

July 20, 2017

To whom it may concern

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

Making Tokyo Bay Network Consolidated Subsidiary

TOKAI Holdings Corporation (hereinafter “the Company”) has acquired additional shares in Tokyo Bay Network Co., Ltd. (hereinafter “Tokyo Bay Network”), an equity method affiliate of the Company, making it a consolidated subsidiary.

The TOKAI Group started the CATV business in Shizuoka Prefecture in 1988 and has expanded the service areas to the five prefectures of Shizuoka, Kanagawa, Chiba, Nagano, and Okayama. Today, the TOKAI Group provides broadcasting services to 510,000 customers and communications services to 230,000 customers. In addition to providing unique local information rooted in each community and multi-channel broadcasting, the TOKAI Group has supported people’s comfortable life by combining broadcasting and communications services such as providing high-speed communications services using FTTH networks.

Tokyo Bay Network is a CATV operator providing services in Koto-ku and Chuo-ku, Tokyo where redevelopment and revitalization are expected in line with the construction of stadiums, the Olympic Village, and other facilities for the 2020 Tokyo Olympic and Paralympic Games. Tokyo Bay Network is providing services ranging from multi-channel broadcasting and high-speed Internet access to land line phones to 250,000 customers.

As a result of making Tokyo Bay Network a consolidated subsidiary, the number of customers using the TOKAI Group’s CATV business has increased by 34% from 730,000 to 980,000 customers (simple sum of the number of customers of both companies as of March-end 2017), significantly facilitating the expansion of revenue base.

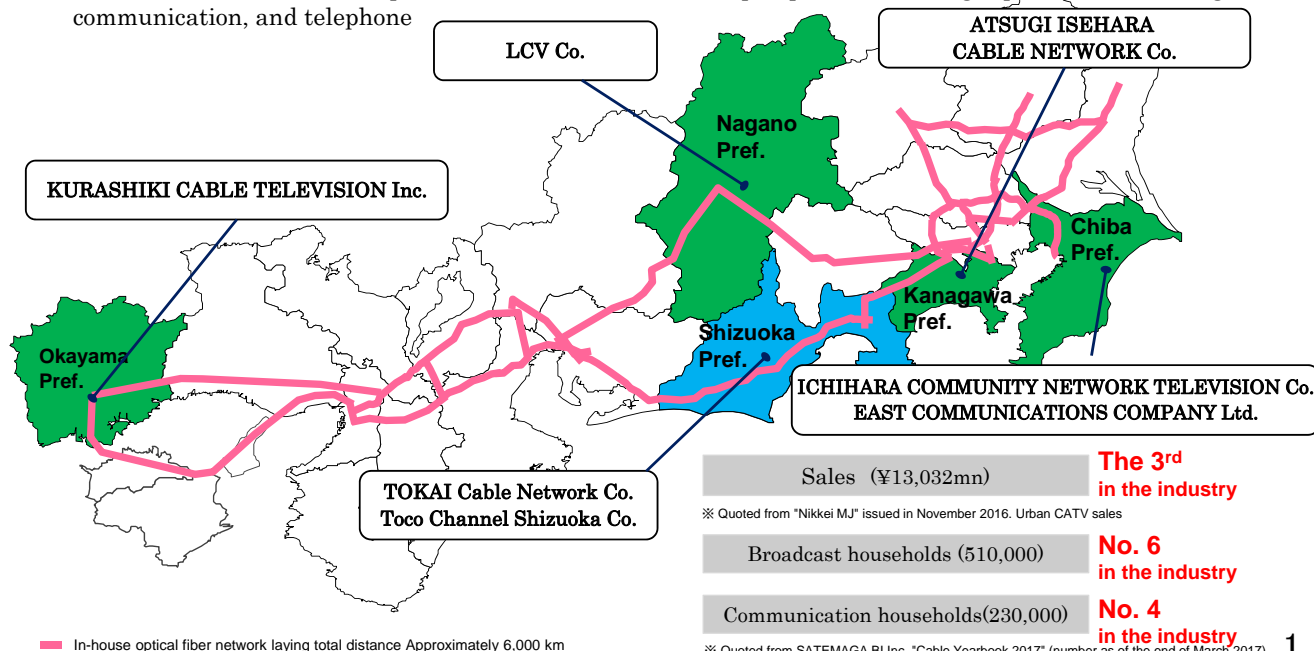
Against a backdrop that the Ministry of Internal Affairs and Communications is aiming to achieve a 50% penetration rate for 4K broadcasting by 2020, the Company is working to further expand its CATV business based on a strategy to secure the first mover advantage by capturing the needs of customers to watch 4K broadcasting by installing fiber-optic lines from center equipment to the last one mile and advancing broadcasting.

The Company strives to further expand business by generating synergies with Tokyo Bay Network by making the most of opticalization knowhow, which has been cultivated by the TOKAI Group over many years, and the TOKAI Group’s comprehensive life services such as energy and information and communications services.

The Company announced its medium-term management plan “Innovation Plan 2020 ‘JUMP’”, which ends in fiscal 2020, on May 9, 2017. Over the next four years, the Company aims to accelerate the Group’s growth by making the most of M&A and alliances using leveraged investments in addition to growing the existing businesses. As part of the efforts, the Company will proactively make investments totaling 100 billion yen on M&A. This is the first step in the M&A investment plan. The Company will continue expanding revenue base of the TOKAI Group’s mainstay businesses such as gas, CATV, and information and communications services, through proactive M&A and alliance investments.

Outline of TOKAI Group's CATV business

- Developing a business in Shizuoka Pref., Kanagawa Pref., Chiba Pref., Nagano Pref., Okayama Pref., and operated by seven companies.
- The total number of customers are 730 thousand of which 510 thousand broadcasts and 230 thousand communications (as of the end of March 2017)
- Sales are the third in the industry, the number of broadcast households is No. 6 in the industry, the number of communication subscribing households is No. 4 in the industry
- Construct wide-area CATV optical network and offer one-stop triple service of high-quality broadcasting, communication, and telephone



TOKAI Group's CATV Strengths "The community-based services"

- Maximize community channels and provide useful information for daily living, including local news and event information.
- Contributing to strengthening regional ties by creating and delivering programs that viewers can participate in.
- Actively participate in the major events of the community and improve the awareness of community channels by utilizing the ToCoChan family*.



Shizuoka Festival



Regional celebration

A celebration and events of each region broadcast live for a long time



Documentary

High quality program production focused on regional history etc.

"Manchuria Fujimi village - 70 years testimony after the war"

Winner of the 53rd Galaxy Award TV Division



Daily news

Distribution of events and seasons in each region on live broadcast on weekdays



Kano River Firework Display
*Provided by Numazu City



Street performer world cup



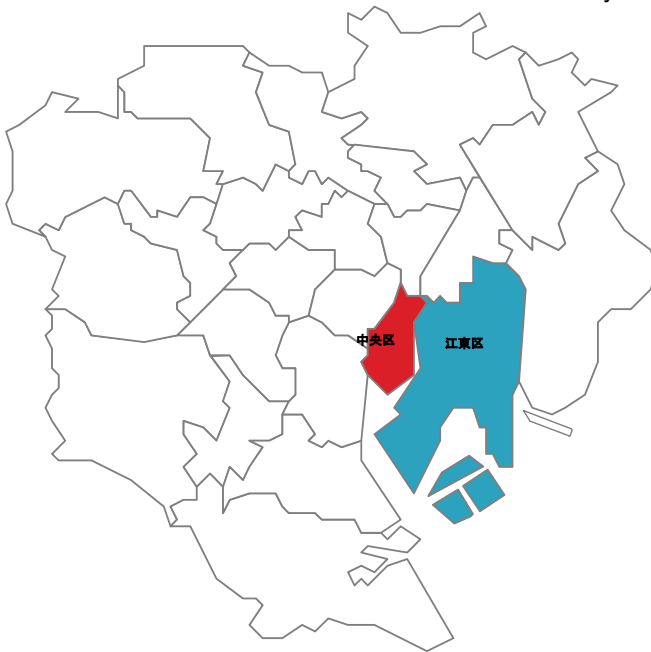
Viewer participation program

Programs which local people can appear, including Karaoke Grand Prix

*Singer, artist, comedian who is active in community channel "ToCoChan" of our group CATV.

Outline of Tokyo Bay Network

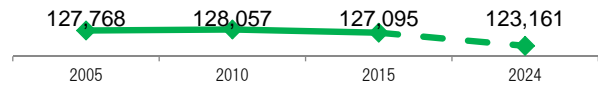
- Service area is Koto Ward and Chuo Ward Tokyo
- In both areas the future population growth is expected, further development of business is expected
- The total number of connected households was 249 thousand, among which, the number of telecommunication subscribing households was 14 thousand (as of the end of March 2017)
- Number of households used is **No.9** in the industry



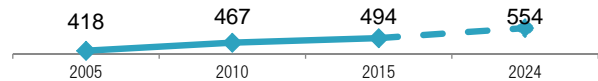
Population transition and estimate (Unit: thousand people)

※ quoted from the National Institute of Social Security and Population Research

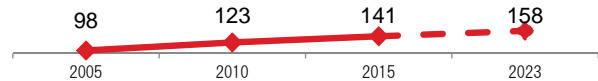
Nationwide



Koto Ward



Chuo Ward



Connected households
249 thousand

No. 9
in the industry

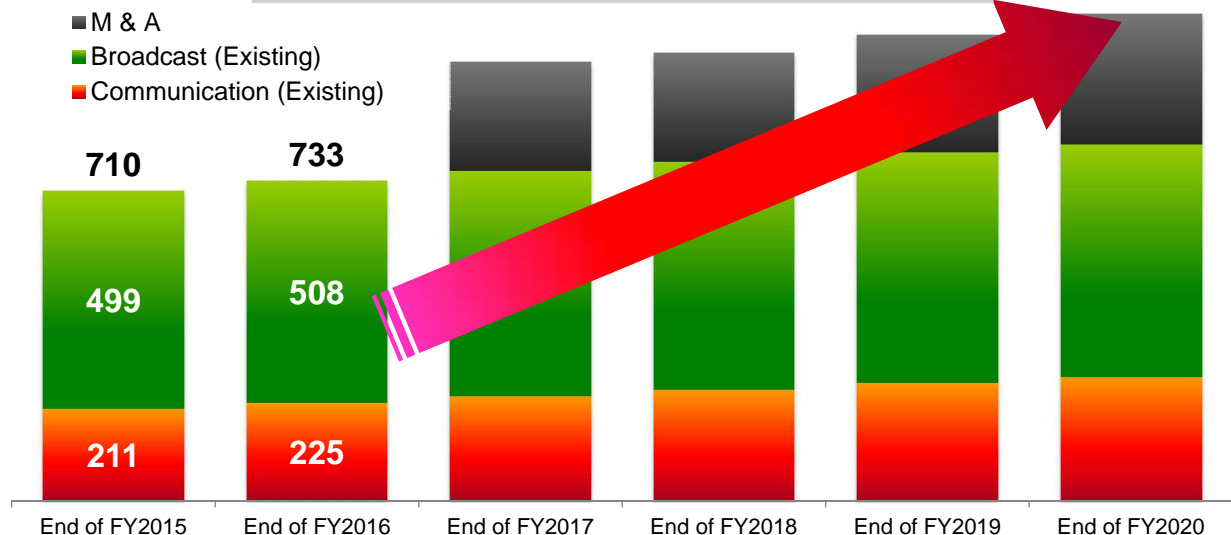
※ Quoted from SATEMAGA BI Inc. "Cable Yearbook 2017" (number as of the end of March 2017)

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TOKAI Group CATV Business Growth Strategy

- Expand customer base by promoting "Opticalization of broadcasting" respond to 4K demand triggered by the Tokyo Olympic Games in 2020
- Improve ARPU by promoting TLC (Total Life Concierge) that provides various lifestyle-related services such as energy, information and communications developed by the Group on a one-stop basis
- Expand business by exploiting new business areas and utilizing M & A

Number of customers in CATV business at Medium-term management plan image (Unit: thousands)



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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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