, and other financial activities
23. Consulting related to any of the preceding items
24. Activities related to any of the preceding items

Corporate Stance

Our primary raison d'être is to improve global standards of living while contributing to the advancement of society and development of the world. In order to do this, we must:

1

Refine our creativity and perceptions; then call on the accumulated technology and wisdom of the company to add new value to the concept of space.

2

Expand our individuality; yet respect human frailties.

3

Stay in harmony with nature; blend in with local societies; and put our hearts into creating a more vibrant, richer culture.

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Financial Highlights

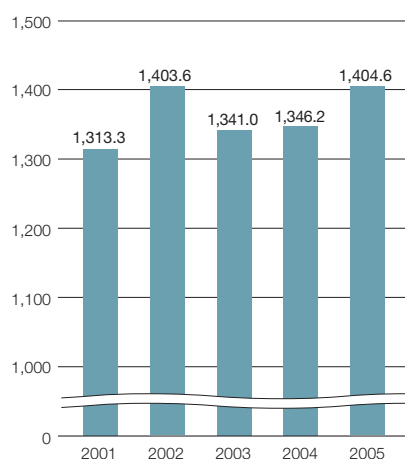
Obayashi Corporation and consolidated subsidiaries

For the year	Japanese Yen (Million)			U.S. Dollars (Thousand)		
	2005	2004	2003	2005	2004	2003
Revenues	¥ 1,404,640	¥ 1,346,298	¥ 1,341,004	\$ 13,079,805	\$ 12,738,176	\$ 11,156,437
Operating income	43,356	37,975	28,491	403,725	359,302	237,036
Net income	25,077	21,194	3,124	233,510	200,527	25,990
Orders received	1,478,252	1,269,559	1,214,759	13,765,268	12,012,103	10,106,148
Total assets	1,842,262	1,821,884	1,948,578	17,154,875	17,237,994	16,211,132
Total liabilities	1,458,502	1,458,891	1,675,332	13,581,359	13,803,485	13,937,867
Shareholders' equity	364,301	344,273	260,360	3,392,319	3,257,390	2,166,053
Per share data (yen and U.S. dollars)						
Net income per share	¥ 34.81	¥ 29.42	¥ 4.27	\$ 0.32	\$ 0.28	\$ 0.04
Shareholders' equity per share	505.81	477.80	361.47	4.71	4.52	3.01

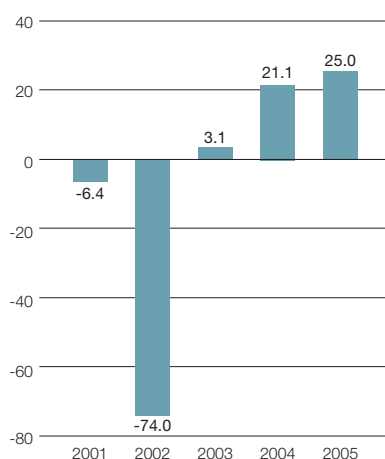
U.S. dollar amounts are translated from yen, for convenience only, at the approximate exchange rate at the close of the fiscal year: US\$1=¥107.39 for 2005, ¥105.69 for 2004, and ¥120.20 for 2003.

Business Performance

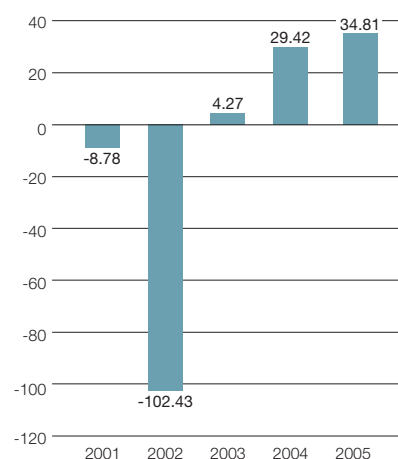
Revenues (Billions of yen)



Net income (Billions of yen)



Net income per share (Yen)



To Our Stakeholders

Before we report our operational results for the 101st fiscal year, April 1, 2004 to March 31, 2005, we would like to extend our deep gratitude for your steadfast support of our business.

Despite continuing decline in the volume of public construction projects, promising signs have appeared in the construction market giving cause for optimism, such as the increasing volume of private project orders, particularly from the manufacturing industry.

Under these circumstances, the Obayashi Group deployed its collective strengths to secure new contracts, resulting in a 16.4% year-on-year increase in orders received to ¥1,478,252 million on a consolidated basis. Revenues increased 4.3% from the previous year to ¥1,404,640 million. Although gross profit remained essentially in line with the previous year, operating income improved by 14.2% to ¥43,356 million, as a result of reduced selling, general and administrative expenses. Net income rose 18.3% year-on-year to ¥25,076 million.

While the private sector construction market is expected to remain on a path of recovery, the public construction market is expected to remain sluggish, keeping the overall construction industry under severe competition.

The Obayashi Group will continue to meet the challenge of this harsh business environment and keep pursuing its goal of becoming a highly profitable, ever-growing company.

The task before us now is to increase the volume of contracts and improve profitability in all our projects.

To increase the amount of contracts, we will aggressively promote sales in fields that promise future growth and require our technological strength, including urban revitalization, environment-related work, building renovation, and large-scale overseas projects. In addition, we will further develop business areas such as private finance initiative (PFI), engineering, and real estate securitization, as new sources of profit. We will also explore new businesses by taking full advantage of the expertise we have nurtured through experience and R&D.

To improve profitability, we will reduce costs and achieve higher productivity through group-wide operational improvements, while strictly controlling the quality of our work. Finally, in the financial area, we will focus on improving cash flows through such measures as asset liquidation.

We thank you for your understanding of and continued support for our business.

Pursuing the Highest Standards of Integrity and Quality



Executive Vice President
Yoshitaka Hara

Executive Vice President
Tadashi Uehara

Executive Vice President & CFO
Eiji Noma

President & COO
Norio Wakimura

Chairman & CEO
Takeo Obayashi

Board of Directors

Chairman & CEO

Takeo Obayashi

President & COO

Norio Wakimura

Executive Vice President

Tadashi Uehara

Executive Vice President & CFO

Eiji Noma

Executive Vice President

Yoshitaka Hara

Senior Managing Directors

Yoshihisa Obayashi
Shiro Takagi
Sumikichi Ito
Akira Nakatani
Shuhei Tabo
Shigeyoshi Cho

Corporate Auditors

Tadashi Nishimura
Shunroku Yasui
Teizo Tsuda
Masakazu Matsuo
Masayuki Matsushita

Executive Officers

Senior Managing Officers

Takekazu Mizumaki
Kunio Matsumoto
Masashi Honjo
Yuji Nakamura

Managing Officers

Yutaro Omote
Haruo Tsukagoshi
Hirofumi Inagaki
Akinori Furusho
Toru Shiraishi
Ryuichi Irahara
Shiro Tamura
Shigeo Morii
Yuro Nishikawa
Ryuhei Funano
Takashi Matsuura
Takehiko Totsuka
Hiromichi Uchida
Hiroshi Sakamoto
Hideo Goto
Tadahiko Noguchi
Hitoshi Tobuchi

Executive Officers

Hiromichi Tanaka
Masanobu Hidehira
Yuji Inoue
Kazuyoshi Uehara
Hiroki Umehara
Kunihiro Kagami
Shigehisa Kage
Makoto Kanai
Makoto Kishida
Kenichi Shibata
Yasuji Tomohiro
Takashi Nishiyama
Hiroshi Hasegawa
Yutaka Hachinohe
Masahito Hayashi
Shozo Harada
Tsukasa Matsumoto
Akihisa Miwa
Toshimitsu Morioka
Hisateru Yamatori

(as of July 1, 2005)

Building Construction

In our building construction business, in addition to urban redevelopment projects, we respond to the diverse needs of customers by applying the best technology for each construction project, such as higher productivity factories, energy-efficient and environmentally sound offices, and hospitals and schools that are retrofitted against earthquakes and disasters. As required, we ensure the preservation and restoration of cultural assets. We have set up a system for simultaneously promoting business that integrates all sections, including technology development and engineering, sales, design, facilities, purchasing and construction. We quickly and efficiently execute proposals with high added value.



Namba Parks

Location Osaka Pref.

The site of the former Osaka Stadium, located on the south side of Nankai Namba Station, has been transformed into a large-scale commercial complex comprising more than 100 shops and a high-rise office building. At the top of the commercial complex, luscious greenery spreads out to create one of the largest rooftop gardens in the country. The new town, which weaves natural beauty into a major urban setting, is extremely popular.



Nihon Seimei Marunouchi Building

Location Tokyo

Located at the front of Tokyo Station square, Nihon Seimei Marunouchi Building embodies the stature befitting the gateway into Tokyo. We have created a spacious, secure, and comfortable structure that incorporates state-of-the-art technology for the 21st century.



Kyoto State Guest House

Location Kyoto Pref.

The Kyoto State Guest House reflects the warm hospitality of traditional Japanese architectural design. It was constructed to encourage overseas guests to deepen their understanding of Japan's history and culture through experiencing the Japanese sense of space. The Guest House—one of the pinnacles of modern architecture—integrates traditional Japanese architectural expertise with the most advanced construction technology.



**NEC Corporation
Tamagawa Renaissance City
North Tower / Hall**
Location Kanagawa Pref.

Hall (front, far left), North Tower (right)



**Osaka Securities
Exchange Building**
Location Osaka Pref.



**EXPO 2005 AICHI JAPAN
TOYOTA GROUP PAVILION**
Location Aichi Pref.



SHINAGAWA V-TOWER

Location Tokyo

Kameda Medical Center K-Tower

Location Chiba Pref.



NHK Kobe Broadcasting Station

Location Hyogo Pref.

Civil Engineering

Our civil engineering business comprises a variety of operations that take full advantage of our technological leadership, including work on tunnels, bridges, dams, rivers and urban civil engineering projects. We are also actively involved in environment-related fields, with a proven track record that includes the construction of one of the country's largest waste disposal facilities, as well as water purification and soil purification operations. Obayashi responds to client needs by integrating the efforts of R&D, marketing, technology and construction divisions to promote proposal-based marketing that leverages our technical expertise.



Tokaido Shinkansen, Shinagawa Station

Location Tokyo

The opening of Shinagawa Station on the Tokaido Shinkansen Line has further improved access from the Tokyo metropolitan area to the Osaka and Nagoya regions. The transit passage that directly connects existing lines with the new station provides convenience for changing trains and is being used by many business travelers. The East-West Passage features a 30-meter high atrium with abundant natural lighting that creates a bright, open environment.





Yomasari Dam
Location Aomori Pref.



**Hiroshima Gas,
Hatsukaichi Factory
No.2 LNG Storage Tank**
Location Hiroshima Pref.

**Minato-Mirai Line,
Yokohama Station**

Location Kanagawa Pref.



Kobe Airport Landfill work

Location Hyogo Pref.



**Chugoku Crossing
Highway Minobe Bridge**

Location Okayama Pref.



**Joetsu Shinkansen,
Honjowaseda Station**

Location Saitama Pref.



**Usuki City Disposal
Factory**

Location Oita Pref.



**Matasawagawa Flood
Control Reservoir**

Location Shizuoka Pref.



Overseas Business

Obayashi pursues large-scale overseas projects by fully leveraging its internationally acclaimed technologies, such as its anti-seismic techniques and shield construction method. We are currently involved in a number of national-scale projects, including the construction of Taiwan High Special Rail, Second Bangkok International Airport, and Red River Bridge in Vietnam. Based on a full appreciation of the local character of the construction industry, Obayashi first ventured into Asia about 40 years ago. Since that time, we have consistently sought to adopt regionally appropriate construction methods and technologies and to cultivate relationships of trust in our overseas business, including the development of human networks.



Taiwan High Speed Rail Project C215

Location Taipei City and Taoyuan County, Taiwan

The Taiwan High Speed Rail is a national project that spans 340 kilometers connecting Taipei and Kaohsiung. Obayashi was responsible for constructing approximately 52 kilometers from Taipei, including roughly 32 kilometers of elevated bridges. We were able to realize rapid, high quality construction by using the Precast Span Method to efficiently install giant box girders manufactured at nearby construction yards.

President International Tower

Location Taipei City, Taiwan

A building complex of the President International Tower, Taiwan's largest food, distribution and retail company. The third through seventh underground floors house parking space and machinery rooms, while the second underground floors through sixth above ground floors contain commercial facilities with offices on floors seven and higher. The project was accomplished through the joint efforts of Taiwanese and Japanese workers.





**New York Botanical Garden
Visitor's Center**

Location New York City, USA

Contractor E.W. HOWELL CO., INC.



© Steven Bergerson Photography

**MSP LRT Tunnel and Station
MAC Contract No. 106-3-326**

Location Minnesota, USA



THE BOULEVARD RESIDENCE

Location Singapore



**WAT PHRA
DHAMMAKAYA**

Location Pathum Thani
Thailand

Contractor THAI OBAYASHI
CORPORATION
LIMITED

**Upper Diamond Fork
Project VE T3/T10
“Design/Build” Option
UPPER Diamond Fork
Project—Phase 2**

Location Utah, USA

A water supply system that emphasizes environmental preservation and the prevention of riverbank erosion



**WAT NAKORN-IN BRIDGE
AND CONNECTING
ROADS
TIWANON-PHET KASEM-
RATTANA THIBET
CONSTRUCTION
PROJECT CONTRACT
NS-1**

Location Nonthaburi, Thailand





**CANON VIETNAM CO., LTD.
04A NEW FACTORY**

Location Hanoi City, Vietnam



©TOKYO ELECTRIC POWER COMPANY

**Oudomxay Hybrid Power Station
(Pumping Up Power Generation System with
Photovoltaics)**

Location Oudomxay province, Lao P.D.R.

This project in Lao P.D.R. is a part of "International Cooperative Demonstration Project Utilizing Photovoltaic Power Generation Systems" undertaken by NEDO



**The Project for Reconstruction of Bridges
in the Central District**

Location Danang City, Vietnam

Construction of six highway bridges and approach roads for a section spanning approximately 700 kilometers



**Exedy (Shanghai) Co., Ltd.
Shanghai Factory**

Location Shanghai City, China

Renewal Business

Turning Buildings into Higher-Quality Properties from the Perspective of Life Cycle Management

Raising the Asset Value of Buildings

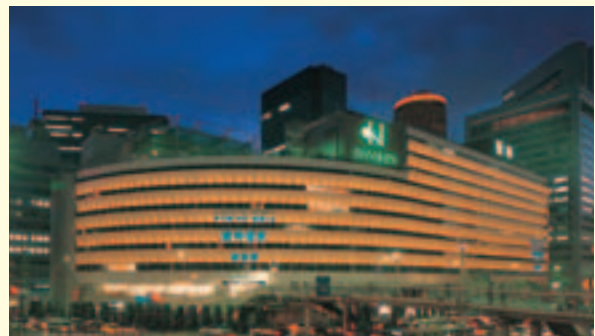
Today, real estate is assessed on the basis of revenues generated by buildings, which therefore requires that the property's functions correspond with the times and meet expectations for safety and durability. Moreover, a building must be considered as a long-term quality product, from both economic and environmental viewpoints.

In addition to this, Obayashi analyzes building functions and other conditions from the perspective of Life Cycle Management, which

takes into account the entire lifespan of a building. Based on this analysis, we present renewal proposals that both extend the operational life of a building and enhance its asset value. For example, proposals include transforming buildings into energy-efficient facilities, meeting environmental requirements, providing anti-seismic retrofitting, countering degradation, repurposing buildings, providing infrastructure for new information technologies, and improving the corporate image.

Dai-Hanshin Building

The project involves conducting renewal work while maintaining the daily business operations of the Hanshin Department Store. In addition to completely renovating the exterior facade, we illuminate the building at night to display a simple yet luxurious presence as a symbol of the gateway to Osaka.



PFI Business

The Leading Company in Japan's Domestic PFI Business

Pursuing Value for Money (VFM) Based on Unparalleled Expertise and Achievement

Private Finance Initiative (PFI) is a method for building, managing and maintaining public facilities utilizing the capital, technology and expertise of the private sector to achieve higher efficiency and improved quality in public services. This market has been expanding every year amid a growing need to reduce public-works spending.

Obayashi was among the first to participate in overseas PFI projects, such as the Sydney Olympic Stadium, before PFI was introduced into Japan. This experience enabled us to accumulate the broad range of expertise required to undertake this business. We have already won a market-leading 22 orders for PFI projects in Japan. Obayashi also assumed the role of representative in 21 of the 22 projects, and has taken the initiative in maximizing Value for Money (VFM).

Leading the PFI Market by Utilizing Total Capabilities

As an early PFI participant, we have build up an extensive network to maximize VFM spanning diverse industrial sectors in various operational areas, enabling us to organize ideal consortiums for specific project objectives. We are also highly regarded for our knowledge and techniques in project finance and risk hedging organized by the Special Purpose Company (SPC), the main functional body of the project. We fully apply our comprehensive expertise and skills along with our solid financial foundation to advance the PFI business.

Looking ahead, we will improve our management expertise toward establishing an unshakable position within the PFI market.

Kanagawa University of Human Services

Obayashi participated in Japan's first large-scale PFI project as a total coordinator, SPC financing company, and contractor. Upon completion, we will handle maintenance and management for a period of 30 years.



Urban Development Business

Aiming to Provide Excellent Development Opportunities

Promoting the Urban Development Business

Obayashi has been aggressively pursuing redevelopment projects nationwide, including numerous large-scale development projects in the Tokyo metropolitan area, enabling us to establish our track record as a business partner and specified business representative. Social circumstances surrounding urban area redevelopment projects involve private trusts designed to encourage participation by private enterprises, commercial development through SPC (Special Purpose Company) and securitization of real estate. Through these measures, large-scale redevelopment projects are being actively promoted.

Shinagawa Grand Commons

The former freight yard of the Japanese National Railways was transformed into a complex facility comprising offices, condominiums, shops, restaurants and hotels.



Efforts on Real Estate Securitization

Obayashi is also actively involved in the securitization of development-oriented real estate, in which we undertake large-scale development businesses on our own initiative, based on expertise in structuring SPCs, procuring financing for businesses and providing risk analysis accumulated through our PFI business. We work to minimize risk and achieve commercialization as expeditiously as possible by handling regulatory compliance, working with local landowners, ensuring due consideration for the surrounding environment, and constructing a business plan that includes investors and financiers. We strive to provide excellent development opportunities that are most likely to meet investor expectations for major stock funding.

Urawa Station East Exit Area Redevelopment Project



A development-oriented securitization plan was adopted for the first time in Japan

Engineering Business

The Total Capability to Meet Increasingly Sophisticated, Complex Customer Needs

Working with Customers to Promote Projects from Planning to Operation and Maintenance

In line with current social and economic changes, corporations are beginning to face an increasingly diverse array of issues. Obayashi provides total capabilities beyond its core businesses of civil engineering and construction to respond to the underlying needs of customers from the early stages of project proposal and planning by fully deploying our construction and engineering technologies as well as our wealth of human resources. For example, for manufacturing and logistics

facilities, we use engineering technologies developed in each field of expertise to develop a plan that considers the building and system as a single unit to construct the most efficient system possible.

We are also engaged in the formation of a recycling-oriented economy and society that is safe and secure, and together with our customers we work on building telecommunications and security control systems, on business plans for medical and social welfare facilities, on procurement plans for medical equipment and furniture, and on plans for hospital meal facilities.

Second 300mm Fabrication Facility (E300-Fab2) of Hiroshima Elpida Memory, Inc.

In addition to buildings, we provide overall engineering and construction work for manufacturing facilities, including clean rooms and facility equipments, to construct the world's most advanced and largest plants corresponding to the needs of the ever-changing semiconductor industry.



The Hikari Plant of Takeda Pharmaceutical Company Limited

Based on our deep expertise in the engineering and construction work of pharmaceutical plants, we have built high quality plants with C-GMP (GMP standard of the U.S. Food and Drug Administration) and J-GMP (GMP standard of Japan's Ministry of Health, Labor and Welfare) through a company-wide cooperative work.



Actively Conducting R&D to Meet Society's Needs

Vigorously Promoting R&D Led by the Technical Research Institute

Obayashi actively promotes research and development under its corporate stance of refining creativity and perceptions, then calls on the company's accumulated technology and wisdom to add new value to the concept of space. Since its establishment in 1965, the Technical Research Institute, which serves as the core of these efforts, has pursued high-level R&D and technical development targeting commercialization to meet the needs of the times. The Institute consists of the main building, known as the Super Energy-Conservation Building, and other facilities for

research and experimentation, including Japan's first base isolated office building. Particularly noteworthy are one of Japan's largest tri-axial shaking tables and one of the world's largest geotechnical centrifuge systems housed within these facilities. To mark the occasion of the Institute's 40th anniversary, we have commenced constructing the Fire Protection Engineering Laboratory with the highest specifications in Japan. Obayashi will take full advantage of these high-level R&D facilities to conduct ongoing R&D and technical development that contributes to society.

Technical Research Institute Facilities



The Main Building (The Super Energy-Conservation Building)

Major Technical Developments

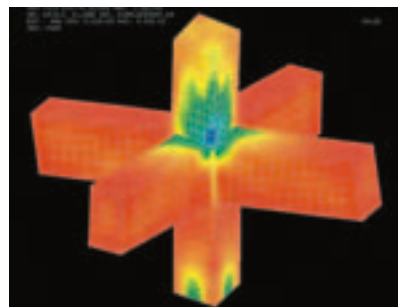


Numerical Simulator for Wind Environment
Predicts wind environments around a building complex

Multi-Purpose Wind Tunnel



Tri-axial Shaking Table
Capable of simulating earthquakes twice the magnitude of the 1995 Kobe Earthquake



Reinforced Concrete Structure Analysis Software "FINAL"
Verifies responses of reinforced concrete structures against external forces such as earthquakes and heat



Geotechnical Centrifuge System
Experimentally simulates ground movement using a scale model



Adaptive Structure by Variable Geometry Truss (VGT)
Can be changed into various shapes depending on specific purpose; chosen as a future monument for the Aichi Expo

Automated Building Construction System (ABCS)

Realizing shorter construction periods, improved safety, and energy-saving solutions for high-rise buildings by applying factory automation concepts to the construction site

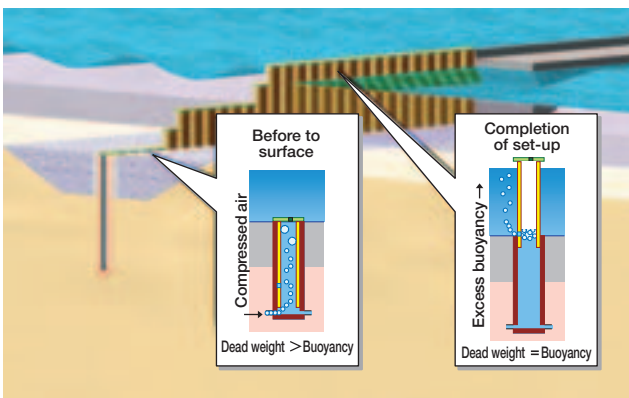
ABCS is an all-weather, automated construction system for high-rise buildings, a world-leading achievement by Obayashi. The purpose of the system is to shorten construction periods and improve the safety and productivity of the construction process by applying factory automation concepts to the construction site, including automation, mechanization, and computerization. It has been successfully applied to the construction of high-rise buildings and plants.



Buoyancy-Driven Vertical Piling Breakwater

Securing ports by shutting out tsunamis and high waves using breakwaters that are only deployed in times of disaster

Collaborating with another company, Obayashi developed an innovative "Buoyancy-Driven Vertical Piling Breakwater" that surfaces at a moment's notice during tsunami and high wave warnings. This method enables construction of breakwaters along ship routes where it was previously considered impossible to construct breakwaters, resulting in significantly enhancing port security in times of disaster.

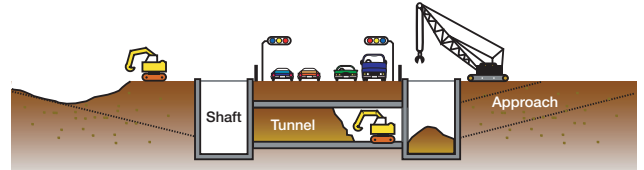


Ultra-Rapid Underpass (URUP) Method

Realizing rapid construction of road / railway underpasses to resolve traffic jams in urban areas

Obayashi developed the URUP method, which enables smooth construction of underpasses for roads / railways in urban areas within a shorter construction period. Obayashi's advanced technology, which is applied for the first time in the world, cuts the construction period to one-third the time required by conventional methods and significantly reduces traffic congestion and noise generated by the construction work.

Conventional Construction Method
Construction Period: 3 years



URUP Method
Construction Period: 10 months



Segmented Steel Panel Temporary Cofferdam Method

Improving the efficiency of seismic retrofitting for underwater bridge piers

This method significantly reduces the construction time and costs for seismic retrofitting of underwater bridge piers by constructing temporary cofferdams by assembling several segmented steel panels into a tubular shape. Repeated use of the steel panels makes it possible to further reduce construction costs.



Environmental Business


Highly Regarded, Wide-Ranging Technologies Based on a Wealth of Accomplishments

Advancing Comprehensive Proposals that Provide Value for Our Customers

In the environmental business, which faces rising public expectations, Obayashi is developing technologies and construction projects in the following areas:

- Countermeasures for soil and underground water contamination
- Water recovery and sludge treatment
- Construction of waste landfill
- Reuse of organic waste
- Countermeasures for the heat island phenomenon

These environmental businesses require a broad array of technology and experience in problem solving. Obayashi has successfully gathered experienced engineers by envisioning the total process from planning, research and diagnosis, analysis and implementation of countermeasures, to managing maintenance and assessment. We quickly and precisely respond to customers' needs and provide comprehensive solutions.



During the Gulf War, over 600 oil wells were destroyed in Kuwait, releasing a massive outflow of oil that contaminated as much as 20,000,000m³ of soil. Between 1994 and 1999, Obayashi conducted surveys and verification experiments for bioremediation (recovery through living organisms) as part of joint research undertaken by the Kuwait Institute for Scientific Research and the Petroleum Energy Center. As a result, we purified approximately 15,000m³ of contaminated soil and successfully revived the soil to the point of supporting steady plant growth.

*From 2001, operations related to this business have been transferred to the Japan Cooperation Center, Petroleum.

Countermeasures for Soil and Underground Water Contamination

Responding to All Types of Toxic Substances and Soil Conditions

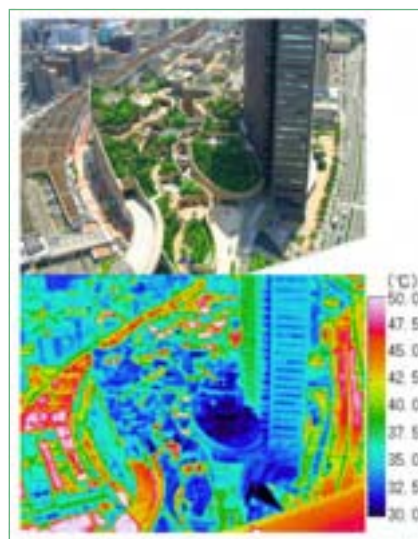
Obayashi has quickly developed wide-ranging technological countermeasures for purifying contaminated soil, a concern that is attracting considerable interest in the context of environment-related businesses since the enactment of the Soil Contamination Countermeasures Law. We have already established a track record of implementing countermeasures for a total area exceeding 1,500,000m³, including on-site plant treatment and in-situ treatment.

Toxic waste	Purification through excavation	In-situ purification
Heavy metals	High-precision immobilization treatment Classification and washing	In-situ immobilization treatment
Volatile organic compounds	Mixing and volatilization Biological treatment	In-situ soil washing and biological treatment Chemical treatment (Fenton Treatment)
Oil	Thermal treatment Biological treatment	Biological treatment Air sparging
Dioxins	Dehalogenation treatment	

Countermeasures for the Urban Heat Island Effect

Greening Through Rooftop Gardens Provides a Dramatic Cooling Effect

Rooftop greening in major cities is an effective method for countering the urban heat island effect and creating pleasant townscapes. Namba Parks, which we constructed on the site of the former Osaka Stadium, features Japan's largest rooftop greenery. In midsummer, the rooftop green area was up to approximately 25°C cooler than asphalt surfaces.



Thermo camera image of temperature measurements at noon in mid-summer

Environment Preservation Activities

Toward a Resource-Recycling Society for Sustainable Development

Promoting Company-Wide Environmental Preservation Activities as a Responsible Enterprise Moving forward in this Century of the Environment

With "Harmony with Nature" as a fundamental corporate policy, Obayashi established the Global Environment Department in 1990. Since the formulation of our "Action Plan for Sustainable Development" in 1992, we have set new environmental goals for each fiscal year. We also instituted the "Obayashi Corporation Environmental Policy" in November 1997. As a responsible enterprise moving forward in this century of the environment, and a participant in the construction industry that comes into close

contact with the global environment through infrastructure projects and the construction of industrial facilities, we are taking every possible action to preserve the environment. In order to continuously and systematically promote these activities, all Obayashi branches and organizations acquired ISO14001 certification in 1999. From top management to individual employees, we are building and promoting an Environmental Management System (EMS) under which every corporate activity is pursued as a further contribution toward achieving a resource-recycling society.

Obayashi Corporation Environmental Policy

Principles

We, OBAYASHI CORPORATION, regard our active involvement in environmental matters and continual improvement in relation to such involvement as an integral part of our management, and in all our undertakings, we will fully take account of environmental impact of our activities and make efforts to preserve the environment, and thus, we will contribute to building up society with sustainable development.

Four Priority Issues and Activities

Measures to Prevent Global Warming/
Reduction in Carbon Dioxide Emission

Measures against Construction Wastes

Green Purchasing

Control of Chemical Substances/
Reduction in Toxic Chemical Substances

Zero Emissions Activities

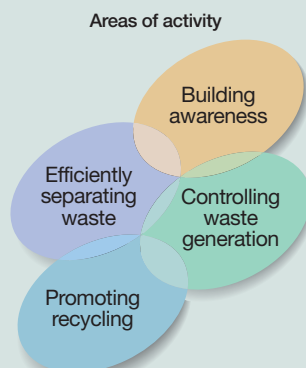
Awarded the Prime Minister's Award for Zero Emissions at Building Sites

Obayashi intends to achieve "Zero Emissions*" with regard to wastes generated by construction.

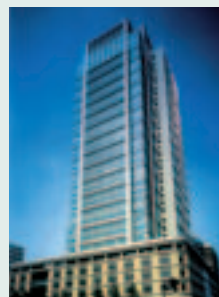
In fiscal 2003, we became the first in the construction industry to declare our Zero Emissions activities, and in that same year, we were awarded the Prime Minister's Award, the highest of the Awards for Achievement in Promoting "Reduce, Reuse, Recycle" Activities (3R Awards), for our innovative measures and efforts.

*Zero Emissions

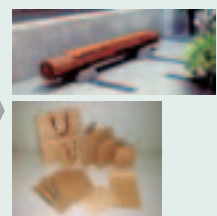
Zero Emissions means recycling 100% of the wastes generated by an industry and reducing to zero the amount of such wastes destined for landfills in the final stage of disposal. Obayashi is pursuing these activities under the principles of shared awareness, reduced waste, efficient sorting, and recycling.



Activities for the Marunouchi Building



We preserved coexistence with the environment at this building from the demolition stage, and pursued thorough recycling in cooperation with the client. Even pine pilings that had served as the foundation of the former Marunouchi Building for over 80 years were repurposed into benches and envelopes.



We cooperated in the recycling of 5,443 pine foundation pilings, measuring approximately 14m to 15m each, from the former Marunouchi Building.

History of Obayashi

Since the beginning, Obayashi has demonstrated creativity and technological capability. Here, Obayashi's history shows a record of reliability and achievement.

1892-1945 From Foundation through WWII



Yoshigoro Obayashi

In 1892, Yoshigoro Obayashi won the bid for construction of the Abe Paper Mill, and founded his company. For those times in Osaka, it was a very large project, but Yoshigoro realized that how the job was done meant the future to his fledgling company, so he put everything he and his employees had into the construction.

When they finished, the owners were more than satisfied with the results. And Obayashi Corporation made its first powerful step forward.

In 1904, Obayashi opened an office in Tokyo. Then, in 1911, we were awarded the contract to build Tokyo Station, a project that was then the highest steel-frame building ever attempted in Japan. The project was finished in 1914, with such high-quality precision workmanship that there was not a single gap in the entire structure. This cemented Obayashi's reputation as a top-class construction company in Tokyo, and that led to a succession of new orders for construction work.

In the '20s and '30s, Obayashi grew very rapidly, gaining considerable ground over other construction companies and making our way to the top of the industry.



Tokyo Station

1946-2000 From Post-War Recovery

During Japan's postwar reconstruction, there came a rush to construct dams for hydroelectric power. The first was the Nukabira Dam, followed in quick succession by the Yakuwa, Amagase, and other dams. Reflecting the high pace of the Japanese economy during these years, we constructed the award-winning National Gymnasium Annex as well as the Hotel

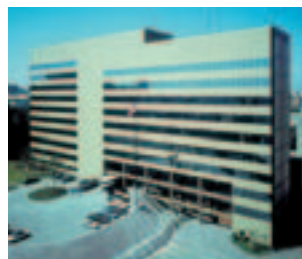


Nukabira Dam

Empire, Japan's first real high-rise building. During these years, Obayashi constructed many high-rise office buildings and hotels, at home and abroad.

Obayashi built many of the pavilions at Expo '70 in Osaka, where we were able to showcase our technology to the world. An era of surprising growth followed.

The Obayashi Main Office in Osaka was completed in 1973, the first ultra-highrise building in Western Japan. In 1976, we



U.S. Embassy Office Building



Osaka Expo '70

completed both the U.S. Embassy Office Building and the U.S.S.R. Embassy Building in Tokyo. And in 1982, we displayed our leadership in environmental issues with the completion of our Technical Research Institute, which was certified the most energy-efficient building in the world.

The '80s also saw the completion of the Seikan Tunnel between Japan's main island of Honshu and the northernmost island of Hokkaido, and the start of the North and South Bisan-Seto Bridges, which connect Honshu with the island of Shikoku. With



Yoyogi National Stadium 2nd Gymnasium



Kansai International Airport



Akashi Kaikyo Bridge (Kobe Side Anchorage)



Osaka Dome

the completion of these projects, Japan's main islands were all linked by land transportation routes. After 1986, Japan's bubble economy heated up and investment in construction grew significantly. Many of the large projects that had been planned, such as urban redevelopment and waterfront development, were completed during that era. Obayashi participated in construction of the Kansai International Airport, the Tokyo International Forum Glass Hall, the Osaka Dome, the Kyoto Station Building, the Tokyo Wan Aqua-Line, the Akashi Straits Bridge, and other large projects.



Tokyo International Forum Glass Hall

participated in numerous large-scale projects in Southeast Asia and Australia, including construction of the Air Traffic Control Tower for the Changi International Airport in Singapore, China Square Central, and the main stadium for the Sydney Olympics in Australia.



Stadium Australia



China Square Central (Marsh & McLennan Centre)

Overseas Activities

In 1964, we became the first Japanese construction company to open an overseas representative office, in Bangkok, Thailand. Starting in 1970, we aggressively opened representative offices and established local subsidiaries in Southeast Asia and the United States.



North Shore Outfalls Consolidation Contract N1 & N2

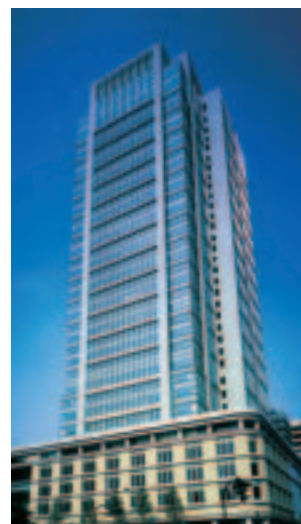
In 1979, Obayashi became the first Japanese construction company to successfully bid for a public works project in the United States with the awarding of a waterworks contract in San Francisco, California. We have also



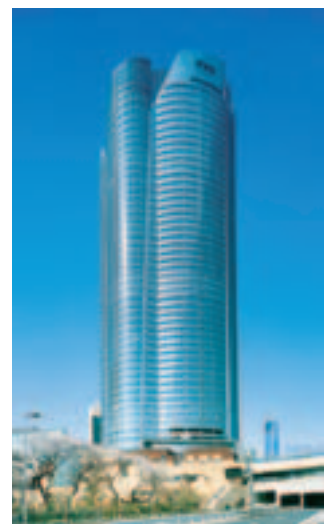
Changi International Airport, Air Traffic Control Tower

Boldly Moving Forward in the 21st Century

Now, well into the 21st century, Obayashi has continued to participate in some of the largest projects in Japan, including the Marunouchi Building and Roppongi Hills Mori Tower, while pursuing global business development through our involvement in the construction of Suvarnabhumi Airport in Thailand and other projects.



Marunouchi Building



Roppongi Hills Mori Tower

Network of Companies

Domestic Offices

TOKYO HEAD OFFICE

Shinagawa Intercity Tower B, 2-15-2, Konan, Minato-ku,
Tokyo 108-8502, Japan
TEL: 81-3-5769-1111
FAX: 81-3-5769-1910

OSAKA MAIN OFFICE

4-33, Kitahamahigashi, Chuo-ku,
Osaka 540-8584, Japan
TEL: 81-6-6946-4400
FAX: 81-6-6946-4755

BRANCHES

Nagoya • Kyushu • Tohoku • Yokohama • Sapporo • Hiroshima •
Shikoku • Kobe • Hokuriku

TECHNICAL RESEARCH INSTITUTE

4-640, Shimokiyoto, Kiyose-shi,
Tokyo 204-8558, Japan
TEL: 81-424-95-1111
FAX: 81-424-95-0901

Domestic Subsidiaries and Affiliates

CONSTRUCTION

OBAYASHI ROAD CORPORATION
NAIGAI TECHNOS CORPORATION
NAIGAI KENZAI CO., LTD.
OAK SETSUBI CORPORATION

REAL ESTATE

OBAYASHI REAL ESTATE CORPORATION

BUILDING MAINTENANCE

OBAYASHI FACILITIES CORPORATION

GOLF CLUBS & RESTAURANTS

MUTSUZAWA GREEN CO., LTD.
SANYO GREEN CO., LTD.
OAK ENTERPRISE CO., LTD.

OTHER

SOMA ENVIRONMENT SERVICE CORPORATION
ATELIER G&B CO., LTD.
OAK L.C.E. CORPORATION
OAK INFORMATION SYSTEM CORPORATION
OC FINANCE CORPORATION
HYATT REGENCY OSAKA CORPORATION

Overseas Offices, Subsidiaries, and Affiliates

THAILAND

● THAI OBAYASHI CORPORATION LIMITED

11th Floor, Nantawan Building, Rajdamri, 161 Rajdamri Road,
Bangkok 10330, Thailand
TEL: 66-2-252-5200
FAX: 66-2-252-5381
<http://www.thaiobayashi.co.th/>

● THAILAND OFFICE

*Refer to THAI OBAYASHI CORPORATION LIMITED.

INDONESIA

● PT. JAYA OBAYASHI

JL. Pancoran Timur II No.3, Pancoran, Jakarta 12780, Indonesia
TEL: 62-21-7982223, 7944142
FAX: 62-21-7973672, 7973673

● INDONESIA OFFICE

*Refer to PT. JAYA OBAYASHI.

SINGAPORE

● SINGAPORE OFFICE

18 Cross Street #06-01/05, Marsh & McLennan Centre
Singapore 048423
TEL: 65-6220-3122
FAX: 65-6224-8425

MALAYSIA

● MALAYSIA OFFICE

Suite 10.6, Level 10, Menara Great Eastern No. 303, Jalan Ampan,
50450 Kuala Lumpur, Malaysia
TEL: 60-3-4252-6688
FAX: 60-3-4252-8860

VIETNAM

● VIETNAM OFFICE

Unit 1906, Saigon Trade Center, 37 Ton Duc Thang St., District 1,
Ho Chi Minh City, Vietnam
TEL: 84-8-9105523
FAX: 84-8-9105529

● HANOI OFFICE

6th Floor, 14 Lang Ha Building, 14 Lang Ha Street, Ba Dinh District,
Hanoi, Vietnam
TEL: 84-4-7722842
FAX: 84-4-7722846

CAMBODIA

● PHNOM PENH OFFICE

No.47, St.592 Sangkat, Beoung Kok II,
Khan Toul Kork, Phnom Penh, Cambodia
TEL: 855-23-884-934
FAX: 855-23-361-192

PHILIPPINES

● MANILA OFFICE

10C Chatham House Condominium, 116 Valero Cor. Herrera St.,
Salcedo Village, Makati City, Metro Manila, Philippines
TEL: 63-2-889-3655
FAX: 63-2-889-3677

CHINA

● OBAYASHI (SHANGHAI) CONSTRUCTION CO., LTD.

Shanghai International Trade Center 1912B,
No.2201 Yan-An Road (West), Shanghai,
People's Republic of China
TEL: 86-21-6219-2999
FAX: 86-21-6219-2555

● CHINA OFFICE

*Refer to OBAYASHI (SHANGHAI) CONSTRUCTION CO., LTD.

● BEIJING OFFICE

Beijing Fazhan Building 818B, No.5 Dong-San-Huan Road (North),
Chao-Yang District, Beijing, People's Republic of China
TEL: 86-10-6590-8546/7
FAX: 86-10-6590-8545

● DALIAN OFFICE

Senmao Building 1802E, No.147 Zhong-Shan Road,
Xi-Gang District, Dalian, People's Republic of China
TEL: 86-411-8360-3087
FAX: 86-411-8360-3076

TAIWAN

● TAIWAN OFFICE

11F-4, 57, Fu-Hsing N. Road, Taipei, Taiwan
TEL: 886-2-2781-4678
FAX: 886-2-2771-5368

● TAIWAN OBAYASHI CORPORATION

*Refer to Taiwan Office.

U.S.A.

● OBAYASHI USA, LLC

420 East Third Street, Suite 600, Los Angeles, California 90013,
U.S.A.
TEL: 1-213-687-8700
FAX: 1-213-687-3700
<http://www.obayashiusa.com/>

● OBAYASHI CONSTRUCTION, INC.

*Refer to OBAYASHI USA, LLC for address.
TEL: 1-213-687-8700
FAX: 1-213-687-4317

● OC REAL ESTATE MANAGEMENT, LLC

*Refer to OBAYASHI USA, LLC for address.
TEL: 1-213-687-9700
FAX: 1-213-687-0335

● JAMES E. ROBERTS-OBAYASHI CORPORATION

20 Oak Court, Danville, California 94526, U.S.A.
TEL: 1-925-820-0600
FAX: 1-925-820-1993

● SAN FRANCISCO OFFICE

5000 Shoreline Court, Suite 201 South, San Francisco, California
94080, U.S.A.
TEL: 1-650-952-4910
FAX: 1-650-589-8384

● E.W. HOWELL CO., INC.

113 Crossways Park Drive Woodbury, NY 11797, U.S.A.
TEL: 1-516-921-7100
FAX: 1-516-921-0119

● U.S. HAWAII OFFICE

725 Kapiolani Blvd., 4th Floor, Honolulu, Hawaii 96813, U.S.A.
TEL: 1-808-593-0000
FAX: 1-808-593-0777

U.K.

● EUROPE OFFICE

Bracken House, One Friday Street
London EC4M 9JA, U.K.
TEL: 44-20-7236-8338
FAX: 44-20-7236-8337

TURKEY

● ISTANBUL OFFICE

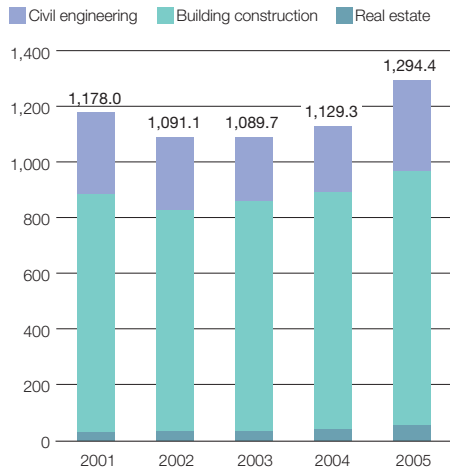
Firat Bulvari Gardenya 3/13 Kat 13,
Daire 79 Atasehir 34750, Istanbul, Turkey
TEL: 90-216-4563401
FAX: 90-216-4563402

● Offices ● Subsidiaries and Affiliates

Business Performance (Non-consolidated)

Orders received

(Billions of yen)



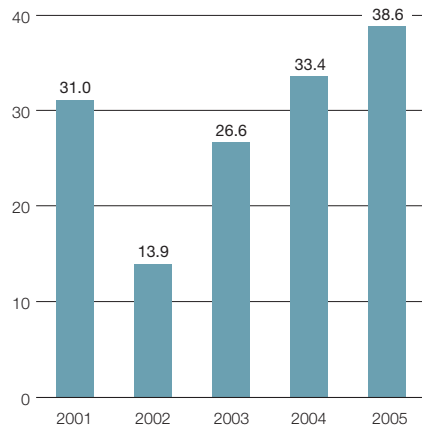
Revenues

(Billions of yen)



Operating income

(Billions of yen)



Net income

(Billions of yen)

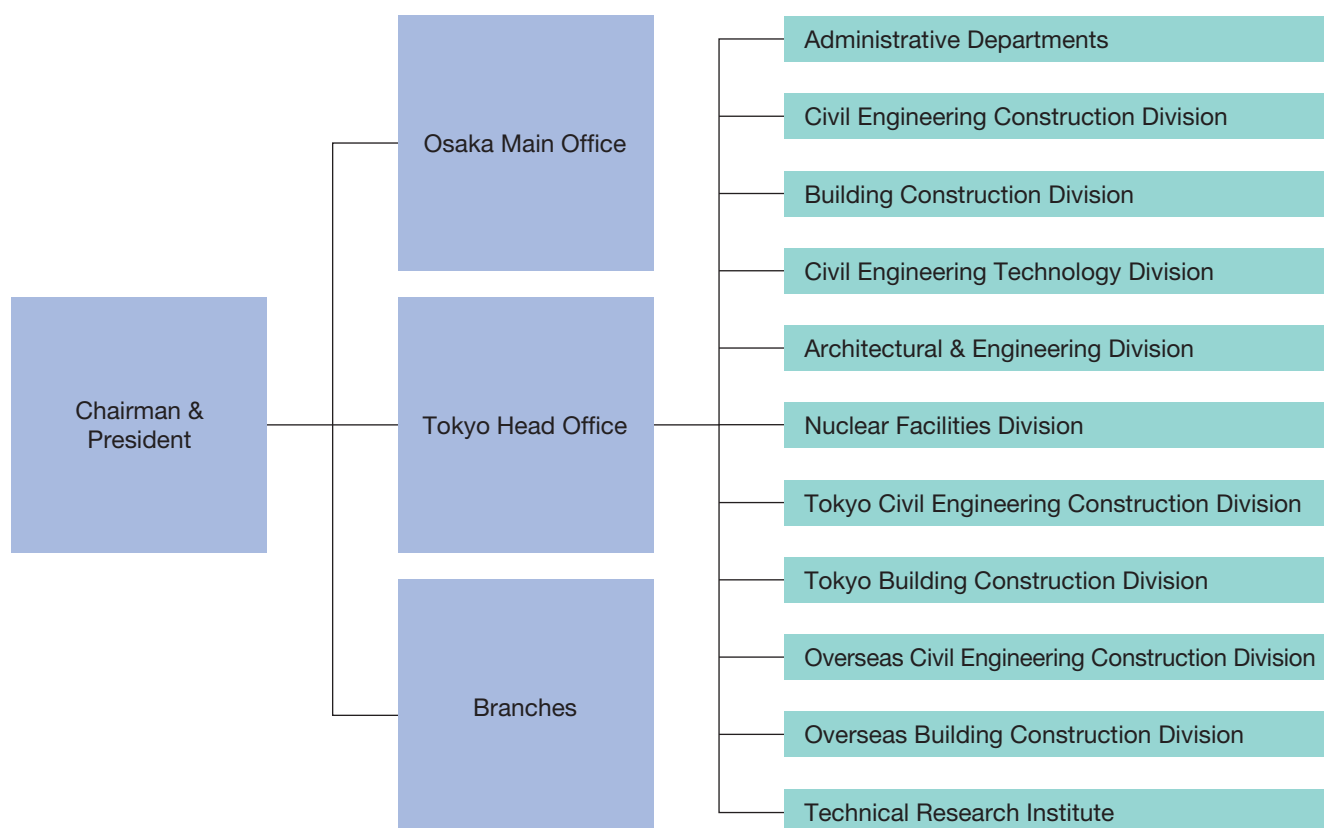


Net income per share

(Yen)



Organization Chart



(as of July 1, 2005)

Stock Information

Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi, 1-chome Chiyoda-ku, Tokyo 100-8212,
Japan

General Meeting of Shareholders:

Late June

Listing:

Four stock exchanges: Tokyo, Osaka, Nagoya and Fukuoka

Major shareholders

Shareholders	Holding shares	
	Shares held (Thousand)	Percentage of total
Japan Trustee Services Bank, Ltd. (Trust Account)	76,549	10.61
The Master Trust Bank of Japan, Ltd. (Trust Account)	54,660	7.58
Takeo Obayashi	29,148	4.04
Nippon Life Insurance Company	27,515	3.81
Hakuyo-Kai	19,186	2.66
Obayashi Employee Share-Holding Association	12,753	1.77
The Government of Singapore Investment Corporation Pte Ltd.	11,523	1.60
Sumitomo Mitsui Banking Corporation	8,740	1.21
Japan Trustee Services Bank, Ltd. (Trust Account ⁴)	8,702	1.21
State Street Bank and Trust Company 505103	8,079	1.12

(as of March 31, 2005)

OBAYASHI CORPORATION

[TOKYO HEAD OFFICE]

Shinagawa Intercity Tower B, 2-15-2, Konan
Minato-ku, Tokyo 108-8502, Japan
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<http://www.obayashi.co.jp>