

January 25, 1999

Daiwa Securities Co.Ltd.

The Sumitomo Bank, Limited

**Daiwa Securities / Sumitomo Bank Form a Joint Venture and a Strategic Alliance
in Asset Management with T. Rowe Price/Robert Fleming**

On July 28, 1998, Daiwa Securities Co. Ltd. (“Daiwa”) and the Sumitomo Bank, Limited (“Sumitomo”) reached a basic agreement to form a strategic alliance. Today, Daiwa and Sumitomo signed a milestone Letter of Intent to establish a new joint venture with T. Rowe Price Associates, Inc. (“T. Rowe Price”), a major US-based asset management firm. This joint venture will begin life with \$29 billion (3.3 trillion yen) in assets under management, with the goal of becoming a leading asset management company for both retail and institutional investors in Japan. The Letter of Intent also outlines a strategic alliance among the joint venture company, T. Rowe Price and Robert Fleming Holdings (“Fleming”) for the management of non-Japanese assets.

The global reach of the asset management expertise commanded by T. Rowe Price and Fleming, combined with the investment capability, extensive customer base and nationwide branch network of Daiwa and Sumitomo, will create an asset management powerhouse offering world-class service to both retail and institutional investors. This alliance will enable Daiwa and Sumitomo to fulfill the growing and increasingly sophisticated needs of the 1,200 trillion-yen Japanese personal finance market, especially in the new world now unfolding from the “Big Bang” financial reforms.

T. Rowe Price Associates was established in 1937. With \$148 billion in assets under management, it is one of the largest independent asset management firms in the United States. The hallmark of T. Rowe Price is its consistent and conservative approach to asset management, which makes its style ideally suited for Japanese investors. T. Rowe Price is also a premier manager of defined contribution retirement plan assets in the US. Their proven skills in providing retirement plan services, as well as asset management, will enhance the capabilities of the new alliance into the future.

Robert Fleming Holdings is one of the U.K.'s oldest financial groups, with over 8,000 employees and 73 operations in 44 countries. Its first investment trust product was launched in 1873. Fleming Asset Management manages more than \$100 billion of assets worldwide on behalf of institutional and retail investors and includes the Save & Prosper brand in the U.K. and the leading Fleming Flagship Fund brand in Europe. In addition, Fleming and T. Rowe Price have a well-established history of cooperation in the operation of their own joint venture, Rowe Price-Fleming International, Inc. offering international investment management to U.S. investors. This joint venture is one of the most successful partnerships in the asset management industry worldwide, demonstrating that T. Rowe Price and Fleming have the experience and stability to work successfully in a long-term relationship.

The outline of the alliance scheme follows:

Joint venture to be established in Japan

Daiwa International Capital Management Co.,Ltd. ("DICAM"), SB Investment Management Co.,Ltd. ("SBIM") and SBIM Investment Trust Management ("SBIMITM") are scheduled to merge (merger ratio is 1 (DICAM) : 0.55 (SBIM) : 0.05 (SBIMITM)) on April 1, 1999 to form a new asset management joint venture in which T. Rowe Price will take a 10% stake. Daiwa and Sumitomo will each hold 44%, and Sumitomo Trust Bank will own 2%. The new firm will have a board member from T. Rowe Price.

(Profile)

Name : DICAM SB Asset Management Co., Ltd(tentative)

Location: Tokyo, Japan

Function: Investment trust management and investment advisory

Ownership: 44% Daiwa Securities group, 44% Sumitomo Bank group, 10% T. Rowe Price, 2% Sumitomo Trust

Capitalization: 2 billion-yen

Merger Date: April 1, 1999 (scheduled)

Management: Minoru Mori, President (currently President of DICAM)

Joint venture to be set up outside of Japan

Outside of Japan, T. Rowe Price and Robert Fleming will establish another joint venture, dedicated mainly to managing non-Japanese securities portfolios of investment trust products for customers of the joint venture in Japan.

Some personnel from the Japanese JV will join the venture to help both joint ventures work closely to ensure the highest-quality investment management service tailored for the Japanese investors. The parties to the agreement will consider having the Japanese JV hold a stake in the T. Rowe Price/Robert Fleming joint venture in the future.

Joint study of business opportunities in the defined contribution pension market

Daiwa and Sumitomo plan to possibly pursue opportunities in the defined contribution pension business with T. Rowe Price, one of the leading players in the U.S. defined contribution pension market. The combination of Daiwa and Sumitomo's contacts, with the defined contribution skills of T. Rowe Price and the investment management capabilities of the new joint venture, should make Daiwa and Sumitomo very well positioned to serve this new market.

(Appendix)

Profile of T. Rowe Price

Name: T. ROWE PRICE ASSOCIATES, INC.

Year established: 1937

Location of Headquarters: Baltimore , Maryland USA

Principal Business: Asset Management

Number of Employees: 3,462

Total Asset Under Management: \$ 147,970 Million

Defined Contribution: 1) Number of Plan Participants: 1,140,000
2) AUM : \$ 42 billion
3) Nation's First provider of fully bundled defined contribution plan
4) First defined contribution plan client , 1972

Others: 1) Conservative approach to investment management
2) Portfolio managers average 17 years of investment experience - 12 of those years with T.Rowe Price

Profile of Robert Fleming

Name: ROBERT FLEMING HOLDINGS LIMITED

Year established: 1873

Location of headquarters: London, England

Principal business: Investment banking and asset management

Number of employees: approx. 8,000

(incl. Approx. 2,600 in the asset management business)

Total asset under management: approx. 11 trillion yen

Pension fund AUM: approx. 5.6 trillion yen

Mutual fund (incl. investment trust) AUM: approx. 5.4 trillion yen

Others: (Asset Management)

- 1) Manage assets in markets worldwide
- 2) 73 operations in 44 countries
- 3) 184 investment professionals worldwide
- 4) A leading asset management company in Europe

Profile of DICAM

Name: Daiwa International Capital Management Co.,Ltd.
Year established: 1973
Location of headquarters: Chuo-ku , Tokyo
President : Minoru Mori
Principal business: Asset management
Number of employees: 98 (overseas: 44)
Capital : 1,600,000,000 Japanese yen
Number of issued and outstanding shares : 3,200,000 shares(par-value 500 yen)
Total asset under management: 2.6 trillion yen(as of December 1998)

Profile of SBIM

Name: SB Investment Management Co.,Ltd.
Year established: 1985
Location of headquarters: Chiyoda-ku , Tokyo
President : Katsuhiko Tamaki
Principal business: Asset management
Number of employees: 55
Capital : 500,000,000 Japanese yen
Number of issued and outstanding shares : 10,000 shares(par-value 50,000 yen)
Total asset under management: 676 billion yen(as of December 1998)

Profile of SBIMITM

Name: SBIM Investment Trust Management Co.,Ltd.
Year established: 1993
Location of headquarters: Chiyoda-ku , Tokyo
President : Hidetoshi Hirabayashi
Principal business: Investment Trust management
Number of employees: 29
Capital : 1,000,000,000 Japanese yen
Number of issued and outstanding shares : 20,000 shares(par-value 50,000 yen)
Total asset under management: 46 billion yen(as of December 1998)