

2. Management Policies

(1) Management Policies

Ahead of the establishment of other major financial groups in Japan, on September 29, 2000, The Dai-Ichi Kangyo Bank, Ltd. (DKB), The Fuji Bank, Ltd. (Fuji) and The Industrial Bank of Japan Ltd. (IBJ) (collectively, the “Three Banks”) established Mizuho Holdings, Inc. (MHHD) by way of a stock-for-stock exchange. As a result of this transaction, each of the Three Banks has become a wholly-owned subsidiary of MHHD, and Mizuho Financial Group (MHFG) was duly launched.

Furthermore, on October 1, 2000, DKB Securities Co., Ltd., Fuji Securities Co., Ltd. and IBJ Securities Co., Ltd. merged to become Mizuho Securities Co., Ltd. (Mizuho Securities). On the same day, The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. and IBJ Trust and Banking Co., Ltd. merged to become Mizuho Trust & Banking Co., Ltd. (Mizuho Trust & Banking).

MHFG aims to be “an innovative financial group that will lead the new era through cutting-edge comprehensive financial services” by making the best use of a substantial business base and a wide range of the financial services, supported by state of the art information technology (IT) and financial technology (FT). MHFG’s Five Basic Principles of the Consolidation are as follows:

- (1) Offer a wide range of the highest-quality financial services to our customers.
- (2) Maximize shareholders’ 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 financial group with new corporate climate and culture.

(2) Principles of Profit Distribution

MHFG will strengthen its profitability by expanding business base through synergies and reinforce its financial base by enforcing further restructuring. Through these efforts, MHFG will accumulate earnings steadily to meet the shareholders’ expectations.

(3) Group Management

MHHD carries out management and administration of MHFG as a whole. MHFG will achieve management though legally separate subsidiaries according to customer segments and business lines under MHHD, in order to meet client needs, to provide high-level and specialized financial services and to quickly respond to future environmental changes.

Specifically, MHHD will manage and administer the group as a whole by means of a business unit structure based on customer segments and business lines in Phase 1 from September 29, 2000 through March 2002.

Subsequently, in Phase 2 from April 2002, subject to the relevant authorities' approval, the Three Banks will be integrated and reorganized as "Mizuho Bank" to serve individuals, domestic small- and medium-size companies and local municipal entities, and as "Mizuho Corporate Bank" mainly to serve large companies, financial institutions, public entities/agencies and overseas companies. At the same time, Mizuho Securities and Mizuho Trust & Banking plan to become direct subsidiaries of MHHD.

(4) Primary Tasks

Regarding the Japanese economy, a real self-sustaining recovery has not been achieved due to stagnant individual consumption from a severe income environment, despite the increase in infrastructure investments made to support the economy and to improve corporate earnings. Until the autumn of 2000, exports increased favorably; however, after the winter timeframe, being influenced by the deceleration of U.S. economy, the growth rate of exports declined, slowing down the recovery of production activity. In March 2001, the government recognized and publicly announced that the Japanese economy was in moderate deflation in the midst of prolonged hovering demand. The Bank of Japan eased the monetary policy, and in April, the government agreed on the need for urgent economic measures, including the promotion of structural reforms.

In the financial industry, the Big Bang financial reforms continue to progress. While consolidation and collaboration of financial institutions continue, entry of companies from other industries into the financial industry has occurred, creating more active competition among financial institutions.

In such an environment, MHFG plans to achieve competitive advantage and to realize management's vision of being "an innovative financial group that will lead the new era through cutting-edge comprehensive financial services." We plan to achieve these objectives through "client responsiveness", by meeting the further diversified and heightened client needs accurately and quickly, and through heightened "reliability" supported by the financial strength.

Specifically, we have identified the areas and tasks described below as continuing to be of strategic and of primary importance for us.

- (1) "Improvement in Customer Satisfaction" – aiming at a top class customer service.
- (2) "IT Strategy" – improving the infrastructure that will support MHFG's business strategies and objectives of the various business units.
- (3) "Global Strategy" – using our broad international network to provide a wide range of financial services, including arrangement of complex transactions, M&A advisory services and cash management services to corporate customers both in Japan and overseas, as one of the most reliable business partners.
- (4) "Distribution Channel Strategy" – creating and expanding new and convenient

distribution channels capable of meeting the needs of customers.

(5)“e-Business” - creating new business models which enable us to offer the cutting-edge services with the highest quality.

(6)“Asset Securitization and Syndication Businesses” - aiming for a switch from a “stock-based” business model to a “flow-based” business model, which will result in drastically increased efficiency in the use of assets, by aggressively developing securitization and loan-syndication businesses.

Also, we are moving forward and continue to complete strategic projects, including Defined Contribution Plan Services Co., Ltd., The em-town corporation and Trust & Custody Services Bank, Ltd.

In addition to a customer-oriented corporate culture, MHFG will continue to expand and enhance the types of products and range of services to match our clients’ broad and diverse needs taking advantage of MHFG’s strengths. For example, for individual customers, we started to provide “Mizuho UC Card,” a card common among the Three Banks, in September 2000. To satisfy our clients’ broad asset management needs, our group commenced sale of a carefully selected investment trust, “Mizuho Fund Collection” in October 2000 at the Three Banks. Also, starting October 2000, DKB and Fuji began selling “Mizuho Reform Loan” and “Mizuho New Car Loan,” and from January 2001 “Mizuho Education Loan.” These loans are being sold as unified products regarding housing reform funding, new car purchase funding and education funding. As part of unsecured consumer loans, these are significantly in demand by retail clients. We will continue to make positive efforts to promote the development and sales of strategic products. For institutional clients, “Mizuho Venture Fund” was established during May 2000, seeded by the Three Banks. We are attentive to identify and to provide support for new businesses, venture businesses and growing businesses with technical capabilities that may be leaders of the twenty-first century. In addition to these, we plan to enhance our sales force to be able to offer best solutions through up-to-date information and cutting-edge financial technologies.

Moreover, we consider further acceleration of problem loan disposal to be one of management’s most important tasks. We will continue to accelerate collection of problem loans even more than currently, and we have been proactive with final disposal of problem loans. Provisions for problem loans have been increased to maintain sufficient financial cushion for future losses from the customers with weak operating performance due to the ailing domestic economy and from the decline in the value of real estate collateral.

In this way, MHFG will contribute to the development of the Japanese financial industry, the nation’s society, and the economy as the leading financial group of Japan, through the improvements in management efficiency and the strengthening of our business expertise and functions coupled with the accomplishment of legally separate subsidiaries according to customer segments and business lines. At the same time, MHFG, as one of the leading financial institutions of the world, will aim to be one of the top five global financial institutions. Also, in terms of providing financial services, we will maintain and develop “heart-to-heart” relationships with our customers.