

December 21, 2011

Press Release

Daiwa Securities Group Inc.

Attention

This is an unofficial translation of an excerpt of the press release issued on December 21, 2011 by Daiwa Securities Group Inc. The original press release is in Japanese.

Notice Regarding Progress in Internal Reorganization

Daiwa Securities Group Inc. (hereinafter “Company”) has approved the conclusion of the final Memorandum of Understanding among Daiwa Securities Capital Markets Co. Ltd.(hereinafter “DCM”), Daiwa International Holdings Inc.(hereinafter “DIH”), and the Company, at the Board of Director’s Meeting held today.

The memorandum defines that all ordinary shares of Daiwa Capital Markets Europe Limited, Daiwa Capital Markets Asia Holding B.V., and Daiwa Capital Markets America Holdings Inc. (hereinafter collectively called “Subsidiaries”) held by DCM to be transferred to DIH.

The Company has also approved Daiwa Securities Co. Ltd.(hereinafter “Daiwa Securities”) to be the surviving company after the merger with DCM at the Company’s Executive Committee held on November 30, 2011.

I. Transfer of Shares of Subsidiaries

1. The Main Content of the Final Memorandum of Understanding:

DCM will transfer all ordinary shares of the Subsidiaries currently held by DCM to DIH on January 1, 2012.

2. Purpose of Transfer:

The transfer will allow the Company, positioned as a group-wide business administrator, to directly manage international operations, intensifying the Group’s global corporate governance structure.

3. Overview of the Subsidiaries:

(As of the end of September, unconsolidated basis)

Name	Daiwa Capital Markets Europe Limited
Business Description	Securities-related business
Shareholder & Ownership ratio	Daiwa Securities Capital Markets Co. Ltd. 100%
Outstanding Shares	882,121,063 shares
Share Capital (thousands)	GBP 882,121
Net Assets (thousands)	GBP 895,752
Total Assets (thousands)	GBP 19,768,291

Name	Daiwa Capital Markets Asia Holding B.V.
Business Description	Management & integration of its subsidiaries
Shareholder & Ownership ratio	Daiwa Securities Capital Markets Co. Ltd. 100%
Outstanding Shares	562,830,132 shares
Share Capital (thousands)	EUR 562,830
Net Assets (thousands)	EUR 561,311
Total Assets (thousands)	EUR 770,546

Name	Daiwa Capital Markets America Holdings Inc.
Business Description	Holding company having a SEC registered US securities company as a subsidiary
Shareholder & Ownership ratio	Daiwa Securities Capital Markets Co. Ltd. 100%
Outstanding Shares	23,860 shares
Share Capital (thousands)	USD 596,500
Net Assets (thousands)	USD 857,997
Total Assets (thousands)	USD 1,376,375

#### 4. Value of Transfer:

The fair value equivalent to the amount of the net assets of the Subsidiaries as of December 31, 2011, which will be converted to Japanese Yen based on the exchange rate as of December 30, 2011.

※The transfer would be implemented on the condition that the Subsidiaries would have obtained approvals from the local authorities and completed required registrations and filings, or expected to be completed.

## II. Surviving Company of Merger between Daiwa Securities and DCM

- Surviving company of merger  
Daiwa Securities Co. Ltd.

(Reference)

- Name of company after merger  
Daiwa Securities Co. Ltd. (Unchanged)
- Date of merger  
April 1, 2012

End