April 25, 2007
Resona Holdings, Inc.

Issuance of New Preferred Shares and Increase in "Other Capital Surplus"

(Issuance of new shares through allotment of shares to persons other than shareholders and simultaneous reduction in stated capital and capital surplus)

Resona Holdings, Inc. announces that today it has decided to issue new preferred shares (Class Nine preferred shares) through allotment of shares to persons other than shareholders and to transfer the issue proceeds of such new preferred shares to "other capital surplus" through simultaneous reduction in stated capital and capital surplus. Details are announced as follows:

I. Outline

Resona Holdings announced in the "basic policy toward repayment of public funds" announced on May 23, 2006 (the "Basic Policy") its basic policy of repurchasing the existing public funds preferred shares, utilizing accumulated retained earnings and proceeds from issuances of new preferred shares in the market (as transferred to "other capital surplus"). Since such announcement, Resona Holdings has made continuous efforts to realize this basic policy. (Please refer to page 4 (Reference 1) concerning the basic policy toward repayment of public funds and to page 4 (Reference 2) concerning our efforts toward repayment of public funds.)

In order to further ensure implementation of the aforementioned Basic Policy, Resona Holdings has decided to issue new preferred shares (Class Nine preferred shares) (the "Preferred Shares") in the total issue amount of ¥350.0 billion through allotment of shares to persons other than shareholders and to transfer the proceeds from the issuance of such new Preferred Shares to "other capital surplus" through simultaneous reduction in stated capital and capital surplus.

1. Purpose of the issuance of the Preferred Shares

The issue of the Preferred Shares is aimed at promoting flexible and appropriate management of a capital policy with a view to repayment of public funds, as described below in more detail:

(1) Securing a source of funds for repayment of public funds (total amount: ¥350.0 billion)

In accordance with its policy of "securing a source of funds for repayment as soon as possible" as set out in the Basic Policy, Resona Holdings will secure "other capital surplus" which can be a source of funds for repayment of public funds through the issuance of the Preferred Shares. (Please refer to page 4 (Reference 3) concerning the outstanding balance of the public funds preferred shares and the aggregate amount of surplus after the issue of the Preferred Shares).

(2) Limiting the amount of dividends (rate of dividends: 0.93% per annum)

In accordance with its policy of "maintaining an appropriate capital adequacy ratio" as set out in the Basic Policy, Resona Holdings will limit the amounts to be paid as dividends so as to contribute to the strengthening of its capital base.

(3) Maintaining the quality of capital

In accordance with its policy of "maintaining an appropriate capital adequacy ratio" as set out in the Basic Policy, Resona Holdings will keep the quality of its capital by issuing convertible preferred shares, which constitute "shareholders' equity" within the category of "core capital" (Tier 1) for the capital adequacy purposes.

(4) Limiting an increase of ordinary shares (dilution)

In accordance with its policy of "avoiding dilution of ordinary shares as much as possible" as set out in the Basic Policy, the Preferred Shares are designed as convertible preferred shares of which conversion is limited by conditions to the exercise of rights to request acquisition and inclusion of an acquisition clause. In addition, Resona Holdings will limit the increase of ordinary shares (dilution) by repurchasing, after consultation with the relevant authorities, the public funds preferred shares which are convertible preferred shares.

2. Features of the Preferred Shares

Although the Preferred Shares are convertible preferred shares, the Preferred Shares have the following features for the purpose of, among other things, limiting the increase of ordinary shares (dilution) (please refer to page 6 (Reference 4) for explanation of certain terms, to page 8 (Reference 5) for charts illustrating the features of the Preferred Shares and to page 9 ("II. Terms of Issue of the New Preferred Shares, Etc." for the detailed terms of the Preferred Shares):

(1) Limitation on the exercise of the Acquisition Rights (Note 1)

The Preferred Shares have features which limit the exercise of the Acquisition Rights of the Preferred Shares held by the holders thereof, including the following features: (i) the Acquisition Rights may not be exercised for one year from the issue date, (ii) the Initial

Exchange Price (Note 2) (Note 3) will be set at an amount equal to the sum of the Base Price (Note 4) (Note 5) plus the Initial Exchange Premium (Note 6) of 15% and will remain unchanged for five years, (iii) the Condition to Exercise of Acquisition Rights (Note 8) will be set at 115% of the Initial Exchange Price for five years from the issue date, and (iv) reset of the Exchange Price (which will be reset downwards only) will be made only four times, five, six, seven and eight years after the issue date.

(2) Inclusion of the Acquisition Clause (Note 9)

The Preferred Shares have an Acquisition Clause which gives rights to Resona Holdings and enables Resona Holdings to limit excessive dilution when the market price of the ordinary shares appreciates. More specifically, if, after five years after the issue date, the conditions that the market price of ordinary shares exceeds the Acquisition Clause Threshold Price (Note 10) (130% of the Initial Exchange Price) for a certain period and that it is expected that Resona Holdings will be able to maintain an adequate capital adequacy ratio after acquisition under the Acquisition Clause, and certain other conditions, are met, Resona Holdings may acquire the Preferred Shares in exchange for payment of cash equal to the subscription price of the Preferred Shares and delivery of ordinary shares having a value equivalent to the amount by which the Proffered Shares are in-the-money. The Preferred Shares do not have a clause for simultaneous mandatory conversion into ordinary shares.

The Preferred Shares will be issued to Merrill Lynch Japan Finance Co., Ltd., a wholly-owned subsidiary of Merrill Lynch Japan Securities Co., Ltd., by way of allotment of shares to persons other than shareholders. Merrill Lynch Japan Finance will, in principle, hold the Preferred Shares for at least two years and then the Preferred Shares may be held by a special purpose company (or other entity) established by it.

The Preferred Shares are the only convertible preferred shares allowed to be newly issued under the Articles of Incorporation of Resona Holdings. In the future, Resona Holdings will consider issuing "bond type" preferred shares (Classes Five to Eight) that are authorised to be issued under its Articles of Incorporation.

As described above, the issue of the Preferred Shares will help in realizing the Basic Policy of Resona Holdings toward repayment of public funds and is aimed at implementation of flexible and appropriate management of its capital policies toward repayment of public funds. In relation to sales in the market (offering) of ordinary shares of Resona Holdings which were issued under the Deposit Insurance Law (for which Resona Holdings made a request on March 30, 2007), Resona Holdings also announces that today it has made a request to the relevant authorities to take necessary steps, because such offering needs to be effected taking into account the issue of the Preferred Shares.

(Reference 1) Excerpt of the “basic policy toward repayment of public funds” (announced on May 23, 2006)

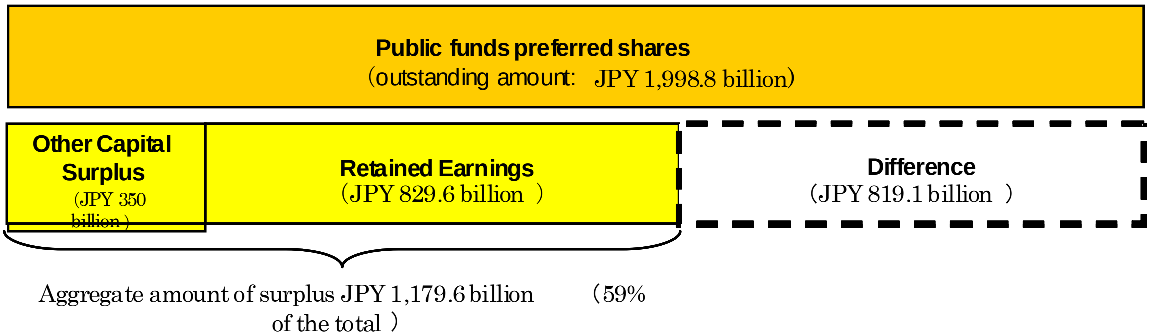
Our group considers fiscal year 2006 as “a year to work toward a full-scale implementation of repayment of public funds” and will work to effect actual repayment of public funds. In repaying public funds, the following three items are our principal stance:

(1) securing a source of funds for repayment as soon as possible;
(2) maintaining an appropriate capital adequacy ratio; and
(3) avoiding dilution of ordinary shares as much as possible.

(Reference 2) Our efforts toward repayment of public funds

Date	Steps taken
May 23, 2006	Announcement of the “Basic Policy Toward Repayment of Public Funds”
June 28, 2006	Approval for creation of the terms for new preferred shares (Classes Four to Nine) at the fifth Ordinary General Meeting of Shareholders
August 31, 2006	Issue of the Class Four preferred shares (total issue amount: ¥63.0 billion)
November 2, 2006	Prepayment of the public funds perpetual subordinated loan (amount: ¥20.0 billion) borrowed under the Financial Function Early Strengthening Law
January 26, 2007	Repurchase and cancellation of the public funds preferred shares (total issue amount: ¥532.7 billion) issued under the Financial Function Early Strengthening Law
This issue	Issue of the Class Nine preferred shares (total issue amount: ¥350.0 billion)

(Reference 3) The outstanding balance of the public funds preferred shares and the aggregate amount of surplus after the issue of the Preferred Shares



- The outstanding balance of the public funds infused in the form of the public funds preferred shares is as of March 31, 2007.
- The aggregate amount of surplus (other capital surplus and retained earnings) is calculated based on the projected aggregate retained earnings for the fiscal year ended March 31,

2007 described in the "Managerial Reinvigoration Plan" announced in November 2006, adjusted by the effects of (i) the repurchase of the public funds preferred shares in January 2007 and (ii) the issue of the Preferred Shares. The financial results for the second half of fiscal year 2006 and profits in fiscal year 2007 onwards are not taken into account in such calculation.

- The difference (¥819.1 billion) is calculated by subtracting the aggregate amount of surplus (¥1,179.6 billion) from the outstanding balance of the public funds infused in the form of the public funds preferred shares (¥1,998.8 billion), and the actual amount for repayment would be different from such amount.

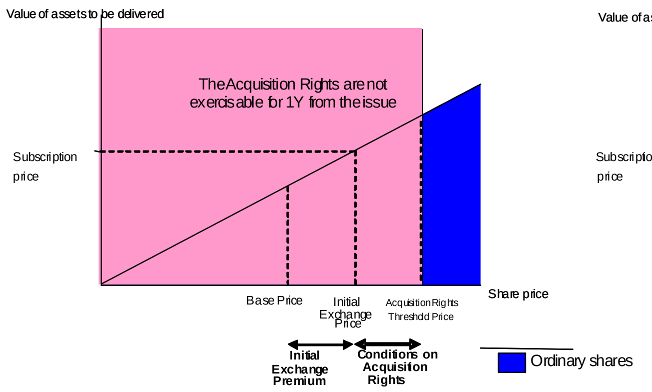
(Reference 4) Explanation of certain terms

Note	Term	Meaning
1	Acquisition Right	Right of holders of the Preferred Shares to request delivery of ordinary shares in exchange for the Preferred Shares (in other words, conversion right).
2	Exchange Price	Price to be used in calculating the number of ordinary shares to be delivered in exchange for the Preferred Shares, upon an exercise of the Acquisition Right by a holder of the Preferred Shares (in other words, conversion price). The number of ordinary shares to be delivered will be calculated by dividing the amount equal to the subscription price of the Preferred Shares by the Exchange Price.
3	Initial Exchange Price	Exchange Price determined at the time of issue of the Preferred Shares. Unless reset or adjustment of the Exchange Price is made, the Initial Exchange Price shall continue to be the Exchange Price.
4	Base Price	Average of the daily VWAPs for consecutive 30 trading days commencing on the trading day following the date of determination of the issue. The Base Price will be used as a basis for determining the Initial Exchange Price and the Floor Exchange Price.
5	VWAP	Volume weighted average price of ordinary shares of Resona Holding on any trading day, which is calculated by dividing the total sale prices in regular trading of ordinary shares of Resona Holdings on such trading day by the total number of shares traded in regular trading of ordinary shares of Resona Holdings on such trading day.
6	Initial Exchange Premium	Ratio to be added to the Base Price in determining the Initial Exchange Price. The Initial Exchange Price will be higher than the Base Price by this ratio and this will make an exercise of the Acquisition Right by a holder of the Preferred Shares more difficult.
7	Floor Exchange Price	Floor price used for downward reset of the Exchange Price.
8	Condition to Exercise of Acquisition Right	Condition related to market price of shares which must be met for the Acquisition Right to be exercisable. Under the terms of the Preferred Shares, during a certain period (five years from the issue date), holders of the Preferred Shares may not exercise the Acquisition Rights unless the market price of shares is equal to or exceeds 115% of the Initial Exchange Price on any 20 trading days during the consecutive 30 trading day period ending on the last trading day of the preceding calendar quarter.
9	Acquisition Clause	Right of Resona Holdings to acquire the Preferred Shares. Under the terms of the Preferred Shares, Resona Holdings can exercise the Acquisition Clause if, after five years after the issue date, the conditions

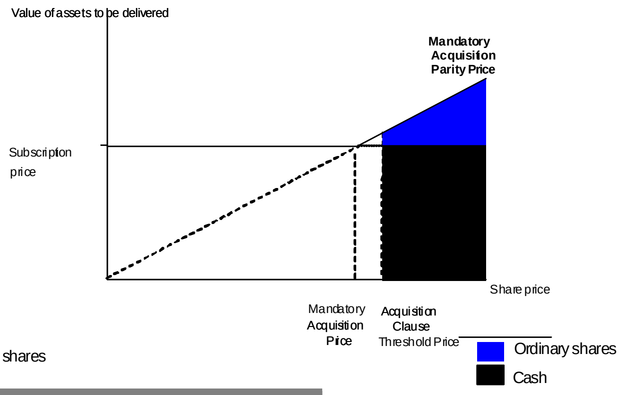
		that the market price of shares exceeds the Acquisition Clause Threshold Price on each trading day of any consecutive 30 trading days and that it is expected that Resona Holdings will be able to maintain an adequate capital adequacy ratio after acquisition under the Acquisition Clause, and certain other conditions, are met.
10	Acquisition Clause Threshold Price	Market price of shares required to make the Acquisition Clause exercisable by Resona Holdings. Under the terms of the Preferred Shares, it is 130 % of the Initial Exchange Price.
11	Mandatory Exchange Price	Price to be used in determining assets to be delivered in exchange for the Preferred Shares, when Resona Holdings exercises the Acquisition Clause. The price level will be the same as the Exchange Price. When the Acquisition Clause is exercised, Resona Holdings will, in exchange for acquisition of one Preferred Share, pay cash in an amount equal to the subscription price of the Preferred Share and (if the Acquisition Time Market Value exceeds the Mandatory Exchange Price) deliver such number of ordinary shares as calculated by dividing the excess of the Mandatory Acquisition Parity Price over the amount equal to the subscription price of the Preferred Share (in other words, the equivalent of the amount by which the Preferred Shares are in-the-money), by the Acquisition Time Market Value.
12	Floor Mandatory Exchange Price	Floor price used for downward reset of the Mandatory Exchange Price.
13	Mandatory Acquisition Parity Price	Amount calculated by dividing the Acquisition Time Market Value by the Mandatory Exchange Price, and then multiplying the resultant figure by the amount equal to the subscription price of the Preferred Share.
14	Acquisition Time Market Value	Average of the daily VWAPs for 30 trading days commencing on the fifth trading day after dispatch of a notice to exercise the Acquisition Clause.

(Reference 5) Charts illustrating the features of the Preferred Shares

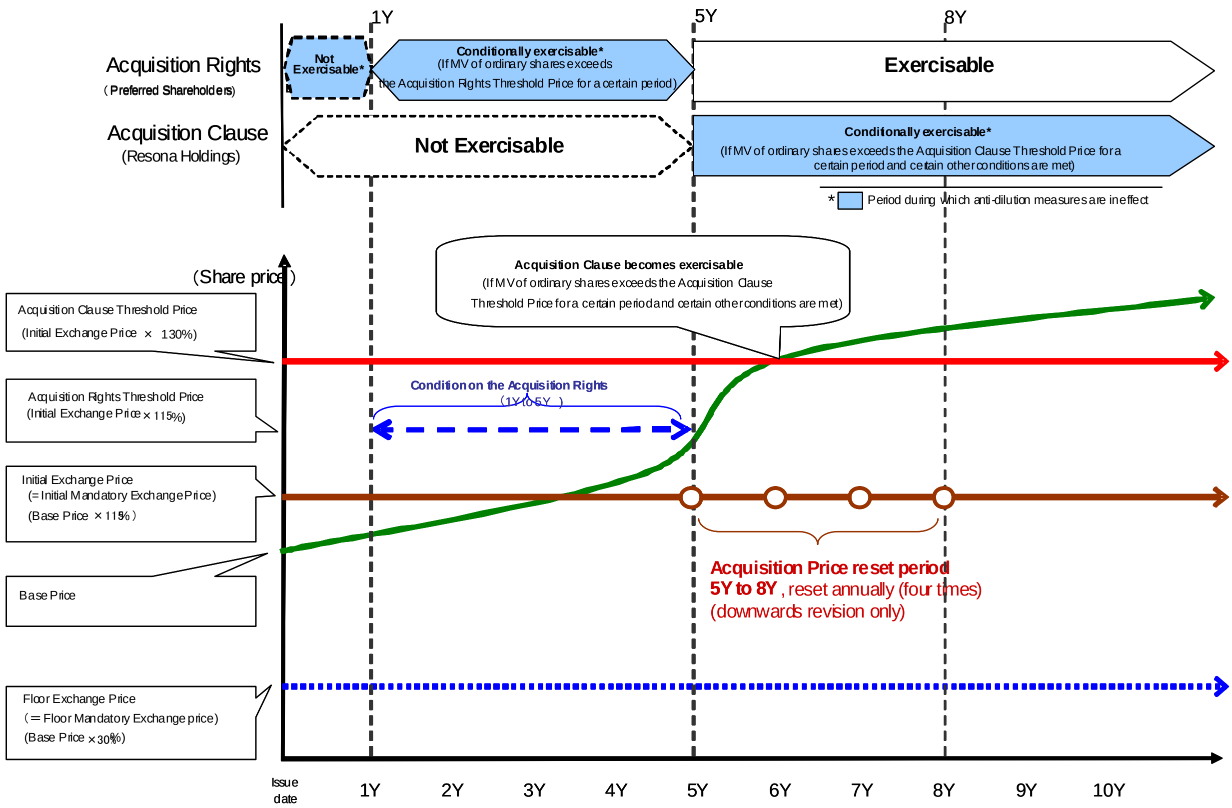
(Chart 1) Exercise of the Acquisition Rights by shareholders



(Chart 2) Exercise of the Acquisition Clause by Resona Holdings



(Chart 3) Level of share price vs Exercise of Acquisition Rights and Acquisition Clause



The movement of the price of ordinary shares of Resona Holdings described in the chart above is only included to explain the features of the Preferred Shares. The actual movement of the price of ordinary shares of Resona Holdings may be different from that described in the chart above.

II. Terms of Issue of the New Preferred Shares, Etc.

1. Terms of issue of new shares

(1) Type of shares to be issued

Class Nine preferred shares (hereinafter referred to as the "Preferred Shares") of Resona Holdings, Inc. (hereinafter referred to as the "Company")

(2) Number of shares to be issued

100,000 shares

(3) Subscription price

¥3,500,000 per share

(4) Amount of capital to be increased

¥1,750,000 per share

(5) Amount of capital surplus to be increased

¥1,750,000 per share

(6) Method of issue

All of the Preferred Shares will be allotted to Merrill Lynch Japan Finance Co., Ltd. by way of allotment of shares to persons other than shareholders.

(7) Payment date

June 5, 2007 (Tuesday)

(8) Preferred dividends

(a) Preferred dividends

In the event that the Company makes distribution of surplus other than interim dividends, the Company shall pay to holders of the Preferred Shares (hereinafter referred to as the "Preferred Shareholders") or registered share pledgees of the Preferred Shares (hereinafter referred to as the "Registered Pledgees of Preferred Shares"), prior to the payment to holders of shares of common stock (hereinafter referred to as the "Ordinary Shareholders") or registered share pledgees of shares of common stock (hereinafter referred to as the "Registered Pledgees of Ordinary Shares") and holders of fractional shares of common stock, cash dividends in the amount described below (hereinafter referred to as the "Preferred Dividends"); provided, however, that if the Preferred Interim Dividends were paid during the business year immediately preceding the payment of dividends, the amount of the Preferred Dividends shall be reduced by the amount of such Preferred Interim Dividends.

The amount of the Preferred Dividends per share of the Preferred Shares shall be equal to the subscription price per share multiplied by the rate of dividends described below.

The rate of dividends for payment of the Preferred Dividends on the Preferred Shares shall be 0.93 per cent. per annum (¥32,550 per ¥3,500,000 subscription price); provided that no Preferred Dividends shall be paid during the business year ending March 31, 2008, and the amount of the Preferred Dividends to be paid in the business year ending March 31, 2009 shall be ¥26,769 per ¥3,500,000 subscription price.

(b) Non-cumulative dividends

If the total amount of distribution of surplus (excluding in this Paragraph (b) and Paragraph (c) below the amount of the Preferred Interim Dividends paid during the same business year) that are paid to the Preferred Shareholders or the Registered Pledgees of Preferred Shares in any business year fall short of the amount of the Preferred Dividends, the amount of the shortage shall not accrue to the subsequent business years.

(c) Non-participatory dividends

The total amount of distribution of surplus to be paid to the Preferred Shareholders or the Registered Pledgees of Preferred Shares in a business year shall be limited to the amount of the Preferred Dividends, and no distribution of surplus shall be made to the Preferred Shareholders or the Registered Pledgees of Preferred Shares in excess thereof.

(9) Preferred interim dividends

In the event that the Company declares the interim dividends, the Company shall pay to the Preferred Shareholders or the Registered Pledgees of Preferred Shares, prior to the payment to the Ordinary Shareholders or the Registered Pledgees of Ordinary Shares and holders of fractional shares of common stock, the Preferred Interim Dividends in the amount up to one-half of the amount per share of the Preferred Dividends.

(10) Distribution of remaining assets

If the Company distributes the remaining assets, the Company shall pay to the Preferred Shareholders or the Registered Pledgees of Preferred Shares, prior to the payment to the Ordinary Shareholders or the Registered Pledgees of Ordinary Shares and holders of fractional shares of common stock, ¥3,500,000 per share of the Preferred Shares. No distribution of remaining assets shall be made to the Preferred Shareholders or the Registered Pledgees of Preferred Shares other than ¥3,500,000 per share set forth above.

(11) Priority

The Preferred Shares will rank *pari passu* in terms of the priority of payments of the Preferred Dividends and the Preferred Interim Dividends and distribution of remaining assets with each other class of preferred stock of the Company.

(12) Acquisition of the Preferred Shares under agreement with holders of such shares

When a decision under Article 160, Paragraph 1 of the Company Law is made with respect to acquisition of the Preferred Shares, Paragraphs 2 and 3 of that Article shall not apply.

(13) Rights to request acquisition

(a) Rights to request acquisition of the Preferred Shares

A Preferred Shareholder may, during the period for making requests for acquisition set forth in Paragraph (b) below, request the Company to acquire the Preferred Shares held by such Preferred Shareholder. If such request is made by a Preferred Shareholder, the Company shall, in exchange for acquisition of the Preferred Shares held by such Preferred Shareholder, deliver to such Preferred Shareholder assets described in

Paragraph (c) below.

(b) Period for making requests for acquisition

The period during which the Preferred Shareholders may request the Company to acquire the Preferred Shares held by the Preferred Shareholders shall be the period from (and including) June 5, 2008.

(c) Assets to be delivered in exchange for acquisition

If a Preferred Shareholder exercises its rights to request acquisition, the Company shall, in exchange for acquisition of the Preferred Shares held by such Preferred Shareholder, deliver shares of common stock of the Company (hereinafter referred to as the "Shares") to such Preferred Shareholder. The number of Shares of the Company to be delivered in exchange for acquisition of the Preferred Shares shall be as follows:

$$\text{Number of Shares to be delivered upon acquisition} = \frac{\text{Aggregate amount of the subscription price of the Preferred Shares for which acquisition is requested}}{\text{Exchange Price}}$$

If a fraction of less than one whole share results from calculation of the number of Shares to be delivered in exchange for acquisition of the Preferred Shares, such fraction shall be disregarded and no cash adjustment shall be made in respect thereof.

(d) Condition to exercise rights to request acquisition

Prior to (and including) June 4, 2012, if a Preferred Shareholder intends to exercise its rights to request acquisition of the Preferred Shares held by such Preferred Shareholder on any day during a period from (and including) the first day to (and including) the last day of any calendar quarter (being the three (3) month period commencing on each of January 1, April 1, July 1 and October 1 of each year; hereinafter the same), such Preferred Shareholder may not exercise its rights to request acquisition, unless the closing prices (including the indicative prices) (regular way) of a Share of the Company on Tokyo Stock Exchange, Inc. on any twenty (20) Trading Days (as defined below) falling within the period of thirty (30) consecutive Trading Days ending on the last Trading Day in the calendar quarter immediately preceding such calendar quarter exceed the amount calculated by multiplying the Exchange Price in effect on the last Trading Day of the calendar quarter immediately preceding the calendar quarter in which such rights to request acquisition are to be exercised, by 1.15.

On and after June 5, 2012, if the closing price (including the indicative price) (regular way) of a Share of the Company on Tokyo Stock Exchange, Inc. on any Trading Day exceeds the amount calculated by multiplying the Exchange Price in effect on such Trading Day by 0.3, any Preferred Shareholder may, on and after such Trading Day, exercise its rights to request acquisition of the Preferred Shares.

"Trading Day" shall mean any day on which Tokyo Stock Exchange, Inc. is open for trading, but excluding any day(s) on which no VWAP (as defined in Paragraph (14)(c) below) is reported (hereinafter the same).

Notwithstanding the foregoing, if (i) a merger in which the Company is not the surviving entity, (ii) a transfer of all or substantially all of the Company's business, or a company split *(kaisha bunkatsu)* of the Company in which all or substantially all of the Company's business is to be transferred, or (iii) a statutory share exchange (*kabushiki-kokan*) or a statutory share transfer (*kabushiki-iten*) or any other corporate reorganization action resulting in the Company becoming a wholly-owned subsidiary of another company (each such event, hereinafter referred to as a "Non-Surviving Reorganization") takes place, the conditions to exercise of the rights to request acquisition set forth in this Paragraph (d) shall not be applicable during the period commencing on the date on which the Company first gives notice of the relevant Non-Surviving Reorganization to the Ordinary Shareholders pursuant to laws and regulations (or, if no such notice to the Ordinary Shareholders is required under laws and regulations, the date of the first disclosure of the relevant Non-Surviving Reorganization made by the Company pursuant to laws and regulations or rules of stock exchanges), and ending on the date immediately preceding the effective date of such Non-Surviving Reorganization. If the Company gives notice to the Ordinary Shareholders, or makes disclosure, of a Non-Surviving Reorganization as described above, or if a proposed Non-Surviving Reorganization is approved or disapproved at a General Meeting of Shareholders of the Company, the Company shall forthwith give written notice thereof to the Preferred Shareholders. If the relevant proposed Non-Surviving Reorganization is disapproved at a General Meeting of Shareholders of the Company, the conditions to exercise of the rights to request acquisition set forth in this Paragraph (d) shall resume to be applicable as from two (2) days after the Company's dispatch of notice to such effect to the Preferred Shareholders.

Furthermore, the conditions to exercise of the rights to request acquisition set forth in this Paragraph (d) shall not be applicable on or after the date on which a person other than the Company or its subsidiary (excluding any entity established under special laws), pursuant to the Securities and Exchange Law, files a Large Holding Report or an Amendment to Large Holding Report stating that the ratio of holding of share certificates, etc. (as defined in the Securities and Exchange Law) with respect to the Company held by such person is fifty (50) per cent. or more.

(14) Acquisition clause

(a) Acquisition of all or part of the Preferred Shares

The Company may, on any Acquisition Date set forth in Paragraph (b) below, acquire the Preferred Shares in whole or in part, upon obtaining prior approval of the Financial Services Agency to meet either of the cases that (i) it is expected that the Company will be able to maintain a sufficient capital adequacy ratio after such acquisition, or (ii) the Company will procure equity capital in an amount greater than or equal to the amount of cash payable to the Preferred Shareholders in exchange for such acquisition through issuance of securities ranking *par passu* with, or junior to, the Preferred Shares in respect of distribution of remaining assets. In such a case, the Company shall, in exchange for acquisition of the Preferred Shares, deliver assets described in Paragraph (c) below to the Preferred Shareholders.

When the Company acquires the Preferred Shares in part, the Representative Executive Officer of the Company shall select the Preferred Shares to be acquired by drawing lots.

(b) Events for acquisition

(i) The event for the Company's acquisition of all or part of the Preferred Shares shall be the arrival of the date to be separately determined by the Representative Executive Officer pursuant to Article 168, Paragraph 1 of the Company Law (which shall be a day that is not a Non-Acquisition Date under Sub-paragraph (ii) below) (hereinafter referred to as the "Initial Acquisition Date"). If the Company is to acquire all or part of the Preferred Shares remaining outstanding on any day after the Initial Acquisition Date, the event for the Company's acquisition of all or part of such Preferred Shares shall be the arrival of the date after the Initial Acquisition Date to be separately determined by the Representative Executive Officer pursuant to Article 168, Paragraph 1 of the Company Law (which shall be a day that is not a Non-Acquisition Date under Sub-paragraph (ii) below) (together with the Initial Acquisition Date, hereinafter referred to as the "Acquisition Date"), and the same shall apply thereafter.

The Company shall dispatch a prior notice (hereinafter referred to as the "Acquisition Notice") to the effect that the Company will acquire the Preferred Shares, at least forty-five (45) Trading Days but not more than sixty (60) Trading Days prior to the relevant Acquisition Date, to the Preferred Shareholders holding the Preferred

Shares to be acquired on such Acquisition Date.

(ii) "Non-Acquisition Date" referred to in Sub-paragraph (i) above shall mean any day other than a day that can be an Acquisition Date in accordance with the following provision:

If, on each Trading Day during a period of any thirty (30) consecutive Trading Days, the closing price (including the indicative price) (regular way) of a Share of the Company equals to or exceeds the amount calculated by multiplying the initial Mandatory Exchange Price (adjusted in accordance with Paragraph (15)(c) below, in the event that the Mandatory Exchange Price is adjusted pursuant to Paragraph (15)(c) below) by 1.3, the Company may dispatch an Acquisition Notice on any day on or after June 4, 2012 which falls within thirty (30) days from the last day of such thirty (30) Trading Day period in accordance with Sub-paragraph (i) above, and the Acquisition Date in such case shall be the date described as the Acquisition Date in such Acquisition Notice.

(c) Assets to be delivered in exchange for acquisition

The Company shall, in exchange for acquisition of one Preferred Share, deliver to the Preferred Shareholder (i) cash in an amount equal to the subscription price of the Preferred Share and (ii) (if the Acquisition Time Market Value (as defined below) exceeds the Mandatory Exchange Price set forth in Paragraph (15) below in effect as of the last Trading Day of the thirty (30) Trading Days which shall be taken into account in calculating the Acquisition Time Market Value) such number of Shares of the Company as to be calculated by dividing the excess of the Mandatory Acquisition Parity Price (as defined below) over the amount equal to the subscription price of the Preferred Share, by the Acquisition Time Market Value.

"Mandatory Acquisition Parity Price" shall mean the amount calculated by dividing the Acquisition Time Market Value by the Mandatory Exchange Price set forth in Paragraph (15) below in effect as of the last Trading Day of the thirty (30) Trading Days which shall be taken into account in calculating the Acquisition Time Market Value, and then multiplying the resultant amount by the amount equal to the subscription price of the Preferred Share.

"Acquisition Time Market Value" shall mean the average of the daily VWAPs of regular trading of Shares of the Company on Tokyo Stock Exchange, Inc. for the thirty (30) consecutive Trading Days (excluding any day (hereinafter each referred to as a "Non-Calculation Day") on which (i) regular trading of Shares of the Company on Tokyo

Stock Exchange, Inc. is executed only through the pro-rata based distribution or (ii) the total number of Shares of the Company traded in regular trading on Tokyo Stock Exchange, Inc., as reported by such stock exchange, is less than twenty-five (25) per cent. of the daily average of the total number of Shares of the Company traded in regular trading for the five (5) Trading Days (excluding any Non-Calculation Days) ending on the Trading Day in question) commencing on the fifth (5th) Trading Day following the date of dispatch of the Acquisition Notice; provided, however, that such average shall be calculated down to tens (10) of yen and then rounded to the nearest hundreds (100) of yen (50 yen being rounded upwards). If any event described in Paragraph (15)(c) below occurs during the thirty (30) Trading Days mentioned above, the price mentioned above shall be adjusted in accordance with Paragraph (15)(c) below.

"VWAP" shall mean the price that is calculated and displayed by Tokyo Stock Exchange, Inc. as the volume weighted average price of Shares of the Company on a given Trading Day, which is calculated by dividing the total sale prices in regular trading of Shares of the Company on such Trading Day by the total number of shares traded in regular trading of Shares of the Company on such Trading Day; provided, however, that if Tokyo Stock Exchange, Inc. does not display such price, the VWAP shall mean the price displayed on the 8308 JT Equity AQR screen (or on any other screen or service replacing it) provided by Bloomberg L.P. on such Trading Day, and, further, if the 8308 JT Equity AQR screen (nor any screen or service replacing it) displays such price, the VWAP shall mean the closing price (including the indicative price) (regular way) of a Share of the Company on Tokyo Stock Exchange, Inc. on such Trading Day. The term "VWAP" shall have the same meaning hereinbelow.

(15) Exchange price and mandatory exchange price

(a) Initial exchange price and initial mandatory exchange price

The initial Exchange Price and the initial Mandatory Exchange Price (collectively referred to as the "Exchange Price" in this Paragraph (15)) shall be calculated as follows:

$$\text{Initial Exchange Price} = \text{Base Price} \times 1.15$$

The Base Price shall mean the average of the daily VWAPs of regular trading of Shares of the Company on Tokyo Stock Exchange, Inc. for thirty (30) consecutive Trading Days (excluding the Non-Calculation Days) commencing on April 26, 2007. Such average shall be calculated down to tens (10) of yen and then rounded to the nearest hundreds (100) of yen (50 yen being rounded upwards). If any event described in Paragraph (c) below occurs during the thirty (30) Trading Days mentioned above, the Base Price shall be adjusted in accordance with Paragraph (c) below.

(b) Reset of the exchange price

The Exchange Price shall be reset on June 5, 2012, June 5, 2013, June 5, 2014 and June 5, 2015 (each referred to as a "Reset Date" and collectively as the "Reset Dates"), to the market price of Shares of the Company as of the relevant Reset Date; provided, however, that (i) if such market price is higher than the Exchange Price before reset, the Exchange Price after reset shall be the Exchange Price before reset, and (ii) if such market price is lower than the Floor Exchange Price (as defined below) in effect on such Reset Date, the Exchange Price after reset shall be such Floor Exchange Price.

The market price of Shares of the Company as of the Reset Date to be used for the purpose of reset of the Exchange Price shall be the average of the daily VWAPs of regular trading of Shares of the Company on Tokyo Stock Exchange, Inc. for thirty (30) consecutive Trading Days (excluding the Non-Calculation Days) commencing on the forty-fifth (45th) Trading Day preceding such Reset Date. Such average shall be calculated down to tens (10) of yen and then rounded to the nearest hundreds (100) of yen (50 yen being rounded upwards). If any event described in Paragraph (c) below occurs during the forty-five (45) Trading Days mentioned above, the market price mentioned above shall be adjusted in accordance with Paragraph (c) below.

"Floor Exchange Price" shall mean the amount calculated by multiplying the Base Price by 0.3, but subject to adjustment in accordance with Paragraph (c) below.

(c) Adjustment of the exchange price

(i) If any of the events described below occurs after the issuance of the Preferred Shares, the Exchange Price (and the Floor Exchange Price) described in Paragraphs (a) and (b) above shall be adjusted in accordance with the formula described below (hereinafter referred to as the "Exchange Price Adjustment Formula"). The calculation under the Exchange Price Adjustment Formula shall be made down to tens (10) of yen and then rounded to the nearest hundreds (100) of yen (50 yen being rounded upwards).

$$\text{Exchange Price after adjustment} = \text{Exchange Price before adjustment} \times \frac{\text{Number of Shares outstanding} + \dfrac{\text{Number of Shares to be issued (or disposed of)} \times \text{Subscription price per share}}{\text{Market price per share}}}{\text{Number of Shares outstanding} + \text{Number of Shares to be issued (or disposed of)}}$$

(A) In the event that the Company issues Shares or disposes of Shares held by the Company (except for cases in which rights appurtenant to any shares with rights to request acquisition thereof (*shutokuseikyukentsuki-kabushiki*), share subscription rights (including those attached to bonds with share subscription rights) or other securities entitling the holders thereof to request delivery of Shares of the Company are exercised, or in which shares or other securities entitling the Company to acquire them in exchange for Shares of the Company are acquired, and Shares are delivered thereupon) for consideration less than the market price to be used in the Exchange Price Adjustment Formula:

The Exchange Price after adjustment shall become effective as of the day immediately following the payment date or the last day of the payment period or, if such Shares are allotted to shareholders of the Company and a record date is specified for the allotment of such Shares to shareholders, as of the day immediately following such record date.

(B) In the event that Shares are issued by way of stock split or allotment of shares without consideration:

The Exchange Price after adjustment shall become effective as of the day immediately following the record date for such stock split or allotment of shares without consideration or, if there is no record date for allotment of shares without consideration, as of the day immediately following the effective date of such allotment of shares without consideration.

(C) In the event that the Company issues any shares with rights to request acquisition thereof (*shutokuseikyukentsuki-kabushiki*), share subscription rights (including those attached to bonds with share subscription rights) or other securities entitling the holders thereof to request delivery of Shares of the Company, or shares or other securities entitling the Company to acquire them in exchange for Shares of the Company, at an exchange or exercise price less than the market price to be used in the Exchange Price Adjustment Formula:

The Exchange Price after adjustment shall become effective as of the day immediately following the date of issue of such shares, share subscription rights (including those attached to bonds with share subscription rights) or other securities or, if there is a record date for allotment to shareholders of the Company, as of the day immediately following such record date, on the assumption that all such shares, share subscription rights (including those attached to bonds with share subscription rights) or other securities to be issued were acquired or exercised on such issue date or (as the case may be) at the end of such record date and Shares were delivered thereupon. For the purpose of subsequent adjustments, the number of Shares deemed to have been delivered under the foregoing assumption shall be included in the number of Shares outstanding to the extent that such number exceeds the number of Shares actually issued upon such acquisition or exercise.

(D) In the event that the Company issues any shares with rights to request acquisition thereof (*shutokuseikyukentsuki-kabushiki*), share subscription rights (including those attached to bonds with share subscription rights) or other securities entitling the holders thereof to request delivery of Shares of the Company, or shares or other securities entitling the Company to acquire them in exchange for Shares of the Company, in respect of which the exchange price for exchange for Shares or the exercise price of the share subscription rights has not been determined at the issue date and is to be determined based on the market value as of a certain date (hereinafter referred to as the "Price Determination Date") after the issue date, and that such exchange price for exchange for Shares or (as the case may be) exercise price of the share subscription rights, when determined, is less than the market price to be used in the Exchange Price Adjustment Formula:

The Exchange Price after adjustment shall become effective as of the day immediately following the Price Determination Date, on the assumption that all such shares, share subscription rights (including those attached to bonds with share subscription rights) or other securities outstanding as of the Price Determination Date were acquired or (as the case may be) exercised on the Price Determination Date and Shares were delivered thereupon. For the purpose of subsequent adjustments, the number of Shares deemed to have been delivered under the foregoing assumption shall be included in the number of Shares outstanding to the extent that such number exceeds the number of Shares actually issued upon such acquisition or exercise.

(ii) In addition to the events described in Sub-paragraph (i) above, in the event that the Company distributes any of its assets (including shares of the Company other than Shares) to the Ordinary Shareholders of the Company, the Exchange Price in effect as of the record date to determine shareholders entitled to receive such distribution (hereinafter referred to as the "Distribution Record Date") shall be adjusted in accordance with the following formula (hereinafter referred to as the "Asset Distribution Adjustment Formula"). The calculation under the Asset Distribution Adjustment Formula shall be made down to tens (10) of yen and then rounded to the nearest hundreds (100) of yen (50 yen being rounded upwards). Provided, however, that in the event that the Company makes any distribution of surplus other than an Extraordinary Dividend (as defined below), no adjustment shall be made pursuant to this Sub-paragraph (ii).

$$\text{Exchange Price after adjustment} = \text{Exchange Price before adjustment} \times \frac{\text{Market price per share as of the Distribution Record Date} - \text{Fair Market Value per share of the assets to be distributed}}{\text{Market price per share as of the Distribution Record Date}}$$

"Fair Market Value" to be used in the Asset Distribution Adjustment Formula shall mean the value of the assets to be distributed as determined by the Company in a reasonable manner, and in the case of an Extraordinary Dividend, mean the excess of such Extraordinary Dividend over the Dividend Threshold Amount (as defined below) (or, if any adjustment pursuant to this Sub-paragraph (ii) has already been made in respect of the Extraordinary Dividend made with respect to any record date falling within the same business year, the aggregate amount of all of the distributions of surplus which caused such adjustment).

"Extraordinary Dividend" shall mean, in the case where the sum of the distribution of surplus made with reference to a record date during any business year of the Company and all distributions of surplus made with reference to any preceding record date falling within the same business year exceeds the Dividend Threshold Amount, the total amount of all such distributions of surplus. The amount of distribution of surplus shall be the aggregate of the cash amount and the Fair Market Value of the assets (other than cash) distributed to the Ordinary Shareholders as such distribution of surplus.

"Dividend Threshold Amount" shall initially be one-thousand (1,000) yen and shall be adjusted in accordance with Sub-paragraph (i) above and Sub-paragraph (iii) below.

No adjustment of the Exchange Price in accordance with the Asset Distribution Adjustment Formula shall be made if the difference between the Exchange Price after adjustment calculated in accordance with the Asset Distribution Adjustment Formula and the Exchange Price before adjustment is less than one (1) per cent. of the Exchange Price before adjustment; provided, however, that if any event which requires adjustment of the Exchange Price in accordance with the Asset Distribution Adjustment Formula occurs subsequent thereto and the Exchange Price is to be calculated, the amount equal to the Exchange Price before adjustment less such difference shall be used in the Asset Distribution Adjustment Formula, in lieu of the Exchange Price before adjustment that would be otherwise used therein.

An adjustment of the Exchange Price in accordance with the Asset Distribution Adjustment Formula shall become effective as of the day immediately following the Distribution Record Date; provided, however, that (A) in the event that approval at a General Meeting of Shareholders or of the Board of Directors of the Company is required prior to the relevant distribution, and that such approval is granted after the Distribution Record Date, such adjustment shall, immediately upon such grant, become effective retroactively as from the day immediately following the relevant Distribution Record Date, and (B) in the event that the Fair Market Value of the assets to be distributed can not be determined by the Distribution Record Date, such adjustment shall, immediately upon determination of such Fair Market Value, become effective retroactively as from the day immediately following the relevant Distribution Record Date. "Distribution Record Date" in respect of the Extraordinary Dividend shall be the record date for the last distribution of surplus included in such Extraordinary Dividend.

(iii) In addition to the events described in Sub-paragraphs (i) and (ii) above, if adjustment of the Exchange Price (and the Floor Exchange Price) becomes necessary due to, among others, a merger, company split, statutory share exchange, statutory share transfer or consolidation of Shares, the Exchange Price (and the Floor Exchange Price) shall be adjusted to such price as the Board of Directors of the Company (or a person who is authorized by the Board of Directors) determines to be appropriate.

(iv) The market price to be used in the Exchange Price Adjustment Formula and the market price per share as of the Distribution Record Date to be used in the Asset Distribution Adjustment Formula shall mean the average of the closing prices (including the indicative prices) (regular way) of a Share of the Company on Tokyo Stock Exchange, Inc. on each of the thirty (30) consecutive Trading Days (excluding the number of days on which no closing price exists) commencing on the forty-fifth

(45th) Trading Day preceding (A) (in the case of the Exchange Price Adjustment Formula) the day on which the Exchange Price after adjustment becomes effective (provided that, in the case of Sub-paragraph (i)(C) above, the date of issue of the relevant shares, share subscription rights (including those attached to bonds with share subscription rights) or other securities) and (B) (in the case of the Asset Distribution Adjustment Formula) the Distribution Record Date, respectively. Such average shall be calculated down to tens (10) of yen and then rounded to the nearest hundreds (100) of yen (50 yen being rounded upwards). If any event which requires an adjustment of the Exchange Price occurs during the forty-five (45) Trading Days mentioned above, the Exchange Price after adjustment shall be adjusted in accordance with this Paragraph (c).

(v) The Exchange Price before adjustment to be used in the Exchange Price Adjustment Formula shall be the Exchange Price in effect on the day immediately preceding the day on which the Exchange Price after adjustment becomes effective. The number of Shares outstanding to be used in the Exchange Price Adjustment Formula shall be the number of Shares of the Company outstanding (excluding the number of Shares held by the Company) on, if a record date for allotment to shareholders is specified, such record date, or, if no record date for allotment to shareholders is specified, the day one month prior to the day on which the Exchange Price after adjustment becomes effective.

(vi) The subscription price per share to be used in the Exchange Price Adjustment Formula shall be as follows:

(A) in the case of an issuance of Shares or disposition of Shares held by the Company for consideration less than the market price, as described in Sub-paragraph (i)(A) above, the amount of such consideration (valued at fair value, in the case of non-cash consideration);

(B) in the case of an issuance of Shares by way of stock split or allotment of shares without consideration, as described in Sub-paragraph (i)(B) above, zero;

(C) in the case of an issuance of shares with rights to request acquisition thereof, share subscription rights (including those attached to bonds with share subscription rights) or other securities entitling the holders thereof to request delivery of Shares of the Company, or shares or other securities entitling the Company to acquire them in exchange for Shares of the Company, at an exchange or exercise price less than the market price, as described in Sub-paragraph (i)(C) above, the exchange price of Shares delivered in exchange for acquisition of such shares or other securities or the exercise price of the share subscription rights (or if the issue price of the share subscription rights is not zero, the sum of the exercise price plus the issue price of the share subscription rights); and

(D) in the case that the exchange price for exchange for Shares or the exercise price of the share subscription rights determined as described in Sub-paragraph (i)(D) above is less than the market price to be used in the Exchange Price Adjustment Formula, such exchange price for exchange for Shares or the exercise price of the share subscription rights (or if the issue price of the share subscription rights is not zero, the sum of the exercise price plus the issue price of the share subscription rights).

(vii) If the difference between the Exchange Price after adjustment calculated in accordance with the Exchange Price Adjustment Formula and the Exchange Price before adjustment is less than ¥1,000, no adjustment of the Exchange Price shall be made; provided, however, that if any event which requires adjustment of the Exchange Price in accordance with the Exchange Price Adjustment Formula occurs subsequent thereto and the Exchange Price is to be calculated, the amount equal to the Exchange Price before adjustment less such difference shall be used in the Exchange Price Adjustment Formula, in lieu of the Exchange Price before adjustment that would be otherwise used therein.

(16) Voting rights

The Preferred Shareholders shall not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders.

(17) Class meetings of shareholders

When the Company effects any of the acts described in each Sub-paragraph of Article 322, Paragraph 1 of the Company Law, no approval at a meeting of the Preferred Shareholders shall be required.

(18) Listing

There is no plan for listing of the Preferred Shares.

(19) Place of issue

Japan

(20) Other

The foregoing is subject to the taking effect of notifications and approvals under relevant laws and regulations.

2. Total number of shares issued and outstanding before and after this issue

	Total number of shares issued before this issue (April 25, 2007)	Number of additional shares to be issued	Total number of shares issued after this issue
Ordinary Shares	11,399,335.917	—	11,399,335.917
Class B, No.1 Preferred Shares	272,202	—	272,202
Class C, No.1 Preferred Shares	120,000	—	120,000
Class D, No.1 Preferred Shares	60	—	60
Class E, No.1 Preferred Shares	9,576	—	9,576
Class F, No.1 Preferred Shares	80,000	—	80,000
Class One, No.1 Preferred Shares	2,750,000	—	2,750,000
Class Two, No.1 Preferred Shares	2,817,807.861	—	2,817,807.861
Class Three, No.1 Preferred Shares	2,750,000	—	2,750,000
Class Four Preferred Shares	25,200	—	25,200
Class Nine Preferred Shares	—	100,000	100,000
Total	20,224,181.778	100,000	20,324,181.778

3. Purpose of raising capital and fund usage

(1) Purpose and fund usage

To further strengthen financial standing and carry out appropriate capital policies with a view to repayment of public funds.

(2) Impact on projected earnings

The earnings projection for the current fiscal year remains the same.

4. Distribution of profits to shareholders

(1) Basic policy for profit distribution and usage of retained earnings

The Resona group will continue its management reform towards the goal of maximising its enterprise value and endeavour to effect early repayment of public funds. In order to fulfil this objective, the Resona group will prioritize the accumulation of retained earnings by restricting outflows of profits.

(2) Policy in determining dividends

In accordance with the basic policy described above, for the fiscal year ended March 2007 and thereafter, Resona Holdings intends to pay the prescribed amounts of dividends on its preferred shares and pay dividends on its ordinary shares at a stable level, taking into consideration future profitability and treating the amount paid for the fiscal year ended March 2006 as the base.

5. Equity financing in the past three years

(1) Information about dilution related to latent shares

The ratio of latent shares to ordinary shares outstanding immediately before the issue of the Preferred Shares is expected to be 9.02% after the issue of the Preferred Shares.

(Notes)

1. The ratio of latent shares is calculated by dividing the number of ordinary shares to be issued if the Acquisition Rights are exercised with respect to all of the Preferred Shares to be issued at the expected Initial Exchange Price, by the number of ordinary shares outstanding as of April 25, 2007. If the Acquisition Rights are exercised with respect to all of the Preferred Shares at the expected Floor Exchange Price, the ratio of latent shares will be 34.58%. Such ratio of latent shares is calculated without taking into account any latent shares related to the preferred shares already in issue.

2. Expected Initial Exchange Price: ¥340,400
   (¥296,000 (the closing price on the Tokyo Stock Exchange as of April 24, 2007) x 115%)

   Expected Floor Exchange Price: ¥88,800
   (¥296,000 (the closing price on the Tokyo Stock Exchange as of April 24, 2007) x 30%)

   The number of ordinary shares outstanding:
   11,399,335.917 shares (as of April 25, 2007)

(2) Equity financing

Date	Paid-in capital	Capital amount after the equity financing	Capital surplus after the equity financing
August 31, 2006	¥63 billion	¥358.7 billion	¥358.7 billion

(Note)

1. The equity financing described above is the issue of the Class Four preferred shares. The Class Four preferred shares have no rights to request acquisition thereof in exchange for ordinary shares of Resona Holdings, and therefore there is no risk of dilution.
2. Pursuant to Article 447, Paragraph 3 and Article 448, Paragraph 3 of the Company Law, the amounts of capital and capital surplus were reduced by the same amounts as the amounts of their increases simultaneously with the issue of the Class Four preferred shares. Accordingly, the capital amount became ¥327.2 billion and the capital surplus amount became ¥327.2 billion on the same day.

(3) Ordinary share price data for the past three fiscal years and now

	FY2004 (Ended March 2005)	FY2005 (Ended March 2006)	FY2006 (Ended March 2007)	FY2007 (Ending March 2008)
Opening price	177 yen	215,000 yen	407,000 yen	316,000 yen
Highest price	250 yen	499,000 yen	430,000 yen	325,000 yen
Lowest price	155 yen	189,000 yen	296,000 yen	295,000 yen
Closing price	215 yen	405,000 yen	317,000 yen	296,000 yen
PER (Times)	100.0 x	16.5 x	—	—

(Notes)

1. Share price data for FY2007 is as of April 24, 2007.
2. PER is calculated by dividing the closing price on the last trading day in the relevant fiscal year by net income per share for such fiscal year. PER is not calculated for a fiscal year in which a net loss was posted.
3. A reverse stock split was implemented during FY2005 (1,000 shares merged into 1 share). Share price data for FY2005 is shown as if such reverse stock split had been implemented at the beginning of the fiscal year.

6. Outline of the allottee

Name of the allottee			Merrill Lynch Japan Finance Co., Ltd.
Number of shares to be allotted			100,000 shares
Amount to be paid			¥3,500,000 per share
Profile of the allottee	Address		Nihonbashi 1-chome Building, 1-4-1 Nihonbashi, Chuo-ku, Tokyo
	Name of representative		President & CEO: Takashi Fukumura
	Amount of stated capital		¥7,749,500,000 (Note)
	Line of business		Lending, other financial services and general leasing
	Principal shareholder		Merrill Lynch Japan Securities Co., Ltd. (100%) (Note)
Relationship with Resona Holdings	Capital relationship	Resona Holdings' shares held by the allottee	None (Note)
		Allottee's shares held by Resona Holdings	None (Note)
	Business relationship		None
	Personnel relationship		None

Note. Stated capital, principal shareholder and capital relationship are as of April 1, 2007.

III. Increase in "other capital surplus" (Reduction in capital and capital surplus simultaneous with the issuance of new shares)

1. Purpose of capital and capital surplus reductions simultaneous with the issuance of new shares

   To implement capital policies in a flexible and appropriate manner with a view to repayment of public funds, by transferring the proceeds from the issue of the Preferred Shares to "other capital surplus" which can be used as a source of funds for repurchase of own shares (distributable amount).

2. Outline of reduction in capital and capital surplus

   (1) Amount of capital to be reduced
   ¥175.0 billion
   (As the capital amount will simultaneously be increased through the issuance of the Preferred Shares, despite the capital reduction, the amount of capital after the issue date will not be less than that before the issue date.)

   (2) Amount of capital surplus to be reduced
   ¥175.0 billion
   (As the amount of capital surplus will simultaneously be increased through the issuance of the Preferred Shares, despite the reduction in capital surplus, the amount of capital surplus after the issue date will not be less than that before the issue date.)

   (3) Method of capital and capital surplus reduction
   The method stipulated in Article 447, Paragraph 3 and Article 448, Paragraph 3 of the Company Law (reduction of capital and capital surplus simultaneous with an issuance of new shares).

3. Schedule of capital and capital surplus reductions simultaneous with the issuance of new shares (planned)

(1)	Corporate resolution (decision by the representative executive officer)	April 25, 2007 (Wednesday)
(2)	Legal notice	May 2, 2007 (Wednesday)
(3)	Deadline for creditors to submit dissents	June 4, 2007 (Monday)

(4) Effective date June 5, 2007 (Tuesday)