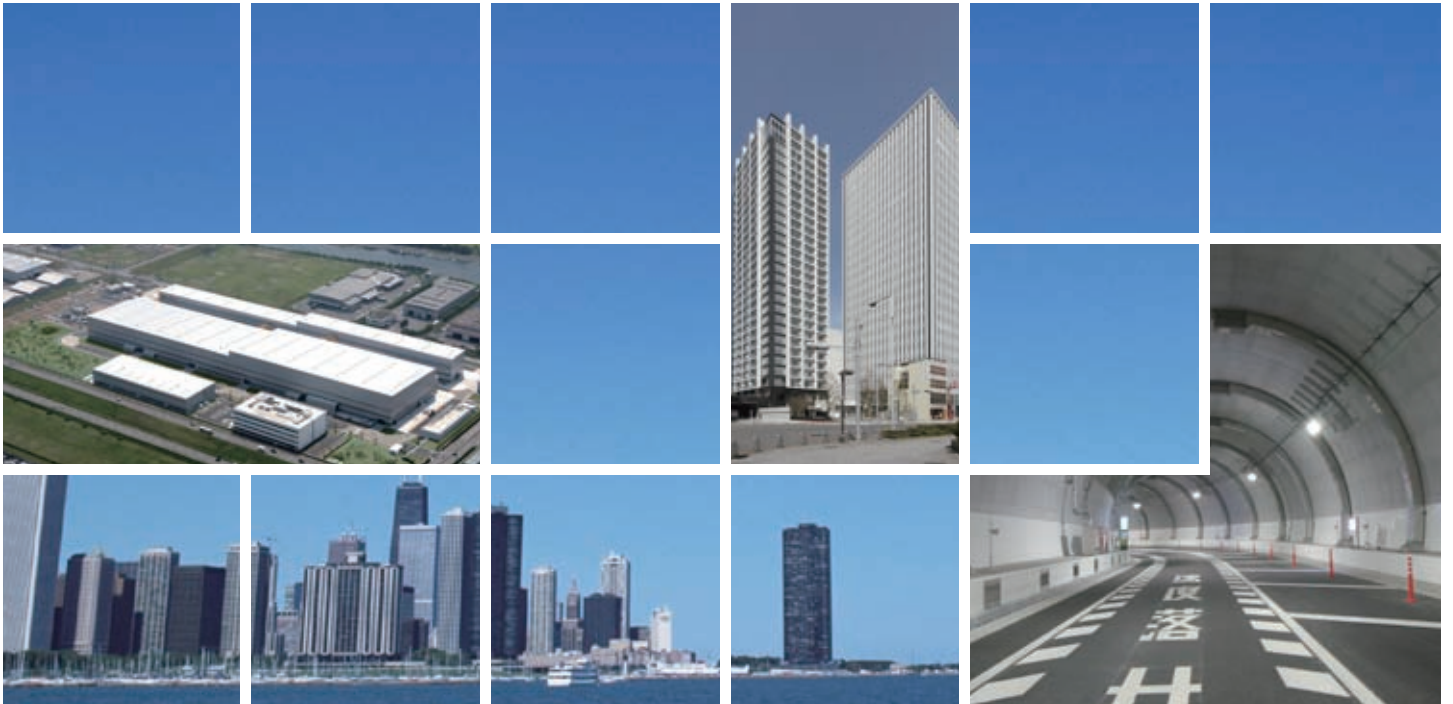


Today's Work, Tomorrow's Heritage



ANNUAL REPORT 2010

Year ended March 31, 2010

In fiscal 2008, we created our corporate slogan, “Today’s Work, Tomorrow’s Heritage,” to express Shimizu Corporation’s core values and its role in society.

The statement shows our determination to continue to do our best every day, in each and every action we take, as representatives of Shimizu Corporation and its traditions.

Through sincere and responsible work, we will be able to take pride in our professional workmanship and leave a lasting heritage — our beliefs, values, and high-quality work — for all future generations.

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Consolidated Financial Highlights

Shimizu Corporation and its subsidiaries
Years ended March 31, 2006 through 2010

	Millions of Yen (unless otherwise indicated)				Thousands of U.S. Dollars (unless otherwise indicated)	
	2006	2007	2008	2009	2010	2010
For the year:						
Construction orders awarded	¥1,428,894	¥1,567,280	¥1,659,856	¥1,357,983	¥1,118,382	\$11,988,231
Net sales	1,499,355	1,654,087	1,685,059	1,887,572	1,589,278	17,035,894
Construction contracts	1,354,446	1,496,871	1,511,235	1,728,365	1,453,467	15,580,102
Real estate development and other	144,908	157,215	173,824	159,207	135,810	1,455,792
Operating income	54,444	50,845	52,250	22,328	22,123	237,147
Ordinary income	51,935	48,769	48,345	20,794	17,621	188,886
Income (Loss) before income taxes and minority interests	52,354	47,360	40,649	11,031	(2,136)	(22,898)
Net income (loss)	27,242	25,618	27,047	6,290	(6,850)	(73,429)
Return on sales (percent)	1.8%	1.5%	1.6%	0.3%	(0.4%)	(0.4%)
Net income (loss) per share of common stock (yen and U.S. dollars)	¥ 34.48	¥ 32.60	¥ 34.42	¥ 8.01	¥ (8.73)	\$ (0.09)
Cash dividends per share of common stock (yen and U.S. dollars)	¥ 7.00	¥ 7.00	¥ 7.00	¥ 7.00	¥ 7.00	\$ 0.07
At year-end:						
Total assets	1,801,820	1,850,561	1,877,961	1,987,536	1,566,531	16,792,060
Net assets	359,405	392,931	349,468	304,588	311,210	3,335,945
Net assets per share of common stock (yen and U.S. dollars)	¥ 457.09	¥ 490.23	¥ 435.81	¥ 375.56	¥ 386.96	\$ 4.14
Number of shares issued at year-end	788,514,613	788,514,613	788,514,613	788,514,613	788,514,613	788,514,613

Note: Yen amounts have been translated into U.S. dollars, for convenience only, at the exchange rate of ¥93.29=US\$1.

A Message from the Management

Despite intensifying competition, we remain committed not just to weathering the prolonged economic recession, but to achieving our ambitious plans and goals in the construction market.

OPERATING RESULTS

For the fiscal year ended March 2010, private sector demand contracted sharply in Japan, which continued to experience grave economic difficulties in the wake of the world financial crisis. Orders awarded to the construction industry dropped considerably from the previous year due to stagnant housing and real estate markets, sustained investment reduction in the private sector, and decreasing public sector orders. This market slump intensified competition for new orders and created an even more challenging management climate.

In this context, group sales fell 15.8% to ¥1,589.2 billion, declining in both construction and real estate development segments. As for income, while gross profit from completed construction contracts rose due to improved profitability, operating income fell 0.9% to ¥22.1 billion due to a decrease in gross profit from real estate development.

After recognizing special losses, including an impairment loss from fixed assets whose profitability declined significantly, our net result for this year was a loss of ¥6.8 billion, for which we offer our deepest regrets.

Shimizu Corporation distributed a year-end dividend of ¥3.50 per share, an amount equal to the interim dividend and resulting in a total of ¥7.00 for the year.

The consolidated balance of interest-bearing debt as at the end of the fiscal year ended March 2010 was ¥442.9 billion, down ¥48.4 billion from the previous fiscal year.

CONSTANTLY EVOLVING, RESPONSIVE TO CHANGE

Given the uncertainty of public investments, private investments in housing, real estate, and corporate facilities are expected to remain sluggish for fiscal 2010, resulting in a weak domestic construction market. These conditions will continue to pose significant challenges going forward.

To respond rapidly and effectively to ever-changing business environments, we review our three-year management plan every year to become a more competitive and profitable group. The current mid-term plan, which was enacted in April 2010, defines our management policy: to prepare for a prolonged recession by upholding the “All for Shimizu” spirit. The Shimizu Group will develop and implement a wide range of measures to cope with the challenges posed by this difficult environment.

First, in order to achieve growth we will press forward with technical innovations and solutions related to environmental issues. More specifically, we will focus on “Carbon Management” efforts to reduce CO₂ emissions



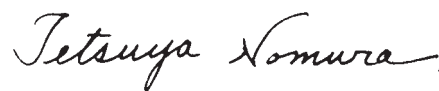
from various structures. As a front-runner in the industry, we will make our firm stance on the environment an integral part of the corporate brand, and our new head office (currently under construction) will showcase the latest environmental technologies. Based on the LCV (Life Cycle Valuation) concept, we will also establish partnerships with clients to last through the lifetime of the structures we build. To meet the challenges posed by globalization, we will promote strategic overseas operations. In this regard, we will strengthen our business strategies with a focus on Asian markets, study feasibility of entry into new regions, develop local personnel and strengthen our network of local subcontractors.

Secondly, to be responsive to change we will transform our management and organizational structure into a leaner and more efficient one. We will enhance business efficiency by re-energizing employee commitment and the most appropriate reallocation of human resources. As part of this effort, we have already established the Tokyo Branch to foster long-lasting partnerships with our clients. We will also focus on risk management from the earliest project stage. Marketing, design, construction, and other departments will work jointly to increase the accuracy of estimates and to scrutinize funding plans and project cash flow.

Lastly, we have set ourselves the goal of sustainable growth. In the area of environmental management, we will promote environmental conservation activities based on our Ecological Mission, which aims to reduce CO₂ emissions. Our CSR policy rests on three pillars: fair and transparent business operations, the creation of value beyond the expectations of clients and society, and the pursuit of harmony with society.

For human resource development, we will continue to promote the program entitled “Activities for Workmanship and Human Resource Development.” We will also enhance our technological capabilities through the development of our human resources and improve productivity by continuously reforming our production systems.

Through these efforts, all officers and employees will work to enhance our corporate brand and achieve the true goals expressed by our corporate slogan: “Today’s Work, Tomorrow’s Heritage.”



Tetsuya Nomura
Chairman of the Board



Yoichi Miyamoto
President

INFRASTRUCTURE DEVELOPMENT — BUILDING THE FOUNDATIONS OF PROSPERITY IN ASIA

One of the guiding principles of Shimizu Corporation's business is to construct structures and facilities that promote social and cultural values. We believe that the creation of infrastructure, be it a bridge that shortens travel times to the next village, or advanced railways that stimulate commerce and development, is an important part of the development of regional society and culture. In all its forms, the progression from basic to advanced infrastructure often coincides with economic and social development. In many parts of Asia, the time is ripe for the next step.

ASIA READIES ITSELF FOR THE ECONOMIC LIMELIGHT

Led by the new economic superpower China, and the recent entrance of India into the regional growth forecasts, Asia as a region is now gearing up to be a major player in the world economy. These newly growing countries, added to the established economies of Japan, Korea and other NIES members, have the possibility to mesh with their neighbors into a regional network of prosperity, bringing synergistic benefits to all the region's countries.

MISSION: LAYING THE FOUNDATIONS OF PROSPERITY

For many regions, however, the next step is not possible without the proper infrastructure: the means to attract industry, the means to move goods, and the means to retain talent. Governments have done much in this regard, in their own countries as well as in others in the form of aid projects. However, with the prospects for new wealth in many regions, it is also a chance for private industry to contribute to new infrastructure development, at the same time capitalizing on this new opportunity.

SHIMIZU'S TRACK RECORD OF CONTRIBUTING TO SOCIETY

In the more than 40 years of Shimizu's modern international business, we have done much in the way of developing Asian infrastructure. The value of the projects awarded is over 4 billion dollars, and the projects have included waterways, hydro-power, wastewater treatment, ports, roads, dams, bridges, airports, and communications. We, too, view the projected need for Asia's infrastructure as a key part of our growth strategy, and plan to capitalize on our substantial experience and regional network.

LOOKING AHEAD TO NEW CHALLENGES IN ASIA'S INFRASTRUCTURE

In our traditional roles as contractors, engineers and construction managers, Shimizu plans to focus on some key technologies, such as long-span bridge construction, nuclear plant design and construction, and bored-tunnel technology for metro systems. In addition, we will challenge new business fields in energy, the environment, resources such as water, and transportation sectors. The Japanese government has started to take initiatives in many ways including the promotion of PPP (public private partnership) to support the expansion of Japanese contractors' presence in Asia and the export of Japanese infrastructure-related technologies to this region. The future of Asia is bright, and it is Shimizu's wish to be a major contributor in its development.

Bangladesh



1 Rupsa Bridge

Malaysia



2 Sewage Treatment Plant

Laos



3 The Vientiane Water Supply Development



Vietnam



4 Bai Chay Bridge

Taiwan



5 Taiwan High Speed Rail-Tainan Station (S290)



6 Kaoshiung Metropolitan Area Mass Rapid Transit System Orange Line CO1 Section

Singapore



7 Changi Airport Terminal 3



7 Outram Park Station

Indonesia



8 Minangkabau International Airport (New Padang Airport)



9 Sediment Control Dams at Mt. Merapi

Philippines



10 Batangas International Container Terminal

A COMMITMENT TO HIGH-QUALITY PUBLIC SERVICES

DRAWING ON DEEP STORES OF EXPERIENCE TO PROMOTE PRIVATE-FINANCE INITIATIVE PROJECTS

Since the enactment of Japan's PFI Law in 1999, numerous private-finance initiative (PFI)* and public-private partnership (PPP)** projects have been introduced. The associated concepts and methods have taken firm root as an approach to improving public facilities. Adoption in public-sector projects is expected to continue expanding, based on a proposal by the Ministry of Land, Infrastructure, Transport and Tourism's Growth Strategy Council to apply these methods to infrastructure improvements in major urban areas.

ORDERS RECEIVED FOR FOUR NEW PROJECTS IN FISCAL 2009

Shimizu currently has participated in more than 20 PFI projects for various facilities across Japan, including government buildings, educational and cultural facilities, and lodging facilities. In fiscal 2009, it received orders for four projects: the Central Government Building No. 8 project, the Tokyo Regional Taxation Bureau project (tentative name), the Osaka Police Academy project, and a project involving the Suzukakedai Campus J3-Building of the Tokyo Institute of Technology. Shimizu will continue to draw on its deep stores of experience and expertise as a construction firm in PFI and PPP projects.

JAPAN'S LARGEST HOSPITAL PFI PROJECT OPENS ITS DOORS

Operations at the Tokyo Metropolitan Tama Medical Center and the Tokyo Metropolitan Children's Medical Center were initiated in March 2010. With a combined total of 1,350 beds, this complex will serve as a major center for medical care in the Tama region, offering state-of-the-art medical services.

This hospital PFI project will operate over a term of 15 years. An operating company established by Shimizu will work with the Tokyo Metropolitan Government to provide medical care support services (including support for hospital management, facilities maintenance and management, and medical clerical operations, cleaning, and drug procurement) together with building construction through the end of the contracted term of operation. Through this PFI project and the significant public benefits it provides, Shimizu seeks to contribute to both the community and society at large.



Tokyo Metropolitan Tama Medical Center
Tokyo Metropolitan Children's Medical Center

Terminology

* **PFI**: A method for reducing project costs and providing high-quality services through financial and technological participation of the private sector in the design, construction, maintenance, and operation of public-sector projects.

****PPP**: A system of public-private cooperation whereby national or local governments or public institutions and the private sector pool expertise and funding to provide public services. Broadly defined, this concept expands upon the PFI method by including the designated manager system, market testing, privately managed public facilities, and comprehensive private consignment.

REPLACING A MONUMENTAL BRIDGE REPRESENTING THE HERITAGE OF MODERN CIVIL ENGINEERING TECHNOLOGIES

NEW CONSTRUCTION ON THE AMARUBE VIADUCT BASED ON SHIMIZU'S BROAD TECHNOLOGICAL CAPABILITIES

Completed in 1912, the Amarube Viaduct was built using the most advanced technology of its time. Still Japan's largest trestle bridge,* it is designated by the Japan Society of Civil Engineers as an asset representing the heritage of modern civil engineering technologies. Shimizu is now at work rebuilding the viaduct with a focus on achieving safety under harsh natural conditions. The targeted completion date is summer 2010.

A NEW CHAPTER FOR THE AMARUBE VIADUCT, A BRIDGE TREASURED FOR NEARLY A CENTURY

The Amarube Viaduct is located between the Yoroi and Amarube stations on JR's San'in** Main Line. The vivid red profile of the viaduct, set against the abundant natural beauty of the San'in coast, has earned the affection of many, including railway fans and local residents. Unfortunately, in 1986, this viaduct was the site of an accident in which a train was toppled by a sudden gust of wind from the Sea of Japan. Even today, trains are often delayed or forced to stop here due to sudden gusts or strong seasonal winds. In 2002, the decision was made to rebuild the viaduct to ensure trains could operate safely and on schedule. Construction began in March 2007.

The new viaduct under construction today is a prestressed-concrete box-girder extradosed bridge*** composed of five consecutive spans. It has been designed to maintain the slender profile and clean lines of the existing bridge.

OVERCOMING HARSH NATURAL CONDITIONS

Work on the new viaduct takes place under the rigorous constraints imposed by harsh natural conditions, including the unique mountainous geography of the site, seasonal winds, and snowfall. In addition, work is performed at distances of as little as 30 centimeters from the existing

viaduct, while trains continue to run on the existing lines. For all these reasons, the construction plan drafted in cooperation with Shimizu's Institute of Technology incorporates careful measures to cope with strong winds. In addition to various other components of the viaduct, construction is already completed on the highly salt-resistant concrete frame and viaduct foundations, which are located on sharply graded surfaces.

The climax of this construction project—the switch from the current rail lines to those spanning the new viaduct—will involve transporting and rotating the concrete girders of the new viaduct, which weigh 3,800 tons, at a height of 40 meters above ground. With a targeted completion date of summer 2010, this work merges all of Shimizu's technological capabilities in a project that seeks to ensure the new Amarube Viaduct will win the admiration and trust of future generations. As such, it will become a valuable addition to Japan's historical civil engineering heritage, just as the old Amarube Viaduct did in previous times.



The new viaduct under construction in the snow. Upon completion, the concrete viaduct will measure approximately 310 meters long.



The existing Amarube Viaduct is 41.5 meters high and 309.4 meters long.

* **Trestle bridge:** A bridge employing a structure in which bridge girders are supported by piers with short spans, combined in a fan-like structure

** **San'in:** A region in the western part of the island of Honshu, along the Sea of Japan

*** **Extradosed bridge:** A bridge employing a structure in which the main bridge girders are supported by diagonal braces extending from short main pylons