

VIC TOKAI's Future Development Strategies

Toward a More Communicative Society

— Total Communication —



December 7, 2007

VIC TOKAI CORPORATION (2306)

Representative Director and President Hiroshi Hayakawa



Company Overview

(As of September 30, 2007)

Company Name	VIC TOKAI CORPORATION	
Founded	March 18, 1977	
Capital	2,209,020,000 yen	
Total Number of Issued Shares	40,118,850	
Shareholders	3,850	
Consolidated Subsidiaries	Ichihara Community Network Television Corp.	(Ichihara, Chiba Prefecture)
	Atsugi Isehara Cable Network Corp.	(Atsugi, Kanagawa Prefecture)
	Kumagaya Cable Television Corp.	(Kumagaya, Saitama Prefecture)
	East Communications Co.,Ltd.	(Midori-ku, Chiba City)
	Gotemba Cablemedia Corp.	(Gotemba, Shizuoka Prefecture)
Employees	Consolidated 1,202	
	Unconsolidated 1,091	

Mid-Term Management Vision

Our Mid-Term Management Vision “Total Communication for the Best 2007-2011” means the challenge to realize the rich and reliable information society making the best use of our technology in information processing, telecommunication and broadcasting.

Our management and its staff will endeavor to achieve this goal.

Total Communication for the Best 2007-2011”

By combining the VIC TOKAI group’s technical and development capabilities with its planning and marketing capabilities, our group will contribute to local communities as a “total communication” partner that is counted on and trusted by customers.

■ To continue to grow in the future and win satisfaction and trust from all stakeholders, our group aims to achieve the following.

“Medium-term profit goal”

『10 billion yen in recurring profit on a single-year basis』

“Status goal”

『Go public on the Tokyo Stock Exchange』

■ To fulfill CSR, efforts will be made to thoroughly strengthen the internal control system, compliance, and corporate governance.

Fiber Optic Network

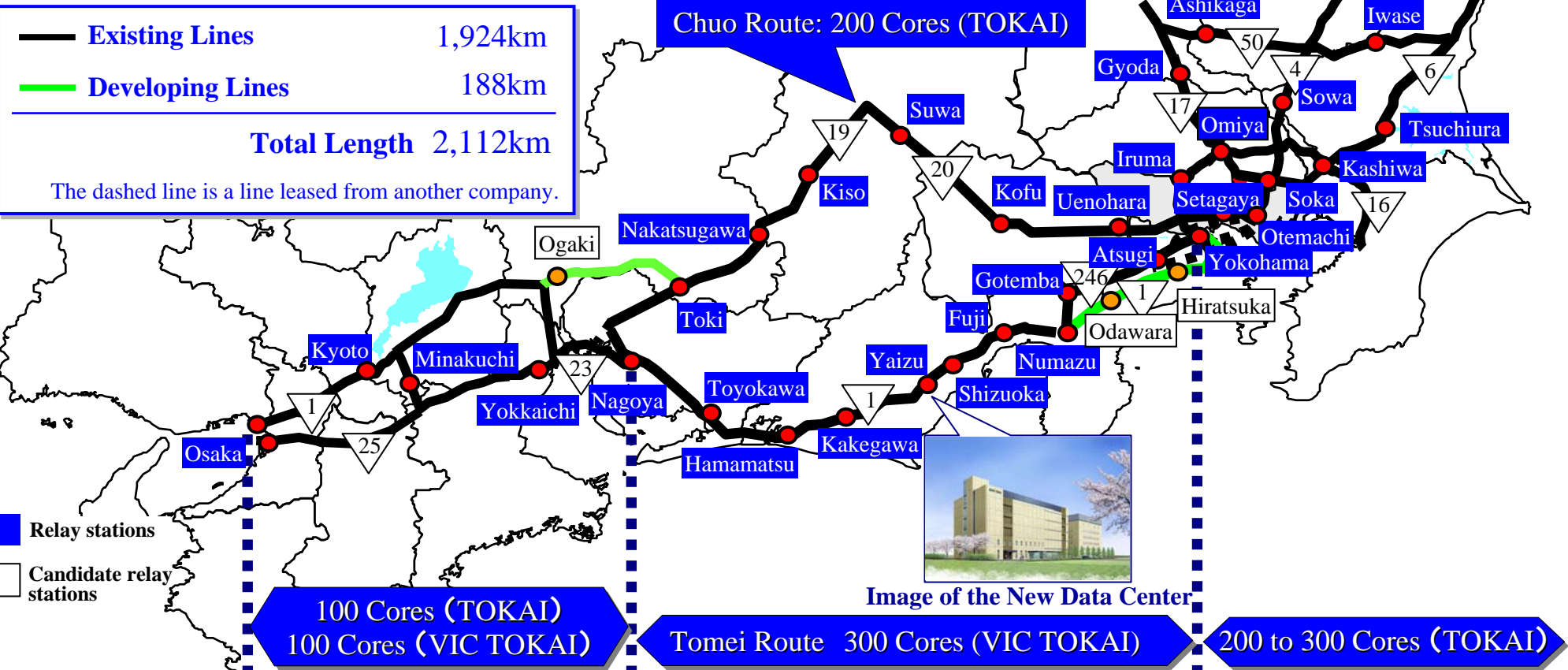
Two routes of fiber optic network

- Achieve to create loops (redundancy) in all areas covered by the networks held by the TOKAI group and strengthen competitiveness as a carrier by improving reliability and safety
- Improve competitiveness of the new data center by strengthening networks

➔ Expansion of business operations and improvement of profitability

➡ Contribution to expansion of the new data center business

● TOKAI Group's Fiber Optic Network



Road Map Image

Corporate Event Road Map Image

Tokyo Stock Exchange

2008: The new data center begins operations.

2007: The central route is completed.

2006: The mobile telecommunications business and CATV-FTTH business began.
February 2006: The company was designated as a “J-Stock” issue by JASDAQ.

October 2005: Merger by absorption with TOKAI COM

October 2003: Certification under the ISMS Conformity Assessment Schedule was acquired for the IDC (Internet Data Center) business.

June 2002: Our company went public on JASDAQ.
From 2001: The ISO9001:2000 international quality management certification was obtained.

Change in Operating Profit

Operating Profit

(Unit: million yen)

Earnings forecasts for FY2007
【Consolidated】 4,510

Actual earnings results for FY2006
【Consolidated】 4,415

Actual earnings results for FY2005
【Consolidated】 2,710

October 2005: Merger by absorption with TOKAI COM

Actual earnings results for FY2004
【Unconsolidated】 1,713

Actual earnings results for FY2002
【Unconsolidated】 1,519

Actual earnings results for FY2000
【Unconsolidated】 967

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



Image of Sales by Segment

(Billions of yen)

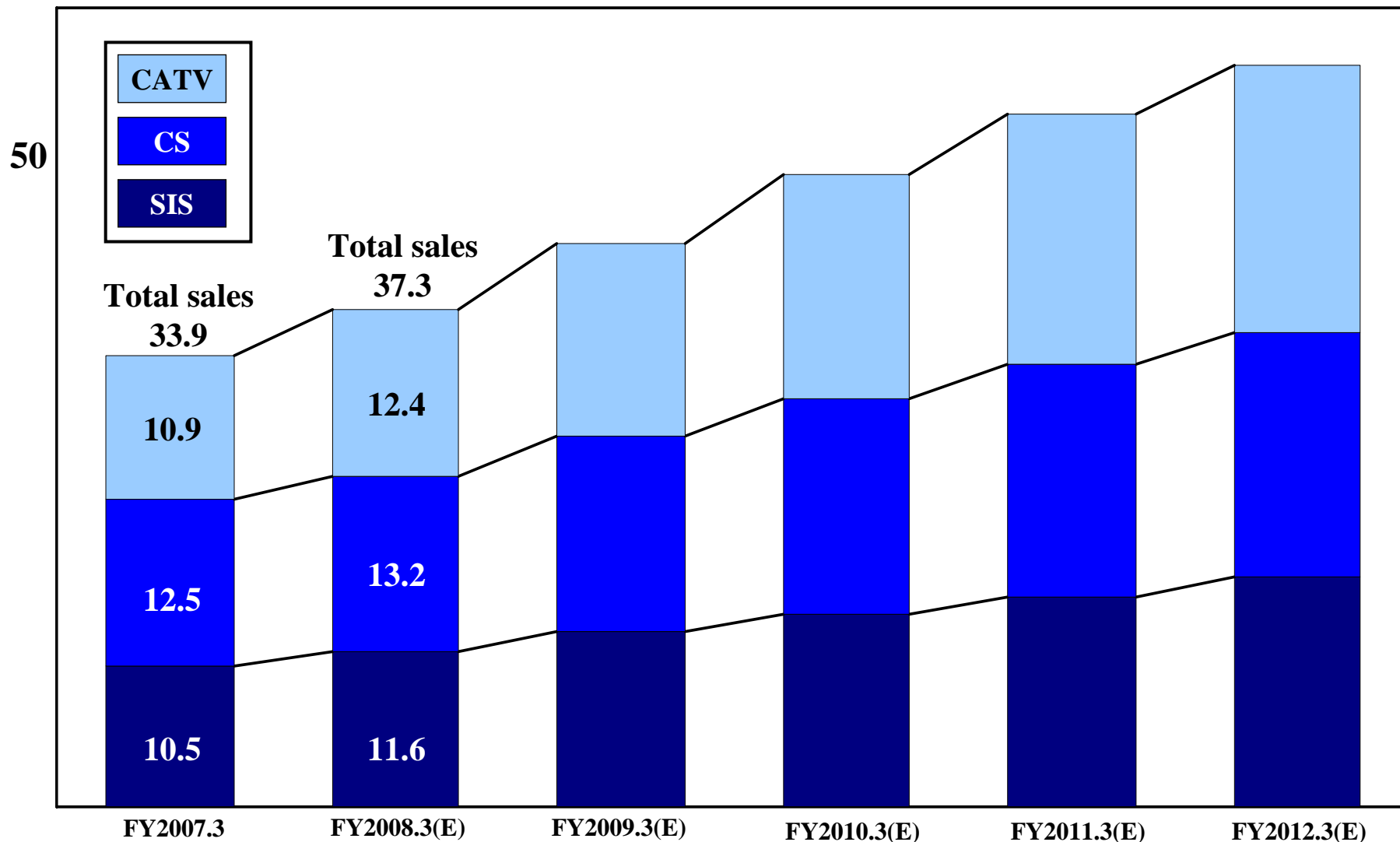
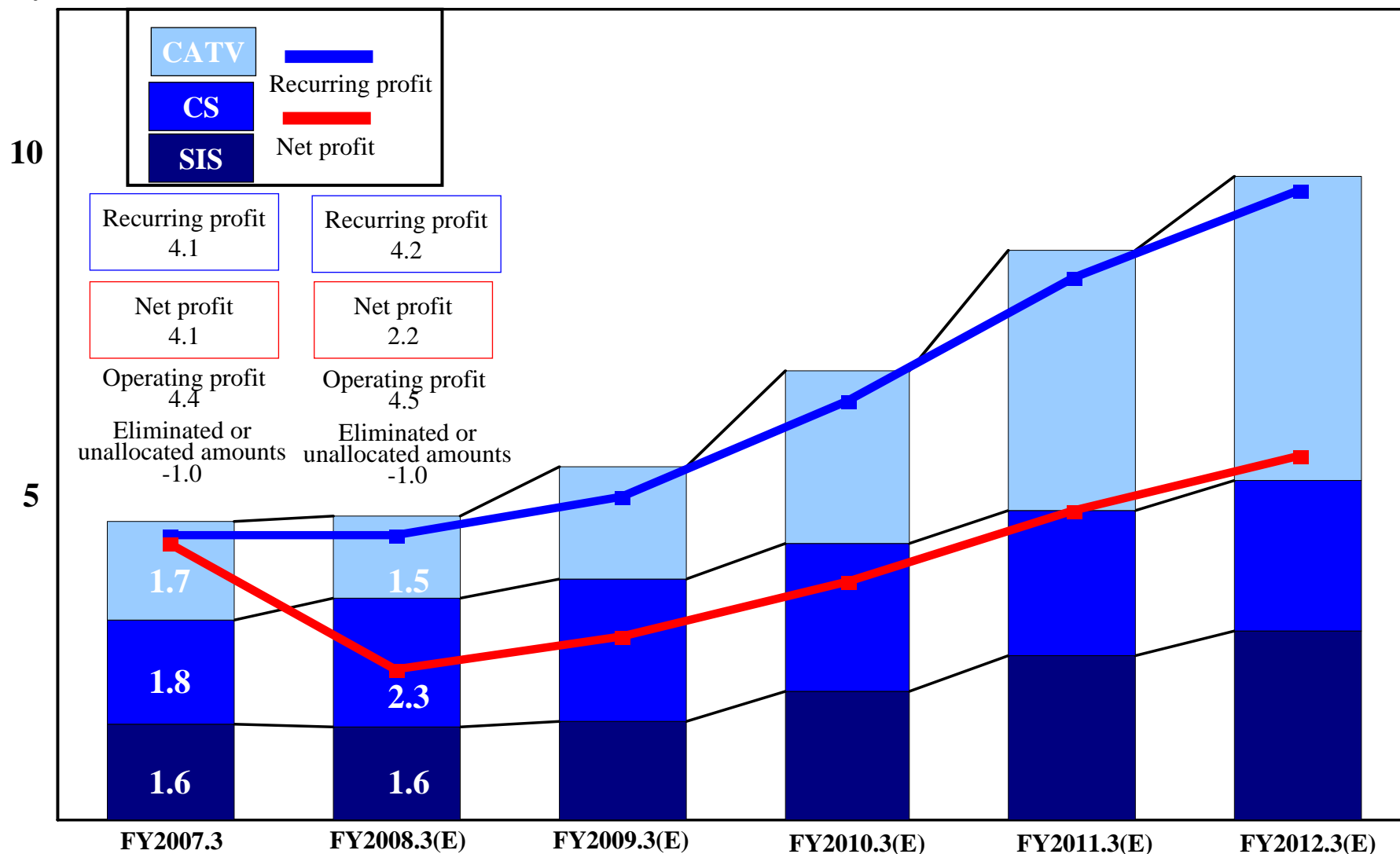


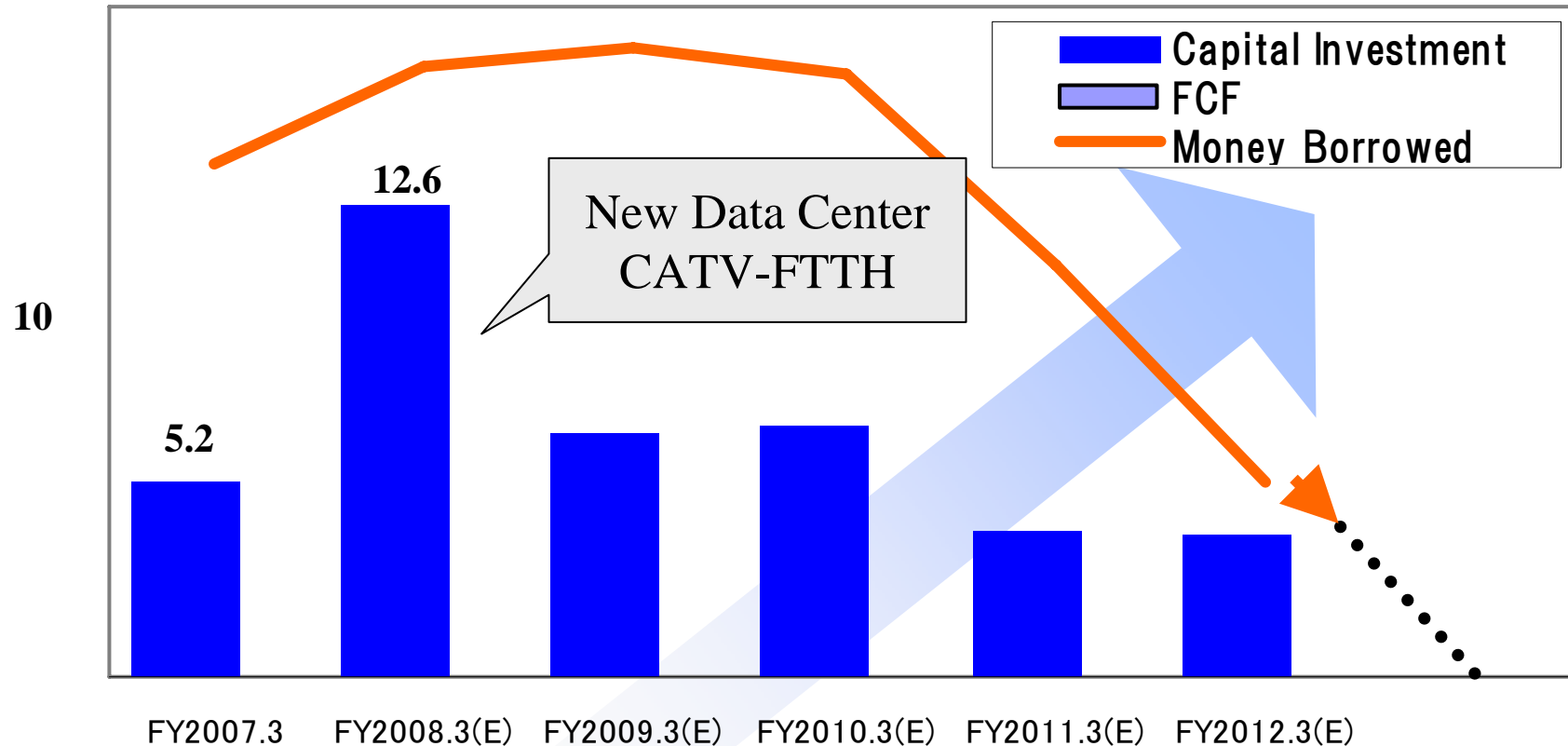
Image of Operating Profit by Segment, Recurring Profit and Net Profit

(Billions of yen)



Changes in Capital Investment and Free Cash Flow

(Billions of yen)



Base Expansion Period

CATV-FTTH
The new data center begins operations.
M&A activities

Period of Growth

Provision of high-quality total services through the use of the new base
Improvement of customer satisfaction
Securing of stable earnings

For Further Growth

CATV (Cable Television) Business

25th Service Industry Survey (CATV)

Our CATV Business Including Consolidated Subsidiaries Sales Is 10,900 Million Yen.

Ranking	Company name	Head office	Department revenues (million yen)	Yearly growth percentage (%)	Account closing month
1	Jupiter Telecom (J:COM)	Tokyo G	102,803	20.6	12
2	Fukuoka Cable Network	Fukuoka	10,020	8.3	12
3	Its Communications	Kanagawa	9,111	3.9	3
4	Bay Communications	Osaka	7,953	6.7	3
5	VIC TOKAI	Shizuoka G	7,736	5.8	3
6	Starcat Cable Network	Aichi	6,702	1.8	3
7	K Cable Television	Osaka	5,062	57.1	3
8	ZTV	Mie	4,824	8.4	3
9	Nihon Network Service (Kofu CATV)	Yamanashi	4,414	-3.1	3
10	Himawarinetwork	Aichi	3,710	5.8	3
11	Chubu Cable Network	Aichi	3,574	13.1	3
12	Katch Network	Aichi	2,919	6.6	3
13	Fureai Channel	Hiroshima	2,915	42.8	3

(from a story in the Nikkei Marketing Journal on November 21, 2007)

Policies for CATV-FTTH Business

- The Target Number of Subscribers for CATV-FTTH* Business
Aim at 100,000 Subscribers in Three Years
from Fiscal 2007 to Fiscal 2009

*CATV-FTTH

CATV-FTTH is our FTTH service through
our own CATV fiber optic network.

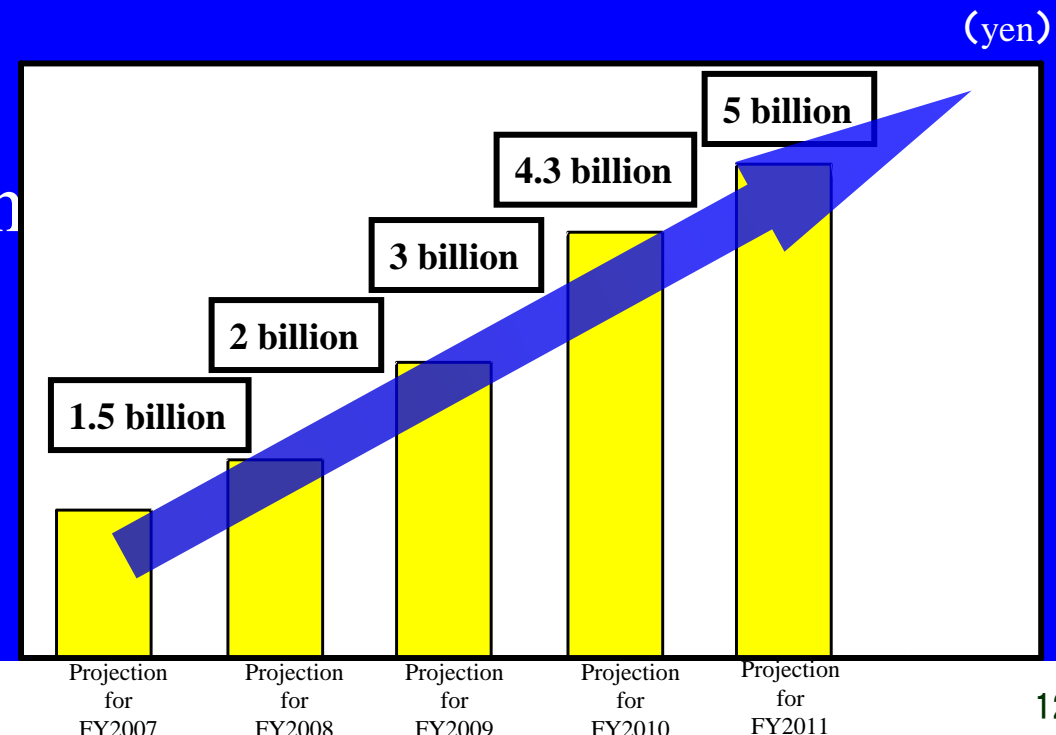
- Amount of Capital Spending
(accumulated total from fiscal 2006 to fiscal 2009)

Investment: 13.6 billion yen

Lease: 2.9 billion yen

Total: 16.5 billion yen

- Operating Profit Target
by FY2011

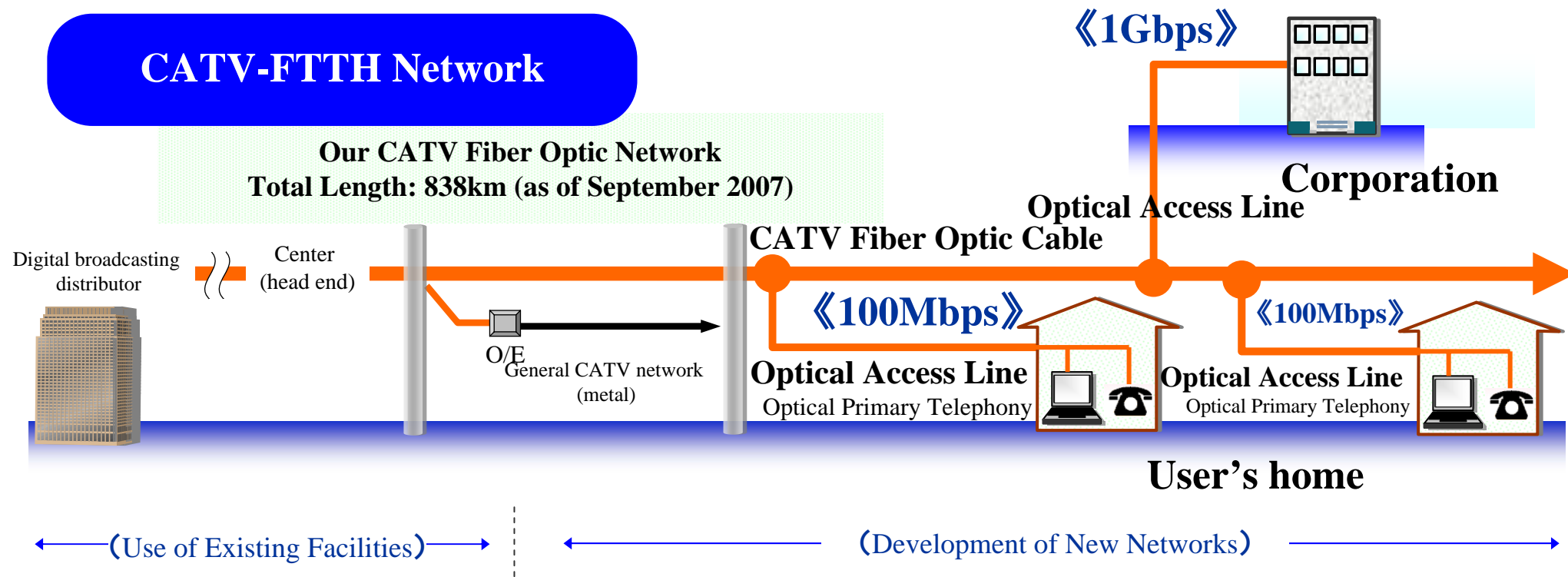


Outline of CATV-FTTH Networks

Following the realization of CATV-FTTH services,
We have substantiated new business models that make the maximum
use of our fiber optic networks and have high profitability.

CATV-FTTH Network

Our CATV Fiber Optic Network
Total Length: 838km (as of September 2007)



(Platform Similar to That of NTT)

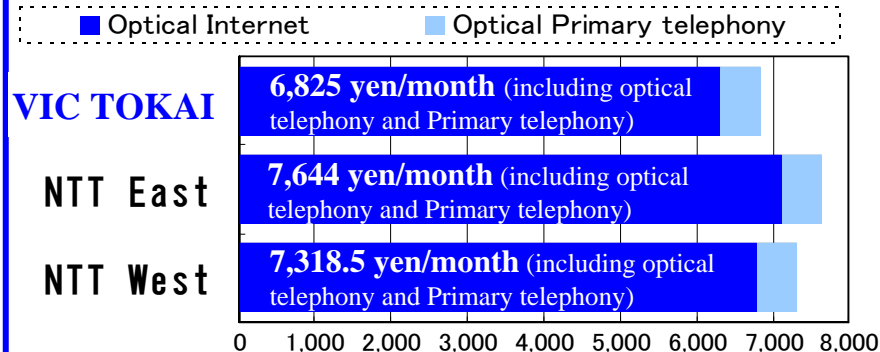
Services for CATV-FTTH

100Mbps Send / Receive Capabilities

Optical Primary Telephony Substituted for Standard Telephony

FTTH Internet for single-dwelling units

“Hikari-de-net”

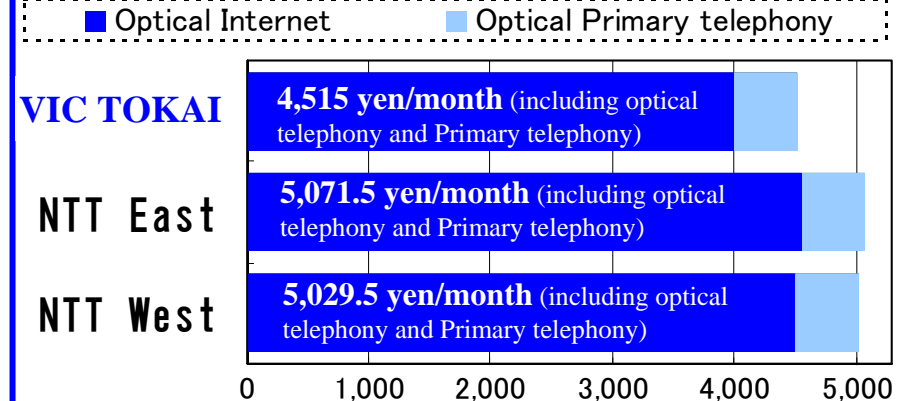


- Free for up to two months
- Special price for 10 months (tax inclusive) 4,410 yen
- Optical Primary telephony 525 yen

Total 4,935 yen

FTTH Internet for multi-dwelling units

“Mansion F”



- Free for the first month
- At least four houses are expected to subscribe to the service, “F4” (tax inclusive) 3,990 yen
- Optical Primary telephony 525 yen

Total 4,515 yen

【FTTH Internet】 Provision of 3 e-mail addresses for free and virus checks and blocking of spam messages for free

【Optical Primary Telephony】 Provision of a phone number starting with 050 for free, emergency calls, and the option to continue to use the current phone number

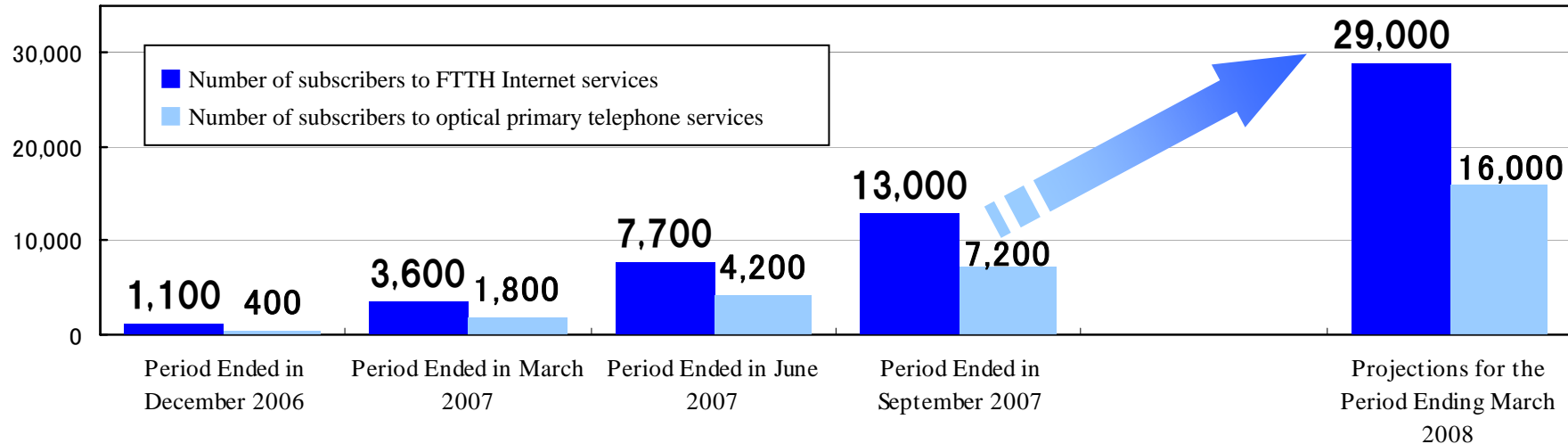
※ The monthly price for the FTTH Internet for single-dwelling units at NTT East and NTT West is for the OCN Hikari with FLET’S Family (with Dot-phone) as of May 2007.

※ The monthly price for the FTTH Internet for multi-dwelling units at NTT East and NTT West is for the OCN Hikari with FLET’S Mansion (with Dot-phone) Mansion Plan 1 (VDSL method) as of May 2007.

Increase of Subscribers for CATV-FTTH

【Subscribers of CATV-FTTH Services】

* For the whole of the VIC TOKAI group

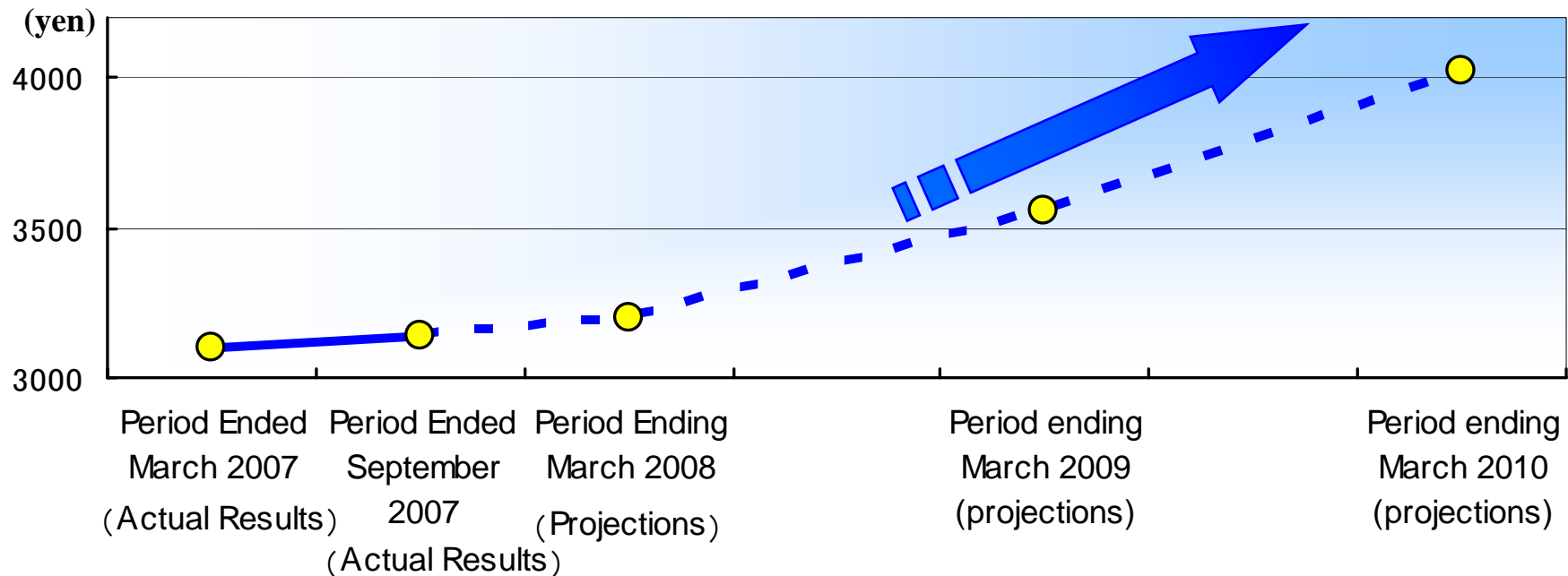


		Period Ended in December 2006	Period Ended in March 2007	Period Ended in June 2007	Period Ended in September 2007	Projections for the Period Ending March 2008
FTTH Internet	Net Increase (Quarterly)	1,100	2,500	4,100	5,300	16,000
	Number of Subscribers	1,100	3,600	7,700	13,000	29,000
Optical primary telephone	Net Increase (Quarterly)	400	1,400	2,400	3,000	8,800
	Number of Subscribers	400	1,800	4,200	7,200	16,000
	Percentage of Internet Subscribers	36%	50%	55%	55%	55%

ARPU for CATV Business

Change in ARPU (monthly average usage revenue per contract)

* VIC TOKAI's unconsolidated results



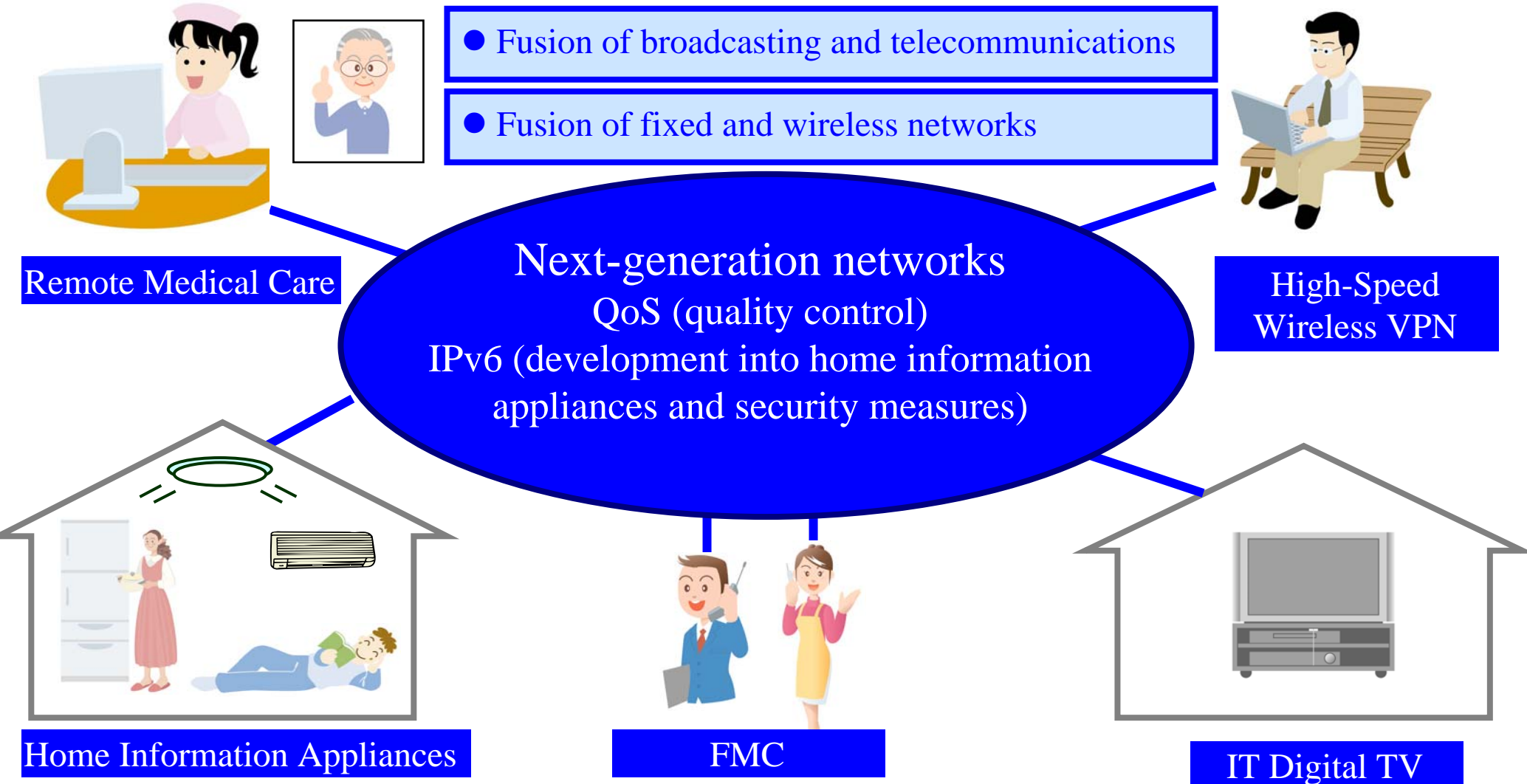
	Actual Results for the Period Ended March 2007	Actual Results for the Period Ended September 2007	Period Ending March 2008 (Projections)
ARPU for CATV Business (yen)	3,098	3,139	3,200

▪ **The ARPU for CATV Subscribers Will Increase with an Expansion of CATV-FTTH Services.**

※ Definition of ARPU: Total monthly usage revenue / (Total number of households subscribing to broadcasting services + Number of households subscribing only to Internet services)

Image of Future Services That Use CATV-FTTH Networks

- Provide safe and comfortable services based on next-generation networks by using IPv6, QoS, and other technologies



CS Business

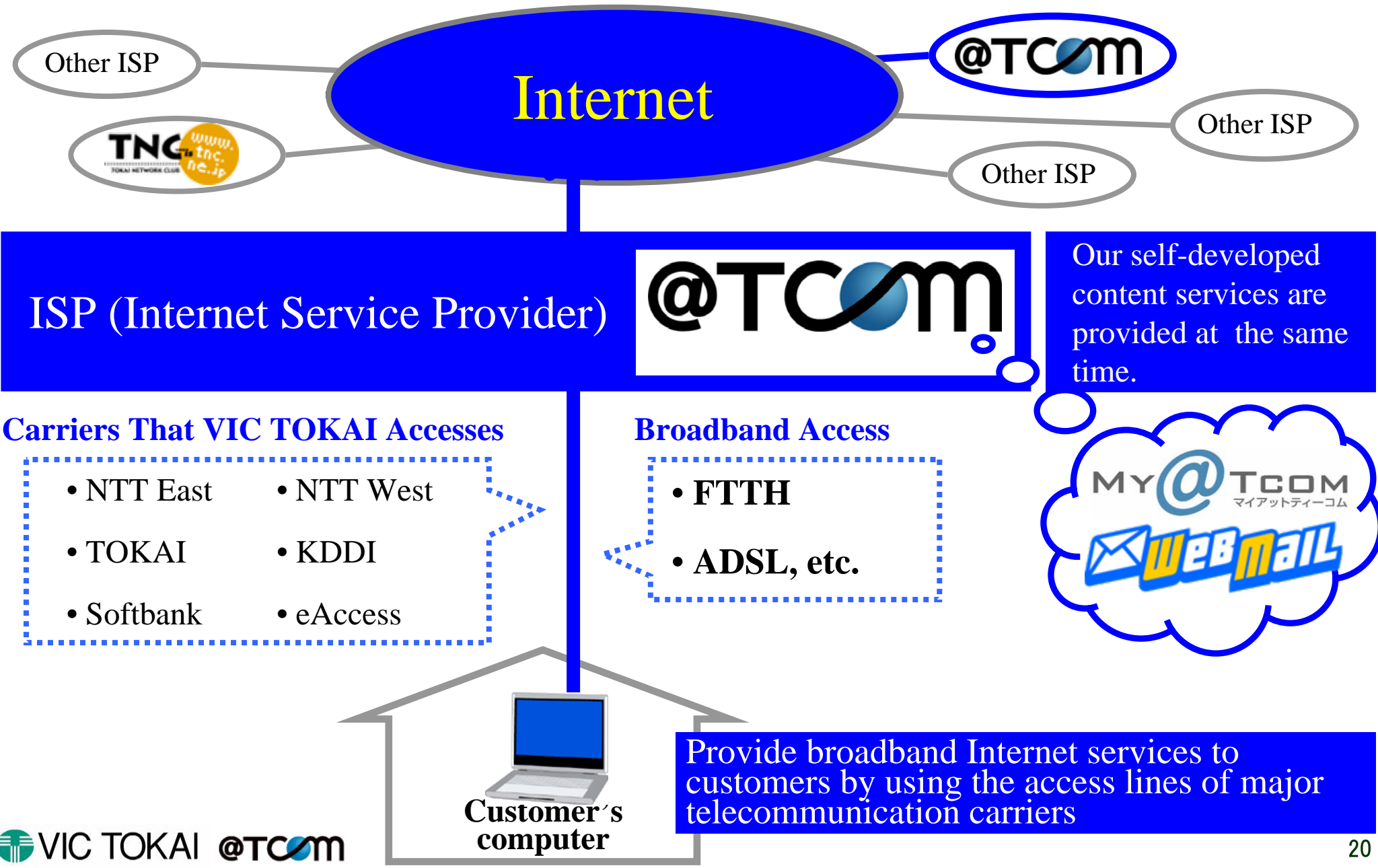
25th Service Industry Survey (Internet Service Provider)

Ranking	Company name	Head office	Department revenues (million yen)	Yearly growth percentage (%)	Account closing month
1	NTT Communications (OCN)	Tokyo	142,216	2.9	3
2	Nifty (@nifty)	Tokyo	72,440	21.7	3
3	NEC Biglobe (BIGLOBE)	Tokyo	61,000	3.2	3
4	Jupiter Telecom	Tokyo G	58,121	22.6	12
5	So-net Entertainment (So-net)	Tokyo G	32,387	—	3
6	USEN	Tokyo	20,127	42.5	3
7	NTTPC Communications (InfoSpher)	Tokyo	16,270	-0.6	3
8	Dream Train Internet	Tokyo	15,987	25.4	3
9	Internet Initiative (IIJ)	Tokyo G	13,208	-0.7	3
10	VIC TOKAI (@T COM)	Shizuoka G	12,425	38.8	3
11	TOKAI (TOKAI Network Club)	Shizuoka	7,727	1.3	3
12	Panasonic Network Services (hi-ho)	Tokyo	5,487	-4.2	3
13	Its Communications (iTSCOM.net)	Kanagawa	4,655	-5.9	3

Our sales is 12,425million yen, which increases 38.8% compared to the previous year.

(from a story in the Nikkei Marketing Journal on November 21, 2007)

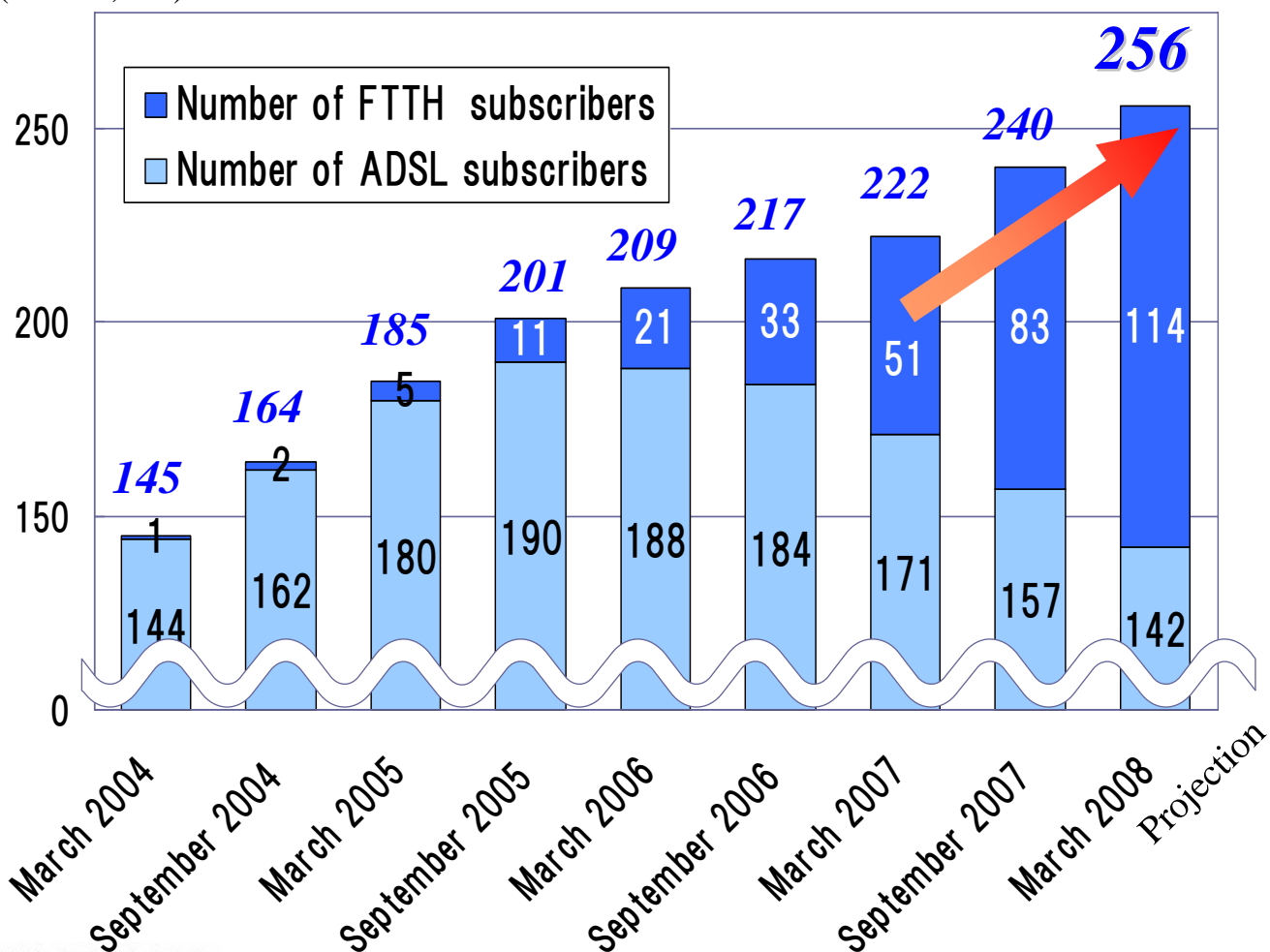
ISP Business (@TCOM)



Development of ISP Business (Change in the Number of Broadband Subscribers)

- The number of subscribers increased due to our excellent marketing abilities.
 - ➡ The number of subscribers as of the end of the current fiscal year is expected to greatly exceed the projections.

(Unit: 1,000)

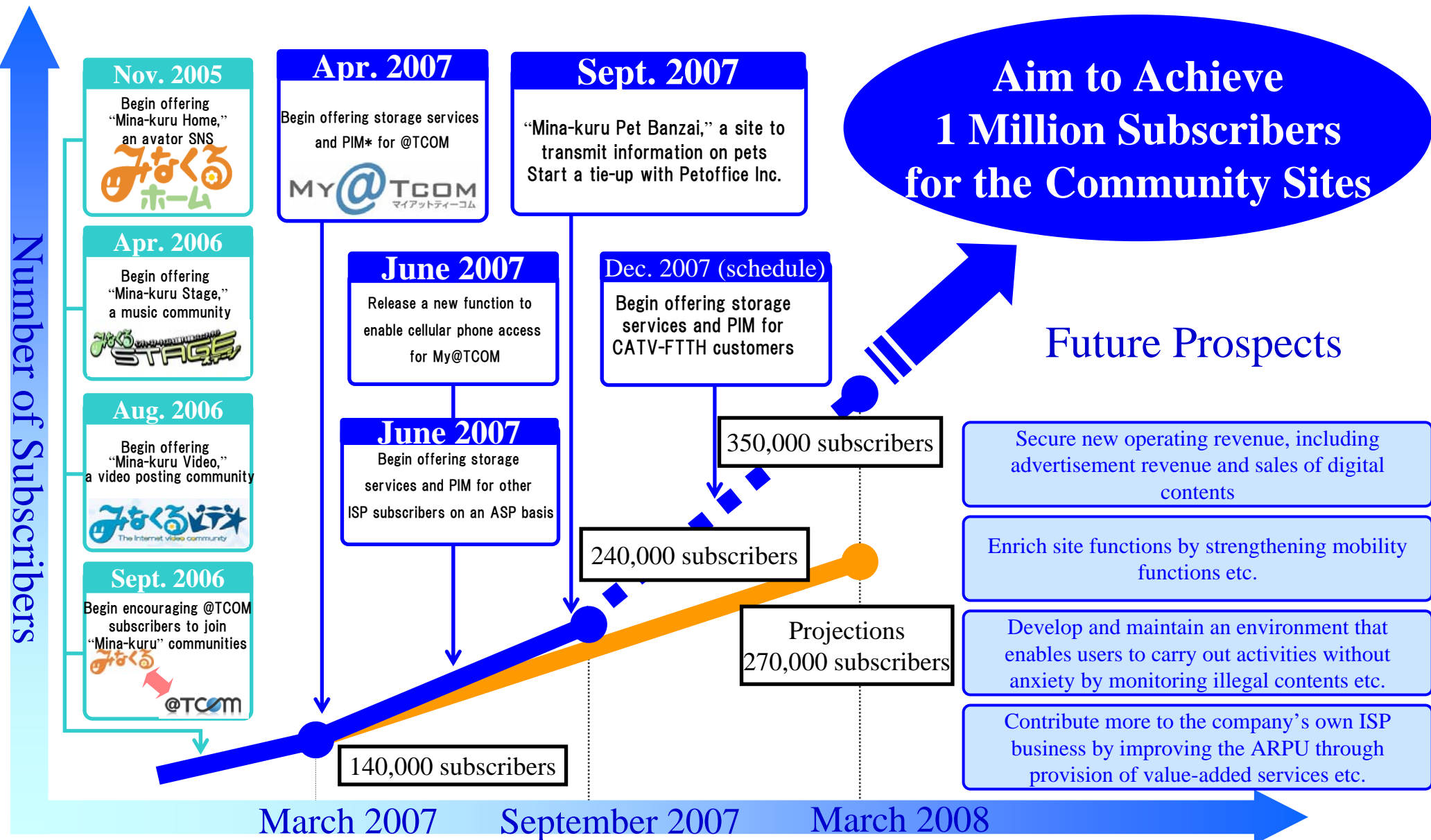


Improvement of profitability with an increase in the number of subscribers

Improvement of AMPU through broadbandization and enrichment of services

Establishment of new income models through linkage with content services

Development of the Content Business



SIS Business

Outline of SIS Business

1. EA (Enterprise Application) Business

Entrusted development of software with high capability and reliability by making good use of our high technical capabilities

2. SI (System Integration) Business

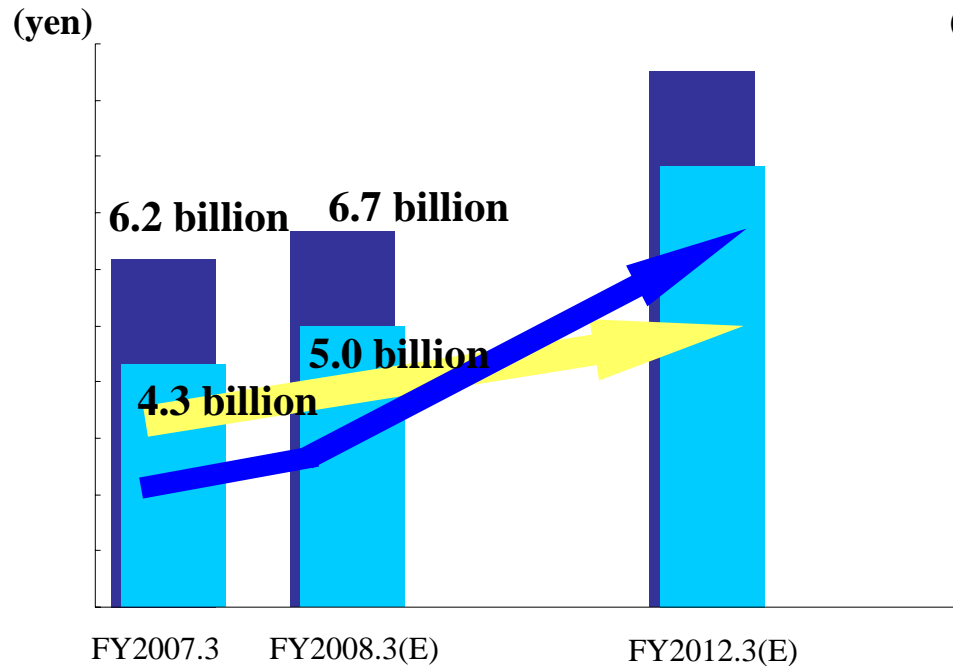
Provision of total information systems services from design, development, and management to maintenance by making good use of our packages, services, networks, and data center

3. Data Center Business

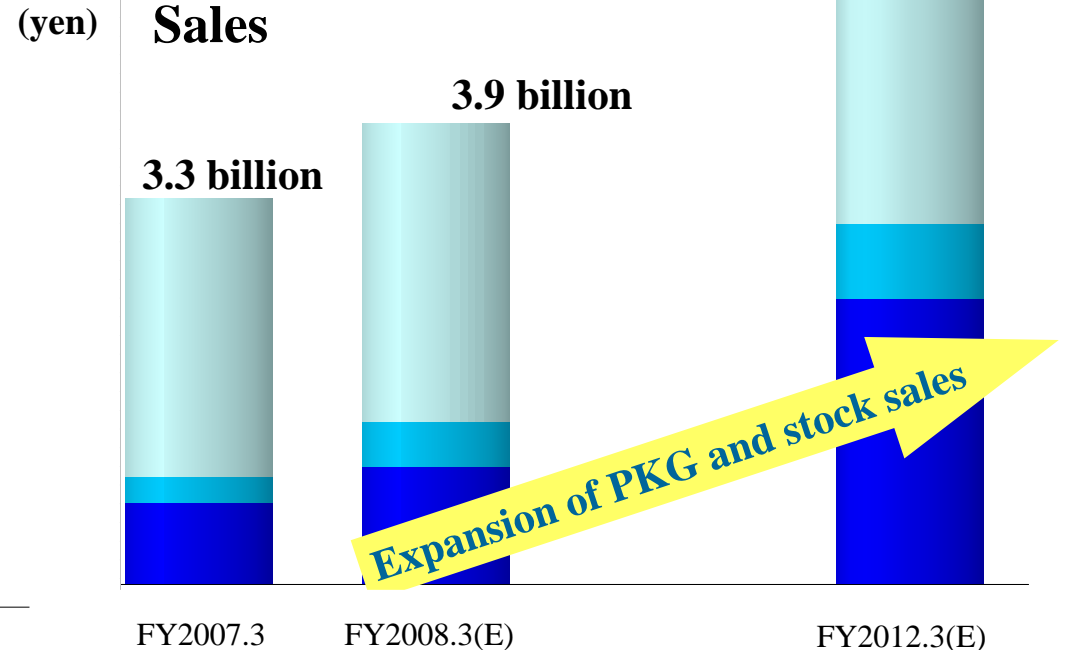
Provision of high-level system management and most appropriate solutions by making good use of our data center, which has excellent facilities and system management and monitoring systems

Growth of SIS Business

■ Sales and operating profit goals for SIS business



■ Ratio of PKG and stock sales to total sales in SI business



■ EA business Sales
■ EA business Operating profit
■ SI business + Date center Sales

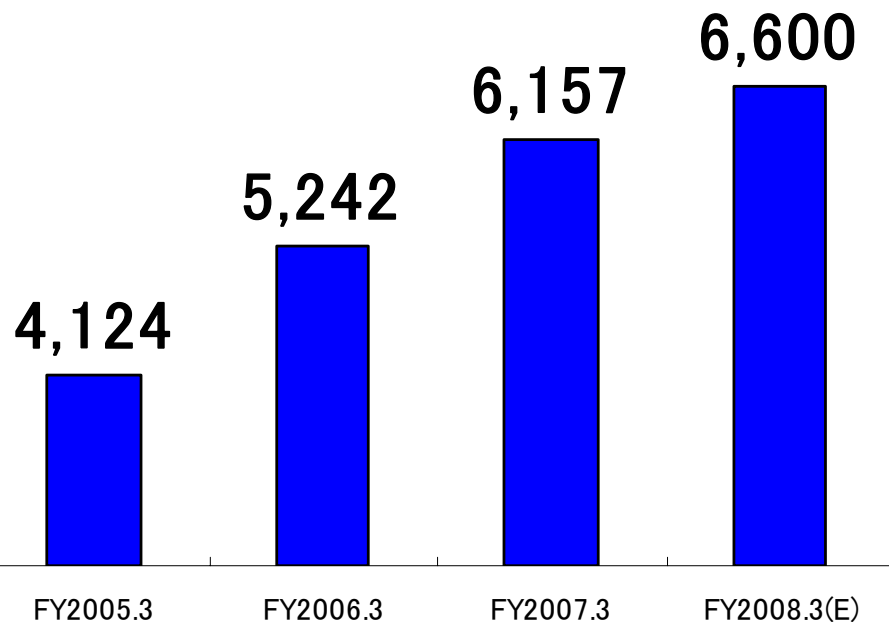
■ Stock Sales
■ PKG Sales
■ Other Sales

EA Business That Aims to Continually Growth

Over 350 System Engineers in EA Business
(Over 600 System Engineers in the Whole of Our Company)

■ We are entrusted software development projects by our business partners, major systems integrators. For example, there are Nomura Research Institute, NTT Data, Itochu Techno-Solutions, Hewlett-Packard Japan, Daiwa Institute of Research.

Software Development Revenues (Unit: million yen)



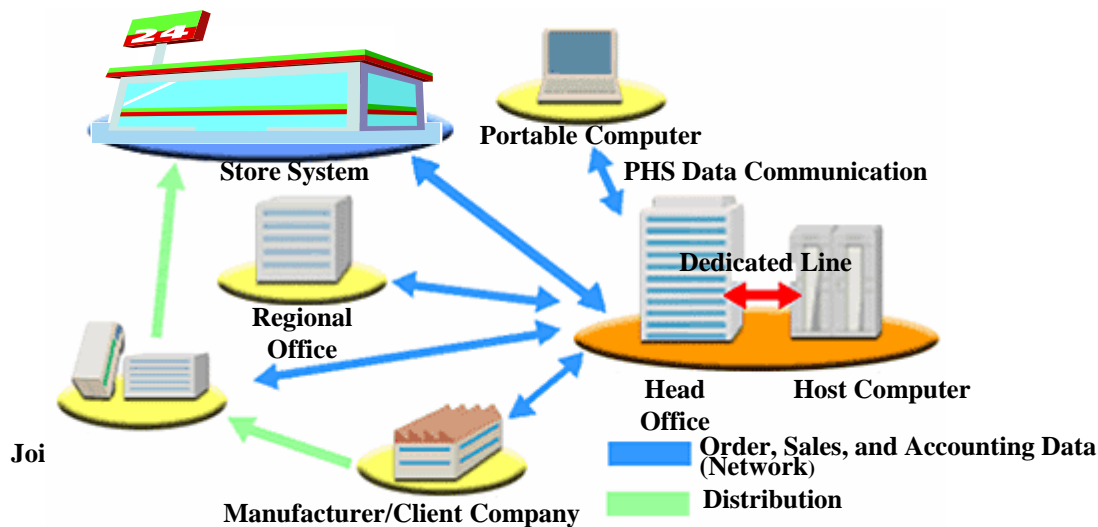
- Securing and development of human resources
 - Increase of new recruits and enhancement of intermediate recruitment
 - Development of project managers and leaders
- Strengthening of relations with cooperative companies
 - Securing of new cooperative companies
 - Strengthening of relations with existing cooperative companies

Examples of Software Development

■ We Have Developed Information Systems for Major Convenience Store Operators for a Long Period of Time.

1. POS systems at convenience stores
2. Data transmission between the head office and stores
3. Order data between the head office and client companies
4. Automatic daily processing of the series of operations
5. Other systems for EC sites, convenience store-based banks, and group companies

Information Systems for Convenience Stores



EC Site



Electronic Money



Convenience Store-Based Bank



Systems for Group Companies

Development of SIS Business



Examples of Outsourced Projects for the Interim Period

Systems for Shuttle Bus Operators

- Development of security systems for each business establishment and maintenance and operation of IC card systems
- Software and system development
- Network development
- System management and monitoring of servers



Our past record of being outsourced by shuttle bus operators received recognition, and then we were outsourced by express bus operators to handle systems-related operations.

Systems for Express Bus Operators

- Development, maintenance, and operation of seat reservation systems for express busses
- System development
- Provision of networks and housing
- System operation and help desks

In-Vehicle Unit



IC Card



Data Provision Center

(VIC TOKAI)

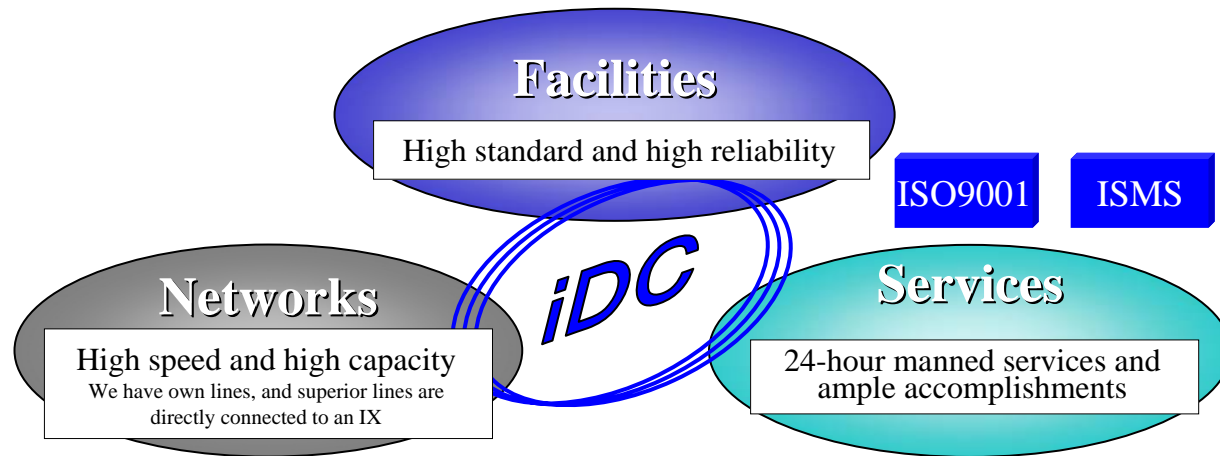


Outline of the New Data Center

Expansion of the Data Center Business

1996: The ISP business began.
2000: The data center business began.
2001: “ISO9001:2000” certificate was obtained.
2003: Certification under ISMS Conformity Assessment Scheme was obtained.
2005: Registration in the LGWAN (Local Government Wide Area Network) -ASP service list
October 2006: Construction of the new data center began.
April 2008: The new data center will begin services.

Features of Our Data Center



The Next Generation Data Center of the High Standard



Gross Floor Space	8,026㎡
Structure	RC (reinforced concrete) structure: Quake-absorbing structure, five-story building
Number of Racks Included	Up to 825 racks
Floor Load Capacity	1,250kg/㎡ (Loading of servers: About 600kg/rack)
Floor Load Capacity	Biometric recognition functions, non-contact IC cards, and numeric keypad devices

Construction of the New Data Center



Business Concept of the Data Center

Characteristics of Housing Services

◎ High-Standard Facilities

- Highest-level load capacity in the industry
- With a maximum power of 8KVA per rack, the facilities can be used by heavy users.

Comparison of facilities	VIC TOKAI <i>BroadCenter</i>	NTT West Data Center Solution	Bit-isle Data Center	@Tokyo DATACITY	SAKURA Internet Data Center	FRT Data-no- rakuen
Floor load capacity	1,250kg/㎡	600kg/㎡	1,500kg/㎡			1,000kg/㎡
Power	Up to 8KVA	4KVA (standard)	3KVA (standard)	9KVA (past record)	Up to 4KVA	Up to 4KVA

◎ Connectibility

- The company has its own optical lines between Tokyo and Osaka, and superior lines are directly connected to an IX.
- The company offers a broadband Internet connection service by making good use of its strength as a carrier.
- The company has secured backbone redundancy and two line routes to the center.
- In addition to the existing shared Internet lines, the company has set up **low-priced exclusive lines**. (10Mbps and 100Mbps)

The total Internet throughput was **30Gbps** as of April 2007.

BroadCenter is one of the top domestic data centers (ranked 14th* in terms of total Internet throughput).

It can be regarded as a **top-level domestic** outsourcing business operator, excluding carrier-based IDCs

◆ Top 20 data centers in terms of total Internet throughput

1	SAKURA Internet	102Gbps
2	K-opti.com	71Gbps
3	BIGLOBE	65Gbps
3	Softbank IDC	65Gbps
5	Bit-isle	58Gbps
6	BBT	57Gbps
7	MEX	50Gbps
7	WebARENA Symphony	50Gbps
9	SRI	40Gbps
10	Dream Train	33Gbps
11	Softbank Telecom	29Gbps
12	NTT BizLink	28Gbps
13	KDDI	24Gbps
14	<u>BroadCenter</u> (VIC TOKAI)	20Gbps
15	Nomura Research Institute	19Gbps
16	MultiFEED Service	18Gbps
17	ZAQ	12Gbps
18	Fujitsu	11Gbps
19	NTT Smart Connect	10Gbps
20	MIND	10Gbps

30Gbps



Financial Results for the Interim Period of the Fiscal Year Ending March 2008

Financial Results for the Interim Period of the Fiscal Year Ending March 2008 (Consolidated)

(Unit: million yen)

	Actual Result	Comaprison with Reported Projections	(Reported in May 2007)
Sales	16,882	97.4%	(17,340)
Operating Profit	1,728	103.5%	(1,670)
Recurring Profit	1,665	108.1%	(1,540)
Interim Net Profit ¹	749	125.0%	(600)
EBITDA	3,844	103.6%	(3,710)
※Reference		Year-on-year Comparison	(Same Period a Year Ago)
EBUTDA		105.6%	(3,640)

Intermediate Consolidated Income Statement		
	Interim Period under Review	Previous Interim Period
Sales	16,882	15,859
Cost of Sales	10,621	9,640
Gross Profit on Sales	6,260	6,218
Operating Profit	1,728	1,802
Nonoperating Income	52	18
Nonoperating Expenses	115	137
Recurring Profit	1,665	1,683
Extraordinary Profit	22	40
Extraordinary Loss	268	84
Net Profit before Tax	1,419	1,639
Corporate Tax, Resident Tax, and Enterprise Tax	43	28
Adjustments for Corporate and Other Taxes	620	-74
Profit or Loss of Minority Shareholders	5	10
Intermediate Net Profit	749	1,675

* EBITDA = Recurring Profit — Interest Received + Interest Paid + Depreciation Cost

Our sales increased **6.5%** compared to
Previous interim period

Effects of Changes in Accounting Procedures etc. on Consolidated Financial Results for the Interim Period

【Tax Effect】

Our company incurred adjustments to deferred income taxes of 620 million yen, following elimination of losses carried forward for tax purposes etc.

【Reserves for Retirement Benefits for Executives】

Starting the interim period, our company began including retirement benefits for executives in necessary payments at period-end based on the our group's internal regulations. Therefore, reserves of 205 million yen were recorded.

【Depreciation Method】

Following a revision of the corporation tax system, our company switched to a depreciation method based on the revised corporation tax system in the interim period. There were only slight effects on financial results.

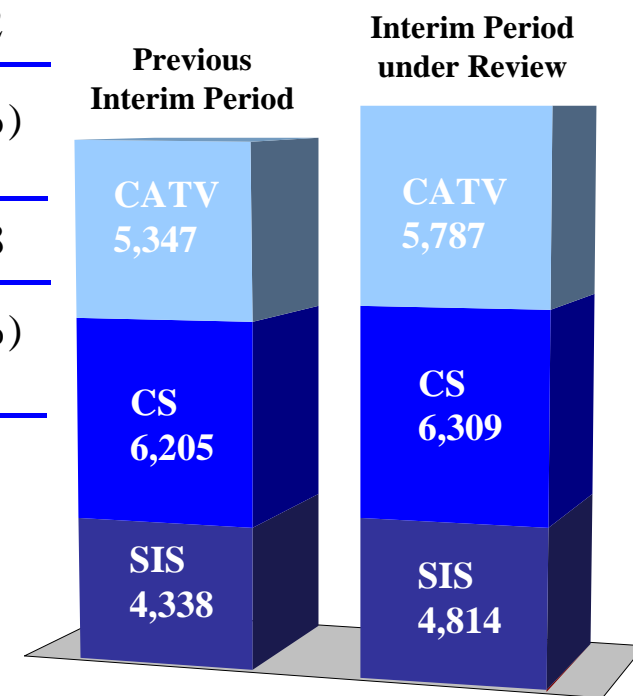
Financial Results for the Interim Period of the Fiscal Year Ending March 2008 (by Segment)

(Unit: million yen)

	CATV Business	CS Business	SIS Business	Others	Elimination or Company-wide	Consolidated
Sales	5,787	6,309	4,814	20	- 48	16,882
(Comparison with the Projection Reported in May 2007)	(97.3%)	(98.1%)	(96.7%)	(102.9%)	-	(97.4%)
Operating Profit	692	1,104	402	11	- 482	1,728
(Comparison with the Projection Reported in May 2007)	(101.9%)	(110.4%)	(78.8%)	(114.0%)	-	(103.5%)

*Sales for each segment include internal sales among segments.

Revenues for Each Business Operation



Financial Results for the Interim Period of the Fiscal Year Ending March 2008 (Unconsolidated)

(Unit:million yen)

	Actual Result	Comaprison with Reported Projections	(Reported in May 2007)
Sales	15,253	97.7%	(15,620)
Operating Profit	1,763	103.8%	(1,700)
Recurring Profit	1,706	107.3%	(1,590)
Interim Net Profit	810	120.9%	(670)
EBITDA	3,412	103.7%	(3,290)
※Reference		Year-on-year Comparison	(Same Period a Year Ago)
EBITDA		106.6%	(3,200)

(Unit: million yen)

Intermediate Unonsolidated Income Statement		
	Interim Period under Review	Previous Interim Period
Sales	15,253	14,386
Cost of Sales	9,489	8,673
Gross Profit on Sales	5,764	5,713
Operating Profit	1,763	1,711
Nonoperating Income	44	12
Nonoperating Expenses	101	124
Recurring Profit	1,706	1,599
Extraordinary Profit	22	27
Extraordinary Loss	260	79
Net Profit before Tax	1,467	1,547
Corporate Tax,Resident Tax,and Enterprise Tax	16	14
Adjustments for Corporate and Other Taxes	641	-52
Intermediate Net Profit	810	1,585

* EBITDA = Recurring Profit — Interest Received + Interest Paid + Depreciation Cost

Our sales increased **6.0%** compared to
Previous interim period

Consolidated Earnings Forecasts for the Full Fiscal Year Ending March 2008

There is no change from the figures reported in May 2007.

(Unit: million yen)

	【Consolidated】			【Unconsolidated】		
	Projections	Comparisons with the Previous Period	(Previous Period)	Projections	Comparisons with the Previous Period	(Previous Period)
Sales	37,350	110.1%	(33,924)	33,790	109.1%	(30,960)
Operating Profit	4,510	102.1%	(4,415)	4,580	107.4%	(4,266)
Recurring Profit	4,210	100.3%	(4,196)	4,320	106.2%	(4,068)
Net profit	2,240	54.5%	(4,112)	2,240	56.2%	(3,989)
EBITDA	8,750	106.6%	(8,209)	7,810	107.3%	(7,280)

※ EBITDA = Recurring Profit — Interest Received + Interest Paid + Depreciation Cost

Factors that affect net profit for the period in comparison to recurring profit (consolidated)

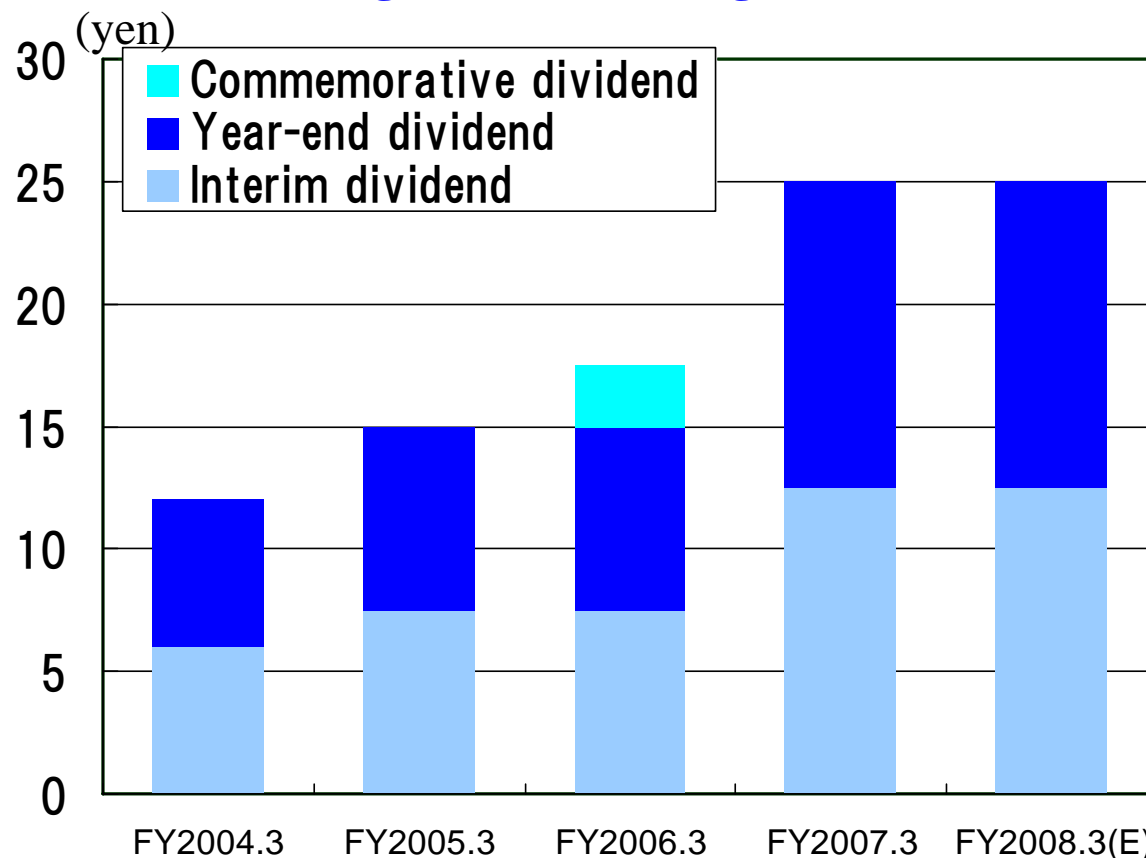
- Starting the interim period, our company began providing reserves for retirement benefits for executives for the previous period. Therefore, an extraordinary loss of 189 million yen was recorded.
- Our company incurred a total of 1,778 million yen related to income taxes etc. and adjustments to deferred income taxes, following elimination of losses carried forward for tax purposes, which started in the interim period, and other factors.

Return of Profit to Shareholders Corporate Governance

Return of Profit to Shareholders

- Our company plans to pay an annual dividend of 25.0 yen per share for the year ending March 2008, including an interim dividend of 12.5 yen per share.
- Our company will continue to pay dividends stably in accordance with its performance, while further strengthening its financial standings and considering future business development.

Dividend per Share



Efforts to Strengthen Corporate Governance

1. Strengthening of management practices from a long-term perspective
Active recruitment and strengthening of human resources development
3. Efforts are made to strengthen and enrich internal management systems, and the actual operation of internal control systems began. From now on, efforts will be made to further strengthen the management of the internal control systems, aiming to secure reliability of financial reporting.
3. As an information and telecommunication company, efforts will be made to achieve the ISO27001 certification and maintain and improve information security, aiming to further improve the reliability and security of services.
4. Strengthening of the check functions of the management

By combining the VIC TOKAI group's technical and development capabilities with its planning and marketing capabilities, our group will contribute to local communities as a "total communication" partner that is counted on and trusted by customers.

Triple-Play Service

Integration

Digital Multi-Channels

ICT

Outsourcing

ISP Service

CATV Optical Trunk-
Line
Network

Optical Fiber
Between
Tokyo and Osaka

IDC

ASP

Contents Service

Toward a More Communicative Society

— Total Communication —

Data Transmission
Service

Internal Control

Contribution to Society

Compliance

Personal Information
Protection

Information Security

～ Precautions in Using This Materials ～

This materials include future projections. The future projections are based on judgments of VIC TOKAI's management from currently available information. The projections include assumptions or reasons based on assumptions, and assumed facts or reasons may be different from actual results under certain environments. VIC TOKAI or VIC TOKAI's management expresses expectations or convictions for future results, but there is no guarantee that the expectations or convictions will actually come true or come nearly true. In addition, by law, VIC TOKAI has no obligation to update any future projection, unless otherwise stipulated by law.

Toward a More Communicative Society

— Total Communication —

