

April 27, 2012

To whom it may concern:

Mizuho Securities Co., Ltd.

### **Implementation of “Business Foundation Strengthening Program,”etc.**

Mizuho Securities Co., Ltd. (hereinafter the “Company”) has been implementing initiatives based on the “Business Foundation Restructuring Program” since October 2011 aimed at improving profits as soon as possible. Through steady implementation of the said Program, the Company was able to establish a foundation for future improvement in profits, with one of the grounds being the drastic cost reduction by 7.6 billion yen (approximately 21%) year-on-year in selling, general and administrative expenses (excluding trading-related expenses, non-consolidated basis), achieved in the fourth quarter of fiscal year 2011. As improvement effects such as the aforementioned have been confirmed, the Program was concluded on March 31, 2012, based on the judgment that its objectives had largely been achieved.

Moving into fiscal year 2012, assuming the continuation of severe business conditions and based on the fact that this fiscal year marks the beginning of the “Substantive One Bank” framework within the Mizuho Group, the Company has decided to implement the “Business Foundation Strengthening Program” and other initiatives, to further accelerate efforts to improve profits by continuing to reduce expenses and at the same time further enhancing earnings capabilities.

By steadily implementing this Program, and as a result of further improvements to revenue structure through rapid generation of synergy effects, including in expenses, from the merger planned for the first half of this fiscal year (\*) with Mizuho Investors Securities Co., Ltd. (hereinafter “Mizuho Investors Securities”), the Company will proceed with efforts to build a framework capable of responding to changes in market environment.

Note

#### **1. “Business Foundation Strengthening Program”**

##### **(1) Improving earnings capabilities through expansion of client base and strengthening of business foundation**

The Company will continue to promote its business model centering on client business and aim to restore and strengthen top line earnings capabilities.

In the investment banking business (equity and fixed income underwriting, M&A advisory, etc.), the Company will enhance its coverage framework and increase focus on proposal of compound products, including products combined with those of other divisions and other group companies.

In the markets and products business, the Company will make increased efforts to expand networks with both domestic and international institutional investors, improve the quality of sector analysts, and diversify trading strategies, while at the same time striving to expand the retail business flow.

In the retail business, the Company will improve its fine-tuned strategy catering to each client segment and will strive to improve customer satisfaction. In addition, the Company will further promote assets under management-based business focusing on high net worth clients, through the development of a product lineup which meets client needs. In terms of corporate business through branches, the Company will enhance integrated management with the markets and products business and focus on training and reallocation of professional human resources.

The retail business is the area where the synergy effects of the merger with Mizuho Investors Securities are expected to be most apparent, and the two companies are planning to deliberate on bringing forward implementation of initiatives to produce synergies.

## **(2) Implementation of specific measures aiming to deepen collaboration with Mizuho Bank, Mizuho Corporate Bank and Mizuho Trust & Banking (implementation of “Substantive One Bank”)**

“Mizuho” is the sole Japanese banking group with its own banks (including trust bank) and securities companies. It aims to further improve customer convenience and increase earnings capabilities, by establishing a new corporate structure to utilize each of the functions of the group to the fullest, and by maximizing collaboration between each of the respective companies. In order to realize these objectives, Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd. commenced operations under a “Substantive One Bank” structure on April 1, 2012, as a prelude to a legal merger. To realize more extensive and more efficient collaboration with the banks in the group under the “Substantive One Bank” structure, the Company will proceed with measures including organizational changes, in order to ensure that preparations are in place to facilitate the maximization of collaboration.

Further, as part of collaboration with Mizuho Trust & Banking Co., Ltd. (hereinafter “Mizuho Trust & Banking”), Mizuho Trust & Banking and the Company made the decision today that the European custody business offered by Mizuho Trust & Banking’s subsidiary in Luxembourg - Mizuho Trust & Banking (Luxembourg) S.A., and the Company’s subsidiary in the United Kingdom - Mizuho International plc, will be consolidated into Mizuho Trust & Banking (Luxembourg) S.A., while the securities lending business for institutional investors, which is an auxiliary business of the above-mentioned custody business, will be consolidated into Mizuho International plc. This is an initiative aimed at improving efficiency and service levels through the unification of functions within the Group, with the deepening of collaboration between “Mizuho” companies facilitating provision of higher quality service to clients.

## **(3) Increasing sophistication of global management**

Global matrix management, which was introduced on a full scale mainly in front office divisions in fiscal year 2011, will be expanded to corporate divisions, where it will be implemented more thoroughly and further enhanced, leading to a more agile operational management framework on a global basis, enhanced profitability in each product area, more efficient operations, and enhanced risk management.

#### **(4) Continuous cost reductions aiming toward securing consistent profits**

In addition to the various measures which were carried out in fiscal year 2011 (including the streamlining of personnel through a voluntary retirement program and relocation of some of the Company's offices) the Company will work to further reduce a variety of expenses through such measures as the closure and consolidation of branches (scheduled for April-May 2012), assuming the continuation of the severe business environment.

Deliberations on the development of a "One Securities" framework by the upcoming merger with Mizuho Investors Securities will also proceed with attention being given to reducing expenses, including allocation of branches and personnel.

#### **(5) Appropriate risk controls in response to external environment**

Mindful of scheduled upcoming moves towards tighter capital regulations, the Company will continue to take a multifaceted approach to improving capital efficiency, including carrying out measures such as prioritized asset allocation.

## **2. Reductions in executive remuneration**

Mindful of the need to further reduce various expenses, with the aim of securing consistent profits through the implementation of the Business Foundation Strengthening Program outlined above, remuneration of executives will be cut until the end of the first half of the current fiscal year. This will include a 30% cut in the monthly salary of the President.

By implementing this program as soon as is practicable, and through the building of a robust framework as a result of the merger with Mizuho Investors Securities, the Company will strive to rapidly restore and enhance its earnings capabilities, and will continue to approach business with a sense of urgency. We kindly request the ongoing cooperation and continued support of everyone involved.

(\*) Subject to approval of the shareholders' meetings etc. of each of the companies concerned, filing of notifications with relevant authorities in the countries concerned, and receipt of licenses and authorization, etc..

End.