

Explanatory Materials for Business Results  
for Fiscal Year Ended March 2008

Explanatory Materials for Business Forecasts  
for Fiscal Year Ending March 2009

Toward a More Communicative Society

— Total Communication —



May 29, 2008

VIC TOKAI CORPORATION (2306)

Representative Director and President Hiroshi Hayakawa



All the descriptions about the future in this presentation are merely forecasts, assumptions, expectations, or assessments based on information currently available to the Group. Calculation of estimates also involves assumptions or reasonings based on these assumptions, which may prove inaccurate objectively or which may not materialize in the future.

Risks and uncertainties leading to these discrepancies are described in the “Business Risks” section of the financial report (kessan tanshin) for the year ended March 2008 for your reference. Please note that factors that can affect the Company’s business performance described in the “Business Risks” section are not necessarily exhaustive.

Copying of the presentation or data therein is prohibited without explicit written permission of the Company.

## CATV (Cable Television) Business

Provide CATV broadcasting services and Internet, telephone, and other information and telecommunication services on CATV networks and sell portable terminals



## CS (Communication Service) Business

Sell circuits by wholesale as an Internet service provider or a telecommunication carrier, rent core circuits, and provide data transmission services



## SIS (System Innovation Service) Business

Software development business, system integration business, and data center business



1. Business Results for Fiscal Year Ended March 2008

2. Business Forecasts for the Fiscal Year Ending March 2009

3. Mid-Term Management Vision

# 1. Consolidated Business Results for Fiscal Year Ended March 2008

(Unit: Million Yen)

	Actual result	Percentage over Previous Year	Percentage of Adjusted Forecast
Sales	35,089	103.4%	98.8%
Operating Profit	4,371	99.0%	100.5%
Recurring Profit	4,223	100.6%	100.3%
Net Profit	2,333	56.7%	104.2%
EPS (Yen)	58.23	56.7%	104.1%
EBITDA	8,604	104.8%	—

\* EBITDA = Ordinary Profit - Interest Income + Interest Expenses + Depreciation Expenses

## Consolidated Income Statement (Unit: Million Yen)

	Current Year	Previous Year
Sales	35,089	33,924
Cost of Sales	21,633	20,581
Gross Profit on sales	13,456	13,343
Operating Profit	4,371	4,415
Nonoperating Income	92	38
Nonoperating Expenses	240	257
Recurring profit	4,223	4,196
Extraordinary Income	165	132
Extraordinary Loss	494	546
Net profit before tax	3,893	3,783
Corporate tax, Resident tax & Enterprise tax	795	53
Adjustment for corporate and other taxes	755	-401
Profit or loss of minority shareholders	8	18
Net Profit	2,333	4,112

# 1. Impact of Changes in Accounting Principle on Consolidated Results

<Corporate Tax, etc., and Adjustment to Corporate Tax, etc.>

		Year to March 2008	Year to March 2007
Corporate Tax, etc.	Impacts	-795 million yen	-53 million yen
	Accounting	A taxable income of about 2 billion yen after applying tax-deductible loss carried forward against net income before tax of 3,890 million yen.	Corporate taxes, etc. of consolidated subsidiaries (and per-corporation municipal tax on parent company).
Adjustment to Corporate Tax, etc.	Impacts	-755 million yen	+401 million yen
	Background	Tax-deductible loss succeeded from acquired T-com (about 2.3 billion yen outstanding at the beginning of the current fiscal year out of original 8.2 billion yen) all used up in the current fiscal year.	Due to good achievement of the business plan since the merger in October 2005, a change was made to the criteria for recognition of deferred tax assets.
	Accounting	Of the deferred tax assets posted in March 2007 period of 1,467 million yen, the portion related to tax-deductible loss carried forward of 915 million (2.3 billion yen multiplied by 39.7%) was drawn down in the current fiscal year as adjustment to corporate tax, etc. for an amount of 755 million yen, due to exhaustion of tax-deductible loss carried forward.	Long-term and short-term deferred tax assets totaling 1,467 million yen were recognized, which resulted in adjustment to corporate tax, etc. of -401 million yen.
<b>Total Impacts on Taxes</b>		<b>-1,550 million yen (effective tax rate: 39.8%)</b>	<b>347 million yen (effective tax rate: -9.2%)</b>

<Change in Accounting for Provision of Retirement Benefits for Directors>

An amount of 33 million yen was posted as sales and administrative expenses for the year, and 189 million yen as extraordinary losses for the previous year. This reduced operating profit and ordinary profit by 33 million yen each, and net income before adjustment to taxes, etc. by 223 million yen, compared to the figures based on the former accounting principle.

# 1. Unconsolidated Business Results for Fiscal Year Ended March 2008

(Unit: Million Yen)

	Actual result	Percentage over Previous Year
Sales	31,779	102.6%
Operating Profit	4,435	104.0%
recurring Profit	4,306	105.9%
Net Profit	2,358	59.1%
EPS (Yen)	58.84	59.1%

## Unconsolidated Income Statement (Unit: Million Yen)

	Current Year	Previous Year
Sales	31,779	30,960
Cost of Sales	19,327	18,622
Gross Profit on Sales	12,451	12,338
Operating Profit	4,435	4,266
Nonoperating Income	78	29
Nonoperating Expenses	206	227
Recurring Profit	4,306	4,068
Extraordinary Income	50	115
Extraordinary Loss	440	499
Net Profit before Tax	3,916	3,684
Corporate tax, Resident tax & Enterprise tax	773	33
Adjustment for corporate and other taxes	784	-338
Net Profit before Tax	2,358	3,989

# 1. Results for Fiscal Year Ended March 2008: Sales by Segment

## ■ Factors

- CATV** Good acquisition of CATV-FTTH businesses, increases in households subscribing to multi-channel digital services, start of operations in Gotemba area.
- CS** A substantial increase in number of FTTH customers, more than offsetting decrease in ADSL customers.
- SIS** Increases in sales of stock businesses such as outsourcing and ASP, but decreases in entrusted development.

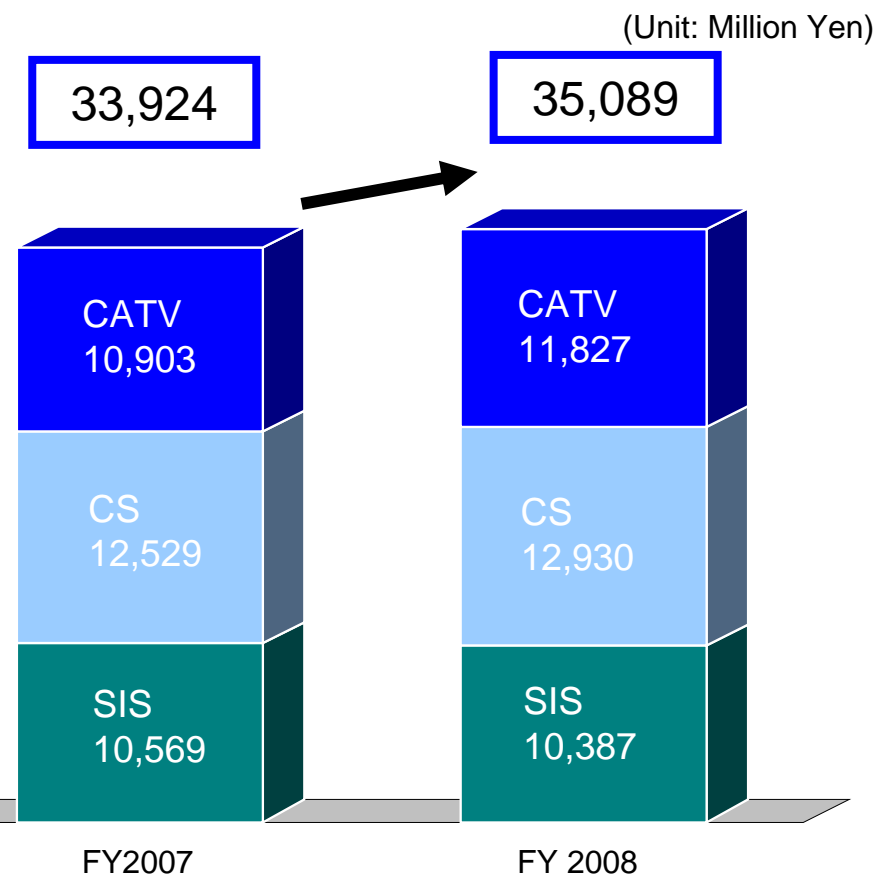
**Sales: 35,089 million yen**  
(Up 1,164 million yen over previous year, 103.4%)

## <Sales by Segment>

**CATV:** 11,827 mil. yen (up 924 mil. yen, 108.5%)  
**CS:** 12,930 mil. yen (up 401 mil. yen, 103.2%)  
**SIS:** 10,387 mil. yen (down 182 mil. yen, 98.3%)

\* Figures in parentheses represent year-to-year comparison

\* Sales by segment include inter-segment sales.





# 1. Results for Fiscal Year Ended March 2008: Operating Profit by Segment

## ■ Factors

- CATV** A large increase in operating expenses due to strategic investments in CATV-FTTH operations, and strengthening of sales and marketing organizations.
- CS** A substantial increase in profit due to a large increase in the number of customers and efficient use of expenses. This is attributed to our strategic sales promotion in cooperation with FTTH carriers and our proactive efforts to acquire FTTH businesses.
- SIS** A decrease in profit due to increases in expenses for strengthening sales and marketing organizations and also to occurrence of some unprofitable projects.

**Operating Profit: 4,371 Mil. Yen**  
(Down 43 mil. yen from previous year, 99.0%)

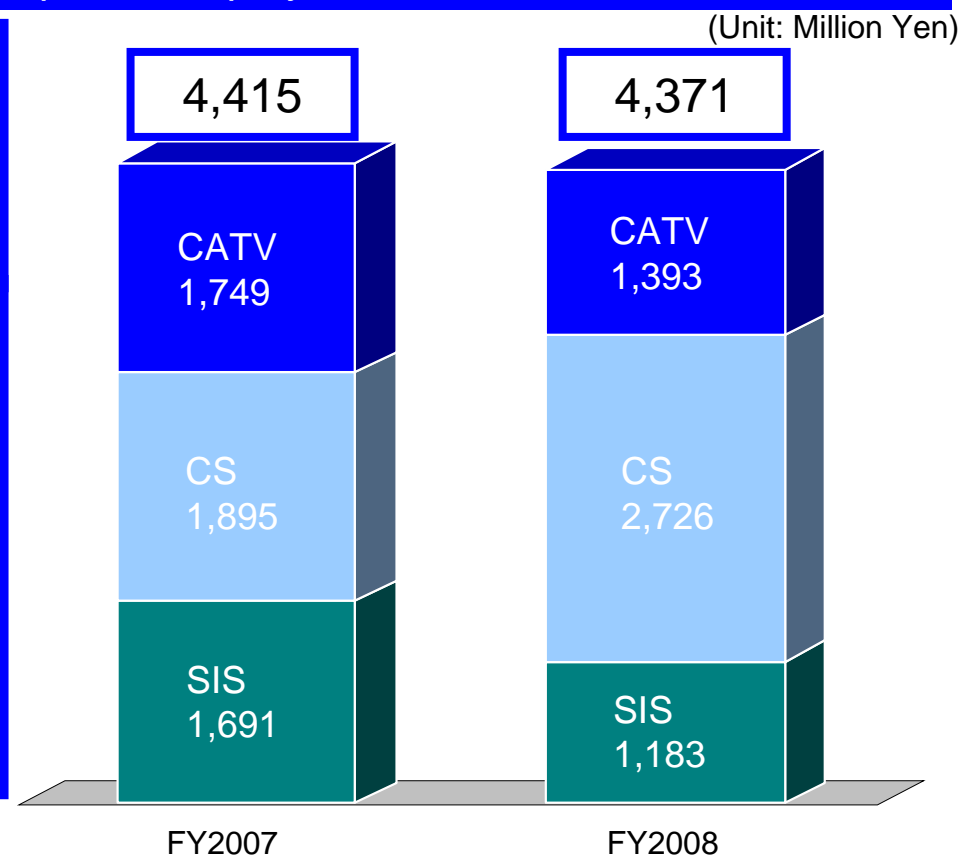
## <Operating Profit by Segment>

**CATV:** 1,393 mil. yen (down 356 mil. yen, 79.6%)

**CS:** 2,726 mil. yen (up 831 mil. yen, 143.9%)

**SIS:** 1,183 mil. yen (down 507 mil. yen, 70.0%)

\* Figures in parentheses are year-to-year comparison



# 1. Results for Fiscal Year Ended March 2008: Capital Investments

## ■ Strategic investments for CATV and data center operations

<< Major Investments >>

CATV-FTTH	4.1 bil. yen (1.1 bil. yen prev. year)
Expansion of CATV areas	2.2 bil. yen
Data Centers	3.4 bil. yen

(Million Yen)

	Previous Year	Current Year	Year to year comparison
Capital Investments	5,265	11,232	5,966
Depreciation Expenses	3,791	4,172	380

# 1. Results for Fiscal Year Ended March 2008: Subscriptions

- Focus on acquisition of FTTH customers in telecommunications businesses (both CATV and CS operations). An increase by 88,000 subscriptions, compared to End of Mar.2007.
- Steady increase also in number of CATV broadcasting customers.

(1,000 Subscriptions)

Telecommunications (Broadband Customers)		End of Mar. 2007	End of Mar, 2008	Changes
FTTH	CATV	4	<b>26</b>	22
	ISP Direct Sale	51	<b>117</b>	66
	Subtotal	55	<b>143</b>	<b>88</b>
Other Broadband	CATV - Internet	75	<b>61</b>	-14
	ADSL ISP Direct Sale	171	<b>141</b>	-30
	ADSL Wholesale	171	<b>155</b>	-16
	Subtotal	416	<b>357</b>	-59
Total		471	<b>500</b>	29

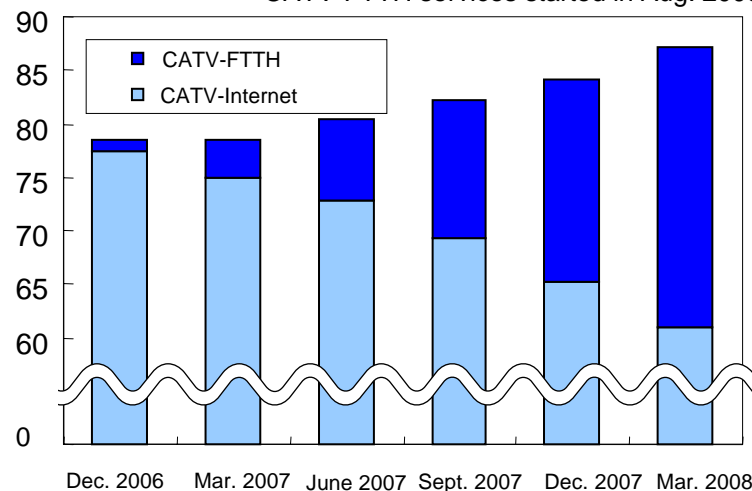
Broadcasting		End of Mar. 2007	End of Mar, 2008	Changes
CATV Broadcasting		300	<b>323</b>	23
(Digital multi-channel)		(61)	<b>(72)</b>	(11)

\* Rounded to nearest 1,000

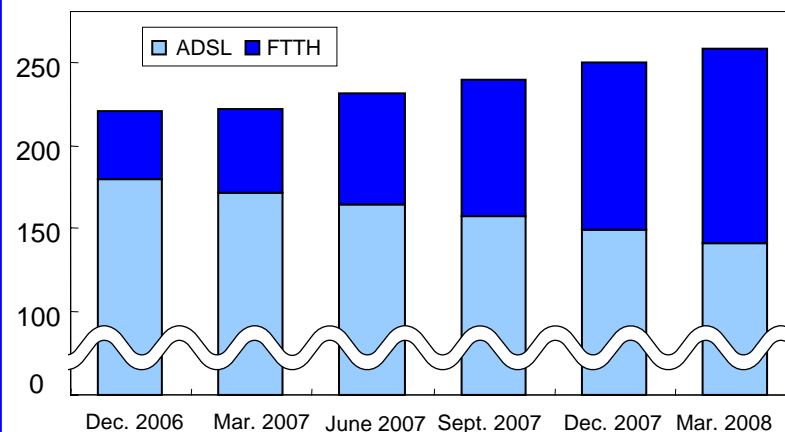
(1,000 Subscriptions)

Term-end Subscriptions of CATV-FTTH and Internet

\* CATV-FTTH services started in Aug. 2006



Term-end Subscriptions of ISP Direct Sale  
(FTTH and ADSL)



## 2. Business Forecasts for the Fiscal Year Ending March 2009

## 2. Consolidated Forecasts for the Fiscal Year Ending March 2009

	(Unit: Million Yen)					
	CATV	CS	SIS	Other	Eliminated or unallocated amounts	Consolidated
<b>Sales</b>	13,680	14,080	12,600	20	-140	40,250
Year-on-year comparison	115.7%	108.9%	121.3%	51.2%	-	114.7%
<b>Operating Profit</b>	1,650	2,480	1,570	20	-1,110	4,620
Year-on-year comparison	118.4%	91.0%	132.6%	93.9%	-	105.7%
<b>Ordinary Profit</b>						4,280
Year-on-year comparison						101.3%
<b>Net Profit</b>						2,480
Year-on-year comparison						106.3%
<b>EPS (Yen)</b>						61.87
<b>EBITDA</b>						9,430

\* Sales by segment include inter-segment sales.

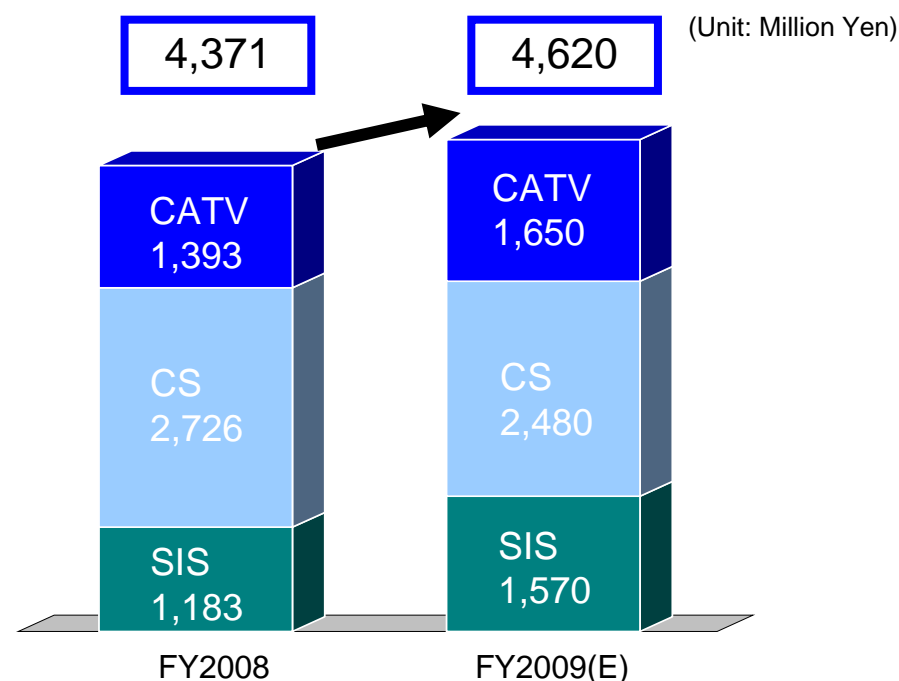
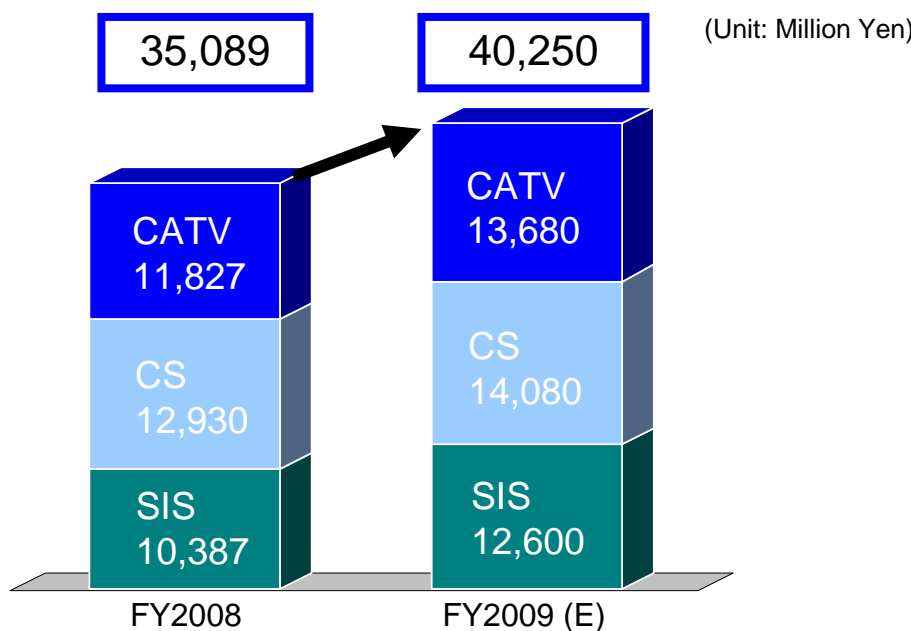
\* EBITDA = Ordinary Profit - Interest Income + Interest Expenses + Depreciation Expenses

## 2. Consolidated Forecasts for the Fiscal Year Ending March 2009: Sales and Operating Profit

Sales: 40,250 Mil. Yen

Operating Profit: 4,620 Mil. Yen

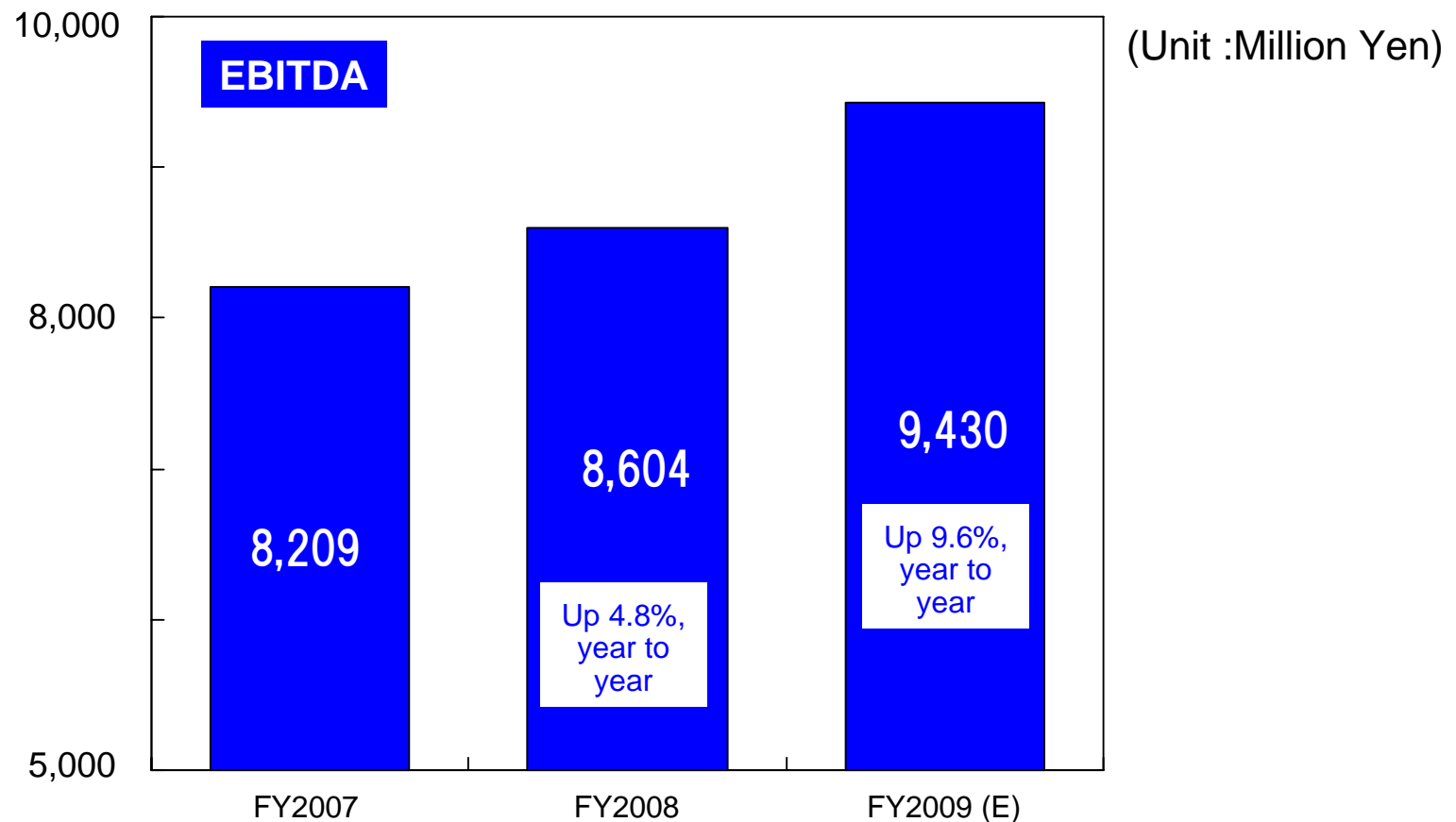
- In CATV, increases in sales and profit due to sharp increases in number of FTTH subscribers.
- In SIS, expansion of stock businesses of IDC and solutions services.



\* Sales by segment include inter-segment sales.

## 2. EBITDA

- EBITDA increased by 4.8%, year to year, in fiscal year ended March 2008
- EBITDA is expected to rise 9.6% in fiscal year ending March 2009



## 2. Consolidated Forecasts for the Fiscal Year Ending March 2009: Capital Investments

### ■ Strategic Investments for CATV business

CATV-FTTH	3.2 bil. yen (4.1 bil. yen prev. year)
Expansion of CATV service areas	2.0 bil. yen

### ■ CS

Purchases of Tokai Kanto's transmission facilities	0.8 bil. yen
DSL NW	1.4 bil. yen

(Million Yen)

	March 2008	March 2009 (E)	Year to year comparison
Capital Investments	11,232	8,490	-2,742
Depreciation Expenses	4,172	4,790	617



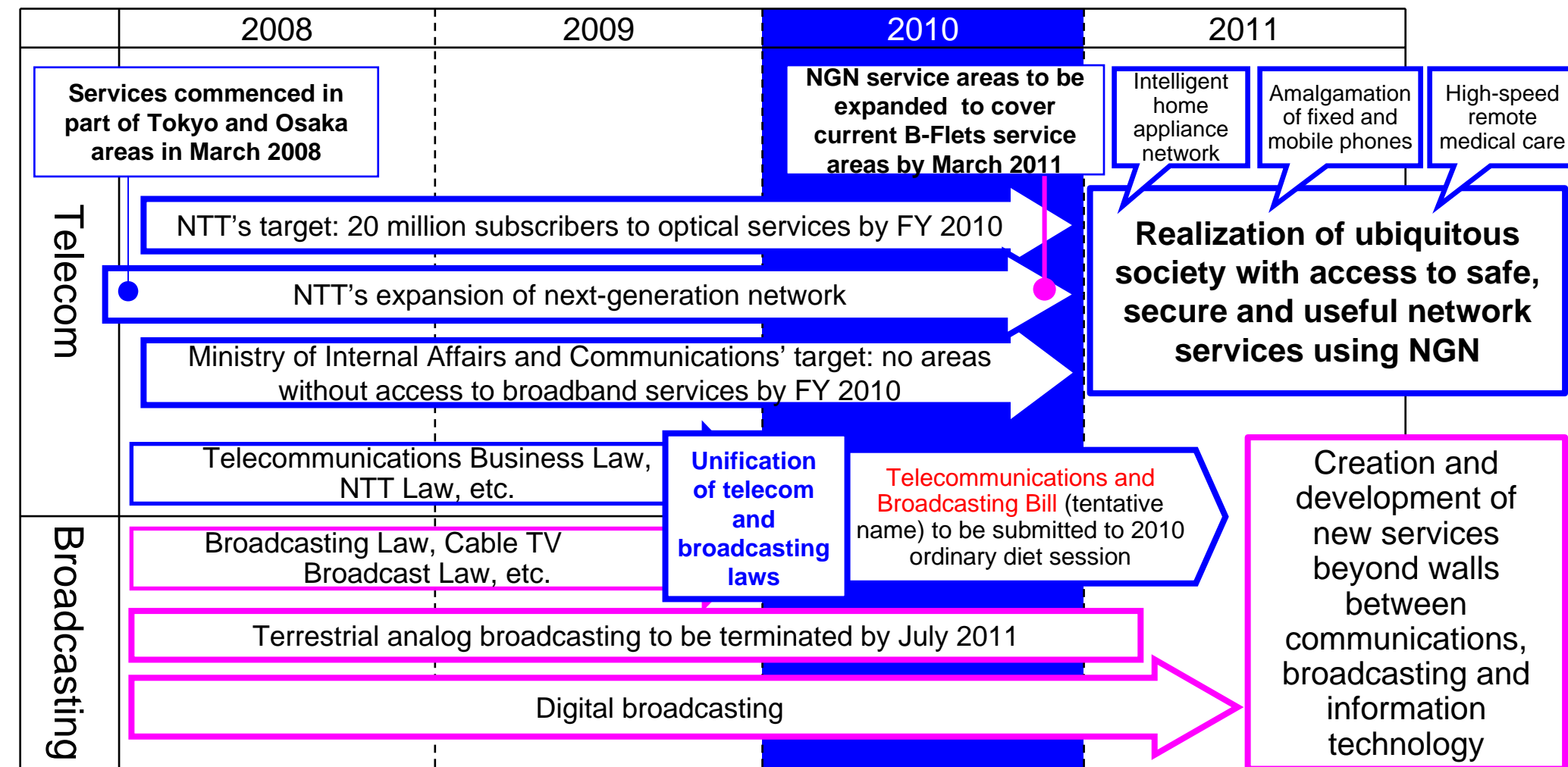
# 3. Mid-term Management Vision

Our Group will strive to achieve the Mid-term Management Vision  
“Total Communication for the Best 2007—2011”

Our Group will endeavor to proactively expand earnings bases by building a business model unique to our Group that combines the information telecommunications infrastructure including networks and data centers and the system development, IT outsourcing, IT solutions and ASP services provided by our engineers, as well as by providing to a wide range of customers from individual consumers to corporate customers by fully utilizing our Group's planning and marketing capabilities.

# 3. Near-future Transformation of Telecommunications and Broadcasting

A major transformation is expected in the telecommunications and broadcasting spheres in 2010 and 2011 as witnessed by increased capacity of next generation networks allowing for 20 million subscribers, unification of telecommunications and broadcasting laws, and termination of terrestrial analog broadcasting.



### 3. Highlights of Consolidated Mid-term Plan

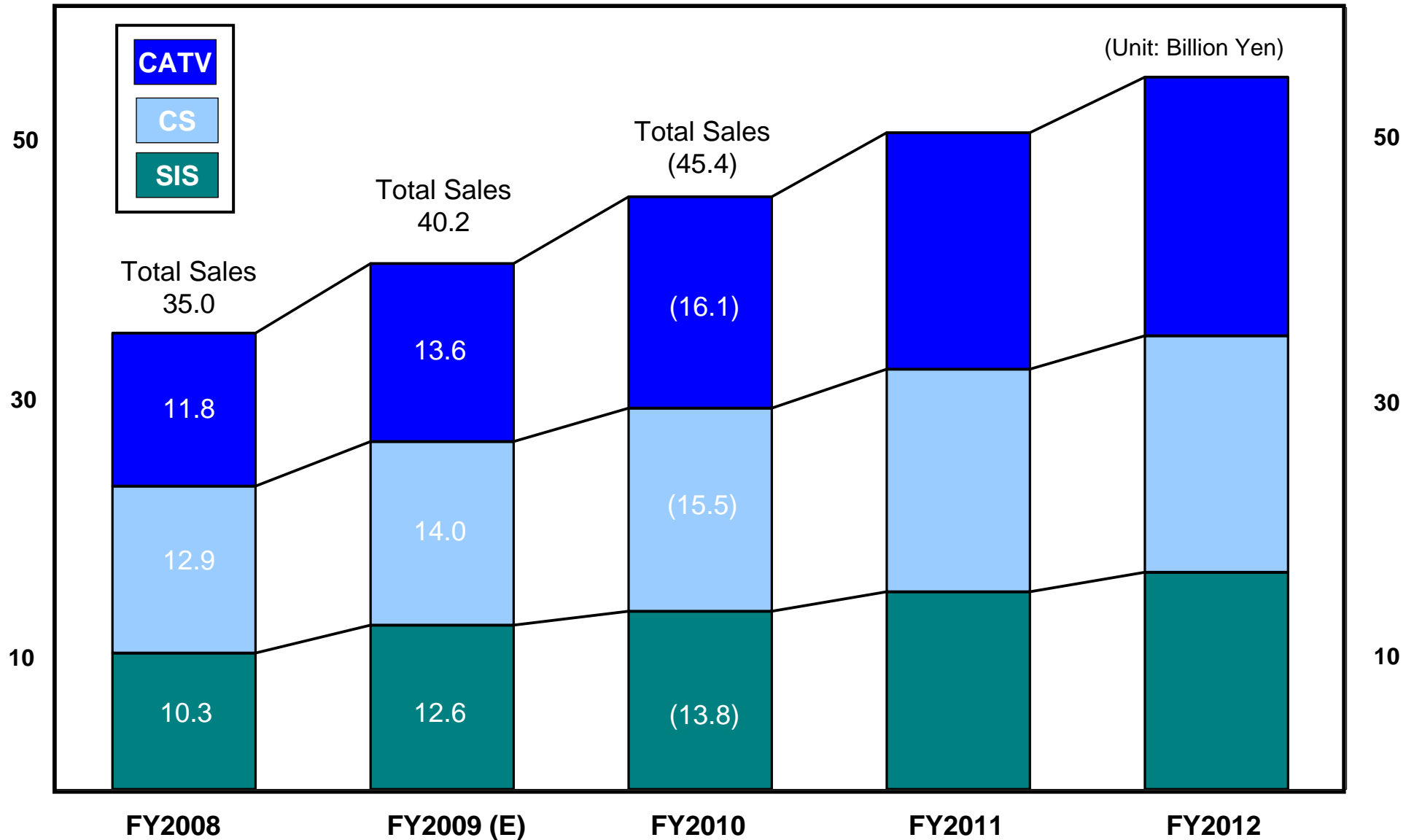
#### FY 2007 - FY 2009: Expansion of customer base

CATV	CATV-FTTF: <i>Winning 100,000 subscribers</i>
CS	@T-com: <i>Net increase of 100,000 direct-sale subscribers</i> (FTTH: +175,000; ADSL: -72,000)  ➔ Total direct-sale customers: 325,000 by end of FY 2009
SIS	Establishment of customer base <i>by expansion of stock businesses</i>



Expansion of next-generation services with a focus on NGN for high, sustainable growth from FY 2010 onwards

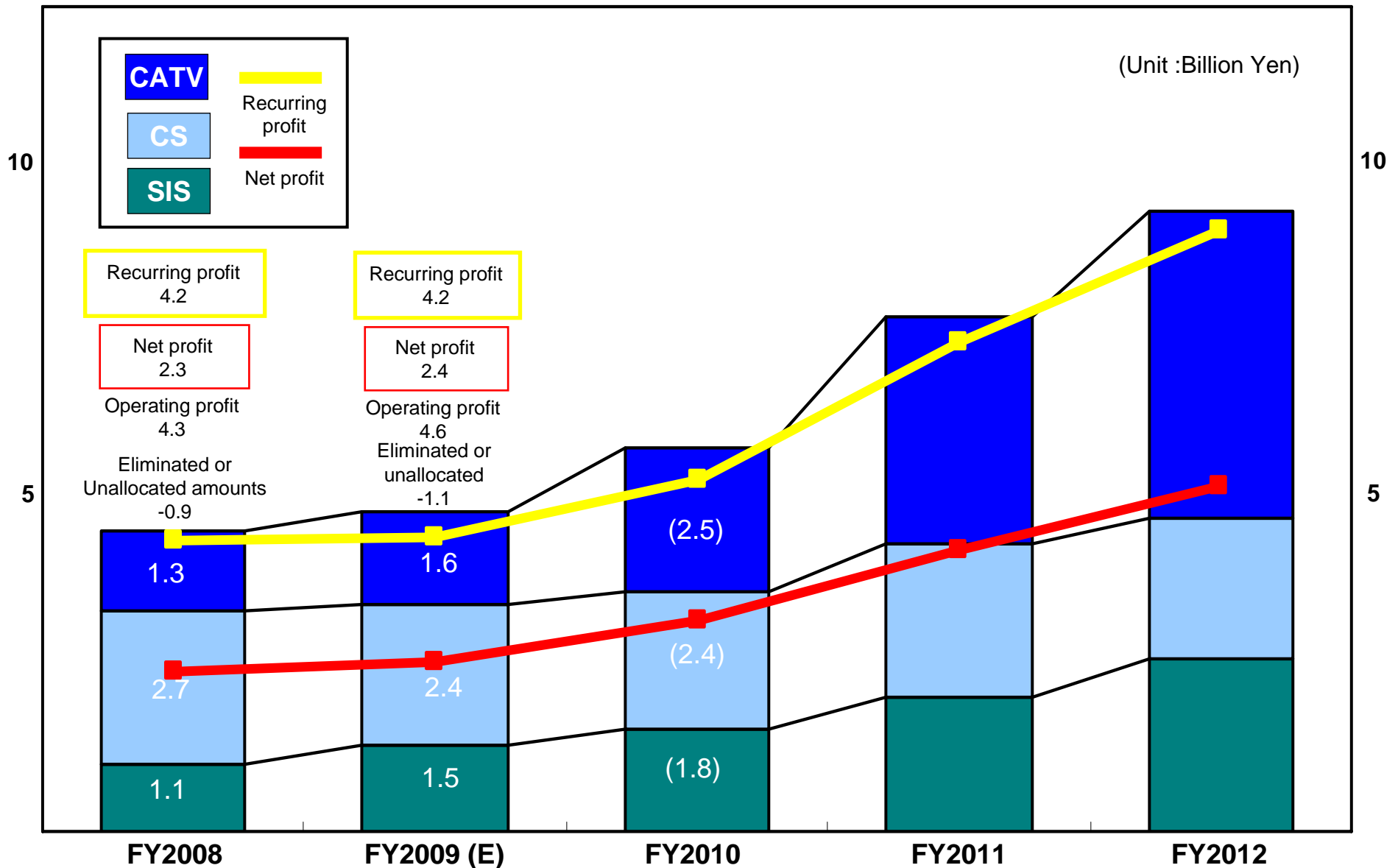
# 3. Image of Sales by Segment



Note: Approximate figures for FY 2010

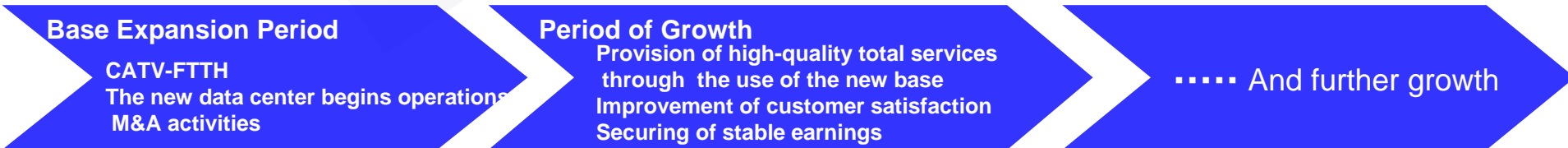
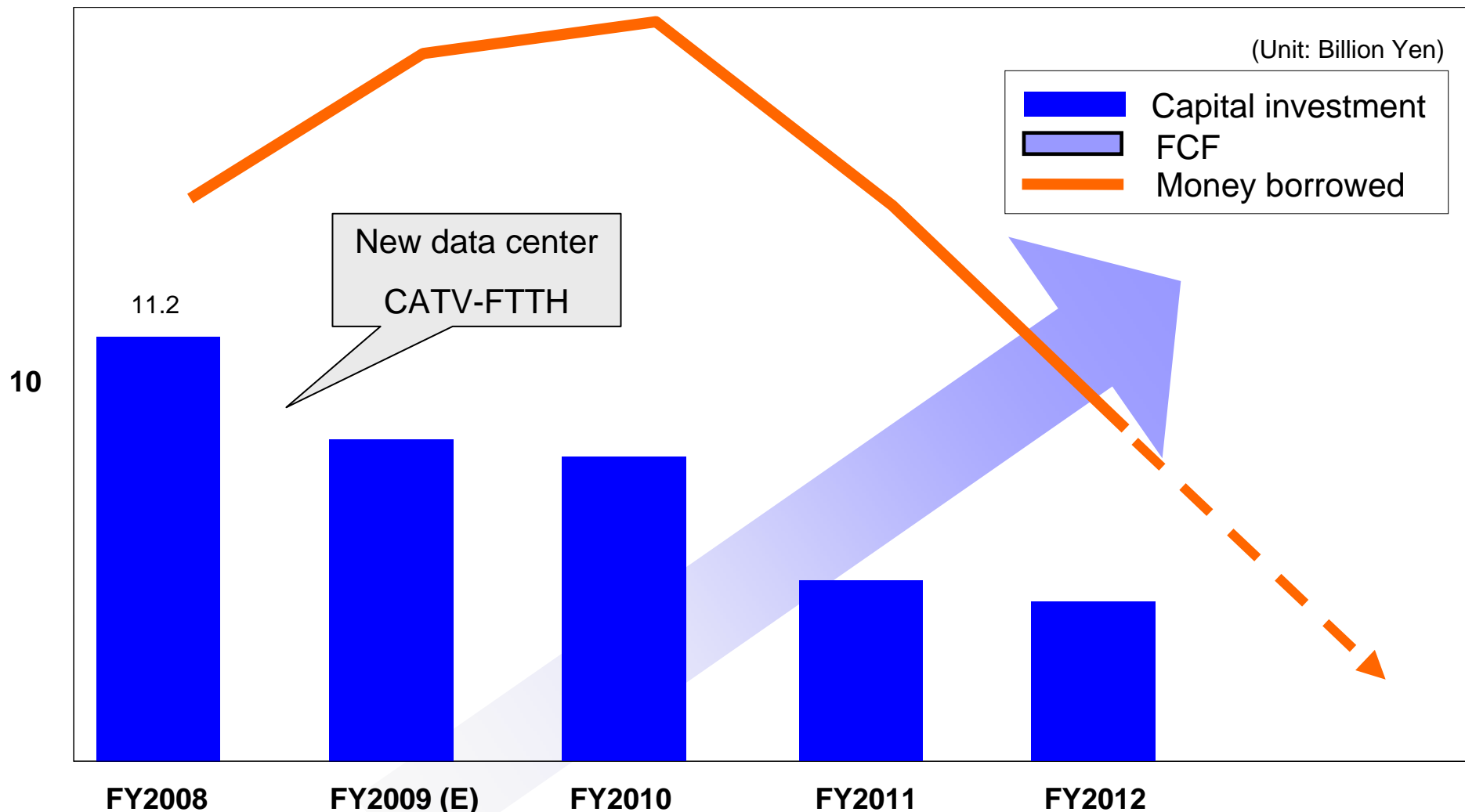
\* Sales by segment include inter-segment sales.

# 3. Operating Profit by Segment



Note: Approximate figures for Mar. 2010

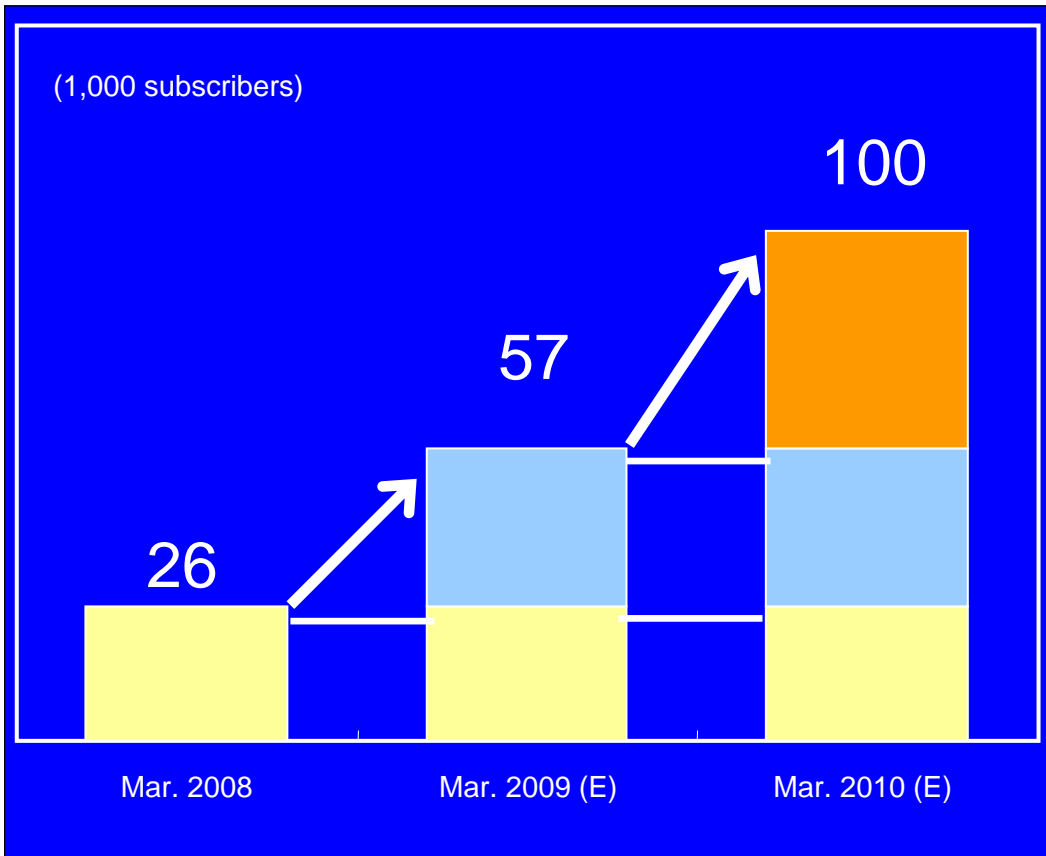
# 3. Images in Capital Investments and Free Cash Flow



# CATV Business

# Business Policy on CATV-FTTH Operations

- Target number of CATV-FTTH subscribers:  
100,000 new subscribers in three years from FY 2007 to FY 2009



Year to Mar. 2008

Started CATV-FTTH services in all areas where the Parent Company's CATV service is available

Year to Mar. 2009

All six Group Companies to start CATV-FTTH services

Year to Mar. 2010

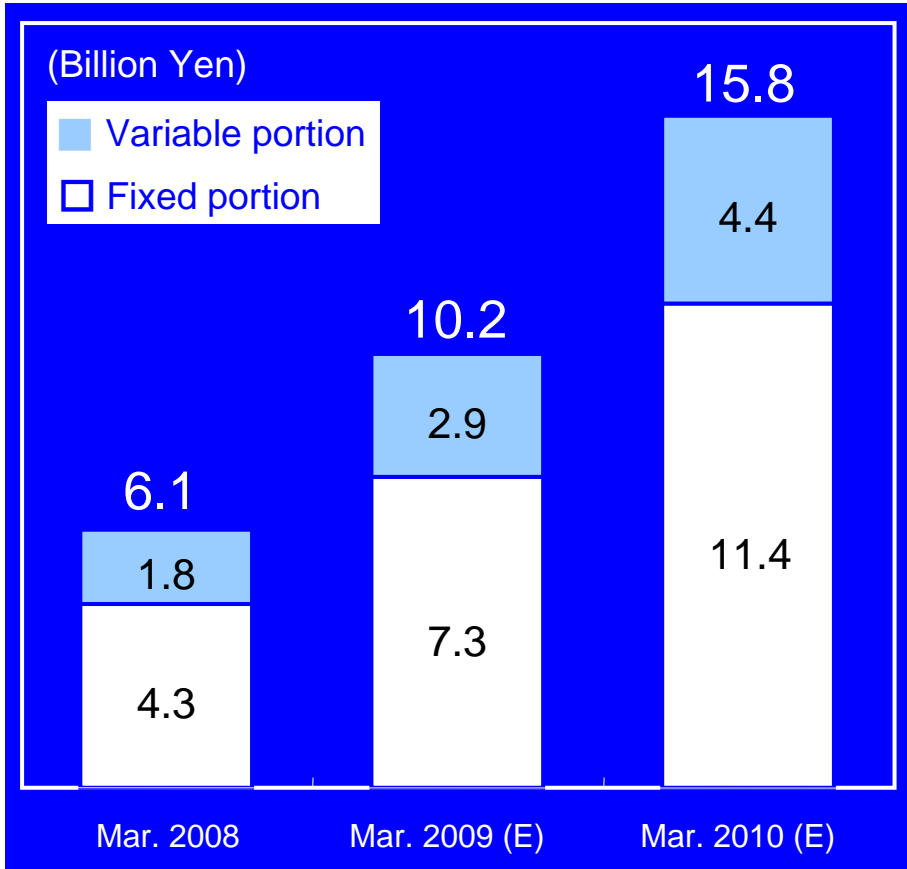
To acquire a cumulative total of 100,000 new subscribers backed by wider service areas and expanded broadband market



# Sales/Marketing and Investments of CATV-FTTH Operations

## ■ CATV-FTTH

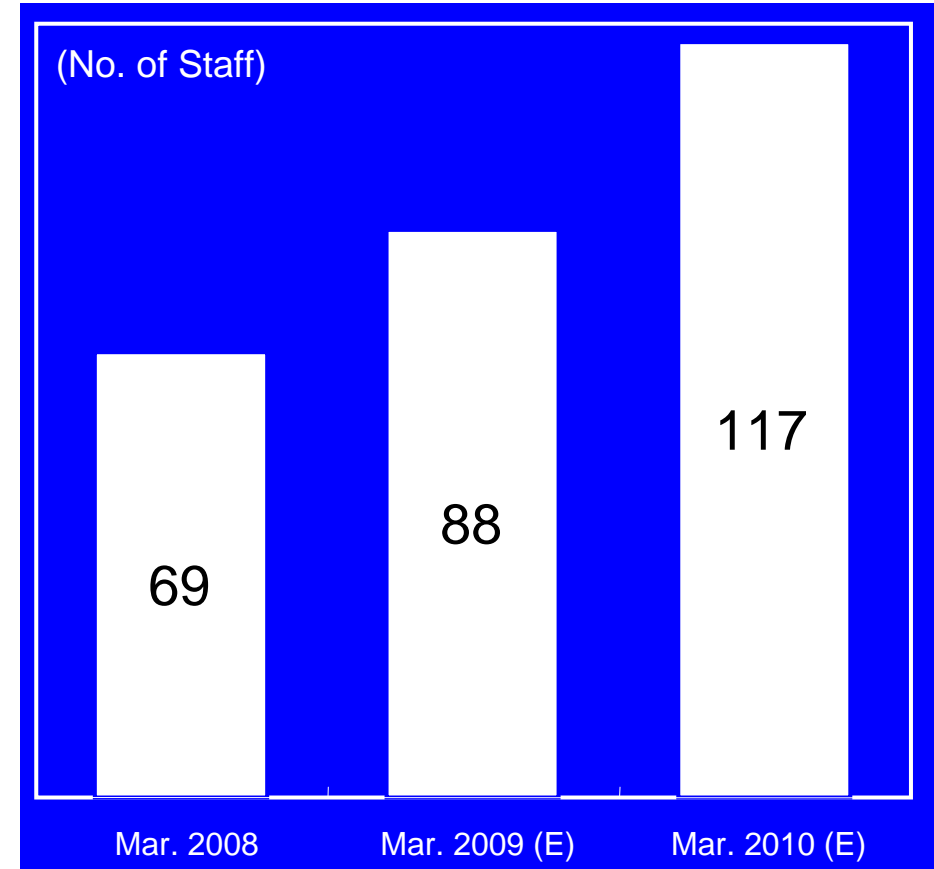
investment plan (cumulative)



A cumulative total of 15.8 billion yen to be invested by fiscal year ending Mar. 2010, comprising 13.2 billion yen in facilities and equipment and 2.6 billion yen for leasing

## ■ CATV-FTTH

sales/marketing organization

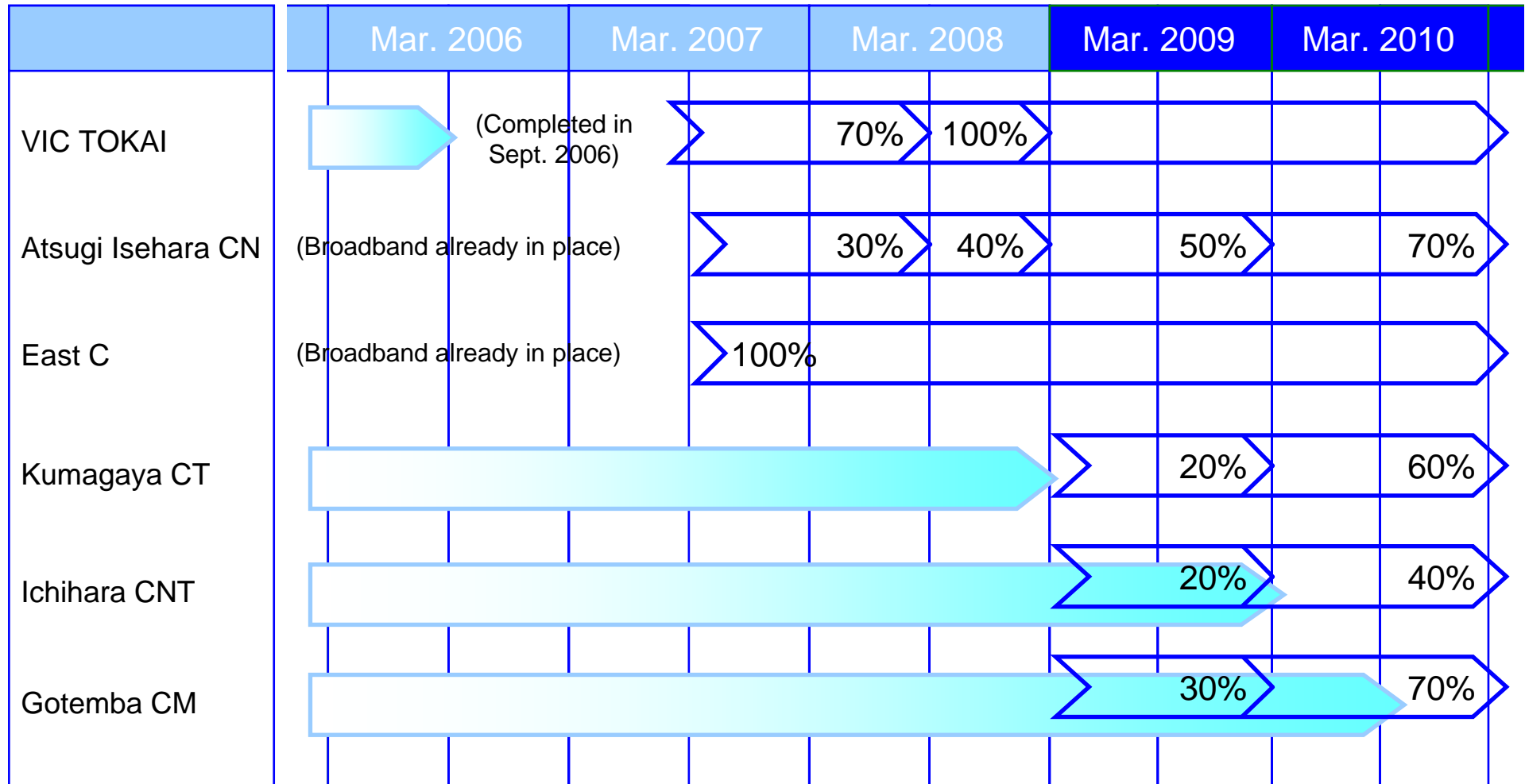


88 dedicated sales/marketing staff in fiscal year ending Mar. 2009

# Area Expansion of CATV-FTTH Services

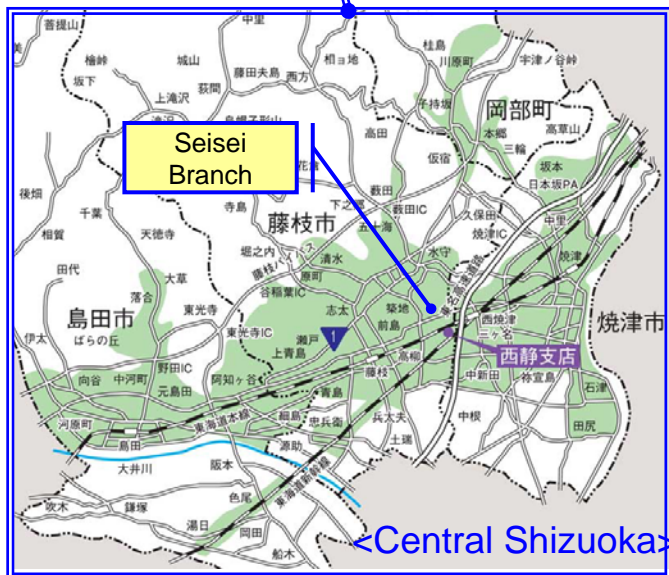
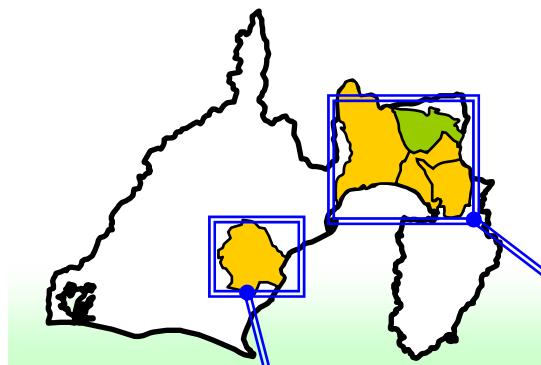
## <Timetable of introduction of broadband and CATV-FTTH Services>

 Introduction of broadband services
  CATV-FTTH Services
  Percentage of areas with access to FTTH services



# Areas with Access to CATV-FTTH Services (Shizuoka Prefecture)

## ■ Areas with access to CATV-FTTH services (Shizuoka Prefecture)



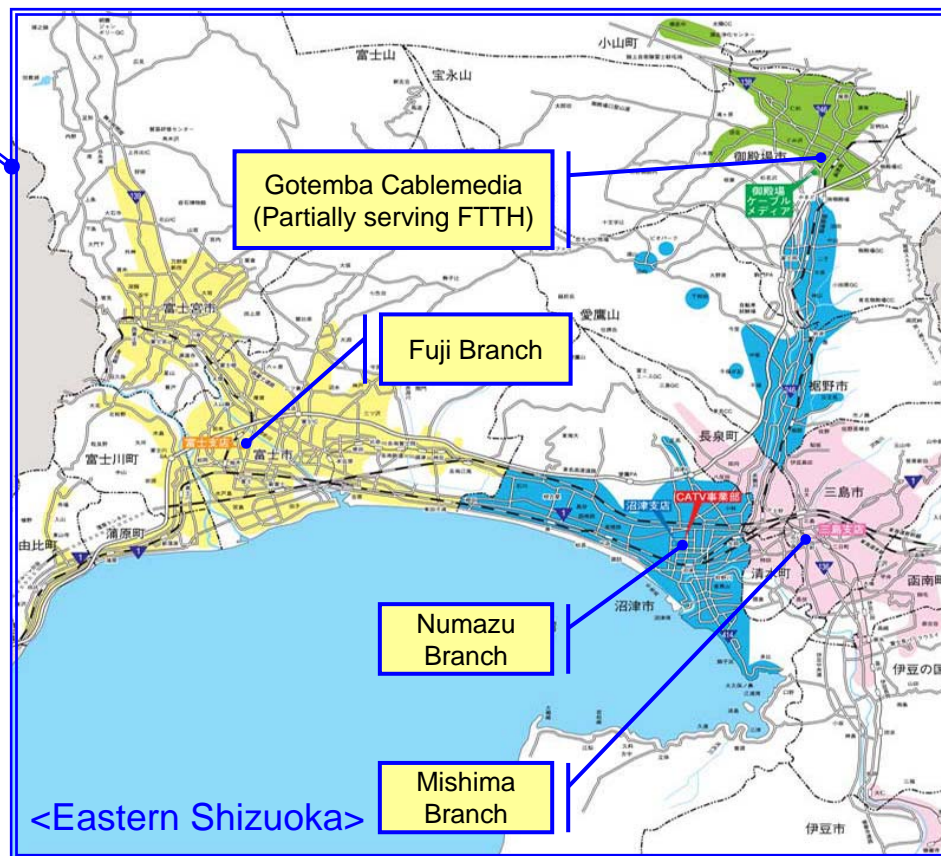
VIC TOKAI Mishima Branch | Mishima, Izunokuni, Sunto, Kannami

VIC TOKAI Numazu Branch | Numazu, Susono, Gotemba (South)

VIC TOKAI Fuji Branch | Fuji, Fujinomiya, Ihara, Former Kambara Town

VIC TOKAI Seisei Branch | Yaizu, Fujieda, Shimada, Okabe

Gotemba Cablemedia Corp. | Harasato (Gotemba), Subashiri (Oyama, Sunto)



# Areas with Access to CATV-FTTH Services (Kanto Area)

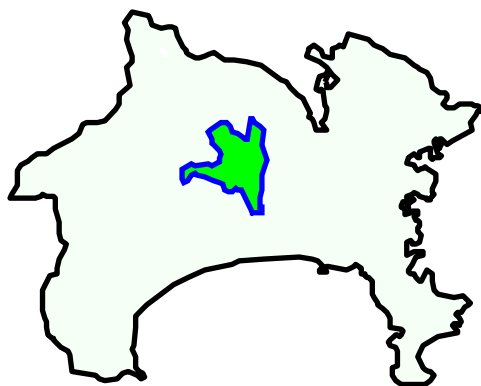
- Areas with access to CATV-FTTH services (Kanto Area, scheduled to start in fiscal year ending Mar. 2009)

Ichihara Community Network TV Corp. and Gotemba Cablemedia Corp. started services in May 2008

Kumagaya Cable TV Co.,Ltd. scheduled to start services in Dec. 2008

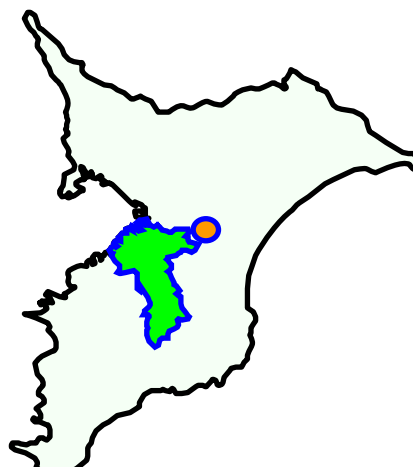
Atsugi Isehara CN	Aiko, Asahichou, Mimamichou, Okata, Sanda, Sandaminami, Shimoogino, Oigawa, Tsumada, Tobio, Matsukagedai, Miharuno, etc., Atsugi City, Kanagawa Pref.
East C	Asumigaoka, Midori-ku, Chiba City, Chiba Pref.
Ichihara CNT	Kokubunjidai, Yamadabashi, Saihiro, Souja, and Suwa, Ichihara City, Chiba Pref.
Kumagaya Cable TV	Kamino, Kumagaya City, Saitama Pref. (planned)

<Atsugi Isehara Cable Network>



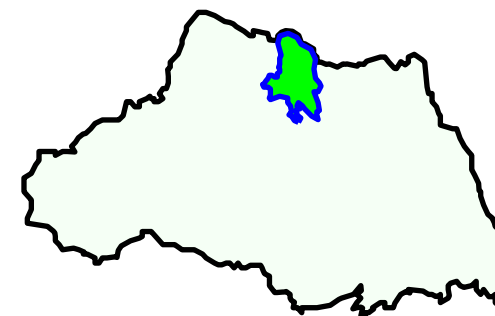
Atsugi, Kanagawa Pref.

<Ichihara Community Network TV>  
<East Communications>



Ichihara, Chiba Pref.  
Midori-ku, Chiba City

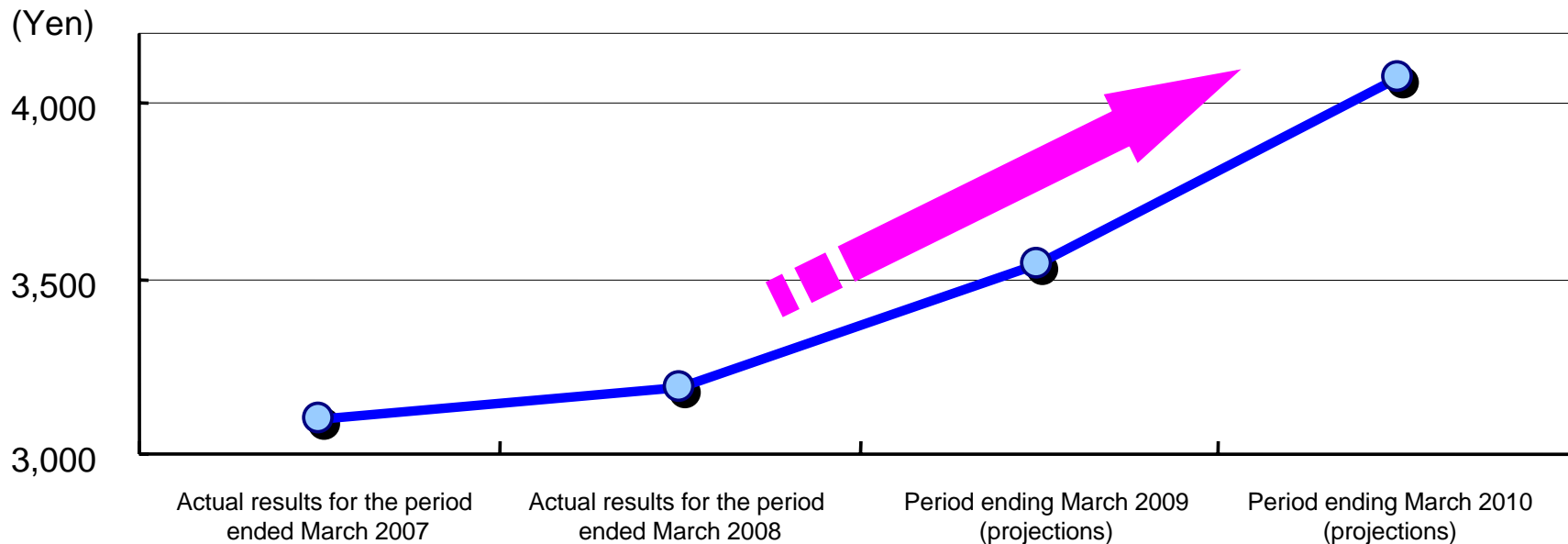
<Kumagaya Cable TV>



Kumagaya, Saitama Pref.

# ARPU for CATV Business

## ■ Forecasts of ARPU (average revenue per month per contract)



	Actual results for the period ended March 2007	Actual results for the period ended March 2008	Period ending March 2009 (projections)	Period ending March 2010 (projections)
ARPU for CATV business (yen)	3,098	3,186	3,500	4,000

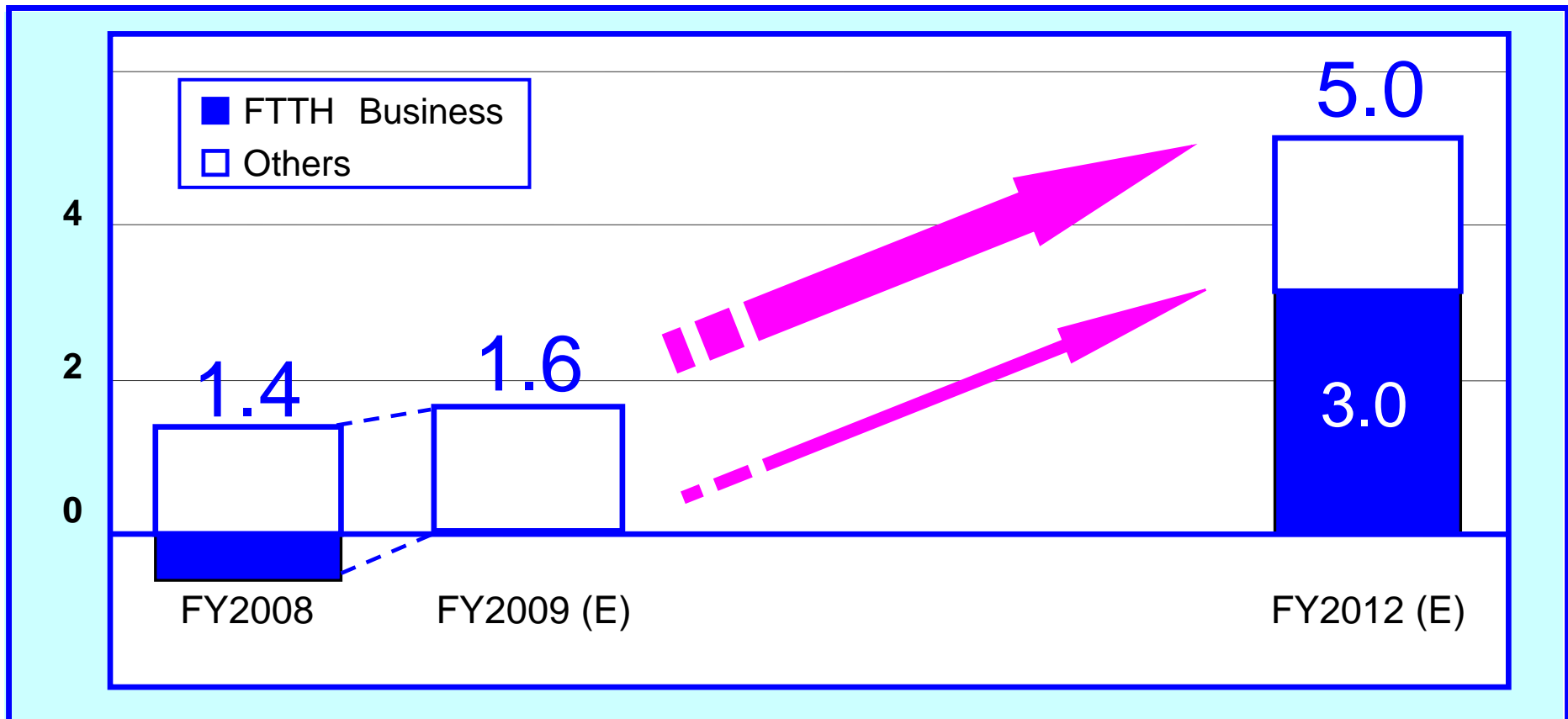
■ The ARUP for CATV subscribers will increase with an expansion of CATV-FTTH services.

\* Definition of ARPU: Monthly usage revenue / (no. of broadcasting subscribers + no. of Internet-only subscribers)

# Profit Target of CATV Business

## ■ Operating profit target of CATV business

(Billion Yen)



- Target operating profit for fiscal year ending Mar. 2012 set at 5 billion yen backed by overall business expansion with a particular emphasis on CATV-FTTH business.

# Future Services Utilizing Next-generation Network

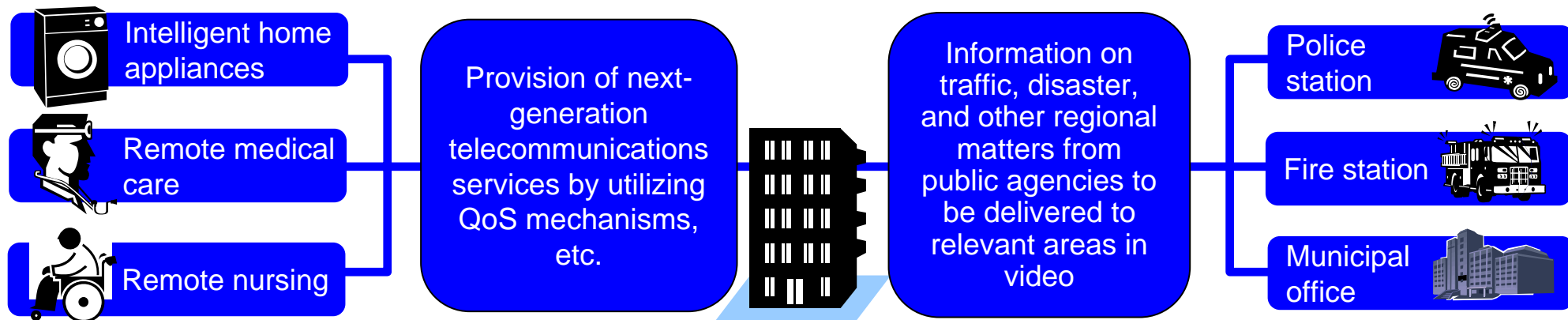
- In CATV-FTTH business, will provide community-based services, similar to those available in NGN services.

## (1) Interconnection with NTT's next-generation network

- ◆ Will interconnect with NTT's next-generation network, taking advantage of common platform.
- ◆ Will offer next-generation telecommunications services such as intelligent home appliance and remote medical care services to CATV-FTTH customers, using QoS mechanisms, etc.

## (2) Development of community-based contents

- ◆ Will utilize our community-based feature and program production technology to develop unique visual contents that deliver on demand information required locally.



# CS Business



# Development of ISP Business (Stronger Partnership with Home Appliance Mass Merchandisers, etc.)

## Stronger partnership with agents for increased confidence of customers

- Development of confidence by joint efforts to win customers with agents
- Stronger sales partnership with agents in winning broadband customers
- Contribution to increasing visitors by holding storefront events of our own
- Increased confidence of customers through sales activities

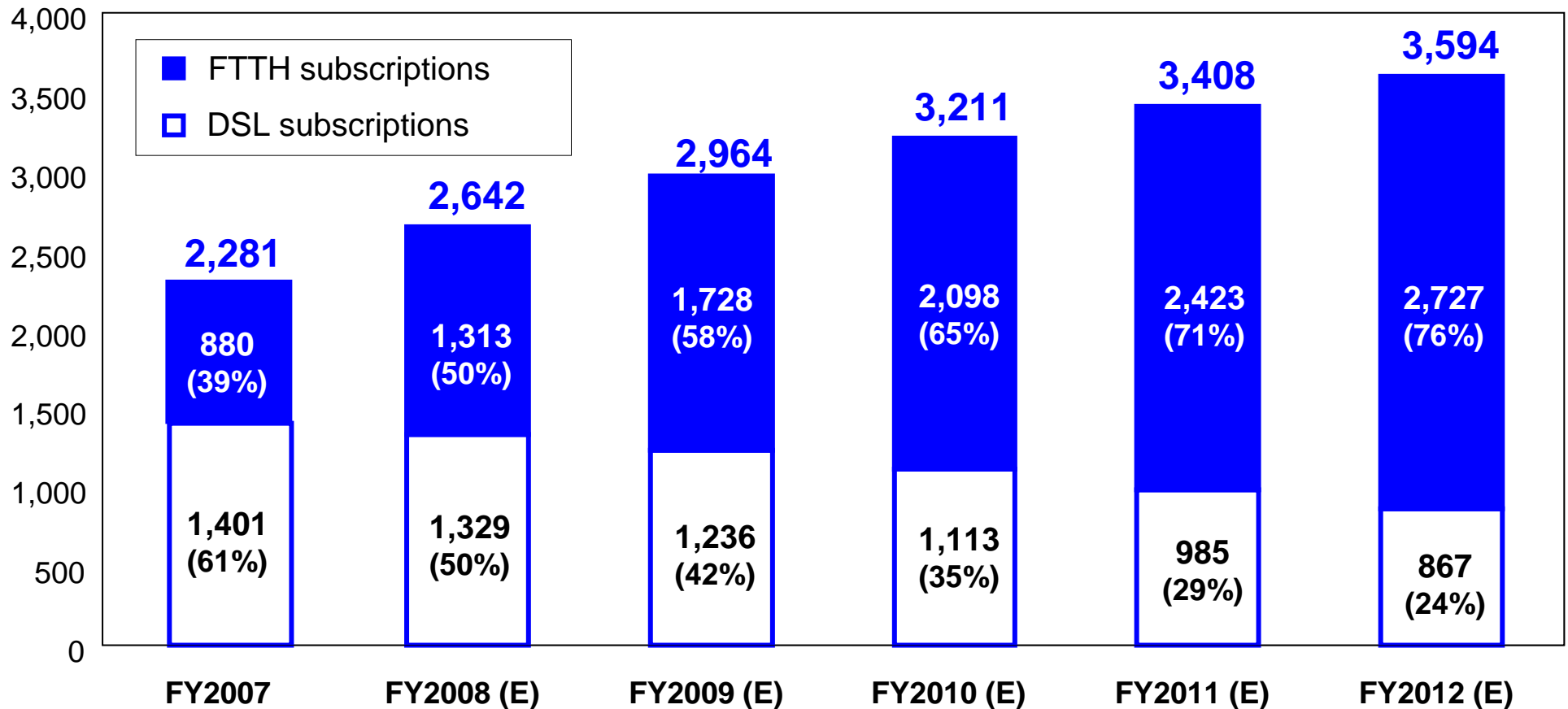
Placing over 200 of our staff at home appliance mass merchandisers and PC shops constantly, which gives the Company an unrivaled selling power.



# No. of Broadband Subscriptions (Nationwide)

- Bar graph shows annual new subscriptions
- Figures in parentheses show percentage of each service

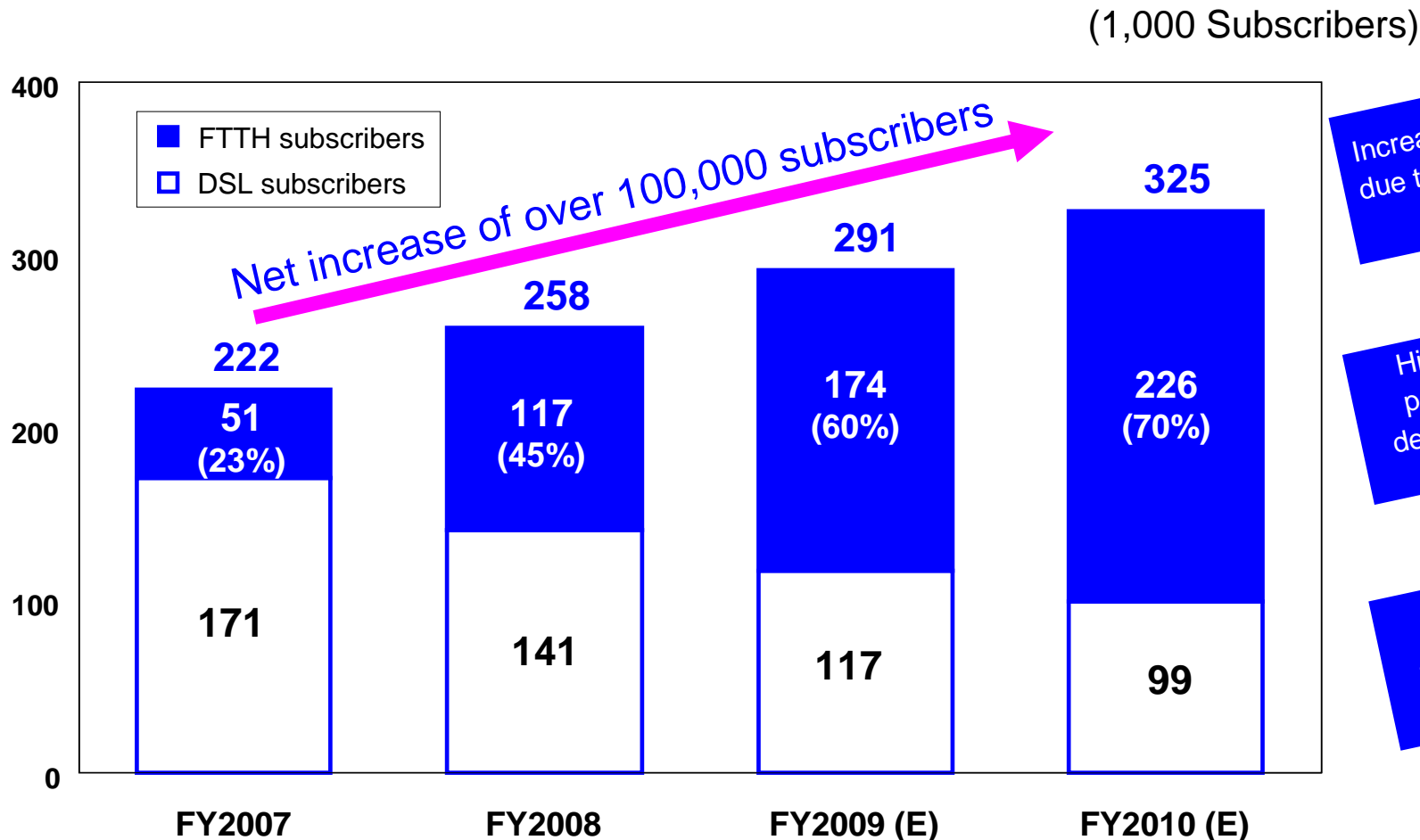
( 10,000  
Subscriptions )



Estimates for Mar. 2008 onwards are taken from forecasts released by Yano Research Institute on June 15, 2007.

# Development of ISP Business (No. of Broadband Subscribers)

- Thanks to our excellent selling power, number of customers is on the increase.
  - ➔ Net increase of 100,000 subscribers expected in 3 years from 2008 to 2010



Increased earnings power due to rises in the number of customers

Higher AMPU due to provision of contents designed for broadband services

Development of new services utilizing next-generation network

# Development of Contents Business

- Development of web pages that offer contents in partnership with advertisers, as well as those that can generate a large number of page views for advertisement revenues.
- Tighter monitoring of illegal and/or harmful information on the Internet, and awareness and educational campaigns for site members about how to enjoy the Internet and how to avoid dangers thereon.

## Service expansion plan for FY ending Mar. 2009

### Foreign language learning services (new)

English and Korean learning services to be launched that offers “game-like” learning using avatars. Planning to generate revenues from advertisers for tie-up advertisement.

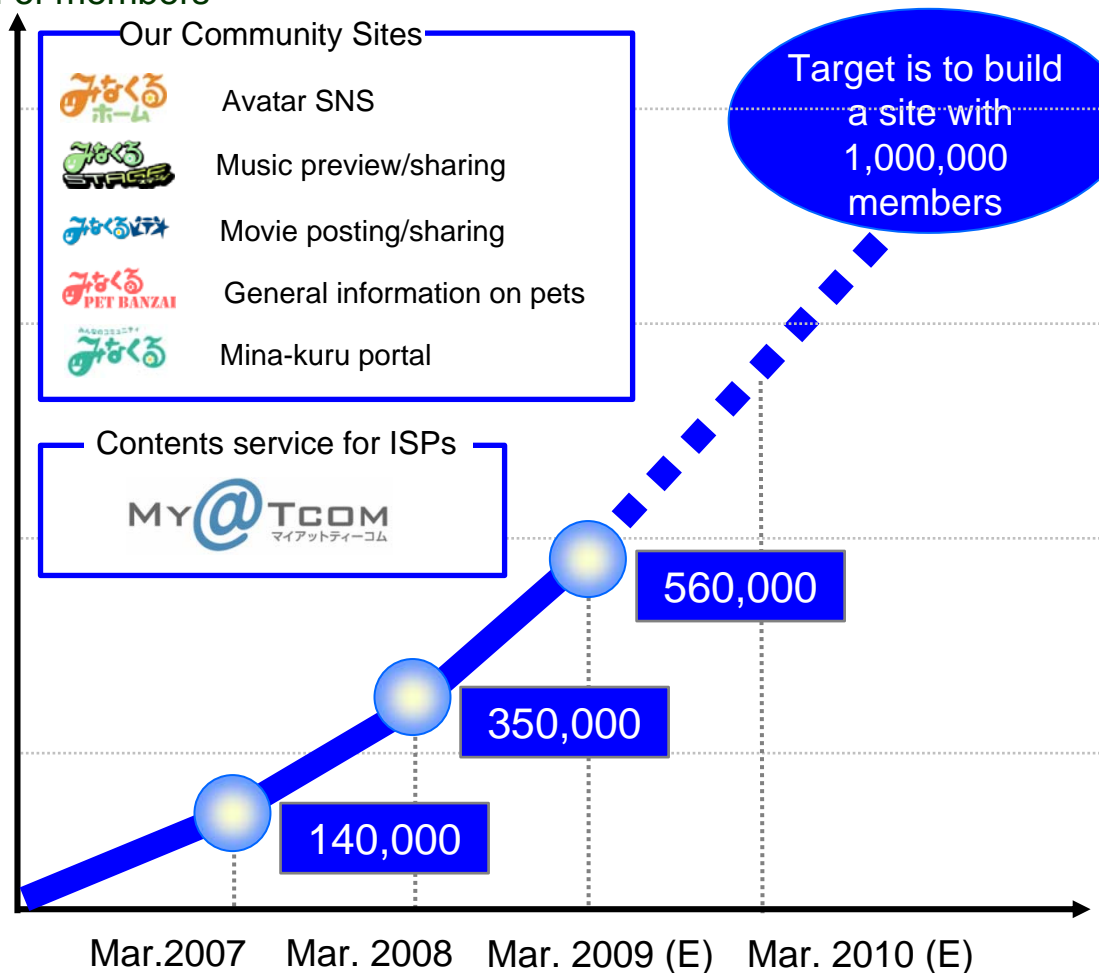
### Mini-blog service (new)

Mini-blog service to be launched that offers fun chatting. Planning to encourage repeated access of users for realization of a business model to generate advertisement revenues proportional to page views.

### Protecting youths from illegal/harmful information (cont.)

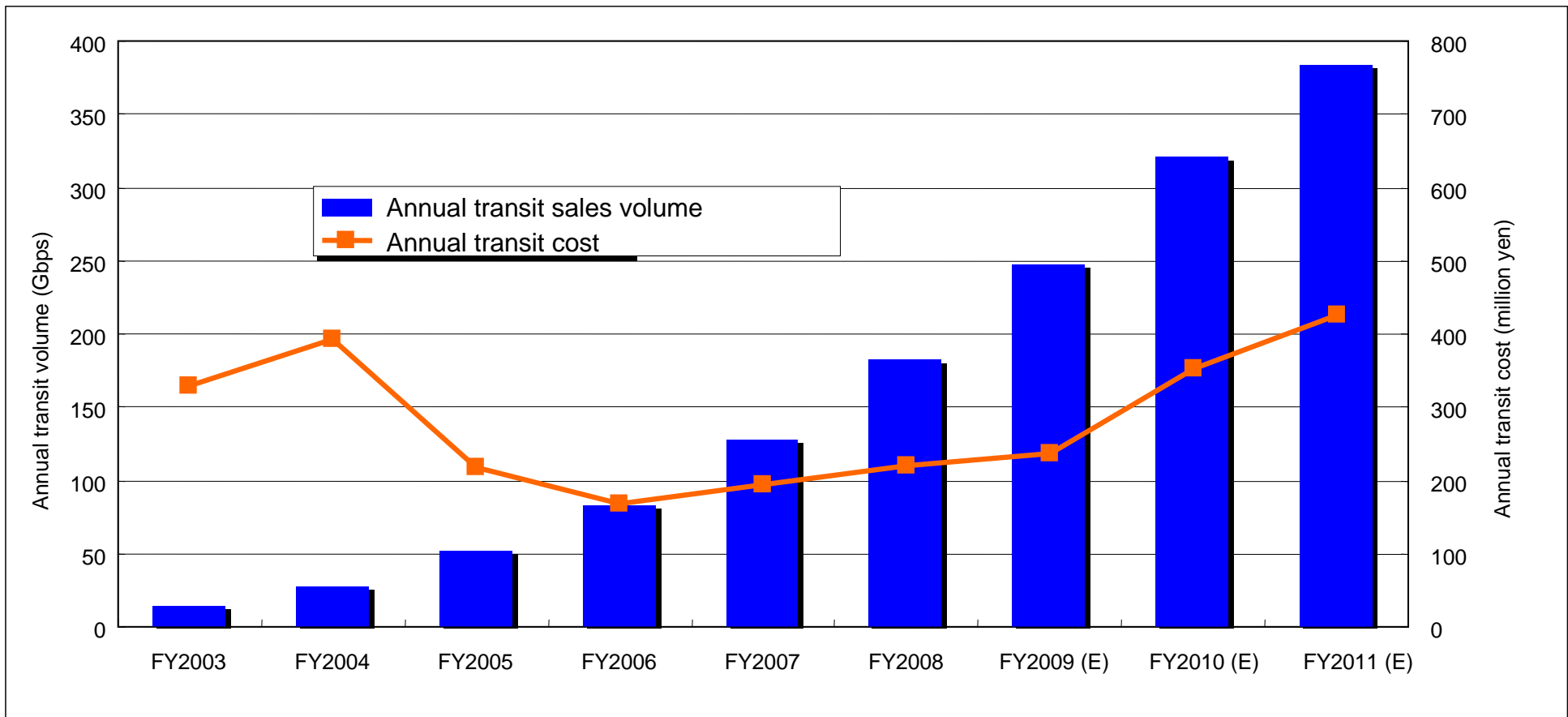
Establishment of a community site that protects youths from illegal/harmful information and offers fun in peace of mind by tightening operational structure and system, by such means as manned monitoring, ban on posting of messages including NG words, and safekeeping of logs on posted messages.

No. of members



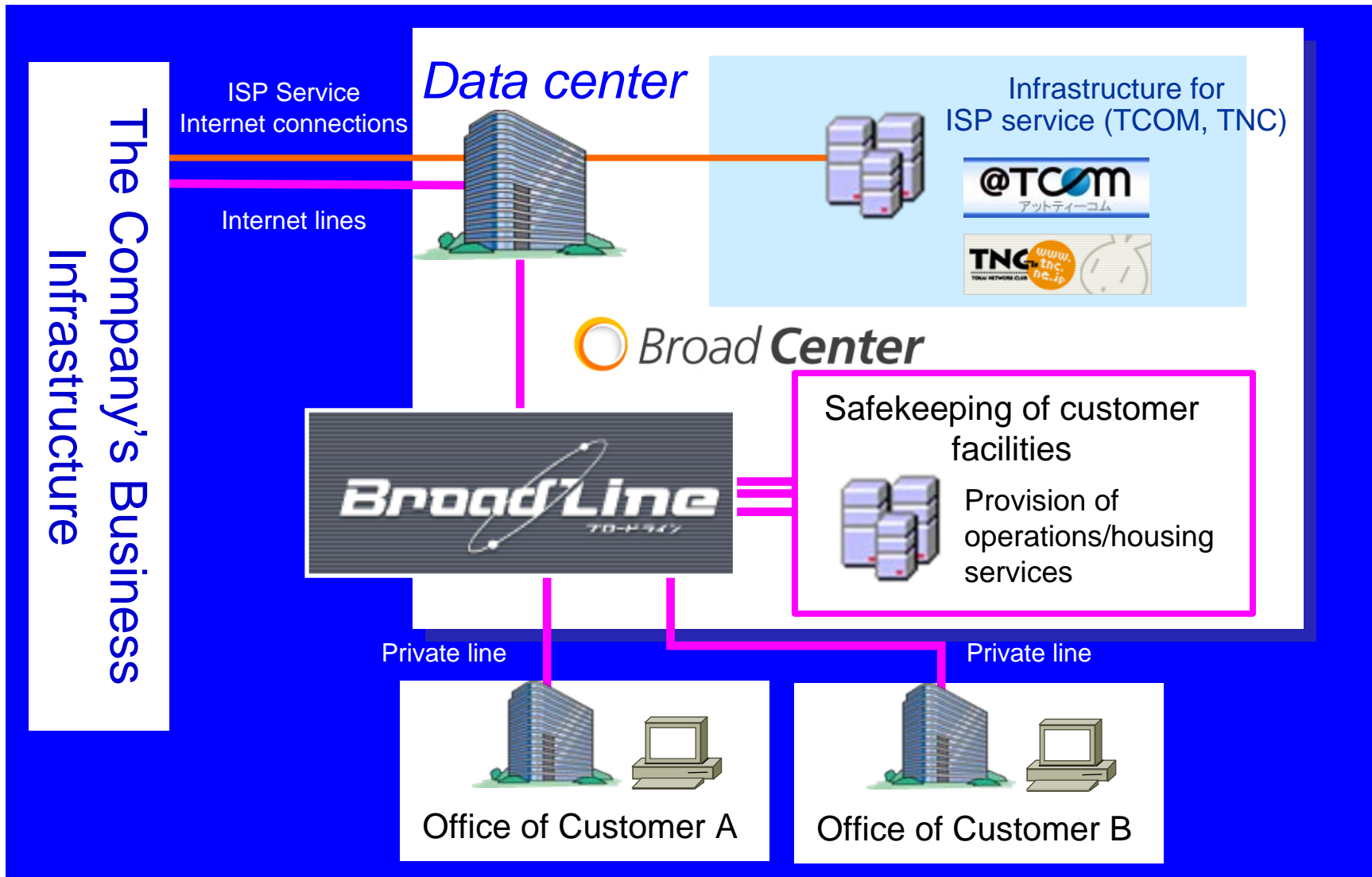
# Development of Carrier Business

- Total transit traffic is expected to increase by 16 times in 7 years from FY2003 to FY2009, and will continue rising thereafter.
- Decreases in purchase prices of transit contribute greatly to ISP business as well as to Internet-related revenues of wholesale and CATV operations.
- The Company will continue to seek reductions in purchase prices of transit by selecting providers with competitive prices and by executing competitive biddings.



# Development of Carrier Business (Telecommunications Services Using the Company's Business Infrastructure)

- Creation of services for corporate customers using the Company's business infrastructure (data communications facilities, data centers, etc.)



# SIS Business

## 1. Enterprise application business (EA)

Entrusted development of software, mainly for information system of various industries such as major convenience store operators, telecommunications companies, and financial institutions.

## 2. System integration business (SI)

Comprehensive information services for corporate customers, including designing, building, operations and maintenance of the system, that combines package solutions mainly of our development with our network and data center.

## 3. Data center solution business (DCS)

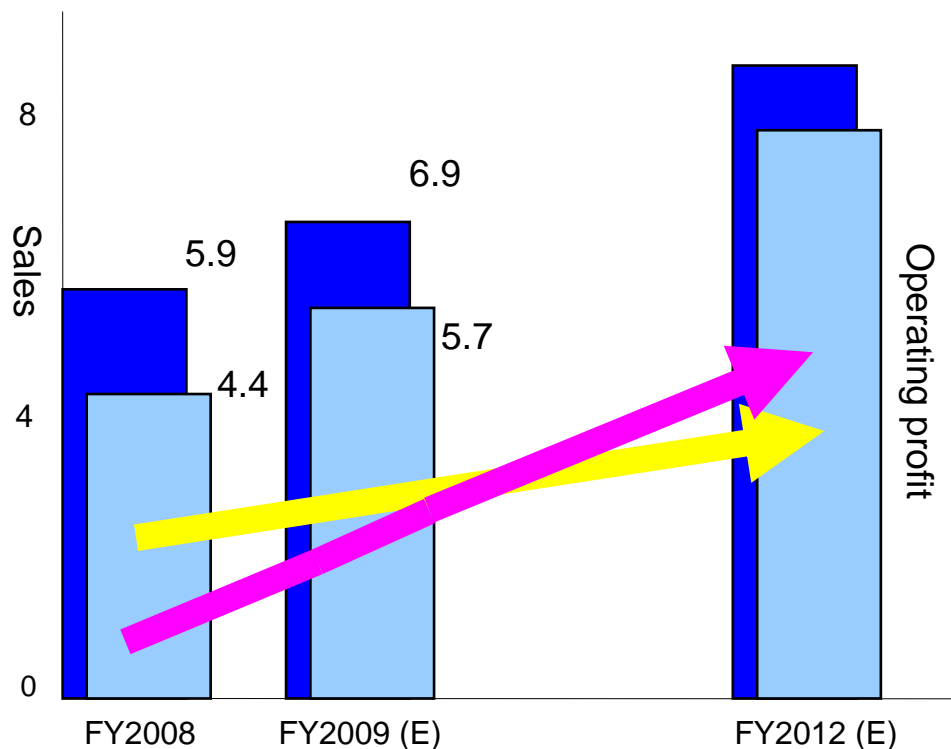
Provision of new services using virtual technique, etc., in addition to data center services, such as co-location, hosting, and system operations, and ASP services, following completion of the new data center equipped with high-capacity facilities and top-quality operation/monitoring structure.



# Growth Target of SI Business

## ■ Sales and operating profit targets of SIS business

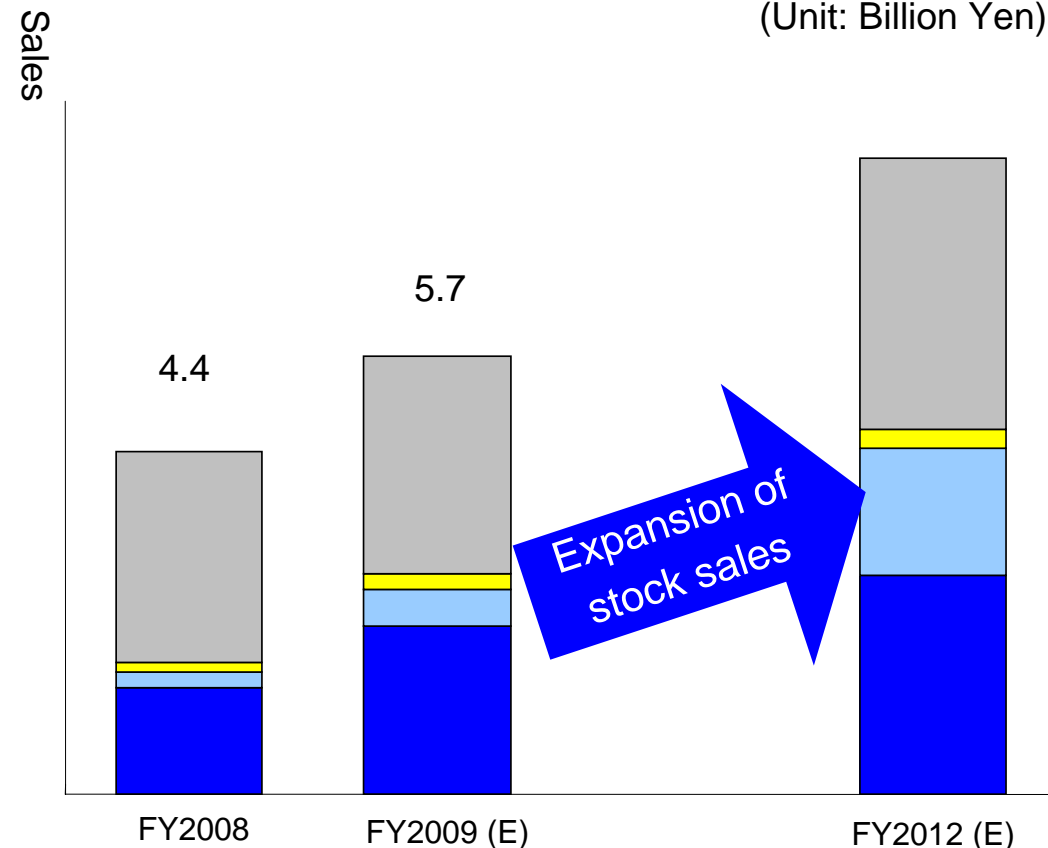
(Unit: Billion Yen)



■ EA Sales      ■ Combined SI/DCS sales  
■ EA operating profit      ■ Combined SI/DCS operating profit

## ■ Percentage of stock sales (outsourcing service) in combined SI and DCS businesses

(Unit: Billion Yen)



■ Outsourcing      ■ Services  
■ Package sales      ■ Other sales

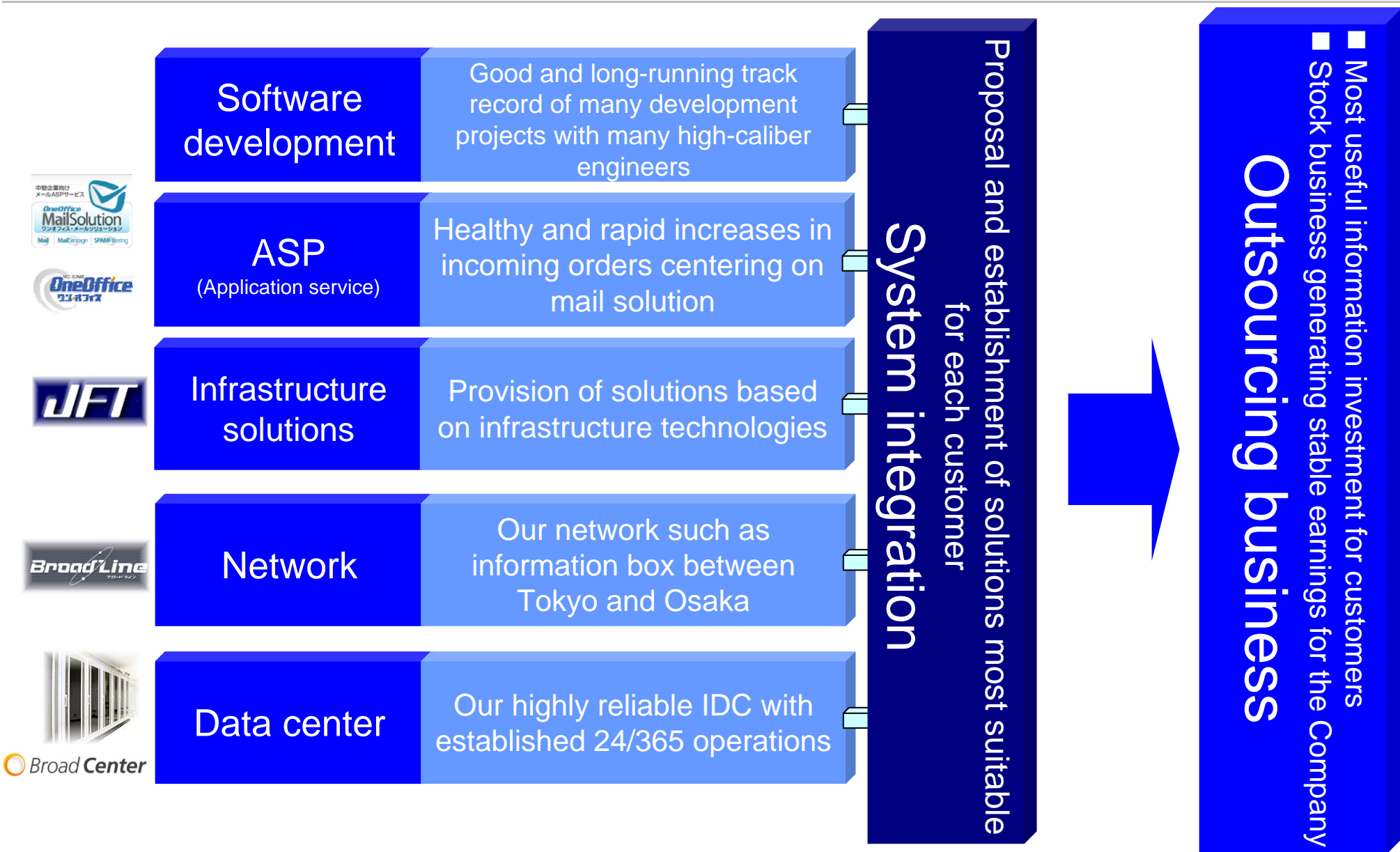
- Objective assessment of project progress management

Early identification of and responses to problems in a project by means of objective assessment of project management structure

- Risk assessment at the time of order receipt

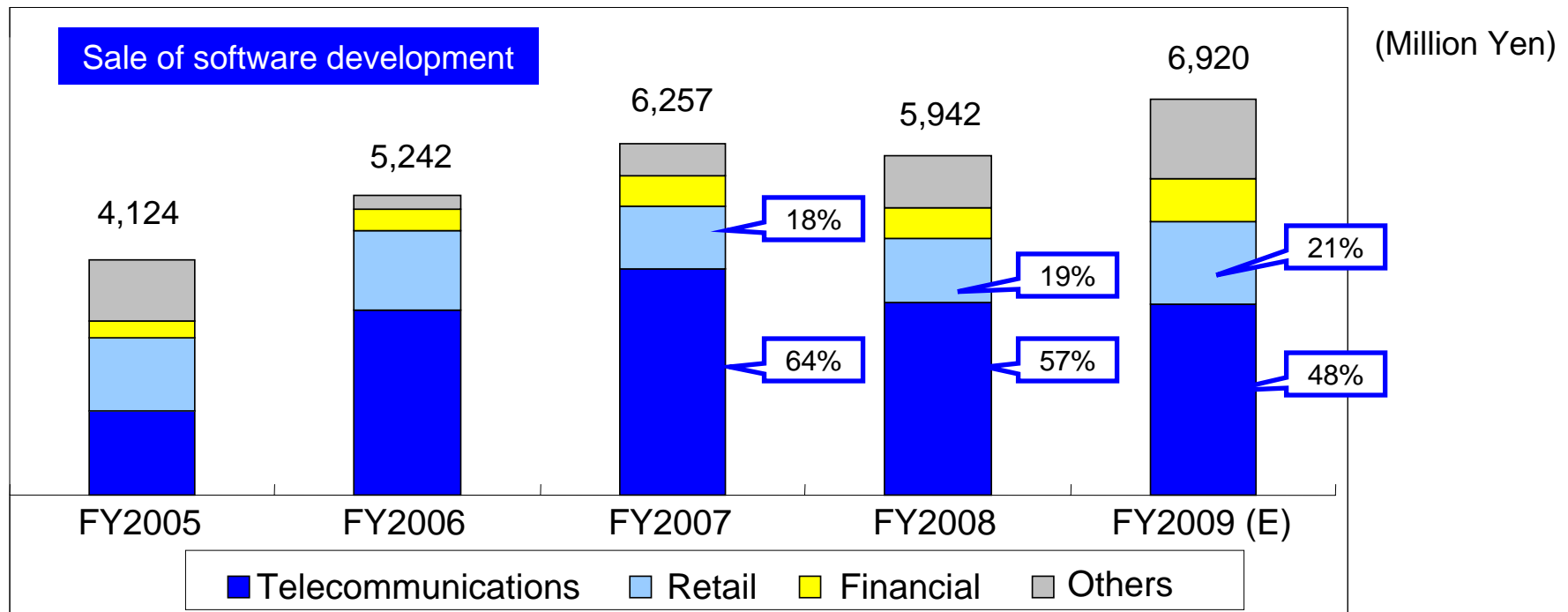
Strengthened risk assessment at the time of order receipt and monitoring of execution of response measures by means of project management structure

# Development of Information Service Business



# Stable Growth of EA Business

- For fiscal years ended March 2006 and March 2007, demand for telecommunications-related software increased favorably, which, however, is expected to level off in fiscal year ended March 2008 onwards. The Company will strive to increase orders from financial, retail, and other sectors.
- The Company has been enjoying stable inflow of orders for development work from Nomura Research Institute, NTT Data, Itochu Techno-Solutions, Hewlett-Packard Japan, Daiwa Institute of Research, etc.



Of over 600 system engineers of the Company, about 350 are positioned in the EA operations. This is supplemented by good relationship with reliable partner companies, enabling the Company to provide high-quality services.

# Examples of Outsourcing Operations Accepted

## ■ Examples of outsourcing businesses accepted with synergy effects

### ■ Route bus

- Development of security system at garages and maintenance and operations of IC card system
- Software and system development
- Network building
- System operations and server monitoring

### ■ Highway express bus

- Development, maintenance and operations of highway express bus reservation system
- System development
- Provision of network and housing
- System operations and help desk

### ■ Home delivery of foodstuff

- Building and outsourced operations of common sales management system for franchisees of nation-wide franchiser of foodstuff home delivery.
- Software and system development
- Provision of network and housing
- System operations

### ■ Chain restaurant (Skylark Co. Ltd.)

- Database building for 3,000 outlets, as well as building and outsourced operations of data collection and distribution system for head office, plants and business partners of Skylark group.
- Building of large-scale database server
- Provision of network and housing
- System operations

# Example of Newly Acquired Outsourcing Operations

## Major human resource application service provider

Details of the human resource service provider:

- Acceptance of outsourced human resources operations
- Development of related systems
- No. of user companies: 85
- No. of employees under management: 115, 000 (as of Mar. 2007)

The provider used to use a data center of a competitor, but switched over to our data center, and our operations started in April 2008.

A case of acceptance of outsourced operations typical of our information service business model

- Provision of network and data center housing
- System operations and help desk
- Provision of infrastructure solution (our proprietary package)
- Provision of ASP (OneOffice) service
- Entrusted system development

# Completion of Second Data Center

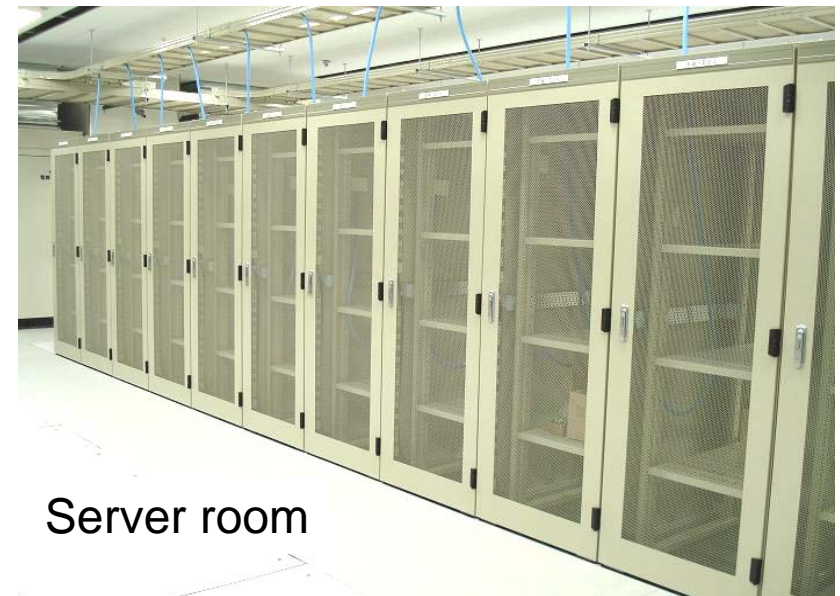
## **Broad Center**

In full operations from Apr. 2008

Exterior view



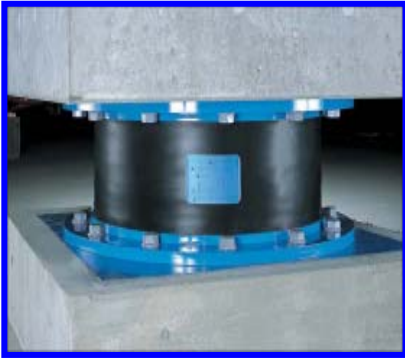
Floor space	8,026m <sup>2</sup>
Structure	5-story, RC, seismic isolated structure
No. of racks	Up to 825 racks
Floor withstand load	1,250kg/m <sup>2</sup>
Security	24-hour manned monitoring, biometrics, noncontact IC card, numerical keypad



Server room

# Seismic Isolation Devices and Redundant Equipment and Power Lines at Second Data Center

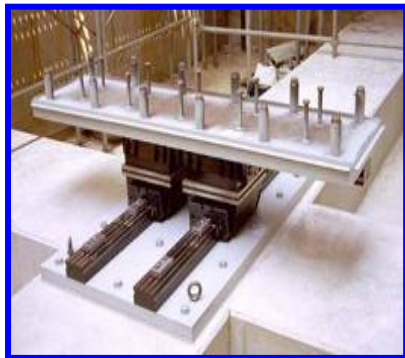
## Seismic isolation devices



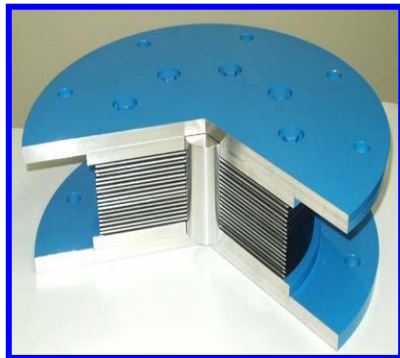
Laminated rubber bearing



Fluid damper

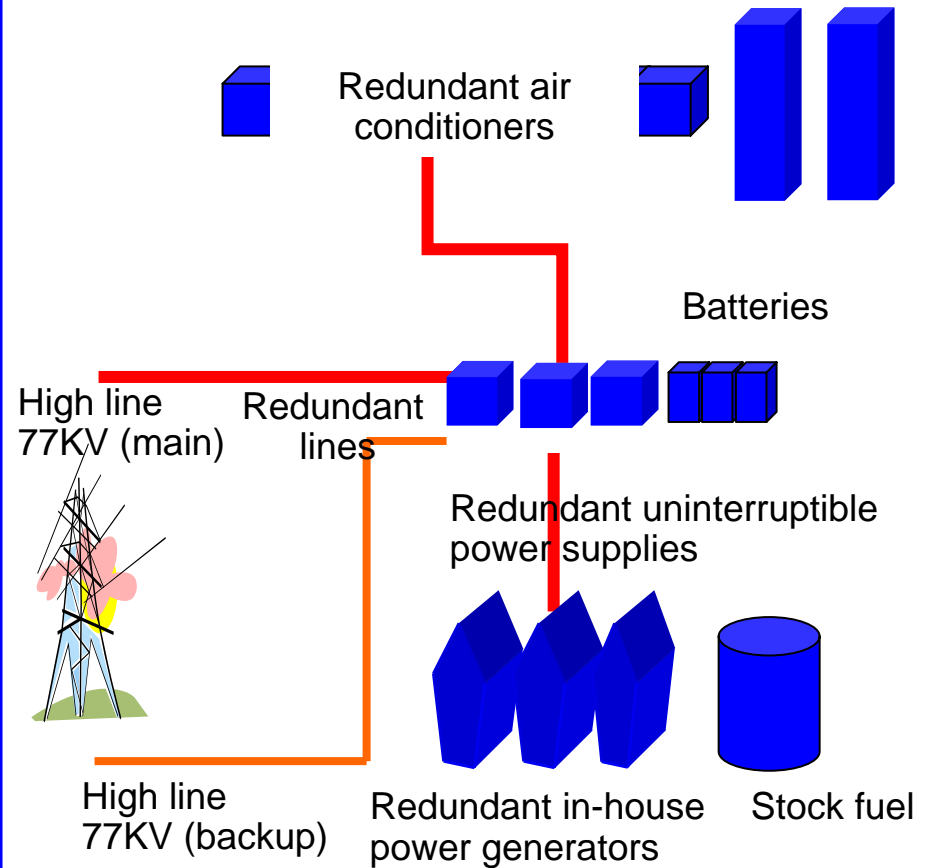


Cross linear bearing



Tin rubber bearing

## Redundant power supplies and air conditioning equipment





# Improvement in Quality of Data Center Operations

## ISO27001

International standard for building and operating mechanism for ensuring information security

Information  
security  
management

## ISO9001

International standard for aiming at improved customer satisfaction, including quality assurance

Quality  
management

◆ To be certified in FY2008 first half:

## ISO20000

International standard for assurance of IT service quality:

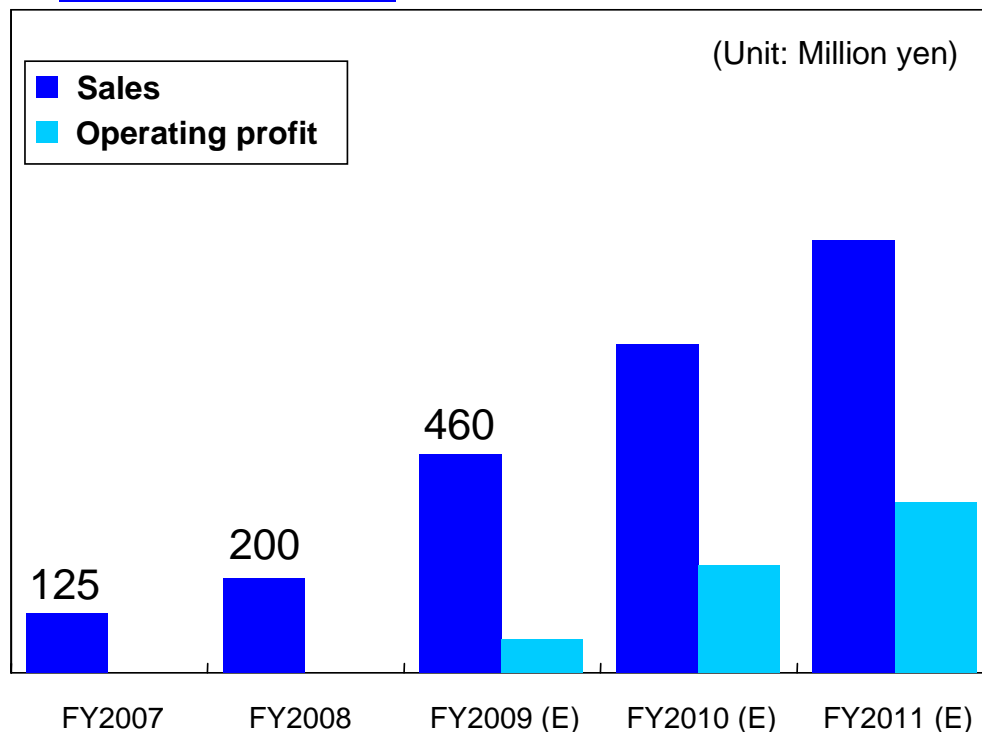
- Customer management
- SLA management
- Incident management
- Configuration management

IT service  
management

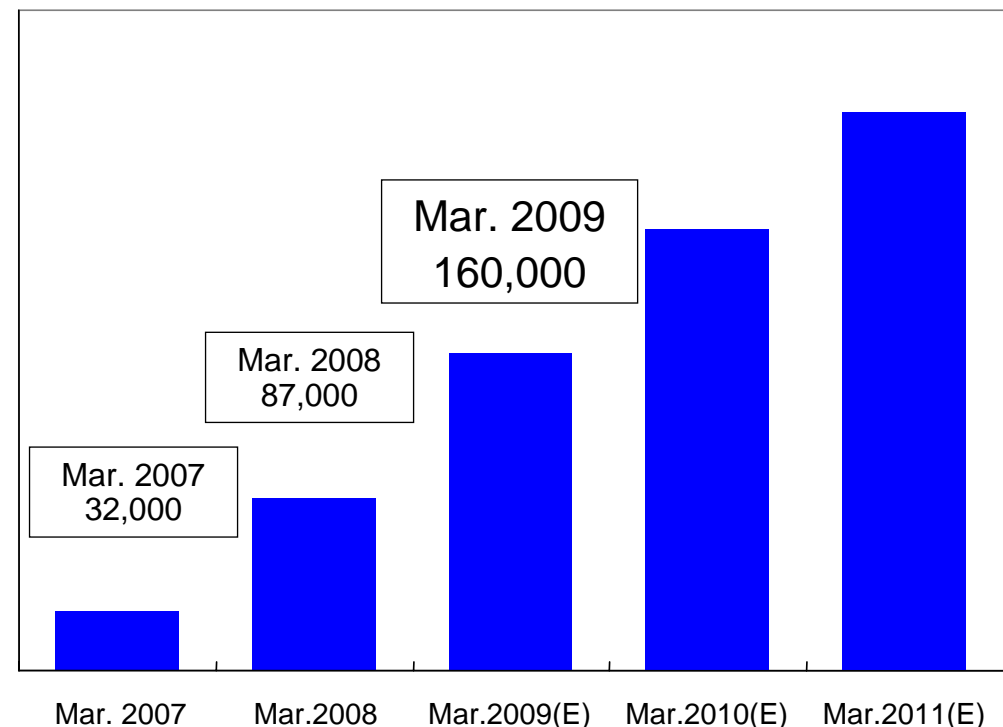
# Results and Plans of Mail Solution Service

- OneOffice is an ASP service specialized in mail, and has, in addition to basic functions, solutions such as **safekeeping and searching of all mail messages**, for intended use in internal control.
- Functions for improved security such as encryption of file attachments and transmission filter for prevention of wrong transmission are added, and expected to be selling points in attracting new customers.

## Sales target

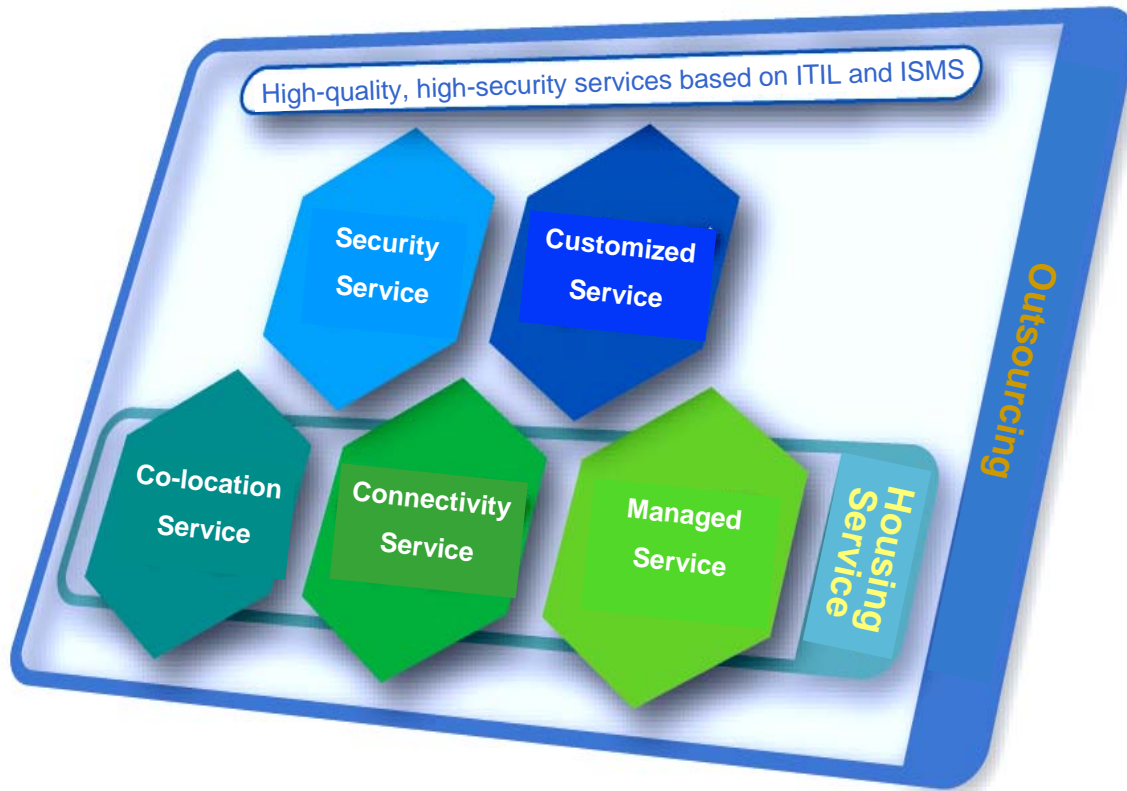


## No. of accounts



# Fully Managed Services of Data Center

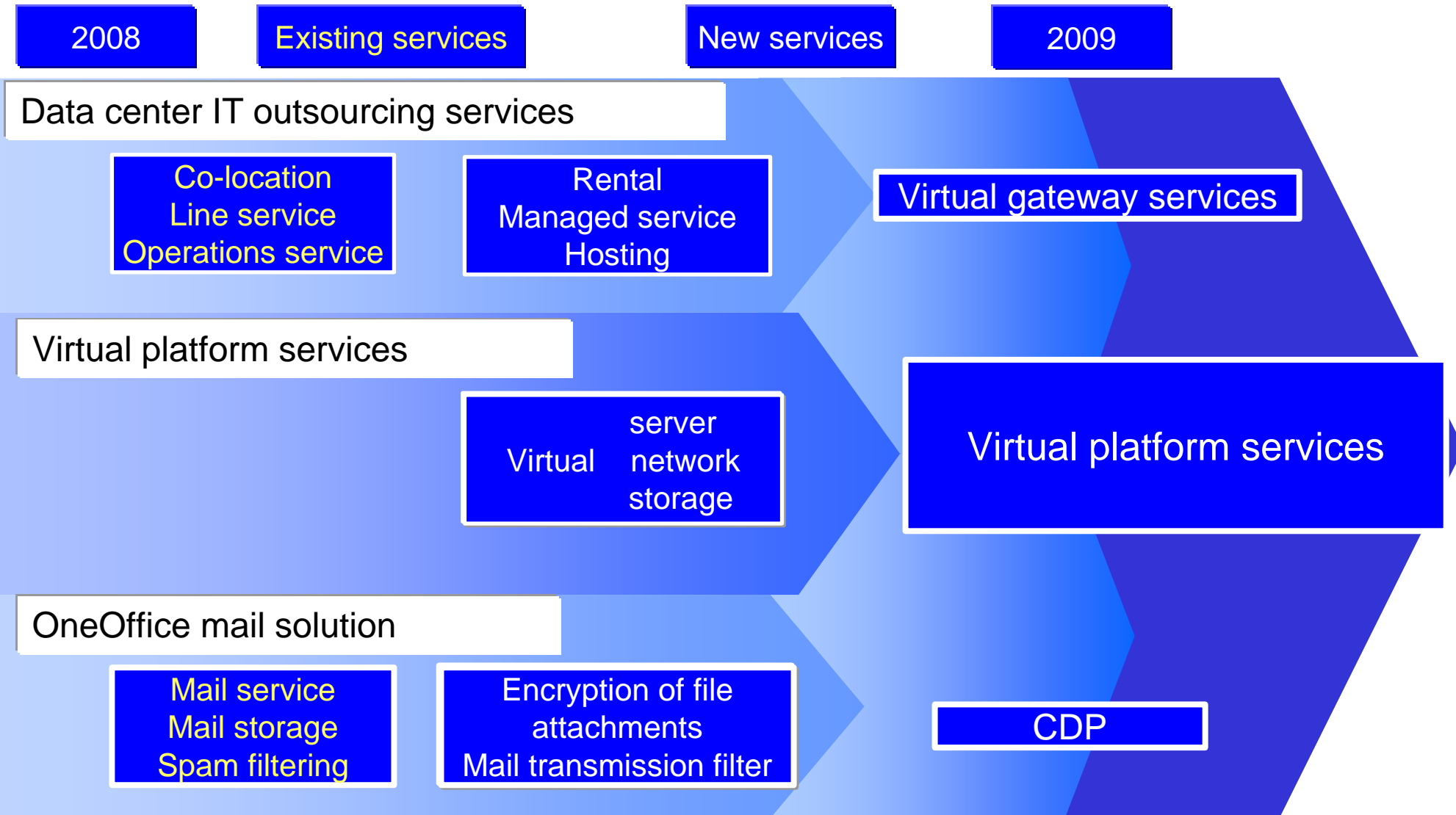
Our data center offers fully managed services from monitoring operation to custom-built services, supported by many of our technical staff.



## ■ Track records

- ISP system
- Web shopping site
- Mobile location information system
- Web site for bus reservations
- Web site for broadcasting station
- Core system for restaurant chain
- Core system for used car retailer
- Core system for foodstuff home delivery company
- Core system for logistics company
- System for human resources/payroll management
- Sales management system for distributor
- Internet, etc., for elementary and junior high schools

# Plans for Launch of Services



Measures to Strengthen Corporate  
Governance

CSR Activities

Return to Shareholders

# Measures to Strengthen Corporate Governance

- Measures taken during the year for strengthening of internal control system
  1. Compliance risk committee meetings were held four times during the year, and reviewed the Company's compliance-related issues and risks for improvement. The Company also encouraged compliance managers and officers at various divisions to obtain compliance-related qualification, and 68 compliance managers and 4 compliance officers were certified.
  2. Information security committee meetings were held as necessary, and reviewed the Company's information security-related issues for improvement. The Company also promoted information security training for all officers and employees of the Company.
  3. An internal control committee was set up so that all the officers and employees share the sense of urgency for establishment of internal control. Project teams were also established to formulate measures to develop internal regulations and improve work flows.
  4. Results of internal audit by the Audit Office were reported to management as required and measures were taken to improve the raised points in a timely and appropriate manner. This has helped improve the internal control system of the Company.

## Local disaster preparedness activities

In cooperation with municipalities, the Company has established an emergency information system using the Company's CATV community channels. This has helped improve the safety of local communities.

## Traffic safety activities

In cooperation with Shizuoka Prefecture and the prefectural police department, the Company is broadcasting circumstances surrounding traffic accidents and traffic safety programs. By calling for traffic safety leveraging on the community-based characteristics of CATV, we help to reduce traffic accidents.

## Internship, etc.

We are proactively accepting interns. We are also contributing to the society and sporting, cultural, and art activities. A retiree reemployment plan is already in place for social activities. An employee is also dispatched to the Japan Overseas Cooperation Volunteers.

# Return to Shareholders

The Company considers return of profit to shareholders as one of the most important management goals. The Company also thinks it important to retain an appropriate level of profit for further enhancement of the Company's financial standings and for future development of operations. Based on these principles, the Company's dividend policy is to pay stable and sustainable dividends in accordance with the financial results.

For the current fiscal year under review, management plans to pay an annual dividend of 25 yen per share, including 12.5 yen per share already distributed as an interim dividend.

## Dividends

(Yen per share)

