



April 20, 2018

To whom it may concern

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

## Notice Regarding Transfer of the Gas Business of Shimonita-machi

TOKAI GAS CORPORATION (Headquarters: Yaizu City, Shizuoka Prefecture; Representative Director: Shingo Takahashi; hereinafter, “TOKAI GAS”), a wholly-owned subsidiary of TOKAI Holdings Corporation, will receive a transfer of the gas business operated by Shimonita-machi as detailed in the attachment.

TOKAI GAS, the founding company of the TOKAI Group, operates the city gas business in the Shida area (Yaizu City, Fujieda City, and Shimada City) in Shizuoka Prefecture.

Based on the idea that “The city gas business is closely related to the daily lives of people living in its service area, and the Company’s growth lies on the development of a trusting relationship with customers,” we conduct the following initiatives: 1) strengthening customer contact points through activities with themes closely linked with people’s daily lives; 2) proactively promoting advanced energy systems by leveraging high-level technological capabilities; 3) efforts to build trust through various local contribution activities; and 4) developing the business into a “role model” business of the TOKAI Group’s TLC Vision.



















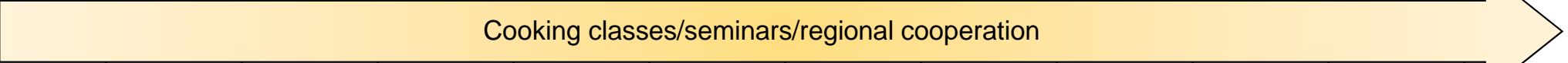
In the Shimonita-machi area, a new service area, TOKAI GAS will make an effort to provide stable supply of gas as a local energy company. In addition, the Company will aim to improve customer satisfaction and enhance its service levels by offering the TOKAI Group’s array of lifestyle-related services, thus strengthening its businesses.

This project will mark the first step of TOKAI GAS in wide-area service deployment for the city gas business. With this as a springboard, we will work toward further expanding the scope of operations of our city gas business.,

Contact: Yoshihiro Taniguchi  
Public Relations and Investor Relations Office  
TEL: +81-(0)3-5404-2891  
Email: [overseas\\_IR@tokaigroup.co.jp](mailto:overseas_IR@tokaigroup.co.jp)

# Strengthening Customer Connections through Themes Closely Linked with People's Daily Lives

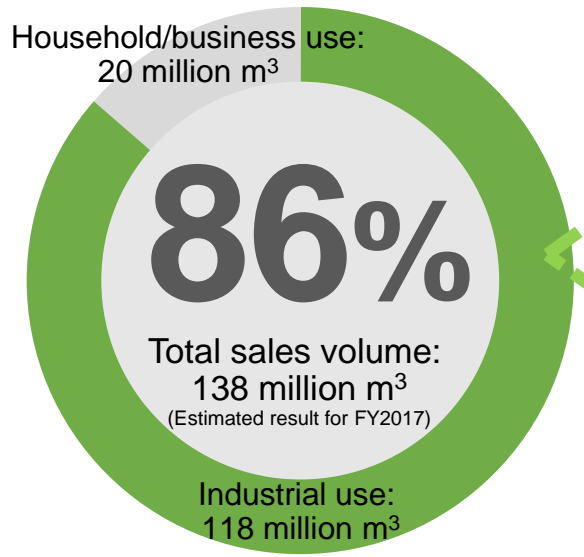
- Based on the idea that “The city gas business is closely related to the daily lives of people living in its service area, and the Company’s growth lies on the development of a trusting relationship with customers,” TOKAI GAS plans customer contact events with various themes.
- We have the top level of sales of gas appliance for household use among the city gas companies nationwide due to efforts, such as conducting community-based sales activities that attract more than 20,000 people to our showrooms.

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Customers				Thanks event for condominium owner customers <b>Tokai Rakugo Show</b> 				<b>Big Thanks Gas Festival</b> 			Thanks event for condominium owner customers <b>Tokai Rakugo Show</b> 		
Lifestyle Information	7th Anniversary event 	Premium Renovation Show  Proposing a little luxurious renovation <b>New event</b>	Early summer TLC festival  TOKAI Group's products made available for view altogether <b>New event</b>	Renovation Customer Thanks Festival 	Universal Renovation Summer Festival  Proposing household equipment suitable for people with nursing care needs and the elderly <b>New event</b>	Autumn Renovation Big Festival 			Year-End Big Thanks Festival 	New Year My Home Festival  Proposing ideal homes to people looking to buy their homes <b>New event</b>	Big Thanks Clearance Festival 	End-of-Period Big Thanks Festival 	
													
													

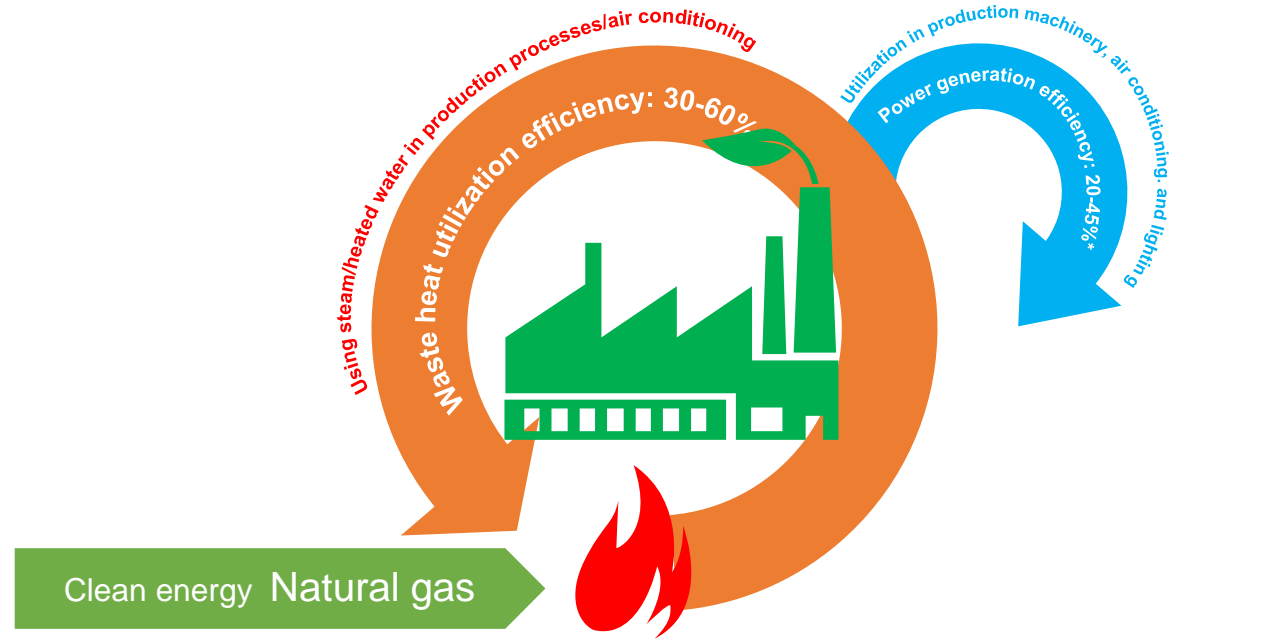
\* Draft event schedule for FY2018

# Proactively Promoting Advanced Energy Systems by Leveraging High-Level Technological Capabilities

- There are many factories of major manufacturers of foods, drugs and other products in our service area due to rich subsoil water sources supplied by Oi River. TOKAI GAS provides clean natural gas to these factories and promotes highly efficient use of such water resources.
- In order to contribute to energy saving and CO2 emissions reduction at customers, we are promoting penetration and spread of “decentralized” gas cogeneration systems, etc. which are more efficient than “large-scale centralized” gas cogeneration systems.



◎ 26% of industrial gas sales volume are for customers with cogeneration systems. TOKAI GAS proactively promotes spread of cogeneration systems toward realization of a lower carbon society.



- ◎ High potentials
- Industrial use accounts for 86% of our total sales volume, and TOKAI GAS is firmly responding to the needs of energy saving and CO2 emissions reduction.
- Due to penetration of high-efficiency water heater, etc., gas usage volume per household is the top level in Shizuoka Prefecture.

Sales volume of city gas      Power generation capacity

**31 million m<sup>3</sup>/year**      **12MW**

(\* Source: Advanced Cogeneration and Energy Utilization Center JAPAN)



# Efforts for Building Trust Through Various Regional Contribution Activities

- TOKAI GAS proactively conducts various regional contribution activities based on the idea that “The city gas business is closely related to the daily lives of people living in its service areas, and the Company’s growth lies on the development of a trusting relationship with customers.”
- We offer culture courses and cooking classes where participants can experience the latest gas appliance, organize events, such as Rakugo event, and cooperates in sports promotion activities.



LIFESTYLE SEMINAR

Offering various seminars that help creating a better life for customers

- Culture courses (food/health)
- Money, insurance courses, etc.



COOKING CLASS

Offering experience of actually using the latest gas appliance

- Offering hands-on experience of using the latest gas appliance
- 190 classes are offered annually



CUSTOMER EVENT

Interaction with customers through Rakugo event, etc.

- Inviting owners of condominiums and large-volume user customers



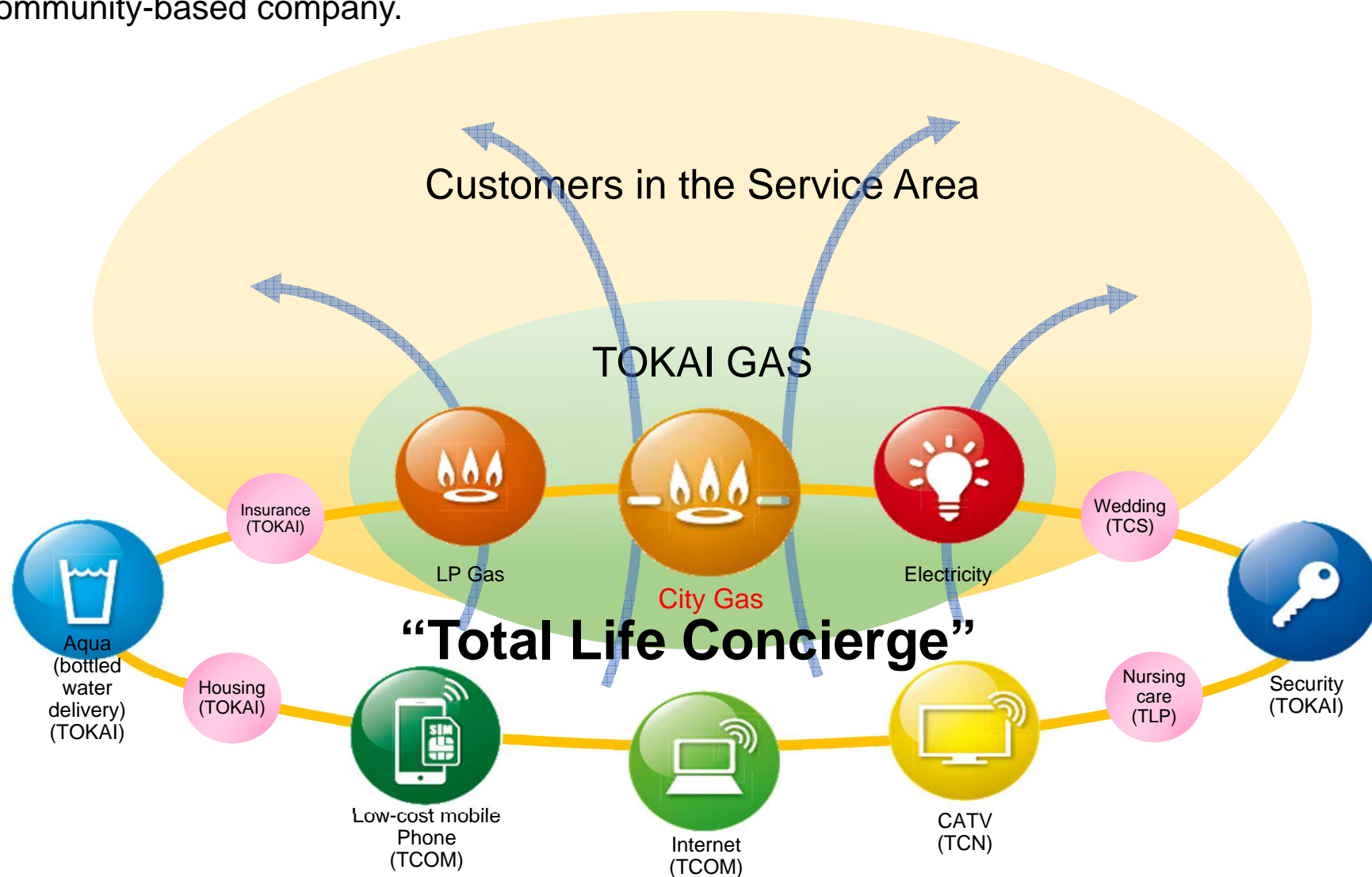
SPORTS PROMOTION

Cooperating in sports promotion through support of tournaments, etc.

- Elementary School Rubber Ball Baseball Tournament
- Boys Soccer League Tournament

# Role Model Business of the TOKAI Group's TLC Vision

- The TOKAI Group provides a variety of lifestyle-related service under the “Total Life Concierge (TLC)” vision.
- Of our 50,000 city gas customers, 37% are also users of the Group's various other lifestyle-related services. TOKAI GAS will contribute to creation of a better life for customers by leveraging its strengths as a community-based company.





April 20, 2018

To whom it may concern

TOKAI GAS CORPORATION

## Notice Regarding Signing of an Agreement for the Transfer of the Gas Business of Shimonita-machi

TOKAI GAS CORPORATION (hereinafter, “TOKAI GAS”) signed a “Provisional Agreement for the Transfer of the Gas Business of Shimonita-machi” on April 18, 2018. Following the adoption of the resolution on the transfer of the gas business at the extraordinary meeting of the Shimonita-machi Council held on April 20, the agreement was formed. After going through various procedures based on the Gas Business Act, such as obtaining the approval of business transfer from Director-General of the Kanto Bureau of Economy, Trade and Industry, we are slated to receive a transfer of the gas business with April 1, 2019 as the effective date of business transfer. In preparing for succeeding business, we will coordinate adequately with Shimonita-machi so as not to cause any inconvenience to customers. After the transfer of business, TOKAI GAS will offer diverse lifestyle support products and services under the TOKAI Group’s TLC (“Total Life Concierge”) concept as a one-stop provider of services for all daily life needs of customers, and will aim to grow into a company operating the city gas business on a nationwide scale.

### 1. Details of the agreement

Assets to be transferred	(1) Land (premises of gas decompression facilities in each region) (2) Buildings (buildings of gas supply facilities), (3) Structures, (4) Machinery and equipment, (5) Gas conduit pipes, (6) Gas meters, (7) Tools, furniture and fixtures, (8) A set of data, such as electronic account books used in this gas business, and (9) Other assets used for this gas business
Scheduled date of business transfer	April 1, 2019

### 2. Future Schedule

Date	Details
August 2018	Filing of an application for approval of business transfer with the Kanto Bureau of Economy, Trade and Industry, which is the supervisory authorities
April 2019	Transfer of business

3. Overview of business (data shown are the results for FY2016)

	Shimonita-machi Gas Business	TOKAI GAS CORPORATION
Established	April 1, 1963	December 12, 1966
Representative	Hideo Hara, Mayor of Shimonita-machi	Shingo Takahashi, Representative Director
Address	682 Oaza Shimonita, Shimonita-machi, Kanra-gun, Gunma Prefecture	74-3 Shiotsu, Yaizu City, Shizuoka Prefecture
Number of employees	5	169
Service area	Shimonita-machi	Yaizu City, Fujieda City, Shimada City
Number of customers	City gas: 1,336 contracts	City gas: 53,958 contracts (community gas: 1,312 contracts, LP gas: 14,561 contracts)
Gas sales volume	City gas: 854,000m <sup>3</sup>	City gas: 144,000,000m <sup>3</sup> (community gas: 156,000m <sup>3</sup> , LP gas: 4,615t)
Net sales of gas	City gas: 143 million yen	City gas: 9,904 million yen
Gas type	13A	13A

**[Inquiries about this press release]**

Corporate Planning Department,  
TOKAI GAS CORPORATION  
TEL: 054-647-7151 HP: <https://www.tokaigas.co.jp/>