

29 January 2013
Daiwa Securities Group Inc.

Press Release

The following is a translation of a Japanese language press release issued by Daiwa Securities Group Inc. The translation is provided for reference purposes only. In case of discrepancy between the translation and the original Japanese press release, the Japanese version shall prevail.

Announcement Regarding the Launch of the Tender Offer for the shares in Retela Crea Securities Co., Ltd.

Tokyo, 29 January 2013 — At a meeting of executive officers of Daiwa Securities Group Inc. (Tokyo: 8601. “**Daiwa**” or the “**Acquiring Company**”) held on 29 January 2013, a resolution was passed to acquire common shares and stock options in Retela Crea Securities Co., Ltd. (“**Retela**” or the “**Target Company**”) through a tender offer (the “**Tender Offer**”).

1. Purpose of the Tender Offer

1.1. Overview of the Tender Offer

Daiwa is currently the second largest shareholder in Retela, owning 1,268,860 shares (according to the semiannual report submitted by Retela on 26 December 2012 (the “**Semiannual Report**”)) out of 14,622,533 shares outstanding on 30 September 2012, or 8.68 percent (rounded off to the nearest basis point). Also, Daiwa has developed a good relationship with Retela by the presence of two directors on Retela’s board who have been seconded from Daiwa.

With the objective of strengthening Daiwa’s capital ties with Retela, at a meeting of executive officers of Daiwa, held on 29 January 2013, Daiwa resolved to launch a Tender Offer for all of the outstanding Retela common shares (excluding those already owned by Daiwa and Retela’s treasury shares) and Stock Options (defined below in section 2.3.2). In order to give as many shareholders of Retela as possible the opportunity to sell their shares, Daiwa has not established an upper limit on the number of shares it is willing to purchase.

Moreover, the Tender Offer has no minimum tender condition so Daiwa will purchase all shares and stock options tendered. It is not the objective of the Tender Offer to make Retela a wholly-owned subsidiary of Daiwa.

According to a press release, which was disclosed on 29 January, 2013 by Retela regarding the Tender Offer (the “**Retela Press Release**”), in order for Retela to increase its corporate value and continue to grow in the face of a challenging business environment, the management of Retela considers it necessary to implement a strategy of strengthening ties and increasing integration with Daiwa. Additionally, the management of Retela considers it the best strategy for Retela that, after strengthening capital ties between the two companies, Daiwa is expected to support Retela by, among other ways, strengthening the provision of knowledge and products to Retela from Daiwa Group companies, and that Retela withdraws from the Internet brokerage business and concentrates management resources on its face-to-face brokerage business. Thus, the board of directors of Retela has expressed its support for the Tender Offer. In addition, while the board of directors of Retela considers the tender offer price to be reasonable in light of the valuation report obtained from Plutus Consulting (see section 1.3.2 for more information), the board would appreciate the continued support of shareholders who choose not to tender their shares, and has made it clear that whether or not to accept the Tender Offer entirely depends on the decision of each shareholder. Furthermore, with regard to the stock options, considering the fact that these options were awarded to directors, statutory auditors and employees of Retela, and the fact that Daiwa will be unable to exercise the stock options that it might purchase, no effort has been made to obtain an independent valuation or independent opinion with regard to the reasonability of the purchase price. Therefore, the board of directors made it clear that the decision to tender the stock options is left to the discretion of the holders. For the above reasons, the board of directors of Retela at its meeting today resolved to support the Tender Offer, leaving the decision to tender shares and stock options to the discretion of share and option holders.

Retela's articles of incorporation contain restrictions on the transfer of shares. Therefore, in accordance with Article 137, Paragraph 1 of the Companies Act (Act No. 86 of 2005, including subsequent amendments), Daiwa intends to request approval from the board of directors of Retela with regard to the acquisition of the shares in Retela purchased through the Tender Offer, following the date of the commencement of settlement of the Tender Offer. Furthermore, as stated in the Retela Press Release, the board of directors' resolution in support of the Tender Offer was passed with the understanding that the board would

approve such request for approval from Daiwa.

1.2. Background, reason and decision-making process leading to the launch of the Tender Offer, and the post tender offer management policy

Daiwa Securities Group conducts investment and financial service businesses including brokerage and dealing of investment securities and derivatives, underwriting and selling of primary and secondary offerings, private placements of securities, and other securities-related businesses, banking business and other financial-related businesses. Daiwa Group's operations cover not only Japan but also major overseas financial markets such as Europe, Asia and America. Through this global network, Daiwa Group provides a wide spectrum of services to meet the funding and investment needs of clients worldwide.

On the other hand, established in 1947, Retela is involved in brokerage and dealing of investment securities, underwriting and selling of primary and secondary offerings, private placements of securities, and other securities-related services. In its face-to-face sales business, in addition to its main business of equity sales, Retela has also developed strengths in the sale of foreign-currency bonds and investment trusts. In its Internet brokerage business, always aiming to provide greater convenience to clients, Retela, in October 2011, introduced a fast-track account opening function in order to reduce the time required for opening a securities trading account. In its FX trading business, Retela launched a free web site dedicated to providing FX information in a manner easily understood by even novices. This web site directly links the latest news and a first-of-its-kind investment analysis tool with Retela's trading system, and has been well-received by a broad range of clients. In January 2012, Retela released a smart phone application that provides real-time prices for stock, futures and other instruments, as well as various rankings and charts. Retela endeavours to respond to the needs of its clients, for example, by introducing much-requested stop-limit orders.

At the same time, Retela has striven to continuously reduce costs across the company, and, in the financial year ended 31 March 2012, achieved a 15.8 percent reduction in expenses compared to the previous financial year. However, after a long-term slump in the domestic stock market, the business environment in which Retela operates has become increasingly challenging, and despite the aforementioned management efforts, Retela has sustained ordinary losses each year since the financial year ended 31 March 2008. In the first half of the current financial year ended 31 March 2013 (1 April 2012–30 September 2012), Retela

reported revenue from operations of JPY 1,020 million (compared to JPY 1,329 million in the same period a year earlier), an ordinary loss of JPY 284 million (compared to a loss of JPY 274 million in the same period a year earlier), and a net loss of JPY 417 million (compared to a loss of JPY 272 million in the same period a year earlier). Retela remains in difficult financial condition.

Under these circumstances, in a press release dated 25 December 2012 by Retela, Retela announced the signing of an agreement concerning the sale of its Internet brokerage business to Tachibana Securities Co., Ltd (“**Tachibana**”). The sale marks Retela’s exit from the Internet brokerage business, and under the terms of the agreement, Retela will transfer to Tachibana its rights and obligations with respect to its Internet brokerage business in an absorption-type company split (the “**Absorption-type Company Split**”). Retela decided to concentrate management resources on face-to-face brokerage business. The Absorption-type Company Split is scheduled to be completed on 1 June 2013.

Daiwa has had an equity stake in Retela for some time, and at present holds 8.68 percent of shares in Retela. The relationship between the companies has been further strengthened by the presence of two directors on Retela’s board who have been seconded from Daiwa. Considering Retela’s difficult financial condition, from December 2012, Daiwa, as a major shareholder of Retela, entered into discussions with Retela regarding measures necessary to ensure Retela’s continuation as a going concern, including a business cooperation or an alliance between Daiwa and Retela.

As a result of these discussions, it was decided that in order for Retela to increase its corporate value and continue to grow in the face of a challenging business environment, it would be necessary to implement a strategy of strengthening ties and increasing integration with Daiwa. After strengthening capital ties between the two companies, Daiwa will support Retela by, among other ways, strengthening the provision of knowledge and products to Retela from Daiwa Group companies. Furthermore, it was decided that withdrawing from the Internet brokerage business and concentrating management resources on its face-to-face brokerage business would be the best strategy for Retela. In consideration of the above, the meeting of executive officers of Daiwa today authorized the Tender Offer.

After completion of the Tender Offer, Daiwa intends to retain the management and employees of Retela in their current positions. Details of any business cooperation or alliance between Daiwa and Retela will be determined following completion of the Tender

Offer.

1.3. Measures to ensure the fairness of the purchase price and Tender Offer, and measures to prevent conflicts of interest

While Retela is not a subsidiary of Daiwa and the Tender Offer is not being conducted by a controlling shareholder, considering that Daiwa holds 1,268,860 shares (8.68 percent), and, of the five directors on Retela's board, the President is a former Daiwa employee and two others are current executive officer and employee of Daiwa, the companies have taken the following measures to ensure the fairness of the purchase price of the shares purchased in the Tender Offer (the "**Tender Offer Price**") and to ensure the independence and objectivity of, and prevent conflicts of interest in, the decision making process leading to the authorization of the Tender Offer. The description below of measures implemented by Retela is made based on the explanations received from Retela.

1.3.1. Valuation report obtained by the Acquiring Company from an independent appraiser

To ensure the fairness of the Tender Offer Price, in determining the Tender Offer Price, Daiwa sought a valuation from Duff & Phelps Corp ("**Duff & Phelps**"), an appraiser independent of both Daiwa and Retela. Daiwa received a valuation report from Duff & Phelps on 25 January 2013. Daiwa has neither sought nor received a fairness opinion from Duff & Phelps with regard to the fairness of the Tender Offer Price. The results of Duff & Phelps's valuation are as follows:

In response to the request from Daiwa, Duff & Phelps appraised the value of shares in Retela by two methods. As there exist a number of listed securities companies comparable to Retela in terms of company and business characteristics, Duff & Phelps employed comparable companies analysis, a valuation method commonly used to evaluate the shares of securities firms. As there exist a number of comparable precedent transactions, Duff & Phelps also employed precedent transactions analysis. The share value range determined by each method is as follows:

Using comparable companies analysis, Duff & Phelps compared market capitalizations and other financial metrics of listed companies similar to Retela in terms of company and business characteristics to arrive at a value range for Retela of JPY 136–184 per share. Using precedent transactions analysis, Duff & Phelps examined precedent transactions with

similar characteristics to the present transaction to arrive at a value for Retela of JPY 170 per share. Precedent transactions were sought in the six months up to 25 January 2013.

The details and results of the above analyses provided a basis for Daiwa's determination of the Tender Offer Price. The market-based approach of these methods also facilitated analysis of the potential for post Tender Offer support from Daiwa to raise the enterprise value of Retela. Also taking into consideration Retela's endorsement of the Tender Offer, as well as the outcome of discussions between Daiwa and Retela, the meeting of executive officers of Daiwa today authorized the Tender Offer Price of JPY 240 per share, a premium of 30.43 percent on the upper bound of JPY 184 of the valuation range. This premium takes into consideration the potential for enterprise value growth as a result of support from Daiwa.

Duff & Phelps is not affiliated with either Daiwa or Retela and has no vested interest in the Tender Offer.

With regard to the Stock Options that are subject to this Tender Offer, they are stock options that were awarded to the directors, statutory auditors and employees of Retela. Conditions governing the exercise of these options specify that, in principle, the options can only be exercised by a director, statutory auditor or employee of Retela, and assume that the shares in Retela have been listed. (Sale of options by an option holder (including tendering them in the present Tender Offer) requires the approval of Retela's board of directors.) In consideration of the fact that Daiwa would be unable to exercise any options which it might purchase in the Tender Offer, Daiwa is offering to purchase Stock Options at a price of JPY 1 per option.

1.3.2. Valuation report obtained by the Target Company from an independent appraiser

1.3.2.1. Common shares

To make an informed decision as to whether or not to endorse the Tender Offer, Retela sought a valuation from Plutus Consulting Co., Ltd. ("**Plutus**"), an appraiser independent of both Daiwa and Retela. Plutus conducted a valuation of Retela's shares on the basis of financial data, business plans and explanations provided by Retela, working under certain assumptions and conditions. Plutus delivered its valuation report to Retela on 23 January 2013. Retela has neither sought nor received from Plutus a fairness opinion with regard to

the fairness of the Tender Offer Price. The results of Plutus's valuation are as follows:

Plutus employed a discounted cash flow model (DCF) for its valuation. This method of valuation provides an estimate of the value of a Retela's shares based on the present value of its future cash flows, and for this reason it is considered an appropriate method for valuing going concerns and was adopted for this valuation. Plutus arrived at a value range of JPY 192–JPY 244 per share. The valuation is based on an estimate of the free cash flow that Retela is expected to generate in the future. This estimate relies on a number of assumptions, such as revenue projections derived from Retela's business plans for years after the financial year ending 31 March 2013, and other factors derived from Retela's investment plans, interviews with management, other materials provided by Retela and publicly-available information. The estimate of free cash flow was then discounted to present value at a rate reflecting Retela's level of business risk to arrive at an estimate of the value of the business. Further adjustments were then made to reflect the value of non-operating assets and interest-bearing debt, before finally arriving at an estimated value per share.

Plutus is not affiliated with either Daiwa or Retela and has no vested interest in the Tender Offer.

1.3.2.2. Stock options

In consideration of the fact that Daiwa would be unable to exercise any options which it might purchase in the Tender Offer, Retela has neither sought nor received a valuation report with regard to the options or a fairness opinion with regard to the price offered by Daiwa. The board of directors of Retela has resolved to leave the decision as to whether to accept or reject Daiwa's offer to the discretion of each option holder.

1.3.3. Retention of independent legal counsel by the Target Company

Retela has retained as its legal counsel Atsumi Sakai Horitsu Jimusho Gaikokuho Kyodo Jigyo ("**A&S**"), a legal advisor independent of both Retela and Daiwa. A&S advised on the legality of procedures undertaken with regard to the Tender Offer as well as the fairness of the decision-making method and process of Retela's board of directors. On the basis of this advice, Retela has carefully deliberated upon and considered the terms of the Tender Offer, including specific terms and procedures as well as the timing of the transaction.

1.3.4. Authorization of independent directors and agreement of statutory auditors

Retela's board of directors has carefully deliberated upon and considered the terms of the Tender Offer on the basis of the valuation report by Plutus and legal advice from A&S. As a result, in order for Retela to increase its corporate value and continue to grow in the face of a challenging business environment, Retela's board of directors considers it necessary to implement a strategy of strengthening ties and increasing integration with Daiwa. Additionally, the management of Retela considers it the best strategy for Retela that, after strengthening capital ties between the two companies, Daiwa is expected to support Retela by, among other ways, strengthening the provision of knowledge and products to Retela from Daiwa Group companies and that Retela withdraws from the Internet brokerage business and concentrating management resources on its face-to-face brokerage business. Thus, the board of directors of Retela has expressed its support for the Tender Offer. In addition, while the board of directors of Retela considers the Tender Offer Price to be reasonable in light of the valuation report obtained from Plutus, the board of directors would appreciate the continued support of shareholders who choose not to tender their shares, and has made it clear that whether or not to accept the Tender Offer entirely depends on the decision of each shareholder. Furthermore, with regard to the stock options, considering the fact that these options were awarded to directors, statutory auditors and employees of Retela, and Daiwa would be unable to exercise the stock options that it might purchase, no effort has been made to obtain an independent valuation or independent opinion with regard to the reasonability of the purchase price. Thus, the decision to tender the stock options is left to the discretion of the holders. For the above reasons, at today's meeting of the board of directors of Retela, three of five directors, with the exclusion of Mr. Takashi Iwamoto and Mr. Toshihiro Matsui, unanimously resolved to support the Tender Offer, leaving the decision to tender shares and stock options to the discretion of share and option holders. Furthermore, all of the statutory auditors of Retela were in attendance at the meeting and have given their opinion that there were no irregularities in the passing of the resolution.

With regard to the remaining two of the five directors, Mr. Iwamoto is employed at Daiwa and Mr. Matsui is an executive officer at Daiwa. In view of the potential for a conflict of interest, in order to preserve the fairness and independence of the decision-making process, Messrs. Iwamoto and Matsui refrained from participating in the deliberations and passing of the resolution. With regard to Mr. Hideto Sakao, president of Retela, while Mr. Sakao was previously employed at Daiwa, he has left the company, currently has no relationship of any kind with Daiwa and has no vested interest in Daiwa, so he attended the board meeting and

participated in the passing of the resolution.

1.4. Two-tier tender offer

This Tender Offer is not a two-tier tender offer.

1.5. Intention with regard to further acquisition of shares following the Tender Offer

No further acquisition of shares is planned.

1.6. Delisting of the Target Company

Not applicable because Retela is not a listed company.

1.7. Agreement between the Acquiring Company and the shareholders of the Target Company with regard to the Tender Offer

No applicable disclosure.

2. Summary of the Tender Offer

2.1. Overview of the Target Company

1	Name	Retela Crea Securities Co., Ltd.
2	Headquarters	1-6-11 Kayabacho, Nihonbashi, Chuo-ku, Tokyo
3	Representative	Hideto Sakao
4	Business	Securities dealing and brokerage
5	Paid-in capital	JPY 3,794,341 thousand (as of 30 September 2012)
6	Date of incorporation	24 December 1947
7	Holdings of major shareholders	(as of 30 September 2012) Suntory Holdings Limited 9.27% Daiwa Securities Group Inc. 8.67% Japan Trustee Services Bank, Ltd. (Trust Account 4) 6.00% Musashi Securities Co., Ltd. 5.17% Yodobashi Camera Co., Ltd. 4.44% Mizuho Corporate Bank, Ltd. 4.29%

	Sumitomo Mitsui Banking Corporation	4.29%
	Sumitomo Mitsui Trust Bank, Limited	4.25%
	Daiwa Asset Management Co. Ltd.	4.21%
	Asahi Mutual Life Insurance Co. (standing agent)	3.88%
	Trust & Custody Services Bank, Ltd.	
8	Relationships between the Acquiring Company and the Target Company	
	Capital Relationship	Daiwa holds 1,268,860 shares or 8.68 percent (rounded off to the nearest basis point) of outstanding shares. (There were 14,622,533 shares outstanding as of 30 September 2012, including 2,040,307 treasury shares and 5,726 odd lot shares.)
	Personnel Relationship	Daiwa has seconded to Retela's board one full-time director and one part-time director. The full-time director is Takashi Iwamoto, a Daiwa employee. The part-time director is Toshihiro Matsui, an executive officer of Daiwa.
	Business Relationship	No applicable disclosures.
	Status as a Related Party	Neither Retela nor its affiliates and affiliated companies are related parties of Daiwa.

2.2. Schedule, etc.

2.2.1. Schedule

Resolution of meeting of executive officers	29 January 2013 (Tuesday)
Start of Tender Offer	4 February 2013 (Monday) Publicly and electronically announced and the notice of the announcement will be made in Nihon Keizai Shimbun. (URL of electronic advertisement http://info.edinet-fsa.go.jp/)
Date of registration	4 February 2013 (Monday)

2.2.2. Tender Offer Period at initial filing

20 business days from 4 February 2013 (Monday) to 4 March 2013 (“Monday”)

2.2.3. Possibility of extension at the request of Target Company

In the event of the submission by the Target Company of a statement requesting an extension of the period of the Tender Offer in accordance with Articles 27-10, Paragraph (3) of the Financial Instruments and Exchange Act (Act No. 25 of 1948 including subsequent amendments; the “**Act**”), the period of the Tender Offer shall be extended to 30 business days from 4 February 2013 (Monday) to 18 March 2013 (Monday).

2.3. Tender Offer Price

2.3.1. JPY 240 per common share.

2.3.2. Stock options

2.3.2.1. JPY 1 per option with regard to stock options issued under the resolution of the general meeting of shareholders dated 25 June 2009 and the resolution of the board of directors dated 8 September 2009.

2.3.2.2. JPY 1 per option with regard to stock options issued under the resolution of the general meeting of shareholders dated 25 June 2009 and the resolution of the board of directors dated 30 March 2010. (These options, together with those of the preceding paragraph, referred to collectively as the “**Stock Options**”).

2.4. Basis of the determination of the Tender Offer Price

2.4.1. Basis of valuation

2.4.1.1. Common shares

To ensure the fairness of the Tender Offer Price, when determining the Tender Offer Price, Daiwa sought a valuation from Duff & Phelps, an appraiser independent of both Daiwa and Retela. Daiwa received a valuation report from Duff & Phelps on 25 January 2013. Daiwa

has neither sought nor received a fairness opinion from Duff & Phelps with regard to the fairness of the Tender Offer Price.

In response to the request from Daiwa, Duff & Phelps appraised the value of shares in Retela by two methods. As there exist a number of listed securities companies comparable to Retela in terms of company and business characteristics, Duff & Phelps employed comparable companies analysis, a valuation method commonly used to value the shares of securities firms. As there exist a number of comparable precedent transactions, Duff & Phelps also employed precedent transactions analysis. The share value range determined by each method is as follows:

Using comparable companies analysis, Duff & Phelps compared market capitalizations and other financial metrics of listed companies similar to Retela in terms of company and business characteristics to arrive at a value range for Retela of JPY 136–184 per share. Using precedent transactions analysis, Duff & Phelps examined precedent transactions with similar characteristics to the present transaction to arrive at a value for Retela of JPY 170 per share. Precedent transactions were sought in the six months up to 25 January 2013.

The details and results of the above analyses provided a basis for Daiwa's determination of the Tender Offer Price. The market-based approach of these methods also facilitated analysis of the potential for post tender offer support from Daiwa to raise the enterprise value of Retela. Also taking into consideration Retela's endorsement of the Tender Offer, as well as the outcome of discussions between Daiwa and Retela, the meeting of executive officers of Daiwa today authorized the Tender Offer Price of JPY 240 per share, a premium of 30.43 percent on the upper bound of JPY 184 of the valuation range. This premium takes into consideration the potential for enterprise value growth as a result of support from Daiwa.

Duff & Phelps is not affiliated with either Daiwa or Retela and has no vested interest in the Tender Offer.

2.4.1.2. Stock Options

With regard to the Stock Options that are subject to this Tender Offer, they are stock options that were awarded to the directors, statutory auditors and employees of Retela. Conditions governing the exercise of these options specify that, in principle, the options can only be

exercised by a director, statutory auditor or employee of Retela, and assume that shares in Retela have been listed. (Sale of options by an option holder (including tendering them in the present Tender Offer) requires the approval of Retela's board of directors.) In consideration of the fact that Daiwa would be unable to exercise any options that it might purchase in the Tender Offer, Daiwa is offering to purchase stock options at a price of JPY 1 per option.

2.4.2. Valuation process

(Background to determination of Tender Offer Price)

Daiwa has had an equity stake in Retela for some time, and at present holds 8.68 percent of shares in Retela. The relationship between the companies has been further strengthened by the presence of two directors on Retela's board who have been seconded from Daiwa. Given Retela's difficult financial condition, in December 2012, Daiwa, as a major shareholder, entered into discussions with Retela regarding measures necessary to ensure Retela's continuation as a going concern, including the potential for business cooperation or an alliance between Daiwa and Retela.

As a result of these discussions, it was decided that in order for Retela to increase its corporate value and continue to grow in the face of a challenging business environment, it would be necessary to implement a strategy of strengthening ties and increasing integration with Daiwa. After strengthening capital ties between the two companies, Daiwa is expected to support Retela by, among other ways, strengthening the provision of knowledge and products to Retela from Daiwa Group companies. Furthermore, it was decided that withdrawing from the Internet brokerage business and concentrating management resources on face-to-face brokerage services would be the best strategy for Retela.

2.4.2.1. Name of third party which provided independent opinion with regard to valuation

To ensure the fairness of the Tender Offer Price, in determining the Tender Offer Price, Daiwa sought a valuation from Duff & Phelps, an appraiser independent of both Daiwa and Retela. Daiwa received a valuation report from Duff & Phelps on 25 January 2013. Daiwa has neither sought nor received a fairness opinion from Duff & Phelps with regard to the fairness of the Tender Offer Price.

2.4.2.2. Summary of opinion

In response to the request from Daiwa, Duff & Phelps appraised the value of shares in Retela by two methods. As there exist a number of listed securities companies comparable to Retela in terms of company and business characteristics, Duff & Phelps employed comparable companies analysis, a valuation method commonly used to value the shares of securities firms. As there exist a number of comparable precedent transactions, Duff & Phelps also employed precedent transactions analysis. The share value range determined by each method is as follows:

Comparable companies analysis	JPY 136–JPY 184
Precedent transactions analysis	JPY 170

2.4.2.3. Determination of Tender Offer Price on the basis of the independent opinion

The details and results of the above analyses provided a basis for Daiwa’s determination of the Tender Offer Price. The market-based approach of these methods also facilitated analysis of the potential for post tender offer support from Daiwa to raise the enterprise value of Retela. Also taking into consideration Retela’s endorsement of the Tender Offer, as well as the outcome of discussions between Daiwa and Retela, the meeting of executive officers of Daiwa today authorized the Tender Offer Price of JPY 240 per share, a premium of 30.43 percent on the upper bound of JPY 184 of the valuation range. This premium takes into consideration the potential for enterprise value growth as a result of support from Daiwa.

With regard to the Stock Options that are subject to this Tender Offer, these stock options were awarded to the directors, statutory auditors and employees of Retela. Conditions governing the exercise of these options specify that, in principle, the options can only be exercised by a director, statutory auditor or employee of Retela, and assume that the shares in Retela have been listed. (Sale of options by an option holder (including tendering them in the present Tender Offer) requires the approval of Retela’s board of directors.) In consideration of the fact that Daiwa would be unable to exercise any options that it might purchase in the Tender Offer, Daiwa is offering to purchase Stock Options at a price of JPY 1 per option.

(Measures to ensure the fairness of the purchase price and Tender Offer, and measures to

prevent conflicts of interest)

Refer to section 1.3 above.

2.4.3. Relationship with the independent appraiser

Duff & Phelps is not affiliated with Daiwa and has no vested interest in the Tender Offer.

2.5. Anticipated number of shares to be purchased

Anticipated shares purchased	Minimum tender condition	Maximum tender condition
11,861,866 (shares)	None	None

(Notes)

- (1) There is no minimum tender condition or maximum tender condition. All tendered shares and stock options will be purchased.
- (2) The anticipated number of shares to be purchased (11,861,866, as presented in the table above) is the maximum number of shares that could be purchased. It is the fully diluted number of shares calculated as the sum of the number of shares outstanding on 30 September 2012 as reported in the Semiannual Report (14,622,533 shares) and the number of shares that would result from the exercise of all stock options as of 30 November 2012 as reported in the Semiannual Report (548,500 shares. This number is 9,000 shares less than the 557,500 reported in the Semiannual Report as the number of shares that would result from the exercise of all stock options as of 30 September 2012, the difference being due to the expiration of some of the options; there has been no change in the number of all the outstanding shares as a result of the exercise of options), less the number of treasury shares (2,040,307 shares) and the number of shares held by Daiwa (1,268,860 shares), both as of 30 September 2012 as reported in the Semiannual Report.
- (3) Odd lot shares are also subject to the Tender Offer; however, share certificates must be delivered when tendering odd lot shares, except where the certificates are held by the Tender Offer Agent (see 2.11 below). Also, in accordance with the Companies Act , in the event that shareholders exercise their right to have the company repurchase odd lot

shares, Retela will, in accordance with the law and ordinances, repurchase shares during the Tender Offer Period. The applicable shares will be repurchased at a price in accordance with applicable laws and ordinances, and Retela's internal regulations concerning the handling of shares.

(4) Treasury shares held by Retela are not subject to the Tender Offer.

2.6. Anticipated change in shareholdings as a result of the Tender Offer

Voting rights of the Acquiring Company prior to the Tender Offer	12,688	Percentage of shares held before the Tender Offer: 10.08%
Voting rights of specially related parties prior to the Tender Offer	9,316	Percentage of shares held before the Tender Offer: 7.40%
Voting rights associated with shares subject to the Tender Offer	118,618	Percentage of shares held after the Tender Offer: 100%
Total voting rights of shareholders of the Target Company	125,765	

(Notes)

- (1) "Voting rights associated with shares subject to the Tender Offer" are the number of voting rights associated with the anticipated number of shares to be purchased in the Tender Offer.
- (2) "Voting rights of specially related parties prior to the Tender Offer" are the total number of voting rights associated with shares belonging to specially related parties. Specifically, these are 6,157 voting rights associated with 615,736 shares owned by Daiwa Asset Management Co. Ltd. and 3,159 voting rights associated with 315,908 shares owned by Daiwa SB Investments Ltd. These 9,316 voting rights are included in the number of voting rights of shares subject to the Tender Offer and therefore in the numerator of the calculation of the post tender offer stake. (For the purposes of calculating the percentage of shares held as provided by Article 27-2, Paragraph 1 of the Act, parties

excluded from the definition of specially related parties under Article 3, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Disclosure Requirements for a Tender Offer by a Party other than the Issuer (Finance Ministry Ordinance No. 38 of 1990, including subsequent amendments; the “**Ordinance**”) have been excluded.)

- (3) “Total voting rights of shareholders of the Target Company” is the number of voting rights as of 30 September 2012 as reported in the Semiannual Report.
- (4) Percentages of shares held before and after the Tender Offer are rounded off to the nearest basis point.

2.7. Purchase amount: JPY 2,715 million

(Note) Calculated as follows: (11,313,366 shares x JPY 240 per share) + JPY 5,485, where 11,313,366 shares is the total number of shares to be purchased (11,861,866 shares) less the number of shares associated with stock options (548,500 shares), and the amount of JPY 5,485 is the amount to be paid for 5,485 stock options at a price per option of JPY 1.

2.8. Settlement method

2.8.1. Name and address of securities company or financial institution used for settlement

Daiwa Securities Co. Ltd. 1–9–1 Marunouchi, Chiyoda-ku, Tokyo

2.8.2. Commencement date of the settlement

13 March 2013 (Wednesday)

Note: If the Target Company applies for an extension of the tender offer period under Article 27-10, Paragraph 3 of the Act, the start date will be 28 March 2013 (Thursday).

2.8.3. Settlement method

Upon completion of the tender offer period, without delay a notice will be sent by mail to each tendering shareholder at the shareholder’s address (or to the shareholder’s standing agent in the case of a shareholder domiciled overseas). Payment for shares will be made in cash, which, following the commencement date of settlement, will be remitted by the Tender

Offer Agent without delay to an account of the tendering shareholder's choice (or to the shareholder's standing agent in the case of a shareholder domiciled overseas; transfer fees may apply), or, when indicated by the shareholder, to the shareholder's account with the Tender Offer Agent.

2.8.4. Method of returning tendered shares

As described in section 2.9.2 below, with regard to the return of tendered shares and stock options not purchased, share certificates which are necessary to be returned and documents received by the Tender Offer Agent at the time the securities were tendered will be returned by delivery or mail to the shareholder's address (or to the shareholder's standing agent in the case of a shareholder domiciled overseas) on the second business day following the end of the tender offer period (if the Tender Offer is withdrawn, on the date the Tender Offer is withdrawn).

2.9. Other conditions and procedures

2.9.1. Conditions under Article 27-13, Paragraph 4 of the Act

There is no minimum tender condition or maximum tender condition. Daiwa will purchase all shares and stock options tendered.

2.9.2. Conditions regarding withdrawal of the Tender Offer and procedures for disclosure of withdrawal of the Tender Offer

The Tender Offer may be withdrawn in the event of the occurrence of any of the events provided under Article 14, Paragraph 1, Items 1 (i) to (viii), (xii) to (xviii), Items 3 (i) to (vii) and (x), and Paragraph 2, Items 3 to 6 of the Order for Enforcement of the Financial Instruments and Exchange Act (Order 321 of 1965; the "**Order**", including subsequent amendments). Under Article 14, Paragraph 1, Item 3 (x), in the event that it is found that disclosure filings by the Target Company contain material falsifications or material omissions, this fact will be deemed equivalent to the events provided in Items 3 (i) to (ix).

In the event that the Tender Offer is withdrawn, the Acquiring Company will announce the withdrawal electronically and publish a notice regarding the announcement in the Nihon Keizai Shimbun. Where it is not feasible to make such announcement by the final day of the

Tender Offer Period, the Acquiring Company may make an announcement using one of the methods provided in Article 20 of the Ordinance, to be followed by a formal announcement immediately thereafter.

2.9.3. Conditions regarding the reduction of the Tender Offer Price and procedures for disclosure thereof

If the Target Company during the Tender Offer Period takes any of the actions set out in 13.1 of the Order, the Acquiring Company may under the provisions of 19.1 of the Ordinance reduce the Tender Offer Price under the provisions of 27.6.1.1 of the Law. In such case, the Acquiring Company will announce the reduction electronically and publish a notice regarding the announcement in the Nihon Keizai Shimbun. Where it is not feasible to make such announcement by the final day of the Tender Offer Period, the Acquiring Company may make an announcement using one of the methods provided in Article 20 of the Ordinance, to be followed by a formal announcement immediately thereafter.

If the purchase price is reduced, the Acquiring Company will purchase any shares tendered prior to the date of such public notice at the reduced purchase price.

2.9.4. Matters concerning tendering shareholders' right of cancellation of agreement

A tendering shareholder may, at any time during the Tender Offer Period, cancel any agreement made with regard to the Tender Offer. In order to cancel such an agreement made through the Tender Offer Agent, the tendering shareholder must deliver or mail a written request for cancellation of the application for the Tender Offer ("Written Request for Cancellation"), enclosing the receipt for the submission of an application for the Tender Offer to the head office or any branch office in Japan of the Tender Offer Agent or the subagent by 16:00 on the last day of the Tender Offer Period. If by mail, the cancellation of the acceptance of the Tender Offer will not be effective unless the Written Request for Cancellation is received by 16:00 on the last day of the Tender Offer Period. No compensation for damages or penalty payment will be demanded of any tendering shareholders by the Acquiring Company even if the agreement is canceled by the tendering shareholders. The cost of returning the tendered shares or options will be borne by the Acquiring Company. In case the tendering shareholder cancels the agreement, shares or options will be returned according to the method under 2.8.4 above.

2.9.5. Procedure for disclosure if the terms of the Tender Offer are changed

The terms and conditions of the Tender Offer may be changed unless prohibited under Article 27-6, Paragraph 1 of the Act. Should any terms and conditions of the Tender Offer be changed, the Acquiring Company will announce the change electronically and publish a notice regarding the announcement in the Nihon Keizai Shimbun. Where it is not feasible to make such announcement by the final day of the Tender Offer Period, the Acquiring Company may make an announcement using one of the methods provided in Article 20 of the Ordinance, to be followed by a formal announcement immediately thereafter. When terms and conditions have been changed, purchase of shares and stock options (including those tendered before the announcement of the change) will be made in accordance with the changed terms and conditions.

2.9.6. Method of disclosure if amendment statement is filed

If an amendment statement is filed with the Director-General of the Kanto Local Finance Bureau, the Acquiring Company will promptly make a public announcement of the contents of such amended statement to the extent that such amendments relate to matters included in the public notice of the commencement of the Tender Offer in accordance with Article 20 of the Ordinance. The Acquiring Company will also promptly amend the Tender Offer circular and provide the amended Tender Offer circular to the tendering shareholders who have received the original Tender Offer circular. If the amendments are limited in extent, however, the Acquiring Company may, instead of providing an amended Tender Offer circular, prepare and deliver a document stating the reason for the amendments, the matters amended and the details thereof to the tendering shareholders.

2.9.7. Method of disclosure of results of Tender Offer

The Acquiring Company will announce the results of the Tender Offer in such manner as provided for in Article 9-4 of the Order and Article 30-2 of the Ordinance on the day following the last day of the Tender Offer Period.

2.9.8. Other

The Tender Offer will not be carried out in the U.S. or for the U.S., directly or indirectly, nor will it be conducted using U.S. mail, other methods or means of inter-state trade or

international trade (including but not limited to, facsimile, e-mail, Internet communication, telex, telephone) or securities exchange facilities in the U.S. Applying for the Tender Offer, using the methods or means described above or via securities exchange facilities in the U.S., is not permitted.

The Tender Offer circular and relevant documents may not be sent or distributed in, to, or from the U.S by mail or other means. Such mail or distribution is not authorized. Application for the Tender Offer violating the above restrictions directly or indirectly will not be processed.

In case of an application, applicant shareholders (standing agent in case of foreign shareholders) may be asked to represent and warrant to the Tender Offer agent to the effect that they are not in the U.S. neither at the time of the application nor the time of sending an application form for the Tender Offer, that no information regarding the Tender Offer, including copies, has been received or sent in, to or from the U.S., directly or indirectly, that mail systems in the U.S., other methods or means of inter-state trade or international trade (including but not limited to, facsimile, e-mail, Internet communication, telex, telephone) or securities exchange facilities in the U.S. have not been used for signing and delivering the application form for the Tender Offer, directly or indirectly, and that they are not acting as an agent, custodian or a mandatory for others without discretion (excluding cases where such others are giving all the instructions on the Tender Offer from outside the U.S.).

2.10. Date of announcement of commencement of Tender Offer

4 February 2013 (Monday)

2.11. Tender Offer Agent

Daiwa Securities Co. Ltd. 1–9–1 Marunouchi, Chiyoda-ku, Tokyo

3. Post tender offer management policy and outlook

3.1. Post tender offer management policy

Refer to sections 1.2, 1.4, 1.5 and 1.6.

3.2. Outlook with regard to effect on future earnings

The effect of the Tender Offer on Daiwa's consolidated results going forward has yet to be determined. Daiwa will announce significant developments in a timely manner as they occur.

4. Other

4.1. Agreement between the Acquiring Company and Target Company and their directors

As stated in the Retela Press Release, its board of directors has carefully deliberated upon and considered the terms of the Tender Offer on the basis of the valuation report by Plutus and legal advice from A&S. As a result, in order for Retela to increase its corporate value and continue to grow in the face of a challenging business environment, Retela's board of directors considers it necessary to implement a strategy of strengthening ties and increasing integration with Daiwa. Additionally, the board of directors of Retela considers it the best strategy for Retela that, after strengthening capital ties between the two companies, Daiwa is expected to support Retela by, among other ways, strengthening the provision of knowledge and products to Retela from Daiwa Group companies, and that Retela withdraws from the Internet brokerage business and concentrating management resources on its face-to-face brokerage business is the best strategy for Retela. Therefore, the board of directors of Retela has expressed its support for the Tender Offer. In addition, while the board of directors of Retela considers the Tender Offer Price to be reasonable in light of the valuation report obtained from Plutus, the board would appreciate the continued support of shareholders who choose not to tender their shares, and has made it clear that whether or not to accept the Tender Offer depends on the decision of each shareholder. Furthermore, with regard to the stock options, considering the fact that these options were awarded to directors, statutory auditors and employees of Retela, and that Daiwa is unable to exercise the stock options that it might purchase, no effort has been made to obtain an independent valuation or independent opinion with regard to the reasonability of the purchase price. Thus, the decision to tender the stock options is left to the discretion of the holders. For the above reasons, at today's meeting of the board of directors of Retela, three of five directors, with the exclusion of Mr. Takashi Iwamoto and Mr. Toshihiro Matsui, unanimously resolved to support the Tender Offer, leaving the decision to tender shares and stock options to the discretion of share and option holders. Furthermore, all of the statutory auditors of Retela were in attendance at the meeting and have given their opinion that there were no

irregularities in the passing of the resolution.

With regard to the remaining two of the five directors, Mr. Iwamoto is employed at Daiwa and Mr. Matsui is an executive officer at Daiwa. In view of the potential for a conflict of interest, in order to preserve the fairness and independence of the decision-making process, Messrs. Iwamoto and Matsui refrained from participating in the deliberations and passing of the resolution. With regard to Hideto Sakao, president of Retela, while Mr. Sakao was previously employed at Daiwa, he has left the company and currently has no relationship of any kind with Daiwa. As Mr. Sakao has no vested interest in Daiwa, he attended the meeting of the board of directors of Retela and participated in the passing of the resolution of such board of directors of Retela.

4.2. Other information considered necessary for investors to decide whether to accept the Tender Offer

In a press release dated 25 December 2012, Retela announced the signing of an agreement concerning the sale of its Internet brokerage business to Tachibana. At its meeting on that date, the board of directors of Retela authorized the signing of the agreement under which Retela will transfer to Tachibana its rights and obligations with respect to the Internet brokerage in an absorption-type company split. Retela will refocus itself on face-to-face brokerage business. The Absorption-type Company Split is scheduled to be completed on 1 June 2013.

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