

Announcement Regarding Issuance of New Shares by Third-party Allotment

Mitsubishi UFJ Morgan Stanley Securities Co. Ltd., (“MUMSS”) announces that it has resolved to issue new shares by third-party allotment at the meeting of the Boards of Directors held on April 21, 2011.

1. Outline of Offer of Shares issued by Third-Party allotment

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| (1) Number of shares to be newly issued           | 15,000 shares  |
| (2) Offer method                                  | Third-party allotment                                    |
| (3) Allotted party                                | Mitsubishi UFJ Securities Holdings Co., Ltd. 100%        |
| (4) Offer price                                   | ¥2,000,000 per share                                     |
| (5) Total amount issued                           | ¥30 billion  |
| (6) Total amount capitalized and capital reserves | Capital stock ¥15 billion<br>Capital surplus ¥15 billion |
| (7) Payment date                                  | April 22, 2011   |

2. Reason for capital increase

In a volatile market environment, MUMSS posted a loss in a part of its fixed-income position trading business. In view of the prevailing conditions in the market and recent performance, MUMSS therefore decided to downsize a part of its fixed-income position trading business to minimize its risk position. Due largely to this factor, MUMSS anticipates a net loss of ¥145 billion for the fiscal year ended March 2011 (4th Quarter: net loss of ¥126 billion).

To accommodate the above, MUMSS will issue new shares through a third-party allotment as a measure for improving and strengthening the capital base of MUMSS and restoring its capital adequacy ratio.

3. Future Outlook

As a result of the above capital increase, MUMSS’s capital adequacy ratio after the allotment is expected to be around 250%, which is at a sufficient level.

Given such circumstances, MUMSS will comprehensively implement a “client transaction-centered business model” through a drastic review of its Global Markets business operating framework, and strengthen its risk management framework in light of advice from our advisor, Ernst & Young ShinNihon LLC, a member firm of the Ernst & Young Global Limited.

MUMSS will also strengthen its profitability by further strengthening business collaboration with Mitsubishi UFJ Financial Group (MUFG) and will comprehensively reduce its expenses.

Note: The above forward-looking net loss for the fiscal year ended March 2011 and capital adequacy ratio after the allotment is calculated on the basis of information available as of the date of this announcement. Therefore, actual results may differ from projections indicated in this announcement.