

BUSINESS OVERVIEW

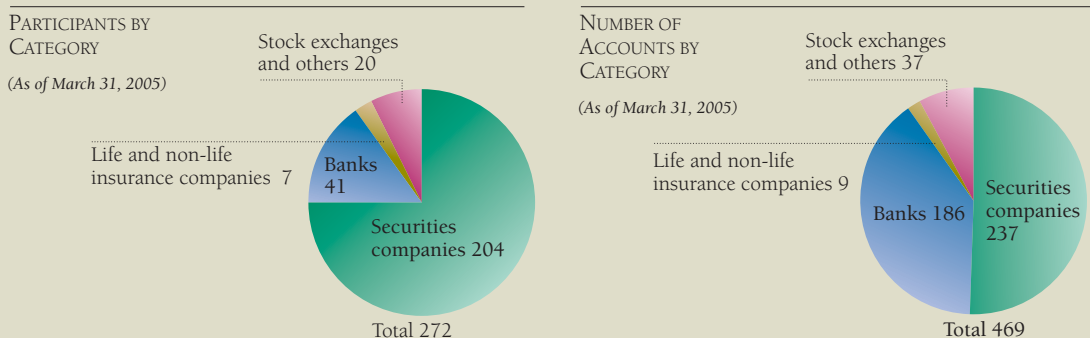
For the the year ended March 31, 2005

BASIC DATA

PARTICIPANTS AND ACCOUNTS

Participant firms open accounts at JASDEC and deposit the certificates they wish to consign. Such firms include securities companies, banks, trust banks, insurance companies, securities finance companies and stock exchanges.

As of the end of March 2005, the number of participants stood at 272, and the number of accounts stood at 469.



Note: Clients of participant firms do not deposit certificates directly with JASDEC. Rather, they utilize JASDEC's services through the accounts they establish at participant firms.

ISSUING COMPANIES 3,757

As of March 31, 2005, all publicly traded companies in Japan have consented to JASDEC handling their stocks.

ELIGIBLE SECURITIES

ELIGIBLE SECURITIES (As of March 31, 2005)

Stocks	262,128 million shares	3,758 issues
Preferred investment securities	251,765 units	1 issue
Beneficiary certificates of ETFs	1,708,097 thousand units	16 issues
Certificates of REITs	3,449,594 units	18 issues
CBs	2,604,232 million yen	158 issues

Note: JASDEC accepts securities described in the CSD Law. Consent of the issuing company is also a prerequisite. Currently, eligible securities are domestic securities, including stocks, convertible bonds (corporate bonds with subscription warrants to new shares), beneficiary certificates of exchange-traded funds (ETFs), certificates of real estate investment trusts (REITs), and preferred investment bonds of financial institutions established by cooperative associations, which are listed on stock exchanges or registered with the Japan Securities Dealers Association (JSDA).

CORPORATE GOVERNANCE

Basic Policy As the central securities depository in Japan, JASDEC strives to fulfill its duty to serve the public through the provision of a highly secure, efficient and convenient clearing and settlement structure. This perspective underlines the Company's basic policy on business.

The basic concept for corporate governance at JASDEC hinges on two points: first, we must undertake activities that address the needs of clients, not only participating firms but a wide range of other parties, including investors, using the Group's systems; and second, we must maintain highly transparent management practices that reinforce our public-service quality and cement a reputation of trust in the market as the organization responsible for the securities clearing and settlement infrastructure in Japan.

REVENUES BY OPERATION

FISCAL 2004 REVIEW

Fiscal 2004, ended March 31, 2005, was characterized by a general feeling of economic recovery in Japan. During the first half, higher exports and capital spending as well as an increase in industrial output underpinned better business conditions. In the second half, the upward trends evened out, albeit temporarily, with exports and production holding at par year-on-year. However, a positive undercurrent in consumer spending and a healthier employment situation supported the overall recovery tone for the year.

Amid this rosier economic climate, the securities market also gained strength. Stock trading was active, substantiated by daily trading volume averages at the Tokyo Stock Exchange greatly exceeding the 1 billion mark in consecutive months, and stock prices were bullish.

The JASDEC Group benefited from this environment as heightened stock-trading activity triggered more account transfers through the Group's securities depository and book-entry transfer systems and expanded the number of shares in custody. Against this operating backdrop, the Group achieved the following results.

BOOK-ENTRY TRANSFER SERVICES FOR STOCK CERTIFICATES

Account Transfer Operations The number of shares in the transfer account — that is, combined exchange trade and non-exchange trade deliveries (NETD) — averaged 71.0 billion a month, primarily a reflection of brisk stock trading. This situation led to another year of energetic account transfer activity. Consequently, income related to account transfer services, particularly services for stock certificates, corporate bonds with subscription warrants to new shares and ETF beneficiary certificates, reached ¥12,420.0 million.

Custody Operations Thanks to steady receipt of shares into the special account, the number of shares in custody was up, as of March 31, 2005, with stock certificates at 262.1 billion shares, corporate bonds with subscription warrants to new shares at ¥2,604.2 billion, and ETF beneficiary certificates at 1,708 million units. As a result, income related to custody operations, particularly services related to stock certificates, corporate bonds with subscription warrants to new shares and ETF beneficiary certificates, amounted to ¥5,468.8 million.

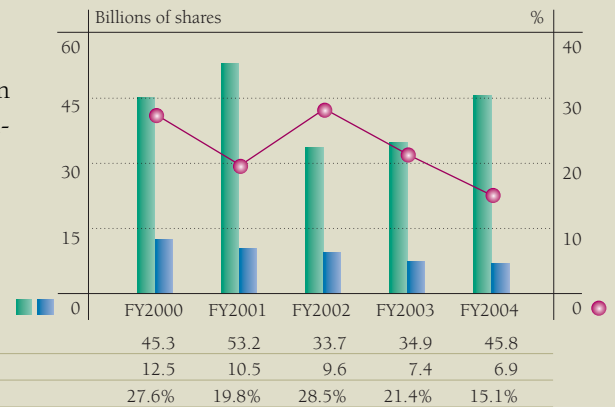
Handling of Shares

(a) Deposits and withdrawals

The withdrawals to deposits ratio has been falling year after year for some years now, settling at 15.1%, as of March 31, 2005.

(Years ended March 31)

■ Number of Shares Deposited
 ■ Number of Shares Withdrawn
 ● Withdrawals to Deposit Ratio

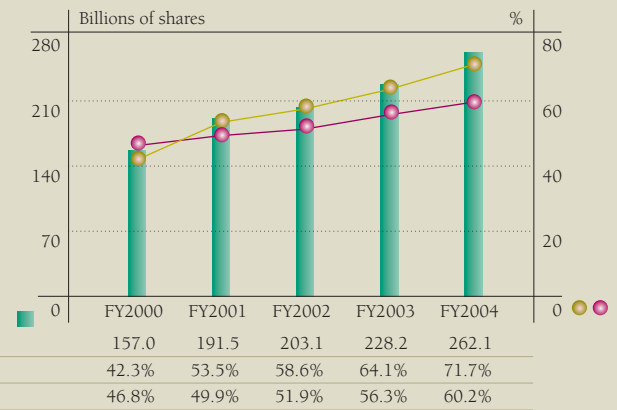


Note: The ratios above are calculated based on the number of shares deposited, excluding shares deposited by stock splits, and shares withdrawn, excluding shares by stock transfer and merger.

(b) Custody

As of March 31, 2005, the number of shares in JASDEC's custody stood at 262,128 million shares and represented 71.7% of all outstanding shares issued by companies listed on stock exchanges in Japan.

■ Custody Balance
 ● Ratio of Custody Balance to Shares Issued in Japan
 ● Ratio of Immobilized Shares in Custody

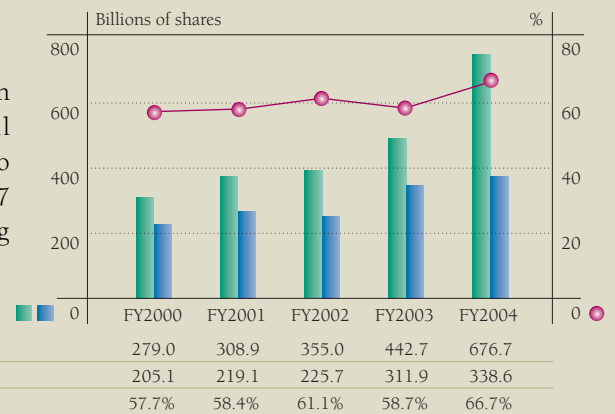


Note: Immobilized shares are shares in custody that have been replaced by jumbo certificates, based on set criteria, to reduce administrative costs associated with custody and minimize risks, such as the physical loss of stock certificates.

(c) Book-entry transfer

Of the number of shares transferred between accounts by book-entry transfer in fiscal 2004, the number of shares pertaining to exchange trade transfers represented 338,607 million and the number of shares pertaining to NETD accounted for 676,745 million.

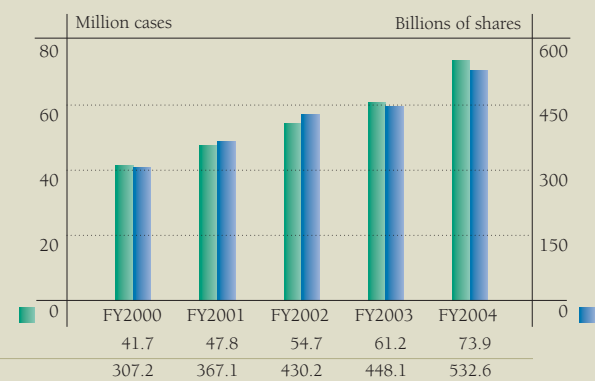
■ NETD Transfers
 ■ Exchanges Trade Transfers
 ● Ratio of NETD Transfers to Total Transfers



(d) Beneficial shareholder notification

In fiscal 2004, beneficial shareholder notification services covered 532,658 million shares and 73 million cases.

■ Number of Cases
 ■ Number of Shares



Other Securities Operations An overview of other securities operations conducted during fiscal 2004 is presented below.

(a) Convertible bonds (corporate bonds with subscription warrants to new shares)
(Millions of yen)

Deposits	286,897
Withdrawals	1,985,120
Custody	2,604,232
Book-entry transfers	
Exchange trade transfers	949,391
NETD	12,691,752
Number of issues	158

(b) Exchange-traded funds (ETFs)

(Thousands of units)	
Deposits	920,846
Withdrawals	1,205,868
Custody	1,708,097
Book-entry transfers	
Exchange trade transfers	2,114,709
NETD	9,145,555
Number of issues	16

(c) Preferred investment securities of financial institutions
(Number of units)

Deposits	9,604
Withdrawals	1,226
Custody	251,765
Book-entry transfers	
Exchange trade transfers	59,500
NETD	89,445
Number of issues	1

(d) Real estate investment trusts (REITs)

(Number of units)	
Deposits	1,149,398
Withdrawals	59,184
Custody	3,449,594
Book-entry transfers	
Exchange-trade transfers	2,544,588
NETD	5,634,093
Number of issues	18

Note: Data regarding the number of issues is as of March 31, 2005

DVP SETTLEMENT SERVICES FOR NETDs

Demand for DVP for NETD has far surpassed initial expectations, with the number of DVP book entries averaging about 60,000 per business day since the DVP for NETD system was launched in May 2004. As a result, income related to DVP settlement services for NETD amounted to ¥1,039.2 million in fiscal 2004.

Basic Format for DVP for NETD DVP for NETD is a gross-net type DVP settlement system that links book-entry transfer of stocks and other securities with payment of funds, based on settlement instruction data produced by the pre-settlement matching system (PSMS). With this type of system, book-entry transfer of securities is processed on a gross-net basis, whereby at the end of the day each participant pays or receives the balance that remains when payable amounts for the receipt of securities and receivable amounts for the delivery of securities are netted out. These procedures, already adopted by the United States' Depository Trust & Clearing Corporation, effectively reduce securities settlement risk and facilitate efficient processing of numerous settlements.

Connecting PSMS and the DVP for NETD represents the last step on the road to achieving straight-through processing for securities settlement in Japan. PSMS-generated instruction data on settlements are relayed to the DVP settlement system automatically, obviating the need to input instructions through a separate process and bringing settlements to their respective quick conclusions. JASDEC DVP Clearing Corp., a JASDEC subsidiary, ensures thorough legal compliance with rules for risk management and netting.

Pre-Settlement Matching System (PSMS) Please refer to page 18.

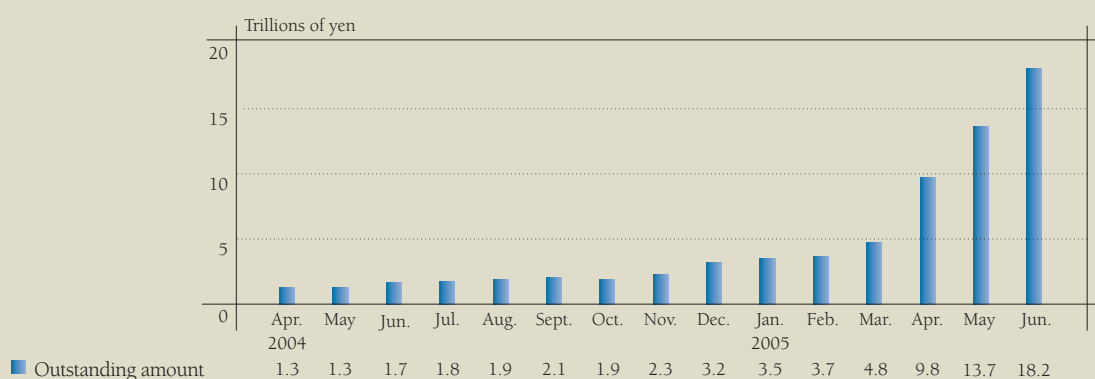
This system automatically confirms investment instructions, such as trade names and amounts.

Delivery versus Payment (DVP) This system simultaneously attaches specific conditions to the delivery of and payment for securities. International standards, recommended by the Group of 30 and other organizations, require the application of a DVP settlement system to all securities settlements to eliminate settlement risk

BOOK-ENTRY TRANSFER SERVICES FOR DEMATERIALIZED COMMERCIAL PAPER

As of March 31, 2005, book-entry transfer for dematerialized commercial paper (CP) had been extended to 238 issuers, an increase of 200 companies from a year earlier. The account balance stood at ¥4,863.3 billion, up ¥3,459.1 billion, and the number of transfers reached 11,772, up 9,710. As a result, income related to book-entry transfer services for dematerialized CP reached ¥55.6 million.

Dematerialized CP Account Balance (Month-end)



PRE-SETTLEMENT MATCHING SERVICES

In fiscal 2004, as in fiscal 2003, stock trading was brisk, spurring use of JASDEC's PSMS. Consequently, income related to pre-settlement matching services amounted to ¥1,405.0 million.

The PSMS was connected to the account transfer system to coincide with the May 2004 start of DVP for NETD so that DVP transfer request data will, if requirements have been met, automatically route to the transfer account and bring DVP settlement to a conclusion.

In February 2005, a matching function for domestic government bond repos and futures was added to the system in anticipation of the Japan Government Bond Clearing Corporation assuming the function of a key counterparty.

OTHER SERVICES

The time limit for receiving requests for securities companies' special accounts expired on December 31, 2004, prompting a considerable increase in the number of inquiries regarding the Securities Information Tracing System, known as SITRAS, during the second half of calendar 2004.

More stock certificates in custody and the availability of transfers of title the day after application caused a rise in the number of agencies handling transfers of title. As a result, income related to other services came to ¥3,818.3 million.

In fiscal 2004, the JASDEC Group provided participants with fee refunds amounting to ¥4,451.9 million. Consequently, operating income grew 11.0% over fiscal 2003, to ¥19,003.9 million.