



I would like to start my message by expressing my deepest thanks to the international community, including our customers and relevant parties, for the support, assistance and warm encouraging messages following the Great East Japan Earthquake in March 2011. The business community in Japan is working to overcome this unprecedented crisis and we at Mizuho are making a full-scale effort to assist our customers and the damaged region as well as to contribute to the recovery of the business community by utilizing our knowledge and expertise as a financial institution.

I would also like to take this opportunity to reiterate our deepest and sincerest apologies to all of our customers, our shareholders and to everyone who has experienced any inconvenience caused by the recent computer system failures of Mizuho Bank. The management and all officers and employees of the group are taking very seriously the situation where we, as a financial institution, caused settlement malfunctions amid a difficult time in Japan. With a strong resolution to prevent its recurrence, Mizuho will focus its energy on restoring customer confidence.

Reviewing the recent economic environment, there are indications of regional variations in the speed of the continuing recovery in the global economy which has been led by emerging countries, and the risk remains of a slowing in the economy due to factors

including the rise in commodity prices and the fiscal problems affecting certain countries in Europe. In Japan, despite the continuing appreciation of the value of the yen against other currencies and a mild deflationary situation, positive economic growth has been maintained as a result of improvements in the foreign economic environment and the effect of various stimulus programs. Nevertheless, due to the impact of the Great East Japan Earthquake, constraints to production activities and a sharp decline in personal consumption appear to be unavoidable, at least in the short term. As for the future direction of the economy, while there are positive factors such as the rebound in exports and the demand for the restoration of damaged capital assets, there are also several causes for concern, such as electricity shortages during the summer, a slowing in overseas economies and a prolonged stay in the doldrums for personal consumption. Thus the risk remains that these factors will hold back economic growth.

### Accelerating "Mizuho's Transformation Program"

In addition to these changes in economic conditions, the environment for financial institutions is changing drastically along with the ongoing revision of financial regulations around the world. In order to respond promptly and appropriately to the new business environment, we announced "Mizuho's Transformation Program," the Medium-term Management Policy over the next three fiscal years in May 2010, and have subsequently been enhancing our strengths in three areas, namely: profitability, financial base, and front-line business capabilities.

First, under our "Program for Improving Profitability," consolidated net business profits improved substantially due to an increase in non-interest income from Customer Groups, one of our strategic business areas, accompanied by an increase in income from the Trading segment as well as cost reductions exceeding our initial plan.

Second, under our "Program for Enhancing the Financial Base," we made major progress in strengthening the quality and quantity of capital as a result of the common stock issuance (the number of shares issued: 6 billion shares, total amount paid in: ¥751.6 billion) in July 2010 and the recording of consolidated

net income of ¥413.2 billion for fiscal 2010. As of March 31, 2011, our consolidated Tier 1 capital ratio was 11.93%, effectively achieving our medium-term goal of 12% level. We paid a year-end cash dividend of ¥6 per share of common stock and made dividend payments on preferred stock as prescribed. We plan to pay an interim dividend from the fiscal year ending March 31, 2012.

Third, under our “Program for Strengthening Front-Line Business Capabilities,” we have implemented various measures, including streamlining and rationalizing our corporate management functions, reforming the structure of our IT costs, and consolidating our operational processing divisions.

Looking back over the first year of the Transformation Program, we have made encouraging progress in steady enhancement of these three areas: “profitability,” “financial base” and “front-line business capabilities.” In addition, in April 2011, we announced that we had determined to turn our listed subsidiaries, Mizuho Trust & Banking, Mizuho Securities, and Mizuho Investors Securities, into wholly-owned subsidiaries of Mizuho Financial Group (referred to collectively as “the Transactions”) by means of a share exchange. Also, after the completion of the Transactions, we will consider the integration of Mizuho Securities and Mizuho Investors Securities to provide securities functions in a unified manner through the group's full-line securities company. Through these measures, we intend to further enhance the “group collective capabilities” by accelerating the implementation of the Transformation Program.

### **Actions to “Restore Customer Confidence”**

Through the recent computer system failures that we experienced, we have become seriously aware that implementation of further proactive and self-disciplined transformation is essential to become “the most trusted financial institution” which we have raised as Mizuho's vision. Based on this background, we announced “Actions to Restore Customer Confidence” in May 2011. The core philosophy of the actions to restore customer confidence is the thorough implementation of the “customer first policy.” As the first step, we have decided that we will further strengthen the unified management of the group and thereby substantively

transform Mizuho into “one bank” with a view towards integration by merger, etc. of our banking subsidiaries in the future. In other words, we aim to realize optimization for the entire group, to invigorate the organization and to improve our management efficiency through the strengthening of group governance, full integration of human resource management and unification of business infrastructure. By further unifying management structure and improving efficiency through the consolidation of overlapping corporate management functions into the holding company's organization and thoroughly implementing rationalization to eliminate complacency and inefficiency through the unification of operational processing and IT systems, we will focus our energy on being more “customer-oriented.” Moreover, in our front-line business areas, such as Customer Groups and Trading segment, we will work toward unification and aim for substantial improvement in customer services.

Under the strong commitment of our management, the group will also entail comprehensive reexamination of the management infrastructure as well as reframing the mindset of our officers and employees and renovating our corporate culture. Furthermore, we will endeavor to fulfill our social mission as a financial institution, and, in the facilitation of financing, we will continue to devote our efforts in providing our customers with a smooth supply of funds.

Mizuho is determined to make a fresh start by returning to the basics of our “customer first policy” as the core principle of our management. We will commit ourselves to become the most trusted financial institution, serving society at large, not least through our contribution to supporting the devastated regions of Japan in their recovery from the earthquake. We sincerely appreciate your continuing support for these endeavors.

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