Item 6. Directors, Senior Management and Employees.

A. Directors and Senior Management

The following table sets forth the members of our board of directors and executive officers as of July 4, 2003, together with their respective dates of birth and positions.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Birth</th>
<th>Position at MTFG</th>
<th>Previous or Current Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akio Utsumi</td>
<td>September 7, 1942</td>
<td>Director, Chairman and Co-Chief Executive Officer</td>
<td>President of Mitsubishi Trust Bank</td>
</tr>
<tr>
<td>Shigemitsu Miki</td>
<td>April 4, 1935</td>
<td>Director, President and Chief Executive Officer</td>
<td>President of Bank of Tokyo-Mitsubishi</td>
</tr>
<tr>
<td>Tatsunori Imagawa</td>
<td>October 15, 1943</td>
<td>Senior Managing Director and Chief Planning Officer</td>
<td>Former Senior Managing Director of Bank of Tokyo-Mitsubishi</td>
</tr>
<tr>
<td>Tadahiko Fujino</td>
<td>September 25, 1943</td>
<td>Senior Managing Director and Chief Financial Officer</td>
<td>Former Senior Managing Director of Mitsubishi Trust Bank</td>
</tr>
<tr>
<td>Asataro Miyake</td>
<td>July 10, 1944</td>
<td>Senior Managing Director and Chief Risk Management Officer</td>
<td>Former Managing Director of Bank of Tokyo-Mitsubishi</td>
</tr>
<tr>
<td>Nobuo Kuroyanagi</td>
<td>December 18, 1941</td>
<td>Director</td>
<td>Deputy President of Bank of Tokyo-Mitsubishi</td>
</tr>
<tr>
<td>Haruya Uehara</td>
<td>July 25, 1946</td>
<td>Director</td>
<td>Deputy President of Mitsubishi Trust Bank</td>
</tr>
<tr>
<td>Hajime Sugizaki</td>
<td>April 3, 1945</td>
<td>Director</td>
<td>Senior Managing Director of Mitsubishi Trust Bank</td>
</tr>
<tr>
<td>Katsunori Nagayasu</td>
<td>June 6, 1947</td>
<td>Director</td>
<td>Managing Director of Bank of Tokyo-Mitsubishi</td>
</tr>
<tr>
<td>Tetsuo Iwata</td>
<td>April 30, 1948</td>
<td>Director</td>
<td>Managing Director of Bank of Tokyo-Mitsubishi</td>
</tr>
<tr>
<td>Ryotaro Kaneko</td>
<td>June 20, 1941</td>
<td>Director</td>
<td>President of Meiji Life Insurance Company</td>
</tr>
<tr>
<td>Kunio Ishihara</td>
<td>October 17, 1943</td>
<td>Director</td>
<td>President of The Tokio Marine &amp; Fire Insurance Co., Ltd.</td>
</tr>
</tbody>
</table>

The following is a brief biography of each of our directors and executive officers:

Akio Utsumi has been a director and the chairman of the board of directors and co-chief executive officer since April 2001. He has also been the president of Mitsubishi Trust Bank since June 1999. He served as a deputy president of Mitsubishi Trust Bank from June 1998 to June 1999 and as a senior managing director of Mitsubishi Trust Bank from June 1995 to June 1998. Mr. Utsumi served as a managing director of Mitsubishi Trust Bank from June 1993 to June 1995 and as a director of Mitsubishi Trust Bank from June 1991 to June 1993.

Shigemitsu Miki has been the chief executive officer since April 2002, prior to which he was co-chief executive officer from April 2001 to April 2002. He has been a director and the president since April 2001. He has also been the president of Bank of Tokyo-Mitsubishi since June 2000. He served as a deputy president of Bank of Tokyo-Mitsubishi from May 1997 to June 2000 and as a senior managing director of Bank of Tokyo-Mitsubishi from June 1994 to May 1997. Mr. Miki served as a managing director of Bank of Tokyo-Mitsubishi from June 1989 to June 1994 and as a director of Bank of Tokyo-Mitsubishi from June 1986 to June 1989.

Tatsunori Imagawa has been a senior managing director and chief planning officer since May 2003. He served as a director from April 2001 to May 2003. He served as a senior managing director of Bank of Tokyo-Mitsubishi from June 2002 to May 2003. He served as a managing director of Bank of Tokyo-Mitsubishi from May 1997 to June 2002. Mr. Imagawa served as a director of Bank of Tokyo-Mitsubishi from June 1993 to May 1997.
Tadahiko Fujino has been a senior managing director and chief financial officer since April 2001. Before that, he served as a senior managing director of Mitsubishi Trust Bank from April 2000 to April 2001. He served as a managing director of Mitsubishi Trust Bank from June 1997 to April 2000. Mr. Fujino served as a director of Mitsubishi Trust Bank from June 1994 to June 1997.

Asataro Miyake has been a senior managing director and chief risk management officer since June 2003. Before that date, he served as a managing director of Bank of Tokyo-Mitsubishi since June 1998, during which period he also served as a board member from June 1998 to June 2001 and from June 2002 to June 2003. Mr. Miyake served as a director of Bank of Tokyo-Mitsubishi from June 1995 to June 1998.

Nobuo Kuroyanagi has been a director since June 2003. He has also been a deputy president of Bank of Tokyo-Mitsubishi since June 2002. He served as a managing director of Bank of Tokyo-Mitsubishi from June 1996 to June 2002, during which period he also served as a board member from June 1996 to June 2001. Mr. Kuroyanagi served as a director of Bank of Tokyo-Mitsubishi from June 1992 to June 1996.

Haruya Uehara has been a director since June 2003. He has also been a deputy president of Mitsubishi Trust Bank since June 2002. He served as a senior managing director of Mitsubishi Trust Bank from June 2001 to June 2002 and as a managing director of Mitsubishi Trust Bank from June 1998 to June 2001. Mr. Uehara served as a director of Mitsubishi Trust Bank from June 1996 to June 1998.

Hajime Sugizaki has been a director since April 2001. He has also been a senior managing director of Mitsubishi Trust Bank since June 2001. He served as a managing director of Mitsubishi Trust Bank from June 1999 to June 2001. Mr. Sugizaki served as a director of Mitsubishi Trust Bank from June 1997 to June 1999.

Katsunori Nagayasu has been a director since April 2001. He has also been a managing director of Bank of Tokyo-Mitsubishi since June 2002. He served as a managing director of Nippon Trust Bank from June 2000 to September 2001. Nippon Trust Bank subsequently merged into Mitsubishi Trust Bank, and he served as a managing director of Mitsubishi Trust Bank from October 2001 to June 2002. Mr. Nagayasu served as a director of Bank of Tokyo-Mitsubishi from June 1997 to June 2000.

Tetsuo Iwata has been a director since June 2003. He has also been a managing director of Bank of Tokyo-Mitsubishi since May 2003 and has served as a board member since June 2003. Mr. Iwata served as a director of Bank of Tokyo-Mitsubishi from June 1999 to May 2003, during which period he also served as a board member from June 1999 to June 2001.

Ryotaro Kaneko has been a director since April 2001. He has also been the president of Meiji Life Insurance Company since April 1998. Mr. Kaneko served as a senior managing director of Meiji Life Insurance Company from April 1997 to April 1998 and served as a managing director of Meiji Life Insurance Company from April 1994 to April 1997.

Kunio Ishihara has been a director since June 2002. He has also been the president of The Tokio Marine & Fire Insurance Co., Ltd. since June 2001. He has also been the president of Millea Holdings, Inc. since April 2002. Mr. Ishihara served as a senior managing director of The Tokio Marine & Fire Insurance Co., Ltd., from June 2000 to June 2001 and served as a managing director of The Tokio Marine & Fire Insurance Co., Ltd., from June 1998 to June 2000.
The following table sets forth our corporate auditors as of July 4, 2003, together with their respective dates of birth and positions.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Birth</th>
<th>Position at MTFG</th>
<th>Previous or Current Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setsuo Uno</td>
<td>April 29, 1942</td>
<td>Corporate Auditor</td>
<td>Corporate Auditor of Bank of Tokyo-Mitsubishi</td>
</tr>
<tr>
<td>Yosuke Serizawa</td>
<td>September 9, 1943</td>
<td>Corporate Auditor</td>
<td>Corporate Auditor of Mitsubishi Trust Bank</td>
</tr>
<tr>
<td>Takuo Oi</td>
<td>May 15, 1942</td>
<td>Corporate Auditor</td>
<td>Corporate Auditor of Bank of Tokyo-Mitsubishi</td>
</tr>
<tr>
<td>Mitsuo Minami</td>
<td>November 5, 1933</td>
<td>Corporate Auditor</td>
<td>Professor, Department of Business Administration, Bunkyo Gakuin University (Former Chairman &amp; Chief Executive Officer of Tohmatsu &amp; Co.)</td>
</tr>
<tr>
<td>Takeo Imai</td>
<td>January 29, 1942</td>
<td>Corporate Auditor</td>
<td>Attorney-at-law</td>
</tr>
</tbody>
</table>

Setsuo Uno has been a corporate auditor since June 2003. He has also been a corporate auditor of Bank of Tokyo-Mitsubishi since June 2003. He served as a senior managing director from April 2001 to June 2003. He served as a managing director of Bank of Tokyo-Mitsubishi from May 1997 to March 2001. Mr. Uno served as a director of Bank of Tokyo-Mitsubishi from June 1992 to May 1997.

Yosuke Serizawa has been a corporate auditor since April 2001. He has also been a corporate auditor of Mitsubishi Trust Bank since June 1999. Mr. Serizawa served as a director of Mitsubishi Trust Bank from June 1995 to June 1999.

Takuo Oi has been a corporate auditor since June 2003. He has also been a corporate auditor of Bank of Tokyo-Mitsubishi since June 2002. He served as a managing director of Bank of Tokyo-Mitsubishi from May 1997 to June 2002, during which period he also served as a board member of Bank of Tokyo-Mitsubishi from May 1997 to June 2001. Mr. Oi served as a director of Bank of Tokyo-Mitsubishi from June 1994 to May 1997.

Mitsuo Minami has been a corporate auditor since April 2001. He has also been a corporate auditor of Bank of Tokyo-Mitsubishi since June 2001. He has also been a professor of the department of Business Administration at Bunkyo Gakuin University since April 1999. Mr. Minami served as chairman and chief executive officer of Tohmatsu & Co. from May 1995 to May 1997.

Takeo Imai has been a corporate auditor since April 2001. He has been a partner of the law firm Miyake, Imai & Ikeda since January 1972.

The board of directors, executive officers and corporate auditors may be contacted through our headquarters at Mitsubishi Tokyo Financial Group, Inc., 4-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-6326, Japan.

All directors and corporate auditors were elected at a general meeting of shareholders. The regular term of office of a director is two years and of a corporate auditor is four years from the date of assumption of office. However, the term of office of a corporate auditor elected before the general meeting of shareholders held on June 2003 is three years. Directors and corporate auditors may serve their terms until the close of the annual general meeting of shareholders held in the last year of their terms. Directors and corporate auditors may serve any number of consecutive terms. There is no regular term of office for corporate officers.

B. Compensation

An aggregate of ¥345 million was paid by Mitsubishi Tokyo Financial Group, Inc. and its subsidiaries as remuneration, including bonuses but excluding retirement allowances, during the year ended March 31, 2003 to our directors and corporate auditors.
In accordance with customary Japanese business practice, when a director or corporate auditor retires, a proposal to pay a retirement allowance is submitted at the annual ordinary general meeting of shareholders for approval. After the shareholders’ approval is obtained, the retirement allowance for a director or corporate auditor is fixed by the board of directors or by consultation among the corporate auditors in accordance with our internal regulations and practice and generally reflects the position of the director or corporate auditor at the time of retirement, the length of his service as a director or corporate auditor and his contribution to our performance. Mitsubishi Tokyo Financial Group, Inc. does not set aside reserves for any such retirement payments for directors and corporate auditors. During the fiscal year ended March 31, 2003, an aggregate of ¥18 million was paid by us and our subsidiaries as an allowance to directors of Mitsubishi Tokyo Financial Group, Inc. who have retired.

Mitsubishi Tokyo Financial Group, Inc. has not implemented a stock option plan. Two of Mitsubishi Tokyo Financial Group, Inc.’s subsidiaries, Mitsubishi Securities and UNBC, have several stock-based compensation plans. Mitsubishi Tokyo Financial Group, Inc. does not have a pension foundation, although each of Bank of Tokyo-Mitsubishi and Mitsubishi Trust Bank does have a pension foundation.

As of September 10, 2003, our directors and corporate auditors held the following numbers of shares of our common stock:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Number of Shares Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akio Utsumi</td>
<td>11</td>
</tr>
<tr>
<td>Shigemitsu Miki</td>
<td>43</td>
</tr>
<tr>
<td>Tatsunori Imagawa</td>
<td>22</td>
</tr>
<tr>
<td>Tadahiko Fujino</td>
<td>12</td>
</tr>
<tr>
<td>Asataro Miyake</td>
<td>15</td>
</tr>
<tr>
<td>Nobuo Kuroyanagi</td>
<td>24</td>
</tr>
<tr>
<td>Haruya Uehara</td>
<td>11</td>
</tr>
<tr>
<td>Hajime Sugizaki</td>
<td>10</td>
</tr>
<tr>
<td>Katsunori Nagayasu</td>
<td>3</td>
</tr>
<tr>
<td>Tetsuo Iwata</td>
<td>8</td>
</tr>
<tr>
<td>Ryotaro Kaneko</td>
<td>—</td>
</tr>
<tr>
<td>Kunio Ishihara</td>
<td>—</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate Auditors</th>
<th>Number of Shares Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setsuo Uno</td>
<td>23</td>
</tr>
<tr>
<td>Yosuke Serizawa</td>
<td>10</td>
</tr>
<tr>
<td>Takuo Oi</td>
<td>22</td>
</tr>
<tr>
<td>Mitsuo Minami</td>
<td>10</td>
</tr>
<tr>
<td>Takeo Imai</td>
<td>—</td>
</tr>
</tbody>
</table>

C. Board Practices

Our Articles of Incorporation provide for a board of directors of not more than fifteen members and not more than six corporate auditors. Our corporate officers are responsible for executing our business operations, and our directors oversee these officers and set our fundamental strategies.

We currently have twelve directors. Our board of directors has ultimate responsibility for the administration of our affairs. Our board of directors is empowered to appoint by resolution representative directors from among the directors who may represent us severally. Our board of directors may also appoint from their members by resolution a chairman, a president, deputy presidents, senior managing directors and managing directors. Senior managing directors and the managing directors assist the president and deputy presidents, if any, in the management of our day-to-day business. All of our executive officers are currently directors.
Under the Commercial Code of Japan, directors must refrain from engaging in any business that is in competition with us unless approved by a board resolution, and no director may vote on a proposal, arrangement or contract in which that director is deemed to be materially interested.

Neither the Commercial Code nor our Articles of Incorporation contain special provisions as to the borrowing power exercisable by a director, to the retirement age of our directors and corporate auditors or to a requirement of our directors and corporate auditors to hold any shares of our capital stock.

The Commercial Code requires a resolution of the board of directors for a company to acquire or dispose of material assets, to borrow substantial amounts of money, to employ or discharge important employees, such as executive officers, and to establish, change or abolish material corporate organizations, such as a branch office.

We currently have five corporate auditors, including two external corporate auditors. Our corporate auditors, who are not required to be certified public accountants, have various statutory duties, including principally:

- the examination of the financial statements, business reports, proposals and other documents which our board of directors prepares and submits to a general meeting of shareholders;
- the examination of our directors’ administration of our affairs; and
- the preparation and submission of a report on their examination to a general meeting of shareholders.

Our corporate auditors are obliged to attend meetings of our board of directors. They may make statements at the meetings if they deem necessary, although they are not entitled to vote at the meetings. The Law Concerning Special Exceptions from the Commercial Code Relating to Audit, etc. of Joint-Stock Corporations provides that there may not be less than three corporate auditors. One or more corporate auditors, who are required to serve on a full-time basis, must be designated by the corporate auditors from among their members. At least one of the corporate auditors must be a person who has not been an employee or a director of Mitsubishi Tokyo Financial Group, Inc. or any of its subsidiaries within the previous five years. After the close of the annual ordinary general meeting of shareholders to be held in June 2006, at least half of our corporate auditors must be “external corporate auditors” who have not been an employee or a director of Mitsubishi Tokyo Financial Group, Inc. or any of its subsidiaries within the previous five years.

For additional information on our board practices, see “—Directors and Senior Management.”

D. Employees

As of March 31, 2003 we had approximately 44,500 employees. In addition, as of March 31, 2003, we had approximately 13,000 part-time and temporary employees. During the fiscal year ended March 31, 2003, our total employees increased by approximately 1,500 primarily as a result of the addition of Mitsubishi Securities and other companies as consolidated subsidiaries. The following tables show the percentages of our employees in our different business units and geographically, as of March 31, 2003. Most of our employees are members of our employee’s union, which negotiates on behalf of employees in relation to remuneration and working conditions.

Business unit

**Bank of Tokyo-Mitsubishi:**

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Banking</td>
<td>18%</td>
</tr>
<tr>
<td>Commercial Banking</td>
<td>7%</td>
</tr>
<tr>
<td>Global Corporate Banking</td>
<td>13%</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>13%</td>
</tr>
<tr>
<td>UnionBanCal Corporation</td>
<td>22%</td>
</tr>
<tr>
<td>Operation Services</td>
<td>4%</td>
</tr>
<tr>
<td>Treasury</td>
<td>2%</td>
</tr>
<tr>
<td>Other units</td>
<td>6%</td>
</tr>
</tbody>
</table>
**E. Share Ownership**

The information required by this item is set forth in “—Compensation.”

**Item 7. Major Shareholders and Related Party Transactions.**

**A. Major Shareholders**

**Common Stock**

As of March 31, 2003, we had 216,531 registered shareholders of common stock. The ten largest holders of our common stock appearing on the register of shareholders as of March 31, 2003, and the number and the percentage of such shares held by them, were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held</th>
<th>Percentage of total shares in issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd.(1)</td>
<td>340,747</td>
<td>5.46%</td>
</tr>
<tr>
<td>Master Trust Bank of Japan, Ltd.(1)</td>
<td>261,592</td>
<td>4.19%</td>
</tr>
<tr>
<td>Meiji Life Insurance Company(2)</td>
<td>175,000</td>
<td>2.80%</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>145,380</td>
<td>2.33%</td>
</tr>
<tr>
<td>Hero &amp; Co.(3)</td>
<td>130,086</td>
<td>2.08%</td>
</tr>
<tr>
<td>Mitsubishi Heavy Industries, Ltd.(4)</td>
<td>118,740</td>
<td>1.90%</td>
</tr>
<tr>
<td>The Tokio Marine and Fire Insurance Co., Ltd.</td>
<td>114,693</td>
<td>1.84%</td>
</tr>
<tr>
<td>The Dai-ichi Mutual Life Insurance Company</td>
<td>88,036</td>
<td>1.41%</td>
</tr>
<tr>
<td>UFJ Trust Bank Limited(1)</td>
<td>82,205</td>
<td>1.31%</td>
</tr>
<tr>
<td>Mitsubishi Electric Corporation</td>
<td>62,159</td>
<td>0.99%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,518,638</strong></td>
<td><strong>24.36%</strong></td>
</tr>
</tbody>
</table>

(1) Includes the shares held in trust accounts, which do not disclose the names of beneficiaries.
(2) These shares are those held in a pension trust account with Master Trust Bank of Japan, Ltd. for the benefit of retirement plans with voting rights retained by Meiji Life Insurance Company.

(3) An owner of record for American Depositary Shares of the company.

(4) These shares are those held in a pension trust account with Master Trust Bank of Japan, Ltd. for the benefit of retirement plans with voting rights retained by Mitsubishi Heavy Industries, Ltd.

At March 31, 2003, 225.77 shares, representing less than 0.01% of the outstanding common stock, were held by our directors and corporate auditors.

At March 31, 2003, 315,810.16 shares, representing 5.06% of our outstanding common stock, were owned by 169 U.S. shareholders of record who are residents of the United States (and a non-resident of Japan), one of whom is the ADR depository’s nominee holding 130,086.00 shares, or 2.08% of our outstanding common stock.


Preferred Shares

The ten largest holders of our class 1 preferred shares, which are non-voting, appearing on the register of shareholders as of March 31, 2003, and the number and the percentage of such shares held by them, were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held</th>
<th>Percentage of total shares in issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Tokio Marine &amp; Fire Insurance Co., Ltd.</td>
<td>16,700</td>
<td>20.51%</td>
</tr>
<tr>
<td>Mitsubishi Corporation</td>
<td>16,700</td>
<td>20.51%</td>
</tr>
<tr>
<td>Meiji Life Insurance Company</td>
<td>16,700</td>
<td>20.51%</td>
</tr>
<tr>
<td>Kirin Brewery Co., Ltd.</td>
<td>10,000</td>
<td>12.28%</td>
</tr>
<tr>
<td>Asahi Glass Co., Ltd.</td>
<td>3,400</td>
<td>4.17%</td>
</tr>
<tr>
<td>Diamond Lease Company Limited</td>
<td>3,400</td>
<td>4.17%</td>
</tr>
<tr>
<td>Tokyu Corporation</td>
<td>3,400</td>
<td>4.17%</td>
</tr>
<tr>
<td>Honda Motor Co., Ltd.</td>
<td>3,400</td>
<td>4.17%</td>
</tr>
<tr>
<td>Mitsubishi Chemical Corporation</td>
<td>2,000</td>
<td>2.45%</td>
</tr>
<tr>
<td>Mitsubishi Electric Corporation</td>
<td>1,700</td>
<td>2.08%</td>
</tr>
<tr>
<td>Total</td>
<td>77,400</td>
<td>95.08%</td>
</tr>
</tbody>
</table>

The holders of our class 2 preferred shares, which are non-voting, appearing on the register of shareholders as of March 31, 2003, and the number and the percentage of such shares held by them, were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held</th>
<th>Percentage of total shares in issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meiji Life Insurance Company</td>
<td>35,000</td>
<td>35.00%</td>
</tr>
<tr>
<td>The Tokio Marine &amp; Fire Insurance Company, Limited</td>
<td>25,000</td>
<td>25.00%</td>
</tr>
<tr>
<td>Mitsubishi Corporation</td>
<td>25,000</td>
<td>25.00%</td>
</tr>
<tr>
<td>Mitsubishi Estate Company, Limited</td>
<td>5,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>Asahi Glass Co., Ltd.</td>
<td>2,500</td>
<td>2.50%</td>
</tr>
<tr>
<td>Kirin Brewery Co., Ltd.</td>
<td>2,500</td>
<td>2.50%</td>
</tr>
<tr>
<td>Kinki Nippon Railway Co., Ltd.</td>
<td>2,500</td>
<td>2.50%</td>
</tr>
<tr>
<td>Tokyu Corporation</td>
<td>2,500</td>
<td>2.50%</td>
</tr>
<tr>
<td>Total</td>
<td>100,000</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
B. Related Party Transactions

We and our subsidiary banks had, and expect to have in the future, banking transactions and other transactions in the ordinary course of business with our related parties. Although for the fiscal year ended March 31, 2003, such transactions included, but were not limited to, call money, loans, electronic data processing, leases and management of properties, those transactions were immaterial and were made at prevailing market rates, terms and conditions and do not involve more than the normal risk of collectibility or present other unfavorable features.

None of our directors or corporate auditors, and none of the close members of their respective families, has had any transactions or has any presently proposed transactions that are material or any transactions that are unusual in their nature or conditions, involving goods, services or tangible or intangible assets, to which we were, are or will be a party.

No loans have been made to our directors or corporate auditors other than in the normal course of business, on normal commercial terms and conditions. In addition, since July 2002, no loans have been made to our directors or corporate auditors other than as permitted under Section 402 of the Sarbanes-Oxley Act of 2002.

No family relationship exists among any of our directors or corporate auditors. No arrangement or understanding exists between any of our directors or corporate auditors and any other person pursuant to which any director or corporate auditor was elected to their position at Mitsubishi Tokyo Financial Group, Inc.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information.

A. Consolidated Statements and Other Financial Information

The information required by this item is set forth in our consolidated financial statements starting on page F-1 of this Annual Report and in “Selected Statistical Data” starting on page A-1 of this Annual Report.

Legal Proceedings

Our bank subsidiaries, Bank of Tokyo-Mitsubishi and Mitsubishi Trust Bank, are involved in legal proceedings with the Tokyo Metropolitan Government and the Osaka Prefectural Government regarding recent local taxes enacted by those governments. For a more detailed discussion of these legal proceedings, see “Item 5.A. Operating and Financial Review and Prospects—Operating Results—Recent Developments—Legal Proceedings for Local Taxes” and the notes to our consolidated financial statements.

Distributions

Our board of directors submits a recommendation for an annual dividend for our shareholders’ approval at the ordinary general meeting of shareholders customarily held in June of each year. The annual dividend is usually distributed immediately following shareholders’ approval to holders of record at the end of the preceding fiscal year. In addition to annual dividends, we may make cash distributions by way of interim dividends to shareholders of record as of September 30 of each year from our retained earnings as of the end of the preceding fiscal year by resolution of our board of directors. On July 27, 2003, we paid an annual dividend of ¥4,000 per share of common stock for the fiscal year ended March 31, 2003. Our board of directors elected not to pay any interim dividends to shareholders of record of our common stock as of September 30, 2002 in light of the volatile financial and economic conditions prevailing in the Japanese financial sector.
Under the Japanese foreign exchange regulations currently in effect, dividends paid on shares held by non-residents of Japan may be converted into any foreign currency and repatriated abroad. Under the terms of the deposit agreement pursuant to which ADSs are issued, the depositary is required, to the extent that in its judgment it can convert Japanese yen on a reasonable basis into US dollars and transfer the resulting US dollars to the United States, to convert all cash dividends that it receives in respect of deposited shares into US dollars and to distribute the amount received, after deduction of any applicable withholding taxes, to the holders of ADSs. See “Item 10.D. Additional Information—Exchange Controls—Foreign Exchange and Foreign Trade Law.”

B. Significant Changes

No significant changes have occurred since the date of our consolidated financial statements included in this Annual Report.

Item 9. The Offer and Listing.

A. Offer and Listing Details

Market Price Information

The following table shows, for the periods indicated, the reported high and low sale prices for shares of our common stock on the Tokyo Stock Exchange and of the ADSs on the New York Stock Exchange. The table also includes high and low market price quotations from the Tokyo Stock Exchange translated in each case into US dollars per ADS at the Federal Reserve Bank of New York’s noon buying rate on the relevant date.

<table>
<thead>
<tr>
<th>Fiscal year ended March 31, 2002</th>
<th>Price per share on the TSE</th>
<th>Translated into US dollars per ADS(1)</th>
<th>Price per ADS on the NYSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High (yen)</td>
<td>Low (yen)</td>
<td>High ($US)</td>
</tr>
<tr>
<td>First quarter</td>
<td>¥1,350,000(2)</td>
<td>¥970,000</td>
<td>$11.13(3)</td>
</tr>
<tr>
<td>Second quarter</td>
<td>1,140,000</td>
<td>886,000</td>
<td>9.84</td>
</tr>
<tr>
<td>Third quarter</td>
<td>1,020,000</td>
<td>754,000</td>
<td>8.45</td>
</tr>
<tr>
<td>Fourth quarter</td>
<td>948,000</td>
<td>688,000</td>
<td>7.40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal year ended March 31, 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>First quarter</td>
</tr>
<tr>
<td>Second quarter</td>
</tr>
<tr>
<td>Third quarter</td>
</tr>
<tr>
<td>Fourth quarter</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal year ending March 31, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
</tr>
<tr>
<td>April</td>
</tr>
<tr>
<td>May</td>
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<tr>
<td>June</td>
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<tr>
<td>July</td>
</tr>
<tr>
<td>August</td>
</tr>
<tr>
<td>September (through September 18)</td>
</tr>
</tbody>
</table>

(1) US dollar amounts have been translated, for your convenience, from yen at the Federal Reserve Bank of New York’s noon-buying rate as of the relevant high and low market quotation dates.
(2) ¥1,350,000 is the high market price quotation for both May 2 and May 7, 2001.
(3) The US dollar amount has been translated, for your convenience, from yen at the rate of ¥121.34 = $1.00 which is the Federal Reserve Bank of New York’s noon-buying rate as of May 7, 2001.
(4) There was no Federal Reserve Bank of New York noon-buying rate available as of the relevant high market quotation date of January 20, due to a holiday. For your convenience, the US dollar amount has been translated from yen at the rate of ¥117.88 = $1.00 which is the noon-buying rate as of January 17, 2003.

B. Plan of Distribution

Not applicable.

C. Markets

The primary market for our common stock is the Tokyo Stock Exchange, or the TSE. Our common stock is also listed on the Osaka Securities Exchange in Japan and on the Official List of the UK Listing Authority and traded on the market for listed securities on the London Stock Exchange in the United Kingdom. ADSs, each representing one one-thousandth of a share of common stock, are quoted on the New York Stock Exchange, or NYSE, under the symbol, “MTF.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information.

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Our Corporate Purpose

Article 2 of our Articles of Incorporation provides that our corporate purpose is to carry on the following businesses:

- administration and management of banks, trust banks, specialized securities companies, insurance companies or other companies which we may own as our subsidiaries under the Japanese Banking Law; and
- any other business incidental to, or relating to any of, the businesses mentioned in the preceding clause.

Board of Directors

For discussion of the provisions of our Articles of Incorporation as they apply to our directors, see “Item 6.C. Directors, Senior Management and Employees—Board Practices.”

Common Stock

We summarize below the material provisions of our Articles of Incorporation, our share handling regulations and the Commercial Code of Japan (Law No. 48 of 1899) as they relate to joint stock companies, also known as
kabushiki kaisha. Because it is a summary, this discussion should be read together with our Articles of Incorporation and share handling regulations, which have been filed as exhibits to this Annual Report.

**General**

A joint stock company is a legal entity incorporated under the Commercial Code. The investment and rights of the shareholders of a joint stock company are represented by shares of stock in the company and shareholders’ liability is limited to the amount of the subscription for the shares.

Our authorized common share capital is 22,000,000 shares of common stock with no par value. As of March 31, 2003, a total of 6,232,161.72 shares of common stock (including 3,226 shares of common stock held by Mitsubishi Tokyo Financial Group, Inc. and its consolidated subsidiaries as treasury stock) were issued. Each of the shares issued and outstanding is fully paid and non-assessable. As of March 31, 2003, we were authorized to issue 421,400 shares of preferred stock, including 81,400 class 1 preferred shares, 100,000 class 2 preferred shares, 120,000 class 3 preferred shares and 120,000 class 4 preferred shares. As of March 31, 2003, we had 81,400 class 1 preferred shares, 100,000 class 2 preferred shares and no class 3 or class 4 preferred shares issued and outstanding. As of September 10, 2003, 37,500 shares of class 2 preferred stock were converted into 107,619.71 shares of common stock.

We may issue shares from our authorized but unissued share capital following a resolution to that effect by our board of directors. An increase in our authorized share capital is only possible by amendment of our Articles of Incorporation, which generally requires shareholders’ approval.

Under the Commercial Code, shares must be registered and are transferable by delivery of share certificates. In order to assert shareholders’ rights against us, a shareholder must have its name and address registered on our register of shareholders, in accordance with our share handling regulations. The registered holder of deposited shares underlying the ADSs is the depositary for the ADSs, or its nominee. Accordingly, holders of ADSs will not be able to assert shareholders’ rights other than as provided in the agreement between us, the depositary and the holders of the ADSs.

A holder of shares may choose, at its discretion, to participate in the central clearing system for share certificates under the Law Concerning Central Clearing of Share Certificates and Other Securities of Japan. Participating shareholders must deposit certificates representing the shares to be included in this clearing system with the Japan Securities Depository Center, Inc. If a holder is not a participating institution in the Japan Securities Depository Center, it must participate through a participating institution, such as a securities company or bank having a clearing account with the Japan Securities Depository Center. All shares deposited with the Japan Securities Depository Center will be registered in the name of the Japan Securities Depository Center on our register of shareholders. Each participating shareholder will in turn be registered on our register of beneficial shareholders and be treated in the same way as shareholders registered on our register of shareholders. Delivery of share certificates is not required to transfer deposited shares. Entry of the share transfer in the books maintained by the Japan Securities Depository Center for participating institutions, or in the books maintained by a participating institution for its customers, has the same effect as delivery of share certificates. This central clearing system is intended to reduce paperwork required in connection with transfers of shares. Beneficial owners may at any time withdraw their shares from deposit and receive share certificates.

**Dividends**

Dividends are distributed in proportion to the number of shares owned by each shareholder on the record date for the dividend. Dividends for each financial period may be distributed following shareholders’ approval at an ordinary general meeting of shareholders.

Payment of dividends on common stock is subject to the preferential dividend rights of holders of preferred stock.
Under our Articles of Incorporation, our financial accounts are closed on March 31 of each year, and dividends, if any, are paid to shareholders of record at March 31 following shareholders’ approval at an ordinary general meeting of shareholders. In addition to year-end dividends, our board of directors may by resolution declare an interim cash dividend to shareholders of record as of September 30 of each year. Under the Commercial Code and the Banking Law, we may distribute annual or interim dividends only if:

- we have set aside in our legal reserve an amount equal to at least one-tenth of the annual dividend and any other amount paid by us as an appropriation of retained earnings or of any interim dividend, as the case may be; or
- the sum of the amount in our legal reserve and additional paid-in capital is at least one-quarter of our stated capital.

We may distribute annual or interim dividends out of the excess of our net assets, on a non-consolidated basis, over the aggregate of:

1. our stated capital;
2. our additional paid-in capital;
3. our accumulated legal reserve;
4. the legal reserve to be set aside in respect of the dividend concerned and any other proposed payment by way of appropriation of retained earnings;
5. the excess, if any, of unamortized expenses incurred in preparation for the commencement of business and in connection with research and development over the aggregate of the amounts referred to in (2), (3) and (4) above;
6. subscription money for new shares, or security money to be applied to such subscription money, if any, recorded on our balance sheet;
7. if assets are stated at market value on our balance sheet, the excess, if any, of the aggregate market value over the aggregate acquisition cost of those assets; and
8. the balance, if any, recorded on our balance sheet as a result of reevaluating land which we own for business purposes.

In the case of interim dividends, if we decrease our stated capital or our legal reserve after the preceding fiscal year end, such decreased figures shall be applied to (1) and (3) above. (This condition became effective in September 2003.)

In the case of interim dividends, net assets are calculated by reference to the balance sheet as of the end of the preceding fiscal year, adjusted to reflect:

(a) any subsequent payment by way of appropriation of retained earnings and transfer to legal reserve in respect of such payment;
(b) any subsequent transfer of retained earnings to stated capital; and
(c) if we have been authorized, pursuant to a resolution of an ordinary general meeting of shareholders or the board of directors, to repurchase our own shares, the total amount of the repurchase price for those shares that may be paid by us.

Interim dividends may not be paid if there is a risk that at the end of the fiscal year, there may not be any excess of net assets over the aggregate of the amounts referred to in (1) through (8) above.

In Japan, the “ex-dividend” date and the record date for any dividends precede the date of determination of the amount of the dividend to be paid. The market price of shares generally becomes ex-dividend on the third
business day prior to the record date. Under our Articles of Incorporation, we are not obligated to pay any dividends which are left unclaimed for a period of five years after the date on which they first became payable.

**Stock Splits**

Stock splits of our outstanding stock may be effected at any time by resolution of the board of directors. When a stock split is to be effected, we may increase the amount of the authorized share capital to cover the stock split by amending our Articles of Incorporation by resolution of the board of directors without approval by special resolution of the general meeting of shareholders, unless more than one class of stock is issued and outstanding. Shareholders will not be required to exchange stock certificates for new stock certificates, but certificates representing the additional stock resulting from the stock split will be issued to shareholders. We must give public notice of the stock split, specifying a record date at least two weeks prior to the record date and, in addition, promptly after the stock split takes effect, give notice to each shareholder specifying the number of shares to which such shareholder is entitled by virtue of the stock split.

**Fractional Shares**

Fractional shares may arise from, among other things, a stock split or a combination of outstanding shares into a smaller number of shares. A holder of fractional shares constituting one-hundredth of one share or any integral multiple of one-hundredth of one share will be registered in our register of fractional shares. Fractional shares will carry no voting rights, but, pursuant to the Commercial Code and our Articles of Incorporation, the holders of fractional shares will have the right to receive dividends and interim dividends, if any, on their fractional shares. No certificates for fractional shares will be issued and therefore fractional shares will not normally be transferable. However, the registered holders of fractional shares may at any time require us to purchase the fractional shares at the shares’ current market price. Also, registered holders of fractional shares may require us to sell them a number of fractional shares, of which number, when combined with the number already held by such holder, shall become one share; provided that such request is met only when we own the necessary number of our shares.

**New Unit Share System**

The new unit share system (*tan-gen kabu*) was introduced by amendments to the Commercial Code, which became effective on October 1, 2001. Currently, we do not use the new unit share system. However, we may use the new unit share system by amending our Articles of Incorporation, which requires shareholders’ approval. Under the new unit share system, a company may provide in its articles of incorporation that a unit comprises a specified number of shares that is equal to or less than 1,000 and that does not exceed one-two hundredth of the number of issued shares. A company may provide in its articles of incorporation that the company will not issue certificates representing a number of shares less than a unit. Under the new unit share system, one unit of shares has one voting right. A holder of less than one unit of shares has no voting right. If we adopt the new unit share system, shareholders may require us to purchase shares constituting less than a unit at the current market price. Our board of directors may reduce the number of shares constituting a unit or cease to use the unit share system by amendments to our Articles of Incorporation even though amendments to the Articles of Incorporation generally require a special resolution of the ordinary general meeting of shareholders.

**General Meeting of Shareholders**

The ordinary general meeting of our shareholders is usually held in June of each year in Chiyoda-ku, Tokyo. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary by giving at least two weeks’ advance notice to shareholders. The record date for ordinary general meetings of our shareholders is March 31.

Any shareholder holding at least 300 voting rights or 1% of the total number of voting rights for six months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a written request to a representative director at least six weeks prior to the date of the meeting.
Voting Rights

A shareholder has one voting right for each whole share. However, a corporate shareholder may not exercise its voting rights if we hold more than one quarter of the total voting rights with respect to that shareholder. Under our Articles of Incorporation, except as otherwise provided by law or by other provisions of our Articles of Incorporation, a resolution can be adopted at a shareholders’ meeting by the holders of a majority of the voting rights represented at the meeting. The Commercial Code and our Articles of Incorporation require a quorum of not less than one third of the total number of voting rights for election of our directors and corporate auditors.

The Commercial Code and our Articles of Incorporation provide that a quorum of not less than one-third of outstanding voting rights, excluding those owned by our subsidiaries and affiliates of which we own, directly or indirectly, more than 25 percent, must be present at a shareholders’ meeting to approve specified corporate actions, such as:

- the amendment of our Articles of Incorporation, except in some limited cases;
- the removal of a director or corporate auditor;
- a dissolution, merger or consolidation, except for certain types of mergers;
- a stock-for-stock exchange or stock-for-stock transfer, except in some limited circumstances;
- the transfer of the whole or an important part of our business;
- a reduction of stated capital;
- a corporate split, except in some limited circumstances;
- the acquisition of the whole business of another company, except in some limited circumstances;
- the offering to persons other than shareholders of stock at a specially favorable price, or of stock acquisition rights or bonds or notes with stock acquisition rights with specially favorable conditions; and
- the repurchase of our own stock from a specific party.

At least two-thirds of the voting rights represented at the meeting must approve these actions.

There is no cumulative voting for the election of directors or corporate auditors.

Subscription Rights

Holders of shares have no preemptive rights under our Articles of Incorporation. Under the Commercial Code, however, our board of directors may determine that shareholders be given subscription rights in connection with a particular issue of new shares. In this case, these subscription rights must be given on uniform terms to all shareholders as of a specified record date by public notice at least two weeks prior to the record date. A notification to each individual shareholder must also be given at least two weeks prior to the date of expiration of the subscription rights.

Rights to subscribe for new shares may be transferable or non-transferable, as determined by our board of directors. If subscription rights are not transferable, a purported transfer by a shareholder will not be enforceable against us.

Stock Acquisition Rights

We may issue stock acquisition rights (shinkabu yoyakuken), which in the United States are often in the form of warrants, or bonds with stock acquisition rights that cannot be detached (shinkabu yoyakuken-tsuki shasai), which in the United States are often in the form of convertible bonds or bonds with non-detachable warrants. Except where the issuance would be on “specially favorable” terms, the issuance of stock acquisition rights or
bonds with stock acquisition rights may be authorized by a resolution of our board of directors. Upon exercise of the stock acquisition rights, the holder of such rights may either acquire shares by paying the applicable exercise price or, if so determined by a resolution of our board of directors, by making a substitute payment, such as having the convertible bonds redeemed for no cash in lieu of the exercise price.

**Liquidation Rights**

Upon our liquidation, the assets remaining after payment of all debts, liquidation expenses, taxes and preferred distributions to holders of shares of our preferred stock will be distributed among the holders of our common stock in proportion to the number of shares they own.

**Transfer Agent**

Mitsubishi Trust Bank is the transfer agent for our common stock. The office of Mitsubishi Trust Bank for this purpose is located at 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8212, Japan. Mitsubishi Trust Bank maintains our register of shareholders and our register of lost share certificates, and records transfers of ownership upon presentation of share certificates.

**Reports to Shareholders**

We furnish to our shareholders notices, in Japanese, of shareholders’ meetings, annual business reports, including our financial statements, and notices of resolutions adopted at our shareholders’ meetings.

**Record Dates and Closing of Shareholders’ Register**

As stated above, March 31 is the record date for the payment of annual dividends, if any, and the determination of shareholders entitled to vote at ordinary general meetings of our shareholders. September 30 is the record date for the payment of interim dividends, if any. In addition, by a resolution of our board of directors and after giving at least two weeks’ prior public notice, we may at any time set a record date or close the shareholders’ register temporarily, for a period not in excess of three months, in order to determine the shareholders who are entitled to the rights pertaining to our shares. The trading of our shares and the delivery of certificates may continue even while the shareholders’ register is closed.

**Repurchase of Our Shares of Common Stock**

We may repurchase our own shares:

- through the Tokyo Stock Exchange or other stock exchanges on which our shares are listed, if authorized by an ordinary resolution of an ordinary general meeting of shareholders;
- by way of a tender offer, if authorized by an ordinary resolution of an ordinary general meeting of shareholders;
- through the TSE or other stock exchanges on which our shares are listed, or by way of tender offer, if authorized by a resolution of the board of directors provided that we have amended our Articles of Incorporation to enable the board to make such a resolution (an amendment to the Commercial Code which enables the above became effective in September 2003);
- from a specific party, if authorized by a special resolution of an ordinary general meeting of shareholders; or
- from subsidiaries, if authorized by a resolution of the board of directors.

When the repurchase is made by us from a specific party, as authorized by a special resolution of an ordinary general meeting of shareholders, any shareholder may make a demand to a director, five days or more prior to the relevant shareholders’ meeting, that we also repurchase the shares held by that shareholder.
Repurchase of our own shares pursuant to an authorization of our ordinary shareholders’ meeting from persons other than our subsidiaries must satisfy various specified requirements, including the requirement that the total amount of the repurchase price may not exceed the amount of the retained earnings available for annual dividend payments after taking into account a reduction, if any, of the stated capital, additional paid-in capital or legal reserve (if such reduction of the stated capital, additional paid-in capital or legal reserve has been authorized pursuant to a resolution of the relevant ordinary general meeting of shareholders), minus the amount to be paid by way of appropriation of retained earnings for the relevant fiscal year and the amount to be transferred to stated capital. If we repurchase shares from subsidiaries, the total amount of the repurchase price may not exceed the amount of the retained earnings available for interim dividend payments minus the amount of interim dividends, if paid. If it is anticipated that the net assets on our balance sheet as at the end of the relevant fiscal year will be less than the aggregate amount of the stated capital, additional paid-in capital and other items as described in (1) through (8) in the fourth paragraph under “—Common Stock—Dividends,” we may not repurchase our own shares.

We may hold our own shares so repurchased without restrictions. In addition, we may cancel or dispose of our own shares that we hold by a resolution of our board of directors. As of March 31, 2003, Mitsubishi Tokyo Financial Group, excluding its subsidiaries, owned 1,655.46 treasury shares.

Preferred Stock

The following is a summary of information concerning the shares of our preferred stock, including brief summaries of the relevant provisions of our Articles of Incorporation, the share handling regulations and the Commercial Code as currently in effect. The detailed rights of our preferred shares are set out in our Articles of Incorporation and the resolutions of our board of directors relating to the issuance of the relevant stock.

General

Under our Articles of Incorporation, we are authorized to issue four classes of preferred shares. Our preferred shares have equal preference over shares of common stock in respect of dividend entitlements and distribution upon our liquidation, but holders of the preferred shares are not entitled to vote at general meetings of shareholders, subject to the exceptions provided under the Commercial Code. As of March 31, 2003, 81,400 shares of class 1 and 100,000 shares of class 2 preferred shares were outstanding, but there were no class 3 or class 4 preferred shares outstanding. We may, at any time, purchase and redeem, at fair value, any shares of preferred stock outstanding out of earnings available for distribution to shareholders.

Class 1 and class 3 preferred shares are not convertible into our common stock but are redeemable at our discretion. We may redeem shares of class 1 preferred shares at ¥3,000,000 per share, in whole or in part, on or after January 21, 2004. The redemption terms of class 3 preferred shares will be determined by the board of directors at the time of issuance of class 3 preferred shares. Class 2 and class 4 preferred shares are convertible into our common stock at the option of the holder during a conversion period. At the option of the holders, class 2 preferred shares are convertible into common stock from July 31, 2003 to July 31, 2008 at the conversion price of ¥1,357,559.2 per share for July 31, 2003 and ¥696,898.5 per share from August 1, 2003 to July 31, 2008. The conversion price will be revised annually on August 1 of each year from 2003 through 2007 to reflect, subject to certain adjustments, the average market closing price of our common stock on the TSE for the 30 business days starting from the 45th business day prior to the date of revision of the conversion price. The conversion price will not exceed the initial conversion price of ¥1,357,559.2 nor be below ¥696,898.5 unless certain events or circumstances arise. Class 2 preferred shares which are not converted at the option of the holders will be mandatorily converted into common stock on August 1, 2008, at the conversion price determined based on the average market closing price of the common stock traded on the TSE for the 30 business days starting from the 45th business day prior to the date of mandatory conversion. In the event the average market closing price is below ¥714,285, the conversion price will be ¥714,285. The conversion terms of class 4 preferred shares will be determined by the board of directors at the time of issuance of class 4 preferred shares.
Preferred Dividends

In priority to the payment of dividends to holders of our common stock, the amount of preferred dividends for class 1 preferred shares is ¥82,500 per share per fiscal year and for class 2 preferred shares is ¥16,200 per share per fiscal year. The amounts of the preferred dividends for class 3 and class 4 preferred shares are to be set by resolution of our board of directors at the time of issuance. The annual dividend per share may not exceed ¥250,000 per share per fiscal year for class 3 preferred shares and ¥125,000 per share per fiscal year for class 4 preferred shares. In the event that our board of directors determines to pay an interim dividend to holders of our common stock, we will, in priority to the payment of that interim dividend, pay a preferred interim dividend to holders of our preferred shares and the amount of that preferred interim dividend will be deducted from the preferred dividend payable on preferred shares in respect of the same fiscal year.

No payment of dividends on our preferred shares or any other shares can be made unless we have sufficient retained earnings and, in the case of annual preferred dividends, the shareholders at the relevant ordinary general meeting of shareholders or, in the case of preferred interim dividends, the board of directors, resolves to distribute the retained earnings.

Dividends on our preferred shares are non-cumulative. If the full amount of any dividend is not declared on our preferred shares in respect of any fiscal year, holders of our preferred shares do not have any right to receive dividends in respect of the deficiency in any subsequent fiscal year, and we will have no obligation to pay the deficiency or to pay any interest whether or not dividends are paid in respect of any subsequent fiscal year. The holders of our preferred shares are not entitled to any further dividends or other participation in or distribution of our profits.

Liquidation Rights

In the event of our voluntary or involuntary liquidation, holders of our preferred shares will be entitled, equally in rank as among themselves, to receive out of our residual assets upon liquidation a distribution of ¥3,000,000 per share for class 1 preferred shares, ¥2,000,000 per share for class 2 preferred shares and ¥2,500,000 per share in the case of each of the class 3 preferred shares and class 4 preferred shares before any distribution of assets is made to holders of our common stock. The holders of our preferred shares are not entitled to any further dividends or other participation in or distribution of our residual assets upon our liquidation.

Voting Rights

No holder of our preferred shares has the right to receive notice of, or to vote at, a general meeting of shareholders, except as otherwise specifically provided under the Commercial Code or other applicable law. Under the Commercial Code, holders of our preferred shares will be entitled to receive notice of, and have one voting right per preferred share at, our general meetings of shareholders:

- from the commencement of our ordinary general meeting of shareholders if an agenda for approval to declare a preferred dividend is not submitted to such meeting; or
- from the close of any ordinary general meeting of shareholders if a proposed resolution to declare a preferred dividend is not approved at such meeting until such time as a resolution of an ordinary general meeting of shareholders declaring a preferred dividend is passed.

American Depositary Shares

The Bank of New York will issue the American depositary receipts, or ADRs. Each ADR will represent ownership interests in American depositary shares, or ADSs. Each ADS represents one thousandth of a share of our common stock. Each ADS is held by Bank of Tokyo-Mitsubishi, acting as custodian, at its principal office in Tokyo, on behalf of The Bank of New York, acting as depositary. Each ADS will also represent securities, cash
or other property deposited with The Bank of New York but not distributed to ADS holders. The Bank of New York’s corporate trust office is located at 101 Barclay Street, New York, New York 10286 and its principal executive office is located at One Wall Street, New York, New York 10286, U.S.A.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

The Bank of New York will actually be the registered holder of the common stock, so you will have to rely on it to exercise your rights as a shareholder. Our obligations and the obligations of The Bank of New York are set out in a deposit agreement among us, The Bank of New York and you, as an ADS holder. The deposit agreement and the ADSs are governed by New York law.

The following is a summary of the material terms of the deposit agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire deposit agreement and the form of ADR.

**Share Dividends and Other Distributions**

The Bank of New York has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares of common stock or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

**Cash.** The Bank of New York will convert any cash dividend or other cash distribution we pay on our common stock into US dollars, if it can do so on a reasonable basis and can transfer the US dollars to the United States. If that is not possible or if any approval from the Japanese government is needed and cannot be obtained, the deposit agreement allows The Bank of New York to distribute the yen only to those ADS holders to whom it is possible to do so. The Bank of New York will hold the yen it cannot convert for the account of the ADS holders who have not been paid. It will not invest the yen and it will not be liable for any interest.

Before making a distribution, any withholding taxes that must be paid under Japanese law will be deducted. See “—Taxation—Japanese Taxation.” The Bank of New York will distribute only whole US dollars and cents and will round fractional cents to the nearest whole cent. If the relevant exchange rates fluctuate during a time when The Bank of New York cannot convert the Japanese currency, you may lose some or all of the value of the distribution.

**Shares.** The Bank of New York may distribute new ADSs representing any shares we may distribute as a dividend or free distribution, if we furnish The Bank of New York promptly with satisfactory evidence that it is legal to do so. The Bank of New York will only distribute whole ADSs. It will sell shares which would require it to issue a fractional ADS and distribute the net proceeds in the same way as it distributes cash dividends. If The Bank of New York does not distribute additional ADSs, each ADS will also represent the new shares.

**Rights to receive additional shares.** If we offer holders of our common stock any rights to subscribe for additional shares of common stock or any other rights, The Bank of New York may, after consultation with us, make those rights available to you. We must first instruct The Bank of New York to do so and furnish it with satisfactory evidence that it is legal to do so. If we do not furnish this evidence and/or do not give these instructions, and The Bank of New York decides that it is practical to sell the rights, The Bank of New York will sell the rights and distribute the proceeds in the same way as it distributes cash dividends. The Bank of New York may allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.
If The Bank of New York makes rights available to you, upon instruction from you it will exercise the rights and purchase the shares on your behalf. The Bank of New York will then deposit the shares and issue ADSs to you. It will only exercise the rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict the sale, deposit, cancellation and transfer of the ADSs issued after the exercise of the rights. For example, you may not be able to trade the ADSs freely in the United States. In this case, The Bank of New York may issue the ADSs under a separate restricted deposit agreement which will contain the same provisions as the deposit agreement, except for changes needed to put the restrictions in place. The Bank of New York will not offer you rights unless those rights and the securities to which the rights relate are either exempt from registration or have been registered under the U.S. Securities Act with respect to a distribution to you. We will have no obligation to register under the Securities Act those rights or the securities to which they relate.

Other distributions. The Bank of New York will send to you anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, The Bank of New York has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property.

The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us or The Bank of New York to make them available to you.

Deposit, Withdrawal and Cancellation

The Bank of New York will issue ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The Bank of New York will register the appropriate number of ADSs in the names you request and will deliver the ADSs at its corporate trust office to the persons you request.

In certain circumstances, subject to the provisions of the deposit agreement, The Bank of New York may issue ADSs before the deposit of the underlying shares. This is called a pre-release of ADSs. A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of the shares to close out a pre-release. The depositary may pre-release ADSs only on the following conditions:

- Before or at the time of the pre-release, the person to whom the pre-release is made must represent to the depositary in writing that it or its customer, as the case may be, owns the shares to be deposited;
- The pre-release must be fully collateralized with cash or collateral that the depositary considers appropriate;
- The depositary must be able to close out the pre-release on not more than five business days’ notice.

The pre-release will be subject to whatever indemnities and credit regulations that the depositary considers appropriate. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of a pre-release.

You may turn in your ADSs at the Corporate Trust Office of The Bank of New York’s office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The Bank of New York will deliver (1) the underlying shares to an account designated by you and (2) any other deposited securities underlying the ADS at the office of the custodian. Or, at your request, risk and expense, The Bank of New York will deliver the deposited securities at its Corporate Trust Office.
The ADSs may only be presented for cancellation and release of the underlying shares of common stock or other deposited securities in multiples of 1,000 ADSs. Holders of ADRs evidencing less than 1,000 ADSs will not be entitled to delivery of any underlying shares or other deposited securities unless such ADRs, together with other ADRs presented by the same holder at the same time, represent in the aggregate at least 1,000 ADSs. If any ADSs are surrendered but not cancelled pursuant to the preceding sentence, The Bank of New York will execute and deliver an ADR or ADRs evidencing the balance of ADSs not so cancelled to the person or persons surrendering the same.

**Voting Rights**

If you are an ADS holder on a record date fixed by The Bank of New York, you may instruct The Bank of New York to vote the shares underlying your ADSs at a meeting of our shareholders in accordance with the procedures set forth in the deposit agreement.

The Bank of New York will notify you of the upcoming meeting and arrange to deliver our voting materials to you. The notice shall contain (a) such information as is contained in such notice of meeting, (b) a statement that as of the close of business on a specified record date you will be entitled, subject to any applicable provision of Japanese law and our Articles of Incorporation, to instruct The Bank of New York as to the exercise of the voting rights, if any, pertaining to the amount of shares or other deposited securities represented by your ADSs, and (c) a brief statement as to the manner in which such instructions may be given, including an express indication that instructions may be given to The Bank of New York to give a discretionary proxy to a person designated by us. Upon your written request, received on or before the date established by The Bank of New York for such purpose, The Bank of New York shall endeavor in so far as practicable to vote or cause to be voted the amount of shares or other deposited securities represented by your ADSs in accordance with the instructions set forth in your request. So long as Japanese law provides that votes may only be cast with respect to one or more whole shares or other deposited securities, The Bank of New York will aggregate voting instructions to the extent such instructions are the same and vote such whole shares or other deposited securities in accordance with your instructions. If, after aggregation of all instructions to vote received by The Bank of New York, any portion of the aggregated instructions constitutes instructions with respect to less than a whole share or other deposited securities, The Bank of New York will not vote or cause to be voted the shares or other deposited securities to which such portion of the instructions apply. The Bank of New York will not vote or attempt to exercise the right to vote that attaches to the shares or other deposited securities, other than in accordance with the instructions of the ADS holders.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct The Bank of New York to vote your shares. In addition, The Bank of New York is not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions as long as it has acted in good faith. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.
**Fees and Expenses**

<table>
<thead>
<tr>
<th><strong>ADR holders must pay:</strong></th>
<th><strong>For:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>$5.00 (or less) per 100 ADSs (or portion thereof)</td>
<td>Each issuance of an ADS, including as a result of a distribution of shares or rights or other property</td>
</tr>
<tr>
<td></td>
<td>Each cancellation of an ADS, including if the agreement terminates</td>
</tr>
<tr>
<td>$0.02 (or less) per ADSs</td>
<td>To the extent permitted by securities exchange on which the ADSs may be listed for trading any cash payment</td>
</tr>
<tr>
<td>Registration or transfer fees</td>
<td>Transfer and registration of shares on the share register of the foreign registrar from your name to the name of The Bank of New York or its agent when you deposit or withdraw shares</td>
</tr>
<tr>
<td>Expenses of The Bank of New York</td>
<td>Conversion of foreign currency to US dollars cable, telex and facsimile transmission expenses</td>
</tr>
</tbody>
</table>

Taxes and other governmental charges The Bank of New York or Bank of Tokyo-Mitsubishi, as custodian, have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes As necessary

**Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities underlying your ADSs. The Bank of New York may refuse to transfer your ADSs or allow you to withdraw the deposited securities underlying your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities underlying your ADSs to pay any taxes owed and you will remain liable for any deficiency. If it sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any property remaining after it has paid the taxes.

**Reclassifications, Recapitalizations and Mergers**

If we:

- reclassify, split up or consolidate any of our shares or the deposited securities,
- recapitalize, reorganize, merge, liquidate, consolidate or sell all or substantially all of our assets or take any similar action, or
- distribute securities on the shares that are not distributed to you,

then,

1. the cash, shares or other securities received by The Bank of New York will become deposited securities and each ADS will automatically represent its equal share of the new deposited securities unless additional ADSs are issued; and
2. The Bank of New York may, and will if we request, issue new ADSs or ask you to surrender your outstanding ADSs in exchange for new ADSs, identifying the new deposited securities.
Amendment and Termination

We may agree with The Bank of New York to amend the deposit agreement and the ADSs without your consent for any reason. If the amendment adds or increases fees or charges, except for taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses, or prejudices an important right of ADS holders, it will only become effective three months after The Bank of New York notifies you of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADS, to agree to the amendment and to be bound by the ADSs and the deposit agreement as amended. However, no amendment will impair your right to receive the deposited securities in exchange for your ADSs.

The Bank of New York will terminate the deposit agreement if we ask it to do so, in which case it must notify you at least 30 days before termination. The Bank of New York may also terminate the deposit agreement if The Bank of New York has told us that it would like to resign and we have not appointed a new depositary bank within 60 days.

If any ADSs remain outstanding after termination, The Bank of New York will stop registering the transfers of ADSs, will stop distributing dividends to ADS holders and will not give any further notices or do anything else under the deposit agreement other than:

1. collect dividends and distributions on the deposited securities,
2. sell rights and other property offered to holders of deposited securities, and
3. deliver shares and other deposited securities in exchange for ADSs surrendered to The Bank of New York.

At any time after one year following termination, The Bank of New York may sell any remaining deposited securities. After that, The Bank of New York will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The Bank of New York’s only obligations will be to account for the money and other cash and with respect to indemnification and to retain depositary documents. After termination, our only obligations will be with respect to indemnification and to pay certain amounts to The Bank of New York.

Limitations on Obligations and Liability to ADS Holders

The deposit agreement expressly limits our obligations and the obligations of The Bank of New York. It also limits our liability and the liability of The Bank of New York. We and The Bank of New York:

• are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
• are not liable if either is prevented or delayed by law, any provision of our Articles of Incorporation or circumstances beyond their control from performing their obligations under the deposit agreement;
• are not liable if either exercises or fails to exercise discretion permitted under the deposit agreement;
• have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other party unless indemnified to their satisfaction; and
• may rely upon any advice of or information from legal counsel, accountants, any person depositing shares, any ADS holder or any other person believed in good faith to be competent to give them that advice or information.

In the deposit agreement, we and The Bank of New York agree to indemnify each other for liabilities arising out of acts performed or omitted by the other party in accordance with the deposit agreement.
Requirements for Depositary Actions

Before The Bank of New York will issue or register transfer of an ADS, make a distribution on an ADS, or permit withdrawal of shares, it may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities,
- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary, and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The Bank of New York may refuse to deliver, transfer, or register transfers of ADSs generally when its transfer books are closed, when our transfer books are closed or at any time if it or we think it advisable to do so.

You have the right to cancel your ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (1) The Bank of New York has closed its transfer books or we have closed our transfer books; (2) the transfer of shares is blocked to permit voting at a shareholders’ meeting; or (3) we are paying a dividend on the shares;
- when you or other ADS holders seeking to withdraw shares owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Reports and Other Communications

The Bank of New York will make available for your inspection at its corporate trust office any reports and communications, including any proxy soliciting material, that it receives from us, if those reports and communications are both (a) received by The Bank of New York as the holder of the deposited securities and (b) made generally available by us to the holders of the deposited securities. If we ask it to, The Bank of New York will also send you copies of those reports it receives from us.

Inspection of Transfer Books

The Bank of New York will keep books for the registration and transfer of ADSs, which will be open for your inspection at all reasonable times. You will only have the right to inspect those books if the inspection is for the purpose of communicating with other owners of ADSs in connection with our business or a matter related to the deposit agreement or the ADSs.

C. Material Contracts

Other than as described in this Annual Report, all contracts entered into by us since our establishment on April 2, 2001 were entered into in the ordinary course of business.

D. Exchange Controls

Foreign Exchange and Foreign Trade Law

The Foreign Exchange and Foreign Trade Law of Japan, including related cabinet orders and ministerial ordinances, governs several aspects of the issuance of our shares and equity-related securities. It also applies in
some cases to the acquisition and holding of our shares or ADSs representing such shares by non-residents of Japan and by foreign investors. Generally, the Foreign Exchange and Foreign Trade Law currently in effect does not affect the right of a non-resident of Japan to purchase or sell an ADR outside Japan for non-Japanese currency.

“Non-residents of Japan” are defined as individuals who are not resident in Japan and corporations whose principal offices are located outside Japan. Branches and other offices of Japanese corporations located outside Japan are treated as non-residents of Japan, but branches and other offices located within Japan of non-resident corporations are regarded as residents of Japan.

“Foreign investors” are defined as:
- individuals not resident in Japan;
- corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan;
- corporations of which 50% or more of the shares are held by individuals not resident of Japan and corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan; and
- corporations, a majority of officers (or a majority of officers having the power of representation) of which are non-resident individuals.

**Acquisitions of Shares**

Under the Foreign Exchange and Foreign Trade Law, if a foreign investor acquires shares of stock of a Japanese company listed on any stock exchange in Japan or traded on the over-the-counter market in Japan, referred to as listed shares, from a resident of Japan, and, as a result of such acquisition, the foreign investor and related parties directly or indirectly hold 10% or more of the then total outstanding shares of the subject corporation, the foreign investor is generally required to file a report after the fact with the Minister of Finance and any other Ministers sharing jurisdiction over the business of the corporation. If the acquisition concerns national security or meets other conditions specified in the Foreign Exchange and Foreign Trade Law, the foreign investor must file a prior notification in respect of the proposed acquisition with the Ministers, and the Ministers may request a modification or prohibition of the proposed acquisition. If the foreign investor does not agree with the request, the Ministers may issue an order for the modification or prohibition of such acquisition.

A non-resident of Japan is generally not required to make prior notification or obtain prior approval of acquisitions of listed shares, although the Foreign Exchange and Foreign Trade Law provides the Ministry of Finance with the power, in exceptional circumstances, to require prior approval for any such acquisition from resident(s) by a non-resident of Japan.

The acquisition of shares by non-resident shareholders by way of stock splits is not subject to any of these notification and confirmation requirements.

**Dividends and Proceeds of Sales**

Under Japanese foreign exchange regulations currently in effect, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may be converted into any foreign currency and repatriated abroad.

**Deposits and Withdrawals under American Depositary Facility**

The deposit of shares with us, in our capacity as custodian and agent for the depositary, in Tokyo, the issuance of ADSs by the depositary to a non-resident of Japan in respect of the deposit and the withdrawal of the underlying
shares upon the surrender of the ADSs are not subject to any of the formalities or restrictions referred to above. However, where as a result of a deposit or withdrawal the aggregate number of shares held by the depositary, including shares deposited with us as custodian for the depositary, or the holder surrendering ADSs, as the case may be, would be 10% or more of the total outstanding shares, a report will be required, and in specified circumstances, a prior notification may be required, as noted above.

**Reporting of Substantial Shareholdings**

Under Japan’s Securities and Exchange Law, any person who becomes, beneficially and solely or jointly, a holder of more than 5% of the total issued shares of capital stock of a company which is listed on any Japanese stock exchange or whose shares are traded on the over-the-counter market in Japan generally must report his or its share ownership to the Director of a relevant local finance bureau within 5 business days. A similar report must also be made in respect of any subsequent change of 1% or more in any previously reported holding or any change in material matters set out in reports previously filed, with some exceptions. For this purpose, shares issuable to such person upon conversion of convertible securities or exercise of warrants (including stock acquisition rights) are taken into account in determining both the number of shares held by such holder and the issuer’s total issued share capital. Copies of each ownership report must also be furnished to the issuer of such shares and to all Japanese stock exchanges on which the shares are listed or, in the case of shares traded over-the-counter, the Japan Securities Dealers Association.

**E. Taxation**

**Japanese Taxation**

The following sets forth the material Japanese tax consequences to owners of shares or ADSs who are non-resident individuals or non-Japanese corporations without a permanent establishment in Japan to which the relevant income is attributable, which we refer to as “non-resident holders” in this section. The statements regarding Japanese tax laws below are based on the laws in force and as interpreted by the Japanese taxation authorities as at the date of this Annual Report and are subject to changes in the applicable Japanese laws, double taxation treaties, conventions or agreements or interpretations thereof occurring after that date. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of shares or ADSs, including specifically the tax consequences under Japanese law, the laws of the jurisdiction of which they are resident and any tax treaty between Japan and their country of residence, by consulting their own tax advisers.

For the purpose of Japanese tax law and the Tax Convention (as defined below), a U.S. holder of ADSs will be treated as the owner of the shares underlying the ADSs evidenced by the ADRs.

Generally, a non-resident holder of shares or ADSs is subject to Japanese withholding tax on dividends paid by us. In the absence of any applicable tax treaty, convention or agreement reducing the maximum rate of withholding tax, the rate of Japanese withholding tax applicable to dividends paid by us to non-resident holders is 10% for dividends to be paid on or before December 31, 2003, 7% for dividends to be paid between January 1, 2004 and March 31, 2008 and 15% thereafter, except for dividends paid to any individual non-resident holder who holds 5% or more of our issued shares for which the applicable rate is 20%. Japan has income tax treaties, conventions or agreements whereby this withholding tax rate is set at, in most cases, 15% for portfolio investors, with, among other countries, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. Japanese tax law provides in general that if the Japanese statutory rate is lower than the maximum rate applicable under tax treaties, conventions or agreements, the Japanese statutory rate shall be applicable.

The Convention between the United States of America and Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, which we refer to as the Tax Convention,
established the maximum rate of Japanese withholding tax which may be imposed on dividends paid to a United States resident not having a permanent establishment in Japan. Under the Tax Convention, the maximum withholding rate for U.S. shareholders and U.S. holders of ADSs is generally set at 15% of the gross amount distributed. However, the maximum rate is 10% of the gross amount distributed if the recipient is a corporation and (1) during the part of the paying corporation’s taxable year, which precedes the date of payment of the dividend and during the whole of its prior taxable year, if any, at least 10% of the voting shares of the paying corporation were owned by the recipient corporation, and (2) not more than 25% of the gross income of the paying corporation for such prior taxable year, if any, consisted of interest or dividends as defined in the Tax Convention.

Non-resident holders of shares who are entitled to a reduced rate of Japanese withholding tax on payments of dividends on the shares by us are required to submit an Application Form for the Income Tax Convention regarding Relief from Japanese Income Tax on Dividends in advance through us to the relevant tax authority before the payment of dividends. A standing proxy for non-resident holders may provide this application service for the non-resident holders. Non-resident holders who do not submit an application in advance will generally be entitled to claim a refund from the relevant Japanese tax authority of withholding taxes withheld in excess of the rate of an applicable tax treaty.

Gains derived from the sale or other disposition of shares or ADSs within or outside Japan by a non-resident holder are not, in general, subject to Japanese income or corporation taxes or other Japanese taxes.

Any deposits or withdrawals of shares by a non-resident holder in exchange for ADSs are not subject to Japanese income or corporation tax.

Japanese inheritance and gift taxes, at progressive rates, may be payable by an individual who has acquired shares or ADSs as legatee, heir or donee, even if neither the individual nor the decedent nor the donor is not a Japanese resident.

U.S. Taxation

The following sets forth the material United States federal income tax consequences of the ownership of shares and ADSs by a U.S. holder, as defined below. This summary is based on United States federal income tax laws, including the United States Internal Revenue Code of 1986, or the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, and on the Tax Convention, all of which are subject to change, possibly with retroactive effect.

The following summary is not a complete analysis or description of all potential United States federal income tax consequences to a particular U.S. holder. It does not address all United States federal income tax considerations that may be relevant to all categories of potential purchasers, certain of which (such as banks or other financial institutions, insurance companies, dealers in securities, tax-exempt entities, non-U.S. persons, persons holding a share or an ADS as part of a “straddle,” “hedge,” conversion or integrated transaction, holders whose “functional currency” is not the US dollar, holders liable for alternative minimum tax and holders of 10% or more of our voting shares) are subject to special tax treatment. This summary does not address any foreign, state, local or other tax consequences of investments in our shares or ADSs.

This summary addresses only shares or ADSs held as capital assets.

As used herein, a “U.S. holder” is a beneficial owner of shares or ADSs, as the case may be, that is, for U.S. federal income tax purposes:

- a citizen or resident of the United States,
- a corporation created or organized under the laws of the United States or any political subdivision thereof,
an estate, the income of which is subject to U.S. federal income tax regardless of its source, or

- a trust
  - which is subject to the supervision of a court within the United States and the control of one or more United States persons as described in Section 7701(a)(30) of the Code; or
  - that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

We urge U.S. holders to consult their own tax advisors concerning the United States federal, state and local and other tax consequences to them of the purchase, ownership and disposition of shares or ADSs.

This summary is based in part on representations by the depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with their respective terms. For United States federal income tax purposes, holders of ADSs will be treated as the owners of the shares represented by the ADSs. The U.S. Treasury has expressed concerns that parties to whom ADSs are pre-released may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. holders of ADSs. Accordingly, the discussion on the creditability of Japanese taxes described below could be affected by future actions that may be taken by the U.S. Treasury.

Special adverse United States federal income tax rules apply if a U.S. holder holds shares or ADSs of a company that is treated as a “passive foreign investment company” (a “PFIC”) for any taxable year during which the U.S. holder held shares or ADSs. Based upon proposed Treasury Regulations which are not yet in effect but are proposed to become effective for taxable years beginning after December 31, 1994 or, for electing taxpayers, for taxable years beginning after December 31, 1986, and upon certain management estimates, we do not expect Mitsubishi Tokyo Financial Group, Inc. to be a PFIC for United States federal income tax purposes in the current year or in future years. However, there can be no assurance that the described proposed regulations will be finalized in their current form, and the determination of whether Mitsubishi Tokyo Financial Group, Inc. is a PFIC is based upon, among other things, the composition of our income and assets and the value of our assets from time to time.

**Taxation of Dividends**

U.S. holders will include the gross amount of any distribution received with respect to shares or ADSs (before reduction for Japanese withholding taxes), to the extent paid out of the current or accumulated earnings and profits (as determined for United States federal income tax purposes) of Mitsubishi Tokyo Financial Group, Inc., as ordinary income in their gross income. Dividends received by a U.S. holder will not be eligible for the “dividends-received deduction” allowed to United States corporations in respect of dividends received from other United States corporations. To the extent that an amount received by a U.S. holder exceeds such holder’s allocable share of our current earnings and profits, such excess will be applied first to reduce such holder’s tax basis in its shares or ADSs, thereby increasing the amount of gain or decreasing the amount of loss recognized on a subsequent disposition of the shares or ADSs. Then, to the extent such distribution exceeds such U.S. holder’s tax basis, such excess will be treated as capital gain. The amount of the dividend will be the US dollar value of the Japanese yen payments received. This value will be determined at the spot Japanese yen/US dollar rate on the date the dividend is received by the depositary in the case of U.S. holders of ADSs, or by the shareholder in the case of U.S. holders of shares, regardless of whether the dividend payment is in fact converted into US dollars at that time. If the Japanese yen received as a dividend are not converted into US dollars on the date of receipt, a U.S. holder will have basis in such Japanese yen equal to their dollar value on the date of receipt, and any foreign currency gains or losses resulting from the conversion of the Japanese yen will generally be treated as U.S. source ordinary income or loss.

Subject to certain limitations, the Japanese tax withheld will be creditable against the U.S. holder’s United States federal income tax liability. For foreign tax credit limitation purposes, the dividend will be income from sources
outside the United States. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends we pay will constitute “passive income” or, in the case of certain U.S. holders, “financial services income.”

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”) affects the taxation of dividends. The Act eliminates the tax rate difference between “qualified dividends” and capital gains for United States individual investors. Qualified dividends include dividends received from both domestic corporations and “qualified foreign corporations.” Qualified foreign corporations include those corporations eligible for the benefits of an income tax treaty with the U.S. Dividends received by U.S. investors from a foreign corporation that was a foreign investment company (under Section 1246(b) of the Code), a passive foreign investment company (under Section 1297 of the Code) or a foreign personal holding company (under Section 552 of the Code) in either the taxable year of the distribution or the preceding taxable year are not qualified dividends. We believe that Mitsubishi Tokyo Financial Group, Inc. is a qualified foreign corporation and that dividends received by U.S. investors with respect to shares or ADSs of Mitsubishi Tokyo Financial Group, Inc. will be qualified dividends. Note that these provisions do not effect dividends received by non-U.S. investors.

**Taxation of Capital Gains**

Upon a sale or other disposition of shares or ADSs, a U.S. holder will recognize gain or loss in an amount equal to the difference between the US dollar value of the amount realized and the U.S. holder’s tax basis, determined in US dollars, in such shares or ADSs. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. holder’s holding period for such shares or ADSs exceeds one year. A U.S. holder’s adjusted tax basis in its shares or ADSs will generally be the cost to the holder of such shares or ADSs. Any such gain or loss realized by a U.S. holder upon disposal of the shares or ADSs will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Any deposits and/or withdrawals of shares made with respect to ADSs are not subject to United States federal income tax.

**Information Reporting and Backup Withholding**

Dividends paid on shares or ADSs to a U.S. holder, or proceeds from a U.S. holder’s sale or other disposition of shares or ADS, may be subject to information reporting requirements. Those dividends or proceeds from sale or disposition may also be subject to backup withholding unless the U.S. holder:

- is a corporation or comes within some other categories of exempt recipients, and, when required, demonstrates this fact, or
- provides a correct taxpayer identification number on a properly completed U.S. Internal Revenue Service Form W-9 or substitute form, certifies that the U.S. holder is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules.

Any amount withheld under these rules will be creditable against the U.S. holder’s United States federal income tax liability or refundable to the extent that it exceeds such liability if the U.S. holder provides the required information to the Internal Revenue Service. If a U.S. holder is required to and does not provide a correct taxpayer identification number, the U.S. holder may be subject to penalties imposed by the Internal Revenue Service.

**F. Dividends and Paying Agents**

Not applicable.
G. Statement by Experts
Not applicable.

H. Documents on Display
We file periodic reports and other information with the SEC. You may read and copy any document that we file with the SEC at the SEC’s public reference room at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC’s regional offices. Please call the SEC at 1-800-732-0330 for further information on the operation of its public reference rooms. The SEC also maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC (http://www.sec.gov). You may also inspect our SEC reports and other information at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. Some of this information may also be found on our website at http://www.mtfg.co.jp.

I. Subsidiary Information
Please refer to discussion under “Item 4.C. Information on the Company—Organizational Structure.”

Item 11. Quantitative and Qualitative Disclosures about Market Risk.
Rapid and extensive changes in the Japanese banking environment make risk management a continual challenge. Many of these changes arise from continuing economic and financial globalization and further advances in information technology. Our business opportunities are expanding and competition is increasing. We are affected by ongoing reforms in the Japanese financial system, such as changes that allow for the integration of operations, business alliances across different industries and new entrants into the industries in which we participate. These and other changes contribute to the risks we face.

We face credit risks, market risks, liquidity risks, operations risks, information security risks and other risks. We seek to manage all of these risks through our risk management system. The risks we face may be broadly divided into two types. One type consists of credit and market risks that are inherent in our profit-seeking activities. The second type involves risks associated with our own operations. Our management goal is to achieve a balance between earnings and risks. For this purpose, we have instituted an integrated risk management policy throughout our group to identify, quantify, control, monitor and manage risk using consistent standards and techniques in each of our businesses.

Risk Management System
We have an integrated risk management framework. The holding company and each of the subsidiary banks have their own chief risk officers and risk management divisions.

We determine our group-wide risk management policy at the holding company level, and our subsidiary banks implement the policy accordingly. The holding company seeks to raise group-wide risk awareness, integrate and improve the group’s risk management framework, allocate risk capital appropriately and eliminate specific concentrations of risk. Our board of directors is responsible for our group-wide risk management and control principles, and the boards of directors of our subsidiary banks are responsible for the respective bank’s risk management and control principles.

Our corporate risk management committee, which is a subcommittee of our executive committee, reviews and evaluates key risks relating to the group. Our corporate risk management division, which reports directly to the chief risk management officer and the corporate risk management committee, monitors the risks in the day-to-day operations of the group as a whole. Other committees, offices and divisions at each of our subsidiary banks monitor and manage their own risks.
Integrated Risk Management

We employ a capital allocation system that assists us in managing our risks in relation to our profit targets and expected returns. We allocate economic capital to each of our subsidiary banks based on quantitative risk, type of risk and type of operation. Economic capital is calculated from credit risk, market risk, operational risk and stock portfolio risk. Capital allocation decisions are made semiannually in consultation with our subsidiary banks, and we monitor and manage these allocations constantly. We adopted a risk adjusted performance measurement as our management tool. This measurement enables us to better assess our profitability and efficiency relative to our risks.

Credit Risk Management

Credit risk is the risk that we will be unable to collect the amount due to us on the due date of a particular obligation as a result of the deterioration of the borrower’s financial condition. Credit risk is realized when a credit instrument previously extended to a borrower loses part or all of its value. This in turn exposes us to financial loss. We have established an internal framework to maintain our asset quality, manage credit risk exposure and achieve earnings commensurate with the risks undertaken by us.

Quantitative Analysis of Credit Risk

Using a highly complex model, we analyze our credit risk quantitatively. This model measures credit risk based on historical data relating to credit amounts, default rates and recovery rates that we have collected from our subsidiary banks and takes into account the correlation among borrowers’ default probabilities. We manage our credit risk based upon this analysis.

Portfolio Management

We work to achieve earnings commensurate with the risk levels undertaken by us. Our strategy is to price our products based upon expected losses, as determined in accordance with our internal credit rating system. At the same time, by monitoring loan amounts and credit exposure by credit rating, type of business and region, we seek to avoid a concentration of our credit risks in specific categories.

We have a specialized unit that sets credit ceilings by country to address and manage country risk. We regularly review these credit ceilings and adjust them when credit conditions change materially in any country.

Credit Risk Management System

We closely monitor and supervise the credit portfolios of our subsidiary banks. We seek to identify problem credits at an early stage. We use the same credit rating and self-assessment system for our subsidiary banks, Bank of Tokyo-Mitsubishi and Mitsubishi Trust Bank.

Under our credit risk management system, each subsidiary bank manages its own credit risk on a global consolidated basis, and we oversee and manage credit risks on a group-wide basis.

At each of our subsidiary banks, we have in place a system of checks and balances in which a credit administration section that is independent of the business development sections screens individual transactions and manages the extension of credit. Additionally, our management regularly holds investment and financial meetings and credit and investment council meetings to review important matters related to credit risk management.

Credit Rating System

We use a credit rating system with a scale of 1 to 15 to evaluate credit risk, as set out in the table below. Based on this system, we conduct a self-assessment of our assets and a quantitative risk measurement of credit risk,
manage our loan portfolio and determine our pricing strategy. The credit rating system, which is based on the
concept of probabilities of default, is consistent with both the method of evaluating credit risk under the new
Basel Capital Accord and those of third-party credit rating agencies. Our credit rating system is also designed
to conform to the regulatory authorities’ risk grading standards for classified loans. With respect to country risk, we
assess each country using ten alphanumeric grades and determine a country risk rating.

<table>
<thead>
<tr>
<th>Credit rating</th>
<th>1-9</th>
<th>10-12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower grade . . . . .</td>
<td>Normal</td>
<td>Close Watch(1)</td>
<td>Likely to Become Bankrupt(2)</td>
<td>Virtually Bankrupt(3)</td>
<td>Bankrupt(3)</td>
</tr>
</tbody>
</table>

(1) Borrowers classified as “Close Watch” require close scrutiny because their business performance is unstable
or their financial condition is unfavorable. Borrowers ranked 10, 11, and 12 correspond with “Needs
Attention” and borrowers ranked 12 also correspond with “Special Attention,” a subcategory of “Needs
Attention,” under the Financial Services Agency’s classification.

(2) Borrowers classified as “Likely to Become Bankrupt” are not yet bankrupt, but are in financial difficulty
with poor progress in achieving their business restructuring plans or are likely to become bankrupt in the
future. Borrowers ranked 13 correspond with “In Danger of Bankruptcy” under the Financial Service
Agency’s classification.

(3) Borrowers classified as “Virtually Bankrupt” and “Bankrupt” are considered to be virtually bankrupt or are
legally bankrupt. Borrowers ranked 14 and 15 correspond with “De Facto Bankrupt” and “Bankrupt,”
respectively, under the Financial Services Agency’s classification.

Our subsidiary banks perform a detailed assessment of all borrowers that commences at the end of June and
December of each year. In addition, credit officers constantly monitor changes in all of our customers’
creditworthiness. These detailed reviews form an integral part of our overall control process to ensure that all
loans are properly evaluated as part of the ongoing review process. Our credit officers are required to assess the
ratings of all borrowers semianually during the three month periods from June and December each year to the
balance sheet dates in response to events that occur during the intervening periods including bankruptcies, past
due principal or interest, downgrades of external credit ratings, declines in stock price, business restructurings
and other events. During the periods from June and December to the balance sheet dates, our subsidiary banks’
credit officers are also required to regularly report changes in (1) all borrowers’ ratings, (2) the value of collateral
or guarantees of all borrowers classified under the Financial Service Agency’s classification as “Needs
Attention,” “Special Attention,” “In Danger of Bankruptcy,” “De Facto Bankrupt,” and “Bankrupt,” and (3)
outstanding balance of credit of all borrowers other than borrowers classified as “Normal.”

Reduction of Problem Loans

In April 2001, the Japanese government urged major banks to remove from their balance sheets nonperforming
loans classified as “In Danger of Bankruptcy” or below existing as of the end of September 2000 within two
years and newly identified nonperforming loans within three years. In April 2002, the Financial Services Agency
announced a directive that banks, in relation to the three-year framework above, take measures to, in principle,
remove one-half of their nonperforming loans within a year and a major portion of them (i.e., approximately
80%), within two years. For a detailed discussion of our problem loans, see “Item 5.B. Operating and Financial
Review and Prospects—Liquidity and Capital Resources—Financial Condition—Allowance for Credit Losses,
Nonperforming and Past Due Loans.”

We have made the reduction of problem loans one of our top priorities and have aggressively disposed of
problem loans by, among other measures, selling them to the RCC, which was established by the Japanese
Government to purchase problem loans.
Risk Management of Strategic Equity Portfolio

Through our banking subsidiaries, we hold shares in some of our clients for strategic purposes, in particular to maintain long-term relationships with these clients. These investments have the potential to increase business revenues and to appreciate in value.

At the same time, there is a risk that we will suffer losses on shares held for strategic purposes. Price fluctuation is an inherent risk in equity investment. We regard the management of this risk as essential. We are seeking to lower our exposure to this risk by reducing the amount of shares we hold for strategic purposes.

Reducing the amount of shares held for strategic purposes and thereby minimizing the risk of price declines has become a pressing issue for banks in Japan. Reductions have become necessary to manage risks effectively and to comply with the law to limit the shareholdings of banks. The law requires banks to reduce the balance of their shares to a level below the level of their Tier I capital by September 2006.

In addition to the disposition of shares undertaken to satisfy legal requirements, we carry out a quantitative analysis of the risks related to our strategically-held shares from a risk management viewpoint. According to our calculations, the market value of our total strategically-held shares as of March 31, 2003 increases or decreases approximately ¥3.9 billion when the TOPIX Index moves one percentage point upward or downward.

We monitor the amount of strategically-held shares to maintain quantitative risks at an appropriate level in relation to our Tier I capital and to achieve earnings that compensate for the risks undertaken by us.

Market Risk Management

Market risk is the risk that the value of our assets and liabilities could be adversely affected by changes in market variables such as interest rates, securities prices or foreign exchange rates.

Market Risk Management System

Through our market risk management system, we monitor our overall market risks at the holding company level, while our subsidiary banks manage the market risks related to their own trading and non-trading activities on a global consolidated basis.

Market Risk Management Process at Subsidiary Banks

At each of our subsidiary banks, we maintain checks and balances through a system in which back and middle offices operate independently from front offices. In addition, ALM committee and ALM council meetings are held at Bank of Tokyo-Mitsubishi and Mitsubishi Trust Bank, respectively, every month to review important matters related to market risk and control.

Our subsidiary banks have established quantitative limits relating to market risk based on their allocated economic capital. In addition, in order to keep losses within predetermined limits, our subsidiary banks have established stop-loss rules which set limits for the maximum amount of losses arising from market activities.

Market Risk Management and Control

Market risk is managed quantitatively through methods such as value at risk, or VaR, and stress testing as well as qualitatively by ensuring that appropriate processes and systems are in place for data management, reporting and evaluation. Various risk profiles are analyzed and evaluated and findings are reported to the executive committee and the corporate risk management committee of the holding company.
Our subsidiary banks set the quantitative limits for market risk and stop loss and their middle offices monitor these limits on a daily basis. The middle office of the holding company monitors our subsidiary banks’ control over their limits and reports to its chief risk management officer on a daily basis as well.

In addition, with respect to the operation of each of their business units, each of our subsidiary banks manage the market risks relating to our assets and liabilities, such as interest rate risk and exchange rate risk, by entering into various hedging transactions using marketable securities and derivatives, including futures, options and swaps. For a detailed discussion of the financial instruments employed as part of our risk management strategy, see Note 23 to our consolidated financial statements.

**Market Risk Measurement**

Market risks consist of general risks and specific risks. General market risks result from changes in entire markets, while specific risks relate to changes in the prices of individual stocks and bonds which are independent from the overall direction of the market.

To measure general market risk, we use the VaR technique to estimate changes in the market value of portfolios within a certain period by statistically analyzing past market data. We use the VaR technique to monitor and manage market risks quantitatively on a daily basis, taking into account risk diversification effects among all of our portfolios.

Our model for calculating our overall VaR uses a variance/covariance matrix of approximately 680 risk factors with statistical data based on three years of historical data. It takes into account the correlation among risk factors and estimates non-linear option risks using a scenario or simulation approach. We use this system to analyze our overall market risk profile as well as that of each of our subsidiary banks.

We also conduct stress testing and backtesting. Some market situations are extremely difficult to predict and some events are statistically very infrequent. Stress testing uses scenarios that estimate the amount of loss likely to be incurred by a portfolio in such situations or as a result of such events. Backtesting is a method that verifies the reliability of risk-calculation models by retrospectively comparing estimates of risk with the gains and losses produced by actual market movements.

In addition to measuring the market risk for our business as a whole, our subsidiary banks also measure their own risk independently with their internal models. This allows each of our subsidiaries to manage their own risk internally and to calculate their equity capital ratios based on the applicable Basel Capital Accord. Our subsidiary banks also conduct independent stress testing and backtesting using their own models.

We plan to apply a historical simulation approach to all of our risk categories in the future, in order to supplement the variance/covariance method currently being used. We are continuously seeking to improve the quality of our market risk management.

**Illustrations of Market Risks in the Fiscal Year Ended March 31, 2003**

**Trading Activities**

The VaR for our total trading activities in the fiscal year ended March 31, 2003 is presented in the table below. Quantitative market risks as of March 31, 2003 were lower in most categories compared to those as of March 31, 2002. As of March 31, 2003, market risks related to interest rate, equities and commodities had decreased, while risk related to foreign exchange rates increased. On a daily average basis, market risks related to interest rate, equities and commodities decreased while risk related to foreign exchange rates increased slightly.
## VaR for Trading Activities

### Risk category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily average</th>
<th>High</th>
<th>Low</th>
<th>March 31, 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate</td>
<td>¥ 1.46</td>
<td>¥2.52</td>
<td>¥0.93</td>
<td>¥ 1.01</td>
</tr>
<tr>
<td>Of which, yen</td>
<td>0.52</td>
<td>1.05</td>
<td>0.19</td>
<td>0.39</td>
</tr>
<tr>
<td>Of which, US dollars</td>
<td>0.66</td>
<td>1.39</td>
<td>0.33</td>
<td>0.40</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>0.80</td>
<td>1.56</td>
<td>0.20</td>
<td>1.04</td>
</tr>
<tr>
<td>Equities</td>
<td>0.63</td>
<td>1.44</td>
<td>0.27</td>
<td>0.31</td>
</tr>
<tr>
<td>Commodities</td>
<td>0.14</td>
<td>0.28</td>
<td>0.05</td>
<td>0.08</td>
</tr>
<tr>
<td>Less diversification effect</td>
<td>(0.48)</td>
<td>—</td>
<td>—</td>
<td>(0.38)</td>
</tr>
<tr>
<td>Total</td>
<td>¥ 2.55</td>
<td>¥3.59</td>
<td>¥1.73</td>
<td>¥ 2.06</td>
</tr>
</tbody>
</table>

### Risk category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Daily average</th>
<th>High</th>
<th>Low</th>
<th>March 31, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate</td>
<td>¥ 1.90</td>
<td>¥3.29</td>
<td>¥1.09</td>
<td>¥ 1.18</td>
</tr>
<tr>
<td>Of which, yen</td>
<td>0.96</td>
<td>1.70</td>
<td>0.46</td>
<td>0.79</td>
</tr>
<tr>
<td>Of which, US dollars</td>
<td>0.89</td>
<td>1.85</td>
<td>0.30</td>
<td>0.44</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>0.69</td>
<td>1.79</td>
<td>0.20</td>
<td>0.41</td>
</tr>
<tr>
<td>Equities</td>
<td>0.78</td>
<td>1.52</td>
<td>0.45</td>
<td>0.75</td>
</tr>
<tr>
<td>Commodities</td>
<td>0.17</td>
<td>0.39</td>
<td>0.08</td>
<td>0.18</td>
</tr>
<tr>
<td>Less diversification effect</td>
<td>(0.52)</td>
<td>—</td>
<td>—</td>
<td>(0.38)</td>
</tr>
<tr>
<td>Total</td>
<td>¥ 3.02</td>
<td>¥4.58</td>
<td>¥2.10</td>
<td>¥ 2.14</td>
</tr>
</tbody>
</table>

(1) Based on a one-day holding period, with a confidence interval of 99% based on three years of historical data. The highest and lowest VaR were taken from different days. A simple summation of VaR by risk category is not equal to total VaR due to the effect of diversification.

The daily average VaR by quarter in the fiscal year ended March 31, 2003 was as follows:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Daily average VaR</th>
</tr>
</thead>
<tbody>
<tr>
<td>April - June 2002</td>
<td>¥2.70 billion</td>
</tr>
<tr>
<td>July - September 2002</td>
<td>¥2.93 billion</td>
</tr>
<tr>
<td>October - December 2002</td>
<td>¥2.39 billion</td>
</tr>
<tr>
<td>January - March 2003</td>
<td>¥2.16 billion</td>
</tr>
</tbody>
</table>

Quantitative market risks fluctuate throughout the year, reflecting the reaction of trading activities to market volatility. Although market conditions were often volatile during the fiscal year ended March 31, 2003, our trading-related revenue was relatively stable, with positive trading-related revenue recorded for 203 of 260 trading days during this period. Furthermore, the amount of trading-related revenue per day was kept within a stable range, with only 19 days of positive revenue and four days of negative revenue exceeding ¥1 billion.

### Backtesting

We conduct backtesting in which estimated quantitative risks are compared to actual realized and unrealized losses in order to verify the accuracy of our VaR measurement model. Actual losses never exceeded VaR in our backtesting of trading days in the fiscal year ended March 31, 2003. This means that our VaR model provided reasonably accurate measurements during the fiscal year ended March 31, 2003.
Stress Testing

We calculate, on a daily basis, the possible losses of our current positions in each market sector, applying the greatest one-day volatility recorded to date. As of March 31, 2003, we held a total trading activity position of ¥17.4 billion of possible loss of trading positions.

Capital Charges for Market Risk

The market risk regulations stipulated in the Basel Capital Accord require us to include the effects of market risk in calculating capital adequacy ratios. Both subsidiary banks use an internal model approach to calculate general market risks and a standardized approach to calculate specific market risks. In applying the internal model approach, our subsidiary banks are required to meet qualitative and quantitative criteria. Internal and external examinations have demonstrated that both banks’ systems have been able to meet these strict requirements.

Non-trading Activities

VaR for our total non-trading activities as of March 31, 2003, excluding market risks related to our strategic equity portfolio and measured using the same standard as used for trading activities, was ¥23.35 billion, a ¥4.12 billion decrease from March 31, 2002. In the fiscal year ended March 31, 2003, interest rate risks increased ¥0.62 billion, while forex-related market risks and equities-related risks declined ¥3.62 billion and ¥1.94 billion respectively as a result of the decrease in exposure.

Interest rate risks accounted for approximately 95% of our non-trading activity market risks, excluding the forex-related market risks related to converting foreign currency-denominated assets in Argentina to pesos, as required by Argentina regulations. In the fiscal year ended March 31, 2003, the daily average interest rate VaR totaled ¥21.21 billion, with the highest recorded VaR being ¥25.97 billion and the lowest being ¥16.87 billion.

The daily average interest rate VaR by quarter in the fiscal year ended March 31, 2003 was as follows:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Daily average VaR</th>
</tr>
</thead>
<tbody>
<tr>
<td>April - June 2002</td>
<td>¥19.55 billion</td>
</tr>
<tr>
<td>July - September 2002</td>
<td>¥21.74 billion</td>
</tr>
<tr>
<td>October - December 2002</td>
<td>¥22.41 billion</td>
</tr>
<tr>
<td>January - March 2003</td>
<td>¥21.11 billion</td>
</tr>
</tbody>
</table>

We analyze interest rate risks by major currencies compared to the previous fiscal year. The Japanese yen interest rate risk ratio as of March 31, 2003 decreased significantly from 46% to 28%, while US dollar-related interest rate risk ratio increased from 44% to 50% and euro-related interest rate risk increased from 7% to 20%, each as compared to March 31, 2002.

Operational Risk Management

Operational risk refers to losses sustained due to defective internal control systems and disasters and other external factors. The need for the establishment of an operational risk management system is growing as operational risk loss incidents continue to occur not only at financial institutions but at other companies as well. In response to this need, the Basel Committee on Banking Supervision requires banks to charge operational risks to capital in the New Basel Capital Accord. We deal with a wide variety of risks including those related to liquidity, operations, information security, staff management, criminal activity, transactions with customers, legal and compliance matters, disasters, strategy and business management, regulation changes and business reputation. To manage group-wide operational risk, we are developing a risk management system that includes operational risk identification, assessment, control and monitoring.
Liquidity Risk Management

Liquidity risk is mainly the risk of incurring losses if a poor financial position hampers our subsidiaries’ ability to cover funding requirements. Our subsidiary banks maintain appropriate liquidity in both Japanese yen and foreign currencies. Our subsidiary banks manage the daily funding mechanism and the funding sources, such as liquidity gap, liquidity-supplying products such as commitment lines and buffer assets. In the fiscal year ended March 31, 2003, although there was a general decline in the price of our stock, we did not experience any problems with our funding.

In relation to our total liquidity risk, we have established the following categories to assess group-wide liquidity risks: Normal, Pre-Concern, With-Concern and Critical. The front offices and risk management offices of the holding company and of our subsidiary banks exchange information and data on cash flows even at the Normal stage. At higher alert stages, we centralize group-wide information about cash flow information and liquidity risk. We have also established a system for liaison and consultation on funding in preparation for emergencies, such as catastrophies, wars and terrorist attacks.

Operations Risk Management

Operations risk is the risk that we will incur losses because our management or our employees fail to perform their jobs properly, cause accidents or engage in improprieties. To reduce operations risk, our subsidiary banks endeavor to ensure the strict observance of procedures and rules, use automation and systems to reduce manual work and enhance systems for the management of cash and other instruments that require physical handling. They also provide operational counseling and have implemented cross-checking measures such as internal audits. We share data on operational incidents internally to prevent the recurrence of similar events.

Information Security Risk Management

Information security risk management refers to information systems designed to protect the group from losses that could result from the alteration, wrongful use, loss or unauthorized disclosure of information and from the destruction, malfunction or wrongful use of information systems. When developing any information system, we perform tests designed to prevent breakdowns. In addition, we have in place measures designed to minimize the effects of a system breakdown, including contingency plans, failsafe mechanisms and disaster prevention training. To safeguard customer information, we have taken steps to prevent unauthorized infiltration of our computer systems and to strictly guard confidentiality. We share data on system breakdowns and information security incidents internally to help prevent the recurrence of similar events.

Compliance

We consider compliance to be one of the most important considerations in conducting our businesses. As such, we regularly review our compliance systems and seek enhancements throughout our organization. Our holding company actively participates in the planning of our overall compliance efforts and continuously monitors and supervises the status of these efforts. We have a committee, which includes directors in charge of compliance at the holding company and our subsidiary banks, that holds quarterly meetings and considers items needed to improve and strengthen our overall compliance framework. In addition, the holding company’s compliance advisory committee, which is composed of external experts in the fields of law and accounting, also aims to improve the effectiveness and transparency of our compliance efforts by making relevant proposals to the board of directors of our holding company.

Our subsidiary banks each maintain an office dedicated to the coordination of compliance-related activities. These offices seek to raise staff awareness of compliance issues by implementing compliance programs and issuing and updating compliance manuals that explain relevant legal requirements and internal rules, as well as through various staff training sessions. Compliance committee meetings are held at regular intervals to confirm the bank’s compliance status and to discuss related topics. Compliance officers are appointed at all of our
domestic and overseas headquarters and branch offices to perform periodic self-assessment and training. Independent checks are performed by separate internal audit sections to assess the effectiveness of our compliance measures.

**Internal Audit**

An internal audit is the process by which the internal auditing sections independently verify the adequacy and effectiveness of the internal control systems of our compliance and business operations. The audit office of the Bank of Tokyo-Mitsubishi and the audit division of Mitsubishi Trust Bank are independent of the activities which they audit. They monitor the risk management process in our business operations and evaluate the effectiveness of our internal control systems. These sections seek to improve and correct any problem or issue identified.

In establishing efficient and effective audit work schedules, the type and magnitude of the risks involved are considered in determining the frequency and depth of the audit activities. In the audit and compliance division of the holding company, we have a monitoring group which evaluates and verifies the appropriateness and effectiveness of internal control structures, including our risk management structure. As a core component of its activities, we utilize process-oriented audits, in accordance with the internal control framework advocated by the Committee of Sponsoring Organizations of the Treadway Commission, to ensure the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. We have carried out audit-related joint projects with our subsidiary banks, including business integration audits, establishment of general audit guidelines and joint training programs.

We have a committee, which includes directors in charge of internal audit and compliance at the holding company and our subsidiary banks, that holds quarterly meetings. This committee discusses our internal audit structure and important policies for the group. The committee also reviews various projects and, if appropriate, promotes them group-wide.

**Item 12. Description of Securities Other Than Equity Securities.**

Not applicable.