



Press Release Material

- On the management integration of TOKAI and VIC TOKAI -

November 18, 2010



Purpose of Business Integration

1 Necessity of Holding Company

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History of the TOKAI Group

TOKAI Co. Ltd. and VIC TOKAI Co. Ltd. had expand their scale with **stable energy business** and **growth information business**. Especially in the information business's development had been remarkable, and we have **expanded our customer base rapidly** through this business.

Establish Two Pillars of Group Revenue

Net sales: ¥160B, Ordinary Income: ¥10.8B, Net Income: ¥3.1B, Number of Customers: 2.26M

Construction of a new management system for sustainable growth of the group

In order to provide comprehensive products and services that meet the needs of all living using the group's total strength, by shifting to a holding company structure that can flexibly and responsiveness organization.

And resolve many issues that the group is holding, such as publicly listed parent/subsidiary pairs, and achieve sustainable growth.

- ① Restructuring and optimal allocation of management resources ("Selection and Concentration")
- ② Eliminate duplication of business and assets
- ③ Rationalization across the group
- ④ Reduction of interest-bearing debt / Improvement of capital ratio
- ⑤ Training group human resorces

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① Restructuring and optimal allocation of management resources

○ Primary restructuring

- Establish a holding company, make VIC TOKAI a wholly owned subsidiary

○ Secondary restructuring (Mutual utilization of customer base, selection and concentration)

- Growth based on the Group's strengths in the retail field
- Integration of retail business and customer information such as energy, information communication (broadband · CATV · mobile), Aqua, insurance etc.
- Restructuring Bridal, Banquet business, housing, real estate, and ship repair business.

② Eliminate duplication of business and assets

- Assets: Optical Fiber Trunk Network between Tokyo, Nagoya and Osaka.

- Organization: Inter-company communication and sales organization of broadband ISP

③ Rationalization across the group

- Improve distribution efficiency
- Standardization and streamlining of operations by restructuring core systems
- Reduction of indirect operation cost by setting up a shared service company

④ Reduction of interest-bearing debt / Improvement of capital ratio

○ Policy

- Centralize financing functions at holding company
- Enhancement of investment in management plan and thorough implementation of cash flow management

○ Current interest-bearing debt

- ¥127B at end of FY2009 (¥120B at Sep. 30, 2010)

○ Current capital ratio

- 7.2% at end of FY2009
(Net Assets ¥13.9B / Total Assets ¥191B)

○ Compared to other companies (At end of FY2009)

- SINANEN 59.1%, MITSUUROKO 55.8%, KAMEI 29.1%, Iwatani 16.6%, NIPPON GAS 18.8%

⑤ Training group human resorces

- Fostering next generation leaders with abundant knowledge and experience across the group
- Training personnel capable of providing smart products/services according to customer's needs

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Overview of Holding Company

Company name	TOKAI Holdings Corporation		
Share transfer ratio	TOKAI : VIC TOKAI = 1 : 2.3		
Location	Aoi-ku, Shizuoka City, Shizuoka Prefecture	Established	April 1, 2011
CEO	Katsuhiko Tokita	Accounting period	March 31
Listed exchange	Tokyo Stock Exchange First Section	Capital	¥14 billion

TOKAI (wholly owned subsidiary) Outline of consolidation

Business	Gas, Information communication, Others
Sales	159 billion Yen
Operating Income	10 billion Yen
Employees	4,029
Accounting period	March 31

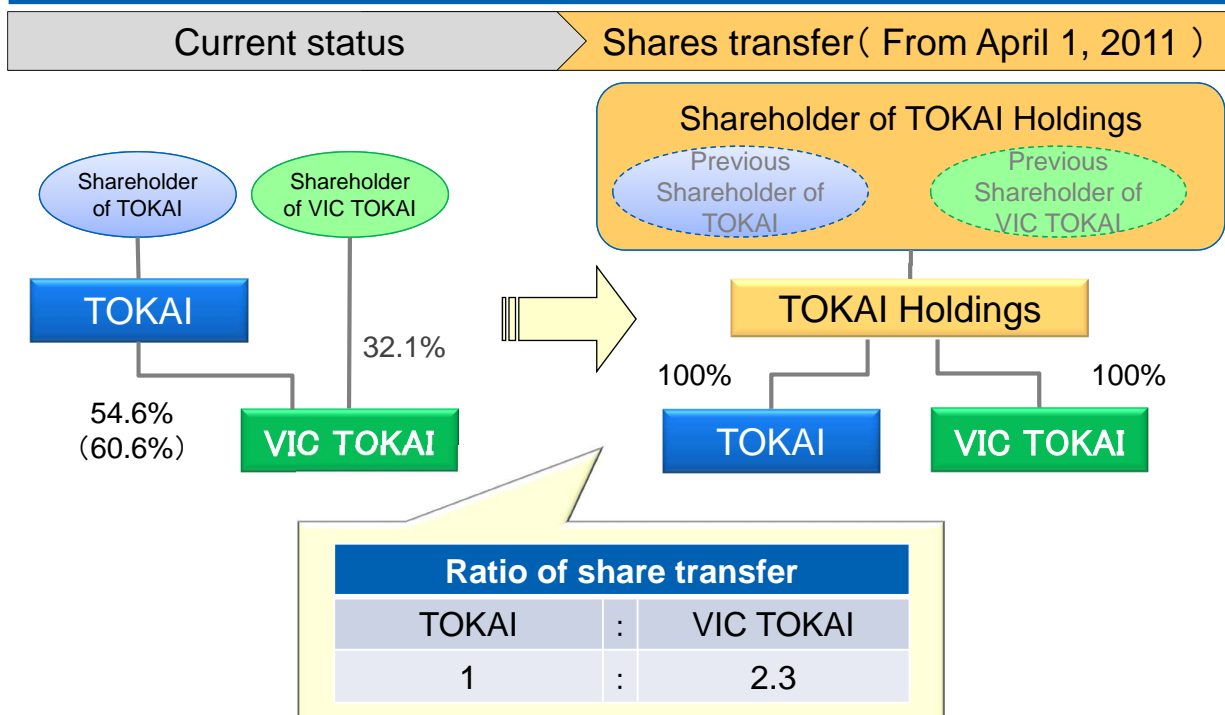
VIC TOKAI (wholly owned subsidiary) Outline of consolidation

Business	CATV, Information communication, Others
Sales	42.8 billion Yen
Operating Income	5.5 billion Yen
Employees	1,590
Accounting period	March 31

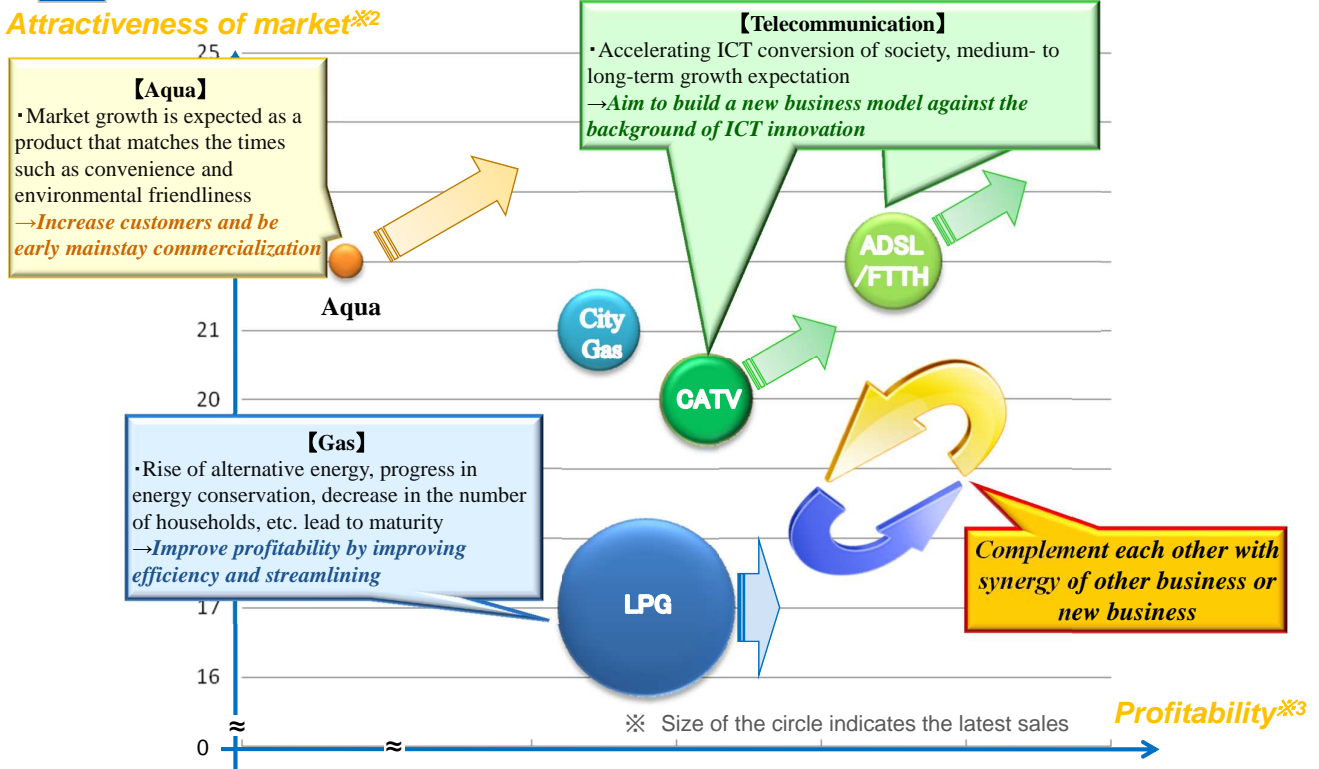
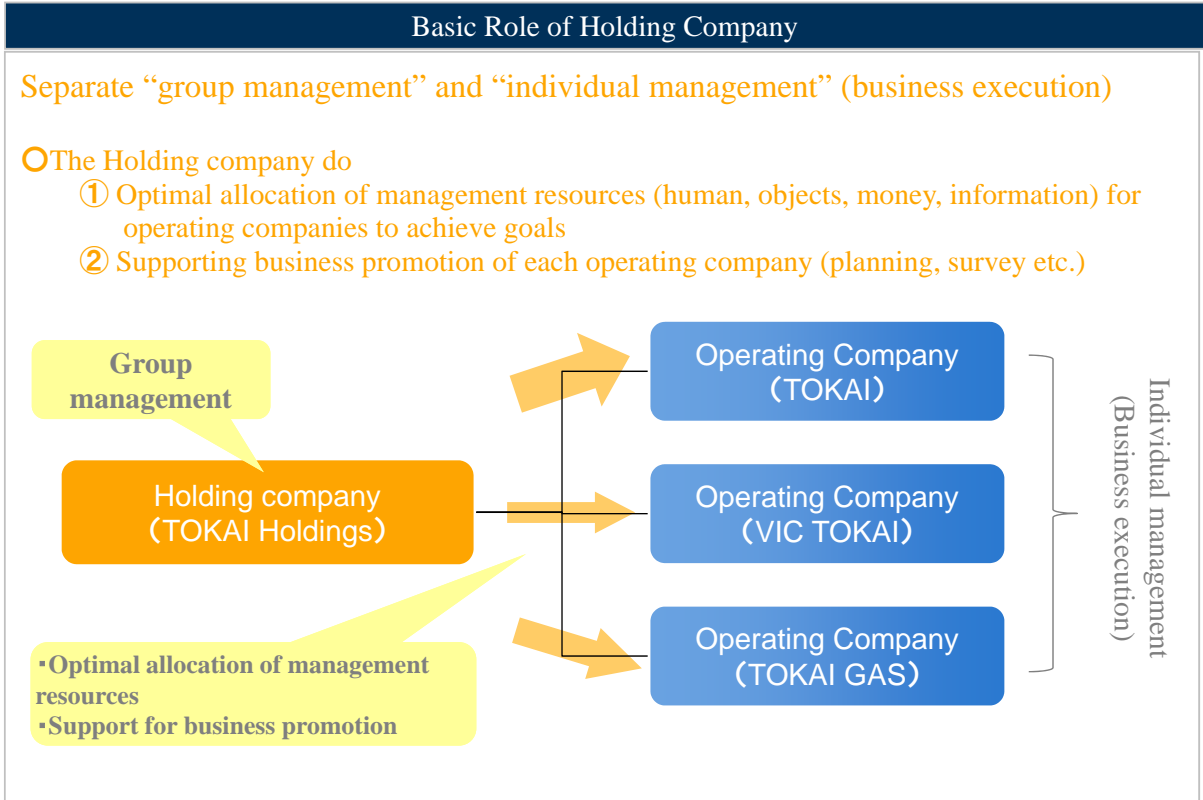
* Numbers are the fiscal year ended March 2010

4 Integration Scheme

Integration Scheme: Joint Shares Transfer



Describe the holding ratio of outstanding shares
The figures in parentheses are group consolidated holding ratio



※1 Maximization of the sum total of expected earnings of individual projects and a method of consideration for steadily earning revenue while avoiding risks.
 ※2 Total sum of scores of each trend assessment of the external environment (economy, society, laws and regulations, technology), evaluation of market growth potential and evaluation of competitive environment
 ※3 Calculate the difference between the latest operating profit margin for each business and the average operating profit margin of the industry to which each business belongs (listed company: FY 2009). Projects with a larger positive difference are scored as assuming high profitability.

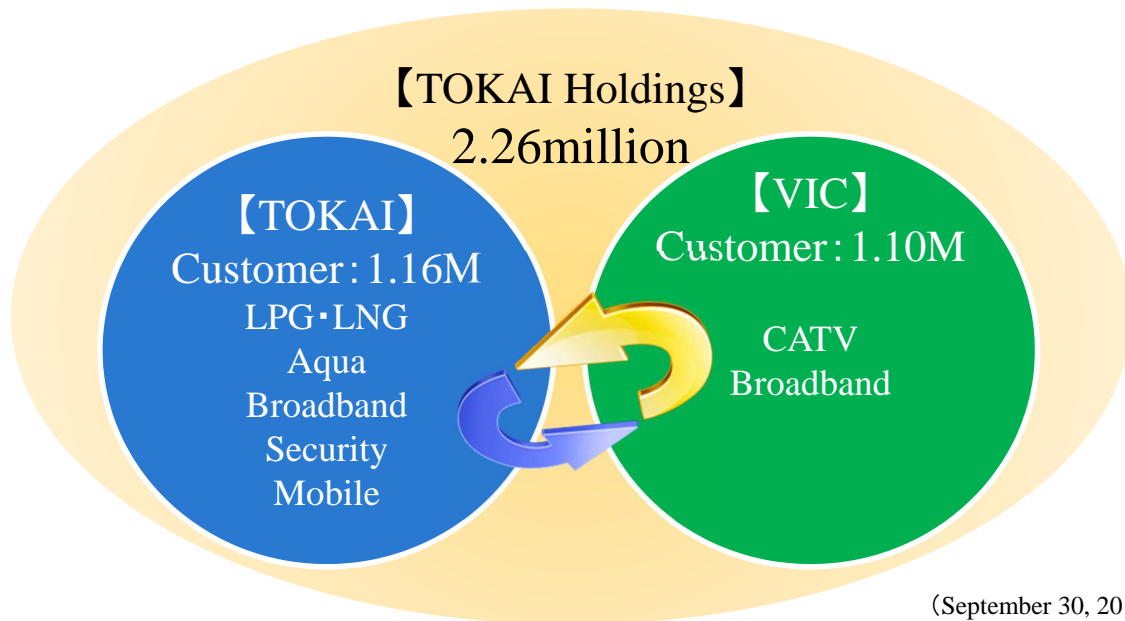
7 Synergy Through Integration

Mutual utilization of retail customer base



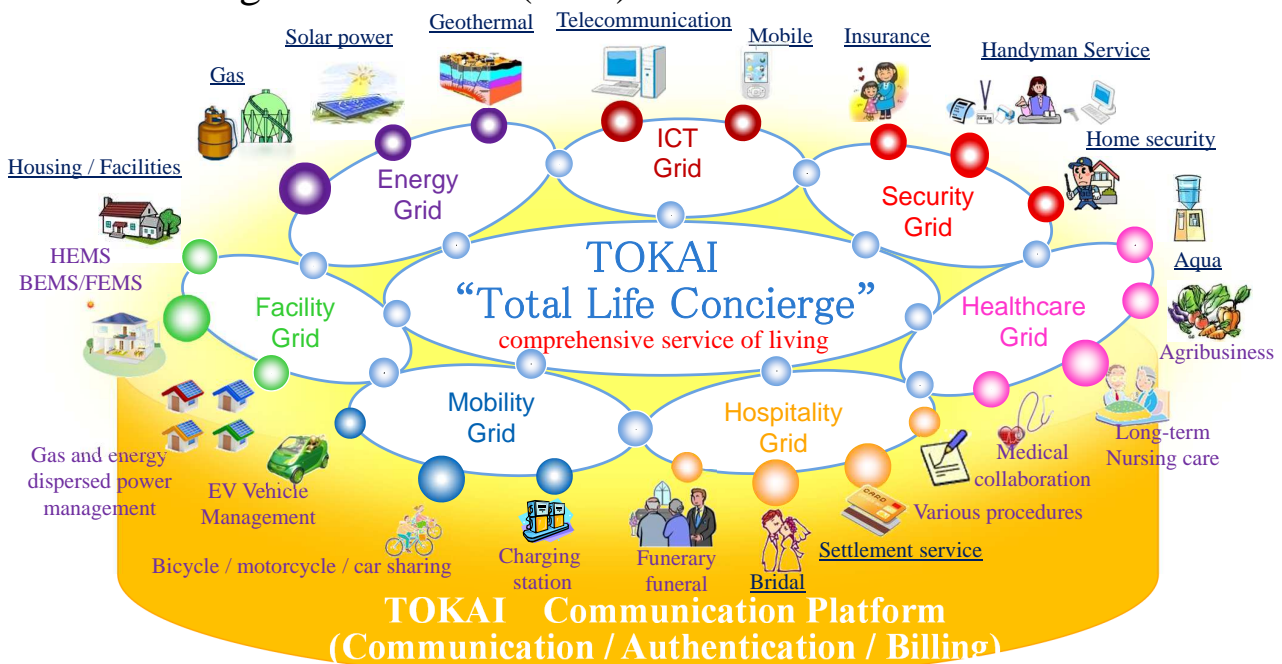
- ① Centralized customer base utilizing VIC TOKAI information technology
- ② Actively promote sales utilizing TOKAI sales structure

⇒ Increase ARPU (Average Revenue Per User)



7 Synergy Through Integration

Aiming business area (TLC)



Produce peace of mind, convenience and comfort for customers by connecting a variety of community-based grids

※Grid: In the meaning of the lattice, each field covers the entire area like a mesh, and even if each one is small, it intends to produce huge power if gathered

※HEMS (Home Energy Management System) : A system that connects energy consuming equipments and power generation equipment in a household network by utilizing ICT technology, controls the operation of each appliance to an optimum state, and achieves total energy conservation

※BEMS (Building and Energy Management System) : A system that grasps the energy used and the indoor environment of the building and uses it for energy conservation

※FEMS (Factory Energy Management System) : A system to grasp the state of energy use at factories, to rationalize and optimize energy use

7 Synergy Through Integration

Cost reduction through integration



Synergy through integration of information and communications business

Aggregation of assets

Aggregation of fiber optic trunk networks through Tokyo-Nagoya-Osaka owned by each TOKAI and VIC TOKAI

(Reduction of operation and management cost, uniformity and improvement of quality)

Improve sales functions

- Aggregation of sales organization of broadband ISP and sales organization of intercompany communication service

Group-wide cost reduction

Efficiency and streamline operations

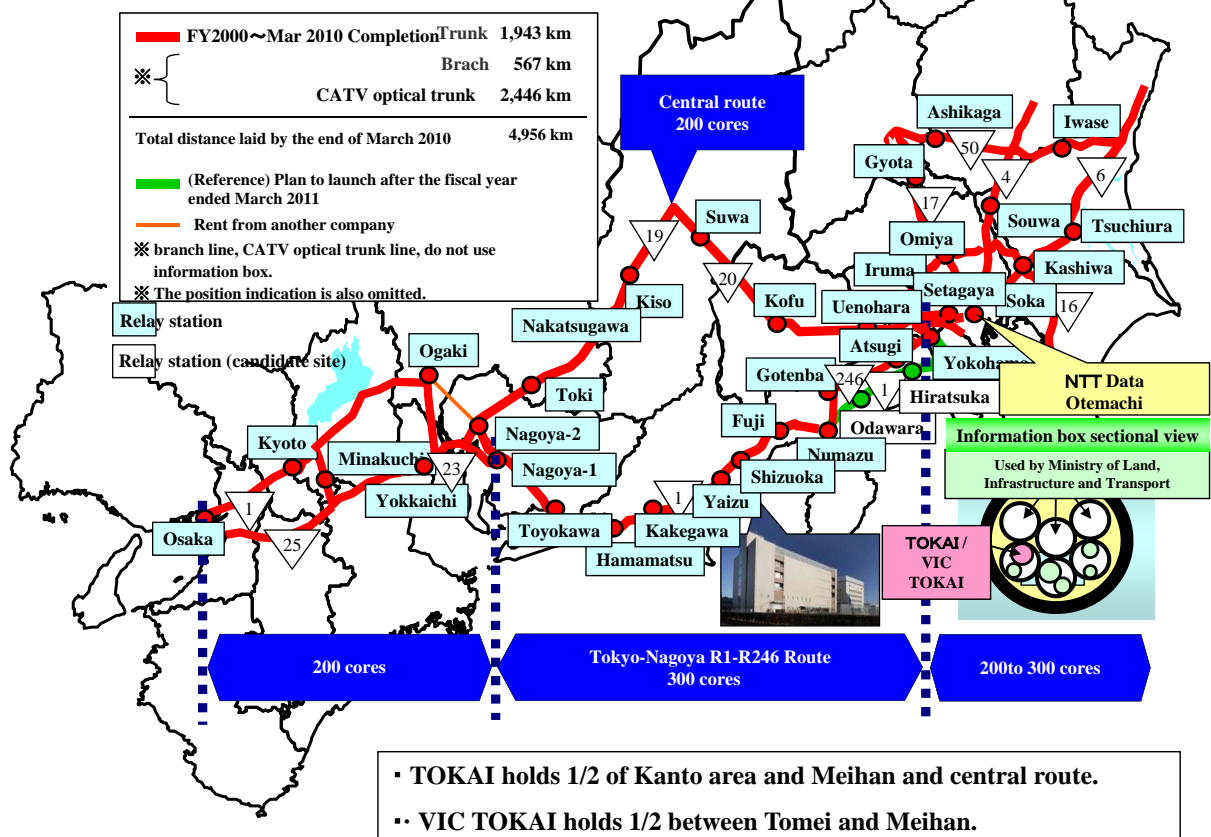
- Promotion of shared services (Rationalization of indirect business)
- Group-wide business processes
- Efficient operation by system

Rationalization of logistics functions

- Rationalization of logistics with LPG business and Aqua business

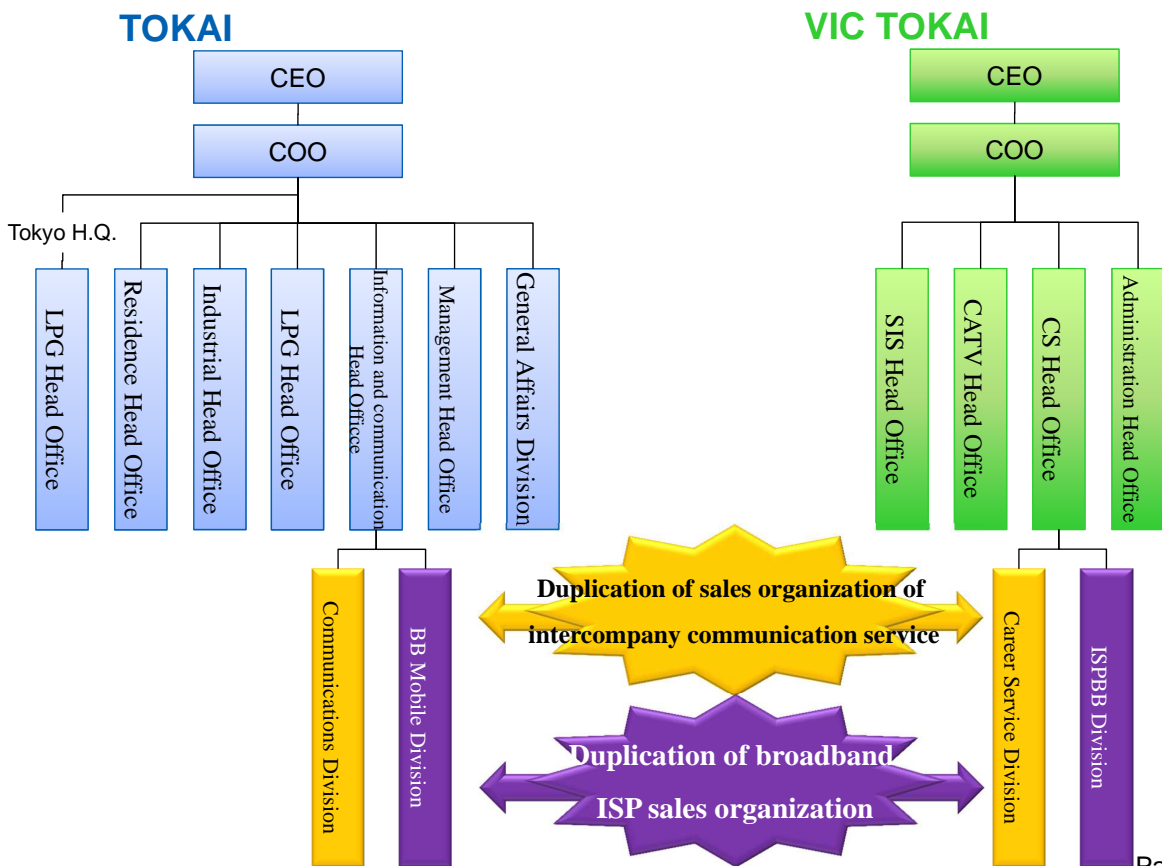
7 Synergy Through Integration

Aggregation of assets - Aggregation of fiber optic trunk networks




7 Synergy Through Integration

Improve sales functions



8 Schedule

Schedule	Contents
November 18, 2010	Resolution of the Board of Directors (Conclusion of Share Transfer Plan) · External release
November 19, 2010	TOKAI · VIC TOKAI Joint Briefing Session
January 21, 2011	Extraordinary shareholders meeting
	 Formulation of Business vision / Medium-term management plan Study of rationalization plan, shared service concept
April 1, 2011	Establish Holding company (TOKAI Holdings)
May, 2011	Presentation of new medium-term management plan



Realized the "final form of organization to aim"
in the two years up to the fiscal year ending March 2013

The performance forecasts and forward-looking statements in these materials are based on information currently available to the company, and include potential risks and uncertainties. Please be aware that due to changes in a variety of factors, actual results may differ materially from the projections and other forward-looking statements in these materials.

Please contact us with any questions regarding these materials.

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ENERGY & COMMUNICATION



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