Establishment of Holding Company:
Mitsubishi Tokyo Financial Group

The Bank of Tokyo-Mitsubishi, Ltd.
The Mitsubishi Trust and Banking Corporation
Nippon Trust Bank Limited

TOKYO, September 13, 2000 --- subject to the approval of shareholders and of the relevant authorities, The Bank of Tokyo-Mitsubishi, Ltd. (Bank of Tokyo-Mitsubishi; President, Shigemitsu Miki), The Mitsubishi Trust and Banking Corporation (Mitsubishi Trust Bank; President, Akio Utsumi) and Nippon Trust Bank Limited (Nippon Trust Bank; President, Isao Itoga) today came to the following agreement regarding the main points of the planned integration of their operations announced on April 19 this year.

I. Rationale for integration

Bank of Tokyo-Mitsubishi, Mitsubishi Trust Bank, and Nippon Trust Bank (hereafter, ‘the three banks’) have agreed to proceed with the integration of their operations with the following five basic objectives in view.

1. A diversified financial services group operating across business sectors

   In an effort to meet the increasingly diverse needs of our clients both at home and abroad, the group will go beyond traditional business boundaries and national borders to efficiently provide products and services developed using the group's advanced expertise across the whole spectrum of financial services.

2. An organization with the flexibility and room to develop

   To ensure that we can continue to meet our clients' constantly changing needs, we will create a flexible, open group structure that will facilitate future development through the establishment of further tie-ups and alliances.

3. Rapid achievement of integration effects based on strong mutual trust

   In addition to integrating the group's operations as quickly as possible based on the high level of mutual trust that has been built up over the years, we will also be looking to deliver the benefits of integration to our clients and shareholders at the earliest possible date. We will also be seeking to improve the efficiency of the group as a whole and to apply the resources released in this process to selected strategic areas in order to enhance our services to clients.
4. Greater expertise and operational efficiency through a merger of trust businesses

Through the merger of the group's three trust banks, Mitsubishi Trust Bank, Nippon Trust Bank and Tokyo Trust Bank, Ltd. (Tokyo Trust Bank), operational efficiency will be improved. The new Mitsubishi Trust Bank formed from this merger will provide our clients with trust products and services suitable to society in the 21st century, further advancing its expertise in the trust asset management and processing, real estate, stock transfer agency and testamentary trust businesses.

5. A dependable financial services group with an advanced risk management expertise

We aim to create a financial services group with a strong management base capable of coping with rapidly changing conditions and increasingly diverse and complex forms of risk. At the same time, we will reaffirm the importance of financial institutions to society and the common good, and will be looking to make the group one that, in the new century, our clients can use with confidence.

II. Establishment of a holding company

The three banks will jointly establish a holding company through a stock-for-stock exchange. Proposals concerning the formation of the holding company will be presented to shareholders of each bank at extraordinary shareholders meetings of the three banks’ respective shareholders, to be convened in December this year.

1. Name of holding company

The holding company will be called "Kabushiki Kaisha Mitsubishi Tokyo Financial Group". Its English name will be "Mitsubishi Tokyo Financial Group, Inc."

2. Purpose of business

Mitsubishi Tokyo Financial Group will manage the affairs of its subsidiaries within the group and the business of the group as a whole along with all relevant ancillary business.

3. Chairman and President

It is planned that Akio Utsumi (President of Mitsubishi Trust Bank) will take up the position of chairman of Mitsubishi Tokyo Financial Group and that Shigemitsu Miki (President of Bank of Tokyo-Mitsubishi) will take up the position of president. The chairman and the president will work together to fulfill the responsibility of management of the group and will be co-chief executive officers (co-CEOs) of the group.

4. Head office

The head office of Mitsubishi Tokyo Financial Group will be located in the Yurakucho Building at 10-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo.
5. Establishment date

Mitsubishi Tokyo Financial Group will be established on April 2, 2001 (Monday).

6. Capital

Mitsubishi Tokyo Financial Group will be capitalized at 1.1465 trillion yen based on the current aggregated capital of the three banks.

7. Stock exchange ratios

It has been agreed that Mitsubishi Tokyo Financial Group will exchange its common stock with the shareholders of the three banks in the ratios (stock exchange ratios) shown below. The common stock of Mitsubishi Tokyo Financial Group will have a face value of 50,000 yen per share.

<table>
<thead>
<tr>
<th>Company</th>
<th>Bank of Tokyo-Mitsubishi</th>
<th>Mitsubishi Trust Bank</th>
<th>Nippon Trust Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock exchange ratio</td>
<td>1</td>
<td>0.70</td>
<td>0.14</td>
</tr>
</tbody>
</table>

One common share of Mitsubishi Tokyo Financial Group will be issued in exchange for each 1,000 common shares of Bank of Tokyo-Mitsubishi, 0.70 common shares of Mitsubishi Trust Bank, and 0.14 common shares of Mitsubishi Tokyo Financial Group will be issued in exchange for each 1,000 common shares of Nippon Trust Bank. Further, 0.126 common shares of Mitsubishi Tokyo Financial Group will be issued in exchange for each 1,000 deferred shares of Nippon Trust Bank.

The stock exchange ratios detailed above have been deemed financially appropriate in the case of Bank of Tokyo-Mitsubishi by the bank’s financial advisor Lehman Brothers Japan Inc., Tokyo Branch; in the case of Mitsubishi Trust Bank by the bank’s financial advisor Morgan Stanley Dean Witter Japan, Limited; and in the case of Nippon Trust Bank by the bank’s financial advisor Merrill Lynch Japan Incorporated, Tokyo Branch.

8. Stock exchange listings


Along with the formation of Mitsubishi Tokyo Financial Group, the three banks will apply for delisting of their existing stock on all relevant stock exchanges.
III. Management structure of Mitsubishi Tokyo Financial Group

While respecting the individual corporate cultures of its various member companies, Mitsubishi Tokyo Financial Group will make full and mutual use of each company's know-how to enable it to offer a quick and appropriate response to the diverse needs of its clients. The group will thus seek to utilize the synergistic effects of integration. Through cooperation within the group we aim to fully realize the benefits of integration to create new business opportunities, to expand the group's client base, and to increase gross profit.

Moreover, by merging Mitsubishi Trust Bank, Nippon Trust Bank, and Tokyo Trust Bank and thereafter, by combining the management resources of Bank of Tokyo-Mitsubishi and the new (post-merger) Mitsubishi Trust Bank, Mitsubishi Tokyo Financial Group will seek to secure the benefits of rationalization to increase efficiency and lower costs. Mitsubishi Tokyo Financial Group will be responsible for coordinating strategy to achieve these goals.

1. Board of directors

The board of Mitsubishi Tokyo Financial Group will consist of the following nine members plus two outside directors.

- The chairman and the president
- Three senior managing directors (Chief Planning Officer, Chief Financial Officer and Corporate Risk Management Officer)
- Four non-executive directors (directors of the subsidiary banks)

The chairman, the president, and the three senior managing directors will comprise the 5 representative directors.

The two outside directors will be Koukei Higuchi (President of Tokio Marine & Fire Insurance Company, Limited) and Ryotaro Kaneko (President of Meiji Life Insurance Company)

2. Board of corporate auditors

The board of auditors of Mitsubishi Tokyo Financial Group will consist of five persons of whom at least two must be external corporate auditors.

3. Executive committee

The chairman, the president, and the three senior managing directors will form an executive committee under the aegis of the board of directors.
4. Committees

The four main committees reporting to and advising the executive committee will be as follows.

- Management Planning Committee (chaired jointly by the chairman and the president)
- Business Planning Committee (chairman: Chief Planning Officer)
- Corporate Risk Management Committee (chairman: Corporate Risk Management Officer)
- Audit & Compliance Committee (chairman: Corporate Risk Management Officer)

5. Compliance advisory committee

To ensure the strength and adequacy of the group's compliance structure, the group will establish a compliance advisory committee made up of outside professionals including lawyers and certified public accountants.

6. Advisory board

The group has decided to establish an advisory board made up of outside experts. The following persons (in alphabetical order) have been offered membership of the advisory board.

- Kazuhito Ikeo, Dr. (Professor of Economics and Finance, Faculty of Economics, Keio University)
- Kakutaro Kitashiro (President, IBM Asia Pacific; Chairman of the board, IBM Japan, Ltd.)
- Hiroko Ota (Associate Professor, National Graduate Institute For Policy Studies)
- Tetsuo Seki (Representative Director and Executive Vice President, Nippon Steel Corporation)

7. Organization

The group's staff functions will be organized into Corporate Administration Division, Corporate Policy Division, and Financial Policy Division, and its risk management functions into Corporate Risk Management Division, and Audit & Compliance Division.

8. Employees

The number of employees will be confined to about 90 to ensure operational management efficiency.

(Please refer to Appendix 1 for details of the proposed structure and organization of Mitsubishi Tokyo Financial Group.)
IV. Financial targets

With the aim of rapidly realizing the benefits of integration, Mitsubishi Tokyo Financial Group will aim to achieve the following financial objectives within three years following integration. (Calculated using accounting principles generally accepted in Japan)

Financial targets for fiscal year 2003

<table>
<thead>
<tr>
<th></th>
<th>FY 1999 (Actual) *1</th>
<th>FY 2003 (Objective)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Gross Operating Profit</td>
<td>1,600</td>
<td>2,080</td>
<td>+480</td>
</tr>
<tr>
<td>Consolidated Net Operating Profit *2</td>
<td>720</td>
<td>1,030</td>
<td>+310</td>
</tr>
<tr>
<td>Consolidated Net Profit</td>
<td>173</td>
<td>490</td>
<td>approx. +320</td>
</tr>
<tr>
<td>Expense ratio *3</td>
<td>51 %</td>
<td>44 %</td>
<td>(7) %</td>
</tr>
<tr>
<td>Consolidated ROE</td>
<td>5.2 %</td>
<td>Around 12 %</td>
<td>+6  7 %</td>
</tr>
<tr>
<td>BIS capital ratio (Tier 1 ratio)</td>
<td>11.5 %</td>
<td>Around 12 % (A)</td>
<td>+0.5 1 %</td>
</tr>
</tbody>
</table>

*1: Figures for FY1999 are based on pro forma figures of each bank.
*2: Simple aggregate of the net operating profits (before trust accounts written off and provisions for possible loan losses) of Bank of Tokyo-Mitsubishi and Mitsubishi Trust Bank and the net operating profits of their group companies.
*3: Expense ratio = Simple aggregate of the expenses of Bank of Tokyo-Mitsubishi and Mitsubishi Trust Bank / Simple aggregate of the gross operating profits of Bank of Tokyo-Mitsubishi and Mitsubishi Trust Bank (before trust accounts written off)

V. Operating strategy

Mitsubishi Tokyo Financial Group’s efforts to maximize the benefits of integration as soon as possible are based on the following strategies.

1. Further strengthening of the group's competitive advantage by increasing its expertise

Under the aegis of Mitsubishi Tokyo Financial Group, Bank of Tokyo-Mitsubishi will be looking to utilize its ‘Mission 21’ business strategy and the new Mitsubishi Trust Bank its ‘Leading Trust Bank 21’ strategy to raise their respective levels of expertise and boost their competitive advantage.

The two banks aim to further increase their earning power by applying their enhanced strength and expertise to the needs of both their own and each other's client base.
2. Strengthening the group's operating base by concentrating member companies' human resources and know-how in growth areas

By concentrating human resources and know-how in high-growth areas and by developing suitable products in businesses such as asset management and processing services, high net worth client business, and the corporate solutions business, the group will seek to increase client satisfaction and to expand and strengthen its operating base.

3. Early realization of the benefits of integration based on the success of the existing cooperative framework between Bank of Tokyo-Mitsubishi and Nippon Trust Bank (Please see Appendix 2 for further details.)

Bank of Tokyo-Mitsubishi and Nippon Trust Bank have been extremely successful in creating schemes for the provision of Nippon Trust Bank’s trust services to Bank of Tokyo-Mitsubishi's established client base. Mitsubishi Tokyo Financial Group will be looking to realize the benefits of integration as soon as possible by building on this foundation of cooperation.

(Please see Appendix 3 for information about the integration strategies and policies applicable to individual business sectors.)

VI. Enhancement of managerial efficiency

1. Establishment of joint branch offices

By introducing joint branches, Bank of Tokyo-Mitsubishi and the new Mitsubishi Trust Bank will be looking both to reduce their branch office costs and at the same time to enhance client satisfaction and provide more sophisticated, specialized services.

The two banks will also consider ways of supplementing and combining existing functions to secure the benefits of integration in areas such as direct sales and e-commerce. The banks will also seek to make more efficient overseas networks.

2. Establishment of joint office procedures and systems

Bank of Tokyo-Mitsubishi and the new Mitsubishi Trust Bank will be seeking to extend the use of common office procedures and systems in the context of their respective banking operations as follows.

1. Establishment of joint procedures for the handling of mail, cash conveyance, bill clearing, central storage, etc.
2. Establishment of joint procedures for trade finance business.
3. Consolidate the basic platform for the branch IT systems of the two banks.
4. Joint use of international communications services.
5. Consider joint development and upgrades of IT systems for common use.
In the case of international business, the two banks will be looking to increase efficiency by connecting the new Mitsubishi Trust Bank to Bank of Tokyo-Mitsubishi’s existing CLS (Continuous Linked Settlement) system and by setting up common office systems in other areas, including joint development of a next generation system for overseas locations.

3. Improving employee efficiency

Bank of Tokyo-Mitsubishi and the new Mitsubishi Trust Bank aim, through enactment of each banks staff reduction measures, through merger of the three trust banks and through implementation of the measures outlined above to reduce employee numbers by approximately 3,000 by the end of fiscal year 2003. Moreover, the two banks will also implement an active policy of transferring existing employees to strategic business sectors.

VII. Integration synergies

It is anticipated that the present integration will secure synergies worth Yen 40 billion net of integration costs in fiscal year 2003.

More specifically, the two banks expect to add Yen 32 billion to their gross profits and to cut their expenses by Yen 11 billion, while incurring an overall integration cost of no more than Yen 3 billion.

Synergy benefits achievable in fiscal year 2003 (compared with FY99)

<table>
<thead>
<tr>
<th></th>
<th>(Unit: Yen billion)</th>
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<tbody>
<tr>
<td>Total</td>
<td>40</td>
</tr>
<tr>
<td>Increase in gross profits</td>
<td>32</td>
</tr>
<tr>
<td>Cost reduction</td>
<td>11</td>
</tr>
<tr>
<td>Integration costs</td>
<td>(3)</td>
</tr>
</tbody>
</table>

VIII. Establishment of operational management infrastructure

1. Risk management

The group will create a high quality risk management system to consistently measure and exert integrated control over the range of risks to which the group has exposure and which, through the allocation of group capital coordinates with the group’s income targets and business strategy.

The group will manage credit risk, market risk, operational risk, and other risks by ascertaining, measuring, controlling, and monitoring the characteristic features of each risk.
2. Compliance and internal auditing

The group sees the achievement of total compliance as one of management's primary objectives and will take all necessary steps to clarify relevant legislation and company rules, to establish the necessary systems in each group company, and to ensure that all employees are fully familiar with what they can and cannot do. The group will also take steps to ensure appropriate and effective internal control by establishing internal inspection and auditing systems for independent evaluation of the appropriateness of group policies and procedures and of the rigor with which they are implemented. The group will also establish a compliance advisory committee, made up of outside lawyers, accountants and other professionals to assess the adequacy of the group's compliance systems and to counsel the group on how best to comply with relevant legislation and regulations.

3. Policy for self-assessment of assets, write-offs and reserving for credit losses

From April 2001 onwards, the group will formulate a rigorous policy for the self-assessment of assets, write-offs and reserving for credit losses, and a uniform credit rating system based on guidelines such as the Financial Inspection Manual. Furthermore, to ensure the soundness of group assets, the group will also carry out individual credit management and overall credit portfolio management as appropriate.

4. Personnel

In line with its new business strategy ‘Mission 21’, Bank of Tokyo-Mitsubishi has been seeking to develop the professionalism of its staff. From July this year the company introduced a "division-specific personnel system” which sets up personnel sections in each of its business units and introduced a system to handle the movement, appraisal, and benefits of the staff of each division.

Mitsubishi Trust Bank is also introducing a new personnel system, in line with the decentralized management approach outlined in its 7th Medium-Term Management Plan that came into force in April this year. Under this system, each division will aim to cultivate an organization comprised of top-flight professionals, within a structure that effectively meets the demands of a competitive environment.

In addition to more actively promoting personnel reforms of this sort and pressing ahead with the creation of a more professional work force, the two banks will also be looking to encourage the exchange of personnel under the aegis of Mitsubishi Tokyo Financial Group. This will encourage the formation of a co-operative working structure, foster new product development, and further improve client service within the context of, and in the spirit of, a single financial group.
IX. Integration of the three trust banks

Mitsubishi Trust Bank, Nippon Trust Bank, and Tokyo Trust Bank will merge on October 1, 2001 (Monday).

Inquiries to:

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Mitsubishi Trust Bank: Mr. Miyakoshi, Public Relations Section, Corporate Planning Division (03) 3519-3070
Nippon Trust Bank: Mr. Kudo, Corporate Planning Department (03) 3245-8279

This document contains references to future business performance. Such references should not be taken to be a guarantee of future performance. Please note that future performance is subject to various risks and uncertainties, and may vary from goals and projections due to changes in the business environment.
Organization and Structure of the Mitsubishi Tokyo Financial Group

Matters relating to the General Meeting of Shareholders, Executive Secretaries, HR and general affairs

Matters relating to business strategy and business planning

Matters relating to shareholder's equity raising, financial strategy and investment administration

Matters relating to risk management

Matter relating to the maintenance of soundness and appropriate operation of subsidiary companies
Cooperative Framework

1. Specialized Sections in MTB’s Corporate Banking Offices
   - To respond to clients of BTM’s Corporate Banking Groups and Osaka Branch (mainly for large corporations) through MTB’s Corporate Banking Offices offering pensions, real estate, stock transfer agency, and other integrated corporate services.

2. Real Estate and Corporate Business Center (Provisional Name)
   - This new section will cover real estate and corporate services. It will handle the real estate and corporate transactions of BTM’s corporate banking offices around metropolitan Tokyo and individual real estate transactions from the Private Banking Section mentioned below.

3. Private Banking Section in MTB’s Retail Branches (Provisional Name)
   - This new section will serve individuals in such fields as testamentary trusts and real estate information.
Integration Strategies for each operational division

1. Retail Business

(1) Overall Strategy
   • Expand business with wealthy individuals by providing services with a high level of added value.
   • Reconstruct channels to reduce the cost of operating branches and create a framework for cooperative operation.
   • Tie up on ATMs, direct channels and e-business operations, and fill in gaps in the service.

(2) Specific Measures
   • Establish private banking sections for Bank of Tokyo-Mitsubishi (BTM) branch customers inside the new Mitsubishi Trust Bank (MTB) branches specializing in individual clients, taking advantage of trust functions such as testamentary trusts to promote growth in business with wealthy individual clients.
   • Develop new trust products aimed at wealthy clients.
   • Consider establishing joint branches, starting with those where there is a need to reconstruct or relocate.
   • Make investment products (such as investment trusts) available to each other’s clients.

2. Corporate Banking Business

(1) Overall Strategy
   • Expand and strengthen the Group’s business with corporate clients through the provision of optimized solutions making full use of the capabilities of BTM and the new MTB.
   • Utilize the global network to strengthen the sales and marketing base.

(2) Specific Measures
   • Establish specialized divisions in the new MTB’s branches for corporate customers of BTM's Corporate Banking Group No.1 and No.2 and its Osaka Branch, for the promotion of pension, real estate and stock transfer agency business.
   • Establish real estate/corporate business centers in the new MTB to conduct business with corporate clients of BTM.
   • At the request of clients, share information between BTM and the new MTB concerning client’s requirements, enabling the provision of best solutions meeting a wide range of client needs.
   • Provide BTM's foreign exchange and overseas expansion support services to new MTB’s clients.
3. Asset Management

(1) Overall Strategy
- Organically integrate asset management expertise, customer bases and brand images etc. to maximize synergy in fields such as pensions, investment trusts and wealth management.
- Promote defined contribution pension business.

(2) Specific Measures
- Jointly research, develop and provide investment trust products for the mass retail market.
- Take active approach toward asset management for very high net worth clients, such as owners of listed corporations.
- Consider shared use of web services and call centers to support the defined contribution pension business.
- Share back office operations to support the investment trust and investment advisory businesses.

4. Processing for Asset Management

(1) Overall Strategy
- Provide high value-added, low-cost processing services by unified management of the new MTB’s processing business and BTM’s custody businesses.
- Maintain strong cost competitiveness by a joint approach to settlement system reforms.

(2) Specific Measures
- Shared use of BTM’s new global custody system.
- Expand securities lending business in Japan and abroad by unified management of the two banks’ asset processing operations.
- Respond jointly to settlement system reforms such as the Bank of Japan’s RTGS, etc.

5. Investment Banking

(1) Overall Strategy
- Through cooperation between domestic and overseas investment banking operations, develop a top-quality, global investment banking business built upon the client base of the two banks. The core will be formed from the divisions of BTM's investment banking unit, the new MTB's specialized trust division and Tokyo-Mitsubishi Securities Co., Ltd (TMS).

(2) Specific Measures
- Co-operate in the public offering business (for example, cooperation between the new MTB’s stock transfer agent and IPO support teams, and TMS’s IPO division).
- Cooperate and share expertise in the field of real estate securitization.
Consider the early establishment of a joint venture led by BTM and the new MTB in the field of Japanese REIT’s.
Jointly develop new products related to the derivative business and provide access to each other’s existing products.
Cooperate and utilize each other's expertise and trust functions in the M&A and securitization businesses.
Create co-operative frameworks for commissioned bank services for corporate bond and public bond related business.

6. Treasury Operations

(1) Overall Strategy
• Promote rationalization and efficiency in funding operations.
• Build a co-operative framework aimed at maximizing profits from treasury operations.

(2) Specific Measures
• Share know-how and information related to funding operations.
• Reduce brokerage costs by activating direct transactions between the two banks.
• Reduce collateral maintenance costs through integrated handling of collateral.
• Make joint use of products and services provided by the group companies.
• Consider sharing IT equipment, front office systems and operators to reduce costs.
Strengths of Mitsubishi Tokyo Financial Group

Rapid Achievement of Integration Effect
- Achieve consolidated ROE of approx. 12% in FY 2003
- Rapid realization of synergy effect with limited integration cost
- Integration of diversified businesses based on strong mutual trust

Strong Client Base
Solid Domestic / Global Network
- Well balanced business portfolio
- Utilization of domestic/global network

Strong Financial Base
- Sufficient reserves for non-performing assets
- High quality capital base
- Sole Japanese bank with U.S. GAAP-based disclosure

No. 1 Asset Management / Processing Business in Japan
- Competitive advantage in growing business sectors
- Offer expertise and comprehensive services

Strategic Development
- Holding company with “Strategic Coordination Model”
- Flexible organizational structure with a room to develop
- Further expansion surpassing business sectors, industries and country borders