

Appendices

Outline of Fiscal 2008 Operations Evaluation Report

Excerpt from the Development Bank of Japan Law
(Law No. 73 of 1999)

Excerpt from the New DBJ Law (Law No. 85 of 2007)

Outline of Fiscal 2008 Operations Evaluation Report

Operations evaluations reports are performed to evaluate the individual loan and investment projects of the preceding term and the investment and loan system during the year under review. This report, which summarizes the status of evaluations performed during the most recent year, is prepared and publicized each year. The characteristics of DBJ's evaluation systems and an outline of the fiscal 2008 report are described below.

1. Overview of DBJ's Evaluation Systems and Management Cycle

DBJ's evaluation of operations consists of three elements. Together, these three evaluations form an overall evaluation of financial soundness and invigorate the management cycle. At the same time, the Bank receives external evaluations from the outside experts that make up the Management Council, thereby ensuring accountability. External evaluation results are reported to the competent ministers (the Minister of Finance and the Minister of Land, Infrastructure and Transport) and publicized for the citizens of Japan.

1. Evaluation of individual loan and investment projects

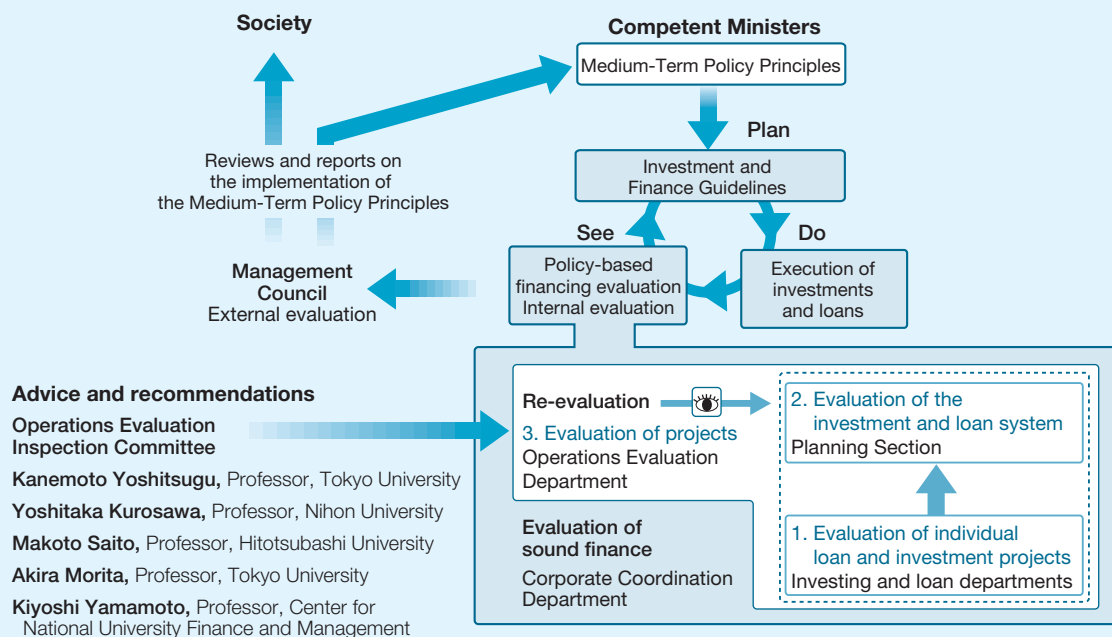
Investing and loan departments perform two evaluations of individual loan and investment projects: a preliminary evaluation and follow-up evaluation. The Operations Evaluation Department conducts re-evaluations.

2. Evaluation of the investment and loan system

In line with the evaluation results of individual loan and investment projects, the Planning Section evaluates the overall investment and loan system and incorporates selected results in its evaluations. The Operations Evaluation Department performs re-evaluations.

3. Evaluation of projects

The Operations Evaluation Department conducts detailed evaluations of specific projects, operating areas or themes. These evaluations help in evaluating individual loan and investment projects and the investment and loan system.







2. Outline of Fiscal 2008 Report

(1) Evaluation of Individual Loan and Investment Projects

1. Preliminary evaluation

- The Bank reported an aggregate evaluation from the evaluations performed on all fiscal 2007 loan and investment projects at the time each loan or investment was made.
Projects: 1,007; Loan and investment amount: ¥1,300.0 billion; Overall project spending: ¥10,900.0 billion
- Projects included in the fiscal 2007 preliminary evaluation suggested a broad range of potential results.

Increase in revenues 	¥2,000.0 billion The projects in which the Bank is involved were expected to result in revenue increases amounting to approximately ¥2,000.0 billion.	Employment created 	107,000 jobs The projects in which the Bank invested provided employment opportunities for 107,000 people.
Promotion of waste processing 	724,000 tons As part of environmental measures to reduce, reuse and recycle materials, the Bank participated in projects involving the construction of waste-processing facilities capable of handling 724,000 tons of waste per year.	Railway crossing removal 	355 locations DBJ supported the removal of railway crossings at 355 additional locations. These efforts are expected to ease traffic congestion and improve safety.

- The table below breaks down DBJ's loan and investment role into eight types of assistance to foster a better understanding of loan and investment projects.

(Percentage figures indicate projects of each type within the total number of projects for which fiscal 2007 preliminary evaluations were performed. Some projects are included in more than one assistance category.)

Complementary function		Percentage		Role in Project Guidance or Promotion
		Fiscal 2001	Fiscal 2007	
Financial market complementary functions Direct assumption of risk	Providing loans with longer durations	67%	46%	Support projects that require a long period of time to recover initial investment or entail refinancing or interest rate risk
	Taking on business risks	11%	35%	Support projects that entail risks that private-sector institutions are unable to carry, such as operational risk that cannot be easily quantified
	Providing a stable source of funds	36%	33%	Support projects that involve long construction periods and require a stable supply of funds
	Responding in times of emergency	14%	2%	Provide funds during downturns in the financial environment and for emergency evaluation in times of large-scale disaster
Information application functions Easing difficulties in assessing risk	Assessing credit risk	14%	12%	Smooth business operators' ability to raise funds by using DBJ's assessment functions to assess credit risk
	Use of advanced financial methods	3%	14%	Use DBJ's accumulated expertise in new and advanced financing methods to promote efficient project operation while appropriately controlling risk
	Supporting business formation	3%	7%	Promote smooth operation of projects from planning through implementation by arranging and advising from a neutral position
	Disseminating information	2%	6%	Promote smooth operation of projects through the use of information for such purposes as creating screening-based countermeasures

2. Follow-up evaluations

- These evaluations are performed to determine whether projects had the policy effectiveness and DBJ fulfilled its loan and investment role as initially expected. Projects evaluated in fiscal 2007 were loan and investment projects that had been evaluated in the past and were in their second year after completion. Three levels of project effectiveness were determined, ranging from A to C

Projects: 792; Loan and investment amount: ¥1,200.0 billion; Overall project spending: ¥5,700.0 billion

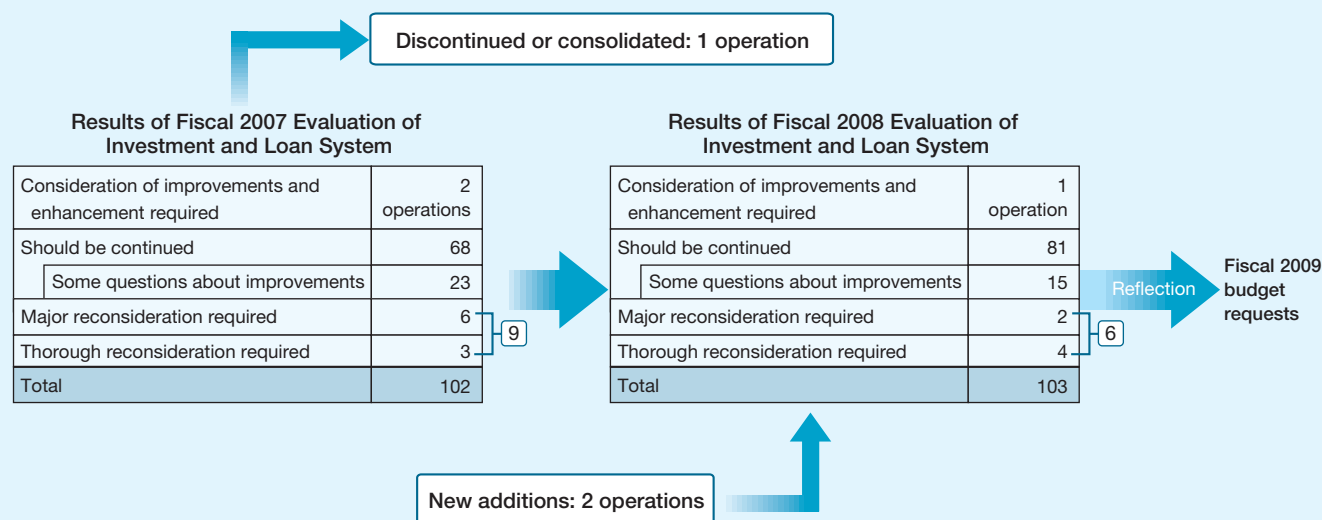
- In more than 90% of the projects evaluated, the initially expected level of policy effectiveness was met or exceeded, and DBJ's expected loan and investment role was fulfilled.

	Policy Effect based on Application System			DBJ's Loan and Investment Role		
	A	B	C	A	B	C
Total (792 projects)	5%	90%	6%	5%	92%	3%
Of which, community development	3%	94%	3%	1%	97%	2%
Of which, environmental conservation and sustainable societies	2%	94%	4%	6%	94%	0%
Of which, creation of new technologies and industries	14%	70%	17%	15%	74%	11%

Meaning of the Three Levels
A: Projects meeting the B standard that also demonstrated a particularly favorable policy effect or in which DBJ's loan and investment role was particularly important
B: Met the level of policy effectiveness and DBJ fulfilled its loan and investment role as anticipated by preliminary evaluations
C: Fell below the level of policy effectiveness or DBJ's fulfillment of its loan and investment role was lower than anticipated by preliminary evaluations

(2) Evaluation of the Investment and Loan System

- In the fiscal 2007 evaluation of the investment and loan system, "some questions about improvements" were raised for 23 systems, and nine systems were indicated as requiring some degree of reconsideration. As a result, budget requests for one operation were discontinued or consolidated.
- In the fiscal 2008 evaluation of the investment and loan system, one operation were specified as requiring "consideration of improvements and enhancement," and six systems were indicated as requiring some degree of reconsideration.



3. Evaluation of Projects (Detailed Evaluations of Specific Projects, Operating Areas and Themes)

Fiscal 2007 was our seventh year since introducing a system to evaluate individual loan and investment projects and the fifth for us to systematically evaluate our overall investment and loan system. As the structures and content of our systems have matured, we have become able to review our accumulated evaluation results through a medium- to long-term perspective, confirming the effectiveness of our operational evaluations.

Our years of experience in conducting preliminary evaluations on individual investment projects have confirmed our shifting investment and financing role in line with changing economic and financial conditions. Our number of projects per year has fallen by around 30% since the 145 we undertook in fiscal 2002, and we have made 39 investment and loan system improvements in operating design and operation. These results confirm that our evaluation system is functioning effectively.

Article 1*Purpose*

The purpose of the Development Bank of Japan (the “Bank”) is, in principle, to supplement or encourage functions such as the credit operations of commercial financial institutions in order to contribute to the promotion of energy and the sustainable development of the economy and society, the realization of affluent national life and the independent development of local economies and financial contributions to Japan’s economic and social policy through the supply of long-term funds or other operations.

Article 4*Capital*

1. The capital of the Bank shall be the aggregate of the amounts deemed invested by the Government in accordance with the provisions of Paragraph 4, Article 6 and Paragraph 4, Article 7 of the Supplementary Provisions.
2. The Government may, when it deems necessary, make additional investments in the Bank in amounts set forth in a budget.
3. In the case of the Government’s investment in accordance with the provisions of the preceding paragraph, the Bank shall increase its capital by the amount of such investment.

Article 8*Officers*

The Bank shall have as its officers one Governor, two Deputy Governors, not more than 12 Senior Executive Directors and not more than two Auditors.

Article 20*Scope of Operations*

1. To attain the purpose prescribed in Article 1, the Bank shall conduct the following operations:
 - (1) To make loans of the funds listed below, which funds shall be necessary for operations that contribute to the promotion of energy and the sustainable development of the economy and society, the realization of affluent national life and the independent development of local economies, to provide guaranties (including any action to incur obligations that is analogous to guaranties of obligations, hereinafter being the same) of obligations related to such funds; to acquire corporate bonds (including bonds issued by corporations established under special statutes that are not private corporations, hereinafter being the same) issued to procure such funds, by subscription or otherwise; to acquire by assignment, in entirety or in part, claims of loans related to such funds; provided, however, that the term of repayment of such loans, the term of performance of the obligations so guaranteed (measured from the date of guaranty of such obligations), the term of redemption of the corporate bonds so acquired (measured from the date of such acquisition), and the term of repayment of the loans so acquired (measured from the date of such acquisition) shall not be less than one year.
 - (i) Funds necessary for acquisition (including the acquisition of leasehold rights or other rights of use), improvement or repair (hereinafter referred to as “acquisition, etc.” in this Item) of facilities, funds related to acquisition, etc. of such facilities, funds necessary for creation of land (including acquisition of land necessary for such creation), or funds necessary for construction or maintenance of facilities related to businesses that will significantly contribute to maintenance and

improvement of built-up urban areas (excluding those related to housing construction and specified in a Cabinet Order) or facilities that will significantly contribute to reinforcing infrastructures of local economies and societies.

- (ii) In addition to those listed in (i) above, funds necessary for the acquisition of intellectual property rights or other similar rights, procurement of personnel, receipt of service or purchase of goods, etc. necessary for the smooth execution of business (such funds being limited to those to be specified by the Minister of Finance as specifically contributing to the promotion of energy and the sustainable development of the economy and society, the realization of affluent national life and the independent development of local economies) and funds necessary for research and development of advanced and new technology.
 - (iii) Funds necessary for the repayment of the funds listed in (i) or (ii) above (including the funds necessary for redemption of corporate bonds issued to procure such funds listed in (i) or (ii) above).
- (2) To make investments of funds necessary for businesses that will contribute to the promotion of energy and the sustainable development of the economy and society, the realization of affluent national life and the independent development of local economies.
 - (3) In addition to those listed in the preceding two items, to engage in any operations necessary to smoothly and efficiently conduct the operations provided in the preceding two items (such operations being limited to those specified by a Cabinet Order as being closely related to operations provided in the preceding two items).
 - (4) To engage in operations incidental to the operations specified in the preceding three items.
2. Making loans of funds, guaranties of obligations, acquisitions of corporate bonds, acquisitions of claims by assignment or investments (hereinafter referred to as “making loans, etc.”) provided in the preceding paragraph may be conducted only when the repayment of funds so loaned, the performance of obligations so guaranteed, the redemption of corporate bonds so acquired, the collection of claims so acquired, or the realization of profits that will enable payment of dividends resulting from businesses so invested are, in each case, deemed certain.
 3. Interest rates on loans and charge rates for guaranties of obligations undertaken in accordance with the provisions of paragraph 1 above, and interest rates on corporate bonds acquired or claims of loans acquired by assignment in accordance with the provisions of the same paragraph shall be determined in consideration of customary terms of loans or guaranties of obligations of commercial financial institutions or conditions of monetary markets so that revenues of the Bank will be sufficient to cover its expenses.

Article 21*Conditions of Operations*

1. In conducting its operations the Bank shall supplement or encourage financing, etc., activities by commercial financial institutions and shall not compete with them.
2. The Bank may make loans, etc. (excluding acquisition of claims of loans by assignment), only when the execution of such business is difficult but only through the acceptance of loans or guaranties of obligations under customary terms from commercial financial institutions, the procurement of funds by issue of corporate bonds to be acquired by subscription or otherwise by any person other

than the Bank, or the acceptance of investment by any person other than the Bank.

Article 22

Mid-Term Government Policy Principles

1. The Bank shall make loans, etc. in accordance with the three-year mid-term government policy principles (hereinafter referred to as the “mid-term government policy principles”) to be prepared by the competent minister.
2. The Bank may state an opinion to the competent minister in preparation of the mid-term government policy principles by such minister.
3. The mid-term government policy principles shall state the matters concerning Japan’s economic and social policy to be contributed by the Bank and other important matters concerning its operations.
4. The competent minister shall consult with a chief of the relevant administrative organization when preparing the mid-term government policy principles.

Article 23

Investment and Finance Guidelines

1. The Bank shall prepare investment and finance guidelines (these are, the guidelines for each fiscal year with respect to making loans, etc., which state the Government policy underlying such loans, etc., the targeted businesses and other matters, hereinafter being the same) as prescribed in a Cabinet Order in order to execute the matters stated in the mid-term government policy principles.
2. The Bank shall report the investment and finance guidelines for the relevant fiscal year to the competent minister by the day to be set by such minister for each fiscal year and shall publish them.

Article 24

Management Council

1. The Bank shall have a Management Council.
2. The Management Council shall review the status of execution of operations with respect to the matters stated in the mid-term government policy principles and report the results of such review to the Governor.
3. When the Governor receives a report on the results of the review in accordance with the provisions of the preceding paragraph, he or she shall report such results to the competent minister and publish it.
4. The Management Council shall consist of not more than eight counselors.
5. Such counselors shall be appointed by the Governor with authorization of the Minister of Finance from among persons qualified by learning or experience.
6. The term of office of counselors shall be four years.

Article 28

Budget

1. The Bank shall, for each fiscal year, prepare a budget of revenues and expenditures and submit it to the Minister of Finance.
2. The revenues referred to in the preceding paragraph shall consist of interest on loans, charges for guaranties of obligations, interest on corporate bonds, dividends from investments, other income accruing from the operation of assets, and miscellaneous incidental income; and the expenditures referred to in the same paragraph shall consist of expenses for operations, expenses for delegation of operations, interest on borrowings prescribed in Paragraph 1 or Paragraph 2 of Article 42, interest on other funds received from Government sources prescribed in Paragraph 5 of the same Article,

interest on Bank Bonds issued in accordance with the provisions of Paragraph 1 or Paragraph 4 of Article 43, and miscellaneous incidental expenses.

3. Upon receipt of the budget submitted in accordance with the provisions of Paragraph 1, the Minister of Finance shall examine it, make necessary adjustments thereto, and obtain the Cabinet’s decision thereon.
4. After a decision has been made under the provisions of the preceding paragraph, the Cabinet shall submit the budget to the Diet together with the national budget.

Article 41

Disposition of Profits and Payment into The National Treasury

1. If upon the settlement of income and expenses for each fiscal year a profit is found to exist, the Bank shall set aside as a reserve an amount to be calculated in accordance with the standard prescribed in a Cabinet Order.
2. The reserve provided for in the preceding paragraph shall not be disposed of except for the purpose of covering losses.
3. The Bank shall pay the remaining balance after deducting a reserve from any profit found to exist upon the settlement of income and expenses for each fiscal year in accordance with the provisions of Paragraph 1, into the National Treasury by May 31 of the following fiscal year.
4. The Government may, as prescribed by a Cabinet Order, make the Bank pay a part of the payment specified in the preceding paragraph into the National Treasury on an estimated basis during the fiscal year in which the profit is earned.

Article 42

Borrowing of Funds, etc.

1. The Bank may borrow funds from the Government in order to meet funding requirements for the conduct of operations specified in Paragraph 1, Article 20.
2. In addition to those provided in the preceding paragraph, the Bank may borrow short-term funds from banks and other financial institutions to meet cash flow requirements or in other cases prescribed by a ministerial ordinance of the Ministry of Finance.
5. The Bank may accept other funds received from Government sources to apply them to the sources of funds necessary to financially contribute to a particular Government policy with respect to the operations provided in Paragraph 1, Article 20 as provided in a Cabinet Order.

Article 43

Issue of Development Bank of Japan Bonds

1. The Bank may issue Development Bank of Japan Bonds (hereinafter referred to as “Bank Bonds,” except for Paragraph 4, Article 45) in order to provide funds necessary for operations provided in Paragraph 1, Article 20.
4. In addition to those provided in Paragraph 1, the Bank may, as provided in a Cabinet Order, issue Bank Bonds when necessary to deliver substitute bonds to anyone who has lost Bank Bonds.

This is an unofficial English translation. Only the original Japanese texts of the law have legal effect and prevail over this translation. This translation has been prepared solely for reference purposes. The reader of this translation should consult the original Japanese text for the purposes of interpreting and applying the law to any legal issues or disputes.

Article 1**Purpose**

The Development Bank of Japan Inc. (hereinafter referred to as the "Corporation") shall be a joint stock company (*kabushiki-kaisha*) whose object is to maintain the foundations of investment and financing functions of long-term business funds as the Development Bank of Japan by conducting business activities utilizing the methods of combining investments and financing and other sophisticated financial methodologies, while maintaining the autonomy of management with the goal of realizing full-scale privatization, thereby contributing to smooth supply of funds to those who need long-term business funds, as well as to the sophistication of financial functions.

Article 3**Scope of Business Operations**

1. The Corporation shall engage in the following business operations to attain its objectives:

- (1) To accept deposits (limited to certificates of deposit (CDs) and other deposits stipulated in the Cabinet Order);
- (2) To lend money;
- (3) To make capital contributions;
- (4) To guarantee the due performance of debts and obligations;
- (5) To sell and purchase Securities (other than those that fall within monetary claims represented by certificates set forth in Item (7), Short-term Notes, Etc.; the same in Item (8)) (other than those that fall within securities-related derivatives transactions (which mean the securities-related derivatives transactions set forth in Article 28, Paragraph 8, Item (6) of the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended); hereinafter in this Item and Item 11 the same), or enter into securities-related derivatives transactions (limited to those made for investment purposes), except in cases where these business operations fall within those operations referred to in Item (3);
- (6) To lend Securities;
- (7) To acquire or transfer monetary claims (including claims represented by certificates stipulated in the Ministry of Finance Ordinance such as negotiable bank deposit certificates);
- (8) To subscribe for Specified Debentures or Preferred Investment Securities issued by a Specified Purpose Company (limited to the cases where the Specified Purpose Company acquires only designated monetary claims or beneficial interests in trusts with which designated monetary claims are entrusted with cash proceeds derived from issue of those Specified Debentures or Preferred Investment Securities as set forth in the Asset Liquidation Plans, and except for, in case of Specified Debentures, Specified Short-term Notes), and other similar securities stipulated in the Ministry of Finance (hereinafter in this Item referred to as the "Specified Debentures") (except in cases where it is intended for secondary distribution (*uridashi*)), or to handle primary offering (*boshu*) of the Specified Debentures so subscribed;
- (9) To acquire or transfer Short-term Notes, Etc.;
- (10) To act as an agent or intermediary for execution of agreements which provides for lending money on behalf of banks (the banks set forth in Article 2, Paragraph 1 of the Banking Act (Law No. 59 of 1981, as amended); hereinafter the same) and other entities engaged in the financial business stipulated in the Cabinet Order;
- (11) To enter into derivatives transactions set forth in Article 2, Paragraph 20 of the Financial Instruments and Exchange Law (other than those that fall within the securities-related derivatives transactions), except in cases where these business operations fall within those operations referred to in Item (7);
- (12) To do the activities referred to in Article 2, Paragraph 8, Item (7) of the Financial Instruments and Exchange Law;
- (13) To do the activities referred to in Article 2, Paragraph 8, Item (9) of the Financial Instruments and Exchange Law (limited, in the case of the handling of primary offering or secondary distribution, to those to be conducted upon entrustment by financial instruments dealers engaged in the type I financial instruments trading business set forth in Article 28, Paragraph 1 of the Financial Instruments and Exchange Law (the financial instruments dealers set forth in Article 2, Paragraph 9 of the Financial Instruments and Exchange Law; hereinafter the same), and for such financial instruments dealers);
- (14) To do the activities referred to in Article 2, Paragraph 8, Item (11) of the Financial Instruments and Exchange Law;
- (15) To do the activities referred to in Article 2, Paragraph 8, Item (13) of the Financial Instruments and Exchange Law;
- (16) To do the activities referred to in Article 2, Paragraph 8, Item (15) of the Financial Instruments and Exchange Law;
- (17) With respect to securities (including, if such securities are not issued, rights to be represented by such securities) or transactions referred to in each Item of Paragraph 2 of Article 33 of the Financial Instruments and Exchange Law, to do the activities set forth in each Item of said Paragraph (other than those referred to in Items 3, 5, 7 through 9, 11 and 13);
- (18) To provide other entities with consulting services regarding business transfer, merger, corporate split, share-for-share exchange (*kabushiki kokan*) or share transfer (*kabushiki iten*), or to act as a broker for these transactions;
- (19) To provide other entities with consulting services regarding management, and to conduct investigations or provide information as required for the business operations of other entities;
- (20) To conduct investigations, research or training regarding financial and other economic issues; and
- (21) To do activities incidental to each of the foregoing Items.

Article 5**Issue of the Development Bank of Japan Bonds**

1. The Corporation may issue the Development Bank of Japan Bonds.

Article 9**Special Rules When Starting Acceptance of Deposits, Etc.**

1. If the Corporation intends to start acceptance of deposits set forth in Article 3, Paragraph 1, Item (1) or issue of the Development Bank of Japan Bonds, the Corporation shall obtain the prior approval of the Minister of Finance.
2. If the Minister of Finance intends to give the approval referred to in the preceding Paragraph, the Minister of Finance shall, in advance, have a discussion with the Prime Minister and obtain his/her consent.

Article 12**Shares**

1. If the Corporation intends to solicit those who will subscribe for shares offered for sale set forth in Article 199, Paragraph 1 of the Companies Act (Law No.86 of 2005, as amended) (hereinafter in Article 34, Item (4) referred to as the "Shares Offered for Sale") or stock acquisition rights offered set forth in Article 238, Paragraph 1 of the Companies Act (hereinafter in Article 34, Item (4) referred to as the "Stock Acquisition Rights Offered"), or to deliver shares or stock acquisition rights in connection with a share-for-share exchange, the Corporation shall obtain authorization of the Minister of Finance.

Article 13**Corporate Debentures, Development Bank of Japan Bonds and Borrowings**

1. Prior to the beginning of each fiscal year, the Corporation shall prepare its basic policy regarding the issue of corporate debentures

(*shasai*) (other than the Development Bank of Japan Bonds, “Corporate Debentures”; hereinafter the same) and the Development Bank of Japan Bonds (excluding the short-term notes set forth in Article 66, Item (1) of the Law Concerning the Central Depository System of Corporate Debentures (Law No. 75 of 2001, as amended) from both the Corporate Debentures and the Development Bank of Japan Bonds, respectively; hereinafter in this Article and Article 18 the same), as well as regarding the borrowings (limited to those with more than one year to maturity; hereinafter in this Article and Article 18 the same), which provides for matters relating to the issue of the Corporate Debentures and the Development Bank of Japan Bonds, and the borrowing of money, such as the amounts of issue and borrowings, denominated currency of the Corporate Debentures, the Development Bank of Japan Bonds and the borrowings, as stipulated in the Ministry of Finance Ordinance, and obtain authorization of the Minister of Finance. If the Corporation intends to revise it, the same shall apply.

Article 15

Resolution for Election of Representative Directors and Other Officers
Resolutions for appointment and dismissal of the representative directors or representative executive officers of the Corporation, appointment and dismissal of statutory auditors, or appointment and dismissal of audit committee members (*kansaiin*) shall not become effective without authorization of the Minister of Finance.

Article 16

Authorization of Concurrent Positions of Directors

1. Except in cases where the provision of Article 4, Paragraph 2 applies, any director (or, if the Corporation is a company maintaining committees (*iinkai secchi kaisha*), any executive officer) who performs the day-to-day business of the Corporation shall not perform the day-to-day business of any other corporation without authorization of the Minister of Finance.
2. The Minister of Finance shall, upon receipt of an application for the authorization referred to in the preceding Paragraph, grant his/her authorization, except in cases where it is determined that any matter so applied may interfere with sound and proper management of the Corporation.

Article 17

Business Plan

Prior to the beginning of each fiscal year, the Corporation shall draw out a business plan for the new fiscal year and obtain authorization of the Minister of Finance, as stipulated in the Ministry of Finance Ordinance. If the Corporation intends to revise it, the same shall apply.

Article 18

Redemption Plan

Prior to the beginning of each fiscal year, the Corporation shall draw out redemption plans for the Corporate Debentures, the Development Bank of Japan Bonds and the borrowings and obtain authorization of the Minister of Finance, as stipulated in the Ministry of Finance Ordinance. If the Corporation intends to revise it, the same shall apply.

Article 19

Subsidiaries Subject to Authorization

1. If the Corporation intends to make any of the following entities (other than individuals in the cases of those referred to in Items (3), (4) and (7); hereinafter referred to as the “Subsidiaries Subject to Authorization”) its subsidiary (the subsidiary set forth in Article 2, Item (3) of the Companies Act), the Corporation shall obtain authorization of the Minister of Finance in advance:
 - (1) Banks;
 - (2) Long-term credit banks (the long-term credit banks set forth in

Article 2 of the Long-Term Credit Bank Law (Law No.187 of 1952, as amended));

- (3) Financial Instruments Dealers (limited to those who engage in type I financial instruments trading business set forth in Article 28, Paragraph 1 of the Financial Instruments and Exchange Law);
- (4) Money lenders (the money lenders set forth in Article 2, Paragraph 2 of the Money Lending Business Law (Law No. 32 of 1983, as amended), and exclude those who concurrently conduct the business referred to in the preceding Items or fall within other requirements stipulated in the Ministry of Finance Ordinance);
- (5) Trust companies (the trust companies set forth in Article 2, Paragraph 2 of the Trust Business Law (Law No. 154 of 2004, as amended));
- (6) Insurance companies (the insurance companies set forth in Article 2, Paragraph 2 of the Insurance Business Law (Law No. 105 of 1995, as amended)); and
- (7) Those stipulated by the Ministry of Finance Ordinance as those who are similar to each of the foregoing.

Article 20

Amendment to the Articles of Incorporation, Etc.

1. Resolutions for amendment to the Articles of Incorporation of the Corporation, disposition of surplus funds (other than disposition of losses) such as distribution, merger, corporate split, and dissolution shall not become effective without authorization of the Minister of Finance.

Article 22

Special Exemptions from Management of Fiscal Loan Funds

Notwithstanding the provisions of Article 10, Paragraph 1 of the Fiscal Loan Funds Law (Law 100 of 1951, as amended), the fiscal loan funds (which means the fiscal loan funds set forth in Article 2 of the Fiscal Loan Funds Law; hereinafter the same) may be appropriated for loans (hereinafter in Article 24 referred to simply as the “Loans”) to the Corporation when the Corporation borrows money for appropriation for expenses required for its operations set forth in Article 3, Paragraphs 1 and 2.

Article 23

1. Notwithstanding the provision of Article 10, Paragraph 1 of the Fiscal Loan Funds Law, the fiscal loan funds may be appropriated for the Corporate Debentures and the Development Bank of Japan Bonds (hereinafter in the following Paragraph, immediately following Article and Article 25, Paragraph 1 referred to as the “Debentures, Etc.”) to be issued by the Corporation to appropriate the resulting proceeds for expenses required for its operations set forth in Article 3, Paragraphs 1 and 2.

Article 25

Guarantee of Obligations

1. Notwithstanding the provision of Article 3 of the Law Concerning Restrictions on Fiscal Assistance by the Government to Corporations (Law No. 24 of 1946, as amended), the Government may enter into a guarantee agreement for the obligations relating to the Debentures, Etc., to the extent of the amount approved by the resolutions of the Diet.

Article 29

Competent Ministers

1. The competent minister under this Law shall be the Minister of Finance provided, however, that in the case that the Corporation obtains the approval referred to in Article 9, Paragraph 1, the competent ministers for the following matters shall be the Minister of Finance and the Prime Minister.

Supplementary Provisions

Article 2

Disposition of Government-Owned Shares

1. Pursuant to Article 6, Paragraph 2 of the Law Concerning Promotion of Administrative Reform for Realizing the Simple and Effective Government (Law No. 47 of 2006, as amended), the Government shall make efforts to reduce the number of shares held by it in the Corporation (hereinafter in the following Paragraph and the immediately following Article referred to as “Government-Owned Shares”), taking into account the market situation, and shall dispose all of them in approximately five to seven years from the date set forth in Item (3) of the preceding Article.
2. For a period from the effectuation of this law until the Government disposes of all of the Government-Owned Shares, the Government shall from time to time review matters, such as matters regarding the method in which the Government-Owned Shares should be disposed of and take the required measures based on the result of such review, so that the foundation of the Corporation’s investment and financing functions for long-term business funds will be maintained.

Article 3

Abolition of This Law and Other Measures

If the Government disposes of all of the Government-Owned Shares, the Government shall immediately take measures to abolish this law, as well as measures necessary to smoothly assign the business operations, functions, and rights and obligations of the Corporation to any organization to be formed as a bearer of the functions commensurate with the investment and financing functions held by the Corporation.

Article 4

Special Rules for Business Operations during the Preparatory Period

1. In order for the Corporation to smoothly start the business operations as soon as it is duly organized, The Development Bank of Japan (hereinafter referred to as “DBJ”) may borrow Long-term Loans, in addition to those set forth in Article 42, Paragraphs 1 and 2 of the Development Bank of Japan Law (Law No. 73 of 1999, as amended; hereinafter, except for Article 26 of the Supplementary Provisions, referred to as the “DBJ Law”), during the Preparatory Period (the period from the date on which this law comes into force up to September 30, 2008; the same in Paragraph 5).

Article 9

Capital Contribution

Upon the incorporation of the Corporation, DBJ shall contribute all of its properties, except assets to be assumed by Japan pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, to the Corporation.

Article 15

Dissolution of DBJ, Etc.

1. DBJ shall be dissolved at the time of establishment of the Corporation, whereupon any and all rights and obligations of DBJ shall be taken over by the Corporation, except for those assets to be assumed by the Government as set forth in the following Paragraph.
2. Of the rights actually held by DBJ at the time of establishment of the Corporation, the assets which will be considered no longer necessary for the Corporation to smoothly perform its future business operation shall be assumed by Japan at the time of establishment of the Corporation.

Article 16

Values of Properties Assumed

1. The values of assets and liabilities assumed by the Corporation from DBJ (in the immediately following Paragraph referred to as the “Assumed Properties”) shall be as evaluated by evaluation officers (*hyōka iin*).

Article 18

Competent Ministers

The competent ministers under Article 26, Paragraph 2 and Article 27, Paragraph 1 for management of assets to be assumed by the Corporation pursuant to Article 15, Paragraph 1 of the Supplementary Provisions (hereinafter in this Article referred to as the “Assumed Assets”) shall, notwithstanding the provisions of Article 29, Paragraph 1, be as follows:

- (1) For management of the Assumed Assets set forth in the Cabinet Order in the Hokkaido or the Tohoku Region (which means the areas of Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima and Niigata prefectures): Minister of Finance and Minister of Land, Infrastructure and Transport; and
- (2) For management of the Assumed Assets other than the Assumed Assets set forth in the preceding Item: Minister of Finance.

Article 66

Examinations

On or prior to the date set forth in Article 1, Item (3) of the Supplementary Provisions, the Government shall examine measures to secure the equal competitive conditions with other business entities, with respect to the systems for which the investment and financing functions of DBJ are utilized pursuant to the provisions of relevant laws (including ordinances under those laws), such as the Law Concerning Collaterals for Borrowings of Electricity Companies from The Development Bank of Japan (Law No. 145 of 1950, as amended), the Law Concerning the Securement of Oil Reserves, Etc. (Law No. 96 of 1975, as amended), the Law Concerning Promotion of Development and Promotion of Introduction of Alternative Energy to Oil (Law No. 71 of 1980, as amended), the Special Measures Law Concerning Promotion of Private Urban Development (Law No. 62 of 1987, as amended), the Extraordinary Measures Law Concerning Promotion of Business Activities for Rationalization of Usage of Energy and Effective Use of Resources (Law No. 18 of 1993, as amended) and the Law Concerning Facilitation of the Improvement, Etc. of Public Facilities, Etc. by Private Fund, Etc. (Law No. 117 of 1999, as amended), while considering the convenience of users of those systems, and take the required measures based on the results of such examination.

Article 67

Utilization of the Corporation’s Investment and Financing Functions for Long-term Business Funds

If the Government utilizes the Corporation’s investment and financing functions for long-term business funds on or after the date set forth in Article 1, Item (3) of the Supplementary Provisions, the Government shall take measures necessary to secure the equal competition conditions, as well as other measures necessary for utilization of such investment and financing functions, paying attention to the Corporation’s appropriate competitive relationships with other business entities.

This is an unofficial English translation. Only the original Japanese texts of the law have legal effect and prevail over this translation. This translation has been prepared solely for reference purposes. The reader of this translation should consult the original Japanese text for the purposes of interpreting and applying the law to any legal issues or disputes.