

The Daiwa Securities Group is united in its efforts to build a highly transparent and objective corporate governance system in order to earn the confidence of all our stakeholders and continually improve our corporate value.

Corporate Governance System

With the aim of ensuring efficient management and thorough corporate governance, in 1999 the Daiwa Securities Group became the first Japanese listed company to transfer to a holding company system. In addition, Daiwa Securities Group Inc. adopted a committee system for the purpose of accelerating decision making. Under this system, directors entrust certain decision-making authority to executive officers; the supervising function of the Board of Directors has been reinforced through the establishment of the Nominating, Audit and Compensation committees; and management transparency has been enhanced.

The corporate governance system of the Daiwa Securities Group consists of:

- The Board of Directors, which serves in a supervisory role as well as Nominating, Audit and Compensation committees
- The Executive Committee, which serves as the executive body; and the Internal Control Committee, the Disclosure Committee and the Group IT Strategy Committee, which are subcommittees of the Executive Committee

Although our chairman of the board, who chairs the Board of Directors, is also an executive officer, he does not have any specific duties as an executive officer.

During fiscal 2008, Daiwa Securities Group Inc. held Board of Directors meetings 11 times, Nominating Committee meetings 4 times, Audit Committee meetings 12 times, and Compensation Committee meetings 6 times.

■ Corporate Governance System



*1 Outside directors

Tetsuro Kawakami:	Honorary Adviser, Sumitomo Electric Industries, Ltd.
Ryuji Yasuda:	Professor, Hitotsubashi University Graduate School
Koichi Uno:	Certified public accountant
Nobuko Matsubara:	Chair, Japan Institute of Workers' Evolution
Keiichi Tadaki:	Lawyer

*2 Nominating Committee

Internal	Akira Kiyota (Committee Chair):	Chairman of the Board and Executive Officer, Daiwa Securities Group Inc.
	Shigeharu Suzuki:	Director and President (CEO), Daiwa Securities Group Inc.
External	Tetsuro Kawakami	
	Ryuji Yasuda	
	Nobuko Matsubara	
	Keiichi Tadaki	

*3 Audit Committee

Internal	Saburo Jifuku (Committee Chair):	Director, Daiwa Securities Group Inc.
External	Koichi Uno	
	Nobuko Matsubara	
	Keiichi Tadaki	

*4 Compensation Committee

Internal	Akira Kiyota (Committee Chair)
	Shigeharu Suzuki
External	Tetsuro Kawakami
	Ryuji Yasuda
	Koichi Uno

■ Preventing Conflicts of Interest between Group Companies

Conflicts of interest between group companies can occur in situations such as intra-Group trading. The Daiwa Securities Group applies rules regarding conflicts of interest stipulated by the Company Law to Executive Committees. Conflicts of interest within the Group are prevented through a rule prohibiting an executive officer from voting when he or she is also the director of an interested group company.

■ Supervisory Function

The Board of Directors consists of 14 directors, including five outside directors.* The Board of Directors determines key management policy and supervises executive duties. In order to perform this supervisory role from multiple viewpoints in accordance with the demands of society, the policy for selecting new board members states that candidates must have a strong sense of ethics and lead by example. Additionally, external directors are experts in such fields as executive management and accounting.

In addition, Daiwa Securities Group Inc.'s supervisory function is reinforced by the Audit Committee and the Office of the Audit Committee. The Audit Committee, which consists of a majority of outside directors,* plays a central role in the supervision of executive duties. The Audit Committee is assisted by the Office of the Audit Committee, which is an independent department.

* Outside directors as defined by Article 2-15 of the Corporation Law.

■ Executive Body

The Executive Committee, consisting of 15 executive officers, is operated by Daiwa Securities Group Inc. The Executive Committee discusses and makes decisions regarding executive management, including the business strategy of the Group as a whole and Group-wide management issues. The Executive Committee has been entrusted with the greatest possible level of decision-making authority by the Board of Directors and holds monthly meetings, in principle. Some of the executive officers of Daiwa Securities Group Inc. also serve as key directors in Group companies in order to secure efficient and effective department strategies based on the overall Group strategy and from the perspective of Group management.

■ Internal Control

With the implementation of the internal control and reporting system for financial reports from April 2008, all Daiwa Securities Group companies completed the documentation of standards in three areas: company-wide control, business process control, and general IT control. Regulations for the internal control and reporting system were newly formulated and related regulations were amended accordingly.

In accordance with these regulations, from April 2008, the internal audit department evaluates the effectiveness of each Group company's internal control and reporting system, and each company's council confirms evaluation results, which are then reported to Daiwa Securities Inc. After these reports are received, the Internal Control Committee discusses them and presents resolutions, and based on those resolutions the Disclosure Committee determines the effectiveness of the internal control and reporting system. Following this, the chief executive officer and the chief financial officer draw up an internal control and reporting system report and only then declare to investors and other stakeholders that financial reporting is accurate.

Information Security Management

The Daiwa Securities Group is aware of its responsibility toward society to protect its information assets, including customers' personal information, from various threats and to handle information in a manner appropriate to the purpose for which it was originally obtained, and endeavors to maintain a high level of information security management. In order to maintain a secure information management system, the Group has formulated a basic information security policy and a privacy policy for protecting personal information. Going beyond these policies, the Group has established minimum standards for measures to be adopted and implemented security training regarding these policies and measures for all executives and employees in accordance with the responsibilities of their posts.

In terms of organizational response, individuals responsible for information security at each Group company participate in the Group IT Strategy Committee meetings of the Daiwa Securities Group Inc. in order to discuss Group information security measures and report information security risks to the Internal Control Committee.

In addition, to raise the level of information security within the Group, we operate in conformity with the Information Security Management System (ISMS). A number of Group companies have already obtained ISMS and privacy mark certification in accordance with the evaluation certification system.

Business Continuity Plan

In anticipation of possible damage to its sales branches or head office/head office functions and/or data center due to serious outbreaks of infectious diseases, such as the new-type influenza, as well as social infrastructure shutdowns caused by earthquakes, fires, wind and water damage, and abnormal weather, Daiwa Securities drew up a business continuity plan (BCP) prioritizing important operations*¹ to be restored or continued in the event of a natural disaster, in order to keep the securities market functioning and protect customers' economic activities.

In accordance with this plan, the Group will ensure the safety of customers and Group executives and employees and protect assets while continuing to pursue vital operations based on the public-interest aspect of our business as a securities company.

Specifically, the Group has promoted the digitization of data necessary for its business operations to establish state-of-the-art business continuity system in the financial industry. Equipped with Japan's highest-level backup center, Daiwa Securities Group Inc. has already completed the installation of thin client technology.*² This enables us to easily switch to an alternate system in case the headquarters cease to function and thereby continue vital operations through a substitute office location. The Group is considering the installment of thin client technology at sales branches.

*¹ Priority operations to be restored or continued:

1. Market settlement of securities transactions contracted but not delivered
2. Payment operations
3. New orders from customers to sell or to liquidate long positions on margin transactions for the products below
 - Domestic listed equities
 - MRF (money reserve funds), MMF (money market funds), medium-term government bond funds
 - Japanese government bonds for individual investors

*² Thin client:

A technology for the storage and administration of the totality of data in a single server instead of having individual employee control application software and files distributed among various terminals. This can streamline administration process and costs while reducing operational risks.

We promote CSR activities through stronger awareness among executives and employees and through communication with our stakeholders, actively disseminating information related to CSR both inside and outside the company.

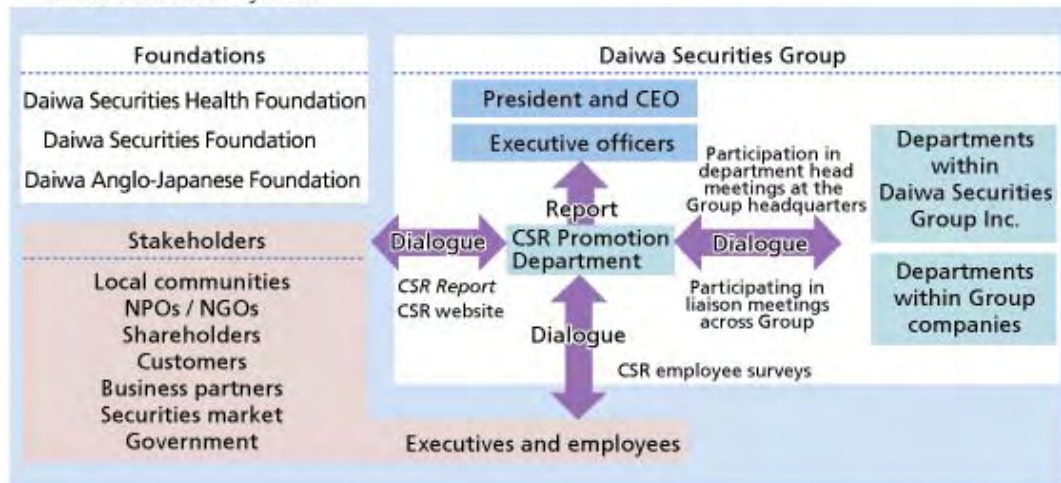
CSR Promotion System

We have established a CSR Promotion Department at Daiwa Securities Group Inc. that promotes CSR activities. This department participates regularly in department head meetings and departmental liaison meetings at Group headquarters and throughout the Group, where it reports on the Group's CSR activities and raises CSR-related issues.

The department is also in charge of organizing CSR study groups both inside and outside the Group to increase awareness of CSR and provides lectures for the Group's new employees, who gather from all over Japan for joint CSR seminars.

We are also establishing a scheme to share information on CSR-related activities with our 45 major overseas facilities (which include foreign subsidiaries, branches and overseas offices).

CSR Promotion System

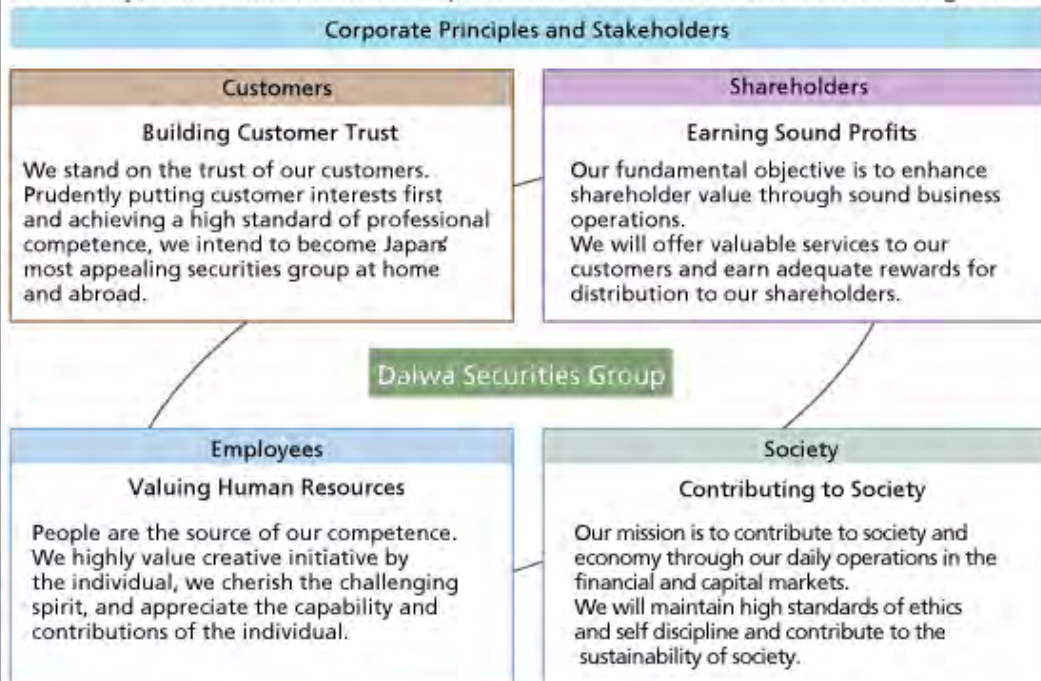


■ Abstract of the Daiwa Securities Group's Medium-Term Management Plan "Passion for the Best" 2011

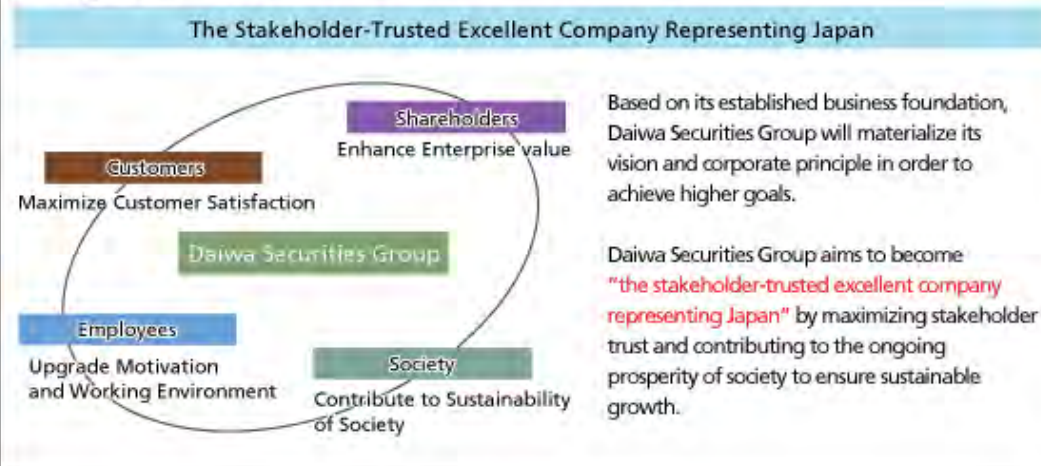
Corporate Mission and Principles

Daiwa Securities Group's mission is to contribute to the development of society and economy through daily operations, including wealth management and supporting corporate clients' activities.

The strong trust of stakeholders, including customers, shareholders, employees and the society, is essential to the accomplishment of our mission and sustainable growth.



Management Vision



CSR Employee Surveys

The Daiwa Securities Group implements CSR surveys covering all executives and employees in order to assess levels of CSR awareness as well as to raise such awareness. The fiscal 2009 survey is planned for autumn, and results will be disclosed in the *CSR Report 2010*.

We believe that compliance does not stop with the letter of law but that it includes all actions for winning the confidence of our customers and society. We are committed to enhancing both Group-wide initiatives and independent initiatives by our Group companies.

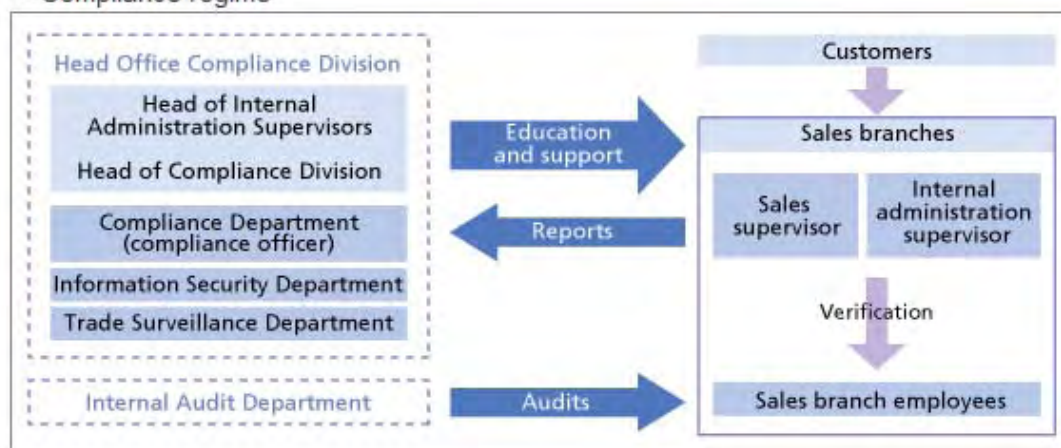
Compliance Regime

Daiwa Securities Group Inc. plays a central role in setting compliance policy for the entire Group. Meanwhile, policies initiated by individual Group companies must comply with different sets of rules and regulations, due to differences in the types and details of their businesses. For this reason, each Group company's compliance department plays a leading role in setting out detailed compliance regulations and response.

In fiscal 2008, Daiwa Securities Group Inc. initiated training pertaining to insider trading regulations, formulated its basic policy against criminal elements—a policy that has been distributed to all Group companies—and conducted monitoring in relation to the implementation of such regulations. Moreover, Daiwa Securities Co. Ltd. improved coordination among the head office and branches by making organizational and personnel revisions to bolster its internal control system. Daiwa Securities SMBC Co. Ltd. upgraded systems that comply with the Financial Instruments and Exchange Law and implemented risk management-related measures. At the same time, Daiwa Securities SMBC Co. Ltd. conducted surveys of actual conditions with the aim of establishing solid information management systems regarding corporations.

Owing to the above measures, the Daiwa Securities Group is doing its utmost to maintain and promote the compliance regime of the Group as a whole.

■ Compliance regime



■ Optimal Management of IT Resources

Appropriate distribution of fixed costs is the primary advantage for managing IT resources in a rational and flexible manner. When closed conditions are removed allowing the flexible allocation of fixed costs, it is possible to apply the necessary cost structure to areas as needed and this ultimately enables the Daiwa Securities Group to achieve improvements in the quality of its operations and services. It is with this purpose that Group companies have begun to introduce thin client, a move that the head office has already completed. We are currently examining the viability of introducing this technology at all sales branches.

Achievements anticipated from the introduction of thin client include a more efficient IT system environment and a continual strengthening of businesses in cases where damage is sustained from unforeseen events such as major earthquakes. In addition to this, thin client is important in terms of dramatically improving information security.

Rather than undertaking conventional information management through individual computer terminals, this new system centralizes control under a central server that is shared among departments and Group companies. Given that almost all past leakages of corporate data have occurred at the individual level, whether intentional or not, the introduction of thin client is said to be an effective measure that can substantially alleviate the risk of information leaks.

■ Measures against Criminal Elements

Reflecting stronger social pressure to eliminate the influence of criminal elements, the Japanese government drew up guidelines for corporations to prevent damage by such elements in June 2007. The Daiwa Securities Group, firmly believing that its role in the securities industry is to strongly resist criminal elements and enhance trust by creating a sound securities market, has taken various measures toward this end.

In fiscal 2008, the basic policy against criminal elements, which was formulated in fiscal 2007, was thoroughly implemented, while Daiwa Securities Group Inc. took the lead in accumulating more data in order to shut out criminal elements. Moreover, impacted by revisions made to the Financial Services Agency (FSA)'s comprehensive supervisory guidelines for financial traders in March 2008, the Daiwa Group is implementing rules for verifying criminal elements and monitoring organizations with the aim of upgrading the ability of each Group company to identify such criminal elements.

Basic Policy against Criminal Elements

Our stance

To ensure fairness and the sound development of the securities market and protect the safety of our customers and staff, the Daiwa Securities Group is creating a framework to eliminate the influence of organized crime groups, gang members, corporate extortionists and other criminal elements and taking systematic measures to cut all ties with such elements.

1. The Daiwa Securities Group will carry out no transactions of any type with criminal elements.
2. If it is determined that parties already having transactions with the Daiwa Securities Group are criminal elements, we will swiftly take appropriate measures to terminate dealings with them.
3. The Daiwa Securities Group will provide no funds to criminal elements.
4. The Daiwa Securities Group will accept no unfair demands from criminal elements. If it is determined that an unfair demand has been made by criminal elements, we will take legal action in the civil or criminal courts against the party making the demand.
5. The Daiwa Securities Group will establish close cooperative relationships with outside parties such as the police force, the National Center for the Elimination of Boryokudan [organized crime groups], legal experts and others.

■ Structure and Performance of the Corporate Ethics Hotline

Since January 2003, Daiwa Securities Group Inc. has operated a Corporate Ethics Hotline through which employees can report problems in the workplace directly to a corporate ethics officer or an outside lawyer. When the hotline is contacted, the Daiwa Securities Group Inc. corporate ethics officer, in cooperation with the internal control officers at each Group company, carries out a fact-finding investigation, while taking steps to protect the employee. The Corporate Ethics Hotline was contacted 41 times in fiscal 2008, a decline of 32 times compared with the previous fiscal year.

The Group is conducting training to enable anyone to use the Corporate Ethics Hotline without hesitation and is making efforts to respond as quickly as possible when calls are received. This has led to a broadening of the user base, and we believe that the hotline is now better known within the Group and is considered reliable owing to the success of these efforts.

Regardless of measures used to solve problems from here onward, we are taking steps to expand training about the hotline so that it can work effectively as a deterrent to prevent problems before they occur.

■ Examples of Complaints and Responses

Nature of complaint	Response
Power harassment, negative comments regarding character	After fact-finding, call superior's attention to the problem and provide close guidance
Acts falling under sexual harassment	After fact-finding, call staff's attention to the problem and provide close guidance
Questionable sales tactics or infraction of rules	After fact-finding, provide close guidance, including special training, of the individual(s) concerned

■ Compliance Initiatives

The Daiwa Securities Group holds numerous compliance training sessions, while making full use of e-learning. Daiwa Securities Co. Ltd. conducts the All Branch Unified Compliance Assurance Test that targets all sales staff (approximately 7,500) once every six months, while Daiwa Securities SMBC Co. Ltd. undertakes the Compliance Assurance Test for all executives and employees (approximately 2,000) once every year.

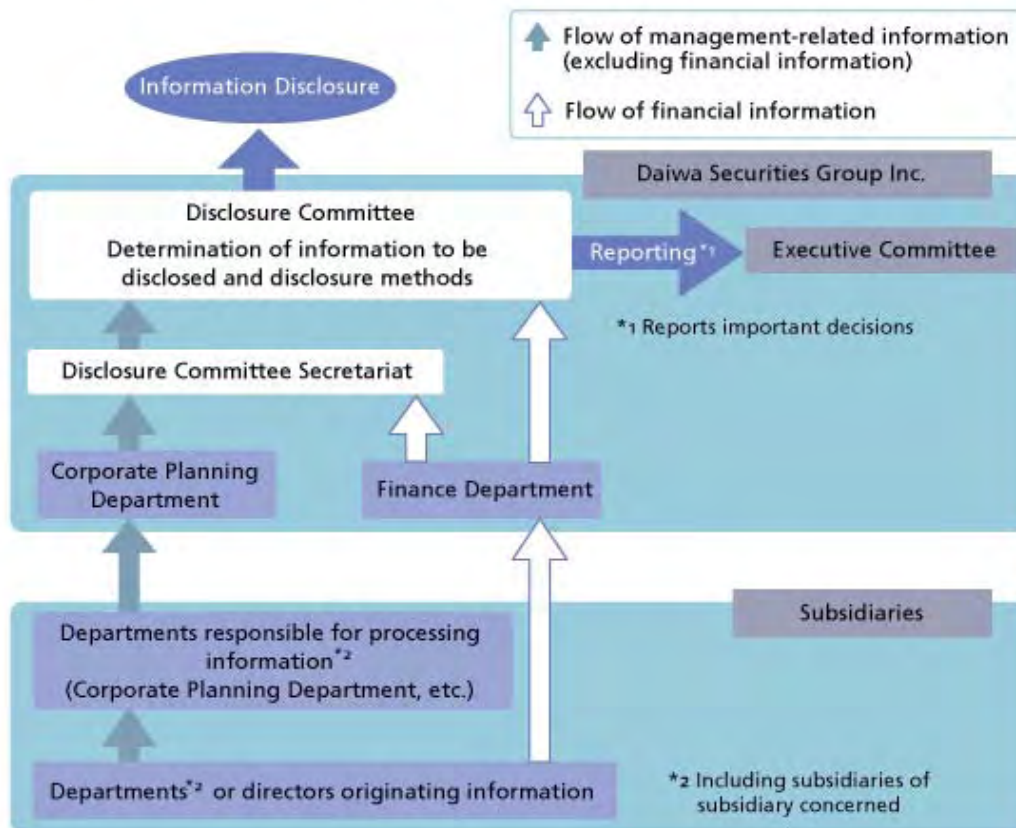
Daiwa Securities Group Inc. strives to secure its accountability through the fair and appropriate disclosure of corporate information while enhancing mutual communication with every stakeholder.

Information Disclosure System

Daiwa Securities Group Inc. has created Disclosure Regulations in order to achieve its Disclosure Policy. Our Disclosure Committee, a subcommittee of the Executive Committee, is responsible for final decisions regarding disclosure in accordance with these regulations.

Group companies also create rules for controlling the release of management-related information. We have created a uniform disclosure system for the entire Group. Group companies collect and report information to Daiwa Securities Inc. without fail, including posting management-related information contact lists on our in-house network.

Information Disclosure Flow at the Daiwa Securities Group



Disclosure Policy

- We will observe the fair and timely disclosure of important financial, social and environmental information ("Management-related Information") regarding the Daiwa Securities Group so that our stakeholders (including shareholders, investors and the communities we operate in) may understand and maintain realistic expectations of the Daiwa Securities Group.
- We will comply with the Securities Exchange Law and other laws and ordinances related to securities transactions and the various rules of the stock exchanges on which our stock is listed.
- We will endeavor to achieve fair disclosure both in terms of content and timing.
- We will utilize various communication channels including presentations, telephone conferences, the Internet and printed materials in order to disclose information in an easy to comprehend manner for investors.
- We will consciously act as a leader of the securities markets in terms of disclosure and set the standards for all other listed corporations.
- We have established the Daiwa Securities Group Inc. Disclosure Regulations, which define guidelines such as the setting up of a disclosure committee and the methods of disclosing management-related information, in order to fulfill the spirit of this Policy.

Communication with Shareholders and Investors

Daiwa Securities Group Inc. is facilitating communication with its shareholders and investors as part of its investor relation (IR) approach.

Specifically, we focus on information disclosure, including the issuance of annual reports, business reports and fact sheets, as well as the expansion of the scope of information on our IR website, while participating in various events tailored for individual investors and setting up opportunities for direct communication. In these ways, the Daiwa Securities Group widely promotes an understanding of its business activities among shareholders and investors.

■ Shareholder Initiatives

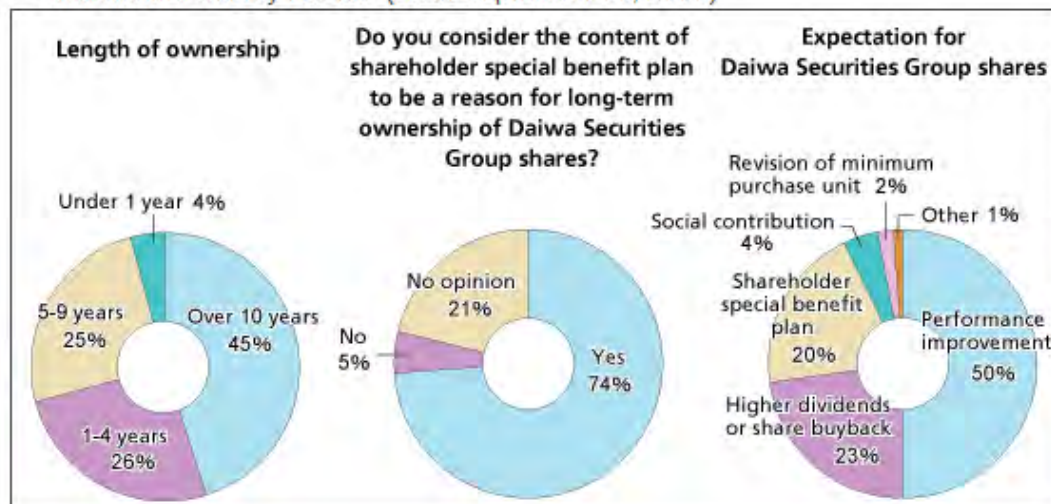
The general meeting of shareholders is an opportunity for direct communication with our shareholders. To encourage higher attendance, in 2006 we began holding regular general meetings of shareholders on Saturdays. A total of 2,061 shareholders attended our 72nd regular general meeting of shareholders, held on June 20, 2009. After the meeting, there was a break for light refreshments, followed by a lecture. The meeting was also broadcast live via satellite to halls in Osaka and Nagoya for those who were unable to visit the venue in Tokyo. A total of 1,111 people gathered in Osaka and Nagoya to observe the meeting.



In addition, Daiwa Securities Group Inc. increased the number of opportunities for shareholder to review their subscription to the (personal) special benefit plans twice a year, namely the interim period and year-end. At these times, shareholders can select various items from the shareholder special benefit catalogue, which encompasses local specialties; exchange points for the Daiwa Point Program; obtain a copy of quarterly corporate report; or get a shareholder special benefit guidebook/taxation reader.

Furthermore, the Group constantly carries out shareholder surveys so that it may reflect shareholders' opinions and comments in its management and IR activities. Survey results are also reflected in order to improve the shareholder special benefit program.

■ Shareholder Survey Results (As of September 30, 2008)



The Daiwa Securities Group is making efforts to create a strong, lasting relationship of trust with its customers by offering high value-added services.

Initiatives to Strengthen Relationships of Trust with Customers

Actively Pursue Post-Sales Follow Up

After-sales follow up is an important service for building trust among customers. At Daiwa Securities, we stress the importance of this point during sales and branch staff training, beginning with hospitality training for new employees.

We follow up with customers through monthly investment seminars and other activities at Daiwa Securities branches as well as by utilizing live Internet seminars. In the wake of rapid changes in market conditions that occurred fiscal 2008, we have been providing seminars related to monitoring market prices/rates in Japan and overseas on a continual basis. In addition, we have been striving to provide information in a timelier manner to customers by making it possible to view special reports published by investment trusts on the Daiwa Securities website.

We will continue to enhance our efforts to follow up with customers by utilizing feedback obtained via questionnaire reply post cards and our Call Center.

Improving Branch Staff Customer Service Skills

In addition to their specialized knowledge of markets and products, employees who deal directly with customers at our branches must continually upgrade their customer service skills with emphasis on attentiveness and consideration. To reinforce their awareness, we remind employees of the importance of hospitality at all stages of training.

Hospitality training, which is conducted for new employees at Daiwa Securities branches, has been made more practical by focusing on role-playing based on each training theme in addition to the basic content of this course. Beyond group training, we also conduct regular assurance testing on a continual basis by taking advantage of e-learning.

Employee Education

As part of our activities to enhance employee education, we created a new Education and Training Department in October 2007 by amalgamating the Personnel Department's Training Section and the Branch Education Support Department's Education Promotion Section with the goal of further enhancing employee training at all Daiwa Securities Group companies. With regard to training programs for young sales staff, we actively implement training that is more practical by focusing on role-playing to develop specific responses to foreseeable situations. Satellite broadcasts and video conferencing telephone systems are utilized to convey information as well as to make training and workshops more efficient.

We now provide even more opportunities than before to acquire specialized product knowledge during the three month-long group training stage for new employees by introducing systems that assign specialist instructors and allow heads of departments in charge of our various products to participate by doubling as trainers.

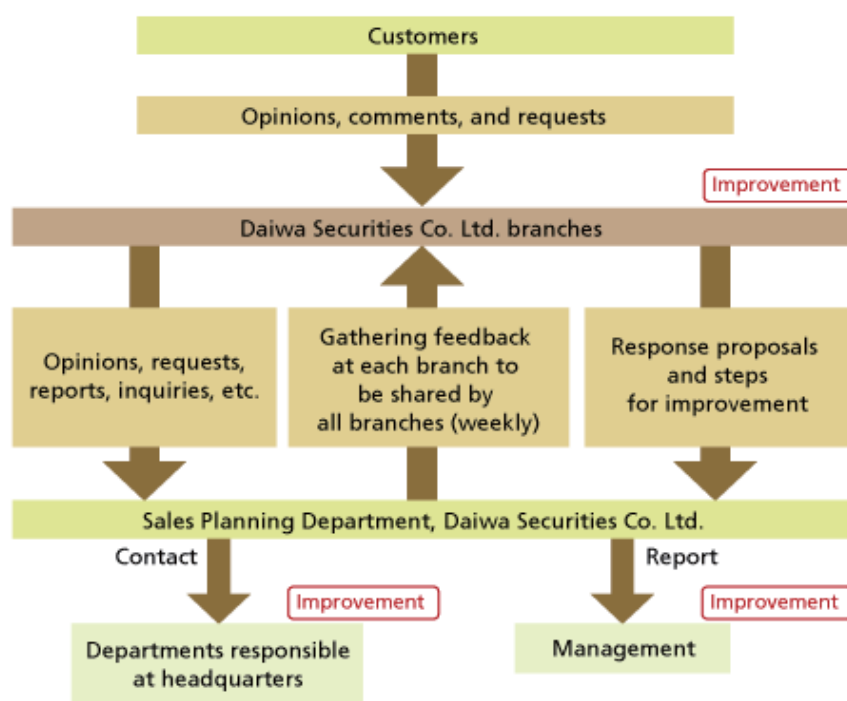
■ Call Center Initiatives

Our Call Center, which is the largest in the domestic industry, is staffed by 450 telephone service representatives (TSRs) who take orders, describe products and handle queries about clerical procedures or requests for sales literature. Our Call Center is one of the main channels supporting our business model, which centers on the Daiwa Consulting and Daiwa Direct transaction channels, while playing a critical role in areas such as transaction channels, customer support and marketing that leads to improved operations through customer feedback.

We implement training and regular level checks for TSRs in order to further improve call center operations to meet the demand for high-quality service.

When problems are brought to the attention of our Call Center, we make sure to analyze the available data for the cause in each case and communicate the results and provide feedback to the related departments and sales branches, in order to further improve our service and customer handling. Through these measures, we are making every effort to increase customer satisfaction.

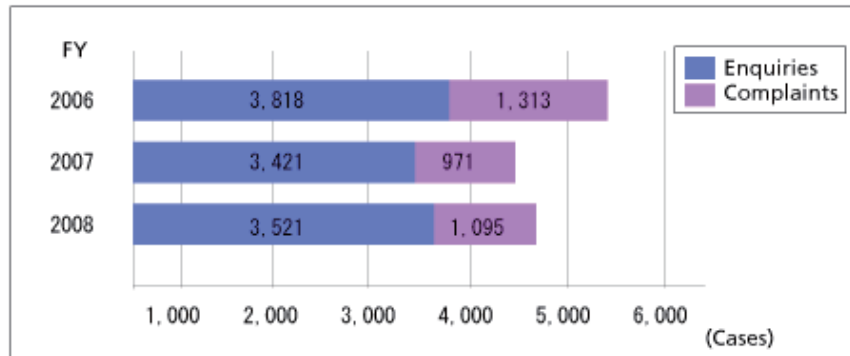
■ Systems that Utilize Customer Feedback



■ Calls Received at Our Customer Call Center

Our Customer Call Center, which handles customer feedback directed to Daiwa Securities Co. Ltd.'s head office, deals with customer complaints regarding all operations company-wide—including those of sales branches—in a consistent manner characterized by the appropriate and rapid handling of such complaints. The volume of calls and complaints received at our Call Center in fiscal 2008 increased slightly, which we believe is primarily attributable to the rapid deterioration of market conditions since fall 2008. In terms of customer complaints, we constantly endeavor to increase the level of service we provide to customers by investigating improvement measures in conjunction with related departments on the basis of analyses of monthly trends and causes.

■ Customer Call Center Calls Received



The Daiwa Securities Group is committed to establishing a sound work-life balance by creating a workplace where executives and employees feel that their work is fulfilling and that sustains their high motivation.

■ Employees at the Daiwa Securities Group (Consolidated) (persons)

		As of March 31, 2007			As of March 31, 2008			As of March 31, 2009		
		Employees	Financial advisor	Temporary employees*1	Employees	Financial advisor	Temporary employees*1	Employees	Financial advisor	Temporary employees*1
Japan	Male	7,341	324	–	7,821	256		8,281	181	–
	(Career track*2)	6,613	(–)		7,083			7,662	(–)	
	(Managers)	3,641	(–)		3,740			3,919	(–)	
	Female	3,666	593	–	4,401	465		4,812	378	–
	(Career track*2)	1,515	(–)		1,970			2,184	(–)	
	(Managers)	110	(–)		119			139	(–)	
	Japan Total	11,007	917	1,914	12,222	721	1,882	13,093	559	1,553
Overseas	1,340	–	37	1,513		34	1,572	–	35	
Total	12,347	917	1,951	13,735	721	1,916	14,665	559	1,588	

*1 Temporary employees are part-time hires; the figure shown here is the average number of such employees over the year. This class of employees is made up mostly of women but includes some men.

*2 Includes regional career-track employees and specialist positions.

Hiring Initiatives

The Daiwa Securities Group believes that long-term employment is essential for fostering confidence, pride in the company and a sense of solidarity. Toward this end, we are focusing on establishing a system, predicated on long-term employment, for expanding the number of employees who can share these ideas.

In April 2009, we hired 833 new graduates. We believe it is vital for prospective employees to understand our ideas, and therefore we are providing opportunities for communication in our hiring process by holding seminars and small meetings throughout Japan for student job-seekers.

■ Number ^{*1} of New Graduates Hired by the Daiwa Securities Group (persons)

		April 2007	April 2008	April 2009
Career-track employees/ Regional career-track Employees ^{*2}	Male	570	551	388
	Female	610	471	328
General Employees	Male	0	1	7
	Female	243	241	110
Total		1,423	1,264	833

*1 Total of 10 companies: Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Securities SMBC Co. Ltd., Daiwa Asset Management Co. Ltd., the three companies comprising the Daiwa Institute of Research Ltd., Daiwa SB Investments Ltd., Daiwa Securities Business Center Co., Ltd. and Daiwa SMBC Capital Co., Ltd.

*2 Regional career-track employees: A class of career-track employees who stay in one region and are not subject to transfers that require a change of residence. Full-scale hiring of new graduates in this class began in April 2002.

■ Professional Return Plan

We implemented our Professional Return Plan (rehiring of sales staff) in fiscal 2005. Under this system, sales staff who have retired from the Daiwa Securities Group due to marriage, having children, providing nursing care or other reasons and who wish to return to work, can be re-hired as full-time employees.

■ Rehiring of Veteran Employees

We actively employ veteran employees under the Daiwa Master System, which offers extended employment to age 65 to employees reaching the mandatory retirement age of 60 who meet certain criteria and wish to continue working. We are taking steps to employ highly motivated and experienced older people.

■ Reemployment under the Daiwa Master System (Daiwa Securities Group Inc., Daiwa Securities Co. Ltd. and Daiwa Securities SMBC Co. Ltd.) (persons)

	FY2006	FY2007	FY2008
No. of employees hired under the Daiwa Master System	6	14	36

■ Employing Persons with Disabilities

As of March 31, 2009, persons with disabilities accounted for 1.87 percent of our workforce, averaged across eleven Group companies. In fiscal 2007, we implemented a system enabling contract employees to acquire full-time employee status. In fiscal 2008, we began hiring new graduates with disabilities as full-time sales staff; 15 persons were hired by Daiwa Securities Group Inc., Daiwa Securities Co. Ltd. and Daiwa Securities SMBC Co. Ltd. in April 2009.

■ Employment Rate for Persons with Disabilities (Average across the Eleven Principal Group Companies, as of Each Fiscal Year-end)

	FY2006	FY2007	FY2008
Employment Rate for Persons with Disabilities	1.95	1.87	1.87

Human Resources Development and Skill Upgrading

With the goal of making Daiwa the number one professional team in the industry, we focus on human resources development. In particular, we see the first three years of employment as the optimum period for acquiring knowledge and skills, and we offer a broad range of training programs to employees at this stage of their careers. We created a new Education and Training Department in 2007 in Daiwa Securities Co. Ltd. We have expanded our training system for young employees and introduced coaching training and other initiatives aimed at improving the abilities of intermediate-level staff to direct younger employees in the field. For employees in their fourth year of employment, we conduct group training in order to reinforce awareness that they are working for the Daiwa Securities Group and fostering solidarity among colleagues. We also conduct selected management training that includes the Daiwa Management Academy and the Daiwa Leadership Program, which are aimed at managers.

Furthermore, we have adopted a system requiring a certain number of points, based on qualifications obtained, to increase the aspirations of employees.

Selected Management Training, Skill Upgrading Trainees

Selected Management Training (persons)

Daiwa Management Academy					
	FY2004	FY2005	FY2006	FY2007	FY2008
Trainees (total)	130	150	169	190	210

(persons)

Daiwa Leadership Program					
	FY2004	FY2005	FY2006	FY2007	FY2008
Trainees (total)	356	415	443	473	507

Skill Upgrading (persons)

Consulting Skill Training					
	FY2004	FY2005	FY2006	FY2007	FY2008
Trainees (total)	190	275	301	379	449

Internal (Intra-Group) Job Postings and New Career Path Examinations

The Daiwa Securities Group's internal (intra-Group) job posting system has been in place since fiscal 2000. This facilitates personnel transfers across Group companies and gives employees the opportunity to explore different career options and apply their capabilities to the fullest. In fall 2008, six out of 54 applicants were successful. There have been a total of 745 applicants since 2000, and a total of 135 successful transfers. The Group also offers new career path examinations for those in non-career-track jobs to move into career-track and regional career-track jobs.

■ Successful Applicants in the Internal Recruiting System (persons)

Held	Positions offered in	No. of applicants	No. of successful applicants
FY2005 spring (8th recruitment)	Compliance, product development, investment advisors, M&A, principal finance specialists, analysts	87	24
FY2005 fall (9th recruitment)	Corporate sales, product development, overseas postings	40	9
FY2006 spring (10th recruitment)	SMA consultants, individual and corporate sales, product development, analysts, dealers	38	10
FY2006 fall (11th recruitment)	Corporate sales, traders, principal finance specialists	47	6
FY2007 spring (12th recruitment)	Corporate sales, underwriting	29	3
FY2007 fall (13th recruitment)	SMA consultants, institutional investor sales, underwriting, fund management, overseas postings	43	8
FY2008 fall (14th recruitment)	Analysts, traders, institutional investor sales, overseas, venture capitalists	54	6

■ Basic Employee Statistics (Daiwa Securities Group Inc.)

	FY2006	FY2007	FY2008
Average annual salary*	¥11.87 million	¥10.32 million	¥7.06 million
Average age	37.9	37.7	37.1
Average number of years of service	11.4	11.2	10.7

*Average annual salary includes bonuses and other forms of additional remuneration.

■ Persons Earning Credentials (Eleven Principal Group Companies) (persons)

Figures as of Qualification	March 31, 2007	March 31, 2008	March 31, 2009
	No. of persons obtaining	No. of persons obtaining	No. of persons obtaining
Financial Planner (AFP)	2,445	2,725	2,997
Financial Planner (CFP)	234	263	279
Chartered Member, Security Analyst Association of Japan	1,444	1,347	1,372
Chartered Financial Analyst (USA credential)	46	42	47
Licensed Tax Accountant	17	17	20
Variable Insurance Sales Credentials	5,579	6,111	6,384
Systems Analyst	28	46	54
Overseas MBA program graduate, etc.	153	168	176

| Evaluation System

To make its evaluation system fair and acceptable to employees, the Daiwa Securities Group implements a two-way evaluation system in which subordinates evaluate their superiors and a multi-directional evaluation system in which evaluations are received from collaborating departments. Multi-faceted evaluations are carried out that also take compliance-related performance into account.

| Creating a Workplace Supportive of Work-life Balance

■ Encouraging Work-life Balance

The Daiwa Securities Group believes that companies in the future will need to enable everyone working for them to have satisfying private and professional lives. In April 2008, we established a Work-life Balance Promotion Committee, with Daiwa Securities Group Inc. President and CEO Shigeharu Suzuki as chief work-life balance officer (CWO) and executives from the Daiwa Group companies in charge of human resources as members. In addition, a Work-life Balance Promotion Department was created at Daiwa Securities Group Inc., and was reorganized into the Work-life Balance Promotion Division in July 2009 to reflect an increase in the number of staff members. This is a Group-wide undertaking aimed at balancing work and private life in order to improve motivation among all executives and employees.

One specific initiative is Daiwa Securities Group Inc.'s participation in a model work-life balance project promoted by the Ministry of Health, Labour and Welfare. We contribute to society through this project by implementing enhanced measures for work-life balance and by also communicating information outside the company about the measures we are taking.

A significant transformation of work practices resulted from asking employees to leave the office before 7:00 p.m., a directive that began in earnest in July 2007. Moreover, since fiscal 2008, policies to encourage executives and employees to take yearly paid leave have been promoted with the aim of creating a work environment where it is easy to take time off. As a result, not only have paid vacation usage rates increased but the number of male employees and executives taking childcare leave has risen owing to amendments made to the Group's childcare leave system that make it easier for male executives and employees to take childcare leave. Daiwa Securities Group has been holding internal seminars since November 2008 in order to promote employee understanding of the philosophy behind work-life balance and the purpose of related Group initiatives. To date, such seminars have been held 20 times with 1,600 employees attending.

The Group has been expanding its assistance for nursing care providers through such measures as establishing the Daiwa Child Care and Nursing Support Desk in April 2009, which provides employees with practical advice regarding child-rearing and providing nursing care. At the same time, the Group has updated its child-care support website (former Daiwa Family Net website), adding nursing care-related content. This website, which promotes work-life balance, is now known as the Daiwa WLB Station. To help establish practical systems, we will be monitoring and analyzing the extent to which various leave programs are being used and how this relates to productivity.

■ Working Hours and Paid Vacation Usage Rate (Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Securities SMBC Co. Ltd.)

	FY2006	FY2007	FY2008
Annual regular working hours (hours)	1845.0	1837.5	1837.5
Average monthly overtime hours (hours) ^{*1}	26.2	25.2	21.3
Paid vacation usage rate	35.6%	37.4%	57.0%
Paid vacation usage rate (including special summer vacation) ^{*2}	44.5%	46.5%	63.6%

*1 Figures indicate employees at the three companies who are members of the Daiwa Securities Group Employees' Union.

*2 In addition to annual paid vacation, the Daiwa Securities Group offers three days of special summer vacation. These figures show the usage rate for annual paid vacation when special summer vacation is included.

■ Helping Women Use Their Abilities in the Workplace

The Daiwa Securities Group actively supports its female employees, introducing a wide range of opportunities and programs to enable women to make the most of their capabilities in the workplace. In February 2005, Daiwa Securities Group Inc. started up a Women's Support Action Team, which has introduced programs in Group companies to help women balance work and family life, such as leave of absence for childbirth or child care, exemption from overtime work and so on.

Daiwa Securities Group Inc. expanded measures to promote these programs through the following measures: it made changes to its system in which superiors encourage female employees to use these programs in fiscal 2007; distributed a synopsis of these programs to all managers in fiscal 2008; and, in April 2009, established the Daiwa Child Care and Nursing Support Desk to provide consultation services and updated the Daiwa WLB Station, which promotes work-life balance. Consequently, these measures have helped executives and employees understand the programs better and created a workplace atmosphere more supportive of those using the programs. In addition, the Women's Career Design Seminar and Career Design Training programs are offered at Group companies to enable female employees to take the initiative to map out their careers. At the same time, managers, mainly members of the Women's Support Action Team and Work-life Balance Promotion Division, seek out female employees to discuss various issues. As of April 2009, of Daiwa Securities Co. Ltd.'s 117 branches, eight are headed by women. In addition, four new female executive officers were appointed throughout the Group.

■ Main Initiatives of the Female Employee Support Plan (as of March 2009)

Program name	Program description
Professional Return Plan (re-hiring of sales staff)	Offers opportunities for re-employment to former full-time employees who left their jobs due to marriage or childbirth
Job Location Change System	Offers a position in a new location when an employee must relocate due to marriage or spouse's job transfer
Childcare leave, shortened work hours	Employees can take childcare leave or opt for shortened work hours until their child's 3rd birthday
Exemption from or restricted overtime work	Employees can apply for an exemption from overtime work until their child completes the 3rd grade of elementary school. Employees can also apply for restricted overtime work until their child completes the 6th grade of elementary school.
Day care subsidy	The company offers a subsidy for day care expenses until the employee's child begins elementary school (age 6).
Expanded leave system	The company encourages employees to take paid vacation and has introduced leave for marriage preparations or "family day" leave to give employees a chance to spend time with their families.
Follow-up on program use	The Personnel Department keeps track of individual employees' childcare-related schedules and notifies them of programs available at the appropriate time.
Support after returning to work	Daiwa WLB Station, a work-life balance promotion website that focuses on various support systems related to child-rearing and nursing care, provides information for employees on childcare leave as well as support to facilitate their smooth return to the workplace.

■ Daiwa Securities Group's Female Employee and Manager Ratios in Japan

	March 31, 2007	March 31, 2008	March 31, 2009
Ratio of female employees to all employees	33.3%	36.0%	36.8%
Ratio of female managers to all manager	2.9%	3.1%	3.4%

■ Mental Health

Both mental and physical health is fundamental to ensuring that executives and employees are able to fully utilize their abilities in the course of their duties. For this reason, the Health Support Promotion Department was established as a mental health support system. The Health Support Promotion Department is staffed with two certified clinical psychologists and one industrial counselor who are available to provide consultations to support Group executives and employees. Moreover, we maintain arrangements with outside specialists so that Group personnel and their families can receive prompt attention anywhere in Japan.

We will undertake measures to build the mental health of Group executives and employees primarily through training that focuses on self care and care provided by superiors and colleagues in the workplace. These measures will be conducted from the standpoint of primary prevention (proactive prevention), secondary prevention (early detection and treatment) and tertiary prevention (relapse prevention, facilitate a return to work).

■ Human Rights Awareness

The Daiwa Securities Group has been a member of the Industrial Federation for Human Rights, Tokyo since 1998. Daiwa Securities Group Inc. established a Human Rights Awareness Promotion Committee which is headed by the Daiwa Securities Group Inc. director in charge of personnel management. All heads of Group departments and branches are members of the committee, which meets regularly and conducts activities to enhance awareness of human rights, such as training for executives and employees and canvassing for slogans. The Daiwa Securities Group will continue its human rights awareness initiatives to ensure fair, discrimination-free hiring and create a gender-equal society.

■ Workplace Environment

In December 2007, Daiwa Securities Group Inc. and the head offices of Daiwa Securities and Daiwa Securities SMBC relocated to GranTokyo North Tower. Prior to this, all Daiwa Securities sales branches were renovated to provide more spacious surroundings for customers and make the workplace more pleasant for employees.

■ Employee Welfare System Usage (Consolidated) (persons)

		FY2006	FY2007	FY2008
Number of employees taking childcare leave*	Female	150	209	245
	Male	2	4	14
Number of employees taking nursing care leave	Female	3	6	2
	Male	0	3	1

* Employees eligible for childcare leave include non-regular employees (contract workers, part-timers, etc.).

■ Communication

The Daiwa Securities Group believes that communication with executives and employees is vital. Communication takes place through interviews with the Personnel Department and a semi-annual self-assessment questionnaire giving personnel an opportunity to voice comments or wishes. We take proactive efforts to reflect the voices of executives and employees in such areas as spring labor negotiations with the Employees' Union and findings from union member questionnaires conducted by the union in a variety of policies and initiatives. Other communication activities include our "Salon de Woman," a forum for communicating with young female sales staff and female sales staff with children, and Personnel Department staff participation in events organized by the Employees' Union. These activities give us opportunities to hear directly from executives and employees and reflect what we learn through such contacts in various policies and programs.

■ Number of Employees' Union Members

(Nine Principal Group Companies,* as of the End of Each Fiscal Year) (persons)

	FY2006	FY2007	FY2008
Employees' union membership	6,078	6,969	7,666

* Does not include Daiwa Asset Management Co. Ltd., which has its own employees' union, and Daiwa Property Co. Ltd., which has no employee union.

■ Initiatives for Families

The Daiwa Securities Group undertakes various activities to help executives' and employees' families become more familiar with the company. We invite the families of prizewinners to the Daiwa Securities President's Awards ceremonies held twice a year, and all families receive flowers for Christmas. We are also striving to enhance a variety of programs through such measures as the introduction of a "family days off" holiday to make it easier to take paid vacation time and mental health support programs that target executives, employees and their families. In December 2007, we introduced a system providing a two million yen benefit for employees' third or subsequent children to offset the financial burden of child-rearing. Since fiscal 2008, we have been designating days when employees can invite family members to their workplaces.

External Evaluations

Daiwa Securities Group Inc. received the Ministry of Health, Labour and Welfare's family-friendly employer certification in June 2008 as a company that actively supports the development of the next generation. This certification has been obtained by Daiwa Securities Co. Ltd., Daiwa Securities SMBC Co. Ltd., Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd., Daiwa Institute of Research Business Innovation Ltd. and Daiwa Securities Business Center Co., Ltd.

Daiwa Securities Group Inc. ranked 7th overall (and 1st in the finance industry) among the Best 100 Companies for Women to Work At in the May 2008 issue of *Nikkei Woman Magazine* and ranked No. 1 in the Providing Opportunities for Women in the Workplace category. In the survey of Companies with Best Working Conditions, featured in the September 2008 issue of the *Nihon Keizai Shimbun* and *Nihon Keizai Sangyo Shimbun*, the Company placed 14th overall and 1st in the securities industry. Furthermore, in the 2009 Career Search Survey ranking for university students graduating in 2010, conducted by the weekly magazine, *Diamond*—which focused on the banking and securities industries—Daiwa Securities Group Inc. placed 4th among men and 3rd among women, while coming in 5th in a similar survey undertaken by *Nihon Keizai Shimbun*.



Certified Family-friendly
Employer

As part of its corporate citizenship activities, the Daiwa Securities Group supports social welfare projects, executive and employee participation in volunteer work, providing support for cultural and artistic activities, and offering grants through foundations and NPOs for the benefit of the international community, and it continues to take part in various initiatives primarily in the following four fields of activity.

■ Initiatives and Targets

1. Education and research activities in the fields of economics and finance
2. Encouraging volunteerism among executives and employees
3. Support for culture and the arts
4. Assistance to communities on both the local and the international level through foundations and NPOs

■ The Daiwa Securities Group's Initiatives as a Corporate Citizen

	Type of Activity	Main Activities in FY2008	Expenditure (unit: ¥1,000)		
			FY2006	FY2007	FY2008
1. Education and research activities in the fields of economics and finance	Initiatives for elementary, junior and senior high school students	Student Company Program (SCP) , Finance Park , etc.			
	Academia-business cooperation and initiatives for universities, graduate schools and the public	Course endowment, joint research, entrepreneurial support, etc.	249,518	225,524	214,283
2. Encouraging volunteerism among executives and employees	Self-planned programs	Hands-on environmental experience on Mount Takao, sign language course, etc.	6,765	6,471	6,475
	Joint programs	Hands-on disaster contingency planning course, Sumida River cleanup, etc.			
3. Support for culture and the arts	Support for culture and the arts	"Renoir + Renoir" Exhibit, Daiwa Shoken Group Presents the First Performance of the Opéra National de Paris in Japan, Takarazuka Revue Company Reserved Performance, etc.	517,000	560,000	530,000

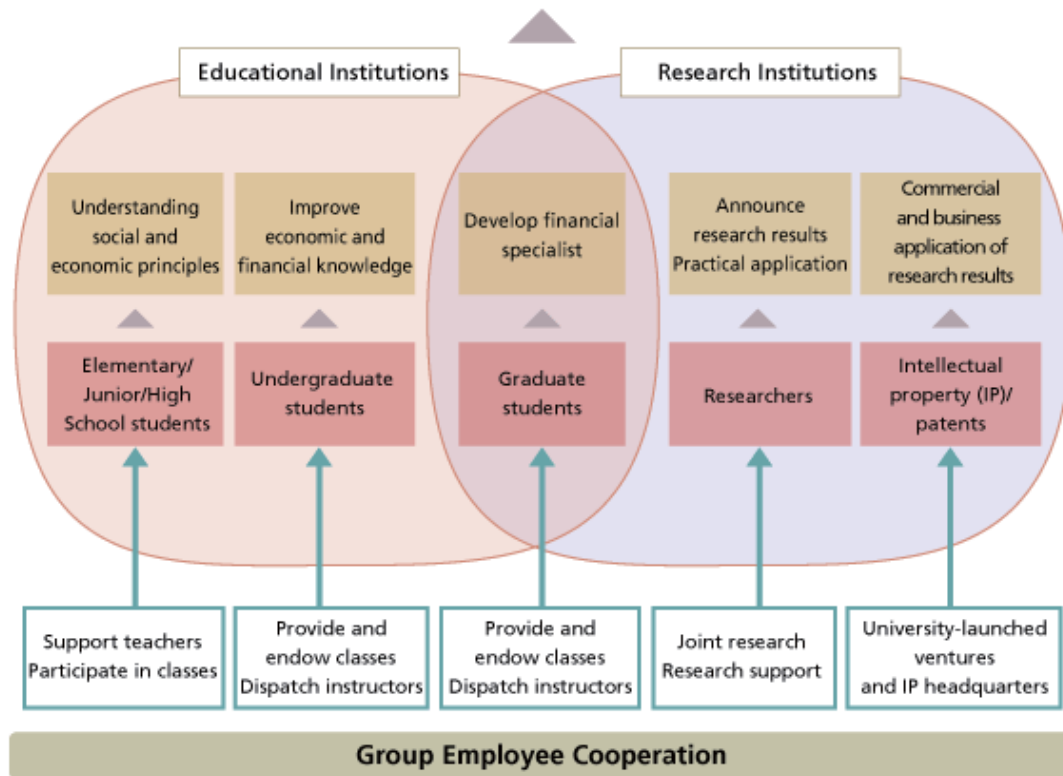
4. Assistance to communities on both the local and the international level through foundations and NPOs	Foundations	Daiwa Securities Foundation	Support for volunteer activities in the fields of stay-at-home seniors, the disabled, child problems, etc.	136,097	141,806	147,765			
		Daiwa Securities Health Foundation	Health, medical care and welfare-related aid						
		Daiwa Anglo-Japanese Foundation	Promotion of mutual understanding between Britain and Japan, acceptance of foreign students						
	Assistance Programs	The Daiwa Securities Group Tsunami Reconstruction Fund	Ongoing reconstruction support for disaster-affected areas caused by the December 2004 Sumatra Earthquake and the Indian Ocean Tsunami						
		Daiwa SRI Assistance Program	Aid for personnel costs and staff education costs of NPO that provide support in fields involving human life						
		Daiwa Eco Fund Assistance Program	Daiwa JFS Sustainability College , Daiwa CI Biodiversity Conservation Fund						
		Daiwa/Russell/GEF Project to Support the Spread of Environmental Technology	Creation of handbook of basic environmental technologies that enable the development and management of resources and personnel in developing countries						
	Disaster relief, sponsorship fees, etc.		Reconstruction support for the Sichuan Earthquake, etc.						
	Total						909,380	933,801	898,523

1. Education and Research Activities in the Fields of Economics and Finance

Taking advantage of the knowledge and expertise built up in our main businesses of economics and finance, we are actively engaged in business-academia collaboration, and we also support economic education programs in junior and senior high schools, in order to teach young people knowledge and wisdom about life through economics.

■ Economic and Financial Education Field

Continues Japanese Economic Development in the 21st Century



■ Principal Daiwa Securities Group Business-Academia Collaboration

Fiscal 2008 course endowments and collaboration		
	Name of University	Topic (title)
	Graduate School of International Corporate Strategy (ICS), Hitotsubashi University	Daiwa Securities Group Corporate Strategy Creation Course
	Faculty of Policy Management, Keio University	Corporate Social Responsibility and Social/Economic Revitalization
	Faculty of Policy Management, Keio University	Social Finance
	Open Education Center, Waseda University (general lectures)	Basic Course in Venture Entrepreneurship and Business Planning
	Graduate School of Economics, Kyoto University	Securities System Theory (spring session), Securities Investment Methodology (fall session)
	Kyoto University (general education course)	Modern Business Administration B
	Graduate School of Medicine, Kyoto University	Entrepreneurship
	Meiji University (Surugadai Campus)	Coming up with Venture Business Ideas and Building a Business Plan
	Faculty of Law, Chuo University	International Venture Business and the Law
	College of Commerce, Nihon University	Creating a Venture Company
☆	Peking University (overseas)	High-Tech Venture Value Creation
Conferences, symposiums, internships and other programs		
☆	Tokyo University	Daiwa Shoken Group Foreign Student Scholarship Fund
☆	Tokyo University	Support for an "Entrepreneur Training" Exchange (Nov. and Feb.) with Peking University
☆	Tokyo University	Support for the BESETOHA Forum (Nov. and Feb.)
☆	Graduate School of International Corporate Strategy (ICS), Hitotsubashi University	Business School-based Industry Research Symposium for Job Hunters
	Graduate School of International Corporate Strategy (ICS), Hitotsubashi University	8th Porter Prize (Daiwa has supported this prize for the eighth time since its creation in 2001)
	Graduate School of Economics and Faculty of Economics, Kyoto University	2008 Daiwa International Workshop on Financial Engineering
	Graduate School of Economics and Faculty of Economics, Kyoto University	Internship (Daiwa sponsors lectures for students)

☆:New event in fiscal 2008

■ Primary Joint Programs with Junior Achievement Japan, an NPO that Provides Economics Education for Youth

(1) Finance Park (Experiential Life Planning Program)

Junior Achievement Japan was established in Shinagawa, Tokyo in June 2005 as a forum for practice in life planning for junior and senior high school students. Daiwa provides special support with funds to open facilities and set up shops, and it also provides personnel. In January 2007, Junior Achievement opened an office in Kyoto. As of March 31, 2008, a total of 12,931 students have taken part in action programs that teach students about how to think for themselves and make decisions.

(2) Student Company Program (Experiential Company Management Program)

This is hands-on company management program in which high school students set up a company in school and operate it through all phases, from raising capital to recruiting personnel and handling the accounting, manufacturing and sales. The Daiwa Securities Group has been collaborating with the Student Company Program (SCP) at Ritsumeikan Senior High School since 2003. By fiscal 2008, Daiwa had sent a total of 16 employees as outside directors to offer advice on the preparation of financial data and on company management. Thus far, 131 students have acquired basic qualifications for gaining a living in society by learning about company management, how the world works, the difficulties of decision making, the pressure of bottom line accountability and the importance of leadership and teamwork.



Student Company Program students selling their products

(3) Global Leadership Forum for Junior and Senior High School Teachers

This is a training program sponsored by Junior Achievement Japan for junior and senior high school teachers. It is a forum where, through lectures given by guests from a wide range of perspectives, and through panel discussions and case studies, people discuss the state of the global economy and think together about how education should develop in the 21st century. From 2003 to 2007, the Daiwa Securities Group sponsored the forum and has continuously cooperated in related events. Through fiscal 2008, a total of 2,200 teachers have participated in the forum.

(4) Japan Council for Economic Education (JCEE)

The JCEE was established in January 2009 with the goal of providing economic education programs for school teachers. The Daiwa Securities Group began to support the JCEE primarily by providing the basic funds for its founding. Under a partnership between Junior Achievement Japan and the National Council on Economic Education (NCEE), Daiwa seeks to implement programs suitable for the schools of Japan. Already, 12 individuals directly related to the company have produced and edited textbooks.

| 2. Encouraging Volunteerism among Executives and Employees

■ Volunteer Awards

We implement the President's Awards system to recognize various achievements by executives and employees. Daiwa Securities Co. Ltd. created the Volunteer Awards in 2007 to acknowledge on a biannual basis the Group and the employees who continually take part in local volunteer activities.

■ Hands-on environment experience on Mount Takao

In April 2009, 27 employees, their families and retired executives participated in a hands-on environmental conservation experience on Tokyo's Mount Takao that we organized. This marks the seventh year this event has been held, and this year, in addition to thinning trees on the mountain forest slopes and peeling the wood of trees that had been thinned, group activities also included the study of vegetation and educating employees in environmental awareness.



Tree-thinning activity on Mount Takao

■ Social Contribution, Donation and Recycling Activities by Executives and Employees

Group executives and employees organized sign language classes, helped clean up after community events and participated in various recycling activities. One recycling activity involves collecting used and unused stamps and prepaid cards, partially used postcards and similar items to donate to NPOs. Donations raised in fiscal 2008 totaled 506,686 yen, a 24 percent decrease compared to fiscal 2007. The number of people voluntarily taking part in sign language classes and volunteer activities on weekends or after work increased from a cumulative total of 569 people in fiscal 2007 to 644 people, a 13% year-on-year increase.

■ Results of Recycling Activities by Executives and Employees (Fiscal 2008)

Donation Recipients	Item	Unit/Value
<ul style="list-style-type: none"> ● Social welfare corporation: Community Chest of Miyazaki Prefecture ● Foundation: Nagasaki International Association ● Charity Calendar Executive Committee (Tokushima) ● NPO: Nippon Volunteer Network Active in Disaster (Nishinomiya) 	Calendars	4,286
<ul style="list-style-type: none"> ● Sapporo Nihon University High School (JRC) ● Suwa Welfare Corporation Suwa-City Social Welfare Conference, Suwa Volunteer Center ● Nagoya Council of Social Welfare, Volunteer Center ● Shinagawa Ward Council on Social Welfare, Shinagawa Volunteer Center ● Tama Ward Council of Social Welfare, Tama Volunteer Center ● Kita-ku NPO/Volunteer Plaza ● Shizuoka Prefecture Volunteer Association ● Nagano Volunteer Center 	Pocket organizers and diaries	393
NPO JEN	Recycled books/CDs	¥34,176
NPO Live with Friends on the Earth (LIFE)	Used stamps (including overseas)	8.92kg
	Used cards	1,967
	Stamped post cards with errors	7,472
	Unused stamps	¥6,651
	Unused cards	81
	Cash vouchers	51

3. Support for Culture and the Arts



Renoir + Renoir Exhibit

The Daiwa Securities Group supports a wide range of cultural and artistic activities. As part of our support for the arts, we were the special sponsor of the "Renoir + Renoir" exhibit at the Bunkamura Museum of Art in Shibuya, Tokyo, from February to May 2008. This exhibit was also presented at the National Museum of Modern Art, Kyoto from May to July 2008. The exhibit took the novel approach of simultaneously introducing two giants of the art world, Pierre Renoir, and his impressionist paintings, and the films of his son, the director Jean Renoir. The exhibit was a great success. In addition, Daiwa continuously supports a wide range of cultural and artistic activities, such as sponsoring the Daiwa Shoken Group Presents the Opéra National de Paris (July) and the Takarazuka Revue Company Reserved Performance (October-December), as well as the JAL Byodo-in Temple Sound Stage (September).

We also focus on supporting traditional Japanese culture such as *shogi* and *go*. In addition to sponsoring the top title matches in *shogi* and *go*, the Meijin Title Match (*shogi*) and the Honinbo Tournament (*go*) since 2005, we are also the special sponsor of the Daiwa Securities Cup *shogi* and *go* title matches via the Internet. In *shogi*, we support the Saikyo Tournament and the Women's Saikyo Tournament, which were the first official *shogi* matches to take place on the Internet, in 2007. In *go*, we support four tournaments: the Open, the Ladies and the Grand Champion Internet title matches, as well as the Amateur Championship. These matches take place on the Internet year-round, and viewers can also watch the matches in real time on the Internet. The matches, which begin at 8 p.m. on weekend evenings, attract a strong following among not only Japanese fans but also *shogi* and *go* devotees living abroad. For playoff games in the various tournaments, we organize commentary sessions by professional players who use large boards to describe the game's moves, with the games taking place at the Daiwa Conference Hall on the 18th floor of the Daiwa Securities Headquarters Building in Tokyo. We also hold award ceremonies for winning players and provide opportunities for exchanges between amateurs and professional players.



Shogi Meijin Title Match

4. Assistance to Communities on both the Local and the International Level through Foundations and NPOs

■ Daiwa Securities Health Foundation

Since 1973, the Daiwa Securities Health Foundation has been supporting outstanding research focusing on improving the health, medical care and welfare of middle-aged and older people, disbursing 30 million yen in grants of 1 million yen each year. Fiscal 2008 marked the 35th year of this program, with a cumulative total of 952 recipients receiving 937 million yen in total. Since September 2006, the foundation has been offering health seminars for the public given by grant recipients. As of the end of March 2009, health seminars had been given at 94 Daiwa Securities branches throughout Japan, with a total of nearly 4,000 people participating.

■ Daiwa Securities Foundation

The Daiwa Securities Foundation was established in 1994, for the benefit of society, in commemoration of the 50th anniversary of the founding of the Daiwa Securities Group. The Foundation provides yearly research grants in the fields of volunteerism and welfare. In fiscal 2008, the Foundation provided 209 grants worth a total of 45.37 million yen to particularly outstanding applicants, and a two-million yen grant for two research projects. A new "Disaster Volunteer Activities Grant" was also created in fiscal 2004 to support the expenses of volunteers involved in disaster recovery work. Under this new grant, the foundation provided 200 million yen in aid to the NGO, Japan Platform (JPF), in support of the victims of the Myanmar tropical cyclone that struck on May 2, 2008. The Foundation will continue activities that contribute to improving social welfare.

■ The Daiwa Anglo-Japanese Foundation

The Daiwa Anglo-Japanese Foundation is a UK charity that was established in 1988 with a generous benefaction from Daiwa Securities Co. Ltd. for the purpose of supporting closer links between Britain and Japan. Some of its primary activities include the following:

- (1) Making grants available to individuals, institutions and organizations to promote links between the UK and Japan in all fields of activity
- (2) Enabling British and Japanese students and academics to further their education by providing opportunities for joint research and supporting exchanges and other bilateral initiatives
- (3) Awarding of Daiwa Scholarships for British graduates to study and undertake work assignments in Japan
- (4) Organizing a year-round program of events to increase the understanding of Japan in the UK

Daiwa Foundation Japan House, the London-based headquarters, acts as a center for Anglo-Japanese relations in Britain by offering a wide range of seminars, exhibitions and book launches as well as meeting rooms for Japan-related activities and facilities for visiting academics. The Foundation is represented in Japan by its Tokyo Office, which provides local assistance to Daiwa Scholars (foreign students), administers grant applications from Japan and collaborates with other institutions that promote Anglo-Japanese relations. Since its inception, it has accepted 122 students from the United Kingdom. In addition, the foundation has provided grants for a total of 2,362 projects, with grant-in-aid amounting to exceeding 2 billion yen (as of March 2009).

■ Daiwa Securities Group Tsunami Reconstruction Fund

TOPIC [Daiwa Securities Group Tsunami Reconstruction Fund](#)

■ Daiwa SRI Fund Assistance Program

The Daiwa SRI Assistance Program provides grants for Japanese NGOs that provide support in fields involving human life (the human security field).

Planned and managed cooperatively with the NPO, Civil Society Initiative Fund, this program subsidizes personnel and education costs with the goal of getting NPO staff to deal on a long-term basis with the day-to-day problems of human security.

■ Daiwa SRI Fund Assistance Program

2009 Aid-recipient Organizations				
	Activity	Organization	Location	Grant amount
1	Home-visit nursing care for children with severe disabilities and livelihood support for staff capability improvement	NPO Respite Care Service MOE	Kanagawa	¥1.44 million
2	Training staff and strengthening organizations that assist people who have foreign backgrounds	Asian People's Friendship Society	Tokyo	¥1.82 million
3	Training staff to counsel families that have disabled or sick babies	NPO e-MADO Total Care Network for Sick Children	Nagano	¥1.80 million
4	Training business supervisors for "Encounter with Healing the Hearts of Children under Long-term Hospitalization"	Children's NPO Kodomo-Gekijo National Center	Tokyo	¥1.88 million
Project name (Second year of grant)				
1	Providing stable staff-training to help create a support framework for a youth support center and strengthening the organization	NPO Tohoku Youth Support Center	Yamagata	¥1.80 million
2	Training staff for home-visit program to prevent youth suicides and social isolation	NPO Student Support Faith	Saga	¥1.80 million

■ Daiwa CI Biodiversity Conservation Fund (DCBCF)

The Daiwa CI Biodiversity Conservation Fund operates a program to carry out biodiversity conservation activities in the vicinity of World Natural Heritage sites in seven countries that have been selected from areas called biodiversity hotspots.* The World Heritage Local Ecological Entrepreneurship Program (WH-LEEP) was formed as a partnership between the United Nations Development Programme (UNDP), the Global Environment Facility's (GEF) Small Grants Programme (SGP), and the United Nations Foundation (UNF), which together launched Community Management of Protected Areas for Conservation (COMPACT). COMPACT is in charge of dispersing grants for operating businesses, while DCBCF is in charge of dispersing grants to cover such expenses as business needs surveys and skills training. Through a partnership with global environmental NGO Conservation International (CI), the Daiwa CI Biodiversity Conservation Fund operates based on the profits earned from the sale and management of the Daiwa Eco Fund.

* Hotspot: Places where biodiversity is rich but greatly threatened

■ Daiwa-Russell-GEF Asia Project to Support the Spread of Environmental Technology

Daiwa, in cooperation with the Global Environmental Forum, operates a project funded by profits from the Russell Global Environmental Technology Fund sales. The project involves the compilation and distribution of handbooks containing basic technologies from among those environmental protection technologies possessed by Japan that can be fully developed and operated using the materials and human resources of developing countries. For some time, we have been focusing on home drainage problem countermeasures, an area urgently needing resolution in developing countries. Although we have selected relevant technologies from available Japanese technologies as countermeasures, in Thailand, we have conducted local surveys and gathered information concerning the current state of water contamination and home drainage problem countermeasures and investigated the applicability of technologies that could be transferred.

Support for Disaster-Affected Areas

The Daiwa Securities Group provided emergency support of 2 million yen via Japan Platform to the victims of the 2008 tropical cyclone, Nargis, in Myanmar. In Japan, we donated 6 million yen to the Central Community Chest of Japan to help the areas affected by the Iwate-Miyagi Nairiku Earthquake. Daiwa Securities Group Inc. also provided emergency support through the Japanese Red Cross after the Sichuan Earthquake in May 2008. Furthermore, as reconstruction assistance, we extended aid for recovery in Gansu Province, which was as severely affected as Sichuan but which, on the basis of information obtained locally, we learned had received less aid. We donated 1.52 million yuan (approx. 24 million yen) to the China Children and Teenagers' Fund*1 to build two permanent elementary school facilities. In May 2009, exactly one year after the earthquake, we received the China Charity Award from the All China Women's Federation, a senior body to the above-mentioned fund. As of July 2009, the schools were still under construction and scheduled for completion by autumn of this year.

* China Children and Teenagers' Fund: Chinese government organization that coordinates donations for school construction and requests for school buildings from disaster-affected areas

Daiwa Securities Group Inc. strives to reduce environmental impact by such means as using electronic statements and appropriately adjusting air conditioning. In addition, we have made ongoing efforts to raise the awareness of executives and employees of the importance of streamlining business operations and reducing environmental impact. In recent years, however, our energy consumption has been growing against the backdrop of an increasing number of employees and new business bases as well as the expanding scope of environmental impact data. Therefore, we will endeavor to further cut environmental impact by pursuing more efficient business operations.

CO₂ Emissions

Energy consumption at the Daiwa Securities Group's domestic offices (on a CO₂ emissions basis) rose 1.6 percent in fiscal 2008 compared with fiscal 2007. The main factors responsible for the increase are analyzed below.

Energy Consumption

Analysis of Higher Energy Consumption Breakdown

Factor	%
1. Increased number of employees and temporary increase of business at branch offices due to the digitization of stock certificate	1.8
2. Establishment of new bases for Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd.	1.8
3. Expansion of the scope of environmental impact data	1.2
4. Completion of the relocation of the head office building	-1.8
5. Effects of energy-saving measures	-1.3
Total	1.6

1. Environmental impact from electricity usage grew on the back of an increased number of employees and temporary increase of business at branch offices due to the digitization of stock certificates.
2. Electricity use doubled due to the process of relocating and consolidating of Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. in a new business base, resulting in increased environmental impact.
3. At the head office building of Daiwa Securities Business Center Co., Ltd., the scope of electricity usage data expanded from the floors used by Daiwa Securities Business Center Co., Ltd. to include the entire building.
4. Major business bases were relocated to and consolidated in the GranTokyo North Tower from December 2007 to March 2008. This brought to an end the parallel use of electricity at multiple sites during the relocation period, and, therefore, the environmental impact from power usage decreased.
5. Energy consumption at Daiwa Securities Group domestic offices other than those listed above declined owing to appropriate control of office temperatures and other efforts.

■ Energy Consumption by the Daiwa Securities Group (Table 1)

	FY2004	FY2005	FY2006	FY2007	FY2008
Domestic offices					
Electricity (kWh)	89,546,672	86,320,394	88,732,751	92,659,304	94,835,170
City gas (m ³)	904,255	727,485	691,395	643,908	516,799
Gasoline (liters)	1,151,487	1,036,609	1,035,700	1,031,978	1,029,087
Heavy oil (liters)	61,739	30,146	34,087	23,677	4,798
Diesel fuel (liters)	11,048	1,267	73	0	105
Overseas offices					
Electricity (kWh)	–	–	–	7,717,773	8,717,743

* At overseas offices, only figures for electricity consumption were tabulated.

* The figure for gasoline consumption at domestic offices in fiscal 2007 was revised in accordance with the change in the scope of data.

* The Daiwa Securities Group is now a tenant in its new head office at Gran Tokyo North Tower, which limits availability of environmental impact data. The only electricity consumption that can be calculated is that used through electrical outlets on the floors occupied by the Daiwa Securities Group and electricity consumed for lighting. The Group's electricity consumption does not include electricity used for heating, cooling and ventilation and for elevators and common areas of the building. No data are available for the Daiwa Securities Group's consumption volume of potable water, gas, heavy oil or diesel fuel.

* For scope of data, see the "[Scope of Environmental Data](#)" table.

■ Daiwa Securities Group's CO₂ Emissions (Table 2)

(Unit: kg-CO₂)

	FY2004	FY2005	FY2006	FY2007	FY2008
Domestic offices					
Electricity	49,698,403	47,907,819	49,246,677	51,425,914	52,633,519
City gas	1,880,543	1,512,291	1,437,867	1,339,110	1,074,766
Gasoline	2,673,362	2,406,654	2,404,543	2,395,902	2,389,191
Heavy oil	184,078	89,882	101,632	70,594	14,305
Diesel fuel	28,937	3,319	191	0	275
Total for domestic offices	54,465,324	51,920,594	53,190,910	55,231,519	56,112,056
Overseas offices					
Electricity	–	–	–	4,283,364	4,838,348
Total for domestic and overseas offices	–	–	–	59,514,883	60,950,403

* Shows data for consumption of electricity, gas, gasoline, heavy oil and diesel fuel at our domestic offices and electricity consumption at our overseas offices converted to CO₂ emissions (kg).

* For all years and regions, the emissions coefficient used for converting to CO₂ emissions is based on the ministerial ordinance related to the calculation of greenhouse gas emissions arising from the business activities of specified emitters (Ministry of Economy, trade and Industry and Ministry of the Environment, Ordinance No. 3, March 2006).

* The amount of CO₂ emissions in fiscal 2007 was revised to reflect the change in the amount of gasoline use in domestic offices.

* For scope of data, see the "[Scope of Environmental Impact Data](#)."

■ CO₂ Emissions per Employee (Domestic)

CO₂ emissions per employee calculated from the Daiwa Securities Group's total emissions divided by the number of domestic employees decreased 3.7 percent year on year.

■ CO₂ Emissions per Employee (Domestic) (Table 3) (Unit: kg-CO₂)

	FY2004	FY2005	FY2006	FY2007	FY2008
Per employee	4,930	4,581	4,463	4,267	4,110
Number of domestic employees	11,047	11,326	11,924	12,943	13,652

* For scope of data, see the "[Scope of Environmental Impact Data.](#)"

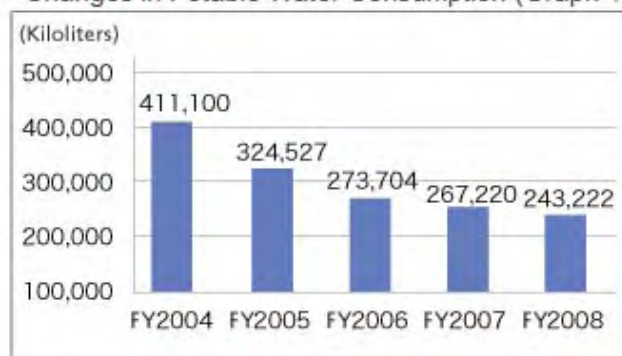
* Figures in the past years were revised according to the change in the scope of data.

Other Environmental Impacts

■ Changes in Potable Water Consumption

Potable water consumption in fiscal 2008 decreased 9.0 percent compared with the previous fiscal year.

■ Changes in Potable Water Consumption (Graph 1)



* For scope of data, see the "[Scope of Environmental Impact Data.](#)"

■ Volume of Copying Paper / Forms Purchased

The volume of copying paper and forms purchased in fiscal 2008 decreased 18.9 percent year on year due to the Group-wide effort for reducing paper use.

■ Volume of Copying Paper/Forms Purchased Total Weight (kg)

Company		FY2005	FY2006	FY2007	FY2008
Copying paper	Daiwa Securities Group Inc.	18,998	19,502	17,962	11,496
	Daiwa Securities Co. Ltd.	451,125	471,079	531,840	395,312
	Daiwa Securities SMBC Co. Ltd.	148,855	141,327	96,000	149,767
	Daiwa Institute of Research Ltd.	160,548	187,306	194,149	106,241
	Daiwa Institute of Research Holdings Ltd.				446
	Daiwa Institute of Research Business Innovation Ltd.				9,577
	Daiwa Asset Management Co. Ltd.	28,434	35,722	47,030	48,729
	Daiwa Business Center Co., Ltd.	51,039	50,027	48,946	39,362
	Daiwa SB Investments Ltd.	33,272	35,513	37,989	29,606
	Daiwa Property Co., Ltd.	3,108	3,205	3,640	3,544
	Daiwa Sanko Co., Ltd.	3,770	3,775	4,672	2,098
	Daiwa SMBC Capital Co., Ltd. (former NIF SMBC Ventures Co., Ltd.)	12,624	14,235	12,523	10,874
	Other	21,403	32,521	37,880	30,251
Copying paper total		933,176	994,210	1,032,629	837,302
Paper for forms	Daiwa Securities Co. Ltd.	467,134	244,976	131,090	118,003
	Daiwa Securities SMBC Co. Ltd.	157,020	149,833	157,786	123,308
Paper for forms total		624,154	394,809	288,876	241,311
Grand total		1,557,330	1,389,019	1,321,505	1,078,613

* Data for the copying paper consumption in fiscal 2007 was revised to reflect the change in the scope of data.

■ Changes in Waste Generated and Recycling Volume

Total paper waste in fiscal 2008 dropped 34.2 percent year on year, reflecting Group-wide efforts to reduce paper consumption. The recycling rate of non-paper waste for fiscal 2008 was down to 15 percent with the rebound from the promotion of recycling upon the head office relocation in fiscal 2007. However, the volume of non-paper waste generated fell 22.4 percent year on year.

■ Changes in Waste Generated and Recycling Volume (Table 4) (Unit: tons)

		FY2004	FY2005	FY2006	FY2007	FY2008
Paper waste	Amount generated	1,552.8	1,470.3	1,451.6	1,343.4	883.6
	Amount recycled	1,328.8	1,212.3	1,230.4	1,137.9	781.4
	Amount discarded	224.0	258.0	221.2	205.4	102.2
	Recycling rate	86%	82%	83%	85%	88%
Non-paper waste	Amount generated	417.5	391.8	415.8	456.38	354.4
	Amount recycled	112.9	104.4	88.5	106.78	54.6
	Amount discarded	304.6	287.4	327.1	349.6	299.8
	Recycling rate	27%	27%	21%	23%	15%

* Amounts of paper waste, non-paper waste generated, recycled and discarded through the Daiwa Securities Group's business operations have been combined.

* Data for non-paper waste in fiscal 2007 was revised according to the change in the scope of data.

■ Scope of Environmental Impact Data in Domestic Offices

Building Name	Table 1, 2, 3	Graph 1	Table 4
Daiwa Securities New Head Office Building	○	○	○
Eitai Daiya Building	○	○	
Daiwa Securities Osaka Branch Building	○	○	○
Daiwa Securities Nagoya Branch	○	○	
Daiwa Asset Management Headquarters	○	○	○
Daiwa Institute of Research Headquarters Building	○	○	○
DIR Annex	○	○	
DIR Eitai Building	○	○	○
DIR Kiyosumi Park Building	○		
DIR Osaka Center Building	○		
Daiwa Business Center Building	○	○	○
Daiwa Securities branch offices*	○	○	
Daiwa SB Investments Headquarters	○	○	
Daiwa SMBC Capital Headquarters	○	○	○
Daiwa Training Center	○	○	
Daiwa Sanko Building (Headquarters and Annex)	○	○	
Hinode Securities Headquarters	○	○	
Hinode Securities branch offices	○	○	
Daiwa Yaesu Building	○	○	
Riverside Yomiuri Building	○	○	

* 114 branch offices, excluding headquarters and the Osaka and Nagoya branch buildings (as of March 31, 2009)

* Together with the relocation and consolidation of major business bases to the GranTokyo North Tower, Daiwa Securities Gofukubashi Building (former head office building), Kabutocho Building and Daiwa Securities SMBC Headquarters Building, which are currently not in use, are excluded from the scope of data. The Daiwa Yaesu Building and Riverside Yomiuri Building are newly included in the scope of data.

Initiative to Reduce Environmental Impact

■ Promoting Reductions in Paper Use

In addition to converting statements, etc., into electronic format, we are promoting measures to reduce the amount of copy paper we use.

TOPIC [Energy-Saving Initiatives in the Office Environment](#)

■ Shortening Business Hours by Encouraging Personnel to Leave before 7 P.M.

Encouraging personnel to leave the office before 7 p.m. in the interest of work-life balance means that lights and heating/cooling are used for shorter periods, thus contributing to reducing environmental impact.

■ Adoption of “Cool Biz”

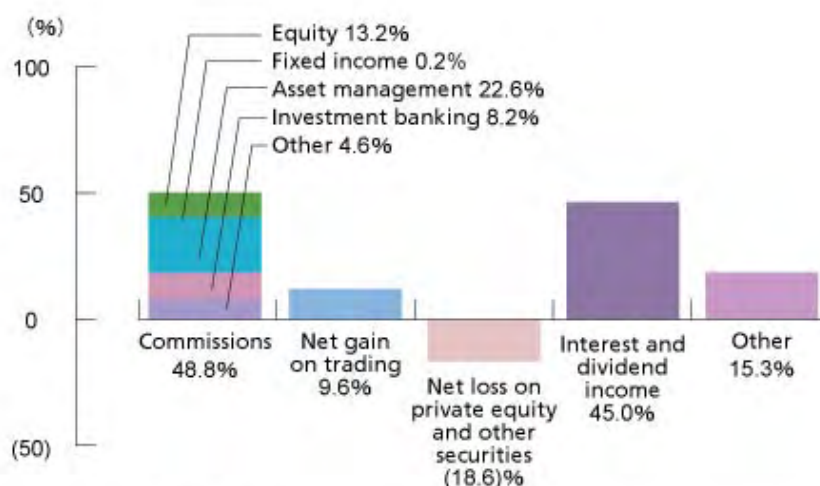
In July 2007, the Daiwa Securities Group adopted the “Cool Biz” policy group-wide and began setting office temperatures at appropriate levels. All employees wore badges promoting “Cool Biz” style. Additionally, posters were displayed in all our departments and branches, and we used in-house broadcasting to promote “Cool Biz.” Through these efforts, we have ensured that all Group employees are acquainted with and understand our commitment to contributing to solving global environment problems.

This section describes the revenue structure, economic value and distribution of economic value to all stakeholders of the Daiwa Securities Group.

Revenues in the Economic Report

For the purpose of this Economic Report, revenues represent the total for all revenues received by the Daiwa Securities Group (consolidated) in fiscal 2008—operating revenues, non-operating income and extraordinary gains. In fiscal 2008, operating revenues accounted for 96.6 percent of revenues.

■ Revenue Structure in the Economic Report (Fiscal 2008)



■ Revenue Breakdown in the Economic Report (Fiscal 2008)

(Unit: ¥million)

Operating Revenues	Commissions	208,880
	Equity	56,401
	Fixed income	991
	Asset management	97,001
	Investment banking	34,914
	Other	19,571
	Net gain on trading	40,921
	Net loss on private equity and other securities	(79,477)
	Interest and dividend income	192,663
	Other	50,948
Non-operating income	7,961	
Extraordinary gains	6,421	
Revenues in the economic report (total of the above)	428,318	

■ Outline of Operating Revenues

(1) Commissions

The three main categories of commissions, which account for 48.8 percent of revenues in the Economic Report, are described below.

1. **Equity and fixed income commissions**

Commissions earned on the purchase or sale of stocks, bonds and other securities by individual or institutional investors.

2. **Asset management commissions**

Commissions earned on sales of investment trusts and fees charged for placing and managing individual or corporate customers' assets held in trust.

3. **Investment banking commissions**

Underwriting commissions charged when corporate customers issue stocks or bonds to raise funds, and fees charged for M&A, etc.

(2) Net Gain on Trading

These are profits that arise from the sale of securities the Group has in its own account, or when the Group buys from or sells to its clients to meet their transaction needs.

(3) Net Gain on Private Equity and Other Securities

Net gain on private equity and other securities describes gains resulting from the purchase or sale, or unrealized gains or losses, on securities acquired for investment, and from the sale of investment limited partnerships, etc.

(4) Interest and Dividend Income

Interest and dividend income describes income earned from interest on securities held, dividends, and from transactions of lending or borrowing securities.

■ Distribution of Economic Value to Stakeholders

Economic value for the purpose of this Economic Report is calculated as revenues minus interest expenses (less interest paid), the cost of sales, selling, general and administrative expenses (less personnel costs, taxes, and expenditure for corporate citizenship activities), non-operating expenses (less interest paid), and extraordinary losses. Even though we continue to hold down fixed costs, such as personnel costs, and dividends to a certain extent, the distribution of economic value in 2008 has been covered primarily by drawing on internal reserves. As a result, the loss to internal reserves was 95.81 billion yen.

(1) Executives and Employees

The distribution of economic value to executives and employees is calculated as personnel expenses (including reserves for salaries and bonuses, as well as welfare program costs and social insurance contributions). We have built a fair compensation system that is highly acceptable to all, in order to improve employee motivation and maximize the value provided to all stakeholders.

(2) Society

Regardless of business cycle fluctuations, the Group aims to provide stable funding for its corporate citizenship activities, which represent its economic contribution to society. See "[Corporate Citizenship](#)" for a breakdown of these expenditures.

(3) Shareholders

In fiscal 2008, the Group paid an interim dividend of 5 yen per share and a year-end dividend of 3 yen per share, for a total annual dividend of 8 yen per share. This amounted to a total of 10.77 billion yen in dividend payouts.

(4) Creditors

The Group paid 44.92 billion yen in interest to creditors.

(5) Government

According to the Daiwa Securities Group's financial accounting, the tax amount paid is the sum of current income taxes, deferred income taxes, and other taxes and duties including consumption tax. In fiscal 2008, the total amount of tax paid was down 11.62 billion yen.

(6) Minority Shareholders

This is the profit and loss returned to the minority shareholders of the Daiwa Securities Group companies. The principal minority shareholders are Sumitomo Mitsui Financial Group, with a 40 percent share in Daiwa Securities SMBC Co. Ltd., and the shareholders of Daiwa SMBC Capital Co., Ltd., a JASDAQ-listed company in which Daiwa Securities Group Inc. holds a majority stake (46.4 percent). Since Daiwa Securities SMBC and Daiwa SMBC Capital posted losses in fiscal 2008, the loss to minority shareholders was 60.58 billion yen.

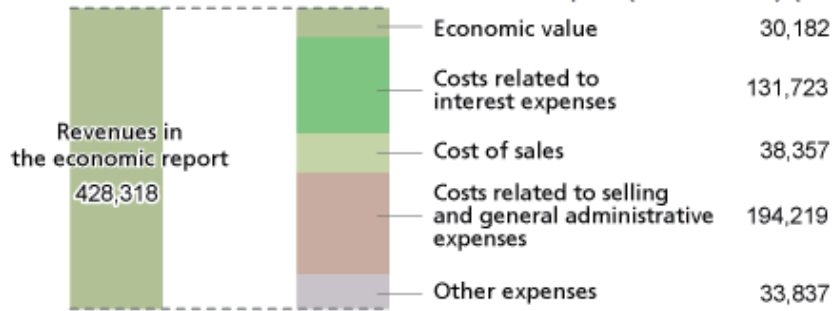
■ Changes in Distribution of Economic Value to Stakeholders (Unit: ¥million)

Stakeholders	FY2004	FY2005	FY2006	FY2007	FY2008	Tabulation method
Executives and employees	143,469	172,923	163,379	156,661	141,600	Personnel costs within selling and general administrative expenses
Society	708	604	909	933	898	Expenditure for corporate citizenship activities (Details)
Dividends to shareholders	17,297	45,031	39,072	29,919	10,770	Interim and year-end dividends for the fiscal year
Creditors	22,428	18,478	47,024	53,630	44,923	Interest expense and interest paid on non-operating expenses
Government	46,921	86,137	77,895	48,102	(11,620)	Income taxes, resident and business taxes, deferred income taxes, other taxes and duties
Minority shareholders	19,770	40,339	23,746	(5,233)	(60,580)	Minority shareholder profit (loss)
Internal reserves	34,650	93,055	53,652	16,492	(95,809)	Balance after deducting dividends for the term from net income for the fiscal year
Total economic value	285,243	456,567	405,677	300,504	30,182	Total of the above

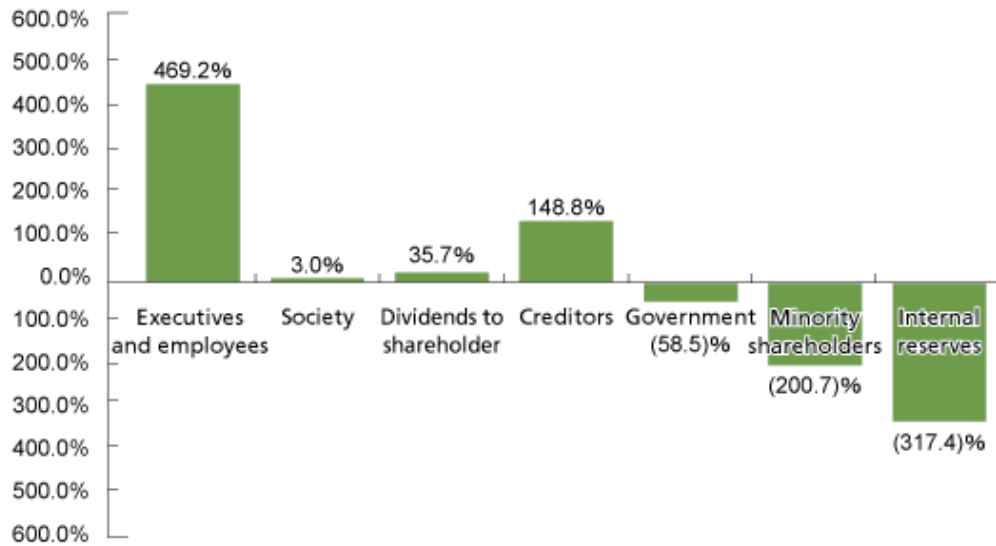
■ Comparison of Economic Report and Consolidated Financial Statements (Unit: ¥million)

	FY2004	FY2005	FY2006	FY2007	FY2008
Economic Report					
Economic Report revenues	536,798	869,181	931,845	838,703	428,318
Economic value	285,243	456,567	405,677	300,504	30,182
Consolidated financial statements					
Operating revenues	519,337	845,659	917,307	825,422	413,936
Net income (loss)	52,665	139,948	92,724	46,411	(85,039)

■ Breakdown of Revenues in the Economic Report (Fiscal 2008) (Unit: ¥million)



■ Distribution of Economic Value (¥30.18 billion) to Stakeholders (Fiscal 2008)



* Due to rounding, the totals may not always equal the sums of the amounts shown.