

April 25, 2003

To whom it may concern

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Allotment of Shares (Preferred and Common Stock) to Third Parties and
Issuance of Yen Denominated Convertible Bonds

Nissho Iwai-Nichimen Holdings Corporation (“NNHC”) has resolved to issue preferred and common stock by allocation to third parties, and convertible bonds denominated in Japanese yen, at the meeting of its Board of Directors held on April 25, 2003.

We previously announced in our Business Plan that NNHC would implement an equity financing in the amount of over 200 billion yen, soon after the establishment of the NNHC. In this connection, we are pleased to announce that NNHC will raise capital by issuing preferred and common stock in the amount of 273 billion yen, which exceeds the initial plan, resulting from a full understanding of the purposes of business integration between Nichimen and Nissho Iwai, and trust in our business plan by financial institutions and business partners.

Also, through the 50 billion yen capital-raising commitment facility established with Lehman Brothers, NNHC will initially issue convertible bonds in the amount of 5 billion yen. NNHC also plans to allocate 2 billion yen of preferred stock to Lehman Brothers in addition to 3 billion yen for this time.

Through this capital raising, we have made a certain step towards realizing one of our fundamental business strategies, the “Reinforcement of Financial Strength”. We, as a group, will pursue our goal to realize the “Improvement in Profitability” based on “Business Portfolio Strategies”, and further enhance equity capital by accumulating retained earnings.

This document entitled “Allotment of Shares (Preferred and Common Stock) to Third Parties and Issuance of Yen Denominated Convertible Bonds” is prepared in order to announce facts relating to NNHC’s equity financing by allotting shares to third parties and issuing convertible bonds and does not constitute a solicitation of investments or any similar act, in or outside Japan

I. Issue of Preferred Stock by Way of Third Party Allotment

Series and Class of Preferred Stock	1 st series Class I	2 nd series Class I	3 rd series Class I	4 th series Class I	1 st series Class II	1 st series Class III
Issue Amount	¥52.6 billion	¥ 52.6 billion	¥ 52.6 billion	¥ 52.6 billion	¥ 52.6 billion	¥3 billion
Issue Price	¥2,000					
# of Shares to be Issued	26,300,000	26,300,000	26,300,000	26,300,000	26,300,000	1,500,000
Preferred Dividends	1yr Tibor + 75bps thereafter	1yr Tibor + 100bps thereafter	1yr Tibor + 125bps thereafter	1yr Tibor + 150bps thereafter	1yr Tibor + 175bps thereafter	15yen/share
Cap	¥200 per share					-
Dividend feature	Non-participating/ Non-cumulative/ Interim dividend payable					
Conversion Feature	Convertible into NNHC common stock					
Conversion Period	Year 4 - 13	Year 6 - 15	Year 8 - 17	Year 10 - 19	Year 12 - 21	Year 2 - 10
Initial Conversion Price	¥262					Fixed 6 months after the issuance
Conversion Price Reset	Conversion price will be revised on a yearly basis, commencing on the first day of conversion period of each securities, both upward and downward					Conversion price will be revised on a yearly basis, commencing on May 14, 2004, downward
Cap	Initial conversion price×100%					-
Floor	Initial conversion price×80%					Initial conversion price×30%
Mandatory Conversion Date	A date immediately following day of the last day of conversion period or anytime thereafter, as determined by the Board of Directors					
Mandatory Conversion Price	30-day average of closing prices of NNHC common stock as of the 15 th trading day prior to the date immediately following day of the last day of conversion period					
Cap	None					Prevailing conversion price
Floor	Initial conversion price ×80%					Initial conversion price×30%
Distribution of Residual Properties	Issue price amount prior to common stock holders					
Soft Call	None					130% soft call at par value after 3 years, 20 bus day trigger
Purchaser's Put Option	None				Puttable to NNHC after 12 years at par, up to 50% of the amount of NNHC's accumulated retained earnings minus the amount of preferred stock to be purchased at AGM during the same fiscal year, if NNHC's accumulated retained earnings exceeds ¥60 billion	None

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II. Issue of Yen Denominated Convertible Bonds

Yen Denominated Bonds with Stock Acquisition Rights	
Issue Amount	¥5 billion
Maturity	2 years
Coupon	0%
Conversion Feature	Convertible into the NNHC common stock
Initial Conversion Price	¥271
Conversion Price Reset	Conversion price will be revised on a monthly basis, on the following day of first Friday of every calendar month to the lower of: <ul style="list-style-type: none"> ✓ prevailing conversion price ✓ 5-day average of closing prices (Floor: 75% of prevailing conversion price)
Floor	Initial conversion price ×30%
130% Soft Call	130% soft call at par after 6 months., 20 bus day trigger
Hard Call	102% after 6 months at the option of NNHC

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III. Issue of Common Stock by Way of Third Party Allotment

Name of New Stock	Common Stock of Nissho Iwai - Nichimen Holdings Corporation
Number of New Shares to be Issued	31,915,800 shares
Issue Price	225 yen per share (obtained by multiplying 249.06 yen, being the average of the closing prices (regular way) of the Common Stock of the Company on the Tokyo Stock Exchange, Inc. for eighteen (18) consecutive business days from April 1, 2003 to April 24, 2003, by 0.9 (any fraction less than one (1) yen shall be rounded up to the nearest one (1) yen))
Portion of Issue Price of Shares which will not be Accounted for as Stated Capital	112 yen per share
Number of expected allottees	199
Date of Payment	May 15, 2003
Initial Date for Calculation of Dividends	April 1, 2003

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(For your reference)

1. Change in Total Number of Issued Shares Due to the Proposed Capital Increase:

Total Number of Shares Currently Issued:	154,358,166 shares
Number of Shares to be Increased by the Capital Increase:	164,915,800 shares
Of which:	
Common Stock:	31,915,800 shares
Class I Preferred Stock:	105,200,000 shares
Class II Preferred Stock:	26,300,000 shares
Class III Preferred Stock:	1,500,000 shares
Total Number of Issued Shares After the Capital Increase:	319,273,966 shares
Of which:	
Common Stock:	186,273,966 shares
Class I Preferred Stock:	105,200,000 shares
Class II Preferred Stock:	26,300,000 shares
Class III Preferred Stock:	1,500,000 shares

2. Reason for Capital Increase and Use of Proceeds:

(1) Reason for Capital Increase:

To strengthen shareholders' equity.

(2) Use of Proceeds:

- (a) The proceeds from the issue of the Preferred Stock and the Common Stock by way of third party allotment will be applied in full to the payment for common stock to be issued respectively by Nichimen Corporation and Nissho Iwai Corporation, which are wholly-owned subsidiaries of the Company, as the Company's investments in such companies.
- (b) The proceeds from the issue of the Yen Denominated Bonds with Stock Acquisition Rights will be used for payment to Nichimen Corporation and Nissho Iwai Corporation, which are wholly-owned subsidiaries of the Company, as loans to such companies.

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3. List of Principal Shareholders After the Capital Increase:

Name or Corporate Name	Number of Common Stock Held	Proportion of Number of Common Stock Held to Total Number of Issued Common Stock
UFJ Bank, Limited	6,908,899 shares	3.71%
Resona Bank, Limited	5,313,753 shares	2.85%
NIPPONKOA Insurance Co., Limited	4,036,528 shares	2.17%
The Tokio Marine and Fire Insurance Co., Limited	3,910,489 shares	2.10%
Mizuho Corporate Bank, Limited	3,522,406 shares	1.89%
Daido Life Insurance Co., Limited	3,380,022 shares	1.81%
Orix Corporation	2,459,353 shares	1.32%
Bank of Tokyo-Mitsubishi, Limited	2,458,199 shares	1.32%
Tokyo Style Co., Limited	2,411,300 shares	1.29%
Nippon Life Insurance Company	2,405,558 shares	1.29%

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