

Issuance of Stock Purchase Warrants for Implementing Stock Option Plan

It has been resolved at the Board of Directors' Meeting held on the above date that, subject to the approval at the 131st Shareholders' Meeting (hereinafter, "the Meeting") to be held on June 27, 2002, The Sumitomo Trust & Banking Co., Ltd. (hereinafter, "the Bank") will grant Stock Purchase Warrants (hereinafter, "the Warrant" or "the Warrants") pursuant to the Articles 280-20 and 280-21 of the Commercial Code of Japan in order to implement a new stock option plan (hereinafter "the Plan").

I. Objective of issuing the Warrants with favorable conditions to non-stock holders

To provide an additional incentive plan to members of the Directors, Executive Officers and employees, for the purpose of raising their morale, improving the Bank's performance, and ultimately promoting the interests of the Bank's shareholders from the viewpoint of the corporate value maximization.

II. Summary of the Warrants

1. Underlying asset of the Warrants

Par value shares of Common Stock of the Bank (hereinafter "the Shares")

2. The number of the Shares to be issued with the exercise of the Warrants

Up to 3,000,000 in total. The number is to be adjusted in accordance with the formula below, if either stock splits or stock reverse splits should occur. The adjustment is to be made only with respect to the number of the Shares the Warrants of which remain unexercised. Any fraction less than one (1) share as a result of the calculation below shall be rounded down to the nearest one (1) share.

$$\begin{array}{l} \text{Number after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Number before} \\ \text{adjustment} \end{array} \times \begin{array}{l} \text{Ratio of stock splits or} \\ \text{stock reverse splits} \end{array}$$

In addition, the Bank may adjust the number when (a) the Warrants are succeeded to a new company by virtue of the Bank's merger or consolidation with other firms, (b) the Bank becomes a parent company by virtue of share exchanges, or (c) the Bank splits itself up.

3. The total number of the Warrants

Up to 3,000 in total. (The maximum number of shares to be issued with respect to one (1) Warrant is 1,000. However, adjustment of the number in accordance with the formula II.2. above shall be made, if either stock splits or stock reverse splits should occur.)

4. Warrant price

The Warrants are gratis.

5. The amount to be paid by the Warrant holders with the exercise of the Warrants (hereinafter, "the Amount")

- i) The Amount is obtained by multiplying the price to be paid for each share as is determined in the following manner by the number of the Shares for one (1) Warrant:

The price to be paid for each share shall be the amount obtained by multiplying the daily average of closing prices of the Shares of the Bank at the Tokyo Stock Exchange during the month preceding the month in which the Warrants are granted (excluding the days on which no trade is made) by 1.05. Any fraction less than one (1) yen as a result of the above calculation shall be rounded up to the nearest one (1) yen. Provided, however, that if the amount thus calculated is lower than the closing price of Shares of the Bank at the Tokyo Stock Exchange on the day on which the Warrants are granted, the price to be paid shall be such closing price.
- ii) If the Bank issues new shares at a price lower than the current market price by virtue of stock splits, stock reverse splits, or allotment, the Amount shall be subject to adjustment in accordance with the following formula. Any fraction less than one (1) yen as a result of such adjustment shall be rounded up to the nearest one (1) yen:

$$\begin{array}{r}
 \text{Exercise price} \\
 \text{after adjustment}
 \end{array}
 =
 \begin{array}{r}
 \text{Exercise price} \\
 \text{before} \\
 \text{adjustment}
 \end{array}
 \times
 \frac{
 \begin{array}{r}
 \text{Number of shares} \\
 \text{already issued}
 \end{array}
 +
 \frac{
 \begin{array}{r}
 \text{Number of new shares} \\
 \text{to be issued}
 \end{array}
 \times
 \begin{array}{r}
 \text{Amount to be} \\
 \text{paid per share}
 \end{array}
 }{
 \begin{array}{r}
 \text{Current market price per share before stock} \\
 \text{splits, stock reverse splits, or new issuance}
 \end{array}
 }
 }{
 \begin{array}{r}
 \text{Number of shares} \\
 \text{already issued}
 \end{array}
 +
 \begin{array}{r}
 \text{Number of shares increased due to stock splits} \\
 \text{or new issuance, or number of shares} \\
 \text{decreased due to stock reverse splits}
 \end{array}
 }$$

- iii) In addition, the price to be paid may be adjusted when (a) the Warrants are succeeded to a new company by virtue of the Bank's merger or consolidation with other firms, (b) the Bank becomes a parent company by virtue of share exchanges, or (c) the Bank splits itself up.

6. Exercise Period of the Warrant

From July 1, 2004 to June 30, 2006

7. Terms and Conditions of Warrant exercise

- i) Warrant holders may exercise the Warrant at any time during the Warrant exercise period.
- ii) In the case of the death of Warrant holders, the exercise thereof by their heirs is not permitted. (The Warrants are not inheritable).
- iii) The Warrants may not be pledged, nor disposed of for any purpose.
- iv) Other terms and conditions are to be proposed and resolved at the Meeting held in June 2002 and at the following Board of Directors' Meeting of the Bank, and to be stipulated in the "Warrant-granting agreement" entered into between the Bank and each Warrant holder.

8. Terms and conditions for extinguishment of the Warrants

- i) The Bank may extinguish the Warrants at no expense when, at a Shareholders' Meeting, an article of (a) a merger proposal rendering the Bank a defunct company, (b) a share-exchange proposal rendering the Bank a subsidiary, or (c) a stock transfer proposal, is approved.

ii) A Warrant holder may extinguish his Warrant at no expense when his right thereto expires owing to a failure to meet either 7. i) or 7. iv) above. However, all the process necessary for the extinguishment may be taken and completed after the execution period provided in 7. above expires.

9. Non-assignability of the Warrant

The Warrants may not be assigned without the approval of the Board of Directors' Meeting of the Bank.

(Note) The issuance of Warrants as detailed above is conditioned on the approval at the Meeting to be held on June 27, 2002.

For inquiries, please contact

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Legal Disclaimer

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