

Press Release



TOKAI TOKYO FINANCIAL HOLDINGS, INC.

6-2, NIHONBASHI 3-CHOME, CHUO-KU, TOKYO 103-0027 JAPAN

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(Securities Code 8616)

April 5, 2017

Re: The result of tender offer for the shares etc. of Takagi Securities Co., Ltd. (Securities Code: 8625) and the subsequent change in the composition of our special subsidiary company in the context of the Cabinet Office Ordinance

We, Tokai Tokyo Financial Holdings, Inc., (hereafter “Offeror” or “the Company”) are pleased to inform you of the following development concerning the captioned subject;

We, adopted the resolution at the Board of Directors Meeting held on February 20, 2017 to acquire the shares etc. of Takagi Securities Co., Ltd. that are listed on the Second Section of Tokyo Stock Exchange Group, Inc. (hereafter “Tokyo Stock Exchange”), bearing the Securities Code 8625 (hereafter “Tokyo Stock Exchange”) through Tender Offer (hereafter “the Tender Offer”), and subsequently, beginning February 21, 2017, we have had effected purchase under the Tender Offer. Then, we terminated the purchase on April 4, 2017.

Also, please be informed that the Target, as a result of the purchase under the Tender Offer, is slated to become our consolidated subsidiary effective April 11, 2017 (the beginning date of the purchase settlement associated with the Tender Offer), and consequently our specified subsidiary as well.

Now, we hereby advise you of the end result of the Tender Offer as you find in the following.

I. The Tender Offer Result

1. The Outline

(1) The Offeror’s Name and Location

Tokai Tokyo Financial Holdings, Inc., 6-2 3-Chome Nihonbashi, Chuo-Ku, Tokyo Japan

(2) The Name of the Target

Takagi Securities Co., Ltd.

(3) Category of the stocks to be purchased under the Tender Offer

① Common Stock (hereafter “the Target Stock”)

② New-share Subscription Right

The First Series of The New-share Subscription Right issued in accordance with the resolution adopted at the Target’s Board of Directors Meeting held on June 25, 2014.

(4) Number of the stocks etc. to be purchased

Number of the stocks to be purchased	Lower limit to be purchased	Higher limit to be purchased
58,820,751	23,318,090	—

- (Note 1) If the number of stocks actually subscribed for does not reach the lower limit, which is 23,318,090, we do not execute purchase at all, and if it does, we will purchase all such subscribed stocks.
- (Note 2) We will not purchase any treasury stock held by the Target under the Tender Offer.
- (Note 3) We will purchase the Target stock which is in the format of fractional unit share, too.
- (Note 4) We described the prospective number of stocks to be purchased by performing the following calculation. Subtract the number, 1,155,649 that represents the number of the treasury stocks the Target owned as of the same date, from 59,764,400, that represents the full number of outstanding share of the Target as of December 31, 2016, as described in the Target's 3rd quarter financial reporting for the 101st fiscal year, and then we got 58,608,751. Next, we add the number of stocks (212,000) that all the holders of New-share Subscription Rights on combined basis, which is 212, may qualify to receive. So, the prospective number of stocks to be purchased is 58,820,751.
- (Note 5) Some of the New-share Subscription Rights may be exercised by the end of the purchase period set under the Tender Offer and in this case, we will treat such Target's stock equally as those to be purchased under the Tender Offer.

(5) The period of purchase etc.

- ① At the time of submission of the report on the planned Tender Offer:
Tuesday, February 21, 2017 through Tuesday, April 4, 2017 (30 business days)
- ② The possibility of extension of the purchase period at the request of the Target
Not applicable

(6) Purchase price etc.

- ① ¥270 per share of common stock
- ② ¥269,000 per unit of the new-share subscription right

2. The Result of the Tender Offer

(1) Outcome of the Purchase under the Tender Offer

In launching the Tender Offer, we declared that we would not purchase even a stock from the Accepting Shareholders unless the total number of stocks available for purchase from such shareholders reaches the planned lower minimum of 23,318,090. The number in question, however, was 53,278,317 exceeded the lowest minimum we set. So, we will purchase the entire stocks offered for sale from accepting shareholders in accordance with our statements in the Public Notice of Beginning Tender Offer and The Official Report on the Tender Offer.

(2) Public Notification Date of the Tender Offer Outcome and the name of the newspaper posting the subject outcome

We publicly made an announcement toward news media about the outcome of the Tender Offer at the Tokyo Stock Exchange on April 5, 2017, and in doing such a news release, we adobe by the regulatory and legal requirements as you find below:

In accordance with the Article 27 Paragraph 13 Item 1 of the Financial Instruments and Exchange Act (The law No. 25 of 1948 and all the subsequently made revisions thereto included) and further the Article 9-4 of the Enforcement Order under the Financial Instruments and Exchange Act, and the Article 30-2 of the Cabinet Office Ordinance (Finance Ministry Ordinance No. 38 of 1990) that stipulates the matter concerning the disclosure associated with tender offer for stocks etc. that is to be effected by the party other than the issuer itself.

(3) The number of stocks etc. purchased under the Tender Offer

Category of Security	① Number of Acceptances Translated into the Number of Stocks	② The Number of Purchases Evaluated in terms of the Number of Stocks
Stock	53,066,317	53,066,317
New-share Subscription Right	212,000	212,000
Bond with New-share Subscription Right	—	—
Beneficiary Certificates of Share Certificates, etc.	—	—
Depository Receipt of Stocks etc.	—	—
Total	53,278,317	53,278,317
(Total Number of Shares Potentially to be Issued)	(212,000)	(212,000)

(4) The changes of the number of voting right attached to the stock held by the shareholders of each shareholder category resulting from the Tender Offer (before and after)

The number of voting rights attached to the stocks held by the Accepting Shareholders etc. before the Tender Offer	—	(Shareholding ratio before the Tender Offer — %)
The number of voting rights attached to the stocks held by the persons in special relationship before the Tender Offer	1,400	(Shareholding ratio before the Tender Offer 2.38 %)
The number of voting rights attached to the stocks held by the Accepting Shareholders etc. after the Tender Offer	53,278	(Shareholding ratio after the Tender Offer 90.58%)
The number of voting rights attached to the stocks held by the persons in special relationship after the Tender Offer	—	(Shareholding ratio after the Tender Offer — %)
The total number of voting rights attached to the stocks held by all the Target's shareholders	58,312	

(Note 1) Regarding the above described number of voting rights attached to the stocks held by the persons in special relationship before the Tender Offer, we put the total number of voting rights attached to the stocks held by the respective person in special relationship. Please note, however, that the persons in special relationship, in the context of the Financial Instruments and Exchange Act, who are excluded from the category of the persons in special relationship (hereafter “Small Holders”) as per Cabinet Office Ordinance 3-2 Paragraph (1) (that was originally promulgated as the Ministerial Ordinance of Ministry of Finance No. 38 of 1990 and revisions have been made thereafter) which refers to the disclosure of Tender Offer launched by non-issuer of the stock etc. in elaborating on the calculation of shareholding ratio. The stocks etc. here are those defined by Article 27-2 Paragraph 1 and each Subparagraph thereunder of the Financial Instruments and Exchange Act defines

(Note 2) Regarding the above described total number of voting rights attached to the stocks held by all the Target's shareholders as of December 31, 2016, we put the number of voting rights listed as the number of voting rights of all the shareholders as of December 31, 2016 on the Target's 3rd quarter financial report of the fiscal year ending in March 2017. However, in calculating the number of voting rights attached to the stocks we own after the Tender Offer, we did the following; Subtract the number of treasury stocks held by the Target as of December 31, 2016, which is described in the Target's 3rd quarter financial report for their 101st fiscal year,

(1,155,649) from total number of outstanding Target's stock as of December 31, 2016 as reported in the Target's 3rd quarter financial report (59,764,400) and we got the resulted number of the Target's stock, which is 58,608,751. Now, add to this the number of the Target Stocks (212,000) that the all the New-share Subscription Rights as of February 20, 2017 (212) represents. Now, we have new number of total target's stock, which is 58,820,751. So, the resulting total number of voting rights is 58,820 and we used the number, 58,820,751, as denominator to calculate the shareholding ratio after the Tender Offer.

(Note 3) With regard to both Shareholding ratio before the Tender Offer and Shareholding ratio after the Tender Offer, we calculated and put the numbers by rounding to two decimal points.

(5) The calculation method we used for the purchase of stocks on prorata basis.

Not Applicable

(6) Settlement Method

① Securities company that handles the settlement for the Tender Offer and its headquarters lo①
Securities company that handles the settlement for the Tender Offer and its headquarters location;

Tokai Tokyo Securities Co., Ltd.

4 Chome 7-1 Meieki, Nakamura Ku, Nagoya City, Aichi Prefecture, Japan

② Beginning date of the settlement

Tuesday April 11, 2017

③ Settlement Method

We will send without delay the notice of purchase under the Tender Offer to the addresses of responded shareholders to the Tender Offer or to that of his or her standing proxy if such shareholder is a foreigner. The purchase will be effected in cash. We will send from our Tender Offer agent, without delay after the beginning date of the settlement, the sales proceeds of the stocks sold to us to the bank account the accepting shareholder designate or to that of his or her standing proxy designates (if such shareholder is a foreigner).

3. The Post-Tender Offer Policy and the Scheduled Actions Hereafter

(1) The Post-Tender Offer Policy

We have not changed the subject policy from what we publicly addressed in "The Notice of Launching the Tender Offer for the Shares etc. of Takagi Securities Co., Ltd, (securities Code 8625) dated February 20, 2017".

(2) The Scheduled Actions Hereafter

Based on the outcome of the Tender Offer, we are scheduled to take a series of actions necessary to possess the Target as our wholly owned subsidiary company. The Target Shares are currently listed on the Second Section of Tokyo Stock Exchange. But, when the foregoing scheduled actions are approved at either the Target's Board of Directors Meeting or their Extraordinary Shareholders Meeting, the delisting trigger criteria become applicable to subject shares and so those shares will then get delisted after the set procedures are taken. We will publicize such procedures without delay as they are determined.

4. The venue where the copy The Tender Offer Report is made available for public viewing.

- Tokai Tokyo Financial Holdings, Inc.
6-2 Nihonbashi 3-Chome, Chuo-Ku, Tokyo, 103-0027, Japan

- Tokyo Stock Exchange, Inc.
2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo 103-8229, Japan

II. The Status Change of the Target

1. The Reason for the Change

The subject will become our wholly owned subsidiary company effective April 11, 2017 (the beginning date of the settlement associated with the Tender Offer) and it will subsequently become our Specified Subsidiary Company.

2. Profile of the Target

①	Company Name	Takagi Securities Co., Ltd.		
②	The Headquarters Location	1 Chome 3-1-400 Umeda, Kita Ku, Osaka City, Japan		
③	Name and Position of the Representative	Yasuo Yoshihara, President and Representative Director		
④	Business	Financial Instruments Business Operator		
⑤	Paid-in Capital	¥11,069 Million as of September 2016		
⑥	Date of Incorporation	November 21, 1918		
⑦	Large Shareholders and their ration of Shareholdings as of September 30, 2016	1.	Nomura Land and Building Co., Ltd.	28.56%
		2.	Nomura Research Institute, Ltd.	10.45%
		3.	The Master Trust Bank of Japan, Ltd. (Retirement Benefits Trust Ace Securities account)	2.34%
		4.	ASAHI FIRE & MARINE INSURANCE	1.18%
		5.	MSIP CLIENT SECURITIES (Standing Proxy Morgan Stanley MUFG Securities Co., Ltd.)	0.91%
		6.	Kozo Koike	0.88%
		7.	HEIWA REAL ESTATE CO., LTD.	0.87%
		8.	SBI SECURITIES Co., Ltd.	0.70%
		9.	THE BANK OF NEW YORK MELLON 140042 (Standing Proxy MIZUHO BANK, LTD)	0.67%
		10.	SUMITOMO LIFE INSURANCE COMPANY	0.61%
⑧	The Relation Between the Target and ourselves as listed company			
	Capital Relation	No capital relation exists between us and the Target to be noted.		
	Personnel Relation	No personnel relation exists between us and the Target to be noted.		
	Business Relation	Products such as Foreign Stocks, Foreign Bonds and Domestic Bonds, are supplied by Tokai Tokyo Securities Co., Ltd., our wholly owned subsidiary.		
	Whether or not classified as the related party	The Target is not classified as our related party		
⑨	The Target's Consolidated Business and Financial Performances over their Most Recent 3 Fiscal Years (in Million Yen unless otherwise noted)			
	Fiscal Year Ending in:	March 2014	March 2015	March 2016
	Net Asset	27,011	31,241	29,104
	Total Asset	43,813	45,860	42,904
	Per-share Net Asset	460.95Yen	533.20Yen	495.92Yen
	Operating Revenue	8,802	7,481	5,112
	Ordinary Income	2,007	645	△1,605
	Net Income	2,356	1,195	531
	Per-share Net Income	40.20Yen	20.40Yen	9.07Yen
	Dividend Per-share	9.00Yen	6.00Yen	4.50Yen

(Note) The above stated description is made identical to that of the 2nd quarter financial report of the 101st fiscal year, submitted on November 11, 2016 by the Target, with respect to the Large Shareholders and their ration of Shareholdings.

3. The number of stocks acquired by Tokai Tokyo Financial Holdings, Inc. and the total acquisition cost (and status of share possession before and after the Tender Offer)

The number of d to the stocks held by Tokai Tokyo Financial Holdings, Inc. before the Tender Offer	- Stocks: None - (Voting Right: None) - (Share of Voting Right: None)
The number of acquired stocks	- Common Stocks: 53,066,317 - Number of New-share Subscription Rights: 212 - (Number of Voting Rights: 53,278) - (Share of Voting Right: 90.58%)
Total Acquisition Cost	- 14,385 Million Yen for the purchase of both Common Stocks and New-share Subscription Rights
The number of voting rights attached to the stocks held by the persons in special relationship after the Tender Offer	- Common Stocks: 53,066,317 - Number of New-share Subscription Rights: 212 - (Number of Voting Rights: 53,278) - (Share of Voting Right: 90.58%)

(Note 1) Regarding the number of voting rights described above, it includes those attached to 212,000 common stocks that came with the acquired outstanding New-share Subscription Rights (212), added to what were attached to the number of common stocks purchased from the Accepting Shareholders etc. under the Tender Offer, which is 53,066,317.

(Note 2) In calculating the share of voting rights described above, we did the following; We first subtract the number of treasury stocks held by the Target as of December 31, 2016 (1,155,649), which is described in the Target's 3rd quarter financial report for their 101st fiscal year, from total number of outstanding Target stock as of December 31, 2016 (59,764,400) as reported in the Target's 3rd quarter financial report, and then we got 58,608,751. Now, add this to the number of the Target Stocks (212,000) that all the New-share Subscription Rights represent as of February 20, 2017 (212). Now, we have new number of total target's stock, which is 58,820,751. So, the resulting total number of voting rights corresponding to the total number of Target stock is 58,820 and we used this number as denominator to calculate the share of voting rights.

(Note 3) For the calculation of the share of voting right, we rounded off the result to two decimal points.

(Note 4) Total acquisition cost does not include the advisory fee and others.

4. Scheduled date of status change

April 11, 2017 (One day after the settlement date of the Tender Offer)

5. Estimated Impact on Our Performance Hereafter

About the possible impact from the Tender Offer, we are under the process of scrutiny and we will announce promptly if the fact that we must publicly disclose is found.

(end)