

Shizuoka Bank Group 10th Medium-term Business Plan

Dream TEN—New challenges

(FY2008-FY2010)

April 8, 2008

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Dream with you.



静岡銀行

10th Medium-term Business Plan

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Overview of 9th Medium-term Business Plan and background to New Medium-term Business Plan

9th Medium-term Business Plan 'Challenge to creation and change' (FY2005-FY2007)

Creating a profitable business model

- **Corporate lending** - Increased lending to SMEs (+¥360 bn approx.)
- **Retail lending** - Increased lending to individuals - mainly housing loans (+¥370 bn approx.)
 - Launched new (post-housing loan) products (*Next One and Upgrade*)
 - Launched bank-issued credit card *Joyca*, established Shizugin Saison Card Co., Ltd.
- **Customer asset focused sales** - No. 1 regional bank in sales of individuals' insurance annuities (balance of individuals' insurance annuities +¥370 bn approx.)
 - Linked with Shizugin TM Securities in investment trust sales (Shizugin TM balance of investment trusts + ¥160 bn approx.)
- **Regional finance initiatives** - 'Shizuginship' – training the next generation of managers (No. of members as of end Mar. 2008 : 725 companies; 1,111 members)
 - Launched corporate revitalization initiatives including the Shizuoka SME Support Fund
 - Launched regional revitalization plans, shift from specific tourism revitalization plans to area plan

Enhancing corporate management

- Strengthened corporate governance and internal control systems (to meet new Corporate Law and Financial Instruments and Exchange Law requirements)
- Upgraded risk management (to meet Basel II requirements)
- Renewed IT infrastructure (introduced new branch system)
 - Linked medium-term plan targets and annual budgets, significant success through promotion via PDCA cycle
 - In December 2007 became the only Japanese bank to achieve long-term S&P rating of AA-



10th Medium-term Business Plan: 'Dream TEN—New Challenges' (FY2008-FY2010)

Leverage our profitable business model and evolving management infrastructure to achieve the next stage of development



Group vision

Basic philosophy:

Expand our horizons and prosperity in tandem with the region

Group vision

***‘Foster regional goals as a growing comprehensive financial group—
Dream with you Shizuoka Bank’***

‘Region’ is the area served by our sales network

‘Comprehensive financial group’ represents the plan to leverage to the maximum our group’s comprehensive strengths in financial services

‘Dream with you’ is the catch phrase used in Shizuoka Bank commercials

Action guidelines to realize our vision

- ***Inspire trust and belief in the Shizugin Group***
- ***Deliver ultimate satisfaction to our customers through our products and services***
- ***Raise corporate value through high-quality management and increased profits***
- ***Build a corporate culture of which we are proud***

‘Inspire trust and belief’ means to seek to raise the standard of our brand to a higher level— from *trust* to *loyalty*



Overview of basic strategies

- Realize a growth strategy through establishing: 1. The solid operational base required to achieve sustained growth in tandem with the region; 2. A group management infrastructure that can realize high productivity; and 3. The intangible infrastructure represented by the 'Shizugin' brand

Basic strategy 1

Establish solid operational base required to achieve sustained growth in tandem with the region

Deepen our regional relationships and achieve the solid operational base required to realize sustained regional co-prosperity

Basic strategy 2

Achieve highly productive Group operations

Through raising productivity realize the management infrastructure that can ensure a virtuous circle of growth and enhanced satisfaction for all stakeholders

Basic strategy 3

Establish the 'Shizugin' brand

Aim to deliver true satisfaction and synergistic benefits for stakeholders to reinforce the 'Shizugin' brand

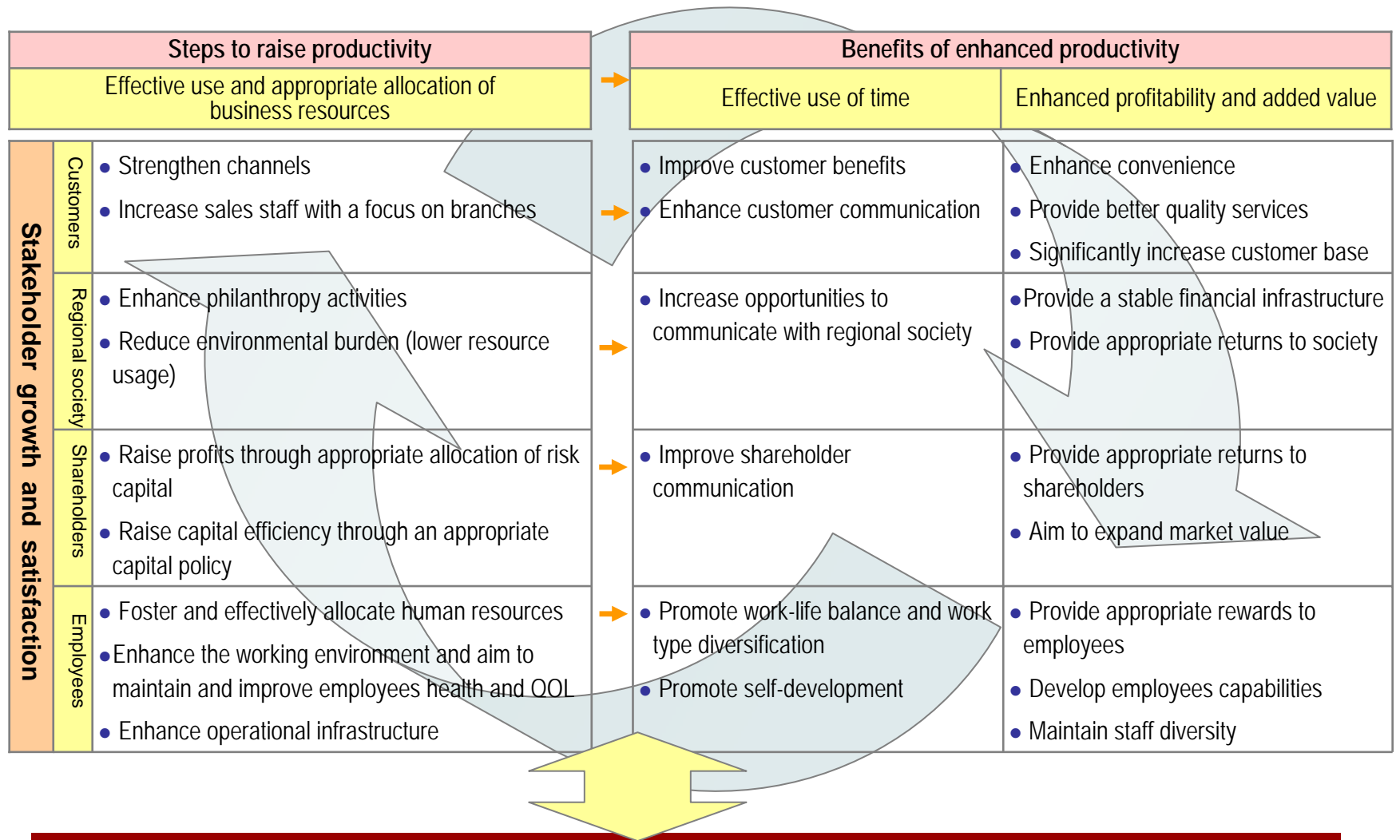
Significantly strengthen our regional financial functions

Foster regional goals as a growing comprehensive financial group



Realize a virtuous circle of increased corporate value

- Create a model of sustained growth through promoting a unified, three-pronged strategy
- Realize a virtuous circle of enhanced corporate value with a key focus on productivity



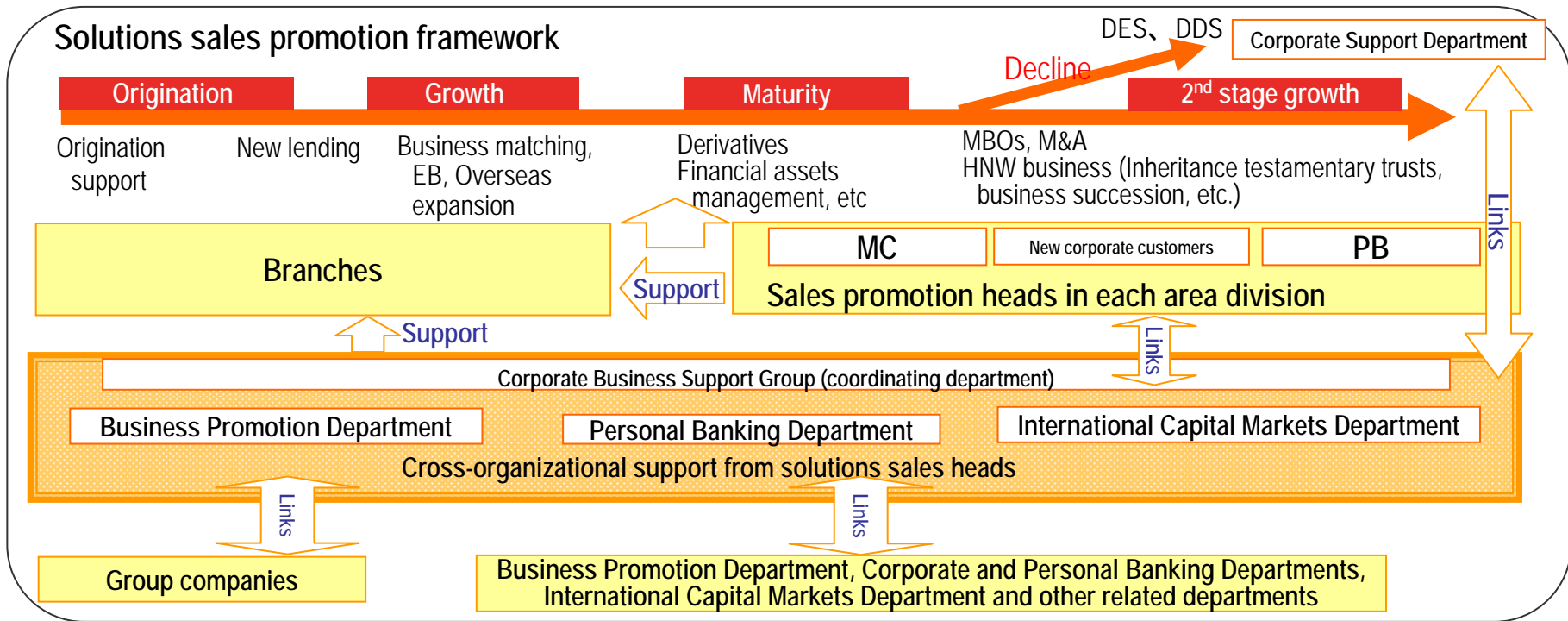
Enhance corporate value through *establishing a Shizugin brand* that provides satisfaction to all stakeholders



Strengthen sales by enhancing solutions sales capabilities

- Strengthen customer relationships through improved solutions sales, promote comprehensive business

Branches	Headquarters, etc.
<ul style="list-style-type: none"> Use HQ and area division support, information tools, to achieve solutions sales Uncover business opportunities through approaching regional public bodies 	<ul style="list-style-type: none"> Corporate Business Support Group established in April 2008 to coordinate solutions sales Solutions sales heads in HQ departments to link with area divisions and group companies to provide cross-organizational support to branches solutions sales staff





Approach to regional finance initiatives

- Establish a solid regional operating base through pursuing regional finance initiatives
 - Active promotion of business matching (Aim for 3,000 matches in the 3-year plan period)
 - Build long-term relationships with clients through training the next generation of managers in 'Shizuginship'
 - Strengthen corporate support throughout the corporate life cycle
 - Corporate establishment and new business support
 - Corporate problem-solving initiatives
 - Operational improvement initiatives
 - Corporate revitalization and smooth liquidation support
 - Business succession support
 - Strengthen area revitalization initiatives related to regional economic stimulation



▲ Supermarket tradeshow



▲ Shizugin@gricom

Strengthen forex sales

- Review and restructure personnel allocation and system of forex branches and sub-branches, HQ organization
- Develop a segmental forex sales strategy better matched to customer attributes
- Improve skills of forex staff through strengthened training programs



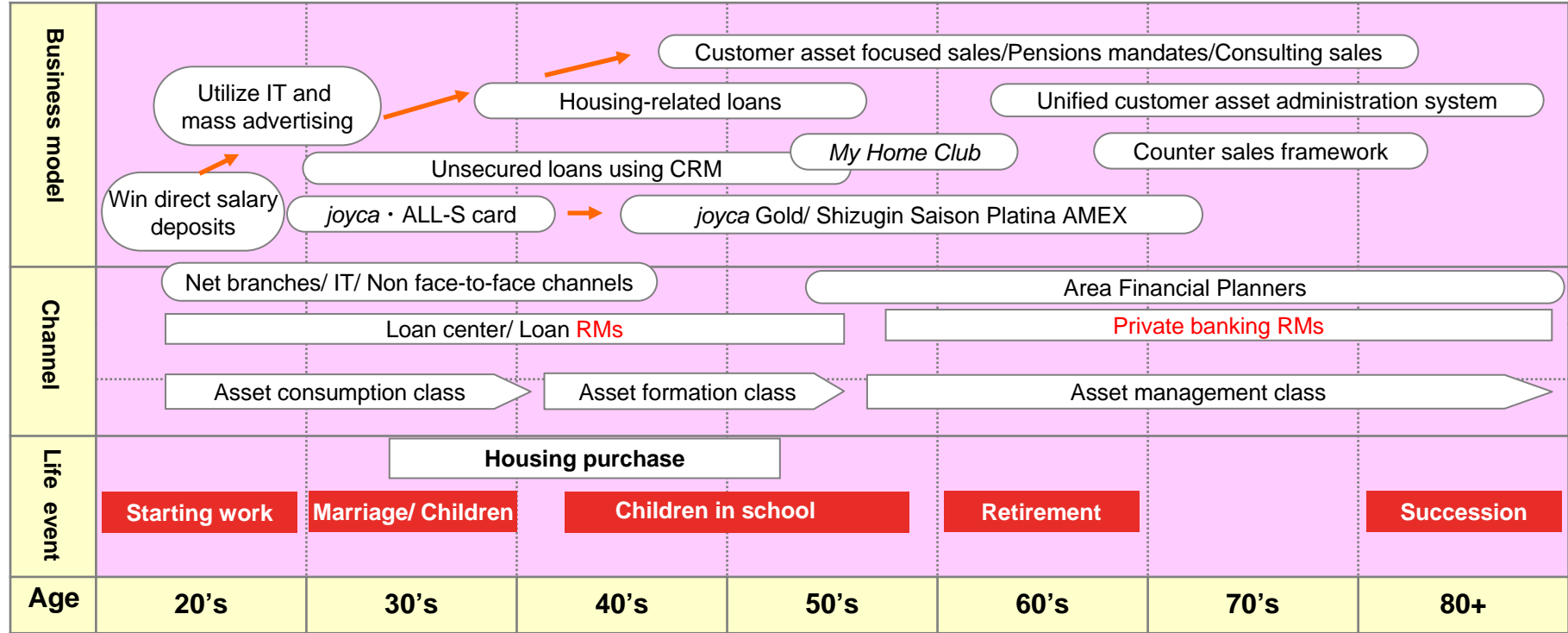
Basic strategy 1: Establish solid operational base required to achieve sustained growth in tandem with the region
Expand share and presence in the region—Retail business strategy 1

- Expand share along with a growing retail market through business promotion focused on the region
- Utilize IT and CRM technology, inject business resources including advertising and promotional spend to raise employee profitability
- Strengthen and expand loan business through launching new loan products, establishing new loan centers, etc.



Switch to the Hoshi-inu campaign character

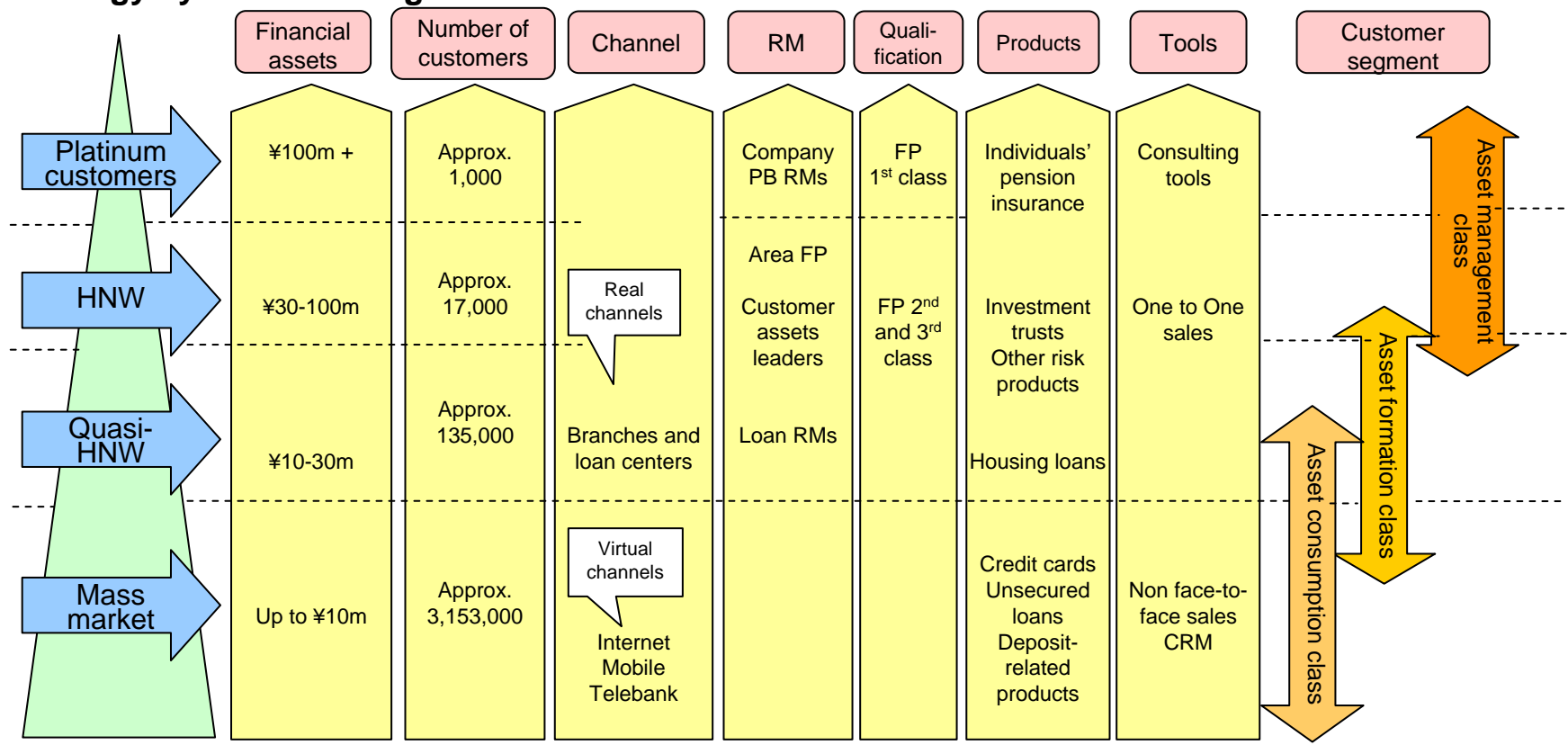
Outline of Retail business strategy





- Provide total consulting service to HNW and quasi-HNW through RMs assigned by customer segment
- Strengthen succession solutions sales to SME owner-managers

Strategy by customer segment





Construct convenient sales channels: Multichannel system; Branch channel

Realizing an optimal multichannel system

- Realize a multichannel system through optimal combination of branches, direct channels, etc.
- Strengthen channel support through advertising/promotions + product/service delivery, synergistically strengthen sales channels by improving employees face-to-face skills

Branch channel

- Restructure branch channel through opening mini-branches and regular branches based on area marketing analysis, while relocating and renewing existing branches
- Develop specialist retail mini-branches with low employee count
 - Plan to open 11 mini-branches by end March 2011 (5 new, 6 through renewal of existing branches)
- Along with new counter sales system, develop specialist front-office branches through new-build and renewal program
 - (Review branch layout and develop spacious branch lobbies)

Planned end March 2011 domestic network

Total domestic locations		
Branches	158	-4
Mini-branches	11	+11
Loan centers	18	+2
Business stations	7	±0
Total (end March 2011)	194	+9

* Excludes virtual branches

Increase locations by 9







Construct convenient sales channels: Direct channels

ATMs and direct channels

- Improve cashpoint network focused on alliances and build an ATM channel linked to other channels
- Actively cultivate customers that need direct channels by utilizing the convenience of direct channels

CDs/ATMs	Create an optimal network through no-fee alliances with Shizuoka Prefecture credit associations, Seven Bank and others
Internet branches	Capture transactions from a broad area through strategic product deployment 
Credit cards	Strengthen <i>joyca</i> , <i>ALL-S</i> and <i>LuLuCa</i> 

Business station

- Establish a small-lot lending business model and reinforce our sales base for maintaining and increasing small-lot customers



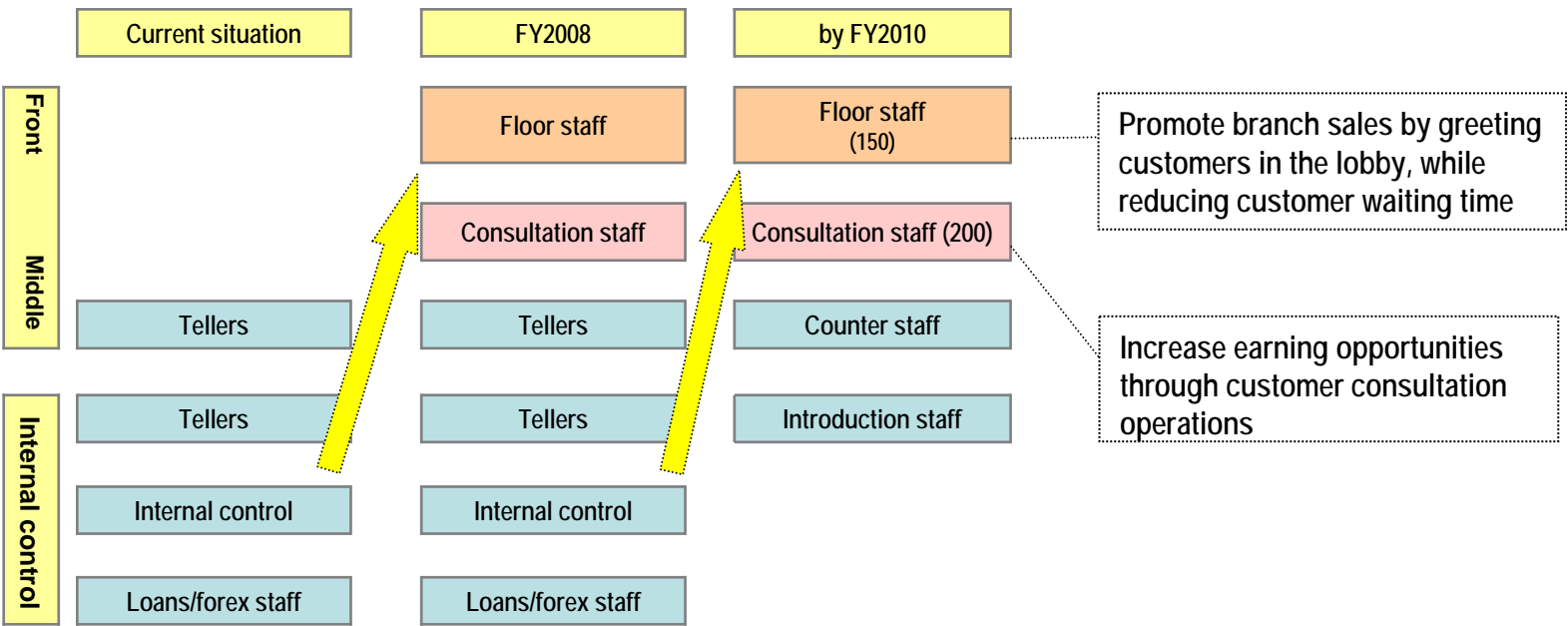


Construct convenient sales channels: Branch system

Strengthen branch sales capacity through deployment of front office operations staff

- Deploy new 'floor staff' and 'consultation staff' (low counter sales) to create branch network that will strengthen branch sales capacity and raise customer satisfaction

Branch	Headquarters, etc.
<ul style="list-style-type: none"> ● Reallocate employees to front office (customer visits, branch front, lobby) and middle office to create branches specializing in front office operations ● CRM system and other measures used by floor staff and consultation staff will improve branch sales capacity ● Reduce customer waiting time to improve customer satisfaction 	<ul style="list-style-type: none"> ● Use operational infrastructure to minimize branch back office operations

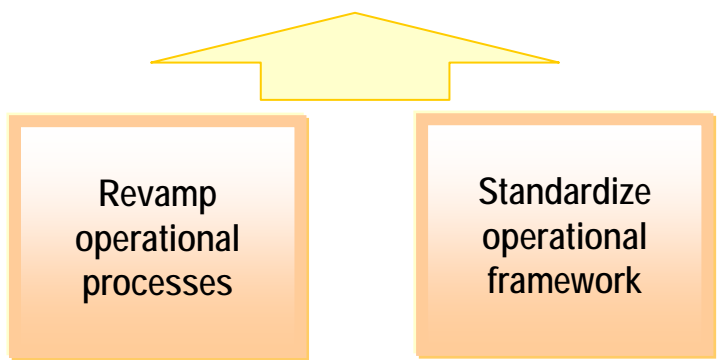




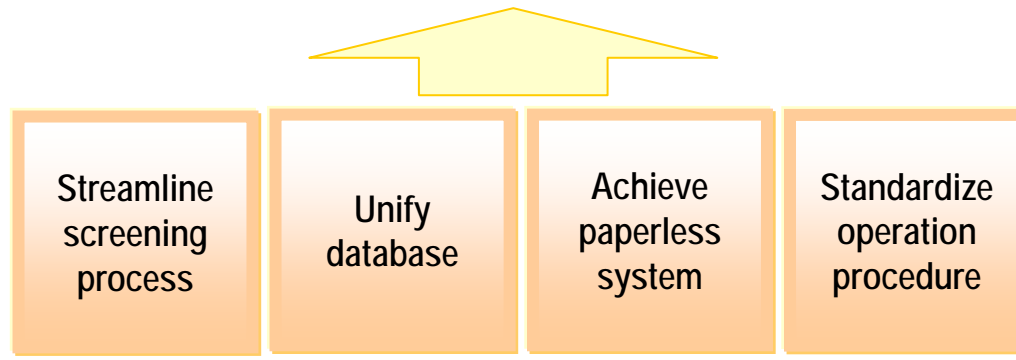
Improve branch productivity: New branch and loan support systems

- New branch system in operation at all branches—aiming to achieve specialization in front office operations
- New loan support system (S-navi) introduced to create uniform framework for loan operations

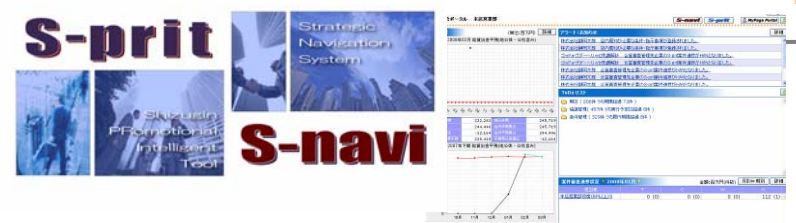
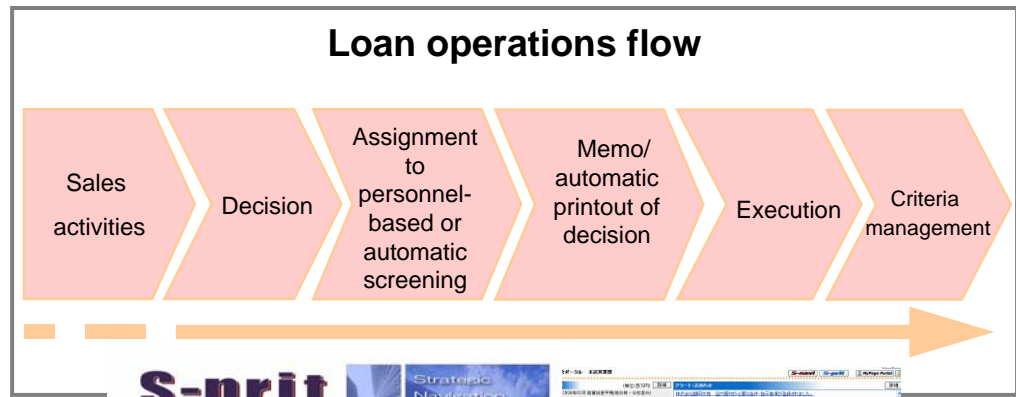
New branch system Specialize in front office operations



New lending system (S-navi) Improve productivity of loan operations



▲ New branch system





Improve branch productivity: Optimizing our human resource portfolio

- Reallocate Group employees by using operational infrastructure to achieve front-office specialization at branches

Operational infrastructure to boost productivity

Branch BPR (New branch system, loan operations center)	New loan support system (S-navi)	Credit management center	Business station
	Branch support system (S-prit)	Concentration of collateral in Group companies	Financial assets unified administration system
	Customer management (CRM system)	Forex system (revised)	



Portfolio	March 2008	March 2011	Compared to March 08
Branch front office	2,390	2,890	+500
Of which bank employees	1,785	2,135	+350
Branch back office/ assistants	1,730	825	-905
Of which bank employees	530	115	-415
Headquarters/ loan operations center/ other	1,075	965	-110
Of which bank employees	505	470	-35
Total bank staff	5,195	4,680	-515
Of which bank employees	2,820	2,720	-100
Staff at Group companies etc.	1,890	2,540	+650
Total Group employees	7,085	7,220	+135

Shift to front office operations

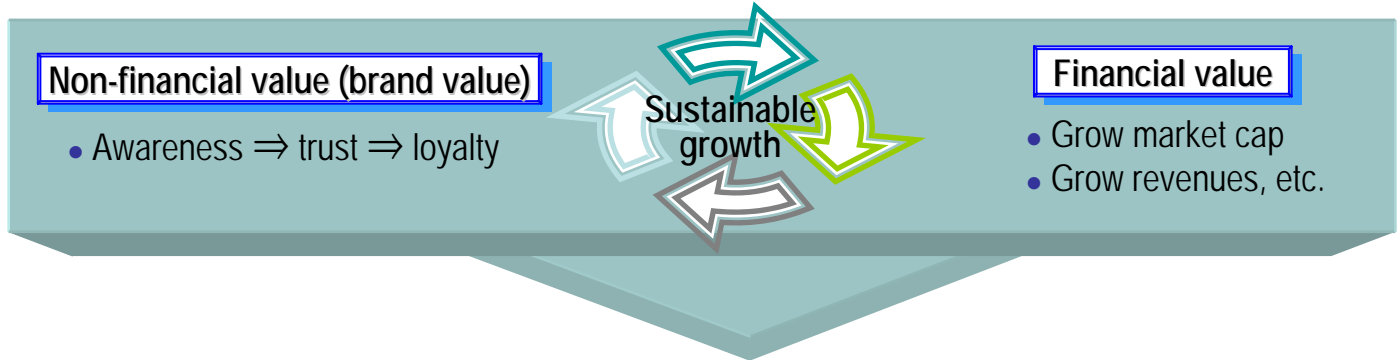
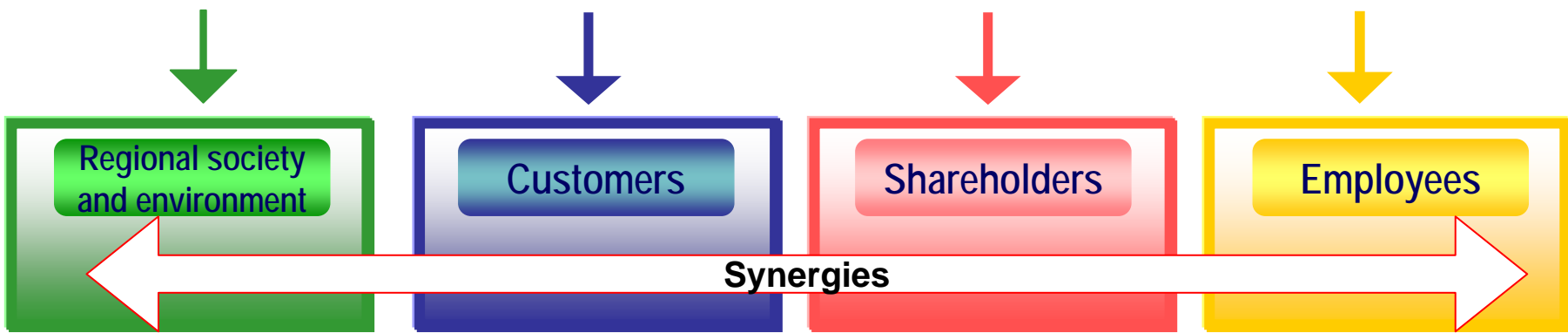
Transfer between operations, etc.



Pursue Corporate Social Responsibility (CSR)

- Increase brand value and secure high levels of trust and loyalty from all stakeholders
- Build relationships that enable high levels of synergies between stakeholders and provide genuine satisfaction

Basic philosophy: Grow in affluence and expand our horizons in tandem with the region



Vision: Help realize the dreams of our region's inhabitants, and achieve growth as a comprehensive financial group



Improve levels of approval, trust and customer satisfaction

- As the region's leading bank, aim to increase the level of approval and trust from region through acting in accordance with our corporate philosophy
- Improve customer loyalty by progressing from *customer satisfaction* (CS) to *customer delight* (CD), while creating a virtuous cycle in which CS leads to ES, which further boosts CS

Regional contribution initiatives

Economics

- Pursue financing with close regional alignment
- Provide stable, sustainable financing
- Foster next-generation of SME managers via *Shizuginship*

Fulfill our role as the region's leading bank

Society

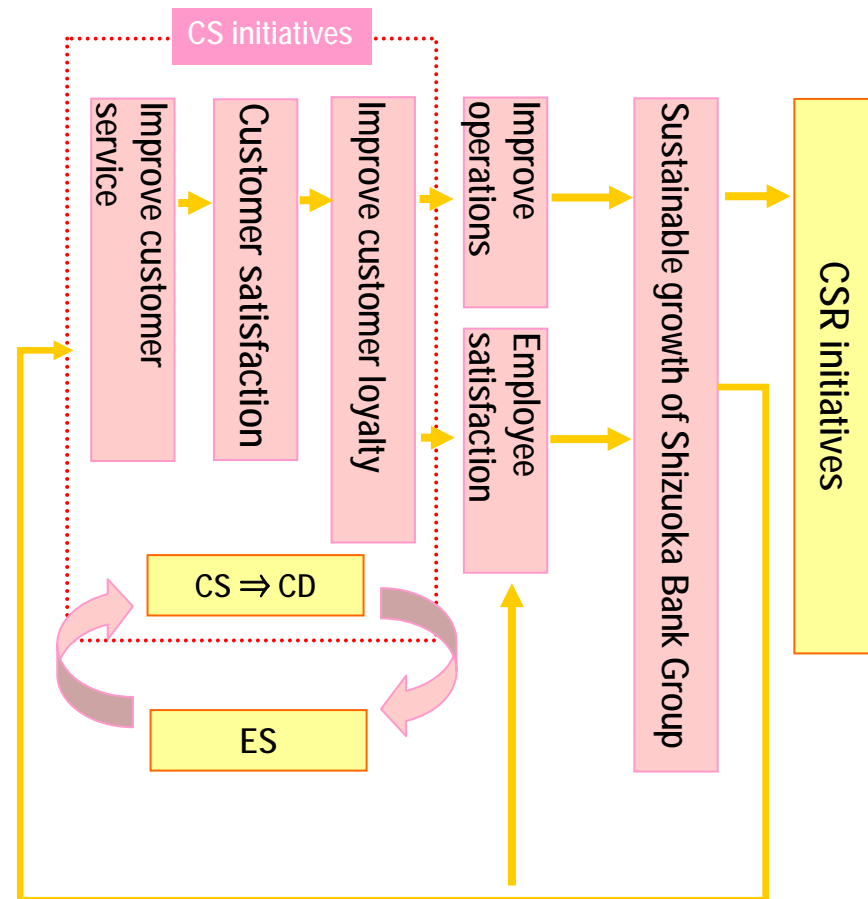
- Demonstrate regional leadership
- Contribute to regional communities
- Foster regional financial economics education

Environment

- Reduce environment burden
- Enhance client understanding
- Create reputation as an environmentally aware company

Improve levels of approval and trust from region

Customer Satisfaction initiatives





Improve employee satisfaction

- Adopt measures to improve employee satisfaction, boosting loyalty and commitment to Shizuoka Bank
- Realize forms of communication and teamwork grounded on independent individuals, creating an open, pleasant workplace
- Develop a culture of personal development based on learning and teaching
- Create a work environment that enhances people's working lives and home lives



▲ Training facility

Adopt measures to improve employee satisfaction and boost loyalty and commitment to Shizuoka Bank

- Survey employee perceptions and take action as appropriate
- Enhance training of managers
- Adapt and revise rules and regulations to promote a company culture that emphasizes communication and teamwork

Develop culture of personal development based on *learning* and *teaching*

- Undertake diverse personnel exchanges, including trainees, and enhance places of learning, including constructing a new training facility
- Create a culture of personnel development

Create a working environment that enhances people's working lives and home lives

- Implement policies to support work-life balance
- Enhance working environment
- Develop housing relocation and company transfer-related infrastructure
- Maintain and improve the health and lifestyles of employees
- Enhance health and welfare system

Establish a vibrant corporate culture that employees can take pride in



Build support from shareholders and the market (capital policy)

- Boost Group corporate value by maintaining capital adequacy at an appropriate level, enhancing capital efficiency, maintaining high and stable shareholder returns, and undertaking effective IR
- Implement policies with respect to shareholder composition to encourage an increase in long-term, stable holdings by individual investors from within the region

Capital strategy

Maintain capital adequacy at an appropriate level

- Maintain consolidated Tier 1 capital ratio at around 12%

Improve consolidated Tier 1 ROE

- Achieve consolidated Tier 1 ROE at 7% level by growing revenues in tandem with appropriate shareholder returns, and aim to improve capital efficiency

Implement an appropriate shareholder returns policy

- Maintain dividends at the highest level of large regional banks, targeting a payout ratio of around 25% and flexibly implementing share buybacks as part of an appropriate shareholder returns policy

Undertake effective investor relations activities

- Increase the appeal of our banking group as an investment option by properly communicating policies and measures being pursued to achieve growth



FY2010 Consolidated earnings plan

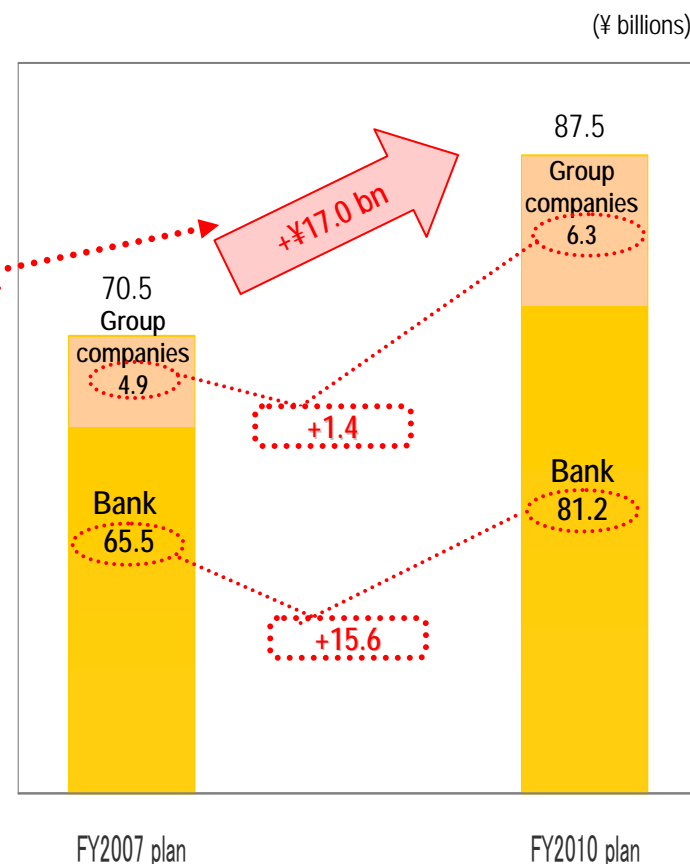
- Consolidated ordinary profit: ¥87.5 billion (of which Group companies: ¥6.3 billion)
- Consolidated net income: ¥50.0 billion (of which Group companies: ¥1.7 billion)
- Consolidated Tier I ROE: 7.21%; consolidated ROA: 0.51%; Consolidated OHR: 51.1%

Consolidated earnings plan

(¥ billions, %)

Consolidated	FY2007 plan	Increase during 3 yr period of 9 th medium term plan	FY2010	Planned increase during 3 yr period of 10 th medium term plan
Ordinary revenue	246.0	+62.0	283.0	+37.0
Ordinary profit	70.5	+19.5	87.5	+17.0
Net income	39.0	+3.5	50.0	+11.0

Tier I ROE %	6.50		7.21	+0.71
ROA %	0.46		0.51	+0.05
OHR %	54.8		51.1	- 3.7
Consolidated /parent (ordinary profit)	1.07		1.08	+0.01



Note: The above plan includes ¥6.4 billion from an assumed interest rate increase in FY2010 (based on a scenario in which two interest rate increases are made at 0.25% each in June 2009 and in December 2009, totaling 0.50%)



Non-consolidated earnings plan (Bank)

FY2010 Non-consolidated earnings plan (Bank)

- Gross operating profit ¥166.5 billion (up ¥23.7 billion on FY2007 plan)
- Expenses ¥85.0 billion (up ¥7.0 billion on FY2007 plan)
- Core net operating profit ¥81.5 billion (up ¥16.5 billion on FY2007 plan)
- Ordinary profit ¥81.2 billion (up ¥15.6 billion on FY2007 plan)
- Net income ¥48.3 billion (up ¥10.3 billion on FY2007 plan)

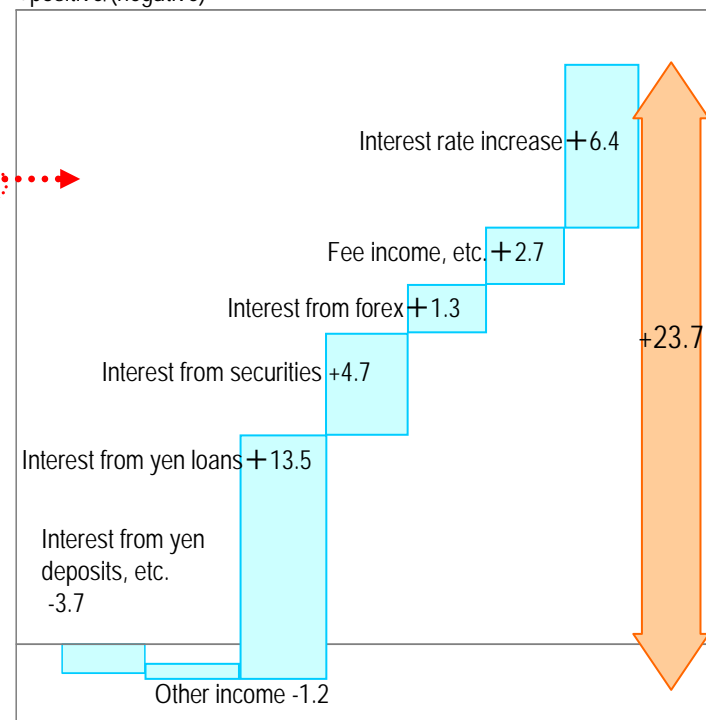
Non-consolidated earnings plan

	FY2007 plan	Increase during 3 yr period of 9 th medium term plan	FY2010	Planned increase during 3 yr period of 10 th medium term plan
Gross operating profit	142.8	+19.6	166.5	+23.7
Interest income	120.5	+15.8	142.2	+21.7
Fee income	20.5	+1.0	22.2	+1.7
(Of which due to interest rate increase)	3.0	+3.0	6.4	+6.4
Expenses	78.0	+5.4	85.0	+7.0
Core net operating profit	65.0	+13.1	81.5	+16.5
(Excluding interest rate increase)	62.0	+10.1	75.1	+10.1
Ordinary profit	65.5	+18.0	81.2	+15.6
Net income	38.0	+3.0	48.3	+10.3
Credit costs	5.9	+3.8	5.5	-0.4

(¥ billions)

Factors in ¥23.7 bn increase in Gross operating profit +positive/(negative)

(¥ billions)

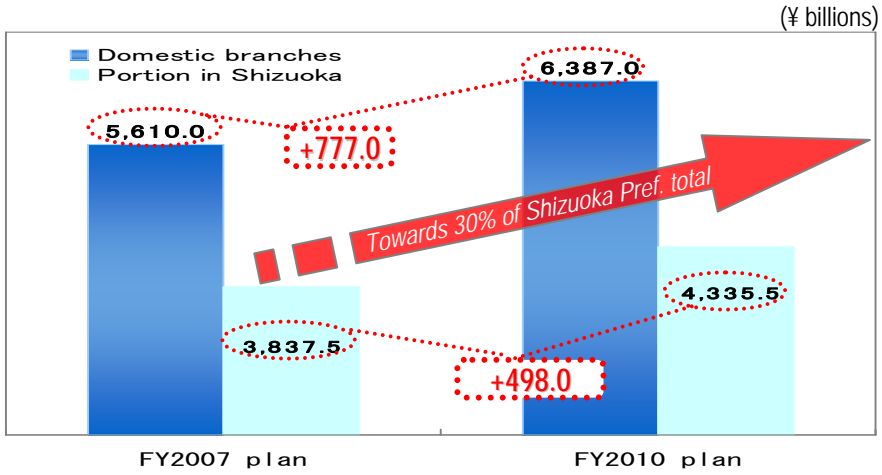


Note: The above plan includes ¥6.4 billion from an assumed interest rate increase in FY2010 (based on a scenario in which two interest rate increases are made 0.25% each in June 2009 and in December 2009, totaling 0.50%)



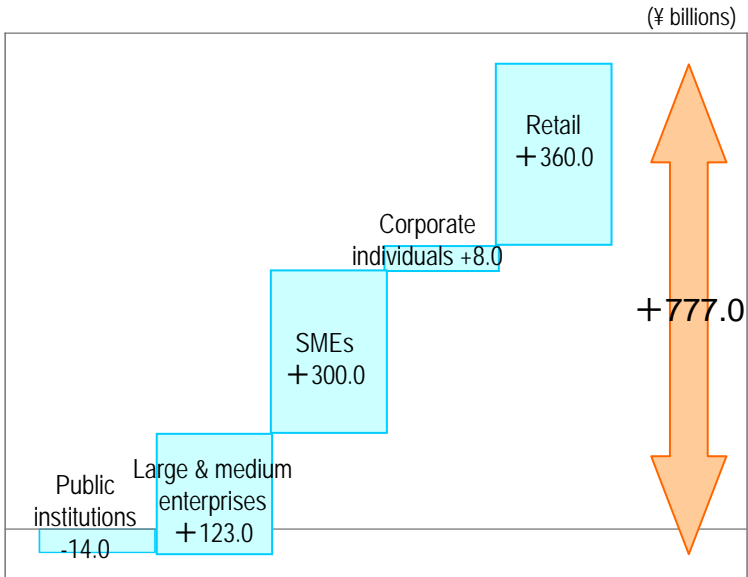
Plan targets Lending

Total loan balances (averages)

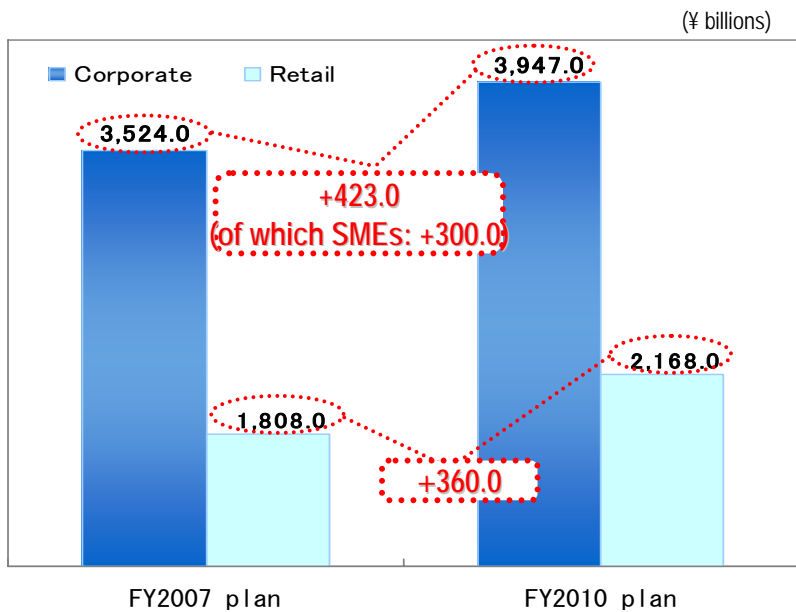


- Increase total loan balances (averages) to ¥6,387.0 billion in FY2010, up ¥777.0 billion (annual growth +4.4%) on FY2007
- Increase of portion of loan balances in Shizuoka Prefecture by ¥498.0 billion towards a 30% share
- Increase SME loan balances to ¥2,550.0 billion, up ¥300.0 billion (annual growth +4.3%) on FY2007
- Consumer loan balances to increase to ¥2,168.0 billion, up ¥360.0 billion (annual growth +6.2%) on FY2007

Changes in loan balances (averages)

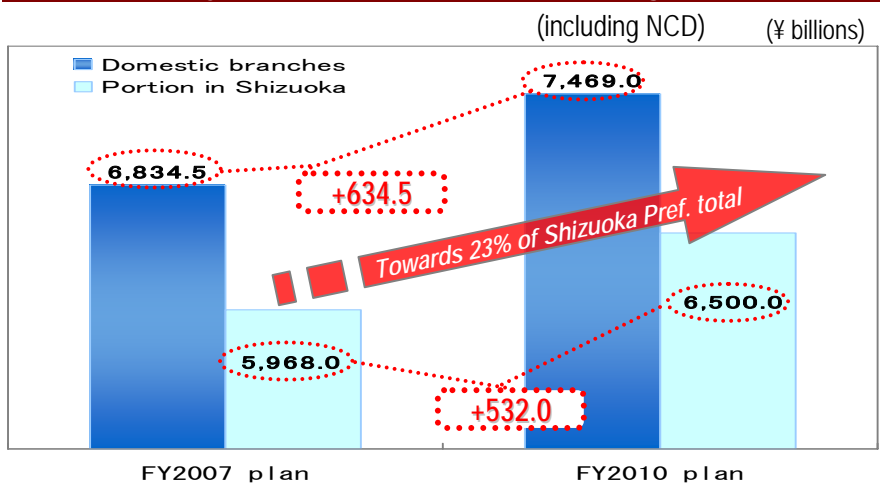


Corporate and retail loan balances (averages)



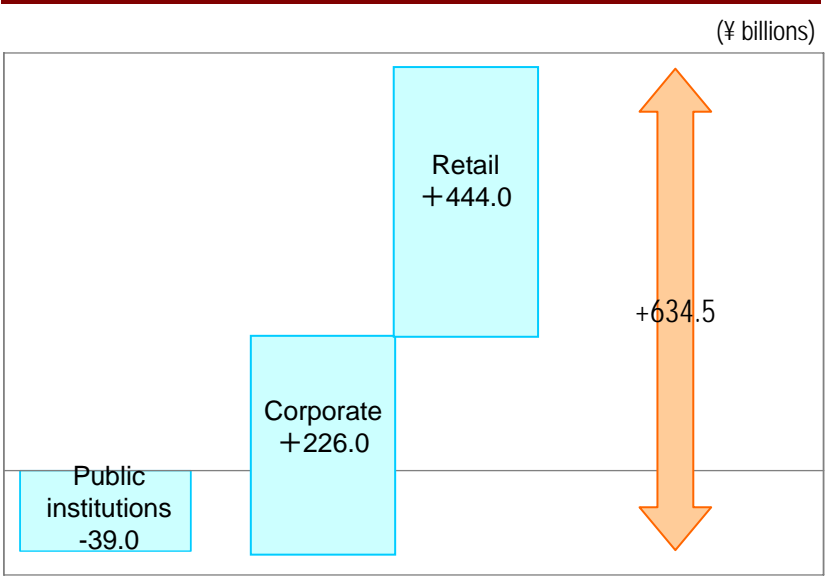


Total yen deposit balances (averages)

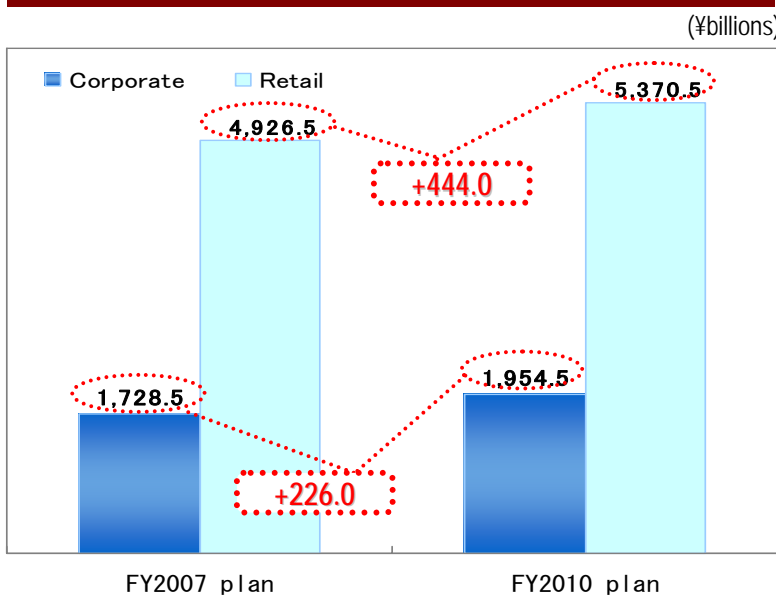


- Increase total yen deposit balances (average) to ¥7,469.0 billion in FY2010, up ¥634.5 billion (annual growth +3.0%) on FY2007
- Increase of portion of deposit balances in Shizuoka Prefecture by ¥532.0 billion to a 23% share
- Increase corporate deposit balances to ¥1,954.5 billion in FY2010, up ¥226.0 billion (annual growth +4.1%) on FY 2007
- Increase retail deposits to ¥5,370.5 billion in FY2010, up ¥444.0 billion (annual growth +2.9%) on FY2007
- Deposit-loan ratio of 84.5% in FY2010 (up 3.4 percentage points on FY2007). Medium term 3 year plan deposit-loan ratio limit is 122.4%

Changes in yen deposit balances (averages)



Corporate and retail deposit balances (averages)

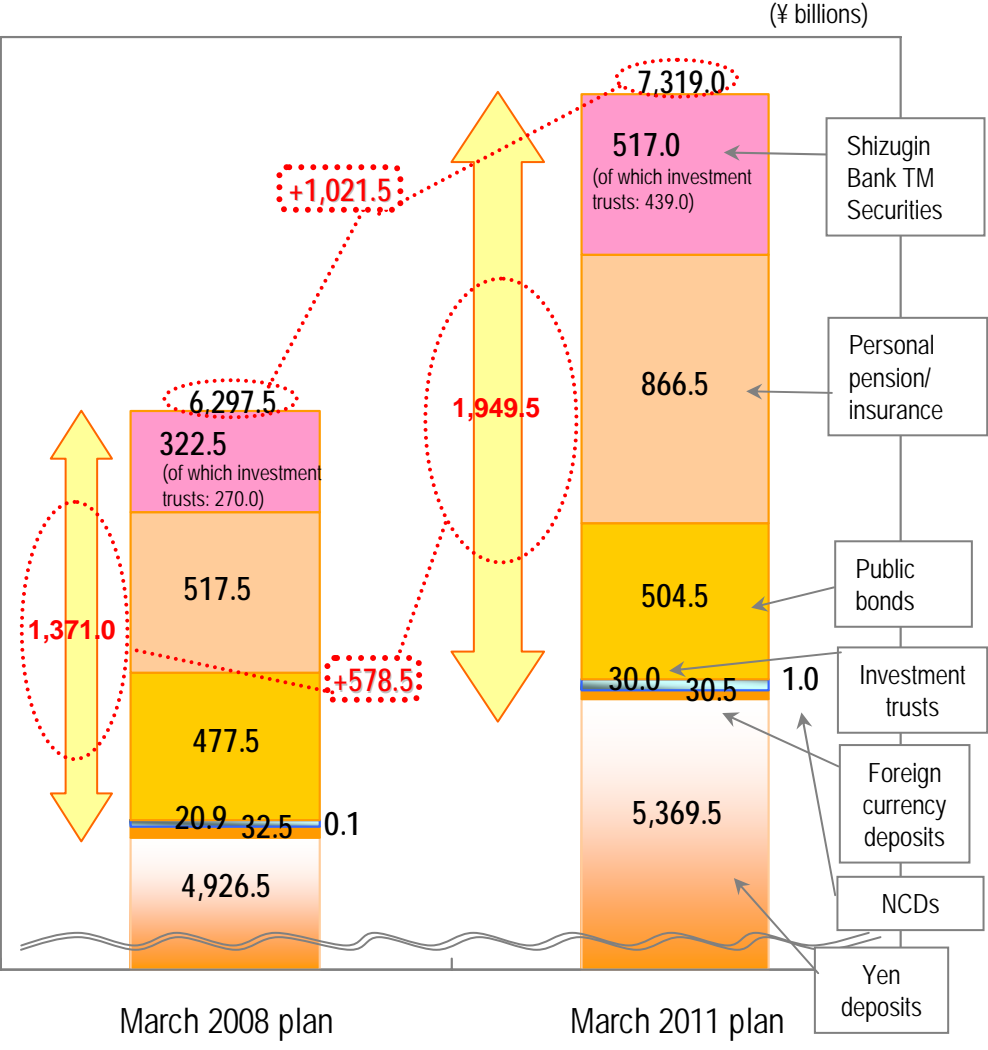




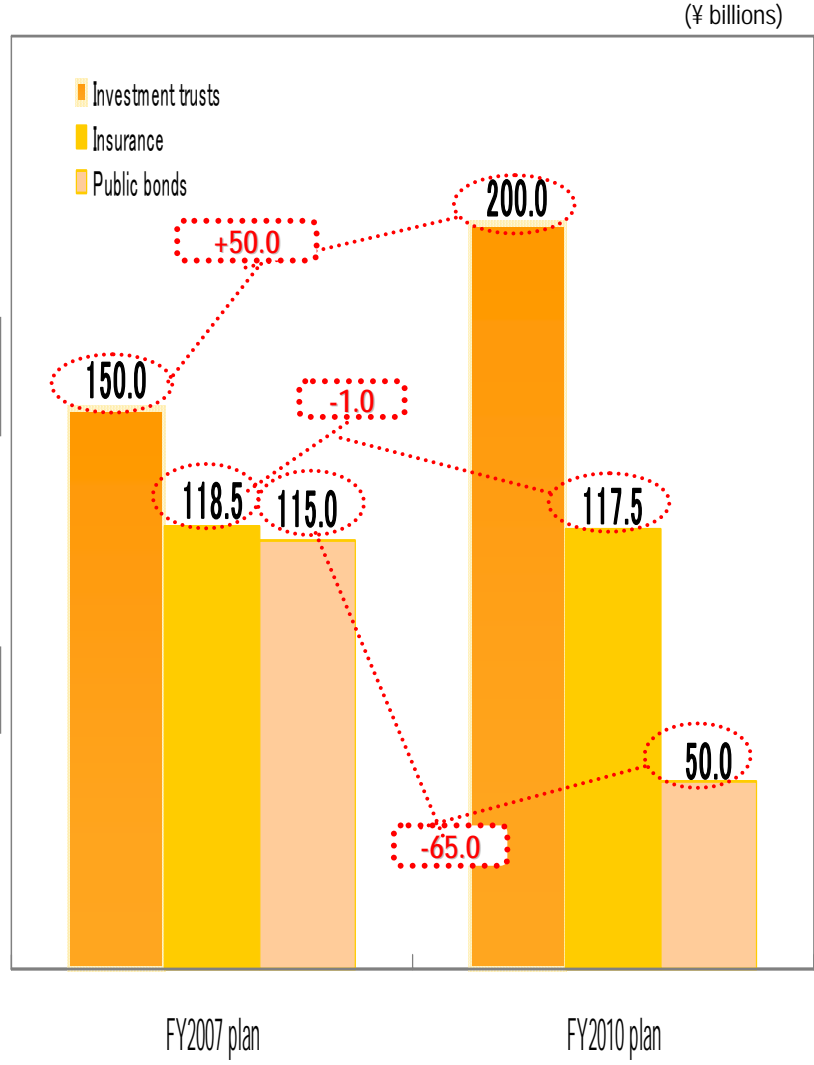
Plan targets Customer assets

- Utilize Group companies to strengthen sales focused on customer assets and upgrade client follow-up system

Retail customer assets (term-end balances)



OTC sales of investment trusts, insurance products and public bonds

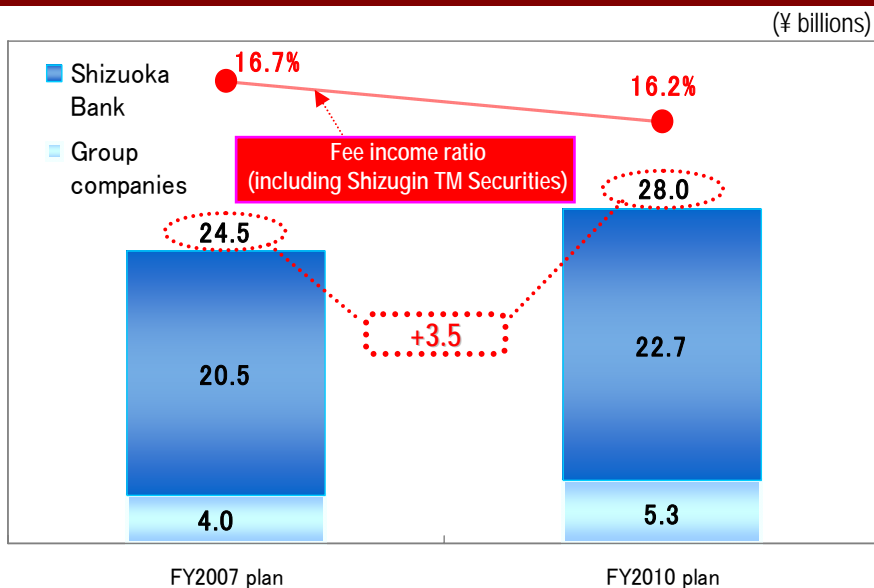




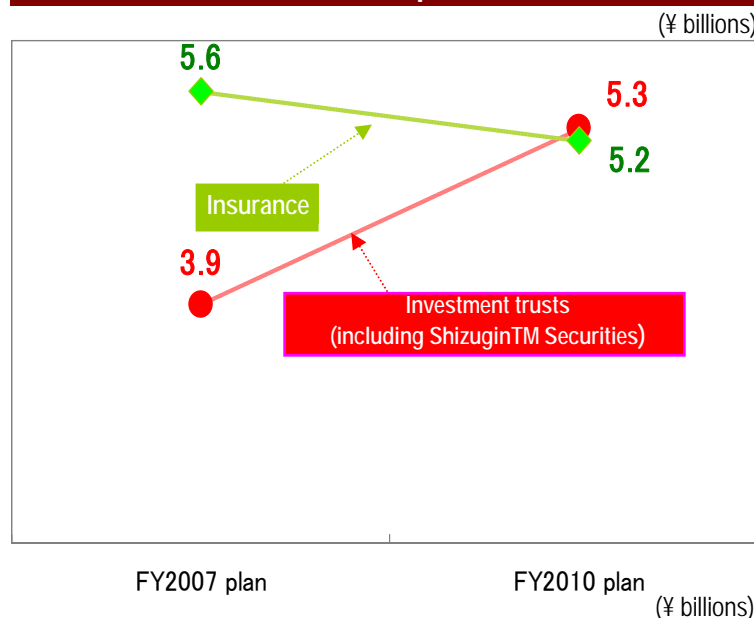
Plan targets Fee and commission income

- Plan to increase fee and commission income by ¥2.2 billion (Shizuoka Bank, non-consolidated) and ¥3.5 billion (consolidated, Group total) on FY2007

Fee income (Shizuoka Bank, Shizugin TM Securities)



OTC sales of investment trusts and insurance products



Main factors in changes

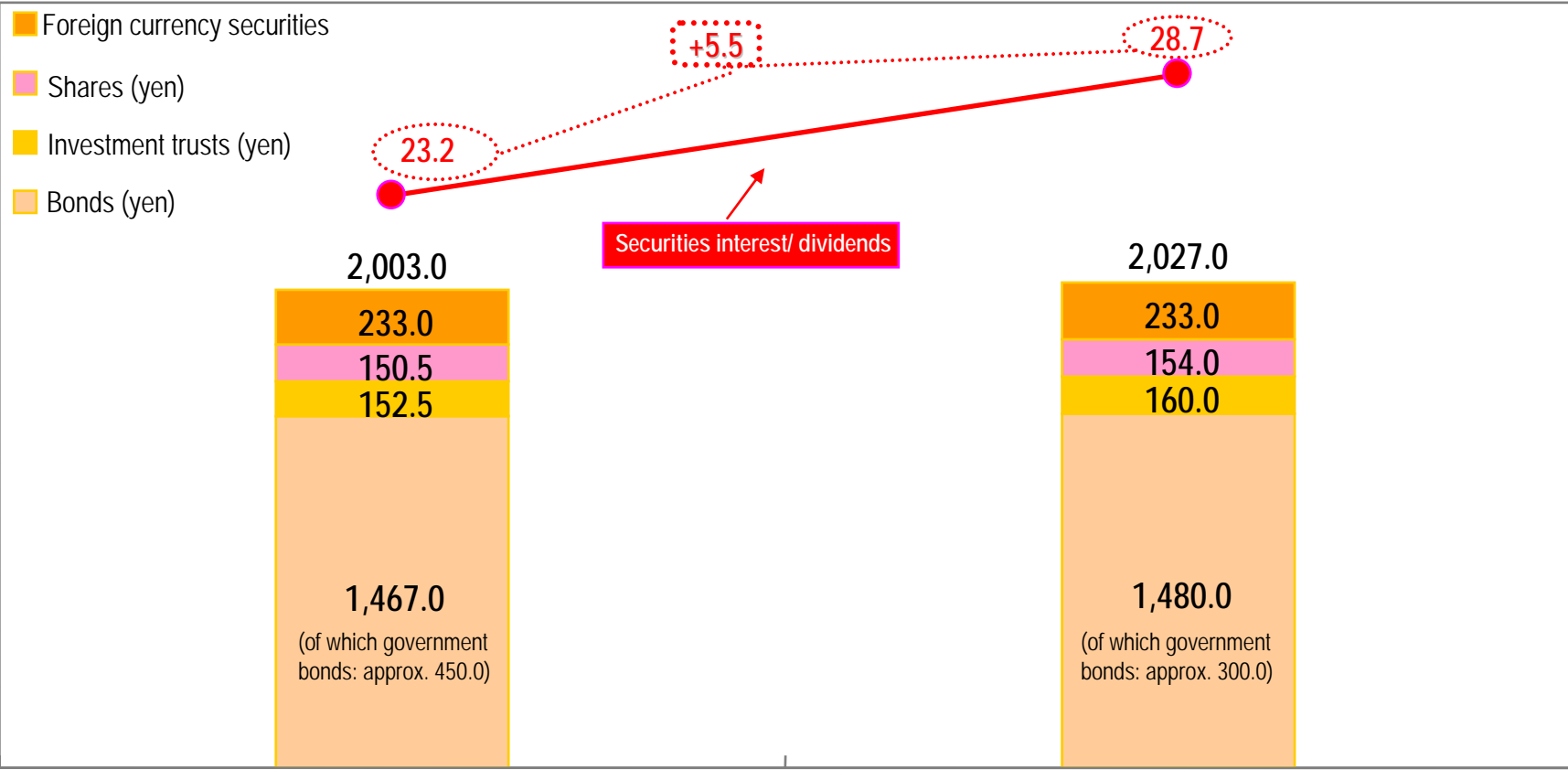
	Non-consolidated	Group total
Remittance fee transactions revenue + special transactions revenue	+1.7	+3.0
Increase in customer asset related fee income	+0.3	+1.5
Increase in credit card fee income	+0.7	+0.7
Increase in securities products dealing income	+0.3	+0.3
Decrease in fee income from ATM transfers at same branches and government bonds	-0.3	-0.3
Other business profit	+0.5	+0.5
Total	+2.2	+3.5



- Establish stable earnings through management of securities portfolio, boost profitability and efficiency with the preservation of sound financials as a fundamental premise

Securities plan targets

(¥ billions)



FY2007 plan

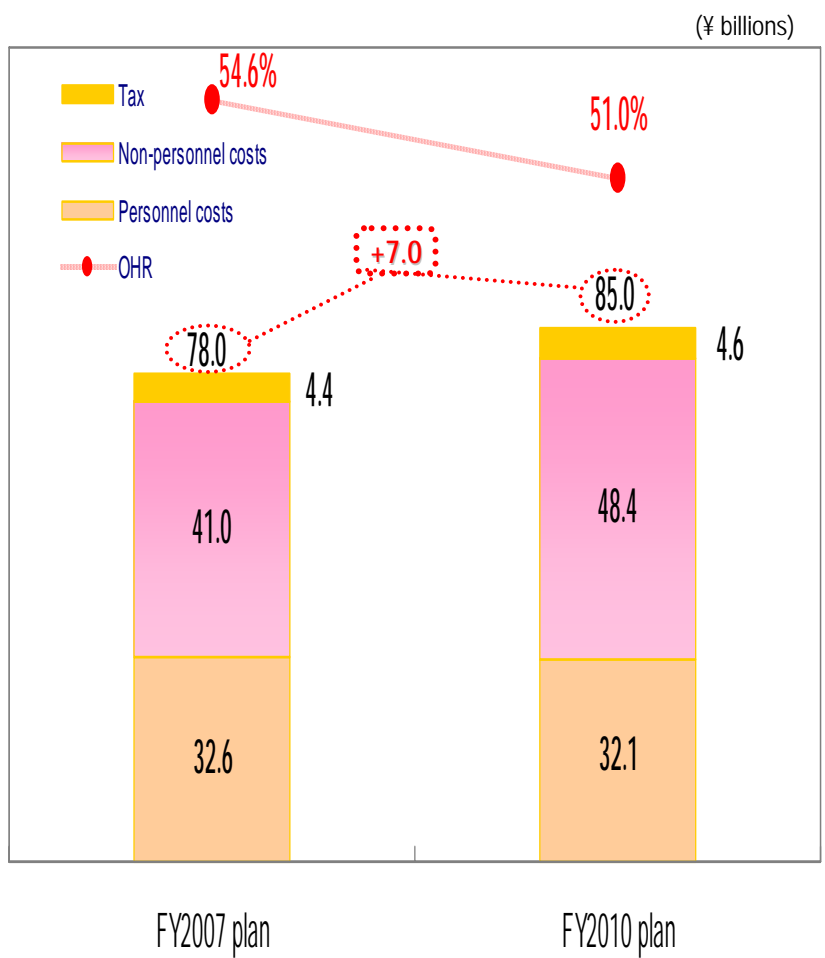
FY2010 plan



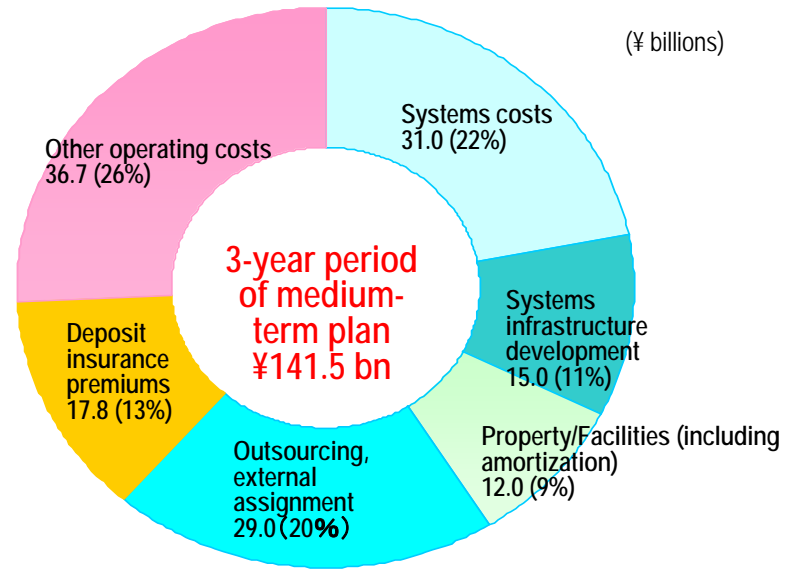
Plan targets Expenses

- FY2010 expenses are planned to be ¥7 billion higher than FY2007, mainly due to higher non-personnel expenses
- Around 80% of the planned increase in expenses during the 3 year plan period are spending on infrastructure to support our sales strategy

Expenses and OHR



Breakdown of non-personnel costs over three-year plan period



Main factors in increase from previous 3-year medium-term plan

Infrastructure development	+¥22.5bn
Systems costs	+¥12.0bn
Property/Facilities (including depreciation and amortization expenses)	+¥4.0bn
Outsourcing and external assignment expenses	+¥6.5bn
Deposit insurance premiums	+¥2.0bn
Sales, other expenses	+¥3.0bn
Total	+¥27.5bn



Plan targets Group companies

- Increase consolidated profits by strengthening collaboration between the Bank and Group companies and maximizing synergies
- Establish robust operating base by expanding business opportunities, including by strengthening externally-generated profits

Company name	FY2010 ordinary revenue	FY2010 ordinary profit	Basic policy	(¥ bn)
Shizugin Management Consulting	0.4	0.2	• Appropriately meet consulting needs mainly of corporate customers	
Shizugin Lease	27.7	2.1	• Secure 25% share of lease business within prefecture	
Shizuoka Computer Service	5.6	0.2	• Complete development of systems infrastructure. Develop next-generation systems	
Shizugin Credit Guarantee	1.4	0.9	• Increase guarantee revenue by improving share of guarantee market	
Shizugin DC Card	2.0	0.4	• Smooth transfer of <i>joyca</i> outsourcing company from DC franchise	
Shizuoka Capital	0.5	0.2	• Secure business opportunities, with focus on venture capital customers	
Shizugin TM Securities	6.1	2.2	• Continue investment trust introduction scheme and promote transactions complying with Financial Instruments and Exchange Law	
Shizuoka Bank (Europe)	3.0	0.1	• Promote and strengthen lending support functions for foreign bond underwriting, customers, subsidiaries, etc.	
Shizugin General Service	4.1	0.03	• Steadily promote new outsourcing business and improve skills of new business staff	
Shizuoka Mortgage Service	1.1	0.03	• Support sales operations' lending business as a lending skills center	
Shizugin Business Create	5.6	0.04	• Reorganize concentrated processing departments and stably secure back-office staff	
Total (11 companies)	57.7	6.3 (+0.9)		
Shizugin Saizon Card*	—	0.01 (+0.5)	• Turn a profit in FY2010, and eliminate accumulated losses in FY2012	

*Equity-method affiliate (ownership ratio: 50%). Started business Apr. 2007

Total of all companies up ¥1.4 bn from FY2007



Plan targets

Business targets

	(FY2007 targets)	10 th Medium-term Plan targets	
Profit targets	Consolidated ordinary income	¥70.5 bn	¥85.0 bn or more
	Core net operating profit (Bank, non-consolidated)	¥65.0 bn	¥80.0 bn or more
	Consolidated net income	¥39.0 bn	¥50.0 bn or more
Efficiency indicators	Consolidated Tier 1 ROE (Net income/Tier 1 capital)	6.5%	7% to 8%
	Consolidated ROA (Consolidated net income)	0.46%	0.5% or more
	Consolidated OHR	54.8%	Around 50%
Financial soundness indicators	Consolidated Tier 1 BIS capital ratio	12.62% (Actual as of end Sept. 2007)	Around 12%


*Targets include interest rate increase factor increasing income by ¥6.4 bn in final year of medium-term plan (Based on scenario of two interest rate rises of 0.25% each, in June and December 2009, totaling 0.5%)



Dream TEN—New Challenges

- Use of the word “**dream**”, which is incorporated in our Group’s basic philosophy and medium-term vision
- “TEN” signifies that it is our 10th plan, and also includes the following meaning:
 - T.....Trinity = The basic **three strategies working as one**
 - E.....Effort = The **efforts** of all employees, the driving the plan
 - N.....Next Stage = The **next stage** targeted in the plan
- “New Challenges” signifies actively **taking on challenges** to realize new dreams

Reference:
Shizuoka Prefecture—Our Operating Base

Dream with you. 
SHIZUOKA BANK

静岡銀行



Shizuoka Prefecture—our operating base

Economic scale

- 3% share of all-Japan. 10th largest prefecture
- Prefectural GDP greater than 4 prefectures of Shikoku, 3 prefectures of Hokuriku
- Compared to various countries, GDP next after Thailand (ranked 33rd in the world)

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
•Population	3.78 m	3.0%	10th of 47 (2006)
•No. of households	1.38 m	2.7%	10th of 47 (2006)
•Nominal prefectural GDP	¥16 tn	3.2%	10th of 47 (FY2005)
•Per-capita income	¥3,344 m	—	3rd of 47 (FY2005)
•No. of business establishments	190,000	3.2%	10th of 47 (FY2006)
•Amount of shipments of manufactured goods, etc.	¥18 tn	5.8%	3rd of 47 (2006)
•Agricultural output	¥251.6 bn	2.9%	12th of 47 (2005)
•Marine production volume	230,000 tons	4.1%	6th of 47 (2005)
•Industrial locations	124	6.9%	1st of 47 (2007)
•New housing starts	38,000	3.0%	10th of 47 (2006)

Shizuoka Prefecture economic scale

Prefectural GDP (2003)		
Rank	Prefecture/Region	(¥ billions)
9	Fukuoka Prefecture	17,456.0
10	Shizuoka Prefecture	15,747.6
11	Ibaraki Prefecture	11,150.4
—	4 prefectures of Shikoku	13,392.7
—	3 prefectures of Hokuriku	12,315.0
GDP comparison with various countries (2003)		
Rank	Country	(US\$ millions)
33	Thailand	143,158
—	Shizuoka Prefecture	135,837
34	Argentina	129,707
35	Israel	110,227
36	Malaysia	103,161

*Shizuoka prefectural GDP for FY2004 converted at rate of ¥115.93 to dollar

Sources: Ministry of Internal Affairs and Communications, *National Census*; Shizuoka Prefecture, *Shizuoka Prefecture Economic Statistics*; Shizuoka Prefecture Commercial Labor, METI; *Manufacturing Statistics*, Kyodo News, 2006 Sekai Nenkan; other

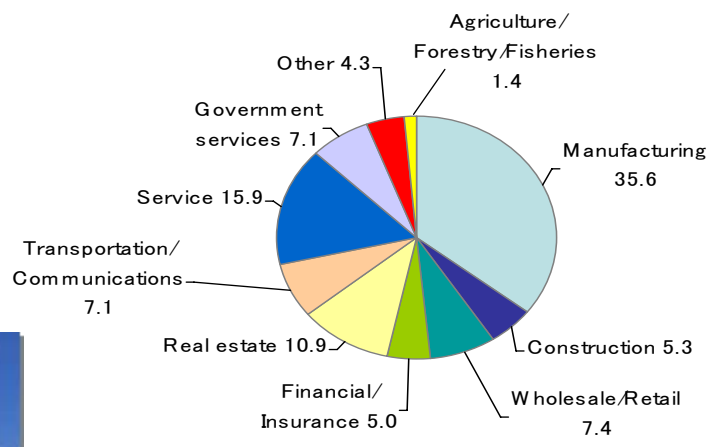


Shizuoka Prefecture—our operating base

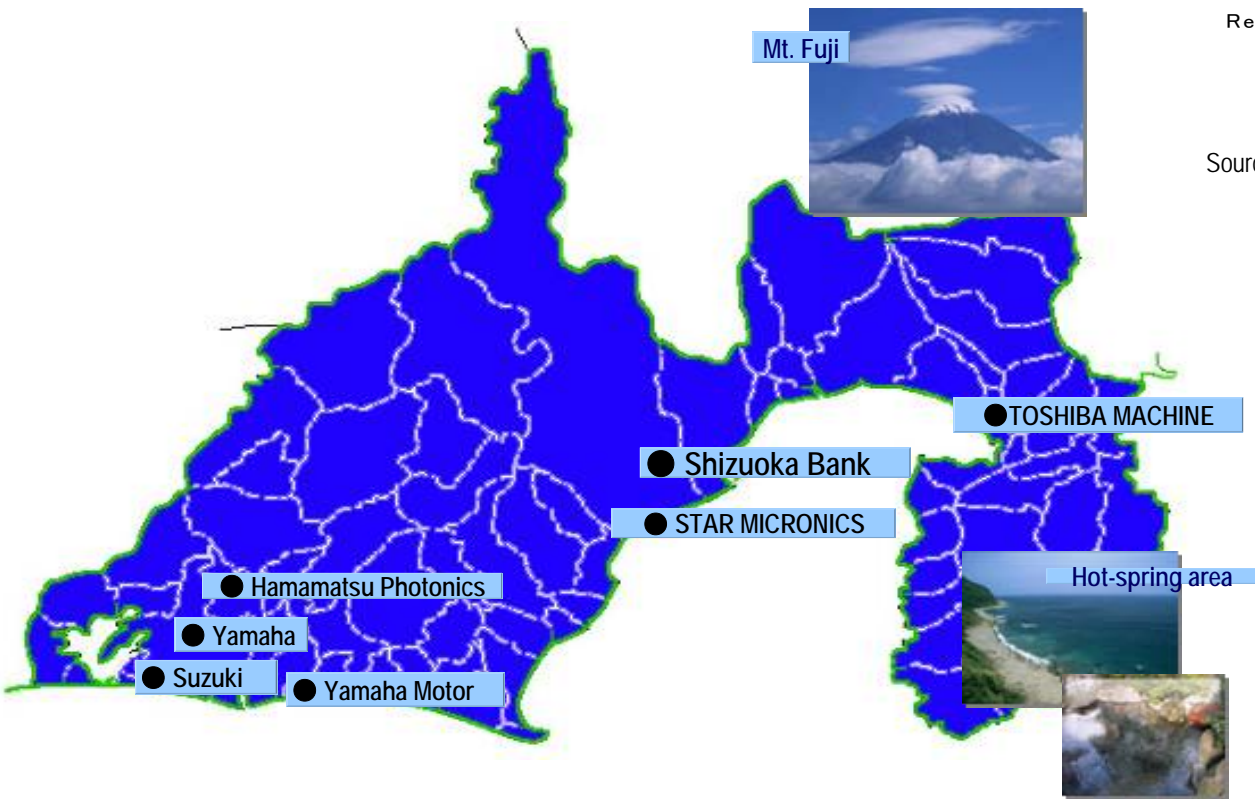
The Shizuoka Prefecture economy

- Leading manufacturing prefecture in Japan
- Positioned as distribution hub between Tokyo and Osaka/Kyoto
- Diverse industries from the local to the hi-tech concentrated here. Many sound companies
- Has many of Japan's leading tourist locations in its rich natural environment

Percentage distribution of Shizuoka Prefecture GDP by industry



Source: Shizuoka Prefecture, 2007



No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1 st section	28
TSE 2 nd section	10
Mothers	1
Nagoya Stock Exchange 2 nd section	1
Jasdaq	29
Total	69

*As of end Feb. 2008. Companies listed on more than one exchange counted as TSE-listed



Shizuoka Prefecture—our operating base

Industries of Shizuoka Prefecture

A top-five prefecture in various manufacturing industry indices (2006)

Rank	No. of business establishments		Share	No. of employees		Share	Amount of shipments of manufactured goods, etc.		Share
1	Osaka	23,564	9.1	Aichi	841,662	10.2	Aichi	437,263	13.9
2	Aichi	21,737	8.4	Osaka	517,935	6.3	Kanagawa	201,502	6.4
3	Tokyo	19,038	7.4	Shizuoka	446,948	5.4	Shizuoka	182,347	5.8
4	Saitama	14,969	5.8	Saitama	424,662	5.2	Osaka	166,478	5.3
5	Shizuoka	12,525	4.8	Kanagawa	415,112	5.0	Hyogo	144,550	4.6
	All-Japan	258,543	100	All-Japan	8,225,442	100	All-Japan	3,148,346	100

Source: Ministry of Economy, Trade and Industry, Manufacturing Statistics 2006

Main products for which Shizuoka Prefecture has No. 1 share (2004)

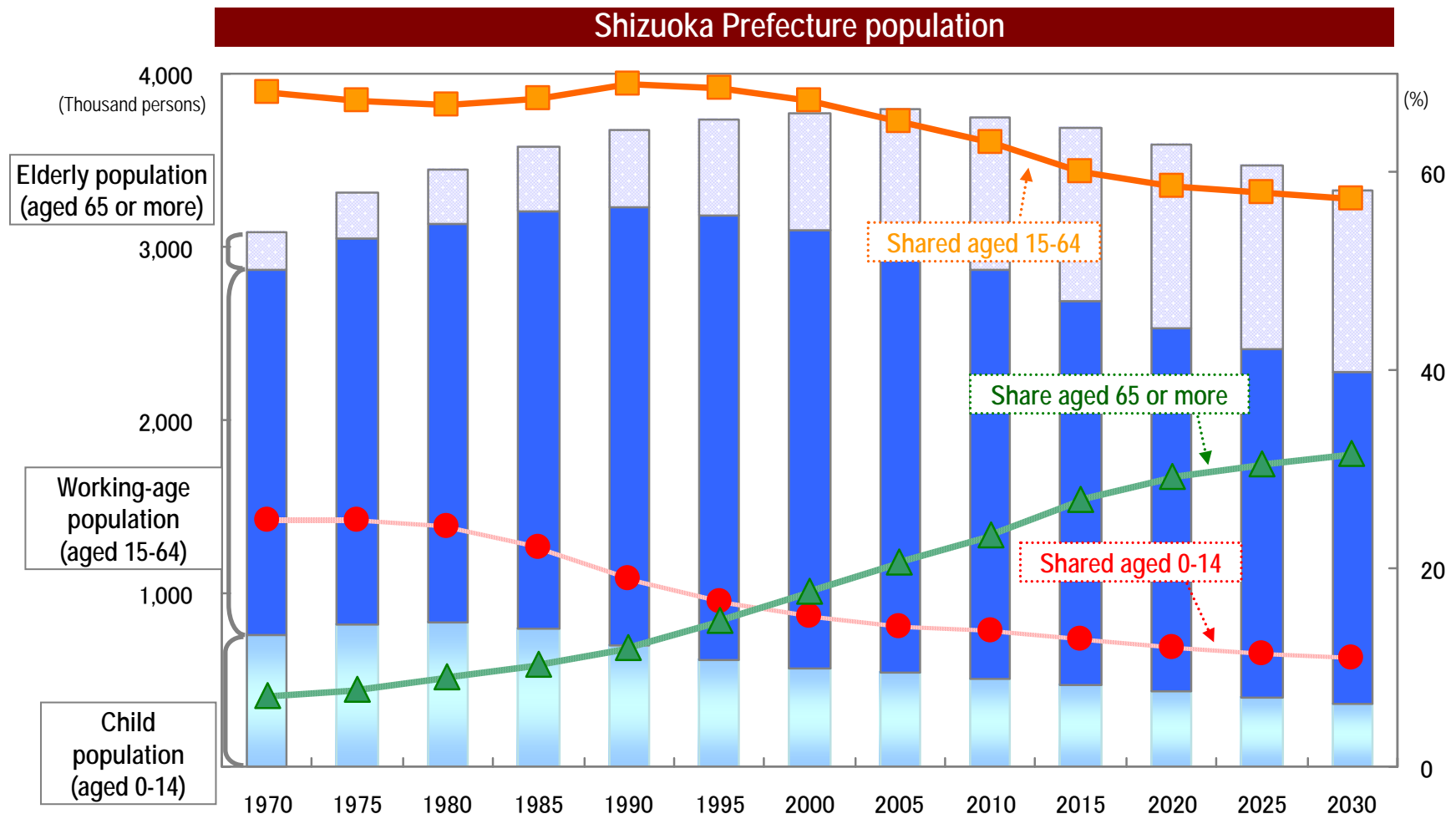
Industry	Product	Share	Industry	Product	Share
Food	Canned tuna	92.9 %	Other products	Pianos	100 %
Soft drinks	Green tea (finished)	61.9 %		Electronic musical instruments	85.3 %
	Tea drinks	34.1 %		Plastic model kits	85.4 %
Pulp/paper	Miscellaneous paper	34.8 %		Audio disk recorders	56.2 %
	White cardboard	54.2 %		Video disk recorders	59.5 %
General machinery	Hydraulic presses	38.3 %	Agricultural produce	Japanese horseradish	62.5 %
	Air conditioners	35.2 %		Tea (leaves)	45.4 %
Electrical machinery	Automobile lights	80.1 %	Marine produce	Bonito	23.1 %
Transport machinery	Knocked down sets (motorcycles)	49.1 %		Pelagic shrimp	100 %
			Marine processing	Rare boiled bonito	73.2 %
				Dried-salted mackerel	45.2 %



Shizuoka Prefecture—our operating base

Population trends

- Shizuoka Prefecture is facing full-fledged population aging and birthrate decline
- Elderly population (aged 65 or more) is increasing, while working-age population (aged 15-64) is decreasing



Source: Ministry of Internal Affairs and Communications, *National Census*; National Institute of Population and Social Security Research, *Estimated Future Population for Shizuoka Prefecture (Mar. 2003 estimates)*

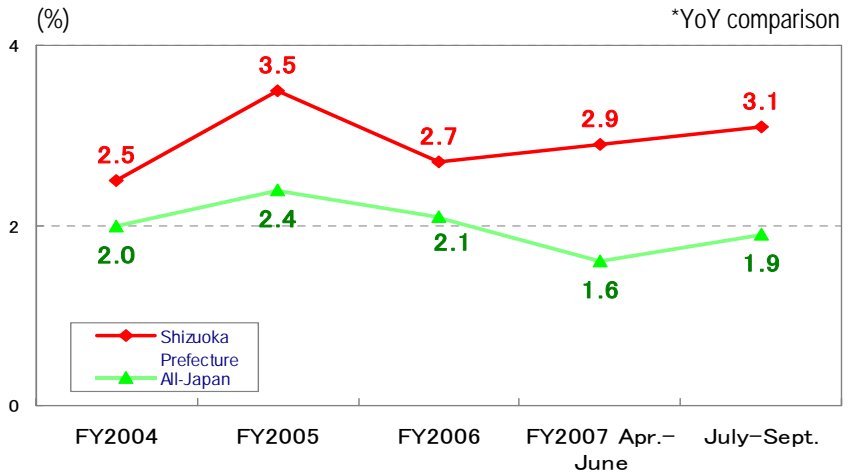


Shizuoka Prefecture—our operating base

Economic trends

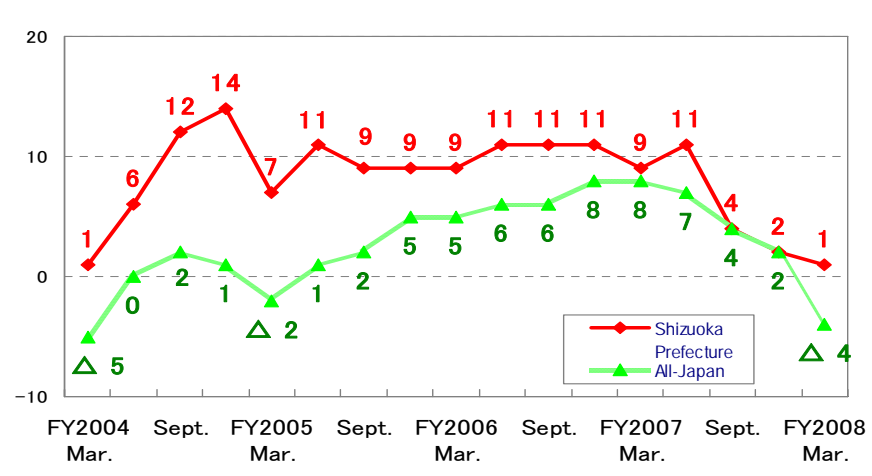
● Shizuoka Prefecture continues to have robust economic growth, with loans above all-Japan level and increasing

Shizuoka Prefecture real economic growth rate



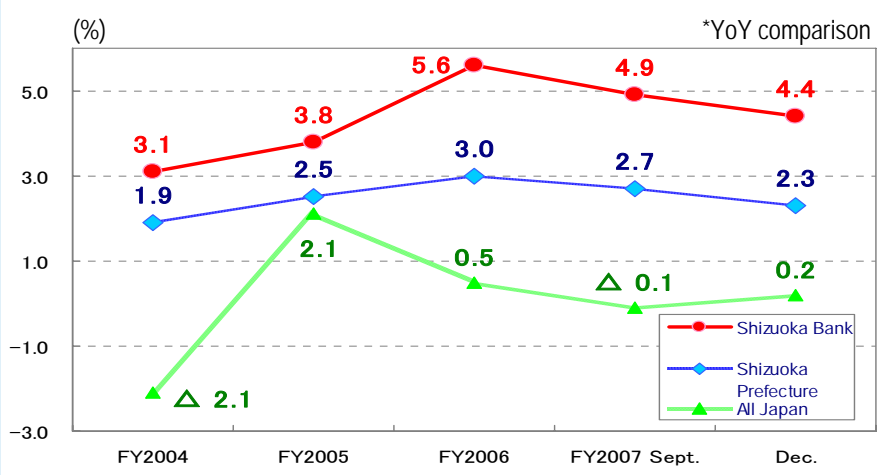
Source: Shizuoka Prefecture Planning Division

Shizuoka Prefecture business conditions diffusion index



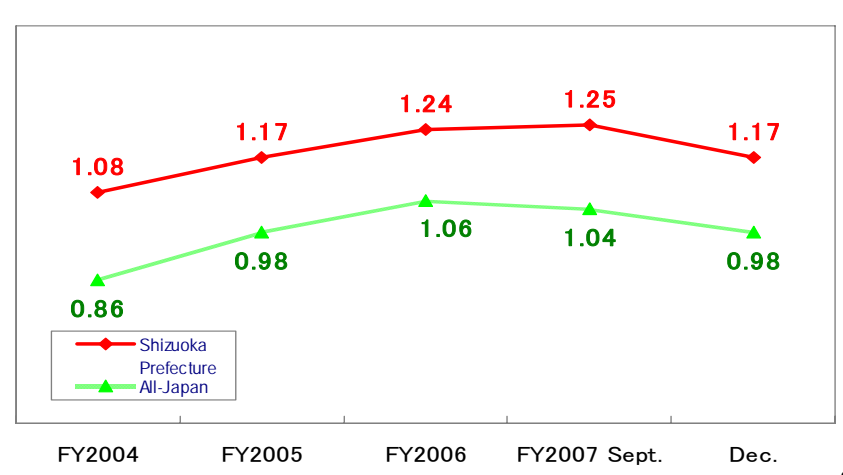
Source: Bank of Japan

Shizuoka Prefecture loans and discounts (term-end balance)



Source: Bank of Japan

Shizuoka Prefecture job offers-to-seekers ratio

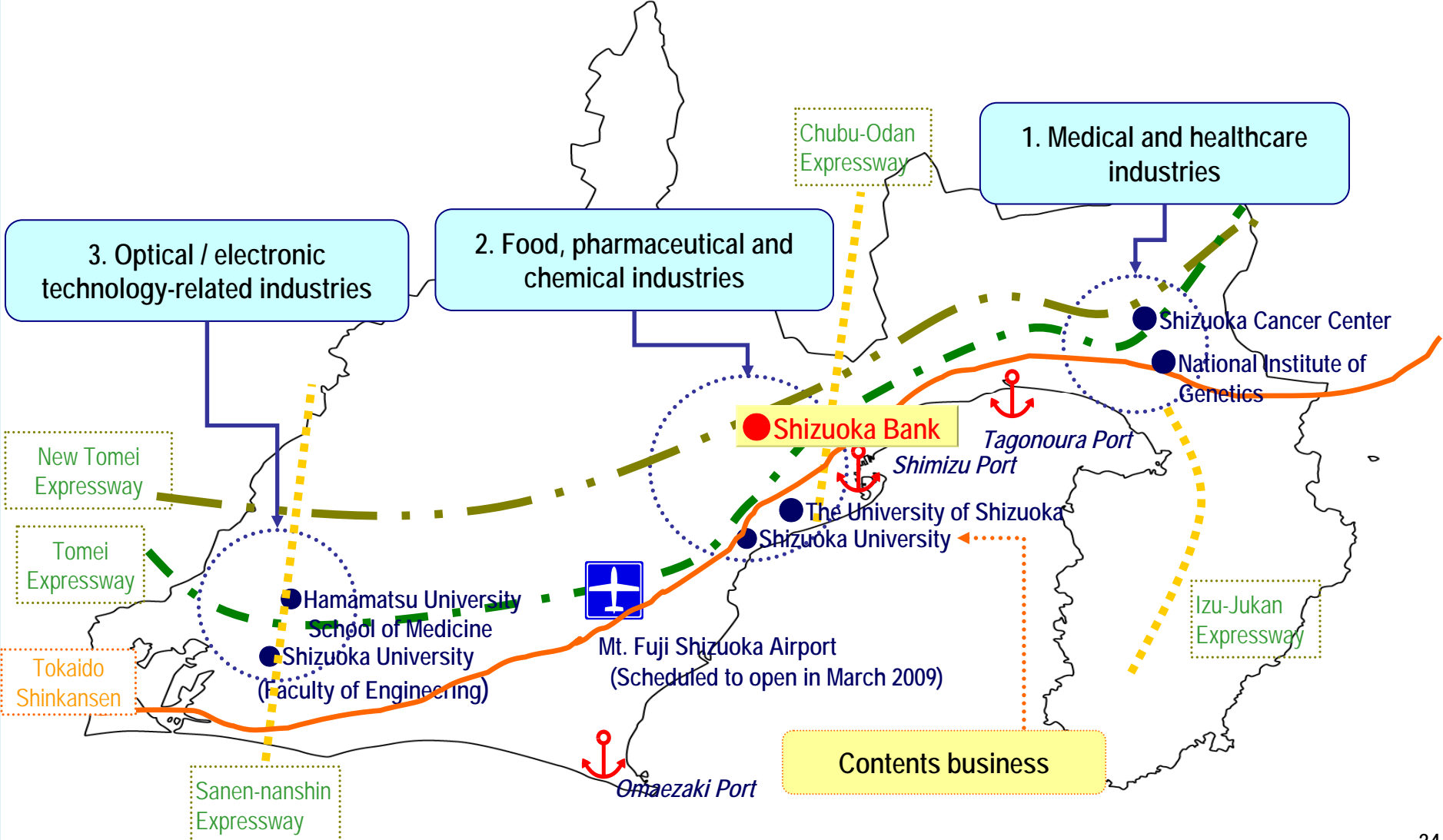


Source: Shizuoka Labor Department 33



Major projects

- Shizuoka Prefecture is promoting several projects including the Mt. Fuji Shizuoka Airport to revitalize the local area
- Contributing to these projects, which are expected to have considerable economic ripple effects, from the early stages will tie in to creating future profitability



This document includes statements concerning future business results. These statements do not guarantee future business results, but contain risks and uncertainties. Please note that future business results may differ from targets for reasons such as changes in the business environment.