

September 26, 2011

Daiwa Securities Capital Markets Co. Ltd.
Daiwa PI Partners Co. Ltd.
Aozora Bank, Ltd.

Daiwa Securities Group and Aozora Bank Announce M&A Finance Business Alliance and Establishment of Joint-venture Company

Daiwa Securities Capital Markets Co. Ltd. (President and CEO: Takashi Hibino; Head Office: Chiyoda-ku, Tokyo) (“Daiwa Securities CM”) and Daiwa PI Partners Co. Ltd. (President: Hideki Araki; Head Office: Chiyoda-ku, Tokyo) (“Daiwa PIP”), consolidated subsidiaries of Daiwa Securities Group Inc. and Aozora Bank, Ltd. (President and CEO: Brian F. Prince, Head Office: Tokyo, Chiyoda-ku) (“Aozora Bank”) today announced an M&A finance business alliance and an agreement to establish a joint-venture company.

1. Purpose of the Alliance

The joint-venture company has been established to provide M&A finance for an anticipated increase in the number of management buyout-related (MBO) transactions going forward. This new company brings together Daiwa Securities CM’s corporate client relationship and its experience and track record as a top-class domestic financial advisor, Daiwa PIP’s expertise in private equity investments, mezzanine finance and fund management, and Aozora’s high-level of expertise in leveraged buyout finance (LBO).

Through the partnership, clients of Daiwa Securities CM will not only be provided with existing M&A solutions such as debt and equity finance and its services as a tender offer (TOB) agent, but also with one-stop funding solutions such as bridge loans and mezzanine finance as part of the joint venture company, taking advantage of the high level of expertise in LBO finance provided by Aozora Bank. This will allow the Daiwa Securities Group and Aozora Bank to provide wide-ranging and high value-added services for M&A transactions that require a swift response and expertise.

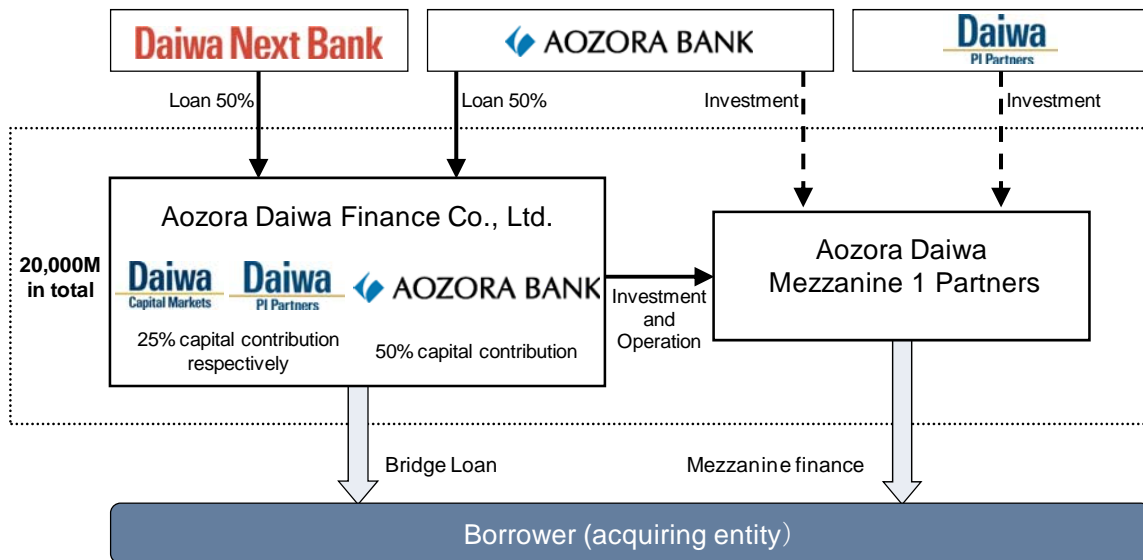
2. Overview of the Partnership

The joint-venture company is scheduled to be established in October 2011 and discussions are progressing with a view to commencing operations around December. Bridge loans to be provided by the joint venture company will be financed by Daiwa Next Bank Ltd. and Aozora Bank. Mezzanine finance will be provided through a fund that will be formed with the joint venture company as the operating partner and Daiwa PIP and Aozora Bank as ordinary partners. The scale of the financing scheme, comprising bridge loans and investment in mezzanine finance, will be approximately 20 billion yen for the time being.

Joint-venture Company Overview

Company name: Aozora Daiwa Finance Co., Ltd.
 Address: 1-9-1 Marunouchi, Chiyoda-ku, Tokyo
 Date of establishment: October 2011
 Total capital: 50 million yen
 Capital contribution: Daiwa Securities CM 25%; Daiwa PIP 25%;
 Aozora Bank 50%
 Management composition: 2 representative directors - 1 from both Daiwa
 Securities CM and Aozora Bank
 2 directors - 1 from both Daiwa PIP and Aozora Bank

Financing Scheme Overview



3. Others

Today's announcement represents the beginning of ongoing consideration between Daiwa Securities CM and Aozora Bank on the expansion of their business partnership. Specifically, Daiwa Securities CM and Aozora Bank are exploring the possibility of joint financial advisory business, mainly in Asia.

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