

September 25, 2007  
Nikko Cordial Securities Inc.

Summary of Remarks by Mikio Kitabayashi (President & CEO)  
at the Fall General Managers' Meeting, Nikko Cordial Securities Inc.  
(September 22, 2007)

We are now in the midst of rapidly progressing globalization in financial and capital markets and the legal framework, as demonstrated by some of the movements as the enactment of the new company law, implementation of financial instruments and exchange law, global collaboration of stock exchanges, and convergence of accounting standards. Meanwhile, in Japan, broad-based schemes aimed at boosting Japan's competitive edge are driven under the framework of administrative and fiscal reforms including privatization of Japan Post and review on regional system. Furthermore, Japan has taken a step forward to be a nation leveraged on investments.

The pre-eminent comprehensive financial solutions have been made available before us, as a result of the capital and business alliances between Nikko Cordial Corporation and Citigroup. We are determined to make contributions to the development of Japan's financial and capital markets by proactively responding to a full range of clients' investment needs combining Nikko and Citi's strength and executing growth strategy of "Challenging the New Era".

Business Performances

- Both introduction of client assets and revenues have made outstanding recoveries in the first half of this fiscal year.
- In retail, we will pursue growth in sales base by capturing wide-ranging investors, so that we can further capitalize on the shift from "savers to investors". In wholesale, we will focus on diversification of revenue types and increase in revenues so as to boost earnings.

### “Challenging the New Era”

We will execute the following 5 actions to be the most Japanese and most global pre-eminent financial services firm in Japan.

#### 1. Strengthen governance

To help establish fair and transparent securities markets, proactively drive sophisticated business management and risk control as well as rigid compliance structure, and enhance self-discipline as an intermediary of markets.

#### 2. Global Collaboration

Boost complementary functions by combining our domestic sales franchises and Citigroup’s global network.

#### 3. Leverage full range of financial services functions

Promote expansion of our platform through reinforced collaboration among Nikko Cordial Securities, Nikko Citigroup Limited, and Citibank.

#### 4. Focus on Personnel Development

Focus on nurturing client-centric experts with diverse capabilities in responding to a full range of investment needs of clients through training programs for junior staff and exchange with people at Citigroup and so on.

#### 5. Widen of sales platform

Study ways for driving growth of sales platform so as to capture new investors and quality assets.

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Reference:

Summary of Remarks at the Fall 2007 General Managers' Meeting of Nikko Cordial Securities Inc.

Douglas Peterson

CEO, Citigroup Japan Holdings

Chairman, Nikko Cordial Corporation

### Vision for Japan

As we have been saying since Nikko Cordial and Citi agreed on the comprehensive strategic alliance in March, the alliance is based on our highly complementary capabilities and common view of the opportunities in the market in both the retail and institutional sectors.

Key to achieving this vision is to:

- Be completely Client-focused
- Drive the vision by efficient business & functional platforms and create centers of excellence within the group
- Maintain a Foundation of Governance, Compliance & Control
- Link seamlessly with the Citi global franchise.
- Respect Japanese culture and business practices

A few months ago, we set up a process to get the best value out of the unique opportunities available to the newly combined group. Over 200 senior and middle-level business, functional and support managers across Nikko and Citi are displaying terrific teamwork in building business plans to achieve the vision.

I challenge you to help us become the preeminent banking and securities group in Japan.

We have a very bright future ahead of us and I look forward to our continued teamwork to achieve our vision.

Reference:

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Shoji Kuwashima

President & CEO, Nikko Cordial Corporation

We expect to achieve increases both in consolidated ordinary income and net income by approximately 4 billion yen and 5 billion yen respectively year-over-year based on the recently announced second quarter earnings forecasts for this fiscal year. Additionally, the ratings of Nikko Cordial Corporation, which had been on the fall since the end of last year, have been reviewed and awarded quite high ratings compared with our competition, - for instance, Moody's upgraded our rating by 7 notches. This is the testament of trust upon us as a financial services firm.

“Build a Pre-eminent Comprehensive Financial Services Group in Japan”

Citigroup and Nikko Cordial Corporation share the same vision for Japan. We provide excellent quality products and services to our clients while sharing the identical objectives.

Nikko Cordial Corporation's Vision:

- Client-centric
- Provide employees with opportunities for growth and success, which, I believe the most important factor for us to be the No. 1 financial group in Japan. We will further enhance our training programs so that our people will be even more successful in the future.
- Deploy businesses leveraged on the optimum combinations from various businesses and functions
- Unify oversight based on a foundation of governance, compliance & control.
- Gain trusts in the society by making decisions locally while collaborating globally.
- Build a new business model which respects Japanese culture and business practices and embedded in Japan so as to realize an entity that will be widely accepted in Japan.

In order to realize our vision, one of the essential elements is the common philosophy/principle among executives and employees. Accordingly, we have prepared the Code of Conduct which embodies the management principle. This Code of Conduct is positioned as our common norm among group companies along with the management principle. The executives and employees of Nikko group, as one, shall make sustained efforts to build a compliance-focused corporate culture based on the spirits of Code of Conduct and thereby contribute to the society through creation of corporate values, in an effort to bear our social responsibility.

To make our vision a reality, we will examine and re-build our businesses and pursue synergy with Citigroup to the fullest in accordance with our comprehensive strategic alliance.

To enhance synergy, we ensure flexibility in our businesses so as to respond to any changes in business environment and allocate management resources efficiently.

The key to the success of our group lies in the each one of Nikko Cordial Securities employee who plays a pivotal role in our business operation. Let us achieve our vision of becoming the No.1 financial services firm while paying careful attention to what are required in the current era so that we can further spread the Nikko brand in Japan.