

March 26, 2007  
Nikko Cordial Securities Inc.

Summary of Remarks by Mikio Kitabayashi (President & CEO)  
at the Spring General Managers' Meeting, Nikko Cordial Securities Inc.  
(Mar. 24, 2007)

Financial needs and solutions are diversifying as well as globalizing as personal financial assets continue to flow into capital markets against the backdrop of the shift from savings to investments and as corporate activities become more and more global. Meanwhile, we are witnessing “an era of mega competition” in which the quality of financial services is being contended among financial services providers, including banks, brokerages and Japan Post, based on their respective strengths.

With the enactment of laws and regulations including the Corporate Law and Financial Instruments and Exchange Law, the society is expected to capitalize more on the fair and highly transparent capital market capabilities in the future. In the meantime, Nikko Cordial Corporation must address its own issues: to cope with the impact of the recent incident and to materialize the comprehensive strategic alliance with Citigroup as soon as possible.

Under such circumstances, we have formulated the FY2007 business policy and business challenges as follows.

**Business policy**

Aim to become Japan's best financial services company with which customers can establish a relationship with a sense of reassurance

“Aim to become Japan's best financial services company with which customers can establish a relationship with a sense of reassurance” has been adopted as our 2007 business policy based on the belief that winning the trust of our customers, by improving all dimensions of our organization, including personnel, products and services, will lead to a broader sales platform and the company's sustainable growth.

## **Business challenges**

### 1. Develop a forward-looking management infrastructure

- \* Develop a corporate governance/internal control system that can contribute to a highly transparent corporate management (J-SOX, etc.)
- \* Implement adequate cost control utilizing the new managerial accounting systems
- \* Promptly and surely cope with changes in existing institutions
  - Stronger corporate governance will enhance corporate performance

### 2. Provide innovative financial services in view of the current trend

- Aim to achieve stable management through diversified revenues

### 3. Promote empowerment and fostering of human resources

- \* Promote empowerment to revitalize management
- \* Strengthen personnel fostering methods focusing on young employees

### 4. Early crystallization of comprehensive strategic alliance with Citigroup

- \* Aim to become a financial services firm that is most Japanese and most global

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This material is an English translation of a Japanese announcement made on March 26, 2007. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.