

April 27, 2016

For Immediate Release

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Notice of Merger with Subsidiaries and Change of the Company's Trade Name

Citizen Holdings Co., Ltd. ("the Company") announces that its Board of Directors meeting held today resolved to conduct an absorption-type merger ("the Merger") between the Company and its wholly owned subsidiaries Citizen Watch Co., Ltd. and Citizen Business Expert Co., Ltd. effective October 1, 2016, and change its trade name. Details are as follows.

As the Merger is conducted with the wholly owned subsidiaries of the Company, some of the disclosure matters and details are omitted.

1. The Merger

(1) Purpose of the Merger

The Company has been making efforts to strengthen the competitiveness of the Group and promote its growth under a pure holding company structure since April 2007. In the Citizen Global Plan 2018, a medium-term management plan that commenced in April 2013, the Company succeeded in reaping certain benefits such as the expansion and reinforcement of its businesses, particularly the watches and clocks business, as a result of working on structural reforms with the aim of thoroughly strengthening its business structure and manufacturing capabilities and concentrating its management resources in growth areas where the Company is able to make a strong showing by clarifying the business portfolio, with the slogan of aiming to become a "Solid global company."

Meanwhile, the Company has also been taking a variety of approaches since April 2014, including the operation of the indirect functions of the three companies involved in the Merger in an integrated manner, with the aim of accelerating growth strategies for the watches and clocks business and increasing management efficiency. However, given significant changes in the domestic and international business environments following the establishment of the pure holding company structure, the Company has reached the conclusion that it is most appropriate for the Group to shift to an operating holding company structure in which the Company will directly operate the watches and clocks business in order to proceed further with the Citizen Global Plan 2018 and promote the further growth of the overall Group with the watches and clocks business at the core and the reinforcement of the head office function.

After shifting to the operating holding company structure, we will strive to enhance the corporate value of the Group and the shareholder value by further strengthening the Group's competitiveness under the new structure, while maintaining the strengths in the Group operation that we have built under the pure holding company structure.

(2) Summary of the Merger

(i) Method of the Merger

The Merger will be conducted as an absorption-type merger, with the Company as the surviving company, and Citizen Watch Co., Ltd. and Citizen Business Expert Co., Ltd. will be dissolved.

(ii) Schedule of the Merger

Board of Directors meeting to approve the merger agreement	April 27, 2016
Date of the merger agreement	April 27, 2016
Effective date of the merger agreement	October 1, 2016 (Planned)

As the Merger is a simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act for the Company and a short-form merger provided for in Article 784, Paragraph 1 of the Companies Act for Citizen Watch Co., Ltd. and Citizen Business Expert Co., Ltd., it will be implemented without obtaining approval by resolutions of their general meetings of shareholders.

(iii) Details of allotment pertaining to the Merger

There is no allotment of shares or money, etc. due to the Merger.

(iv) Handling of subscription rights to shares and bonds with subscription rights to shares associated with the Merger

Not applicable.

(3) Overview of the companies involved in the Merger

Surviving Company

(1) Name	Citizen Holdings Co., Ltd.	
(2) Head Office	6-1-12 Tanashi-cho, Nishi-Tokyo-shi, Tokyo	
(3) Title and Name of Representative	Toshio Tokura, President and CEO	
(4) Business	Formulation and promotion of management strategies of the Group, the audit of the Group management, the technical development of the Group and the management of its intellectual property and other business management, etc. as a holding company	
(5) Capital	32,648 million yen	
(6) Established	May 28, 1930	
(7) Number of Shares Outstanding	330,353,809 shares	
(8) Fiscal Year	March 31	
(9) Major Shareholder and Shareholding Ratio (as of March 31, 2016)	1) The Master Trust Bank of Japan, Ltd. (trust account)	8.41%
	2) Japan Trustee Services Bank, Ltd. (trust account)	6.22%
	3) Nippon Life Insurance Company	4.02%
	4) Nichia Corporation	3.03%
	5) National Mutual Insurance Federation of Agricultural Cooperatives	2.47%

(10) Financial Position and Operating Results for the Most Recent Fiscal Year	Fiscal year	FY2015 (Consolidated)
	Net assets	247,972 million yen
	Total assets	421,563 million yen
	Net assets per share	736.17 yen
	Net sales	328,456 million yen
	Operating income	27,889 million yen
	Ordinary income	31,403 million yen
	Profit attributable to owners of parent	17,572 million yen
	Net income per share	54.24 yen

Company to be Dissolved

(1) Name	Citizen Watch Co., Ltd.	
(2) Head Office	6-1-12 Tanashi-cho, Nishi-Tokyo-shi, Tokyo	
(3) Title and Name of Representative	Toshio Tokura, President and CEO	
(4) Business	Manufacture, sale, export and import, etc. of watches and clocks and their parts	
(5) Capital	5,000 million yen	
(6) Established	April 2, 2007	
(7) Number of Shares Outstanding	200 shares	
(8) Fiscal Year	March 31	
(9) Major Shareholder and Shareholding Ratio (as of March 31, 2016)	Citizen Holdings Co., Ltd.	100%
(10) Financial Position and Operating Results for the Most Recent Fiscal Year (ended March 31, 2015)	Fiscal year	FY2015 (Non-consolidated)
	Net assets	71,194 million yen
	Total assets	94,485 million yen
	Net assets per share	355,970 thousand yen
	Net sales	107,617 million yen
	Operating income	6,062 million yen
	Ordinary income	9,909 million yen
	Net income	5,669 million yen
Net income per share	28,348 thousand yen	

Company to be Dissolved

(1) Name	Citizen Business Expert Co., Ltd.	
(2) Head Office	6-1-12 Tanashi-cho, Nishi-Tokyo-shi, Tokyo	
(3) Title and Name of Representative	Shigeru Kabata, President and CEO	
(4) Business	Management and rent of real estate, maintenance and management of production equipment, acceptance of entrustment, agency services and consulting of services such as the development, operation and maintenance of computer systems	
(5) Capital	100 million yen	
(6) Established	April 2, 2007	
(7) Number of shares outstanding	100 shares	
(8) Fiscal year	March 31	
(9) Major Shareholder and Shareholding Ratio (as of March 31, 2016)	Citizen Holdings Co., Ltd.	100%
(10) Financial Position and Operating Results for the Most Recent Fiscal Year	Fiscal year	FY2015 (Non-consolidated)
	Net assets	680 million yen
	Total assets	1,550 million yen
	Net assets per share	6,806 thousand yen
	Net sales	2,456 million yen
	Operating income	16 million yen
	Ordinary income	23 million yen
	Net income	5 million yen
	Net income per share	59 thousand yen

(4) Status after the Merger

(1) Name	Citizen Watch Co., Ltd.
(2) Head Office	6-1-12 Tanashi-cho, Nishi-Tokyo-shi, Tokyo
(3) Title and Name of Representative	Toshio Tokura, President and CEO (planned)
(4) Business	Manufacture and sale of watches and clocks and their parts and the formulation and promotion of management strategies of the Group, the audit of the Group management, the technical development of the Group and the management of its intellectual property and other business management, etc. as a holding company
(5) Capital	32,648 million yen
(6) Fiscal Year	March 31

(5) Future outlook

As the Merger is being conducted between the Company and its wholly owned subsidiaries, its impact on future consolidated operating results will be minor.

2. Change of the trade name of the Company

(1) Reasons for the change

As a result of the Merger, the Company will become an operating holding company that will engage in the watches and clocks business, which is the core of the Group's growth. Associated with this shift, the Company will change its trade name effective October 1, 2018, the date of the Merger.

This change of the trade name is subject to the approval of a proposal to partially revise the Articles of Incorporation at the 131st ordinary general meeting of shareholders to be held on June 28, 2016.

(2) New trade name

Citizen Watch Co., Ltd.

(3) Date of change to the new trade name

October 1, 2016

(4) Details of revisions to the Articles of Incorporation pertaining to the change of the trade name
(Revisions are underlined.)

Current Articles of Incorporation	Proposal to revise the Articles of Incorporation
(Trade Name) Article 1 The Company shall call itself <u>Citizen Holdings Co., Ltd.</u> and write it as <u>Citizen Holdings Co., Ltd.</u> in English.	(Trade Name) Article 1 The Company shall call itself <u>Citizen Watch Co., Ltd.</u> and write it as <u>Citizen Watch Co., Ltd.</u> in English.