

Consolidated Balance Sheets

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
ASSETS			
Cash and cash equivalents	¥ 151,850	¥ 303,133	\$ 1,515,620
Due from banks other than due from the Bank of Japan	60,702	194,963	605,871
Call loans and bills bought	204,862	111,121	2,044,735
Receivables under securities borrowing transactions	104,003	80,099	1,038,058
Monetary claims bought (Note 4)	111,422	104,146	1,112,111
Trading assets (Note 4)	42,886	52,803	428,051
Securities (Notes 4 and 11)	4,647,960	4,511,730	46,391,463
Money held in trust (Note 5)	2,463	2,710	24,587
Loans and bills discounted (Notes 6 and 11)	7,852,066	7,377,362	78,371,754
Foreign exchanges (Note 7)	811	940	8,100
Other assets (Notes 8 and 11)	427,978	351,678	4,271,666
Premises and equipment (Note 9)	132,794	203,672	1,325,428
Intangible fixed assets (Note 10)	73,499	77,163	733,596
Deferred tax assets (Note 29)	144,995	82,850	1,447,210
Customers' liabilities for acceptances and guarantees (Note 12)	584,076	711,121	5,829,689
Allowance for possible loan losses	(69,535)	(74,974)	(694,035)
Total assets	¥14,472,837	¥14,090,523	\$144,453,910
LIABILITIES AND EQUITY			
Liabilities:			
Deposits (Notes 11 and 13)	¥ 8,830,588	¥ 8,529,710	\$ 88,138,422
Call money and bills sold (Note 11)	291,581	547,378	2,910,289
Payables under repurchase agreements (Note 11)	24,197	114,467	241,511
Payables under securities lending transactions (Note 11)	1,797,121	1,062,543	17,937,129
Trading liabilities	8,185	4,398	81,698
Borrowed money (Notes 11 and 14)	474,369	393,235	4,734,701
Foreign exchanges (Note 7)	10	48	105
Subordinated bonds (Note 15)	176,261	195,119	1,759,272
Subordinated convertible bonds (Note 15)	—	47	—
Payables to trust account	1,051,839	1,222,593	10,498,447
Other liabilities (Note 16)	188,125	131,796	1,877,690
Reserve for bonus payment	3,260	3,247	32,541
Reserve for retirement benefits for directors and corporate auditors	1,301	1,060	12,993
Reserve for employee retirement benefits (Note 17)	2,262	2,107	22,583
Reserve for contingent losses (Note 18)	12,859	9,934	128,355
Deferred tax liabilities (Note 29)	7,580	24,346	75,657
Acceptances and guarantees (Note 12)	584,076	711,121	5,829,689
Total liabilities	13,453,622	12,953,158	134,281,088
Commitments and contingent liabilities (Note 19)			
Equity (Note 20):			
Common stock and preferred stock (Note 21)	261,608	261,608	2,611,126
Capital surplus	127,347	127,342	1,271,056
Retained earnings	441,646	378,812	4,408,089
Net unrealized gains on available-for-sale securities	57,239	259,248	571,305
Deferred gains (losses) on derivatives under hedge accounting	917	(7,439)	9,159
Land revaluation difference	(15,532)	(15,532)	(155,031)
Foreign currency translation adjustments	(66)	53	(662)
Treasury stock—at cost			
280,082 shares in 2008 and 213,109 shares in 2007	(261)	(195)	(2,612)
Total	872,898	1,003,897	8,712,429
Minority interests	146,316	133,467	1,460,391
Total equity	1,019,214	1,137,364	10,172,821
Total liabilities and equity	¥14,472,837	¥14,090,523	\$144,453,910

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

Consolidated Statements of Income

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Income:			
Interest income:			
Interest on loans and bills discounted	¥116,328	¥ 84,450	\$1,161,074
Interest and dividends on securities	82,918	70,958	827,614
Interest on call loans and bills bought	1,755	991	17,520
Other interest income (Note 22)	6,007	5,047	59,957
Trust fees (Note 23)	68,644	75,565	685,147
Fees and commissions	123,888	133,119	1,236,538
Trading gains	2,063	3,291	20,592
Other operating income (Note 24)	15,718	6,491	156,889
Other income (Note 25)	51,193	88,089	510,967
Total income	468,518	468,005	4,676,303
Expenses:			
Interest expenses:			
Interest on deposits	43,484	26,799	434,024
Interest on call money and bills sold	9,380	4,599	93,629
Interest on borrowings	5,833	4,520	58,227
Other interest expenses (Note 26)	40,652	26,687	405,756
Fees and commissions	15,004	15,059	149,756
Trading losses	23	120	234
Other operating expenses (Note 27)	9,120	5,846	91,032
General and administrative expenses	139,149	121,725	1,388,855
Other expenses (Note 28)	70,096	83,014	699,634
Total expenses	332,746	288,373	3,321,150
Income before income taxes and minority interests	135,772	179,632	1,355,152
Income taxes (Note 29):			
Current	15,483	19,003	154,543
Deferred	42,967	41,905	428,858
Total income taxes	58,451	60,908	583,401
Minority interests in net income	5,484	5,930	54,739
Net income	¥ 71,837	¥112,793	\$ 717,011
	Yen		U.S. dollars (Note 1)
	2008	2007	2008
Per share of common stock (Note 34):			
Basic net income	¥ 70.55	¥123.33	\$0.70
Diluted net income	40.03	62.88	0.39
Cash dividends per share applicable to the year (Note 21):			
Common stock	7.00	5.00	0.06
Class II convertible preferred stock	14.40	14.40	0.14
Class III convertible preferred stock	20.00	20.00	0.19

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

Consolidated Statements of Changes in Equity

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

	Thousands		Millions of yen										
	Issued number of shares of common stock	Issued number of shares of preferred stock	Common stock and preferred stock	Capital surplus	Retained earnings	Net unrealized gains on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, March 31, 2006	824,345	270,156	¥261,579	¥126,297	¥274,583	¥213,547	¥ —	¥(15,527)	¥(539)	¥(1,090)	¥ 858,850	¥ —	¥ 858,850
Reclassified balance as of March 31, 2006 (Note 2 r)												106,541	106,541
Net income					112,793						112,793		112,793
Cash dividends					(8,569)						(8,569)		(8,569)
Purchase of treasury stock										(246)	(246)		(246)
Disposal of treasury stock				1,015						1,141	2,157		2,157
Conversion of Class I preferred stock into common stock	80,930	(20,000)											
Conversion of convertible bonds	53		29	29							58		58
Reversal of land revaluation difference					5			(5)			—		—
Net change in the year						45,701	(7,439)		592		38,854	26,925	65,780
Balance, March 31, 2007	905,329	250,156	261,608	127,342	378,812	259,248	(7,439)	(15,532)	53	(195)	1,003,897	133,467	1,137,364
Net income					71,837						71,837		71,837
Cash dividends					(9,003)						(9,003)		(9,003)
Purchase of treasury stock										(126)	(126)		(126)
Disposal of treasury stock				5						60	65		65
Conversion of Class III preferred stock into common stock	82,222	(23,125)											
Net change in the year						(202,009)	8,357		(119)		(193,771)	12,849	(180,922)
Balance, March 31, 2008	987,551	227,031	¥261,608	¥127,347	¥441,646	¥ 57,239	¥ 917	¥(15,532)	¥ (66)	¥(261)	¥ 872,898	¥146,316	¥1,019,214

Thousands of U.S. dollars (Note 1)

	Common stock and preferred stock	Capital surplus	Retained earnings	Net unrealized gains on available-for-sale securities	Deferred gains (losses) on derivatives under hedge accounting	Land revaluation differences	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
Balance, March 31, 2007	\$2,611,126	\$1,271,006	\$3,780,944	\$2,587,571	\$(74,257)	\$(155,031)	\$ 531	\$(1,952)	\$10,019,938	\$1,332,141	\$11,352,080
Net income			717,011						717,011		717,011
Cash dividends			(89,866)						(89,866)		(89,866)
Purchase of treasury stock								(1,264)	(1,264)		(1,264)
Disposal of treasury stock		49						604	654		654
Net change in the year				(2,016,266)	83,417		(1,194)		(1,934,043)	128,250	(1,805,793)
Balance, March 31, 2008	\$2,611,126	\$1,271,056	\$4,408,089	\$ 571,305	\$ 9,159	\$(155,031)	\$ (662)	\$(2,612)	\$8,712,429	\$1,460,391	\$10,172,821

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

Consolidated Statements of Cash Flows

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Operating activities:			
Income before income taxes and minority interests	¥ 135,772	¥ 179,632	\$ 1,355,152
Adjustments for:			
Income taxes paid	(52,263)	(15,500)	(521,643)
Depreciation and amortization	27,914	42,043	278,617
Amortization of consolidation goodwill	2,002	985	19,987
Equity in earnings of associated companies	(682)	(802)	(6,809)
(Decrease) increase in allowance for possible loan losses	(5,246)	14,933	(52,364)
Increase in reserve for bonus payment	34	60	345
Increase in reserve for retirement benefits for directors and corporate auditors	273	1,060	2,726
Increase in reserve for employees retirement benefits	246	265	2,461
Increase in reserve for contingent losses	2,925	395	29,198
Net gain on securities	(8,897)	(14,314)	(88,809)
Net gain on money held in trust	—	(1,413)	—
Foreign exchange loss, net	86,966	2,875	868,015
Net (gain) loss on disposals of premises and equipment	(1,633)	537	(16,299)
Change in assets and liabilities:			
Decrease (increase) in trading assets	9,917	(7,920)	98,984
Increase (decrease) in trading liabilities	3,787	(2,547)	37,801
Increase in loans and bills discounted	(454,541)	(85,274)	(4,536,800)
Increase (decrease) in deposits	300,485	(280,512)	2,999,158
Increase in borrowed money (excluding subordinated borrowings)	131,507	232,289	1,312,582
Decrease (increase) in due from banks (excluding cash equivalents)	134,260	(114,865)	1,340,062
(Increase) decrease in call loans and bills bought	(101,027)	52,578	(1,008,363)
Increase in receivables under securities borrowing transactions	(23,904)	(5,856)	(238,587)
(Decrease) increase in call money and bills sold	(346,066)	229,448	(3,454,098)
Increase in payables under securities lending transactions	734,577	222,131	7,331,841
Decrease in foreign exchanges (assets)	128	36,658	1,282
(Decrease) increase in foreign exchanges (liabilities)	(38)	0	(381)
(Decrease) increase in payables to trust account	(170,754)	61,314	(1,704,302)
Other—net	22,221	(26,358)	221,796
Net cash provided by operating activities	427,967	521,847	4,271,554
Investing activities:			
Purchases of securities	(5,112,576)	(3,017,378)	(51,028,807)
Proceeds from sales of securities	3,748,448	757,484	37,413,399
Proceeds from redemption of securities	806,739	1,764,186	8,052,097
Decrease in money held in trust	—	5,349	—
Purchases of premises and equipment	(14,721)	(30,253)	(146,930)
Proceeds from sales of premises and equipment	3,900	3,201	38,928
Purchases of intangible fixed assets	(15,036)	(13,734)	(150,077)
Proceeds from sales of intangible fixed assets	601	1,391	6,005
Payment for purchase of stocks of subsidiaries	—	(38,252)	—
Proceeds from sales of consolidated subsidiaries (Note 30)	8,399	—	83,834
Net cash used in investing activities	(574,244)	(568,004)	(5,731,550)
Financing activities:			
Proceeds from subordinated borrowings	—	2,500	—
Payment of subordinated borrowings	—	(7,000)	—
Redemption of subordinated bonds and subordinated convertible bonds	(3,660)	(17,000)	(36,532)
Issuance of capital stock to minority interests	42,000	33,000	419,203
Dividends paid	(9,003)	(8,569)	(89,866)
Dividends paid for minority interests	(4,515)	(5,450)	(45,069)
Reduction of capital stock to minority interests	(29,600)	—	(295,438)
Payment for purchase of treasury stock	(126)	(246)	(1,264)
Proceeds from sales of treasury stock	17	12	175
Net cash used in financing activities	(4,888)	(2,754)	(48,792)
Foreign currency translation adjustments on cash and cash equivalents	(118)	582	(1,180)
Net decrease in cash and cash equivalents	(151,283)	(48,329)	(1,509,968)
Cash and cash equivalents, beginning of year	303,133	351,462	3,025,589
Cash and cash equivalents, end of year	¥ 151,850	¥ 303,133	\$ 1,515,620

Additional Cash Flows Information

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Non-cash investing and financing activities:			
Conversion of convertible bonds into common stock:			
Capital stock increased by conversion of convertible bonds	¥ —	¥ 29	\$ —
Capital surplus increased by conversion of convertible bonds	—	29	—
Treasury stock decreased by transfers of treasury stock related to conversion of convertible bonds	41	9	415
Capital surplus increased by transfers of treasury stock related to conversion of convertible bonds	6	4	62
Convertible bonds decreased by conversion into common stock	47	72	478
Transfer of treasury stock related to stock exchange (Note 4):			
Decrease in treasury stock	—	1,125	—
Increase in capital surplus	—	1,006	—
Consideration in the form of an exchange stock	—	2,131	—

See accompanying "Notes to Consolidated Financial Statements," which are an integral part of these statements.

Notes to Consolidated Financial Statements

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.) and Consolidated Subsidiaries
Fiscal years ended March 31, 2008 and 2007

1. Basis of Presentation

The accompanying consolidated financial statements (banking account) have been prepared from the accounts maintained by Chuo Mitsui Trust Holdings, Inc. (“Chuo Mitsui Trust Holdings”) and its consolidated subsidiaries (together, the “Chuo Mitsui Trust Group”) in accordance with accounting principles generally accepted in Japan, and certain accounting and disclosure rules under Financial Instruments and Exchange Law of Japan (formerly the Securities and Exchange Law of Japan) and the Banking Law of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to Chuo Mitsui Trust Holdings’ consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the consolidated financial statements for the fiscal years ended March 31, 2007 to conform to classifications and presentations used in the consolidated financial statement for the fiscal year ended March 31, 2008.

Effective October 1, 2007, we changed our group trade name from Mitsui Trust Financial Group to Chuo Mitsui Trust Group, renamed Mitsui Trust Holdings, Inc. as Chuo Mitsui Trust Holdings, Inc., and renamed Mitsui Asset Trust and Banking Company, Limited as Chuo Mitsui Asset Trust and Banking Company, Limited (“Chuo Mitsui Asset”).

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Chuo 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 ¥100.19 to U.S.\$1, the approximate rate of exchange at March 31, 2008. 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.

Amounts less than one million Japanese yen and one thousand U.S. dollars have been truncated, except for per share information. As a result, the total may not be equal to the total of individual amounts.

2. Summary of Significant Accounting Policies

a. Consolidation

The consolidated financial statements include the accounts of Chuo Mitsui Trust Holdings and its significant subsidiaries. The number of consolidated subsidiaries as of March 31, 2008 and 2007 was 27. Major consolidated subsidiaries are The

Chuo Mitsui Trust and Banking Company, Limited (“Chuo Mitsui”), Chuo Mitsui Asset, Chuo Mitsui Asset Management Company, Limited and Chuo Mitsui Capital Company, Limited.

Under the control or influence concept, those companies in which the parent company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Chuo Mitsui Trust Group has the ability to exercise significant influence are accounted for by the equity method, unless in either case the companies are immaterial.

Investments in three associated companies were accounted for by the equity method in the fiscal years ended March 31, 2008 and 2007. Investments in unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these subsidiaries, the effect on the accompanying consolidated financial statements would not be material.

Any differences between the cost of an acquired subsidiary or associated company and the fair value of its net assets at the date of the acquisition are amortized over a period within 20 years, or charged to income as incurred if such differences are considered to be immaterial.

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

b. Business Combinations

In October 2003, the Business Accounting Council (the “BAC”) issued a Statement of Opinion, “Accounting for Business Combinations,” and on December 27, 2005, the Accounting Standards Board of Japan (the “ASBJ”) issued ASBJ Statement No. 7, “Accounting Standards for Business Divestitures” and ASBJ Guidance No. 10, “Guidance for Accounting Standard for Business Combinations and Business Divestitures.” These new accounting pronouncements are effective for fiscal years beginning on or after April 1, 2006.

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

Mitsui Trust Holdings, Inc. and Mitsui Asset Trust and Banking Company, Limited signed a stock exchange agreement on November 1, 2006 which was executed on November 28,

2006, and made Mitsui Asset Trust and Banking Company, Limited a wholly owned subsidiary. The related goodwill is being systematically amortized over 20 years.

c. 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.

d. Mark-to-Market Accounting for Trading Transactions

Transactions for trading purposes (that is, transactions which seek 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 bought for trading purposes recorded in these accounts are stated at market value and trading-related financial derivatives are at the amounts that would be settled if they were terminated at the end of the fiscal year.

Unrealized gains and losses on trading transactions are recognized in the consolidated statements of income.

e. Translation of Foreign Currency Accounts

The consolidated trust bank 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.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of each balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

f. Securities

Securities other than investments in unconsolidated subsidiaries and associated companies 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.
- (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 equity.

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

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

Securities in money held in trust are classified and accounted for in the same manner as securities described above.

g. Derivatives and Hedging Activities

Derivative financial instruments are classified and accounted for as follows: (i) except as discussed below, 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 consolidated statements of income; and (ii) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of the high correlation and effectiveness between the hedging instruments and the hedged items, certain domestic consolidated subsidiaries use the deferral hedge method or the fair value hedge method.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expenses or income.

h. Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation. Depreciation of premises and equipment owned by the consolidated trust bank subsidiaries 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. Depreciation of premises and equipment owned by other consolidated subsidiaries is mainly computed by the straight-line method over the estimated useful lives of the respective assets.

i. Software

Capitalized software for internal use is amortized by the straight-line method over the estimated useful lives of the software (principally five years).

j. Impairment of Fixed Assets

Chuo Mitsui Trust Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be

recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. Land Revaluation

Under the Law of Land Revaluation, The Mitsui Trust and Banking Company, Limited, elected a one-time revaluation for its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation difference represents unrealized appreciation of land and is stated as a component of equity. 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 difference account and related deferred tax liabilities.

As of March 31, 2007, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥2,053 million.

l. Stock and Bond Issue Costs

Stock issue costs are amortized by the straight-line method over the effective period within three years.

Bond issue costs are amortized by the straight-line method over three years.

m. Allowance for Possible Loan Losses

Allowance for possible loan losses of major consolidated subsidiaries is maintained in accordance with internally established standards for write-offs and allowance for loan losses.

(i) For claims against borrowers that are legally bankrupt, such as borrowers in bankruptcy and under special liquidation proceedings (“legal bankruptcy”), and against borrowers that are in substantially similar adverse condition (“virtual bankruptcy”), allowances are maintained at 100% of the amount of claims net of expected amounts recoverable from the disposal of collateral and/or the amounts recoverable under guarantees.

(ii) For claims against borrowers that have not yet become legally or formally bankrupt but that are very likely to become bankrupt (“possible bankruptcy”), allowances 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 the borrowers' repayment ability.

For claims against large borrowers that are classified as possible bankruptcy and close observation borrowers for which future cash flows could be reasonably estimated, allowances are provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claim.

(iii) For claims against other borrowers judged to be legal bankruptcy, virtual bankruptcy and possible bankruptcy borrowers, as mentioned above, allowances are maintained at rates derived from historical loan loss experiences, etc.

(iv) Allowance for possible losses on loans to restructuring countries is maintained in order to cover possible losses based on the political and economic climates of those countries.

All claims are assessed by the operating sections and each Credit Supervision Department based on the internal guidelines for self-assessment on asset quality. Subsequently, the Internal Audit Department, which is independent from the operating sections, reviews these self-assessments, and the allowances are provided based on the results of the self assessments. With respect to claims with collateral and/or guarantees extended to borrowers that are in legal bankruptcy or virtual bankruptcy borrowers, the unrecoverable amount is estimated by deducting from the amount of claims 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 amount of claims as the unrecoverable amount, which totaled ¥85,098 million (\$849,374 thousand) and ¥96,331 million as of March 31, 2008 and 2007, respectively.

Other consolidated subsidiaries provide for “allowance for possible loan losses” based on the past experience and management's assessment of the loan portfolio.

n. Reserve for Bonus Payments

Reserve for bonus payments is provided for the payment of employees' bonuses based on estimates of the future payments attributed to the current fiscal year.

o. Reserve for Retirement Benefits for Directors and Corporate Auditors

Reserve for retirement benefits for directors and corporate auditors is provided at the amount which would be required if all directors, corporate auditors and executive officers retired at the balance sheet date. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

p. Reserve for Retirement Benefits and Pension Plans

Chuo 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.

Chuo Mitsui Trust Holdings and its principal domestic subsidiaries account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

q. Reserve for Contingent Losses

Reserve for contingent losses, which is provided for possible losses from contingent events related to off-balance sheet and other transactions, is calculated by estimation of the impact of these contingent events.

(1) Reserve for Reimbursement of Deposits

Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience. Formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount as described above in accordance with the “Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors” (the Japanese Institute of Certified Public Accountants (“JICPA”) Audit and Assurance Practice Committee Report No. 42) of April 13, 2007.

As a result, income before income taxes and minority interests decreased by ¥6,109 million (\$60,974 thousand) as compared with the former method.

(2) Reserve for Possible Losses Related to Land Trusts

Reserve for possible losses related to land trusts is provided for estimated losses deemed necessary for potential damages to the compensation rights being acquired, when a liability for reimbursement, as a trustee of a land trust, is incurred due to the future business circumstances of the land trust.

r. Presentation of Equity

On December 9, 2005, the ASBJ published a new accounting standard for the presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests and any deferred gains or losses on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006.

The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

s. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. 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.

t. 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 consolidated financial statements.

u. Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds and preferred stock at the beginning of the year (or at the time of issuance) with an applicable adjustment for related expenses and dividends.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

v. New Accounting Pronouncements

(i) Lease Accounting

On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions,” which revised the former accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee. Under the former accounting standard, finance leases that deem to transfer ownership of the leased property to the

lessee are to be capitalized; however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

(ii) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries that have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." The new standard prescribes that:

(1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements: and

(2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material:

- (i) Amortization of goodwill;
- (ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss;
- (iii) Capitalization of intangible assets arising from development phases;
- (iv) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets;
- (v) Retrospective application when accounting policies are changed; and
- (vi) Accounting for net income attributable to minority interests.

The new task force is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted.

3. Business Combinations

On November 28, 2006, Mitsui Trust Holdings, Inc. signed a stock exchange agreement with Mitsui Asset Trust and Banking Company, Limited to complete the acquisition of all of the shares of Chuo Mitsui Asset and made Chuo Mitsui Asset its wholly owned subsidiary.

The acquisition cost of this stock exchange was ¥2,131 million and the transaction was completed using treasury stock in accordance with the agreement. Goodwill was recorded in the amount of ¥1,772 million as of March 31, 2007.

4. Securities

Securities as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Japanese government bonds	¥2,123,056	¥2,020,900	\$21,190,304
Japanese municipal bonds	1,295	3,085	12,930
Japanese corporate bonds	343,880	354,951	3,432,285
Japanese stocks	793,554	1,081,622	7,920,498
Other securities	1,386,173	1,051,170	13,835,443
Total	¥4,647,960	¥4,511,730	\$46,391,463

The carrying amounts and aggregate fair values of securities (including securities in trading assets and monetary claims bought) as of March 31, 2008 and 2007, were as follows:

	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2008				
Securities classified as:				
Trading				¥ 30,005
Available-for-sale:				
Japanese equity securities	¥ 517,214	¥211,226	¥43,170	685,269
Japanese debt securities	1,595,291	868	36,704	1,559,454
Other	1,217,354	8,844	73,486	1,152,712
Held-to-maturity	781,174	7,236	3,006	785,403

	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
March 31, 2007				
Securities classified as:				
Trading				¥ 40,864
Available-for-sale:				
Japanese equity securities	¥ 517,673	¥453,345	¥ 3,151	967,866
Japanese debt securities	1,522,245	83	54,776	1,467,552
Other	914,444	12,517	14,270	912,691
Held-to-maturity	696,031	792	1,883	694,940

March 31, 2008	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Trading				\$ 299,486
Available-for-sale:				
Japanese equity securities	\$ 5,162,333	\$2,108,258	\$430,888	6,839,703
Japanese debt securities	15,922,658	8,668	366,353	15,564,974
Other	12,150,459	88,279	733,470	11,505,267
Held-to-maturity	7,796,930	72,223	30,012	7,839,141

Note: Values in the consolidated balance sheets reflect fair market values calculated by using the average market prices during the final month of the fiscal year for Japanese stocks and securities investment trusts, and by using the market prices at the end of the fiscal year for securities other than Japanese stocks and securities investment trusts.

Available-for-sale securities and held-to-maturity securities whose fair value was not readily determinable as of March 31, 2008 and 2007, were mainly as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Available-for-sale:			
Unlisted Japanese stocks	¥ 88,838	¥ 94,759	\$ 886,697
Unlisted corporate bonds	283,821	299,259	2,832,827
Unlisted foreign securities	3,732	5,288	37,256
Subscription certificates	42,845	35,511	427,641
Held-to-maturity:			
Unlisted foreign securities	3,000	—	29,943
Total	¥422,237	¥434,819	\$4,214,366

Proceeds from sales of available-for-sale securities for the fiscal years ended March 31, 2008 and 2007, were ¥3,939,028 million (\$39,315,586 thousand) and ¥782,489 million, respectively. Gross realized gains and losses on these sales, computed on the moving-average basis, were ¥31,525 million (\$314,657 thousand) and ¥1,384 million (\$13,822 thousand), respectively, for the fiscal year ended March 31, 2008, and ¥29,046 million and ¥1,302 million, respectively, for the fiscal year ended March 31, 2007.

The carrying values of securities classified as available-for-sale and held-to-maturity by contractual maturities as of March 31, 2008 and 2007, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 185,667	¥ 154,521	\$ 1,853,149
Due after one year through five years	2,222,999	1,520,466	22,187,834
Due after five years through ten years	240,005	764,978	2,395,499
Due after ten years	976,763	669,847	9,749,111
Total	¥3,625,434	¥3,109,813	\$36,185,595

Securities in unconsolidated subsidiaries and associated companies totaled ¥136,324 million (\$1,360,661 thousand) and ¥121,210 million as of March 31, 2008 and 2007, respectively.

Guarantee obligations for privately offered corporate bonds (provided in accordance with the Article 2, Paragraph 3 of the Financial Instruments and Exchange Law) in “Securities” were ¥164,471 million (\$1,641,591 thousand) and ¥200,702 million as of March 31, 2008 and 2007, respectively.

5. Money Held in Trust

The carrying amounts and aggregate fair values of money held in trust as of March 31, 2008 and 2007, were as follows:

March 31, 2008	Millions of yen		
	Cost	Unrealized gains	Fair value
Money held in trust classified as:			
Available-for-sale	¥1,681	¥ 782	¥2,463
March 31, 2007			
Money held in trust classified as:			
Available-for-sale	¥1,673	¥1,037	¥2,710
March 31, 2008			
Money held in trust classified as:			
Available-for-sale	\$16,779	\$7,808	\$24,587

6. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Bills discounted	¥ 7,477	¥ 9,551	\$ 74,635
Loans on notes	897,587	778,536	8,958,851
Loans on deeds	6,147,259	5,869,674	61,356,019
Overdrafts	799,741	719,600	7,982,247
Total	<u>¥7,852,066</u>	<u>¥7,377,362</u>	<u>\$78,371,754</u>

Loans to Borrowers in Bankruptcy and Non-Accrual Loans

Loans to borrowers in bankruptcy are included in loans and bills discounted, and totaled ¥10,982 million (\$109,619 thousand) and ¥7,683 million as of March 31, 2008 and 2007 respectively.

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.

Loans to borrowers in bankruptcy represent non-accruing loans, after the partial write-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.

Non-accrual loans are included in loans and bills discounted, and totaled ¥46,943 million (\$468,544 thousand) and ¥41,877 million as of March 31, 2008 and 2007, respectively.

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

Loans Past Due Three Months or More

Loans past due three months or more are included in loans and bills discounted, and totaled ¥13 million (\$136 thousand) and ¥164 million as of March 31, 2008 and 2007, respectively. Loans classified as loans to borrowers in bankruptcy or non-accrual loans are excluded.

Restructured Loans

Restructured loans are included in loans and bills discounted, and totaled ¥69,804 million (\$696,719 thousand) and ¥70,601 million as of March 31, 2008 and 2007, respectively. Such restructured loans are loans on which major consolidated subsidiaries 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 non-accrual loans or loans past due three months or more are excluded.

Loans to borrowers in bankruptcy and non-accrual loans, loans past due three months or more and restructured loans totaled ¥127,744 million (\$1,275,018 thousand) and ¥120,326 million as of March 31, 2008 and 2007, respectively. These claims are those before deduction of the allowance for possible loan losses.

Bills discounted are accounted for as secured lending transactions in conformity with the Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing Concerning Accounting for Financial Products in the Banking Industry" issued by the JICPA on February 13, 2002. Bills discounted by Chuo Mitsui are permitted to be sold or pledged.

7. Foreign Exchanges

Foreign exchanges as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Assets:			
Due from foreign banks	¥ 811	¥ 940	\$ 8,100
Total	<u>¥ 811</u>	<u>¥ 940</u>	<u>\$ 8,100</u>
Liabilities:			
Due to foreign banks	¥ 9	¥ 28	\$ 91
Other	1	20	13
Total	<u>¥ 10</u>	<u>¥ 48</u>	<u>\$ 105</u>

8. Other Assets

Other assets as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Prepaid expenses	¥ 1,331	¥ 1,040	\$ 13,285
Accrued income	43,817	46,922	437,346
Prepaid pension expenses	120,811	110,657	1,205,828
Receivables for securities transactions	13,017	373	129,926
Financial derivatives	44,455	13,771	443,711
Financial stabilization fund contribution	82,061	82,061	819,053
Other	122,483	96,851	1,222,515
Total	<u>¥427,978</u>	<u>¥351,678</u>	<u>\$4,271,666</u>

9. Premises and Equipment

Premises and equipment as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Land	¥ 82,008	¥ 83,116	\$ 818,528
Buildings	41,651	43,340	415,721
Equipment	9,111	8,929	90,942
Other	23	68,286	236
Total	<u>¥132,794</u>	<u>¥203,672</u>	<u>\$1,325,428</u>

Accumulated depreciation amounted to ¥87,955 million (\$877,887 thousand) and ¥219,865 million as of March 31, 2008 and 2007, respectively.

10. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Software	¥24,215	¥25,127	\$241,700
Goodwill	39,572	41,575	394,977
Other	9,710	10,460	96,918
Total	<u>¥73,499</u>	<u>¥77,163</u>	<u>\$733,596</u>

11. Collateral

The carrying amounts of assets pledged as collateral and the related collateralized debt as of March 31, 2008 and 2007, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Securities	¥2,518,658	¥1,763,501	\$25,138,825
Loans	54,535	68,879	544,316
Other assets	70	149	706
Total	<u>¥2,573,264</u>	<u>¥1,832,529</u>	<u>\$25,683,848</u>
Deposits	¥ 4,312	¥ 1,180	\$ 43,046
Call money and bills sold	53,800	44,000	536,979
Payables under repurchase agreements	24,197	114,467	241,511
Payables under securities lending transactions	1,797,121	1,062,543	17,937,129
Borrowed money	340,000	236,569	3,393,552
Total	<u>¥2,219,430</u>	<u>¥1,458,760</u>	<u>\$22,152,219</u>

In addition, securities pledged as collateral for exchange settlements, for derivative transactions and for certain other pur-

poses as of March 31, 2008 and 2007 were ¥395,815 million (\$3,950,647 thousand) and ¥301,052 million, respectively.

Also, securities deposits (included in other assets) as of March 31, 2008 and 2007 were ¥9,546 million (\$95,284 thousand) and ¥8,797 million, respectively.

12. 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 are shown as assets in the consolidated balance sheets representing Chuo Mitsui Trust Holdings' right of indemnity from the applicant.

13. Deposits

Deposits as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Current deposits	¥ 88,367	¥ 93,584	\$ 881,995
Ordinary deposits	1,177,967	1,246,653	11,757,339
Deposits at notice	7,989	10,668	79,739
Time deposits	6,825,996	6,696,554	68,130,516
Negotiable certificates of deposit	663,340	386,050	6,620,820
Other	66,928	96,200	668,012
Total	<u>¥8,830,588</u>	<u>¥8,529,710</u>	<u>\$88,138,422</u>

14. Borrowed Money

Borrowed money as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Borrowed money	¥341,869	¥260,735	\$3,412,213
Subordinated borrowings	107,500	107,500	1,072,961
Perpetual subordinated borrowings	25,000	25,000	249,525
Total	<u>¥474,369</u>	<u>¥393,235</u>	<u>\$4,734,701</u>

The weighted-average rates calculated from the interest rates and the balances as of March 31, 2008 and 2007, were 1.29% and 1.43%, respectively.

Annual maturities of borrowed money as of March 31, 2008, for the next five years were as follows:

Fiscal year ending March 31	Millions of yen	Thousands of U.S. dollars
2009	¥375,078	\$3,743,672
2010	202	2,016
2011	172	1,721
2012	1,116	11,138
2013	111	1,107
Total	<u>¥376,680</u>	<u>\$3,759,656</u>

15. Subordinated Bonds and Subordinated Convertible Bonds

Subordinated bonds and subordinated convertible bonds as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Issuer: Chuo Mitsui, Unsecured perpetual subordinated bonds, 2.32% (2.54% in 2007)	¥ 16,100	¥ 16,100	\$ 160,694
2.03% unsecured subordinated bonds due 2015	40,000	40,000	399,241
1.27% unsecured subordinated callable bonds due 2015	30,000	30,000	299,431
5.506% USD unsecured perpetual subordinated notes	85,161	100,359	850,000
2.06% unsecured perpetual subordinated bonds	5,000	5,000	49,905
Issuer: MTI Capital (Cayman) Ltd., 0.5% Japanese yen subordinated convertible bonds due 2007	—	47	—
Issuer: MTI Finance (Cayman) Ltd., Subordinated bonds due 2007 (5.34% to 5.36% in 2007)	—	3,660	—
Total	<u>¥176,261</u>	<u>¥195,167</u>	<u>\$1,759,272</u>

16. Other Liabilities

Other liabilities as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Accrued expenses	¥ 46,620	¥ 40,011	\$ 465,323
Unearned income	2,255	2,580	22,510
Financial derivatives	45,915	25,801	458,286
Income taxes payable	9,235	14,083	92,183
Other	84,098	49,319	839,386
Total	<u>¥188,125</u>	<u>¥131,796</u>	<u>\$1,877,690</u>

17. Retirement and Pension Plans

Employees who terminate their services with Chuo Mitsui Trust Holdings or certain domestic consolidated subsidiaries 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 caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

Chuo 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. Certain domestic consolidated subsidiaries have lump-sum severance indemnity plans and integrated contributory pension plans.

The consolidated trust bank subsidiaries contributed certain available-for-sale securities with a fair value to the employee retirement benefit trust for their pension plans. The securities held in this trust are qualified as plan assets.

The funded status for employees' retirement benefits as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Projected benefit obligation	¥(181,463)	¥(176,295)	\$(1,811,190)
Fair value of plan assets	224,302	277,492	2,238,769
Unrecognized actuarial loss (gain)	75,710	7,352	755,665
Net amount accrued on the consolidated balance sheets	118,549	108,549	1,183,245
Prepaid pension expenses (included in other assets)	120,811	110,657	1,205,828
Reserve for retirement benefits	¥ (2,262)	¥ (2,107)	\$ (22,583)

The components of net periodic benefit costs (income) for the fiscal years ended March 31, 2008 and 2007, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Service cost	¥ 3,620	¥ 3,711	\$ 36,135
Interest cost	3,333	3,318	33,274
Expected return on plan assets	(14,327)	(23,714)	(142,998)
Amortization of prior service cost	—	(951)	—
Recognized actuarial loss	4,324	1,898	43,162
Other	383	1,145	3,831
Net periodic benefit costs (income)	¥ (2,664)	¥(14,592)	\$ (26,594)

Assumptions used for the fiscal years ended March 31, 2008 and 2007, were as follows:

	2008	2007
Discount rate	1.9%	1.9%
Expected rate of return on plan assets	5.1%	8.0%
Method of attributing the projected benefits to periods of services	Mainly point basis	Mainly point basis
Amortization period of prior service cost	—	5 years
Recognition period of actuarial loss	8 to 9 years	8 to 9 years

18. Reserve for Contingent Losses

Reserve for contingent losses as of March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Reserve for reimbursement of deposits	¥ 6,109	¥ —	\$ 60,974
Reserve for possible losses related to land trust	6,750	9,934	67,381
Total	¥12,859	¥9,934	\$128,355

19. Commitments and Contingent Liabilities

a. Certain consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts by making agreements to meet the financing needs of their customers. The total balance of unused commitment lines as of March 31, 2008 and 2007, was ¥2,276,336 million (\$22,720,197 thousand) and ¥2,152,130 million, respectively, of which commitment lines whose maturities are less than one year were ¥2,093,004 million (\$20,890,355 thousand) and ¥2,007,241 million, respectively.

Many of these commitment lines expire without being drawn. As such, the total balance of unused commitment lines does not necessarily impact future cash flows of the subsidiaries. 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' creditworthiness 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.

b. Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by Chuo Mitsui. Regarding guaranteed trusts, Chuo Mitsui guaranteed the principal amount of ¥1,061,263 million (\$10,592,510 thousand) and ¥1,184,681 million for certain money trusts as of March 31, 2008 and 2007, respectively, and ¥862,381 million (\$8,607,463 thousand) and ¥1,065,084 million for loan trusts as of March 31, 2008 and 2007, respectively.

20. Equity

Since May 1, 2006, Japanese companies have been subject to the Company Law of Japan (the "Company Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Company Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Company Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) where the term of service of the directors under the company's article of incorporation is prescribed as one year rather than two years for a normal term, the Board of Directors may declare dividends (except for dividends in kind) at any time during fiscal year if the company has so prescribed in its articles of incorporation. However, Chuo Mitsui Trust Holdings cannot do so because it does not meet all the above criteria.

The Company Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Company Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of capital stock, reserve and surplus

The Company Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the

total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the capital stock. Under the Company Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Company Law also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Company Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Company Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Company Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Under the revised Banking Law of Japan that became effective on May 1, 2006, the consolidated trust bank subsidiaries are required to appropriate an amount equal to 20% of dividends as a legal reserve or as additional paid-in capital depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 100% of the capital stock.

21. Common Stock and Preferred Stock

Common stock and preferred stock as of March 31, 2008, consisted of the following:

Class of stock	Number of shares (Thousands)		Per share (Yen)
	Authorized	Issued	Fiscal year-end cash dividend
Common stock	4,068,332	987,551	¥ 7.00
Class II convertible preferred stock	93,750	93,750	14.40
Class III convertible preferred stock	156,406	133,281	20.00

Chuo Mitsui Trust Holdings issued two classes of non-voting, non-cumulative and non-participating preferred stock. These preferred stocks are convertible into common stock at the specific convertible price. The preferred shareholder shall be entitled, in priority to any payment of dividends on or in respect of any other class of shares, to the specific annual dividend.

Preferred shareholders receive liquidation at ¥1,600 per share and do not have the right to participate in any further liquidation distribution.

The preferred stocks are convertible for a fixed period of time at the option of the shareholder. Unless previously converted by the preferred shareholder, all outstanding preferred shares will be mandatorily exchanged for fully paid shares of common stock on a specific day, at the number of common shares calculated by the market price per share on the day, following each conversion date.

Terms of preferred stock are as follows:

	Preferred stock	
	Class II	Class III
Annual dividend	¥14.40	¥20.00
Convertible due	July 31, 2009	July 31, 2009
Convertible price	¥450	¥450

22. Other Interest Income

Other interest income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Interest on due from banks	¥3,591	¥1,876	\$35,848
Interest on interest rate swaps	—	1,165	—
Interest on monetary claims bought	1,603	1,569	16,008
Other	811	434	8,100
Total	¥6,007	¥5,047	\$59,957

23. Trust Fees

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

24. Other Operating Income

Other operating income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Gains on foreign exchange	¥ —	¥ 890	\$ —
Gains on sales and redemption of bonds	15,199	4,154	151,704
Other	519	1,446	5,184
Total	¥15,718	¥6,491	\$156,889

25. Other Income

Other income for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Gains on sales of stocks and other securities	¥18,675	¥24,728	\$186,403
Gains on money held in trust	145	286	1,448
Lease-related income	14,470	29,673	144,432
Gains on return of securities from employee retirement benefit trusts	—	15,814	—
Other	17,902	17,585	178,682
Total	¥51,193	¥88,089	\$510,967

26. Other Interest Expenses

Other interest expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Interest on subordinated bonds	¥ 7,241	¥ 8,254	\$ 72,274
Interest on subordinated convertible bonds	0	0	0
Interest on interest rate swaps	2,182	—	21,783
Interest on payables under repurchase agreements and payables under securities lending transactions	23,577	13,447	235,325
Other	7,651	4,984	76,372
Total	¥40,652	¥26,687	\$405,756

27. Other Operating Expenses

Other operating expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Losses on foreign exchange	¥1,077	¥ —	\$10,753
Losses on sales and redemption of bonds	2,437	4,464	24,332
Losses on derivatives	4,316	—	43,086
Other	1,288	1,382	12,859
Total	¥9,120	¥5,846	\$91,032

28. Other Expenses

Other expenses for the fiscal years ended March 31, 2008 and 2007, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Net provision of allowance for possible loan losses	¥ —	¥20,343	\$ —
Losses on sales of loans	1,597	1,888	15,941
Write-off of loans	9,706	7,228	96,884
Losses on sales of stocks and other securities	1,265	2,393	12,634
Losses on devaluation of stocks and other securities	12,912	6,335	128,879
Losses on money held in trust	—	0	—
Lease-related expenses	13,480	27,594	134,549
Provision for contingent losses	4,150	395	41,430
Losses on disposal of premises and equipment	849	540	8,474
Other	26,133	16,293	260,840
Total	¥70,096	¥83,014	\$699,634

29. Income Taxes

Chuo Mitsui Trust Holdings and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.69% for the fiscal years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences and loss carryforwards, which resulted in deferred tax assets and liabilities as of March 31, 2008 and 2007, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Allowance for possible loan losses	¥ 37,814	¥ 20,708	\$ 377,424
Tax loss carryforwards	122,629	171,929	1,223,966
Securities	35,391	30,801	353,243
Reserve for retirement benefits	2,088	3,656	20,846
Other	47,026	47,583	469,374
Valuation allowance	(68,204)	(54,468)	(680,751)
Total deferred tax assets	176,745	220,210	1,764,104
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(12,210)	(139,661)	(121,875)
Other	(27,119)	(22,044)	(270,676)
Total deferred tax liabilities	(39,329)	(161,706)	(392,552)
Net deferred tax assets	¥137,415	¥ 58,504	\$1,371,552

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2008 and 2007, was as follows:

	2008	2007
Normal effective statutory tax rate	40.69%	40.69%
Valuation allowance	5.50	(7.52)
Nontaxable dividends received	(2.63)	—
Other, net	(0.50)	0.74
Actual effective tax rate	<u>43.05%</u>	<u>33.90%</u>

30. Transaction Related Cash Flows

For the fiscal year ended March 31, 2008, Chuo Mitsui Leasing Co., Ltd. was excluded from Chuo Mitsui Trust Group as a result of the sale of all of the shares of its common stock.

Assets and liabilities of the subsidiary at the time of disposal, cash received by selling the stock and proceeds from sales of consolidated subsidiaries were as follows:

Fiscal years ended March 31	Millions of yen	Thousands of U.S. dollars
	2008	2008
Premises and equipment	¥ 65,206	\$ 650,833
Intangible fixed assets	6,130	61,191
Borrowed money	(50,373)	(502,780)
Other assets and liabilities, net	(14,899)	(148,713)
Net gain on sales of stock	2,335	23,310
Cash received by selling the stock	8,400	83,840
Cash and cash equivalents of consolidated subsidiaries	(0)	(6)
Proceeds from sales of consolidated subsidiaries	<u>¥ 8,399</u>	<u>\$ 83,834</u>

31. Leases

Lessee

Total lease payments under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥35 million (\$352 thousand) and ¥20 million for the fiscal years ended March 31, 2008 and 2007, respectively.

Pro forma information on leased property such as acquisition cost and accumulated depreciation and obligations under finance leases as of March 31, 2008 and 2007, and the related depreciation expense and interest expense under finance leases for the fiscal years ended March 31, 2008 and 2007, on an "as if capitalized" basis were as follows:

	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥109	¥—	¥109
Accumulated depreciation	70	—	70
Net leased property	<u>¥ 38</u>	<u>¥—</u>	<u>¥ 38</u>

	Millions of yen		
	2007		
	Equipment	Other	Total
Acquisition cost	¥56	¥—	¥56
Accumulated depreciation	26	—	26
Net leased property	<u>¥29</u>	<u>¥—</u>	<u>¥29</u>

	Thousands of U.S. dollars		
	2008		
	Equipment	Other	Total
Acquisition cost	\$1,091	\$—	\$1,091
Accumulated depreciation	704	—	704
Net leased property	<u>\$ 386</u>	<u>\$—</u>	<u>\$ 386</u>

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Obligations under finance leases:			
Due within one year	¥19	¥10	\$199
Due after one year	19	19	197
Total	<u>¥39</u>	<u>¥29</u>	<u>\$397</u>

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Depreciation expense	¥30	¥18	\$306
Interest expense	2	0	29
Total	<u>¥33</u>	<u>¥18</u>	<u>\$335</u>

Depreciation expense and interest expense, which were not reflected in the accompanying consolidated statements of income, were computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancellable operating leases as of March 31, 2008 and 2007, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year	¥ 8	¥10	\$ 83
Due after one year	16	14	161
Total	<u>¥24</u>	<u>¥24</u>	<u>\$245</u>

Lessor

For the fiscal year ended March 31, 2008, Chuo Mitsui Leasing Co., Ltd. was excluded from Chuo Mitsui Trust Group as a result of the sale of all of the shares of its common stock.

Therefore, the notes related to lease transactions for lessor include only income information.

Total leases receipts under finance lease arrangements that do not transfer ownership of the leased property to the lessee were ¥13,602 million (\$135,763 thousand) and ¥27,913 million for the fiscal years ended March 31, 2008 and 2007, respectively.

Information on leased property that does not transfer ownership of the leased property to the lessee as of March 31, 2007, was as follows:

	Millions of yen		
	2007		
	Equipment	Other	Total
Acquisition cost	¥128,335	¥13,002	¥141,338
Accumulated depreciation	59,999	6,452	66,452
Accumulated impairment losses	29	—	29
Net leased property	<u>¥ 68,306</u>	<u>¥ 6,549</u>	<u>¥ 74,856</u>

Receivables under finance leases as of March 31, 2007 were as follows:

	Millions of yen
	2007
Due within one year	¥23,292
Due after one year	48,538
Total	<u>¥71,831</u>

Depreciation expense and interest income under finance leases for the fiscal years ended March 31, 2008 and 2007, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Depreciation expense	¥12,583	¥25,798	\$125,596
Interest income	765	1,501	7,636
Total	<u>¥13,348</u>	<u>¥27,300</u>	<u>\$133,233</u>

Interest income, which is not reflected in the accompanying consolidated statements of income, was computed by the interest method.

The minimum rental commitments under noncancellable operating leases as of March 31, 2007 were as follows:

	Millions of yen
	2007
Due within one year	¥114
Due after one year	203
Total	<u>¥317</u>

32. Derivatives Information

Derivative Transactions

(a) Instruments

The primary derivative transactions undertaken by Chuo Mitsui Trust Group are listed below:

- Interest rate derivatives: interest futures, interest rate future options, interest rate swaps, caps, floors, swaptions
- Currency derivatives: foreign exchange contracts, currency swaps, currency options
- Stock derivatives: stock index futures, stock index options
- Bond derivatives: bond futures, bond future options, over-the-counter bond options
- Other: credit derivatives

(b) Purposes and Policies for Derivative Transactions

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

(c) Content 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 in the market prices of traded products, such as interest rates, foreign exchange rates and marketable securities. Chuo Mitsui Trust Group measures risk volume through such means as basis point value (“BPV”)* and value at risk (“VaR”).**

* 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.

(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.

Chuo Mitsui Trust Group's credit equivalent, determined on a consolidated basis according to Bank for International Settlements (BIS) capital adequacy standards, consists of latent credit exposure plus reconstruction costs.

(d) Risk Management System for Derivative Transactions

Chuo Mitsui Trust Group is fully aware of the social responsibility and public mission that is incumbent upon financial institutions. Members of Chuo Mitsui Trust 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 Chuo Mitsui Trust Group, Chuo Mitsui Trust Holdings monitors risk management for the entire Chuo Mitsui Trust Group, oversees the system for securing appropriate profits and for managing risk at the consolidated trust bank subsidiaries, and provides guidance for enhancing the system when and where necessary.

The consolidated trust bank 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 Chuo Mitsui Trust Group that Chuo Mitsui Trust Holdings has set forth in its Rules for Risk Management, and utilize these rules to undertake appropriate risk management.

With regard to market risk, Chuo Mitsui maintains a basic policy through its Rules for Market Risk Management and follows Regulations for Market Risk Management to reinforce and control accurate hedging techniques and risk. 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 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 director in charge on a daily basis and to the Executive Committee on a monthly basis.

With regard to hedge transactions, Chuo Mitsui has prepared Rules for Hedge Transactions to maintain suitable control of hedge transactions.

For credit risk, Chuo Mitsui follows its 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.

Fair Value of Transactions

The following transactions are stated at fair value and unrealized gains (losses) are reflected in the consolidated statements of income. Transactions which qualify for hedge accounting are excluded from the following table.

Interest rate transactions

	Millions of yen			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Listed:				
Interest rate futures contracts:				
Buying	¥ 1,196	¥ —	¥ 21	¥ 21
Over-the-counter:				
Interest rate swaps:				
Fixed rate receipt, floating rate payment	5,818,400	4,490,219	104,493	104,493
Floating rate receipt, fixed rate payment	5,709,145	4,356,431	(101,200)	(101,200)
Floating rate receipt, floating rate payment	32,200	32,200	3,184	3,184
Interest rate swaptions:				
Selling	95,400	21,200	(498)	718
Buying	89,592	13,951	411	(27)
Others:				
Selling	51,934	42,693	(18)	205
Buying	50,867	41,680	15	(95)
Total			¥ 6,408	¥ 7,301

	Millions of yen			
	2007			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Listed:				
Interest rate futures contracts:				
Selling	¥ 9,920	¥ —	¥ (11)	¥ (11)
Over-the-counter:				
Interest rate swaps:				
Fixed rate receipt, floating rate payment	4,828,250	3,961,747	11,066	11,066
Floating rate receipt, fixed rate payment	4,774,173	3,782,728	(5,662)	(5,662)
Floating rate receipt, floating rate payment	32,200	32,200	3,290	3,290
Interest rate swaptions:				
Selling	234,200	42,750	(1,369)	2,150
Buying	194,858	28,065	1,456	77
Others:				
Selling	65,985	63,082	(68)	335
Buying	59,721	57,481	61	(132)
Total			¥ 8,763	¥11,115

	Thousands of U.S. dollars			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Listed:				
Interest rate futures contracts:				
Buying	\$ 11,946	\$ —	\$ 218	\$ 218
Over-the-counter:				
Interest rate swaps:				
Fixed rate receipt, floating rate payment	58,074,060	44,817,046	1,042,951	1,042,951
Floating rate receipt, fixed rate payment	56,983,188	43,481,697	(1,010,088)	(1,010,088)
Floating rate receipt, floating rate payment	321,389	321,389	31,786	31,786
Interest rate swaptions:				
Selling	952,190	211,597	(4,977)	7,173
Buying	894,226	139,245	4,106	(271)
Others:				
Selling	518,360	426,124	(183)	2,054
Buying	507,713	416,009	155	(948)
Total			\$ 63,966	\$ 72,875

Note: Fair value of listed transactions is calculated according to closing market prices on the Tokyo International Financial Futures Exchange and other exchanges. Fair value of over-the-counter transactions is calculated according to discounted present value, the option pricing model and other valuation techniques.

Currency transactions

	Millions of yen			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Over-the-counter:				
Currency rate swaps	¥ 5,009	¥5,009	¥ 25	¥ 25
Foreign exchange contracts:				
Selling	1,454,328	4,268	36,371	36,371
Buying	1,619,135	5,074	(36,186)	(36,186)
Currency options:				
Selling	15,133	—	(1,032)	(580)
Buying	37,280	—	1,384	849
Total			¥ 561	¥ 478

	Millions of yen			
	2007			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Over-the-counter:				
Currency rate swaps	¥ 5,903	¥5,903	¥ 38	¥ 38
Foreign exchange contracts:				
Selling	1,548,332	—	(2,722)	(2,722)
Buying	1,748,664	—	1,376	1,376
Currency options:				
Selling	4,722	—	(43)	3
Buying	4,722	—	43	(11)
Total			¥(1,308)	¥(1,317)

	Thousands of U.S. dollars			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Over-the-counter:				
Currency rate swaps	\$ 50,000	\$50,000	\$ 254	\$ 254
Foreign exchange contracts:				
Selling	14,515,704	42,600	363,022	363,022
Buying	16,160,652	50,645	(361,182)	(361,182)
Currency options:				
Selling	151,050	—	(10,306)	(5,796)
Buying	372,096	—	13,821	8,476
Total			\$ 5,608	\$ 4,774

Note: Fair value is calculated according to discounted present value, the option pricing model and other valuation techniques.

Stock transactions

There was no contract or notional amount of stock transactions as of March 31, 2007.

	Millions of yen			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Listed:				
Stock index futures:				
Selling	¥ 2,507	¥—	¥ 9	¥ 9
Stock index options:				
Buying	29,000	—	14	(125)
Total			¥24	¥(115)

	Thousands of U.S. dollars			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Listed:				
Stock index futures:				
Selling	\$ 25,027	\$—	\$ 95	\$ 95
Stock index options:				
Buying	289,450	—	145	(1,251)
Total			\$241	\$(1,156)

Note: Fair value is calculated according to closing market prices on the stock exchanges, such as the Tokyo Stock Exchange.

Bond transactions

	Millions of yen			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Listed:				
Bond futures:				
Selling	¥1,143	¥—	¥1	¥1
Buying	1,139	—	2	2
Total			¥3	¥3

	Millions of yen			
	2007			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Listed:				
Bond futures:				
Selling	¥1,466	¥—	¥3	¥3

Thousands of U.S. dollars

	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
	Total	Over one year		
Listed:				
Bond futures:				
Selling	\$11,410	\$—	\$10	\$10
Buying	11,378	—	21	21
Total			\$32	\$32

Note: Fair value is calculated according to closing market prices on the stock exchanges, such as the Tokyo Stock Exchange.

Credit derivative transactions

	Millions of yen			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Over-the-counter:				
Credit default swaps:				
Selling	¥10,000	¥10,000	¥(5,011)	¥(5,011)

	Millions of yen			
	2007			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Over-the-counter:				
Credit default swaps:				
Selling	¥1,000	¥—	¥2	¥2

	Thousands of U.S. dollars			
	2008			
	Contract or notional amount		Fair value	Unrealized gains (losses)
Total	Over one year			
Over-the-counter:				
Credit default swaps:				
Selling	\$99,810	\$99,810	\$(50,014)	\$(50,014)

Notes: 1. Fair value is calculated according to discounted present value and the prices offered by brokers.
2. "Selling" refers to acceptance transactions on credit risk.

33. Segment Information

Information about business segments, geographic segments and ordinary income from international operations for the fiscal years ended March 31, 2008 and 2007, was as follows:

(1) Business Segment Information

	Millions of yen			
	2008			
	Trust and banking business	Other finance-related operations	Eliminations/corporate	Consolidated
Ordinary income:				
External customers	¥ 413,081	¥ 46,018	¥ —	¥ 459,100
Intersegment	17,664	189,830	(207,494)	—
Total ordinary income	430,745	235,849	(207,494)	459,100
Ordinary expenses	306,053	49,722	(22,063)	333,712
Ordinary profit	¥ 124,691	¥186,126	¥(185,431)	¥ 125,387
Assets, depreciation and capital expenditures:				
Total assets	¥14,352,216	¥971,452	¥(850,832)	¥14,472,837
Depreciation	14,483	13,430	—	27,914
Capital expenditures	19,002	842	—	19,844

	Millions of yen			
	2007			
	Trust and banking business	Other finance-related operations	Eliminations/corporate	Consolidated
Ordinary income:				
External customers	¥ 386,534	¥ 60,567	¥ —	¥ 447,101
Intersegment	19,412	32,902	(52,315)	—
Total ordinary income	405,946	93,470	(52,315)	447,101
Ordinary expenses	242,712	64,277	(19,862)	287,127
Ordinary profit	¥ 163,233	¥ 29,192	¥ (32,452)	¥ 159,973
Assets, depreciation and capital expenditures:				
Total assets	¥13,935,632	¥878,161	¥(723,270)	¥14,090,523
Depreciation	15,026	27,017	—	42,043
Capital expenditures	18,703	28,010	—	46,714

	Thousands of U.S. dollars			
	2008			
	Trust and banking business	Other finance-related operations	Eliminations/corporate	Consolidated
Ordinary income:				
External customers	\$ 4,122,984	\$ 459,309	\$ —	\$ 4,582,293
Intersegment	176,306	1,894,708	(2,071,014)	—
Total ordinary income	4,299,290	2,354,017	(2,071,014)	4,582,293
Ordinary expenses	3,054,734	496,282	(220,216)	3,330,800
Ordinary profit	\$ 1,244,555	\$1,857,735	\$(1,850,797)	\$ 1,251,493
Assets, depreciation and capital expenditures:				
Total assets	\$143,249,989	\$9,696,106	\$(8,492,185)	\$144,453,910
Depreciation	144,563	134,053	—	278,617
Capital expenditures	189,661	8,411	—	198,073

Notes: 1. Ordinary income represents total income less certain special income, and ordinary expenses represents total expenses less certain special expenses.

2. "Other finance-related operations" mainly consists of credit guarantee services, leasing and credit card services.

3. Reserve for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience. Formerly, deposits that were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007. The effect of this change was to decrease ordinary profit for "Trust and banking business" for the fiscal year ended March 31, 2008 by ¥6,109 million (\$60,974 thousand).

4. Chuo Mitsui Leasing Co., Ltd. is not included in capital expenditures for the fiscal year ended March 31, 2008 because Chuo Mitsui Leasing Co., Ltd. was excluded from Chuo Mitsui Trust Group as a result of the sale of all of the shares of its common stock.

(2) Geographic Segment Information

Since domestic (Japan) total ordinary income and total assets by geographic segment for the fiscal years ended March 31, 2008 and 2007, represented more than 90% of the consolidated total ordinary income and total assets of each respective year, geographic segment information was not required to be disclosed.

(3) Ordinary Income from International Operations

	Millions of yen, except percentage data		Thousands of U.S. dollars, except percentage data
	2008	2007	2008
Ordinary income from international operations (A)	¥ 54,639	¥ 32,570	\$ 545,355
Consolidated ordinary income (B)	459,100	447,101	4,582,293
(A)/(B) (%)	11.90%	7.2%	11.90%

Note: Ordinary income from international operations represents ordinary income arising from international operations both in and outside Japan.

34. Per Share Information

A reconciliation of the differences between basic and diluted net income per share ("EPS") for the fiscal years ended March 31, 2008 and 2007, was as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
		Weighted- average shares	EPS	EPS
Fiscal year ended March 31, 2008	Net income			
Basic EPS				
Net income available to common shareholders	<u>¥67,821</u>	<u>961,239</u>	<u>¥70.55</u>	<u>\$0.70</u>
Effect of dilutive securities				
Convertible bonds	0	21		
Preferred stock	<u>4,015</u>	<u>833,281</u>		
Diluted EPS				
Net income for computation	<u>¥71,837</u>	<u>1,794,543</u>	<u>¥40.03</u>	<u>\$0.39</u>
Fiscal year ended March 31, 2007				
Basic EPS				
Net income available to common shareholders	<u>¥108,315</u>	<u>878,223</u>	<u>¥123.33</u>	
Effect of dilutive securities				
Convertible bonds	0	75		
Preferred stock	<u>4,478</u>	<u>915,386</u>		
Diluted EPS				
Net income for computation	<u>¥112,793</u>	<u>1,793,684</u>	<u>¥62.88</u>	

35. Subsequent Event

(1) The following appropriation of retained earnings of Chuo Mitsui Trust Holdings as of March 31, 2008, was approved at the general meeting of shareholders held on June 27, 2008:

	Millions of yen	Thousands of U.S. dollars
Fiscal year-end dividends:		
Common stock, ¥7.00 (\$0.06) per share	¥ 6,910	\$ 68,979
Class II convertible preferred stock, ¥14.40 (\$0.14) per share	1,350	13,474
Class III convertible preferred stock, ¥20.00 (\$0.19) per share	<u>2,665</u>	<u>26,605</u>
Total	<u>¥10,926</u>	<u>\$109,058</u>

(2) On July 2, 2008, the board of directors of Chuo Mitsui Trust Holdings authorized the repurchase and cancellation of an aggregate of 54,000 thousand shares of Class III preferred stock. On July 3, 2008, Chuo Mitsui Trust Holdings repurchased from The Resolution and Collection Corporation 54,000 thousand shares of Class III preferred stock at a purchase price of ¥2,359 per share and an aggregate purchase price of ¥127,386 million (\$1,271,444 thousand), and cancelled such repurchased shares on the same day.

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets (banking account) of Chuo Mitsui Trust Holdings, Inc. (the "Company," formerly, Mitsui Trust Holdings, Inc.) and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits 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 17, 2008
(July 3, 2008 as to Note 35)

Non-Consolidated Balance Sheets (Supplemental Information—Unaudited)

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.)
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
ASSETS			
Current assets:			
Cash and due from banks	¥137,557	¥ 33,869	\$1,372,962
Investments in subsidiaries (convertible bonds)	—	47	—
Deferred tax assets	278	33	2,776
Income tax refunds receivable	36,894	4,719	368,249
Other current assets	63	69	634
Total current assets	174,793	38,739	1,744,623
Non-current assets:			
Tangible fixed assets	2	0	28
Intangible fixed assets	4	2	42
Investments and other assets:	724,103	678,326	7,227,307
Investment securities	652	665	6,507
Investments in subsidiaries and associated companies (Stocks)	722,806	676,850	7,214,359
Deferred tax assets	331	408	3,307
Other investments	313	402	3,132
Total non-current assets	724,111	678,329	7,227,378
Total assets	¥898,904	¥717,069	\$8,972,001
LIABILITIES AND EQUITY			
Liabilities:			
Current liabilities:			
Convertible bonds	¥ —	¥ 47	\$ —
Accrued expenses	956	820	9,542
Accrued taxes	16	16	163
Reserve for bonus payment	77	48	769
Other current liabilities	95	69	951
Total current liabilities	1,144	1,003	11,427
Non-current liabilities:			
Bonds	148,100	137,000	1,478,191
Reserve for retirement benefits	822	632	8,208
Reserve for retirement benefits for directors and corporate auditors	259	200	2,586
Total non-current liabilities	149,181	137,833	1,488,986
Total liabilities	150,326	138,836	1,500,414
Equity:			
Common stock and preferred stock	261,608	261,608	2,611,126
Capital surplus	246,088	246,083	2,456,219
Retained earnings	241,142	70,735	2,406,855
Treasury stock—at cost			
280,082 shares in 2008 and 213,109 shares in 2007	(261)	(195)	(2,612)
Total equity	748,578	578,232	7,471,587
Total liabilities and equity	¥898,904	¥717,069	\$8,972,001

Non-Consolidated Statements of Income (Supplemental Information—Unaudited)

Chuo Mitsui Trust Holdings, Inc. (Formerly, Mitsui Trust Holdings, Inc.)
Fiscal years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Operating income:			
Interest income on investments in subsidiaries (convertible bonds)	¥ 0	¥ 0	\$ 0
Dividends received from subsidiaries	184,405	23,576	1,840,561
Fees and commissions received from subsidiaries	2,348	2,255	23,443
Total operating income	186,754	25,832	1,864,006
Operating expenses:			
Interest expenses on bonds	4,581	3,886	45,729
Interest expenses on convertible bonds	0	0	0
General and administrative expenses	2,379	2,263	23,751
Total operating expenses	6,961	6,150	69,481
Operating profit	179,793	19,682	1,794,524
Non-operating income:			
Interest income	86	29	860
Fees and commissions	1	2	19
Other non-operating income	36	26	360
Total non-operating income	124	59	1,240
Non-operating expenses:			
Commissions	603	555	6,021
Other non-operating expenses	67	210	672
Total non-operating expenses	670	766	6,694
Income before income taxes	179,246	18,975	1,789,070
Income taxes:			
Current	3	3	37
Deferred	(167)	(184)	(1,671)
Net income	¥179,410	¥19,156	\$1,790,704
	Yen		U.S. dollars
	2008	2007	2008
Per share of common stock:			
Basic net income	¥182.46	¥16.71	\$1.82
Diluted net income	99.97	10.68	0.99