



News Release

This English text is a translation of the Japanese original. The Japanese original is authoritative.

March 1, 2011

**Submission for Approval of Business Operation Plan, etc.
for the Fiscal Year Ending March 31, 2012**

Nippon Telegraph and Telephone East Corporation (“NTT East”) submitted today its business operation plan for the fiscal year ending March 31, 2012 to the Minister for Internal Affairs and Communications for approval.

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Information and communications services have become part of the essential infrastructure for socio-economic activities. The public looks to this infrastructure to make daily life more convenient and to revitalize communities, while in the corporate world, it is expected to improve efficiency, create new businesses and enhance industry-wide international competitiveness. Today, the information and communications market is growing due to increased Internet usage in conjunction with the increasing shift to IP and broadband services. The market is undergoing structural changes, including telecommunications and broadcasting convergence, fixed-mobile convergence, the expansion of SaaS (software as a service), cloud computing, consumer generated media (CGM) and other new internet-based services, and the spread of smartphones and tablet devices. Regional telecommunications markets are also changing dramatically, with growing competition in broadband access service facilities and services centered around the shift to fiber-optic access services, the deployment of “triple-play” services, including video delivery, and the introduction of other new services that leverage various wireless devices.

Amidst such a difficult and volatile business environment, as a carrier with an important leadership role in the information and communications industry, NTT East will continue to provide high-quality, stable universal services and ensure reliability as a social infrastructure through activities such as prompt restoration of services in times of large-scale natural disasters and other calamities, all while striving to ensure that it strictly abides by the requirements of fair competition and seeking to secure a stable and solid foundation for its business, as well as conforming to laws, regulations and social norms. Furthermore, NTT East will contribute towards the further enrichment and sustained development of society by enhancing the broadband and ubiquitous environment and expanding fiber-optic access through the provision of services and products that leverage the advantages of the next-generation network (“NGN”), as well as the provision of new price menus that are customer-friendly, and by using information communication technology (“ICT”) to solve various economic and social issues facing Japan, such as the low birthrate and aging population and achieving a low-carbon society.

With regard to the management of business operations for the fiscal year ending March 31, 2012, in the face of the difficult business environment in which the economy remains at a standstill and deflation and deteriorating employment conditions are still of concern, NTT East will continue to expand fiber optic access, and will expand and achieve an even more advanced broadband network environment with the NGN based on the basic concepts described above. This includes the creation of new use scenarios for ICT that are closely connected to daily domestic life and community activities, the provision of services that make daily living more convenient by providing devices that are easy to use for customers, including the elderly and those who do not own personal computers, and the provision of new price menus that customers with little or no Internet experience can use the fiber-optic services with peace of mind. NTT East will make significant enhancements to services such as optical IP telephony and the provision of video services on this network infrastructure. At the same time, NTT East will develop and provide customers with high value-added and user-friendly services, including services newly created in collaboration with companies in diverse industries. As “an accessible, all-round ICT corporation,” NTT East will provide a variety of services designed to provide customers and local communities with a sense of security, safety and convenience. Meanwhile, NTT East will further improve customer services, while taking steps to ensure steady business growth into the future by further increasing operating efficiency and building a stable and enhanced management base. NTT East will strive to return the results of these measures to customers, the local community and, through the holding company, to the shareholders.

NTT East will conduct its business management in the fiscal year ending March 31, 2012 on the basis of the above outlined concepts, emphasizing the items outlined below, while maintaining the flexibility needed to respond to changes in the business environment.

1. Voice transmission services

(1) Telephone subscriptions

NTT East will respond promptly to all demands for telephone subscriptions, including the relocation of existing lines. The number of subscriptions is projected to total approximately 13.23 million by the end of the fiscal year ending March 31, 2012.

Item	Planned number (subscriptions)
Additional installations	(1.63 million)
Relocations	1.96 million

(2) Social welfare telephones

As social welfare programs continue to expand and develop, there is a greater social demand for welfare-oriented telecommunications services. To respond to this need, NTT East will continue to promote the provision of welfare-oriented products, such as its “Silver Phone series” (“Anshin” (relief), “Meiryō” (clearness), “Hibiki” (sound) and “Fureai” (communication)).

Item	Planned number (units)
Silver Phones	
Anshin (relief)	1,000
Meiryō (clearness)	100

(3) Public telephones

NTT East will continue to meet the minimum requirements for providing a public means of communications and review public telephones which are currently in low use. The company will also strive to provide social welfare services by continuing the maintenance of wheelchair-accessible public telephone booths.

Item	Planned number (units)
Public telephones	(16,000)

(4) Integrated digital communications services

The numbers of INS-Net 64 subscriber lines and INS-Net 1500 subscriber lines are projected to total approximately 1,867,000 and 24,000, respectively, by the close of the fiscal year ending March 31, 2012.

Item	Planned number (circuits)
INS-Net 64 subscriber lines	(247,000)
INS-Net 1500 subscriber lines	(2,000)

2. Data transmission services

To respond to the increasing demand for broadband services, NTT East will endeavor to expand its fiber-optic access services by targeting services unique to fiber-optic technologies, such as Hikari Denwa and video services, and will endeavor to provide a wide range of other services.

Item	Planned number (contracts)
FLET'S Hikari	1.25 million

3. Leased circuit services

The subscriptions for conventional leased circuits and high-speed digital transmission circuits are projected to total approximately 133,000 and 86,000, respectively, by the close of the fiscal year ending March 31, 2012.

Item	Planned number (circuits)
Conventional leased circuits	(7,000)
High-speed digital transmission circuits	(7,000)

4. Telegraph services

NTT East will conduct maintenance of its systems in order to promote the enhancement of services and operational efficiency in its telegraph services.

5. Improvements and advances in telecommunications facilities

(1) Optical access network

NTT East will actively promote the shift to the use of fiber-optics in the access network to meet, among other things, the increasing demands for broadband services.

Item	Planned number (million fiber km)
Optical subscriber cables	2.4

(Coverage rate at the end of the fiscal year ending March 31, 2012 is expected to be 93%.)

(2) Telecommunications network

In its telecommunications network, NTT East will upgrade network services and improve network economy and efficiency, among other things, while working to expand its coverage area for the NGN and continuing its efforts to meet demand for broadband services.

(3) Disaster prevention measures

NTT East will take the necessary response measures in case of disasters. These will include disaster prevention measures to prepare for damage to telecommunications equipment and facilities, measures to secure lines for emergency communications, measures to strengthen the organizational structure for crisis management and the restoration of systems in the event of large-scale disasters, and support for distributing information after a disaster.

(4) Underground installation of transmission cables

In order to improve the reliability of communications facilities, ensure safe and pleasant over-ground passage spaces, and enhance the appearance of the

urban landscape, NTT East will work in coordination with the national and local governments and with other companies in installing transmission cables underground.

(5) Facility maintenance

NTT East will aim to provide stable and high-quality services by conducting cable maintenance and replacement, and by ensuring quality customer services, safe operations, harmonization with the social environment and stabilization of communications systems.

NTT East will seek to minimize costs by making full use of existing equipment and facilities in improving and upgrading its communications facilities.

6. Promotion of research and development activities

In order to further stabilize and strengthen its management base, adapt to the rapid expansion and diversification of the broadband market, and respond to societal demands for the realization of a smart/ubiquitous network society, NTT East will continue to promote research and development in network systems and access systems, which aim to advance the NGN and other telecommunications networks. In addition, in order to offer customers more choices while providing a range of safe and convenient services through sophisticated telecommunications networks, NTT East will also conduct research and development in such areas as information-distribution platforms and communications terminals of various types.

The following tables present an overview of the business plans for the above principal services and capital investment plans.

Table 1

Principal Services Plan for the Fiscal Year Ending March 31, 2012

Type of service	Plan
Voice transmission services	
Telephone subscriptions	
Additional installations	(1.63 million) subscriptions
Relocations	1.96 million subscriptions
Social welfare telephones (Silver Phones)	1,100 units
Public telephones	(16,000) units
Integrated digital communications services	
INS-Net 64 subscriber lines	(247,000) circuits
INS-Net 1500 subscriber lines	(2,000) circuits
Data transmission services	
FLET'S Hikari	1.25 million contracts
Leased circuit services	
Conventional leased circuits	(7,000) circuits
High-speed digital transmission circuits	(7,000) circuits

Table 2

Capital Investment Plan for the Fiscal Year Ending March 31, 2012

(Billions of yen)

Item	Investment required
1. Expansion and improvement of services	384 *
(1) Voice transmission	150
(2) Data transmission	53
(3) Leased circuits	180
(4) Telegraph	1
2. Research and development facilities	3
3. Common facilities and others	23
Total	410

* This figure includes approximately 170 billion yen to be invested in the fiber-optic access network.

Attachment 1
(Reference)

Revenues and Expenses Plan for the Fiscal Year Ending March 31, 2012

(Billions of yen)

Item	Amount
Revenues	
Operating revenues	1,910
Voice transmission	828
Data transmission	269
Leased circuits	496
Telegraph	18
Others	299
Non-operating revenues	50
Total revenues	1,960
Expenses	
Operating expenses	1,830
Operating costs	1,365
Tax and dues	74
Depreciation	391
Non-operating expenses	35
Total expenses	1,865
Recurring profit	95

Sources and Applications of Funds Plan
for the Fiscal Year Ending March 31, 2012

(Billions of yen)

Item	Amount
Sources:	
Operational:	2,396
Operating revenues	2,346
Non-operating revenues	50
Financial:	123
Proceeds from issuance of long-term loans and bonds	93
Other financial income	30
Estimated consumption tax receipts	96
Balance brought forward from previous fiscal year	129
Total	2,744
Applications:	
Operational:	1,953
Operating expenses	1,930
Non-operating expenses	23
Financial:	568
Capital investments	410
Other financial expenses	158
Account settlement expenses	48
Provisional consumption tax payments	81
Balance carried forward to following fiscal year	94
Total	2,744

<Reference>

The following revisions have been made to the business results forecasts for the fiscal year ending March 31, 2011, which were announced in fall last year.

■ FY2010 revised forecast

(Billions of yen)

Item	Operating revenues	Operating income	Recurring profit	Net income
Forecasts for the period under review	1,960.0	75.0	92.0	55.0

■ FY2010 previous forecast (announced on November 9, 2010)

(Billions of yen)

Item	Operating revenues	Operating income	Recurring profit	Net income
Forecasts for the period under review	1,945.0	65.0	85.0	51.0