

DBJ's Businesses



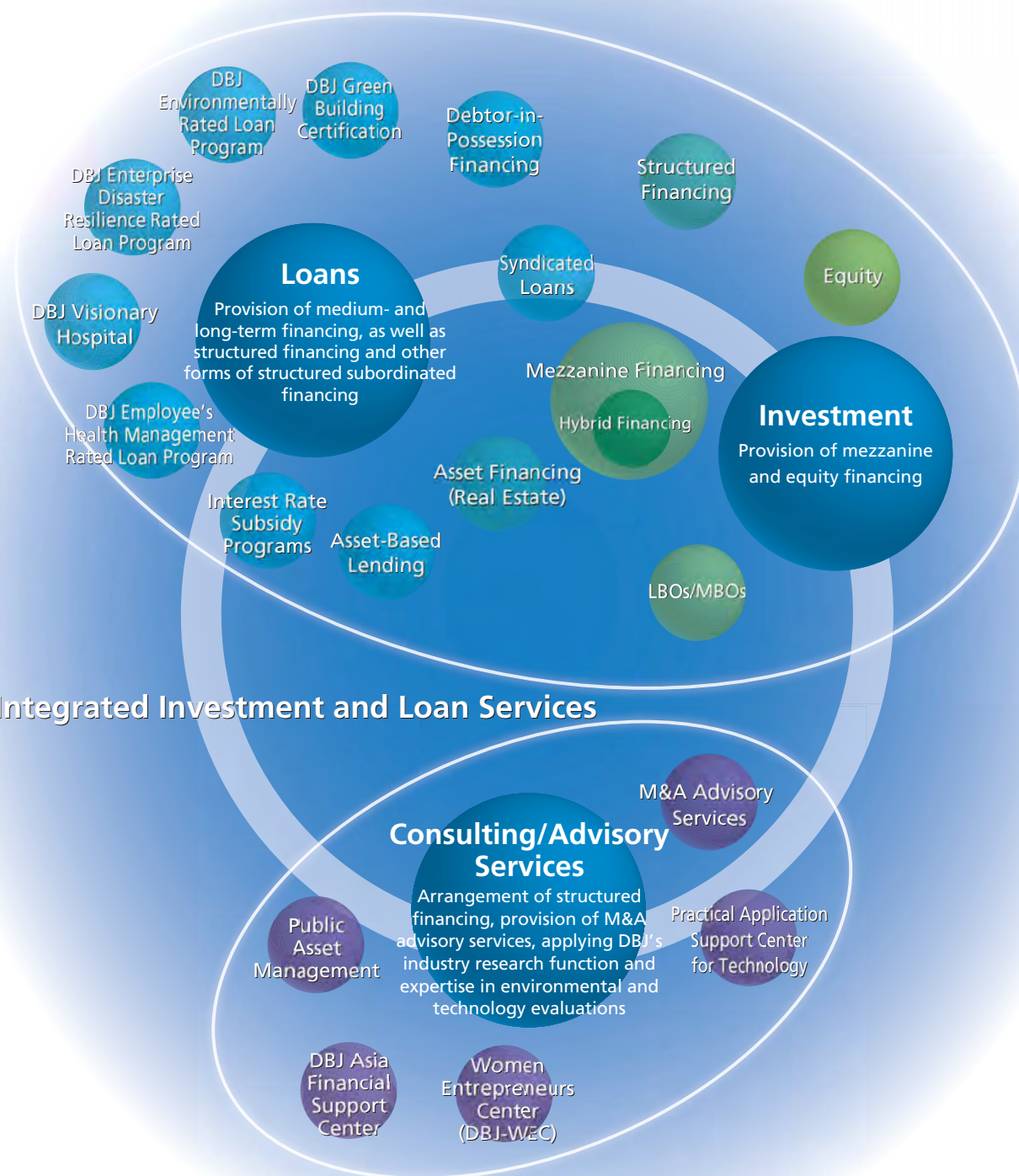
To resolve the various issues that society faces and become its clients' most supportive financial institution, DBJ supplies long-term funds, supports the formation of business and takes a host of other approaches to ensure that useful projects operate smoothly. We are committed to creating financial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

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Integrated Investment and Loan Services

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

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



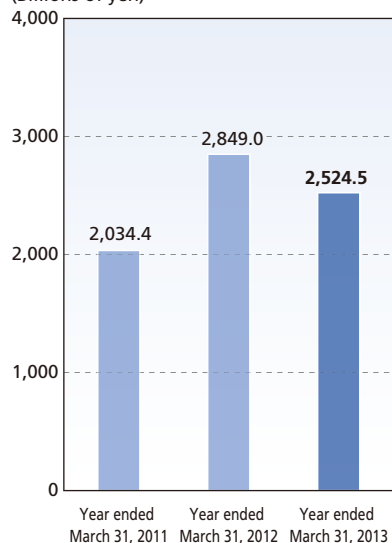
Note: DBJ-designated analysis is required for investment and loan services.

Loans

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

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

● Loan Amounts Provided (Non-consolidated) (Billions of yen)



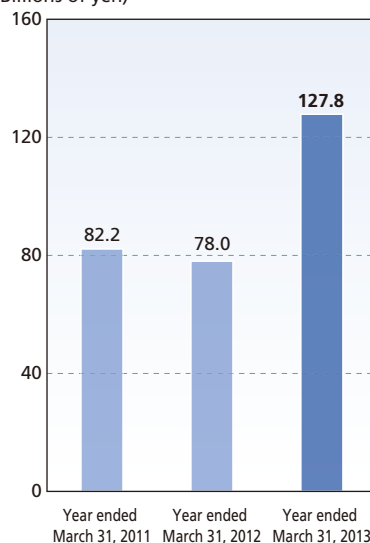
Note: Figures, including those for corporate bonds, are on a management accounting basis.

Investment

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

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

● Investment Amount Provided (Non-consolidated) (Billions of yen)



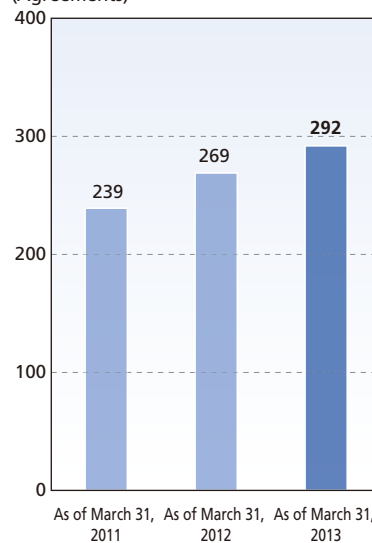
Note: Figures, including those for securities, money held in trust and other assets (funds), are on a management accounting basis.

Consulting/ Advisory Services

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

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

● M&A Advisory and Consulting Agreements (Cumulative) (Agreements)



Investments and Loans

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

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

The case study section on pages 68 through 89 introduces DBJ’s “CSR through Investment, Loan and Other Businesses.”

Loan Procedures

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

Financing terms are discussed after DBJ has conducted

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

Financing Conditions

- **Loan Amounts**

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

- **Loan Terms**

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

- **Interest Rates**

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

- **Collateral/Guarantees**

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

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

Medium- to Long-Term Loans

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

of the business that requires funding, and then proposes a medium- to long-term repayment plan. As part of our effort to meet varied needs, a grace period may be implemented.

We provide a broad range of information to our clients.

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

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

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

Mezzanine Financing

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

Although mezzanine financing is riskier because its payment is subordinated to senior loans, it plays an important role in markets such as the United States, which have a broad range of investors with diverse investment appetites. Mezzanine financing helps to secure the economics of the investment by setting adequate interest rate and dividend levels to correspond to the intermediate risk. Depending on clients' financing plans and capital policies, flexible mezzanine financing can be set. In recent years, demand for mezzanine financing has grown in association with business acquisitions, spinoffs of subsidiaries and business units, business succession and listed companies that are delisting.

Mezzanine financing has the benefit of providing risk capital that may be difficult to obtain through senior loans. Such financing also prevents dilution of the voting rights of existing shareholders. Redemption and exit methods can be set to be flexible.

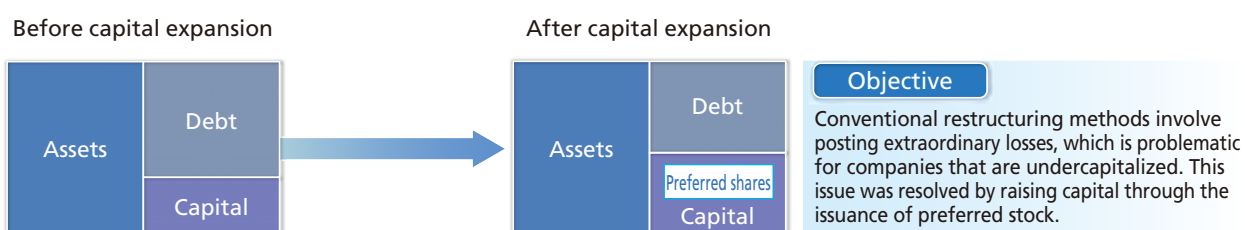
From a long-term perspective, DBJ helps clients resolve their balance sheets issues through total financing solutions that range from structuring and arrangement to providing risk capital.

Types of mezzanine financing

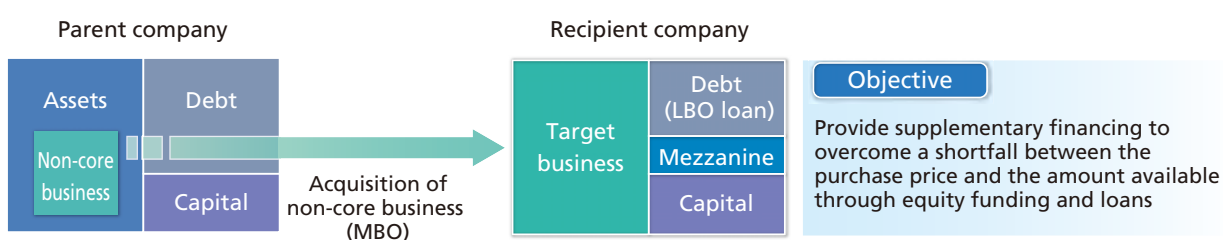
- Subordinated loans, subordinate bonds
- Preferred shares, classified shares
- Hybrid securities, hybrid loans, etc.

● Case Studies: Mezzanine Financing

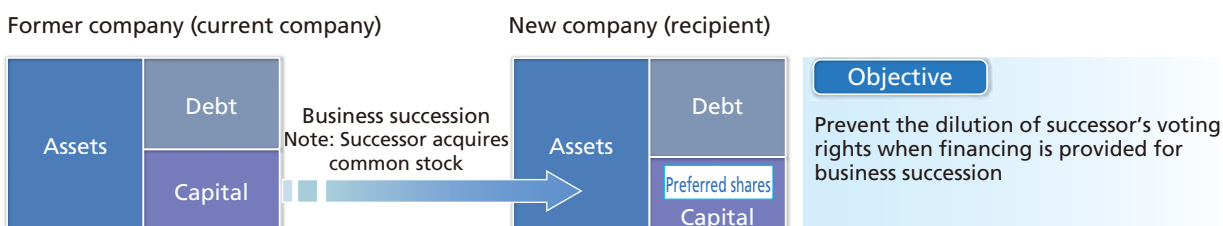
Case 1: Resolving an Undercapitalization Issue



Case 2: Supplementary Method of Financing a Business Acquisition



Case 3: Avoiding Dilution of Voting Rights during Business Succession



Medium- to Long-Term Loans

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

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

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

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



Structured Financing, Financial Technologies

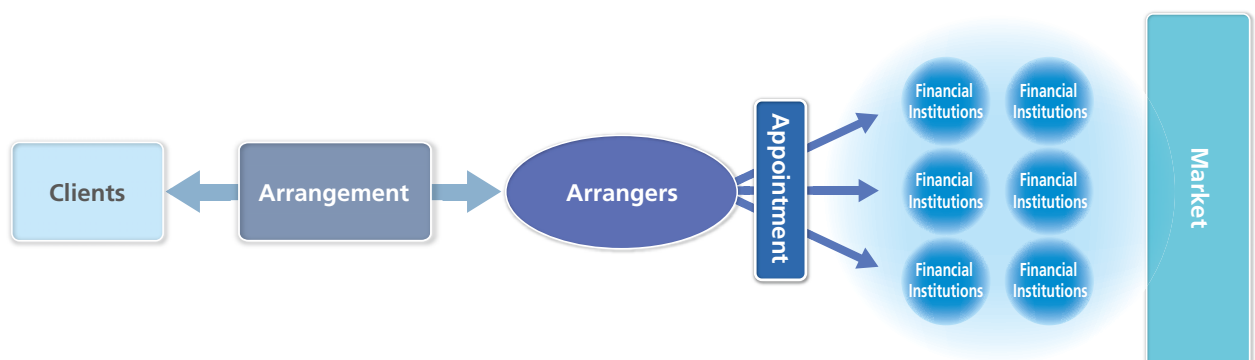
Syndicated Loans

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

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

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

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



Structured Financing

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

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

● Project Financing

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

● Object Financing

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

● Securitization

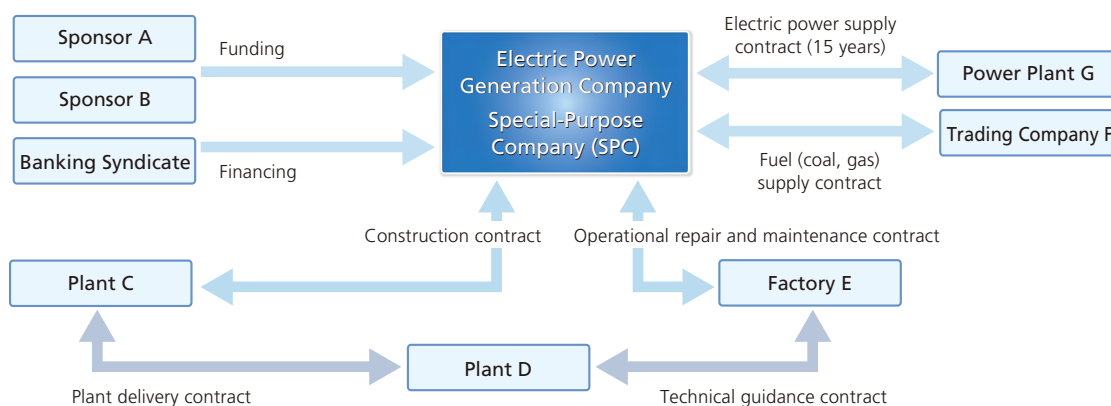
Through finance methods such as liquidation and securitization of receivables focusing on their future cash flows, and through whole business securitization in which debts are repaid through future cash flows generated by a particular business, DBJ supports its clients' finance strategies and helps optimize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

Liquidization Financing

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

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

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

Development Financing

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

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

DBJ's Distinguishing Features in Asset Financing

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

LBOs/MBOs

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

Management buyouts (MBOs) involve the acquisition by the existing corporate management of a company's shares or operations. As the existing management team typically has a limited amount of cash available, MBOs generally

require that funds be raised to acquire an operation. For this reason, an MBO may take the form of an LBO. In the event that borrowed funds alone are insufficient, the management team may offer equity to a collaborative sponsor, such as a buyout fund or partner. In recent years, MBOs have been used more frequently by listed companies that are delisting and by owner-operated companies.

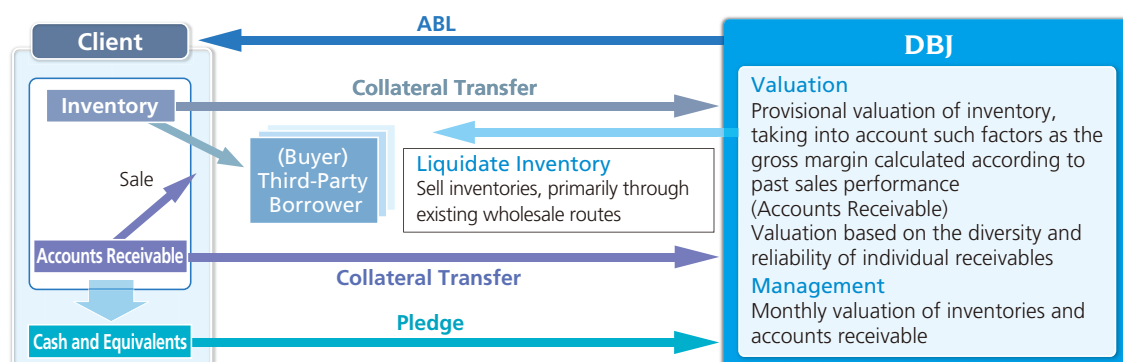
As a financial advisor, DBJ ties together all MBO-related details, arranges investment and mezzanine financing, and works out joint equity financing with sponsors. The ability to handle this range of activities allows DBJ to offer LBO/MBO solutions.

Asset-Based Lending

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

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

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

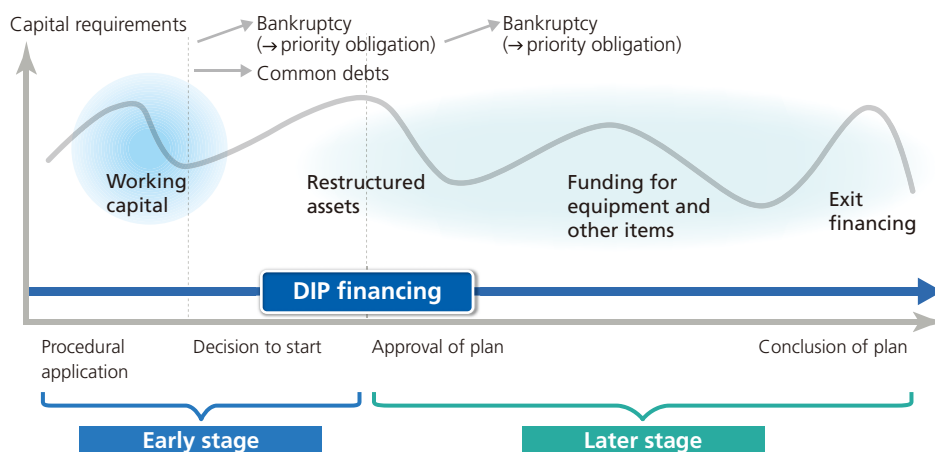


Debtor-in-Possession Financing

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

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

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



Certification and Unique Programs

DBJ Environmentally Rated Loan Program

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

In fiscal 2004, DBJ began its DBJ Environmentally Rated Loan Program based on knowledge cultivated for over five decades. DBJ developed a screening (rating) system that scores companies on the level of their environmental management and then applies one of three different interest rates reflecting that effort. This was the world's first

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

Employing the experience we gained through the DBJ Environmentally Rated Loan Program, in fiscal 2009 we began offering a service to help regional banks develop evaluation tools to use in performing their own environmental ratings. Through such initiatives, we aim to augment environmental financing and encourage its proliferation in Japan.



Program logo

Features

- Varying interest rate levels based on environmental ratings
- Screening sheet containing approximately 120 questions derived from the United Nations Environment Programme Finance Initiative (UNEP FI) evaluation of fair and neutral global environmental trends and an exchange of information with the Ministry of the Environment
- Convening of the Environmental Ratings Advisory Committee, seeking advice from outside experts and renewing annual visits
- Ratings determined through interviews with clients
- Applicability to a wide range of clients

DBJ Enterprise Disaster Resilience Rated Loan Program

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

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

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

basis of the assessment. In this manner, we introduced the world's first disaster preparedness-based financing method.

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

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

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



Program logo

Features

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

DBJ Employee's Health Management Rated Loan Program

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



Program logo

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

Features

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

DBJ Green Building Certification

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

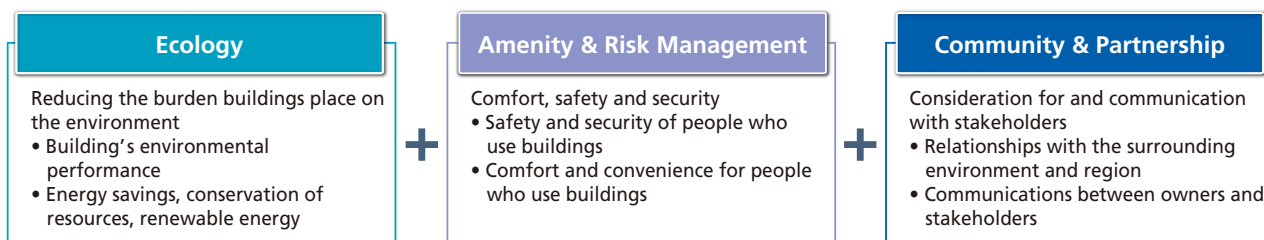
This certification program is an advanced and unique initiative in that it is implemented by a financial institution to provide investment and loan support for real estate

development, refurbishment and other activities of clients that own or manage real estate that evinces environmental and societal considerations (green buildings). The certification also benefits DBJ clients in aspects such as IR, PR and CSR. In addition, in August 2012 we introduced a logistics edition of DBJ Green Building Certification for distribution facilities.

● Overview of the DBJ Green Building Certification

Evaluation Items

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



Certification Results

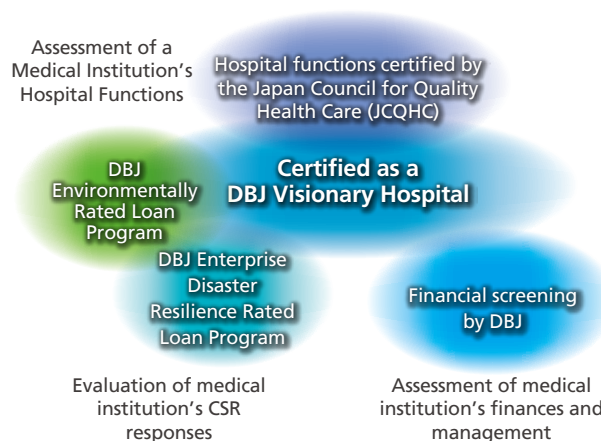
Clients scoring above a certain level are certified in one of five categories, depending on the status of their initiatives.



DBJ Visionary Hospital Program

In recent years, hospitals have been the source of increasing attention for the role they play as bases for safety and security in regional societies. In May 2012, we introduced the DBJ Visionary Hospital program to support the advancement of medical functions, as well as to encourage proactive environmental consciousness, disaster prevention and business continuity measures. For institutions that have had their hospital functions certified by the Japan Council for Quality Health Care, DBJ uses the environmental assessment and BCM evaluation system it developed to certify hospitals as DBJ Visionary Hospitals (namely, those that have in place superior environmental consciousness, disaster prevention and business continuity measures), offering them a financing menu with financing terms set according to their assessments. Through this measure, DBJ supports

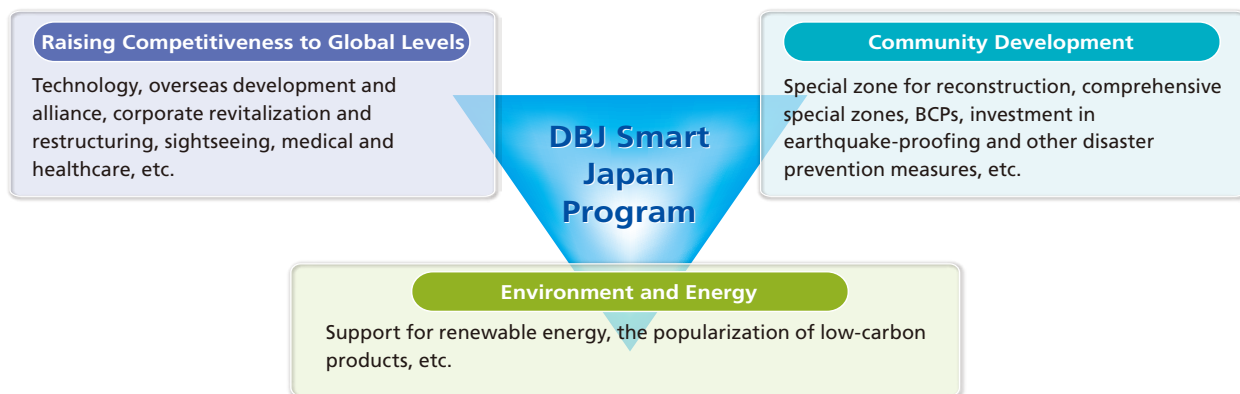
hospitals' efforts to continue providing good healthcare in regional societies.



DBJ Smart Japan Program

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

structure to provide funding in the areas of "raising competitiveness to global levels," "community development," and "environment and energy" and has earmarked approximately ¥400 billion for this purpose.



DBJ Infrastructure Reinforcement Support Program

Given the growing need to maintain the socioeconomic infrastructure, DBJ has established a fund with a total investment and loan limit of ¥150.0 billion to promote the reconstruction of aging infrastructure and investment in

infrastructure disaster preparedness. By leveraging PFI and other methods, this fund provides ultralong-term investment and loans to support social infrastructure projects.

DBJ Growth Industry Siting Support Program

DBJ has established this program to overcome the challenges posed by yen appreciation and energy limitations. With an investment and loan limit of ¥100.0 billion, the program is designed to increase Japanese industrial competitiveness

by encouraging the introduction of leading-edge equipment and other efforts to enhance efficiency and boost added value. Through this approach, DBJ is supporting initiatives that should lead to job creation and maintenance.

Regional Areas Genki Program

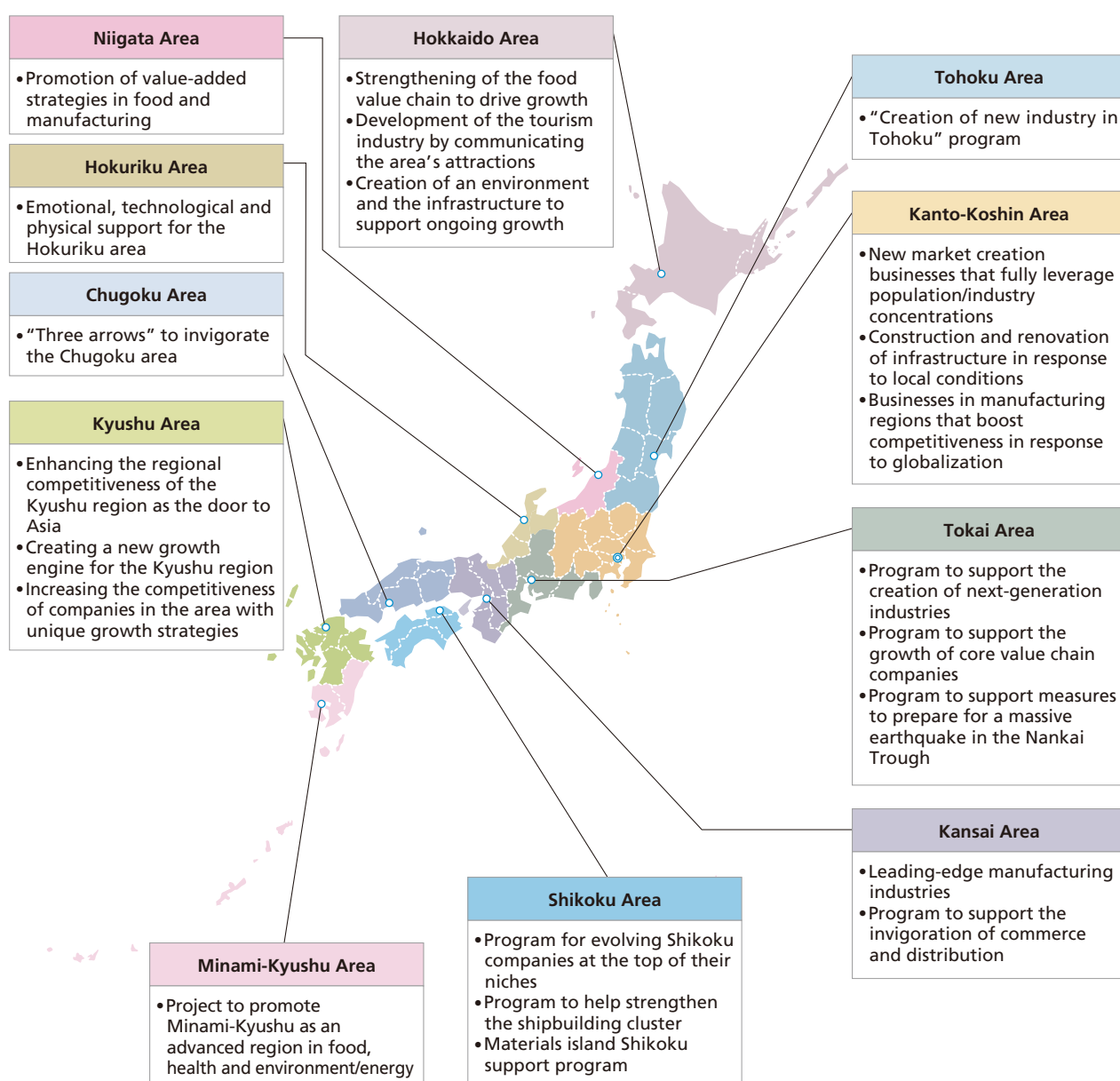
Currently, facing the challenges of population constraints, financial limitations, environmental restrictions and global competition, Japan's regions must coordinate with one another and implement diverse regional development schemes that capitalize on their respective strengths, competitive advantages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

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

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

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

Regional Areas Genki Program



Safety Nets and Public Programs

Interest Rate Subsidy Programs

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

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

Interest Rate Subsidy Program Menu

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

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

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

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

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

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

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

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

- **Interest rate subsidy programs for crisis response operations**

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

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

These interest rate subsidies are for fixed investment and the promotion of research and development to prevent global warming, and target clients involved in businesses working toward the reduction of energy-derived CO₂ emissions, thus qualifying for the DBJ Environmentally Rated Loan Program, and that have pledged to improve unit CO₂ emissions or reduce overall CO₂ emissions within a certain period of time.

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

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

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

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

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

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

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

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

Crisis Response Operations

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

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

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

This supplementary budget having been passed, as a designated financial institution for the crisis response operations DBJ set up a full-fledged structure to facilitate implementation of crisis response operations for clients affected both directly and indirectly by the disaster. In addition, DBJ is making a proactive effort to support increases in the production of materials needed for restoration and reconstruction in the aftermath of the recent disaster. (See pages 49–55.)

Consulting/Advisory Services

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

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

The advisory services case studies on page 79 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.

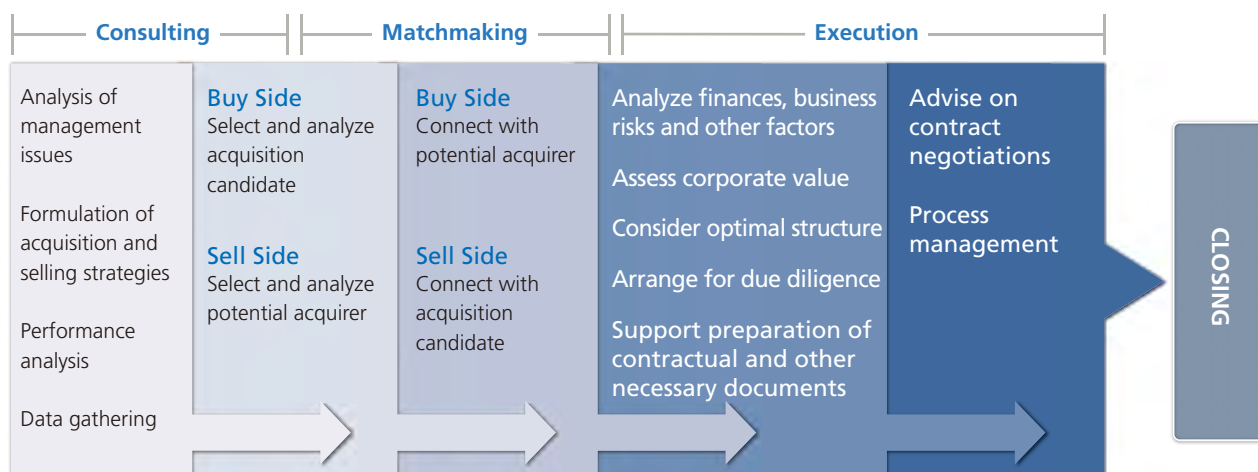
• Cohesive Domestic and Overseas Information Network

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



Practical Application Support Center for Technology

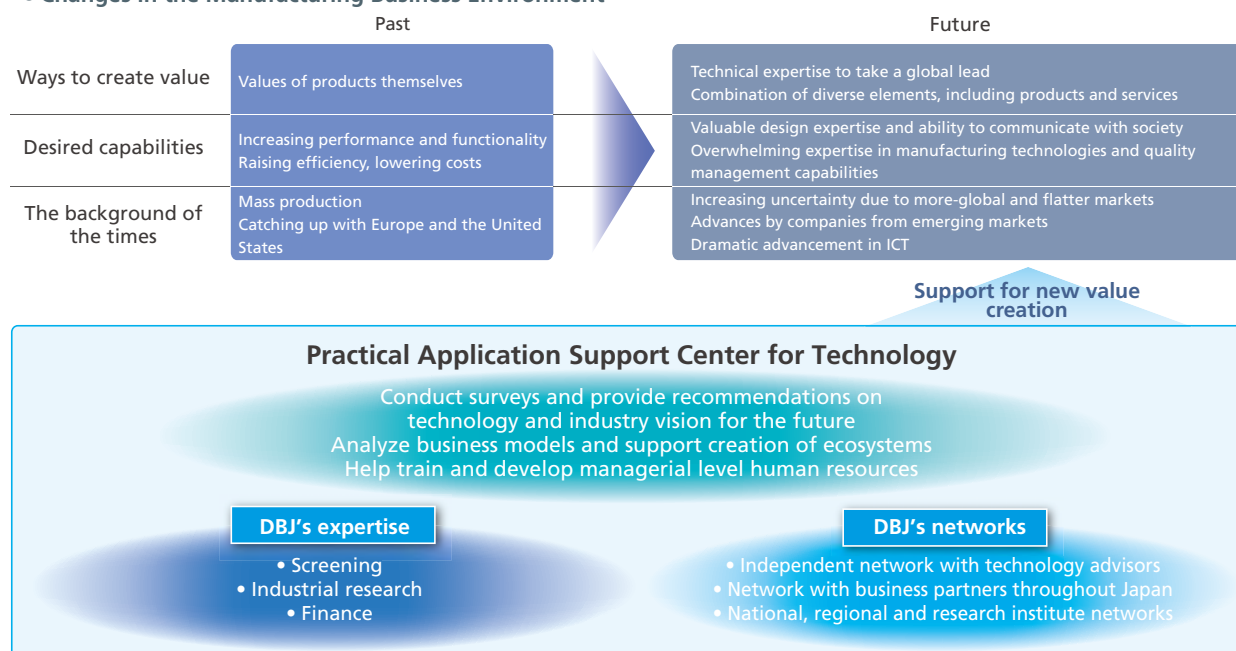
DBJ established the Practical Application Support Center for Technology in February 2004 to help manufacturers realize their potential for the commercialization of successfully developed technologies. The role of this center is to diagnose whether companies have the management strength (technology management expertise) to create value in technology. Through evaluation, survey analysis and the proposal of future business models from the perspective of technology management, recommendations and technology management training, we support companies in the manufacturing sector in the development of new value.

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

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

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

● Changes in the Manufacturing Business Environment



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. In addition to leveraging such DBJ Group resources as its overseas representative office and overseas subsidiaries, as well as Japan Economic Research Institute Inc., this center provides consulting services that

take advantage of the comprehensive agreement on collaboration with Hitotsubashi University (entered into in June 2011), and of networks of overseas public and private financial institutions and legal and accounting firms.

As of June 30, 2013, 66 regional banks were members of the center. Breaking down inquiries by country, 70% were in relation to China, Thailand, Vietnam or Indonesia. Inquiries included such topics as procedures for entering into business in Japan, industry trends and funding. DBJ will continue augmenting its ability to disseminate information related to Asia.

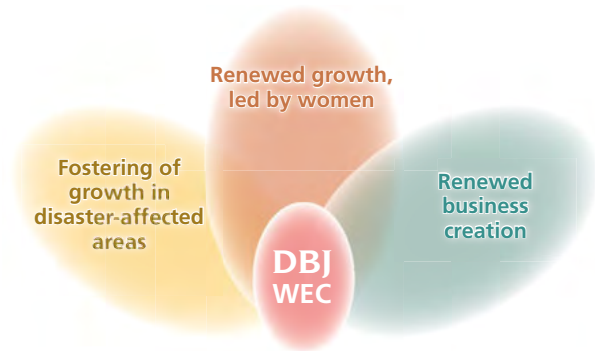
Women Entrepreneurs Center (DBJ-WEC)

Japan faces a number of issues, including protracted economic sluggishness, a decrease in the population, an aging society and reconstruction following the Great East Japan Earthquake. Amid these conditions, women are expected to play an increasing role in business. Businesses created from a new female perspective are considered likely to provide a driving force for new economic growth and social transformation.

Anticipating such developments, DBJ launched the Women Entrepreneurs Center (DBJ-WEC) in November 2011. Through this center, we aim to provide comprehensive support, including funding and business startup expertise, to new business growth led by women.

As part of its initiative to cultivate and foster new businesses, DBJ-WEC annually holds a business plan competition targeting women entrepreneurs. The winner of the competition is awarded an incentive payment of up to ¥10 million. Additionally, DBJ-WEC offers all participants

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



DBJ Women Entrepreneurs Center



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



Grand prize winner of the second annual competition: Ms. Keiko Yoshimoto

Public Asset Management

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

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

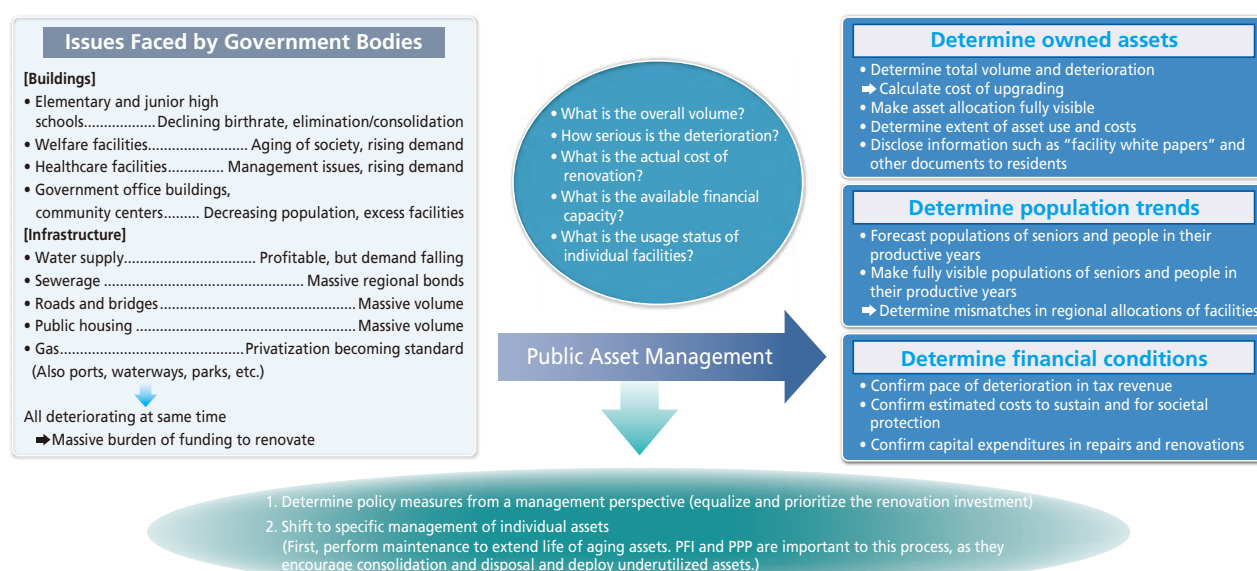
The first is that facilities that were built in a concentrated period during Japan's era of high economic growth are now deteriorating rapidly. Because many public assets were built at around the same time, their deterioration is also simultaneous. The second issue is a mismatch between the population—which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

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

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

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

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



Crisis Response Operations

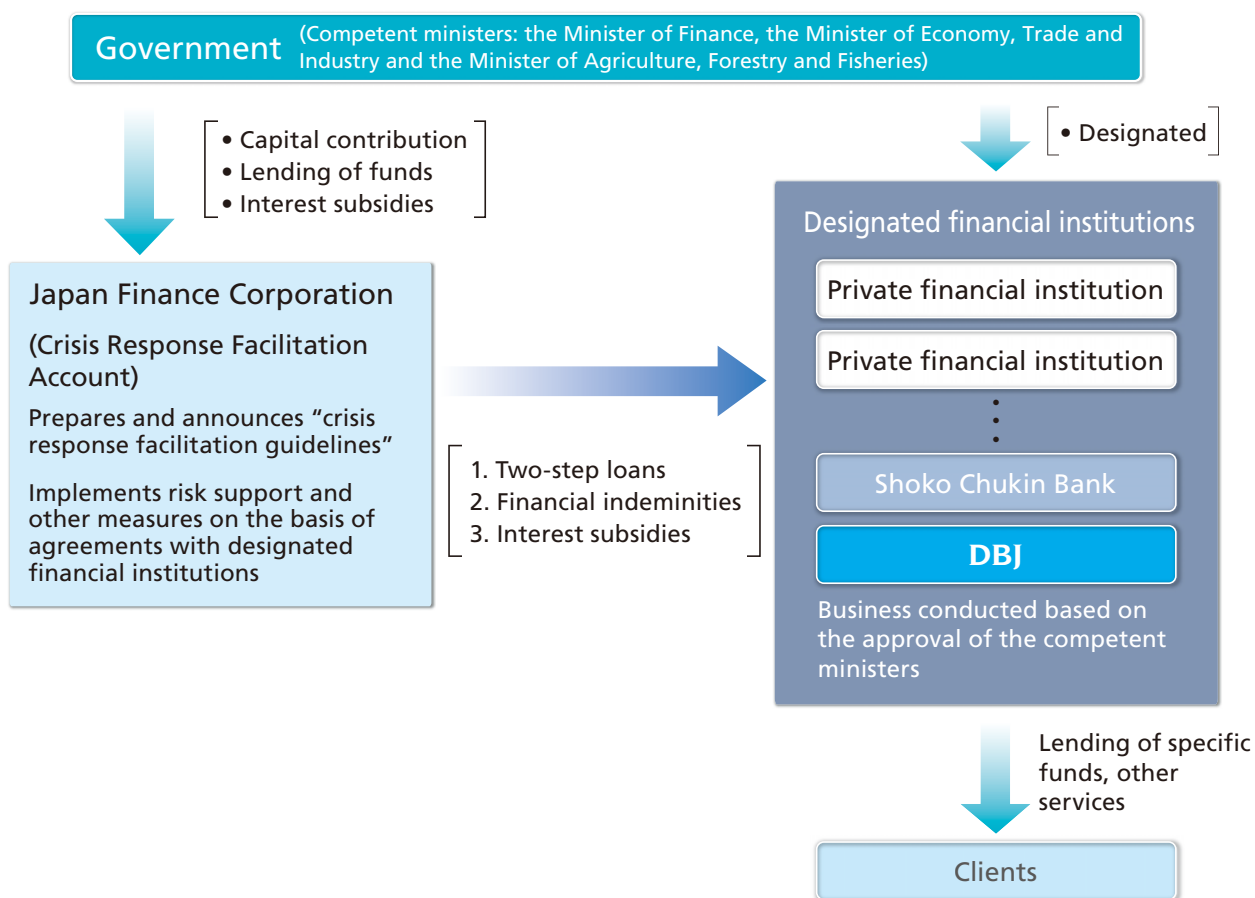
Crisis response operations, on the basis of the Japan Finance Corporation Act (Act No. 57 of 2007, later updated) consist of the provision of necessary funds during such crises as disruptions in domestic or overseas financial markets or large-scale disasters. The Japan Finance Corporation (JFC) provides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

These funds are earmarked for use in the event of such crises as disruptions in the domestic or overseas financial

markets, large-scale disasters, terrorism and epidemics of communicable diseases. Upon the receipt of such credit (e.g., for two-step loans, financial indemnity or interest subsidies), institutions designated to provide such funds do so quickly and flexibly.

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

● Crisis Response Operations Scheme



The Great East Japan Earthquake

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

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

Please see pages 52–55 for "Initiatives Related to the Great East Japan Earthquake."

Results of Crisis Response Operations

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

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

For projects 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.)

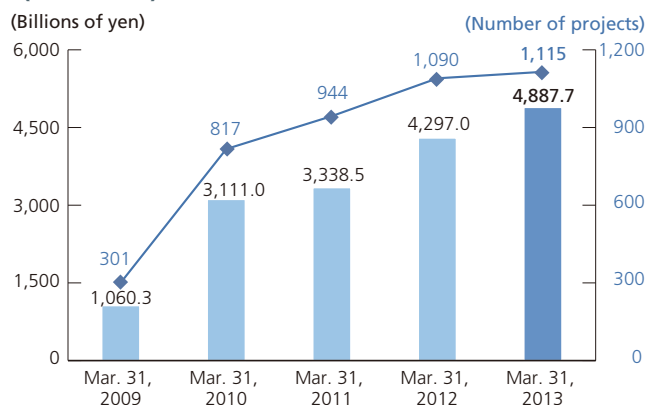
As of March 31, 2013, DBJ’s loan performance and commercial paper acquisitions of crisis countermeasure loans were as follows.

- Cumulative loans: ¥4,887.7 billion (1,115 projects)
- Cumulative loans executed with loss guarantee agreements: ¥268.3 billion (47 projects, including those slated for application to JFC)
- Cumulative commercial paper acquisitions: ¥361.0 billion (68 projects)

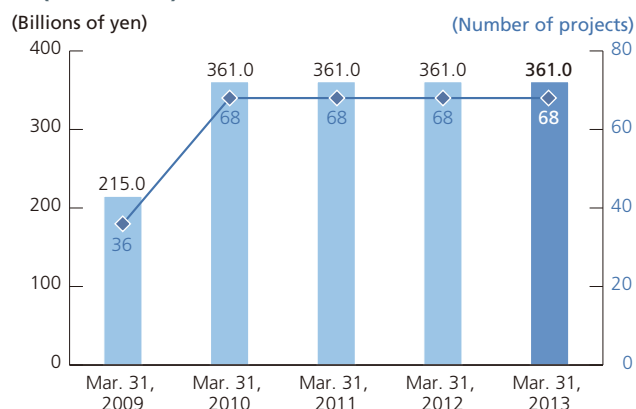
*1 Of the ¥67.0 billion in loans executed with loss guarantee agreements to Japan Airlines in relation to crisis response operations, ¥47.0 billion (amount confirmed in April 2011 owing to DBJ’s completion of corporate rehabilitation procedures) in compensation was ultimately provided by the Japan Finance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

*2 A portion of the loans provided by DBJ to Elpida Memory, Inc., were covered by a Japan Finance Corporation guarantee on losses. The agreement between DBJ and Japan Finance Corporation involves loss guarantees on loans of ¥10.0 billion, executed as crisis response operations, as well as investment of ¥28.4 billion, as a designated operator set forth in the Law on Special Measures for Industrial Revitalization and Innovation. DBJ requested loss guarantee compensation on the loans and has already received payment of ¥5.0 billion. Based on the agreement, the maximum amount that DBJ may receive as compensation payment from Japan Finance Corporation is ¥27.7 billion: ¥5.0 billion for the loans (50% compensation) and ¥22.7 billion for the investment (80% compensation). In the event that in the future DBJ is able to collect on the principal of the loans for which it has received compensatory payment, DBJ will return to Japan Finance Corporation a portion of the compensation received that corresponds to the percentage of the loans recovered.

● Loans as Crisis Countermeasures (Cumulative)



● Commercial Paper Acquisition as Crisis Countermeasures (Cumulative)



Providing a Safety Net

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

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

Disaster Recovery

Societal Concerns

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

DBJ Initiatives

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

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

Great Hanshin-Awaji Earthquake: ¥184.8 billion

(Year ended March 31, 1995, to year ended March 31, 2003)

Chuetsu Offshore Earthquake: ¥20.3 billion

(Year ended March 31, 2005, to year ended March 31, 2007)

Emergency Financing

Societal Concerns

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

DBJ Initiatives

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

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

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

Successful Safety Net Initiatives

1995 Reconstruction following the Great Hanshin-Awaji Earthquake
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

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

needed to ensure a stable supply of electricity.

Going forward, DBJ will forge stronger ties with other financial institutions and related parties with which each of the power companies conducts transactions, taking into account the companies' funding environments and electric power system reform trends. We will also concentrate on encouraging the spread of renewable energy through megasolar and small hydroelectric generation projects. As of March 31, 2013, DBJ's balance of loans in the energy (electric power, gas, heat and water) sector totaled ¥2.8 trillion.

Response to TEPCO Needs

Recognizing that the most important issue for Tokyo Electric Power Company, Incorporated (TEPCO) lies in balancing appropriate compensation payments to victims with providing a stable supply of electricity, immediately after the nuclear power plant accident DBJ collaborated with major banks to provide financing. We have continued to provide support through a backup commitment line for compensation payments established on the basis of an emergency special business plan approved by the minister of finance in November 2011.

In May 2012, the minister of finance approved a compre-

hensive special business plan supporting the utility's efforts to become a "new TEPCO." Under this comprehensive plan, in addition to maintaining a credit balance DBJ is to provide loans of approximately ¥500.0 billion of the some ¥1 trillion in cooperative funding requested under the plan, partly by making use of DBJ's loans for crisis response operations.

To ensure the comprehensive plan proceeds smoothly, DBJ regularly discusses its progress with TEPCO and the Nuclear Damage Liability Facilitation Fund. Accordingly, we continue to support both a stable supply of electricity and the payment of appropriate compensation to victims.

Tohoku Revival Reinforcement Office

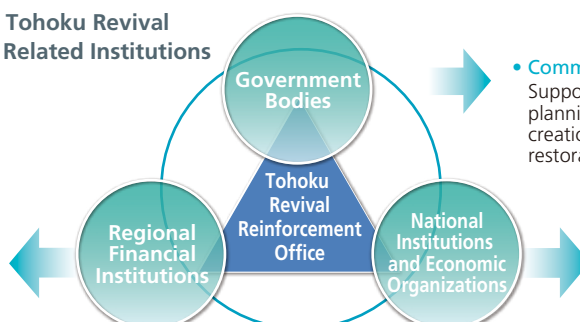
On April 21, 2011, DBJ established the Tohoku Revival Reinforcement Office within the Tohoku Branch to consolidate and better provide companywide knowledge and financial expertise toward the restoration and reconstruction of the Tohoku region, which was affected by the Great East Japan Earthquake that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

The Tohoku Revival Reinforcement Office has a cross-

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

● Communications between Tohoku Revival Reinforcement Office and Related Institutions

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



- **Communications with government bodies**
Support government body structuring and planning measures related to infrastructure creation and community development aimed at restoration and reconstruction

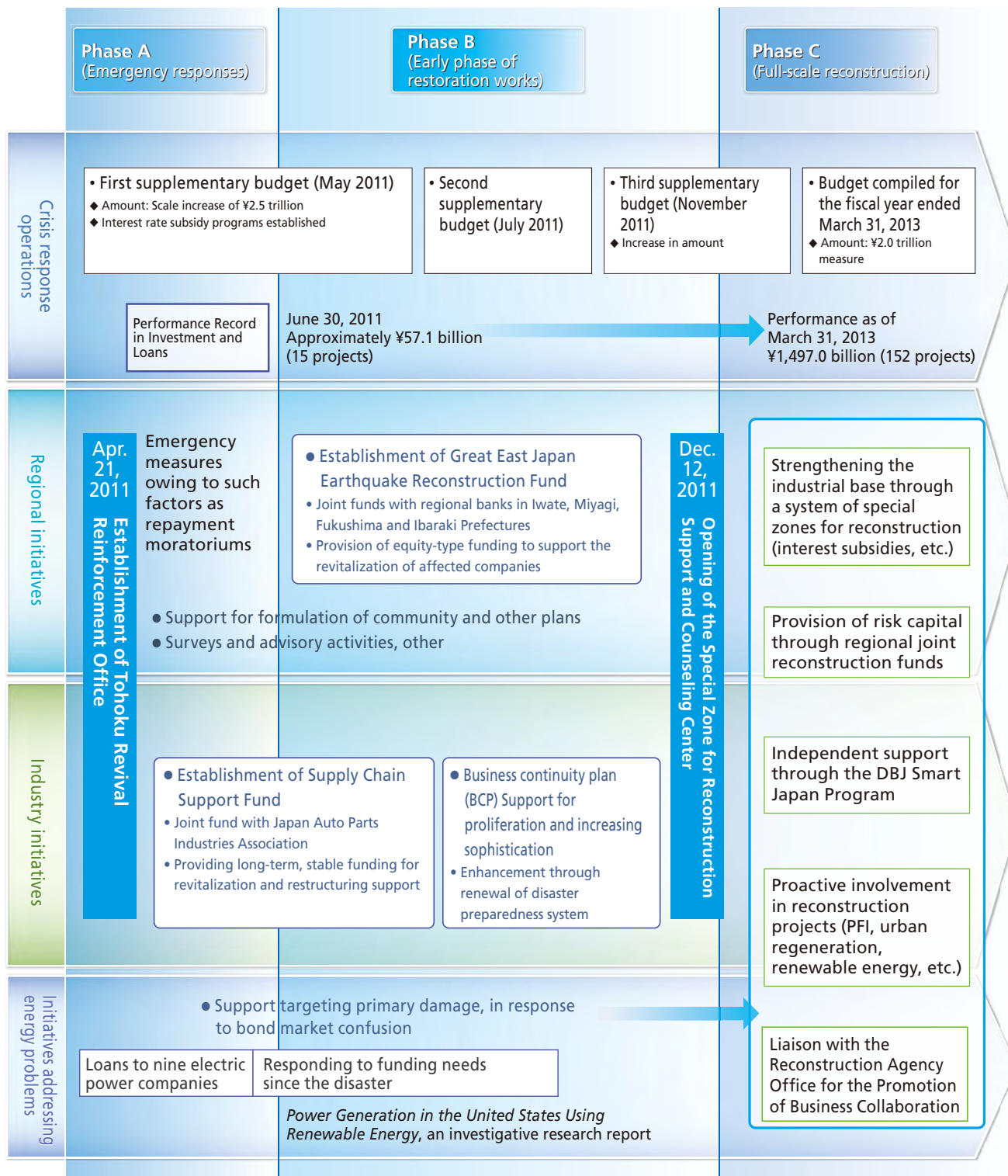
- **Communications with national institutions and economic organizations**
Support information provision and other activities in response to various government measures and industries

Restoration and Reconstruction Issues and Responses

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

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

● Restoration and Reconstruction Support through Investment and Loan Activities



Great East Japan Earthquake Reconstruction Fund

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

The fund is aimed at providing support for the reconstruction of prominent regional companies that were temporarily affected by the disaster. The fund provides such companies with risk capital that makes use of such instruments as subordinated loans and preferred shares, with the aim of supporting the early reconstruction of the disaster-

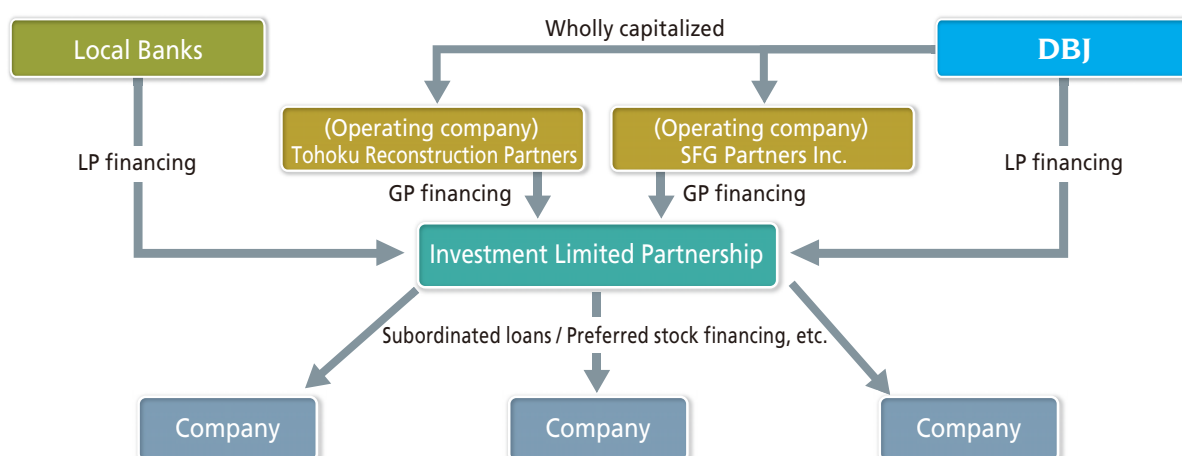
stricken region.

As of March 31, 2013, DBJ had provided investments and loans for 37 projects as indicated below.

- Iwate *Genki Ippai* Investment Limited Partnership (15 projects)
- Fukushima Booster Fund Investment Limited Partnership (10 projects)
- Miyagi Reconstruction Bridge Investment Limited Partnership (6 projects)
- Ibaraki *Kizuna* Investment Limited Partnership (6 projects)

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

● Great East Japan Earthquake Reconstruction Fund Scheme



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.

Providing Information

"Status of Damage from the Great East Japan Earthquake and Reconstruction Issues—An Analysis by Field and Region" (May 2011)

Taking into account the *Estimated Damage to Capital Stock Resulting from the Great East Japan Earthquake*, published by DBJ on April 28, 2011, as well as local surveys, this material examines the state of damage by area in six categories—lifestyle/social infrastructure, housing, healthcare/welfare, manufacturing, non-manufacturing and agriculture/forestry/fisheries. This analysis serves as a key document for ordering the approach to the respective reconstruction issues of affected prefectures, both inland and on the coast.

"Issues and Outlook for Tourism, Centering on Overnight Tourism—Based on an Impact Study of the Great East Japan Earthquake on the Tohoku Region" (February 2012)

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

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

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

"Reconstruction Directions by a United Tohoku—From the Perspective of Leveraging the Experience of and Lessons from Disaster to Counter Disaster Risks and Promote Industry Reconstruction" (April 2013)

Having suffered devastation across its multiple prefectures, the Tohoku region experienced broad-based support from within Japan and overseas. This report considers the importance of Tohoku's unification in the face of disaster and initiatives that combine the knowledge of Japanese and overseas institutions, conducting surveys and offering advice on future directions for reconstruction and implementation mechanisms.

Study Group on Regional Reconstruction

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

ers specific measures, such as a strategic project aiming for a "Calamity-Proof Nation (Strong in the Face of Major Disaster)," from three perspectives: (1) safety and security, (2) regional entities and (3) looking to the future. In March 2012, the group produced a report recommending the leveraging of private-sector expertise through stronger ties with the public sector.

Collaboration Agreement on Industrial Reconstruction with Fukushima Prefecture

In March 2013, DBJ signed a collaboration agreement on industrial reconstruction with Fukushima Prefecture. Fukushima Prefecture is promoting both its post-quake industry reconstruction and its ongoing industry concentration. Under this agreement, Fukushima Prefecture and DBJ will cooperate on gathering information, conducting strategic reviews and cultivating personnel, taking an overall

approach to invigorating the local economy by promoting local industry and tourism and communicating the region's attractions. Under the accord, Fukushima Prefecture and DBJ will effectually combine their respective networks and knowhow to encourage industry reconstruction in Fukushima Prefecture. (See page 69.)

Ishinomaki Urban Revitalization Lecture

To promote the reconstruction of the area centered on the city of Ishinomaki, which sustained severe damage in the Great East Japan Earthquake, DBJ joined companies, universities and government institutions to form the Compact City Ishinomaki Machinaka Sosei Council for urban development by local residents. In March 2013, this council held the

Ishinomaki Urban Revitalization Lecture. The lecture was held to elicit the agreement of related parties prior to a full-fledged launch of the city reconstruction and urban revitalization project that the council is considering, ensuring that the project would be pursued with a shared awareness. DBJ provided support for planning and holding the lecture.

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.

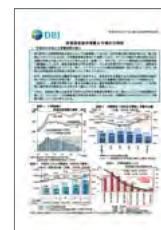
In addition, the report addresses topics that are timely from the perspective of industrial trends.



“Lackluster Department Stores—Background and Future Directions”

(DBJ Monthly Overview, No. 180, August 2012)

Personal income and retail industry sales moved essentially in lockstep in the past, but their paths began to diverge around fiscal 2005: even while personal income increased, retail industry sales remained flat. Services have accounted for an increasing percentage as consumption has become increasingly diverse, even within the sector: while supermarket sales have tended to track overall retail industry sales trends, sales at department stores have been on a downward path since their peak in fiscal 1991. Clearly, consumers' propensity to shop at department stores is falling, and this downturn in sales has accelerated since the Lehman Shock. This report examines the background for the lackluster department store performance and discusses response measures.



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.

“Perspectives on the Shale Gas Revolution (Industry Impact and Pointers for Japan)”

(DBJ Monthly Overview, No. 186, February 2013)

The so-called shale gas revolution that began in the United States goes beyond a simple increase in that country's ability to supply natural gas. This discovery is transforming the global energy balance, and Japan anticipates LNG imports from the United States. In addition to trade, shale gas is beginning to impact all manner of industries related to upstream and downstream aspects of natural gas.

This report analyzes the shale gas revolution from three perspectives: (1) the effects of the U.S. natural gas trade, (2) the impact of Japan's LNG procurement and (3) the implications for Japan of natural gas production, distribution and consumption (as a fuel and a feedstock).



“Reasons Behind Banks' Decisions on Loan Share Structures—Implications from Data on Corporation-Bank Pairings”

(Economics Today, Vol. 33 No. 1, March 2013)

This report looks at the reasons behind Japanese companies' decisions on their shares of bank lending (the share of such loans at individual banks), using company-level data to conduct a positive analysis. Based on a panel's inferences about recurring attributes of cooperation between companies, banks, and companies and banks, this report explores what percentage of companies' loans come from the largest lenders. The report confirms that lending has become shared more evenly among banks as they have grown increasingly concerned about corporate reticence toward borrowing.



“New Developments in International Finance and Japanese Corporate Dynamics—Excerpts from the Fiscal 2012 Joint Symposium by the University of Tokyo and the Research Institute of Capital Formation”

(*Economics Today*, Vol. 34 No. 1, May 2013)

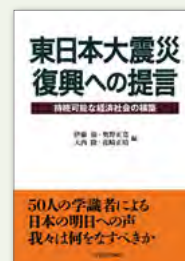
In February 2013, the Center for Advanced Research in Finance (CARF) and the Research Institute of Capital Formation held a joint symposium entitled “New Developments in International Finance and Japanese Corporate Dynamics.” The reporting sessions, themed on Japanese corporate dynamics and internationalization, economic growth in East Asia and competitiveness, involved multifaceted debates from scholars and businesspeople familiar with these fields. The panel discussions featured a spirited exchange of views about measures for responding to future international currency structures and international financial market risks.



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

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

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



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

Capital Investment Planning Survey

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

Combining Surveys, Research and Investment and Loan Activities

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

Environmental

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

Survey Example

“Report on June 2012 Survey of Capital Investment Plans for Years to March 31, 2012, 2013 and 2014”

(*Surveys*, No. 105, September 2012)

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.



Disaster Response

Being prepared to respond to an earthquake or other natural disaster and continue operations is an issue for every company. DBJ conducts surveys covering the corporate business continuity plans companies have established. In fiscal 2006, we incorporated survey results to form the basis for Financing Employing DBJ Disaster Preparedness Ratings, which we use in our financing considerations. Financing Employing DBJ Disaster Preparedness Ratings was substantially revised in August 2011. Thereafter, the name of this system was changed in 2012 to the DBJ Enterprise Disaster Resilience Rated Loan Program.

Technology

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

Providing Information to Local Communities

Supplying Information to Help Local Community Development

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



"Fiscal 2013 Regional Handbook: Regional Data and Policy Information"

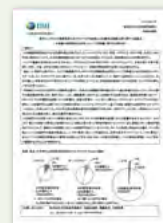
This handbook is a collection of data that include fundamental economic, industrial, lifestyle and policy indicators for regional blocks, administrative regions and principal cities, as well as a compilation of individual regional policies and projects to facilitate an overall understanding of regional policies, economies and societies and the current status of regional projects. In the Topics section, Hiroyuki Yasujima, professor of the College of Tourism, Rikkyo University, contributed a special section entitled "Management of Sustainable Tourism Regions from the Perspective of Tourism Value."



"The Potential of PFI for Large-Scale Upgrades to Aging Infrastructure and Relevant Considerations from an International Comparison of Public Debt"

As Japan struggles with public finances, PFI is being considered as an essential way to upgrade aging infrastructure while reducing government spending.

This report conducts a comparative analysis of Japan, the United Kingdom and Australia, drawing lessons for Japan's use of PFI going forward.



"Developing Regional Business through Inbound Tourism—Using Japan-Style DMOs for Marketing and Enhancing Tourism Quality"

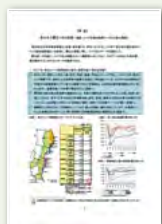
Inbound tourism to Japan is being positioned as an important industry both regionally and nationally, as it has the potential to offset an expected drop in internal tourist demand, provide a source of foreign-currency earnings and contribute to the creation of local job opportunities.

After positioning Japan as a tourism market amid increasing global competition and examining trends among foreign visitors to Japan and forecasts of future demand from leading Asian countries, this report looks at issues and summarizes specific activities to leverage inbound tourism for local business development.



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

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



Branch Reports

Hokkaido Branch

"Increasing Overnight Tourism to Hokkaido—Looking at Current Conditions and Issues Based on Long-Term Trend Data since the Peak"

(Report, July 2012)

The tourism industry plays an important role in Hokkaido's economic trends and employment. However, the number of tourists staying in Hokkaido overnight has been on a downward trend since the peak in fiscal 1999. This situation has had a major impact



on the local economy in general, and the lodging industry in particular.

This report looks at long-term trend data on the number of overnight tourists in Hokkaido, examining the current state of tourism in the prefecture and summarizing future issues that need to be faced.

To increase the number of overnight tourists, this report suggests the need to (1) increase the overall number of tourists to Hokkaido and (2) take initiatives for increasing the number of days each tourist spends there, particularly among Japanese travelers from outside the prefecture—the figure that has dropped off most precipitously.

Tohoku Branch

“Reconstruction Directions by a United Tohoku—From the Perspective of Leveraging the Experience of and Lessons from Disaster to Counter Disaster Risks and Promote Industry Reconstruction”

(Report, April 2013)

Having suffered devastation across its multiple prefectures, the Tohoku region experienced broad-based support from throughout Japan and overseas. This report considers the importance of Tohoku's unification in the face of disaster and initiatives that combine the knowledge of Japanese and overseas institutions. This report offers advice on future directions for reconstruction and implementation mechanisms after arranging and analyzing data about the state of damage two years after the disaster, and conducting literature research and on-site hearings in the affected region.



Niigata Branch

“Making the Shift to Profitable Agriculture—Innovative Vegetable Providers Born at the Nexus of People and IT” (Lecture, November 2012)

In Niigata, one of Japan's most prominent food-producing regions, the agriculture industry is important to social and economic invigoration.

In this lecture, Ms. Yuriko Kato of M2 Labo. Co. (grand prize winner of the first DBJ Women Entrepreneurs New Business Plan Competition) outlined initiatives for adding value to agriculture by using IT to link markets and producers. Ms. Kato, who has high expectations for the ability of agriculture to simultaneously address three of Japan's most pressing issues—employment, health and education—described efforts that could lead to such innovation.



Hokuriku Branch

“Ishikawa Prefecture to Feel the Economic Ripples from the Extension of the Hokuriku Shinkansen to Kanazawa”

“Toyama Prefecture to Feel the Economic Ripples from the Extension of the Hokuriku Shinkansen” (Reports, March 2013)

These two research reports estimate the economic ripple effect that Ishikawa and Toyama prefectures are likely to experience when the Hokuriku Shinkansen is extended to their regions



toward the end of fiscal 2014. The reports look at ways to maximize and sustain these beneficial effects for the regions the shinkansen will pass through, such as introducing tourism-related case studies.

Tokai Branch

“Nagoya's Prospects for 2015—Building the Nagoya Brand to Encompass Work, Home, Play and Study”

(Report, December 2012)

Even though the number of jobs is falling and urban populations are peaking, a redevelopment plan to make effective use of the land in front of Nagoya Station is invigorating this area. By the time reconstruction on the Nagoya Central Post Office, Nagoya Terminal Building and Dainagoya Building is complete in 2015, 5% more office space than in 2010 will be available in Nagoya's business district (the Meieki, Fushimi, Marunouchi and Sakae areas). In the Meieki area, the increase will be around 15%, leading to some concern about the potential “Year 2015 problem” stemming from an over-supply of office space.

Looking at 2015 as an expected watershed year for the balance between the supply of and demand for office space in Nagoya's business district, this report explores regional strategies for enhancing Nagoya's metropolitan brand.



Kansai Branch

“Kansai Battery Report Series” (Reports, October 2012 to March 2013)

In recent years, the battery industry has enjoyed robust expansion in global markets, but in Japan this industry is facing increasingly fierce competition due to the encroachment of new market entrants from overseas as their technological level rises. Against this backdrop, the “Kansai Battery Report Series” explores the changes underway in the industry, looking at current conditions and issues in the Kansai region and for Japan as a whole. The series is replete with industry reports, analysis, observations and suggestions.



Chugoku Branch

“Human Resource Strategy Lecture in Hiroshima”

(Lecture, October 2012)

For this lecture, themed on promoting business opportunities for women setting out as entrepreneurs or embarking on a second career, DBJ invited Ms. Chizuru Gorai of SO@R (run-

ner-up prize winner of the first DBJ Women Entrepreneurs New Business Plan Competition) to share her compelling message on entrepreneurship to aspiring women and young people in this region.

Panel discussions following Ms. Gorai's keynote speech deliberated measures for invigorating the regional economy through government and corporate support measures and initiatives and by deploying the power of women.



Shikoku Branch

"DBJ Shikoku Seminar, 'Manufacturers Winning Out in Asia'" (Seminar, November 2012)

This business seminar was held for company managers in the city of Shikokuchuo, Ehime Prefecture, which is home to many manufacturers of paper and processed paper products. After opening with a greeting by then-mayor Takumi Ihara, Aichi Shukutoku University Professor Yukimitsu Sanada delivered a lecture entitled "Regional Businesses Making Money in Asia." Following this speech was a talk by Yoshinari Furuta, chief delegate, Shanghai Representative Office, DBJ Business Investment Co., Ltd., on "Radically Changing Business Conditions in Shanghai, China." In his talk, Mr.

Furuta touched on important points related to overseas development based on current local information in China and provided detailed explanations about the current risks in this market.



Kyushu Branch

"The Changing Demographic Structure of Fukuoka's Metropolitan Areas—The Future as Seen from Regional Mesh Statistics" (Report, March 2013)

A May 2010 Kyushu Branch report entitled "The Urban Shift to Fukuoka's Urban Areas among the Youth Population" described a marked urban shift in the population, centered on women in their 20s, due to the increasing attractiveness of Fukuoka's municipal functions.

This report, whose scope has been expanded beyond the city of Fukuoka, looks at demographic changes that are underway in Fukuoka's urban areas by organizing and analyzing the most recent mesh statistics from Japan's 2010 census. Concentrating specifically on seniors, the report distills down the characteristics of Fukuoka's urban areas from the increasing age of the population and the changing family structure, before studying issues for future focus.



Minami-Kyushu Branch

"Status and Issues Related to the Aging of Public Facilities in the Minami-Kyushu Region—Introducing Public Facility Management" (Report, March 2013)

This report focuses on an issue being faced by the Minami-Kyushu region, namely the aging public facilities of its core municipal governments. By analyzing various types of data and conducting hearings, this report shows that the aging facilities in Minami-Kyushu are more serious than other issues that the region is addressing, such as ongoing urbanization and the fact that its population is aging more rapidly than the national average. The report also points out the limitations of measures that municipal governments are considering to make public facilities sustainable. The report recommends addressing this situation by introducing public facility management and explains specific points toward achieving this objective.



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.

