

May 19, 2010

Dissolution of Venture Capital Joint Venture

Please note that this document is an unofficial translation of a press release announced on May 19th, 2010, by Daiwa Securities Group Inc. and Daiwa SMBC Capital Co., Ltd., and was prepared solely for reference purpose only. The original press release is in Japanese.

Daiwa Securities Group Inc. (“Daiwa”, and together with its subsidiaries and affiliates, referred to collectively as “Daiwa Group”) announces that it has reached an agreement to terminate the joint venture contract dated May 13, 2005 regarding Daiwa SMBC Capital Co., Ltd. (“DSCAP”) with Sumitomo Mitsui Financial Group, Inc. (“SMFG” and, together with its subsidiaries and affiliates, referred to collectively as “SMFG Group”) and Sumitomo Mitsui Banking Corporation (“SMBC”).

1. Background

Since its formation and commencement of business as a new venture capital with a genuine competitive edge in October 2005 upon merger of NIF Ventures Co., Ltd. (“NIF”) and SMBC Capital Co., Ltd. (“SMBCC”), both Daiwa and SMFG Group have jointly managed DSCAP lead by Daiwa Group. DSCAP became one of the best in the industry by taking advantage of both Daiwa Group and SMFG Group’s vast network and capabilities which enhanced targeting and managerial support capabilities.

The market environment of the IPO business is still far off from its peak and the recovery in the operating results of DSCAP is still underway. Daiwa and SMFG Group have held discussions on the future, and agreed that it would be desirable to pursue the venture capital business separately for enhancement of both parties’ value.

Therefore, Daiwa, SMFG and SMBC have agreed today to terminate the joint venture under the terms described in section 2 below on July 1st, 2010, while mutually confirming the continuation of the amicable trust relationship between them.

DSCAP will change its corporate name to Daiwa Corporate Investment Co., Ltd (“DCI”). DCI will continue to proactively contribute to growth of promising companies with the professional expertise which has been developed through fund management activities with high transparency standards.

2. Termination of the Joint Venture

The joint venture will be terminated by demerger and share transfer. Daiwa Group and SMFG Group will respectively assume the net assets, contracts and employees of DSCAP at the ownership ratio of 60:40. The procedure of succeeding the rights and obligations upon the dissolution of the joint venture are as follows.

1) Methods for succeeding the rights and obligations.

DSCAP will partially transfer its rights and obligations of the business (hereinafter referred as "The Demerger") to NS Capital Co., Ltd. ("NSCAP", a wholly owned subsidiary of DSCAP as of May 19, 2010). Following The Demerger, the shares of DSCAP (scheduled to change corporate name to Daiwa Corporate Investment Co., Ltd ("DCI")) will be transferred to an entity under Daiwa Group, and those of NSCAP will be transferred to SMFG Group and third party investors (hereinafter referred as "The Share Transfer").

The rights and obligations to be inherited to DCI and NSCAP will be conducted under the following methods.

① Funds where DSCAP serves as General Partner

Any funds prior to the merger of NIF and SMBCC will be succeeded to DCI or NSCAP subject to their origins and will be managed separately and solely by either DCI or NSCAP.

Any funds after the merger of NIF and SMBCC will be succeeded to DCI or NSCAP subject to their current operations.

② Investments with direct ownership of DSCAP

Any investments held prior to the merger of NIF and SMBCC will basically be succeeded to DCI or NSCAP subject to the ownership status on the merger date.

Any investments after the merger of NIF and SMBCC will not be split and will basically be succeeded to DCI or NSCAP as a whole, subject to the relationship with each investee.

2) Capital structure after the termination

As stated in 1) above, Daiwa Group will wholly own DCI and will not possess any shares of NSCAP. Daiwa Group and SMFG Group will no longer have any capital relationship related to the venture capital business.

3. Schedule

May 19, 2010 (Wed)	Board resolution Signing of the JV termination contract
July 1, 2010 (Thurs)	Completion of The Demerger and The Share Transfer Change company name to Daiwa Corporate Investment Co., Ltd

4. Impact on Earnings Forecast

The financial impact to Daiwa Group would be very limited.

5. Outline of the Joint Venture

(as of March 31, 2010)

(1)	Company Name	Daiwa SMBC Capital Co., Ltd.	
(2)	Location Head Office	8-10, Kudan-Kita 1 chome, Chiyoda-ku, Tokyo	
(3)	Title and Name of Representative	President, Kazuo Ariake	
(4)	Description of Principal Business	Venture Capital, Buy Out Investments	
(5)	Amount of Capital	JPY 18,767 million	
(6)	Date of Incorporation	October 20, 1983	
(7)	Fiscal Period	April 1 to March 31	
(8)	Net Assets	JPY 17,199 million (consolidated)	
(9)	Total Assets	JPY 58,444 million (consolidated)	
(10)	Shareholders	Daiwa Securities Group Inc.	60.00%
		Sumitomo Mitsui Banking Corporation	40.00%

6. Outline of the Partner of the Joint Venture

(as of March 31, 2010)

(1)	Company Name	Sumitomo Mitsui Financial Group, Inc.	
(2)	Location Head Office	1-2, Yurakucho 1-chome, Chiyoda-Ku, Tokyo, Japan	
(3)	Title and Name of Representative	President, Teisuke Kitayama	
(4)	Description of Principal Business	Management of the affairs of subsidiaries within the group and relevant ancillary	
(5)	Amount of Capital	JPY 2,337,895 million	
(6)	Date of Incorporation	December 2, 2002	
(7)	Principle Shareholders	Japan Trustee Services Bank, Ltd.	6.62%

(common shares) (Note 1)	(Trust Account)		
	The Master Trust Bank of Japan, Ltd.		5.22%
	(Trust Account)		
	Japan Trustee Services Bank, Ltd.		1.98%
	(Trust Account 9)		
Nippon Life Insurance Company		1.51%	
(Trust Account)			
THE CHASE MANHATTAN BANK, N.A.		1.34%	
LONDON SECS LENDING OMNIBUS ACCOUNT			
(8) Relationship with Daiwa	Capital Relationship	Daiwa Securities Group Inc. holds 1,280,543 or 0.09% common shares of SMFG SMFG does not hold any common shares of Daiwa Securities Group Inc.	
	Personnel Relationship	Not applicable (including overlapping directors)	
	Business Relationship	Not applicable	
	Applicable Relationships with Related parties	Not applicable	
(9) Business Results for the Past Three Fiscal Years (consolidated, million yen)			
Fiscal Year ended March 31	2008	2009	2010
Net Assets	5,224,076	4,611,764	7,000,805
Total Assets	111,955,918	119,637,224	123,159,513
Net Assets per Share (yen) (Note 2)	4,245.46	2,790.27	3,931.75
Ordinary Income	4,623,545	3,552,843	3,166,465
Ordinary Profit	831,160	45,311	558,769
Net income (Note 2)	461,536	(373,456)	271,559
Net income per share (yen) (Note 2)	592.98	(497.39)	248.40
Dividend per Share (yen)	120	90	100 (scheduled)

Note 1: As of September 30, 2009

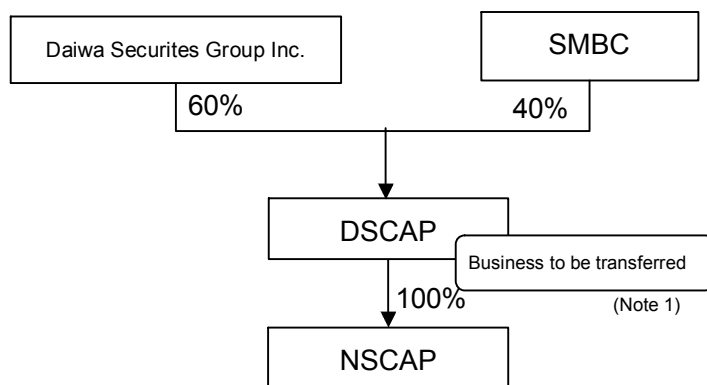
Note 2: SMFG implemented 100-for-1 stock split on January 4, 2009. The figures for Consolidated Net Assets per Share, Net income (loss) per share, and Dividend per Share are accordingly adjusted assuming that the stock split had been effective from April 1, 2007.

(as of March 31, 2010)

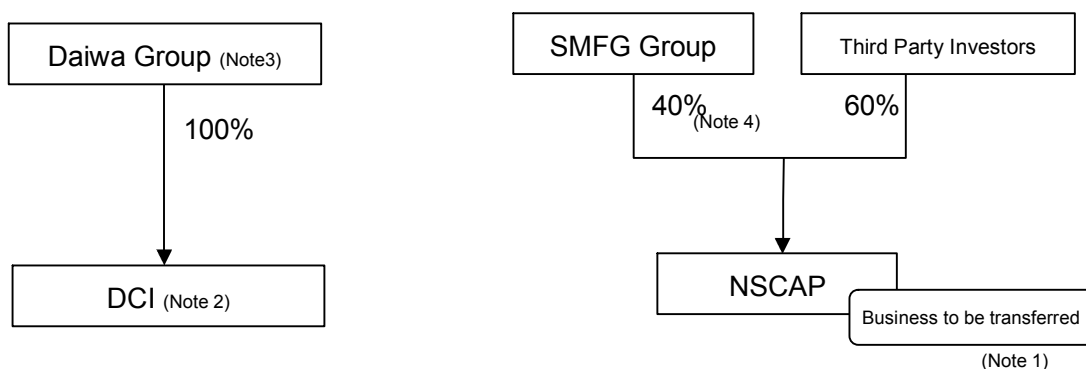
(1) Company Name	Sumitomo Mitsui Banking Corporation		
(2) Location Head Office	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan		
(3) Title and Name of Representative	President, Masayuki Oku		
(4) Description of Principal Business	Banking		
(5) Amount of Capital	JPY 1,770,996 million		
(6) Date of Incorporation	June 6, 1996		
(7) Principle shareholders	Sumitomo Mitsui Financial Group, Inc.		100.00%
(8) Relationship with Daiwa	Capital Relationship	Daiwa Securities Group Inc. does not hold any common shares of SMBC SMBC holds 30,328,000 or 1.73% common shares of Daiwa Securities Group Inc.	
	Personnel Relationship	Not applicable (including overlapping directors)	
	Business Relationship	Not applicable	
	Applicable Relationships with Related Parties	Not applicable	
(9) Business Results for the Past Three Fiscal Years (consolidated, million yen)			
Fiscal Year ended March 31	2007	2008	2009
Net Assets	5,412,458	5,080,747	4,518,647
Total Assets	98,570,638	108,637,791	115,849,385
Net Assets per Share (yen)	67,823.69	60,442.81	41,492.54
Ordinary Income	2,925,665	3,411,052	2,989,608
Ordinary Profit	716,697	734,958	59,285
Net income	401,795	351,820	(317,306)
Net income per share (yen)	7,072.09	6,132.91	(5,740.34)
Dividend per Share (yen)	763	1,487	1,638

【Appendix (Capital Structure after Termination)】

〈Present〉



〈After Termination〉



Note 1. DSCAP will partially transfer business to NSCAP on July1, 2010.

Note 2. DSCAP will change company name to Daiwa Corporate Investment Co., Ltd on July1, 2010

Note 3. Daiwa Investment Management, a wholly owned subsidiary of Daiwa Securities Group Inc. and other Daiwa Group companies will own DCI shares.

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