

March 28, 2005
Nikko Cordial Corporation
Nikko Cordial Securities Inc.

Summary of Remarks by Junichi Arimura (President & CEO)
Meeting of Group Companies, Nikko Cordial Corporation (Mar. 25, 2005)
and
General Managers' Meeting, Nikko Cordial Securities Inc. (Mar. 26, 2005)

Keynote

- Market awareness –“The era of direct financing”

Individual financial assets are shifting from savings to investment

A general feeling of unrest prevails among individuals toward the pension systems, lifting of bank deposit guarantees, low interest rates, etc.
Investment targets will expand not only domestically but also globally.

Corporations are adopting growth strategies utilizing the capital market

Growth strategies that employ M&A or capital integration will become brisk.
Activities will unfold globally, with more involvement of foreign capital.

- Nikko Cordial Corporation's Commitment

Greeting the era of direct financing, Nikko Cordial Corporation, as a top industry runner, will aim to become a company that best contributes to the future of our nation's financial markets, by creating synergies among our ever-solidified Group companies and making the most of the Group's excellent management resources (human resources, financial position, business partners, etc.).

Nikko Cordial Corporation Overview of FY2004

Although earnings at Nikko Cordial Securities (retail) and Nikko Citigroup (wholesale) declined, earnings at our merchant banking arm, Nikko Principal Investments, increased significantly.

The Group has realized an earnings structure that is not affected by market fluctuations by diversifying its earnings sources.

➤ Key management policies implemented in FY2004

Enhanced Management Infrastructure

- Shifted to a company adopting a committee-style corporate governance system
- Appointed an Executive Officer for each of the four core businesses
- Expanded corporate disclosure

Strengthened Retail Sales Foundation (execution of Nikko Cordial Securities “36-month Business Plan”)

Overall, the plan progressed smoothly. Major achievements under the plan are as follows:

- Attained of consulting assets introduction of nearly 4 trillion yen and expanded high-net-worth customers
- Distributed products of high added value, including alternative asset products and real estate related products
- Increased the number of FAs and IFAs (1892 as of Apr 1)
- Expanded securities brokerage businesses, including Lawson and regional bank projects

Wholesale Business

- Formed business alliance with Mizuho Corporate Bank and Mizuho Securities
- Revitalized management at Nikko Citigroup

Asset Management Business

- Implemented management reform at Nikko Asset Management
- Nikko Asset Management was named “The Best Fund Group” by Lipper Fund Awards Japan 2005

Merchant Banking Business

- Attained increased earnings through exits of past investment projects
- Implemented aggressive investments, namely Bell System 24 (domestic) and Resolution Life Group (British life insurance portfolio)

Cost Control

- Well-balanced cost control initiatives which have been thoroughly

implemented for the past several years were maintained, aiming to increase productivity while implementing “aggressive management.”

Risk Management

- Strengthened our information management system to control risks and prepared a systems back-up site so that business activities can be retained with minimal damage, in the event such risks become detectable.

Management for FY2005

- Main players in “the era of direct financing” are those possessing “Capital Market DNA.”
Those possessing “Capital Market DNA,” genes that are inherent in people engaged in businesses relating to direct financing, will lead and determine the future of financial businesses.
- What is “Capital Market DNA”
“Capital Market DNA” represents the following four abilities:
 - 1) The ability to logically propose and explain optimal investment opportunities, squarely facing the relationship between risk and return
 - 2) The ability to propose corporate management and financial strategies based on an understanding of the principles and rules of the capital market
 - 3) The ability to originate and provide cutting edge investment products through a global research on investment opportunities
 - 4) The ability to take risks aggressively while generating returns under an advanced risk control system through a global research on investment opportunities
- Assigned Group Executive Officers in correspondence to the four abilities of “Capital Market DNA”
Corresponding to the four abilities of “Capital Market DNA,” the Group’s operations are classified into four core businesses. A Group Executive Officer is assigned to each of these businesses to undertake high value added operations from a global perspective, possibly with the aim of seeking business alliance and M&A opportunities.

This material is an English translation of a Japanese announcement made on March 28, 2005. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed and thus you are encouraged to refer to the original Japanese document.

- 1) Retail business: The foundation of the Group's competitiveness. Our ongoing challenge is to expand/strengthen our sales foundation in both quality and quantity.
- 2) Wholesale business: Our challenge is to provide best solutions for corporate strategies, capitalizing on our business alliance with Mizuho Corporate Bank and Mizuho Securities
- 3) Asset management business: Our challenge is to finalize the strengthening of our business foundation and to smoothly expand our business contents
- 4) Merchant banking business: Our challenge is to further strengthen risk management structure, while continuing to implement aggressive investments on a global scale

Enhance Communication with Shareholders and Investors

- Expand corporate disclosure
 - Disclose dividend forecasts
 - Disclose unrealized profits/loss on listed securities holdings
- Enhance the appropriateness of outstanding stocks
 - Subject to special resolution at the General Shareholders Meeting, we will implement a share combination so that our outstanding shares will be appropriately sized considering the market capitalization. At the same time, we will decrease the number of shares constituting one unit of stock in order to preserve the rights of shareholders and the convenience/liquidity of shareholders/investors.
- Management Goal Corrections
 - Pursuant to the share combination, the management goal will be corrected as follows. We shall strengthen our management foundation and implement growth strategies so that the following two numerical targets will be stably realized after April 2006 (12 months later).

Consolidated ordinary profits	100 billion yen
Dividend per share	20 yen