

## **Conclusion of Agreement with Yahoo Japan Corporation on Internet Banking**

Aozora Bank, Ltd. (headquartered in Chiyoda-ku, Tokyo, President: Hirokazu Mizukami, "Aozora Bank" hereinafter) and Yahoo Japan Corporation (headquartered in Minato-ku, Tokyo, President & CEO: Masahiro Inoue, "Yahoo Japan" hereinafter) announces the conclusion of a formal agreement today on the launch of Internet banking business on a joint basis off Aozora Trust Bank, Ltd. (headquartered in Chiyoda-ku, Tokyo, President: Yuh Kawamura, "Aozora Trust" hereinafter) as the base. Currently, Aozora Trust is a wholly owned subsidiary of Aozora Bank. Basic agreement was reached between the two companies as of January 20, 2005. Below are the details of the joint venture:

### 1. Outline of agreement and purpose

Yahoo will subscribe new shares to be issued by Aozora Trust and will become a joint shareholder along with Aozora Bank. To new Aozora Trust, Aozora Bank will bring a wealth of know-how about banking business and human resources among other things whereas Yahoo Japan will provide a rich know-how about Internet business, human resources and beyond. Both parents have nurtured a relationship of mutual trust through successful experiences in a joint venture in Internet business. Backed by a combination of the both parents' strength, new Aozora Trust now aims to become a No.1 Internet bank in Japan offering highly convenient products and services catered to the lifestyle and daily needs of individual customers.

### 2. Profile of Aozora Trust

(1) Trade name	Aozora Trust Bank, Ltd.
(2) Representative	President: Masaru Kawamura
(3) Location	3-1, Kudan Minami 1-chome, Chiyoda-ku, Tokyo
(4) Established	February 28, 1994
(5) Businesses Activities	Banking services, Trust services
(6) Fiscal Year End	March 31
(7) Number of Employees	20 (As of March 31, 2004)
(8) Capital	¥5,000 million (As of March 31, 2004)
(9) Total Assets	¥13,242 million (As of March 31, 2004)
(10) Total Assets in trust	¥1,453,795 million (As of March 31, 2004)
(11) Operating Income	¥653 million (for the year ended March 31, 2004)
(12) Ordinary Profit	¥247 million (for the year ended March 31, 2004)

### 3. New shares to be issued by Aozora Trust

#### Common stock

Number of shares to be issued:	17,500 shares
Method of allocation:	Third-party allocation
Party to be allocated:	Yahoo Japan Corporation 17,500 shares
Issuance value:	¥875 million (or ¥50,000 per share)
Value to be capitalized:	¥25,000 per share
Due date of subscription:	May 9, 2005
Due date of payment:	May 12, 2005

#### (2) Non-voting convertible stock

Number of shares to be issued:	45,450 shares
Method of allocation:	Third-party allocation
Party to be allocated:	Aozora Bank, Ltd. 45,450 shares
Issuance value:	¥9,090 million (¥200 thousand per share)
Value to be capitalized:	¥100 thousand per share
Due date of subscription:	Date on which the parties concerned agree in anticipation of the timing of the start of business, targeted for the spring of the next spring
Due date of payment:	Three (3) business days after the end of subscription due date
Conversion ratio:	One (1) share convertible to four (4) shares of common stock

Note 1: All of the non-voting convertible shares will be transferred to Yahoo Japan after subscription by Aozora Bank. Consideration of transfer: ¥11,590 million

Note 2: Below illustrates how the percentage of voting rights in Aozora Trust will change:

	Now	After Yahoo's acquisition of the above (1) and (2)	After full conversion of the above (2)
Aozora Bank	100%	85.1%	33.4%
Yahoo	0%	14.9%	66.6%

Prior to the exercise of the conversion rights in the above (2), approval as stipulated in the banking law must be obtained as Yahoo Japan will become a major shareholder of a bank.

### 4. Profile of Yahoo Japan

(1) Trade name	Yahoo Japan Corporation
(2) Representative	President: Masahiro Inoue
(3) Location	Roppongi Hills Mori Tower, 6-10-1, Roppongi, Minato-ku,

Tokyo

(4) Establishment	January 31, 1996
(5) Businesses Activities	Advertising business on internet, Broadband business, Auction business, etc.
(6) Fiscal Year End	March 31
(7) Number of Employees	931 (As of March 31, 2004)
(8) Capital	¥6,399 million (As of March 31, 2004)
(9) Sales Volume	¥70,308 million (As of March 31, 2004)

5. Future schedule

May 9, 2005	Due date of subscription of common stock as described in the preceding 3-(1)
May 12, 2005	Due date of payment for common stock as described in 3-(1)
Spring of 2006	Issuance of non-voting convertible stock and transfer the same to Yahoo Japan from Aozora Bank
Spring of 2006	Expected start of Internet banking business

End

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