

February 20, 2012

Press Release

Daiwa Securities Group Inc.

Attention

This is an unofficial translation of an excerpt of the press release issued on February 20, 2012 by Daiwa Securities Group Inc. The original press release is in Japanese.

Daiwa Securities Co. Ltd. and Daiwa Securities Capital Markets Co. Ltd.
entering into a Merger Agreement

Daiwa Securities Group Inc. (hereinafter the “Company”) has announced Daiwa Securities Co. Ltd. (hereinafter “Daiwa Securities”) and Daiwa Securities Capital Markets Co. Ltd. (hereinafter “Daiwa Capital Markets”; together with Daiwa Securities, the “Subsidiaries”) have entered into a Merger Agreement that the Subsidiaries will conduct a merger on April 1, 2012 (hereinafter the “Merger”).

1. Objective and Context of the Merger

- Daiwa Securities Group has set forth “Establishment of a Robust Business Structure” as its management policy, concentrating on drastic improvements in profit generation and has implemented various measures.
- The integration of Daiwa Securities and Daiwa Capital Markets will vastly elevate the reliability of the accomplishment of this management policy, by means of further streamlining administration operations and strengthening its ability to meet the highly diversifying client needs.

2. Outline of Merger

▪ Schedule of Merger:

Execution Date of the Merger Agreement	February 20, 2012
Effective Date of Merger	April 1, 2012

▪ The Merger Method:

Absorption-type merger with Daiwa Securities as the surviving company and Daiwa Capital Markets will be dissolved.

▪ Share Allocation in Merger:

	Daiwa Securities (Surviving company)	Daiwa Capital Markets (Dissolving company)
Merger Ratio (common stock)	1	129

- Handling of Common Stock Acquisition Rights and Bonds with Common Stock Acquisition Rights:

Not applicable.

3. Basis for Calculating Merger Ratio

Daiwa Securities and Daiwa Capital Markets have set the merger ratio above, comprehensively considering recent financial results of the Subsidiaries and events that are reasonably foreseeable up to effective date of the Merger, including the disposal of the Subsidiaries' material property, the share of significant liabilities and those which significantly affect financial status of the Subsidiaries.

4. Post Merger Status

Corporate name	Daiwa Securities Co. Ltd.
Head office	9-1, Marunouchi 1-chome, Chiyoda-ku
President	Takashi Hibino
Paid-in Capital	Y 100.0 bil
Net assts	TBD
Total assets	TBD
Accounting Period	March 31
Main business	Financial instruments business

5. Corporate Profile of Merging Companies

Corporate Name	Daiwa Securities Co. Ltd.	Daiwa Securities Capital Markets Co. Ltd.
Head Office	9-1, Marunouchi 1-chome, Chiyoda-ku	9-1, Marunouchi 1-chome, Chiyoda-ku
President	Takashi Hibino	Takashi Hibino
Paid-in Capital	Y 100.0 bil	Y 255.7 bil
Net Operating Revenues	Y 177.7 bil	Y 116.3 bil
Ownership Ratio	Daiwa Securities Group 100%	Daiwa Securities Group 100%
Branch Network	120 (including head office)	Tokyo (headquarters), Osaka, Nagoya, and overseas

As of January 1, 2012 (Net operating revenues = results of FY2010)

6. Forecast

Daiwa Securities and Daiwa Capital Markets are consolidated subsidiaries of the Company, and thus the Merger will have no material impact on the consolidated performance.

End