

For Immediate Release

December 12, 2005

Company Name: The Tokyo Star Bank, Limited.

Name of Representative: Todd Budge

President & CEO

TSE Code: 8384

RE: Announcement of Issuance and Allocation of Stock Acquisition Rights as Stock Option

The Tokyo Star Bank, Limited. (the "Bank") announces that on December 12, 2005 the Board of Directors approved the issuance of Stock Acquisition Rights in accordance with the resolution adopted by the 5th Annual General Shareholders' Meeting held on June 24th, 2005 pursuant to Articles 280-20 and 280-21 of the Commercial Code, and consequently the details of Stock Acquisition Rights are determined as follows :

Details of the first Issuance and allocation of Stock Acquisition Rights as Stock Option:

1.Name of the Stock Acquisition Rights	The First Stock Acquisition Rights of Tokyo Star Bank, Limited., The
2.Issue date of Stock Acquisition rights	December 12, 2005.
3. Aggregate number of Stock Acquisition Rights to be issued	1,400 Rights (5 shares per each of the Rights)
4. Class and Total number of shares to be exercised through Stock Acquisition Rights	7,000 common shares of the Bank
5. Issue price of Stock Acquisition Rights	Free of charge
6. Amount to be paid in exercising Stock Acquisition Rights	JPY 440,843.- per share
7. Aggregate amount of shares to be issued in exercising Stock Acquisition Rights	JPY 3,085,901,000.-
8. Exercise period of Stock Acquisition Rights	From July 1 st , 2007 to June 30 th , 2010
9. Conditions in exercising Stock Acquisition Rights	No partial exercise on each of Stock Acquisition Rights is granted
10. Restrictions in assignment of Stock Acquisition Rights	The Board approval is required in assignment of Stock Acquisition Rights
11. Amount to be capitalized out of the issuance price in exercising Stock Acquisition Rights	JPY 220,422.- per share
12. Number of individuals to whom Stock Acquisition Rights are offered	Total 74 individuals: 4 Executive Officers, 69 Employees of the Bank, and 1 Director of the Bank's subsidiary

(Reference)

- (1) Date of the resolution of the Board meeting for the proposal to the Annual General Shareholders' Meeting: May 27th, 2005.
- (2) Date of the resolution of the Annual General Shareholders' Meeting: June 24, 2005.

Terms and conditions of the issuance of Stock Acquisition Rights, especially resolved at the Annual General Shareholders' Meeting held on June 24th, 2005., are as follows:

- (1) Persons to whom Stock Acquisition Rights shall be allocated:
Directors, executive officers and employees of the Company and directors, statutory auditors and employees of the Company's subsidiaries.

- (2) Class/Number of Shares under Stock Acquisition Rights:
Not exceeding 7,000* shares of common share of the Company.
In case of adjustment of the number of shares to be issued upon exercise of each Stock Acquisition Right in accordance with item (3) below, the number of shares under the Stock Acquisition Rights above shall be adjusted to be equal to the product of (i) the number of shares after the relevant adjustment and (ii) the aggregate number of Stock Acquisition Rights to be issued.

(*1,400 shares at the time of the Board resolution, that was then split at the ratio of 1 to 5 shares, effective September 1st, 2005.)

- (3) Aggregate Number of Stock Acquisition Rights to be issued:
Not exceeding 1,400.
The number of shares to be issued upon exercise of each Stock Acquisition Right shall be 1 share; provided, however, notwithstanding before or after issuance of the Stock Acquisition Rights, in case the Company splits or consolidates its shares of common share, the number of shares to be issued upon exercise of each Stock Acquisition Right shall be adjusted according to the following formula:

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, the number of shares to be issued upon exercise of each Stock Acquisition Right shall be appropriately adjusted to the necessary and reasonable extent, in the case of merger, company split or capital reduction of the Company and in any other case similar thereto where an adjustment of the number of shares to be issued upon exercise of each Stock Acquisition Right shall be required.

Any fraction less than one (1) share resulting from this adjustment shall be disregarded.

(4) Issue Price of Stock Acquisition Rights:

Free of charge.

(5) The Amount to be Paid upon Exercise of Stock Acquisition Rights:

The amount to be paid upon exercise of each Stock Acquisition Right shall be the amount which is equal to the product of (i) the paid-in value per share to be issued or transferred through the exercise of each Stock Acquisition Right (the “Exercise Price”) and (ii) the number of shares to be issued upon exercise of each Stock Acquisition Right.

The Exercise Price shall be the price which is equal to the product of (i) the average of the daily (excluding days on which transactions are not closed) closing prices of common share of the Company in the regular transactions at the Tokyo Stock Exchange, Inc. during the calendar month immediately prior to the month in which the issue date of the Stock Acquisition Rights (the “Issue Date”) belongs and (ii) 1.05, and any fraction less than one (1) yen resulting from such calculation shall be rounded up to the nearest yen. Provided, however, that in the event that the amount resulting from the above calculation is less than the closing price of common share of the Company at the Tokyo Stock Exchange, Inc., as of the Issue Date (if a transaction is not closed, then the closing price of the day immediately prior to the Issue Date), the relevant closing price shall be the Exercise Price.

Notwithstanding before or after the issuance of the Stock Acquisition Rights, in case the Company splits or consolidates its shares of common stock, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one (1) yen shall be rounded up to the nearest yen:

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

With respect to common share of the Company, in case of issuance of new shares or disposition of shares of the Company’s common share (except for conversion of convertible shares and conversion of shares with compulsory conversion provision and exercise of request for additional purchase of the shares less than one unit under Paragraph 2 of Article 221 of the Commercial Code and exercise of the Stock Acquisition Rights) at a price to be paid below the market price, the Exercise Price shall be adjusted in accordance with the following formula and any fraction less than one (1) yen resulting from such adjustment shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before adjustment} \times \left(\frac{\text{Number of Previously Issued Shares} + \text{Number of Newly Issued Shares}}{\text{Number of Previously Issued Shares} + \text{Number of Newly Issued Shares}} \right) \times \text{Paid-in value per share}}{\text{Market price}}$$

In the formula above, the Number of Previously Issued Shares shall mean the number of issued shares of Company's common share less the number of shares of Company's common share held by the Company. In case of disposition of the shares of Company's common share held by the Company, the Number of Newly Issued Shares shall be read as the Number of the Shares to be Disposed.

Furthermore, in case of a merger, company split or capital reduction of the Company and in any other case similar thereto where the adjustment of the Exercise Price shall be required, the Exercise Price shall be appropriately adjusted to the necessary and reasonable extent.

(6) Exercise Period of Stock Acquisition Rights:

From July 1, 2007 to June 30, 2010.

(7) Conditions in Exercise of Stock Acquisition Rights:

- (i) Each Stock Acquisition Right may not be partly exercised; and
- (ii) Other conditions for exercise of Stock Acquisition Rights shall be determined by the resolution of the board of directors of the Company.

(8) Events and Conditions for Cancellation of Stock Acquisition Rights:

The Company may, at any time, cancel the Stock Acquisition Rights without any compensation when the Company has acquired and holds the unexercised Stock Acquisition Rights.

(9) Restriction in Assignment of Stock Acquisition Rights:

Approval of the board of directors of the Company shall be required in assignment of the Stock Acquisition Rights.