



Translation of Japanese press release

March 26, 2010  
Nikko Cordial Securities Inc.

## **Medium-Term Management Plan**

With the future prospect of “becoming the No.1 general securities company in Japan which is excellent both in quality and in quantity and globally competitive,” Nikko Cordial Securities Inc., a member of Sumitomo Mitsui Financial Group, has established the medium-term management plan in order to become one of the leading general securities companies in Japan within three years from April 2010.

The essence of the plan is as follows.

### **1. 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
  - a) Sustainable expansion of existing business centering on retail business
    - Improving the operating structure 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
  - b) 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
  - c) 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

## (2) Numerical Targets

	FY ending March 2010 3Q (annualized) *1 (billions of yen)	FY ending March 2013 <b>Planned target</b> (billions of yen)
Net operating revenue	181.4	<b>300</b>
- Retail business	167.4	<b>200</b>
- Wholesale business	14.0	<b>100</b>
Ordinary income	37.9	<b>100</b>

\*1 The business results for the 3Q (October to December) of the fiscal year ending March 2010 are quadrupled to show them on an annual basis.

## 2. Main Measures

### (1) Retail business

- Enhancement of efforts in business targeting wealthy individuals
- Meeting the diversified needs of customers by enhancing our partnership with SMBC
- Enhancement of efforts for primary deals

### (2) Wholesale business

- Establishment of the front system to achieve business results by which the Company can demonstrate a solid presence
- 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) Active employment of personnel and enhancement of personnel development programs (increase in the number of employees by approximately 1,000 over the three years from now)

### (4) Increase in system investment (by more than approximately 50 billion yen over the three years from now)

### (5) Improvement of the organizational structure of the head office in response to full-line business operations

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

###