

July 20, 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 Five 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 of the Basic Policy, Resona Holdings has made continuous efforts to realize this Basic Policy. (Please refer to page 2 (Reference 1) concerning the basic policy toward repayment of public funds and to page 2 (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 Five preferred shares) (the “Preferred Shares”) in the total issue amount of ¥100.0 billion to The Dai-ichi Mutual Life Insurance Company (“Dai-ichi Life”) 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.

The Preferred Shares are “bond-type” non-convertible preferred shares not having conversion rights into ordinary shares (*i.e.* rights to request delivery of ordinary shares in exchange for acquisition by the company of the preferred shares), and thus conform to one of the basic principles in the Basic Policy of “avoiding dilution of ordinary shares as much as possible”.

Resona Holdings and Dai-ichi Life today reached an agreement to enter into a business tie-up in certain business areas, with primary focus on the insurance area, in order to strengthen competitiveness of each company. As part of this business tie-up, both companies have agreed to cooperate in relation to capital policies as well. The issue of the Preferred Shares is intended to be a concrete step of such cooperation. (For further details of the tie-up with Dai-ichi Life, please refer to a separate announcement released today titled “Business and Capital Tie-up between Resona Holdings, Inc. and The Dai-ichi Mutual Life Insurance Company.”)

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(Reference 1)

Excerpt of the Basic Policy Toward Repayment of Public Funds (Announced on May 23, 2006)
Resona Group defined the fiscal year 2006 as a year to move into high gear for repayments of public funds and intends to act in accordance with the following basic principles:

- (1) To secure a source of funds for repayment as soon as possible;
- (2) To maintain an appropriate capital adequacy ratio; and
- (3) To avoid dilution of ordinary shares as much as possible.

(Reference 2)

Specific measures for repayment of public funds

Date	Measures taken
May 23, 2006	Announcement of the “Basic Policy Toward Repayment of Public Funds”
June 28, 2006	Approval of 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 4 preferred shares (total issue amount: ¥63 billion)
November 2, 2006	Partial repayment of the public funds perpetual subordinated loan (amount: ¥20 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
March 30, 2007	Request with respect to sale in the market of the public funds ordinary shares issued under the Deposit Insurance Law
June 5, 2007	Issue of the Class Nine preferred shares (total issue amount: ¥350 billion)
June 13, 2007	Partial repayment of the public funds perpetual subordinated loan (amount: ¥35 billion) borrowed under the Financial Function Early Strengthening Law
<u>This issue</u>	<u>Issue of the Class Five preferred shares (total issue amount: ¥100 billion)</u>

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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

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| (1) | Type of Shares to Be Issued: | Class Five Preferred Shares of Resona Holdings, Inc. (hereinafter referred to as the "Preferred Shares") |
| (2) | Number of Shares to Be Issued: | 40,000 shares |
| (3) | Subscription Price: | JPY 2,500,000 per share |
| (4) | Amount of capital to be increased: | JPY 1,250,000 per share |
| (5) | Amount of capital surplus to be increased: | JPY 1,250,000 per share |
| (6) | Method of Issue: | All of the Preferred Shares will be allotted to The Dai-ichi Mutual Life Insurance Company by way of allotment of shares to persons other than shareholders |
| (7) | Payment Date: | August 28, 2007 (Tuesday) |
| (8) | 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 |

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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 3.675 per cent. per annum (JPY 91,875 per JPY 2,500,000 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 JPY 54,622 per JPY 2,500,000 subscription price.

(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 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.

(iii) 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.

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| (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 |

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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 of remaining assets shall be made to the Preferred Shareholders or the Registered Pledges of Preferred Shares other than JPY 2,500,000 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) 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 28, 2014, 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.
- (14) 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

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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 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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| (15) | 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. |
| (16) | Listing: | No |
| (17) | Place of Issue: | Japan |
| (18) | 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 20, 2006)	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
Class Five Preferred Shares	—	40,000	40,000
Total	20,324,181.778	40,000	20,364,181.778

(*) The simultaneous exchange date of the Class D, No. 1 preferred shares will arrive on August 1, 2007, under the terms of the Articles of Incorporation of Resona Holdings.

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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 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 maximizing its enterprise value and endeavor to effect early repayment of public funds. In order to fulfill this objective, the 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 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) Equity financing

(a) Issuance of the Class Four Preferred Shares

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

(Notes)

1. 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.

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(b) Issuance of the Class Nine Preferred Shares

Date	Paid-in capital	Capital amount after the equity financing	Capital surplus after the equity financing
June 5, 2007	¥350 billion	¥502.2 billion	¥502.2 billion

(Notes)

1. Information about dilution related to latent shares

The ratio of latent shares to ordinary shares outstanding immediately before the issue of the Class Nine Preferred Shares is 9.24% after the issue of the Class Nine Preferred Shares.

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 Nine Preferred Shares. Accordingly, the capital amount became ¥327.2 billion and the capital surplus amount became ¥327.2 billion on the same day.

(Note) 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 Class Nine Preferred Shares at their Initial Exchange Price, by the number of ordinary shares outstanding as of July 20, 2007. If the acquisition rights are exercised with respect to all of the Class Nine Preferred Shares at their Floor Exchange Price, the ratio of latent shares will be 35.40%. Such ratio of latent shares is calculated without taking into account any latent shares related to other classes of the preferred shares.

(2) 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	267,000 yen
Closing price	215 yen	405,000 yen	317,000 yen	276,000 yen
PER (Times)	100.0 x	16.5 x	9.7 x	—

Notes:

1. Share price data for FY2007 is as of July 19, 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.
3. A reverse stock split was implemented during FY2005 (1,000 shares merged into 1 share). Share

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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		The Dai-ichi Mutual Life Insurance Company	
Number of shares to be allotted		40,000 shares	
Amount to be paid		JPY 2,500,000 per share	
Profile of the allottee	Address	13-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo	
	Name of representative	President: Katsutoshi Saito	
	Amount of foundation funds (As of March 31, 2007)	JPY 420,000,000,000 (including accumulated redeemed foundation funds)	
	Line of business	Life insurance business	
	Principal shareholder	Not applicable	
Relationship with Resona Holdings	Capital relationship	Resona Holdings' shares held by the allottee	Ordinary Shares: 99,692.25 shares (As of March 31, 2007)
		Allottee's shares held by Resona Holdings	Not applicable
	Business relationship	Insurance transactions	
	Personnel relationship	None	
Terms of arrangement concerning ownership of the preferred shares		For two years on and after the payment date for the preferred shares, the allottee shall not transfer the preferred shares to a third party without prior consent of Resona Holdings. During the period from two years after the payment date to seven years after the payment date, a transfer shall be permitted only in limited cases and only upon prior consultation with Resona Holdings.	

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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 a flexible and appropriate manner with a view to repayment of public funds, by transferring the proceeds from the issuance of the Class Five Preferred Shares to “other capital surplus” which can be used as a source of funds for repurchase of own shares (distributable amounts).

2. Outline of reduction in capital and capital surplus

(1) Amount of capital to be reduced

50 billion yen

(As the capital amount will simultaneously be increased through the issuance of the Class Five 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

(As the amount of capital surplus will simultaneously be increased through the issuance of the Class Five 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

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)

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| (1) Corporate resolution
(decision by the representative executive officer) | July 20, 2007 (Friday) |
| (2) Legal notice | July 26, 2007 (Thursday) |
| (3) Deadline for creditors to submit dissents | August 27, 2007 (Monday) |
| (4) Effective date | August 28, 2007 (Tuesday) |

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