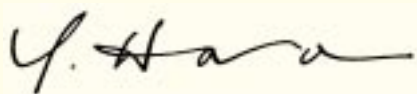


LETTER

to Shareholders

FY1999 will be seen in retrospect as one of the most momentous ever in the history of the Daiwa Securities Co. Ltd. Over the last year, we have reorganized our group structure under a new holding company (Daiwa Securities Group Inc.), reformed our internal organization and implemented a series of strategic relationships with The Sumitomo Bank, Limited among others. These developments have all been driven by a single corporate goal, which is to position Daiwa to take maximum advantage of the new opportunities presented by the Japanese “Big Bang” financial deregulation. More generally, Daiwa is absolutely committed to being the leading Japanese company measured in terms of responsiveness to shareholders’ needs and commitment to maximization of shareholder value.

In these pages we have laid out our vision of the future as well as our current situation. We hope that you will find the information contained useful and informative.



Yoshinari Hara
President and CEO
Daiwa Securities Group Inc.