

DBJ's Businesses



To resolve the various issues that society faces and become its 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.

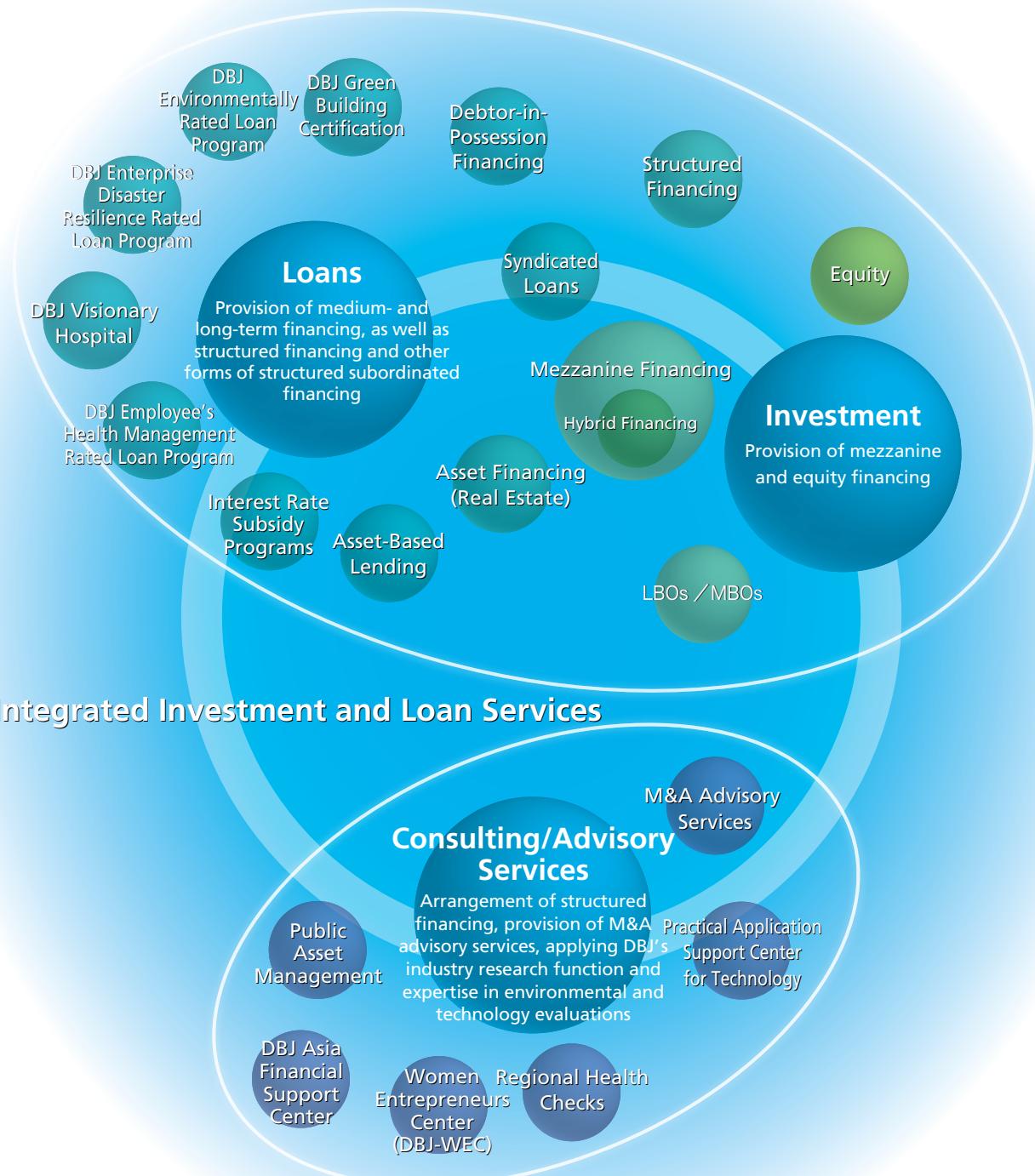
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Integrated Investment and Loan Services

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.



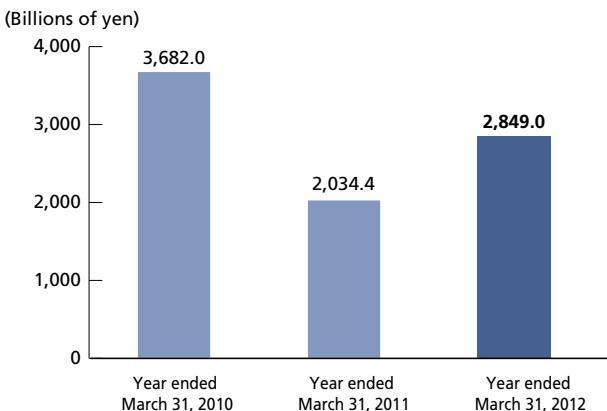
Note: DBJ-designated analysis is required for investment and loan services.

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 non-recourse loans and develops and provides financing offering collateral and structural flexibility (debtor-in-possession financing, inventory collateral, intellectual property rights as collateral, etc.)

● Loan Amounts Provided (Non-consolidated)



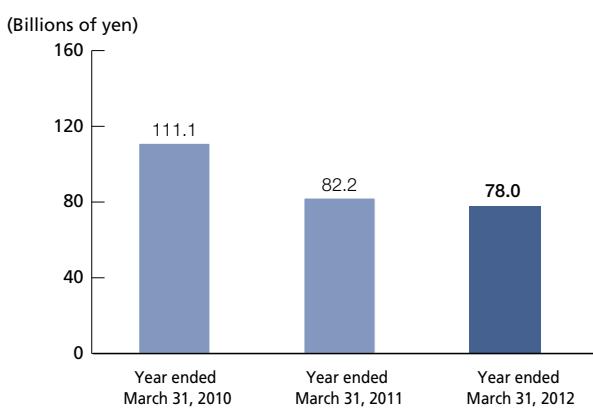
Note: Figures, including those for corporate bonds, are on a management accounting basis.

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.

● Investment Amount Provided (Non-consolidated)



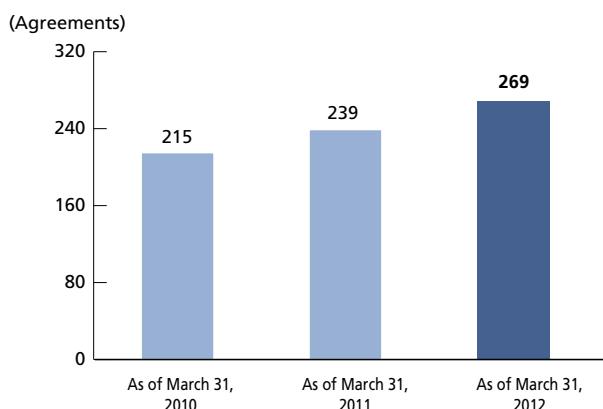
Note: Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.

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

● M&A Advisory and Consulting Agreements (Cumulative)



— Investments and Loans —

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

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 structures. We offer funding support, mezzanine financing and financing that employs equity and other methods.

The case study section on pages 78 through 100 introduces DBJ's "CSR through Investment, Loan and Other Businesses."

Loan Procedures

DBJ is ready at all times to discuss with its clients optimal financial solutions, as well as the specific terms and conditions DBJ can offer, including interest rates and loan maturities.

Financing terms are discussed after DBJ has conducted

comprehensive due diligence of the businesses of its client companies, including assessment of their present business status, project plans and profitabilities.

Financing Conditions

- **Loan Amounts**

Loan amounts are determined through consultation based on client financing plans.

- **Loan Terms**

Appropriate loan maturities are set in consultation with our client companies according to factors such as repayment plans, business profitability and the expected life of equipment or facilities.

- **Interest Rates**

DBJ sets interest rates in line with loan periods and risk. Fixed- and floating-rate loans are both available. DBJ also considers the application of various interest rate subsidy programs.

- **Collateral/Guarantees**

Loans may require collateral and guarantees, depending on due diligence results.

Note: Please be aware that, based on due diligence results, DBJ may not be able to provide the loans that prospective borrowers anticipate.

Medium- to Long-Term Loans

By leveraging the long-term financing expertise it cultivated as a policy-based financial institution, DBJ provides loans to clients to match their medium- to long-term financing needs. When providing funds, clients first look 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 grace period may be implemented.

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.

Mezzanine Financing

Mezzanine financing is an intermediate financing method that is between typical senior bank loans and equity finance in terms of risk.

Although mezzanine financing is riskier because its payment is subordinated to senior loans, it plays an important role in markets such as the United States, which have a broad range of investors with diverse investment appetites. Mezzanine financing helps to secure the economics of the investment by setting adequate interest rate and dividend levels to correspond to the intermediate risk. Depending on clients' financing plans and capital policies, flexible mezzanine financing can be set. In recent years, demand for mezzanine 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 risk capital that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption and exit methods can be set to be flexible.

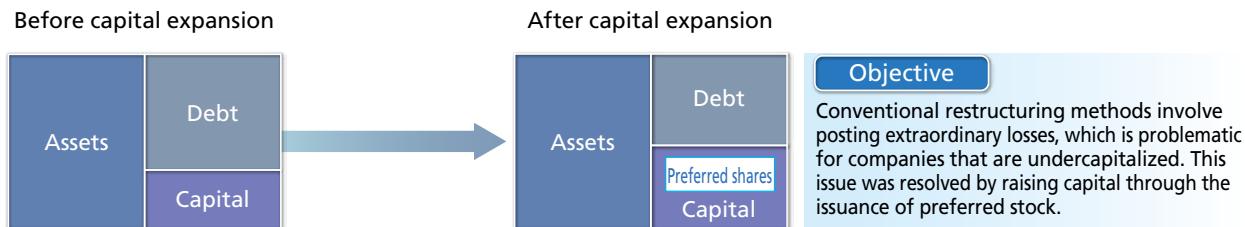
From a long-term perspective, DBJ helps clients resolve their balance sheets issues through total financing solutions that range from structuring and arrangement to providing risk capital.

Types of mezzanine financing

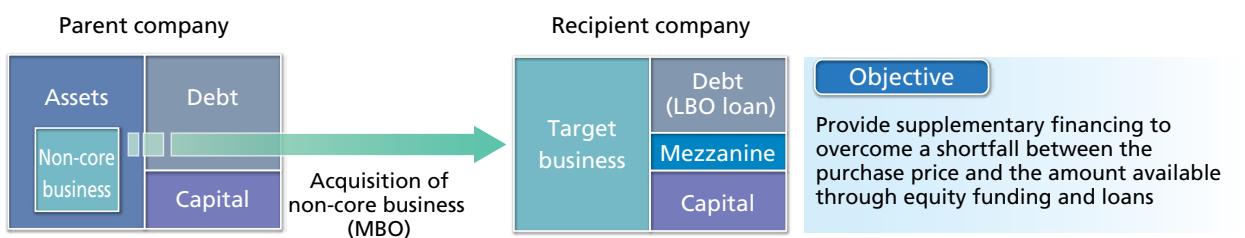
- Subordinated loans, subordinate bonds
- Preferred shares, classified shares
- Hybrid securities, hybrid loans, etc.

Case Studies: Mezzanine Financing

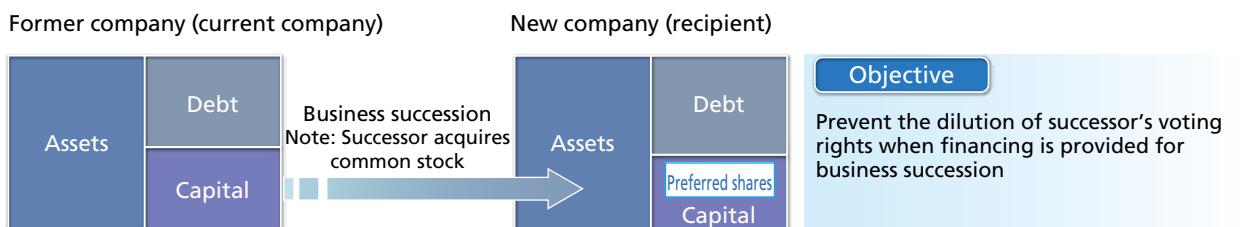
Case 1: Resolving an Undercapitalization Issue



Case 2: Supplementary Method of Financing a Business Acquisition



Case 3: Avoiding Dilution of Voting Rights during Business Succession



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 supports their long-term development. After making equity investments, DBJ provides total solutions involving its networks and strengths in information, industry research and financing technologies, helping clients maximize their long-term corporate value. In

fiscal 2010, DBJ enhanced its "added-value creative equity financing to support corporate growth strategies ("Value for Growth" Investment Program)." This approach aims to realize the corporate growth strategies (M&A, capital and overseas) of the Japanese entities receiving the equity investment. Its aim is to support corporate value enhancement over the medium to long term.

Through equity investment, DBJ shares in its clients' growth and successes, contributing to a more prosperous future.



►► Structured Financing, Financial Technologies

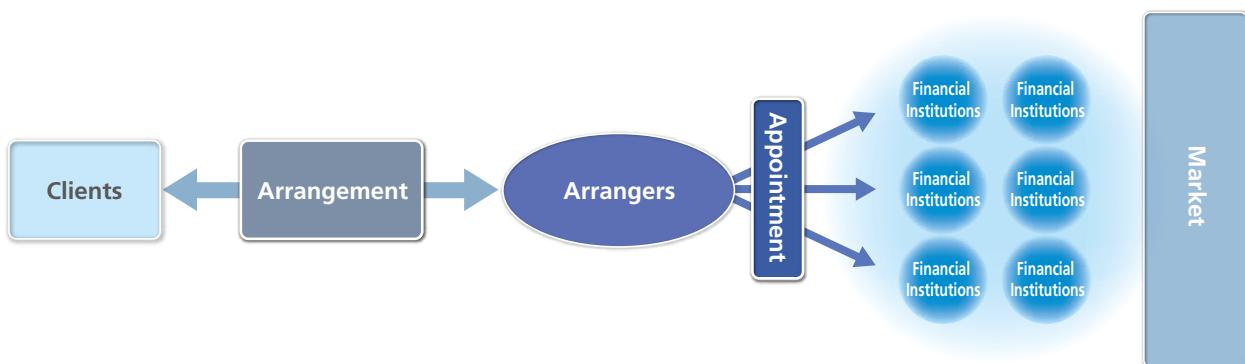
Syndicated Loans

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

institutions 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 the DBJ Environmentally Rated Loan Program, helps raise the value-added level of services it provides.



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).

Since its privatization (conversion to a joint-stock company) in 2008, DBJ has maximized its unique characteristics to meet Japanese companies' increasingly diverse and global needs. We provide all-around support by offering clients in Japan and overseas with project finance, PFIs, object finance, securitization and various other financial products and optimal financing methods (senior loans, mezzanine loans, equity, etc.).

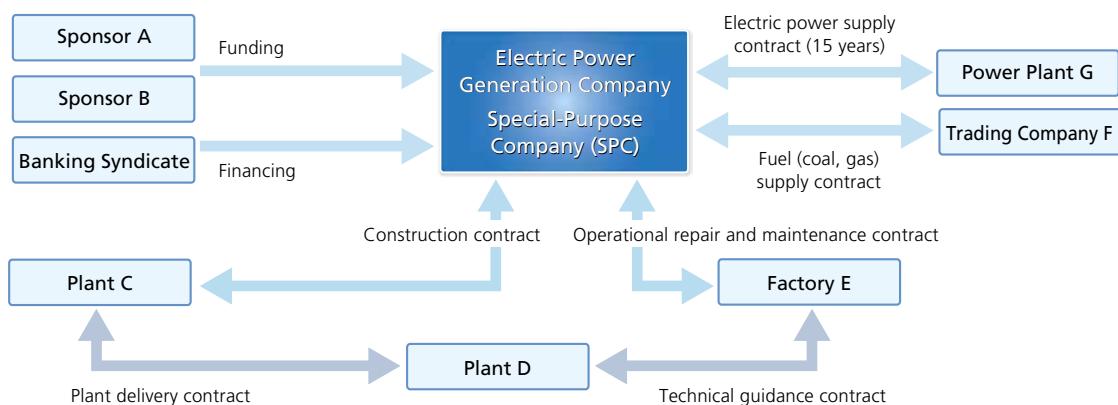
● Project Financing

We have a wealth of expertise in helping companies in the energy and infrastructure sectors—primarily with regard to large-scale projects—find project financing that they can repay through project cash flow, without relying on specific corporate creditworthiness or collateral value. Such finance solutions we provide help them raise funds and support their efforts to control risks.

● Object Financing

DBJ helps clients determine optimal financing methods that take advantage of the cashflow-generating characteristics of assets with special features, such as ships, airplanes and railcars, as well as supporting their efforts to control risks.

● Project Financing Example: Electric Power Generation Project



● Securitization

Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize their funding. A method known as whole business securitization enables certain businesses to securitize their entire operations, backed by future cash flows. We help clients raise funds in optimal ways that match their financing strategies.

● PFIs and PPPs

Since the facilitation of the PFI Act* in 1999, DBJ has accumulated expertise by taking advantage of its strong relations with public-sector entities. The support we have provided to numerous clients in this category has turned us into an industry leader in PFIs. Taking advantage of this store of knowledge, we provide numerous types of support to help clients who are considering PFI/PPP initiatives in Japan and overseas to resolve the issues they face.

* Act on Promotion of Private Finance Initiative

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 non-recourse 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

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.

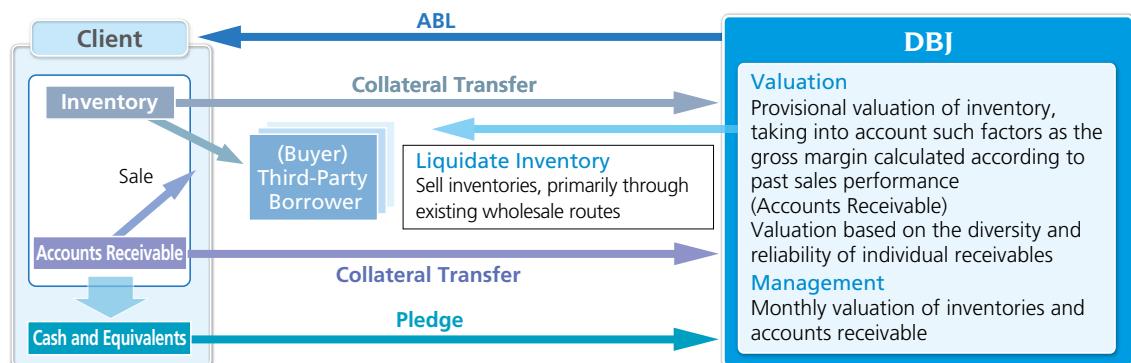
As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

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.

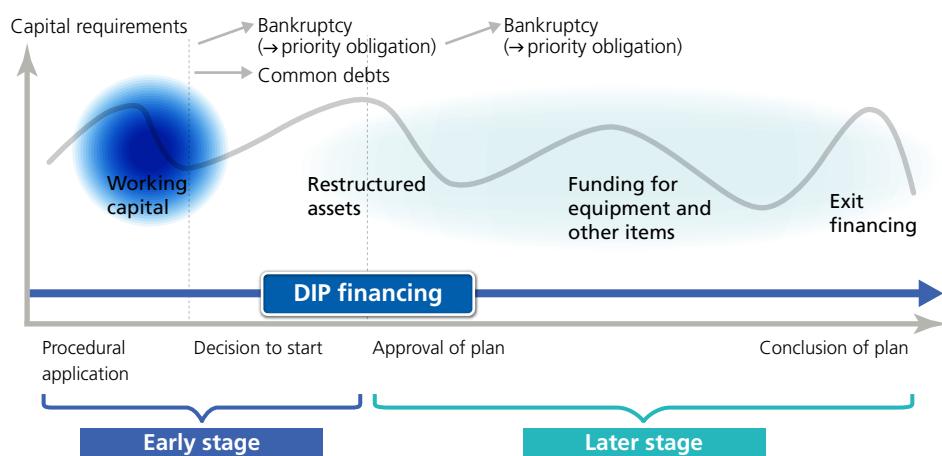


Debtor-in-Possession Financing

Non-performing 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 Act 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.



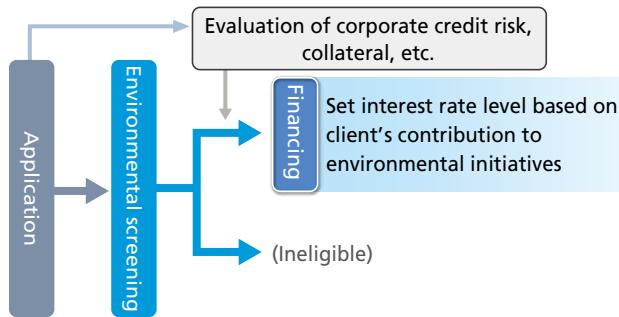
► Certification and Unique Programs

DBJ Environmentally Rated Loan Program

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 its DBJ Environmentally Rated Loan Program based on knowledge cultivated for over five 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

● Overview of DBJ Environmentally Rated Loan Program



incorporation of environmental ratings in financing menus. In fiscal 2007, we launched an interest rate subsidy program based on environmental ratings to advance global warming countermeasures.

Employing the experience we gained through the DBJ Environmentally Rated Loan Program, in fiscal 2010 we began offering a service to help regional banks develop evaluation tools to use in performing their own environmental ratings. Through such initiatives, we aim to augment environmental financing and encourage its proliferation in Japan.

Features

- Varying interest rate levels based on environmental ratings
- Screening sheet containing 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
- Convening of the Environmental Ratings Advisory Committee, seeking advice from outside experts and renewing annual visits
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Enterprise Disaster Resilience Rated Loan Program

DBJ's financing track record includes schemes to supporting the recovery of disaster-stricken areas through anti-disaster measures and financing related to disaster recovery.

In addition, from the standpoint of business continuity DBJ assists clients' total enterprise risk management efforts, including the formulation of business continuity plans (BCPs), the earthquake-proofing of facilities and the preparation of IT backup systems. At the same time, DBJ provides new financing methods to assist disaster recovery, including recovery finance and alternative risk transfer finance.

In fiscal 2006, we introduced Financing Employing DBJ Disaster Preparedness Ratings, which evaluate companies and select those engaged in high-level initiatives and anti-disaster and business continuity measures and provide them with preferential interest rate financing as a reward for their excel-

lent disaster preparedness. Financing conditions are set on the basis of the assessment. In this manner, we introduced the world's first disaster preparedness-based financing method.

We revised our financing menus substantially in 2011 as a result of the Great East Japan Earthquake. Enterprise business continuity activities are assessed comprehensively, including resilient strategies and systems for recovering in the event a crisis materializes.

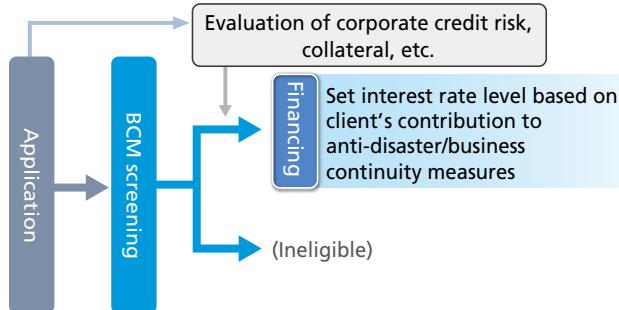
The DBJ Disaster Preparedness Rating (1) is an expression of the evaluation results and (2) promotes broad awareness of the concept of BCM. Aiming to realize the goal of a "resilient Japanese society through disaster preparedness ratings," in 2012 we changed the name of these ratings to the "DBJ Enterprise Disaster Resilience Rated Loan Program."

We will promote enterprise risk management and business continuity through the DBJ Enterprise Disaster Resilience Rated Loan Program.

Features

- Varying interest rate levels based on BCM Ratings
- Fair and neutral assessment of global crisis management trends
- Based on information exchanges with the Japanese Cabinet Office, World Economic Forum, NPOs and other experts, developed a screening sheet containing approximately 100 questions. We convene an Advisory Committee to elicit advice from outside experts and renew visits each year.
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

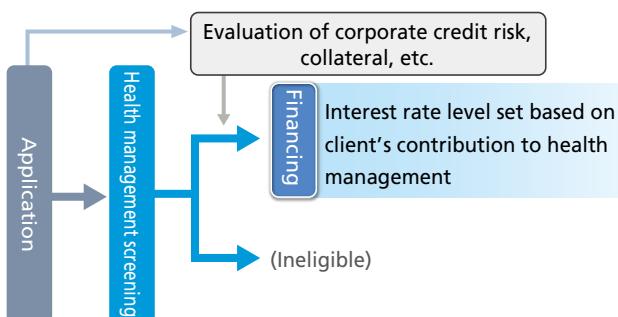
● Overview of the DBJ Enterprise Disaster Resilience Rated Loan Program



DBJ Employee's Health Management Rated Loan Program

In April 2008, the Ministry of Health, Labour and Welfare introduced a special health checkup system, and the Japanese Diet is discussing making it mandatory for businesses to provide mental health checks. This is one example of the growing importance being placed on maintaining the health of corporate employees. As Japan's working population is expected to shrink, achieving higher levels of human productivity has become an issue of growing importance. With these

● Overview of DBJ Employee's Health Management Rated Loan Program



social conditions as a backdrop, the DBJ Employee's Health Management Rated Loan Program aims to popularize and promote the concept of health management. DBJ has applied to take on Ministry of Economy, Trade and Industry (METI) survey operations. As part of this effort, we use an evaluation system that we have developed to assess companies and select those that are superior in terms of their consideration for employee health and offer them financing terms in line with their assessment levels. We have used a specialized method for introducing an "employee's health management rating," making DBJ the first in the world to offer such a financing menu.

Features

- Varying interest rate levels based on employee's health management ratings
- Formation of "health management consortium" with institutions focused on preventive healthcare and development of screening sheet to promote the Health Management Project as an ancillary activity for METI
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Green Building Certification

Applying the expertise and networks accumulated over many years of real estate financing, the DBJ Environmentally Rated Loan Program and expertise in other environment-related areas, DBJ inaugurated DBJ Green Building Certification in fiscal 2011.

In addition to providing support through investments and loans to meet financial needs for real estate develop-

ment, refurbishment and other activities to clients who own or manage real estate that is environmentally and societally considerate (green buildings), through this certification program, an advanced and unique initiative from a financial institution. DBJ also supports environmentally and societally considerate real estate operations among its clients and provides support from such aspects as PR, IR and CSR.

● Overview of the DBJ Green Building Certification

Evaluation Items For environmentally and societally considerate real estate, evaluation items include the three characteristics indicated below.



Certification Results Clients scoring above a certain level are certified in one of four categories, depending on the status of their initiatives.

DBJ Green Building	DBJ Green Building	DBJ Green Building	DBJ Green Building
Platinum	Gold	Silver	Bronze
★ ★ ★ ★	★ ★ ★	★ ★	★
Buildings that are top class in Japan for their consideration for the environment and society	Buildings that are extremely superior in their consideration for the environment and society	Buildings that are very superior in their consideration for the environment and society	Buildings that are superior in their consideration for the environment and society

DBJ Visionary Hospital Program

In recent years, hospitals have been the source of increasing attention for the role they play as bases for safety and security in regional societies. In May 2012, we introduced the DBJ Visionary Hospital program to support the advancement of medical functions, as well as to encourage proactive environmental consciousness, disaster prevention and business continuity measures. For institutions that have had their hospital functions certified by the Japan Council for Quality Health Care, DBJ uses the environmental assess-

ment and BCM evaluation system it developed to certify hospitals as DBJ Visionary Hospitals (namely, those that have in place superior environmental consciousness, disaster prevention and business continuity measures), offering them a financing menu with financing terms set according to their assessments. Through this measure, DBJ supports hospitals' efforts to continue providing good healthcare in regional societies.



DBJ Smart Japan Program

To ensure the sustainability of the Japanese economy amid changes in the external environment, such as post-disaster restoration and reconstruction, yen appreciation, the European financial crisis and the disruption of supply chains that include overseas elements, DBJ has created a support

structure to provide funding in the areas of "raising competitiveness to global levels," "community development," and "environment and energy" and has earmarked approximately ¥500 billion for this purpose.

DBJ Smart Japan Program

Raising Competitiveness to Global Levels

Technology, overseas development and alliance, corporate revitalization and restructuring, sightseeing, medical and healthcare, etc.
[Examples]

- Support for growth of companies aiming for a leading share of the global market
- Industry restructuring to boost international competitiveness
- International business development
- Establishment of tourism facilities to encourage overseas tourists to visit Japan
- Establishment of medical centers that serve the healthcare needs of a wide area

Community Development

Special zone for reconstruction, comprehensive special zones, BCPs, investment in earthquake-proofing and other disaster prevention measures, etc.
[Examples]

- Community development in special zone for reconstruction in the disaster-stricken region
- Establishment of key facilities in comprehensive special zones
- Investment in earthquake-proofing by companies that have received BCM Ratings
- Creation of eco-towns linked with corporate activities

Environment and Energy

Support for renewable energy, the popularization of low-carbon products, etc.
[Examples]

- Mega solar construction and other renewable energy projects
- Support for the popularization of low-carbon products using leases

Regional Areas Genki Program

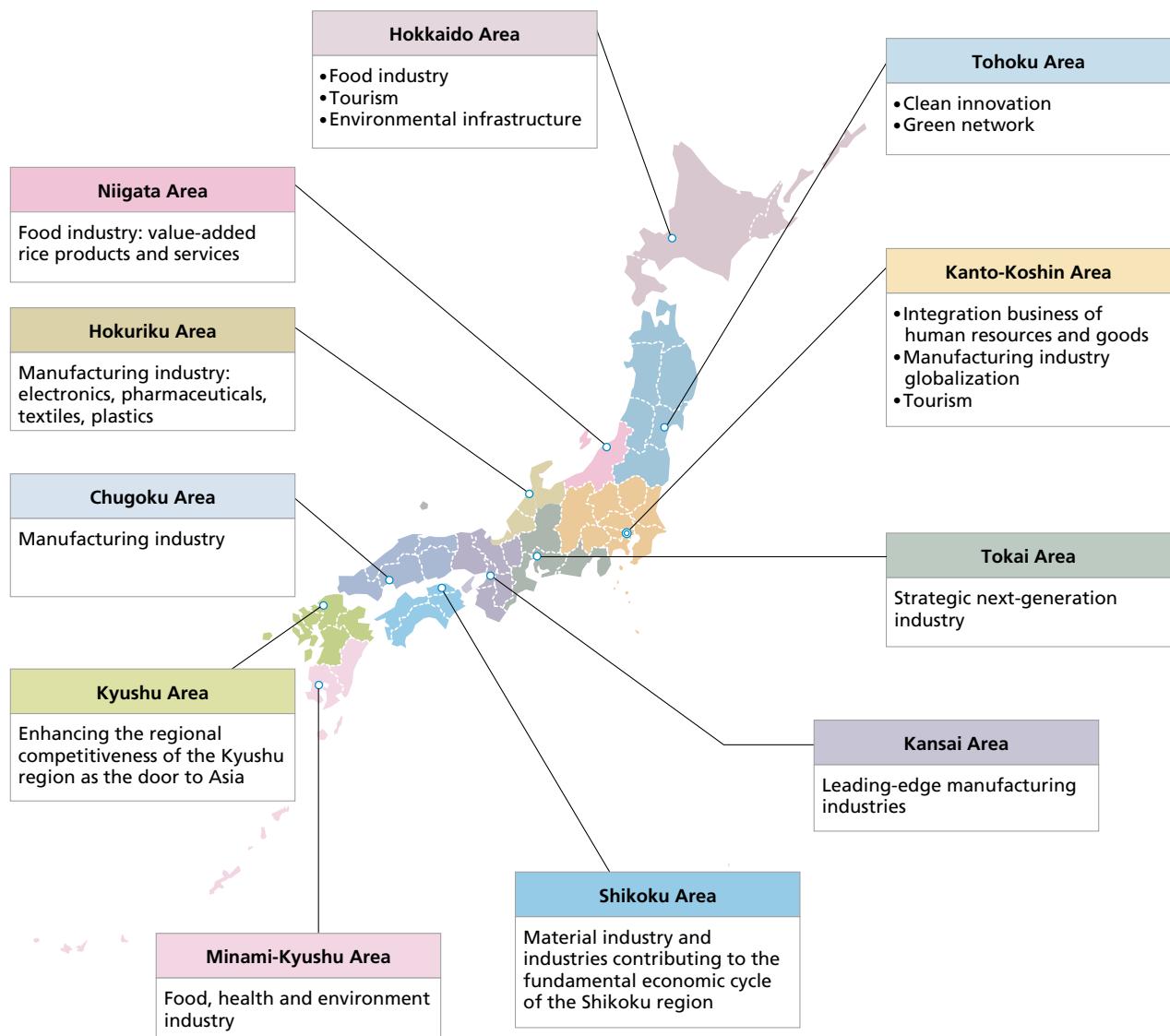
Currently, facing the challenges of population constraints, financial limitations, environmental restrictions and global competition, Japan's regions must coordinate with one another and implement diverse regional development schemes that capitalize on their respective strengths, competitive advantages and latent potential.

DBJ has arranged a unique initiative, the Regional Areas Genki* Program, to support regional growth that capitalizes on each region's respective strengths and information

and funding potential. Specifically, we have enhanced our information support service through advice and suggestions to regions. In addition, each DBJ branch focuses on its region's distinctive fields and businesses based on its industrial structure and partners with regional financial institutions to offer financial support, including the execution of loans with more attractive interest rates than usual.

*The Japanese word genki implies a positive spirit and good health.

● Regional Areas Genki Program



►► Safety Nets and Public Programs

Interest Rate Subsidy Programs

Interest rate subsidy programs are schemes whereby financial institutions provide financing for specific businesses to promote specific industries. Alternatively, they may target operators of specific businesses. Under these programs, the

Japanese government or other organizations provide subsidies corresponding to all or part of the interest payments, thereby reducing the interest burden on the borrower.

Interest Rate Subsidy Program Menu

- Interest rate subsidy programs that support the revitalization of regional communities**

These interest rate subsidy programs are provided to businesses recommended by the national government in line with the regional revitalization plans of regional municipal bodies certified by the national government.

- Interest rate subsidy programs for the development of regional telecommunications and broadcasting businesses**

These interest rate subsidy programs can be used by clients pursuing regional telecommunications or broadcasting businesses in accordance with legally prescribed guidelines.

- Interest rate subsidy system for internationally strategic comprehensive special zones, interest rate subsidy system for comprehensive special zones targeting community revitalization**

These interest subsidy systems target operations endorsed by the national government in line with government plans for comprehensive special zones of regional municipal bodies.

- Interest rate subsidy system for special zone for reconstruction**

This interest subsidy system targets operations endorsed by the national government in accordance with the reconstruction plans of regional municipal bodies designated by the national government in the areas identified in the Law for Special Zone for Reconstruction (227 towns and cities).

- Interest rate subsidy programs for crisis response operations**

These interest rate subsidy programs can be used by clients who have sustained damage during a crisis certified as such by the government and who meet program requirements. At present, such subsidies are being provided to clients affected by the Great East Japan Earthquake and to a special desk for consulting on measures to counter yen appreciation.

- Interest rate subsidy programs for the promotion of environmentally conscious management (interest rate 1% subsidy)**

These interest rate subsidies are for fixed investment and the promotion of research and development to prevent global warming, and target clients involved in businesses working toward the reduction of energy-derived CO₂ emissions, that qualify for the DBJ Environmentally Rated Loan Program, and that have pledged to improve unit CO₂ emissions or reduce overall CO₂ emissions by more than 5% within five years.

- Interest rate subsidy programs to fund domestic oil and natural gas development (continental shelf interest rate subsidy)**

These interest rate subsidy programs can be used by clients involved in oil or natural gas development businesses in Japan.

- Interest rate subsidy programs to fund fixed investment for using natural gas and other resources (natural gas and other resources interest rate subsidy)**

These interest rate subsidy programs can be used by clients that are making fixed investment involving the use of natural gas and other resources.

- Interest rate subsidy programs to fund specific and other facilities related to the rationalization of energy use and to promote the introduction of special equipment (energy conservation interest rate subsidy)**

These interest rate subsidy programs can be used by clients who are promoting the conservation of energy.

- Interest rate subsidy programs to fund effective resource use and other activities**

These interest rate subsidy programs can be used by clients who are using resources effectively.

Crisis Response Operations

Crisis response operations on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, later updated) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale natural disasters. The Japan Finance Corporation (JFC) provides risk and other support from the Japanese government via designated financial institutions as funds for responding to crisis-related damage.

At the time of its establishment, DBJ was designated as such a financial institution, as was Shoko Chukin Bank Limited. In accordance with this designation, DBJ commenced its crisis response operations in October 2008.

In the fiscal 2011 supplementary budget (passed on May 2, 2011), ¥2.5 trillion was earmarked for JFC Great East Japan Earthquake crisis response operations targeting medium-sized and large companies.

This supplementary budget having been passed, as a designated financial institution for the crisis response operations DBJ set up a full-fledged structure to facilitate implementation of crisis response operations for clients affected both directly and indirectly by the disaster. In addition, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction in the aftermath of the recent disaster. (See pages 59–65.)

— Consulting/Advisory Services —

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 services case studies on page 92 introduce DBJ's "CSR through Investment, Loan and Other Businesses" approach.

M&A Advisory Services

As corporate development options diversify, M&A activity is growing more prevalent amid the expansion business overseas—centered on Asia, both for businesses restructuring operationally and for industry restructuring overall. Mergers and acquisitions can be a method for achieving higher business efficiency, 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 experience we have gained through many years of providing loan and project support from a neutral, 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.

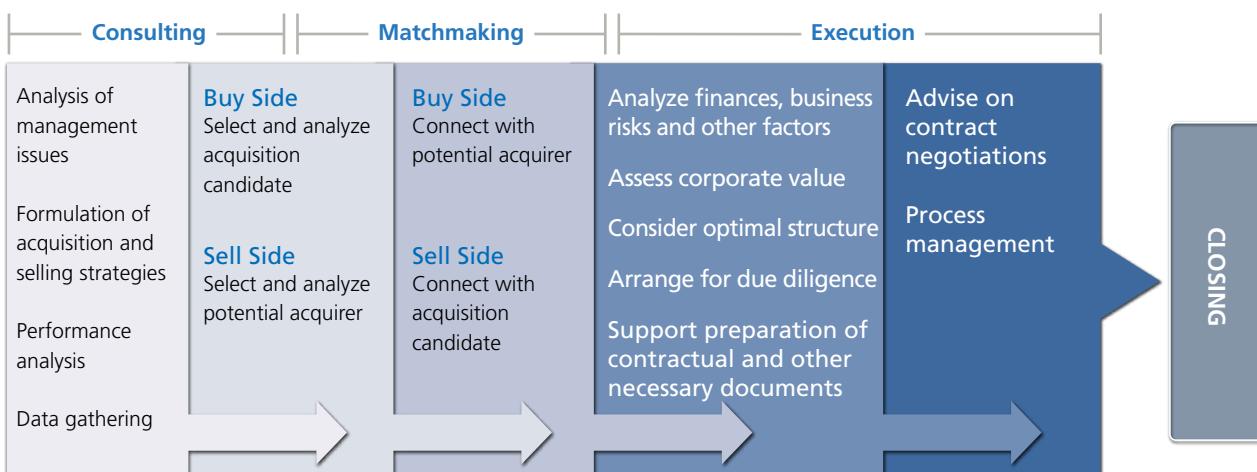
- **Cohesive Domestic and Overseas Information Network**

DBJ maintains close relationships with regional financial institutions, which have excellent insights 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



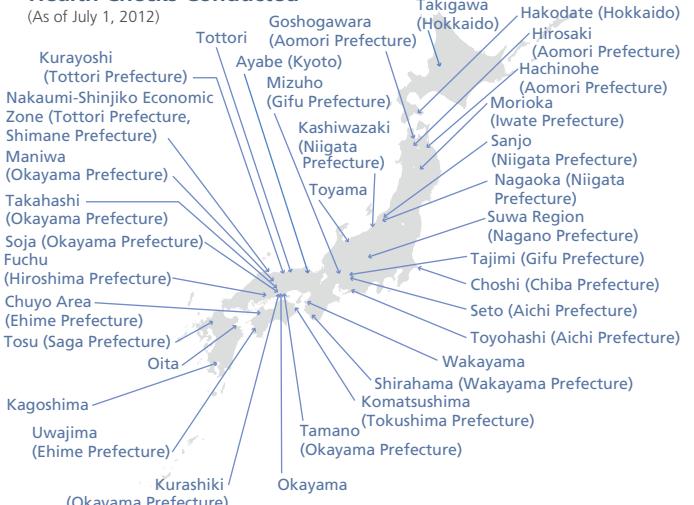
Regional Health Checks

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. We have taken part in 36 such projects to date.

● Health Checks Conducted

(As of July 1, 2012)



Practical Application Support Center for Technology

DBJ established the Practical Application Support Center for Technology in February 2004 to help manufacturers 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 create value in technology. Through evaluation, survey analysis and the proposal of future business models from the perspective of technology management, recommendations and technology management training, we support companies in the manufacturing sector in the development of new value.

For clients and other companies across a broad spectrum in the manufacturing sector, we support ecosystems (relations between companies) from the viewpoint of innova-

tions (new combinations) that include the consideration of technology management strategies to resolve global issues and the creation of business models. We provide additional evaluations based on our expertise in operational screening and help clients, including through consultations on business and financial strategies, consider optimal long-term strategies and business plans.

From a neutral and specialized standpoint, DBJ serves as a good industry-related consultation partner to management, leveraging its overall base of knowledge related to manufacturing management to help clients enhance their corporate value and contribute to the development of Japanese manufacturing.

● Changes in the Manufacturing Business Environment



Practical Application Support Center for Technology

Conduct surveys and provide recommendations on technology and industry vision for the future
Analyze business models and support creation of ecosystems
Help train and develop managerial level human resources

DBJ's expertise

- Screening
- Industrial research
- Finance

DBJ's networks

- Independent network with technology advisors
- Network with business partners throughout Japan
- National, regional and research institute networks

DBJ Asia Financial Support Center

DBJ opened the DBJ Asia Financial Support Center in June 2011 to provide local information and consulting services to regional banks supporting efforts by medium-sized companies and other entities in their regions to promote business in other parts of Asia.

The center's roles are to liaise with regional banks throughout Japan and help meet the various needs of local medium-sized companies and other entities to develop their operations in Asia. Specifically, when local medium-sized companies seek to expand their operations in Asia, we provide their regional banks with necessary information on investment and the current environment, including industry trends. In addition, when companies are recommended to us by regional banks, we provide individual consulting services by leveraging the DBJ Group's information network, which includes development banks and other public finan-

cial institutions in Asian countries. We provide this information to the companies via their regional banks.

With regard to its services, in June 2011 the center entered into a comprehensive agreement on collaboration with Hitotsubashi University. Based on this accord, the two entities will work to strengthen the transmission of information related to Asia through collaboration in a host of areas, including Asia-related joint research and personnel exchanges.

As of May 31, 2012, 64 regional banks were members of the center. Breaking down inquiries by country, 60% were in relation to China, Thailand or Vietnam, while 60% of the inquiries concerned investments or funding. DBJ will continue augmenting its ability to disseminate information related to Asia.

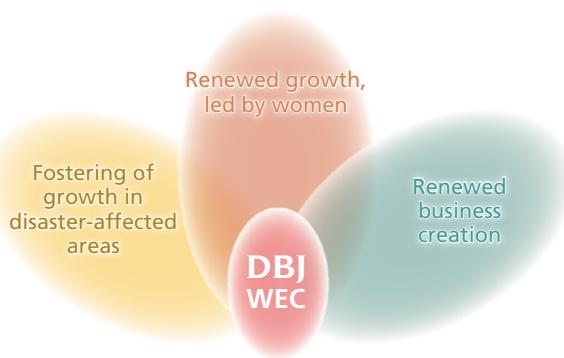
Women Entrepreneurs Center (DBJ-WEC)

Japan faces a number of issues, including economic sluggishness, a decrease in the working population prompted by a lower birth rate and an increase in the average age, and reconstruction following the Great East Japan Earthquake. Amid these conditions, expectations are rising for business startups by enterprising women. However, such startups require extensive support, including on the aspects of information, networks and financing.

To this end, DBJ established the Women Entrepreneurs Center (DBJ-WEC) in November 2011 as a platform to provide comprehensive support, including funding, networks and startup expertise, for women seeking to start new businesses or grow existing enterprises.

To cultivate and foster new businesses, DBJ-WEC will annually hold a business plan competition targeting women entrepreneurs. The winner of the competition will be awarded an incentive payment of up to ¥10 million. Additionally, DBJ-WEC offers all participants a variety of

support on the planning front, such as by connecting them with experienced entrepreneurs and experts in various fields, providing startup expertise and advice and introducing them to networks after the competition.



DBJ Women Entrepreneurs Center



Award ceremony of the first DBJ Women Entrepreneurs New Business Plan Competition



First winner of the grand prize (¥10 million): Ms. Yuriko Kato

Public Asset Management

Public asset management describes the method of looking at the public assets owned by government bodies from a management perspective for the purposes of overall planning, control, use and disposal.

The public assets owned by government bodies are large and varied. They include buildings, such as schools, public offices and community centers, as well as waterworks, sewerage, roads and other infrastructure. Two major issues have come to the fore in this category in recent years.

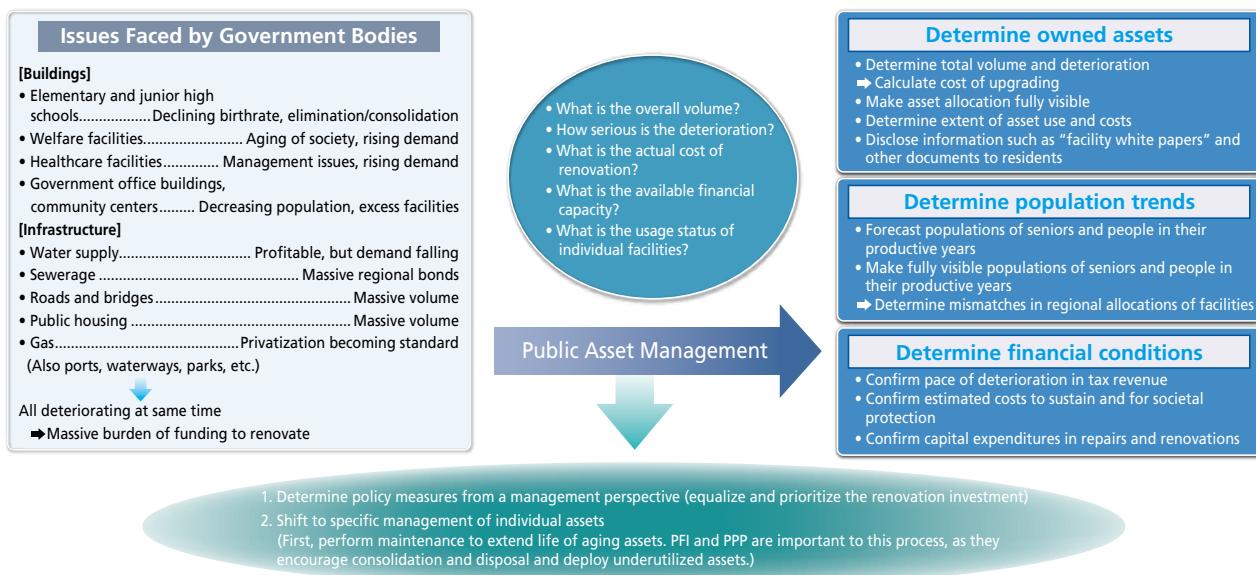
The first is that facilities that were built in a concentrated period during Japan's era of high economic growth are now deteriorating rapidly. Because many public assets were built at around the same time, their deterioration is also simultaneous. The second issue is a mismatch between the population—which is shrinking and changing in its makeup—and the supply of facilities needed to serve the needs of residents. Going forward, as the overall population shrinks and

the average age rises, government bodies will face major changes in the amount and types of public assets that are necessary.

However, long-term economic malaise and a decrease in the percentage of the population in their productive years means that tax revenues are down and welfare budgets are increasing. Owing to factors such as these, it is difficult to secure the budgets necessary to renovate or reallocate public assets that have deteriorated.

For this reason, government bodies must quickly embark on the management of public assets and conduct sustainable urban management.

DBJ is working with the Japan Economic Research Institute Inc. to determine the status of owned assets and calculate their future cost, among other activities. Public asset management advisory services are just one of the initiatives we offer.



Crisis Response Operations

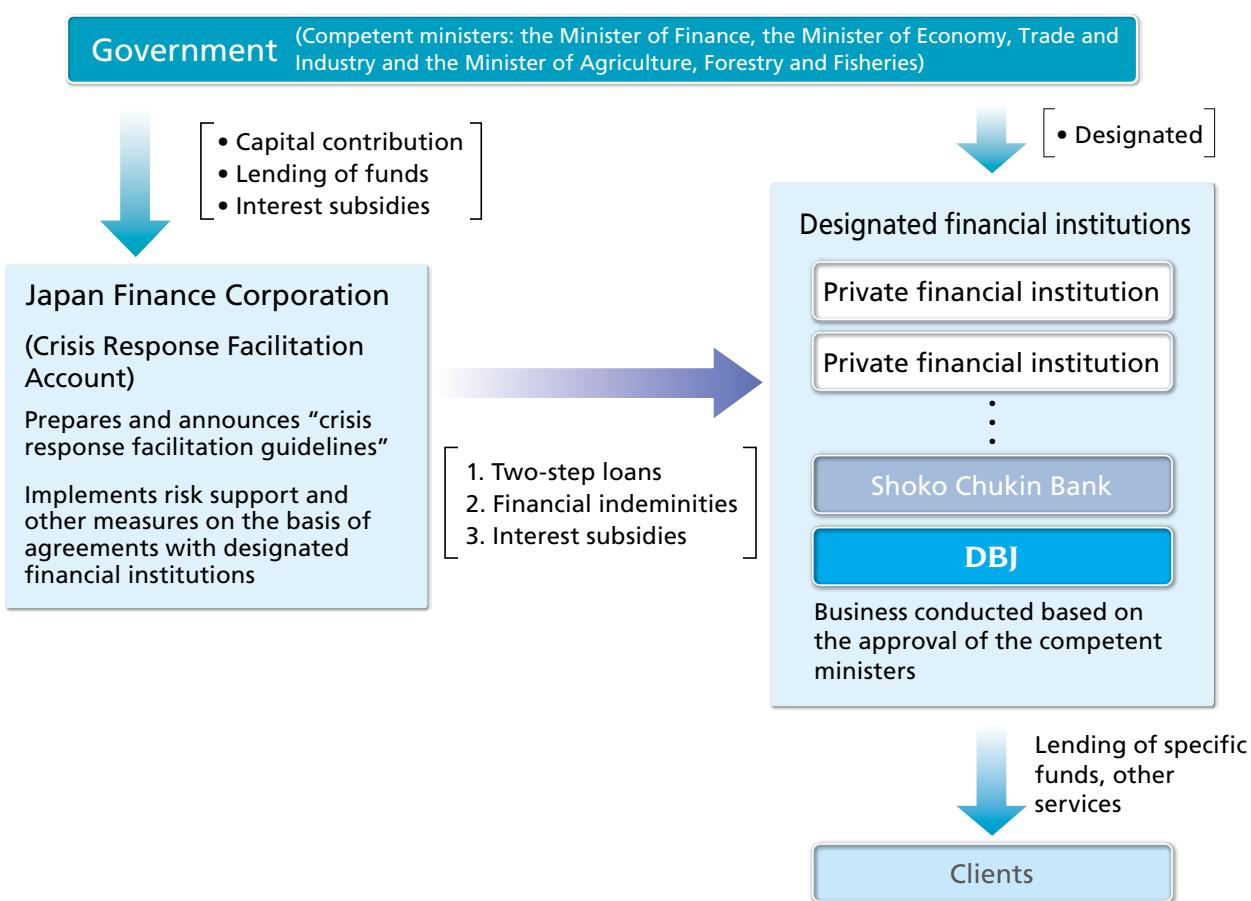
Crisis response operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, later updated) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. The Japan Finance Corporation (JFC) provides risk and other support from the Japanese government via designated financial institutions as funds for responding to crisis-related damage.

These funds 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. In accordance with this designation, DBJ commenced its crisis response operations in October 2008.

● Crisis Response Operations Scheme



The Great East Japan Earthquake

In response to the Great East Japan Earthquake, which occurred on March 11, 2011, as a designated financial institution for crisis response operations DBJ set up a full-fledged structure to facilitate the all-around operation of

crisis response operations for clients affected both directly and indirectly by the disaster.

Please see pages 62–65 for “Initiatives Related to the Great East Japan Earthquake.”

Results of Crisis Response Operations

On October 30, 2008, 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, augmented 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 Revision to the New DBJ Act went into force and was promulgated on July 3, 2009. These measures paved the way to reinforce DBJ’s financial structure and facilitate crisis response operations.

For cases following the Great East Japan Earthquake, which occurred on March 11, 2011, the Japanese government began conducting crisis certifications on March 12, 2011. Upon notification of such certifications, the implementation period for crisis response operations was re-extended. (Meanwhile, the implementation period for certain projects, such as those involving “incidents related to confusion in the

international financial order” concluded on March 31, 2011.)

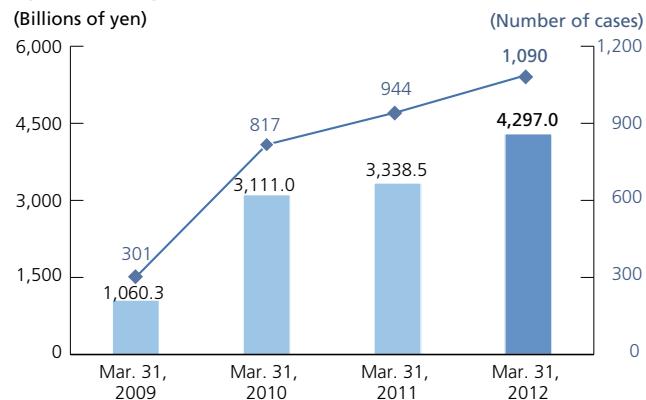
As of March 31, 2012, DBJ’s loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Cumulative loans: ¥4,297.0 billion (1,090 cases)
- Cumulative loans executed with loss guarantee agreements: ¥238.3 billion (46 cases, including those slated for application to JFC)
- Cumulative commercial paper acquisitions: ¥361.0 billion (68 cases)

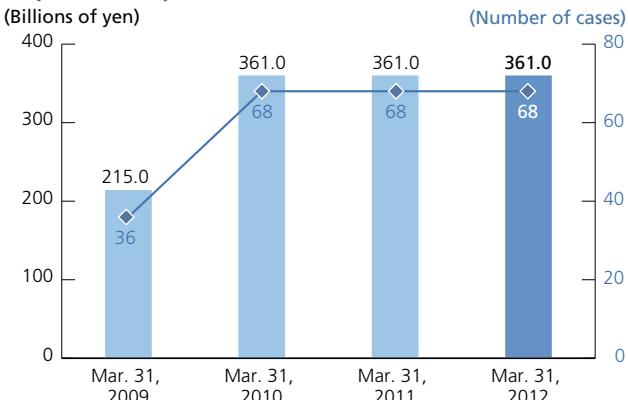
*1 Of the ¥67.0 billion in loans executed with loss guarantee agreements to Japan Airlines in relation to crisis response operations, ¥47.0 billion (amount confirmed in April 2011 owing to DBJ’s completion of corporate rehabilitation procedures) in compensation was ultimately provided by the Japan Finance Corporation on the basis of this agreement.

*2 The commencement of corporate rehabilitation procedures for DBJ business partner Elpida Memory, Inc., was set for March 23, 2012. A portion of loans provided by DBJ were covered by an agreement for the reimbursement of loss guarantee transactions with the Japan Finance Corporation. Going forward, if these loans become uncollectable or in the event of capital deterioration, DBJ will request that the Japan Finance Corporation provide a compensation payment. The agreement between DBJ and the Japan Finance Corporation for the reimbursement of loss guarantee transactions on loans provided by DBJ include ¥10.0 billion in loans executed with loss guarantee agreements for conducting crisis response operations, as well as an investment amount of ¥28.4 billion as a designated operator set forth in the Law on Special Measures for Industrial Revitalization and Innovation. The above-stated amount does not include interest, damages or other charges. Based on this agreement for the reimbursement of loss guarantee transactions, the amount that DBJ may receive as compensation payment from the Japan Finance Corporation is a maximum of ¥27.7 billion. This includes an 80% compensation of the investment amount (¥22.7 billion) and a 50% compensation for the loans provided by DBJ (¥5.0 billion).

● Loans as Crisis Countermeasures (Cumulative)



● Commercial Paper Acquisition as Crisis Countermeasures (Cumulative)



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 a 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)

Successful Safety Net Initiatives

- | | | | |
|------|---|------|--|
| 1995 | Reconstruction following the Great Hanshin-Awaji Earthquake | 2006 | Asbestos countermeasures
Response to major rise in crude oil prices |
| 1997 | Financial climate response (credit crunch) | 2007 | Reconstruction following the Noto Peninsula Earthquake
Reconstruction following the Mid Niigata Prefecture Earthquake |
| 2000 | Reconstruction following Mt. Usu eruption
Restoration support following torrential rains in the Tokai Region | 2008 | Reconstruction following the Iwate-Miyagi Nairiku Earthquake
Financial crisis response |
| 2001 | Terrorist attacks on the United States
SARS countermeasures, BSE countermeasures | 2010 | Yen appreciation and other countermeasures |
| 2004 | Reconstruction following the Chuetsu Offshore Earthquake | 2011 | Reconstruction following the Great East Japan Earthquake |
| 2005 | Reconstruction following the Fukuoka Prefecture Western Offshore Earthquakes | | |

Initiatives Related to the Great East Japan Earthquake

Crisis Response Operations

In the fiscal 2011 supplementary budget (passed on May 2, 2011), ¥2.5 trillion was earmarked for the Japan Finance Corporation (JFC) for Great East Japan Earthquake crisis response operations targeting medium-sized and large companies.

This supplementary budget having been passed, as a designated financial institution for the crisis response opera-

tions DBJ set up a full-fledged structure to facilitate implementation of crisis response operations for clients affected both directly and indirectly by the disaster. In addition, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction in the aftermath of the recent disaster.

Responding to Electrical Power Supply Problems

Following the Great East Japan Earthquake, Japan's electric power utilities have been compelled to suspend operations at their nuclear power plants. Accordingly, the stable supply of electricity has become an important issue from the standpoint of maintaining or strengthening Japan's economic and industrial competitiveness. The need to secure alternate forms of fuel has caused electric utilities' costs to increase and required them to introduce new safety measures, both of which were expected to deteriorate their balance of revenues and expenses. Because of the difficulty the utilities would have in issuing corporate bonds, DBJ responded quickly in collaboration with

private financial institutions to secure the funding needed to ensure a stable supply of electricity.

In the preceding fiscal year, DBJ worked to accurately determine the funding needs of each power company. In particular, we collaborated with The 77 Bank, Ltd., a local financial institution, to arrange a syndicated loan for Tohoku Electric Power Co., Inc., totaling ¥120.0 billion. Numerous financial institutions participated, providing broad-ranging support from a financial perspective for efforts to restore Tohoku Electric Power facilities that were directly affected by the disaster.

Response to TEPCO Needs

First, in April 2011 DBJ collaborated with leading banks to provide Tokyo Electric Power Company, Incorporated (TEPCO), with financing needed to provide long-term working capital, including for fixed investment for restoration immediately after the accident and for fuel costs.

Recognizing that the most important issue for TEPCO lies in balancing appropriate compensation payments to victims and providing a stable supply of electricity, in September 2011 we launched the Nuclear Damage Liability Facilitation Fund. This was followed in November 2011 by the establishment of

a backup commitment line to enable empathy and other compensation payments according to an emergency special business plan approved by the minister of finance. Thereafter, in May 2012 the minister of finance approved a comprehensive special business plan supporting the utility's efforts to become a "new TEPCO." As a financial institution, we recognize the importance of responding to this need and cooperating with related parties as we continue to support both a stable supply of electricity and the payment of appropriate compensation to victims.

Tohoku Revival Reinforcement Office

On April 21, 2011, DBJ established the Tohoku Revival Reinforcement Office within the Tohoku Branch to consolidate and better provide companywide knowledge and financial expertise toward the restoration and reconstruction of the Tohoku region, which was affected by the Great East Japan Earthquake that struck on March 11, 2011.

The Tohoku Revival Reinforcement Office has a cross-

departmental structure that spans the Regional Planning Department, Financial Institution Department, and other departments and branches. The office provides beneficial information related to restoration and reconstruction and communicates with government bodies, national institutions, economic organizations and regional financial and other institutions to conduct surveys and introduce plans.

● Communications between Tohoku Revival Reinforcement Office and Related Institutions

- Communications with regional financial institutions
Create frameworks to facilitate smooth provision of funds to companies and other disaster-stricken entities



● Communications with government bodies

Support government body structuring and planning measures related to infrastructure creation and community development aimed at restoration and reconstruction

● Communications with national institutions and economic organizations

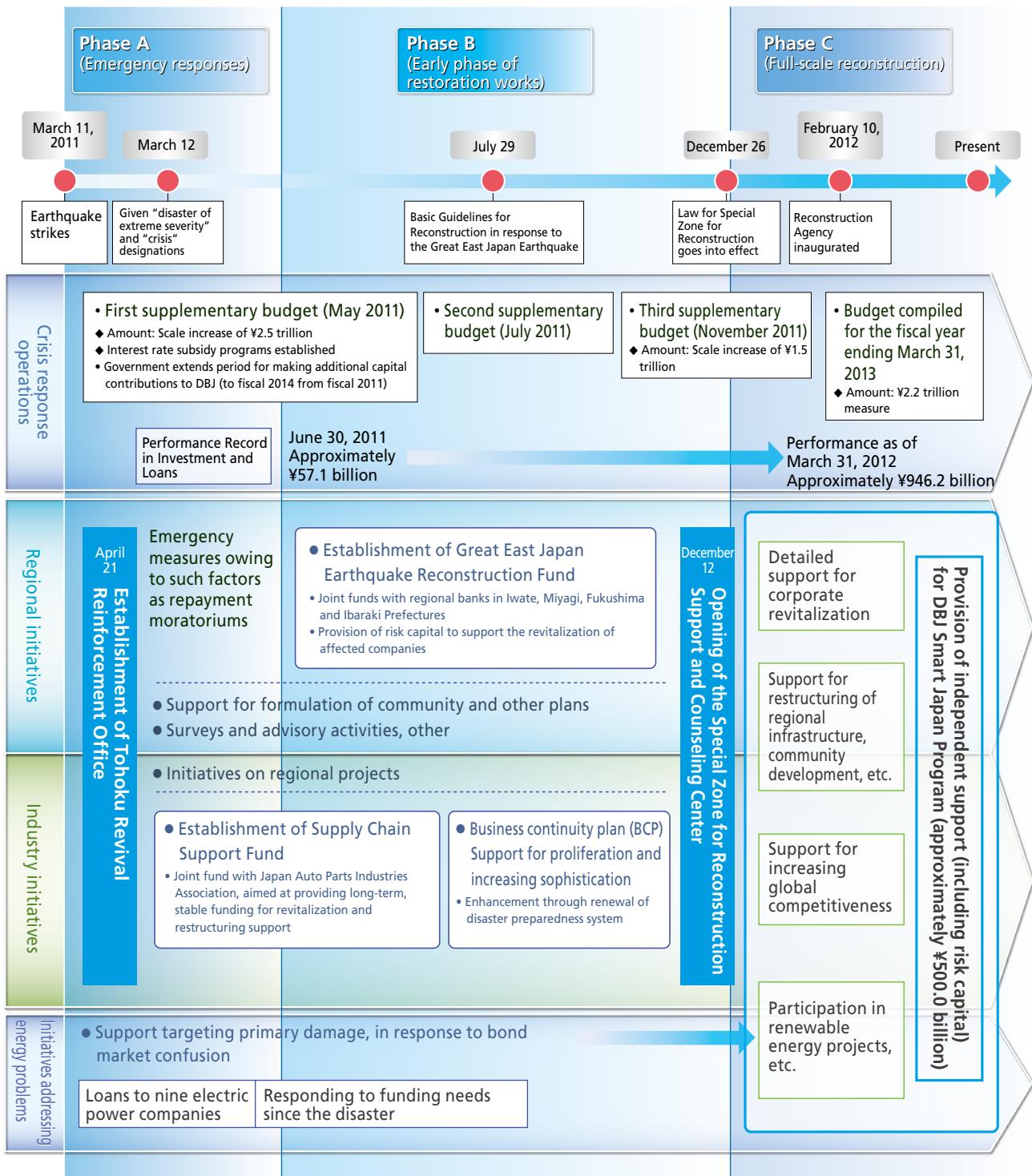
Support information provision and other activities in response to various government measures and industries

Restoration and Reconstruction Issues and Responses

The Great East Japan Earthquake was a complex major disaster, an infrequent type even on a global scale. We believe that restoration and reconstruction measures must be implemented on a step-by-step basis, in chronologi-

cal order. Also, given the broad expanse of the damaged region, restoration and reconstruction measures must take into careful consideration the regions where they are being introduced and the type of damage they are targeting.

● Restoration and Reconstruction Support through Investment and Loan Activities



Supply Chain Support Fund

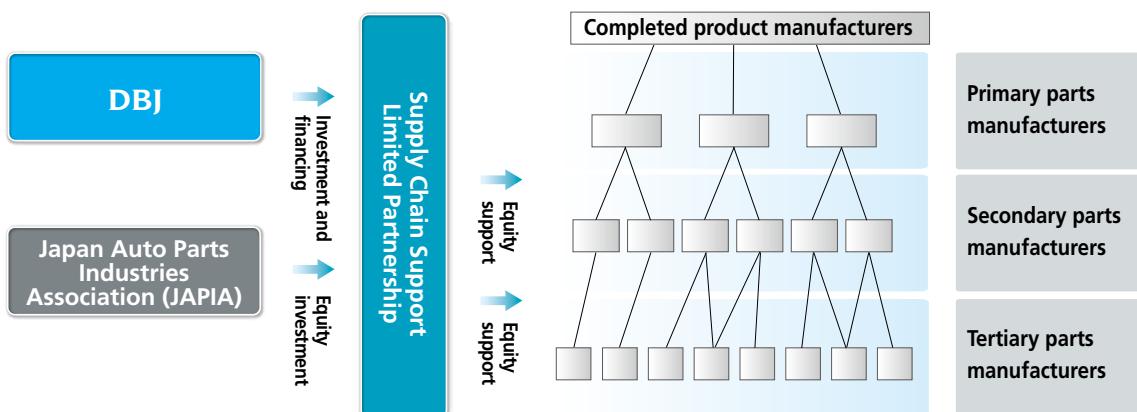
In June 2011, DBJ joined the Japan Auto Parts Industries Association (JAPIA) to form the Supply Chain Support Limited Partnership. The partnership was formed to support the reconstruction of automotive supply chains (parts procurement networks) that were affected by the Great East Japan Earthquake.

The Great East Japan Earthquake disrupted the automotive industry's supply chains. This fact, compounded by electric power supply problems created uncertainties about when the automotive industry production would resume.

Through the establishment of this fund, DBJ aimed to

provide long-term stable funding through equity-type funds for companies supporting the supply chains employed by Japan's automotive industry. By assisting the industry in such aspects as reconstruction following the earthquake, and supporting business and industry restructuring, we aim to recover the confidence in the industry as a responsible global supplier and toughen the supply chain. As a result, we aim to respond to the mandate of helping to rebuild one of Japan's backbone industries and contribute to its redevelopment and management stability.

● Structure of the Supply Chain Support Fund



Great East Japan Earthquake Reconstruction Fund

DBJ and financial institutions in areas affected by the earthquake formed the Great East Japan Earthquake Reconstruction Fund to support the restoration and reconstruction of companies that sustained damage in the earthquake.

The fund is aimed at providing support for the recon-

struction of prominent regional companies that were temporarily affected by the disaster. The fund provides such companies with risk capital that makes use of such instruments as subordinated loans and preferred shares, with the aim of supporting the early reconstruction of the disaster-stricken region.

Name	Iwate Genki Ippai Investment Limited Partnership	Fukushima Booster Fund Investment Limited Partnership	Miyagi Reconstruction Bridge Investment Limited Partnership	Ibaraki Kizuna Investment Limited Partnership
Scale of fund	¥5.0 billion (initially)			
Established	August 2011	August 2011	August 2011	September 2011
General partnerships (GPs)	Tohoku Fukko Partners Co., Ltd.			
Limited partnerships (LPs)	DBJ and The Bank of Iwate, Ltd.	DBJ and The Toho Bank, Ltd.	DBJ and The 77 Bank, Ltd.	DBJ and The Joyo Bank, Ltd.
Period	Investment period of three years, duration of 10 years (If necessary, however, it is possible to extend the investment period by up to two years and the duration by up to five years.)			

Providing Information

Specific Measures and Issues for Great East Japan Earthquake Reconstruction—Six Proposals for Creative Reconstruction Assuming Financial Limitations (July 2011)
Facing the question of how to recover from the Great East Japan Earthquake, creative reconstruction is necessary, taking into account the financial issues that existed prior to the earthquake and looking toward the growth of Japanese industry. Sharing a sense of urgency, DBJ and The Canon Institute for Global Studies cooperated in formulating a specific policy and preparing a report on recommendations.

This proposal covers six areas: (1) community development, (2) waterworks and sewerages, (3) medical care and welfare, (4) agriculture, (5) university research functions and (6) PFIs. Although the list of areas covered in the proposal is not exhaustive, it provides grounds for consideration by related parties when formulating future reconstruction plans.

Survey on Corporate Disaster Prevention and Business Continuity Efforts following the Great East Japan Earthquake—The Accumulation of Sustainable BCPs and Competitive Reconstruction (September 2011)
Taking into account the Great East Japan Earthquake, the issue of how companies will introduce future disaster prevention and business continuity initiatives has taken on increased importance.

Taking these conditions into consideration, this survey elicits the cooperation of approximately 30 companies. Emergency hearings were held and questionnaires distributed to corporate personnel in charge of disaster prevention and their respective BCPs. As a result, based on the awareness and conditions of the companies involved, the state of existing disaster prevention and business continuity initiatives was verified. We also considered how the companies would address these issues in the future and considered improvements, summarizing efforts to support corporate business continuity.

Study Group on Regional Reconstruction

To encourage the creative reconstruction of the Tohoku region and throughout the entire area afflicted by the Great East Japan Earthquake, DBJ established the Study Group on Regional Reconstruction (chaired by University of Tokyo Professor, Takashi Onishi), comprising experts in such fields as community development, disaster preparedness and regional public finance.

The Great East Japan Earthquake, which combined an earthquake, tsunami and nuclear accidents, caused damage on a massive scale. This unprecedented disaster will have serious repercussions for Japan's economy, industry and society.

The group is expected to consider specific measures to foster the necessary creative reconstruction in the stricken

Specific Measures Targeting Reconstruction following the Great East Japan Earthquake—Seven Proposals for Creating Industries that Leverage the Functions of Tohoku University (December 2011)

Restoring the lifestyles that were lost during the disaster requires that working locations and reconstruction activities be considered in tandem. From this starting point, we consider it extremely important to harness the functions performed by Tohoku University, which is one of Japan's leading centers of knowledge, to unleash the region's potential, creating new businesses and industries to generate employment and reconstructing the disaster-stricken region. Having a shared awareness of this issue, DBJ and Value Management Institute, Inc., cooperated in drafting a specific policy proposal.

Seven areas—(1) renewable energy, (2) distributed power sources, (3) electronic medical records, (4) remote healthcare, (5) nursing and welfare robots, (6) urban mines and (7) micro-electromechanical systems (MEMS)—are covered by the current proposal, analyzing research themes being pursued by Tohoku University and drawing up specific projects linking these themes to new industries.

A Year after the Great East Japan Earthquake—Verification, Area-Specific Data on Restoration and Reconstruction and Future Issues (April 2012)

Now that a year has passed since the Great East Japan Earthquake, the characteristics of different areas have grown more distinct. Therefore, in order to analyze the data and produce future strategies, we have summarized area-specific data according to (1) the current status of the disaster-stricken region, (2) the status of formulation of reconstruction plans by government bodies, (3) key related legislation and budget measures, and (4) economic, corporate and regional financial trends.

areas, including Tohoku, such as a strategic project aiming for a "Calamity-Proof Nation (Strong in the Face of Major Disaster)," from three perspectives: (1) safety and security, (2) regional entities and (3) looking to the future. The study group met for the first time on May 18, 2011, and had convened six more times by March 2012, meeting in Tokyo and Sendai. In March 2012, the group produced a report recommending that in addition to repairing physical damage, creative reconstruction was needed that combined sustained industry promotion and the lifestyle infrastructure by leveraging private-sector expertise and stronger ties with the public sector (the need for earthquake reconstruction PPPs, reconstruction and community development companies, and support functions).

Making Use of Information Functions

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.

The report explains domestic and overseas economic trends through an analysis of economic and financial indices published each month. In recent years, the global economic and financial markets have grown more closely linked. With regard to these global markets, the report aims to further that integration by introducing overseas fiscal and monetary policy and commenting on current topics.

In addition, the report addresses topics that are timely from the perspective of industrial trends.



"Forecasting Market Scale for Mass Retailers of Home Electronics Based on Units Owned by Households" (Preliminary Calculation)

(*DBJ Monthly Overview*, No. 165, October 2011)

Although the size of the domestic retail market for home electronics is essentially unchanged, mass retailers of home electronics account for a larger portion of this market each year. In 2010, their share of the market exceeded 70%.

This report, assuming that "home electronics products are items owned by households," seeks to answer "how many items households own overall" and "how many years elapse until they replace them." Taking this approach, the report forecasts the scale of the domestic home electronics retail market and makes individual estimates for key items that account for more than 50% of total sales: televisions, personal computers and white goods (lifestyle appliances). The report then estimates the size of the home electronics retail industry and the market scale of mass retailers of home electronics through 2015.



"Impact of the Flooding in Thailand on the HDD Supply Chain"

(*DBJ Monthly Overview*, No. 166, November 2011)

Thailand plays a central role in the supply chain for hard disk drives (HDDs), which are key components used in personal computers, video players and other electronics. Consequently, the impact of the record-level deluge that affected Thailand in 2011 rippled throughout the world, affecting final product supplies. This report looks at the extent to which the flooding in Thailand damaged manufacturers of HDDs and components and the long-term impact on Japanese companies of the HDD supply chain coming to an operational standstill, and makes specific recommendations for HDD-related manufacturers.



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.

"Determining Factors of Environmental Activities and Corporate Value—Analysis Based on Case Studies of Financing Employing Environmental Ratings"

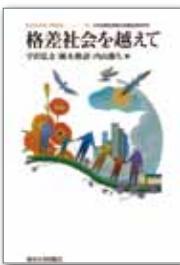
(*Economics Today*, Vol. 31, No. 1, April 2010)

Assuming that the market values corporate environmental consciousness activities, which thereby affects corporate value, we have conducted an empirical analysis of the relationship between environmental activities and corporate value and individual corporate data based on newspaper reports related to DBJ Environmentally Rated Loan Program. The results of this analysis suggest that environmental consciousness activities and taking advantage of Financing Employing Environmental Ratings boost companies' corporate value and profitability. The result also indicates that shareholder composition and fund-raising capabilities are determining factors in corporate decision-making on whether to employ such financing.

"Beyond a Disparate Society"

(Hiroyumi Uzawa, Toshiaki Tachibanaki, Katsuhisa Uchiyama [eds.], University of Tokyo Press, June 2012)

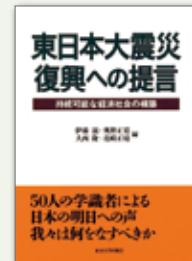
This collection of essays shares the recognition among its authors that Japan exists within a disparate society, and develops the thesis that its incongruousness is not conducive to the stable and sustained development of Japanese society. Each chapter focuses on the theme of institutional capital (public finance, private finance, education, societal protection, etc.) as shared social capital, raises topics of the cities and the environment and discusses their relationship to a disparate society. The collection looks toward the formation of a less-disparate small society, describes the vision needed to achieve sustained development and discusses the role of shared social capital.



"The Great East Japan Earthquake—Recommendations for Reconstruction for the Formulation of a Sustainable Society"

(Shigeru Ito, Masahiro Okuno, Takashi Onishi and Masaharu Hanazaki [ed.], University of Tokyo Press, July 2011)

The Great East Japan Earthquake highlighted that the Japanese economy and society is built on an extremely fragile base. With the earthquake having shaken some very fundamental values, this report examines initiatives suitable for reconstructing the disaster-stricken region and rebuilding the Japanese economy and society.



This report summarizes disaster reconstruction recommendations by 50 academics who are at the forefront of such fields as economics, urban theory and industry theory. The report is divided into three sections, Part I: Regional Revitalization; Part II: Challenges for the Japanese Economy; and Part III: Reconstruction and Japanese Society.

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 2011 Survey of Capital Investment Plans for Years to March 31, 2011, 2012 and 2013,"

(Surveys, No. 103, September 2011)

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 Environmentally Rated Loan Program, 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 the corporate business continuity plans companies have established. In fiscal 2006, we incorporated survey results to form the basis for Financing Employing DBJ Disaster Preparedness Ratings, which we use in our financing considerations. Financing Employing DBJ Disaster Preparedness Ratings was substantially revised in August 2011. Thereafter, the name of this system was changed in 2012 to the DBJ Enterprise Disaster Resilience Rated Loan Program.

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—head office, 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.



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 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 56.)

Branch Reports

Hokkaido Branch

"Establishing Hokkaido Food Products as a Recognized Brand Overseas—Brand Synergies between Hokkaido Food Products and Hokkaido Tourism" (Mini Report, May 2011)

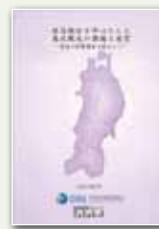
In the aftermath of the Great East Japan Earthquake and the nuclear power plant accidents, overseas consumers are exercising voluntary restraint toward Japanese food and food products originating in Japan, and some restrictions are in place. However, initiatives to encourage food exports are essential to the future of Hokkaido.



"Fiscal 2012 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, Takashi Onishi, University of Tokyo professor and president of the Science Council of Japan, contributed a special section entitled "Issues Related to Restoration and Reconstruction Following the Great East Japan Earthquake."

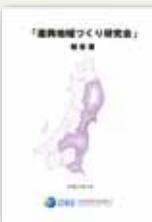
"Issues and Outlook for Tohoku Tourism, Centering on Overnight Travel—Based on an Earthquake Impact Study"



This report looks at the domestic overnight tourism industry, which was significantly affected by the Great East Japan Earthquake, summarizing the industry's issues and prospects. Leveraging the expertise that DBJ has accumulated involving the ryokan (Japanese-style inn) tourism and related industry business, this study involves interviews with various experts and takes an approach combining a written survey with field research.

"Research Group on Development of the Reconstruction Region Report"

Earthquake reconstruction efforts are currently in full swing in each of the affected regions. This report argues that in addition to physical improvement, the areas could leverage and retain creative wisdom and methods, as well as private-sector expertise. The report then makes specific recommendations on initiatives for promoting industrial and lifestyle infrastructures.



This report clarifies the cachet enjoyed by Hokkaido food products that are exported overseas, and then speculates that initiatives to promote exports of these products depend on (1) getting Japanese restaurants overseas to communicate the attraction of Hokkaido food products by featuring them on special menus and (2) breaking down the barriers to food product exports from Hokkaido by appealing to their brand strength and price competitiveness and by strengthening the region's ability to establish sales routes. As specific examples, the report suggests that overseas promotions that emphasize authentic flavors of Hokkaido ramen (noodle) shops would expand exports of Hokkaido food products and proposes exporting Hokkaido ice cream by forging links among companies within the prefecture.

Tohoku Branch

"Growing Demand for Lumber and Tohoku's Forest Resources" (Survey Report, March 2012)

This report studies future trends in lumber demand, based on the assumption that we are entering an era that will take advantage of Tohoku's forest resources. Demand for lumber is expected to increase, owing to the Act for Promotion of Use of Wood in Public Buildings, which went into effect in October 2010, as well as the promotion of technologies for designing fire-resistant wooden structures. As an example showing that making public buildings of wood is cost effective, this study imagines the case of all school facilities in Tohoku's six prefectures being constructed of wood. The report provides preliminary estimates of the value of demand created and the resulting increase in employment.



Niigata Branch

"Considerations on Rebuilding Food and Agriculture Growth (Export) Strategies" (Recommendation Report, March 2012)

This report analyzes the gap between the reputation that Japanese food enjoys overseas and actual exports. The report identifies an insufficient Japanese response to international rules pertaining to food exports as one reason for the gap. It discusses mainstay Japanese products—fish, rice and sake—and recommends response measures for each. Having implemented a Web-based questionnaire for overseas consumers, the report analyzes the perceived image of Japanese food and the impact of the Great East Japan Earthquake.



Hokuriku Branch

"Study on Hokuriku Companies' Awareness of Business Continuity Plans (BCPs)—Enhancing the Business Continuity of Companies in Hokuriku" (Survey Report, March 2012)

This report examines companies whose headquarters are located within the three prefectures of the Hokuriku region, determining their level of awareness of many risks, including a large-scale disaster or major accident, and then studying what preparatory steps are in



place. Specifically, the report looks at the results of a questionnaire sent out to companies to determine their status of BCP formulation and preparedness for interruptions in the supply chain, and suggests ways for Hokuriku companies to enhance business continuity.

Tokai Branch

"Issues and Future Strategies for the Aircraft-Related Industry—Focusing on Second-Tier Companies Involved in Airframe Construction" (Region Report, September 2011)

DBJ and The Juroku Bank, Ltd., cooperated in the publication of this report as one aspect of their business cooperation agreement. The report examines the current state of the aircraft industry, describing industry trends in countries of key overseas demand, new entries into emerging markets, and the maintenance, repair & overhaul (MRO) industry. At the same time, the report looks at the results of a briefing (conducted in cooperation with The Juroku Bank, Ltd.) by suppliers involved in airframe structures in the Tokai region, the area of highest concentration for the aircraft industry. After describing the current state of the industry and looking into the issues it faces, the report offers six recommendations for future development. It looks at Japan in comparison with the Canadian province of Quebec, extracting the issues associated with Japan's aircraft cluster policy and considering three initiatives for the future.



Kansai Branch

"Impact of a Major Earthquake on the Regional Economy—Case Study of the Great Hanshin-Awaji Earthquake" (Survey Report, December 2011)

This report analyzes various indicators in the region affected by the recent Great East Japan Earthquake in comparison with trends before and after the Great Hanshin-Awaji Earthquake. Topping the list of comparisons are the earthquakes' economic-related effects on the respective regions—GDP, population trends, commerce, domestic finances and labor, tourism and reconstruction demand. The report then offers a multitude of multifaceted recommendations for the disaster-stricken region.



Chugoku Branch

"Study on the Shift to Urban Concentration in a Society Characterized by a Decreasing and Aging Population" (Region Report, May 2012)

This study, which DBJ conducted in cooperation with The Chugoku Electric Power Co., Ltd., is based on advance research into urban concentration. It looks at five cities in the prefectures that comprise the Chugoku region, grouping them by DID* population, population density and patterns of changes in area, and analyzing the balance between the concentration of people in the areas of highest population (regions where populations and urban facilities are densest) and the buildup of urban facilities. The report also introduces methods of creating urban facilities in line with the shift toward urban concentration and looks at the model in place in the Chugoku region, looking at directional patterns in the urban shift and suggesting points to keep in mind.



* An acronym for "densely inhabited district." Wards, which are the basic unit used in Japan's national census, are used as the base unit. DID describes areas with concentrated regional populations in areas of high population density within the borders of cities, wards, towns and villages.

Shikoku Branch

"Evolving Shikoku Companies at the Top of Their Niches" (Survey Report, October 2011)

Many companies in Shikoku operate in niche fields, on either a national or an international level, and this factor is considered to be one of the distinguishing characteristics of Shikoku's economy. This report introduces companies headquartered in Shikoku that have top shares in their niche fields, listing the characteristics of their business developments to date, products they handle and their distinguishing characteristics from a management perspective. The report then discusses the reasons behind these companies' emergence at the top of their fields and future aspects of community revitalization.



Kyushu Branch

"Impact of the Opening of JR HAKATA CITY—Tenjin and Hakata: Changes in Behavior and Their Appeal" (Survey Report, November 2011)

March 2011 marked the start of business for the JR HAKATA CITY station building and the opening of the Kyushu Shinkansen route, accompanied by expectations of renewed vigor for the Kyushu region. This report summarizes and analyzes environmental changes after the opening of JR HAKATA CITY in "Tenjin and Hakata: A 1,000-Person Questionnaire" and "Changes Following the Opening of JR HAKATA CITY." Looking at answers to the Tenjin and Hakata questionnaire, the report highlights the characteristics of both regions, concluding that, "The attractiveness of each has increased. The regions have overcome the difficulties they faced and the overall increase in the attractiveness of Tenjin and Hakata has led to further development in Fukuoka."



Minami-Kyushu Branch

"The Chinese Business Environment, as Seen from Shanghai" (Lecture, September 2011)

To invigorate the local economy, Kyushu, which has abundant tourist resources, needs to increase its number of overseas tourists to supplement the benefits it receives from its domestic tourism. Above all, it is important for the region to focus on tourists from China, which is geographically close and enjoying rapid economic growth.



To attract tourists from China, first the region needs to understand current Chinese economic and political conditions. To this end, the head of the Shanghai office of DBJ Business Investment Co., Ltd., a DBJ subsidiary, spoke to the Industrial Promotion Committee, sponsored by the Kagoshima Association of Corporate Executives.

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.

