



January 22, 2016

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

To whom it may concern,

## **TLC Membership Service (TLC Points), a powerful tool for promoting electricity sales by TOKAI Group**

TOKAI Holdings Corporation (Headquartered in Shizuoka City, Shizuoka; Katsuhiko Tokita President & CEO) began accepting registrations on January 15, 2016 for its TOKAI Smart Plus, which combines electricity and other services provided by TOKAI Group within a single plan. Using TLC Points, which are accumulated via TLC Membership Service exclusive to TOKAI Group, the goal is to put TOKAI Group ahead of the competition in the sale of household electric power after liberalization from April, and further accelerate business growth.

### **1. Group Business Growth Based on the TLC Concept**

Based on its TLC (Total Life Concierge) corporate vision, TOKAI Group sees itself as a corporate group providing comprehensive life services aimed at being a one-contract, one-stop, one call-center provider of all lifestyle related products and services. In addition to its existing LP Gas, City Gas, Internet, CATV and Aqua (bottled water delivery) services, from April, Tokai Group will also begin selling electricity provided by the Tokyo Electric Power Company (TEPCO) under an agency contract for the sale of household electric power. It already began accepting registrations for this service from January 15, 2016.

### **2. Electric Power Sales as a Catalyst for Life Infrastructure Services**

Given that TOKAI Group mainly services customers in the current TEPCO and Chubu Electric service areas, it views this opportunity to sell electric power as a chance to both strengthen its existing customer relationships and hasten the expansion of its own customer base.

TOKAI Group has created the TOKAI Smart Plus set plan that offers new electricity fee value plans set by TEPCO to customers who sign up for electric power in combination with TOKAI Group's other LP gas, Internet and CATV services. TEPCO will also award points<sup>\*1</sup> depending on the electricity fee.

Further, TOKAI Group will also provide the following exclusive benefits to customers:

#### **■ LP Gas Set Plan**

This is a set value plan for new customers in combination with TEPCO's new electricity fee value plans.<sup>\*2</sup>

#### **■ Internet Set Plan**

Customers will receive a JPY300 discount (excluding tax) per month on their fiber optic Internet

service fees, via this set plan which combines TEPCO's new electricity fee value plans.<sup>※3</sup>

#### ■ CATV Set Plan

Customers will receive a JPY200 discount (excluding tax) per month on their CATV service fees, via this set plan, which combines TEPCO's new electricity fee value plans.<sup>※4</sup>

### 3. TLC Membership Service: TOKAI Group's Powerful Tool for Sales of Electric Power

TOKAI Group plans to maximize its exclusive TLC Points system in the sale of electric power, awarding special bonus points that differentiate it from other companies.

TLC Points consist of core points earned depending on the amount of services provided by TOKAI Group, and a maximum of 500 extra bonus points each month (6,000 points per year) based on the number of times a service is used. Under the TOKAI Smart Plus plan, electric power will be added as a service for which customers can earn these bonus points.

TLC Points can be exchanged for WAON, Suica or LuLuCa points, or exchanged for various products or TLC Tickets that can be used at restaurants and leisure facilities.

TLC Membership Service is a service that is free of joining fees and annual fees for any customer who has a contract for at least one TOKAI Group service. There are currently 460,000 customer members, and the TOKAI Group intends to further increase these numbers through the sale of electric power.

Given that membership can reduce service cancellation rates by 60% and encourages customer use of other services, TOKAI Group will continue to actively promote the membership system.

### 4. Packaged Set Sales of TOKAI Group's Life Infrastructure Services

TOKAI Group is targeting 500,000 TOKAI Smart Plus contracts by 2020.

Looking ahead, rather than emphasizing only electric power or TOKAI Group's current line-up of services, TOKAI Group intends to release new set plans aimed at all of its lifestyle-related services,

to expand the TLC concept and provide value for customers in its services.

### 5. Impact on Earnings

No changes have been made to the most recent consolidated earnings forecasts for FY03/2016.

※1 Five points per JPY1,000 (points awarded based on the invoice amount minus the amount of consumption tax, the renewable energy power promotion surcharge and late fees, etc.) awarded, which can be exchanged for Ponta points or T-points via TEPCO's "Kurashi TEPCO" members' site.

※2 Specific discounts differ depending on each individual customer's service usage levels.

※3 For customers who sign up for family type, and use the Hikari Denwa fiber-optic telephone service (both new and existing customers).  
Applicable to customers in the current TEPCO and Chubu Electric service areas.

※4 For detached house customers, this applies to households with a Digi-Pack Small or higher CATV broadcast course, and those with a 50Mbps Internet course (new or existing customers).

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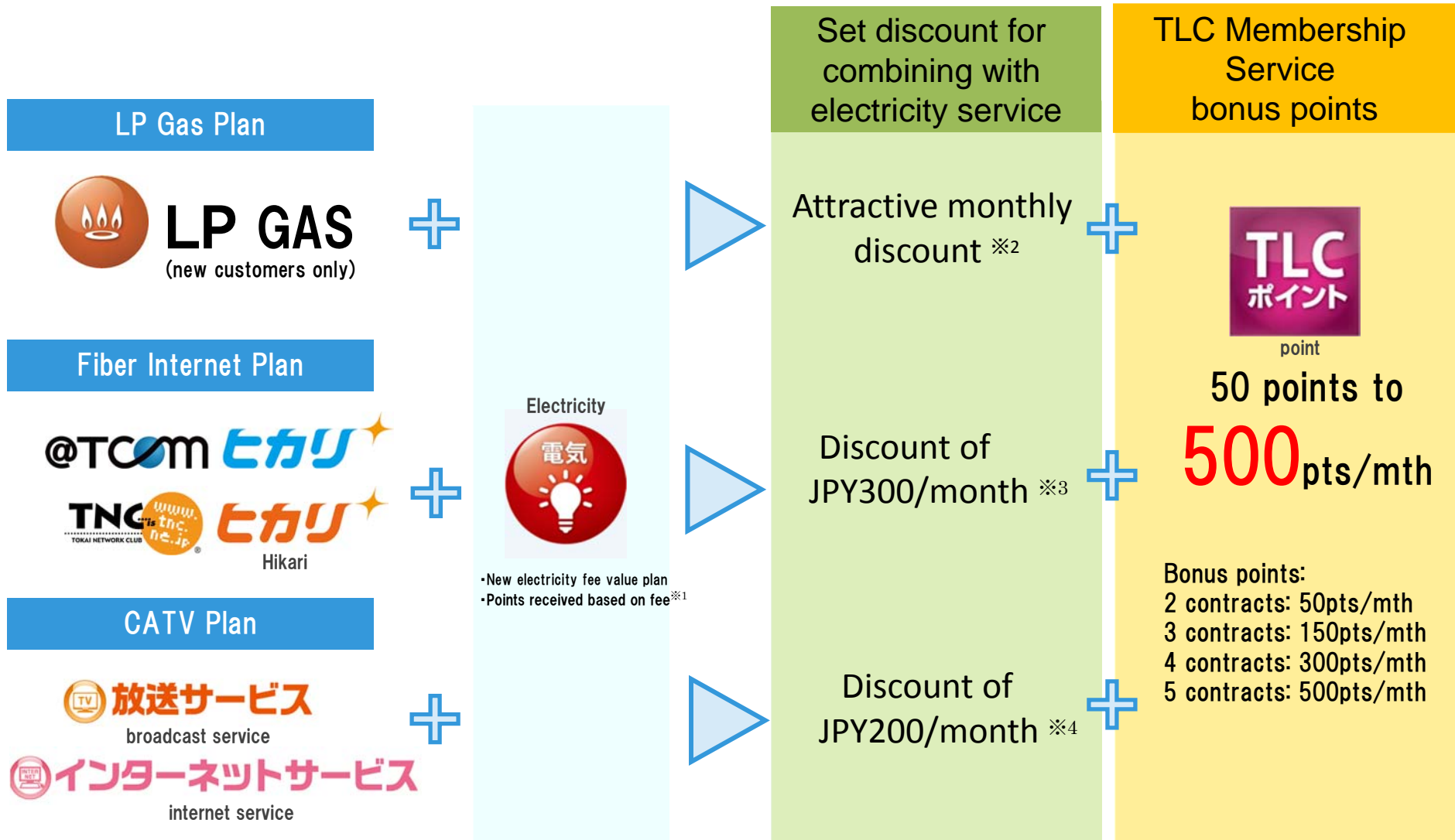
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# New Electric Power Services sold as a set package

- Benefits offered to customers who sign up for TOKAI Group services together with the new electric power service, under the TOKAI Smart Plus set plan.



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※4 For detached house customers, this applies to households with a Digi-Pack Small or higher CATV broadcast course or a 50Mbps internet course (whether new or existing customers).

# The TLC Membership System (TLC Points)

## 1. Membership

- Membership aimed at individual customers: excludes companies and organizations

## 2. Applicable Services

※ Electric power service commences April 2016

	Electricity	LP Gas	City Gas	Internet	CATV	Aqua	Security
① Core points							
② Bonus points							

### ① Core points

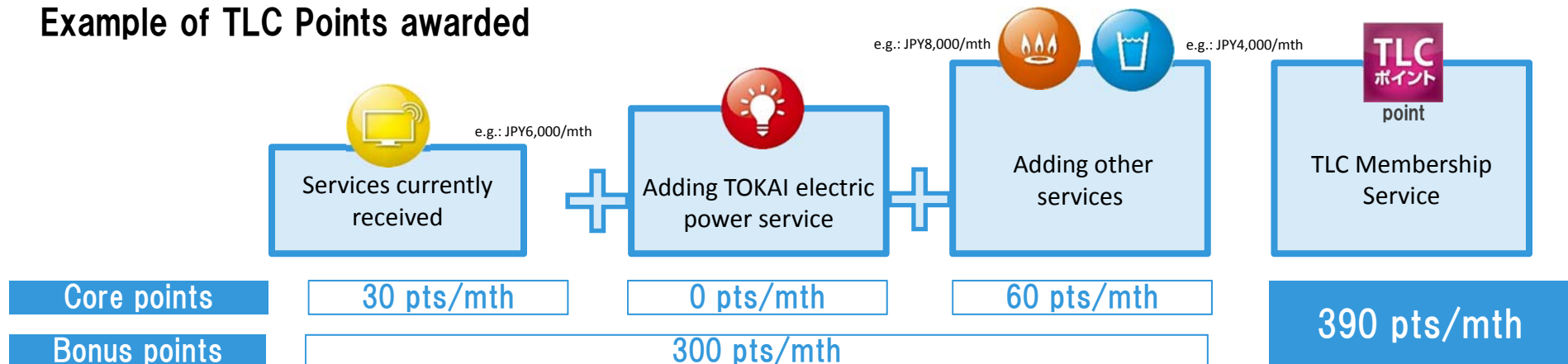
For these five services, customers receive one TLC point for each JPY200 of monthly services used.

### ② Bonus points

Customers receive TLC Points when they sign up for any two or more of these seven services.

※2 contracts=50TLC points/month 3 contracts=150TLC points/month 4 contracts=300TLC points/month 5 or more contracts=500TLC points/month

## Example of TLC Points awarded



# Point exchange partners for TLC Points

- TLC Points can be exchanged for WAON, Suica or LuLuCa points, or exchanged for various products or TLC Tickets that can be used at restaurants and leisure facilities

## Exchange for other points



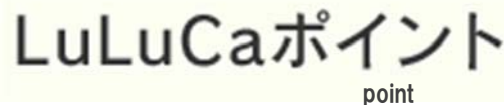
- ◆ Can be used at AEON, Maxvalu, MINISTOP, FamilyMart, Lawson and other participating stores

※“WAON” is a registered trademark of AEON Co., Ltd.



- ◆ Can be used on train and bus fares, and for shopping

※“Suica” and “Suica point” are registered trademarks of East Japan Railway Company



- ◆ Can be used at Shizutetsu Store, Shinshizuoka Cenova, and other participating stores

## Exchange for TLC Tickets, and used at stores that accept

Stores accepting TLC Tickets:  
371 stores  
(as of December 31, 2015)



- ◆ Can be used as coupons for payment at TLC Ticket participating stores including restaurants, leisure facilities, etc.

## Exchange for products

① TOKAI group products



② Selected Matsuzakaya products



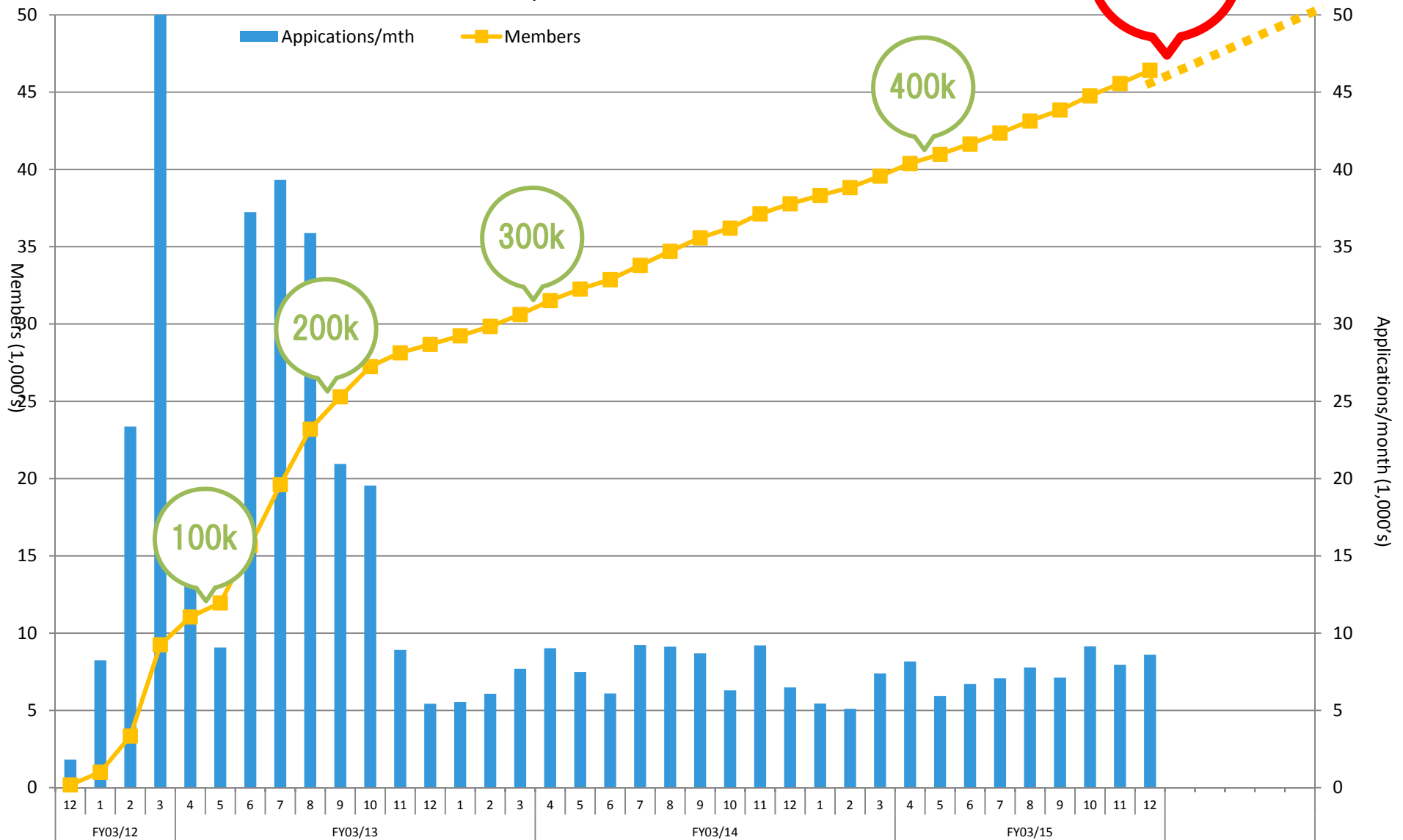
③ Coupon vouchers



- ◆ Can be exchanged for TOKAI Group's bottled water delivery, selected gourmet and other products from Matsuzakaya stores, or coupon vouchers

# Group Membership System: Monthly membership and applications

- Group membership system launched in December 2012
- Member numbers exceeded 460,000 in December 2015

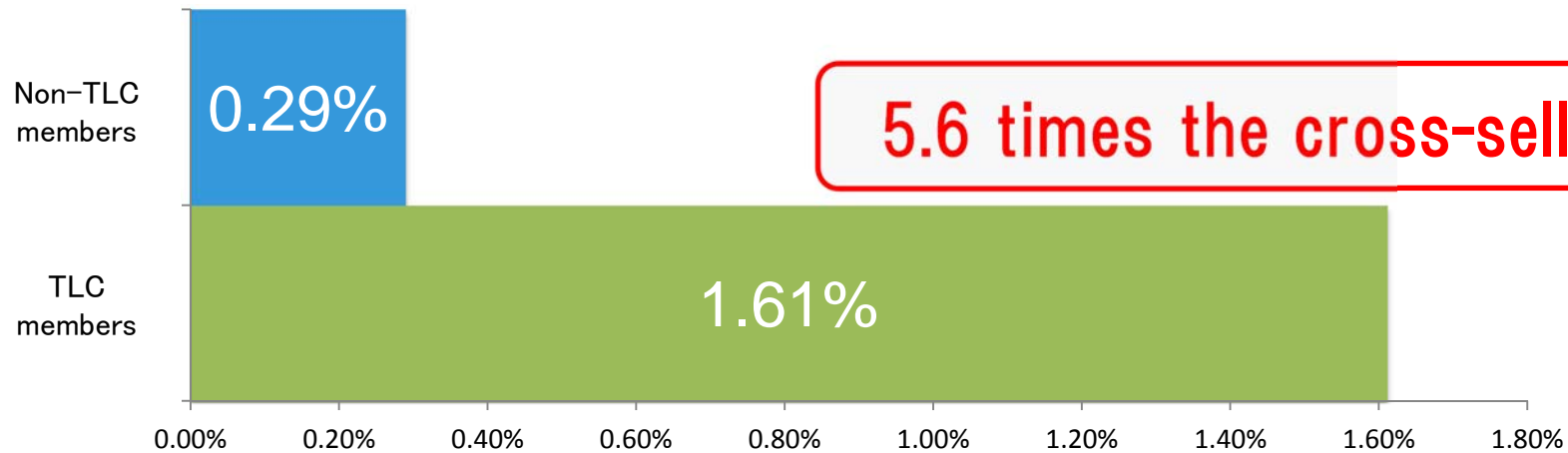


# TLC Membership System: The impact on cancellations and cross-selling

- The cross-selling rate for TLC members is **5.6 times** that for non-members.
- The cancellation rate for TLC members with multiple services is lower **by 60%** compared to non-members with only a single service transaction

## Cross-selling rate

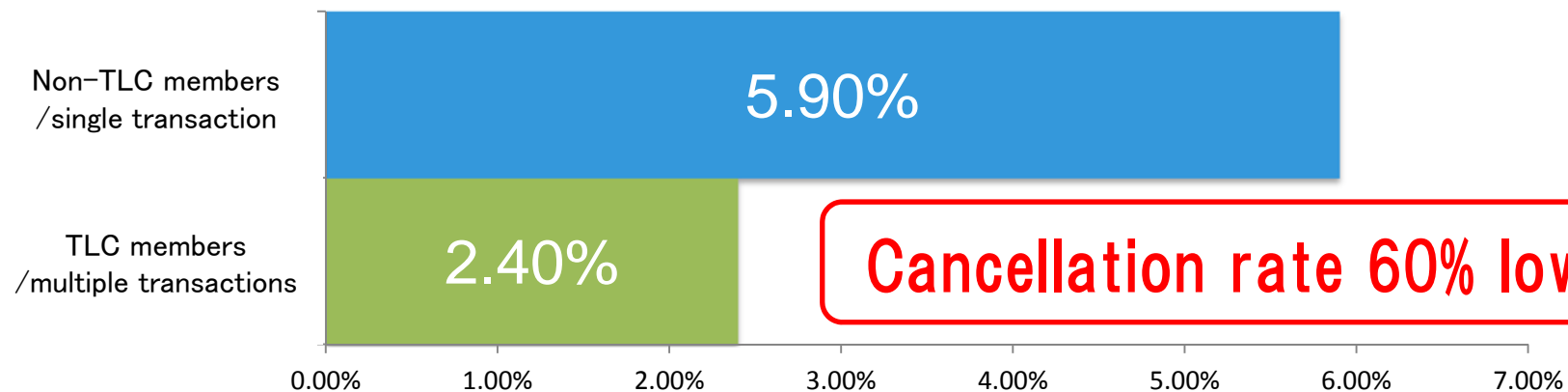
Actual figures for the eight months from April to November 2015



Cross-selling rate based on actual figures for April through November 2015 (customers with multiple contracts in a month/customers as of the end of the previous month)

## Cancellation rate

Actual figures for the eight months from April to November 2015



Cancellation rate: Cancellations between April and November 2015/customers as of April 1, 2015