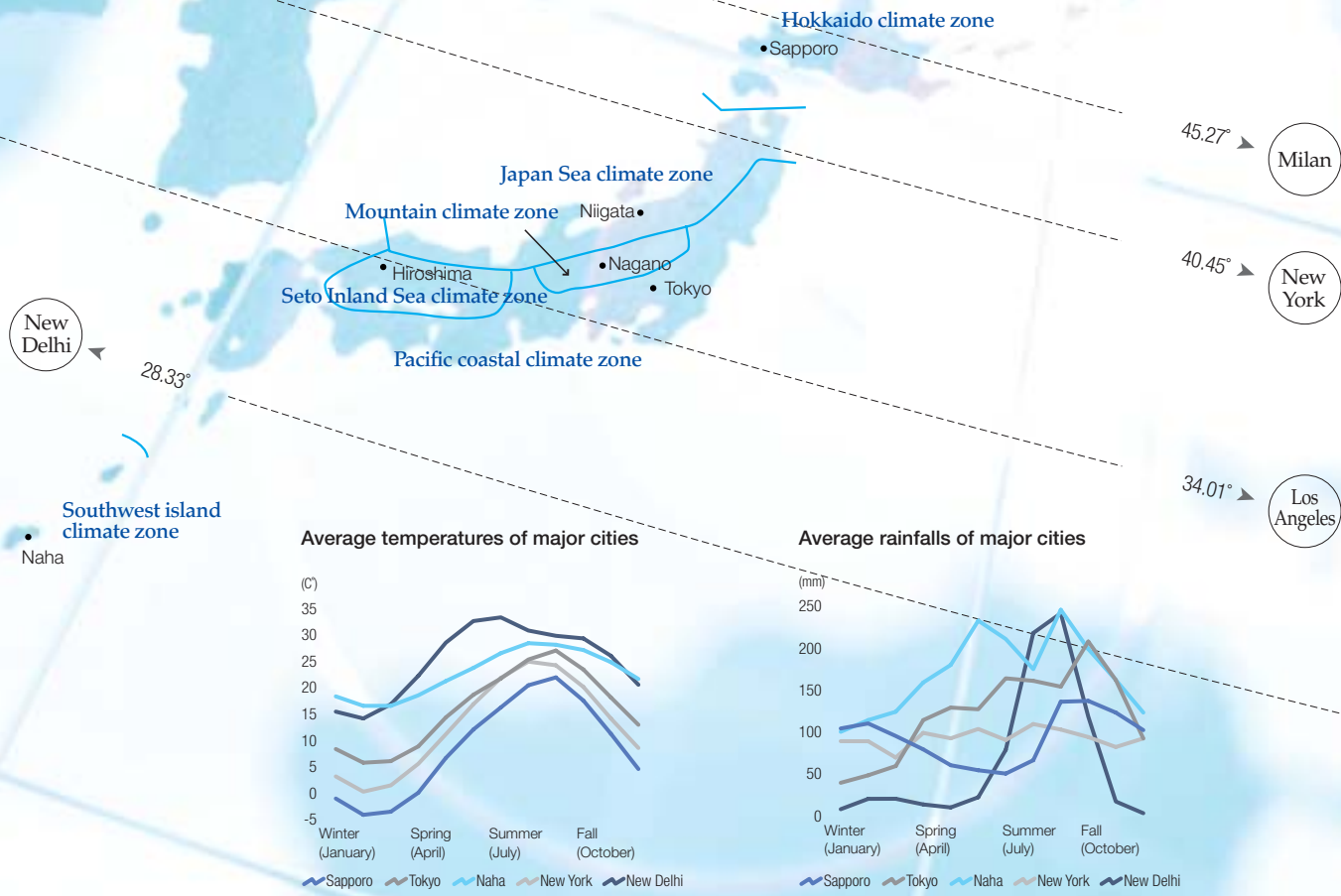


Research and Development



Living in Land of Climate Disparity and Frequent Earthquakes

Japan is an archipelago with an arc-like shape and a landmass of approximately 380,000 km². Its islands extend off the eastern coast of the Eurasian continent. With 4 main islands and about 7,000 small islands, Japan runs for about 3,000 km north to south. It has a mild oceanic climate and clearly demarcated seasons, with a comparatively heavy rainfall. Climate in Japan does, however, vary significantly, between north and south and between inland and coastal regions. Unlike most other countries, Japan features three climate zones cool, warm and subtropical within its territory, and has areas subject to heavy rain and areas that receive heavy snow. East Asia is frequently subject to typhoons, an average of 27 per year, 40% of which approach Japan. From time to time, these typhoons cause enormous damage. Located at the meeting place of four plates, Japan is also one of the most earthquake-prone countries in the world, with a highly active crust under its surrounding oceans and many active faults lying beneath its own surface.

Japan is richly blessed with the beautiful natural environment provided by its four seasons and a diversity of landscapes. But it can also be subject to the harsher side of nature. Indeed, nature expresses itself in many different ways in Japan.

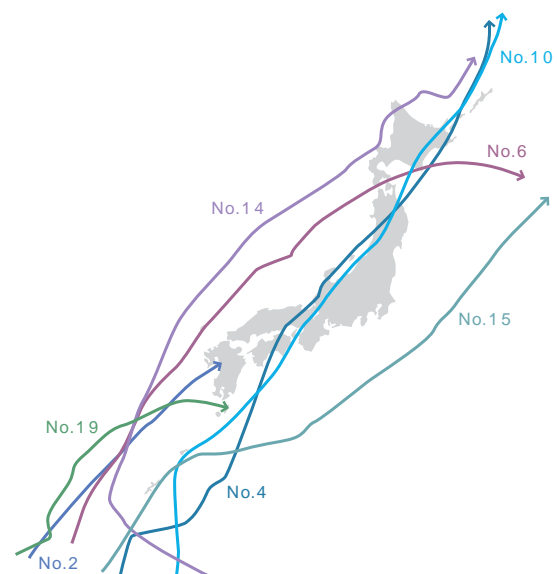


Major typhoons between 2001 and 2003

Year	Typhoon number	Month	Top wind speed (mph)	Regions affected	
2003	14	Sept.	165	Miyakojima Island (Okinawa)	Torrential rain, Storm-force winds
	10	Aug.	154	Whole country	Torrential rain, Storm-force winds
2002	21	Oct.	118	Tokyo area, Northern Japan	Storm-force winds
	6*	July	103	Boso peninsula	Torrential rain, Storm-force winds
2001	16	Sept.	113	Okinawa	Torrential rain
	15	Sept.	95	Tokyo area	Torrential rain
	11	Aug.	85	Kii Peninsula	Torrential rain

*Together with seasonal rain front

The paths of major typhoons in 2003



The Birth of Prefabricated Housing Able to Withstand Typhoons

Japanese people have been living in close harmony with nature since early times. We harvest the bounties of nature, often without stopping to think of the relationship that people have with the natural environment. Because of its geographical and climatic conditions, Japan is prone to natural disasters. Typhoons bringing with them heavy wind and rain hit Japan three times a year on average, and preparedness in this regard has been the most importance issue in Japanese housing.

Half a century ago, in a search for superior wind resistance, the founder of Daiwa House Industry was inspired by the hollow structure of plant stems. This marked the birth of the prefabricated housing industry and the first steps of our Company in the prefabricated industry. In the fifty years since then, we have been consistently focused on developing new technologies to protect human life from natural threats. That focus has translated into a broad array of excellent construction methods, from prefabricated housing to the traditional wooden frame house and the two-by-four method. Our R&D initiatives still adhere to the original thinking left to us by our founder: recognize and respect the potential of nature and protect the lives of people by developing new technologies that enable strong structure and outstanding performance.