

**Foundation of  
the Mizuho Financial Group  
("MHFG")  
through the Consolidation of  
DKB, Fuji Bank and IBJ**

# Overview of the Consolidation

On August 20, 1999, The Dai-Ichi Kangyo Bank, Limited (“DKB”), The Fuji Bank, Limited (“Fuji Bank”) and The Industrial Bank of Japan, Limited (“IBJ”) announced their agreement on the comprehensive consolidation of the three banks. A formal consolidation agreement was subsequently signed on December 22, 1999.

The consolidation was subject to the approval of the general meetings of shareholders and the regulatory authorities. At the ordinary general meetings of shareholders and other shareholder meetings held in June 2000, the three banks obtained their shareholders’ approval of proposals for the incorporation of the parent company using the stock-for-stock exchange (*kabushiki-iten*) method.

The name of the financial services group that will be formed as a result of this consolidation will be Mizuho Financial Group (“MHFG”).

## Background to the Consolidation

Japanese financial institutions will put themselves in a new business environment with the expansion of the global economy, the progress of Japan’s Big Bang financial reforms and the development of financial and information technology.

The three banks recognize the need for a quick and accurate response to the financial needs of their customers as well as the need for plentiful credit supported by the financial strength of a leading international financial institution.

A powerful leader of the Japanese financial services industry is needed that will serve as an

anchor for the stabilized financial system, contributing to the development of the economy and the enhancement of the international competitiveness of Japanese industry.

In order to maintain a strong position in the market and to continue to lead the financial services industry, the three banks have reached an agreement on the consolidation. MHFG intends to achieve substantial improvement in efficiency and enhance competitiveness by combining the strengths of each bank in different business areas and product lines.



From left to right: Yoshiro Yamamoto, President and CEO of Fuji Bank; Katsuyuki Sugita, President and CEO of DKB; and Masao Nishimura, President and CEO of IBJ, at a joint press conference held in December 1999.

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## Basic Principles of the Consolidation

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As we enter the 21st century, DKB, Fuji Bank and IBJ will create a strong and dynamic financial services group based on the following five principles:

1. Offer a wide range of the highest-quality financial services to our customers.
2. Maximize shareholder value and, as the leader of Japan's financial services industry, earn the trust of society at large.
3. Offer attractive and rewarding job opportunities for employees.
4. Fully utilize the advantages and strengths of each bank and maximize the benefit of the consolidation through cost reductions.
5. Create a new corporate climate and culture.

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## The Consolidation Process

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The consolidation process will take place in two stages, Phase 1 from September 29, 2000, and Phase 2 from spring 2002.

- Phase 1

On September 29, 2000, the three banks will carry out a stock-for-stock exchange to establish Mizuho Holdings, Inc. ("MHHD"). MHHD will manage the entire group by means of a Business Unit (BU) structure based on customer segments and business lines, and operating across the three banks.

The wholesale securities subsidiaries of the three banks—DKB Securities Co., Ltd., Fuji Securities Co., Ltd. and IBJ Securities Co., Ltd.—will be merged into Mizuho Securities Co., Ltd. on October 1, 2000. Their trust and banking subsidiaries—The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and

IBJ Trust and Banking Co., Ltd.—will be merged into Mizuho Trust & Banking Co., Ltd., also on October 1, 2000.

- Phase 2

In Phase 2, MHFG will take advantage of expected legislative and tax code changes for corporate splits in Japan to consolidate and reorganize the existing bank operations into legally separate subsidiaries under MHHD according to customer segments and business lines. The core subsidiaries that will be placed under MHHD are as follows:

Mizuho Bank, Ltd.  
Mizuho Corporate Bank, Ltd.  
Mizuho Securities Co., Ltd.  
Mizuho Trust & Banking Co., Ltd.

## Mizuho Holdings, Inc.

MHHD will be responsible for the management and administration of MHFG and other business incidental thereto. It is due to be established as shown below.

**Head Office Location:**

Marunouchi Center Building, 6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

**Date of Establishment:**

September 29, 2000

**Paid-in Capital:**

¥2,572 billion

**Allocation of Holding Company Stocks:**

Under the stock-for-stock exchange, one common share (par value ¥50,000) in MHHD will be allocated for each 1,000 common shares (par value ¥50) of each of the three banks. Additionally, one preferred share in MHHD will be allocated for each 1,000 preferred shares of each of the three banks.

**Chairman & Co-CEO: Masao Nishimura**

**Chairman & Co-CEO: Yoshiro Yamamoto**

**President & Co-CEO: Katsuyuki Sugita**

**Number of Executives and Staff:**

Total number of executive and managerial staff: Approximately 350 (of which nine are directors)

**Group Name:**

Mizuho Financial Group (MHFG)

**Holding Company Name:**

Mizuho Holdings, Inc. (MHHD)

**Meaning:**

In Japanese, *mizuho* (瑞穂) means “fresh harvest of rice,” and the phrase “*mizuho* country”—meaning “fruitful country”—is used to refer poetically to Japan.

**Reason for Selection:**

The name “Mizuho” expresses the commitment of MHFG, as Japan’s leading financial institution, to offer highly “fruitful” products and services to all of its customers, both domestic and overseas.

We feel that the youthful and energetic image of freshness projected by this name is perfectly suited for the new corporate culture of MHFG, and that it is a name with which everyone can easily become familiar.

**The Mizuho Logo:**

The logo is the combination of the initial letter “M” of “Mizuho” and a deep blue arc. The “M” appears to be in dynamic motion, expressing liveliness and action, while the deep-blue arc depicts the earth. The colors used in the logo also have a special meaning—the bright red highlighting passion, action and dynamism and the deep blue highlighting reliability and stability.



The management structure in Phase 1 will be as follows:

- Board of Directors

The Board of Directors of MHHD will consist of the two Chairmen & Co-CEOs, the President & Co-CEO, and six Deputy Presidents (three full-time and three serving concurrently in positions at subsidiary banks). There will be six Representative Directors: the two Chairmen & Co-CEOs, the President & Co-CEO and the three full-time Deputy Presidents.

- Executive Officers

To separate managerial decision making and execution, and clarify levels of authority and responsibility, MHHD will introduce an Executive Officer System.

- Executive Management Committee

MHHD will establish an Executive Management Committee to serve as an advisory body for the Co-CEOs.

The Executive Management Committee will consist of the three Co-CEOs, six Deputy Presidents, and the Executive Officers in charge of the six groups making up the Planning and Administration Headquarters. Where necessary, Executive Officers in charge of the Business Unit Headquarters will also participate in the Committee's meetings.

- Board of Corporate Auditors

MHHD will have six corporate auditors, including three outside auditors.

- Business Policy Committees

MHHD will set up Business Policy Committees to serve as forums for overall discussion and coordination of company-wide issues of mutual concern to groups and BUs.

- Councils

MHHD will set up Councils to serve as forums where its Executive Officers and officers of the Five Core Subsidiaries—DKB, Fuji Bank, IBI, Mizuho Securities and Mizuho Trust & Banking—can hold discussions regarding matters that require adjustment among the Five Core Subsidiaries.

- Advisory Board

MHHD plans to establish an Advisory Board consisting of six eminent persons from financial and business circles by April 2001.

- Internal Audit & Compliance Committee

MHHD will establish an Internal Audit & Compliance Committee under the Co-CEOs. This independent committee will utilize its extensive checking and verification functions to ensure that business operations are carried out in an appropriate manner from the viewpoint of compliance and auditing.

- Organizational Structure

The organizational structure of MHHD will be as follows:

**(Planning and Administration Headquarters)**

Strategic Planning Group, Financial Control and Accounting Group, Risk Management Group, Human Resources Group, IT, Systems & Operations Group, and Audit and Compliance Group.

**(Business Unit Headquarters)**

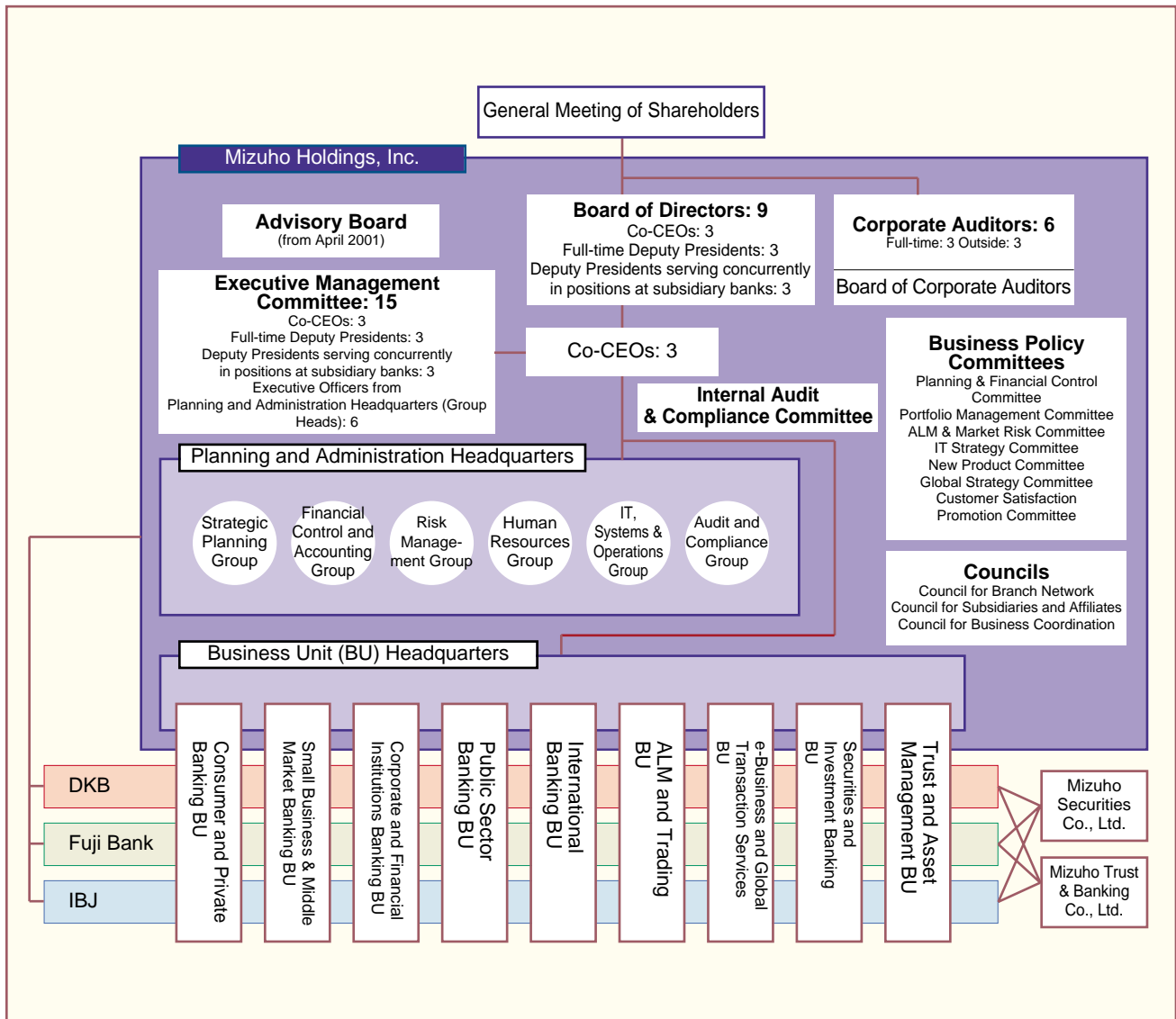
Consumer and Private Banking BU, Small Business & Middle Market Banking BU, Corporate and Financial Institutions Banking BU, Public Sector Banking BU, International Banking BU, ALM and Trading BU, e-Business and Global Transaction Services BU, Securities and Investment Banking BU and Trust and Asset Management BU.

## Glossary

**BU: Business Unit**

The Business Unit structure is a business management structure whereby group or bank profit centers are classified into separate units according to the nature of their operations and the risks involved. This allows profits to be managed on an individual unit basis and facilitates the efficient and flexible allocation of resources.

## Holding Company Management Structure (Phase 1)



### Notes

1. Further detailed consideration will be given to the formation of the Business Policy Committees and Councils.
2. The merger of DKB Securities, Fuji Securities and IBJ Securities into Mizuho Securities and the merger of Dai-Ichi Kangyo Fuji Trust & Banking and IBJ Trust and Banking into Mizuho Trust & Banking will both take place on October 1, 2000.

### Glossary

#### Stock-for-stock Exchange

This method of establishing a holding company was allowed following the amendment of the Japanese Commercial Code in 1999. When MHH is established in autumn 2000, all the shareholders of the three banks will transfer their shares to MHH and receive shares in MHH in return. As a result, the three banks will become wholly owned subsidiaries of MHH, their shares will be delisted and the shares of MHH will be listed.



# Management Infrastructure

## Information Technology (IT) Systems

MHFG will swiftly integrate existing systems and make forward-looking strategic IT investments amounting to approximately ¥150 billion annually.

Designed to make maximum effective use of the three banks' current systems, systems integration commenced in January 2000 and is due to be completed by March 2002.

The core banking system (account management system) will be centralized under a "One-Bank System" whereby the most efficient system of the three banks will be comprehensively adopted. A "Suite Structure" will be adopted for market systems (dealing and trading) and for business information systems.

Studies will be conducted into the feasibility of consolidating and reorganizing IT affiliates of the three banks with a view to creating entities that will provide comprehensive IT solutions covering the planning, development, management and operation of systems for MHFG. In addition to maximizing economies of scale, every effort will be made to enhance the specialization and sophistication of management resources.

IT investment will be concentrated in strategically important areas, and the key investment targets and amounts are as follows:

- Build customer databases to support market strategies.
- Build global risk measurement systems.
- Build advanced systems to support domestic and overseas trading activities.
- Build an e-business model that uses the Internet.
- Expand CMS and other settlement systems.
- Promote the use of IC cards.

## IT-related Investment

	¥ billion	
	Cumulative for FY2000-2002 Planned	Cumulative for FY2000-2005 Planned
IT-related investment	¥630	¥1,100

Note: IT-related investment = IT investment + IT personnel expenses + IT general expenses

## Risk Management

MHFG designates risk management as one of the most crucial issues facing management. It is therefore committed to building a sophisticated management system that will keep the various kinds of risk that arise in business to within appropriate and tolerable limits. MHFD's efforts to manage consolidated risk will center on its risk management division, which will constantly monitor total consolidated credit risk, market risk and other forms of quantifiable risk, and provide reports, analyses and advice.

## Human Resources

In Phase 1, every effort will be made to standardize a platform for a personnel system for the three banks. In Phase 2, MHFD will exploit its distinctive organizational features to introduce new personnel systems that will reflect the unique business structures and cultures of the individual companies under it. It will also create an attractive and fulfilling working environment by faithfully observing the principles of independent judgment and accountability, providing fair opportunities and developing expertise in line with market standards.

New personnel systems will standardize certain aspects of human resources management across the entire group, while promoting harmony with variations between individual companies and maximizing the human synergies arising from the

## Glossary

### One-Bank System

The most efficient system of the three banks will be comprehensively adopted.

### Suite Structure

The systems of the three banks are reviewed and the most efficient system for each operation and product is selected.

### CMS (Cash Management Service)

A service provided by banks to corporate customers to efficiently manage corporate fund operations.

consolidation. At the same time, MHFG will introduce a merit-based personnel evaluation system that focuses on expertise and performance. Examples of the areas where standardization will be encouraged include the following:

- The basic framework of the personnel system, including rank classifications based on duties and career paths.
- Basic elements of welfare benefit programs, such as health insurance.
- Design of retirement benefits and pension schemes that allow personnel transfers between group companies.

### Compliance

Since MHFG views compliance as one of the fundamental principles of sound business management, it will work assiduously to ensure that all applicable laws and regulations are observed and that all corporate activities are pursued in a fair and honest manner that conforms to societal norms. In the global financial market, MHFG will establish world-class compliance procedures with a view to winning the confidence of stakeholders, such as customers, shareholders and the local communities in which it operates.

It will also set up independent audit and inspection systems with extensive check and verification functions. Specifically, MHHD will take the following steps to ensure that its compliance system is second to none:

- An Audit and Compliance Group will be set up under the Planning and Administration Headquarters but will function independently of other groups in the Planning and Administration Headquarters and the Business Unit Headquarters.

- A Chief Compliance Officer (CCO) will be appointed to take total responsibility for compliance within MHFG.
- All BUs and the Five Core Subsidiaries will enhance their compliance systems with a view to creating a unified compliance regime throughout MHFG.
- MHFG will enhance and strengthen its internal auditing and compliance functions and its expertise in cutting-edge areas such as IT, dealing and trading, and others.
- MHHD will establish the Internal Audit & Compliance Committee to check that operations are managed in an appropriate manner.

### Stock Option Program

In order to increase performance on a group-wide basis and create a management structure which places emphasis on value creation for shareholders, the introduction of a new compensation structure that is linked to MHFG's performance, such as a stock option program, is being considered.

### Self-Assessment, Reserves and Write-off Standards

Strict and adequate self-assessment, reserves and write-off standards, in conformity with the *Financial Inspection Manuals* issued by the Japanese FSA, will be used uniformly by the three banks from fiscal 1999 (ended March 2000). The final disposition of non-performing assets will be accelerated, aiming for improvement in asset quality.



# The Mizuho Financial Group's Management Strategy

## Vision and Management Goals

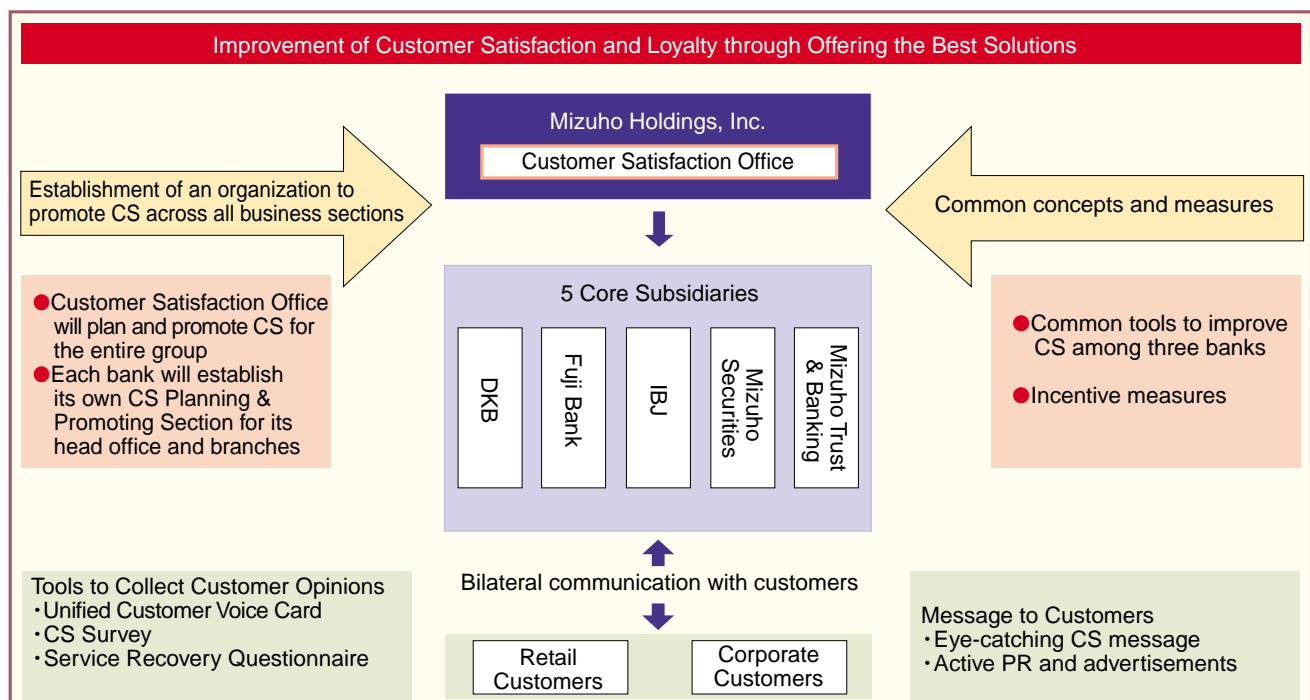
MHFG has established the following management goals as a means of realizing its future concept of becoming an innovative financial group that will lead the new era through cutting-edge comprehensive financial services:

- One of the top five global banks and the leading financial institution in Japan.
- A top financial group in terms of customer satisfaction.
- A front-runner in IT and FT (financial technology).
- No. 1 in domestic commercial banking.
- A market leader in securities business and investment banking.
- A top-class institution in the trust, asset management and settlement businesses.
- A management structure with best practices.

### *Aiming to Be a Top Financial Services Group in Terms of Customer Satisfaction*

MHFG will draw on its roots as a service business to establish a corporate culture that places the customer first, and to ensure that its employees will at all times provide customers with the best available services. MHFG will establish the Customer Satisfaction Office whose primary goal will be to promptly channel feedback from customers into improving the services offered by MHFG.

Aiming to Be a Top Financial Services Group in Customer Satisfaction (CS)



## Using IT and FT to Transform the Structure of the Business

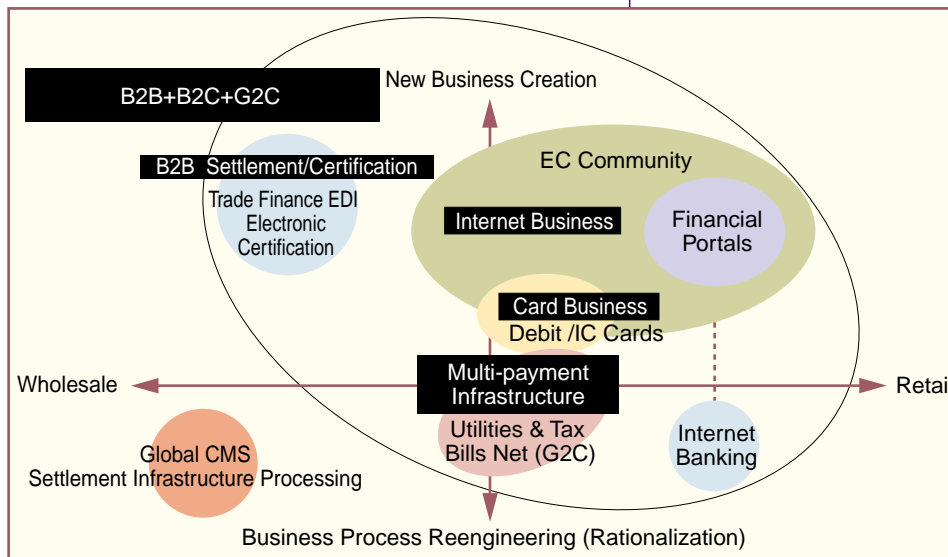
As a front-runner in IT and FT, MHFG will work to establish the “Mizuho e-Business Model,” use IT to improve the effectiveness and efficiency of its business strategy and provide solutions that utilize FT. In so doing, it will alter the processes whereby intra-group business is executed, while endeavoring to offer high-quality services that anticipate the needs of the changing times and proactively developing new business models.

## Creating the “Mizuho e-Business Model” (B2B, B2C and G2C)

The creation of a new business model covers several areas. In the B2C sector, it covers Internet businesses, such as financial portal companies, EC (electronic commerce) community and Internet-based brokerage houses as well as the debit and IC card businesses. In the B2B sector, the model covers trade finance EDI (electronic data interchange) and settlement and certification business for companies, while in the G2C sector it covers infrastructures such as the Utilities & Tax Bills Net.

MHFG will actively participate in the above-mentioned B2B, B2C and G2C sectors.

Creating the “Mizuho e-Business Model”



## Providing FT-based Solutions

MHFG will offer various financial services, focusing on discovering and supporting the new businesses, venture companies and technologically advanced firms that will play a leading role in the 21st century, setting up a venture fund to nurture them and sustain their development. MHFG will also arrange

M&A deals as part of the realignment and restructuring of domestic and overseas operations and the implementation of new business strategies, and will be involved in the securitization of assets, as well as in such structured finance activities as the creation of a comprehensive real estate investment trust.

## Glossary

### B2C

Business to Consumer:  
Consumer-oriented business

### B2B

Business to Business:  
Business between companies

### G2C

Government to Consumer:  
Business between governments and consumers

# Business Strategies

MHFG's business strategies will utilize the "three primary strengths" gained through consolidation to create an optimal group business portfolio that is both balanced and leads in each business sector. The "three primary strengths" are as follows:

- An overwhelming customer base in the domestic market.
- High-quality and comprehensive financial service capabilities.
- Expanded IT investment capability for high-growth areas.

## Consumer and Private Banking

Vision: MHFG will become the consumers' bank of choice by providing customers with the highest level of satisfaction throughout their lives.

### Basic Strategy

MHFG will become the leader in the consumer and private banking sector by:

- Developing relationship marketing further by making maximum use of MHFG's enormous customer base and overall strengths.
- Selecting strategic markets and focusing allocation of resources.

In the consumer and private banking sector, the first step will be to create a solid platform by aggressively investing in IT. In practical terms, this means developing and expanding convenient multichannel networks such as Internet and mobile banking services and in-store branches through cutting-edge IT investments and tie-up strategies. MHFG will also build up its databases to fuel more sophisticated marketing techniques focusing on multifaceted relationships.

By applying its overall strengths in this way, MHFG will establish a lineup of advanced products and services that better match customers' needs, including state-of-the-art settlement services such as multifunctional IC cards and easy-to-use credit card services. A new loyalty program will also be inaugurated to raise customer satisfaction to the highest possible level.

Focused allocation of resources in strategic markets will enable MHFG to provide customers with highly professional private banking services that make maximum use of overall group strengths and take advantage of its incomparable corporate customer base to concentrate on the corporate retail

market. MHFG will also use its ability to respond to customers' requirements as well as its powerful network of cooperating corporations and traders to strengthen its consumer loan services.

## Small Business & Middle Market Banking

Vision: MHFG will become "the best partner for small and medium-sized companies" by speedily offering high-quality finance and sophisticated products and services that are carefully tailored to their requirements.

### Basic Strategy

MHFG will:

- Provide small and medium-sized businesses which underpin the Japanese economy with a smooth and stable supply of funds.
- Expand its solutions business in line with business strategies.
- Use IT to provide a speedier, more accurate response to customers' requirements.
- Endeavor to identify new businesses in high growth sectors and provide them with the support they need to develop.
- Work to build an efficient, high-quality operating structure.

In the small business and middle market banking sector, MHFG will aggressively support a wide range of corporate activities by developing new products and building up its staff of specialists in opening up new markets. To do so, it will make maximum use of the consolidated strengths of the three banks, including the information and know-how they glean through their transactions with a wide range of companies, and their extensive domestic and overseas networks.

MHFG will offer solutions to match customers' business strategies, assisting with IPOs, equity investments, M&A and MBOs and providing management support and information. Likewise, it will devote considerable effort to identifying and nurturing new businesses and venture companies. In doing so, it will provide the small and medium-sized companies that constitute the backbone of the Japanese economy with a smooth and stable supply of funds.

### Glossary

#### MBO: Management Buyout

The process whereby the current management of a company enlists the financial support of external investors to buy the company, or one or more of its operational divisions or subsidiaries, from current shareholders.

## Corporate and Financial Institutions Banking

### Large Corporates

Vision: MHFG will aim to become “the No. 1 Japanese wholesale bank in the global market” fully equipped with information and financial know-how.

#### Basic Strategy

MHFG will:

- Create a strategic portfolio based on its high level of managerial competence.
- Deliver business coordination services on a global scale.
- Offer innovative financial services that utilize cutting-edge financial know-how and a strong information infrastructure.
- Serve as a partner in building new businesses and management structures by taking an active role in assisting customers with their strategic management and business needs.

In the wholesale banking sector, MHFG will offer optimal solutions to satisfy the increasingly complex and varied requirements of customers by establishing a highly sophisticated full-line service menu that blends the financial expertise and utilizes the global network of the three banks.

In particular, it will use this network to provide advisory services covering cross-border M&A, business strategies and financial risk management. It will also serve as a partner in building new businesses and management structures by taking an active role in assisting customers with their strategic management and business needs.

Additionally, MHFG will create e-business models that emphasize customer convenience. Using strategic IT investment, it will strengthen its firm banking (FB) and CMS functions. It will also establish virtual corporate retail services by means of BPR portal sites, establishing exclusive home pages that can be accessed by personal computers installed on the customer’s premises.

### Financial Institutions

Vision: To become the leading “Money Center Bank.”

#### Basic Strategy

Financial Institutions as Customers

- MHFG will provide the best solutions for all the investment and management needs of domestic financial institutions.

Financial Institutions as Business Partners

- MHFG will support financial institutions in solving management problems.
- MHFG will support financial institutions in their customer-oriented sales activities.

MHFG will act as a leading “Money Center Bank” that can respond to the constantly diversifying fund management needs of financial institutions through bank debenture issues, investment trusts (mutual funds), trusts and securitization products. It will also provide advisory services in connection with portfolio management, IT, securitization and domestic custody.

MHFG plans to become a solid business partner for financial institutions in various areas. It will utilize its sophisticated IT for insourcing business, such as settlement and defined contribution pension plans (the Japanese equivalent of 401(k)), provide assistance with overseas operations and offer investment banking services relating to M&A, MBOs, PFIs and others. In addition, through its wholesale business, MHFG will exploit its strengths in product and service development to offer over-the-counter sales of investment trusts and develop products jointly with insurance companies.

## Glossary

### BPR

Business Process Reengineering

### PFI: Private Finance Initiative

A financial structure whereby the private sector takes the place of the national and/or local governments in supplying the funds, technologies and know-how necessary to build and operate assets that provide services to and for the public sector. PFIs are used to reduce the public sector’s capital spending requirements and to increase efficiency.

## Public Sector Banking

Vision: To be the leading bank in public sector banking.

### Basic Strategy

- MHFG will provide comprehensive solutions to meet the needs of public sector entities in such areas as diversified funding and investment, downsizing and raising organizational efficiency.

MHFG is reinforcing its comprehensive financial services in response to the public sector's growing need for funding from the private sector, the diversification of fund procurement and investment operations, downsizing and rising demand for more efficient administrative services.

Specifically, MHFG will take an aggressive approach to solving the increasingly diverse and complex issues affecting central government related transactions following reforms of the Fiscal Investment and Loan Program (FILP) and the social security system. Based on more effective use of its nationwide network and its speedy, accurate operations services, MHFG will also increase its designated financial institution transactions with regional municipalities, and provide support for PFIs.

## International Banking

Vision: MHFG will become "the best partner" for customers who are in the process of globalizing.

### Basic Strategy

MHFG will:

- Build a powerful global network.
- Offer leading-edge financial products on a global basis.
- Expand its global customer base and portfolio in a balanced manner.

MHFG will secure the position of most trusted banking partner for global corporations by utilizing its extensive overseas network and its industrial sector-based relationship management (RM) specialists.

MHFG will work to establish itself as "Asia's No. 1 financial services group" as part of its plan to become the best partner for Japanese customers going abroad and companies from the Americas and Europe coming to Asia. It will offer services ranging

from local currency-based transactions and trade settlements to project finance, M&A and other investment banking services.

In the Americas and Europe, it will aim to become a top-tier foreign bank by establishing a powerful team of industrial sector-based RM specialists, securing for itself the position of a top bank in arranger and syndication services. It will also be actively engaged in financial product businesses such as project finance, M&A, MBOs and LBOs.

## Securities and Investment Banking

Vision: Create Japan's first full-scale investment bank.

### Basic Strategy

MHFG will participate actively in the securities and investment banking business, with Mizuho Securities playing a core role.

- MHFG will strengthen its underwriting and sales activities through alliances with group securities companies.
- MHFG will build a full-scale investment bank that is capable of competing with the big houses of the Americas and Europe.

MHFG will strengthen its existing operations and take up new challenges in the securities-related business. Its activities in the securities and investment banking sector will aim to combine its securities functions and investment banking functions in order to provide a full range of products and services covering domestic and foreign stocks and bonds, derivatives, M&A, structured finance, MBOs and real estate funds.

MHFG will establish a system centered on Mizuho Securities to provide integrated management and administration of its domestic and overseas securities businesses and thus provide satisfactory solutions for its customers' global requirements. At the same time, it will strengthen its underwriting and sales capabilities by strengthening ties with MHFG retail securities companies and setting up an Internet-based brokerage house.

Kankaku Securities Co., Ltd. will change its name to The Mizuho Investors Securities Co., Ltd. on October 1, 2000, and develop its business as a retail securities company assuming a role of developing the middle retail business of MHFG.



## Trust and Asset Management

Vision: To become a top player in the areas of asset management and administration, and the defined contribution pension plan business.

### Basic Strategy

MHFG will:

- Focus its management resources on key areas such as master trust business and other aspects of asset administration.
- Secure a position as a front-runner in the defined contribution pension plan market.
- Work to become a first-class asset management group, covering trusts, investment trusts and the investment advisory business.

MHFG will make the best possible use of its extremely strong customer base in the trust and asset management sector, as well as the wide range of financial products offered by group asset management companies. It will also strengthen its alliance with four life insurance companies to develop joint asset management and defined contribution pension plans, with special emphasis on combining their expertise and avoiding overlapping investment.

In the investment trust and investment advisory sector, MHFG will work to become one of the world's leading asset management groups in terms of both the quality and the value of assets under management. To this end, it will maximize customer satisfaction by taking advantage of the distinctive product mixes and sales functions offered by group asset management companies, and create a first-rate operating structure for investment trusts.

### Glossary

#### Defined Contribution Pension Plan

A pension scheme whereby participants make predetermined contributions and invest them at their own discretion. Similar to the 401(k) plans common in the United States.

#### Master Trust

Trust structure whereby a single trust bank manages pension fund assets entrusted to several investment management institutions. It covers a wide range of services, including custody and settlement of securities, the preparation of accounting reports, securities lending, performance evaluations and risk management.

## e-Business and Global Transaction Services

Vision: To establish advanced settlement and e-business models.

### Basic Strategy

MHFG will:

- Build and put into practice the next generation of settlement systems, leading possibly to potential strategic alliances.
- Build up its clearing business by centralizing settlement operations and using IT more extensively.

MHFG will provide customers with advanced financial services by establishing and actualizing a new generation of businesses while keeping a watchful eye open for potential strategic alliances.

More specifically, it will establish the "em-town" e-business model (please refer to page 24), promote the standardization of IC cards and the greater use of debit cards and advance into such areas as global CMS, trade finance EDI and dealing and trading settlement.

The group is also centralizing its external settlement operations and upgrading its IT to improve the efficiency of its operational divisions and strengthen control of settlement risk.

## ALM and Trading

Vision: To build a stable earnings structure by strengthening its risk management functions and establishing itself as a major global player.

### Basic Strategy

MHFG will:

- Respond accurately to a wide range of customer needs.
- Enhance its risk management functions.

#### ● Trading

Building on the robust customer base formed by the consolidation and the group's market-making strengths, MHFG will strive to enhance its trading techniques as a means of responding more accurately to customers' diversifying needs.

#### ● ALM

To create a stable earnings structure, MHFG will introduce sophisticated ALM techniques to provide accurate control of assets and liabilities and manage risk with precision.



# Financial Targets

## Current Status and Forecast for Earnings

MHFG is committed to maximizing its earning power by creating an optimal group business portfolio that is balanced and leads in each business sector.

Setting appropriate pricing levels while boosting high-earning assets such as housing loans will increase net interest income in the banking sector.

MHFG will also work to increase its commission income by strengthening its non-asset and commissions businesses, including Mizuho Securities and Mizuho Trust & Banking.

By closing and consolidating branches and streamlining its workforce, MHFG aims to reduce its expense ratio to 40% or below by fiscal 2005.

## Financial Targets

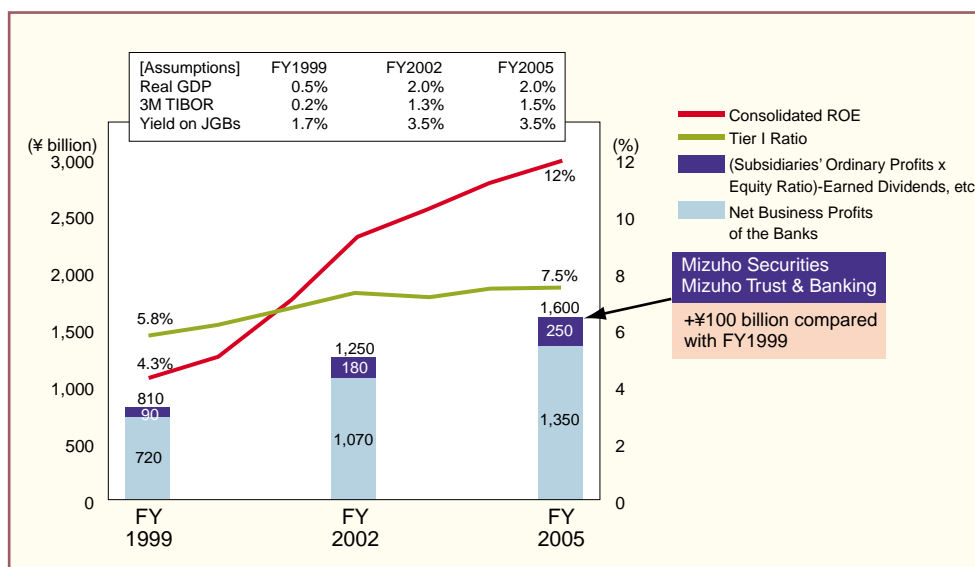
(¥ billion unless otherwise indicated)

	FY1999 Planned	FY1999 Actual	FY2002 Projected	FY2005 Projected
Consolidated Net Business Profits*	¥ 810.0	¥ 876.8	¥1,250.0	¥1,600.0
Consolidated Net Income	210.0	194.4	580.0	800.0
Gross Profits**	1,640.0	1,662.3	1,938.4	2,150.0
General and Administrative Expenses**	920.0	850.2	866.4	800.0
Net Business Profits (Before Provision of General Reserve for Possible Loan Losses)**	720.0	806.6	1,066.0	1,350.0
Ratio of General and Administrative Expenses to Gross Profits**	55% (approx.)	51.1%	45% (approx.)	40% or lower
Consolidated ROE	4% (approx.)	4.2%	8% (approx.)	12% (approx.)
Consolidated Risk-Based Capital Ratio (BIS Capital Ratio)	11% (approx.)	11.7%	11.5% (approx.)	11.5% (approx.)
Tier I Ratio	6% (approx.)	6.0%	7% (approx.)	7.5% (approx.)

\* Consolidated Net Business Profits: Three banks' Net Business Profits + (Subsidiaries' Ordinary Profits × Equity Ratio) – Earned Dividends, etc.

\*\* Figures for three banks only (non-consolidated).

## Increase in Consolidated Business Profits



### Consolidation Effect

The consolidation of the three banks into MHFG will yield considerable benefits as synergies strengthen the business base and further restructuring reduces costs.

- The non-recurring expenses directly related to the consolidation (“consolidation cost”) will be covered by the increase in gross profits generated by synergies and expenses reductions arising from further restructuring.
- From fiscal 2003, the stronger business base and renewed efforts to restructure will enable MHFG to make further cost cuts and enhance the consolidation effect.

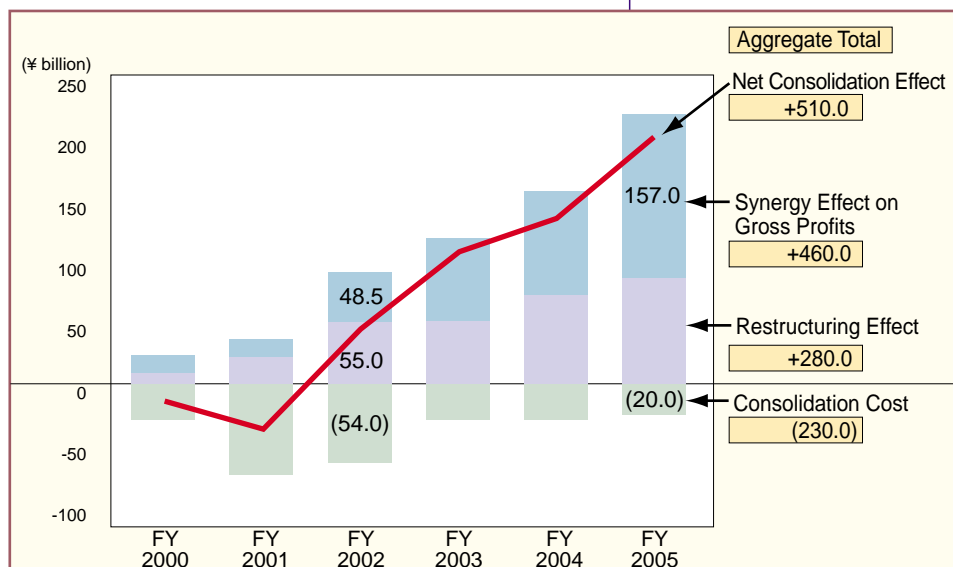
On a cumulative basis, it is forecast that by fiscal 2005, the synergy effect on gross profits will amount to ¥460 billion, the restructuring effect to ¥280 billion and the consolidation cost to ¥230 billion, resulting in a cumulative net consolidation effect of ¥510 billion.

#### Consolidation Effect

	(¥ billion)	
	Cumulative for FY2000 - 2002 Projected	Cumulative for FY2003 - 2005 Projected
Synergy Effect on Gross Profits	¥ 94.6	¥371.7
<i>Consolidation Cost</i>	(157.6)	(77.5)
<i>Restructuring Effect</i>	76.8	204.7
Net Cost Reduction	(80.8)	127.2
Net Consolidation Effect	13.8	498.9
	April 1999– March 2003	April 2003– March 2006
Domestic Branches*	(83)	(70)
Overseas Offices/Subsidiaries	(47)	(7)
Workforce	(4,500) (approx.)	(2,500) (approx.)

\* Represents the net reduction after taking into account approximately 17 branches of the Mizuho Corporate Bank.

#### Realization of Consolidation Effect (Banking Segment)



## Profit Trends by Business Segment

Each BU will engage in active cross-marketing of various financial services offered by other BUs, thereby delivering the products and services that best meet the increasingly varied and sophisticated needs of customers through the most appropriate delivery channels. They will also make the maximum possible use of the strengths of MHFG's

comprehensive financial services, including sophisticated FT and specialist know-how, in boldly tackling the creation and development of new business fields.

The table below shows MHFG's profit targets by segment.

### Profit Targets by Segment

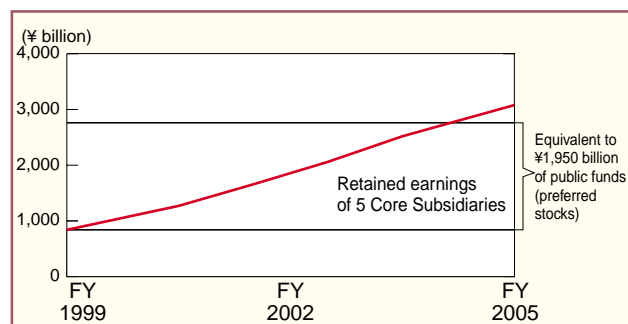
		(¥ billion)			
		FY1999 Actual	FY2000 Projected	FY2002 Projected	FY2005 Projected
Consumer and Private, and Small Business & Middle Market Banking	Three banks	¥208.3	¥221.2	¥ 504.7	¥ 653.7
Wholesale Banking	Three banks	417.6	406.9	439.9	509.1
Securities and Investment Banking, Trust and Asset Management, and e-Business and Global Transaction Services	Three banks	17.4	16.7	24.4	72.5
ALM and Trading	Three banks	231.1	247.9	166.8	200.7
<b>Total</b>	<b>Three banks</b>	<b>806.6</b>	<b>829.2</b>	<b>1,066.0</b>	<b>1,350.0</b>
	Mizuho Securities	13.8	22.8	41.2	56.0
	Mizuho Trust & Banking	(19.6)	(8.3)	3.5	46.2
<b>Total for Mizuho Securities and Mizuho Trust &amp; Banking</b>		<b>(5.8)</b>	<b>14.5</b>	<b>44.7</b>	<b>102.2</b>
<b>Total</b>	<b>(Three banks + Mizuho Securities + Mizuho Trust &amp; Banking)</b>	<b>800.8</b>	<b>843.7</b>	<b>1,110.7</b>	<b>1,439.1</b>

Note: The figures represent Net Business Profits for the three banks and Ordinary Profits for Mizuho Securities and Mizuho Trust & Banking.

## Retained Earnings

By fiscal 2005, MHFG is expected to accumulate sufficient retained earnings to cover the ¥1,950 billion in public funds injected into the three banks.

### Retained Earnings



# Major Joint Projects

## Joint Services Offered by the Three Banks

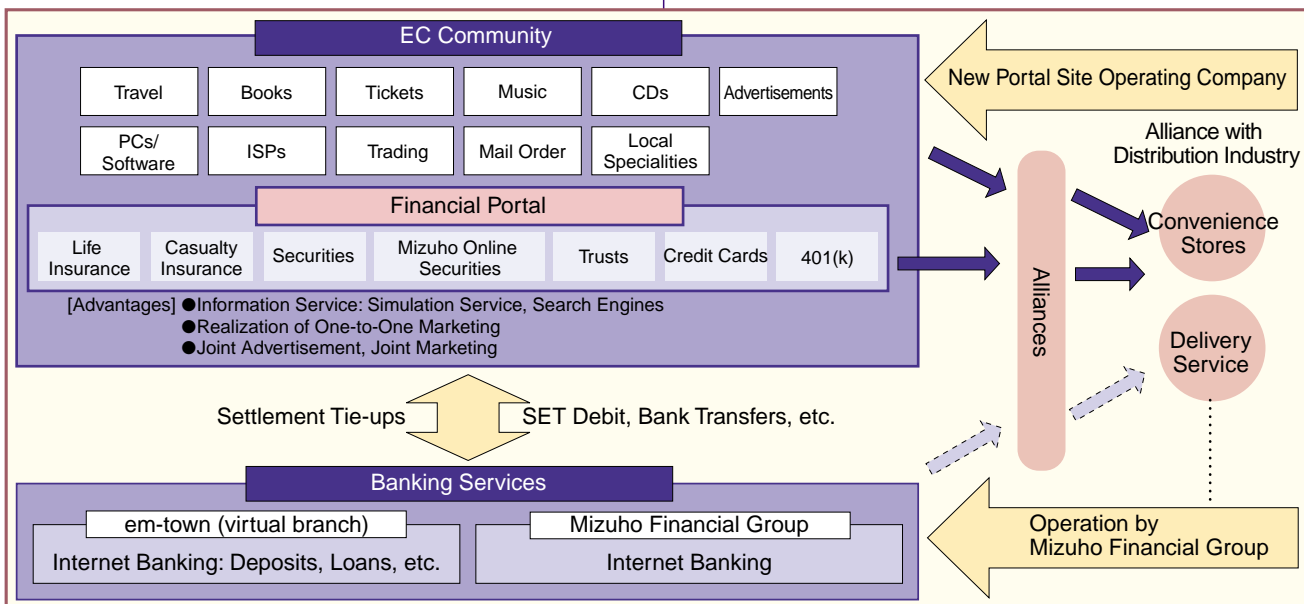
- Reciprocal Access to ATMs
  - The three banks started offering reciprocal access for ATM withdrawals from April 3, 2000.
  - DKB and Fuji Bank started offering reciprocal access for ATM deposit transactions from August 21, 2000.
- Spark Cards
  - Spark Cards are dual-function credit/debit cards, which DKB and Fuji Bank have been issuing since March 2000.
- Mizuho Group Credit Cards
  - The credit card subsidiaries of the three banks plan to issue joint Mizuho Financial Group credit cards from October 2000.

## MHFG Strategic Projects

● Inauguration of “em-town” e-Business Model  
 MHFG will generate new value added by offering services in three key sectors: Banking, Financial Portals and EC Community. Using various settlement methods, such as debit cards, credit cards and bank transfers, these services will deliver one-stop shopping in everything from financial services to merchandising.

In the area of “Banking,” an “em-town branch” will be set up, subject to regulatory approval, to offer deposit, loan, fund and account transfer, shopping settlement and other services. A “Financial Portal” will be set up through consortia with external partners to display and offer a wide range of finance-related products. The “EC Community” will consist of a shopping mall offering numerous attractive products and services in conjunction with external partners from many different businesses under a single roof.

The “em-town” Business Model

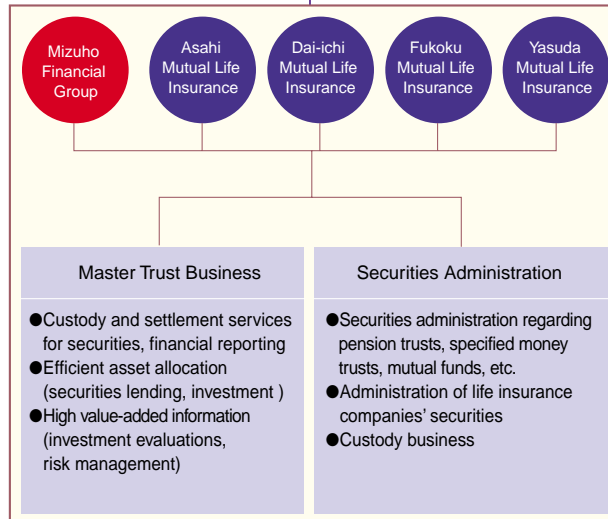


- Joint Asset Administration Services, including Master Trust Business

Using the high credit ratings supported by its sound financial position and strong customer bases of the three banks, MHFG will develop its master trust

and other asset administration businesses while promoting its ties with four life insurance companies.

**Tie-ups with Four Insurance Companies' Asset Management Business**

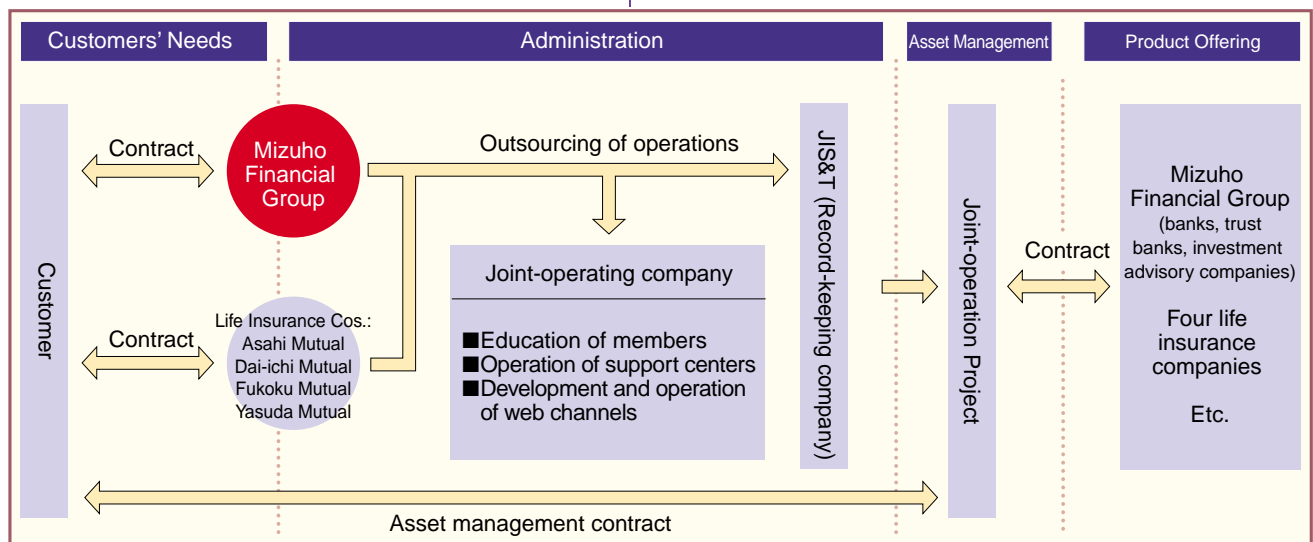


- Joint Development of Defined Contribution Pension Plan Business

MHFG will conduct studies into joining four life insurance companies and group firms in establishing a joint venture company that will undertake managerial and administrative tasks associated with the defined contribution pension plan business.

These tasks include the development of educational tools for potential and current policyholders, operation of support centers and the development and management of Internet-based delivery channels.

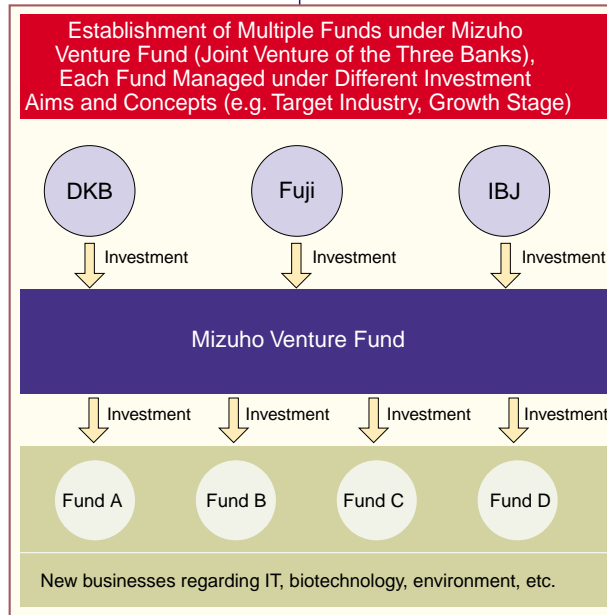
**Joint Operating Company for Defined Contribution Pension Plan Business**



- Establishment of the Mizuho Venture Fund  
The three banks will jointly establish the “Mizuho Venture Fund” to identify and support new businesses, venture companies and firms with

technological capabilities that will play a central role as leaders in the 21st century.

Mizuho Venture Fund



- Establishment of a Real Estate Investment Trust  
MHFG and Mitsui Fudosan Co., Ltd. will jointly establish the “Real Estate Fund”—an investment trust (mutual fund) aimed at investing in real estate

such as office buildings, condominiums, commercial facilities and other real estate—with a view to eventually listing it on the Tokyo Stock Exchange.

Real Estate Investment Trusts

