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Investment in Japanese Companies and Accessing the Japanese Capital Markets

September 5, 2008

Daiwa Securities
SMBC

Introduction : Our Role in Japan – Russia Direct Investment and Securities Investments

- Daiwa SMBC plays a key role in the promotion of direct investments and the portfolio investments between Japan and Russia.
- In this presentation, I will discuss the following topics:
 - Alliances / strategic investments involving Japanese companies (Direct investment from Russia into Japan)
 - Financing opportunities for Russian companies in the Japanese capital markets (Securities investment from Japan into Russia)

Current Situation				
	JAPAN	RUSSIA	RUSSIA	JAPAN
Direct investments	42.2(billion Yen)		5.4(billion Yen)	
Securities Investments	558.9(billion Yen) Equity : 438.7(billion Yen),Debt: 120.2(billion Yen)		0	

Note: amounts outstanding at end of 2007
Source: Bank of Japan website

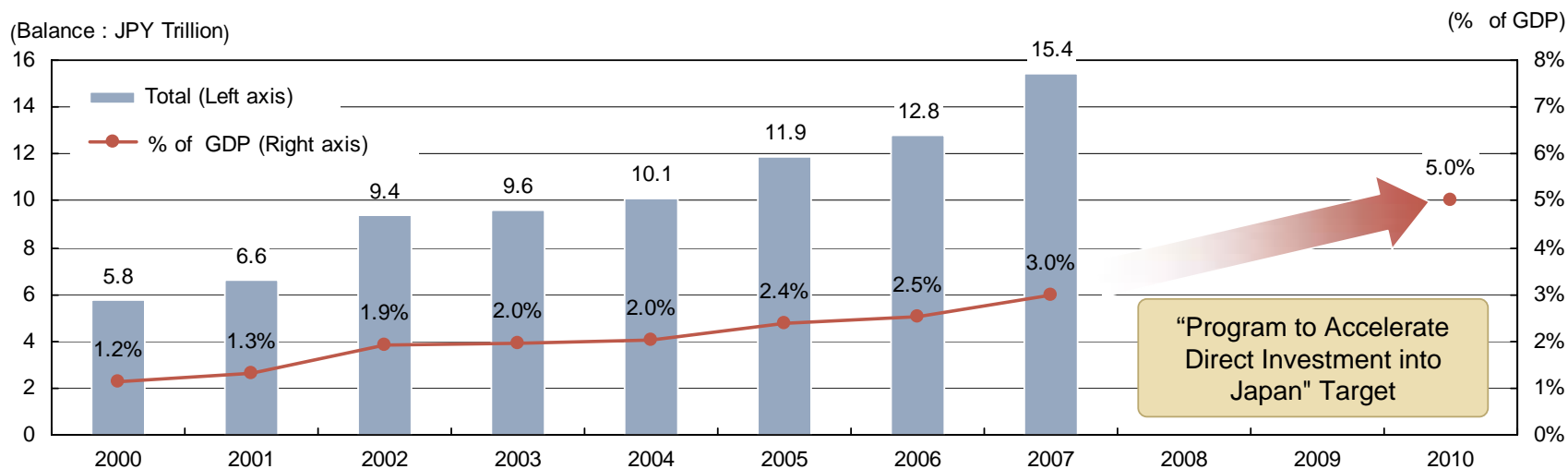
1 Russian Rouble=4.6 Japanese Yen (July,2008)

Our Role				
	JAPAN	RUSSIA	RUSSIA	JAPAN
Direct investments	<ul style="list-style-type: none"> ■ Entry into Russia by Japanese companies ■ Alliances / strategic investments with Russian companies. 		<ul style="list-style-type: none"> ■ Entry in Japan by Russian companies ■ <u>Alliances / strategic investments with Japanese companies</u> ■ Investment in Japanese real estate 	
Securities Investments	<p>Primary Markets</p> <ul style="list-style-type: none"> ■ <u>Debt / equity financing in the Japanese capital markets by Russian companies</u> <p>Secondary Markets</p> <ul style="list-style-type: none"> ■ Investment in Russian equity funds ■ Investment in Rouble-denominated funds ■ Investment in the individual Russian stocks 		<ul style="list-style-type: none"> ■ Portfolio investments in Japanese debt and equity (Russian SWF / Bank of Russia) 	

I. Measures by the Japanese Government to Improve Conditions

Plan to Promote Direct Investment into Japan

- The Japanese government planned to double the total amount of direct investment into Japan in 2003; it had almost achieved this goal by 2006.
- "Program to Accelerate Direct Investment into Japan" was established in 2006; with a target of doubling total direct investment into Japan to 5% of GDP by 2010, various policies such as allowing triangle mergers were introduced.



First Stage "Program to Promote Investment into Japan" (2003)

Double total investment from 2001 to 2006
Basically achieved: 6.6 trillion yen 12.8 trillion yen

Second Stage "Program to Accelerate Direct Investment in Japan" 2006

Double total direct investment into Japan to 5% of GDP
between 2006 and 2010

I. Measures by the Japanese Government to Improve Conditions

Policies to Improve Access to the Japanese Capital Markets

- In December 2007 the Japanese Government has announced and implemented measures to improve access to the Japanese capital markets including the introduction of Japanese Depositary Receipts (JDRs) for foreign companies, preparation for the establishment of an equity market for professional investors, and the implementation of more international disclosure and accounting standards.



Japanese Government

Policies to improve access to the Japanese capital markets

Policy	Measures	Current Status
the Plan for Strengthening the Competitiveness of Japan's Financial and Capital Markets (December 2007)	Preparation of the JDR* system to promote increased trading of foreign equities in Japan	TSE has implemented the regulations for JDRs (Feb.2008)
	Preparation of the legal framework for the market for professionals* to attract overseas growth companies	To establish the market for the professionals, in June 2008 the Japanese Government included such measures as exemptions from disclosure regulations in the Revised Financial Instruments and Exchange Law (effective December 2008)
	English-language disclosure was expanded from foreign ETFs to all securities issued by foreign companies	In July 2008 the TSE announced preliminary plans to establish the market for the professionals (beginning of 2009 target start date)
	Promotion of international convergence and mutual acceptable of accounting standards.	In May/June 2008, government and ministerial ordinances were promulgated and put into effect.
		In December 2007 the Accounting Standards Board of Japan announced plans for convergence with international accounting standards. The convergence with important areas between Japanese standards and IFRS will be implemented in 2008.

*market for professional investors allows trading by professional investors only

Source: Financial Services Agency, Tokyo Stock Exchange (TSE) and Accounting Standards Board of Japan website.

I. Measures by the Japanese Government to Improve Conditions

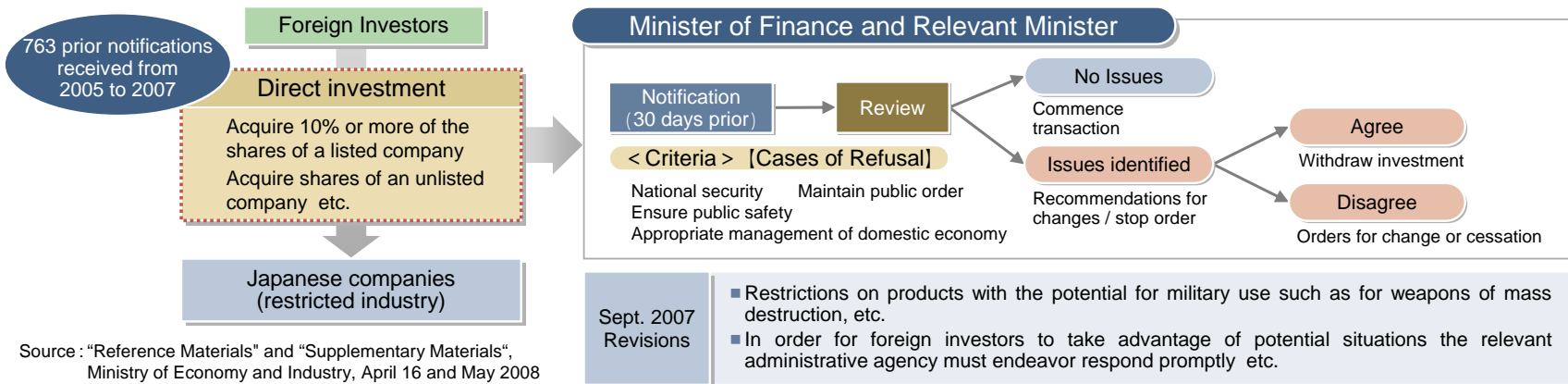
Restrictions on Direct Investments into Japan and Comparisons with Other Countries

- The restrictions of direct investments into Japan complies with international rules (OECD Code of Liberalization of Capital Movements) and ensures high transparency by requiring prior notifications and defining the industries which are subject to reservations.
- All 763 prior notifications received from 2005 to 2007 were authorized within 30 days (95% of them are within 2 weeks. Abolishment of the requirement for prior notifications for direct investments was ordered for the first time in May 2008).

Comparison of Restrictions on Direct Investments

	JAPAN	USA	UK	France	Germany
Restrictions	Prior notification	Intervention after the fact	Intervention after the fact	Prior notification	Prior notification
Applicable Industries	Armaments, aeronatics, nuclear, software, products with possible military applications, electric power, gas, etc.	All business sectors	All business sectors	11 strategic industries (products with potential military applications, armaments, etc.)	Armaments, cryptographical systems, engines for military use
Relevation Laws	The Foreign Exchange and Foreign Trade Law	Defense Production Act	Companies Act	Monetary and Financial Code	Foreign Trade and Payments Ordinance
Relevant Investor	Foreign capital only	Foreign capital only	Domestic and foreign capital	Foreign capital only	Foreign capital only
Relevant Transactions	Acquisition of 10% or more of the equity of a listed company	Acquisition of or merger with the US companies	Acquisition of or merger with UK companies	Acquisition of 33% or more of the equity of a French company	Acquisition of 25% or more of the equity of a German company
Review Criteria	National security, public order, public safety	National security	Public interest	Public order and morals, public safety, national defense	Necessary in the interest of ensuring public safety

Restrictions on Direct Investment into Japan



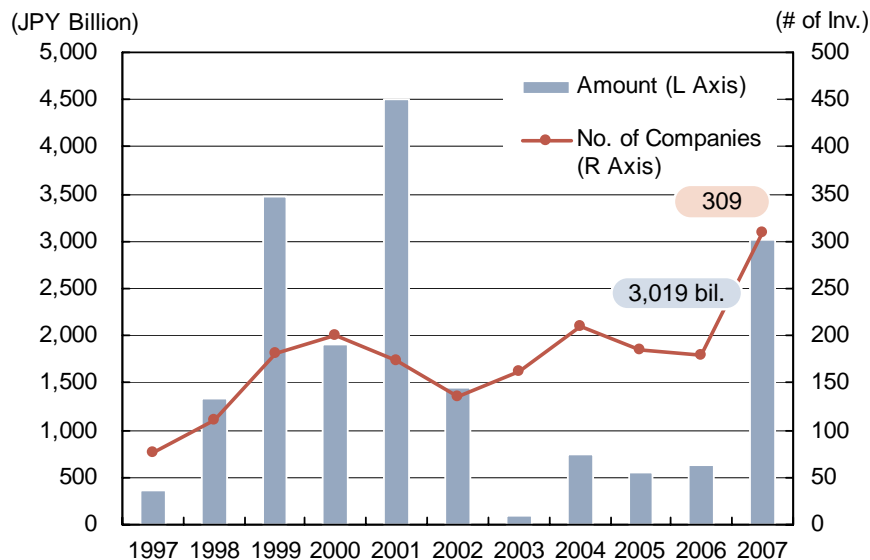
Source: "Reference Materials" and "Supplementary Materials", Ministry of Economy and Industry, April 16 and May 2008

II. Strategic Investments into Japanese companies

Current Status

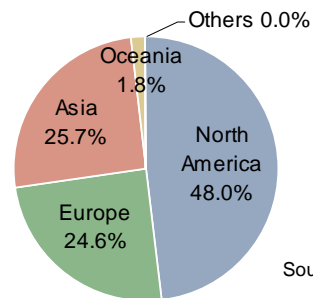
- There were 309 cases (totaling 3 trillion yen) of strategic investment involving foreign companies and Japanese companies, which shows a rapid increase.
- North America is about 50%, and Europe and Asia are 25% for each. The achievement of strategic investment of Japanese companies by Russian companies is paid to attention, as the conference for the tie-up was reported.

Strategic Investments by Foreign Companies into Japanese Companies



Source: RECOF, "MARR"

Strategic Investments by Foreign Companies into Japanese Companies (by region, 2006)



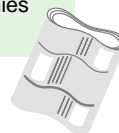
Source: RECOF, "Report on Recent Trends in Investment into Japanese Companies", March 2007

Article Regarding Tie-ups Between Russian and Japanese Companies

'The evidence that Russian companies are starting to look at acquiring Japanese companies is becoming more apparent. Share prices of Japanese companies have fallen while Russian companies have accumulated significant financial resources due to the rapid rise in natural resource prices such as oil.....'

'The director-general of the Russian-Japan Business Council remarked that "a major Russia oil company is examining alliances with Japanese companies to enter the market, and is in discussions with several electric power companies and oil companies.'

Source: FujiSankei Business, "Close-up: What will happen – Russian Companies on a M&A Offensive!?" January 23, 2008



II . Strategic investments into Japanese companies

Actual cases

- Recently, strategic investments by foreign government-related entities and Japanese companies in the natural resources and energy sectors have been approved by mutual agreement of both sides.
- Citigroup purchased a Japanese company through the use of a triangular merger structure and simultaneously listed on the Tokyo Stock Exchange.

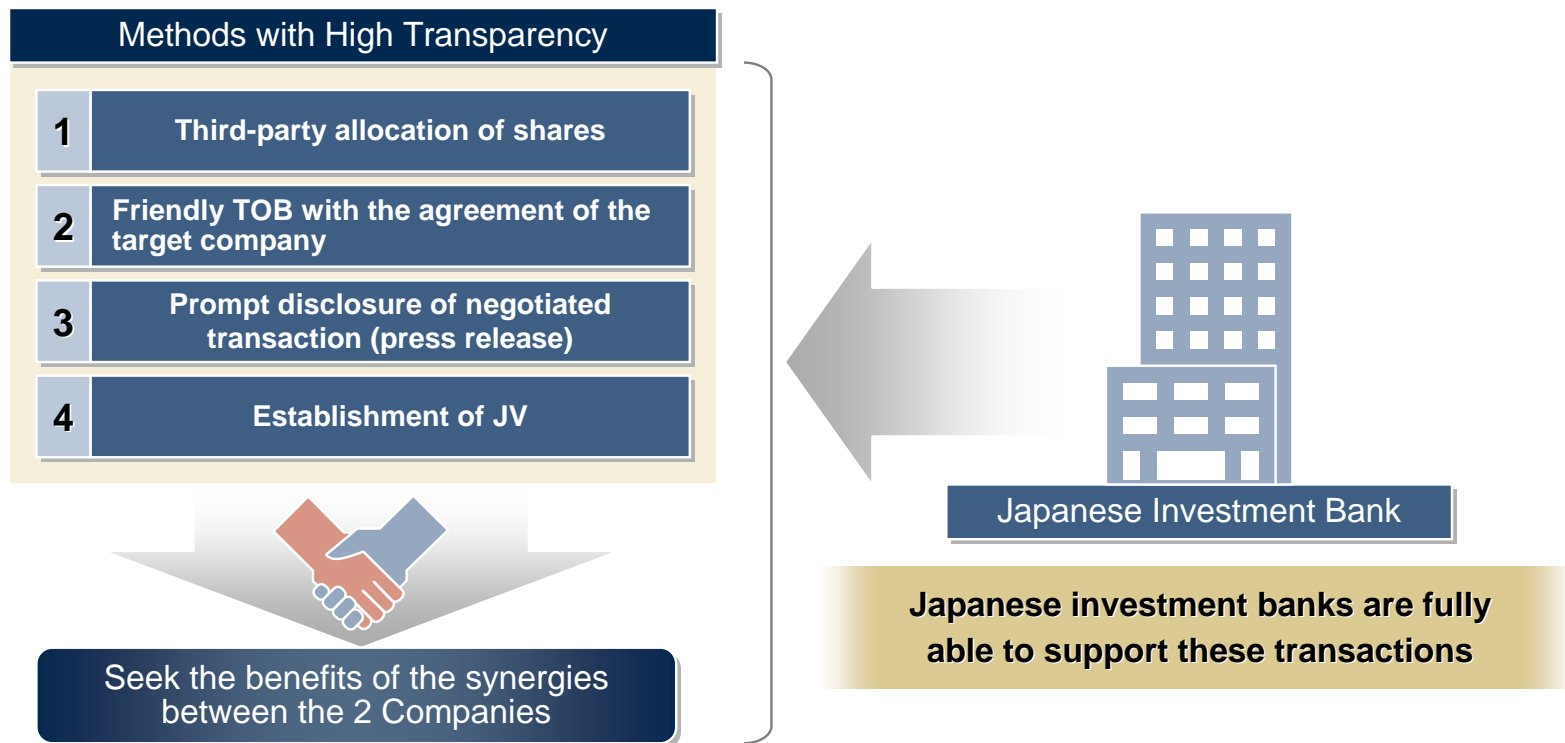
Structure	Date	Investor			Target		Amount	Background (Press Comments)
		Country	Sector	Government	Sector	Other		
Natural Resource and Energy-related Transactions	2008	Petrobras (Petrobras International Braspetro B.V.)			A Subsidiary of Tonen General Sekiyu K.K. (Nansei Sekiyu K.K.)		¥ 5.5 bil.	"We are convinced that the decision making of transferring the stocks attempting the optimization of the asset portfolio is the best measure for all parties who relate to this dealing " (Tonen General Sekiyu K.K.)
		Brazil	Energy	Government-related	Oil	unlisted		
	2007	International Petroleum Investment Company			Cosmo Oil Company Ltd.		¥ 89.8 bil.	"Our company and Abu Dhabi have built up the close partnership for years through the oil business. We concluded the tie-up contract under mutual agreement of strengthening the relation between both, expanding the business opportunity, and improving the value of the enterprise in the future." (Cosmo Oil Company Ltd.)
		UAE (Abu Dhabi)	Fund	Government-related	Oil	listed on TSE		
	2006	TOTAL (TOTAL E&P Australia)			A Subsidiary of Inpex Holdings Inc. (Inpex Brow se Ltd.)		¥ 33 bil.	"The participation of TOTAL in the mine develops the cooperation between two companies further . Moreover, ... it contributes to stable production and the supply of LNG ." (Inpex Holdings Inc.)
		French	Energy	NA	Oil	unlisted		
	2004	Saudi Arabian Oil Company (Aramco Overseas CO BV)			Show a Shell Sekiyu K.K.		¥ 50 bil.	"We judged that the investment of the Saudi Aramco Co. would be able to strengthen long-term competitive edge, procuring crude oil. Moreover, we were convinced that we contributed to economy and consumer's profits in Japan through the business purpose of three companies not only was matched but also our stable supply of energy for a long term ." (Show a Shell Sekiyu K.K.)
		Saudi Arabia	Energy	Government-related	Oil	listed on TSE		
Triangular merger + TSE listing	2007 ~ 8	Citigroup Inc. (Citigroup Japan Holdings)			Nikko Cordial Corp.		US\$12.5 bil.	"The two companies aim to become the overall financial service group achieving growth in Japan while making the best use of each strong point by executing an inclusive tie-up, esteeming the culture of Japan and the habitual practice of the business ." (two companies)
		U.S.A	Finance	NA	Investment Bank	listed on TSE		

Source: Company websites, RECOF, "Report on Recent Trends in Investment into Japanese Companies", March 2007

II. Strategic Investments into Japanese companies

Success Strategies

- To achieve a successful strategic investment it is important to utilize a methodology with a high degree of transparency in order to obtain favorable public support including that of market participants.
- As is clear in each individual case, upon mutual agreement of the parties involved publicly-announced structures such as equity transactions or public takeover bids which feature a high level of transparency were utilized.



* Less transparent share acquisition through the secondary markets raises the risk of negative public opinion

III. Utilizing the Japanese Capital Markets

Retail Financial Assets – Contribution to the Success of Privatizations

- In Japan, retail investors, with financial assets of approximately 1,500 trillion yen (326 trillion rubles), have contributed to the success of large privatization transactions through their participation.
- As shown below, the Daiwa Securities Group has significant experience and extensive knowledge for bringing privatization offerings to the equity markets.

Privatization Offerings in Japan (Japanese company)

	Nippon Telegraph and Telephone		Japan Tobacco		Japan Railways				Japan Petroleum Exploration		Electric Power Development		INPEX	
	IPO/ Follow-on	Amount of money (100million JPY)	IPO/ Follow-on	Amount of money (100million JPY)	IPO/ Follow-on	Amount of money (100million JPY)	IPO/ Follow-on	Amount of money (100million JPY)	IPO/ Follow-on	Amount of money (100million JPY)	IPO/ Follow-on	Amount of money (100million JPY)	IPO/ Follow-on	Amount of money (100million JPY)
1987	IPO (Feb)	23,746												
	Follow-on	49,725												
1988	Follow-on	28,500												
1991														
1993					IPO	10,759								
1994			IPO	5,670										
1996			Follow-on	2,220			IPO	4,878						
1997									IPO	4,859				
1998	Follow-on	8,550												
1999	Follow-on	15,588			Follow-on	6,520								
2000	Follow-on	9,490												
2002					Follow-on	2,660								
2003									IPO	316				
2004			Follow-on	2,439			Follow-on	2,607			IPO	3,748	IPO	1,598
2005														
2006														
2007													Follow-on	856
Amount of Sale		135,599		10,329		19,939		7,485		9,629		1,172		3,748

Total Offerings: Approximately 19 trillion yen

Privatization Offering in Japan (overseas company)

Past offerings				
Date	Issue	Country/region	Total offering size (USD mil)	Total sales into Japan (Yen bil)
1996	DT	Germany	12,487	38.2
1999			11,157	65
2000			12,842	80

Recent case				
Date	Issue	Country/region	Total offering size (USD mil)	Total sales into Japan (Yen bil)
2004	Enel	Italy	9,521	54.5
2005	Chunghwa Telecom	Taiwan	3,075	65.6
	Electricite de France	France	7,479	56.2

Retail investors contribute to the success of privatization offerings



Retail financial assets
1,489 trillion yen.
 Equities
 139 trillion yen
 Investment trusts
 63 trillion yen

Note: As of the end of March in 2008
 Source: "Flow of Funds" by Bank of Japan / June 16, 2008



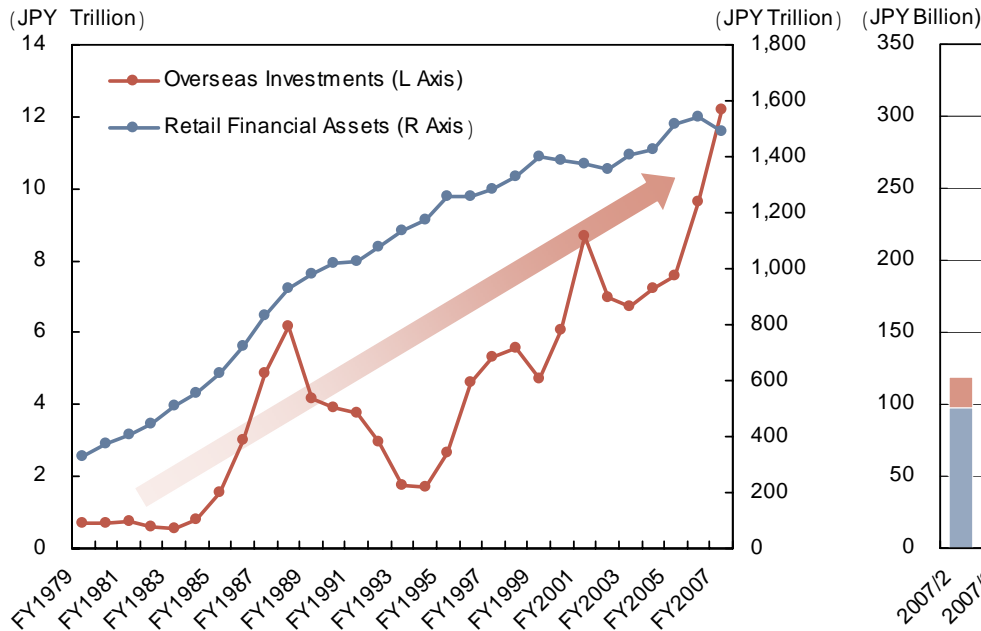
(note) The end of March in 2008

III. Utilizing the Japanese Capital Markets

Retail Financial Assets – Increase in Overseas Assets and Investments into Emerging Markets

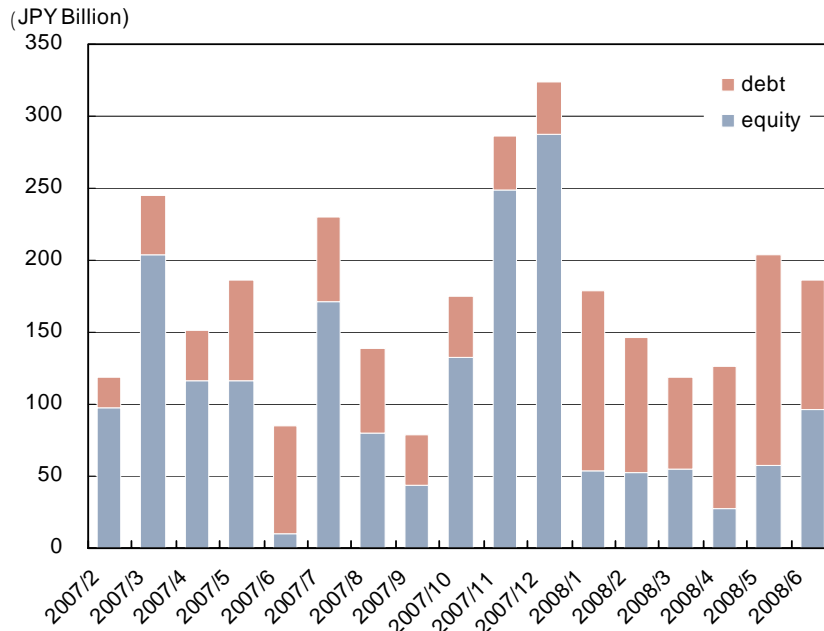
- Retail financial assets and overseas portfolio investments continue to show a growth trend (1,489 trillion yen and 12 trillion yen, respectively, as of March 2008).
- Retail investors are interested in emerging markets, with ¥50 billion to ¥300 billion of funds flowing into those markets each month.
- We believe that Japanese retail investors have sufficient capability to acquire the equity and debt issuances of Russian privatized companies.

Financial Asset and Overseas Investment of Japanese Retail Investors



Source: "Flow of Funds" Bank of Japan June 16 2008.

Flow of Funds into Emerging Market Investment Trusts

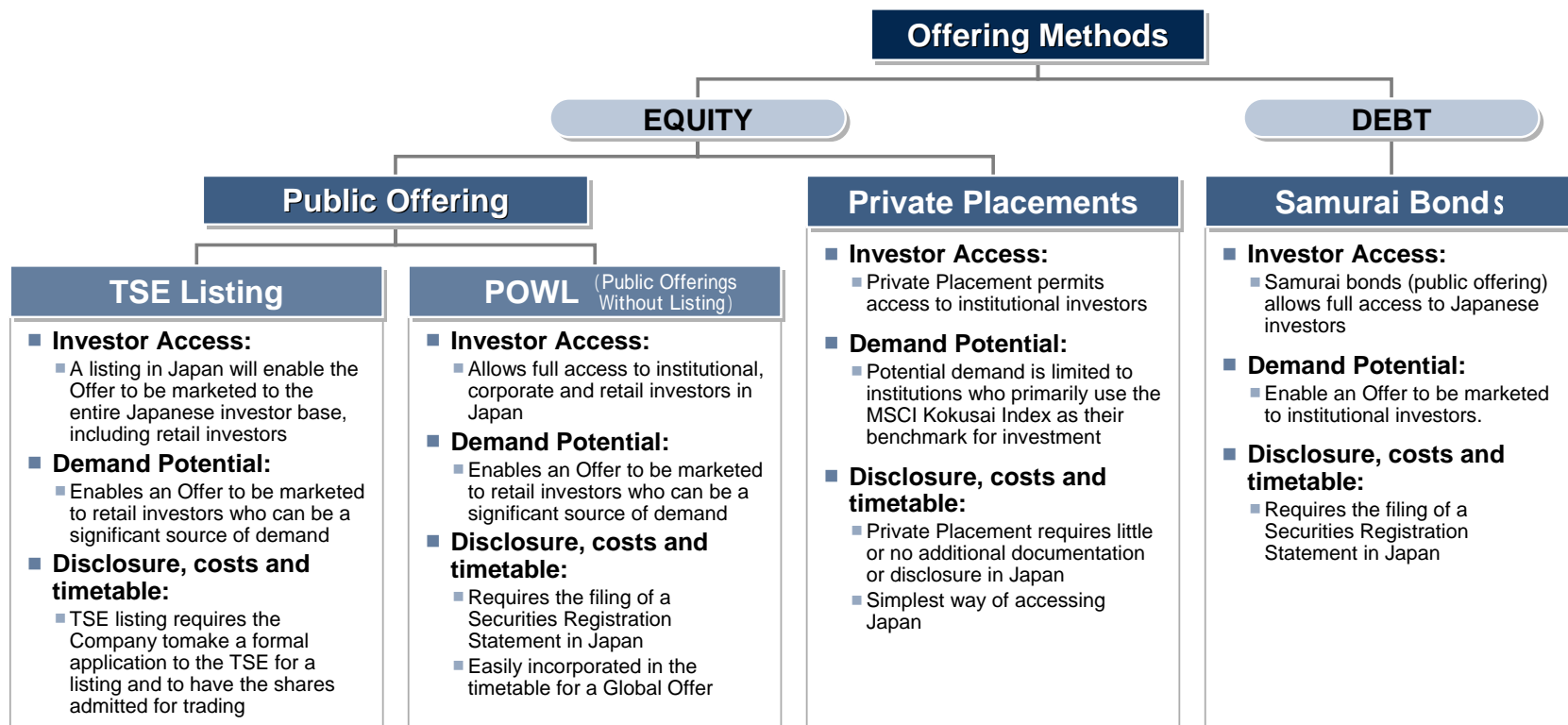


Source: "Investment trust market capital inflow trend" Daiwa Fund Consulting Co.Ltd.

III. Utilizing the Japanese Capital Markets

Equity and Debt Finance

- There are three methods for non-Japanese issuers to place equity in Japan in connection with an equity offering: TSE Listing; Public Offering without Listing (“POWL”); and Private Placement.
- A large number of privatization issues have featured a POWL.
- Samurai bonds are yen-denominated bonds issued in Japanese market under the Japanese law by non-Japanese issuers, which allow issuers to access the Japanese market for debt.



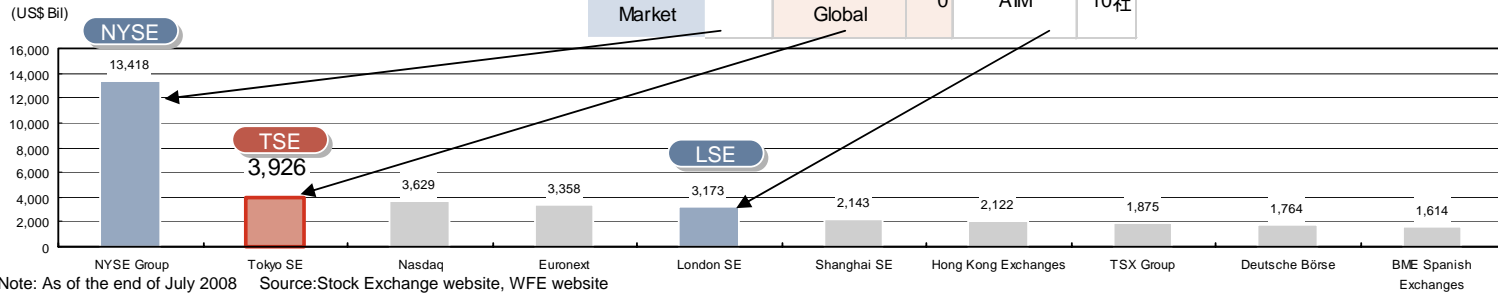
Enhanced Investor Access + Greater Presence in Japan

III. Utilizing the Japanese Capital Markets

TSE Listing

- The number of Russian companies listed on the major global securities exchanges: LSE (45); NYSE (5); TSE (0).
- TSE is actively seeking to attract non-Japanese companies to list in Japan. A TSE listing can have various benefits for Russian companies.

Total Market Capitalization of the Major Global Securities Exchanges



Note: As of the end of July 2008 Source: Stock Exchange website, WFE website

Outline of TSE and advantage of listing

TSE		Outline of market
Market division		
TSE 1st / 2nd Sections	21	<ul style="list-style-type: none"> ■ Europe: 10, North America: 9, Asia: 5 ■ 3 companies listed in 2007
Mothers Global	3	
Market for Professionals		<ul style="list-style-type: none"> ■ Europe: 10, North America: 9, Asia: 5 ■ 3 companies listed in 2007

Source: TSE website

Merits of a TSE Listing for Russian Companies

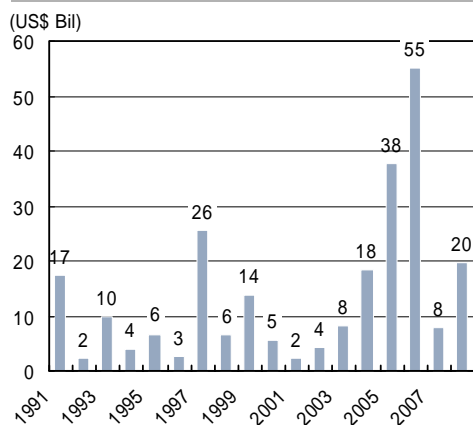
- Access to 1,500 trillion yen of retail financial assets
- Enhanced credibility through a listing on one of the leading global exchanges
- Increase in business opportunities through enhanced visibility in Japan

III. Utilizing the Japanese Capital Markets

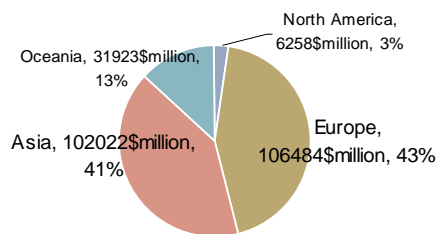
POWL

- In 2006 global equity offerings raising over US\$55 billion dollars included a POWL.
- In terms of regions: Europe accounted for US\$106.4 billion (43%), and Asia totaled US\$102.0 billion (41%)
- Starting with the UK privatizations in 1989, privatizations globally have utilized the POWL structure.

Transition of amount of money of offering



Note: Offerings through March 2008



List of Global Offerings Incorporating POWL

Date	Issuer	Nationality	US\$m	Lead/Arranger	Date	Issuer	Nationality	US\$m	Lead/Arranger
May-91	Telefonos de Mexico	Mexico	2,153	Nomura	Mar-04	SMIC	China	1,803	Nomura
Jun-91	Scottish Electricity	UK	4,969	Daiwa	Jun-04	Ping An Insurance	China	1,840	Daiwa
Dec-91	BT II	UK	10,119	Daiwa	Jun-04	China Shipping	China	986	Nomura
Jul-92	Wellcome	UK	2,133	Nikko	Oct-04	Hutchison Telecommunications	Hong Kong	899	Daiwa
Jul-93	BT III	UK	8,012	Daiwa	Oct-04	StarHub Telecommunications	Singapore	287	Nomura
Nov-93	Rhone-Poulenc	France	1,867	Nomura	Oct-04	China Power	China	370	Nomura
Feb-94	Elf Aquitaine	France	3,921	Daiwa	Oct-04	Enel I	Italy	9,521	Daiwa/Nom
Feb-95	National Power PLC	UK	2,807	Nikko	Nov-04	China Netcom	China	1,312	Daiwa/Nom
Feb-95	PowerGen PLC	UK	1,919	Nikko	Dec-04	Air China	China	1,238	Daiwa
Nov-95	PT Telkom	Indonesia	1,675	Daiwa	Apr-05	Shanghai Electric Group	China	648	Daiwa
May-96	Assurances Generales	France	1,733	Daiwa	Jun-05	Infosys Technology	India	1,072	Nomura
Jul-96	Cheung Kong	Hong Kong	570	Nomura	Jun-05	Chi Mei Optoelectronics GDR	Taiwan	751	Daiwa
Nov-96	Nu Skin Asia Pacific	USA	241	Nomura	Jun-05	Bank of Communications	China	2,165	Daiwa
Feb-97	Telefonica	Spain	4,260	Nikko	Jun-05	China COSCO	China	1,227	Daiwa
Oct-97	France Telecom	France	6,992	Daiwa	Jun-05	Shenhua Energy	China	3,276	Nomura
Oct-97	ENDESA III	Spain	4,497	Daiwa	Jul-05	Enel II	Italy	4,909	Daiwa
Nov-97	Telstra I	Australia	9,819	Daiwa	Aug-05	Chunghwa Telecom ADR II	Taiwan	3,075	Daiwa
Jun-98	ENDESA IV	Spain	6,404	Daiwa	Oct-05	China Construction Bank	China	9,227	Daiwa/Nom
May-99	Goldman Sachs	USA	3,657	Goldman	Nov-05	EDF	France	7,479	Diawa/Nom
Oct-99	Telstra II	Australia	10,208	Daiwa	Nov-05	Link RIET	Hong Kong	2,790	Daiwa
Mar-00	UTStarcom Inc	USA	207	Merrill Lynch	Dec-05	Dongfeng Motor Group	China	589	Daiwa
Nov-00	Deutsche Post	Germany	5,292	Nomura	Dec-05	ICICI Bank	India	498	Nomura
Jul-01	Korea Telecom	Korea	2,242	Nomura	Feb-06	Lotte shopping	Korea	3,739	Nomura
Jul-02	Bank of China HK	Hong Kong	2,630	Nomura	Jun-06	Bank of China	China	11,186	Daiwa
Nov-02	China Telecom	Hong Kong	1,524	Nomura	Sep-06	China Merchants Bank	China	2,659	Daiwa
May-03	Singapore Post	Singapore	446	Daiwa	Oct-06	Industrial & Commercial Bank of China	China	21,969	Daiwa/Nom
Jun-03	Chunghwa Telecom ADR I	Taiwan	1,580	Daiwa	Nov-06	Telstra III	Australia	11,896	Daiwa
Aug-03	Hopewell Highway	Hong Kong	386	Daiwa	Nov-06	Infosys Technology	India	1,605	Nomura
Oct-03	China Steel	Taiwan	936	Nomura	Dec-06	China Coal Energy	China	1,946	Nomura
Oct-03	PICC	China	802	Nomura	Apr-07	China Citic Bank	China	5,946	Nomura
Oct-03	Chi Mei Optoelectronics GDR	Taiwan	637	Daiwa	Jun-07	Sterlite Industries India Ltd	India	2,016	Nomura
Dec-03	China Life	China	3,475	Daiwa/Nom	Mar-08	Visa Inc.	US	19,650	Daiwa/Nikko

III. Utilizing the Japanese Capital Markets

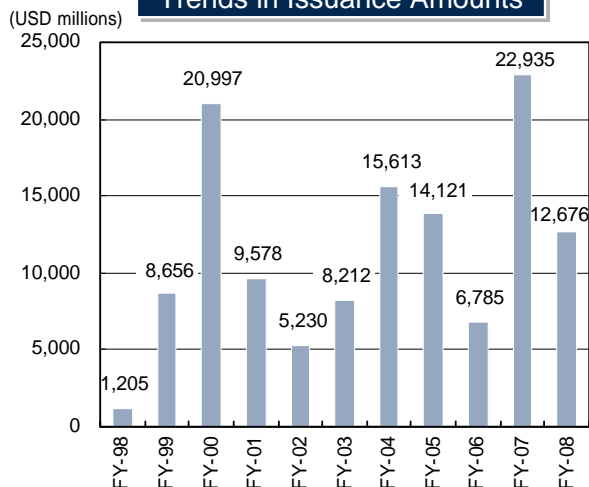
Samurai Bonds

- In general, samurai bonds have maturities from 3 to 5 years, and issue amounts in the range of US\$200 million to US\$500 million.
- In terms of annual issuance, 2007 was a peak year with approximately US\$23 billion issued.
- From Eastern European, Poland and Hungary have issued samurai bonds.

Issue Structure

Currency	Yen
Issuer	Non-Japanese entities
Issuance market	Japan
Maturities	Generally 3 to 5 years (2 years to 30 years)
Issue amount	Approximately US\$200 million to US\$500 million (largest offering: Citigroup 6 tranche issue totaling US\$2,197 million in June 2007)

Trends in Issuance Amounts



Note: Offerings through August 2008

Issuance by Eastern European Borrowers

Launch Date	Issuer	Moody's	S&P	Maturity (Years)	Issue Amount Incl. O/A (\$mil)	Coupon (%)	Senior or Subord. Debt	Bookrunner(s)
2003/6	Poland	A2	NR	7.10	209.43	0.840	Senior	DAIWA-SMBC/MIZUHO-SEC(JB)
2004/5	Poland	A2	NR	5.07	450.80	1.020	Senior	DAIWA-SMBC/NIKKO-CITIGROUP(JB)
2004/6	Hungary	A1	A-	5.07	456.00	1.090	Senior	DAIWA-SMBC/NOMURA(JB)
2005/6	Poland	A2	NR	7.10	699.68	1.000	Senior	DAIWA-SMBC/NOMURA(JB)
2005/6	Hungary	A1	A-	7.10	409.46	0.960	Senior	DAIWA-SMBC/MIZUHO-SEC(JB)
2005/6	Hungary	A1	A-	5.07	272.97	0.620	Senior	DAIWA-SMBC/MIZUHO-SEC(JB)
2005/11	Poland	A2	NR	15.48	426.40	2.240	Senior	DAIWA-SMBC/MIZUHO-SEC(JB)
2006/3	Hungary	A1	A-	7.11	424.65	1.670	Senior	DAIWA-SMBC/NIKKO-CITIGROUP(JB)
2006/11	Poland	A2	NR	10.15	213.45	2.060	Senior	DAIWA-SMBC/NOMURA(JB)
2006/11	Poland	A2	NR	20.29	512.28	2.620	Senior	DAIWA-SMBC/NOMURA(JB)
2007/10	Hungary	A2	BBB+	10.15	214.48	2.110	Senior	DAIWA-SMBC/NIKKO-CITIGROUP(JB)
2007/11	Poland	A2	NR	30.44	443.75	2.810	Senior	DAIWA-SMBC/MIT-UFJ-SEC(JB)

Appendix : The Daiwa Securities Group Track Record

POWL · Listing on the TSE · Samurai-bonds

POWL Europe	 EDF € 7.52 billion Global Offering Japan POWL Joint Arranger Nov 2005	 ENEL S.p.A € 4.10 billion Global Offering Japan POWL Sole Arranger Jul 2005	 ENEL S.p.A € 7.64 billion Global Offering Japan POWL Joint Arranger Oct 2004	 France Telecom I € 6.34 billion Global Offering Japan POWL Sole Arranger Oct 1997	 Endesa III € 3.96 billion Joint Lead & Bookrunner, Asia-Pacific and POWL Arranger Oct 1997
POWL Asia-Pacific	 Telstra Corporation € 9.30 billion Global Offering Japan POWL Sole Arranger Nov 2006	 Industrial and Commercial Bank of China € 17.37 billion Global IPO Japan POWL Joint Arranger Oct 2006	 China Merchants Bank € 2.10 billion Global IPO Japan POWL Sole Arranger Sept 2006	 Bank of China € 8.74 billion Global IPO Japan POWL Sole Arranger Jun 2006	 Link REIT € 2.19 billion Global IPO Japan POWL Sole Arranger Nov 2005
Listing on the TSE	 China Boqi Environmental Solutions Technology € 136 million IPO on TSE Bookrunner and Lead Arranger Aug 2007	 MediciNova, Inc. € 92 million IPO on OSE Bookrunner and Lead Arranger Feb 2005	 Deutsche Telekom I € 10.06 billion Regional Bookrunner Asia-Pacific & Public Offering in Japan Nov 1996	 Société Générale € 30 million TSE Listing Bookrunner June 2000	 YTL € 24 million TSE Listing Bookrunner Feb 1996
Samurai Bonds	 KfW (Aaa/AAA) Global Yen ¥100bn 0.75% 3 Year Joint Bookrunner Feb 2008	 Deutsche Telekom AG (A-/A3) ¥32.5bn 2.47% 5 Year ¥15bn FRN 5 Year Joint Bookrunner Feb 2008	 Republic of Poland (A2-) ¥50bn 2.2810% 30 Year FRN 5 Year Joint Bookrunner Nov 2007	 Telefonica (Baa1/BBB+) 2.11% 6mL+40bp 5 year 5 year ¥15bn ¥15bn Joint Bookrunner Jul 2007	 Kaupthing Bank (Aa3/A) 1.65% 1.99% JP¥L+32 3 Year 5 Year 5 Year ¥10bn ¥5bn ¥13bn Joint Bookrunner Jun 07

Award from Thomson Deal Watch

Year	Award
2005	IPO of the Year: SUMCO (Bookrunner: Daiwa SMBC)
2006	House of the Year: Daiwa SMBC
	IPO of the Year: Idemitsu Kosan (Bookrunner: Daiwa SMBC)
2007	Asset-backed Securities House of the Year
	Innovative Equity Deal of the Year
	China Boqi Environmental Solutions Technologies (Bookrunner: Daiwa)
	Samurai Bond House of the Year
	Samurai Bond of the Year: Australia New Zealand Bank (Bookrunner: Daiwa SMBC)

FIG Advisory Track Record

Date	Institution	Country	Deal
2006	Financial	Romania	Privatisation and sale to a Strategic Investor
2004	Financial	Russia	Capital Markets Strategy and M&A Advisory
	Financial	Romania	Sale to Employees
2003	Financial	Russia	Equity Capital Markets Strategy Advisory
	Financial	Hungary	Sale to a Strategic Investor
2001	Financial	Romania	Sale to Bank
	Financial	Lithuania	Sale to a Strategic Investor
2000	Financial	Slovenia	M&A Advisory
	Financial	Croatia	Sale to a Strategic Investor
1999	Financial	Poland	M&A Advisory
	Financial	Romania	Sale to Bank of a minority stake
	Financial	Russia	Debt restructuring advisory
1998	Financial	Romania	Sale to strategic Investor
	Financial	Romania	Privatisation Advisory
	Financial	Russia	Capital Markets Strategy and M&A Advisory
	Financial	Latvia	Privatisation through an IPO
1997	Financial	Poland	Sale to strategic Investor
	Financial	Poland	Convertible Bond
	Financial	Poland	Capital Increase Advisory
1995	Financial	Poland	Privatisation through an IPO
	Financial	Russia	Capital Markets Strategy and M&A
	Financial	Poland	Privatisation through an IPO

League Table Rankings (based on amount)

League Tables in Japan	2005	2006	2007
IPO Bookrunner	1	1	2
Equity Follow-on Bookrunner	2	3	2
Yen bonds (Domestic + Overseas)	2	1	3
Samurai Bond: Total Undertaking (Excluding Self-led Issues)	3	1	3

Source : Thomson Deal Watch

Notification Items Regarding Advertising etc.

Inspected for Advertising,
etc. Content

Notification items pursuant to Article 37 of the Financial Instruments and Exchange Law

If you decide to enter into a business arrangement with our company based on the information described in materials presented along with this cover letter, we ask you to pay close attention to the following items.

- In addition to the purchase price of a financial instrument, our company will collect a trading commission* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction.

In some cases, our company also may charge a maximum of ¥ 2 million (including tax) per year as a standing proxy fee for our deposit of your securities, if you are a non-resident.

- For derivative and margin transactions etc., our company may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements.

- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.

- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by our company.

- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

* The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with our company.

Corporate Name: Daiwa Securities SMBC Co. Ltd.

Financial instruments firm: chief of Kanto Local Finance Bureau (Kin-sho) No.109

Memberships: Japan Securities Dealers Association

Financial Futures Association of Japan

Indication Items Regarding Advertising etc.

Indication items pursuant to Article 37 of the Financial Instruments and Exchange Law

If you decide to enter into an underwriting contract with our company based on the information described in materials presented along with this document, we ask you to pay close attention to the following items.

Fees on Underwriting Contract

- When you enter into an underwriting contract, depending on the securities included in the contract between our company and you, you may be required to pay underwriting fees to our company. This document cannot be relied upon to determine the final amount of payable fees. The fees will be agreed and specified in the contract between our company and yourselves, based, among other factors, on the market situation and the securities included in the contract. As reference, however, we have outlined below the underwriting fees applicable to stocks and corporate bonds. Please confirm with our company for details upon transaction.
 - When underwriting stocks, you don't need to pay underwriting fees. However, we will retain the difference between the offering price (sales price per share to the investor subscribing to the offering) and the underwriting price (payment per share to the issuer or an owner of the security relating to the secondary offering).
 - When underwriting corporate bonds, you should pay underwriting fees as agreed on the contract between our company and you. The underwriting fees cannot be preliminarily described in this document, because they may vary depending on specific circumstances, market situations and the securities .

Risks Involved Upon Signing of Underwriting Contract

- While there may be differences depending on the securities included in the contract, the Public offering or private placement of a security may be postponed or cancelled due to the fluctuations of the stock market, interest-rate levels, exchange rates, the real estate market, the commodity market as well as changes in the issuer's financial situation. As a result, you may not able to raise funds.
- While there may be differences depending on the securities included in the contract, the secondary offering of a security may be postponed or cancelled due to the fluctuations of the stock market, interest-rate levels, exchange rates, the real estate market, the commodity market as well as changes in the issuer's financial situation. As a result, you may not able to raise funds or may possibly suffer a loss depending on exceeding the amount of the collateral or margin requirements.

Accounting and Tax Treatments upon Signing of Underwriting Contract

- Please check carefully with tax and accountancy experts such as certified public accountants the accounting and tax treatments regarding a public offering, secondary offering, or private placement of a security in advance.

When considering whether to enter into an underwriting contract or not, please carefully read all the documents and assume full responsibility for your own decision regarding the signing of the contract with our company.

Corporate Name: Daiwa Securities SMBC Co. Ltd.
 Financial instruments firm: chief of Kanto Local Finance Bureau (Kinsho) No.109
 Memberships : Japan Securities Dealers Association
 Financial Futures Association of Japan