



Daiwa Securities Group Mid-term Management Plan “Passion for the Best” 2014

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Daiwa Securities Group Inc.

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Our Group Management Vision

Management Vision

To become Asia’s leading financial services firm possessing and leveraging a solid business platform in Japan

Basic Management Policy

Establish a robust business structure capable of securing profit even under stressful economic conditions

Achieve sustainable growth by linking Japan and growth of Asia

Based on the above aspirations, we have formulated a 3-year mid-term management plan that will begin in FY 2012

Outline of the Mid-term Management Plan

Establish a robust business structure immune to the external environment and aspire to achieve sound growth based on a new growth strategy

Milestones

FY 2012
Turnaround

FY 2013
Growth

FY 2014
Expansion

Basic Policy I: Return to profitability by pursuing management efficiencies

(Focus of execution in the first fiscal year)

- Steadily implement the plan to reduce SG&A
- Realize greater organizational efficiencies by shifting staff from the middle and back offices to the front office

Basic Policy II: Achieve client based high-quality earnings growth

- Drastically expand our client base in Japan by investing management resources in the retail and asset management businesses
 - Realize stable earnings growth by increasing investment trusts and deposit balances-
- Strengthen earning capacity centered around the launch of the new Daiwa Securities
 - Step up approaches to high net worth individuals and the middle market
- Rebuild our wholesale business
 - Re-strengthen the brokerage business and build an efficient global network-

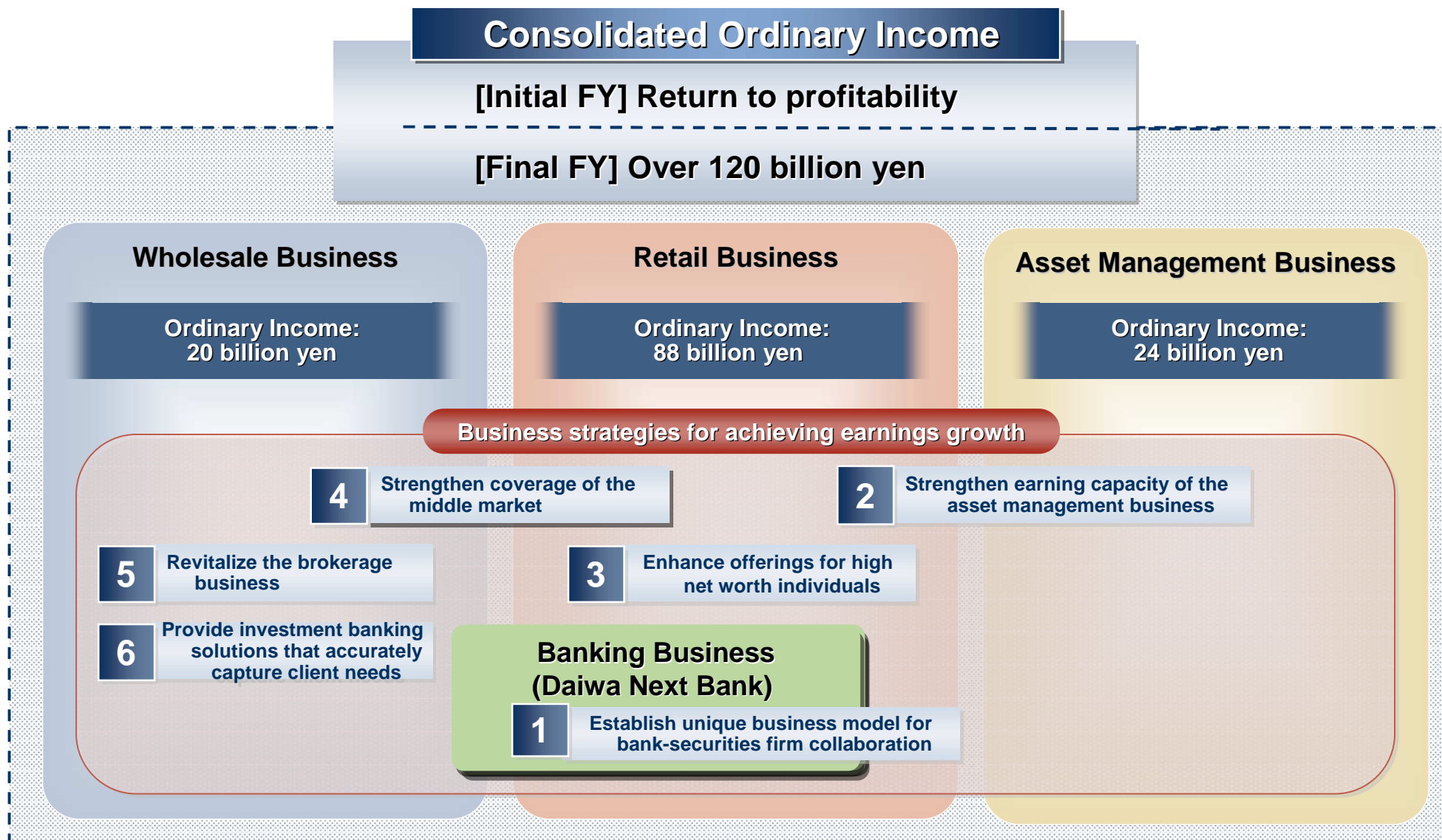
Group Management Targets

1 Consolidated Ordinary Income [Initial FY] Return to Profitability
[Final FY] Over 120 billion yen

2 Fixed Cost Coverage Ratio* [Final FY] Over 50%

*Fixed Cost Coverage Ratio: Stable Earnings ÷ Fixed Costs

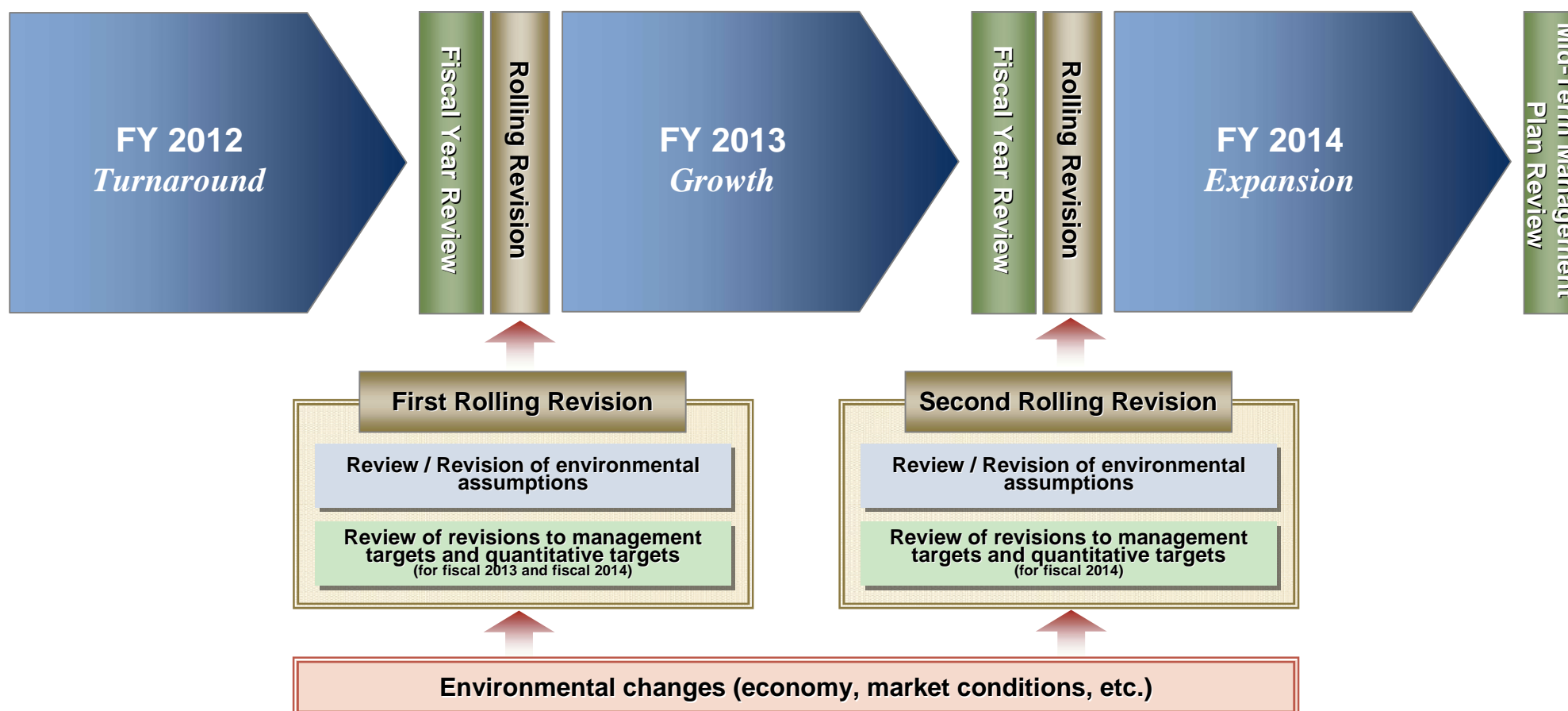
Group Management Targets (Consolidated Ordinary Income)



Mid-Term Management Plan Implementation Approach

- Every fiscal year an annual review as well as revision will be made to the mid-term management plan based on environmental assumptions for subsequent fiscal years.
 - ✓ In conjunction with revisions to environmental assumptions, revisions to management targets and quantitative targets will also be examined.
 - ✓ The mid-term management plan will span a three-year period, and the basic policy, business strategy and other core components will be maintained for the entire period.

The basic policy, business strategy and other core components of the mid-term management plan will be maintained during the entire three-year period



Business Strategies for Achieving Earnings Growth

Expected medium-term business opportunities

Shift in individual financial assets

- Japanese investors have conservative portfolios where individual financial assets are heavily cash weighted.
- Potential for a major shift from saving to investment
- Major generational shift in assets will occur from inheritances.
- Growing demand for wealth management services (for high net worth individuals), including asset management and business succession, etc.

Bottoming out of the financial and capital markets

- Although tightened regulations on financial institutions will have a negative impact on the financial and capital markets, the European sovereign debt crisis will subside, while the US and Asia should help drive the global economy toward recovery
- Japan's financial and capital markets should see a full-scale recovery and a return of investors on the back of demand from earthquake reconstruction projects and the anticipated recovery in the global economy.

Asia will continue to hold an advantage

- Although affected by the European sovereign debt crisis, Asia's relative advantages remain intact.
- Capital from around the world will once again pour into high-growth potential financial and capital markets in Asia.
- Greater business opportunities with companies that have a presence in Asia.

Business strategies for achieving earnings growth

Investment of management resources in the retail and asset management businesses

- Establish a unique business model with synergies between securities and banking services that will enable a seamless response to the shift from saving to investment.
- Capture opportunities capitalizing on Japan's vast deposits market valued at more than 800 trillion yen.
- Continue to focus on equity investment trusts with an eye on the potential for a full-scale market recovery.
- In addition to Daiwa Securities' sales channels, concentrate the investment of management resources in capturing a dominant share of OTC services.

Rebuild the wholesale business

- Maintain and expand our tetrapolar global network focused on Japan and Asia through a more streamlined overseas branch network.
- Realize medium-term growth by financially supporting corporate Japan's expansion into Asia.
- Return to a more client-centric business model (improve quality as a broker and enhance competencies as an advisor).

Strengthen earnings capacity centered around the launch of the “new” Daiwa Securities

- Drastically improve our ability to provide solutions to high net worth individuals and middle market corporations through collaboration across our seamless global network as well as our capacity to provide solutions and products.

FY2012 Daiwa Securities Group Management Policy

“Passion for the Best” 2014

The global stock markets, hanging low till the close of last year, are making signs of favorable turns while external conditions improve, such as growing expectations for economic recoveries in the US, receding concerns about the European Debt Crisis, and additional worldwide monetary easing. Moreover the domestic markets, with expectations for reconstruction demands and the Yen appreciation adjusting, enters a phase of revaluation of Japanese enterprises and their stock prices. This year, when against winds in business environments from the past year gradually shifting to a gentle fair wind, the “New” Daiwa Securities inaugurates services, and the Group meets its 110th anniversary.

Under such current state of affairs, we have set forth our three year Mid-Term Management Plan, “Passion for the Best” 2014. Within the plan, by pursuit of greater managerial efficiency to accomplish the return to profitability, and ensuring expansion of high-quality revenues with satisfying the precise needs of clients, we will establish a robust business structure over external business conditions. Furthermore, we seek our visions to become a leading financial services firm in Asia possessing and leveraging a solid business platform in Japan.

As the first step of the new Mid-Term Management Plan, in pursuit of greater managerial efficiency, and along side with fulfillment of action plans by each operating segment, we will accomplish the return to profitability in FY2012. Additionally, in order to meet the demands of financial regulations tightening worldwide, we will further enhance our risk management systems and thoroughly carry out operations based on capital efficiency.

Action Plans of Operating Segment

Retail Business

1. Establish a unique business model creating the synergy between securities and banking services
2. Strengthen wealth management businesses
3. Strengthen service coverage of the Middle Markets
4. Raise revenue level by improving earning capacity and productivity

Wholesale Business

1. Acquire IB deals by utilizing global network cored on Asia including Japan
2. Provide timely products to link firm client base and markets environments
3. Develop business focused on client trading flows with priorities in capital efficiency and based on appropriate risk management system

Investment Business

1. Maximize returns from the existing portfolio
2. Invest and raise funds in a timely and appropriate manner

Asset Management Business

1. Sophisticate investment style and research analysis
2. Improve product development functions and offer new attractive products
3. Enhance supports to distributors and provide information meeting client needs
4. Establish an efficient organization and enhance risk management system

IT / Think Tank Business

1. Enhance the Group's presence by further increasing values as a think tank
2. Create business opportunities by enhancing consulting services in Asia including Japan
3. Decrease system related administration and development costs by introducing in-house IT development and the Group's internal-cloud system