

Strategic Alliance between the DKB Group and J.P. Morgan for Investment Trusts

In March 1999, DKB signed an alliance agreement with J.P. Morgan Investment Management Inc., a subsidiary of J.P. Morgan & Co. Incorporated, to form an integrated joint venture to offer investment trusts. The joint venture provides for mutually exclusive cooperation in all aspects of the investment trust business.

Objectives

The objective of this alliance is to ensure that the joint venture will become the leading company in the investment trust management industry through the fusion of DKB's powerful customer base and access channels and J.P. Morgan Investment Management's global fund management expertise and financial technology to cater to the increasingly sophisticated and diversified needs of its customers. This alliance also uses the domestic asset management capabilities of Dai-Ichi Kangyo Asset Management Co., Ltd. (DKA) (DKA's name changed on July 1, 1999, from Dai-Ichi Kangyo Asahi Asset Management Co., Ltd.).

Main Features of the Alliance

Integrated Product Development and Marketing

One of the key features of the alliance is the establishment of an integrated system covering all aspects of the investment trust business, from the development of investment products to marketing that combines the capabilities of DKB and J.P. Morgan Investment Management. This integrated system offers two principal advantages.

The first is the enhancement of capabilities for providing investment products. Under the system, the alliance is positioned to develop and manage its own unique investment products of the highest quality that respond precisely to customer needs, then take the responsibility for delivering these products to customers. The adoption of this integrated marketing system strengthens capabilities for the swift and timely development of products and services in response to increasingly individualized and sophisticated needs.

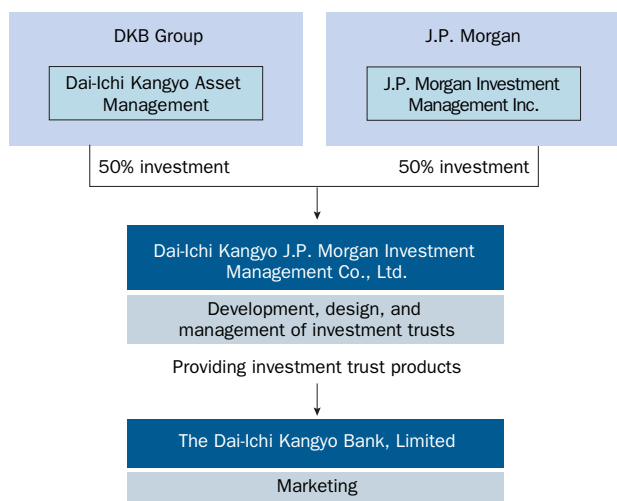
The second advantage is that the alliance will be able to focus on marketing products that are best suited to customer needs. Investment trusts are the first financial products offered by Japanese banks that contain a risk element. Marketing personnel must inquire about customer needs, from the level of information they have about investing to their intended eventual use of the funds, and then give a full explanation of the investment trust products, including how the funds will actually be invested—such as types of investments and markets—and what risks may be involved. Simply delivering investment trusts supplied by third parties may often lead to insufficient explanation and inadequate follow up with customers. Accordingly, one of the key features of the integrated system is that DKB can provide appropriate counseling to customers concerning the products developed within the framework of the alliance with J.P. Morgan. DKB believes that this is the best way to ensure responsible marketing and build trust and confidence among customers.

Under the integrated system, the alliance does not intend to focus only on providing a full line of investment trust products but will also focus on product offerings and building a strong brand image, reflecting DKB's basic stance of creating strong relationships with its customers for the long

term. As J.P. Morgan shared these basic views with DKB, the partners decided to conclude an alliance.

Establishment of DKB Morgan

Based on the alliance agreement, DKA and J.P. Morgan Investment Management established an investment trust and management company, Dai-Ichi Kangyo J.P. Morgan Investment Management Co., Ltd. (DKB Morgan), and operations began in April 1999. DKB Morgan plays a central role in the integrated system and is the investment trust company responsible for developing and managing DKB Morgan brand products. Based on information gathered from the marketing of investment trusts in DKB's branches, including customer needs and preferences, DKB Morgan draws fully on DKA's domestic investment management capabilities and the global capabilities and expertise of J.P. Morgan Investment Management to design and manage investment products.



Alliance among DKB, Fuji Bank, and Yasuda Trust & Banking

Based on the alliance concluded with The Fuji Bank, Limited and The Yasuda Trust & Banking Co., Ltd. in November 1998, DKB's trust and banking arm, The Dai-Ichi Kangyo Trust & Banking Co., Ltd., merged with the trust and banking subsidiary of The Fuji Bank—The Fuji Trust & Banking Co., Ltd.—in April 1999 to form The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd. (DKFTB). In October 1999, this newly merged company is scheduled to take over the trust and fiduciary business of The Yasuda Trust & Banking Co., Ltd., including pension fund management, securities custody business, and transfer agent business.

Objectives

Responding accurately to the increasingly diverse and sophisticated needs of customers in the field of asset management and administration—where growth is expected especially in pension fund and investment trust businesses—is one of the most important issues facing DKB as Japan's Big Bang financial reforms proceed. In addition, providing transfer agent services, such as the processing of ownership transfers, is an excellent tool for building closer relationships with companies that have listed their shares publicly or intend to do so.

DKB concluded this strategic alliance with the objectives of strengthening its capabilities in the asset administration field and offering its customers a broader range of trust business services.

Main Features of the Alliance

Offering Specialized Products and Services

As a result of the alliance, the DKB Group will be able to provide a full line of corporate pension-related services, securities custody services, and transfer agent services, specialized services which the Group could not offer in the past. This expansion in service will enable DKB to be more responsive to customer needs.

Features of Trust and Banking Companies

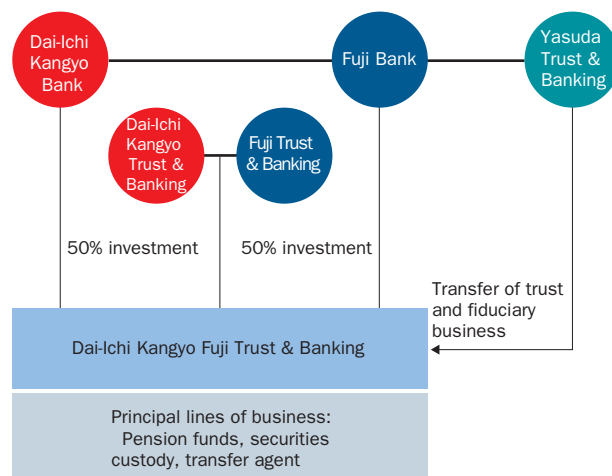
DKFTB represents an entirely new type of trust and banking company, specializing in asset administration services and maintaining a stable operating position with a minimum of market and credit risk. In addition, DKFTB is expected to generate ROE of approximately 10% because of the economies of scale it will enjoy and stable fee income.

DKFTB has been rated by Moody's, Fitch IBCA, and R&I, which are leading credit rating agencies. DKFTB now has the highest credit rating among trust banks in Japan. DKFTB's high rating stems from stable income from fee-generating services and a sound financial position based on a solid capital base.

Credit Ratings of DKFTB

	Moody's		FITCH IBCA		R&I
	Bank Financial Strength Rating	Long-Term Deposit Rating	Individual Rating	Long-Term Credit Rating	Long-Term Credit Rating
Dai-ichi Kangyo Fuji Trust	C	A3	C/D	A	A

(As of June 30, 1999)



Upgrading Capabilities in Strategic Areas

Combined with the services that DKA can provide and the services offered through the comprehensive alliance with J.P. Morgan in the investment trust field, this strategic alliance with The Fuji Bank in the trust and banking area will complete DKB's activities to upgrade its basic capabilities in the areas of asset management and administration, which will be one of the key new fields opening up as the financial Big Bang reforms take effect.