

December 25, 2009

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

Attention

This document is an unofficial 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 to Daiwa Securities Capital Markets
February 1, 2010	Business transferred from Daiwa SMBC PI to the successor company in a form of de-merger.
	Corporate name change of Daiwa SMBC-PI to Daiwa PI Partners
	Corporate name change of the successor company to Daiwa Securities SMBC Principal Investments

3. Outline of Daiwa SMBC, the successor company, Daiwa SMBC-PI

Outline of Daiwa SMBC

(as of Sept. 30, 2009)

1. Company Name	Daiwa Securities SMBC Co. Ltd.
2. Address	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
3. Title and Name of Representative	President, Shin Yoshidome
4. Description of Business	sales & trading, intermediary, underwriting and any other business related to securities business
5. Amount of Capital	JPY 255,700 million
6. Date of Incorporation	Commencement of Operations: April 5, 1999
7. Net Assets	JPY 612,738 million (consolidated)
8. Total Assets	JPY 12,887,842 million (consolidated)
9. Shareholders	Daiwa Securities Group Inc. : 60% Sumitomo Mitsui Financial Group, Inc. : 40%

Note: Daiwa SMBC will be 100% owned by Daiwa Securities Group Inc. and Hinode Securities Co. Ltd. upon transferring shares on December 31, 2009.

Outline of the successor company

(as of Oct. 30, 2009)

1. Company Name	Daiwa Investment Management 2nd Inc.
2. Address	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
3. Title and Name of Representative	President, Toshihiko Onishi
4. Description of Business	Investment in private equities, financial loans including non-performing loans, and real estates, etc. Creating funds such as corporate and regional recovery funds, etc.
5. Amount of Capital	JPY 500 million
6. Date of Incorporation	Commencement of Operations: Feb. 1, 2010 (tentative)
7. Shareholders	Daiwa Securities Group Inc. : 100%

Outline of Daiwa SMBC-PI

(as of Sept. 30, 2009)

1. Company Name	Daiwa Securities SMBC Principal Investments Co. Ltd.
2. Address	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
3. Title and Name of Representative	Chairman, Toshihiko Onishi President, Akira Inoue
4. Description of Business	Investment in private equities, financial loans including non-performing loans, and real estates, etc. Creating funds such as corporate and regional recovery funds, etc.
5. Amount of Capital	JPY 12,000 million
6. Date of Incorporation	Commencement of Operations: Oct. 1, 2001
7. Net Assets	JPY 148,327 million (consolidated)
8. Total Assets	JPY 599,976 million (consolidated)
7. Shareholders	Daiwa Securities SMBC Co. Ltd.: 100%

4. Outline of SMFG

(as of Sept. 30, 2009)

1. Company Name	Sumitomo Mitsui Financial Group, Inc.													
2. Address	1-2, Yurakucho 1-chome, Chiyoda-Ku, Tokyo, Japan													
3. Title and Name of Representative	President, Teisuke Kitayama													
4. Description of Business	Management of the affairs of subsidiaries within the group and relevant ancillary													
5. Capital Stock	JPY 1,851,389 million													
6. Date of Incorporation	December 2, 2002													
7. Principle Shareholders (common shares)	<table> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>6.62%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>5.22%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 9)</td> <td>1.98%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>1.51%</td> </tr> <tr> <td>THE CHASE MANHATTAN BANK, N.A.</td> <td></td> </tr> <tr> <td>LONDON SECS LENDING OMNIBUS ACCOUNT</td> <td>1.34%</td> </tr> </table>		Japan Trustee Services Bank, Ltd. (Trust Account)	6.62%	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.22%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.98%	Nippon Life Insurance Company	1.51%	THE CHASE MANHATTAN BANK, N.A.		LONDON SECS LENDING OMNIBUS ACCOUNT	1.34%
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LONDON SECS LENDING OMNIBUS ACCOUNT	1.34%													
8. Relationship with the Company	Capital Relationship	<p>Daiwa Securities Group Inc. holds 1,280,543 or 0.13% common shares of SMFG</p> <p>SMFG holds 30,338,000 or 1.73% common shares of Daiwa Securities Group Inc</p>												

	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)			
Fiscal Year ended March 31	2007	2008	2009
Consolidated Net Assets (million yen)	5,331,279	5,224,076	4,611,764
Consolidated Total Assets (million yen)	100,858,309	111,955,918	119,637,224
Consolidated Net Assets per Share (yen)	4,692.29	4,245.46	2,790.27
Consolidated Ordinary Income (million yen)	3,901,259	4,623,545	3,552,843
Consolidated Ordinary profit (million yen)	798,610	831,160	45,311
Consolidated Net income (loss) (million yen)	441,351	461,536	(373,456)
Net income (loss) per share (yen)	570.86	592.98	(497.39)
Dividend per Share (yen)	70	120	90

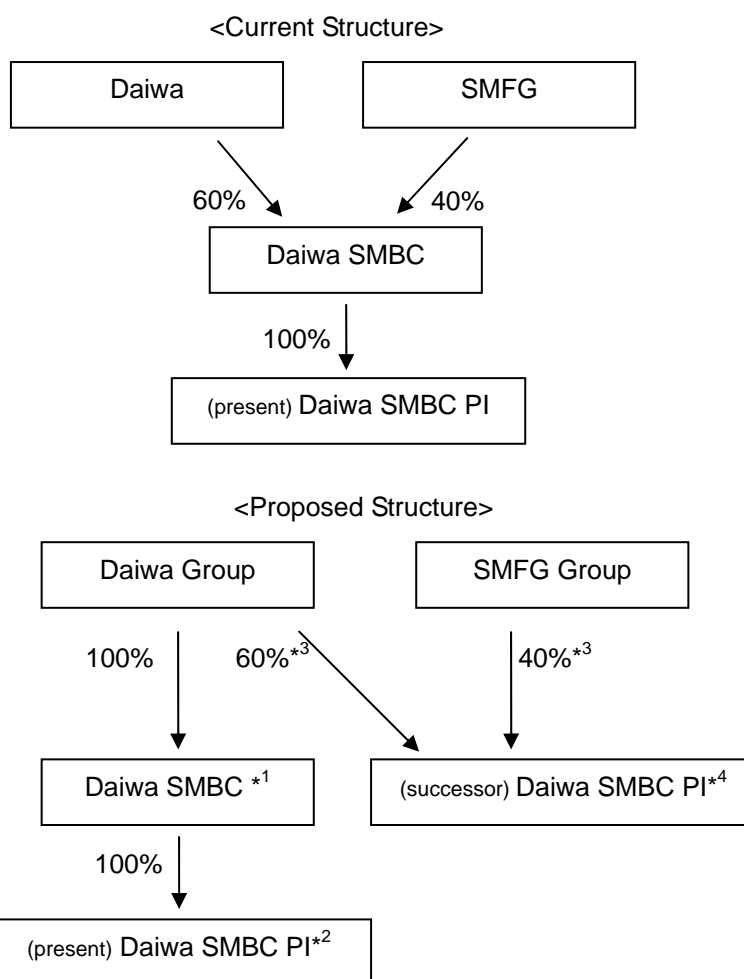
Note: SMFG implemented 100-for-1 stock split on January 4, 2009. The figures for Consolidated Net Assets per Share, Net income (loss) per share, and Dividend per Share are accordingly adjusted assuming that the stock split had been effective from April 1, 2006.

(6) Prospects

The effect to the Company from the dissolution cannot be predicted, and we understand there has been no material effect from the press release on September 10, 2009.

Daiwa Securities Group will continue to seek to further gain trust from stakeholders by maximizing group synergy and flexibly reorganizing corporate structure based on market environments or economic conditions.

<Reference; capital structure after dissolution of the joint venture>



*1: Daiwa Securities SMBC Co. Ltd. will change its name to Daiwa Securities Capital Markets Co. Ltd. on January 1, 2010

*2: (present) Daiwa SMBC-PI will change its name to Daiwa PI Partners Co. Ltd. on February 1, 2010, after the de-merger stated in *3 herein.

*3: Most of the existing businesses of (present) Daiwa SMBC-PI will be transferred on February 1, 2010, to a new company (the successor company) upon a de-merger. On the same date, (present) Daiwa SMBC-PI will allocate 60% and 40% of (successor) Daiwa SMBC-PI shares to Daiwa Investment Management 1st Inc., a wholly owned subsidiary of Daiwa and SMBC, a wholly owned subsidiary of SMFG, respectively.

*4: The successor company will be named Daiwa Securities SMBC Principal Investments Co. Ltd. and will manage the existing business of Daiwa SMBC-PI.