

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
OR  
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report

Commission file number [ ]

### Kabushiki Kaisha Mizuho Financial Group

(Exact Name of Registrant as Specified in its Charter)

### Mizuho Financial Group, Inc.

(Translation of Registrant's Name into English)

### Japan

(Jurisdiction of Incorporation or Organization)

5-5, Otemachi 1-chome  
Chiyoda-ku, Tokyo 100-0004  
Japan

(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock, without par value	The New York Stock Exchange*

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report.

At March 31, 2006, the following shares of capital stock were outstanding: (1) 12,003,995 shares of common stock (including 396,025 shares of common stock held by the registrant and its consolidated subsidiaries and equity-method affiliates as treasury stock), (2) 150,000 shares of fourth series class IV preferred stock, (3) 150,000 shares of sixth series class VI preferred stock, (4) 943,740 shares of eleventh series class XI preferred stock, and (5) 36,690 shares of thirteenth series class XIII preferred stock.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow.

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS.)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

\* Not for trading, but only in connection with the registration and listing of the ADSs.

**MIZUHO FINANCIAL GROUP, INC.**  
**FORM 20-F REGISTRATION STATEMENT**

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## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

In this registration statement, “we,” “us,” and “our” refer to Mizuho Financial Group, Inc. and, unless the context indicates otherwise, its consolidated subsidiaries. “Mizuho Financial Group” refers to Mizuho Financial Group, Inc. Furthermore, unless the context indicates otherwise, these references are intended to refer to us as if we had been in existence in our current form for all periods referred to herein.

In this registration statement, “our principal banking subsidiaries” refer to Mizuho Corporate Bank, Ltd., Mizuho Bank, Ltd. and Mizuho Trust & Banking Co., Ltd. (or with respect to references as of a date, or fiscal year ending, before April 1, 2002, to The Dai-Ichi Kangyo Bank, Limited, The Fuji Bank, Limited, The Industrial Bank of Japan, Limited, Mizuho Trust & Banking and The Yasuda Trust and Banking Co., Ltd.).

In this registration statement, references to “U.S. dollars,” “dollars” and “\$” refer to the lawful currency of the United States and those to “yen” and “¥” refer to the lawful currency of Japan.

In this registration statement, all yen figures and percentages have been rounded to the figures shown, except for those yen figures and percentages in “Item 3.A. Key Information—Selected Financial Data—Japanese GAAP Selected Consolidated Financial Information,” which have been truncated to the figures shown, and unless otherwise specified. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

Our fiscal year end is March 31. References to years not specified as being fiscal years are to calendar years.

Unless otherwise specified, for purposes of this registration statement, we have presented our financial information in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Unless otherwise stated or the context otherwise requires, all amounts in our financial statements are expressed in Japanese yen.

We usually hold the ordinary general meeting of shareholders of Mizuho Financial Group in June of each year in Chiyoda-ku, Tokyo.

## **FORWARD-LOOKING STATEMENTS**

We may from time to time make written or oral forward-looking statements. Written forward-looking statements may appear in documents filed with the Securities and Exchange Commission, including this registration statement, and other reports to shareholders and other communications.

The U.S. Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking information to encourage companies to provide prospective information about themselves. We rely on this safe harbor in making these forward-looking statements.

This registration statement contains forward-looking statements regarding the intent, belief or current expectations of our management with respect to our financial condition and future results of operations. In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “endeavor,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target” and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should

one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks and uncertainties include, without limitation, the following:

- incurrence of significant credit-related costs;
- declines in the value of our securities portfolio;
- changes in interest rates;
- foreign exchange rate fluctuations;
- revised assumptions or other changes related to our pension plans;
- failure to maintain required capital adequacy ratio levels;
- downgrades in our credit ratings;
- the effectiveness of our operational, legal and other risk management policies;
- our ability to avoid reputational harm; and
- the effect of changes in general economic conditions in Japan.

Our forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. We identify in this registration statement in “Item 3.D. Key Information—Risk Factors,” “Item 4.B. Information on the Company—Business Overview,” “Item 5. Operating and Financial Review and Prospects” and elsewhere, some, but not necessarily all, of the important factors that could cause these differences.

We do not intend to update our forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

#### 1.A. Directors and Senior Management

For a description of the names and functions of our directors and senior management, please see "Item 6.A. Directors, Senior Management and Employees—Directors and Senior Management" of this registration statement. The business address of all of our directors and senior management is: 5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan.

#### 1.B. Advisers

Not applicable.

#### 1.C. Auditors

Ernst & Young ShinNihon, an independent registered public accounting firm, has acted as our auditor with respect to our consolidated financial statements as of and for the years ended March 31, 2005 and 2006. The address of Ernst & Young ShinNihon is Hibya Kokusai Building, 2-3, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-0011, Japan. Ernst & Young ShinNihon is a member of the Japanese Institute of Certified Public Accountants.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### 3.A. Selected Financial Data

The following tables set forth our selected consolidated financial data.

The first table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2005 and 2006, which have been derived from the audited consolidated financial statements of Mizuho Financial Group prepared in accordance with U.S. GAAP included in this registration statement.

The second table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2003, 2004, 2005 and 2006 together with selected consolidated financial data of Mizuho Holdings, Inc. as of and for the fiscal year ended March 31, 2002, each derived from the respective company's consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP. By means of a stock-for-stock exchange, Mizuho Financial Group succeeded Mizuho Holdings as the holding company for the Mizuho group on March 12, 2003. The scope of the consolidated group did not change as a result of such exchange, and selected historical consolidated financial information of Mizuho Financial Group and Mizuho Holdings is presented together in the following tables.

The consolidated financial statements of Mizuho Financial Group as of and for the fiscal years ended March 31, 2005 and 2006 prepared in accordance with U.S. GAAP have been audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) by Ernst & Young ShinNihon, independent registered public accounting firm.

You should read the U.S. GAAP selected consolidated financial information presented below together with the information included in "Item 5. Operating and Financial Review and Prospects" and the audited consolidated financial statements, including the notes thereto, included in this registration statement. The information presented below is qualified in its entirety by reference to that information.

## U.S. GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,	
	2005	2006
(in millions of yen, except per share data and percentages)		
<b>Statement of income data:</b>		
Interest and dividend income .....	¥1,615,428	¥1,957,907
Interest expense .....	578,573	944,895
Net interest income .....	1,036,855	1,013,012
Provision (credit) for loan losses .....	55,035	(157,666)
Net interest income after provision (credit) for loan losses .....	981,820	1,170,678
Noninterest income .....	1,599,673	995,156
Noninterest expenses .....	1,379,053	1,454,304
Income before income tax expense (benefit) .....	1,202,440	711,530
Income tax expense (benefit) .....	124,379	(374,142)
Net income .....	<u>¥1,078,061</u>	<u>¥1,085,672</u>
Net income attributable to common shareholders .....	<u>¥1,020,997</u>	<u>¥1,047,719</u>
<b>Amounts per share:</b>		
Basic earnings per common share—net income attributable to common shareholders .....	¥94,616.09	¥93,778.71
Diluted earnings per common share—net income attributable to common shareholders .....	70,005.52	82,748.82
Number of shares used to calculate basic earnings per common share (in thousands) .....	10,791	11,172
Number of shares used to calculate diluted earnings per common share (in thousands) .....	14,944	12,889
Cash dividends per share declared during the fiscal year:		
Common stock .....	¥ 3,000	¥ 3,500
\$ 27.98	\$ 29.79	
First series class I preferred stock .....	¥ 22,500	¥ —
\$ 209.85	\$ —	
Second series class II preferred stock .....	¥ 8,200	¥ 8,200
\$ 76.48	\$ 69.80	
Third series class III preferred stock .....	¥ 14,000	¥ 14,000
\$ 130.57	\$ 119.17	
Fourth series class IV preferred stock .....	¥ 47,600	¥ 47,600
\$ 443.95	\$ 405.18	
Sixth series class VI preferred stock .....	¥ 42,000	¥ 42,000
\$ 391.72	\$ 357.51	
Seventh series class VII preferred stock .....	¥ 11,000	¥ 11,000
\$ 102.59	\$ 93.63	
Eighth series class VIII preferred stock .....	¥ 8,000	¥ 8,000
\$ 74.61	\$ 68.10	
Ninth series class IX preferred stock .....	¥ 17,500	¥ —
\$ 163.22	\$ —	
Tenth series class X preferred stock .....	¥ 5,380	¥ 5,380
\$ 50.18	\$ 45.80	
Eleventh series class XI preferred stock .....	¥ 20,000	¥ 20,000
\$ 186.53	\$ 170.24	
Twelfth series class XI preferred stock .....	¥ 2,500	¥ —
\$ 23.32	\$ —	
Thirteenth series class XIII preferred stock .....	¥ 30,000	¥ 30,000
	\$ 279.80	\$ 255.36

	As of and for the fiscal years ended March 31,	
	2005	2006
(in millions of yen, except per share data and percentages)		
<b>Balance sheet data:</b>		
Total assets .....	¥139,608,540	¥145,522,392
Loans, net of allowance .....	64,362,181	67,898,640
Total liabilities .....	136,537,265	140,880,392
Deposits .....	80,518,714	82,703,690
Long-term debt .....	4,788,775	5,384,991
Common stock .....	3,105,754	3,547,726
Shareholders' equity .....	2,869,528	4,345,714
<b>Other financial data:</b>		
<b>Return on equity and assets:</b>		
Net income attributable to common shareholders as a percentage of total average assets .....	0.77%	0.74%
Net income attributable to common shareholders as a percentage of average shareholders' equity .....	24.85%	27.40%
Dividends per common share as a percentage of basic earnings per common share .....	3.70%	4.27%
Average shareholders' equity as a percentage of total average assets .....	3.09%	2.71%
Net interest income as a percentage of total average interest- earning assets .....	0.83%	0.77%

Note: Yen amounts for cash dividends per share for the fiscal years ended March 31, 2005 and 2006 are expressed in U.S. dollars at the rate of ¥107.22=\$1.00 and ¥117.48 = \$1.00, respectively. These rates are the noon buying rates on March 31, 2005 and 2006 in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

#### Japanese GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,				
	2002 <sup>(1)</sup>	2003	2004	2005	2006
(in millions of yen, except per share data and percentages)					
<b>Statement of income data:</b>					
Interest income .....	¥ 3,020,489	¥ 1,991,236	¥1,622,704	¥1,584,415	¥1,935,048
Interest expense .....	1,492,876	734,859	437,703	477,983	872,403
Net interest income .....	1,527,613	1,256,377	1,185,001	1,106,432	1,062,645
Fiduciary income .....	54,443	55,460	62,064	63,253	78,843
Net fee and commission income .....	501,081	410,534	426,614	472,628	555,935
Net trading income .....	178,884	244,524	231,804	165,059	204,941
Net other operating income .....	199,993	266,754	206,861	185,724	100,073
General and administrative expenses .....	1,368,206	1,237,641	1,125,905	1,091,348	1,095,243
Other income .....	866,499	243,434	503,872	735,297	502,212
Other expenses <sup>(2)</sup> .....	3,385,481	3,501,617	609,073	693,989	429,265
Income (loss) before income taxes and minority interests .....	(1,425,170)	(2,262,172)	881,240	943,059	980,142
<b>Income taxes:</b>					
Current .....	110,498	22,288	28,055	19,817	64,038
Deferred .....	(545,923)	30,505	387,855	235,227	185,035
Minority interests in net income (loss) .....	(13,701)	62,205	58,347	60,630	81,164
Net income (loss) .....	¥ (976,044)	¥ (2,377,172)	¥ 406,982	¥ 627,383	¥ 649,903
<b>Net income (loss) per share:</b>					
Basic .....	¥(108,003.27)	¥(254,524.65)	¥36,153.27	¥54,625.61	¥55,157.14
Diluted .....	—	—	18,754.94	37,719.13	46,234.51

	As of and for the fiscal years ended March 31,				
	2002 <sup>(1)</sup>	2003	2004	2005	2006
	(in millions of yen, except per share data and percentages)				
<b>Cash dividends per share declared during the fiscal year<sup>(3)</sup>:</b>					
Common stock .....	¥ 3,500 \$ 26.40	¥ 3,500 \$ 29.64	—	¥ 3,000 \$ 27.98	¥ 3,500 \$ 29.79
First series class I preferred stock .....	¥ 11,250 \$ 84.84	¥ 22,500 \$ 190.56	¥ 22,500 \$ 215.97	¥ 22,500 \$ 209.85	—
Second series class II preferred stock .....	¥ 4,100 \$ 30.92	¥ 8,200 \$ 69.45	¥ 8,200 \$ 78.71	¥ 8,200 \$ 76.48	¥ 8,200 \$ 69.80
Third series class III preferred stock .....	¥ 7,000 \$ 52.79	¥ 14,000 \$ 118.57	¥ 14,000 \$ 134.38	¥ 14,000 \$ 130.57	¥ 14,000 \$ 119.17
Fourth series class IV preferred stock .....	¥ 23,800 \$ 179.49	¥ 47,600 \$ 403.15	¥ 47,600 \$ 456.90	¥ 47,600 \$ 443.95	¥ 47,600 \$ 405.18
Fifth series class V preferred stock .....	¥ 3,750 \$ 28.28	—	—	—	—
Sixth series class VI preferred stock .....	¥ 21,000 \$ 158.37	¥ 42,000 \$ 355.72	¥ 42,000 \$ 403.15	¥ 42,000 \$ 391.72	¥ 42,000 \$ 357.51
Seventh series class VII preferred stock .....	¥ 5,500 \$ 41.48	¥ 11,000 \$ 93.17	¥ 11,000 \$ 105.59	¥ 11,000 \$ 102.59	¥ 11,000 \$ 93.63
Eighth series class VIII preferred stock .....	¥ 4,000 \$ 30.17	¥ 8,000 \$ 67.76	¥ 8,000 \$ 76.79	¥ 8,000 \$ 74.61	¥ 8,000 \$ 68.10
Ninth series class IX preferred stock .....	¥ 8,750 \$ 65.99	¥ 17,500 \$ 148.22	¥ 17,500 \$ 167.98	¥ 17,500 \$ 163.22	—
Tenth series class X preferred stock .....	¥ 2,690 \$ 20.29	¥ 5,380 \$ 45.57	¥ 5,380 \$ 51.64	¥ 5,380 \$ 50.18	¥ 5,380 \$ 45.80
Eleventh series class XI preferred stock .....	—	—	¥ 165 \$ 1.58	¥ 20,000 \$ 186.53	¥ 20,000 \$ 170.24
Twelfth series class XI preferred stock .....	—	—	¥ 21 \$ 0.20	¥ 2,500 \$ 23.32	—
Thirteenth series class XIII preferred stock .....	—	—	¥ 247 \$ 2.37	¥ 30,000 \$ 279.80	¥ 30,000 \$ 255.36
<b>Balance sheet data:</b>					
Total assets .....	¥ 151,312,427	¥ 134,032,747	¥ 137,750,091	¥ 143,076,236	¥ 149,612,794
Loans and bills discounted <sup>(4)</sup> .....	84,593,656	69,210,035	66,205,868	62,917,336	65,408,672
Securities .....	24,108,931	23,816,574	32,071,624	36,047,035	37,702,957
Deposits .....	85,606,235	72,222,642	77,487,475	80,368,058	82,367,125
Shareholders' equity .....	4,731,420	2,861,066	3,644,396	3,905,726	4,804,993
<b>Risk-adjusted capital data:</b>					
Tier 1 capital .....	¥ 5,028,952	¥ 3,495,431	¥ 3,941,146	¥ 4,172,047	¥ 4,555,947
Total qualifying capital .....	9,959,551	6,847,417	7,770,077	8,020,233	8,993,255
Total risk adjusted assets .....	94,288,763	71,823,565	68,424,191	67,324,998	77,338,353
Tier 1 capital ratio .....	5.33%	4.86%	5.75%	6.19%	5.89%
Capital adequacy ratio .....	10.56%	9.53%	11.35%	11.91%	11.62%

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Notes:

- (1) A stock transfer payment was made in the fiscal year ended March 31, 2001 to shareholders in lieu of interim dividends with respect to the first half of such fiscal year. As a result, only dividends with respect to the second half of the fiscal year ended March 31, 2001 were declared during the fiscal year ended March 31, 2002.
- (2) The following table shows the amount of provision for reserves for possible losses on loans and write-offs on loans, both of which are components of other expenses:

	For the fiscal years ended March 31,				
	2002	2003	2004	2005	2006
	(in millions of yen)				
Provision for reserves for possible losses on loans .....	¥ 914,226	¥932,421	¥ 65,424	¥ — <sup>(1)</sup>	¥ — <sup>(1)</sup>
Write-offs of loans .....	1,287,267	735,111	209,509	161,461	37,187

Note:

- (1) In the fiscal years ended March 31, 2005 and 2006, we recorded reversals of reserves for possible losses on loans of ¥143,215 million and ¥142,249 million, respectively. Such reversal is included in other income.

Other expenses for the fiscal years ended March 31, 2002 and 2003 were significantly higher compared to subsequent fiscal years due mainly to the significant amount of costs related to the resolution of problem loan issues, including provision for reserves for possible losses on loans and write-offs of loans, which reflects heightened efforts to accelerate problem loan dispositions and increase reserve ratios. In addition, losses related to our portfolio of equity securities due to significant declines in Japanese stock markets also contributed to the large amount of other expenses in these two fiscal years. The combined amount of losses on devaluation of stocks and other securities and losses on sales of stocks and other securities was ¥436.8 billion for the fiscal year ended March 31, 2002 and ¥996.9 billion for the fiscal year ended March 31, 2003.

- (3) Yen amounts are expressed in U.S. dollars at the rate of ¥132.60 = \$1.00, ¥118.07 = \$1.00, ¥104.18 = \$1.00, ¥107.22 = \$1.00 and ¥117.48 = \$1.00 for the fiscal years ended March 31, 2002, 2003, 2004, 2005 and 2006, respectively. These rates are the noon buying rates on the respective fiscal year-end dates in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Board of New York.
- (4) Bills discounted refers to a form of financing in Japan under which promissory notes obtained by corporations through their regular business activities are purchased by banks prior to their payment dates at a discount based on prevailing interest rates.

There are certain differences between U.S. GAAP and Japanese GAAP. The differences between U.S. GAAP and Japanese GAAP applicable to us primarily relate to the accounting for derivative financial instruments and hedging activities, investments, loans, allowances for loan losses and off-balance-sheet instruments, premises and equipment, real estate sales and leasebacks, land revaluation, business combinations, Financial Stabilization Funds, pension liabilities, consolidation of variable interest entities and deferred taxes. See "Item 5. Operating and Financial Review and Prospects—Reconciliation with Japanese GAAP." In addition, under Japanese GAAP, a restatement of prior year financial statements reflecting the effect of a change in accounting principles is not permitted, unlike under U.S. GAAP, which generally requires a restatement upon a voluntary change in accounting principles.

### Exchange Rate Information

The following table sets forth, for each period indicated, the noon buying rate in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York, expressed in Japanese yen per \$1.00. The exchange rates are reference rates and are not necessarily the rates used to calculate ratios or the rates used to convert yen to U.S. dollars in the financial statements contained in this registration statement.

<u>Fiscal years ended March 31,</u>	<u>High</u>	<u>Low</u>	<u>Average<sup>(1)</sup></u> (yen per dollar)	<u>Period end</u>
2002 .....	¥134.57	¥116.27	¥125.51	¥132.60
2003 .....	133.46	115.71	121.08	118.07
2004 .....	120.55	104.18	112.75	104.18
2005 .....	114.30	102.26	107.28	107.22
2006 .....	120.93	104.41	113.67	117.48
2007 (through October 18) .....	119.81	110.07	115.63	119.09

<u>Calendar year 2006</u>				
May .....	113.46	110.07	—	—
June .....	116.42	111.66	—	—
July .....	117.44	113.97	—	—
August .....	117.35	114.21	—	—
September .....	118.02	116.04	—	—
October (through October 18) .....	119.81	117.66	—	—

Note:

(1) Calculated by averaging the exchange rates on the last business day of each month during the respective periods.

The noon buying rate as of October 18, 2006 was ¥119.09 = \$1.00.

### 3.B. Capitalization and Indebtedness

The following table sets forth our capitalization and indebtedness as of March 31, 2006. This table should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" and the consolidated financial statements, including the notes thereto, included in this registration statement.

	<u>As of March 31, 2006</u> (in millions of yen)
<b>Long-term debt:</b>	
Obligations under capital leases .....	¥ 30,063
Loan participation borrowings .....	139,519
Senior borrowings and bonds .....	796,129
Subordinated borrowings and bonds .....	4,129,049
Borrowings and bonds of variable interest entities .....	<u>290,231</u>
Total long-term debt .....	<u>¥ 5,384,991</u>
<b>Minority interest in consolidated subsidiaries:</b>	
Minority interest in consolidated subsidiaries .....	¥ 296,286
<b>Shareholders' equity:</b>	
Preferred stock:	
Authorized 4,698,500 shares; Issued 1,280,430 shares <sup>(1)</sup> .....	1,580,430
Common stock:	
Authorized 25,000,000 shares; Issued 12,003,995 shares <sup>(2)(3)</sup> .....	3,547,726
Accumulated deficit <sup>(4)</sup> .....	(2,647,768)
Accumulated other comprehensive income, net of tax .....	1,912,140
Treasury stock <sup>(2)(3)</sup> .....	(46,814)
Total shareholders' equity <sup>(1)(3)(4)</sup> .....	<u>4,345,714</u>
Total capitalization and indebtedness <sup>(4)</sup> .....	<u>¥10,026,991</u>

Notes:

- (1) On July 4, 2006, we repurchased and cancelled all of 150,000 shares of fourth series class IV preferred stock and 150,000 shares of sixth series class VI preferred stock held by the Resolution and Collection Corporation. As a result of the cancellation, preferred stock decreased by ¥600,000 million and accumulated deficit increased by ¥3,498 million.
- (2) Of the issued shares of common stock as of March 31, 2006, Mizuho Financial Group held 2,596 shares as treasury stock, and our consolidated subsidiaries and equity-method affiliates held an aggregate of 393,429 shares. In calculating the number of shares of treasury stock, the number of shares of our common stock owned by equity-method affiliates is multiplied by our equity ownership percentage in the relevant equity-method affiliate.
- (3) On July 7, 2006, we repurchased and cancelled 131,800 shares held by our subsidiary, Mizuho Financial Strategy Co., Ltd. As a result of the cancellation, common stock and treasury stock each decreased by ¥15,266 million.
- (4) On June 27, 2006, our shareholders approved the appropriation of retained earnings totaling ¥81,422 million for the payment of cash dividends on our capital stock as follows:
  - ¥47,600 per share of fourth series class IV preferred stock, totaling ¥7,140 million;
  - ¥42,000 per share of sixth series class VI preferred stock, totaling ¥6,300 million;
  - ¥20,000 per share of eleventh series class XI preferred stock, totaling ¥18,875 million;

- ¥30,000 per share of thirteenth series class XIII preferred stock, totaling ¥1,101 million; and
- ¥4,000 per share of common stock, totaling ¥48,006 million.

As a result of the dividend payments, accumulated deficit increased by ¥81,422 million.

The amount available for dividends is determined based on accounts prepared under Japanese GAAP. While we had an accumulated deficit under U.S. GAAP at March 31, 2006, we had retained earnings available for dividends under Japanese GAAP, and we made a distribution of annual dividends.

- (5) Since March 31, 2006, there have been no equity issuances, recapitalizations, dividend payments or other similar significant subsequent changes in capitalization other than those listed above.

### **3.C. Reasons for the Offer and Use of Proceeds**

Not applicable.

### **3.D. Risk Factors**

*Investing in our securities involves a high degree of risk. You should carefully consider the risks described below as well as the other information in this registration statement, including our consolidated financial statements and related notes, “Item 5. Operating and Financial Review and Prospects,” “Item 11. Quantitative and Qualitative Disclosures about Credit, Market and Other Risk” and “Selected Statistical Data.”*

*Our business, financial condition and operating results could be materially adversely affected by any of the factors discussed below. The trading price of our securities could decline due to any of these factors. This registration statement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks faced by us described below and elsewhere in this registration statement. See “Forward-Looking Statements.”*

#### ***Risks relating to our business***

##### **We may incur significant credit-related costs in the future due to problem loans.**

We are the primary bank lender for a large number of our corporate customers, and the amount of our loans and other claims to each of our major customers is significant. In addition, while we have made efforts to diversify our credit exposure along industry lines, the proportion of credit exposure to customers in the construction and real estate, banks and other financial institutions, and wholesale and retail industries is relatively high. We manage our loan portfolio by regularly monitoring the credit profile of each of our customers, the progress made on restructuring plans and loan concentrations in particular industries or corporate groups, and we also regularly assess the value of collateral and guarantees. However, depending on future trends in the domestic and global economic environment and other factors, the amount of our problem loans could increase significantly, including as a result of the deterioration in the credit profile of customers for which we are the primary bank lender, other major customers or customers belonging to industries to which we have significant credit exposure, and the value of collateral and guarantees could decline, which could result in our incurrence of significant credit-related costs.

**Our equity investment portfolio exposes us to market risks that could adversely affect our financial condition and results of operations.**

We hold substantial investments in marketable equity securities, mainly common stock of Japanese listed companies. In recent years, we sold a portion of such investments, and we may make further sales in the future. However, significant declines in the Japanese stock prices in the future would lead to unrealized losses, losses on impairment and losses from sales of equity securities which could have a material adverse effect on our financial condition and results of operations. In addition, 45% of unrealized gains on such investments, based on Japanese GAAP, is included within capital for purposes of the calculation of our capital adequacy ratios, and as a result, a decline in the value of such investments would negatively affect such ratios.

**Changes in interest rates could adversely affect our financial condition and results of operations.**

We hold a significant amount of bonds, consisting mostly of Japanese government bonds, primarily for the purpose of investment. As a result of such holdings, an increase in interest rates, primarily yen interest rates, could lead to unrealized losses of bonds or losses from sales of bonds. In addition, mainly due to differences in maturities between financial assets and liabilities, changes in interest rates could have an adverse affect on our average interest rate spread. We manage interest rate risk under our risk management policies, which provide for adjustments in the composition of our bond portfolio and the utilization of derivatives and other hedging methods to reduce our exposure to interest rate risk. However, in the event of a significant increase in interest rates, including as a result of a change in Japanese monetary policy and market trends, our financial condition and results of operations could be materially and adversely affected.

**Our financial condition and results of operations could be adversely affected by foreign exchange rate fluctuations.**

A portion of our assets and liabilities is denominated in foreign currencies, mainly the U.S. dollar. The difference between the amount of assets and liabilities denominated in foreign currencies leads to foreign currency translation gains and losses in the event of fluctuations in foreign exchange rates. Although we hedge a portion of our exposure to foreign exchange rate fluctuation risk, our financial condition and results of operations could be materially and adversely affected if future foreign exchange rate fluctuations significantly exceed our expectations.

**Our pension-related costs could increase as a result of revised assumptions or changes in our pension plans.**

Our pension-related costs and projected benefit obligations are calculated based on assumptions regarding projected returns on pension plan assets and various actuarial assumptions relating to the plans. If actual results differ from our assumptions or we revise our assumptions in the future, due to changes in the interest rate environment or otherwise, our pension-related costs and projected benefit obligations could increase. In addition, any future changes to our pension plans could also lead to increases in our pension-related costs and projected benefit obligations.

**Failure to maintain capital adequacy ratios above minimum required levels could result in restrictions on our business activities.**

We endeavor to maintain sufficient levels of capital adequacy ratios taking into account our plans for investments in risk assets, the efficiency of our capital structure and other factors. However, our capital adequacy ratios could decline in the future if our financial condition deteriorates significantly, as a result of the materialization of any of the risks enumerated in these “Risk Factors” or other factors. If the capital adequacy

ratios of us and our banking subsidiaries, which are calculated pursuant to standards set forth by Japan's Financial Services Agency and based on Japanese GAAP, fall below specified levels, the Financial Services Agency could require us to take corrective actions, including, depending on the level of deficiency, submission of an improvement plan that would strengthen our capital base, a reduction of our total assets or a suspension of a portion of our business operations.

#### **Our capital adequacy ratios could decline due to regulatory changes.**

The Financial Services Agency's rules concerning banks' capital adequacy ratios are based upon the framework set by the Basel Committee on Banking Supervision. Pursuant to a recent revision to the framework by the Basel Committee which, among other things, adopts variable risk weights according to the bank's internal credit rating given to the obligor or risk assets, the Financial Services Agency is expected to implement new rules effective March 2007 that reflect such revision.

In addition, beginning March 2006, the Financial Services Agency began to apply upper limits to the amount of net deferred tax assets for purposes of calculating capital adequacy ratios. Under the new regulation, the maximum amount of net deferred tax assets under Japanese GAAP that major Japanese banks, including bank holding companies, can record without diminishing the amount of Tier 1 capital for purposes of calculating capital adequacy ratios was reduced to 40% of Tier 1 capital as of March 31, 2006 and will be further reduced to 30% and 20% as of March 31, 2007 and March 31, 2008, respectively. As of March 31, 2006, our net deferred tax assets under Japanese GAAP on a consolidated basis were ¥295.7 billion, which was equivalent to 6.4% of Tier 1 capital.

The implementation of these and other new rules relating to capital adequacy ratios could have an adverse effect on our capital adequacy ratios and those of our banking subsidiaries.

#### **Downgrades in our credit ratings could have negative effects on our funding costs and business operations.**

Credit ratings are assigned to Mizuho Financial Group, our banking subsidiaries and a number of our other subsidiaries by major domestic and international credit rating agencies. The credit ratings are based on information furnished by us or obtained by the credit rating agencies from independent sources and are also influenced by credit ratings of Japanese government bonds and general views regarding the Japanese financial system as a whole. The credit ratings are subject to revision, suspension or withdrawal by the credit rating agencies at any time. A downgrade in our credit ratings could result in, among other things, the following:

- increased funding costs and other difficulties in raising funds;
- the need to provide additional collateral in connection with financial market transactions; and
- the termination or cancellation of existing agreements.

#### **Our business will be adversely affected if we encounter difficulties in raising funds.**

We rely principally on deposits and debentures as our funding sources. In addition, we also raise funds in the financial markets. Our efforts to maintain stable funding such as setting maximum limits on financial market funding and monitoring our liquidity position to apply appropriate funding policies, may not be sufficient to prevent significant increases in our funding costs or cash flow problems if we encounter difficulties in attracting deposits or otherwise raising funds. Such difficulties could result, among other things, from any of the following:

- adverse developments with respect to our financial condition and results of operations;
- downgrading of our credit ratings or damage to our reputation; or
- a reduction in the size and liquidity of the debt markets due for example to a decline in the Japanese economy or concerns regarding the Japanese financial system.

**We will be exposed to new or increased risks as we expand the range of our products and services.**

We offer a broad range of financial services, including banking, securities, trust and other services. As the needs of our customers become more sophisticated and broader in scope, and as the Japanese financial industry continues to be deregulated, we have been entering into various new areas of business, including through business alliances, which expose us to new risks. In addition, risks related to our existing businesses could increase as in the case of the recent increase in Japan of ATM card-related fraud. While we have developed and intend to maintain risk management policies that we believe are appropriate to address such risks, if a risk materializes in a manner or to a degree outside of our expectations, our business, financial condition and results of operations could be materially and adversely affected.

**We are subject to various laws and regulations, and violations could result in penalties and other regulatory actions.**

Our business and employees in Japan are subject to various laws and regulations, including those applicable to financial institutions as well as general laws applicable to our business activities, and we are under the regulatory oversight of the Financial Services Agency. Our businesses outside of Japan are also subject to the laws and regulations of the jurisdictions in which they operate and are subject to oversight by the regulatory authorities of those jurisdictions. Our compliance and legal risk management structures are designed to prevent violations of such laws and regulations, but they may not be effective in preventing all future violations. For example, the Financial Services Agency issued a business improvement order to Mizuho Bank in December 2004 in connection with the embezzlement of customer funds by a former employee. The former employee was arrested in January 2006. In August 2006, Mizuho Bank also received a warning from the Japan Fair Trade Commission that the content relating to applicable interest rates on an advertisement for mortgage loans could be misleading and therefore could be in violation of a related law. Future violations of laws and regulations could result in regulatory action and harm our reputation, and our business, financial condition and results of operations could be materially and adversely affected.

**Employee errors and misconduct could subject us to losses and reputational harm.**

Because we process a large number of transactions in a broad range of businesses, we are subject to the risk of various operational errors and misconduct, including those caused by employees. Our measures to reduce employee errors, including establishment of operational procedures, regular reviews regarding compliance with these procedures, employee training and automation of our operations, may not be effective in preventing all employee errors and misconduct. For example, Mizuho Securities Co., Ltd. incurred a loss of ¥40.7 billion and received a business improvement order from the Financial Services Agency as a result of an erroneous stock brokerage order by an employee in December 2005. Significant operational errors and misconduct in the future could result in losses, regulatory action or harm to our reputation.

**Problems relating to our information technology systems could significantly disrupt our business operations.**

We depend significantly on information technology systems with respect to almost all aspects of our business operations. Our information technology systems network, including those relating to bank accounting and cash settlement systems, interconnects our branches and other offices, our customers and various clearing and settlement systems located worldwide. Our efforts to sustain stable daily operations and development of contingency plans for unexpected events, including the implementation of backup and redundancy measures, may not be effective in preventing significant disruptions to our information technology systems caused by, among other things, human error, accidents, hacking, computer viruses and development and renewal of computer systems. In the event of any such disruption, our business, financial condition and results of operations could be materially and adversely affected due to disruptions in our business operations, liability to customers and others, regulatory actions or harm to our reputation.

**Our reputation could be harmed and we may be subject to liabilities and regulatory actions if we are unable to protect personal and other confidential information.**

We handle various confidential or non-public information, including those of our individual and corporate customers, in the ordinary course of our business. The information management policies we maintain and enforce to prevent information leaks and improper access to such information, including those designed to meet the strict requirements of the Personal Information Protection Act of Japan which became fully effective in April 2005, may not be effective in preventing all such problems. For example, a former employee of Mizuho Bank was arrested in February 2006 for allegedly leaking customer information, and Mizuho Bank received a business improvement order from the Financial Services Agency in connection with the leakage. Leakage of important information in the future could result in liabilities and regulatory actions and may also lead to significant harm to our reputation.

**Our business would be harmed if we are unable to attract and retain skilled employees.**

Many of our employees possess skills and expertise that are important to maintain our competitiveness and to operate our business efficiently. We may not be successful in attracting and retaining sufficient skilled employees through our hiring efforts and training programs aimed to maintain and enhance the skills and expertise of our employees, in which event our competitiveness and efficiency could be significantly impaired.

**Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.**

We have devoted significant resources to strengthening our risk management policies and procedures and expect to continue to do so in the future. Despite this, and particularly in light of the rapid evolution of our operations, our policies and procedures designed to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon our use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than the historical measures indicate.

**We may be adversely affected if economic conditions in Japan or elsewhere deteriorate.**

We conduct business operations in Japan as well as overseas, including in the United States, Europe and Asia. If general economic conditions in Japan or other regions were to deteriorate, we could experience weakness in our business, as well as deterioration in the credit quality of our loan portfolios, which could adversely affect our financial condition and results of operations.

**Amendments and other changes to the laws and regulations that are applicable to us could have an adverse effect on us.**

We are subject to various laws and regulations in and outside of Japan, including those applicable to financial institutions as well as general laws applicable to our business activities. If the laws and regulations that are applicable to us are amended or otherwise changed, for example in a way that restricts us from engaging in business activities that we currently conduct, our business, financial condition and results of operations could be materially and adversely affected.

**The market for financial services in Japan is increasingly competitive.**

Ongoing deregulation in Japan has significantly lowered the barriers to entry with respect to the provision of banking, securities, trust and other financial services. While such deregulation has the effect of increasing our

own business opportunities, it also allows other major financial groups, foreign financial institutions, non-bank finance companies, government-affiliated entities such as Japan Post and other financial services providers to enter into new business areas or expand existing businesses. As a result, competition in the financial services industry has been intensifying in recent years and could intensify further in the future. If we are unable to respond effectively to current or future competition, our business, financial condition and results of operations could be adversely affected.

**Our business could be significantly disrupted due to natural disasters, accidents or other causes.**

Our headquarters, branch offices, information technology centers, computer network connections and other facilities are subject to the risk of damage from natural disasters such as earthquakes and typhoons as well as from acts of terrorism and other criminal acts. Japan has historically been prone to major earthquakes. Our business, financial condition and results of operations could be adversely affected if our recovery efforts, including our implementation of contingency plans that we have developed, are not effective in preventing significant disruptions to our business operations caused by natural disasters and criminal acts.

**Negative rumors about us could have an adverse affect on us.**

Our business depends on maintaining the trust of depositors and other customers and market participants. Negative rumors about us, spread through media coverage, communications between market participants, Internet postings or otherwise, could lead to our customers and market participants believing factually incorrect information about us and harm our reputation. In the event we are unable to dispel such rumors or otherwise restore our reputation, we could lose new and existing customers in which case our business, financial condition and results of operations could be materially and adversely affected.

**Our failure to establish, maintain and apply adequate internal control over financial reporting in a timely manner could negatively impact the price of our shares and ADSs.**

We are evaluating our internal controls over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC promulgated pursuant thereto. These requirements will first apply to our annual report on Form 20-F for the fiscal year ending March 31, 2008. We are currently performing the system and process evaluation and testing in an effort to comply with the requirements. Although we plan to design enhanced processes and controls to address any issue that might be identified through our evaluation and testing, we cannot assure that we will be able to do so in a timely manner. If we fail to do so, our management may not be able to conclude that we have effective internal controls. Furthermore, even if our management concludes that our internal controls are effective, our independent registered public accounting firm may still be unable to attest to our management's assessment or may issue a report that concludes that our internal controls over financial reporting are not effective. In either case, we may lose investor confidence in the reliability of our financial statements, which in turn could negatively impact the price of our shares and ADSs.

***Risks Related to Owning Our Shares***

**Rights of shareholders under Japanese law may be more limited than under the law of other jurisdictions.**

Our articles of incorporation, our regulations of board of directors and Japan's Company Law, which came into effect in May 2006, govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights may be different from or less clearly defined than those that would apply if we were incorporated in another jurisdiction. For example,

under the Company Law, only holders of 3% or more of the total voting rights or total outstanding shares are entitled to examine our accounting books and records. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the law of jurisdictions within the United States or other countries. For more information on the rights of shareholders under Japanese law, see "Item 10.B. Memorandum and Articles of Association."

**It may not be possible for investors to effect service of process within the United States upon us or our directors, senior management or corporate auditors, or to enforce against us or those persons judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States.**

We are a joint stock corporation incorporated under the laws of Japan. Almost all of our directors, senior management and corporate auditors reside outside the United States. Many of the assets of us and these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for U.S. investors to effect service of process within the United States upon us or these persons or to enforce, against us or these persons, judgments obtained in the U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States. We believe that there is doubt as to the enforceability in Japan, in original actions or in actions to enforce judgments of U.S. courts, of claims predicated solely upon the federal securities laws of the United States.

***Risks Related to Owning Our ADSs***

**As a holder of ADSs, you have fewer rights than a shareholder and you must act through the depositary to exercise these rights.**

The rights of our shareholders under Japanese law to take actions such as voting their shares, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian, is the record holder of the shares underlying the ADSs, a holder of ADSs may not be entitled to the same rights as a shareholder. In your capacity as an ADS holder, you are not able to bring a derivative action, examine our accounting books and records or exercise appraisal rights, except through the depositary. For more information on rights of an ADS holder, see "Item 12. Description of Securities Other Than Equity Securities."

**Foreign exchange rate fluctuations may affect the U.S. dollar value of our ADSs and dividends payable to holders of our ADSs.**

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.

## **ITEM 4. INFORMATION ON THE COMPANY**

### **4.A. History and Development of the Company**

#### **The Mizuho Group**

The Mizuho group was created on September 29, 2000 through the establishment of Mizuho Holdings as a holding company of our three predecessor banks, The Dai-Ichi Kangyo Bank, The Fuji Bank and The Industrial Bank of Japan. On October 1, 2000, the respective securities subsidiaries of the predecessor banks merged to form Mizuho Securities, and the respective trust bank subsidiaries merged on the same date to form Mizuho Trust & Banking.

A further major step in the Mizuho group's development occurred in April 2002 when the operations of our three predecessor banks were realigned through a corporate split and merger process under Japanese law into a wholesale banking subsidiary, Mizuho Corporate Bank, and a banking subsidiary serving primarily retail and small and medium-sized enterprise customers, Mizuho Bank. As an additional step for realigning the group structure, Mizuho Financial Group was established on January 8, 2003 as a corporation organized under the laws of Japan, and on March 12, 2003, it became the holding company for the Mizuho group through a stock-for-stock exchange with Mizuho Holdings, which became an intermediate holding company focused on management of the Mizuho group's banking and securities businesses. The legal and commercial name of the company is Mizuho Financial Group, Inc.

In May 2003, we initiated a project to promote early corporate revitalization of customers in need of revitalization or restructuring and to separate the oversight of restructuring borrowers from the normal credit origination function. In July 2003, our three principal banking subsidiaries, Mizuho Corporate Bank, Mizuho Bank and Mizuho Trust & Banking each transferred loans, equity securities and other claims outstanding relating to approximately 950 companies to new subsidiaries that they formed. In October 2005, based on the significant reduction in the balance of impaired loans held by these new subsidiaries, which we call the "revitalization subsidiaries," we deemed the corporate revitalization project to be complete, and each of the revitalization subsidiaries was merged into its respective banking subsidiary parent.

As part of our "Channel to Discovery" strategic plan, we realigned our entire business operations into a Global Corporate Group, Global Retail Group and Global Asset and Wealth Management Group in the fiscal year ended March 31, 2006. In October 2005, in connection with this realignment, we established Mizuho Private Wealth Management Co., Ltd., a private banking subsidiary, and converted Mizuho Holdings on October 1, 2005 from an intermediate holding company into Mizuho Financial Strategy, an advisory company that provides advisory services to financial institutions.

#### **Principal Capital Expenditures and Divestitures**

In August 2003, Mizuho Corporate Bank entered into an agreement to sell all of the shares of its wholly owned subsidiary, Chekiang First Bank Limited in Hong Kong, to Wing Hang Bank, Limited for HK \$4.8 billion. The sale was completed in September 2003.

In March 2004, Mizuho Bank entrusted its headquarter office (including both building and land) and other significant real property and sold the trust beneficiary interest therein to third parties for ¥217.0 billion, and Mizuho Bank simultaneously leased back such property.

In May 2005, Mizuho Financial Group established a trust, with our subsidiary, Trust & Custody Services Bank, Ltd., as trustee, to sell gradually 250 million shares of common stock it held in Mizuho Trust & Banking, equaling 4.98% of the then-outstanding shares of common stock of Mizuho Trust & Banking, at prevailing prices of such shares on the Tokyo Stock Exchange. The trust was terminated in September 2005 after completing the sale of all such shares.

In October 2005, UC Card Co., Ltd., our credit card subsidiary, conducted a corporate split to separate its credit card issuance business from its merchant acquisition and processing businesses. Following the corporate split, we sold the credit card issuance business to Credit Saison Co., Ltd. for ¥27.5 billion in connection with our alliance with Credit Saison relating to the credit card business.

## **Other Information**

Our registered address is 5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan, and our telephone number is 81-3-5224-1111.

## **4.B. Business Overview**

### **General**

We offer a variety of financial services, including banking, securities, trust and asset management services.

Mizuho Bank, our retail-oriented banking subsidiary, has approximately 26 million individual customers accounts and lends to approximately 100,000 small and medium-sized enterprises, or SMEs, and middle-market corporations. Customers of Mizuho Corporate Bank, our wholesale banking subsidiary, include approximately 70% of all companies listed on Japanese stock exchanges. In our business model, we have established a group structure based on customer segmentation and business function to enhance our flexibility and responsiveness in conducting our businesses.

See “Item 5. Operating and Financial Review and Prospects—Business Segments Analysis” for a breakdown of gross profits by category of activity and “Item 5. Operating and Financial Review and Prospects—Geographical Segment Analysis” for a breakdown of total revenue by geographic market.

### ***Channel to Discovery Plan***

In April 2005, we launched our new business strategy called the “Channel to Discovery” Plan. We continue to implement our Business Portfolio Strategy and Corporate Management Strategy developed under this plan to enhance our position as a global financial group.

### ***Our Business Portfolio Strategy***

We realigned our businesses into the following three Global Groups based on our customers’ needs: the Global Corporate Group; the Global Retail Group; and the Global Asset & Wealth Management Group. We strive to continue enhancing our profitability by leveraging the respective strengths of our Global Groups. The following summarizes the business activities of each of our three Global Groups:

- The Global Corporate Group provides sophisticated banking and securities products and services that meet the needs of large or global corporations, utilizing our comprehensive financial expertise.
- The Global Retail Group provides a wide range of financial products and services, including those provided through collaborations with leading domestic and international companies, that meet the diverse needs of individuals, SMEs, and middle-market corporations in Japan.
- The Global Asset & Wealth Management Group provides trust, custody and private banking products and services that meet the diversified and sophisticated needs of our customers.

Specific initiatives that we implemented in the fiscal year ended March 31, 2006 to pursue our Business Portfolio Strategy include the following:

- We established Mizuho Private Wealth Management, a private banking subsidiary, in October 2005.
- We reorganized our business structure in October 2005 to make each of our two strategic retail subsidiaries, UC Card, our credit card subsidiary, and Mizuho Capital Co., Ltd., our venture capital subsidiary, a direct subsidiary of Mizuho Bank.

- Mizuho Bank began collaborating with Wachovia Bank N.A. and Wells Fargo Bank N.A. in April 2005 in areas such as mutual referral of customers, cash management products, trade finance and sales of investment trust products in Japan. Mizuho Bank and Wachovia also maintain mutual links to each other's website.
- Mizuho Trust & Banking and Mizuho Bank began collaborating with The Bank of New York in April 2005 in areas including offering investment strategies to customers, such as Japanese corporate pension funds, utilizing The Bank of New York group's alternative investment capabilities, sales of an investment trust that utilizes the Bank of New York group's asset management capabilities and the respective global custody businesses of the parties.
- We reorganized Mizuho Holdings in October 2005 into a new advisory company, Mizuho Financial Strategy, which provides advisory services to financial institutions.
- In October 2005, we merged our four consolidated subsidiaries that specialized in borrower revitalization, or our revitalization subsidiaries, into their respective principal banking subsidiary parent, with the completion of their assigned roles.

#### *Our Corporate Management Strategy*

We are implementing the following measures in connection with our Corporate Management Strategy:

- *List on the New York Stock Exchange.* We are listing depository receipts representing interests in our shares on the New York Stock Exchange and aim to enhance investor confidence through improved transparency with respect to our corporate disclosure and corporate governance.
- *Corporate social responsibility activities.* We are enhancing our corporate social responsibility activities on a group-wide basis with an emphasis on promotion of environmental conservation and support of financial education. We established a corporate social responsibility committee in May 2005 to enhance our corporate social responsibility activities on a group-wide basis. We also began publishing an annual corporate social responsibility report in February 2006 to promote communication with our stakeholders. In addition, to support financial education, we sponsor academic courses in some universities at which our employees offer lectures. We also began a joint research program in April 2006 with Tokyo Gakugei University regarding financial education in schools.
- *Brand Strategy.* We are pursuing a new corporate branding strategy based on the slogan "Channel to Discovery." We are determined to be "a financial partner that helps customers shape their future and achieve their dreams" by sharing within the Mizuho group three key concepts, "enterprising," "open" and "leading-edge," that we believe reflect our strengths and challenges.

#### **Group Operations**

##### *The Global Corporate Group*

###### *Mizuho Corporate Bank*

Mizuho Corporate Bank provides various sophisticated financial services to large Japanese corporations such as corporations listed on Japanese stock exchanges, financial institutions, public sector entities and foreign corporations, including foreign subsidiaries of Japanese corporations. We meet the needs of our customers by utilizing our strengths such as our broad customer base, comprehensive financial expertise and international office network.

Mizuho Corporate Bank engages in customer relationship management through its Global RM Group, while individual financial products and services are developed and supported by the Global Investment Banking Group,

the Global Transaction Banking Unit and the Global Market Unit. We offer innovative financial services to our customers by integrating these two functions. In addition, the Global Portfolio Management Unit actively manages credit risk.

#### *Global RM Group*

The Global RM group is divided into the following four business units based on customer segment:

- the Corporate Banking Unit;
- the Financial Institutions & Public Sector Business Unit;
- the International Banking Unit; and
- the Corporate Restructuring Business Unit.

The units serve as our contact point with our customers such as large corporations, financial institutions and public sector entities in and outside Japan.

#### *Corporate Banking Unit*

The Corporate Banking Unit engages in relationship management for large Japanese corporations and their affiliates.

In this area, we offer financial products and services on a global basis by utilizing the expertise of our group companies to meet the increasingly diverse and sophisticated needs of our customers. For example, we make proposals related to mergers and acquisitions and business restructuring of our customers in cooperation with sections specializing in those businesses. We also offer suitable financing and optimal solutions for our customers by enhancing cooperation with our group companies including Mizuho Bank, Mizuho Securities and Mizuho Trust & Banking.

#### *Financial Institutions & Public Sector Business Unit*

The Financial Institutions & Public Sector Business Unit engages in relationship management for Japanese financial institutions and public sector entities. The unit also engages in businesses related to bonds issued by corporations, financial institutions and public sector entities.

For financial institution customers, we offer various investments products and services that facilitate the restructuring of their loan portfolio utilizing our expertise and advisory services that address the managerial and strategic issues that they face.

We provide public sector entities with various financing alternatives such as syndicated loans and securitization transactions as well as advisory services related to managerial issues arising from privatizations and other public sector entity reforms in Japan.

Regarding our bond-related businesses, we support our customers' financing needs by underwriting bonds issued by public sector entities and working as the commissioned bank or fiscal agent for bonds issued by corporations, financial institutions and public sector entities.

#### *International Banking Unit*

The International Banking Unit engages in relationship management for foreign corporations, including foreign subsidiaries of Japanese corporations.

We support our Japanese customers to expand their foreign operations, utilizing our financial expertise and alliances with foreign financial institutions. In particular, we are focusing on supporting our customers in connection with their entry into the Chinese market by offering advisory and other services. We also provide financial services to foreign corporations that are not affiliated with Japanese corporations through our global network.

In addition, we endeavor to meet the diverse needs of our overseas customers with respect to, among others, management buy-outs, project finance and trade finance. In the U.S. and European markets, we promote our asset management businesses, including the establishment of investment funds and management of collateralized debt obligations.

We are currently strengthening our international network by establishing new branches and offices or through the utilization of alliances with or investments in foreign financial institutions mainly to strengthen our capability to support Japanese customers. For example, we opened representative offices in Houston in August 2005 and Atlanta in February 2006 as well as branches in New Delhi, India in May 2006, Wuxi, China in June 2006 and Ho Chi Minh City, Vietnam in October 2006. Mizuho Corporate Bank Nederland N.V., a subsidiary of Mizuho Corporate Bank, opened a branch in Brussels, Belgium in July 2006. In addition, we have received regulatory approval to open a new branch in Milan, Italy. We also established the Asia Corporate Banking Division in May 2005 by consolidating the promotion functions for products such as syndicated loans and settlement services in the growing Asian market.

In September 2006, Mizuho Corporate Bank and Mizuho Securities entered into collaboration with Shinhan Bank and Good Morning Shinhan Securities Co., Ltd. of Korea, as well as with Korea Development Bank, to strengthen cooperation and collaboration between the parties through the sharing and utilization of each other's business know-how and corporate customer base. In connection with the collaboration, Mizuho Corporate Bank purchased 1.855 million shares, or 0.49% of the outstanding stock as of August 2006, of Shinhan Financial Group Co., Ltd.

#### *Corporate Restructuring Business Unit*

The Corporate Restructuring Business Unit engages in credit engineering businesses such as the corporate revitalization business.

We provide advisory services relating to the development of corporate revitalization plans, exit plans for preferred shares issued during restructuring processes and arrangement of high-yield collateralized loan obligations, utilizing the expertise we gained in addressing our own impaired loans.

#### *Global Investment Banking Group*

The Global Investment Banking Group consists of two units, the Global Syndicated Finance Unit and the Global Financial Products Unit. We provide our customers with sophisticated financial solutions by integrating the functions of the two units.

#### *Global Syndicated Finance Unit*

The Global Syndicated Finance Unit engages in the loan syndication business.

We offer syndicated loan services to meet the various financing needs of our customers, and we aim to help grow the Japanese syndicated loan market as a leader in this market. During the fiscal year ended March 31, 2006, our group arranged, based on amount of principal, approximately 40% of all syndicated loans arranged in Japan. Mizuho Corporate Bank is introducing syndicated loans to new borrowers such as public sector entities and arranging new types of syndicated loans such as those related to mergers and acquisitions and corporate reorganizations.

Geographically, we maintain staff at branches and offices in Asia, the U.S. and Europe to promote our syndicated loan business on a global basis. For example, we arrange syndicated loans in Japan for foreign corporations and sell syndicated loans arranged in overseas markets to Japanese investors.

We also endeavor to grow the Japanese secondary loan market by developing loans with higher liquidity based on daily price indications, broadening the investor base and enhancing our relationships with regional financial institutions.

#### *Global Financial Products Unit*

The Global Financial Products Unit engages in structured finance, leveraged finance, real estate finance and project finance businesses.

We are strengthening our origination functions and expanding our range of products and services through cooperation with the Global Syndicated Finance Unit and our group companies, including Mizuho Securities, Mizuho Corporate Advisory and Mizuho Capital Partners.

#### *Global Transaction Banking Unit*

The Global Transaction Banking Unit engages in businesses related to cash management, custody, foreign exchange, trade finance and pension-related services. We provide some of these services by utilizing the Internet, including our domestic and global cash management services. We also support the settlement of electronic commerce among corporations.

We also promote yen settlement and clearing services, continuous linked settlement services, custody services and outsourced securities settlement services.

We offer foreign exchange and trade finance products and services in cooperation with our overseas branches and offices.

We provide customers of our pension-related services with pension plan proposals relating mainly to defined contribution plans by cooperating with Mizuho Trust & Banking and other group companies. Mizuho Corporate Bank also sells trust products as an agent of Mizuho Trust & Banking.

#### *Global Markets Unit*

The Global Markets Unit engages in investing in, and sales and trading of, financial products related to, among others, interest rates, foreign exchange, credit, equity and commodities.

We continue to enhance the sophistication of our portfolio management methods and diversify our investments by investing in alternative funds and credit-related products such as corporate bonds and credit derivatives.

#### *Global Portfolio Management Unit*

The Global Portfolio Management Unit manages our various portfolios, mainly our loan portfolio. We actively manage credit and other risks through diversification and enhancement of our operations, including use of credit derivatives that can contribute to reduction of credit risk concentration and enhancement of portfolio value.

#### *Mizuho Securities*

Mizuho Securities provides securities services mainly to Japanese and foreign institutional investors, corporations, financial institutions and public sector entities. Our goal is to become a market leader in the

Japanese investment banking industry by providing products and services that best satisfy the diverse needs of our customers. Mizuho Securities pursues group synergies by cooperating with other group companies such as Mizuho Corporate Bank.

We maintain securities subsidiaries in major international financial centers such as London, New York, Hong Kong and Zurich to satisfy the needs of global institutional investors.

In March 2004, all business operations of Norinchukin Securities Co., Ltd., a securities affiliate of Norinchukin Bank, a major bank that supports the Japanese agricultural cooperative system, were transferred to Mizuho Securities. As a result, we expanded our customer base for various investment products such as investment trusts and bonds to include, for example, agricultural cooperatives. In addition, in September 2004, Mizuho Securities issued new shares totaling ¥74.9 billion to the Norinchukin Bank to strengthen its relationship with the Norinchukin Bank and agricultural cooperatives and to enhance its business base and earnings potential. As a result of the issuance, Norinchukin Bank owned 18.48% of the outstanding shares of Mizuho Securities as of March 31, 2006.

#### *Equity Underwriting and Trading Business*

We are endeavoring to strengthen our equity underwriting business by making proposals related to, among other things, new issuance of stock or convertible bonds. We are also strengthening our capability to meet the investment needs of global institutional investors. In addition, Mizuho Corporate Bank, parent of Mizuho Securities, acquired 94 million shares (4.92% of outstanding shares at the time of the acquisition) of common stock of Nikko Cordial Corporation in connection with a business alliance between the two companies. We are gradually expanding joint equity underwritings with Nikko Cordial Securities and Nikko Citigroup based on the alliance.

#### *Bond Underwriting and Trading Business*

We provide bond underwriting services to issuers, including Japanese corporations and public sector entities, as a leading underwriter in the Japanese market. We also endeavor to maintain our leading position in the secondary bond market by expanding our customer base and enhancing our ability to manage bond trading positions.

#### *Investment Banking Business*

In this business, we actively provide proposals regarding mergers and acquisitions or structured finance transactions by anticipating the financial needs of our customers.

### ***The Global Retail Group***

#### *Mizuho Bank*

Mizuho Bank provides financial services mainly to individual customers, SMEs, middle-market corporations and local governmental entities in Japan. In addition to our broad customer base, we maintain one of the largest branch and ATM networks in Japan and a broad range of Internet banking services.

Mizuho Bank has the following five principal business groups:

- the Consumer and Private Banking Group;
- the Corporate Banking Group;
- the Public Sector Banking Group;

- the Trading and ALM Group; and
- the Products Group.

*Consumer and Private Banking Group*

The Consumer and Private Banking Group offers a broad range of financial products and services to individual customers, including various types of loans and deposits as well as advisory and credit card services

We are enhancing our relationship marketing efforts by offering products and services that meet the diverse needs of our customers, establishing convenient access points for customers and providing specialized consulting services by utilizing the comprehensive expertise of our group companies.

We provide specialized consulting services mainly to customers who have financial assets of more than ¥10 million with us. For example, we had approximately 2,000 financial consultants, as of March 31, 2006, that make proposals regarding investments such as investment trusts, foreign currency deposits, insurance products and Japanese government bonds. We have also established “Premium Salons,” a designated space for private consultations with customers, at 150 branches, as of March 31, 2006. We have also developed a database of our individual customers that assists our consulting staff in marketing financial products that are most suitable for the specific customer. For customers with financial assets of more than ¥100 million with us, we offer private banking services by specialized private bankers. In addition, we also meet our customers’ one-stop shopping needs for banking, trust and securities services by establishing securities consulting booths, which we call “Planet Booths,” to offer the services of Mizuho Investors Securities Co., Ltd. in the lobbies of 73 branches and offices as of March 31, 2006 and by selling trust products at all Mizuho Bank branches as agents of Mizuho Trust & Banking. In May 2006, we began offering, as sales agent for Shinko Securities Co., Ltd., separately managed accounts, also called wrap accounts, under which customers’ financial assets are managed on a discretionary basis by Shinko Securities. Shinko Securities is an equity-method affiliate of ours that offers comprehensive securities services.

In our housing loan business, we recently reconfigured our loan screening process to reduce our response time to our potential customers. We have also expanded our product line to include, for example, “Flat 35,” a housing loan product with a 35 year fixed rated offered in cooperation with and securitized by Government Housing Loan Corporation. In addition, we have expanded the number of our housing loan business promotion centers which promote our housing loans through ties with real estate developers and brokers.

With respect to unsecured loan products, we cooperate with Orient Corporation to develop unsecured loan products such as “Captive Loans,” installment loans for shopping guaranteed by Orient Corporation, and card loans. We also endeavor to enhance our retail loan business through our corporate customer base by, for example, offering our products and services to employees of our corporate customers, including those of Mizuho Corporate Bank.

We offer Mizuho Mileage Club, a membership service where members can receive benefits depending on the level of business relationship with Mizuho Bank and acquire bonus points as they use credit cards at companies with which we have an alliance. As of March 31, 2006, we had approximately 1.5 million members. We issue to Mizuho Mileage Club members ATM cards with credit card functions called the Mizuho Mileage Club Card, which we originally issued under the UC (MasterCard) brand, and Mizuho Mileage Club Saison Card (VISA, JCB and AMEX), which we began issuing in the fiscal year ended March 31, 2006 based on a business alliance with Credit Saison. Under the alliance, in October 2005, we also consolidated the credit card issuance business of UC Card into Credit Saison, and UC Card is focusing on the merchant acquisition and processing businesses. We aim to strengthen our retail business with individual customers through these efforts to strengthen

and reorganize our credit card business. In addition, in March 2006, we began issuing the Mizuho Suica Card, an ATM card with credit card, train ticket and electronic money functions in alliance with East Japan Railway Company.

As of March 31, 2006, we had 367 staffed branches throughout Japan. We will continue to develop convenient and effective points of contact with customers by enhancing our network of branches and offices that specialize in marketing to individual customers, ATMs, Internet services, telephone banking and mobile-phone banking and strengthening marketing through call centers

#### *Corporate Banking Group*

The Corporate Banking Group provides products and services mainly to SMEs and middle-market corporations.

We provide our customers with suitable financing arrangements together with sophisticated advisory and other services to meet customer needs.

Our marketing efforts for loans products include maintaining approximately 500 employees that engage in finding new customers, applying different marketing strategies based on the size of the customers' annual sales, developing new strategic loan products and establishing approximately 100 "Mizuho Business Financial Centers" which primarily engage in loans to smaller enterprises based on interest rates commensurate with each borrower's risk profile.

We offer our SME and middle-market corporation customers syndicated loans, advisory services related to overseas expansions, mergers and acquisitions-related services, securities products acting as sales agent for securities companies, services related to defined contribution pension plans and support for start-up companies in cooperation with Mizuho Capital. We call our provision of these services our "solutions business."

#### *Public Sector Banking Group*

The Public Sector Group provides comprehensive financial services to meet the various needs of local governmental entities and other public sector entities, including services related to bank and capital markets financing to diversify their funding sources and various investment products and advisory services related to organizational restructuring and streamlining. We will continue to promote business with local governmental entities through our network of branches and offices.

#### *Trading and ALM Group*

The Trading and ALM Group engages in investing in, and sales and trading of, financial instruments related to, among others, interest rates, foreign exchange and securities, including derivative instruments. We are increasing and diversifying our various investing activities, including investments in corporate bonds and credit derivatives, while strengthening our risk management capabilities.

#### *Products Group*

##### *Securities Division*

The Securities Division offers services related to capital markets financing such as the issuance of corporate bonds and markets its services by anticipating the financial needs of our customers. In cooperation with group securities companies, including Mizuho Investors Securities, we endeavor to satisfy the financing needs of SMEs and middle-market corporations and the investment needs of individuals.

#### *e-Commerce Division*

The e-Commerce Division provides products and services related to information technology such as offering cash management services and developing IC cards.

#### *Trade Services Division*

The Trade Services Division engages in foreign exchange businesses such as settlement services related to foreign exchange and trade finance.

#### *“Takarakuji” Lottery Division*

The *Takarakuji* Lottery Division engages in the *Takarakuji* lottery business as an administrative bank for the *Takarakuji* lottery, the principal public lottery program in Japan

#### *Mizuho Investors Securities*

Mizuho Investors Securities is our securities company subsidiary that focuses on the needs of mainly individual customers, SMEs and middle-market corporations. We offer securities services that meet the diverse needs of our customers through our securities consulting booths, which we call “Planet Booths,” in 73 branches and offices of Mizuho Bank as of March 31, 2006, which we aim to increase to 100 in the near future. Some of the services and products of Mizuho Investors Securities are offered through Mizuho Bank as sales agent. In addition, we continue to enhance cooperation with other group companies. For example, we provide underwriting and other services in connection with initial public offerings by Mizuho Bank’s customers, while Mizuho Trust & Banking may act as stock transfer agent for issuers. We also started to offer separately managed accounts, also called wrap accounts, in July 2006, under which the financial assets of our customers such as wealthy individuals are managed on a discretionary basis.

#### *The Global Asset and Wealth Management Group*

##### *Mizuho Trust & Banking*

Mizuho Trust & Banking is a trust bank that provides customers with various financial services, including mainly trust services such as money trusts and pension trusts. We offer these trust-related products and consulting services in cooperation with our group companies. For example, Mizuho Bank and Mizuho Corporate Bank act as sales agents with respect to the products and services of Mizuho Trust & Banking.

##### *Trust and Asset Management Business*

In this area, we provide services related to money trusts, pension trusts, investment management, real estate transactions, securitization, stock transfer agent business, testamentary trusts and others.

We have been introducing various new types of trust products and services by anticipating customers’ needs and in accordance with deregulation of the Japanese trust industry, including the amendment of the Trust Business Law in December 2004. We aim to continue strengthening business collaborations with group companies to pursue synergies and enhancing consulting services to our customers.

##### *Banking Business*

We provide financing such as non-recourse real estate loans and loans to finance the construction of apartment buildings.

### *Mizuho Private Wealth Management*

Mizuho Private Wealth Management offers comprehensive and integrated private banking services to meet the various financial and non-financial needs of our customers.

### *Trust & Custody Services Bank*

Trust & Custody Services Bank provides financial institutions and institutional investors with trust and custody services and outsourcing services for securities custody. In addition, we offer account management services developed in response to reforms in the Japanese securities settlement systems and securities lending services to meet customer needs.

### *Three Asset Management Companies*

Our three asset management companies, Dai-Ichi Kangyo Asset Management Co., Ltd., Fuji Investment Management Co., Ltd. and DLIBJ Asset Management Co., Ltd. (an equity-method affiliate of ours) provide investment management services for our group companies and customers. Each company offers a variety of investment trust products that meet the increasingly sophisticated and diverse needs of our customers.

### *Others*

#### *Mizuho Information & Research Institute Inc.*

Mizuho Information & Research Institute mainly provides our corporate customers with the following three services:

- system integration services;
- outsourcing services that support the operation of information technology systems of our customers; and
- consulting services related to, among others, environmental issues.

We are able to provide customers with a combination of the above services to meet their respective needs.

#### *Mizuho Research Institute Ltd.*

Mizuho Research Institute offers information and services mainly to corporations, financial institutions and public sector entities to meet their increasingly diverse and sophisticated needs by integrating its research, funded research and membership services that provide various information related to, among others, managerial and economic issues.

#### *Mizuho Financial Strategy*

Mizuho Financial Strategy engages in advisory services for financial institutions regarding their management and revitalization of their borrowers.

### **Competition**

During the past several years, competition in the Japanese financial market has increased as the Japanese government has enhanced deregulation, such as reducing the separation of banking, securities and insurance businesses and promoting new entry into the financial businesses.

Our major competitors in Japan include:

- Japan's other major banking groups: Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group.
- Other banking institutions: These include city banks, trust banks, regional banks, *shinkin* banks (or credit associations), credit cooperatives, agricultural cooperatives, foreign banks and retail-oriented online banks.
- Securities companies and investment banks: These include both domestic securities companies and the Japanese affiliates of the global investment banks.
- Government financial institutions: These include Japan Post and the Development Bank of Japan.
- Non-bank finance companies: These include credit card issuers, installment shopping credit companies and other non-bank finance companies.
- Other financial services providers: We also compete with private equity funds and other types of investors.

In global markets, we face competition with other commercial banks and other financial institutions, particularly major global banks and the leading domestic banks in those financial markets outside Japan in which we conduct business.

## Japanese Banking Industry

Private banking institutions in Japan are normally classified into two categories: (i) ordinary banks, of which there were approximately 130 as of April 1, 2006, not including foreign commercial banks with banking operations in Japan; and (ii) trust banks, of which there were 21 as of April 1, 2006, including Japanese subsidiaries of foreign financial institutions and subsidiaries of Japanese financial institutions.

Ordinary banks consist mainly of city banks and regional banks. City banks and regional banks are distinguished on the basis of the location of their head office as well as the size and scope of their operations. The term "city bank" is usually used to refer to five such ordinary banks, including Mizuho Corporate Bank and Mizuho Bank. As of January 1, 2006, there were 112 regional banks, including member banks of the Second Association of Regional Banks that were formerly counted among the mutual loan and savings banks.

The city banks are generally considered to be the largest and most influential group of banks in Japan. Generally, these banks are based in large cities, such as Tokyo, Osaka and Nagoya, and operate domestically on a nation-wide scale through networks of branch offices. City banks have strong links with large corporate customers, including the major industrial companies in Japan. In light of deregulation and other competitive factors, however, many of these banks have placed increasing emphasis on other markets, including small and medium-sized enterprise and retail banking, international operations and, more recently, investment banking and related services.

The regional banks tend to be much smaller in terms of total assets than the city banks. Most of the regional banks are based in one of the prefectures of Japan and may extend their operations to neighboring prefectures. Their customers are mostly regional enterprises and local public utilities, although the regional banks also lend to large corporations.

As of April 1, 2006, there are 69 foreign banks operating banking businesses in Japan. These banks are subject to a statutory framework similar to the regulations applicable to Japanese domestic banks. Their principal sources of funds come from their overseas head offices or other branches.

New retail-oriented banks have emerged in recent years, including Internet banks and banks specializing in placing their ATMs in convenience stores and supermarkets without maintaining a branch network.

Trust banks, including Mizuho Trust & Banking, are engaged in trust services in relation to, among others, money trust, pension trust and real estate trust services, in addition to banking business.

A number of government financial institutions have been organized in order to supplement the activities of the private banking institutions. These corporations are government-owned and operate under its supervision through senior officials appointed by the government. Their funds are provided mainly by government sources. Among them are: The Development Bank of Japan, The Japan Bank for International Cooperation, Japan Finance Corporation for Small and Medium Enterprise, and the Agriculture and Forestry and Fisheries Finance Corporation of Japan. These institutions are planned to be privatized or consolidated pursuant to a law to promote administrative reform. The Government Housing Loan Corporation supports housing loans of private institutions through the securitization of such loans.

Another distinctive element of the Japanese banking system is the role of the postal savings system. Postal savings deposits are gathered through the network of post offices scattered throughout Japan operated by Japan Post, a Japanese government entity. The system offers various types of deposits, at interest rates that are set in accordance with a policy approved by the Minister of Internal Affairs and Communications with some reference to the market-based interest rates of private-sector banks. As of March 31, 2006, the balance of deposits with Japan Post was approximately ¥200 trillion. Based on legislation enacted in October 2005, Japan Post is scheduled to be transformed into a joint stock corporation holding four operating companies in 2007 with privatization of banking and insurance subsidiaries to be completed within a ten-year transitional period.

## **Supervision and Regulation**

### *Japan*

Pursuant to the Banking Law (*Ginko Hou*) (Law No. 59 of 1981, as amended), the Prime Minister of Japan has authority to supervise banks in Japan and delegates certain supervisory control over banks in Japan to the Commissioner of the Financial Services Agency. The Bank of Japan also has supervisory authority over banks in Japan, based primarily on its contractual agreements and transactions with the banks.

### *Financial Services Agency*

Although the Prime Minister has supervisory authority over banks in Japan, except for matters prescribed by government order, this authority is generally entrusted to the Commissioner of the Financial Services Agency. Additionally, the position of Minister for Financial Services was established by the Cabinet to direct the Commissioner of the Financial Services Agency and to support the Prime Minister.

Under the Banking Law, the Prime Minister's authority over banks and bank holding companies in Japan extends to various areas, including granting and cancellation of licenses, ordering the suspension of business in whole or in part and requiring submission of business reports or materials. Under the prompt corrective action system, the Financial Services Agency, acting on behalf of the Prime Minister, may take corrective action in the case of capital deterioration of banks, their subsidiaries and companies having special relationships prescribed by the cabinet order. These actions include requiring a financial institution to formulate and implement reform measures, requiring it to reduce assets or take other specific actions and issuing an order to suspend all or part of its business operations.

Under the prompt warning system introduced in December 2002, the Financial Services Agency may take precautionary measures to maintain and promote the sound operations of financial institutions, even before those financial institutions become subject to the prompt corrective action system. These measures require a financial institution to reform profitability, credit risk management, stability and cash flow.

### *The Bank of Japan*

The Bank of Japan is Japan's central bank and serves as the principal instrument for the execution of Japan's monetary policy. The principal measures by which the Bank of Japan implements monetary policy are the adjustment of its discount rate, its operations in the open market and the imposition of deposit reserve requirements. Banks in Japan are allowed to obtain borrowings from, and rediscounting bills with, the Bank of Japan. Moreover, most banks in Japan maintain current accounts under agreements with the Bank of Japan pursuant to which the Bank of Japan is entitled to supervise, examine and audit the banks. The supervisory functions of the Bank of Japan are intended to enable it to ensure smooth settlement of funds among banks and other financial institutions, thereby contributing to the maintenance of an orderly financial system, whereas the supervisory practices of the Prime Minister or the Commissioner of the Financial Services Agency are intended to maintain the sound operations of banks and promote the security of depositors.

### *Examination of Banks*

The Banking Law authorizes the Prime Minister to inspect banks and bank holding companies in Japan at any time. The Financial Services Agency normally conducts annual inspections and follow-up reviews. By evaluating banks' systems of self-assessment, auditing their accounts and reviewing their compliance with laws and regulations, the Financial Services Agency monitors the financial soundness of banks, including the status and performance of their control systems for business activities. The inspection of banks is performed pursuant to a Financial Inspection Manual published by the Financial Services Agency which emphasizes the need for (i) each bank's self-assessment rather than assessment based on the advice of the government authority and (ii) risk management made by each bank instead of merely an assessment of its assets. In July 2005, the Financial Services Agency announced that it would change its approach in inspections and shift its emphasis from normalizing the impaired loan problem to the protection of customers' interests and the strengthening of the Japanese financial system through the initiative of the private sector. Under this framework, inspections by the Financial Services Agency emphasize dialogue between inspectors and financial institutions and enhance process checking focused on risk management and compliance with financial regulations. This framework also introduces a financial inspection ratings system which provides inspection results in the form of graded evaluations intended to offer an incentive for management action as well as links to subsequent selective regulatory measures in terms, among others, of frequency and scope of inspections. The financial inspection ratings system will be implemented in the near future, according to the announcement of the Financial Services Agency.

The Bank of Japan also conducts examinations of banks similar to those undertaken by the Financial Services Agency. The examinations are normally conducted once every few years, and involve such matters as examining asset quality, risk management and reliability of operations. Through these examinations, the Bank of Japan seeks to identify problems at an early stage and give corrective guidance where necessary.

In addition, the Securities and Exchange Surveillance Commission examines banks in connection with their securities business activities in accordance with the Securities and Exchange Law of Japan.

### *Examination and Reporting Applicable to Shareholders*

Under the Banking Law, a person who intends to hold 20% (in certain exceptional cases, 15%) or more of the voting rights of a bank is required to obtain advance approval of the Commissioner of the Financial Services Agency. In addition, the Financial Services Agency may request reports or submission of materials from, or inspect any principal shareholder who holds 20% (in certain exceptional cases, 15%) or more of the voting rights of a bank, if necessary in order to secure the sound and appropriate operation of the business of such bank. Under limited circumstances, the Financial Services Agency may order such principal shareholder to take such measures as the Financial Services Agency deems necessary.

Furthermore, under the Banking Law, any person who becomes a holder of more than 5% of the voting rights of a bank holding company or bank must report its ownership of voting rights to the director of the relevant local finance bureau within five business days. In addition, a similar report must be made in respect of any subsequent change of 1% or more in any previously reported holding or any change in material matters set forth in reports previously filed, with some exceptions.

#### *Deposit Insurance System*

In 1971, the Deposit Insurance Law (*Yokin Hoken Hou*) (Law No. 34 of 1971, as amended) was enacted in order to protect depositors in cases where financial institutions fail to meet their obligations. The Deposit Insurance Corporation was established to implement the Deposit Insurance Law in the same year. The Deposit Insurance Corporation is supervised by the Prime Minister and the Minister of Finance. Subject to limited exceptions, the Prime Minister's authority is entrusted to the Commissioner of the Financial Services Agency, as stipulated by a cabinet order.

As from April 2006, the Deposit Insurance Corporation receives annual insurance premiums from insured banks equivalent to 0.110% of the deposits that bear no interest, which are redeemable upon demand and are used by depositors primarily for payment and settlement purposes, and 0.080% of other deposits. The insurance money may be paid out in case of a suspension of deposits repayments, banking license revocation, dissolution or bankruptcy of the bank. Pay outs are generally limited to a maximum of ¥10 million of principal amount, together with any interest accrued with respect to each depositor. Only non-interest bearing deposits, redeemable on demand and used by depositors primarily for payment and settlement functions are protected in full.

Participation in the deposit insurance system is compulsory for city banks (including Mizuho Corporate Bank and Mizuho Bank), regional banks, long-term credit banks, trust banks (including Mizuho Trust & Banking), credit associations and co-operatives, labor banks and other financial institutions.

#### *Governmental Measures to Treat Troubled Institutions*

The Deposit Insurance Law was amended with effect from April 1, 2001 to construct a permanent system for dealing with failed financial institutions in Japan. This system superseded the framework for injecting public funds into financial institutions provided under the Law Concerning Emergency Measures for Early Stabilization of Financial Functions (*Kinyu Kinou no Souki Kenzenka no tame no Kinyu Sochi ni kansuru Houritsu*) (Law No. 143 of 1998, as amended), except for cases in which application was made prior to March 31, 2001, as well as the framework for treating failed financial institutions under the Financial Reconstruction Law (*Kinyu Kinou no Saisei no tame no Kinyu Sochi ni kansuru Houritsu*) (Law No. 132 of 1998, as amended).

Under the Deposit Insurance Law, a Financial Reorganization Administrator can be appointed by the Prime Minister if the bank is unable to fully perform its obligations with its assets or may suspend or has suspended repayment of deposits. The Financial Reorganization Administrator will take control of the assets of the bank, dispose of the assets and search for another institution willing to take over its business. Its business may also be transferred to a "bridge bank" established by the Deposit Insurance Corporation for the purpose of the temporary maintenance and continuation of operations of these types of institutions, and the bridge bank will seek to transfer the bank's assets to another financial institution or dissolve the bank. The financial aid provided by the Deposit Insurance Corporation may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee or assumption of debts, subscription of preferred stock, or loss sharing. Where it is anticipated that the failure of a bank may cause an extremely grave problem in maintaining the financial order in Japan or the area where such bank is operating, the following measures may be taken: (i) the Deposit Insurance Corporation may subscribe for the shares or other instruments of the relevant bank in order to enhance capital adequacy of the bank; (ii) if the bank fails or suffers a capital deficit, financial aid exceeding the pay-off cost may be available to

such bank; and (iii) in the case where the systematic risk cannot be avoided by the measure mentioned in (ii) above, the Deposit Insurance Corporation may acquire the bank's shares.

#### *The Strengthening Financial Functions Law*

On June 14, 2004, the Strengthening Financial Functions Law (*Kinyu Kinou no Kyouka no tame no Tokubetsu Sochi ni kansuru Houritsu*) (Law No. 128 of 2004) was enacted in order to establish a new scheme of public money injection into financial institutions and thereby enhance the soundness of such financial institutions and revitalize economic activities in the regions where they do business. The Strengthening Financial Functions Law broadens the range of financial institutions to which public money is available and facilitates preventive injection of public money into troubled financial institutions or financial institutions that are not yet troubled in order to avert the possibility of a financial crisis. Applications for public money injection under the Strengthening Financial Functions Law need to be made by March 31, 2008.

#### *Bank Holding Companies*

Under the Banking Law, a bank holding company is prohibited from carrying out businesses other than administrating the businesses of its subsidiaries and matters incidental to such businesses. Business activities for subsidiaries of bank holding companies are limited to finance-related businesses and incidental businesses.

The Anti-Monopoly Law (*Shiteki Dokusen no Kinshi oyobi Kousei Torihiki no Kakuho ni kansuru Houritsu*) (Law No. 54 of 1947, as amended) prohibits a bank from holding more than 5% of another company's voting rights. This does not apply to a bank holding company, although the bank holding company is subject to general shareholding restrictions under the Anti-Monopoly Law. The Banking Law does, however, prohibit a bank holding company and its subsidiaries, on an aggregate basis, from holding more than 15% (in contrast to 5% in the case of a bank and its subsidiaries) of the voting rights of certain types of companies not permitted to become subsidiaries of bank holding companies.

#### *Securities and Exchange Law*

The Securities and Exchange Law (*Shouken Torihiki Hou*) (Law No. 25 of 1948, as amended) permits financial institutions to compete in each other's business areas through subsidiaries. Banks and other depositary institutions are allowed to set up securities subsidiaries and compete in the securities industry. The Securities and Exchange Law presently allows banks, subject to registration with, and in some cases obtaining the approval of, the Prime Minister, among other things, to underwrite and deal in Japanese government bonds, sell beneficiary certificates of investment trusts and securities issued by an investment company and engage in the securities intermediary business. Mizuho Financial Group is required to file with the Director General of the Kanto Local Finance Bureau an annual securities report including consolidated and non-consolidated financial statements in respect of each financial period, supplemented by semi-annual and extraordinary reports pursuant to the Securities and Exchange Law.

On June 14, 2006, several amendments to the Securities and Exchange Law and other financial laws were promulgated, including the introduction of the Financial Instruments and Exchange Law (*Kinyu Shohin Torihiki Hou*) (FIEL) which will replace the Securities and Exchange Law. These laws will amend, with respect to various financial instruments, a number of laws to (1) enhance investor protections and (2) enhance investors' convenience, promote financial innovation and facilitate finance. The FIEL is expected to become effective within 18 months of its promulgation. Certain amendments to the Securities and Exchange Law including those relating to tender offers and large shareholding reports will become effective within six months of its promulgation. The new regime under the FIEL, among others, (i) establishes a cross-sectional framework of a wide range of financial instruments and services, (ii) enhances disclosure such as requiring listed companies to

file quarterly reports and enhancing internal control over financial reporting and (iii) relaxes regulations through flexible application based on the nature of investors (professional or general public). The details of the new regime are to be stipulated by a cabinet order or a ministerial ordinance prior to the implementation of the FIEL.

#### *Sales of Financial Products*

As a result of financial deregulation, more financial products, including highly structured and complicated products, can now be more freely marketed to customers. In response to this, the Law of Sales of Financial Products (*Kinyu Shouhin no Hanbai tou ni kansuru Houritsu*) (Law No. 101 of 2000, as amended), effective from April 2001, introduced measures to protect financial service customers by: requiring financial service providers to provide customers with information concerning risks with respect to deficit of principal associated with the financial products they offer and any restrictions on the period for exercising rights or the period for rescission, unless the customers fall within the ambit of financial service providers or express their intent to the contrary; and holding financial service providers liable for damages caused by a failure to follow those requirements. The amount of loss of principal is refutably presumed to be the amount of damages. Additionally, the law requires financial service providers to endeavor to solicit customers in an appropriate manner and formulate and publicize a solicitation policy. The law amending the Law of Sales of Financial Products, together with other related laws to become effective upon the amendments to the Securities and Exchange Law, was promulgated on June 14, 2006. The amended law will enlarge the scope of duty of financial services providers to inform customers of certain important matters related to the financial products they solicit.

#### *Self-Assessment and Reserves*

The prompt corrective action system requires financial institutions to establish a self-assessment program which complies with the Inspection Manual issued by the Financial Services Agency and related laws such as the Financial Reconstruction Law. Financial institutions are required to analyze their assets, giving due consideration to accounting principles and other applicable rules and to classify their assets into four categories according to asset recovery risk and risk of impairment based on the classification of the obligor (normal obligors, watch obligors, intensive control obligors, substantially bankrupt obligors and bankrupt obligors) taking into account the likelihood of repayment and the risk of impairment to the value of the assets. The results of self-assessment should be reflected in the write-off and allowance according to the standard established by financial institutions pursuant to the guidelines issued by the Japanese Institute of Certified Public Accountants and Inspection Manual issued by the Financial Services Agency. Based on the results of the self-assessment, financial institutions may establish reserve amounts for their loan portfolio as may be considered adequate at the relevant balance sheet date, even if all or part of such reserves may not be immediately tax deductible under Japanese tax law.

Based on the accounting standards for banks issued by the Japanese Bankers Association, a bank is required to establish general reserves, specific reserves and reserves for probable losses on loans relating to restructuring countries.

#### *Credit Limits*

The Banking Law restricts the aggregate amount of loans to any single customer or customer group for the purposes of avoiding excessive concentration of credit risks and promoting the fair and extensive utilization of bank credit. The limits applicable to a bank holding company and bank with respect to their aggregate lending to any single customer or customer group are established by a cabinet order and by the Banking Law. The current limits are 25% of the total qualifying capital of the bank holding company or bank and its subsidiaries and affiliates with respect to a single customer and 40% of the total qualifying capital of the bank holding company or bank and its subsidiaries and affiliates with respect to a customer group.

### *Restriction on Share Holdings*

The Law Concerning Restriction on Shareholdings by Banks (*Ginko tou no Kabushiki tou no Hoyu no Seigen tou ni kansuru Houritsu*) (Law No. 131 of 2001, as amended), effective from January 4, 2002, requires Japanese banks (including bank holding companies) and their subsidiaries to limit the aggregate market value (excluding unrealized gains, if any) of their holdings in equity securities to an amount equal to 100% of their Tier 1 capital from September 30, 2006 in order to reduce exposure to stock price fluctuations.

### *Share Purchase Program*

In order to prevent a widespread decline in stock prices due to sales of equity securities pursuant to the Law Concerning Restriction on Shareholdings by Banks, the Banks' Shareholdings Purchase Corporation was established through aggregate contributions of more than ¥10 billion by 128 financial institutions. The Banks' Shareholdings Purchase Corporation, which commenced operations in February 2002, continues to purchase stocks held by banks at market prices until September 30, 2006. The Banks' Shareholdings Purchase Corporation places stocks purchased through the special account into a trust, and such stocks will be resold before March 31, 2017. The Banks' Shareholdings Purchase Corporation will be dissolved on March 31, 2017. In addition, in order to further facilitate the disposition of stocks by banks and other financial institutions, the Bank of Japan purchased stocks held by banks and other financial institutions during the period from November 29, 2002 through September 30, 2004. The Bank of Japan will not sell stocks purchased until September 30, 2007, unless, among other things, requested by an issuer to resell its stocks at the market price on the condition that the Bank of Japan will not suffer a loss resulting from the resale.

### *Deferred Tax Assets*

In the Program for Further Financial Reform announced by the Financial Services Agency in December 2004, the Financial Services Agency stated its aim to study the introduction of appropriate regulatory treatment of net deferred tax assets in calculating banks' capital adequacy ratios. On December 5, 2005, the Financial Services Agency promulgated the new regulation which became effective on March 31, 2006. Under the new regulation, the maximum amount of net deferred tax assets under Japanese GAAP that major Japanese banks, including bank holding companies, can record without diminishing the amount of Tier 1 capital for purposes of calculating capital adequacy ratios was reduced to 40% of Tier 1 capital as of March 31, 2006 and will be reduced to 30% and 20% as of March 31, 2007 and March 31, 2008, respectively, and 20% thereafter.

### *Revaluations of Land*

Under the Law Concerning Revaluation of Land (*Tochi no Saihyoka ni kansuru Houritsu*) (Law No. 34 of 1998, as amended), banks, other financial institutions and large corporations were permitted to revalue their land once during the period ended on March 31, 2002. Under this law, the unrealized appreciation of the land net of taxes could be added to a company's capital base and 45% of the gross unrealized appreciation of a bank's land could be included in its qualified supplementary capital.

### *Capital Adequacy*

The capital adequacy guidelines applicable to Japanese banks and bank holding companies with international operations supervised by the Financial Services Agency closely follow the risk-adjusted approach proposed by the Bank for International Settlements and are intended to further strengthen the soundness and stability of Japanese banks. Under the risk-based capital framework of these guidelines, balance sheet assets and off-balance-sheet exposures are assessed according to broad categories of relative risk, based primarily on the credit risk of the counterparty, country transfer risk and the risk regarding the category of transactions.

With regard to capital, these guidelines are in accordance with the standards of the Bank for International Settlements for a target minimum standard capital adequacy ratio of 8% (at least half of which must consist of Core Capital (Tier 1), a Core Capital ratio of 4%) on both a consolidated and non-consolidated basis for banks with international operations, such as Mizuho Corporate Bank, or on a consolidated basis for bank holding companies with international operations, such as Mizuho Financial Group. These guidelines place considerable emphasis on tangible common shareholders' equity as the core element of the capital base, with appropriate recognition of other components of capital.

Banks and bank holding companies are required to measure and apply capital charges with respect to their market risks in addition to their credit risks. Market risk is defined as the risk of losses in on- and off-balance-sheet positions arising from movements in market prices such as the risks pertaining to interest rate related instruments and equities.

Japanese banks with only domestic operations and bank holding companies the subsidiaries of which operate only within Japan are subject to Japanese capital adequacy requirements that are similar to those discussed above, except that those banks and holding companies are required to have a minimum capital adequacy ratio of 4%, at least half of which must consist of Tier 1 capital and are not required to apply capital charges to their market risks.

In June 2004, the Basel Committee announced amended rules with respect to minimum capital requirements, which include amended risk weight calculations that introduce an internal ratings-based approach and the inclusion of operational risk in the calculations, as well as an emphasis on supervisory review and market discipline through effective disclosure. The amendments adopt variable risk weights according to the credit rating given to the obligor of the risk assets. The better the credit rating of an obligor, the lower the risk weight applicable to the risk assets owed by it. Also, the new rules require financial institutions to establish an internal risk management system, to make thorough disclosure of relevant information and to set an appropriate reserve against the operational risk based upon fair evaluation thereof. Although these amendments do not change the minimum capital adequacy ratio of 8% applicable to banks with international operations, the same 8% ratio is applicable to banks that adopt an internal ratings-based approach regardless of whether such bank has operations outside of Japan. On March 27, 2006, the new Financial Services Agency guidelines, which follow the amended rules, were promulgated. The new guidelines will become effective on March 31, 2007, except for certain provisions scheduled to take effect on March 31, 2008. Under the new guidelines, banks have several choices for the methodologies to calculate their capital requirements for credit risk, market risk and operational risk. Approval of the Financial Services Agency is necessary to adopt advanced methodologies for calculation.

#### *Protection of Personal Information*

The Personal Information Protection Law (*Kojin Jouhou no Hogo ni kansuru Houritsu*) (Law No. 57 of 2003, as amended) became fully effective in April 2005. The law and related guidelines impose various requirements on businesses, including us, that use databases containing personal information, such as appropriate custody of such information and restrictions on information sharing with third parties. Non-compliance with the order issued by the Financial Services Agency to take necessary measures to comply with the law subjects us to criminal and/or administrative sanctions.

#### *Customer Identification and Retention of Records*

To address money laundering and terrorism concerns, the Law on Customer Identification and Retention of Records of Transactions by Financial Institutions (*Kinyu Kikan tou ni yoru Kokyaku tou no Honnin Kakunin tou ni kansuru Houritsu*) (Law No. 32 of 2002, as amended) went into effect in January 2003. Under this law, financial institutions are required to perform customer identification procedures and keep records of their transactions as prescribed by ministerial order.

### *Law Concerning Protection of Depositors from Illegal Withdrawals Made by Forged or Stolen Cards*

The Law Concerning Protection of Depositors from Illegal Withdrawals Made by Forged or Stolen Cards (*Gizou Kaado tou oyobi Tounan Kaado tou wo Mochiite Okonawareru Fuseina Kikaishiki Yochokin Haraimodoshi tou karano Yochokinsha no Hogo tou ni kansuru Houritsu*) (Law No. 94 of 2005), which became effective in February 2006, requires financial institutions to establish internal systems to prevent illegal withdrawals of deposits made using forged or stolen bank cards. The law also requires financial institutions, among other matters, to compensate depositors for any amount illegally withdrawn using forged bankcards, unless the financial institution can verify that it acted in good faith without negligence and that there was gross negligence on the part of the relevant account holder.

### *Program for Further Financial Reform*

In December 2004, the Financial Services Agency announced its Program for Further Financial Reform, a series of proposals intended to establish a more vigorous financial system which was followed by a work schedule announced in March 2005. The Program for Further Financial Reform intends to establish an internationally reputable financial system which enhances users' convenience and is supported by the vitality of the private sector.

As part of the measures included in the Program for Further Financial Reform, the Financial Services Agency issued the Guidelines for Financial Conglomerate Supervision on June 24, 2005, to address the risks inherent in conglomerates, such as inefficiency of management due to complicated organization, conflict of interests, and transmission or concentration of risks within the conglomerates. The Guidelines for Financial Conglomerate Supervision provide focus items relating to the supervision of financial conglomerates, financial soundness, risk management and operations from the perspective of risks inherent to the conglomerates. Under the definition of conglomerates as stipulated in the policy, Mizuho Financial Group is subject to this supervisory policy.

In addition, as part of a measure to expand distribution channels of financial products and services included as a specific measure in the Program for Further Financial Reform, an amendment to the Banking Law was promulgated on November 2, 2005 and became effective on April 1, 2006. The amendment, among other things, deregulates the past restriction on the ability of banks to use sales agents that offer banking services on their behalf. Specifically, this amendment removed the restriction that only a bank's subsidiary that engages solely in the banking business is capable, in principle, of acting as such bank's sales agent, and allows third-party companies that engage in businesses other than banking to act as sales agents, subject to minimum net asset requirements and regulatory approval.

### *United States*

As a result of our operations in the United States, we are subject to extensive U.S. federal and state supervision and regulation. We engage in U.S. banking activities through Mizuho Corporate Bank's New York and Chicago branches, Los Angeles agency and Houston and Atlanta representative offices. We also engage in activities in the United States through Mizuho Corporate Bank (USA) and Mizuho Corporate Bank of California, U.S. banking subsidiaries, Mizuho Trust & Banking Co. (USA), a U.S. trust and banking subsidiary, and Mizuho Securities USA Inc., a U.S. securities subsidiary.

The USA PATRIOT Act of 2001 (the "PATRIOT Act") contains measures to prevent, detect and prosecute terrorism and international money laundering by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extraterritorial jurisdiction of the United States. Many of the new anti-money laundering compliance requirements are consistent with the anti-money laundering compliance obligations previously imposed on U.S. financial institutions, including the U.S. branches of foreign

banks, under the Bank Secrecy Act. The passage of the PATRIOT Act and other recent events have resulted in heightened scrutiny of compliance with the Bank Secrecy Act and anti-money laundering rules by federal and state regulatory and law enforcement authorities.

Mizuho Financial Group, Mizuho Corporate Bank and Mizuho Trust & Banking are bank holding companies within the meaning of the U.S. Bank Holding Company Act of 1956, as amended (the “BHCA”), and are subject to regulation and supervision thereunder by the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”). Under current Federal Reserve Board policy, these three bank holding companies are expected to act as a source of financial strength to Mizuho Corporate Bank (USA) and Mizuho Trust & Banking Co. (USA). The BHCA generally prohibits us from acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of any company engaged in the United States in activities other than banking or certain activities closely related to banking. U.S. regulatory approval is generally required for us to acquire more than 5% of any class of voting shares of a U.S. bank or nonbank company.

U.S. branches, agencies and representative offices of foreign banks must be licensed, and are also supervised and regulated, by either a state banking authority or by the Office of the Comptroller of the Currency, the federal charterer and regulator of national banks. Each branch, agency and representative office in the United States of Mizuho Corporate Bank is state-licensed. Under U.S. federal banking laws, state-licensed branches and agencies of foreign banks may engage only in activities that would be permissible for their federally-licensed counterparts, unless the Federal Reserve Board determines that the additional activity is consistent with sound practices. U.S. federal banking laws also subject state-licensed branches and agencies to the single-borrower lending limits that apply to federal branches and agencies, which generally are the same as the lending limits applicable to national banks, but are based on the capital of the entire foreign bank.

Our New York branch is subject to supervision, examination and regulation by the New York State Banking Department as well as by the Federal Reserve Board. Except for the prohibition on such branch accepting retail deposits, a state-licensed branch generally has the same powers as a state-chartered bank in such state. New York has an asset pledge requirement for branches equal to 1% of third party liabilities (the New York State Banking Department may require higher amounts for supervisory reasons). Each U.S. branch, agency and representative office of Mizuho Corporate Bank is subject to regulation and examination by the state banking authority of the state in which it is located.

The deposits of Mizuho Corporate Bank (USA) are insured by the Federal Deposit Insurance Corporation, or the FDIC, and it is a state-chartered bank that is a member of the Federal Reserve System. As such, Mizuho Corporate Bank (USA) is subject to regulation, supervision and examination by the Federal Reserve Board and the New York State Banking Department, as well as to relevant FDIC regulation. The deposits of Mizuho Corporate Bank of California are FDIC-insured, and it is a state-chartered bank that is not a member of the Federal Reserve System. As such, Mizuho Corporate Bank of California is subject to regulation, supervision and examination by the FDIC and the California Department of Financial Institutions.

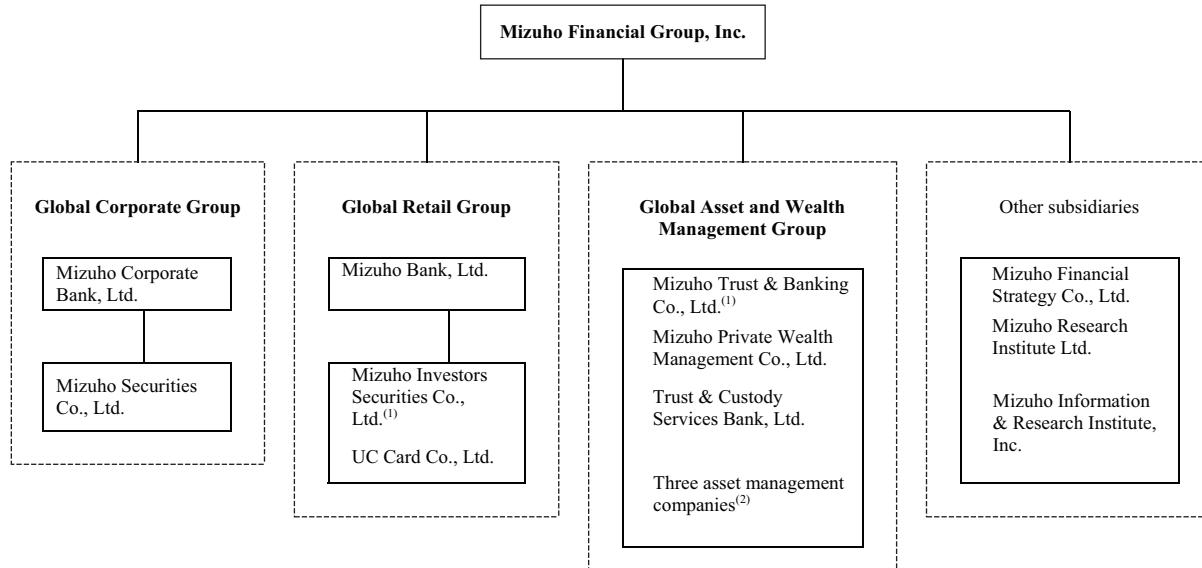
In the United States, U.S.-registered broker-dealers are regulated by the Securities and Exchange Commission. As a U.S.-registered broker-dealer, Mizuho Securities USA Inc. is subject to regulations that cover all aspects of the securities business, including sales methods, trade practices among broker-dealers, use and safekeeping of customers’ funds and securities, capital structure, recordkeeping, the financing of customers’ purchases and the conduct of directors, officers and employees.

### ***Other Jurisdictions***

Our operations elsewhere in the world are subject to regulation and control by local supervisory authorities, including local central banks.

#### 4.C. Organizational Structure

The following diagram shows our basic corporate structure as of March 31, 2006:



Notes:

- (1) Mizuho Investors Securities and Mizuho Trust & Banking are listed on the Tokyo Stock Exchange.
- (2) Three asset management companies consist of Dai-Ichi Kangyo Asset Management, Fuji Investment Management and DLIBJ Asset Management. DLIBJ Asset Management, in which we have a 50.0% equity interest, is an equity-method affiliate of ours.
- (3) In addition to the principal subsidiaries shown in the above diagram, we owned 27.5% of the outstanding shares of Shinko Securities Co., Ltd. as of March 31, 2006, an equity-method affiliate of ours listed on the Tokyo Stock Exchange which engages in wholesale and retail securities businesses.

The following table sets forth information with respect to our principal consolidated subsidiaries as of March 31, 2006:

Name	Country of organization	Main business	Proportion of ownership interest (%)	Proportion of voting interest (%)
<b>Domestic</b>				
Mizuho Bank, Ltd. ....	Japan	Banking	100.0%	100.0%
Mizuho Corporate Bank, Ltd. ....	Japan	Banking	100.0%	100.0%
Mizuho Securities Co., Ltd. ....	Japan	Securities	81.5%	81.5%
Mizuho Trust & Banking Co., Ltd. ....	Japan	Trust and banking	75.3%	69.9%
Mizuho Investors Securities Co., Ltd. ....	Japan	Securities	66.5%	66.8%
Trust & Custody Services Bank, Ltd. ....	Japan	Trust and banking	54.0%	54.0%
Dai-Ichi Kangyo Asset Management Co., Ltd. ....	Japan	Investment management	96.8%	97.0%
Fuji Investment Management Co., Ltd. ....	Japan	Investment management	94.2%	94.2%
Mizuho Research Institute Ltd. ....	Japan	Research and consulting	98.5%	98.6%

Name	Country of organization	Main business	Proportion of ownership interest (%)	Proportion of voting interest (%)
Mizuho Information & Research Institute Inc. ....	Japan	Information technology	91.5%	91.5%
Mizuho Financial Strategy Co., Ltd. ....	Japan	Consulting	100.0%	100.0%
Mizuho Private Wealth Management Co., Ltd. ....	Japan	Consulting	100.0%	100.0%
Mizuho Factors, Limited ....	Japan	Factoring	100.0%	100.0%
Mizuho Credit Guarantee Co., Ltd. ....	Japan	Credit guarantee	100.0%	100.0%
UC Card Co., Ltd. ....	Japan	Credit card	50.9%	50.9%
Defined Contribution Plan Services Co., Ltd. ....	Japan	Pension plan-related business	60.0%	60.0%
<b>Overseas</b>				
Mizuho Bank (Switzerland) Ltd. ....	Switzerland	Trust and banking	100.0%	100.0%
Mizuho Capital Markets Corporation ....	U.S.A.	Derivatives	100.0%	100.0%
Mizuho Corporate Bank (Canada) ....	Canada	Banking	100.0%	100.0%
Mizuho Corporate Bank (Germany) Aktiengesellschaft ....	Germany	Banking and securities	83.3%	83.3%
Mizuho Corporate Bank (USA) ....	U.S.A.	Banking	100.0%	100.0%
Mizuho Corporate Bank Nederland N.V. ....	Netherlands	Banking and securities	100.0%	100.0%
Mizuho International plc ....	U.K.	Securities and banking	100.0%	100.0%
Mizuho Securities USA Inc. ....	U.S.A.	Securities	100.0%	100.0%
Mizuho Trust & Banking (Luxembourg) S.A. ....	Luxembourg	Trust and banking	100.0%	100.0%
Mizuho Trust & Banking Co. (USA) ....	U.S.A.	Trust and banking	100.0%	100.0%
PT. Bank Mizuho Indonesia ....	Indonesia	Banking	98.9%	98.9%

#### 4.D. Property, Plant and Equipment

The following table shows the breakdown of our premises and equipment at cost as of March 31, 2005 and 2006:

	As of March 31,	
	2005	2006
	(in millions of yen)	
Land ....	¥ 170,630	¥ 167,002
Buildings ....	559,049	565,459
Equipment and furniture ....	207,603	190,113
Leasehold improvements ....	129,906	125,046
Construction in progress ....	3,053	27,605
Software ....	465,381	463,415
Total ....	1,535,622	1,538,640
Less: accumulated depreciation and amortization ....	693,990	698,746
Premises and equipment–net ....	¥ 841,632	¥ 839,894

Our head office is located at 5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan and has 11,126 square meters of office space. The headquarter buildings of Mizuho Financial Group, Mizuho Corporate Bank and Mizuho Bank are each leased from third parties.

The following table presents the areas and book values of our material office and other properties at March 31, 2006:

	<b>Area</b> (in thousands of square meters)	<b>Book value</b> (in millions of yen)
Owned land .....	852	¥167,002
Leased land .....	26	—
Owned buildings .....	n.a.	565,459
Leased buildings .....	n.a.	—

Our owned land and buildings are primarily used by our branches. Most of the buildings and land owned by us are free from material encumbrances.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

Not applicable.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*The following discussion and analysis should be read in conjunction with “Item 3.A. Key Information—Selected Financial Data,” “—Selected Statistical Data” and our consolidated financial statements, including the notes thereto, included elsewhere in this registration statement.*

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### Overview

#### *The Mizuho Group*

We provide a broad range of financial services in domestic and overseas markets. Our principal activities and subsidiaries are the following:

- *Wholesale and international banking*, principally through our banking subsidiary Mizuho Corporate Bank;
- *Retail and SME and middle-market corporation banking*, principally through our banking subsidiary Mizuho Bank;
- *Trust and asset management services*, principally through Mizuho Trust & Banking, Trust & Custody Services Bank and three asset management subsidiaries;
- *Securities underwriting and brokerage services*, principally through Mizuho Securities, a wholesale securities company, Mizuho Investors Securities, a retail securities company and Shinko Securities, a full-line securities company that is an equity-method affiliate of ours; and
- *Other services*, including credit card-related services through UC Card, venture capital investment and advisory services through Mizuho Capital, comprehensive private banking services through Mizuho Private Wealth Management, information and research services through Mizuho Research Institute, information technology-related services through Mizuho Information & Research Institute, and advisory services for financial institutions through Mizuho Financial Strategy.

In the fiscal year ended March 31, 2006, we reorganized our business portfolio into three Global Groups:

- *Global Corporate Group*, including principally Mizuho Corporate Bank and Mizuho Securities;
- *Global Retail Group*, including principally Mizuho Bank, Mizuho Investors Securities, UC Card and Mizuho Capital; and

- *Global Asset & Wealth Management Group*, including principally Mizuho Trust & Banking, Mizuho Private Wealth Management, Trust & Custody Services Bank and three asset management companies: Dai-Ichi Kangyo Asset Management, Fuji Investment Management and DLIBJ Asset Management (an equity-method affiliate).

For a further discussion of our business and group organization, see Item 4B “Business Overview.”

### ***Principal Sources of Income and Expenses***

#### *Net Interest Income*

Net interest income arises principally from the lending and deposit-taking and securities investment activities of our banking subsidiaries and is a function of:

- the amount of interest-earning assets and interest-bearing liabilities;
- the average interest rate spread (the difference between the average yield of interest earned on interest-earning assets and the average rate of interest paid on interest-bearing liabilities); and
- the general level of interest rates.

Principal items constituting interest-earning assets include loans, investments, trading account assets, receivables under resale agreements and receivables under securities borrowing transactions. Principal items constituting interest-bearing liabilities include deposits, trading account liabilities, short-term borrowings (such as payables under repurchase agreements and payables under securities lending transactions) and debentures.

#### *Provision (Credit) for Loan Losses*

Provision (credit) for loan losses is charged against or credited to income to keep the allowance for loan losses at a level that is appropriate to absorb probable losses inherent in the credit portfolio. For a description of the approach and methodology used to establish the allowance for loan losses, see “Item 5. Operating and Financial Review and Prospects—Financial Condition—Loans—Allowance for loan losses.”

#### *Noninterest Income*

Noninterest income consists mainly of fees and commissions, investment gains–net, trading account gains–net and foreign exchange gains (losses)–net.

Fees and commissions include the following:

- fees and commissions from securities-related business, including brokerage fees and commissions related to securities underwriting and other securities-related activities;
- fees and commissions from remittance business, including service charges for domestic and international funds transfers and collections;
- fees and commissions from deposits, debentures and lending business, which consist mostly of fees and commissions related to our loan businesses, including fees related to the arrangement of syndicated loans and other financing transactions such as arrangement fees related to management buy-out transactions and fees related to deposits such as account transfer charges;
- trust fees, including trust fees earned primarily through fiduciary asset management and administration services for corporate pension plans and investment funds; and
- fees for other customer services, including fees related to our agency businesses, such as credit card processing fees earned by UC Card, as well as guarantee fees and others.

Investment gains–net include primarily net gains on sales of marketable securities, such as equity and bond investments. In addition, impairment losses are recognized when management concludes that declines in fair value of investments are other than temporary.

Trading account gains–net include gains and losses from transactions undertaken for trading purposes, including both market making for customers and proprietary trading, or transactions through which we seek to capture gains arising from short-term changes in market value. Trading account gains–net also include gains and losses related to changes in the fair value of derivatives and other financial instruments not eligible for hedge accounting under U.S. GAAP that are utilized to offset mainly interest rate risk related to our various assets and liabilities.

Foreign exchange gains (losses)–net include mainly translation gains and losses related to our foreign currency-denominated assets and liabilities and gains and losses related to foreign exchange trading activities, including market making for customers and proprietary trading. Included within the translation gains and losses are those related to a portion of our foreign currency denominated liabilities, the amount of which generally corresponds to the amount of foreign currency-denominated available-for-sale securities, that hedge foreign exchange risk in accordance with our foreign exchange risk management policies but which are not eligible for hedge accounting under U.S. GAAP. Translation gains (losses) related to such available-for-sale securities are recognized directly in foreign currency translation adjustments, a component of accumulated other comprehensive income, net of tax within shareholders' equity.

#### *Noninterest Expenses*

Noninterest expenses include primarily salaries and employee benefits, general and administrative expenses, occupancy expenses, fees and commission expenses and minority interest in consolidated subsidiaries.

Salaries and employee benefits include expenses incurred for salaries, bonuses and compensation to directors and employees. They also include expenses related to pension and other employee retirement benefit plans.

The principal items included in general and administrative expenses are amortization of software, tax expenses such as consumption tax and property tax that are not income taxes and other expenses, including premiums for deposit insurance.

The principal items included in occupancy expenses are expenses related to premises and equipment, including depreciation, losses on disposal and lease expenses.

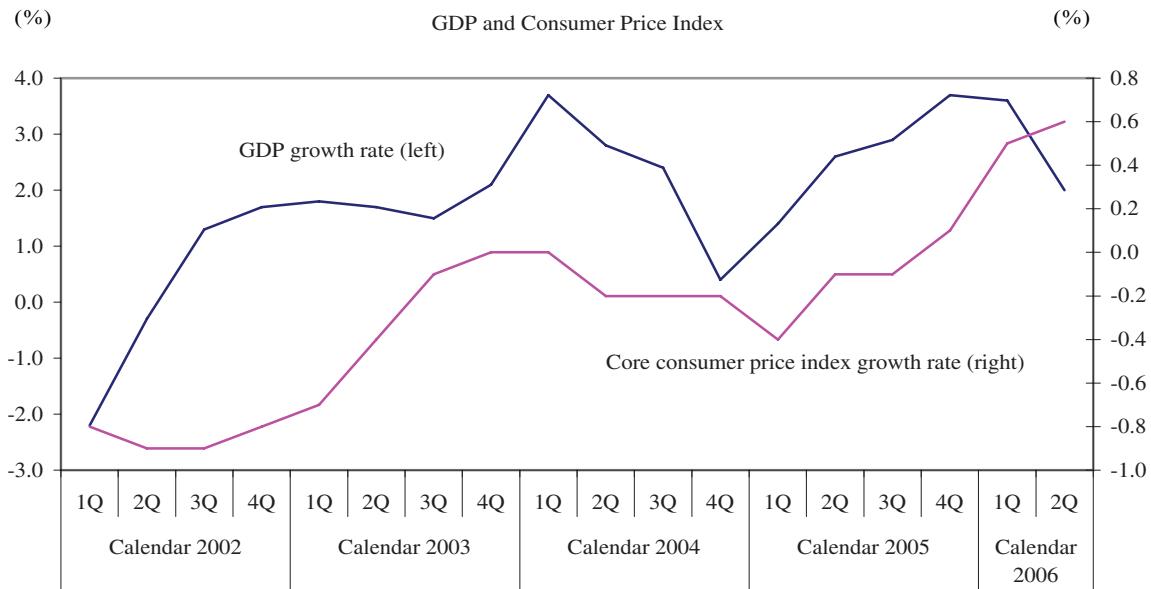
The principal items included in fees and commission expenses are fees and commission expenses for remittance services, which include mainly commission expenses paid in connection with remittance transactions and securities-related businesses, which include mainly transactions costs such as brokerage fees paid.

#### *Operating Environment*

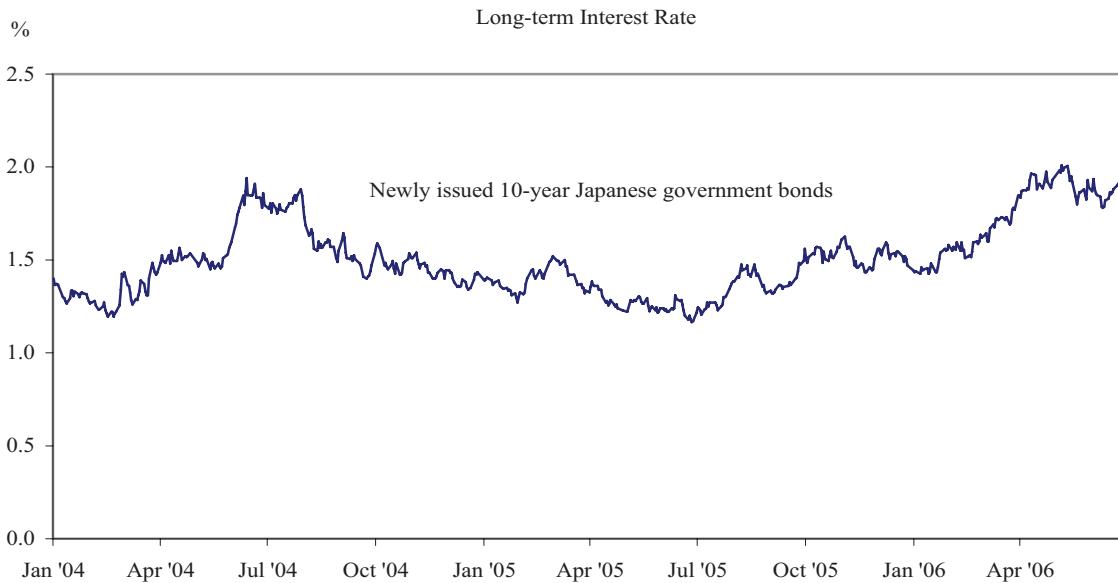
We operate principally in Japan. After years of persistent weakness, the Japanese economy has gradually improved over the past several years. Key indicators of economic conditions in recent periods include the following:

- Japan's real gross domestic product, following a 0.8% decrease in the fiscal year ended March 31, 2002, increased by 1.1%, 2.3%, 1.7%, and 3.2% in the fiscal years ended March 31, 2003, 2004, 2005 and 2006, respectively. Japan's core nationwide consumer price index decreased by 0.8%, 0.2% and 0.2% in the fiscal years ended March 31, 2003, 2004 and 2005, respectively, and increased 0.1% in the fiscal

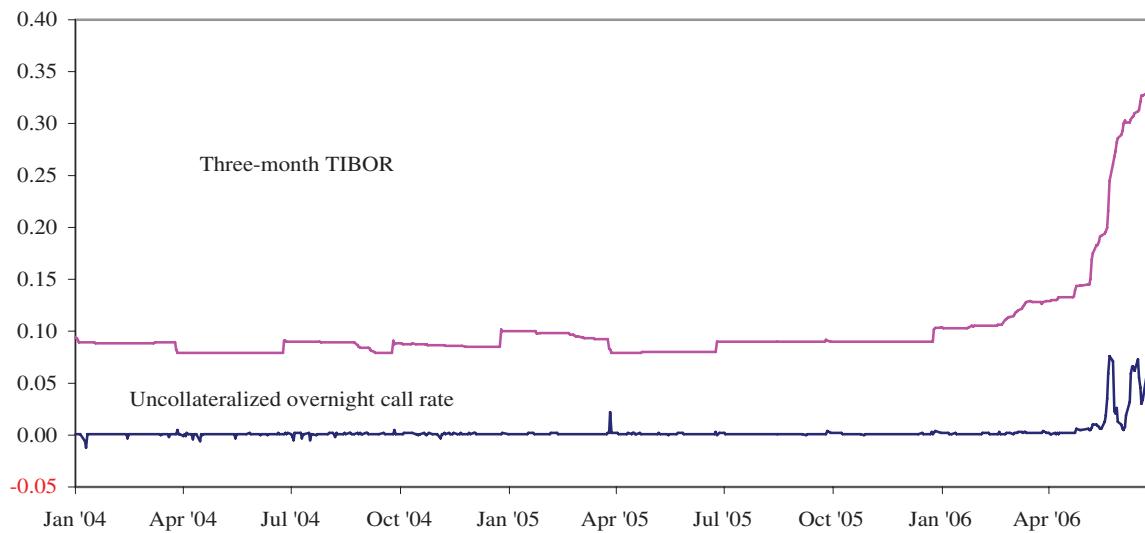
year ended March 31, 2006. The following chart shows the growth rates of Japan's gross domestic product and Japan's core nationwide consumer price indices from the first quarter of 2002 through the second quarter of 2006:



- The Bank of Japan, following its announcement on March 9, 2006 to end its “quantitative easing” monetary policy that it had maintained since March 2001, announced on July 14, 2006 that it will raise its target for the uncollateralized overnight call rate from 0% to 0.25%. The following charts show movements in long-term rates, represented by the yield on newly issued 10-year Japanese government bonds and in short-term interest rates, represented by the three-month Tokyo interbank offered rate, or TIBOR, and the uncollateralized overnight call rate used in the interbank market, in each case from January 2004 through June 2006:

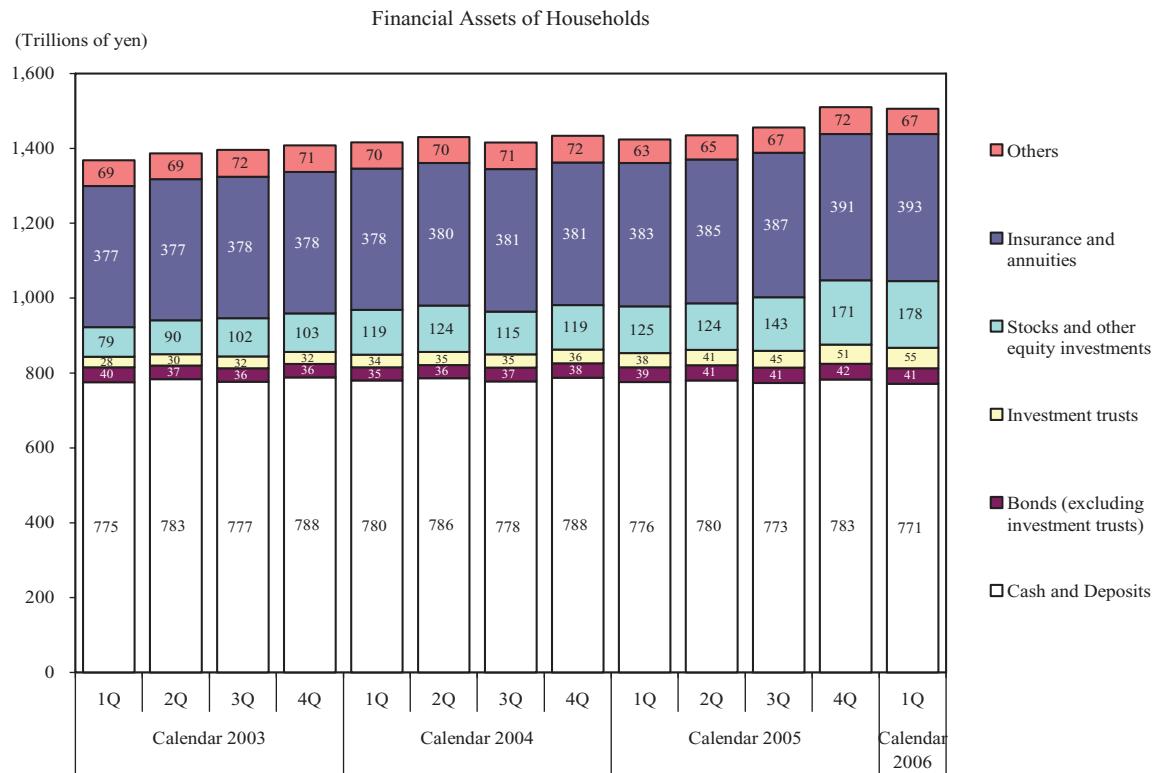


### Short-term Interest Rates

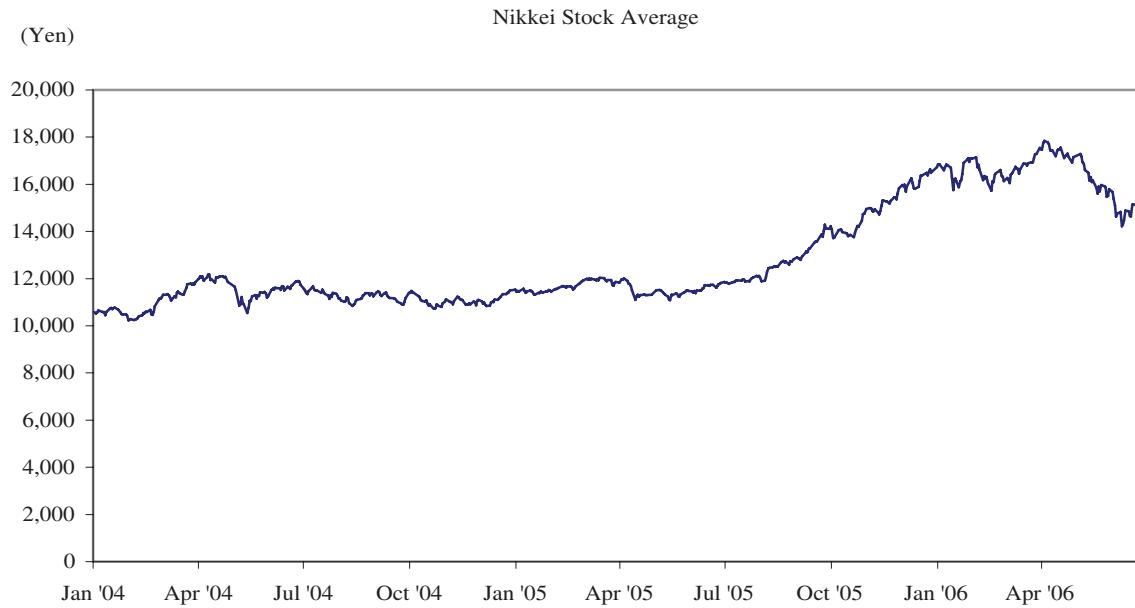


- After a prolonged period of generally declining demand for bank loans in Japan, the aggregate monthly average balance of bank loans has increased compared with that of the previous year for eleven consecutive months through June 2006, with robust increases in loans by regional banks.
- According to Teikoku Databank, a Japanese research institution, there were approximately 8,800 corporate bankruptcies in Japan in the fiscal year ended March 31, 2006, involving approximately ¥5.7 trillion in total liabilities, and approximately 5,900 corporate bankruptcies in Japan in the fiscal year ended March 31, 2005, involving approximately ¥5.8 trillion in total liabilities, compared to approximately 6,500 bankruptcies involving approximately ¥9.0 trillion in total liabilities in the fiscal year ended March 31, 2004.
- According to the Tokyo Stock Exchange, or the TSE, the aggregate ordinary profits and net income of all companies listed on the TSE, excluding financial institutions and companies newly listed during the relevant fiscal year, increased from ¥21.8 trillion and ¥10.2 trillion for the fiscal year ended March 31, 2004 to ¥27.2 trillion and ¥13.1 trillion for the fiscal year ended March 31, 2005 and ¥30.1 trillion and ¥16.7 trillion for the fiscal year ended March 31, 2006, respectively.

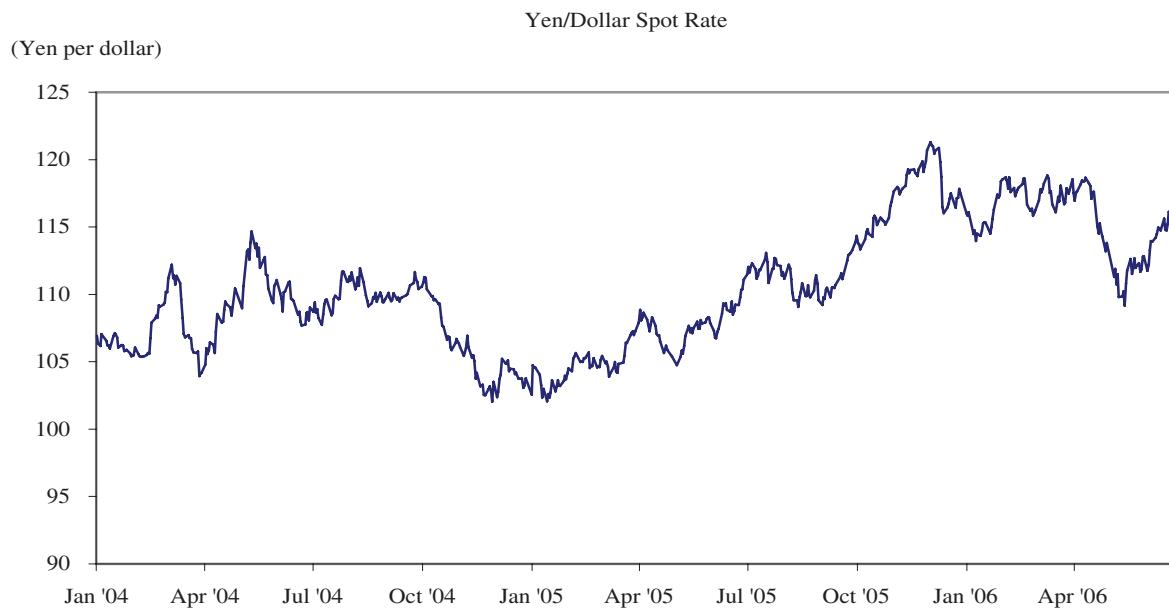
- According to the Bank of Japan, total financial assets of households increased from ¥1,416.2 trillion as of March 31, 2004 to ¥1,424.3 trillion as of March 31, 2005 and ¥1,506.3 trillion as of March 31, 2006, with almost all of the growth being in investments in stocks and investment funds. The following chart shows the amount of total financial assets of households and breakdown based on type of financial asset as of the ends of the first quarter of 2003 through the first quarter of 2006:



- The Nikkei Stock Average, which is an average of the price of 225 stocks listed on the Tokyo Stock Exchange, increased by 46.9% to ¥11,715.39 during the fiscal year ended March 31, 2004, followed by a 0.4% decrease to ¥11,668.95 during the fiscal year ended March 31, 2005 and a 46.2% increase to ¥17,059.66 during the fiscal year ended March 31, 2006. The following chart shows the daily closing price of the Nikkei Stock Average from January 2004 through June 2006:



- The Japanese yen to U.S. dollar spot exchange rate, according to the Bank of Japan, was ¥103.95 to \$1.00 as of March 31, 2004, ¥106.97 to \$1.00 as of March 31, 2005 and ¥117.47 to \$1.00 as of March 31, 2006. The following chart shows the yen/dollar spot rate of 5 p.m. Tokyo time published by the Bank of Japan from January 2004 through June 2006:



- According to the Ministry of Land, Infrastructure and Transport of Japan, after a decrease of 2.4% in the fiscal year ended March 31, 2003, housing starts in Japan increased year on year by 2.5% in the fiscal

year ended March 31, 2004, 1.7% in the fiscal year ended March 31, 2005 and 4.7% in the fiscal year ended March 31, 2006.

- According to the Bank of Japan, the total value of land in Japan rose 1.4% during calendar year 2005, the first annual increase in 15 years.

The regulatory environment for Japanese banks over the past several years has featured strong government oversight, including various government initiatives to strengthen the financial condition of Japanese banks. For example, the Financial Services Agency significantly strengthened its review of problem loans and asset quality. In particular, the government significantly strengthened its oversight of banks in which it had invested public funds, including us, requiring the banks to prepare a business revitalization plan and periodically report on their progress under the plan. Further developments implemented recently related to financial issues by the Financial Services Agency include regulating the maximum amount of net deferred tax assets that major Japanese banks can record without diminishing the amount of Tier 1 capital for purposes of calculating capital adequacy ratios and limiting the aggregate market value (excluding unrealized gains, if any) of banks' holdings in equity securities to a maximum of 100% of the amount of Tier 1 capital. The Financial Services Agency also issued the "Guideline for Financial Conglomerate Supervision" in June 2005 to enhance supervision of financial conglomerates such as us. See "Item 4.B. Business Overview—Supervision and Regulation."

### ***Management Reform and Capital Improvements***

#### *Shift in Management Focus*

The Mizuho Financial Group commenced operations by realigning our banking operations into Mizuho Bank and Mizuho Corporate Bank based on the customer segmentation and business function under a holding company structure in April 2002, a time when the financial strength of the Mizuho group was declining due to a prolonged period of economic weakness in Japan. Spurred by our management's sense of crisis regarding our financial condition and by the enhanced governmental scrutiny resulting from the investment of public funds into Japan's major banks, including us, we began implementing a series of management reforms to re-establish our business infrastructure and address the management issues we faced as a financial group, focusing mainly on the following:

- reduction of impaired loans, including through borrower revitalization activities conducted by our consolidated subsidiaries that specialized in borrower revitalization, or our revitalization subsidiaries;
- reduction of our exposure to the risks associated with our holdings of Japanese equities and government bonds by reducing our holdings of equity securities and shortening the average remaining period of our holdings of Japanese government bonds;
- improvement of the quality of our capital by repaying the public funds invested in us and reducing the percentage of net deferred tax assets against our Tier 1 capital, which is based on net deferred tax assets as determined under Japanese GAAP; and
- cost reductions mainly by completing the integration of the information technology systems of Mizuho Bank and the streamlining of operations, including through reductions in employees and rationalization of our branch network.

We believe we had made significant progress with respect to each of these initiatives, and we shifted our management focus in the fiscal year ended March 31, 2005 to increasing profitability by leveraging our large customer base and our capability to provide comprehensive financial services. The implementation of our new group structure based on the three Global Groups described in "—The Mizuho Group" above reflects this shift in focus.

#### *Recent Capital Improvements*

In the fiscal year ended March 31, 2006, in addition to the recording of consolidated net income of ¥1,085.7 billion, we improved both the quality and quantity of our capital primarily through capital raising and the repayment of public funds.

### *Capital raising*

In November 2005, we completed an offering of 763,000 shares of our common stock held by our wholly owned subsidiary, Mizuho Financial Strategy, resulting in net proceeds of ¥531.6 billion. In March 2006, we further increased our Tier 1 capital through the issuance of \$600 million and €500 million of non-cumulative perpetual preferred securities.

### *Repayment of public funds*

We received an aggregate of ¥2,949.0 billion of public funds in March 1998 and March 1999, including ¥1,949.0 billion in return for the issuance of preferred stock and ¥1,000.0 billion in return for the issuance of subordinated bonds. Thereafter, we strived to make early repayment of the public funds while reinforcing our capital base, including the repayment of ¥866.4 billion in preferred stock, based on the original issue price, in the fiscal year ended March 31, 2006. At March 31, 2006, the public funds outstanding consisted of non-convertible preferred shares with an aggregate original issue price of ¥600.0 billion, which we repurchased and cancelled on July 4, 2006 for ¥603.5 billion, including accrued dividends, thereby completing the repayment of all public funds.

We intend to pursue consistent and disciplined capital management that balances our capital needs related to the enhancement of our overall profitability with the improvement of capital quality. We intend to further improve our Tier 1 capital quality through stable recording of net income while maintaining our consolidated capital adequacy ratios at a sufficient level. Our aim over time is to continue strengthening our capital base and, in particular, to raise our consolidated Tier 1 capital ratio to 7%. Our management views the major issues concerning our current capital to be the treasury stock held by our subsidiary Mizuho Financial Strategy and outstanding convertible preferred stock totaling ¥943.7 billion, based on original issue price, held by third parties other than the government. As of March 31, 2006, treasury stock held by Mizuho Financial Strategy comprised 392,841 shares, of which Mizuho Financial Group repurchased and cancelled 131,800 shares, or approximately one-third of such shares, in July 2006. Mizuho Financial Strategy is required under the Company Law to dispose of its remaining shares of our common stock, through a sale to third parties or repurchase by Mizuho Financial Group, within a reasonable period of time. We aim to repurchase and cancel the remaining treasury stock after the fiscal year ending March 31, 2007.

### ***Business Trends***

Based on our current operating environment and management focus, we believe that the trends that are most significant to our current and future results of operations include the following:

#### ***Loans***

##### *Loan volume*

For several years through the fiscal year ended March 31, 2005, we experienced substantial declines in our balance of total loans as we aggressively reduced problem loans and reduced exposure to certain large borrowers with respect to which our exposure increased as a result of the creation of the Mizuho group. During that time, declines in domestic loan demand due to the weak Japanese economy also contributed to the decrease in our loan balance. The weakness in loan demand in the domestic corporate sector was due mainly to borrowers' reduced capital investments, implementation of various restructurings of business lines and diversification of funding sources, including shifting a part of their funding sources from traditional bank loans to capital market financings. Declines in aggregate domestic corporate bank loans in Japan began to stabilize during the fiscal year ended March 31, 2006 with the general improvement in business performance of the domestic corporate sector. Our total loan balance as of March 31, 2006 increased on a year-on-year basis as the balance of our domestic

loans turned around and showed a slight increase for the first time since our commencement of operations in April 2002 supported by recovering loan demand from SMEs and middle-market corporations and individuals, which more than offset the decline in loans to large corporations, while foreign loans showed a steady increase due to strong loan demand among our foreign corporate customers. The depreciation of the yen against other major currencies also contributed to the increase due to the increase in the yen equivalent of foreign currency-denominated loans. We believe continued loan growth will depend mainly on domestic loan demand from SMEs and middle-market corporations and loans to individuals, which in turn is affected primarily by general economic conditions in Japan, while we expect continued weakness in loan demand from large corporations. We also aim to continue increasing our foreign loans by responding primarily to loan demand from our corporate customers.

#### *Loan spreads*

The amount of domestic deposits raised by major Japanese banks generally significantly exceeds their respective amount of domestic loans, and this has led to severe competition among banks in making loans in recent years. Such competition has been contributing to difficulty in raising the applicable spreads on loans, or the difference between the applicable interest rate on the loan and its relevant reference rate such as TIBOR, while maintaining or increasing our loan balance. Loan demand in the domestic corporate loan market, including for both large corporations and SMEs and middle-market corporations, has been subdued in recent years due to the weak Japanese economy, which caused intense competition among banks as they endeavored to increase their balances of loans to borrowers such as SMEs, middle-market corporations and individuals to which larger spreads can generally be applied compared to large corporations. This has resulted in a significant increase in competition for loans to SMEs and middle-market corporation as well as mortgage loans, credit card loans and other retail loans. The increase in competition in the various sectors of the Japanese loan market applied negative pressure on the applicable spreads on our loans. Our average yield on domestic loans declined from 1.55% for the fiscal year ended March 31, 2005 to 1.43% for the fiscal year ended March 31, 2006, which was a significant contributing factor to the decline in domestic interest income from ¥935.9 billion in the fiscal year ended March 31, 2005 to ¥836.5 billion in the fiscal year ended March 31, 2006. We believe the foregoing trends that apply negative pressure on our loan spreads will generally continue for the near to medium term.

#### *Provision (credit) for loan losses*

We have been successful in reducing the amount of impaired loans through the implementation of various measures, including through borrower revitalization activities conducted by our wholly owned consolidated revitalization subsidiaries. During the fiscal year ended March 31, 2004, we transferred to these subsidiaries loans and other assets (primarily equity securities) totaling approximately ¥4 trillion related to approximately 950 borrowers. The revitalization subsidiaries helped the borrowers develop and execute workout programs, restructured the outstanding loans, disposed of assets and improved collections. These activities were effective in reducing our impaired loans in a relatively short period. In October 2005, the revitalization subsidiaries were merged into their respective parent banks as they were deemed to have successfully completed their revitalization activities. Total impaired loans as of March 31, 2006 were ¥1,229.4 billion, or 1.8% of total loans, compared to ¥1,843.3 billion, or 2.8% of total loans, as of March 31, 2005. Improvements in the credit quality of many of our previously troubled borrowers, general improvements in the Japanese economy led to a reversal, or credit, of the provision for loan losses of ¥157.7 billion in the fiscal year ended March 31, 2006. As of March 31, 2006, our percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance decreased to 32.3% compared with 44.7% as of March 31, 2005. The amount of provision for loan losses in future fiscal years will depend largely on trends in the credit quality of borrowers, which in turn will be affected by the domestic and global economic environment and other factors, and changes in the value of collateral on our loans as well as the effectiveness of our credit screening policy and credit management.

### *Deposits*

Short-term yen interest rates have remained at nearly 0% since the Bank of Japan introduced its “quantitative easing” monetary policy in March 2001. As a result, the costs related to our deposits, taking into account not only the interest paid on the deposits but also the premiums for deposit insurance, have in some cases exceeded short-term market interest rate levels. The average rate on domestic interest-bearing deposits was 0.11% and 0.20% in the fiscal years ended March 31, 2005 and 2006, respectively, and premiums for deposit insurance averaged approximately 0.08% in both fiscal years. Prior to the introduction of the “quantitative easing” monetary policy, interest rates on yen deposits in Japan, particularly those related to demand deposits, were generally lower than market interest rates by some margin. In the fourth quarter of the fiscal year ended March 31, 2006, we have begun to observe an increase in the difference between short-term market interest rates and interest rates on yen deposits as short-term market interest rates began to rise while the rise in interest rates on yen deposits has been limited.

### *Fees and Commissions*

Fees and commissions grew by ¥86.6 billion, or 14.4%, from the end of the previous fiscal year to ¥688.7 billion as of March 31, 2006. Primary drivers for the increase in fees and commissions were the following:

- fees and commissions from securities-related business: stock brokerage fees and sales commissions related to investment funds;
- fees and commissions from other customer services: trust business-related fees other than trust fees, and fees from agency businesses such as credit card processing fees earned by UC Card;
- trust fees: fees related to trust and asset management services; and
- fees and commissions from deposits, debentures and lending business: fees earned overseas related to syndicated loan arrangements and other financing transactions such as arrangement fees from management buy-out transactions.

The above increases were due primarily to the expansion of our businesses with corporate customers in the areas of loans, securities and trust and asset management through the promotion of our “solutions business.” We use the term “solutions business” to mean our provision to corporate customers, particularly SMEs and middle-market corporations, of syndicated loans and other forms of financing arrangements such as issuance of debt securities, securitization, advisory services related to overseas expansions, mergers and acquisitions-related services, securities products acting as sales agent for securities companies, services related to defined contribution pension plans and support for start-up companies. Fees and commissions from retail customers also increased due to growth in sales commissions related to investment products such as investment trusts, individual annuities and Japanese government bonds supported by enhancements in our business infrastructure, including increases in the number of sales and consulting staff, increasing consulting space within bank branches and the implementation of a customer database that supports our consulting activities with individual customers. In recent years, Japanese individuals have generally been increasing the proportion of investments other than deposits within their total financial assets. If we are successful in our efforts to take advantage of this increasing demand, we believe we will be able to continue to increase our fees and commissions income.

### *Effect of Changes in Interest Rates on Debt Securities Portfolio*

Increases in long-term interest rates generally lead to a decline in the fair value of our portfolio of debt securities, a majority of which is Japanese government bonds. As of March 31, 2006, we had a total of ¥30,124.2 billion of available-for-sale debt securities within our investments, of which ¥19,291.5 billion was Japanese government bonds. Changes in fair value of such available-for-sale debt securities are reflected in accumulated other comprehensive income, net of tax in shareholders’ equity while changes in fair value of debt securities in our trading account are recognized in our income statement within trading account gains–net, respectively. We

have been endeavoring in recent years to reduce the risk of declines in the value of our portfolio of debt securities by reducing the average remaining period to maturity of Japanese government bonds. In addition, during the fiscal year ended March 31, 2006, we restructured our overall bond portfolio in order to reduce interest rate risk in light of rising interest rates. Bonds with low yields for which recovery of the market price was deemed unlikely in the near term were selected for disposition. As a result of this restructuring, we recorded a ¥148.5 billion realized loss on the sale of these bonds (out of a total realized loss on all available-for-sale securities of ¥162.2 billion). Furthermore, in addition to such losses, an impairment loss of ¥75.4 billion (out of a total impairment loss charged against earnings on available-for-sale securities of ¥83.2 billion) was charged against earnings in connection with those bonds selected for sale which had not yet been sold as of March 31, 2006. The sales of these available-for-sale securities does not change our ability or intent to hold until a market price recovery or to maturity the remaining available-for-sale securities with an unrealized loss position in our portfolio as of March 31, 2006. Because the amount of our funding through deposits and debentures significantly exceeds our total loans, we will continue to allocate a significant portion of such excess to investments in debt securities, mainly Japanese government bonds. We had ¥30,124.2 billion and ¥29,149.5 billion of available-for-sale debt securities as of March 31, 2006 and 2005, respectively, and unrealized losses of ¥196.1 billion and ¥239.1 billion were reflected in accumulated other comprehensive income, net of tax as of such dates, respectively.

#### *Equity Portfolio*

The fair value of available-for-sale marketable equity securities within our investments was ¥6,068.6 billion, or ¥2,428.8 billion based on cost, as of March 31, 2006. Because the size of our portfolio of marketable equity securities is substantial, we are subject to significant equity market risk, as increases in unrealized gains and losses related to changes in the fair value of available-for-sale marketable equity securities are reflected in accumulated other comprehensive income, net of tax in our shareholders' equity or, in the case of other-than-temporary impairments to fair value, charged to income as an impairment loss. We expect the size of our portfolio of marketable equity securities to continue to be significant.

#### *Costs and Expenses*

We have been endeavoring to reduce our general and administrative expenses and salaries and employee benefits expenses and occupancy expenses in line with various management reform programs. The combined amount of these expenses declined by ¥71.9 billion, or 6.3%, in the fiscal year ended March 31, 2006 compared to the previous fiscal year. As a result of the shift in our management focus to the improvement of profitability, we currently expect costs related to the implementation of initiatives to increase profitability, such as further enhancements to our infrastructure to promote our consulting activities with individuals and solutions business with SMEs and middle-market corporations, to increase. Although we plan to continue our efforts to enhance our cost efficiency, we expect that any resulting cost reduction will be more than offset by increased costs related to these initiatives in the fiscal years ending March 31, 2007 and 2008, and that the combined amount of these expenses for the fiscal year ending March 31, 2008 will become generally comparable to the amount incurred in the fiscal year ended March 31, 2005.

#### *Other Business Events*

##### *Refund of Tax Payments Related to Write-Off of Credits to Japan Housing Loan, Inc.*

Since 1996, The Industrial Bank of Japan, one of Mizuho Financial Group's predecessor banks, had been contesting the Japanese tax authorities' determination regarding the non-deductibility of The Industrial Bank of Japan's charge-off of ¥376.1 billion in loans and other credits to Japan Housing Loan, Inc. After rulings by lower courts and subsequent appeals, the Supreme Court of Japan in December 2004 rendered its decision in favor of Mizuho Corporate Bank, as successor to The Industrial Bank of Japan in the lawsuit, which was followed by the

refund of provisional tax payments made in 1996. As a result of the decision, the amount of our current tax expense decreased by ¥152.4 billion for the fiscal year ended March 31, 2005. In addition, the interest on the refund of provisional tax payments of ¥102.1 billion was included in other noninterest income for the same fiscal year.

### **Critical Accounting Estimates**

Note 1 to our consolidated financial statements contains a summary of our significant accounting policies. These accounting policies are essential to understanding our financial condition and results of operations. Certain of these accounting policies require management to make critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates are based on information available to us as of the date of the financial statements and could change from period to period. Critical accounting estimates could also involve estimates for which management could have reasonably used another estimate for the relevant accounting period. The use of different estimates could have a material impact on our financial condition and results of operations. The following is a discussion of significant accounting policies for which critical accounting estimates are used.

### ***Allowance for Loan Losses and Allowance for Losses on Off-Balance-Sheet Instruments***

The allowance for loan losses is based on management's estimate of probable credit losses existing in our lending portfolio, and the allowance for losses on off-balance-sheet instruments is based on management's estimate of probable losses related to off-balance-sheet arrangements such as guarantees and commitments to extend credit.

The allowance for loan losses is categorized and evaluated using the following methods:

- *Allowance based on SFAS No.114.* In accordance with SFAS No.114, "Accounting by Creditors for Impairment of a Loan" ("SFAS No.114"), we measure the value of specifically identified impaired loans based on the expected cash flows discounted at the loans' initial effective interest rates, or as a practical expedient, using the observable market prices or the fair value of collateral if the loan is collateral dependent, when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. Management identifies impaired loans through the credit quality review process, in which the debtor's ability to service its debt is assessed. The difference between our evaluation of the value of the impaired loan and its principal amount is the amount of the impairment which is recorded in the allowance for loan losses. Estimation of future cash flows is based on a comprehensive analysis of the borrower's ability to service the debt, any progress made on the borrower's rehabilitation program and the assumptions used therein.
- *Allowance based on SFAS No.5.* In accordance with SFAS No.5, "Accounting for Contingencies" ("SFAS No.5"), a formula-based allowance utilizing historical loss factors is applied to certain impaired loans which are aggregated for purposes of measuring impairment, groups of small balance, homogeneous loans and other non-homogenous loans which have not been identified as impaired. The determination of expected losses is based on a statistical analysis of our historical default and loan loss data, as well as data from third-party sources. The estimation of the formula allowance is back-tested on a periodic basis by comparing the allowance with the actual results subsequent to the balance sheet date.
- *Adjustment of SFAS No.5 Allowance.* In addition to the allowance for loan losses based on historical loss factors, the historical loss rate is adjusted, where appropriate, to reflect current factors, such as general economic and business conditions affecting key lending areas, credit quality trends, specific industry conditions and recent loss experience in the segments of the loan portfolio. For loans which are not

deemed to be impaired under SFAS No.114 but to which special isolated risks apply, management assesses each loan individually to determine appropriate allowance amounts in lieu of mechanically applying the SFAS No.5 formula-based allowance.

We assess probable loss amounts for guarantees using the same categories and evaluation methods as loans. We similarly assess probable loss amounts for loan commitments, taking into account the probability of drawdowns.

The determination of the allowance for loan losses and the allowance for losses on off-balance-sheet instruments requires a great deal of judgment and the use of estimates as discussed above. Furthermore, information available at the time of the determination is limited, and it is not possible to eliminate uncertainty. Significant changes in any of the factors underlying our determination of the allowances could materially affect our financial condition and results of operations. For example, if our current judgment with respect to expected future cash flows differ from actual results, including as a result of an unexpected adverse change in the economic environment in Japan or a sudden and unanticipated failure of a large borrower, or if the value of collateral declines, we may need to increase the allowances with additional charges to earnings.

### ***Valuation of Financial Instruments***

We hold various debt and equity securities and derivatives in our trading account. We also hold various available-for-sale securities and other investments in our investments account. We generally value all such investments and derivatives based on their fair value. For investments and derivatives for which an active market, including dealers' quotes, exists, we determine fair value based on their market price. Dealers' quotes are used for determining fair value only if the financial instrument is not listed on any exchange or otherwise does not have an exchange quotation and an active dealers' market exists for the instrument. However, if no such market exists, fair value is determined as follows:

- with respect to certain debt securities (which comprise approximately 5.9% and 8.3% of total trading securities and investments carried at fair value as of March 31, 2005 and 2006, respectively), we estimate fair value based on the market value of similar securities with an active market, taking into consideration the time to maturity and the credit rating of the issuer;
- with respect to certain derivatives (which comprise approximately 99.3% and 99.3% of total derivative assets and 99.1% and 99.1% of total derivative liabilities as of March 31, 2005 and 2006, respectively), we estimate fair value by assessing future cash flows and discounting such cash flows based on appropriate market interest rates. Such estimation involves the application of forward curves and valuation models to market-based parameters, with adjustments made as necessary based on credit risk and liquidity risk. Furthermore, in the limited cases where the valuation cannot be made based on market-based parameters (which comprise approximately 0.2% and 0.2% of derivative assets as of March 31, 2005 and 2006, respectively), management makes its best estimate of the fair value. In such cases, profits related to the transaction are deferred and amortized over the term of the derivative contract; and
- with respect to certain non-marketable equity securities (which comprise approximately 0.1% and 0.2% of total trading securities and investments carried at fair value as of March 31, 2005 and 2006, respectively), we estimate fair value by various modeling techniques, referring to the price or net assets of benchmark securities or employing EBITDA multiple analysis as management deems appropriate based on the circumstances and market participants' practice.

The above determinations involve subjective judgments with respect to the method of valuation used and the parameters used in the valuation. If these subjective judgments prove to be inaccurate, our financial condition and results of operations could be materially and adversely affected.

### ***Valuation of Deferred Income Taxes***

Deferred income taxes reflect the net tax effects of (1) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (2) operating loss and tax credit carryforwards. Pursuant to SFAS No.109, “Accounting for Income Taxes,” as amended (“SFAS No.109”), a valuation allowance is recognized for any portion of the deferred tax assets where it is considered more likely than not that it will not be realized, based on projected future income and future reversals of existing taxable temporary differences. Because we have not opted to be subject to consolidated taxation, deferred tax assets and liabilities are calculated separately for each member of our consolidated group.

The determination of a valuation allowance is an inherently uncertain process due to the use of projected future taxable income and subjective assessments in the effectiveness of our available tax planning strategies provided for under SFAS No.109. For example, variances in future projected operating performance or tax law changes that impact our tax planning strategies could result in a change in the valuation allowance. If we are not able to realize all or part of our net deferred tax assets in the future, an adjustment to our valuation allowance would be charged to income tax expense in the period such determination is made, and this could materially and adversely affect our financial condition and results of operations.

### ***Pension and Other Employee Benefit Plans***

Mizuho Financial Group, its principal banking subsidiaries and certain other subsidiaries sponsor severance and pension plans, which provide defined benefits to retired employees. Periodic expense and accrued liabilities are computed based on a number of actuarial assumptions, including mortality, withdrawals, discount rates, expected long-term rates of return on our plan assets and rates of increase in future compensation levels.

Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore generally affect future pension expenses. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may adversely affect pension expenses in the future.

In estimating the discount rates, we use interest rates on high-quality fixed-income governmental and corporate bonds that received a rating of Aa or higher from rating agencies. The durations of such bonds closely match that of the pension benefit obligation. Assumed discount rates were reevaluated at each measurement date.

The expected rate of return for each asset class is based primarily on various aspects of the long-term prospects for the economy that include historical performance and the market environment.

For further information on our pension benefits, see note 21 to the consolidated financial statements included elsewhere in this registration statement.

## Operating Results

The following table shows certain information as to our income, expenses and net income for the fiscal years ended March 31, 2005 and 2006:

	Fiscal years ended March 31,		Increase (decrease)
	2005	2006	
Interest and dividend income . . . . .	¥1,615.4	¥1,957.9	¥ 342.5
Interest expense . . . . .	578.6	944.9	366.3
Net interest income . . . . .	1,036.8	1,013.0	(23.8)
Provision (credit) for loan losses . . . . .	55.0	(157.7)	(212.7)
Net interest income after provision (credit) for loan losses . . . . .	981.8	1,170.7	188.9
Noninterest income . . . . .	1,599.7	995.1	(604.6)
Noninterest expenses . . . . .	1,379.0	1,454.3	75.3
Income before income tax expense (benefit) . . . . .	1,202.5	711.5	(491.0)
Income tax expense (benefit) . . . . .	124.4	(374.2)	(498.6)
Net income . . . . .	¥1,078.1	¥1,085.7	¥ 7.6

### Executive Summary

Net interest income decreased by ¥23.8 billion, or 2.3%, from the previous fiscal year to ¥1,013.0 billion in the fiscal year ended March 31, 2006 due to the decrease in net domestic interest income of ¥103.5 billion offset in part by the increase in net foreign interest income of ¥79.7 billion. The decrease in net domestic interest and dividend income was due mainly to a decrease in interest income on loans, reflecting a decrease in average loan balance and a decrease in loan spreads as a result of increased competition in the domestic loan market, and an increase in domestic interest expense, reflecting an increase in yen interest rate levels. The increase in net foreign interest income was due mainly to the effects of an increase in the average balance of foreign investments and loans as a result of our efforts to increase such assets and the effect of the depreciation of the yen against other major currencies offset in part by the effects of increased competition regarding loans to foreign affiliates of Japanese corporations. We had a reversal of provision for loan losses, or a credit, of ¥157.7 billion compared to a provision of ¥55.0 billion in the previous fiscal year due to improvements in the quality of our loan portfolio.

Noninterest income decreased by ¥604.6 billion from the previous fiscal year to ¥995.1 billion in the fiscal year ended March 31, 2006 due mainly to declines in investment gains–net, trading account gains–net and foreign exchange gains (losses)–net. The decline in investment gains–net was due mainly to the recognition of losses on sales related to our bond portfolio. The decline in foreign exchange gains (losses)–net was due mainly to translation losses with respect to foreign currency-denominated liabilities that were incurred to offset foreign exchange risk related to foreign currency-denominated available-for-sale securities. The decline in trading account gains–net was due mainly to losses related to changes in the fair value of derivatives and other financial instruments used for hedging purpose that were not eligible for hedge accounting under U.S. GAAP. These effects were offset in part by an increase in fees and commissions income.

Noninterest expenses increased by ¥75.3 billion, or 5.5%, from the previous fiscal year to ¥1,454.3 billion in the fiscal year ended March 31, 2006 due mainly to an increase in provision for losses on off-balance-sheet instruments, reflecting downgrades in credit ratings of certain commitment line customers, and other noninterest expenses, reflecting mainly the losses incurred due to the erroneous order to the Tokyo Stock Exchange by Mizuho Securities.

As a result of the foregoing, income before income tax expense (benefit) decreased by ¥491.0 billion to ¥711.5 billion. We recorded an income tax benefit of ¥374.2 billion, compared with an income tax expense of ¥124.4 billion in the previous fiscal year due mainly to the decrease of deferred income tax expense, resulting in net income in the fiscal year ended March 31, 2006 of ¥1,085.7 billion, an increase of ¥7.6 billion, or 0.7%, from the previous fiscal year.

### Net Interest Income

The following table shows the average balance of interest-earning assets and interest-bearing liabilities, interest amounts and the average interest rates on such assets and liabilities for the fiscal years ended March 31, 2005 and 2006:

	Fiscal years ended March 31,									
	2005			2006			Increase (decrease)			(in billions of yen, except percentages)
	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate	
<b>Domestic:</b>										
Interest-bearing deposits in other banks .....	¥ 1,185.7	¥ 16.8	1.41%	¥ 876.7	¥ 25.3	2.88%	¥ (309.0)	¥ 8.5	1.47%	
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions .....	8,270.8	4.4	0.05	7,695.1	5.1	0.07	(575.7)	0.7	0.02	
Trading account assets .....	6,470.2	28.3	0.44	7,832.0	20.5	0.26	1,361.8	(7.8)	(0.18)	
Investments .....	27,369.5	116.2	0.42	30,404.6	155.3	0.51	3,035.1	39.1	0.09	
Loans .....	60,500.8	935.9	1.55	58,348.1	836.5	1.43	(2,152.7)	(99.4)	(0.12)	
Total interest-earning assets .....	103,797.0	1,101.6	1.06	105,156.5	1,042.7	0.99	1,359.5	(58.9)	(0.07)	
Deposits .....	67,999.1	73.6	0.11	60,742.0	121.6	0.20	(7,257.1)	48.0	0.09	
Debentures .....	8,580.0	68.7	0.80	7,256.5	48.2	0.66	(1,323.5)	(20.5)	(0.14)	
Short-term borrowings <sup>(1)</sup> .....	19,536.0	23.6	0.12	21,047.8	37.4	0.18	1,511.8	13.8	0.06	
Trading account liabilities .....	4,091.0	32.3	0.79	5,145.9	33.7	0.66	1,054.9	1.4	(0.13)	
Long-term debt .....	5,945.7	124.2	2.09	6,430.6	126.1	1.96	484.9	1.9	(0.13)	
Total interest-bearing liabilities .....	106,151.8	322.4	0.30	100,622.8	367.0	0.36	(5,529.0)	44.6	0.06	
Net .....	(2,354.8)	779.2	0.76	4,533.7	675.7	0.63	6,888.5	(103.5)	(0.13)	
<b>Foreign:</b>										
Interest-bearing deposits in other banks .....	562.2	13.2	2.36	623.8	25.8	4.13	61.6	12.6	1.77	
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions .....	5,873.2	113.1	1.93	7,284.5	262.2	3.60	1,411.3	149.1	1.67	
Trading account assets .....	3,981.7	45.1	1.13	3,906.5	40.8	1.04	(75.2)	(4.3)	(0.09)	
Investments .....	4,653.6	167.4	3.60	7,567.0	295.1	3.90	2,913.4	127.7	0.30	
Loans .....	5,759.5	175.0	3.04	7,269.2	291.3	4.01	1,509.7	116.3	0.97	
Total interest-earning assets .....	20,830.2	513.8	2.47	26,651.0	915.2	3.43	5,820.8	401.4	0.96	
Deposits .....	2,988.8	58.0	1.94	5,490.0	154.5	2.81	2,501.2	96.5	0.87	
Short-term borrowings <sup>(1)</sup> .....	8,385.7	158.9	1.90	11,007.9	388.8	3.53	2,622.2	229.9	1.63	
Trading account liabilities .....	3,110.6	22.4	0.72	3,254.5	19.1	0.59	143.9	(3.3)	(0.13)	
Long-term debt .....	818.9	16.9	2.06	734.5	15.5	2.11	(84.4)	(1.4)	0.05	
Total interest-bearing liabilities .....	15,304.0	256.2	1.67	20,486.9	577.9	2.82	5,182.9	321.7	1.15	
Net .....	5,526.2	257.6	0.80	6,164.1	337.3	0.61	637.9	79.7	(0.19)	
<b>Total:</b>										
Total interest-earning assets ...	124,627.2	1,615.4	1.30	131,807.5	1,957.9	1.49	7,180.3	342.5	0.19	
Total interest-bearing liabilities .....	121,455.8	578.6	0.48	121,109.7	944.9	0.78	(346.1)	366.3	0.30	
Net .....	¥ 3,171.4	¥1,036.8	0.82	¥ 10,697.8	¥1,013.0	0.71	¥ 7,526.4	¥ (23.8)	(0.11)	

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Note:

(1) Short-term borrowings consist of due to trust accounts, call money and funds purchased, payables under repurchase agreements and securities lending transactions, commercial paper and other short-term borrowings.

Interest and dividend income increased by ¥342.5 billion, or 21.2%, from the previous fiscal year to ¥1,957.9 billion yen in the fiscal year ended March 31, 2006. Domestic interest and dividend income accounted for ¥1,042.7 billion of the total amount, a decrease of ¥58.9 billion from the previous fiscal year, and foreign interest and dividend income accounted for ¥915.2 billion, an increase of ¥401.4 billion.

The decrease in domestic interest and dividend income was due mainly to the decrease in interest and dividend income from domestic loans and domestic trading account assets. The decrease in interest income from domestic loans was due to a decline in the average yield on, and average balance of, domestic loans. The average yield on domestic loans declined by 0.12% due mainly to increased competition among lenders. The average loan balance of domestic loans declined by ¥2,152.7 billion, reflecting our efforts to reduce impaired loans and reduced corporate loan demand, although the balance of domestic loans as of March 31, 2006 increased compared to March 31, 2005 as the balance of domestic loans bottomed out and began to increase in the second half of the fiscal year ended March 31, 2006, reflecting a recovery in corporate loan demand as the Japanese economy continued to improve. These decreases in income were offset in part by an increase in interest and dividend income from investments due mainly to the increase in average yield on domestic investments, reflecting the increase in yen interest rate levels, and the increase in the average balance of investments, reflecting primarily an increase in Japanese government bonds due to an increase in short-term bonds and bonds with variable interest rates which more than offset the effect of the sales of long-term bonds in connection with the restructuring of our bond portfolio. The changes in the average yields on domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥45.7 billion, and the changes in average balances of domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥13.2 billion, the latter due mainly to the decrease in average balance of domestic loans, resulting in the ¥58.9 billion decrease in domestic interest and dividend income.

The significant increase in foreign interest and dividend income was due mainly to increases in interest and dividend income from foreign call loans and funds sold, and receivables under resale agreements and securities borrowing transactions, foreign loans and foreign investments. These increases were, in turn, due to an increase in average yield, reflecting a general increase in U.S. dollar and euro interest rate levels, and an increase in average balances, reflecting mainly increases in foreign investments such as bonds and foreign loans as we actively increased our investment and lending activities and due to the depreciation of the yen against other major currencies. However, the increase in the average yield on foreign interest-earning assets, including loans, was smaller than the increase in the interest rate on foreign interest-bearing liabilities due mainly to the increase in competition in loans to foreign affiliates of Japanese corporations, reflecting the increase in competition in the domestic loan market. The changes in average yields on foreign interest-earning assets contributed to an overall increase in interest and dividend income of ¥203.3 billion, and the changes in average balances of foreign interest-earning assets contributed to an overall increase in interest and dividend income of ¥198.1 billion, resulting in the ¥401.4 billion increase in foreign interest and dividend income.

Interest expense increased by ¥366.3 billion, or 63.3%, from the previous fiscal year to ¥944.9 billion in the fiscal year ended March 31, 2006. Domestic interest expense accounted for ¥367.0 billion of the total amount, an increase of ¥44.6 billion from the previous fiscal year, and foreign interest expense accounted for ¥577.9 billion of the total amount, an increase of ¥321.7 billion from the previous fiscal year.

The increase in domestic interest expense was due mainly to an increase in interest expense on domestic deposits and domestic short-term borrowings offset in part by a decrease in interest expense on debentures. The increase in interest expense on domestic deposits was due to an increase of 0.09% in the average interest rate,

reflecting an increase in yen interest rate levels which affected mainly the applicable interest rates on time deposits, offset in part by the decrease of ¥7,257.1 billion in the average balance of domestic deposits, reflecting mainly a decrease in interest-bearing demand deposits and deposits at notice which are not covered by deposit insurance offset in part by an increase in non-interest-bearing demand deposits. The decrease in interest expense on debentures was due to decreases in both the average interest rate and average balance, and the increase in interest expense on domestic short-term borrowings was due mainly to an increase in the average interest rate. The changes in average interest rates on domestic interest-bearing liabilities contributed to an overall increase in interest expense of ¥47.5 billion, offset in part by a decrease in interest expense of ¥2.9 billion due to the changes in average balances of domestic interest-bearing liabilities, resulting in the ¥44.6 billion increase in domestic interest expense.

The increase in foreign interest expense was due mainly to increases in interest expense on foreign short-term borrowings and foreign deposits. These increases were due mainly to the increase in average interest rates on these liabilities, reflecting a general increase in U.S. dollar and euro interest rate levels, and the increase in their average balance as we sought to increase funding from these sources for our investments in foreign securities and loans. The changes in average interest rates on foreign interest-bearing liabilities contributed to an overall increase in interest expense of ¥198.5 billion, and the changes in average balances of foreign interest-bearing liabilities contributed to an overall increase in interest expense of ¥123.2, resulting in the ¥321.7 billion increase in foreign interest expense.

As a result of the foregoing, net interest income decreased by ¥23.8 billion, or 2.3%, from the previous fiscal year to ¥1,013.0 billion. Average interest rate spread declined by 0.11% to 0.71%, with domestic average interest rate spread declining by 0.13%, due mainly to a decrease in loan spreads, reflecting increased competition in the domestic loan market, and foreign average interest rate spread declining by 0.19%, due mainly to a decrease in loan spreads to foreign affiliates of Japanese corporations, reflecting the increased competition in the domestic loan market.

#### ***Provision (Credit) for Loan Losses***

Improvements in the credit quality of many of our previously troubled borrowers and general improvements in the Japanese economy enabled us to reverse a portion of the allowance for loan losses and record a credit of ¥157.7 billion in the fiscal year ended March 31, 2006 compared to a provision for loan losses of ¥55.0 billion in the previous fiscal year. See “—Financial Condition—Loans—Provision (credit) for loan losses.”

#### ***Noninterest Income***

Noninterest income decreased by ¥604.6 billion, or 37.8%, from the previous fiscal year to ¥995.1 billion in the fiscal year ended March 31, 2006. The following table shows a breakdown of noninterest income for the fiscal years ended March 31, 2005 and 2006:

	<b>Fiscal years ended March 31,</b>		<b>Increase (decrease)</b>
	<b>2005</b>	<b>2006</b>	
	<b>(in billions of yen)</b>		
Fees and commissions .....	¥ 602.1	¥ 688.7	¥ 86.6
Foreign exchange gains (losses)—net .....	(0.3)	(110.7)	(110.4)
Trading account gains—net .....	190.0	20.3	(169.7)
Investment gains—net .....	471.9	143.5	(328.4)
Gains on disposal of premises and equipment .....	80.6	65.5	(15.1)
Other noninterest income .....	255.4	187.8	(67.6)
<b>Total noninterest income .....</b>	<b>¥1,599.7</b>	<b>¥ 995.1</b>	<b>¥ (604.6)</b>

### *Fees and Commissions*

The following table shows a breakdown of fees and commissions income for the fiscal years ended March 31, 2005 and 2006:

	Fiscal years ended March 31,		Increase (decrease)
	2005	2006	
	(in billions of yen)		
Fees and commissions from securities-related business .....	¥103.0	¥133.2	¥ 30.2
Fees and commissions from remittance business .....	113.8	116.0	2.2
Fees and commissions from deposits, debentures and lending business .....	103.0	113.9	10.9
Trust fees .....	63.0	75.8	12.8
Fees for other customer services .....	219.3	249.8	30.5
Total fees and commissions income .....	¥602.1	¥688.7	¥ 86.6

Fees and commissions income increased by ¥86.6 billion, or 14.4%, from the previous fiscal year to ¥688.7 billion in the fiscal year ended March 31, 2006. Each category into which we divide fees and commissions income increased, with the increases in fees for other customer services and fees and commissions from securities-related business being the most significant. Fees for other customer services increased by ¥30.5 billion to ¥249.8 billion due mainly to an increase in trust business-related fees other than those included in trust fees and in fees from agency businesses such as credit card processing fees earned by UC Card. Fees and commissions from securities-related business increased by ¥30.2 billion to ¥133.2 billion due mainly to increases in stock brokerage fees and sales commissions related to investment funds. Trust fees increased by ¥12.8 billion to ¥75.8 billion due mainly to an increase in fees related to trust and asset management services and an increase in fees attributed to a one-time sale of all the loan assets held in loan trust accounts. During the fiscal year ended March 31, 2006, we decided to end the sale of loan trust products in light of these products being superseded by other investment products. In anticipation of the need to repay each trust beneficiaries' principal upon maturity, as the trust beneficiary could no longer reinvest funds in loan trust products, we sold all of the loan assets held on behalf of the trust beneficiaries. Because the master agreement for the loan trust provides that the trust beneficiaries generally receive a pre-determined dividend rate, with the trust fees paid to us generally equal to the amount of trust profits after deducting dividends paid to the trust beneficiaries, the excess of income earned and gains on sale of the loan assets over the pre-determined dividend rate is recognized by us as trust fees in our consolidated statements of income.

### *Foreign Exchange Gains (Losses)–Net*

Foreign exchange gains (losses)–net was a loss of ¥110.7 billion in the fiscal year ended March 31, 2006 compared to a loss of ¥0.3 billion in the previous fiscal year. The net losses were due mainly to translation losses with respect to foreign currency-denominated liabilities that were funded and incurred to offset foreign exchange risk related to foreign currency-denominated available-for-sale securities. Translation losses related to such liabilities increased by ¥110.3 billion from ¥136.6 billion in the fiscal year ended March 31, 2005 to ¥246.9 billion in the fiscal year ended March 31, 2006.

### *Trading Account Gains–Net*

Trading account gains–net decreased by ¥169.7 billion, or 89.3%, from the previous fiscal year to ¥20.3 billion in the fiscal year ended March 31, 2006. The decrease was due to the loss related to changes in the fair value of instruments used to hedge market risks, mainly interest rate risk, that are not eligible for hedge accounting under U.S. GAAP, which increased ¥206.3 billion from the previous fiscal year to ¥282.7 billion in the fiscal year ended March 31, 2006.

### *Investment Gains–Net*

The following table shows a breakdown of investment gains–net for the fiscal years ended March 31, 2005 and 2006:

	Fiscal years ended March 31,		Increase (decrease)
	2005	2006	
	(in billions of yen)		
Investment gains (losses) related to bonds .....	¥ 46.4	¥(179.6)	¥(226.0)
Investment gains related to equity securities .....	418.6	289.0	(129.6)
Others .....	6.9	34.1	27.2
<b>Total investment gains–net .....</b>	<b>¥ 471.9</b>	<b>¥ 143.5</b>	<b>¥(328.4)</b>

Investment gains–net decreased by ¥328.4 billion, or 69.6%, from the previous fiscal year to ¥143.5 billion in the fiscal year ended March 31, 2006. Investment gains (losses) related to bonds were losses of ¥179.6 billion compared to gains of ¥46.4 billion in the previous fiscal year. The losses in the fiscal year ended March 31, 2006 were due mainly to the realization of ¥223.9 billion in unrealized losses upon sales of bonds in connection with the restructuring of our bond portfolio in light of rising interest rates offset in part by gains from sales of bonds. Investment gains related to equity securities decreased by ¥129.6 billion to ¥289.0 billion due to a slowdown in our sales of equity securities compared to the previous fiscal year offset in part by a decrease in impairment losses on equity securities from ¥57.6 billion in the fiscal year ended March 31, 2005 to ¥38.3 billion in the fiscal year ended March 31, 2006 due to strong Japanese equity markets.

### *Gains on Disposal of Premises and Equipment*

Gains on disposal of premises and equipment decreased by ¥15.1 billion, or 18.8%, from the previous fiscal year to ¥65.5 billion in the fiscal year ended March 31, 2006 due mainly to lower gains on the sale of real estate related to closed branches.

### *Other Noninterest Income*

Other noninterest income decreased by ¥67.6 billion, or 26.5%, from the previous fiscal year to ¥187.8 billion in the fiscal year ended March 31, 2006. The decrease is due mainly to the inclusion for the fiscal year ended March 31, 2005 of interest on the refund of provisional tax payments in the amount of ¥102.1 billion as a result of the favorable decision by the Supreme Court of Japan related to a write-off of loans to Japan Housing Loan, Inc. partly offset by an increase in gains on the sales of stock of subsidiary companies by ¥29.7 billion due mainly to the sale of a portion of our shares of Mizuho Trust & Banking in order to maintain the subsidiary's status as a listed company in compliance with the change in delisting rules of the Tokyo Stock Exchange.

### ***Noninterest Expenses***

Noninterest expenses increased by ¥75.3 billion, or 5.5%, from the previous fiscal year to ¥1,454.3 billion in the fiscal year ended March 31, 2006. The following table shows a breakdown of noninterest expenses for the fiscal years ended March 31, 2005 and 2006:

	<b>Fiscal years ended March 31,</b>		<b>Increase (decrease)</b>
	<b>2005</b>	<b>2006</b>	
	<b>(in billions of yen)</b>		
Salaries and employee benefits .....	¥ 451.5	¥ 435.2	¥ (16.3)
General and administrative expenses .....	462.1	455.7	(6.4)
Occupancy expenses .....	227.3	178.2	(49.1)
Fees and commission expenses .....	86.2	96.1	9.9
Provision (credit) for losses on off-balance-sheet instruments .....	(25.8)	34.0	59.8
Minority interest in consolidated subsidiaries .....	30.9	69.0	38.1
Other noninterest expenses .....	146.8	186.1	39.3
<b>Total noninterest expenses .....</b>	<b>¥1,379.0</b>	<b>¥1,454.3</b>	<b>¥ 75.3</b>

#### *Salaries and Employee Benefits*

Salaries and employee benefits decreased by ¥16.3 billion, or 3.6%, from the previous fiscal year to ¥435.2 billion in the fiscal year ended March 31, 2006 due mainly to a decrease in special retirement payments, which are retirement payments to former employees whose contributions during their career were deemed meritorious and to those with particular circumstances. These decreases were offset in part by an increase in personnel costs related to an increase in business promotion staff engaged in strategic business areas.

#### *General and Administrative Expenses*

General and administrative expenses decreased by ¥6.4 billion, or 1.4%, from the previous fiscal year to ¥455.7 billion in the fiscal year ended March 31, 2006. The decrease was due to a ¥16.9 billion decrease in impairment losses as we incurred significant impairments related to software in the fiscal year ended March 31, 2005 in connection with system integration activities at Mizuho Bank. Tax expenses such as consumption tax and property tax decreased by ¥4.9 billion due mainly to a decrease in property tax attributable to sales of real estate related to closed branches. Amortization expenses decreased by ¥1.8 billion as a result mainly of the effects of the completion of systems integration at Mizuho Bank. These decreases were offset in part by an increase in other general and administrative expenses of ¥17.0 billion to ¥330.6 billion due mainly to an increase in expenses related to the expansion of our international office network and advertising.

#### *Occupancy Expenses*

Occupancy expenses decreased by ¥49.1 billion, or 21.6%, from the previous fiscal year to ¥178.2 billion in the fiscal year ended March 31, 2006. The decrease was due mainly to a decrease in losses from disposal of premises and equipment of ¥38.0 billion to ¥19.7 billion due mainly to lower losses on the sale of real estate related primarily to closed branches compared to the previous fiscal year. Depreciation decreased by ¥9.8 billion to ¥65.8 billion, as a result primarily of a reduction in related assets due to the consolidation of branches.

#### *Fees and Commission Expenses*

Fees and commission expenses increased by ¥9.9 billion, or 11.5%, from the previous fiscal year to ¥96.1 billion in the fiscal year ended March 31, 2006. Fees and commission expenses for remittance service increased by ¥1.6 billion to ¥30.5 billion as a result of the increase in commission expenses paid in connection with

international remittance transactions. Fees and commission expenses for securities-related business increased by ¥3.7 billion to ¥15.0 billion due primarily to the increase in transaction costs such as brokerage fees paid by our securities subsidiary as our securities business grew.

*Provision (Credit) for Losses on Off-Balance-Sheet Instruments*

Provision for losses on off-balance-sheet instruments was ¥34.0 billion compared to a credit of ¥25.8 billion in the previous fiscal year. The provision was due primarily to an increase in allowance for losses on off-balance-sheet transactions as a result mainly of downgrades in credit ratings of certain large obligors to which we provided commitment lines and an increase in allowances for probable losses regarding trust transactions, which increased the balance of allowance for losses on off-balance-sheet transactions to ¥86.0 billion as of March 31, 2006 from ¥52.0 billion as of March 31, 2005.

*Minority Interest in Consolidated Subsidiaries*

Minority interest in consolidated subsidiaries increased by ¥38.1 billion, or 123.2%, from the previous fiscal year to ¥69.0 billion in the fiscal year ended March 31, 2006 due mainly to increases in income before income taxes of our subsidiaries, Mizuho Trust & Banking, UC Card and Mizuho Investors Securities, which accounted for increases of ¥16.8 billion, ¥9.3 billion and ¥4.7 billion, respectively.

*Other Noninterest Expenses*

Other noninterest expenses increased by ¥39.3 billion, or 26.7%, from the previous fiscal year to ¥186.1 billion in the fiscal year ended March 31, 2006 due mainly to ¥40.7 billion in losses related to the erroneous order placed with the Tokyo Stock Exchange by Mizuho Securities in December 2005.

*Income Tax Expense (Benefit)*

The following table shows the components of income tax expense (benefit) for the fiscal years ended March 31, 2005 and 2006:

	<b>Fiscal years ended March 31,</b>		<b>Increase (decrease)</b>
	<b>2005</b>	<b>2006</b>	
	<b>(in billions of yen)</b>		
<b>Current:</b>			
Domestic .....	¥(125.2)	¥ 43.7	¥ 168.9
Foreign .....	20.0	26.7	6.7
Total current tax expense (benefit) .....	(105.2)	70.4	175.6
<b>Deferred:</b>			
Domestic .....	230.0	(445.6)	(675.6)
Foreign .....	(0.4)	1.0	1.4
Total deferred tax expense (benefit) .....	229.6	(444.6)	(674.2)
Total income tax expense (benefit) .....	<u>¥ 124.4</u>	<u>¥(374.2)</u>	<u>¥(498.6)</u>

Income tax expense (benefit) in the fiscal year ended March 31, 2006 was a benefit of ¥374.2 billion compared to an expense of ¥124.4 billion in the previous fiscal year. Current income tax expense (benefit) in the fiscal year ended March 31, 2006 was an expense of ¥70.4 billion compared to a benefit of ¥105.2 billion in the previous fiscal year. This change was due mainly to a one-time tax benefit of ¥152.4 billion in the fiscal year ended March 31, 2005 related to the favorable decision by the Supreme Court of Japan related to a write-off of loans to Japan Housing Loan, Inc.

Deferred income tax expense (benefit) in the fiscal year ended March 31, 2006 was a benefit of ¥444.6 billion compared to an expense of ¥229.6 billion in the previous year. Gross deferred tax assets increased by ¥1,029.6 billion due mainly to an increase of net operating loss carryforwards of Mizuho Financial Group and a subsidiary (as the Mizuho group does not prepare consolidated corporate tax returns in Japan) resulting from the sale of shares of subsidiaries within the Mizuho group. This increase was offset in part by an increase in the valuation allowance by ¥639.4 billion due mainly to an allowance recorded in connection with the recognition of the net operating loss carryforwards arising from the sale of subsidiary shares reflecting our belief that it is not likely that the net operating loss carryforwards will be utilized prior to expiration. Excluding the effect of this increase resulting from the increase in net operating loss carryforwards arising from the sale of subsidiary shares, the valuation allowance decreased as a result of improved realizability of future tax benefits based mainly on increased expected future taxable income. As a result, deferred tax assets, net of valuation allowance increased by ¥390.2 billion from the end of the previous fiscal year to ¥2,545.1 billion at March 31, 2006.

The following table shows components of deferred tax assets as of March 31, 2005 and 2006:

	Fiscal years ended March 31,		Increase (decrease)	
	2005	2006		
	(in billions of yen)			
<b>Deferred tax assets:</b>				
Investments .....	¥ 968.4	¥ 1,030.6	¥ 62.2	
Allowance for loan losses .....	626.6	424.4	(202.2)	
Derivative financial instruments .....	41.4	137.2	95.8	
Premises and equipment .....	75.7	53.3	(22.4)	
Financial Stabilization Funds .....	38.5	34.5	(4.0)	
Net operating loss carryforwards .....	1,935.9	2,989.9	1,054.0	
Other .....	213.0	259.2	46.2	
<b>Gross deferred tax assets .....</b>	<b>3,899.5</b>	<b>4,929.1</b>	<b>1,029.6</b>	
Valuation allowance .....	(1,744.6)	(2,384.0)	(639.4)	
<b>Deferred tax assets, net of valuation allowance .....</b>	<b>2,154.9</b>	<b>2,545.1</b>	<b>390.2</b>	
<b>Deferred tax liabilities:</b>				
Available-for-sale securities .....	793.8	1,399.9	606.1	
Undistributed earnings of subsidiaries .....	154.5	75.1	(79.4)	
Prepaid pension cost and accrued pension liabilities .....	18.9	45.7	26.8	
Other .....	39.6	50.6	11.0	
<b>Gross deferred tax liabilities .....</b>	<b>1,006.8</b>	<b>1,571.3</b>	<b>564.5</b>	
<b>Net deferred tax assets .....</b>	<b>¥ 1,148.1</b>	<b>¥ 973.8</b>	<b>¥ (174.3)</b>	

The following table shows deferred tax assets and deferred tax liabilities, which are netted within the same tax jurisdiction for presentation in the balance sheets, as of March 31, 2005 and 2006:

	As of March 31,	
	2005	2006
	(in billions of yen)	
Deferred tax assets on the balance sheet .....	¥1,175.2	¥ 996.5
Deferred tax liabilities on the balance sheet .....	27.1	22.7
<b>Net deferred tax assets .....</b>	<b>¥1,148.1</b>	<b>¥ 973.8</b>

### ***Net Income***

As a result of the foregoing, net income increased by ¥7.6 billion from the previous fiscal year to ¥1,085.7 billion in the fiscal year ended March 31, 2006.

### ***Business Segments Analysis***

The business segment information set forth below is derived from the internal management reporting systems used by management to measure the performance of our business segments. We measure the performance of each of our operating segments primarily in terms of “net business profits” in accordance with Japanese GAAP following internal managerial accounting rules and practices. Net business profits is used as a measure of the profitability of core banking operations in Japan and is defined as gross profits (or the sum of net interest income, fiduciary income, net fee and commission income, net trading income and net other operating income) less general and administrative expenses (excluding non-recurring expenses). Measurement by net business profits is required for regulatory reporting to the Financial Services Agency. Therefore, the format and information is presented primarily on the basis of Japanese GAAP and is not consistent with the consolidated financial statements prepared in accordance with U.S. GAAP. A reconciliation of total net business profits with income before income tax expense (benefit) under U.S. GAAP is provided in note 30 of our consolidated financial statements.

During the fiscal year ended March 31, 2006, we reorganized our business portfolio into three Global Groups: the Global Corporate Group, the Global Retail Group and the Global Asset & Wealth Management Group. The Global Corporate Group consists primarily of Mizuho Corporate Bank and Mizuho Securities, the Global Retail Group consists primarily of Mizuho Bank and Mizuho Investors Securities, and the Global Asset & Wealth Management Group consists primarily of Mizuho Trust & Banking. We divide the businesses of each of Mizuho Corporate Bank and Mizuho Bank into three reportable segments based on customer characteristics and functions. Reportable segments of Mizuho Corporate Bank are: domestic; international; and trading and others. Reportable segments of Mizuho Bank are: retail banking; corporate banking; and trading and others. In addition to the three Global Groups, subsidiaries which provide services to a wide range of customers and which do not belong to a specific Global Group are aggregated as Others.

#### ***The Global Corporate Group***

##### ***Mizuho Corporate Bank***

Mizuho Corporate Bank is the main operating company of the Global Corporate Group and provides banking and other financial services to large corporations, financial institutions, public sector entities, foreign corporations, including foreign subsidiaries of Japanese corporations, and foreign governmental entities.

##### ***Domestic***

This segment provides a variety of financial products and services to large corporations, financial institutions and public sector entities in Japan. The products and services it offers include commercial banking, advisory services, syndicated loan arrangements, leveraged finance and structured finance.

##### ***International***

This segment mainly offers commercial banking and foreign exchange transaction services to foreign corporations, including foreign subsidiaries of Japanese corporations, through Mizuho Corporate Bank’s overseas network.

##### ***Trading and others***

This segment supports the domestic and international segments in offering derivatives and other risk hedging products to satisfy Mizuho Corporate Bank’s customers’ financial and business risk control requirements. It is also engaged in Mizuho Corporate Bank’s proprietary trading, such as foreign exchange and bond trading, and asset and liability management. This segment also includes costs incurred by headquarters functions of Mizuho Corporate Bank.

### *Mizuho Securities*

Mizuho Securities is the primary investment banking arm in the Global Corporate Group and offers wholesale securities and investment banking services, such as underwriting and trading of bonds and equities, advisory services and structured finance, to large and international corporations, financial institutions and public entities.

### *Others*

This segment consists of Mizuho Corporate Bank's subsidiaries other than Mizuho Securities. These subsidiaries offer financial products and services in specific areas of business or countries mainly to customers of the Global Corporate Group. This segment also includes elimination of transactions between companies within the Global Corporate Group.

## ***The Global Retail Group***

### *Mizuho Bank*

Mizuho Bank is the main operating company of the Global Retail Group. Mizuho Bank provides banking and other financial services mainly to individuals, SMEs and middle-market corporations through its domestic branch and ATM network.

#### *Retail banking*

This segment offers banking products and services, including housing and other personal loans, credit cards, deposits, investment products and consulting services, to Mizuho Bank's individual customers through its nationwide branch and ATM network, as well as telephone and Internet banking services.

#### *Corporate banking*

This segment provides loans, syndicated loan arrangements, structured finance, advisory services, other banking services and capital markets financing to SMEs, middle-market corporations, local governmental entities and other public sector entities in Japan.

#### *Trading and others*

This segment supports the retail banking and corporate banking segments in offering derivatives and other risk hedging products to satisfy Mizuho Bank's customers' financial and business risk control requirements. It is also engaged in Mizuho Bank's proprietary trading, such as foreign exchange and bond trading, and asset and liability management. This segment also includes costs incurred by headquarters functions of Mizuho Bank.

### *Mizuho Investors Securities*

Mizuho Investors Securities offers securities services to individuals and corporate customers of the Global Retail Group and provides with those corporate customers with support in procuring funds through capital markets.

### *Others*

This segment consists of Mizuho Bank's subsidiaries other than Mizuho Investors Securities. These subsidiaries, such as Mizuho Capital, UC Card and Mizuho Business Financial Center Co., Ltd., offer non-banking financial products and services in specific areas of business to customers of the Global Retail Group. This segment also includes elimination of transactions between companies within the Global Retail Group.

### ***The Global Asset & Wealth Management Group***

#### ***Mizuho Trust & Banking***

Mizuho Trust & Banking is the main operating company of the Global Asset & Wealth Management Group and offers products and services related to trust, real estate, securitization and structured finance, pension and asset management and stock transfers.

#### ***Others***

This segment includes companies other than Mizuho Trust & Banking which are a part of the Global Asset & Wealth Management Group. These companies include Mizuho Private Wealth Management, Trust & Custody Services Bank and three asset management companies, one of which is an equity-method affiliate. They offer products and services related to private banking, trust and custody, and asset management. This segment also includes elimination of transactions between companies within the Global Asset & Wealth Management Group.

#### ***Others***

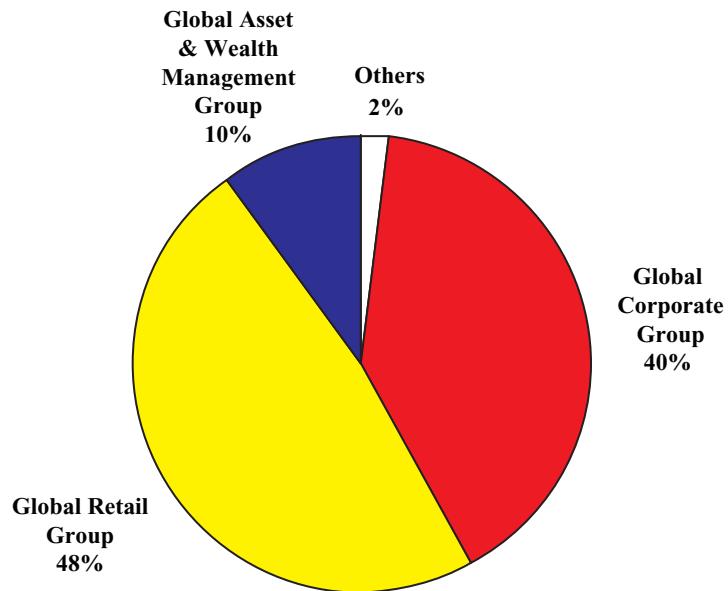
This segment consists of Mizuho Financial Group and its subsidiaries that do not belong to a specific Global Group but provide their services to a wide range of customers. Under this segment, we offer services including research and consulting services through Mizuho Research Institute, information technology-related services through Mizuho Information & Research Institute and advisory services to financial institutions through Mizuho Financial Strategy. This segment also includes elimination of transactions between the Global Groups.

The information below for reportable segments for the fiscal year ended March 31, 2006 is derived from our internal management reporting system. Information for the fiscal year ended March 31, 2005 is also derived from our internal management reporting system reclassified to conform to the presentation for the following fiscal year.

## *Results of Operations by Business Segment*

### *Consolidated Results of Operations*

Consolidated gross profits for the fiscal year ended March 31, 2006 were ¥2,003.8 billion, an increase of ¥8.0 billion compared to the previous fiscal year. Consolidated general and administrative expenses (excluding non-recurring expenses) for the fiscal year ended March 31, 2006 were ¥1,041.3 billion, an increase of ¥2.9 billion compared to the previous fiscal year. Consolidated net business profits for the fiscal year ended March 31, 2006 were ¥922.5 billion, an increase of ¥10.0 billion compared to the previous fiscal year. The following diagram shows the relative contributions to consolidated net business profits of each of our Global Groups for the fiscal year ended March 31, 2006:



### Global Corporate Group Financial Results

The following table shows gross profits, general and administrative expenses and net business profits for the Global Corporate Group for the fiscal years ended March 31, 2005 and 2006:

	Mizuho Corporate Bank <sup>(1)(2)</sup>						Total Global Corporate Group	
	Domestic	International	Trading and others	Subtotal	Mizuho Securities	Others		
(in billions of yen)								
<b>Fiscal year ended March 31, 2005:</b>								
Gross profits:								
Net interest income .....	¥235.0	¥ 43.4	¥108.8	¥387.2	¥ 0.2	¥ 12.6	¥400.0	
Net noninterest income .....	107.9	42.6	43.1	193.6	84.9	57.9	336.4	
Total gross profits .....	342.9	86.0	151.9	580.8	85.1	70.5	736.4	
General and administrative expenses .....	80.7	46.2	81.7	208.6	45.4	52.1	306.1	
Others .....	—	—	—	—	—	(38.5)	(38.5)	
Net business profits (loss) ..	<u>¥262.2</u>	<u>¥ 39.8</u>	<u>¥ 70.2</u>	<u>¥372.2</u>	<u>¥ 39.7</u>	<u>¥ (20.1)</u>	<u>¥391.8</u>	
<b>Fiscal year ended March 31, 2006:</b>								
Gross profits:								
Net interest income (expense) .....	¥211.2	¥ 56.6	¥228.8 <sup>(1)</sup>	¥496.6 <sup>(1)</sup>	¥ 1.0	¥ (95.0) <sup>(1)</sup>	¥402.6	
Net noninterest income (expenses) .....	107.5	55.4	(8.5)	154.4	117.7	62.8	334.9	
Total gross profits .....	318.7	112.0	220.3	651.0	118.7	(32.2)	737.5	
General and administrative expenses .....	82.0	51.7	82.1	215.8	55.2	63.1	334.1	
Others .....	—	—	—	—	—	(36.9)	(36.9)	
Net business profits (loss) ..	<u>¥236.7</u>	<u>¥ 60.3</u>	<u>¥138.2</u>	<u>¥435.2</u>	<u>¥ 63.5</u>	<u>¥(132.2)</u>	<u>¥366.5</u>	
<b>Increase (decrease) between fiscal years ended March 31, 2005 and 2006:</b>								
Gross profits:								
Net interest income (expense) .....	¥(23.8)	¥ 13.2	¥120.0 <sup>(1)</sup>	¥109.4 <sup>(1)</sup>	¥ 0.8	¥(107.6) <sup>(1)</sup>	¥ 2.6	
Net noninterest income (expenses) .....	(0.4)	12.8	(51.6)	(39.2)	32.8	4.9	(1.5)	
Total gross profits .....	(24.2)	26.0	68.4	70.2	33.6	(102.7)	1.1	
General and administrative expenses .....	1.3	5.5	0.4	7.2	9.8	11.0	28.0	
Others .....	—	—	—	—	—	1.6	1.6	
Net business profits (loss) ..	<u>¥(25.5)</u>	<u>¥ 20.5</u>	<u>¥ 68.0</u>	<u>¥ 63.0</u>	<u>¥ 23.8</u>	<u>¥(112.1)</u>	<u>¥(25.3)</u>	

Notes:

- (1) For the fiscal year ended March 31, 2006, dividends of ¥120.0 billion received by Mizuho Corporate Bank from its revitalization subsidiaries are included in net interest income of “trading and others” and subtracted from net interest income of “others,” as it is a transaction within the consolidated group.
- (2) Figures for Mizuho Corporate Bank include those of its revitalization subsidiaries before such subsidiaries were merged with Mizuho Corporate Bank in October 2005.

Gross profits for Mizuho Corporate Bank for the fiscal year ended March 31, 2006 increased by ¥70.2 billion, or 12.0%, from the previous fiscal year to ¥651.0 billion. Excluding the effect of dividends totaling ¥120.0 billion within trading and others received in the fiscal year ended March 31, 2006 from revitalization subsidiaries, gross profits of Mizuho Corporate Bank decreased by ¥49.8 billion in the fiscal year ended March 31, 2006 compared to the previous fiscal year. This decrease was due mainly to the realization of ¥58.4 billion in unrealized losses upon sales of bonds in such fiscal year in connection with the restructuring of our overall bond portfolio that we implemented in light of rising interest rates, which led to net noninterest expenses of ¥8.5 billion in trading and others compared to net noninterest income of ¥43.1 billion in the previous fiscal year. The decline in gross profits was also due to a decrease in net interest income in domestic operations of ¥23.8 billion, reflecting mainly a decline in domestic average interest rate spread. These effects were offset in part by increases in net interest income and net noninterest income for international operations of ¥13.2 billion and ¥12.8 billion, respectively, reflecting mainly increased income from loans and other transactions involving foreign operations of our Japanese customers and increased fee income from management buy-out transactions in Europe. The dividends from revitalization subsidiaries were based on an increase in their retained earnings as a result of reversals of their provisions for loan losses due to progress in borrower revitalization, which is subtracted in "others" and thus does not affect total gross profits for the Global Corporate Group

General and administrative expenses of Mizuho Corporate Bank for the fiscal year ended March 31, 2006 increased by ¥7.2 billion, or 3.4%, from the previous fiscal year to ¥215.8 billion due mainly to expenses incurred in connection with our efforts to grow future gross profits, such as the expansion of our international office network and increases in personnel, offset in part by our ongoing efforts to enhance cost efficiency.

Net business profits of Mizuho Securities increased by ¥23.8 billion, or 59.9%, from the previous fiscal year to ¥63.5 billion, due mainly to growth in its equity business, reflecting enhanced business collaboration with Mizuho Corporate Bank.

As a result mainly of the foregoing, net business profits for the Global Corporate Group for the fiscal year ended March 31, 2006 decreased by ¥25.3 billion from the previous fiscal year to ¥366.5 billion.

### Global Retail Group Financial Results

The following table shows gross profits, general and administrative expenses and net business profits for the Global Retail Group for the fiscal years ended March 31, 2005 and 2006:

	Mizuho Bank <sup>(1)</sup>				Mizuho Investors Securities	Others	Total Global Retail Group
	Retail banking	Corporate banking	Trading and others	Subtotal			
(in billions of yen)							

#### Fiscal year ended March 31, 2005:

##### Gross profits:

Net interest income .....	¥239.4	¥338.7	¥ 21.2	¥599.3	¥ 0.2	¥ 63.0	¥ 662.5
Net noninterest income .....	49.7	187.1	64.0	300.8	43.4	30.2	374.4
Total gross profits .....	289.1	525.8	85.2	900.1	43.6	93.2	1,036.9
General and administrative expenses .....	206.5	264.0	78.7	549.2	35.2	27.1	611.5
Others .....	—	—	—	—	—	(8.4)	(8.4)
Net business profits .....	¥ 82.6	¥261.8	¥ 6.5	¥350.9	¥ 8.4	¥ 57.7	¥ 417.0

#### Fiscal year ended March 31, 2006:

##### Gross profits:

Net interest income .....	¥235.2	¥319.0	¥ 15.5	¥569.7	¥ 0.6	¥ 49.6	¥ 619.9
Net noninterest income .....	47.3	233.2	32.8	313.3	72.5	31.4	417.2
Total gross profits .....	282.5	552.2	48.3	883.0	73.1	81.0	1,037.1
General and administrative expenses .....	201.4	253.7	62.2	517.3	40.0	25.7	583.0
Others .....	—	—	—	—	—	(7.8)	(7.8)
Net business profits (losses) .....	¥ 81.1	¥298.5	¥(13.9)	¥365.7	¥ 33.1	¥ 47.5	¥ 446.3

#### Increase (decrease) between fiscal years ended March 31, 2005 and 2006:

##### Gross profits:

Net interest income .....	¥ (4.2)	¥(19.7)	¥ (5.7)	¥(29.6)	¥ 0.4	¥(13.4)	¥ (42.6)
Net noninterest income .....	(2.4)	46.1	(31.2)	12.5	29.1	1.2	42.8
Total gross profits .....	(6.6)	26.4	(36.9)	(17.1)	29.5	(12.2)	0.2
General and administrative expenses .....	(5.1)	(10.3)	(16.5)	(31.9)	4.8	(1.4)	(28.5)
Others .....	—	—	—	—	—	0.6	0.6
Net business profits .....	¥ (1.5)	¥ 36.7	¥(20.4)	¥ 14.8	¥ 24.7	¥(10.2)	¥ 29.3

#### Note:

(1) Figures for Mizuho Bank include those of its revitalization subsidiary before such subsidiary was merged with Mizuho Bank in October 2005.

Gross profits for Mizuho Bank decreased by ¥17.1 billion, or 1.8%, from the previous fiscal year to ¥883.0 billion in the fiscal year ended March 31, 2006. The decrease was due to a ¥31.2 billion decline in net noninterest income from trading and others as a result of the realization of ¥75.4 billion in unrealized losses upon sales of bonds in the fiscal year ended March 31, 2006 in connection with the restructuring of our overall bond portfolio that we implemented in light of rising interest rates offset in part by an increase in income from sales of derivatives and other financial instruments to corporate customers. In addition, gross profits from retail banking declined by ¥6.6 billion. This was due to the effect of a gain of ¥15.9 billion recorded in net noninterest income in the fiscal year ended March 31, 2005 related to the securitization of a portion of our mortgage loan portfolio

offset in part by an increase in net noninterest income as a result of increased sales of investment trusts, annuities and other financial products. These effects were offset in part by an increase in gross profits of ¥26.4 billion from corporate banking, which reflects an increase in net noninterest income of ¥46.1 billion due mainly to significant increases in fees received in connection with our syndicated loan arrangements and structured finance and advisory service businesses and the sale of foreign exchange and derivatives products offset in part by a decline in net interest income of ¥19.7 billion due mainly to a decline in domestic average interest rate spread.

General and administrative expenses for Mizuho Bank decreased by ¥31.9 billion, or 5.8%, from the previous fiscal year to ¥517.3 billion due mainly to our ongoing efforts to enhance cost efficiency offset in part by increased expenses incurred in connection with our efforts to grow future gross profits, particularly those relating to the retail banking business.

Net business profits for Mizuho Investors Securities increased by ¥24.7 billion, or 294.0%, from the previous fiscal year to ¥33.1 billion, due mainly to an increase in sales of structured debt products and an increase in income from its underwriting business, both reflecting enhanced business collaboration with Mizuho Bank.

#### *Global Asset & Wealth Management Group Financial Results*

The following table shows gross profits, general and administrative expenses and net business profits for the Global Asset & Wealth Management Group for the fiscal years ended March 31, 2005 and 2006:

	<b>Mizuho Trust &amp; Banking<sup>(1)</sup></b>	<b>Others</b>	<b>Total Global Asset &amp; Wealth Management Group</b>
	<i>(in billions of yen)</i>		
<b>Fiscal year ended March 31, 2005:</b>			
Gross profits:			
Net interest income (expense) .....	¥ 41.6	¥ (0.0)	¥ 41.6
Net noninterest income .....	106.7	38.0	144.7
Total gross profits .....	148.3	38.0	186.3
General and administrative expenses .....	71.4	28.8	100.2
Others .....	—	(3.7)	(3.7)
Net business profits .....	¥ 76.9	¥ 5.5	¥ 82.4
<b>Fiscal year ended March 31, 2006:</b>			
Gross profits:			
Net interest income .....	¥ 45.7	¥ 0.4	¥ 46.1
Net noninterest income .....	120.6	42.0	162.6
Total gross profits .....	166.3	42.4	208.7
General and administrative expenses .....	77.9	32.5	110.4
Others .....	—	(1.2)	(1.2)
Net business profits .....	¥ 88.4	¥ 8.7	¥ 97.1
<b>Increase between fiscal years ended March 31, 2005 and 2006:</b>			
Gross profits:			
Net interest income (expense) .....	¥ 4.1	¥ 0.4	¥ 4.5
Net noninterest income .....	13.9	4.0	17.9
Total gross profits .....	18.0	4.4	22.4
General and administrative expenses .....	6.5	3.7	10.2
Others .....	—	2.5	2.5
Net business profits .....	¥ 11.5	¥ 3.2	¥ 14.7

Note:

(1) Figures for Mizuho Trust & Banking include those of its revitalization subsidiary before such subsidiary was merged with Mizuho Trust & Banking in October 2005.

Net business profits of Mizuho Trust & Banking for the fiscal year ended March 31, 2006 increased by ¥18.0 billion, or 12.1%, from the previous fiscal year to ¥166.3 billion. After excluding the effects of a one-time gain of ¥11.5 billion from the sale of all loan assets related to loan trusts in connection with the cessation of sales activities for loan trust products and the one-time gain of ¥2.1 billion from the change in accounting standard related to the recording of accrued but uncollected trust fees under Japanese GAAP, the remaining increase of ¥4.4 billion was due mainly to an increase in net noninterest income as a result of growth in our real estate, pension and asset management businesses offset in part by the realization of ¥4.6 billion in unrealized losses upon sales of bonds in connection with the restructuring of our overall bond portfolio that we implemented in light of rising interest rates.

General and administrative expenses increased by ¥6.5 billion, or 9.1%, compared to the previous fiscal year to ¥77.9 billion as a result mainly of an increase in strategic expenses, such as increases in personnel in strategic business areas and the promotion of business alliances with third parties.

As a result of the foregoing, net business profits for Mizuho Trust & Banking increased by ¥11.5 billion, or 14.9%, compared to the previous fiscal year to ¥88.4 billion. After excluding the effects of the one-time gains described above, net business profits declined by ¥2.1 billion.

### Geographical Segment Analysis

The following table presents consolidated income statement and total assets information by major geographic area. Foreign activities are defined as business transactions that involve customers residing outside of Japan. However, as our operations are highly integrated globally, we have made estimates and assumptions for the allocation of assets, liabilities, income and expenses among the geographic areas.

	Japan	Americas	Europe	Asia/Oceania excluding Japan, and others	Total
	(in billions of yen)				
<b>Fiscal year ended March 31, 2005:</b>					
Total revenue <sup>(1)</sup>	¥ 2,616.6	¥ 323.0	¥ 188.5	¥ 87.0	¥ 3,215.1
Total expenses <sup>(2)</sup>	1,667.7	155.7	149.9	39.4	2,012.7
Income before income tax expense	¥ 948.9	¥ 167.3	¥ 38.6	¥ 47.6	¥ 1,202.4
Net income	¥ 844.1	¥ 157.4	¥ 34.8	¥ 41.8	¥ 1,078.1
Total assets at end of fiscal year	¥118,471.3	¥11,221.0	¥6,386.2	¥3,530.0	¥139,608.5
<b>Fiscal year ended March 31, 2006:</b>					
Total revenue <sup>(1)</sup>	¥ 1,881.4	¥ 631.6	¥ 327.8	¥ 112.2	¥ 2,953.0
Total expenses <sup>(2)</sup>	1,474.7	369.8	296.9	100.1	2,241.5
Income before income tax expense	¥ 406.7	¥ 261.8	¥ 30.9	¥ 12.1	¥ 711.5
Net income	¥ 808.5	¥ 247.7	¥ 26.0	¥ 3.5	¥ 1,085.7
Total assets at end of fiscal year	¥119,543.4	¥12,504.9	¥9,175.9	¥4,298.2	¥145,522.4

Notes:

(1) Total revenue is comprised of interest and dividend income and noninterest income.  
(2) Total expenses are comprised of interest expense, provision (credit) for loan losses and noninterest expenses.

In the fiscal year ended March 31, 2006, 74.5% of our net income was derived from Japan, 22.8% from the Americas, 2.4% from Europe and 0.3% from Asia/Oceania, excluding Japan, and others. At March 31, 2006, 82.1% of total assets were allocated to Japan, 8.6% to the Americas, 6.3% to Europe and 3.0% to Asia/Oceania, excluding Japan, and others.

Total revenue in Japan decreased by ¥735.2 billion from the previous fiscal year due primarily to the decrease in investment gains—net, as a result of the realization of unrealized losses upon sales of bonds in connection with the restructuring of our bond portfolio in light of rising interest rates, and the decrease in trading account gains—net, as a result of the losses related to changes in the fair value of derivative instruments used to hedge market risks that are not eligible for hedge accounting under U.S. GAAP. Total expenses decreased by ¥193.0 billion as a result mainly of a significant improvement in provision for loan losses. Income tax in the fiscal year ended March 31, 2006 was a benefit of ¥401.8 billion compared to an expense of ¥104.8 billion in the previous fiscal year. As a result, net income in Japan decreased by ¥35.6 billion. Total assets in Japan increased by ¥1,072.1 billion due primarily to increases in investments and loans (net of allowance), offset by a decrease in cash and due from banks.

In the Americas, total revenue increased by ¥308.6 billion due primarily to an increase in interest income, as a result of an increase in average yield, reflecting a general increase in U.S. dollar interest rate levels, and an increase in average balances of interest-earning assets. Total expenses increased by ¥214.1 billion due primarily to an increase in interest expense. As a result, net income in the Americas increased by ¥90.3 billion. Total assets in the Americas increased by ¥1,283.9 billion due primarily to an increase in loans, resulting from our active effort to increase foreign loan assets and the depreciation of the yen against the U.S. dollar, and an increase in receivables under resale agreements.

In Europe, total revenue increased by ¥139.3 billion due primarily to an increase in interest income, and total expenses increased by ¥147.0 billion due primarily to increases in interest expenses and provision for loan losses, reflecting mainly the increase in loan balance. As a result, net income in Europe decreased by ¥8.8 billion. Total assets in Europe increased by ¥2,789.7 billion due primarily to increases in investments and loans, as a result of our active effort to increase foreign assets, and receivables under resale agreements.

Total revenue in Asia/Oceania excluding Japan, and others increased by ¥25.2 billion due primarily to an increase in interest income offset in part by a decrease in foreign exchange gains. Total expenses increased by ¥60.7 billion, due mainly to increases in interest expenses and provision for loans losses, primarily as a result of the increase in loan balance. As a result, net income in Asia/Oceania excluding Japan, and others decreased by ¥38.3 billion. Total assets in Asia/Oceania excluding Japan, and others increased by ¥768.2 billion due primarily to an increase in loans, as a result of our active effort to increase foreign loan assets and the depreciation of the yen mainly against the U.S. dollar.

## Financial Condition

### Assets

Our assets as of March 31, 2005 and 2006 were as follows:

	Fiscal years ended March 31,		Increase (decrease)
	2005	2006	
	(in billions of yen)		
Cash and due from banks .....	¥ 5,682.5	¥ 3,459.7	¥ (2,222.8)
Interest-bearing deposits in other banks .....	1,216.2	1,666.5	450.3
Call loans and funds sold .....	327.6	701.8	374.2
Receivables under resale agreements .....	5,006.2	5,979.7	973.5
Receivables under securities borrowing transactions .....	8,680.3	8,643.6	(36.7)
Trading account assets .....	13,075.5	12,392.2	(683.3)
Investments .....	36,019.4	38,840.8	2,821.4
Loans .....	65,569.3	68,710.9	3,141.6
Allowance for loan losses .....	(1,207.1)	(812.3)	394.8
Loans, net of allowance .....	64,362.2	67,898.6	3,536.4
Premises and equipment—net .....	841.6	839.9	(1.7)
Due from customers on acceptances .....	28.6	42.7	14.1
Accrued income .....	271.6	335.9	64.3
Goodwill .....	39.6	39.6	—
Deferred tax assets .....	1,175.2	996.5	(178.7)
Other assets .....	2,882.0	3,684.9	802.9
Total assets .....	<u>¥139,608.5</u>	<u>¥145,522.4</u>	<u>¥ 5,913.9</u>

Total assets increased by ¥5,913.9 billion from the end of the previous fiscal year to ¥145,522.4 billion as of March 31, 2006. This increase was due primarily to an increase of ¥3,536.4 billion in loans, net of allowance and an increase of ¥2,821.4 billion in investments, offset in part by a decrease of ¥2,222.8 billion in cash and due from banks.

*Loans*

*Loans Outstanding*

The following table shows our loans outstanding as of March 31, 2005 and 2006 based on the loan classifications designated by the Bank of Japan for regulatory reporting purposes:

	Fiscal years ended March 31,						Increase (decrease)					
	2005		2006									
	(in billions of yen, except percentages)											
<b>Domestic:</b>												
Manufacturing .....	¥ 7,943.1	12.10%	¥ 7,792.7	11.33%	¥ (150.4)	(0.77)%						
Construction .....	1,745.2	2.66	1,563.5	2.27	(181.7)	(0.39)						
Real estate .....	6,616.5	10.08	7,046.7	10.25	430.2	0.17						
Services .....	9,095.0	13.86	9,208.8	13.39	113.8	(0.47)						
Wholesale and retail .....	7,338.0	11.18	6,930.0	10.07	(408.0)	(1.11)						
Banks and other financial institutions .....	6,201.1	9.45	6,540.9	9.51	339.8	0.06						
Transportation .....	2,854.6	4.35	2,789.5	4.06	(65.1)	(0.29)						
Other industries .....	5,969.8	9.09	6,857.8	9.97	888.0	0.88						
Individuals: .....	11,921.4	18.17	11,972.2	17.41	50.8	(0.76)						
Mortgage loans .....	10,536.9	16.06	10,655.1	15.49	118.2	(0.57)						
Other .....	1,384.5	2.11	1,317.1	1.92	(67.4)	(0.19)						
Total domestic .....	59,684.7	90.94	60,702.1	88.26	1,017.4	(2.68)						
<b>Foreign:</b>												
Government and official institutions .....	161.3	0.25	331.0	0.48	169.7	0.23						
Banks and other financial institutions .....	671.7	1.02	1,437.2	2.09	765.5	1.07						
Commercial and industrial .....	5,033.0	7.67	6,104.6	8.87	1,071.6	1.20						
Other .....	77.6	0.12	205.4	0.30	127.8	0.18						
Total foreign .....	5,943.6	9.06	8,078.2	11.74	2,134.6	2.68						
Subtotal .....	65,628.3	100.00%	68,780.3	100.00%	3,152.0	—						
Less: Unearned income and deferred loan fees—net .....		(59.0)		(69.4)		(10.4)						
Total loans before allowance for loan losses ...	¥65,569.3		¥68,710.9		¥3,141.6							

Total loans before allowance for loan losses increased by ¥3,141.6 billion from the end of the previous fiscal year to ¥68,710.9 billion as of March 31, 2006. Domestic loans increased by ¥1,017.4 billion to ¥60,702.1 billion due mainly to increases in loans to other industries of ¥888.0 billion, attributable mostly to purchases of our customers' receivables by consolidated variable interest entities in connection with our asset-backed commercial paper and loan programs. Loans to the real estate industry increased due primarily to increased syndicated loans, and loans to the banks and other financial institutions industry increased due mainly to increased fiscal-year-end funding needs of borrowers. Loans to the wholesale and retail decreased due primarily to disposal of impaired loans to borrowers in these industries.

Loans to foreign borrowers increased by ¥2,134.6 billion from the end of the previous fiscal year to ¥8,078.2 billion at March 31, 2006. Loans to all categories of foreign borrowers increased, particularly loans to commercial and industrial borrowers and banks and other financial institutions, due mainly to an increase in loans to non-Japanese borrowers as a result of our active effort to increase foreign loan assets and the depreciation of the yen against other major currencies.

Within our loan portfolio, loans to domestic borrowers decreased from 90.94% to 88.26% while loans to foreign borrowers increased from 9.06% to 11.74%.

### *Impaired Loans*

Japanese banks are required to categorize obligors into the groups listed below based on their financial condition and other factors and then to classify loans and off-balance-sheet instruments against obligors, taking into consideration the risk of collection and risk of impairment. We refer to this categorization and classification process as the self-assessment procedures which are conducted in conjunction with our credit rating system. Through the self-assessment procedures, we categorize obligors into the following categories:

- *normal*: Obligors for which business conditions are favorable and are deemed not to have any particular problems in terms of their financial position.
- *watch*: Obligors that require observation going forward because of either concerns regarding their financial position or weak or unstable business conditions.
- *special attention*: Among watch obligors, those having difficulty meeting loan conditions, such as reduced or suspended interest payments, or those in default of payment obligations such as failure to make principal or interest payments beyond a specified period.
- *intensive control*: Obligors that are not yet bankrupt but are in financial difficulties and are deemed likely to become bankrupt in the future because of failure to make progress in implementing their management improvement plans or other measures (including obligors that are receiving ongoing support from financial institutions).
- *substantially bankrupt*: Obligors that have not yet become legally or formally bankrupt but are effectively insolvent because they are in serious financial difficulties and are deemed to be not capable of restructuring.
- *bankrupt*: Obligors that have become legally or formally bankrupt.

We consider both loans that are subject to SFAS No.114, “Accounting by Creditors for Impairment of a Loan—an amendment of FASB statement No.5 and 15” and small balance, homogeneous loans to be impaired when it is probable that we will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loan. Among other things, restructured loans under SFAS No.15, “Accounting by Debtors and Creditors for Troubled Debt Restructuring” (“SFAS No.15”) and loans that are 90 days or more delinquent are generally considered to be impaired. We determine loans to special attention, intensive control, substantially bankrupt and bankrupt obligors as impaired loans in connection with our consideration of collectibility mentioned above. All of our impaired loans are designated as nonaccrual loans. See “Item 11. Quantitative and Qualitative Disclosures about Market Risk—Credit Risk Management” for descriptions of our self-assessment procedures and our internal credit rating system.

We endeavor to remove impaired loans from our balance sheet within three years of their being so categorized through methods such as collection, charge-offs, disposal and improving the borrowers’ credit rating through restructuring efforts.

Impaired loans decreased by ¥613.9 billion, or 33.3%, from the end of the previous fiscal year to ¥1,229.4 billion as of March 31, 2006, due primarily to improvements in the business performance of obligors, reflecting general improvements in the Japanese economy and restructuring efforts by borrowers, as well as our efforts to remove such loans from our balance sheet.

The percentage of impaired loans within total loans decreased from 2.81% as of March 31, 2005 to 1.79% as of March 31, 2006. The percentage of impaired loans net of allowance also decreased from 0.99% as of March 31, 2005 to 0.61% as of March 31, 2006.

As of March 31, 2006, impaired loans decreased compared to the end of the previous fiscal year in most industries due primarily to improvements in the business performance of obligors and our efforts to reduce such

loans. Decreases in the real estate, services, and wholesale and retail industries were especially large due primarily to the removal of loans against certain large borrowers in those industries.

The following table shows our impaired loans as of March 31, 2005 and 2006 based on classifications by domicile and industry segment:

	As of March 31,					
	2005		2006		Increase (decrease)	
	Impaired loans	Ratio to total loans to industry	Impaired loans	Ratio to total loans to industry	Impaired loans	Ratio to total loans to industry
<b>Domestic:</b>						
Manufacturing .....	¥ 133.1	1.68%	¥ 106.1	1.36%	¥ (27.0)	(0.32)%
Construction .....	98.3	5.63	53.2	3.40	(45.1)	(2.23)
Real estate .....	316.8	4.79	188.5	2.67	(128.3)	(2.12)
Services .....	292.0	3.21	140.0	1.52	(152.0)	(1.69)
Wholesale and retail .....	410.5	5.59	202.8	2.93	(207.7)	(2.66)
Banks and other financial institutions .....	8.5	0.14	4.9	0.07	(3.6)	(0.07)
Transportation .....	220.8	7.74	315.8	11.32	95.0	3.58
Other industries .....	50.6	0.85	8.6	0.13	(42.0)	(0.72)
Individuals .....	232.0	1.95	139.7	1.17	(92.3)	(0.78)
Total domestic .....	1,762.6	2.95	1,159.6	1.91	(603.0)	(1.04)
Foreign .....	80.7	1.36	69.8	0.86	(10.9)	(0.50)
<b>Total impaired loans .....</b>	<b>¥1,843.3</b>	<b>2.81%</b>	<b>¥1,229.4</b>	<b>1.79%</b>	<b>¥ (613.9)</b>	<b>(1.02)%</b>

#### *Allowance for Loan Losses*

##### *Calculation of allowance for loan losses*

Our self-assessment and credit-rating procedures serve as the basis for determining the amount of the allowance for loan losses. The specific methods of calculating the allowance for each category of obligors are as follows:

Normal and watch obligors .....

A formula allowance is calculated separately for obligors with small balance, homogenous loans and for each credit rating category of corporate obligors by multiplying the loan balance with the applicable default ratio (based on internal historical data as well as data provided by third-party credit rating agencies) and the applicable average impairment ratio on defaulted loans (based on internal historical data).

Special attention obligors .....

The allowance for special attention obligors is generally calculated individually based on the present value of expected future cash flows discounted at the loan's initial effective interest rate. A formula allowance for certain special attention obligors is calculated by grouping the loans to such obligors and applying the formula described above for normal and watch obligors but using the default ratio and average impairment ratio specific to this category.

Intensive control obligors .....	The allowance for intensive control obligors is generally calculated individually based on the present value of expected future cash flows discounted at the loan's initial effective interest rate, based on the loan's observable market price, or based on the fair value of the collateral if the loan is collateral dependent. The allowance for certain intensive control obligors is calculated by grouping the loans to such obligors and multiplying the amount of loans less estimated collateral value by the default ratio and average impairment ratio specific to this category.
Substantially bankrupt and bankrupt obligors .....	The allowance is calculated individually and is equal to loan balance, less estimated collateral value.

*Balance of allowance for loan losses*

Allowance for loan losses decreased by ¥394.8 billion from the end of the previous fiscal year to ¥812.3 billion as of March 31, 2006. Of such decrease, ¥369.9 billion was attributable to a decrease in the allowance for loan losses on impaired loans due primarily to the reduction in the balance of impaired loans and ¥24.9 billion was attributable to a decrease in the allowance for loan losses on other loans. While the percentage of total allowance for loan losses against gross total loans decreased 0.66% to 1.18%, the percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance decreased 12.35% to 32.34% due mainly to improvements in credit quality of obligors with impaired loans. The percentage of allowance for loan losses on other loans against the balance of other loans decreased 0.08% to 0.71% due to improvements in the credit ratings of borrowers as general economic conditions in Japan improved.

The following table summarizes the allowance for loan losses by component and as a percentage of the corresponding loan balance as of March 31, 2005 and 2006:

	As of March 31,		Increase (decrease)
	2005	2006	
	(in billions of yen, except percentages)		
Allowance for loan losses on impaired loans (A) .....	¥ 701.4	¥ 331.5	¥ (369.9)
Allowance for loan losses on other loans (B) .....	505.7	480.8	(24.9)
Total allowance for loan losses (C) .....	1,207.1	812.3	(394.8)
Impaired loans requiring an allowance for loan losses (D) .....	1,569.5	1,024.9	(544.6)
Impaired loans not requiring an allowance for loan losses (E) .....	273.8	204.5	(69.3)
Other loans (F) .....	63,785.0	67,550.9	3,765.9
Gross total loans (G) .....	65,628.3	68,780.3	3,152.0
Percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance (A)/(D)x100 .....	44.69%	32.34%	(12.35)%
Percentage of allowance for loan losses on other loans against the balance of other loans (B)/(F)x100 .....	0.79	0.71	(0.08)
Percentage of total allowance for loan losses against gross total loans (C)/(G)x100 .....	1.84	1.18	(0.66)

*Provision (credit) for loan losses*

We recorded a credit for loan losses of ¥157.7 billion in the fiscal year ended March 31, 2006 compared to a provision for loan losses of ¥55.0 billion in the fiscal year ended March 31, 2005. The credit in the fiscal year

ended March 31, 2006 was due to a reversal of the provision as a result of improvements in the credit quality of many of our previously troubled borrowers and general improvements in the Japanese economy.

Charge-offs decreased by ¥570.4 billion from the previous fiscal year to ¥305.7 billion for the fiscal year ended March 31, 2006 as disposals of impaired loans peaked in the fiscal year ended March 31, 2005 and general economic conditions in Japan improved in the following fiscal year. Charge-offs of domestic loans decreased by ¥578.8 billion compared to the previous fiscal year to ¥290.0 billion in the fiscal year ended March 31, 2006. Within charge-offs of domestic loans in the fiscal years ended March 31, 2005 and 2006, charge-offs of loans to industries in which large amounts of impaired loans existed and were removed in such fiscal years, specifically, the real estate, wholesale and retail and services industries, constituted a majority of total charge-offs, although the amount of charge-offs with respect to these industries declined significantly in the fiscal year ended March 31, 2006 compared to the previous fiscal year. The amounts of impaired loans in the real estate industry and the wholesale and retail industry were significant due to deterioration in the financial condition of many obligors by the effects of the period of a weak Japanese economy, such as significant asset deflation, that had generally continued since the 1990's. Charge-offs of foreign loans increased by ¥8.4 billion due mainly to our enhanced efforts to remove impaired loans from our balance sheet.

Recoveries decreased by ¥15.8 billion from the previous fiscal year to ¥73.9 billion in the fiscal year ended March 31, 2006, reflecting a decrease in recoveries with respect to both domestic and foreign loans. Recoveries with respect to loans to the real estate, wholesale and retail and services industries, industries in which we had significant amounts of impaired loans in recent years, accounted for most of the recoveries during the fiscal years ended March 31, 2005 and 2006.

The following table summarizes changes in our allowance for loan losses, including a breakdown of charge-offs and recoveries by domicile and industry segment, in the fiscal years ended March 31, 2005 and 2006:

	Fiscal years ended March 31,		Increase (decrease)
	2005	2006	
	(in billions of yen)		
Allowance for loan losses as beginning of fiscal year .....	¥1,936.2	¥1,207.1	¥ (729.1)
Provision (credit) for loan losses .....	55.0	(157.7)	(212.7)
Charge-offs:			
Domestic:			
Manufacturing .....	64.6	38.3	(26.3)
Construction .....	20.4	11.1	(9.3)
Real estate .....	312.5	85.2	(227.3)
Services .....	118.9	28.6	(90.3)
Wholesale and retail .....	221.3	44.7	(176.6)
Banks and other financial institutions .....	10.4	0.6	(9.8)
Transportation .....	20.0	5.5	(14.5)
Other industries .....	12.6	12.3	(0.3)
Individuals .....	88.1	63.7	(24.4)
Total domestic charge-offs .....	868.8	290.0	(578.8)
Foreign .....	7.3	15.7	8.4
Total charge-offs .....	876.1	305.7	(570.4)
Recoveries:			
Domestic:			
Manufacturing .....	5.4	3.6	(1.8)
Construction .....	9.4	6.5	(2.9)
Real estate .....	22.0	21.0	(1.0)
Services .....	8.5	10.2	1.7
Wholesale and retail .....	12.2	10.6	(1.6)
Banks and other financial institutions .....	2.9	1.0	(1.9)
Transportation .....	1.5	0.0	(1.5)
Other industries .....	3.5	1.9	(1.6)
Individuals .....	9.5	6.4	(3.1)
Total domestic recoveries .....	74.9	61.2	(13.7)
Foreign .....	14.8	12.7	(2.1)
Total recoveries .....	89.7	73.9	(15.8)
Net charge-offs .....	786.4	231.8	(554.6)
Others <sup>(1)</sup> .....	2.3	(5.3)	(7.6)
Balance at end of fiscal year .....	¥1,207.1	¥ 812.3	¥ (394.8)

Note:

(1) Others include primarily foreign exchange translation.

### Investments

The majority of our investments are available-for-sale securities and held-to-maturity securities which at March 31, 2005 and 2006 were as follows:

	As of March 31,									
	2005			2006			Increase (decrease)			
				(in billions of yen)						
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)	
<b>Available-for-sale securities:</b>										
Debt securities: .....	¥29,388.6	¥29,149.5	¥ (239.1)	¥30,320.3	¥30,124.2	¥ (196.1)	¥ 931.7	¥ 974.7	¥ 43.0	
Japanese government bonds .....	21,682.5	21,529.3	(153.2)	19,522.1	19,291.5	(230.6)	(2,160.4)	(2,237.8)	(77.4)	
Other than Japanese government bonds .....	7,706.1	7,620.2	(85.9)	10,798.2	10,832.7	34.5	3,092.1	3,212.5	120.4	
Equity securities (marketable) .....	2,152.5	4,344.7	2,192.2	2,428.8	6,068.6	3,639.8	276.3	1,723.9	1,447.6	
Total .....	<u>¥31,541.1</u>	<u>¥33,494.2</u>	<u>¥1,953.1</u>	<u>¥32,749.1</u>	<u>¥36,192.8</u>	<u>¥3,443.7</u>	<u>¥ 1,208.0</u>	<u>¥ 2,698.6</u>	<u>¥1,490.6</u>	
<b>Held-to-maturity securities:</b>										
Debt securities: .....	¥ 1,459.6	¥ 1,460.8	¥ 1.2	¥ 1,536.2	¥ 1,520.5	¥ (15.7)	¥ 76.6	¥ 59.7	¥ (16.9)	
Japanese government bonds .....	1,117.5	1,124.1	6.6	1,168.2	1,163.8	(4.4)	50.7	39.7	(11.0)	
Other than Japanese government bonds .....	342.1	336.7	(5.4)	368.0	356.7	(11.3)	25.9	20.0	(5.9)	
Total .....	<u>¥ 1,459.6</u>	<u>¥ 1,460.8</u>	<u>¥ 1.2</u>	<u>¥ 1,536.2</u>	<u>¥ 1,520.5</u>	<u>¥ (15.7)</u>	<u>¥ 76.6</u>	<u>¥ 59.7</u>	<u>¥ (16.9)</u>	

Available-for-sale securities increased by ¥2,698.6 billion from the end of the previous fiscal year to ¥36,192.8 billion at March 31, 2006. This increase was due primarily to an increase in debt securities other than Japanese government bonds, consisting primarily of asset-backed securities and mortgage-backed securities reflecting our efforts to diversify investments, offset in part by a decrease in Japanese government bonds as a result of sales related to the restructuring of our portfolio primarily to reduce the average remaining period of our bond portfolio. Equity securities also increased by ¥1,723.9 billion from the end of the previous fiscal year to ¥6,068.6 billion at March 31, 2006 due mainly to the increase in the fair value of our portfolio due to strong Japanese stock markets. As for other investments included within investments, see note 4 to our consolidated financial statements included elsewhere in this registration statement.

### Cash and Due from Banks

Cash and due from banks decreased by ¥2,222.8 billion from the end of the previous fiscal year to ¥3,459.7 billion at March 31, 2006. The decrease was due to net cash provided by operating activities of ¥1,609.8 billion and net cash provided by financing activities of ¥2,604.8 billion being more than offset by net cash used in investing activities of ¥6,452.1 billion.

## Liabilities

The following table shows our liabilities as of March 31, 2005 and 2006:

	As of March 31,		Increase (decrease)
	2005	2006	
	(in billions of yen)		
Deposits .....	¥ 80,518.7	¥ 82,703.7	¥ 2,185.0
Debentures .....	7,785.4	6,586.5	(1,198.9)
Due to trust accounts .....	1,367.6	1,354.9	(12.7)
Call money and funds purchased .....	5,017.5	6,192.1	1,174.6
Payables under repurchase agreements .....	8,357.5	10,079.6	1,722.1
Payables under securities lending transactions .....	7,666.1	7,347.9	(318.2)
Commercial paper .....	2,475.0	966.0	(1,509.0)
Other short-term borrowings .....	5,189.1	6,293.1	1,104.0
Trading account liabilities .....	9,938.3	10,445.2	506.9
Bank acceptances outstanding .....	28.6	42.7	14.1
Income taxes payable .....	43.3	52.5	9.2
Deferred tax liabilities .....	27.1	22.7	(4.4)
Accrued expenses .....	236.8	246.8	10.0
Long-term debt .....	4,788.8	5,385.0	596.2
Other liabilities .....	3,097.5	3,161.7	64.2
<b>Total liabilities .....</b>	<b>¥136,537.3</b>	<b>¥140,880.4</b>	<b>¥ 4,343.1</b>

Total liabilities increased by ¥4,343.1 billion from the end of the previous fiscal year to ¥140,880.4 billion at March 31, 2006. This increase was due primarily to an increase of ¥2,160.6 billion in short-term borrowings and an increase of ¥2,185.0 billion in deposits offset in part by a decrease of ¥1,198.9 in debentures. Short-term borrowings include due to trust accounts, call money and funds purchased, payables under repurchase agreements, payables under securities lending transactions, commercial paper and other short-term borrowings.

### Deposits

The following table shows a breakdown of our deposits as of March 31, 2005 and 2006:

	As of March 31,		Increase (decrease)
	2005	2006	
	(in billions of yen)		
Domestic:			
Non-interest-bearing deposits .....	¥10,635.0	¥14,590.7	¥ 3,955.7
Interest-bearing deposits .....	65,869.3	60,910.0	(4,959.3)
Total domestic deposits .....	76,504.3	75,500.7	(1,003.6)
Foreign:			
Non-interest-bearing deposits .....	292.4	341.2	48.8
Interest-bearing deposits .....	3,722.0	6,861.8	3,139.8
Total foreign deposits .....	4,014.4	7,203.0	3,188.6
Total deposits .....	¥80,518.7	¥82,703.7	¥ 2,185.0

Deposits increased by ¥2,185.0 billion from the end of the previous fiscal year to ¥82,703.7 billion at March 31, 2006. Domestic deposits decreased by ¥1,003.6 billion to ¥75,500.7 billion due to a decline in

interest-bearing deposits by ¥4,959.3 billion, reflecting primarily a decline in the balance of larger certificates of deposit, offset in part by an increase in non-interest-bearing deposits of ¥3,955.7 billion, reflecting primarily an increase in non-interest-bearing ordinary deposits which are subject to deposit insurance coverage without a limit on amount. Foreign deposits increased by ¥3,188.6 billion from the end of the previous fiscal year to ¥7,203.0 billion due mainly to a significant increase in interest-bearing deposits as we increased our fund-raising efforts in connection with the increase in foreign investments and loans.

#### *Short-term Borrowings*

The following table shows a breakdown of our short-term borrowings as of March 31, 2005 and 2006:

	As of March 31,								
	2005			2006			Increase (decrease)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
Due to trust accounts .....	¥ 1,367.6	—	¥ 1,367.6	¥ 1,354.9	—	¥ 1,354.9	¥ (12.7)	—	¥ (12.7)
Call money and funds purchased, and payables under repurchase agreements and securities lending transactions .....	13,951.9	7,089.3	21,041.2	14,688.0	8,931.5	23,619.5	736.1	1,842.2	2,578.3
Commercial paper .....	2,432.4	42.6	2,475.0	799.6	166.4	966.0	(1,632.8)	123.8	(1,509.0)
Other short-term borrowings .....	5,061.6	127.5	5,189.1	6,249.9	43.2	6,293.1	1,188.3	(84.3)	1,104.0
Total short-term borrowings ....	<u>¥22,813.5</u>	<u>¥7,259.4</u>	<u>¥30,072.9</u>	<u>¥23,092.4</u>	<u>¥9,141.1</u>	<u>¥32,233.5</u>	<u>¥ 278.9</u>	<u>¥1,881.7</u>	<u>¥ 2,160.6</u>

Short-term borrowings increased by ¥2,160.6 billion from the end of the previous fiscal year to ¥32,233.5 billion at March 31, 2006. The increase was due mainly to an increase in call money and funds purchased, payables under repurchase agreements and securities lending transactions, particularly overseas, as well as an increase in other domestic short-term borrowings. Call money and funds purchased, payables under repurchase agreements and securities lending transactions overseas increased by ¥1,842.2 billion due mainly to increased overseas funding corresponding with the increase in overseas investments and loans. Other domestic short-term borrowings increased by ¥1,188.3 billion, offset in part by a decrease in domestic commercial paper of ¥1,632.8 billion, due mainly to the change in the source of financing by Mizuho Financial Group from funding by commercial paper to funding by short-term bonds which is included in other short-term borrowings.

#### *Debentures*

Debentures decreased by ¥1,198.9 billion from the end of the previous fiscal year to ¥6,586.5 billion at March 31, 2006. In Japan, certain banks are entitled to issue discount and coupon debentures in the domestic market under applicable banking laws. Mizuho Corporate Bank and Mizuho Bank benefit from such entitlement originally held by The Industrial Bank of Japan, one of our predecessor banks. While the two bank subsidiaries have this entitlement through March 2012, we have been reducing our reliance on debentures in recent years and are shifting to other sources of financing, including mainly bonds. See “—Liquidity.”

### Shareholders' Equity

The following table shows a breakdown of shareholders' equity as of March 31, 2005 and 2006:

	As of March 31,		Increase (decrease)
	2005	2006	
	(in billions of yen)		
Preferred stock .....	¥ 2,769.5	¥ 1,580.4	¥(1,189.1)
Common stock .....	3,105.7	3,547.7	442.0
Accumulated deficit .....	(3,642.9)	(2,647.8)	995.1
Accumulated other comprehensive income, net of tax .....	1,031.8	1,912.2	880.4
Treasury stock, at cost .....	(394.6)	(46.8)	347.8
Total shareholders' equity .....	¥ 2,869.5	¥ 4,345.7	¥ 1,476.2

Shareholders' equity increased by ¥1,476.2 billion from the end of the previous fiscal year to ¥4,345.7 billion. Preferred stock decreased by ¥1,189.1 billion from the end of the previous fiscal year to ¥1,580.4 billion at March 31, 2006 due to a decrease of ¥249.9 billion as a result of the cancellation of preferred stock repurchased from the Resolution and Collection Corporation in March 2005 and a decrease of ¥939.2 billion as a result of the cancellation of preferred stock repurchased from the Resolution and Collection Corporation during the fiscal year ended March 31, 2006. Among the balance of preferred stock as of March 31, 2006, ¥600.0 billion was held by the Resolution and Collection Corporation, which we subsequently repurchased and cancelled in July 2006.

Common stock increased by ¥442.0 billion from the previous fiscal year end to ¥3,547.7 billion at March 31, 2006 as a result of the sale of our common stock recorded as treasury stock held by our subsidiary at a price above the book value recorded by the subsidiary.

Accumulated deficit decreased by ¥995.1 billion from the previous fiscal year end to ¥2,647.8 billion. This decrease was due to net income of ¥1,085.7 billion for the fiscal year ended March 31, 2006, offset in part by dividends declared of ¥75.9 billion and an increase of ¥14.6 billion as a result of the cancellation of preferred stock repurchased from the Resolution and Collection Corporation.

Accumulated other comprehensive income, net of tax, increased by ¥880.4 billion from the end of the previous fiscal year to ¥1,912.2 billion at March 31, 2006 due primarily to the increase in unrealized net gains on available-for-sale securities of ¥864.4 billion, as well as an improvement of foreign currency translation adjustments by ¥16.8 billion.

Treasury stock decreased by ¥347.8 billion from the previous fiscal year end from ¥394.6 billion to ¥46.8 billion at March 31, 2006 due primarily to the cancellation of preferred stock of ¥260.0 billion, of which ¥249.9 billion was charged to preferred stock and ¥10.1 billion was charged to accumulated deficit as the excess of purchase price over book value. In addition, the sale of our common stock by our subsidiary contributed to ¥88.4 billion of such decrease.

### Liquidity

We continuously endeavor to enhance the management of our liquidity profile and strengthen our capital base to meet our customers' loan requirements and deposit withdrawals and respond to unforeseen situations such as adverse movements in stock, foreign currency, interest rate and other markets or changes in general domestic or international conditions.

Deposits and the issuance of debentures, based on our broad customer base and brand recognition in Japan, have been our primary sources of liquidity. Our total deposits and debentures increased by ¥986.1 billion, or

1.1%, from the end of the previous fiscal year to ¥89,290.2 billion as of March 31, 2006. As shown in the following table, our average balance of deposits and debentures combined for the fiscal year ended March 31, 2006 exceeded our average balance of loans for the same period by ¥20,633.7 billion. We invested the excess portion primarily in marketable securities and other high-liquidity assets.

Average balance for the fiscal year ended March 31, 2006		
(in billions of yen)		
Loans .....	¥65,617.3	Deposits .....
		¥78,994.5
		Debentures .....
		7,256.5

We will no longer be able to issue debentures beginning April 2012 due to applicable regulations. Mizuho Corporate Bank ceased issuing debentures to institutional investors in April 2006 and plans to issue ¥150.0 billion in straight bonds each quarter, or ¥600.0 billion each year, starting April 2006 as a replacement for such debentures. We also plan to cease all new issuances of debentures with the planned cessation in April 2007 of issuances by Mizuho Bank of debentures through its retail branch network. We believe the balance of our debentures will decrease significantly in the following years as a result.

Secondary sources of liquidity include short-term borrowings such as call money and funds purchased and commercial paper. We also issue long-term debt, including both senior and subordinated debt, as additional sources for liquidity. We utilize short-term borrowings to diversify our funding sources and to manage our funding costs. We raise long-term debt mainly for purposes of enhancing our capital adequacy ratios. We believe we are able to access such sources of liquidity on a stable and flexible basis based on our current credit ratings. The following table shows credit ratings assigned to our principal banking subsidiaries by S&P and Moody's as of March 31, 2006:

	As of March 31, 2006					
	S&P			Moody's		
	Long-Term	Short-Term	Fundamental strength	Long-Term	Short-Term	Fundamental strength
Mizuho Corporate Bank .....	A	A-1	B	A1	P-1	D+
Mizuho Bank .....	A	A-1	B	A1	P-1	D+
Mizuho Trust & Banking .....	A	A-1	B	A1	P-1	D+

We source our funding in foreign currencies primarily from foreign governments, financial institutions, and institutional investors, through short-term and long-term financing, under terms and pricing commensurate with our credit ratings above. In the event of future declines in our credit quality or that of Japan in general, we expect to be able to purchase foreign currencies in sufficient amounts using the yen funds raised through our domestic customer base. As further measures to support our foreign currency liquidity, we hold foreign debt securities, maintain credit lines and swap facilities denominated in foreign currencies and pledge collateral to the U.S. Federal Reserve Bank to support future credit extensions.

We maintain management and control systems to support our ability to access liquidity on a stable and cost-effective basis. For a description of our management of liquidity risk, see "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Market and Liquidity Risk Management."

## Capital Adequacy

### *Regulatory Capital Requirements*

Mizuho Financial Group and its principal banking subsidiaries are subject to regulatory capital requirements administered by the Financial Services Agency in accordance with the provisions of the Banking Law and related regulations. Failure to meet minimum capital requirements may initiate certain mandatory actions by regulators that, if undertaken, could have a direct material effect on our consolidated financial statements.

The capital adequacy guidelines applicable to Japanese banks and bank holding companies with international operations supervised by the Financial Services Agency closely follow the risk-adjusted approach proposed by the Bank for International Settlements (“BIS”) and are intended to further strengthen the soundness and stability of Japanese banks. Under the risk-based capital framework of these guidelines, balance-sheet assets and off-balance-sheet exposures, calculated under Japanese GAAP, are assessed according to broad categories of relative risk, based primarily on the credit risk of the counterparty, country transfer risk and the risk regarding the category of transactions. In addition to credit risk, banks are required to measure and apply capital charges with respect to their market risks. Market risk is defined as the risk of losses in on- and off-balance-sheet positions arising from movements in market prices.

With regard to risk-based capital, these guidelines are consistent with the BIS standards requiring a target minimum standard capital adequacy ratio of 8%, at least half of which must consist of core capital, on both a consolidated and non-consolidated basis for banks with international operations, such as Mizuho Corporate Bank and Mizuho Trust & Banking, or on a consolidated basis for bank holding companies with international operations, such as Mizuho Financial Group.

Risk-based capital, calculated from financial statements prepared under Japanese GAAP, is classified into the following three tiers: core capital (Tier 1 capital); supplementary capital (Tier 2 capital); and junior supplementary capital (Tier 3 capital). Tier 1 capital generally consists of shareholders' equity less any recorded goodwill and consolidation adjustment accounts. Tier 2 capital generally consists of the following components:

- general reserve for possible losses on loans, subject to a limit of 1.25% of total risk-weighted assets;
- 45% of each of the unrealized gains on valuation of certain securities classified as “other securities” under Japanese GAAP which is similar to available-for-sale securities under U.S. GAAP, and the unrealized appreciation in the value of land;
- the balance of subordinated perpetual debt; and
- the balance of subordinated term debt with an original maturity of over five years and preferred term shares up to 50% of Tier 1 capital.

Tier 2 capital may be included in a bank's risk-based capital up to the amount equivalent to Tier 1 capital, less Tier 3 capital if market risk is taken into account in the capital adequacy ratio calculation. Tier 3 capital consists of the balance of subordinated term debt with original maturity of at least two years. Tier 3 capital may be included in total risk-based capital subject to certain conditions, depending on the measure for market risk and the amount of Tier 1 capital.

Japanese banks with only domestic operations, such as Mizuho Bank, are subject to Japanese capital adequacy requirements that are similar to those discussed above, except that domestic banks are required to maintain a minimum capital adequacy ratio of 4%, at least half of which must consist of Tier 1 capital, on both a consolidated and non-consolidated basis.

If the capital adequacy ratio of a financial institution falls below the required level, the Financial Services Agency may, depending upon the extent of capital deterioration, take certain corrective action, including requiring the financial institution to submit an improvement plan to strengthen its capital base, reduce its total assets, restrict its business operations or other actions that could have a material effect on our financial statements.

In March 2007, new guidelines regarding minimum capital requirements promulgated by the Financial Services Agency, which follow the amendment of the minimum capital requirement rules by the Basel Committee in June 2004, will become effective. See “Item 4.B. Business Overview—Supervision and Regulation—Capital Adequacy.”

### **Consolidated Capital Adequacy Ratios**

Our capital adequacy ratios as of March 31, 2005 and 2006 calculated in accordance with Japanese GAAP and guidelines established by the Ministry of Finance and the Financial Services Agency are as set forth in the following table:

	<b>As of March 31,</b>		<b>Increase (decrease)</b>
	<b>2005</b>	<b>2006</b>	
	<b>(in billions of yen, except percentages)</b>		
Tier 1 capital .....	¥ 4,172.0	¥ 4,555.9	¥ 383.9
Tier 2 capital included as qualifying capital .....	3,956.5	4,554.1	597.6
Deductions for total risk-based capital .....	(108.3)	(116.7)	(8.4)
Total risk-based capital .....	¥ 8,020.2	¥ 8,993.3	¥ 973.1
Risk-weighted assets .....	¥67,325.0	¥77,338.4	¥10,013.4
Tier 1 capital ratio .....	6.19%	5.89%	(0.30)%
Required Tier 1 ratio .....	4.00	4.00	—
Capital adequacy ratio .....	11.91	11.62	(0.29)
Required capital adequacy ratio .....	8.00	8.00	—

Note: Percentages in the above table are truncated.

Our capital adequacy ratio as of March 31, 2006 was 11.62%, a decline of 0.29% compared to March 31, 2005. Our Tier 1 capital ratio as of March 31, 2006 was 5.89%, a decline of 0.30% compared to March 31, 2005. In spite of the declines, we believe that we were in compliance with all capital adequacy requirements to which we were subject as of March 31, 2006. The decline of our capital adequacy ratios during the fiscal year ended March 31, 2006 was a result of the increase in risk-weighted assets outweighing the increase in Tier 1 capital. The primary factor that limited the increase in Tier 1 capital was the significant amount of repayments of public funds conducted during the fiscal year. We have completed the repayment of all public funds in July 2006, and we aim over time to raise our Tier 1 capital ratio to 7%. See “Item 5. Operating and Financial Review and Prospects—Overview—Management Reform and Capital Improvements—Repayment of public funds.”

### **Capital**

The following table shows a breakdown of our total risk-based capital:

	<b>As of March 31,</b>		<b>Increase (decrease)</b>	
	<b>2005</b>	<b>2006</b>		
<b>(in billions of yen)</b>				
<b>Tier 1 capital:</b>				
Common stock and preferred stock .....	¥1,541.0	¥1,541.0	—	
Capital surplus .....	1,022.6	411.1	¥(611.5)	
Retained earnings .....	972.5	1,417.5	445.0	
Minority interest in consolidated subsidiaries .....	1,079.2	1,280.6	201.4	
Treasury stock .....	(394.6)	(46.8)	347.8	
Foreign currency translation adjustments .....	(48.7)	(47.5)	1.2	
Goodwill equivalent .....	(0.0)	(0.0)	0.0	
Total Tier 1 capital .....	4,172.0	¥4,555.9	¥383.9	
<b>Tier 2 capital:</b>				
45% of unrealized gains on other securities .....	426.0	994.6	568.6	
45% of revaluation reserve for land .....	150.7	131.1	(19.6)	
General reserve for possible losses on loans .....	637.4	615.8	(21.6)	
Debt capital .....	2,742.4	2,812.6	70.2	
Total Tier 2 capital .....	3,956.5	4,554.1	597.6	
<b>Deductions for total risk-based capital</b> .....				
Deductions for total risk-based capital .....	(108.3)	(116.7)	(8.4)	
<b>Total risk-based capital</b> .....	<u>¥8,020.2</u>	<u>¥8,993.3</u>	<u>¥ 973.1</u>	

Our Tier 1 capital increased by ¥383.9 billion from the end of the previous fiscal year to ¥4,555.9 billion as of March 31, 2006. Of this increase, ¥649.9 billion was due to our net income in the fiscal year ended March 31, 2006, ¥530.3 billion was due to the sale of shares of our common stock held by a subsidiary in November 2005, and ¥141.8 billion was due to the issuance of preferred securities in March 2006. These effects were offset in part by a decrease of ¥943.7 billion due to our repurchases of our preferred stock held by the Resolution and Collection Corporation during the fiscal year.

Within Tier 1 capital, the decrease in capital surplus of ¥611.5 billion was due mainly to a decrease of ¥867.7 billion as a result of our repurchases of our preferred stock held by the Resolution and Collection Corporation during the fiscal year and a decrease of ¥260.0 billion as a result of the cancellation during the fiscal year of preferred stock that was repurchased from the Resolution and Collection Corporation during the previous fiscal year. These decreases were offset in part by an increase of ¥441.9 billion due to the sale of shares of common stock held by a subsidiary in November 2005. The increase in retained earnings of ¥445.0 billion was due mainly to an increase of ¥649.9 billion as a result of our net income in the fiscal year ended March 31, 2006 offset in part by a decrease of ¥79.8 billion due to the payment of dividends for the fiscal year and a decrease of ¥75.9 billion due to our repurchases of preferred stock held by the Resolution and Collection Corporation during the fiscal year. The increase in minority interest in consolidated subsidiaries of ¥201.4 billion was due mainly to an increase of ¥141.9 billion as a result of the issuance of preferred securities in March 2006. The decrease in treasury stock of ¥347.8 billion was due mainly to a decrease of ¥260.0 billion as a result of the cancellation of preferred stock mentioned above in this paragraph and the sale of shares of our common stock held by a subsidiary in November 2005 mentioned above in this paragraph.

Our Tier 2 capital included as qualifying capital as of March 31, 2006 was ¥4,554.1 billion, an increase of ¥597.6 billion compared to March 31, 2005. The increase was due mainly to an increase in unrealized gains in other securities as a result of strong domestic stock markets.

As a result of the above, together with deductions of ¥116.7 billion, total risk-based capital as of March 31, 2006 was ¥8,993.3 billion, an increase of ¥973.1 billion compared to March 31, 2005.

### ***Risk-weighted Assets***

The following table shows a breakdown of our risk-weighted assets:

	<b>As of March 31,</b>		<b>Increase (decrease)</b>	
	<b>2005</b>	<b>2006</b>		
	<b>(in billions of yen)</b>			
<b>Risk-weighted assets:</b>				
On-balance-sheet items .....	¥60,702.4	¥67,910.1	¥ 7,207.7	
Off-balance-sheet items .....	5,689.2	7,613.4	1,924.2	
Market risk equivalent assets .....	933.4	1,814.9	881.5	
<b>Total .....</b>	<b>¥67,325.0</b>	<b>¥77,338.4</b>	<b>¥10,013.4</b>	

Risk-weighted assets as of March 31, 2006 was ¥77,338.4 billion, representing an increase of ¥10,013.4 billion compared to March 31, 2005. On-balance-sheet items increased ¥7,207.7 billion to ¥67,910.1 billion due mainly to an increase in loans to customers outside of Japan and an increase in alternative investments to enhance diversification of our portfolio. Off-balance-sheet items increased ¥1,924.2 billion to ¥7,613.4 billion due mainly to an increase in commitment lines to customers outside of Japan. Market risk equivalent assets increased ¥881.5 billion to ¥1,814.9 billion due mainly to increased securities trading activities.

### **Principal Banking Subsidiaries**

Capital adequacy ratios of our principal banking subsidiaries as of March 31, 2005 and 2006 on a consolidated basis calculated in accordance with Japanese GAAP and guidelines established by the Ministry of Finance and the Financial Services Agency were as set forth in the following table:

	<u>As of March 31,</u>		<u>Increase (decrease)</u>
	<u>2005</u>	<u>2006</u>	
<b>Mizuho Corporate Bank</b>			
BIS standard:			
Tier 1 capital ratio .....	8.67%	6.92%	(1.75)%
Capital adequacy ratio .....	14.64	12.87	(1.77)
<b>Mizuho Bank<sup>(1)</sup></b>			
Domestic standard:			
Tier 1 capital ratio .....	5.88	5.76	(0.12)
Capital adequacy ratio .....	10.77	10.28	(0.49)
BIS standard:			
Tier 1 capital ratio .....	5.86	5.69	(0.17)
Capital adequacy ratio .....	11.05	10.90	(0.15)
<b>Mizuho Trust &amp; Banking</b>			
BIS standard:			
Tier 1 capital ratio .....	7.12	7.56	0.44
Capital adequacy ratio .....	13.19	14.42	1.23

Notes:

- (1) The Bank for International Settlements standards apply only to banks with international operations. Because Mizuho Bank does not operate overseas, it is subject solely to domestic capital adequacy requirements. As such, information based on the Bank for International Settlements standards is included for reference purpose only.
- (2) Percentages in the above table are truncated.

We believe each of our principal banking subsidiaries was in compliance with all capital adequacy requirements to which it was subject as of March 31, 2006.

Our securities subsidiaries in Japan are also subject to the capital adequacy rules of the Financial Services Agency under the Securities and Exchange Law. This rule requires securities firms to maintain a minimum capital adequacy ratio of 120% calculated as a percentage of capital accounts less certain assets, as determined in accordance with Japanese GAAP, against amounts equivalent to market, counterparty and basic risks. Specific guidelines are issued as a ministerial ordinance that details the definition of essential components of the capital ratios, including capital, disallowed assets and risks, and related measures. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. A capital ratio of less than 140% will call for regulatory reporting and a capital ratio of 100% or less may lead to a temporary suspension of all or part of the business operations and cancellation of the license to act as a securities broker and dealer. We believe, as of March 31, 2006, that our securities subsidiaries in Japan are in compliance with all capital adequacy requirements to which they are subject.

## Off-balance-sheet Arrangements

We engage in various types of off-balance-sheet arrangements in the ordinary course of our business to meet the financing needs of our customers. These arrangements include various guarantees and commitments. The following tables show the contractual or notional amounts of our guarantees and undrawn commitments as of March 31, 2005 and 2006:

	As of March 31,		Increase (decrease)	
	2005	2006		
	(in millions of yen)			
<b>Guarantees:</b>				
Performance guarantees .....	¥ 1,009,532	¥ 1,327,584	¥ 318,052	
Guarantees on loans .....	1,404,853	1,247,128	(157,725)	
Guarantees on securities .....	48,482	47,459	(1,023)	
Other guarantees .....	1,032,854	1,056,314	23,460	
Guarantees for the repayment of trust principal .....	1,521,431	1,349,561	(171,870)	
Liabilities of trust accounts .....	4,677,459	6,716,288	2,038,829	
Derivative financial instruments .....	41,489,902	45,862,247	4,372,345	
 <b>Commitments:</b>				
Commitments to extend credit .....	¥42,932,001	¥44,478,601	¥ 1,546,600	
Commitments to invest in securities .....	106,772	132,734	25,962	
Commercial letters of credit .....	403,858	462,805	58,947	
Total commitments .....	<u>¥43,442,631</u>	<u>¥45,074,140</u>	<u>¥ 1,631,509</u>	

See note 23 to our consolidated financial statements for a description of the nature of the various types of guarantees and commitments.

The contractual or notional amounts of these instruments generally represent the maximum potential amounts of future payments without consideration of possible recoveries under recourse provisions or from collateral held. For example, the amount under commitments to extend credit does not necessarily equal the impact that such commitment will have on our future cash flow, because many of these commitments expire without our making actual credit extensions up to the full commitment amount or at all. Also, many of the agreements related to the commitments to extend credit include terms that allow us to refuse, or reduce the amount of, credit extensions based on changes in the financial environment, declines in the obligor's credit quality and other reasons. Finally, we receive collateral such as real estate and securities at the time of contract as we deem necessary, and we regularly review the credit quality of the customer based on internal guidelines and revise the terms of the contract as we deem necessary to manage credit risk.

Some of our off-balance-sheet arrangements are related to activities of special purpose entities, most of which are variable interest entities, including those that do not meet the consolidation requirements under Financial Accounting Standards Board Interpretation No.46 (revised December 2003) "Consolidation of Variable Interest Entities, an interpretation of ARB No.51." These off-balance-sheet arrangements include the types of transactions discussed below.

### Asset-backed Commercial Paper/Loan Programs

We manage several asset-backed commercial paper/loan programs that provide our clients' off-balance-sheet or cost-effective financing. The variable interest entities used in the programs purchase assets, primarily

receivables, from clients participating in the programs and provide liquidity through the issuance of commercial paper or borrowings from us backed by the assets. While customers normally continue to service the transferred receivables, we underwrite, distribute and make a market in commercial paper issued by the variable interest entities. We also provide liquidity support and credit enhancement to the variable interest entities.

#### ***Asset-backed Securitizations***

We act as an arranger of various types of structured finance to meet clients' various off-balance-sheet financing needs. In substantially all of these structured financing transactions, the transfer of the asset by the client is structured to be bankruptcy remote by use of a bankruptcy remote entity, which is deemed to be a variable interest entity because its equity holder does not have decision-making rights. We receive fees for structuring and/or distributing the securities sold to investors. In some cases, we ourselves purchase the securities issued by the entities and/or provide loans to the variable interest entities.

In addition, from time to time we establish single-issue and multi-issue special purpose entities that issue collateralized debt obligations or collateralized loan obligations, synthetic collateralized debt obligations or collateralized loan obligations or other repackaged instruments to meet clients' and investors' needs. We also arrange securitization transactions including commercial mortgage-backed securities, residential mortgage-backed securities and others. In these transactions, we act as an underwriter, placement agent, asset manager, derivatives counter party and/or investor for debt and equity instruments.

#### ***Investments in Securitization Products***

We invest in, among other things, various types of collateralized debt obligations and collateralized loan obligations, synthetic collateralized debt obligations and collateralized loan obligations and repackaged instruments, commercial mortgage-backed securities and residential mortgage-backed securities arranged by third parties for the purpose of current income or capital appreciations, which all utilize entities that are deemed variable interest entities.

With respect to some of the variable interest entities related to asset-backed securitizations described above, we determined that we were not the primary beneficiary but had significant variable interests. As of March 31, 2006, total assets of these entities were ¥1,238 billion, and our maximum exposure to loss as of the same date was ¥143 billion.

#### ***Investment Funds***

We invest in various investment funds, including securities investment trusts that invest in equity and debt securities such as listed Japanese securities and investment grade bonds. Investment advisory companies or fund management companies, including our subsidiaries and affiliates, administer and make the investment decisions with respect to such investment funds.

With respect to certain of these entities, we determined that we were not the primary beneficiary but had significant variable interests. As of March 31, 2006, the total assets of these entities were ¥2,986 billion, and our maximum exposure to loss as of the same date was ¥299 billion.

#### ***Trust Arrangements***

We offer a variety of asset management and administration services under trust arrangements, including security investment trusts, pension trusts and trusts used in the securitization of assets originated by and transferred to third parties.

As a trustee, we are required to exercise due care in the managing and safe-keeping of the assets entrusted. Because we manage and administer entrusted assets in the capacity of an agent or fiduciary on behalf of customers and are required to segregate trust assets from our proprietary assets, trust accounts are recorded separately from our general accounts and are not included in our consolidated financial statements.

With respect to guaranteed principal money trust products, we assume certain risks by providing guarantees for the repayment of principal as required by the trust agreements or relevant Japanese legislation. We manage entrusted funds primarily through the origination of high-quality loans and other credit-related products, investing in high-grade marketable securities such as Japanese government bonds and placing cash with our subsidiary trust banks to maintain liquidity and for cash management purposes. We have determined through expected loss calculation that we do not absorb a majority of the expected losses or residual returns in connection with these trust arrangements and, therefore, the trust accounts are not included in our consolidated financial statements. The asset size of guaranteed principal money trusts at March 31, 2006 was ¥1,354 billion, and our maximum exposure to loss as of the same date was ¥576 billion.

#### ***Other Types of Off-balance-sheet Arrangements***

See note 25 to our consolidated financial statements included elsewhere in this registration statement for further descriptions of variable interest entities and securitizations.

#### **Tabular Disclosure of Contractual Obligations**

In the normal course of business, we enter into contractual obligations that require future cash payments. The following table sets forth a summary of our contractual cash obligations as of March 31, 2006:

	<u>Due in one year or less</u>	<u>Due from one year to two years</u>	<u>Due from two years to three years</u>	<u>Due from three years to four years</u>	<u>Due from four years to five years</u>	<u>Due after five years</u>	<u>Total</u>
Time deposits .....	¥26,097.8	¥ 1,846.1	¥ 1,349.2	¥ 260.4	¥ 313.6	¥ 103.1	¥29,970.2
Certificates of							
deposit .....	9,320.2	25.4	13.5	—	—	—	9,359.1
Debentures .....	2,321.2	1,213.5	995.5	983.4	1,072.9	—	6,586.5
Long-term debt .....	277.8	459.4	688.2	751.7	354.5	2,853.4	5,385.0
Operating leases .....	34.5	32.9	29.0	16.9	16.2	53.2	182.7
<b>Total .....</b>	<b>¥38,051.5</b>	<b>¥ 3,577.3</b>	<b>¥ 3,075.4</b>	<b>¥ 2,012.4</b>	<b>¥ 1,757.2</b>	<b>¥ 3,009.7</b>	<b>¥51,483.5</b>

#### **Recent Accounting Pronouncements**

In November 2003, the EITF reached a consensus on Issue No.03-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments” (“EITF Issue No.03-1”), which requires certain additional quantitative and qualitative disclosures in addition to the disclosure already required by SFAS No.115, “Accounting for Certain Investments in Debt and Equity Securities.” On September 30, 2004, the FASB voted unanimously to delay the effective date of EITF Issue No.03-1 measurement provisions. On November 3, 2005, the FASB issued FSP FAS 115-1 and FAS 124-1, “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,” which nullify EITF Issue No.03-1’s guidance on determining whether an impairment is other-than-temporary, and effectively retain the previous guidance in this area. The FSP does, however, generally carry forward EITF Issue No.03-1’s impairment guidance relating to cost method investments and disclosures. The FSP is required to be applied to reporting periods beginning after December 15, 2005. We do not expect the adoption of the FSP to have a material impact on our consolidated financial condition or results of operations.

In December 2004, the FASB issued SFAS No.153, “Exchanges of Non-monetary Assets—an amendment of APB Opinion No.29” (“SFAS No.153”), which eliminates the exception to the fair value measurement principle for exchanges of similar productive assets that is provided under APB Opinion No.29, “Accounting for Non-monetary Transactions,” and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. Under SFAS No.153, a non-monetary exchange is considered to have commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No.153 is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. We do not expect the adoption of SFAS No.153 to have a material impact on our consolidated financial condition or results of operations.

In May 2005, the FASB issued SFAS No.154, “Accounting Changes and Error Corrections—a replacement of APB Opinion No.20 and FASB Statement No.3” (“SFAS No.154”), which replaces APB Opinion No.20, “Accounting Changes,” and SFAS No.3, “Reporting Accounting Changes in Interim Financial Statements,” and requires all voluntary changes in accounting principle, as well as the changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions, be accounted for as retrospective application to prior periods’ financial statements, unless it is impracticable. SFAS No.154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Early adoption is also permitted. We expect to adopt SFAS No.154 beginning with the fiscal year ending March 31, 2007, and the impact of SFAS No.154 on our consolidated financial condition and results of operations will depend on the accounting change, if any, in a future period.

In February 2006, the FASB issued SFAS No.155, “Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No.133 and 140” (“SFAS No.155”), which eliminates the exemption from applying the bifurcation requirements of SFAS No.133, “Accounting for Derivative Instruments and Hedging Activities,” to interests in securitized financial assets. SFAS No.155 permits an enterprise to elect fair value measurement at acquisition, at issuance, or when a previously recognized financial instrument is subject to a remeasurement event, on an instrument-by-instrument basis, with respect to a hybrid financial instrument that contains an embedded derivative that would otherwise be bifurcated. SFAS No.155 is effective for all financial instruments acquired or issued after the beginning of an enterprise’s first fiscal year that begins after September 15, 2006. We are currently evaluating the potential impact that the adoption of SFAS No.155 will have on our consolidated financial condition and results of operations but do not expect a material impact.

In March 2006, the FASB issued SFAS No.156, “Accounting for Servicing of Financial Assets—an amendment of FASB Statements No.140” (“SFAS No.156”), which requires all separately recognized servicing assets and liabilities be initially measured at fair value, if practical. SFAS No.156 permits, but does not require, an enterprise to elect to remeasure servicing assets and liabilities at fair value in subsequent periods. An enterprise is required to adopt SFAS No.156 as of the beginning of its first fiscal year that begins after September 15, 2006. We are currently evaluating the potential impact that the adoption of SFAS No.156 will have on our consolidated financial condition and results of operations but do not expect a material impact.

In July 2006, the FASB issued FIN No.48 “Accounting for Uncertainty in Income Taxes” (“FIN No.48”), which creates a single model to address uncertainty in all tax positions subject to SFAS No.109. FIN No.48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN No.48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No.48 is effective for fiscal years beginning after December 15, 2006, and differences between the amounts recognized in the statements of financial position prior to the adoption of FIN No.48 and the amounts reported after adoption should be accounted for as a cumulative-effect adjustment recorded to the beginning balance of retained earnings. We are currently evaluating the potential impact that the adoption of FIN No.48 will have on our consolidated financial condition and results of operations.

## Reconciliation with Japanese GAAP

Our consolidated financial statements are prepared in accordance with accounting principles and policies as summarized in note 1 to our consolidated financial statements contained elsewhere in this registration statement. These principles and policies differ in some respects from Japanese GAAP. Under Japanese banking regulations, we are required to report our annual financial results using financial statements prepared under Japanese GAAP. In addition, pursuant to the requirements of the Tokyo Stock Exchange, we prepare quarterly financial statements which are also under Japanese GAAP. To show the major reconciling items between our U.S. GAAP financial statements and our Japanese GAAP financial statements, we have provided below, with respect to our most recent fiscal year, a reconciliation of consolidated net income and shareholders' equity under U.S. GAAP with those amounts under Japanese GAAP.

We have attached unaudited consolidated financial information prepared under Japanese GAAP for the first quarter of the fiscal year ending March 31, 2007 that we announced on July 31, 2006 as Annex A to this registration statement. Such information shows an increase in income before income taxes and minority interests primarily as a result of increases in net trading income reflecting mainly increases in income from securities trading, and net fee and commission income due mainly to income related to investment trusts and individual annuities, as well as a decrease in general and administrative expenses, primarily personnel expenses. These positive factors were offset in part by a decrease in net gains related to bonds included in net other operating income. We caution you, however, that because (i) these results are only for one fiscal quarter and may not be representative of financial results for the full fiscal year and (ii) the existence of differences between U.S. GAAP and Japanese GAAP reflected in the reconciliation below, the information in Annex A is of limited use in evaluating our U.S. GAAP results, and you should not place undue importance on them.

	As of or for the fiscal year ended March 31, 2006	
	Shareholders' equity (in billions of yen)	Net income (in billions of yen)
U.S. GAAP .....	¥ 4,345.7	¥1,085.7
Differences arising from different accounting for:		
1. Derivative financial instruments and hedging activities .....	357.8	243.7
2. Investments .....	400.9	138.5
3. Loans .....	86.4	10.1
4. Allowances for loan losses and off-balance-sheet instruments .....	46.4	(61.1)
5. Premises and equipment .....	(39.7)	2.0
6. Real estate sales and leasebacks .....	115.2	(20.4)
7. Land revaluation .....	176.1	(23.8)
8. Business combinations .....	(40.9)	0.9
9. Non-interest-earning deposits made under government-led restructuring program .....	81.5	(10.2)
10. Pension liabilities .....	398.8	(64.0)
11. Consolidation of variable interest entities .....	10.8	2.1
12. Deferred taxes .....	(1,177.2)	(642.8)
13. Other .....	43.2	(10.8)
Japanese GAAP .....	<u>¥ 4,805.0</u>	<u>¥ 649.9</u>

The following is a summary of the significant adjustments made to consolidated shareholders' equity and net income, as shown in the above table, to reconcile the U.S. GAAP results with Japanese GAAP. The paragraphs below refer to the corresponding items set forth in the table above.

## 1. Derivative financial instruments and hedging activities

Under U.S. GAAP, for a derivative to qualify for hedge accounting, it must be highly effective at achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the particular risk being hedged. The hedging relationship must be designated and formally documented at inception. Such documentation must include the particular risk management objective and strategy for the hedge, the identification of the derivative used as the hedging instrument, the hedged item and the risk exposure being hedged and the method for assessing the hedge effectiveness. The criteria for designation and measurement of hedge effectiveness under U.S. GAAP are more rigorous than under Japanese GAAP. As a result, most of the eligible hedge derivatives under Japanese GAAP are accounted for as trading account assets or liabilities under U.S. GAAP with changes in fair value of the derivatives recognized in earnings.

Requirements for bifurcation of embedded derivatives differ between Japanese GAAP and U.S. GAAP. Embedded derivatives that are deemed to be clearly and closely related to their host contract are not bifurcated under U.S. GAAP, while Japanese GAAP allows an entity to bifurcate embedded derivatives if the entity manages the risk of the embedded derivatives and host contracts separately. Bifurcated derivatives are recorded on the balance sheet at fair value with changes in fair value recognized in earnings under both Japanese GAAP and U.S. GAAP.

## 2. Investments

The cost basis of certain investments differs between Japanese GAAP and U.S. GAAP primarily due to the following reasons:

Certain sales and subsequent repurchases of available-for-sale securities under Japanese GAAP do not meet the sale accounting criteria under U.S. GAAP. These sales and subsequent repurchases resulted in realized gains or losses being recognized in earnings under Japanese GAAP. Under U.S. GAAP, these gains or losses are recognized as unrealized gains or losses within accumulated other comprehensive income, net of tax.

Under U.S. GAAP, declines in the fair value of available-for-sale securities below cost that are deemed to be “other-than-temporary” are recorded in earnings. Both quantitative and qualitative factors are considered to determine whether the impairment is “other-than-temporary,” including the duration and extent of the decline, near-term prospects of the issuer, as well as our ability and intent to hold the investments until an anticipated market price recovery or maturity. Under Japanese GAAP, significant declines in the fair value of securities below cost that are deemed to be “other-than-temporary” are recorded in earnings unless short term recovery is reasonably expected. A decline in fair value of a security of more than 50% of its cost is a strong indicator of “other than temporary decline,” which requires compelling evidence to prove otherwise. A decline in fair value of more than 30% but less than 50% of its cost is an indicator of “other than temporary decline” in which case the probability of recovery must be evaluated to determine whether an other than temporary decline has occurred. Generally, if the decline in fair value is less than 30%, it is not considered to be an other-than-temporary decline.

Changes in the fair value of investments in available-for-sale debt securities denominated in foreign currencies arising from movements in foreign currency exchange rates are recognized as gains or losses in earnings under Japanese GAAP. Under U.S. GAAP, these fair value movements are included in the total change in the fair value of the available-for-sale securities, which is recognized in other comprehensive income.

## 3. Loans

Under U.S. GAAP, loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income over the contractual life of the relevant loan using the interest method, while under Japanese GAAP, fees and costs are recognized in earnings at the time the loan is originated.

In addition, certain loan participations and sales of loans to special purpose vehicles in connection with asset securitization transactions under Japanese GAAP do not meet sales criteria under U.S. GAAP due to different applicable criteria, and therefore the relevant loans are recognized on the balance sheet under U.S. GAAP.

#### 4. Allowances for loan losses and off-balance-sheet instruments

Under both Japanese GAAP and U.S. GAAP, the allowance for loan losses for specifically identified impaired loans is based on the present value of expected future cash flows discounted at the loan's initial effective interest rate or as a practical expedient, the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. For certain impaired loans which are aggregated for the purpose of measuring impairment, pools of smaller balance homogeneous loans and other non-homogeneous loans that have not been identified as impaired, the allowance for loan losses is determined based on a formula allowance utilizing historical loss factors, as adjusted, considering recent trends.

The differences between Japanese GAAP and U.S. GAAP arise from the difference in application of the formula allowance and the scope of the loans that are subject to the individual and portfolio impairment analysis.

This reconciling item also includes the differences between U.S. GAAP and Japanese GAAP relating to the allowance for off-balance-sheet instruments. We generally use the same methodology to reserve for losses on these instruments as we do for loans.

#### 5. Premises and equipment

Under U.S. GAAP, the fair value of a non-monetary asset acquired in exchange for another non-monetary asset is generally deemed to be the new cost of the asset acquired in the exchange, and a gain or loss is recognized on the exchange. Under Japanese GAAP, the cost of the asset surrendered is assigned to the newly acquired asset in certain types of exchange transactions, resulting in no gains or losses. In addition, the difference in carrying value of assets acquired in a non-monetary exchange results in a difference in the depreciation schedule between U.S. GAAP and Japanese GAAP.

#### 6. Real estate sales and leasebacks

Our principal banking subsidiaries entered into sale and leaseback transactions in prior years with respect to land and buildings used as their headquarters. Each sale of such real estate is accounted for as a sale under Japanese GAAP with profits on the sale recorded in earnings. Under U.S. GAAP, the profits are deferred and amortized within the respective lease periods as the subsidiaries continue to occupy the buildings under operating leases.

#### 7. Land revaluation

Under Japanese GAAP, we revalued our holdings of land during the fiscal year ended March 31, 1998 pursuant to the Law Concerning Revaluation of Land (Law No. 34 of 1998). The revaluation gains are recorded directly in equity, and the related deferred tax liabilities are also recognized. Under U.S. GAAP, there is no applicable provision that allows for the revaluation of land other than for impairments, and accordingly the revaluation gains are reversed.

#### 8. Business combinations

U.S. GAAP and Japanese GAAP differ with regard to accounting for business combinations, primarily in accounting for goodwill. Under U.S. GAAP, goodwill is not amortized and an impairment loss is recorded to the extent the carrying amount of the goodwill exceeds its estimated fair value at the measurement date. Under Japanese GAAP, goodwill is amortized over an appropriate period not to exceed 20 years and an impairment loss is recorded only if the effects of the goodwill are no longer expected.

## 9. Non-interest-earning deposits made under government-led restructuring program

In connection with the government-led restructuring program for seven failed housing loan companies, we made non-interest bearing deposits of ¥359,017 million in the fiscal year ended March 31, 1997. Under Japanese GAAP, these deposits are recorded at cost. Under U.S. GAAP, these deposits are discounted to their present value at the time of deposit, and the discount is subsequently accreted to income over the expected period to maturity.

## 10. Pension liabilities

Mizuho Financial Group and several of its major subsidiaries obtained an approval from the Minister of Health, Labor and Welfare in September 2003 that released them from making future contributions to the substitutional portion of the Employees' Pension Funds as defined under the Japanese Welfare Pension Insurance Law. Upon the transfer of plan assets to the government by us related to past employee services, the government is expected to assume responsibility of benefit obligations for the entire substitutional portion of the Employees' Pension Funds. Under Japanese GAAP, we recognized the extinguishment of the entire substitutional portion of the benefit obligation and related plan assets in September 2003, which resulted in a gain. Under U.S. GAAP, the separation process is accounted for as a single settlement transaction upon completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets at which time the gain is recognized.

Furthermore, under Japanese GAAP, we adopted as of April 1, 2000, pension accounting that is based on the actuarial present value of accrued benefit obligations. The cumulative effect of the accounting change has been amortized and actuarial gains and losses are deferred and amortized. Under U.S. GAAP, we recalculated the benefit obligation at April 1, 2004 and accounted for the obligation as if we had adopted the accounting method in accordance with SFAS No.87, "Employers' Accounting for Pensions," beginning in the fiscal year ended March 31, 1990, as permitted for a foreign private issuer. The cumulative effect of the accounting change, as well as actuarial gains and losses since the adoption, had been fully amortized by April 1, 2004. See note 21 to our consolidated financial statements contained elsewhere in this registration statement for further discussion.

## 11. Consolidation of variable interest entities

Under U.S. GAAP, variable interest entities are to be consolidated if we are deemed to be the primary beneficiary of the variable interest entity. Under Japanese GAAP, consolidation is not based on variable interests. We consolidate certain variable interest entities, such as entities related to asset backed commercial paper/loan programs, asset-backed securitizations, investments in securitization products and investment funds. See note 25 to our consolidated financial statements contained elsewhere in this registration statement for further discussion.

## 12. Deferred taxes

Under U.S. GAAP, all available evidence, both positive and negative, must be considered to determine whether, based on the weight of that evidence, deferred tax assets are realizable or whether a valuation allowance is needed. In determining the realization of the tax benefits, possible sources of taxable income including prudent and feasible tax planning strategies are considered. Under Japanese GAAP, the assessment as to whether deferred tax assets are realizable is primarily based on estimates of future taxable income.

Additionally, differences in the carrying amount of assets and liabilities between U.S. GAAP and Japanese GAAP create temporary differences that result in differences in deferred tax assets and liabilities.

## 13. Other

This adjustment reflects the effects of miscellaneous items that are not individually material.

### **5.A. Safe Harbor**

See "Forward-Looking Statements."

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### 6.A. Directors and Senior Management

#### Directors and Corporate Auditors

The following table provides information regarding our directors and corporate auditors as of June 30, 2006:

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
Terunobu Maeda (Jan. 2, 1945)	President & CEO (Representative Director (since Jan. 2003))	Apr. 1968	Joined The Fuji Bank, Limited	June 2007
		June 1995	Director/General Manager of Credit Planning Division	
		Apr. 1996	Director/General Manager of Corporate Planning Division	
		May 1997	Managing Director	
		Jan. 1998	Managing Director/Head of Public and Financial Institutions Group	
		May 1999	Managing Director/Chief Financial Officer	
		May 2001	Deputy President/Chief Financial Officer (until Mar. 2002)	
		Jan. 2002	Director of Mizuho Holdings, Inc. (present Mizuho Financial Strategy Co., Ltd.)	
		Apr. 2002	President & CEO (current)	
		Jan. 2003	President & CEO of Mizuho Financial Group, Inc. (current)	
Shunichi Asada (Mar. 22, 1949)	Deputy President (Representative Director (since June 2005))	Apr. 1972	Joined The Dai-Ichi Kangyo Bank, Limited	June 2007
		June 2000	Executive Officer/Head of Market and Trading Planning Office	
		Aug. 2000	Executive Officer	
		Sep. 2000	Executive Officer (transferred to Mizuho Holdings, Inc.)	
		Apr. 2002	Managing Executive Officer of Mizuho Corporate Bank, Ltd.	
		Apr. 2004	Managing Director of Mizuho Bank, Ltd.	
		Apr. 2005	Deputy President/Head of Internal Audit Group of Mizuho Financial Group, Inc.	
		June 2005	Director and Deputy President/ Head of Internal Audit Group (current)	

Name (date of birth)	Current positions and principal outside positions	Business experience	Expiration of current term as director or corporate auditor
Satoru Nishibori (Mar. 2, 1953)	Managing Director (since June 2004)  Head of Financial Control and Accounting Group  Chief Financial Officer	Apr. 1975 Joined The Fuji Bank, Limited Aug. 2000 General Manager of Planning Division  Apr. 2002 Executive Officer/General Manager of Financial Planning Division of Mizuho Corporate Bank, Ltd.  Dec. 2002 Executive Officer/Senior Corporate Officer of Financial Control and Accounting Group  Apr. 2004 Managing Executive Officer/Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.  June 2004 Managing Director/Head of Financial Control and Accounting Group (current)	June 2008
Tetsuji Kosaki (Jan. 27, 1952)	Managing Director (since June 2004)  Head of Strategic Planning Group and Head of IT, Systems & Operations Group  Chief Strategy Officer and Chief Information Officer	Apr. 1976 Joined The Industrial Bank of Japan, Limited  Sep. 2000 General Manager of Consolidation Planning & Promotion of Mizuho Holdings, Inc.  Apr. 2002 General Manager of Corporate Planning Division of Mizuho Corporate Bank, Ltd.  Dec. 2002 Senior Corporate Officer of Strategic Planning Group (until Mar. 2003)  Dec. 2002 General Manager of Business Reorganization Promotion Committee of Mizuho Holdings, Inc.  Mar. 2003 General Manager of Business Reorganization Promotion Committee of Mizuho Financial Group, Inc. (until Oct. 2003)  Mar. 2003 Executive Officer/Senior Corporate Officer of Strategic Planning Group of Mizuho Corporate Bank, Ltd.	June 2008

Name (date of birth)	Current positions and principal outside positions	Business experience	Expiration of current term as director or corporate auditor
Hiroshi Saito (Mar. 29, 1944)	Director (since Jan. 2003)  President & CEO of Mizuho Corporate Bank, Ltd.	<p>Apr. 2004 Managing Executive Officer (until June 2004)</p> <p>Apr. 2004 Managing Executive Officer/Head of Strategic Planning Group and Head of Audit and Compliance Group of Mizuho Financial Group, Inc.</p> <p>June 2004 Managing Director/Head of Strategic Planning Group and Head of Audit and Compliance Group</p> <p>Oct. 2004 Managing Director/Head of Strategic Planning Group</p> <p>June 2005 Managing Director/Head of Strategic Planning Group and Head of IT, Systems &amp; Operations Group (current)</p> <p>Apr. 1966 Joined The Industrial Bank of Japan, Limited</p> <p>June 1994 Director/General Manager of Corporate Banking Department No. 6</p> <p>May 1995 Director/General Manager of Tokyo Branch</p> <p>Feb. 1997 Managing Director</p> <p>June 1999 Managing Director/Head of Corporate Banking Unit</p> <p>June 2000 Managing Director</p> <p>Sep. 2000 Managing Executive Officer/Head of Corporate and Financial Institutions Banking Business Unit of Mizuho Holdings, Inc. (present Mizuho Financial Strategy Co., Ltd.)</p> <p>Jan. 2002 Director and Managing Executive Officer/Head of Corporate and Financial Institutions Banking Business Unit</p> <p>Apr. 2002 Director (current)</p> <p>Apr. 2002 President &amp; CEO of Mizuho Corporate Bank, Ltd. (current)</p> <p>Jan. 2003 Director of Mizuho Financial Group, Inc. (current)</p>	June 2007

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
Seiji Sugiyama (Apr. 17, 1947)	Director (since June 2003)	July 1971	Joined The Nippon Kangyo Bank, Limited	June 2007
	President & CEO of Mizuho Bank, Ltd.	June 1999	Director/General Manager of Human Resources Office of The Dai-Ichi Kangyo Bank, Limited	
		May 2000	Managing Director/General Manager of Corporate Banking Business Division I and Head of Customer & Consumer Banking Company	
		June 2000	Managing Executive Officer/ General Manager of Corporate Banking Business Division I and Head of Customer & Consumer Banking Company	
		July 2000	Managing Executive Officer/ Head of Customer & Consumer Banking Company	
		June 2001	Managing Executive Officer/ Head of Trust and Asset Management Business Unit of Mizuho Holdings, Inc.	
		Apr. 2002	Managing Executive Officer/ Chief Compliance Officer of Mizuho Corporate Bank, Ltd.	
		June 2002	Managing Executive Officer/ Chief Strategy Officer	
		Mar. 2003	Deputy President/Head of IT, Systems & Operations Group of Mizuho Financial Group, Inc.	
		June 2003	Director and Deputy President/ Head of IT, Systems & Operations Group	
		Mar. 2004	Director (current)	
		Mar. 2004	President & CEO of Mizuho Bank, Ltd. (current)	

Name (date of birth)	Current positions and principal outside positions	Business experience	Expiration of current term as director or corporate auditor
Yoshiharu Fukuhara <sup>(1)</sup> (Mar. 14, 1931)	<p>Director (since Jan. 2003)</p> <p>Honorary Chairman of Shiseido Company, Limited</p>	<p>Mar. 2004 Director of Mizuho Holdings, Inc. (present Mizuho Financial Strategy Co., Ltd.) (current)</p> <p>Apr. 1953 Joined Shiseido Company, Limited</p> <p>Feb. 1978 Director/General Manager of International Operations Department</p> <p>Feb. 1983 Representative Director and Executive Director</p> <p>Feb. 1985 Representative Director and Senior Executive Director</p> <p>Feb. 1987 Representative Director and Vice President</p> <p>July 1987 Representative Director and President and Chief Executive Officer</p> <p>June 1997 Representative Director and Chairman of the Board</p> <p>June 2001 Honorary Chairman (current)</p> <p>June 2002 Director of Mizuho Holdings, Inc. (until Mar. 2003)</p> <p>Jan. 2003 Director of Mizuho Financial Group, Inc. (current)</p>	June 2007
Mitsuo Ohashi <sup>(1)</sup> (Jan. 18, 1936)	<p>Director (since June 2005)</p> <p>Representative Director and Chairman of the Board of Directors of Showa Denko K.K.</p>	<p>Mar. 1959 Joined Mitsui Bank, Ltd.</p> <p>Dec. 1961 Joined Showa Denko K.K.</p> <p>May 1988 General Manager of Corporate Planning Division</p> <p>Mar. 1989 Director/General Manager of Corporate Planning Division</p> <p>Mar. 1993 Managing Director</p> <p>Mar. 1995 Senior Managing Director</p> <p>Mar. 1997 President and Chief Executive Officer</p> <p>Jan. 2005 Representative Director and Chairman of the Board of Directors (current)</p> <p>June 2005 Director of Mizuho Financial Group, Inc. (current)</p>	June 2007

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
Glen S. Fukushima <sup>(1)</sup> (Sep. 9, 1949)	Director (since Jan. 2003)	Apr. 1985	Joined the Office of the United States Trade Representative, Executive Office of the President	June 2007
	Chief Executive Officer of Airbus Japan K.K.	June 1988	Deputy Assistant United States Trade Representative for Japan and China	
		Apr. 1990	Joined AT&T Corp.	
		Jan. 1996	Vice President of AT&T Japan, Ltd. (until May 1998)	
		Jan. 1998	President of the American Chamber of Commerce in Japan (until Dec. 1999)	
		May 1998	President and Representative Director of Arthur D. Little (Japan), Inc.	
		Jan. 2000	Governor of the American Chamber of Commerce in Japan (current)	
		Oct. 2000	President of Cadence Design Systems, Japan (until June 2003)	
		June 2001	Director of Mizuho Holdings, Inc. (until Mar. 2003)	
		Jan. 2003	Director of Mizuho Financial Group, Inc. (current)	
		July 2003	Chairman of Cadence Design Systems, Japan	
		Aug. 2004	Executive Officer/Co-President of NCR Japan Ltd.	
		Sep. 2004	Co-President and Representative Director	
		Feb. 2005	President and Chief Executive Officer of Airbus Japan K.K. (current)	
Yoshiaki Sugita (Dec. 6, 1946)	Corporate Auditor (since June 2005)	Apr. 1970	Joined The Fuji Bank, Limited	June 2009
		June 1998	Director/General Manager of Systems Planning Division and General Manager of Technology Strategic Planning	

Name (date of birth)	Current positions and principal outside positions	Business experience	Expiration of current term as director or corporate auditor	
Junichi Iwabuchi (May 14, 1952)	Corporate Auditor (since June 2005)	Nov. 1998 Director/General Manager of Systems Planning Division Apr. 2000 Director/General Manager of IT Planning Division June 2000 Executive Officer/General Manager of IT Planning Division Dec. 2000 Executive Officer/General Manager of IT & Systems Division Apr. 2002 Advisor of Mizuho Financial Group June 2002 Executive Officer/Assistant to Head of IT, Systems & Operations Group of Mizuho Holdings, Inc. Mar. 2003 Executive Officer/Assistant to Head of IT, Systems & Operations Group of Mizuho Financial Group, Inc. Apr. 2005 Managing Executive Officer/ Head of IT, Systems & Operations Group June 2005 Corporate Auditor of Mizuho Corporate Bank, Ltd. (until Mar. 2006) June 2005 Corporate Auditor of Mizuho Financial Group, Inc. (current) June 2005 Corporate Auditor of Mizuho Holdings, Inc. (until Mar. 2006)	Apr. 1976 Joined The Industrial Bank of Japan, Limited Sep. 2000 General Manager of Subsidiaries and Affiliates Management of Mizuho Holdings, Inc. Oct. 2002 General Manager of Administration Division of Mizuho Corporate Bank, Ltd. Apr. 2005 General Manager (until June 2005)	June 2009

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
		Apr. 2005	Corporate Auditor of Mizuho Bank, Ltd. (until Mar. 2006)	
		June 2005	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
Yukio Nozaki <sup>(2)</sup> (Aug. 19, 1931)	Corporate Auditor (since Jan. 2003)	Apr. 1956	Assistant Judge of the Tokyo District Court	June 2007
	Corporate Auditor of Mizuho Corporate Bank, Ltd.	Mar. 1992	President of the Sendai High Court	
	Corporate Auditor of Mizuho Bank, Ltd.	Mar. 1993	President of the Nagoya High Court	
		Aug. 1996	Resign from judge	
		Oct. 1996	Registered as attorney at law (Daiichi Tokyo Bar Association)	
		June 1997	Corporate Auditor of The Dai-Ichi Kangyo Bank, Limited (until Mar. 2002)	
		Sep. 2000	Corporate Auditor of Mizuho Holdings, Inc. (until Mar. 2003)	
		Apr. 2002	Corporate Auditor of Mizuho Corporate Bank, Ltd. (current)	
		Jan. 2003	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
		Mar. 2006	Corporate Auditor of Mizuho Bank, Ltd. (current)	
Masahiro Seki <sup>(2)</sup> (Sep. 11, 1934)	Corporate Auditor (since June 2006)	Apr. 1959	Joined Deloitte Haskins & Sells, Tokyo Office	June 2010
		June 1987	General Representative	
		Feb. 1990	Senior Managing Director of International Affairs of Deloitte Touche Tohmatsu	
		June 1997	Senior Researcher of the Japanese Institute of Certified Public Accountants	
		Oct. 2000	Visiting Professor of Graduate School of International University of Japan	
		Apr. 2001	Professor of Graduate School (until Mar. 2004)	

Name (date of birth)	Current positions and principal outside positions	Business experience	Expiration of current term as director or corporate auditor
Masahiko Kadotani <sup>(2)</sup> (Feb. 14, 1936)	Corporate Auditor (since June 2004)  Corporate Auditor of Mizuho Securities Co., Ltd.	June 2002 President of the non-profit organization, Japanese Institute of International Accounting Education (until June 2006)  Apr. 2004 Established Seki Certified Public Accountants  June 2006 Corporate Auditor of Mizuho Financial Group, Inc. (current)	
		Apr. 1958 Joined Ministry of Finance June 1988 Director-General of the Securities Bureau  June 1990 Commissioner of the National Tax Agency  June 1991 Vice Chairman of The General Insurance Association of Japan  July 1994 Vice President of Japan Finance Corporation for Small and Medium Enterprise  Dec. 1994 President Jan. 1999 Retired from President Feb. 1999 Advisor of Japan Small Business Research Institute Aug. 1999 Advisor of The Japan Research Institute, Ltd. Jan. 2000 Advisor of The Industrial Bank of Japan, Limited Apr. 2002 Advisor of Mizuho Corporate Bank, Ltd. June 2004 Corporate Auditor of Mizuho Securities Co., Ltd. (current) June 2004 Corporate Auditor of Mizuho Financial Group, Inc. (current)	June 2008

Notes:

- (1) Messrs Fukuhara, Ohashi and Fukushima satisfy the requirements for an “outside director” under the Japanese Company Law.
- (2) Messrs Nozaki, Seki and Kadotani satisfy the requirements for an “outside corporate auditor” under the Japanese Company Law.

## Executive Officers

The following table provides information about our executive officers as of June 30, 2006, other than information regarding those that are also directors and listed above:

Name (date of birth)	Current positions and principal outside positions	Business experience	
Masayuki Saito (Dec. 2, 1953)	Managing Executive Officer (since Apr. 2005)	Apr. 1976	Joined The Dai-Ichi Kangyo Bank, Limited
	Head of Risk Management Group	Sep. 2000	General Manager (transferred to Mizuho Holdings, Inc.)
	Head of Human Resources Group		
	Head of Compliance Group	Apr. 2002	General Manager of Corporate Planning Division of Mizuho Bank, Ltd.
	Chief Risk Officer	Mar. 2003	Executive Officer/General Manager of Corporate Planning Division
	Chief Human Resources Officer	Apr. 2005	Managing Executive Officer/Head of Risk Management Group, Head of Human Resources Group and Head of Compliance Group of Mizuho Financial Group, Inc. (current)
	Chief Compliance Officer		
	Executive Officer (since Apr. 2005)	Apr. 1976	Joined The Fuji Bank, Limited
	General Manager of Corporate Planning	Sep. 2000	General Manager of Administration of Mizuho Holdings, Inc.
		Mar. 2003	General Manager of Administration of Mizuho Financial Group, Inc.
Hiroshi Kiyama (Feb. 3, 1954)	Executive Officer (since Apr. 2005)	Aug. 2003	General Manager of Corporate Planning
	General Manager of Corporate Planning	Apr. 2005	Executive Officer/General Manager of Corporate Planning (current)
	Executive Officer (since Apr. 2005)	Apr. 1977	Joined The Industrial Bank of Japan, Limited
	General Manager of Corporate Communications	June 1999	Joint General Manager of Americas Division and Senior Deputy General Manager of New York Branch
		Mar. 2002	General Manager of Corporate Finance Division (Americas) No.2 and Senior Deputy General Manager of Americas Division
Yoshiaki Ohashi (Mar. 26, 1954)	General Manager of Corporate Communications	Apr. 2002	General Manager of Americas Corporate Banking Division (Japanese Corporates) No.3 of Mizuho Corporate Bank, Ltd.
		Sep. 2002	Senior Manager

Name (date of birth)	Current positions and principal outside positions	Business experience
Tetsuro Sugiura (July 30, 1954)	Executive Officer (since Apr. 2005) Managing Executive Officer of Mizuho Research Institute, Ltd.	<p>Oct. 2002 General Manager of Public Relations of Mizuho Holdings, Inc.</p> <p>Mar. 2003 General Manager of Public Relations of Mizuho Financial Group, Inc.</p> <p>Apr. 2005 Executive Officer/General Manager of Public Relations</p> <p>May 2005 Executive Officer/General Manager of Corporate Communications (current)</p>
Tsuneo Morita (Apr. 29, 1954)	Executive Officer (since Mar. 2006) General Manager of Administration	<p>Apr. 1977 Joined The Fuji Bank, Limited</p> <p>June 1996 Seconded to Fuji Research Institute, Corp. as General Manager/Chief Economist of Economic Research</p> <p>Jan. 2001 Seconded to Fuji Research Institute, Corp. as Executive Fellow/Chief Economist of Research Division</p> <p>Apr. 2002 Seconded from Mizuho Bank, Ltd. to Fuji Research Institute, Corp. as Executive Fellow/Chief Economist of Research Division</p> <p>Oct. 2002 Seconded to Mizuho Research Institute, Ltd. as Chief Economist of Research Division</p> <p>Apr. 2003 Seconded from Mizuho Financial Group, Inc. to Mizuho Research Institute, Ltd. as Chief Economist of Research Division</p> <p>Apr. 2005 Executive Officer of Mizuho Financial Group, Inc./Managing Executive Officer and Chief Economist of Mizuho Research Institute, Ltd. (current)</p>
		<p>Apr. 1978 Joined The Fuji Bank, Limited</p> <p>Oct. 1999 Deputy General Manager (transferred to The Chiba Kogyo Bank, Ltd.)</p> <p>Jan. 2002 General Manager of Kichijoji Branch</p> <p>Apr. 2002 General Manager of Kichijoji Branch of Mizuho Bank, Ltd.</p> <p>Apr. 2003 Senior Manager of Administration of Mizuho Financial Group, Inc.</p> <p>July 2003 General Manager for Administration</p>

Name (date of birth)	Current positions and principal outside positions	Business experience	
		Aug. 2003	General Manager of Administration
		Mar. 2006	Executive Officer/General Manager of Administration (current)
Shuzo Haimoto (June 27, 1954)	Executive Officer (since Mar. 2006)  General Manager of Human Resources	Apr. 1978	Joined The Industrial Bank of Japan, Limited
		May 2001	General Manager of Strategic Finance Department
		Apr. 2002	Joint General Manager of Subsidiaries and Affiliates Management Division of Mizuho Bank, Ltd.
		Apr. 2003	General Manager of Human Resources of Mizuho Financial Group, Inc.
		Mar. 2006	Executive Officer/General Manager of Human Resources (current)

An Executive Officer may serve any number of consecutive terms. The term of office of the Executive Officers currently in office will expire at the close of the first meeting of our board of directors after the ordinary general meeting of shareholders.

No family relationship exists among any of our directors, executive officers or corporate auditors.

## 6.B. Compensation

In accordance with the Company Law, compensation for our directors and corporate auditors, including bonuses, retirement allowances and incentive stock options, must be approved at our general meeting of shareholders, unless otherwise specified in our articles of incorporation in the future. The shareholders' approval may specify the upper limit in the aggregate amount of compensation or calculation methods, but if compensation includes benefits in kind, the shareholders' approval must include the description of such benefits. Compensation for a director or corporate auditor is fixed by our board of directors or by consultation among our corporate auditors in accordance with our internal regulations and practice and, in the case of retirement allowances, generally reflects the position of the director or corporate auditor at the time of retirement, the length of his service as a director or corporate auditor and his contribution to our performance.

The aggregate compensation, including bonuses but excluding retirement allowances, paid by Mizuho Financial Group and subsidiaries to our directors and to our corporate auditors during the fiscal year ended March 31, 2006 was ¥239 million and ¥68 million, respectively.

The amount of reserves set aside by Mizuho Financial Group and subsidiaries for the payment of retirement allowances for directors and corporate auditors for the fiscal year ended March 31, 2006 was ¥152 million and ¥48 million, respectively.

We have not implemented any incentive stock option plan.

## 6.C. Board Practices

Pursuant to our articles of incorporation, we maintain a corporate governance system consisting of general meetings of shareholders, individual directors, board of directors, individual corporate auditors, board of corporate auditors and an accounting auditor as its primary components.

Our board of directors has the ultimate responsibility for the administration of our affairs. Our articles of incorporation provide for a board of directors consisting of not more than 15 members, in order to facilitate efficient and responsive decision making, and provide for not more than six corporate auditors. All directors and corporate auditors are appointed by our shareholders at general meetings. The normal term of office is two years for directors and four years for corporate auditors after their respective appointment, but directors and corporate auditors may serve any number of consecutive terms. Our board of directors designates, from among its members, representative directors and appoints a president. Our board of directors may also appoint a chairman, a deputy chairman, deputy presidents, senior managing directors and managing directors. Each representative director has the authority to represent us in the conduct of our affairs.

While one of our corporate auditors is a certified public accountant, our corporate auditors are not required to be certified public accountants. The corporate auditors may not at the same time be directors, accounting participants, executive officers or any other employees of us or any of our subsidiaries, and at least one-half of them must be persons who have not been directors, accounting participants, executive officers or any other employees of us or any of our subsidiaries at any time prior to their appointment as corporate auditors. Each corporate auditor has a statutory duty to audit the directors' performance of their duties and to audit the accounting records and the business reports submitted by the directors to general meetings of shareholders. Corporate auditors shall attend each meeting of the board of directors and, when necessary, state their opinion at the meeting, but are not entitled to vote.

The board of corporate auditors is composed of all corporate auditors. The board of corporate auditors has a statutory duty to prepare and submit an audit report to the directors each year. If any corporate auditor has a different opinion, such opinion shall also be described in the audit report. The board of corporate auditors shall determine policies regarding audits, the method of investigation by the corporate auditors into the status of corporate affairs and financial position and other matters relating to the performance of the corporate auditors' duties, provided, however, that a resolution of the board of corporate auditors may not prevent any corporate auditor from exercising his or her own power.

None of our directors or corporate auditors have service contracts with us providing for benefits upon termination of service.

We amended our articles of incorporation to include, in accordance with the Company Law, provisions that allow us to enter into an agreement with outside directors and outside corporate auditors that limits their liabilities incurred in connection with their service. The limitation of the liabilities under such agreement must be the higher of either (i) a pre-determined amount not less than ¥20 million or (ii) the amount prescribed in laws and regulations, which is currently equivalent to two times of the annual compensation to such outside director or outside corporate auditor. Pursuant to the provisions, we have entered into such agreements with three outside directors and three outside corporate auditors.

To ensure transparency and objectivity in personnel matters relating to directors, we have established a nominating committee and a compensation committee. Each committee is comprised of six directors, of whom three are outside directors.

For additional information on our directors and corporate auditors and our board practices, see "Item 6.A. Directors and Senior Management—Directors and Corporate Auditors" and "Item 10.B. Additional Information—Memorandum and Articles of Association" in this registration statement.

The rights of holders of American Depository Receipts, or ADRs, which evidence ADSs, including such ADR holders' rights relating to corporate governance practices, are governed by the deposit agreement, which is included as Exhibit 2.3 to this registration statement and described in "Item 12. Description of Securities Other than Equity Securities—American Depository Shares" in this registration statement.

## Corporate Governance Practices

Companies listed on the New York Stock Exchange, or NYSE, must comply with certain standards regarding corporate governance under Section 303A of the NYSE Listed Company Manual. However, NYSE-listed companies that are foreign private issuers meeting certain criteria, such as us, are permitted to follow home country practices in lieu of certain provisions of Section 303A. We intend to rely on the exemption for home country practices upon listing of our ADSs on the New York Stock Exchange.

The following table shows the significant differences between the corporate governance practices followed by NYSE-listed U.S. companies under Section 303A of the NYSE Listed Company Manual and those followed by us. The information set forth below is current as of June 30, 2006.

Corporate governance practices followed by NYSE-listed U.S. companies	Corporate governance practices followed by us
A NYSE-listed U.S. company must have a majority of directors meeting the independence requirements under Section 303A of the NYSE Listed Company Manual.	Under the Company Law, which became effective on May 1, 2006, a "large company" which is a public company must have a corporate governance system based on either a board of corporate auditors or committees. Under the Company Law, a "large company" means a company with stated capital of ¥500 million or more or with a total amount of ¥20 billion or more stated in the liability section of their latest balance sheets in Japan, and a "public company" means a company for which any class of its shares can be transferred under its articles of incorporation without approval of the board of directors. The vast majority of large Japanese companies, including us, employ the corporate auditor system.

**Corporate governance practices followed  
by NYSE-listed U.S. companies**

The non-management directors of a NYSE-listed U.S. company must meet at regularly scheduled executive sessions without management.

A NYSE-listed U.S. company must have an audit committee with responsibilities described under Section 303A of the NYSE Listed Company Manual, including those imposed by Rule 10A-3 of the U.S. Securities Exchange Act of 1934, as amended. The audit committee must be composed entirely of independent directors and have at least three members.

**Corporate governance practices followed by us**

Japanese law does not require us to hold regular meetings without management. As a company that employs the corporate auditor system, each of our corporate auditors and our board of directors monitors management, and such monitoring by our corporate auditors and board of directors functions as our management-oversight system.

Our board of corporate auditors is a legally separate and independent body from our board of directors. The basic function of the board of corporate auditors is similar to that of independent directors, including those who are members of the audit committee, of a NYSE-listed U.S. company: to monitor the performance of the directors and review and express opinions on the method of auditing by our independent public accounting firm and on such accounting firm's audit reports for the protection of the company's shareholders.

Under the Company Law, the board of corporate auditors may determine the auditing policies, method of investigating the conditions of the business and the assets of a company, and may resolve other matters concerning the execution of the corporate auditor's duties, prepare a report of the board of corporate auditors and give consent to proposals of the nomination of corporate auditors and accounting auditors.

Under the Company Law, companies which employ a board of corporate auditors, including us, are required to have at least one half of their corporate auditors be outside corporate auditors who must meet independence requirements under the Company Law. The Company Law defines "outside corporate auditor" as a corporate auditor who was not a director, accounting participant, executive officer, manager or any other employee of the company or any of its subsidiaries at any time in the past. Currently, we have five corporate auditors, three of whom satisfy the requirements for an "outside corporate auditor" under the Company Law. The normal term of office for each of our corporate auditors is four years. Under the Company Law, none of the corporate auditors may at the same time be directors, managers or employees of the company or any of its subsidiaries, or accounting participants or executive officers of such subsidiaries.

**Corporate governance practices followed  
by NYSE-listed U.S. companies**

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**Corporate governance practices followed by us**

While the Company Law does not require corporate auditors to have expertise in accounting or other special knowledge and experience, one of our corporate auditors is a certified public accountant.

The Company Law provides that a large company must appoint an accounting auditor at a shareholders' meeting. However, the Company Law also provides that, in order to submit a proposal concerning an appointment of an accounting auditor to a shareholders' meeting, the board of directors must obtain the consent of the board of corporate auditors and that the board of corporate auditors may, by resolution, demand that the board of directors include the appointment of an accounting auditor in the agenda of a shareholders' meeting or demand that the directors submit a proposal concerning the appointment of a certain accounting auditor that is recommended by the board of corporate auditors. The Company Law provides that the board of corporate auditors may, by unanimous resolution, dismiss an accounting auditor for causes enumerated in the Company Law such as breach of his or her duties. The Company Law also provides that in order to submit a proposal concerning a dismissal of an accounting auditor to a shareholders' meeting, the directors must obtain the consent of the board of corporate auditors and that the board of corporate auditors may, by resolution, demand that the directors include the dismissal of a certain accounting auditor in the agenda of a shareholders' meeting. The board of corporate auditors may audit in its own right if it believes that the manner or result of an audit by the accounting auditors is not reasonable. To this end, a corporate auditor may, if necessary for the performance of his or her duties, request the accounting auditors to provide a report on their duties. Further, it is also provided that the accounting auditors must submit an audit report directly to the board of corporate auditors and the corporate auditors may demand the accounting auditors to provide an explanation with respect to their audit report. As such, in accordance with the Company Law, our board of corporate auditors is responsible, to the extent permitted by law, for the appointment, retention and supervision of the work of a registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us.

**Corporate governance practices followed  
by NYSE-listed U.S. companies**

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**Corporate governance practices followed by us**

Under Japanese law, neither the corporate auditors nor the board of corporate auditors has the statutory power to establish procedures for the receipt, retention, and treatment of complaints and the confidential, anonymous submission of concerns by employees. Thus, our board of directors has established such procedures. Under our regulations of the board of corporate auditors, our board of corporate auditors is required to confirm that such procedures are appropriately established. Such procedures include the receipt and treatment of complaints and the confidential, anonymous submission of concerns by employees regarding the status of our internal control system on accounting and financial reporting and audits by an outside accounting auditor and our internal audit division. Corporate auditors are also able to investigate the status of our internal control system, including such procedures, at any time and state his or her opinion at a meeting of the board of directors if he or she considers it necessary.

Each of our corporate auditors has the authority under the Company Law to engage independent counsel and other advisers if such engagement is necessary to carry out his or her duties. Each corporate auditor may require us to pay any and all expenses necessary for carrying out his or her duties, including compensation of any advisers employed by him or her and ordinary administrative expenses. Similarly, each of our corporate auditors and our board of corporate auditors has the authority under our regulations of the board of corporate auditors to engage independent advisors, including accountants and legal counsel, as necessary.

We rely on an exemption from the audit committee requirements imposed by Rule 10A-3 of the U.S. Securities Exchange Act of 1934, as amended, pursuant to an exemption under that rule, which is available to foreign private issuers with boards of auditors (or similar body) meeting specified criteria. We expect to make disclosure regarding such reliance in Item 16D to our annual reports on Form 20-F for the fiscal year ending March 31, 2007 and thereafter.

A NYSE-listed U.S. company must have a nominating/corporate governance committee with responsibilities described under Section 303A of the NYSE Listed

Our directors and corporate auditors must be appointed at a general meeting of shareholders in accordance with the Company Law. A proposal to a

**Corporate governance practices followed  
by NYSE-listed U.S. companies**

Company Manual. The nominating/ corporate governance committee must be composed entirely of independent directors.

A NYSE-listed U.S. company must have a compensation committee with responsibilities described under Section 303A of the NYSE Listed Company Manual. The compensation committee must be composed entirely of independent directors.

A NYSE-listed U.S. company must adopt a code of business conduct and ethics and must post the code on its website.

A NYSE-listed U.S. company must adopt corporate governance guidelines and must post the guidelines on its website.

**Corporate governance practices followed by us**

general meeting of shareholders by the board of directors to appoint a corporate auditor must be approved by a resolution of the board of corporate auditors. The board of corporate auditors is empowered to adopt a resolution requesting that the board of directors submit a proposal for appointment of a corporate auditor to the general meeting of shareholders. Corporate auditors have the right to state their opinion concerning appointment, dismissal and resignation of a corporate auditor at the general meeting of shareholders.

Although we, as a company with corporate auditors, are not required to establish a nominating committee under the Company Law, we have voluntarily established a nominating committee consisting of six directors, three of whom are outside directors.

Japanese law does not require us, a company with corporate auditors, to establish a compensation committee. We have, however, voluntarily established a compensation committee consisting of six directors, three of whom are outside directors.

The Company Law requires that the total amount of remuneration to be paid to all directors and the total amount of remuneration to be paid to all corporate auditors be determined by a resolution of a general meeting of shareholders, unless their remuneration is provided for in the articles of incorporation. Based on the above resolution, the distribution of remuneration among directors is broadly delegated to our board of directors and the distribution of remuneration among corporate auditors is determined by consultation among our corporate auditors.

Under Japanese law, including the Company Law and the Securities and Exchange Law of Japan, and the rules of stock exchanges in Japan on which we are listed, we are not required to adopt a code of business conduct and ethics for directors, officers and employees. We maintain “Mizuho Code of Conduct” as our standard for corporate conduct, covering all of our directors, officers and employees.

Under the Company Law, a large company with a board of directors, including us, is required to establish an internal control system and disclose the existence and present conditions of such internal

**Corporate governance practices followed  
by NYSE-listed U.S. companies**

A NYSE-listed U.S. company must generally obtain shareholder approval with respect to any equity compensation plan.

A NYSE-listed U.S. company must have an internal audit function, which must be the sole responsibility of the audit committee and may not be allocated to a different committee.

**Corporate governance practices followed by us**

control system in its annual securities report and certain other disclosure documents in accordance with the Securities and Exchange Law of Japan and regulations thereunder, and applicable Japanese stock exchange rules in respect of timely disclosure. English translations of disclosure documents under stock exchange rules are posted on our website.

Under the Company Law, if we desire to adopt an equity compensation plan under which stock acquisition rights are granted with specially favorable conditions, except where such rights are granted to all of our shareholders on a *pro rata* basis, then such a plan must be approved by a special resolution adopted at a general meeting of shareholders, where the quorum is, under our articles of incorporation, one-third of the total number of voting rights of the shareholders entitled to vote and the approval of at least two-thirds of the voting rights of shareholders present at the meeting is required.

Our internal audit function is maintained by our internal audit committee. Our internal audit committee determines all important matters concerning internal audits. The committee is chaired by our president and chief executive officer and is independent of our other business operations. The committee reports to our board of directors. See “Item 11. Quantitative and Qualitative Disclosure about Market Risk—Internal Audit—Internal Audit Management Structure.”

#### **6.D. Employees**

As of March 31, 2004, 2005 and 2006, we had 47,405, 45,180 and 45,758 employees, respectively, on a consolidated basis, including overseas local staff but excluding advisers and temporary employees. We also had an average of approximately 19,024 temporary employees during the fiscal year ended March 31, 2006.

The following tables show our full-time employees as of March 31, 2006 and average number of temporary employees for the fiscal year ended March 31, 2006, each broken down based on business segment and geographical location:

<b>Business segment</b>	<b>Number of full-time employees</b>	<b>Average number of temporary employees</b>
Global Corporate Group .....	10,270	1,161
Global Retail Group .....	26,015	16,902
Global Asset & Wealth Management Group .....	4,758	527
Others .....	4,715	434
<b>Total .....</b>	<b>45,758</b>	<b>19,024</b>

<u>Location</u>	<u>Percentage of full-time employees</u>	<u>Average percentage of temporary employees</u>
Japan . . . . .	97.0%	99.8%
Americas . . . . .	1.1	0.1
Europe . . . . .	1.3	0.1
Asia/Oceania (excluding Japan) and others . . . . .	0.6	0.0
Total . . . . .	<u>100.0%</u>	<u>100.0%</u>

In connection with our efforts to reduce our general and administrative costs in recent years, the number of our full-time employees declined from 50,149 at March 31, 2003 to 45,758 at March 31, 2006.

Most of our full-time non-management employees in Japan are members of a labor union. Outside Japan, some of our employees are members of local unions. We consider our labor relations with employees to be good.

#### **6.E. Share Ownership**

The following table shows the number of shares of our common stock owned by our directors and corporate auditors as of June 30, 2006:

<u>Directors</u>	<u>Number of shares owned</u>
Terunobu Maeda . . . . .	96
Shunichi Asada . . . . .	48
Satoru Nishibori . . . . .	15
Tetsuji Kosaki . . . . .	13
Hiroshi Saito . . . . .	23
Seiji Sugiyama . . . . .	21
Yoshiharu Fukuhara . . . . .	11
Mitsuo Ohashi . . . . .	—
Glen S. Fukushima . . . . .	—

<u>Corporate Auditors</u>	<u>Number of shares owned</u>
Yoshiaki Sugita . . . . .	25
Junichi Iwabuchi . . . . .	2
Yukio Nozaki . . . . .	53
Masahiro Seki . . . . .	—
Masahiko Kadotani . . . . .	1

None of our directors or corporate auditors is the owner of more than one percent of our common stock, and no director or corporate auditor has voting rights with respect to our common stock that are different from any other holder of our common stock.

We have two employee stock ownership plans under which participating employees of the companies listed below are able to purchase our shares with funds deducted from such employee's salary and bonus payments. The plan administrator makes open-market purchases of our shares for the account of the plan on a monthly basis. The companies contribute matching funds equivalent to 5% of the amounts contributed. The following table shows the numbers of shares that these plans held as of March 31, 2006:

Plan	As of March 31, 2006	Number of shares owned
	Employer companies	
Mizuho Employee Stock Ownership Plan .....	Mizuho Financial Group Mizuho Bank Mizuho Corporate Bank UC Card Dai Ichi Kangyo Asset Management Fuji Investment Management Mizuho Research Institute Mizuho Information & Research Institute	50,108
Mizuho Group Employee Stock Ownership Plan .....	Mizuho Securities Mizuho Capital	305
Total .....		<u><u>50,413</u></u>

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 7.A. Major Shareholders

#### Common Stock

The following table sets forth information about the ten largest holders of shares of our common stock appearing on the register of shareholders as of March 31, 2006:

<u>Name</u>	<u>As of March 31, 2006</u>	
	<u>Number of shares owned</u>	<u>Percentage of issued shares<sup>(1)</sup></u>
Japan Trustee Services Bank, Ltd. (trustee account) .....	624,645	5.20%
The Master Trust Bank of Japan, Ltd. (trustee account) .....	601,728	5.01
RBC Dexia Investor Services Trust, London-Clients Account .....	402,627	3.35
Mizuho Financial Strategy <sup>(2)</sup> .....	392,841	3.27
The Dai-ichi Mutual Life Insurance Company .....	279,158	2.33
State Street Bank And Trust Company .....	226,825	1.89
The Chase Manhattan Bank, N.A. London .....	157,187	1.31
State Street Bank And Trust Company 505103 .....	153,058	1.28
Japan Trustee Services Bank, Ltd. (trustee account 4) .....	139,138	1.16
Trust & Custody Services Bank, Ltd. (Meiji Yasuda Life Insurance Company Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking) .....	137,000	1.14
<b>Total .....</b>	<b>3,114,207</b>	<b>25.94%</b>

Notes:

- (1) Percentage of number of shares owned within the total number of issued shares (including treasury stock).
- (2) Mizuho Financial Strategy is a wholly-owned subsidiary of ours, and the shares held by it are treated as treasury stock. On July 7, 2006, we repurchased and cancelled 131,800 of such shares.
- (3) Share ownership figures in the above table are rounded to the nearest full share.

Mizuho Financial Strategy (formerly Mizuho Holdings), a wholly-owned subsidiary of ours, sold 700,000 shares of our common stock formerly held by it in a global offering in November 2005 and an additional 63,000 shares in Japan through over-allotments in December 2005. Mizuho Holdings originally received its shares of our common stock in connection with the corporate split transactions conducted to form the Mizuho Financial Group as the holding company for the Mizuho group in March 12, 2003. Under the Company Law, Mizuho Financial Strategy may not exercise voting rights with respect to these shares.

Except for the prohibition on the exercise of voting rights applicable to Mizuho Financial Strategy described above, our major shareholders of common stock have the same voting rights as other holders of common stock.

As of March 31, 2006, there were 197 record holders of our common stock with addresses in the United States, whose shareholdings represented approximately 10% of our outstanding common stock on that date. Because some of these shares were held by brokers or other nominees, the number of record holders with addresses in the United States might not fully reflect the number of beneficial owners in the United States.

#### Preferred Stock

Classes of preferred stock with shares outstanding as of March 31, 2006 consisted of fourth series class IV, sixth series class VI, eleventh series class XI and thirteenth series class XIII preferred stock, all of which are non-voting. The following table sets forth information regarding the combined ownership of shares of fourth

series class IV preferred stock, sixth series class VI preferred stock, eleventh series class XI preferred stock and thirteenth series class XIII preferred stock, by our fifteen largest shareholders of preferred stock as of March 31, 2006, as appearing on the register of preferred shareholders:

<u>Name</u>	<u>As of March 31, 2006</u>	
	<u>Number of shares owned</u>	<u>Percentage of issued shares</u>
The Resolution and Collection Corporation <sup>(1)</sup> .....	300,000	23.43%
The Dai-ichi Mutual Life Insurance Company .....	27,000	2.11
Meiji Yasuda Life Insurance Company .....	25,000	1.95
Sompo Japan Insurance Inc. .....	19,000	1.48
Fukoku Mutual Life Insurance Company .....	15,000	1.17
ITOCHU Corporation .....	10,000	0.78
The Kansai Electric Power Co., Inc. .....	10,000	0.78
Shiseido Company, Limited .....	10,000	0.78
Shimizu Corporation .....	10,000	0.78
Seiko Epson Corporation .....	10,000	0.78
Taisei Corporation .....	10,000	0.78
Electric Power Development Co., Ltd. .....	10,000	0.78
The Tokyo Electric Power Company, Incorporated .....	10,000	0.78
Nippon Express Co., Ltd. .....	10,000	0.78
Marubeni Corporation .....	10,000	0.78
 Total .....	 486,000	 37.96%

Notes:

- (1) The number of shares represents the total number of the shares of fourth series class IV preferred stock and sixth series class VI preferred stock held by the Resolution and Collection Corporation as of March 31, 2006. On July 4, 2006, we repurchased and cancelled all 150,000 shares of fourth series class IV preferred stock and all 150,000 shares of sixth series class VI preferred stock held by the Resolution and Collection Corporation.
- (2) The number of shares held by each of the remaining major shareholders represents the total number of the shares of eleventh series class XI preferred stock and thirteenth series class XIII preferred stock held by it as of March 31, 2006.

As of March 31, 2006, there was one record holder of our preferred stock with an address in the United States.

The following table shows the shares of preferred stock that we issued to, and repurchased from, the Resolution and Collection Corporation:

<u>Class of preferred shares</u>	<u>Date of repurchase</u>	<u>Number of shares repurchased</u>	<u>Original issue price</u>	<u>Repurchase price</u>
		(in billions of yen)		
First series class I preferred stock .....	August 31, 2004	33,000	¥ 99.0	¥ 59.5
Second series class II preferred stock .....	March 7, 2005	38,600	77.2	60.5
	August 29, 2005	61,400	122.8	115.3
Third series class III preferred stock .....	August 29, 2005	100,000	200.0	187.6
Fourth series class IV preferred stock .....	July 4, 2006	150,000	300.0	301.9
Sixth series class VI preferred stock .....	July 4, 2006	150,000	300.0	301.6
Seventh series class VII preferred stock .....	October 12, 2005	125,000	250.0	250.7
Eighth series class VIII preferred stock .....	March 7, 2005	65,700	131.4	148.8
	August 29, 2005	59,300	118.6	156.4
Ninth series class IX preferred stock .....	August 31, 2004	107,000	133.8	180.5
	March 7, 2005	33,000	41.3	50.7
Tenth series class X preferred stock .....	August 29, 2005	140,000	175.0	233.7

To our knowledge, we are not directly or indirectly owned or controlled by any another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly. We know of no arrangements the operation of which may at a later time result in a change of control.

## 7.B. Related Party Transactions

We and our subsidiary banks had, and expect to have in the future, banking transactions and other transactions in the ordinary course of business with our related parties. Although for the fiscal year ended March 31, 2006, such transactions included, but were not limited to, call money, loans, deposits, guarantees and foreign exchange transactions, those transactions were immaterial and were made at prevailing market rates, terms and conditions and do not involve more than the normal risk of collectibility or present other unfavorable features.

During the fiscal years ended March 31, 2004, 2005 and 2006, none of our directors or executive officers or corporate auditors, and none of the close members of their respective families, had any transactions that are material or any transactions that are unusual in their nature or conditions, involving goods, services or tangible or intangible assets, to which we were, are or will be a party, and there were no such transactions proposed as of March 31, 2006.

During the fiscal years ended March 31, 2004, 2005 and 2006, no loans were made to our directors or executive officers or corporate auditors other than in the normal course of business, on normal commercial terms and conditions.

## 7.C. Interests of Experts and Counsel

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **8.A. Consolidated Statements and Other Financial Information**

#### **Financial Statements**

Our consolidated financial statements are set forth in this registration statement under "Item 18. Financial Statements." Unaudited consolidated financial information for the first quarter of the fiscal year ending March 31, 2007 prepared under Japanese GAAP is set forth in Annex A to this registration statement. See "Item 5. Operating and Financial Review and Prospects—Reconciliation with Japanese GAAP" for a reconciliation of consolidated net income and shareholders' equity for the fiscal year ended March 31, 2006 under U.S. GAAP with those amounts under Japanese GAAP.

#### **Legal Proceedings**

We are involved in normal collection proceedings initiated by us and other legal proceedings in the ordinary course of our business.

An Indonesian subsidiary of ours acts as collateral agent for the trustee of bond issuances made by subsidiaries of Asia Pulp & Paper Company Ltd. ("APP"). In that role, the subsidiary is involved in disputes between the bondholders and such APP subsidiaries in their capacities as the issuers, guarantors and/or pledgors of security for the bonds relating to foreclosure proceedings on the collateral and has been named as a defendant in lawsuits brought by the obligors under the bonds in Indonesia. Our consolidated financial statements do not include a reserve in relation to this dispute because we do not believe the resolution of this matter will have a significant impact on our consolidated financial condition or results of operations.

#### **Dividend Policy**

We plan to determine the amounts of future dividends based on our earnings and other factors that are relevant at that time, while taking into consideration the level of our retained earnings under Japanese GAAP from the viewpoint of maintaining a solid financial profile.

We paid dividends of ¥3,500 per ordinary share for the fiscal year ended March 31, 2005 and ¥4,000 per ordinary share for the fiscal year ended March 31, 2006. Additionally, we paid the prescribed dividends for each class of preferred shares in each of these fiscal years.

### **8.B. Significant Changes**

Except as disclosed in note 33 to our consolidated financial statements, no significant change in our financial position has occurred since the date of the financial statements included in this registration statement.

## ITEM 9. THE OFFER AND LISTING

### 9.A. Listing Details

#### Market Price Information for Our American Depository Shares

We have applied to have our ADSs, each representing 1/500<sup>th</sup> of a share of our common stock, listed on the New York Stock Exchange.

Currently, no public market exists for our ADSs.

#### Market Price Information for Our Shares

See “Item 9.C. The Offer and Listing—Markets” for information on the stock exchanges on which our common stock is listed.

The following table sets forth, for the periods indicated, the high and low trading prices for our common stock since March 12, 2003 and for the common stock of Mizuho Holdings until March 5, 2003, as well as their average daily trading volume, on the First Section of the Tokyo Stock Exchange.

<u>Fiscal years ended/ending March 31,</u>	<u>Price per share</u>		<u>Average daily trading volume</u> (shares)
	<u>High</u>	<u>Low</u>	
2002 .....	¥ 810,000	¥198,000	31,044
2003 .....	338,000	90,300	61,608
2004 .....	455,000	58,300	180,447
2005 .....	560,000	391,000	90,873
2006 .....	969,000	469,000	93,074
2005:			
First quarter .....	560,000	396,000	151,238
Second quarter .....	498,000	397,000	67,491
Third quarter .....	517,000	391,000	78,098
Fourth quarter .....	538,000	478,000	67,042
2006:			
First quarter .....	525,000	469,000	45,867
Second quarter .....	747,000	483,000	99,881
Third quarter .....	966,000	660,000	142,578
Fourth quarter .....	969,000	812,000	83,746
2007:			
First quarter .....	1,030,000	827,000	93,471
Second quarter .....	1,010,000	861,000	63,819
Most recent six months:			
May .....	1,020,000	890,000	74,368
June .....	971,000	827,000	89,015
July .....	1,010,000	927,000	82,489
August .....	980,000	917,000	51,999
September .....	954,000	861,000	58,743
October (through October 19) .....	948,000	888,000	60,823

#### Type and Class of Securities Being Listed

This registration statement relates to our common stock, without par value. Shares of our common stock are represented by share certificates. See “Item 10. Additional Information” for additional information regarding our common stock. The American Depository Receipts, or ADRs, are issuable pursuant to the deposit agreement

dated [insert date] between The Bank of New York, as depositary, us and all owners and holders from time to time of American Depository Receipts issued thereunder. The ADRs evidence ADSs, and each ADS represents 1/500<sup>th</sup> share of our common stock deposited under the deposit agreement with the Tokyo head office of Mizuho Corporate Bank, as agent of the depositary, or any successor or successors to such agent or agents.

The rights of holders of ADRs, including such holders' rights relating to corporate governance practices, are governed by the deposit agreement included as Exhibit 2.3 to this registration statement. See also "Item 12. Description of Securities Other than Equity Securities—American Depository Shares" in this registration statement.

#### **9.B. Plan of Distribution**

Not applicable.

#### **9.C. Markets**

The principal trading market for our shares of common stock is the First Section of the Tokyo Stock Exchange. Our shares have been listed on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange, under the code "8411," since our establishment as the holding company of the Mizuho group on March 12, 2003, as the successor to Mizuho Holdings.

We have applied to have our ADSs listed on the New York Stock Exchange.

#### **9.D. Selling Shareholders**

Not applicable.

#### **9.E. Dilution**

Not applicable.

#### **9.F. Expenses of the Issue**

Not applicable.

## ITEM 10. ADDITIONAL INFORMATION

### 10.A. Share Capital

As of March 31, 2006, we had an authorized share capital of 25,000,000 shares of common stock, with no par value, and 4,698,500 shares of preferred stock. As of the same date, 12,003,995 shares of our common stock and 1,280,430 shares of our preferred stock were issued. All issued shares are fully-paid and non-assessable, and are in registered form.

Of our issued shares of common stock, as of March 31, 2006, Mizuho Financial Group held 2,596 shares as treasury stock, with an aggregate book value of ¥1,255 million, and our consolidated subsidiaries and equity-method affiliates held an aggregate of 393,429 shares, with an aggregate book value of ¥45,559 million. In calculating the number of treasury stock, the number of shares of our common stock owned by equity-method affiliates is multiplied by our equity ownership percentage in the relevant equity-method affiliate.

On July 7, 2006, we repurchased and cancelled 131,800 shares of treasury stock held by our subsidiary, Mizuho Financial Strategy. On July 4, 2006, we repurchased and cancelled all of 150,000 shares of fourth series class IV preferred stock and 150,000 shares of sixth series class VI preferred stock held by the Resolution and Collection Corporation.

The table below shows our share capital as of March 31, 2006:

<u>Class of share capital</u>	<u>Authorized Shares</u>	<u>Issued and outstanding shares</u>
Common stock .....	25,000,000	12,003,995
Fourth series class IV preferred stock <sup>(1)</sup> .....	150,000	150,000
Sixth series class VI preferred stock <sup>(1)</sup> .....	150,000	150,000
Eleventh series class XI preferred stock .....	1,398,500	943,740
Thirteenth series class XIII preferred stock .....	1,500,000	36,690

Notes:

- (1) Repurchased and cancelled on July 4, 2006.
- (2) Share ownership figures in the above table are rounded to the nearest full share.
- (3) While we have an authorized share capital of 1,500,000 shares of class XII preferred stock, no shares of class XII preferred stock were issued and outstanding as of March 31, 2006.

The following table shows our history of share capital in the fiscal years ended March 31, 2004, 2005 and 2006:

Types of issue or repurchase	Issue date or period	Number of outstanding shares issued or repurchased	Number of outstanding shares after issue or repurchase	Applicable exercise price per share (in yen)
Conversion of twelfth series class XI preferred stock into common stock .....	July 1, 2003 to March 31, 2004	Preferred stock converted: 96,000 Common stock issued: 1,344,538	Twelfth series class XI preferred stock: 5,500 Common stock: 11,926,965	n.a.
Repurchase of first series class I preferred stock .....	August 31, 2004	33,000	0	1,802,700
Repurchase of ninth series class IX preferred stock .....	August 31, 2004	107,000	33,000	1,686,750
Repurchase of second series class II preferred stock .....	March 7, 2005	38,600	61,400	1,568,000
Repurchase of eighth series class VIII preferred stock .....	March 7, 2005	65,700	59,300	2,264,600
Repurchase of ninth series class IX preferred stock .....	March 7, 2005	33,000	0	1,534,875
Conversion of twelfth series class XI preferred stock into common stock .....	April 1, 2004 to March 31, 2005	Preferred stock converted: 5,500 Common stock issued: 77,031	Twelfth series class XI preferred stock: 0 Common stock: 12,003,995	n.a.
Repurchase of second series class II preferred stock .....	August 29, 2005	61,400	0	1,877,733
Repurchase of third series class III preferred stock .....	August 29, 2005	100,000	0	1,875,783
Repurchase of eighth series class VIII preferred stock .....	August 29, 2005	59,300	0	2,637,033
Repurchase of tenth series class X preferred stock .....	August 29, 2005	140,000	0	1,669,333
Repurchase of seventh series class VII preferred stock .....	October 12, 2005	125,000	0	2,005,880

Note:

(1) Share numbers in the above table are rounded to the nearest full share.

## **10.B. Memorandum and Articles of Association**

### **Objects and Purposes in our Articles of Incorporation**

Our corporate purpose, as specified in article 2 of our articles of incorporation, which is included in this registration statement as Exhibit 1.1, is to engage in the following businesses as a bank holding company:

- operation and management of bank holding companies, banks, long-term credit banks, specialized securities companies and other companies which we may own as our subsidiaries under the Banking Law; and
- any other business incidental to the foregoing.

### **Our Board of Directors**

There is no provision in our articles of incorporation as to our directors' power to vote on a proposal, arrangement or contract in which a director is materially interested. The Company Law, however, requires such director to refrain from voting on such matters at meetings of the board of directors.

The Company Law provides that compensation for directors be determined at a general meeting of shareholders. Our board of directors will determine the compensation for each director without exceeding the upper limit on the aggregate amount of compensation for directors as a group approved by the shareholders' meeting. Our board of directors may, by its resolution, leave this decision to the discretion of our president.

The Company Law provides that the board of directors must approve significant loans from any third party to the company. Our regulations of the board of directors have adopted this policy.

Neither the Company Law nor our articles of incorporation set a mandatory retirement age for our directors.

There is no requirement concerning the number of shares an individual must hold to qualify as a director under the Company Law or our articles of incorporation.

### **Common Stock**

#### ***General***

Set forth below is information concerning our shares of common stock, including brief summaries of certain provisions of our articles of incorporation, our share handling regulations and the Company Law, which came into effect on May 1, 2006 relating to joint stock corporations (*kabushiki kaisha*) and certain related legislation, all as currently in effect.

Where relevant to the common stock, provisions of our preferred stock are also described below. Additional details on the terms of our outstanding preferred stock are given in note 15 to our consolidated financial statements included elsewhere in this registration statement.

#### ***Distribution of Surplus***

##### ***General***

Under the Company Law, distribution of cash or other assets by a joint stock corporation to its shareholders, including dividends, takes the form of distribution of Surplus (as defined in "—Restriction on Distribution of Surplus"). We are permitted to make distributions of Surplus to our shareholders any number of times per fiscal year pursuant to resolutions of our general meeting of shareholders, subject to certain limitations described in "—Restriction on Distribution of Surplus." Distributions of Surplus are required in

principle to be authorized by a resolution of a general meeting of shareholders. Distributions of Surplus are, however, permitted pursuant to a resolution of the board of directors if:

- (1) our articles of incorporation so provide (our current articles of incorporation do not have such provision);
- (2) the normal term of office of our directors is one year; and
- (3) our non-consolidated annual financial statements and certain documents for the latest fiscal year fairly present our assets and profit and loss, as required by an ordinance of the Ministry of Justice.

In an exception to the above rule, even if the requirements described in (1) through (3) are not met, we are permitted to make distributions of Surplus in cash to our shareholders by resolutions of the board of directors once per fiscal year if our articles of incorporation so provide. Our current articles of incorporation provide such distribution of Surplus as interim dividends, the record date for which is September 30 each year.

Distributions of Surplus may be made in cash or in kind in proportion to the number of shares of common stock held by each shareholder. A resolution of a general meeting of shareholders or the board of directors authorizing a distribution of Surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of Surplus is to be made in kind, we may, pursuant to a resolution of a general meeting of shareholders or (as the case may be) the board of directors, grant the right to our shareholders to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of Surplus must be approved by a special resolution of a general meeting of shareholders (see “—Voting Rights” with respect to a “special resolution”).

Under our articles of incorporation, the record date for annual dividends and interim dividends is March 31 and September 30, respectively, in each year. In Japan, the “ex-dividend date” (the date from which purchasers of shares through Japanese stock exchanges will not be entitled to the dividends to be paid to registered shareholders as of any record date) and the record date for dividends precede the date of determination of the amount of the dividend to be paid. The ex-dividend date of the shares of common stock is generally the third business day prior to the record date. Under our articles of incorporation, we are not obligated to pay any distribution of Surplus to be made in cash which has not been received after the lapse of five years from the commencement date of such distribution.

#### ***Restriction on Distribution of Surplus***

Payment of annual dividends on shares of common stock is also subject to the prior payment of dividends on shares of preferred stock of ¥20,000 per share of eleventh series class XI preferred stock and ¥30,000 per share of thirteenth series class XIII preferred stock. In the event we pay an interim dividend on shares of our common stock, an interim preferred dividend of one-half the annual preferred dividend amount is paid on the shares of the two series of preferred stock.

In making a distribution of Surplus, we must set aside in our additional paid-in capital and/or legal reserve an amount equal to one-tenth of the amount of Surplus so distributed, until the sum of its additional paid-in capital and legal reserve reaches one-quarter of its stated capital.

The amount of Surplus at any given time must be calculated in accordance with the following formula:

$$A + B + C + D - (E + F + G)$$

In the above formula:

“A” = the total amount of other capital surplus and other retained earnings, each such amount being that appearing on our non-consolidated balance sheet as of the end of the last fiscal year

“B” = (if we have disposed of our treasury stock after the end of the last fiscal year) the amount of the consideration for such treasury stock received by us less the book value thereof

“C” = (if we have reduced our stated capital after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to additional paid-in capital or legal reserve (if any)

“D” = (if we have reduced our additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any)

“E” = (if we have cancelled our treasury stock after the end of the last fiscal year) the book value of such treasury stock

“F” = (if we have distributed Surplus to our shareholders after the end of the last fiscal year) the total book value of the Surplus so distributed

“G” = certain other amounts set forth in an ordinance of the Ministry of Justice, including:

- if we have reduced Surplus and increased our stated capital, additional paid-in capital or legal reserve after the end of the last fiscal year, the amount of such reduction; and
- if we have distributed Surplus to shareholders after the end of the last fiscal year, the amount set aside in our additional paid-in capital or legal reserve, if any, as required by ordinances of the Ministry of Justice.

The aggregate book value of Surplus distributed by us may not exceed a prescribed distributable amount (the “Distributable Amount”), as calculated on the effective date of such distribution. The Distributable Amount at any given time shall be the amount of Surplus less the aggregate of (a) the book value of our treasury stock, (b) the amount of consideration for any of our treasury stock disposed of by us after the end of the last fiscal year and (c) certain other amounts set forth in an ordinance of the Ministry of Justice, including (if the sum of one-half of our goodwill and deferred assets exceeds the total of the stated capital, additional paid-in capital and legal reserve, each such amount being the amount in our non-consolidated balance sheet as of the end of the last fiscal year) all or certain part of such exceeding amount as calculated in accordance with the ordinances of the Ministry of Justice.

If we have become at our option a company with respect to which its consolidated balance sheet should also be considered in the calculation of the Distributable Amount (*renketsu haito kisei tekiyo kaisha*), we shall further deduct from the amount of Surplus the excess amount, if any, of (x) the total amount of the shareholders’ equity appearing on our non-consolidated balance sheet as of the end of the last fiscal year and certain other amounts set forth by an ordinance of the Ministry of Justice over (y) the total amount of the shareholders’ equity and certain other amounts set forth by an ordinance of the Ministry of Justice appearing on our consolidated balance sheet as of the end of the last fiscal year. We currently have no intention to opt for becoming such a company with respect to the fiscal year ending March 31, 2007.

If we have prepared interim financial statements as described below, and if such interim financial statements have been approved by the board of directors or (if so required by the Company Law) by a general meeting of shareholders, then the Distributable Amount must be adjusted to take into account the amount of profit or loss, and the amount of consideration for any of our treasury stock disposed of by us, during the period in respect of which such interim financial statements have been prepared. We may prepare non-consolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last fiscal year and an income statement for the period from the first day of the current fiscal year to the date of such balance sheet. Interim financial statements so prepared by us must be audited by our corporate auditors and/or outside accounting auditor, as required by an ordinance of the Ministry of Justice.

### ***Capital and Reserves***

We may reduce our additional paid-in capital or legal reserve generally by resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as stated capital. On the other hand, we may reduce our stated capital generally by special resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as additional paid-in capital or legal reserve. In addition, we may reduce our Surplus and increase either (i) stated capital or (ii) additional paid-in capital and/or legal reserve by the same amount, in either case by resolution of a general meeting of shareholders.

### ***Stock Splits***

We may at any time split shares of common stock into a greater number of shares of common stock by resolution of the board of directors. When a stock split is to be made, so long as our only class of outstanding stock is the common stock, we may increase the number of authorized shares in the same ratio as that of such stock split by amending our articles of incorporation, of which amendment may be effected by resolution of the board of directors without approval by shareholders.

Generally, shareholders do not need to exchange share certificates for new ones following a stock split, but certificates representing the additional shares of common stock resulting from the stock split will be issued to shareholders. Before a stock split, we must give public notice of the stock split, specifying the record date therefor, not less than two weeks prior to such record date.

### ***Fractional Shares and Unit Shares***

A holder of fractional shares constituting one-hundredth of one share or any integral multiple thereof are registered in our register of fractional shares. Fractional shares do not carry voting rights, but holders thereof are entitled to receive dividends and certain other economic rights. No certificate is issued representing fractional shares. As the transfer of shares generally requires delivery of the share certificates therefor, fractional shares are normally not transferable. Registered holders of fractional shares may at any time request us to purchase such fractional shares at the current market price as determined pursuant to the Commercial Code, applicable as an interim measure. In addition, registered holders of fractional shares may require us to sell them a number of fractional shares, of which number, when combined with the number already held by such holder, shall become one share, provided that such request is met only when we own the necessary number of our shares. As of March 31, 2006, there were 23,604.49 fractional shares of our common stock. The Company Law abolished the above fractional share system, except to the extent fractional shares were outstanding at the time of enactment of the Company Law in which case the interim measure described above is applicable.

We may adopt a unit share system by amending our articles of incorporation, although it is also possible for us to continue to use the fractional share system as we currently do. If a unit share system is adopted by us simultaneously with a stock split, the relevant amendment to our articles of incorporation may be authorized by the board of directors, provided that, following such amendment, the number of units may not be less than the number of shares immediately prior to such amendment. Under the unit share system, shareholders have one voting right for each unit of shares held by them, and shares constituting less than a full unit will carry no voting rights. If the articles of incorporation so provide, the holders of shares constituting less than a full unit will not have the right to receive dividends, nor will they have other shareholder rights except for those specified in the Company Law or an ordinance of the Ministry of Justice. The articles of incorporation may also provide that no certificates representing any fraction of a unit may be issued. In such case, any fraction of a unit for which no share certificates are issued will not be transferable. Holders of shares constituting less than a full unit may at any time request us to purchase such shares at the current market price as determined pursuant to the Company Law, which request may not be withdrawn without our consent.

### ***General Meetings of Shareholders***

The ordinary general meeting of shareholders shall be held no later than three months from the last day of each business year and is normally held in June of each year. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary. Notice of a shareholders' meeting stating the place, the time and the purpose thereof must be given to each shareholder having voting rights (or, in the case of a non-resident shareholder, to its standing proxy or mailing address in Japan) at least two weeks prior to the date set for the meeting. The record date for an ordinary general meeting of shareholders is March 31 of each year.

Any shareholder holding at least 300 voting rights or 1% of the total number of voting rights for six months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a request to a representative director at least eight weeks prior to the date of such meeting. Any of the minimum percentages, time periods and number of voting rights necessary for exercising the minority shareholder rights described above may be decreased or shortened if our articles of incorporation so provide.

### ***Voting Rights***

A holder of shares of common stock is entitled to one voting right for each such share, except that neither we, nor a corporation or other entity, more than one-quarter of the total voting rights of which are directly or indirectly held by us, may exercise its voting rights with respect to shares of common stock held by it. If we adopt the unit share system as described in "—Fractional Shares," our shareholders will have one voting right for each unit of shares held by them.

Except as otherwise provided by law or in our articles of incorporation, a resolution shall be adopted at a general meeting of shareholders by a majority of the voting rights held by the shareholders present at the meeting. Our articles of incorporation provide that the quorum for election of directors and corporate auditors is one-third of the total number of voting rights. Our shareholders are not entitled to cumulative voting in the election of directors. A shareholder may exercise its voting rights in writing or through a proxy, provided that the proxy shall also be a holder of our shares having voting rights at such meeting.

The Company Law provides that certain important matters shall be approved by a "special resolution" of a general meeting of shareholders. Under our articles of incorporation, the quorum for a special resolution is one-third of the total number of voting rights, and the approval of not less than two-thirds of the voting rights held by the shareholders present at the meeting is required for adopting a special resolution. Such important matters include:

1. any amendment to our articles of incorporation (except for such amendments that may be authorized by the board of directors under the Company Law such as (i) an increase of the number of authorized shares in the same ratio as that of a stock split, (ii) a reduction of the number of shares per unit of shares and (iii) abolishing the unit share system);
2. dismissal of a corporate auditor;
3. our dissolution, merger or consolidation requiring shareholders' approval;
4. establishment of a parent and wholly owned subsidiary relationship by way of a share transfer (*kabushiki-itenn*) or share exchange (*kabushiki-kokan*) requiring shareholders' approval;
5. transfer of the whole or a substantial part of our business;
6. taking over of the whole of the business of another company requiring shareholders' approval;
7. our corporate split requiring shareholders' approval;
8. consolidation of shares of common stock;
9. acquisition of shares of common stock by us from a specific shareholder other than our subsidiary;

10. distribution of Surplus in kind (except when shareholders are granted the right to require to make such distribution in cash instead of in kind);
11. issuance or transfer of new shares or existing shares held by us as treasury stock to persons other than the shareholders at a “specially favorable” price; and
12. issuance of stock acquisition rights (including those incorporated in bonds with stock acquisition rights) to persons other than the shareholders under “specially favorable” conditions.

#### ***Liquidation Rights***

In the event of our liquidation, the assets remaining after payment of all debts, liquidation expenses, taxes and distributions of residual assets relating to the then outstanding preferred stock will be distributed among holders of shares of common stock in proportion to the respective numbers of shares held by them. See “—Preferred Stock— Liquidation Rights.”

#### ***Issue of Additional Shares and Pre-emptive Rights***

Holders of the common stock have no pre-emptive rights. Authorized but unissued shares of common stock may be issued at such times and upon such terms as the board of directors determines, subject to the limitations as to the issuance of new shares of common stock at a “specially favorable” price mentioned in “—Voting Rights.” The board of directors may, however, determine that shareholders of a particular class of stock shall be given subscription rights to new shares of the same class, in which case they must be given on uniform terms to all shareholders of that class as of a record date of which not less than two weeks’ prior public notice must be given. Each of the shareholders to whom such rights are given must also be given at least two weeks’ prior notice of the date on which such rights expire.

#### ***Stock Acquisition Rights***

We may issue stock acquisition rights (*shinkabu yoyakuken*). Holders of stock acquisition rights are entitled to acquire shares from us, upon payment of the applicable exercise price, and subject to other terms and conditions thereof. We may also issue bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). The issuance of stock acquisition rights and bonds with stock acquisition rights may be authorized by the board of directors unless it is made under “specially favorable” conditions, as described in “—Voting Rights.”

#### ***Record Date***

As mentioned above, March 31 is the record date for the payment of annual dividends and the determination of shareholders entitled to vote at the ordinary general meeting of shareholders. September 30 is the record date for the payment of interim dividends. In addition, by a resolution of the board of directors and after giving at least two week’s prior public notice, we may at any time set a record date in order to determine the shareholders who are entitled to certain rights pertaining to our stock.

#### ***Acquisition by Us of Common Stock***

We may acquire shares of common stock:

1. by way of purchase on any Japanese stock exchange on which the shares of our common stock are listed or by way of tender offer (in either case pursuant to a resolution of the board of directors as currently authorized by our articles of incorporation);
2. from a specific shareholder other than any of our subsidiaries (pursuant to a special resolution of an ordinary general meeting of shareholders); or
3. from any of our subsidiaries (pursuant to a resolution of the board of directors).

In the case of 2 above, any other shareholder may make a request to a representative director to be included as a seller in the proposed purchase, unless the purchase price or any other consideration to be received by the relevant specific shareholder will not exceed the last trading price of the shares on the relevant stock exchange on the day immediately preceding the date on which the resolution mentioned in 2. above was adopted (or, if there is no trading in the shares on the stock exchange or if the stock exchange is not open on such day, the price at which the shares are first traded on such stock exchange thereafter).

The total amount of the purchase price of shares of common stock may not exceed the Distributable Amount, as described in “—Distribution of Surplus—Restriction on Distribution of Surplus.”

We may hold the shares of common stock acquired, and may generally dispose of or cancel such shares by resolution of the board of directors.

#### ***Disposal of Shares of Common Stock Held by Shareholders whose Location is Unknown***

We are not required to send notices to a shareholder if notices given by us to such shareholder fail to arrive for five consecutive years or more at its address registered in our register of shareholders or otherwise notified to us.

In the above case, if the relevant shareholder also fails to receive dividends on the shares continuously for five years or more at its address registered in our register of shareholders or otherwise notified to us, then we may in general dispose of such shares at their then market price and hold or deposit the proceeds of such disposition on behalf of the relevant shareholder.

#### ***Reporting of Substantial Shareholders***

The Securities and Exchange Law and its related regulations require any person who has become, beneficially and solely or jointly, a holder of more than 5% of the total issued shares of capital stock of a company that is listed on any Japanese stock exchange to file a report with the Director of the relevant Local Finance Bureau of the Ministry of Finance within five business days. With certain exceptions, a similar report must also be filed in respect of any subsequent change of 1% or more in the holding or of any change in material matters set forth in any previously filed reports. For this purpose, shares issuable to such person upon conversion of convertible securities or exercise of share subscription warrants or stock acquisition rights are taken into account in determining both the number of shares held by the holder and the company’s total issued share capital. Copies of each report must also be furnished to the company of the shares and to all the Japanese stock exchanges on which the shares are listed.

There are other reporting requirements under the Banking Law. See “Item 4.B. Business Overview—Supervision and Regulation—Japan—Examination and Reporting Applicable to Shareholders.”

#### ***Holding of Shares of Our Common Stock by Foreign Investors***

There are no limitations imposed by the laws of Japan, our articles of incorporation or our other constituent documents on the rights of non-residents or foreign shareholders to hold or exercise voting rights on our shares of common stock or preferred stock.

#### ***Transfer of Shares***

Transfer of shares of common stock of a company issuing share certificates is effected by delivery of share certificates, but in order to assert shareholders’ rights against us, the transferee must have its name and address registered in our register of shareholders. For this purpose, shareholders are required to file their names, addresses and seals with our transfer agent. Foreign shareholders may file specimen signatures in lieu of seals.

Non-resident shareholders are required to appoint a standing proxy in Japan or provide a mailing address in Japan. Japanese securities firms and commercial banks customarily act as standing proxy and provide related services for standard fees.

Our transfer agent is Mizuho Trust & Banking, located at 2-1, Yaesu 1-chome, Chuo-ku, Tokyo 103-8670, Japan.

The registered holder of deposited shares underlying the ADSs is the depositary for the ADSs. Accordingly, holders of ADSs will not be able to directly assert their shareholders' rights against us.

The central clearing system of share certificates under the Law Concerning Central Clearing of Share Certificates and Other Securities of Japan applies to the common stock. Pursuant to this system, a holder of common stock is able to choose, at its discretion, to participate in this system and all certificates for shares of common stock elected to be put into this system are deposited with JASDEC (through a participating institution having a clearing account with JASDEC, if the holder is not such a participating institution) and all such shares are registered in the name of JASDEC in our register of shareholders. Each participating shareholder will, in turn, be registered in our register of beneficial shareholders and treated in the same way as shareholders registered in our register of shareholders. In connection with transfer of shares of common stock held under this system, entry of the share transfer in the book maintained by JASDEC for the participating institutions or the book maintained by each participating institution for its customers or both shall have the same effect as delivery of share certificates.

A law was promulgated in June 2004 to establish a new central clearing system for shares of listed companies and to eliminate the issuance and use of certificates for such shares and the part of this law relevant to common stock will come into effect within five years of the date of the promulgation. On the effective date, a new central clearing system will be established and will become responsible for handling the shares of all Japanese companies listed on any Japanese stock exchange, including shares of common stock. On the same day, all existing share certificates will become null and void. The transfer of such shares will be effected through entry in the books maintained under the new central clearing system.

## **Preferred Stock**

The following is a summary of information concerning the shares of our preferred stock, including brief summaries of the relevant provisions of our articles of incorporation, our share handling regulations and the Company Law and certain related legislation, all as currently in effect. The detailed rights of our preferred stock are set forth in our articles of incorporation and the resolutions of our board of directors relating to the issuance of the relevant series of preferred stock.

### ***General***

Under our articles of incorporation, we are authorized to issue 150,000 shares of class IV preferred stock, 150,000 shares of class VI preferred stock, 1,398,500 shares of class XI preferred stock, 1,500,000 shares of class XII preferred stock and 1,500,000 shares of class XIII preferred stock.

As of March 31, 2006, 150,000 shares of fourth series class IV preferred stock, 150,000 shares of sixth series class VI preferred stock, 943,740 shares of eleventh series class XI preferred stock and 36,690 shares of thirteenth series class XIII preferred stock were outstanding. On July 4, 2006, we repurchased and cancelled all of 150,000 shares of fourth series class IV preferred stock and 150,000 shares of sixth series class VI preferred stock held by the Resolution and Collection Corporation.

### ***Preferred Dividends***

Payment of annual dividends on shares of common stock is subject to the prior payment on shares of preferred stock. The amount of preferred dividends for each type of outstanding preferred stock is as follows:

- Eleventh series class XI preferred stock bears an annual non-cumulative dividend of ¥20,000 per share, and in the event we pay an interim dividend, holders are entitled to receive ¥10,000 in preference to common shares.
- Thirteenth series class XIII preferred stock bear an annual non-cumulative dividend of ¥30,000 per share, and in the event we pay an interim dividend, holders are entitled to receive ¥15,000 in preference to common shares.

The amount of any preferred interim dividend will be deducted from the preferred dividend payable on preferred shares in respect of the same fiscal year.

No payment of dividends on our preferred shares or any other shares may be made unless we have sufficient Distributable Amount and a resolution to pay such dividend is obtained at the relevant ordinary general meeting of shareholders, in the case of annual dividends or at the board of directors, in the case of preferred interim dividends.

Dividends on our preferred shares are non-cumulative. If the full amount of any dividend is not declared on our preferred shares in respect of any fiscal year, holders of our preferred shares do not have any right to receive dividends in respect of the deficiency in any subsequent fiscal year, and we will have no obligation to pay the deficiency or to pay any interest regardless of whether or not dividends are paid in respect of any subsequent fiscal year. The holders of our preferred shares are not entitled to any further dividends or other participation in or distribution of surplus.

### ***Liquidation Rights***

In the event of our voluntary or involuntary liquidation, holders of shares of our preferred stock will be entitled, equally in rank as among themselves and in preference over shares of common stock, to receive out of our residual assets upon liquidation a distribution of ¥1,000,000 per share in the case of eleventh series class XI and thirteenth series class XIII preferred stock.

Holders of shares of our preferred stock are not entitled to any further dividends or other participation or distribution of our residual assets upon our liquidation.

### ***Voting Rights***

No holder of preferred stock has the right to receive notice of, or to vote at, a general meeting of shareholders, except as otherwise specifically provided under the Company Law or other applicable law or our articles of incorporation. Under our articles of incorporation, holders of shares of our preferred stock will be entitled to receive notice of, and to vote at, general meetings of shareholders:

- from the commencement of any ordinary general meeting of shareholders if an agenda for approval to declare a preferred dividend is not submitted to such meeting, or
- from the close of any ordinary general meeting of shareholders if a proposed resolution to declare a preferred dividend is not approved at such meeting,

until in each case such time as a resolution of an ordinary general meeting of shareholders declaring a preferred dividend is approved.

A separate resolution of a meeting of the holders of the preferred stock is required in order to approve the following matters which would prejudice the interests of the holders of the relevant preferred stock:

- (i) an amendment to the articles of incorporation to add new classes of shares to be issued, alter the terms of the shares or increase the number of authorized number of shares or authorized number of any class of shares, with certain exceptions;
- (ii) consolidation or split of shares;
- (iii) *pro rated* allocation of shares or stock acquisition rights to shareholders without any consideration;
- (iv) granting pre-emptive rights for new shares or stock acquisition rights;
- (v) amalgamations or mergers;
- (vi) certain corporate splits;
- (vii) share exchanges;
- (viii) share transfers; and
- (ix) other matters set forth in the articles of incorporation.

Such separate resolution is not required when the articles of incorporation so provide, except in the case of (i) above.

#### ***Ranking***

We will not (unless the requisite sanction has been given by holders of preferred stock) create or issue any other shares ranking, as regards order of participation in the profits or assets of us on a liquidation or otherwise, in priority to the preferred stock in issue, but we may issue, without obtaining the consent of holders of the preferred stock in issue, other preferred stock ranking *pari passu* with the preferred stock in issue as regards the order of such participation in profits or assets of us and carrying such rights as to rates of preferred dividends or terms of conversion as the board of directors may determine, subject to the limitations set forth in our articles of incorporation and the Company Law.

#### ***Acquisition of Preferred Stock***

We may, if required, subject to regulatory approval, acquire any shares of the preferred stock then outstanding at any time out of the Distributable Amount (as defined in “—Common Stock—Dividends—Restriction of Dividends”). We may also, acquire all or a portion of the thirteenth series class XIII preferred stock on or after April 1, 2013 at a price of ¥1,000,000 per share, with the equivalent amount of preferred dividends in arrears to such acquisition, without consent of the holders of shares of such preferred stock. When a portion of a certain class of preferred stock is acquired, such acquisition shall be made from each holder thereof in number of shares determined by way of a lot or pro rata allocation.

#### ***Stock Splits***

Our articles of incorporation provide that no stock split, stock consolidation or free distribution of stock shall be made in respect of the preferred stock unless otherwise provided for in any law or regulation.

#### ***Issue of Additional Shares and Pre-emptive Rights***

Our articles of incorporation provide that no holder of our preferred stock has any pre-emptive right to subscribe for or purchase shares, stock acquisition rights or bonds with stock acquisition rights in the event of an issuance of additional shares or bonds and that no free distribution of stock acquisition rights may be made to the holders of our preferred stock.

### **Conversion**

Our articles of incorporation provide that holders of class XI preferred stock may, at their option, convert their shares to common stock by requesting us to acquire such shares and issue or transfer common stock to them. Other classes of our preferred stock outstanding are non-convertible.

Our articles of incorporation also provide that class XI preferred stock outstanding on the last day of the acquisition period will be mandatorily acquired with shares of common stock on the immediately following day at the then-current market price per share of our common stock.

Eleventh series class XI preferred stock may, at the option of the holder thereof, be acquired with shares of common stock at any time from July 1, 2008 to June 30, 2016 at a market price per share of our common stock as at the commencement date of the acquisition period, subject to anti-dilution adjustment and annual reset to the market price of our common stock on July 1 of each year. For the purpose of determination of the initial conversion price, the reset of the conversion price and the mandatory conversion price, the market price is deemed to be the average price of daily closing prices of our common stock on the Tokyo Stock Exchange for the 30 consecutive trading days commencing 45th trading days prior to the commencement date of the conversion period, the relevant reset date or the mandatory conversion date, respectively. The conversion price is subject to floor price of ¥50,000 which is also subject to anti-dilution adjustment.

### **10.C. Material Contracts**

There were no material contracts entered into by us for the two years preceding the filing of this registration statement that were not entered into in the ordinary course of business.

### **10.D. Exchange Controls**

#### **Foreign Exchange and Foreign Trade Law**

The Foreign Exchange and Foreign Trade Law of Japan and the cabinet orders and ministerial ordinances incidental thereto, collectively the Foreign Exchange Law, set forth, among other matters, the regulations relating to the receipt by non-residents of Japan of payment with respect to shares to be issued by us and the acquisition and holding of shares by non-residents of Japan and foreign investors, both as defined below. It also applies in some cases to the acquisition and holding of our shares or ADSs representing such shares acquired and held by non-residents of Japan and by foreign investors. Generally, the Foreign Exchange Law currently in effect does not affect the right of a non-resident of Japan to purchase or sell ADSs outside Japan for non-Japanese currency.

“Non-residents of Japan” are defined as individuals who are not resident in Japan and corporations whose principal offices are located outside Japan. Generally, the branches and offices of non-resident corporations which are located in Japan are regarded as residents of Japan while the branches and offices of Japanese corporations located outside Japan are regarded as non-residents of Japan.

“Foreign investors” are defined as:

- individuals not resident in Japan;
- corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan;
- corporations of which 50% or more of the shares are held by individuals not resident of Japan and/or corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan; and
- corporations, a majority of officers (or a majority of officers having the power of representation) of which are non-resident individuals.

## **Dividends and Proceeds of Sales**

Under the Foreign Exchange Law, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may in general be converted into any foreign currency and repatriated abroad. The acquisition of our shares by non-residents by way of a stock split is not subject to any notification or reporting requirements.

## **Acquisition of Shares**

In general, a non-resident who acquires shares from a resident of Japan is not subject to any prior filing requirement, although the Foreign Exchange Law empowers the Minister of Finance of Japan to require prior approval for any such acquisition in certain limited circumstances. While such prior approval is not required in general, in the case where a resident of Japan transfers shares of a Japanese company for consideration exceeding ¥100 million to a non-resident of Japan, the resident of Japan that transfers the shares is required to report the transfer to the Minister of Finance of Japan within 20 days from the date of the transfer, unless the transfer is made through a bank, securities company or financial futures trader licensed under Japanese law.

If a foreign investor acquires our shares and, together with parties who have a special relationship with that foreign investor, holds 10% or more of our issued shares as a result of such acquisition, the foreign investor must file a report of such acquisition with the Minister of Finance and any other competent Minister within 15 days from and including the date of such acquisition, except under limited circumstances including an acquisition of our shares through the offering conducted overseas. In certain limited circumstances, however, a prior notification of such acquisition must be filed with the Minister of Finance and any other competent Minister, who may modify or prohibit the proposed acquisition.

## **Deposit and Withdrawal under American Depository Facility**

The deposit of shares with Mizuho Corporate Bank, in its capacity as custodian and agent for the depositary, in Tokyo, the issuance of ADSs by the depositary to a non-resident of Japan in respect of the deposit and the withdrawal of the underlying shares upon the surrender of the ADR are not subject to any of the formalities or restrictions referred to above. However, where as a result of a deposit or withdrawal the aggregate number of shares held by the depositary, including shares deposited with Mizuho Corporate Bank as custodian for the depositary, or the holder surrendering the ADR, as the case may be, would be 10% or more of the total outstanding shares, a report will be required, and in specified circumstances, a prior notification may be required, as noted above.

## **10.E. Taxation**

### **Japanese Taxation**

The following is a general summary of major Japanese national tax consequences to holders of shares or ADSs representing shares of our common stock who are non-residents of Japan or non-Japanese corporations without a permanent establishment in Japan to which the relevant income is attributable, which we refer to as “non-resident holders” in this section. The statements regarding Japanese tax laws set forth below are based on the laws in force and as interpreted by the Japanese tax authorities as at the date of this Annual Report and are subject to changes in the applicable Japanese laws or tax treaties, conventions or agreements, or interpretations thereof, occurring after that date. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of shares or ADSs, including specifically the tax consequences under Japanese law, the laws of the jurisdiction of which they are resident and any tax treaty, convention or agreement between Japan and their country of residence, by consulting their own tax advisers.

For the purpose of Japanese tax law and the tax treaty between the United States and Japan, a U.S. holder of ADSs will generally be treated as the owner of the shares underlying the ADSs evidenced by the ADRs.

Generally, a non-resident holder of shares of our stock is subject to Japanese income tax collected by way of withholding on dividends paid by us, and we will withhold such tax prior to payment of dividends. Stock splits are, in general, not a taxable event.

In the absence of any applicable tax treaty, convention or agreement reducing the maximum rate of withholding tax or allowing exemption from Japanese withholding tax, the rate of Japanese withholding tax applicable to dividends paid by Japanese corporations on their shares of stock to non-resident holders is generally 20% under Japanese tax law. However, with respect to dividends paid on listed shares issued by a Japanese corporation (such as shares of our common stock or ADSs) to non-resident holders, other than any individual who holds 5% or more of the total number of shares issued by the relevant Japanese corporation, the aforementioned 20% withholding tax rate is reduced to (i) 7% for dividends due and payable on or before March 31, 2008 and (ii) 15% for dividends due and payable on or after April 1, 2008.

Under the income tax treaty between the United States and Japan, the maximum rate of Japanese withholding tax which may be imposed on dividends paid to a qualified United States resident eligible to enjoy treaty benefits that is either a corporation owning, directly or indirectly, less than 10% of the voting stock of a Japanese corporation or an individual is generally reduced to 10% of the gross amount actually distributed, except where such United States resident conducts business in Japan through a permanent establishment situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. Dividends paid to pension funds which are qualified United States residents eligible to enjoy treaty benefits are exempt from Japanese income taxation by way of withholding or otherwise unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension funds. Under Japanese tax law, any reduced maximum rate applicable under a tax treaty shall be available when such maximum rate is below the rate otherwise applicable under the Japanese tax law referred to in the preceding paragraph with respect to the dividends to be paid by us on shares of our common stock or ADSs. In the case of non-resident holders receiving dividends paid by us on ADSs, any reduced rate or exemption provided under any applicable tax treaty will be applicable to such non-resident holders if the Depositary or its Agent submits two Application Forms (one before payment of dividends and the other within eight months after our fiscal year-end or semi-fiscal year-end), together with certain other documents. To claim this reduced rate or exemption, non-resident holders of ADSs will be required to file a proof of taxpayer status, residence and beneficial ownership, as applicable, and to provide other information or documents as may be required by the Depositary. Non-resident holders who are entitled, under any applicable tax treaty, to a reduced rate of Japanese withholding tax below the rate otherwise applicable under Japanese tax law, or exemption therefrom, as the case may be, but fail to submit the required application in advance may nevertheless be entitled to claim a refund from the relevant Japanese tax authority of withholding taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident holders are entitled to a reduced treaty rate under the applicable income tax treaty) or the full amount of tax withheld (if such non-resident holders are entitled to an exemption under the applicable income tax treaty), as the case may be, from the relevant Japanese tax authority, by complying with a certain subsequent filing procedure.

We do not assume any responsibility to ensure withholding at the reduced rate, or exemption therefrom, for holders who would be eligible under an applicable tax treaty but who do not follow the required procedures as stated above.

Gains derived from the sale or other disposition of shares or ADSs within or outside Japan by a non-resident holder, who is a portfolio investor, are not, in general, subject to Japanese income tax or corporation tax.

Any deposits or withdrawals of shares by a non-resident holder in exchange for ADSs are, in general, not subject to Japanese income or corporation tax.

Japanese inheritance and gift taxes, at progressive rates, may be payable by an individual who has acquired our shares or ADSs from an individual, as a legatee, heir or donee, even if none of the acquiring individual, the decedent or the donor is a Japanese resident.

## **U.S. Taxation**

The following sets forth the material United States federal income tax consequences of the ownership of shares and ADSs as of the date hereof. The discussion set forth below is applicable to U.S. Holders (as defined below) (i) who are residents of the United States for purposes of the current income tax treaty between Japan and the United States (the “Treaty”), (ii) whose shares or ADSs are not, for purposes of the Treaty, effectively connected with a permanent establishment in Japan and (iii) who otherwise qualify for the full benefits of the Treaty.

The following summary is not a complete analysis or description of all potential U.S. federal income tax consequences to a particular U.S. holder. It does not address all U.S. federal income tax considerations that may be relevant to all categories of potential purchasers, certain of which (such as banks or other financial institutions, insurance companies, dealers in securities or currencies, tax-exempt entities, non-U.S. persons, persons holding a share or an ADS as part of a “straddle,” “hedge,” conversion or integrated transaction, partnerships or other pass-through entities for U.S. federal income tax purposes, traders in securities who have elected the mark-to-market method of accounting for their securities, regulated investment companies, real estate investment trusts, holders whose “functional currency” is not the U.S. dollar, holders liable for alternative minimum tax and holders of 10% or more of our voting shares) are subject to special tax treatment. This summary does not address any foreign, state, local or other tax consequences of investments in our shares or ADSs.

This summary addresses only shares or ADSs held as capital assets.

As used herein, a “U.S. holder” is a beneficial owner of shares or ADSs, as the case may be, that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons as described in Section 7701(a)(30) of the Code or (2) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership holds shares or ADSs, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding shares or ADSs, you should consult your tax advisor.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. In addition, this summary is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

We urge U.S. holders to consult their own tax advisors concerning the U.S. federal, state and local and other tax consequences to them of the purchase, ownership and disposition of shares or ADSs.

The U.S. Treasury has expressed concerns that parties through whom ADSs are pre-released may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of ADSs. Such actions would also be inconsistent with the claiming of the reduced rate of tax, described in “—Taxation of Dividends” below, applicable to dividends received by certain non-corporate holders. Accordingly, the analysis of the creditability of Japanese taxes and the availability of the reduced tax rate for dividends received by certain non-corporate holders, each described in “—Taxation of Dividends” below, could be affected by actions taken by parties through whom the ADSs are released.

#### ***ADSs***

If a U.S. holder holds ADSs, for U.S. federal income tax purposes, such holder will generally be treated as the owner of the underlying shares that are represented by such ADSs. Accordingly, deposits or withdrawals of shares in exchange for ADSs are not subject to U.S. federal income tax.

#### ***Taxation of Dividends***

The gross amount of any distribution received with respect to our shares or ADSs (including amounts withheld to reflect Japanese withholding taxes), will be taxable as dividends, to the extent paid out of the current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). The amount of distribution of property other than cash will be the fair market value of such property on the date of the distribution. Such cash or non-cash income, including withheld taxes, will be includable in a U.S. holder’s gross income as ordinary income on the day actually or constructively received by such U.S. holder in the case of shares, or by the depositary, in the case of ADSs. Such dividends received by a U.S. holder will not be eligible for the “dividends-received deduction” allowed to U.S. corporations in respect of dividends received from other U.S. corporations. To the extent that an amount received by a U.S. holder exceeds such holder’s allocable share of our current and accumulated earnings and profits, such excess will be applied first to reduce such holder’s tax basis in its shares or ADSs, thereby increasing the amount of gain or decreasing the amount of loss recognized on a subsequent disposition of the shares or ADSs. Then, to the extent such distribution exceeds such U.S. holder’s tax basis, such excess will be treated as capital gain. However, we do not expect to keep earnings and profits in accordance with U.S. federal income tax principles. Therefore, U.S. holders should expect that a distribution will generally be treated as a dividend.

The amount of the dividend paid in Japanese yen will be the U.S. dollar value of the Japanese yen payments received. This value will be determined at the spot Japanese yen/U.S. dollar rate on the date the dividend is received by the depositary in the case of U.S. holders of ADSs, or by the shareholder in the case of U.S. holders of shares, regardless of whether the dividend payment is in fact converted into U.S. dollars at that time. If the Japanese yen received as a dividend are not converted into U.S. dollars on the date of receipt, a U.S. holder will have basis in such Japanese yen equal to their dollar value on the date of receipt, and any foreign currency gains or losses resulting from the conversion of the Japanese yen will generally be treated as U.S. source ordinary income or loss.

The maximum rate of withholding tax on dividends paid to you pursuant to the Treaty is 10%. As discussed under “—Japanese Taxation” above, you will be required to properly demonstrate to us and the Japanese tax authorities your entitlement to the reduced withholding rate under the Treaty. Subject to certain limitations, the Japanese tax withheld will be creditable against the U.S. holder’s U.S. federal income tax liability or may be claimed as a deduction from the U.S. holder’s federal adjusted gross income provided that the U.S. holder elects to deduct all foreign taxes paid on the same taxable year. For foreign tax credit limitation purposes, the dividend

will be income from sources outside the United States. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends we pay will generally constitute “passive income.” Further, in certain circumstances, if a U.S. holder:

- has held shares or ADSs for less than a specified minimum period during which such U.S. holder is not protected from the risk of loss; or
- is obligated to make payments related to the dividends,

such U.S. holder will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on shares or ADSs. The rules governing U.S. foreign tax credits are very complex and U.S. holders should consult their tax advisors regarding the availability of foreign tax credits under their particular circumstances.

With respect to non-corporate U.S. investors, certain dividends received before January 1, 2011 from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the U.S. Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The U.S. Treasury Department has determined that the Treaty meets these requirements. In addition, it is expected that we will be eligible for the benefits of the Treaty. However, a foreign corporation is also treated as a qualified foreign corporation with respect to individuals paid by that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs will, upon listing on the New York Stock Exchange, be readily tradable on an established securities market in the United States. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. Non-corporate holders who do not meet a minimum holding period requirement during which they are not protected from a risk of loss or that elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. U.S. holders should consult their own tax advisors regarding the application of the foregoing rules to their particular circumstances.

### ***Taxation of Capital Gains***

Upon a sale or other disposition of shares or ADSs, a U.S. holder will recognize gain or loss in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. holder’s tax basis, determined in U.S. dollars, in such shares or ADSs. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. holder’s holding period for such shares or ADSs exceeds one year. A U.S. holder’s adjusted tax basis in its shares or ADSs will generally be the cost to the holder of such shares or ADSs. Any such gain or loss realized by a U.S. holder upon disposal of the shares or ADSs will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

### ***Passive Foreign Investment Company Rules***

Based on our projected composition of income and valuation of assets, including goodwill, we do not believe that we will be a passive foreign investment company (“PFIC”) for this year and do not expect to become one in the future, although there can be no assurance in this regard. However, PFIC status is a factual determination that is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in valuation or composition of our income or assets. In addition, this determination is based in part upon certain proposed U.S. Treasury regulations that are not yet in effect (the

“Proposed Regulations”) and are subject to change in the future. The Proposed Regulations and other administrative pronouncements from the IRS provide special rules for determining the character of income and assets derived in the banking business for purposes of the PFIC rules. Although we believe we have adopted a reasonable interpretation of the Proposed Regulations and administrative pronouncements, there can be no assurance that the IRS will follow the same interpretation.

In general, a foreign corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income; or
- at least 50% of the value of its assets is attributable to assets that produce or are held for the production of passive income.

The 50% of value test is based on the average of the value of our assets for each quarter during the taxable year. If we own at least 25% by value of another company’s stock, we will be treated, for purposes of the PFIC rules, as owning the proportionate share of the assets and receiving our proportionate share of the income of that company.

If we are a PFIC for any taxable year during which a U.S. holder holds the common stock, the U.S. holder will be subject to special tax rules with respect to any “excess distribution” that the U.S. holder receives and any gain the U.S. holder realizes from the sale or other disposition (including a pledge) of the common stock.

These special tax rules generally will apply even if we cease to be a PFIC in future years. Distributions U.S. holders receive in a taxable year that are greater than 125% of the average annual distributions they received during the shorter of the three preceding taxable years or their holding period for the common stock will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. holder’s holding period for the common stock;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Alternatively, a U.S. holder could make a mark-to-market election provided that our common stock is regularly traded on a qualified exchange or other market. Our common stock is listed and regularly traded on the Tokyo Stock Exchange, so this election will be available to U.S. holders. In addition, a U.S. holder of shares in a PFIC can sometimes avoid the rules described above by electing to treat the company as a “qualified electing fund” under section 1295 of the Code. This option is not available to U.S. holders of common stock because we do not intend to comply with the requirements necessary to permit U.S. Holders to make this election.

If a U.S. holder holds common stock in any year in which we are classified as a PFIC, such holder would be required to file IRS Form 8621.

U.S. holders should consult their own tax advisors concerning the determination of our PFIC status and the U.S. federal income tax consequences of holding common stock if we are considered a PFIC in any taxable year.

### ***Information Reporting and Backup Withholding***

In general, information reporting requirements will apply to dividends in respect of the shares or the proceeds from the sale, exchange or redemption of the shares paid within the United States, and, in some cases,

outside of the United States, to you, unless you are an exempt recipient, such as a corporation. In addition, backup withholding tax may apply to those amounts if you fail to provide an accurate taxpayer identification number or fail either to report interest and dividends required to be shown on your U.S. federal income tax returns or make certain certifications. The amount of any backup withholding from a payment to you will be allowed as a refund or credit against your U.S. federal income tax liability, provided you furnish the required information to the IRS.

#### **10.F. Dividends and Paying Agents**

Following shareholders' approval, annual dividends may be distributed in cash to shareholders of record as of March 31 in each year in proportion to the number of shares of common stock held by each shareholder. Additionally, we may, by resolution of the board of directors, make interim dividend payments in cash to shareholders of record as of September 30 in each year.

Dividends payable to non-residents of Japan or non-Japanese corporations are subject to Japanese withholding tax. See "Item 10.E. Additional Information—Taxation—Japanese Taxation."

The paying agent for dividends on our common stock is Mizuho Trust & Banking.

For a further discussion of dividends on our common stock, see "Item 10.B. Additional Information—Memorandum and Articles of Association—Common Stock—Dividends" in this registration statement, which includes other information required by Item 10.F.

#### **10.G. Statement by Experts**

The consolidated financial statements of Mizuho Financial Group as of and for the fiscal years ended March 31, 2005 and 2006, appearing in this registration statement have been audited by Ernst & Young ShinNihon, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The registered address of Ernst & Young ShinNihon is Hibiya Kokusai Building, 2-3, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-0011, Japan.

#### **10.H. Documents on Display**

Following effectiveness of this registration statement, we will be subject to the information requirements of the U.S. Securities Exchange Act of 1934 and, in accordance therewith, we will file reports, including annual reports on Form 20-F, and other information, including information filed on Form 6-K, with the U.S. Securities and Exchange Commission. These reports, including this registration statement on Form 20-F and the exhibits thereto, and other information can be inspected without charge at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of such materials by mail, at prescribed fees, from the Commission's Public Reference Room or from commercial document retrieval services. You may obtain information on the operation of the Commission's Public Reference Room by calling the Securities and Exchange Commission in the United States at 1-800-SEC-0330. You can also access to the documents filed via the Electronic Data Gathering, Analysis, and Retrieval system on the Commission's website (<http://www.sec.gov>).

#### **10.I. Subsidiary Information**

Not applicable.

## **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Progress in financial deregulation and internationalization has led to rapid growth in the diversity and complexity of banking operations, exposing financial institutions to various risks, including credit, market operations, information technology, legal, settlement and other risks. We recognize the conducting of operations tailored to the risks and managing such risks as a key issue relating to overall management. In order to implement our business strategy while maintaining our financial stability, we maintain comprehensive risk management and control measures. We maintain basic policies for risk management established by our board of directors that are applicable to the entire Mizuho group. These policies clearly define the kinds of risks to be managed, set forth the organizational structure and provide for the human resources training necessary for appropriate levels of risk management. The policies also provide for audits to measure the effectiveness and suitability of the risk management structure. In line with these basic policies, we maintain various measures to strengthen and enhance the sophistication of our risk management system.

### *Approach to Basel II*

Current regulations for international standards of the health of banks, first implemented in 1992, will be revised in light of developments in risk management methods. These amended regulations, known as "Basel II," are scheduled to be implemented in Japan beginning March 2007. These regulations focus on three main points. The first is minimum capital requirements relating to risk which should be maintained by banks, with respect to which the calculation method for credit risk will be changed and operational risk will be added. The second is a regulatory review process with respect to assessment of risks that cannot be fully addressed through minimum capital requirements alone. The third is market discipline allowing for assessment by the market through appropriate disclosure. Based on the principles of Basel II, we are moving forward with preparations to implement the prescribed procedures by the time of effectiveness.

### **Risk Management**

#### *Risk Management Structure*

Each of our subsidiaries adopts appropriate risk management measures for its business based on the size and nature of its risk exposures, while Mizuho Financial Group controls risk management for the Mizuho group as a whole. Mizuho Financial Group regularly receives reports and applications concerning the risk management situation from our principal banking subsidiaries and other core group companies and gives them appropriate instructions concerning risk management. Our principal banking subsidiaries and other core group companies each maintains its own system for managing various types of risk, regularly receiving reports on the status of risk at their respective subsidiaries, and gives them appropriate instructions concerning risk management.

#### *Basic Approach*

We classify our risk exposures according to the various kinds of risk, including credit risk, market risk, liquidity risk and operational risk, and manage each type of risk according to its characteristics. In addition to managing each type of risk individually, we have established a risk management structure to identify and evaluate overall risk and, where necessary, to devise appropriate responses to keep risk within limits that are managerially acceptable in both qualitative and quantitative terms. In line with the basic policies relating to overall risk management laid down by Mizuho Financial Group, companies within the Mizuho group identify risk broadly and take a proactive and sophisticated approach to risk management, including methodologies for operations that involve exposures to multiple categories of risk such as settlement and trust businesses.

#### *Risk Capital Allocation*

We endeavor to obtain a clear grasp of the group's overall risk exposure and have implemented measures to keep such risks within the group's financial base in accordance with the risk capital allocation framework. More specifically, we allocate risk capital to our principal banking subsidiaries, including their respective subsidiaries,

and other core group companies to control risk within the limits set for each company. We also control risk within managerially acceptable limits by working to ensure that the overall risk we hold on a consolidated basis does not exceed shareholders' equity and other measures of financial strength. To ensure the ongoing financial health of Mizuho Financial Group, our principal banking subsidiaries and other core group companies, we regularly monitor the manner in which risk capital is being used in order to obtain a proper grasp of the risk profile within this framework. Reports are also submitted to the board of directors and other committees of each company. Risk capital is allocated to Mizuho Corporate Bank, Mizuho Bank, Mizuho Securities and Mizuho Trust & Banking by risk category, and is further allocated within their respective business units based on established frameworks.

## **Credit Risk Management**

We define credit risk as the Mizuho group's exposure to the risk of losses that may be incurred due to a decline in, or total loss of, the value of assets and off-balance-sheet instruments, as a result of deterioration in a counterparty's financial position. We have established the methods and structures necessary for grasping and managing credit risk, which has become increasingly complex due to financial deregulation, internationalization and the growing sophistication of transactions. Mizuho Financial Group manages credit risk for the Mizuho group as a whole. More specifically, we have adopted two different but mutually complementary approaches toward credit risk management. The first of these is to curb losses arising from the emergence of credit risk by controlling the entire process for each individual transaction, from granting credit to recovery, on the basis of our assessment of the credit quality of the counterparties involved. The second is to manage the portfolio using statistical methods to measure the potential for credit risk in order to identify such risk and devise appropriate responses.

### ***Credit Risk Management Structure***

#### *Credit Risk Management of the Mizuho Group*

Our board of directors determines the Mizuho group's basic credit risk management policies. In addition, the portfolio management committee of Mizuho Financial Group discusses and coordinates basic credit risk policy and overall credit portfolio management and monitoring for the Mizuho group. The chief risk officer of Mizuho Financial Group is responsible for matters relating to credit risk management planning and operations. The Risk Management Division and the Credit Risk Management Division of Mizuho Financial Group jointly monitor, analyze and submit suggestions concerning credit risk and formulate and execute plans in connection with basic matters pertaining to credit risk management.

#### *Credit Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies*

Our principal banking subsidiaries and other core group companies manage their credit risk according to the scale and nature of their exposures in line with basic policies set forth by Mizuho Financial Group. Each company's board of directors determines key matters pertaining to credit risk. Our principal banking subsidiaries have each established business policy committees to discuss and coordinate overall management of their individual credit portfolios and transaction policies towards obligors. The senior executive officer of each principal banking subsidiary responsible for risk management oversees matters relating to credit risk management planning and operations. The credit risk management division of each principal banking subsidiary is responsible for credit management and credit risk measuring and monitoring, and such division regularly presents reports regarding the risk management situation of such banking subsidiary to Mizuho Financial Group. Individual credit examination divisions approve individual transactions in accordance with the lines of authority set forth in the basic policies for credit risk management. To provide checks and balances, each of our principal banking subsidiaries have also established credit review divisions to function as internal auditors that are independent of the business divisions.

### *Individual Credit Management*

Our principal banking subsidiaries use a unified credit rating system and credit risk measurement tools to ascertain and monitor the status of their portfolios. They are also improving their credit decisions and post-transaction management functions by examining individual transactions from these viewpoints, providing internal audits and risk management guidance to individual business promotion offices. Mizuho Securities and other core group companies follow credit risk management procedures that suit the characteristics of their respective business sectors.

#### *Credit business regulations*

The basic code of conduct for all of our officers and employees engaged in the credit business is set forth in our credit business regulations. Seeking to fulfill the bank's public and social role, our basic policy for credit business is determined in light of fundamental principles focusing on public welfare, safety, growth and profitability.

#### *Credit rating*

One of the most important elements of the risk management infrastructure of our principal banking subsidiaries is the use of a 16-grade unified credit rating system. In principle, credit ratings apply to all obligors and are subject to regular reviews at least once a year to reflect promptly the fiscal period end financial results of the obligors, as well as special reviews as required whenever a obligor's credit standing changes. This enables our principal banking subsidiaries to monitor both individual obligors and the status of the overall portfolio in a timely fashion. Because we consider credit ratings to be an initial phase of the self-assessment process regarding the quality of our loans and off-balance-sheet instruments, such credit ratings are closely linked to the obligor classifications and are an integral part of the process for determining the provision for loan losses and charge-offs in our self-assessment of loans and off-balance-sheet instruments.

#### *Self-assessment, provision for loan losses and off-balance-sheet instruments and charge-offs*

We conduct self-assessment of assets to ascertain the status of assets both as an integral part of credit risk management and in preparation for appropriate accounting treatment, including provision for loan losses and off-balance-sheet instruments and charge-offs. During the process of self-assessment, obligors are categorized into certain groups taking into consideration their financial condition and their ability to make payments, and credit ratings are assigned to all obligors, in principle, to reflect the extent of their credit risks. The related assets are then categorized into certain classes based on the risk of impairment. This process allows us to identify and control the actual quality of assets and determine the appropriate accounting treatment, including provision for loan losses and off-balance-sheet instruments and charge-offs. Specifically, the credit risk management division of each of our principal subsidiaries is responsible for the overall control of the self-assessment of assets of the respective banking subsidiaries, cooperating with the administrative divisions specified for each type of asset, including loan portfolios and securities, in executing and managing self-assessments.

#### *Credit screening*

Prevention of new impaired loans through routine credit management is important in maintaining the quality of our overall loan assets. Credit decisions involve analysis and screening of each potential transaction within the relevant business division. In case the screening exceeds the authority of the division, the credit division at headquarters carries out the screening. The credit division has specialist departments for different industries, business sizes and regions, carries out timely and specialized examinations based on the characteristics of the customer and its market, and provides appropriate advice to the business division. In addition, in the case of obligors with low credit ratings and high downside risks, the business division and credit division jointly clarify their credit policy and in appropriate cases assist obligors at an early stage in working towards rehabilitation.

### *Collection and disposal of impaired loans*

With respect to collection and disposal of impaired loans, a specialist unit is designed to pursue corporate revitalization or collection efforts as appropriate. Specifically, this typically involves business transfers, mergers and acquisitions, obtaining funding from business revitalization funds and the bulk sale of impaired loans. In addition, we concentrate our loan collection needs into Mizuho Servicing Co., Ltd., our subsidiary that specializes in performing collection services for our group companies.

### **Portfolio Management**

#### *Expected Loss and Unexpected Loss*

We measure portfolio-based credit risk using statistical methods to calculate the risks related to losses due to problem loans. We use the following two key measurements to quantify such risk: “expected loss,” or the average amount of loss forecast for the next 12 months, and “unexpected loss,” or the maximum excess amount in the case where losses exceed the expected loss. In establishing transaction guidelines for credit transactions, we endeavor to match returns with the risk involved. Because actual credit losses must ultimately be absorbed by shareholders’ equity, we monitor credit portfolios from various viewpoints and, where necessary, impose restrictions so that the credit risk amount is covered by the corresponding risk capital range.

#### *Risk Control Methods*

We recognize two types of risk arising from allowing too large a proportion of overall credit risk to be allocated in certain areas. One type is “credit concentration risk,” which stems from granting excessive credit to certain individual counterparties. The other type is “chain-reaction default risk,” which arises from granting excessive credit to certain corporate groups, industrial sectors and other groupings. We manage these risks in line with our specific guidelines for each. The individual risk management divisions of our principal banking subsidiaries are responsible for monitoring adherence to these guidelines and reporting to their respective business policy committees.

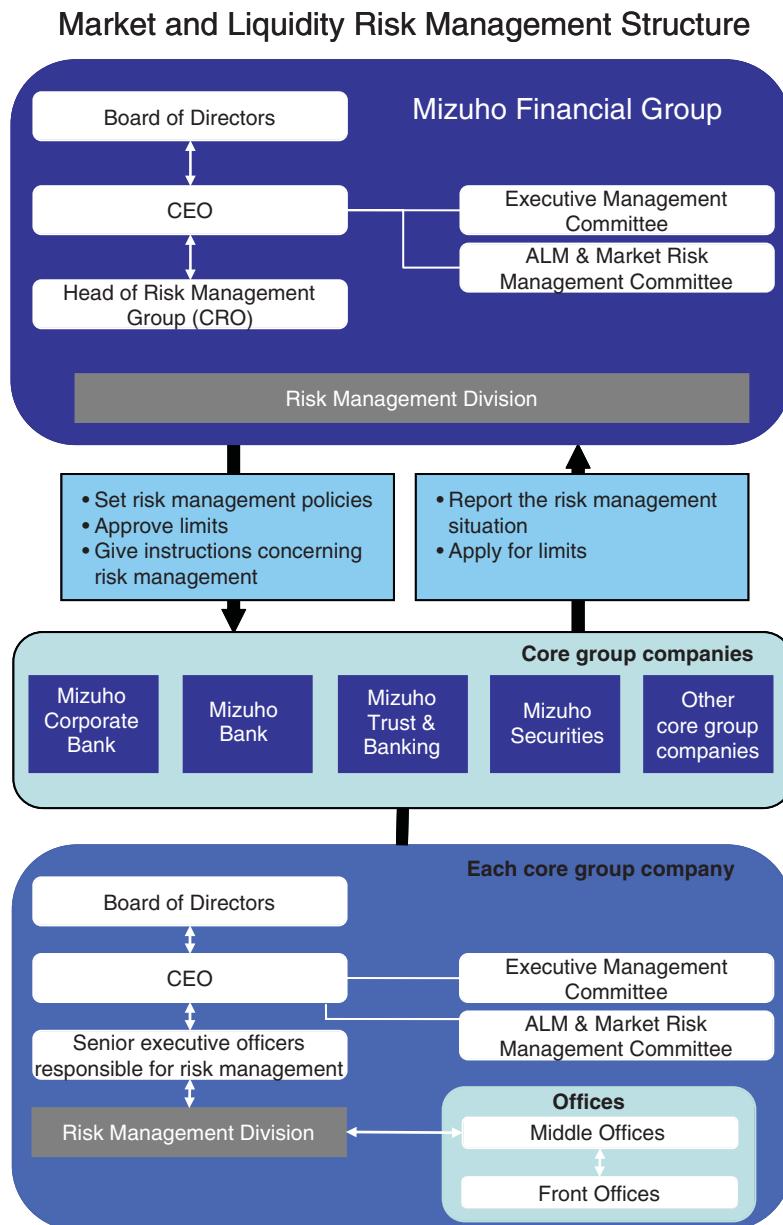
#### *Portfolios of Our Principal Banking Subsidiaries and Certain Other Core Group Companies*

Mizuho Corporate Bank’s credit portfolio is notable for its international diversification between Japanese public companies and other major Japanese enterprises and overseas corporations. Mizuho Bank’s portfolio is diversified among relatively small accounts centered on individuals, domestic corporations including mainly small and medium-sized enterprises, public sector entities and other customers in Japan. While retaining the principal features of each of the two banking subsidiaries’ respective portfolios, we aim to reduce expected losses while simultaneously utilizing sophisticated financial tools based on which they make strategic acquisitions and sales of assets. While closely monitoring the potential for unexpected losses, they also aim to raise overall group capital efficiency, boost profitability and shareholder value, and enhance the sophistication of their credit risk management. To control credit concentration in certain companies, Mizuho Trust & Banking and Mizuho Securities have set credit limits according to their customers’ creditworthiness and control their portfolios in an appropriate manner by adhering to these limits.

### **Market and Liquidity Risk Management**

We define market risk as the risk of losses incurred by the group due to fluctuations in interest rates, stock prices and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual. We define liquidity risk as the risk of losses arising from funding difficulties due to a deterioration in our financial position that makes it difficult for us to raise the necessary funds or that forces us to raise funds at significantly higher interest rates than usual. Mizuho Financial Group manages market and liquidity risk for the Mizuho group as a whole.

The following diagram shows our risk management structure:



### ***Market Risk Management Structure***

#### ***Market Risk Management of the Mizuho Group***

Our board of directors determines key matters pertaining to market risk management policies. The ALM & market risk management committee of Mizuho Financial Group broadly discusses and coordinates matters relating to basic asset and liability management policies, risk planning and market risk management and proposes responses to emergencies such as sudden market changes. The chief risk officer of Mizuho Financial Group is responsible for matters relating to market risk management planning and operations.

The Risk Management Division of Mizuho Financial Group is responsible for monitoring market risk, reports and analyses, proposals, setting limits and guidelines, and formulating and implementing plans relating to market risk management. The Risk Management Division assesses and manages overall market risk of the Mizuho group. It also receives reports from our principal banking subsidiaries and other core group companies on their market risk management that enable it to obtain a solid grasp of the risk situation, submitting reports to the chief executive officer on a daily basis and to our board of directors and the executive management committee of Mizuho Financial Group on a regular basis.

To manage market risk, we set limits that correspond to risk capital allocations according to the risk profiles of our principal banking subsidiaries and other core group companies. For trading and banking activities, we set limits for VaR and for losses. For banking activities, we set position limits based on interest rate sensitivity as needed.

These limits are discussed and coordinated by the ALM & market risk management committee, discussed further by the executive management committee, then determined by the chief executive officer. Various factors are taken into account including business strategies, historical limit usage ratios, risk-bearing capacity (profits, total capital and risk management systems), profit targets and the market liquidity of the products involved.

#### *Market Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies*

Our principal banking subsidiaries and Mizuho Securities which account for most of the Mizuho group's exposure to market risk have formulated their basic policies in line with the basic policies determined by Mizuho Financial Group. Their boards of directors determine important matters relating to market risk management while their chief executive officers are responsible for controlling market risk. Their respective business policy committees, including their ALM & market risk management committees, are responsible for overall discussion and coordination of market risk management. Specifically, these committees discuss and coordinate matters relating to basic asset and liability management policies, risk planning and market risk management and propose responses to emergencies such as sudden market changes. The chief risk officer of each subsidiary is responsible for matters pertaining to planning and implementing market risk management. Based on a common group risk capital allocation framework, the above-mentioned subsidiaries manage market risk by setting limits according to the risk capital allocated to market risk by Mizuho Financial Group.

These companies have established specialized company-wide market risk management divisions to provide integrated monitoring of market risk, submit reports, analyses and proposals, set limits and formulate and implement plans relating to market risk management. The risk management divisions of each company submit reports on the status of market risk management to their respective chief executive officers and top management on a daily basis, and to their board of directors and executive management committee on a regular basis. They also provide regular reports to Mizuho Financial Group. To provide a system of mutual checks and balances in market operations, they have established middle offices specializing in risk management that are independent of their front offices, which engage in market transactions, and their back offices, which are responsible for book entries and settlements. When VaR is not adequate to control risk, the middle offices manage risk using additional risk indices, carry out stress tests and set stop loss limits as needed. They monitor their market liquidity risk for individual financial products in the market while taking turnover and other factors into consideration.

## ***Liquidity Risk Management Structure***

### *Liquidity Risk Management of the Mizuho Group*

Our liquidity risk management structure is generally the same as the market risk management structure described above. However, the head of the Financial Control & Accounting Group of Mizuho Financial Group is additionally responsible for matters relating to planning and running cash flow management operations, while the Financial Planning Division is responsible for monitoring and adjusting the cash flow management situation and for planning and implementing cash flow management. Reports on the cash flow situation are submitted to the ALM & market risk management committee, the executive management committee and the chief executive officer.

We measure liquidity risk using indices pertaining to cash flow, such as limits on funds raised in the market. Limits on liquidity risk are discussed and coordinated by the ALM & market risk management committee, discussed further by the executive management committee and determined by the chief executive officer. We have established classifications for the cash flow conditions affecting the group, ranging from “normal” to “cause for concern” and “critical,” and have established procedures for dealing with cases which are deemed to fall into the “cause for concern” or “critical” categories.

### *Liquidity Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies*

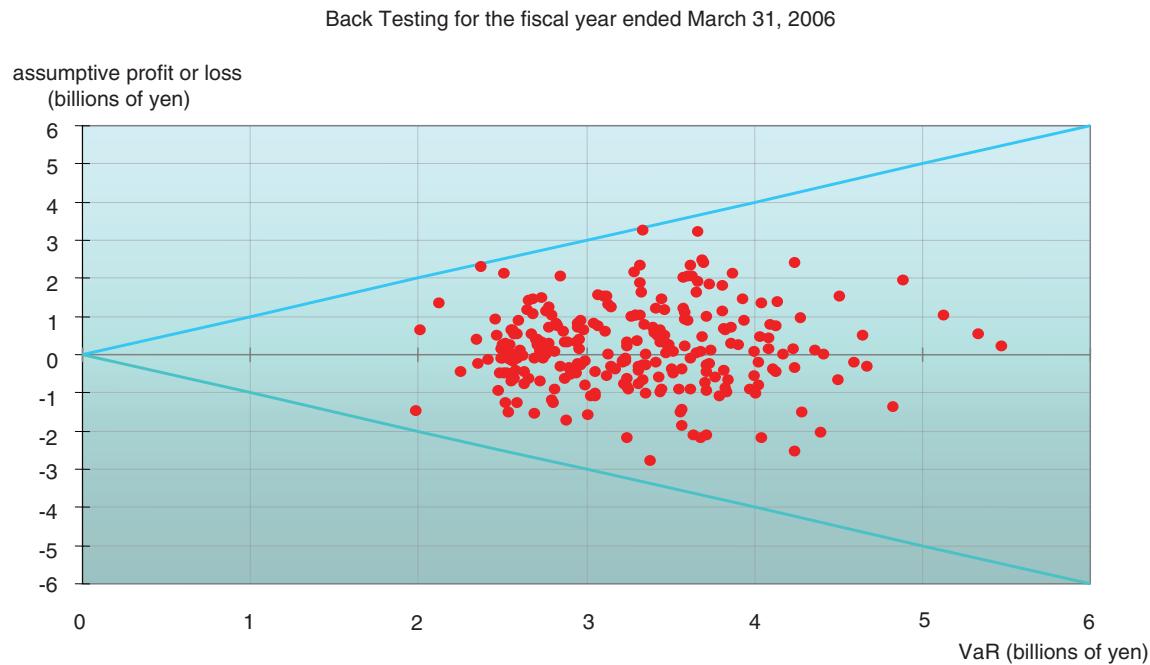
The liquidity risk management structures of Mizuho Corporate Bank, Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities are generally the same as the aforementioned market risk management structures, but the senior executives responsible for risk management are responsible for matters pertaining to planning and conducting liquidity risk management, while the senior executives of the asset and liability management and trading units are responsible for matters pertaining to planning and conducting cash flow management.

The methodologies used for ensuring precise control of liquidity risk include the formulation of management indices pertaining to cash flow, such as limits on funds raised in the market. As with Mizuho Financial Group, the above-mentioned companies have established classifications for the cash flow affecting them, ranging from “normal” to “cause for concern” and “critical,” and have established procedures for cases which are deemed to fall into the “cause for concern” or “critical” categories.

Each subsidiary has adopted stringent controls that call for the submission of reports on liquidity risk management and cash flow management to the ALM & market risk management committee and other business policy committees, the executive management committee and the chief executive officer of each subsidiary.

## Back Testing and Stress Testing

In order to evaluate the effectiveness of market risk measurements calculated using the value-at-risk method, we carry out regular back tests to compare value-at-risk with assumptive profits and losses. The graph below shows daily value-at-risk of trading activities for the fiscal year ended March 31, 2006, and the corresponding paired distribution of profits and losses:



Note: The data related to the common stock position held between December 8, 2005 and December 12, 2005 as a result of an erroneous order with the Tokyo Stock Exchange made by Mizuho Securities on December 8, 2005 is not included in the VaR and assumptive profits and losses in the graph above.

We had no cases where profits/losses exceeded value-at-risk during the period, and this confirms that our internal value-at-risk models are reasonably accurate in measuring our group's market risk exposure.

Because the value-at-risk method is based on statistical assumptions, we conduct stress testing to simulate the levels of losses that could be incurred in cases where the market moves suddenly to levels that exceed these assumptions. The stress testing methods we use include the calculation of losses on the basis of the largest fluctuations occurring over a period of more than five years and the calculation of losses based on market fluctuations occurring during historical market events. The table below shows the assumed maximum loss results of stress testing in trading activities using the methods described above:

	As of March 31, 2006 (in billions of yen)
Assumed maximum loss result calculated by stress testing .....	¥20.7

The Basel Committee on Banking Supervision plans to apply new capital adequacy requirements. As part of the new requirements, the losses arising from a banking book in hypothetical interest rate shock scenarios under certain stress conditions are estimated and compared with the sum of Tier 1 and Tier 2 capital. If the interest rate

risk of the banking book leads to an economic value decline of more than 20% of the sum of Tier 1 and Tier 2 capital, we will be deemed an “outlier” and may be required to reduce the banking book risk or adopt other responses. In preparation for the introduction of the new requirements, we are reviewing our capital adequacy requirements and measuring losses arising from our banking book each month as part of its stress tests.

The table below shows the results of estimates of losses in the banking book as of March 31, 2006 in cases where interest rate fluctuations occur under stress conditions. The results of estimates of losses in the banking book show that they are 1.8 % of broadly-defined capital. In particular, the table shows a considerable reduction in the estimate of losses as a percentage of capital compared to the previous fiscal year as a result of our reducing the risks relating to increasing yen interest rate levels. Since the amount of risk on the banking book is therefore well within controllable limits, we do not fall under the “outlier” category.

Estimates under the outlier framework	Amount of loss	Broadly-defined capital	Loss ratio to capital
	(in billions of yen, except percentages)		
As of March 31, 2005 .....	¥429.6	¥8,020.2	5.4%
As of March 31, 2006 .....	161.3	8,993.2	1.8
Effect of yen interest rate .....	94.0		
Effect of dollar interest rate .....	52.8		
Effect of euro interest rate .....	7.8		

Notes:

- (1) In the above estimations, a part of demand deposits without fixed intervals for amending applicable interest rates are deemed core deposits and are treated accordingly in the calculation.
- (2) For the interest rate shock scenario used in connection with the above figures, we generate annual rate fluctuation data for five years derived from daily raw historical interest rate data of the past six years and then apply the actual fluctuation data, which show a rise in interest rates, at a 99.0% confidence level to the shock scenario.

### Value-at Risk

We use the value-at-risk (VaR) method, supplemented with stress testing, as our principal tool to measure market risk. The value-at-risk method measures the maximum possible loss that could be incurred due to market movements within a certain time period (or holding period) and degree of probability (or confidence interval).

### Trading Activities

VaR related to our trading activities is based on the following:

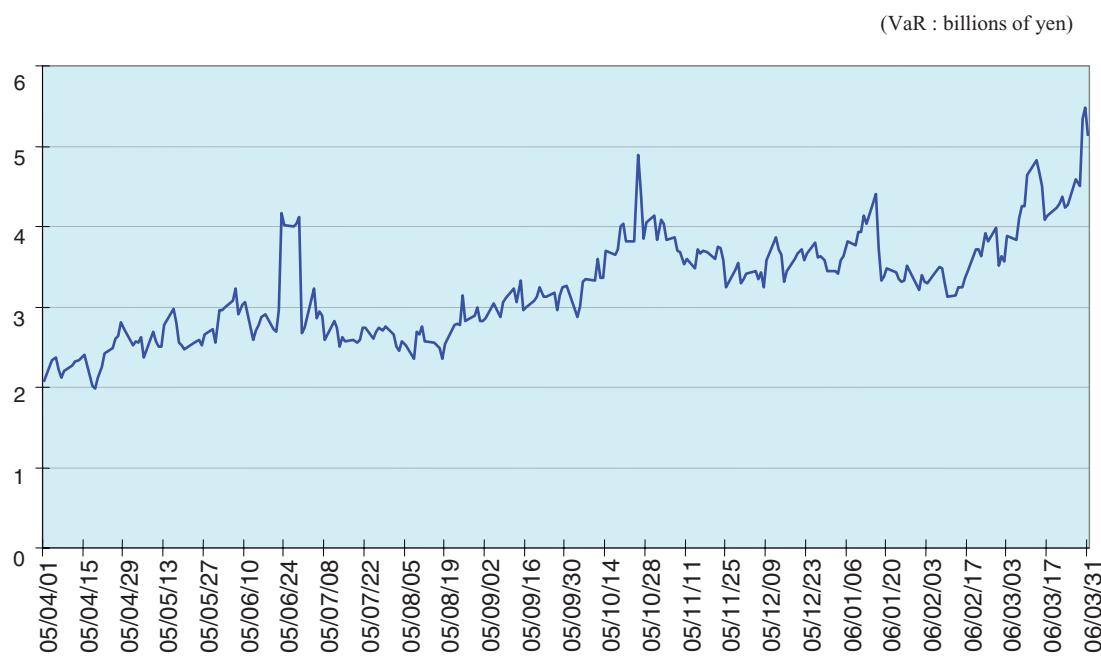
- variance co-variance model for linear risk and monte-carlo simulation for non-linear risk;
- confidence interval: one-tailed 99.0%;
- holding period of one day; and
- historical observation period of one year.

The following tables show the VaR related to our trading activities by risk category for the fiscal years ended March 31, 2005 and 2006 and as of March 31, 2005 and 2006:

Risk category	For the fiscal year ended March 31, 2005			As of March 31, 2005
	Daily average	Maximum	Minimum	
	(in billions of yen)			
Interest rate .....	¥1.9	¥3.7	¥0.9	¥1.2
Foreign exchange .....	1.1	2.8	0.3	0.6
Equities .....	0.9	1.5	0.6	0.9
Commodities .....	0.1	0.6	0.0	0.1
Total .....	¥2.9	¥4.3	¥2.0	¥2.2

Risk category	For the fiscal year ended March 31, 2006			As of March 31, 2006
	Daily average	Maximum	Minimum	
	(in billions of yen)			
Interest rate .....	¥1.7	¥2.7	¥1.1	¥2.4
Foreign exchange .....	1.1	1.8	0.3	0.9
Equities .....	1.4	3.2	0.5	3.0
Commodities .....	0.2	1.7	0.0	0.1
Total .....	¥3.2	¥5.5	¥2.0	¥5.1

The following graph shows VaR figures of our trading activities for the fiscal year ended March 31, 2006:



The following table shows VaR figures of our trading activities for the fiscal years indicated:

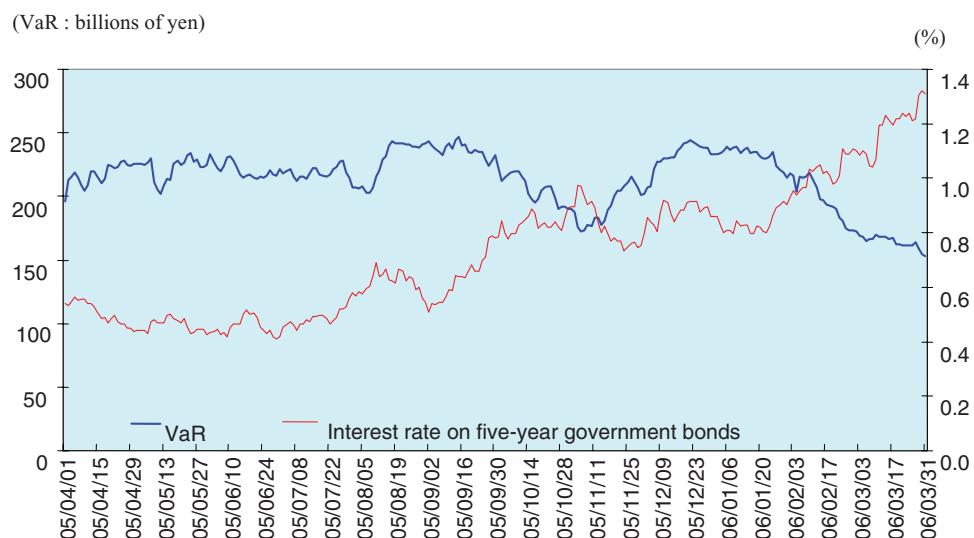
	Fiscal years ended March 31,		
	2004	2005	2006
	(in billions of yen, except number of cases)		
Maximum .....	¥ 4.7	¥ 4.3	¥ 5.5
Minimum .....	1.4	2.0	2.0
Average .....	3.1	2.9	3.2
The number of cases where profits/losses exceeded VaR .....	5 cases	no cases	no cases

Note: The data related to the common stock position held between December 8, 2005 and December 12, 2005 as a result of an erroneous order with the Tokyo Stock Exchange made by Mizuho Securities on December 8, 2005 is not included in the VaR shown in the graph and table above.

#### *Non-trading Activities*

The VaR related to our banking activities is based on the same conditions as those of trading activities, but the holding period is one month.

The graph below shows the VaR related to our banking activities excluding our strategic equity portfolio for the year ended March 31, 2006. We attribute the reduction of VaR during the last few months amid rising yen interest rates to our effective risk management activities.



VaR is a commonly used market risk management technique. However, VaR models have the following shortcomings:

- By its nature as a statistical approach, VaR estimates possible losses over a certain period at a particular confidence level using past market movement data. Past market movement, however, is not necessarily a good indicator of future events, particularly potential future events that are extreme in nature.
- VaR may underestimate the probability of extreme market movements.
- The use of a 99.0% confidence level, does not take account of, nor makes any statement about, any losses that might occur beyond this confidence level.
- VaR does not capture all complex effects of various risk factors on the value of positions and portfolios and could underestimate potential losses.

We also conduct interest sensitivity analyses of interest risk, our main source of market risk. The following table shows sensitivity to yen interest risk in our banking activities as of the dates indicated. As shown in the table, we have reduced overall sensitivity to the risk of future increases in interest rates. Interest rate sensitivity (10 BPV) shows how much net present value varies when interest rates rise by 10 basis (0.1%), and it explains the impact of interest rate movements on net present value when short- and long-term interest rates behave differently.

	As of March 31,		
	2005	2006	Change
	(in billions of yen)		
Up to one year .....	¥ (5)	¥ (7)	¥ (2)
From one to five years .....	(34)	(14)	20
Over five years .....	(5)	(6)	(1)
Total .....	<u>¥(44)</u>	<u>¥(27)</u>	<u>¥ 17</u>

## Operational Risk Management

We define operational risk as the risk of loss that we may incur resulting from inadequate or failed internal processes, people and systems or from external events. We recognize that operational risk includes information technology risk, operations risk, legal risk, human resources risk, tangible asset risk, regulatory risk and reputational risk. We have determined risk management policies concerning risk management structures and methods for each kind of risk. Mizuho Corporate Bank, Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, Mizuho Investors Securities and Trust & Custody Services Bank each manage operational risk in an appropriate manner pursuant to risk management policies determined by Mizuho Financial Group.

Mizuho Financial Group, Mizuho Corporate Bank, Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities share common rules for data gathering, and we measure operational risk on a regular basis, taking into account possible future loss events and the changes in the business environment and internal management.

We have established and are strengthening management methods and systems to appropriately identify, assess, measure, monitor and control the operational risks which arise from the growing sophistication and diversification of financial operations and developments relating to information technology by utilizing control self-assessments and improving measurement methods.

## *Certification of Information Security Management System*

In September 2005, Mizuho Financial Group received certifications with respect to its information security management under a domestic standard ("Conformity Assessment Scheme for ISMS") and a British standard

(BS7799-02:2002) for its all divisions. In September 2005, Mizuho Bank also received the same certifications for its “Planning, promotion and sales supporting divisions of financial products and services for individuals, corporate and public sector customers” of the head office. Mizuho Financial Group, as the holding company for the Mizuho group, is responsible for the planning, design and promotion of information security management of its group companies and has implemented various measures to enhance our management of information security, including protection of personal information. Mizuho Financial Group will encourage its other group companies to obtain similar certifications and will continue to make efforts to further strengthen information security management of the entire group.

### ***Operations Risk Management***

Operations risk is the risk that customers may suffer service disruptions, as well as the risk that customers or the group may incur losses because senior executives or employees fail to fulfill their tasks properly, cause accidents or otherwise act improperly.

In line with our basic policies regarding operations risk management, we have established a structure for improving operations by identifying and adopting appropriate measures for mitigating operations risk. More specifically, we have established clearly defined procedures for handling operations and periodically checking the status of operational processes. We have strengthened central operational guidance and oversight and are working to improve the operational expertise of staff and the risk management capabilities of managers. We are also implementing other policies, including the introduction of information technology, office automation and centralization to ensure efficient operations that reduce human error. Further, we are improving the effectiveness of our emergency responses by holding drills and taking other steps to minimize the impact of any possible system failure or disaster on our customers.

### ***Information Technology Risk Management***

Information technology risk is the risk that customers may suffer service disruptions, or that customers or the group may incur losses arising from system defects such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer systems.

In line with our basic policies regarding system risk management as well as our information security policy, we continue to make determined efforts to ensure the stability of our information technology operations and the protection and safety of informational assets relating to systems. More specifically, we are pushing ahead with various efforts, identifying and evaluating information technology-related risk, implementing risk mitigation measures based on these evaluations, ensuring ongoing project management in such areas as process management in systems development and quality control and strengthening security to prevent information leaks. Further, we are improving the effectiveness of our emergency responses by improving our backup systems and holding drills and taking other steps to minimize the impact of any possible system failures or disasters on customers.

### ***Reputational Risk Management***

Reputational risk is the risk of incurring tangible or intangible losses as a result of damage to our credibility or the credibility of the Mizuho brand when market participants learn about, or the media reports on, various adverse events, including those that are inaccurate or false.

Mizuho Financial Group has established a framework under which, in the event it receives reports from companies within the Mizuho group concerning information that may have a serious impact on group management, it identifies and manages the reputational risk for the group as a whole on an integrated basis and responds to such reputational risk in a manner appropriate to its scale and nature.

Each of our group companies also works to identify rumors swiftly and minimize possible losses by devising appropriate responses depending on the urgency and possible impact of the situation.

## **Compliance**

We consider ongoing compliance to be one of the fundamental principles of sound business management, and each of our group companies maintains its own compliance structure in line with the basic policies established by Mizuho Financial Group.

### *Compliance Structure*

The chief executive officer of Mizuho Financial Group, Mizuho Corporate Bank and Mizuho Bank each generally oversees compliance matters of the respective company, and such chief executive officers also head their respective compliance committees at which important matters concerning compliance are discussed. The three companies also have individual compliance divisions under the chief compliance officer. These divisions are responsible for compliance planning and implementation and control overall compliance management at the respective company. At the level of each organizational unit (such as branches and divisions) at the three companies, the head of the unit is responsible for guidance and implementation related to compliance matters within such unit, and the compliance officer or the compliance administrator at each unit reviews the status of compliance.

Other core group companies such as Mizuho Trust & Banking and Mizuho Securities have also established compliance structures adapted to the characteristics of their respective businesses.

Mizuho Financial Group monitors the status of compliance of the Mizuho group through reports submitted by our principal banking subsidiaries and other core group companies and adopts appropriate responses when necessary.

Compliance at subsidiaries of our principal banking subsidiaries and other core group companies is monitored and managed by their respective parent.

### *Compliance Activities*

We have established the “Mizuho Code of Conduct,” which sets forth clear and concrete standards of ethical behavior, and distributed it to all directors, senior management and employees of the Mizuho group so that they are well aware of its content and act accordingly.

Each of our group companies has also prepared a compliance manual, which serves as a practical guidebook for the rigorous compliance enforcement and clarifies the laws and regulations that the group companies must observe in pursuing their business activities and the compliance activities they are required to follow.

We conduct compliance training for directors, senior management and employees so that they are fully acquainted with the contents of the manual. We monitor the status of compliance levels through primary self assessments by individual organizational units and secondary assessments by the internal audit division of each company.

Every fiscal year, each of our group companies establishes a compliance program, which contains concrete measures for compliance enforcement such as measures related to the management of the compliance framework, training and assessments. Progress regarding the implementation of the compliance program is monitored every six months.

## **Internal Audit**

Internal audits are designed as an integrated process, independent from other business operations, for evaluating the extent to which internal control achieves its objectives in key areas, including appropriate risk management, efficient and effective business operations, reliable financial reporting and compliance with laws, regulations and internal rules. We conduct internal audits from an objective and comprehensive standpoint, independent of operational reporting lines, and offer advice, guidance and remedial recommendations in connection with any problems that may be identified. Through this process, internal audits assist the boards of directors of each of our group companies to fulfill their managerial duties efficiently and effectively.

In line with the Basic Policy for Internal Audit established by Mizuho Financial Group, our principal banking subsidiaries and other core group companies conduct internal audits, which include the auditing of their respective subsidiaries. In addition, with respect to the management of risks applicable across the Mizuho group, we coordinate group-wide internal audits to assess the risk management status of the group as a whole.

### ***Internal Audit Management Structure***

#### *Mizuho Financial Group*

Our internal audit committee determines all important matters concerning internal audits. The committee is chaired by our president and chief executive officer and is independent of our other business operations.

Our internal audit committee monitors and manages internal audits at our principal banking subsidiaries and other core group companies through internal audit reports submitted by such subsidiaries. Our internal audit committee discusses and makes decisions regarding internal audits at our principal banking subsidiaries and other core group companies and submits the results, together with the results of their examination of their internal audit reports, to our board of directors.

#### *Mizuho Corporate Bank and Mizuho Bank*

Mizuho Corporate Bank and Mizuho Bank have also established internal audit committees that are independent of their other business operations.

Mizuho Corporate Bank and Mizuho Bank have established internal audit divisions and credit review divisions to conduct internal audits at their respective domestic and overseas business offices, head office divisions and group companies. Specifically, the internal audit divisions assess the suitability and effectiveness of business activities associated with compliance and risk management. The credit review divisions audit credit ratings and the status of credit management in addition to auditing the self-assessment of assets to verify the accuracy and suitability of matters deemed necessary to assure the soundness of assets.

#### *Other Core Group Companies*

Mizuho Trust & Banking, Mizuho Securities and our other core group companies have also established effective and efficient internal audit structures adapted to the characteristics of their respective businesses.

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### American Depository Shares

The Bank of New York, as depositary, will execute and deliver the American Depository Receipts, or ADRs. Each ADR is a certificate evidencing a specific number of American Depository Shares, or ADSs. Each ADS will represent 1/500<sup>th</sup> of a share of our common stock (or a right to receive 1/500<sup>th</sup> of a share) deposited with the Tokyo head office of Mizuho Corporate Bank, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's corporate trust office at which the ADRs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either directly (by having an ADR registered in your name) or indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADR holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

As an ADR holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Japanese law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a holder of ADRs, you will have ADR holder rights. A deposit agreement among us, the depositary and you, as an ADR holder, and the beneficial owners of ADRs sets out ADR holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADRs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. The forms of the deposit agreement and the ADR are attached to this registration statement as Exhibits 2.3 and 2.2, respectively. Copies of the deposit agreement are also available for inspection by ADR holders at the corporate trust office of the depositary.

### Dividends and Other Distributions

#### *How will you receive dividends and other distributions on the shares?*

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

- **Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and can not be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADR holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADR holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes that must be paid will be deducted. See "Item 10.E. Taxation—Japanese Taxation" in this registration statement. It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.

- **Shares.** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution or as a result of a stock split. The depositary will only distribute whole ADSs. It will sell shares by public or private sale (or, for such sale is not possible with respect to any portion of shares that is less than one unit, by sale to us) which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADRs, the outstanding ADSs will also represent the new shares.
- **Rights to purchase additional shares.** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may make these rights available to you. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If the depositary makes rights available to you, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADRs described in this section except for changes needed to put the necessary restrictions in place.

- **Other Distributions.** The depositary will send to you anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. However, the depositary is not required to distribute any securities (other than ADSs) to you unless it receives satisfactory evidence from us that it is legal to make that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADRs, shares, rights or anything else to ADR holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

### ***Deposit, Withdrawal and Cancellation***

#### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADRs at its corporate trust office to the persons you request.

#### ***How do ADS holders cancel an ADR and obtain shares?***

You may turn in your ADRs at the depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares represented by the deliverable portion (as defined below) of the ADRs and any other deposited securities underlying the ADR to you or a person you designate at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

Upon surrender of an ADR by an ADR holder to the depositary, as a result of, and to the extent required by, the operation of applicable provisions of the Company Law or any other Japanese law, the depositary will effect delivery to such ADR holder of only that portion of shares (and any other deposited securities relating to such shares) comprising a share or an integral multiple thereof or, if and as long as the unit share system is adopted and applicable to the shares, a unit or an integral multiple thereof (the “deliverable portion” of such receipt or receipts). For the purpose of the foregoing sentence, the deliverable portion shall be determined on the basis of the aggregate number of shares represented by the entire amount of ADSs evidenced by the ADRs surrendered by the same ADR holder at the same time. The depositary will promptly advise such ADR holder as to the amount of shares and deposited securities, if any, represented by the non-deliverable portion of such ADRs and shall deliver to such ADR holder a new ADR evidencing such non-deliverable portion. In addition, the depositary shall notify such ADR holder of the additional amount of ADSs which such ADR holder would be required to surrender in order for the depositary to effect delivery of all the shares and deposited securities represented by the ADSs of such ADR holder.

### ***Voting Rights***

#### *How do you vote?*

You may instruct the depositary to vote the shares underlying your ADRs, but only if we ask the depositary to ask for your instructions. Otherwise, you won’t be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares in time to exercise your right to vote.

If we ask for your instructions, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will (1) describe the matters to be voted on and (2) explain how you may instruct the depositary to vote the shares or other deposited securities underlying your ADSs as you direct. For instructions to be valid, the depositary must receive them on or before the date specified in the voting materials. The depositary will try, as far as practical, subject to the laws of Japan and our articles of incorporation, to vote or to have its agents vote the shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct.

If no voting instructions are received by the depositary from you with respect to any of the deposited securities represented by the ADSs evidenced by your ADRs on or before the date established by the depositary for submission of such instructions, the depositary shall deem you to have instructed the depositary to give a discretionary proxy to a person designated by us with respect to such deposited securities, and the depositary shall give a discretionary proxy to a person designated by us to vote such deposited securities. However, no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depositary that (x) we do not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of our shares of common stock.

So long as under Japanese law and our articles of incorporation votes may only be cast in respect of one or more whole units of shares, (i) the same instructions received from ADR holders shall be aggregated and the depositary shall endeavor insofar as is practicable to vote or cause to be voted the number of whole units in respect of which such instructions as so aggregated have been received, in accordance with such instruction, and (ii) such ADR holders acknowledge and agree in the deposit agreement that, if the depositary has received the same instructions any portion of which, after aggregation of all such instructions, constitutes instructions with respect to less than a whole unit of shares, the depositary will be unable to vote or cause to be voted the shares to which such portion of the instructions applies.

We can not assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions, provided that such nonaction or action is in good faith. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.

## ***Fees and Expenses***

### ***Persons depositing shares or ADR holders must pay:***

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.02 (or less) per ADS (to the extent not prohibited by the rules of any stock exchange on which the ADSs are listed for trading)

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian have to pay on any ADR or share or other deposited securities underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

### ***For:***

- Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
- Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
- Any cash distribution to you
- Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADR holders
- Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
- Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)
- converting foreign currency to U.S. dollars
- As necessary
- As necessary

The depositary has agreed to reimburse us for expenses we incur that are related to the establishment and maintenance of the ADR program, including investor relations expenses and NYSE application and listing fees. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors.

The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary also collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

### ***Payment of Taxes***

You will be responsible for any taxes or other governmental charges payable on your ADRs or on the deposited securities underlying your ADRs. The depositary may refuse to transfer your ADRs or allow you to

withdraw the deposited securities underlying your ADRs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities underlying your ADRs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

### ***Reclassifications, Recapitalizations and Mergers***

#### **If we:**

- Change the nominal or par value of our shares
- Reclassify, split up or consolidate any of the deposited securities
- Distribute securities on the shares that are not distributed to you
- Recapitalize, reorganize, merge, sell all or substantially all of our assets, or take any similar action

#### **Then:**

The cash, shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.

The depositary may distribute some or all of the cash, shares or other securities it received. It may also deliver new ADRs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

### ***Amendment and Termination***

#### ***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the form of the ADRs without your consent if we and the depositary deem it necessary and desirable. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, cable, telex or facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADR holders, it will not become effective for outstanding ADRs until 30 days after the depositary notifies ADR holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADR, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

#### ***How may the deposit agreement be terminated?***

The depositary will terminate the deposit agreement at our direction by mailing notice of termination to the ADR holders then outstanding at least 60 days prior to the date fixed in such notice for such termination. The depositary may also terminate the deposit agreement by mailing notice of termination at least 30 days prior to the date of termination to us and the ADR holders then outstanding if at any time 90 days shall have expired after the depositary shall have delivered to us a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property and deliver shares and other deposited securities upon cancellation of ADRs. Four months after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the *pro rata* benefit of the ADR holders that have not surrendered their ADRs. The depositary will not invest the money and has no liability for interest. The depositary's only obligations will be to account for the money and other cash. After termination, our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

### ***Limitations on Obligations and Liability***

#### ***Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADRs***

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the deposit agreement;
- are not liable if either of us exercises discretion permitted under the deposit agreement;
- are not liable to any ADR owner or holder for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- are not liable for any action or nonaction by either of us in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any ADR owner or any other person believed to be competent to give such advice or information; and
- have no obligation to become involved in a lawsuit or other proceeding related to the ADRs or the deposit agreement on your behalf or on behalf of any other party.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

### ***Requirements for Depositary Actions***

Before the depositary will deliver or register a transfer of an ADR, make a distribution on an ADR, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADRs or register transfers of ADRs generally when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

### ***Your Right to Receive the Shares Underlying your ADRs***

You have the right to cancel your ADRs and withdraw the underlying shares at any time except:

- When temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares.
- When you or other ADR holders seeking to withdraw shares owe money to pay fees, taxes and similar charges.
- When it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADRs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### ***Pre-release of ADRs***

Unless requested in writing by us not to do so, the deposit agreement permits the depositary to deliver ADRs before the receipt of the underlying shares. This is called a pre-release of the ADR. The depositary may also deliver shares upon the receipt and cancellation of pre-released ADRs (even if the ADRs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADRs instead of shares to close out a pre-release. Each pre-release will be:

- preceded or accompanied by a written representation and agreement from the person to whom ADRs are to be delivered that such person, or its customer, (i) owns the shares or ADRs to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such shares or ADRs, as the case may be, to the depositary in its capacity as such and for the benefit of the owners of the ADRs, and (iii) will not take any action with respect to such shares or ADRs, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the depositary, disposing of such shares or ADRs, as the case may be), other than in satisfaction of such pre-release,
- at all times fully collateralized with cash, U.S. government securities or such other collateral as the depositary determines, in good faith, will provide substantially similar liquidity and security,
- terminable by the depositary on not more than five business days' notice, and
- subject to such further indemnities and credit regulations as the depositary deems appropriate. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so.

### ***Notices and Reports***

The depositary will make available for ADR holders inspection at its corporate trust office any notices, reports and communications, including any proxy soliciting material, that it receives from us, if those notices, reports and communications are both (a) received by the depositary as the holder of the deposited securities and (b) made generally available by us to the holders of the deposited securities. If we ask it to, the depositary will also send you copies of those reports it receives from us.

In addition, we are subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, file certain reports with the Securities and Exchange Commission. Such reports will be available for inspection and copying at the public reference facilities maintained by the Commission located at 100 F Street, N.E. Washington, D.C. 20549.

### ***Inspection of Transfer Books***

The depositary will keep books at its corporate trust office for the registration and transfer of ADRs, which will be open for your inspection at all reasonable times. However, such inspection shall not be for the purpose of communicating with other owners of ADSs in the interest of a business or object other than our business or other than related to the deposit agreement or the ADRs.

## PART II

### **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

### **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not applicable.

### **ITEM 15. CONTROLS AND PROCEDURES**

Not applicable.

### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Not applicable.

### **ITEM 16B. CODE OF ETHICS**

Not applicable.

### **ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Not applicable.

### **ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

### **ITEM 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

Not applicable.

## **PART III**

### **ITEM 17. FINANCIAL STATEMENTS**

We have elected to provide the financial statements and related information specified in Item 18.

### **ITEM 18. FINANCIAL STATEMENTS**

The information required by this item is set forth in our consolidated financial statements starting on page F-1 of this registration statement.

### **ITEM 19. EXHIBITS**

<b><u>Exhibit Number</u></b>	<b><u>Description of Exhibits</u></b>
1.1	Articles of Incorporation of Mizuho Financial Group, Inc., dated June 27, 2006 (English Translation)
1.2	Bylaws Regarding the Board of Directors of Mizuho Financial Group, Inc., effective from January 8, 2003 and as amended on June 27, 2006 (English Translation)
1.3	Regulations of Board of Corporate Auditors of Mizuho Financial Group, Inc., effective from January 9, 2003 and as amended on September 25, 2006 (English Translation)
1.4	Share Handling Regulations of Mizuho Financial Group, Inc., dated June 27, 2006 (English Translation)
2.1	Specimen of common stock certificates
2.2	Form of American Depository Receipt
2.3	Form of Deposit Agreement among the registrant, The Bank of New York as Depository and all owners and holders from time to time of American Depository Receipts issued thereunder
8	List of significant subsidiaries of Mizuho Financial Group, Inc.—see “Item 4.C. Information on the Company—Organizational Structure.”
15.1	Consent of Independent Registered Public Accounting Firm

## **SELECTED STATISTICAL DATA**

In preparing the selected statistical data set forth below, foreign activities are defined as business transactions that involve customers residing outside of Japan. However, as the operations of Mizuho Financial Group, Inc. and its consolidated subsidiaries (“the MHFG Group” or “the Group”) are highly integrated globally, the MHFG Group has made certain estimates and assumptions in allocating assets, liabilities, income and expense between domestic and foreign operations. The Group considers domestic and foreign activities determined by such methods to be representative of the Group’s operations.

## I. Distribution of assets, liabilities and shareholders' equity; interest rates and interest differential

*Average balances of balance sheet items, interest and dividend income, interest expense and average yields and rates*

The following tables show the MHFG Group's average balances of balance sheet items, Interest and dividend income, Interest expense, and average yields and rates on interest-earning assets and interest-bearing liabilities for the fiscal years ended March 31, 2005 and 2006. Average balances are generally based on a daily average. Month-end or quarter-end averages are used for certain average balances where it is not practicable to obtain applicable daily averages. The average balances determined by such methods are considered to be representative of the MHFG Group's operations.

	2005			2006		
	Average balance	Interest and dividend income	Average yield	Average balance	Interest and dividend income	Average yield
(in millions of yen, except percentages)						
<b>Assets:</b>						
Interest-earning assets:						
Interest-bearing deposits in other banks:						
Domestic .....	1,185,724	16,756	1.41%	876,669	25,256	2.88%
Foreign .....	562,228	13,246	2.36%	623,755	25,753	4.13%
Total .....	<u>1,747,952</u>	<u>30,002</u>	<u>1.72%</u>	<u>1,500,424</u>	<u>51,009</u>	<u>3.40%</u>
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions:						
Domestic .....	8,270,811	4,447	0.05%	7,695,098	5,108	0.07%
Foreign .....	5,873,191	113,136	1.93%	7,284,547	262,218	3.60%
Total .....	<u>14,144,002</u>	<u>117,583</u>	<u>0.83%</u>	<u>14,979,645</u>	<u>267,326</u>	<u>1.78%</u>
Trading account assets:						
Domestic .....	6,470,198	28,259	0.44%	7,832,031	20,494	0.26%
Foreign .....	3,981,682	45,089	1.13%	3,906,496	40,794	1.04%
Total .....	<u>10,451,880</u>	<u>73,348</u>	<u>0.70%</u>	<u>11,738,527</u>	<u>61,288</u>	<u>0.52%</u>
Investments:						
Domestic .....	27,369,489	116,245	0.42%	30,404,607	155,345	0.51%
Foreign .....	4,653,561	167,341	3.60%	7,566,952	295,141	3.90%
Total .....	<u>32,023,050</u>	<u>283,586</u>	<u>0.89%</u>	<u>37,971,559</u>	<u>450,486</u>	<u>1.19%</u>
Loans (Note):						
Domestic .....	60,500,762	935,924	1.55%	58,348,102	836,483	1.43%
Foreign .....	5,759,531	174,985	3.04%	7,269,244	291,315	4.01%
Total .....	<u>66,260,293</u>	<u>1,110,909</u>	<u>1.68%</u>	<u>65,617,346</u>	<u>1,127,798</u>	<u>1.72%</u>
Total interest-earning assets:						
Domestic .....	103,796,984	1,101,631	1.06%	105,156,507	1,042,686	0.99%
Foreign .....	20,830,193	513,797	2.47%	26,650,994	915,221	3.43%
Total .....	<u>124,627,177</u>	<u>1,615,428</u>	<u>1.30%</u>	<u>131,807,501</u>	<u>1,957,907</u>	<u>1.49%</u>
Non-interest-earning assets:						
Cash and due from banks .....	5,254,894			4,929,162		
Other non-interest-earning assets .....	5,610,550			6,106,938		
Allowance for loan losses .....	(2,347,552)			(1,566,891)		
Total non-interest-earning assets .....	<u>8,517,892</u>			<u>9,469,209</u>		
Total average assets .....	<u>133,145,069</u>			<u>141,276,710</u>		

Note: Average balances of loans include all nonaccrual loans. The amortized portion of net loan origination fees (costs) is included in interest income on loans.

Within total average assets, the percentage attributable to foreign activities was 16.1% and 20.3%, respectively, for the fiscal years ended March 31, 2005 and 2006.

	2005			2006		
	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate
(in millions of yen, except percentages)						
<b>Liabilities and shareholders' equity:</b>						
Interest-bearing liabilities:						
Deposits:						
Domestic .....	67,999,168	73,634	0.11%	60,741,984	121,644	0.20%
Foreign .....	2,988,780	58,003	1.94%	5,489,960	154,530	2.81%
Total .....	<u>70,987,948</u>	<u>131,637</u>	0.19%	<u>66,231,944</u>	<u>276,174</u>	0.42%
Debentures—Domestic .....	8,579,960	68,669	0.80%	7,256,478	48,208	0.66%
Short-term borrowings (Note):						
Domestic .....	19,535,953	23,584	0.12%	21,047,835	37,380	0.18%
Foreign .....	8,385,717	158,945	1.90%	11,007,913	388,755	3.53%
Total .....	<u>27,921,670</u>	<u>182,529</u>	0.65%	<u>32,055,748</u>	<u>426,135</u>	1.33%
Trading account liabilities:						
Domestic .....	4,091,023	32,270	0.79%	5,145,935	33,736	0.66%
Foreign .....	3,110,612	22,382	0.72%	3,254,557	19,103	0.59%
Total .....	<u>7,201,635</u>	<u>54,652</u>	0.76%	<u>8,400,492</u>	<u>52,839</u>	0.63%
Long-term debt:						
Domestic .....	5,945,685	124,218	2.09%	6,430,593	126,063	1.96%
Foreign .....	818,874	16,868	2.06%	734,500	15,476	2.11%
Total .....	<u>6,764,559</u>	<u>141,086</u>	2.09%	<u>7,165,093</u>	<u>141,539</u>	1.98%
Total interest-bearing liabilities:						
Domestic .....	106,151,789	322,375	0.30%	100,622,825	367,031	0.36%
Foreign .....	15,303,983	256,198	1.67%	20,486,930	577,864	2.82%
Total .....	<u>121,455,772</u>	<u>578,573</u>	0.48%	<u>121,109,755</u>	<u>944,895</u>	0.78%
Non-interest-bearing liabilities .....	<u>7,580,961</u>			<u>16,343,314</u>		
Shareholders' equity .....	<u>4,108,336</u>			<u>3,823,641</u>		
Total average liabilities and shareholders' equity .....	<u>133,145,069</u>			<u>141,276,710</u>		
Net interest income and average interest rate spread .....		<u>1,036,855</u>	0.82%		<u>1,013,012</u>	0.71%
Net interest income as a percentage of average total interest-earning assets .....			0.83%			0.77%

Note: Short-term borrowings consist of Due to trust accounts, Call money and funds purchased, Payables under repurchase agreements and securities lending transactions, Commercial paper, and Other short-term borrowings.

Within total average liabilities, which is the total of interest-bearing liabilities and non-interest-bearing liabilities shown in the above table, the percentage attributable to foreign activities was 12.7% and 15.9%, respectively, for the fiscal years ended March 31, 2005 and 2006.

Quantitative information under U.S. GAAP regarding average balances of balance sheet items, Interest and dividend income, Interest expense, and average yields and rates on interest-earning assets and interest-bearing liabilities for the fiscal year ended March 31, 2004 is not available. However, the MHFG Group observed the following trends in the fiscal year ended March 31, 2004, compared to the fiscal year ended March 31, 2005. Average balances and average yields on total interest-earning assets in the fiscal year ended March 31, 2004 were generally comparable to those in the fiscal year ended March 31, 2005. The average balance of Investments showed an increasing trend due primarily to the increase of investments in Japanese government bonds, while the average yield showed a decreasing trend due to the Group's shifting investments from longer-term Japanese government bonds to shorter-term Japanese government bonds with lower yields. The average balance of Loans decreased due to the Group's efforts to remove problem loans and low domestic loan demand, and the average yield showed a decreasing trend due to a decrease in loans to watch obligors which generally have a higher yield based on their higher risk compared to normal loans. Average balances and average rates on total interest-bearing liabilities in the fiscal year ended March 31, 2004 were generally comparable to those in the fiscal year ended March 31, 2005. The average rates on domestic interest-bearing liabilities were stable while the average rates on foreign interest-bearing liabilities increased. Comparing the fiscal year ended March 31, 2004 to the following fiscal year, there was a decrease in Debentures of approximately ¥2,000 billion, while there was an increase in Deposits in domestic operations of approximately ¥3,000 billion.

*Analysis of net interest income*

The following tables show changes in the MHFG Group's Interest and dividend income, Interest expense, and Net interest income based on changes in volume and changes in rate for the fiscal year ended March 31, 2006 compared to the fiscal year ended March 31, 2005. Changes attributable to the combined impact of changes in rate and volume have been allocated proportionately to the changes due to volume changes and changes due to rate changes.

<b>Fiscal year ended March 31, 2006 versus fiscal year ended March 31, 2005</b>			
<b>Increase (decrease) due to changes in</b>			
	<b>Volume</b>	<b>Yield</b>	<b>Net change</b>
	(in millions of yen)		
Interest and dividend income:			
Interest-bearing deposits in other banks:			
Domestic .....	(2,847)	11,347	8,500
Foreign .....	1,588	10,919	12,507
Total .....	<u>(1,259)</u>	<u>22,266</u>	<u>21,007</u>
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions:			
Domestic .....	(279)	940	661
Foreign .....	32,305	116,777	149,082
Total .....	<u>32,026</u>	<u>117,717</u>	<u>149,743</u>
Trading account assets:			
Domestic .....	8,583	(16,348)	(7,765)
Foreign .....	(838)	(3,457)	(4,295)
Total .....	<u>7,745</u>	<u>(19,805)</u>	<u>(12,060)</u>
Investments:			
Domestic .....	13,815	25,285	39,100
Foreign .....	112,577	15,223	127,800
Total .....	<u>126,392</u>	<u>40,508</u>	<u>166,900</u>
Loans:			
Domestic .....	(32,503)	(66,938)	(99,441)
Foreign .....	52,468	63,862	116,330
Total .....	<u>19,965</u>	<u>(3,076)</u>	<u>16,889</u>
Total interest and dividend income:			
Domestic .....	(13,231)	(45,714)	(58,945)
Foreign .....	198,100	203,324	401,424
Total .....	<u>184,869</u>	<u>157,610</u>	<u>342,479</u>

	Fiscal year ended March 31, 2006 versus fiscal year ended March 31, 2005		
	Increase (decrease) due to changes in		
	Volume	Rate	Net change
	(in millions of yen)		
Interest expense:			
Deposits:			
Domestic .....	(6,900)	54,910	48,010
Foreign .....	62,754	33,773	96,527
Total .....	55,854	88,683	144,537
Debentures—Domestic .....	(9,736)	(10,725)	(20,461)
Short-term borrowings:			
Domestic .....	1,947	11,849	13,796
Foreign .....	61,110	168,700	229,810
Total .....	63,057	180,549	243,606
Trading account liabilities:			
Domestic .....	4,248	(2,782)	1,466
Foreign .....	1,100	(4,379)	(3,279)
Total .....	5,348	(7,161)	(1,813)
Long-term debt:			
Domestic .....	7,568	(5,723)	1,845
Foreign .....	(1,788)	396	(1,392)
Total .....	5,780	(5,327)	453
Total interest expense:			
Domestic .....	(2,873)	47,529	44,656
Foreign .....	123,176	198,490	321,666
Total .....	120,303	246,019	366,322
Net interest income:			
Domestic .....	(10,358)	(93,243)	(103,601)
Foreign .....	74,924	4,834	79,758
Total .....	64,566	(88,409)	(23,843)

## II. Investment portfolio

The following table shows amortized cost, fair value and net unrealized gains (losses) of available-for-sale and held-to-maturity securities at March 31, 2004, 2005 and 2006:

	2004			2005			2006		
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)
(in millions of yen)									
Available-for-sale securities:									
Domestic:									
Japanese government bonds .....	19,720,945	19,529,206	(191,739)	21,682,462	21,529,304	(153,158)	19,522,100	19,291,447	(230,653)
Mortgage-backed securities .....	99,621	98,530	(1,091)	110,051	110,702	651	207,595	203,047	(4,548)
Corporate bonds and other debt securities .....	1,915,810	1,925,018	9,208	2,568,799	2,587,557	18,758	4,324,059	4,284,509	(39,550)
Equity securities (marketable) .....	2,230,292	4,556,253	2,325,961	2,136,632	4,315,280	2,178,648	2,391,200	6,011,532	3,620,332
Total domestic .....	<u>23,966,668</u>	<u>26,109,007</u>	<u>2,142,339</u>	<u>26,497,944</u>	<u>28,542,843</u>	<u>2,044,899</u>	<u>26,444,954</u>	<u>29,790,535</u>	<u>3,345,581</u>
Foreign:									
U.S. Treasury bonds .....	1,699,842	1,609,882	(89,960)	2,122,711	2,039,834	(82,877)	1,172,281	1,173,801	1,520
Other foreign gov't bonds .....	1,617,288	1,583,571	(33,717)	767,121	777,358	10,237	1,677,222	1,695,649	18,427
Mortgage-backed securities .....	653,323	614,246	(39,077)	1,534,494	1,503,155	(31,339)	2,102,681	2,165,927	63,246
Corporate bonds and other debt securities .....	444,959	445,929	970	602,914	601,554	(1,360)	1,314,374	1,309,828	(4,546)
Equity securities (marketable) .....	20,266	27,294	7,028	15,873	29,483	13,610	37,615	57,109	19,494
Total foreign .....	<u>4,435,678</u>	<u>4,280,922</u>	<u>(154,756)</u>	<u>5,043,113</u>	<u>4,951,384</u>	<u>(91,729)</u>	<u>6,304,173</u>	<u>6,402,314</u>	<u>98,141</u>
Total .....	<u>28,402,346</u>	<u>30,389,929</u>	<u>1,987,583</u>	<u>31,541,057</u>	<u>33,494,227</u>	<u>1,953,170</u>	<u>32,749,127</u>	<u>36,192,849</u>	<u>3,443,722</u>
Held-to-maturity securities:									
Domestic:									
Japanese government bonds .....	897,546	898,183	637	1,117,496	1,124,118	6,622	1,168,206	1,163,791	(4,415)
Corporate bonds and other debt securities .....	18,059	18,087	28	52,911	53,482	571	51,435	51,081	(354)
Total domestic .....	<u>915,605</u>	<u>916,270</u>	<u>665</u>	<u>1,170,407</u>	<u>1,177,600</u>	<u>7,193</u>	<u>1,219,641</u>	<u>1,214,872</u>	<u>(4,769)</u>
Foreign:									
U.S. Treasury bonds .....	—	—	—	289,160	283,205	(5,955)	316,508	305,606	(10,902)
Total foreign .....	—	—	—	289,160	283,205	(5,955)	316,508	305,606	(10,902)
Total .....	<u>915,605</u>	<u>916,270</u>	<u>665</u>	<u>1,459,567</u>	<u>1,460,805</u>	<u>1,238</u>	<u>1,536,149</u>	<u>1,520,478</u>	<u>(15,671)</u>

The following table shows the book values, contractual maturities and weighted average yields of available-for-sale and held-to-maturity debt securities at March 31, 2006. Fair value and amortized cost are the basis of the book value for available-for-sale and held-to-maturity debt securities, respectively. Weighted average yields are calculated based on amortized cost for all debt securities.

	Maturity																					
	One year or less		After one year through five years		After five years through ten years		After ten years		Total													
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield												
	(in millions of yen, except percentages)																					
Available-for-sale securities:																						
Domestic:																						
Japanese government bonds .....	10,338,630	0.08%	4,951,596	0.75%	2,727,373	1.20%	1,273,848	0.66%	19,291,447	0.45%												
Mortgage-backed securities .....	—	— %	—	— %	—	— %	203,047	1.75%	203,047	1.75%												
Corporate bonds and other debt securities .....	380,316	0.76%	2,092,542	0.86%	880,420	0.80%	931,231	0.88%	4,284,509	0.84%												
Total domestic .....	<u>10,718,946</u>	0.10%	<u>7,044,138</u>	0.78%	<u>3,607,793</u>	1.10%	<u>2,408,126</u>	0.84%	<u>23,779,003</u>	0.53%												
Foreign:																						
U.S. Treasury bonds .....	192,144	3.08%	522,131	3.52%	414,539	4.20%	44,987	4.98%	1,173,801	3.75%												
Other foreign gov't bonds .....	217,863	2.20%	1,039,583	4.18%	399,766	3.93%	38,437	4.31%	1,695,649	3.87%												
Mortgage-backed securities .....	3,437	4.85%	169,938	4.48%	170,478	3.91%	1,822,074	5.77%	2,165,927	5.52%												
Corporate bonds and other debt securities .....	160,386	3.26%	634,225	3.29%	224,422	3.71%	290,795	3.71%	1,309,828	3.39%												
Total foreign .....	<u>573,830</u>	2.81%	<u>2,365,877</u>	3.81%	<u>1,209,205</u>	3.98%	<u>2,196,293</u>	5.46%	<u>6,345,205</u>	4.31%												
Total .....	<u>11,292,776</u>	0.24%	<u>9,410,015</u>	1.54%	<u>4,816,998</u>	1.83%	<u>4,604,419</u>	3.04%	<u>30,124,208</u>	1.33%												
Held-to-maturity securities:																						
Domestic:																						
Japanese government bonds .....	200,112	0.46%	968,094	0.36%	—	— %	—	— %	1,168,206	0.38%												
Corporate bonds and other debt securities .....	—	— %	51,435	1.18%	—	— %	—	— %	51,435	1.18%												
Total domestic .....	<u>200,112</u>	0.46%	<u>1,019,529</u>	0.40%	—	— %	—	— %	<u>1,219,641</u>	0.41%												
Foreign:																						
U.S. Treasury bonds .....	—	— %	316,508	3.37%	—	— %	—	— %	316,508	3.37%												
Total foreign .....	—	— %	316,508	3.37%	—	— %	—	— %	316,508	3.37%												
Total .....	<u>200,112</u>	0.46%	<u>1,336,037</u>	1.10%	—	— %	—	— %	<u>1,536,149</u>	1.02%												

Other than U.S. Treasury bonds, U.S. government agency securities, which are included within foreign mortgage-backed securities in the above table, and Japanese government bonds, the MHFG Group held the following securities of individual issuers in which the aggregate book value exceeded 10% of the Group's shareholders' equity at March 31, 2006:

	Amortized cost (in millions of yen)	Fair value (in millions of yen)
German government bonds .....	631,430	643,521

In addition to Available-for-sale securities and Held-to-maturity securities, the MHFG Group's Investments also include Other investments. See Note 4 "Investments" to the consolidated financial statements included elsewhere in this registration statement for information regarding Other investments.

### III. Loan portfolio

#### *Types of loans*

The following table shows loans outstanding by domicile and industry of borrower at March 31, 2004, 2005 and 2006. Categorization of loans by industry is based on the loan classifications designated by the Bank of Japan for regulatory reporting purposes.

	2004	2005	2006
	(in millions of yen)		
<b>Domestic:</b>			
Manufacturing .....	9,219,534	7,943,154	7,792,723
Construction .....	2,047,612	1,745,172	1,563,511
Real estate .....	6,906,237	6,616,466	7,046,668
Services .....	9,780,774	9,095,014	9,208,751
Wholesale and retail .....	8,161,628	7,337,985	6,929,994
Banks and other financial institutions .....	7,897,622	6,201,142	6,540,940
Transportation .....	2,983,403	2,854,582	2,789,525
Other industries (Note) .....	5,129,763	5,969,766	6,857,783
<b>Individuals:</b>			
Mortgage loans .....	10,895,420	10,536,877	10,655,069
Other .....	1,285,310	1,384,540	1,317,167
<b>Total domestic .....</b>	<b>64,307,303</b>	<b>59,684,698</b>	<b>60,702,131</b>
<b>Foreign:</b>			
Government and official institutions .....	152,133	161,330	330,987
Banks and other financial institutions .....	386,681	671,678	1,437,166
Commercial and industrial .....	4,760,209	5,033,023	6,104,658
Other (Note) .....	46,356	77,568	205,411
<b>Total foreign .....</b>	<b>5,345,379</b>	<b>5,943,599</b>	<b>8,078,222</b>
<b>Total .....</b>	<b>69,652,682</b>	<b>65,628,297</b>	<b>68,780,353</b>
Less unearned income and deferred loan fees-net .....	51,309	58,961	69,392
<b>Total loans before allowance for loan losses .....</b>	<b>69,601,373</b>	<b>65,569,336</b>	<b>68,710,961</b>

Note: Other industries of domestic and other of foreign include trade receivables and lease receivables of consolidated variable interest entities.

There were no concentrations of loans exceeding 10% of total loans which are not disclosed as a category of loans in the table above.

Quantitative information regarding loans outstanding under U.S. GAAP as of March 31, 2002 and 2003 is not available. However, the MHFG Group observed the following trends with respect to loans outstanding since March 31, 2002:

- The volume of domestic loans decreased in almost all industries. In particular, loans to manufacturing, wholesale and retail, and banks and other financial institutions declined significantly. The downward trend continued through the fiscal year ended March 31, 2005 after which total domestic loans began to increase, resulting in a slight increase in total domestic loans as of March 31, 2006 compared to the end of the previous fiscal year.
- The balance of foreign loans decreased after realigning the banking operations of the MHFG Group in April 2002 through the fiscal year ended March 31, 2004, as the Group gave priority to improvement in the quality of its loan portfolio and endeavored to decrease its risk-weighted assets, along with the Group's strategy to restructure its foreign operations. As a result, the proportion of foreign loans to total loans decreased to below 8% as of March 31, 2004. Since that date, the balance of foreign loans has

been increasing in terms of both volume and proportion within total loans and reached ¥8 trillion and 11.74%, respectively, as of March 31, 2006 due to efforts of the Group to expand its lending mainly to non-Japanese corporate customers as well as the depreciation of the yen against other major currencies.

*Maturities and sensitivities of loans to changes in interest rates*

The following table shows the maturities of loan portfolio by domicile and industry of borrower at March 31, 2006:

	Maturity			
	One year or less	After one year through five years	After five years	Total
	(in millions of yen)			
Domestic:				
Manufacturing .....	4,836,613	2,599,719	356,391	7,792,723
Construction .....	864,862	522,778	175,871	1,563,511
Real estate .....	2,652,565	3,151,745	1,242,358	7,046,668
Services .....	5,707,915	2,527,110	973,726	9,208,751
Wholesale and retail .....	4,666,348	1,930,934	332,712	6,929,994
Banks and other financial institutions .....	4,284,299	1,470,640	786,001	6,540,940
Transportation .....	983,128	1,110,073	696,324	2,789,525
Other industries .....	5,257,336	981,107	619,340	6,857,783
Individuals .....	1,429,445	2,697,207	7,845,584	11,972,236
Total domestic .....	30,682,511	16,991,313	13,028,307	60,702,131
Foreign:				
Total foreign .....	3,177,529	3,482,863	1,417,830	8,078,222
Total .....	<u>33,860,040</u>	<u>20,474,176</u>	<u>14,446,137</u>	<u>68,780,353</u>

Of the above loans due after one year, loans which had floating rates and fixed rates at March 31, 2006 were as follows:

	(in millions of yen)
Floating rates .....	22,630,844
Fixed rates .....	12,289,469
Total .....	<u>34,920,313</u>

*Impaired loans*

The MHFG Group considers both loans that are subject to SFAS No.114, “Accounting by Creditors for impairment of a Loan—an amendment of FASB statement No.5 and 15” (“SFAS No.114”) and small balance, homogenous loans to be impaired when it is probable that the MHFG Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loan. Among other things, restructured loans under SFAS No.15, “Accounting by Debtors and Creditors for Troubled Debt Restructuring” (“SFAS No.15”) and loans that are 90 days or more delinquent are generally considered to be impaired. All of the MHFG Group’s impaired loans are designated as nonaccrual loans. The following table shows the distribution of impaired loans at March 31, 2004, 2005 and 2006 by domicile and industry of borrower:

	2004	2005	2006
	(in millions of yen)		
<b>Domestic:</b>			
Manufacturing .....	556,251	133,109	106,094
Construction .....	182,003	98,314	53,213
Real estate .....	531,860	316,843	188,474
Services .....	504,868	292,016	140,044
Wholesale and retail .....	877,944	410,529	202,758
Banks and other financial institutions .....	77,505	8,445	4,876
Transportation .....	60,382	220,812	315,784
Other industries .....	161,802	50,531	8,686
Individuals .....	280,179	231,990	139,678
<b>Total domestic .....</b>	<b>3,232,794</b>	<b>1,762,589</b>	<b>1,159,607</b>
<b>Foreign:</b>			
<b>Total foreign .....</b>	<b>136,696</b>	<b>80,724</b>	<b>69,810</b>
<b>Total impaired loans .....</b>	<b>3,369,490</b>	<b>1,843,313</b>	<b>1,229,417</b>

Quantitative information regarding impaired loans outstanding under U.S. GAAP as of March 31, 2002 and 2003 is not available. However, the MHFG Group observed the following trends with respect to impaired loans since March 31, 2002. The collapse of the “bubble economy” in the 1990’s and the subsequent asset deflation and prolonged economic weakness in Japan adversely affected the financial condition of many corporations, leading to a significant increase in the amount of the Group’s impaired loans, particularly loans to borrowers in the real estate and wholesale and retail industries. In 2002, the Japanese government introduced various measures as part of its Financial Revitalization Program. The goal of these measures was to reduce by half the amount of problem loans in the Japanese financial sector by March 31, 2005. In 2003, the Group established “revitalization subsidiaries” that specialized in promoting early corporate revitalization of customers and transferred loans of many troubled borrowers to them. The Group took many actions to reduce the amount of its impaired loans, such as collections, charge-offs and disposals as well as improving the borrowers’ credit rating through restructuring efforts. As a result of these efforts, the general quality of the Group’s loan portfolio improved significantly during the five-year period ended March 31, 2006, with significant and continuous declines in the balance of impaired loans beginning the fiscal year ended March 31, 2003, particularly loans to borrowers in the real estate and wholesale and retail industries. A similar trend was evident in the balance of foreign impaired loans, which has been decreasing significantly since the fiscal year ended March 31, 2003.

Had interest on nonaccrual loans been accrued at the original contractual terms, gross interest income on domestic nonaccrual loans outstanding during fiscal year ended March 31, 2006 would have been ¥39,265 million, of which ¥21,882 million was included in interest income on loans in the consolidated statements of income. Gross interest income which would have been accrued at the original contractual terms on foreign nonaccrual loans outstanding during fiscal year ended March 31, 2006 was approximately ¥5,309 million, of which ¥2,610 million was included in interest income on loans in the consolidated statements of income.

*Cross-border outstandings*

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-bearing deposits with other banks, other interest-bearing investments and any other monetary assets denominated in Japanese yen or other non-local currencies. This cross-border disclosure is based on the reports to the Bank of Japan required under Japanese foreign exchange-related law. Local currency outstandings are netted out from cross-border outstandings.

The following table sets forth the cross-border outstandings to borrowers in countries with respect to which the total of such outstandings exceeded 0.75% of consolidated total assets at March 31, 2005:

	<u>Public institutions</u>	<u>Banks</u>	<u>Others</u>	<u>Total</u>	<u>% of total assets</u>	<u>Undrawn commitments</u>
(in millions of yen, except percentages)						
United States .....	4,194,067	210,797	1,296,887	5,701,751	4.08%	1,357,080
United Kingdom .....	5,483	386,451	877,854	1,269,788	0.91%	354,386

The following table sets forth the cross-border outstandings to borrowers in countries with respect to which the total of such outstandings exceeded 1% of consolidated total assets at March 31, 2006:

	<u>Public institutions</u>	<u>Banks</u>	<u>Others</u>	<u>Total</u>	<u>% of total assets</u>	<u>Undrawn commitments</u>
(in millions of yen, except percentages)						
United States .....	3,843,210	952,236	1,901,044	6,696,490	4.60%	2,306,077
United Kingdom .....	70,582	345,156	1,185,540	1,601,278	1.10%	488,205
Germany .....	828,374	346,213	347,087	1,521,674	1.05%	330,608

There was no country in which total cross-border outstandings was between 0.75% and 1% of consolidated total assets at March 31, 2006.

#### IV. Summary of loan loss experience

The following table shows an analysis of loan loss experience by domicile and industry of borrower for the fiscal years ended March 31, 2005 and 2006:

	2005 (in millions of yen, except percentages)	2006
Allowance for loan losses at beginning of fiscal year .....	1,936,167	1,207,155
Provision (credit) for loan losses .....	<u>55,035</u>	<u>(157,666)</u>
<b>Charge-offs:</b>		
Domestic:		
Manufacturing .....	64,580	38,325
Construction .....	20,424	11,073
Real estate .....	312,526	85,264
Services .....	118,836	28,661
Wholesale and retail .....	221,326	44,763
Banks and other financial institutions .....	10,403	553
Transportation .....	20,028	5,463
Other industries .....	12,592	12,254
Individuals .....	<u>88,036</u>	<u>63,702</u>
Total domestic .....	<u>868,751</u>	<u>290,058</u>
Total foreign .....	<u>7,336</u>	<u>15,671</u>
Total charge-offs .....	<u>876,087</u>	<u>305,729</u>
<b>Recoveries:</b>		
Domestic:		
Manufacturing .....	5,394	3,589
Construction .....	9,431	6,464
Real estate .....	22,010	20,992
Services .....	8,478	10,241
Wholesale and retail .....	12,202	10,622
Banks and other financial institutions .....	2,871	1,023
Transportation .....	1,556	49
Other industries .....	3,480	1,896
Individuals .....	<u>9,498</u>	<u>6,361</u>
Total domestic .....	<u>74,920</u>	<u>61,237</u>
Total foreign .....	<u>14,820</u>	<u>12,654</u>
Total recoveries .....	<u>89,740</u>	<u>73,891</u>
Net charge-offs .....	<u>786,347</u>	<u>231,838</u>
Others (Note) .....	<u>2,300</u>	<u>(5,330)</u>
Balance at end of fiscal year .....	<u>1,207,155</u>	<u>812,321</u>
Ratio of net charge-offs to average loans outstanding .....	<u>1.19%</u>	<u>0.35%</u>

Note: Others include primarily foreign exchange translation.

Quantitative information under U.S. GAAP regarding loan loss experience for the fiscal years ended March 31, 2002, 2003, and 2004 is not available. However, the MHFG Group observed the following trends during such fiscal years. The Group incurred significant provisions for loan losses in the fiscal years ended March 31, 2002 and 2003, due to the significant amount of impaired loans accumulated after the collapse of the “bubble economy”, as discussed in “III. Loan portfolio—Impaired loans”. The general quality of the Group’s loan portfolio began to improve starting in the fiscal year ended March 31, 2003, and the amount of its provision for

loan losses peaked by the end of such fiscal year and decreased dramatically in subsequent fiscal years, with a reversal of the provision for loan losses being recorded in the fiscal year ended March 31, 2006. Similarly, the amount of its net charge-offs peaked in the fiscal year ended March 31, 2003, and decreased significantly in subsequent fiscal years with a small fluctuation.

The following table shows an allocation of the MHFG Group's allowance for loan losses by domicile and industry of borrower at March 31, 2004, 2005 and 2006:

	2004		2005		2006	
	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans
		(in millions of yen, except percentages)				
Domestic:						
Manufacturing .....	225,527	13.24%	88,365	12.10%	62,218	11.33%
Construction .....	70,478	2.94%	64,203	2.66%	28,040	2.27%
Real estate .....	347,050	9.92%	152,085	10.08%	74,063	10.24%
Services .....	252,666	14.04%	172,316	13.86%	91,499	13.39%
Wholesale and retail .....	422,316	11.72%	254,487	11.18%	143,580	10.08%
Banks and other financial institutions .....	168,556	11.34%	115,619	9.45%	85,360	9.51%
Transportation .....	32,760	4.28%	69,649	4.35%	114,837	4.06%
Other industries .....	73,954	7.36%	27,838	9.09%	9,363	9.97%
Individuals .....	233,798	17.49%	190,079	18.17%	138,528	17.41%
Mortgage loans .....	154,910	15.64%	116,042	16.06%	107,014	15.49%
Other .....	78,888	1.85%	74,037	2.11%	31,514	1.92%
Total domestic .....	1,827,105	92.33%	1,134,641	90.94%	747,488	88.26%
Total foreign .....	109,062	7.67%	72,514	9.06%	64,833	11.74%
Total allowance for loan losses .....	1,936,167	100.00%	1,207,155	100.00%	812,321	100.00%

Quantitative information under U.S. GAAP regarding the allocation of allowance for loan losses as of March 31, 2002 and 2003 is not available. However, the MHFG Group observed the following trends in the allowance for loan losses from March 31, 2002 through March 31, 2006. The allowance for loan losses for each of the industry categories generally began to decrease after the fiscal year ended March 31, 2003, as the balance of impaired loans significantly decreased. In particular, the allowance for loan losses to industries such as real estate and wholesale and retail, the amount of which had been significant due to the large amount of impaired loans that had been attributable to such industries, showed significant declines.

## V. Deposits

The following table shows the average amount of, and the average rate on, the following deposit categories for the fiscal years ended March 31, 2005 and 2006:

	2005		2006	
	Average amount	Average rate	Average amount	Average rate
(in millions of yen, except percentages)				
Domestic offices:				
Non-interest-bearing demand deposits .....	4,894,896	— %	12,447,179	— %
Interest-bearing demand deposits .....	31,513,647	0.05%	25,603,238	0.08%
Deposits at notice (Note) .....	920,144	0.00%	699,977	0.00%
Time deposits .....	25,779,837	0.21%	25,690,710	0.38%
Certificates of deposit .....	9,785,540	0.02%	8,748,059	0.03%
Foreign offices, principally from banks located in foreign countries:				
Non-interest-bearing demand deposits .....	262,039	— %	315,370	— %
Interest-bearing deposits, principally time deposits .....	2,805,026	1.91%	4,944,456	2.70%
Certificates of deposit .....	183,754	2.33%	545,504	3.88%
Total .....	<u>76,144,883</u>	<u>0.17%</u>	<u>78,994,493</u>	<u>0.35%</u>

Note: Deposits at notice represent interest-bearing demand deposits which require the depositor to give two or more days notice in advance of withdrawal.

Quantitative information under U.S. GAAP regarding the average amount of, and the average rate on, deposits as of any date prior to March 31, 2005 is not available. However, the MHFG Group observed that the total average amount of deposits was gradually increasing from the fiscal year ended March 31, 2004 through the fiscal year ended March 31, 2006. The total average rate increased slightly from the fiscal year ended March 31, 2004 to the fiscal year ended March 31, 2005, and increased at a somewhat higher rate from the fiscal year ended March 31, 2005 to the fiscal year ended March 31, 2006. After March, 2005, when the non-interest-bearing ordinary deposit, which was a new product in the non-interest-bearing demand deposit category, was introduced, a portion of traditional ordinary deposit, which was in the interest-bearing demand deposit category, shifted to such new deposit. The average amount of non-interest-bearing ordinary deposits was ¥109 billion and ¥6,818 billion for the fiscal years ended March 31, 2005 and 2006, respectively.

The amounts of total deposits by foreign depositors in domestic offices at March 31, 2004, 2005 and 2006 were ¥728,395 million, ¥930,905 million and ¥869,967 million, respectively.

At March 31, 2006, the balance and remaining maturities of time deposits and certificates of deposit issued by domestic offices in amounts of ¥10 million (approximately US\$85 thousand) or more as well as the balance of those deposits issued by foreign offices in amounts of US\$100,000 or more are shown in the following table:

	Time deposits	Certificates of deposit	Total
	(in millions of yen)		
Domestic offices:			
Due in three months or less .....	9,302,632	8,014,600	17,317,232
Due after three months through six months .....	2,150,458	313,810	2,464,268
Due after six months through twelve months .....	2,247,385	12,980	2,260,365
Due after twelve months .....	1,687,001	12,400	1,699,401
Total .....	15,387,476	8,353,790	23,741,266
Foreign offices .....	5,195,887	1,005,334	6,201,221
Total .....	20,583,363	9,359,124	29,942,487

## VI. Short-term borrowings

The following table shows certain additional information with respect to the MHFG Group's short-term borrowings for the fiscal years ended March 31, 2004, 2005 and 2006. Information for the items marked "n.a." for the fiscal year ended March 31, 2004 is unavailable due to the lack of related financial data under U.S. GAAP.

	2004	2005	2006
	(in millions of yen, except percentages)		
<b>Due to trust accounts:</b>			
Average balance outstanding during the fiscal year .....	n.a.	1,329,945	1,355,656
Maximum balance outstanding at any month-end during the fiscal year .....	n.a.	1,403,182	1,498,596
Balance at end of fiscal year .....	1,360,532	1,367,570	1,354,890
Weighed average interest rate during the fiscal year .....	n.a.%	0.39%	0.41%
Weighed average interest rate on balance at end of fiscal year .....	0.38%	0.39%	0.37%
<b>Call money and funds purchased, and payables under repurchase agreements and securities lending transactions:</b>			
Average balance outstanding during the fiscal year .....	n.a.	22,886,280	25,151,310
Maximum balance outstanding at any month-end during the fiscal year .....	n.a.	24,439,819	26,234,873
Balance at end of fiscal year .....	22,524,906	21,041,173	23,619,505
Weighed average interest rate during the fiscal year .....	n.a.%	0.74%	1.62%
Weighed average interest rate on balance at end of fiscal year .....	0.50%	0.82%	1.55%
<b>Commercial paper:</b>			
Average balance outstanding during the fiscal year .....	n.a.	2,067,445	1,455,015
Maximum balance outstanding at any month-end during the fiscal year .....	n.a.	2,475,024	1,432,768
Balance at end of fiscal year .....	1,862,340	2,475,024	965,995
Weighed average interest rate during the fiscal year .....	n.a.%	0.14%	0.25%
Weighed average interest rate on balance at end of fiscal year .....	0.11%	0.16%	0.96%
<b>Other short-term borrowings:</b>			
Average balance outstanding during the fiscal year .....	n.a.	1,638,000	4,093,767
Maximum balance outstanding at any month-end during the fiscal year .....	n.a.	5,189,051	8,115,098
Balance at end of fiscal year .....	942,187	5,189,051	6,293,099
Weighed average interest rate during the fiscal year .....	n.a.%	0.20%	0.16%
Weighed average interest rate on balance at end of fiscal year .....	0.05%	0.08%	0.08%

**MIZUHO FINANCIAL GROUP, INC.**  
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**Report of Independent Registered Public Accounting Firm**

To Board of Directors and Shareholders  
of Mizuho Financial Group, Inc.

We have audited the accompanying consolidated balance sheets of Mizuho Financial Group, Inc. and subsidiaries as of March 31, 2005 and 2006, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mizuho Financial Group, Inc. and subsidiaries at March 31, 2005 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young ShinNihon  
Tokyo, Japan  
July 21, 2006

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2005 AND 2006**

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Assets:</b>		
Cash and due from banks (Note 9) .....	5,682,532	3,459,672
Interest-bearing deposits in other banks (Note 9) .....	1,216,243	1,666,529
Call loans and funds sold .....	327,565	701,805
Receivables under resale agreements .....	5,006,183	5,979,643
Receivables under securities borrowing transactions .....	8,680,335	8,643,570
Trading account assets (including assets pledged that secured parties are permitted to sell or repledge of ¥4,895,360 million in 2005 and ¥3,030,227 million in 2006) (Notes 3 and 9) .....	13,075,546	12,392,154
Investments (Notes 4 and 9):		
Available-for-sale securities (including assets pledged that secured parties are permitted to sell or repledge of ¥5,012,962 million in 2005 and ¥5,482,229 million in 2006) .....	33,494,227	36,192,849
Held-to-maturity securities .....	1,459,567	1,536,149
Other investments .....	1,065,556	1,111,799
Loans (Notes 5,6 and 9) .....	65,569,336	68,710,961
Allowance for loan losses .....	<u>(1,207,155)</u>	<u>(812,321)</u>
Loans, net of allowance .....	64,362,181	67,898,640
Premises and equipment—net (Note 7) .....	841,632	839,894
Due from customers on acceptances .....	28,598	42,722
Accrued income .....	271,654	335,939
Goodwill (Note 8) .....	39,559	39,559
Deferred tax assets (Note 20) .....	1,175,199	996,533
Other assets (Notes 9, 14 and 21) .....	2,881,963	3,684,935
Total assets .....	<u>139,608,540</u>	<u>145,522,392</u>

See the accompanying Notes to the Consolidated Financial Statements.

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS—(Continued)**  
**MARCH 31, 2005 AND 2006**

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Liabilities and shareholders' equity:</b>		
Deposits (Notes 9 and 10):		
Domestic:		
Non-interest-bearing deposits .....	10,634,949	14,590,760
Interest-bearing deposits .....	65,869,308	60,909,963
Foreign:		
Non-interest-bearing deposits .....	292,435	341,137
Interest-bearing deposits .....	3,722,022	6,861,830
Debentures (Note 11) .....	7,785,391	6,586,504
Due to trust accounts (Note 12) .....	1,367,570	1,354,890
Call money and funds purchased .....	5,017,512	6,192,054
Payables under repurchase agreements .....	8,357,544	10,079,585
Payables under securities lending transactions .....	7,666,117	7,347,866
Commercial paper .....	2,475,024	965,995
Other short-term borrowings .....	5,189,051	6,293,099
Trading account liabilities (Note 3) .....	9,938,317	10,445,247
Bank acceptances outstanding .....	28,598	42,722
Income taxes payable (Note 20) .....	43,360	52,496
Deferred tax liabilities (Note 20) .....	27,059	22,737
Accrued expenses .....	236,771	246,777
Long-term debt (Note 13) .....	4,788,775	5,384,991
Other liabilities (Notes 14 and 23) .....	3,097,462	3,161,739
Total liabilities .....	<u>136,537,265</u>	<u>140,880,392</u>
Commitments and contingencies (Note 23) .....		
Minority interest in consolidated subsidiaries (Note 24) .....	201,747	296,286
Shareholders' equity (Note 18):		
Preferred stock (Note 15) .....	2,769,468	1,580,430
Common stock—no par value, authorized 25,000,000 shares in 2005 and 2006, issued 12,003,995 shares in 2005 and 2006 (Note 16) .....	3,105,754	3,547,726
Accumulated deficit (Note 17) .....	(3,642,945)	(2,647,768)
Accumulated other comprehensive income, net of tax .....	1,031,806	1,912,140
Less: Treasury stock, at cost—Common stock 1,158,194 shares in 2005 and 396,025 shares in 2006, Preferred stock Class II 38,600 shares, Class VIII 65,700 shares and Class IX 33,000 shares in 2005 and Nil shares in 2006 .....	<u>(394,555)</u>	<u>(46,814)</u>
Total shareholders' equity .....	<u>2,869,528</u>	<u>4,345,714</u>
Total liabilities, minority interest and shareholders' equity .....	<u>139,608,540</u>	<u>145,522,392</u>

See the accompanying Notes to the Consolidated Financial Statements.

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2005 AND 2006**

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Interest and dividend income:</b>		
Loans, including fees (Note 5) .....	1,110,909	1,127,798
Investments:		
Interest .....	215,749	359,408
Dividends .....	67,837	91,078
Trading account assets .....	73,348	61,288
Call loans and funds sold .....	5,006	9,753
Receivables under resale agreements and securities borrowing transactions .....	112,577	257,573
Deposits .....	30,002	51,009
Total interest and dividend income .....	<u>1,615,428</u>	<u>1,957,907</u>
<b>Interest expense:</b>		
Deposits .....	131,637	276,174
Debentures .....	68,669	48,208
Trading account liabilities .....	54,652	52,839
Call money and funds purchased .....	2,777	6,290
Payables under repurchase agreements and securities lending transactions .....	165,945	400,645
Other short-term borrowings .....	13,807	19,200
Long-term debt .....	141,086	141,539
Total interest expense .....	<u>578,573</u>	<u>944,895</u>
Net interest income .....	1,036,855	1,013,012
Provision (credit) for loan losses (Notes 5 and 6) .....	<u>55,035</u>	<u>(157,666)</u>
Net interest income after provision (credit) for loan losses .....	<u>981,820</u>	<u>1,170,678</u>
<b>Noninterest income:</b>		
Fees and commissions (Note 26) .....	602,146	688,686
Foreign exchange gains (losses)—net (Note 3) .....	(306)	(110,674)
Trading account gains—net (Note 3) .....	190,013	20,342
Investment gains—net (Note 4) .....	471,854	143,482
Gains on disposal of premises and equipment .....	80,613	65,473
Other noninterest income (Note 20) .....	255,353	187,847
Total noninterest income .....	<u>1,599,673</u>	<u>995,156</u>
<b>Noninterest expenses:</b>		
Salaries and employee benefits (Note 21) .....	451,457	435,181
General and administrative expenses .....	462,104	455,653
Occupancy expenses .....	227,321	178,190
Fees and commission expenses .....	86,175	96,127
Provision (credit) for losses on off-balance-sheet instruments (Note 23) .....	(25,773)	34,023
Minority interest in consolidated subsidiaries (Note 24) .....	30,941	69,051
Other noninterest expenses (Note 18) .....	146,828	186,079
Total noninterest expenses .....	<u>1,379,053</u>	<u>1,454,304</u>
Income before income tax expense (benefit) .....	1,202,440	711,530
Income tax expense (benefit) (Note 20) .....	<u>124,379</u>	<u>(374,142)</u>
Net income .....	<u>1,078,061</u>	<u>1,085,672</u>
	<b>(in yen)</b>	
<b>Earnings per common share (Note 19):</b>		
Basic net income per common share .....	<u>94,616.09</u>	<u>93,778.71</u>
Diluted net income per common share .....	<u>70,005.52</u>	<u>82,748.82</u>

See the accompanying Notes to the Consolidated Financial Statements.

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2005 AND 2006**

	<u>Gains (losses) before income tax expense (benefit)</u>	<u>Income tax (expense) benefit</u>	<u>Gains (Losses) net of income tax expense (benefit)</u>
	(in millions of yen)		
<b>Fiscal year ended March 31, 2005</b>			
Net income .....			<u>1,078,061</u>
Other comprehensive income (loss):			
Unrealized net gains on available-for-sale securities			
(Note 20):			
Unrealized holding gains .....	343,102	(139,359)	203,743
Less: reclassification adjustments for gains			
included in net income .....	<u>(330,010)</u>	<u>134,048</u>	<u>(195,962)</u>
Total .....	<u>13,092</u>	<u>(5,311)</u>	<u>7,781</u>
Foreign currency translation adjustments:			
Foreign currency translation adjustments .....	16,299	—	16,299
Less: reclassification adjustments for gains			
included in net income .....	<u>—</u>	<u>—</u>	<u>—</u>
Total .....	<u>16,299</u>	<u>—</u>	<u>16,299</u>
Total other comprehensive income (loss) .....	<u>29,391</u>	<u>(5,311)</u>	<u>24,080</u>
Total comprehensive income .....			<u>1,102,141</u>
<b>Fiscal year ended March 31, 2006</b>			
Net income .....			<u>1,085,672</u>
Other comprehensive income (loss):			
Unrealized net gains on available-for-sale securities			
(Note 20):			
Unrealized holding gains .....	1,500,614	(609,588)	891,026
Less: reclassification adjustments for gains			
included in net income .....	<u>(44,767)</u>	<u>18,183</u>	<u>(26,584)</u>
Total .....	<u>1,455,847</u>	<u>(591,405)</u>	<u>864,442</u>
Foreign currency translation adjustments:			
Foreign currency translation adjustments .....	17,370	—	17,370
Less: reclassification adjustments for gains			
included in net income .....	<u>(529)</u>	<u>—</u>	<u>(529)</u>
Total .....	<u>16,841</u>	<u>—</u>	<u>16,841</u>
Minimum pension liability adjustments (Note 20) .....	<u>(1,599)</u>	<u>650</u>	<u>(949)</u>
Total other comprehensive income (loss) .....	<u>1,471,089</u>	<u>(590,755)</u>	<u>880,334</u>
Total comprehensive income .....			<u>1,966,006</u>

See the accompanying Notes to the Consolidated Financial Statements.

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2005 AND 2006**

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Preferred stock (Note 15):</b>		
Balance at beginning of fiscal year .....	3,042,014	2,769,468
Change during year .....	(272,546)	(1,189,038)
Balance at end of fiscal year .....	<u>2,769,468</u>	<u>1,580,430</u>
<b>Common stock (Note 16):</b>		
Balance at beginning of fiscal year .....	3,064,119	3,105,754
Gains on sales of treasury stock .....	28	441,972
Issuance of new shares of common stock by conversion of preferred stock .....	41,607	—
Balance at end of fiscal year .....	<u>3,105,754</u>	<u>3,547,726</u>
<b>Accumulated deficit (Note 17):</b>		
Balance at beginning of fiscal year .....	(4,637,693)	(3,642,945)
Net income .....	1,078,061	1,085,672
Dividends declared .....	(74,281)	(75,884)
Amortization of beneficial conversion feature .....	(1,811)	—
Cancellation of preferred stock .....	(7,221)	(14,611)
Balance at end of fiscal year .....	<u>(3,642,945)</u>	<u>(2,647,768)</u>
<b>Accumulated other comprehensive income, net of tax:</b>		
Unrealized net gains on available-for-sale securities (Note 4):		
Balance at beginning of fiscal year .....	1,123,949	1,131,730
Change during year .....	7,781	864,442
Balance at end of fiscal year .....	<u>1,131,730</u>	<u>1,996,172</u>
Foreign currency translation adjustments:		
Balance at beginning of fiscal year .....	(116,223)	(99,924)
Change during year .....	16,299	16,841
Balance at end of fiscal year .....	<u>(99,924)</u>	<u>(83,083)</u>
Minimum pension liability adjustments (Note 21):		
Balance at beginning of fiscal year .....	—	—
Change during year .....	—	(949)
Balance at end of fiscal year .....	—	(949)
Balance at end of fiscal year .....	<u>1,031,806</u>	<u>1,912,140</u>
<b>Treasury stock, at cost:</b>		
Balance at beginning of fiscal year .....	(134,110)	(394,555)
Purchases of treasury stock .....	(500,477)	(944,321)
Sales of treasury stock .....	58	88,416
Cancellation of treasury stock .....	239,971	1,203,649
Other .....	3	(3)
Balance at end of fiscal year .....	<u>(394,555)</u>	<u>(46,814)</u>
Total shareholders' equity .....	<u>2,869,528</u>	<u>4,345,714</u>

See the accompanying Notes to the Consolidated Financial Statements.

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2005 AND 2006**

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Cash flows from operating activities:</b>		
Net income .....	1,078,061	1,085,672
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	148,160	136,553
Provision (credit) for loan losses .....	55,035	(157,666)
Investment gains-net .....	(471,854)	(143,482)
Foreign exchange losses (gains)—net .....	15,199	43,045
Deferred income tax expense (benefit) .....	229,629	(444,542)
Net change in trading account assets .....	(2,928,468)	786,215
Net change in trading account liabilities .....	2,010,864	426,115
Net change in accrued income .....	(5,543)	(65,075)
Net change in accrued expenses .....	11,885	7,510
Other—net .....	(378,286)	(64,547)
Net cash provided by (used in) operating activities .....	<u>(235,318)</u>	<u>1,609,798</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of available-for-sale securities .....	34,754,823	29,549,504
Proceeds from maturities of available-for-sale securities .....	32,149,350	36,810,931
Purchases of available-for-sale securities .....	(69,392,104)	(68,306,435)
Proceeds from maturities of held-to-maturity securities .....	1,275	1,264
Purchases of held-to-maturity securities .....	(544,862)	(50,175)
Proceeds from sales of other investments .....	141,170	142,599
Purchases of other investments .....	(80,026)	(93,307)
Proceeds from sales of loans .....	625,023	314,146
Net change in loans .....	2,764,865	(3,340,472)
Net change in interest-bearing deposits in other banks .....	114,858	(418,710)
Net change in call loans and funds sold and receivables under resale agreements and securities borrowing transactions .....	(1,252,075)	(994,455)
Proceeds from sales of premises and equipment .....	72,412	69,381
Purchases of premises and equipment .....	(155,516)	(163,934)
Other—net .....	<u>—</u>	<u>27,539</u>
Net cash used in investing activities .....	<u>(800,807)</u>	<u>(6,452,124)</u>
<b>Cash flows from financing activities:</b>		
Net change in deposits .....	2,687,556	1,951,000
Net change in debentures .....	(1,644,382)	(1,198,692)
Net change in call money and funds purchased and payables under repurchase agreements and securities lending transactions .....	(1,639,841)	2,192,832
Net change in due to trust accounts .....	7,038	(12,680)
Net change in commercial paper and other short-term borrowings .....	2,474,181	(418,349)
Proceeds from issuance of long-term debt .....	1,670,545	1,457,917
Repayment of long-term debt .....	(1,942,176)	(914,569)
Proceeds from minority interest .....	98,574	58,756
Proceeds from sales of treasury stock .....	86	530,388
Purchases of treasury stock .....	(500,477)	(944,321)
Dividends paid .....	(74,281)	(75,725)
Dividends paid to minority interest .....	(23,362)	(21,714)
Net cash provided by financing activities .....	<u>1,113,461</u>	<u>2,604,843</u>
Effect of exchange rate changes on cash and due from banks .....	<u>616</u>	<u>14,623</u>
Net increase (decrease) in cash and due from banks .....	<u>77,952</u>	<u>(2,222,860)</u>
Cash and due from banks at beginning of fiscal year .....	<u>5,604,580</u>	<u>5,682,532</u>
Cash and due from banks at end of fiscal year .....	<u>5,682,532</u>	<u>3,459,672</u>

See the accompanying Notes to the Consolidated Financial Statements.

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2005 AND 2006**

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid .....	508,933	937,680
Income taxes paid, net .....	137,416	243,135
Noncash investing activities:		
Transfer from loans into other investments .....	34,671	29,046
Investment in capital leases .....	14,084	7,109

See the accompanying Notes to the Consolidated Financial Statements.

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2005 AND 2006**

**1. Basis of presentation and summary of significant accounting policies**

*Basis of presentation*

On January 8, 2003, Mizuho Financial Group, Inc. (“MHFG”) was incorporated as a joint stock corporation with limited liability under the Commercial Code of Japan. MHFG, through its subsidiaries (“the MHFG Group”, or “the Group”), provides domestic and international financial services in Japan and other countries. Its three predecessor banks were:

- The Dai-Ichi Kangyo Bank, Limited (“DKB”), a commercial bank formed through the merger of The Dai-Ichi Bank, Ltd. and The Nippon Kangyo Bank, Ltd. in October 1971. The Dai-Ichi Bank, Ltd. was a commercial bank incorporated in 1873, and The Nippon Kangyo Bank, Ltd. began business as a government institution in 1897 and became a commercial bank in 1950;
- The Fuji Bank, Limited (“FBK”), a commercial bank originally incorporated in 1912 under the name of Yasuda Bank; and
- The Industrial Bank of Japan, Limited (“IBJ”), originally incorporated in 1902 under the Industrial Bank of Japan Law of 1902.

On September 29, 2000, Mizuho Holdings, Inc. (“MHHD”) was established as a bank holding company, through which DKB, FBK, and IBJ became wholly-owned subsidiaries. The business combination was accounted for as a pooling of interests and, accordingly, the historical financial information has been presented as if the combination had been in effect for all periods. On October 1, 2000, the respective securities subsidiaries of the predecessor banks merged to form Mizuho Securities Co., Ltd. (“MHSC”), and the respective trust bank subsidiaries merged on the same date to form Mizuho Trust & Banking Co., Ltd. (“MHTB”).

In April 2002, the operations of the three predecessor banks were realigned through a corporate split and merger process under Japanese law into a wholesale banking subsidiary, Mizuho Corporate Bank, Ltd. (“MHCB”), and a banking subsidiary serving primarily retail and small and medium-sized enterprise customers, Mizuho Bank, Ltd. (“MHBK”). On March 12, 2003, MHFG became the holding company for the MHFG Group by means of a stock-for-stock exchange with MHHD, which became an intermediate holding company focused on management of the MHFG Group’s banking and securities businesses.

In October 2005, Mizuho Private Wealth Management Co., Ltd., a private banking subsidiary, was established and on October 1, 2005, MHHD was converted from an intermediate holding company into Mizuho Financial Strategy Co., Ltd., an advisory company that provides advisory services to financial institutions.

Other major subsidiaries consist of Trust & Custody Service Bank, Ltd. (“TCSB”), Mizuho Investors Securities Co., Ltd. (“MHIS”), Mizuho Capital Co., Ltd., UC Card Co., Ltd., and Mizuho Business Financial Center Co., Ltd.

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”). The consolidated financial statements are stated in Japanese yen, the currency of the country in which MHFG is incorporated and principally operates.

The accompanying consolidated financial statements include the accounts of MHFG and its subsidiaries. The consolidated financial statements also include the accounts of the variable interest entities (“VIEs”) for which MHFG or its subsidiaries have been determined to be the primary beneficiary under Financial Accounting Standards Board (“FASB”) Interpretation No.46, (revised December 2003) “Consolidation of Variable Interest Entities, an interpretation of ARB No.51” (“FIN No.46R”). All significant intercompany transactions and balances have been eliminated in consolidation. The MHFG Group accounts for investment in entities over which it has significant influence using the equity method of accounting. These investments are included in Other investments and the Group’s proportionate share of income or loss is included in Investment gains—net.

*Use of estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**MARCH 31, 2005 AND 2006**

make estimates and assumptions that affect reported amounts and related disclosures. Specific areas, among others, requiring the application of management's estimates and judgment include assumptions pertaining to the allowance for loan losses, allowance for losses on off-balance-sheet instruments, deferred tax assets, derivative financial instruments, investments and pension and other employee benefit. Actual results could differ from estimates and assumptions made.

*Definition of cash and due from banks*

For purposes of the consolidated statements of cash flows, Cash and due from banks include cash on hand, cash items in the process of collection and non-interest-bearing deposits with banks.

*Translation of foreign currency financial statements and foreign currency transactions*

Financial statements of overseas entities are prepared using the functional currency of each entity and translated into Japanese yen for consolidation purposes. Assets and liabilities are translated using the fiscal-year-end exchange rate of each functional currency, and income and expense using the average rate of each functional currency for the period.

Foreign currency translation gains and losses related to the financial statements of overseas entities of the MHFG Group, net of related income tax effects, are credited or charged directly to Foreign currency translation adjustments, a component of Accumulated other comprehensive income, net of tax. Tax effects of gains and losses on foreign currency translation of financial statements of overseas entities are not recognized unless it is apparent that the temporary differences will reverse in the foreseeable future.

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the fiscal-year-end foreign exchange rates, and gains and losses resulting from such translation are included in Foreign exchange gains (losses)—net, as appropriate. Foreign currency denominated income and expenses are translated using average exchange rates for the period.

*Call loans and call money*

Call loans and call money represent lending/borrowing through the Japanese short-term money market to/from other financial institutions such as banks, insurance companies, and securities brokerage houses.

*Repurchase and resale agreements, securities lending and borrowing and other secured financing transactions*

Securities sold under agreements to repurchase (“repurchase agreements”), securities purchased under agreements to resell (“resale agreements”) and securities lending and borrowing transactions are accounted for as secured financing or lending transactions when control over the underlying securities is not deemed to be surrendered by the transferor. Otherwise, they are recorded as sales of securities with related forward repurchase commitments or purchases of securities with related forward resale commitments in accordance with Statement of Financial Accounting Standards (“SFAS”) No.140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities” (“SFAS No.140”).

Under resale agreements, securities borrowing and certain derivatives transactions, the MHFG Group receives collateral in the form of securities. In many cases, the MHFG Group is permitted to sell or repledge the securities obtained as collateral. Disclosures of such collateral are presented in Note 9 “Pledged assets and collateral”. With respect to securities lending, repurchase agreements, and certain derivative transactions, counterparties may have the right to sell or repledge securities that the MHFG Group has pledged as collateral. The MHFG Group separately discloses those pledged securities in the consolidated balance sheets.

The MHFG Group monitors credit exposure arising from resale agreements, repurchase agreements, securities borrowing and securities lending transactions on a daily basis, and additional collateral is obtained from or returned to counterparties as appropriate.

*Trading securities and trading securities sold, not yet purchased*

Trading securities consist of securities and money market instruments that are bought and held principally for the

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**MARCH 31, 2005 AND 2006**

purpose of reselling in the near term with the objective of generating profits on short-term fluctuations in price. Trading securities sold, not yet purchased, are securities and money market instruments sold to third parties that the MHFG Group does not own and is obligated to purchase at a later date to cover the short position. Trading securities and trading securities sold, not yet purchased, are classified at the date of commitment or purchase. Trading securities and trading securities sold, not yet purchased, are recorded at fair value in the consolidated balance sheets in Trading account assets and Trading account liabilities with realized and unrealized gains and losses recorded on a trade date basis in Trading account gains—net in earnings. Interest and dividends on trading account debt and equity securities, including securities sold, not yet purchased, are recorded in Interest and dividend income or Interest expense on an accrual basis.

*Investments*

Debt securities that the MHFG Group has both the positive intent and ability to hold to maturity are classified as Held-to-maturity securities and carried at amortized cost. Debt securities that the MHFG Group may not hold to maturity as well as any marketable equity securities, other than those classified as trading account securities, are classified as Available-for-sale securities, and are carried at fair value, with unrealized gains and losses reported in Accumulated other comprehensive income, net of tax. Available-for-sale securities also include retained subordinated beneficial interests in a securitization transaction that can contractually be repaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded investments.

Declines in the fair value of Held-to-maturity and Available-for-sale securities below their amortized cost, that are deemed to be other-than-temporary, are reported in Investment gains—net. In addition, other-than-temporary declines in beneficial interests purchased or retained in a securitization transaction which are classified as available-for-sale debt securities are recognized if there has been an adverse change in the cash flows as of the balance sheet date. Interest and dividends, as well as amortization of premiums and accretion of discounts, are reported in Interest and dividend income. Amortization of premiums and accretion of discounts on debt securities are recognized over the remaining maturity under the straight-line method which approximates the interest method. Gains and losses on disposition of investments are computed using the average cost of the investment and are recorded on the trade date.

Other investments include marketable and non-marketable equity securities accounted for using the equity method, marketable and non-marketable investments held by consolidated investment companies which are held at fair value under specialized industry accounting principles for investment companies, and other non-marketable equity securities carried at cost, less other-than-temporary impairment, if any.

*Derivative financial instruments*

Derivative financial instruments are bought and held principally for the purpose of market making for customers, proprietary trading in order to generate trading revenues and fee income, and also to manage the MHFG Group's exposure to interest rate, credit and market risks related to asset and liability management. Such derivative financial instruments include interest rate, commodity, foreign currency, equity and credit default swap agreements, options, caps, and floors, and financial futures and forward contracts.

Derivatives bought and held for trading purposes are recorded in the consolidated balance sheets at fair value in Trading account assets and Trading account liabilities. The fair value of derivatives in a gain position and loss position are reported as Trading account assets and Trading account liabilities, respectively.

Derivatives used for asset and liability management include contracts that qualify for hedge accounting under SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities", as amended ("SFAS No.133"). To be eligible for hedge accounting, derivative instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the particular risk being hedged. All qualifying hedging derivatives are valued at fair value and included in Trading account assets or Trading account liabilities. Derivatives that do not qualify for hedge accounting under SFAS No.133 are treated as trading positions and are accounted for as such.

The fair value of derivative financial instruments is based on quoted market prices or broker-dealer quotes. If quoted market prices or broker-dealer quotes are not available, the fair value is estimated using quoted market

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**MARCH 31, 2005 AND 2006**

prices for similar instruments, option or binomial pricing models or present value cash flow analysis, applying current observable market information, where available. The determination of fair value includes various factors such as exchange or over-the-counter market quotes, time value and volatility factors for options and warrants, observed prices for similar or synthetic instruments, and counterparty credit quality including potential exposure.

Initial upfront unrealized gains or losses on derivative contracts are deferred unless the fair value is supported by observable market data. If upfront unrealized gains or losses are treated as adjustments to valuation model pricing parameters, any deferred upfront unrealized gains or losses are recognized as part of the ongoing mark to model over the term of the contract as the data becomes more observable. If observable data is not initially available, unrealized gains or losses may be recognized only when the observable market data becomes available.

Changes in fair value of all derivatives are recorded in earnings, except for derivatives qualifying as net investment hedges under SFAS No.133 which are recorded in Accumulated other comprehensive income, net of tax. The fair value changes of all derivatives relating to foreign currency exchange rates are included in the Foreign exchange gains (losses)—net. Other elements of the fair value changes, including interest rate, equity and credit related components, are recognized in Trading account gains—net.

Certain financial and hybrid instruments often contain embedded derivative instruments that possess implicit or explicit contract terms in a manner similar to that of a derivative instrument. Such derivative instruments are required to be fair valued separately from the host contracts if they meet the criteria of an embedded derivative. Such criteria include whether the entire instrument is not marked to market through earnings, the economics of the embedded terms are not clearly and closely related to those of the host contract and the embedded terms would meet the definition of a derivative on a stand-alone basis.

*Loans*

Loans are generally carried at the principal amount adjusted for unearned income and deferred net nonrefundable loan fees and costs. Loan origination fees, net of certain direct origination costs are deferred and recognized over the contractual life of the loan as an adjustment of yield using a method that approximates the interest method. Interest income on performing loans is accrued and credited to income as it is earned. In refinancing or restructuring a loan other than in a troubled debt restructuring in accordance with SFAS No.15, “Accounting by Debtors and Creditors for Troubled Debt Restructurings” (“SFAS No.15”), if the terms of the new loan are at least as favorable to the lender as the terms for comparable loans to other customers with similar collection risks who are not refinancing or restructuring a loan, or more than minor modifications as defined by the FASB Emerging Issues Task Force (“EITF”) Issue No.01-7, “Creditors Accounting for a Modification or Exchange of Debt Instruments” (“EITF Issue No.01-7”) are made, any unamortized net origination fees or costs related to the original loan are recognized in interest income when the new loan is granted; otherwise, the unamortized net fees or costs from the original loan are carried forward as a part of the net investment in the new loan. Unearned income and discounts or premiums on purchased loans are deferred and recognized over the life of the loan using a method that approximates the interest method.

Loans are considered impaired when, based on current information and events, it is probable that the MHFG Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loan. Factors considered by management in determining if a loan is impaired include delinquency status and the ability of the debtor to make payment of the principal and interest when due.

Loans are designated as nonaccrual when management determines them to be impaired based on all the relevant facts and circumstances. When a loan is placed on nonaccrual status, interest accrual and amortization of net origination fees are suspended and the capitalized interest is written off. Cash received on nonaccrual loans is accounted for as reduction of the loan principal if the ultimate collectibility of the principal amount is uncertain, otherwise, as interest income. Loans are not restored to accrual status until interest and principal payments are current and future payments are reasonably assured.

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**MARCH 31, 2005 AND 2006**

Fees received in connection with a modification of the terms of a restructured loan that meet the definition of troubled debt restructurings in accordance with SFAS No.15, are applied as a reduction of the recorded investment in the loan. All related costs, including direct loan origination costs, are charged to expense as incurred.

*Securitization*

The MHFG Group engages in securitization activities related to mortgage loans and other loans in the normal course of business. The MHFG Group records a loan securitization as a sale when the transferred loans are legally isolated from the Group's creditors and the accounting criteria for a sale are met in accordance with SFAS No.140. Otherwise, the transfer is accounted for as a collateralized borrowing. Gains or losses on securitization depend in part on the carrying amount of the loans, allocated between the loans derecognized and the retained interests based on their relative fair values at the date of the transfer. Interests in loans sold through securitization may be retained by the Group in the form of subordinated beneficial interests. The MHFG Group estimates fair value of these subordinated beneficial interests based on the present value of future expected cash flows, using management's best estimates of the key assumptions, such as default rates, discount rates, and prepayment rates, and records them as available-for-sale debt securities.

*Allowance and provision (credit) for loan losses*

The MHFG Group maintains an appropriate amount of allowance for loan losses to absorb probable losses inherent in the loan portfolio and makes adjustments to such allowance through Provision (credit) for loan losses in the consolidated statements of income. Loan principal which management judges to be uncollectible, based on detailed loan reviews and a credit quality assessment, is charged off against the allowance for loan losses. Subsequent recoveries of previously charged-off loan balances are recorded as an increase to the allowance for loan losses as the recoveries are received.

The credit quality review process and the credit rating process serve as the basis for determining the allowance for loan losses. Through such processes loans are categorized into groups to reflect the probability of default, whereby the MHFG Group's management assesses the ability of borrowers to service their debt, taking into consideration current financial information, ability to generate cash, historical payment experience, analyses of relevant industry segments and current trends. In determining the appropriate level of the allowance, the MHFG Group evaluates the probable loss by category of loan based on its risk type and characteristics.

The allowance for loan losses is determined in accordance with SFAS No.114, "Accounting by Creditors for Impairment of a Loan—an amendment of FASB Statements No.5 and 15" ("SFAS No.114") and SFAS No.5, "Accounting for Contingencies" ("SFAS No.5"). The MHFG Group measures the impairment of a loan, based on the present value of expected future cash flows discounted at the loan's initial effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent, when it is probable that the MHFG Group will be unable to collect all amounts due according to the contractual terms of the loan agreement. Certain impaired loans are aggregated for the purpose of measuring impairment and a formula allowance utilizing historical loss factors is applied. The formula allowance is also applied to groups of small balance, homogeneous loans that are collectively evaluated for impairment and for non-homogeneous loans that have not been identified as impaired. The evaluation of inherent loss for these loans involves a high degree of uncertainty, subjectivity and judgment because probable loan losses are not easily identifiable or measurable. In determining the formula allowance, the MHFG Group therefore relies on a statistical analysis that incorporates loss rates based on its own historical loss experience and third party data. The estimation of the formula allowance is back-tested on a periodic basis by comparing the allowance with the actual results subsequent to the balance sheet date.

The historical loss rate is adjusted, where appropriate, to reflect current factors, such as general economic and business conditions affecting the key lending areas of the MHFG Group, credit quality trends, specific industry conditions within portfolio segments, and recent loss experience in particular segments of the portfolio.

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*Allowance and provision (credit) for losses on off-balance-sheet instruments*

The MHFG Group maintains an allowance for losses on off-balance-sheet credit instruments, such as guarantees, standby letters of credit, commitments to invest in securities and commitments to extend credit, in the same manner as the allowance for loan losses. The allowance is recorded in Other liabilities. Net changes in the allowance for losses on off-balance-sheet instruments are accounted for in the Provision (credit) for losses on off-balance sheet instruments in the consolidated statements of income.

*Premises and equipment*

Premises and equipment are stated at historical cost, and depreciation and amortization are recorded over the estimated useful lives of the assets, except for leasehold improvements, which are amortized over the shorter of the estimated useful lives of the assets or the lease term. Depreciation and amortization are principally computed under the straight-line method with respect to buildings and leasehold improvements and under the declining-balance method with respect to other premises and equipment.

The useful lives of premises and equipment are as follows:

	<u>Years</u>
Buildings .....	3 to 50
Equipment and furniture .....	2 to 20
Leasehold improvements .....	3 to 50

Regular repairs and maintenance costs that do not extend the estimated useful life are charged to expense as incurred. Upon sale or disposition of premises and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts, and any gains or losses on disposal are included in Gains on disposal of premises and equipment or Occupancy expenses.

*Impairment of long-lived assets*

The MHFG Group's long-lived assets that are held for use are reviewed periodically for events or changes in circumstances that indicate possible impairment. The Group's impairment review is based on an undiscounted cash flow analysis of a group of assets, combined with associated liabilities, at the lowest level for which identifiable cash flows exist. Impairment occurs when the carrying value of the asset group exceeds the future undiscounted cash flows that the asset group is expected to generate. When there is impairment, the future cash flows are then discounted to determine the estimated fair value of the asset group and an impairment charge is recorded for the difference between the carrying value and the estimated fair value of the asset group. The long-lived assets to be disposed of by sale are carried at the lower of the carrying amount or fair value, less estimated cost to sell.

*Software*

Internal and external costs incurred in connection with developing and obtaining software for internal use that occur during the application development stage are capitalized. Such costs include salaries and benefits for employees directly involved with and who devote time to the project, to the extent such time is incurred directly on the internal use software project. The capitalization of software ceases when the software project has been substantially completed. The capitalized software is amortized on a straight-line basis over the estimated useful life, generally 5 years. Impairment of internal use software is assessed and recognized periodically when triggering events occur.

*Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the MHFG Group's share of net identifiable assets acquired at the date of acquisition in a business combination. The Group accounts for goodwill

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in accordance with SFAS No.142, “Goodwill and Other Intangible assets” (“SFAS No.142”). Goodwill is recorded at a designated reporting unit level for the purpose of assessing impairment. An impairment loss is recorded to the extent the carrying amount of the goodwill exceeds its estimated fair value.

*Pension and other employee benefits*

MHFG and certain subsidiaries including MHBK, MHCB, and MHTB sponsor severance and pension plans, which provide defined benefits to retired employees. Periodic expense and accrued liabilities are computed based on the actuarial present value of benefits, net of investment returns expected from plan assets and their fair values at the balance sheet date. Net periodic expense is charged to Salaries and employee benefits.

*Debentures and long-term debt*

Premiums, discounts and issuance costs of debentures and long-term debt are amortized based on a method that approximates the interest method over the terms of the debentures and long-term debt.

*Obligations under guarantees*

The MHFG Group provides customers with a variety of guarantees and similar arrangements, including standby letters of credit, financial and performance guarantees, credit protections, and liquidity facilities. The MHFG Group recognizes guarantee fees income over the guarantee period. The MHFG Group receives such a guarantee fee at the inception of the guarantee or by installment, and in either case approximates the fair value of the guarantee.

*Fees and commissions*

Fee revenue is recognized when all of the following criteria have been met: persuasive evidence of an agreement exists, services have been rendered, the price is fixed or determinable, and collectibility is reasonably assured.

Trust fees are recognized on an accrual basis and are usually based on the volume of assets under custody or management. Performance-related fees associated with certain trust products are recognized on an accrual basis. Fees on funds transfer and collection services are generally recognized as revenue when the related services are performed. Revenues from investment banking services are recorded at the time the underlying transactions are substantially completed and there are no other contingencies associated with the fees. Fees from trade-related financing services are recognized over the period of the financing. Annual fees and royalty and other service charges related to the credit card business are recorded on a straight-line basis as services are provided.

Fees and commissions are presented on a gross basis.

*Income taxes*

Income taxes are accounted for in accordance with SFAS No.109, “Accounting for Income Taxes”, as amended (“SFAS No.109”). Deferred income taxes reflect the net tax effects of (1) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those corresponding amounts used for income tax purposes, and (2) operating loss and tax credit carryforwards. A valuation allowance for any portion of the deferred tax assets is recorded unless it is more likely than not that the deferred tax assets will be realized. Deferred income tax benefit or expense is recognized for the change in the net deferred tax asset or liability between periods.

*Earnings per common share*

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding during the fiscal year. Diluted earnings per common share reflect the possible

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exercise of all convertible securities, such as convertible preferred stock to the extent they are not anti-dilutive. See Note 19 “Earnings per common share” for the computation of basic and diluted earnings per common share.

**2. Recently issued accounting pronouncements**

*Recently adopted accounting pronouncements*

In January 2003, EITF reached a consensus on Issue No.03-2, “Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities” (“EITF Issue No.03-2”), which was ratified by the FASB in February 2003. EITF Issue No.03-2 addresses accounting for a transfer to the Japanese government of the substitutional portion of an employee pension fund and requires employers to account for the entire separation process of the substitutional portion from an entire plan upon completion of the transfer to the government of the substitutional portion of the benefit obligation and related plan assets as the culmination of a series of steps in a single settlement transaction. It also requires that the difference between the fair value of the obligation and the assets required to be transferred to the government, if any, should be accounted for as a subsidy from the government, separately from gain or loss on settlement of the substitutional portion of the obligation, upon completion of the transfer. Refer to Note 21 “Pension and other employee benefit plans” for a further discussion of the impact of EITF Issue No.03-2.

In May 2003, the FASB issued SFAS No.150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity” (“SFAS No.150”), which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity, and was effective at the beginning of the first interim period beginning after June 15, 2003. On November 7, 2003, FASB Staff Position (“FSP”) No.150-3, “Effective Date, Disclosures, and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under FASB Statement No.150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity” (“FSP No.150-3”) which delayed the effective date of certain provisions of SFAS No.150 for certain mandatorily redeemable noncontrolling interests. The adoption of FSP No.150-3 did not have a material impact on the MHFG Group’s consolidated results of operations or financial condition.

In December 2003, the American Institute of Certified Public Accountants (“AICPA”) issued Statement of Position (“SOP”) No.03-3, “Accounting for Certain Loans or Debt Securities Acquired in a Transfer” (“SOP No.03-3”). SOP No.03-3 requires acquired loans to be recorded at fair value and prohibits carrying over valuation allowances in the initial accounting for all loans acquired in a transfer that have evidence of deterioration in credit quality since acquisition, when it is probable that the investor will be unable to collect all contractual cash flows. SOP No.03-3 limits the yield that may be accreted to the excess of the undiscounted expected cash flows over the investor’s initial investment in the loan. The excess of the contractual cash flows over expected cash flows may not be recognized as an adjustment of yield. Subsequent increases in cash flows expected to be collected are recognized prospectively through an adjustment of the loan’s yield over its remaining life. Decreases in expected cash flows are recognized as impairments. SOP No.03-3 is effective for loans acquired in fiscal years beginning after December 15, 2004. The adoption of SOP No.03-3 did not have a material impact on the MHFG Group’s consolidated results of operations or financial condition.

In March 2005, the FASB issued FIN No.47, “Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No.143” (“FIN No.47”), which clarifies that the term “conditional asset retirement obligation” as used in SFAS No.143, “Accounting for Asset Retirement Obligations” (“SFAS No.143”), refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. Under FIN No.47, the obligation to perform the asset retirement activity is considered unconditional even though uncertainty exists about the timing and (or) method of settlement. FIN No.47 also clarifies when an enterprise is considered to have sufficient information to reasonably estimate the fair value of an asset retirement obligation to clarify the application of SFAS No.143 which addresses accounting for the cases where sufficient information is not

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available at the time the liability is incurred. FIN No.47 is effective no later than the end of fiscal years ended after December 15, 2005. The adoption of FIN No.47 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In March 2005, the FASB issued FSP No.FIN46(R)-5, "Implicit Variable Interests under FASB Interpretation No.46 (revised December 2003)" ("FSP No.FIN46(R)-5"), which addresses whether a reporting enterprise should consider whether it holds an implicit variable interest in a VIE or potential VIE when specific conditions exist. FSP No.FIN46(R)-5 requires that an enterprise consider whether it holds an implicit variable interest in the VIE or potential VIE based on whether the enterprise may absorb variability of the VIE or potential VIE. FSP No.FIN46(R)-5 is effective in the first reporting period beginning after March 3, 2005. The adoption of the FSP did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In June 2005, the EITF reached a consensus on Issue No.04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" ("EITF Issue No.04-5"). EITF Issue No.04-5 provides guidance to general partners in limited partnerships in determining if they control the limited partnerships. The guidance indicates the factors to be considered in determining if the general partner has control of the limited partnership include: rebuttable presumption of control, ability of limited partners to liquidate the limited partnership or remove the general partner without cause, limited partners' substantive participating rights, and limited partners' protective rights. EITF Issue No.04-5 is applicable to all new partnerships formed and for existing partnerships for which the partnership agreements are modified after June 29, 2005. For all other existing partnerships, EITF Issue No.04-5 is applicable for the first reporting period for fiscal years beginning after December 15, 2005. The MHFG Group early adopted EITF Issue No.04-5, and the adoption did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In April 2006, the FASB issued FSP No.FIN46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No.46(R)" ("FSP No.FIN46(R)-6"), which addresses how an enterprise should determine the variability to be considered in applying FIN No.46R. FSP No.FIN46(R)-6 requires that the variability to be considered in applying FIN No.46R be based on an analysis of the design of the entity, which entails an analysis of the nature of risks in the entity and determination of the purpose(s) for which the entity has been created and the variability that the entity creates. An enterprise is required to apply FSP No.FIN46(R)-6 prospectively to all entities (including newly created entities) with which that enterprise first becomes involved and to all entities previously required to be analyzed under FIN No.46R when a reconsideration event, as defined by FIN No.46R, has occurred beginning the first day of the first reporting period beginning after June 15, 2006. The MHFG Group has early adopted the FSP, and the adoption did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

*Accounting pronouncements issued but not yet effective*

In November 2003, the EITF reached a consensus on Issue No.03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("EITF Issue No.03-1"), which requires certain additional quantitative and qualitative disclosures in addition to the disclosure already required by SFAS No.115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No.115"). On September 30, 2004, the FASB voted unanimously to delay the effective date of EITF Issue No.03-1 measurement provisions. On November 3, 2005, the FASB issued FSP No. FAS 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("FSP No. FAS 115-1 and FAS 124-1"), which nullifies EITF Issue No.03-1's guidance on determining whether an impairment is other-than-temporary, and effectively retains the previous guidance in this area. The FSP does, however, generally carry forward EITF Issue No.03-1's impairment guidance relating to cost method investments and disclosures. The FSP is required to be applied to reporting periods beginning after December 15, 2005. The adoption of the FSP is not expected to have a material impact on the MHFG Group's consolidated results of operations or financial condition.

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In December 2004, the FASB issued SFAS No.153, “Exchanges of Non-monetary Assets—an amendment of APB Opinion No.29” (“SFAS No.153”), which eliminates the exception to the fair value measurement principle for exchanges of similar productive assets that is provided under APB Opinion No.29 “Accounting for Non-monetary Transactions”, and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. Under SFAS No.153, a non-monetary exchange is considered to have commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No.153 is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS No.153 is not expected to have a material impact on the MHFG Group’s consolidated results of operations or financial condition.

In May 2005, the FASB issued SFAS No.154, “Accounting Changes and Error Corrections—a replacement of APB Opinion No.20 and FASB Statement No.3” (“SFAS No.154”), which replaces APB Opinion No.20, “Accounting Changes” (“APB Opinion No.20”), and SFAS No.3, “Reporting Accounting Changes in Interim Financial Statements” (“SFAS No.3”), and requires all voluntary changes in accounting principle, as well as the changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions, be accounted for as retrospective application to prior periods’ financial statements, unless it is impracticable. SFAS No.154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Early adoption is also permitted. The MHFG Group expects to adopt SFAS No.154 beginning with the fiscal year ending March 31, 2007, and the impact of SFAS No.154 on its consolidated results of operations and financial condition will depend on the accounting change, if any, in a future period.

In February 2006, the FASB issued SFAS No.155, “Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No.133 and 140” (“SFAS No.155”), which eliminates the exemption from applying the bifurcation requirements of SFAS No.133 to interests in securitized financial assets. SFAS No.155 permits an enterprise to elect fair value measurement at acquisition, at issuance, or when a previously recognized financial instrument is subject to a remeasurement event, on an instrument-by-instrument basis, with respect to a hybrid financial instrument that contains an embedded derivative that would otherwise be bifurcated. SFAS No.155 is effective for all financial instruments acquired or issued after the beginning of an enterprise’s first fiscal year that begins after September 15, 2006. The MHFG Group is currently evaluating the potential impact that the adoption of SFAS No.155 will have on its consolidated results of operations and financial condition but does not expect a material impact.

In March 2006, the FASB issued SFAS No.156, “Accounting for Servicing of Financial Assets—an amendment of FASB Statements No.140” (“SFAS No.156”), which requires all separately recognized servicing assets and liabilities be initially measured at fair value, if practical. SFAS No.156 permits, but does not require, an enterprise to elect to remeasure servicing assets and liabilities at fair value in subsequent periods. An enterprise is required to adopt SFAS No.156 as of the beginning of its first fiscal year that begins after September 15, 2006. The MHFG Group is currently evaluating the potential impact that the adoption of SFAS No.156 will have on its consolidated results of operations and financial condition but does not expect a material impact.

In July 2006, the FASB issued FIN No.48, “Accounting for Uncertainty in Income Taxes” (“FIN No.48”), which creates a single model to address uncertainty in all tax positions subject to SFAS No.109. FIN No.48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN No.48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No.48 is effective for fiscal years beginning after December 15, 2006 and differences between the amounts recognized in the statements of financial position prior to the adoption of FIN No.48 and the amounts reported after adoption should be accounted for as a cumulative-effect adjustment recorded to the beginning balance of retained earnings. The MHFG Group is currently evaluating the potential impact that the adoption of FIN No.48 will have on its consolidated results of operations and financial condition.

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**3. Trading account assets and trading account liabilities**

The following table presents the components of Trading account assets and Trading account liabilities at their estimated fair value at March 31, 2005 and 2006:

	<b>2005</b> (in millions of yen)	<b>2006</b>
<b>Trading account assets:</b>		
<b>Trading securities:</b>		
Japanese government and corporate debt securities .....	7,113,296	5,903,261
Japanese equity securities .....	371,202	643,832
Foreign government bonds and other securities .....	1,868,481	2,277,718
Total .....	<u>9,352,979</u>	<u>8,824,811</u>
<b>Derivative assets:</b>		
Interest rate contracts .....	2,237,083	1,972,873
Foreign exchange contracts .....	1,115,419	1,067,067
Equity-related contracts .....	38,869	104,175
Credit-related contracts .....	54,721	22,657
Other contracts, mainly commodity-related contracts .....	276,475	400,571
Total .....	<u>3,722,567</u>	<u>3,567,343</u>
Total .....	<u>13,075,546</u>	<u>12,392,154</u>
<b>Trading account liabilities:</b>		
<b>Trading securities sold, not yet purchased</b> .....	6,359,373	6,466,309
<b>Derivative liabilities:</b>		
Interest rate contracts .....	2,319,913	1,956,550
Foreign exchange contracts .....	915,205	1,503,795
Equity-related contracts .....	47,125	109,761
Credit-related contracts .....	28,521	16,963
Other contracts, mainly commodity-related contracts .....	268,180	391,869
Total .....	<u>3,578,944</u>	<u>3,978,938</u>
Total .....	<u>9,938,317</u>	<u>10,445,247</u>

See Note 28 “Fair value of financial instruments” for the methodologies and assumptions used to estimate fair values.

The MHFG Group performs trading activities through market-making, sales, and arbitrage. Net trading gains (losses) for the fiscal years ended March 31, 2005 and 2006 are comprised of the following:

	<b>2005</b> (in millions of yen)	<b>2006</b>
<b>Trading account gains—net:</b>		
<b>Trading securities, excluding derivative contracts</b> .....	69,656	376,839
Derivative contracts .....	<u>120,357</u>	<u>(356,497)</u>
Total .....	<u>190,013</u>	<u>20,342</u>
Foreign exchange gains (losses)—net .....	<u>(306)</u>	<u>(110,674)</u>
Net trading gains (losses) .....	<u>189,707</u>	<u>(90,332)</u>

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**4. Investments**

The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale and held-to-maturity securities at March 31, 2005 and 2006 are as follows:

	2005				2006			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
(in millions of yen)								
Available-for-sale securities:								
Debt securities:								
Japanese government bonds .....	21,682,462	9,115	162,273	21,529,304	19,522,100	280	230,933	19,291,447
Japanese local gov't bonds .....	97,439	2,186	355	99,270	126,603	480	2,543	124,540
U.S. Treasury bonds .....	2,122,711	7,294	90,171	2,039,834	1,172,281	20,208	18,688	1,173,801
Other foreign gov't bonds .....	767,121	14,236	3,999	777,358	1,677,222	32,121	13,694	1,695,649
Corporate bonds .....	2,545,275	13,746	5,389	2,553,632	3,878,697	5,666	33,916	3,850,447
Mortgage-backed securities .....	1,644,545	9,741	40,429	1,613,857	2,310,276	75,300	16,602	2,368,974
Other debt securities .....	528,999	7,556	346	536,209	1,633,133	2,920	16,703	1,619,350
Equity securities (marketable) .....	2,152,505	2,193,501	1,243	4,344,763	2,428,815	3,641,925	2,099	6,068,641
<b>Total</b> .....	<b>31,541,057</b>	<b>2,257,375</b>	<b>304,205</b>	<b>33,494,227</b>	<b>32,749,127</b>	<b>3,778,900</b>	<b>335,178</b>	<b>36,192,849</b>
Held-to-maturity securities:								
Debt securities:								
Japanese government bonds .....	1,117,496	6,622	—	1,124,118	1,168,205	96	4,510	1,163,791
Japanese local gov't bonds .....	52,911	571	—	53,482	51,435	—	354	51,081
U.S. Treasury bonds .....	289,160	—	5,955	283,205	316,509	—	10,903	305,606
<b>Total</b> .....	<b>1,459,567</b>	<b>7,193</b>	<b>5,955</b>	<b>1,460,805</b>	<b>1,536,149</b>	<b>96</b>	<b>15,767</b>	<b>1,520,478</b>

The amortized cost and fair value of available-for-sale and held-to-maturity debt securities at March 31, 2006 by contractual maturity are shown in the table below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. Securities not due at a single maturity date and securities embedded with call or prepayment options, such as mortgage-backed securities, are included in the table below based on their original final or contractual maturities.

	Available-for-sale debt securities		Held-to-maturity debt securities	
	Amortized cost	Fair value	Amortized cost	Fair value
		(in millions of yen)		
Due in one year or less .....	11,293,683	11,292,776	200,112	200,208
Due after one year through five years .....	9,481,474	9,410,015	1,336,037	1,320,270
Due after five years through ten years .....	4,896,985	4,816,998	—	—
Due after ten years .....	4,648,170	4,604,419	—	—
<b>Total</b> .....	<b>30,320,312</b>	<b>30,124,208</b>	<b>1,536,149</b>	<b>1,520,478</b>

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The following tables show the gross unrealized losses and fair value of available-for-sale and held-to-maturity securities, aggregated by the length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2005 and 2006:

	<b>2005</b>	<b>Less than 12 months</b>		<b>12 months or more</b>		<b>Total</b>		
		<b>Fair Value</b>	<b>Gross unrealized losses</b>	<b>Fair Value</b>	<b>Gross unrealized losses</b>	<b>Fair Value</b>	<b>Gross unrealized losses</b>	
<b>Available-for-sale securities:</b>								
Debt securities:								
Japanese government bonds .....	11,700,213	5,732	3,720,577	156,541	15,420,790	162,273		
Japanese local gov't bonds .....	1,024	3	15,285	352	16,309	355		
U.S. Treasury bonds .....	534,269	16,424	840,121	73,747	1,374,390	90,171		
Other foreign gov't bonds .....	125,777	1,127	34,230	2,872	160,007	3,999		
Corporate bonds .....	138,344	1,943	49,312	3,446	187,656	5,389		
Mortgage-backed securities .....	699,554	15,791	294,809	24,638	994,363	40,429		
Other debt securities .....	44,724	153	23,563	193	68,287	346		
Equity securities (marketable) .....	20,616	1,204	423	39	21,039	1,243		
<b>Total</b> .....	<b>13,264,521</b>	<b>42,377</b>	<b>4,978,320</b>	<b>261,828</b>	<b>18,242,841</b>	<b>304,205</b>		
<b>Held-to-maturity securities:</b>								
Debt securities:								
U.S. Treasury bonds .....	—	—	283,205	5,955	283,205	5,955		
<b>Total</b> .....	<b>—</b>	<b>—</b>	<b>283,205</b>	<b>5,955</b>	<b>283,205</b>	<b>5,955</b>		
	<b>2006</b>	<b>Less than 12 months</b>	<b>12 months or more</b>	<b>Total</b>				
		<b>Fair Value</b>	<b>Gross unrealized losses</b>	<b>Fair Value</b>	<b>Gross unrealized losses</b>	<b>Fair Value</b>	<b>Gross unrealized losses</b>	
<b>Available-for-sale securities:</b>								
Debt securities:								
Japanese government bonds .....	15,392,340	156,481	1,807,491	74,452	17,199,831	230,933		
Japanese local gov't bonds .....	88,504	1,825	14,903	718	103,407	2,543		
U.S. Treasury bonds .....	489,972	16,217	206,999	2,471	696,971	18,688		
Other foreign gov't bonds .....	596,013	11,361	46,873	2,333	642,886	13,694		
Corporate bonds .....	2,425,611	27,731	64,512	6,185	2,490,123	33,916		
Mortgage-backed securities .....	493,449	7,371	260,267	9,231	753,716	16,602		
Other debt securities .....	941,534	16,338	19,901	365	961,435	16,703		
Equity securities (marketable) .....	94,564	2,063	204	36	94,768	2,099		
<b>Total</b> .....	<b>20,521,987</b>	<b>239,387</b>	<b>2,421,150</b>	<b>95,791</b>	<b>22,943,137</b>	<b>335,178</b>		
<b>Held-to-maturity securities:</b>								
Debt securities:								
Japanese government bonds .....	963,583	4,510	—	—	963,583	4,510		
Japanese local gov't bonds .....	51,081	354	—	—	51,081	354		
U.S. Treasury bonds .....	—	—	305,606	10,903	305,606	10,903		
<b>Total</b> .....	<b>1,014,664</b>	<b>4,864</b>	<b>305,606</b>	<b>10,903</b>	<b>1,320,270</b>	<b>15,767</b>		

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The MHFG Group performs periodic reviews to identify impaired securities. Impairment is evaluated considering the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer, as well as the MHFG Group's ability and positive intent to hold the investments for an adequate period of time until an anticipated market price recovery or maturity. If it is determined that the impairment is other-than-temporary, the investment is written down to fair value, and a loss is recognized immediately through earnings.

The MHFG Group has determined that the unrealized losses on investments at March 31, 2006, including those which have been in a continuous loss position for 12 months or more, are not other-than-temporary in nature based on the considerations below.

The majority of investments in an unrealized loss position consists of Japanese government bonds. The unrealized losses on these securities result from rising interest rates subsequent to purchase. Since these bonds are issued by the Japanese government, there are no credit quality issues. Since the MHFG Group has the ability and positive intent to hold these securities until an anticipated market price recovery or maturity, they are not considered other-than-temporarily impaired. Other than the above, the investment category with the largest unrealized loss position for 12 months or more at March 31, 2006 is mortgage-backed securities, which is primarily composed of Government National Mortgage Association or Ginnie Mae securities. Such securities are collateralized by residential mortgage loans and guaranteed by the United States government. The unrealized losses on these securities result from rising interest rates subsequent to purchase. Since the MHFG Group has the ability and positive intent to hold them until an anticipated market price recovery or maturity, they are not considered other-than-temporarily impaired. With respect to the remainder of the portfolio, the MHFG Group also has the ability and positive intent to hold them until an anticipated market price recovery or maturity; therefore, they are not considered other-than-temporarily impaired.

For the fiscal years ended March 31, 2005 and 2006, proceeds from sales of available-for-sale securities were ¥34,754,823 million and ¥29,549,504 million, respectively. Gross realized gains on those sales were ¥511,058 million and ¥298,955 million, respectively, and gross realized losses on those sales were ¥53,842 million and ¥162,159 million, respectively, for the fiscal years ended March 31, 2005 and 2006.

For the fiscal years ended March 31, 2005 and 2006, losses resulting from write-downs for other-than-temporary impairment on available-for-sale securities were ¥19,297 million and ¥83,235 million, respectively. No impairment losses were recorded on held-to-maturity securities for those fiscal years.

***Other investments***

The following table summarizes the composition of other investments:

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
Equity method investments .....	154,722	204,831
Investments held by consolidated investment companies .....	43,489	66,416
Other equity interests .....	867,345	840,552
<b>Total other investments .....</b>	<b>1,065,556</b>	<b>1,111,799</b>

***Equity method investments***

Investments in investees over which the MHFG Group has the ability to exert significant influence are accounted for using the equity method of accounting. Such investments included marketable equity securities carried at ¥20,453 million and ¥33,250 million at March 31, 2005 and 2006, respectively. The aggregated market values of those marketable equity securities were ¥54,459 million and ¥106,676 million, respectively.

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*Investments held by consolidated investment companies*

The MHFG Group consolidates certain investment companies for which it has control either through ownership or other means. Investment companies are subject to specialized industry accounting which requires investments to be carried at fair value, with changes in fair value recorded in earnings. The MHFG Group maintains this specialized industry accounting for investments held by consolidated investment companies, which consist of marketable and non-marketable investments.

*Other equity interests*

Other equity interests consist primarily of non-marketable equity securities outside the scope of SFAS No.115, for which the MHFG Group has neither significant influence nor control over the investees. These securities are stated at acquisition cost, with other-than-temporary impairment, if any, included in earnings. The fair values of these securities at March 31, 2005 and 2006 were not readily determinable. The MHFG Group monitors the status of each investee, including its credit rating, to determine whether impairment losses should be recognized.

**5. Loans**

The table below presents loans outstanding by domicile and industry of borrower at March 31, 2005 and 2006. Categorization of loans by industry is based on the loan classifications designated by the Bank of Japan (“the BOJ”) for regulatory reporting purposes.

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Domestic:</b>		
Manufacturing .....	7,943,154	7,792,723
Construction .....	1,745,172	1,563,511
Real estate .....	6,616,466	7,046,668
Services .....	9,095,014	9,208,751
Wholesale and retail .....	7,337,985	6,929,994
Banks and other financial institutions .....	6,201,142	6,540,940
Transportation .....	2,854,582	2,789,525
Other industries (Note) .....	5,969,766	6,857,783
<b>Individuals:</b>		
Mortgage loans .....	10,536,877	10,655,069
Other .....	1,384,540	1,317,167
Total domestic .....	<u>59,684,698</u>	<u>60,702,131</u>
<b>Foreign:</b>		
Government and official institutions .....	161,330	330,987
Banks and other financial institutions .....	671,678	1,437,166
Commercial and industrial .....	5,033,023	6,104,658
Other (Note) .....	77,568	205,411
Total foreign .....	<u>5,943,599</u>	<u>8,078,222</u>
Total .....	<u>65,628,297</u>	<u>68,780,353</u>
Less: Unearned income and deferred loan fees—net .....	<u>58,961</u>	<u>69,392</u>
Total loans before allowance for loan losses .....	<u>65,569,336</u>	<u>68,710,961</u>

Note: Other industries of Domestic and Other of Foreign include trade receivables and lease receivables of consolidated variable interest entities.

Losses on sales of loans were ¥2,025 million and ¥2,050 million and gains on sales of loans were ¥16,048 million and ¥2,387 million for the fiscal years ended March 31, 2005 and 2006, respectively.

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*Impaired loans*

The MHFG Group considers both loans that are subject to SFAS No.114 and small balance, homogenous loans to be impaired when it is probable that the MHFG Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loan. Among other things, restructured loans under SFAS No.15, “Accounting by Debtors and Creditors for Troubled Debt Restructuring” (“SFAS No.15”) and loans that are 90 days or more delinquent are generally considered to be impaired. All of the MHFG Group’s impaired loans are designated as nonaccrual loans. A summary of the recorded balances of impaired loans and the related allowance for loan losses at March 31, 2005 and 2006 is shown below:

	<b>2005</b>		<b>2006</b>	
	<b>Recorded impaired loan balance</b>	<b>Allowance for loan losses on impaired loans</b>	<b>Recorded impaired loan balance</b>	<b>Allowance for loan losses on impaired loans</b>
(in millions of yen)				
Impaired loans requiring an allowance for loan losses .....	1,569,515	701,430	1,024,945	331,491
Impaired loans not requiring an allowance for loan losses (Note) .....	273,798	—	204,472	—
<b>Total .....</b>	<b><u>1,843,313</u></b>	<b><u>701,430</u></b>	<b><u>1,229,417</u></b>	<b><u>331,491</u></b>

Note: These impaired loans do not require an allowance for loan losses because the MHFG Group has sufficient collateral to cover probable loan losses.

The average recorded balance of impaired loans was ¥2,619 billion and ¥1,589 billion, for the fiscal years ended March 31, 2005 and 2006, respectively.

Had interest on nonaccrual loans been accrued at the original contractual terms, gross interest income on such loans for the fiscal years ended March 31, 2005 and 2006 would have been ¥64 billion and ¥45 billion, respectively, of which ¥36 billion and ¥24 billion, respectively, were included in interest income on loans in the consolidated statements of income.

*Lease receivables*

As part of its financing activities, the MHFG Group enters into leasing arrangements with customers as lessor. The MHFG Group’s leasing operations are performed through leasing subsidiaries in the United States and consist principally of direct financing leases and leveraged leases, involving various types of data processing equipment, office equipment, and transportation equipment. As of March 31, 2005 and 2006, direct financing lease receivables were ¥14,631 million and ¥15,022 million, respectively, and leveraged lease receivables were ¥31,990 million and ¥40,461 million, respectively.

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**6. Allowance for loan losses**

Changes in the allowance for loan losses for the fiscal years ended March 31, 2005 and 2006 are shown below:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Balance at beginning of fiscal year .....	1,936,167	1,207,155
Provision (credit) for loan losses .....	55,035	(157,666)
Charge-offs .....	876,087	305,729
Less: Recoveries .....	89,740	73,891
Net charge-offs .....	786,347	231,838
Others (Note) .....	2,300	(5,330)
Balance at end of fiscal year .....	<u>1,207,155</u>	<u>812,321</u>

Note: Others includes primarily foreign exchange translation.

The amount of charge-offs decreased from ¥876 billion for the fiscal year ended March 31, 2005 to ¥306 billion for the fiscal year ended March 31, 2006 and the provision for loan losses was ¥55 billion and a reversal of the provision for loan losses was ¥158 billion for the fiscal year ended March 31, 2005 and 2006, respectively, as the general quality of the MHFG Group's loan portfolio improved significantly, along with the Japanese economic recovery.

**7. Premises and equipment**

Premises and equipment at March 31, 2005 and 2006 consist of the following:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Land .....	170,630	167,002
Buildings .....	559,049	565,459
Equipment and furniture .....	207,603	190,113
Leasehold improvements .....	129,906	125,046
Construction in progress .....	3,053	27,605
Software .....	465,381	463,415
Total .....	<u>1,535,622</u>	<u>1,538,640</u>
Less: Accumulated depreciation and amortization .....	693,990	698,746
Premises and equipment—net .....	<u>841,632</u>	<u>839,894</u>

Depreciation and amortization expense for premises and equipment for the fiscal years ended March 31, 2005 and 2006 was ¥148,160 million and ¥136,553 million, respectively.

Premises and equipment under capital leases, which is primarily comprised of data processing equipment, amounted to ¥55,729 million and ¥54,651 million at March 31, 2005 and 2006, respectively. Accumulated depreciation and amortization on such premises and equipment at March 31, 2005 and 2006 amounted to ¥32,079 million and ¥35,279 million, respectively.

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For the fiscal year ended March 31, 2005, the MHFG Group recognized impairment charges on long-lived assets amounting to ¥17,484 million, which is primarily related to the retirement of banking operations software as a result of system integrations.

**8. Goodwill**

SFAS No.142 requires that goodwill, formerly subject to amortization, should no longer be amortized and should be tested for impairment at least annually. The carrying amount of goodwill as of March 31, 2005 and 2006 was ¥39,559 million, and there were no impairment losses nor new acquisitions during the fiscal years ended March 31, 2005 and 2006.

**9. Pledged assets and collateral**

The following amounts, by balance sheet classifications, have been pledged as collateral for borrowings and for other purposes at March 31, 2005 and 2006:

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
Interest-bearing deposits in other banks .....	11,869	19,591
Trading account assets .....	6,681,701	4,880,456
Available-for-sale securities .....	13,972,933	16,241,788
Loans .....	6,045,457	6,013,108
Other assets .....	388,737	422,962
<b>Total .....</b>	<b><u>27,100,697</u></b>	<b><u>27,577,905</u></b>

The amounts above include pledged assets that secured parties are not permitted to sell or repledge. At March 31, 2005 and 2006, the carrying values of such pledged assets were ¥17,192 billion and ¥19,065 billion, respectively.

The BOJ requires private depository institutions to maintain a certain amount of funds as reserves in current accounts with the BOJ, based on average deposit balances and certain other factors. There are similar reserve deposit requirements for foreign offices engaged in banking businesses in foreign countries. At March 31, 2005 and 2006, the reserve funds maintained by the MHFG Group, which were included in Cash and due from banks and Interest-bearing deposits in other banks, were ¥4,544 billion and ¥2,269 billion, respectively.

At March 31, 2005 and 2006, the MHFG Group had received collateral that can be sold or repledged, with a fair value of ¥15,192 billion and ¥15,906 billion, respectively, of which ¥9,496 billion and ¥11,298 billion, respectively, were sold or repledged. Such collateral was primarily obtained under resale or securities borrowing agreements, and was used generally as collateral under repurchase or securities lending agreements, or to cover short sales.

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**10. Deposits**

The balances of time deposits and certificates of deposit issued by domestic offices in amounts of ¥10 million (approximately US\$85 thousand) or more as well as the balance of those deposits issued by foreign offices in amounts of US\$100,000 or more at fiscal years ended March 31, 2005 and 2006 are as follows:

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Domestic offices:</b>		
Time deposits .....	14,602,207	15,387,476
Certificates of deposit .....	<u>10,571,250</u>	<u>8,353,790</u>
Total .....	<u>25,173,457</u>	<u>23,741,266</u>
<b>Foreign offices:</b>		
Time deposits .....	2,969,041	5,195,887
Certificates of deposit .....	<u>297,241</u>	<u>1,005,334</u>
Total .....	<u>3,266,282</u>	<u>6,201,221</u>

The aggregate amount of demand deposits in overdraft status that have been reclassified as loan balances at fiscal years ended March 31, 2005 and 2006 was ¥623 billion and ¥752 billion, respectively.

The balance and remaining maturities of time deposits and certificates of deposit issued by domestic and foreign offices at fiscal year ended March 31, 2006 are shown in the following table:

	<b>Time deposits</b>	<b>Certificates of deposit</b>	<b>Total</b>
	(in millions of yen)		
<b>Domestic offices:</b>			
Due in one year or less .....	20,691,975	8,341,390	29,033,365
Due after one year through two years .....	1,837,649	100	1,837,749
Due after two years through three years .....	1,348,161	12,300	1,360,461
Due after three years through four years .....	260,027	—	260,027
Due after four years through five years .....	305,990	—	305,990
Due after five years .....	<u>102,450</u>	<u>—</u>	<u>102,450</u>
Total .....	<u>24,546,252</u>	<u>8,353,790</u>	<u>32,900,042</u>
<b>Foreign offices:</b>			
Due in one year or less .....	5,405,877	978,846	6,384,723
Due after one year through two years .....	8,445	25,284	33,729
Due after two years through three years .....	1,019	1,211	2,230
Due after three years through four years .....	350	—	350
Due after four years through five years .....	7,639	—	7,639
Due after five years .....	<u>658</u>	<u>—</u>	<u>658</u>
Total .....	<u>5,423,988</u>	<u>1,005,341</u>	<u>6,429,329</u>
Total .....	<u>29,970,240</u>	<u>9,359,131</u>	<u>39,329,371</u>

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**11. Debentures**

MHCB and MHBK issue debentures denominated in Japanese yen with fixed interest or discount rates to institutional and private investors as a source of funding for their operational needs. The following table summarizes the composition of debentures at March 31, 2005 and 2006:

<u>2005</u>	(in millions of yen)
One-year discount debentures with discount rates of 0.02% to 0.05% (due 2005-2006) .....	812,444
Three-year coupon debentures with interest rates of 0.35% (due 2006) .....	100,800
Five-year coupon debentures with interest rates of 0.10% to 1.50% (due 2005-2010) .....	<u>6,872,147</u>
Total .....	<u>7,785,391</u>

<u>2006</u>	(in millions of yen)
One-year discount debentures with discount rates of 0.02% to 0.08% (due 2006-2007) .....	655,236
Three-year coupon debentures with interest rates of 0.35% (due 2006) .....	100,800
Five-year coupon debentures with interest rates of 0.10% to 1.40% (due 2006-2011) .....	<u>5,830,468</u>
Total .....	<u>6,586,504</u>

**12. Due to trust accounts**

MHTB and TCSB, which are MHFG's subsidiary trust banks, hold assets on behalf of its customers in an agent, fiduciary or trust capacity. Such trust account assets are not the MHFG Group's proprietary assets and are managed and accounted for separately. However, the cash of individual trust accounts is often placed with MHTB and TCSB for the customers' short-term investment needs. These amounts which MHTB and TCSB owe to the trust accounts are recorded as Due to trust accounts. The weighted average interest rate of Due to trust accounts was 0.39% and 0.37% at March 31, 2005 and 2006, respectively.

**13. Long-term debt**

Long-term debt with original maturities of more than one year at March 31, 2005 and 2006 is comprised of the following:

	2005	2006
	(in millions of yen)	(in millions of yen)
Obligations under capital leases .....	33,684	30,063
Loan participation borrowings .....	125,153	139,519
Senior borrowings and bonds .....	579,454	796,129
Subordinated borrowings and bonds .....	3,996,005	4,129,049
Borrowings and bonds of variable interest entities .....	<u>54,479</u>	<u>290,231</u>
Total .....	<u>4,788,775</u>	<u>5,384,991</u>

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The following table presents interest rates and maturities of senior borrowings and bonds, subordinated borrowings and bonds, and borrowings and bonds of variable interest entities:

	<b>Interest rates (1)</b> (%)	<b>Maturity (2)</b>	<b>2005</b> (in millions of yen)	<b>2006</b>
<b>MHCB:</b>				
Senior fixed rate borrowings denominated in Japanese yen .....	4.65	Jan. 2007	4,839	2,351
Senior floating rate borrowings denominated in Japanese yen .....	0.004-0.308	May 2007-Aug. 2020	173,500	211,200
Senior fixed rate borrowings denominated in U.S. dollars .....	7.49	Jul. 2018	5,370	4,566
Senior floating rate borrowings denominated in U.S. dollars .....	4.629-4.7	Jan. 2007-Jun. 2008	42,435	44,042
Senior fixed rate borrowings denominated in other currencies .....	3.456-6.27	Sep. 2006-Dec. 2015	4,746	5,060
Senior fixed rate bonds denominated in Japanese yen .....	3.6-3.65	Sep. 2010	6,000	6,000
Senior floating rate bonds denominated in Japanese yen .....	0.33-0.62	Nov. 2010	1,001	999
Senior fixed rate bonds denominated in U.S. dollars .....	4.2-4.89	Mar. 2007-Dec. 2007	2,145	7,634
Senior floating rate bonds denominated in U.S. dollars .....	4.54-4.98	May 2006-Dec. 2007	537	1,644
Subordinated fixed rate borrowings denominated in Japanese yen .....	0.993-3.963	May 2006-Perpetual	511,724	562,028
Subordinated floating rate borrowings denominated in Japanese yen .....	0.067-2.35	Oct. 2006-Perpetual	818,908	756,066
Subordinated fixed rate borrowings denominated in U.S. dollars .....	5.89-8.91	Jun. 2008-Jan. 2024	639,616	716,109
Subordinated floating rate borrowings denominated in U.S. dollars .....	4.68-5.0	Dec. 2008-Sep. 2010	34,582	3,759
Subordinated fixed rate borrowings denominated in Euro .....	4.85-4.98	Apr. 2009-Jun. 2011	104,138	179,437
Subordinated floating rate borrowings denominated in Euro .....	2.821-2.835	Sep. 2010	—	9,279
Subordinated fixed rate bonds denominated in Japanese yen .....	2.1-3.0	Nov. 2012-Aug. 2014	<u>123,100</u>	<u>123,100</u>
Total .....			<u>2,472,641</u>	<u>2,633,274</u>
<b>MHBK:</b>				
Senior fixed rate borrowings denominated in Japanese yen .....	0.25-6.5	Apr. 2006-Mar. 2027	9,435	11,636
Subordinated fixed rate borrowings denominated in Japanese yen .....	1.231-4.6	Apr. 2006-Perpetual	672,700	593,400
Subordinated floating rate borrowings denominated in Japanese yen .....	0.329-3.405	Apr. 2006-Perpetual	632,250	503,350
Subordinated fixed rate borrowings denominated in U.S. dollars .....	6.646-8.475	Jun. 2016-Jan. 2024	80,557	139,437

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	<u>Interest rates (1)</u> (%)	<u>Maturity (2)</u>	<u>2005</u> (in millions of yen)	<u>2006</u>
Subordinated floating rate borrowings denominated in U.S. dollars .....	5.811	Sep. 2007	11,815	12,922
Subordinated fixed rate bonds denominated in Japanese yen .....	0.96-2.49	Sep. 2014-Perpetual	107,200	230,700
Subordinated floating rate bonds denominated in Japanese yen .....	0.399-0.981	Sep. 2014-Perpetual	52,100	80,900
Total .....			<u>1,566,057</u>	<u>1,572,345</u>
<b>MHFG and other subsidiaries:</b>				
Senior fixed rate borrowings denominated in Japanese yen .....	0.5-3.768	Apr. 2006-Mar. 2026	7,324	21,616
Senior floating rate borrowings denominated in Japanese yen .....	0.179-2.951	Jul. 2006-Dec. 2019	97,500	132,800
Senior borrowings denominated in U.S. dollars .....	—	—	3,248	—
Senior fixed rate bonds denominated in Japanese yen .....	0-14.9	May 2006-Mar. 2036	127,457	206,789
Senior floating rate bonds denominated in Japanese yen .....	0-12.3	Apr. 2006-Mar. 2036	85,748	127,288
Senior bonds denominated in foreign currency .....	0-7.5	Jun. 2006-Apr. 2011	8,169	12,504
Subordinated fixed rate borrowings denominated in Japanese yen .....	1.878-3.5	Jul. 2012-Feb. 2016	20,015	50,062
Subordinated floating rate borrowings denominated in Japanese yen .....	1.318-1.332	Apr. 2011-Jul. 2011	83,200	7,000
Subordinated fixed rate bonds denominated in Japanese yen .....	1.01-2.76	Apr. 2011-Perpetual	30,600	87,800
Subordinated floating rate bonds denominated in Japanese yen .....	0.386-2.333	Apr. 2011-Perpetual	73,500	73,700
Fixed rate borrowings of variable interest entities .....	0.71-1.3	Jun. 2008-Jun 2009	20,400	106,000
Floating rate borrowings of variable interest entities .....	0.245-4.781	Apr. 2006-Dec. 2039	7,878	179,157
Floating rate bonds of variable interest entities .....	4.9-5.65	Apr. 2011	<u>26,201</u>	<u>5,074</u>
Total .....			<u>591,240</u>	<u>1,009,790</u>
<b>Total (3), (4) .....</b>			<u>4,629,938</u>	<u>5,215,409</u>

Notes:

- (1) The interest rates shown are the range of contractual rates in effect at March 31, 2006.
- (2) Maturity information shown is the range of maturities at March 31, 2006.
- (3) None of the long-term debt issues listed above is convertible to common stock.
- (4) Certain debt agreements permit the MHFG Group to redeem the related debt, in whole or in part, prior to maturity at the MHFG Group's option on terms specified in the respective agreements.

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The following is a summary of contractual maturities of long-term debt subsequent to March 31, 2006:

	<b>MHCB</b>	<b>MHBK</b>	<b>MHFG and other subsidiaries</b> (in millions of yen)	<b>Total</b>
Fiscal years ending March 31:				
2007 .....	51,632	176,382	49,761	277,775
2008 .....	209,544	167,640	82,230	459,414
2009 .....	442,555	167,903	77,776	688,234
2010 .....	477,355	99,495	174,872	751,722
2011 .....	261,732	6,194	86,502	354,428
2012 and thereafter .....	<u>1,331,243</u>	<u>972,441</u>	<u>549,734</u>	<u>2,853,418</u>
Total .....	<u>2,774,061</u>	<u>1,590,055</u>	<u>1,020,875</u>	<u>5,384,991</u>

**14. Other assets and liabilities**

The following table sets forth the details of other assets and liabilities at March 31, 2005 and 2006:

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
Other assets:		
Accounts receivable from brokers, dealers and customers for securities transactions .....	1,221,630	1,675,386
Miscellaneous receivables .....	370,994	533,409
Collateral provided for derivative transactions .....	341,459	342,568
Financial Stabilization Funds .....	264,192	274,189
Prepaid pension cost .....	116,252	153,016
Security deposits .....	131,568	129,459
Other .....	<u>435,868</u>	<u>576,908</u>
Total .....	<u>2,881,963</u>	<u>3,684,935</u>
Other liabilities:		
Miscellaneous payables .....	507,768	771,310
Accounts payable to brokers, dealers and customers for securities transactions .....	884,472	635,103
Matured debentures .....	419,610	354,006
Factoring amounts owed to customers .....	258,616	279,994
Unearned income .....	144,820	164,674
Collateral accepted for derivative transactions .....	125,384	163,083
Other .....	<u>756,792</u>	<u>793,569</u>
Total .....	<u>3,097,462</u>	<u>3,161,739</u>

*Financial Stabilization Funds*

The Financial Stabilization Funds were initiated in 1996 by the Japanese government in connection with the liquidation of certain failed housing-loan companies. Several financial institutions including the BOJ were required by the Japanese government to invest in these Funds in an effort to stabilize the effects on the Japanese economy. The returns from the investment of the Funds are first to be used to make up for a part of the losses incurred as the housing-loan companies' loans are collected and disposed of. The Funds are principally invested in Japanese government bonds, but the investment income earned by the Funds does not accrue to the MHFG Group, and as a result, the deposits are non-interest-bearing.

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The MHFG Group made deposits with the Funds amounting to ¥359,017 million during the fiscal year ended March 31, 1997. The deposits are expected to mature in 15 years from the deposit date. The deposits were discounted to their present value at the time of the deposit and the discount is being accreted over the expected period to maturity using the interest method. The carrying amount of the deposits as of March 31, 2005 and 2006 was ¥264,192 million and ¥274,189 million, respectively.

*Unearned income*

Unearned income is primarily comprised of refundable fees received from consumer loan customers at the time the loan was made, which is being deferred and recognized in earnings as earned.

*Matured debentures*

Matured debentures represent the principal balance of debentures that have reached maturity but have not yet been repaid to customers.

**15. Preferred stock**

The composition of preferred stock at March 31, 2005 and 2006 is as follows:

<b>2005</b> <b>Class of stock</b>	<b>Aggregate amount</b> (in millions of yen)	<b>Number of shares</b>			<b>Liquidation value per share</b> (yen)	<b>Convertible or not</b>
		<b>Authorized</b>	<b>Issued</b>	<b>In treasury</b>		
Second series class II preferred stock .....	200,000	100,000	100,000	38,600	2,000,000	Yes
Third series class III preferred stock .....	200,000	100,000	100,000	—	2,000,000	Yes
Fourth series class IV preferred stock .....	300,000	150,000	150,000	—	2,000,000	No
Sixth series class VI preferred stock .....	300,000	150,000	150,000	—	2,000,000	No
Seventh series class VII preferred stock .....	250,000	125,000	125,000	—	2,000,000	Yes
Eighth series class VIII preferred stock .....	250,000	125,000	125,000	65,700	2,000,000	Yes
Ninth series class IX preferred stock .....	41,250	33,000	33,000	33,000	1,250,000	Yes
Tenth series class X preferred stock .....	247,788	140,000	140,000	—	1,250,000	Yes
Eleventh series class XI preferred stock .....	943,740	1,398,500	943,740	—	1,000,000	Yes
Class XII preferred stock ....	—	1,500,000	—	—	—	—
Thirteenth series class XIII preferred stock .....	36,690	1,500,000	36,690	—	1,000,000	No
<b>Total .....</b>	<b>2,769,468</b>	<b>5,321,500</b>	<b>1,903,430</b>	<b>137,300</b>		

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<b>2006</b> <b>Class of stock</b>	<b>Aggregate amount</b> (in millions of yen)	<b>Number of shares</b>			<b>Liquidation value per share</b> (yen)	<b>Convertible or not</b>
		<b>Authorized</b>	<b>Issued</b>	<b>In treasury</b>		
Fourth series class IV preferred stock .....	300,000	150,000	150,000	—	2,000,000	No
Sixth series class VI preferred stock .....	300,000	150,000	150,000	—	2,000,000	No
Eleventh series class XI preferred stock .....	943,740	1,398,500	943,740	—	1,000,000	Yes
Class XII preferred stock .....	—	1,500,000	—	—	—	—
Thirteenth series class XIII preferred stock .....	36,690	1,500,000	36,690	—	1,000,000	No
<b>Total .....</b>	<b>1,580,430</b>	<b>4,698,500</b>	<b>1,280,430</b>	<b>—</b>		

Holders or registered pledgees of preferred stock are entitled to receive annual dividends, and distribution of residual assets of MHFG as set out above as liquidation value per share, in priority to holders of common stock but pari passu among themselves. MHFG may pay up to one-half of the annual dividend payable on each class of preferred stock as an interim dividend. Dividends on preferred stock are not cumulative. Holders of preferred stock are not entitled to vote at a general meeting of shareholders except where the articles of incorporation entitle holders of preferred stock to vote.

Fourth series class IV preferred stock, Sixth series class VI preferred stock, and Thirteenth series class XIII preferred stock are callable (in full or in part) at the option of the issuer after August 1, 2004, April 1, 2004, and April 1, 2013, respectively. Call prices are the sum of the liquidation value per share and the accrued dividend for each class of preferred stock. Accrued dividends are calculated on a daily basis starting on the first day of the fiscal period in which the call date belongs and ending on the call date. If an interim dividend is paid during that fiscal period, the amount of this interim dividend will be subtracted from the accrued dividend.

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Eleventh series class XI preferred stock is convertible into common stock at the option of the holder. Material terms and conditions of conversion are as follows:

	<u>Conversion period (1)</u>	<u>Conversion ratio (2)</u>
Eleventh series class XI preferred stock	July 1, 2008 to June 30, 2016	¥1,000,000/(conversion price), where the conversion price is the higher of (x) the average price of daily closing prices (including closing bid or offered price) of common stock as reported by the Tokyo Stock Exchange (“TSE”) for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to July 1, 2008 and (y) ¥50,000; to be reset on July 1 of each year between 2009 and 2015 (each, a “Reset Date”) as ¥1,000,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of common stock as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price effective as of the Reset Date, provided that the conversion price shall not be less than 60% of the initial conversion price or ¥50,000.

Notes:

- (1) If the date to determine the shareholders entitled to exercise their voting rights at a general meeting of the shareholders of MHFG (the “Record Date”) is prescribed, the period from and including the date immediately following such Record Date to and including the date on which such general meeting is concluded shall be excluded.
- (2) Subject to adjustment, where issuance or disposal by MHFG of common stock for a price below the “current market price”, a stock split, issuance of securities convertible into common stock at a price below the “current market price” at the time of issuance thereof or determination of the conversion price thereof, merger or amalgamation, or a capital decrease or stock consolidation occurs and in certain other circumstances.

Each share of preferred stock which has not been converted as described above by the end of the relevant conversion period will be converted into common stock on the day following the end of the conversion period on the following terms:

	<u>Conversion date</u>	<u>Conversion ratio</u>
Eleventh series class XI preferred stock	July 1, 2016	¥1,000,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of common stock as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to July 1, 2016, provided that the current market price shall not be less than 60% of the initial conversion price or ¥50,000.

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The changes in the number of shares and the aggregate amount of preferred stock during the fiscal years ended March 31, 2005 and 2006 were as follows:

Class of stock	Issued at March 31, 2004	Non-cash dividends	Conversion to shares of common stock		Cancelled	Issued at March 31, 2005	Cancelled	Issued at March 31, 2006
			Cancelled	(number of shares)				
Preferred stock held by the Resolution and Collection Corporation:								
First series class I								
preferred stock .....	33,000	—	—	(33,000)	—	—	—	—
Second series class II								
preferred stock .....	100,000	—	—	—	100,000	(100,000)	—	—
Third series class III								
preferred stock .....	100,000	—	—	—	100,000	(100,000)	—	—
Fourth series class IV								
preferred stock .....	150,000	—	—	—	150,000	—	150,000	—
Sixth series class VI								
preferred stock .....	150,000	—	—	—	150,000	—	150,000	—
Seventh series class VII								
preferred stock .....	125,000	—	—	—	125,000	(125,000)	—	—
Eighth series class VIII								
preferred stock .....	125,000	—	—	—	125,000	(125,000)	—	—
Ninth series class IX								
preferred stock .....	140,000	—	—	(107,000)	33,000	(33,000)	—	—
Tenth series class X								
preferred stock .....	140,000	—	—	—	140,000	(140,000)	—	—
Total .....	<u>1,063,000</u>	<u>—</u>	<u>—</u>	<u>(140,000)</u>	<u>923,000</u>	<u>(623,000)</u>	<u>300,000</u>	
Preferred stock held by other shareholders:								
Eleventh series class XI								
preferred stock .....	943,740	—	—	—	943,740	—	943,740	—
Twelfth series class XI								
preferred stock .....	5,500	—	(5,500)	—	—	—	—	—
Thirteenth series class								
XIII preferred stock ...	<u>36,690</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>36,690</u>	<u>—</u>	<u>36,690</u>	
Total .....	<u>985,930</u>	<u>—</u>	<u>(5,500)</u>	<u>—</u>	<u>980,430</u>	<u>—</u>	<u>980,430</u>	
Total preferred stock ....	<u>2,048,930</u>	<u>—</u>	<u>(5,500)</u>	<u>(140,000)</u>	<u>1,903,430</u>	<u>(623,000)</u>	<u>1,280,430</u>	

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Class of stock	Aggregate amount at March 31, 2004	Non-cash dividends	Conversion to shares of common stock	Cancelled (Note)	Aggregate amount at March 31, 2005	Cancelled (Note)	Aggregate amount at March 31, 2006
(in millions of yen)							
Preferred stock held by the Resolution and Collection Corporation:							
First series class I							
preferred stock .....	99,000	—	—	(99,000)	—	—	—
Second series class II							
preferred stock .....	200,000	—	—	—	200,000	(200,000)	—
Third series class III							
preferred stock .....	200,000	—	—	—	200,000	(200,000)	—
Fourth series class IV							
preferred stock .....	300,000	—	—	—	300,000	—	300,000
Sixth series class VI							
preferred stock .....	300,000	—	—	—	300,000	—	300,000
Seventh series class VII							
preferred stock .....	250,000	—	—	—	250,000	(250,000)	—
Eighth series class VIII							
preferred stock .....	250,000	—	—	—	250,000	(250,000)	—
Ninth series class IX							
preferred stock .....	175,000	—	—	(133,750)	41,250	(41,250)	—
Tenth series class X							
preferred stock .....	<u>247,788</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>247,788</u>	<u>(247,788)</u>	<u>—</u>
Total .....	<u>2,021,788</u>	<u>—</u>	<u>—</u>	<u>(232,750)</u>	<u>1,789,038</u>	<u>(1,189,038)</u>	<u>600,000</u>
Preferred stock held by other shareholders:							
Eleventh series class XI							
preferred stock .....	943,740	—	—	—	943,740	—	943,740
Twelfth series class XI							
preferred stock .....	39,796	1,811	(41,607)	—	—	—	—
Thirteenth series class XIII							
preferred stock .....	<u>36,690</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>36,690</u>	<u>—</u>	<u>36,690</u>
Total .....	<u>1,020,226</u>	<u>1,811</u>	<u>(41,607)</u>	<u>—</u>	<u>980,430</u>	<u>—</u>	<u>980,430</u>
Total preferred stock ...	<u>3,042,014</u>	<u>1,811</u>	<u>(41,607)</u>	<u>(232,750)</u>	<u>2,769,468</u>	<u>(1,189,038)</u>	<u>1,580,430</u>

Note: Upon cancellation of preferred stock held by the Resolution and Collection Corporation, different series of preferred stock which were repurchased on the same date were treated as one issue when comparing the repurchase price and the book value, because the cancelled stock was held by one holder. The aggregate book value of the cancelled stock is charged to preferred stock and the aggregate excess amount of purchase price over book value is charged to accumulated deficit.

See Note 33 "Subsequent events" for a description of the repurchase and cancellation of preferred stock held by the Resolution and Collection Corporation which was conducted subsequent to March 31, 2006.

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**16. Common stock**

The changes in the number of issued shares of common stock during the fiscal years ended March 31, 2005 and 2006 were as follows:

	<b>2005</b>	<b>2006</b>
	(shares)	
Balance at beginning of fiscal year .....	11,926,964	12,003,995
Issuance of new shares of common stock by conversion of Twelfth series class XI preferred stock .....	77,031	—
Balance at end of fiscal year .....	12,003,995	12,003,995

See Note 33 “Subsequent events” for a description of the repurchase and cancellation of common stock held by a subsidiary which was conducted subsequent to March 31, 2006.

**17. Dividends**

The amount available for dividends under the Commercial Code of Japan is based on the amount recorded in MHFG’s general books of account, on a non-consolidated basis, maintained in accordance with Japanese GAAP. Therefore, the consolidated shareholders’ equity under U.S. GAAP has no effect on the determination of the amount available for dividends. On March 31, 2006, MHFG’s capital stock, capital surplus, and retained earnings were ¥1,540,965 million, ¥385,292 million, and ¥827,306 million, respectively, under Japanese GAAP.

The Commercial Code of Japan provides that, if the sum of a legal reserve and additional paid-in capital is less than one-quarter of the capital stock under Japanese GAAP, an entity must, until such sum reaches one-quarter of the capital stock, set aside in its legal reserve an amount equal to at least one-tenth of any amount paid out by the entity as an appropriation of retained earnings (including any payment by way of annual dividends) or equal to one-tenth of any interim dividend. Among the ¥827,306 million of MHFG’s retained earnings at March 31, 2006, ¥4,350 million is appropriated as legal reserve and ¥822,956 million is unappropriated.

In addition to the provision that requires an appropriation for legal reserve, the Commercial Code of Japan and the Banking Law impose certain limitations on the amount available for dividends. Under the Commercial Code of Japan, MHFG’s maximum amount available for dividends, at March 31, 2006, was ¥821,751 million, based on the amount recorded in MHFG’s general books of account under Japanese GAAP. Under the Banking Law and related regulations, MHFG has to meet the minimum capital adequacy requirements. Distributions of retained earnings, which are otherwise distributable to shareholders, are restricted in order to maintain the minimum 4.0% Tier I capital for capital adequacy purposes.

Payment of dividends on shares of common stock is also subject to the prior payment of dividends on shares of preferred stock.

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Dividends on preferred stock and common stock during fiscal years ended March 31, 2005 and 2006 were as follows:

<b>2005</b> <b>Class of stock</b>	<b>Cash dividends</b>		<b>Non-cash dividends</b>	
	<b>Per share</b> (in yen)	<b>In aggregate</b> (in millions of yen)	<b>Per share</b> (in yen)	<b>In aggregate</b> (in millions of yen)
First series class I preferred stock .....	22,500	742	—	—
Second series class II preferred stock .....	8,200	820	—	—
Third series class III preferred stock .....	14,000	1,400	—	—
Fourth series class IV preferred stock .....	47,600	7,140	—	—
Sixth series class VI preferred stock .....	42,000	6,300	—	—
Seventh series class VII preferred stock .....	11,000	1,375	—	—
Eighth series class VIII preferred stock .....	8,000	1,000	—	—
Ninth series class IX preferred stock .....	17,500	2,450	—	—
Tenth series class X preferred stock .....	5,380	753	—	—
Eleventh series class XI preferred stock .....	20,000	18,875	—	—
Twelfth series class XI preferred stock (Note) .....	2,500	14	329,314	1,811
Thirteenth series class XIII preferred stock ...	30,000	1,101	—	—
Common stock .....	3,000	32,311	—	—
<b>Total</b> .....		<b><u>74,281</u></b>		<b><u>1,811</u></b>

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<b>2006</b> <b>Class of stock</b>	<b>Cash dividends</b>		<b>Non-cash dividends</b>	
	<b>Per share</b> <b>(in yen)</b>	<b>In aggregate</b> <b>(in millions of yen)</b>	<b>Per share</b> <b>(in yen)</b>	<b>In aggregate</b> <b>(in millions of yen)</b>
Second series class II preferred stock .....	8,200	504	—	—
Third series class III preferred stock .....	14,000	1,400	—	—
Fourth series class IV preferred stock .....	47,600	7,140	—	—
Sixth series class VI preferred stock .....	42,000	6,300	—	—
Seventh series class VII preferred stock .....	11,000	1,375	—	—
Eighth series class VIII preferred stock .....	8,000	474	—	—
Ninth series class IX preferred stock .....	—	—	—	—
Tenth series class X preferred stock .....	5,380	753	—	—
Eleventh series class XI preferred stock .....	20,000	18,875	—	—
Thirteenth series class XIII preferred stock .....	30,000	1,101	—	—
Common stock .....	3,500	<u>37,962</u>	—	—
<b>Total .....</b>		<b><u>75,884</u></b>		—

Note: Non-cash dividends of Twelfth series class XI preferred stock during the fiscal year ended March 31, 2005 is the amortized amount of the beneficial conversion feature related to the Twelfth series class XI preferred stockholders, calculated in accordance with EITF Issue No.00-27 “Application of Issue No.98-5 to Certain Convertible Instruments”.

## 18. Regulatory matters

### *Regulatory capital requirements*

MHFG, MHCB, MHBK, and MHTB are subject to regulatory capital requirements administered by the Financial Services Agency (“FSA”) in accordance with the provisions of the Banking Law and related regulations. Failure to meet minimum capital requirements may initiate certain mandatory actions by regulators that, if undertaken, could have a direct material effect on the MHFG Group’s consolidated financial statements.

The capital adequacy guidelines applicable to Japanese banks and bank holding companies with international operations supervised by the FSA closely follow the risk-adjusted approach proposed by the Bank for International Settlements (“BIS”) and are intended to further strengthen the soundness and stability of Japanese banks. Under the risk-based capital framework of these guidelines, balance sheet assets and off-balance sheet exposures, calculated under Japanese GAAP, are assessed according to broad categories of relative risk, based primarily on the credit risk of the counterparty, country transfer risk and the risk regarding the category of transactions. In addition to credit risk, banks are required to measure and apply capital charges with respect to their market risks. Market risk is defined as the risk of losses in on- and off-balance-sheet positions arising from movements in market prices.

With regard to risk-based capital, these guidelines are consistent with the standards of BIS in requiring a target minimum standard capital adequacy ratio of 8%, at least half of which must consist of core capital, on both a consolidated and non-consolidated basis for banks with international operations, such as MHCB and MHTB, or

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on a consolidated basis for bank holding companies with international operations, such as MHFG.

Risk-based capital, calculated from financial statements prepared under Japanese GAAP, is classified into the following three tiers: core capital (Tier 1 capital); supplementary capital (Tier 2 capital); and junior supplementary capital (Tier 3 capital). Tier 1 capital generally consists of shareholders' equity less any recorded goodwill and consolidation adjustment accounts. Tier 2 capital generally consists of: general reserve for possible losses on loans, subject to a limit of 1.25% of total risk-weighted assets; 45% of each of the unrealized gains on valuation of certain securities classified as "other securities" under Japanese GAAP which is similar to available-for-sale securities under U.S. GAAP, and the unrealized appreciation in the value of land; the balance of subordinated perpetual debt; and the balance of subordinated term debt with an original maturity of over five years and preferred term shares up to 50% of Tier 1 capital. Tier 2 capital may be included in a bank's risk-based capital up to the amount equivalent to Tier 1 capital, less Tier 3 capital if market risk is taken into account in the capital adequacy ratio calculation. Tier 3 capital consists of the balance of subordinated term debt with original maturity of at least two years. Tier 3 capital may be included in total risk-based capital subject to certain conditions, depending on the measure for market risk and the amount of Tier 1 capital.

Japanese banks with only domestic operations, such as MHBK, are subject to Japanese capital adequacy requirements that are similar to those discussed above, except that domestic banks are required to maintain a minimum capital adequacy ratio of 4%, at least half of which must consist of Tier 1 capital, on both a consolidated and non-consolidated basis.

If the capital adequacy ratio of a financial institution falls below the required level, the FSA may, depending upon the extent of capital deterioration, take certain corrective action including requiring the financial institution to submit an improvement plan to strengthen its capital base, reduce its total assets, restrict its business operations, or other actions that could have a material effect on the MHFG Group's financial statements.

Capital adequacy ratios of MHFG, MHCB, MHBK, and MHTB as of March 31, 2005 and 2006 calculated in accordance with Japanese GAAP and guidelines established by the Ministry of Finance and the FSA are set forth in the following table:

	2005		2006	
	Amount	Ratio	Amount	Ratio
(in millions of yen, except percentages)				
Consolidated:				
MHFG:				
Tier 1 capital:				
Required .....	2,693,000	4.00	3,093,534	4.00
Actual .....	4,172,048	6.19	4,555,947	5.89
Total risk-based capital:				
Required .....	5,386,000	8.00	6,187,068	8.00
Actual .....	8,020,234	11.91	8,993,255	11.62
MHCB:				
Tier 1 capital:				
Required .....	1,327,345	4.00	1,621,710	4.00
Actual .....	2,878,112	8.67	2,809,455	6.92
Total risk-based capital:				
Required .....	2,654,689	8.00	3,243,420	8.00
Actual .....	4,860,884	14.64	5,219,643	12.87
MHBK:				
Tier 1 capital:				
Required .....	627,140	2.00	661,112	2.00
Actual .....	1,844,384	5.88	1,904,424	5.76
Total risk-based capital:				
Required .....	1,254,280	4.00	1,322,225	4.00
Actual .....	3,379,979	10.77	3,399,676	10.28

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	<b>2005</b>		<b>2006</b>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
(in millions of yen, except percentages)				
<b>MHTB:</b>				
Tier 1 capital:				
Required .....	168,825	4.00	178,176	4.00
Actual .....	300,809	7.12	337,125	7.56
Total risk-based capital:				
Required .....	337,650	8.00	356,352	8.00
Actual .....	556,931	13.19	642,548	14.42
Non-consolidated:				
<b>MHCB:</b>				
Tier 1 capital:				
Required .....	1,295,031	4.00	1,517,456	4.00
Actual .....	2,664,598	8.23	2,759,232	7.27
Total risk-based capital:				
Required .....	2,590,063	8.00	3,034,912	8.00
Actual .....	4,585,685	14.16	5,311,106	14.00
<b>MHBK:</b>				
Tier 1 capital:				
Required .....	629,031	2.00	653,368	2.00
Actual .....	1,881,901	5.98	1,847,813	5.65
Total risk-based capital:				
Required .....	1,258,061	4.00	1,306,735	4.00
Actual .....	3,419,885	10.87	3,343,308	10.23
<b>MHTB:</b>				
Tier 1 capital:				
Required .....	168,921	4.00	177,344	4.00
Actual .....	304,001	7.19	329,982	7.44
Total risk-based capital:				
Required .....	337,842	8.00	354,688	8.00
Actual .....	553,412	13.10	633,796	14.29

MHFG's securities subsidiaries in Japan are also subject to the capital adequacy rules of the FSA under the Securities and Exchange Law. This rule requires securities firms to maintain a minimum capital adequacy ratio of 120% calculated as a percentage of capital accounts less certain assets, as determined in accordance with Japanese GAAP, against amounts equivalent to market, counterparty, and basic risks. Specific guidelines are issued as a ministerial ordinance which details the definition of essential components of the capital ratios, including capital, disallowed assets and risks, and related measures. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. A capital ratio of less than 140% will call for regulatory reporting and a capital ratio of 100% or less may lead to a temporary suspension of all or part of the business operations and cancellation of the license to act as a securities broker and dealer.

Management believes, as of March 31, 2006, that MHFG, MHCB, MHBK, MHTB, and their securities subsidiaries in Japan are in compliance with all capital adequacy requirements to which they are subject.

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*Business improvement orders*

The FSA issued business improvement orders to the MHFG Group in connection with certain misconduct and operational errors by employees. Such acts include an erroneous stock brokerage order by an employee of MHSC resulting in a loss of ¥40,739 million, which is included in Other noninterest expenses for the fiscal year ended March 31, 2006. The business improvement orders require the MHFG Group to improve its internal controls to prevent future occurrences. The MHFG Group has implemented, and will continue to implement, various measures to improve its internal controls.

**19. Earnings per common share**

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding during the fiscal year. Diluted earnings per common share reflect the assumed conversion to common shares of all convertible securities such as convertible preferred stock.

The following table sets forth the computation of basic and diluted earnings per common share for the fiscal years ended March 31, 2005 and 2006:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Net income:		
Net income .....	1,078,061	1,085,672
Less: Net income attributable to preferred shareholders .....	57,064	37,953
Net income attributable to common shareholders .....	<u>1,020,997</u>	<u>1,047,719</u>
Effect of dilutive securities:		
Convertible preferred stock .....	25,192	18,875
Net income attributable to common shareholders after assumed conversions .....	<u>1,046,189</u>	<u>1,066,594</u>
Shares:		
Weighted average common shares outstanding .....	<u>10,791</u>	<u>11,172</u>
Effect of dilutive securities:		
Convertible preferred stock (Note) .....	4,153	1,717
Weighted average common shares after assumed conversions .....	<u>14,944</u>	<u>12,889</u>
Amounts per common share:		
Basic net income per common share .....	<u>94,616.09</u>	<u>93,778.71</u>
Diluted net income per common share .....	<u>70,005.52</u>	<u>82,748.82</u>

Note: The number of the dilutive common shares is based on the conversion price as of each fiscal year-end.

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**20. Income taxes**

The following table presents the components of Income tax expense (benefit) for the fiscal years ended March 31, 2005 and 2006:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Current:		
Domestic .....	(125,202)	43,745
Foreign .....	19,952	26,655
Total current tax expense (benefit) .....	<u>(105,250)</u>	<u>70,400</u>
Deferred:		
Domestic .....	230,005	(445,535)
Foreign .....	(376)	993
Total deferred tax expense (benefit) .....	<u>229,629</u>	<u>(444,542)</u>
Total income tax expense (benefit) .....	<u>124,379</u>	<u>(374,142)</u>

On December 24, 2004, the Supreme Court of Japan ruled in favor of MHCB, supporting MHCB's petition for rescission of a corporate tax correction regarding MHCB's write-off of amounts outstanding from Japan Housing Loan, Inc. ("JHL"), which was followed by the refund of provisional tax payments made in 1996. As a result of the "JHL case judgment", the amount of the current tax expense decreased by ¥152,388 million for the fiscal year ended March 31, 2005. In addition, the interest on the refund of provisional tax payments of ¥102,106 million was included in Other noninterest income for the period.

The preceding table does not reflect the tax effects of unrealized net gains on available-for-sale securities and minimum pension liability adjustments. The tax effect of these items is recorded directly in Shareholders' equity for the fiscal years ended March 31, 2005 and 2006. The detailed amounts reducing Shareholders' equity are as follows:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Unrealized net gains on available-for-sale securities .....	5,311	591,405
Minimum pension liability .....	—	(650)
Total tax effect .....	<u>5,311</u>	<u>590,755</u>

Since the MHFG Group does not have the intention to divest its foreign subsidiaries in the foreseeable future, deferred taxes are not provided on the temporary differences related to foreign currency translation adjustments.

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The following table shows a reconciliation of Income tax expense (benefit) at the effective statutory tax rate to actual income tax expense for the fiscal years ended March 31, 2005 and 2006:

	<b>2005</b> (in millions of yen, except tax rates)	<b>2006</b>
Income before income tax expense (benefit) .....	1,202,440	711,530
Effective statutory tax rate .....	40.69%	40.69%
Income tax calculated at the statutory tax rate .....	489,273	289,522
Income not subject to tax .....	(15,028)	(119,421)
Expenses not deductible for tax purposes .....	1,729	4,656
Tax rate differentials of subsidiaries .....	6,093	5,246
Change in valuation allowance .....	(315,760)	650,056
Change in undistributed earnings of subsidiaries .....	94,885	(79,559)
Change in net operating loss carryforwards resulting from the sale of shares of subsidiaries within the Group .....	(4,740)	(1,151,222)
Minority interest in consolidated subsidiaries .....	12,590	28,097
Effect of the “JHL case judgment” .....	(152,388)	—
Other .....	7,725	(1,517)
Income tax expense (benefit) .....	124,379	(374,142)

The components of net deferred tax assets at March 31, 2005 and 2006 are as follows:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Deferred tax assets:		
Investments .....	968,342	1,030,594
Allowance for loan losses .....	626,616	424,364
Derivative financial instruments .....	41,433	137,219
Premises and equipment .....	75,735	53,345
Financial Stabilization Funds .....	38,490	34,459
Net operating loss carryforwards .....	1,935,886	2,989,864
Other .....	213,030	259,237
	3,899,532	4,929,082
Valuation allowance .....	(1,744,576)	(2,383,956)
Deferred tax assets, net of valuation allowance .....	2,154,956	2,545,126
Deferred tax liabilities:		
Available-for-sale securities .....	793,839	1,399,910
Undistributed earnings of subsidiaries .....	154,560	75,109
Prepaid pension cost and accrued pension liabilities .....	18,859	45,727
Other .....	39,558	50,584
Deferred tax liabilities .....	1,006,816	1,571,330
Net deferred tax assets .....	1,148,140	973,796

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Deferred tax assets and deferred tax liabilities within the same tax jurisdiction have been netted for presentation in the balance sheets as follows:

	<b>2005</b> (in millions of yen)	<b>2006</b> (in millions of yen)
Deferred tax assets on the balance sheet .....	1,175,199	996,533
Deferred tax liabilities on the balance sheet .....	27,059	22,737
Net deferred tax assets .....	<u>1,148,140</u>	<u>973,796</u>

In assessing the realizability of deferred tax assets, management considered whether it was more likely than not that some portion or all of the deferred tax assets would not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies available in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets were deductible, management believed it was more likely than not that the MHFG Group would realize the benefits of these deductible differences, net of the existing valuation allowances at March 31, 2005 and 2006.

At March 31, 2006, the MHFG Group had net operating loss carryforwards totaling ¥7,407,037 million. These net operating losses are scheduled to expire as follows:

	<b>Net operating loss carryforwards</b> (in millions of yen)
Fiscal year ending March 31,	
2009 .....	225,131
2010 .....	3,138,038
2011 .....	513,926
2012 .....	609,373
2013 and thereafter .....	<u>2,920,569</u>
Total .....	<u>7,407,037</u>

Included in Net operating loss carryforwards in the above table are carryforwards of the holding company and a subsidiary of ¥2,865,954 million resulting mainly from the sale of shares of subsidiary companies within the Group. The tax effect of these carryforwards is offset by a full valuation allowance.

## **21. Pension and other employee benefit plans**

### *Severance indemnity plans*

MHFG and certain subsidiaries, including MHBK, MHCB, and MHTB, sponsor and offer their employees other than directors and corporate auditors, lump-sum severance indemnity plans. Under the severance indemnity plans, employees are provided with lump-sum cash payments upon leaving the company. The amount of benefits under the severance indemnity plans is principally determined based on the position, the length of service and the reason for retirement. When employees meet certain conditions including the length of service, they may opt to receive annuity payments instead of lump-sum payments at retirement. MHFG and certain subsidiaries also offer special termination benefits to former employees whose contributions during their career were deemed meritorious and to those with particular circumstances.

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*Employees' Pension Funds*

MHFG and certain subsidiaries provide funded contributory defined benefit plans, which are known as the Employees' Pension Funds ("EPF"), as defined and regulated by the Japanese Welfare Pension Insurance Law ("JWPIL"). Under the EPF, an employer establishes a special public entity that administers and manages the plan with respect to the employees covered by the EPF. The EPF comprises:

- a. The "substitutional portion" representing a portion of the pay-related part of the elderly pension that the EPF administers on behalf of the state-run welfare pension and;
- b. The "corporate portion" which represents the discretionary benefit arrangement set up by the employer or the EPF.

When an employer establishes the EPF, the portion of the welfare pension premium that represents the substitutional portion, and would otherwise be required to be paid to the government, is contributed to the EPF.

In June 2001, the JWPIL was amended to permit the employer to separate the substitutional portion from the EPF and transfer the obligation and related assets to the Japanese government. After the separation, the entire premium representing the contribution to the welfare pension is transferred to the government. The separation process requires several phases to be completed and is accounted for in accordance with EITF Issue No.03-2 as discussed below.

MHFG and certain subsidiaries submitted an application to the government to transfer the obligation to pay benefits for future employee service related to the substitutional portion and the application was approved in September 2003. MHFG and certain subsidiaries made another application for the transfer to the government of the remaining substitutional portion and the application was approved in March 2005. MHFG and these subsidiaries will be released from paying the remaining substitutional portion of the benefit obligation for past employee services upon the final transfer to the government of certain plan assets. The impact on the MHFG Group's consolidated financial statements of the transfers accounted for in accordance with EITF Issue No.03-2 is not known and cannot be reasonably estimated until the completion of the transfer.

During fiscal year ended March 31, 2006, a subsidiary of MHFG completed the transfer of the substitutional portion to the government. The effect of this settlement calculated pursuant to the guidance in EITF Issue No.03-2 is as follows:

	(in millions of yen)
Subsidy (representing the difference between the accumulated benefit obligation over the fair value of the related assets) .....	1,307
Settlement gain recognized for proportionate amount of net unrecognized loss related to the entire EPF .....	225
Effect of the reversal of future salary progression .....	395
<b>Total settlement gain .....</b>	<b><u>1,927</u></b>

The subsidy is included in Other noninterest income and the others are deducted from Salaries and employee benefits.

During fiscal year ended March 31, 2005, MHFG and certain subsidiaries amended their defined benefit pension plans under which future benefits for plan participants whose benefits have not been paid would fluctuate with market interest rates.

*Tax-Qualified Pension Plans (closed "TQPPs")*

Some of MHFG's subsidiaries offer closed TQPPs. These plans are non-contributory defined benefits plans which provide retired employees other than directors and corporate auditors with retirement benefits that are determined based on certain factors that include the length of service. Under the tax-qualified pension plans, employers enter into contracts with financial institutions such as trust banks or life insurers that administer employer contributions and benefit payments.

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*Defined contribution plans*

MHFG and certain subsidiaries have several defined contribution plans. The costs recognized for contributions to the plans for the fiscal years ended March 31, 2005 and 2006 were ¥690 million and ¥724 million, respectively.

*Foreign office benefit plans*

Foreign offices and subsidiaries have postemployment and/or postretirement plans for eligible employees and retirees. Foreign offices and subsidiaries also have defined contribution plans and/or defined benefit plans. The costs of such plans charged to earnings for the fiscal years ended March 31, 2005 and 2006 were ¥1,393 million and ¥1,555 million, respectively.

*Implementation of SFAS No.87*

The original implementation date of the SFAS No.87, “Employers’ Accounting for Pensions” (“SFAS No.87”), was the fiscal year beginning after December 15, 1988 for non-US plans. Due to the unavailability of data, the MHFG Group adopted SFAS No.87 from the fiscal year beginning April 1, 2004 for the purpose of the consolidated financial statements. Because the expected future service period of the existing employees as of the adoption date was approximately 11 years assuming that SFAS No.87 had been adopted at its original implementation date, the net transition obligation of ¥502,264 million was charged directly to accumulated deficit in its entirety at April 1, 2004.

*Net periodic benefit cost and funded status*

Net periodic benefit cost of the severance indemnities and pension plans, net of contributions made by employees, for the fiscal years ended March 31, 2005 and 2006 includes the following components:

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	(in millions of yen)
Service cost-benefits earned during the fiscal year .....	26,454	28,908
Interest costs on projected benefit obligation .....	39,566	37,751
Expected return on plan assets .....	(54,934)	(62,947)
Amortization of unrecognized prior service benefit .....	—	(463)
Amortization of net actuarial loss .....	—	71
Special termination benefits .....	17,761	5,936
Gain on settlement .....	—	(620)
Net periodic benefit cost .....	<u>28,847</u>	<u>8,636</u>

*Weighted-average assumptions used:*

Discount rates in determining expense .....	2.54%	2.45%
Discount rates in determining benefit obligation .....	2.45%	2.55%
Rates of increase in future compensation level for determining expense .....	1.67-5.31%	1.40-5.31%
Rates of increase in future compensation level for determining benefit obligation .....	1.40-5.31%	1.37-5.67%
Expected rates of return on plan assets .....	3.43%	3.63%

In estimating the discount rate, the MHFG Group used interest rates on high-quality fixed-income governmental and corporate bonds that received a rating of AA(Aa) or higher from rating agencies. The durations of such bonds closely match that of the pension benefit obligation. Assumed discount rates were reevaluated at each measurement date.

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The following table sets forth the combined funded status and amounts recognized in the accompanying consolidated balance sheets at March 31, 2005 and 2006 for the plans of MHFG and its subsidiaries. Accordingly, funded status and amounts recognized in the table below show the combined amounts of those presented in the consolidated financial statements of these subsidiaries.

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
<b>Change in benefit obligation:</b>		
Benefit obligation at beginning of fiscal year	1,563,708	1,551,253
Service cost	26,454	28,908
Interest cost	39,566	37,751
Plan participants' contributions	1,298	1,156
Amendments	(4,789)	(430)
Divestitures	(72)	(896)
Transfer of substitutional portion	—	(3,432)
Actuarial loss (gain)	3,739	(15,401)
Foreign currency exchange rate changes	7	1,713
Benefits paid	(48,175)	(40,140)
Lump-sum payments	(30,483)	(17,351)
Benefit obligation at end of fiscal year	<u>1,551,253</u>	<u>1,543,131</u>
<b>Change in plan assets:</b>		
Fair value of plan assets at beginning of fiscal year	1,574,242	1,601,122
Actual return on plan assets	29,860	476,814
Foreign currency exchange rate changes	6	1,039
Divestitures	—	(389)
Transfer of substitutional portion	—	(1,730)
Employer contributions	43,891	34,855
Plan participants' contributions	1,298	1,156
Benefits paid	(48,175)	(40,140)
Fair value of plan assets at end of fiscal year	<u>1,601,122</u>	<u>2,072,727</u>
Funded status	49,869	529,596
Unrecognized net actuarial loss (gain)	28,829	(400,196)
Unrecognized prior service cost	(4,789)	(4,753)
Net amount recognized	<u>73,909</u>	<u>124,647</u>
<b>Amounts recognized in the consolidated balance sheets:</b>		
Prepaid pension cost	116,252	153,016
Accrued pension liability	(42,343)	(29,968)
Accumulated other comprehensive income	—	1,599
Net amount recognized	<u>73,909</u>	<u>124,647</u>

Note: The aggregated accumulated benefit obligations of these plans were ¥1,522,047 million and ¥1,517,356 million, respectively, as of March 31, 2005 and 2006. The severance indemnities plans generally employ a multi-variable and non-linear formula based upon compensation at the time of severance, rank and years of service. Employees with service in excess of one year are qualified to receive lump-sum severance indemnities.

The projected benefit obligations, accumulated benefit obligations and fair value of plan assets for the plans of MHFG and its subsidiaries with accumulated benefit obligations in excess of plan assets were ¥64,027 million, ¥59,349 million and ¥29,540 million, respectively, at March 31, 2005 and ¥43,991 million, ¥43,031 million and ¥25,390 million, respectively, at March 31, 2006.

Pension plans are not fully integrated among subsidiaries of the MHFG Group and plan assets are managed separately by each plan.

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*Asset allocation*

Pension plan asset allocations of MHFG and certain subsidiaries at March 31, 2005 and 2006, by asset category are as follows:

<b>Asset category</b>	<b>Fair value of pension plan assets at March 31,</b>	
	<b>2005</b>	<b>2006</b>
The EPF assets:		
Fund for corporate pension:		
Japanese equity securities .....	7.46%	6.38%
Japanese debt securities .....	6.22%	6.72%
General account of life insurance companies .....	4.72%	3.81%
Non-Japanese equity securities .....	6.82%	5.35%
Non-Japanese debt securities .....	8.68%	7.72%
Short-term assets .....	0.69%	0.38%
Total .....	34.59%	30.36%
Fund for substitutional portion:		
Japanese short-term monetary assets .....	13.32%	10.29%
Total EPF assets .....	47.91%	40.65%
Assets retained in employee retirement benefit trust:		
Japanese equity securities .....	52.09%	59.35%
	<u>100.00%</u>	<u>100.00%</u>

Included in Japanese equity securities was ¥31,832 million (1.99% of contributory pension plan assets) and ¥56,725 million (2.74% of contributory pension plan assets) of the MHFG Group common stock at March 31, 2005 and 2006, respectively.

Included in Japanese debt securities was ¥822 million (0.05% of contributory pension plan assets) and ¥902 million (0.04% of contributory pension plan assets) of the MHFG Group debt securities at March 31, 2005 and 2006, respectively.

As discussed above, MHFG and certain subsidiaries are in the process of transferring to the Japanese government the substitutional portion of the EPF. These assets will be delivered to the Employees' Pension Insurance when the transfer procedure is completed. Therefore, the EPF assets are separated into a fund for the corporate portion (hereafter called "fund for the corporate portion"), and a fund for the substitutional portion of the EPF (hereafter called "fund for the substitutional portion").

*Investment policies*

MHFG and certain subsidiaries' target asset allocation for funds for the EPF plans, excluding the funds for the substitutional portion, is as follows:

<b>Asset category</b>	<b>Asset ratio at March 31, 2006</b>
Japanese equity securities .....	17.00%
Japanese debt securities .....	42.00%
Non-Japanese equity securities .....	15.00%
Non-Japanese debt securities .....	26.00%
Total .....	<u>100.00%</u>

In managing assets for the EPF, the MHFG Group determines the appropriate levels of risk that the MHFG Group can assume under the given circumstances to maximize the investment returns from a long-term

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perspective while ensuring that the sufficient funds will be available to plan participants and beneficiaries. Generally, the investment returns are relative to the risks involved. In considering the maximum levels of risk that the MHFG Group can assume, it primarily considers the following factors: the employers' burden of maintaining the benefit plans based on the design of the plans and future plan contributions, the age distribution of the plan participants and beneficiaries, the financial conditions of the employers, and the employers' ability to absorb future variability in plan premiums. The long-term asset allocation is based on optimal portfolios, which are estimated by expected return and risk according to each asset class. Additionally, the asset allocation is reviewed whenever there are large fluctuations in pension plan liabilities caused by modifications of pension plans, or there are changes in the market environment. The asset allocation of the fund for substitution portion of the investments is in assets with high liquidity and low market risk, because these assets will be delivered to the government when the refund procedure is completed.

The employee retirement benefit trusts have been established to isolate assets held by employers and designate the separated assets for the settlement of retirement benefits. These assets are primarily Japanese equity securities and have been entrusted directly with qualified trustees including trust banks.

The plan assets designated to the TQPPs have been invested in assets with low investment risk because the plans have already been closed to new participants.

*Basis and procedure for estimating long-term return of each asset class*

The expected long-term return is 3.60% for funds for the EPF plans. The expected rate of return for each asset class is based primarily on various aspects on long-term prospects for the economy that include historical performance and the market environment.

*Cash flows*

MHFG and certain subsidiaries expect to contribute approximately ¥34 billion to their pension plans in the fiscal year ending March 31, 2007 based on the current funded status and expected asset return assumptions.

*Estimated future benefit payments*

The following table presents forecasted benefit payments including the effect of expected future service for the fiscal year indicated:

	<u>(in millions of yen)</u>
Fiscal year ending March 31:	
2007 .....	60,669
2008 .....	63,682
2009 .....	65,977
2010 .....	68,260
2011 .....	70,536
2012-2016 .....	386,644

**22. Derivative financial instruments**

The MHFG Group uses derivative financial instruments in response to the diverse needs of customers, to control the risk related to the assets and liabilities of the MHFG Group, as part of its asset and liability management, and for proprietary trading purposes. The MHFG Group is exposed primarily to market risk associated with interest rate, commodity, foreign currency, and equity products and credit risk associated with counterparty default or nonperformance on transactions.

Market risk arises from changes in market prices or indices, interest rates and foreign exchange rates that may result in an adverse change in the market value of the financial instrument or an increase in its funding costs. Exposure to market risk is managed by imposing position limits and monitoring procedures and by initiating hedging transactions.

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Credit risk arises from counterparty failure to perform according to the terms and conditions of the contract and the value of the underlying collateral held, if applicable, is not sufficient to recover resulting losses. The exposure to credit risk is measured by the fair value of all derivatives in a gain position and its potential increase at the balance sheet dates. The exposure to credit risk is managed by entering into legally enforceable master netting agreements to mitigate the overall counterparty credit risk, requiring underlying collateral and guarantees based on an individual credit analysis of each obligor and evaluating credit features of each instrument. In addition, credit approvals, limits and monitoring procedures are also imposed.

The Group entered into the following derivative transactions that do not qualify for hedge accounting under SFAS 133 with a view to implementing risk management hedging strategies: (1) interest-rate swap transactions for the purpose of hedging interest-rate risks in deposits, loans etc. and (2) currency swap transactions for the purpose of hedging the foreign exchange risk of these assets. Hedge accounting was not adopted with respect to these transactions and such derivatives are accounted for as trading positions.

*Hedging activities*

In order to qualify for hedge accounting under SFAS No.133, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, and how effectiveness is to be assessed prospectively and retrospectively. The extent to which a hedging instrument is effective at achieving offsetting changes in fair value or cash flows must be assessed at least quarterly. Any ineffectiveness must be reported immediately in earnings. The MHFG Group's hedging activities include fair value and net investment hedges.

*Fair value hedges*

The MHFG Group primarily uses bond options to modify exposure to changes in fair value of available-for-sale debt securities. For qualifying fair value hedges, all changes in the fair value of the derivative and the corresponding hedged item relating to the risk being hedged are recognized in earnings in Investment gains – net. The change in fair value of the portion of the hedging instruments excluded from the assessment of hedge effectiveness is recorded in Trading account gains – net. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment.

*Net investment hedges*

The MHFG Group uses forward foreign exchange contracts and foreign currency-denominated debt instruments to protect the value of net investments in non-Japanese subsidiaries from foreign currency exposure. Under net investment hedge, both derivatives and nonderivative financial instruments qualify as hedging instruments. For net investment hedges, the changes in the fair value of a hedging derivative instrument or nonderivative hedging financial instrument is recorded in Foreign currency translation adjustments within Accumulated other comprehensive income, provided that the hedging instrument is designated and is effective as a hedge of the net investment. The portion of the hedging instruments excluded from the assessment of hedge effectiveness is recorded in Foreign exchange gains (losses) – net in earnings.

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The following table summarizes certain information related to the MHFG Group's hedging activities for the fiscal years ended March 31, 2005 and 2006:

	<b>2005</b>	<b>2006</b>
	(in millions of yen)	
Fair value hedges:		
Hedge ineffectiveness recognized in earnings .....	—	—
Net loss excluded from assessment of effectiveness .....	(20,257)	(20,793)
Net investment hedges:		
Net gain (loss) included in foreign currency translation adjustment within accumulated other comprehensive income .....	25,699	(16,230)

### **23. Commitments and contingencies**

#### *Obligations under guarantees*

The MHFG Group provides guarantees or indemnifications to counterparties to enhance their credit standing and enable them to complete a variety of business transactions. The guarantee represents an obligation to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing arrangement or other contractual obligation.

The Group records all guarantees and similar obligations subject to FIN No.45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others—an interpretation of FASB Statements No.5, 57, and 107 and rescission of FASB Interpretation No.34" ("FIN No.45") at fair value on the consolidated balance sheet at the inception of the guarantee. The carrying amount of guarantees and similar obligations at March 31, 2005 and 2006 was ¥32,822 million and ¥29,528 million, respectively, and was included in Other liabilities.

The types of guarantees under FIN No.45 provided by the MHFG Group are described below.

#### *Performance guarantees*

Performance guarantees are issued to guarantee customers' performance under contractual arrangements such as a tender bid on a construction project or the completion of a construction project.

#### *Guarantees on loans*

Guarantees on loans include an obligation to guarantee the customer's borrowing contracts. The MHFG Group is required to make payments to the guaranteed parties in the event that customers fail to fulfill obligations under the contracts.

#### *Guarantees on securities*

Guarantees on securities include an obligation to guarantee securities, such as bonds issued by customers.

#### *Other guarantees*

Other guarantees include an obligation to guarantee customers' payment, such as tax payments.

#### *Derivative financial instruments*

Certain written options and credit default swaps are deemed guarantees pursuant to the definition of guarantees in FIN No.45 if (i) these contracts require the MHFG Group to make payments to counterparties based on changes in an underlying instrument or index, (ii) the contract cannot be cash-settled, and (iii) it is probable that the counterparty held

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the underlying instrument at inception of the contract. Because it is difficult in practice to determine whether condition (iii) exists, the MHFG Group has decided to include all credit default swaps and certain written options, excluding written options outside the scope of FIN No.45 such as written call options, in the mandatory guarantee disclosures, irrespective of whether the counterparty has the asset or liability relating to the underlying.

*Guarantees for the repayment of trust principal*

The MHFG Group provides certain trust products with guarantees for the repayment of trust principal, e.g., loan trusts and certain jointly operated designated money trusts. Pursuant to Japanese trust-related laws, trustees are prohibited from compensating beneficiaries for any loss in the beneficial interests in each trust. However, under a special condition of the Japanese trust-related laws, trust banks as trustees are allowed to enter into an agreement to compensate for any loss in the principal of the trust. The MHFG Group manages and administers the trust assets to minimize exposures against losses from the guarantees for the repayment of trust principal, including writing-off impaired loans and charging it to the trust account profits. In performing its fiduciary duties, the MHFG Group also manages the trust assets separately from its own proprietary assets on behalf of customers and keeps separate records for the trust activities. The contract amounts of guarantees for repayment of trust principal were ¥1,521 billion and ¥1,350 billion, at March 31, 2005 and 2006, respectively. Part of the trust accounts profits are set aside as a reserve in trust accounts to absorb losses in the trust asset portfolios in accordance with relevant Japanese laws concerning the trust business and/or trust agreements. Statutory reserves for loan trusts and reserves for jointly operated designated money trusts are calculated based on the trust principal or the balance of loans and other assets in the trust accounts. The amounts of such reserves set aside in the trust accounts were ¥4 billion and ¥3 billion, at March 31, 2005 and 2006, respectively. Therefore, the probability of principal indemnification is judged to be remote and the MHFG Group had no related reserve for credit losses recorded in its consolidated financial statements.

*Liabilities of trust accounts*

The MHFG Group, as trustee, may enter into an agreement with a third party who is not the party to the relevant trust agreement to the extent necessary to handle the trust affairs for the purpose of fulfilling the objectives of the trust and, as such, the trustee shall be allowed to assume certain liabilities. Pursuant to Japanese trust-related laws, the trustee is ultimately liable to pay those liabilities out of its proprietary assets in the event that the trust assets are insufficient to cover those liabilities and the trust beneficiary is unable to compensate the shortfall. To avoid the demand for payment out of the proprietary assets, the trustee can enter into a special covenant of limited liability under which the trust creditors agree to limit the trustee's liability to the value of the trust assets and to waive the right for compulsory execution against the trustee's proprietary assets. The amount of trust liabilities rarely exceeds the amount of trust assets and, therefore, those liabilities are covered by the corresponding trust assets. However, in the event that the trust assets cannot cover all the trust liabilities and the trustee has to pay out of its proprietary assets, the trustee can require the trust beneficiary to compensate for such trust liabilities under the Trust Law. The MHFG Group regularly monitors the condition of trust accounts to minimize exposures against making such payment.

At March 31, 2005 and 2006, there were liabilities of ¥4,677 billion and ¥6,716 billion, respectively, in the trust accounts excluding the liabilities with the special covenant of limited liability. Liabilities of trust accounts principally include obligations to return collateral under security lending transactions and others.

*Maximum exposure under guarantee contracts*

The table below summarizes the remaining term and maximum potential amount of future payments by type of guarantee at March 31, 2005 and 2006. The maximum potential amount of future payments disclosed below represents the contractual amounts that could be lost under the guarantees if there were a total default by the guaranteed party, without consideration of possible recoveries under recourse provisions or from collateral held. With respect to written options included in Derivative financial instruments of the table below, in theory, the MHFG Group is exposed to unlimited losses; therefore, the table shows notional amounts of the contracts as a proxy for the maximum exposure.

The MHFG Group, when necessary, requires collateral such as cash, investments and real estate or third-party guarantees depending on the amount of credit risk involved, and employs means such as sub-participation to

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reduce the credit risk associated with guarantees. Therefore, the maximum exposure or notional amounts below do not represent the expected losses from the execution of the guarantees.

<b>2005</b>	<b>Maximum potential/Contractual or Notional amount</b>	<b>Amount by expiration period</b>		
		<b>One year or less</b>	<b>After one year through five years</b>	<b>After five years</b>
		<b>(in millions of yen)</b>		
Performance guarantees .....	1,009,532	587,256	385,261	37,015
Guarantees on loans .....	1,404,853	169,617	85,417	1,149,819
Guarantees on securities .....	48,482	17,109	26,950	4,423
Other guarantees .....	1,032,854	745,873	109,997	176,984
Guarantees for the repayment of trust				
principal .....	1,521,431	288,564	683,936	548,931
Liabilities of trust accounts .....	4,677,459	4,457,754	33,789	185,916
Derivative financial instruments .....	41,489,902	30,456,536	9,617,569	1,415,797
<b>2006</b>	<b>Maximum potential/Contractual or Notional amount</b>	<b>Amount by expiration period</b>		
		<b>One year or less</b>	<b>After one year through five years</b>	<b>After five years</b>
		<b>(in millions of yen)</b>		
Performance guarantees .....	1,327,584	707,057	529,992	90,535
Guarantees on loans .....	1,247,128	165,896	100,611	980,621
Guarantees on securities .....	47,459	18,431	23,014	6,014
Other guarantees .....	1,056,314	762,961	259,597	33,756
Guarantees for the repayment of trust				
principal .....	1,349,561	244,834	574,763	529,964
Liabilities of trust accounts .....	6,716,288	6,479,646	42,008	194,634
Derivative financial instruments .....	45,862,247	31,455,068	11,899,386	2,507,793

***Other off-balance-sheet instruments***

In addition to guarantees, the MHFG Group issues other off-balance-sheet instruments to its customers, such as lending-related commitments and commercial letters of credit. Under the terms of these arrangements, the MHFG Group is required to extend credit or make certain payments upon the customers' request.

***Commitments to extend credit***

Commitments to extend credit are legally binding agreements to lend to customers on demand. They usually have set maturity dates. These agreements differ from guarantees in that they are generally revocable or contain provisions that enable the MHFG Group to avoid payment or reduce the amount of credit extended under certain conditions, such as the deterioration of the borrower's financial condition or other reasonable conditions. The MHFG Group monitors the financial condition of the potential borrowers throughout the commitment period to determine whether additional collateral or changes in the terms of the commitment are necessary. Since many of these commitments to extend credit expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

***Commitments to invest in securities***

Commitments to invest in securities include legally binding contracts to make additional contributions to investment funds, such as venture capital funds or corporate recovery funds in accordance with the terms of investment agreements.

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*Commercial letters of credit*

Commercial letters of credit are issued in connection with customers' trade transactions. Normally, the customers cannot receive the goods until they make payment to a bank, and therefore these commercial letters of credit are collateralized by the underlying goods. Upon issuance of commercial letters of credit, the MHFG Group monitors the credit risk associated with these transactions to determine if additional collateral is required.

The table below summarizes the contractual amounts with regard to these undrawn commitments at March 31, 2005 and 2006:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Commitments to extend credit .....	42,932,001	44,478,601
Commitments to invest in securities .....	106,772	132,734
Commercial letters of credit .....	403,858	462,805
<b>Total .....</b>	<b>43,442,631</b>	<b>45,074,140</b>

*Allowance and provision (credit) for losses on off-balance- sheet instruments*

Other liabilities included an allowance for losses on off-balance-sheet instruments of ¥51,981 million and ¥86,004 million at March 31, 2005 and 2006, respectively.

The Group recorded a reversal of the provision for losses on off-balance-sheet instruments of ¥25,773 million for the fiscal year ended March 31, 2005, and a provision for losses on off-balance-sheet instruments of ¥34,023 million for the fiscal year ended March 31, 2006.

*Leases*

The MHFG Group leases certain office space and equipment under noncancelable agreements. Future minimum rental commitments for noncancelable leases at March 31, 2006 were as follows:

	<b>Capitalized leases</b> (in millions of yen)	<b>Operating leases</b>
Fiscal year ending March 31:		
2007 .....	9,940	34,467
2008 .....	8,203	32,940
2009 .....	7,040	28,989
2010 .....	4,800	16,865
2011 .....	1,538	16,214
2012 and thereafter .....	325	53,185
<b>Total minimum lease payments .....</b>	<b>31,846</b>	<b>182,660</b>
Amount representing interest .....	1,746	
<b>Present value of minimum lease payments .....</b>	<b>30,100</b>	

Total rental expense for the fiscal years ended March 31, 2005 and 2006 was ¥26,087 million and ¥34,134 million, respectively.

During prior years, the MHFG Group's major banking subsidiaries sold their head offices (including land, buildings, facilities and equipment) to third parties. Concurrent with the sales, these subsidiaries leased the properties back for periods of 5 and 10 years at an aggregate annual rental of ¥214,690 million. The MHFG Group recorded the transactions as operating leases. The future minimum lease payments under the terms of the related lease agreements were ¥168,945 million and ¥144,182 million at March 31, 2005 and 2006, respectively.

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***Legal proceedings***

The MHFG Group is involved in normal collection proceedings initiated by the Group and other legal proceedings in the ordinary course of business.

The Group's Indonesian subsidiary acts as collateral agent for the trustee of bond issuances made by subsidiaries of Asia Pulp & Paper Company Ltd. ("APP"). In that role, the subsidiary is involved in disputes between the bondholders and such APP subsidiaries in their capacities as the issuers, guarantors and/or pledgors of security for the bonds relating to foreclosure proceedings on the collateral and has been named as a defendant in lawsuits brought by the obligors under the bonds in Indonesia. The Group's consolidated financial statements do not include a reserve in relation to this dispute since it is the opinion of management that the resolution of this matter will not have a significant impact on the consolidated financial condition or results of operations of the Group.

Based on information currently available, management does not believe there are any other legal proceedings that individually or in the aggregate could reasonably be expected to have a significant effect on the Group's consolidated financial condition or results of operations.

**24. Minority interest in consolidated subsidiaries**

Minority interest represents the equity for the remaining outstanding voting stock of subsidiaries not owned by the MHFG Group. The changes in minority interest in fiscal years ended March 31, 2005 and 2006 consisted of minority interest in net income or loss of subsidiaries, minority interest in changes in other comprehensive income of subsidiaries and changes resulting from changes in the ownership percentage of the Group in certain subsidiaries.

On September 29, 2004, MHSC issued and sold 681,000 shares to Norinchukin Bank, a third party, in order to reinforce its business relationships with agricultural and forestry financial institutions, strengthen its capital base and enhance its profitability. The sales price was ¥110,000 per share and Norinchukin Bank's investment in MHSC amounted to ¥75 billion in cash. As a result of the investment, Norinchukin Bank became a minority shareholder in MHSC owning 18.5% of its common stock. The MHFG Group realized a gain of ¥14 billion on the sale of MHSC stock, which is included in Other noninterest income for the fiscal year ended March 31, 2005. As a result of this transaction, the MHFG Group's ownership in MHSC was reduced to 81.5%.

For the fiscal year ended March 31, 2006, the MHFG Group sold 250,000,000 shares of equity interest in MHTB in order to maintain the subsidiary's status as a listed company in compliance with the change in certain delisting rules of the TSE. The Group realized a gain of ¥45 billion on the sale of MHTB stock, which is included in Other noninterest income for the fiscal year ended March 31, 2006. As a result of this transaction, the Group's ownership in MHTB was reduced to 70.0% at March 31, 2006.

**25. Variable interest entities and securitizations**

***Variable interest entities***

In the normal course of business, the MHFG Group is involved with VIEs primarily through the following types of transactions: asset-backed commercial paper/loan programs, asset-backed securitizations, investment funds, trust arrangements, and structured finance. These transactions are discussed below. The maximum exposure to loss that is discussed in this section is the contractual or notional amounts of liquidity facilities and other off-balance-sheet credit related support or notional amount of financing, and it is not indicative of the ongoing exposure which is managed within the Group's risk management framework.

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The tables below present the carrying amount and classification of assets that were collateral for the obligations of VIEs where the MHFG Group was the primary beneficiary, as of March 31, 2005 and 2006:

<u>Consolidated assets by type of entity</u>	<u>2005</u> (in millions of yen)	<u>2006</u>
Asset backed commercial paper/loan programs .....	2,552,246	2,850,947
Asset-backed securitizations .....	178,776	465,929
Investments in securitization products .....	84,673	435,524
Investment funds .....	472,722	832,248
Total .....	<u>3,288,417</u>	<u>4,584,648</u>
<u>Consolidated assets by asset classification</u>	<u>2005</u> (in millions of yen)	<u>2006</u>
Cash and due from banks and deposits .....	109,608	118,470
Call loans .....	8,258	2,169
Trading account assets .....	464,512	776,140
Investments .....	64,567	117,464
Loans .....	2,529,126	3,482,883
Other .....	112,346	87,522
Total .....	<u>3,288,417</u>	<u>4,584,648</u>

*Asset-backed commercial paper/loan programs*

The MHFG Group manages several asset-backed commercial paper/loan programs that provide its clients' off-balance-sheet or cost-effective financing. The VIEs used in the programs purchase financial assets, primarily receivables, from clients participating in the programs and provide liquidity through the issuance of commercial paper or borrowings from the MHFG Group backed by the financial assets. While customers normally continue to service the transferred receivables, the MHFG Group underwrites, distributes, and makes a market in commercial paper issued by the conduits. The MHFG Group also provides liquidity and credit support facilities and financing to the VIEs.

In accordance with the consolidation requirements of FIN No.46R, the MHFG Group consolidated certain of these conduits, where the MHFG Group was deemed to be the primary beneficiary through participation in a majority of expected losses, expected residual returns or both.

*Asset-backed securitizations*

The MHFG Group acts as an arranger of various types of structured finance to meet clients' various off-balance-sheet financing needs. In substantially all of these structured financing transactions, the transfer of the financial asset by the client is structured to be bankruptcy remote by use of a bankruptcy remote entity, which is deemed to be a VIE because its equity holder does not have decision making rights. The MHFG Group receives fees for structuring and/or distributing the securities sold to investors. In some cases, the MHFG Group itself purchases the securities issued by the entities and/or provides loans to the VIEs.

In addition, the MHFG Group establishes several single-issue and multi-issue special purpose entities that issue collateralized debt obligations ("CDO") or collateralized loan obligations ("CLO"), synthetic CDO/CLO or other repackaged instruments to meet clients' and investors' financial needs. The MHFG Group also arranges securitization transactions including commercial mortgage-backed securities ("CMBS"), residential mortgage-backed securities ("RMBS") and others. In these transactions, the MHFG Group acts as an underwriter, placement agent, asset manager, derivatives counter party, and/or investor to debt and equity instruments.

The MHFG Group consolidated several of the entities discussed above because it participated in a majority of expected losses, expected residual returns or both, through securities it purchases from and/or financing it provides to the entities.

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*Investments in securitization products*

The MHFG Group invests in, among other things, various types of CDO/CLO, synthetic CDO/CLO and repackaged instruments, CMBSs and RMBSs arranged by third parties for the purpose of generating current income or capital appreciation, which all utilize entities that are deemed to be VIEs. In accordance with the consolidation requirements of FIN No.46R, the MHFG Group consolidated certain of these VIEs, where the MHFG Group was deemed to be the primary beneficiary through the participation in a majority of expected losses, expected residual returns or both.

With respect to certain of these VIEs, the MHFG Group determined that it was not the primary beneficiary but had significant variable interests. As of March 31, 2005 and 2006, total assets of such entities were ¥1,990,180 million and ¥1,237,943 million, respectively, and the MHFG Group's maximum exposure to loss was ¥139,804 million and ¥143,090 million, respectively.

*Investment funds*

The MHFG Group invests in various investment funds including securities investment trusts, which collectively invest in equity and debt securities that include listed Japanese securities and investment grade bonds. Investment advisory companies or fund management companies, including the Group's subsidiaries and affiliates, administer and make investment decisions over such investment funds. In accordance with the consolidation requirements of FIN No.46R, the MHFG Group consolidated certain of these funds, where the MHFG Group was deemed to be the primary beneficiary because it owned a majority of the interests in these funds, and participated in a majority of expected losses, expected residual returns or both.

In certain of these entities, the MHFG Group determined that it was not the primary beneficiary but had significant variable interests. As of March 31, 2005 and 2006, the total assets of these entities were ¥1,076,386 million and ¥2,985,724 million, respectively, and the MHFG Group's maximum exposure to loss was ¥141,394 million and ¥298,795 million, respectively.

*Trust arrangements*

The MHFG Group offers a variety of asset management and administration services under trust arrangements including security investment trusts, pension trusts and trusts used in the securitization of assets originated by and transferred to third parties.

As a trustee, the MHFG Group is required to exercise due care in managing and safe-keeping of the assets entrusted. Since the MHFG Group manages and administers entrusted assets in a capacity of an agent or fiduciary on behalf of its customers and is required to segregate trust assets from its proprietary assets, trust accounts are recorded separately from the MHFG Group's general accounts and are not included in these consolidated financial statements.

With respect to guaranteed principal money trust products, the MHFG Group assumes certain risks by providing guarantees for the repayment of principal as required by the trust agreements or relevant Japanese legislation. The MHFG Group manages entrusted funds primarily through the origination of high quality loans and other credit-related products, investing in investment grade marketable securities such as Japanese government bonds and placing cash with the MHFG Group's subsidiary trust banks (Refer to Note 12 "Due to trust accounts"). The MHFG Group determined that it does not absorb a majority of expected losses or residual returns in connection with these trust arrangements and, therefore, the trust accounts are not included in the consolidated financial statements of the MHFG Group. The balances of guaranteed principal at March 31, 2005 and 2006 were ¥1,521 billion and ¥1,350 billion, respectively. The trust fees for the fiscal years ended March 31, 2005 and 2006 were ¥13,348 million and ¥21,612 million, respectively. The asset size at March 31, 2005 and 2006 was ¥1,529 billion and ¥1,354 billion, respectively. The MHFG Group's maximum exposure to loss at March 31, 2005 and 2006 was ¥777 billion and ¥576 billion, respectively.

With respect to non-guaranteed trust arrangements, the MHFG Group manages and administers assets on behalf of its customers (trust beneficiaries) in the capacity of a trustee and fiduciary; it does not assume risks associated

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with the entrusted assets. For substantially all non-guaranteed trust arrangements, the trust beneficiaries receive and absorb the majority of expected residual returns and expected losses based on the performance of the trust assets. Non-guaranteed trust accounts are not included in the consolidated financial statements of the MHFG Group.

*Special purpose entities created for structured finance*

The MHFG Group is involved in real estate, commercial aircraft and other vessel and machinery and equipment financing to VIEs. However, the Group's variable interests in these entities are not significant.

*Securitization*

The MHFG Group securitized mortgage loans during the fiscal year ended March 31, 2005 and recognized gains of ¥10,847 million on the securitization transactions. In connection with the securitization transactions, the Group provides servicing for and holds retained interests in the securitized mortgage loans. The Group's retained interests consist of subordinated beneficial interests and retained credit exposure. The values of the subordinated beneficial interests are subject to credit risk, interest rate risk and prepayment risk on the securitized financial assets. The retained credit exposure is in the form of a guarantee by a subsidiary of the Group. The carrying amount of this retained credit exposure was not considered material at March 31, 2005 and 2006. No servicing assets or liabilities were recorded as a result of these transactions since we received adequate compensation.

Key economic assumptions used in measuring the fair value of the subordinated beneficial interests at the date of securitization were as follows:

Discount rate .....	0.08-2.57%
Prepayment rate .....	4.14%
Weighted-average life (in years) .....	8.18
Expected credit losses .....	0.18%

At March 31, 2005 and 2006, key assumptions used in measuring the fair value of the subordinated beneficial interests and the sensitivities of the fair value to an immediate adverse change of 10% and 20% in those assumptions were as follows:

	<u>2005</u>	<u>2006</u>
Discount rate .....	0.12-2.09%	0.22-2.45%
Prepayment rate .....	6.38%	5.68%
Weighted-average life (in years) .....	6.81	7.04
Expected credit losses .....	0.17%	0.15%
	<u>2005</u>	<u>2006</u>
	(in millions of yen)	
Carrying value of subordinated beneficial interest .....	30,111	26,582
Discount rate:		
Impact of 10% adverse change .....	664	761
Impact of 20% adverse change .....	1,312	1,499
Prepayment rate:		
Impact of 10% adverse change .....	399	307
Impact of 20% adverse change .....	767	566
Expected credit losses:		
Impact of 10% adverse change .....	307	246
Impact of 20% adverse change .....	613	492

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These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10 percent variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the subordinated beneficial interest is calculated without changing any other assumption; in reality, changes could be correlated and changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

The table below summarizes certain cash flows received from securitization for the fiscal year ended March 31, 2005 and 2006:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Proceeds from securitization .....	294,200	—
Servicing fees received .....	164	213
Cash flows received on subordinated beneficial interests .....	3,300	4,033

The reconciliation between managed basis and on-balance-sheet mortgage loans including delinquencies and net credit losses for the fiscal years ended March 31, 2005 and 2006 was as follows:

	<b>2005</b>			<b>2006</b>		
	<b>Principal balance</b>	<b>Delinquencies</b>	<b>During the fiscal year</b> <b>Net credit losses</b> (in millions of yen)	<b>Principal balance</b>	<b>Delinquencies</b>	<b>During the fiscal year</b> <b>Net credit losses</b>
Total mortgage loans managed together .....	8,540,005	47,229	15,256	8,736,157	45,088	11,249
Less:						
Securitized amounts .....	<u>286,297</u>	<u>488</u>	<u>336</u>	<u>254,862</u>	<u>1,005</u>	<u>578</u>
On-balance-sheet amounts .....	<u>8,253,708</u>	<u>46,741</u>	<u>14,920</u>	<u>8,481,295</u>	<u>44,083</u>	<u>10,671</u>

The principal balances of the on-balance-sheet amounts in the table above do not include mortgage loans of ¥2,283 billion and ¥2,174 billion at March 31, 2005 and 2006, respectively, which are managed separately.

## 26. Fees and commissions income

Details of Fees and commissions income for the fiscal years ended March 31, 2005 and 2006 are as follows:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Securities-related business .....	102,985	133,188
Remittance business .....	113,777	116,013
Deposits, debentures and lending business .....	103,005	113,909
Trust fees .....	63,040	75,778
Fees for other customer services .....	<u>219,339</u>	<u>249,798</u>
Total .....	<u>602,146</u>	<u>688,686</u>

Securities-related business fees consist of broker's fees and markups on securities underwriting and other securities related activities. Remittance business fees consist of service charges for funds transfer and collections.

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Trust fees are earned primarily by fiduciary asset management and administration service for corporate pension plans, investment funds, and other. Fees for other customer services include fees related to the MHFG Group's agency business, guarantee related business, and other.

**27. Concentrations of credit risk**

Credit risk is the possibility that loss may occur from counterparty failure to perform according to the terms of the contract and if the collateral value held, if any, was not adequate to cover such losses. Concentrations of credit risk arise and exist when a number of customers are engaged in similar business activities, or activities in the same geographic region, or have similar economic characteristics that would cause their ability to meet their contractual obligations to be similarly affected by changes in economic or market conditions.

The MHFG Group is one of Japan's largest financial institutions and its main credit exposure is related to Japan-based customers and transactions. Credit risk is controlled through credit approvals, limits and monitoring procedures. The Group regularly monitors various segments of its credit risk portfolio to assess potential concentration risks and to obtain additional collateral when deemed necessary.

While the MHFG Group's credit exposure to customers in certain general industry groups such as construction and real estate, banks and other financial institutions, and wholesale and retail industries is relatively high, the management of the MHFG Group believes that the Group does not have any significant concentration of credit risk in its business for the fiscal years ended March 31, 2005 and 2006. The management monitors concentration of industries by the loan classifications designated by the BOJ and concluded that the Group exposure is broadly diversified along industry lines.

**28. Fair value of financial instruments**

SFAS No.107, "Disclosures about Fair Value of Financial Instruments" ("SFAS No.107") requires the disclosure of estimated fair value of financial instruments. Fair value of financial instruments is the current amount that would be exchanged between willing parties, other than in a forced sale or liquidation. Quoted market prices, if available, are best utilized as estimates of the fair values of financial instruments. However, since no quoted market prices are available for certain financial instruments, fair values for such financial instruments have been estimated based on management's assumptions, present value cash flow models or other valuation methods. Such estimation methods are described in more detail below. These estimates could be significantly affected by different sets of assumptions. There are certain limitations to management's best judgment in estimating fair values of financial instruments and inherent subjectivity involved in estimation methodologies and assumptions used to estimate fair value. Accordingly, the net realizable or liquidation values could be materially different from the estimates presented below. In addition, the estimates below are only reflective of the fair value of each category of financial instruments but not reflective of the fair value of the MHFG Group on a consolidated basis.

SFAS No.107 does not require the disclosure of the fair value of nonfinancial instruments.

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The carrying amount and fair values of certain financial instruments, excluding the financial instruments outside the scope of SFAS No.107 such as the equity method investments and lease contracts as defined in SFAS No.13, “Accounting for Leases” (“SFAS No.13”), at March 31, 2005 and 2006 are as follows:

	2005		2006	
	<u>Carrying amount</u>	<u>Estimated fair value</u>	<u>Carrying amount</u>	<u>Estimated fair value</u>
(in billions of yen)				
<b>Financial assets:</b>				
Cash and due from banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions .....	20,913	20,913	20,451	20,451
Trading securities .....	9,353	9,353	8,825	8,825
Investments .....	34,997	34,998	37,795	37,779
Loans, net of allowance for loan losses .....	64,316	64,764	67,843	68,062
Other financial assets .....	3,057	3,057	3,896	3,896
Derivative financial instruments .....	3,723	3,723	3,567	3,567
<b>Financial liabilities:</b>				
Non-interest-bearing deposits, call money and funds purchased, and payables under repurchase agreements and securities lending transactions .....	31,969	31,969	38,551	38,551
Interest-bearing deposits .....	69,591	69,577	67,772	67,679
Debentures .....	7,785	7,828	6,587	6,519
Trading securities sold, not yet purchased .....	6,359	6,359	6,466	6,466
Due to trust accounts .....	1,368	1,368	1,355	1,355
Commercial paper and other short-term borrowings .....	7,664	7,664	7,259	7,259
Long-term debt .....	4,755	4,935	5,355	5,448
Other financial liabilities .....	3,285	3,285	3,353	3,353
Derivative financial instruments .....	3,579	3,579	3,979	3,979

The methodologies and assumptions used to estimate the fair value of the financial instruments are summarized below.

*Cash and due from banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions*

The carrying value of short-term financial assets, such as cash and due from banks, interest-bearing deposits in other banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions approximates the fair value of these assets since they generally involve limited losses from credit risk or have short-term maturities with interest rates that approximate market.

*Trading securities and trading securities sold, not yet purchased*

Trading securities and trading securities sold, not yet purchased have been valued primarily using quoted market prices or using quoted market prices of comparable instruments. The fair values of trading securities and trading securities sold, not yet purchased are disclosed in Note 3 “Trading account assets and trading account liabilities”.

*Investments*

Available-for-sale and held-to-maturity securities have been valued using quoted market prices or using quoted market prices of comparable instruments. The fair value of investments held by consolidated investment companies is based upon quoted market prices or for non-marketable equity securities, valuations that consider earnings multiples and/or comparisons to recent market transactions. The fair values of investment securities are disclosed in Note 4 “Investments”. The fair values of other equity interests are not readily determinable and their

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carrying amounts of ¥867 billion and ¥841 billion at March 31, 2005 and 2006, respectively, are not included in the disclosure.

*Loans*

Performing loans have been fair valued as groups of similar loans based on the type of loan, credit quality, prepayment assumptions and remaining maturity. The fair value of fixed rate loans is estimated based on discount cash flows using interest rates approximating the MHFG Group's current rates for similar loans, adjusting for inherent credit risk. The carrying value of variable rate loans approximates the fair value since they mature or are repriced within a short period of time. When quoted market prices are available, primarily for loans to refinancing countries, loans held for dispositions or sales and certain other foreign loans, such market prices are utilized as estimates for fair value. Nonperforming loans have been fair valued on a loan by loan basis based on discounted cash flows analysis or appraisal value of underlying collateral as deemed appropriate by management.

*Other financial assets*

The carrying value of other financial assets, such as accrued interest receivable and accounts receivable from brokers, dealers, and customers for securities transactions, approximates the fair value of these assets since they generally involve limited losses from credit risk or have short-term maturities with interest rates that approximate market.

*Derivative financial instruments*

All derivatives are recognized on the consolidated balance sheets at fair value. For exchange traded contracts, fair value is based on quoted market prices. For non-exchange traded contracts, fair value is based on dealer quotes or valuation models applied to current market information. The fair values of derivative assets and liabilities are presented in Note 3 "Trading account assets and trading account liabilities".

*Non-interest-bearing deposits, call money and funds purchased and payables under repurchase agreements and securities lending transactions*

The carrying value of financial liabilities, such as non-interest-bearing deposits and call money and funds purchased, approximates the fair value of these liabilities since they generally have short-term maturities with interest rates that approximate market. The carrying value of payables under repurchase agreements and securities lending transactions approximates the fair value since the transactions are based on quoted market prices.

*Interest-bearing deposits*

The fair value for fixed rate deposits is estimated based on discounted cash flows analysis using current interest rates for instruments with similar maturities. The carrying value for variable rate deposits approximates the fair value since they are repriced within a short period of time.

*Debentures*

The fair value of debentures is estimated based on quoted market rates when available or discounted cash flow analysis using current interest rates offered for debentures with similar maturities.

*Due to trust accounts*

The carrying value of due to trust accounts approximates the fair value since they generally have short-term maturities with interest rates that approximate market.

*Commercial paper and other short-term borrowings*

The carrying value of the majority of other short-term borrowings approximates the fair value since they generally have short-term maturities with interest rates that approximate market. The fair value of certain borrowings is estimated based on discounted cash flows analysis using interest rates approximating the MHFG Group's incremental borrowings with similar maturities.

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*Long-term debt*

The fair value of the majority of long-term debt, such as convertible bonds and certain subordinated debt, is estimated based on quoted market prices of the instruments. The fair value of other long-term debt is estimated using discounted cash flow analysis using interest rates approximating the MHFG Group's incremental borrowings with similar maturities.

*Other financial liabilities*

The fair value of other financial liabilities, such as accrued interest payable and accounts payable to brokers, dealers, and customers for securities transactions, approximates the carrying amounts.

The fair values of certain off-balance-sheet financial instruments, such as commitments to extend credit and commercial letters of credit, are not considered material to the consolidated balance sheets at March 31, 2005 and 2006.

**29. Related party transactions**

*Transactions with directors, executive officers, and their associates*

The banking subsidiaries of MHFG make loans to the MHFG Group's directors, executive officers, and their associates in their ordinary course of business. At March 31, 2005 and 2006, outstanding loans to such related parties were not considered significant. These related party loans were made on substantially the same terms, including interest rate and collateral, as those prevailing at the same time for comparable transactions with unrelated parties. At March 31, 2005 and 2006, there were no loans to these related parties that were considered impaired.

Other transactions, such as deposits, were entered into between MHFG's subsidiaries and the MHFG Group's directors, executive officers, and their associates during the fiscal years ended March 31, 2005 and 2006. The outstanding amounts of these transactions, which were made in the ordinary course of business with terms equivalent to those with unrelated parties, were not considered significant.

*Transactions with other related parties*

A number of transactions were entered into with other related parties, such as MHFG's employees and affiliates accounted for under the equity method. These transactions included loans, deposits, and other banking services. They were not significant in amount and were conducted with substantially the same terms as those for comparable transactions with unrelated parties.

**30. Business segment information**

Under U.S. GAAP, companies report segment information based on the way management disaggregates the company for making operating decisions. The MHFG Group's operating segments are based on the nature of the products and services provided, the type of customer and the Group's management organization. The business segment information, set forth below, is derived from the internal management reporting systems used by management to measure the performance of the Group's business segments. The management measures the performance of each of the operating segments primarily in terms of "net business profits" in accordance with internal managerial accounting rules and practices. Net business profits is used as a measure of the profitability of core banking operations in Japan, and is defined as gross profits (or the sum of net interest income, fiduciary income, net fee and commission income, net trading income and net other operating income) less general and administrative expenses (excluding non-recurring expenses). Measurement by net business profits is required for regulatory reporting to the FSA. Therefore, the format and information is presented primarily on the basis of Japanese GAAP and is not consistent with the consolidated financial statements prepared in accordance with U.S.

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GAAP. A reconciliation is provided for the segments' total net business profits with income before income tax expense (benefit) under U.S. GAAP.

Note 31 "Foreign activities" provides financial information relating to the MHFG Group's operations by geographic area.

During the fiscal year ended March 31, 2006, MHFG reorganized its business portfolio into three Global Groups; the Global Corporate Group, the Global Retail Group, and the Global Asset & Wealth Management Group. The Global Corporate Group consists primarily of MHCB and MHSC, the Global Retail Group consists primarily of MHBK and MHIS, and the Global Asset & Wealth Management Group consists primarily of MHTB. Operating segments of MHCB and MHBK are aggregated within each entity based on customer characteristics and functions. Operating segments of MHCB are aggregated into three reportable segments, domestic, international, and trading and others. Operating segments of MHBK are also aggregated into three reportable segments, retail banking, corporate banking, and trading and others. In addition to the three Global Groups, subsidiaries which provide services to a wide range of customers and which do not belong to a specific Global Group are aggregated as Others.

***The Global Corporate Group***

***MHCB***

MHCB is the main operating company of the Global Corporate Group and provides banking and other financial services to large corporations, financial institutions, public sector entities, foreign corporations, including foreign subsidiaries of Japanese corporations, and foreign governmental entities.

**(1) Domestic**

This segment consists of the following six units of MHCB; corporate banking, financial institutions and public sector banking, syndicated finance, financial products, asset management and transaction banking, and corporate restructuring business. This segment provides a variety of financial products and services to large corporations, financial institutions and public sector entities in Japan. The products and services it offers include commercial banking, advisory services, syndicated loan arrangements, leveraged finance and structured finance.

**(2) International**

This segment primarily offers commercial banking and foreign exchange transaction services to foreign corporations, including foreign subsidiaries of Japanese corporations, through MHCB's overseas network.

**(3) Trading and others**

The asset and liability management and trading unit supports the domestic and international segments in offering derivatives and other risk hedging products to satisfy MHCB's customers' financial and business risk control requirements. It is also engaged in MHCB's proprietary trading, such as foreign exchange and bond trading, and asset and liability management. This segment also includes costs incurred by headquarters functions of MHCB.

**(4) MHSC**

MHSC is the primary investment banking arm in the Global Corporate Group and offers wholesale securities and investment banking services, such as underwriting and trading of bonds and equities, advisory services, and structured finance, to large and international corporations, financial institutions, and public entities.

**(5) Others**

This segment consists of MHCB's subsidiaries other than MHSC. These subsidiaries offer financial products and services in specific areas of business or countries mainly to customers of the Global Corporate Group.

***The Global Retail Group***

***MHBK***

MHBK is the main operating company of the Global Retail Group. MHBK provides banking and other financial services primarily to individuals, SMEs and middle-market corporations through its domestic branch and ATM network.

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**(6) Retail banking**

This segment offers banking products and services, including housing and other personal loans, credit cards, deposits, investment products, and consulting services, to MHBK's individual customers through its nationwide branch and ATM network, as well as telephone and Internet banking services.

**(7) Corporate banking**

This segment consists of the following two business groups of MHBK: corporate banking; and public sector banking. These two business groups provide loans, syndicated loan arrangements, structured finance, advisory services, other banking services, and capital markets financing to SMEs, middle-market corporations, local governmental entities, and other public sector entities in Japan.

**(8) Trading and others**

The trading and ALM group supports the retail banking and corporate banking segments in offering derivatives and other risk hedging products to satisfy MHBK's customers' financial and business risk control requirements. It is also engaged in MHBK's proprietary trading, such as foreign exchange and bond trading, and asset and liability management. This segment also includes costs incurred by headquarters functions of MHBK.

**(9) MHIS**

MHIS offers securities services to individuals and corporate customers of the Global Retail Group and provides with those corporate customers with support in procuring funds through capital markets.

**(10) Others**

This segment consists of MHBK's subsidiaries other than MHIS. These subsidiaries, such as Mizuho Capital, UC Card and Mizuho Business Financial Center, offer financial products and services in specific areas of business to customers of the Global Retail Group.

***The Global Asset & Wealth Management Group***

**(11) MHTB**

MHTB is the main operating company of the Global Asset & Wealth Management Group and offers products and services related to trust, real estate, securitization and structured finance, pension and asset management, and stock transfers.

**(12) Others**

This segment includes companies other than MHTB which are part of the Global Asset & Wealth Management Group. These companies include Mizuho Private Wealth Management, TCSB and three asset management companies. They offer products and services related to private banking, trust and custody, and asset management.

**(13) Others**

This segment consists of MHFG and its subsidiaries that do not belong to a specific Global Group but provide their services to a wide range of customers. Under this segment, the MHFG Group offers non-banking services including research and consulting services through Mizuho Research Institute, information technology-related services through Mizuho Information & Research Institute and advisory services to financial institutions through Mizuho Financial Strategy.

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The information below for reportable segments for the fiscal year ended March 31, 2006 is derived from the internal management reporting system. Information for the fiscal year ended March 31, 2005 is also derived from the internal management reporting system reclassified to conform to the 2006 presentation. Management does not use information on segments' assets to allocate resources and assess performance and has not prepared information on segment assets. Accordingly, information on segment assets is not available.

2005	Global Corporate Group							Global Retail Group							Global Asset & Wealth Management Group				
	MHCB				Trading and others			MHBK				Trading and others			MHTB				
	Total	Total	Domestic (1)	International (2)	MHSC (4)	Others (5)	Total	Total	Retail banking (6)	Corporate banking (7)	MHIS (9)	Others (10)	Total	MHTB (11)	Others (12)	Others (13)	Total		
Gross profits: <sup>(3)</sup>																			
Net interest income (expense) .....	400.0	387.2	235.0	43.4	108.8	0.2	12.6	662.5	599.3	239.4	338.7	21.2	0.2	63.0	41.6	41.6	(0.0)	2.3	1,106.4
Net noninterest income .....	336.4	193.6	107.9	42.6	43.1	84.9	57.9	374.4	300.8	49.7	187.1	64.0	43.4	30.2	144.7	106.7	38.0	33.9	889.4
Total .....	736.4	580.8	342.9	86.0	151.9	85.1	70.5	1,036.9	900.1	289.1	525.8	85.2	43.6	93.2	186.3	148.3	38.0	36.2	1,995.8
General and administrative expenses .....	306.1	208.6	80.7	46.2	81.7	45.4	52.1	611.5	549.2	206.5	264.0	78.7	35.2	27.1	100.2	71.4	28.8	20.6	1,038.4
Others .....	(38.5)	—	—	—	—	—	(38.5)	(8.4)	—	—	—	—	—	(8.4)	(3.7)	—	(3.7)	5.7	(44.9)
Net business profits .....	391.8	372.2	262.2	39.8	70.2	39.7	(20.1)	417.0	350.9	82.6	261.8	6.5	8.4	57.7	82.4	76.9	5.5	21.3	912.5
Global Corporate Group							Global Retail Group							Global Asset & Wealth Management Group					
2006	MHCB				Trading and others			MHBK				Trading and others			MHTB				
	Total	Total	Domestic (1)	International (2)	MHSC (4)	Others (5)	Total	Total	Retail banking (6)	Corporate banking (7)	MHIS (9)	Others (10)	Total	MHTB (11)	Others (12)	Others (13)	Total		
	(in billions of yen)																		
Gross profits: <sup>(3)</sup>																			
Net interest income (expense) <sup>(2)</sup> .....	402.6	496.6	211.2	56.6	228.8	1.0	(95.0)	619.9	569.7	235.2	319.0	15.5	0.6	49.6	46.1	45.7	0.4	(6.0)	1,062.6
Net noninterest income (expenses) .....	334.9	154.4	107.5	55.4	(8.5)	117.7	62.8	417.2	313.3	47.3	233.2	32.8	72.5	31.4	162.6	120.6	42.0	26.5	941.2
Total .....	737.5	651.0	318.7	112.0	220.3	118.7	(32.2)	1,037.1	883.0	282.5	552.2	48.3	73.1	81.0	208.7	166.3	42.4	20.5	2,003.8
General and administrative expenses .....	334.1	215.8	82.0	51.7	82.1	55.2	63.1	583.0	517.3	201.4	253.7	62.2	40.0	25.7	110.4	77.9	32.5	13.8	1,041.3
Others .....	(36.9)	—	—	—	—	—	(36.9)	(7.8)	—	—	—	—	—	(7.8)	(1.2)	—	(1.2)	5.9	(40.0)
Net business profits .....	366.5	435.2	236.7	60.3	138.2	63.5	(132.2)	446.3	365.7	81.1	298.5	(13.9)	33.1	47.5	97.1	88.4	8.7	12.6	922.5

## Notes:

- (1) (5) Others, (10) Others, and (12) Others include elimination of transactions between companies within the Global Corporate Group, the Global Retail Group, and the Global Asset & Wealth Management Group, respectively. (13) Others include elimination of transactions between the Global Groups.
- (2) For the fiscal year ended March 31, 2006, dividends of ¥120.0 billion received by MHCB from its financial subsidiaries for corporate revitalization are included in net interest income of (3) Trading and others and subtracted from net interest income of (5) Others as a transaction within the Global Corporate Group.
- (3) Credit-related costs for trust accounts are excluded from gross profits.

## *Reconciliation*

As explained above, the measurement base for the internal management reporting system and the income and expenses items covered are different from the accompanying consolidated statements of income. Therefore, it is impracticable to present reconciliations of all the business segments' information, other than net business profits, to corresponding items in the accompanying consolidated statements of income.

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A reconciliation of total net business profits under the internal management reporting system for the fiscal years ended March 31, 2005 and 2006 presented above to income before income tax expense (benefit) shown on the consolidated statements of income is as follows:

	<b>2005</b> (in billions of yen)	<b>2006</b>
Net business profits .....	912.5	922.5
U.S. GAAP adjustments .....	(144.3)	(574.4)
(Provision) credit for loan losses .....	(55.0)	157.7
Net gains related to equity investments .....	419.9	302.6
Credit-related costs for trust accounts .....	(2.7)	(1.4)
Non-recurring personnel expense .....	(7.0)	(10.0)
Gains on disposal of premises and equipment .....	80.6	65.5
(Provision) credit for losses on off-balance sheet instruments .....	25.8	(34.0)
Minority interest in consolidated subsidiaries .....	(30.9)	(69.1)
Others—net .....	3.5	(47.9)
Income before income tax expense (benefit) .....	<u>1,202.4</u>	<u>711.5</u>

### 31. Foreign activities

The following table presents consolidated income statement and total assets information by major geographic area. Foreign activities are defined as business transactions that involve customers residing outside of Japan. However, as the MHFG Group's operations are highly integrated globally, estimates and assumptions have been made for an allocation among the geographic areas.

	<b>Japan</b>	<b>Americas</b>	<b>Europe</b>	<b>Asia/Oceania excluding Japan, and others</b>	<b>Total</b>
	(in millions of yen)				
<b>Fiscal year ended March 31, 2005:</b>					
Total revenue (1) .....	2,616,599	323,029	188,524	86,949	3,215,101
Total expenses (2) .....	<u>1,667,733</u>	<u>155,658</u>	<u>149,926</u>	<u>39,344</u>	<u>2,012,661</u>
Income before income tax expense (benefit) .....	948,866	167,371	38,598	47,605	1,202,440
Net income .....	<u>844,062</u>	<u>157,357</u>	<u>34,843</u>	<u>41,799</u>	<u>1,078,061</u>
Total assets at end of fiscal year .....	<u>118,471,292</u>	<u>11,221,033</u>	<u>6,386,197</u>	<u>3,530,018</u>	<u>139,608,540</u>
<b>Fiscal year ended March 31, 2006:</b>					
Total revenue (1) .....	1,881,447	631,616	327,827	112,173	2,953,063
Total expenses (2) .....	<u>1,474,765</u>	<u>369,766</u>	<u>296,962</u>	<u>100,040</u>	<u>2,241,533</u>
Income before income tax expense (benefit) .....	406,682	261,850	30,865	12,133	711,530
Net income .....	<u>808,473</u>	<u>247,720</u>	<u>25,948</u>	<u>3,531</u>	<u>1,085,672</u>
Total assets at end of fiscal year .....	<u>119,543,382</u>	<u>12,504,917</u>	<u>9,175,911</u>	<u>4,298,182</u>	<u>145,522,392</u>

Notes:

- (1) Total revenue is comprised of Interest and dividend income and Noninterest income.
- (2) Total expenses are comprised of Interest expense, Provision (credit) for loan losses and Noninterest expenses.

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The following are certain asset and liability accounts related to foreign activities at fiscal years ended March 31, 2005 and 2006:

	<b>2005</b> (in millions of yen)	<b>2006</b>
Cash and due from banks .....	89,613	93,115
Interest-bearing deposits in other banks .....	587,630	571,272
Trading account assets .....	2,706,154	2,888,835
Investments .....	5,114,297	6,740,098
Loans .....	5,960,598	8,214,629
Deposits, principally time deposits and CDs by foreign banks .....	4,014,457	7,202,967
Short-term borrowings .....	7,259,340	9,141,127
Trading account liabilities .....	2,294,526	2,034,343
Long-term debt .....	595,723	517,556

**32. Mizuho Financial Group, Inc., parent company**

The following table presents the parent company only financial information of MHFG:

*Condensed balance sheets*

	<b>2005</b> (in millions of yen)	<b>2006</b>
Assets:		
Cash and due from banks .....	68	85
Interest-bearing deposits in other banks .....	2,533	2,276
Investments in subsidiaries and affiliated companies .....	2,973,073	6,098,678
Other .....	86,232	285,416
Total .....	<u>3,061,906</u>	<u>6,386,455</u>
Liabilities and shareholders' equity:		
Commercial paper .....	152,000	—
Short-term borrowings .....	—	2,037,000
Other liabilities .....	40,378	3,741
Shareholders' equity .....	2,869,528	4,345,714
Total .....	<u>3,061,906</u>	<u>6,386,455</u>

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*Condensed statements of income*

	<b>2005</b> (in millions of yen)	<b>2006</b>
Income:		
Dividends from subsidiaries .....	13,737	112,528
Management fees from subsidiaries .....	12,757	16,462
Gain on sales of securities of subsidiaries .....	29	36,304
Other income .....	147	4,187
Total .....	<u>26,670</u>	<u>169,481</u>
Expenses:		
Operating expenses .....	11,799	13,478
Interest expense .....	174	1,999
Other expense .....	580	6,468
Total .....	<u>12,553</u>	<u>21,945</u>
Equity in undistributed net income of subsidiaries .....	<u>1,064,505</u>	<u>938,128</u>
Income before income tax expense (benefit) .....	1,078,622	1,085,664
Income tax expense (benefit) .....	561	(8)
Net income .....	<u>1,078,061</u>	<u>1,085,672</u>

*Condensed statements of cash flows*

	<b>2005</b> (in millions of yen)	<b>2006</b>
Cash flows from operating activities:		
Net income .....	1,078,061	1,085,672
Adjustments and other .....	(1,100,318)	(1,211,343)
Net cash used in operating activities .....	<u>(22,257)</u>	<u>(125,671)</u>
Cash flows from investing activities:		
Proceeds from sales of securities of subsidiaries .....	516,451	2,198,053
Payments for purchases of securities of subsidiaries .....	—	(2,932,184)
Net change in other investing activities .....	(3,113)	(1,054)
Net cash provided by (used in) investing activities .....	<u>513,338</u>	<u>(735,185)</u>
Cash flows from financing activities:		
Net change in commercial paper .....	87,000	(152,000)
Net change in short-term borrowings .....	—	2,037,000
Purchases of treasury stock .....	(500,477)	(944,321)
Dividends paid .....	(77,652)	(79,867)
Net change in other financing activities .....	85	61
Net cash provided by (used in) financing activities .....	<u>(491,044)</u>	<u>860,873</u>
Net increase in cash and due from banks .....	37	17
Cash and due from banks at beginning of fiscal year .....	31	68
Cash and due from banks at end of fiscal year .....	<u>68</u>	<u>85</u>

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**MARCH 31, 2005 AND 2006**

**33. Subsequent events**

*Approval of dividends*

On June 27, 2006, the shareholders approved payment of cash dividends to the shareholders of record on March 31, 2006 of ¥47,600 per share of Fourth series class IV preferred stock, totaling ¥7,140 million, of ¥42,000 per share of Sixth series class VI preferred stock, totaling ¥6,300 million, of ¥20,000 per share of Eleventh series class XI preferred stock, totaling ¥18,875 million, of ¥30,000 per share of Thirteenth series class XIII preferred stock, totaling ¥1,101 million, and of ¥4,000 per share of common stock, totaling ¥48,006 million.

*Repurchase and cancellation of preferred stock*

MHFG repurchased and cancelled the Fourth series class IV preferred stock and the Sixth series class VI preferred stock on July 4, 2006. The repurchases were executed within the stock repurchase limit approved at the general shareholders meeting on June 27, 2006. The details were as follows.

	<u>Number of shares repurchased and cancelled (shares)</u>	<u>Total amount of repurchase (in millions of yen)</u>	<u>Repurchased from</u>	<u>Repurchase and cancellation date</u>
Fourth series class IV preferred stock .....	150,000	301,858	The Resolution and Collection Corporation	July 4, 2006
Sixth series class VI preferred stock .....	150,000	301,640	The Resolution and Collection Corporation	July 4, 2006

As a result of the cancellation, preferred stock decreased by ¥600,000 million and accumulated deficit increased by ¥3,498 million.

*Repurchase and cancellation of common stock*

MHFG repurchased and cancelled common stock held by its subsidiary on July 7, 2006. The details were as follows.

	<u>Number of shares repurchased and cancelled (shares)</u>	<u>Total amount of repurchase (in millions of yen)</u>	<u>Repurchased from</u>	<u>Repurchase and cancellation date</u>
Common stock .....	131,800	129,955	Mizuho Financial Strategy Co., Ltd.	July 7, 2006

Since this was a transaction within the consolidated group, no gains or losses were recorded on a consolidated basis. As a result of the cancellation, common stock and treasury stock each decreased by ¥15,266 million.

For Immediate Release:

July 31, 2006

**Consolidated Financial Information for the First Quarter of Fiscal 2006**

Company name: **Mizuho Financial Group, Inc. (“MHFG”)**  
Stock code number: 8411  
Stock Exchanges: Tokyo Stock Exchange (First Section), Osaka Securities Exchange (First Section)  
URL: <http://www.mizuho-fg.co.jp/english/>  
Address: 5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan  
Representative: Name: Terunobu Maeda  
Title: President & CEO  
For inquiry: Name: Mamoru Kishida  
Title: General Manager, Accounting Department  
Phone: 03-5224-2030



**1. Basis for Quarterly Financial Information Preparation**

**(1) Adoption of Simplified Accounting Methods:**

Yes/No

The consolidated balance sheet, the consolidated income statement, and the consolidated statement of changes in net assets for the first quarter (excluding the notes other than for the segment information. Hereinafter referred to as “Quarterly consolidated financial statements.”) were prepared in conformity with the “Policy for Preparation of Quarterly Consolidated Financial Statements” which MHFG established pursuant to the provisions of the “Standards for Preparation of the Interim Consolidated Financial Statements, etc.”, and the simplified accounting methods set out below to the extent that they do not materially mislead interested parties such as investors.

**● Accounting for Reserves for Possible Losses on Loans**

(Self-assessment of Assets)

All loans are assessed by business promotion divisions in accordance with the internally established “Self-assessment Standard”.

(Estimated rate of loss)

The amount of Reserves for Possible Losses on Loans is calculated by multiplying (a) the balance of loans to normal obligors, watch obligors, and intensive control obligors as of June 30, 2006, which was determined based on the above self-assessment, less the loans whose reserves were individually assessed and provided with (b) the estimated rate of loss of each obligor classification used in the Financial Statements of Fiscal 2005.

**(2) Changes of Accounting Methods since the Most Recent Fiscal Year:**

Yes/No

There have been changes of accounting methods as a result of amendments etc. to accounting standards in accordance with the implementation of the Company Law. Please refer to page F-A-10.

**(3) Changes in Scope of Consolidation and Application of the Equity Method since the Most Recent Fiscal Year**

(Consolidation) Newly consolidated: 2, Excluded: 1      (Equity Method) Newly applied: -, Excluded: 2

## MIZUHO FINANCIAL GROUP, INC.

### 2. Financial Highlights for the First Quarter of Fiscal 2006 (from April 1, 2006 to June 30, 2006)

#### (1) Consolidated Operating Results

	Amounts less than one million yen are rounded down.					
	Ordinary Income		Ordinary Profits		Net Income	
	¥ million	%	¥ million	%	¥ million	%
1Q F2006 .....	858,158	13.7	251,363	7.8	230,838	33.2
1Q F2005 .....	<u>754,989</u>	8.1	<u>233,222</u>	65.1	<u>173,313</u>	15.3
(Reference) Fiscal 2005 .....	<u>3,557,549</u>		<u>921,069</u>		<u>649,903</u>	
	Net Income per Share of Common Stock		Diluted Net Income per Share of Common Stock			
	¥		¥		¥	
1Q F2006 .....	19,886.40		18,277.01			
1Q F2005 .....	<u>15,979.83</u>		<u>12,130.28</u>			
(Reference) Fiscal 2005 .....	<u>55,157.15</u>		<u>46,234.51</u>			

Notes: 1. Equity in Income from Investments in Affiliates :

1Q F2006 ¥2,479 million, 1Q F2005 ¥2,358 million, (Reference) Fiscal 2005 ¥9,161 million

2. Average outstanding shares of common stock during the period (consolidated basis):

1Q F2006 11,607,883 shares, 1Q F2005 10,845,737 shares, (Reference) Fiscal 2005 11,172,246 shares

#### (2) Consolidated Financial Conditions

	Total Assets ¥ million	Total Net Assets ¥ million	Shareholders' Equity Ratio		Total Net Assets per Share of Common Stock ¥
			%		
1Q F2006 .....	146,713,320	5,830,287	3.1		250,812.83
1Q F2005 .....	<u>143,799,300</u>	<u>3,964,250</u>	<u>2.8</u>		<u>139,910.41</u>
(Reference) Fiscal 2005 .....	<u>149,612,794</u>	<u>4,804,993</u>	<u>3.2</u>		<u>274,906.95</u>

Notes: 1. Outstanding shares of common stock at the end of the period (consolidated basis):

As of June 30, 2006 11,607,819 shares, As of June 30, 2005 10,845,661 shares,

(Reference) As of March 31, 2006 11,607,970 shares

2. Figures for 1Q F2006 were based on the "Accounting Standards for Presentation of Net Assets in the Balance Sheet" and others.

Figures for 1Q F2005 and for Fiscal 2005 were based on the previously applied accounting standards.

## MIZUHO FINANCIAL GROUP, INC.

### (Reference)

#### **Earnings Estimates for Fiscal 2006 (for the fiscal year ending March 31, 2007)**

There is no revision of the earnings estimates for Fiscal 2006 announced on May 22, 2006.

The figures are as follows :

	<u>Ordinary Income</u>	<u>Ordinary Profits</u>	<u>Net Income</u>
	¥ million	¥ million	¥ million
First Half of Fiscal 2006 .....	1,900,000	500,000	340,000
Fiscal 2006 .....	3,800,000	1,120,000	720,000

\* The above estimates are forward-looking statements that are based on our current expectations and are subject to significant risks and uncertainties. Actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, changes in overall economic conditions, changes in market rates of interest, declines in the value of equity securities or real estate, the deterioration of the quality of loans to certain borrowers and industry sectors, the effect of new legislation or government directives and fluctuations in foreign currency exchange rates. We disclaim any obligation to update or revise the forward-looking statements, except as may be required by the rules of the Tokyo Stock Exchange and any applicable laws and regulations.

#### **Formulae for indices—Financial Highlights for the First Quarter of Fiscal 2006**

##### **Net Income per Share of Common Stock**

$$\frac{\text{Net Income} - \text{Amount not attributable to common shareholders} \text{ (*1)}}{\text{Average outstanding shares of common stock (during the period)} \text{ (*2)}}$$

##### **Diluted Net Income per Share of Common Stock**

$$\frac{\text{Net Income} - \text{Amount not attributable to common shareholders} \text{ (*1)} + \text{Adjustments}}{\text{Average outstanding shares of common stock (during the period)} \text{ (*2)} + \text{Increasing shares of common stock for dilutive securities} \text{ (*3)}}$$

##### **Shareholders' Equity Ratio**

$$\frac{\text{Total Net Assets (period-end)} - \text{Minority Interests (period-end)}}{\text{Total Assets (period-end)}} \times 100$$

##### **Total Net Assets per Share of Common Stock**

$$\frac{\text{Total Net Assets (period-end)} - \text{Deduction} \text{ (*4)}}{\text{Outstanding shares of common stock (period-end)} \text{ (*2)}}$$

\*1 Cash dividends on preferred stock and others.

\*2 Treasury stock is excluded from outstanding shares of stock.

\*3 Calculated under the assumption that dilutive options regarding dilutive securities were exercised at the beginning of the fiscal year in accordance with accounting standards. That is, all dilutive convertible securities, including those before the conversion period, are assumed to be converted at the price calculated based on the market price at the beginning of the fiscal year.

\*4 Issued amount of preferred stock, cash dividends on preferred stock and others.

## MIZUHO FINANCIAL GROUP, INC.

### CONSOLIDATED OPERATING RESULTS and FINANCIAL CONDITIONS

#### 1. Operating Results

Consolidated Gross Profits for the first quarter (from April 1, 2006 to June 30, 2006) increased by ¥0.6 billion to ¥476.0 billion in comparison with the corresponding period of fiscal 2005. There was a halt to the declining trend of Net Interest Income comparing the first-quarter on a year-on-year basis for fiscal year 2006, 2005 and 2004. In addition, a steady increase in Net Fee and Commission Income in each sector of the Customer Groups offset the decrease in market-related income.

Profits from group companies, particularly from the 2 securities companies (Mizuho Securities Co., Ltd. and Mizuho Investors Securities Co., Ltd.), steadily increased.

General and Administrative Expenses decreased by ¥6.9 billion to ¥262.0 billion. While the outlay relating to "Strategic Expenses" continued from the previous fiscal year in order to implement measures for enhancing future top-line growth, this was offset by the decrease in Personnel Expenses and the reduction in IT-related and other expenses.

There was continuing steady improvement in asset quality. For Credit-related Costs on a consolidated basis, once again we recorded a gain on reversal of Credit-related Costs of ¥15.1 billion.

Net Gains related to Stocks increased by ¥5.5 billion to ¥41.7 billion.

Equity in Income from Investments in Affiliates increased by ¥0.1 billion to ¥2.4 billion.

After reflecting the above, Ordinary Profits increased by ¥18.1 billion to ¥251.3 billion.

Net Extraordinary Gains decreased by ¥3.2 billion to ¥22.6 billion. Gains on Disposition of Fixed Assets for branch premises to be closed were offset by a decrease in Reversal of Reserves for Possible Losses on Loans, etc.

Income Taxes decreased by ¥43.3 billion to ¥24.8 billion and Minority Interests increased by ¥0.7 billion to ¥18.3 billion.

As a result of the above, Net Income for the first quarter increased by ¥57.5 billion to ¥230.8 billion.

#### 2. Financial Conditions

Total Assets as of June 30, 2006 were ¥146,713.3 billion. Net Assets were ¥5,830.2 billion.

Looking at the major accounts and their balances, Securities decreased by ¥1,054.5 billion to ¥36,947.9 billion, and Loans and Bills Discounted increased by ¥2,977.4 billion to ¥63,304.9 billion for asset accounts. Deposits increased by ¥3,841.1 billion to ¥72,108.4 billion and Negotiable Certificates of Deposit increased by ¥2,120.1 billion to ¥9,695.0 billion for liability accounts.

The Consolidated Capital Adequacy Ratio (BIS Capital Ratio) as of June 30, 2006 was 11.51%.

**MIZUHO FINANCIAL GROUP, INC.**

(Unaudited)

*(Attached Documents)*

**1. CONSOLIDATED BALANCE SHEETS**

	At June 30, 2006	At June 30, 2005	Change	(Reference)
	Millions of yen			At March 31, 2006
<b>Assets</b>				
Cash and Due from Banks .....	¥ 3,739,191	¥ 6,520,337	¥(2,781,146)	¥ 5,016,216
Call Loans and Bills Purchased .....	784,354	453,922	330,432	938,435
Receivables under Resale Agreements .....	8,025,213	6,493,951	1,531,262	5,976,043
Guarantee Deposits Paid under Securities Borrowing				
Transactions .....	7,902,313	7,071,292	831,021	8,643,570
Other Debt Purchased .....	2,502,057	1,130,901	1,371,156	2,476,132
Trading Assets .....	10,383,861	12,025,839	(1,641,977)	10,007,149
Money Held in Trust .....	43,190	31,442	11,748	49,898
Securities .....	36,947,981	38,002,577	(1,054,595)	37,702,957
Loans and Bills Discounted .....	63,304,958	60,327,485	2,977,473	65,408,672
Foreign Exchange Assets .....	807,033	733,060	73,972	809,205
Other Assets .....	5,711,482	5,951,967	(240,484)	6,463,242
Tangible Fixed Assets .....	809,102	—	809,102	—
Intangible Fixed Assets .....	232,385	—	232,385	—
Premises and Equipment .....	—	1,011,791	(1,011,791)	955,888
Deferred Debenture Charges .....	287	285	2	267
Deferred Tax Assets .....	628,042	998,031	(369,988)	423,572
Customers' Liabilities for Acceptances and Guarantees .....	5,692,763	4,129,081	1,563,681	5,556,929
Reserves for Possible Losses on Loans .....	(799,331)	(1,076,887)	277,555	(814,178)
Reserve for Possible Losses on Investments .....	(1,570)	(5,779)	4,209	(1,208)
<b>Total Assets</b> .....	<b>¥146,713,320</b>	<b>¥143,799,300</b>	<b>¥ 2,914,020</b>	<b>¥149,612,794</b>
<b>Liabilities</b>				
Deposits .....	¥ 72,108,491	¥ 68,267,343	¥ 3,841,148	¥ 73,007,994
Negotiable Certificates of Deposit .....	9,695,006	7,574,837	2,120,169	9,359,131
Debentures .....	6,048,621	7,517,925	(1,469,304)	6,606,305
Call Money and Bills Sold .....	8,124,623	9,894,008	(1,769,385)	9,466,054
Payables under Repurchase Agreements .....	10,455,268	11,129,705	(674,437)	10,079,585
Guarantee Deposits Received under Securities Lending				
Transactions .....	6,058,715	7,811,817	(1,753,101)	7,301,540
Commercial Paper .....	30,000	269,600	(239,600)	50,000
Trading Liabilities .....	8,647,403	8,544,776	102,626	7,880,634
Borrowed Money .....	2,807,034	2,566,789	240,245	2,768,811
Foreign Exchange Liabilities .....	275,497	387,962	(112,464)	389,638
Short-term Bonds .....	809,000	1,111,500	(302,500)	1,385,100
Bonds and Notes .....	2,527,185	2,257,134	270,050	2,488,498
Due to Trust Accounts .....	1,278,372	1,397,678	(119,305)	1,354,889
Other Liabilities .....	6,081,958	5,618,567	463,391	5,382,931
Reserve for Bonus Payments .....	8,731	6,842	1,889	35,374
Reserve for Employee Retirement Benefits .....	38,910	38,189	721	38,616
Reserve for Contingencies .....	44,851	8,104	36,747	45,567
Reserves under Special Laws .....	2,465	1,948	517	2,352
Deferred Tax Liabilities .....	28,168	29,736	(1,568)	127,847
Deferred Tax Liabilities for Revaluation Reserve for				
Land .....	119,962	133,692	(13,730)	120,873
Acceptances and Guarantees .....	5,692,763	4,129,081	1,563,681	5,556,929
<b>Total Liabilities</b> .....	<b>140,883,033</b>	<b>138,697,241</b>	<b>2,185,791</b>	<b>143,448,677</b>

**MIZUHO FINANCIAL GROUP, INC.**

(Unaudited)

**1. CONSOLIDATED BALANCE SHEETS—(Continued)**

	At June 30, 2006	At June 30, 2005	Change	(Reference)
	Millions of yen			At March 31, 2006
<b>Net Assets</b>				
Common Stock and Preferred Stock .....	<b>1,540,965</b>	—	1,540,965	—
Capital Surplus .....	<b>411,167</b>	—	411,167	—
Retained Earnings .....	<b>1,650,429</b>	—	1,650,429	—
Treasury Stock .....	<b>(46,964)</b>	—	(46,964)	—
<b>Total Shareholders' Equity</b> .....	<b>3,555,597</b>	—	3,555,597	—
Net Unrealized Gains on Other Securities, net of Taxes .....	<b>989,025</b>	—	989,025	—
Net Deferred Hedge Losses, net of Taxes ...	<b>(175,014)</b>	—	(175,014)	—
Revaluation Reserve for Land, net of Taxes .....	<b>169,050</b>	—	169,050	—
Foreign Currency Translation Adjustments .....	<b>(46,839)</b>	—	(46,839)	—
<b>Total Valuation and Translation</b>				
Adjustments .....	<b>936,222</b>	—	936,222	—
Minority Interests .....	<b>1,338,466</b>	—	1,338,466	—
<b>Total Net Assets</b> .....	<b>5,830,287</b>	—	5,830,287	—
<b>Total Liabilities and Total Net Assets</b> .....	<b>¥146,713,320</b>	¥	146,713,320	¥
<b>Minority Interests</b>				
Minority Interests .....	—	1,137,807	(1,137,807)	1,359,122
<b>Shareholders' Equity</b>				
Common Stock and Preferred Stock .....	—	1,540,965	(1,540,965)	1,540,965
Capital Surplus .....	—	1,022,574	(1,022,574)	411,160
Retained Earnings .....	—	1,149,314	(1,149,314)	1,498,143
Revaluation Reserve for Land, net of Taxes .....	—	195,590	(195,590)	170,384
Net Unrealized Gains on Other Securities, net of Taxes .....	—	500,547	(500,547)	1,279,216
Foreign Currency Translation Adjustments .....	—	(50,102)	50,102	(48,062)
Treasury Stock .....	—	(394,638)	394,638	(46,814)
<b>Total Shareholders' Equity</b> .....	<b>—</b>	<b>3,964,250</b>	<b>(3,964,250)</b>	<b>4,804,993</b>
<b>Total Liabilities, Minority Interests and Total Shareholders' Equity</b> .....	<b>¥</b>	<b>¥143,799,300</b>	<b>¥(143,799,300)</b>	<b>¥149,612,794</b>

Note : Amounts less than one million yen are rounded down.

**MIZUHO FINANCIAL GROUP, INC.**

(Unaudited)

**2. CONSOLIDATED INCOME STATEMENTS**

	For the three months ended June 30, 2006	For the three months ended June 30, 2005	Change	(Reference)
	Millions of yen			For the fiscal year ended March 31, 2006
<b>Ordinary Income</b>	<b>¥858,158</b>	¥754,989	¥103,169	¥3,557,549
Interest Income	527,964	424,525	103,438	1,935,048
<i>Interest on Loans and Bills Discounted</i>	<i>286,092</i>	<i>256,200</i>	<i>29,892</i>	<i>1,071,892</i>
<i>Interest and Dividends on Securities</i>	<i>113,078</i>	<i>80,450</i>	<i>32,627</i>	<i>456,749</i>
Fiduciary Income	14,494	15,367	(872)	78,843
Fee and Commission Income	141,586	128,039	13,546	650,549
Trading Income	49,884	30,837	19,047	211,029
Other Operating Income	72,482	104,406	(31,923)	354,481
Other Income	51,745	51,813	(67)	327,595
<b>Ordinary Expenses</b>	<b>606,794</b>	521,766	85,028	2,636,480
Interest Expenses	272,057	169,634	102,422	872,403
<i>Interest on Deposits</i>	<i>91,393</i>	<i>44,991</i>	<i>46,402</i>	<i>249,176</i>
<i>Interest on Debentures</i>	<i>9,665</i>	<i>13,768</i>	<i>(4,103)</i>	<i>48,208</i>
Fee and Commission Expenses	25,380	23,798	1,581	94,614
Trading Expenses	852	—	852	6,088
Other Operating Expenses	32,093	34,353	(2,259)	254,408
General and Administrative Expenses	262,036	269,024	(6,988)	1,095,243
Other Expenses	14,373	24,955	(10,581)	313,722
<b>Ordinary Profits</b>	<b>251,363</b>	233,222	18,141	921,069
<b>Extraordinary Gains</b>	<b>23,556</b>	30,895	(7,339)	174,616
<b>Extraordinary Losses</b>	<b>909</b>	5,028	(4,118)	115,543
<b>Income before Income Taxes and Minority Interests</b>	<b>274,011</b>	259,090	14,920	980,142
Income Taxes:				
Current	6,883	8,791	(1,908)	64,038
Deferred	17,979	59,399	(41,420)	185,035
<b>Minority Interests in Net Income</b>	<b>18,309</b>	17,585	723	81,164
<b>Net Income</b>	<b>¥230,838</b>	¥173,313	¥ 57,525	¥ 649,903

Note : Amounts less than one million yen are rounded down.

MIZUHO FINANCIAL GROUP, INC.

(Unaudited)

**3. CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

For the three months ended June 30, 2006

	Shareholders' Equity					Valuation and Translation Adjustments						
	Common Stock and Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gains on Other Securities, net of Taxes	Net Deferred Hedge Losses, net of Taxes	Revaluation Reserve for Land, net of Taxes	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments	Minority Interests	Total Net Assets
Millions of yen												
<b>Balance at March 31, 2006</b>	<b>¥1,540,965</b>	<b>¥411,160</b>	<b>¥1,498,143</b>	<b>¥(46,814)</b>	<b>¥3,403,455</b>	<b>¥1,279,216</b>	<b>¥ —</b>	<b>¥170,384</b>	<b>¥(48,062)</b>	<b>¥1,401,538</b>	<b>¥1,359,122</b>	<b>¥6,164,116</b>
<b>Changes during the period</b>												
Cash Dividends	—	—	(79,849)	—	(79,849)	—	—	—	—	—	—	(79,849)
Board Members' Bonuses	—	—	(36)	—	(36)	—	—	—	—	—	—	(36)
Net Income	—	—	230,838	—	230,838	—	—	—	—	—	—	230,838
Repurchase of Treasury Stock	—	—	—	(158)	(158)	—	—	—	—	—	—	(158)
Disposition of Treasury Stock	—	6	—	7	14	—	—	—	—	—	—	14
Transfer from Revaluation Reserve for Land, net of Taxes	—	—	1,333	—	1,333	—	—	—	—	—	—	1,333
Net Changes in Items other than Shareholders' Equity	—	—	—	—	—	(290,190)	(175,014)	(1,333)	1,222	(465,316)	(20,656)	(485,972)
<b>Total Changes during the period</b>	<b>—</b>	<b>6</b>	<b>152,286</b>	<b>(150)</b>	<b>152,142</b>	<b>(290,190)</b>	<b>(175,014)</b>	<b>(1,333)</b>	<b>1,222</b>	<b>(465,316)</b>	<b>(20,656)</b>	<b>(333,829)</b>
<b>Balance at June 30, 2006</b>	<b>¥1,540,965</b>	<b>¥411,167</b>	<b>¥1,650,429</b>	<b>¥(46,964)</b>	<b>¥3,555,597</b>	<b>¥989,025</b>	<b>¥(175,014)</b>	<b>¥169,050</b>	<b>¥(46,839)</b>	<b>¥ 936,222</b>	<b>¥1,338,466</b>	<b>¥5,830,287</b>

Note : Amounts less than one million yen are rounded down.

## MIZUHO FINANCIAL GROUP, INC.

(Unaudited)

### 4. SEGMENT INFORMATION

#### <Segment Information by Type of Business>

For the three months ended June 30, 2006

	<u>Banking Business</u>	<u>Securities Business</u>	<u>Other</u>	<u>Total</u>	<u>Elimination</u>	<u>Consolidated Results</u>
	Millions of yen					
Ordinary Income						
(1) Ordinary Income from outside customers	681,570	138,756	37,831	858,158	—	858,158
(2) Inter-segment Ordinary Income	<u>12,427</u>	<u>12,957</u>	<u>23,210</u>	<u>48,595</u>	<u>(48,595)</u>	<u>—</u>
Total	<u>693,997</u>	<u>151,713</u>	<u>61,042</u>	<u>906,754</u>	<u>(48,595)</u>	<u>858,158</u>
Ordinary Expenses	<u>466,914</u>	<u>127,811</u>	<u>53,018</u>	<u>647,744</u>	<u>(40,949)</u>	<u>606,794</u>
Ordinary Profits	<u>227,083</u>	<u>23,902</u>	<u>8,024</u>	<u>259,009</u>	<u>(7,645)</u>	<u>251,363</u>

For the three months ended June 30, 2005

	<u>Banking Business</u>	<u>Securities Business</u>	<u>Other</u>	<u>Total</u>	<u>Elimination</u>	<u>Consolidated Results</u>
	Millions of yen					
Ordinary Income						
(1) Ordinary Income from outside customers	601,284	105,138	48,565	754,989	—	754,989
(2) Inter-segment Ordinary Income	<u>9,230</u>	<u>7,003</u>	<u>20,036</u>	<u>36,270</u>	<u>(36,270)</u>	<u>—</u>
Total	<u>610,515</u>	<u>112,142</u>	<u>68,601</u>	<u>791,259</u>	<u>(36,270)</u>	<u>754,989</u>
Ordinary Expenses	<u>411,132</u>	<u>90,232</u>	<u>50,483</u>	<u>551,848</u>	<u>(30,082)</u>	<u>521,766</u>
Ordinary Profits	<u>199,382</u>	<u>21,909</u>	<u>18,118</u>	<u>239,411</u>	<u>(6,188)</u>	<u>233,222</u>

(Reference) For the fiscal year ended March 31, 2006

	<u>Banking Business</u>	<u>Securities Business</u>	<u>Other</u>	<u>Total</u>	<u>Elimination</u>	<u>Consolidated Results</u>
	Millions of yen					
Ordinary Income						
(1) Ordinary Income from outside customers	2,813,124	558,830	185,594	3,557,549	—	3,557,549
(2) Inter-segment Ordinary Income	<u>24,379</u>	<u>48,741</u>	<u>115,480</u>	<u>188,600</u>	<u>(188,600)</u>	<u>—</u>
Total	<u>2,837,503</u>	<u>607,572</u>	<u>301,075</u>	<u>3,746,150</u>	<u>(188,600)</u>	<u>3,557,549</u>
Ordinary Expenses	<u>2,121,573</u>	<u>438,404</u>	<u>258,502</u>	<u>2,818,479</u>	<u>(181,999)</u>	<u>2,636,480</u>
Ordinary Profits	<u>715,930</u>	<u>169,167</u>	<u>42,572</u>	<u>927,670</u>	<u>(6,601)</u>	<u>921,069</u>

Notes: 1. Ordinary Income and Ordinary Profits are presented in lieu of Sales and Operating Profits as is the case for non-financial companies.

2. Major components of type of business are as follows:

- (1) Banking Business: banking and trust banking business
- (2) Securities Business: securities business
- (3) Other: investment advisory business and other

## MIZUHO FINANCIAL GROUP, INC.

(Unaudited)

### (Changes of accounting methods since the most recent fiscal year)

1. As a result of amendments to the attached form of the “Banking Law Enforcement Regulations” (Ministry of Finance Ordinance No. 10, 1982) to apply effective from the fiscal year beginning April 1, 2006, presentation of the account items below has been changed beginning the first quarter of fiscal 2006.

- (1) “Premises and Equipment” is classified under “Tangible Fixed Assets”, “Intangible Fixed Assets” or “Other Assets.”
- (2) Software, which was included in “Other Assets”, is included in “Intangible Fixed Assets.”

2. “Accounting Standards for Presentation of Net Assets in the Balance Sheet” (the Accounting Standards Board of Japan (“ASBJ”) Statement No. 5, December 9, 2005) and the “Guideline on Accounting Standards for Presentation of Net Assets in the Balance Sheet” (ASBJ Guideline No. 8, December 9, 2005) are to apply effective from the interim period ending on and after the date the Company Law takes effect. Therefore effective from the first quarter of fiscal 2006, former “Total Shareholders’ Equity” and other items are presented as “Net Assets” in accordance with the above standard and guideline.

The amount corresponding to “Total Shareholders’ Equity” as of the end of the first quarter of fiscal 2006 is ¥4,666,834 million.

3. The “Accounting Standard for Statement of Changes in Net Assets” (ASBJ Statement No. 6, December 27, 2005) and the “Guideline on Accounting Standard for Statement of Changes in Net Assets” (ASBJ Guideline No. 9, December 27, 2005) are to apply effective from the interim period ending on and after the date the Company Law takes effect. Therefore effective from the first quarter of fiscal 2006, the “consolidated statement of changes in net assets” is prepared in accordance with the above standard and guideline.

The above resulted in the abolition, commencing the first quarter of fiscal 2006, of the consolidated statement of capital surplus and retained earnings which had been prepared each fiscal year up to and including the previous fiscal year.

### (Subsequent events)

1. MHFG repurchased and cancelled Fourth Series Class IV Preferred Stock and Sixth Series Class VI Preferred Stock on July 4, 2006.

The repurchases were executed within the stock repurchase limit approved at the ordinary general meeting of shareholders on June 27, 2006, pursuant to Article 156-1 of the Company Law and our articles of incorporation.

The details were as follows:

①	Aggregate number of shares repurchased	
	Fourth Series Class IV Preferred Stock .....	150,000 shares
	Sixth Series Class VI Preferred Stock .....	150,000 shares
②	Repurchase price per share	
	Fourth Series Class IV Preferred Stock .....	¥2,012,389
	Sixth Series Class VI Preferred Stock .....	¥2,010,930
③	Total amount of repurchase	
	Fourth Series Class IV Preferred Stock .....	¥301,858,350,000
	Sixth Series Class IV Preferred Stock .....	¥301,639,500,000
④	Aggregate number of shares cancelled	
	Same as aggregate number of shares repurchased (above ①) (Cancellation pursuant to Article 178 of the Company Law)	
⑤	Date of repurchase and cancellation .....	July 4, 2006
⑥	The total decrease in Capital Surplus and Retained Earnings resulting from cancellation of treasury stock amounted to ¥603,497 million.	

**MIZUHO FINANCIAL GROUP, INC.**

**(Unaudited)**

2. MHFG resolved in the Board of Directors on June 30, 2006, to repurchase and cancel a portion of treasury stock currently held by our subsidiary, Mizuho Financial Strategy Co., Ltd., and executed on July 7, 2006. The details were as follows:

①	Aggregate number of shares repurchased	
	Common stock of MHFG .....	131,800 shares
②	Repurchase price per share .....	¥986,000
③	Total amount of repurchase .....	¥129,954,800,000
④	Aggregate number of shares cancelled	
	Same as aggregate number of shares repurchased (above ①)	
	(Cancellation pursuant to Article 178 of the Company Law)	
⑤	Date of repurchase and cancellation .....	July 7, 2006
⑥	The total decrease in Capital Surplus and Retained Earnings resulting from cancellation of treasury stock amounted to ¥15,266 million. Treasury Stock decreased in the same amount and as a result there was no change in Net Assets.	

**Signature**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this registration statement on its behalf.

**MIZUHO FINANCIAL GROUP, INC.**

By: /s/ Terunobu Maeda

Name: Terunobu Maeda

Title: President & CEO

October 19, 2006

## EXHIBIT INDEX

<u>Exhibit number</u>	<u>Description of exhibits</u>
1.1	Articles of Incorporation of Mizuho Financial Group, Inc., dated June 27, 2006 (English Translation)
1.2	Bylaws Regarding the Board of Directors of Mizuho Financial Group, Inc., effective from January 8, 2003 and as amended on June 27, 2006 (English Translation)
1.3	Regulations of Board of Corporate Auditors of Mizuho Financial Group, Inc., effective from January 9, 2003 and as amended on September 25, 2006 (English Translation)
1.4	Share Handling Regulations of Mizuho Financial Group, Inc., dated June 27, 2006 (English Translation)
2.1	Specimen of common stock certificates
2.2	Form of American Depository Receipt
2.3	Form of Deposit Agreement among the registrant, The Bank of New York as Depository and all owners and holders from time to time of American Depository Receipts issued thereunder
8	List of significant subsidiaries of Mizuho Financial Group, Inc.—see “Item 4.C. Information on the Company—Organizational Structure.”
15.1	Consent of Independent Registered Public Accounting Firm

**Exhibit 1.1**

**(Translation)**

**Articles of Incorporation  
of  
Mizuho Financial Group, Inc.**

[Translation]

**ARTICLES OF INCORPORATION  
OF  
MIZUHO FINANCIAL GROUP, INC.**

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1.** *(Trade Name)*

The company shall be called “Kabushiki Kaisha Mizuho Financial Group” and in English, “Mizuho Financial Group, Inc.” (hereinafter referred to as the “Company”).

**Article 2.** *(Purpose)*

The purpose of the Company shall be to engage in the following businesses as a bank holding company:

- (1) Operation and management of bank holding companies, banks, long-term credit banks, specialized securities companies and other companies which may be owned by the Company as its subsidiaries under the Banking Law; and
- (2) Any other business incidental to the foregoing.

**Article 3.** *(Head Office)*

The Company shall have its head office in Chiyoda-ku, Tokyo.

**Article 4.** *(Organizations)*

The Company shall establish the following organizations, in addition to the general meeting of shareholders and Directors.

- (1) Board of Directors;
- (2) Corporate Auditors;
- (3) Board of Corporate Auditors; and
- (4) Accounting Auditors.

**Article 5.** *(Method of Public Notices)*

Public notices by the Company shall be given in the *Nihon Keizai Shimbun*.

**CHAPTER II  
SHARES**

**Article 6.** *(Total Number of Authorized Shares)*

The total number of shares which the Company is authorized to issue shall be 29,698,500 shares, and each total number of the classes of shares which the Company is authorized to issue shall be as set forth below;

provided, however, that in the case where a cancellation of shares is made, the number of shares which the Company is authorized to issue shall be reduced by the number of shares so canceled:

Common stock:	25,000,000 shares
Class IV preferred stock:	150,000 shares
Class VI preferred stock:	150,000 shares
Class XI preferred stock:	1,398,500 shares
Class XII preferred stock:	1,500,000 shares
Class XIII preferred stock:	1,500,000 shares

**Article 7.** *(Issuance of Share Certificates)*

The Company shall issue share certificates representing its issued stock.

**Article 8.** *(Acquisition of Own Shares)*

The Company may, by a resolution of the Board of Directors, acquire its own stock through market transactions or other methods pursuant to the provisions of Article 165, Paragraph 2 of the Company Law of Japan (the “Law”).

**Article 9.** *(Additional Purchase of Fractional Shares)*

As provided for in the Share Handling Regulations, any holder of fractional share shall be entitled to demand that the Company sell to the holder of fractional share the fraction of a share that would, together with the fractional share owned by such holder of fractional share, constitute one share.

**Article 10.** *(Record Date)*

1. The Company shall deem shareholders having voting rights appearing in writing or electronically in the register of shareholders (including the register of beneficial shareholders; the same shall apply hereinafter) as of the end of March 31 of each year as the shareholders who are entitled to exercise their rights at the ordinary general meeting of shareholders for the relevant business year.

2. In addition to the preceding paragraph, the Company may temporarily set the record date whenever necessary, by a resolution of the Board of Directors and upon giving a prior public notice thereof.

**Article 11.** *(Shareholder Register Manager, etc.)*

1. The Company shall appoint a shareholder register manager.

2. The shareholder register manager and its handling office shall be determined by a resolution of the Board of Directors, and a public notice shall be given with respect thereto.

3. The preparation and keeping of, and other operations relating to the register of shareholders, the register of stock acquisition rights and the register of lost share certificates of the Company shall be entrusted to the shareholder register manager and shall not be handled by the Company.

4. The Company shall appoint a transfer agent with respect to fractional shares, to which the preceding two (2) paragraphs shall apply *mutatis mutandis*.

**Article 12. (Share Handling Regulations)**

Denominations of share certificates of the Company and, entry, whether written or electronic, in the register of shareholder and the register of fractional share, purchase and additional purchase of fractional shares, and other operations relating to shares and fractional shares and handling fees therefor and the method of request or notice by shareholders with respect to general meetings of shareholders shall be governed by the Share Handling Regulations prescribed by the Board of Directors, in addition to laws and regulations and these Articles of Incorporation.

**CHAPTER III**  
**PREFERRED STOCK**

**Article 13. (Preferred Stock Dividends)**

1. In respect of dividends from its surplus provided for in Article 52, the Company shall distribute dividends from its surplus by cash on preferred stock (hereinafter referred to as the “Preferred Stock Dividends”) in such amount as provided for below to shareholders of preferred stock (hereinafter referred to as the “Shareholders of Preferred Stock”) or registered stock pledgees in respect of preferred stock (hereinafter referred to as the “Registered Preferred Stock Pledgees”) in priority to holders of common stock (hereinafter referred to as the “Shareholders of Common Stock”), registered stock pledgees in respect of common stock (hereinafter referred to as the “Registered Common Stock Pledgees”) or holders of fractional shares in respect of common stock; provided, however, that in the case where all or a part of the Preferred Stock Interim Dividends provided for in Article 14 have been paid in the relevant business year, the amount so paid shall be reduced accordingly:

Class IV preferred stock:	47,600 yen per share
Class VI preferred stock:	42,000 yen per share
Class XI preferred stock:	amount decided by the resolution of the Board of Directors on the issuance of such stock, which amount shall not exceed 50,000 yen per share
Class XII preferred stock:	amount decided by the resolution of the Board of Directors on the issuance of such stock, which amount shall not exceed 50,000 yen per share
Class XIII preferred stock:	amount decided by the resolution of the Board of Directors on the issuance of such stock, which amount shall not exceed 100,000 yen per share

2. In a given business year, if all or a part of the Preferred Stock Dividends have not been paid to the Shareholders of Preferred Stock or Registered Preferred Stock Pledgees, the unpaid amount shall not be accumulated for the subsequent business years.

3. The Company shall not distribute dividends from its surplus to any Shareholder of Preferred Stock or Registered Preferred Stock Pledgee, any amount in excess of the amount of the relevant Preferred Stock Dividends.

**Article 14.** *(Preferred Stock Interim Dividends)*

In respect of interim dividends provided for in Article 53, the Company shall distribute dividends from its surplus by cash in one half of the amount of the Preferred Stock Dividends provided for in the main clause of Paragraph 1 of the preceding article (referred to as the “Preferred Stock Interim Dividends” in these Articles of Incorporation) to the Shareholders of Preferred Stock or Registered Preferred Stock Pledgees in priority to the Shareholders of Common Stock, Registered Common Stock Pledgees or holders of fractional share in respect of common stock.

**Article 15.** *(Distribution of Residual Assets)*

1. In respect of distribution of residual assets, the Company shall pay to the Shareholders of Preferred Stock or Registered Preferred Stock Pledgees in priority to the Shareholders of Common Stock, Registered Common Stock Pledgees or holders of fractional share in respect of common stock in such amount as provided for below:

Classes IV and VI preferred stock:	2,000,000 yen per share
Classes XI through XIII preferred stock:	1,000,000 yen per share

2. No distribution of residual assets other than those provided for in the preceding paragraph shall be made to any Shareholder of Preferred Stock or Registered Preferred Stock Pledgee.

**Article 16.** *(Voting Rights)*

The Shareholders of Preferred Stock shall not have voting rights at a general meeting of shareholders; provided, however, that the Shareholders of Preferred Stock may have voting rights from the date of a general meeting of shareholders, in the case where a proposal on the Preferred Stock Dividends is not submitted to such general meeting of shareholders, or immediately after the closing of a general meeting of shareholders, in the case where a proposal on the Preferred Stock Dividends is rejected at such general meeting of shareholders, until, in either case, such time as the resolution of a general meeting of shareholders is passed to grant the Preferred Stock Dividends.

**Article 17.** *(Consolidation or Split of Preferred Stock, Free Allotment of Stock and Rights to Receive Allotment of Offered Stock, etc.)*

1. The Company shall not consolidate or split any preferred stock, and shall not make any free allotment of any stock for the Shareholders of Preferred Stock.

2. The Company shall not grant the Shareholders of Preferred Stock any rights to receive allotment of offered stock, offered stock acquisition rights, bonds with stock acquisition rights, or offered stock acquisition rights and bonds, either of which are capable of being transferred separately from the others and shall not make any free allotment of any stock acquisition rights for the Shareholder of Preferred Stock.

**Article 18.** *(Acquisition of Preferred Stock)*

1. In respect of Classes IV and VI preferred stock, the Company may mandatorily redeem each such class of preferred stock, in whole or in part, at such time and at such redemption price as respectively provided for in the Stock-for-Stock Exchange Agreement approved by a resolution of a general meeting of shareholders pursuant to the provision of Article 353 of the former Commercial Code.

2. In respect of Classes XII and XIII preferred stock, the Company may acquire each such class of preferred stock, in whole or in part, on the date separately determined by a resolution of a general meeting of shareholders, after such time and at such acquisition price as respectively determined by a resolution of the Board of Directors relating to the issuance of the relevant preferred stock.

3. In the case of a partial acquisition pursuant to the preceding two (2) paragraphs, such redemption shall be made by way of lot or pro rata allocation.

**Article 19.** *(Request for Acquisition of Preferred Stock)*

Any holder of Classes XI and XII preferred stock may request to the Company to acquire the relevant preferred stock held by such Shareholder of Preferred Stock during the period in which such Shareholder of Preferred Stock is entitled to request such acquisition as determined by a resolution of the Board of Directors relating to the issuance of the relevant preferred stock (hereinafter referred to as the “Period for Acquisition Request”). The Company shall deliver its own common stock to such Shareholder of Preferred Stock, in exchange for the Company’s acquisition of the relevant preferred stock. The terms of acquisition, including the number of the common stock to be delivered per one (1) share of the relevant preferred stock upon such request for acquisition, shall be determined by a resolution of the relevant Board of Directors.

**Article 20.** *(Mandatory Acquisition of Preferred Stock)*

1. The Company may acquire any of Classes XI and XII preferred stock, in respect of which a request for acquisition has not been made during the Period for Acquisition Request, on the day immediately following the last day of such period (hereinafter referred to as the “Mandatory Acquisition Date”) and instead, the Company shall deliver its own common stock to holders of the relevant preferred stock. In this case, the number of the common stock to be delivered in exchange for the acquisition of one (1) share of the relevant preferred stock shall be obtained by dividing the amount equivalent to the subscription money per one (1) share of the relevant preferred stock by the current market price of the common stock of the Company; provided, however, that such current market price of the common stock shall be the daily average price of closing prices (including the closing bid or offered price) of the common stock of the Company (in regular trading) as reported by the Tokyo Stock Exchange for the 30 consecutive trading days (excluding any trading day or days on which no closing prices or closing bids or offered prices are reported) commencing on the 45<sup>th</sup> trading day prior to the Mandatory Acquisition Date, and such calculation shall be made to units of ten (10) yen, and by rounding up to the nearest 100 yen when equal to or more than fifty (50) yen and disregarding amounts less than fifty (50) yen.

2. In respect of Classes XI and XII preferred stock, the number of common stock referred to in the preceding paragraph shall not exceed the number of shares obtained by dividing the amount equivalent to the subscription money per one (1) share of each such class of preferred stock by the minimum acquisition price determined by the resolution of the Board of Directors relating to the relevant issuance of the preferred stock.

3. In the calculation of the number of common stock provided for in the preceding two (2) paragraphs, any number less than one (1) share shall be treated pursuant to the provisions provided for in Article 234 of the Law.

**Article 21.** *(Order of Priority)*

All classes of preferred stock authorized to be issued by the Company shall rank *pari passu* with each other in respect of the payment of the Preferred Stock Dividends and the Preferred Stock Interim Dividends, and the distribution of residual assets.

**CHAPTER IV**  
**GENERAL MEETINGS OF SHAREHOLDERS**

**Article 22.** *(Convocation of General Meetings of Shareholders)*

An ordinary general meeting of shareholders of the Company shall be convened no later than 3 months from the last day of each business year and an extraordinary general meeting of shareholders shall be convened whenever necessary.

**Article 23.** *(Place where General Meetings of Shareholders shall be Convened)*

General meetings of shareholders shall be convened within the wards of Tokyo.

**Article 24.** *(Person Authorized to Convene General Meetings of Shareholders and the Chairman of the Meeting)*

1. The President shall convene and preside over the general meeting of shareholders.
2. In the case where the President is unable so to act, one of the other Director(s) in the order previously determined by the Board of Directors shall take such person's place.

**Article 25.** *(Disclosure of Reference Materials, etc. for General Meetings of Shareholders via Internet)*

The Company may, at the time of convocation of a general meeting of shareholders, deem to have provided shareholders with information with respect to matters which shall be stated or indicated in the reference materials for a general meeting of shareholders, business reports, non-consolidated financial documents and consolidated financial documents by disclosing those by way of using the Internet as provided for in the ordinances of the Ministry of Justice.

**Article 26.** *(Method of Adopting Resolutions)*

1. Unless otherwise provided for by laws or regulations or these Articles of Incorporation, resolutions of a general meeting of shareholders shall be adopted by an affirmative vote of a majority of the voting rights held by the shareholders present at the meeting who are entitled to exercise their voting rights.
2. Resolutions of a meeting of shareholders governed by Article 309, Paragraph 2 of the Law shall be adopted by an affirmative vote of not less than two-thirds (2/3) of the voting rights held by the shareholders present at the relevant meeting who shall hold in aggregate not less than one-third (1/3) of the voting rights of the shareholders entitled to exercise their voting rights.

**Article 27.** *(Voting by Proxy)*

1. Shareholders may exercise their voting rights at the relevant general meeting of shareholders by a proxy who shall also be a shareholder of the Company holding voting rights at such meeting.
2. The shareholder or his/her proxy shall submit to the Company a document evidencing the authority of such proxy to act as such at each general meeting of shareholders.

**Article 28.** *(Minutes of General Meetings)*

The minutes of general meetings of shareholders shall be prepared in writing or by electromagnetic file as provided for in laws and regulations.

**Article 29.** *(General Meetings of Holders of Classes of Stock)*

1. Unless otherwise provided for by laws or regulations or these Articles of Incorporation, resolutions of a general meeting of holders of classes of stock shall be adopted by an affirmative vote of a majority of the voting rights held by the holders present at the meeting who are entitled to exercise their voting rights.

2. Resolutions provided for in Article 324, Paragraph 2 of the Law shall be adopted by an affirmative vote of not less than two-thirds (2/3) of the voting rights held by the holders present at the relevant meeting who shall hold in aggregate not less than one-third (1/3) of the voting rights of the holders entitled to exercise their voting rights.

3. The provisions of Articles 23 through 25 and 27 and the preceding Article shall apply *mutatis mutandis* to the general meetings of holders of classes of stock.

## CHAPTER V

### DIRECTORS AND BOARD OF DIRECTORS

#### **Article 30.** *(Number)*

The Company shall have not more than fifteen (15) Directors.

#### **Article 31.** *(Method of Appointment)*

1. The Director(s) shall be appointed at a general meeting of shareholders.

2. A resolution for the appointment of Director(s) shall be adopted by an affirmative vote of a majority of the voting rights held by the shareholders present at the relevant meeting who shall hold in aggregate not less than one-third (1/3) of the voting rights of the shareholders entitled to exercise their voting rights.

3. Cumulative voting shall not be used for the appointment of Director(s).

#### **Article 32.** *(Method of Dismissal)*

A resolution for the dismissal of Director(s) shall be adopted by an affirmative vote of a majority of the voting rights held by the shareholders present at the relevant general meeting of shareholders who shall hold in aggregate not less than one-third (1/3) of the voting rights of the shareholders entitled to exercise their voting rights.

#### **Article 33.** *(Term of Office)*

The term of office of Director(s) shall expire at the closing of the ordinary general meeting of shareholders concerning the last business year ending within two (2) years after their appointment.

#### **Article 34.** *(Representative Director(s) and Director(s) with Titles)*

1. The Representative Director(s) shall be designated by a resolution of the Board of Directors.

2. The President shall be appointed by a resolution of the Board of Directors.

3. The Board of Directors may, by its resolutions, appoint Chairman, Deputy Chairman, Deputy President(s), Senior Managing Director(s) and Managing Director(s).

#### **Article 35.** *(Duties of the President)*

The President shall oversee the operations of the Company.

**Article 36.** *(Person Authorized to Convene Meetings of the Board of Directors and Chairman of the Meeting)*

1. Unless otherwise provided for by laws or regulations, the President shall convene and preside over the meeting of the Board of Directors.

2. In the case where the President is unable so to act, one of the other Director(s) in the order previously determined by the Board of Directors shall take such person's place.

**Article 37.** *(Notice to Convene Meetings of the Board of Directors)*

1. Notice to convene a meeting of the Board of Directors shall be given to each Director and Corporate Auditor not less than three (3) days prior to the date set for such meeting; provided, however, that in case of emergency, such period may be shortened.

2. A meeting of the Board of Directors may be held without taking the procedures of convocation with the consent of all the Directors and Corporate Auditors.

**Article 38.** *(Method of Adopting Resolutions of the Board of Directors)*

Resolutions of a meeting of the Board of Directors shall be adopted by an affirmative vote of a majority of the Directors present at the relevant meeting who shall constitute a majority in number of all the Directors entitled to take part in the vote.

**Article 39.** *(Minutes of Meetings of the Board of Directors)*

The minutes of the meetings of the Board of Directors shall be prepared in writing or by electromagnetic file as provided for in laws and regulations, the Director(s) and Corporate Auditors present thereat shall affix their names and seals thereon, or electronic signatures thereto.

**Article 40.** *(Regulations of the Board of Directors)*

Matters concerning the Board of Directors shall be governed by the Regulations of the Board of Directors prescribed by the Board of Directors, in addition to laws and regulations and these Articles of Incorporation.

**Article 41.** *(Liability Limitation Agreements with Outside Director(s))*

Pursuant to the provisions provided for in Article 427, Paragraph 1 of the Law, the Company may enter into liability limitation agreements with any Outside Director which limit the liability provided for in Article 423, Paragraph 1 of the Law to the higher of either (i) the pre-determined amount not less than twenty million (20,000,000) yen or (ii) the amount prescribed in laws and regulations, provided that such Outside Director is bona fide and without gross negligence in performing his/her duty.

## **CHAPTER VI**

### **CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS**

**Article 42.** *(Number)*

The Company shall have not more than six (6) Corporate Auditors.

**Article 43.** *(Method of Appointment)*

1. The Corporate Auditors shall be appointed at a general meeting of shareholders.
2. A resolution for appointment of Corporate Auditors shall be adopted by an affirmative vote of a majority of the voting rights held by the shareholders present at the relevant meeting who shall hold in aggregate not less than one-third (1/3) of the voting rights of the shareholders entitled to exercise their voting rights.

**Article 44.** *(Term of Office)*

The term of office of Corporate Auditors shall expire at the closing of the ordinary general meeting of shareholders concerning the last business year ending within four (4) years after their appointments.

**Article 45.** *(Full-Time Corporate Auditor(s))*

The Board of Corporate Auditors shall, by its resolution, designate full-time Corporate Auditor(s).

**Article 46.** *(Notice to Convene Meetings of the Board of Corporate Auditors)*

1. Notice to convene a meeting of the Board of Corporate Auditors shall be given to each Corporate Auditor not less than three (3) days prior to the date set for such meeting; provided, however, that in case of emergency, such period may be shortened.

2. A meeting of the Board of Corporate Auditors may be held without taking the procedures of convocation with the consent of all the Corporate Auditors.

**Article 47.** *(Method of Adopting Resolutions of the Board of Corporate Auditors)*

Resolutions of a meeting of the Board of Corporate Auditors shall be adopted by an affirmative vote of a majority of the Corporate Auditors, unless otherwise provided for by laws or regulations.

**Article 48.** *(Minutes of Meetings of the Board of Corporate Auditors)*

The minutes of the meetings of the Board of Corporate Auditors shall be prepared in writing or by electromagnetic file as provided for in laws and regulations, and the Directors and Corporate Auditors present thereat shall affix their names and seals thereon or electronic signatures thereto.

**Article 49.** *(Regulations of the Board of Corporate Auditors)*

Matters concerning the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors prescribed by the Board of Corporate Auditors, in addition to laws and regulations and these Articles of Incorporation.

**Article 50.** *(Liability Limitation Agreements with Outside Corporate Auditor(s))*

Pursuant to the provisions provided for in Article 427, Paragraph 1 of the Law, the Company may enter into liability limitation agreements with any Outside Corporate Auditor which limit the liability provided for in Article 423, Paragraph 1 of the Law to the higher of either (i) the pre-determined amount not less than twenty million (20,000,000) yen or (ii) the amount prescribed in laws and regulations, provided that such Outside Corporate Auditor is bona fide and without gross negligence in performing his/her duty.

## **CHAPTER VII**

### **ACCOUNTING**

#### **Article 51. (Business Year)**

The business year of the Company shall be the one-year period from April 1 of each year through March 31 of the following year.

#### **Article 52. (Dividends from Surplus Approved by Resolution of Ordinary General Meeting of Shareholders)**

Dividends from the surplus approved by a resolution of an ordinary general meeting of shareholders shall be distributed to the shareholders or registered stock pledgees appearing in writing or electronically in the register of shareholders as of the end of March 31 of each year or to the holders of fractional share appearing in writing or electronically in the register of fractional share as of the end of March 31 of each year.

#### **Article 53. (Interim Dividends)**

The Company may, by a resolution of the Board of Directors, distribute interim dividends provided for in Article 454, Paragraph 5 of the Law to the shareholders or registered stock pledgees appearing in writing or electronically in the register of shareholders as of the end of September 30 of each year or to the holders of fractional share appearing in writing or electronically in the register of fractional share as of the end of September 30 of each year.

#### **Article 54. (Prescription for Payment of Dividends)**

In the case where the dividends from its surplus are distributed by cash, the Company shall be released from the obligation to pay such dividends from the surplus which have not been received after the lapse of five (5) years from the date of commencement of payment thereof.

**Exhibit 1.2**

**(Translation)**

**Bylaws Regarding the Board of Directors  
of  
Mizuho Financial Group, Inc.**

[Translation]

Effective from January 8, 2003  
As amended on June 27, 2006

## **BYLAWS REGARDING THE BOARD OF DIRECTORS**

### **CHAPTER I**

#### **PURPOSE**

##### **Article 1.** *(Purpose)*

These Bylaws shall provide for matters concerning the Board of Directors pursuant to laws and ordinances, and the Articles of Incorporation of the Company.

### **CHAPTER II**

#### **ORGANIZATION**

##### **Article 2.** *(Function)*

1. The Board of Directors shall conduct the following matters.

- (1) Determining significant matters concerning the businesses of the Company provided for in Article 2 of the Articles of Incorporation; and
- (2) Supervising the execution of the directors and executive officers duties.
- (3) Election and dismissal of the representative director(s).

2. Matters concerning the executive officers shall be governed by the Bylaws regarding the executive officers prescribed by the Board of Directors.

##### **Article 3.** *(Constitution)*

The Board of Directors shall consist of all the directors.

##### **Article 4.** *(Attendance of Corporate Auditors)*

The corporate auditors shall attend meetings of the Board of Directors and express their opinions at those meetings, if necessary.

### **CHAPTER III**

#### **HOLDING, CONVOCATION AND CHAIRMAN OF MEETINGS**

##### **Article 5.** *(Meetings)*

1. The Board of Directors shall hold ordinary meetings as well as extraordinary meetings.

2. Ordinary meetings of the Board of Directors shall be held once every month.
3. Extraordinary meetings of the Board of Directors may be held whenever necessary.

**Article 6. (Temporary Adjournment of Ordinary Meetings of the Board of Directors)**

Ordinary meetings of the Board of Directors may be adjourned temporarily.

**Article 7. (Person Authorized to Convene Meetings and Chairman of Meetings)**

1. Unless otherwise provided for by laws and ordinances, the President shall convene and preside over meetings of the Board of Directors.
2. In case the President is unable to so act, one of the other directors in the order previously determined by the Board of Directors shall convene and/or preside over such meetings of the Board of Directors.
3. Other directors and corporate auditors may request convocation of meetings of the Board of Directors pursuant to the relevant provisions of laws and ordinances.

**Article 8. (Convocation and Reduction of Convocation Period)**

Notice to convene a meeting of the Board of Directors shall be given to each of the directors and corporate auditors not less than three (3) days prior to the date of the meeting; provided, however, that in cases of emergency, such period may be shortened.

**Article 9. (Omission of Convocation Notice)**

A meeting of the Board of Directors may be held without taking the procedures for convocation provided for in the immediately preceding Article with the consent of all of the directors and corporate auditors.

## **CHAPTER IV**

### **QUORUM AND METHOD OF ADOPTING RESOLUTIONS**

**Article 10. (Quorum and Method of Adopting Resolutions)**

Resolutions of a meeting of the Board of Directors shall be adopted by an affirmative vote of a majority of the directors present at the relevant meeting who shall constitute a majority in number of all the directors entitled to take part in the vote.

**Article 11. (Person Who Has Special Interests)**

Any Person who has special interests with respect to matters to be resolved at a meeting of the Board of Directors may not participate in voting for resolution thereof.

## **CHAPTER V**

### **MATTERS TO BE RESOLVED**

**Article 12. (Matters to be Resolved)**

The following matters shall be resolved at meetings of the Board of Directors.

1. Significant matters on management policies of the Company and its subsidiaries and other entities managed by the Company (collectively, herein after referred to as the “Group”) and management of subsidiaries of the Company.
  - (1) Matters on management policies and management strategies of the Group;

- (2) Matters on the annual business plans and mid-and-long term plans of the Group;
- (3) Matters on significant capital policies of the Group;
- (4) Matters on accounting of the Group;
- (5) Matters on significant business alliance or dissolution of business alliance of the Group;
- (6) Matters on commencement of significant new business or abolition of existing business of the Group;
- (7) Matters on taking over or assignment of significant business of the Group;
- (8) Matters on transfers of a significant companies belonging to the Group;
- (9) Matters on significant strategies for business alliance of the Group;
- (10) Significant matters on risk management of the Group;
- (11) Significant matters on compliance of the Group;
- (12) Significant matters on auditing of the Group; and
- (13) Other significant matters of the Group.

2. Significant matters of the Company.

- (1) Convocation of a general meeting of shareholders and determination of agenda thereof;
- (2) Election and dismissal of representative directors and directors with titles;
- (3) Appointment and dismissal of the executive officers, executive officers with titles and significant employees;
- (4) Approval of competitive transactions and transactions involving conflict of interests conducted by Directors;
- (5) Establishment, change and closing of significant organizations;
- (6) Approval of financial statements and business report as well as schedules to be attached thereto;
- (7) Interim dividends;
- (8) Issuance of shares and disposal of treasury shares;
- (9) Share splits;
- (10) Acquisition of shares;
- (11) Cancellation of shares;
- (12) Disposition and taking over of significant property;
- (13) Borrowing in large amounts;
- (14) Establishment, amendment and abolition of particularly significant regulations; and
- (15) Other significant matters.

3. Other matters prescribed by laws and ordinances or the Articles of Incorporation or resolved by a resolution of a general meeting of shareholders.

4. Other matters that the directors deem should be proposed at meetings of the Board of Directors.

## CHAPTER VI

### EXECUTIVE OFFICERS WITH TITLES

**Article 13.** *(Executive Officers with Titles)*

1. The Board of Directors shall appoint, by its resolution, the President.
2. The Board of Directors may, by its resolutions, appoint Deputy President-Executive Officers, Senior Managing Executive Officers and Managing Executive Officers from among the executive officers.

## CHAPTER VII

### PRESIDENT

**Article 14.** *(Duty of the President)*

The President shall control execution of the business of our company.

**Article 15.** *(Delegation to the President)*

Determination of the detailed items regarding the matters resolved at a meeting of the Board of Directors and of any business that is not described in Article 12 shall be delegated to the President.

## CHAPTER VIII

### REPORT TO THE BOARD OF DIRECTORS

**Article 16.** *(Report on Conditions of Execution of Businesses)*

The President shall report to the Board of Directors on the conditions of execution of businesses at least once in every three (3) months.

## CHAPTER IX

### MINUTES

**Article 17.** *(Minutes)*

The minutes of the meetings of the Board of Directors shall be prepared in writing or by electromagnetic file as provided for in laws and regulations, the directors and corporate auditors present thereat shall affix their names and seals thereon, or electronic signatures thereto.

**Exhibit 1.3**

**(Translation)**

**Regulations of Board of Corporate Auditors  
of  
Mizuho Financial Group, Inc.**

[Translation]

Effective from January 9, 2003  
As amended on September 25, 2006

## REGULATIONS OF THE BOARD OF CORPORATE AUDITORS

### CHAPTER I PURPOSE

#### Article 1. (*Purposes*)

Pursuant to laws, ordinances and the Articles of Incorporation, matters concerning the Board of Corporate Auditors of the Company shall be governed by these Regulations.

### CHAPTER II ORGANIZATION

#### Article 2. (*Constitution*)

The Board of Corporate Auditors shall comprise all the Corporate Auditors which shall be three (3) or more in number.

#### Article 3. (*Function*)

1. The Board of Corporate Auditors shall receive reports, deliberate or take resolutions on matters pertaining to auditing, including the following matters, which shall be conducted by the Corporate Auditors; provided, however, that it shall not prevent each Corporate Auditor from exercising his/her power:

- (1) System for the compliance with laws and ordinances, the Articles of Incorporation and others in performing duties of Director(s) and employees;
- (2) Risk management system to prevent the incurrence of serious losses to the Company;
- (3) System to disclose financial information and any other corporate information appropriately and timely; and
- (4) Qualification and independence of an Independent Auditor.

### CHAPTER III HOLDING, CONVOCATION AND CHAIRMAN OF MEETINGS

#### Article 4. (*Holding of Meetings*)

Meetings of the Board of Corporate Auditors shall be held once a month in principle.

#### Article 5. (*Person to Convene Meetings*)

The Board of Corporate Auditors may appoint by election from among the Corporate Auditors, in advance, the person who shall convene meetings; provided, however, that other Corporate Auditors shall not be prevented from convening the meetings.

**Article 6.** *(Convocation Notice)*

1. Notice to convene a meeting of the Board of Corporate Auditors shall be given to each Corporate Auditor not less than three (3) days prior to the date set for such meeting; provided, however, that in cases of emergency, such period may be shortened.

2. A meeting of the Board of Corporate Auditors may be held without taking the procedures of convocation provided for in the preceding paragraph with the consent of all Corporate Auditors.

**Article 7.** *(Chairman of Meetings)*

1. The Board of Corporate Auditors shall, by a resolution, appoint the chairman.

2. The Chairman shall preside over a meeting of the Board of Corporate Auditors.

3. In the case where the chairman is unable so to act, one of the other Corporate Auditor(s) in the order previously determined by a resolution of a meeting of the Board of Corporate Auditors shall take such person's place.

**CHAPTER IV** **METHOD OF ADOPTING RESOLUTIONS**

**Article 8.** *(Method of Adopting Resolutions)*

Resolutions of a meeting of the Board of Corporate Auditors shall be adopted by an affirmative vote of a majority of the Corporate Auditors, unless otherwise provided for by laws or regulations or these Regulations.

**CHAPTER V** **MATTERS TO BE RESOLVED**

**Article 9.** *(Determination of Audit Policies, etc.)*

At the commencement of auditing, the Board of Corporate Auditors shall, by resolution, determine the audit policy, audit plan, method of audit, the assignment of auditing work or any other matter concerning performance of Corporate Auditor's duties.

**Article 10.** *(Resolutions Concerning the Appointment of a Corporate Auditor)*

1. The following matters pertaining to the appointment of a Corporate Auditor shall be determined by a resolution of a meeting of the Board of Corporate Auditors:

(1) Consent to the submission of a proposal to a general meeting of shareholders with respect to the appointment of a Corporate Auditor;

(2) Request for making the matters pertaining to the appointment of a Corporate Auditor an item on the agenda of a general meeting of shareholders; and

(3) Request for the submission of a proposal to a general meeting of shareholders with respect to the appointment of a Corporate Auditor.

2. The immediately preceding paragraph shall be applied mutatis mutandis to the appointment of stand-in Corporate Auditor(s).

**Article 11. (Designation and Dismissal of a Full-time Corporate Auditor)**

Designation or dismissal of a Full-time Corporate Auditor shall be determined by a resolution of a meeting of the Board of Corporate Auditors.

**Article 12. (Resolutions, etc. Concerning the Appointment, Non-reappointment and Dismissal of an Independent Auditor)**

1. The following matters pertaining to the appointment, non-reappointment and dismissal of an Independent Auditor shall be determined by a resolution of a meeting of the Board of Corporate Auditors:

- (1) Consent to the submission of a proposal to a general meeting of shareholders with respect to the appointment of an Independent Auditor;
- (2) Consent for making the matters pertaining to the non-reappointment or dismissal of an Independent Auditor an item on the agenda of a general meeting of shareholders;
- (3) Request for the submission of a proposal to a general meeting of shareholders with respect to the appointment of an Independent Auditor;
- (4) Request for making the appointment, non-reappointment or dismissal of an Independent Auditor an item on the agenda of a general meeting of shareholders; and
- (5) Appointment of those who shall perform duties as a Temporary Independent Auditor in case of a vacancy of Independent Auditor.

2. In case the Board of Corporate Auditors shall dismiss an Independent Auditor upon a statutory reason for dismissal, consent of all Corporate Auditors for such dismissal shall be required. In such case, the Corporate Auditor designated by the Board of Corporate Auditors shall explain such dismissal and the reason therefor at the first general meeting of shareholders held after such dismissal.

**CHAPTER VI REPORT AND RECEIPT OF REPORT AND DOCUMENTS, ETC. FROM CORPORATE AUDITORS AND OTHER ORGANIZATIONS**

**Article 13. (Report to the Board of Corporate Auditors)**

1. In case each Corporate Auditor recognizes the following matters, each Corporate Audit shall report such matters to the Board of Corporate Auditors:

- (1) Matters in which a Director has engaged, or may possibly engage, in any act of fraudulence;
- (2) Matters that may possibly cause significant damage to the Company; and
- (3) Facts that are in violation of any applicable laws and ordinances or the Articles of Incorporation or facts that are grossly improper.

2. Each Corporate Auditor shall report on the state of performance of his/her duty to the Board of Corporate Auditors from time to time, and at any time upon the request of the Board of Corporate Auditors.

3. Any Corporate Auditor who has received a report from an Independent Auditor, Director, employee of the Internal Audit Division and others shall report the detail thereof to the Board of Corporate Auditors whenever necessary.

4. The Board of Corporate Auditors shall ask for reports from Independent Auditor, Directors, employees of the Internal Audit Division and others whenever necessary.

**Article 14.** *(Deliberations Concerning Investigation Methods, etc. with respect to Reports)*

In case the Board of Corporate Auditors receives a report with respect to the matters provided for in Paragraph 1 of the immediately preceding Article from any Corporate Auditor, Director or Independent Auditor, etc., the Board of Corporate Auditors shall deliberate on the investigation methods etc. of such matters.

**Article 15.** *(Deliberation and Exchange of Views Concerning the Execution of Powers of Corporate Auditors)*

1. With respect to the following matters, the consent of all Corporate Auditors shall be required. In the case consent is required, the Corporate Auditors may deliberate and exchange their views on these matters, in advance in a meeting of the Board of Corporate Auditors.

(1) Submission of a proposal to a general meeting of shareholders with respect to the partial exemption of Directors from liabilities to the Company;

(2) Submission of a proposal to a general meeting of shareholders with respect to the amendment to the Articles of Incorporation in order to enable the Company to partially exempt Directors from liabilities to the Company by a resolution of a meeting of the Board of Directors;

(3) Submission of a proposal to a meeting of the Board of Directors with respect to the partial exemption of Directors from liabilities to the Company, pursuant to the provisions of the Articles of Incorporation;

(4) Submission of a proposal to a general meeting of shareholders with respect to the amendment to the Articles of Incorporation in order to enable the Company to enter into an agreement with an Outside Director in order to partially exempt such Outside Directors from liabilities to the Company; and

(5) Participation by the Company to support Director(s) in a shareholders' derivative lawsuit.

2. In case the Corporate Auditors shall exercise or perform their powers or duties pertaining to the following matters, they may state and exchange their own views with respect to such matters, in advance in a meeting of the Board of Corporate Auditors:

(1) Answers to the questions asked of Corporate Auditors as notified by shareholders before a general meeting of shareholders;

(2) Report to the Board of Directors and request for convocation of a meeting of the Board of Directors and others;

(3) Results of investigations concerning proposals and documents or other matters to be presented to a general meeting of shareholders;

(4) Application of an injunction for any action of a Director that goes beyond the scope of purpose of the Company or is in violation of any laws and ordinances or the Articles of Incorporation;

(5) Rendering of opinions concerning the appointment, dismissal, resignation and compensation, etc. of Corporate Auditors at a general meeting of shareholders;

(6) Matters concerning lawsuits between the Company and Directors; and

(7) Matters concerning disclosure of reference materials, etc. for general meetings of shareholders via internet; and

(8) Institution of lawsuits or any other matters similar to each of the preceding items.

**Article 16.** *(Designation of Corporate Auditor to Perform Duties, Including Receipt of Accounting—Related Documents)*

The Board of Corporate Auditors may designate a Corporate Auditor to perform the following duties:

(1) Duties of Special Corporate Auditors provided for in laws and ordinances; and

(2) Receipt from Directors and delivery to each Corporate Auditor of accounting-related documents and business reports, etc.

**Article 17.** *(Preparation of Audit Report)*

1. The Board of Corporate Auditors, upon deliberation, shall prepare audit reports of the Board of Corporate Auditors based on the individual reports prepared by each Corporate Auditor.

2. In case the content of the audit reports of the Board of Corporate Auditors is different from the individual reports of each Corporate Auditor, the Board of Corporate Auditors shall, upon the request of such Corporate Auditor, add contents of the report of such Corporate Auditor to the audit reports of the Board of Corporate Auditors.

3. Each Corporate Auditor shall affix his/her signature and seal to the audit report of the Board of Corporate Auditors or put their electronic signatures thereon. Full time Corporate Auditors shall state that they are full time Corporate Auditors.

**Article 18.** *(Utilization of Outside Experts)*

The Board of Corporate Auditors and each Corporate Auditor shall have the authority to utilize an attorney-at-law, an accountant or any other expert and incur expenses thereof.

**Article 19.** *(Reporting System)*

1. The Board of Corporate Auditors shall confirm whether reporting system, including the followings, has been appropriately established:

(1) Acceptance and treatment of a report or other submission of information with respect to, internal control system on accounting and financial reporting, and auditing by an Independent Auditor and Internal Audit Division; and

(2) Reporting system of anonymous and confidential submission of concerns by any employee to the Board of Corporate Auditors regarding internal control system on accounting and financial reporting, and auditing by an Independent Auditor and Internal Audit Division.

2. The Board of Corporate Auditors shall be included in the addressee of the acceptance of report, information and concerns provided for in the preceding paragraph.

**Article 20.** *(Confirmation of Independence of Independent Auditors)*

1. The Board of Corporate Auditors shall confirm rotation of the person in charge of auditing in the Independent Auditors periodically in accordance with laws and ordinances;

2. In order to confirm the independence of an Independent Auditor, any of the following contracts, including terms of remuneration, etc. shall require the prior consent of the Board of Corporate Auditors by way of unanimous resolution:

- (1) Any contract for auditing services to be entered into by and between the Company and the Independent Auditor or the Temporary Independent Auditor; and
- (2) Any contract for auditing services to be entered into by each group company of the Company and any contract for non-auditing services to be entered into by and between the Company or each group company of the Company on the one hand and the Independent Auditor or the Temporary Independent Auditor on the other hand.

3. The consent to the contract provided for in the Item 2 of immediately preceding paragraph may, by a resolution of a meeting of the Board of Corporate Auditors, be delegated to one or more Corporate Auditor in advance. The Corporate Auditor who give such prior consent upon the delegation, shall make reports thereof to the Board of Corporate Auditors.

**Article 21.** *(Deliberation in The Board of Corporate Auditors)*

1. The Board of Corporate Auditors shall deliberate on the following matters at least once in a year:
  - (1) Auditing performance by the Corporate Auditor in the auditing year;
  - (2) Appropriateness of methods and results of audit by an Independent Auditor; and
  - (3) Auditing performance of Internal Audit Division.

**CHAPTER VII MINUTES**

**Article 22.** *(Minutes)*

Minutes of a meeting of the Board of Corporate Auditors shall be prepared in writing or by electromagnetic file as provided for by laws and ordinances, to which the Corporate Auditors present thereat shall affix their names and seals thereto or put their electronic signatures thereon.

**CHAPTER VIII MISCELLANEOUS**

**Article 23.** *(Administrative Office of the Board of Corporate Auditors)*

1. The convocation proceedings of meetings, preparation of minutes of meetings and other businesses pertaining to the administration of the Board of Corporate Auditors shall be managed by the office of Corporate Auditors.

2. With respect to personnel and changes in the organization relating to the employee for the assistance of the performance of Corporate Auditors' duties, the Corporate Auditor designated by the Board of Corporate Auditors shall deliberate such matters with each officer in charge, in advance.

**Article 24.** *(Amendment to and Abolitions of the Provisions of These Regulations)*

Any amendment to or abolition of the provisions of these Regulations shall require a resolution of a meeting of the Board of Corporate Auditors.

**Exhibit 1.4**

**(Translation)**

**Share Handling Regulations  
of  
Mizuho Financial Group, Inc.**

[Translation]

This is a translation of a document written in Japanese, and has been prepared for reference purpose only.

## **Share Handling Regulations**

**(as of June 27, 2006)**

**Mizuho Financial Group, Inc.**

**SHARE HANDLING REGULATIONS  
OF  
MIZUHO FINANCIAL GROUP, INC.**

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1.** *(Purposes)*

Denominations of share certificates of the Company, and operations relating to shares and fractional shares and handling fees therefor shall be governed by these Regulations pursuant to the provisions of Article 12 of the Articles of Incorporation; provided, however, that operations of the beneficial shareholders shall be governed by the rules of Japan Securities Depository Center, Incorporated (hereinafter referred to as the "JASDEC") as well as these Regulations.

**Article 2.** *(Shareholder Register Manager, etc.)*

The shareholder register manager and the transfer agent for fractional shares of the Company (hereinafter referred to as the "Shareholder Register Manager, etc.") and their handling offices and liaison offices shall be as follows:

Shareholder Register Manager and Transfer Agent for fractional shares:

Mizuho Trust & Banking Co., Ltd.  
2-1, Yaesu 1-chome, Chuo-ku, Tokyo

Handling Office:

Stock Transfer Agency Department of the Head Office of Mizuho Trust & Banking Co., Ltd.  
2-1, Yaesu 1-chome, Chuo-ku, Tokyo

Liaison Offices:

All branches in Japan of Mizuho Trust & Banking Co., Ltd.  
Head office and all branches in Japan of Mizuho Investors Securities.

**Article 3.** *(Denominations of Share Certificates)*

Denominations of share certificates issued by the Company shall be for one (1), ten (10), and one hundred (100) shares; provided, however, that, if necessary, the Company may issue share certificates for any number of shares exceeding one hundred (100) shares.

**Article 4.** *(Method of Requests and Reports, etc.)*

1. All procedures including requests and reports with respect to the business delegated to the Shareholder Register Manager, etc. by the Company shall be made to the Shareholder Register Manager, etc.

2. All procedures including requests, reports, applications and petitions provided for in this Article shall be made in the form prescribed by the Company with the seal impression affixed which has been reported in accordance with the provisions of Article 15.

3. If any requests, reports, applications and petitions provided for in the preceding paragraph shall be made by a proxy, a document certifying the authorization of such proxy shall be submitted.

4. If any requests, reports, applications and petitions provided for in the second paragraph shall be required to be made with the consent of a curator (*hosanin*) or an assistant (*hojonin*), a document certifying such consent shall be submitted.

## CHAPTER II

### REGISTRATION, ETC. OF TRANSFER OF SHARES

#### **Article 5.** *(Registration of Transfer of Shares)*

1. In the case of a request for the written or electronic records on the register of shareholders (hereinafter referred to as the “Registration of Transfer of Shares”), a designated written request therefor shall be submitted, together with the share certificates concerned setting forth the name of the person so requesting.

2. In the case of a request for the Registration of Transfer of Shares acquired as the result of inheritance, testament or merger of companies, etc. other than assignment, a document certifying such acquisition shall be submitted, in addition to the procedures provided for in the preceding paragraph; provided, however, that if no share certificates have been issued for such shares, submission of share certificates shall not be required.

#### **Article 6.** *(Registration of Transfer of Shares Where Special Procedures Shall be Required by Laws or Regulations)*

In case the special procedures shall be required by laws or regulations for the Registration of Transfer of Shares, a designated written request therefor shall be submitted, together with the share certificates concerned setting forth the name of the person so requesting and a document certifying the completion of such procedures.

#### **Article 7.** *(Register of Fractional Share)*

The provisions of the second paragraph of Article 5 shall apply *mutatis mutandis* to a request for any change in entry, whether written or electronic, in the register of fractional shares as the result of inheritance, testament or merger of companies, etc. other than assignment.

#### **Article 8.** *(Written or Electronic Records in the Register of Beneficial Shareholders)*

The written or electronic records in the register of beneficial shareholders shall be made, based upon a notice with respect to beneficial shareholders submitted by the JASDEC and a beneficial shareholder’s card.

#### **Article 9.** *(Beneficial Shareholders’ Cards)*

Beneficial shareholders shall submit a beneficial shareholder’s card through a participant of JASDEC.

#### **Article 10.** *(Integration)*

In case a shareholder recorded in writing or electronically in the register of shareholders and a beneficial shareholder recorded in writing or electronically in the register of beneficial shareholders are deemed to be the same person according to his/her address and names recorded therein, the number of shares recorded in each register shall be integrated with respect to the exercise of shareholders’ rights.

## CHAPTER III

### REGISTRATION OF PLEDGES AND INDICATION OF TRUST ASSETS

**Article 11.** *(Registration of Pledges and Cancellation Thereof)*

In case registration of a pledge or change or cancellation thereof is requested in respect of shares, a designated written request therefor bearing signatures of both the pledgor and the pledgee shall be submitted, together with the share certificates concerned setting forth the name of such pledgee.

**Article 12.** *(Indication of Trust Assets and Cancellation Thereof)*

In case indication of trust assets or cancellation thereof is requested in respect of shares, a designated written request therefor shall be submitted either by the trustor or the trustee, together with the share certificates concerned.

## CHAPTER IV

### NON-POSSESSION OF SHARE CERTIFICATES

**Article 13.** *(Application for Non-possession of Share Certificates)*

1. In case non-possession of share certificates by a shareholder is applied for, a designated written application therefor shall be submitted, together with the share certificates concerned; provided, however, that, if no share certificates have been issued for such shares, submission of share certificates shall not be required.

2. All share certificates in regard to which an application referred to in the preceding paragraph has been made shall be placed in non-possession status.

**Article 14.** *(Request for Issuance of Share Certificates Placed in Non-possession Status)*

In case a shareholder who has applied for non-possession of share certificates subsequently requests the issuance of the share certificates, a designated written request therefor shall be submitted.

## CHAPTER V

### NOTIFICATIONS

**Article 15.** *(Reports of Addresses, Names, and Seal Impressions of Shareholders, etc.)*

1. Shareholders, beneficial shareholders and registered stock pledgees or their legal representatives shall report their addresses, names and seal impressions by submitting shareholders' cards or beneficial shareholders' cards, etc.; provided, however, that a foreigner who has the custom of affixing his/her signature may substitute his/her specimen signature for such seal impression.

2. The same procedures shall be taken in the case of any change in the matters referred to in the preceding paragraph.

**Article 16.** *(Reports of an Address to Which Notices Shall Be Sent to Shareholders, etc. Residing Overseas)*

1. Shareholders, beneficial shareholders and registered stock pledgees or their legal representatives who reside outside Japan shall, either appoint a standing proxy in Japan or designate an address to which notices shall be sent, and report thereof, in addition to the procedures provided for in the preceding Article.

2. The provisions of the preceding Article shall apply *mutatis mutandis* to the standing proxy.

**Article 17.** *(Representative of a Corporation)*

1. In case a shareholder, a beneficial shareholder and a registered stock pledgee is a corporation, the name of one (1) of the representatives of such corporation shall be notified.

2. In the case of any change in the representative provided for in the preceding paragraph, a designated written report therefor shall be submitted, together with such certificate of matters to be registered, etc.

**Article 18.** *(Representative of Shareholders Who Jointly Own Shares)*

1. Shareholders or beneficial shareholders who jointly own shares shall appoint one (1) representative and report thereof.

2. The same procedures shall be taken in the case of any change in the representative provided for in the preceding paragraph.

**Article 19.** *(Representative of Unincorporated organization)*

1. In case a shareholder, a beneficial shareholder or a registered stock pledgee is an unincorporated organization, the name of one (1) of the representatives of such organization shall be notified.

2. The same procedures shall be taken in the case of any change in the representative provided for in the preceding paragraph.

**Article 20.** *(Change in the Register of Shareholders and the Register of Beneficial Shareholders, or Change of Indication of Share Certificates)*

In case any changes in entry are made in the register of shareholders and the register of beneficial shareholders, or any change is made of the indication of share certificates for any of the following reasons, a designated report therefor shall be submitted, together with the share certificates concerned and a certified copy of extract of the family register or a certificate of matters to be registered, etc. ,as the case may be.; provided, however, that no share certificates are required to be submitted if such share certificates have not been issued or in the case of any change in entry in the register of beneficial shareholders and the register of fractional shares.

- (1) Change of family name or given name;
- (2) Appointment, change or removal of a legal representative such as an agent of a person having parental authority, guardian, etc.;
- (3) Change of trade name or name of a juridical person; and
- (4) Change of corporate organization.

**Article 21** *(Special Exception for Notifications of Beneficial Shareholders)*

In case a report is submitted by a beneficial shareholder or a legal representative in accordance with the provisions in this chapter, such report shall be submitted through a participant of JASDEC; provided, however, that if any change of registered seal impression only shall be made, reports through a participant of JASDEC shall not be required.

**Article 22** *(Mutatis Mutandis)*

1. The provisions in this Chapter shall apply *mutatis mutandis* to the trustor and the trustee of trust assets.

2. The provisions of Articles 15 through 19 shall apply *mutatis mutandis* to the holder of fractional shares, and the provision of Article 20 shall apply *mutatis mutandis* to the register of fractional shares.

## CHAPTER VI

### REISSUANCE OF SHARE CERTIFICATES DUE TO REASONS OTHER THAN LOSS

#### **Article 23** *(Reissuance due to Stock Split or Consolidation)*

In case issuance of new share certificates shall be requested for the purpose of stock split or consolidation of share certificates, a designated written request therefor shall be submitted, together with the share certificates concerned.

#### **Article 24** *(Reissuance due to Defacement or Mutilation)*

In case a request for reissuance of share certificates due to defacement or mutilation of any share certificate shall be made, a designated written request therefor shall be submitted, together with the share certificate concerned; provided, however, if it is difficult to discern whether such share certificate is genuine or not, the procedures provided for in Chapter VII (*Registration of Loss of Share Certificates, etc.*) shall be taken.

#### **Article 25** *(Reissuance due to Completion of Columns)*

In the case of completion of columns regarding acquirers of any share certificate, the Company shall collect such share certificate and issue a new share certificate.

## CHAPTER VII

### REGISTRATION OF LOSS OF SHARE CERTIFICATES, ETC.

#### **Article 26** *(Request for Registration of Loss of Share Certificates)*

1. A person who requests for the registration of loss of share certificates (hereinafter referred to as "Person Requesting Registration of Lost Share Certificates") shall submit a designated written application therefor, together with a document certifying acquisition of the share certificates, a document certifying loss of the share certificates, and a written identification of the applicant; provided, however, that, if the Person Requesting Registration of Lost Share Certificates is a registered holder thereof, such person shall submit a document certifying loss of the share certificates only, in addition to the designated written application.

#### **Article 27** *(Application for Cancellation by the Registrant Regarding Loss of Share Certificates)*

In case the registrant regarding loss of share certificates shall apply for a cancellation of the registration provided for in the preceding Article, a designated written application therefor shall be submitted.

#### **Article 28** *(Application for Cancellation of the Registration of Loss of Share Certificates by the Holders of Such Share Certificates)*

In case a person holding share certificates, which have been registered as lost, shall apply for the cancellation of such registration of loss of share certificates, a designated written application therefor shall be submitted, together with the share certificates concerned and a written identification of the applicant; provided, however, that, if an application for cancellation is made by a shareholder or a registered stock pledgee of the lost share certificates, submission of a written identification of the applicant shall not be required.

**Article 29** *(Mutatis Mutandis Application to Provisions Concerning Notifications)*

In case the registrant regarding loss of share certificates who is a person other than a shareholder or a registered stock pledgee shall request for any change in the written or electronic records in the register of lost share certificates, the provisions of Articles 15 through 20 shall apply *mutatis mutandis*.

**CHAPTER VIII**  
**PURCHASE OF FRACTIONAL SHARES**

**Article 30** *(Method of Request for Purchase)*

In the case of a request to purchase fractional shares, a designated written request (hereinafter referred to as the “Written Request for Purchase”) therefor shall be submitted at the handling office or any of the liaison offices of the transfer agent provided for in Article 2.

**Article 31** *(Method of Determination of Purchase Price)*

The purchase price per share of fractional shares requested for purchase shall be the amount obtained by multiplying the last reported price per share on the market established by the Tokyo Stock Exchange on the day on which the Written Request for Purchase provided for in the preceding Article is received at the share handling office or at any of the liaison offices of the transfer agent by the ratio of such fractional shares requested for purchase to one (1) share, provided, however, that if the shares are not traded on the market established by the Tokyo Stock Exchange on such day, or such day falls on a holiday of the said Stock Exchange, the purchase price per share of fractional shares shall be the amount obtained by multiplying the price per share at which the shares are first sold on the market established by the Tokyo Stock Exchange by the ratio of such fractional shares requested for purchase to one (1) share.

**Article 32** *(Payment of Purchase Price)*

1. Unless otherwise provided by the Company, the Company shall pay to the person who has requested for purchase, the purchase price determined pursuant to the preceding Article after deducting therefrom the handling fees provided for in the third paragraph of Article 46, no later than the fourth (4th) business day commencing on the day (in case the purchase price pursuant to the preceding Article has not yet been decided up to such day, the day shall be the decision date of the purchase price pursuant to the same Article) on which the Written Request for Purchase provided for in Article 30 is received at the share handling office of the transfer agent, at the place where the request for purchase is received; provided, however, that if the purchase price reflects the ex-dividends from surplus (including interim dividends, the same shall apply hereinafter) price or ex-rights price, and the fourth (4th) business day described in this Article falls under the fixed date to receive dividends from surplus or rights, the payment shall be made on the following business day.

2. The person who has requested for purchase may request that the payment be made by way of transfer to a bank account designated by him/her or by cash payment by postal transfer to the address of such person. If this is the case, the payment of the purchase price shall be deemed to be completed, concurrently with arrangement for payment by transfer or by voucher for disbursement through postal transfer.

**Article 33** *(Transfer of Purchased Shares)*

The title to the fractional shares, for which a Request for Purchase has been made, shall be transferred to the Company on the day on which the payment procedures provided for in the preceding Article have been completed.

## CHAPTER IX

### ADDITIONAL PURCHASE OF FRACTIONAL SHARES

#### **Article 34** *(Method for Request for Additional Purchase)*

In case a holder of fractional shares requests that the Company sell to the holder of fractional shares the fraction of a share that would, together with the fractional shares owned by such holder of fractional shares, constitute one share (hereinafter referred to as the “Request for Additional Purchase”), a designated written request (hereinafter referred to as the “Written Request for Additional Purchase”) therefor shall be submitted, together with the advanced payment provided for in the following Article, at the handling office or any of the liaison offices of the transfer agent provided for in Article 2.

#### **Article 35** *(Advanced payment)*

1. The advanced payment shall be the amount obtained by multiplying the last reported price per share on the market established by the Tokyo Stock Exchange on the preceding business day on which the Written Request for Additional Purchase provided for in the preceding Article is received at the share handling office or at any of the liaison offices of the transfer agent by the ratio of such fractional shares requested for additional purchase to one (1) share, and multiplying the result by 1.3, provided, however, that if the shares are not traded on the market established by the Tokyo Stock Exchange on such day, the advanced payment shall be the amount obtained by multiplying the last reported price per share at which the shares are sold on the market established by such Stock Exchange on the nearest preceding day prior to such day by the ratio of such fractional shares requested for additional purchase to one (1) share, and multiplying the result by 1.3. Any fraction less than one thousand (1,000) yen as a result of such calculation shall be rounded up.

2. If the Request for Additional Purchase provided for in the preceding Article is made but the amount of the advanced payment is less than the amount determined in accordance with the preceding paragraph, the Company shall not handle such Request for Additional Purchase.

#### **Article 36** *(Request for Additional Purchase of Number of Shares Exceeding the Remaining Number of Treasury Stock, etc.)*

If an aggregate number of fractional shares for which the Request for Additional Purchase is made on the same day exceeds the number of shares reserved by the Company as treasury stock and treasury fractional shares for sale, none of such Request for Additional Purchase made on such day shall become effective.

#### **Article 37** *(Effective Date of Request for Additional Purchase)*

The Request for Additional Purchase shall become effective as of the date on which the Written Request for Additional Purchase provided for in Article 34 and the advanced payment provided for in Article 35 are received at the handling office or any of the liaison offices of the transfer agent.

#### **Article 38** *(Suspension Period of Request for Additional Purchase)*

1. The Company shall suspend acceptance of the Requests for Additional Purchase during the period from the twelfth (12th) business day preceding March 31 through to March 31 and the period from the twelfth (12th) business day preceding September 30 through to September 30 every year.

2. Notwithstanding the preceding paragraph, the Company may, whenever it deems necessary, establish any other periods during which the Company shall suspend acceptance of the Requests for Additional Purchase.

**Article 39** *(Method of Determination of Additional Purchase Price)*

1. The additional purchase price per share of fractional shares requested for additional purchase shall be the amount obtained by multiplying the last reported price per share on the market established by the Tokyo Stock Exchange on the effective date of the Request for Additional Purchase by the ratio of such fractional shares requested for additional purchase to one (1) share, provided, however, that if the shares are not traded on the market established by the Tokyo Stock Exchange on such day, or such day falls on a holiday of the said Stock Exchange, the purchase price per share of fractional shares shall be the amount obtained by multiplying the price per share at which the shares are first sold on the market established by the Tokyo Stock Exchange thereafter by the ratio of such fractional shares requested for additional purchase to one (1) share.

2. In case the amount of the advanced payment provided for in Article 35 is less than the total amount of the additional purchase price for shares provided for in the preceding paragraph and the handling fees provided for in the third paragraph of Article 46 (hereinafter referred to as the “Additional Purchase Proceeds”), the Company shall request the shareholder who made such Request for Additional Purchase to pay such shortfall. In this case, if such shortfall remains unpaid for the period of five (5) business days from the day following the day on which the Company has made a request for payment thereof, such Request for Additional Purchase shall become invalid.

**Article 40** *(Receipt of Additional Purchase Proceeds)*

1. The Company shall receive the Additional Purchase Proceeds from the advanced payment on the date on which is the sixth (6th) business day from the day following the day on which the additional purchase price has been determined, or on which the shortfall referred to in paragraph 2 of the preceding Article has been paid; provided, however, that if the additional purchase price reflects the ex-dividends from surplus (including interim dividends, the same shall apply hereinafter) price or ex-rights price, and such sixth (6th) business day described in this Article falls under the fixed date to receive dividends from surplus or rights, the payment shall be made on the following business day.

2. The balance obtained by deducting the Additional Purchase Proceeds provided for in the preceding paragraph from the advanced payment shall be refunded to the holder of fractional shares who made the relevant Request for Additional Purchase by way of transfer to a bank account designated by him/her or by cash payment by postal transfer.

**Article 41** *(Transfer of Title to Fractional Shares Purchased Additionally)*

The title to the fractional shares regarding which a Request for Additional Purchase has been made shall be transferred to the holder of fractional shares who made such Request for Additional Purchase on the day on which the Company duly receives the Additional Purchase Proceeds provided for in the preceding Article.

**Article 42** *(Delivery of Share Certificates)*

The Company shall, without delay, issue share certificates for the shares which become a full share as a result of the Request for Additional Purchase, and deliver such share certificates to the person who made such Request for Additional Purchase.

## CHAPTER X

### PREFERRED STOCK

**Article 43** *(Method for Request for Acquisition)*

1. In case an acquisition of preferred stock shall be requested, a designated written request therefor shall be submitted, together with the preferred share certificates concerned, at the handling office or any of the liaison

offices of the shareholder register manager provided for in Article 2; provided, however, that, if no preferred share certificates have been issued for such shares, submission of preferred share certificates shall not be required.

2. In case a request for acquisition provided for in the preceding paragraph is made by a beneficial shareholder, such request shall be submitted through a participant of JASDEC and JASDEC.

3. The request for acquisition may not be withdrawn after submission of such request.

#### **Article 44** *(Effectiveness of Acquisition)*

The acquisition shall be effective concurrently with arrival of the request and the certificates of preferred stock concerned provided for in the preceding Article at the handling office or any of the liaison offices of the shareholder register manager provided for in Article 2.

#### **Article 45** *(Request for Issuance of New Shares at Mandatory Acquisition)*

1. If a mandatory acquisition of preferred stock as provided for in Article 20 of the Articles of Incorporation of the Company shall be made, a request for issuance of certificates of common stock shall be made, and a designated written request shall be submitted, together with the preferred share certificates concerned; provided, however, that if no preferred share certificates have been issued for such shares, submission of preferred share certificates shall not be required.

2. The provision of the second paragraph of Article 43 shall apply *mutatis mutandis* to the case of the preceding paragraph.

## **CHAPTER XI**

### **HANDLING FEES**

#### **Article 46** *(Handling Fees)*

Handling fees in connection with shares of the Company shall be as follows (not including consumption tax):

1. In the case of issuance of share certificates pursuant to Article 14 (*Request for Issuance of Share Certificates Placed in Non-possession Status*), Article 23 (*Reissuance due to Stock Split or Consolidation*) or Article 24 (*Reissuance due to Defacement or Mutilation*):

250 yen per one share certificate.

2. In the case of a request for registration of loss of share certificates pursuant to Article 26 (*Request for Registration of Loss of Share Certificates*):

10,000 yen per one application for registration of loss of share certificates; 500 yen per one lost share certificate.

3. In the case of purchase of fractional shares pursuant to Article 30 (*Method of Request for Purchase*) and sale of fractional shares pursuant to Article 34 (*Method for Request for Additional Purchase*):

The fees shall be calculated by dividing proportionally the amount of handling fees per share calculated by the following formula (In case of any amount less than one yen, such amount shall be disregarded) by the relevant number of fractional shares so purchased or sold (In case of any amount less than one yen, such amount shall be disregarded);

(1) In case the purchase price or additional purchase price per share shall be: Not more than one million yen (¥1,000,000):

1.15% of the amount involved (If the amount per share obtained by the above formula is less than two thousand five hundred yen (¥2,500), the fees shall be two thousand five hundred yen (¥2,500).)

(2) In case the purchase price or additional purchase price per share shall be : More than one million yen (¥1,000,000):

0.9% of the amount involved + ¥2,500

## CHAPTER XII

### METHOD OF REQUEST OR NOTICE WITH RESPECT TO GENERAL MEETINGS OF SHAREHOLDERS

#### **Article 47** *(Method to Exercise Shareholders' Proposal Rights)*

1. In case shareholders, pursuant to laws and ordinances, shall exercise their rights to Director(s), which includes the right to (a) request to convene a general meeting of shareholders, (b) request to add certain matters to the agenda for a general meeting of shareholders or (c) request the summary of proposals, which are planned to be submitted to a general meeting of shareholders, with regard to the agenda for such meeting, to be notified to the shareholders, such execution of rights shall be made in writing.

2. If the Company, pursuant to the request provided for in the preceding paragraph, shall set forth a description with regard to reasons for proposal or matters concerning the appointment of Director(s) or Corporate Auditor(s), etc., in the reference materials for a general meeting of shareholders, and such description exceeds 400 characters, such description may be set forth in an outline thereof.

3. Notification by shareholders to the Company of matters they request to be explained at a general meeting of shareholders, pursuant to applicable laws and regulations, shall be made in written form.

## SUPPLEMENTARY PROVISION

#### *(Effectice Date)*

**Article 1** These regulations shall become effective upon the approval of amendments to the Articles of Incorporation of the Company at the fourth ordinary general meeting of shareholders of the Company to be held on June 27, 2006, as a condition precedent.

**Exhibit 2.1**

**(Translation)**

**Specimen of Common Stock Certificates  
of  
Mizuho Financial Group, Inc.**

**Share Certificate  
of  
Mizuho Financial Group, Inc.**

**1 Share**

**[Sample]**

No. 0000000

Name of Corporation Mizuho Financial Group, Inc.

Date of Incorporation January 8, 2003

This is to certify that this person named herein is the holder of the above-mentioned share.

Mizuho Financial Group, Inc.

President & CEO: Terunobu Maeda (Corporate Seal)

[back]

Date of Issuance of Share Certificate:

Receipt of  
stamp duty  
acknowledged by  
Koto Ward  
Tax Office

Name of Shareholder:

<b>Date of Registration</b>	<b>Name of Shareholder</b>	<b>Registration Seal</b>
_____	1 _____	_____
_____	2 _____	_____
_____	3 _____	_____
_____	4 _____	_____
_____	5 _____	_____
_____	6 _____	_____
_____	7 _____	_____
_____	8 _____	_____

(This section is for computer processing. Please make sure that this section is not soiled.)

Mizuho Financial Group, Inc.      No. 0000000      1

**Exhibit 2.2**

**Form of American Depository Receipt  
of  
Mizuho Financial Group, Inc.**

**EXHIBIT A**

AMERICAN DEPOSITORY SHARES  
(Each American Depository Share  
represents 1/500<sup>th</sup> of one deposited Share)

THE BANK OF NEW YORK  
AMERICAN DEPOSITORY RECEIPT  
FOR SHARES OF COMMON STOCK OF  
MIZUHO FINANCIAL GROUP, INC.  
(INCORPORATED UNDER THE LAWS OF JAPAN)

The Bank of New York, as depositary (hereinafter called the "Depository"), hereby certifies that \_\_\_\_\_, or registered assigns IS THE OWNER OF \_\_\_\_\_

**AMERICAN DEPOSITORY SHARES**

representing deposited shares of common stock (herein called "Shares") of Mizuho Financial Group, Inc. incorporated under the laws of Japan (herein called the "Company"). At the date hereof, each American Depository Share represents 1/500<sup>th</sup> of one Share deposited or subject to deposit under the Deposit Agreement (as such term is hereinafter defined) at the Tokyo head office of Mizuho Corporate Bank, Ltd. (herein called the "Custodian"). The Depository's Corporate Trust Office is located at a different address than its principal executive office. Its Corporate Trust Office is located at 101 Barclay Street, New York, N.Y. 10286, and its principal executive office is located at One Wall Street, New York, N.Y. 10286.

THE DEPOSITORY'S CORPORATE TRUST OFFICE ADDRESS IS  
101 BARCLAY STREET, NEW YORK, N.Y. 10286

## **1. THE DEPOSIT AGREEMENT.**

This American Depository Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the deposit agreement, dated as of \_\_\_\_\_, 2006 (herein called the "Deposit Agreement"), by and among the Company, the Depository, and all Owners and holders from time to time of Receipts issued thereunder, each of whom by accepting a Receipt agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Owners and holders of the Receipts and the rights and duties of the Depository in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Shares and held thereunder (such Shares, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depository's Corporate Trust Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms defined in the Deposit Agreement and not defined herein shall have the meanings set forth in the Deposit Agreement.

## **2. SURRENDER OF RECEIPTS AND WITHDRAWAL OF SHARES.**

Upon surrender at the Corporate Trust Office of the Depository of this Receipt, and upon payment of the fee of the Depository provided in this Receipt, and subject to the terms and conditions of the Deposit Agreement, the Owner hereof is entitled to delivery, to him or upon his order, of the Deposited Securities at the time represented by the deliverable portion (as defined in Article 3 hereof) of the American Depository Shares for which this Receipt is issued. Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of the Owner hereof or as ordered by him or certificates properly endorsed or accompanied by proper instruments of transfer and (b) any other securities, property and cash to which such Owner is then entitled in respect of this Receipt. Such delivery will be made at the option of the Owner hereof, either at the office of the Custodian or at the Corporate Trust Office of the Depository, provided that the forwarding of certificates for Shares or other Deposited Securities for such delivery at the Corporate Trust Office of the Depository shall be at the risk and expense of the Owner hereof.

## **3. TRANSFERS, SPLIT-UPS, AND COMBINATIONS OF RECEIPTS.**

The transfer of this Receipt is registrable on the books of the Depository at its Corporate Trust Office by the Owner hereof in person or by a duly authorized attorney, upon surrender of this Receipt properly endorsed for transfer or accompanied by proper instruments of transfer and funds sufficient to pay any applicable transfer taxes and the expenses of the Depository and upon compliance with such regulations, if any, as the Depository may establish for such purpose. This Receipt may be split into other such Receipts, or may be combined with other such Receipts into one Receipt, evidencing the same aggregate number of American Depository Shares as the Receipt or Receipts surrendered. As a condition precedent to the execution and delivery, registration of transfer, split-up, combination, or surrender of any Receipt or withdrawal of any Deposited Securities, the Depository, the Custodian, or Registrar may require payment from the depositor of the Shares or the presentor of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in this Receipt, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depository may establish consistent with the provisions of the Deposit Agreement or this Receipt, including, without limitation, this Article 3.

The delivery of Receipts against deposit of Shares generally or against deposit of particular Shares may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement or this Receipt, or for any other reason, subject to the provisions of the following sentence. Notwithstanding anything to the contrary in the Deposit Agreement or this Receipt, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares required to be registered under the provisions of the Securities Act of 1933, and any Restricted Securities, unless a registration statement is in effect as to such Shares.

Upon surrender of a Receipt or Receipts by an Owner to the Depositary, as a result of, and to the extent required by, the operation of applicable provisions of the Company Law or any other Japanese law, the Depositary will effect delivery to such Owner of only that portion of Shares (and any other Deposited Securities relating to such Shares) comprising a Share or an integral multiple thereof or, if and as long as the unit share system is adopted and applicable to the Shares, a Unit or an integral multiple thereof (the "deliverable portion" of such Receipt or Receipts). For the purpose of the foregoing sentence, the deliverable portion shall be determined on the basis of the aggregate number of Shares represented by the entire amount of American Depository Shares evidenced by the Receipt or Receipts surrendered by the same Owner at the same time. The Depositary will promptly advise such Owner as to the amount of Shares and Deposited Securities, if any, represented by the non-deliverable portion of such Receipt or Receipts and shall deliver to such Owner a new Receipt evidencing such non-deliverable portion. In addition, the Depositary shall notify such Owner of the additional amount of American Depository Shares which such Owner would be required to surrender in order for the Depositary to effect delivery of all the Shares and Deposited Securities represented by the American Depository Shares of such Owner.

#### **4. LIABILITY OF OWNER FOR TAXES.**

If any tax or other governmental charge shall become payable with respect to any Receipt or any Deposited Securities represented hereby, such tax or other governmental charge shall be payable by the Owner hereof to the Depositary. The Depositary may refuse to effect any transfer of this Receipt or any withdrawal of Deposited Securities represented by American Depository Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner hereof any part or all of the Deposited Securities represented by the American Depository Shares evidenced by this Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner hereof shall remain liable for any deficiency.

#### **5. WARRANTIES ON DEPOSIT OF SHARES.**

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, non-assessable, and free of any preemptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of Receipts evidencing American Depository Shares representing such Shares by that person are not Restricted Securities. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

## **6. FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION.**

Any person presenting Shares for deposit or any Owner or holder of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made. No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any governmental body in Japan which is then performing the function of the regulation of currency exchange.

## **7. CHARGES OF DEPOSITORY.**

The Company agrees to pay the fees, reasonable expenses and out-of-pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Company from time to time. The Depositary shall present its statement for such charges and expenses to the Company at least once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.3 of the Deposit Agreement), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals under the terms of the Deposit Agreement, (3) such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5 of the Deposit Agreement, (5) a fee of \$5.00 or less per 100 American Depository Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.3, 4.3 or 4.4 of the Deposit Agreement and the surrender of Receipts pursuant to Section 2.5 or 6.2 of the Deposit Agreement, (6) to the extent permitted by the exchange on which the American Depository Shares may be listed for trading, a fee of \$.02 or less per American Depository Share (or portion thereof) for any cash distribution made pursuant to Sections 4.1 through 4.4 of the Deposit Agreement, (7) a fee for the distribution of securities pursuant to Section 4.2 of the Deposit Agreement, such fee being in an amount equal to the fee for the execution and delivery of American Depository Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares), but which securities are instead distributed by the Depositary to Owners, and (8) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of Shares or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 of the Deposit Agreement and shall be payable at the sole discretion of the Depositary by billing such Owners for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Article 8 hereof, may own and deal in any class of securities of the Company and its affiliates and in Receipts.

## **8. PRE-RELEASE OF RECEIPTS.**

Unless requested in writing by the Company to cease doing so, the Depositary may notwithstanding Section 2.3 of the Deposit Agreement, execute and deliver Receipts prior to the receipt of Shares pursuant to Section 2.2 of the Deposit Agreement (“Pre-Release”). The Depositary may, pursuant to Section 2.5 of the Deposit Agreement, deliver Shares upon the receipt and cancellation of Receipts which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom Receipts are to be delivered (the “Pre-Releasee”) that the Pre-Releasee, or its customer, (i) owns the shares or Receipts to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such Shares or Receipts, as the case may be, to the Depositary in its capacity as such and for the benefit of the Owners, and (iii) will not take any action with respect to such Shares or Receipts, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such Shares or Receipts, as the case may be) other than in satisfaction of such Pre-Release, (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary determines, in good faith, will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares not deposited but represented by American Depository Shares outstanding at any time as a result of Pre-Releases will not normally exceed thirty percent (30%) of the Shares deposited under the Deposit Agreement; *provided, however,* that the Depositary reserves the right to disregard such limit from time to time as it deems reasonably appropriate, and may, with the prior written consent of the Company, change such limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre-Release transactions to be entered into under the Deposit Agreement with any particular Pre-Release on a case-by-case basis as the Depositary deems appropriate. For purposes of enabling the Depositary to fulfill its obligations to the Owners under the Deposit Agreement, the collateral referred to in clause (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee’s obligations to the Depositary in connection with a Pre-Release transaction, including the Pre-Releasee’s obligation to deliver Shares or Receipts upon termination of a Pre-Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities under the Deposit Agreement).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

## **9. TITLE TO RECEIPTS.**

It is a condition of this Receipt and every successive Owner and holder of this Receipt by accepting or holding the same consents and agrees, that title to this Receipt when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of New York; *provided, however,* that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this Receipt is registered on the books of the Depositary as the absolute Owner hereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement or for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under the Deposit Agreement to any holder of a Receipt unless such holder is the Owner thereof.

## **10. VALIDITY OF RECEIPT.**

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been executed by the Depositary by the manual signature of a duly

authorized signatory of the Depositary; *provided, however* that such signature may be a facsimile if a Registrar for the Receipts shall have been appointed and such Receipts are countersigned by the manual signature of a duly authorized officer of the Registrar.

## **11. REPORTS; INSPECTION OF TRANSFER BOOKS.**

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission. Such reports will be available for inspection and copying at the public reference facilities maintained by the Commission located at 100 F Street, N.E., Washington, D.C. 20549.

The Depositary will make available for inspection by Owners of Receipts at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary will also, upon written request, send to Owners of Receipts copies of such reports when furnished by the Company pursuant to the Deposit Agreement. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Company shall be furnished in English to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

The Depositary will keep books, at its Corporate Trust Office, for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Owners of Receipts provided that such inspection shall not be for the purpose of communicating with Owners of Receipts in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the Receipts.

## **12. DIVIDENDS AND DISTRIBUTIONS.**

Whenever the Depositary receives any cash dividend or other cash distribution on any Deposited Securities, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into United States dollars transferable to the United States, and subject to the Deposit Agreement, convert such dividend or distribution into dollars, as promptly as practicable and will distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners of Receipts entitled thereto; *provided, however*, that in the event that the Company or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes, the amount distributed to the Owners of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly.

Subject to the provisions of Section 4.11 and 5.9 of the Deposit Agreement, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 of the Deposit Agreement, the Depositary will, as promptly as practicable, cause the securities or property received by it to be distributed to the Owners entitled thereto, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; *provided, however*, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners of Receipts entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) will be distributed by the Depositary to the Owners of Receipts entitled thereto all in the manner and

subject to the conditions described in Section 4.1 of the Deposit Agreement. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under Section 4.2 of the Deposit Agreement that is sufficient to pay its fees and expenses in respect of that distribution.

If any distribution upon any Deposited Securities consists of a stock split under the Company Law, which means any kind of stock split in relation to the Shares, including a subdivision of, dividend in, or free distribution of, Shares, the Depositary may distribute to the Owners of outstanding Receipts entitled thereto, additional Receipts evidencing an aggregate number of American Depository Shares representing the amount of Shares received as such stock split, dividend or free distribution subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and issuance of American Depository Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and after deduction or upon payment of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement (and the Depositary may sell, by public or private sale, an amount of the Shares received sufficient to pay its fees and expenses in respect of that distribution). In lieu of delivering Receipts for fractional American Depository Shares in any such case, the Depositary will sell the amount of Shares represented by the aggregate of such fractions by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Share, or a full Unit, as the case may be, by sale of such portion to the Company in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Company) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. No distribution to Owners pursuant to Section 4.3 of the Deposit Agreement shall be unreasonably delayed by any action of the Depositary or the Custodian. If additional Receipts are not so distributed, each American Depository Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges, and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners of Receipts entitled thereto.

In connection with any distribution to Owners, the Company or its agent will remit to the appropriate governmental agency or authority all amounts (if any) required under applicable law to be withheld and remitted by the Company or such agent and owing to such agency or authority and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required under applicable law to be withheld and remitted by the Depositary or the Custodian and owing to such authority or agency by the Depositary or Custodian. The Depositary shall forward to the Company or its agents such information from its records as the Company may reasonably request to enable the Company or its agent to file necessary reports with governmental authorities or agencies.

Owners may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depositary or Custodian may deem necessary or proper. The Owners shall indemnify the Company, the Depositary, the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit.

### **13. CONVERSION OF FOREIGN CURRENCY.**

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall, as promptly as practicable, convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9 of the Deposit Agreement.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the reasonable opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

### **14. RIGHTS.**

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its reasonable discretion that it is lawful and feasible to make such rights available to all or certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it reasonably determines the distribution to be lawful and feasible, in proportion to the number of American Depository Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depository Shares of such Owner under the Deposit Agreement, the Depositary will make such rights available to such Owner upon written notice from the Company to the Depositary that (a) the Company has elected in its sole discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Company has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to purchase additional shares to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the Shares, and the Company shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Owner. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of the Deposit Agreement, and shall, pursuant to Section 2.3 of the Deposit Agreement, execute and deliver Receipts to such Owner. In the case of a distribution pursuant to the second paragraph of this Article 14, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions, if any, on sale, deposit, cancellation, and transfer under such laws.

If the Depositary determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depository Shares held by the Owners to whom it has reasonably determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees and expenses of the Depositary as provided in Section 5.9 of the Deposit Agreement and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of the Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any Receipt or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to all Owners or are registered under the provisions of such Act; *provided*, that nothing in the Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to such rights or underlying securities or to endeavor to have such a registration statement declared effective. If an Owner of Receipts requests the distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act of 1933, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Owner is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

## **15. RECORD DATES.**

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depository Share, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (a) for the determination of the Owners of Receipts who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof, (ii) entitled to give instructions for the exercise of voting rights at any such meeting, or (iii) responsible for any fee assessed by the Depositary pursuant to the Deposit Agreement, or (b) on or after which each American Depository Share will represent the changed number of Shares, subject to the provisions of the Deposit Agreement.

## **16. VOTING OF DEPOSITED SECURITIES.**

Upon receipt from the Company of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, mail to the Owners of Receipts a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information as is contained in such notice of meeting received by the Depositary from the Company, (b) a statement that the Owners of Receipts as of the close of business on a specified record date will be entitled, subject to any applicable provision of law and of the Articles of Incorporation and Share Handling Regulations of the Company, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depository Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Company. Upon the written request of an Owner of a Receipt as of such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable to vote or cause to be voted the amount of Shares or other Deposited Securities represented by such American Depository Shares in accordance with the instructions set forth in such request. So long as under Japanese law and the Articles of Incorporation of the Company votes may only be cast in respect of one or more whole Units of Shares, (i) the same instructions received from Owners shall be aggregated and the Depositary shall endeavor insofar as is practicable to vote or cause to be voted the number of whole Units in respect of which such instructions as so aggregated have been received, in accordance with such instructions, and (ii) such Owners acknowledge and agree that, if the Depositary has received the same instructions any portion of which, after aggregation of all such instructions, constitutes instructions with respect to less than a whole Unit of Shares, the Depositary will be unable to vote or cause to be voted the Shares to which such portion of the instructions applies. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the Shares or other Deposited Securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any Owner with respect to any of the Deposited Securities represented by the American Depository Shares evidenced by such Owner's Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Securities and the Depositary shall give a discretionary proxy to a person designated by the Company to vote such Deposited Securities, provided, that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information as promptly as practicable in writing) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the instruction date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

## **17. CHANGES AFFECTING DEPOSITED SECURITIES.**

Upon any change in nominal value, change in par value, split-up, consolidation, or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, share exchange or share transfer, corporate split, or sale of all or substantially all of the assets affecting the Company or to which it is a party, or upon the acquisition, redemption or cancellation by the Company of the Deposited Securities, any securities, cash or property which shall be received by the Depositary or a Custodian in exchange for, in conversion of, in lieu of or in respect of Deposited Securities shall be treated as new Deposited Securities under the Deposit Agreement, and American Depository Shares shall thenceforth represent, in addition to the existing

Deposited Securities, the right to receive the new Deposited Securities so received, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may execute and deliver additional Receipts as in the case of a distribution in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

#### **18. LIABILITY OF THE COMPANY AND DEPOSITORY.**

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or holder of any Receipt, (i) if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority, or by reason of any provision, present or future, of the Articles of Incorporation or Share Handling Regulations of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from or be subject to any civil or criminal penalty on account of doing or performing any act or thing which by the terms of the Deposit Agreement or Deposited Securities it is provided shall be done or performed, (ii) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, (iii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, (iv) for the inability of any Owner or holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Owners or holders, or (v) for any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement. Where, by the terms of a distribution pursuant to Section 4.1, 4.2 or 4.3 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of the Deposit Agreement, such distribution or offering may not be made available to Owners of Receipts, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Owners or holders of Receipts, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Deposited Securities or in respect of the Receipts, on behalf of any Owner or holder or other person. Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or holder of a Receipt, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with a matter arising wholly after the removal or resignation of the Depositary, provided, that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to the reasonable fees and expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depository Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, pursuant to the provisions of or in connection with the Deposit Agreement and of the Receipts, as the same may be amended, modified, or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of

either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates. No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

#### **19. RESIGNATION AND REMOVAL OF THE DEPOSITORY; APPOINTMENT OF SUCCESSOR CUSTODIAN.**

The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by 90 days prior written notice of such removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary in its discretion may appoint a substitute or additional custodian or custodians.

#### **20. AMENDMENT.**

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Owners or holders of Receipts in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees and cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners of Receipts, shall, however, not become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the Owners of outstanding Receipts. Every Owner of a Receipt at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby except in order to comply with mandatory provisions of applicable law.

#### **21. TERMINATION OF DEPOSIT AGREEMENT.**

The Depositary, at any time at the direction of the Company, shall terminate the Deposit Agreement by mailing notice of such termination to the Owners of all Receipts then outstanding at least 60 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate the Deposit Agreement by mailing notice of such termination to the Company and the Owners of all Receipts then outstanding at least 30 days prior to the date of termination, if at any time 90 days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment as provided in the Deposit Agreement. On and after the date of termination, the Owner of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of Receipts referred to in Section 2.5 of the Deposit Agreement, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depository Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the

Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of four months from the date of termination, the Depositary may sell the Deposited Securities then held under the Deposit Agreement by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Unit, by sale of such portion to the Company in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Company) and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it thereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary with respect to indemnification, charges, and expenses.

## **22. COMPLIANCE WITH U.S. SECURITIES LAWS.**

Notwithstanding anything in the Deposit Agreement or this Receipt to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under the Deposit Agreement to permit the withdrawal or delivery of Deposited Securities in a manner which would violate the U.S. securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

## **23. SUBMISSION TO JURISDICTION; APPOINTMENT OF AGENT FOR SERVICE OF PROCESS.**

In the Deposit Agreement, the Company has (i) appointed Mizuho Corporate Bank, Ltd., New York Branch, with offices at 1251 Avenue of the Americas, New York, NY 10020, as the Company's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depository Shares, the Receipts or this Agreement, (ii) consented and submitted to the jurisdiction of any New York State or United States Federal Court in the City of New York in which any such suit or proceeding may be instituted, and (iii) agreed that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company agrees to deliver, upon the execution and delivery of the Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Company further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depository Shares or Receipts remain outstanding or the Deposit Agreement remains in force. In the event the Company fails to continue such designation and appointment in full force and effect, the Company hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices under the Deposit Agreement, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

## **24. ADOPTION OF UNIT SHARE SYSTEM OR CHANGE IN UNIT.**

The Company agrees that it shall give notice to Owners, pursuant to the last two sentences of the second paragraph of Section 5.6 of the Deposit Agreement, of any amendment to its Articles of Incorporation adopting the unit share system or changing the number of Shares previously designated as a Unit at least two weeks prior to the effectiveness of such amendment.

## **25. WAIVER OF IMMUNITIES.**

To the extent that the Company or any of its properties, assets or revenues may have or hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depository Shares, the Receipts or the Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

**Exhibit 2.3**

**Form of Deposit Agreement**

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MIZUHO FINANCIAL GROUP, INC.

AND

THE BANK OF NEW YORK

As Depository

AND

OWNERS AND HOLDERS OF AMERICAN DEPOSITORY RECEIPTS

Deposit Agreement

Dated as of \_\_\_\_\_, 2006

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## DEPOSIT AGREEMENT

DEPOSIT AGREEMENT dated as of , 2006, among MIZUHO FINANCIAL GROUP, INC., incorporated under the laws of Japan (herein called the Issuer), THE BANK OF NEW YORK, a New York banking corporation (herein called the Depositary), and all Owners (as hereinafter defined) and holders from time to time of American Depository Receipts issued hereunder.

### WITNESSETH:

WHEREAS, the Issuer desires to provide, as hereinafter set forth in this Deposit Agreement, for the deposit of Shares (as hereinafter defined) of the Issuer from time to time with the Depositary or with the Custodian (as hereinafter defined) as agent of the Depositary for the purposes set forth in this Deposit Agreement, for the creation of American Depository Shares (as hereinafter defined) representing the Shares so deposited and for the execution and delivery of American Depository Receipts evidencing the American Depository Shares; and

WHEREAS, the American Depository Receipts are to be substantially in the form of Exhibit A annexed hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises, it is agreed by and between the parties hereto as follows:

### ARTICLE 1. DEFINITIONS

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Deposit Agreement:

#### SECTION 1.1 American Depository Shares.

The term "American Depository Shares" shall mean the securities representing the interests in the Deposited Securities and evidenced by the Receipts issued hereunder. Each American Depository Share shall represent the number of Shares specified in Exhibit A annexed hereto, until there shall occur a distribution upon Deposited Securities covered by Section 4.3 or a change in Deposited Securities covered by Section 4.8 with respect to which additional Receipts are not executed and delivered, and thereafter American Depository Shares shall evidence the amount of Shares or Deposited Securities specified in such Sections.

#### SECTION 1.2 Commission.

The term "Commission" shall mean the Securities and Exchange Commission of the United States or any successor governmental agency in the United States.

#### SECTION 1.3 Company Law.

The term "Company Law" shall mean the Company Law of Japan (Law No. 86 of 2005, as amended).

#### SECTION 1.4 Custodian.

The term "Custodian" shall mean the Tokyo head office of Mizuho Corporate Bank, Ltd., as agent of the Depositary for the purposes of this Deposit Agreement, and any other firm or corporation which may hereafter be appointed by the Depositary pursuant to the terms of Section 5.5, as substitute or additional custodian or custodians hereunder, as the context shall require and shall also mean all of them collectively.

**SECTION 1.5 Deposit Agreement.**

The term “Deposit Agreement” shall mean this Deposit Agreement, as the same may be amended from time to time in accordance with the provisions hereof.

**SECTION 1.6 Deposit, Deliver, Execute, Issue, Register, Surrender, Transfer, Withdraw or Cancel.**

The terms “deposit”, “deliver”, “execute”, “issue”, “register”, “surrender”, “transfer”, “withdraw” or “cancel”, when used with respect to Shares, shall refer, where the context requires, to an entry or entries or an electronic transfer or transfers in an account or accounts maintained by institutions authorized under Japanese law to effect transfers of securities and not to the physical transfer of certificates representing the Shares.

**SECTION 1.7 Depositary; Corporate Trust Office.**

The term “Depositary” shall mean The Bank of New York, a New York banking corporation, and any successor as depositary hereunder. The term “Corporate Trust Office”, when used with respect to the Depositary, shall mean the office of the Depositary which at the date of this Agreement is 101 Barclay Street, New York, New York 10286.

**SECTION 1.8 Deposited Securities.**

The term “Deposited Securities” as of any time shall mean Shares at such time deposited or deemed to be deposited under this Deposit Agreement and any and all other securities, property and cash received by the Depositary or the Custodian in respect thereof and at such time held hereunder, subject as to cash to the provisions of Section 4.5.

**SECTION 1.9 Dollars.**

The term “Dollars” shall mean United States dollars.

**SECTION 1.10 Foreign Currency.**

The term “Foreign Currency” shall mean all lawful currency other than Dollars.

**SECTION 1.11 Foreign Registrar.**

The term “Foreign Registrar” shall mean the entity that presently carries out the duties of registrar for the Shares or any successor as registrar for the Shares and any other appointed agent of the Issuer for the transfer and registration of Shares.

**SECTION 1.12 Issuer.**

The term “Issuer” shall mean Mizuho Financial Group, Inc., incorporated under the laws of Japan, and its successors.

**SECTION 1.13 Owner.**

The term “Owner” shall mean the person in whose name a Receipt is registered on the books of the Depositary maintained for such purpose.

**SECTION 1.14 Receipts.**

The term “Receipts” shall mean the American Depositary Receipts issued hereunder evidencing American Depositary Shares.

#### SECTION 1.15 Registrar.

The term “Registrar” shall mean any bank or trust company having an office in the Borough of Manhattan, The City of New York, which shall be appointed to register Receipts and transfers of Receipts as herein provided, and shall include any co-registrar appointed for such purposes.

#### SECTION 1.16 Restricted Securities.

The term “Restricted Securities” shall mean Shares, or American Depository Shares representing Shares, that are acquired directly or indirectly from the Issuer or its affiliates (as defined in Rule 144 under the Securities Act of 1933) in a transaction or chain of transactions not involving any public offering, or which are subject to resale limitations under Regulation D under the Securities Act of 1933 or both, or which are held by an officer, director (or persons performing similar functions) or other affiliate of the Issuer, or which are subject to other restrictions on sale or deposit under the laws of the United States or Japan, or under a shareholder agreement or the Articles of Incorporation or Share Handling Regulations of the Issuer.

#### SECTION 1.17 Securities Act of 1933.

The term “Securities Act of 1933” shall mean the United States Securities Act of 1933, as from time to time amended.

#### SECTION 1.18 Shares.

The term “Shares” shall mean shares of common stock in registered form of the Issuer, heretofore validly issued and outstanding and fully paid, nonassessable and free of any pre-emptive rights of the holders of outstanding Shares or hereafter validly issued and outstanding and fully paid, nonassessable and free of any pre-emptive rights of the holders of outstanding Shares.

#### SECTION 1.19 Unit.

The term “Unit” shall mean such number of Shares, if any, as the Articles of Incorporation of the Issuer, as amended from time to time, may provide as a “Unit of Shares”.

### **ARTICLE 2. FORM OF RECEIPTS, DEPOSIT OF SHARES, EXECUTION AND DELIVERY, TRANSFER AND SURRENDER OF RECEIPTS**

#### SECTION 2.1 Form and Transferability of Receipts.

Definitive Receipts shall be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless such Receipt shall have been executed by the Depositary by the manual signature of a duly authorized signatory of the Depositary; *provided, however*, that such signature may be a facsimile if a Registrar for the Receipts shall have been appointed and such Receipts are countersigned by the manual signature of a duly authorized officer of the Registrar. The Depositary shall maintain books on which each Receipt so executed and delivered as hereinafter provided and the transfer of each such Receipt shall be registered. Receipts bearing the manual or facsimile signature of a duly authorized signatory of the Depositary who was at any time a proper signatory of the Depositary shall bind the Depositary, notwithstanding that such signatory has ceased to hold such office prior to the execution and delivery of such Receipts by the Registrar or did not hold such office on the date of issuance of such Receipts.

The Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or modifications not inconsistent with the provisions of this Deposit Agreement as may be required by the Depositary or required to comply with any applicable law or regulations thereunder or with the rules and regulations of any securities exchange upon which American Depository Shares may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject by reason of the date of issuance of the underlying Deposited Securities or otherwise.

Title to a Receipt (and to the American Depository Shares evidenced thereby), when properly endorsed or accompanied by proper instruments of transfer, shall be transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of New York; *provided, however,* that the Depositary, notwithstanding any notice to the contrary, may treat the Owner thereof as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes, and neither the Depositary nor the Issuer shall have any obligation or be subject to any liability under this Deposit Agreement to any holder of a Receipt unless such holder is the Owner thereof.

#### SECTION 2.2 Deposit of Shares.

Subject to the terms and conditions of this Deposit Agreement, Shares or evidence of rights to receive Shares may be deposited by delivery thereof to any Custodian hereunder, accompanied by any appropriate instrument or instruments of transfer, or endorsement, in form satisfactory to the Custodian, together with all such certifications as may be required by the Depositary or the Custodian in accordance with the provisions of this Deposit Agreement, and, if the Depositary requires, together with a written order directing the Depositary to execute and deliver to, or upon the written order of, the person or persons stated in such order, a Receipt or Receipts for the number of American Depository Shares representing such deposited Shares or evidence of rights to receive Shares.

No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any governmental body in Japan which is then performing the function of the regulation of currency exchange. If required by the Depositary, Shares presented for deposit at any time, whether or not the transfer books of the Issuer or the Foreign Registrar, if applicable, are closed, shall also be accompanied by an agreement or assignment, or other instrument satisfactory to the Depositary, which will provide for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property which any person in whose name the Shares are or have been recorded may thereafter receive upon or in respect of such deposited Shares, or in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary.

At the request and risk and expense of any person proposing to deposit Shares, and for the account of such person, the Depositary may receive certificates for Shares to be deposited, together with the other instruments herein specified, for the purpose of forwarding such Share certificates to the Custodian for deposit hereunder.

Upon each delivery to a Custodian of a certificate or certificates for Shares to be deposited hereunder, together with the other documents specified above, such Custodian shall, as soon as transfer and recordation can be accomplished, present such certificate or certificates to the Issuer or the Foreign Registrar, if applicable, for transfer and recordation of the Shares being deposited in the name of the Depositary or its nominee or such Custodian or its nominee.

Deposited Securities shall be held by the Depositary or by a Custodian for the account and to the order of the Depositary or at such other place or places as the Depositary shall determine.

### SECTION 2.3 Execution and Delivery of Receipts.

Upon receipt by any Custodian of any deposit pursuant to Section 2.2 hereunder (and in addition, if the transfer books of the Issuer or the Foreign Registrar, if applicable, are open, the Depositary may in its sole discretion require a proper acknowledgment or other evidence from the Issuer that any Deposited Securities have been recorded upon the books of the Issuer or the Foreign Registrar, if applicable, in the name of the Depositary or its nominee or such Custodian or its nominee), together with the other documents required as specified above, such Custodian shall notify the Depositary of such deposit and the person or persons to whom or upon whose written order a Receipt or Receipts are deliverable in respect thereof and the number of American Depository Shares to be evidenced thereby. Such notification shall be made by letter or, at the request, risk and expense of the person making the deposit, by cable, telex or facsimile transmission. Upon receiving such notice from such Custodian, or upon the receipt of Shares by the Depositary, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall execute and deliver at its Corporate Trust Office, to or upon the order of the person or persons entitled thereto, a Receipt or Receipts, registered in the name or names and evidencing any authorized number of American Depository Shares requested by such person or persons, but only upon payment to the Depositary of the fees and expenses of the Depositary for the execution and delivery of such Receipt or Receipts as provided in Section 5.9, and of all taxes and governmental charges and fees payable in connection with such deposit and the transfer of the Deposited Securities.

### SECTION 2.4 Transfer of Receipts; Combination and Split-up of Receipts.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall register transfers of Receipts on its transfer books from time to time, upon any surrender of a Receipt, by the Owner in person or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer, and duly stamped as may be required by the laws of the State of New York and of the United States of America. Thereupon the Depositary shall execute a new Receipt or Receipts and deliver the same to or upon the order of the person entitled thereto.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depository Shares requested, evidencing the same aggregate number of American Depository Shares as the Receipt or Receipts surrendered.

The Depositary, after consultation with the Issuer to the extent practicable, may appoint one or more co-transfer agents for the purpose of effecting transfers, combinations and split-ups of Receipts at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Owners or persons entitled to Receipts and will be entitled to protection and indemnity to the same extent as the Depositary.

### SECTION 2.5 Surrender of Receipts and Withdrawal of Shares.

Upon surrender at the Corporate Trust Office of the Depositary of a Receipt for the purpose of withdrawal of the Deposited Securities represented by the deliverable portion (as defined in Section 2.6) of the American Depository Shares evidenced by such Receipt, and upon payment of the fee of the Depositary for the surrender of Receipts as provided in Section 5.9 and payment of all taxes and governmental charges payable in connection with such surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of this Deposit Agreement, the Owner of such Receipt shall be entitled to delivery, to him or upon his order, of the amount of Deposited Securities at the time represented by the deliverable portion (as defined in Section 2.6) of the American Depository Shares evidenced by such Receipt. Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of such Owner or as ordered by him or certificates properly

endorsed or accompanied by proper instruments of transfer to such Owner or as ordered by him and (b) any other securities, property and cash to which such Owner is then entitled in respect of such Receipts to such Owner or as ordered by him. Such delivery shall be made, as hereinafter provided, without unreasonable delay.

A Receipt surrendered for such purposes may be required by the Depositary to be properly endorsed in blank or accompanied by proper instruments of transfer in blank, and if the Depositary so requires, the Owner thereof shall execute and deliver to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in such order. Thereupon the Depositary shall direct the Custodian to deliver at the office of such Custodian, subject to Sections 2.6, 3.1 and 3.2 and to the other terms and conditions of this Deposit Agreement, to or upon the written order of the person or persons designated in the order delivered to the Depositary as above provided, the amount of Deposited Securities represented by the deliverable portion (as defined in Section 2.6) of the American Depositary Shares evidenced by such Receipt, except that the Depositary may make delivery to such person or persons at the Corporate Trust Office of the Depositary of any dividends or distributions with respect to the Deposited Securities represented by the deliverable portion (as defined in Section 2.6) of the American Depositary Shares evidenced by such Receipt, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depositary.

At the request, risk and expense of any Owner so surrendering a Receipt, and for the account of such Owner, the Depositary shall direct the Custodian to forward any cash or other property (other than rights) comprising, and forward a certificate or certificates, if applicable, and other proper documents of title for, the Deposited Securities represented by deliverable portion (as defined in Section 2.6) of the American Depositary Shares evidenced by such Receipt to the Depositary for delivery at the Corporate Trust Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Owner, by cable, telex or facsimile transmission.

#### SECTION 2.6 Limitations on Execution and Delivery, Transfer and Surrender of Receipts.

As a condition precedent to the execution and delivery, registration of transfer, split-up, combination or surrender of any Receipt or withdrawal of any Deposited Securities, the Depositary, Custodian or Registrar may require payment from the depositor of Shares or the presenter of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as herein provided, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of this Deposit Agreement, including, without limitation, this Section 2.6.

The delivery of Receipts against deposit of Shares generally or against deposit of particular Shares may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary or the Issuer at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Deposit Agreement, or for any other reason, subject to the provisions of the following sentence. Notwithstanding anything to the contrary in this Deposit Agreement, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Issuer or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under this Deposit Agreement any Shares required to be registered under the provisions of the Securities Act of 1933, and any Restricted Securities, unless a registration statement is in effect as to such Shares.

Upon surrender of a Receipt or Receipts by an Owner to the Depositary, as a result of, and to the extent required by, the operation of applicable provisions of the Company Law or any other Japanese law, the Depositary will effect delivery to such Owner of only that portion of Shares (and any other Deposited Securities relating to such Shares) comprising a Share or an integral multiple thereof or, if and as long as the unit share system is adopted and applicable to the Shares, a Unit or an integral multiple thereof (the “deliverable portion” of such Receipt or Receipts). For the purpose of the foregoing sentence, the deliverable portion shall be determined on the basis of the aggregate number of Shares represented by the entire amount of American Depository Shares evidenced by the Receipt or Receipts surrendered by the same Owner at the same time. The Depositary will promptly advise such Owner as to the amount of Shares and Deposited Securities, if any, represented by the non-deliverable portion of such Receipt or Receipts and shall deliver to such Owner a new Receipt evidencing such non-deliverable portion. In addition, the Depositary shall notify such Owner of the additional amount of American Depository Shares which such Owner would be required to surrender in order for the Depositary to effect delivery of all the Shares and Deposited Securities represented by the American Depository Shares of such Owner.

#### SECTION 2.7 Lost Receipts, etc.

In case any Receipt shall be mutilated, destroyed, lost or stolen, the Depositary shall execute and deliver a new Receipt of like tenor in exchange and substitution for such mutilated Receipt upon cancellation thereof, or in lieu of and in substitution for such destroyed, lost or stolen Receipt. Before the Depositary shall execute and deliver a new Receipt in substitution for a destroyed, lost or stolen Receipt, the Owner thereof shall have (a) filed with the Depositary (i) a request for such execution and delivery before the Depositary has notice that the Receipt has been acquired by a bona fide purchaser and (ii) a sufficient indemnity bond and (b) satisfied any other reasonable requirements imposed by the Depositary.

#### SECTION 2.8 Cancellation and Destruction of Surrendered Receipts.

All Receipts surrendered to the Depositary shall be cancelled by the Depositary. Cancelled Receipts shall not be entitled to any benefits under this Deposit Agreement or be valid or enforceable for any purpose. The Depositary is authorized to destroy Receipts so cancelled.

#### SECTION 2.9 Pre-Release of Receipts.

Unless requested in writing by the Issuer to cease doing so, the Depositary may, notwithstanding Section 2.3 hereof, execute and deliver Receipts prior to the receipt of Shares pursuant to Section 2.2 (“Pre-Release”). The Depositary may, pursuant to Section 2.5, deliver Shares upon the receipt and cancellation of Receipts which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom Receipts are to be delivered (the “Pre-Releasee”) that the Pre-Releasee, or its customer, (i) owns the shares or Receipts to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such Shares or Receipts, as the case may be, to the Depositary in its capacity as such and for the benefit of the Owners, and (iii) will not take any action with respect to such Shares or Receipts, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such Shares or Receipts, as the case may be), other than in satisfaction of such Pre-Release, (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary determines, in good faith, will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares not deposited but represented by American Depository Shares outstanding at any time as a result of Pre-Releases will not normally

exceed thirty percent (30%) of the Shares deposited hereunder; *provided, however,* that the Depositary reserves the right to disregard such limit from time to time as it deems reasonably appropriate, and may, with the prior written consent of the Issuer, change such limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre-Release transactions to be entered into hereunder with any particular Pre-Releasee on a case-by-case basis as the Depositary deems appropriate. For purposes of enabling the Depositary to fulfill its obligations to the Owners under the Deposit Agreement, the collateral referred to in clause (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations to the Depositary in connection with a Pre-Release transaction, including the Pre-Releasee's obligation to deliver Shares or Receipts upon termination of a Pre-Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities hereunder).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

## **ARTICLE 3. CERTAIN OBLIGATIONS OF OWNERS AND HOLDERS OF RECEIPTS**

### **SECTION 3.1 Filing Proofs, Certificates and Other Information.**

Any person presenting Shares for deposit or any Owner or holder of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Issuer or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made.

### **SECTION 3.2 Liability of Owner for Taxes.**

If any tax or other governmental charge shall become payable by the Custodian or the Depositary with respect to any Receipt or any Deposited Securities represented by any Receipt, such tax or other governmental charge shall be payable by the Owner of such Receipt to the Depositary. The Depositary may refuse to effect any transfer of such Receipt or any withdrawal of Deposited Securities represented by American Depository Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner thereof any part or all of the Deposited Securities represented by the American Depository Shares evidenced by such Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner of such Receipt shall remain liable for any deficiency.

### **SECTION 3.3 Warranties on Deposit of Shares.**

Every person depositing Shares under this Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, nonassessable and free of any preemptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of Receipts evidencing American Depository Shares representing such Shares by that person are not Restricted Securities. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

## **ARTICLE 4. THE DEPOSITED SECURITIES**

### **SECTION 4.1 Cash Distributions.**

Whenever the Depositary shall receive any cash dividend or other cash distribution on any Deposited Securities, the Depositary shall, subject to the provisions of Section 4.5, convert such dividend or distribution into Dollars, as promptly as practicable and shall distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Section 5.9) to the Owners entitled thereto, in proportion to the number of American Depository Shares representing such Deposited Securities held by them respectively; *provided, however*, that in the event that the Issuer or the Depositary shall be required to withhold and does withhold from such cash dividend or such other cash distribution an amount on account of taxes, the amount distributed to the Owner of the Receipts evidencing American Depository Shares representing such Deposited Securities shall be reduced accordingly. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Owner a fraction of one cent. Any such fractional amounts shall be rounded to the nearest whole cent and so distributed to Owners entitled thereto. The Issuer or its agent will remit to the appropriate governmental agency in Japan all amounts withheld and owing to such agency. The Depositary will forward to the Issuer or its agent such information from its records as the Issuer may reasonably request to enable the Issuer or its agent to file necessary reports with governmental agencies, and the Depositary or the Issuer or its agent may file any such reports necessary to obtain benefits under the applicable tax treaties for the Owners of Receipts.

### **SECTION 4.2 Distributions Other Than Cash, Shares or Rights.**

Subject to the provisions of Sections 4.11 and 5.9, whenever the Depositary shall receive any distribution other than a distribution described in Section 4.1, 4.3 or 4.4, the Depositary shall, as promptly as practicable, cause the securities or property received by it to be distributed to the Owners entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary or any taxes or other governmental charges, in proportion to the number of American Depository Shares representing such Deposited Securities held by them respectively, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; *provided, however*, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners entitled thereto, or if for any other reason (including, but not limited to, any requirement that the Issuer or the Depositary withhold an amount on account of taxes or other governmental charges or that securities received must be registered under the Securities Act of 1933 in order to be distributed to Owners or holders) the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Section 5.9) shall be distributed by the Depositary to the Owners entitled thereto, all in the manner and subject to the conditions described in Section 4.1. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under this Section 4.2 that is sufficient to pay its fees and expenses in respect of that distribution.

### **SECTION 4.3 Distributions in Shares.**

If any distribution upon any Deposited Securities consists of a stock split under the Company Law, which means any kind of stock split in relation to the Shares, including a subdivision of, dividend in, or free distribution of, Shares, the Depositary may distribute to the Owners of outstanding Receipts entitled thereto, in proportion to the number of American Depository Shares representing such Deposited Securities held by them respectively, additional Receipts evidencing an aggregate number of American Depository Shares representing the amount of Shares received as such stock split, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and issuance of American Depository Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 and after deduction or upon

payment of the fees and expenses of the Depositary as provided in Section 5.9 (and the Depositary may sell, by public or private sale, an amount of the Shares received sufficient to pay its fees and expenses in respect of that distribution). The Depositary may withhold any such distribution of Receipts if it has not received satisfactory assurances from the Issuer that such distribution does not require registration under the Securities Act of 1933 or is exempt from registration under the provisions of such Act. In lieu of delivering Receipts for fractional American Depository Shares in any such case, the Depositary shall sell the amount of Shares represented by the aggregate of such fractions by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Share, or a full Unit, by sale of such portion to the Issuer in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Issuer) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1. No distribution to Owners pursuant to this Section 4.3 shall be unreasonably delayed by any action of the Depositary or the Custodian. If additional Receipts are not so distributed, each American Depository Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

#### SECTION 4.4 Rights.

In the event that the Issuer shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its reasonable discretion that it is lawful and feasible to make such rights available to all or certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it reasonably determines the distribution to be lawful and feasible, in proportion to the number of American Depository Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depository Shares of such Owner hereunder, the Depositary will make such rights available to such Owner upon written notice from the Issuer to the Depositary that (a) the Issuer has elected in its sole discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Issuer has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to purchase additional Shares to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the Shares, and the Issuer shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Owner. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of this Deposit Agreement, and shall, pursuant to Section 2.3 of this Deposit Agreement, execute and deliver Receipts to such Owner. In the case of a distribution pursuant to the second paragraph of this section, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions, if any, on sale, deposit, cancellation, and transfer under such laws.

If the Depositary determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the

number of American Depository Shares held by the Owners to whom it has reasonably determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees and expenses of the Depository as provided in Section 5.9 and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of this Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any Receipt or otherwise.

The Depository will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to all Owners or are registered under the provisions of such Act; *provided*, that nothing in this Deposit Agreement shall create any obligation on the part of the Issuer to file a registration statement with respect to such rights or underlying securities or to endeavor to have such a registration statement declared effective. If an Owner of Receipts requests the distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act of 1933, the Depository shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Issuer upon which the Depository may rely that such distribution to such Owner is exempt from such registration.

The Depository shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

#### SECTION 4.5 Conversion of Foreign Currency.

Whenever the Depository or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depository be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depository shall, as promptly as practicable, convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depository shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depository as provided in Section 5.9.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depository shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depository shall determine that in its judgment any foreign currency received by the Depository or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the reasonable opinion of the Depository is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depository, the Depository may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depository to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depository may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depository to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

#### SECTION 4.6 Fixing of Record Date.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depository Share, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (a) for the determination of the Owners who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof, (ii) entitled to give instructions for the exercise of voting rights at any such meeting or (iii) responsible for any fee assessed by the Depositary pursuant to this Deposit Agreement, or (b) on or after which each American Depository Share will represent the changed number of Shares. Subject to the provisions of Sections 4.1 through 4.5 and to the other terms and conditions of this Deposit Agreement, the Owners on such record date shall be entitled, as the case may be, to receive the amount distributable by the Depositary with respect to such dividend or other distribution or such rights or the net proceeds of sale thereof in proportion to the number of American Depository Shares held by them respectively and to give voting instructions and to act in respect of any other such matter.

#### SECTION 4.7 Voting of Deposited Securities.

Upon receipt from the Issuer of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Issuer, the Depositary shall, as soon as practicable thereafter, mail to the Owners a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information as is contained in such notice of meeting received by the Depositary from the Issuer, (b) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of Japanese law and of the Articles of Incorporation and Share Handling Regulations of the Issuer, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depository Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Issuer. Upon the written request of an Owner as of such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor, in so far as practicable, to vote or cause to be voted the amount of Shares or other Deposited Securities represented by the American Depository Shares in accordance with the instructions set forth in such request. So long as under Japanese law and the Articles of Incorporation of the Issuer votes may only be cast in respect of one or more whole Units of Shares, (i) the same instructions received from Owners shall be aggregated and the Depositary shall endeavor insofar as is practicable to vote or cause to be voted the number of whole Units in respect of which such instructions as so aggregated have been received, in accordance with such instructions, and (ii) such Owners acknowledge and agree that, if the Depositary has received the same instructions any portion of which, after aggregation of all such instructions, constitutes instructions with respect to less than a whole Unit of Shares, the Depositary will be unable to vote or cause to be voted the Shares to which such portion of the instructions applies. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the Shares or other Deposited Securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any Owner with respect to any of the Deposited Securities represented by the American Depository Shares evidenced by such Owner's Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Issuer with respect to such Deposited Securities and the Depositary shall give a discretionary proxy to a person designated by the Issuer to vote such Deposited Securities, provided, that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Issuer informs the Depositary (and the Issuer agrees to provide such information as promptly as practicable in writing) that (x) the Issuer does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the instruction date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

#### SECTION 4.8 Changes Affecting Deposited Securities.

Upon any change in nominal value, change in par value, split-up, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, share exchange or share transfer, corporate split, or sale of all or substantially all of the assets affecting the Issuer or to which it is a party, or upon the acquisition, redemption or cancellation by the Issuer of the Deposited Securities, any securities, cash or property which shall be received by the Depositary or a Custodian in exchange for, in conversion of, in lieu of or in respect of Deposited Securities, shall be treated as new Deposited Securities under this Deposit Agreement, and American Depository Shares shall thenceforth represent, in addition to the existing Deposited Securities, the right to receive the new Deposited Securities so received, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may execute and deliver additional Receipts as in the case of a distribution in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

#### SECTION 4.9 Reports.

The Depositary shall make available for inspection by Owners at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Issuer which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Issuer. The Depositary shall also, upon written request, send to the Owners copies of such reports when furnished by the Issuer pursuant to Section 5.6. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Issuer shall be furnished in English, to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

#### SECTION 4.10 *Lists of Owners.*

Promptly upon request by the Issuer, the Depositary shall, at the expense of the Issuer, furnish to it a list, as of a recent date, of the names, addresses and holdings of American Depository Shares by all persons in whose names Receipts are registered on the books of the Depositary.

#### SECTION 4.11 *Withholding.*

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes or charges and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners entitled thereto in proportion to the number of American Depository Shares held by them respectively.

In connection with any distribution to Owners, the Issuer or its agent will remit to the appropriate governmental agency or authority all amounts (if any) required under applicable law to be withheld and remitted by the Issuer or such agent and owing to such agency or authority and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required under applicable law to be withheld and remitted by the Depositary or the Custodian and owing to such authority or agency by the

Depository or Custodian. The Depository shall forward to the Issuer or its agents such information from its records as the Issuer may reasonably request to enable the Issuer or its agent to file necessary reports with governmental authorities or agencies.

Owners may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depository or Custodian may deem necessary or proper. The Owners shall indemnify the Issuer, the Depository, the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit.

## **ARTICLE 5. THE DEPOSITORY, THE CUSTODIANS AND THE ISSUER**

### **SECTION 5.1 Maintenance of Office and Transfer Books by the Depository.**

Until termination of this Deposit Agreement in accordance with its terms, the Depository shall maintain in the Borough of Manhattan, The City of New York, facilities for the execution and delivery, registration, registration of transfers and surrender of Receipts in accordance with the provisions of this Deposit Agreement.

The Depository shall keep books, at its Corporate Trust Office, for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Owners, provided that such inspection shall not be for the purpose of communicating with Owners in the interest of a business or object other than the business of the Issuer or a matter related to this Deposit Agreement or the Receipts.

The Depository may close the transfer books, at any time or from time to time, when deemed expedient by it in good faith in connection with the performance of its duties hereunder.

If any Receipts or the American Depository Shares evidenced thereby are listed on one or more stock exchanges in the United States, the Depository shall act as Registrar or appoint, after consultation with the Issuer to the extent practicable, a Registrar or one or more co-registrars for registry of such Receipts in accordance with any requirements of such exchange or exchanges.

### **SECTION 5.2 Prevention or Delay in Performance by the Depository or the Issuer.**

Neither the Depository nor the Issuer nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or holder of any Receipt, (i) if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the Articles of Incorporation or Share Handling Regulations of the Issuer, or by reason of any provision of any securities issued or distributed by the Issuer, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depository or the Issuer shall be prevented, delayed or forbidden from, or be subject to any civil or criminal penalty on account of, doing or performing any act or thing which by the terms of this Deposit Agreement or Deposited Securities it is provided shall be done or performed, (ii) by reason of any nonperformance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of this Deposit Agreement it is provided shall or may be done or performed, (iii) by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement, (iv) for the inability of any Owner or holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of this Deposit Agreement, made available to Owners or holders, or (v) for any special, consequential or punitive damages for any breach of the terms of this Deposit Agreement. Where, by

the terms of a distribution pursuant to Section 4.1, 4.2, or 4.3 of this Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of this Deposit Agreement, or for any other reason, such distribution or offering may not be made available to Owners, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse.

#### SECTION 5.3 Obligations of the Depositary, the Custodian and the Issuer.

The Issuer assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to Owners or holders, except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

The Depositary assumes no obligation nor shall it be subject to any liability under this Deposit Agreement to any Owner or holder (including, without limitation, liability with respect to the validity or worth of the Deposited Securities), except that it agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

Neither the Depositary nor the Issuer shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the Receipts on behalf of any Owner or holder or any person.

Neither the Depositary nor the Issuer shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or any other person believed by it in good faith to be competent to give such advice or information.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided, that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith.

No disclaimer of liability under the Securities Act of 1933 is intended by any provision of this Deposit Agreement.

#### SECTION 5.4 Resignation and Removal of the Depositary.

The Depositary may at any time resign as Depositary hereunder by written notice of its election so to do delivered to the Issuer, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by the Issuer by 90 days prior written notice of such removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

In case at any time the Depositary acting hereunder shall resign or be removed, the Issuer shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough

of Manhattan, The City of New York. Every successor depositary shall execute and deliver to its predecessor and to the Issuer an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor under this Deposit Agreement; but such predecessor, nevertheless, upon payment of all sums due it and on the written request of the Issuer shall execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all right, title and interest in the Deposited Securities to such successor, and shall deliver to such successor a list of the Owners of all outstanding Receipts. Any such successor depositary shall promptly mail notice of its appointment to all Owners.

Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

#### SECTION 5.5 The Custodians.

The Custodian shall be subject at all times and in all respects to the directions of the Depositary and shall be responsible solely to it. Any Custodian may resign and be discharged from its duties hereunder by notice of such resignation delivered to the Depositary at least 30 days prior to the date on which such resignation is to become effective. If upon such resignation there shall be no Custodian acting hereunder, the Depositary shall, promptly after receiving such notice, appoint a substitute custodian or custodians, each of which shall thereafter be a Custodian hereunder. The Depositary in its discretion may appoint a substitute or additional custodian or custodians, each of which shall thereafter be one of the Custodians hereunder. Upon demand of the Depositary any Custodian shall deliver such of the Deposited Securities held by it as are requested of it to any other Custodian or such substitute or additional custodian or custodians. Each such substitute or additional custodian shall deliver to the Depositary, forthwith upon its appointment, an acceptance of such appointment satisfactory in form and substance to the Depositary.

Upon the appointment of any successor depositary hereunder, each Custodian then acting hereunder shall forthwith become, without any further act or writing, the agent hereunder of such successor depositary and the appointment of such successor depositary shall in no way impair the authority of each Custodian hereunder; but the successor depositary so appointed shall, nevertheless, on the written request of any Custodian, execute and deliver to such Custodian all such instruments as may be proper to give to such Custodian full and complete power and authority as agent hereunder of such successor depositary.

#### SECTION 5.6 Notices and Reports.

On or before the first date on which the Issuer gives notice, by publication or otherwise, of any meeting of holders of Shares or other Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action in respect of any cash or other distributions or the offering of any rights to such holders, the Issuer agrees to transmit to the Depositary and the Custodian a copy of the notice thereof in the form given or to be given to holders of Shares or other Deposited Securities.

The Issuer will arrange for the translation into English or preparation of an English summary, if not already in English, to the extent required pursuant to any regulations of the Commission, and the prompt transmittal by the Issuer to the Depositary and the Custodian of such notices and any other reports and communications which are made generally available by the Issuer to holders of its Shares. If requested in writing by the Issuer, the Depositary will arrange for the mailing, as promptly as practicable, at the Issuer's expense, of copies of such notices, reports and communications to all Owners. The Issuer will timely provide the Depositary with the quantity of such notices, reports, and communications, as requested by the Depositary from time to time, in order for the Depositary to effect such mailings.

#### SECTION 5.7 Distribution of Additional Shares, Rights, etc.

The Issuer agrees that in the event of any issuance or distribution of (1) additional Shares, (2) rights to subscribe for Shares, (3) securities convertible into Shares, or (4) rights to subscribe for such securities (each a "Distribution"), the Issuer will promptly furnish to the Depositary, upon its reasonable request after consultation with the Issuer a written opinion from U.S. counsel for the Issuer, which counsel shall be satisfactory to the Depositary, stating whether or not the Distribution requires a Registration Statement under the Securities Act of 1933 to be in effect prior to making such Distribution available to Owners entitled thereto. If in the opinion of such counsel a Registration Statement is required, such counsel shall furnish to the Depositary a written opinion as to whether or not there is a Registration Statement in effect which will cover such Distribution.

The Issuer agrees with the Depositary that neither the Issuer nor any company controlled by, controlling or under common control with the Issuer will at any time deposit any Shares, either originally issued or previously issued and reacquired by the Issuer or any such affiliate, unless a Registration Statement is in effect as to such Shares under the Securities Act of 1933 or the Issuer furnishes to the Depositary a written opinion from U.S. counsel for the Issuer, which counsel shall be reasonably satisfactory to the Depositary, stating that upon such deposit, such Shares and the American Depository Shares to be issued in respect of such deposit may be publicly offered and sold by the holder thereof in the United States without registration of such Shares under the Securities Act of 1933.

#### SECTION 5.8 Indemnification.

The Issuer agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to the reasonable fees and expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depository Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, pursuant to the provisions of or in connection with this Deposit Agreement and of the Receipts, as the same may be amended, modified or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Issuer or any of its directors, employees, agents and affiliates.

The Depositary agrees to indemnify the Issuer, its directors, employees, agents and affiliates and hold them harmless from any liability or expense (including, but not limited to, the reasonable fees and expenses of counsel) which may arise out of acts performed or omitted by the Depositary or its Custodian or their respective directors, employees, agents and affiliates due to their negligence or bad faith.

If an action, proceeding (including, but not limited to, any governmental investigation), claim or dispute (collectively, a "Proceeding") in respect of which indemnity may be sought by either party is brought or asserted against the other party, the party seeking indemnification (the "Indemnitee") shall promptly (and in no event more than ten (10) days after receipt of notice of such Proceeding) notify the party obligated to provide such indemnification (the "Indemnitor") of such Proceeding. The failure of the Indemnitee to so notify the Indemnitor shall not impair the Indemnitee's ability to seek indemnification from the Indemnitor (but only for costs, expenses and liabilities incurred after such notice) unless such failure adversely affects the Indemnitor's ability to adequately oppose or defend such Proceeding. Upon receipt of such notice from the Indemnitee, the Indemnitor shall be entitled to participate in such Proceeding and, to the extent that it shall so desire and provided no conflict of interest exists as specified in subparagraph (b) below or there are no other defenses available to Indemnitee as specified in subparagraph (d) below, to assume the defense thereof with counsel reasonably satisfactory to the Indemnitee (in which case all attorney's fees and expenses shall be borne by the Indemnitor and the Indemnitor shall in good faith defend the Indemnitee). The Indemnitee shall have the right to employ separate counsel in any

such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be borne by the Indemnitee unless (a) the Indemnitor agrees in writing to pay such fees and expenses, (b) the Indemnitee shall have reasonably and in good faith concluded that there is a conflict of interest between the Indemnitor and the Indemnitee in the conduct of the defense of such action, (c) the Indemnitor fails, within ten (10) days prior to the date the first response or appearance is required to be made in such Proceeding, to assume the defense of such Proceeding with counsel reasonably satisfactory to the Indemnitee or (d) there are legal defenses available to Indemnitee that are different from or are in addition to those available to the Indemnitor. No compromise or settlement of such Proceeding may be effected by either party without the other party's consent unless (i) there is no finding or admission of any violation of law and no effect on any other claims that may be made against such other party and (ii) the sole relief provided is monetary damages that are paid in full by the party seeking the settlement. Neither party shall have any liability with respect to any compromise or settlement effected without its consent, which shall not be unreasonably withheld. The Indemnitor shall have no obligation to indemnify and hold harmless the Indemnitee from any loss, expense or liability incurred by the Indemnitee as a result of a default judgment entered against the Indemnitee unless such judgment was entered after the Indemnitor agreed, in writing, to assume the defense of such Proceeding.

#### SECTION 5.9 Charges of Depositary.

The Issuer agrees to pay the fees, reasonable expenses and out-of-pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Issuer from time to time. The Depositary shall present its statement for such charges and expenses to the Issuer at least once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Issuer or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.3), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Issuer or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable, telex and facsimile transmission expenses as are expressly provided in this Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5, (5) a fee of \$5.00 or less per 100 American Depository Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.3, 4.3 or 4.4 and the surrender of Receipts pursuant to Section 2.5 or 6.2, (6) to the extent permitted by the exchange on which the American Depository Shares may be listed for trading, a fee of \$.02 or less per American Depository Share (or portion thereof) for any cash distribution made pursuant to the Deposit Agreement, including, but not limited to Sections 4.1 through 4.4, (7) a fee for the distribution of securities pursuant to Section 4.2, such fee being in an amount equal to the fee for the execution and delivery of American Depository Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, and (8) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of Shares or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 and shall be payable at the sole discretion of the Depositary by billing such Owners for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Section 2.9 hereof, may own and deal in any class of securities of the Issuer and its affiliates and in Receipts.

#### **SECTION 5.10 Retention of Depositary Documents.**

The Depositary is authorized to destroy those documents, records, bills and other data compiled during the term of this Deposit Agreement at the times permitted by the laws or regulations governing the Depositary unless the Issuer requests that such papers be retained for a longer period or turned over to the Issuer or to a successor depositary.

#### **SECTION 5.11 Exclusivity.**

The Issuer agrees not to appoint any other depositary for issuance of American Depositary Receipts so long as The Bank of New York is acting as Depositary hereunder.

#### **SECTION 5.12 List of Restricted Securities Owners.**

From time to time, the Issuer shall provide to the Depositary a list setting forth, to the actual knowledge of the Issuer, those persons or entities who beneficially own Restricted Securities and the Issuer shall update that list on a regular basis. The Issuer agrees to advise in writing each of the persons or entities so listed that such Restricted Securities are ineligible for deposit hereunder. The Depositary may rely on such a list or update but shall not be liable for any action or omission made in reliance thereon.

#### **SECTION 5.13 Adoption of Unit Share System or Change in Unit.**

The Issuer agrees that it shall give notice to Owners, pursuant to the last two sentences of the second paragraph of Section 5.6 of this Deposit Agreement, of any amendment to its Articles of Incorporation adopting the unit share system or changing the number of Shares previously designated as a Unit at least two weeks prior to the effectiveness of such amendment.

### **ARTICLE 6. AMENDMENT AND TERMINATION**

#### **SECTION 6.1 Amendment.**

The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Issuer and the Depositary without the consent of Owners or holders of Receipts in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the Owners of outstanding Receipts. Every Owner, at the time any amendment so becomes effective, shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

#### **SECTION 6.2 Termination.**

The Depositary shall, at any time at the direction of the Issuer, terminate this Deposit Agreement by mailing notice of such termination to the Owners of all Receipts then outstanding at least 60 days prior to the date fixed in such notice for such termination. The Depositary may likewise terminate this Deposit Agreement by mailing notice of such termination to the Issuer and the Owners of all Receipts then outstanding at least 30 days prior to the date of termination, if at any time 90 days shall have expired after the Depositary shall have delivered to the

Issuer a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4. On and after the date of termination, the Owner of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depositary, (b) payment of the fee of the Depositary for the surrender of Receipts referred to in Section 2.5, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depository Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under this Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in this Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depositary (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of four months from the date of termination, the Depositary may sell the Deposited Securities then held hereunder by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Unit, by sale of such portion to the Issuer in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Issuer) and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under this Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of this Deposit Agreement, the Issuer shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9 hereof.

## ARTICLE 7. MISCELLANEOUS

### SECTION 7.1 Counterparts.

This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts shall constitute one and the same instrument. Copies of this Deposit Agreement shall be filed with the Depositary and the Custodians and shall be open to inspection by any Owner or holder of a Receipt during business hours.

### SECTION 7.2 No Third Party Beneficiaries.

This Deposit Agreement is for the exclusive benefit of the parties hereto and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

### SECTION 7.3 Severability.

In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

#### SECTION 7.4 Owners and Holders as Parties; Binding Effect.

The Owners and holders of Receipts from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance thereof.

#### SECTION 7.5 Notices.

Any and all notices to be given to the Issuer shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to Mizuho Financial Group, Inc., 1-5-5, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan, or any other place to which the Issuer may have transferred its principal office.

Any and all notices to be given to the Depositary shall be deemed to have been duly given if in English and personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to The Bank of New York, 101 Barclay Street, New York, New York 10286, Attention: American Depositary Receipt Administration, or any other place to which the Depositary may have transferred its Corporate Trust Office.

Any and all notices to be given to any Owner shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex or facsimile transmission confirmed by letter, addressed to such Owner at the address of such Owner as it appears on the transfer books for Receipts of the Depositary, or, if such Owner shall have filed with the Depositary a written request that notices intended for such Owner be mailed to some other address, at the address designated in such request.

Delivery of a notice sent by mail or cable, telex or facsimile transmission shall be deemed to be effected at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex or facsimile transmission) is deposited, postage prepaid, in a post-office letter box. The Depositary or the Issuer may, however, act upon any cable, telex or facsimile transmission received by it, notwithstanding that such cable, telex or facsimile transmission shall not subsequently be confirmed by letter as aforesaid.

#### SECTION 7.6 Submission to Jurisdiction; Appointment of Agent for Service of Process.

The Issuer hereby (i) irrevocably designates and appoints Mizuho Corporate Bank, Ltd., New York Branch, with offices at 1251 Avenue of the Americas, New York, NY 10020, as the Issuer's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Agreement, (ii) consents and submits to the jurisdiction of any New York State or United States Federal Court in the City of New York in which any such suit or proceeding may be instituted, and (iii) agrees that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Issuer in any such suit or proceeding. The Issuer agrees to deliver, upon the execution and delivery of this Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Issuer further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depositary Shares or Receipts remain outstanding or this Agreement remains in force. In the event the Issuer fails to continue such designation and appointment in full force and effect, the Issuer hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Issuer at its address last specified for notices hereunder, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

#### SECTION 7.7 Compliance with U.S. Securities Laws.

Notwithstanding anything in this Deposit Agreement to the contrary, the Issuer and the Depositary each agrees that it will not exercise any rights it has under this Deposit Agreement to permit the withdrawal or

delivery of Deposited Securities in a manner which would violate the U.S. securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

**SECTION 7.8 Waiver of Immunities.**

To the extent that the Issuer or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depository Shares, the Receipts or this Agreement, the Issuer, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

**SECTION 7.9 Governing Law.**

This Deposit Agreement and the Receipts shall be interpreted and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, MIZUHO FINANCIAL GROUP, INC. and THE BANK OF NEW YORK have duly executed this Deposit Agreement as of the day and year first set forth above and all Owners shall become parties hereto upon acceptance by them of Receipts issued in accordance with the terms hereof.

MIZUHO FINANCIAL GROUP, INC.

By: \_\_\_\_\_

Name:

Title:

THE BANK OF NEW YORK,  
as Depository

By: \_\_\_\_\_

Name:

Title:

## EXHIBIT A

AMERICAN DEPOSITORY SHARES  
(Each American Depository Share  
represents 1/500<sup>th</sup> of one deposited Share)

THE BANK OF NEW YORK  
AMERICAN DEPOSITORY RECEIPT  
FOR SHARES OF COMMON STOCK OF  
MIZUHO FINANCIAL GROUP, INC.  
(INCORPORATED UNDER THE LAWS OF JAPAN)

The Bank of New York, as depositary (hereinafter called the "Depository"), hereby certifies that \_\_\_\_\_  
\_\_\_\_\_, or registered assigns IS THE OWNER OF  
\_\_\_\_\_

### AMERICAN DEPOSITORY SHARES

representing deposited shares of common stock (herein called "Shares") of Mizuho Financial Group, Inc. incorporated under the laws of Japan (herein called the "Company"). At the date hereof, each American Depository Share represents 1/500<sup>th</sup> of one Share deposited or subject to deposit under the Deposit Agreement (as such term is hereinafter defined) at the Tokyo head office of Mizuho Corporate Bank, Ltd. (herein called the "Custodian"). The Depository's Corporate Trust Office is located at a different address than its principal executive office. Its Corporate Trust Office is located at 101 Barclay Street, New York, N.Y. 10286, and its principal executive office is located at One Wall Street, New York, N.Y. 10286.

THE DEPOSITORY'S CORPORATE TRUST OFFICE ADDRESS IS  
101 BARCLAY STREET, NEW YORK, N.Y. 10286

## **1. THE DEPOSIT AGREEMENT.**

This American Depository Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the deposit agreement, dated as of \_\_\_\_\_, 2006 (herein called the "Deposit Agreement"), by and among the Company, the Depository, and all Owners and holders from time to time of Receipts issued thereunder, each of whom by accepting a Receipt agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Owners and holders of the Receipts and the rights and duties of the Depository in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Shares and held thereunder (such Shares, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depository's Corporate Trust Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms defined in the Deposit Agreement and not defined herein shall have the meanings set forth in the Deposit Agreement.

## **2. SURRENDER OF RECEIPTS AND WITHDRAWAL OF SHARES.**

Upon surrender at the Corporate Trust Office of the Depository of this Receipt, and upon payment of the fee of the Depository provided in this Receipt, and subject to the terms and conditions of the Deposit Agreement, the Owner hereof is entitled to delivery, to him or upon his order, of the Deposited Securities at the time represented by the deliverable portion (as defined in Article 3 hereof) of the American Depository Shares for which this Receipt is issued. Delivery of such Deposited Securities may be made by the delivery of (a) certificates in the name of the Owner hereof or as ordered by him or certificates properly endorsed or accompanied by proper instruments of transfer and (b) any other securities, property and cash to which such Owner is then entitled in respect of this Receipt. Such delivery will be made at the option of the Owner hereof, either at the office of the Custodian or at the Corporate Trust Office of the Depository, provided that the forwarding of certificates for Shares or other Deposited Securities for such delivery at the Corporate Trust Office of the Depository shall be at the risk and expense of the Owner hereof.

## **3. TRANSFERS, SPLIT-UPS, AND COMBINATIONS OF RECEIPTS.**

The transfer of this Receipt is registrable on the books of the Depository at its Corporate Trust Office by the Owner hereof in person or by a duly authorized attorney, upon surrender of this Receipt properly endorsed for transfer or accompanied by proper instruments of transfer and funds sufficient to pay any applicable transfer taxes and the expenses of the Depository and upon compliance with such regulations, if any, as the Depository may establish for such purpose. This Receipt may be split into other such Receipts, or may be combined with other such Receipts into one Receipt, evidencing the same aggregate number of American Depository Shares as the Receipt or Receipts surrendered. As a condition precedent to the execution and delivery, registration of transfer, split-up, combination, or surrender of any Receipt or withdrawal of any Deposited Securities, the Depository, the Custodian, or Registrar may require payment from the depositor of the Shares or the presentor of the Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in this Receipt, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depository may establish consistent with the provisions of the Deposit Agreement or this Receipt, including, without limitation, this Article 3.

The delivery of Receipts against deposit of Shares generally or against deposit of particular Shares may be suspended, or the transfer of Receipts in particular instances may be refused, or the registration of transfer of outstanding Receipts generally may be suspended, during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement or this Receipt, or for any other reason, subject to the provisions of the following sentence. Notwithstanding anything to the contrary in the Deposit Agreement or this Receipt, the surrender of outstanding Receipts and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the Receipts or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares required to be registered under the provisions of the Securities Act of 1933, and any Restricted Securities, unless a registration statement is in effect as to such Shares.

Upon surrender of a Receipt or Receipts by an Owner to the Depositary, as a result of, and to the extent required by, the operation of applicable provisions of the Company Law or any other Japanese law, the Depositary will effect delivery to such Owner of only that portion of Shares (and any other Deposited Securities relating to such Shares) comprising a Share or an integral multiple thereof or, if and as long as the unit share system is adopted and applicable to the Shares, a Unit or an integral multiple thereof (the "deliverable portion" of such Receipt or Receipts). For the purpose of the foregoing sentence, the deliverable portion shall be determined on the basis of the aggregate number of Shares represented by the entire amount of American Depository Shares evidenced by the Receipt or Receipts surrendered by the same Owner at the same time. The Depositary will promptly advise such Owner as to the amount of Shares and Deposited Securities, if any, represented by the non-deliverable portion of such Receipt or Receipts and shall deliver to such Owner a new Receipt evidencing such non-deliverable portion. In addition, the Depositary shall notify such Owner of the additional amount of American Depository Shares which such Owner would be required to surrender in order for the Depositary to effect delivery of all the Shares and Deposited Securities represented by the American Depository Shares of such Owner.

#### **4. LIABILITY OF OWNER FOR TAXES.**

If any tax or other governmental charge shall become payable with respect to any Receipt or any Deposited Securities represented hereby, such tax or other governmental charge shall be payable by the Owner hereof to the Depositary. The Depositary may refuse to effect any transfer of this Receipt or any withdrawal of Deposited Securities represented by American Depository Shares evidenced by such Receipt until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner hereof any part or all of the Deposited Securities represented by the American Depository Shares evidenced by this Receipt, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner hereof shall remain liable for any deficiency.

#### **5. WARRANTIES ON DEPOSIT OF SHARES.**

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, non-assessable, and free of any preemptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of Receipts evidencing American Depository Shares representing such Shares by that person are not Restricted Securities. Such representations and warranties shall survive the deposit of Shares and issuance of Receipts.

## **6. FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION.**

Any person presenting Shares for deposit or any Owner or holder of a Receipt may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any Receipt or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made. No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval has been granted by any governmental body in Japan which is then performing the function of the regulation of currency exchange.

## **7. CHARGES OF DEPOSITORY.**

The Company agrees to pay the fees, reasonable expenses and out-of-pocket charges of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Company from time to time. The Depositary shall present its statement for such charges and expenses to the Company at least once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering Receipts or to whom Receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the Receipts or Deposited Securities or a distribution of Receipts pursuant to Section 4.3 of the Deposit Agreement), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals under the terms of the Deposit Agreement, (3) such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5 of the Deposit Agreement, (5) a fee of \$5.00 or less per 100 American Depository Shares (or portion thereof) for the execution and delivery of Receipts pursuant to Section 2.3, 4.3 or 4.4 of the Deposit Agreement and the surrender of Receipts pursuant to Section 2.5 or 6.2 of the Deposit Agreement, (6) to the extent permitted by the exchange on which the American Depository Shares may be listed for trading, a fee of \$.02 or less per American Depository Share (or portion thereof) for any cash distribution made pursuant to Sections 4.1 through 4.4 of the Deposit Agreement, (7) a fee for the distribution of securities pursuant to Section 4.2 of the Deposit Agreement, such fee being in an amount equal to the fee for the execution and delivery of American Depository Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares), but which securities are instead distributed by the Depositary to Owners, and (8) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of Shares or other Deposited Securities (which charge shall be assessed against Owners as of the date or dates set by the Depositary in accordance with Section 4.6 of the Deposit Agreement and shall be payable at the sole discretion of the Depositary by billing such Owners for such charge or by deducting such charge from one or more cash dividends or other cash distributions).

The Depositary, subject to Article 8 hereof, may own and deal in any class of securities of the Company and its affiliates and in Receipts.

## **8. PRE-RELEASE OF RECEIPTS.**

Unless requested in writing by the Company to cease doing so, the Depositary may notwithstanding Section 2.3 of the Deposit Agreement, execute and deliver Receipts prior to the receipt of Shares pursuant to Section 2.2 of the Deposit Agreement (“Pre-Release”). The Depositary may, pursuant to Section 2.5 of the Deposit Agreement, deliver Shares upon the receipt and cancellation of Receipts which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such Receipt has been Pre-Released. The Depositary may receive Receipts in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom Receipts are to be delivered (the “Pre-Releasee”) that the Pre-Releasee, or its customer, (i) owns the shares or Receipts to be remitted, as the case may be, (ii) assigns all beneficial rights, title and interest in such Shares or Receipts, as the case may be, to the Depositary in its capacity as such and for the benefit of the Owners, and (iii) will not take any action with respect to such Shares or Receipts, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such Shares or Receipts, as the case may be) other than in satisfaction of such Pre-Release, (b) at all times fully collateralized with cash, U.S. government securities or such other collateral as the Depositary determines, in good faith, will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares not deposited but represented by American Depository Shares outstanding at any time as a result of Pre-Releases will not normally exceed thirty percent (30%) of the Shares deposited under the Deposit Agreement; *provided, however,* that the Depositary reserves the right to disregard such limit from time to time as it deems reasonably appropriate, and may, with the prior written consent of the Company, change such limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre-Release transactions to be entered into under the Deposit Agreement with any particular Pre-Release on a case-by-case basis as the Depositary deems appropriate. For purposes of enabling the Depositary to fulfill its obligations to the Owners under the Deposit Agreement, the collateral referred to in clause (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee’s obligations to the Depositary in connection with a Pre-Release transaction, including the Pre-Releasee’s obligation to deliver Shares or Receipts upon termination of a Pre-Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities under the Deposit Agreement).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

## **9. TITLE TO RECEIPTS.**

It is a condition of this Receipt and every successive Owner and holder of this Receipt by accepting or holding the same consents and agrees, that title to this Receipt when properly endorsed or accompanied by proper instruments of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument under the laws of New York; *provided, however,* that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this Receipt is registered on the books of the Depositary as the absolute Owner hereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement or for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under the Deposit Agreement to any holder of a Receipt unless such holder is the Owner thereof.

## **10. VALIDITY OF RECEIPT.**

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been executed by the Depositary by the manual signature of a duly

authorized signatory of the Depositary; *provided, however* that such signature may be a facsimile if a Registrar for the Receipts shall have been appointed and such Receipts are countersigned by the manual signature of a duly authorized officer of the Registrar.

## **11. REPORTS; INSPECTION OF TRANSFER BOOKS.**

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission. Such reports will be available for inspection and copying at the public reference facilities maintained by the Commission located at 100 F Street, N.E., Washington, D.C. 20549.

The Depositary will make available for inspection by Owners of Receipts at its Corporate Trust Office any reports and communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary will also, upon written request, send to Owners of Receipts copies of such reports when furnished by the Company pursuant to the Deposit Agreement. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Company shall be furnished in English to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

The Depositary will keep books, at its Corporate Trust Office, for the registration of Receipts and transfers of Receipts which at all reasonable times shall be open for inspection by the Owners of Receipts provided that such inspection shall not be for the purpose of communicating with Owners of Receipts in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the Receipts.

## **12. DIVIDENDS AND DISTRIBUTIONS.**

Whenever the Depositary receives any cash dividend or other cash distribution on any Deposited Securities, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into United States dollars transferable to the United States, and subject to the Deposit Agreement, convert such dividend or distribution into dollars, as promptly as practicable and will distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners of Receipts entitled thereto; *provided, however*, that in the event that the Company or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes, the amount distributed to the Owners of the Receipts evidencing American Depositary Shares representing such Deposited Securities shall be reduced accordingly.

Subject to the provisions of Section 4.11 and 5.9 of the Deposit Agreement, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 of the Deposit Agreement, the Depositary will, as promptly as practicable, cause the securities or property received by it to be distributed to the Owners entitled thereto, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; *provided, however*, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners of Receipts entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) will be distributed by the Depositary to the Owners of Receipts entitled thereto all in the manner and

subject to the conditions described in Section 4.1 of the Deposit Agreement. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under Section 4.2 of the Deposit Agreement that is sufficient to pay its fees and expenses in respect of that distribution.

If any distribution upon any Deposited Securities consists of a stock split under the Company Law, which means any kind of stock split in relation to the Shares, including a subdivision of, dividend in, or free distribution of, Shares, the Depositary may distribute to the Owners of outstanding Receipts entitled thereto, additional Receipts evidencing an aggregate number of American Depository Shares representing the amount of Shares received as such stock split, dividend or free distribution subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and issuance of American Depository Shares evidenced by Receipts, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and after deduction or upon payment of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement (and the Depositary may sell, by public or private sale, an amount of the Shares received sufficient to pay its fees and expenses in respect of that distribution). In lieu of delivering Receipts for fractional American Depository Shares in any such case, the Depositary will sell the amount of Shares represented by the aggregate of such fractions by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Share, or a full Unit, as the case may be, by sale of such portion to the Company in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Company) and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. No distribution to Owners pursuant to Section 4.3 of the Deposit Agreement shall be unreasonably delayed by any action of the Depositary or the Custodian. If additional Receipts are not so distributed, each American Depository Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges, and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners of Receipts entitled thereto.

In connection with any distribution to Owners, the Company or its agent will remit to the appropriate governmental agency or authority all amounts (if any) required under applicable law to be withheld and remitted by the Company or such agent and owing to such agency or authority and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required under applicable law to be withheld and remitted by the Depositary or the Custodian and owing to such authority or agency by the Depositary or Custodian. The Depositary shall forward to the Company or its agents such information from its records as the Company may reasonably request to enable the Company or its agent to file necessary reports with governmental authorities or agencies.

Owners may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depositary or Custodian may deem necessary or proper. The Owners shall indemnify the Company, the Depositary, the Custodian and any of their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit.

### **13. CONVERSION OF FOREIGN CURRENCY.**

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall, as promptly as practicable, convert or cause to be converted, by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of delivery of any Receipt or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9 of the Deposit Agreement.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the reasonable opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

### **14. RIGHTS.**

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its reasonable discretion that it is lawful and feasible to make such rights available to all or certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it reasonably determines the distribution to be lawful and feasible, in proportion to the number of American Depository Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner of Receipts requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depository Shares of such Owner under the Deposit Agreement, the Depositary will make such rights available to such Owner upon written notice from the Company to the Depositary that (a) the Company has elected in its sole

discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Company has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to purchase additional shares to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the Shares, and the Company shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Owner. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of the Deposit Agreement, and shall, pursuant to Section 2.3 of the Deposit Agreement, execute and deliver Receipts to such Owner. In the case of a distribution pursuant to the second paragraph of this Article 14, such Receipts shall be legended in accordance with applicable U.S. laws, and shall be subject to the appropriate restrictions, if any, on sale, deposit, cancellation, and transfer under such laws.

If the Depositary determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depository Shares held by the Owners to whom it has reasonably determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees and expenses of the Depositary as provided in Section 5.9 of the Deposit Agreement and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of the Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any Receipt or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to all Owners or are registered under the provisions of such Act; *provided*, that nothing in the Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to such rights or underlying securities or to endeavor to have such a registration statement declared effective. If an Owner of Receipts requests the distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act of 1933, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Owner is exempt from such registration.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

## **15. RECORD DATES.**

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depository Share, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (a) for the determination of the Owners of Receipts who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof, (ii) entitled to give instructions for the exercise of voting rights at any such meeting, or (iii) responsible for any fee assessed by the Depositary pursuant to the Deposit Agreement, or (b) on or after which each American Depository Share will represent the changed number of Shares, subject to the provisions of the Deposit Agreement.

## **16. VOTING OF DEPOSITED SECURITIES.**

Upon receipt from the Company of notice of any meeting of holders of Shares or other Deposited Securities, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, mail to the Owners of Receipts a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information as is contained in such notice of meeting received by the Depositary from the Company, (b) a statement that the Owners of Receipts as of the close of business on a specified record date will be entitled, subject to any applicable provision of law and of the Articles of Incorporation and Share Handling Regulations of the Company, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depository Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Company. Upon the written request of an Owner of a Receipt as of such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor insofar as practicable to vote or cause to be voted the amount of Shares or other Deposited Securities represented by such American Depository Shares in accordance with the instructions set forth in such request. So long as under Japanese law and the Articles of Incorporation of the Company votes may only be cast in respect of one or more whole Units of Shares, (i) the same instructions received from Owners shall be aggregated and the Depositary shall endeavor insofar as is practicable to vote or cause to be voted the number of whole Units in respect of which such instructions as so aggregated have been received, in accordance with such instructions, and (ii) such Owners acknowledge and agree that, if the Depositary has received the same instructions any portion of which, after aggregation of all such instructions, constitutes instructions with respect to less than a whole Unit of Shares, the Depositary will be unable to vote or cause to be voted the Shares to which such portion of the instructions applies. The Depositary shall not vote or attempt to exercise the right to vote that attaches to the Shares or other Deposited Securities, other than in accordance with such instructions or deemed instructions. If no instructions are received by the Depositary from any Owner with respect to any of the Deposited Securities represented by the American Depository Shares evidenced by such Owner's Receipts on or before the date established by the Depositary for such purpose, the Depositary shall deem such Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Securities and the Depositary shall give a discretionary proxy to a person designated by the Company to vote such Deposited Securities, provided, that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information as promptly as practicable in writing) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the instruction date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

## **17. CHANGES AFFECTING DEPOSITED SECURITIES.**

Upon any change in nominal value, change in par value, split-up, consolidation, or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, share exchange or share transfer, corporate split, or sale of all or substantially all of the assets affecting the Company or to which it is a party, or upon the acquisition, redemption or cancellation by the Company of the Deposited Securities, any securities, cash or property which shall be received by the Depositary or a Custodian in exchange for, in conversion of, in lieu of or in respect of Deposited Securities shall be treated as new Deposited Securities under the Deposit Agreement, and American Depository Shares shall thenceforth represent, in addition to the existing

Deposited Securities, the right to receive the new Deposited Securities so received, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may execute and deliver additional Receipts as in the case of a distribution in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

#### **18. LIABILITY OF THE COMPANY AND DEPOSITORY.**

Neither the Depositary nor the Company nor any of their respective directors, employees, agents or affiliates shall incur any liability to any Owner or holder of any Receipt, (i) if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority, or by reason of any provision, present or future, of the Articles of Incorporation or Share Handling Regulations of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from or be subject to any civil or criminal penalty on account of doing or performing any act or thing which by the terms of the Deposit Agreement or Deposited Securities it is provided shall be done or performed, (ii) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, (iii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, (iv) for the inability of any Owner or holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Owners or holders, or (v) for any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement. Where, by the terms of a distribution pursuant to Section 4.1, 4.2 or 4.3 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of the Deposit Agreement, such distribution or offering may not be made available to Owners of Receipts, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company nor the Depositary assumes any obligation or shall be subject to any liability under the Deposit Agreement to Owners or holders of Receipts, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Deposited Securities or in respect of the Receipts, on behalf of any Owner or holder or other person. Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or holder of a Receipt, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with a matter arising wholly after the removal or resignation of the Depositary, provided, that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to the reasonable fees and expenses of counsel) which may arise out of any registration with the Commission of Receipts, American Depository Shares or Deposited Securities or the offer or sale thereof in the United States or out of acts performed or omitted, pursuant to the provisions of or in connection with the Deposit Agreement and of the Receipts, as the same may be amended, modified, or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of

either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates. No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

#### **19. RESIGNATION AND REMOVAL OF THE DEPOSITORY; APPOINTMENT OF SUCCESSOR CUSTODIAN.**

The Depository may at any time resign as Depository under the Deposit Agreement by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depository and its acceptance of such appointment as provided in the Deposit Agreement. The Depository may at any time be removed by the Company by 90 days prior written notice of such removal, to become effective upon the later of (i) the 90th day after delivery of the notice to the Depository and (ii) the appointment of a successor depository and its acceptance of such appointment as provided in the Deposit Agreement. The Depository in its discretion may appoint a substitute or additional custodian or custodians.

#### **20. AMENDMENT.**

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depository without the consent of Owners or holders of Receipts in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees and cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners of Receipts, shall, however, not become effective as to outstanding Receipts until the expiration of 30 days after notice of such amendment shall have been given to the Owners of outstanding Receipts. Every Owner of a Receipt at the time any amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner of any Receipt to surrender such Receipt and receive therefor the Deposited Securities represented thereby except in order to comply with mandatory provisions of applicable law.

#### **21. TERMINATION OF DEPOSIT AGREEMENT.**

The Depository, at any time at the direction of the Company, shall terminate the Deposit Agreement by mailing notice of such termination to the Owners of all Receipts then outstanding at least 60 days prior to the date fixed in such notice for such termination. The Depository may likewise terminate the Deposit Agreement by mailing notice of such termination to the Company and the Owners of all Receipts then outstanding at least 30 days prior to the date of termination, if at any time 90 days shall have expired after the Depository shall have delivered to the Company a written notice of its election to resign and a successor depository shall not have been appointed and accepted its appointment as provided in the Deposit Agreement. On and after the date of termination, the Owner of a Receipt will, upon (a) surrender of such Receipt at the Corporate Trust Office of the Depository, (b) payment of the fee of the Depository for the surrender of Receipts referred to in Section 2.5 of the Deposit Agreement, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by the American Depository Shares evidenced by such Receipt. If any Receipts shall remain outstanding after the date of termination, the Depository thereafter shall discontinue the registration of transfers of Receipts, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depository shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, in exchange for Receipts surrendered to the Depository (after deducting, in each case, the fee of the Depository for the surrender of a Receipt, any

expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of four months from the date of termination, the Depositary may sell the Deposited Securities then held under the Deposit Agreement by public or private sale (or, if such sale is not possible with respect to any portion of such Shares which is less than a full Unit, by sale of such portion to the Company in accordance with the applicable provisions of the Company Law and any other Japanese law and the Articles of Incorporation and Share Handling Regulations of the Company) and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it thereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of Receipts which have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of a Receipt, any expenses for the account of the Owner of such Receipt in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary with respect to indemnification, charges, and expenses.

## **22. COMPLIANCE WITH U.S. SECURITIES LAWS.**

Notwithstanding anything in the Deposit Agreement or this Receipt to the contrary, the Company and the Depositary each agrees that it will not exercise any rights it has under the Deposit Agreement to permit the withdrawal or delivery of Deposited Securities in a manner which would violate the U.S. securities laws, including, but not limited to, Section I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

## **23. SUBMISSION TO JURISDICTION; APPOINTMENT OF AGENT FOR SERVICE OF PROCESS.**

In the Deposit Agreement, the Company has (i) appointed Mizuho Corporate Bank, Ltd., New York Branch, with offices at 1251 Avenue of the Americas, New York, NY 10020, as the Company's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Shares or Deposited Securities, the American Depository Shares, the Receipts or this Agreement, (ii) consented and submitted to the jurisdiction of any New York State or United States Federal Court in the City of New York in which any such suit or proceeding may be instituted, and (iii) agreed that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company agrees to deliver, upon the execution and delivery of the Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Company further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depository Shares or Receipts remain outstanding or the Deposit Agreement remains in force. In the event the Company fails to continue such designation and appointment in full force and effect, the Company hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices under the Deposit Agreement, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

## **24. ADOPTION OF UNIT SHARE SYSTEM OR CHANGE IN UNIT.**

The Company agrees that it shall give notice to Owners, pursuant to the last two sentences of the second paragraph of Section 5.6 of the Deposit Agreement, of any amendment to its Articles of Incorporation adopting the unit share system or changing the number of Shares previously designated as a Unit at least two weeks prior to the effectiveness of such amendment.

## **25. WAIVER OF IMMUNITIES.**

To the extent that the Company or any of its properties, assets or revenues may have or hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depository Shares, the Receipts or the Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

**Exhibit 15.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption “Statement by Experts”, and to the use of our report dated July 21, 2006, in the Registration Statement (Form 20-F No. ●) of Mizuho Financial Group, Inc. dated October 19, 2006.

/s/ Ernst & Young ShinNihon

Tokyo, Japan

October 19, 2006