

Economic Report

# Delivering Economic Value to Stakeholders

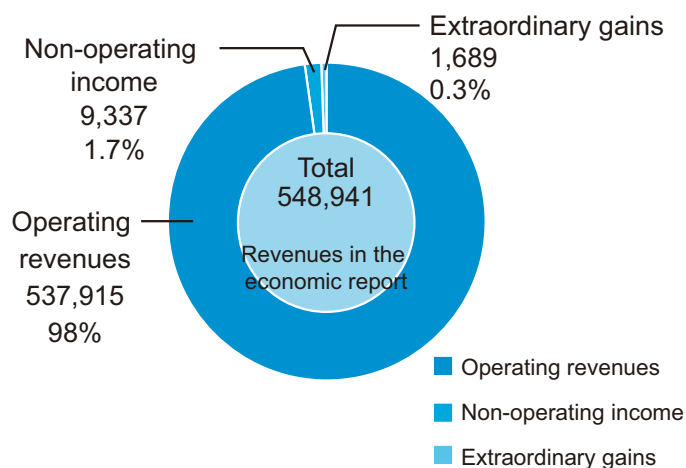
This section describes the Daiwa Securities Group's revenue structure, economic value, and distribution of economic value to various stakeholders.

## 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 2009—operating revenues, non-operating income and extraordinary gains. In fiscal 2009, operating revenues accounted for 98% of revenues.

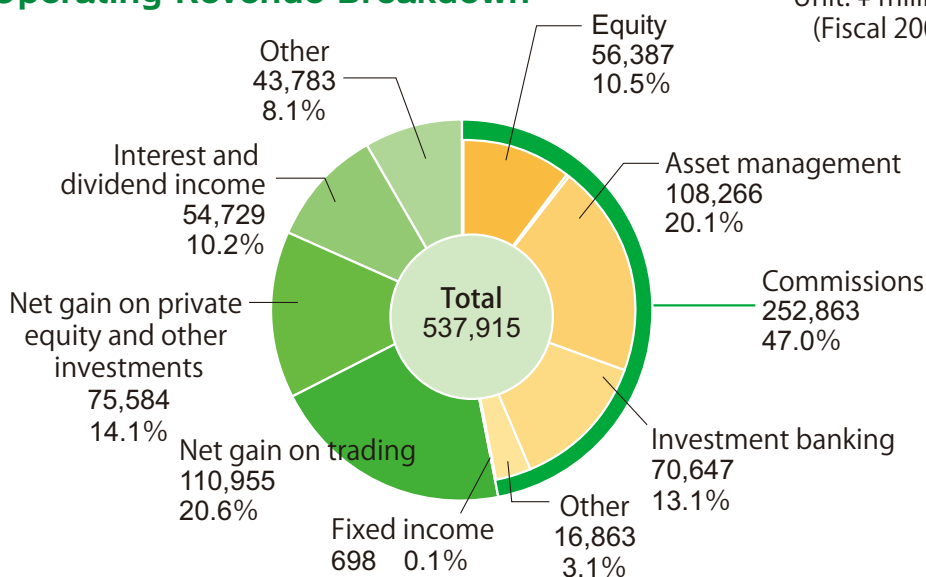
### Revenue Breakdown in the Economic Report

Unit: ¥ million  
(Fiscal 2009)



### Operating Revenue Breakdown

Unit: ¥ million  
(Fiscal 2009)



## Outline of Operating Revenues

### Commissions

The three main categories of commissions, which account for 48.8% 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 advisory fees for M&A, etc.

### 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 in the context of their business dealings.

### 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.

### 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.

### 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). Daiwa has 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.

## Society

Regardless of the ups and downs of the business cycle, we aim to provide stable funding for our corporate citizenship activities. See "The Daiwa

Securities Group's Initiatives as a Corporate Citizen and Expenditures" in the "Relationship with Society" section for a breakdown of these expenditures.

## Shareholders

In fiscal 2009, the Group paid an interim dividend of 5 yen per share and a year-end dividend of 8 yen

per share, for a total annual dividend of 13 yen per share.

## Creditors

The Group pays interest to creditors.

## 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.

## Minority Shareholders

This is the profit and loss returned to the minority shareholders of the Daiwa Securities Group companies.

### ■ Changes in Distribution of Economic Value to Stakeholders

(Unit: ¥ million)

Stakeholders	2005	2006	2007	2008	2009	Tabulation method
Executives and employees	172,923	163,379	156,661	141,600	169,950	Personnel costs within selling and general administrative expenses
Society	604	909	962	924	618	Expenditure for corporate citizenship activities *Excludes expenditure for Daiwa Anglo-Japanese Foundation
Dividends to shareholders	45,031	39,072	29,919	10,770	22,730	Interim and year-end dividends for the fiscal year
Creditors	18,478	47,024	53,630	44,923	29,030	Interest expense and interest paid on non-operating expenses
Government	86,137	77,895	48,102	-11,620	57,587	Income taxes, resident and business taxes, deferred income taxes, other taxes and duties
Minority shareholders	40,339	23,746	-5,233	-60,580	4,089	Minority shareholder profit/loss
Internal reserves	93,055	53,652	16,492	-95,809	20,699	Balance after deducting dividends for the term from net income for the fiscal year
Total economic value	456,567	405,677	300,533	30,208	304,703	Total of the above

\*The Group has revised data for previous fiscal years in order to add in financial support provided for assistance programs.

■ Comparison of Economic Report and Consolidated Financial Statements

(Unit: ¥ million)

		2005	2006	2007	2008	2009
Economic Report	Economic Report revenues	869,181	931,845	838,703	428,318	548,941
	Economic value	456,567	405,677	300,533	30,208	304,653
Consolidated financial statements	Operating revenues	845,659	917,307	825,422	413,936	537,915
	Net income/loss	139,948	92,724	46,411	-85,039	43,429

