SPEEDEMISSIONS INC
Form 10-K
March 31, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended: December 31, 2010.

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period from ______ to ______

Commission file number: 000-49688

Speedemissions, Inc.

(Exact name of registrant as specified in its charter)

Florida	**33-0961488**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1015 Tyrone Road, Suite 220

Tyrone, Georgia 30290

(Address of principal executive offices)

Registrant s telephone number (770) 306-7667

Securities registered pursuant to Section 12(b) of the Act: NONE

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common stock, par value $0.001	**Over the Counter: Bulletin Board**

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of the chapter) during the preceeding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ¨ No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2010, the last business day of the registrant s most recently completed second fiscal quarter, based on the closing price of the stock on such date was $109,352.

As of March 21, 2011, 23,938,408 shares of common stock of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with our 2011 Annual Meeting of Stockholders are incorporated by reference in Part III herein.

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Speedemissions, Inc.

FORM 10-K

For the fiscal year ended December 31, 2010

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that look to future events and consist of, among other things, statements about our anticipated future income including the amount and mix of revenue among type of product, category of customer, geographic region and distribution method and our anticipated future expenses and tax rates. Forward-looking statements include our business strategies and objectives and include statements about the expected benefits of our strategic alliances and acquisitions, our plans for the integration of acquired businesses, our continued investment in complementary businesses, products and technologies, our expectations regarding product acceptance, product and pricing competition, cash requirements and the amounts and uses of cash and working capital that we expect to generate and statements including such words as may, believe, plan, expect, anticipate, could, estimate, predict, goals, project, and similar expressions or the negative of these terms or other comparable terminology. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K and are subject to business and economic risks, uncertainties and assumptions that are difficult to predict, including those identified below in Item 1A, *Risk Factors* as well as in Item 1, *Business* and Item 7, *Management s Discussion and Analysis of Financial Condition and Results of Operations* in this Annual Report on Form 10-K. Therefore, our actual results may differ materially and adversely from those expressed in any forward-looking statements. We cannot assume responsibility for the accuracy and completeness of forward-looking statements, and we undertake no obligation to revise or update publicly any forward-looking statements for any reason.

Part I

Item 1. Business

Overview

Speedemissions, Inc. is one of the largest test-only emissions testing and safety inspection companies in the United States. We perform vehicle emissions testing and safety inspections in certain cities in which vehicle emissions testing is mandated by the United States Environmental Protection Agency (EPA). As of March 21, 2011, we operated 39 vehicle emissions testing and safety inspection stations under the trade names of *Speedemissions* (Atlanta, Georgia and St. Louis, Missouri); *Mr. Sticker* (Houston, Texas); and *Just Emissions* (Salt Lake City, Utah). We also operate four mobile testing units in the Atlanta, Georgia area which service automotive dealerships and local government agencies. We manage our operations based on these four regions and we have one reportable segment. References in this document to Speedemissions, Company, we, us and our mean Speedemissions, Inc. and our consolidated subsidiaries.

We use computerized emissions testing and safety inspections equipment that test vehicles for compliance with vehicle emissions and safety standards. Our revenues are mainly generated from the test or inspection fee charged to the registered owner of the vehicle. As a service to our customers, we sell automotive parts and supplies such as windshield wipers, taillight bulbs and gas caps. In addition, we perform a limited amount of services including oil changes and headlight restorations at select locations. We do not provide major automotive repair services.

On June 22, 2010, the Company announced the launch of its first iPhone application, Carbonga. Carbonga diagnoses an automobile s computer systems using the on board diagnostic port on vehicles that are 1996 or newer. Carbonga can check over 2,000 vehicle fault codes. We launched version two of Carbonga on February 16, 2011. Version two improved the speed and performance of the application and added additional features including the ability to receive vehicle safety recalls and Technical Service Bulletins (TSB) for an annual subscription fee.

Corporate Information

We were incorporated as SKTF Enterprises, Inc. in Florida in March 2001. In June 2003, we acquired Speedemissions, Inc., a Georgia corporation in the business of vehicle emissions testing since May 2000. In connection with the acquisition, we changed our name to Speedemissions, Inc. in September 2003. Our principal offices are located at 1015 Tyrone Rd, Suite 220, Tyrone, Georgia 30290. Our telephone number is (770) 306-7667 and our website is www.speedemissions.com. Information on our website is not intended to be incorporated into this Annual Report.

Our Typical Testing Center

Our testing centers generally are located in freestanding buildings in areas with high vehicle traffic counts, good visibility and easy access to major roadways. The typical testing center is located inside of a structure similar to a typical lube or tire change garage with doors at both ends so vehicles can drive-through the facility. We also have structures that resemble a bank drive-through facility. We are creating brand awareness in our current testing stations through standard building style and façade, consistent color schemes, signs, and employee uniforms, and we advertise in select local markets. Computerized testing systems are located in each

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building to test vehicle emissions and safety, if applicable in that state. We purchase or lease these computerized testing systems from state approved equipment vendors.

Most of our emissions testing stations are open for business during weekdays between the hours of 8:00 am and 6:00 pm, and from 8:30 am to 5:00 pm on Saturdays. We operate some stations on Sundays in Texas. The average emissions test in Georgia takes approximately 8 to 12 minutes to complete. In Texas, Missouri and Utah, because of the safety inspection, the completion time is slightly longer.

There are two types of primary emissions tests that are performed, the Accelerated Simulated Model (ASM) and the On-Board Diagnostic (OBD). In selected markets a vehicle safety inspection is required to be performed. These tests apply to vehicles generally manufactured from 1983 through 2005, depending on the state. The ASM test is done on vehicles 1995 and older, while the OBD test is conducted on vehicles 1996 and newer. We generally operate two or three testing lanes at each testing center depending upon the size of the building. We typically lease the land and the building from the property owners, however we have constructed several buildings on land leases in the past.

In our Atlanta, Georgia locations, under the guidelines of the Georgia Clean Air Force (GCAF) program the mobile vehicle emissions testing units are only permitted to conduct the OBD test on 1996 and newer vehicles. In the Atlanta, Georgia area, we currently have four mobile units and they serve the automobile fleets of the federal, state, and local governments. All used cars in Georgia, prior to being re-sold, must have a vehicle emissions test, and thus we serve selected new and used car dealers throughout the greater Atlanta market with these mobile units.

New Products and Stores

On June 22, 2010, the Company announced the launch of its first iPhone application, Carbonga. Carbonga diagnoses an automobile s computer systems using the on board diagnostic port on vehicles that are 1996 or newer. Carbonga can check over 2,000 vehicle fault codes. We launched version two of Carbonga on February 16, 2011. Version two improved the speed and performance of the application and added additional features including the ability to receive vehicle safety recalls and Technical Service Bulletins (TSB) for an annual subscription fee.

We expect to incur additional sales and marketing costs during 2011 to promote Carbonga. As a result of the increased costs of promoting Carbonga, we expect to only open one new testing location during 2011. Our expansion during 2011 will be funded by existing working capital and 2011 cash flows from operations.

We continually reassess the performance of our current stores and our store rollout plans based on numerous factors including the overall environment of the emissions testing industry, our access to working capital and external financing, general economic conditions and the availability of suitable locations. Our growth may be curtailed or we may close under performing stores if we do not have adequate working capital, access to financing, as a cost containment initiative, or if we are unable to obtain the standard emissions and safety station licensing approval from the respective state regulatory agencies for each location.

Industry Background Government and Regulatory Overview

The EPA reported in 2007 that approximately 158.5 million people lived in counties across the United States whose air pollution exceeded national air quality standards. Motor vehicles are responsible for nearly one half of the smog-forming volatile organic compounds, more than half of the nitrogen oxide emissions and about half of the toxic air pollutant emissions in the United States. Motor vehicles, including off road vehicles, now account for 75 percent of carbon monoxide emissions nationwide.

The total vehicle miles people travel in the United States increased 178 percent between 1970 and 2005 and continues to increase at a rate of two to three percent each year. In the United States, there are more than 210 million cars and light-duty trucks on the road.

The 2007 Motor Vehicle I/M Report published by Sierra Research, states that 32 states and the District of Columbia currently have vehicle emissions testing programs. Each state, as well as the District of Columbia, has its own regulatory structure for emissions testing with which we must comply if we conduct business in that state.

Public awareness of air pollution and its hazardous effects on human health and the environment has increased in recent years. Increased awareness of air pollution and its hazardous effects on human health and the environment has led governmental authorities to pass more stringent pollution control measures. One especially effective measure that many governmental authorities have adopted is vehicle emissions testing. The EPA estimates that enhanced emissions testing on motor vehicles is approximately 10 times more cost-effective in reducing air pollution than increasing controls on stationary pollution sources such as factories and utilities. Consequently, the EPA has made emissions testing an integral part of its overall effort to reduce air pollution by ensuring that vehicles meet emissions standards.

Vehicle emissions control requirements have become progressively more stringent since the passage of the Clean Air Act in 1970. In 1990, Congress amended the Clean Air Act. The revisions required areas that did not meet national ambient air quality standards (NAAQS) to implement either basic or enhanced vehicle I/M emissions testing programs, depending upon the severity of the area s air quality problem. The act also required that metro areas with populations of more than 100,000 implement enhanced I/M emissions testing regardless of their air quality designation.

On November 5, 1992, the EPA issued its original rule establishing minimum performance and administrative requirements for states developing air quality implementation plans. The EPA said areas that needed enhanced emissions testing would have to use their new I/M 240 test procedure. However, the EPA decided to grant state governmental authorities the discretion to determine how best to establish and operate a network of emissions testing facilities, including the flexibility to choose either a centralized or a decentralized program.

In general, these vehicle emissions tests are performed either in a centralized program or in a decentralized program. In a centralized program, a select number of emissions testing operators are licensed by the state or are operated by certain states to perform vehicle emissions testing. These operators are authorized to perform emissions tests, but generally they are prohibited from repairing vehicles that fail to pass an emissions test.

On the other hand, in a decentralized program, a wider range of persons may perform emissions tests, including those engaged primarily in other businesses, such as automotive repair shops, oil change stores and others. For many of these operators, performing emissions tests is not their primary business.

Nineteen states have implemented decentralized programs, ten states and the District of Columbia have implemented centralized programs. There are three states that have implemented a hybrid program, whereby the state operates its own testing stations and also allows independently operated stations.

On July 31, 1998, the EPA issued a final study that concluded that more stringent air quality standards for motor vehicle emissions are needed, and that such standards should be implemented as it becomes technologically feasible and cost-effective to do so. We believe that the setting of such standards will be the most important EPA regulatory initiative affecting motor vehicles since the passage of the 1990 Amendments. We believe that the EPA study is likely to result in more stringent standards that will have the effect of increasing the number of areas that must implement emissions testing programs and thereby potentially increasing the market for our service.

Since 1977, when federal legislation first required states to comply with emissions standards through the use of testing programs, California has been a leader in testing procedures and technical standards. California has approximately 23 million vehicles subject to emissions testing, more than two times that of any other state. California s testing program is overseen by the California Bureau of Automotive Repair (CARB). CARB has revised its emissions testing standards three times: in 1984, 1990 and, most recently, in 1997. With each of these revisions, CARB has required the use of new, more sophisticated and more accurate emissions testing and analysis equipment, which must be certified by CARB. California s testing standards have become the benchmark for emissions testing in the United States.

All states with decentralized programs and many states with centralized programs require emissions testing and analysis equipment used in their programs to be either BAR-84, BAR-90, or BAR-97 certified, with all newly implemented enhanced programs requiring BAR-97 certification.

As emissions testing equipment has become more technologically advanced, government regulators have required that testing facilities use this more advanced equipment. The most significant technological advance that has occurred in the emissions testing industry over the past decade is the development of enhanced testing systems. Prior to 1990, the EPA required government agencies to test vehicles only for emissions of carbon monoxide and hydrocarbons, which form smog. During this basic test, a technician inserts a probe in the vehicle s tailpipe while the vehicle is idling and emissions analyzers then measure pollution levels in the exhaust. These basic tests worked well for pre-1981, non-computerized vehicles containing carburetors because typical emission control problems involved incorrect air/fuel mixtures and such problems increase pollution levels in the exhaust even when the vehicle is idling.

However, today s vehicles have different emissions problems. For tests on modern vehicles to be effective, the equipment must measure nitrogen oxide emissions that also cause smog and must test the vehicle under simulated driving conditions. The EPA now requires these enhanced tests in the major metropolitan areas of 32 states and the District of Columbia. A technician conducts these Accelerated Simulated Mode (ASM) tests on a dynamometer, a treadmill-type device that simulates actual driving conditions, including periods of acceleration, deceleration and cruising, or the On Board Diagnostic (OBD) by plugging into the vehicles computerized operation system.

Emissions Testing in the State of Georgia

In 1996, the Environmental Protection Division of the State of Georgia initiated the GCAF program that required emissions testing of certain vehicles in a 13 county area surrounding metro Atlanta, Georgia. These rules are set forth in Sections 391-3-20-.01 through .22 of the Rules of the Georgia Department of Natural Resources, Environmental Protection Division.

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Georgia s program is a decentralized program. All operators performing emissions testing in Georgia must have their technicians attend and complete certain state certified training, and report to the state on their emissions testing activities every month. Testing stations may be licensed to test all vehicles, which are known as ALL VEHICLES WELCOME stations, or only vehicles not more than ten years old, known as 1996 OR NEWER VEHICLES ONLY stations. All the stations we currently operate in Georgia, are ALL VEHICLES WELCOME stations. The program requires vehicles in the 13 covered counties to undergo an emissions test on an annual basis, with an annual exemption for the three most recent model years.

The market for emissions testing in Georgia is highly fragmented and generally consists of services provided by independent auto repair service providers, service stations, oil and tire repair stores, and independent test-only facilities. According to GCAF, there are approximately 850 licensed test sites, and approximately 2,500,000 tests are performed annually in Georgia.

Georgia law mandates compliance with its vehicle emissions testing program. For vehicles subject to the state s emissions law, a successful test, or a waiver from the state, is required to obtain a vehicle registration in Georgia. Nearly 2 million heavy polluting vehicles have been identified and repaired since the start of the program.

Emissions Testing and Safety Inspections in the State of Texas

The Texas Vehicle Emissions Testing Program, also known as AirCheck Texas, was implemented in May 2002 in affected areas of Texas to improve air quality. As of January 2011, 17 counties are subject to enhanced vehicle emissions testing in Texas including the greater metropolitan areas of Dallas Ft. Worth, Houston, Galveston, Austin and El Paso. The rules are set forth in § 114.50 of the Texas Administrative Code.

The testing program is integrated with the annual safety inspection program, both of which are operated by the Texas Department of Public Safety in conjunction with the Texas Commission on Environmental Quality. Vehicles two to twenty-four years old are subject to vehicle emissions testing in Texas. The emissions tests conducted are the same as in Georgia, and Utah with 1996 and newer models subject to the OBD test and 1995 and older models subject to the ASM test. Vehicles are required to be tested on an annual basis, with an annual exemption for the two most recent model years. According to the American Automobile Motor Vehicle Association, there are approximately 4.6 million eligible vehicles in the state.

Texas law mandates compliance with its vehicle emissions and safety inspection program. For a vehicle to obtain a sticker for yearly registration the owner must have a successful emissions and safety inspection, or a waiver.

Emissions Testing and Safety Inspections in the State of Utah

The state of Utah allows a hybrid of the centralized and decentralized programs where the state operates a select number of emissions testing and safety inspection centers while authorizing those businesses such as an automotive repair shop, automobile dealers and others to conduct emissions testing and safety inspections. The Department of Health for each county manages emission testing and the Utah Highway Patrol manages the safety inspection program. The emissions tests conducted are the same as in Georgia and Texas.

All vehicles registered in Davis, Salt Lake, Utah and Weber counties with model years less than six years old are required to have an emission test once every two years. Vehicles with model years six years old and older (to 1967) must have an emission test every year. Emission testing is not required for vehicles with model years 1967 or older. Vehicles with model years less than eight years old are required to have a safety inspection once every two years. Vehicles with model years eight years old and older must pass safety inspections every year.

Utah law mandates compliance with its vehicle emissions and safety inspection program. For a vehicle to obtain a sticker for yearly registration the owner must have a successful emissions and/or safety inspection.

Emissions Testing and Safety Inspections in the State of Missouri

The state of Missouri s Gateway Vehicle Inspection Program switched from a centralized program to a decentralized program on October 1, 2007. The program is administered by the Department of Natural Resources and the Missouri State Highway Patrol.

Missouri law requires all motor vehicles pass a vehicle safety inspection at an authorized inspection station every other year unless specifically exempted from a safety inspection. New motor vehicles are exempt from the safety inspection during the first five years following the model year of manufacture.

In addition to the safety inspection, vehicles registered in St. Louis City, St. Louis County, St. Charles County, Franklin County and Jefferson County are required to have an emissions inspection every other year prior to registering the vehicle. New motor vehicles and the first retail sale of titled motor vehicles, with less than 6,000 miles during the model year of the vehicle and the following year are exempt from the emissions inspection. Vehicles with a model year of 1995 and older are exempt from the ASM emissions inspections in Missouri. An emissions inspection is required regardless of the model year if the vehicle is sold.

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Operating Strategy

Our operating strategy focuses on (a) providing our customers with fast, honest and courteous vehicle testing and inspection services, (b) increasing the number of sites we operate in a given market, (c) increasing the volume of business at each site, (d) creating brand awareness for our services, (e) creating repeat customer sales and (f) promote our iPhone app Carbonga, all of which are designed to enhance our revenue and cash flow. To achieve these goals, we:

- Seek to secure and maintain emissions testing and safety inspection stations at well-traveled intersections and other locations that are easily accessible by our customers;
- Coordinate operations, training and local outreach programs in each market to enhance revenue and maximize cost efficiencies within each market;
- Implement regional management and marketing initiatives in each of our markets;
- Tailor each facility, utilize limited local advertising and the services we offer to appeal to the broadest range of consumers;
- Aspire to expand the use of our mobile vehicle testing units by bidding on federal, state, and local governments for their fleet vehicles, as well as corporate accounts and automotive dealerships; and
- Seek to promote our iPhone app Carbonga by launching a social networking advertising campaign.

We currently purchase our raw materials, such as filters, hoses, etc., from several suppliers, and because these raw materials are readily available from a variety of suppliers, we do not rely upon any one supplier for a signifiant portion of our materials. Certificates of emissions and safety inspections are purchased from each state s department or agency responsible for overseeing the emissions testing and safety inspections programs in that state.

Intellectual Property

We have registered the trade names Speedemissions , Mr. Sticker , Just Emissions and Carbonga in the United States. We have filed a Federal Service Mark Registration for the name and logo of Speedemissions, Inc., and for the tag line The Fastest Way to Keep Your Air Clean.

Competition

The emissions testing and safety inspection industry is full of small owner-operators. Auto repair shops, tire stores, oil change stores, muffler shops, service stations, and other emissions testing stations may offer this service. There are no national competitors at this time. We expect competition from local operators at all of our locations. We expect such competition whenever and wherever we open or acquire a station. Our market share is too small to measure. Our revenue from emissions testing is affected primarily by the number of emissions and safety tests our stations perform, and the price charged per test. Other emissions testing operators may have greater financial resources than us, which may allow them to obtain more expensive and advantageous locations for testing stations, to provide services in addition to emissions testing, to charge lower prices than we do, and to advertise and promote their businesses more effectively than we do. For example, some of our competitors in Atlanta charge only $15.00 to test a vehicle rather than the $25.00 maximum allowed under Georgia law. As a result, we have had to reduce or discount our fees in some of our Atlanta stations. We intend to compete by creating brand awareness through advertising, a standard building style and facade, a consistent color scheme and uniform and improving the customer experience. Although we believe our stations are well positioned to compete, we cannot assure you that our stations will maintain, or will increase, their current testing volumes and revenues.

Research and Development

We have not spent any material amount of time or money on research and development, and do not anticipate doing so in the future.

Compliance with Environmental Laws

There are no environmental laws applicable to the vehicle emissions and safety inspection business.

Employees

At December 31, 2010, we employed 108 full-time and part-time employees. None of our employees are represented by a union.

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SEC Filings

We file annual, quarterly and current reports, proxy and information statements and other information with the Securities and Exchange Commission (the SEC). All material we file with the SEC is publicly available at the SEC s Public Reference Room at 100 F Street NE, Room 1580, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that is filed electronically with the SEC.

Website Access

Our website address is www.speedemissions.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished with the SEC pursuant to the Securities Exchange Act of 1934, as amended, will be available free of charge on our website www.speedemissions.com (under Investor Relations) as soon as reasonably practicable after the reports are filed with the SEC.

Item 1A. Risk Factors

Current economic conditions may continue to adversely affect our industry, business and results of operations, our ability to obtain financing on reasonable and acceptable terms to expand our operations and the market price of our common stock.

The United States economy may continue to experience a downturn. This downturn has and could further lead to reduced consumer and commercial spending in the foreseeable future. The emissions testing and safety inspection industry may experience significant downturns in connection with, or in anticipation of, declines in general economic conditions, state budgets, and its impact on the automotive industry as a whole. Declines in consumer and commercial spending may drive us and our competitors to reduce pricing, which would have a negative impact on our gross profit. A continued softening in the economy may adversely and materially affect our industry, business and results of operations and we can not accurately predict how severe and prolonged the current downturn might be. Moreover, reduced revenues as a result of a softening of the economy may also reduce our working capital and interfere with our long term business strategy. These macroeconomic developments could negatively affect our business, operating results, or financial condition in a number of ways. For example, current or potential customers, such as automotive dealerships may delay or decrease spending with us or may not pay us or may delay paying us for previously provided services. In addition, if consumer spending continues to decrease, this may result in fewer sales of used automobiles that are subject to emissions testing and safety inspections. If our operating results worsen significantly as a result of the downturn and our cash flow or capital resources prove inadequate, we could face liquidity problems that could materially and adversely affect our results of operations and financial condition.

The United States stock and credit markets have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings materially less attractive, and in certain cases have resulted in the unavailability of certain types of financing. Continued uncertainty in the stock and credit markets may negatively impact our ability to access additional short-term and long-term financing on reasonable terms or at all, which would negatively impact our liquidity, financial condition and ability to expand our operations. A prolonged downturn in the stock or credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business operations accordingly. These disruptions in the financial markets also may adversely affect our credit rating and the market value of our common stock.

We have a limited operating history and limited historical financial information upon which you may evaluate our performance.

Our limited operating history and losses to date make it difficult to evaluate our business. We incurred net losses of $2,182,874 and $2,787,072 for the years ended December 31, 2010 and 2009, respectively. As of December 31, 2010, we had cash on hand of $261,600, working capital deficit of $71,693, an accumulated deficit of $17,495,614 and total shareholders deficit of $1,666,009. You should consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies that, like us, have not generated net earnings on an annual basis. Various factors, such as economic conditions, regulatory and legislative considerations, and competition, may also impede our ability to expand our market presence. We may not successfully address these risks and uncertainties or successfully implement our operating and acquisition strategies. If we fail to do so, it could materially harm our business and impair the value of our common stock. Even if we accomplish these objectives, we may not generate positive cash flows or profits we anticipate in the future.

We have a large amount of outstanding common stock held by a single shareholder, and a large amount of common stock that could be acquired by a second shareholder upon conversion of preferred stock and exercise of warrants, which if sold could have a negative impact on our stock price.

Our largest shareholder, GCA Strategic Investment Fund Limited, and its affiliates, own 3,379,361 shares of our common stock as of December 31, 2010. Upon exercise of all outstanding warrants at an exercise price of $0.50 per share and conversion of their Series A Convertible Preferred Stock, GCA Strategic Investment Fund Limited and its affiliates could own up to 11,741,861 shares of our common stock. As of December 31, 2010, Barron Partners LP (Barron) could acquire up to 1,632,820 shares of our common

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stock upon the conversion of their Series B Convertible Preferred Stock. If either of these shareholders sold a large number of shares of our common stock into the public market it could have a negative impact on our stock price.

There is an extremely limited market for our stock.

There is an extremely limited trading market for our common stock. Although our common stock is quoted on the OTC Bulletin Board, there are very few trades of our shares. Currently, there are no consistent market makers in our common stock. Making a market in securities involves maintaining bid and ask quotations and being able to effect transactions in reasonable quantities at those quoted prices, subject to various securities laws and other regulatory requirements. The development and maintenance of a public trading market depends, however, upon the existence of willing buyers and sellers, the presence of which is not within our control or that of any market maker. Market makers on the OTC Bulletin Board are not required to maintain a continuous two-sided market, are required to honor firm quotations for only a limited number of shares, and are free to withdraw firm quotations at any time. Even with a market maker, factors such as our losses from operations for each of the past three years, the large number of shares reserved for issuance upon exercise of existing warrants or options or the conversion of outstanding shares of preferred stock, and the small size of our company mean that there can be no assurance of an active and liquid market for our common stock developing in the foreseeable future. Even if a market develops, we cannot assure you that a market will continue, or that shareholders will be able to resell their shares at any price. You should carefully consider the limited liquidity of your investment in our common stock.

Our near term growth, if any, is expected to be financed through limited cash flows from operations.

Our growth in 2011, if any, is expected to be limited to one new store and it will be financed through existing working capital and cash flows from operations. We cannot be certain that we will be successful in generating sufficient cash flows from operations to expand our operations at all. Our growth and expansion may be curtailed if we are unable to generate sufficient cash flows to fund the growth and expansion.

We may have to pay a substantial amount of liquidated damages to a single shareholder if we fail to maintain certain requirements.

If we fail to maintain a majority of independent directors on our board and a majority of independent directors on both our Audit Committee and Compensation Committee, then we must pay to Barron an amount equal to 24% of the purchase price of $6,615,000 for the Series B Convertible Preferred Stock and common stock warrants per annum, payable monthly. For every month the majority of our board or any of our committees is not independent, we must pay Barron liquidated damages in the amount of $132,300. Currently, we have a majority of independent directors on our board.

We are obligated to redeem a series of our preferred stock upon a change of control.

If a person or group of persons other than GCA Strategic Investment Fund Limited acquires beneficial ownership of 33 1/3% or more of the outstanding shares of common stock without the prior written consent of GCA Strategic Investment Fund Limited, we could be required to redeem the Series A Convertible Preferred Stock at the greater of (i) the original issue price of $1,000 per share or (ii) the number of shares of common stock into which the redeemed shares may be converted multiplied by the market price of the common stock at the time of the change in control. Based on the 5,133 shares of Series A Convertible Preferred Stock currently outstanding, if this redemption were triggered we would be required to pay the holders of these shares an aggregate of at least $5,133,000. This restriction will likely deter any proposed acquisition of our stock and may make it more difficult for us to attract new investors, as any mandatory redemption of the preferred shares will materially adversely affect our ability to remain in business and significantly impair the value of your common stock.

We depend upon government laws and regulations that may be changed in ways that may impede our business.

Our business depends upon government legislation and regulations mandating air pollution controls. At this point, Georgia, Missouri, Texas and Utah laws are especially important to us because all of our existing emissions testing and safety inspection services are conducted in those states. Changes in federal, state or local laws that govern or apply to our operations could have a materially adverse effect on our business. Federal vehicle emissions testing law may evolve due to technological advances in the automobile industry creating cleaner, more efficient automobiles which could affect current testing policy and procedures in our markets. For example, Georgia law could be changed so as to require that vehicles in the state be tested every other year, as opposed to every year. Such a change would reduce the number of vehicles that need to be tested in any given year and such a reduction would have a material adverse effect on our revenues in Georgia. Other changes that would adversely affect us would be a reduction in the price we can charge customers for our testing service, an increase in the fees we must pay to the state in order to operate emissions testing stations in its jurisdiction, and the adoption of a system whereby the state, as opposed to private operators, performs vehicle emissions testing. We cannot be assured that changes in federal or state law would not have a materially adverse effect on the vehicle emissions testing and safety inspection industry generally or, specifically, on our business.

We may be unable to effectively manage our growth and operations.

The management of our expansion will require, among other things, continued development of our financial and management controls and management information systems, stringent control of costs, increased marketing activities, the ability to attract and

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retain qualified management personnel, and the training of new personnel. We intend to hire additional personnel as needed in order to effectively manage our expected growth and expansion. Failure to successfully manage our expected growth and development and difficulties in managing additional emissions testing and safety inspection stations could have a material adverse effect on our business and the value of our common stock.

Because the emissions testing and safety inspection industry is highly competitive, we may lose customers and revenues to our competitors.

Our testing stations face competition from other emissions testing and safety inspection operators that are located near our sites. The markets we operate in are highly fragmented and our competitors generally consist of independent auto repair service providers, service stations, oil and tire repair stores and independent test-only facilities that may only operate a single station. We estimate our total number of competitors to be several thousand across all the markets in which we operate. We expect such competition whenever and wherever we open or acquire a station. Our revenue from emissions testing and safety inspections is affected primarily by the number of vehicles our stations service, and the price charged per test. Other emissions testing operators may have greater financial resources than us, which may allow them to obtain more expensive and advantageous locations for testing stations, to provide services in addition to emissions testing, to charge lower prices than we do, and to advertise and promote their businesses more effectively than we do. For example, some of our competitors in Atlanta charge only $15.00 to test a vehicle rather than the $25.00 maximum allowed under Georgia law. As a result, we have reduced our fees in several of our Atlanta stations. Although we believe our stations are well positioned to compete, we cannot assure you that our stations will maintain, or will increase, their current testing volumes and revenues. A decrease in testing volume or a further decline of the test fee as the result of competition or other factors could materially impair our profitability and our cash flows, thereby adversely affecting our business and the value of our common stock.

We may be unable to generate adequate revenue from our new iPhone application, Carbonga, to cover our development expenses or our sales and marketing expenditures spent to promote Carbonga .

We may be unable to attract enough consumers to cover our development expenses or our sales and marketing expenses to promote our iPhone application, Carbonga. Our profitability could be adversely affected if we are unable to attract and retain paying customers for Carbonga to cover our ongoing expenses related to Carbonga.

The loss of Richard A. Parlontieri, our President and Chief Executive Officer, and the inability to hire or retain other key personnel, would adversely affect our ability to manage and control our business.

Our business now depends primarily upon the efforts of Mr. Richard A. Parlontieri, who currently serves as our President and Chief Executive Officer. We believe that the loss of Mr. Parlontieri s services would have a materially adverse effect on us. In this regard, we note that we have entered into a rolling three-year employment agreement with Mr. Parlontieri. We maintain key-man life insurance on Mr. Parlontieri.

As our business grows and expands, we will need the services of other persons to fill key positions in our company. We may not be able to attract, or retain, competent, qualified and experienced individuals to direct and manage our business due to our limited resources. The absence of skilled persons within our company will have a materially adverse effect on us and the value of our common stock.

Our largest shareholder may be able to direct the Company in ways that may be contrary to the wishes of other shareholders.

Our largest shareholder, GCA Strategic Investment Fund Limited, and its affiliates, owned approximately 14% of our outstanding common shares and control approximately 27% of our outstanding voting securities as of March 21, 2011. They may have the ability to control the direction of our company, which may be contrary to the wishes of other shareholders or new investors.

There are a large number of outstanding warrants, options and preferred stock which if exercised or converted will result in substantial dilution of the common stock.

As of March 21, 2011, there were 23,938,408 shares of common stock outstanding. If all warrants and options outstanding as of March 21, 2011 are exercised and all preferred stock are converted to common stock, there will be 38,539,916 shares of common stock outstanding. As a result, a shareholder s proportionate interest in us will be substantially diluted.

Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectation, which could result in substantial losses for investors.

Our operating results may fluctuate as a result of a number of factors, many outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly, year-to-date, and annual expenses as a percentage of our revenues may differ significantly from our historical or projected rates. Our operating results in future quarters may fall below expectations. Any of these events could cause our stock price to fall. Each of the risk factors listed in Item 1A and the following factors may affect our operating results:

- Quarterly variations in operating results;

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- Any significant sale of stock or exercise of warrants by any of our existing shareholders;
- Announcements by us or our competitors of new products, significant contracts, acquisitions or strategic relationships;
- Publicity about our company, management, products or our competitors;
- Additions or departures of key personnel;
- Regulatory changes affecting the price we are allowed to charge or the fee required to be remitted to the state;
- Reduced commercial or consumer spending due to the current economic slowdown in the United States;
- Any future sales of our common stock or other securities; and
- Stock market price and volume fluctuations of publicly traded companies.

These and other external factors have caused and may continue to cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock.

Because we are subject to the penny stock rules, the level of trading activity in our stock may be reduced.

Our common stock is quoted on the OTC Bulletin Board. Broker-dealer practices in connection with transactions in penny stocks are regulated by certain penny stock rules adopted by the Securities and Exchange Commission. Penny stocks, like shares of our common stock, generally are equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on Nasdaq. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer s presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer s account. In addition, broker-dealers who sell these securities to persons other than established customers and accredited investors must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser s written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules, and investors in our common stock may find it difficult to sell their shares.

We do not intend to pay dividends on our common stock.

We have never declared or paid any cash dividend on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future.

Seasonality

Our business is affected by the seasonal nature of vehicle registrations in Missouri, Texas and Utah. Vehicle registrations and related emissions testing and safety inspections in these states are generally required annually based on the month in which the vehicle is purchased. Historically, this has resulted in lower registrations and emissions and safety test volumes during the winter months, our first and fourth quarters. Prior quarterly results are not indicative of our first or fourth quarter results.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price

We are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal control over financial reporting for our fiscal year ended December 31, 2010. Testing and maintaining internal control can divert our management s attention from other matters that are important to our business. We expect to incur increased expense and to devote additional management resources to Section 404 compliance. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we conclude that our internal control over financial reporting is not effective, we cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or their effect on our operations since there is presently no precedent available by which to measure compliance adequacy. If we are unable to conclude that we have effective internal control over financial reporting then investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

Corporate Office

We rent our general corporate offices located at 1015 Tyrone Road, Suite 220, Tyrone, Georgia, which consists of 4,166 square feet of office space and a training classroom with a term that expires on April 30, 2012. The lease automatically renews for an additional 2-year renewal period unless either party gives a ninety-day notice of non-renewal.

Testing Facilities

We lease the land and buildings we use in our emissions testing and safety inspection stations in Atlanta, St. Louis, Houston, and Salt Lake City. All of our facilities are believed to be in adequate condition for their intended purposes and adequately covered by insurance. The following table shows the store locations for our 40 stores as of December 31, 2010:

Location	Number of Stores
Georgia	14
Missouri	4
Texas	14
Utah	8
Total	40

Item 3. Legal Proceedings

In the ordinary course of business, we may be from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations.

During 2010, the Company filed a Demand for Arbitration claim for $2,900,000, plus legal fees against David E. Smith, Barbara Smith and Grant Smith (the Smiths), who are the former owners of Mr. Sticker, Inc. (Mr. Sticker). The Company purchased Mr. Sticker from the Smiths on June 30, 2005 for $3,100,000. The Company asserts that the Smith s interfered with the continuation of the business and interfered with the renewal of certain leases held by the Smiths or by controlled entities of the Smiths. The Company further asserts breach of contract, fraud and fraudulent inducement and tortuous interference by the Smiths. The arbitration claim has yet to be heard by the arbitrators. The Smiths have filed a counterclaim for damages in relation to attorney fees incurred on behalf of the Smiths, for which an amount has not been determined.

Item 4. Reserved

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Part II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is currently quoted on the OTC Bulletin Board under the symbol SPMI . Prior to January 20, 2006, our common stock was traded on the OTC Bulletin Board under the symbol SPEM. Although our common stock is quoted on the OTC Bulletin Board, there has been limited trading, at widely varying prices, and trading to date has not created an active market for our common stock. Thus, the prices at which trades occurred may not be representative of the actual value of our common stock. On a number of days during this period, there were no trades at all in our common stock.

The following tables set forth, for the periods indicated, the high and low bids of our common stock. The following quotations reflect inter-dealer prices, without retail markup, mark-down or commission, and may not represent actual transactions.

		High		Low	
Fiscal year ended December 31, 2009:					
First Quarter	$	0.07	$	0.05	
Second Quarter	$	0.05	$	0.02	
Third Quarter	$	0.10	$	0.04	
Fourth Quarter	$	0.30	$	0.08	
Fiscal year ended December 31, 2010:					
First Quarter	$	0.09	$	0.05	
Second Quarter	$	0.07	$	0.01	
Third Quarter	$	0.03	$	0.01	
Fourth Quarter	$	0.04	$	0.01	
Fiscal year ended December 31, 2011:					
First Quarter (Through March 21)	$	Borrowed Money	14,763,870		14,874,978
Foreign Exchange Liabilities		233,184		197,125	
Short-term Bonds		538,198		451,898	
Bonds and Notes		4,783,180		4,770,541	
Due to Trust Accounts		1,003,129		1,079,154	
Derivatives other than for Trading Liabilities		4,288,356		3,668,981	
Other Liabilities		3,610,067		3,221,452	
Reserve for Bonus Payments		38,577		6,077	
Reserve for Employee Retirement Benefits		36,053		36,153	
Reserve for Director and Corporate Auditor Retirement Benefits		2,256		1,692	
Reserve for Possible Losses on Sales of Loans		8		12	
Reserve for Contingencies		24,559		24,879	
Reserve for Reimbursement of Deposits		15,769		14,052	
Reserve for Reimbursement of Debentures		20,193		22,482	
Reserves under Special Laws		1,221		1,196	
Deferred Tax Liabilities		19,219		16,138	
Deferred Tax Liabilities for Revaluation Reserve for Land		83,243		83,242	
Acceptances and Guarantees		3,980,644		3,755,861	
Total Liabilities	¥	158,491,206	¥	158,454,308	
Net Assets					
Common Stock and Preferred Stock	¥	2,254,972	¥	2,254,972	

Capital Surplus	1,109,783	1,109,508
Retained Earnings	1,405,066	1,512,329
Treasury Stock	(7,074)	(4,820)
Total Shareholders Equity	4,762,749	4,871,990
Net Unrealized Gains (Losses) on Other Securities	37,857	(191,698)
Deferred Gains or Losses on Hedges	67,045	85,263
Revaluation Reserve for Land	144,635	144,634
Foreign Currency Translation Adjustments	(102,850)	(98,645)
Total Accumulated Other Comprehensive Income	146,687	(60,445)
Stock Acquisition Rights	2,158	1,492
Minority Interests	1,957,699	1,791,017
Total Net Assets	6,869,295	6,604,055
Total Liabilities and Net Assets	¥ 165,360,501	¥ 165,058,363

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(2) CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

[CONSOLIDATED STATEMENTS OF INCOME]

		Millions of yen
	For the three months ended June 30, 2011	**For the three months ended June 30, 2012**
Ordinary Income	¥ 632,871	¥ 738,048
Interest Income	344,355	340,819
Interest on Loans and Bills Discounted	*219,325*	*220,571*
Interest and Dividends on Securities	*78,471*	*78,057*
Fiduciary Income	10,001	9,647
Fee and Commission Income	126,491	121,990
Trading Income	42,260	56,220
Other Operating Income	65,104	158,497
Other Ordinary Income	44,658	50,872
Ordinary Expenses	517,141	528,907
Interest Expenses	79,628	81,579
Interest on Deposits	*24,367*	*23,550*
Interest on Debentures	*291*	
Fee and Commission Expenses	27,969	28,960
Trading Expenses		324
Other Operating Expenses	21,832	15,361
General and Administrative Expenses	321,563	306,716
Other Ordinary Expenses	66,148	95,963
Ordinary Profits	115,729	209,141
Extraordinary Gains	194	36
Extraordinary Losses	1,134	2,371
Income before Income Taxes and Minority Interests	114,788	206,805
Income Taxes:		
Current	8,804	67,632
Deferred	(13,380)	(66,026)
Total Income Taxes	(4,576)	1,606
Income before Minority Interests	119,365	205,198
Minority Interests in Net Income	23,000	21,278
Net Income	¥ 96,364	¥ 183,920

[CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME]

	For the three months ended June 30, 2011	*Millions of yen* For the three months ended June 30, 2012
Income before Minority Interests	¥ 119,365	¥ 205,198
Other Comprehensive Income	(87,069)	(206,786)
Net Unrealized Gains (Losses) on Other Securities	(93,442)	(229,019)
Deferred Gains or Losses on Hedges	4,535	18,173
Revaluation Reserve for Land		(0)
Foreign Currency Translation Adjustments	1,238	1,920
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	598	2,139
Comprehenshive Income	32,295	(1,587)
Comprehensive Income Attributable to Owners of the Parent	11,340	(23,212)
Comprehensive Income Attributable to Minority Interests	20,955	21,624

(3) Note for Assumption of Going Concern

There is no applicable information.

(4) Note for Significant Changes in the Amount of Shareholders Equity

There is no applicable information.

(5)Additional Information

Mizuho Securities USA Inc., one of our subsidiaries, had been responding to requests for information and investigation from the U.S. Securities and Exchange Commission concerning the structuring and offering of certain securitization transactions involving subprime mortgages and entered into a settlement agreement with that Commission in July this year. The settlement amount incurred in this matter ($127 million) was mostly reserved in the financial statements of the previous fiscal year. The effect of this matter on business results of this fiscal year is immaterial.

SELECTED FINANCIAL INFORMATION

For the First Quarter of Fiscal 2012

<Under Japanese GAAP>

Mizuho Financial Group, Inc.

C O N T E N T S

Notes:

CON : Consolidated figures of Mizuho Financial Group, Inc. (MHFG)

NON : Non-consolidated figures of Mizuho Bank, Ltd. (MHBK), Mizuho Corporate Bank, Ltd. (MHCB) and Mizuho Trust & Banking Co., Ltd. (MHTB).

This immediate release contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including estimates, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance.

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.

We may not be successful in implementing our business strategies, and management may fail to achieve its targets, for a wide range of possible reasons, including, without limitation: incurrence of significant credit-related costs; declines in the value of our securities portfolio; changes in interest rates; foreign currency fluctuations; decrease in the market liquidity of our assets; revised assumptions or other changes related to our pension plans; a decline in our deferred tax assets; the effect of financial transactions entered into for hedging and other similar purposes; failure to maintain required capital adequacy ratio levels; downgrades in our credit ratings; our ability to avoid reputational harm; our ability to implement our Medium-term Management Policy, realize the synergy effects of the transformation into one bank, and implement other strategic initiatives and measures effectively; the effectiveness of our operational, legal and other risk management policies; the effect of changes in general economic conditions in Japan and elsewhere; and changes to applicable laws and regulations.

Further information regarding factors that could affect our financial condition and results of operations is included in Item 3.D. Key Information Risk Factors and Item 5. Operating and Financial Review and Prospects in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission (SEC) which is available in the Financial Information section of our web page at www.mizuho-fg.co.jp/english/ and also at the SEC s web site at www.sec.gov.

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, except as may be required by the rules of the Tokyo Stock Exchange.

Mizuho Financial Group, Inc.

FINANCIAL INFORMATION FOR THE FIRST QUARTER OF FISCAL 2012

1. Income Analysis

CONSOLIDATED

(Billions of yen)

		First Quarter of Fiscal 2012	**Change**	**First Quarter of Fiscal 2011**	**Fiscal 2011**
Consolidated Gross Profits	1	**560.9**	102.1	458.7	2,003.0
Net Interest Income	2	**259.2**	(5.4)	264.7	1,088.3
Fiduciary Income	3	**9.6**	(0.3)	10.0	49.0
Credit Costs for Trust Accounts	4				
Net Fee and Commission Income	5	**93.0**	(5.4)	98.5	458.9
Net Trading Income	6	**55.8**	13.6	42.2	150.3
Net Other Operating Income	7	**143.1**	99.8	43.2	256.4
General and Administrative Expenses	8	**(306.7)**	14.8	(321.5)	(1,283.8)
Expenses related to Portfolio Problems (including Reversal of (Provision for) General Reserve for Possible Losses on Loans)	9	**(9.1)**	(0.2)	(8.8)	(42.5)
Reversal of Reserves for Possible Losses on Loans, etc.	10	**25.1**	5.6	19.5	70.3
Net Gains (Losses) related to Stocks	11	**(62.2)**	(67.2)	5.0	(38.1)
Equity in Income from Investments in Affiliates	12	**(1.3)**	5.1	(6.4)	2.6
Other	13	**2.4**	33.0	(30.6)	(62.9)
Ordinary Profits	14	**209.1**	93.4	115.7	648.5
Net Extraordinary Gains (Losses)	15	**(2.3)**	(1.3)	(0.9)	67.8
Gains on Negative Goodwill incurred	16				*91.1*
Income before Income Taxes and Minority Interests	17	**206.8**	92.0	114.7	716.4
Income Taxes	18	**(1.6)**	(6.1)	4.5	(152.8)
Income before Minority Interests	19	**205.1**	85.8	119.3	563.6
Minority Interests in Net Income	20	**(21.2)**	1.7	(23.0)	(79.1)
Net Income	21	**183.9**	87.5	96.3	484.5
Credit-related Costs (including Credit Costs for Trust Accounts)	22	**16.0**	5.4	10.6	27.7

Credit-related Costs [22] = Expenses related to Portfolio Problems (including Reversal of (Provision for) General Reserve for Possible Losses on Loans) [9] + Reversal of Reserves for Possible Losses on Loans, etc. [10] + Credit Costs for Trust Accounts [4]

(Reference)

Consolidated Net Business Profits	23	**251.4**	122.5	128.9	719.1

Consolidated Net Business Profits [23] = Consolidated Gross Profits [1]   General and Administrative Expenses (excluding Non-Recurring Losses) + Equity in Income from Investments in Affiliates and certain other consolidation adjustments

Number of consolidated subsidiaries	24	**148**	(6)	154	149
Number of affiliates under the equity method	25	**23**	1	22	23

Mizuho Financial Group, Inc.

NON-CONSOLIDATED

Aggregated Figures of the 3 Banks

(Billions of yen)

		First Quarter of Fiscal 2012						
		MHBK	**MHCB**	**MHTB**	**Aggregated Figures**	**Change**	**First Quarter of Fiscal 2011**	**Fiscal 2011**
Gross Profits	1	**229.3**	**196.0**	**26.3**	**451.7**	**92.8**	358.8	1,607.5
Net Interest Income	2	**129.0**	**91.7**	**9.4**	**230.2**	**(10.8)**	241.0	983.1
Fiduciary Income	3			**9.4**	**9.4**	**(0.3)**	9.8	48.4
Trust Fees for Loan Trust and Jointly Operated Designated Money Trust	4					**(0.0)**	0.0	3.0
Credit Costs for Trust Accounts	5							
Net Fee and Commission Income	6	**33.1**	**25.7**	**3.1**	**62.1**	**2.5**	59.6	304.8
Net Trading Income	7	**12.2**	**5.3**	**0.2**	**17.8**	**4.7**	13.0	45.9
Net Other Operating Income	8	**54.8**	**73.2**	**3.9**	**132.0**	**96.8**	35.2	225.0
General and Administrative Expenses (excluding Non-Recurring Losses)	9	**(132.8)**	**(57.7)**	**(18.6)**	**(209.2)**	**7.2**	(216.5)	(879.3)
Net Business Profits (before Reversal of (Provision for) General Reserve for Possible Losses on Loans) *	10	**96.5**	**138.3**	**7.6**	**242.4**	**100.1**	142.3	728.1
Reversal of (Provision for) General Reserve for Possible Losses on Loans	11					**10.0**	(10.0)	7.8
Net Business Profits	12	**96.5**	**138.3**	**7.6**	**242.4**	**110.1**	132.3	736.0
Net Gains (Losses) related to Bonds	13	***53.4***	***69.4***	***4.0***	***126.9***	***106.2***	*20.6*	*155.1*
Net Non-Recurring Gains (Losses)	14	**(44.3)**	**(40.1)**	**(3.0)**	**(87.5)**	**(61.3)**	(26.1)	(158.3)
Net Gains (Losses) related to Stocks	15	**(32.2)**	**(41.4)**	**(1.3)**	**(75.0)**	**(70.6)**	(4.3)	(50.3)
Expenses related to Portfolio Problems	16	**(6.2)**	**(0.4)**	**(0.1)**	**(6.9)**	**(9.3)**	2.4	(51.3)
Reversal of Reserves for Possible Losses on Loans, etc.	17	**4.2**	**10.5**	**0.5**	**15.3**	**(8.9)**	24.2	68.2
Other	18	**(10.0)**	**(8.6)**	**(2.0)**	**(20.8)**	**27.6**	(48.4)	(124.9)
Ordinary Profits	19	**52.1**	**98.1**	**4.5**	**154.9**	**48.8**	106.1	577.6
Net Extraordinary Gains (Losses)	20	**(0.3)**	**(0.1)**	**(0.2)**	**(0.6)**	**0.2**	(0.9)	(36.6)
Income before Income Taxes	21	**51.8**	**98.0**	**4.3**	**154.2**	**49.0**	105.2	541.0
Income Taxes	22	**(18.2)**	**19.6**	**3.5**	**5.0**	**1.4**	3.5	(112.8)
Net Income	23	**33.5**	**117.7**	**7.9**	**159.2**	**50.4**	108.7	428.1

* Net Business Profits (before Reversal of (Provision for) General Reserve for Possible Losses on Loans) of MHTB excludes the amounts of Credit Costs for Trust Accounts [5].

Credit-related Costs	24	**(1.9)**	**10.0**	**0.3**	**8.4**	**(8.2)**	16.6	24.7

Credit-related Costs [24] = Expenses related to Portfolio Problems [16] + Reversal of (Provision for) General Reserve for Possible Losses on Loans [11] + Reversal of Reserves for Possible Losses on Loans, etc. [17] + Credit Costs for Trust Accounts [5]

(Reference) Breakdown of Credit-related Costs								
Credit Costs for Trust Accounts	25							
Reversal of (Provision for) General Reserve for Possible Losses on Loans	26	**9.9**	**5.4**	**0.1**	**15.6**	14.9	0.6	51.9
Losses on Write-offs of Loans	27	**(3.8)**	**2.7**	**(0.1)**	**(1.2)**	(0.0)	(1.1)	3.2
Reversal of (Provision for) Specific Reserve for Possible Losses on Loans	28	**(7.8)**	**1.5**	**0.1**	**(6.1)**	(23.9)	17.7	(25.2)
Reversal of (Provision for) Reserve for Possible Losses on Loans to Restructuring Countries	29		**0.0**	**0.0**	**0.0**	(0.0)	0.0	0.0
Reversal of (Provision for) Reserve for Contingencies	30		**0.2**	**0.2**	**0.4**	0.3	0.0	(1.2)
Other (including Losses on Sales of Loans)	31	**(0.2)**	**(0.0)**		**(0.2)**	0.4	(0.7)	(3.9)
Total	32	**(1.9)**	**10.0**	**0.3**	**8.4**	(8.2)	16.6	24.7

3-2

2. Net Gains/Losses on Stocks

Non-Consolidated

Aggregated Figures of the 3 Banks

(Billions of yen)

	First Quarter of Fiscal 2012 (A)	Change (A) - (B)	First Quarter of Fiscal 2011 (B)
Net Gains (Losses) related to Stocks	**(75.0)**	(70.6)	(4.3)
Gains on Sales	**10.5**	3.4	7.1
Losses on Sales	**(4.4)**	(3.9)	(0.5)
Impairment Devaluation	**(81.1)**	(70.5)	(10.6)
Reversal of (Provision for) Reserve for Possible Losses on Investments	**0.0**	0.1	(0.1)
Gains (Losses) on Derivatives other than for Trading	**0.0**	0.2	(0.2)

Mizuho Bank

	First Quarter of Fiscal 2012 (A)	Change (A) - (B)	First Quarter of Fiscal 2011 (B)
Net Gains (Losses) related to Stocks	**(32.2)**	(32.8)	0.6
Gains on Sales	**0.4**	(2.1)	2.5
Losses on Sales	**(0.2)**	(0.0)	(0.1)
Impairment Devaluation	**(33.1)**	(31.0)	(2.0)
Reversal of (Provision for) Reserve for Possible Losses on Investments		0.0	(0.0)
Gains (Losses) on Derivatives other than for Trading	**0.6**	0.4	0.2

Mizuho Corporate Bank

	First Quarter of Fiscal 2012 (A)	Change (A) - (B)	First Quarter of Fiscal 2011 (B)
Net Gains (Losses) related to Stocks	**(41.4)**	(36.3)	(5.1)
Gains on Sales	**9.1**	5.4	3.7
Losses on Sales	**(3.3)**	(3.1)	(0.2)
Impairment Devaluation	**(46.5)**	(38.6)	(7.9)
Reversal of (Provision for) Reserve for Possible Losses on Investments	**0.0**	0.1	(0.1)
Gains (Losses) on Derivatives other than for Trading	**(0.6)**	(0.2)	(0.4)

Mizuho Trust & Banking

	First Quarter of Fiscal 2012 (A)	Change (A) - (B)	First Quarter of Fiscal 2011 (B)
Net Gains (Losses) related to Stocks	**(1.3)**	(1.5)	0.1
Gains on Sales	**0.9**	0.1	0.8
Losses on Sales	**(0.8)**	(0.7)	(0.0)

Impairment Devaluation	**(1.4)**	(0.9)	(0.5)
Reversal of (Provision for) Reserve for Possible Losses on Investments	**(0.0)**	(0.0)	
Gains (Losses) on Derivatives other than for Trading	**0.0**	0.0	(0.0)

3-3

3. Unrealized Gains/Losses on Securities

Securities for which it is deemed to be extremely difficult to determine the fair value are excluded.

CONSOLIDATED

(1) Other Securities

(Billions of yen)

	As of June 30, 2012				As of March 31, 2012				As of June 30, 2011			
		Unrealized Gains/Losses				Unrealized Gains/Losses				Unrealized Gains/Losses		
	Book Value		Gains	Losses	Book Value		Gains	Losses	Book Value		Gains	Losses
MHFG (Consolidated)												
Other Securities	**48,425.7**	**(184.4)**	**502.3**	**686.7**	49,798.5	83.8	649.9	566.0	44,657.4	(95.0)	586.2	681.2
Japanese Stocks	**2,133.4**	**(132.2)**	**293.3**	**425.5**	2,509.3	156.5	453.5	296.9	2,444.6	30.8	391.4	360.5
Japanese Bonds	**35,381.2**	**77.9**	**107.0**	**29.0**	36,372.5	56.4	91.9	35.5	33,799.0	25.4	92.6	67.2
Other	**10,911.0**	**(130.1)**	**102.0**	**232.1**	10,916.5	(129.1)	104.4	233.5	8,413.7	(151.2)	102.1	253.4

* In addition to Securities on the consolidated balance sheets, NCDs in Cash and Due from Banks, certain items in Other Debt Purchased, and certain items in Other Assets are also included.

* Fair value of Japanese stocks with a quoted market price is determined based on the average quoted market price over the month preceding the consolidated balance sheet date.
Fair value of securities other than Japanese stocks is determined at the quoted market price if available, or other reasonable value at the consolidated balance sheet date.

* Unrealized Gains/Losses include ¥(2.7) billion, ¥(7.3) billion and ¥(8.4) billion, which were recognized in the statement of income as of the end of June 2012, as of the end of March 2012 and as of the end of June 2011, respectively, by applying the fair-value hedge method and others.

(2) Bonds Held to Maturity

(Billions of yen)

	As of June 30, 2012				As of March 31, 2012				As of June 30, 2011			
		Unrealized Gains/Losses				Unrealized Gains/Losses				Unrealized Gains/Losses		
	Book Value		Gains	Losses	Book Value		Gains	Losses	Book Value		Gains	Losses
MHFG (Consolidated)	**2,100.4**	**19.0**	**19.0**		1,801.6	14.5	14.5	0.0	1,351.8	9.4	9.7	0.3

NON-CONSOLIDATED

Aggregated Figures of the 3 Banks

(1) Other Securities

(Billions of yen)

	As of June 30, 2012				As of March 31, 2012				As of June 30, 2011			
		Unrealized Gains/Losses				Unrealized Gains/Losses				Unrealized Gains/Losses		
	Book Value		Gains	Losses	Book Value		Gains	Losses	Book Value		Gains	Losses
MHBK												
Other Securities	**24,274.3**	**(33.0)**	**156.9**	**189.9**	23,755.0	0.4	174.1	173.7	20,842.2	(51.4)	159.9	211.4
Japanese Stocks	**609.2**	**(50.8)**	**74.7**	**125.5**	690.9	(3.8)	100.9	104.7	660.3	(45.7)	82.1	127.9
Japanese Bonds	**20,177.5**	**36.4**	**57.3**	**20.9**	19,821.0	23.4	48.3	24.8	17,905.2	11.7	49.7	38.0
Other	**3,487.5**	**(18.6)**	**24.8**	**43.4**	3,243.0	(19.1)	24.9	44.0	2,276.5	(17.4)	28.0	45.5
MHCB												
Other Securities	**21,468.1**	**(155.1)**	**297.6**	**452.7**	23,354.2	34.7	399.6	364.8	21,263.0	(76.6)	358.5	435.2

Japanese Stocks	**1,350.4**	**(98.4)**	**179.9**	**278.4**	1,612.4	106.7	296.2	189.4	1,570.7	26.9	257.0	230.1
Japanese Bonds	**13,564.8**	**35.0**	**42.3**	**7.3**	14,829.7	26.4	36.7	10.3	14,200.2	6.5	35.2	28.6
Other	**6,552.8**	**(91.7)**	**75.2**	**167.0**	6,912.0	(98.4)	66.5	165.0	5,491.9	(110.2)	66.2	176.5
MHTB												
Other Securities	**2,088.3**	**5.4**	**39.6**	**34.2**	2,116.8	31.8	56.0	24.1	2,032.0	20.4	51.9	31.5
Japanese Stocks	**148.0**	**4.5**	**29.1**	**24.6**	179.2	30.7	46.5	15.7	174.8	24.2	41.7	17.4
Japanese Bonds	**1,316.7**	**6.1**	**6.9**	**0.8**	1,417.0	6.2	6.4	0.2	1,372.3	6.3	6.9	0.5
Other	**623.5**	**(5.2)**	**3.5**	**8.8**	520.5	(5.0)	3.0	8.1	484.8	(10.1)	3.3	13.5
Total												
Other Securities	**47,830.8**	**(182.7)**	**494.2**	**677.0**	49,226.1	67.0	629.8	562.7	44,137.3	(107.7)	570.5	678.3
Japanese Stocks	**2,107.7**	**(144.8)**	**283.7**	**428.5**	2,482.7	133.6	443.7	310.0	2,406.0	5.4	381.0	375.5
Japanese Bonds	**35,059.1**	**77.6**	**106.7**	**29.0**	36,067.8	56.0	91.5	35.4	33,477.8	24.6	91.8	67.2
Other	**10,663.9**	**(115.6)**	**103.7**	**219.3**	10,675.6	(122.6)	94.5	217.2	8,253.4	(137.8)	97.6	235.5

* In addition to securities, NCDs and certain items in other debt purchased are also included.

* Fair value of Japanese stocks with a quoted market price is determined based on the average quoted market price over the month preceding the date above. Fair value of securities other than Japanese stocks is determined at the quoted market price if available, or other reasonable value at the date above.

* Unrealized Gains/Losses include ¥3.1 billion, ¥5.3 billion, and ¥7.4 billion, which were recognized as Income/Loss as of the end of June 2012, as of the end of March 2012, and as of the end of June 2011, respectively, by applying the fair-value hedge method and others.

(2) Bonds Held to Maturity

	As of June 30, 2012				As of March 31, 2012				As of June 30, 2011			*(Billions of yen)*
		Unrealized Gains/Losses				Unrealized Gains/Losses				Unrealized Gains/Losses		
	Book Value		Gains	Losses	Book Value		Gains	Losses	Book Value		Gains	Losses
MHBK	**2,100.4**	**19.0**	**19.0**		1,800.6	14.5	14.5	0.0	1,350.6	9.4	9.7	0.3
MHCB												
MHTB												
Total	**2,100.4**	**19.0**	**19.0**		1,800.6	14.5	14.5	0.0	1,350.6	9.4	9.7	0.3

(3) Investments in Subsidiaries and Affiliates

	As of June 30, 2012				As of March 31, 2012				As of June 30, 2011			*(Billions of yen)*
		Unrealized Gains/Losses				Unrealized Gains/Losses				Unrealized Gains/Losses		
	Book Value		Gains	Losses	Book Value		Gains	Losses	Book Value		Gains	Losses
MHBK									88.2	(42.9)		42.9
MHCB	**44.2**	**(5.2)**		**5.2**	44.2	(4.8)		4.8	338.0	(166.6)		166.6
MHTB												
Total	**44.2**	**(5.2)**		**5.2**	44.2	(4.8)		4.8	426.3	(209.6)		209.6

(Reference)

Unrealized Gains/Losses on Other Securities

(the base amount to be recorded directly to Net Assets after tax and other necessary adjustments)

For certain Other Securities, Unrealized Gains/Losses were recognized as Income/Loss by applying the fair-value hedge method and others. They were excluded from Unrealized Gains/Losses on Other Securities.

These adjusted Unrealized Gains/Losses were the base amount, which was to be recorded directly to Net Assets after tax and other necessary adjustments.

The base amount is as follows:

CONSOLIDATED

	As of June 30, 2012			As of March 31, 2012	As of June 30, 2011 *(Billions of yen)*
	Unrealized Gains/Losses	Change from March 31, 2012	Change from June 30, 2011	Unrealized Gains/Losses	Unrealized Gains/Losses
Other Securities	**(181.6)**	**(272.8)**	**(95.0)**	91.2	(86.5)
Japanese Stocks	**(132.0)**	**(288.3)**	**(162.8)**	156.3	30.8
Japanese Bonds	**76.8**	**21.9**	**53.0**	54.8	23.7
Other	**(126.4)**	**(6.5)**	**14.7**	(119.9)	(141.2)

NON-CONSOLIDATED

Aggregated Figures of the 3 Banks

(Billions of yen)

	As of June 30, 2012			As of March 31, 2012	As of June 30, 2011
	Unrealized Gains/Losses	Change from March 31, 2012	Change from June 30, 2011	Unrealized Gains/Losses	Unrealized Gains/Losses
Other Securities	**(185.9)**	**(247.6)**	**(70.7)**	61.7	(115.1)
Japanese Stocks	**(144.6)**	**(278.0)**	**(150.1)**	133.3	5.4
Japanese Bonds	**76.6**	**22.0**	**53.5**	54.5	23.0
Other	**(117.9)**	**8.2**	**25.7**	(126.2)	(143.7)

3-5

4. Deferred Hedge Gains/Losses on Derivative Transactions Qualifying for Hedge Accounting

NON-CONSOLIDATED

Aggregated Figures of the 3 Banks

(Billions of yen)

	As of June 30, 2012			**As of March 31, 2012**			**As of June 30, 2011**		
	Deferred Hedge Gains/Losses			**Deferred Hedge Gains/Losses**			**Deferred Hedge Gains/Losses**		
	Gains	**Losses**		**Gains**	**Losses**		**Gains**	**Losses**	
MHBK	**67.5**	**79.9**	**(12.3)**	64.0	82.1	(18.0)	78.0	77.0	0.9
MHCB	**682.5**	**398.8**	**283.7**	643.4	401.0	242.4	648.0	389.8	258.1
MHTB	**65.4**	**69.4**	**(3.9)**	63.4	69.9	(6.4)	66.2	74.1	(7.8)
Total	**815.6**	**548.2**	**267.3**	771.0	553.0	217.9	792.3	541.1	251.2

Note: Above figures reflect all derivative transactions qualifying for hedge accounting, and are before net of applicable income taxes.

5. Status of Disclosed Claims under the Financial Reconstruction Law (FRL)

CONSOLIDATED

Consolidated

(Billions of yen)

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
Claims against Bankrupt and Substantially Bankrupt Obligors	**166.5**	(10.8)	(75.4)	177.4	242.0
Claims with Collection Risk	**526.1**	(1.1)	(2.0)	527.3	528.2
Claims for Special Attention	**628.7**	18.9	81.5	609.8	547.1
Total	**1,321.5**	6.9	4.1	1,314.5	1,317.3

Trust Account

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
Claims against Bankrupt and Substantially Bankrupt Obligors					
Claims with Collection Risk	**3.0**	(0.0)	(0.0)	3.0	3.0
Claims for Special Attention					
Total	**3.0**	(0.0)	(0.0)	3.0	3.0

Total (Consolidated + Trust Account)

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
Claims against Bankrupt and Substantially Bankrupt Obligors	**166.5**	(10.8)	(75.4)	177.4	242.0
Claims with Collection Risk	**529.2**	(1.1)	(2.0)	530.3	531.3
Claims for Special Attention	**628.7**	18.9	81.5	609.8	547.1
Total	**1,324.5**	6.9	4.1	1,317.6	1,320.4

Note: Trust Account denotes trust accounts with contracts indemnifying the principal amounts.

NON-CONSOLIDATED

Aggregated Figures of the 3 Banks

Total (Banking Account + Trust Account)

(Billions of yen, %)

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
Claims against Bankrupt and Substantially Bankrupt Obligors	**146.2**	(10.7)	(77.3)	157.0	223.6
Claims with Collection Risk	**519.9**	(1.5)	1.6	521.5	518.3
Claims for Special Attention	**508.0**	21.0	72.0	487.0	435.9
Sub-total [1]	**1,174.3**	8.6	(3.6)	1,165.6	1,177.9
NPL ratio [1]/[2]	***1.66%***	*0.02%*	*(0.07)%*	*1.63%*	*1.73%*
Normal Claims	**69,365.5**	(674.4)	2,820.8	70,039.9	66,544.6
Total [2]	**70,539.8**	(665.7)	2,817.2	71,205.5	67,722.5

MHBK

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
Claims against Bankrupt and Substantially Bankrupt Obligors	**87.6**	(7.7)	(82.3)	95.4	169.9
Claims with Collection Risk	**401.9**	14.8	12.5	387.1	389.4
Claims for Special Attention	**317.2**	1.0	30.8	316.2	286.3
Sub-total [3]	**806.8**	8.1	(38.9)	798.7	845.7
NPL ratio [3]/[4]	***2.36%***	*0.05%*	*(0.16)%*	*2.30%*	*2.52%*
Normal Claims	**33,358.2**	(463.0)	710.3	33,821.3	32,647.9
Total [4]	**34,165.1**	(454.9)	671.3	34,620.0	33,493.7

MHCB

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
Claims against Bankrupt and Substantially Bankrupt Obligors	**28.3**	(2.4)	13.1	30.8	15.2
Claims with Collection Risk	**99.4**	(15.0)	(0.4)	114.4	99.8
Claims for Special Attention	**170.8**	16.0	33.5	154.7	137.2
Sub-total [5]	**298.6**	(1.4)	46.2	300.0	252.4
NPL ratio [5]/[6]	***0.91%***	*0.00%*	*0.08%*	*0.90%*	*0.82%*
Normal Claims	**32,498.7**	(365.5)	2,014.3	32,864.3	30,484.4
Total [6]	**32,797.3**	(366.9)	2,060.5	33,164.3	30,736.8

MHTB

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011

Banking Account					
Claims against Bankrupt and Substantially Bankrupt Obligors	**30.2**	(0.5)	(8.1)	30.8	38.4
Claims with Collection Risk	**15.5**	(1.3)	(10.3)	16.8	25.8
Claims for Special Attention	**19.9**	3.9	7.6	16.0	12.3
Sub-total [7]	**65.7**	1.9	(10.9)	63.7	76.6
NPL ratio [7]/[8]	***1.85%***	*(0.02)%*	*(0.36)%*	*1.87%*	*2.21%*
Normal Claims	**3,488.0**	155.0	98.3	3,333.0	3,389.6
Total [8]	**3,553.8**	157.0	87.4	3,396.8	3,466.3
Trust Account					
Claims against Bankrupt and Substantially Bankrupt Obligors					
Claims with Collection Risk	**3.0**	(0.0)	(0.0)	3.0	3.0
Claims for Special Attention					
Sub-total [9]	**3.0**	(0.0)	(0.0)	3.0	3.0
NPL ratio [9]/[10]	***13.09%***	*0.43%*	*1.04%*	*12.66%*	*12.04%*
Normal Claims	**20.4**	(0.8)	(2.1)	21.2	22.5
Total [10]	**23.4**	(0.8)	(2.1)	24.3	25.6

Notes: 1. Trust Account denotes trust accounts with contracts indemnifying the principal amounts.
2. NPL: Non-Performing Loans

3-8

6. Status of Deposits and Loans

NON-CONSOLIDATED

(1)-1 Deposits

Aggregated Figures of the 3 Banks

(Billions of yen)

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
MHBK	**57,964.3**	219.8	1,177.5	57,744.4	56,786.8
MHCB	**18,909.8**	(769.6)	(377.1)	19,679.5	19,286.9
MHTB	**2,065.2**	(39.4)	(155.8)	2,104.6	2,221.0
Total	**78,939.4**	(589.2)	644.5	79,528.6	78,294.9

(1)-2 Domestic Deposits

Aggregated Figures of the 3 Banks

(Billions of yen)

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
MHBK	**57,944.4**	240.2	1,209.0	57,704.1	56,735.3
Individual deposits	***36,175.7***	*637.7*	*837.5*	*35,538.0*	*35,338.2*
MHCB	**11,021.1**	(171.9)	16.7	11,193.1	11,004.4
Individual deposits	***8.0***	*3.7*	*2.0*	*4.3*	*5.9*
MHTB	**2,041.0**	(52.2)	(167.9)	2,093.3	2,209.0
Individual deposits	***1,435.8***	*(32.7)*	*(124.3)*	*1,468.6*	*1,560.1*
Total	**71,006.6**	16.0	1,057.8	70,990.6	69,948.8
Individual deposits	***37,619.7***	*608.7*	*715.2*	*37,011.0*	*36,904.4*

Note: Above figures are before adjustment of transit accounts for inter-office transactions, and do not include deposits booked at overseas offices and offshore deposits.

(2) Loans and Bills Discounted

Aggregated Figures of the 3 Banks

(Billions of yen)

	As of June 30, 2012	Change from March 31, 2012	Change from June 30, 2011	As of March 31, 2012	As of June 30, 2011
MHBK	**32,041.2**	(499.6)	731.3	32,540.8	31,309.8
MHCB	**27,959.1**	(99.6)	1,793.7	28,058.8	26,165.4

MHTB	**3,430.6**	151.6	82.9	3,278.9	3,347.7
Total	**63,430.9**	(447.7)	2,608.0	63,878.6	60,822.9

Note: Loans to MHFG are included as follows:

As of June 30, 2012: ¥569.6 billion (from MHBK ¥530.0 billion; from MHCB ¥39.6 billion)
As of March 31, 2012: ¥741.0 billion (from MHBK ¥700.0 billion; from MHCB ¥41.0 billion)
As of June 30, 2011: ¥760.3 billion (from MHBK ¥700.0 billion; from MHCB ¥60.3 billion)

(3) Interest Margins (Domestic Operations)

Aggregated Figures of MHBK and MHCB

		First Quarter of Fiscal 2012 (For the three months)	Change	First Quarter of Fiscal 2011 (For the three months)	Fiscal 2011 (%)
MHBK					
Return on Loans and Bills Discounted	1	**1.34**	(0.05)	1.39	1.38
Cost of Deposits and Debentures	2	**0.05**	(0.01)	0.06	0.05
Loan and Deposit Rate Margin [1]-[2]	3	**1.28**	(0.04)	1.33	1.32
MHCB					
Return on Loans and Bills Discounted	4	**0.93**	(0.05)	0.98	0.96
Cost of Deposits and Debentures	5	**0.10**	0.00	0.09	0.09
Loan and Deposit Rate Margin [4]-[5]	6	**0.82**	(0.06)	0.89	0.86
Total					
Return on Loans and Bills Discounted	7	**1.19**	(0.05)	1.25	1.24
Cost of Deposits and Debentures	8	**0.06**	(0.00)	0.07	0.06
Loan and Deposit Rate Margin [7]-[8]	9	**1.13**	(0.05)	1.18	1.17

Notes: 1. Return on Loans and Bills Discounted excludes loans to financial institutions (including MHFG).
2. Deposits and Debentures include NCDs.

(Reference) After excluding Loans to Deposit Insurance Corporation of Japan and the Japanese government

Total					
Return on Loans and Bills Discounted	10	**1.33**	(0.06)	1.40	1.38
Loan and Deposit Rate Margin [10]-[8]	11	**1.27**	(0.05)	1.32	1.31