

July 26, 2006  
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 it has decided to issue new preferred shares (Class Four 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 its basic policy of repurchasing and canceling the existing public fund preferred stock, utilizing accumulated retained earnings and proceeds from issuances of new preferred shares in the market (as transferred to "other capital surplus").

In accordance with the above basic policy, Resona Holdings proposed to its Fifth Annual General Meeting of Shareholders held on June 28, 2006 the agenda to amend its Articles of Incorporation which enables issuances of new preferred shares. Such amendment was duly approved by the Meeting.

In line with the aforementioned capital policy direction, Resona Holdings has decided to issue new preferred shares (Class Four Preferred Shares) 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.

The Class Four Preferred Shares to be issued are what we call "bond type" preferred shares and thus their holders will not be granted rights to request conversion into ordinary shares. The new preferred shares are structured in such a way to comply with one of the guiding principles in repaying public funds of "preventing, to the extent possible, dilution for ordinary shareholders".

The proceeds from the issuance of the new preferred shares will be transferred to "other capital surplus" simultaneously with the issuance in accordance with Article 447, Paragraph 3 and Article 448, Paragraph 3 of the Company Law. The increase in "other capital surplus" would mean an increase in "distributable amounts" which may be used for repurchasing own stock.

The new preferred shares will be issued to Nomura Securities Co., Ltd. through allotment of shares to persons other than shareholders. Nomura Securities will originate trust beneficiary interests on the issue date under a securities administration trust scheme and sell them to qualified institutional investors as stipulated under the Securities and Exchange Law of Japan.

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II. Issuance of new preferred shares through allotment of shares to persons other than shareholders

1. Terms of issue of new shares

- ( 1 ) Type of Shares to Be Issued: Class 4 Preferred Shares of Resona Holdings, Inc. (hereinafter referred to as the "Preferred Shares")
- ( 2 ) Number of Shares to Be Issued: 40,000 shares (provided that the number of shares to be issued may be modified depending upon market circumstances and other factors)
- ( 3 ) Subscription Price: JPY 2,500,000 per share
- ( 4 ) Amount of capital to be increased: JPY 1,250,000 per share
- ( 5 ) Method of Issue: All of the Preferred Shares will be allotted to Nomura Securities Co., Ltd. by way of allotment of shares to persons other than shareholders
- ( 6 ) Payment Date: August 31, 2006 (Thursday)
- ( 7 ) Preferred Dividends: (i) 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

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Preferred Shares shall be equal to the subscription price per share multiplied by the rate of dividends to be determined later in the manner set by a resolution of the Board of Directors prior to the issue of the Preferred Shares. Provided, the rate of dividends shall not exceed, in case of a fixed rate of dividends, 10% per annum, or, in case of a variable rate of dividends, LIBOR, TIBOR, swap rate or any other benchmark for interest rate used generally in issuance of securities plus 5% per annum.

(ii) Non-cumulative Dividends

If the total amount of distribution of surplus (excluding in this paragraph (ii) and paragraph (iii) below the amount of the Preferred Interim Dividends paid during the same business year) that are paid to the Preferred Shareholders or the Registered Pledges 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.

(iii) Non-participatory Dividends

The total amount of distribution of surplus to be paid to the Preferred Shareholders or the Registered Pledges 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 Pledges of Preferred Shares in excess thereof.

( 8 ) Preferred Interim Dividends: In the event that the Company declares the interim dividends, the Company shall pay to the Preferred Shareholders or the Registered Pledges of Preferred Shares, prior to the payment to the Ordinary Shareholders or the Registered Pledges 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.

( 9 ) Distribution of Remaining Assets: If the Company distributes the remaining assets, the Company shall pay to the Preferred Shareholders or the Registered Pledges of Preferred Shares, prior to the payment to the Ordinary Shareholders or the Registered Pledges of Ordinary Shares and holders of fractional shares of common stock, JPY 2,500,000 per share of the Preferred Shares. No distribution

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of remaining assets shall be made to the Preferred Shareholders or the Registered Pledgees of Preferred Shares other than JPY 2,500,000 per share set forth above.

- ( 10 ) 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.
- ( 11 ) Cancellation: 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.
- ( 12 ) Acquisition Clause: The Company may, on one or more days to be determined separately by the Representative Executive Officer pursuant to the provisions of Article 168, Paragraph 1 of the Company Law which shall be dates on or after August 31, 2013, acquire all or some of the Preferred Shares, and in such case the Company shall pay, in exchange for each share of the Preferred Shares, the amount of money equal to JPY 2,500,000, plus the amount equal to the accrued dividends (which shall mean the amount of the Preferred Dividends prorated for the period from the first day of the business year in which the acquisition takes place through the date of acquisition (including such first day and the date of acquisition), less the amount of the Preferred Interim Dividends if the same was paid during the same business year). When the Company acquires some only of the Preferred Shares, the Representative Executive Officer shall select shares to be acquired by drawing lots.
- ( 13 ) Voting Rights: The Preferred Shareholders shall not be entitled to exercise voting rights with respect to any matter at the General Meetings of Shareholders; provided, however, that the Preferred Shareholders shall have voting rights (if, where the provisions of Article 43 of the Articles of Incorporation of the Company which provides that distribution of surplus and certain other matters shall be decided, not by resolutions of the General Meeting of Shareholders, but by resolutions of the Board of Directors are effective by virtue of Article 459, Paragraph 2 and Article 460, Paragraph 2 of the Company Law, a resolution to pay the full

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amount of the Preferred Dividends is not made at a resolution of the Board of Directors under Article 436, Paragraph 3 of the Company Law) from the time of such resolution, (if, where the provisions of Article 43 of the Articles of Incorporation of the Company are not effective by virtue of Article 459, Paragraph 2 and Article 460, Paragraph 2 of the Company Law, a proposal for payment of the full amount of the Preferred Dividends is not submitted to an Ordinary General Meeting of Shareholders) from such Ordinary General Meeting of Shareholders and (if a proposal for payment of the full amount of the Preferred Dividends is submitted but disapproved at an Ordinary General Meeting of Shareholders) from the close of such Ordinary General Meeting of Shareholders, until a resolution of the Board of Directors made pursuant to the provisions of Article 43 of the Articles of Incorporation of the Company in the circumstances where such provisions are effective by virtue of Article 459, Paragraph 2 and Article 460, Paragraph 2 of the Company Law or a resolution of an Ordinary General Meeting of Shareholders to pay the full amount of the Preferred Dividends is made.

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| ( 14 ) | 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. |
| ( 15 ) | Listing:                        | No   |
| ( 16 ) | Place of Issue:                 | Japan  |
| ( 17 ) | Other:                          | The foregoing is subject to the taking effect of notifications and approvals under relevant laws and regulations.  |

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

	Total number of shares issued before this issue (as of July 26, 2006)	Number of additional shares to be issued	Total number of shares issued after this issue
Ordinary Shares	11,399,094.917	-	11,399,094.917
Class B, No.1 Preferred Shares	680,000	-	680,000
Class C, No.1 Preferred Shares	120,000	-	120,000
Class D, No.1 Preferred Shares	120	-	120
Class E, No.1 Preferred Shares	240,000	-	240,000
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	-	40,000 (Note)	40,000(Note)
Total	20,837,022.778	40,000 (Note)	20,877,022.778(Note)

Note: The number of the Class Four Preferred Shares to be issued may be modified depending upon market circumstances and other factors.

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### 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 repayments of public funds

#### (2) Impact on projected earnings

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

Resona Group will continue its management reform towards the goal of maximizing its enterprise value and endeavor to materialize early repayments of public funds. In order to fulfill this objective, Resona Group will prioritize the accumulation of retained earnings by restraining outflows of profits.

#### (2) Policy in determining dividends

In accordance with the basic policy described above, Resona Holdings intends to maintain dividends on its ordinary shares at a stable level for this fiscal year and onwards, thinking the amount paid for the previous fiscal year as the base.

### 5. Equity financing in the past three years

#### (1) Equity financing

Resona Holdings implemented no equity financing in the past three years

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

	FY2003 (Ended March 2004)	FY2004 (Ended March 2005)	FY2005 (Ended March 2006)	FY2006 (Ending March 2007)
Opening price	61 yen	177 yen	215,000 yen	407,000 yen
Highest price	191 yen	250 yen	499,000 yen	430,000 yen
Lowest price	47 yen	155 yen	189,000 yen	314,000 yen
Closing price	174 yen	215 yen	405,000 yen	359,000 yen
PER (Times)	-	100.0 x	16.5 x	-

Notes:

1. Share price data for FY2006 is as of July 26, 2006.
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 the fiscal year in which 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.

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## 6. Outline of the allottee

Name of the allottee		Nomura Securities Co., Ltd.	
Number of shares to be allotted		40,000 shares (subject to change depending upon market condition)	
Amount to be paid		2,500,000 yen per share	
Profile of the allottee	Address		9-1 Nihonbashi 1-chome, Chuo-ku, Tokyo
	Name of representative		President & CEO: Nobuyuki Koga
	Amount of stated capital		10,000,000,000 yen
	Line of business		Securities business
	Principal shareholder		Nomura Holdings, Inc. 100%
Relationship with Resona Holdings	Capital relationship	Resona Holdings' shares held by the allottee	Ordinary Shares: 20,783.050 shares
		Allottee's shares held by Resona Holdings	-
	Business relationship		Securities transactions
	Personnel relationship		None

Note. Capital relationship is as of the end of March 2006.

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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 an appropriate and timely manner with a view to repayments of public funds.

2. Procedures for reduction in capital and capital surplus

(1) Amount of capital to be reduced

50 billion yen (If the amount of the capital increase through the issuance of Class Four Preferred Shares is less than 50 billion yen, such amount)

As the capital amount will simultaneously be increased through the issuance of Class Four Preferred Shares, despite the capital reduction, the amount of capital after the effective date will not be less than that before the effective date.

(2) Amount of capital surplus to be reduced

50 billion yen (If the amount of the increase in capital surplus through the issuance of Class Four Preferred Shares is less than 50 billion yen, such amount)

As the amount of capital surplus will simultaneously be increased through the issuance of Class Four Preferred Shares, despite the reduction in capital surplus, the amount of capital surplus after the effective date will not be less than that before the effective date.

(3) Method of capital and capital surplus reduction

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 (New stock issuance, reduction of capital and capital surplus)

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|--|-----------------|
| (1) Corporate resolution<br>(resolution by the representative executive officer) | July 26, 2006   |
| (2) Legal notice   | July 28, 2006   |
| (3) Deadline for creditors to submit dissents                                    | August 28, 2006 |
| (4) Effective date   | August 31, 2006 |

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