

July 29th, 2011

Regarding Internal Reorganization

On behalf of Daiwa Securities Group, I would like to inform that we have reached a determination on July 29th 2011 to integrate our two core subsidiaries, Daiwa Securities Co. Ltd. (hereinafter Daiwa Securities) and Daiwa Securities Capital Markets Co. Ltd. (hereinafter Daiwa Capital Markets).

Since the corporate separation of the Retail Division (as current Daiwa Securities) and the Wholesale Division (as current Daiwa Capital Markets) in 1999, both divisions have pursued improvements in expertise and well established a top tier position among each of their paths, providing high-quality services to our clients.

After more than a decade, client needs have undergone high diversification, while the ever-changing financial markets have become intricate than ever before. Upon such times, we have decided to consolidate the cultivated expertise of Retail and Wholesale Divisions, onward to raise service standards by means of synthetic competence.

The current business surroundings are far from reassuring, with the occurrence of the devastating earthquake of East Japan and the global markets under insecure conditions caused by European debt crisis, we will furthermore optimize operations by merging the two core subsidiaries, and set out to accomplish the “Establishment of a robust business structure.”

We have also decided to transfer overseas subsidiaries of Daiwa Capital Markets to directly under the holdings company, Daiwa Securities Group Inc.

Viewing our global passage to “Asia’s Leading Financial Services Firm,” our international operations have expanded dramatically to a scale larger than ever from the recent investments in Asian regions. Through the transition of overseas subsidiaries of Daiwa Capital Markets to jurisdiction of the Group’s holdings company, we will administrate international operations more directly to create group wide, moreover a global corporate governance structure.

A new chapter opens for Daiwa Securities Group. Under unity with the newborn “Daiwa Securities” as central core, we will continue our endeavors toward providing maximum added values to clients.

I sincerely hope your continued support.

Takashi Hibino
President and CEO
Daiwa Securities Group Inc.