

Summary of business transfer

December 18, 1998

1. Outline

(1) Outline of transferred divisions

Upon the incorporation of a holding company structure, Daiwa Securities Co. Ltd. ("Daiwa") will transfer its retail and wholesale business functions including derivatives to the two existing companies within the group.

(2) Financial status of transferred divisions (as of the end of Mar., 1998, ¥100mil.)

	Retail division (A)	(A)/(C)	Wholesale division (B)	(B)/(C)	Whole Daiwa (C)
Assets	4,434	7.30%	48,562	79.92%	60,767
Liabilities	2,934	5.51%	45,562	85.55%	53,256

*Those above figures are based upon the simulation of Daiwa's B/S figures as of the end of March, 1998.

(3) Transfer price

●Retail division

Business transfer price: To be decided. It will be the net worth of the transferred divisions.

●Wholesale division

Business transfer price: ¥500 billion. This is the net worth of the transferred division plus the premium (goodwill).

(4) Objectives of transfers

- Enhance competitiveness through specialization in its core competence by each business entity
- Enlarge the group value by its synergistic effects

(5) Timetable

●1998

Late Dec. Board of directors meeting (approval of the transfer)

●1999

Early Feb. Extraordinary shareholders meeting (approval of the transfer)

Apr. 5 Business transfer to the wholesale company

Late Apr. Business transfer to the retail company

2. Summary of the new companies (scheduled)

(1) Retail company

- *Name:* Daiwa Securities Co. Ltd.
- *Address:* 6-4, Otemachi 2-chome, Chiyoda-ku, Tokyo
- *President:* Yoshinari Hara (President of Daiwa)
- *Equity capital:* To be decided
- *Paid-in capital:* Approximately ¥150 billion
- *Equity ownership:* Daiwa Securities Co. Ltd (100%)
- *Businesses:* Trading of securities, broking, distributing, underwriting and others on behalf of retail customers

(2) Wholesale company

- *Name:* Daiwa Securities SB Capital Markets Co. Ltd.
- *Address:* 3-5, Yaesu 1-chome, Chuoh-ku, Tokyo
- *President:* Akira Kiyota (Deputy President of Daiwa)
- *Equity capital:* ¥300 billion
- *Equity ownership:* Daiwa Securities Co. Ltd. (60%), The Sumitomo Bank, Limited (40%)
- *Businesses:* Underwriting of securities, trading, M&A, derivatives and other investment banking business

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