

DBJ's Businesses



To resolve the various issues that society faces and become clients' most supportive financial institution, DBJ supplies long-term funds, supports the formation of business and takes a host of other approaches to ensure that useful projects operate smoothly. We are committed to creating financial markets that allow funds to be raised more efficiently, and, in recent years, we have developed and introduced new financing methods to expand the functions of financial markets.

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Integrated Investment and Loan Services

DBJ provides seamlessly integrated investment and loan services. We assist clients with their financing needs by taking a position of neutrality and a long-term perspective that extends over all their activities, and by employing leading-edge financial methods.

- We offer integrated investment and loan solutions that range from senior loans to mezzanine and equity financing.
- DBJ also provides a host of services (e.g., M&A advisory and CSR support services) that help raise corporate value.
- In collaboration with its Group companies, DBJ provides finely tuned services to meet individual clients' needs.



Note: DBJ-designated analysis is required for investment and loan services.

Loans

DBJ provides financing to meet the diverse needs of its clients.

- Provides medium- and long-term loans
- Offers unique high-value-added financial services (environmentally and socially responsible investment, disaster countermeasures and safety measures and rating-linked financing for technology commercialization)
- Responds to diverse needs by offering nonrecourse loans and develops and provides financing offering collateral and structural flexibility (debtor-in-possession financing, inventory collateral, intellectual property rights as collateral, etc.)

Investment

DBJ provides investment funding, based on a long-term perspective, to meet specific needs and address a host of issues that clients face.

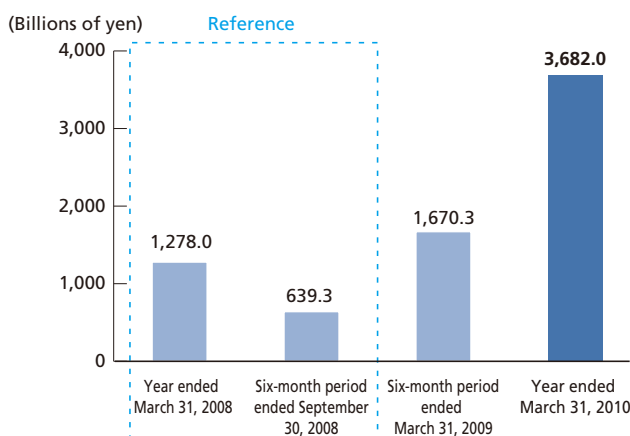
- We provide investment to assist businesses in terms of their revitalization, restructuring, growth strategies, international competitiveness and infrastructure operations. We provide such funding through mezzanine financing, as well as through equity and other funding.

Consulting/Advisory Services

Through its advisory support services, DBJ helps clients become more competitive and invigorate regional economies.

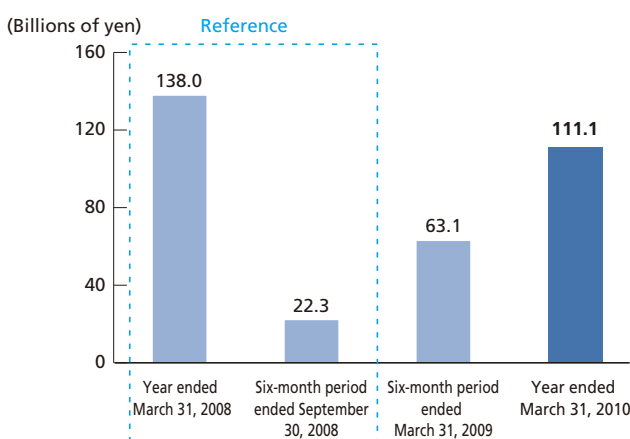
- Provides M&A advisory services
- Makes proposals that apply its expertise in industry research and ability to develop new financial technologies
- Arranges structured and other types of financing

• Loan Amounts Provided (Non-consolidated)



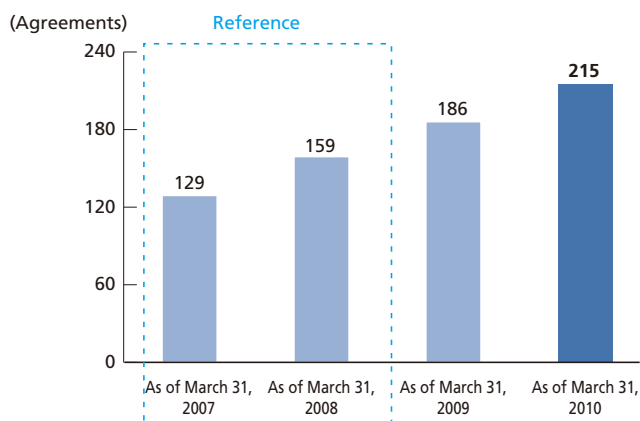
Notes: 1. Figures for the year ended March 31, 2008, and the six-month period ended September 30, 2008, are for DBJ's predecessor.
2. Figures, including those for corporate bonds, are on a management accounting basis.

• Investment Amount Provided (Non-consolidated)



Notes: 1. Figures for the year ended March 31, 2008, and the six-month period ended September 30, 2008, are for DBJ's predecessor.
2. Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.

• M&A Advisory and Consulting Agreements (Cumulative)



Notes: 1. Figures as of March 31, 2007, and March 31, 2008, are for DBJ's predecessor.
2. Figures as of March 31, 2009, include those of DBJ's predecessor (from April 1, 2008, through September 30, 2008).

DBJ provides medium- and long-term loans, answering a range of funding requirements. In addition to senior financing through traditional corporate loans, we offer project financing, nonrecourse loans and other types of structured financing, as well as a variety of other loans that employ advanced financial methods.

The DBJ loan case study section on pages 60 through 85 introduces DBJ's "CSR through Investment, Loan and Other Businesses."

Medium- to Long-Term Loans

DBJ primarily provides funding via medium- to long-term loans. When providing funds, DBJ first looks at the profitability of the business that requires funding, and then proposes a medium- to long-term repayment plan. As part of our effort to meet varied needs, a deferment period may be implemented.

When extending loans, we consider taking advantage of other interest subsidy systems offered by national and regional government bodies.

We provide a broad range of information to our clients.

Through our long history of operations, we have accumulated substantial expertise and experience that we apply when offering advice to address the issues our clients face.

DBJ puts its wide-ranging networks to use to help clients expand their operations.

We provide information generated through our various studies and research activities, as well as reports, publications and other information from overseas.

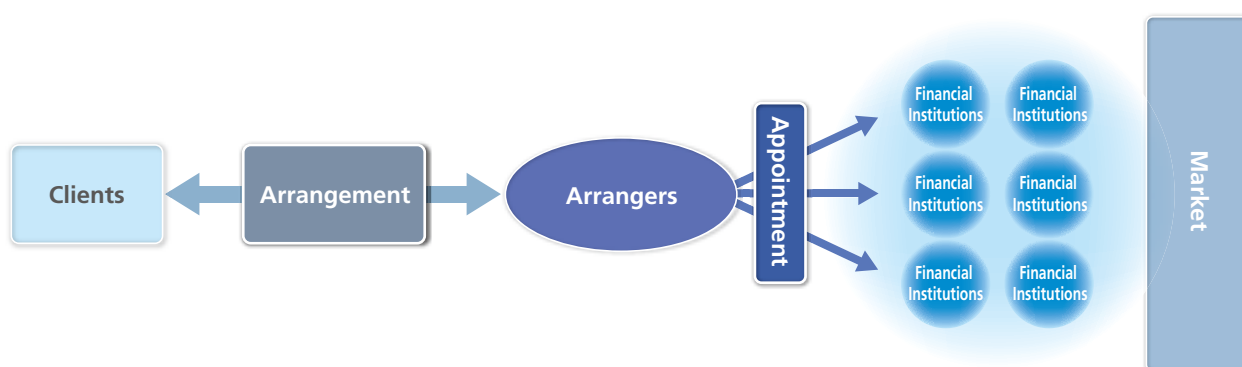
Syndicated Loans

This type of loan involves multiple arrangers that are combined into a syndicate. The agreement with the client is based on a single contractual document, and financing is provided cooperatively according to a single set of terms.

Having a single arranger in the point negotiating position reduces the administrative burden. Conducting settlement operations through an agent reduces the administrative burden. Large amounts can be raised expeditiously. Appointing an arranger allows the number of financial insti-

tutions involved in the transaction to be increased, and clarity of borrowing terms is ensured.

As part of its services, DBJ actively structures loans, centering on term loans. DBJ invites a wide range of financial institutions to participate, making use of its neutral standpoint. Structuring loans to include some items from its own lending menu, such as financing employing DBJ environmental ratings, helps raise the value-added level of services it provides.



Financing Employing DBJ Environmental Ratings

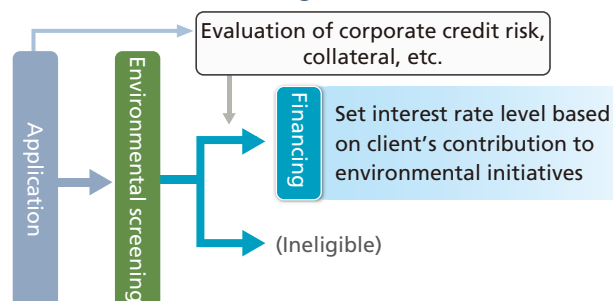
Beginning with the antipollution measures implemented in the late 1960s and early 1970s, DBJ has provided more than ¥3 trillion in investments and loans for environmental measures over the past 40 years.

In fiscal 2004, DBJ began employing environmental ratings in its financing based on knowledge cultivated for over four decades. DBJ developed a screening (rating) system that scores companies on the level of their environmental management and then applies one of three different interest rates reflecting that effort. This was the world's first incorporation of environmental ratings in financing menus. In the

year ended March 31, 2009, we launched an interest rate subsidy system based on environmental ratings to advance global warming countermeasures.

For three consecutive years beginning in 2008, banking institutions also selected the Financing for Tokyo Small and Medium-Sized Enterprises That Support Environmental Initiatives system. This system aims to accelerate environmental initiatives by providing low-interest financing to small and medium-sized enterprises with business offices in Tokyo. DBJ employed its proprietary screening system for small and medium-sized enterprises to determine the environmental ratings of companies.

● Overview of Financing Employing DBJ Environmental Ratings



Features

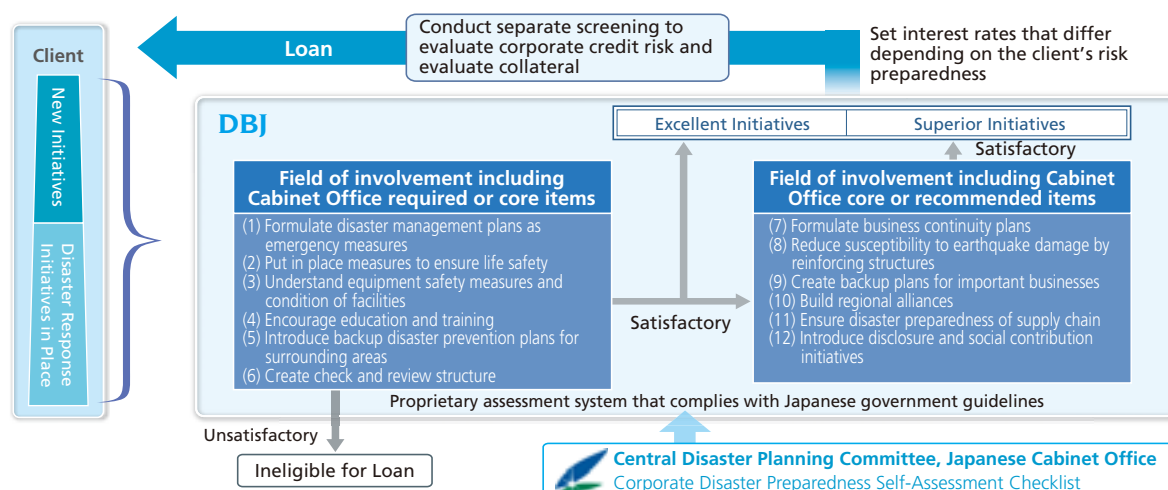
- Varying interest rate levels based on environmental ratings
- Screening sheet contains approximately 120 questions derived from the United Nations Environment Programme Finance Initiative (UNEP FI) evaluation of fair and neutral global environmental trends and an exchange of information with the Ministry of the Environment
- Ratings determined through interviews with clients
- Corresponds to a wide range of clients, from manufacturers to such nonmanufacturers as retailers, railway operators and leasing companies

Financing Employing DBJ Disaster Preparedness Ratings

In addition to helping businesses create countermeasures to hedge against disaster and provide contingency financing to help recover their operations in the event that they are affected by disaster, DBJ assists companies from a continuing business standpoint. We help with a full range of disaster preparedness, from the formulation of business continuity plans to the earthquake-proofing of facilities and preparation of IT backup systems. At the same time, DBJ provides new financing methods to assist the recovery of disaster-struck businesses.

In the year ended March 31, 2007, DBJ inaugurated a financing method employing a comprehensive method of rating disaster preparedness. DBJ Disaster Preparedness Ratings is a unique evaluation system based on the Corporate Initiatives for Disaster Preparedness Self-Evaluation Inventory created by the Central Disaster Prevention Committee (Cabinet Office, Government of Japan), which evaluates and selects companies engaged in high-level initiatives and provides them with low interest rate financing as a reward for their excellent disaster preparedness measures, introducing the world's first disaster preparedness-based financing method.

● Overview of Financing Employing DBJ Disaster Preparedness Ratings

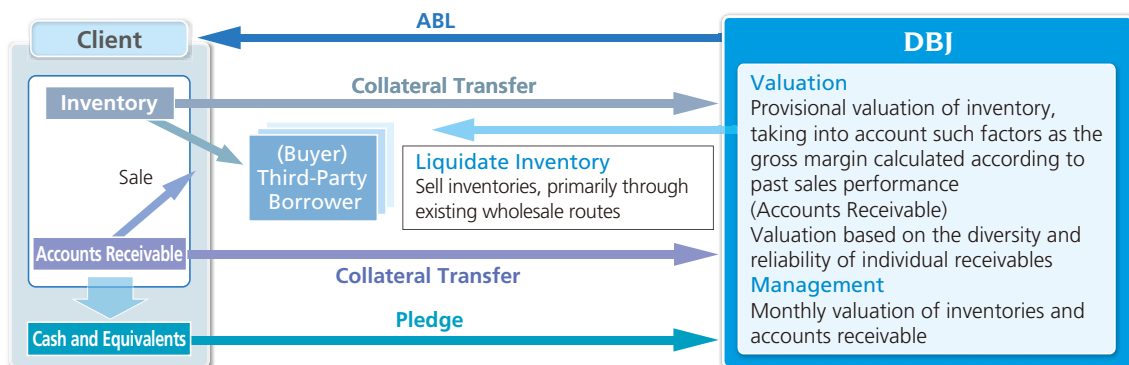


Asset-Based Lending

Asset-based lending (ABL) is a method of financing that uses as collateral a company's liquid assets, such as aggregate movable property, inventory collateral and receivables.

As financing methods become more diverse, expeditious fund-raising, debt restructuring and the sale of surplus inventories also enhance the robustness of internal control systems.

As a front-runner in corporate revitalization financing, DBJ has gained abundant experience in the area of developing ABL schemes to support companies, while at the same time securing their debt. Going forward, we plan to apply this expertise to develop ABL schemes that provide companies with growth capital.



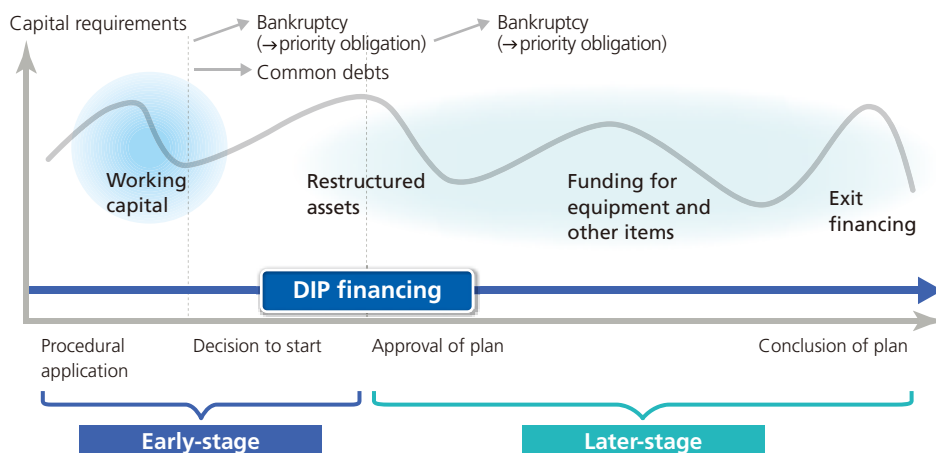
Debtor-in-Possession Financing

Nonperforming loans emerged as a major problem beleaguering the Japanese financial system in the late 1990s. Against this backdrop, DBJ has developed a host of tools to help underperforming companies sustain or develop profitable areas of operation.

One method of which DBJ is a proponent is early debtor-in-possession (DIP) financing. This temporary financing method provides working capital that allows a company in bankruptcy to continue operations during the period between a request for the application of the Civil Rehabilitation Law and the approval of rehabilitation plans, thereby sustaining the valuable parts of its operations.

Later-stage DIP financing provides the funding that is needed to implement restructuring plans. By providing medium- to long-term financing to fund capital investment under different conditions than those for revitalization plans that are being implemented, an organization that is under rehabilitation can refinance its debt, providing exit financing more quickly than is possible via the legal liquidation process.

In 2001, DBJ provided the first DIP financing in Japan. Since that time, DBJ has worked to broaden the range of entities eligible for this financing and the methods of employing it in response to varied needs.



Structured Financing

In 1998, DBJ pioneered project financing in Japan. From these beginnings, our accumulated expertise in this area, centering on energy and infrastructure projects, has propelled us to our current position as one of Japan's leaders in project financing, including private finance initiatives (PFIs).

Applying our accumulated expertise, now in addition to project financing, DBJ provides investment and financing to cover a variety of client needs. These include object financing and securitization in a wide range of fields, in which we act as a financial advisor, providing clients with support. DBJ acts as a lead arranger in putting together project financing packages, offers senior and mezzanine loans and participates in projects through equity investment, meeting clients' needs and addressing the various issues they face.

● Project Financing

We have a wealth of expertise in helping companies in the energy and infrastructure sectors find project financing that they can repay through operating revenues and working cash flow, without relying on specific corporate creditworthiness or collateral value.

● Object Financing

DBJ helps clients raise funds that take advantage of the revenue-generating characteristics of assets with special features, such as ships and airplanes.

● Securitization

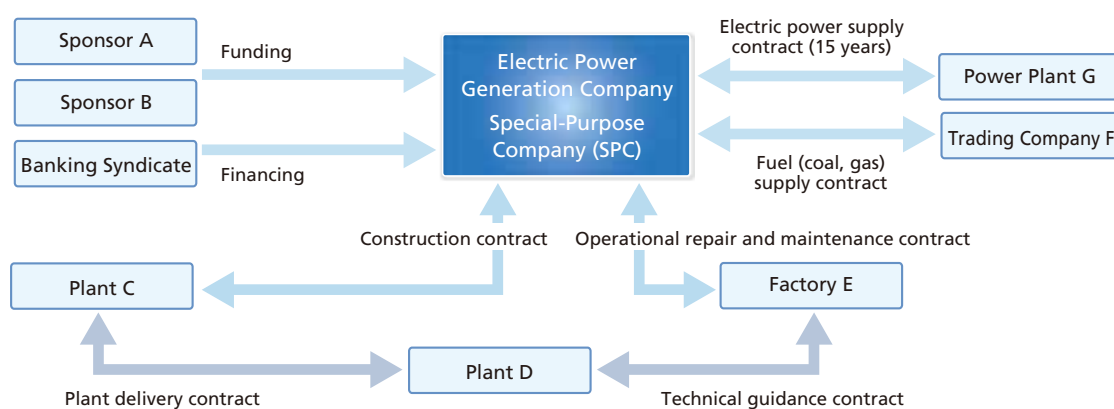
Securitization allows companies to convert their rights to monetary interests into salable form. Securitized monetary claims, which are backed by the revenues and cash flows that are generated by the underlying claims, can be used to generate funding through financial liquidization. A method known as whole business securitization enables certain businesses to securitize their entire operations, backed by future cash flows. This method can be employed to restructure a client's balance sheet and procure financing under favorable conditions. DBJ uses various methods, including nonrecourse loans, to help clients raise funds.

● PFIs

Since the facilitation of PFIs through legislation* in 1999, DBJ has accumulated PFI expertise to the point where it is now an industry leader in PFI. Taking advantage of this store of knowledge, as well as strong relations with public-sector entities, DBJ supports the efforts of clients who are considering PFIs.

* Law concerning Facilitation of the Improvement, Etc., of Public Facilities, Etc., by Private Fund, Etc.

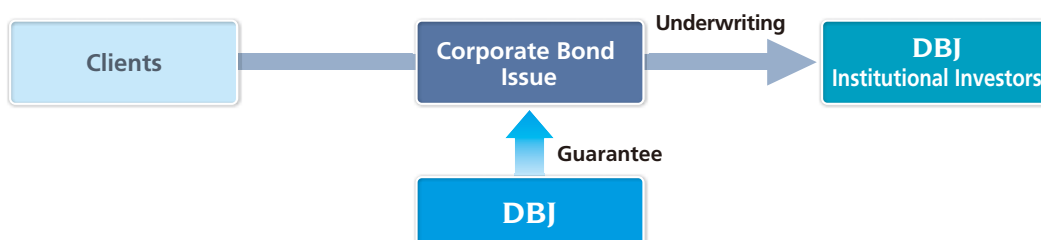
● Project Financing Example: Electric Power Generation Project



Private Bond Placement

Private bond placements involve selling bonds directly to a small number of qualified investors instead of to a large group of general investors through a public offering involving a securities company.

DBJ provides ways for clients to diversify their funding sources and methods. By underwriting and guaranteeing private bond placements, DBJ helps clients raise funds directly (direct financing) and indirectly in the marketplace.



Asset Financing (Real Estate)

DBJ's involvement in the long-term financing of real estate operations began in the 1960s. We have participated in Japan's real estate securitization market from its early beginnings and continue striving to invigorate this market.

Our track record, expertise and networks in this arena enable us to provide nonrecourse loans and a host of other solutions.

Liquidization Financing

Example 1: Sell rental real estate that a client owns to a special-purpose company, raising capital efficiency

Example 2: After selling owned real estate that a client is using to a special-purpose company, conclude new rental agreements and continue using the property in this manner

1. Allows diversification of financing methods
 - Enables funds to be raised based on the property's capacity to generate revenue and cash flow
 - Preserves the credit availability of the originator (the original owner of the asset)
2. Moves property off the balance sheet for better financial efficiency
 - Improves ROA
 - Allows planned recognition of unrealized gains or losses
 - Improves financial picture by reducing interest-bearing debt
 - Eliminates risk of variations in real estate values

Development Financing

Example: Use investor financing to develop idle owned real estate into income property

1. Realizes profits from development
 - Enables funds to be raised for real estate development, which might be difficult for the company to do on its own
 - By securing required additional funding, helps in terms of diversity and the control of the risk of construction delays and cost overruns
2. Controls risk by moving property off the balance sheet
 - Maintains the company's financial soundness
 - Eliminates risk of fluctuations in real estate values

DBJ's Distinguishing Features in Asset Financing

- Has extensive arrangement expertise on numerous projects, as well as a strong performance record in investment and loans
- Retains a network of leading investors and financial institutions in Japan and overseas to help realize projects and arrange financing
- Creates project-tailored solutions to meet clients' needs, such as providing senior, mezzanine and equity financing
- Maintains a neutral standpoint, enabling projects to progress smoothly by appropriately diversifying risk and helping involved parties realize profits

We provide investment funding to meet specific needs, based on a long-term perspective, to resolve the myriad issues that clients face. For example, DBJ provides investment to help clients expand their operational bases, meet long-term growth strategies and shore up their financial bases. We offer funding support, mezzanine financing and financing that employs equity and other methods.

The investment case studies on pages 60 to 85 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

Equity

In an environment characterized by growing needs for the operational selection and focus of group businesses, the formulation of growth strategies and the heightening of corporate governance, equity has become more important than ever before.

Through equity investment, DBJ helps clients address the issues they face and promotes their long-term development. After making equity investments, DBJ provides total solutions involving its networks and strengths in information, research and financing technologies, helping clients

maximize their long-term corporate value. In the fiscal year ending March 31, 2011, DBJ will enhance its "added-value creative equity financing to support corporate growth strategies." In addition to funding, this approach aims to achieve corporate growth strategies, combining M&A strategies, capital strategies and overseas strategies. This initiative aims to support corporate value enhancement over the medium to long term.

DBJ shares the benefits of clients' growth, while at the same time helping them achieve future prosperity.



LBOs/MBOs

Leveraged buyouts (LBOs) are acquisitions of companies or businesses using borrowed money. If the company or business that is being acquired generates fixed cash flows, the acquirer (typically, the sponsor providing equity) can purchase the business or company for relatively little cash. For this reason, the borrowed funds are considered the "lever" that multiplies the return on the purchaser's funds, which are constrained.

Management buyouts (MBOs) involve the acquisition by the existing corporate management of a company's shares or operations. As the existing management team typically has a limited amount of cash available, MBOs generally require that funds be raised to acquire an operation. For

this reason, an MBO may take the form of an LBO. In the event that borrowed funds alone are insufficient, the management team may offer equity to a collaborative sponsor, such as a buyout fund or partner.

In recent years, MBOs have been used more frequently by listed companies that are delisting and by owner-operated companies.

As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

Mezzanine Financing

Mezzanine financing is a method that typically involves a greater degree of investment risk than the senior loans employed by financial institutions.

Mezzanine financing is lower in the repayment hierarchy, so risk is higher than for senior loans. In markets such as the United States, which have a broad range of investors, mezzanine financing plays an important role in diversifying the types of funding that are provided. As mezzanine financing is riskier than senior financing, it bears a correspondingly higher interest premium, making it an economically rational choice of investment funds.

Depending on financing plans and capital policies, flexible mezzanine financing can be introduced and set to have diverse characteristics corresponding to both equity and debt. In recent years, demand for this type of financing has grown in association with business acquisitions, spinoffs

of subsidiaries and business units, business succession and listed companies that are delisting.

Mezzanine financing has the benefit of providing funding that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption schedules can be set to be rigid or flexible.

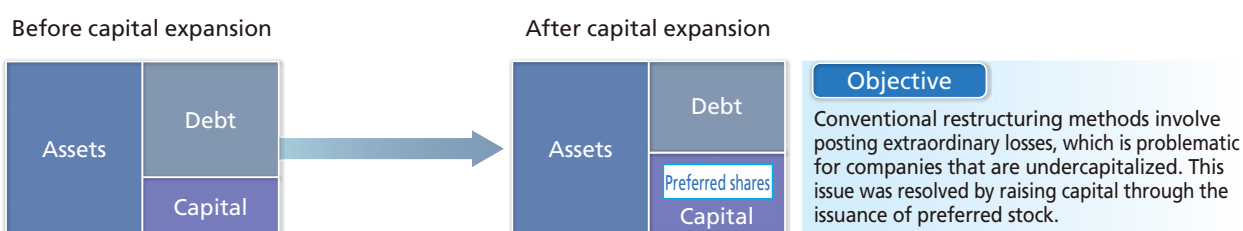
From a long-term perspective, DBJ helps clients resolve problems with their balance sheets through total solutions that range from the arrangement of financing to the provision of funding.

Types of mezzanine financing

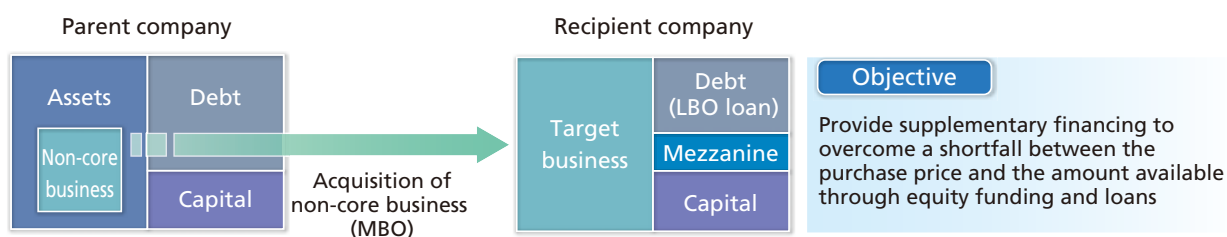
- Subordinated loans, subordinate corporate bonds
- Preferred shares, classified shares
- Hybrid securities, hybrid loans, etc.

● Case Study: Mezzanine Financing

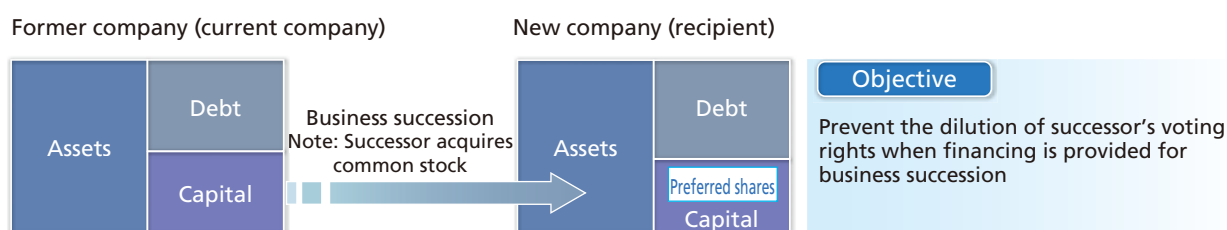
Case 1: Resolving an Undercapitalization Issue



Case 2: Supplementary Method of Financing a Business Acquisition



Case 3: Avoiding Dilution of Voting Rights during Business Succession



We offer consulting and advisory services and make use of networks with allied financial institutions. Through our consulting and advisory support services, we help clients become more competitive and contribute to the vigor of regional economies.

Our consulting and advisory services are backed by the know-how we have built up through our structured and other types of financing, our M&A advisory services and our provision of expertise on industry research and environmental and technical evaluations. We apply this accumulated expertise to help clients resolve the issues they face.

The advisory case studies on pages 60 to 85 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

M&A Advisory Services

Even as corporate development options diversify, M&A activity is growing more prevalent, both for businesses restructuring operationally and for industry restructuring overall. Mergers and acquisitions can be a method for achieving better employment stability and a stronger

competitive position. Amid growing interest in M&A activities in Japan and overseas, DBJ provides advisory services through its own networks. We offer comprehensive M&A solutions that match clients' varied needs and management strategies.

Strategic Consulting

• Comprehensive Business Strategies

We create operating and management strategies that draw on the knowledge we have cultivated through many years of providing investment, loan and project support from a medium- to long-term perspective.

• Information on a Wide Range of Business Partners

DBJ is involved in business entities in a broad range of industries, and its business partners in Japan number more than 3,500. Since 1984, we have provided loans for more than 700 foreign-capitalized companies, enabling us to also provide a wide variety of information on overseas companies as well.

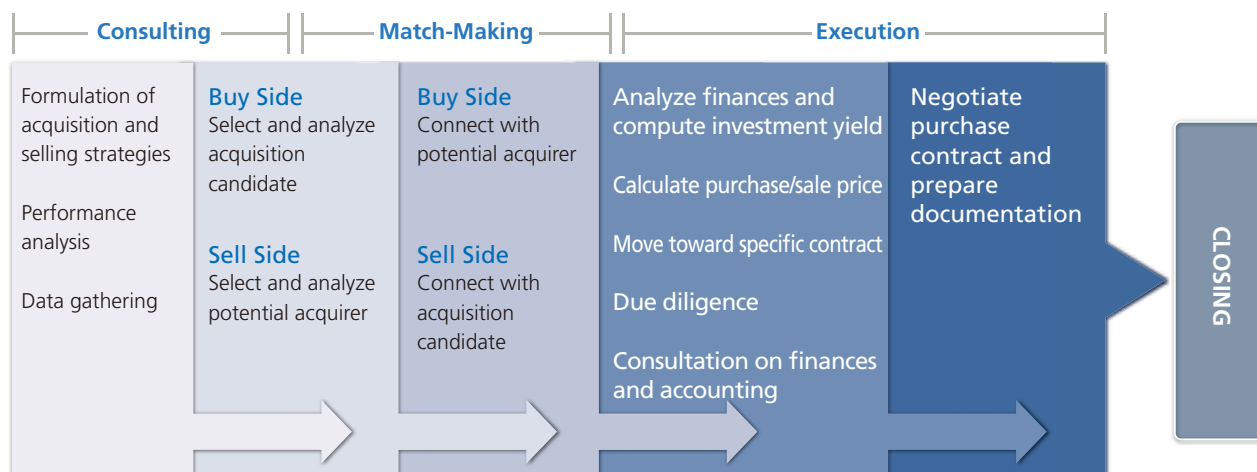
• Cohesive Domestic and Overseas Information Network

DBJ maintains close relationships with regional financial institutions, which have excellent insight into the companies that operate in their regions, as well as with Japanese and overseas financial institutions and accounting and legal firms. Such relationships enable us to build information networks to accumulate accurate information. We have created a banking M&A network that links information on financial institutions throughout Japan (regional banks and trust banks) with information on corporate M&A activities.

• M&A Activities

DBJ provides fundamental advisory services at every stage of a merger or acquisition, from planning through to implementation.

• M&A Advisory Services

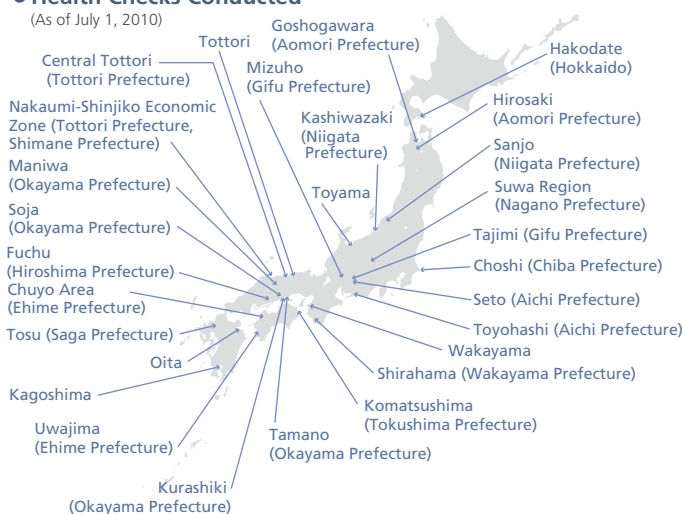


Regional Health Checks

When diagnosing the health of local community-building activities, DBJ begins by analyzing communities based on publicly available data. We augment this trove of information by conducting on-site surveys and local interviews, and then we make an independent diagnosis of the region's health. We discuss our findings (issues and possibilities) with the region's constituents, including the issues that we have uncovered through our interaction with members of their community.

Mutual awareness of regional issues and possibilities provides an opportunity for taking action, such as by formulating a project.

Health Checks Conducted



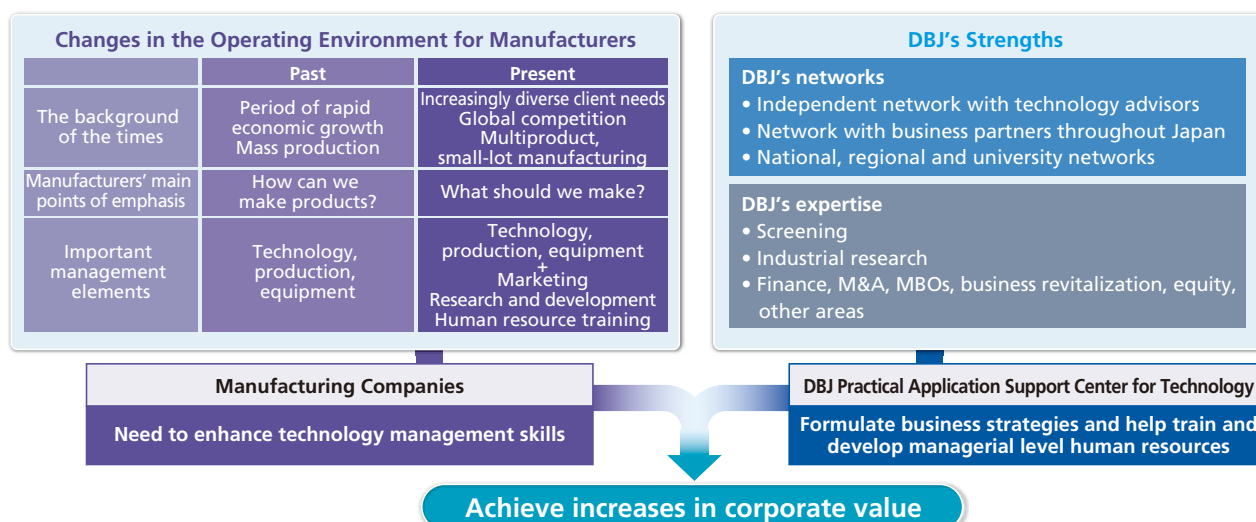
Practical Application Support Center for Technology

DBJ established the Practical Application Support Center for Technology in February 2004 to help medium-sized companies realize their potential for the commercialization of successfully developed technologies. The role of this center is to diagnose whether companies have the management strength (technology management expertise) to turn their technologies into products. We also provide mentoring, business planning and other advice and technology management training, and we support medium-sized manufacturing companies in the development of new value. DBJ works with regional financial institutions, local government bodies, universities, economic organizations and industrial support bodies to aggressively promote the expertise offered by the Practical Application Support Center for Technology, helping to raise regional industrial competitiveness.

In addition to evaluating companies' abilities to manage technologies and products, we support the development of appropriate long-term strategies based on objective information obtained via our extensive networks.

We provide additional evaluations based on our expertise in operational screening and, through consultation on financial strategies, help clients consider optimal long-term strategies.

From the perspective of providing neutral and specialized business plans, we aim to be a partner that client management can consult on any topic related to manufacturing management. By providing integrated expertise in this way, we help clients raise their corporate value and contribute to the development of the Japanese manufacturing industry.



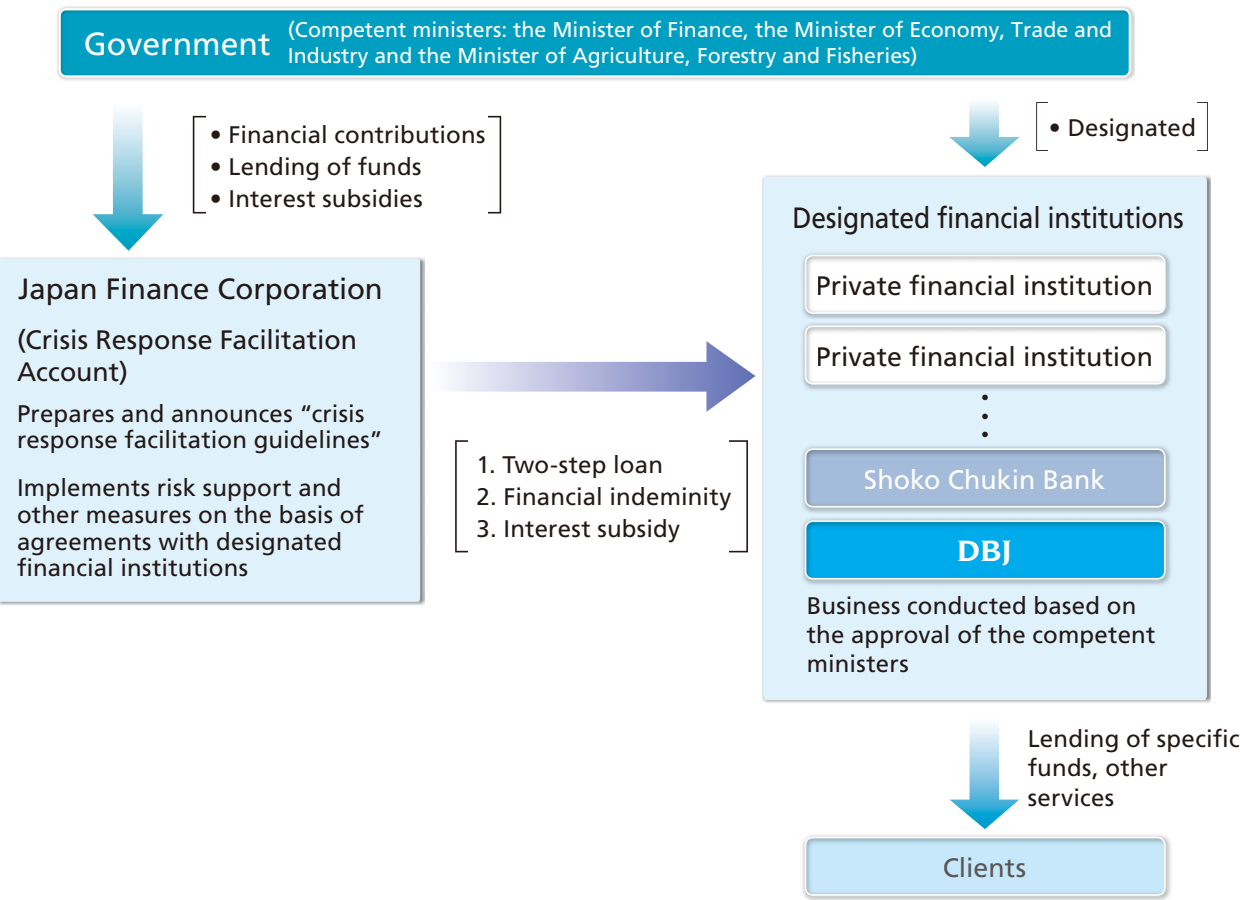
Crisis Response Operations

Through the Japan Finance Corporation (JFC), the Japanese government sets aside specific funds that are earmarked for use in the event of such crises, as disruptions in the domestic or overseas financial markets, large-scale disasters, terrorism and epidemics of communicable diseases. Upon the receipt of such credit (e.g., for two-step loans, financial

indemnity or interest subsidies), institutions designated to provide such funds do so quickly and flexibly.

At the time of its establishment, DBJ was designated as such a financial institution, as was Shoko Chukin Bank Limited.

Crisis Response Business Scheme



Financial Crisis Response Operations

DBJ began conducting crisis response operations on October 1, 2008. This business consists of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. The funds are provided by the Japanese government via designated financial institutions under the Japan Finance Corporation Law (Law 57 of 2007, later updated). Funds provided under this law receive a risk subsidy from JFC.

On October 30, Shoko Chukin and DBJ established "lifestyle measures" in response to the worsening corporate cashflow conditions resulting from the global financial and economic crisis that commenced in the autumn of 2008. On December 11, these measures were granted crisis designation under the category of "incidents related to confusion in the international financial order." On December 19, these measures were augmented by economic measures, or "emergency lifestyle defense measures," funded through an expanded budget and the commencement of the commercial paper acquisition business, and labeled Cashflow Countermeasures for Medium-Sized and Large Companies Employing the Crisis Response Operations of the Japan Finance Corporation. On January 27, 2009, government regulations were amended, incorporating these items into the second supplementary budget for fiscal 2008, supplemented with funds generated by DBJ's commercial paper acquisition business on January 30.

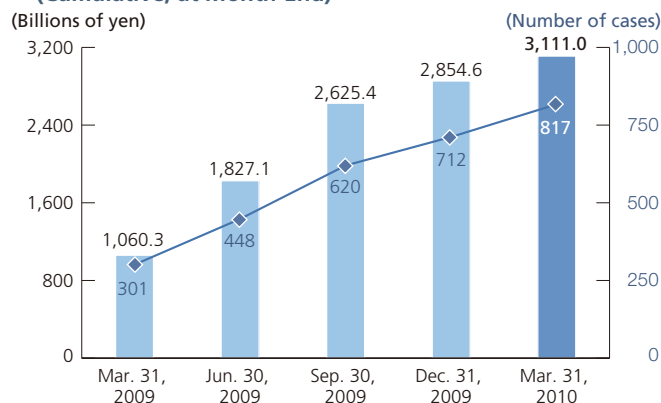
Additional economic crisis countermeasures were announced on April 10, 2009, outlining specific measures for large-scale crisis response operations and earmarking a total of ¥15 trillion for crisis response for medium-sized and large companies. In line with these measures, authorization of a supplementary budget for fiscal 2009 was announced on May 29, 2009. This budget received Diet authorization on June 26, and the revised New DBJ Law went into force and was promulgated on July 3, 2009. These measures paved the way to reinforce DBJ's financial structure and execute crisis response operations smoothly.

As part of the risk of loss related to the introduction of loans for medium-sized and large companies, as well as commercial paper acquisition, DBJ has drawn up with JFC a guaranteed reimbursement framework for losses on crisis response operations.

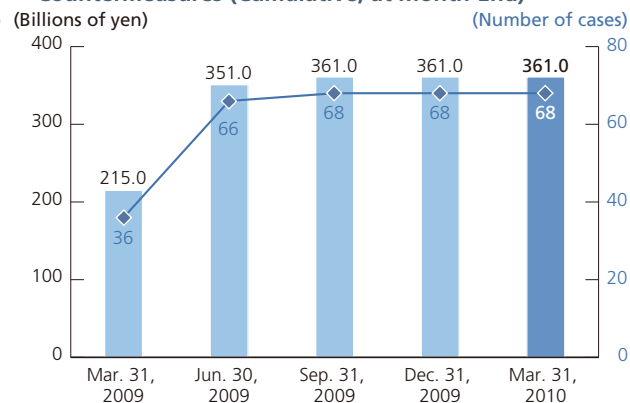
As of March 31, 2010, DBJ's loan performance and commercial paper acquisition of financial crisis countermeasure loans in response to the financial crisis were as follows.

- Cumulative loans: ¥3,111.0 billion (817 cases)
- Cumulative loans executed with loss guarantee agreements: ¥233.5 billion (33 cases, including those slated for application to JFC)
- Cumulative commercial paper acquisition: ¥361.0 billion (68 cases)

Loans as Financial Crisis Countermeasures (Cumulative, at Month-End)



Commercial Paper Acquisition as Financial Crisis Countermeasures (Cumulative, at Month-End)



Providing a Safety Net

DBJ acts as a social safety net by providing investments and loans to support the rehabilitation and rebuilding of areas affected by earthquakes, typhoons or other large-scale natural disasters, the outbreak of severe acute respiratory syndrome (SARS), bovine spongiform encephalopathy (BSE) and other illnesses, as well as terrorist attacks and other emergency situations that cause widespread anxiety about the financial system. In this way, we act as an emergency response unit to fill the gap that emerges when peacetime financial platforms fail to function.

Disaster Recovery

Societal Concerns

Required responses to natural disaster are to (1) ensure that people who provide information to local communities beset by a natural disaster have sufficient knowledge about those communities and take that knowledge into consideration and (2) provide rapid responses to help rebuild important infrastructure that was destroyed. What is required is an entity that through its everyday business relationships has accumulated know-how on the industries and businesses that provide this core infrastructure. This entity also must have a wealth of expertise in supplying long-term funds.

DBJ Initiatives

DBJ has provided assistance in response to such disasters as the Great Hanshin-Awaji Earthquake in January 1995 and the Chuetsu Offshore Earthquake in October 2004. In addition to the electricity, gas, rail, communications, broadcasting, urban development and other infrastructure industries, DBJ assisted providers of everyday necessities such as foodstuffs and other retail items. These efforts played a major role in revitalizing the employment and economic situations of local communities, prompting a revival in many fields.

Note: DBJ's cumulative financing for recovery from two earthquakes

Great Hanshin-Awaji Earthquake: ¥184.8 billion
(Year ended March 31, 1995, to year ended March 31, 2003)

Chuetsu Offshore Earthquake: ¥20.3 billion
(Year ended March 31, 2005, to year ended March 31, 2007)

Emergency Financing

Societal Concerns

Society requires institutions whose day-to-day operations provide a solid foundation for financing in response to terrorist attacks, natural disasters and other emergency situations. These institutions must also have the working capital and funding expertise to respond quickly to these situations.

DBJ Initiatives

In the year ended March 31, 2002, DBJ established an emergency response support system that provided financing to the Japanese airline industry, which was immediately affected by a downturn in business following the September 11, 2001, terrorist attacks on the United States and the SARS outbreak.

Note: DBJ's cumulative emergency financing provided following the terrorist attacks and the SARS outbreak: ¥437.0 billion

(Year ended March 31, 2002, to year ended March 31, 2005)

Through its varied activities, DBJ comes into contact with many aspects of society. In addition to companies, DBJ's information channels and human networks include domestic and overseas governments, international institutions, regional government bodies and universities. Through these contacts, DBJ extracts a variety of information on economic and societal issues, boosting its ability to supply quality information from a neutral standpoint.

Economic and Industrial Research

In a broad range of industrial circles, DBJ researches conditions in various sectors and among different types of businesses, conducting surveys and performing research on such topics as international competitiveness. DBJ also prepares reports on conditions in individual industries, technical development trends and new industries and innovation. We provide feedback on these reports to our clients, as well as other parties.

Survey Examples

DBJ Monthly Overview

This report provides a brief commentary on domestic and overseas economic and industrial trends and monthly business indicators.

This report explains domestic and overseas economic trends through an analysis of economic and financial indices published each month. Recent years have witnessed increased cooperation on the global economic and financial fronts and integrated market perspectives. This report aims to further that integration by introducing overseas fiscal and monetary policy and commenting on current topics.



Major Changes in the Solar Power Market: Focusing on Trends in Europe

(DBJ Monthly Overview, No. 146, April 2010)

We are seeing major changes in trends in the global solar power market, where, despite the growth of strong government backing in many countries, the financial crisis and changes in policy are impacting the introduction of the technology and thus manufacturers. We summarized in a compact report our outlook for solar-power market prospects, including status reports and business trends from Europe, which is driving market expansion.



Strategies for Expanding Service Industry Demand in Developing Asia

(DBJ Monthly Overview, No. 143, February 2010)

According to the Ministry of Economy, Trade and Industry (METI), in the wake of Japan's domestic-market slowdown,

there are high expectations for demand driven by Asia's 900-million-strong middle class "volume zone." We look for even greater consumption owing to the expansion of the middle class and the likely corresponding growth in the wealthy stratum.

In this report, we present such issues as trends in income groups and case studies of Japanese firms' advances in the Asian services field, and their strategies in seeking to tap the growing middle class in emerging markets, both in transferring services from Japan to overseas markets and in attracting the market to Japan in areas such as tourism.



DBJ Long-Term Interest Rate Weekly Outlook

DBJ provides its clients with weekly long-term interest rate movement information on the first business day of each week. Focused on Japan and the United States, we offer a brief summary of market trends during the previous week and introduce key economic indicators, treasury auctions and other events scheduled in the current week. DBJ economists comment on the effects of important economic indicators and monetary policy announced during the week, providing an outlook for market trends based on the analysis of economic fundamentals.



Stock Options and Corporate Performance

(Economic Management Research, Vol. 30, No. 4, March 2010)

In recent years, an increasing number of Japanese companies have introduced incentive schemes, including stock options and performance-based compensation, to managers and other employees. In this report, in addition to looking at the theoretical structure of stock options and the system of use in Japan, we conduct a fundamental analysis using corporate data to examine what kind of companies adopt stock options and whether they really affect the bottom line.



Global Warming and Economic Development. In Consideration of Sustainable Growth

(Economic Affairs, Vol. 9, University of Tokyo Press, March 2009)

This collection of 12 essays focuses on the results of research conducted by the Global Warming Research Center of DBJ's Research Institute of Capital Formation. The essays were written by prominent researchers in the field of environmental economics, including Hirofumi Uzawa, Professor Emeritus at the University of Tokyo and Senior Advisor to the institute. Addressing current trends in global warming, these essays propose policy and social systems for sustainable economic development considered from the perspective of shared social capital.



Corporate Governance and Corporate Finance: An Informational and Institutional Approach

(DBJ's Head of the Research Institute of Capital Formation, Masaharu Hanazaki, University of Tokyo Press, November 2008)

The Mainichi Newspapers Co., Ltd.'s *Economist* Magazine Award Selection Committee selection was the winner of the 50th (Fiscal 2009) *Economist* Prize.

This book, based on practical and academic economics, gives a unique perspective and shines light on the future of the inextricable links between corporate finance and corporate governance, elucidates application theory and the reality thereof verified by informational and systemic aspects, and explores "the essence of a corporation."



Capital Investment Planning Survey

One of DBJ's main businesses is the provision of funds for long-term capital investment. With a history of more than 50 years (from 1956), the questionnaire-based Capital Investment Planning Survey looks at community-specific investing trends and provides analyses of raw corporate information. This information is tapped for many purposes, including investigation of, and policy formation for, the Japanese economy, planning by corporate management and research and training activities at institutions and universities.

Survey Example

"Report on June 2009 Survey of Capital Investment Plans for Years to March 31, 2009, 2010 and 2011," Surveys, No. 100, September 2009

After completing our questionnaire-based survey on corporate capital investment activity, the Survey of Capital Investment Plans, we publicized the results, as well as our analysis.



Combining Surveys, Research and Investment and Loan Activities

In addition to publishing the results of its surveys, research and other activities, DBJ introduces its information at speaking engagements and seminars. In addition, after reflecting on the results of its investment and loan functions, DBJ provides new financial solutions for corporate CSR activities and commercial technologies.

Environmental

DBJ conducts survey reports on various environmental activities in Japan and overseas, under such themes as global warming prevention measures, promotion of a recycling-oriented society and sustainable corporate management. DBJ also conducts and contributes to specialty journals, newspapers and magazines. In the year ended March 31, 2005, these activities culminated in the introduction of DBJ Environmental Ratings, which are used to determine preferential financing for environment-friendly projects and are used by many companies.

Disaster Response

Being prepared to respond to an earthquake or other natural disaster and continue operations is an issue for every company. DBJ conducts surveys covering corporate business continuity plans companies have established. In the year ended March 31, 2008, we incorporated survey results to form the basis for DBJ Disaster Preparedness Ratings, which we use in our financing considerations.

Technology

DBJ's activities in technology-related fields include conducting trend surveys (for example, on bioethanol). DBJ's Practical Application Support Center for Technology provides technical evaluations and conducts other activities to help companies realize their potential for technological commercialization.

Providing Information to Local Communities

Supplying Information to Help Local Community Development

Local communities are experiencing increasingly difficult environmental circumstances, such as a declining birthrate, an aging population, the amalgamation of towns, cities and villages, and financial crises. Addressing these issues requires a greater degree of expertise and more ingenuity than ever. DBJ assists by analyzing the information it accumulates through its network of offices (19 domestic locations—headquarters, branches and representative offices—and three overseas locations—subsidiaries and a representative office), economic agencies of regional governments and local communities, and companies in Japan and abroad. DBJ disseminates this information through reports, publications, lectures and other formats to encourage public/private partnerships, promote tourism, build up local communities, and contribute to local government financing.



that community before preparing an independent diagnosis that interprets its results. We then discuss the diagnosis results with people in the local community, which helps them to understand what issues they may be able to address on their own and provides them an opportunity to consider future directions. (See page 44.)

Fiscal 2010 Regional Handbook: Regional Data and Policy Information

This handbook is a collection of data that include fundamental economic, industrial, lifestyle and policy indicators for regional blocks, administrative regions and principal cities, as well as a compilation of individual regional policies and projects to facilitate an overall understanding of regional policies, economies and societies and the current status of regional projects. In the Topics section, Yoshitsugu Hayashi, Professor, School of Economics, Kwansei Gakuin University, contributed a special section entitled "Decentralization and Local Community Reinvigoration."



tate an overall understanding of regional policies, economies and societies and the current status of regional projects. In the Topics section, Yoshitsugu Hayashi, Professor, School of Economics, Kwansei Gakuin University, contributed a special section entitled "Decentralization and Local Community Reinvigoration."

Practice! Management Strategy for Regional Revitalization (revised edition): 36 National Management Case Studies (Published by Kinzai Institute for Financial Affairs, Inc.)



The greatest feature of this book is that it points the way toward the development of self-reliant regions, and, based on a thorough analysis of 36 successful regional development projects across Japan, it probes the reasons for their success and offers a deeper analysis of the elements common to a variety of flourishing projects.

Building Local Communities

One way DBJ puts its expertise to work in building up local communities is by conducting "local community-building diagnostics." In this process, a DBJ local-community diagnosis team analyzes publicly available data to determine the current state of a local community and then conducts interviews in

Memorandum on the Issue of the Invigoration of Regional Economies—Concepts, Negotiations and Main Initiatives for Invigorating Regional Economies Case Study (Regional Survey Research, Vol. 4, January 2009)

This publication organizes material for debating how best to invigorate regional economies and provides examples of specific initiatives.



Regional Economic Highlights, According to the Data

Using figures, mainly graphs, this work describes community conditions, characteristics and issues and provides data on regions and prefectures, aiming to assist in community planning, creation, research and analysis. Its content is useful primarily for people who have roles in community planning and creation or who are involved in community research.



Branch Report

Hokkaido Branch

"Promoting Exports of Delicious Hokkaido Sweets to Russia" (Mini Report, April 2010)

Various Japanese regions are mounting initiatives to export food products to Russia, which they view as a future growth market. This mini report explores current issues and provides constructive suggestions on how to differentiate Japanese exports from products from China, South Korea and other

countries, such as (1) attracting Russian demand by appealing to the excellent image that Japanese food products have in terms of quality and health and (2) creating Russian-language websites of Hokkaido food products and adopting other means of word-of-mouth popularization.



Tohoku Branch

"Impact on Tohoku Tourism of Declining Birth Rates and Increase in Elderly Population" (*Mini Report*, December 2009)

The tourism industry is being affected by the structural changes taking place in Japanese society, characterized by a declining population, a lower birth rate and an increase in the average age.

As tourism is a major industry for the Tohoku region and has close links to agriculture, food product manufacturing and other businesses, these societal changes are having a significant effect on the region's economy. Focusing on the upcoming decade, this *Mini Report* forecasts the impact of these demographic changes on tourism in Tohoku and considers initiatives based on these projections.



Niigata Branch

"Approaching a Century of Skiing: Food and Senior Baby Boomers May Be Key" (*Mini Report*, May 2010)

This year marks one century since an Austrian major, Theodor von Lerch, introduced skiing to Japan near the city of Joetsu. But the heyday of skiing in Niigata Prefecture—indeed, throughout Japan—seems to have passed. Given these circumstances and in commemoration of the 100th year of skiing in Japan, this report considers ways to revitalize the ski business from the ground up. This report examines the situation and offers suggestions from numerous angles, such as contemplating challenges, reconsidering expectations and adding value in other ways than skiing.



Hokuriku Branch

"Overview of the Toyama Economy" (Irregular Update)

In this report, the Toyama Representative Office describes its survey of the economy in Toyama and introduces

its research findings. After presenting the basics of Toyama Prefecture's history, topography and climate, the report looks at major economic indicators and the current status of the amalgamation of towns, cities and villages in the prefecture. The report incorporates unique viewpoints surrounding the prefecture: its slightly unusual companies, topics of conversation in the region, development stemming from the Hokuriku Shinkansen and the economic effects of a popular year-long historical fiction TV series.



Tokai Branch

"Developing Nagoya into a City of Health: Collaboration with Nagoya City University"

(public symposium, January 2010)

Feeling the full weight of the demographic changes that are transforming Japan—fewer children, an older population, decreasing populations and a falling number of households—in 2007, the city of Nagoya began fashioning itself as a healthy urban environment for healthy people. The "Healthy Nagoya Plan 21" outlines the movement's initiatives in the areas of health, medical care and welfare.

Seeking to contribute to the health and welfare of Nagoya's people, in collaboration with Nagoya City University, DBJ held a public symposium themed "Developing Nagoya into a City of Health" to encourage input from a broad cross section of urban residents.



Kansai Branch

"Developing Battery Superclusters: Bolstering International Competitiveness in Batteries and the Industries That Use Them"

(*Region Report*, May 2010)

Worldwide, forecasts anticipate major expansion in the storage batteries market and the photovoltaic cell industry, and, around the globe, countries are introducing strategic measures to support this development. Meanwhile, private-sector competition is heating up as companies vie to benefit from this new market's potential.

This report summarizes a survey of companies involved in this emerging industry. Using its own unique questionnaire, in this report, DBJ looks at some of the advantages the Kansai region enjoys in this industry, as well as specific issues that it faces. The report also examines potential initiatives for boosting companies', universities' and government institutions' competitiveness in this industry, in Kansai as well as throughout Japan.



Okayama Representative Office

"The Regional Economic and Societal Impact of the Fagiano Okayama Football Club: 'Come to the Stadium and Broaden Your Impact'" (*Mini Report*, February 2010)

The city of Okayama hosts a regional professional soccer team, the Fagiano



Okayama Football Club, which in 2009 was promoted to J. League Division 2. The media coverage accompanying this promotion helped boost match attendance and had a positive impact on the region in a number of other ways, as well.

This report, which DBJ compiled with collaboration from Tomato Bank, Ltd., looks at the effects Fagiano Okayama has had on the region on both a qualitative and a quantitative basis and estimates its economic impact. The report also looks at the effects of having a team that is deeply rooted in the Okayama region and the important role it plays in encouraging a sense of belonging in the community, fostering a sense of togetherness, creating a sense of bustling prosperity and leveraging sports to promote local industry.

Shikoku Branch

"Komatsushima City: Regional Health Checks"

(Mini Report, December 2009)

DBJ's Shikoku Branch conducted a regional health check on the city of Komatsushima, considering regional issues and exploring the community's potential. This report analyzes data including the city's population trends and employment by industry and makes suggestions on three points: measures to address the aging population, ways to stem the youth exodus, and strategies to encourage a sense of pride.

At a meeting held on December 22, 2009, to report the results of the health check, we noted that the newly constructed and relocated Tokushima Red Cross Hospital was a strength for the community. We also commented that developing the hospital into a local bus and taxi hub would positively impact community development.



Kyushu Branch

"Impact of the New Hakata Station Building: A Study of Effect on Local Retailers and Urban Expansion"

(Survey Report, November 2009)

In the spring of 2011 the New Hakata Station Building will open, servicing pass-through of Kyushu Shinkansen traffic. The new building's large-scale commercial facilities will house businesses that are coming to Kyushu for the first time, helping to invigorate the surrounding community. At the same time, however, there are concerns that the new shopping area may be detrimental to local retailers.

This report explores the potential impact of the new building on retailers in the surrounding community, looks at case studies on similar projects in other regions and examines ways of leveraging the new facility to expand the market.



Minami-Kyushu Branch

"Losing the Edge in 'True Shochu': How to Counter Blended Beverages"

(Industry Mini Report, October 2009)

The Minami-Kyushu region is rightfully proud of its reputation as the home of "true shochu" (shochu being a clear distilled liquor, and "true shochu" referring to a pure distillation rather than a blended liquor).

As shochu's popularity has spread into the northern parts of Japan, shipping volumes and prices have also risen. However, recent deregulation on alcohol retailing in Japan has caused price competition to intensify. This report delves into the reasons for the rapid decline in the consumption of sake, beer and "true shochu"—once Japan's staple alcoholic beverages—by looking at prices, consumption volumes and retail deregulation. The report also explores the downtrend in alcohol consumption by young people and ways for the industry to cope.



The Japan Economic Research Institute

The Japan Economic Research Institute (JERI) is a foundation established for the purpose of contributing to the improvement of welfare and further development of the Japanese economy through investigative research into important economic problems in Japan as well as overseas and funding the promotion of scholarship. JERI's investigation into issues that impact the Japanese economic structure in the areas of urban and regional development, social capital infrastructure, energy, economy and industry are supported by a broad network that includes DBJ's investigative research

department, universities, research institutions and other experts, as well as national and regional government bodies and the patronage of approximately 500 companies. DBJ works in conjunction with JERI to disseminate the results of its research.

