

October 14, 2005

The Sumitomo Trust & Banking Co., Ltd.

### **Acquisition of “First Credit Corporation”**

The Sumitomo Trust & Banking Co., Ltd. (STB) and Lone Star Funds’ affiliate companies, First Credit Investments SCA and FC Manager, LLC (FCI and other), agreed that STB acquiring all stocks of First Credit Corporation (FC).

#### **1. Background and purpose of acquisition**

STB has earned solid financial strength with repayment of public funds and conclusion of non-performing loan problem. With this background, STB is actively expanding strategic investment and alliance to further enhance customer franchise and accelerate aggressive operations that will lead to expanding business area.

FC has longtime achievements and expertise with 24 years of history. FC is leading company of the real estate finance industry and the only specialized company in this business area with strength of business promotion throughout Japan.

This acquisition will enable STB to add already revitalized FC to its group as a partner for the further growth. STB will take this opportunity to enhance its sustainable growth in consolidated profits and will aim to become the “Number One Customer-oriented Bank” by earning customers’ trusts and supports.

#### **2. Outline of First Credit Corporation (As of end of September 2005)**

(1) Company name	First Credit Corporation
(2) Representative	Chairman and CEO: Wilfred Y. Horie
(3) Location of head office	2-6-2, Otemachi, Chiyoda-ku, Tokyo, Japan
(4) Establishment date	December 8, 1982 (Foundation date: March 17, 1981)
(5) Main area of business	Real estate secured finance
(6) End of fiscal year	March
(7) Number of employees	220
(8) Main offices	Head office: Tokyo Other offices: Shinjuku, Nihombashi, Ohmiya, Machida, Sapporo, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka
(9) Capital	13.5 billion Japanese yen
(10) Number of stocks issued	Common stock: 1,000 thousand stocks Classified stock (Class A): 700 thousand stocks

(11) Shareholders	First Credit Investments SCA	97%
	FC Manager, LLC	3%

(12) Recent financial summary and target for Fiscal Year 2009 (Billions of Yen)

	2004/03 (Actual)	2005/03 (Actual)	2006/03 (Forecast)	2010/03 (Target)
Loan balance	95.3	106.3	110.0	200.0
Net business profit	8.0	5.1	5.5	15.0
Net operating profit	8.1	5.2	5.5	15.0
Net income before tax	9.6	5.9	6.0	14.0
Net income	9.6	5.9	5.9	9.0
Total asset	114.9	120.5	120.0	220.0
Shareholder's equity	12.8	18.7	24.5	65.0

### 3. Outline of Lone Star Funds

(1) Organization name	Lone Star Fund IV
(2) Representative	John P. Greyken
(3) Location of head office	Bermuda
(4) Establishment date	March 2002
(5) Main area of business	Investment to firms, financial assets and real estate
(6) Relationship with STB	No particular relationship

### 4. Summary of acquisition

(1) Stocks	Common stock (1,000 thousand shares) and Classified stock (Class A: 700 thousand shares) that FCI and other possess will be acquired by STB after appropriate procedure (STB will possess 100% after acquisition).
(2) Acquisition price	130 billion Japanese yen Amount agreed based on due diligence and third party appreciation
(3) Schedule of acquisition	October 14, 2005 Agreement of contract for acquisition November 30, 2005 Acquisition of stocks (Tentative)
(4) President	Yasuyuki Yagi (former General Manager of STB's Global Credit Supervision Department) is expected to be assigned after the acquisition.

## **5. Effect to future prospects of STB's financial result**

### **(1) Amount of goodwill and amortization period**

Goodwill: 100 billion Japanese yen (Possibility of change based on market value at purchasing date)

Amortization period: Planned to amortize evenly in 20 years at this moment

### **(2) Effect to consolidated BIS capital adequacy ratio**

(Estimated amount based on shareholder's equity and risk asset as of September 2005)

Subtraction of goodwill from Tier I will lower BIS capital adequacy ratio by approximately 0.9%.

It also applies to Tier I ratio.

### **(3) Effect to financial results in Fiscal Year 2005**

There are no revisions of the financial results forecast for FY2005.

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Lone Star Funds  
The Sumitomo Trust & Banking Co., Ltd.

First Credit Corporation (FC) has been responding to various funding needs of individuals, business owners, and corporations that had missed business opportunities due to their short-term business history and lack of business transactions. These individuals or entities have funding difficulties and FC provided loan products by focusing on real estate value. This behavior is based on its management policy, which is "Evaluate value of real estate appropriately and provide loans quickly to respond to customers' funding need."

In March 2002, FC was decided inception of Corporate Rehabilitation Law by Tokyo District Court. However, in November 2002, Lone Star Funds (Lone Star) became the sponsor and in March 2003, it made lump-sum repayment to creditors and finished the procedure of plan decided by Corporate Rehabilitation Law in short period.

Lone Star is one of the largest investment funds with strength in revitalization in financial and real estate sectors. After becoming sponsor of FC, it took many effective actions to revitalize them such as sending management team, offering funding, improving business procedure, and expanding business franchise. As a result, FC has notably grown its business both in size and profitability resulting complete revitalization that it can now expect sustainable autonomic growth.

In the process of examining FC's mid to long-term strategy, which is "Future growth after the revitalization", Lone Star received proposal of acquisition of all FC's stocks from The Sumitomo Trust and Banking Co., Ltd. (STB). STB, which has strength in banking, trust business and real estate business is the biggest support of FC's business model. Lone Star judged that by utilizing STB group's expertise in real estate business, nationwide network of real estate information, franchise of individual and corporate customers, channel to alliance companies, and top-tier financial strength, STB will be the best partner for FC's further growth. Therefore, Lone Star decided to sell all stocks to STB. Lone Star will continue investment in Japanese market aggressively and will contribute to Japanese economic growth.

STB has been conducting real estate related business since its establishment and has been responding to various customers' needs such as brokerage, securitization, asset management, consulting, appraisal, and etc. Recently, it is utilizing its business acumen in real estate area, which it has developed in long history to real estate finance services such as real estate non-recourse loans and equity investment in real estate fund. Herewith, STB is aggressively expanding its "Integrated real estate business model" which is comprising binding real estate, finance, asset management and custody business.

With the linkage of STB which has coordination expertise in large properties and FC which has strong upstream distribution franchise in small to midsize properties, STB group will have business opportunities in broad field of distribution channel and its financial market. By developing this enhanced "Integrated real estate business model", STB group will achieve enhanced profitability and will contribute to the fosterage and development of real estate distribution market.

STB will take full advantage of the competitiveness of holding banking, trust business and real estate business in one organization, and will further refine its unique business model - "Retail financial services leveraging trust functions" and "Investment banking leveraging trust functions". Addition to those, STB will add "Integrated real estate business model" to its new engine for the breakthrough growth and will achieve sustainable growth in consolidated profits. As a result, STB will aim to become the "Number One Customer-oriented Bank" by further earning customers' trusts and supports.