

July 19, 1999

Head office	6-4, Otemachi 2-chome, Chiyoda-ku, Tokyo
Name	Daiwa Securities Group Inc.
President	Yoshinari Hara
Liaison	Executive Officer General Manager Treasury Department Junichiro Wakimizu
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## INFORMATION ON THE ISSUE OF CONVERTIBLE BONDS

We resolved the issue of Convertible Bonds according to the conditions set out hereinafter at the meeting of the Board of Directors held on July 19, 1999. Therefore we hereby inform you of the outline of this issue.

1. Name of the Bonds;  
The 16<sup>th</sup> Series Unsecured Convertible Bonds of Daiwa Securities Group Inc (with a special covenant concerning the limited equal ranking among domestic convertible bonds).
2. Aggregate Amount of the Issue;  
¥ 80,000,000,000
3. Par Value per Bond;  
¥ 1,000,000
4. Form of the Bonds;  
Bearer Bonds with Coupons attached
5. Issue Price;  
¥ 100 per ¥ 100 of a value
6. Redemption Price at Maturity;  
¥ 100 per ¥ 100 of a value
7. Coupon Rate;  
0.5% per annum (Preliminary)  
(To be decided at a meeting of the Board of Directors to be held on July 28, 1999 in light of the demands based on the preliminary rate.)
8. Maturity Date;  
September 29, 2006
9. First date of Offering;  
July 29, 1999
10. Date of Subscription  
August 4, 1999
11. Date of Closing;  
August 5, 1999
12. Method of Issuance;  
Public Offering

This document is a press release to publicize the issue of the 16<sup>th</sup> Series Unsecured Convertible Bonds of the Company, and has not been prepared for the purpose of the solicitation of the investment. In making investments, please make sure that the Registered Prospectus for the Issue of the Convertible Bonds (including amendments) prepared by the Company shall be read and that the investment decision shall be made by each investor for itself.

13. Terms of Conversion;

(1) Conversion Price

The Conversion Price shall be the closing price of shares of common stock of the Company at July 28, 1999 on the Tokyo Stock Exchange (if there is no closing price on that day, the latest available closing price) multiplied by 1.025, with any fractions less than one Yen being rounded up to the nearest yen.

If the Conversion Price obtainable by the above calculation is below ¥1,009 , Bonds shall not be issued.

(2) Adjustment of Conversion Price;

Market Price Method

(3) Shares to be issued upon conversion;

Par value shares of common stock (par value Yen 50 per share) ; provided that if shares issuable upon conversion of the Bonds become non-par value shares, non-par value shares of common stock .

(4) Conversion period;

From September 1, 1999 to September 28, 2006

(5) Amount of the portion of the Conversion Price which is not transferred to the capital;

The amount of the portion of the Conversion Price which is not transferred to the capital shall be the amount of the relevant Conversion Price less the amount to be transferred to the capital. The amount to be transferred to the capital shall be the amount which is the relevant Conversion Price (in the case where any adjustment of Conversion Price occurs, the adjusted Conversion Price shall be applicable) multiplied by 0.5, with any fractions less than one Yen resulting therefrom being counted as a full Yen. Provided that in case where the shares to be issued upon conversion are par value shares of common stock of the Company, the amount transferred to the capital should not be less than the par value.

(6) Place to accept conversion requests;

The handling office of Transfer Agent

The Chuo Trust and Banking Co., Ltd. Stock Transfer Agency Department

(7) Place to transmit conversion requests;

The Sumitomo Bank, Limited, Daiwa Securities SB Capital Markets Co.,Ltd. and others

14. Method of Redemption;

(1) The Company should redeem the aggregate principal amount of the Bonds on September 29, 2006.

(2) The Company may purchase and cancel the Bonds at any time on or after the day immediately following the issue date of the Bonds.

(3) In the case where the date for redemption falls on a bank holiday, such redemption shall be made on the first preceding day which is a bank business day.

15. Date of Payment of Interest;

March 31 of each year.

16. Place for payment of principal and interest;

The Sumitomo Bank, Limited, Daiwa Securities SB Capital Markets Co., Ltd.and others

17. Security or Guarantee;

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No security or guarantee is created for the benefit of the Bonds and no specific asset is reserved therefor.

18. Special financial covenant;  
Certain negative pledge, exchange for secured Bonds and reservation of shares of certain subsidiaries are provided.
19. Commissioned Companies for the Bondholders;  
The Sumitomo Bank, Limited (Principal commissioned company for the Bondholders)  
The Sumitomo Trust and Banking Company, Limited.  
The Nourinchukin Bank  
The Sanwa Bank, Limited
20. Underwriter;  
Daiwa Securities SB Capital Markets Co., Ltd.
21. Place for application for subscription;  
The head office and domestic branch offices of Daiwa Securities SB Capital Markets Co., Ltd.
22. Recording Agency;  
The Sumitomo Bank, Limited
23. Rating;  
A : Japan Credit Rating Agency, Ltd.  
BBB+ : Japan Rating and Investment Informing, Inc.
24. Others  
The other terms necessary in connection with the issue of the Bonds are to be decided at a meeting of the Board of Directors to be held hereafter or by the President of the Company.
25. The terms aforesaid are on the condition that Securities Registration Statement comes into effect pursuant to the Securities and Exchange Law.

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## APPENDIX

### 1. Use of net proceeds

#### (1) Use of proceeds of the issue of the Bonds

The amount of net proceeds of the issue of the Bonds is estimated to be approximately ¥78,000,000,000 and the Company intends to use ¥60,000,000,000 out of that amount to repay short-term borrowings (including the borrowings amounted ¥53,000,000,000 to purchase the shares of Daiwa Asset Management Co., Ltd and ¥7,000,000,000 to purchase the shares of Daiwa SB Investments Ltd.) and ¥10,00,000,000 out of that amount to purchase the shares of Daiwa Institute of Research Ltd. (the purchase of the shares is scheduled in August 1999 or later) and the remainder of that amount to redeem the Company's outstanding bonds.

#### (2) Change in the use of proceeds of the prior financing

Not applicable

#### (3) Effect on the earnings of Company

The Company expects that the profitability of the group will be enhanced through management of the group companies based on a firm capital relationship, which is accomplished by raising the ratio of shareholdings in the core companies of the group.

### 2. Distribution of profit to Shareholders

#### (1) Basic Policy of distribution of profit

The Company basically aims to pay stable dividend on the one hand and to respond appropriately to varying business results on the other hand, while paying attention to the internal reserves to enhance the basis of the future revenues and profits.

#### (2) Others

Not applicable

#### (3) Dividends paid in last three financial years:

	Year ended March, 1997	Year ended March, 1998	Year ended March, 1999
Net income per share	△¥62.49	△¥43.20	△¥87.80
Annual dividend per share	¥8.00	¥6.00	¥5.00
Historical payout ratio	—%	—%	—%
Return on shareholders' equity	—%	—%	—%
Ratio of dividend to shareholders' equity	1.31%	1.07%	1.06%

Note: (1) The figures in the table are that of Daiwa Securities Co. Ltd. before becoming a holding company.

(2) The figures of the historical payout ratio and return on shareholder's equity are not shown in the table because the Company recorded net loss.

(3) Ratio of dividend to shareholders' equity is calculated by dividing total amount of dividends for the year by shareholders' equity (average of the opening and closing amounts of shareholders' equity for the relevant fiscal

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year).

- (4) Compliance with the Dividend Payout Rules in the Past  
Not applicable

3. Others

- (1) Designation of Purchasers

Not applicable

- (2) Information on the Dilution etc. due to Potential Shares

The ratio of the number of potential shares to the number of shares outstanding at the year-end of the fiscal year ended March 1999 is estimated to be 8.27% due to this issue of the Bonds (Conversion Price is calculated on the basis of ¥1,187, being a closing price on July 16, 1999 on the Tokyo Stock Exchange).

Note: The ratio of the number of potential shares to the number of shares outstanding is calculated by dividing the number of shares to be issued and outstanding upon conversion of all issued convertible bonds and the Bonds by the latest available number of outstanding shares.

- (3) Compliance in respect of the Past Equity Finance

Not applicable

- (4) Others

Not applicable

- End -

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