

**Securities Industry
Performance and
Market Overview**

FACT BOOK

2005

Japan Securities Dealers Association

Contents

Securities Market in 2004 (Overview)	1
Securities Industry	3
Capital Markets	13
Secondary Stock Markets	19
Secondary Bond Markets	27
Investment Trusts	31
Investor Trends	35
Major Interest Rates, Yields and Economic Indicators	43

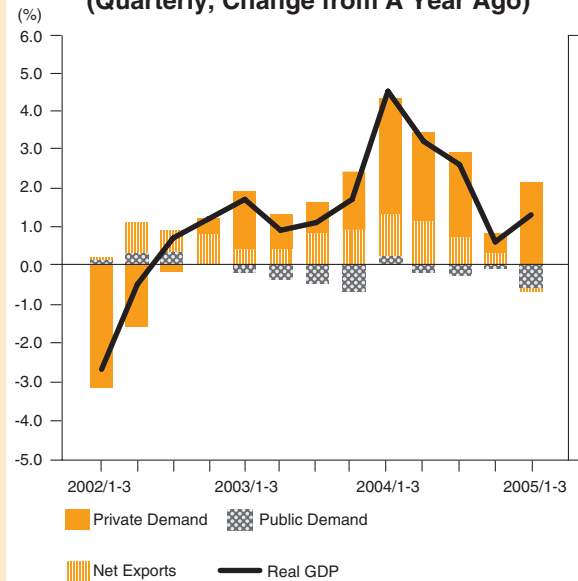
Securities Market in 2004 (Overview)

Economic and Financial Conditions

In 2004, the Japanese economy continued on its recovery path during the first half against a backdrop of expanding exports supported by continued high growth in China's economy. The economy slowed in the second half, however, in reaction to the fall off in the growth of the economies of the United States and China as well as the crude oil price rise. Although the Nikkei 225 posted a gain on the year for the second consecutive year, it moved within a narrow range.

In financial markets, following the downward trend of the previous year, the short-term money market rate generally moved within a tight box from 0.001% to 0.002% throughout the year. The long-term JGB yield settled into a downward trend at the start of the year under the impact of the appreciation of the yen. Entering June, however, the yield climbed to 1.902% on the strength of forecasts of economic recovery, but declined again due to the negative factors such as the skyrocketing crude oil price and a decline in the U.S. long-term interest rate. Reflecting these factors, the yield moved within a box from 1.3% to 1.6% for the rest of the year.

Real GDP Growth Rate & Contributions to Changes in Real GDP
(Quarterly, Change from A Year Ago)



Source: Cabinet Office

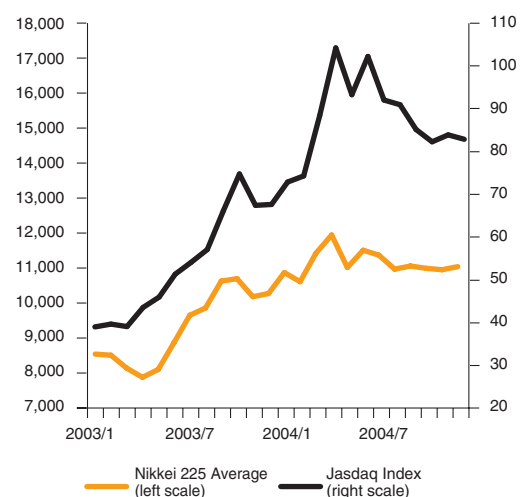
Securities Markets

In 2004, the stock market rose as hopes for a recovery in the Japanese economy heightened due to progress with resolving bad debt problem and other factors. Individual investors were particularly vigorous in trading JGBs and stocks as their money moved out of deposits due to the prolonged ultra-low interest rate and the imminent introduction of payoff system in April 2005. The First Section of the Tokyo Stock Exchange (TSE) posted a record high annual trading volume of 357.0 billion shares.

On December 1, 2004, banks and other financial institutions were permitted to conduct securities sales agency business, such as acting as brokerage agents for securities companies. This deregulation broadened the sales channels for individual investors.

On December 3, 2004, Jasadq Market Inc. received approval under the law to operate an exchange and reorganized itself as Jasadq Securities Exchange, Inc., launching operations on December 13. With its reorganization, it can now offer a variety of trading methods such as at market orders and off-board trading, in addition to its traditional ones.

Stock Price and Index



Note: Nikkei 225 is average of daily figures in each month. Jasadq Index is as of the end of month (for December 2004, as of December 12).

Sources: Nihon Keizai Shinbun Inc., Japan Securities Dealers Association

Securities Industry

Total recurring profits for all securities companies (267 firms) for the fiscal year ended March 2005 amounted to ¥758.3 billion, registering an overall profit for the third consecutive year.

Net operating revenues recorded the gain mainly due to the growth in brokerage commissions and financial revenues. Selling, general and administrative expenses also rose because of higher transaction expenses and data processing and office supplies expenses related to the increase in trading volume.

Net income amounted to ¥483.4 billion, while, at 8.7%, ROE was positive for the second consecutive year.

Capital Markets

Although there was an increase in equity finance by corporations reflecting a growing trend toward expanding capital due to the firm stock market, a substantial decline in private placements resulted in overall equity financing by publicly listed companies falling 11.4%, to ¥3.0 trillion.

Issuing amount of corporate straight bonds remained at low levels under pressure from a significant decrease in issuance of electric power bonds. Conversely, CBs rose sharply. In total, corporate bonds slid 17.4%, to ¥6.4 trillion.

Public bond issuance climbed 14.3%, to ¥191.9 trillion reflecting increase in planned issuance of government bonds.

Secondary Stock Markets

In 2004, Japanese stock market recorded its low for the year in February, but rallied thereafter in the first half. In the second half, stock market remained stagnant. The Nikkei 225 ended the year up 7.6%, at 11,488.76, after experiencing one of the tightest price bands ever through the year.

Annual trading volume on the TSE First Section recorded a new high for the second consecutive year, advancing 16.2%, to 357.0 billion shares. Annual trading volume on Jasdac market* rose 84.3%, to 10.7 billion shares, topping the 10-billion-share mark.

*For the period from January 1 to December 12, 2004.

Secondary Bond Markets

The long-term JGB yield began the year at 1.400%. Entering June, the yield began to rise on the strength of growing perceptions of a recovery in the economy, climbing to a four-year high of

1.902%. Following this peak, the yield turned back downward, falling to 1.431% at year end as marked concern over prolonged economic stagnation emerged because of the decline in U.S. long-term interest rates, soaring oil prices, and other factors. Against a backdrop of quantitative monetary easing by BOJ and uncertainty about the direction of the economy, total transaction value of the secondary bond market rose 26.8%, to ¥6,483 trillion, registering a record high since 1987.

Investment Trusts

The continued flow of funds into stock investment trusts, low interest rates, and a rising stock market in the first half of the year combined to expand total assets of stock investment trusts by about 30% year on year. Total assets of bond investment trusts, however, fell for the fifth consecutive year as investors avoided the low yields. Money management conditions remained difficult in the domestic market due to the ultra-low interest rate climate. As a result, investment, particularly by individuals, continued to shift to investment trusts that invest in high yield foreign bonds. At the end of December 2004, total assets of investment trusts were up 9.5%, to ¥40,996.7 billion.

Investor Trends

At the end of March 2005, the number of individual shareholders of listed companies grew by more than one million for the first time in three years, rising to 35.39 million. This is the ninth consecutive year that this number has expanded. Among the factors supporting this growth were the full-scale market penetration of Internet trading, a record number of companies making stock splits or reducing their minimum trading unit, a large number of IPOs, and the impending introduction of payoff system in April 2005.

Among equity buying and selling trends, the share of individual investors in trading value for stocks listed on the TSE First Section rose for the third consecutive year, advancing to 19.3%. On the other hand, foreign investors' share stayed above 30% for the seventh consecutive year.

Total household financial assets at the end of 2004 amounted to ¥1,424 trillion, reaching the ¥1,400 trillion mark for the second year in a row. With the introduction of payoff system coming in April 2005, the proportion of shares and other equities increased while the proportion of currency and deposits declined.

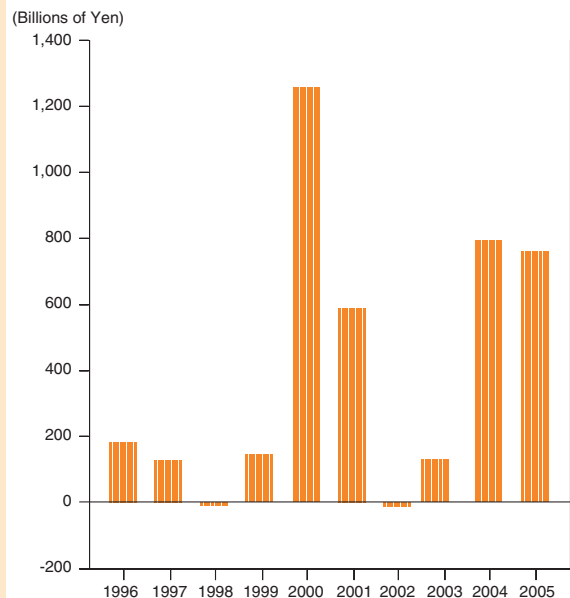
Securities Industry

Securities Industry Performance

Overview: Total recurring profits are posted for the third consecutive year

Looking at the overall performance of the industry (267 securities companies) during the fiscal year ended March 2005, the industry recorded total recurring profits of ¥758.3 billion, declining 4% year on year but still remaining positive for the third consecutive year. The stock market in the year was robust, driven by the growing popularity of Internet trading. Daily turnover volume on the First Section of the TSE exceeded 1.4 billion shares. Reflecting this activity, brokerage income rose, while trading gain declined. As a result, total operating revenues expanded 2%, to ¥3,053.7 billion. Total selling, general and administrative expenses increased 5%, to ¥2,319.9 billion.

Securities Industry Recurring Profits (Loss)



Note: See Note 2 on Page 9.
Source: Japan Securities Dealers Association

Net Total Operating Revenues: Commissions growth pushes up revenues

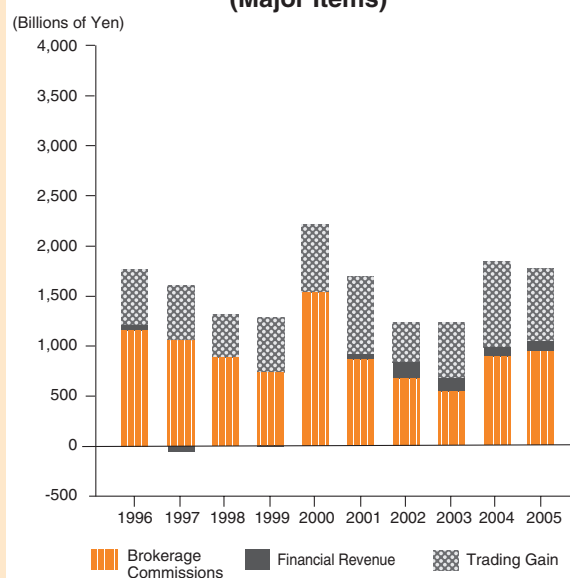
Among net total operating revenues, commissions increased 9% to ¥2,221.8 billion and net financial revenues advanced 19% to ¥99.5 billion. On the other hand, trading gain declined 17% to ¥723.3 billion.

The primary reason for the growth in commissions was higher stock trading value based on expanded stock trading volume resulting from the expansion of Internet trading. Consequently, equity brokerage fees climbed 7%.

The 19% growth in net financial revenues could mainly be attributed to the increase in income from margin and securities lending and borrowing transactions handled by domestic securities companies.

The decline in trading gain mainly resulted from overall narrow fluctuation in the Nikkei 225 stock average during the fiscal year, which reduced equity trading gain.

Net Operating Revenues (Major Items)

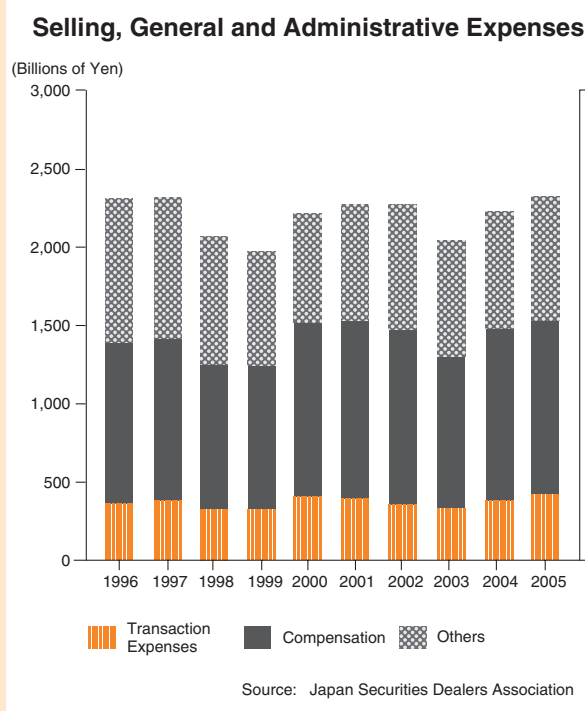


Note: See Notes 2 and 3 on Page 9.
Source: Japan Securities Dealers Association

Selling, General and Administrative Expenses: Transaction expenses force up overall expenses

Selling, general and administrative expenses climbed 4.5%, year on year, to ¥2,319.9 billion. The major expenses contributing to this increase were a 11.4% rise in transaction expenses along with an expansion in equity trading volume and a 9.2% jump in data processing and office supplies expenses.

On the other hand, real estate and equipment expenses decreased 1.6%.

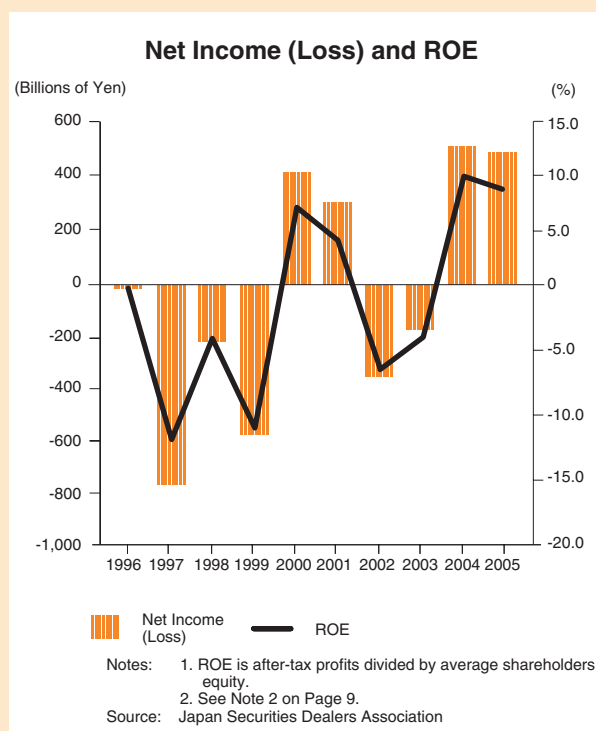


Profitability of Securities Firms: ROE positive for the second consecutive year

Although trading gain declined during the year, equity commissions rose on higher trading volume and extraordinary expenses were lower compared with the previous year. Total net income for the industry amounted to ¥483.4 billion, down 4.9% year on year, but positive for the second consecutive year.

Consequently, return on equity (ROE) was also positive for the second consecutive year, at 8.7%.

Looking at individual securities firms, 209 companies recorded profits (net income basis), a decrease of 2 companies from the previous year.



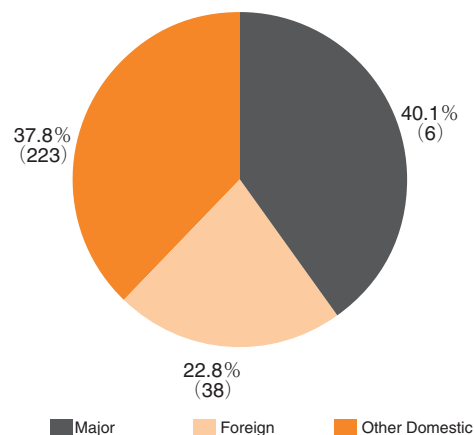
Performance Trends by Type of Securities Firm

Net Operating Revenues: Domestic securities firms expand their share

Looking at net operating revenues by category for the fiscal year ended March 2005, the major six securities firms and the remaining 223 domestic securities firms accounted for 77.9% of total net operating revenues. The share of the 38 foreign securities firms in the market amounted to 22.1% of total net operating revenues.

Compared with the previous fiscal year, the share of other domestic securities firms, which are dependent mainly on brokerage revenues, increased 2.4 percentage points. Conversely, the shares of foreign securities firms and major securities firms declined 1.7 and 0.7 percentage points, respectively.

Composition of Total Net Operating Revenues by Category (FY 2004)



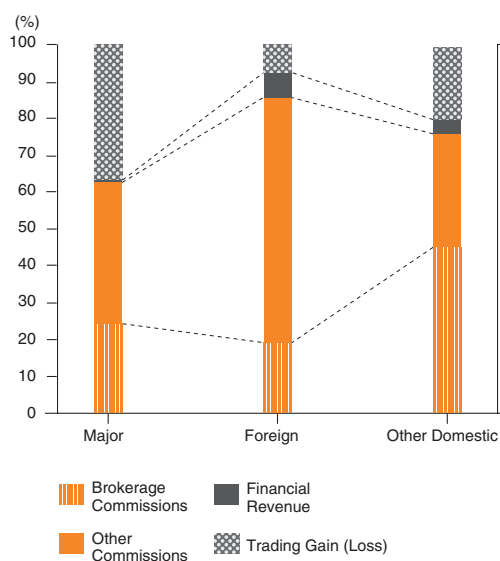
Notes: 1. No. of corporations indicated in parentheses
2. Major securities firms: Daiwa Securities, Co., Ltd., Daiwa Securities SMBC Co., Ltd., Nikko Cordial Securities Inc., Nomura Securities Co., Ltd., and other securities firms capitalized at a hundred billion yen or more
Source: Japan Securities Dealers Association

Operating Revenue Structure: The proportion of brokerage revenues low among foreign securities firms

Considering net operating revenues by category for the fiscal year, major securities companies demonstrated diversified revenue structures. In contrast, other domestic securities firms showed a strong dependency on brokerage commissions, with the proportion of brokerage commission in operating revenues rising 0.5 percentage points, to 45.1%.

On the other hand, the revenue structures of foreign securities companies were centered on intermediation service fees for affiliates, advisory fees and M&A service fees, and commission income other than brokerage fees.

Net Operating Revenue Structure by Category (FY 2004)



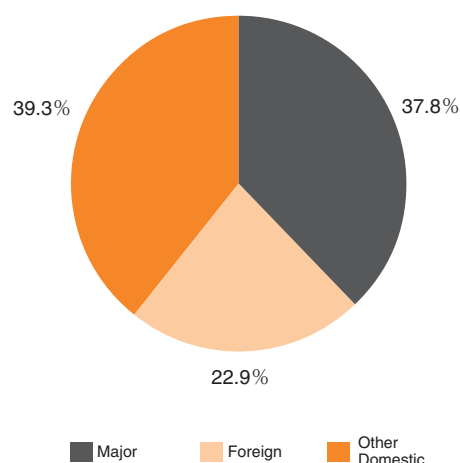
Source: Japan Securities Dealers Association

Selling, General and Administrative Expenses: Domestic firms account for about 80% of expenses

Breaking down selling, general and administrative expenses by category for the fiscal year, major securities firms and other domestic securities firms accounted for 77.1% of total selling, general and administrative expenses. Foreign securities firms generated 22.9%.

In comparison with results of the previous fiscal year, non-major domestic securities firms and major securities firms increased their proportion of selling, general and administrative expenses by 3.2 and 0.5 percentage points, respectively, in line with expanded transaction expenses. Foreign securities firms, however, decreased their proportion of these expenses by 3.7 percentage points.

Composition of Total Expenses by Category (FY 2004)



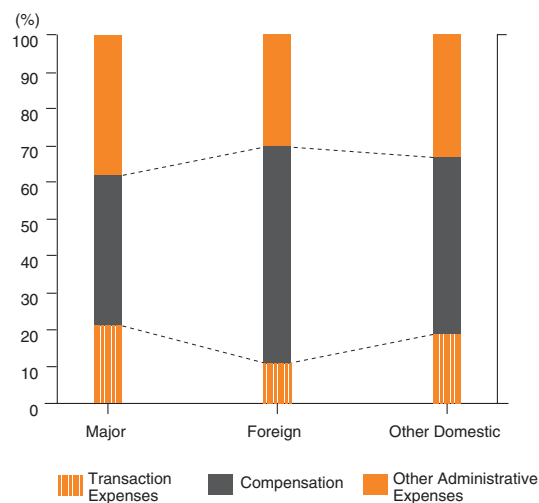
Source: Japan Securities Dealers Association

Operating Expense Structure: Compensation expenses are largest component

Looking at selling, general and administrative expense by category for the fiscal year, compensation expenses were the largest component for all securities firm categories. In particular, the compensation expenses of foreign securities firms accounted for more than half of total selling, general and administrative expense.

The proportion of data processing and office supplies expenses for domestic securities firms was about 3.3 times as much as that for foreign securities firms.

Expenses Structure by Category (FY 2004)

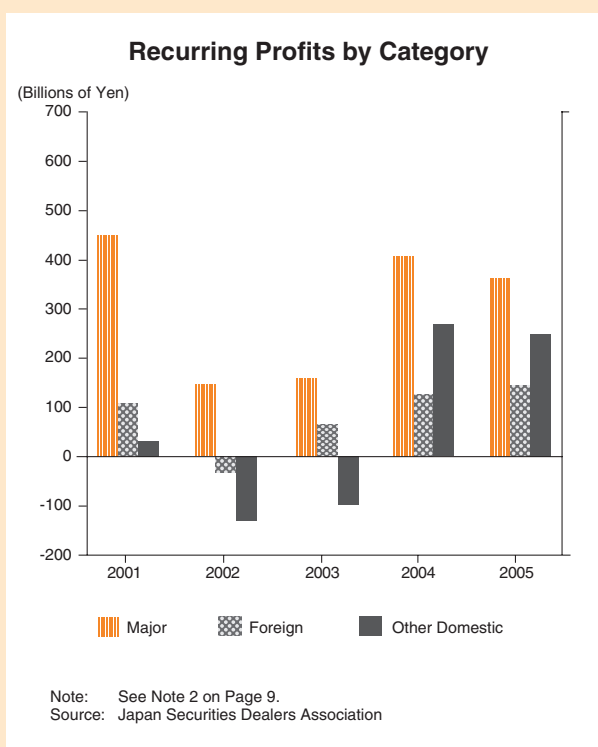


Source: Japan Securities Dealers Association

Performance: Domestic and foreign securities firms post profits

Considering performance by type of securities firm for the fiscal year, the recurring profits of both categories of domestic securities firms declined. The recurring profits of major securities firms fell 10%, to ¥362.9 billion, while that of other domestic securities firms dropped 6%, to ¥249.8 billion.

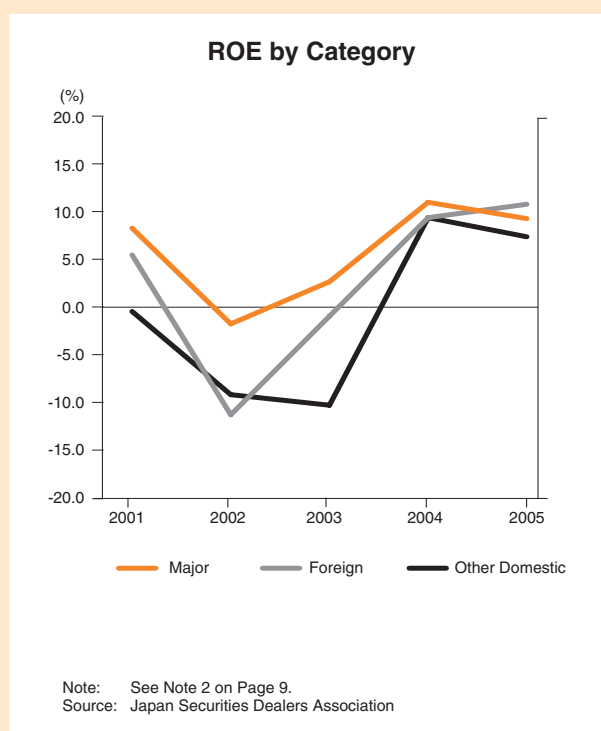
On the other hand, foreign securities firms posted recurring profits of ¥145.5 billion, up 17% year on year.



Profitability: All three categories in the black

During the fiscal year ended March 2005, all three categories posted net profits. Major securities companies recorded net income of ¥214.8 billion while other domestic securities companies posted net income of ¥177.0 billion. Foreign securities companies registered net income of ¥91.5 billion.

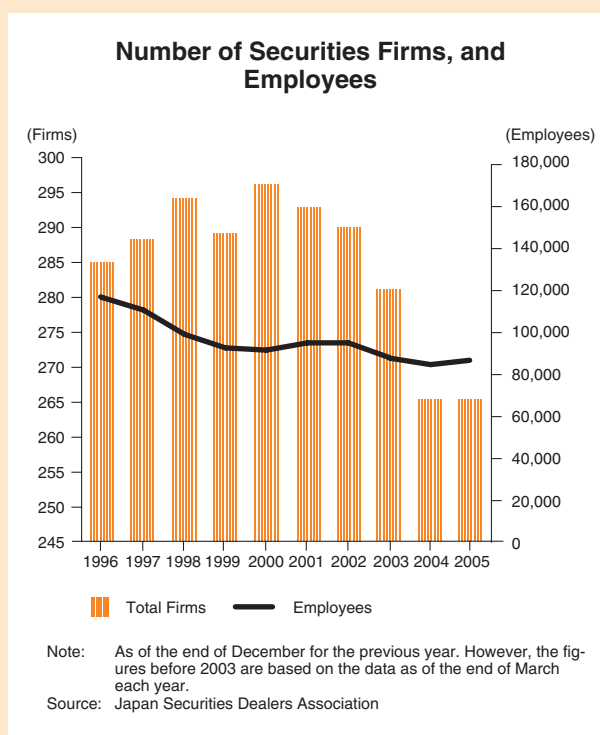
Looking at ROE by category of firm, the ROEs of major securities companies, other domestic securities firms, and foreign securities companies were 9.3%, 7.4%, and 10.8%, respectively. All three categories recorded positive ROEs.



Number of Securities Firms and Employees: Number of employees increases

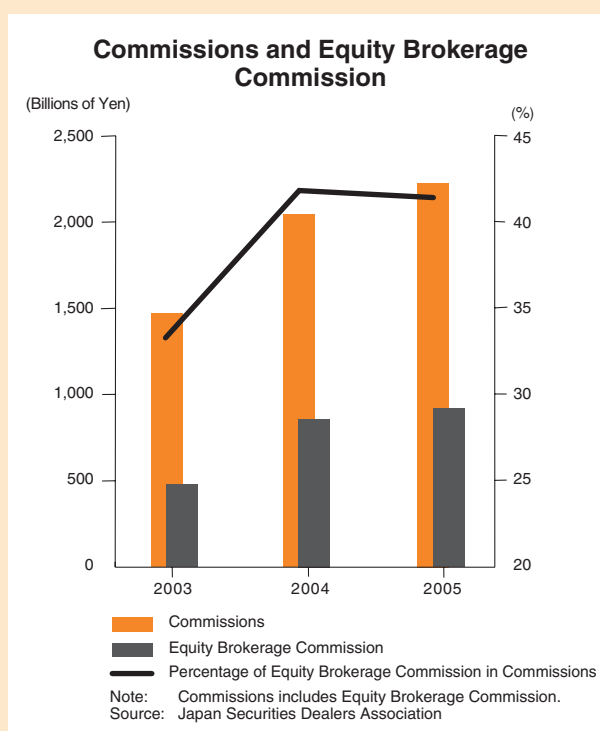
Although new companies entered the market during the year 2004, the same number of securities companies exited the market or reorganized through mergers and other methods. As a result, the total number of securities firms as of the end of December 2004 remained unchanged from the previous year at 268 companies.

The number of employees at the end of December 2004 was approximately 86,000, rising by about 1,400 from the year before.



Brokerage Commission: Total commissions increase

Equity brokerage commission totaled ¥917.6 billion during the fiscal year under review, advancing 7.0% year on year. The increase can be attributed to higher trading volume thanks to a robust stock market. Against the backdrop of growth in Internet trading, trading volume of the TSE rose past the 350-billion-share mark.



Operating Profits

(Billions of Yen)

	1996.3	1997.3	1998.3	1999.3	2000.3	2001.3	2002.3	2003.3	2004.3	2005.3
Total Operating Revenues*	2,802.7	2,871.0	2,523.3	2,579.1	3,795.6	3,213.2	2,505.7	2,386.8	3,294.2	3,388.7
Commissions	1,876.4	1,943.6	1,617.8	1,585.3	2,791.2	2,018.5	1,669.0	1,469.2	2,046.2	2,221.8
Brokerage	1,157.7	1,051.3	885.5	726.4	1,536.8	867.0	674.9	519.9	889.7	948.7
(Equity)	972.6	928.3	800.4	662.4	1,488.3	823.5	642.2	488.7	857.2	917.6
Underwriting	181.6	264.8	118.7	163.9	259.9	228.2	158.0	129.2	197.4	216.0
Selling	213.9	255.0	224.7	237.4	442.7	262.4	159.5	142.7	206.7	228.3
Financial Revenue*	373.4	381.8	475.5	441.0	323.1	423.4	433.6	362.3	369.0	434.5
Trading Gain*	552.7	545.5	429.6	552.0	680.6	771.3	401.1	549.9	871.8	723.3
Financial Expenses*	324.3	439.2	478.7	455.2	318.3	370.2	273.4	223.6	285.6	335.0
Net Operating Revenue*	2,478.4	2,431.7	2,044.6	2,123.9	3,477.2	2,842.9	2,232.3	2,163.2	3,008.5	3,053.7
Selling, General & Administrative Expenses	2,307.9	2,308.2	2,062.1	1,967.1	2,209.5	2,265.0	2,266.7	2,040.3	2,221.0	2,319.9
Transaction Expenses	360.9	379.1	328.1	325.1	406.6	390.8	352.2	328.0	379.4	422.8
Compensation	1,024.3	1,033.0	921.3	911.8	1,110.0	1,135.8	1,116.2	972.8	1,096.7	1,105.9
Real Estate & Equipment	350.9	335.8	290.9	292.2	284.5	294.0	302.4	278.5	266.4	262.2
Data Processing & Office Supplies	251.2	251.5	204.9	208.7	224.4	239.2	272.7	263.7	270.4	295.4
Operating Profits*	170.4	123.4	-17.5	156.7	1,267.7	577.9	-34.4	122.9	787.5	733.7

- Notes: 1. Firms that were not in business as of the end of March for each year are excluded.
2. In items marked "*", data for fiscal 2001 onwards cannot be compared with data up to and including fiscal 2000 because major revisions were made in the accounting standards of securities companies in the fiscal year ended March 2002.
3. In accordance with revisions of accounting standards in the fiscal year ended March 2002, the amount determined by deducting financial expenses from operating revenues is posted as net operating revenues.

Source: Japan Securities Dealers Association

Revenue, Expense, Asset and Liabilities

(Billions of Yen)

	1996.3	1997.3	1998.3	1999.3	2000.3	2001.3	2002.3	2003.3	2004.3	2005.3
Total Revenues*	2,832.5	2,895.6	2,549.3	2,597.0	3,817.2	3,244.2	2,543.0	2,420.5	3,318.4	3,426.2
Total Expenses*	2,646.9	2,767.2	2,558.9	2,452.1	2,563.2	2,654.9	2,560.3	2,284.7	2,525.1	2,667.8
Recurring Profits* (Loss)	185.6	128.4	-9.5	144.8	1,254.0	589.3	-17.3	135.7	793.2	758.3
Net Income*	-3.2	-764.1	-215.3	-572.6	392.0	287.2	-348.9	-169.8	508.3	483.4
Assets	53,991.7	70,885.9	113,436.2	107,477.1	107,308.7	114,650.5	65,261.9	76,622.2	94,106.8	112,572.2
Liabilities	47,075.1	64,662.5	107,930.3	102,204.6	101,122.2	108,021.7	60,297.2	71,806.8	88,822.5	106,777.7
Equity	6,916.6	6,223.3	5,505.8	5,272.4	6,186.5	6,628.8	4,964.7	4,815.3	5,284.2	5,794.4
ROE*	-0.05%	-11.6%	-3.9%	-10.9%	6.8%	4.5%	-6.0%	-3.5%	10.1%	8.7%

Notes: 1. Total expenses comprise the sum of selling, general and administrative expenses and financial expenses and non-operating expenses.
2. Firms that were not in business as of the end of March for each year are excluded.
3. See Note 2 on Page 9.

Revenue and Expenses Structure

(%)

	1996.3	1997.3	1998.3	1999.3	2000.3	2001.3	2002.3	2003.3	2004.3	2005.3
Revenue Structure Total=100%										
Brokerage Commissions	40.9	36.3	34.7	28.0	40.3	26.7	26.5	21.5	26.8	27.7
Underwriting Commissions	6.4	9.1	4.7	6.3	6.8	7.0	6.2	5.3	6.0	6.3
Selling Commissions	7.6	8.8	8.8	9.1	11.6	8.1	6.3	5.9	6.2	6.7
Other Commissions	11.4	12.9	15.3	17.6	14.5	20.4	26.6	28.0	22.7	24.2
Financial Revenues*	13.2	13.2	18.7	17.0	8.5	13.1	17.1	15.0	11.1	12.7
Trading Gain*	19.5	18.8	16.9	21.3	17.8	23.8	15.8	22.7	26.3	21.1
Other Revenue*	1.0	0.9	1.0	0.7	0.6	1.0	1.5	1.4	0.7	1.1
Expense Structure Total=100%										
Commission Paid	5.0	5.2	4.9	5.1	6.4	4.6	4.2	5.2	6.7	7.1
Communications	4.4	4.2	3.9	4.0	4.1	4.0	4.5	4.5	4.0	4.0
Advertising	1.0	1.1	0.9	1.1	1.6	2.8	1.9	1.6	1.4	1.6
Other Transactions	3.3	3.3	3.1	3.1	3.7	3.4	3.2	3.0	3.0	3.2
Compensation	38.7	37.4	36.0	37.2	43.3	42.8	43.6	42.6	43.4	41.5
Real Estate and Equipment	13.3	12.2	11.4	11.9	11.1	11.1	11.8	12.2	10.6	9.8
Data Processing & Office Supplies	9.5	9.1	8.0	8.5	8.8	9.0	10.7	11.5	10.7	11.1
Other Selling, General & Administrative Expenses	12.1	10.9	12.4	9.3	7.2	7.7	8.7	8.6	8.2	8.8
Financial Expenses*	12.2	15.9	18.7	18.6	12.4	13.9	10.7	9.8	11.3	12.6
Non-operating Expenses*	0.5	0.7	0.7	1.2	1.4	0.7	0.8	0.9	0.7	0.5

Notes: 1. Firms that were not in business as of the end of March for each year are excluded.
2. See Note 2 on Page 9.

Source: Japan Securities Dealers Association

Revenue and Expenses Structure by Type of Securities Firm (FY 2004)

(%)

	Major	Foreign	Other Domestic
Net Operating Revenue Structure Total=100%			
Brokerage Commission	24.4	19.3	45.1
Underwriting Commission	9.2	4.5	6.4
Selling Commission	12.7	0.5	6.0
Other Commission	16.6	61.3	18.3
Financial Revenue	0.5	6.9	4.0
Trading Gain	36.7	7.4	19.4
Selling, General and Administrative Expenses Structure Total=100%			
Transaction Expenses	21.4	11.2	19.2
Compensation	40.8	58.6	47.9
Real Estate & Equipment	12.2	9.6	11.5
Data Processing & Office Supplies	18.0	4.5	12.5
Other Selling, General & Administrative Expenses	7.6	16.2	8.9

Net Income, Equity and ROE by Type of Securities Firm

(Billions of Yen)

	2001.3	2002.3	2003.3	2004.3	2005.3
Net Income (Loss)*					
Major	249.5	-44.0	53.0	231.7	214.8
Foreign	45.8	-93.2	-7.6	75.3	91.5
Other Domestic	-8.1	-211.6	-215.3	201.1	177.0
Equity					
Major	3,360.9	1,935.2	1,985.7	2,227.0	2,380.5
Foreign	846.3	823.0	828.5	779.3	909.6
Other Domestic	2,421.6	2,206.3	2,001.1	2,277.7	2,504.2
ROE*					
Major	8.3%	-1.7%	2.7%	11.0%	9.3%
Foreign	5.5%	-11.2%	-0.9%	9.4%	10.8%
Other Domestic	-0.4%	-9.1%	-10.2%	9.4%	7.4%

Notes: 1. Firms that were not in business as of the end of March for each year are excluded.
2. See Note 2 on Page 9.

Source: Japan Securities Dealers Association

Composition of Total Equity by Type of Securities Firm

(%)

	2001.3	2002.3	2003.3	2004.3	2005.3
Major	50.7	39.0	41.2	42.1	41.1
Foreign	112.8	16.6	17.2	14.7	15.7
Other Domestic	36.5	44.4	41.6	43.1	43.2
Total	100.0	100.0	100.0	100.0	100.0

Note: Firms that were not in business as of the end of March for each year are excluded.

Composition of Total Employees by Type of Securities Firm

(%)

	2001.3	2002.3	2003.3	2004.3	2005.3
Major	36.6	36.7	38.3	39.5	39.7
Foreign	11.0	12.0	11.9	10.2	10.5
Other Domestic	52.4	51.2	49.8	50.3	49.8
Total	100.0	100.0	100.0	100.0	100.0

Note: Firms that were not in business as of the end of March for each year are excluded.

Number of Securities Firms, Employees, and Offices

	Total Firms	Stock Exchange Member Firms	Employees (in Thousands)	Registered Representa- tives (in Thousands)	Offices
1995	282	154	118.8	79.1	2,761
1996	289	152	113.0	75.8	2,740
1997	291	156	108.0	72.5	2,625
1998	288	148	95.1	62.6	2,335
1999	288	147	92.0	69.8	2,294
2000	297	141	94.7	72.8	2,308
2001	291	127	96.6	75.1	2,296
2002	281	123	89.2	72.0	2,148
2003	268	122	85.0	67.5	2,039
2004	268	131	86.4	69.2	2,054

Source: Japan Securities Dealers Association

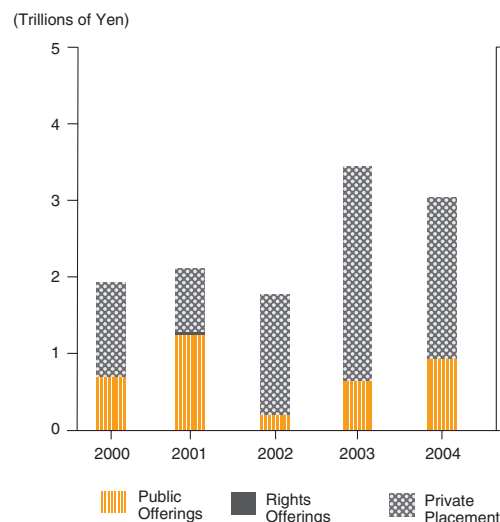
Equity financing by publicly listed companies drops for the first time in two years

In 2004, equity financing (excluding exercise of warrants and CBs*) by publicly listed companies declined to ¥3.0 trillion, falling 11.4% from ¥3.4 trillion in the previous year.

By issuing categories, the amount of public offerings advanced 44.7% year on year to ¥0.9 trillion against the backdrop of active fund raising amid a strong market. Private placements lost 24.6%, to ¥2.1 trillion in reaction to the substantial decrease in the issue of preferential stocks by banks compared with the previous fiscal year.

* “CBs” mean “convertible-type bonds with subscription rights”.

Equity Financing by Corporations (excluding exercises of Warrants and CBs)



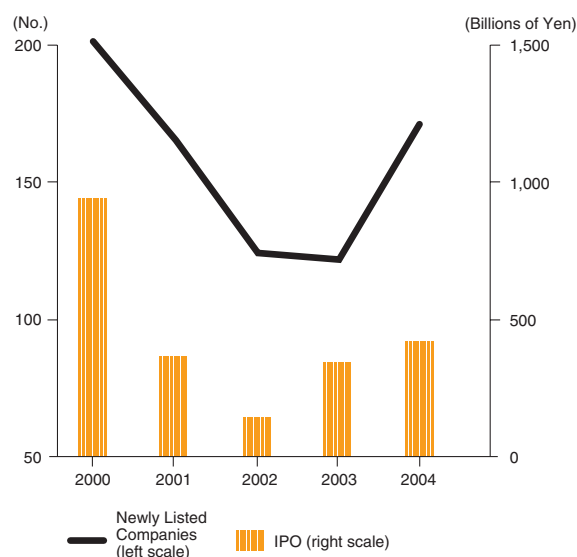
Sources: Tokyo Stock Exchange, Japan Securities Dealers Association

Fund raising through IPOs increases for the second consecutive year

In 2004, a total of 171 companies went public—67 listed on Jasdak market** and 104 listed on stock exchanges, including 56 companies listing on the TSE’s Mothers market and 16 companies listing on the Osaka Securities Exchange’s Hercules market. The number of newly listed companies increased for the first time in four years, significantly climbing by 50 companies compared with 2003.

Total capital raised through IPOs increased 21.4%, to ¥421.4 billion. In addition to the large increase in the number of IPOs, there were frequent large offerings during the year. Reflecting the strong market, the relatively high IPO prices also contributed to the increase in total capital raised.

Number of Newly Listed Companies and IPO Amounts

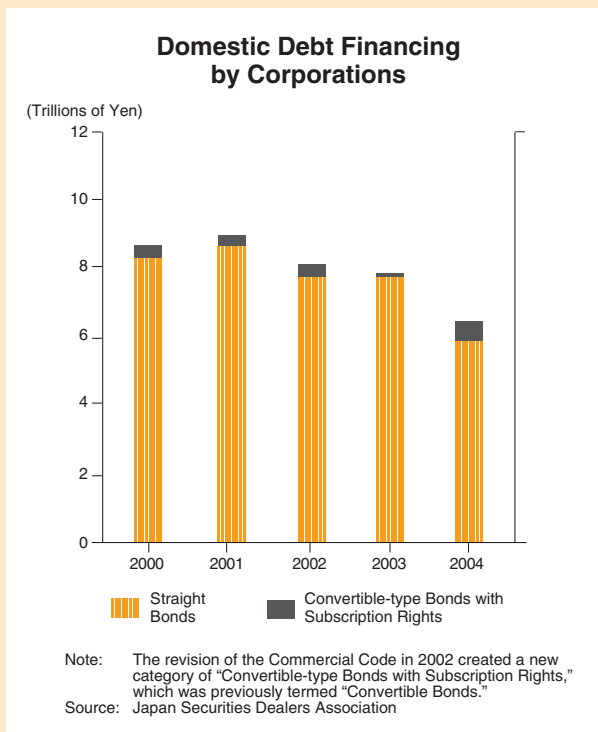


Note: In the number of newly listed companies in 2004, that of Jasdak market is for the period from January 1 to December 12.
Source: Japan Securities Dealers Association

Domestic straight bond issuance declines for the third consecutive year

Corporate debt financing fell 17.4%, to ¥6.4 trillion. Corporate straight bond issuance decreased 21.9%, to ¥5.7 trillion. This was largely affected by the drop of electric power bond issuance because of the progress the electric power companies have made in reducing interest-bearing debt through capital investment restraint. In contrast, amid the strong market, issues of CBs, with their lower interest rates, rose sharply against the backdrop of increased demand for capital investment, soaring 676%, to ¥0.5 trillion.

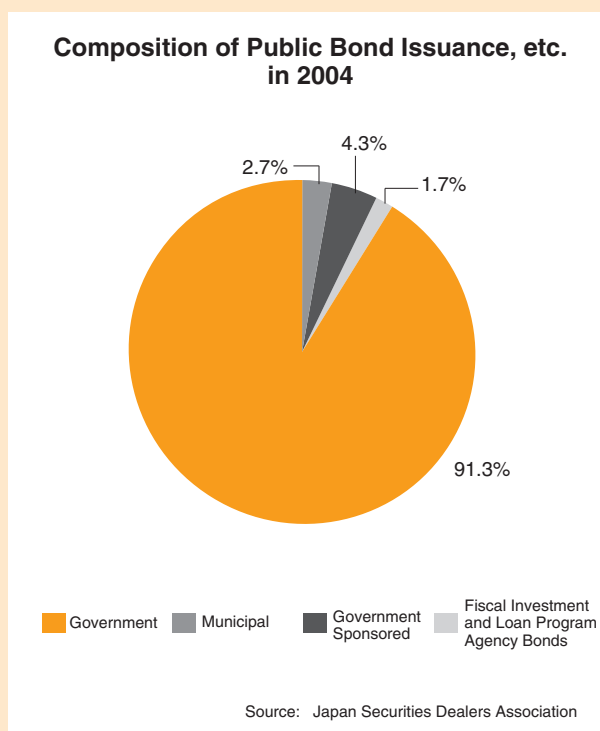
Samurai bond issues jumped 81.4%, to ¥1.4 trillion as the concerns that had spread among investors due to the default of Argentine government bonds and the fall of Enron Corp. in the United States calmed down. In addition, the Japanese market was the market of choice because of its low interest rates. There was a notable number of foreign financial institutions among Samurai bond issuers in 2004.



Public bond issuance sets record high for the seventh consecutive year

Public bond issuance posted a record high for the seventh consecutive year, increasing 14.3%, to ¥191.9 trillion. Looking at the type of bonds, due to the increase in refinancing bonds in the planned issuance for fiscal 2004, JGB issuance hit a record high, growing by 13.3%, to ¥175.2 trillion. Although issuance of treasury bills was lower than originally planned, the government took measures to increase its issuing amount of "inflation-adjusted" bonds, issuing its first Inflation-Indexed bonds in March 2004 and much greater JGBs for Individual Investors than originally planned.

Issuance of municipal bonds grew 23.1%, to ¥5.2 trillion. The increase can be attributed to restraint on municipal funding from government and public funds implemented with the budget for the fiscal year ended March 2005, resulting in an increased portion of the private funds.



Equity Financing by Corporations

(Billions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Listed Companies										
Public Offerings	33	305	128	284	370	572	1,201	156	572	754
Rights Offerings	95	337	72	0	—	8	32	—	1	4
Private Placements	210	757	593	1,167	9,457	1,109	795	1,530	2,770	2,034
Total	338	1,400	794	1,451	9,827	1,690	2,028	1,687	3,345	2,793
Jasdaq Companies										
Public Offerings	128	257	45	49	156	117	34	37	69	165
Rights Offerings	—	0	1	—	—	2	—	—	0	6
Private Placements	2	67	14	41	74	113	43	28	30	53
Total	131	325	60	91	231	233	77	65	100	225
Total Corporate New Equity Issues										
Public Offerings	161	563	173	333	527	690	1,235	194	642	929
Rights Offerings	95	337	74	0	0	10	32	—	2	11
Private Placements	212	825	607	1,209	9,531	1,223	838	1,558	2,801	2,113
Total	470	1,726	854	1,543	10,059	1,924	2,106	1,753	3,446	3,054
Initial Public Offerings	382	609	377	1,416	354	941	368	147	347	421

Notes: 1. IPOs do not include public offerings made by foreign companies listing on Japanese stock exchanges.
2. “—” indicates nil.
3. The figure for the number of Jasdaq companies in 2004 is for the period from January 1 to December 12.
Sources: Tokyo Stock Exchange, Japan Securities Dealers Association

Debt Financing by Corporations

(Billions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Straight Bonds										
Domestic	5,046	6,146	6,526	12,784	7,498	8,276	8,609	7,736	7,728	5,879
Overseas	549	1,160	1,403	901	1,307	752	620	845	807	866
Convertible-type Bonds with Subscription Rights										
Domestic	737	3,289	270	246	592	357	300	427	72	561
Overseas	418	575	547	118	407	294	562	850	996	1,725
Bonds with Subscription Rights	—	—	—	—	—	—	—	—	—	—
Domestic	492	646	62	—	216	16	2	2	—	—
Overseas	—	—	—	—	—	—	—	—	—	—
Total										
Domestic	5,783	9,435	6,796	13,031	8,090	8,633	8,910	8,164	7,801	6,440
Overseas	1,461	2,382	2,013	1,019	1,931	1,064	1,185	1,698	1,803	2,592

Notes: 1. “Overseas” includes new issues of privately placed bonds.
2. “—” indicates nil.
3. Following the revision of the Commercial Code in 2002, “Convertible Bonds” and “Bonds with Warrants” were renamed “Convertible-type Bonds with Subscription Rights” and “Bonds with Subscription Rights” respectively in this table.
4. The figure for “Straight Bonds Overseas” in 2004 is for the period from January to September.
Source: Japan Securities Dealers Association

New Issuance of Public Bonds, etc.

(Billions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Government Bonds	65,677	72,219	67,824	84,804	102,050	105,996	133,970	147,831	154,686	175,268
Public Subscriptions	54,663	54,825	54,864	61,395	88,057	99,335	106,811	117,420	129,088	139,728
Super-long-term	2,008	1,533	1,594	2,195	2,599	5,394	7,191	9,290	11,987	15,494
Long-term	16,551	15,578	14,985	17,316	23,662	20,943	20,832	21,492	22,687	22,997
Med-term	5,479	5,576	4,618	5,521	12,734	28,207	38,840	42,732	45,260	46,087
Inflation-Indexed	—	—	—	—	—	—	—	—	—	899
Med-term (zero-coupon)	257	257	250	239	243	390	705	710	—	—
Treasury Bills	30,366	31,879	33,415	36,122	48,817	44,399	39,241	43,194	47,197	47,796
For Individual Investors	—	—	—	—	—	—	—	—	1,955	6,451
Municipal Bonds	1,967	1,893	1,852	1,722	1,998	2,200	2,299	2,582	4,264	5,251
Gov. Sponsored Bonds	2,952	3,106	2,939	2,270	2,966	4,854	4,815	4,216	6,476	8,243
Fiscal Investment and Loan Program Agency Bonds	—	—	—	—	—	—	546	2,408	2,457	3,188
Total	70,597	77,218	72,615	88,797	107,014	113,050	141,630	157,039	167,884	191,952

Note: Municipal bonds and government sponsored bonds data includes only public offerings.

New Issuance of Corporate Bonds

(Billions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Corporate Bonds	5,783	9,435	6,796	13,031	8,090	8,633	8,910	8,164	7,801	6,440
Straight Bonds	5,049	6,146	6,416	12,642	6,912	7,975	8,272	7,151	7,380	5,766
Electric Power Bonds	1,625	1,515	1,555	2,465	1,718	1,522	1,881	1,508	1,252	
NTT, JR, JT Bonds	150	285	220	420	515	160	430	471	225	
Business Corporation Bonds	3,271	4,346	4,641	9,757	4,679	6,293	5,961	5,172	5,903	
Asset Backed Bonds	—	—	110	142	585	300	337	584	347	112
Convertible-type Bonds with Subscription Rights	737	3,289	270	246	592	357	300	427	72	561
Bonds with Subscription Rights	—	—	—	—	—	—	—	—	—	—
Bank Debentures	42,594	43,966	30,780	23,305	24,517	20,979	18,697	12,991	9,693	8,167
Samurai Bonds	1,616	3,923	2,145	329	935	2,562	1,594	670	808	1,466
Nonresident Euroyen Bonds	10,955	12,676	17,872	11,302	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Notes: 1. “—” indicates nil.

2. Following the revision of the Commercial Code in 2002, “Convertible Bonds” and “Bonds with Warrants” were renamed “Convertible-type Bonds with Subscription Rights” and “Bonds with Subscription Rights” respectively in this table.

Source: Japan Securities Dealers Association

Outstanding Public Bonds, etc.

(Trillions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Government Bonds	218.7	239.2	254.1	280.1	320.5	359.1	418.1	481.8	531.8	599.9
Public Subscriptions	148.5	161.3	170.7	182.8	216.2	257.4	299.3	344.5	387.6	439.4
Super-long-term	18.9	20.4	22.0	22.9	23.5	27.4	34.6	43.9	55.2	70.7
Long-term	103.8	111.0	117.9	126.7	142.6	151.8	159.2	167.5	175.3	181.4
Med-term	12.2	16.2	16.9	17.2	24.7	47.2	76.5	100.1	119.4	143.0
Inflation-Indexed	—	—	—	—	—	—	—	—	—	0.8
Med-term (zero-coupon)	1.3	1.3	1.2	1.2	1.2	1.3	1.8	2.2	1.9	0.9
Treasury Bills	12.0	12.2	12.4	14.5	23.9	29.3	27.0	30.5	33.7	33.9
For Individual Investors	—	—	—	—	—	—	—	—	1.9	8.3
Municipal Bonds	10.1	11.2	12.2	13.1	14.5	16.0	17.7	19.4	22.3	26.0
Gov. Sponsored Bonds	21.6	22.9	23.9	20.6	21.8	25.1	28.2	30.7	34.6	38.5
Fiscal Investment and Loan Program Agency Bonds	—	—	—	—	—	—	0.5	2.9	5.3	8.4
Total	250.5	273.3	290.4	313.9	356.9	400.3	464.7	534.9	594.1	672.9

Note: Municipal bonds and government sponsored bonds data includes only public offerings.

Outstanding Corporate Bonds

(Trillions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Corporate Bonds	41.6	47.5	49.8	57.3	58.9	62.5	63.5	62.5	60.1	57.3
Straight Bonds	22.0	26.5	31.3	41.8	45.6	49.9	52.3	53.1	53.2	52.5
Electric Power Bonds	12.2	12.8	13.6	15.2	15.7	15.8	16.2	15.7	14.9	
NTT, JR, JT Bonds	1.9	2.0	2.0	2.1	2.5	2.5	2.5	3.0	3.0	
Business Corporation Bonds	7.8	11.6	15.6	24.4	27.3	31.5	33.5	34.3	35.1	
Asset Backed Bonds	—	—	0.1	0.2	0.7	0.8	0.8	1.0	1.1	0.9
Convertible-type Bonds with Subscription Rights	19.2	20.7	18.1	15.3	12.5	11.6	10.3	8.3	5.7	3.7
Bank Debentures	76.6	76.0	67.2	56.9	56.6	49.6	44.5	37.1	30.9	27.5
Samurai Bonds	9.2	12.2	12.0	9.9	8.3	8.2	8.0	6.8	6.1	6.5

Notes: 1. “—” indicates nil.

2. The revision of the Commercial Code in 2002 created a new category of “Convertible-type Bonds with Subscription Rights,” which was previously termed “Convertible Bonds.”

Source: Japan Securities Dealers Association

New Issuance of Private Placements

(Billions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Municipal Bonds	6,376	6,172	4,407	4,767	5,425	3,302	2,329	1,921	2,516	2,772
Gov. Agency Bonds	5,335	4,762	4,968	6,373	3,712	2,253	1,614	979	2,004	2,246
Corporate Bonds	244	368	501	765	661	1,166	1,474	2,089	3,183	3,298
Total	11,956	11,304	9,878	11,906	9,793	6,708	5,451	4,991	7,703	8,317

Outstanding Private Placements

(Trillions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Municipal Bonds	24.7	26.5	29.2	32.2	35.4	36.2	36.1	35.2	34.1	32.6
Gov. Agency Bonds	52.0	53.9	55.7	48.5	48.1	45.5	42.2	38.0	33.0	30.1
Corporate Bonds	4.3	3.9	3.4	3.0	3.0	3.7	4.6	5.9	8.2	10.1
Total	81.1	84.4	88.4	83.9	86.6	85.5	83.0	79.2	75.4	73.0

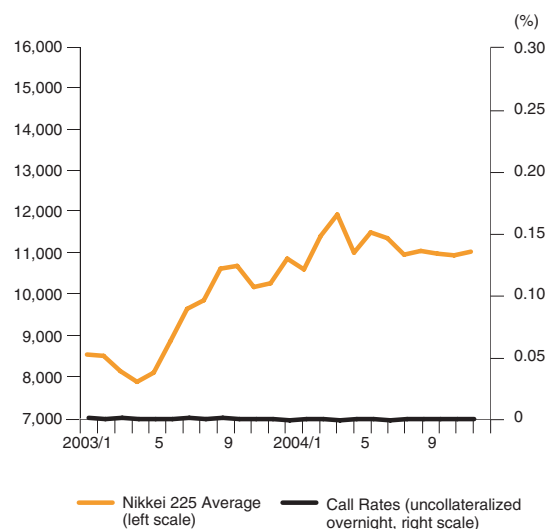
Source: The Japan Local Government Bond Association, Japan Securities Dealers Association

Secondary Stock Markets

The Nikkei 225 stock average suffers tightest price band in 19 years

The Nikkei 225 began the year at 10,825.17 on a downward trend, falling to its low for the year on February 10, at 10,365.40. It then rallied, driven by a sharp increase in foreign investors buying after the release of GDP growth rate of the 2003 fourth quarter which outperformed its previous forecasts. These forces pushed the stock average up to its high for the year on April 26, at 12,163.89. In the second half, growing perception that Japan's economy was slowing and the progressive appreciation of the yen put further pressure on the market. However, favorable interim corporate performances in September and growing confidence in the stability of Japan's financial system supported the market. The market then began to climb upward again based on a sense of the Japanese economy bottoming out quickly. The Nikkei 225 ended the year up 7.6%, at 11,488.76, posting its second consecutive year of growth. However, it moved within a narrow range of 1,800 points, one of the tightest price bands seen since 1985.

Nikkei 225 Stock Average and Short-Term Money Market Rates

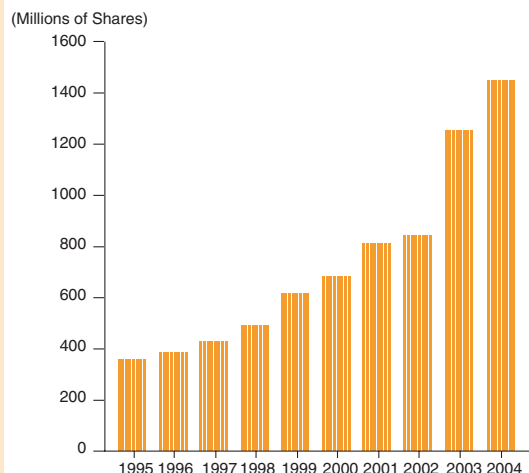


Note: Data are monthly averages.
Sources: Bank of Japan, Nihon Keizai Shinbun, Inc.

Total trading volume on TSE tops 350 billion shares to reach new high for the second consecutive year

Robust trading by foreign and individual investors throughout the year supported a 15.8% year-on-year increase in the average daily volume of the TSE First Section, to 1,451.35 million shares a day, breaking through the one billion share mark for the second year in a row. Meanwhile, the average daily trading value leaped 35.6%, to ¥1,316.7 billion. On a full year basis, total trading volume rose 16.2%, to 357.0 billion shares, setting a record high for the second consecutive year. Aggregate trading value advanced 36.2%, to ¥323,918.2 billion. Total market value at the end of the year 2004 climbed 14.3%, to ¥353,558.2 billion.

Daily Volume on TSE (1st Section)

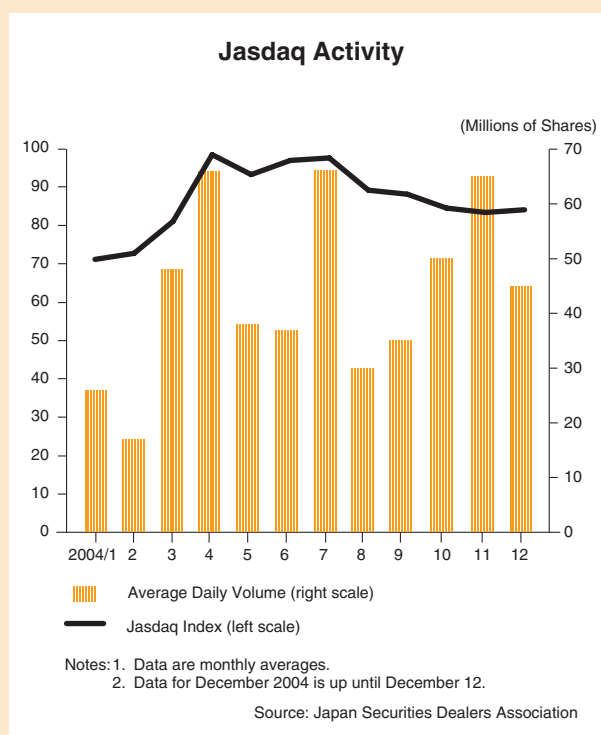


Source: Tokyo Stock Exchange

Jasdaq's trading volume and value* post large gains

Against the backdrop of an IPO boom, the Jasdaq Index rose during the first half of the year, reaching its high for the year at 104.61 points in May. Following that peak, the market in general softened, but was still 82.70 on December 12, a 22.5% gain from the previous year.

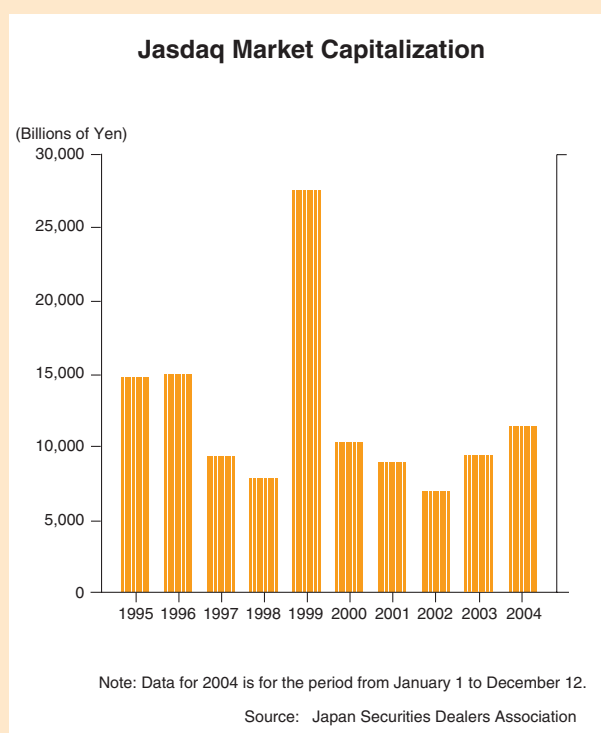
Total trading volume jumped 84.3%, to 10.7 billion shares on robust trading by individual investors and institutional investors, breaking through the 10-billion-share mark. Aggregate trading value also surged, increasing 87.7%, to break through the ¥10-trillion level, at ¥11,919.8 billion.



Jasdaq market capitalization* exceeds ¥11 trillion

A total of 39 companies—five more than last year—moved from the Jasdaq market to the TSE during the year. Nevertheless, against a background of improved market conditions, many companies that had previously put off going public conducted IPOs and capital financing by listed companies amounted to ¥225.2 billion compared with ¥100.8 billion in the previous year. Total capitalization of the Jasdaq market, therefore, rose 20.9%, to ¥11,344.1 billion, increasing for the second consecutive year.

At December 12, 2004, the total number of listed companies remained unchanged at 945, including 67 new listings.



* For the period from January 1 to December 12, 2004.

Listed Companies

	Tokyo Stock Exchange 1st & 2nd	Tokyo Stock Exchange 1st	Osaka Securities Exchange	All domestic stock exchanges	Jasdaq
1995	1,714	1,253	1,222	2,263	698
1996	1,766	1,293	1,256	2,334	779
1997	1,805	1,327	1,274	2,387	847
1998	1,838	1,340	1,271	2,416	868
1999	1,890	1,364	1,281	2,472	871
2000	2,026	1,447	1,310	2,595	887
2001	2,067	1,491	1,335	2,666	927
2002	2,076	1,495	1,312	2,669	939
2003	2,102	1,533	1,140	2,690	945
2004	2,154	1,595	1,090	2,788	945

Notes: 1. "All domestic stock exchanges" exclude duplication of dual listings.
2. Figure for Jasdaq in 2004 is as of December 12.

Market Capitalization

(Billions of Yen)

	Tokyo Stock Exchange 1st & 2nd	Tokyo Stock Exchange 1st	Osaka Securities Exchange	All domestic stock exchanges	Jasdaq
1995	365,716	350,237	304,725	378,299	14,604
1996	347,578	336,385	287,302	358,538	14,952
1997	280,930	273,907	226,457	288,226	9,246
1998	275,181	267,783	211,081	281,521	7,754
1999	456,027	442,443	298,861	466,215	27,414
2000	359,919	352,784	265,404	364,747	10,283
2001	296,092	290,668	212,514	300,630	8,927
2002	247,366	242,939	178,695	251,000	6,983
2003	314,933	309,290	209,144	320,071	9,384
2004	361,328	353,558	234,353	368,896	11,344

Notes: 1. "All domestic stock exchanges" exclude duplication of dual listings.
2. "Jasdaq" does not include securities issued by the Bank of Japan.
3. Figure for Jasdaq in 2004 is as of December 12.

Sources: Tokyo Stock Exchange, Osaka Securities Exchange, Japan Securities Dealers Association

Tokyo Stock Exchange Activity (1st & 2nd Sections)

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1995	92,033	83,563	369.6	335.5
1996	100,170	101,892	405.5	412.5
1997	107,566	108,500	439.0	442.8
1998	123,198	97,391	498.7	394.2
1999	155,163	185,486	633.3	757.0
2000	174,147	248,292	702.2	1,001.1
2001	204,026	201,909	829.3	820.7
2002	213,093	192,849	866.2	783.9
2003	315,934	240,064	1,289.5	979.8
2004	375,348	332,095	1,525.8	1,349.9

Source: Tokyo Stock Exchange

Osaka Securities Exchange Activity (1st & 2nd Sections)

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1995	21,093	24,719	85.0	99.6
1996	20,783	27,280	84.1	110.4
1997	15,407	27,024	62.8	110.3
1998	12,836	20,532	51.9	83.1
1999	14,969	22,101	61.1	90.2
2000	17,226	34,357	69.4	138.5
2001	12,292	20,056	49.9	81.5
2002	10,308	13,818	41.9	56.1
2003	12,579	11,285	51.3	46.0
2004	10,122	9,756	41.1	39.6

Source: Osaka Securities Exchange

All Domestic Stock Exchanges Activity

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1995	120,148	115,839	482.5	465.2
1996	126,496	136,169	512.1	551.2
1997	130,657	151,445	533.2	618.1
1998	139,757	124,101	565.8	502.4
1999	175,455	210,236	716.1	858.1
2000	196,087	290,325	790.7	1,170.7
2001	217,893	225,238	885.7	915.6
2002	224,567	209,229	912.8	850.5
2003	331,731	255,342	1,354.0	1,042.2
2004	396,967	357,286	1,613.6	1,452.3

Source: All domestic stock exchanges

Jasdaq Market Activity

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1995	2,596	5,889	10.4	23.6
1996	2,546	5,910	10.3	23.9
1997	1,460	2,661	5.9	10.8
1998	1,303	1,554	5.2	6.2
1999	4,287	12,197	17.5	49.7
2000	3,507	11,424	14.1	46.0
2001	3,307	5,012	13.4	20.3
2002	4,256	3,668	17.3	14.9
2003	5,827	6,349	23.7	25.9
2004	10,740	11,919	46.0	51.1

Notes: 1. These figures represent the total of listed issues and supervised issues.

2. Figures for 2004 are for the period from January 1 to December 12.

Source: Japan Securities Dealers Association

Nikkei 225 Stock Average

	Close	% Change	High	Date	Low	Date
1995	19,868.15	0.7	20,011.76	12.27	14,485.41	7.3
1996	19,361.35	-2.6	22,666.80	6.26	19,161.71	12.24
1997	15,258.74	-21.2	20,681.07	6.16	14,775.22	12.29
1998	13,842.17	-9.3	17,264.34	3.2	12,879.97	10.9
1999	18,934.34	36.8	18,934.34	12.30	13,232.74	1.5
2000	13,785.69	-27.2	20,833.21	4.12	13,423.21	12.21
2001	10,542.62	-23.5	14,529.41	5.7	9,504.41	9.17
2002	8,578.95	-18.6	11,979.85	5.23	8,303.39	11.14
2003	10,676.64	24.5	11,161.71	10.20	7,607.88	4.28
2004	11,488.76	7.6	12,163.89	4.26	10,365.40	2.10

Source: Nihon Keizai Shinbun, Inc.

TOPIX

	Close	% Change	High	Date	Low	Date
1995	1,577.70	1.2	1,585.87	12.27	1,193.16	6.13
1996	1,470.94	-6.8	1,722.13	6.26	1,448.45	12.24
1997	1,175.03	-20.1	1,560.28	6.26	1,130.00	12.22
1998	1,086.99	-7.5	1,300.30	2.10	980.11	10.15
1999	1,722.20	58.4	1,722.20	12.30	1,048.33	1.5
2000	1,283.67	-25.5	1,754.78	2.7	1,255.16	12.21
2001	1,032.14	-19.6	1,440.97	5.7	988.98	12.17
2002	843.29	-18.3	1,139.43	5.24	815.74	12.18
2003	1,043.69	23.8	1,105.59	10.20	770.62	3.11
2004	1,149.63	10.2	1,217.87	4.14	1,022.61	2.4

Source: Tokyo Stock Exchange

Jasdaq Index

	Close	% Change	High	Date	Low	Date
1995	54.14	-11.1	62.70	1.11	41.20	6.15
1996	47.08	-13.0	63.10	7.2	46.49	12.26
1997	27.68	-41.2	47.22	1.6	26.71	12.24
1998	28.24	2.0	32.16	2.12	23.00	10.13
1999	97.28	244.5	97.28	12.30	28.32	1.4
2000	54.20	-44.3	129.02	2.21	50.87	12.21
2001	47.20	- 12.9	63.47	2.7	41.12	9.17
2002	38.49	-18.5	52.07	6.3	36.50	11.20
2003	67.51	75.4	78.68	10.20	36.50	3.11
2004	82.70	22.5	104.61	5.6	68.07	1.5

Notes: 1. The Jasdaq Index is a composite index of all stocks registered on Jasdaq. The base for the index is the aggregate market value of its component stocks as of the close of business on October 28, 1991 (the index value on that date was adjusted to 100).

2. Figures for 2004 are for the period from January 1 to December 12.

Source: Japan Securities Dealers Association

Nikkei OTC Stock Average

	Close	% Change	High	Date	Low	Date
1995	1,488.40	-16.2	1,852.13	1.11	1,194.77	6.15
1996	1,330.55	-10.6	1,747.17	7.2	1,316.25	12.26
1997	721.53	-45.8	1,333.11	1.6	708.23	12.24
1998	724.99	0.5	842.74	1.30	610.86	10.13
1999	2,270.14	213.1	2,480.44	11.15	724.89	1.4
2000	1,242.38	-45.3	2,713.73	2.21	1,186.68	12.21
2001	1,138.09	-8.4	1,453.80	5.8	1,027.33	9.12
2002	991.83	-12.9	1,268.11	6.5	943.45	12.24
2003	1,417.04	42.9	1,530.72	10.20	952.02	3.11
2004	1,669.44	17.8	2,057.55	5.6	1,429.15	1.5

Note: Figures for 2004 are for the period from January 1 to December 12.

Source: Nihon Keizai Shinbun, Inc.

Stock Index Futures

(One-way, Billions of Yen, Thousands of Contracts)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Trading Value										
Nikkei 225	125,364	148,306	136,973	124,949	153,083	127,178	113,719	109,131	122,822	161,276
TOPIX	38,103	45,808	42,173	32,073	44,046	64,243	59,042	69,902	86,192	115,874
Nikkei 300	5,964	5,589	4,125	3,567	4,038	3,826	2,295	581	310	365
Number of Contracts										
Nikkei 225	7,220	7,043	7,484	8,191	9,067	7,426	9,516	10,841	13,058	14,415
TOPIX	2,745	2,857	3,035	2,726	3,157	4,148	5,071	7,131	9,359	10,305
Nikkei 300	2,318	1,872	1,526	1,531	1,470	1,281	961	293	172	167

Stock Index Options

(Total Puts and Calls, Billions of Yen, Thousands of Contracts)

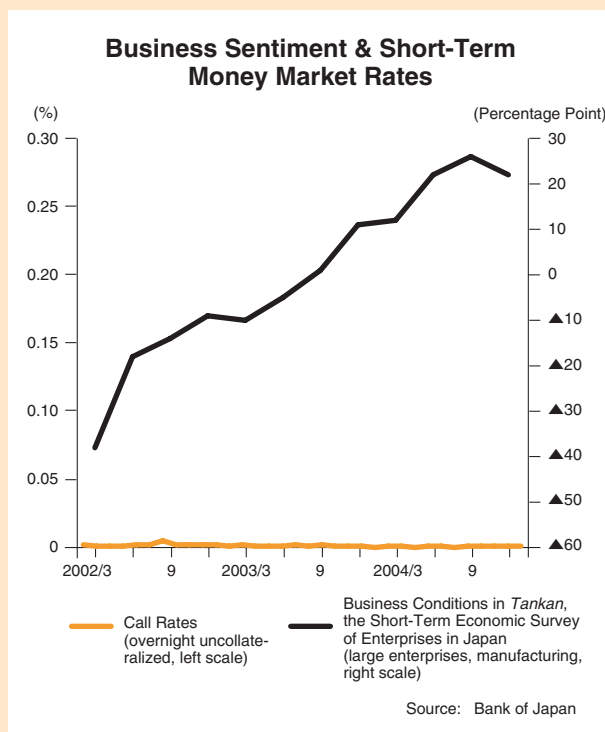
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Trading Value										
Nikkei 225	1,432	928	1,270	1,166	1,374	1,372	1,294	1,141	1,721	1,029
TOPIX	8	3	2	0.1	0.6	1.0	3.7	23.5	13.9	6.8
Nikkei 300	27	23	6	2	0.4	0.6	0.6	0.6	0.2	0.4
Number of Contracts										
Nikkei 225	5,174	3,924	4,910	5,230	5,753	5,715	6,953	9,428	14,958	16,560
TOPIX	16	13	9	0.6	2	2	7	93	98	17
Nikkei 300	122	44	7	2	0.6	0.6	0.6	0.5	0.2	0.4

Sources: Tokyo Stock Exchange, Osaka Securities Exchange

Secondary Bond Markets

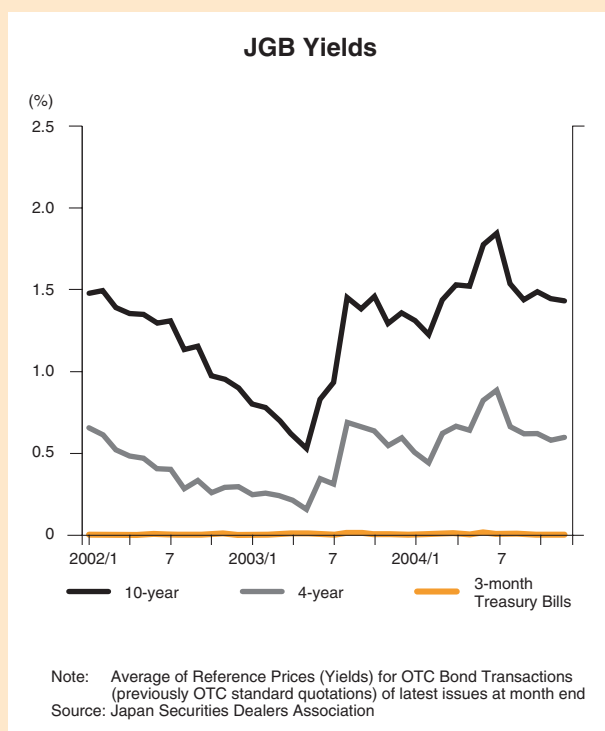
BOJ's quantitative relaxation pushes short-term rates to new record low

Amid the growing perception of a mounting excess money supply due to the Bank of Japan (BOJ)'s quantitative relaxation policy, the uncollateralized overnight call rate reached minus 0.012% in mid-January, the lowest level since June 2003. Despite this low, the BOJ further reinforced its policy by raising its current account balance targets to between ¥30 trillion to ¥35 trillion. In addition, concerns over the instability of the financial system began to wane in line with progress made by major commercial banks in resolving their bad debt problems, leading financial institutions to take steps to reduce their cash surpluses in the second half. Although the uncollateralized overnight call rate temporarily rose to a high of approximately 0.005% at the fiscal half-year ends in March and September, it generally moved in a stable range of 0.001% to 0.002% during the year.



Long-term JGB yield registers four-year high, but sinks in second half under concerns about economic stagnation

The long-term JGB yield began the year at 1.400%. However, it began to decline under negative impact of the stronger yen, and fell to 1.190% in February. Entering June, the yield began to climb amid heightened sense of economic recovery due to a strong stock market and improvement in U.S. economic indicators. Late in June, the yield rose to 1.902%, its highest level since September 2000. The fall in U.S. long-term interest rates, skyrocketing crude oil prices, and Japanese economic indicators coming in below forecasted levels resulted in the yield plummeting back down to 1.404% late in September. During the period up to the year end, the yield did recover to the 1.5% level, but resumed its downward trend in the face of negative foreign factors, the end to the perception that the BOJ would end its monetary relaxation policy soon, and downward revision of economic forecasts by the government, ending the year at 1.431%.

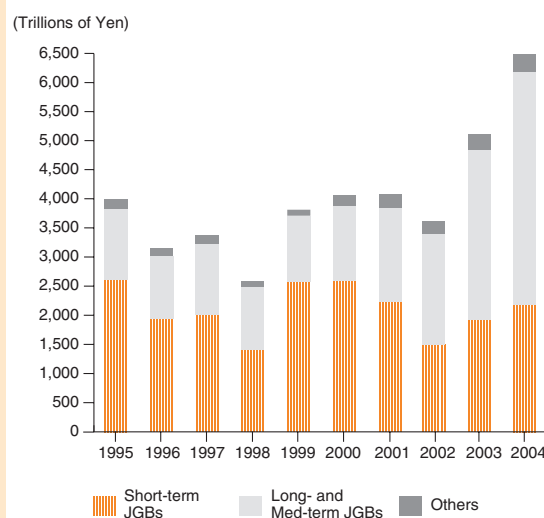


Public and corporate bond trading value hits a record high for the first time in 17 years

The total trading value (OTC and exchanges, including Repos) of bonds increased 26.8%, to ¥6,483 trillion, hitting a record high for the first time in 17 years. The record level of transactions can be attributed to the ballooning outstanding amount of JGBs due to the continued large issuance and to active trading during mid-year when significant fluctuation occurred in interest rates.

In particular, the trading value of JGBs rose a substantial 27.8%, to ¥6,178 trillion. Of this amount, long-term JGBs grew 20.2%, to ¥2,117 trillion. Medium-term JGBs advanced 48.8%, to ¥1,400 trillion, while super-long-term JGBs drove forward 164.8%, to ¥476 trillion.

OTC Bond Trading (Including Repos)



Note: "Short-term JGBs" totaled treasury bills and financing bills.
Source: Japan Securities Dealers Association

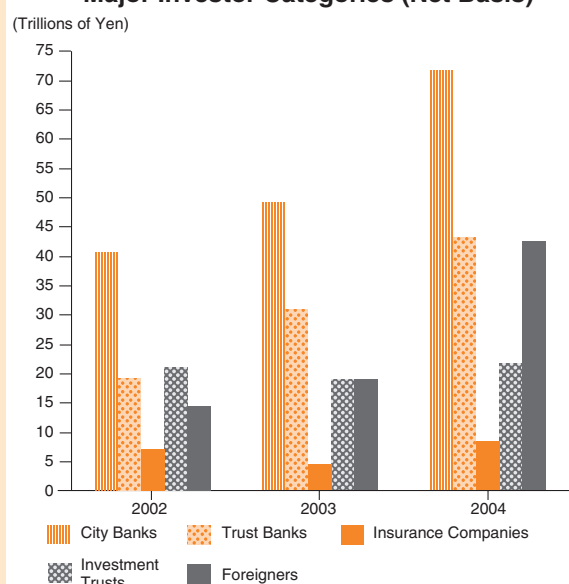
Major investors are net buyers

Looking at the breakdown of net purchases and sales, investment capital continued to flow into the bond market against the backdrop of unclear prospects for the economy and BOJ's quantitative relaxation policy. As a result, major investors were in general net buyers.

Among major investors, city banks (including long-term credit banks) were net buyers overall, increasing their net buying by 45.7%, to ¥71.7 trillion. Although banks sold ¥7.6 trillion on balance in public and corporate bonds except for short-term securities (treasury and financing bills) during the year, they also bought ¥79.3 trillion on balance in short-term securities in order to reduce their exposure to interest rate risk in light of the uncertainty in the direction of the economy. Foreign investors were net buyers, increasing their net buying for overall public bonds by 124.4%, to ¥42.6 trillion.

Insurance companies also were net buyers, increasing their net buying by 90.0%. Financial institutions for agriculture and forestry, however, decreased their net buying by 78.0%.

Net Purchases and Sales of Bonds by Major Investor Categories (Net Basis)



Notes: 1. Excludes Repos
2. City Banks include Long-Term Credit Banks.
Source: Japan Securities Dealers Association

Trading Value of Public and Corporate Bonds on the Tokyo OTC Market

(Trillions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total	4,012.6	3,182.8	3,385.7	2,606.7	3,836.7	4,061.1	4,058.0	3,665.9	5,110.2	6,481.4
(Repos)	2,201.1	1,694.5	1,759.1	1,081.0	2,272.4	2,122.2	1,922.1	1,364.4	2,527.9	3,567.0
Monthly Average	334.3	265.2	282.1	217.2	319.7	338.4	338.1	305.4	425.8	540.1
Total Government Bonds	3,846.2	3,037.3	3,242.1	2,497.2	3,734.1	3,898.0	3,863.4	3,429.8	4,836.1	6,178.6
Super-long-term	55.0	43.5	69.3	77.6	62.1	51.6	70.5	83.7	179.8	476.3
Long-term	1,109.8	972.9	1,091.7	959.4	995.2	975.5	1,161.1	1,291.6	1,762.5	2,117.8
Med-term	47.7	47.6	41.8	37.6	69.0	247.4	385.6	562.2	940.9	1,400.3
Med-term (zero-coupon)	1.4	0.7	3.6	1.0	0.7	1.3	2.7	2.1	19.0	4.7
Treasury Bills	1,849.9	1,339.2	1,396.0	1,419.0	1,521.8	1,066.0	803.6	464.9	668.6	485.5
Financing Bills	782.1	633.1	693.5	2.4	1,085.1	1,555.9	1,439.6	1,025.0	1,265.0	1,693.7
Municipal Bonds	8.5	8.3	7.6	7.0	6.7	10.9	13.2	20.3	41.6	44.1
Gov. Sponsored Bonds	29.6	24.2	26.2	20.4	15.4	31.8	28.4	43.6	56.7	65.8
Fiscal Investment and Loan Program Agency Bonds	—	—	—	—	—	—	0.3	3.2	8.0	12.0
Total Corporate Bonds	17.3	18.6	19.8	21.9	23.3	42.2	54.1	67.3	83.6	88.0
Electric Power Bonds	7.9	6.4	6.7	7.4	8.4	12.7	12.8	19.1	21.6	22.9
NTT Bonds	0.8	0.8	0.4	0.4	0.5	0.6	1.0	1.8	1.7	1.3
Business Corporation Bonds	6.9	10.0	11.9	13.6	11.6	25.1	36.7	43.2	57.2	60.8
Bonds with Subscription Rights	1.6	1.4	0.5	0.3	2.5	3.3	3.1	2.7	2.7	2.5
Convertible Bonds	1.6	1.4	0.5	0.3	2.5	3.3	3.1			
Bonds with Warrants	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Bank Debentures	68.0	55.1	54.9	32.9	31.8	39.2	50.6	48.6	38.0	36.8
Samurai Bonds	4.5	6.1	5.6	3.0	3.1	5.1	5.5	7.3	5.3	11.0
Others	38.1	32.8	29.2	23.9	21.9	33.4	42.1	45.1	40.3	44.2

Notes: 1. Others are nonpublic issue. 2. Bonds with Subscription Rights represent a new category created by a revision of the Commercial Code in 2002. It includes the previous categories of Convertible Bonds and Bonds with Warrants. 3. "Business Corporation Bonds" include Asset Backed Bonds.
Source: Japan Securities Dealers Association

Trading Value of Public and Corporate Bonds on Exchanges

(Trillions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total	50.4	44.9	37.1	18.4	11.1	6.5	5.1	4.4	2.6	1.7
Government Bonds	10.0	11.9	9.7	3.7	0.0	0.0	0.0	0.0	0.0	0.0
Bonds with Subscription Rights	40.0	32.6	27.1	14.6	11.0	6.4	5.1	4.4	2.6	1.7
Convertible Bonds	40.0	32.6	27.1	14.6	11.0	6.4	5.1			
Bonds with Warrants	0.0	0.0	0.0	—	—	—	—			

Notes: 1. These figures represent $2 \times$ domestic stock exchange turnover (one-way).
2. All 8 stock exchanges. As of March 2000, all 6 stock exchanges. Since March 2001, all 5 stock exchanges.
3. Bonds with Subscription Rights represent a new category created by a revision of the Commercial Code in 2002. It includes the previous categories of Convertible Bonds and Bonds with Warrants.
Source: All domestic stock exchanges

Trading Value of Public and Corporate Bonds by Investor Categories

(Trillions of Yen)

	2002			2003			2004		
	Sales	Purchases	Net	Sales	Purchases	Net	Sales	Purchases	Net
Total Financial Institutions	208.7	307.7	-99.0	221.7	358.0	-136.3	220.1	389.1	-169.0
City Banks	88.8	129.7	-40.8	82.0	131.2	-49.2	93.7	165.4	-71.7
Regional Banks	13.2	20.2	-6.9	14.1	22.6	-8.4	11.1	19.8	-8.7
Trust Banks	67.0	86.4	-19.3	68.3	100.0	-31.6	70.3	113.6	-43.2
Financial Institutions for Agriculture and Forestry	8.5	16.2	-7.6	8.0	20.4	-12.3	9.7	12.4	-2.7
Shinkin Banks	9.5	18.6	-9.0	9.1	17.3	-8.1	9.2	16.9	-7.7
Other Financial Institutions	21.3	36.4	-15.1	39.9	66.3	-26.4	25.8	60.6	-34.8
Life & Non-Life Insurance Companies	20.3	27.3	-6.9	16.5	20.9	-4.4	13.8	22.3	-8.5
Investment Trusts	5.7	26.8	-21.1	6.8	25.8	-19.0	6.1	27.8	-21.7
Mutual Aid Association of Government Agencies	1.0	2.1	-1.1	0.8	5.3	-4.5	1.2	6.8	-5.5
Business Corporations	1.1	6.2	-5.0	0.9	7.4	-6.5	0.6	8.2	-7.6
Other Private Corporations	1.4	5.2	-3.7	1.2	4.5	-3.3	1.3	4.4	-3.1
Foreigners	52.3	66.9	-14.6	57.2	76.2	-19.0	64.3	107.0	-42.6
Individuals	0.6	3.1	-2.5	0.6	1.3	-0.6	0.5	1.2	-0.7
Others	252.9	113.4	139.5	279.5	114.7	164.7	354.4	120.4	234.0
Bond Dealers	602.7	603.5	-0.7	691.0	692.6	-1.6	781.6	780.5	1.1
Total	1,147.1	1,162.5	-15.4	1,276.5	1,307.3	-30.8	1,444.4	1,468.1	-23.7

Notes: 1. Figures for sales and purchases are the aggregates (face value) of the trading value of securities companies and financial institutions through dealing excluding bond transactions with repurchase agreements.

2. Negative figures mean net purchases.

3. City Banks include Long-Term Credit Banks.

Source: Japan Securities Dealers Association

Japanese Government Bond Futures

(One-way, Trillions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
10-year	1,391	1,237	1,179	1,066	965	985	733	629	638	795
20-year	0.2	0.2	0.2	0	—	—	—	—	—	—
5-year	—	26	11	19	11	11	0.2	0	—	—

Notes: 1. Five-year JGB Futures began trading in February 1996.

2. 20-year JGB Futures trading ended in September 2002.

Source: Tokyo Stock Exchange

Investment Trusts

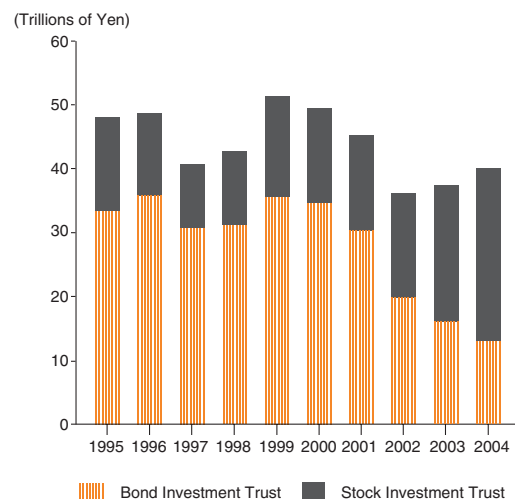
2004 year-end total assets of investment trusts reach ¥40 trillion after three-year lapse

Against the background of a robust stock market, total assets of investment trusts grew substantially in 2004.

During 2004, interest in purchasing investment trusts heightened among individual investors due to the ultra-low interest rates and rallying stock market in the first half of the year. Reflecting these trends, total assets of stock investment trusts rose 28.6%, to ¥27,435.2 billion. On the other hand, total assets of bond investment trusts decreased 15.7%, to ¥13,561.4 billion, declining for the fifth consecutive year as investors shunned the low interest rate yields.

Consequently, total assets of investment trusts at the end of 2004 increased 9.5%, to ¥40,996.7 billion, recovering to the ¥40 trillion level for the first time in three years.

Total Assets Held in Stock and Bond Investment Trusts



Source: The Investment Trusts Association

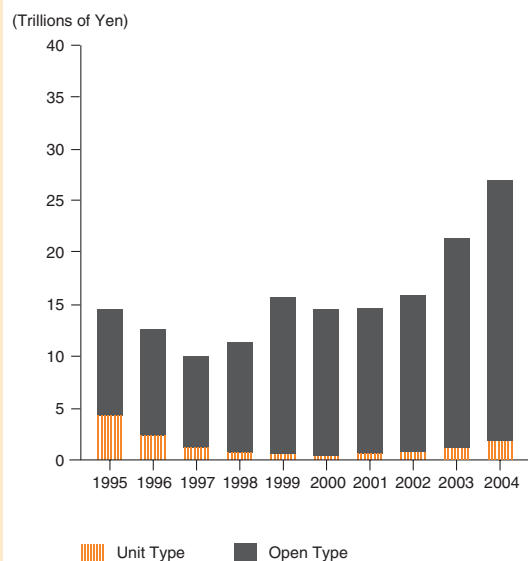
Total assets of stock investment trusts expand substantially

At the end of December 2004, total assets of stock investment trusts had risen 28.6%, to ¥27,435.2 billion, supported by individual investors' heightened interest in purchasing such trusts due to the ultra-low interest rates and rallying stock market in the first half of the year. The market experienced a substantial flow of funds into stock investment trust during 2004, with net inflow jumping 83.5%, to ¥4,943.5 billion.

Of this amount, net assets held in open-ended trusts rose 27.0%, to ¥25,635.4 billion. Contributing to this growth were the large increase in sales of these trusts through banks and other financial institutions and a 5.1% increase in assets held in exchange-traded funds (ETFs), which have grown annually since they were introduced in 2001.

Unit-type trusts were also popular—particularly risk-limitation-type funds—with 176 new funds established during the year. Net assets held in unit-type trusts increased 55.0%, to ¥1,799.8 billion, expanding for the fourth consecutive year.

Total Assets Held in Stock Investment Trusts (Unit and Open Type)



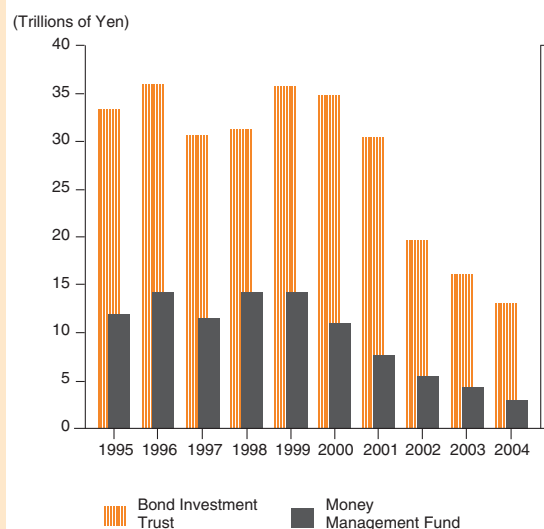
Source: The Investment Trusts Association

Total assets of bond investment trusts decline for the fifth consecutive year

Investors continued to avoid low interest rate products during the year, as ¥2,500 billion flowed out of bond investment trusts. Although the rate of decline was slowing, total assets of bond investment trusts at the end of 2004 decreased 15.7%, to ¥13,561.4 billion, losing ground for the fifth consecutive year.

Looking at fund types, net assets held in money reserve funds (MRFs) increased 17.7%, to ¥4,971.6 billion. MRFs have increased steadily since they were introduced in 1997. On the other hand, money continued to flow out of money management funds (MMFs), which saw net assets held decrease 17.1% year on year, to ¥3,606.2 billion. Medium-term government securities (Chuki-kokusai) funds, which have declined substantially in recent years, continued their downward slide, sinking 59.8%, to ¥605.6 billion.

Total Assets Held in Bond Investment Trusts



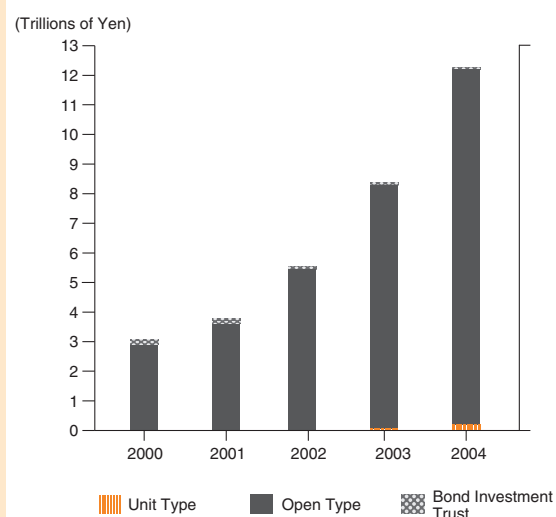
Note: Bond Investment Trust includes MMF.
Source: The Investment Trusts Association

Total assets held in foreign currency-denominated funds soar again

Total assets held in foreign currency-denominated funds at the end of the year climbed 46.8%, to ¥12,308.3 billion. Because of the difficult money management conditions in the domestic market created by the ultra-low interest rate climate, investors shifted funds to foreign government and corporate bond funds, which offer relatively high returns. Especially, investment in the balance type of funds that pay an income dividend monthly grew further due to their good sales through banks and other financial institutions.

Stock investment trusts, the mainstay of foreign currency-denominated funds, expanded 48.0%, to ¥12,255.1 billion. Looking at foreign currency-denominated investment funds by investment country, assets held in U.S. investments totaled ¥5,741.8 billion, accounting for 46.7%, while assets held in Australian investments came in second, at ¥965.7 billion or 7.8%.

Total Assets Held in Foreign Currency-Denominated Investment Trusts



Source: The Investment Trusts Association

Stock Investment Trust Gross Sales

(Billions of Yen)

	Total	Unit Type	Open Type	Held in ETFs
1995	6,629	685	5,944	—
1996	10,510	785	9,725	—
1997	7,850	399	7,450	—
1998	7,982	165	7,817	—
1999	12,826	163	12,662	—
2000	14,259	251	14,008	—
2001	8,183	575	7,607	1,009
2002	8,590	407	8,183	2,393
2003	9,643	906	8,736	1,061
2004	13,162	1,434	11,728	1,403

Stock Investment Trust Assets

(Billions of Yen)

	Total	Unit Type	Open Type	Held in ETFs
1995	14,681	4,301	10,379	—
1996	12,779	2,406	10,373	—
1997	9,986	1,222	8,763	—
1998	11,496	740	10,755	—
1999	15,696	573	15,122	—
2000	14,610	373	14,236	—
2001	14,905	617	14,288	889
2002	16,372	697	15,674	2,509
2003	21,339	1,161	20,178	2,962
2004	27,435	1,799	25,635	3,113

Source: The Investment Trusts Association

Bond Investment Trust Gross Sales and Assets

(Billions of Yen)

	Sales	Assets	Assets of Money Management Fund
1995	41,209	33,275	12,001
1996	41,774	35,888	14,219
1997	44,504	30,662	11,563
1998	44,407	31,243	14,279
1999	64,036	35,657	16,790
2000	75,775	34,788	10,971
2001	69,518	30,375	7,722
2002	32,496	19,643	5,521
2003	31,292	16,096	4,350
2004	40,177	13,561	3,606

Foreign Currency-Denominated Investment Trust Assets

(Billions of Yen)

	Unit Type	Open Type	Bond	Total	Held in U.S. Investment
1995	295	1,107	1,373	2,777	1,361
1996	160	1,169	1,558	2,888	1,542
1997	90	1,886	1,488	3,466	2,069
1998	74	4,336	817	5,228	2,661
1999	48	3,177	398	3,624	1,973
2000	12	2,871	175	3,059	1,685
2001	18	3,614	144	3,777	2,256
2002	19	5,418	84	5,523	2,992
2003	59	8,219	102	8,381	3,992
2004	221	12,033	53	12,308	5,741

Source: The Investment Trusts Association

Investor Trends

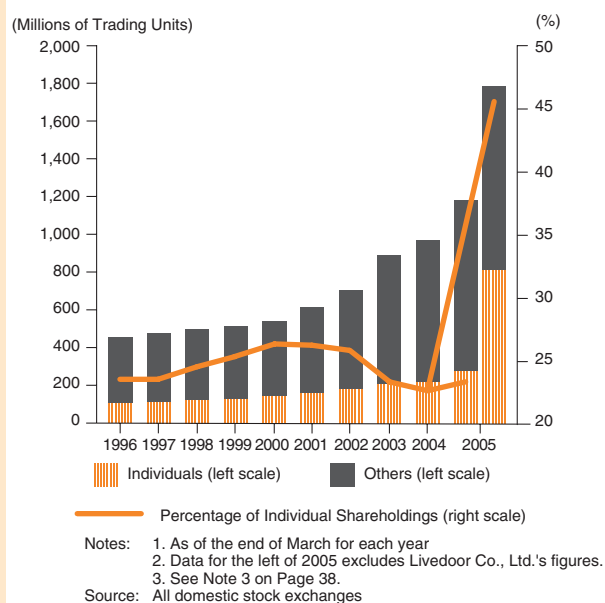
Individual investors top 30 million for the sixth consecutive year

According to a survey by all domestic stock exchanges, the number of individual shareholders of listed stocks at the end of March 2005 advanced for the ninth consecutive year. The number of individual shareholders expanded 1.38 million to 35.39 million, and exceeded the 30 million mark for the sixth year in a row.

The percentage of shareholding by individual investors on a trading unit basis increased for the first time in five years, rising 22.9 (0.7)* percentage points, to 45.6% (23.4%)*. In contrast, the percentage of foreign investors was 16.5% (21.9%)*.

* Figures in parentheses exclude Livedoor Co., Ltd.'s individual shareholders.

Outstanding Shares Listed on All Stock Exchanges and Individual Investors' Shareholdings



Trading value of individual investors expands substantially

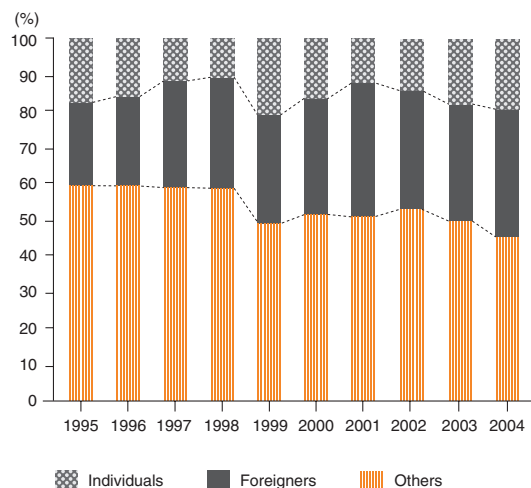
The proportion of the total trading value of the First Section of the TSE accounted for by individual investors climbed 1.2 percentage points, to 19.3%, rising for the third consecutive year. The participation of individuals was given a boost by the market penetration of Internet trading, a record number of companies making stock splits or reducing their minimum trading unit, a large number of IPOs, and the impending end to the full deposit insurance system in April 2005.

The share of foreigners rose for the first time in three years, increasing 3.3 percentage points, to 35.4%. Maintaining a high level of activity, their share has been above 30% for seven straight years.

Similarly, the share of trading value of individual investors on Nasdaq market** increased 6.4 percentage points year on year, to 55.1%, rising for the fourth year in a row. Conversely, the share of foreigners declined 3.6 percentage points, to 10.4%, falling for the first time in two years.

** For the period from January 1 to December 12, 2004

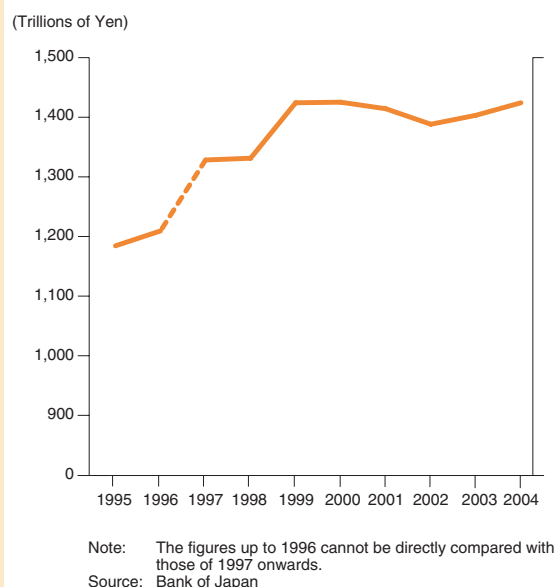
Trading Value of the TSE 1st Section by Investor



Household financial assets rise to ¥1,424 trillion

The household financial assets at the end of December 2004 climbed 1.5% or ¥21.3 trillion, to ¥1,424 trillion. With the impending introduction of payoff system in April 2005, currency and deposits decreased 0.9 percentage points year on year, or ¥0.4 trillion. In contrast, shares and other equities expanded 0.9 percentage points, or ¥14.9 trillion.

Household Financial Assets

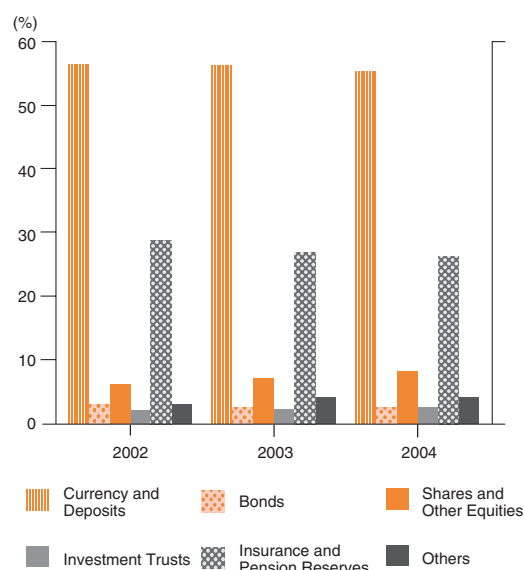


Weighting rises for shares and other equities, investment trusts, and bonds, falls for currency and deposits

Looking at the composition of household financial assets at the end of 2004, the proportion of shares and other equities climbed 0.9 percentage points, to 8.2%, while that of bonds increased 0.2 percentage points, to 2.7%. The proportion of investment trusts advanced 0.3 percentage points, to 2.6%. Although the proportion of currency and deposits decreased 0.9 percentage points, to 55.3%, this category still represents more than half of household financial assets. Amid the prolonged ultra-low interest rate climate and facing the coming end to the full deposit insurance system in April 2005, the move away from savings by households progressed and the weighting for higher risk assets increased. Nevertheless, the preference for conservative investments remained strong.

The government is proceeding with measures to stimulate the securities market to encourage the participation of a diverse group of investors over a broad range of the market. These measures include the start of agency sales of investment trusts by the Japan Post in 2005.

Composition of Household Financial Assets



Shareholding by Type of Investor (Market Value Basis)

(Trillions of Yen)

	1996.3	1997.3	1998.3	1999.3	2000.3	2001.3	2002.3	2003.3	2004.3	2005.3
Individuals	75.9	65.0	58.5	62.4	82.9	68.9	61.0	48.6	75.5	78.1
Government	1.1	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.7	0.7
Bank	87.4	76.4	69.6	72.5	85.8	70.5	61.7	47.5	67.5	66.7
Pension Trust	7.0	8.0	11.8	15.6	23.1	19.6	18.6	13.6	16.5	15.2
Investment Trust	8.4	6.8	4.9	4.4	10.2	9.8	10.3	9.3	13.6	14.8
Insurance Co.	57.2	49.1	43.4	43.1	49.2	38.5	31.6	21.9	29.5	29.2
Business Corp.	105.8	85.8	75.9	83.5	120.1	77.4	67.5	50.7	80.4	84.5
Foreigners	40.9	40.0	41.1	46.5	85.9	66.5	56.7	41.8	80.6	91.5
Securities Firms	5.3	3.1	2.0	1.8	3.8	2.5	2.1	2.0	4.4	4.4
Total	389.4	335.4	308.0	330.8	461.9	354.7	310.5	236.4	369.2	385.6

Notes: 1. "Government" includes local public bodies.
2. Figures refer to all exchange-listed stocks excluding foreign stocks.

Proportion of Shareholding by Type of Investor (Market Value Basis)

(%)

	1996.3	1997.3	1998.3	1999.3	2000.3	2001.3	2002.3	2003.3	2004.3	2005.3
Individuals	19.5	19.4	19.0	18.9	18.0	19.4	19.7	20.6	20.5	20.3
Government	0.3	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Bank	22.4	22.8	22.6	21.9	18.6	19.9	19.9	20.1	18.3	17.3
Pension Trust	1.8	2.4	3.8	4.7	5.0	5.5	6.0	5.8	4.5	4.0
Investment Trust	2.2	2.0	1.6	1.4	2.2	2.8	3.3	4.0	3.7	3.9
Insurance Co.	14.7	14.7	14.1	13.1	10.7	10.9	10.2	9.2	8.0	7.6
Business Corp.	27.2	25.6	24.6	25.2	26.0	21.8	21.8	21.5	21.8	21.9
Foreigners	10.5	11.9	13.4	14.1	18.6	18.8	18.3	17.7	21.8	23.7
Securities Firms	1.4	1.0	0.7	0.6	0.8	0.7	0.7	0.9	1.2	1.2

Notes: 1. "Government" includes local public bodies.
2. Figures refer to all exchange-listed stocks excluding foreign stocks.

Source: All domestic stock exchanges

Individual Shareholders

(Thousands, %)

	Shareholders	% Change	Population	% Change	% of Population
1996.3	27,038	-0.6	125,570	0.4	21.5
1997.3	27,373	1.2	125,864	0.2	21.7
1998.3	27,856	1.8	126,166	0.2	22.1
1999.3	28,300	1.6	126,486	0.3	22.4
2000.3	30,224	6.8	126,686	0.2	23.9
2001.3	32,150	6.4	126,920	0.2	25.3
2002.3	33,517	4.3	127,291	0.3	26.3
2003.3	33,771	0.8	127,435	0.1	26.5
2004.3	34,005	0.7	127,619	0.1	26.6
2005.3	35,392	4.1	127,687	0.0	27.7

Notes: 1. The number of shareholders includes duplicated countings of shareholders who shares in more than one company.
 2. Population figures are October census figures.
 3. Figures refer to all exchange-listed stocks excluding foreign stocks.
 4. Starting with the fiscal year ended March 31, 2002, the number of shareholders has been calculated based on the number of "tangen" trading units. (The calculation was made based on the number of "tan-i" trading units until March 31, 2001.)

Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, All Stock Exchanges

Individual Shareholdings

(Thousands Trading Units, %)

	Individual Holdings	% Change	Outstanding	% Change	% of Outstanding
1996.3	107,771	3.2	457,439	2.8	23.6
1997.3	112,573	4.5	477,143	4.3	23.6
1998.3	121,869	8.3	494,613	3.7	24.6
1999.3	130,536	7.1	514,367	4.0	25.4
2000.3	142,064	8.8	538,925	4.8	26.4
2001.3	161,657	13.8	614,259	14.0	26.3
2002.3	181,264	12.1	700,649	14.1	25.9
2003.3	209,054	15.3	892,001	27.3	23.4
2004.5	219,614	5.1	968,985	8.6	22.7
2005.3	813,197	270.3	1,784,334	84.1	45.6
	275,589	25.5	1,178,005	21.6	23.4

Notes: 1. One trading unit generally consists of 1,000 shares.
 2. Figures refer to all exchange-listed stocks excluding foreign stocks.
 3. Figures before March 2001 is "tan-i" trading units basis and figures thereafter is "tangen" trading units basis.
 4. The second set of figures for the year ended March 2005 excludes Livedoor Co., Ltd.'s individual shareholders.

Source: All domestic stock exchanges

Trading Value by Type of Investor (TSE 1st Section)

(Trillions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Individuals	24.2	26.9	21.9	17.5	65.5	67.7	42.0	46.8	72.8	106.0
Bank	19.3	26.5	33.4	31.9	40.6	56.0	40.9	35.7	42.6	46.1
Insurance Co.	2.8	2.2	2.1	2.3	4.1	5.9	4.3	3.3	2.8	1.7
Investment Trust	6.2	7.8	5.5	2.7	5.2	9.0	6.7	5.0	5.7	9.0
Business Corp.	6.8	6.8	6.4	5.9	11.3	11.0	7.1	7.4	9.1	11.1
Foreigners	31.6	42.2	55.0	51.9	93.3	137.4	128.6	110.5	129.5	195.0
TSE Non-member	2.8	3.2	2.9	2.2	4.9	8.5	5.2	5.3	10.0	10.1
TSE Member	44.9	56.1	61.4	53.5	85.5	126.4	113.8	120.1	130.4	170.9
Total	138.8	172.1	189.0	168.4	310.7	422.2	349.1	334.5	403.4	550.2

Notes: 1. "Bank" includes the other financial institutions category and "Business Corp." includes other corporations.
2. "Trading Value" is the total of purchases and sales.

Proportion of Trading Value (TSE 1st Section)

(%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Individuals	17.4	15.7	11.6	10.4	21.1	16.0	12.0	14.0	18.1	19.3
Bank	13.9	15.4	17.7	19.0	13.1	13.3	11.7	10.7	10.6	8.4
Insurance Co.	2.0	1.3	1.2	1.4	1.3	1.4	1.2	1.0	0.7	0.3
Investment Trust	4.5	4.6	2.9	1.6	1.7	2.1	1.9	1.5	1.4	1.7
Business Corp.	4.9	4.0	3.4	3.6	3.7	2.6	2.1	2.2	2.3	2.0
Foreigners	22.8	24.5	29.1	30.9	30.0	32.5	36.9	33.0	32.1	35.4
TSE Non-member	2.0	1.9	1.6	1.3	1.6	2.0	1.5	1.6	2.5	1.8
TSE Member	32.4	32.6	32.5	31.8	27.5	29.9	32.6	35.9	32.3	31.1

Notes: 1. "Bank" includes the other financial institutions category and "Business Corp." includes other corporations.
2. "Trading Value" is the total of purchases and sales.

Source: Tokyo Stock Exchange

Trading Value by Type of Investor (Jasdaq)

(Billions of Yen)

	1997	1998	1999	2000	2001	2002	2003	2004
Individuals	1,653.5	879.9	10,478.7	6,996.6	3,249.6	2,638.5	4,539.1	9,726.7
Bank	329.8	200.0	993.7	1,236.8	373.5	314.1	453.6	665.8
Insurance Co.	23.0	8.6	35.3	51.3	20.8	13.7	22.9	11.7
Investment Trust	301.5	98.6	687.9	859.9	268.3	176.9	237.0	305.1
Business Corp.	396.7	235.1	1,115.8	751.4	277.8	215.0	229.5	473.6
Foreigners	967.4	677.3	2,545.7	3,151.5	850.4	603.3	1,300.2	1,830.0
Securities Firm	32.5	14.3	458.9	570.7	345.0	275.2	313.9	731.7
Proprietary Trading	686.9	305.1	2,776.1	3,437.7	2,143.2	1,601.8	2,220.7	3,894.4
Total	4,391.9	2,419.3	19,092.8	17,056.2	7,528.8	5,839.0	9,317.4	17,639.4

Notes: 1. "Bank" includes the other financial institutions category and "Business Corp." includes other corporations.
2. "Securities Firm" means orders from other securities firms executed on an agency basis.
3. "Trading Value" is the total of purchases and sales.
4. Figures for 2004 are for the period from January 1 to December 12.

Proportion of Trading Value (Jasdaq)

(%)

	1997	1998	1999	2000	2001	2002	2003	2004
Individuals	37.6	36.4	54.9	41.0	43.2	45.2	48.7	55.1
Bank	7.5	8.3	5.2	7.3	5.0	5.4	4.9	3.8
Insurance Co.	0.5	0.3	0.2	0.3	0.3	0.2	0.2	0.1
Investment Trust	6.9	4.1	3.6	5.0	3.6	3.0	2.5	1.7
Business Corp.	9.0	9.7	5.8	4.4	3.7	3.7	2.5	2.7
Foreigners	22.0	28.0	13.3	18.5	11.3	10.3	14.0	10.4
Securities Firm	0.7	0.6	2.4	3.3	4.6	4.7	3.4	4.1
Proprietary Trading	15.6	12.6	14.5	20.2	28.5	27.4	23.8	22.1

Notes: 1. "Bank" includes the other financial institutions category and "Business Corp." includes other corporations.
2. "Securities Firm" means orders from other securities firms executed on an agency basis.
3. "Trading Value" is the total of purchases and sales.
4. Figures for 2004 are for the period from January 1 to December 12.

Source: Japan Securities Dealers Association

Net Purchases by Type of Investor (TSE 1st Section)

(Billions of Yen)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Individuals	-250	-1,967	-703	-654	-1,842	-1,622	-602	-200	-1,598	-3,712
Bank	-506	2,869	4,040	4,825	-974	2,544	1,790	1,457	-4,284	-3,841
Insurance Co.	-1,658	-507	-895	-1,010	-1,425	-164	-926	-704	-909	-452
Investment Trust	-978	-974	-1,254	-402	353	1,858	448	13	-126	421
Business Corp.	-878	-843	-135	-573	-1,600	-1,130	-102	869	96	-257
Foreigners	3,579	3,160	1,372	-443	8,463	-2,412	1,113	622	7,193	7,418
TSE Non-member	4	-127	64	-30	72	138	-50	-43	-151	-320
TSE Member	1,121	-910	-2,062	-1,331	-2,580	1,108	-1,362	-1,988	-39	1,100

Notes: 1. Negative figures mean net sales.

2. "Bank" includes the other financial institutions category and "Business Corp." includes other corporations.

Source: Tokyo Stock Exchange

Net Purchases by Type of Investor (Jasdaq)

(Billions of Yen)

	1997	1998	1999	2000	2001	2002	2003	2004
Individuals	-131.7	-79.9	-324.0	-405.0	-58.4	-103.1	-158.2	-118.1
Bank	51.3	4.6	23.3	181.8	11.7	24.5	-36.3	76.4
Insurance Co.	2.8	2.3	-1.1	16.8	1.5	-2.8	-5.7	-1.6
Investment Trust	-47.9	-1.8	135.4	154.9	45.7	11.9	-16.4	32.3
Business Corp.	-11.3	12.3	-179.0	-94.1	-22.2	6.3	-9.9	-67.5
Foreigners	102.8	55.8	138.3	30.1	-16.3	-1.6	38.8	-57.1
Securities Firm	1.1	0.0	18.6	3.2	24.3	9.7	21.9	4.3
Proprietary Trading	-22.0	-10.0	17.3	14.0	23.0	15.0	61.0	-1.9

Notes: 1. Negative figures mean net sales.

2. "Bank" includes the other financial institutions category and "Business Corp." includes other corporations.

3. "Securities Firm" means orders from other securities firms executed on an agency basis.

4. Figures for 2004 are for the period from January 1 to December 12.

Source: Japan Securities Dealers Association

Household Financial Assets

(Trillions of Yen)

	2002	2003	2004
Currency and Deposits	782.4	788.6	788.1
Bonds	42.2	35.6	38.4
Shares and Other Equities	86.4	102.2	117.1
Securities Investment Trusts	28.4	32.3	36.4
Insurance and Pension Reserves	399.2	377.8	375.6
Others	42.6	59.4	60.5
Total	1,388.1	1,403.1	1,424.4

Note: "Bonds" include trust beneficiary rights.

Composition of Household Financial Assets

(%)

	2002	2003	2004
Currency and Deposits	56.4	56.2	55.3
Bonds	3.0	2.5	2.7
Shares and Other Equities	6.2	7.3	8.2
Securities Investment Trusts	2.1	2.3	2.6
Insurance and Pension Reserves	28.8	26.9	26.4
Others	3.1	4.2	4.2

Note: "Bonds" include trust beneficiary rights.

Source: Bank of Japan

Major Economic Indicators

Major Interest Rates, Yields and Economic Indicators

		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Official Discount Rate	%	0.50	0.50	0.50	0.50	0.50	0.50	0.10	0.10	0.10	0.10
Call Rate (Uncollateralized Overnight)	%	0.46	0.44	0.47	0.32	0.05	0.20	0.002	0.002	0.001	0.002
CDs 3-to-6 months	%	1.180	0.557	0.562	0.694	0.223	0.217	0.088	0.026	0.008	0.006
Repos 3 months	%	0.228	0.249	0.231	0.141	0.067	0.324	0.010	0.003	0.001	0.001
Bank Debentures 5 year	%	1.853	1.721	1.633	1.930	1.274	1.259	1.087	0.399	0.663	0.640
Newly Issued JGBs 10 year	%	3.190	2.760	1.910	1.970	1.645	1.640	1.365	0.900	1.360	1.435
JGBs Futures 10Y yield	%	3.356	2.882	2.326	2.509	2.047	1.860	1.575	1.262	1.606	1.564
Corporate Bonds 12 year	%	3.504	3.115	2.825	3.024	2.059	2.003	1.616	1.141	1.892	1.618
Prime Rate (Short-term)	%	1.625	1.625	1.625	1.500	1.375	1.500	1.375	1.375	1.375	1.375
Prime Rate (Long-term)	%	2.600	2.500	2.300	2.200	2.200	2.100	1.850	1.650	1.700	1.550
M2+CDs	%	3.0	3.3	3.1	4.0	3.6	2.1	2.8	3.3	1.7	1.8
GDP Nominal	Trillions of Yen	500.0	514.2	520.8	512.7	508.2	513.4	501.2	497.5	501.6	505.4
Change in GDP Nominal	%	1.8	2.9	1.3	-1.5	-0.9	1	-2.4	-0.7	0.8	0.8
GDP Real	Trillions of Yen	484.3	501.6	504.4	499.7	502.5	515.1	509.4	513.5	524.0	534.0
Change in GDP Real	%	2.5	3.6	0.6	-0.9	0.6	2.5	-1.1	0.8	2	1.9
Contributions to Changes in GDP (Domestic Demand)	%	3.2	3.7	-0.5	-1.2	0.5	2.3	-0.7	0.1	1.2	1.4
Private Demand	%	1.9	3.5	-0.2	-1.7	-0.1	2.1	-0.8	0	1.5	1.8
Public Demand	%	1.2	0.1	-0.3	0.6	0.7	0.2	0.1	0.1	-0.3	-0.3
Change in Industrial Production Index of Mining and Manufacturing	%	2.1	3.3	1.1	-6.8	2.6	4.3	-9.1	2.8	3.5	4.1
Change in Consumer Price Index	%	-0.1	0.4	2.0	0.2	-0.5	-0.5	-1.0	-0.6	-0.2	-0.1
Wholly Unemployed Ratio	%	3.2	3.3	3.5	4.3	4.7	4.7	5.2	5.4	5.1	4.6
Change in Employees	%	0.7	1.3	0.8	-0.7	-0.5	0.9	-0.3	-0.5	0.2	0.3
Yen / Dollar Rate	Yen / Dollar	102.91	115.98	129.92	115.20	102.08	114.90	131.47	119.37	106.97	103.78

Notes: 1. Major interest rate and "Yen / Dollar Rate" are as of the end of year.

2. Figures of GDP relational is as of the end of fiscal year.

3. "% Change" is compared to the preceding year.

Sources: Bank of Japan, Cabinet Office, Ministry of Public Management, Home Affairs, Posts and Telecommunications, Ministry of Economy, Trade and Industry, Japan Bond Trading Co., Tokyo Stock Exchange, Japan Securities Dealers Association

Securities Industry Performance and Market Overview

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