

July 27, 2015
Daiwa Securities Group Inc.

Press Release

This is an unofficial translation of a press release announced on July 27, 2015 by Daiwa Securities Group Inc.. The original press release is in Japanese.

Notice Regarding Making Daiwa Securities Co. Ltd. to a Wholly-owned Subsidiary of Daiwa Securities Group Inc. by Simplified Share Exchange

Daiwa Securities Group Inc. (“DSGI”) and Daiwa Securities Co. Ltd. (“DS”) entered into a share exchange agreement on July 27, 2015, in which DS will become a wholly-owned subsidiary of DSGI, and DSGI will become the parent company holding 100% of DS shares on October 1, 2015 (the “Share Exchange”).

The Share Exchange will be executed through a simplified share exchange procedure under the Companies Act, which does not require approval of the general shareholders' meeting of DSGI. Therefore, some items and contents are omitted in this press release.

1. Purpose of the Share Exchange

DSGI has decided to carry out the Share Exchange for the purpose of constructing a flexible and efficient group management structure.

2. Overview of the Share Exchange

(1) Schedule of the Share Exchange

Resolution by the board of directors of DS for signing the share exchange agreement	: July 21, 2015
Resolution by the Executive Management Committee of DSGI for signing the share exchange agreement	: July 27, 2015
Execution of the share exchange agreement	: July 27, 2015
Effective date of the Share Exchange	: October 1, 2015

(*1) The board of directors of DSGI has authorized the Executive Management Committee to execute a simplified share exchange agreement under the provisions of Article 416, paragraph 4 of the Companies Act.

(*2) DSGI will carry out the Share Exchange through a simplified share exchange procedure (kan'i kabushiki-koukan) under the provisions of Article 796, paragraph 2 of the Companies Act without obtaining approval of the general shareholders' meeting of DSGI.

(*3) DS will carry out the Share Exchange through a short-form share exchange procedure (ryakushiki kabushiki-koukan) under the provisions of Article 784, paragraph 1 of the Companies Act without obtaining approval of the general shareholders' meeting of DS.

(2) Method of the Share Exchange

Through the Share Exchange, DSGI will become the parent company owning 100% of DS shares, and DS will become the wholly-owned subsidiary of DSGI.

(3) Allotment of Shares and Other Properties of the Share Exchange

DSGI will deliver 1,112 shares of DSGI common stock to the shareholders of DS (excluding DSGI) for each DS share.

Company name	DSGI (100% Parent Company)	DS (Wholly-owned Subsidiary)
Share exchange ratio	1	1,112 (*1)
Number of shares of DSGI to be delivered in the Share Exchange	Common stock: 143,448 (*2)(*3)	

(*1) DSGI will deliver 1,112 shares of DSGI common stock to the shareholders of DS for each DS share. However, the 810,071 DS shares held by DSGI will not be exchanged for shares of DSGI common stock in connection with the Share Exchange. This share exchange ratio may be reviewed by discussion between DSGI and DS.

(*2) Upon the Share Exchange, DSGI will deliver 1,112 shares of DSGI common stock for each DS share to the shareholders of DS (excluding DSGI) who are stated or recorded in DS's shareholder registry at the time immediately before the Share Exchange takes effect. The total number of DSGI shares to be delivered in the Share Exchange is 143,448.

(*3) DSGI will use its treasury stocks as the shares delivered in the Share Exchange and will not issue new shares in connection with the Share Exchange.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights of wholly-owned subsidiary

There are no relevant matters.

3. Grounds for the details of Share Exchange Ratio

Based on the calculation results by Duff & Phelps K.K., a third-party calculation institution that is independent from DSGI and DS, DSGI and DS have agreed to use the share exchange ratio set forth above in 2(3), which is the median of the range of the share exchange ratio calculated by Duff & Phelps K.K..

4. Overview of parties to the Share Exchange

	DSGI (100% Parent Company)	DS (Wholly-owned Subsidiary)
(1) Company Name	Daiwa Securities Group Inc.	Daiwa Securities Co. Ltd.
(2) Businesses	Holds, manages and controls shares of companies engaged in businesses including the financial instruments and exchange business	Securities related businesses, investment advisory and agency businesses
(3) Date Established	December 27, 1943	August 21, 1992
(4) Head Office	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-6751, Japan	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-6752, Japan

(5) Representative	Takashi Hibino, President and CEO	Takashi Hibino, President
(6) Capital	247,397 million yen (as of March 31, 2015)	100,000 million yen (as of March 31, 2015)
(7) Number of Shares Issued and Outstanding	1,749,378,772 shares (as of March 31, 2015)	810,200 shares (as of March 31, 2015)
(8) Fiscal Year End	March 31	March 31
(9) Number of Employees	13,466 (consolidated base, as of March 31, 2015)	8,257 (as of March 31, 2015)
(10) Major Shareholders and Shareholding Ratio	<p>STATE STREET BANK AND TRUST COMPANY 505223 (9.66%), Japan Trustee Services Bank, Ltd. Trust Account (3.57%), The Master Trust Bank of Japan, Ltd. Trust Account (3.26%), Sumitomo Mitsui Banking Corporation (1.76%), THE BANK OF NEW YORK MELLON SA/NV 10 (1.68%), Japan Trustee Services Bank, Ltd. Sumitomo Mitsui Trust Pension Account (1.45%), STATE STREET BANK WEST CLIENT - TREATY 505234 (1.25%), Taiyo Life Insurance Company (1.23%), Nippon Life Insurance Company (1.21%), Japan Trustee Services Bank, Ltd. Trust Account1 (1.12%)</p> <p>(* we calculate shareholding ratio by excluding treasury stocks)</p>	<p>Daiwa Securities Group Inc. (99.98%) Hinode Securities Co., Ltd. (0.02%)</p>
(11) Financials	<p>FY 2014 As of March 31, 2015 (consolidated)</p>	<p>FY 2014 As of March 31, 2015</p>
Net Assets	1,434,680 million yen	700,728 million yen
Total Assets	23,001,585 million yen	12,068,012 million yen
Net Assets per shares	725.27 yen	864,883.09 yen
Revenues	659,396 million yen	386,659 million yen

Net Revenues	532,220 million yen	366,592 million yen
Operating Income	170,839 million yen	136,590 million yen
Ordinary Income	184,578 million yen	138,687 million yen
Net Income	148,490 million yen	127,032 million yen
Net Income per shares	87.07 yen	156,791.37 yen

5. Status after the Share Exchange

There are no changes to company name, location of head office, representative, business, capital and fiscal year end of DSGI after the Share Exchange.

6. Forecast

Since DS is already a consolidated subsidiary of DSGI, the impact of the Share Exchange on DSGI's consolidated performance is expected to be small.

(End of the document)