



CHANGE

Annual Report 2008

奏

Progress

Society

CHANGE

More efficient and lower cost services

As an organization responsible for the reform of securities clearing and settlement system in Japan, we are pursuing greater convenience in the securities market.

Stock certificates, with long history in Japan, are now facing a major turning point. Since established in 1984, as Japan's only central securities depository, Japan Securities Depository Center, Inc. (JASDEC*) has consistently endeavored to promote convenience and efficiency in the securities market. The percentage of shares in custody at JASDEC accounts currently represents approximately 80% of the entire domestic stock market. In January 2009**, dematerialization of stock certificates will be inaugurated, following such systems for corporate bonds and investment trusts, thereby accomplishing our goal in the early stages of infrastructure reform of securities clearing and settlement system of Japan. These reforms are expected to bring significant positive impact on the Japanese economy through increased efficiencies of the securities settlement and lowered costs related to issuance and trading of securities. As a major infrastructure of securities market, we continuously pursue benefits for stakeholders—that is what we take pride in at JASDEC.

(Notes)

*JASDEC is Central Securities Depository according to the Law Concerning Central Securities Depository and Bank-Entry Transfer.

**The enforcement date will be announced in Government Order.







守

Protection

Investor

CHANGE

JASDEC realized secure transactions. Investors' assets are protected with our highly reliable services.

To address the growing needs of shareholders and investors for more convenient and safer transactions in stocks, corporate bonds and investment trusts, since 1991, JASDEC has been working for efficient and cost-effective custodial and delivery services of securities. In 2004, JASDEC initiated DVP (delivery versus payment) settlement services for NETD to enhance safe settlement of securities transactions. In addition, dematerialization of stock certificates will be implemented in January 2009. This new system is committed to streamlining all transactions, from trading to settlement without manual processing, as well as eliminating the risks of lost or stolen stock certificates and minimizing operational risks. Investors' important assets will thus be well protected. This is our mission at JASDEC.





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Broadening

Globalization CHANGE

In response to increased cross-border trading in global capital markets, JASDEC is committed to leveraging capabilities for the global standardization in clearing and settlement systems.

With the recent trend of increased cross-border trading, needs for greater efficiency and enhanced convenience of securities transactions have been growing. In the shifting environment of the capital markets both in Japan and overseas, we constantly recognize global needs for standardization of operational practices. For external activities, JASDEC enhances communication and exchange of information with CSDs in other countries to promote international standardization of settlement system. Meanwhile, in Japan, JASDEC launched its depository and book-entry transfer system for foreign stocks in May 2006. Responding to the worldwide trend for dematerialization of securities, we will work to strengthen the competitive position of Japanese securities market. To build more attractive market for both Japanese and foreign investors, we will “continue to broaden” our perspective for global markets. This is our challenge at JASDEC.

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Japan Securities Depository Center, Inc.
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*DVP: Delivery versus Payment. This system simultaneously attaches specific conditions to the delivery of and payment for securities.

**NETDs: non-exchange transaction deliveries

***Pre-Settlement Matching System (PSMS): This central matching system automatically confirms the contents of trade and settlement, such as trade names/amounts, counterparties and account numbers.

JASDEC, as Japan's only central securities depository (CSD), operates and manages an infrastructure indispensable for securities transactions. By electronically processing transfer of ownership rights between accounts, we are able to streamline trading transactions, as well as ensure execution of money settlements by linking our system with the Bank of Japan Financial Network System and other systems.

Shares in Custody
320 billion
shares
(As of March 31, 2008)

JASDEC provides stable and secure depository and administration services for stock certificates entrusted by investors through securities firms.

Custody Ratio
84.3%
(As of March 31, 2008)

As a central depository, JASDEC offers security and convenience. The percentage of shares in custody represents over 80% of all shares listed on Japanese stock exchanges.

Shares Transferred
by Book-Entry
Transfer
1,105 billion
shares
(Fiscal Year 2007)

At JASDEC, shares are traded through book-entry transfers. There is no need to change the names of shareholders in the share registry at the time of securities trades.

Message from the President



CHANGE

JASDEC is accelerating efforts to complete a new book-entry transfer system prior to dematerialization of stock certificates in January 2009.

JASDEC is aggressively working to develop a new book-entry transfer—dematerialization of stock certificates—for securities settlement system reforms. Acknowledging our public role as an organization responsible for market infrastructure, we intend to proactively address fundamental changes in domestic and foreign capital markets, as well as operate the business for the needs of market participants. By providing a highly reliable, convenient, and efficient securities settlement system, we wish to improve the functions of the securities market, thereby contributing to the development of society.

Message from the President

Since the launch of the securities depository and book-entry transfer system for stock certificates issued by listed companies in 1991, we have expanded our services with various products such as corporate bonds, investment trusts and foreign stocks. We have also successively upgraded our business functions, including the commencement of PSMS (Pre-settlement matching system) and DVP settlement systems for NETDs (non-exchange transaction deliveries) to provide highly reliable, user-friendly and efficient settlement services. On top of these developments, we are currently promoting preparations for dematerialization of stock certificates for listed companies toward implementation in January 2009, as a further significant step for the reform of securities clearing and settlement system in Japan. As an infrastructure supporting securities settlement, it is our mission to facilitate the new system smoothly.

In fiscal 2007 ended March 31, 2008, the subcommittee for dematerialization of stock certificates continued to review the practical transition procedures, including administrative transactions after the dematerialization. In November 2007, we preannounced the user fee schedule under the new system. In March 2008, we held briefings for issuers to explain the transition process to the new system. For system development relating to the dematerialization, we began testing of the overall system in March 2008, in advance for preliminary operations regarding the shareholders' data system scheduled to begin in September 2008.

In this fiscal year 2008 ending March 31, 2009, we are completing business regulations for the new book-entry transfer system of stocks following the dematerialization. We will also conduct full-scale testing of the system, and endeavor to ensure that the dematerialization of stock certificates could be implemented smoothly in January 2009.

In April 2007, JASDEC jointly hosted the 9th Conference of Central Securities Depositories (CSD9). CSD conferences are held once every two years. The 1st CSD Interim Meeting was also held in April 2008 in Tokyo. In these meetings, the exchange of information and opinions on international themes pertaining to securities clearing and settlement systems were conducted. We will continue to work for strengthening cooperation with overseas CSDs with a view to establishment of operational linkages, thereby proactively addressing the ongoing globalization of capital markets. As Japan's only central securities depository, we are committed to providing highly reliable, user-friendly, and efficient infrastructure for securities clearing and settlement.

We would like to thank all of our users, participants, and investors for their continuing support and cooperation.



Yoshinobu Takeuchi
President & CEO



The introduction of a leading-edge system will lead to the further development of securities markets in Japan.

CHANGE

Dematerialization is scheduled for January 2009

The joint-stock company system was introduced into Japan more than 100 years ago. Stock certificates have long represented ownership rights of shareholders. The function of stock certificates, however, is soon to be eliminated, and physical certificates will be phased out.

In January 2009, the stock certificates of listed companies in Japan will become null and void. In turn, electronic records registered on computer systems will prove share ownership. This process is referred to as dematerialization of stock certificates. As an organization responsible for developing and maintaining Japan's stock clearing and settlement system, JASDEC has been cooperating with other relevant institutions for the conversion to the new system.

In this special feature, we will explain why the dematerialization of stock certificates is needed and its merits, as well as provide an overview of the new book-entry transfer system.



Why dematerialize stock certificates?

Stock certificates, with their watermarked paper and delicate ink, are part of the traditional world of stock ownership. The weight and texture of the certificates in their hands remind shareholders of the value of their rights. The paper certificates, however, require the cost of printing, the security needed to ensure their safekeeping, and the insurance required at the time of transfer, as well as the risks associated with their loss, theft or forgery. So long as stocks exist as physical certificates, they involve inherent costs and risks.

Dematerialization of stock certificates can eliminate such costs and risks. Under the new system, shareholders' rights are recorded electronically on the ledger of the book-entry transfer accounts. This system totally removes the risk of forgeries or loss (due to the lack of information regarding their place of storage) at the time of inheritance. For issuing companies, dematerialization of stock certificates not only results in cost reduction, but also improves the management of shareholder ledgers and allows for the easy recognition of the composition of shareholders, enabling the companies to use shareholder information effectively for IR activities and flexible capital policy.

In the 1990s, following the burst of Japan's economic bubble, the bankruptcy of large financial institutions caused a temporary halt in securities settlements, revealing various problems in Japan's securities clearing and settlement system. Since then, it has taken 10 years to reform the system; JASDEC, a key player of the reform, introduced a Delivery versus Payment (DVP) system that links the delivery of stocks with payments and a Straight-through-processing (STP) system, where entire trade processes and payment transactions are processed electronically without manual handling. In addition, we introduced book-entry transfer systems for dematerialized commercial papers, corporate bonds, and investment trusts. In January 2009, dematerialization of stock certificates will be commenced, as a further significant step for the securities clearing and settlement systems reform. Such initiatives provide higher levels of efficiency for system users, thereby lowering administrative costs and dramatically reducing the number of errors by manual processing.

October	1991	JASDEC commenced depository and book-entry transfer system initially for 50 stocks listed on the Tokyo Stock Exchange.
October	1992	JASDEC began full-scale services of depository and book-entry transfer.
September	2001	JASDEC launched its Pre-Settlement Matching System (PSMS) for domestic trades by domestic institutional investors.
November	2001	JASDEC started handling convertible bonds (CBs).
March	2003	JASDEC inaugurated its electronic book-entry system for dematerialized commercial paper (CP).
May	2004	JASDEC commenced DVP settlement services for NETDs.
January	2006	JASDEC debuted its book-entry transfer system for corporate bonds.
May	2006	JASDEC launched its depository and book-entry transfer system for foreign stocks.
January	2007	JASDEC introduced its book-entry transfer system for investment trusts.
January	2008	JASDEC commenced its dematerialized Exchange-Traded Funds (ETFs) book-entry transfer system.
January	2009	JASDEC will implement dematerialization of stock certificates.

Special Feature on Dematerialization

The New System and JASDEC's Role

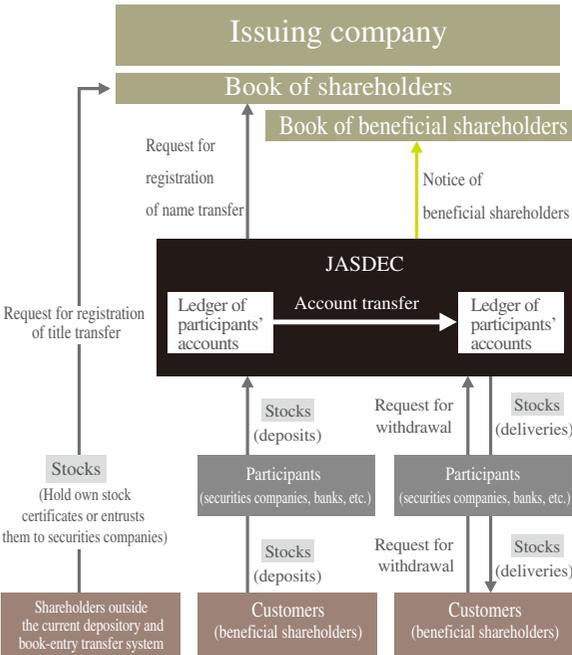
Under the current depository and book-entry transfer system, JASDEC, as the sole provider of central securities depository, accepts orders for securities deposits and withdrawals. JASDEC also holds the securities in custody and operates the book-entry transfer of the securities traded. In the event that shareholders, through securities companies, banks and other participants of the depository and book-entry transfer system, deposit their stock certificates with JASDEC, the certificates are managed in the ledger of book-entry transfer accounts provided by the participants. Under the current system, shareholders are allowed to keep stock certificates outside of the depository and book-entry transfer system. Therefore, issuing companies are required to keep two kinds of books: one of shareholders and the other of beneficial shareholders. This creates the additional task of identification of shareholders' names on both books ahead of the record date.

After conversion to dematerialization of stock certificates, stock certificates will become invalidated, being replaced by electronic records

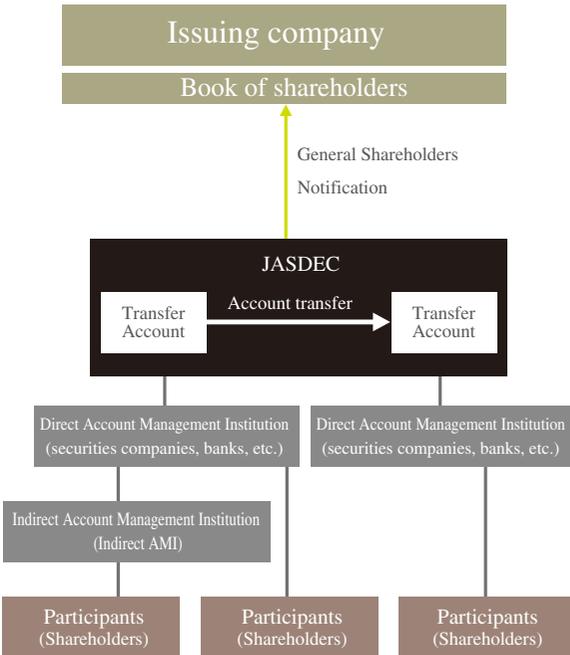
on the customer accounts at account management institutions such as securities companies and banks. The new system will consolidate two separate books of shareholders at issuing companies into a single book of shareholders. When a shareholder has accounts at more than one account management institution, name identification (which is currently carried out by individual issuing companies) will be conducted in JASDEC's system. Under the new system, shareholders information which is already identified by JASDEC will be delivered to issuing companies as "General Shareholders Notification" sooner than under the current system. It will greatly streamline the administrative procedures at issuing companies.

Moreover, the new system allows for a multitiered account structure for account management institutions, which is not recognized under the current system, and thus, further innovations in the system can be expected.

Current Depository and Book-Entry Transfer System



New Dematerialized Book-Entry Transfer System



Enhancing the flexibility of corporate financing policies

The stock market is by far Japan's largest securities market, both in terms of the number of participants and the value of trading. The market comprises a broad spectrum of participants, including approximately 4,000 listed companies, and around 50 million shareholders. To convert this large market to a fully electronic system, large investment was required. The dematerialization of stock certificates, however, provides tremendous efficiencies, much more than the investment. By taking advantage of the opportunities offered by this new environment, JASDEC is preparing a variety of new services.

Until now, issuing companies have had to bear substantial administrative costs for name identification, delivery of dividend payments, and procedures involving corporate actions, such as capital increase and exercise of voting rights.

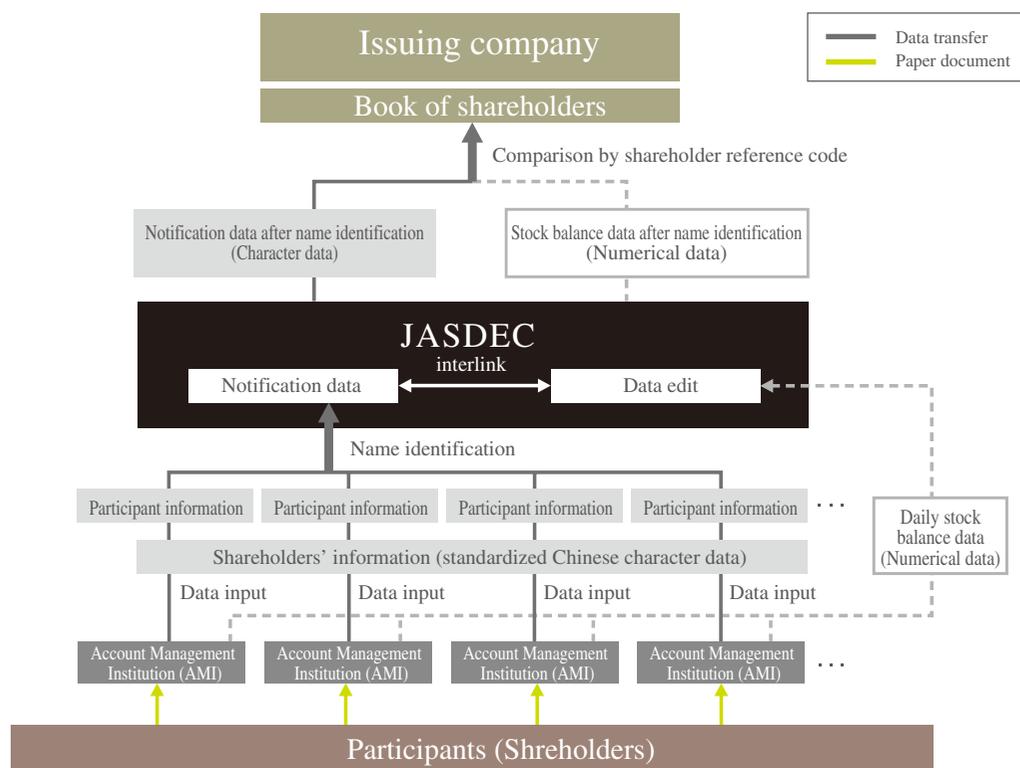
In contrast, with the dematerialization of stock certificates, names and addresses of a total of 50 million shareholders' data will be recorded

electronically in JASDEC's database. JASDEC will consolidate the management of the data which is currently tracked by each issue and each custodian, respectively. Under the new system, General Shareholders Notification can be sent to issuing companies within three business days after the record date, thereby streamlining administrative procedures to identify shareholders more quickly and efficiently.

Moreover, under the new system, issuing companies are able to request JASDEC for General Shareholders Notification, thereby promptly recognizing the composition of their shareholders. Thus, it leads to greater flexibility for issuing companies for their IR activities and corporate finance policy formulation.

In addition, issuing companies are able to request JASDEC to submit information on whether a certain individual or organization is on Transfer Account Book. Shareholders, for their parts, are entitled to request JASDEC to send

Outline of General Shareholders Notification



Special Feature on Dematerialization

notifications to the relevant issuing companies to confirm the number of shares they hold, thereby allowing them to exercise their rights as minority shareholders.

The dematerialization of stock certificates thus streamlines not only administrative tasks of issuing companies but also shareholders' procedures for the exercise of their rights.

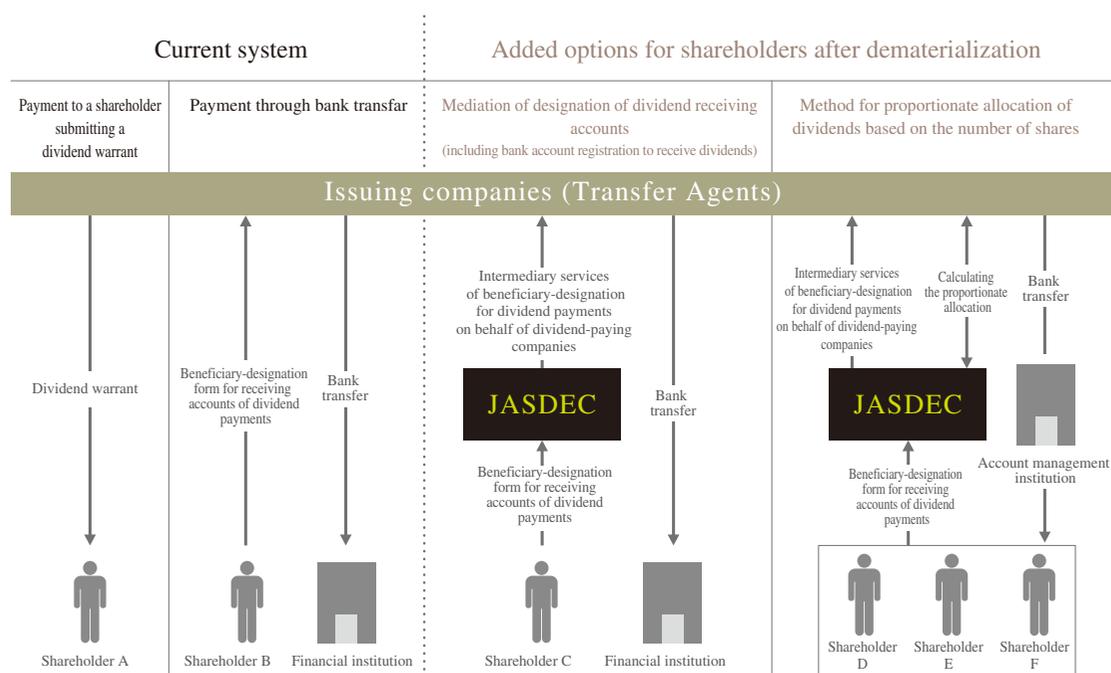
More convenient, efficient dividend payments

By the dematerialization of stock certificates, dividend payments also become more convenient and efficient. Under the current system, dividends are paid through bank transfer into shareholders' accounts at financial institutions or using dividend warrants sent to shareholders. However, the dividend warrants are occasionally lost, and the dividend payment is not properly completed. After implementation of new system, in addition to existing procedures, shareholders could receive dividends from issuing companies through

shareholders' accounts at financial institutions once they designate the accounts via JASDEC to issuing companies.

On top of the previous system, shareholders also receive dividends through their accounts at account management institutions of their securities. In such cases, the issuing companies can pay the total amount of dividends collectively to the account management institutions which deliver the dividends to each shareholder's account, respectively. This new framework of dividend

Dividend payment method under dematerialized system



payment service would reduce cost and administrative procedures for issuing companies.

In this way, dematerialization of stock certificates would consolidate the management of a total of 50 million shareholders and increase efficiency for notification to shareholders by issuing companies and dividend payments.

Other than the new services we have described above, the new systems have possibilities for improving the relationship between issuing

companies and shareholders. JASDEC will continue to further improve convenience for shareholders, issuing companies, and account management institutions.

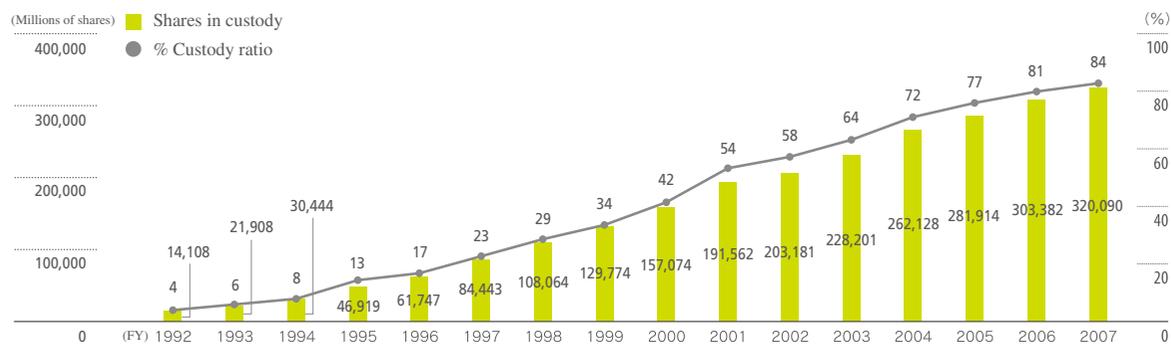
Promotion for shareholders to promptly deposit stock certificates with JASDEC through participants in custody under the new depository system

JASDEC has been developing the new system in collaboration with related parties, including account management institutions, issuing companies, stock exchanges, the Bank of Japan, and regulatory authorities. JASDEC are now taking the final stage of the preparations by drawing texts of various regulations and manuals, and conducting test runs of the system.

The remaining task is to keep every shareholder informed about dematerialization of stock certificates. As of March 31, 2008, the percentage of shares in custody represented 84.3% of all outstanding shares listed on Japanese stock exchanges, but some 46 billion stock certificates are not yet deposited for participants, according to surveys in March 2008. Of them, 13 billion stock certificates

are being held by individuals, while another 12 billion stock certificates are being held by companies in their vaults, respectively. These stock certificates should be deposited with JASDEC through participants by the time of the dematerialization. If these stock certificates are not deposited with JASDEC by the time of dematerialization, through account management institutions, and the shareholders' names are registered on the Book of Shareholders, issuing companies will open special accounts for these shareholders. Therefore, these shareholders will not lose their status as shareholders. But, if shareholders kept stock certificates without registering their own names until implementation date of the dematerialization, issuing companies would open the special accounts by names registered on

Balance of stock certificates in custody



Special Feature on Dematerialization

Book of Shareholders. After the dematerialization, such shareholders would have been involved in complicated process to register their own names and change the shareholders' status. (In some cases, shareholders could actually lose their rights to those shares.)

In order to avoid troubles caused by shareholders who rush to deposit their stock certificates in the last minutes of the dematerialization, JASDEC and regulatory authorities have asked issuing companies and securities companies to send leaflets to shareholders urging them to deposit their stock certificates as soon as possible. Financial institutions and some public organizations are also appealing to shareholders for early deposit by using posters and pamphlets. To publicize the issue of dematerialization among shareholders,

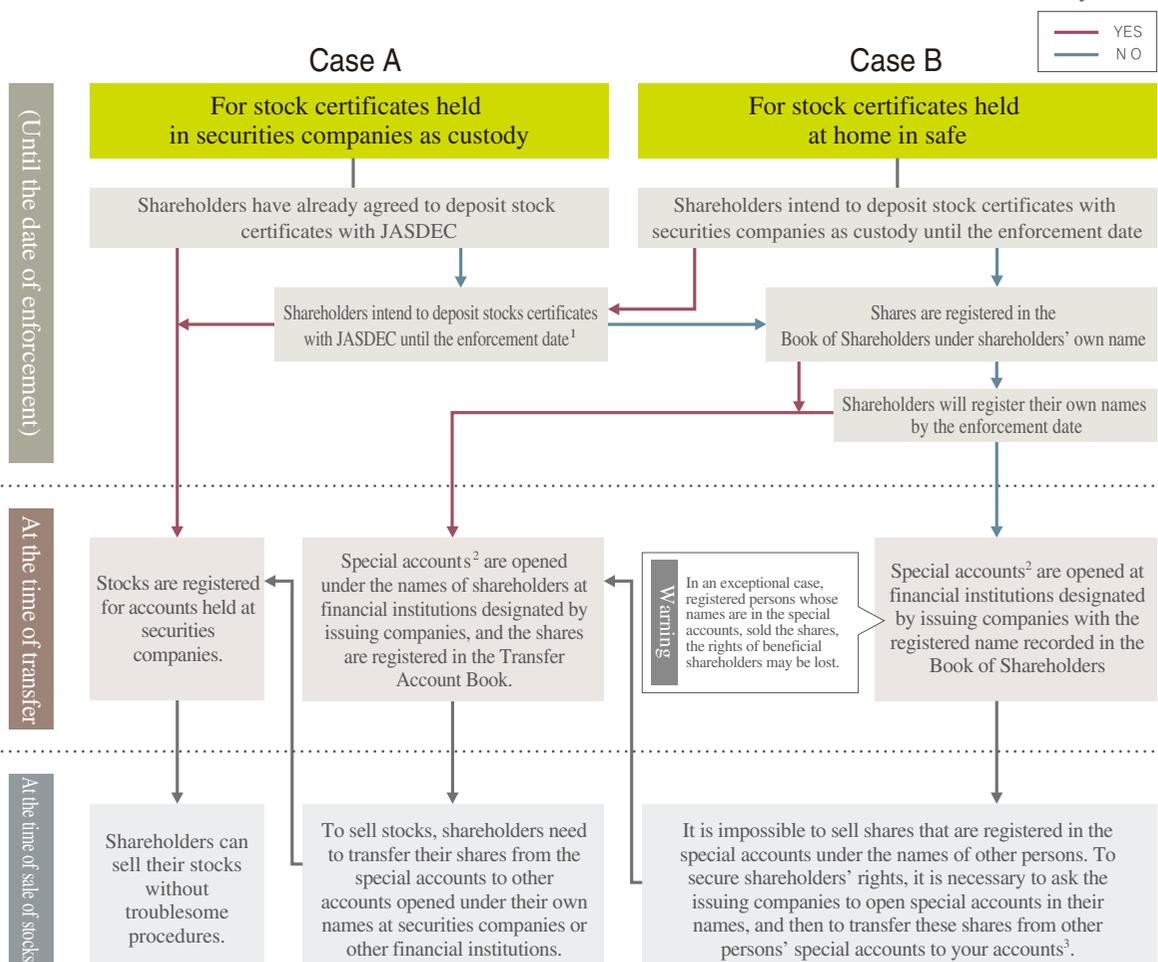
we conducted information meetings all over Japan and utilize media channels (television, radio, newspapers and the newsletters of municipal governments). We are also making efforts to raise awareness of issuing companies regarding shares held in their vaults, and are requesting prompt deposit of these shares.

Valuable infrastructure in Japan's society

Dematerialization of stock certificates will transform Japan's securities markets. In the markets for investment trusts and corporate bonds where fully dematerialized systems already started ahead of the equities market, new products which utilize the new infrastructure have been introduced. As the scale of the equities market is much larger than that of other securities, a number of new products and

services can be expected to be launched rapidly. Dematerialization of stock certificates will serve as a key infrastructure for society, thereby benefiting not only the securities business but also Japan's economy.

Schedule for dematerialization of stock certificates and sale of stocks under the new system



¹ In a special two-week period which ends two weeks plus one business day before the enforcement date, a provision has been made enabling securities companies and other financial institutions to entrust stocks in their custody to JASDEC without approval of shareholders. (Following the entrustment of these stocks to JASDEC, securities companies and other financial institutions must contact the shareholders involved without delay.) After this special period is over, shareholders will be prohibited by law from requesting securities companies and other financial institutions to deposit or withdraw shares. For this reason, it is critical to arrange for prompt deposit.

² In standard practices, shareholders open accounts at financial institutions by submitting application forms. To open special accounts, however, issuing companies have to apply to financial institutions for opening special account on behalf of shareholders.

³ Ways in which requests for share ownership can be made to issuing companies: 1) Submit a request jointly with persons whose names are registered in the special accounts; 2) submit a request simultaneously with an order issued by qualified authorities for the transfer of shares from the special accounts to the persons acquiring those shares; and 3) any other means provided for by the relevant Finance Ministry ordinances.

Our Basic Policy on Corporate Governance

As Japan's only central securities depository, JASDEC basically operates its business with a social obligation to provide a highly secure, efficient, and convenient infrastructure for securities clearing and settlement. Our principal policy on corporate governance requires us to ensure that our systems meet the wide-ranging needs of our clients, which include participants (securities companies, banks, and other users of our book-entry

transfer services) and investors. We also make sure that our activities promote highly corporate transparency and that our business operates with fairness and accountability, in line with the public needs of our function. As an organization responsible for creating and operating infrastructure of securities clearing and settlement in Japan, we strive to earn and maintain a solid reputation for reliability.

Overview of implementation of corporate governance practices

Framework for management structure and corporate governance to exercise business judgements, manage operations and implement audits

■ Corporate Structure

Board of Directors The Board of Directors comprises 19 members and is basically structured to achieve a balanced approach to business with user-oriented views, as well as business-oriented ideas on maintaining operational neutrality and fairness. To fully reflect the opinions of users in our operations, ten of the 14 external directors are selected from JASDEC participants. The remaining four external directors belong to issuing companies and related organization, academia and the legal profession.

In principle, the Board meets once a month to decide basic management policies and discuss other key issues.

Board of Auditors JASDEC has adopted a corporate auditor system, as stipulated in Companies Act. The Board of Auditors is made up of three auditors, two of whom are selected from eligible participants (one each from a securities company and a bank) and all three (including an auditor who is serving on a full-time basis) are external auditors.

The Board of Auditors has a regular meeting each month. In line with auditing plans and the basic policies established by the Board of Auditors, auditors also attend important meetings, including those of the Board of Directors and will perform audits of directors by assessing the status of services and assets to ascertain the validity and reliability of directors in executing their respective responsibilities.

To ensure that audits are effective, auditors are working closely with directors, through communications including meeting with the representative directors.

Business Operational Committees To fully reflect the needs of system users in our operations, the Board of Directors established the Business Operational Committee. The Committee independently examines important issues related to the business of JASDEC, based on queries from the Board of Directors, and has eight subcommittees under its control.

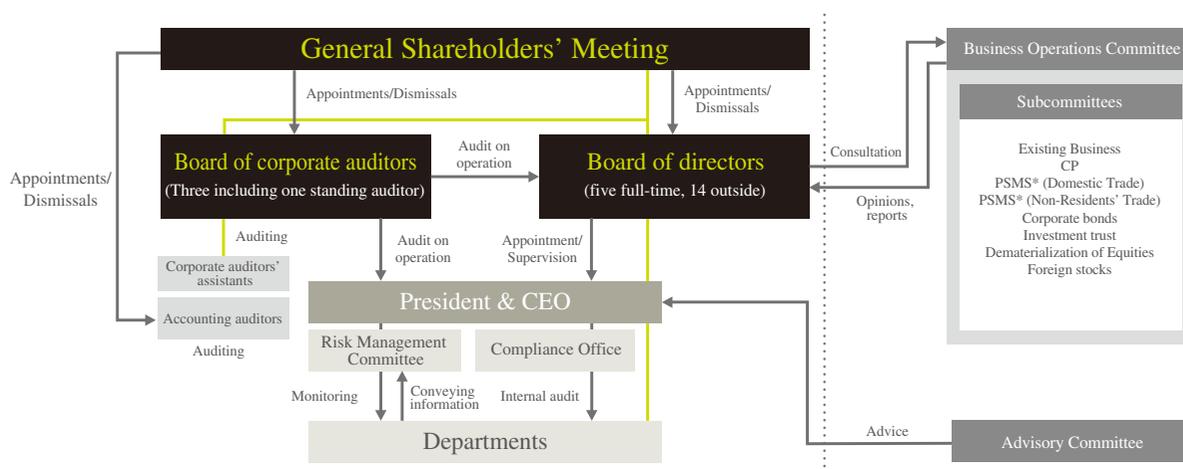
Each subcommittee is responsible for a specific segment of operations, and comprises members who are actually involved in the field. JASDEC applies the opinions provided by each subcommittee to various operational issues that will facilitate early realization of securities clearing and settlement system reform in Japan. JASDEC properly posts summaries of discussions and other information by the committees on its website to foster greater operational transparency.

As a key infrastructure for the securities market, we are increasingly focusing on an extremely high level of fairness and accountability in our activities. To achieve this end, we established the Advisory Committee, which comprises experts in financial and securities systems. The committee advises JASDEC's president from a broaden perspective about wide-ranging issues of securities clearing and settlement system operations.

JASDEC DVP Clearing Corporation (JDCC), JASDEC's wholly-owned subsidiary, maintains a business philosophy similar to that of JASDEC. JDCC has also set up a committee for reviewing important issues regarding DVP operations to reflect the needs of users of the DVP settlement system for NETDs. In addition, JASDEC's Board of Directors received reports regarding issues decided by JDCC's Board of Directors to ensure consistency in the activities of the two companies.

An outline of JADSEC's management structure and corporate governance systems is presented next page.

Overview of JASDEC's Management Structure and Corporate Governance Framework



Risk Management System

JASDEC has set up a Risk Management Committee, chaired by the president. It promotes to strengthen overall risk management, and regularly monitors internal control systems for various risks.

Internal Audits, Corporate Audits, and Accounting Audits

JASDEC established the Compliance Office and is steadily reinforcing its internal audit by practical survey based on the audit plan to ascertain the validity of business operations. For corporate audits, standing auditor routinely attends important meetings, such as those of the Board of Directors and the Executive Committee (comprising managing directors) and examines circulars intended to get approvals of decisions by persons in charge. The standing auditor performs audits in accordance with the auditing plans established by the Board of Auditors, and reports other corporate auditors with updates on the progress of auditing activities at the meeting of corporate auditors, which is scheduled to take place monthly.

Auditors serving on a part-time basis attend Board of Directors' meetings and check the responsibilities carried out by directors. They also assess the legality by reviewing reports from the full-time auditor on auditing activities.

JASDEC assigns staff specifically to assist corporate auditors in their audits.

Corporate auditors perform audits in close cooperation with the Company's accounting auditors. This includes hearing reports from accounting auditors on auditing plans and the results of the audits.

JASDEC has two certified public accountants who perform accounting audits for JASDEC in the capacity of accounting auditor under Companies Act: Yohei Kishi and Naoto Saito (designated partners under Article 34,

Paragraph 10-4 of the Certified Public Accountant Law). They are employed by Ernst & Young ShinNihon, a member firm of Ernst & Young Global, and execute accounting audits, including checks of financial documents, based on the Companies Act. Mr. Kishi and Mr. Saito are assisted in their accounting audit by seven certified public accountants and 13 others (junior accountants and other assistants).

We recognize that no items of particular regard, such as serious irregularities or instances of illegal behavior, have been found through the execution of accounting audits.

Directors' and Corporate Auditors' Limit of Liability

To fully demonstrate the skills involved in successfully executing the responsibilities of directors and corporate auditors, and to retain top-level professionals, limits have been set on liability for damages incurred by directors and corporate auditors.

Resolutions on Election/Dismissal of Directors

The election of directors by resolution at the general meeting of shareholders is conducted in the presence of shareholders representing no less than one-third of voting rights held by eligible shareholders, and directors are elected by a majority vote of said shareholders.

The dismissal of directors by resolution at a general meeting of shareholders is conducted in the presence of shareholders representing no less than one-third of voting rights held by eligible shareholders, and directors are dismissed on a vote of no less than two-thirds of voting rights held by said shareholders.

Board Members and Auditors (As of July 1, 2008)



President & CEO
Yoshinobu Takeuchi
*President, JASDEC DVP
 Clearing Corporation*

Board of Directors Japan Securities Depository Center, Inc.



Director
Junichi Kitamura
*Managing Director,
 Head of Operations,
 Nikko Citigroup Limited*



Director
Masakazu Kubota
*Managing Director,
 Japan Business Federation*



Director
Masahiko Koyanagi
*Executive Officer
 Japan Securities Dealers Association*



Director
Takashi Sato
*Managing Executive Officer,
 Mizuho Corporate Bank, Ltd.*



Director
Koichi Suzuki
*Director and Senior
 Executive Officer,
 Chuo Mitsui Asset Trust
 and Banking Company, Ltd.*



Director
Shigeyuki Maeda
*Professor of Law,
 Professional School of Law (Law School),
 Professional Course in Law
 Gakushuin University*



Director
Kenichi Miki
*Senior Executive Officer,
 Daiwa Securities SNBC Co., Ltd.*



Director
Hironaga Miyama
*Senior Executive Officer,
 Tokyo Stock Exchange, Inc.*



Director
Eiko Morita
*Director,
 Head of Operation
 Deutsche Securities Inc.*



Director
Taihei Yuki
*Managing Director,
 Mitsubishi UFJ Trust
 and Banking Corporation*



**Managing Director
Shoji Murata**
*Managing Director,
JASDEC DVP Clearing
Corporation*



**Managing Director
Shigeru Omae**
*Managing Director,
JASDEC DVP Clearing
Corporation*



**Managing Director
Seikichi Ihara**
*Managing Director,
JASDEC DVP Clearing
Corporation*



**Managing Director
Yoshinori Seyama**
*Managing Director,
JASDEC DVP Clearing Corporation
Director, Tocho System Service Co., Ltd.*



**Director
Masaru Takei**
*Managing Director,
Tokyo Electric
Power Company*



**Director
Hiroshi Tanaka**
*Executive Managing Director
Representative EO
Compliance Division, Internal
Administration Supervisor
Nomura Securities Co., Ltd.*



**Director
Kunihisa Hama**
Lawyer



**Director
Ryusaburo Harasawa**
*Managing Director,
The Bank of Tokyo-Mitsubishi
UFJ, Ltd.*



**Standing Auditor
Akemi Sasaki**
*Auditor, JASDEC DVP Clearing
Corporation
Auditor, Tocho System Service Co., Ltd.*



**Auditor
Takeshi Kusakabe**
*Advisor,
Shinko Securities Co., Ltd.*



**Auditor
Hiroshi Kobayashi**
*Director and General Manager,
Planning Dept., Investment Banking
Unit,
Sumitomo Mitsui Banking Corporation*

Auditors

*We are making steady progress
in preparations for our planned
launch of the new system next year.*



Yoshimasa Oba
Director
General Administration Dept.

Custody and Book-Entry Transfer System for Stock Certificates

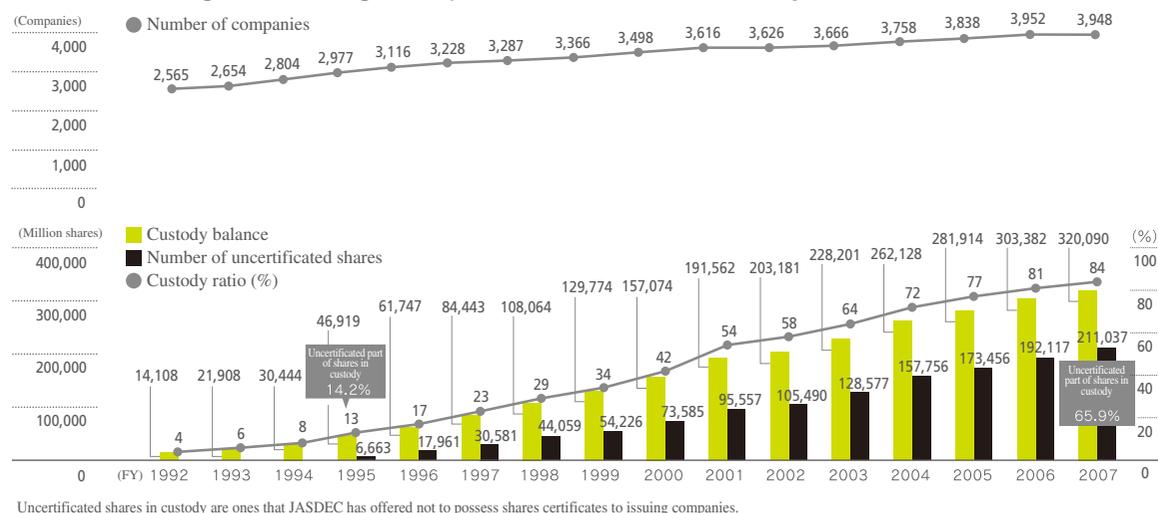
Looking ahead to transition to dematerialization of stock certificates, we are streamlining transaction procedures.

Under the depository and book-entry transfer system for stock certificates, depository of securities is centralized in JASDEC, Japan's only central securities depository. The settlement of securities is processed through book-entry transfer in accounts at JASDEC or participants, without handling of actual stock certificates.

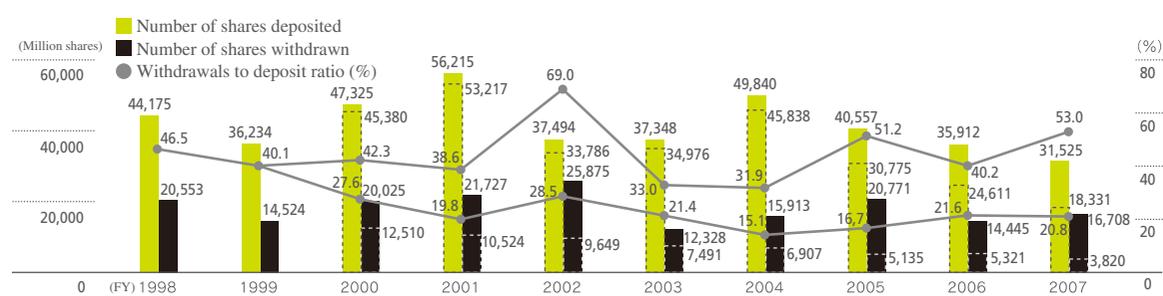
With dematerialization of stock certificates in January 2009, (see the Special Feature on "Dematerialization" which starts on page 12), a new book-entry transfer system starts. Under the new system, stock certificates will no longer be deposited or withdrawn, but instead, ownership of stocks shall be determined by electronic records in the computer system of JASDEC and account management institutions.

Stock Certificates

Number of Eligible Issuing Companies/Shares in Custody



Deposits and Withdrawals



Note: The number of shares indicated by the dotted line excludes the amount in shares deposited primarily because of a stock split, stocks for transfer, share exchanges, or as a result of a merger. (Not available prior to fiscal 1999.)

Custody and Book-Entry Transfer System for Stock Certificates

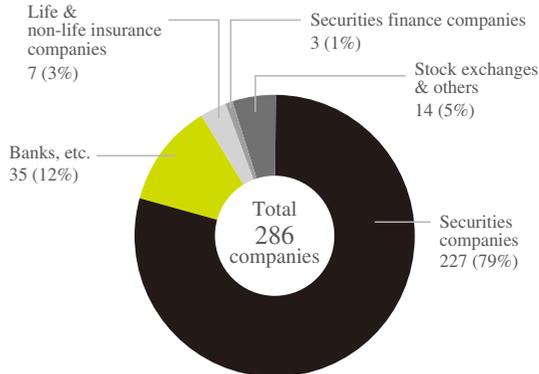
In fiscal 2007 ended March 31, 2008, along with preparations for the new system, we were working to improve the efficiency of administrative operations in the current system and expand our services.

Part of our efforts to enhance efficiency, especially for exchange of information between JASDEC and issuing companies, includes the use of a JASDEC site set up within the Target which has been used for data distribution to participants. Through the JASDEC site, JASDEC began providing information to issuing companies from December 2007, and issuing companies are able to submit various applications to JASDEC from February 2008. This enables us to create a secure and efficient framework for sending and receiving information, thereby reducing the burden of administrative operations at issuing companies.

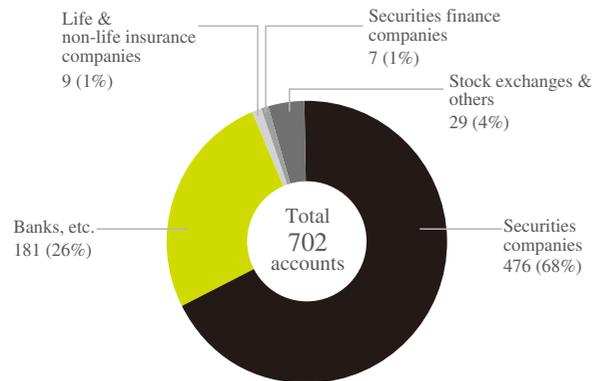
Ahead of dematerialization of stock certificates, we inaugurated book-entry transfer system for exchange traded funds (ETFs) in January 2008. ETF is an investment trust that tracks stock price index, and is traded on stock exchanges. Composition of ETFs requires a notification to specify index to be linked with. In accordance with increased such notification, new ETFs have been introduced, and the numbers of ETFs are increased. The convenience of ETF transactions, improved by the book-entry transfer system, has also contributed to their growth.

Book-Entry Transfer for Stock Certificates Participants and Accounts (as of March 31, 2008)

Participants by category

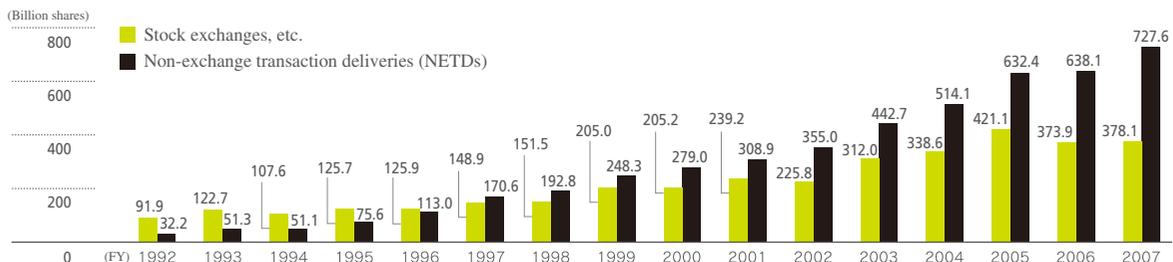


Number of accounts by category

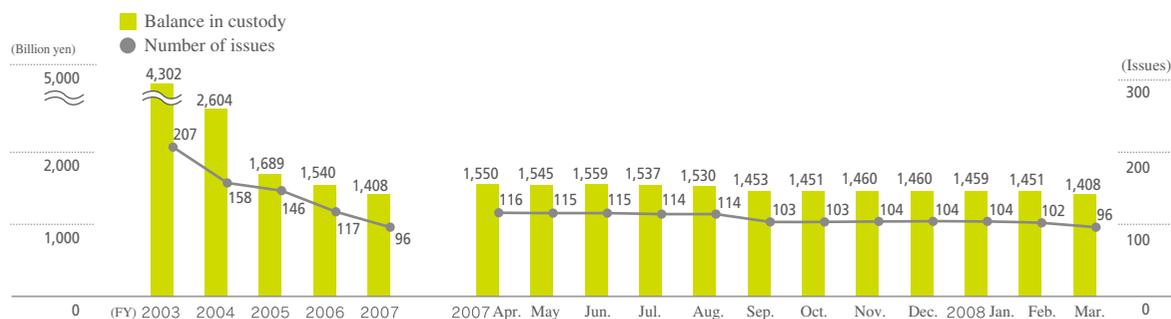


Note: "Banks, etc." include The Norinchukin Bank, Tokyo Shoken Shinyou Kumiai, and Tokyo Bankers Association. "Stock exchanges & others" include Japan Securities Dealers Association, Japan Securities Clearing Corporation, JASDEC DVP Clearing Corporation, three securities agents and three *tanshi* companies (which offer short-term credit brokerage services)

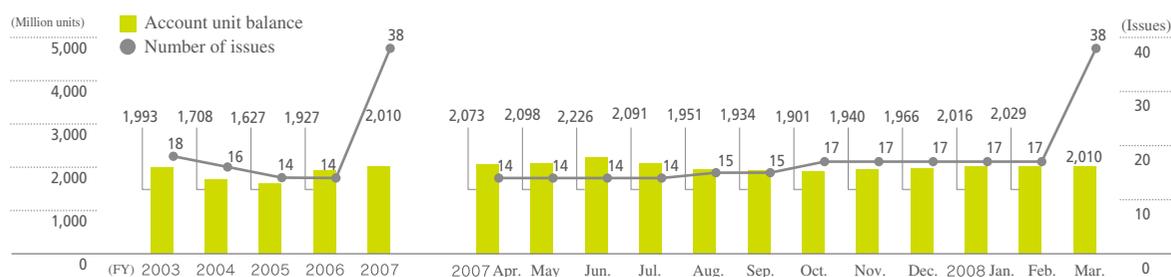
Book-entry transfers



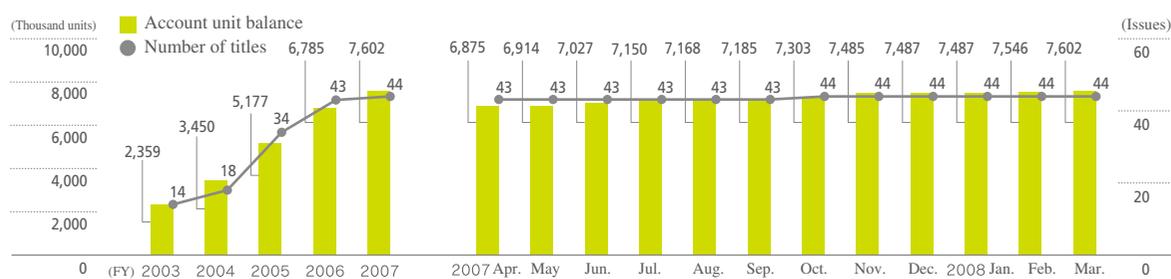
Convertible Bonds (CBs)/Corporate Bonds with Subscription Warrants to New Shares account balance and number of issues



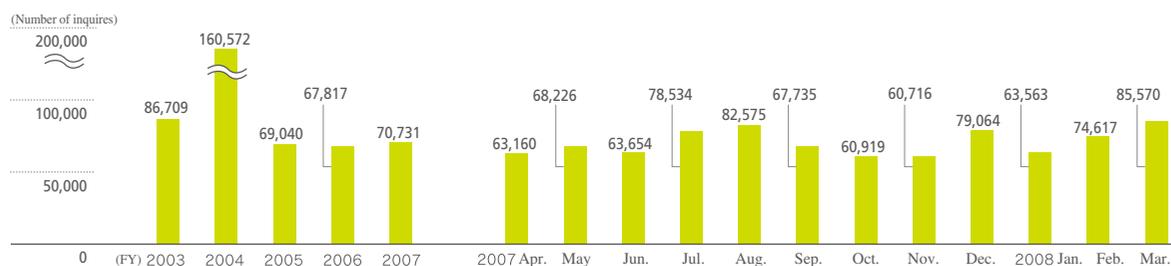
Exchange Traded Fund (ETF) account balance and number of issues



Real Estate Investment Trusts (REITs) account balance and number of issues



Number of inquiries to the Securities Information Tracing System (SITRAS) (daily average)



*Providing necessary funds to
exactly where needed. Acting a core
role in the Japanese economy.*



Hiroshi Ikegami
Director
Bond and Commercial Paper Dept.

Book-Entry Transfer System for Corporate Bonds and Commercial Papers

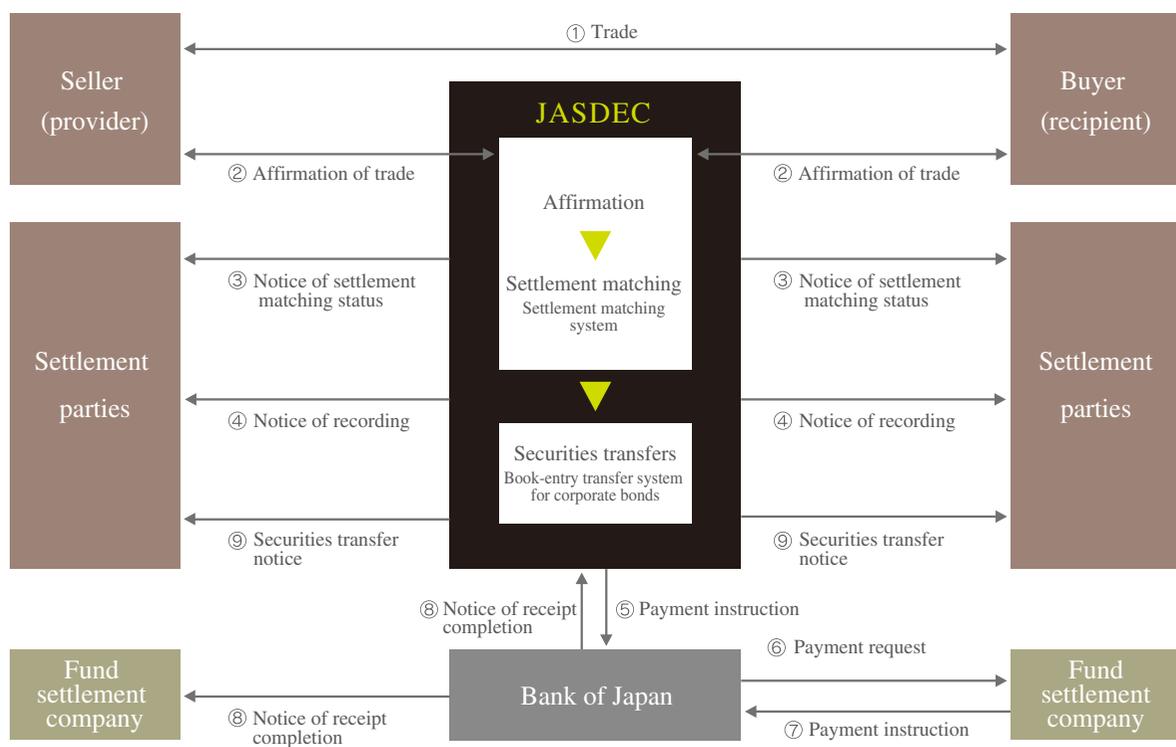
For more seamless and secure financing

In March 2003, we launched a book-entry transfer system for dematerialized commercial paper (CP) and for corporate bonds in January 2006. In each system, custody procedures—issuance, transfer (trading), and redemption—proceed based on the balance recorded in transfer account books. In addition, all transactions related to issuance, transfer and redemption of CP and corporate bonds, can be processed through the Bank of Japan's Financial Network System by DVP settlement system. By linking the book-entry transfer system with our PSMS (pre-settlement matching system (see page 43)), we realize straight-through processing (STP), which fully automates the entire process—including trade matching, and fund securities settlement.

Regarding participation in the JASDEC Book-entry Transfer System, we set up a multilayer holding structure for account management institutions (AMI) to address diverse needs of participating investors and financial institutions. Direct AMI can open an account directly at JASDEC, and indirect participation is possible by opening an account at an AMI. Another option for indirect participation is through the opening of an account at an indirect AMI.

Interest payments inherent to corporate bonds are made to holders of the rights indirectly, paid into their accounts, after being passed on from paying agents to AMI acting as the recipients, in accordance with the multilayered structure.

Flowchart for book-entry transfer for Corporate Bonds (in the case of DVP)



Book-Entry Transfer System for Commercial Papers

Supporting finance activities of corporate entities, with a balance exceeding ¥20 trillion.

Commercial paper (CP) was originally drawn as a promissory note by operating companies as a means for procuring short-term funds. The risks involved in transfer and deposit of notes for large amounts, as well as burden of documentary stamp tax, have prompted requests for an electronic book-entry system that eliminates the needs for paper certificates. Thus, it became our first fully electronic book-entry transfer system for dematerialized CP. Since the launch of the system five years ago, all CP issued in Japan has been handled in this system. As of March 31, 2008, the total amount

of CP using the system and the balance for the CP reached ¥20 trillion (the record was a balance of ¥23 trillion at the end of 2007) and 5,759 issues, respectively, and the use of the system continues to grow. In October 2007, JASDEC began handling CP for real estate investment trusts (REIT CP).

To improve market transparency, JASDEC actively discloses information of settlement figures. With regard to CP, the balance by issuer category on a weekly basis has been disclosed in January 2008.

Balance of commercial paper by issuer category (Weekly)

(Million yen)

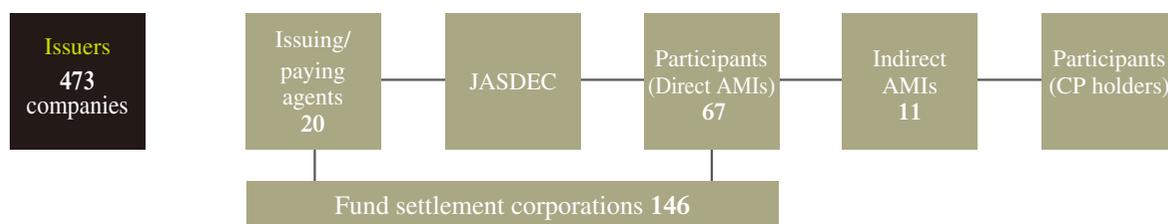
(as of the end of month/week)	Issuers											
	Total		Securities companies		Banks		Business companies		SPCs		Others	
	Number of issues	Account balance	Number of issues	Account balance	Number of issues	Account balance	Number of issues	Account balance	Number of issues	Account balance	Number of issues	Account balance
2008 Jan.	5,859	22,363,193	439	1,533,700	192	1,415,600	3,048	15,228,330	2,158	3,960,563	22	225,000
Feb.	5,764	22,096,614	401	1,478,100	179	1,252,600	3,032	15,154,530	2,132	3,966,384	20	245,000
Mar.	5,759	20,276,788	383	1,525,100	182	1,354,900	2,643	12,092,350	2,523	5,010,438	28	294,000
Apr.	5,820	20,851,722	391	1,530,600	170	1,280,500	2,814	13,342,430	2,426	4,494,192	19	204,000
2008 Jan. 4	5,991	22,656,029	446	1,366,980	201	1,481,100	3,028	15,308,970	2,290	4,208,979	26	290,000
11	5,740	22,117,183	442	1,391,980	188	1,261,800	2,984	15,337,770	2,107	3,890,633	19	235,000
18	5,759	22,283,038	444	1,402,080	189	1,319,600	3,022	15,390,480	2,088	3,953,878	16	217,000
25	5,746	22,160,521	436	1,464,980	187	1,297,600	3,035	15,345,680	2,070	3,837,261	18	215,000
Feb. 1	5,860	22,330,610	442	1,562,200	188	1,330,400	3,069	15,264,430	2,139	3,948,580	22	225,000
8	5,750	22,015,557	445	1,588,900	175	1,166,200	3,091	15,279,630	2,018	3,765,827	21	215,000
15	5,666	21,732,807	433	1,548,700	174	1,160,100	3,044	15,026,430	1,994	3,776,577	21	221,000
22	5,669	21,830,843	418	1,485,400	177	1,217,000	3,051	15,056,530	2,006	3,856,913	17	215,000
29	5,764	22,096,614	401	1,478,100	179	1,252,600	3,032	15,154,530	2,132	3,966,384	20	245,000
Mar. 7	5,626	21,873,958	403	1,522,500	181	1,264,000	3,031	15,082,730	1,991	3,759,728	20	245,000
14	5,571	21,377,198	399	1,476,900	191	1,408,500	2,973	14,504,330	1,988	3,730,468	20	257,000
21	5,498	21,072,060	390	1,437,000	177	1,350,700	2,904	14,287,850	2,006	3,744,510	21	252,000
28	5,618	21,314,883	381	1,520,600	183	1,352,000	2,810	14,146,550	2,216	4,001,733	28	294,000
Apr. 4	5,685	20,596,211	391	1,535,100	186	1,433,800	2,679	12,400,850	2,402	4,940,461	27	286,000
11	5,637	20,572,580	405	1,626,300	179	1,335,100	2,690	12,578,930	2,345	4,816,250	18	216,000
18	5,672	20,863,289	412	1,656,200	180	1,345,400	2,717	12,804,580	2,346	4,871,109	17	186,000
25	5,729	21,001,120	419	1,677,700	176	1,338,000	2,753	12,986,430	2,362	4,794,990	19	204,000
May 2	5,779	20,991,156	400	1,567,100	171	1,286,600	2,843	13,542,630	2,347	4,420,826	18	174,000

Note:

SPCs include SPCs set up overseas

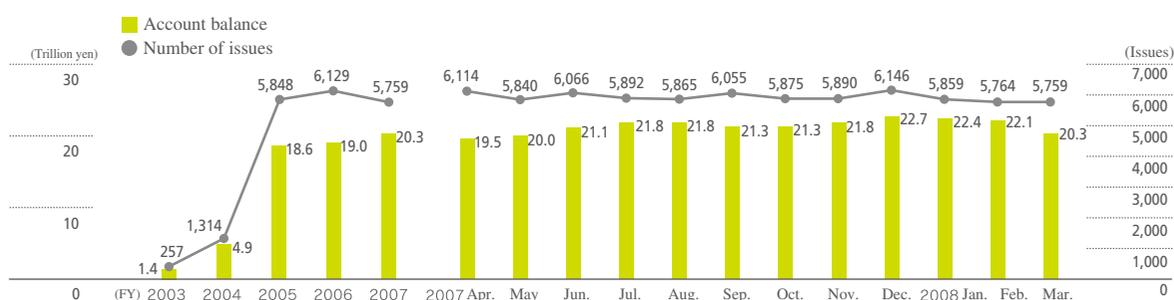
Others include securities finance companies, insurance companies, investment firms, and Foreign companies (excluding SPCs).

Participants of book-entry transfer for CP (as of the end of March 2008)



CP

Account balance and number of issues



Working to further enhance system security

Settlement amount of issuance, transfer, and redemption of CP handled by JASDEC's book-entry system exceeds ¥5 trillion per day, and more than ¥10 trillion at the end of each month. To achieve a higher level of security and prevent disruptions of system operation in natural disasters and other emergencies, we have established a backup center, along with our Business Continuity Plan. We will continue making strenuous efforts to further enhance the security of our systems.

To ensure transparency and fairness of the CP market, we will upgrade the level of settlement statistics data, as well as expand the products of securities to help the market grow and respond to user requirements.

Completing conversion of already-issued corporate bonds to the book-entry transfers system, the balance exceeded ¥240 trillion.

The book-entry transfer system handles various types of bonds, regardless of whether through public offerings or private placements. They include corporate bonds, municipal bonds, bonds issued by investment firms, specified bonds issued by special purpose companies (SPCs) and others, bonds of special corporations, such as semi-government and local government bodies, and Samurai bonds (yen-denominated bond issued by non-Japanese companies in Japan). Two years have passed since the system was introduced, and the number of bonds handled totaled 72,817 issues as of the end of March 2008, with the transaction balance of ¥241 trillion. Conversion to a book-entry transfer system for bonds issued prior to the introduction of the new book-entry transfer system (physical bonds and registered bonds) was completed by the end of 2007, and nearly all outstanding bonds have been managed in the new system. Currently, almost all of corporate bonds newly issued in Japan are handled in this system.

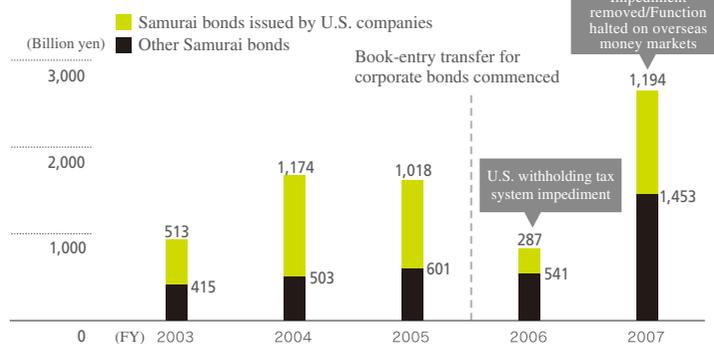
With regard to Samurai bonds, issuance was halted in early 2006 over concerns that U.S. withholding tax would be imposed on Samurai bonds issued by U.S. companies. However, imposition of the U.S. withholding tax was avoided, and issuance was resumed in January 2007, thereby marking the largest issuance of Samurai bonds since 2000.

At the end of 2007, a new tax exemption

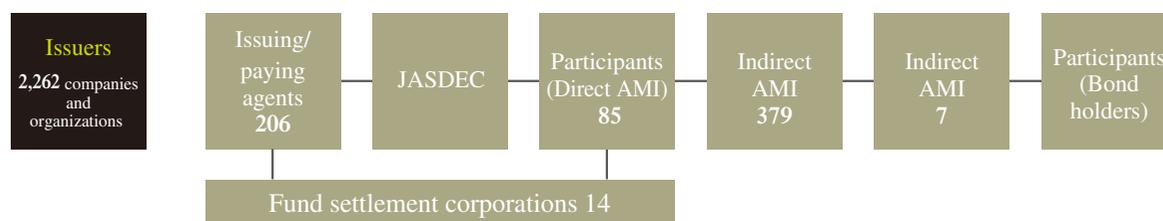
system of municipal bonds was introduced for non-residents. As a long-awaited incentive for foreign investors to invest in Japanese bond market, tax exemption to nonresidents on the interest accrued for corporate bonds has been requested. But the tax exemption only for the interest on municipal bonds was approved. As of the end of March 2008, ¥100 billion worth of the approximately ¥60 trillion worth was applied to this tax exemption system.

In May 2007, we conducted a survey to assess the convenience of the book-entry system for corporate bonds for users. According to the survey results, 60-70% of bond issuers recognized reductions in costs for issuance and administration. The majority of direct AMIs also indicated lower costs for transfers as well as reduced burden of administrative procedures involved in book-entry transfer and payment of interest/repayment of principal. In addition, the majority of agents and direct AMIs gave high marks to the pre-settlement matching system. We also received requests and suggestions for enhancing the convenience of the system. We will use this feedback to make steady improvements.

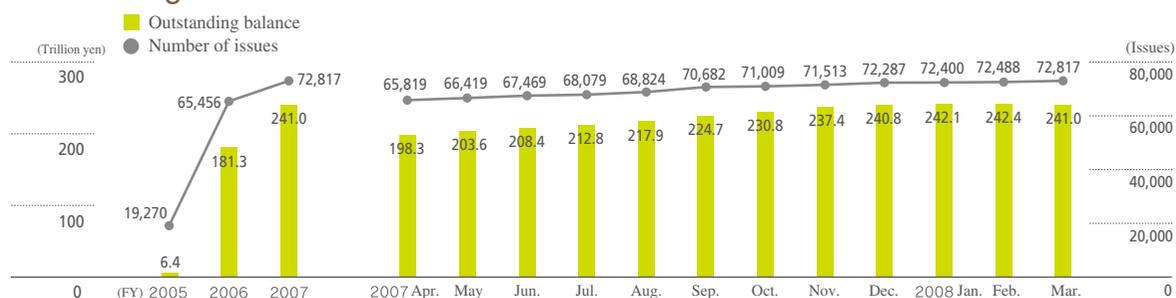
New issuances of Samurai bonds



Book-entry transfer system for Corporate Bonds participants (as of the end of March 2008)



Corporate Bonds Outstanding balance and number of issues



Working to enhance convenience, security and efficiency of our book-entry transfer systems

We will continue our efforts to ensure the smooth operation of the book-entry transfer system for corporate bonds and improve convenience, security and efficiency for further expanding corporate and municipal bonds markets. To promote globalization of Japan's financial capital market, we will

expand the system for offering tax exemptions to nonresidents. We will also collaborate to upgrade infrastructure for the Asian securities market, including expansion of the Asian bond market by providing JASDEC's system know-how.



*Trust us to protect your
valuable assets*

Shinji Suzuki
Director
Investment Trust Dept.

Book-Entry Transfer System for Investment Trusts

A faster, safer approach to investment trusts

Book-entry transfer system for investment trusts is an electronic computer system of managing beneficial rights of investment trusts*1.

Under the system, launched on January 4, 2007, beneficial certificates issued to beneficiaries are dematerialized, and beneficial rights are recorded electronically in the accounts of transfer account books. This facilitates prompt creation, extinction and transfer of beneficial rights, and lowers costs of issue and custody of physical certificates as well as risks of loss, theft or fraud.

In the transfer account books managed by JASDEC, beneficial rights of investment trusts are recorded in two kinds of sub accounts for JASDEC participants (Account Management Institution (AMI), namely securities companies, banks or other fund distributors*2). One is “Self account” for beneficial rights held by JASDEC participants. The other is “Customer account” for the aggregate number of beneficial rights held by the beneficiaries who have opened the accounts with AMI.

Beneficial rights held by respective

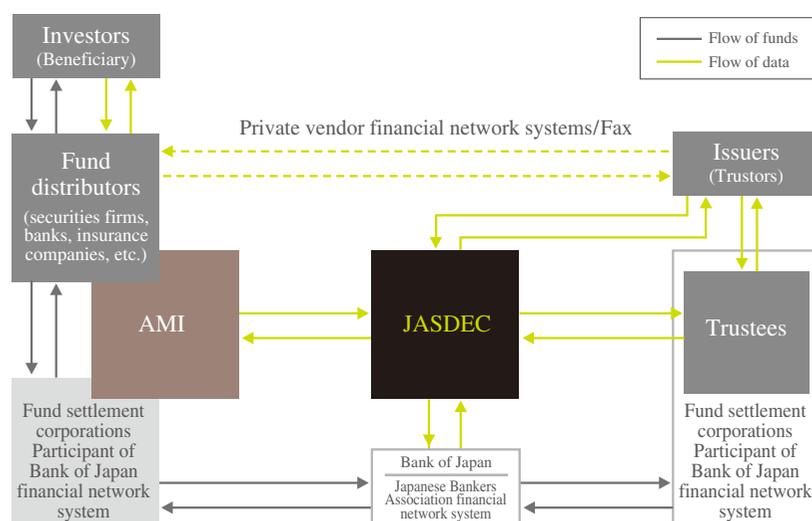
beneficiaries whose beneficial rights are recorded in customer accounts, are recorded in transfer account books managed by AMI (“multilayer structure”). AMIs are able to open accounts in other AMIs, not in JASDEC. They are called indirect AMIs.

When orders are placed by investors with AMIs and fund distributors, AMIs make electronic applications to JASDEC through the trustors (issuers of the investment trusts), enabling that book-entry transfer, creation or extinction of beneficial rights shall be recorded in transfer account books held at JASDEC and AMIs.

*1 “Investment trust managed by trustor”: A contract based investment trust with three parties of trustor, trustee company (trust bank, etc) and the beneficiary (investor in the investment trust). It accounts for a large share of total investment trusts in Japan.

*2 Entities who open accounts on behalf of other persons.

Basic model of book-entry transfer system for investment trusts



Book-Entry Transfer System for Investment Trusts

Strong support from users

Since the system launched on January 4, 2007, nearly all trusts in the category of “investment trusts managed by trustees” are handled by the system. At the end of fiscal year 2007 (ended March 31, 2008), total number of the investment trusts rose to 5,603 (3,091 publicly-offered and 2,512 privately-placed investment trusts), up 519 from the end of the previous fiscal year.

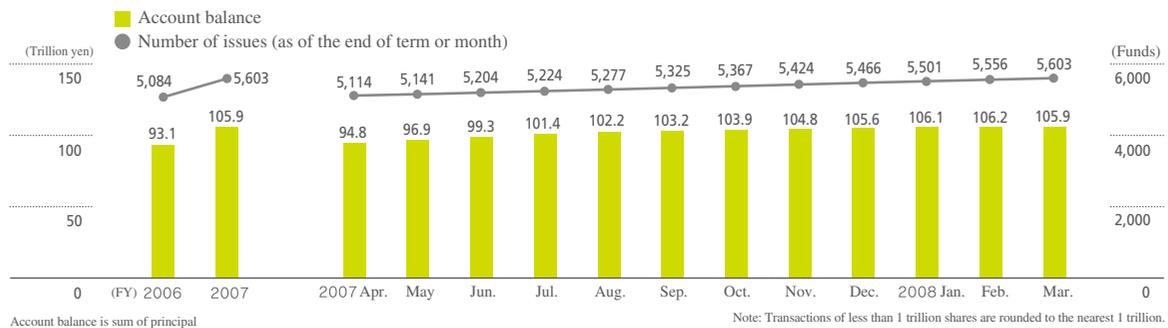
The account balance of principal also increased to ¥105 trillion (¥75 trillion in publicly-offered investment trusts and ¥30 trillion in privately-placed investment trusts), an increase of ¥12 trillion. All of 78 issuing and 12 trustee companies involved with investment trusts managed by trustees are now using the system. The number of JASDEC participant companies (direct AMIs) who have opened accounts with JASDEC and the number of indirect AMIs reached 186 and 701, respectively.

45 institutions are participating in the system

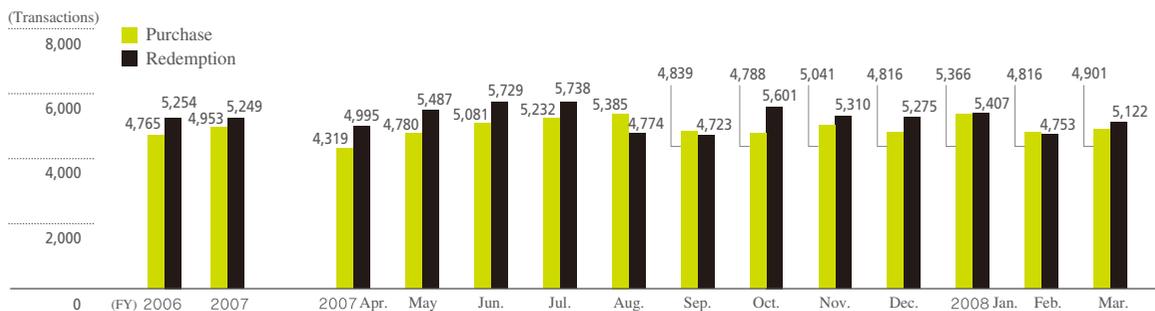
as fund settlement corporations of the Bank of Japan financial network system, which handles DVP settlement. Fund settlement systems in the book-entry transfer system for investment trusts include DVP settlement (using the Bank of Japan financial network system) and non-DVP settlement (using the Japanese Bankers Association financial network system for online fund settlement among financial institutions).

In the case of DVP settlement, JASDEC links the book-entry of beneficial rights with fund settlement on the computer system to eliminate the time gap between fund settlement and subscription of rights, thereby reducing settlement risk. Use of the DVP settlement, which involves less settlement risk, has been increasing steadily among system users. In fiscal 2007, 23% of transactions used DVP settlement. By value, the percentage rose to 59%.

Book-Entry Transfer for Investment Trusts Account balance and number of funds

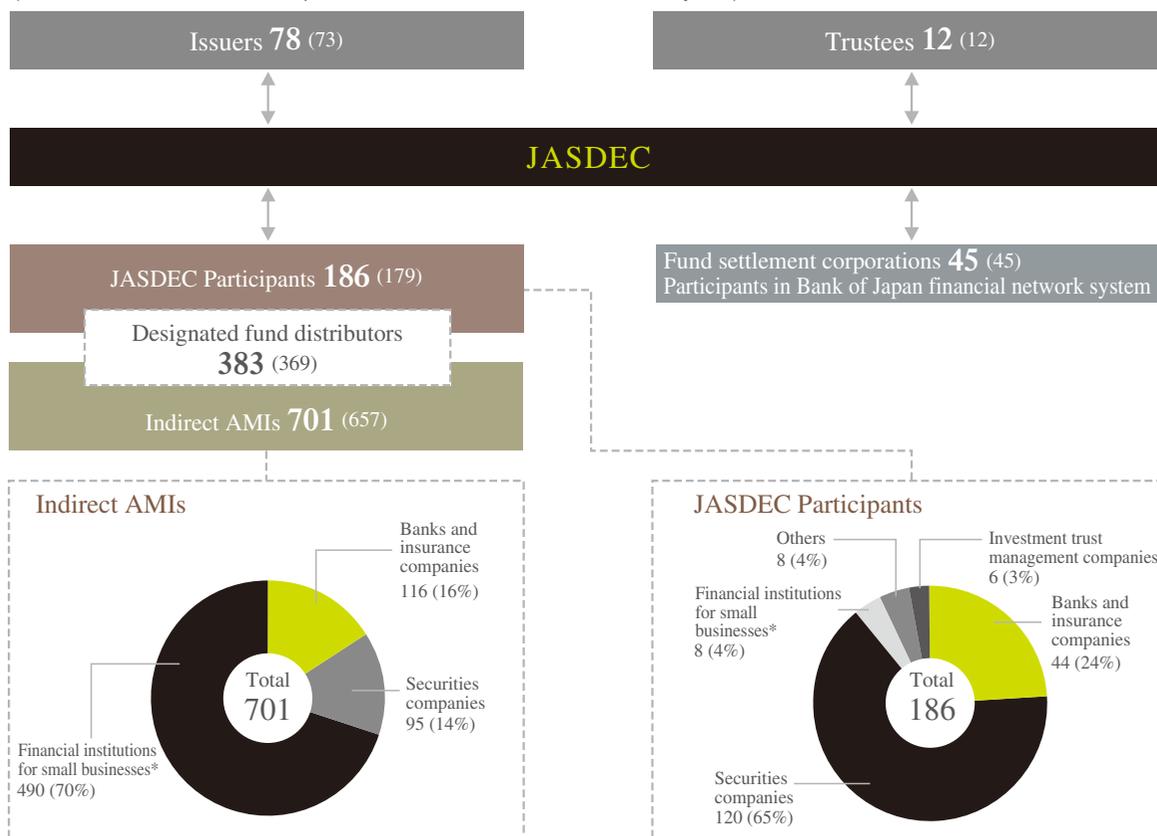


Purchase and Redemption Transaction (Daily average)



Book-entry transfer for Investment Trusts Participants

(as of March 31, 2008: Numbers in parenthesis show the numbers at the start of system)



*Sinkin banks, Credit cooperatives, Agricultural cooperatives, Labor banks, etc.

For further improvement of the system

By the Amendment of the Trust Law enacted on September 30, 2007, consolidation (merger) of investment trusts became possible. JASDEC set up practical procedures for the merger, and, on this basis, the operation rules have been amended. In addition, amendment of the Law Concerning Book-entry Transfer of Corporate Bonds and Stocks, etc., has enabled the split and merger of beneficial rights in 2009, and JASDEC has set up an outline of the processing methods and published it.

In fiscal year 2008 (ending March 31, 2009),

ahead of the amended Law Concerning Book-entry Transfer of Corporate Bonds and Stocks, etc., we are taking necessary measures, such as adding functions to computer system and amending operational rules, to make the split and merger of beneficial rights available. And also by analyzing results of a questionnaire survey to system users carried out in February 2008, JASDEC continues further efforts to improve the book-entry transfer system for investment trusts.



Providing secure and reliable services

Joji Okuma
Director
Business Administration Dept.
JASDEC DVP Clearing Corporation

DVP Settlement Services for NETDs

Improving the security and reliability of non-exchange transaction deliveries (NETDs)

DVP Settlement Services for NETDs means transfer and settlement for non-exchange transaction deliveries. Transactions using the DVP settlement services for NETDs largely consist of trading by institutional investors of Japan and overseas for the trading of Japanese stocks and other securities.

Up to now, in non-exchange trades, transfers and fund settlement have generally been separately processed, and exposed to principal risk — the risk that a counterparty who delivers securities does not receive the payment, and vice versa. DVP transfer system reduces these risks by linking stock-certificate transfers with payments on the system, thereby achieving secure and reliable settlement. When JASDEC also facilitates STP (Straight-through processing) which electronically automates all the processes related to administrative procedures.

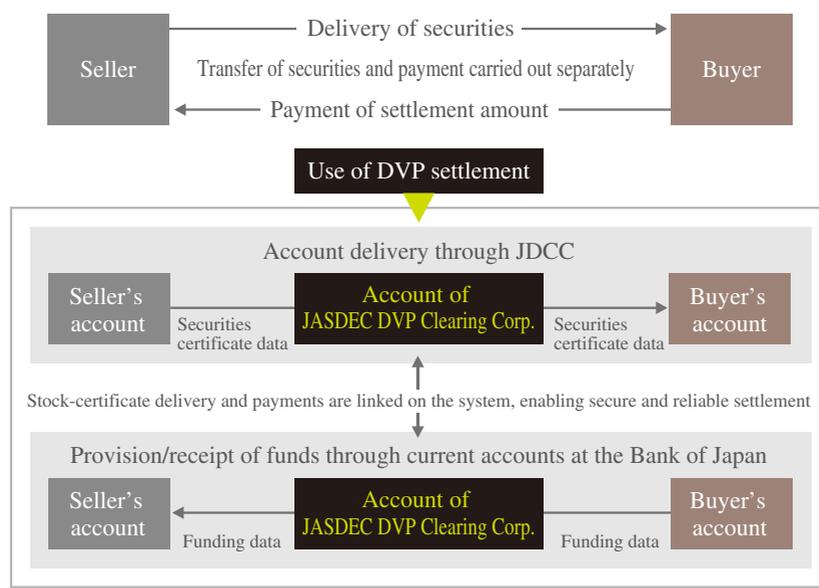
The DVP transfer system has been operated since May 2004 by JASDEC DVP Clearing Corporation (JDCC), a wholly-owned subsidiary of JASDEC. Participants who are in JASDEC's securities custody and book-entry transfer system

and prefer the DVP system have to register for participation in the DVP system, as well as receive the approval from JDCC. To manage risks of participants rigorously, JDCC requests participants to provide, as collateral, assets with carrying value exceeding the total amount of accounts payable (assured assets), and sets a limit for the total of accounts payable reflecting financial records of each participant (Net Debit Cap).

The DVP Settlements for NETDs are conducted by the gross-net type DVP model. Securities are transferred on gross basis from the seller's account to buyer's account through JDCC's accounts. Meanwhile, payment is done as a lump sum on a net transaction basis at each settlement day, through a current account held with JDCC under the Bank of Japan financial network system.

Reducing principal risk by using the DVP settlement method

(as of March 31, 2008)



DVP system is a system that links the delivery of stocks with payments, enabling secure settlement.

As DVP system becomes widespread, number of users increases

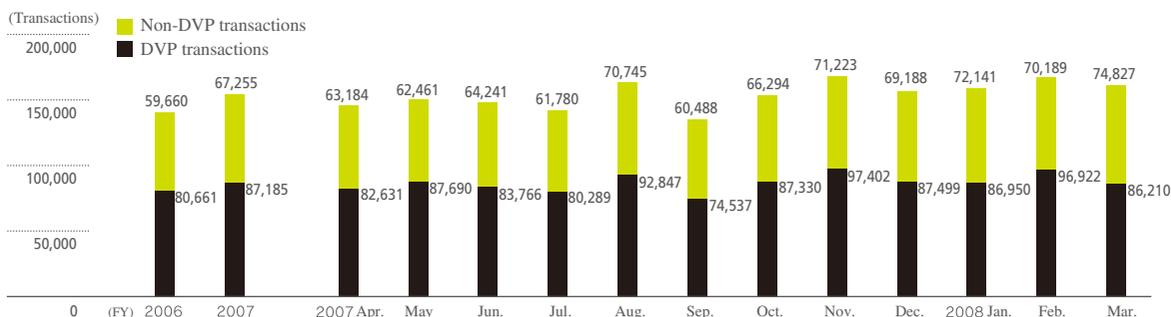
The DVP settlement services for NETDs mainly covers securities handled by JASDEC under its depository and book-entry transfer system. In fiscal 2007, a regulatory framework was set up for handling Japanese Deposit Receipts (JDR) and commodity ETF products in the DVP transfer system.

In March 2007, JASDEC compiled a report on “Recommendations for central counterparties” suggested by the Committee on Payment and Settlement Systems (CPSS) of the Bank for International Settlements and the special committee of the International Organization of Securities Commissions (IOSCO). Last August, the English version was released. The report demonstrates that JDCC satisfies global standards of transparency,

risk management systems and financial fundamentals for clearing counterparty.

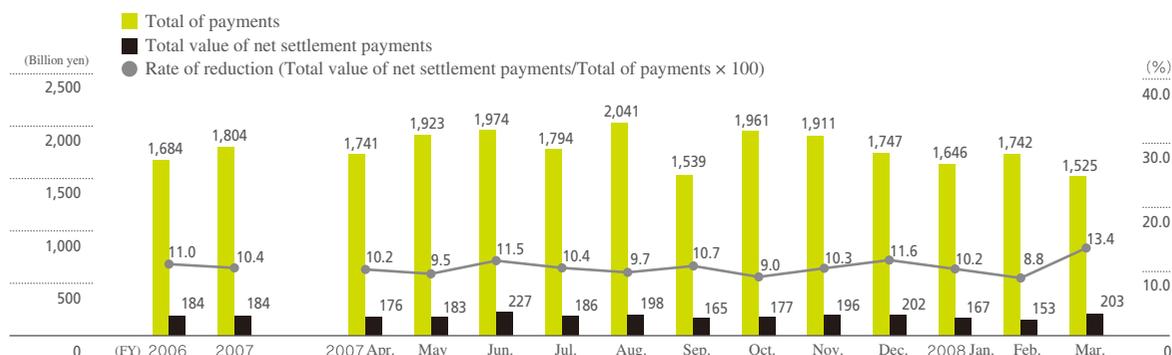
At the end of fiscal year 2007 (ended March 31, 2008), participants in the DVP service totaled 60 companies (16 banks and 44 securities companies). As the system become widely used, average daily volume of transfers under the system in fiscal 2007 increased by 6,524 year on year basis to 87,185. As JDCC gained economies of scale from volume growth, ¥12 for every ¥30 spent commission per DVP transfers was returned to participants as rebates from the commission revenues in fiscal 2007. In April 2008, commission per transaction using the DVP settlement was lowered by ¥5 to ¥25.

DVP Settlement for NETDs Transactions (Daily average)



DVP transactions are the number of transfers executed (transfer from DVP participants to JASDEC DVP Clearing)

DVP Settlement for NETDs Fund settlement (Daily average)



Securities covered: stock certificates, convertible bonds, investment securities, preferred securities, beneficiary certificates of investment trusts
 Total of payments is the total amount used for execution of security transfers
 Total value of net settlement payments is the total amount used for account settlement on a net transaction basis

Dematerialization of stock certificates will increase convenience for users

With dematerialization of stock certificates in January 2009, further increase in use of the DVP for NETDs is expected. JDCC is taking this opportunity to further increase customer convenience. On top of launching the services for foreign stocks and other instruments previously not covered by the system, we will address transforming statements of balances of collateral deposited by DVP participants with JDCC into electric records.

For cash entrusted as collateral (deposits received for clearing), with the dematerialization of stock certificates, any increase or decrease in

sums provided by participants will be reflected on the same day, instead of the following day, and redemption of the collateral will be also processed immediately upon participants' request. We will continue promoting efficiency of fund operations for participants.

With regard to frameworks for amount of payment limit under the net settlement system by individual participants, we are examining appropriate standards, based on discussions with participants, and interest-rate levels.

The world's fastest PSMS



Shunichiro Unno
Deputy Director
Business Planning Dept.

Pre-Settlement Matching System (PSMS)

Providing matching services through advanced technology

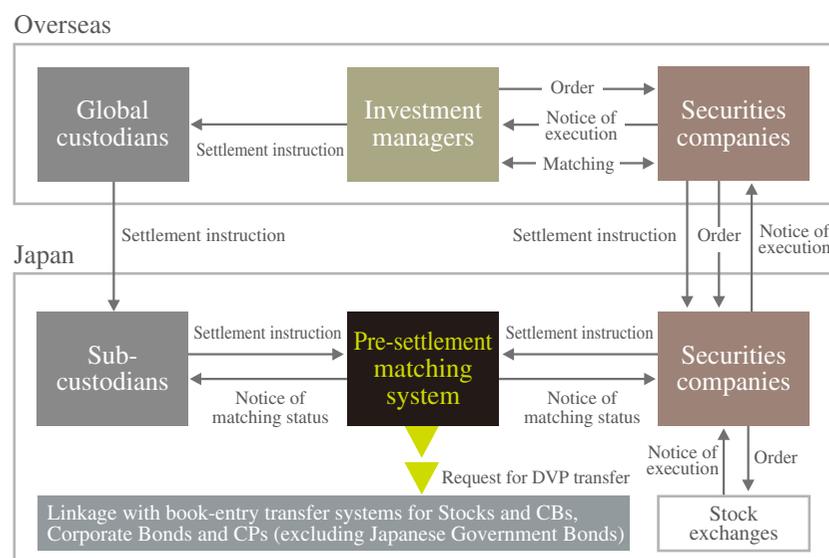
Matching services are needed for institutional investors' transactions as the wide range of organizations such as investment trust management companies, investment advisory companies, securities companies and trust banks are involved and the huge amount of transaction data is exchanged among them. In the past, matching was done manually by faxes or telephone calls. Now, the process is being computerized and automated. JASDEC provides matching services using the highly advanced computer systems named Pre-Settlement Matching System (PSMS).

For domestic transactions, PSMS provides both trade matching service and settlement matching service. The former service is used between investment trust management companies/investment advisory companies and securities companies to reconcile the contents of each trade such as traded securities, price, volume, date and other details. The latter service is used between trust

banks and securities companies to reconcile the account numbers and other details before they settle the trade. In the trade matching, data sent from both sides are matched centrally on PSMS (central matching), which is faster and more accurate than the prevailing overseas method in which data goes back and forth between the parties involved. In the settlement matching, settlement instructions are automatically generated and matched in PSMS using a Standing Settlement Instructions Database in which account numbers and other details have been preregistered and the matched settlement instructions are automatically sent to each transfer system at the same time.

With transactions by non-residents, settlement instructions sent by sub-custodians which are received from global custodians are centrally matched with corresponding data sent by securities companies on PSMS.

PSMS (for non-resident transactions)



Pre-Settlement Matching System (PSMS)

Input/output transactions hit record daily high

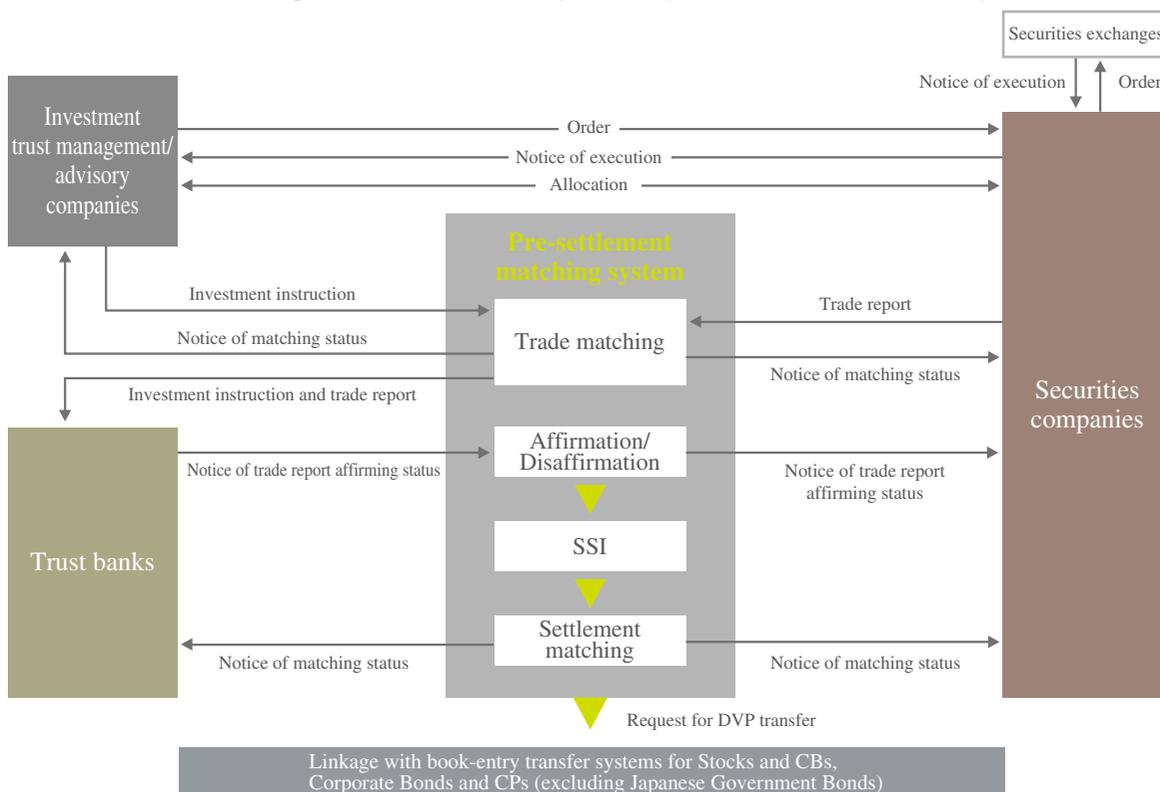
For securities clearing and settlement, three days after a trade (T+3 settlement) is currently the norm. JASDEC's goal is completion of matching on the day of the trade (T+0 matching), to enable settlements on the following day of the trade (T+1 settlement). As for the domestic trades at present over 99.9% of the trades are matched on T+0 by adopting central matching. With open-end investment trusts, it is necessary to calculate the net asset value day by day, so T+0 matching greatly facilitates their management.

Since launching PSMS in September 2001, JASDEC has been increasing the range of asset class and services PSMS covers. In October 2007, we launched matching services for stock

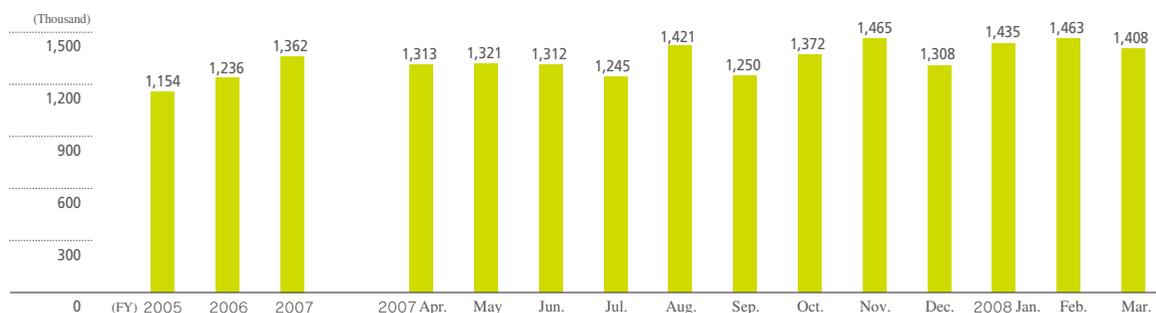
lending/borrowing transactions. By expanding the range of system users, we have made this service available not only to financial institutions but also to industrial companies if they are qualified as designated investors under the Financial Instruments and Exchange Act.

In line with our expansion of the range of asset class, services and system users, the number of users has been increasing annually. In fiscal 2007, the number of input/output transactions rose to the all-time record high (daily average basis) of 1,337,934. As of March 31, 2008, users numbered 525.

Centralized matching method for three parties (domestic transactions)



Total number of PSMS input/output instructions using the PSMS system (Daily average)



Note: Total of the number of inputs of contract-type matching data and PSMS data relayed by the user and the number of transactions of data (outputs) reported to the user as a result of matching processes.

International Standardization

The internationalization of securities markets is proceeding rapidly. We have created a system tailored to meet unique needs in Japan, but which also works in conformity with international standards. In future, to improve market participants' efficiency and increase the number of the participants, we believe it will be necessary to consider creating a system which lends itself to international standards at all times and also have direct connection overseas. In fiscal 2007, JASDEC launched a project to achieve full conformity with international standards.

With regard to message formats, introduction of ISO20022, which is the next generation format to replace the current ISO15022, is under discussion globally. JASDEC became a member

of a group of the International Organization for Standardization where ISO20022 is discussed, and as such we ensure that conditions prevailing in Japan are reflected in it. With regard to networks, our aim is to introduce the SWIFT network which is widely used overseas while running existing systems in parallel, enabling users to choose between them.

Introduction of the SWIFT network will, we believe, enable smooth overseas connectivity, further increasing users' convenience and the number of the participants. By expanding the range of asset class and services handled by PSMS and steadily building conformity with international standards, we are contributing to still greater efficiency in Japan's securities markets.

*Providing worry-free settlements
for foreign share transactions*



Kazuhiro Nishimukai
Director
International Dept.

Custody Services for Foreign Stocks

Serving convenient, safe and reliable settlement for foreign stocks

In addition to Japanese stock certificates listed on the domestic stock exchanges, since April 2006, JASDEC has offered services of custody, transfer and ownership rights processing for foreign stocks.

Generally, foreign stock certificates are deposited with central securities depositories or custodians in each country where issuing companies were established. Settlements of transactions at the stock exchanges in Japan are conducted through transfer accounts among participants in JASDEC.

JASDEC entrusts dividend payments to relevant share-handling service organizations. Information of shareholders (beneficial shareholders) at the record date for dividend is transferred to share-handling service organizations by the JASDEC participants through JASDEC. Based on the information, the share-handling service organizations calculate the amount of dividends, and, following the calculation results, dividends are paid directly to the beneficial shareholders

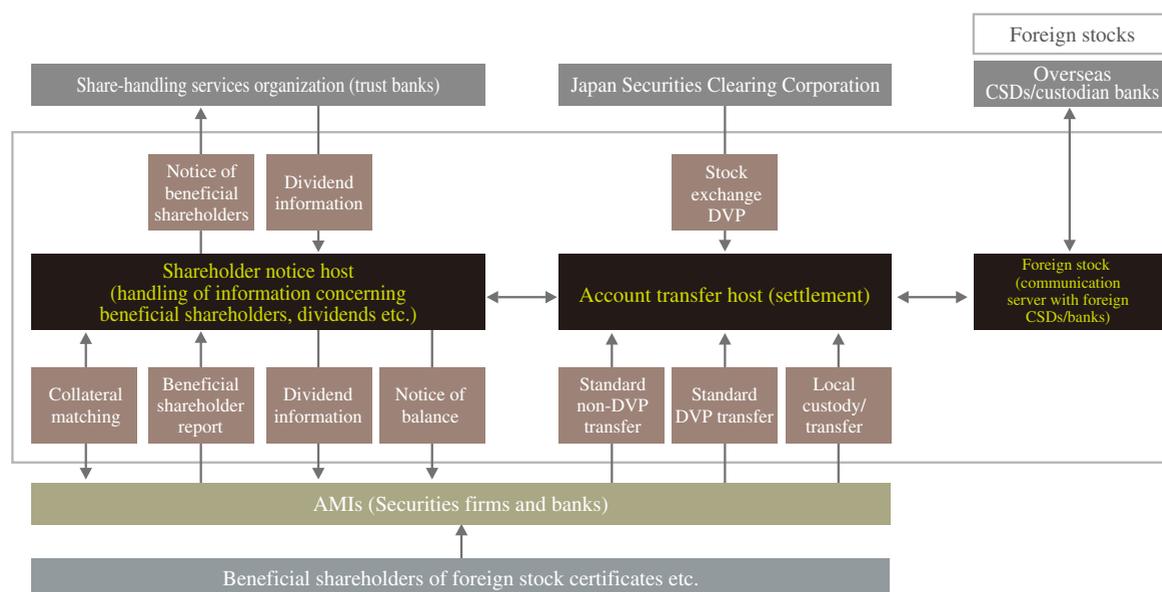
from dividend-payment handling bank. JASDEC also undertakes necessary procedures regarding dividend taxation for local tax authorities to ensure reduced tax rates under taxation agreements with the countries concerned.

Voting rights at general meetings of shareholders can also be exercised by the beneficial shareholders through instructions issued to JASDEC.

JASDEC thus provides infrastructure and services necessary for reliable settlement for trading activities of foreign stock certificates, smooth exercise of shareholder rights and error-free receipt of dividends and other payments.

We plan to introduce new systems and services in January 2009, including a highly convenient system for foreign stocks which enables transfer settlements using DVP for NETD as well as provides participants' dividend payment data.

Overview of the new system relating to foreign stocks (effective in January 2009)



Supporting smooth implementation of triangular share exchange

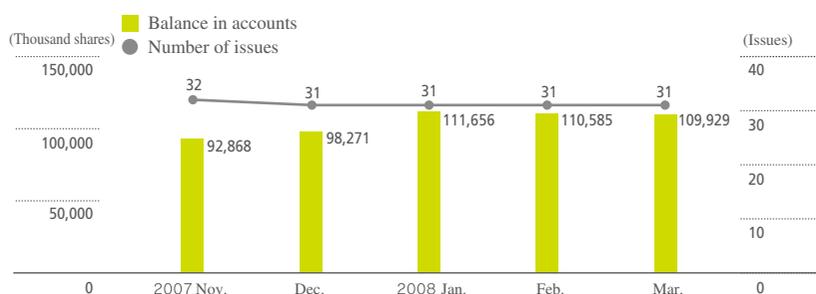
At the end of March 2008, the total number of foreign stocks handled by JASDEC was 31. In recent years, foreign companies have come to regard Japan as a major market for their financing. There have been listings only on the Tokyo or Osaka securities exchanges (no overseas listing), and also listing in Japan of ETFs (Exchange-Traded Funds) for overseas stocks. We expect further diversification of products and increase of trading volume for foreign stocks handled by us.

Considering these situations, JASDEC is developing business alliances with other central securities depositories (CSDs), which have similar functions to JASDEC in overseas markets. In November 2007, we entered into a business alliance with Korea Securities Depository, targeting custody business relating to listing of Korean stocks on the Japanese securities exchanges. Based on this partnership, we launched services for ETF of the South Korean stocks in the same month. In addition, in March 2008, we made amendment of rules to enable custody services for foreign securities ETFs.

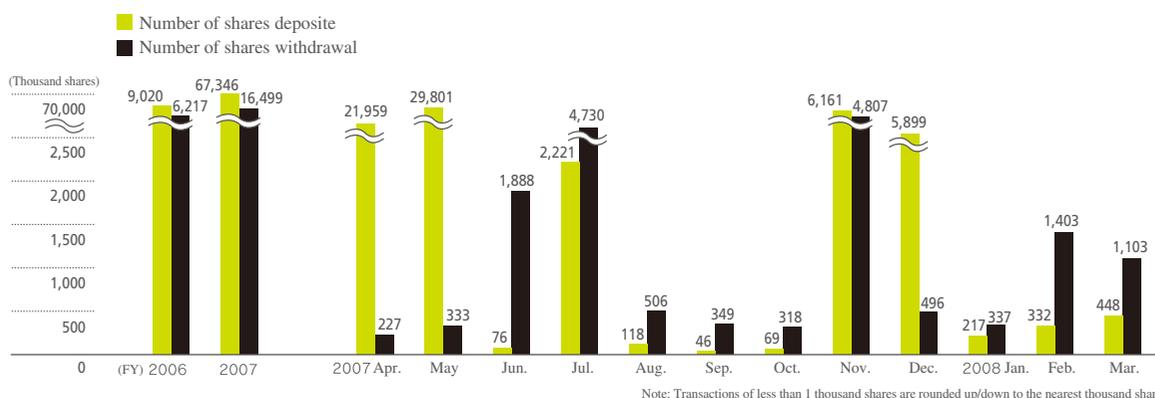
In January 2008, Citigroup Inc. (Citigroup) of the United States acquired Nikko Cordial Corporation through a triangular share exchange*, following liberalization of such transaction by an amendment of the Corporate Law in May 2007. This was the first case in which two companies listed on Japanese securities exchange were involved in a cross-border share exchange. After an announcement of the share exchange in October 2007, JASDEC held meetings with all parties involved and discussed mechanisms ensuring the smooth implementation. In the triangular merger, JASDEC focused on the fast and efficient transaction of share exchange through JASDEC, by allotting shares of Citigroup to shareholders of Nikko Cordial, as well as recording the shareholders' entries in the Citigroup's Book of Shareholders.

*A merger through exchange of stocks, in which shareholders of the target company are entitled to receive shares of the parent company of the surviving entity. In a triangular merger, the target company becomes a wholly-owned subsidiary of the surviving company, which the acquiring company forms as a subsidiary company.

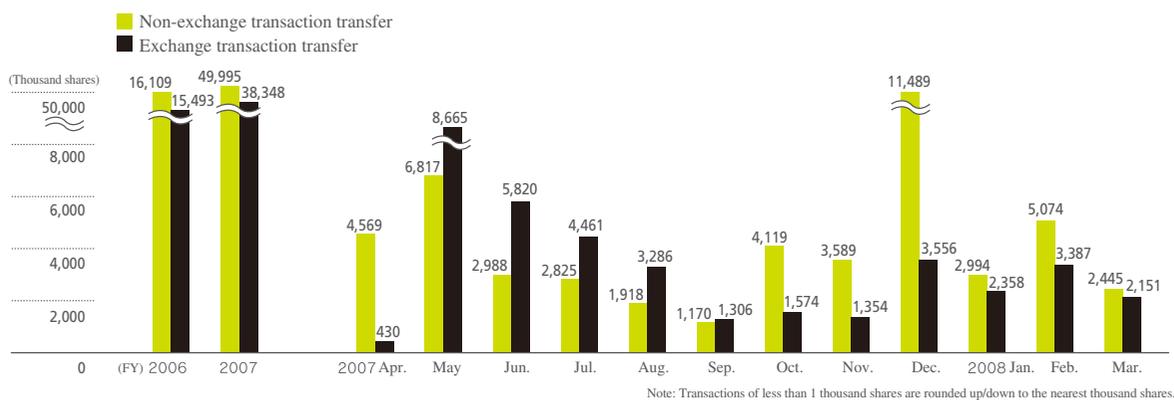
Foreign stocks Number of issues/Balance in accounts



Number of shares deposite/Withdrawal



Account transfer



Promoting system reform and preparations for new system rollout

In fiscal 2008, we are proceeding with preparations for system reform and launch of operations for a new system in January 2009. In addition, to

increase investment opportunities for investors in Japan, we continuously work to provide a broad array of products.

Co-host for 9th Conference of CSDs

JASDEC seeks and maintains strong partnerships with central securities depositories (CSDs) around the world. With overseas CSDs, JASDEC sets up business relationships to deposit foreign stock certificates. But that is not all. Collaborative arrangements with overseas CSDs — exchange of information and opinions concerning approaches to global issues in securities clearing and settlement, compilation of the case studies, and transmission of the know-how — have major significance for our operations. CSDs around the world thus meet regularly at global or regional conventions for further communications.

In April 2007, JASDEC, Japan Securities Clearing Corporation (JSCC), Korea Securities Depository (KSD) and Taiwan Depository & Clearing Corporation (TDCC) co-hosted the 9th Conference of CSDs in Seoul, South Korea. 216 participants from 97 CSDs and depository-related institutions around the world gathered. The conferences are held once every two years. At the 9th

Conference, opinions on various topics, such as promoting DVP and STP and new business ideas, were actively discussed.

In September 2007, the Asia-Pacific CSD Group (ACG), consisting of CSDs and other organizations in the Asia-Pacific region, held its 11th General Meeting in Beijing. The general meeting of ACG is held once every year. JASDEC drew strong interest from overseas CSDs for its presentation on dematerialization of stock certificates planned in January 2009.

In November 2007, JASDEC hosted the Asian region convention of the International Securities Services Association (ISSA) in Tokyo. ISSA is an organization of institutions such as custodian banks, clearing organizations, central depositories, stock exchanges, securities companies, and asset managers.



MOU signing ceremony with CDC Pakistan



The First CSD Interim Meeting in Tokyo



With Mr. Muhammad Hanif CEO of CDC



Expanding partnerships with CSDs around the world

In April 2008, JASDEC hosted the first Interim CSD Meeting. The interim meeting, of which JASDEC proposed to hold during the previous year's CSD general meeting, is held in years when there is no CSD general meeting, as a forum for representatives of regional CSD associations. At the Meeting, representatives of CSD groups from five regions around the world gathered. At a time of rapid change in securities markets, this event served as an important forum for exchange of opinions and information.

In April, JASDEC signed an information exchange cooperation agreement Memorandum of Understanding with Central Depository Company of Pakistan Ltd, in Tokyo. To date, JASDEC

signed similar agreements with DTCC, TDCC, KSD and SD&C.* In addition, in May, JASDEC signed cooperation agreements in Mumbai with Central Depository Services (India) Limited and National Securities Depository Limited of India.

To strengthen our capacity to distribute a broad range of information, including updates on our business activities, we launched a quarterly publication of "JASDEC NEWSLETTER" in English and Japanese in July 2008.

To further development of our products and services, JASDEC has a lot to learn from overseas experts. JASDEC will continue to actively seek partnerships with CSDs around the world.

*DTCC (2003): U.S. Depository Trust and Clearing Corporation
 TDCC (2004): Taiwan Depository & Clearing Corporation
 KSD (2005): Korea Securities Depository
 SD&C (2005): China Securities Depository and Clearing Corporation limited

Analysis of Business Performance and Financial Results

■ Business Overview

Fiscal 2007 Review

In the first half of the fiscal 2007, ended March 31, 2008, the corporate sector of the Japanese economy benefited from buoyant external demand reported good results. Capital investment maintained an upward trend, while an improvement was also seen in the employment conditions. In the latter half, however, the employment situation showed a loss of improvement momentum. By the fiscal year end, faced with negative factors such as downside risks in the U. S. economy, a surge in the price of crude oil, and a sharp appreciation of the yen against the U. S. dollar, the corporate sector, which has been the primary driver of growth, began to show signs of weakness, and the recovery of the Japanese economy eventually appears to be pausing.

In the Japanese securities markets, both the stock and corporate bond markets maintained steady performance during the first six months in response to solid fundamentals of the corporate sector. In the second half of the fiscal year, however, Japanese stock prices were affected by sparked concerns in global financial markets in the wake of the U. S. sub-prime loan crisis. The Nikkei Average declined sharply, closing below the psychological ¥12,000 level for the first time in two years and seven months.

Meanwhile, Tokyo Stock Exchange witnessed active trading with average daily trading volume of over two billion shares. Driven by the volume growth, the number of shares handled by book-entry transfer system under JASDEC depository and the custody balance increased steadily.

■ Financial Results

Operating Income

As a result, income from account transfer operations, on a consolidated basis, posted ¥13,603 million (up 5.1% year-over-year). The custody balance also increased steadily, and income from custody operations came to ¥5,781 million (up 3.9% year-over-year). Operating income prior to commission rebates was ¥28,027 million (up 8.2% year-over-year) and commission rebates amounted to ¥2,005 million (down 40.0% year-over-year). Consequently, operating income amounted to ¥26,022 million (up 15.3% year-over-year).

Operating Expenses

Operating expenses for fiscal 2007 amounted to ¥21,729 million (up 21.5% year-over-year), due to an increase of cost for the dematerialization of stock certificates, which requires upgrading of computer systems.

As JASDEC provides securities clearing and settlement infrastructure, the depreciation expenses relating to system maintenance amounted to ¥12,578 million, which accounted for 57.9% of total operating expenses.

Net Income

Net income for fiscal 2007 amounted to ¥1,547 million (down 41.6% year-over-year). Earnings per share was ¥182,082.62.

■ Financial Conditions

Total assets as of March 31, 2008, on a consolidated basis, were down by ¥1,197 million from the previous year-end, to ¥54,839 million. This was mainly due to a reduction in designated assets for clearing funds for deposited at our consolidated subsidiary JASDEC DVP Clearing Corporation for securing safe settlements under the DVP settlement system, although tools and furniture, as well as development of software in progress of dematerialization for stock certificate were increased. The assets and liabilities pertaining to participants' funds are presented as designated assets for clearing funds and deposits received for clearing funds, respectively. The balance was ¥29,884 million.

Net assets at the fiscal year-end stood at ¥17,897 million, an increase of ¥1,207 million year-over-year. This was mainly due to the increase in retained earnings.

Net cash provided by operating activities during this financial year, on a consolidated basis, came to ¥8,061 million, which includes income before income taxes of ¥2,613 million, depreciation and amortization of ¥5,604 million, and income tax payments of ¥1,789 million.

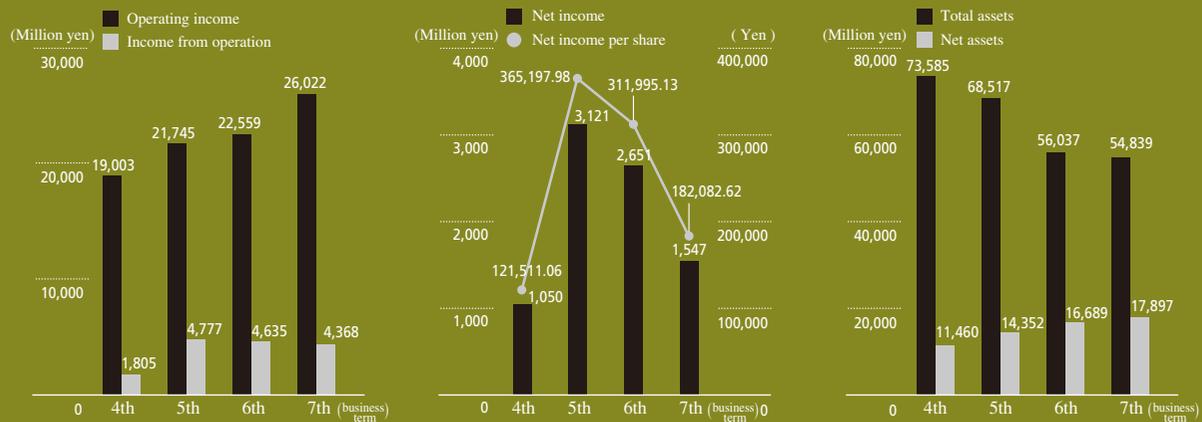
Net cash used in investing activities amounted to ¥11,128 million, mainly as a result of capital investment for system of dematerialization for stock certificates. Net cash provided by financing

activities amounted to ¥2,060 million, as cash outflow on dividend payments was more than offset by short-term bank borrowings.

As a result of the foregoing, cash and cash equivalents as of the fiscal year-end stood at ¥1,816 million, down by ¥1,007 million from the previous year.

As Japan's only central securities depository, JASDEC maintains stable development of financial operation with sound financial conditions and a sufficient level of operating cash flow, in order to achieve its public mission of providing reliable and certain infrastructure of securities clearing and settlement.

■ Financial results (on a consolidated basis)



Consolidated Financial Statements

Consolidated Balance Sheets (As of March 31, 2007 and 2008)

	¥ (thousands)		\$(thousands) (Note 4)
	2007	2008	2008
ASSETS			
Current Assets:			
Cash and cash equivalents	¥ 2,824,047	¥ 1,816,676	\$ 18,132
Accounts receivable — trade	3,455,111	3,072,097	30,663
Deferred income taxes (Note 11)	154,648	156,655	1,564
Designated assets for clearing funds (Note 3)	34,715,413	29,884,895	298,282
Other current assets	286,809	356,531	3,558
Total Current Assets	41,436,030	35,286,855	352,199
Property and Equipment:			
Buildings	823,700	1,125,677	11,235
Tools and furniture	5,481,521	9,018,616	90,015
Construction in progress	790,457	—	—
	7,095,680	10,144,293	101,250
Less: Accumulated depreciation	(3,957,153)	(6,262,276)	(62,504)
Total Property and Equipment	3,138,527	3,882,017	38,746
Intangible Assets, Net:			
Software	8,816,461	7,171,014	71,574
Construction in progress (Software)	1,915,654	6,586,807	65,743
Other intangible assets	11,676	14,882	149
Total Intangible Assets	10,743,792	13,772,704	137,466
Investment and Other Assets:			
Investment securities	—	336,647	3,360
Long—term refundable lease deposits	435,502	514,775	5,138
Long—term prepaid expenses	59,829	109,154	1,089
Deferred income taxes (Note 11)	223,650	937,233	9,355
Total Investment and Other Assets	718,982	1,897,811	18,942
Total Assets	¥ 56,037,333	¥ 54,839,389	\$ 547,353

The accompanying notes are an integral part of these statements.

	¥ (thousands)	\$ (thousands) (Note 4)	
	2007	2008	2008
LIABILITIES			
Current Liabilities:			
Accounts payable – trade	¥ 1,923,856	¥ 1,556,483	\$ 15,535
Short—term borrowings (Note 5 and 8)	—	2,400,000	23,954
Income taxes payable	938,458	931,071	9,293
Allowance for employees’ bonuses	180,870	178,909	1,786
Allowance for executives’ bonuses	20,300	20,300	203
Consumption tax payable	6,842	4,030	40
Deposits received for clearing funds (Note 3)	34,715,413	29,884,895	298,282
Other current liabilities	1,399,711	629,274	6,281
Total Current Liabilities	39,185,453	35,604,964	355,374
Long—term Liabilities:			
Allowance for employees’ retirement benefits (Note 9)	114,409	148,155	1,479
Allowance for executives’ retirement benefits	48,120	41,160	411
Allowance for loss on cancellation of agreement for entrusted operations	—	827,700	8,261
Allowance for loss on movement of computer Facilities	—	320,356	3,197
Total Long—term Liabilities	162,529	1,337,372	13,348
Total Liabilities	39,347,982	36,942,336	368,722
NET ASSETS			
Shareholders’ Equity:			
Common stock			
Authorized: 10,000 shares			
Issued: 8,500 shares	4,250,000	4,250,000	42,419
Capital surplus	4,250,000	4,250,000	42,419
Retained earnings	8,189,350	9,397,052	93,793
Total Shareholders’ Equity	16,689,350	17,897,052	178,631
Total Net Assets	16,689,350	17,897,052	178,631
Total Liabilities and Net Assets	¥ 56,037,333	¥ 54,839,389	\$ 547,353

The accompanying notes are an integral part of these statements.

Consolidated Financial Statements

Consolidated Statements of Income (For the years ended March 31, 2007 and 2008)

	¥ (thousands)		\$(thousands)
	2007	2008	(Note 4) 2008
Operating Income	¥ 22,559,853	¥ 26,022,586	\$ 259,732
Operating Expenses:			
Executives' compensation and bonuses	198,609	206,673	2,063
Salaries and bonuses	1,772,775	1,822,149	18,187
Severance costs for employees (Note 9)	62,397	81,945	818
Executives' retirement benefits	4,850	—	—
Maintenance for systems	5,087,273	6,974,215	69,610
Outside services	2,623,715	2,597,821	25,929
Registration fees	1,645,092	1,286,788	12,843
Depreciation and amortization	3,871,462	5,604,745	55,941
Rent	459,776	509,500	5,085
Advertisement	601,997	720,881	7,195
Others	1,559,951	1,925,132	19,215
Total Operating Expenses	17,887,901	21,729,855	216,886
Income from Operations	4,671,951	4,292,730	42,846
Other Income (Expenses):			
Interest income	125	272	2
Operational revenue on the designated assets for clearing funds	38,936	111,385	1,111
Equity in earnings of the affiliate	—	21,375	213
Interest expenses (Note 8)	—	(3,637)	(36)
Commitment fees	(38,377)	(49,391)	(493)
Commission fees	(28,500)	—	—
Fees for fund operation of designated assets for clearing funds	(8,876)	(7,576)	(75)
Loss on disposal of fixed assets	(45,763)	(16,041)	(160)
Non—recurring depreciation of property and equipment (Note 10)	(185,093)	(590,625)	(5,895)
Provision for loss on cancellation of agreement for entrusted operations	—	(827,700)	(8,261)
Provision for loss on movement of computer Facilities	—	(320,356)	(3,197)
Others, net	113	3,304	33
Total	(267,435)	(1,678,991)	(16,758)
Income before Income Taxes	4,404,515	2,613,739	26,088
Income Taxes (Note 11)			
Current	1,787,090	1,781,626	17,782
Deferred	(34,532)	(715,589)	(7,142)
Net Income	¥ 2,651,958	¥ 1,547,702	\$ 15,448
	Yen		U.S.Dollars (Note 4)
Per Share (Note 16)			
Net income – primary	¥ 311,995.13	¥ 182,082.62	\$ 1,817
Dividends	40,000	40,000	399
Weighted—average number of common stock shares outstanding (in shares)	8,500	8,500	

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets (For the years ended March 31, 2007 and 2008)

	¥ (thousands)					
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Total net assets
Balance as of March 31, 2006	8,500	¥ 4,250,000	¥ 4,250,000	¥ 5,852,092	¥ 14,352,092	¥ 14,352,092
Cash dividends	—	—	—	(297,500)	(297,500)	(297,500)
Bonuses to executives	—	—	—	(17,200)	(17,200)	(17,200)
Net income for the year	—	—	—	2,651,958	2,651,958	2,651,958
Balance as of March 31, 2007	8,500	¥ 4,250,000	¥ 4,250,000	¥ 8,189,350	¥ 16,689,350	¥ 16,689,350
Cash dividends	—	—	—	(340,000)	(340,000)	(340,000)
Net income for the year	—	—	—	1,547,702	1,547,702	1,547,702
Balance as of March 31, 2008	8,500	¥ 4,250,000	¥ 4,250,000	¥ 9,397,052	¥ 17,897,052	¥ 17,897,052

	\$ (thousands) (Note 4)					
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Total net assets
Balance as of March 31, 2007	8,500	\$ 42,419	\$ 42,419	\$ 81,738	\$ 166,576	\$ 166,576
Cash dividends	—	—	—	(3,393)	(3,393)	(3,393)
Net income for the year	—	—	—	15,448	15,448	15,448
Balance as of March 31, 2008	8,500	\$ 42,419	\$ 42,419	\$ 93,793	\$ 178,631	\$ 178,631

The accompanying notes are an integral part of these statements.

Consolidated Financial Statements

Consolidated Statements of Cash Flows (For the years ended March 31, 2007 and 2008)

	¥(thousands)		\$ (thousands) (Note 4)
	2007	2008	2008
Cash Flows from Operating Activities:			
Income before income taxes	¥4,404,515	¥ 2,613,739	\$ 26,088
Depreciation and amortization	3,871,462	5,604,745	55,941
Non-recurring depreciation of property and equipment	185,093	590,625	5,895
Increase (decrease) in allowance for employees' bonuses	51,316	(1,961)	(19)
Increase in allowance for executives' bonuses	20,300	—	—
Increase in allowance for employees' retirement benefits	34,900	33,746	336
Decrease in allowance for executives' retirement benefits	(12,720)	(6,960)	(69)
Increase in allowance for loss on cancellation of agreement for entrustment of operations	—	827,700	8,261
Increase in allowance for loss on movement of computer facilities	—	320,356	3,197
Interest income	(125)	(272)	(2)
Interest expenses	—	3,637	36
Foreign exchange loss	91	556	5
Equity in earnings of the affiliate	—	(21,375)	(213)
Loss on disposal of property and equipment	19,273	9,297	93
Loss on disposal of intangible assets	26,489	6,744	67
Decrease in accounts receivable-trade	170,875	383,014	3,823
Increase (decrease) in accounts payable-trade	52,306	(367,373)	(3,666)
Increase in other assets	(134,823)	(137,867)	(1,376)
Decrease in other liabilities	(253,334)	(5,311)	(53)
Executives' bonuses	(17,200)	—	—
Sub-total	8,418,423	9,853,041	98,344
Interest and dividends received	125	272	2
Interest paid	—	(3,101)	(31)
Income taxes paid	(2,377,489)	(1,789,007)	(17,856)
Net Cash Provided by Operating Activities	6,041,058	8,061,204	80,459
Cash Flows from Investing Activities:			
Payments for purchase of investment securities	—	(315,272)	(3,147)
Payments for purchase of property and equipment	(1,564,250)	(3,975,197)	(39,676)
Proceeds from sales of property and equipment	75	—	—
Payments for purchase of intangible assets	(3,224,463)	(6,758,275)	(67,455)
Payments of guarantee money deposits received	(33,578)	(79,273)	(791)
Proceeds from refund of guarantee money deposits	62,980	—	—
Net Cash Flows Used in Investing Activities	(4,759,235)	(11,128,018)	(111,069)
Cash Flows from Financing Activities:			
Short-term borrowings	—	3,360,000	33,536
Repayment of short-term borrowings	—	(960,000)	(9,582)
Cash dividends paid	(297,500)	(340,000)	(3,393)
Net Cash Flows (Used in) Provided by Financing Activities	(297,500)	2,060,000	20,561
Effect of exchange rate changes on cash and cash equivalents	(91)	(556)	(5)
Net Increase (Decrease) in Cash and Cash Equivalents	984,231	(1,007,370)	(10,054)
Cash and Cash Equivalents at Beginning of Year	1,839,815	2,824,047	28,186
Cash and Cash Equivalents at End of Year	¥2,824,047	¥ 1,816,676	\$ 18,132

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements have been compiled from the accounts maintained by Japan Securities Depository Center, Inc. (“the Company”) and its subsidiary in accordance with the provisions set forth in the Financial Instruments and Exchange Act in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Finance Reporting Standards. Certain items presented in the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

2. Summary of Significant Accounting Principles

(1) Consolidation

The consolidated financial statements include the accounts of Japan Securities Depository Center, Inc. and its wholly-owned subsidiary, JASDEC DVP Clearing Corporation (hereafter, “JDCC”) which is the only subsidiary of the Company. JDCC operates under a fiscal year ending on March 31, which is the same as that of the Company.

(2) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, with original maturities of three months or less, which are readily convertible to known amounts of cash and are so near maturity that they present only an insignificant risk of changes in value because of changes in interest rates. Cash and cash equivalents in the consolidated balance sheets and consolidated statements of cash flows are identical.

(3) Application of equity method

By acquiring 20% of outstanding shares of Tosho System Services Co., Ltd. (hereafter, “TSS”) on May 18, 2007, the equity method is applied to TSS.

(4) Property and equipment

Depreciation for buildings, excluding improvements, is computed on the straight-line method. Depreciation for other capital assets is computed on the declining-balance method.

The main estimated useful lives are as follows:

Buildings	3-49 years
Tools and furniture	2-15 years

(Change in accounting principle)

The Company and its subsidiary have changed the depreciation method for property and equipment acquired on or after April 1, 2007 to the method based on the amended Corporate Tax Law.

As a result of this change, income from operations and income before income taxes decreased by ¥325 million each, and net income decreased by ¥193 million, from the amounts which would have been recorded under the previous method.

(Additional information)

Regarding property and equipment acquired on or before March 31, 2007, the differences between their residual values and memorandum values (¥1) are depreciated in accordance with the amended Corporate Tax Law. Specifically, when the net book value of an asset reaches 5% of its acquisition cost, which was considered to be residual value before this change, in a certain fiscal year, the difference between such residual value (5% of the acquisition cost) and the memorandum value of such asset is depreciated in an equal amount over 5 years from the next fiscal year. This change will have only minor impact on income from operations and income before taxes.

(5) Intangible assets

Costs of software for internal use are capitalized and amortized on the straight-line method over the estimated useful life of 5 years. Other intangible assets are amortized using straight-line method over the period registered by the Corporate Tax Law. Software regarding physical stock certificates, which will become redundant after dematerialization of stock certificates, is estimated to be useful until January 2009, the date which all interested parties have set as the target for the commencement of dematerialization.

(6) Allowance for bonuses

Allowance for employees' bonuses and allowance for executives' bonuses are provided for bonuses to employees and executives attributable to each

fiscal year based on an amount expected to pay, respectively.

(7) Severance indemnity benefits

The Company has a severance indemnity plan covering all employees who meet the eligibility requirements of the Company's retirement regulations. The Company records allowance for employees' retirement benefits based on the amount that would be payable if all eligible employees voluntarily terminated their employment with the Company at the balance sheet date.

Retirement benefits payable to directors and statutory auditors are estimated as allowance for executives' retirement benefits at the amount computed based on the Company's internal rules and regulations on these benefits. The executives' retirement benefits plan was abolished on June 20, 2006. Allowance for executives' retirement benefits was accrued until the plan abolishment as an amount to be paid to those executives who had been in service since the plan was introduced.

(8) Allowance for loss on cancellation of agreement for entrusted operations

Estimated expenses are provided based on loss on cancellation of entrusted operations due to dematerialization of stock certificates.

(9) Allowance for loss on movement of computer facilities

Estimated expenses are provided based on the estimated restoration costs and other related relocation costs to be paid upon the movement of computer facilities.

(10) Finance leases

In the normal course of business, the Company enters into lease agreements. Finance lease agreements, except for those agreements where the ownership of the leased assets is transferred to the Company, are accounted for as operating leases.

(11) Accounting standard for presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Company has applied "Accounting standards for presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan

Statement No.5)", and "Implementation guidance for Accounting standards for presentation of Net Assets in the Balance Sheet (Accounting Standards of Japan Guidance No.8)" both issued by the Accounting Standard Board of Japan on December 9, 2005.

The amounts corresponding to the conventional "Shareholders' equity" in the balance sheet is ¥16,689,350 thousand (\$166,577 thousand).

"Net assets" in the balance sheets for this year is presented according to the revision of "Regulations Concerning the Terminology, Form and Presentation Methods of Consolidated Financial Statements" dated on April 25, 2006. Furthermore, the Company presented its net assets in the balance sheets using the new presentation as of March 31, 2005 and 2006.

(12) Consumption taxes

The consumption taxes withheld by the Company and its subsidiary on sales and the consumption taxes paid by the Company and subsidiary on its purchases of goods and services are not included in the amounts of the relevant accounts in the accompanying statements of income. The consumption taxes withheld and paid are recorded as an asset or a liability, as the case may be, and the net balance is shown in the balance sheets.

3. Assets and Liabilities Held for Sound Settlement System Operation and Management

In order to secure the Delivery Versus Payment ("DVP") for Non-Exchange Transaction Deliveries ("NETDs") settlement system, JDCC, a consolidated subsidiary of the Company, receives cash or securities as collateral from the DVP participants whom JDCC officially acknowledge as a party who undertakes securities obligations in accordance with the provisions set forth in JDCC's general provisions in accordance with Article 156, Paragraph 7-1, of the Financial Instruments and Exchange Act (Law No. 25, 1948).

JDCC manages cash and securities entrusted by the DVP participants as clearing funds defined in Article 156-11 of the Financial Instruments and Exchange Act separately from other assets in accordance with JDSS's general provisions and Article 7 of the cabinet ordinance related to securities clearing agencies (Cabinet Ordinance No. 76, 2002).

(1) Participant fund specified assets and participant funds under management

Under the DVP for the NETDs settlement system, when JDCC accepts DVP participants' obligations to counterparties, the DVP participants involved in the transactions shall assume the same obligations to JDCC.

JDCC requires each DVP participant to establish a participant fund in excess of the minimum amount set forth in JDCC's general provisions to ensure that the respective obligations of DVP participants are covered. The aggregate amount of minimum participant funds required by JDCC's general provisions as of March 31, 2007 and 2008 was ¥15,000,000 thousand (\$149,715 thousand). In the event a DVP participant defaults on the required payment obligations of the DVP for the NETDs settlement system, JDCC shall take deposits from the participant fund of this DVP participant to fulfill its obligations to other DVP participants.

The participant funds entrusted to JDCC will be managed as money trusts, in line with the stated general provisions of JDCC.

These money trusts are evaluated at cost, just as available-for-sale securities with no market value.

Assets and liabilities pertaining to participant funds are presented as designated assets for clearing assets and deposits received for clearing funds, respectively.

(2) Collateral securities

Under the DVP for the NETDs settlement system, DVP participants are able to entrust marketable securities listed in JDCC's general provisions (hereafter, "collateral securities") to ensure that obligations to JDCC are met.

When a DVP participant fails to meet its obligations to JDCC, JDCC is authorized to dispose of the entrusted collateral securities by selling them in securities markets or through other methods deemed appropriate by JDCC.

As of March 31, 2007 and 2008, the market value of collateral securities entrusted to JDCC was ¥141,106,397 thousand and ¥235,795,655 thousand (\$ 2,353,484 thousand), respectively.

4. US Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of

¥100.19=U.S. \$1, the rate of exchange as of March 31, 2008, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

5. Commitment Line and Overdraft Contracts

To ensure agile and stable fund-raising, the Company concludes commitment line agreements (¥12,000,000 thousand (\$119,772thousand) in total) and overdraft contracts (¥5,000,000 thousand (\$49,905 thousand) in total) with three banks. To prepare for a possible deficiency of funds due to a default by DVP participants, JDCC has concluded commitment line agreements (¥45,000,000 thousand (\$449,146 thousand) in total) with three banks, as part of a liquid fund for completing fund settlement on the required day. ¥ nil and ¥2,400,000 thousand (\$23,954 thousand) of the commitment line were utilized by the Company as of March 31, 2007 and 2008, respectively.

6. Net Assets

The Corporate Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

7. Lease Transactions

Finance lease transactions, other than those in which the ownership of the leased asset is transferred to the lessee, are accounted for as operating leases. The following table shows the amounts which would have been recorded as financial leases as of March 31, 2007 and 2008 and for the years then ended:

	¥ (thousands)		\$ (thousands)
	2007	2008	2008
Tools and furniture:			
Acquisition cost	¥267,272	¥2,497,402	\$ 24,926
Accumulated depreciation	(202,929)	(697,698)	(6,964)
Net book value	¥ 64,343	¥1,799,703	\$ 17,962
Software:			
Acquisition cost	¥ —	¥ 608,081	\$ 6,069
Accumulated depreciation	—	(297,240)	(2,967)
Net book value	¥ —	¥ 310,841	\$ 3,102
Lease obligations including interest thereon :			
Due within one year	¥ 50,985	¥ 565,538	\$ 5,644
Due over one year	15,261	1,564,035	15,611
Total	¥ 66,247	¥2,129,573	\$ 21,255
Finance lease charges	¥ 56,377	¥ 474,604	\$ 4,737
Depreciation expense	54,142	468,042	4,671
Interest portion	1,574	16,477	164

(Note) Methods applied in computation of the above data are as follows:

Depreciation: Straight-line method with zero residual value over the lease contract period

Interest: Computed as the difference between the lease obligations and the acquisition cost, allocated over the lease contract period based on the interest rate method

8. Borrowings

Short-term borrowings comprised loans from banks with a weighted average interest rate of 1.3% per annum. The Company had short-term borrowings of ¥2,400,000 thousand (\$23,954 thousand) as of March 31, 2008.

9. Allowance for Severance Indemnities for Employees

Allowance for employees' retirement benefits on

March 31, 2007 and 2008 represented the amount that would be payable for the Company if all eligible employees voluntarily terminated their employment at the balance sheet dates. Severance costs for employees charged to income for the years ended March 31, 2007 and 2008 amounted to ¥62,397 thousand and ¥81,945 thousand (\$ 817 thousand), respectively.

10. Non-recurring Depreciation of Fixed Assets

Non-recurring depreciation of fixed assets was caused by depreciation, as a result of the decision to move computer sites.

	¥ (thousands)		\$ (thousands)
	2007	2008	2008
Buildings	¥185,093	¥ 37,956	\$ 379
Tools and furniture	—	308,800	3,082
Software	—	243,360	2,429
Long-term prepaid expenses	—	507	5
	¥ 185,093	¥ 590,625	\$ 5,895

11. Income Taxes

(1) Deferred tax assets

The following table shows the breakdown of deferred tax assets:

	¥ (thousands)		\$ (thousands)
	2007	2008	2008
Deferred tax assets:			
Allowance for employees' bonuses	73,433	72,637	725
Enterprise tax payable	68,527	71,293	712
Accrued social insurance premiums	9,171	8,557	85
Business facility tax	3,515	4,166	42
Allowance for employees' retirement benefits	46,450	60,151	600
Allowance for executives' retirement benefits	19,536	16,710	167
Excess depreciation of fixed assets	137,528	377,206	3,765
Allowance for loss on cancellation of agreement for entrusted operations	—	336,046	3,354
Allowance for loss on movement of computer facilities	—	130,064	1,298
Excess amortization of deferred charges for tax purposes	20,135	17,053	170
Deferred tax assets	¥378,299	¥1,093,888	\$10,918

(2) Reconciliation between the nominal statutory income tax rate and the effective income tax rate

The difference between the statutory tax rate and the effective tax rate for the years ended March 31, 2007 and 2008 is less than 5% of the statutory tax rate, thus the note is omitted.

12. Note to the Consolidated Statements of Changes in Net Assets

(1) Outstanding stock

Type of stocks	March 31, 2006	Increase	Decrease	March 31, 2007
Ordinary share	8,500	—	—	8,500

Type of stocks	March 31, 2007	Increase	Decrease	March 31, 2008
Ordinary share	8,500	—	—	8,500

(2) Treasury Stock

Not applicable.

(3) Stock Subscription Rights and Other Securities

Not applicable.

(4) Dividends

1 Payment of the dividends

Resolution	Type of Stocks	Revenue of Dividends	Total of Dividends ¥ (thousands)	Dividend per Share ¥	Record Date	Effective Date
Ordinary General Shareholders Meeting (June 21, 2007)	Ordinary Share	Retained Earnings	¥ 340,000	¥ 40,000	March 31, 2007	June 22, 2007

2 Dividends for which record date belongs to the year ended March 31, 2008 and for which effective date will belong to the year ending March 31, 2009

Resolution	Type of Stocks	Revenue of Dividends	Total of Dividends ¥ (thousands)	Dividend per Share ¥	Record Date	Effective Date
Ordinary General Shareholders Meeting (June 23, 2008)	Ordinary Share	Retained Earnings	¥ 340,000 (\$ 3,393 thousand)	¥ 40,000 (\$ 399)	March 31, 2008	June 24, 2008

13. Stock Option

Not applicable.

14. Segment Information

(1) Business segment

Disclosure is omitted because the Company operates a single business unit, the central securities custody and book-entry transfer system.

(2) Geographic Information

Disclosure is omitted because the Company has neither overseas consolidated subsidiaries nor overseas branches for the years ended March 31, 2007 and 2008.

(3) Overseas sales

Disclosure is omitted because the Company does not have any overseas sales for the years ended March 31, 2007 and 2008.

15. Related Party Transactions

The material transactions of the Company with related companies or individuals, excluding transactions with the consolidated subsidiary that are eliminated in the consolidation, and those disclosed elsewhere in these financial statements, for the years ended March 31, 2007 and 2008 are as follows:

(1) Directors

As of March 31, 2007

Title	Name	Business	Transactions	Amount ¥ (thousands)	Account	Ending Balance ¥ (thousands)
Director	Toshitsugu Shimizu (Note 2 (1))	Director of the Company President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing	¥622,184	Accounts payable-trade	¥217,764
Director	Koichiro Miyahara (Note 2 (2))	Director of the Company President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing	¥1,776,408	Accounts payable-trade	¥123,113

(Note) 1 The transaction amounts above exclude consumption tax. However, the ending balances include consumption tax.

2 Terms and conditions

- (1) These amounts represent transactions for the period from April 1, 2006 to June 30, 2006 because Toshitsugu Shimizu resigned from the Board of Directors of the Company on June 20, 2006, and ending balance is the amount as of June 30, 2006.
- (2) These amounts represent transactions for the period from July 1, 2006 to March 31, 2007 because Koichiro Miyahara was assigned to the Board of Directors of the Company on June 23, 2006.
- (3) The terms and conditions of the above transactions are on an arm's-length basis.

As of March 31, 2008

Title	Name	Business	Transactions	Amount ¥ (thousands)	Account	Ending Balance ¥ (thousands)
Director	Koichiro Miyahara (Note 2 (1))	Director of the Company President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing	¥639,952 (\$6,387 thousands)	—	—
Director	Hironaga Miyama (Note 2 (2))	Director of the Company President and CEO of Japan Securities Settlement & Custody, Inc.	Outsourcing	¥1,730,028 (\$17,267 thousands)	Accounts payable-trade	¥33,063 (\$330 thousands)

(Note) 1 The transaction amounts above exclude consumption tax. However, the ending balances include consumption tax.

2 Terms and conditions

- (1) These amounts represent transactions for the period from April 1, 2007 to June 30, 2007 because Koichiro Miyahara resigned from the Board of Directors of the Company on June 21, 2007, and ending balance is the amount as of June 30, 2007.
- (2) These amounts represent transactions for the period from July 1, 2007 to March 31, 2008 because Hironaga Miyama was assigned to the Board of Directors of the Company on June 25, 2007.
- (3) The terms and conditions of the above transactions are on an arm's-length basis.

(2) Principal shareholder and its subsidiaries

As of March 31, 2007

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting rights	Relationship		Transactions	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending balance ¥(thousands)
					Directors holding concurrent positions	Business relationship				
Tosho System Service Co. Ltd. (Subsidiary of other affiliates)	Koto-ku, Tokyo	¥100,000	Design, development and Maintenance of software	—	—	Purchase of software, maintenance of systems, etc.	Purchase of software	¥1,456,738	Accounts payable-trade	¥19,316
									Accounts payable-other	¥8,221
Japan Securities Clearing Corporation (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥1,700,000	Clearing securities	—	One	Commission income	Commission income	¥3,877,255	Accounts receivable-trade	¥462,939
Japan Securities Settlement & Custody, Inc (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥300,000	Custody & settlement of securities	—	One	Outsourcing	Outsourcing	¥2,398,593	Accounts payable-trade	¥123,113

(Note) 1. These transaction amounts above exclude consumption tax. However, the ending balance includes consumption tax.

2. The terms and conditions of the above transactions are on an arm's-length basis.

As of March 31, 2008

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting rights	Relationship		Transactions	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending balance ¥(thousands)
					Directors holding concurrent positions	Business relationship				
Tokyo Stock Exchange, Inc. (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥11,500,000 (\$114,781 thousands)	Exchange of financial instruments	— (Note 3)	One	Secondment of staffs, lease of computer sites, etc.	Purchase of investment securities	¥315,272 (\$3,146 thousands)	—	—
Japan Securities Clearing Corporation (Subsidiary of other affiliates)	Chuo-ku, Tokyo	¥1,700,000 (\$16,967 thousands)	Clearing securities	—	One	Commission income	Commission income	¥4,154,800 (\$41,469 thousands)	Accounts receivable-trade	¥384,800 (\$3,840 thousands)

- (Note) 1. These transaction amounts above exclude consumption tax. However, the ending balances include consumption tax.
 2. The terms and conditions of the above transactions are on an arm's-length basis except for the transaction of the investment security. Acquisition cost of the investment security was based on book value of net assets.
 3. Tokyo Stock Exchange Group, Inc. succeeded the holding of the Company's stocks from Tokyo Stock Exchange, Inc. due to reorganization effective October 1, 2007, and replaced Tokyo Stock Exchange, Inc. as a principal shareholder of the Company. As such, these amounts represent transactions for the period from April 1, 2007 to September 30, 2007. Tokyo Stock Exchange, Inc. held 21.82% of the Company's outstanding shares on September 30, 2007.

(3) Subsidiaries and affiliates

As of March 31, 2008

Names of companies	Address	Capital ¥ (thousands)	Principal business	Percentage of ownership with voting right	Relationship		Transactions	Amount (Note 1) ¥ (thousands)	Descriptions (Note 2)	Ending balance ¥ (thousands)
					Directors holding concurrent positions	Business relationship				
Tosho System Service Co. Ltd. (An affiliate)	Koto-ku, Tokyo	¥100,000 (\$ 998 thousands)	Design & development of software	Directly holds 20%	Two	Purchasing software and system maintenance	Purchase of software	¥1,491,226 (\$14,883 thousands)	Accounts payable-other	¥240,008 (\$2,395 thousands)

- (Note) 1. These transaction amounts above exclude consumption tax. However, ending balance includes consumption tax.
 2. The terms and conditions of the above transactions are on an arm's-length basis.

16. Earnings Per Share

The basis for calculating earnings per share for the years ended March 31, 2007 and 2008 is as follows:

	¥ (thousands)		\$ (thousands)
	2007	2008	2008
Net income as reported in the consolidated statements of income	¥2,651,958	¥1,547,702	\$15,448
Net income pertaining to common stock shareholders	¥2,651,958	¥1,547,702	\$15,448
Weighted-average number of common stock shares outstanding (in shares)	8,500	8,500	—

Report of Independent Auditors

The Board of Directors and Shareholders of
Japan Securities Depository Center, Inc.

We have audited the accompanying consolidated balance sheets of Japan Securities Depository Center, Inc. and its subsidiary as of March 31, 2007 and 2008, and the related consolidated statement of income, changes in net assets, and cash flows for the year in the period ended March 31, 2008, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Japan Securities Depository Center, Inc. and its subsidiary for the year ended March 31, 2007 were audited by other auditor whose report dated June 21, 2007, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Japan Securities Depository Center, Inc. and its subsidiary at March 31, 2008, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2. (4), effective for the year ended March 31, 2008, Japan Securities Depository Center, Inc. and its subsidiary changed the method of depreciation.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4.

Ernst & Young Shin Nihon

June 18, 2008

History (as of March 2008)

Relevant Legislation

May 15th
Law Concerning Central Securities
Depository and Book-Entry Transfer of
Stock Certificates and Other Securities (CSD
Law) passed, and enforced from November

June 27th
“The Law for Partial Amendments
to the Law Concerning Book-Entry
Transfer of Stock Certificates, etc.”
was promulgated

1984

1985

1991

1992

2000

2001

Organization of JASDEC and its subsidiaries

Dec. 6th
Japan Securities
Depository Center
(JASDEC), was
established as a
foundation

May 27th
JASDEC was
designated as the
depository organization
under the CSD Law

Nov. 2nd
Detailed plan for
conversion of JASDEC
to a joint-stock
company was
announced

Operation of the System

Oct. 9th
Depository services
(initially, for 50 listed
stocks on the TSE) was
started

Oct. 9th
A computer system
for depository and
book-entry transfer
began operation

Oct. 9th
Full-scale depository
services was started

May 8th
New depository and
book-entry transfer
system was launched

Sept. 10th
Pre-Settlement
Matching System
(PSMS) was started

Nov. 26th
Handling of
convertible bonds
was started

May 1st
JASDEC launched proprietary
system for DVP settlement of
exchange trades

June 9th
 “The Law for Partial Amendments to the Law Concerning Book-entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement for Trades of Stocks and Other Securities” was promulgated

2002

Jan. 4th
 Japan Securities Depository Center, Inc. was established

June 17th
 Japan Securities Depository Center, Inc. took over all depository and book-entry transfer operations from the JASDEC Foundation, which is dissolved

2003

Jan. 10th
 JASDEC received official designation as institution for transfer of securities under the stipulations of the Law Concerning Book-Entry Transfer of Corporate Bonds, etc.

June 6th
 JASDEC DVP Clearing Corporation (JDCC) was established

March 31st
 Start of system for commercial paper book-entry transfer was started

March 27th
 JASDEC launched Securities Information Tracing System (SITRAS) for lost stocks

2004

April 6th
 JDCC acquired license to act as a securities clearing agency

May 17th
 DVP settlement system for non-exchange transaction derivatives (NETDs) was commenced

Feb. 14th
 JGB repo and *gensaki* transactions was added to list of targets of securities information tracing system

2005

2006

Jan. 10th
 JASDEC inaugurated book-entry transfer system for corporate bonds;

May 1st
 JASDEC inaugurated depository and book-entry transfer system for foreign stocks

2007

Jan. 4th
 JASDEC inaugurated depository and book-entry transfer system for investment trusts

2008

Jan. 4th
 JASDEC inaugurated depository and book-entry transfer system for investment trusts listed on the stock exchanges, i.e. exchange-traded funds (ETFs)

■ Profile of the company

Registered Head Office	Japan Securities Depository Center, Inc.
Address	1-1 Nihonbashi-Kayaba-cho, 2-chome, Chuo-ku, Tokyo, Japan
Established	January 4, 2002
Major Businesses	(1) Custody and book-entry transfer system for stock certificates (2) Book-entry transfer of commercial papers (3) Book-entry transfer of corporate bonds (4) Book-entry transfer of investment trusts (5) DVP settlement services for NETDs (6) Pre-settlement matching system (7) Custody services for foreign stocks (8) Other businesses including provision of information for the Securities Information Tracing System
Main Business Office	Tokyo
Operational Offices	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
Consolidated Subsidiary Company	JASDEC DVP Clearing Corporation (Chuo-ku, Tokyo)
Number of Employees	191

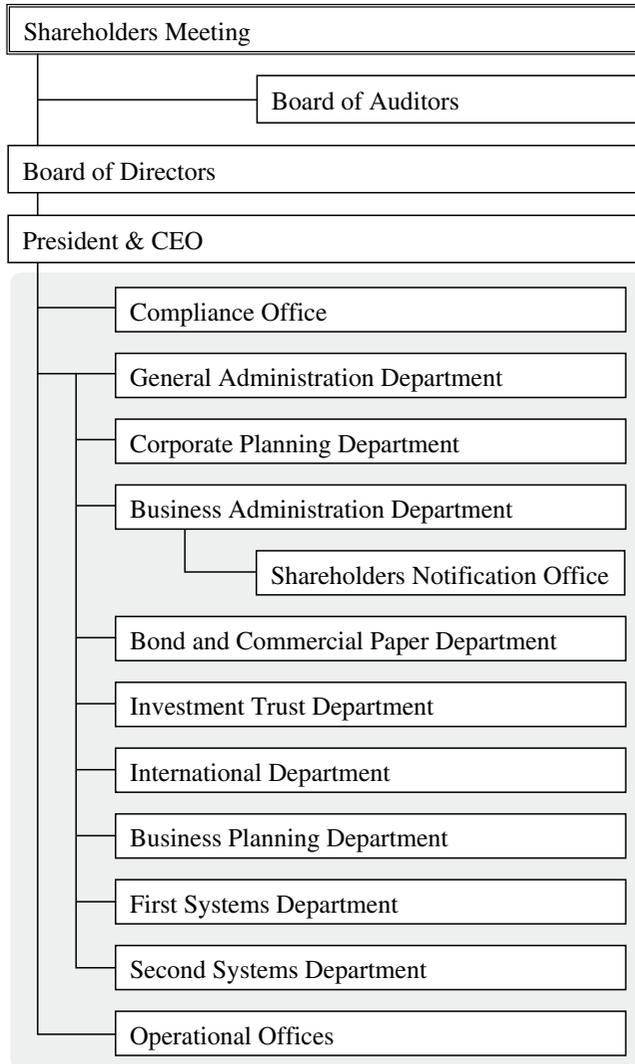
■ Shares

Total of shares approved for issue	10,000
Total of issued shares	8,500
Paid-in capital	¥4,250,000,000
Shareholders	185

■ Major shareholder

	No. of shares held	Stake in Company (%)
Tokyo Stock Exchange Group, Inc.	1,855	21.82
Japan Securities Dealers Association	1,012	11.90
Nomura Holdings, Inc.	485	5.70
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	425	5.00
Mizuho Corporate Bank, Ltd.	425	5.00
Mitsubishi UFJ Trust and Banking Corporation	424	4.98
Nikko Citigroup Limited	321	3.77
Japan Trustee Services Bank, Ltd.	320	3.76
Trust & Custody Services Bank, Ltd.	284	3.34
Daiwa Securities SMBC Co., Ltd.	230	2.70

■ Organization Structure



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