

(Translation)

July 30, 2009

Company name: The Sumitomo Trust & Banking Co., Ltd.  
Representative: Hitoshi Tsunekage, President & CEO  
Code No.: 8403 Tokyo and Osaka Stock Exchange

**Notice concerning Issuance of the Preferred Shares by way of a Third-party Allotment and Increase in “Other Capital Surplus” (Reduction in Legal Capital Surplus Simultaneous with the Issuance of new Shares)**

The Sumitomo Trust & Banking Co., Ltd. (the “Company”) hereby announces that its Board of Directors (the “Board”) at its meeting held on July 30, 2009 resolved to issue the First Series of Class 2 Preferred Shares (the “Preferred Shares”) by way of a third-party allotment as set forth below.

In addition, the Company hereby announces that the Board at the same meeting resolved to reduce legal capital surplus by the equivalent amount of the increase in legal capital surplus attributable to the issuance of the Preferred Shares (the “Reduction in Legal Capital Surplus”).

I. Issuance of the Preferred Shares by way of a Third-party Allotment

1. Outline of Offering

(1) Issue date

September 4, 2009

(2) Number of shares to be newly issued

109,000,000 First Series of Class 2 Preferred Shares

(3) Issue amount

1,000 Japanese Yen per share

(4) Amount of proceeds

109,000,000,000 Japanese Yen

(5) Method of offering or allotment (allottees)

The Preferred Shares will be allotted by way of a third-party allotment. However, the allottees and the number of shares to be allotted shall be determined by the Executive Officer in charge of Financial Management Department. At present, the Executive Officer in charge of Financial Management Department has not yet determined the allottees or the number of shares to be allotted.

## 2. Purposes and Reasons for Offering the Preferred Shares to be issued by way of a Third-party Allotment

### (1) Major purpose of raising capital

The Company seeks to further enhance its equity capital and secure a superior financial foundation by the issuance of the Preferred Shares, in order to fulfill its function as a financial intermediary and realize sustainable growth, in light of uncertainty over the future of the economic and financial environment.

### (2) Nature of the Preferred Shares

The Preferred Shares shall be issued by way of a third-party allotment. The Preferred Shares are “bond type” preferred shares, which grant no conversion right for ordinary shares to its holders. Dilution of the ordinary shares will not occur. Although the Preferred Shares do not have a so-called maturity date, the Preferred Shares may be acquired by the Company in cash on and after October 1, 2014, by taking the prescribed procedures, at the option of the Company. Please refer to the attached Terms and Conditions for Issuance for the detailed information.

### (3) Reason for raising capital by way of the Preferred Shares

After considering various funding methods in connection with this capital raising, the Company has determined that raising capital by issuance of the Preferred Shares is the best scheme at present for the following reasons:

- (i) the Preferred Shares are “bond type” preferred shares, which will not cause dilution of the ordinary shares;
- (ii) since there are no outstanding preferred shares of the Company, the Company is able to raise the equity capital ratio of the Company by the issuance of the Preferred Shares while maintaining the balanced capital structure and the quality of capital; and
- (iii) based on past issues, etc. of the securities similar in nature to the Preferred Shares issued by the Company and other companies, the Company has determined that the Preferred Shares have reasonable conditions in respect of dividend rate, etc. as “bond type” preferred shares.

## 3. Amount of Proceeds, Use of Proceeds, and Scheduled Date of Expenditure of Proceeds

### (1) Amount of funds to be raised (estimated proceeds after deduction of costs and expenses)

Aggregate amount to be paid: 109,000,000,000 Japanese Yen

Estimated amount of costs and expenses for issuance: 53,000,000 Japanese Yen

Estimated proceeds after deduction of costs and expenses: 108,947,000,000 Japanese Yen

## (2) Details of use of proceeds

The Company will use the proceeds to provide its clients with loans and to acquire assets such as securities, etc. while maintaining its equity capital.

## (3) Scheduled date of expenditure of proceeds

The Company plans to use the proceeds gradually, from September 2009

## 4. Rationale for Use of Proceeds

By issuing the Preferred Shares, the Company seeks to enhance its financial soundness with the increased equity capital and will use the proceeds to provide its clients with loans and to acquire assets such as securities, etc. The Company believes that this will contribute to stable operation of the Company's business and has determined that the use of proceeds mentioned above is reasonable.

## 5. Reasonableness of Conditions of Issuance, etc.

### (1) Basis of calculating the issue amount

The Company gave comprehensive consideration to: (i) the comparison of the amount to be paid with those of other shares similar in nature to the Preferred Shares; and (ii) the current market conditions of the equity securities, and determined 1,000 Japanese Yen to be the amount to be paid per Preferred Share. In determining the amount to be paid, the Company obtained the evaluation report on the theoretical value of class shares for the Preferred Shares from a third party organization and has confirmed that the conditions of issuance of the Preferred Shares are at a reasonable level.

### (2) Rationale for judgment that number of shares to be issued and level of dilution of shares are reasonable

Since the Preferred Shares are "bond type" preferred shares, which grant no conversion right for ordinary shares to its holders, dilution will not occur.

## 6. Reasons, etc. for Selecting Allottees

The allottees and the number of shares to be allotted shall be determined by the executive officer in charge of Financial Management Department and at present the executive officer in charge of Financial Management Department has not yet determined the allottees or the number of shares to be allotted. However, the counterparties of the Company are considering acquiring the Preferred Shares, understanding the management policy and financial condition of the Company group, the purpose of offering the Preferred Shares, and the nature of the Preferred Shares. The Company will disclose the specific allottees, etc. when determined formally.

## 7. Principal Shareholders and their Shareholding Percentage

### (1) Ordinary Shares

Before the offering (as of 31 March, 2009)		After the offering
Japan Trustee Services Bank, Ltd.(Trust Account)	6.65%	Same as the left column.
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	6.44%	
The Master Trust Bank of Japan, Ltd.(Trust Account)	5.11%	
The Bank of New York Mellon as Depository Bank for Deposit Receipt Holders (Standing agent: The Sumitomo Trust & Banking Co., Ltd.)	2.31%	
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account (Standing agent: Mizuho Corporate Bank, Ltd.)	1.59%	
Northern Trust Co. (AVFC) Sub A/C American Clients (Standing agent: The Hongkong and Shanghai Banking Corporation Limited)	1.45%	
KUBOTA Corporation	1.31%	
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	1.20%	
SSBT OD 05 Omnibus Account China Treaty Clients (Standing agent: Sumitomo Mitsui Banking Corporation)	1.13%	
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1.06%	

### (2) Preferred Shares

Before the offering (as of 31 March 2009)	After the offering
Not Applicable	Undetermined

## 8. Future Forecast

No changes have been made to the earnings forecast for the current fiscal year due to this issuance of the Preferred Shares. In addition, both the Company's consolidated BIS capital adequacy ratio and consolidated Tier1 capital ratio based on total risk-weighted assets, etc. as of March 31, 2009 will improve by approximately 0.8 % as a result.

## 9. Financial Results and Equity Finance for the Past Three years

### (1) Consolidated financial results for the past three years

Fiscal year	FY 2007	FY 2008	FY 2009
Ordinary income (Millions of JPY)	853,365	1,095,650	1,062,122
Ordinary profit (Millions of JPY)	170,171	136,985	29,609
Net income (Millions of JPY)	103,820	82,344	7,946
Net income per share (JPY)	62.05	49.17	4.74
Annual dividends per share (JPY)	17.00	17.00	10.00
Net assets per share (JPY)	738.77	639.75	521.85

### (2) Number of issued shares and dilutive shares at present (as of March 31, 2009)

	Number of shares	Ratio to the number of issued shares
Number of issued shares	Ordinary Shares: 1,675,128,546 shares	100%
Number of dilutive shares at the current exchange price (exercise price)	0 shares	0%

### (3) Recent share prices

#### (i) For the past three years

(JPY)

	FY2007	FY 2008	FY 2009
Opening	1,362	1,239	692
High	1,454	1,294	960
Low	991	604	270
Closing	1,229	686	373

#### (ii) For the past six months

(JPY)

	February	March	April	May	June	July
Opening	416	320	378	407	449	517
High	442	427	442	496	574	536
Low	321	270	366	402	448	435

Closing	331	373	409	450	520	494
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Note: The share prices for July 2009 listed above are the prices as of July 29, 2009.

(iii) Share price as of the day preceding the date of the resolution authorizing the issuance

(JPY)

	As of July 29, 2009
Opening	490
High	498
Low	487
Closing	494

(4) Equity finance for the past three years

Not Applicable

II. Reduction in Legal Capital Surplus simultaneous with the issuance of new shares

1. Purpose of Reduction in Legal Capital Surplus

In order to ensure the flexibility of the capital management in the future, etc., the legal capital surplus will be transferred to other capital surplus, based on Article 448, Paragraph 1 of the Companies Act, on condition that the issuance of the Preferred Shares takes effect.

2. Procedures of Reduction in Legal Capital Surplus

(1) Amount of legal capital surplus to be reduced

54,500,000,000 Japanese Yen

(However, if the amount of legal capital surplus to be increased by the issuance of the Preferred Shares falls short of 54,500,000,000 Japanese Yen, the amount of legal capital surplus to be reduced will also be the same amount. Please note that the legal capital surplus will be increased by the issuance of the Preferred Shares simultaneously with the Reduction in Legal Capital Surplus and therefore the amount of legal capital surplus after the effective date of the Reduction in Legal Capital Surplus will not be less than the amount of legal capital surplus prior to that date.)

(2) Method of reduction in legal capital surplus

Method in accordance with the provisions of Article 448, Paragraph 3 of the Companies Act (reduction in legal capital surplus simultaneous with the issuance of new shares)

### 3. Schedule of Reduction in Legal Capital Surplus (Scheduled)

- (1) July 30, 2009 (Thursday): The Board resolution
- (2) August 31, 2009 (Monday): Deadline for creditors to submit dissents
- (3) September 4, 2009 (Friday): Effective date

### 4. Future Forecast

No changes have been made to the earnings forecast for the current fiscal year due to the Reduction in Legal Capital Surplus or the Reduction in Legal Capital Surplus will not affect the Company's consolidated BIS capital adequacy ratio.

For further information, please contact  
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**Disclaimer:**

This document is prepared for the purpose of public disclosure about issuance of Preferred Shares and the increase of "Other Capital Surplus" (Reduction in Legal Capital Surplus simultaneous with the issuance of new shares) by the Company and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer or sale of the Non-dilutive Preferred Securities in the United States absent registration or an applicable exemption from the registration requirements under the U.S. Securities Act of 1933.

(Attachment)

Terms and Condition

1. Description of Shares to be Offered

The Sumitomo Trust and Banking Co., Ltd. (the “Company”) First Series of Class 2 Preferred Shares (the “Preferred Shares”)

2. Number of Shares to be Offered

109,000,000 shares

3. Amount to be Paid for Shares to be Offered

1,000 Japanese Yen per share

4. Aggregate Amount to be Paid

109,000,000,000 Japanese Yen

5. Application Date

September 3, 2009

6. Payment Date

September 4, 2009

7. Matters Concerning Capital Stock and Legal Capital Surplus to be Increased

The amount of capital stock to be increased is 54,500,000,000 Japanese Yen (500 Japanese Yen per share), and the amount of legal capital surplus to be increased is 54,500,000,000 Japanese Yen (500 Japanese Yen per share).

8. Method of Issue

Allotment shall be conducted by way of a third party allotment. The allottees and the number of shares to be allotted shall be determined by the Executive Officer in charge of Financial Management Department.

9. Preferred Dividends

- (1) In the event that the Company pays year-end dividends as provided for in Article 30, Paragraph 1 of the Articles of Incorporation of the Company, the Company shall pay, 42.30 Japanese Yen per Preferred Share (provided, however, that with respect to the Preferred Dividends of which March 31, 2010 is the record date, the Company shall pay 24.28 Japanese Yen per Preferred Share) cash dividends from surplus (such cash dividend being referred to as the “Preferred Dividends” in the Terms and Conditions) to the holders of the Preferred Shares (the “Preferred Shareholders”) or the registered



share pledgees of the Preferred Shares (the “Registered Preferred Share Pledgees”), in priority to the holders of the ordinary shares (the “Ordinary Shareholders”) or the registered share pledgees of the ordinary shares (the “Registered Ordinary Share Pledgees”); provided, however, that if the Company has paid all or part of the Preferred Interim Dividends as provided for in Section 10 during the business year immediately preceding the payment of the Preferred Dividends, the amount so paid shall be deducted from the amount of the relevant Preferred Dividends.

- (2) In the event that the amount of cash dividends from surplus to be paid to the Preferred Shareholders or the Registered Preferred Share Pledgees during a business year falls short of the amount of the Preferred Dividends, such deficiency shall not be carried over for accumulation into the subsequent business years.
- (3) The Company shall not pay dividends from surplus exceeding the amount of the Preferred Dividends to the Preferred Shareholders or the Registered Preferred Share Pledgees.

#### 10. Preferred Interim Dividends

In the event that the Company pays interim dividends as provided for in Article 30, Paragraph 2 of the Articles of Incorporation of the Company, the Company shall pay 21.15 Japanese Yen per Preferred Share (provided, however, that with respect to the Preferred Interim Dividends of which September 30, 2009 is the record date, the Company shall pay 3.13 Japanese Yen per Preferred Share) cash dividends from surplus (such cash dividend being referred to as the “Preferred Interim Dividends” in the Terms and Conditions) to the Preferred Shareholders or the Registered Preferred Share Pledgees, in priority to the Ordinary Shareholders or the Registered Ordinary Share Pledgees.

#### 11. Liquidation Distribution of Residual Assets

- (1) In the event that the Company makes a liquidation distribution of residual assets, the Company shall pay 1,000 Japanese Yen per Preferred Share to the Preferred Shareholders or the Registered Preferred Share Pledgees, in priority to the Ordinary Shareholders or the Registered Ordinary Share Pledgees.
- (2) Except as provided for in the preceding Section 11(1), no liquidation distribution of the residual assets shall be made to the Preferred Shareholders or the Registered Preferred Share Pledgees.

#### 12. Consolidation or Splitting of Preferred Shares; Right to Receive Allotment of Offered Shares, etc.

- (1) Unless otherwise provided for by laws or regulations, the Company shall not conduct share consolidations or share splits with respect to the Preferred Shares.
- (2) The Company shall not grant the Preferred Shareholders any right to receive an allotment of shares for subscription, or any right to receive an allotment of share options for subscription.

- (3) The Company shall not effect an allotment of any shares without contribution or any share options without contribution to the Preferred Shareholders.

### 13. Acquisition Clause of the Preferred Shares with Cash Consideration

- (1) After the issuance of the Preferred Shares, on or after October 1, 2014, the Company may acquire all or a part of the Preferred Shares on the date separately determined by a resolution of the meeting of the Board of Directors (the "Acquisition Date") in exchange for the delivery of the cash calculated by adding the amount equivalent to the accrued dividends (which amount shall be obtained by multiplying (i) the Preferred Dividends by (ii) the number obtained by dividing (a) the number of days from the first date of the business year in which the Acquisition Date falls (including such date) to the date immediately preceding the Acquisition Date (including such date) by (b) 365 (rounded to two decimal places), and if the Company has paid the Preferred Interim Dividends during such business year, the amount from which the dividends so paid are deducted) to 1,000 Japanese Yen per Preferred Share.
- (2) Partial acquisition pursuant to the preceding Section 13(1) shall be made by way of lottery or proportional allotment.

### 14. Voting Rights

Unless otherwise provided for by laws or regulations, no Preferred Shareholders shall have voting rights at any general meeting of shareholders; provided, however, that the Preferred Shareholders shall have voting rights from (i) the commencement of an ordinary general meeting of shareholders in the event that no proposal for declaration of the Preferred Dividends be paid to the Preferred Shareholders is submitted to such ordinary general meeting of shareholders, or (ii) the close of an ordinary general meeting of shareholders in the event that such proposal is rejected at such ordinary general meeting of shareholders, until, in either case, a proposal for declaration of the Preferred Dividends be paid to the Preferred Shareholders is approved.

### 15. Preference Order

The preference order of the payment of the Preferred Dividends, the Preferred Interim Dividends and the liquidation distribution of residual assets for the Preferred Shares shall be the same among preferred shares of any classes issued by the Company.

### 16. Prescription Period

The provision of Article 32 of the Articles of Incorporation of the Company shall be applied mutatis mutandis to the payment of the Preferred Dividends and the Preferred Interim Dividends.

### 17. Others

Each of the above sections shall be applicable on condition that the notification has been made and the approvals and authorizations under the related laws and regulations have become effective.