

The Sumitomo Trust and Banking Co., Ltd.

## **Acquisition of “Nikko Asset Management Co., Ltd.”**

The Sumitomo Trust and Banking Co., Ltd. (President and CEO: Hitoshi Tsunekage; "STB") has reached an agreement today with Nikko Citi Holdings Inc. ("Nikko Citi Holdings") and another shareholder to acquire the shares (up to 98.55% of all outstanding shares) of Nikko Asset Management Co., Ltd. (Chairman and CEO: Timothy McCarthy; "NikkoAM"), subject to regulatory approvals and permits.

### 1. Transaction background and objectives

NikkoAM, with assets under management ("AUM") of approximately 8.8 trillion yen (as of end of March 2009), is one of the foremost asset management institutions in Japan. By leveraging its independence and neutrality, NikkoAM has managed to establish investment trust product distribution with more than 90% of the country's regional banks and to play an important role as a provider of investment trust to Japan Post Bank Co., Ltd., based on total AUM of investment trust sold. NikkoAM has thus carved out a solid position for itself in the industry and is a leading player in promoting the shift of personal assets from savings to investments in Japan.

STB Group is one of Japan's largest asset management institutions with AUM of approximately 25.7 trillion yen (as of end of March 2009). STB offers a wide variety of asset management services primarily to private pension funds, public funds and a broad spectrum of other domestic and foreign institutional investors. The acquisition of NikkoAM will increase the group's total AUM to approximately 34.5 trillion yen, creating one of the country's largest asset management groups with a menu of services that addresses the needs of both institutional investors and, through sales of investment trusts, personal investors as well.

STB Group sympathizes the management philosophy of NikkoAM, and fully endorses NikkoAM's policy to aim for listing as one of the largest independent asset management institutions in Asia. Even after the listing of NikkoAM, both STB and NikkoAM, as strategic business partners, will endeavor to further enhance each other's corporate value.

STB seeks to provide high-value-added investment products and services to a broad range of clients and to further strengthen its group-wide core asset management business, by leveraging NikkoAM's capabilities to develop products that accurately meet clients' needs, investment capabilities and sales support and by utilizing STB's extensive asset management expertise acquired over the years.

STB considers pursuing collaboration with Nikko Cordial Securities Inc., which will join Sumitomo Mitsui Financial Group, in a broad range of fields including provision of investment products and services, and sales support.

### 2. Profile of Nikko Asset Management (as of end of March 2009)

- |                             |   |
|-----------------------------|---|
| (1) Company name            | Nikko Asset Management Co., Ltd.  |
| (2) Representative          | Timothy F. McCarthy, Chairman and CEO (Representative Director)   |
| (3) Location of head office | Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo  |
| (4) Date of establishment   | December 1, 1959  |
| (5) Main area of business   | 1. Type II financial instruments business<br>2. Investment management business<br>3. Investment advisory and agency business<br>4. All other services and operations ancillary to the above |

- (6) End of fiscal year            March
- (7) Number of employees        529 (including executives and employees at overseas subsidiaries)
- (8) Main offices                 Head office: Tokyo
- (9) Capital                        16,403 million yen
- (10) Number of issued shares    Ordinary shares: 185,012,500 shares
- (11) Principal shareholders and their shareholding percentage
- |                          |       |
|--------------------------|-------|
| Nikko Citi Holdings Inc. | 58.1% |
| NAM Holdings Inc.        | 37.4% |
| And others               |       |

(12) Recent financial summary (Consolidated) [Millions of yen]

	FY2006	FY2007	FY2008
Operating revenue	75,368	93,449	61,275
Ordinary income	12,758	17,195	5,347
Income before income taxes	13,271	15,262	3,983
Net income	9,346	9,016	3,604
Total assets	64,032	65,974	54,461
Net assets	41,246	42,868	44,325
Total AUM (billions of yen)	11,881.2	11,490.1	8,817.6
of which, publicly offered domestic investment trust	7,708.7	7,226.6	5,275.6

3. Profile of transferor of shares

- (1) Company name                Nikko Citi Holdings Inc.
- (2) Location of head office      Shin Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo
- (3) Date of establishment        July 1991
- (4) Main area of business        Holding company of financial group companies
- (5) Relationship with STB        No relationship

4. Summary of share acquisition

- (1) Shares to be acquired        STB will acquire 194,152,500 ordinary shares\* held by Nikko Citi Holdings and other shareholders (up to 98.55% of all outstanding shares, the remaining shares are held by NikkoAM's ESOP)

\*Fully-diluted basis, including 12 million ordinary shares which are to be issued as a result of the exercise of stock options

- (2) Acquisition price            112.4 billion yen

The enterprise value of NikkoAM, which deducts its excess cash of 24.7 billion yen from the acquisition price, is 87.7 billion yen.

However, the price is subject to adjustments based on the value of NikkoAM's net assets on the date of acquisition.

- (3) Schedule                      July 30, 2009                      Signing of Share Purchase Agreement  
     October 1, 2009                    Acquisition of shares (tentative)\*

\*Subject to regulatory approvals and permits

5. Effect on future prospect of financial results

(1) Amount of goodwill and amortization period

- Goodwill: Approximately 76.0 billion yen (the amount may be adjusted based on mark to market adjustments on the date of acquisition)
- Amortization period: Straight-line amortization over a period of 15 to 20 years is assumed at present.

(2) Effect on consolidated BIS capital adequacy ratio and consolidated Tier I ratio

- In calculating the consolidated BIS capital adequacy ratio and consolidated Tier I ratio, an amount equivalent to the goodwill is deducted from consolidated Tier I capital. Therefore, both ratios are projected to decrease by approximately 0.5% as a result of the acquisition. (Estimates based on total qualifying capital and total risk-weighted assets as of end of March 2009)

(3) Effect on financial results for current fiscal year

- There are no effects on the disclosed earnings forecast for FY2009.

For further information, please contact:

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