May 9, 2017

TOKAI Holdings Corporation
Katsuhiko Tokita, President & CEO
(Code No. 3167 Tokyo Stock Exchange First Section)

To whom it may concern

Announcement of New Medium-Term Management Plan "Innovation Plan 2020 'JUMP'"

Aiming for Further Progress Through Fiscal Year Ending March 31, 2021

TOKAI Holdings Corporation (hereinafter, the "Company") today announced its new medium-term management plan "Innovation Plan 2020 'JUMP,'" a four-year plan starting in the fiscal year ending March 31, 2018.

1. Overview of Past Six Years

The Company has been working on the transition from managing individual companies to group management in the six years since changing to a holding company structure in April 2011.

Improving the financial position was the main priority of the first medium-term plan "Innovation Plan 2013" (FY03/12–FY03/14), while the focus of the second plan "Innovation Plan 2016 'Growing'" was on strengthening earnings capability over three years (FY03/15–FY03/17).

As a result, the Company made major improvements to its financial position, with interest-bearing debt reduced by about 50% from 124.0 billion yen immediately prior to transitioning to a holding company structure to 54.1 billion yen at the end of FY03/17, and the equity ratio significantly increasing from 7.7% to 34.5% over the same period.

The Company also made progress in earnings performance, with net income per share more than doubling from 27.17 yen in the first fiscal year as a holding company to 64.46 yen in FY03/17. Our market capitalization increased 2.3 times from 52.7 billion yen on the date of becoming a holding company to 119.0 billion yen at the end of FY03/17. Overall, the Company believes that it has laid the groundwork for embarking on an investment strategy that aims for further growth as a group.

2. Reasons for Naming of New Medium-Term Management Plan

"Innovation Plan 2020 'JUMP'" carries four key messages: "Switch from defensive to proactive management stance," "Progress M&A," "Prioritize profit growth and ROE," and "Shareholders are always a priority." In this context, the Company has allocated 100 billion yen for M&A activity and targets sales of 339.3 billion yen, operating profit of 22.5 billion yen, and ROE of 13% in FY03/21.

1) Four key messages

a) Switch from defensive to proactive management stance

In the next four years, the Company is switching from a defensive to proactive management stance with the primary goal of topline growth. The Company plans to invest aggressively in M&A and alliances over four years, allocating 100 billion yen in cash for this purpose. Its strategy is shifting from a stage of improving its financial position over the past six years to one of leveraged investments to accelerate growth.

b) Progress M&A

The Company's primary focus is to increase the earnings base and customer numbers of its core Gas, CATV, and Information and Communications businesses by an aggressive M&A strategy. As well, the Company plans to acquire monthly-fee-based, daily life-related services that harness the strengths of the group business model to increase cross-selling.

c) Prioritize profit growth and ROE

The Company aims to double sales over four years and roughly double operating profit and net income from FY03/17 to FY03/21. It also aims to maintain ROE at a high level, targeting 13% in FY03/21.

d) Shareholders are always a priority

The Company will adhere to its shareholder returns policy of sharing business returns in the form of stable, consistent dividends to reward shareholders.

In FY03/18, the Company plans to maintain the FY03/17 annual dividend per share of 28 yen. Although the FY03/17 dividend includes a 6 yen commemorative dividend for attaining targets of the previous medium-term plan, the Company plans an ordinary dividend of 28 yen per share in FY03/18.

The Company will consider another dividend increase in FY03/19 and beyond, based on the projection of a further rise in consolidated net income.

2) Main management indicators

Targets for topline growth are a nearly twofold increase in sales to 339.3 billion yen in FY03/21 versus 178.6 billion yen in FY03/17, 80% increase in operating profit to 22.5 billion yen, and 60% increase in net income to 11.5 billion yen.

In terms of financial indicators, the Company targets total assets of 283.4 billion yen in FY03/21 (80% increase from FY03/17) by leveraged investments, but at the same time, also keeps an eye on capital efficiency, maintaining the interest-bearing debt/EBITDA ratio at 2.8x, equity ratio at 31.6%, and ROE at 13%.

The Company also plans to increase customer numbers (which form the Group's earnings base) by at least 70% from 2.56 million at end-FY03/17 to over 4.32 million at end-FY03/21

(Billions of yen)

	FY03/17 results	FY03/21 targets (Based on M&A assumption of 51.1 billion yen)	FY03/21 targets* (Based on M&A assumption of 100 billion yen)
Sales	178.6	274.3	339.3
Operating profit	12.8	18.5	22.5
Net income	7.3	10.3	11.5
Total assets	161.1	235.4	283.4
Interest-bearing debt/EBITDA ratio (x)	2.0	2.4	2.8
Equity ratio (%)	34.5	31.2	31.6
ROE (%)	15.2	14.0	13.0
Customer numbers (millions)	2.56	4.32	Over 4.32

*M&A plan of 51.1 billion yen is factored into the annual plan. The Company's four-year target assumes an additional M&A budget of 48.9 billion yen.

3) Aggressive investment for future growth in FY03/18

The Company estimates that operating profit of established businesses must grow to 18.5 billion to attain the FY03/21 operating profit target of 22.5 billion yen. This requires additional investment in future growth.

The Company estimates 1.1 billion yen profit growth in FY03/18 due to an increase in the number of paying customers resulting from sales activities in the CATV, Gas, and Information and Communications businesses, but expects a 1.4 billion yen profit decline due to investment of 2.5 billion yen for future growth.

Specifically, the 2.5 billion yen investment is for expanding the Gas business supply area, promotion of new services in the Information and Communications business, and measures to prevent service cancellations by retail customers. By these actions, the Company aims to increase the number of service subscribers/customers that forms its earnings base by 320 thousand (12.5%) from 2.56 million in FY03/17 to 2.88 million in FY03/18.

The Company thus plans steady profit growth in established businesses in FY03/19 onward by expanding customer numbers in the CATV and LP Gas businesses.

Note: 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.

Contact: Yoshihiro Taniguchi

Public Relations and Investor Relations Office
TEL: +81-(0)54-273-4878
Email: overseas_IR@tokaigroup.co.jp

Innovation Plan 2020 “JUMP”

～Aiming for further progress through FY03/21～

May 9, 2017

TOKAI Holdings Corporation (Code: 3167)

Katsuhiko Tokita, President & CEO

Ⅰ. Overview of Past Six Years Since Changing to Holding Company Structure

FY03/17 results summary

- Sharp 4.5 billion yen (54.6%) operating profit growth from 8.2 billion yen in FY03/16, with all profit indicators posting historic highs. Results surpassed upward revision announced in October 2016. Net increase of customer numbers continued.
- Further progress with financial position improvement: interest-bearing debt reduced to 54.1 billion yen and capital ratio up to 34.5%
- Annual dividend increases two fiscal years in a row, doubling in FY03/17 (including 6 yen commemorative dividend for attaining medium-term plan target)

	FY03/16	Forecast	Result
Operating profit	8,245 million yen	12,750 million yen	12,750 million yen
Net income	3,458 million yen	6,500 million yen	7,337 million yen
Customer numbers	2,558 ,000	— ,000	2,564 ,000
Interest-bearing debt	71.4 billion yen	— billion yen	54.1 billion yen
Equity ratio	25.6 %	— %	34.5 %
Annual dividend	14 yen/share	28 yen/share	28 yen/share

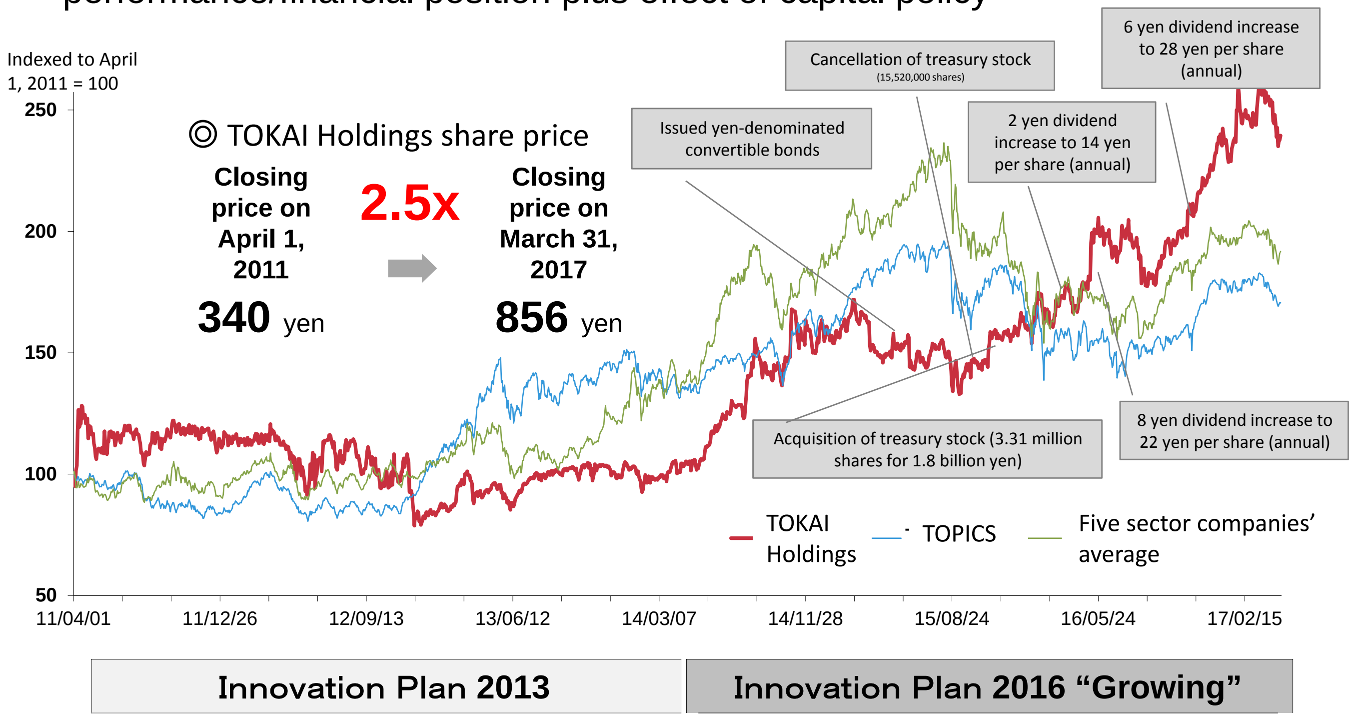
Results of IP13 and IP16 challenges

- Transitioned from managing individual companies to group management as holding company
- Substantial gains from financial position improvement in first medium-term plan IP13 and strengthened earnings capability in second plan IP16 “Growing”
- Sales up in real terms to 193.3 billion yen on increased retail customers, but offset by 11.4 billion yen negative effect of lower gas procurement prices

Interest-bearing debt	124.0 billion yen At end-March 2011	➡	54.1 billion yen At end-March 2017
Equity ratio	7.7 % At end-March 2011	➡	34.5 % At end-March 2017
EPS	27.17 yen At end-March 2012	➡	64.46 yen At end-March 2017
Market capitalization (includes treasury stock)	52.7 billion yen April 1, 2011	➡	119.0 billion yen March 31, 2017
Consolidated sales	181.9 billion yen At end-March 2012	➡	178.6 billion yen At end-March 2017

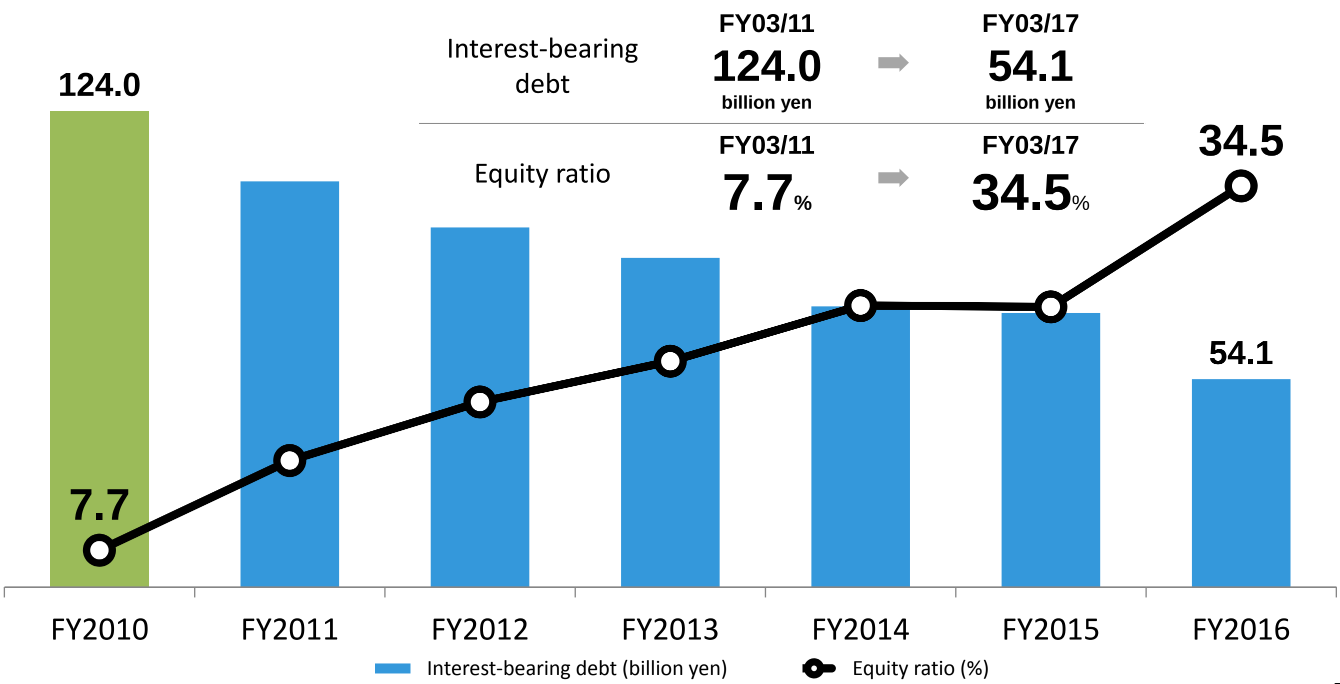
Share price far outperformed TOPIX

- Shares far outperformed TOPIX (benchmark) thanks to improved earnings performance/financial position plus effect of capital policy



Achieved average financial soundness performance among listed companies in six years

- Big improvement from critical levels of interest-bearing debt thanks to strict cash flow management; groundwork laid for strategy of investment for growth



Ⅱ. Four Key Messages of **IP20 “JUMP”**

1. From Defensive to Proactive Management

- Switch from defensive to proactive management stance, making topline growth the main priority
- Invest 100 billion yen cash over four fiscal years on strategic M&A and alliances
- Implement growth strategies that make the most of M&A and alliances using leveraged investments

2. Progress M&A

- As top priority, expand earnings base (customer numbers) of core Gas, CATV, and Information and Communications businesses through M&A
- Acquire monthly-fee-based, daily life-related services that harness the strengths of the group business model to increase cross-selling

3. Prioritize profit growth and ROE

- Double sales and roughly double operating profit and net income versus FY03/17 over four years
- Maintain high level of **ROE** at 13%

4. Shareholders are always a priority

- Maintain shareholder returns policy of sharing business returns in the form of stable, consistent dividends to reward shareholders
- Shareholder returns plan: 28 yen per share ordinary dividend in FY03/18 (first year of IP20), same as FY03/17 (28 yen including 6 yen commemorative dividend)
- Dividend increase a possibility in FY03/19 onward in view of outlook for consolidated net income growth

Ⅲ. Numerical targets of IP20 “JUMP”

Numerical targets include doubling sales in FY03/21 versus FY03/17

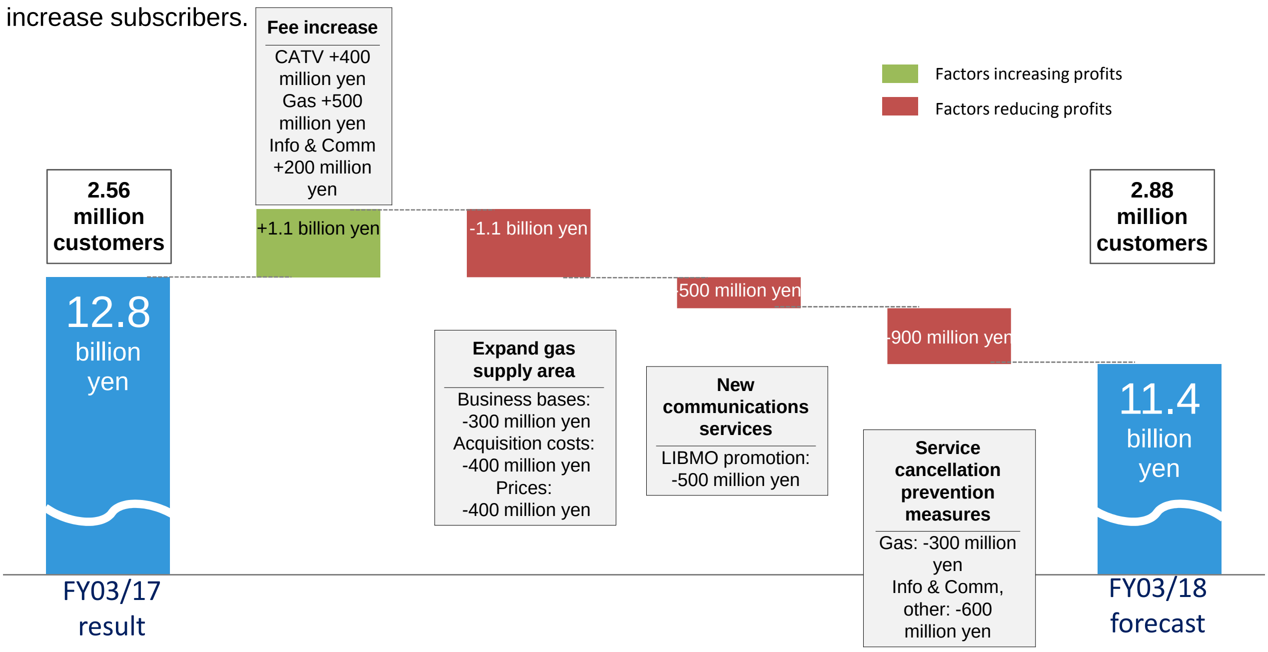
- Target sales of 274.3 billion yen and operating profit of 18.5 billion yen for established businesses, plus M&A to attain FY03/21 sales of 339.3 billion yen and operating profit of 22.5 billion yen (up 90% and 80%, respectively, versus FY03/17). Target 70% increase in customer count to 4.32 million over the same period.
- Target interest-bearing debt/EBITDA ratio of 2.8x, equity ratio of 31.6%, and ROE of 13% by management focused on capital efficiency.

(Billions of yen)	FY03/17 Result	FY03/18 Target	FY03/19 Target	FY03/20 Target	FY03/21 Target
Sales	178.6	189.4	202.0	224.4	(+90%) 393.3
Operating profit	12.8	11.4	14.0	16.2	(+80%) 22.5
Net income	7.3	6.4	7.9	8.7	(+60%) 11.5
Total assets	161.1	169.8	173.8	191.2	(+80%) 283.5
Interest-bearing debt/EBITDA ratio	2.0x	2.4x	2.2x	2.0x	2.8x
Equity ratio	34.5%	33.9%	35.6%	34.9%	31.6%
ROE	15.2%	11.1%	12.8%	13.0%	13.0%
Customer numbers (millions)	2.56	2.88	2.99	3.72	(+70%) 4.32

Note: () denotes increase versus FY03/17

Begin aggressive investment to attain 18.5 billion yen target in FY03/18

- Operating profit of established businesses must grow to 18.5 billion to attain the FY03/21 operating profit target of 22.5 billion yen. This requires additional investment in future growth.
- To this end, the Company shall invest 2.5 billion yen for further expansion of the gas business supply area, introduction of new communications services, and implementing service cancellation prevention measures to increase subscribers.



Allocate 100 billion yen to M&A

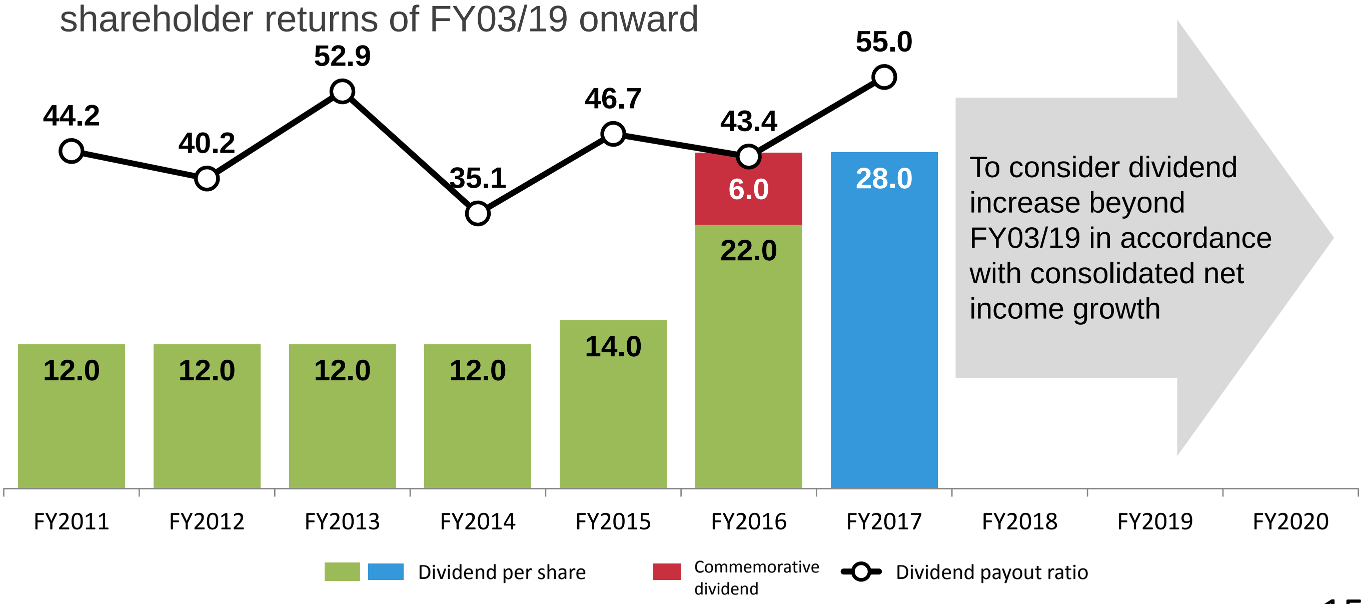
- To allocate 100 billion yen to investing in M&A and alliances to capture external growth
- Target ROI (operating profit basis) of around 8% as a measure of investment that prioritizes capital efficiency

	Total M&A budget
Investment	100.0 Billion yen
Sales	116.9 Billion yen
Operating profit before goodwill amortization	8.4 Billion yen
ROI (operating profit basis)	8.4 %
Goodwill amortization	4.0 Billion yen

Note: Investment is four-year total; earnings figures are FY03/21 assumptions

Maintain annual dividend of 28 yen per share in FY03/18

- Reward shareholders by providing stable and consistent returns
- Ordinary dividend of 28 yen per share planned for FY03/18, same as FY03/17 total, which includes 6 yen commemorative dividend
- To consider dividend increase according to consolidated net income growth in shareholder returns of FY03/19 onward



Ⅳ. Main strategies of IP20 “JUMP”

Pillars of M&A strategy

Allocate 100 billion investment budget over four years

Purpose: To strengthen core businesses and acquire new services

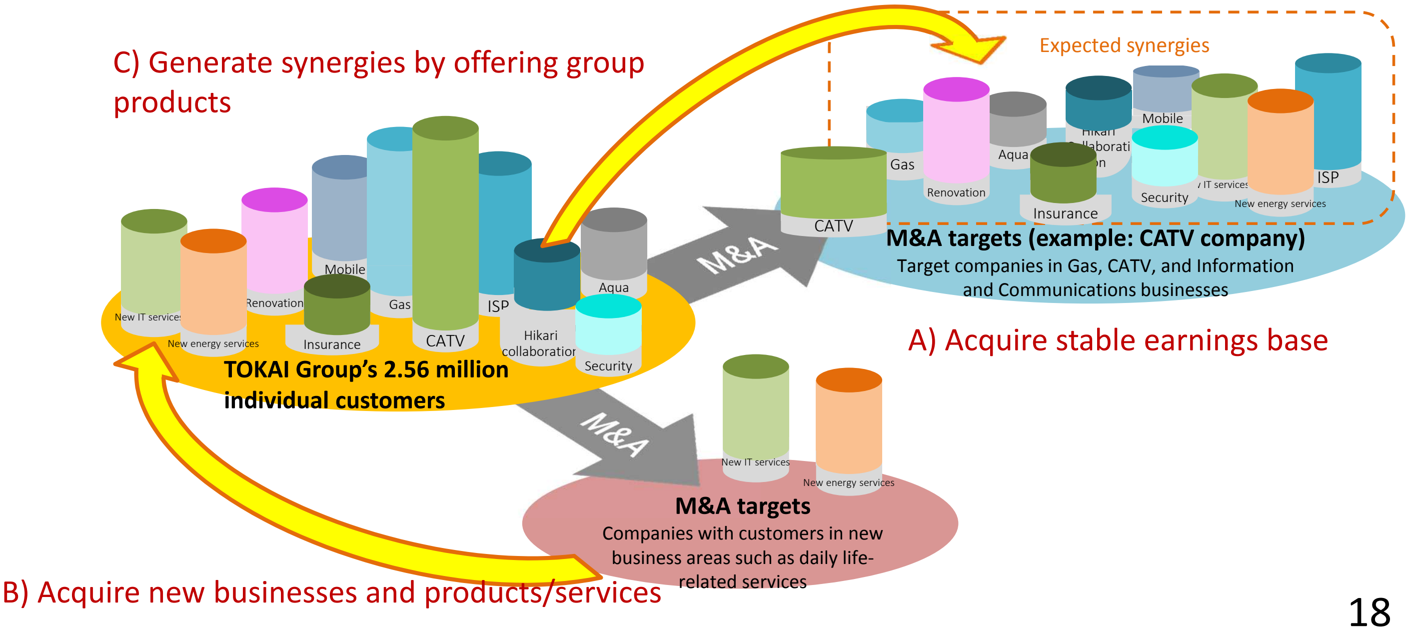
Invest in new services in addition to Gas, CATV, and Information and Communications services

Establish section specializing in M&A

Establish section dedicated to screening and executing investments and progressing business integration after acquisition. Responsibilities include collaborating with M&A specialists to gather information and searching for future M&A targets by strengthening ties with venture capital firms and buyout funds

Expand customer base and services by M&A

- Aim to raise consolidated performance by M&A of companies with earnings base in addition to growth of TOKAI Group's established businesses (A)
- Plus, acquire monthly-fee-based, daily life-related services that harness the strengths of the group business model (B) to generate synergies from cross-selling (C)



Generating synergies by acquiring earnings base

- Acquisition of CATV operator with sales of 1.5 billion yen and 50,000 customers enables sales of group's diverse daily life-related products and services to these new customers
- Based on the Company's track record, this would create synergies of around 300 million yen in sales and 60 million yen in operating profit just from the following three businesses:

Communications service sales

Ten percent of customers switch from CATV to TOKAI Group's FTTH

Annual sales	Operating profit
50 million yen	**25** million yen

- Assume roughly 10% of CATV-FTTH customers switch to TOKAI Group's FTTH service (switch from CATVNET), adding 1,000 yen to monthly sales per customer (10% profit margin)
- CATV-FTTH has 30% market share in the Company's FTTH service area

Aqua service sales

Aqua service sold to three percent of customers

Annual sales	Operating profit
67 million yen	**10** million yen

- Assume cross-selling potential of 3% of customers (50% of 6% diffusion rate), adding 3,800 yen to monthly sales per customer (15% profit margin)
- The Company's market share in the city gas service area is 6%.

Renovation service sales

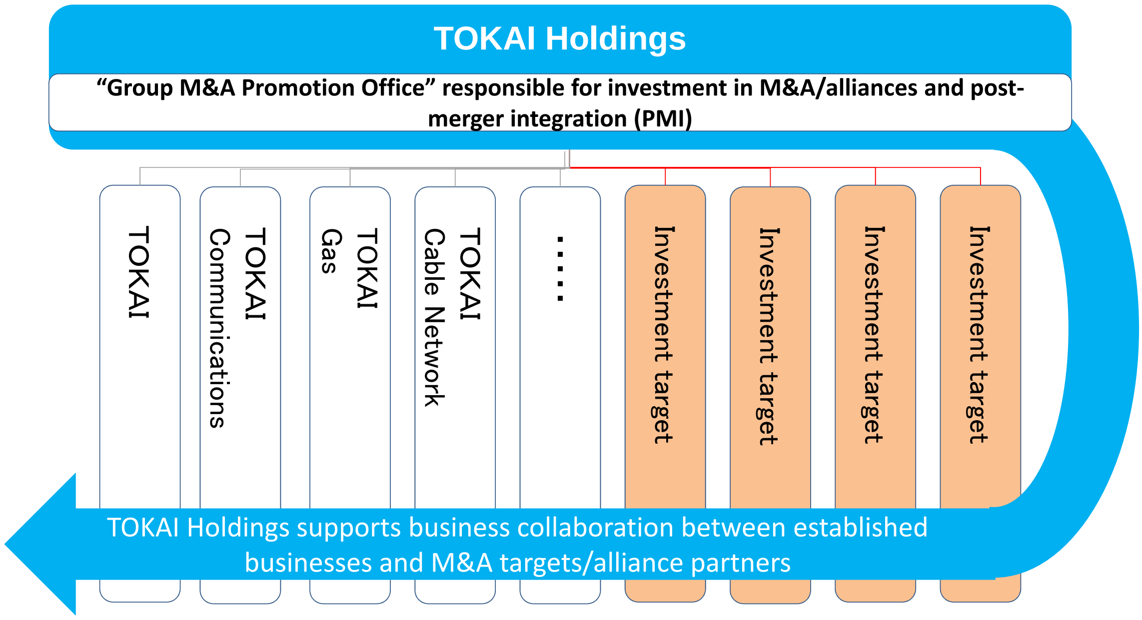
Renovation service sold to 10% of market share

Annual sales	Operating profit
150 million yen	**25** million yen

- Assume the Company captures 10% renovation demand at average sales per customer of 30,000 yen
- The Company has sold renovation services to 12% of customers in its city gas service area (average sales per customer: 30,000 yen; profit margin: 17%)

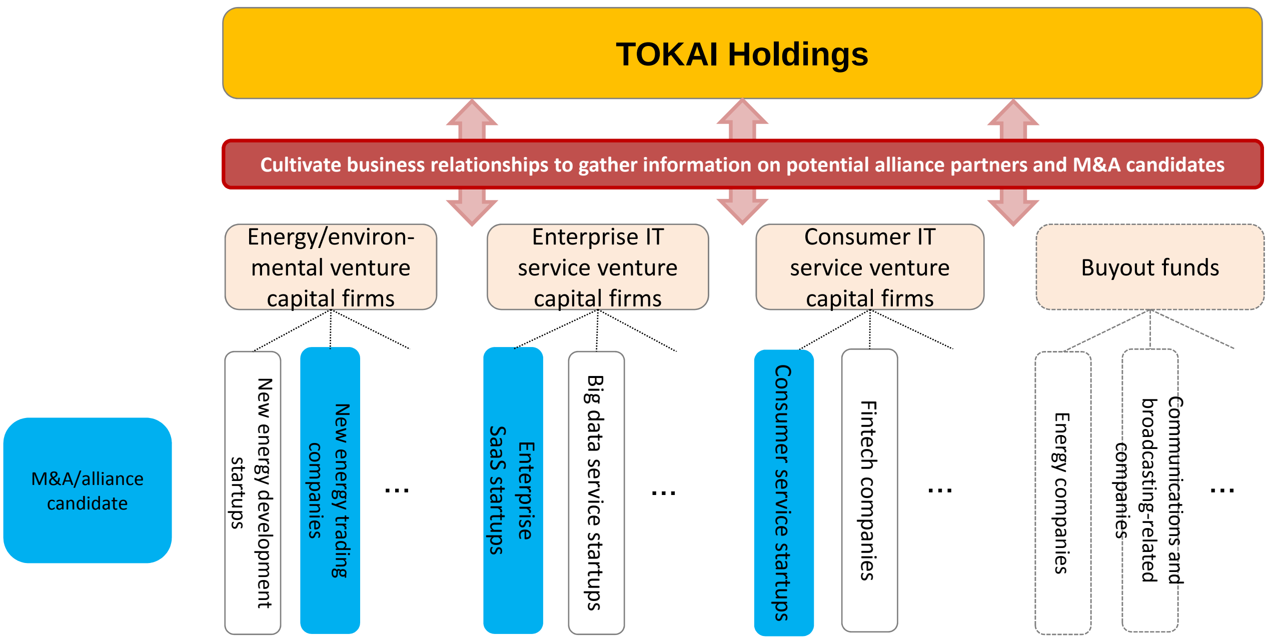
Establish section dedicated to M&A

- Establish department dedicated to M&A and alliances in TOKAI Holdings
- The new department will play a leading role in screening investments, executing acquisitions/investments, and progressing subsequent business integration



Discover promising investment targets

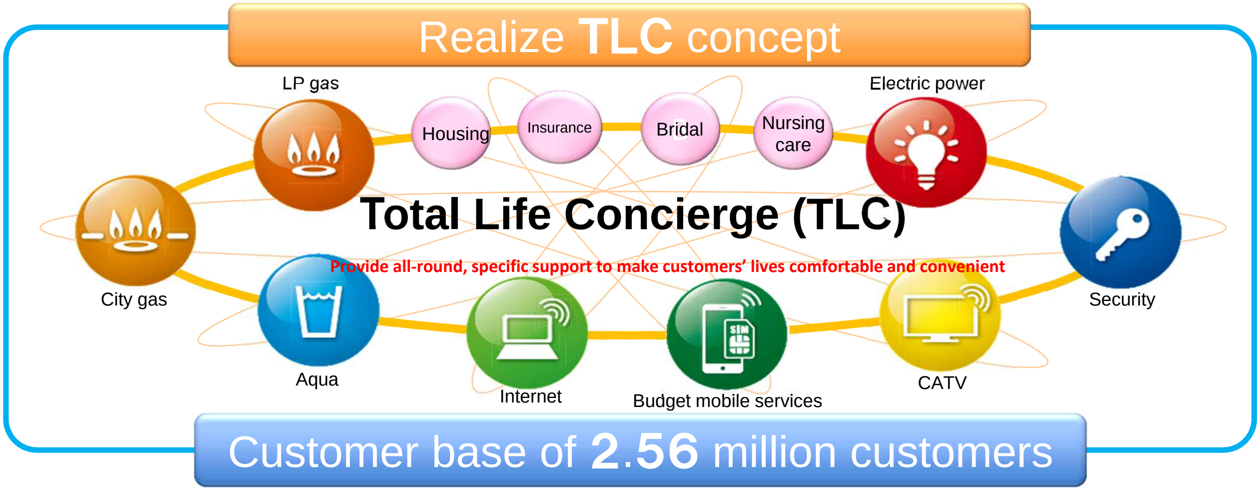
- Work closely with well-established venture capital firms and buyout funds to build networks for gathering information on "seeds of growth" and discovering potential M&A targets



Raise cross-selling rate to 20% by FY03/21

■ **Progress group-wide effort to complete the TLC (Total Life Concierge) concept, i.e., providing a one-stop, one-contract, one-call-center structure for various services that support customers' daily lives**

◆Engage in more cross-selling to customer base of 2.56 million customers to raise the cross-selling rate to 20% by FY03/21 and expand operating profit base by 1.7 billion yen by measures to prevent service cancellation and increase ARPU per customer
◆Support group sales capability by upgrading infrastructure for cross-selling, e.g., utilizing customer information and improving customer service by shift to omni-channel/single call center structure and integrated billing system
◆Increase presence of TLC concept by offering TLC loyalty points that offer bigger savings on more transactions and strengthen measures that offer various advantages to being a customer of the TOKAI Group



1) LP gas business

LP gas business is mature and the household/commercial markets are shrinking
(by an estimated 7.1% in next four years)
Household unit consumption is trending down
(by around 2% per year amid population decline and shift toward energy-saving equipment and lifestyles)

(Source: Materials from METI Working Group on oil market trends research, April 3, 2017)

<Position in industry>
LP gas company with third-largest customer base in Japan

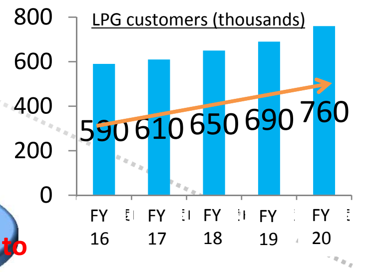
- Top market share in Shizuoka Prefecture (22.5%) with 180,000 customers
- Established market share (8.1%) in Kanto region with 410,000 customers

(Source: *LP Gas Annual Report* 2017, Sekiyu Kagaku Shinbun Sha)

Increase customers by 30% to 760,000 to expand market share
Ninefold increase in customers in new areas

<Main medium-term goals>

- Increase customers numbers by 30% (including new areas) to 760,000 over four years
- Target increase in customers in new areas from 8,000 in FY16 to 70,000 in FY20



Move into new supply areas
(add five new business bases for a total of 10)
Actively engage in M&A in new and established areas to stabilize customer base further

Expand supply area (mainly in areas where other group businesses are established) to attract new customers

2) City gas business

Gas system reforms: Liberalization of gas retailing starts
Competition initially centered in major cities where major EPCOs will enter the market
Like LP gas, household unit consumption is turning down

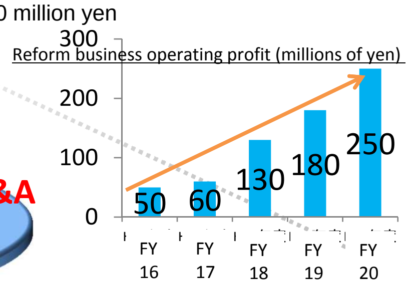
<Overview of supply area>

- Yaizu and Fujieda, Shizuoka Prefecture
  - ･Number of users: 54,000
  - ･Sales volume: 140 million m3
  - (Large-lot users: 120 million m3; small-lot users: 20 million m3)

Most advanced in terms of TLC strategy; working toward further progress.
Target fivefold growth of renovation business in four years

<Main medium-term goals>

- Strengthen price competitiveness by streamlining, etc., to secure profits. Target 230 million yen profit growth in gas business, including M&A effects
- Reform business boasts top-class sales per customer of 30,000 yen. Target fivefold operating profit increase in four years from 50 million yen to 250 million yen



Aggressively pursue area expansion by M&A and alliances with industry peers

Expand supply area by M&A and target synergies through alliances with industry peers. Invest in gas pipeline extensions to attract new industrial demand.

3) Broadband business

Growth of broadband market to slow, but continue modest uptrend (+2.3% per year from current 29.19 million households) (Source: MM Research Institute forecast as of December 31, 2016)
Outlook for strong growth of MVNO market on easing of SIM unlock (from 8.8 million to 19.5 million contracts in four years) (Source: Seed Planning forecast as of December 2016)

- New players including mobile carriers enter broadband market on start of NTT's wholesale sales of fiber-optic networks
- Major mobile carriers under pressure to compete with fast-growing MVNO companies

<Position in industry>
ISP company ranking fourth in Japan in terms of sales

(Source: Article in *Nikkei Marketing Journal*, November 5, 2014)

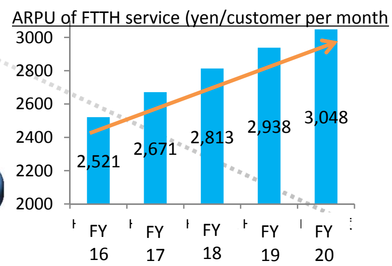
- Top market share (23.1%) in Shizuoka Prefecture with 240,000 customers
- Kanto area market share of 4.1% with 500,000 customers

(Source: MIC Information and Communications Statistics Database as of December 31, 2016)

Promote Hikari Collaboration
Increase ARPU/AMPU by providing own MVNO service and packages with new services

<Main medium-term goals>

- Target 85.1% of FTTH customers switching to Hikari Collaboration by end-FY20. This should raise ARPU per customer to 3,048 yen per month (+20.9% from end-FY16)
- Further increase sales by adding 140,000 MVNO（LIBMO）customers by end-FY20



Add more services with value added
Improve own-brand services

Increase ARPU by encouraging long-term broadband use in packages with LIBMO and TOKAI SAFE (security service) and developing new, own-brand IT-related services such as IT insurance

4) CATV business

Demand for 4K broadcasts likely to grow by 2020 with government policy support.
CATV has dominant share of pay TV market (subscriber households), far exceeding satellite and IPTV

- CATV companies at advantage in terms of viewing 4K broadcasts, which will likely spread in the next few years
- Differentiating service from major telecommunication companies remains a challenge

<Position in industry>
Third-largest urban CATV sales in Japan

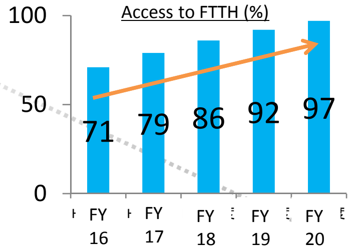
(Source: Article in *Nikkei Marketing Journal*, November 9, 2016

- Group broadcasting customers: 510,000 (48% of home path)
- Group communications customers: 230,000

Deploy services that maximize own fiber-optic network for net increase of 90,000 broadcasting and communications customers

<Main medium-term goals>

- Target close to 100% access to FTTH in service area (versus 25.7% in FY16)
- Target net increases of broadcasting and communications customers of 30,000 and 60,000, respectively, in four years



Expand broadcasting customer base by grasping ideal opportunity of growing demand for 4K broadcasts

Expand customer base by launching competitively priced services that combine 4K broadcast with internet. Improve convenience by broadcasting disaster-prevention and other local information in partnership with government. Also work with municipalities to supply FTTH to areas without high-speed broadband infrastructure and build infrastructure for regional BWA, etc.

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.

Public Relations and Investor Relations Office
TOKAI Holdings Corporation
2-6-8 Tokiwa-cho, Aoi-ku, Shizuoka 420-0034, Japan
Phone: +81-(0)54 275-0007
Fax: +81-(0)54-275-1110
http://tokaiholdings.co.jp/
e-mail: overseas_IR@tokaigroup.co.jp

うれしいをつなぐ。ひろげる。

TOKAI GROUP