



February 10, 2016

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

To whom it may concern

Notice Regarding Completion of Acquisition of Treasury Shares and Future Shareholder Returns

(Acquisition of treasury shares pursuant to the Articles of Incorporation based on Article 165, Paragraph 2 of the Companies Act)

TOKAI Holdings Corporation (“the Company”) is earnestly working and steadily progressing toward achieving the earnings forecasts announced in May 2015 for this fiscal year ending March 31, 2016, the second year of the medium-term management plan, “Innovation Plan 2016: Growing.”

Key initiatives for this year, which are expanding sales under the Hikari Collaboration model¹ in the information and communications services field, and improving profitability of the Aqua business (bottled water delivery), are also going according to plan, and are on track to reach targets set for the fiscal year ending March 31, 2017, the final year of the medium-term management plan.

Given such conditions, the Company forecasts total annual dividends at 1.4 billion yen, with an interim dividend of 6 yen per share and a year-end dividend of 6 yen per share, for a total annual dividend of 12 yen per share.

The Company also plans to strengthen shareholder returns, and provide 100% of profits to shareholders for the fiscal year ending March 31, 2016 through share buybacks and dividends combined. The Company announces that in line with this plan, as of February 8, 2016 the acquisition of treasury shares pursuant to the resolution passed at the meeting of the Board of Directors held on October 29, 2015 (maximum of 1.8 billion yen) was completed as expected.

As explained at the earnings briefing held on November 5, 2015² regarding the first half of the fiscal year ending March 31, 2016, the Company is also proactively considering further share buybacks and other measures to provide enhanced shareholder returns in the fiscal year ending March 31, 2017, given the steady improvement in its financial position resulting in part from the reduction in interest-bearing debt, and higher shareholders’ equity from the issuance of convertible bonds.

1. Details of the resolution passed at the Board of Directors meeting held on October 29, 2015
 - (1) Type of shares to be acquired: Common stock of the Company
 - (2) Number of shares to be acquired: 3,600,000 shares (maximum)
(3.1% of shares outstanding excluding treasury shares)
 - (3) Total acquisition price: 1.8 billion yen (maximum)
 - (4) Acquisition period: October 30, 2015 to February 29, 2016
 - (5) Acquisition method: Open-market purchase on the Tokyo Stock Exchange

2. Number of treasury shares acquired based on the above resolution (as of February 8, 2016)

- (1) Acquisition period (February): February 1, 2016 to February 8, 2016 (contract basis)
 - ① Type of shares acquired: Common stock of the Company
 - ② Number of shares acquired: 283,000 shares
 - ③ Total acquisition price: 165,949,500 yen
 - ④ Acquisition method: Open-market purchase on the Tokyo Stock Exchange
- (2) Acquisition period (cumulative): October 30, 2015 to February 8, 2016 (contract basis)
 - ① Type of shares acquired: Common stock of the Company
 - ② Number of shares acquired: 3,308,000 shares
 - ③ Total acquisition price: 1,799,987,000 yen
 - ④ Acquisition period: October 30, 2015 to February 8, 2016
 - ⑤ Acquisition method: Open-market purchase on the Tokyo Stock Exchange

1 Hikari Collaboration Model: a service where internet service providers, etc. are able to use NTT fiber-optic lines to provide fiber-optic services under their own corporate branding.

2 Please refer to the following link for details regarding the “FY 2015 Q2 (Fiscal Year Ending March 31 2016) Financial Results Highlights.”

URL: http://tokaiholdings.co.jp/ir/library/pdf/overseasir/2016_3/ov201512_e2.pdf

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Shareholder returns for FY03/16

- Expected annual dividends to total ¥1.4 billion (¥6 interim dividend at the end of 1H, and ¥6 year-end dividend at the end of FY03/16 for a total annual dividend of ¥12 per share).
- This year, TOKAI Holdings completed to cancel treasury shares equivalent to 10% of its total issued shares, and to buyback an additional ¥1.8 billion in treasury shares, and plans to provide a 100% of profits to shareholders, when combined with dividends.
- With performance remaining solid going into the last year of the IP16 plan, we are also considering additional share buybacks next year.

