

Press Release



TOKAI TOKYO FINANCIAL HOLDINGS, INC.

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(TSE, NSE: 8616)

December 17, 2018

Commencement of Discussion about Merger between our Consolidated Subsidiaries (Tokai Tokyo Securities and Takagi Securities)

We, Tokai Tokyo Financial Holdings, Inc. (hereinafter "the Company"), hereby announce the commencement of the discussion about an absorption merger (hereinafter "the Merger") between our wholly owned subsidiaries, Tokai Tokyo Securities Co., Ltd. (hereinafter "Tokai Tokyo Securities") and Takagi Securities Co., Ltd. (hereinafter "Takagi Securities"), with Tokai Tokyo Securities as a surviving company as follows.

1. Background and purpose of the Merger

We made Takagi Securities a wholly owned subsidiary of the Company as of May 8, 2017 in order to improve corporate values of both Tokai Tokyo Securities and Takagi Securities utilizing management resources of both companies and implementing the following measures: (1) upgrade the management efficiency; (2) joint deployment of segment-specific marketing; (3) mutual use of the superior business resources each possesses; and (4) secondment of our personnel to Takagi Securities as its directors.

Although we have implemented the measures mentioned above, we are seeing intensified competition due to entries of securities companies from different industries and changes in the environment surrounding the securities industry including market trends. In order to further improve our customer service, and effectively pursue maintenance and improvement of our group's corporate value, we have decided to commence the discussion about the Merger.

2. Outline of the companies involved in the Merger (as of November 30, 2018)

	Surviving company	Absorbed company
(1) Company name	Tokai Tokyo Securities Co., Ltd.	Takagi Securities Co., Ltd.
(2) Headquarters location	4 Chome 7-1, Meieki, Nakamura-ku, Nagoya City, Aichi, Japan	1 Chome 3-1-400, Umeda, Kita-ku, Osaka City, Osaka, Japan
(3) President and Representative Director	Toshiyuki Hayakawa	Kouji Iida
(4) Business	Financial Instruments Business Operator	Financial Instruments Business Operator
(5) Paid-in capital	6,000 million yen	11,069 million yen
(6) Major shareholders/ownership ratio	Tokai Tokyo Financial Holdings, Inc. 100%	Tokai Tokyo Financial Holdings, Inc. 100%

3. Date of the Merger

During the first half of the fiscal year ending March 2020 (planned)

4. Other information

We will announce the details of the Merger once they are confirmed. We estimate that the impact of the Merger on our financial standing would be insignificant.

(end)

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