

9/28/1999

Memorandum of Understanding on Acquisition of LTCB

September 28, 1999 - The Long-Term Credit Bank of Japan, Limited (LTCB) was notified today by the Financial Reconstruction Commission that it reached a decision to select New LTCB Partners (Partners), a investment group formed by Ripplewood Holdings and other investors, as the most preferred candidate for the acquisition of LTCB.

Upon the decision, a memorandum of understanding (Memorandum) was signed among Mr. Masamoto Yashiro, Mr. Timothy. C. Collins and Mr. J. Christopher Flowers all representing the Partners, Deposit Insurance Corporation of Japan (DIC) and LTCB.

In the Memorandum, it was agreed that DIC and the Partners make efforts to reach basic agreement with respect to the transactions defined in the Summary of the Conditions for the Acquisition attached to the Memorandum within shortest timeframe through earnest negotiations. It was also agreed that DIC will negotiate with the Partners exclusively until the end of November, 1999 so long as the earnest negotiations continue.

LTCB was placed under the temporary nationalization based on Financial Reconstruction Law in October last year. Since then, it has been engaged in corporate restructuring, clarification of responsibilities of former managements, disposal of non-performing assets and other actions. In February this year, it retained Goldman Sachs as financial advisor to facilitate the sale and both institutions have negotiated with many potential buyers. Based on these negotiations, the decision today was made through discreet discussions at the Financial Reconstruction Commission on terms and conditions of the acquisition and business strategies proposed by potential buyers. LTCB will fully cooperate to reach basic agreement as early as possible.

LTCB expresses appreciation to those who have supported to lead to today's decision and it intends to contribute to the stabilization of financial system by early emergence from the temporary nationalization. LTCB also devotes all energies to negotiations hereafter to better serve to its customers after the acquisition.