

January 29, 2016

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

To whom it may concern

TOKAI Holdings Converts Tokaizosen-unyu Corporation to a Wholly Owned Subsidiary through a Simplified Share Exchange

TOKAI Holdings Corporation (Headquarters: Aoi-ku, Shizuoka; President & CEO: Katsuhiko Tokita; hereafter “the Company”) and the Company’s consolidated subsidiary, Tokaizosen-unyu Corporation (“Tokaizosen-unyu”) resolved, at Board of Directors meetings of the two companies held today, January 29, 2016, to conduct a share exchange (“the Share Exchange”) with an effective date of March 4, 2016, with the Company as the wholly owning parent company and Tokaizosen-unyu as the wholly owned subsidiary company. The two companies have concluded a share exchange agreement, as described below.

As the Share Exchange involves the conversion of a consolidated subsidiary to a wholly owned subsidiary company through a simplified share exchange, this disclosure omits certain disclosure items and content.

1. Purpose of the Share Exchange

The Company has decided to conduct the Share Exchange to convert Tokaizosen-unyu, a consolidated subsidiary, to a wholly owned subsidiary with the aim of enhancing the maneuverability of Group management and creating a more efficient Group management structure.

2. Overview of the Share Exchange

(1) Schedule

Board of Directors resolutions (both companies)	January 29, 2016
Conclusion of share exchange agreement	January 29, 2016
Effective date	March 4, 2016

(Note 1) As the Company plans to conduct simplified share exchange procedures as provided by Article 796, Paragraph 2 of the Companies Act, it intends to perform the Share Exchange without receiving approval at its general meeting of shareholders.

(Note 2) As Tokaizosen-unyu plans to conduct summary share exchange procedures as provided by Article 784, Paragraph 1 of the Companies Act, it intends to perform the Share Exchange without receiving approval at its general meeting of shareholders.

(2) Form of the Share Exchange

This is a share exchange in which the Company is the wholly owning parent company in share exchange and Tokaizosen-unyu is the wholly owned subsidiary company in share exchange.

(3) Allotments Related to the Share Exchange

Company Name	TOKAI Holdings Corporation (wholly owning parent company in share exchange)	Tokaizosen-unyu Corporation (wholly owned subsidiary company in share exchange)
Content of allotments related to the Share Exchange (share exchange ratio)	1	4.17
Number of shares to be allotted in the Share Exchange	Shares in the Company: 152,845	

(Note 1) One of Tokaizosen-unyu's shares is to be allotted in exchange for each 4.17 shares in the Company. However, shares will not be allocated through the Share Exchange for the 363,336 shares in Tokaizosen-unyu held by the Company.

(Note 2) The Company plans to allot 152,845 shares of treasury stock to grant as an allotment in the Share Exchange. Accordingly, the Company will not issue new shares.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights of Wholly Owned Subsidiary Company

Not applicable.

3. Basis for Calculation of Allotment Related to the Share Exchange

To ensure fairness and appropriateness in calculating the share exchange ratio for the Share Exchange, the Company asked a third-party institution, Benedi Consulting Co., Ltd., which is independent from the Company and Tokaizosen-unyu, to calculate the share exchange ratio.

As the Company is listed on the Tokyo Stock Exchange and has a market share price, Benedi Consulting used the market share price method for the Company.

For calculating the share price of Tokaizosen-unyu, which is not listed but for which multiple comparable listed companies exist, Benedi Consulting used the comparable peer company method to compute an analogous share price. In its calculation, Benedi Consulting also employed the net asset method to value Tokaizosen-unyu's current asset value.

Considering the results of these calculations, the Company decided on the above-stated share exchange ratio, following discussions with Tokaizosen-unyu and taking into overall account such factors as the two companies' financial conditions and future outlooks.

In the event of material changes in the conditions used as a basis for calculating the share exchange ratio, the ratio may be revised following discussions between the two parties.

4. Outline of Parties in the Share Exchange

(As of March 31, 2015)

	Wholly owning parent company in share exchange	Wholly owned subsidiary company in share exchange
(1) Name	TOKAI Holdings Corporation	Tokaizosen-unyu Corporation
(2) Address	2-6-8 Tokiwa-cho, Aoi-ku, Shizuoka City, Shizuoka Prefecture	3899-4 Kogawa, Yaizu City, Shizuoka Prefecture
(3) Name and title of representative	Katsuhiko Tokita, President & CEO	Toshiaki Isashi, President & CEO
(4) Business description	Holding company, management of Group companies, other	Ship repair business, other
(5) Paid-in capital	14,000 million yen	200 million yen
(6) Establishment	April 1, 2011	May 25, 1942
(7) Shares issued	155,199 thousand (*)	400 thousand
(8) Fiscal year-end	March 31	March 31
(9) Principal shareholders and stake	Aioi Nissay Dowa Insurance Co., Ltd. 4.87% Suzuyo Shoji Co., Ltd. 3.74% Tokio Marine & Nichido Fire Insurance Co., Ltd. 3.21% The Shizuoka Bank, Ltd. 2.62% TOKAI Group Employee Shareholders Association 2.47% Sumitomo Mitsui Trust Bank, Ltd. 2.46% Mizuho Bank, Ltd. 2.31% The Master Trust Bank of Japan, Ltd. (trust account) 1.92% Japan Trustee Services Bank, Ltd. 1.83% Astomos Energy Corporation 1.76%	TOKAI Holdings Corporation 90.83%
(10) Financial conditions and operating results in most recent fiscal year		
Fiscal period	Fiscal year ended March 31, 2015 (consolidated)	Fiscal year ended March 31, 2015
Net assets	43,467 million yen	906 million yen
Total assets	165,702 million yen	3,666 million yen
Net assets per share	368.15 yen	2,266.97 yen
Sales	187,511 million yen	3,328 million yen
Operating profit	9,003 million yen	69 million yen
Recurring profit	8,549 million yen	119 million yen
Net income attributable to owners of the parent	3,934 million yen	59 million yen
Net income per share	34.16 yen	148.36 yen

* The Company cancelled 15,520,000 shares of treasury stock (equivalent to 10.0% of its total number of shares outstanding) on November 6, 2015.

5. Status after the Share Exchange

The Share Exchange will result in no changes of company name, business content, location, representative, paid-in capital, or fiscal year-end.

6. Future Outlook

As the parties to the Share Exchange include the Company and a consolidated subsidiary of the Company, any impact on consolidated financial results is expected to be slight.

[Reference] The Company's Earnings Forecasts and Previous Fiscal Year Results

(Unit: million yen)

	Sales	Operating Profit	Recurring Profit	Net Income Attributable to Owners of the Parent
Current fiscal year (Ending March 31, 2016)	192,200	7,760	7,410	3,240
Previous fiscal year (Ended March 31, 2015)	187,511	9,003	8,549	3,934

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