

HOLDING COMPANY Daiwa Securities Group Inc.

Daiwa Securities Group Inc.	Daiwa Securities Co. Ltd.
	Daiwa Securities SMBC Co. Ltd.
	Daiwa Asset Management Co. Ltd.
	Daiwa Institute of Research Ltd.
	Daiwa SB Investments Ltd.
	Daiwa Securities Business Center Co., Ltd.
	The Daiwa Real Estate Co., Ltd.
	NIF Ventures Co., Ltd.
	Overseas Offices

Directors:

Yoshinari Hara, *President and CEO* · Shuichi Komori, *Senior Managing Director and CFO*
Shigeharu Suzuki, *Senior Managing Director* · Kenichi Fukuda, *Managing Director*
Naoaki Takahashi, *Director and CIO*

Executive Officers:

Junichiro Wakimizu · Junji Takasaki · Ikuo Mori
(and all Directors above)

Group Executive Officers:

Akira Kiyota · Teruwo Hatano · Tatsuhiko Kawakami

Corporate Auditors:

Hiroyasu Kawaguchi · Mitsugi Kishimoto · Tetsuro Kawakami · Masahiro Yoshiike

Advisory Board:

Kazuo Inamori, *Founder and Chairman Emeritus Kyocera Corporation*,
Jiro Ushio, *Chairman and CEO USHIO INC.*
Glen S. Fukushima, *President and CEO Cadence Design Systems, (Japan) B.V.*

Remuneration Committee:

Koichi Uno, CPA, *Tax Accountant*
Ichiro Kawamoto, *Attorney-at-Law, Senior Partner, Kawamoto & Miura*
Yukio Yanagida, *Attorney-at-Law, Senior Partner, Yanagida & Nomura*
Yoshinari Hara, *President and CEO, Daiwa Securities Group Inc.*

(As of June 27, 2001)

setting the
STANDARD



HOLDING Company

Daiwa Securities Group Inc., the holding company for the Daiwa Securities Group, came into being on April 26, 1999, as the listed successor to the former Daiwa Securities Co. Ltd. The company is the quoted entity within the Daiwa Securities Group and is a pure holding company engaging in controlling and monitoring Group business activities. The retail securities operations of the former Daiwa Securities were incorporated as the New Daiwa Securities Co. Ltd. (Daiwa Securities). On April 5 of the same year, the wholesale securities operations were merged with certain securities market operations of the former Sumitomo Bank, Limited to form Daiwa Securities SB Capital Markets Co. Ltd. (Daiwa SBCM), a 60%-owned subsidiary of Daiwa Securities Group Inc. with the remaining 40% held by the former Sumitomo Bank. In April 2001, The Sumitomo Bank, Limited and The Sakura Bank, Limited merged to form Sumitomo Mitsui Banking Corporation. At the same time, Sakura Securities Co., Ltd., a securities subsidiary of Sakura Bank, was integrated into Daiwa SBCM, which was subsequently renamed Daiwa Securities SMBC Co. Ltd.

In addition to the two main securities subsidiaries, other main companies within the Daiwa Securities Group include Daiwa Asset Management Co. Ltd. and Daiwa SB

Investments Ltd., which are active in investment management and investment advisory businesses; Daiwa Institute of Research Ltd. (DIR), involved in research, systems development, and consulting; Daiwa Securities Business Center Co., Ltd., which operates common infrastructure on behalf of the Group companies; The Daiwa Real Estate Co., Ltd., which manages some of the Group's offices, including most of the branches of the retail securities company; and NIF Ventures Co., Ltd., a leading venture capital company.

Review of FY 2000

During FY 2000 the Japanese economy continued to grow, albeit slowly, supported by rising industrial production and private-sector capital expenditure. This was largely attributable to strong overseas demand for much of the year. However, signs of deceleration in this growth were seen during the second half of the fiscal year as exports showed a sharp decline and producer inventories started to rise. Private consumption remained anemic, while housing investment also fell.

Japanese securities markets saw active unwinding of cross-shareholdings from the financial sector and business corporations in advance of the introduction of mark-to-mar-

PROGRESS OF MEDIUM-TERM MANAGEMENT PLAN

Consolidated ROE 15%

FY 1998	FY 1999	FY 2000
–	16.1%*	9.3%

* Figure for FY99 is 8.7% after adjustment for amortization of goodwill of Daiwa Securities SMBC.

Double Retail Client Assets Under Custody (JPY 28.3 Trillion)

(Trillions of Yen)		
March 1999	March 2000	March 2001
10.5	14.7	12.7

Rating of single A or better by domestic/overseas rating agencies

Rating Agency	May 1999	March 2000	March 2001
R&I	BBB+/A	A/A	A/A+
JCR	–/–	A/–	A+/–
Moody's	Baa3/Baa2	Baa3/Baa2	Baa1/Baa1
S&P	BBB-/BBB	BBB-/BBB	BBB/BBB+
Fitch	–/–	–/–	–/A-

Daiwa Securities / Daiwa Securities SMBC

* Daiwa Securities Group Inc. presently rated: A by R&I, A+ by JCR, Baa2 by Moody's, BBB+ by Fitch

ket accounting standards from April 2001. Interest in securities investment from the retail sector was, however, badly affected by the uncertain market environment and recorded a sharp decline from the levels recorded during the previous fiscal year.

Reflecting this trend, there was a sharp divergence in the performance of the two securities subsidiaries. Daiwa Securities Co. Ltd., the retail securities arm of the Daiwa Securities Group, recorded four consecutive quarters of decline culminating in a fourth-quarter loss, the first recorded since formation of the company. By contrast, Daiwa Securities SMBC Co. Ltd., the wholesale securities company, chalked up healthy gains in revenues and earnings, with an especially strong performance in the last

quarter and despite recording losses on equity trading in the third quarter.

For FY 2000, Daiwa Securities Group Inc. reported consolidated operating revenues of 718.1 billion yen, up 10% on the previous year. Ordinary income was 177.7 billion yen, down 21% while net income amounted to 64.5 billion yen, 39% below the previous year.

Strategies adopted by the Group are described below:

Medium-term Management Plan

FY 2000 was the first year of the Group's Medium-Term Management Plan to be achieved by March 2003. Although the Group saw deterioration in some of the

ASSETS UNDER CUSTODY

	(Billions of Yen)						
	March 1999	March 2000		March 2001			
	Former Daiwa	Daiwa Securities	Daiwa Securities SMBC	Daiwa Securities*	Change	Daiwa Securities SMBC	Change
Equity	13,355	8,783	9,037	7,431	-1,352	7,257	-1,780
Fixed Income	7,854	3,167	5,650	3,212	45	6,483	833
Investment Trust	9,832	7,448	4,444	6,247	-1,201	3,395	-1,049
Equity	1,692	2,026	324	1,591	-435	412	87
Fixed Income	8,020	5,421	4,120	4,655	-766	2,983	-1,136
Others	117	120	371	53	-67	500	129
Total	31,159	19,521	19,504	16,945	-2,575	17,637	-1,866

*Retail assets under custody was JPY 12,716 billion.
(JPY 14,718 billion at 3/00)

QUARTERLY EQUITY BROKERAGE COMMISSIONS AND TRADING INCOME

	FY 1999				FY 2000			
	1Q*	2Q	3Q	4Q	1Q	2Q	3Q	4Q
DAIWA SECURITIES								
Brokerage commissions	16,097	31,668	32,450	32,619	22,626	17,759	12,397	12,963
Trading income	756	-476	896	768	-185	317	-55	125
Total	16,854	31,192	33,346	33,388	22,441	18,077	12,342	13,089
DAIWA SECURITIES SMBC								
Brokerage commissions	9,786	12,274	5,065	6,041	4,033	3,922	2,790	2,784
Trading income	4,459	4,928	15,040	8,784	27,178	19,346	-8,917	77,795
Total	14,245	17,203	20,105	14,825	31,212	23,268	-6,126	80,580
(Billions of Yen)								
Average daily trading value on TSE	663.3	817.2	1,039.8	1,350.6	1,042.5	867.5	757.8	859.2

Source: Monthly TSE statistics for average daily trading value

* Daiwa Securities commenced operations on April 26, 1999; Daiwa Securities SMBC on April 5, 1999.

numerical measures of success it has adopted, it continues to vigorously pursue these goals which are:

1. Achieve a stable consolidated ROE of 15%.
2. Double retail client assets under custody to 28.3 trillion yen.
3. Obtain a rating of single A or better from domestic and overseas rating agencies.

The company's progress towards meeting these goals was as follows:

1. ROE for the Group was 9.3% for fiscal year 2000.
2. Retail client assets under custody declined to 12.7 trillion yen. The fall in market valuation is the main reason for this decline as there was in fact a 1.1 trillion yen net inflow of funds into Daiwa Securities.
3. The credit ratings for both securities companies were upgraded during the year. Moody's upgraded Daiwa Securities from Baa3 to Baa1 and Daiwa Securities SMBC from Baa2 to Baa1 while Standard & Poors upgraded Daiwa Securities from BBB- to BBB and Daiwa Securities SMBC from BBB to BBB+

Personnel

In April 1999 the Daiwa Securities Group totally revamped its personnel system on the occasion of its transition to a holding company structure. At the time it discarded traditional seniority practices while adopting a new system in which personnel evaluations are reflected in remuneration and promotion. Remuneration consists of several components, including monthly salary, annual bonus, retirement allowance, stock options and incentive warrants. Each of these is now more variable in nature and dependent on personal ability and achievement.

During FY 2000 the Daiwa Securities Group continued to build on these foundations in the following ways:

Establishment of a Remuneration Committee

The Remuneration Committee acts as an advisory panel to the CEO. Its purpose is to promote transparency in the setting of compensation and to ensure that remuneration for directors and executive officers is set at appropriate levels.

The committee met in July and December 2000 and again in April 2001.

Market-Based Compensation

In FY 1999 Daiwa Securities SMBC introduced a system of employment and remuneration dubbed "market-based compensation" in which compensation is set by reference to so-called prevailing market rates for employees in certain departments such as the Derivatives & Structured Financial Products Department. The Group is considering wider application of this system to include the Strategic Advisory Department (M&A) of Daiwa Securities SMBC.

Evaluation System

In FY 1999 Daiwa Securities SMBC formally adopted a system of Management by Objectives for the wholesale securities company in which supervisors and subordinates agree on goals and evaluations based on the degree to which the goals have been achieved. Under a system dubbed "180 degree evaluation," supervisors are also subject to evaluation by their subordinates. During the year under consideration, application of this system was expanded to the holding company, Daiwa Securities Group Inc.

Expansion of the Training System

During FY 2000, the Daiwa Securities Group formally inaugurated the Daiwa Management Academy in order to provide high-level training for senior employees. Candidates for the academy are selected from among approximately 400 senior managers in the Group based on the recommendation of the president of the relevant company. The training, with an enrollment of 20 students per course and lasting some five months, is deliberately demanding and features courses in marketing, financial theory, management methods, and other subjects. The Daiwa Management Academy is destined to play a leading role in helping the Group companies develop the intellectual capital needed to succeed in increasingly complex securities markets and to broaden the horizons of senior managers from a company to a Group level.

Financial Strategy

The Group's financial management strategy is based on the corporate imperative of maximizing shareholder's value. To this end, the Group was extensively restructured in FY 1999, when the old Daiwa Securities was reorganized into a holding company structure. At that time the Group concentrated its resources in areas in which it possesses competitive advantage such as Japanese-related securities, cross-border securities transactions, and other related businesses.

During FY 2000 the financial foundations of the company were further strengthened by the introduction of a Group Cash Management System (CMS). Under the Group CMS, in light of the business and financial characteristics of the businesses in which they are engaged, Daiwa Securities, Daiwa Securities SMBC and NIF

Ventures are responsible for their own financial management, subject to oversight from Daiwa Securities Group Inc. For the remaining Group companies, this system is designed to reduce financing costs by reducing the size of the Group's external debt and also to minimize debt rollover risk. Under this system, Group companies have replaced external liabilities with loans from Daiwa Securities Group Inc., which has assumed the role of the Group's sole channel for external financing. Funds arising from the sale of assets and surplus funds arising within the Group are being applied to reduce the external liabilities of each Group company.

Under the Group's Medium-Term Management Plan unveiled in March 2000, the company targeted a reduction of 500 billion yen in external debt over the three-year period in question for the Group companies, excluding Daiwa Securities, Daiwa Securities SMBC and NIF Ventures. At the end of the first year of the plan, the CMS had yielded a reduction in external liabilities of approximately 320 billion yen. This has resulted in estimated savings of approximately 3 billion yen in net interest expenses.

During FY 2000 the company also made headway in diversifying its sources and modes of funding. In addition to issuing a 5 year, 100 billion yen domestic bond, the company established commitment facilities in the amount of 100 billion yen from a syndicate led by Sumitomo Mitsui Banking Corporation and foreign banks and a facility of 20 billion yen from Sumitomo Life Insurance Company. The company is seeking to diversify its sources of funding further by increasing borrowing from the market and foreign banks.

Furthermore, the risk management system is continuously being upgraded to accommodate corporate clients' need for large scale transactions in equity products.

In addition, the Group is preparing to list on the NYSE during FY 2003.

Information Technology

Information technology (IT) is a core area of competitive advantage for the Daiwa Securities Group as a whole. The Group's Medium-Term Management Plan calls for spending between 130 billion yen and 150 billion yen over the three-year period started April 2000. Actual spending during FY 2000 was approximately 38.8 billion yen, as the company invested mainly in infrastructure for the branches and the call center of Daiwa Securities and in trading systems for Daiwa Securities SMBC. In addition, major systems investment was also seen in Daiwa Institute of Research, in Daiwa Asset Management, and related to the 401(k) defined contribution pension activities of the Group.

Looking forward, a further increase in IT investment geared to improving the competitive edge of the company is likely during the current year. Daiwa Securities is slated to see the greatest increase due to heavy investment in new terminals, the call center, and client database systems. Approximately 54 billion yen is budgeted in new IT investment across the Group in FY 2001.

During FY 2000 the Group increased its own headcount in this area from 200 to 300. Additionally, the Group increased the number of subcontractors employed permanently onsite from 400 to 850, with another 200

employed offsite, for a total headcount of approximately 1,350. This latter number compares with a figure of 650 as of March 2000, underlining the degree to which the Group has augmented its resources in this area.

During FY 2001 and beyond, Daiwa Securities will continue to invest in new integrated terminals and in Customer Relationship Management (CRM) systems. The new terminals integrate many of the functions previously handled by dedicated terminals. This has allowed the company to make savings over the cost of dedicated leased lines and terminals previously used. In addition, CRM systems have already been introduced into selected branches, with full-scale introduction into the call center and the remaining branches scheduled to take place between fall 2001 and spring 2002.

Within Daiwa Securities SMBC, the cutting-edge ATRAS and PowerTradeII systems, which underlie much of the company's success in equity trading, were upgraded significantly prior to FY 2000 and are slated for further enhancement in FY 2001.

In the fixed income area, much of the high reputation the company enjoys can be attributed to the strong systems support provided by the Total Bond Analysis (TBA) system. During the year under consideration, this system was upgraded and modified to run over the Internet using standard computer terminals. The new system, dubbed "TOL" (TBA Online), was introduced in February 2001 after completion of beta testing. The importance of this system will increase in future as the introduction of mark-to-market accounting gives rise to greater needs for accurate portfolio valuations.

January 2001 saw the introduction of Real Time Gross Settlements (RTGS) in JGB markets. The Group introduced appropriate settlement systems, which are used by both Daiwa Securities and Daiwa Securities SMBC. Initially, the system operated on a stand alone basis. However, interfaces to custodian organizations are expected to be implemented during 2001.

Corporate Branding Project

The Daiwa Securities Group announced its brand statement in March 2001. The brand statement is the Group's commitment to its customers and constitutes the core values the Daiwa Securities Group will continue to preserve.

Last fall, the Group conducted an extensive survey targeting general consumers, customers, academics and employees regarding the Daiwa Securities Group's name recognition and image relative to competitors in the context of the corporate culture. The results have been analyzed and discussed at the Group Management Meeting leading to the production of the brand statement as a first step towards production of a distinctive corporate identity giving form to the Group's goal of serving as the customer's "best partner".

The Group will continue to communicate its core values at various stages of product and service development as well as through the various points of contact with clients.

Group Communication

The Group is presently conducting Group wide branding seminars and training programs which the CEO, Mr. Hara, leads. In addition, a booklet explaining the Group brand has been distributed to all employees while the "management caravan" takes management to offices and branch offices worldwide. Furthermore a system to disseminate and share best practice concerning the brand around the Daiwa Securities Group is being put in place.

External Communication

The Group is also engaging a series of newspaper articles and TV commercials to increase recognition and understanding of its goal of "Setting the Standard," which lies at the root of the brand statement. A brand mark will also be used extensively to strategically establish the Group's visual identity.

OVERSEAS ORDINARY INCOME GEOGRAPHICAL BREAKDOWN

	US	Europe	Asia	Total
	(Millions of Yen)			
FY 2000	11,254	5,233	810	17,297
FY 1999	2,890	7,326	2,570	12,787

BRAND STATEMENT

We, the Daiwa Securities Group, are committed to acting as our clients' best partner and promoting their financial well-being. In order to achieve this, we shall redefine currently accepted best practice, drawing on the following three core values.

We Shall Provide Products and Services that Exceed Expectations

It is important that we apply detailed knowledge of customer needs, innovation in our internal processes, and a strong customer focus to provide solutions that routinely exceed customer expectations.

We Shall Bring the Full Strength of the Group to Bear
Cooperation among Group companies, sweeping aside traditional corporate barriers, a flexible approach to business, and swift decision making will enable us to offer comprehensive financial services precisely geared to meeting our customers' financial goals.

We Shall Continually Challenge the Limits of Financial Best Practice

Exploitation of our substantial store of professional knowledge and a proactive approach to team building will enable us to remain pioneers in our marketplace.

Investor Relations

The Daiwa Securities Group has maintained an active investor relations (IR) program for a number of years. The company's policy is to provide disclosure of sufficient information to allow each investor to arrive at a reasoned,

independent and accurate assessment of the current business and prospects of the Daiwa Securities Group.

Senior management, including the president, takes an active part in the disclosure process, including contribution to the annual report. In addition, the company promotes disclosure through investor meetings and other disclosure materials.

The Group has also embraced the Internet as a key element of its disclosure program. IR-related materials are available on a dedicated website geared to the timely dissemination of information and interactive communications with investors. In addition, the company makes use of e-mail broadcasts and streaming media (via Daiwa Internet TV) to facilitate the widest possible disclosure.

Overseas Operations

In FY 1998 the former Daiwa Securities reorganized its overseas network to focus its managerial resources on Japanese securities markets and related businesses. Since then the Group has started to rebuild its overseas presence in support of the new Medium-Term Management Plan.

Major developments during FY 2000 were as follows:

- Branch offices in Madrid and Milan were reopened as branches of Daiwa Securities SMBC Europe.
- Daiwa Securities SMBC hired staff for its subsidiary in London, Daiwa Securities SMBC Europe, primarily to support the Fixed Income Division of the company.

- NIF Ventures moved to expand its overseas presence by forming relationships with a number of overseas concerns.

During FY 2000 the overseas operations of the Group reported operating revenues of 229.0 billion yen (an 84% year-on-year increase) and ordinary income of 17.2 billion yen (up 35%).

This gain is mostly attributable to the U.S. operations, which accounted for 11.2 billion yen of total ordinary income, up almost four times on the previous year. This in turn was primarily related to domestic Japanese transactions rather than locally originated business. However, there was noticeable improvement in the London operations, with Daiwa Securities SMBC re-establishing a presence in the Eurobond markets.

New Opportunities: 401(k) Defined Contribution Pensions

The introduction of defined contribution pensions into Japan is currently expected in fall 2001. There is no doubt that 401(k) plans address a real need due to the so-called pension hole faced by many Japanese corporations in their existing defined benefit plans and to the underlying demographics at work.

Unfortunately, it seems likely that initial attempts to foster a viable market for defined contribution pensions will be somewhat impeded since the contribution limit has been set at a relatively low level while eligibility for participation in the system and the number of participants are limited. Nevertheless, the company estimates that a market size of 30 trillion yen in assets under management

could be achieved over a period of 10 years. In fact, under a number of reasonable scenarios, including an extension in the scope of eligibility, and increase in contributions allowed, the outcome could exceed expectations.

To the Daiwa Securities Group, this business is attractive for three main reasons.

- It offers opportunities for the Daiwa Securities Group to establish close working relationships with corporations or to cement relationships with companies to which it is already close.
- It offers opportunities to establish financial relationships with employees of companies adopting defined contribution schemes, many of whom may be first-time investors in securities markets.
- It offers opportunities to expand assets under management.

The company expects there to be two critical success factors in addressing this market. The first will be establishment of sufficient infrastructure for matters such as record-keeping and reporting. The second will be to develop products, particularly investment trusts, geared to the pensions market and establishment of a strong track record in this area.

The Daiwa Securities Group has taken a crucial step in these areas through the establishment of Daiwa Pension Consulting Co., Ltd. in March 2001. Daiwa Pension Consulting will cooperate with the Investment Trust Evaluation Institute and pension consultancy operations

of Daiwa Institute of Research to provide advice on retirement allowances and pension schemes. In the initial period, this company will engage in providing consultation to corporations that are planning to set up a defined contribution pension scheme. Further out, this company will also introduce investment products to plan participants, providing information over the Internet and via the call center, and educate and support participants concerning investment decisions.

The Investment Trust Evaluation Institute monitors the performance of investment trusts and other financial products to provide the Group with advanced benchmarking and competitive intelligence data. Furthermore, the consultancy operations of DIR have long focused on pensions business and have established what the Group believes to be the most advanced capability in this area available in Japan. The Group also has two asset management companies, Daiwa Asset Management and Daiwa SB Investments, which will provide investment trust products for defined contribution plans.

Competition in the 401(k) pension field is certain to be fierce. Among the major competitors are other securities houses as well as trust banks and life insurance companies having established pensions businesses and city banks. The Group has, however, made extensive preparation as described above and believes that it has established a position of competitive strength.

Social Contribution

In July 1999 the Daiwa Securities Group established the Corporate Community Affairs Department to foster awareness of social contribution and organize activities

designed to contribute to the development of a healthy civil society. Sustained corporate development depends on a healthy and dynamic society. As a leading company, the Daiwa Securities Group has an important duty to play an active role in this area. The establishment of the Corporate Community Affairs Department has created a framework for group-level social contribution activities, as well as an organized support structure for voluntary activities by directors and employees. In addition to its own social contribution activities, the Daiwa Securities Group also works through the Daiwa Securities Health Foundation, the Daiwa Foundation and the Daiwa Anglo-Japanese Foundation. These organizations also engage in social activities that meet its goals.

The principal social contribution activities of the Daiwa Securities Group are described below.

Regional community action programs

The global business activities developed by the Daiwa Securities Group through its nationwide branch network and overseas offices rely on the support of regional communities and the many people engaged in them. The Group aims to be a good corporate citizen by fostering a relationship of trust with communities, and by basing its corporate activities on the ideal of growth in partnership with society. This approach is based on the belief that healthy and dynamic communities are the foundation stones for business success. The Daiwa Securities Group puts considerable importance on communications with local communities and flexible support in response to specific needs, as part of its efforts to contribute to the development and maintenance of a truly prosperous and dynamic society.

Ecological programs

The 20th century was a period of economic growth without precedent in human history. That growth is now leading to the evolution of a global society in which money, goods, information and services all flow freely across national boundaries. Yet economic growth has also brought problems, including environmental damage, with the potential to jeopardize living standards and perhaps the survival of the human race. Environmental problems are closely linked to our value systems and lifestyles. Their solution will require efforts to enhance every individual's understanding of ecological issues. It will also be necessary to modify existing social and economic systems to create structures that can support sustainable development. We need to create a new social model capable of reconciling economic prosperity with the development of a society that will be responsive to the needs of people and the environment. The Daiwa Securities Group is helping to build this environmentally aware society. Of particular significance in this context is the "Forest Giant" program. Under this program, 100 large trees throughout Japan have been selected as symbols for tree protection campaigns. The aim is to ensure that the rich diversity of nature, as represented by these trees, can be passed on to future generations. Daiwa Securities is encouraging its customers to support this program by placing donation boxes at its branches.

Support for employee participation in voluntary activities

In addition to their contribution to society, those who participate in voluntary activities themselves gain certain tangible and intangible benefits, including the discovery of new worlds, as well as lifestyle diversity. To achieve these benefits, it is necessary to provide initial support to promote the development of such voluntary activities.

The Daiwa Securities Group regards voluntary activities as a way to enhance the value of people, and it offers a variety of guidance and support to encourage participation by as many of its employees as possible.

Examples of this support include the arrangement of seminars to promote better understanding of the needs of people with hearing- and vision-impairments. Activities include sign language lessons, and opportunities to meet guide dogs. Seminar participants also wear eye masks so that they can experience the effects of blindness for themselves.

In August and September 2000, past and present staff and directors of the Daiwa Securities Group collected approximately 800 abacuses, which were donated to schools in the African nation of Eritrea to improve the standard of arithmetic education. Group directors and staff also contributed goodwill donations to assist victims of the volcanic eruption and earthquake on Miyake Island and the Tokai floods in Japan, and a major earthquake in India.

The Daiwa Securities Health Foundation

This foundation was created in 1972 to commemorate the 30th anniversary of the establishment of the former Daiwa Securities. Its purpose is to fund research into the prevention and treatment of lifestyle-related diseases, and to disseminate information about the maintenance and promotion of health in adulthood. The Foundation also contributes to public welfare by supporting health-care and welfare programs for the aged.

Activities are funded using investment income from the basic endowment, which in the year ended March 31, 2001 amounted to 131.1 million yen, together with dona-

tions from the Daiwa Securities Group. During FY 2000, donations of 30 million yen were made to 30 projects. The funds are used mainly for grants for research into health-care, medical treatment and welfare for the middle-aged and elderly.

The Daiwa Foundation

The Daiwa Foundation was established in 1994 to mark the 50th anniversary of the founding of the former Daiwa Securities. Its role is to contribute to the good of society and create an environment in which all people can participate in voluntary activities, by providing grants to support voluntary activities in such areas as welfare and medical care, and by promoting the volunteer spirit.

Funding for the Foundation's activities includes investment income from its basic endowment, which amounted to 1.9 billion yen as of March 31, 2001, and donations from the Daiwa Securities Group. Grants are provided principally for voluntary activities in the areas of home care for the aged, support for children and adults with disabilities, and children's issues. The Foundation also provides grants for research in such areas as welfare, medical care and public health. Donations of 48.1 million yen to fund 197 projects and grants of 2.6 million yen were provided to 3 projects in FY 2000.

The Daiwa Anglo-Japanese Foundation

This Foundation was created in 1988 to commemorate the 25th anniversary of the establishment of the London operation of the former Daiwa Securities. It was established in the United Kingdom with an endowment of approximately 5 billion yen from the former Daiwa Securities. Its mission is to contribute to mutual understanding and goodwill between Japan and the United

Kingdom through international exchange between the two countries.

As of March 31, 2001, the Foundation's endowment amounted to approximately 37.4 million pounds (approximately 6 billion yen). It uses its investment income to award grants and fund the Daiwa Scholar Program and the Daiwa Japan House. Under the Daiwa Scholar Program, young British people are invited to Japan to learn the Japanese language and participate in other study programs. It is hoped that this will lead to the emergence of a future generation having an understanding of Japanese politics and culture and the Japanese economy. To date 67 scholars have participated in the program. Total grants provided amount to approximately 2.6 million pounds (approximately 550 million yen).

The Foundation also provides grants for activities in the United Kingdom and Japan that contribute to the growth of international exchange between the two countries in such areas as education, science and the arts. Some 1,300 grants totaling approximately 6.6 million pounds (approximately 1,400 million yen) have been provided.