

December 21, 1998

Daiwa Securities Co. Ltd.

The results of examination by Arthur Andersen

Daiwa Securities Co. Ltd (Daiwa) have designated Arthur Andersen to investigate if there is unclear accounting practice such as Tobashi Transactions. They have reported us that "Management's Assertion that, as of September 30,1998, there are no unrecorded obligations or hidden securities losses arising from Tobashi transactions which could have a material impact on the consolidated shareholder's equity of Daiwa" is fairly stated in all material respects.

Since June 1992, Daiwa has enriched its internal control system for the prevention of the Tobashi transactions, and has conducted continuous surveillance and observation. As a result of such surveillance and investigation, no incidents or facts have been found that would indicate the existence of "unrecorded obligations or hidden securities losses arising from the Tobashi transactions". However, in order to enhance the objectivity in its investigations, Arthur Andersen was designated to investigate this time.

We will be always committed to make adequate disclosure in our financial statements and feel privileged to service our customers.