



Medium-Term Management Plan
of Nikko Cordial Securities Inc.
(FY ending March 2011 to FY ending March 2013)

March 26, 2010 (Friday)

Nikko Cordial Securities Inc.

Management Philosophy of Nikko Cordial Securities Inc.

- The Company's Management Philosophy has been partially amended in the first fiscal year since the Company became a member of Sumitomo Mitsui Financial Group.
- The new Management Philosophy places priority on the "provision of values" which was emphasized by the Company in the past, the "best confidence of customers" that the Company can obtain in return for provision of value, "general securities company's responsibilities to markets and society," and "diversity" and "sense of unity" among departments and personnel. The Medium-Term Management Plan is prepared based on this Management Philosophy.

Management Philosophy

We provide customers with higher value.

We aim at becoming a company that can grow with customers and obtain their utmost confidence.

We perform sound financial intermediary functions and contribute to the development of markets and society as a whole.

We create a workplace where diversity is respected, the sense of unity is enhanced but individuality can be demonstrated .

Favorable Beginning as General Securities Company

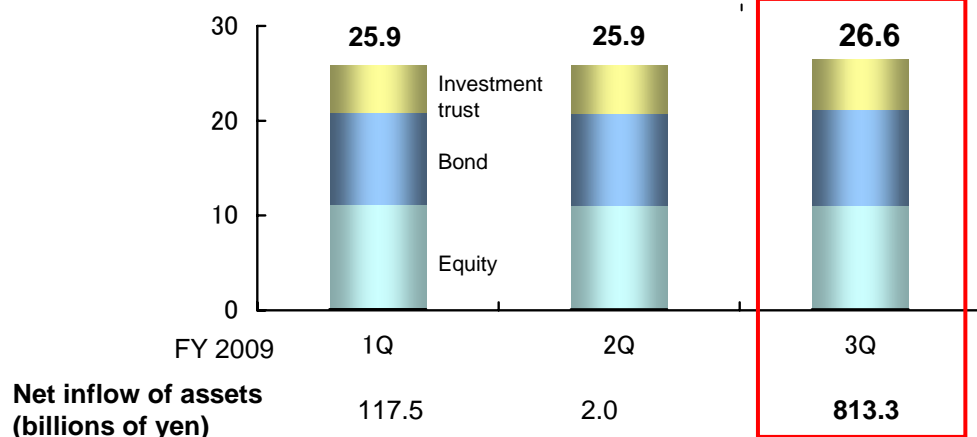
- The Company commenced business operations as general securities company, a 100% subsidiary of Sumitomo Mitsui Banking Corporation (SMBC) on October 1, 2009.
- Both retail and wholesale business operations have got off to a favorable start.

Retail Business

Client assets and net inflow of assets

(Client assets: trillions of yen)

Member of SMFG



Wholesale Business

Underwriting of equities and bonds
(in and after Oct. 2009)

More than 300 deals

Ranking of domestic corporate bond book runners
(Oct.-Dec. 2009)

- League table: 1st place
- Underwriting amount: 645.2 billion yen (*)

(*) Thomson Reuters

Partnership with SMBC

Funds handled jointly by SMBC and the Company

- Balance of net assets: 512.6 billion yen (at end of Feb. 2010) (Amount handled by the Company: 371.3 billion yen)
- The bond fund formed in October achieved a record amount in the industry in this fiscal year

Relationship-based business
(In and after October 2009)

- Number of successful deals: more than 500

Intermediation of financial products

- Started business for corporate customers in January
- Will start business for individual customers in April

Medium- and Long-Term Prospects



Future prospect (in 10 years)

No.1 general securities company in Japan which is excellent both in quality and in quantity and globally competitive

- Demonstrating an overwhelming presence through the growth realized by the combined effects of: 1) capabilities to sell risk products in retail business; 2) sophisticated proposal-making capabilities in wholesale business; and 3) personnel and networks of SMBC
- Continually being in the top ten in all sectors and markets in which the Company participates as a global player
- Contributing to the integration of securities-related infrastructure, know-how and personnel, and providing supreme satisfaction as well as a sense of security to customers in both the banking and securities businesses



With the above prospects, the Company has established the Medium-Term Management Plan for the three years from April 2010.

Medium-Term Management Plan: Management Targets (1)


Basic Policy

1. **Aiming at becoming one of the leading and solid general securities companies in Japan that can offer full-line services to customers and obtain their utmost confidence**
 - (1) Sustainable expansion of existing business centering on retail business
 - Improving the operation systems to further expand our revenue base while maintaining high productivity
 - Providing customers with a broad lineup of products and services through introduction or intermediation business of Sumitomo Mitsui Banking Corporation (SMBC)
 - Aiming to drastically increase product sales and the net inflow of assets through the expansion of primary deals in concert with the wholesale division
 - (2) Creation of new business centering on the wholesale business
 - Realizing business results by which the Company can demonstrate a solid presence through maintenance and enhancement of relations with customers for whom the Company worked as a lead-manager and enhancement of lead management capabilities utilizing our partnership with SMBC
 - Increasing the number of skilled personnel and investing in systems in order to expand new business, such as trading operations, overseas business and our partnership with SMBC
 - (3) Improvement of the organizational structure of the head office in order to establish risk management and compliance systems in response to full-line business operations
2. **Responding to society, the economy and markets in a more responsible manner as a major financial institution in Japan and aiming at improving both our reliability and presence**
3. **Establishing a growth strategy as a general securities company that conducts both retail and wholesale business**

Medium-Term Management Plan: Management Targets (2)

Numerical Targets

The Company aims to achieve the following targets in the fiscal year ending March 2013 (*1).

	FY ending March 2010 3Q (annualized) (*2) (billions of yen)		FY ending March 2013 Planned targets (billions of yen)
1. Net operating revenue (*3)	181.4		300
(1) From retail business	167.4		200
(2) From wholesale business	14.0		100
2. Ordinary income	37.9		100

(*1) Market figures used as preconditions for establishing numerical targets (Nikkei stock average in the fiscal year ending March 2013: 13,000 yen, domestic long-term interest rate (JGB10Y) : 1.6%, Exchange rate: 99 yen per U.S. dollar, 143 yen per Euro, and 98 yen per Australian dollar)

(*2) The business results for the 3Q (October to December) of FY ending March 2010 are quadrupled. Net operating revenues from retail business and wholesale business represent those of management accounting.

(*3) Net operating revenue: operating revenue less financial expenses

Medium-Term Management Plan: Main Measures (1)

Retail Business (*)

(*) Business targeting Individual customers, medium-sized companies, public interest corporations, etc.

1. Enhancement of efforts in business targeting wealthy individuals

- Improvement of the sales structure, such as by increasing the number of consultants at branches and expansion of supportive measures for branches (solutions, M&A, etc.)
- The use of mixed sales model (=organic coordination of various IT-based channels with unique functions and specialties, such as face-to-face channels, a call center and direct channels)
- Promotion of global diversification of investments --- “from Japan to the world”

2. Meeting the diversified needs of customers by enhancing our partnership with SMBC

- Enhancing introduction or intermediation business for medium-sized companies and public interest corporations nationwide
- Financial product intermediary service for individual customers to be started (from April 2010)
- Expansion of the sales structure in the Kansai region, loaning sales personnel to SMBC, and studying the possibility of a single account for banking and securities transactions (tie-up between EZ Trade and SMBC Direct)

3. Enhancing efforts for primary deals through collaboration with wholesale division as a general securities company

Medium-Term Management Plan: Main Measures (2)

Wholesale Business (*)

(*) Business targeting listed corporations, institutional investors, etc.

- 1. Establishment of the front system to achieve business results by which the Company can demonstrate a solid presence**
 - Maintenance and enhancement of relations with customers for whom the Company worked as a lead-manager, and enhancement of lead management capabilities through our partnership with SMBC
 - Establishment of a front system that can satisfy the diversified needs of customers and provide sophisticated solutions
- 2. Increasing the number of skilled personnel and investing in systems in order to expand new business, such as trading operations, overseas business and our partnership with SMBC**
 - Enhancement of our partnership with SMBC (introduction of business for underwriting, M&A, fund management, etc.)
 - Continuance of alliance with Citigroup
 - Strengthening product-related functions including overseas expansion

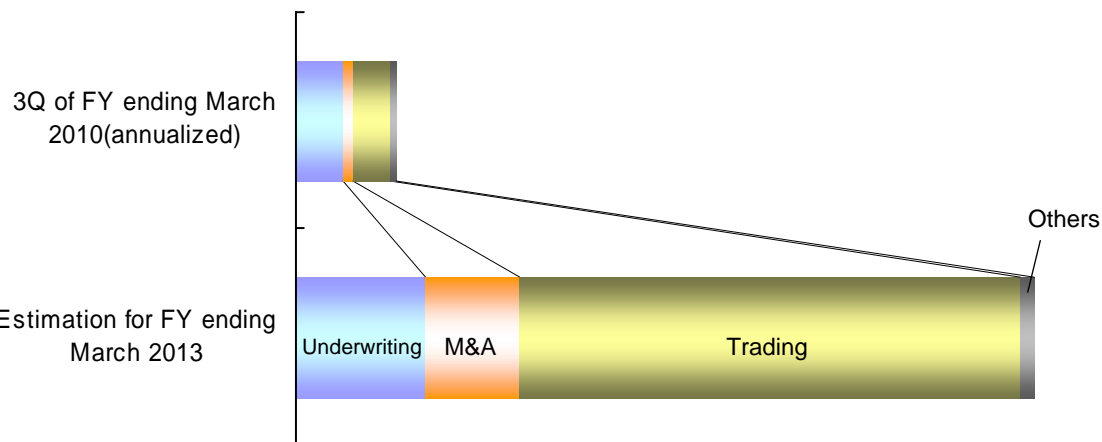
League Table

Estimation for the fiscal year ending March 2013

Underwriting of industrial bonds: 1st place

Underwriting of equities: Within 3rd place

Reference: Estimated Composition of Income from Wholesale Business



Medium-Term Management Plan: Main Measures (3)

Personnel and Middle/Back Offices

1. Active employment of personnel and enhancement of personnel development programs

- Increase in the number of employees by approximately 1,000 over the three years through active employment of new graduates (approximately 500 a year) and mid-career personnel

2. Increase in system investment

- Investing in systems by more than approximately 50 billion yen over the three years (*) (for example, the establishment of trading infrastructure, risk/credit management system, system for responding to overseas offices, call center and business infrastructure for branches)

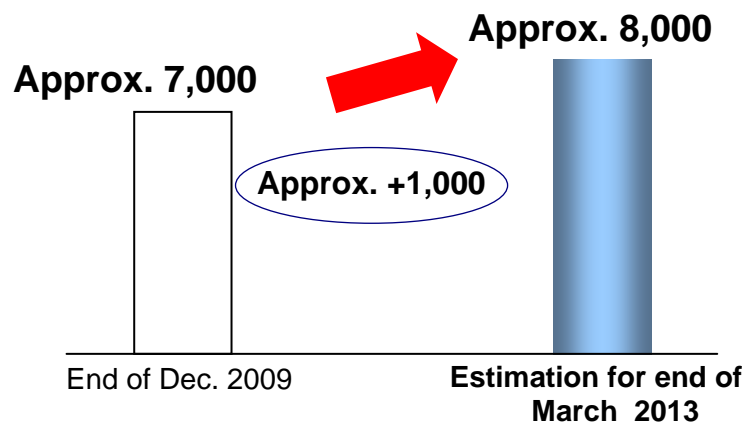
3. Improvement of the organizational structure of the head office in response to full-line business operations

- Improvement of the organizational structure in response to an expansion in wholesale business, such as market/credit risk management, compliance, legal/tax risk management and account settlement infrastructure

4. Maintenance of low-cost operations based on IT, etc. (improvement of productivity of sales activities)

(*) The amount will be reviewed from time to time depending on the progress of the plan.

Number of employees
(including temporary employees)



System investment amount

