

Provision translation of  
the original Japanese version



# Financial Highlights and Operational Information for Second Quarter of FY ending March 2010 (Japanese GAAP)



Nikko Cordial Securities Inc.

October, 2009

Nikko Cordial Securities Inc has succeeded all of the operations of former Nikko Cordial Securities Inc and certain businesses, including the domestic debt and equity underwriting business, of Nikko Citigroup Ltd, which was renamed Citigroup Global Markets Japan Inc effective October 1<sup>st</sup>, 2009, through a corporate de-merger effective October 1<sup>st</sup>, 2009.

This material is intended to provide updated information on business results about former Nikko Cordial Securities. It is not to be construed as a solicitation for investments to any securities.

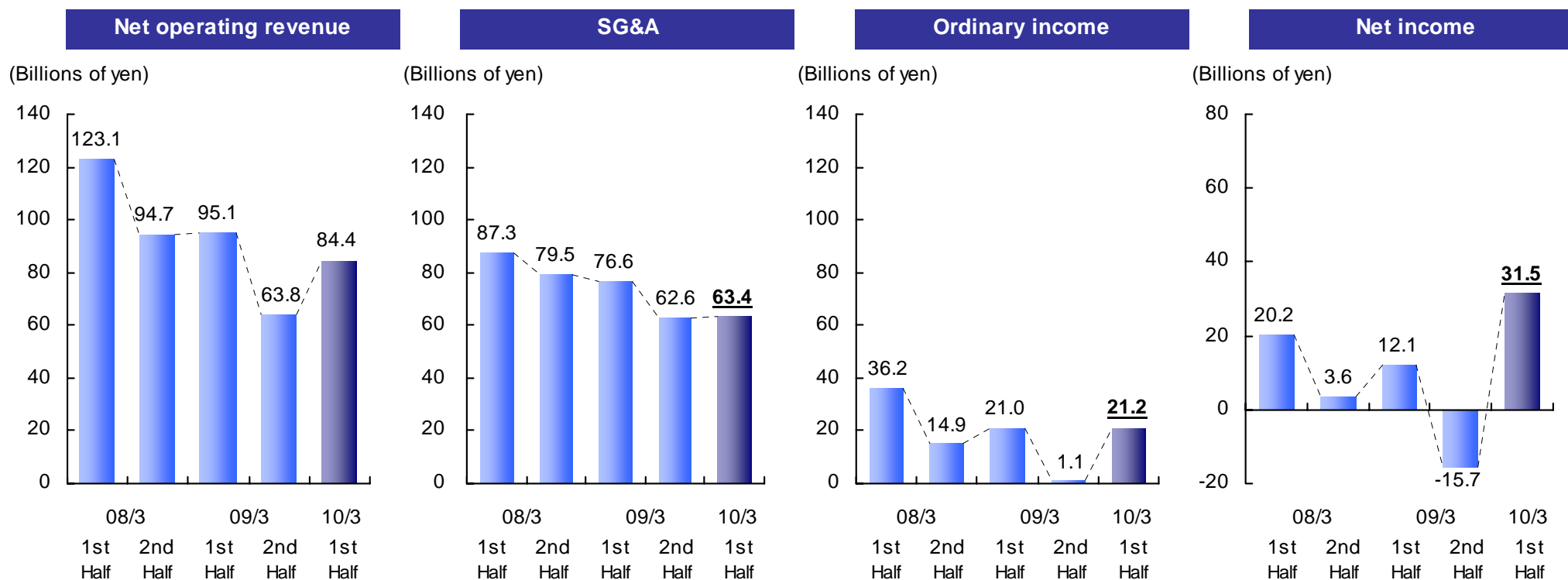
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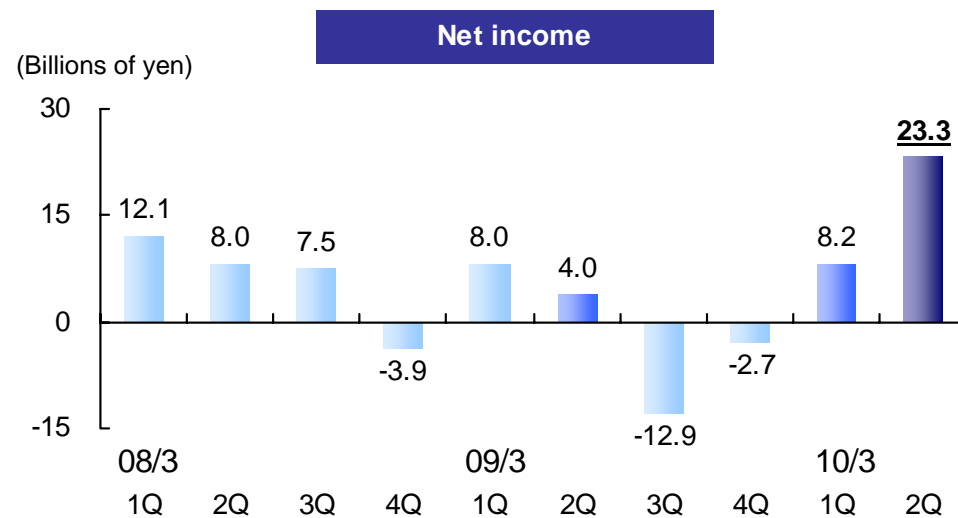
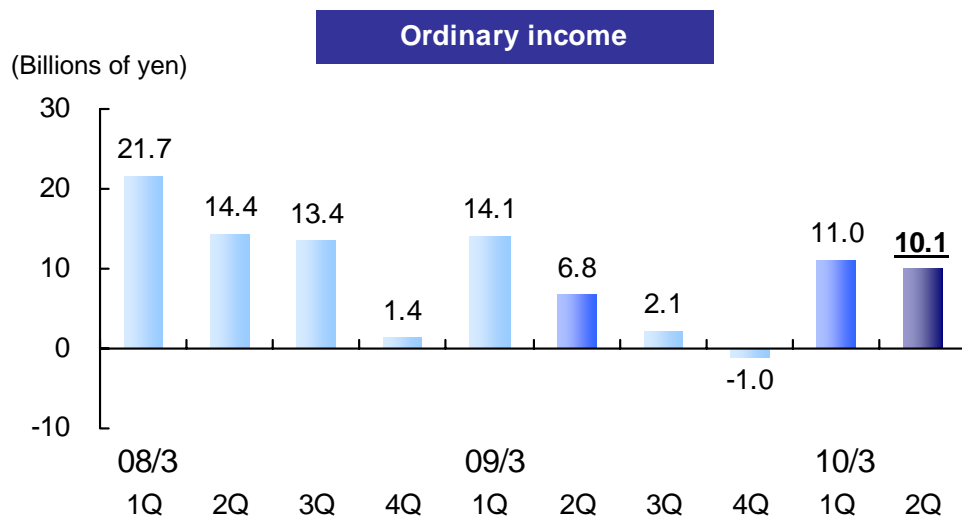
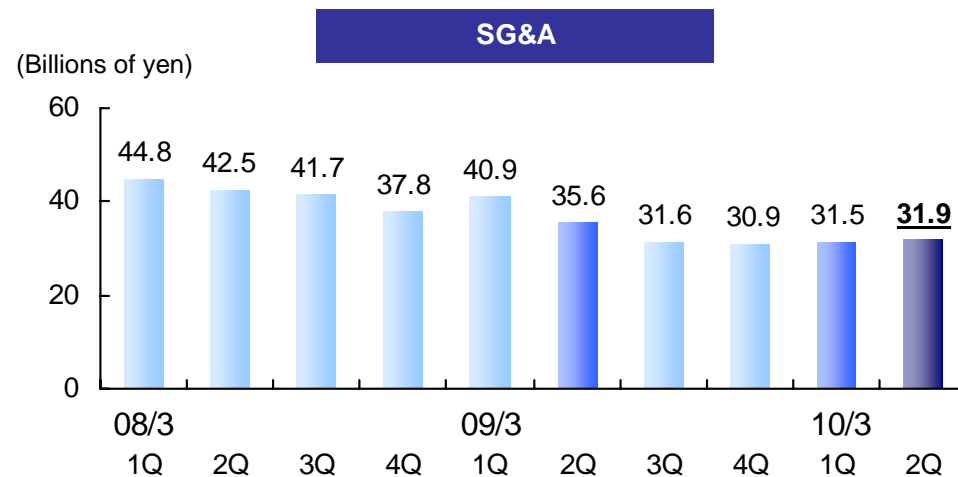
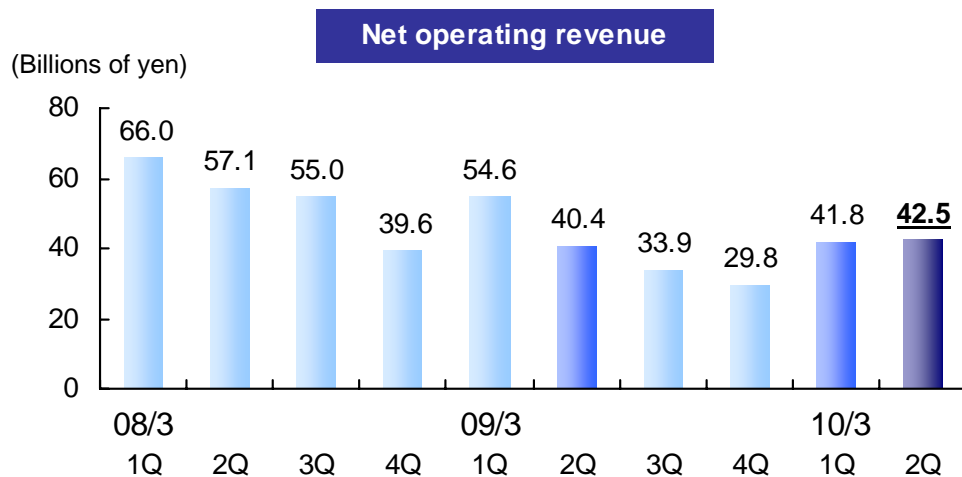
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# Business Results (Summary)

- Although net operating revenues were improved from the level of the second half of the previous fiscal year due to increase in subscription commission revenues on investment trusts, it failed to reach to the level of the first half of the previous fiscal year when less affected by Lehman crisis.
- Selling, General and Administrative expenses were drastically decreased from the level of the first half of the previous fiscal year to almost the same level ¥63.4B as the second half of the previous fiscal year due to continued tight cost control measures and this contributed to pushing ordinary income up to the same level of the first half of the previous fiscal year.
- Deferred tax assets for temporary differences, which were allowed to be recognized by the share transfer transaction of Nikko Cordial Securities to Sumitomo Mitsui Banking Corporation and others, have contributed to a decrease in income tax-deferred, resulting in boosting up net income.

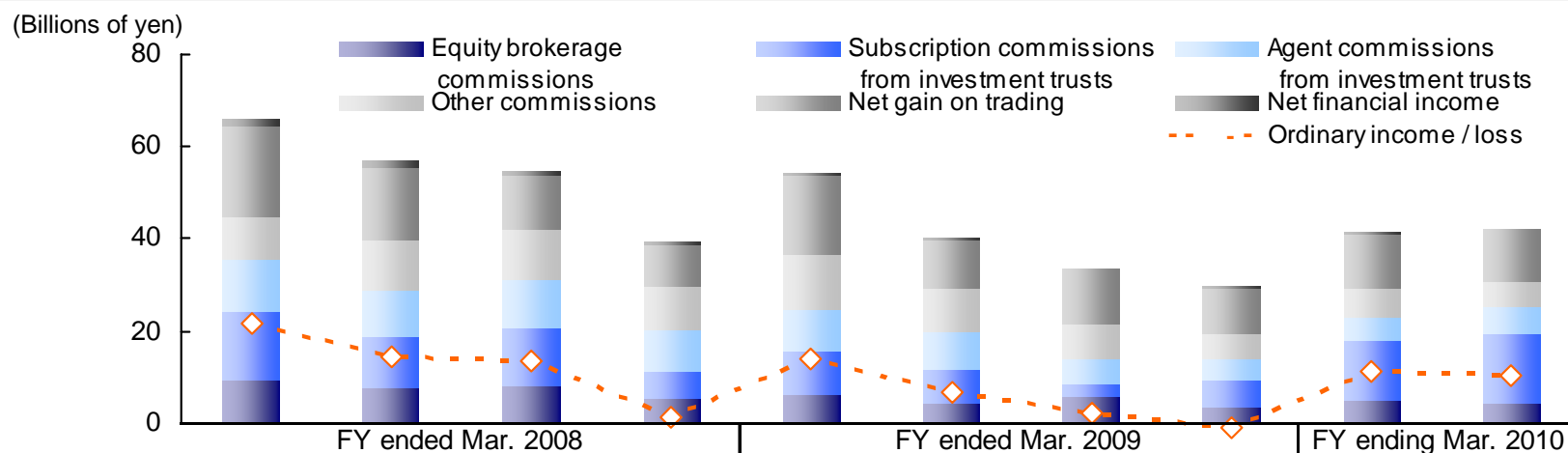


# Business Results of 2Q of FY ending Mar. 2010 (Quarterly Trend)



# Business Results

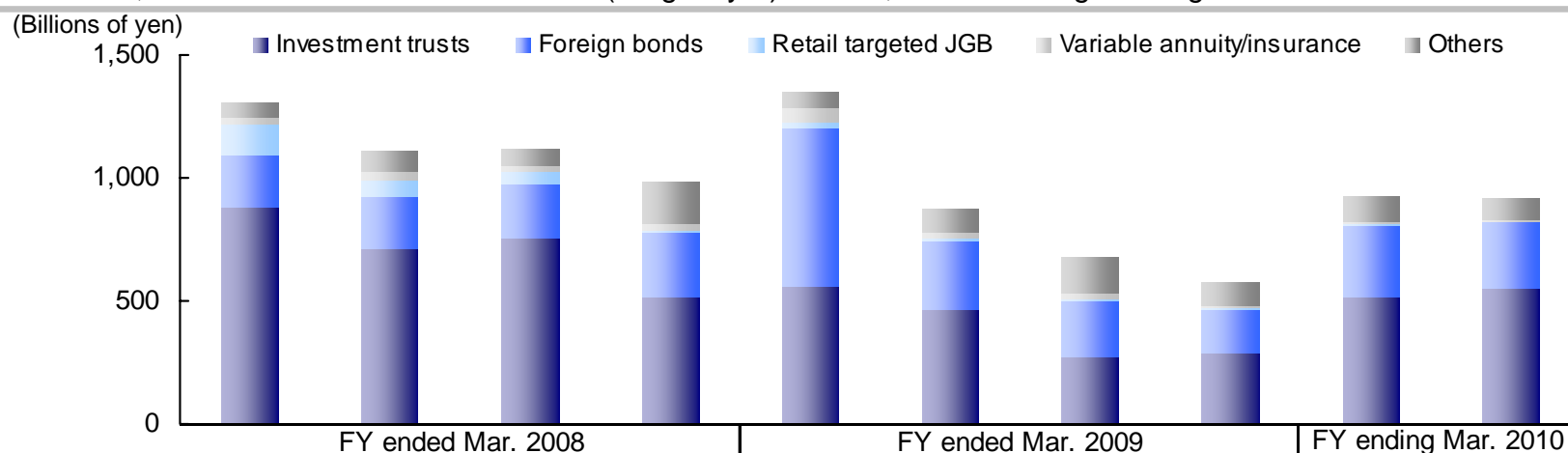
- Net operating revenue ¥42.5B (up 2% from the previous quarter), ordinary income ¥10.1B (down 8% from the previous quarter).
- Due to continued thriving sales of investment trusts during the period, subscription commission revenues stayed high level from the previous quarter. Reflecting recent market conditions recovery, agent commission revenues were improved after bottoming out in the 4th quarter of the previous fiscal year.
- Net gain on trading remained steady reflecting stable business in foreign bonds sales.



(Billions of yen)	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Equity brokerage commissions	9.5	7.7	8.1	5.5	6.3	4.5	5.7	3.4	4.8	4.5
Subscription commissions from investment trusts	14.8	11.2	12.7	5.7	9.5	7.2	2.9	6.0	13.2	15.0
Agent commissions from investment trusts	11.3	10.1	10.3	9.0	9.0	8.2	5.3	4.6	5.2	5.7
Other commissions	9.0	10.8	10.8	9.5	11.7	9.3	7.9	5.4	5.9	5.4
Net gain on trading	19.9	15.6	11.9	9.3	17.2	10.4	11.5	10.0	12.1	11.2
Net financial income	1.3	1.3	1.0	0.4	0.6	0.5	0.3	0.2	0.2	0.4
Net operating revenue	66.0	57.1	55.0	39.6	54.6	40.4	33.9	29.8	41.8	42.5
SG&A	44.8	42.5	41.7	37.8	40.9	35.6	31.6	30.9	31.5	31.9
Ordinary income / loss	21.7	14.4	13.4	1.4	14.1	6.8	2.1	-1.0	11.0	10.1

# Product Sales

- The total sales of major products during the quarter have amounted to ¥914.8B and achieved almost the same level as that of the previous quarter.
- Sales of investment trusts steadily increased from the previous quarter through continued efforts to expand the range of products to meet customers' various needs, such as launching new investment trusts allowing customers to substantially make investment in equities of emerging markets like BRICs countries.
- Sales amount of newly launched investment trusts during the quarter: Nikko DWS Emerging New Deal Fund ¥70.9B, Nikko UBS China A shares Fund ("Togenkyo") ¥59.8B, Nikko SG Legend Eagle Fund ¥32.8B.

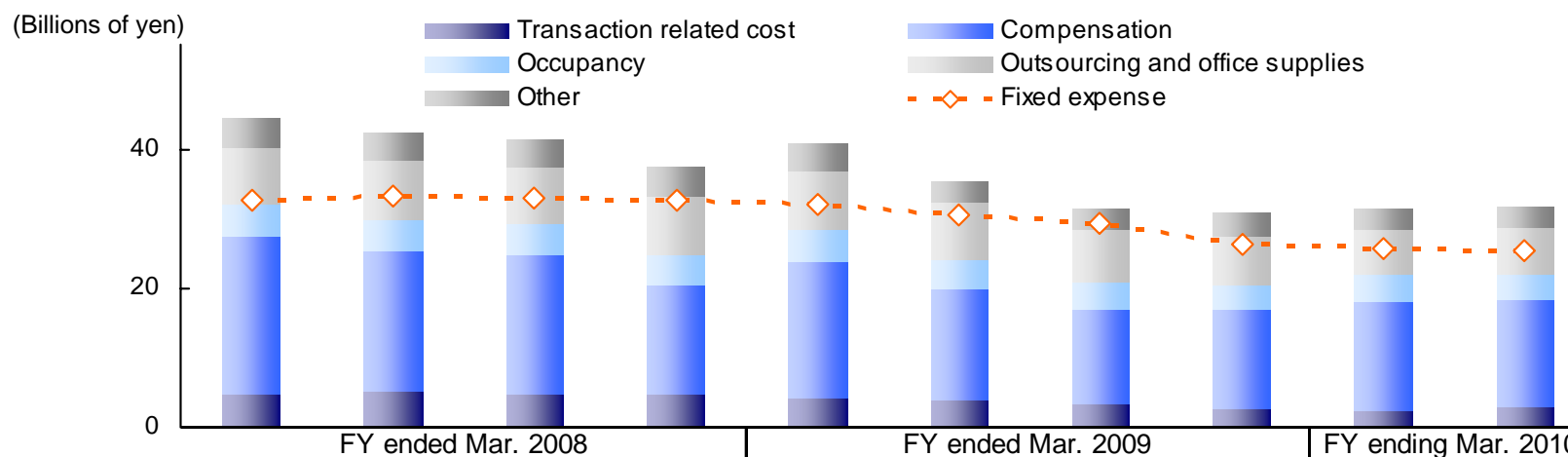


(Billions of yen)	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Investment trusts	879.5	713.9	754.2	519.9	555.2	468.5	269.7	290.4	514.7	549.4
Foreign bonds	213.8	209.4	224.2	257.8	652.0	275.5	234.5	178.6	293.4	268.9
Retail targeted JGB	128.6	71.8	47.0	12.0	18.9	7.5	5.0	2.7	5.2	1.9
Variable annuity/insurance	27.9	31.5	28.2	24.2	60.7	31.9	21.6	10.6	10.9	6.1
Others	53.3	81.6	61.6	172.9	62.5	86.2	149.9	97.2	100.9	88.5
<b>Total</b>	<b>1,303.0</b>	<b>1,108.3</b>	<b>1,115.2</b>	<b>986.9</b>	<b>1,349.2</b>	<b>869.8</b>	<b>680.7</b>	<b>579.5</b>	<b>925.2</b>	<b>914.8</b>

\* Others: Subscription of equity and yen denominated bond excluding retail targeted JGB.

# SG&A

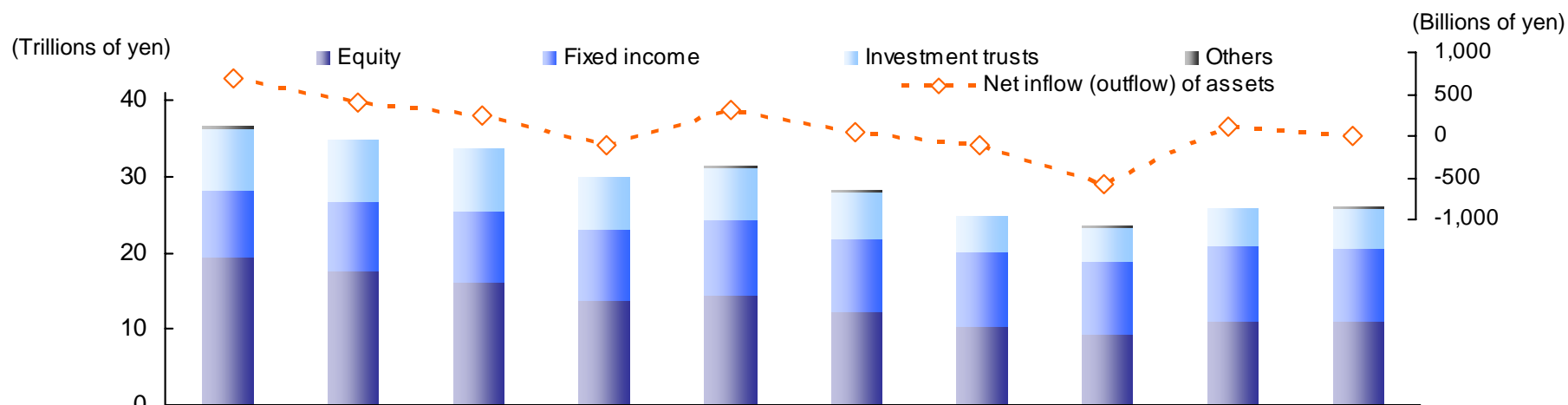
- Selling, General and Administrative expenses have amounted to ¥31.9B, up ¥0.3B from the previous quarter.
- Continued tight cost control efforts contributed to keeping SG&A expenses almost at the same level as that of the previous quarter.



(Billions of yen)	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Brokerage, communication and other transaction related costs	4.8	5.2	4.9	4.7	4.1	4.0	3.2	2.8	2.5	2.9
Employee compensation and benefit	22.7	20.2	19.9	15.7	19.8	15.9	13.7	14.0	15.6	15.5
Occupancy	4.5	4.6	4.5	4.5	4.6	4.3	4.1	3.8	3.9	3.8
Outsourcing and office supplies	8.2	8.4	8.3	8.4	8.5	8.0	7.4	6.9	6.5	6.6
Other	4.3	3.8	3.8	4.2	3.7	3.2	3.1	3.2	2.8	2.9
<b>SG&amp;A</b>	<b>44.8</b>	<b>42.5</b>	<b>41.7</b>	<b>37.8</b>	<b>40.9</b>	<b>35.6</b>	<b>31.6</b>	<b>30.9</b>	<b>31.5</b>	<b>31.9</b>
Fixed expense	[ 32.6 ]	[ 33.2 ]	[ 33.0 ]	[ 32.5 ]	[ 32.1 ]	[ 30.6 ]	[ 29.3 ]	[ 26.2 ]	[ 25.6 ]	[ 25.3 ]

# Client Assets / Net Inflow (Outflow) of Assets

➤ Client assets as of September 30, 2009 was ¥25.9 trillion, which was the same level as that of June 30, 2009.



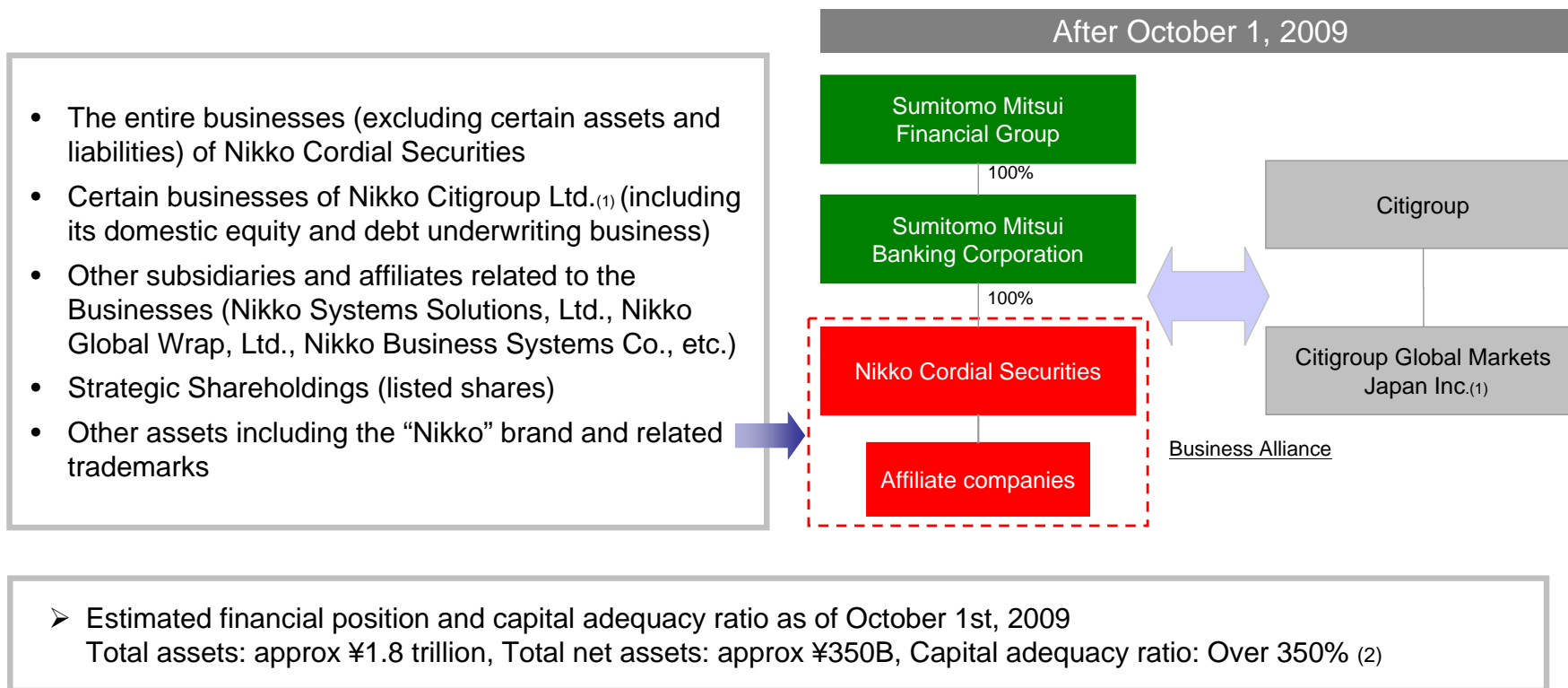
(Trillions of yen)	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	Jun. 07	Sep. 07	Dec. 07	Mar. 08	Jun. 08	Sep. 08	Dec.08	Mar.09	Jun. 09	Sep. 09
Equity	19.4	17.7	16.2	13.8	14.6	12.2	10.4	9.4	11.1	11.0
Fixed income	8.9	9.2	9.3	9.3	9.6	9.8	9.8	9.6	9.7	9.7
Investment trusts	8.0	7.9	8.0	6.8	7.1	6.0	4.5	4.4	4.9	5.1
Others	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1
<b>Client assets</b>	<b>36.5</b>	<b>34.9</b>	<b>33.6</b>	<b>30.0</b>	<b>31.4</b>	<b>28.2</b>	<b>24.9</b>	<b>23.5</b>	<b>25.9</b>	<b>25.9</b>

(Billions of yen)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net inflow (outflow) of assets	680.7	393.8	235.2	-112.4	311.9	34.9	-118.6	-588.8	117.5	2.0
Inflow of assets	2,913	2,973	3,331	2,793	3,387	3,234	2,346	2,402	1,833	1,783
Outflow of assets	-2,232	-2,579	-3,096	-2,906	-3,075	-3,199	-2,465	-2,990	-1,716	-1,781



# Nikko Cordial Securities Inc. after October 2009

## Corporate de-merger scheme



## Credit ratings (As of October 1, 2009)

S&P		Moody's		R&I		JCR	
A	[Positive]	A2	[Stable]	A+	[Stable]	AA-	[Stable]

(1) Nikko Citigroup Ltd was renamed Citigroup Global Markets Japan Inc effective October 1st, 2009.

(2) Provisional calculation based on best available proforma financial statements. There might be some discrepancy between the provisional ratio and actual ratio.

[ Reference Data ]

# Business Results

(Millions of yen)	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating revenue	67,158	58,219	56,321	41,110	56,561	41,871	35,177	30,524	42,496	43,135
Commissions	44,795	40,091	42,006	29,843	36,733	29,416	22,049	19,554	29,392	30,927
Brokerage commissions	9,655	7,869	8,207	5,652	6,414	4,653	6,282	3,683	5,224	4,845
Subscription and distribution commissions	15,902	12,737	13,493	6,903	11,522	7,828	3,402	6,509	14,572	16,081
Other commissions	19,236	19,484	20,305	17,288	18,797	16,934	12,365	9,361	9,596	9,999
Net gain on trading	19,916	15,699	11,947	9,374	17,290	10,449	11,562	10,074	12,170	11,227
Net gain on other trading	0	0	0	0	0	0	0	0	0	-
Interest and dividend income	2,445	2,428	2,366	1,892	2,537	2,005	1,565	895	933	980
[Net financial income]	[1,321]	[1,320]	[1,082]	[477]	[651]	[566]	[378]	[213]	[295]	[404]
Interest expense	1,124	1,108	1,284	1,414	1,886	1,438	1,186	681	637	576
Net operating revenue	66,034	57,111	55,036	39,695	54,675	40,433	33,990	29,842	41,859	42,559
SG&A	44,827	42,536	41,749	37,819	40,993	35,621	31,673	30,968	31,563	31,922
Operating income / loss	21,206	14,575	13,287	1,876	13,682	4,811	2,317	-1,126	10,295	10,637
Ordinary income / loss	21,798	14,454	13,455	1,473	14,120	6,895	2,177	-1,034	11,031	10,191
Net income / loss	12,147	8,070	7,589	-3,917	8,045	4,086	-12,981	-2,776	8,253	23,320

# Market Share / Equity Brokerage

## TSE Share (Based on Amount)

	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
TSE Share	0.3%	0.3%	0.3%	0.2%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%

## Retail Market Share (\*)

	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Retail Market Share	1.7%	1.5%	1.5%	1.4%	1.6%	1.5%	1.7%	1.4%	1.4%	1.5%

(\*) Total of 1st and 2nd section of Tokyo, Osaka, Nagoya markets.

## Direct Channel (\*)

	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Based on number of transaction	74.7%	76.3%	74.7%	77.3%	78.8%	78.7%	77.1%	82.3%	82.1%	80.1%
(Nikko EZ Trade)	( 50.3%)	( 52.0%)	( 51.5%)	( 53.9%)	( 55.4%)	( 56.4%)	( 56.3%)	( 63.8%)	( 65.8%)	( 64.2%)
(Equity Advice Center)	( 7.2%)	( 6.2%)	( 6.6%)	( 5.7%)	( 7.4%)	( 5.0%)	( 3.2%)	( 2.5%)	( 1.9%)	( 1.9%)
Based on commissions	59.7%	57.2%	55.9%	55.6%	58.4%	56.6%	52.7%	55.6%	46.9%	45.8%
(Nikko EZ Trade)	( 24.9%)	( 25.5%)	( 26.8%)	( 28.3%)	( 27.1%)	( 30.1%)	( 30.2%)	( 34.5%)	( 30.2%)	( 29.2%)
(Equity Advice Center)	( 22.4%)	( 19.0%)	( 17.2%)	( 14.7%)	( 20.9%)	( 14.0%)	( 8.5%)	( 7.6%)	( 6.0%)	( 6.0%)

(\*) Percentage of transaction via non-face-to-face channels in equity & CBs (brokerage & subscription) among individual clients.

# Operational Indicator 1

## Sales of Products

(Billions of yen)	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Investment trusts (excluding MRF)	879.5	713.9	754.2	519.9	555.2	468.5	269.7	290.4	514.7	549.4
Equity investment trusts	( 708.2)	( 486.4)	( 572.1)	( 286.6)	( 317.4)	( 294.4)	( 113.3)	( 106.6)	( 223.5)	( 346.0)
Foreign registered investment trust	( 133.5)	( 181.3)	( 143.5)	( 183.9)	( 180.5)	( 111.1)	( 111.0)	( 152.9)	( 251.6)	( 164.1)
Foreign bonds	213.8	209.4	224.2	257.8	652.0	275.5	234.5	178.6	293.4	268.9
Foreign currency bonds	( 54.1)	( 68.2)	( 67.6)	( 63.0)	( 106.2)	( 63.0)	( 55.7)	( 26.9)	( 69.3)	( 68.0)
Retail targeted JGB	128.6	71.8	47.0	12.0	18.9	7.5	5.0	2.7	5.2	1.9
Annuity/Insurance	27.9	31.5	28.2	24.2	60.7	31.9	21.6	10.6	10.9	6.1
Others	53.3	81.6	61.6	172.9	62.5	86.2	149.9	97.2	100.9	88.5
Domestic yen bonds	39.9	29.0	43.1	137.3	45.3	56.1	145.1	96.3	55.1	52.5
Equity etc.	13.4	52.6	18.5	35.6	17.1	30.1	4.8	0.9	45.8	36.0
<b>Total</b>	<b>1,303.0</b>	<b>1,108.3</b>	<b>1,115.2</b>	<b>986.9</b>	<b>1,349.2</b>	<b>869.8</b>	<b>680.7</b>	<b>579.5</b>	<b>925.2</b>	<b>914.8</b>

\* Foreign bonds sales amount include already-issued bonds. Foreign bonds denominated in yen in foreign bonds.

## Brokerage Share, Commissions Rate

(Billions of yen, bp)	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Equity brokerage amounts	1,454.4	1,214.6	1,303.5	903.3	1,023.8	719.6	846.7	516.0	764.6	693.9
Equity brokerage commissions	9.5	7.7	7.7	5.4	6.2	4.5	5.7	3.3	4.7	4.4
Equity commissions rate	65.6bp	63.8bp	59.6bp	59.8bp	60.6bp	62.5bp	67.3bp	65.1bp	62.8bp	64.4bp

(\*) "Equity brokerage amounts" and "Equity brokerage commissions" in the table represent the total of cash and margin transactions.

# Operational Indicator 2

## Number of Accounts

(Thousands of accounts)	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	Jun.07	Sep.07	Dec.07	Mar.08	Jun.08	Sep.08	Dec.08	Mar.09	Jun.09	Sep.09
Total accounts	2,276	2,305	2,340	2,360	2,398	2,384	2,440	2,461	2,470	2,481
Cash management accounts	1,787	1,814	1,847	1,864	1,879	1,853	1,904	1,919	1,927	1,937
Specialized accounts	1,119	1,146	1,109	1,128	1,148	1,179	1,117	1,130	1,156	1,167
Newly opened accounts	35	38	43	29	40	49	62	24	20	22

## Number of Branches

	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	Jun.07	Sep.07	Dec.07	Mar.08	Jun.08	Sep.08	Dec.08	Mar.09	Jun.09	Sep.09
Number of branches	110	110	110	110	111	111	111	109	109	109

## Number of Employees

	FY ended Mar. 2008				FY ended Mar. 2009				FY ending Mar. 2010	
	Jun.07	Sep.07	Dec.07	Mar.08	Jun.08	Sep.08	Dec.08	Mar.09	Jun.09	Sep.09
Number of employees	7,402	7,266	7,194	7,053				5,939		6,090

## Contact Information

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