

Summary and Forecast of Business Performance

Overview of Business Performance

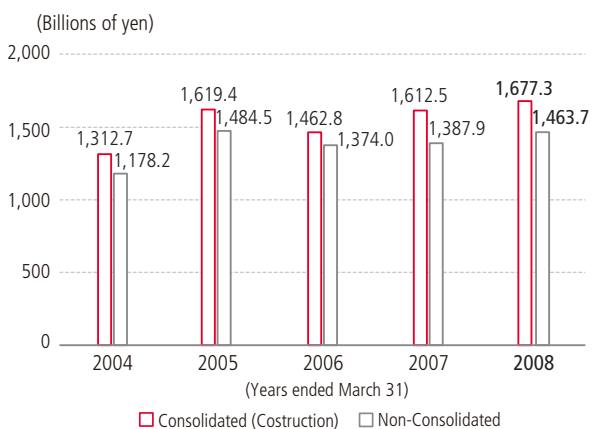
During the fiscal year ended March 31, 2008, concerns about a downturn in the global economy intensified in the second half due to factors such as a slowdown in the U.S. economy and turbulence in financial markets stemming from the subprime mortgage crisis. The Japanese economy was affected by these and other factors, including heightened uncertainty about corporate earnings due to the appreciation of the yen against the U.S. dollar in tandem with rising raw material prices.

In the domestic construction market, the steady construction investment of the past several years weakened, with a continued decrease in public investment, the impact of the enforcement of the revised Building Standard Law, and a downturn in demand for condominiums. Under these circumstances, the operating environment for construction companies became increasingly severe, as competition for new projects showed no signs of abating and construction costs continued to rise.

In these conditions, the Kajima Group's consolidated results for the fiscal year ended March 31, 2008 were as follows.

Consolidated construction contract awards increased 4.0 percent compared with the previous fiscal year to ¥1,677.3 billion, primarily due to an increase in building construction work at the parent company. Non-consolidated contract awards increased 5.5 percent year on year to ¥1,463.7 billion. Of the total non-consolidated contract awards, ¥1,397.8 billion came from construction work, a year-on-year increase of 8.5 percent.

Contract Awards

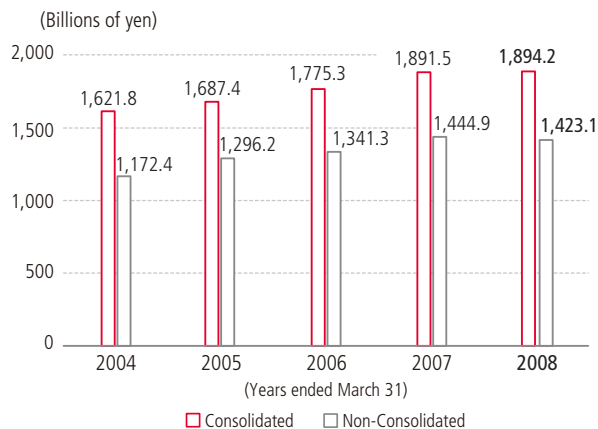


Consolidated revenues increased 0.1 percent year on year to ¥1,894.2 billion mainly as a result of an increase in completed civil engineering work.

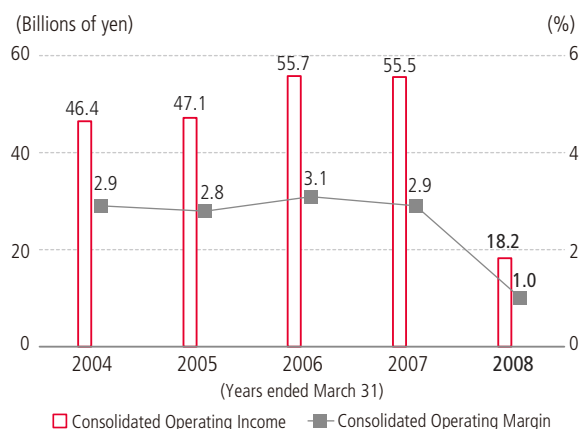
Operating income decreased 67.1 percent compared with the previous fiscal year to ¥18.2 billion, primarily because of a decrease in the gross profit margin of completed work at the parent company. Income before income taxes and minority interests decreased 29.9 percent to ¥51.2 billion. Net income increased 1.7

percent to ¥42.2 billion, primarily due to gain on sale of a portion of preferred units in UDX SPC included in other income totaling ¥33.0 billion. Net income per share increased to ¥40.53 from ¥39.41 for the previous fiscal year.

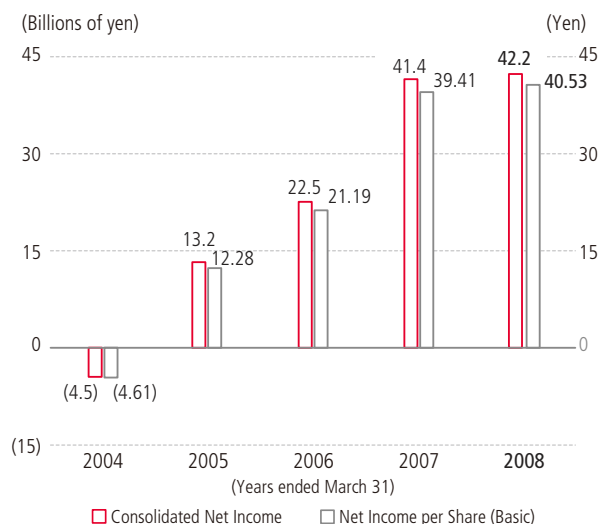
Revenues



Consolidated Operating Income / Consolidated Operating Margin



Consolidated Net Income / Net Income per Share (Basic)



Segment Performance

Construction Operations

Consolidated revenues increased 1.0 percent year on year to ¥1,599.6 billion, primarily because of an increase in completed civil engineering projects. Consolidated gross profit on completed construction projects decreased 27.3 percent year on year to ¥74.5 billion, and the gross profit margin on completed construction projects decreased to 4.1 percent from 7.1 percent for the previous fiscal year.

As a result of the decrease in gross profit, consolidated operating loss for construction operations totaled ¥5.0 billion, compared to operating income of ¥25.8 billion for the previous fiscal year.

(Billions of yen)			
(Years ended March 31)	2008	2007	2008/2007(%)
Revenues	1,599.6	1,583.1	1.0
Operating income	(5.0)	25.8	
Assets	1,511.2	1,709.2	(11.6)
Depreciation	8.5	7.4	15.1
Capital expenditures	16.4	24.3	(32.3)

Real Estate Operations

Consolidated revenues from real estate operations decreased 7.3 percent year on year to ¥192.4 billion despite the delivery of large-scale development projects. Operating income decreased 27.1 percent year on year to ¥20.9 billion.

(Billions of yen)			
(Years ended March 31)	2008	2007	2008/2007(%)
Revenues	192.4	207.7	(7.3)
Operating income	20.9	28.7	(27.1)
Assets	521.1	540.9	(3.7)
Depreciation	7.3	7.2	1.6
Capital expenditures	12.8	13.4	(5.0)

Other Operations

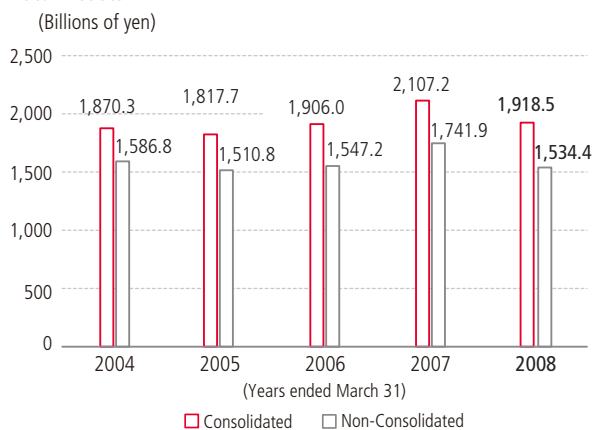
Consolidated revenues from other operations, which include the processing and sale of construction materials, the design and engineering businesses, and property management services, increased 1.5 percent year on year to ¥102.1 billion. Operating income increased 13.8 percent year on year to ¥1.2 billion.

(Billions of yen)			
(Years ended March 31)	2008	2007	2008/2007(%)
Revenues	102.1	100.6	1.5
Operating income	1.2	1.1	13.8
Assets	81.3	94.8	(14.2)
Depreciation	1.5	1.5	0.4
Capital expenditures	5.1	3.6	40.2

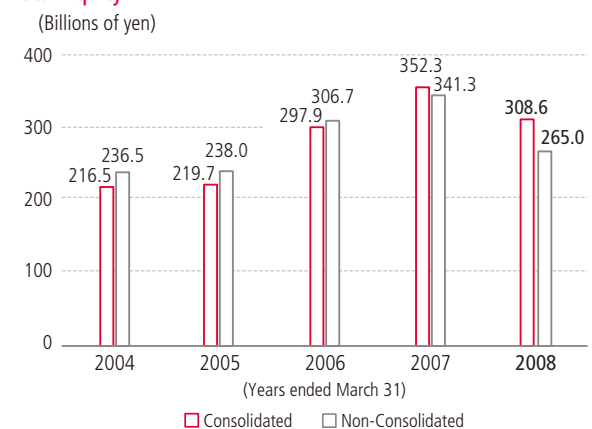
Analysis of Financial Position

Total assets as of March 31, 2008 decreased ¥188.7 billion from a year earlier to ¥1,918.5 billion, primarily because of a decrease in investments in securities. Total liabilities decreased ¥145.0 billion from a year earlier to ¥1,609.9 billion, primarily because of a decrease in notes and accounts payable-trade. Total equity decreased ¥43.7 billion from a year earlier to ¥308.6 billion, primarily because of a decrease in unrealized gain on available-for-sale securities. The decrease in total equity resulted in a decrease in the stockholders' equity/assets ratio to 15.6 percent from 16.2 percent as of March 31, 2007.

Total Assets



Total Equity



Cash Flows

Net cash used in operating activities totaled ¥52.5 billion, compared to ¥4.1 billion for the previous fiscal year. Main sources of cash included income before income taxes and minority interests of ¥51.2 billion and decrease in receivables of ¥42.9 billion. Depreciation and amortization totaled ¥17.2 billion. Main uses of cash included decrease in payables of ¥68.1 billion and income taxes paid of ¥19.6 billion. In addition, deposits received, which are included in increase in other liabilities, decreased by ¥29.3 billion.

Net cash provided by investing activities totaled ¥3.0 billion, compared with ¥22.1 billion for the previous fiscal year. Sources of cash included proceeds from sales and redemption of marketable and investment securities totaling ¥3.7 billion and proceeds from investments in affiliates totaling ¥40.7 billion. Uses of cash included net purchases of property and equipment totaling ¥17.4 billion and payment for purchases of marketable and investment securities totaling ¥18.1 billion.

Net cash used in financing activities totaled ¥7.7 billion, compared with ¥4.8 billion for the previous fiscal year. Net proceeds from short-term borrowings, long-term debt, commercial paper and bonds totaled ¥12.6 billion. On the other hand, acquisition of treasury stock totaled ¥12.3 billion and cash dividends paid totaled ¥7.9 billion.

As a result, cash and cash equivalents at the end of the period decreased ¥57.8 billion from a year earlier to ¥100.3 billion.

Statements of Cash Flows Highlights

	(Millions of yen)		
(Years ended March 31)	2008	2007	2006
Net cash (used in) provided by operating activities	¥(52,541)	¥(4,133)	¥53,403
Net cash provided by (used in) investing activities	3,021	22,117	(14,845)
Net cash used in financing activities	(7,679)	(4,845)	(35,999)
Cash and cash equivalents at end of year	100,291	158,100	143,859

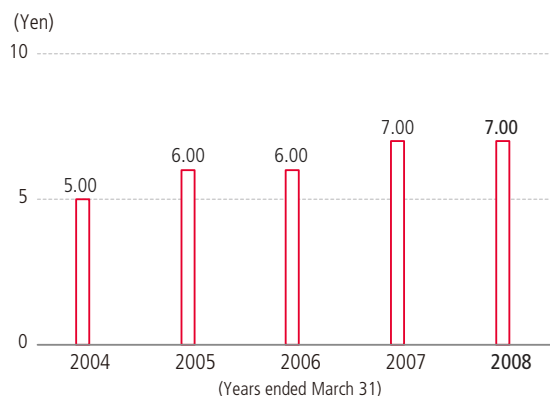
Basic Policy for Profit Allocation

Our basic policy for profit allocation is to provide stable dividends to stockholders in accordance with business performance while securing internal reserves to maintain a sound management foundation. The Company uses internal reserves to reinforce its financial structure and raise capital efficiency.

The Company considered its performance and management foundation in paying cash dividends per share for the fiscal year ended March 31, 2008 of ¥7.00 as planned, consisting of interim and year-end cash dividends per share of ¥3.50. The Company plans to pay the same cash dividends in the fiscal year ending March 31, 2009.

Moving to implement flexible capital policies, the Company's Board of Directors resolved at a meeting of November 13, 2007 to repurchase shares and enhance stockholder value, and the Company conducted the repurchase from November 15, 2007 through December 27, 2007.

Cash Dividends per Share



Forecast for the Fiscal Year Ending March 31, 2009

The outlook for the Japanese economy warrants close attention to factors such as the global economy, especially the economy of the United States, as well as trends in prices of crude oil and other raw materials, and stock and foreign exchange markets.

In the Japanese construction market, the outlook for private capital expenditures has become uncertain, and further price increases for construction materials and other items are cause for concern. Consequently, the operating environment for construction companies is expected to remain extremely challenging.

Given these conditions, for the year ending March 31, 2009, the Company forecasts that consolidated revenues will

decrease 0.2 percent year on year to ¥1,890.0 billion. However, the Company forecasts that gross profit on construction projects will increase, and that operating income will increase 86.4 percent year on year to ¥34.0 billion as a result. The Company also forecasts that recurring profit will increase 28.3 percent year on year to ¥38.0 billion, and that net income will decrease 40.7 percent year on year to ¥25.0 billion.

Please note that the above projections are based on information available as of March 31, 2008, and are subject to risks and uncertainties that may cause actual results to vary.

Business and Other Risks

Risk factors that investors should consider before making any decision concerning the Kajima Group include, but are not limited to, those discussed below. Forward-looking statements in this annual report are based on judgments made as of May 15, 2008. The Kajima Group precludes, diversifies and hedges these and other risks to the extent practically possible to mitigate their impact on performance.

1. Changes in Market Conditions

Unexpectedly large fluctuations in the construction and real estate development markets, including a steep decrease in demand for construction, a rapid increase in the cost of construction materials, or changes in prices, supply and demand in the real estate market, could affect the Kajima Group's results and financial position.

2. Changes in Construction Costs

Construction projects executed over extended periods are subject to rapid increases in the prices of primary construction materials that could cause construction costs to increase unexpectedly, which could affect the Kajima Group's results and financial position.

3. Fluctuations in Interest and Foreign Exchange Rates

A sharp increase in interest rates or substantial changes in foreign exchange rates could affect the Kajima Group's results and financial position.

4. Fluctuations in Asset Value and Profitability

A significant decrease in the profitability or market price of assets the Kajima Group owns, including real estate for sale, real estate used in operations and investment securities, could affect the Kajima Group's results and financial position.

5. Country Risk

The Kajima Group operates in regions outside Japan, including North America, Europe, and Asia. Significant political, economic and regulatory changes in these regions could affect the Kajima Group's results and financial position.

6. Changes in the PFI Project Environment

The PFI business typically involves projects executed over extended periods of time, during which significant changes in the operating environment could affect the Kajima Group's results and financial position.

7. Construction and Other Defects

The Kajima Group provides various services such as design and construction that, if significantly defective, could affect the Kajima Group's results and financial position.

8. Counterparty Credit Risk

If customers, subcontractors, suppliers, joint venture partners, or other counterparties experience credit problems, bad debts, construction delays or other problems that may result could affect the Kajima Group's results and financial position.

9. Deferred Income Tax Assets

The Kajima Group expects to fully utilize deferred income tax assets available as of March 31, 2008 to offset taxable income in the future. However, changes in tax regulations may prevent the Kajima Group from doing so.

10. Laws and Regulations

The Kajima Group operates in the construction industry, which is subject to a variety of laws and regulations including the Construction Business Act, the revised Building Standard Law, the Real Estate Business Transaction Act, the Land Use Planning Act, the Urban Planning Act and the Antitrust Law. Revision of these laws, the enactment of new laws or regulations, or changes to the applicable standards could affect the Kajima Group's results and financial position.