



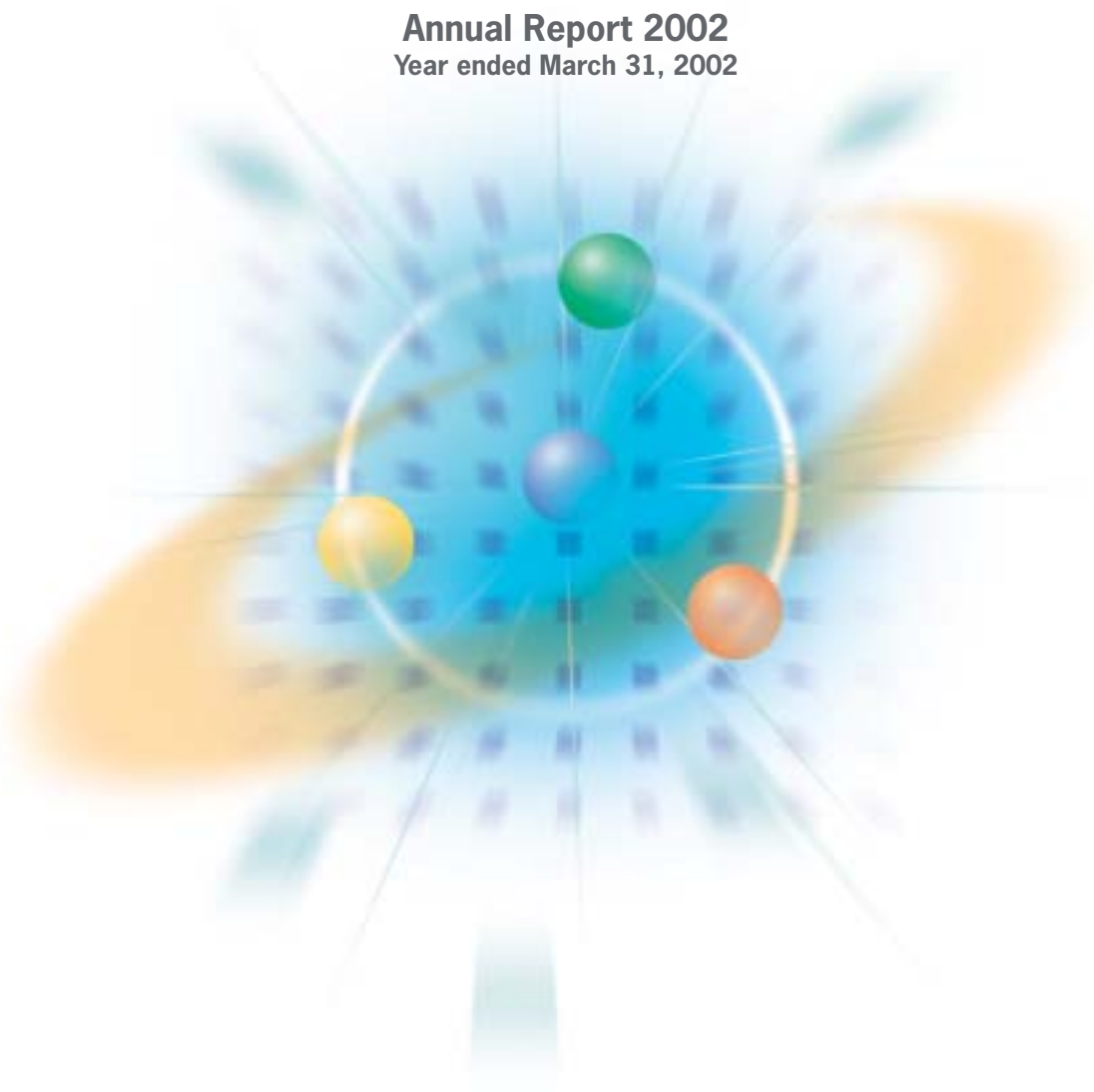
Mitsui Trust Financial Group

Mitsui Trust Holdings, Inc.

The Chuo Mitsui Trust and Banking Company, Limited Mitsui Asset Trust and Banking Company, Limited



Annual Report 2002 Year ended March 31, 2002



Creation of Mitsui Trust Financial Group

Completion of Management Restructuring Heralds New Stage in Trust Banking Business

With the support of clients and shareholders, The Chuo Mitsui Trust and Banking Company, Limited (“Chuo Mitsui”), completed a scheduled program of management restructuring that was announced in October 2001. This restructuring was underpinned by the establishment of a holding company, the transfer of pension and securities trust businesses to Mitsui Asset Trust and Banking Co., Ltd. (“Mitsui Asset”), and recapitalization.

Through these efforts, Mitsui Trust Financial Group was created, with Mitsui Trust Holdings, Inc. (“Mitsui Trust Holdings”), as the financial holding company under which Chuo Mitsui and Mitsui Asset operate as subsidiaries. Chuo Mitsui is responsible for the Group’s retail trust business, banking business, stock transfer agency services and real estate operations, while Mitsui Asset handles trust asset management and administration businesses, and pension and securities trust businesses.

Mitsui Trust Financial Group is the first domestic financial group centering on two trust banks, each catering to complementary markets.

Under this revitalized structure, the members of Mitsui Trust Financial Group will demonstrate an elevated capacity to meet the needs of clients while aspiring to greater heights in the financial community as the client’s best choice for trust banking.

Key Events

- | | |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 2001 | Chuo Mitsui announced implementation of management restructuring. |
| December 2001 | Chuo Mitsui held a special meeting of ordinary shareholders and preferred shareholders. |
| February 2002 | Chuo Mitsui established a holding company, Mitsui Trust Holdings, Inc.
The Sakura Trust and Banking Co., Ltd., was renamed as Mitsui Asset Trust and Banking Co., Ltd.
Chuo Mitsui transferred shares held in Mitsui Asset to the holding company. |
| March 2002 | Through a company split, Chuo Mitsui transferred pension and securities trust businesses to Mitsui Asset.
A first outside capital participation, worth ¥25.5 billion, was executed by Mitsui Asset.
Preferred shares, worth ¥57.1 billion, were issued through Mitsui Trust Holdings to raise capital.
Chuo Mitsui was recapitalized with a ¥57.1 billion stake by Mitsui Trust Holdings. |
| April 2002 | A second outside capital participation*, worth ¥13.5 billion, was executed by Mitsui Asset. |

* With this participation, capital injected into Mitsui Asset from external sources reached ¥39.0 billion, for a 15.6% equity stake.

Mitsui Trust Holdings

Holding Company

Chuo Mitsui

Retail Trust Business
Banking Business
Stock Transfer Agency Services
Real Estate Operations

Mitsui Trust Financial Group, unique in the financial community because its high-level financial products and services hinge on the business of trust, aspires to be a business organization that contributes widely to society and meets the expectations of clients with a commitment to efficient, highly transparent management.

Mitsui Asset

Trust Asset Management Business
Trust Asset Administration Business
Pension Trust Operations
Securities Trust Operations

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Consolidated Financial Highlights

Years ended March 31, 2002 and 2001		Mitsui Trust Holdings	Chuo Mitsui	Mitsui Trust Holdings	
		Billions of yen			Millions of U.S. dollars (Note 3)
		2002	2001	2002	
For the Year	Total Income	¥ 540.9	¥ 657.5	\$ 4,059.3	
	Interest Income	192.7	232.5	1,446.7	
	Trust Fees	104.1	124.3	781.3	
	Fees and Commissions	57.6	56.9	432.9	
	Total Expenses	958.0	611.0	7,189.8	
	Interest Expense	96.7	143.2	726.3	
	General and Administrative Expenses	172.9	186.3	1,298.0	
	(Loss) Income before Income Taxes and Minority Interests	(417.1)	46.5	(3,130.5)	
	Net (Loss) Income	(277.9)	23.0	(2,085.5)	
	At Year-End	Total Shareholders' Equity	¥ 496.1	¥ 778.5	\$ 3,723.6
Total Assets		13,372.8	13,887.9	100,358.9	
Loans and Bills Discounted		7,416.0	7,707.4	55,655.3	
Investment Securities		3,436.9	4,261.6	25,793.0	
Deposits		7,742.4	7,860.4	58,104.8	
Trust Assets*		38,077.2	43,451.4	285,758.3	
Capital Adequacy Ratio**		10.59%	10.76%	—	
Reference	Gross Operating Profit (<i>Gyomu Sorieki</i>)***	¥ 303.3	¥ 315.9	\$ 2,276.4	
	Gross Operating Profit before Trust Account Write-Offs***	343.5	353.7	2,578.1	
	Operating Expenses	172.9	186.3	1,298.0	
	Transfer to the General Reserve for Possible Loan Losses	(0.4)	(1.9)	(3.0)	
	Net Operating Profit (<i>Gyomu Juneki</i>)***	130.7	131.6	981.4	
	Net Operating Profit before Trust Account Write-Offs***	170.9	169.3	1,283.1	
	Effective Net Operating Profit***	170.5	167.4	1,280.1	

Notes: 1. Figures for fiscal 2001 are for Mitsui Trust Holdings, Inc.

2. Figures for fiscal 2000 are for The Chuo Mitsui Trust and Banking Company, Limited.

3. U.S. dollar amounts stated in this annual report are translated solely for convenience at ¥133.25=US\$1, the rate prevailing on March 31, 2002.

* Figures for fiscal 2001 are combined totals from The Chuo Mitsui Trust and Banking Company, Limited, and Mitsui Asset Trust and Banking Company, Limited, and figures for fiscal 2000 are for The Chuo Mitsui Trust and Banking Company, Limited.

** Capital adequacy ratio is presented in accordance with the domestic standard set forth in the Banking Law of Japan.

*** These terms are defined on page 48 in the Financial Section.



Board of Directors: Front from left, Hisao Muramoto (Chairman of the Board); Kiichiro Furusawa (President); Kazuo Tanabe (Deputy President); back from left, Hiroshi Yamaguchi (Managing Director); Tadashi Kawai (Managing Director); Tomohiro Ito (Senior Managing Director); Michio Taki (Managing Director); Jun Okuno (Managing Director)

Operating Environment

The consolidated fiscal period ended March 31, 2002—fiscal 2001—proved to be challenging. Overseas, economic and financial conditions in the United States were already characterized by cool capital investment activity and sluggish consumer spending when the execution of multiple terrorist attacks on September 11, 2001, exacerbated fears of recession in that country and on a global scale. However, official measures, such as additional interest rate reductions by the Federal Reserve Board, helped restore stability and set one of the world's primary economic engines back on track. Meanwhile, the European and Asian economies pulled out from their previous downward orientation.

In Japan, however, the situation remained gloomy. The employment environment deteriorated further, typified by an unemployment rate that hit a record 5.5%, albeit only temporarily. Consumer spending was slow, but the economic horizon brightened a little in early 2002 with signs that better business conditions in the United States were having a parallel effect in Japan on export activity and domestic production levels.

The domestic finance industry saw such developments as the gradual expansion of quantitative deregulation measures initially implemented in March 2001. The long-term interest rate hovered around 1%. The Nikkei Stock Average dropped below the 10,000 mark in the wake of the September 11 terrorist

attacks, but made a gradual recovery by the fiscal year-end. In the foreign exchange market, the yen held steady in the mid-120s against the U.S. dollar in the first half of fiscal 2001, but fell to 130 around the end of 2001.

Fiscal 2001 Performance*

*Percentage changes represent a comparison of the consolidated results posted by Chuo Mitsui in fiscal 2000 and Mitsui Trust Holdings in fiscal 2001.

Gross operating profit (*gyomu sorieki*) and net operating profit (*gyomu juneki*) are indicators of profitability at banks, but these figures do not adequately reflect the performance of core operations at trust banks. More appropriate indicators are gross operating profit before trust account write-offs and net operating profit before trust account write-offs.

Consolidated gross operating profit before trust account write-offs for Mitsui Trust Holdings in fiscal 2001 was ¥343.5 billion, down 2.8%, largely because a lower balance of loan trusts under management caused trust fees to decline. On the cost front, Mitsui Trust Holdings adhered to the aggressive cost-cutting efforts of the recent past and was rewarded with a 7.1% reduction in operating expenses, to ¥172.9 billion. As a result, net operating profit before trust account write-offs inched up 0.9%, to ¥170.9 billion.

Seeking to secure a healthier financial position while executing management restructuring, the Company maintained an aggressive approach to write-offs of non-performing assets. Consequently, the burden associated with processing non-performing assets fell 7.0%, to ¥170.8 billion.

Mitsui Trust Holdings worked to tighten its stock portfolio, which prompted a loss on the disposal of investment securities. The Company also cleared unrealized losses on stockholdings through such means as rigorous devaluation procedures. As a result, Mitsui Trust Holdings showed a net loss of ¥277.9 billion.

Mitsui Trust Holdings' consolidated capital adequacy ratio stood at 10.59%, owing to a capital increase that coincided with the management restructuring program as well as efforts to restrict risk assets.

Management Reorganization

On February 1, 2002, Chuo Mitsui incorporated Mitsui Trust Holdings as the financial holding company for Mitsui Trust Financial Group, bringing to conclusion a series of management restructuring efforts announced by the Bank in October 2001. The basic philosophy for this management reorganization as well as the capital increase that accompanied restructuring efforts hinged on three principles:

- (1) Ensuring a flexible response to client needs through the establishment of a holding company and decentralization of operations.
- (2) Securing the trust of society with highly sound and transparent corporate governance.
- (3) Establishing stronger ties of trust with clients and shareholders.

Chuo Mitsui and Mitsui Asset became subsidiaries under Mitsui Trust Holdings, making Mitsui Trust Financial Group Japan's first financial group dedicated to trust banking. I invite you to read further to learn about the Company's business direction and the developments scheduled for the first fiscal year under our new business structure.

Management Directions

Utilizing its quality as Japan's first trust-banking group, Mitsui Trust Financial Group will aspire to meet clients' expectations with the efficient and highly transparent management of an organization distinguished from the competition by excellent trust products and services. The Group will also strive to contribute widely to society.

To this end, the Group has prepared a management vision featuring two primary strategies:

- (1) To take the specialization and know-how characteristic of trust banks to a higher level to provide clients with the best solutions to their financial requirements.
- (2) To improve service value and shareholder value by promoting creative business opportunities, especially in core trust-banking businesses.

Business Strategies

The objectives of this recent management restructuring were to rebuild operations within the Group, facilitate activities geared to the varied needs of clients, and realize a groupwide management direction and vision.

Operations at the subsidiary banks of Mitsui Trust Holdings have thus been reorganized according to client market. Chuo Mitsui is responsible for the Group's retail trust business, banking business, stock transfer agency services and real estate operations, while Mitsui Asset handles trust asset management and asset administration businesses, and pension trust and securities trust businesses.

In our business activities, we emphasize value, speed and accuracy in responding to the demands of each market. Our business strategies form the strength and stability of the Group's operating foundation and combine two components that separate us from our rivals: quality and price-competitiveness. Based on these business strategies, we will adjust all divisional pursuits within the Group to elicit the most ideal allocation of management resources.

Management Streamlining

Through an existing restructuring plan, Chuo Mitsui executed bold and accelerated steps that delivered results exceeding the goals stated in the Bank's financial health improvement plan. But a more in-depth

program has been formulated, paralleling the newest management restructuring efforts, to forge an even more efficient structure.

Specifically, we aim to consolidate our domestic branch network and bring the number of staffed locations down to 73 by March 2003, from 166 in April 2000. As of August 2002, the network consisted of 85 branches.

In addition, we will clearly define the place of each branch within the overall operating framework and limit to 20 the number of branches that extend the full range of products and services.

Concurrently, we will promote measures to raise productivity per employee and realize a streamlined groupwide workforce of 5,000 by March 31, 2005.

We have also launched two groupwide projects—the Overall Cost Reduction Project and the Business-Process Reengineering Project—that will create a slimmer, more efficient, low-cost operating structure. And in May 2002, we completed the consolidation of business systems within the Group by integrating all of Chuo Mitsui's accounting systems. This is facilitating smoother execution of office procedures.

In Closing

Chuo Mitsui has concluded its management restructuring program, and the results are already visible. But we will not rest on these achievements. Through steady implementation of measures highlighted in the new financial health improvement plan, which was disclosed in May 2002, we will reinforce profitability.

We will prioritize higher returns for shareholders and foster stronger ties of trust with clients, and we will realize these goals by drawing on the composite capabilities of the Group. On behalf of the Board, I ask for the continued understanding and support of shareholders, clients and business partners as we strive to reach these objectives.

Last, but certainly not least, I would like to extend my sincerest thanks to all the people who sent messages of sympathy and provided local support for our New York office in the aftermath of the terrorist attacks in the United States. Your kindness amid the loss and destruction was greatly appreciated.

August 2002



Kiichiro Furusawa
President

Responsibilities

As the financial holding company for Chuo Mitsui and Mitsui Asset, Mitsui Trust Holdings shoulders the following responsibilities:

(1) Formulate Group management strategy

We coordinate operating strategy for the two trust banks under our umbrella and formulate plans to maximize groupwide profits and shareholder value.

(2) Oversee administration of business activities

While the responsibility for administration of business activities lies with the individual subsidiary banks, we set the business standards that each subsidiary must reach and allocate capital to each division. We also track performance by division and analyze the factors that yielded the results.

(3) Supervise risk management and internal controls

We monitor risk management and internal controls for the Group as a whole and formulate basic policies relevant to these efforts. We pinpoint the status of risk management at Chuo Mitsui and Mitsui Asset, and we secure reports, including audit results, from the two subsidiary banks and issue necessary instructions regarding items that may impact on the business of the Group.

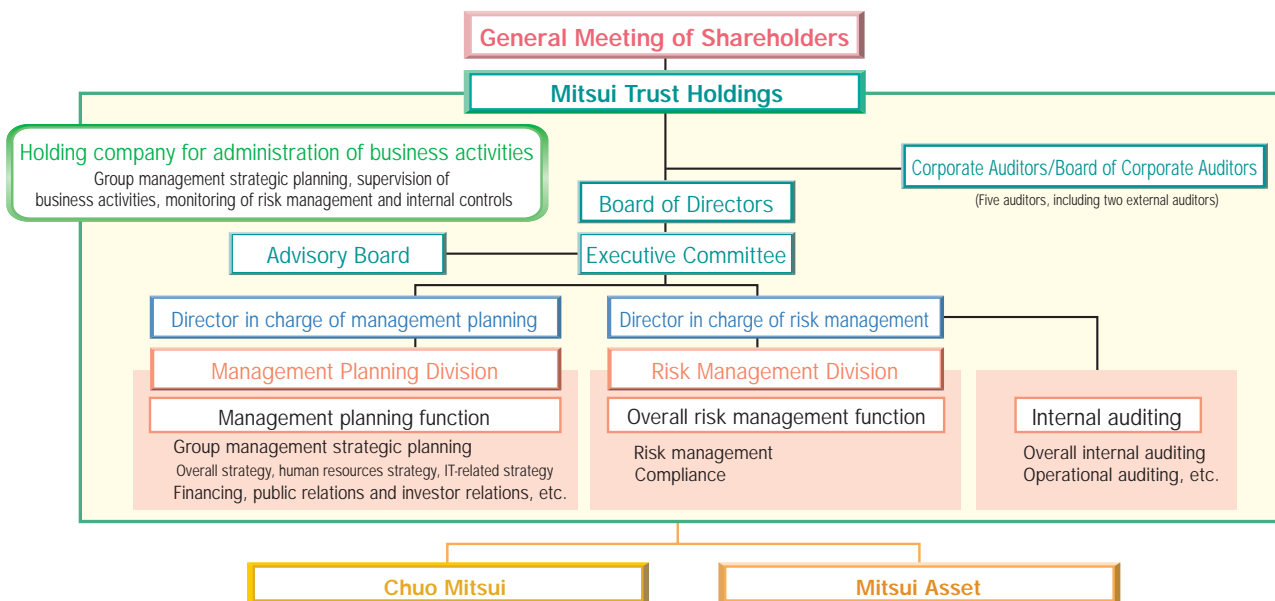
(4) Coordinate personnel and budget management for the Group

(5) Conduct public relations and investor relations for the Group

Cross-Check Capacity, Ensuring Management Transparency

Mitsui Trust Holdings has eight directors, one of whom is responsible for Group management strategy planning, and another for overall risk management and internal auditing. This structure facilitates a cross-check of activities overseen by the Company's directors and the directors of each subsidiary bank.

The Company established an advisory board of external experts who extend pertinent advice on all aspects of business, including social and economic issues that may affect the direction of vital management strategies and operations.



Fiscal 2001 Summary

Consolidated Results of Operations

Years ended March 31

	(Billions of yen)		
	2002	2001	2000
Gross Operating Profit*	343.5	353.7	355.4
Operating Expenses	172.9	186.3	194.6
Transfer to the General Reserve for Possible Loan Losses	(0.4)	(1.9)	4.8
Net Operating Profit*	170.9	169.3	155.8
Net (Loss) Income	(277.9)	23.0	47.8

Notes: 1. Figures for fiscal 2001 are for Mitsui Trust Holdings.

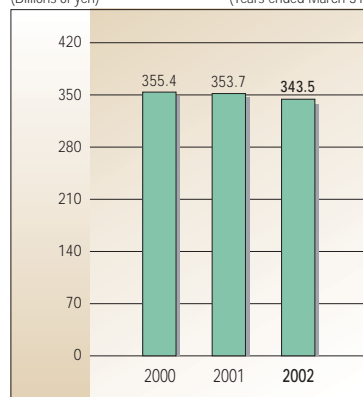
2. Figures for fiscal 2000 are for Chuo Mitsui.

3. Figures for fiscal 1999 are combined totals from the former Chuo Trust and Mitsui Trust.

* Before trust account write-offs. These terms are defined on page 48 in the Financial Section.

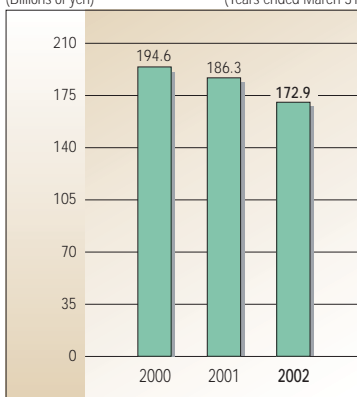
Gross Operating Profit*

(Billions of yen) (Years ended March 31)



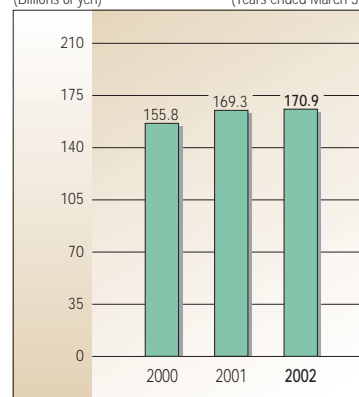
Operating Expenses

(Billions of yen) (Years ended March 31)



Net Operating Profit*

(Billions of yen) (Years ended March 31)



* Before trust account write-offs. These terms are defined on page 48 in the Financial Section.

Capital Adequacy Ratio

As of March 31, 2002

	(Billions of yen, %)		
	Mitsui Trust Holdings (Consolidated)	Chuo Mitsui (Non-Consolidated)	Mitsui Asset (Non-Consolidated)
Net Worth	1,076.8	1,038.6	35.1
Basic Items (Tier I)	547.8	521.8	35.0
Supplementary Items (Tier II)	531.4	518.4	0.0
Deductions	2.4	1.7	—
Risk Assets	10,161.1	10,145.8	45.4
Capital Adequacy Ratio (%)	10.59	10.23	77.22

Financial Health Improvement Plan

With the switch to a holding company structure, Mitsui Trust Financial Group redrafted Chuo Mitsui's existing financial health improvement plan into a financial health improvement plan of its own and submitted the document to the Financial Services Agency in May 2002.

Mitsui Trust Financial Group seeks to fully demonstrate the synergies derived from the recent management restructuring and is working diligently to reinforce profitability. Through supplementary restructuring efforts, such as the consolidation of staffed branches, as outlined in the network strategy, the Group is steadily advancing its cost-cutting agenda.

The new plan incorporates the benefits of these management restructuring efforts. It also includes measures to boost profits in each of the major business areas highlighted in the financial health improvement plan disclosed by Chuo Mitsui in August 2001, as well as miscellaneous schemes, such as cost-cutting through restructuring. The plan was drafted with due regard to the influence of changing external conditions, such as business trends characterizing the Group's operating environment.

Guided by this financial health improvement plan, the Group will reveal the composite power of its member companies in responding accurately to the needs of clients and in forging brilliantly ahead toward the achievement of its stated goals.

Progress

The following tables show progress made on the financial health improvement plan as of March 31, 2002, as well as future targets. Note that the values for fiscal 2001 are those found in the financial health improvement plan disclosed by Chuo Mitsui in August 2001.

Profit and Loss

Years ended March 31

	(Billions of yen)		
	2002 (Actual)	2002 (Planned)	2006 (Planned)
Effective Net Operating Profit	162.6	165.0	248.0
Recurring (Loss) Profit	(354.4)	46.0	213.3
Net (Loss) Income	(284.9)	26.0	126.2

Note: Values for fiscal 2005 are the anticipated totals for Chuo Mitsui and Mitsui Asset.

Business Rationalization Goals

Years ended March 31

	(Billions of yen, number of branches and employees)		
	2002 (Actual)	2002 (Planned)	2006 (Planned)
Operating Expenses	163.6	173.5	140.3
Number of Branches	132	136	73
Number of Employees	6,787	6,960	5,000

Note: Values for fiscal 2005 are the anticipated totals for Mitsui Trust Holdings, Chuo Mitsui and Mitsui Asset. Operating expenses do not include costs generated between the three companies. The number of branches does not include branches of Mitsui Asset, but includes its head office.

Overall Cost Reduction Project

Mitsui Trust Financial Group implemented the Overall Cost Reduction Project to dramatically curtail expenses, particularly the cost of premises and equipment. For this project, the project secretariat directly under the supervision of Mitsui Trust Holdings' Executive Committee leads a radical review of the standards governing amounts and processes applied to purchased products and services. Through negotiations with suppliers, procurement prices have already been reduced.

The Group was therefore able to cut the cost of premises and equipment 15%, especially if lower rent derived through the consolidation of branches is taken into account.

The Group will continue to strengthen cost control to further reduce miscellaneous expenses.

Mitsui Trust Financial Group

Overall Cost Reduction Project

Business-Process Reengineering Project

In March 2002, Mitsui Trust Financial Group launched the Business-Process Reengineering Project. For this project, the project secretariat directly under the supervision of Mitsui Trust Holdings' Executive Committee leads a radical re-evaluation of the existing business-process system that goes beyond divisional efficiency to the establishment of a business-process format perfectly suited to the Group in its reorganized form.

A concrete plan has not been finalized yet, but it will enable the Group to elevate efficiency through revision of its organizational structure and business processes, the use of information technology (IT) and greater outsourcing of processing tasks, and to expedite the provision of more sophisticated services to clients at lower cost.

Business-Process Reengineering Project



On February 1, 2002, Chuo Mitsui became a wholly owned subsidiary of Mitsui Trust Holdings through a share transfer. Then, on March 25, 2002, the Bank began a new chapter in its corporate history by shifting its pension and securities trust businesses to Mitsui Asset so as to concentrate on retail trust business, banking business, stock transfer agency services and real estate operations. We have thus strengthened our ability to provide a wider assortment of services through high-level consultations to retail and corporate clients.

We secured a firmer financial footing, primarily through three actions. First, we executed a recapitalization that raised ¥57.1 billion. Second, we cleared away unrealized losses on stocks held, which had been a management priority for some time, and squeezed the portfolio balance to about ¥560 billion. And third, we worked tirelessly to write off non-performing assets.

Under the new management structure, Chuo Mitsui will fully demonstrate its vast accumulation of know-how and specialization in the administration and management of financial assets, real estate and other wealth. Ultimately, however, our goal will be to offer high-quality, high-value-added services that accurately meet clients' needs.

Concurrently, we will cement a leadership position in terms of cost-competitiveness through the establishment of a thoroughly low-cost operating structure.

As a core member of Mitsui Trust Financial Group, Chuo Mitsui will strive to uphold unshakable ties of trust with clients. On behalf of the Board, I ask for your continued understanding and encouragement.

August 2002

Kiichiro Furusawa

Kiichiro Furusawa
President

Status of Non-Performing Asset Write-Offs*

* Figures for fiscal 1998 and 1999 are the combined totals from the former Chuo Trust and Mitsui Trust.

From a prevailing perspective of sound asset health, Chuo Mitsui adheres to a management priority that stresses early resolution of non-performing assets. The Bank is earnestly tackling this responsibility.

The emergency economic package announced by the Japanese government in April 2001 presented guidelines for drastic removal of non-performing assets from the balance sheet—that is, final processing of non-performing assets. In July, the Bank implemented structural changes, including the establishment of units responsible for restructuring activities, and has accelerated write-off efforts according to plan.

In view of the prolonged business downturn that still mars our operating environment, we took a precautionary approach toward the remaining tally of non-performing assets and effected painstaking moves that culminated in credit costs of ¥169.6 billion in non-performing assets.

Consequently, on a non-consolidated basis, non-performing assets in the banking and trust accounts classified according to the Financial Revitalization Law totaled ¥956.9 billion, up 13.4% from fiscal 2000. The coverage ratio—allowances and reserves, through collateral and guarantees, as a percentage of non-performing assets—rose 2.9 percentage points, to 80.6%.

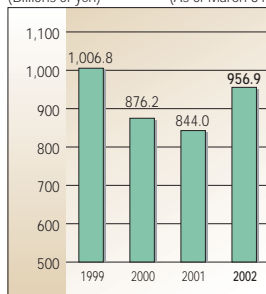
Risk-monitored loans in the banking and trust accounts reached ¥954.6 billion, up 13.7% from fiscal 2000. The coverage ratio grew 2.9 percentage points, to 80.5%.

Based on self-assessment criteria, the classification ratio—the amount of assets in the banking and trust accounts that fall into categories II to IV as disclosed under the self-assessment system—after disposals and write-offs was 14.0%, a decrease of 0.7 percentage point.

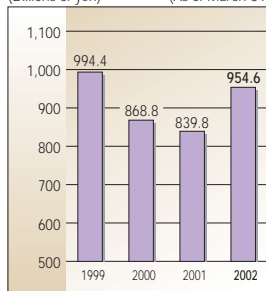
On a consolidated basis, non-performing assets based on the Financial Revitalization Law settled at ¥968.6 billion, up 14.1%, and the coverage ratio was 80.1%, while risk-monitored loans amounted to ¥963.1 billion, up 14.5%, with a coverage ratio of 80.2%. These consolidated results are nearly on a par with non-consolidated results.

In consideration of the emergency economic policy and objectives stated in the April 2002 announcement of measures by the government to build a stronger financial system, Chuo Mitsui will maintain a resolute position on enhanced financial health and continue to work toward the implementation of an internal structure that will expedite the conclusion of final processing of non-performing assets. The Bank will also determine responses geared to each corporate client to better facilitate this task.

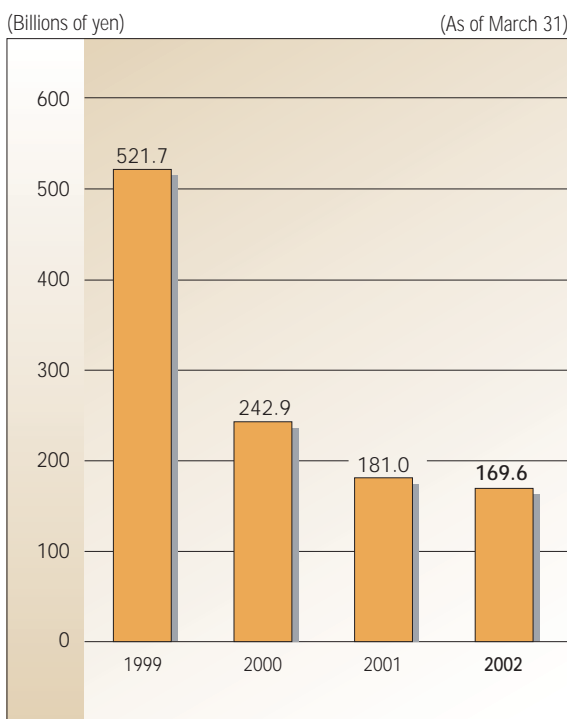
Non-Performing Assets Based on the Financial Revitalization Law
(Combined Totals of Banking and Trust Accounts)
(Billions of yen) (As of March 31)



Risk-Monitored Loans
(Combined Totals of Banking and Trust Accounts)
(Billions of yen) (As of March 31)



Credit Costs
(Combined Totals of Banking and Trust Accounts)
(Billions of yen) (As of March 31)



Self-Assessment System (Non-Consolidated)

As of March 31, 2002

	(Billions of yen)		
	Category Total (Before Write-Offs and Reserves)	Write-Offs and Reserves	Category Total (After Write-Offs and Reserves)
Category IV	60.8	60.8	0
Banking Account	55.1	55.1	0
Trust Account	5.6	5.6	0
Category III	134.6	96.7	37.8
Banking Account	129.3	95.2	34.1
Trust Account	5.2	1.5	3.6
Category II	1,413.5	—	1,413.5
Banking Account	1,202.5	*1—	1,202.5
Trust Account	211.0	*2—	211.0
No Category	8,803.8	—	8,899.6
Banking Account	6,524.3	*1—	6,620.1
Trust Account	2,279.5	*2—	2,279.5
Total	10,412.9		10,351.0
Banking Account	7,911.4		7,856.8
Trust Account	2,501.4		2,494.2
Classification Ratio (%)			14.0
Banking Account			15.7
Trust Account			8.6

Notes: *1 Funds drawn from the general reserve for possible loan losses: At March 31, 2002, the general reserve for possible loan losses stood at ¥78.3 billion.

*2 The following allowances and reserves were recorded in the trust account at March 31, 2002: Special reserve funds = ¥24.5 billion; reserve for possible loan losses = ¥0.8 billion.

Disclosure of Non-Performing Assets Based on the Financial Revitalization Law

(1) Non-Consolidated

As of March 31, 2002

	(Billions of yen)				
	Disclosure Amount (A)	Collectable Amount by Collateral and Guarantees (B)	Allowances and Reserves (Banking Account: Reserves) (Trust Account: Special Reserve Funds/ Reserve for Possible Loan Losses) (C)	Reserve Ratio (%) (C/(A-B))	Coverage Ratio (%) ((B+C)/A)
Claims under Bankruptcy and Virtual Bankruptcy	133.3	130.7	—	—	—
Banking Account	88.5	85.8	2.6	100.0	100.0
Trust Account	44.8	44.8	—	—	—
Claims under High Risk	319.3	188.3	—	—	—
Banking Account	284.1	156.7	93.1	73.2	88.0
Trust Account	35.2	31.5	—	—	—
Claims under Close Observation	504.2	242.4	—	—	—
Banking Account	450.2	203.6	40.9	16.6	54.3
Trust Account	53.9	38.8	—	—	—
Total	956.9	561.5	209.7	53.0	80.6
Banking Account	822.8	446.3	184.2	48.9	76.6
Trust Account	134.0	115.2	25.4	135.3	104.9
Normal Claims	9,394.1	Note: Partial direct write-offs = ¥505.0 billion.			
Banking Account	7,033.9				
Trust Account	2,360.1				

(2) Consolidated
As of March 31, 2002

(Billions of yen)

	Disclosure Amount (A)	Collectable Amount by Collateral and Guarantees (B)	Allowances and Reserves (Banking Account: Reserves) (Trust Account: Special Reserve Funds/ Reserve for Possible Loan Losses) (C)	Reserve Ratio (%) (C/(A-B))	Coverage Ratio (%) ((B+C)/A)
Claims under Bankruptcy and Virtual Bankruptcy	137.9	132.5	—	—	—
Banking Account	93.0	87.7	5.3	100.0	100.0
Trust Account	44.8	44.8	—	—	—
Claims under High Risk	319.3	187.3	—	—	—
Banking Account	284.1	155.7	93.9	73.1	87.9
Trust Account	35.2	31.5	—	—	—
Claims under Close Observation	511.3	243.2	—	—	—
Banking Account	457.3	204.3	41.6	16.5	53.8
Trust Account	53.9	38.8	—	—	—
Total	968.6	563.1	212.8	52.5	80.1
Banking Account	834.5	447.8	187.3	48.5	76.1
Trust Account	134.0	115.2	25.4	135.3	104.9
Normal Claims	9,274.4	Note: Partial direct write-offs = ¥514.3 billion			
Banking Account	6,914.3				
Trust Account	2,360.1				

Risk-Monitored Loans

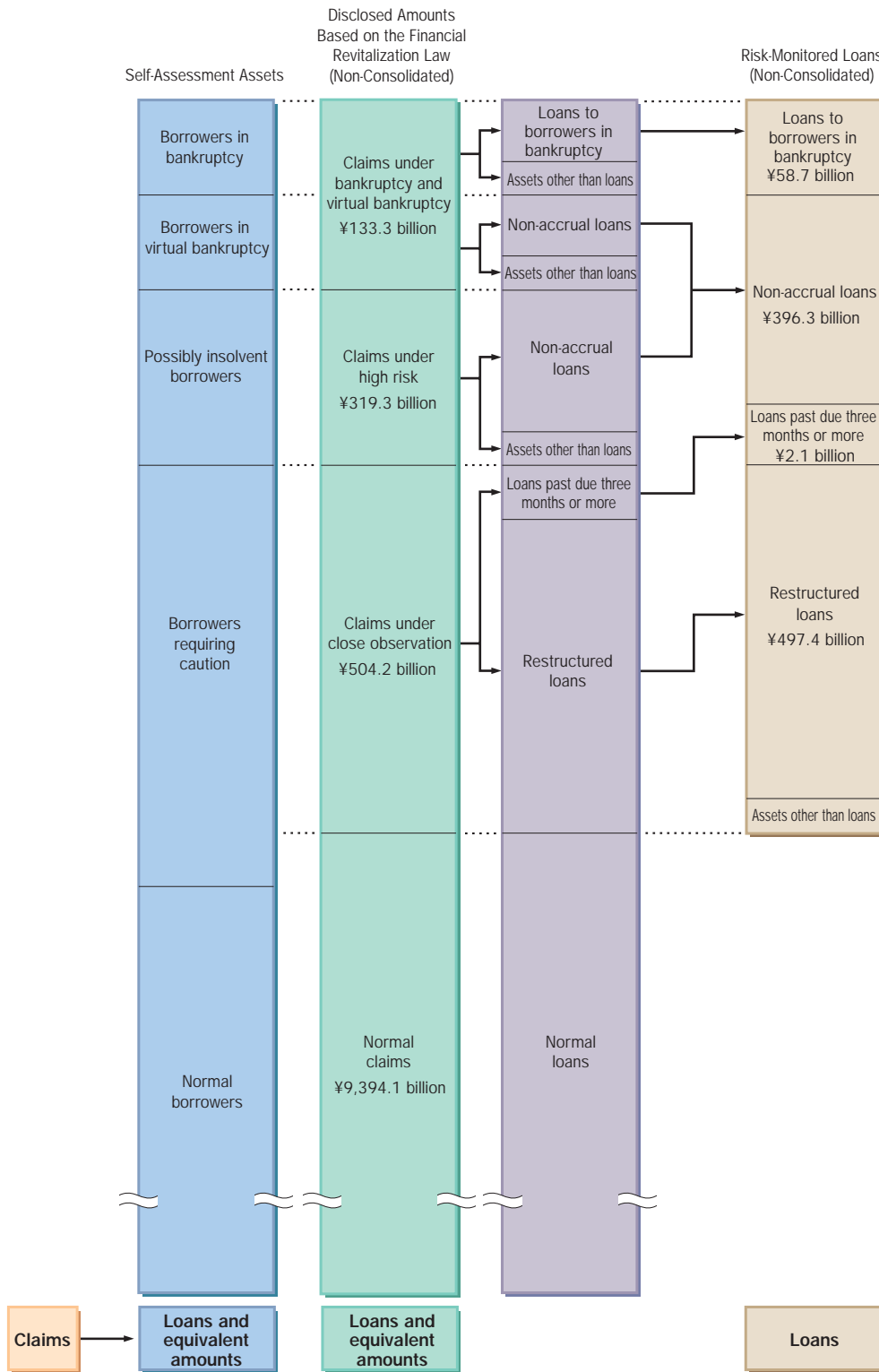
As of March 31, 2002

(Billions of yen, %)

	Non-Consolidated		Consolidated	
	Disclosure Amount	Percentage of Loans and Bills Discounted (%)	Disclosure Amount	Percentage of Loans and Bills Discounted (%)
Loans to Borrowers in Bankruptcy	58.7	0.59	58.7	0.59
Banking Account	36.9	0.49	36.9	0.49
Trust Account	21.7	0.87	21.7	0.87
Non-Accrual Loans	396.3	3.96	397.6	4.01
Banking Account	336.5	4.48	337.8	4.55
Trust Account	59.7	2.40	59.7	2.39
Loans Past Due Three Months or More	2.1	0.02	2.2	0.02
Banking Account	1.4	0.02	1.5	0.02
Trust Account	0.7	0.03	0.7	0.02
Restructured Loans	497.4	4.97	504.5	5.09
Banking Account	445.8	5.94	452.8	6.10
Trust Account	51.6	2.07	51.6	2.07
Total	954.6	9.54	963.1	9.71
Banking Account	820.7	10.93	829.2	11.18
Trust Account	133.9	5.37	133.9	5.36
	After Partial Direct Write-Off	Before Partial Direct Write-Off	After Partial Direct Write-Off	Before Partial Direct Write-Off
Reserve Ratio (%)	21.9	49.3	22.0	49.6
Banking Account	22.4	52.4	22.5	52.7
Trust Account	18.9	18.9	18.9	18.9
Coverage Ratio (%)	80.5	88.0	80.2	87.8
Banking Account	76.5	86.3	76.2	86.1
Trust Account	104.9	104.9	104.9	104.9

Note: Amounts are post-partial direct write-offs (non-consolidated basis = ¥492.3 billion; consolidated basis = ¥501.6 billion)

Relationship between Self-Assessment Assets, Disclosed Amounts Based on the Financial Revitalization Law and Risk-Monitored Loans



Squeezing Stock Portfolio, Clearing Unrealized Losses

Considerable attention these days is being directed toward the risk of fluctuating prices on stocks held by financial institutions. Chuo Mitsui has made reducing the risk of stock price fluctuations one of its management priorities and is promoting appropriate measures to realize this task.

In fiscal 2001, we sold stocks worth ¥451.4 billion through the Banks' Shareholdings Purchase Corporation, as well as investment trust assets valued at ¥187.8 billion. In addition to aggressive measures to squeeze our stock portfolio, we executed devaluations based on strict standards to eradicate unrealized losses on stocks held.

Spurred by the November 2001 passage of legislation that now requires banks to limit stocks held within existing net worth, Chuo Mitsui will continue to shrink its stock portfolio to further reinforce its financial standing.

Balance of Stocks and Investment Trust Assets

As of March 31

	(Billions of yen)		
	2002 Carrying Amount	2001 Carrying Amount	Net Difference
Stocks	1,352.1	1,918.0	(565.9)
Investment Trust Assets	28.7	206.1	(177.4)
Total	1,380.8	2,124.2	(743.4)

Major Causes of Net Difference

Stocks	(Billions of yen)	Investment Trust Assets	(Billions of yen)
Sale	(451.4)	Sale	(187.8)
Devaluation	(157.7)	Devaluation	(1.4)
Total	(609.1)	Total	(189.2)

Devaluation

As of March 31, 2002

	(Billions of yen)
Devaluation Amount:	
Stocks	157.7
Bonds	0.0
Other	4.1
Total	161.8

Devaluation Standards

Decline in stock price exceeds 50%	All stocks
Decline in stock price between 30%–50%	All stocks in companies ranked borrowers requiring caution or below
	Stocks in companies other than those noted above that have no possibility of price recovery
	Stocks in companies ranked possibly insolvent borrowers or below with a decline in stock price less than 30% are subject to devaluation.

Stock Price Devaluation

	(Billions of yen)					
	Less than 30%		Decline in Stock Prices			
		30%-50%	More than 50%			
Normal Borrowers		(80.2)	75.2	(65.8)	65.8	
Borrowers Requiring Caution		(3.1)	3.1	(13.4)	13.4	
Possibly Insolvent Borrowers or Below	(—)	—	(—)	—	(0.2)	0.2

Note: Amounts inside parentheses are targeted unrealized losses.

Legend: ■ Full devaluation; ■ Devaluation subject to possible price recovery

Net Gain (Loss) on Securities Held

As of March 31

	2002			2001		
	Gain	Loss	Net Gain (Loss)	Gain	Loss	Net Gain (Loss)
Stocks	72.0	66.8	5.1	129.2	236.4	(107.2)
Bonds	9.4	4.0	5.3	21.7	1.9	19.7
Other	1.3	12.3	(10.9)	3.8	61.0	(57.1)
Total	82.7	83.2	(0.4)	154.8	299.4	(144.6)

Notes: 1. Total of available-for-sale securities and held to maturity bonds.

2. The fair value of investment trusts and stocks with current value in available-for-sale securities is calculated with the average market price prevailing on the day one month prior to the end of the fiscal year.



Individual Services

External Environment, Clients' Needs

- 1 Prolonged low interest rate conditions require precise, goal-oriented fund management.
- 2 Social changes, such as the high percentage of seniors in the population, demand effective utilization of assets and smooth transfer of inheritance to the next generation.
- 3 There is a greater need for financial institutions with highly convenient products and services well-suited to today's diversifying lifestyles.



Business Actions

- A Provide high-quality products geared to the needs of people at different stages of life.
- B Offer high-level consultations utilizing know-how and specialization accumulated over many years.
- C Create a solid network through, for example, distinctive branch development.

Industry-Leading Fund Balance

Chuo Mitsui complements a wide assortment of savings products, which are matched to the asset-formation requirements of clients. With this range of products, the Bank has secured a fund balance that is one of the highest among trust banks in Japan. In addition, the Bank maintains the leading balance of asset-formation trusts in the domestic trust-banking industry.

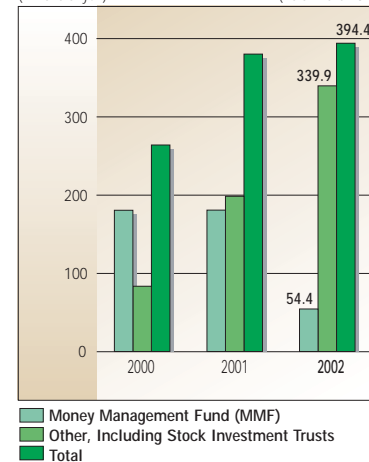
Wide Selection of Investment Trusts

Chuo Mitsui handles more than 60 investment trusts—one of the widest selections available at domestic banks—and actively launches new investment trusts that anticipate market needs. The Bank's Investment Trust Centers offer high-quality consultations and were the first locations in Japan dedicated to investment trusts. Clients can also initiate investment trust transactions through online and telephone banking channels.

These efforts have helped Chuo Mitsui retain its top spot among domestic banks, with a balance of ¥394.4 billion in investment trust sales as of March 31, 2002.

Balance of Investment Trust Sales*

(Billions of yen) (As of March 31)



New Products Anticipating Market Needs

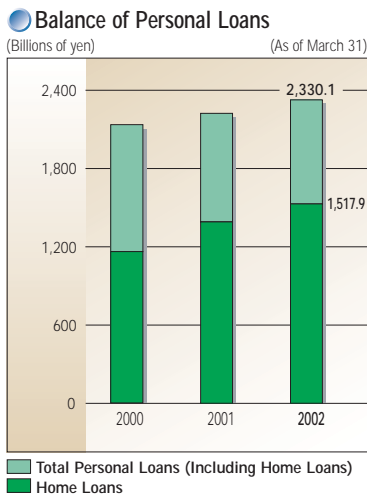
Clients have responded favorably to Chuo Mitsui's development and introduction of timely products, including investment trusts that channel funds into real estate asset-backed securities; "life target" investment trusts, which lay stress on defined contribution pension plans; and the Morningstar Select Fund, which utilizes the know-how of the Morningstar group, an investment trust assessor highly respected in Japan and the United States.

Top Share of Personal Loan Market

Chuo Mitsui provides prospective homeowners with a spectrum of services, from property information to financing schemes.

A wealth of real estate data is available from the Bank as well as subsidiary Chuo Mitsui Realty Co., Ltd. In addition, clients can visit the Housing Loan Net Answer Service corner on the Bank's web site to ask real estate-related questions before coming in for a consultation.

Through these efforts, Chuo Mitsui's balance of personal loans reached ¥2,330.1 billion, as of March 31, 2002, and returned the Bank to the forefront of Japan's trust-banking community.



Consultation Expertise

Property Utilization

Optimal use of real estate requires a broad range of knowledge, from land evaluations through to project planning and funding schemes. As a financial professional, Chuo Mitsui offers a variety of specialized consulting services, including a notable fund-procurement service that hinges on a building and apartment loan extending the funds needed to fully capitalize on a property's potential.

Testamentary Trusts, Testamentary Processing

The drafting of a will is the best way for a person to stipulate how hard-earned assets are to be distributed upon death. Market confidence in Chuo Mitsui's know-how and pertinent advice have put the Bank ahead of other trust banks in Japan in terms of wills in custody and requests for testamentary processing.

Lawyer Referral System

Lately, inheritance-related problems have evolved into arguments and even rifts among family members that necessitate the advice of legal experts to resolve. To meet an emerging need for legal assistance, Chuo Mitsui teamed up with the Japan Federation of Bar Associations in October 2001 to inaugurate the domestic industry's first lawyer referral system. Through this system, clients with inheritance and other legal concerns gain reliable access to legal expertise.

Distinctive Branch Network*

Chuo Mitsui complements its regular branches with a network of Investment Trust Centers and Consulplaza in-store branches.

The Consulplazas aim to provide advice on lifestyle plans even on weekends. The Consulplaza network is open almost every day of the year and also maintains evening hours. This easy-access system has been well received by clients.

* As of April 2002, Chuo Mitsui operated 85 regular branches and 14 Consulplazas.

Greater Convenience

Solution Direct is a membership service using the Internet and telephone banking. Through the Internet, members can buy or sell units in investment trusts and obtain pertinent advice on asset-investment concerns. Through the telephone, the equivalent of one-stop shopping is available with a single call.

In addition, members can use their Chuo Mitsui client cards to make deposits and withdrawals on ordinary deposit accounts, for example, at automated teller machines (ATMs) and cash dispensers (CDs)* installed in post offices throughout Japan.

* Clients have access to ATMs and CDs at 24,000 post offices throughout Japan.



Financial Services

External Environment, Clients' Needs

- 1 Increasingly diversified, high-level techniques are available to companies for procuring funds.
- 2 Introduction of new accounting standards prompts companies toward business restructuring and healthier financial positions.
- 3 Companies are seeking to enrich employee welfare benefits and make programs more efficient.
- 4 Demand for ways to manage surplus funds is expanding.

Business Actions

- A Complement the prevailing lending business with a wide variety of funding through the securitization of assets and venture business investment.
- B Expand the advisory function and present broad-based solutions and business support services.
- C Provide employee welfare support services.
- D Maintain an extensive selection of fund management products.

Fund Supply is the Core of Lending Operations

To meet clients' far-reaching demands for fund procurement, Chuo Mitsui presents a varied assortment of financial instruments, including long-term loans to finance, for example, plant and equipment and working capital, as well as overdrafts, short-term loans, discounted bills, debt guarantees, securitized loans and impact loans. The Bank also engages in syndicated loan arrangements, an extremely popular fund-raising option abroad that has rapidly found acceptance in Japan as well in recent years.

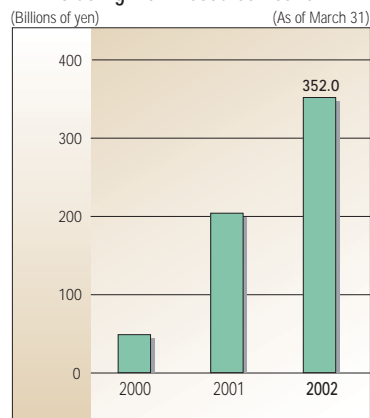
Funding through Securitization of Assets

Real-estate asset finance—such as non-recourse loans and securitization of real estate, which employs real estate-managed trusts and special purpose companies—has garnered attention as a fund-raising method that deftly demonstrates the serviceability of the trust function. Chuo Mitsui tailors funding choices to prevailing requirements by maximizing a broad range of accumulated know-how in real estate and sophisticated trust-banking capabilities. The Bank's efforts have

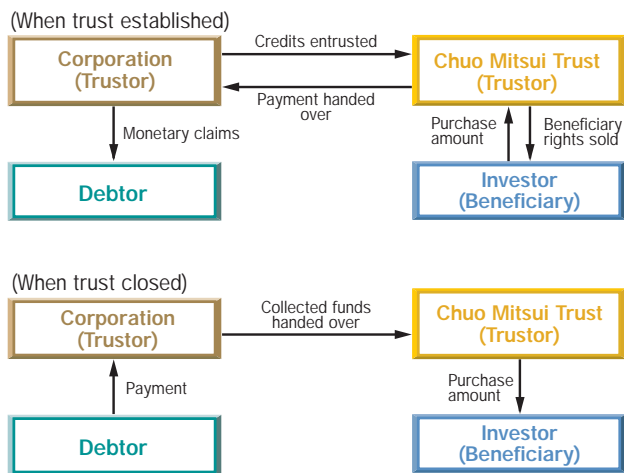
earned it a solid reputation, substantiated by a lending balance of ¥352.0 billion in real estate asset finance, as of March 31, 2002, placing it in the top class among financial institutions in Japan.

Chuo Mitsui also proposes financing schemes, including factoring and trust-style debt securitization of credit receivables, bill credits and other client-held money claims.

● Balance of Real Estate Asset Finance, Including Non-Recourse Loans



Framework for Securitizing Monetary Claims Using a Trust as a Vehicle



Venture Business Investment

Chuo Mitsui teamed up with subsidiary Chuo Mitsui Capital Co., Ltd., to support and aggressively invest in venture businesses, including the strategic investments of major corporations, that have marked excellent progress in growth fields. The Bank also arranges investment financing, even for corporate programs, such as management buyouts arising through the reorganization of corporate groups.

Broad-Based Solutions in an Advisory Capacity

Changes in the business environment, particularly the implementation of new accounting standards, have prompted more companies to try to improve corporate value relative to capital costs. For corporate clients seeking to raise value, Chuo Mitsui facilitates the process with cash flow analysis to determine the business value of operating divisions and subsidiaries and, acting as an intermediary to business tie-ups or in some other advisory capacity, resolves management issues. The Bank's assistance goes beyond lending operations to encompass a range of solution packages that amalgamate areas of expertise, such as real estate and asset management.

Business Support Services

Using internal and external networks, Chuo Mitsui conducts support services tailored to clients' business requirements. The Bank prudently helps clients in their efforts to expand operations by extending a spectrum of practical information, developing new marketing channels and introducing the client's technology to a potential user.

Employee Welfare Support Services

Chuo Mitsui maintains a varied menu of welfare support services for full-time employees at client companies. The Bank has prepared affiliated loans, homeowner financing schemes and asset-formation schemes, as well as financial consulting services designed especially for clients' employees.

Taking advantage of evolving ways to impart these services, Chuo Mitsui established the Chuo Mitsui Online Consultation Office, which links clients' in-house personal computer networks to the Bank's own system through an extranet structure. The office answers questions about the content of certain financial products and extends pertinent advice where applicable.

Assorted Fund Management Products

Chuo Mitsui handles numerous deposit products, from liquid deposits to term deposits, including foreign currency denominated products.

The Bank's line of trust products features fund trusts, specified money trusts (*tokkin*), money trusts other than *tokkin*, and individually operated designated money trusts for securities investments, as well as trust beneficiary rights derived through debt securitization and for which higher returns can be assumed, commensurate with the higher risk involved.

In the area of investment trusts, Chuo Mitsui offers one of the widest selections of products in Japan. The varied content mirrors the diverse investment needs of clients.



Stock Transfer Agency Services

External Environment, Clients' Needs

- 1 Companies are faced with increasingly complicated stock-related processing due to revised legislation.
- 2 There is a greater interest in individual investor services and foreign investor support.
- 3 Establishment of new markets, such as NASDAQ Japan, has prompted additional demand for listing support.
- 4 Efforts are required to match market developments, such as the introduction of real estate investment trusts in Japan (J-REIT) and life insurers' transformation into stock companies.

Business Actions

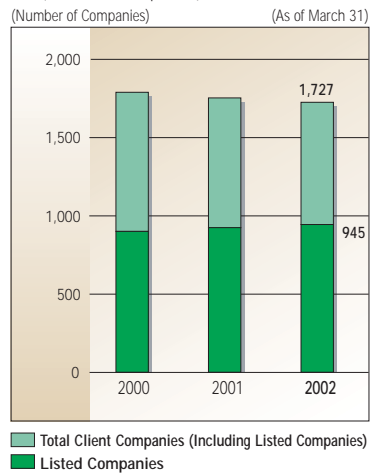
- A Designate staff to develop legal services and advanced systems.
- B Enhance stock-related services with telephone and Internet access and provide a range of services, including foreign shareholder surveys and activities to promote proxy voting.
- C Build an extensive support structure hinging on consultations by experienced staff.
- D Deliver results on support for the first J-REIT to list.

Leading Stock Transfer Agent

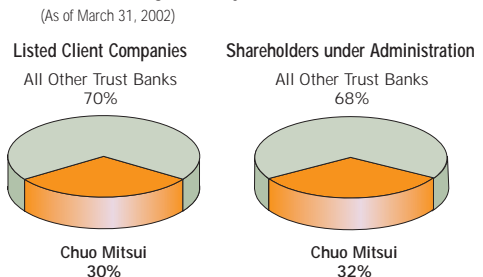
Chuo Mitsui's stock transfer agency services involve more than just processing transfers of title and maintaining shareholder lists on behalf of stock-issuing companies. In accordance with legal and taxation rules, the Bank quickly and accurately undertakes a multifaceted array of services, including annual tasks, such as recording changes in shareholders' addresses and other personal details, mailing out voting notices and invitations to general shareholders' meetings and calculating and distributing dividends, in addition to stock-related activities, such as recapitalization, stock splits and transfer of shares.

Chuo Mitsui has reaffirmed its status as the industry's largest stock transfer agency, with a scale of considerable proportions in terms of companies and shareholders represented. As of March 31, 2002, the Bank counted 945 domestically listed companies and nearly 13 million shareholders under administration. As the industry's leader in this field, Chuo Mitsui will always strive to provide services that go the extra mile.

Stock Transfer Agency Services (Domestic Companies)



Comparative Market Share in the Trust Banking Industry



Legal Services and Timely Disclosure

Stock transfer agency services are governed by strict legal rules, and frequent revisions of the Japanese Commercial Code and the Securities and Exchange Law have underscored the importance of swiftly responding to new conditions.

To cope with these legal and system revisions, Chuo Mitsui schedules lectures and offers timely solutions to various stock-related concerns in specialized publications.

The Bank has earned a solid reputation for practical legal services, supported by a team of qualified, experienced staff and substantiated by the best results in the industry.

Advanced Systems Development

Chuo Mitsui processes all kinds of stock-related tasks swiftly and precisely, thanks to the installation of advanced systems, including development of the industry's first electronic data processing system for shareholder lists.

In fiscal 2001, the Bank devised a state-of-the-art system to facilitate electronic general meetings. Through this system, shareholders of listed companies that have opted to execute an electronic general meeting can receive invitations and notices regarding a general shareholders' meeting via electronic transmission (e-mail) to an e-mail address on record instead of through typical postal channels. The system also

The Stock Transfer Agency Department and Asahi Law Offices co-authored a book (Japanese title: *Kabunushi Sokai IT-ka no Horitsu to Jitsumu*, published in March 2002 by Chuokeizai-sha) on the practice of, and inherent legalities involved in, the application of IT to general shareholders' meetings.



enables shareholders to exercise their voting rights online, anytime during the day or night, up until the day before the general shareholders' meeting, and thoroughly enhances sign-in procedures on the day of the general shareholders' meeting to ensure a smooth and precise tally of attendance data.

Full Support for IPOs and New Fields

The pertinent advice of skilled professionals and other aspects of support have earned Chuo Mitsui high marks from businesses seeking to go public, and are a vital component of the industry. Indeed, the Bank is top of the class, an achievement highlighted by the fact that 51 companies receiving support from the Bank executed initial public offerings (IPOs) in fiscal 2001.

New fields are also an area of active involvement for Chuo Mitsui. The Bank is the stock transfer agency for the first real estate investment trust company to list on the Tokyo Stock Exchange, and is also building a full-fledged system to help life insurers become stock-issuing companies.

Diverse Services

Shareholders require convenient access to the stock-related services connected to their investments. Chuo Mitsui has made relevant services easier to get to by using its branch and service network, for example, to set up more reception counters catering to shareholders' needs. The Bank also operates a 24-hour automated voice mail system that handles requests for various forms, and offers descriptions of stock-related services on its web site.

Amid rising foreign representation on the shareholder lists of domestic companies, Chuo Mitsui strives to respond quickly and accurately to the fast-paced changes that characterize the stock market and to meet the diversifying needs of stock-issuing client companies. The Bank extends several services geared toward foreign shareholders, including surveys and the promotion of proxy voting.



Real Estate Operations

External Environment, Clients' Needs

- ① Companies are reviewing the use of real estate in management and financial strategies; a devaluation accounting system for real estate has been introduced.
- ② The number of J-REIT funds is expanding.
- ③ There is a home-buying boom and an increase in purchases of residential-use land by developers.
- ④ Property-related products are acquiring heightened interest, especially from institutional investors.

Business Actions

- A Draw on the expertise of in-house real estate specialists to realize more comprehensive consultation capabilities.
- B Heighten involvement in real estate securitization services and J-REIT.
 - Establish the Real Estate Investment Advisory Department.
 - Undertake asset custody services on behalf of the first listed J-REIT company.
 - Jointly establish Premiere Reit Advisors Co., Ltd., a real estate investment trust.

A Forte Field

As an asset administration service representative of trust banks, real estate operations cover a vast range of activities, including appraisals, investment in real estate, provision of trusts using securitization of property holdings, advice on effectively utilizing real estate, and brokerage of properties for sale, rental and purchase. Chuo Mitsui complements these operations with support for individuals' real estate needs, such as a first-time or subsequent purchase of a home, through Chuo Mitsui Realty.

Specialization Reinforces Consultation Capabilities

Chuo Mitsui maintains a structure primed to meet the real estate-related needs of corporate clients. As a financial institution with real estate expertise, the Bank has reinforced its consultation capabilities with skills accumulated through years of experience in this field, know-how gained in recent real estate securitization efforts, and other specialized qualifications to deliver the advice companies require to deal with new corporate accounting standards and other changes in the business environment. In addition, the Bank actively addresses the financial side of real estate operations through in-house real estate appraisers, first-rate architects and other real estate specialists on staff, as well as through external links to analysts, lawyers, certified public accountants, certified tax accountants and other outside professionals.

Tackling Property Securitization and J-REIT

Chuo Mitsui is actively responding to heightened demand for asset consolidation and recombination utilizing the securitization of real estate as well as a wider market for J-REIT.

The Bank's trust function has proven invaluable in the formation of real estate securitization schemes. The volume of real estate-managed investment trusts reached 32 contracts, worth ¥254.4 billion, in fiscal 2001, and boosted the aggregate number of contracts under the Bank's management to 78, for a total value of ¥704.2 billion.

Chuo Mitsui is also enthusiastically promoting the inclusion of non-recourse loans into real estate securitization transactions. Concerted efforts have positioned the Bank as a major player in this field.

The real estate operations of trust banks that are applied to J-REIT encompass a wide scope that includes real estate brokerage, namely the provision of buildings to a real estate investment company, as well as property management and disposition trusts, asset custody services and general administration executed on behalf of clients.

Chuo Mitsui has already posted results in the new field. The Bank was entrusted to keep custody of assets for the Office Building Fund of Japan, Ltd., an investment company affiliated with Mitsui Fudosan Co., Ltd., that marked a domestic first with its listing on September 10, 2001. The Bank has also been tapped to keep

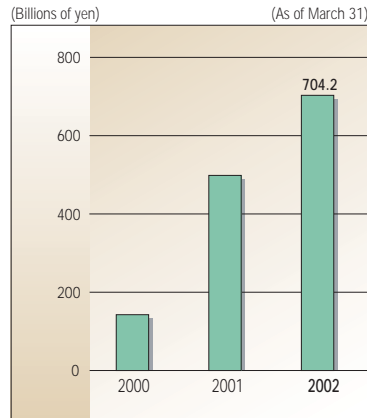
custody of assets on behalf of two real estate investment companies preparing to list later this year. One of the two companies has asked for general administration. Additional involvement includes provision of buildings for real estate investment companies and listed companies. Also of note, Chuo Mitsui joined Ken Corporation, Ltd., and several other companies in the establishment of Premiere Reit Advisors to operate as a J-REIT manager.

Chuo Mitsui is actively drawing on bankwide capabilities to secure a solid position. The Bank envisions real estate operations as a pillar of business expansion and to this end set up the Real Estate Investment Advisory Department in May 2002 to strengthen efforts in real estate securitization, including J-REIT.

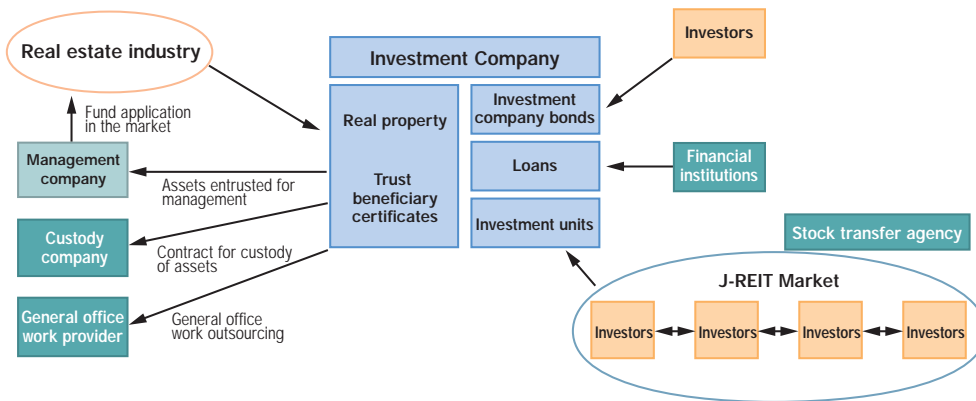
J-REIT

Following the establishment of a listing system at the Tokyo Stock Exchange, investment units and trust beneficiary certificates issued by investment companies can be traded on the market like stocks. As of June 2002, five funds have been listed.

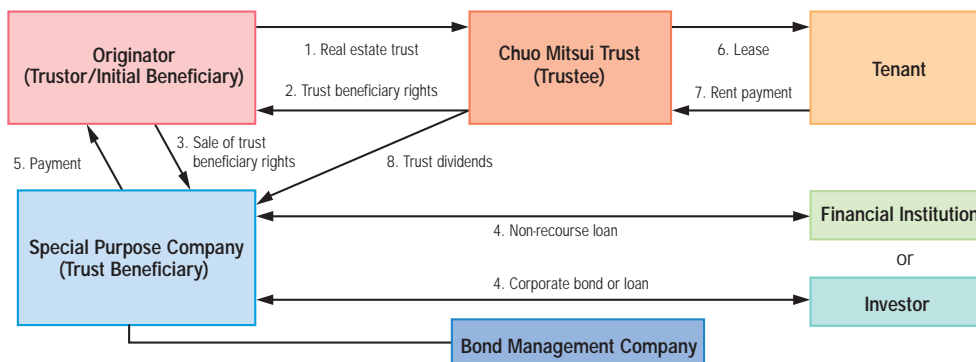
Balance of Securitized Real Estate



J-REIT Structure—A Scheme Utilizing Investment Companies



Real Estate Securitization Scheme Using Trust Function





On March 25, 2002, Mitsui Asset assumed the pension and securities trust divisions of Chuo Mitsui and began full-scale operations as the trust banking arm of Mitsui Trust Financial Group that focuses on trust asset management and administration businesses, and pension and securities trust businesses. Through the transfer of operations, we have established a structure that will enhance specialization, facilitate the provision of high-quality asset management and administration services and ensure swift and precise responses to changes in the business environment and in the demand trends of clients.

With an accurate assessment of market needs, management and staff at Mitsui Asset will demonstrate to the fullest degree possible the high-level expertise and know-how used to customize financial solutions to client needs.

In addition, we will apply the results of groupwide programs, such as the Overall Cost Reduction Project and the Business-Process Reengineering Project, as the building blocks of a more efficient management structure.

As a core member of Mitsui Trust Financial Group, with renewed energy we are endeavoring to buoy profits for shareholders and forge stronger ties of trust with clients. On behalf of the Board, I ask for your continued support and encouragement of our efforts.

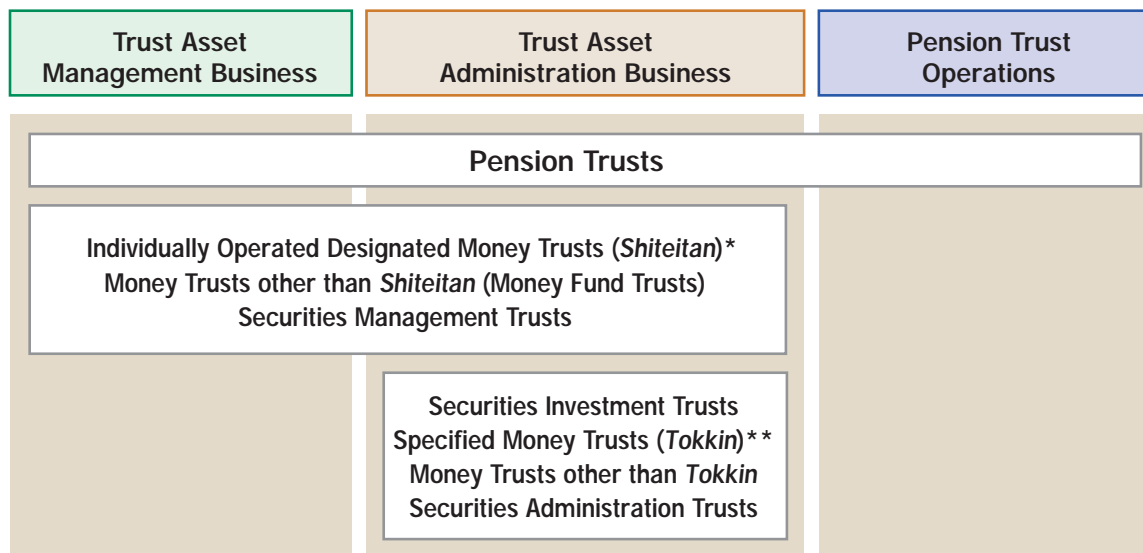
August 2002

A handwritten signature in black ink that reads "Kazuo Tanabe". The signature is written in a cursive, flowing style.

Kazuo Tanabe
President

Mitsui Asset, as a core member of Mitsui Trust Financial Group, maximizes its high-level specialization to provide corporate clients with excellent trust asset management and administration services.

Major Products and Services



The Bank also handles other products, including money claims in trust, in addition to the products listed above.

* Individually Operated Designated Money Trusts

Trusts for which the trustee has the authority to manage the entrusted funds at its own discretion within the range and type of assets designated by the trustor.

** Specified Money Trusts

Trusts for which the trustee has full discretionary rights for management of the entrusted assets.

Shareholders of Mitsui Asset (As of August 1, 2002)

Mitsui Asset executed outside capital participation in March and April 2002.

Name	Number of Shares Held	Percentage of Total Shares (%)
Mitsui Trust Holdings, Inc.	506,400	84.40
Tokyu Corporation	12,000	2.00
Fuji Photo Film Co., Ltd.	12,000	2.00
Mitsui Mutual Life Insurance Co.	12,000	2.00
Mitsui & Co., Ltd.	8,400	1.40
Mitsui Fudosan Co., Ltd.	8,400	1.40
Mitsui Sumitomo Insurance Co., Ltd.	7,200	1.20
Keihin Electric Express Railway Co., Ltd.	4,800	0.80
Seibu Railway Co., Ltd.	4,800	0.80
Toshiba Corporation	4,800	0.80
Toyota Motor Corporation	4,800	0.80
Oji Paper Co., Ltd.	2,400	0.40
Keisei Electric Railway Co., Ltd.	2,400	0.40
Tokyu Land Corporation	2,400	0.40
The Tokyo Electric Power Company, Incorporated	2,400	0.40
Tokyo Dome Corporation	2,400	0.40
Nippon Paper Industries Co., Ltd.	2,400	0.40

● Mitsui Asset Acquires High Rating from Moody's

Mitsui Asset acquired the following ratings from Moody's Investors Service, Inc., on January 31, 2002.

Long-term deposit rating:	A3
Short-term deposit rating:	Prime-1
Financial strength rating:	C
Outlook on ratings:	Stable

These ratings represented Moody's evaluation of the Bank's future competitiveness as a trust bank concentrating its resources on pension and securities trust businesses.

● Participation in Japan Trustee Services

Seeking to enhance its asset administration function and provide higher-quality services, Mitsui Asset contemplated participation in Japan Trustee Services Bank, Ltd., and decided to take an equal position with other participants on January 25, 2002.

Japan Trustee Services Bank is a joint venture established in June 2000 by the Daiwa Bank, Limited, and The Sumitomo Trust & Banking Co., Ltd., as a trust bank dedicated to securities processing services. The participation of Mitsui Asset created Japan's largest asset administrator, with entrusted assets exceeding ¥100 trillion.

Drawing on the management resources and accumulated know-how of participating banks, Japan Trustee Services Bank maximizes the economy of scale to facilitate efficient operations. Through uninterrupted measures to improve quality, including systems investment, Japan Trustee Services Bank will build the representative asset management platform of Japan.

Mitsui Asset is a leading player in the field of asset management and administration and will continue to apply its talents to promote resourceful expansion of this business.

● Mitsui Asset Wins High Marks in Industry Survey

Mitsui Asset earned high marks, both qualitatively and quantitatively, in a survey conducted by Japan's Rating and Investment Information, Inc., for its biweekly *Newsletter on Pensions & Investment*. This evaluation survey for 2001 asked institutional investors to rate the organizations managing their pension funds and encompassed fund managers nationwide.

We see this fine indication of support from our clients as proof that we successfully demonstrate solid management capabilities and offer appropriate advice. Even with this commendable evaluation, however, we will not be complacent. We will consistently strive to tailor the best solutions to the unique financial conditions of each client.



Trust Asset Management Business

External Environment, Clients' Needs

- ① The prolonged economic slump has precipitated the need for high-quality fund management products featuring excellent risk-return characteristics.
- ② There is a greater demand for high-level fund management advice fine-tuned to the increasingly diversified and complex risk environment.
- ③ Interest in reinforcing risk management positions has heightened.



Business Actions

- A Provide high-quality fund management products based on a philosophy of consistent fund management.
- B Offer sophisticated advice that fully demonstrates Mitsui Asset's specialized expertise.
- C Manage entrusted funds sensibly through a unified risk management structure.

One of Japan's Largest Pools of Asset Managers

Mitsui Asset's Asset Management Department is responsible for about ¥16 trillion in funds. These funds are pooled in various formats, including corporate pensions, public pensions and public sector funds, and are managed according to proposals formulated with the explicit input of clients. The scale of funds entrusted to Mitsui Asset is one of the largest in Japan. As well as utilizing the merits of this scale, Mitsui Asset employs the talents of a skilled group of some 200 professionals to achieve excellent fund management performance.

Industry's Top Asset Management Capabilities

Fund management operations at Mitsui Asset are underpinned by a fundamental principle that prioritizes consistency and clarity in the processes used to manage funds. To support this cornerstone of operations, Mitsui Asset has arranged operations into a function-specific structure paralleling the all-encompassing Plan → Do → See process for fund management products. This addresses all activities,

from the drafting of an investment strategy to the evaluation of a fund's performance. As a multiproduction firm*, Mitsui Asset provides a diverse selection of products, from actively managed funds to passively managed funds, targeting both foreign and domestic investment.

* A multiproduction firm is a fund manager with a vast assortment of products geared to the diverse needs of investors.

A Team of Experts

Active Management Based on In-House Research

The strength of Mitsui Asset's active fund management is built on a process by which its richly experienced fund managers utilize either research by corporate analysts or quantitative assessment by econometric analysts to establish funds. Of note, its full-time teams of corporate and econometric analysts are top-class, in terms of skill as well as number. Strong fund performances in recent years further complement Mitsui Asset's standing and elicit high evaluation of its active-management expertise from clients.

High-Quality Passive Management

Mitsui Asset was quick to perceive the serviceability of passive management and has endeavored to improve the quality of related products. Utilizing accumulated experience and know-how, it has captured a spot as the industry leader, a position exemplified by *Passive Core Strategies—New Currents in Pension Fund Management*, the first publication in Japan to systematically detail the usefulness of passive management. The book, released in February 2001,



was produced under the editorial supervision of Yasuhiro Yonezawa, a professor at Yokohama National University.

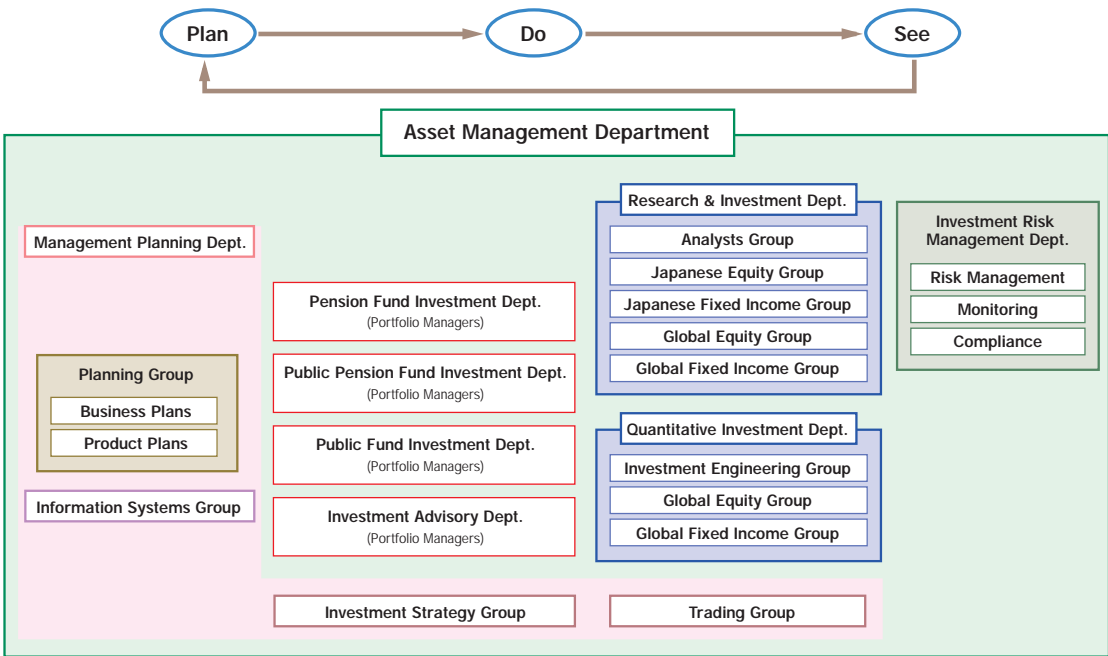
Unified Risk Management Structure

The trustee responsibilities of fund managers have become a major topic of discussion. Amid heightened debate, measures to strengthen risk management and compliance capabilities are the most pressing issues. For trust asset management operations, Mitsui Asset maintains a unified risk management structure that consolidates compliance, monitoring and risk management in one place. This structure reinforces due diligence in Mitsui Asset's execution of its obligations as a trustee.

Japanese Indexing Summit

As the domestic trailblazer in passive management, Mitsui Asset undertakes various approaches to popularize this type of fund. For example, in 2001 and again in 2002, its passive management specialists gave lectures at the Japanese Indexing Summit, organized by the U.S.-based Information Management Network, Inc. Clients and industry representatives had high praise for the practical insights offered by Mitsui Asset from its pioneer perspective, and for the timely nature of the lectures, particularly on issues related to stock and bond benchmarks and legal perspectives in passive management.

Framework for Trust Asset Management Business





Trust Asset Administration Business

External Environment, Clients' Needs

- 1 A low-growth economy requires better price competitiveness.
- 2 Demand for globalized fund management is rising.
- 3 System changes, such as shorter settlement periods, call for pertinent responses.
- 4 There is increased interest in higher-value-added services.
- 5 Risk management practices are becoming more meticulous.



Business Actions

- A Improve efficiency through aggressive use of IT and wider implementation of straight-through processing (STP) in business activities.
- B Cut costs through the economy of scale.
- C Elevate efficiency in asset management through lending services and other approaches.
- D Strive to provide high-value-added services.
- E Maintain strict internal controls and establish systems for external audits.

Overview of Asset Administration Business

The asset administration business and the asset management business are complementary sides of the same operating coin, in that fund administrators oversee the various assets designated for investment by fund managers. The administrative side of business emphasizes such basic elements as custody, settlement, accounting and recording of entrusted assets, and demands extremely precise data processing. Asset administration also requires high-level information services that facilitate swift and accurate approaches to the globalization of fund management and timely responses to system reforms, such as current-value accounting and T+1 settlement.

T+1 Settlement

In securities trading, T+1 settlement requires that transactions are completed the day following the trade date. Nearly all markets worldwide have achieved T+3 capabilities and are working toward the tighter T+1 settlement goal.

Strategies: IT Investment, Domestic and Overseas Alliances

To respond quickly to changes in the financial environment, Mitsui Asset has positioned its asset administration business as an "IT industry" and actively utilizes IT in these operations. Mitsui Asset also applies STP to administrative tasks and endeavors to enhance provision of information services.

In the domestic asset administration field, Mitsui Asset has made a decision to participate in Japan Trustee Services Bank. In the international asset administration field, Mitsui Asset is concentrating custody of foreign marketable securities at State Street Bank and Trust Co., one of the world's leading global custodians.

Through these measures, Mitsui Asset is working to distinguish itself further from the competition with high-quality, high-value-added services and maximize the economy of scale to reinforce its price competitiveness.

Straight-Through Processing

STP, a system whereby all processes from trade agreement to settlement are handled electronically rather in paper form, is an indispensable component in the realization of T+1 settlement. The application of STP to asset administration activities not only expedites large-volume processing and improves the accuracy and speed of settlement procedures, but is imperative to scrupulously efficient global administration of funds.

Topics

STP Efforts in Domestic and International Securities Administration

Mitsui Asset shone a spotlight on STP for asset administration tasks some time ago. For domestic securities, Mitsui Asset had the first full-scale response to the settlement comparison system launched in September

2001 by Japan Securities Depository Center, Inc., and for international securities, teamed up with State Street Bank and Trust to build a Foreign Securities STP system that expedites paperless asset administration instructions from fund management companies.

High-Level Information Services

The introduction of master record-keeping services presents considerable benefits to clients.

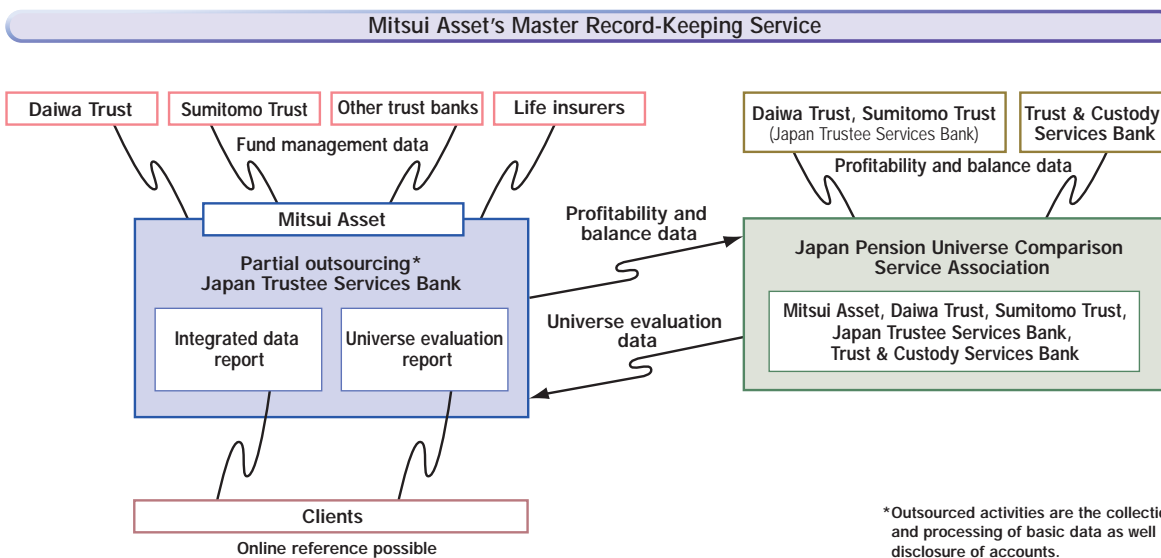
Mitsui Asset provides online access to uncomplicated information and diverse indicators corresponding to the asset management process. It has captured high marks for its integration of such information across the corporate group as a whole, and for its integrated data transcending the boundaries of employee pension funds and other systems.

Mitsui Asset plans to start the Universe Comparison Service, a high-value-added service that enables clients to pinpoint the relative position of a fund's performance.

Enhancing the Risk Management Structure

Mitsui Asset maintains an internal control section independent from administrative processing sections and has implemented risk assessment based on bankwide risk management policies and monitoring by designated executives.

In fiscal 1999, Chuo Mitsui marked a milestone within the domestic trust bank community with the implementation of external audits under a periodic audit format conforming to the U.S. audit standard SAS 70. Mitsui Asset seeks to uphold these qualifications to reinforce the integrity and transparency of its asset administration activities. Mitsui Asset also continues the efforts of Chuo Mitsui in the area of fund audits for jointly operated corporate pension funds.



Universe Comparison Service

This service compares individual fund performances against other pension funds in a fixed universe. The service employs various open-ended standards to compare and evaluate different types of pension systems, be they employee pension funds or some other format, as well as the scale of assets involved.

To build a universe information database, Mitsui Asset participated in the establishment of the Japan Pension Universe Comparison Service Association. Operations are expected to commence in fiscal 2002.



Pension Trust Operations

External Environment, Clients' Needs

- ① Retirement benefit accounting has been introduced.
- ② The Defined-Contribution Pension Law and the Defined-Benefit Corporate Pension Law have been enacted.
- ③ The employees' Pension Insurance Law has been revised and a gross payment system introduced.
- ④ There is greater job mobility.
- ⑤ A prolonged slump in the fund management environment has led to wider selection in the design of retirement benefit systems and a pressing need for the restructuring of such systems.

Business Actions

- A Present optimum solutions based on a wealth of consultation experience and results in the area of retirement benefit systems.
- B Provide high-level risk-hedging and administrative tools, such as balance sheet-style pension asset-liability management (ALM) and cash balance plans.

Comprehensive Consulting Services

With such developments as the introduction of retirement benefit accounting and the enactment of the Defined-Contribution Pension Law and the Defined-Benefit Corporate Pension Law, corporate executives are prioritizing ways to hedge the risks connected with retirement benefit obligations.

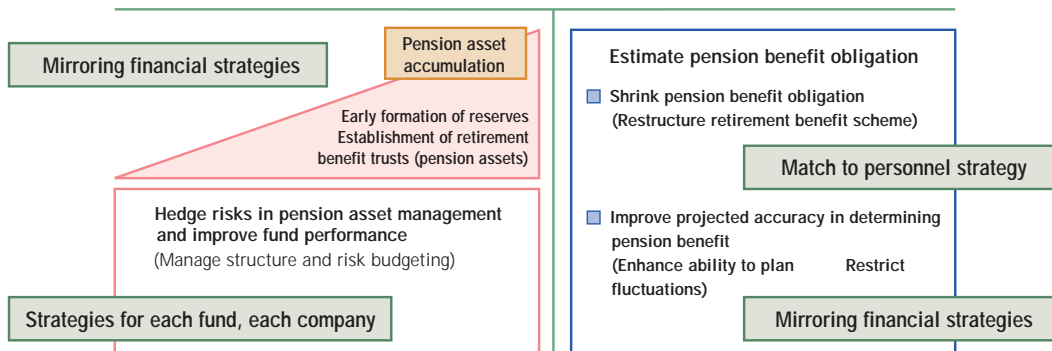
The diverse and complex issues involved in controlling the risks on retirement benefit systems demand sweeping measures covering a range of topics, from retirement benefit obligations and the design of retirement benefit schemes to asset management.

Mitsui Asset has extensive capabilities in regard to tax-qualified pension plans and employee pension plan funds. Its full line of services parallels a wide range of topics on retirement benefit systems, from the introduction of such a system and its maintenance to fund management and administration, and further to the calculation of retirement benefit obligations and pension ALM analysis.

Mitsui Asset will continue to refine its talents in the corporate pension business and undertake system administration matched to the personnel and financial strategies of its clients.

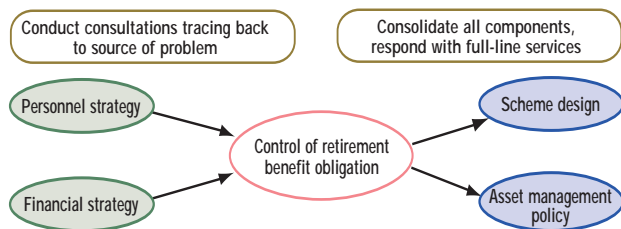
Solutions to Pension Problems

(Balance Sheet)



Pension system problems and asset administration problems are part of retirement benefit obligation problems. The formation of an investment policy and system design matched to personnel and financial strategies is indispensable.

Overall Control of Retirement Benefit System



Topics

Response to Defined-Benefit Corporate Pension Plan

Following the April 2002 enactment of the Defined-Benefit Corporate Pension Law, two new corporate pension schemes (contract-style pension plans and fund-style pension plans) were added to the two existing schemes (tax-qualified pension funds and employee pension funds).

Defined-benefit corporate pensions force companies to maintain a certain level of reserves in the interest of safeguarding beneficiary rights. The positive point of these funds, however, is that companies gain a wider selection of options as far as funds are concerned, including cash balance plans.

Employee pension funds are a portion of the nation's employee welfare pension programs that corporate pension funds manage on behalf of the government. Unfortunately, pension funds have incurred losses, paralleling the poor investment environment over the last few years. By returning this portion to the government, it is possible to transfer the amount to a defined-benefit corporate pension.

Mitsui Asset has accumulated actual results and considerable experience in handling many retirement benefit schemes on behalf of its corporate clients. With complementary building blocks—specialists, even in the operation of new pension schemes, as well as computer systems and system administration—it has prepared a solid foundation for providing exceptional services. Indeed, Mitsui Asset customizes the best mix for each client's retirement benefit needs.

Cash Balance Plan

The cash balance plan is a new pension scheme recognized under an ordinance of the Defined-Benefit Corporate Pension Law. Under this plan, which combines a defined benefit program with a defined contribution plan, a fixed amount is allocated annually to a virtual account for each person and a fixed interest rate is applied to the account. The benefit amount is determined according to the final balance.

Tackling Defined Contribution Pension Plans

The introduction of defined contribution pension plans emphasized the need for a spectrum of high-quality services, from verification of existing schemes and advice on the design and implementation of defined contribution pension plans to service-related administration of records and assets, products for fund application and investment education.

Reflecting the October 2001 enactment of the Defined-Contribution Pension Law, Mitsui Asset set up the Defined-Contribution Pension Plan Department.

These developments underpin Mitsui Asset's efforts to forge an all-encompassing structure conducive to defined contribution pension plan activities for corporate clients. This structure has already encouraged clients to entrust Mitsui Asset with administration and management of large-scale funds under the new scheme.

Strengthening Information Distribution Capabilities

Mitsui Asset is selectively applying efforts toward building stronger information distribution capabilities.

Annual circulation of its publication on pension funds, *Nenkin Report*, has reached 30,000 issues.

In addition, Mitsui Asset naturally provides data on its web site, but also complements information from master record-keeping services with MATBIS (Mitsui Asset Trust and Banking Internet Service), which features topics on the pension system theme, and DCweb, a conduit of data for members of defined contribution pension plans.

Mitsui Asset's Pension Trust Products and Services

- Employee Pension Fund Trusts
- Tax-Qualified Pension Fund Trusts
- National Pension Fund Trusts
- Non-Tax-Qualified Pension Fund Trusts
- Specified Money Trusts for Pension Plans
- Leading Manager Services
- Retirement Benefit Obligation Accounting
- Retirement Benefit Trusts
- Financial Accounting Standards (FAS) Accounting
- Pension ALM
- Designated Pension Actuary Services
- Integrated Reporting
- Benefit-Specific Funds

Social Contribution through the Trust Bank Function

Mitsui Trust Financial Group resourcefully participates in philanthropic activities through charitable trusts, which epitomize the trust function of trust banks.

The former Chuo Trust and Mitsui Trust both played leading roles in the development of charitable-trust and related operations that met the diversifying needs of clients. Today, the Group strives to expand this business. Concerted efforts have led to 141 trusts under Chuo Mitsui's administration, worth a total of ¥15.2 billion and representing an industry-leading balance of trust assets.

Through a charitable trust structure, individuals, companies and other organizations entrust property to

a trust bank, which administers and manages these assets for the public good. The function is similar to that of a public service corporation, such as a foundation, but charitable trusts are less expensive to maintain and facilitate flexible, efficient use of funds. Moreover, charitable trusts satisfying certain criteria are eligible for incentives, including reduced income and inheritance taxes.

In addition, the name of the charitable trust can include the name of the asset provider, so the generosity of contributing to public interests will be remembered favorably for some time to come.

Types of Charitable Trusts (In no particular order)

Scholarships

Scholarships are provided to domestic students and exchange students whose desire to study is compromised by difficult financial circumstances.

Promotion of Educational Activities

Financial assistance is provided for activities that promote sports, culture, the arts and other social education events for schools, youth, the disabled and other groups.

Promotion of Art and Culture

Financial assistance is given to promote artistic and cultural pursuits, including such artistic forms as music, fine arts and industrial arts; cultural surveys and research; efforts to widely communicate and advance the arts; and preservation and utilization of cultural assets.

Protection of the Natural Environment

Financial assistance is extended to organizations and individuals working, for example, to safeguard exceptional natural environments at home and abroad, protect species threatened with extinction and promote national tree-planting projects.

Promotion of International Cooperation, International Exchange

Financial assistance is provided for activities that support overseas economic and technical cooperation and international exchange programs in such categories as education, science and culture.

Town-Building Projects

Proceeds from the application of assets entrusted by local government bodies, land readjustment associations and other organizations are allocated to activities that help build towns and establish and maintain urban environments.

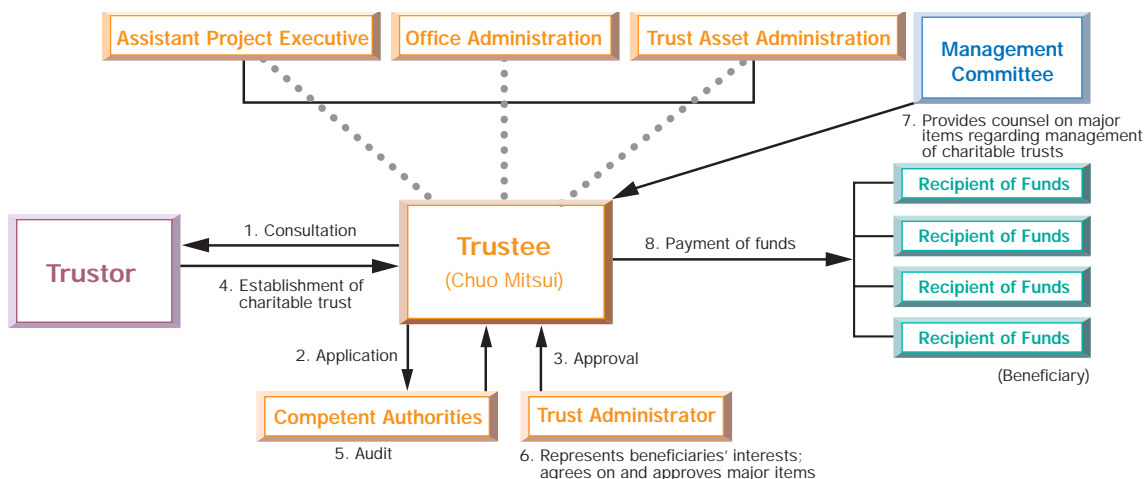
Academic Research

Financial assistance is given to research on the natural sciences, such as medicine and technology, and the humanities, and to cover the cost of academic exchange at home and abroad.

Social Welfare Projects

Financial assistance is directed to individuals, groups and social-welfare facilities that undertake activities to improve social welfare in Japan.

Charitable Trust Structure (Chuo Mitsui)

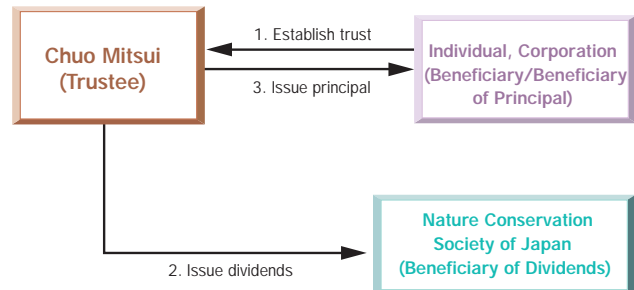


Symphony Nature Protection Trust and Human Philanthropic Trust

Climate change, acid rain, pollution and waste, depletion of the ozone layer and other environmental problems become more ominous with each passing year. Against this backdrop, a trend is rapidly gaining strength among individuals and corporate citizens to preserve the natural environments to which they have a strong connection.

Chuo Mitsui handles Symphony, a nature protection trust for which dividends generated on funds donated by clients in money trusts to protect nature help the Nature Conservation Society of Japan undertake its activities. The Bank also handles Human, a philanthropic trust that applies dividends to society and the environment and allows contributors to choose the Foundation for Earth Environment as the recipient of these dividends.

Structure of Symphony Nature Protection Trust



Environment-Friendly Head Office

Chuo Mitsui's new head office in Tokyo was completed in October 2000. The project was an environment-friendly effort right from the design stage and a fundamental goal was to construct a resource-conserving, energy-efficient building. Consequently, the new head office is equipped with several novel systems, including intermediate water installation, which reuses wastewater from miscellaneous sources for toilet cleaning, and an ice and water accumulation heating system that

enables daytime air-conditioning with electricity accumulated at night and contributes to a leveling out of electricity costs.

We are also encouraging recycling efforts and effective use of resources. To this end, we implemented a sort-and-collect system that separates office waste into eight groups, including newspapers, magazines, office paper and vinyl and plastic.

All members of Mitsui Trust Financial Group are fully aware of the vital public and social roles that banks play. Therefore, we actively disclose information on the status of our operations to boost confidence in our abilities among clients and shareholders.

Mitsui Trust Holdings' web site opened on February 1, 2002, coinciding with the official establishment of the holding company for the Group. Through this portal, we will keep interested parties updated in English and Japanese.

By preserving transparency in our operating activities in this manner, we expect more institutional investors and shareholders to gain a clearer understanding of the Group.



English Web Site

<http://www.mitsuitrust-fg.co.jp/english>

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Financial Review

Operating Environment

The consolidated fiscal period ended March 31, 2002—fiscal 2001—proved to be challenging. Overseas, economic and financial conditions in the United States were already characterized by cool capital investment activity and sluggish consumer spending when the execution of multiple terrorist attacks on September 11, 2001, exacerbated fears of recession in that country and on a global scale. However, official measures, such as additional interest rate reductions by the Federal Reserve Board, helped restore stability and set one of the world's primary economic engines back on track. Meanwhile, the European and Asian economies pulled out from their previous downward orientation.

In Japan, however, the situation remained gloomy. The employment environment deteriorated further, typified by an unemployment rate that hit a record 5.5%, albeit only temporarily. Consumer spending was slow. But the economic horizon brightened a little in early 2002 with signs that better business conditions in the United States were having a parallel effect in Japan on export activity and domestic production levels.

The domestic finance industry saw such developments as the gradual expansion of quantitative deregulation measures initially implemented in March 2001. The long-term interest rate hovered around 1%. The Nikkei Stock Average broke through the 10,000 mark in the wake of the September 11 terrorist attacks but made a gradual recovery by the fiscal year-end. In the foreign exchange market, the yen held steady in the mid-120s against the U.S. dollar in the first half of fiscal 2001, but fell to 130 around the end of 2001.

Creation of Financial Group with Trust Banking at Its Core

In October 2001, Chuo Mitsui announced plans to augment a series of management restructuring efforts with an increase in capitalization so as to better demonstrate the Bank's specialization, respond more accurately to clients' needs and strengthen its financial standing amid the challenging economic and financial conditions that prevailed.

Specifically, Mitsui Trust Holdings was established as a holding company under which Chuo Mitsui and its wholly owned subsidiary Sakura Trust—renamed Mitsui Asset in February 2002—would operate. In March 2002, the pension and securities trust businesses of Chuo Mitsui were transferred to Mitsui Asset through a company split.

Securing the cooperation of companies with which it maintains close ties, Chuo Mitsui procured funds through the issue of preferred shares, worth ¥57.1 billion, and Mitsui Asset acquired external equity participation totaling ¥39.0 billion, of which ¥25.5 billion was booked for the fiscal year in review.

Utilizing the new structure derived through this series of management restructuring efforts, Mitsui Trust Holdings aims to oversee “a corporate group that meets clients' expectations and contributes widely to society with the efficient and highly transparent management of a financial organization distinguished from the competition by its trust-banking core and its wide selection of excellent trust products and services.” The Company will also strive to realize maximum service value from members of Mitsui Trust Financial Group and raise shareholder value.

Consolidated Fiscal 2001 Performance*

* Percentage changes represent a comparison of the consolidated results posted by Chuo Mitsui in fiscal 2000 and Mitsui Trust Holdings in fiscal 2001.

As of March 31, 2002, the balance of deposits was ¥7,742.4 billion, down 1.5%, and trust assets stood at ¥38.0 trillion, down 12.3%.

Loans and bills discounted in the banking account fell 3.7%, to ¥7,416.0 billion, while loans and bills discounted in the trust account dropped 20.0%, to ¥2,592.9 billion, as of the fiscal year-end.

Investment securities in the banking account decreased 19.3%, to ¥3,436.9 billion, while securities in the trust account slipped 2.8%, to ¥23.0 trillion.

Total assets settled at ¥13.3 trillion, down 3.7%. Total shareholders' equity amounted to ¥496.1 billion, for net assets per share of ¥79.27.

On the profit-and-loss front, total income amounted to ¥540.9 billion, down 17.7%, and total expenses reached ¥958.0 billion, up 56.7%. Mitsui Trust Holdings therefore showed a loss before income taxes and minority interests of ¥417.1 billion and a net loss of ¥277.9 billion. Net loss per share was ¥350.60.

The primary causes of these huge losses stem from Chuo Mitsui's efforts to reinforce its financial position through accelerated disposal of non-performing assets and the clearing of unrealized losses on cross-held stocks.

The consolidated capital adequacy ratio, calculated according to domestic criteria, edged down to 10.59%.

Segment Information by Business Type

The trust-banking business generated total income of ¥466.6 billion and total expenses of ¥819.2 billion, leading to recurring loss of ¥352.6 billion. Other finance-related operations produced ordinary income of ¥73.7 billion and ordinary expenses of ¥50.1 billion, for recurring profit of ¥23.6 billion.

Cash Flows

Net cash provided by operating activities amounted to ¥531.8 billion. Net cash provided by investing activities reached ¥512.0 billion. Net cash provided by financing activities came to ¥40.6 billion.

Effect of exchange rate changes on cash and cash equivalents was ¥351 million, and cash and cash equivalents of previously consolidated subsidiaries at the beginning of the year was minus ¥7.4 billion.

As a result, cash and cash equivalents at the end of the year stood at ¥1,250.7 billion.

Non-Consolidated Fiscal 2001 Performance

Total assets amounted to ¥884.3 billion, chiefly due to the inclusion of investments in subsidiaries' stocks, bonds and loans. Net assets per share came to ¥106.46, based on total shareholders' equity of ¥519.4 billion.

On the profit-and-loss front, recurring profit was ¥22.3 billion, primarily owing to gain on sales of securities. Net income was ¥15.9 billion, for basic net income per share of ¥12.99.

Dividends

Reflecting its public duty as a financial institution, Mitsui Trust Holdings maintains a basic policy of sustaining healthy assets and prudently expanding retained earnings while paying stable dividends to shareholders. Based on this policy and the prevailing economic situation and market environment, management felt it necessary to restrict the flow of funds outside the Company so as to fortify operations, and regrettably, the annual dividend on common stock was reduced to ¥2.50 per share.

Dividends on preferred stock were as follows: ¥40.00 per share for Class I Preferred; ¥14.40 for Class II Preferred; and ¥20.00 for Class III Preferred.

Risk Management System

Mitsui Trust Financial Group Risk Management System

Basic Risk Management Policies

Progress in financial liberalization and internationalization, as well as advances in information technology, have accorded financial institutions greater opportunities for business expansion. These opportunities, however, are accompanied by risks that are more diverse and more complex than ever before.

Mitsui Trust Financial Group's position on business growth is cemented by the social responsibility and public mission that is incumbent upon a financial institution. The Group therefore assumes risk only within its strategic objectives and risk-hedging capabilities, based on suitable risk management for each type of risk, and adheres to basic risk management policies to secure appropriate returns on investment and further enhance performance.

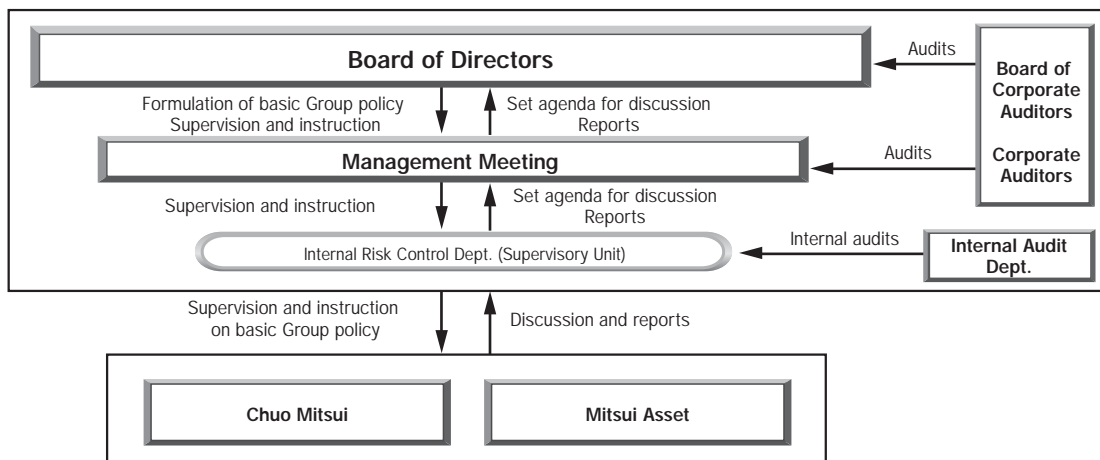
Function of Mitsui Trust Holdings

One of the most vital functions carried out by Mitsui Trust Holdings is its supervision of risk management and internal control for Mitsui Trust Financial Group. The Board of Directors at Mitsui Trust Holdings formulated Rules for Risk Management and established a basic agenda for risk management activities within the Group.

As described in the following sections, the subsidiary trust banks each undertake appropriate risk management geared to their respective risk conditions. The Internal Risk Control Department at Mitsui Trust Holdings acts as the supervisory unit for overall risk management and monitors risk management efforts within the Group, as well as guides subsidiary trust banks in, for example, deriving suitable returns and revising risk management systems.

When required to, Mitsui Trust Holdings instructs subsidiary trust banks to implement changes, based on the results of audits, the status of necessary improvements and other available information.

● Outline of Mitsui Trust Holdings' Risk Management and Compliance Structure



Chuo Mitsui Risk Management System

Risk Management Structure

The Board of Directors at Chuo Mitsui drafted Rules for Risk Management, based on the risk management direction outlined by Mitsui Trust Holdings. These rules set out the Bank's fundamental policy on risk management, including the types of risk requiring attention, the

techniques applied to hedge risk and the structure and authority for risk control. They also detail the content of specific regulations in each area.

Chuo Mitsui has identified six major risks: credit risk, market risk, liquidity risk, operational risk, system risk and legal risk. The Corporate Risk Management Department supervises all risk management efforts, but individual departments are assigned to each risk category for

strict control of the risks specific to each area. The Bank also seeks to effectively contain other risks, such as reputational risk.

On the organizational front, the Internal Control Executive Committee, which falls under the authority of the Board of Directors, discusses risk management policies prior to implementation and determines risk status. The Asset-Liability Management (ALM) Executive Committee, also responsible to the Board of Directors, works toward a healthier business foundation by pinpointing asset-and-liability status and reviewing investment operations and other issues pertaining to assets and liabilities.

In addition, the Corporate Risk Management Department, which monitors all risk at the Bank, supervises internal controls and risk management activities and serves as the secretariat for the Board of Directors and the Internal Control Executive Committee. This department also engages in ALM-related controls and analysis.

Credit Risk Management

Credit risk is the potential for the value of assets, including off-balance-sheet assets, to shrink or disappear altogether in the event that a borrower's financial conditions deteriorate and thereby burden a financial institution with losses. Chuo Mitsui strives to maintain asset quality and avert the unpredictable development of non-performing assets by strengthening its credit risk management capabilities. The Bank utilizes the following systems and processes.

Basic Policy

Chuo Mitsui drafted Rules for Credit Risk Management for blanket control of the credit risk that influences several credit-related business areas, including loans, market transactions and off-balance-sheet trading. The Bank also designated the Loan Planning Department as the supervisory unit for all credit risk, including that shouldered by consolidated subsidiaries. This department keeps close contact with credit-related departments and consistently works to sustain and further reinforce credit risk capabilities.

Management Techniques

A review of all corporate borrowers is performed using a 13-level credit rating system pegged to self-assessments. The credit ratings thus determined are used to quantify

credit risk by internal credit-risk models and evaluations of corporate borrowers.

Taking into account management directions and the need to hold risk within risk-hedging capabilities, the Loan Planning Department sets a value for total credit risk that represents the upper limit for credit risk assumed by all operations at the Bank, and tracks this total on a monthly basis. Rules are also applied to eliminate credit concentration, thereby removing any excess concentration of credit extended to borrowers in specific industries or corporate groups. Credit status is checked each month.

The Loan Planning Department monitors credit risk amounts, examines the status of credit by industry and credit rating and provides management with regular updates on portfolio status.

Seeking to secure an appropriate level of return on investments, Chuo Mitsui introduced the Loan Rating System, which accords each loan a rating that corresponds with the respective degree of inherent risk. This system helps derive higher profit on lending activities.

Strict Transaction Control

Credit supervision departments, which function independently from business promotion departments, carefully monitor and control the credit risk on each transaction under respective departmental authority. A multifaceted perspective is applied that stresses fund application, repayment capability and cash flow, as well as collateral status and corporate client profitability. For major loan assessments, the advisability of lending arrangements is presented to the Credit Appraisal Committee, where each transaction and the primary objectives of the loan are discussed at the executive level.

Mid-Level Controls through Self-Assessment

With regard to securing quality assets, Chuo Mitsui performs a two-stage self-assessment based on Rules for Self-Assessment. In the first stage, staffed branches, for example, conduct their own evaluations, and in the second stage credit supervision departments execute inspections. Self-assessment not only forms the foundation of accurate financial statements but also functions as a mid-level management tool to swiftly pinpoint borrower-specific problems.

When a borrower's credit is in question, the Bank implements strict controls under the guidance of the Credit Management Department, based on Rules for Non-Performing Assets.

Independent Unit Facilitates Double-Check System

The Asset Quality Audit Department is separate from business and accounting departments and independently confirms the status of credit controls, asset assessments, and write-offs and related reserves. This department audits credit risk management conditions, including the credit rating system, and verifies the accuracy of credit risk management activities through, for example, an examination of the process and the results of self-assessments, as well as the appropriateness of write-offs and reserves. Reports are then submitted to the Board of Directors.

Improving Basic Supervisory Capabilities

The processes outlined above allow the Bank to take credit risk management to a higher level. To raise the precision of first-stage assessments, which are undertaken on a daily basis, we regularly put loan officers from staffed branches through graded training. We also organize analytical seminars for credit-related departments to foster insight into the causes of bankruptcies and other primary events that turn loans into problem assets. The results of analyses are applied to lending operations.

Market Risk Management

Market risk is the possibility that the value of assets and liabilities will fluctuate with changing interest rates, foreign exchange rates, the price of marketable securities, and other market factors, and thereby cause losses.

Market Risk Management Structure

Front offices execute market-related transactions, while back offices confirm the content of these transactions and middle offices control market risk. Each office category is independent of the others, creating a cross-check structure. At Chuo Mitsui, the Corporate Risk Management Department functions as a bankwide middle office, monitoring all market risks and providing daily reports to management. This department also works to elevate

market risk management skills at the Bank and is responsible for supervising market analysis operations and the preparation of planning proposals.

Management Techniques

The method used by Chuo Mitsui to measure market risk utilizes value at risk (VaR), which assumes the maximum amount exposed to potential loss is 1% of the total. VaR is calculated using the Monte Carlo simulation technique, which is based on an analysis of major historical market data.

At Chuo Mitsui, market risk is contained within a boundary defined by the Bank's risk-hedging capabilities. In addition, the Corporate Risk Management Department controls market risk by ensuring overall risk levels remain within established parameters and reporting conditions to the assigned director on a daily basis.

The measure of market risk is comprehensive, covering foreign exchange, interest rates and other trading business transactions as well as the market risks that impact on crossholdings, bond portfolios and other banking business investments.

The Bank maintains a structure that averts potential risk before it becomes obvious. Alarm points and loss limits have been set to prevent the expansion of losses following a bad turn in market trading, and the Corporate Risk Management Department tracks profits and losses.

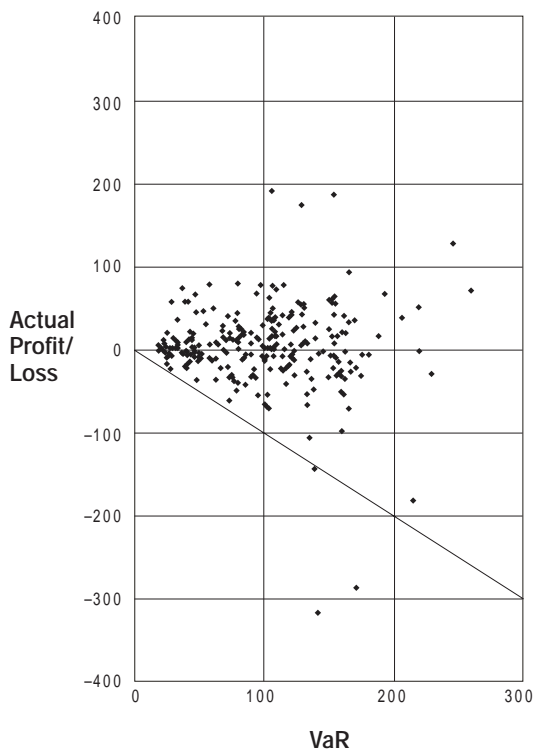
Cementing its position on strict risk-controlling practices, Chuo Mitsui also executes stress tests, which assume radical price swings that have actually occurred in the market over the past 12 years, and uses the results as a guideline for establishing risk limits. As a supplementary measure, the Bank performs back tests, which compare VaR against actual losses, to ascertain the validity of VaR-based risk measurements.

An example of back testing on trading transactions follows.

VaR trading transactions in fiscal 2001 moved within a range of roughly ¥20 million to ¥260 million, and out of 245 business days, daily losses exceeded the VaR on three occasions. The Bank's VaR assumes a loss of 1%, and the results for fiscal 2001 show that the Bank's VaR calculation model is sufficiently accurate to predict market risk.

Comparison of VaR and Actual Profit/Loss

(Millions of yen)



VaR Calculation

Assumptions: Duration: 1 day
 Assumed rate of loss: 1%
 Observation period: 3 years
 Measurement technique: Monte Carlo simulation

VaR Target: Trading transactions

Time Frame: April 2001–March 2002 (245 business days)

Liquidity Risk Management

Liquidity risk is twofold. In a cash-flow sense, liquidity risk bears the potential for losses when a financial institution is unable to secure necessary funds, owing to a poor financial position, or when a financial institution is forced to acquire funds at blatantly higher interest rates than usual. In a market sense, liquidity risk may precipitate losses when market turmoil impedes a financial institution's ability to complete transactions, or compels a financial institution to fulfill transactions at prices noticeably more disadvantageous than usual.

On the cash-flow front, Chuo Mitsui establishes guidelines for cash positions and cash gaps and monitors adherence to these standards to control liquidity risk. The Bank also facilitates flexible, bankwide responses through the preparation of contingency plans, which orchestrate measures to be invoked in times of emergency. The Bank further ensures accurate identification of cash-flow risk conditions by allocating to the Corporate Risk Management Department control of the cash-flow risk incurred by the Treasury Department.

On the market front, trading amounts are assigned for each transaction, based on such factors as market scale and the Bank's strategic objectives. The Corporate Risk Management Department monitors compliance conditions to keep amounts within the assigned limits.

ALM Structure and Administration

Diversification and further sophistication of financial products, mirrored by financial liberalization and internationalization, has prompted yearly changes and greater complexity in the balance-sheet composition of financial institutions. The introduction of current-value accounting has heightened the already complicated impact of fluctuating interest rates, foreign exchange rates, stock prices and other influences on profitability and other performance indicators. The new accounting standard underlines the vital importance of ensuring steadily higher returns while controlling risks through appropriate ALM administration.

Chuo Mitsui works to pinpoint and analyze balance-sheet risks through a multifaceted approach that utilizes VaR, basis point value (BPV) and other ALM techniques for both on-balance-sheet and off-balance-sheet transactions, including deposits, marketable securities and derivatives.

The ALM Executive Council meets regularly to discuss financial and economic forecasts, analytical results on risk conditions and other developments related to the composition of assets and liabilities. The Council reviews fund application and procurement plans when necessary and implements controls to ameliorate the risks inherent in market transactions through swaps and other hedging operations.

Operational Risk Management

Operational risk is the danger of losses arising from an accident, management error or dishonest actions by executives or staff. The scope of Chuo Mitsui's operations goes beyond regular banking operations and encompasses a range of businesses that includes real estate business and stock transfer agency services. Consequently, the Operations Administration Department and each operating department are required to ascertain, control and terminate operational risks in each business area.

Chuo Mitsui applies two methods to restrict operational risk. First, the Bank formulates suitable rules to preclude potential risks and ensures compliance of these rules. Second, the Bank clarifies ways to tackle risk—should it emerge—and maintains a system for monitoring and reporting the appearance of risk. The Corporate Risk Management Department is the supervisory unit that regulates bankwide rules.

To make the risk management structure more efficient, Chuo Mitsui promotes changes geared to operational risk conditions in each area of business.

System Risk Management

System risk carries the potential for losses caused by a system failure, such as a computer crash or incorrect operation of electronic equipment, by illegal access to the Bank's computers, and by the destruction or unauthorized disclosure of privileged information. Advances in information technology have made computer systems increasingly indispensable in the provision of high-level services, but this progress brings a certain vulnerability to operations and thus requires financial institutions to be vigilant in anticipating and dispersing such risk.

Chuo Mitsui has established rules and structures in various regulations, including a Security Policy, which outline measures for properly handling and protecting systems and information.

The Bank also maintains a backup center and has formulated various methods to safeguard its systems against breakdowns and interruptions caused by natural disasters. Efforts include storing important data at a secondary location, installing duplicate communication lines and ensuring a constant flow of electricity to the computer center with an on-site power facility. Contingency plans and other precautionary measures are in

place to facilitate swift and accurate responses in the event of a catastrophe.

Chuo Mitsui makes some of its financial services available through the Internet and therefore utilizes firewalls and other high-level network technologies, such as encryption, to block unauthorized access to in-house systems from outside.

Legal Risk and Reputational Risk

Legal risk can precipitate losses if the legal aspects of transactions cannot be settled or if compliance is incomplete. Chuo Mitsui assigned the Legal Department as the supervisory unit for managing legal risk and ensuring that laws and other mandatory controls are upheld. Inspections by the Legal Department clarify reporting and processing rules for dealing with complaints and incidents to eliminate legal risk. Furthermore, the Bank works to foster a corporate atmosphere conducive to compliance and undertakes various measures toward this end, including distribution of a compliance manual to directors and regular staff.

Reputational risk is the possibility that unfavorable evaluations will contribute to losses. To mitigate such risk, Chuo Mitsui is reinforcing the transparency of its operations with better investor relations activities, including information meetings and vigorous disclosure documents that update investors with pertinent news.

The Bank has established conduits for two-way communication, at branches counters and through the Customer Service Office, that enable clients to voice grievances and obtain suitable responses. The end result will be enhanced services for clients.

Internal Auditing

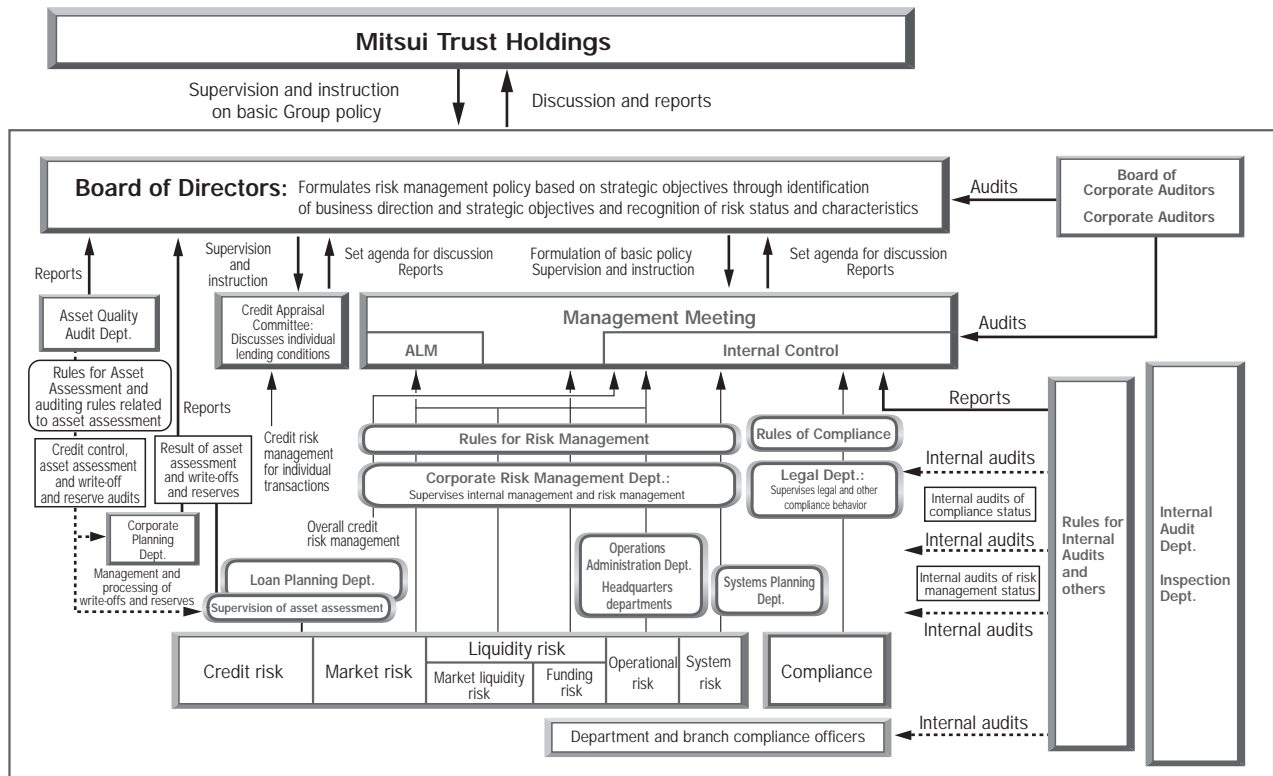
Previously, Chuo Mitsui conducted inspections, primarily status checks on administrative procedures, to confirm the appropriateness of risk management and compliance efforts at the Bank. These inspections alone, however, proved insufficient.

Recognizing the need for internal auditing capabilities that validate the suitability and effectiveness of the internal control structure, the Bank executed a reform of its internal auditing section in October 2001 and established the Internal Audit Department.

Currently, the newly established Internal Audit Department, in connection with the existing Inspection Department, undertakes internal audits of all head office divisions, staffed branches and affiliated companies.

The results of internal audits are reported to the Board of Directors and the Internal Control Executive Council on a regular basis to enable the executive team to determine the status of risk management and ascertain that suitable administration practices prevail at the Bank.

● Outline of Chuo Mitsui's Risk Management and Compliance Structure



Mitsui Asset Risk Management System

Risk Management Structure

Mitsui Asset is a trust bank specializing in pension and securities trust businesses. Guided by the risk management direction outlined by Mitsui Trust Holdings, Mitsui Asset follows a basic policy that emphasizes appropriate control of risk and suitable returns commensurate with inherent risk.

Mitsui Asset's core operations are trust asset management and administration as well as pension and securities trust businesses. It is duly aware of its obligations and responsibilities as a trustee and executes risk management reflecting the size and characteristics of each risk.

Rules for Risk Management, drafted by the Board of Directors, establishes Mitsui Asset's fundamental policy on risk management, including the types of risk requiring attention, the techniques applied to hedge risk, and control and administration structures, and detail the content of specific regulations in each area.

On the organizational front, the Executive Committee, which falls under the authority of the Board of Directors, discusses risk management policies prior to implementation, determines the status of all risks and works toward a healthier business foundation.

The Corporate Risk Management Department supervises all risk management efforts, but individual departments are assigned to each risk category for strict control of the risks specific to each area.

Risk Management Status

Mitsui Asset is working to establish and perfect a risk management structure that conforms to the risk management structure of Chuo Mitsui while reflecting the characteristics of its own operations, with a focus on operational risk, system risk and legal risk.

In regard to credit risk, market risk and liquidity risk, Mitsui Asset's policy is, in principle, to refrain from lending and thereby minimize its risk-taking position. The extent of risk management activities therefore mirrors this limited exposure.

Mitsui Asset seeks to effectively contain other risks, such as reputational risk.

The burden of credit risk, market risk and liquidity risk management for its core trust businesses essentially lies with the beneficiaries. Mitsui Asset takes the view, however, that a trustee should accept a certain degree of responsibility and therefore carries out adequate risk management.

Trust operations are divided broadly into two categories: designated trusts, which are trusts for which Mitsui Asset, in its capacity as trustee, holds discretionary rights for the management of assets, and specified trusts, for which it does not hold such rights. Risk management is conducted for each category.

For designated trusts, Mitsui Asset manages entrusted funds in accordance with contract conditions, such as designated investment targets and preferred asset composition. Mitsui Asset also sets clear internal standards for

exercising discretionary rights granted by clients and manages respective assets within these established parameters.

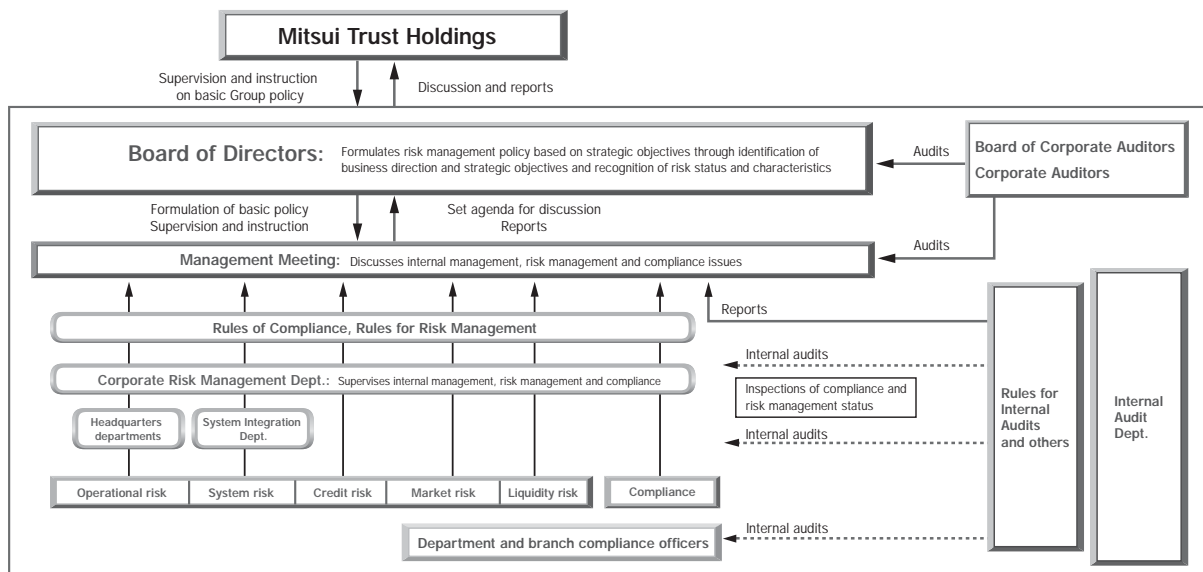
For specified trusts, Mitsui Asset conducts a trustee examination, similar to that for designated trusts, at the time a new contract is formed. The compatibility of the request to its capabilities is confirmed and procedural strategy is checked.

Auditing and Inspection

The Corporate Risk Management Department at Mitsui Asset supervises compliance and risk management, but the Internal Audit Department executes internal audits to determine the status of compliance and risk management systems and validates the suitability and effectiveness of the overall internal control structure. The Internal Audit Department audits operations, inspects administrative processes and strives to set up efficient auditing systems that take the type and degree of risk into account.

Mitsui Asset executes accounting audits based on the Commercial Code through auditing corporations, as well as statement audits on pension investment fund trusts through external auditing corporations. Mitsui Asset undergoes SAS 70 audits, acquires ISO 9002 certification and submits to inspections on the status of conformity to the global investment performance standard (IPS). Through these efforts, it shows a resolute commitment to upholding strict internal controls that translates into greater client confidence.

● Outline of Mitsui Asset's Risk Management and Compliance Structure



Compliance

Mitsui Trust Financial Group Perspective

Trust banks accept funds from people and organizations and in turn facilitate a steady flow of funds for various financial purposes that ultimately benefit the economy. Striving to demonstrate their trust function in satisfying diverse market needs, trust banks shoulder a social responsibility and a public mission to contribute to the development of the national economy.

Unfolding liberalization, deregulation and other finance-related developments, however, require all financial institutions to uphold the principle of self-responsibility in conducting business. Consequently, efforts to comply with prevailing laws and ordinances and establish a structure that ensures compliance have assumed paramount importance.

Against this backdrop, financial institutions are expected to operate as private corporations, with their social obligations evolving onto a higher plane. Fulfillment of this dual designation is a vital prerequisite in securing the unwavering trust of clients and society as a whole.

Sound and appropriate management is indispensable in the effort to sustain and further elevate the level of trust accorded to us by the market. Such management status is grounded in the principle of self-responsibility, which demands rigorous self-discipline. From this perspective, compliance is one of the most important management issues at Mitsui Trust Financial Group and one that the Group will continue to uphold.

Strictly speaking, compliance means rigid observance of laws and ordinances, but a broader perspective embraces social criteria as well. For the Group, trust is its biggest asset. Therefore, achieving compliance is a foregone conclusion, and executives and employees alike must conscientiously incorporate compliance into their daily routines.

Function of Mitsui Trust Holdings

The Internal Risk Control Department is the supervisory unit for compliance at Mitsui Trust Holdings. The Department promotes various measures to ascertain compliance status for Mitsui Trust Financial Group. These measures include Rules of Compliance, which establish a basic policy on business ethics and provide guidelines governing the conduct of employees, Rules for Compliance Management, which set criteria related to compliance conditions at the Bank, and the Compliance Manual, a detailed handbook.

Compliance at Chuo Mitsui

Supervision of compliance status at Chuo Mitsui is the responsibility of the Legal Department, which promotes measures to reinforce the compliance structure based on Group policy. For example, the Bank encourages all employees, including executives, to read and fully understand the Rules of Compliance and the Compliance Manual, which is updated as necessary.

Chuo Mitsui also outlines bankwide schemes under its Compliance Program, a concrete action agenda that is complemented by the independently designed plans of staffed branches and head office departments to ensure the highest level of compliance.

Compliance at Mitsui Asset

The Corporate Risk Management Department has been designated as the supervisory unit for compliance at Mitsui Asset. In line with Group policy, compliance methods mirror those described above for Chuo Mitsui, but the measures used to improve compliance status are fine tuned to the characteristics of the Mitsui Asset's own focus on pension and securities trust businesses.

How to Read the Financial Statements of Trust Banks

Trust Account and Banking Account

Trust banks keep two types of account: the banking account, which is the institution's own; and the trust account, which is the account of beneficiaries. Trust banks have a number of trust accounts, reflecting the fact that they must separately administer the assets of each trust contract. In principle, details of individual accounts are disclosed only to trustors or beneficiaries. Nevertheless, the total balances of money and pension trusts are recorded in the trust account's aggregate balance sheet. The main assets and liabilities of the trust account with principal guarantee agreement are also disclosed.

Although trust assets nominally belong to trust banks, in fact they belong to the beneficiaries. The institutions therefore receive trust fees for managing these accounts. After deductions for fees and expenses, the profits generated with these accounts all become trust assets.

Trust fees represent one source of income in the banking account. In other words, the banking account income statement reflects both earnings from banking operations and from trust operations.

The Concept of Net Operating Profit (*Gyomu Juneki*)

To calculate core profits—excluding items outside core operations, such as stock earnings and losses and write-offs of non-performing assets—we calculate the net operating profit by selecting only those items that express the earnings from core operations from within the income statement.

Net operating profit is calculated by subtracting the general and administrative expenses and the transfer to the general reserve for possible loan losses from gross operating profit. Gross operating profit comprises:

- Net interest income (such as from deposits, loans and marketable securities);
- Net fees and commissions (trust fees, and fees and commissions);
- Net trading gains (earnings from trading purpose transactions); and
- Net other operating income (such as earnings from foreign exchange and bond trading).

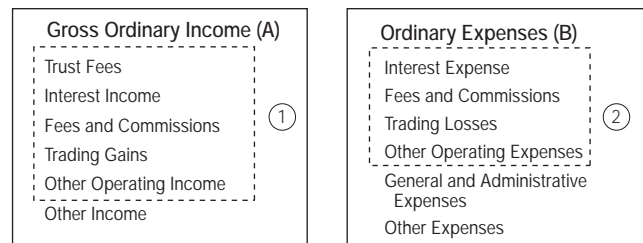
Net Operating Profit at Trust Banks

In addition to net operating profit, trust banks disclose net operating profit before trust account write-offs. With trust banks, the net operating profit calculated according to the formula mentioned above does not adequately reflect the profitability of core operations. Trust fees, which are part of business profit, are calculated after subtracting loan write-offs in the trust account. Therefore, net operating profit is smaller than a trust bank's actual profitability in core operations.

To adjust for this difference and more accurately reflect the profitability of core operations, trust banks calculate net operating profit before trust account write-offs. This allows a comparison with other banks according to net operating profit.

The effective net operating profit is calculated by adding back the transfer to general reserve for possible loan losses from net operating profit before trust account write-offs. The purpose of this calculation is to show the trend of a bank's earning power by eliminating all credit costs including transfers to general reserves.

•The Relationship between Ordinary Income and Net Operating Profit



Ordinary Income

This is calculated by deducting ordinary expenses (B) from gross ordinary income (A).

Gross Operating Profit

The amount remaining after subtracting the highlighted areas in box ② from those in box ① is nearly equal to gross operating profit.

Net Operating Profit

This results from subtracting general and administrative expenses and the transfer to general reserve for possible loan losses from gross operating profit. The transfer to the general reserve for possible loan losses is part of other expenses.

Note: General and administrative expenses in the calculation of ordinary income include retirement payments and transfers and reimbursements to retirement reserves. The general and administrative expenses in the calculation of net operating profit only include the transfer to retirement reserves.

•Sample Calculation of Net Operating Profit before Trust Account Write-Offs

Net operating profit other than for trust fees	Trust fees before loan write-offs	
←	←	→
Net operating profit other than for trust fees (a)	Trust fees (b)	Loan write-offs in the trust account (c)
150	70	30
Net operating profit (a+b)		
220		
Net operating profit before trust account write-offs (a+b+c)		
250		

Consolidated Financial Statements

Mitsui Trust Holdings, Inc., and Consolidated Subsidiaries

Consolidated Balance Sheet

As of March 31, 2002

		Millions of yen	Thousands of U.S. dollars (Note 1)
Assets	Cash and Cash Equivalents	¥ 1,250,731	\$ 9,386,353
	Due from Banks Other than Due from the Bank of Japan	70,342	527,899
	Call Loans and Bills Bought	96	720
	Receivables under Resale Agreements	5,003	37,551
	Trading Assets	12,186	91,455
	Investment Securities (Note 3)	3,436,926	25,793,068
	Money Held in Trust	83,928	629,855
	Loans and Bills Discounted (Notes 4 and 8)	7,416,077	55,655,362
	Foreign Exchanges (Note 5)	4,855	36,437
	Other Assets (Note 6)	299,746	2,249,505
	Premises and Equipment (Note 7)	275,968	2,071,059
	Deferred Tax Assets (Note 25)	390,276	2,928,903
	Customers' Liabilities for Acceptances and Guarantees (Note 9)	306,927	2,303,394
	Reserve for Possible Loan Losses	(180,230)	(1,352,572)
	Total	¥13,372,836	\$100,358,995
Liabilities	Deposits (Note 10)	¥ 7,742,467	\$ 58,104,822
	Call Money and Bills Sold	586,500	4,401,500
	Trading Liabilities	5,775	43,340
	Borrowed Money (Note 11)	434,810	3,263,116
	Foreign Exchanges (Note 5)	27	207
	Subordinated Bonds	123,130	924,058
	Convertible Bonds (Note 12)	19,383	145,463
	Payable to Trust Accounts	3,085,291	23,154,159
	Other Liabilities (Note 13)	482,999	3,624,763
	Reserve for Bonus Payment	4,080	30,623
	Reserve for Retirement Benefits (Note 14)	8,645	64,878
	Reserve for Possible Losses on Collateralized Real Estate Loans Sold to CCPC	7,167	53,788
	Deferred Tax Liabilities (Note 25)	654	4,909
	Deferred Tax Liabilities for Land Revaluation Excess	3,193	23,968
	Acceptances and Guarantees (Note 9)	306,927	2,303,394
	Total Liabilities	¥12,811,054	\$ 96,142,996
Minority Interests		¥ 65,600	\$ 492,311
Shareholders' Equity (Note 16)	Common Stock (Note 17)	260,053	1,951,621
	Capital Surplus	358,960	2,693,887
	Land Revaluation Excess	4,939	37,066
	Accumulated Deficit	(124,455)	(934,003)
	Foreign Currency Translation Adjustments	(972)	(7,301)
	Net Unrealized Gain on Available-for-Sale Securities	472	3,548
	Treasury Stock—At Cost 12,353,328 Shares	(2,815)	(21,130)
	Total Shareholders' Equity	¥ 496,181	\$ 3,723,687
	Total	¥13,372,836	\$100,358,995

See Notes to Consolidated Financial Statements.

Consolidated Statement of Operations

Year ended March 31, 2002

	Millions of yen	Thousands of U.S. dollars (Note 1)
Income		
Interest Income:		
Interest on Loans and Bills Discounted	¥ 129,089	\$ 968,777
Interest and Dividends on Securities	60,823	456,464
Interest on Call Loans and Bills Bought	202	1,519
Other Interest Income (Note 18)	2,668	20,027
Trust Fees (Note 19)	104,118	781,376
Fees and Commissions	57,686	432,919
Trading Gains	645	4,846
Other Operating Income (Note 20)	53,807	403,806
Other Income (Note 21)	131,861	989,577
Total Income	<u>540,903</u>	<u>4,059,313</u>
Expenses		
Interest Expense:		
Interest on Deposits	37,660	282,630
Interest on Borrowings, Call Money and Bills Sold	13,117	98,442
Other Interest Expense (Note 22)	46,002	345,238
Fees and Commissions	6,861	51,490
Trading Losses	223	1,674
Other Operating Expenses (Note 23)	2,309	17,333
General and Administrative Expenses	172,967	1,298,070
Other Expenses (Note 24)	678,910	5,095,013
Total Expenses	<u>958,053</u>	<u>7,189,894</u>
Loss before Income Taxes and Minority Interests	<u>(417,149)</u>	<u>(3,130,580)</u>
Income Taxes (Note 25)		
Current	11,145	83,644
Deferred	(150,992)	(1,133,151)
Minority Interest in Net Income	599	4,497
Net Loss	<u>¥(277,902)</u>	<u>\$ (2,085,571)</u>
	Yen	U.S. dollars (Note 1)
Per Share of Common Stock		
Net Loss	<u>¥(350.60)</u>	<u>\$(2.63)</u>

See Notes to Consolidated Financial Statements.

Consolidated Statement of Shareholders' Equity

Year ended March 31, 2002

	Thousands		Millions of yen						
	Outstanding Number of Shares of Common Stock	Outstanding Number of Shares of Preferred Stock	Capital Stock	Capital Surplus	Land Revaluation Excess	(Accumulated Deficit) Retained Earnings	Foreign Currency Translation Adjustments	Net Unrealized Gain on Available-for-Sale Securities	Treasury Stocks
Balance, April 1, 2001	818,698	270,156	¥260,000	¥358,906	¥5,225	¥ 157,939	¥ 228	¥ —	¥ (5)
Net Loss						(277,902)			
Cash Dividends						(4,665)			
Reversal of Land Revaluation Excess					(275)	453			
Change in the Normal Effective Statutory Tax Rate					(10)				
Increase from Change in Share Ownership Ratio of Consolidated Subsidiaries						772			
Adjustment of Retained Earnings for Previously Consolidated Subsidiaries						(1,053)			
Net Unrealized Gain on Available-for-Sale Securities, Less Applicable Tax								472	
Changes in Foreign Currency Translation							(1,201)		
Treasury Stock Transactions									(2,810)
Conversion of Convertible Bonds	97		53	53					
Balance, March 31, 2002	818,795	270,156	¥260,053	¥358,960	¥4,939	¥(124,455)	¥ (972)	¥472	¥(2,815)

	Thousands of U.S. dollars (Note 1)						
	Capital Stock	Capital Surplus	Land Revaluation Excess	(Accumulated Deficit) Retained Earnings	Foreign Currency Translation Adjustments	Net Unrealized Gain on Available-for-Sale Securities	Treasury Stocks
Balance, April 1, 2001	\$1,951,219	\$2,693,485	\$39,216	\$1,185,287	\$ 1,712	\$ —	\$ (41)
Net Loss				(2,085,571)			
Cash Dividends				(35,013)			
Reversal of Land Revaluation Excess			(2,070)	3,402			
Change in the Normal Effective Statutory Tax Rate			(79)				
Increase from Change in Share Ownership Ratio of Consolidated Subsidiaries				5,801			
Adjustment of Retained Earnings for Previously Consolidated Subsidiaries				(7,909)			
Net Unrealized Gain on Available-for-Sale Securities, Less Applicable Tax						3,548	
Changes in Foreign Currency Translation					(9,013)		
Treasury Stock Transactions							(21,088)
Conversion of Convertible Bonds	401	401					
Balance, March 31, 2002	\$1,951,621	\$2,693,887	\$37,066	\$ (934,003)	\$ (7,301)	\$3,548	\$ (21,130)

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2002

		Millions of yen	Thousands of U.S. dollars (Note 1)
Operating Activities	Loss Before Income Taxes and Minority Interests	¥ (417,149)	\$ (3,130,580)
	Adjustments for:		
	Income Taxes Paid	(4,573)	(34,322)
	Depreciation and Amortization	50,842	381,560
	Amortization of Consolidation Differences	98	735
	Increase in Reserve for Possible Loan Losses	41,936	314,723
	Decrease in Reserve for Possible Losses on Collateralized Real Estate Loans Sold to CCPC	(1,578)	(11,843)
	Increase in Reserve for Bonus Payment	4,152	31,165
	Decrease in Reserve for Retirement Benefits	(2,193)	(16,464)
	Decrease in Reserve for Possible Foreign Exchange Losses on Trust Account Investments	(26,760)	(200,828)
	Net Loss on Investment Securities	320,319	2,403,898
	Gain on Money Held in Trust	(457)	(3,430)
	Foreign Exchange Gain—Net	(20,443)	(153,423)
	Net Loss on Disposal of Premises and Equipment	3,304	24,796
	Changes in Assets and Liabilities:		
	Increase in Trading Assets	(4,420)	(33,170)
	Increase in Trading Liabilities	568	4,267
	Decrease in Loans and Bills Discounted	312,269	2,343,486
	Decrease in Deposits	(121,489)	(911,742)
	Decrease in Borrowed Money (Excluding Subordinated Borrowings)	(24,465)	(183,608)
	Decrease in Interest-Earning Deposits in Other Banks	256,652	1,926,099
	Decrease in Call Loans and Bills Bought	175,164	1,314,554
	Decrease in Cash Placed as Collateral on Securities Borrowed	(5,970)	(44,803)
	Increase in Call Money and Bills Sold	534,988	4,014,919
	Increase in Cash Received as Collateral for Securities Lent	247,362	1,856,380
	Increase in Foreign Exchanges (Assets)	8,529	64,008
	Decrease in Foreign Exchanges (Liabilities)	(26)	(200)
	Decrease in Payable to Trust Account	(831,773)	(6,242,202)
	Other—Net	36,922	277,093
	Net Cash Provided by Operating Activities	<u>531,809</u>	<u>3,991,069</u>
Investing Activities	Purchases of Investment Securities	(3,276,648)	(24,590,229)
	Proceeds from Sales of Investment Securities	2,273,666	17,063,160
	Proceeds from Redemption of Investment Securities	1,539,248	11,551,586
	Increase in Money Held in Trust	(2,512)	(18,858)
	Decrease in Money Held in Trust	17,251	129,463
	Purchases of Premises and Equipment	(46,406)	(348,264)
	Proceeds from Sales of Premises and Equipment	15,030	112,797
	Payment for Purchase of Stocks of Subsidiaries (Affecting the Scope of Consolidation)	(7,572)	(56,827)
	Net Cash Provided by Investing Activities	<u>512,056</u>	<u>3,842,828</u>
Financing Activities	Payment of Subordinated Bonds and Convertible Bonds	(11,984)	(89,942)
	Issuance of Common Stock	57,100	428,517
	Dividends Paid	(4,665)	(35,013)
	Dividends Paid for Minority Interests	(8)	(65)
	Proceeds from Sales of Treasury Stock	202	1,521
	Net Cash Provided by Financing Activities	<u>40,643</u>	<u>305,017</u>
	Effect of Exchange Rate Changes on Cash and Cash Equivalents	351	2,636
	Net Increase in Cash and Cash Equivalents	<u>¥1,084,861</u>	<u>\$ 8,141,552</u>
	Cash and Cash Equivalents, Beginning of Year	173,369	1,301,081
	Cash and Cash Equivalents of Previously Consolidated Subsidiaries, Beginning of Year	(7,499)	(56,280)
	Cash and Cash Equivalents, End of Year	<u>¥1,250,731</u>	<u>\$ 9,386,353</u>
Additional Cash Flow Information			
Non-Cash Investing and Financing Activities	Capital Stock Increased by Conversion of Convertible Bonds	¥ 430	\$ 3,227
	Capital Surplus Increased by Conversion of Convertible Bonds	430	3,227
	Convertible Bonds Decreased by Conversion	<u>¥ 860</u>	<u>\$ 6,454</u>
Interest and Dividends Received		¥ 210,050	\$ 1,576,360
Interest Paid		¥ (110,513)	\$ (829,368)
Increase in Assets and Liabilities due to Consolidation of Subsidiaries Previously Unconsolidated	Assets (Primarily Investment Securities and Loans)	¥ 32,699	\$ 245,400
	Liabilities (Primarily Call Money)	22,314	167,464

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Mitsui Trust Holdings, Inc., and Consolidated Subsidiaries
Year ended March 31, 2002

1. Basis of Presentation of Financial Statements

The accompanying consolidated financial statements (Banking Account) have been prepared from the accounts maintained by Mitsui Trust Holdings, Inc. (“Mitsui Trust Holdings”), and its consolidated subsidiaries in accordance with accounting principles and practices generally accepted in Japan, the Uniform Accounting Standards for Banks issued by the Federation of Bankers Association of Japan and certain accounting and disclosure rules under the Securities and Exchange Law of Japan, which are different in certain respects as to application and disclosure requirements of the International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to Mitsui Trust Holdings’ financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

In 2001, the Chuo Mitsui and Banking Company, Limited (“Chuo Mitsui”), purchased all shares of Mitsui Asset Trust and Banking Company, Limited (“Mitsui Asset”), from a Japanese commercial bank, which became a wholly owned subsidiary of Chuo Mitsui. The business combination was accounted for as a purchase.

In February 2002, Chuo Mitsui established Mitsui Trust Holdings by way of stock transfers and became a wholly owned subsidiary of Mitsui Trust Holdings. The formation of Mitsui Trust Holdings was accounted for using the pooling-of-interests method in accordance with “Accounting for the Consolidation of the Holding Company established by Stock Exchange or Stock Transfers” issued by the Japanese Institute of Certified Public Accountants (JICPA Accounting Committee Research Report No. 6).

Mitsui Trust Holdings then purchased all of the Mitsui Asset shares from Chuo Mitsui, thus completing a series of business reorganization activities resulting in Chuo Mitsui and Mitsui Asset becoming wholly owned subsidiaries of Mitsui Trust Holdings.

There are no accounting requirements to restate the financial statements for prior periods under Japanese Generally Accepted Accounting Principles (GAAP), however, in accordance with the JICPA Accounting Committee Research Report

No. 6, consolidated financial statements for the year ended March 31, 2002, are presented assuming Mitsui Trust Holdings had existed as of April 1, 2001.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsui Trust Holdings is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.25 to US\$1, the approximate rate of exchange at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

a. Consolidation

The consolidated financial statements as of March 31, 2002, include the accounts of Mitsui Trust Holdings and its significant 23 subsidiaries.

Chuo Mitsui Investments, Inc., was established in March 2001 and included in the consolidation.

Chuo Mitsui Trust Company (U.S.A), Chushin Housing Services Co., Ltd., and Sanshin Realty Co., Ltd., were excluded from the consolidation as a result of liquidation.

The consolidated financial statements do not include the accounts of Chuo Mitsui Create Co., Ltd. (a Japanese corporation), and other subsidiaries in fiscal 2001, ended March 31, 2002, because the combined total assets, total income, net income and retained earnings would not have had a material effect on the consolidated financial statements.

Investments in these unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investment in these companies, the effect on the accompanying consolidated financial statements would not have been material.

All significant intercompany transactions, balances and unrealized profits have been eliminated in consolidation.

b. Cash and Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include amounts due from the Bank of Japan.

c. Mark-to-Market Accounting for Trading Purpose Transactions

Transactions for trading purposes (for the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in trading assets and trading liabilities on a trade date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at market value and trading-related financial derivatives are at the amounts that would have been settled if they were terminated at the end of the fiscal year.

d. Translation of Foreign Currency Accounts

Mitsui Trust Holdings' consolidated banking subsidiaries maintain their accounting records in Japanese yen. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the exchange rate prevailing at each balance sheet date, except for certain accounts translated at historical rates.

For funding related swap transactions of the subsidiary banks, in accordance with the JICPA Industry Audit Committee Report No. 20, "Tentative Accounting and Auditing Treatments for Foreign Currency Transactions for Banks," the principal equivalents of assets and liabilities are translated into yen using the exchange rates at the balance sheet date and the net amount is recorded on the balance sheet.

Differences between spot and forward rates in the funding related swap transactions are recorded as interest income or expense on an accrual basis for the period from the settlement date of spot foreign exchange to the settlement date of forward foreign exchange.

The funding related swap transactions consist of spot foreign exchange contracts and forward foreign exchange contracts. Such contracts are originated for the purpose of funding transaction in different currencies, where the notional amounts of lending and borrowing are equal to the amounts of foreign exchange bought or sold as a spot transaction and the amounts of future payment for, and proceeds from, borrowing and lending, respectively, with the contractual interest payment or receipt denominated in foreign currency, equal to the amounts of foreign exchange bought or sold as a forward transaction.

For currency swap transactions originated for the purpose of hedging foreign exchange risk on borrowing/lending in different currencies and for which amounts payable/receivable at the maturity date are equal to amounts receivable/payable at

the contract date and the rates applied to principal and interest are rational, based on the JICPA Industry Audit Committee Report No. 20, the principal equivalents of assets and liabilities are translated into yen using the exchange rates at the balance sheet date and the net amount is recorded on the balance sheet. Differences between spot and forward rates in the currency swap transactions are amortized over the life of the swap contract and recorded in interest income or expense on an accrual basis.

The balance sheet accounts of other consolidated subsidiaries are translated into Japanese yen using the exchange rate prevailing at each balance sheet date.

e. Investment Securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (i) Trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings; (ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost; and (iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. Derivative and Hedging Activities

Derivative financial instruments are classified and accounted for as follows: (i) All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement; and (ii) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged transactions.

g. Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation. Depreciation is computed by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998. The range of useful

lives is from 10 to 50 years for buildings and from three to eight years for equipment, furniture and fixtures.

h. Software

The purchased software costs are amortized over the estimated useful lives of the software (principally five years).

i. Land Revaluation

Under the new Law of Land Revaluation, promulgated March 31, 1998, and revised on March 31, 1999 and 2001, Chuo Mitsui elected the one-time revaluation for its own-use land to a value based on real estate appraisal information as of March 31, 1998.

Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities. The details of the one-time revaluation as of March 31, 2002, are as follows:

	Millions of yen	Thousands of U.S. dollars
Land before Revaluation	¥ 93,159	\$699,130
Land after Revaluation	101,292	760,166
Land Revaluation Excess	8,132	61,035
(Net of Income Taxes)	(4,939)	(37,066)

At March 31, 2002, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥6,418 million (\$48,171 thousand).

j. Stock and Bond Issue Expenses

Stock and bond issue expenses are being amortized over three years and the annual amortization is presented in other expenses in the statement of operations.

k. Reserve for Possible Loan Losses

Reserve for possible loan losses of consolidated banking subsidiaries are maintained in accordance with the following internally established standards for write-offs and reserves for loan losses:

- 1) For loans extended to debtors that are legally bankrupt, such as debtors under bankruptcy and special liquidation proceedings (“legally bankrupt”), and to debtors that are in substantially similar adverse condition (“virtually bankrupt”), reserves are maintained at 100% of amounts of claims net of expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees.
- 2) For loans extended to debtors that have not yet gone legally or formally bankrupt but who are likely to become bankrupt (“likely to become bankrupt”), reserves are maintained at amounts deemed necessary to absorb losses on the

amount of claims less expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees, based on the overall assessment of debtors’ repayment ability.

3) For loans extended to other debtors judged to be legally bankrupt, virtually bankrupt and likely to become bankrupt, as mentioned above, reserves are maintained at rates derived from historical loan loss experiences and other factors.

4) Reserve for possible loan losses to restructuring countries (including reserve for losses on overseas investments prescribed in Article 55-2 of the Exceptions to the Tax Law Act) are maintained in order to cover possible losses based on the political and economic climates of the countries.

All claims are assessed by the operating sections and each Credit Supervision Department based on the internal rules for self-assessment on asset quality. Subsequently, the Asset Quality Audit Department, which is independent from the operating sections, reviews these self-assessments, and the reserves are provided based on the results of the self-assessments.

With respect to loans with collateral and/or guarantees extended to borrowers in bankruptcy or borrowers effectively in bankruptcy, the unrecoverable amount is estimated by deducting from the loan amount the realizable value of collateral or the amount likely to be recovered based on guarantees. The outstanding amount thus determined is then directly written off from the loan amount as the unrecoverable amount. Such loans totaled ¥514,651 million (\$3,862,302 thousand) at March 31, 2002.

Other consolidated subsidiaries provide for “credit losses in the reserve for possible loan losses” based on past experience and management’s assessment of the loan portfolio.

l. Reserve for Retirement Benefits and Pension Plans

Mitsui Trust Holdings and its principal domestic subsidiaries have defined benefit plans (employee pension fund plans and tax qualified pension plans) and lump-sum severance indemnity plans.

Effective April 1, 2000, Mitsui Trust Holdings’ domestic consolidated subsidiaries adopted a new accounting standard for employees’ retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The unrecognized transitional obligation of ¥57,093 million (\$428,464 thousand), determined as of the beginning of the year, is being amortized over five years, and the annual amortization is presented in other expenses in the statement of operations.

m. Reserve for Possible Losses on Collateralized Real Estate Loans Sold to CCPC

The reserve for possible losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company ("CCPC") is provided at an amount deemed necessary to cover possible losses based on the estimated fair value of real estate. In accordance with the terms of the loans collateralized by real estate sales contracts, Chuo Mitsui is required to cover certain portions of losses incurred, as defined in the contract, when CCPC disposes of real estate in satisfaction of the related debt.

n. Appropriations of Retained Earnings

Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

o. Income Taxes

The provision for income taxes is computed based on the pretax income included in the statement of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

p. Leases

All leases are accounted for as operating leases. In accordance with Japanese accounting standards for leases, finance leases that do not transfer ownership of the leased property to the lessee are permitted to be accounted for as operating leases if certain "as if capitalized" information is disclosed in the notes to the lessee's non-consolidated financial statements.

q. Cash Dividends

Interim dividends may be paid after the end of the semi-annual period, by resolution of the Board of Directors, while year-end dividends are authorized after the close of each period to which they relate and reflected in the statement of shareholders' equity when duly declared and paid.

r. Per Share Information

Net loss per common stock is computed as net loss less preferred stock dividends divided by the weighted average number of shares of common stock outstanding during the fiscal year, excluding treasury stock held by Mitsui Trust Holdings and its consolidated subsidiaries.

Diluted net income per share is not disclosed because of Mitsui Trust Holdings' net loss position.

3. Investment Securities

Investment securities at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Government Bonds	¥1,270,269	\$ 9,532,981
Municipal Bonds	70,803	531,355
Corporate Bonds	167,044	1,253,615
Stocks	1,345,880	10,100,416
Other Securities	582,928	4,374,699
Total	¥3,436,926	\$25,793,068

Information regarding each category of the securities classified as trading, available-for-sale and held-to-maturity at March 31, 2002, was as follows:

	Millions of yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities Classified as:				
Trading				¥ 5,065
Available-for-Sale:				
Equity Securities	¥1,291,632	¥72,071	¥66,902	1,296,801
Debt Securities	1,489,816	9,426	4,037	1,495,205
Other	327,616	1,359	12,417	316,558
Held-to-Maturity	12,911	6	61	12,855

	Thousands of U.S. dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities Classified as:				
Trading				\$ 38,012
Available-for-Sale:				
Equity Securities	\$ 9,693,302	\$540,872	\$502,084	9,732,090
Debt Securities	11,180,614	70,740	30,298	11,221,056
Other	2,458,656	10,203	93,186	2,375,673
Held-to-Maturity	96,896	46	464	96,478

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2002, were as follows:

	Carrying amount	
	Millions of yen	Thousands of U.S. dollars
Available-for-Sale:		
Unlisted Stocks	¥48,958	\$367,422
Unlisted Securities	24,742	185,687
Subscription Certificates	5,647	42,380
Total	¥79,349	\$595,490

Proceeds from sales of available-for-sale securities for the year ended March 31, 2002, were ¥2,337,789 million (\$17,544,389 thousand). Gross realized gains and losses on these sales, computed on the moving-average basis, were ¥49,930 million

(\$374,711 thousand) and ¥225,775 million (\$1,694,375 thousand), respectively.

The carrying values of debt securities by contractual maturity for securities classified as available-for-sale and held-to-maturity at March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Due in One Year or Less	¥ 82,643	\$ 620,214
Due after One Year through Five Years	484,773	3,638,078
Due after Five Years through Ten Years	946,854	7,105,847
Due after Ten Years	168,058	1,261,228
Total	<u>¥1,682,330</u>	<u>\$12,625,369</u>

4. Loans and Bills Discounted

Loans and bills discounted at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Bills Discounted	¥ 48,592	\$ 364,673
Loans on Notes	1,786,597	13,407,861
Loans on Deeds	4,656,700	34,947,099
Overdrafts	924,185	6,935,728
Total	<u>¥7,416,077</u>	<u>\$55,655,362</u>

Non-Accrual Loans

Loans to borrowers in bankruptcy are included in loans and bills discounted, and totaled ¥36,953 million (\$277,326 thousand) at March 31, 2002.

Loans are generally placed on non-accrual status when substantial doubt is judged to exist as to the ultimate collectibility of either principal or interest if they are past due for a certain period or for other reasons.

Loans to borrowers in bankruptcy represent non-accrual loans, after the partial charge-off of claims deemed uncollectible, to debtors who are legally bankrupt as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law.

Past due loans are included in loans and bills discounted, and totaled ¥337,880 million (\$2,535,689 thousand) at March 31, 2002.

Past due loans are non-accrual loans other than loans to borrowers in bankruptcy and loans for which interest payment is deferred in order to assist the debtor's financial recovery from financial difficulties.

Accruing Loans Contractually Past Due Three Months or More

Accruing loans contractually past due three months or more are included in loans and bills discounted, and totaled ¥1,519 million (\$11,403 thousand) at March 31, 2002. Loans classified as loans to borrowers in bankruptcy or past due loans are excluded.

Restructured Loans

Restructured loans are included in loans and bills discounted, and totaled ¥452,895 million (\$3,398,838 thousand) at March 31, 2002. Such restructured loans are loans on which Chuo Mitsui granted concessions (for example reduction of the face amount or maturity amount of the debt or accrued interest) to debtors in financial difficulties to assist them in their financial recovery and eventually enable them to pay their creditors. Loans classified as loans to borrowers in bankruptcy or past due loans or accruing loans contractually past due three months or more are excluded.

Non-accrual loans, loans accrued contractually past due three months or more and restructured loans totaled ¥829,248 million (\$6,223,255 thousand) at March 31, 2002.

The amounts of claim above at March 31, 2002, are those before the reserve for possible loan losses is deducted.

5. Foreign Exchanges

Foreign exchanges at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Assets:		
Due from Foreign Banks	¥4,855	\$36,437
Total	<u>¥4,855</u>	<u>\$36,437</u>
Liabilities:		
Due to Foreign Banks	¥ 22	\$ 171
Foreign Exchange Bills Sold	1	8
Foreign Exchange Bills Payable	3	27
Total	<u>¥ 27</u>	<u>\$ 207</u>

6. Other Assets

Other assets at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Prepaid Expenses	¥ 389	\$ 2,926
Accrued Income	43,749	328,325
Other	255,607	1,918,253
Total	<u>¥299,746</u>	<u>\$2,249,505</u>

7. Premises and Equipment

Premises and equipment at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Land	¥101,292	\$ 760,166
Buildings	58,487	438,931
Equipment	14,693	110,267
Construction in Progress	289	2,173
Other	101,206	759,520
Total	<u>¥275,968</u>	<u>\$2,071,059</u>

Accumulated depreciation amounted to ¥212,637 million (\$1,595,774 thousand) at March 31, 2002.

8. Collateral

The carrying amounts of assets pledged as collateral and the related collateralized debt at March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Securities	¥ 626,309	\$4,700,262
Loans	484,734	3,637,781
Other Assets	976	7,329
Total	<u>¥1,112,020</u>	<u>\$8,345,373</u>
Deposits	287	2,153
Call Money	230,000	1,726,078
Bills Sold	356,500	2,675,422
Borrowed Money	15,989	119,992
Total	<u>¥ 602,776</u>	<u>\$4,523,647</u>

In addition, the following assets are deposited with respect to foreign exchange settlements and derivatives at March 31, 2002.

	Millions of yen	Thousands of U.S. dollars
Securities	¥441,950	\$3,316,700
Due from Banks	15	116
Total	<u>¥441,965</u>	<u>\$3,316,817</u>

9. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "acceptances and guarantees." As a contra account, "customers' liabilities for acceptances and guarantees" is shown on the assets side of the balance sheet representing Mitsui Trust Holdings' right of indemnity from the applicant.

10. Deposits

Deposits at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Current Deposits	¥ 174,216	\$ 1,307,437
Ordinary Deposits	1,537,836	11,540,987
Deposits at Notice	77,015	577,976
Time Deposits	5,635,587	42,293,336
Negotiable Certificates of Deposit	262,580	1,970,581
Other	55,232	414,503
Total	<u>¥7,742,467</u>	<u>\$58,104,822</u>

11. Borrowed Money

Borrowed money at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Borrowed Money	¥ 66,810	\$ 501,390
Subordinated Loans	368,000	2,761,726
Total	<u>¥434,810</u>	<u>\$3,263,116</u>

12. Convertible Bonds

Convertible bonds at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
1.54% Japanese Yen Perpetual Subordinated Convertible Bonds	¥18,730	\$140,562
0.5% Japanese Yen Subordinated Convertible Bonds Due 2007	653	4,900
Total	<u>¥19,383</u>	<u>\$145,463</u>

The aforementioned bonds are convertible into common stock of Mitsui Trust Holdings at the conversion prices set forth below, subject to adjustment under certain circumstances.

The conversion price per share is as follows:

	Conversion price per share March 31, 2002
1.54% Japanese Yen Perpetual Subordinated Convertible Bonds	¥1,600.00
0.5% Japanese Yen Subordinated Convertible Bonds Due 2007	1,100.00

13. Other Liabilities

Other liabilities at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Accrued Expenses	¥ 36,986	\$ 277,573
Unearned Income	7,866	59,039
Other	438,145	3,288,149
Total	<u>¥482,999</u>	<u>\$3,624,763</u>

14. Retirement Benefits and Pension Plans

Employees whose service with Mitsui Trust Holdings and certain domestic consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or by death, the employee is entitled to greater payment than in the case of voluntary termination.

Mitsui Trust Holdings' domestic consolidated subsidiaries have adopted unfunded retirement benefit plans. Certain domestic consolidated subsidiaries have a synthetic contributory pension plan.

Mitsui Trust Holdings contributed certain available-for-sale securities with a fair value to the employee retirement benefit trust for its contributory and non-contributory pension plans. The securities held in this trust are qualified as plan assets.

The liability for employees' retirement benefits at March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Projected Benefit Obligation	¥234,851	\$1,762,490
Fair Value of Plan Assets	(187,115)	(1,404,243)
Unrecognized Prior Service Cost	5,551	41,661
Unrecognized Actuarial Gain	(63,990)	(480,225)
Unrecognized Transitional Obligation	(34,254)	(257,068)
Prepaid Pension Expenses	53,601	402,263
Net Liability	<u>¥ 8,645</u>	<u>\$ 64,878</u>

The components of net periodic benefit costs for the year ended March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Service Cost	¥ 5,890	\$ 44,209
Interest Cost	7,407	55,587
Expected Return on Plan Assets	(8,825)	(66,228)
Amortization of Prior Service Cost	(1,635)	(12,270)
Recognized Actuarial Loss	1,843	13,831
Amortization of Transitional Obligation	11,418	85,693
Other	5,671	42,560
Net Periodic Benefit Costs	<u>¥21,769</u>	<u>\$163,381</u>

Assumptions used for the year ended March 31, 2002, are set forth as follows:

Discount Rate	3.0%
Expected Rate of Return on Plan Assets	4.4%
Amortization Period of Prior Service Cost	5 years
Recognition Period of Actuarial Gain/Loss	10 years
Amortization Period of Transitional Obligation	5 years

15. Commitment and Contingent Liabilities

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by Chuo Mitsui Trust, and such guaranteed principal at March 31, 2002, totaled ¥5,272,004 million (\$39,564,762 thousand).

A commitment line is a contract whereby Mitsui Trust Holdings' subsidiaries are obligated to advance funds up to a predetermined amount to a customer upon request, provided that the customer has met the terms and conditions of the contract. The total balance of unused commitment line as of March 31, 2002, was ¥1,479,445 million (\$11,102,780 thousand), of which commitment lines whose maturities are less than one year or whose contracts can be terminated at any time without any conditions at subsidiaries' option was ¥1,471,573 million (\$11,043,704 thousand).

Many of these commitment lines often mature without the subsidiaries advancing any funds to the customers. As such, the total balance of unused commitment lines does not necessarily impact on the subsidiaries' future cash flows. Furthermore, many commitment lines contain provisions that allow the subsidiaries to refuse to advance funds to the customers or reduce the contract amount of the commitment lines under certain conditions.

The subsidiaries may also request customers to provide collateral, if necessary, such as real estate or securities, on the execution date of the contract. After the execution date, the subsidiaries periodically monitor the customers' credit-worthiness over the term of the contracts in accordance with internal policies, and take measures to manage the credit exposures, such as by revising the terms of the contracts if necessary.

16. Shareholders' Equity

Japanese companies are subject to the Japanese Commercial Code (the "Code"), to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital. Effective October 1, 2001, the Code was revised and common stock par values were eliminated, resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25% of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 25% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. Under the Code, companies may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split could not be less than ¥50. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders' meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of stated capital, additional paid-in capital or legal reserve to be reduced in cases where such reduction was resolved at the general shareholders' meeting.

The Code permits companies to transfer a portion of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits companies to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

Under the Banking Law of Japan, consolidated domestic banking subsidiaries are required to appropriate as legal reserve portions of unappropriated retained earnings in the amount not less than 20% of cash payments, including cash dividends and bonuses to directors and corporate auditors, appropriated in each financial period, until such reserve equals 100% of stated capital. This reserve is not available for dividends but may be used to reduce a deficit or may be transferred to common stock.

17. Common Stock and Preferred Stock

Common stock and preferred stock at March 31, 2002, consisted of the following:

Class of shares	Number of shares		Per share (Yen)
	Authorized	Issued	Year-end Cash Dividend
Common Stock	4,068,332,436	818,795,606	¥ 2.5
Class I Preferred Share	20,000,000	20,000,000	40.0
Class II Preferred Share	93,750,000	93,750,000	14.4
Class III Preferred Share	156,406,250	156,406,250	20.0
Class IV Preferred Share	14,518,750		

18. Other Interest Income

Other interest income for the year ended March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Interest on Deposits with Banks	¥2,195	\$16,474
Interest on Interest Swaps	63	479
Other	409	3,072
Total	<u>¥2,668</u>	<u>\$20,027</u>

19. Trust Fees

Chuo Mitsui and Mitsui Trust receive fees for controlling and managing trust properties held under trust agreements between them and their clients.

20. Other Operating Income

Other operating income for the year ended March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Gain on Foreign Exchange	¥22,308	\$167,420
Gain on Sales and Redemption of Bonds	25,874	194,182
Other	5,623	42,202
Total	<u>¥53,807</u>	<u>\$403,806</u>

21. Other Income

Other income for the year ended March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Gain on Sales of Stocks and Other Securities	¥ 42,627	\$319,904
Gain on Money Held in Trust	617	4,635
Other	88,616	665,038
Total	<u>¥131,861</u>	<u>\$989,577</u>

22. Other Interest Expense

Other interest expense for the year ended March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Interest on Corporate Bonds	¥ 2,240	\$ 16,816
Interest on Convertible Bonds	333	2,499
Interest on Interest Swaps	22,407	168,163
Other	21,021	157,758
Total	<u>¥46,002</u>	<u>\$345,238</u>

23. Other Operating Expenses

Other operating expenses for the year ended March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Loss on Sales of Bonds	¥1,819	\$13,657
Loss on Redemption of Bonds	489	3,676
Total	<u>¥2,309</u>	<u>\$17,333</u>

24. Other Expenses

Other expenses for the year ended March 31, 2002, consisted of the following:

	Millions of yen	Thousands of U.S. dollars
Provision for Possible Loan Losses	¥ 68,024	\$ 510,503
Write-Off of Loans	42,446	318,546
Losses on Sales of Stocks and Other Equity Securities	146,337	1,098,216
Losses on Devaluation of Stocks and Other Securities	157,976	1,185,567
Losses on Money Held in Trust	1,110	8,332
Loss on Sales of Investment Trust	78,567	589,628
Other	184,448	1,384,219
Total	<u>¥678,910</u>	<u>\$5,095,013</u>

25. Income Taxes

Mitsui Trust Holdings is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the year ended March 31, 2002.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Deferred Tax Assets:		
Reserve for Possible Loan Losses	¥188,023	\$1,411,060
Tax Loss Carryforwards	113,927	854,990
Unrealized Loss on Available-for- Sale Securities	63,416	475,924
Other	50,955	382,405
Total	<u>¥416,323</u>	<u>\$3,124,382</u>
Valuation Allowance	(23,068)	(173,123)
Deferred Tax Assets	<u>¥393,255</u>	<u>\$2,951,258</u>
Deferred Tax Liabilities:		
Other Reserve	¥ 3,632	\$ 27,263
Deferred Tax Liabilities	<u>¥ 3,632</u>	<u>\$ 27,263</u>
Net Deferred Tax Assets	<u>¥389,622</u>	<u>\$2,923,994</u>

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2002, and the actual effective tax rate reflected in the accompanying statement of operations is as follows:

	Year ended March 31, 2002
Normal Effective Statutory Tax Rate	39.27%
Valuation Allowance	(5.53)
Other—Net	(0.21)
Actual Effective Tax Rate	<u>33.52</u>

At March 31, 2002, certain subsidiaries have tax loss carryforwards aggregating approximately ¥290,113 million (\$2,177,210 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2006	¥ 72,399	\$ 543,337
2007	217,713	1,633,873
Total	<u>¥290,113</u>	<u>\$2,177,210</u>

26. Leases

Total leases payments under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥119 million (\$895 thousand) for the year ended March 31, 2002.

The imputed interest expense portion, which is computed using the interest method, is excluded from the above obligations under finance leases.

Lessee

	Millions of yen		
	Premises	Equipment	Total
Acquisition Cost	¥186	¥ 5	¥191
Accumulated Depreciation	119	3	123
Net Leased Property	<u>¥ 66</u>	<u>¥ 1</u>	<u>¥ 68</u>

	Thousands of U.S. dollars		
	Premises	Equipment	Total
Acquisition Cost	\$1,397	\$40	\$1,437
Accumulated Depreciation	895	29	924
Net Leased Property	<u>\$ 501</u>	<u>\$11</u>	<u>\$ 513</u>

Obligations under financial leases as of March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Due within One Year	¥41	\$309
Due after One Year	35	266
Total	<u>¥76</u>	<u>\$575</u>

Depreciation expense and interest expense under finance leases for the year ended March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Depreciation Expense	¥89	\$671
Interest Expense	9	72
Total	<u>¥99</u>	<u>\$744</u>

Depreciation expense and interest expense, which are not reflected in the accompanying statement of operations, were computed by the straight-line method and the interest method, respectively.

Lessor

	Millions of yen		
	Premises	Equipment	Total
Acquisition Cost	¥179,737	¥1,939	¥181,677
Accumulated Depreciation	106,049	881	106,931
Net Leased Property	<u>¥ 73,688</u>	<u>¥1,058</u>	<u>¥ 74,746</u>

	Thousands of U.S. dollars		
	Premises	Equipment	Total
Acquisition Cost	\$1,348,876	\$14,556	\$1,363,433
Accumulated Depreciation	795,869	6,615	802,484
Net Leased Property	<u>\$ 553,007</u>	<u>\$ 7,941</u>	<u>\$ 560,949</u>

Obligations under financial leases as of March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Due within One Year	¥26,646	\$199,976
Due after One Year	54,421	408,417
Total	<u>¥81,068</u>	<u>\$608,393</u>

Depreciation expense and interest income under finance leases for the year ended March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
Depreciation Expense	¥26,606	\$199,671
Interest Income	2,513	18,863
Total	<u>¥29,119</u>	<u>\$218,535</u>

27. Derivatives Information

Derivative Transactions

a. Instruments

Mitsui Trust Holdings and consolidated subsidiaries (the "Group") undertake such derivative transactions as futures, swaps and options. Specifically, the Group utilizes interest rate derivatives (including interest futures, interest rate future options, interest rate swaps, caps, floors and swaptions), currency derivatives (exchange contracts, currency swaps and currency options), stock derivatives (equity swaps) and bond derivatives (including bond futures and bond future options).

b. Purpose and Policies for Derivative Transactions

The Group employs derivative transactions as a vital tool to meet the increasingly sophisticated and diversified financial needs of clients and to keep the market risk exposure on its own assets and liabilities to a level commensurate with its risk management capacity. Derivative transactions involve various risks, including market risk, which arises through changing interest rates and price fluctuations. The Group must be aware of the characteristics and volume of such risk and enforce strict risk management processes to hedge the risks inherent in derivative transactions.

The Group does not engage in leveraged derivative transactions, for which transaction values fluctuate significantly compared with the price movement of the underlying products.

c. Transaction Purpose

(1) Banking Account

In the banking account, the Group uses derivative transactions to hedge asset and liability risks, such as interest rate risk and exchange rate risk.

In principle, the Group applies fair-value accounting to derivative transactions in the banking account. In addition, of derivatives used for hedging purposes, those transactions recognized for being highly effective in hedging risk are accounted for by hedge accounting, and gains or losses are specifically booked under deferred hedging, fair-value hedging and interest rate swaps.

(2) Trading Account

In the trading account, the Group uses derivative transactions to secure profit, primarily through short-term price fluctuations. The Group also provides a wide assortment of

derivative-embedded, high-value-added financial products and financial risk management measures to assist clients in their financing requirements. When providing these products and measures, the Group strives to ensure that clients fully understand the inherent risks and the content of transactions into which derivatives have been integrated.

d. Contents of Risks for Derivative Transactions

(1) Market Risk

Market risk is the potential for loss caused by fluctuations in the fair value of financial products or portfolios, owing to changes in market volatility on the market prices of traded products, such as interest rates, foreign exchange rates and marketable securities. The Group measures risk volume through such means as basis point value (BPV)* and value at risk (VaR)**.

VaR for the fiscal year to March 31, 2002***, in the trading account, on a consolidated basis, is presented below.

	Millions of yen	Thousands of U.S. dollars
Maximum	¥260	\$1,951
Minimum	18	135
Average	100	750
End of year	117	878

* BPV shows the change in fair value of transactions when interest rates change by one basis point (0.01%).

** VaR is a method to statistically gauge the maximum portfolio loss at a certain probability during a given holding period, thereby facilitating standardized measurement of risk across different products, including interest rates, foreign exchange rates and bonds.

*** Measurement assumes a confidence level of 99% and a holding period of 10 days.

(2) Credit Risk

Credit risk is the possibility of reduction or complete elimination of fair value on transactions, owing to such adverse developments as the worsening financial position of a borrower. In the case of derivative transactions, credit risk is not the loss of the assumed principal but the cost, or reconstruction cost, extended to conclude an agreement with a third party having cash flow equivalent to the amount at the time the original counterparty defaulted.

The Group's credit equivalent—determined on a consolidated basis according to Bank for International Settlements (BIS) capital adequacy standards—comprises latent credit exposure plus reconstruction costs. The amount for the year ended March 31, 2002, was as follows:

	Millions of yen	Thousands of U.S. dollars
Interest Rate Swaps	¥137,238	\$1,029,934
Currency Swaps	5,152	38,671
Exchange Contracts	21,376	160,426
Interest Options (Buy)	448	3,362
Currency Options (Buy)	730	5,478
Effect of Close-Out Netting Agreements that Reduce the Group's Credit Risk Exposure	(120,314)	(902,919)
Total	<u>¥ 44,632</u>	<u>\$ 334,949</u>

e. Risk Management System for Derivative Transactions

The Group is fully aware of the social responsibility and public mission that is incumbent upon financial institutions. Members of the Group therefore assume risk only within strategic objectives and risk-hedging capabilities, based on suitable risk management, and adhere to a basic risk management policy to secure appropriate returns on investment.

As the holding company for the Group, Mitsui Trust Holdings monitors risk management of the entire Group, oversees the system for securing appropriate profits and for managing risk at trust banking subsidiaries and provides guidance for enhancing the system when and where necessary.

The trust banking subsidiaries have established their own Rules for Risk Management geared to respective operating scale and business characteristics, in accordance with the risk management direction of the Group that Mitsui Trust Holdings has set forth in its Rules for Risk Management.

In regard to market risk, the Group maintains a basic policy through its Rules for Market Risk Management and created Regulations for Market Risk Management to reinforce and control accurate hedging techniques and risk limits as well as to underpin, for example, a split office structure. A cross-check structure has been established whereby the divisions that execute transactions are clearly separate from the divisions that process the transactions, and overall management of market risk is consolidated under the Corporate Risk Management Department, which is independent of both the front and back offices and pinpoints the status of activities undertaken by both office categories.

This department identifies and analyzes group wide risk, tracks compliance of risk limits and reports to the management team on a daily basis and to the Executive Committee on a monthly basis.

In regard to hedge transactions, The Group has prepared Rules for Hedge Transactions to maintain suitable control of hedge transactions.

For credit risk, the Group follows Rules for Credit Risk Management, which provide direction for regulating credit risk on loans, fund transactions, derivative transactions and other credit-related risks, and works to forge a stronger credit risk management structure.

Credit lines for derivative and other transactions are established through strict procedures, in accordance with trading standards provided separately. The compliance status of such credit lines and other conditions are appropriately monitored.

Interest Rate Transactions

	Millions of yen			
	Contract or Notional Amount		Fair Value	Unrealized Gains (Losses)
	Total	Over One Year		
Listed:				
Interest Rate				
Forward Contracts:				
Selling	¥ 1,302	¥ —	¥ 3	¥ 3
Buying	2,442	—	(3)	(3)
Over-the-Counter:				
Interest Rate Swaps:				
Fixed Rate Receipt, Floating Rate Payment	3,863,130	1,177,299	102,230	102,230
Floating Rate Receipt, Fixed Rate Payment	3,629,821	1,058,617	(97,378)	(97,378)
Others:				
Selling	177,517	65,800	(2,181)	(211)
Buying	83,686	34,000	90	(186)

	Thousands of U.S. dollars			
	Contract or Notional Amount		Fair Value	Unrealized Gains (Losses)
	Total	Over One Year		
Listed:				
Interest Rate				
Forward Contracts:				
Selling	\$ 9,772	\$ —	\$ 25	\$ 25
Buying	18,333	—	(22)	(22)
Over-the-Counter:				
Interest Rate Swaps:				
Fixed Rate Receipt,				
Floating Rate				
Payment	28,991,594	8,835,266	767,209	767,209
Floating Rate				
Receipt, Fixed				
Rate Payment	27,240,687	7,944,597	(730,794)	(730,794)
Others:				
Selling	1,332,210	493,808	(16,367)	(1,590)
Buying	628,043	255,159	682	(1,402)

- Notes: 1. Unrealized gains and losses are reflected in the statement of operations. However, derivative transactions, which qualify for hedge accounting, were excluded from the above table.
2. Quoted market prices, where available, are used to estimate fair values of financial instruments. However, quoted market prices are not available for a substantial portion of financial instruments and fair values for such financial instruments are estimated using discounted cash flow models or other valuation techniques.

Currency Transactions

	Millions of yen		
	Contract or Notional Amount	Fair Value	Unrealized Gains (Losses)
	Currency Rate Swaps	¥516,293	¥(1,510)

	Thousands of U.S. dollars		
	Contract or Notional Amount	Fair Value	Unrealized Gains (Losses)
	Currency Rate Swaps	\$3,874,621	\$(11,333)

- Notes: 1. Fair values of the above transactions are based on the discount present value.
2. Currency futures contracts and currency options are excluded from the above schedule, as their carrying amounts are repriced at the end of the term, and their gains and losses are stated in the statement of operations.

The contract amount of currency-related derivative transactions under repricing are described in the following:

	Millions of yen	Thousands of U.S. dollars
	Contract or Notional Amount	Contract or Notional Amount
Over-the-Counter:		
Foreign Exchange Contracts		
Selling	¥456,133	\$3,423,143
Buying	506,205	3,798,915
Currency Options		
Selling	31,313	235,000
Buying	60,756	455,961

Bond Transactions

	Millions of yen		
	Contract Amount	Fair Value	Unrealized Gains (Losses)
	Listed		
Bond futures:			
Selling	¥2,063	¥(6)	¥(6)

	Thousands of U.S. dollars		
	Contract Amount	Fair Value	Unrealized Gains (Losses)
	Listed		
Bond futures:			
Selling	\$15,482	\$(48)	\$(48)

- Notes: 1. The above transactions were stated at fair value. Unrealized gains and losses are reflected in the statement of operations. However derivative transactions, which qualify for hedge accounting, were excluded from the above table.
2. For exchange listed instruments, the closing prices at March 31, 2002, at the Tokyo Stock Exchange and other exchanges were applied.

28. Segment Information

Mitsui Trust Holdings and its subsidiaries operate predominantly in the banking and trust business and certain subsidiaries deal in securities, although those operations comprise a minor share of Mitsui Trust Holdings' total business.

Domestic (Japan) total income and assets by geographic segment for the fiscal year ended March 31, 2002, represented more than 90% of consolidated total income and total assets. Accordingly, segment information by geographic area was not required to be disclosed.

29. Subsequent Event

a. The following plan of Mitsui Trust Holdings for the appropriation of unappropriated profit was approved at the general meeting of shareholders held on June 27, 2002:

	Millions of yen	Thousands of U.S. dollars
Year-End Dividends:		
Common Stock,		
¥2.50 (\$0.01) per Share	¥2,046	\$15,360
Class I Preferred Share,		
¥40 (\$0.30) per Share	800	6,003
Class II Preferred Share,		
¥14.4 (\$0.10) per Share	1,350	10,131
Class III Preferred Share,		
¥20 (\$0.15) per Share	3,128	23,475
Total	<u>¥7,324</u>	<u>\$54,971</u>

b. In accordance with the “Metropolitan Ordinance Regarding the Imposition of Enterprise Taxes through External Standards Taxation on Banks in Tokyo” (Tokyo Metropolitan Ordinance No. 145, April 1, 2000) (the “Metropolitan Ordinance”), enterprise taxes which were hitherto levied on taxable income are now levied on gross operating profit (*gyomu sorieki*) as defined in the Metropolitan Ordinance.

On October 18, 2000, Chuo Mitsui filed a lawsuit with the Tokyo District Court against the Tokyo Metropolitan Government and the Governor of Tokyo, seeking to void the Metropolitan Ordinance. Chuo Mitsui won the case on March 26, 2002, on the grounds that the Metropolitan Ordinance was illegal. The Tokyo District Court ordered the Tokyo Metropolitan Government to return the tax payments of ¥4,191 million (\$31,454 thousand) and also awarded the damages of ¥100 million (\$750 thousand). On March 29, 2002, the Tokyo Metropolitan Government filed an appeal with the Tokyo High Court.

It is the opinion of Chuo Mitsui that the Metropolitan Ordinance is both unconstitutional and illegal. Chuo Mitsui has asserted this opinion in the courts and the matter is still in litigation. The fact that during this term Chuo Mitsui has applied the same treatment as in the previous term, accounting for enterprise taxes through external standards taxation on banks in Tokyo in accordance with the Metropolitan Ordinance, is because Chuo Mitsui has deemed it appropriate at this stage to continue with the same accounting treatment as before. This accounting treatment does not constitute in any

way an admission on the part of Chuo Mitsui either of the constitutionality or of the legality of the Metropolitan Ordinance.

In connection with the Municipal Ordinance, enterprise taxes of ¥3,531 million (\$26,503 thousand) were recorded in other expenses for the year ended March 31, 2002.

Since the enterprise taxes in question are not included in the calculation of deferred taxes, had the enterprise taxes been levied on taxable income, the deferred tax asset would have increased ¥23,264 million (\$174,592 thousand) from the recorded amount based on *gyomu sorieki*, as defined. In addition, deferred tax liabilities on land re-evaluation would have increased ¥194 million (\$1,461 thousand), the re-evaluation reserve for land, net of taxes, would have decreased ¥194 million (\$1,461 thousand), and net unrealized gains/losses on available-for-sale securities, net of taxes, would have increased ¥10 million (\$80 thousand), from the recorded amounts based on *gyomu sorieki*, as defined.

In accordance with the “Municipal Ordinance Regarding the Imposition of Enterprise Taxes through External Standards Taxation on Banks in Osaka” (Osaka Municipal Ordinance No. 131, June 9, 2000) (the “Municipal Ordinance”), enterprise taxes, which were hitherto levied on taxable income, are now levied on *gyomu sorieki*, as defined.

On April 4, 2002, Chuo Mitsui filed a lawsuit with the Osaka District Court against the Osaka Municipal Government and the Governor of Osaka, seeking to void the Municipal Ordinance.

It is the opinion of Chuo Mitsui that the Municipal Ordinance is both unconstitutional and illegal. Chuo Mitsui has asserted this opinion in the Osaka District Court and the matter is still in litigation. The fact that during this term Chuo Mitsui has applied the treatment accounting for enterprise taxes through external standards taxation on banks in Osaka in accordance with the Municipal Ordinance, is because Chuo Mitsui has deemed it appropriate at this stage to apply the same accounting treatment to Osaka as to Tokyo. This accounting treatment does not constitute in any way an admission on the part of Chuo Mitsui of the constitutionality or the legality of the Municipal Ordinance.

In connection with the Municipal Ordinance, enterprise taxes of ¥568 million (\$4,265 thousand) on banks in Osaka were recorded in other expenses. Since the enterprise taxes in question are not included in the calculations for deferred

taxes, had the enterprise taxes been levied on taxable income, deferred tax assets would have increased ¥3,744 million (\$28,098 thousand) from the recorded amount based on *gyomu sorieki*, as defined. In addition, deferred tax liabilities on land re-evaluation would have increased ¥31 million (\$235 thousand), the re-evaluation reserve for land, net of taxes, would have decreased ¥31 million (\$235 thousand), and net unrealized gains/losses on available-for-sale securities, net of taxes, would have increased ¥1 million (\$13 thousand), from the recorded amounts based on *gyomu sorieki*, as defined.

In connection with the “Revision of Municipal Ordinance Regarding the Imposition of the Enterprise Taxes through External Standards Taxation on Banks in Osaka” (Osaka Municipal Ordinance No. 77) (the “revised Municipal Ordinance”) on May 30, 2002, the treatment regarding the tax basis is to be applicable from the fiscal year starting on April 1, 2002.

The enterprise taxes which Chuo Mitsui should pay to Osaka Municipal Government this term are subject to the Supplementary Provision 2 of the revised Municipal Ordinance, which provides Chuo Mitsui shall pay the enterprise taxes based on the lesser of *gyomu sorieki* or taxable income. Chuo Mitsui, therefore, will file and pay the enterprise taxes based on taxable income.

The fact that Chuo Mitsui will file and pay the enterprise taxes according to the revised Municipal Ordinance does not constitute in any way an admission on the part of Chuo Mitsui of the constitutionality or the legality of the revised Municipal Ordinance as well as the Municipal Ordinance.

Independent Auditors' Report

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**Deloitte
Touche
Tohmatsu**

To the Board of Directors and Shareholders of
Mitsui Trust Holdings, Inc.:

We have examined the consolidated balance sheet ("Banking Account") of Mitsui Trust Holdings, Inc., and consolidated subsidiaries as of March 31, 2002, and the related consolidated statement of operations, shareholders' equity, and cash flows for the year then ended, all expressed in Japanese yen. Our examination was made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Mitsui Trust Holdings, Inc., and consolidated subsidiaries as of March 31, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



June 27, 2002

Non-Consolidated Financial Statements

Mitsui Trust Holdings, Inc.

Non-Consolidated Balance Sheet

As of March 31, 2002

	Millions of yen	Thousands of U.S. dollars
Assets		
Current Assets:		
Cash and Due from Banks	¥ 14,789	\$ 110,988
Other Current Assets	114	857
Total Current Assets	<u>14,903</u>	<u>111,845</u>
Non-Current Assets:		
Tangible Fixed Assets	1	13
Intangible Fixed Assets	2	17
Investments and Other Assets	868,875	6,520,641
Investments in Subsidiaries (Stocks)	571,272	4,287,225
Investments in Subsidiaries (Bonds)	100,000	750,469
Investments in Subsidiaries (Convertible Bonds)	19,490	146,266
Investments in Subsidiaries (Long-Term Loans)	178,000	1,335,834
Other Investments	112	845
Total Non-Current Assets	<u>868,879</u>	<u>6,520,672</u>
Deferred Charges	596	4,477
Total	<u>¥884,379</u>	<u>\$6,636,995</u>
Liabilities		
Current Liabilities:		
Accounts Payable	¥ 88	\$ 661
Accrued Expenses	86	650
Accrued Taxes	6,400	48,030
Other Current Liabilities	39	299
Total Current Liabilities	<u>6,614</u>	<u>49,641</u>
Non-Current Liabilities:		
Long-term Loans	178,000	1,335,834
Bonds	160,800	1,206,754
Convertible Bonds	19,383	145,463
Reserve for Retirement Benefits	166	1,248
Total Non-Current Liabilities	<u>358,349</u>	<u>2,689,302</u>
Total Liabilities	<u>¥364,964</u>	<u>\$2,738,944</u>
Shareholders' Equity		
Capital Stock	260,053	1,951,621
Capital Surplus	243,456	1,827,062
Retained Earnings	15,915	119,441
Treasury Stock—At Cost		
55,164 Shares	(9)	(73)
Total Shareholders' Equity	<u>¥519,415</u>	<u>\$3,898,051</u>
Total	<u>¥884,379</u>	<u>\$6,636,995</u>

Non-Consolidated Statement of Income

Year ended March 31, 2002

		Millions of yen	Thousands of U.S. dollars
Operating Income	Interest Income on Loans to Subsidiaries	¥ 17	\$ 127
	Interest Income on Investments in Subsidiaries (Bonds)	8	64
	Interest Income on Investments in Subsidiaries (Convertible Bonds)	23	178
	Fees and Commissions Received from Subsidiaries	997	7,485
	Total Operating Income	<u>1,046</u>	<u>7,857</u>
Operating Expenses	Interest Expenses on Loans	17	127
	Interest Expenses on Bonds	47	354
	Interest Expenses on Convertible Bonds	23	178
	General and Administrative Expenses	230	1,733
	Total Operating Expenses	<u>319</u>	<u>2,394</u>
	Operating Profit	<u>727</u>	<u>5,462</u>
Non-Operating Income	Gain on Sales of Securities	22,170	166,379
	Other Non-Operating Income	0	2
	Total Non-Operating Income	<u>22,170</u>	<u>166,381</u>
Non-Operating Expenses	Interest Expenses on Loans from Subsidiaries	24	184
	Other Non-Operating Expenses	558	4,188
	Total Non-Operating Expenses	<u>582</u>	<u>4,373</u>
Income Before Income Taxes		<u>22,315</u>	<u>167,471</u>
Income Taxes		6,400	48,030
Net Income		<u>¥15,915</u>	<u>\$119,441</u>
		Yen	U.S. dollars
Per Share of Common Stock			
	Basic Net Income	¥12.99	\$0.09
	Diluted Net Income	8.63	0.06

Non-Consolidated Financial Statements (Banking Account)

The Chuo Mitsui Trust and Banking Company, Limited

Non-Consolidated Balance Sheets

As of March 31, 2002 and 2001

		Millions of yen		Thousands of U.S. dollars
		2002	2001	2002
Assets	Cash and Cash Equivalents	¥ 904,137	¥ 162,693	\$ 6,785,275
	Due from Banks Other than Due from the Bank of Japan	70,342	326,995	527,899
	Call Loans and Bills Bought	—	179,100	—
	Trading Assets	12,196	7,776	91,527
	Investment Securities	3,430,118	4,264,581	25,741,978
	Money Held in Trust	73,954	86,245	555,007
	Loans and Bills Discounted	7,509,754	7,767,813	56,358,382
	Foreign Exchanges	4,854	13,383	36,430
	Other Assets	266,671	284,487	2,001,286
	Premises and Equipment	198,827	211,052	1,492,140
	Deferred Tax Assets	381,520	237,604	2,863,190
	Customers' Liabilities for Acceptances and Guarantees	331,110	432,498	2,484,880
	Reserve for Possible Loan Losses	(177,126)	(136,434)	(1,329,283)
	Reserve for Possible Investment Losses	(0)	(195)	(0)
	Total	¥13,006,361	¥13,837,598	\$97,608,716
Liabilities	Deposits	¥ 7,724,075	¥ 7,871,100	\$57,966,794
	Call Money and Bills Sold	586,500	37,412	4,401,500
	Trading Liabilities	5,775	5,206	43,340
	Borrowed Money	421,582	433,247	3,163,845
	Foreign Exchanges	27	54	207
	Subordinated Bonds	100,000	100,000	750,469
	Convertible Bonds	19,490	35,023	146,266
	Payable to Trust Account	2,860,126	3,913,444	21,464,367
	Other Liabilities	410,645	176,785	3,081,765
	Reserve for Bonus Payment	2,818	—	21,148
	Reserve for Retirement Benefits	7,070	10,558	53,064
	Reserve for Possible Losses on Collateralized Real Estate Loans Sold to CCPC	7,167	8,746	53,788
	Reserve for Possible Foreign Exchange Losses on Trust Account	—	26,760	—
	Deferred Tax Liabilities for Land Revaluation Excess	3,193	3,361	23,968
	Acceptances and Guarantees	331,110	432,498	2,484,880
	Total Liabilities	¥12,479,583	¥13,054,194	\$93,655,408
Shareholders' Equity	Capital Stock	334,802	322,876	2,512,589
	Capital Surplus	318,958	295,278	2,393,684
	Legal Reserve	43,353	42,414	325,354
	Land Revaluation Surplus	4,939	5,226	37,066
	(Accumulated Deficit) Retained Earnings	(175,002)	117,610	(1,313,336)
	Net Unrealized Gain on Available-for-Sale Securities	(273)	—	(2,049)
	Total Shareholders' Equity	¥ 526,778	¥ 783,404	\$ 3,953,308
	Total	¥13,006,361	¥13,837,598	\$97,608,716

Non-Consolidated Statements of Operations

Years ended March 31, 2002 and 2001

		Millions of yen		Thousands of U.S. dollars
		2002	2001	2002
Income	Interest Income:			
	Interest on Loans and Bills Discounted	¥ 129,143	¥152,557	\$ 969,184
	Interest and Dividends on Securities	59,872	72,635	449,324
	Interest on Call Loans and Bills Bought	206	684	1,547
	Other Interest Income	2,547	8,498	19,119
	Trust Fees	79,262	124,091	594,842
	Fees and Commissions	65,802	47,954	493,825
	Trading Gains	648	962	4,868
	Other Operating Income	54,452	54,025	408,649
	Other Income	84,287	148,458	632,550
	Total Income	476,223	609,864	3,573,912
Expenses	Interest Expense:			
	Interest on Deposits	37,795	57,028	283,643
	Interest on Borrowings and Bills Sold	12,666	13,676	95,060
	Other Interest Expense	45,300	70,972	339,965
	Fees and Commissions	15,374	11,691	115,377
	Trading Losses	223	137	1,674
	Other Operating Expenses	2,478	3,762	18,598
	General and Administrative Expenses	161,728	178,404	1,213,720
	Other Expenses	635,711	227,259	4,770,817
	Total Expenses	911,277	562,929	6,838,858
(Loss) Income before Income Taxes		(435,054)	46,935	(3,264,945)
Income Taxes	Current	387	3,853	2,904
	Deferred	(148,000)	19,122	(1,110,694)
Net (Loss) Income		¥(287,441)	¥ 23,960	\$(2,157,156)
		Yen		U.S. dollars
		2002	2001	2002
Per Share of Common Stock				
	Net (Loss) Income	¥(350.26)	¥22.85	\$(2.62)
	Diluted Net Income	—	13.29	—

Non-Consolidated Financial Statements (Banking Account)

Mitsui Asset Trust and Banking Company, Limited

Non-Consolidated Balance Sheet

As of March 31, 2002

		Millions of yen	Thousands of U.S. dollars
Assets	Cash and Cash Equivalents	¥336,706	\$2,526,880
	Due from Banks Other than Due from the Bank of Japan	68,747	515,926
	Call Loans	96	720
	Investment Securities	1,016	7,630
	Foreign Exchanges	1	7
	Other Assets	29,307	219,941
	Premises and Equipment	2,644	19,844
	Deferred Tax Assets	5,351	40,163
	Reserve for Possible Loan Losses	(13)	(103)
	Total Assets	¥443,857	\$3,331,012
Liabilities	Deposits	¥116,584	\$874,933
	Borrowed Money	2,000	15,009
	Payable to Trust Account	225,164	1,689,792
	Other Liabilities	63,466	476,297
	Reserve for Bonus Payment	572	4,297
	Reserve for Retirement Benefits	971	7,290
	Total Liabilities	¥408,760	\$3,067,621
Shareholders' Equity	Capital Stock	11,000	82,551
	Capital Surplus	21,246	159,445
	Retained Earnings	2,849	21,387
	Net Unrealized Gain on Available-for-Sale Securities	0	6
	Total Shareholders' Equity	¥ 35,096	\$ 263,391
Total Liabilities and Shareholders' Equity		¥443,857	\$3,331,012

Non-Consolidated Statement of Income

Year ended March 31, 2002

		Millions of yen	Thousands of U.S. dollars
Income	Interest Income:		
	Interest on Loans and Bills Discounted	¥ 418	\$ 3,142
	Interest and Dividends on Securities	21	159
	Other Interest Income	64	487
	Trust Fees	24,783	185,993
	Fees and Commissions	365	2,741
	Other Income	98	736
	Total Income	<u>25,751</u>	<u>193,260</u>
Expenses	Interest Expense:		
	Interest on Deposits	18	142
	Interest on Borrowings and Call Money	71	536
	Other Interest Expense	31	233
	Fees and Commissions	18,047	135,443
	General and Administrative Expenses	1,881	14,117
	Other Expenses	887	6,658
	Total Expenses	<u>20,937</u>	<u>157,132</u>
Income before Income Taxes		4,814	36,128
Income Taxes	Current	3,391	25,453
	Deferred	(1,042)	(7,821)
Net Income		<u>¥ 2,464</u>	<u>\$ 18,496</u>
		Yen	U.S. dollars
Per Share of Common Stock			
	Net Income	¥11,868.07	\$89.06

Financial Statements of Subsidiary Banks* (Trust Account—Unaudited)

Mitsui Trust Holdings, Inc.

Balance Sheets

As of March 31, 2002 and 2001

		Millions of yen		Thousands of U.S. dollars
		2002	2001	2002
Assets	Loans and Bills Discounted (Note 2)	¥ 2,592,906	¥ 3,244,563	\$ 19,458,961
	Securities (Note 3)	23,023,432	22,375,274	172,783,736
	Securities Held for Investment Trusts	3,718,002	5,521,863	27,902,455
	Foreign Investment Held for Investment Trusts	570,059	460,429	4,278,120
	Beneficiary Rights	1,011,001	3,303	7,587,255
	Securities Held in Custody Accounts	9,095	3,279	68,260
	Securities Lent	—	7,379	—
	Monetary Claims	1,068,684	5,345,071	8,020,145
	Premises and Equipment	1,157,955	885,520	8,690,095
	Other Claims	257,257	16,923	1,930,634
	Call Loans	1,186,819	1,268,147	8,906,709
	Due from Banking Account	3,085,291	3,913,444	23,154,159
	Cash and Due from Banks	396,792	406,291	2,977,807
	Total Assets	¥38,077,298	¥43,451,486	\$285,758,340
Liabilities	Money Trusts (Note 4)	¥17,202,155	¥22,071,876	\$129,096,850
	Pension Trusts	6,374,285	6,288,771	47,837,042
	Property Formation Benefit Trusts	21,242	20,016	159,418
	Loan Trusts (Note 5)	3,762,116	5,271,265	28,233,519
	Securities Investment Trusts	5,238,786	6,894,636	39,315,470
	Money in Trust Other than Money Trusts	1,163,012	820,645	8,728,048
	Securities in Trust	963,681	10,673	7,232,133
	Money Claims in Trust	1,044,712	658,297	7,840,247
	Equipment in Trusts	1,091	1,371	8,190
	Real Estate in Trusts	120,498	102,545	904,306
	General Trusts	2,185,714	1,311,391	16,403,113
	Total Liabilities	¥38,077,298	¥43,451,486	\$285,758,340

See Notes to Financial Statements of Subsidiary Banks (Trust Account—Unaudited).

* Figures for fiscal 2001 are combined totals from The Chuo Mitsui Trust and Banking Company, Limited, and Mitsui Asset Trust and Banking Company, Limited. Figures for fiscal 2000 are for The Chuo Mitsui Trust and Banking Company, Limited.

Notes to Financial Statements of Subsidiary Banks (Trust Account—Unaudited)

Mitsui Trust Holdings, Inc.
Years ended March 31, 2002 and 2001

Note 1

Trust Accounts

Under the Trust Law of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from other assets. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of Mitsui Trust Holdings, Inc. (“Mitsui Trust Holdings”), do not reflect Mitsui Trust Holdings’ records as to the assets accepted in trust, which are maintained separately under the Trust Account.

Under certain trust agreements, repayments of the principal of customers’ trust assets are guaranteed by The Chuo Mitsui Trust and Banking Company, Limited (“Chuo Mitsui”), and such guaranteed principal at March 31, 2002 and 2001, was ¥5,272,004 million (\$39,564,762 thousand) and ¥7,039,370 million, respectively.

All amounts have been rounded down to the nearest million yen, and to the nearest thousand dollars.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.25 to US\$1, the approximate rate of exchange at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Note 2

Loans and Bills Discounted

Loans and bills discounted in Chuo Mitsui’s trust account at March 31, 2002 and 2001, consisted of the following:

	Millions of yen		Thousands of
	2002	2001	U.S. dollars
Loans on Deeds	¥2,444,392	¥3,008,073	\$18,344,409
Loans on Notes	148,462	236,327	1,114,167
Bills Discounted	51	163	384
Total	¥2,592,906	¥3,244,563	\$19,458,961

Under certain trust agreements, repayments of the principal of customers’ trust assets are guaranteed by Chuo Mitsui, and loans on such guaranteed trust assets at March 31, 2002 and 2001, included the following:

	Millions of yen		Thousands of
	2002	2001	U.S. dollars
Loans to Borrowers in			
Legal Bankruptcy	¥ 21,790	¥ 30,128	\$ 163,532
Past Due Loans	59,799	75,933	448,628
Accruing Loans			
Contractually Past Due			
Three Months or More	726	2,175	5,451
Restructured Loans	51,627	54,461	387,477
Total	¥133,924	¥162,697	\$1,005,059

Note 3

Securities

Listed stocks, convertible bonds and bonds with stock purchase warrants are carried at the lower of cost or market.

Other securities are stated at cost.

Securities held at March 31, 2002 and 2001, consisted of the following:

	Millions of yen		Thousands of
	2002	2001	U.S. dollars
Government Bonds	¥ 4,115,557	¥ 3,946,947	\$ 30,885,988
Municipal Bonds	358,449	395,517	2,690,053
Corporate Bonds	1,798,192	2,108,400	13,494,879
Stocks	10,593,352	9,851,773	79,499,829
Foreign Securities	5,783,013	5,752,363	43,399,727
Other Securities	374,866	320,274	2,813,258
Total	¥23,023,432	¥22,375,274	\$172,783,736

Note 4**Balance of Jointly Operated Designated Money Trusts**

Jointly operated designated money trusts of Chuo Mitsui are included in money trusts and the balances of these accounts are as follows:

	Millions of yen		Thousands of
	2002	2001	U.S. dollars
Assets			2002
Loans and Bills			
Discounted	¥ 460,704	¥ 604,677	\$3,457,445
Securities	69,386	208,932	520,723
Other	624,599	481,810	4,687,427
Total	<u>¥1,154,690</u>	<u>¥1,295,419</u>	<u>\$8,665,595</u>
Liabilities			
Principal	¥1,153,272	¥1,298,795	\$8,654,956
Reserve for Possible			
Loan Losses	882	1,151	6,625
Other	534	(4,527)	4,013
Total	<u>¥1,154,690</u>	<u>¥1,295,419</u>	<u>\$8,665,595</u>

In the case of jointly operated designated money trusts, the principal amount is guaranteed and, as the above table indicates, reserve for possible loan losses is set aside by Chuo Mitsui. The figures of the table include funds reinvested from the other trusts managed by Chuo Mitsui.

Note 5**Balance of Loan Trusts**

The balance of loan trusts of Chuo Mitsui is as follows (the figures include funds reinvested from other trusts managed by Chuo Mitsui):

	Millions of yen		Thousands of
	2002	2001	U.S. dollars
Assets			2002
Loans and Bills			
Discounted	¥2,025,539	¥2,500,444	\$15,201,043
Securities	166,094	310,966	1,246,491
Other*	1,983,831	3,004,716	14,888,039
Total	<u>¥4,175,465</u>	<u>¥5,816,126</u>	<u>\$31,335,574</u>
Liabilities			
Principal	¥4,118,731	¥5,740,574	\$30,909,805
Special Reserve Funds	24,532	30,856	184,108
Other	32,201	44,696	241,659
Total	<u>¥4,175,465</u>	<u>¥5,816,126</u>	<u>\$31,335,574</u>

*Mainly due from banking accounts.

As in jointly operated designated money trusts, the principal amount of loan trusts is guaranteed and, as the above table indicates, special reserve funds are set aside by Chuo Mitsui.

Consolidated Five-Year Summary

	Mitsui Trust Holdings	Chuo Mitsui	Chuo Trust and Mitsui Trust Billions of yen	Chuo Trust and Mitsui Trust	Chuo Trust and Mitsui Trust
	2002	2001	2000	1999	1998
Banking Account (As of March 31)					
Total Assets*	¥13,372.8	¥13,887.9	¥15,297.5	¥14,749.4	¥16,037.1
Cash and Due from Banks	1,321.0	500.3	1,009.2	786.1	752.9
Call Loans and Bills Bought	0.0	181.6	247.5	250.6	943.3
Investment Securities	3,436.9	4,261.6	4,976.6	4,757.7	4,977.4
Loans and Bills Discounted	7,416.0	7,707.4	7,740.4	6,924.1	7,922.8
Foreign Exchanges	4.8	13.3	13.0	19.8	24.1
Customers' Liabilities for Acceptances and Guarantees	306.9	406.5	463.3	650.2	234.9
Total Liabilities*	¥12,811.0	¥13,104.4	¥14,149.8	¥13,662.7	¥15,239.0
Deposits	7,742.4	7,860.4	7,910.2	6,842.8	6,164.8
Call Money and Bills Sold	586.5	37.4	135.0	127.9	504.8
Borrowed Money	434.8	463.3	510.2	597.9	353.4
Foreign Exchanges	0.0	0.0	0.0	6.8	1.4
Acceptances and Guarantees	306.9	406.5	463.3	650.2	234.9
Total Shareholders' Equity	¥ 496.1	¥ 778.5	¥ 1,139.9	¥ 1,091.3	¥ 798.1
Trust Account** (As of March 31)					
Total Assets	¥38,077.2	¥43,451.4	¥44,404.9	¥44,794.0	¥46,072.1
Loans and Bills Discounted	2,592.9	3,244.5	3,973.4	4,960.9	5,572.9
Securities	23,023.4	22,375.2	22,000.4	21,766.0	20,667.7
Securities Held for Investment Trusts	3,718.0	5,521.8	5,587.0	4,886.6	5,685.3
Call Loans and Bills Bought	1,186.8	1,268.1	1,489.1	1,878.0	2,351.8
Total Liabilities	¥38,077.2	¥43,451.4	¥44,404.9	¥44,794.0	¥46,072.1
Money Trusts	17,202.1	22,071.8	22,698.2	21,789.1	19,424.6
Pension Trusts	6,374.2	6,288.7	6,045.2	6,191.0	6,268.3
Property Formation Benefit Trusts	21.2	20.0	20.8	20.8	22.8
Loan Trusts	3,762.1	5,271.2	6,192.1	7,435.9	9,207.7
Securities Investment Trusts	5,238.7	6,894.6	7,035.6	6,703.6	8,235.2
Statements of Operations (Years ended March 31)					
Total Income	¥ 540.9	¥ 657.5	¥ 1,011.2	¥ 1,005.7	¥ 1,161.7
Total Expenses	958.0	611.0	891.3	1,399.5	1,136.9
(Loss) Income before Income Taxes and Minority Interests	(417.1)	46.5	119.8	333.7	24.8
Net (Loss) Income	¥ (277.9)	¥ 23.0	¥ 47.8	¥ 238.6	¥ 37.4

Notes: 1. All figures are based on the consolidated financial statements.

2. Figures for fiscal 2001 are for Mitsui Trust Holdings, Inc.

3. Figures for fiscal 2000 are for The Chuo Mitsui Trust and Banking Company, Limited.

4. Figures for fiscal 1997 to fiscal 1999 are combined totals from The Chuo Trust and Banking Company, Limited, and The Mitsui Trust and Banking Company, Limited.

* Owing to a change in calculation, total assets and total liabilities as of March 31, 2002, 2001 and 2000, exclude reserve for possible loan losses and reserve for possible investment losses.

** Figures for fiscal 2001 are combined totals from The Chuo Mitsui Trust and Banking Company, Limited, and Mitsui Asset Trust and Banking Company, Limited.

Definitions of Self-Assessment System, Disclosure of Assets Based on the Financial Revitalization Law and Risk-Monitored Loans

Self-Assessment System

What Is the Self-Assessment System?

Self-assessment of asset quality requires a financial institution to examine the quality of its own assets and group assets, according to the degree of risk for default on loans or the potential irrecoverability of invested value.

Assets subject to self-assessment are loans and loan equivalents, such as loan receivables in securities, foreign currency, accrued interest, accounts due, provisional payments equivalent to loans, and acceptances and guarantees.

Basic Concept in Self-Assessment

In principle, the process of asset assessment assigns credit ratings to debtors, then groups the debtors according to these rating assignments. Each debtor is viewed individually, based on such details as the application of funds, and the status of collateral and guarantees is ascertained to facilitate further classification, according to the degree of risk inherent in the recovery of the loan or the potential for the invested value to erode.

Credit Ratings

Credit ratings correspond to a client's credit risk, a status based on financial position, ratings by rating agencies, information from credit bureaus, and other sources. A credit rating must be consistent with debtor categories.

Debtor Categories

A debtor's ability to repay loans is determined by such factors as financial status, cash flow and profitability, and this ability will place a debtor into one of five categories: normal, caution, possible bankruptcy, virtual bankruptcy and legal bankruptcy.

1. Normal: Debtors whose business prospects are favorable and whose financial position exhibits no particular problems.
2. Caution: Debtors with problematic lending conditions, such as reduced or suspended interest payments, debtors with non-accrual repayment schedules, wherein principal or interest payments are in arrears, and debtors which may require special measures in the future because business prospects are sluggish or unstable, or because financial positions are uncertain.

3. Possible bankruptcy: Debtors for whom bankruptcy is not currently imminent but for whom the eventuality of failure in the future is high because financial difficulty exists and a sufficient boost through a business improvement plan, for example, is not expected. This category includes debtors receiving support from a financial institution or other backer.
4. Virtual bankruptcy: Debtors that face severe operating difficulties and while they have not been declared legally bankrupt they are essentially insolvent because they lack any hope of restructuring.
5. Legal bankruptcy: Debtors whose legal bankruptcy is substantiated by a declaration of bankruptcy, liquidation, reorganization or composition, or for whom clearinghouse transactions have been halted.

Claim Categories

Under the self-assessment system, claims are grouped into "categories"—II, III and IV—and the respective assets are called "category assets." Claims that do not fall into categories II, III and IV are called "no category," and the assets that fall outside these classifications are deemed "no category assets."

Disclosure of Assets Based on the Financial Revitalization Law

Debtor Classification

1. Claims under bankruptcy and virtual bankruptcy: Loans and loan equivalents granted to borrowers that have succumbed to legal business failure by reason of declared bankruptcy, reorganization, composition or other officially recognized end to operations.
2. Claims under high risk: Loans to borrowers that have not yet reached a state of legal bankruptcy but are highly unlikely to repay the principal and interest according to contractual obligations because of worsening financial position and business performance.
3. Claims under close observation: Loans three months past due—i.e., loans for which payment of principal or interest has fallen more than three months behind, counting from the day following the contractual payment day—and restructured loans—i.e., loans for which the contractual conditions have been revised, for example, with a specific concession in favor of the debtor to facilitate the restructuring of a business that

has been economically disadvantaged, or to support such a business, and thereby promote repayment of the outstanding loan.

4. Normal claims: Loans to borrowers with no particular problems affecting financial position or business performance, thereby excluding them from the three classifications described above.

Relationship with Debtor Classifications in the Self-Assessment System

1. Claims under bankruptcy and virtual bankruptcy: Corresponds to the sum of loans to debtors that are legally bankrupt or virtually bankrupt under self-assessment standards.
2. Claims under high risk: Equivalent to loans to debtors classified as possibly bankrupt under self-assessment standards.
3. Claims under close observation: Represents the sum of loans to debtors in the caution category of self-assessment standards that are either more than three months past due or restructured.
4. Normal claims: Identified with loans to healthy borrowers under self-assessment standards, as well as loans other than claims under the close observation category of loans to debtors requiring caution.

Risk-Monitored Loans

What are risk-monitored loans?

1. Loans to borrowers in bankruptcy: Of loans for which no accrued interest is recorded because the recovery of principal or interest is unlikely due to a prolonged delay in payment of principal or interest (excludes the portion written off; hereafter referred to as “loans for which accrued interest is not recorded”), loans to borrowers in bankruptcy are those for which the reason is found in the provisions of the Corporate Tax Law (Ordinance 97, 1965), Article 96, Paragraph 1, Sub-Paragraph 3, Points a) through e), or Article 4 of the same law.
2. Non-accrual loans: Of loans for which accrued interest is not recorded, non-accrual loans are loans other than those to borrowers in bankruptcy and loans for which interest has been waived to facilitate business restructuring.

3. Loans past due three months or more: This category comprises loans for which payment of principal or interest has fallen more than three months behind, counting from the day following the contractual payment day, but excludes loans to borrowers in bankruptcy and non-accrual loans.
4. Restructured loans: This category covers loans for which payment of interest is reduced or suspended, payment of principal is extended, the claim is waived, or another measure advantageous to the borrower is granted to facilitate business restructuring. Loans to borrowers in bankruptcy, non-accrual loans and loans past due three months or more are not included in this category.

Relationship between Self-Assessment Assets and Disclosure of Assets Based on the Financial Revitalization Law

Assets classified under self-assessment standards and disclosure of assets based on the Financial Revitalization Law are loans and loan equivalents. These loans differ primarily from risk-monitored loans in that risk-monitored loans exclude loan equivalents.

1. Loans to borrowers in bankruptcy: These are loans to legally bankrupt borrowers.
2. Non-accrual loans: These are loans to virtually bankrupt borrowers and borrowers for which the possibility of bankruptcy exists.
3. Loans past due three months or more: Of loans to borrowers requiring caution, loans past due three months or more are those for which the payment of principal or interest has fallen three months behind, counting from the day following the contractual payment day.
4. Restructured loans: Of loans to borrowers requiring caution, restructured loans are those for which payment of interest is reduced or suspended, payment of principal is extended, the claim is waived or another measure advantageous to the borrower is granted to facilitate business restructuring.

Directors, Corporate Auditors and Executive Officers

As of August 1, 2002

Mitsui Trust Holdings, Inc.

Chairman of the Board

Hisao Muramoto*

President

Kiichiro Furusawa*

Deputy President

Kazuo Tanabe*

Senior Managing Director

Tomohiro Ito

Managing Directors

Tadashi Kawai

Michio Taki

Hiroshi Yamaguchi

Jun Okuno

Corporate Auditors

Shunpei Kazama

Kazuho Oda

Masahiro Kajimura

Shunji Higuchi

Shigenori Koda

* *Representative Directors*

The Chuo Mitsui Trust and Banking Company, Limited

Chairman of the Board

Hisao Muramoto*

President

Kiichiro Furusawa*

First Senior Executive Officers

Tomohiro Ito*

Masaharu Kodaka**

Tadashi Kawai**

Yoshihumi Tanaka

Senior Executive Officers

Michio Taki**

Hiromu Matsuda**

Corporate Auditors

Masahiro Kajimura

Shunji Higuchi

Shigenori Koda

Senior Executive Officers

Katsuro Ouchi

Ken Sumida

Toshiro Harada

Itaru Masuda

Masuhisa Kitao

Executive Officers

Motomu Ueda

Shunichi Takahashi

Norihide Kirihara

Ryuichi Takai

Masazumi Kakei

Tetsuji Tada

Koichi Suzuki

Yoshikazu Kiriya

Yasuhisa Naka

Akira Harada

Susumu Yoshida

Jiro Kawanishi

Kiichiro Kurimoto

* *Representative Directors*

** *Directors*

Mitsui Asset Trust and Banking Company, Limited

President

Kazuo Tanabe*

Senior Executive Officers

Teruo Watanabe**

Osamu Muramatsu**

Corporate Auditors

Kazuho Oda

Yasuhiro Tanaka

Yasuhiro Yonezawa

Senior Executive Officer

Tadashi Muto

Executive Officer

Toshinao Sakai

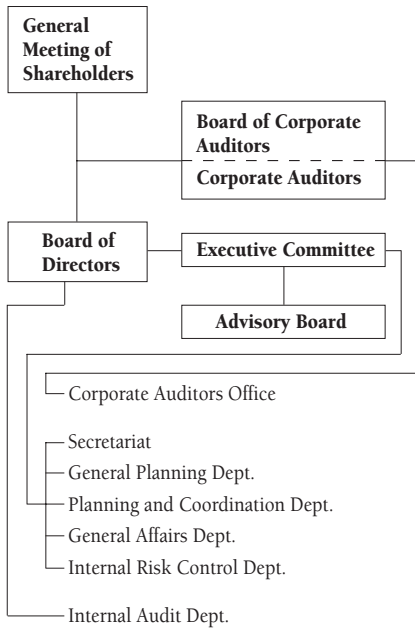
* *Representative Director*

** *Directors*

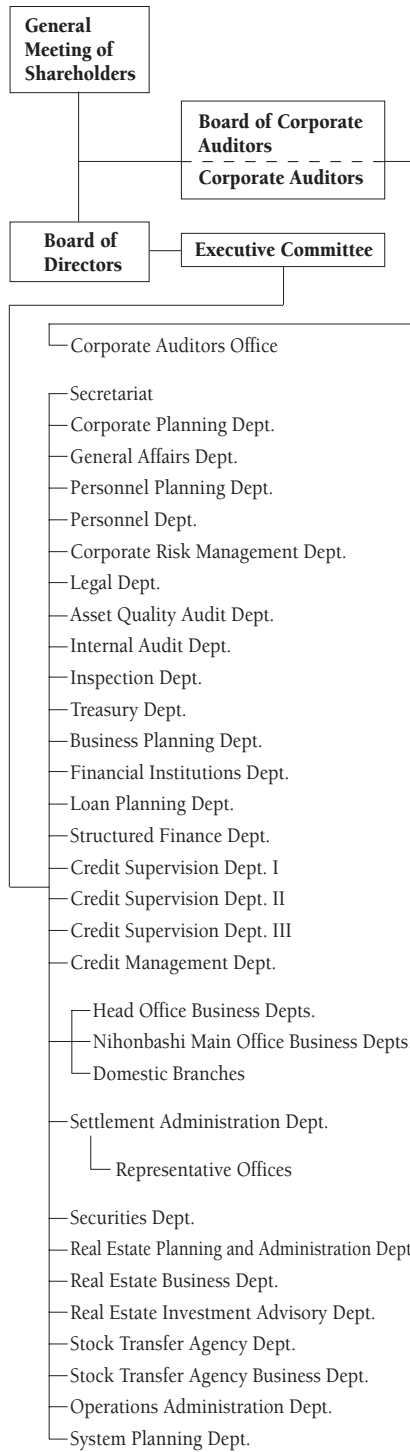
Organization

As of August 1, 2002

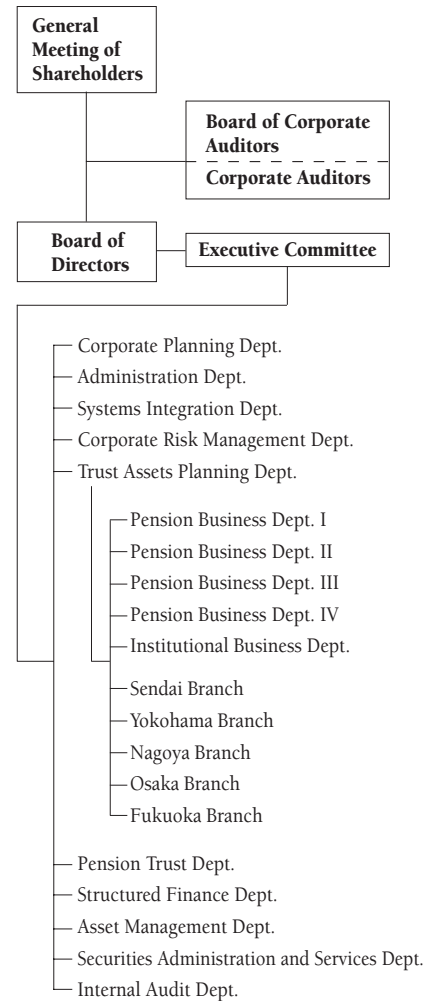
Mitsui Trust Holdings, Inc.



The Chuo Mitsui Trust and Banking Company, Limited



Mitsui Asset Trust and Banking Company, Limited



Major Affiliated Companies

The Chuo Mitsui Trust and Banking Company, Limited
As of August 1, 2002

	Services	Capital (Millions of yen)
Chuo Mitsui State Street Advisors Co., Ltd.	Investment advisory and investment trust	300
Chuo Mitsui Asset Management Co., Ltd.	Investment advisory and investment trust	300
Chuo Mitsui Guarantee Co., Ltd.	Credit guarantee services	301
Chuo Mitsui Realty Co., Ltd.	Real estate brokerage	300
Chushin Leasing Co., Ltd.	Leasing	100
MTB Leasing Co., Ltd.	Leasing	3,000
Chuo Mitsui Card Co., Ltd.	Credit card services	300
Chuo Mitsui Stock Transfer Agency Business Co., Ltd.	Stock transfer agency services	5,000
Chuo Mitsui Business Co., Ltd.	Staffing services	210
Chuo Mitsui Information Technology Co., Ltd.	Computer-related services	200

Overseas Network

As of August 1, 2002

Representative Offices

The Chuo Mitsui Trust and Banking Company, Limited

New York Representative Office

Yasuhito Kanazawa
Chief Representative
655 Third Avenue, 26th Floor
New York, N.Y. 10017-5617, U.S.A.
Telephone: 1-212-309-1900
Telefax: 1-212-599-1726

Singapore Representative Office*

Yuhiko Noguchi
Chief Representative
8 Shenton Way
#14-02, Temasek Tower
Singapore 068811
Republic of Singapore
Telephone: 65-6532-2353
Telefax: 65-6532-6155

* The Singapore Representative Office is scheduled to relocate to this address on September 2, 2002.

Overseas Subsidiaries

Mitsui Trust Holdings, Inc.

MTH Preferred Capital 1 (Cayman) Limited

P.O. Box 309, George Town
Grand Cayman
Cayman Islands, B.W.I.

MTH Preferred Capital 2 (Cayman) Limited

P.O. Box 309, George Town
Grand Cayman
Cayman Islands, B.W.I.

The Chuo Mitsui Trust and Banking Company, Limited

Chuo Mitsui Investments, Inc.

Sei Nakagawa
President & CEO
655 Third Avenue, 26th Floor
New York, N.Y. 10017-5617, U.S.A.
Telephone: 1-212-309-1920
Telefax: 1-212-599-2128

Chuo Mitsui Trust International Ltd.

Itaru Koyama
Managing Director
7th Floor, Triton Court
14 Finsbury Square
London EC2A 1BR, U.K.
Telephone: 44-20-7847-8400
Telex: 945831 MTINTL G
Telefax: 44-20-7847-8500

MTI Finance (Cayman) Ltd.

P.O. Box 309, George Town
Grand Cayman
Cayman Islands, B.W.I.

MTI Capital (Cayman) Ltd.

P.O. Box 309, George Town
Grand Cayman
Cayman Islands, B.W.I.

Chuo Finance (Cayman) Ltd.

P.O. Box 309, George Town
Grand Cayman
Cayman Islands, B.W.I.

Investor Information

As of March 31, 2002

Mitsui Trust Holdings, Inc.

Registered Head Office

33-1, Shiba 3-chome,
Minato-ku, Tokyo 105-8574, Japan
Telephone: 81-3-5445-3500
Telefax: 81-3-5232-8879
Web site: <http://www.mitsuitrust-fg.co.jp>

Date of Establishment

February 1, 2002

Capital Stock

¥260,053 million

Number of Shares Authorized

4,353,007 thousand shares
Common: 4,068,332 thousand shares
Class I Preferred: 20,000 thousand shares
Class II Preferred: 93,750 thousand shares
Class III Preferred: 156,406 thousand shares
Class IV Preferred: 14,518 thousand shares

Number of Shares Issued

Common: 818,795 thousand
Class I Preferred: 20,000 thousand
Class II Preferred: 93,750 thousand
Class III Preferred: 156,406 thousand

Number of Shareholders

Common: 34,926
Preferred: 1

Major Shareholders

(a) Common shares

Name	Number of Shares Held (Thousands)	Percentage of Total Shares (%)
Mitsui Mutual Life Insurance Co.	18,148	2.21
Mitsui Fudosan Co., Ltd.	17,724	2.16
Mitsui Asset Trust and Banking Co., Ltd. Composite Trust Account held for Toyota Motor Corporation	15,226	1.85
Tobu Railway Co., Ltd.	13,355	1.63
Sumitomo Mitsui Banking Corporation	13,194	1.61
UFJ Bank Limited	11,451	1.39
Japan Securities Agents, Ltd.	11,004	1.34
Mitsui Chemicals, Inc.	10,646	1.30
Tokyu Corporation	10,318	1.26
Mitsui Asset Trust and Banking Co., Ltd. Composite Trust Account held for Nagoya Railroad Co., Ltd.	10,060	1.22
Total	<u>131,128</u>	<u>16.01</u>

(b) The Resolution and Collection Corporation maintains all of the Company's preferred shares.

Share Type	Number of Shares Held (Thousands)	Percentage of Total Shares (%)
Class I	20,000	100.00
Class II	93,750	100.00
Class III	156,406	100.00

Certified Public Accountants

Deloitte Touche Tohmatsu

Further Information

For further information, please contact:
Investor Relations Group
Planning and Coordination Department
Mitsui Trust Holdings, Inc.
33-1, Shiba 3-chome,
Minato-ku, Tokyo 105-8574, Japan

Company Information

The Chuo Mitsui Trust and Banking Company, Limited

Registered Head Office

33-1, Shiba 3-chome,
Minato-ku, Tokyo 105-8574, Japan
Telephone: 81-3-5232-3331
Telefax: 81-3-5232-8879
Telex: TRUSTMIT J26397
S.W.I.F.T. Address: MTRB JPJT
Web site: <http://www.chuomitsui.co.jp>

Mitsui Asset Trust and Banking Company, Limited

Registered Head Office

4-10, Nihonbashi-Honcho 3-chome,
Chuo-ku, Tokyo 103-0023, Japan
Telephone: 81-3-5232-8111
Telefax: 81-3-5232-8413
Web site: <http://www.mitsuiasset.co.jp>

Note Regarding Forward-Looking Statements

This annual report contains certain forward-looking statements. These statements are not guarantees of future performance, and involve risks and uncertainties. Actual results may differ from the forward-looking statements contained in the present material, due to various factors, including, but not limited, to changes in overall economic conditions.



Mitsui Trust Financial Group
