

December 25, 2009

Daiwa Securities Group Inc.
Daiwa Securities SMBC Co. Ltd.

Attention

This document is an unofficial excerpt translation of a press release announced on December 25, 2009 by Daiwa Securities Group Inc. and Daiwa Securities SMBC Co. Ltd. The original press release is in Japanese.

Regarding the dissolution of the wholesale business joint venture

The Board of Daiwa Securities Group Inc. (Daiwa) resolved the terms and conditions to acquire all shares of Daiwa Securities SMBC Co. Ltd. (Daiwa SMBC) held by Sumitomo Mitsui Financial Group, Inc. (SMFG) on December 31, 2009. Daiwa also resolved the terms and conditions of the operations of Daiwa Securities SMBC Principal Investments Co. Ltd. (Daiwa SMBC-PI), a 100% subsidiary of Daiwa SMBC after the dissolution of the joint venture agreement in detail below.

Daiwa, SMFG and Sumitomo Mitsui Banking Corporation (SMBC) decided to end the joint venture agreement with regard to Daiwa SMBC on September 10, 2009.

1. The dissolution of the joint venture

Daiwa will acquire all Daiwa SMBC shares held by SMFG on December 31, 2009. As a result, all shares of Daiwa SMBC will be held by Daiwa group companies. Daiwa will pay JPY 173.9bil in consideration of such shares as the initial payment to SMFG. The final acquisition value will be determined in March 2010, based on 40% equivalent of Daiwa SMBC's consolidated net assets value as of December 31, 2009. The difference between the initial payment and the final acquisition value will be adjusted accordingly.

Daiwa SMBC will change its name to "Daiwa Securities Capital Markets Co. Ltd." on January 1, 2010 and will continue to operate as an award winning investment banking that targets "sustained growth based on customer trust," utilizing the strong group network.

2. Daiwa Securities SMBC Principal Investments

Daiwa and SMFG will maintain the operations of Daiwa SMBC-PI. Most of the existing businesses of Daiwa SMBC-PI will be transferred on February 1, 2010, to a new company (the “Successor Company”) upon a de-merger. Daiwa and SMFG will hold 60% and 40% shares of the Successor Company, respectively. The Successor Company will be named Daiwa Securities SMBC Principal Investments Co. Ltd.

The businesses remained in current Daiwa SMBC-PI will be managed wholly by Daiwa. The corporate name will be Daiwa PI Partners Co. Ltd.

Daiwa Group companies will remain as the joint venture partner of Daiwa Quantum Capital Limited which is a joint company with Quantum Leaps Corporation.

3. Schedule

December 28, 2009 Execution of the agreement on the dissolution of the joint venture.

December 31, 2009 Transfer of Daiwa Securities SMBC shares

January 1, 2010 Corporate name change of Daiwa Securities SMBC Co. Ltd. to Daiwa Securities Capital Markets Co. Ltd.

February 1, 2010 Business transferred from Daiwa SMBC PI to Successor Company in a form of de-merger.

Corporate name changes of Daiwa SMBC-PI and the Successor Company to Daiwa PI Partners Co. Ltd., and Daiwa Securities SMBC Principal Investments Co. Ltd., respectively.