

October 19, 2012
SMBC Nikko Securities Inc.

**Announcement by Eiji Watanabe, President & CEO, at Meeting in
Autumn 2012 of Department Heads and Branch Managers of SMBC Nikko Securities**

A harsh economic environment continued worldwide in the first half of the year. The retail division made devoted efforts to make a flexible selection of products to suit customer needs according to the market environment, and the efforts paid off. The wholesale division continued persistent efforts to make business proposals to maintain and strengthen relations with clients. As a result we accomplished a great deal in bond trading, underwriting and M&A businesses.

Three years have passed since our company became a member of Sumitomo Mitsui Financial Group. During this period, we have built the wholesale division including overseas bases and enhanced its functions, expanded the operation base of the retail division and strengthened face-to-face marketing, and created a system for smooth cooperation and coordination with Sumitomo Mitsui Banking Corp. Our employees and officers will work together step by step to actualize our vision of a new full-line securities company.

Building systems and functions that make it possible to give full play to our company's superiority and uniqueness

- The retail division will devise a new organization or system in which a bank and a securities company can work together in a truly integrated manner.
- The wholesale division will work out ways to make full use of direct financing functions by drawing our company's ability to conceive new ideas and make proposals while cooperating with the banking unit.
- The products division will develop investment products to respond to the needs of a wide range of depositors so as to cultivate new investors.

If our company is to continue to meet customer expectations, it is important for us to provide products and services of even better quality than before. We must act with a strong awareness that we are not just market users but have a mission to create fair and transparent markets. It is important that each and every officer and employee should be a worker full of ambition and hope.

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