

June 29, 2006

The Sumitomo Trust & Banking Co., Ltd.
The Yachiyo Bank, Ltd.

Progress of the agreement regarding business alliances between The Sumitomo Trust & Banking Co., Ltd. and The Yachiyo Bank, Ltd. with capital involvement

The Sumitomo Trust & Banking Co., Ltd (Sumitomo Trust) and The Yachiyo Bank, Ltd. (Yachiyo Bank) reached an agreement on business and capital alliances on March 17, 2006, so that both parties can further strengthen business franchise and enhance corporate value.

Sumitomo Trust and Yachiyo Bank hereby announced that Yachiyo Bank, at the shareholders meeting and the meeting of the Board of Directors held today, resolved a capital restructuring based on the agreement made between two parties, as follows. Sumitomo Trust and Yachiyo Bank also announced the progress of business alliances between the parties, described below.

1. Outline of capital restructuring

(1) Yachiyo Bank will buy back and retire 25,000 shares of Preferred shares No.1 (initial issue price 1 million yen per share) out of 35,000 shares which Sumitomo Trust holds, on August 1, 2006 using retained earnings.

(2) At the same time, Yachiyo Bank will issue 15 billion yen of Preferred shares No.2 (15,000 shares) and 5 billion yen of subordinated convertible bonds (to be issued at par), and Sumitomo Trust will purchase them.

(i) Preferred shares No.2

Shares to be offered	15,000 shares
Amount to be paid	1,000,000 yen per share (Total amount 15 billion yen)
Issue date	August 1, 2006
Mandatory conversion date	September 30, 2016
Dividend rate	3%
Conversion period	From July 31, 2011 to September 29, 2016
Initial conversion price	Market price per share to be decided based on book value of consolidated net assets as of issue date
Reset of conversion price	Change to market price as of every 30th of September, from September 30, 2011 to September 30, 2015 (downward only and up to 70% of initial conversion price)

(ii) Subordinated convertible bonds

Total amount to be offered	5 billion yen
Amount to be paid	100 yen for face value 100 yen (Total amount 5 billion yen)
Issue date	August 1, 2006
Maturity date	September 30, 2016
Coupon rate	2.15%
Conversion period	From July 31, 2011 to September 29, 2016
Initial conversion price	Market price per share to be decided based on book value of

	consolidated net assets as of issue date
Reset of conversion price	Change to market price as of every 30th of September, from September 30, 2011 to September 30, 2015 (downward only and up to 70% of initial conversion price)

In addition, Sumitomo Trust will purchase common shares of Yachiyo Bank up to 5% of outstanding shares. Yachiyo bank will purchase approximately 500 million yen equivalent of common shares of Sumitomo Trust from the secondary market.

2. Progress of business alliances

Sumitomo Trust and Yachiyo Bank have been negotiating so that both parties can offer financial products and services to be strongly supported by clients of Tokyo metropolitan area, utilizing each competitiveness, since the agreement regarding business and capital alliances mentioned above. The schedule of each business, including the products which have been already started, is as follows.

(a) Estate and will services

Yachiyo Bank will commence promotion of estate and will services, which Sumitomo Trust will provide, as an agency. The start of the services will be July 3, 2006.

(b) Investment products

Yachiyo Bank has commenced sales of mutual funds, "Sumitomo Trust SRI Japan Open (Good Company)" and "Sumitomo Trust Foreign Stock Index Open", which are managed by Sumitomo Trust's subsidiary, STB Asset Management Co., Ltd., since June 1, 2006. Both parties are planning to enhance the products.

(c) Other businesses

- Affiliated ATM Net work from July 18, 2006
- Business alliance between Yachiyo Bank and First Credit Corporation
Yachiyo Bank will make agreement regarding business alliance with First Credit Corporation and commence mutual client introduction. The start of the service will be July 3, 2006.
- Joint promotion of various seminars and free consultation fair on estate from August.

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