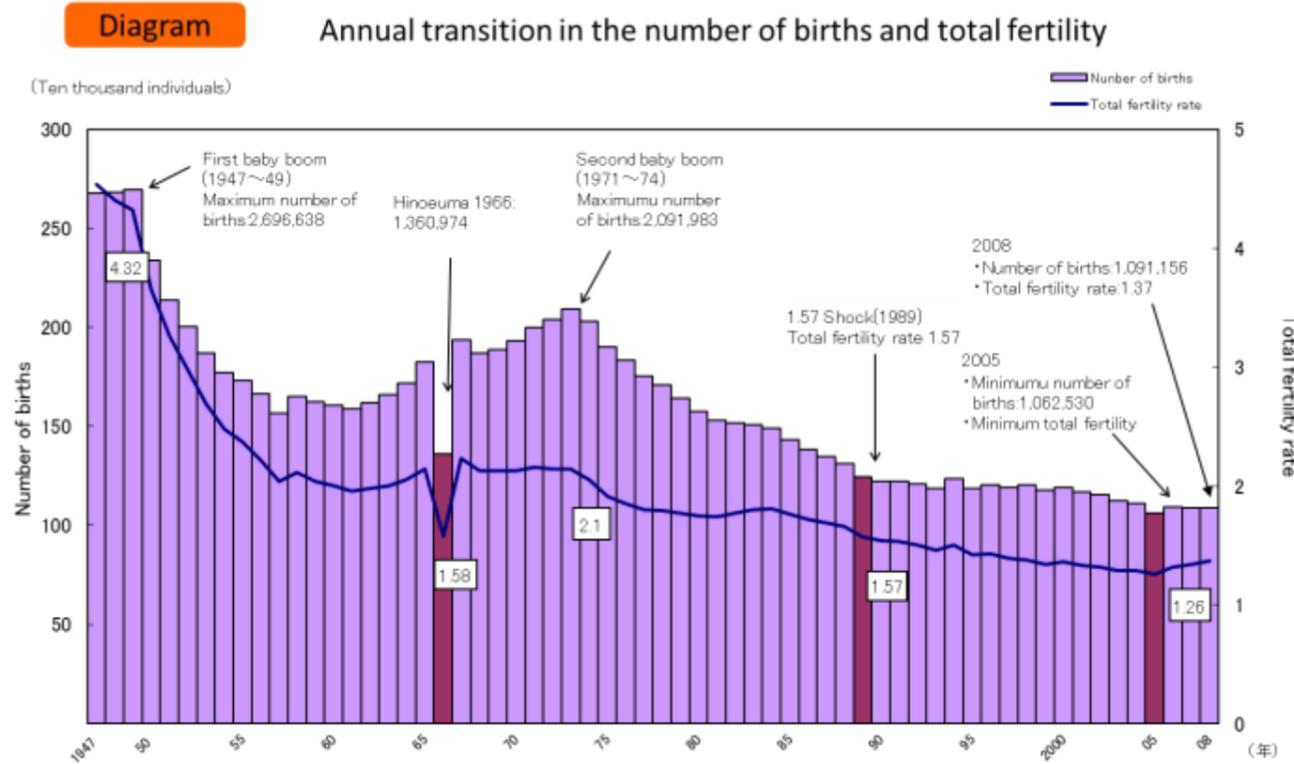


Section 1 Current Status of Low Birthrate

1. Number of Births, Changes in The Birth Rate

(Transition in the number of births and total fertility)

The number of births in 2008 were 1,091,156 (1,089,818 in the previous year), and the total fertility rate was 1.37 (1.34 in the previous year).



(Changes in young and elderly population)

The percentage of youth (between ages 0~14 years old) in the population of our country is shrinking along with the number of births after the Second World War, and, in 1997, it became even less than the population of senior citizens (above 65 years old). According to the Ministry of Internal Affairs and Communications in the "Population Estimates as of October 1, 2009," the youth population is 17,011,000 (accounting for 13.3 percent of the total population), while the elderly population is 29,005,000 (accounting for 22.7 percent of the total population).

(Recent trends of number of births and marriages)

According to the annual projection of vital statistics for 2009, the number of births in 2009 is estimated to be 1.069 million (an approx. 22,000 decline compared to the previous year), while the number of deaths is estimated to be 1,144,000 (an approx. 2,000 increase compared to the previous year). A negative natural increase of 75,000 is also expected.

(Total fertility rate by prefectures)

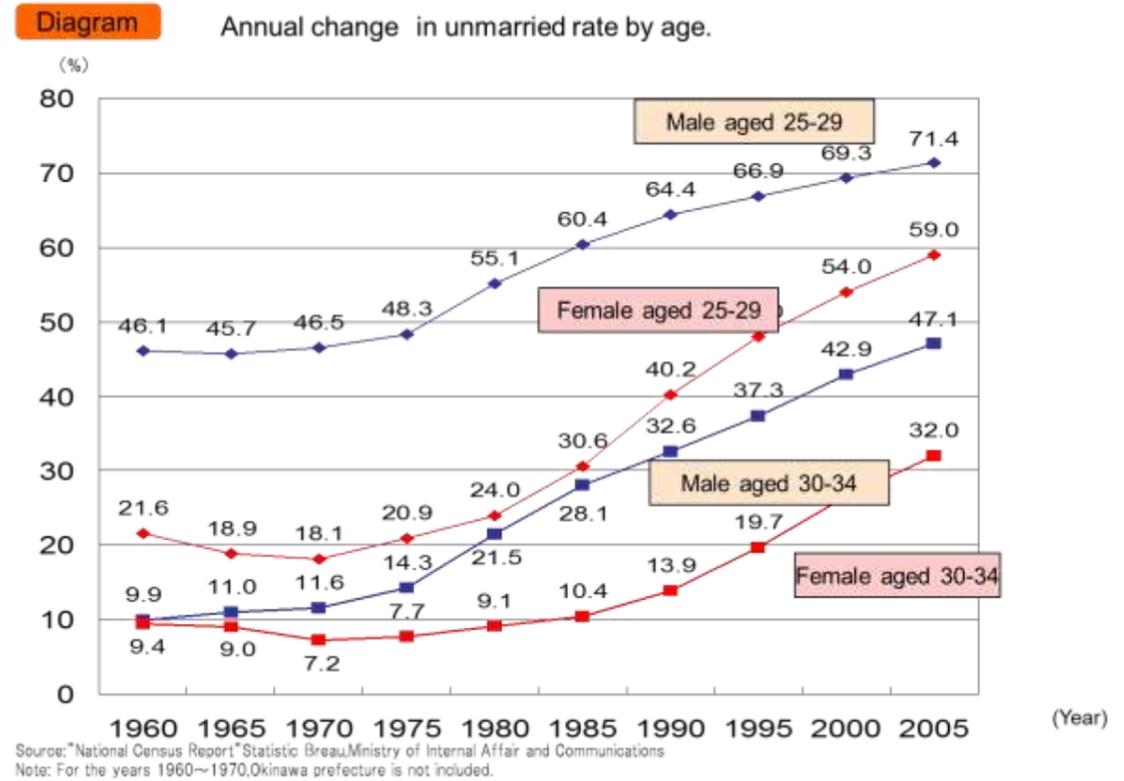
The total fertility rate for the country in 2008 was 1.37. Looking at the status of 47 prefectures reveals that 28 prefectures exceeded this rate and 16 prefectures were below that level. Among all the prefectures, the highest total fertility rate was in Okinawa (1.78) while Tokyo had the lowest (1.09).

2. Status of the Marriages

(Unmarried and non-married)

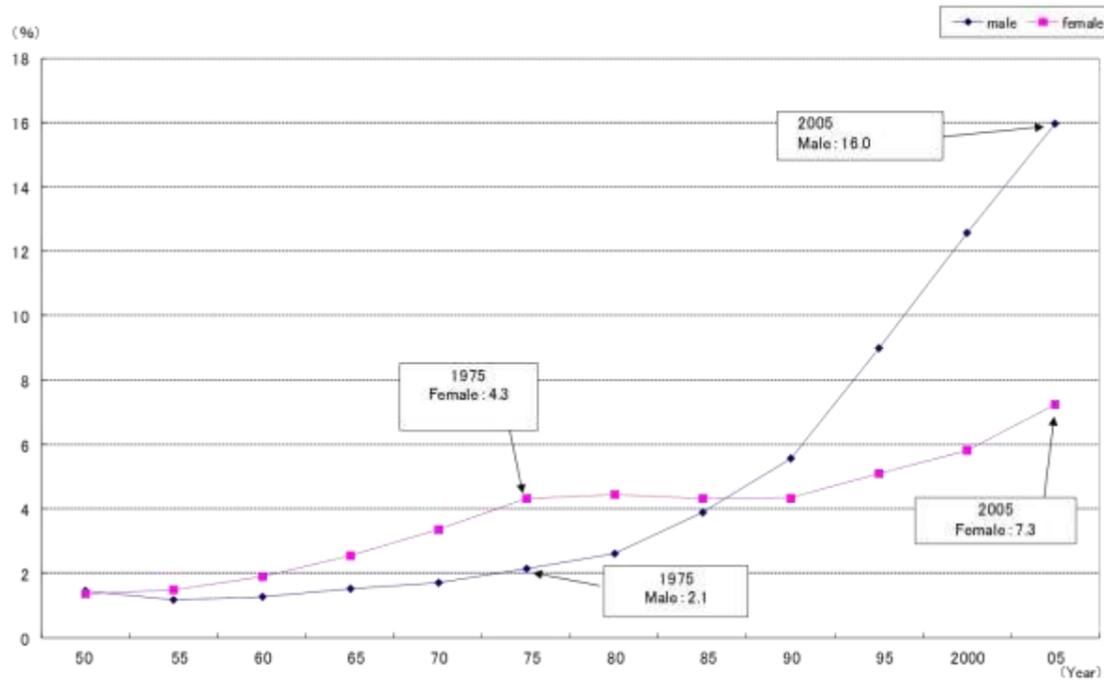
According to the "the National Census 2005" made by the Ministry of Internal Affairs and Communications the unmarried rate of both male and female persons aged 25-39 has continued to rise: that of males aged 25-29 being 71.4%, 30-34 47.1%, and 35-39 30.0%, while that of females aged 25-29 59.0%, 30-34 32.0% and 35-39 18.4%.

Moreover, if the lifetime unmarried rate is compared to that of 30 years before, it has increased from 2.12% (1975) to 15.96% (2005) for men, and from 4.32% (1975) to 7.25% (2005) for women.



Diagram

Annual changes in the life time unmarried rate



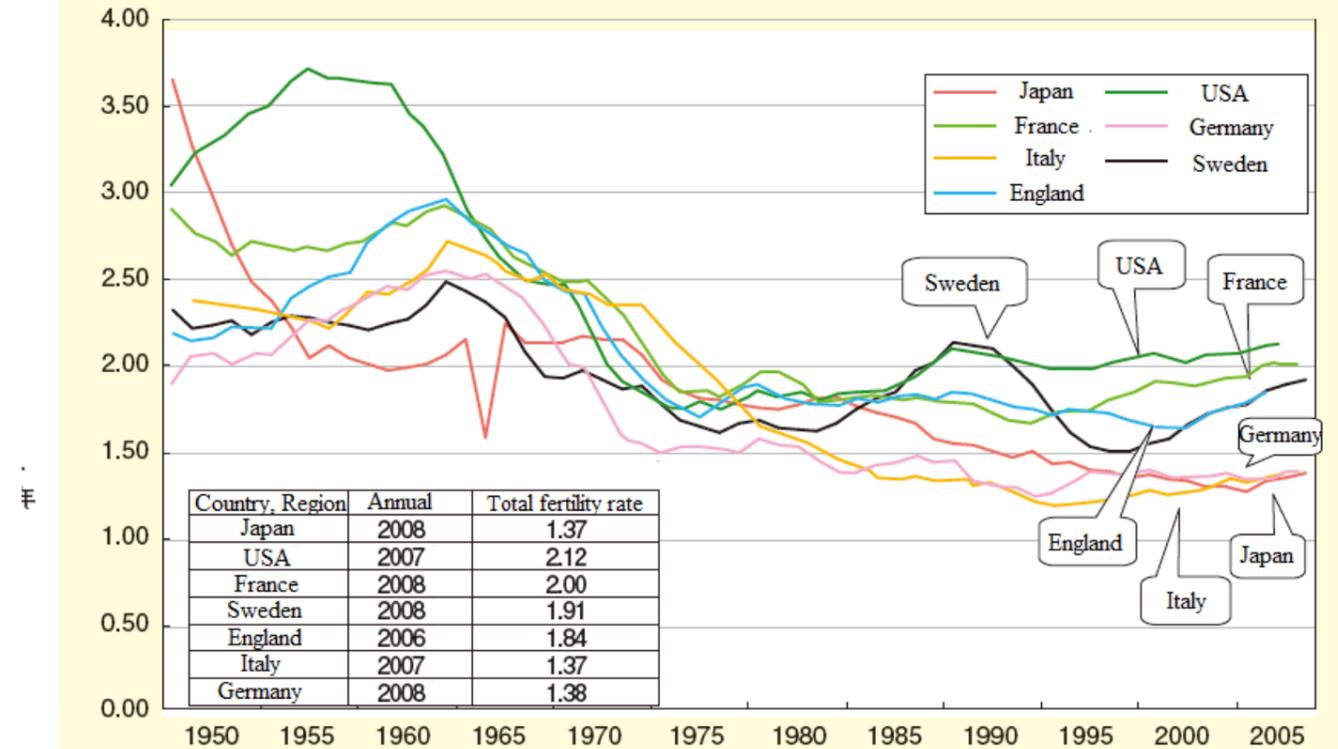
Source: "Latest demographic Statistics" The National Institute of Population and Social Security Research.
 Note: The unmarried percentage for the age group image memory 45 for storing the information on movement ~49 and 50~54 is considered as the average.
 Note: For the years 1960~1970, Okinawa prefecture is not included

3. Situation with Declining Birthrate in Foreign Countries

A review of the total fertility rate of major countries (US, France, Sweden, England, Italy, and Germany) reveals that until the 1960's all the countries were at the level of 2.0 or above, and with despite subsequent declining tendencies some of them having started to recover. The most recent data reveals the rate of France to be 2.00 (2008), and Sweden 1.91 (2008). That tendency can be seen to have originated in political measures with a focus on "support for simultaneous management" of work, child care, and housekeeping.

Diagram

Trends in Total Fertility Rate of Major Countries



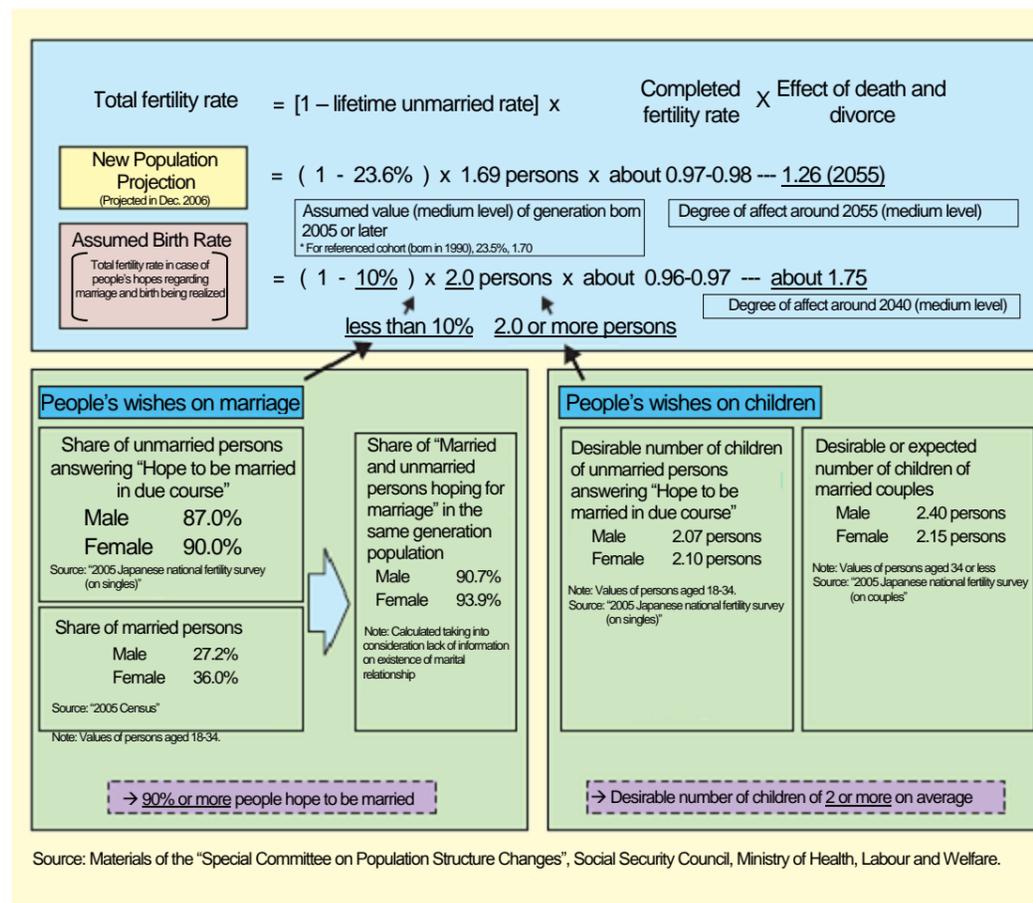
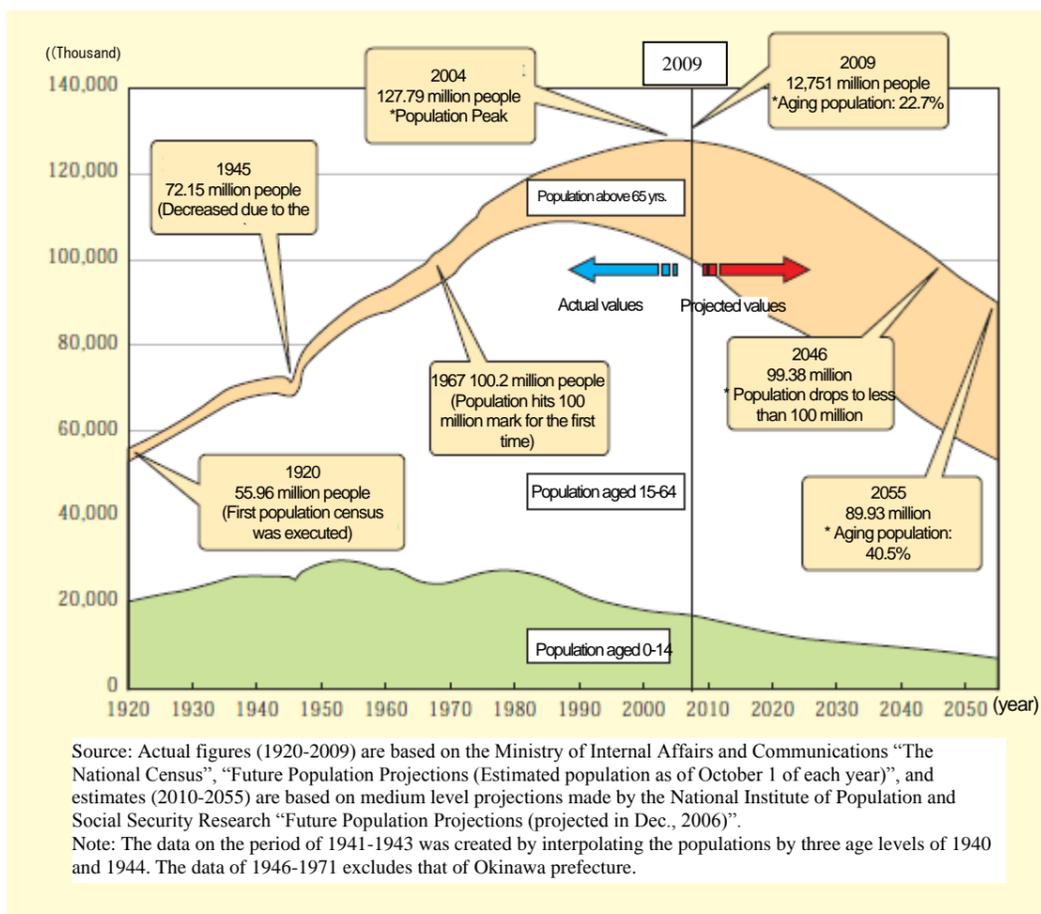
Source: For Europe, EU "Eurostat", Council of Europe "Recent demographic developments in Europe", United Nations "Demographic Yearbook". For USA, U.S. Department of Health and Human services "National Vital Statistics Report", United Nations "Demographic Yearbook", U.S. Census Bureau. For Japan, "Population Statistics" by Ministry of Health, Labour and Welfare.

Section 2 Projection of Future Population

1. Decline in Population and Change of Demographic (Population of Japan after 50 years)

According to the middle series (birth and death middle series) of future population projections for Japan as of December 2006, it is estimated that the total fertility rate will be 1.26 in 2055. On the basis of this assumption, the population of our country is estimated to become 89.93 million in 2055.

If we look at the size of population in three age categories and the overall transition (the middle series) of percentages in the total population, the youth population (aged 0-14), estimated at 16.48 million for 2010 and occupying 13.0 percent of the total population, is expected to drop to 7.52 million in 2055, occupying 8.4 percent of the total population. The productive population (aged 15-64) for 2010 estimated at 81.29 million and accounting for 63.9 percent of the total population, will keep decreasing and is projected to drop to 45.95 million in 2055, accounting for 51.1 percent of the total population. Finally, people aged 65 years or over, estimated at 29.41 million for 2010 and comprising 23.1 percent of the total population, is projected to hit 36.46 million in 2055, comprising 40.5 percent of the total population.



2. Impact of Decrease in Population

(Decline in labour population)

Society which decreases in population is accompanied by 'the change in demographic structure,' which is the increase in elderly people and decrease in productive workers (15~64 years). There is also a concern that this will have a major impact on our economic society. If the participation of all the people with willingness and ability to work including youths, women, elderly people, disabled people, with willingness and ability to work, is achieved at the labour market, and if that participation progresses well enough, it is expected that the decline in the productive workers can be restrained to a standard of 6180 million people in 2030.

(Population estimate which reflects the hopes of the people)

In addition, the number of children that both male and female married people and unmarried ones hoping to get marriage consider desirable is at least 2 on average. The "Population Estimation Based on Hopes" (January 2007), which was based on the assumption that the abovementioned people's hopes being realized to a certain degree, indicates that if all their hopes were to have been realized by 2040 the total fertility rate would increase to 1.75.

It is considered that declining birthrate trend can be changed by removing the gap between hope and reality regarding the marriage, birth and childcare.