

Daiwa Securities Group's Areas of Business

The Daiwa Securities Group is comprised of Daiwa Securities Group Inc., the holding company which controls the group companies, the two main corporations, Daiwa Securities Co. Ltd. and Daiwa Securities SMBC Co.

Daiwa Securities Group's Areas of Business

The Daiwa Securities Group is divided into the following six areas of business.

1. Retail securities business

Services are provided mainly to individual customers through the online trading service Daiwa Direct, the Call Center, and Daiwa Securities Co. Ltd.'s nationwide sales branches. All kinds of financial products and services are offered, with a focus on securities brokerage. Daiwa Securities Co. Ltd. is the Group's principal company in the retail securities business.

2. Wholesale securities business

The Daiwa Securities Group offers fund management and investment banking services to institutional investors, corporate clients and financial institutions, in and outside Japan. Daiwa Securities SMBC Co. Ltd., is the Group's principal company in the wholesale securities business.

3. Asset management business

The Group provides development and management of stock, bond, and private investment trusts, as well as other investment management services. Daiwa Asset Management Co. Ltd. and Daiwa SB Investments Ltd. are the Group's principal companies in the asset management business.

4. Investment business

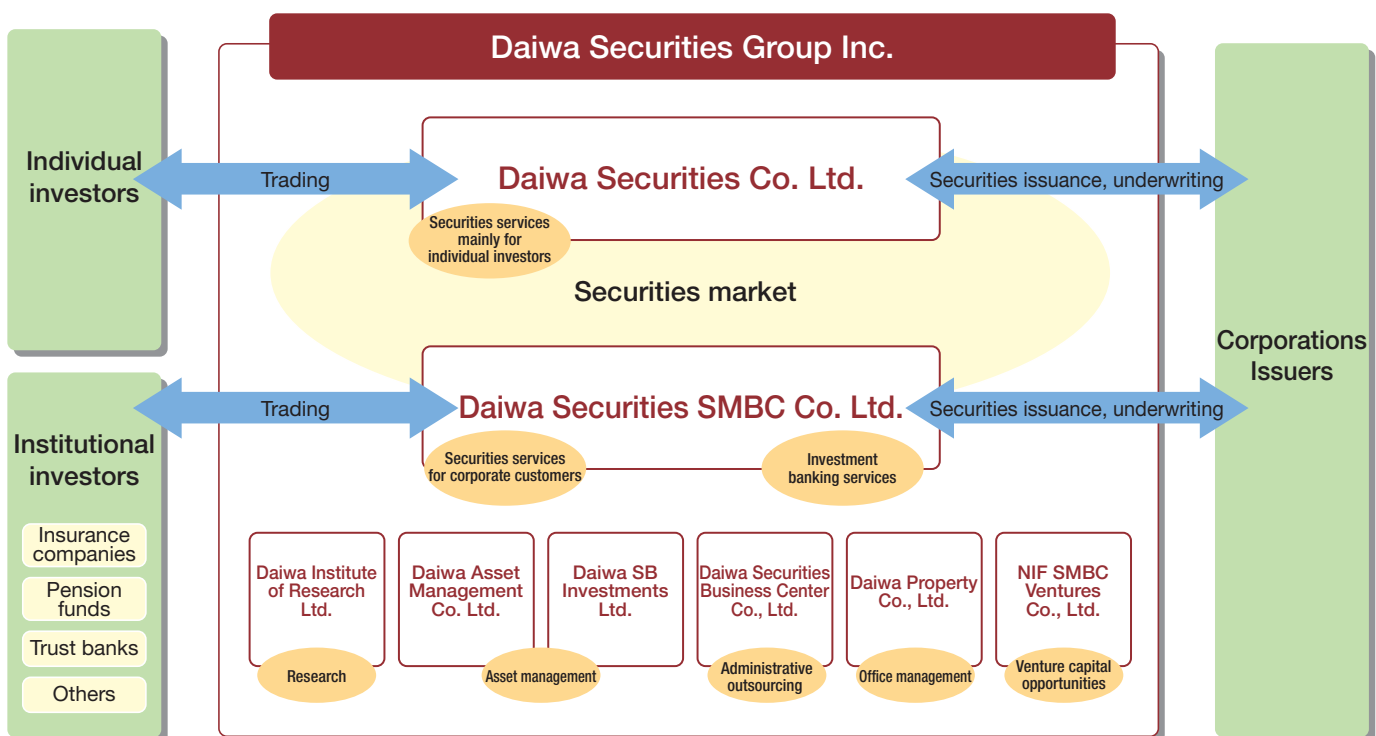
Using its own funds, the Daiwa Securities Group invests in private equity, monetary receivables, real estate, venture capital opportunities, and business regeneration. It also forms and manages investment funds. Daiwa Securities SMBC Principal Investments Co. Ltd. and NIF SMBC Ventures Co., Ltd. are the Group's principal companies in the investment business.

5. Research, systems, and consulting business

The Group is engaged in various forms of consulting and research reporting in fields such as management, finance, and information technology. This information is provided to institutional investors, corporate clients, financial institutions, and public institutions in and outside Japan. Daiwa Institute of Research Ltd. is the Group's principal company in the research, systems, and consulting business.

6. Group support

Services are supplied to member companies within the Daiwa Securities Group in areas such as administrative outsourcing relating to securities, as well as consulting for real estate and building management. Daiwa Securities Business Center Co., Ltd. and Daiwa Property Co., Ltd. are the Group's principal companies in the area of group company support.



▶▶▶ * For details about the individual companies within the Daiwa Securities Group, please visit the Group's website at <http://daiwa.jp/ir/english/index.cfm>.

Ltd., and the many other companies that support their operations. The Group is therefore able to provide its customers with a comprehensive array of investment and financial services.

■ Overview of retail securities business

Daiwa Securities Co. Ltd. provides financial asset management services mainly to individual customers through three channels: the 115 branches across Japan (as of March 31, 2006), the industry's largest call center, and over the Internet.

Direct sales and brokerage of stocks, bonds, investment trusts, and insurance products

The Daiwa Securities Co. Ltd. offers a wide array of financial products and services through its consulting services provided by sales staff. This effort is further enhanced by the Group's extensive sales support and detailed research. In fiscal 2005, the Daiwa Securities Co. Ltd. saw strong demand from individual investors for Japanese Government Bonds and foreign-currency bonds. Separately, the Group managed to raise ¥1 trillion from retail customers for the Daiwa Global Bond Fund, an investment trust composed of foreign bonds that pay monthly dividends.

Online trading

Daiwa Direct, the Group's online trading service, provides customers with a wide range of products, information and services, all within a highly stable, easy-to-operate system with reasonable transaction fees. Technical support services for Daiwa Direct are also offered at the branches of Daiwa Securities Co. Ltd.

Call Center

The Call Center has telephone service representatives (TSR), delivering customer service over the phone. In fiscal 2005, the Group increased the number of TSR and improved phone line capacity and interactive voice response (IVR) technology in order to handle a higher number of calls. In April 2006, the Call Center expanded from 300 to 450 operator lines.

Daiwa SMA

Daiwa SMA (Separately Managed Account) is a new investment management service for high net-worth customers. Each customer has a personal SMA consultant, who provides services and advice, such as assisting in the determination of an investment strategy based on the customer's individual investment needs.

Securities intermediary business

The securities intermediary business is gaining prominence in Japan as a new channel for the sale of securities products. Currently, the Daiwa Securities Group is working with the Sumitomo Mitsui Banking Corporation, the Sumitomo Trust & Banking Co., Ltd., regional banks, and non-financial corporations to help expand the customer base and sales of products and services.

■ Overview of wholesale securities business

By offering services in the area of corporate finance and investment, the Group supports all aspects of the institutional investor, corporate client, and financial institution, from business expansion to financial and capital strategies.

Brokerage and trading

In order to meet the funds management needs of institutional investors in and outside Japan, the Group offers brokerage and trading of stocks, bonds, derivatives, and a full range of other securities and financial products.

Investment banking services

Corporate finance

The Group offers companies in and outside Japan a wide range of services, including proposals for optimal finance and business strategies, advice on the issuing of stocks and bonds, and securities underwriting, based on research and analysis.

Initial public offerings (IPOs)

The Group supplies public offering guidance and underwriting services to companies seeking to raise funds and list on the stock exchange. Detailed business advisory services are offered in areas including corporate governance, internal control, and information disclosure.

Mergers and acquisitions (M&A)

The Group is engaged in putting forth proposals and executing deals relating to corporate link-ups, such as acquisitions and mergers, business tie-ups, capital participation, joint ventures, and stock swaps. Through cooperation with its overseas subsidiaries, the Group has also successfully executed cross-border M&A deals.

Structured finance

The Group securitizes many types of assets, repackaging them into products such as asset-backed securities (ABS) and real estate investment trusts (REIT). Securities backed by real estate or monetary receivables held by the company are issued under such structures.

Principal financing

In order to support the diverse needs of companies undergoing business reorganization or new business development, the Group invests in private equity, monetary receivables, and real estate.