

January 31, 2017

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

To whom it may concern



TOKAI Group Makes Full-Scale Entry into MVNO Business

Service launch for low-cost SIM service “LIBMO”

TOKAI Communications Corporation (hereinafter “TOKAI Communications”), a wholly owned subsidiary of TOKAI Holdings Corporation, began sales of low-cost SIMs in 2014, and will now make a full-scale entry into the MVNO¹ business, launching the “LIBMO” low-cost SIM service² on February 23, 2017, as described in the attachment.

In tandem with the proliferation of smartphones, the number of people using low-cost SIMs—which provide low-cost mobile communications services through leasing lines from major mobile communications carriers—has grown rapidly over the past several years. As of the end of fiscal 2015, the number of such lines grew 65% year-on-year to 5.39 million, and this figure is forecast to grow to 11.70 million by the end of fiscal 2017³.

Additionally, with the intent of lowering communications fees for consumers, the Ministry of Internal Affairs and Communications recently announced guidelines⁴ to allow for easy transition between communications carriers. As a result, it is projected that the number of people using low-cost SIM services will see further growth.

Handling the information and communications business, a mainstay business of the Group alongside the gas business, TOKAI Communications has achieved the number four⁵ position as an ISP service provider in Japan, providing services to 780 thousand customers. TOKAI Communications has also engaged in active sales promotion by launching the Hikari Collaboration service in February 2015, which provides optical broadband services using fiber optic lines from NTT East and West and its complete customer support services as a package deal. Through a full-scale entry into the MVNO business, TOKAI Communications will seek to provide a one-stop service for both fiber optic fixed-line services and mobile communications services, both of which are necessities for customer lifestyles.

“LIBMO” (<http://www.libmo.jp/>) will have a pricing structure that is sufficiently competitive with major mobile phone carriers and low-cost SIM providers. It will be actively promoted and positioned as a strategic product not only for capturing new customers in mobile communications services, but

as a method to assist in expanding sales and improving customer retention of the fixed-line services by providing it packaged with Hikari Collaboration.

Under the TLC (Total Life Concierge) vision, TOKAI Group proposes comprehensive lineup of various lifestyle infrastructure services, including energy, information and communications, and CATV. Going forward, by continuing to actively work toward providing products and services that can contribute to solving regional and social issues, the Group will aim to improve customer satisfaction.

¹ MVNO: Mobile Virtual Network Operator. Companies that sell low-cost SIMs and provide wireless data communications services

² Low-cost SIM: Common name for wireless service that provides a mobile data communications service for smartphones at low pricing levels by leasing communication lines from major mobile communications carriers (DoCoMo, au, Softbank)

³ Estimates based on research by MM Research Institute, Ltd. Number of lines contracted by independent MVNOs for unique SIM services that utilize SIM cards with unique pricing plans.

⁴ In “Guidance Regarding Conditions and Devices for Providing Mobile Services,” an attachment to the “Results of Opinion Collection on Guidelines Regarding Conditions and Devices for Providing Mobile Services” documentation published by the Ministry of Internal Affairs and Communications on January 10, 2017, major mobile communications carriers have been requested to reduce the period for removing SIM locks from the current six months to three months

⁵ Source: Article published by the Nikkei Marketing Journal on November 5, 2014

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Service Comparison with Major Mobile Carriers

- Optical Internet and family smartphone (3 units) can be used at a price less than half of major mobile carriers

Monthly fees (unit : Yen)

Set plan for optical line with smartphone		Basic charge	Set discount	Offer price
Our Services	Optical line (For detached house)	5,100	300	9,420
	LIBMO with 3 smartphones (10GB sharing with Voice call func.*1)	4,620		
Major mobile company A	Optical line (For detached house)	5,200	1,200	20,500
	3 smartphones (10GB sharing with Voice call func. unlimited*2)	16,500		
Major mobile company B	Optical line (For detached house, Required option)	5,700	1,389	23,811
	3 smartphones (2GB per device (Total 6GB) with Voice call func. unlimited*3)	19,500		

※Not include device fees

*1 Voice call usage fee 20yen/30 seconds for domestic call, *2 Within 5 minutes call free for domestic call, excesses are 20yen/30 seconds

*3 Free all time for domestic call for domestic call

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Comparison of services with carrier sub-brands

- When used in set with our optical Internet service, data communication volume is **tripled** even when compared to topical carrier sub-brands, and the usage fee is **lowest!**

(unit : Yen)

	LIBMO	Carrier sub-brands C	Carrier sub-brands D
Plan	3GB with Voice function	1GB (2GB for 1 st 2 years) with Voice function	1GB (2GB for 1 st 2 years) with Voice function
Voice call	Voice call pack 30 *1 880	Flat fee *2	Flat fee *3
Basic monthly fee	2,460	2,980	2,980
(Monthly fee in 1 st year)	2,060 ^{*4} ⇒ 1,960	1,980	1,980
(Monthly fee in 2 nd year)	2,460 ^{*4} ⇒ 2,360	2,980	2,980
Total cost in 2 years	54,240 ^{*4} ⇒ 51,840	59,520	59,520

※Not include device fees. Apply the first year discount of each company

*1 Provide flat-rate calls within 30 minutes per month

*2 Up to 300 calls within 10 minutes / time are charged for a fixed amount (After February 1, 2017, It will be unlimited number of calls)

*3 Total of calls within 5 minutes up to 30 minutes Fixed amount (After March 1, 2017, It will be unlimited number of calls)

*4 Discount applied when using with our optical Internet service

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January 31, 2017

TOKAI Communications Corporation

To whom it may concern

Launch of “LIBMO” Low-Cost Mobile Service to Reduce Mobile Phone Fees by 75%

TOKAI Communications Corporation (Headquarters: Shizuoka City, Shizuoka; President & CEO: Katsuhiko Tokita; hereinafter the “Company”) will launch low-cost mobile service “LIBMO” on February 23, 2017.

Ahead of the service launch, the Company will start accepting advance subscription orders from February 1.

“LIBMO” is a low-cost mobile service that enables voice and data communications within the Xi® service area of NTT DOCOMO, INC. The service lineup will have the four tiers of the Light Plan, 3GB Plan, 6GB Plan, and 10GB Plan, allowing customers to choose service according to their needs. Plan pricing starts at 1,780 yen (excluding tax) per month for a combination of data communication, voice communication, and smartphone device. Additional benefits will also be available such as package discounts for customers also subscribing to the Company’s internet connection services (@T COM Hikari, TNC Hikari, etc.) and one year free offer of internet security service “TOKAI SAFE.”

At service launch, the Company will implement a “Start Campaign” that will provide a discount of 400 yen per month to usage fees for a period of one year. (Campaign period: February 23, 2017 to May 31, 2017)

* The “Start Campaign” applies to customers choosing the 3GB Plan, 6GB Plan, or 10GB Plan and subscribing to the voice communication service.

Currently, basic service fees for general smartphone use at major carriers are high, at over 6,000 yen a month. By switching to “LIBMO,” fees can be cut by as much as 75%.

The Company has already been providing a low-cost mobile service under “Mobile 4G/D,” but its full-scale entry into the MVNO business will provide a more attractive service menu and pricing structure for customers. Going forward, the Company will make efforts to provide better services that aim to make customers’ mobile lifestyles fun and rich under the Total Life Concierge vision of the TOKAI Group.

◆ **About “LIBMO”**

◇ Service launch: February 23, 2017

◇ Basic fees (excluding tax)

Initial cost: Administrative fee of 3,000 yen

Monthly fees

Plans	Data communication only	Data communication + SMS	Data communication + Voice communication ²
Light Plan ¹	480 yen	620 yen	1,180 yen
3GB Plan	880 yen	1,020 yen	1,580 yen
6GB Plan	1,480 yen	1,620 yen	2,180 yen
10GB Plan	2,280 yen	2,420 yen	2,980 yen

*1 Data communication volume is unlimited, with a maximum transfer rate of 200kbps.

*2 SMS use is also enabled for voice communication subscriptions.

◆ **Discount services**

◇ Hikari Collaboration package discount

If LIBMO is used in combination with a fiber optic internet connection service provided by the Company, a maximum discount of 300 yen will be applied to the fiber optic internet connection service fee.

* This will also be applied to customers who already subscribe to the Company’s fiber optic internet connection services.

* The amount of the discount is 100 yen for the 3G Plan, 200 yen for the 6G Plan, and 300 yen for the 10G Plan.

* One LIBMO contract will apply for a discount for fiber optic internet connection services. For multiple LIBMO subscriptions, the contract with the highest discount amount will apply.

◇ Free use of TOKAI SAFE up to one year

TOKAI SAFE, an internet security service that can be used on up to six devices, will be provided free of charge for up to one year.

* The free period will start in the month that LIBMO service begins, and will last until the final day of the twelfth month.

◆ **Advance subscription order benefit campaign**

◇ Campaign period: February 1, 2017 to February 28, 2017

◇ Campaign content: No payment of 3,000 yen (excluding tax) administrative fee

◆ **Start campaign**

◇ Campaign period: February 1, 2017 to May 31, 2017

◇ Campaign content (Monthly usage fee *excluding tax)

If subscribing to voice communication services, a 400-yen discount will be applied to the monthly usage fee for one year.

*The light plan is excluded from the start campaign.

◇ Campaign application example (Smartphone device: FREETEL Priori4 (24 payment installments) *excluding tax)

1,580 yen per month for 3G Plan (Voice communication) + 600 yen per month for smartphone device —
400 yen per month discount = 1,780 yen per month

[For enquiries regarding the service]
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