

2. Management Policies

(1) Management Policies

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, the securities subsidiaries of each of the Three Banks, 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. (a joint trust bank subsidiary of DKB and Fuji) and IBJ Trust Banking Co., Ltd. (a trust bank subsidiary of IBJ) merged to become Mizuho Trust & Banking Co., Ltd (Mizuho Trust).

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 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 reduction.
5. Create a new corporate climate and culture.

(2) Principles of Profit Distribution

MHFG will achieve the consolidation benefits through a stronger business base derived from synergies and the reduction of expenses arising from further restructuring. While MHFG will cumulate earnings retention steadily, MHFG will build up its earning power to meet shareholders' expectation.

(3) Group Management

MHHD carries out management and administration of MHFG as a whole. The consolidation process will take place in two stages, Phase 1 from September 29, 2000, and Phase 2 from spring 2002. In Phase 1, MHHD will manage the entire group by means of a business-unit structure operating across the Three Banks based on customer segments and business lines. In Phase 2, from Spring 2002, subject to the expected legislative and tax code changes for corporate split, the existing operations of the Three Banks, Mizuho Securities and Mizuho Trust will be reorganized according to customer segments and business lines to form four new legally separate subsidiaries under MHHD: Mizuho Bank Ltd., Mizuho Corporate Bank Ltd., Mizuho Securities and Mizuho Trust.

(4) Primary Tasks for the Near Future

With the expansion of the global economy, the progress of Big Bang financial reforms, and the significant evolution of IT and FT, management of Japanese financial institutions is moving into a new era. In such an environment, in order for us to secure our position as a leading financial institution, we have to recognize the need for quick and accurate response to the financial needs of our customers as well as the need for plentiful credit supported by financial strength.

To realize this objective we have identified areas and tasks described below as being of strategic and primary importance for us.

1. "Improvement in Customer Satisfaction" – aiming at top class customer service.
2. "IT Strategy" – improving the infrastructure which will support MHFG's business strategies and objectives of the various business units.
3. "Global Strategy" – using our comprehensive financial services and broad international network, and providing a wide range of financial products, including M&A advisory, arrangement of complex transactions and cash management services to corporate customers both in Japan and overseas, as one of the most reliable partners.
4. "Distribution Channel Strategy" – creating and expanding new and convenient distribution channels capable of meeting the needs of customers.
5. "e-Business" – looking at creating new business models which enable us to offer the cutting-edge services with the highest quality.
6. "Asset Securitization and Syndication Operations" – 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 operations.

Furthermore, we are moving forward with new and strategic projects. Already underway are The Mizuho Venture Fund, Defined Contribution Plan Services Co., Ltd. and em-town. Currently in the preparation stage are Trust & Custody Services Bank, Ltd. and Real Estate Investment Trusts.

In addition with a customer-oriented corporate culture, MHFG will continue to expand and enhance the sorts of products and services range to match our customers' broad and diverse needs taking advantage of MHFG's strengths. For example, for individual customers, we will make positive efforts to promote the development and sale of strategic products such as "Mizuho UC Card," "Mizuho Spark Card" and "Mizuho Fund Collection" and the enhancement of the products in the loan business. For small and mid-size companies, we will provide high-quality, stable and plentiful funding, and endeavor to provide support for the growth of new businesses and venture businesses. By offering up-to-date information and cutting-edge financial technologies, we will provide optimal solutions to the wide variety of needs of our large corporate clients.

In this way, MHFG will contribute to the development of the Japanese financial industry, nation's society, and economy as the leading financial group of Japan, through the improvements in management efficiency and the strengthening of our business expertise and functions. 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.