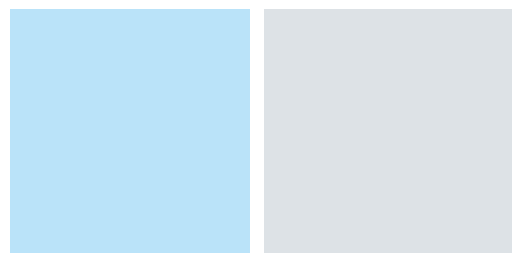


DBJ's Businesses

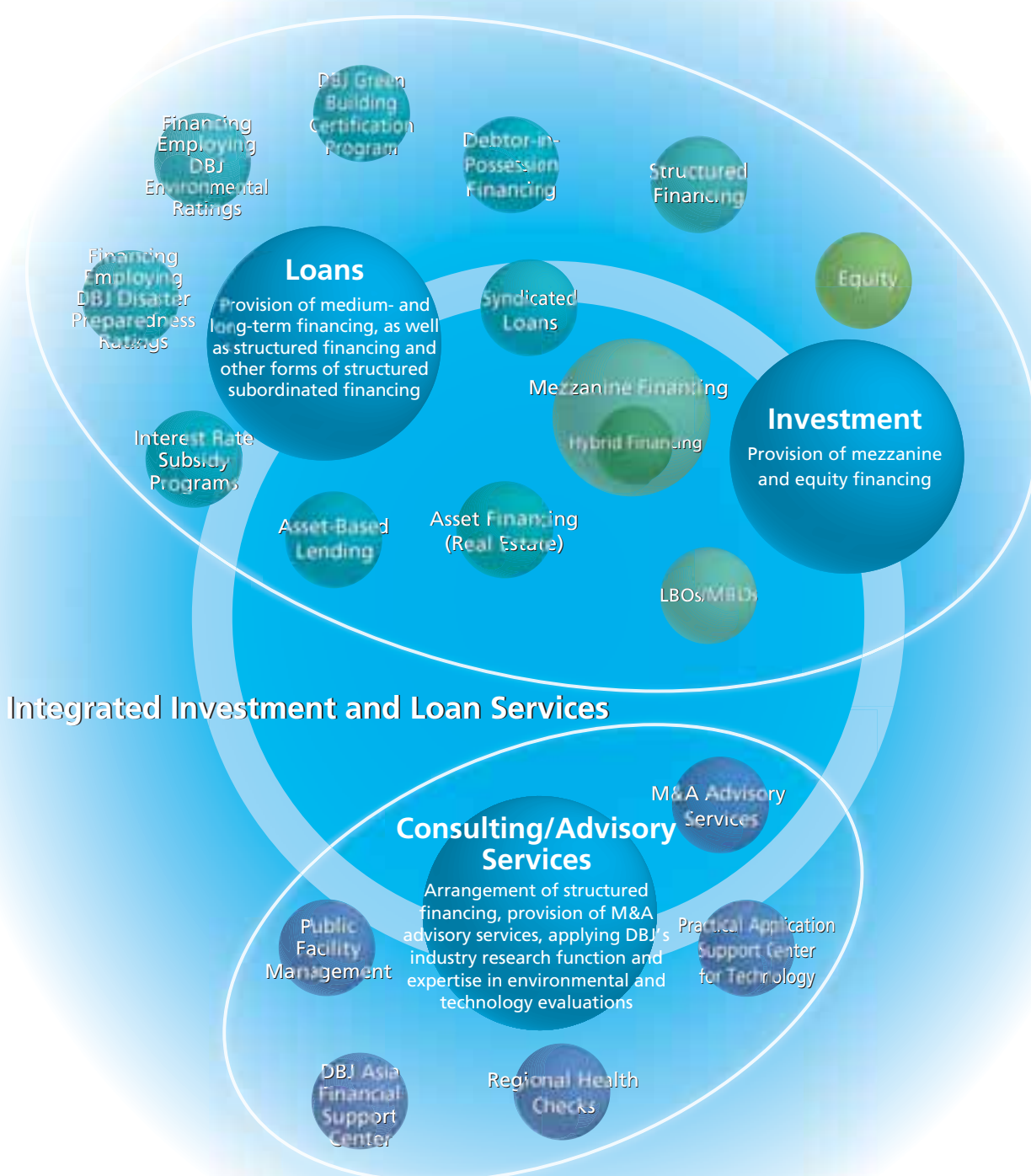
To resolve the various issues that society faces and become its clients' most supportive financial institution, DBJ supplies long-term funds, supports the formation of business and takes a host of other approaches to ensure that useful projects operate smoothly. We are committed to creating financial 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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DBJ provides seamlessly integrated investment and loan services. We assist clients with their financing needs by taking a position of neutrality and a long-term perspective that extends over all their activities, and by employing leading-edge financial methods.

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



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

Loans

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

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

Investment

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

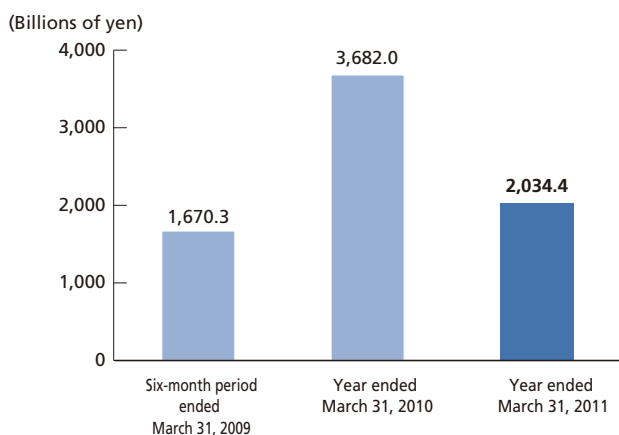
- We provide investment to assist businesses in terms of their revitalization, restructuring, growth strategies, international competitiveness and infrastructure operations. We provide such funding through mezzanine financing, as well as through equity and other funding.

Consulting/Advisory Services

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

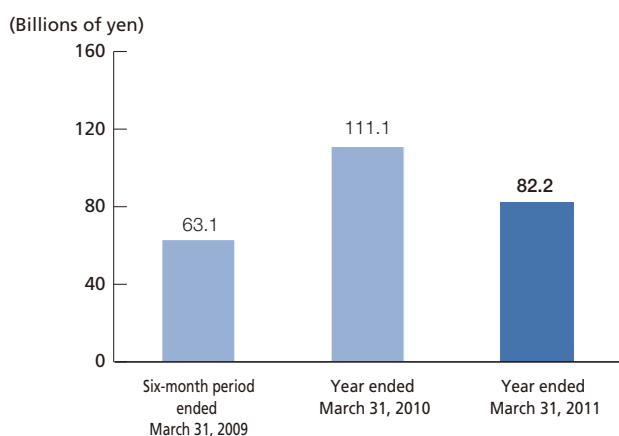
- Provides M&A advisory services
- Makes proposals that apply its expertise in industry research and ability to develop new financial technologies
- Arranges structured and other types of financing

● Loan Amounts Provided (Non-consolidated)



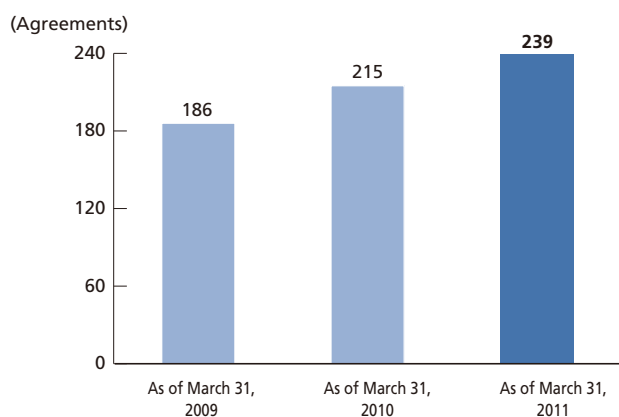
Note: Figures, including those for corporate bonds, are on a management accounting basis.

● 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.

● M&A Advisory and Consulting Agreements (Cumulative)



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, nonrecourse 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 74 through 93 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.

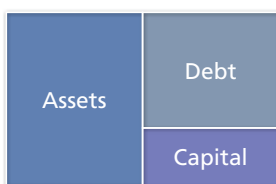
Types of mezzanine financing

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

● Case Studies: Mezzanine Financing

Case 1: Resolving an Undercapitalization Issue

Before capital expansion



After capital expansion

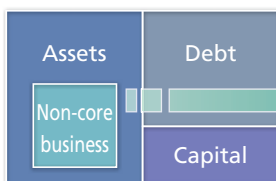


Objective

Conventional restructuring methods involve posting extraordinary losses, which is problematic for companies that are undercapitalized. This issue was resolved by raising capital through the issuance of preferred stock.

Case 2: Supplementary Method of Financing a Business Acquisition

Parent company



Recipient company



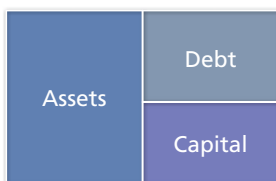
Acquisition of non-core business (MBO)

Objective

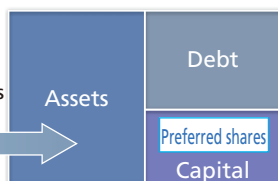
Provide supplementary financing to overcome a shortfall between the purchase price and the amount available through equity funding and loans

Case 3: Avoiding Dilution of Voting Rights during Business Succession

Former company (current company)



New company (recipient)



Business succession
Note: Successor acquires common stock

Objective

Prevent the dilution of successor's voting rights when financing is provided for 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 informa-

tion, 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." In addition to funding, this approach aims to achieve corporate growth strategies, (1) combining M&A strategies, (2) capital strategies and (3) overseas strategies. This initiative aims to support corporate value enhancement over the medium to long term.



▶▶ Structured Financing, Financial Technologies

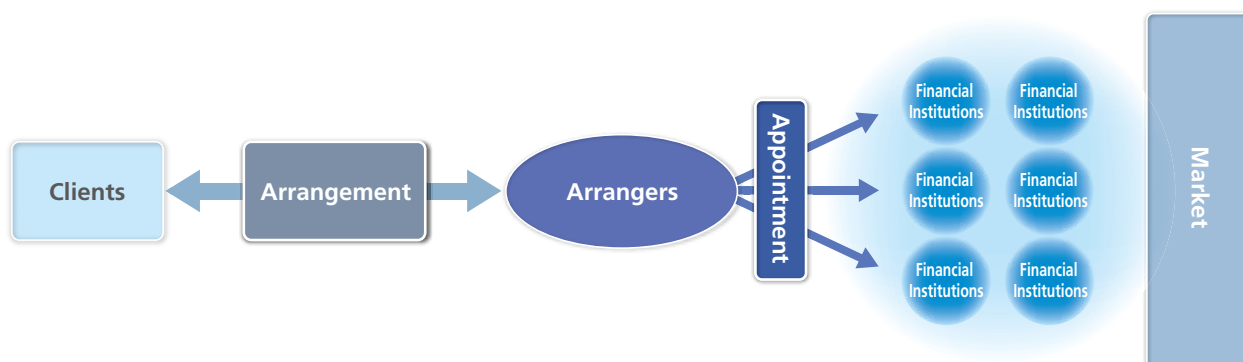
Syndicated Loans

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 insti-

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

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



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.

● Securitization

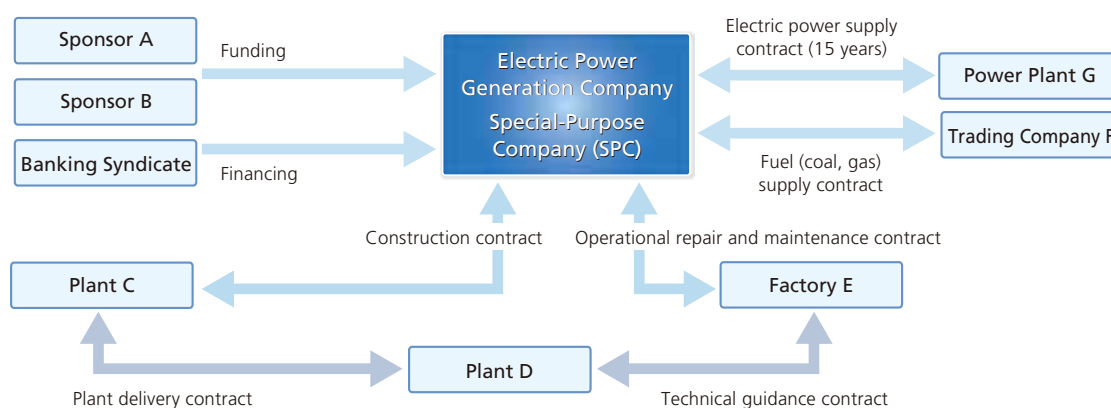
Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize 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

● Project Financing Example: Electric Power Generation Project



Asset Financing (Real Estate)

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

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

Liquidization Financing

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

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

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

Development Financing

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

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

DBJ's Distinguishing Features in Asset Financing

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

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.

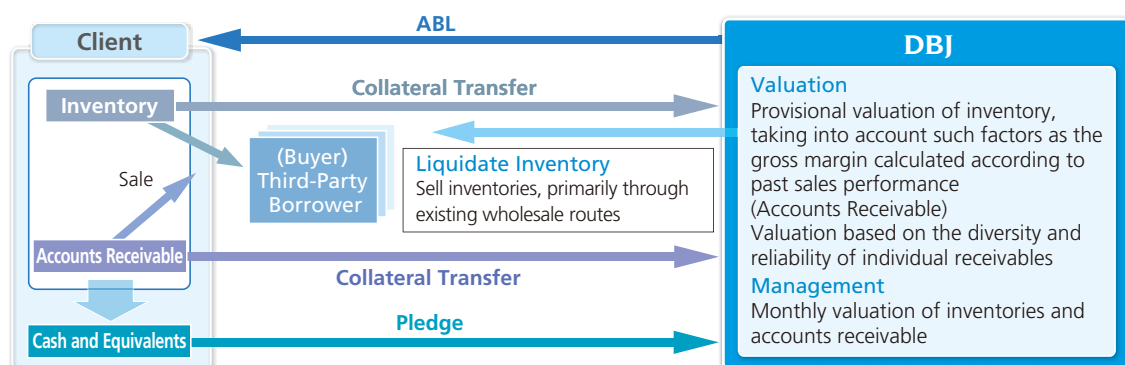
As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

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.

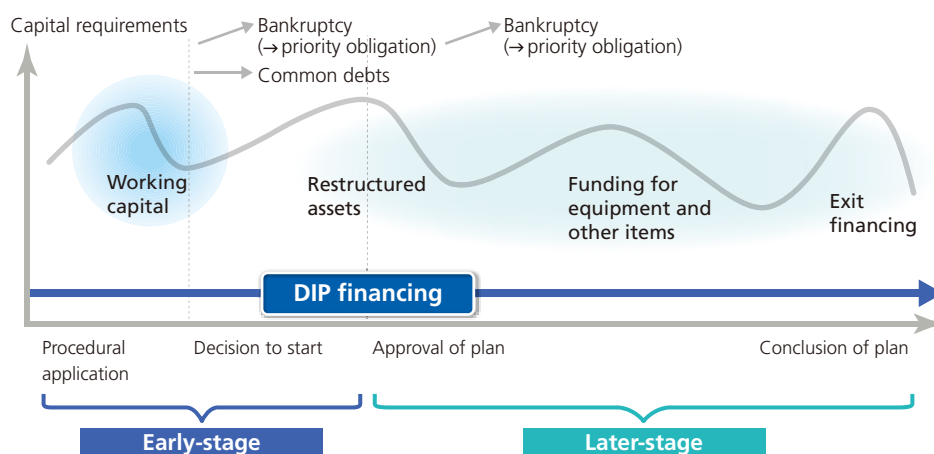


Debtor-in-Possession Financing

Nonperforming loans emerged as a major problem beleaguering the Japanese financial system in the late 1990s. Against this backdrop, DBJ has developed a host of tools to help underperforming companies sustain or develop profitable areas of operation. One method of which DBJ is a proponent is early debtor-in-possession (DIP) financing. This temporary financing method provides working capital that allows a company in bankruptcy to continue operations during the period between a request for the application of the Civil Rehabilitation 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

Financing Employing DBJ Environmental Ratings

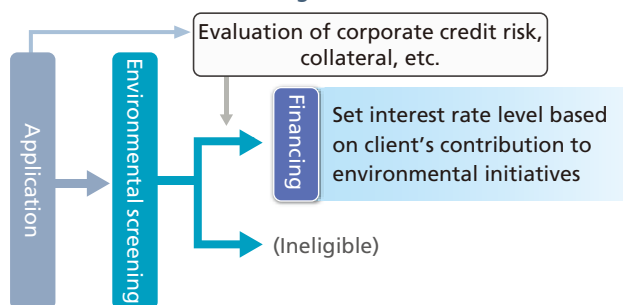
Beginning with the antipollution measures implemented in the late 1960s and early 1970s, DBJ has provided more than ¥3 trillion in investments and loans for environmental measures over the past 40 years.

In fiscal 2004, DBJ began Financing Employing DBJ Environmental Ratings 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 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.

Based on the experience gained from the Financing Employing DBJ Environmental Ratings that we introduced in fiscal 2010, we began offering a support service to develop evaluation tools for regional banks to use in performing their own environmental ratings. Through such initiatives, we aim to encourage the proliferation of and augment environmental financing in Japan.

● Overview of Financing Employing DBJ Environmental Ratings



Features

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

Financing Employing DBJ Disaster Preparedness Ratings

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

In fiscal 2006, we introduced Financing Employing DBJ

Disaster Preparedness Ratings, which evaluate and select companies engaged in high-level initiatives and provides them with preferential interest rate financing as a reward for their excellent disaster preparedness measures. 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. We will promote corporate earthquake-proofing initiatives through Financing Employing DBJ Preparedness Ratings.

● Major Revisions to Financing Employing DBJ Disaster Preparedness Ratings

	Before revision	After revision
Evaluation points	Disaster prevision (human safety, asset protection)	(Assuming countermeasures to hedge against disaster are in place) Continue core businesses/achieve early restoration
Scope of evaluation	Headquarters, factories and other facilities	The entire business flow, from upstream to downstream
Important evaluation points	<ul style="list-style-type: none"> • Countermeasures to hedge against disaster 	<ul style="list-style-type: none"> • Management system development • Content of BCP measures (extent, scope)
Levels	Three levels (including ineligible for rating)	Five levels (including special acknowledgement and fail)

Regional Areas' Genki Program

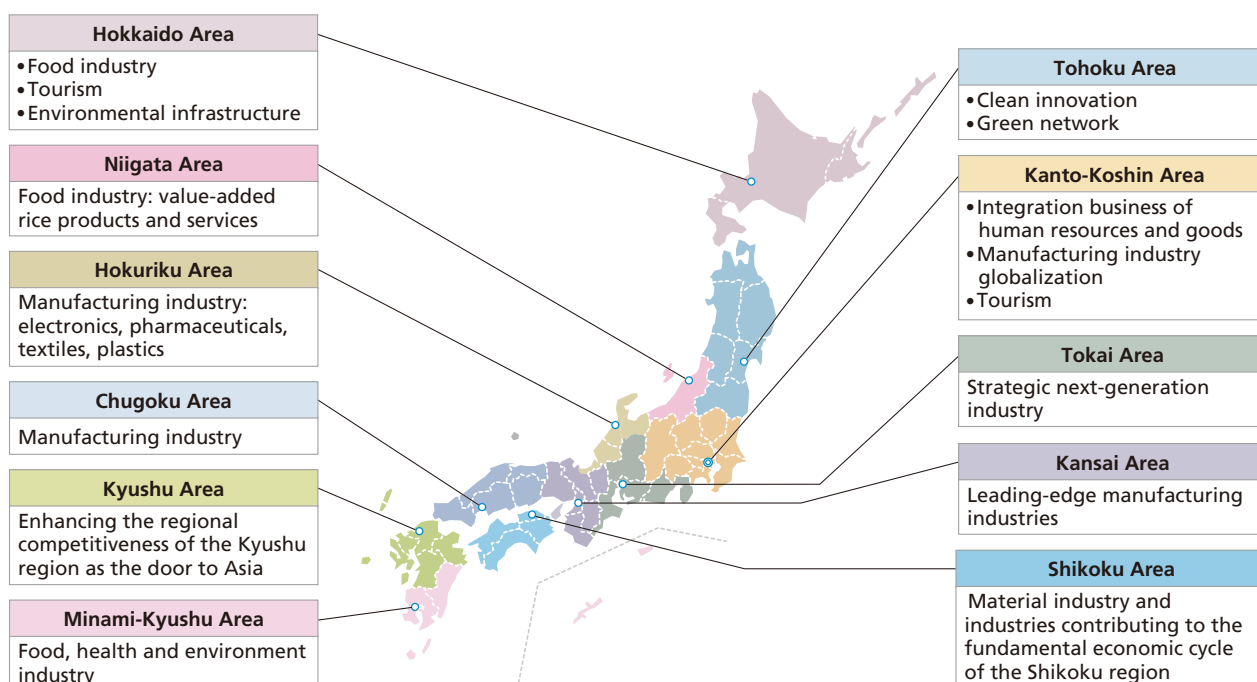
Currently, facing the challenges of population constraints, financial limitations, environmental restrictions and global competition, Japan's regions must coordinate with one another and implement diverse regional development schemes that capitalize on their respective strengths, competitive advantages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



DBJ Development Support Program (Nihon Genki Program)

To encourage the steady growth of the Japanese economy by providing stronger support from a funding standpoint, DBJ has secured total funding of ¥400 billion targeting five sectors: region and lifestyle, environment, manufacturing,

infrastructure (social infrastructure), and overseas business and restructuring (M&A, etc.). We are working with regional financial institutions as we reinforce our support structure to contribute to employment in these sectors.



DBJ Green Building Certification Program

Applying the expertise and networks accumulated over many years of real estate financing, Financing Employing DBJ Environmental Ratings and expertise in other environment-related areas, DBJ inaugurated the DBJ Green Building Certification program in fiscal 2011.

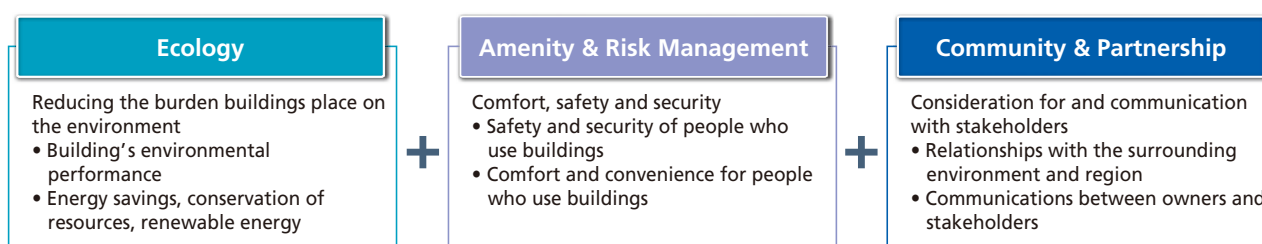
In addition to providing support through investments and loans to meet financial needs for real estate develop-

ment, refurbishment and other activity 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 operation among its clients and provides support from such aspects as PR, IR and CSR.

● Overview of the DBJ Green Building Certification Program

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.



►► 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 can be used by clients whose businesses are in line with the regional revitalization plans of regional municipal bodies certified by the 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 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.

- **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 DBJ environmental rating financing, 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 for the promotion of environmentally conscious fixed investment (interest rate 2% subsidy)**

These interest rate subsidies are for the promotion of fixed investment toward the prevention of global warming and target clients that are small and medium-sized companies involved in business promoting the reduction of energy-derived CO₂ emissions, that qualify for DBJ environmental rating financing, and that have pledged to improve unit CO₂ emissions or reduce overall CO₂ emissions by more than 6% within three 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 (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 55–61.

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 86 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.

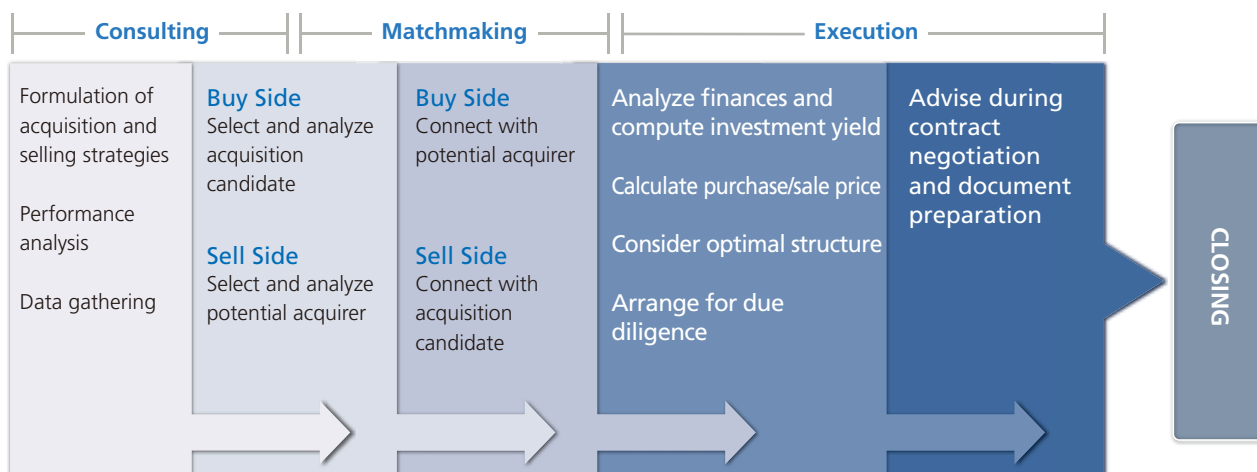
• Cohesive Domestic and Overseas Information Network

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



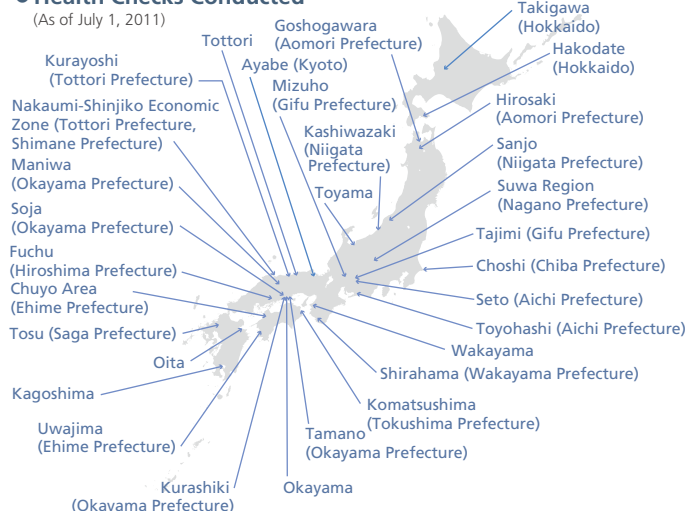
Regional Health Checks

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 32 such projects to date.

Health Checks Conducted

(As of July 1, 2011)



Public Facility Management

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

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

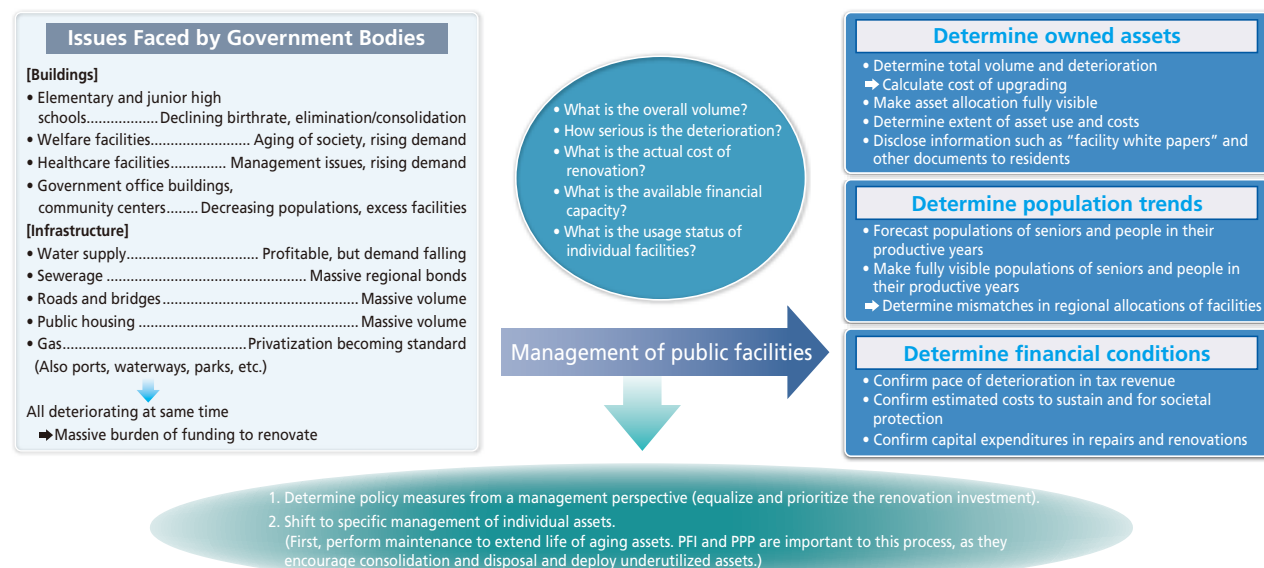
The first is that facilities that were built in a concentrated period during Japan's era of high economic growth are now deteriorating rapidly. Because many public facilities were built at around the same time, their deterioration is also simultaneous. The second issue is a mismatch between the population—which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

tion shrinks and the average age rises, government bodies will face major changes in the amount and types of public facilities 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 facilities that have deteriorated.

For this reason, government bodies must quickly embark on the management of public facilities 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 facility management advisory services are just one of the initiatives we offer.



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 investment information and current information, including industry trends. In addition, to meet the various information needs of companies 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 financial 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.

By opening this center, DBJ intends to reinforce its provision of information that will enable regional banks to enhance their efforts to help their business partners advance into Asia by procuring information from DBJ's propriety and other networks. For DBJ, meanwhile, the center will accelerate the support it provides local companies for their advances into Asia, thereby accelerating and diversifying its international business overall. By supporting regional banks and the Asian development activities of their business partners, DBJ will assist the internationalization of regional economies.

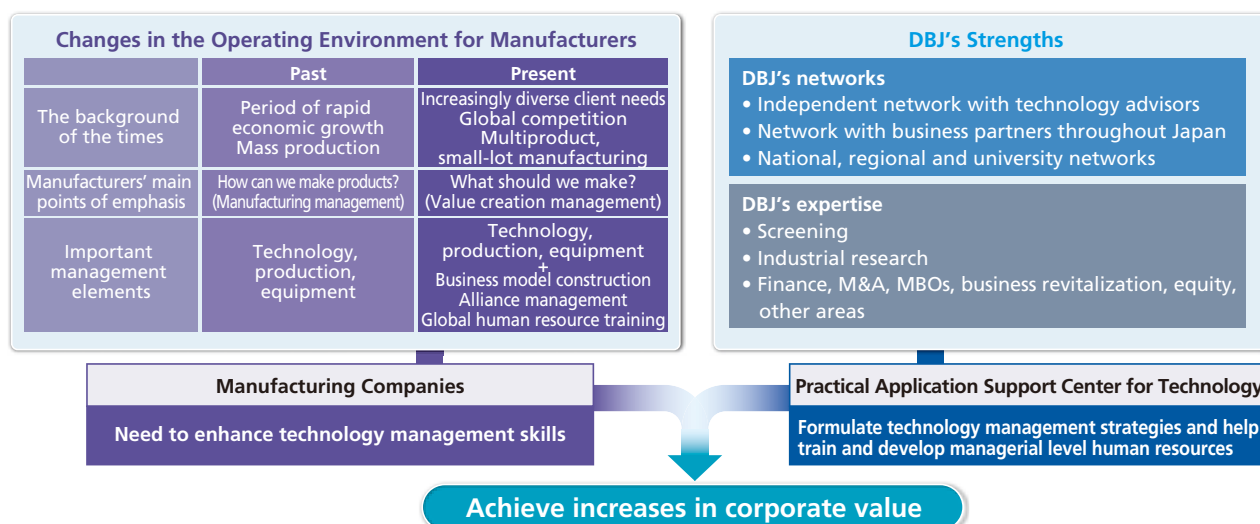
Practical Application Support Center for Technology

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 turn their technologies into customer value. Through evaluation, analysis and the proposal of 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. DBJ works with regional financial institutions, local government bodies, universities, economic organizations and industrial support bodies to aggressively promote the expertise offered by the Practical Application Support Center for

Technology, helping to raise regional industrial competitiveness.

For clients and other companies across a broad spectrum in the manufacturing sector, we study their future business models and consider technology management strategies to achieve "management that creates value." We provide additional evaluations based on our expertise in operational screening and, through consultation on financial strategies, help clients consider optimal long-term strategies and business plans.

From a neutral and specialized standpoint, DBJ serves as a 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.



Crisis Response Operations

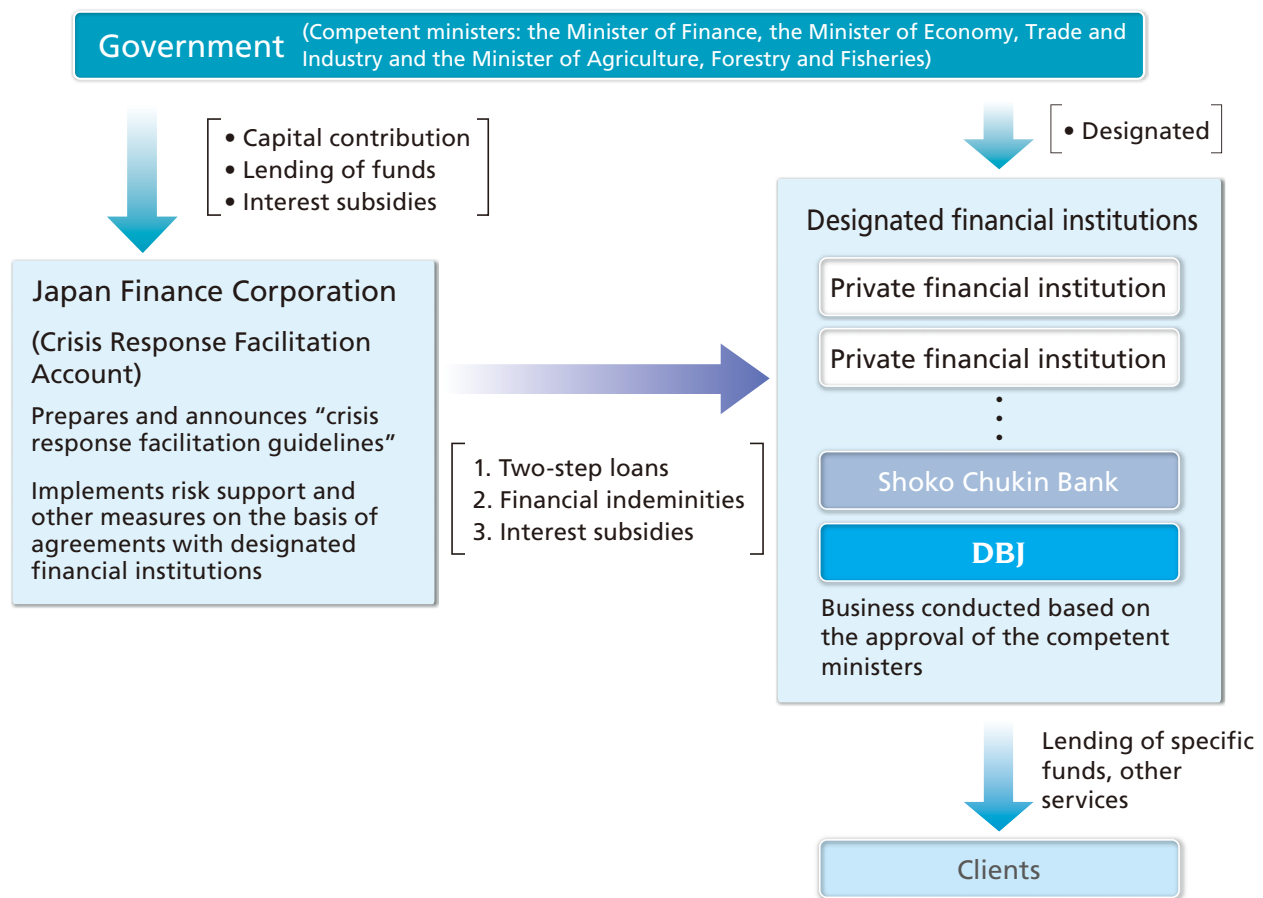
Crisis response operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, later updated) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. The Japan Finance Corporation (JFC) provides 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 58–61 for "DBJ's 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

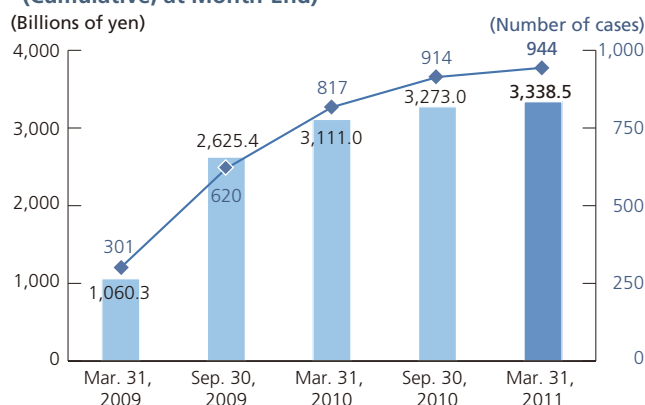
on June 26, and the Revision to the New DBJ Act went into force and was promulgated on July 3, 2009. These measures paved the way to reinforce DBJ's financial structure and facilitate crisis response operations.

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.)

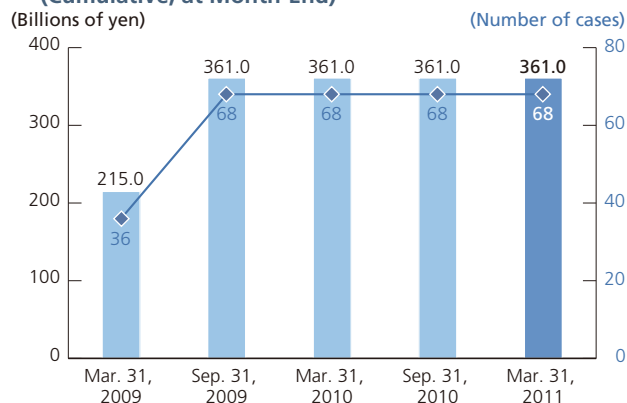
As of March 31, 2011, DBJ's loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Cumulative loans: ¥3,338.5 billion (944 cases)
- Cumulative loans executed with loss guarantee agreements: ¥236.3 billion (39 cases, including those slated for application to JFC)
- Cumulative commercial paper acquisitions: ¥361.0 billion (68 cases)

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



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



Providing a Safety Net

DBJ acts as a social safety net by providing investments and loans to support the rehabilitation and rebuilding of areas affected by earthquakes, typhoons or other large-scale natural disasters, the outbreak of severe acute respiratory syndrome (SARS), bovine spongiform encephalopathy (BSE)

and other illnesses, as well as terrorist attacks and other emergency situations that cause widespread anxiety about the financial system. In this way, we act as an emergency response unit to fill the gap that emerges when peacetime financial platforms fail to function.

Disaster Recovery

Societal Concerns

Required responses to 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
1997 Financial climate response (credit crunch)
2000 Reconstruction following Mt. Usu eruption
Restoration support following torrential rains in the Tokai Region
2001 Terrorist attacks on the United States
SARS countermeasures, BSE countermeasures
2004 Reconstruction following the Chuetsu Offshore Earthquake
2005 Reconstruction following the Fukuoka Prefecture Western Offshore Earthquakes

2006 Asbestos countermeasures
Response to major rise in crude oil prices
2007 Reconstruction following the Noto Peninsula Earthquake
Reconstruction following the Mid Niigata Prefecture Earthquake
2008 Reconstruction following the Iwate-Miyagi Nairiku Earthquake
Financial crisis response
2010 Yen appreciation and other countermeasures
2011 Reconstruction following the Great East Japan Earthquake

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

In addition to damage to power generation facilities as a result of the Great East Japan Earthquake, as problems at the Fukushima Daiichi Nuclear Power Plant grew more severe, startups were delayed at nuclear power plants that had been shut for periodic maintenance, and operations were halted at the Hamaoka Nuclear Power Plant. Such developments seriously limited electric power supplies. DBJ introduced the following initiatives in relation to the electrical power supply problem.

Tohoku Electric Power: Taking into consideration the extensive damage it sustained, in March 2011 promptly after the disaster struck we extended loans to Tohoku Electric Power that should meet its immediate funding needs, thereby supporting the company's efforts to supply power to the Tohoku region.

The Tokyo Electric Power Company: To support the company's restoration following the disaster, in April 2011 we extended loans to help cover its fixed investment, as well as fuel expenses and other long-term working capital. We worked with private financial institutions on initiatives to ensure that the supply of electric power to the Tokyo metropolitan area would not be disrupted.

Chubu Electric Power: Anticipating that fuel costs would rise following the complete halt of operations at the Hamaoka Nuclear Power Plant, in June 2011 we extended loans to support Chubu Electric Power's fund-raising efforts. At the same time, private financial institutions extended loans.

Given the public nature of the electric power business, in the future we will continue to support fund-raising efforts in order to ensure a stable supply of electric power.

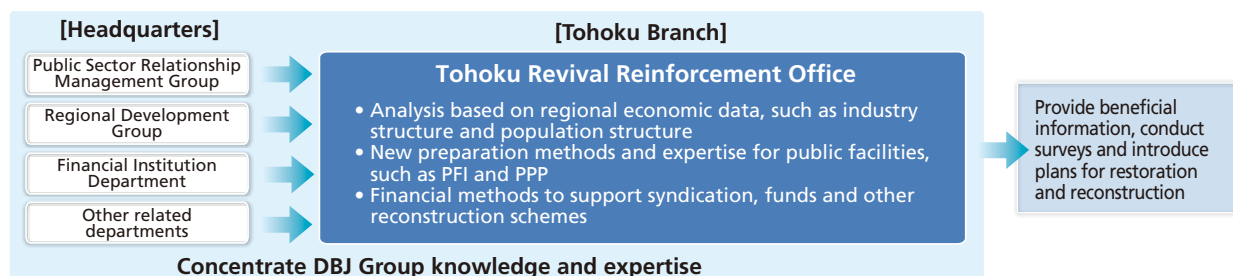
Tohoku Revival Reinforcement Office

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.

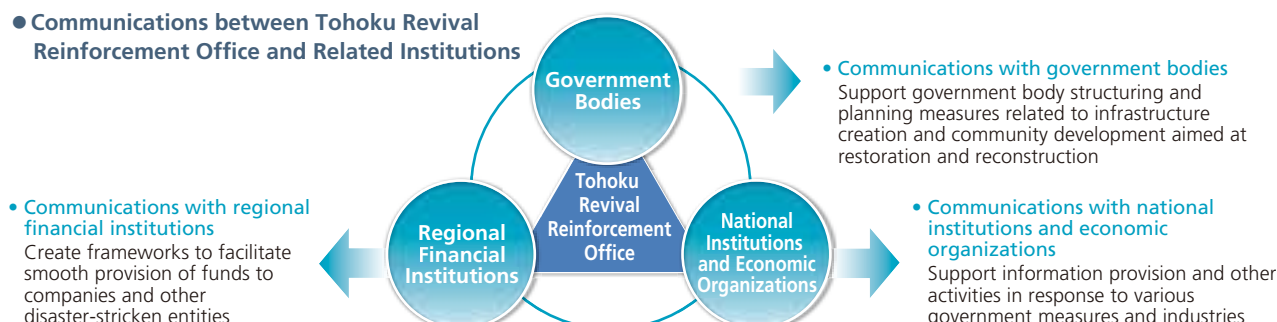
The Tohoku Revival Reinforcement Office has a structure that spans all departments and branches, comprising the

Public Sector Relationship Management Group, Regional Development Group and Financial Institution Department. The office provides beneficial information related to restoration and reconstruction and communicate with government bodies, national institutions, economic organizations and regional financial and other institutions to conduct surveys and introduce plans.

● M&A Advisory Services



● Communications between Tohoku Revival Reinforcement Office and Related Institutions

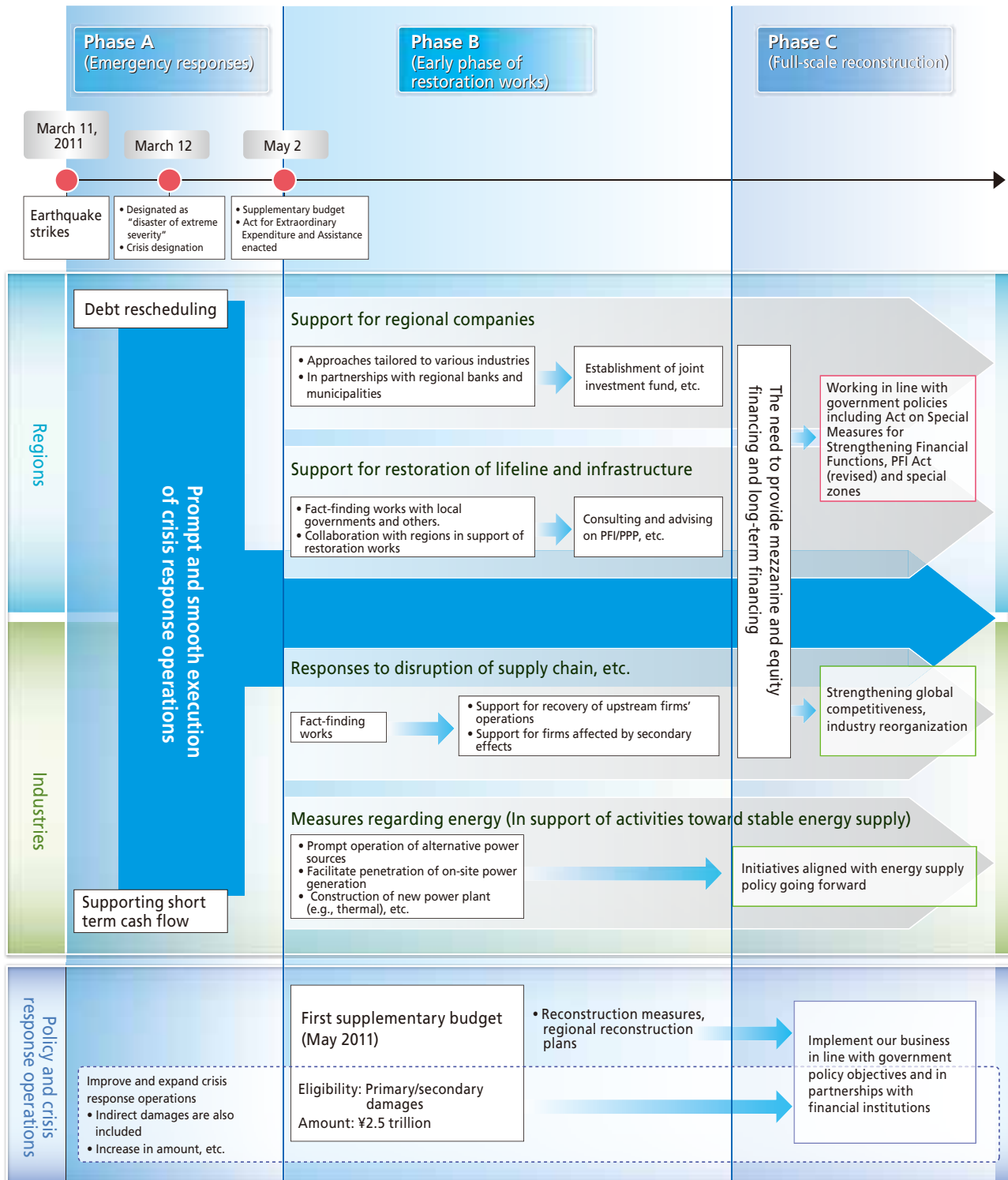


Restoration and Reconstruction Issues and Responses

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.

● Challenges and Responses to Restoration and Reconstruction



Supply Chain Support Fund

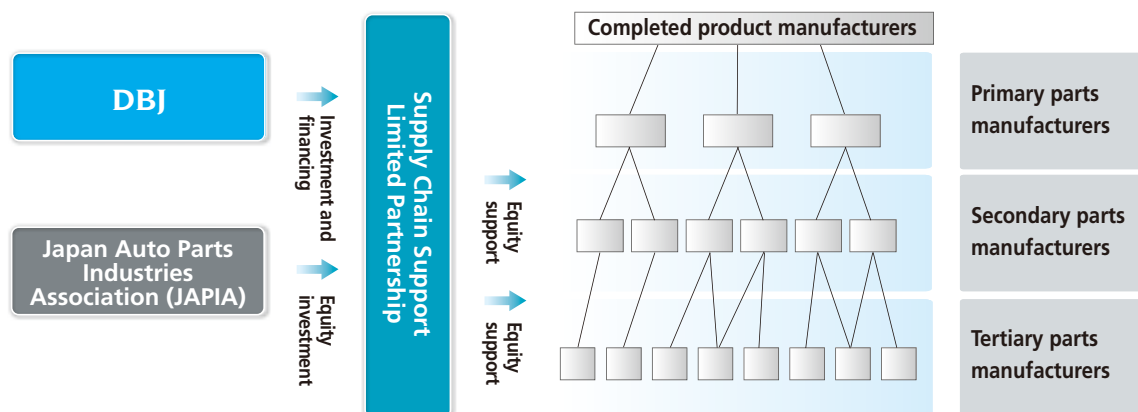
In June 2011, DBJ joined the Japan Auto Parts Industries Association (JAPIA) to form the Supply Chain Support Limited Partnership. The partnership was formed to support the reconstruction of automotive supply chains (parts procurement networks) that were affected by the Great East Japan Earthquake.

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



Financing Employing DBJ Disaster Preparedness Ratings

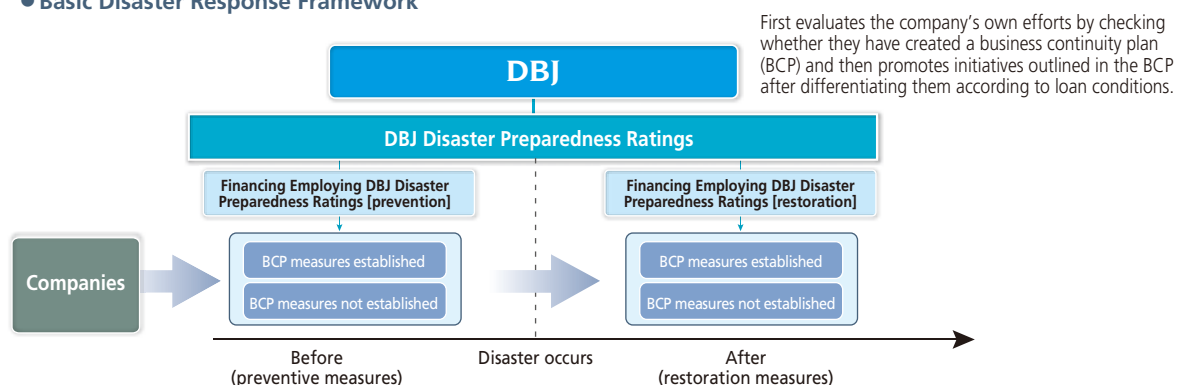
Based on its experience to date with Financing Employing DBJ Disaster Preparedness Ratings and the experience of the Great East Japan Earthquake, DBJ has introduced major revisions to its ratings.

Formerly, evaluations of disaster ratings were based on the content of self-assessment checklists following the Corporate Initiatives for Disaster Preparedness announced by the Cabinet Office of Japan. We augmented these categories by emphasizing rapid restoration from the perspective of business continuity in the face of disaster, thereby revising the content of our structure for evaluating corporate initiatives.

We reflect five levels of evaluation results in financing by creating three levels of interest rate incentives. As a result, the evaluations can be used to respond to companies' disaster preparedness funding needs for preventive measures (before) and restoration measures (after) a disaster occurs.

Specifically, we have developed a menu assuming two types of financing: (1) Financing Employing DBJ Disaster Preparedness Ratings [prevention] (loans to companies for fixed investment in disaster prevention during normal times) and (2) Financing Employing DBJ Disaster Preparedness Ratings [restoration] (loans to companies for fixed investment for emergency relief following a disaster, to achieve full-fledged restoration).

● Basic Disaster Response Framework



Providing Information

Effective Policies for a "5+1" Massive Complex Disaster

The Great East Japan Earthquake was not simply a (1) seismic event. Rather, it was a massive complex disaster that also involved (2) water damage (tsunami), (3) a nuclear accident, (4) unseen fears (reputational damage), (5) electric power supply damage and (6) large-scale supply chain interruption. World experience with components (1) through (5) give us a body of effective policy experience from which to draw, but item (6), large-scale supply chain interruption, is beyond the scope of global experience, so we had to study the situation and formulate policies after careful consideration. Here we outline what DBJ believes are effective policies for dealing with this massive "5+1" massive complex disaster.

Estimated Damage to Capital Stock Resulting from the Great East Japan Earthquake

In April 2011, soon after the Great East Japan Earthquake struck, we issued a report estimating damage by region (segmented by the hardest-hit prefectures—Iwate, Miyagi, Fukushima and Ibaraki—and by damage inland and on the coast). In this report, we estimate the damage at ¥16.4 trillion. The damage was substantially worse on the coast than in inland regions, indicating that the tsunami was a major cause. Social capital stock, including ports, roads and bridges, and even some hospitals and schools suffered major damage. Significant damage to private-sector capital stock included oil refineries and every type of factory—steel, cement, food products and paper and pulp among them. Because of the huge scale of this disaster, the state of damage differed significantly by economic structure and region. We consider future reconstruction plans, therefore, rather than plans that are uniform across the board. For example, we believe it is important to consider the situation carefully by region, such as in the coastal region north of the city of Ishinomaki, the plains south of the city of Higashi Matsushima and the coastal and inland areas of Fukushima Prefecture.

In May, we estimated the damage, conducted local sur-

veys and other activities that we summarized in the "Status of Damage from the Great East Japan Earthquake and Reconstruction Issues—An Analysis by Field and Region." This material examines the state of damage by area in six categories—lifestyle/social infrastructure, housing, medical/welfare, manufacturing, non-manufacturing and agriculture/forestry/fisheries—serving as a key document for ordering the approach to reconstruction-related issues.

Compilation of Recommendations for Reconstruction in the Aftermath of the Great East Japan Earthquake

DBJ has compiled a set of urgent recommendations for reconstruction in the aftermath of the Great East Japan Earthquake (see page 63).

This compilation describes the damage that the Great East Japan Earthquake inflicted on regions directly, but also covers the overall Japanese economy, industry, finance, society and the lives of the country's citizens, looking deeply at the challenges and difficulties of the situation from numerous angles. We involved outside experts in the Research Institute of Capital Formation's network, asking these people who are involved in research on a daily basis to provide suggestions and opinions from an independent perspective, which we integrated with viewpoints of DBJ researchers. The topics raised in this compilation are wide-ranging, many themes are controversial, and in some cases the suggested approaches differ. This reflects the academic and liberal traditions that the Research Institute of Capital Information has upheld since its establishment, and in general the discussions arising from different viewpoints are included as is.

The compilation reflects communications between industry–government–academia and government bodies in the stricken regions, and strives to uphold the views of the people affected by the disaster and the people of Japan as a whole. We hope that this compilation, which includes considerations from numerous angles, will be of assistance in initiatives targeting reconstruction of the affected region, as well as the socioeconomic rebuilding of Japan.

Study Group on Regional Reconstruction

To encourage the "creative reconstruction" of the Tohoku region and throughout the afflicted area, which was stricken by the Great East Japan Earthquake, DBJ established the Study Group on Regional Reconstruction (chaired by Takashi Onishi, Professor, the University of Tokyo), 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 Japanese economy, industry

and society.

To foster "creative reconstruction" in the Tohoku region and throughout the afflicted area, the group is expected to consider specific measures, including 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 plans to convene approximately six more times before March 2012. In addition to Tokyo, the group expects to hold meetings in Sendai and other locations in the Tohoku region.

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.

"Power Generation in the United States Using Renewable Energy—Political, Technological and Finance Trends, and Suggestions for Japan"

(*Surveys*, No. 102, June 2011)

In Japan, solar power and other renewable energy is being introduced to reduce carbon emissions from electrical power generation systems and to bolster the country's industrial competitiveness. The Great East Japan Earthquake has prompted a renewal of interest in generation using renewable energy. The United States is the most prominent generator of power using renewable energy (with the exception of hydro power) in terms of output. Federal government tax incentives, as well as financing and other schemes that take advantage of such incentives, have contributed to the introduction and expansion of generation using renewable energy. This report touches on trends in generation using renewable energy in the United States, and considers these in relation to Japan's policies and industry value chain.



"Recent Trends in the U.S. Green Building Market and Suggestions for the Japanese Market"

(*DBJ Monthly Overview*, No. 153, November 2010)

The scale of the U.S. green building market had expanded to a value of \$49.0 billion by 2009, and the market appears likely to continue growing. Based on the concept of "environmental consciousness," the green building market generates a value chain that spans a range of considerations, from architectural design to equipment, construction materials, construction and maintenance/management. This report explains recent trends in the U.S. green building market and describes in easy-to-understand terms what will be needed in the Japanese market and what policy directions are required.



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 Financing Employing DBJ Environmental Ratings. 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.



"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.



Corporate Governance and Corporate Finance: An Informational and Institutional Approach

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

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

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



Capital Investment Planning Survey

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

Survey Example

"Report on June 2010 Survey of Capital Investment Plans for Years to March 31, 2010, 2011 and 2012,"

(Surveys, No. 101, September 2010)

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 Financing Employing DBJ Environmental Ratings, which are used to determine preferential financing for environment-friendly projects and are used by many companies.

Disaster Response

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

Technology

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

Providing Information to Local Communities

Supplying Information to Help Local Community Development

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



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 53.)

Fiscal 2011 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, Yuji Nemoto, Professor, Faculty of Economics, Toyo University, and members of such offices as the Cabinet Office of Japan's PFI Promotion Office contributed a special section entitled "A New Public Consciousness and PPP."



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



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

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

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



Branch Reports

Hokkaido Branch

"Toward Higher Value Added 'Food' in Hokkaido—From the Perspective of 'Unfinished' Initiatives Required in Food Cluster Activities" (Mini Report, October 2010)

Hokkaido is blessed with an abundance of food resources but is not known for its processing and other initiatives that might add greater value to its agricultural and fisheries products. This report summarizes expectations of an important growth strategy for the prefecture, "food cluster activities," the building of a



"comprehensive food industry of the sort only possible in Hokkaido" through the creation of high-value-added products and logistics. This report examines "food cluster activities" from various perspectives and makes suggestions on the promoting them in Hokkaido.

Tohoku Branch

"Tohoku Companies' Activities in New Growth Fields—Their Initiatives and Challenges" (Survey Report, September 2010)

Based on the Survey of Capital Investment Plans and the Corporate Behavior Awareness Survey conducted in June 2010, this report summarizes the status of initiatives and issues faced by companies (large companies capitalized

at ¥1.0 billion or more with headquarters in the Tohoku region) in new growth fields, such as electric vehicles, solar power generation, the smart grid, healthcare and welfare, and emerging market demand. The report relies mainly on graphs and is presented in an easy-to-visualize, compact format.



Niigata Branch

"Niigata Prefecture and Information Strategies, 1st Installment" (Region Report, June 2011)

Known throughout Japan as a staple food producing area that tops the nation in rice production, the Niigata region lags in efforts to leverage the information tools of an industrial modern-day society. This report considers Niigata Prefecture's information-related status and the issues it faces. In addition to furthering its promotion of strategies to add value to food, which the Niigata Branch supports, this report looks at Niigata Prefecture's information strategies and considers how to promote initiatives to fulfill them.



Hokuriku Branch

"Overview of the Toyama Economy" (Irregular Update)

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



Tokai Branch

"Biotechnology in Our Lives—Safe and Secure Biotechnology," a Symposium Held in Collaboration with Nagoya City University (Public symposium, December 2010)

The 21st century has been heralded as the "age of biotechnology," and biotechnology has become an essential part of our everyday lives, from lifestyle products and food to healthcare, the environment and energy. Working together to contribute to regional society, DBJ and Nagoya City

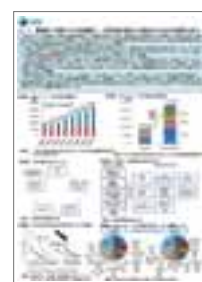
University concluded a collaboration agreement in April 2006. This public symposium, themed "Biotechnology in Our Lives—Safe and Secure Biotechnology," looked at the role that biotechnology plays in the everyday lives of citizens. It sought to deepen participants' understanding of our inextricable bond with biotechnology and encourage an awareness of how biotechnology contributes to our prosperity.



Kansai Branch

"Western Japan Driving Japan's Leadership in LEDs" (Region Report, July 2011)

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



This report analyzes recent industry trends and the strengths of Japan's LED companies, particularly in the Western Japan/Kansai region where they are concentrated. The report also considers initiatives that companies, universities and government institutions should pursue to expand the applications for LEDs and create added value to boost international competitiveness and invigorate regional industry.

The report also touches on the potential for taking further advantage of LEDs, given an enhanced awareness of energy savings in the aftermath of the Great East Japan Earthquake.

Chugoku Branch

"Survey on Initiatives and Measures Involving Collaboration between the Government and Private Sector to Maintain and Improve Public Services, the Weakening of Which Is a Concern in the Chusankan Region" (Survey Report, March 2011)

The Chugoku region contains a large percentage of mountain dwellers. Revitalizing this area is important and essential to the development of the Chugoku region, and its revitalization requires efforts to stem the outflow of the population from this mountainous region by promoting U/I turns*. However, some evidence suggests that the "Heisei merger" trend toward consolidation has resulted in a decline in the public services that serve as crucial infrastructure for residences. Based on surveys of the situation, this report summarizes case studies and suggestions for maintaining public services and encouraging new public service providers.

* A growing number of people are leaving the cities in search of a better life in the country. The mini migration, which has gathered force over the past few years, has been named "I-turn" to contrast with an earlier phenomenon called "U-turn." The difference is that the current flow does not represent a backtrack to hometowns, as was the case with the U-turn, but a single-directional push out of urban areas.



Shikoku Branch

Seminar on "Exploring New Trends in Manufacturing: The Possibilities of Electric Vehicles, Lithium-Ion Batteries and Solar Cells" (Seminar, December 2010)

This seminar, designed as part of an effort to disseminate information within the Shikoku region, was held as a lecture offered by DBJ analysts in this field. The seminar consisted of two parts, the first focusing on "The Emergence of Electric Vehicles Offering the Potential to Alter the Value Chain." The lecture covered the industry of electric vehicles, which are heralded as next-generation eco-cars, and covered changes in the value chain forecast for the materials, components and service industries. The second part concentrated on "Battery Cluster Development from Kansai to Chugoku/Shikoku." This part of the seminar looked at how the concentration of industry involved in lithium-ion batteries and photovoltaic cells is expanding from Kansai to the Chushikoku and Tokai regions, and considers future developments.



Kyushu Branch

"The City of Fukuoka's Population, Seen through a Comparison of the Population of Young Men and Women—Population Structure and Issues in the City of Fukuoka, Seen through the Percentage of Unmarried People" (Survey Report, February 2011)

The city of Fukuoka is working to boost its urban attrac-

tiveness through the vigor of its tertiary industry, particularly in service industries that tend to be a draw for young women. Such initiatives include the opening of the Kyushu Shinkansen Kagoshima Route trunk line and JR HAKATA CITY, the largest station building in Japan. Through these moves, the city seeks to address one point of concern, namely, the skewed male/female ratio among its youth population.

This report compares the ratio of men to women and the percentage of unmarried people against other cities. The report then surveys some of the upcoming issues the city faces, given its population balance.



Minami-Kyushu Branch

"Kagoshima Metropolitan Area: Regional Health Check" (Mini Report, January 2010)

We conducted a Regional Health Check of the Kagoshima metropolitan area to determine the region's issues and potential. After analyzing the area's population dynamics and comparing the age composition of the Kagoshima metropolitan area's working population against national and Fukuoka metropolitan area figures, the report explores issues the metropolitan area faces—structural issues in a society marked by a shrinking population—and strategies for leveraging the opening of the Kyushu Shinkansen Kagoshima Route trunk line to promote tourism and attract customers, and offers recommendations for improving the region's retention of its youth and uncovering its potential as a lifestyle, business and tourism hub.



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.

