



News Release

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

March 1, 2012

Submission for Approval of Business Operation Plan for the Fiscal Year Ending March 31, 2013

Nippon Telegraph and Telephone East Corporation (“NTT East”) submitted today its business operation plan for the fiscal year ending March 31, 2013 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. Especially after the Great East Japan Earthquake, which occurred in March 2011, various tools including the Disaster Emergency Message Dial (171) and means of communication through the use of the Internet were utilized to confirm the safety of individuals. In addition, the prompt restoration of an unprecedented amount of damage to communications facilities in a wide geographic area became necessary. As a result, there is a renewed focus on the role of information and communications services as a vital lifeline, and an increased demand for the development of a disaster-resistant information and communications network.

In addition, 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, cloud computing development, and the rapid spread of high-speed wireless and Wi-Fi compatible devices, such as 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, work to develop a disaster-resistant information and communications network 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 price menus that are customer-friendly and for a longer term, 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, 2013, in the face of the uncertain and difficult business environment in which the economy remains unstable due to the economic crisis triggered in Europe and the effects of the appreciating Japanese yen, 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 enhancement of the ICT environment by expanding Wi-Fi areas, and the provision of services that make daily living more convenient by providing devices that are easy to use for customers. NTT East will work to further improve the reliability of communication networks that support a safe and secure society and to enhance the communication support environment during disasters, based on the lessons learned from the Great East Japan Earthquake. 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, 2013 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 12.30 million by the end of the fiscal year ending March 31, 2013.

Item	Planned number (subscriptions)
Additional installations	(1.28 million)
Relocations	2.07 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)	300
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 improve convenience by, among other things, disclosing the installation locations of public telephones, as it helps to prepare for emergencies, including disasters, and to promote increased usage of public telephones.

Item	Planned number (units)
Public telephones	(11,000)

(4) Integrated digital communications services

The numbers of INS-Net 64 subscriber lines and INS-Net 1500 subscriber lines are projected to total approximately 1,710,000 and 21,000, respectively, by the close of the fiscal year ending March 31, 2013.

Item	Planned number (circuits)
INS-Net 64 subscriber lines	(200,000)
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	0.80 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 81,000, respectively, by the close of the fiscal year ending March 31, 2013.

Item	Planned number (circuits)
Conventional leased circuits	(2,000)
High-speed digital transmission circuits	(4,000)

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, 2013 is expected to be 93%.)

(2) Telecommunications network

In its telecommunications network, NTT East will upgrade network services and improve network 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, 2013

Table 2 – Capital Investment Plan for the Fiscal Year Ending March 31, 2013

Attachment 1 (Reference) – Revenues and Expenses Plan for the Fiscal Year Ending March 31, 2013

Attachment 2 (Reference) – Sources and Applications of Funds Plan for the Fiscal Year Ending March 31, 2013

<Reference> – Revisions to Business Results Forecasts for the Fiscal Year Ending March 31, 2012

<Reference> – Business Operation Plan for the Fiscal Year Ending March 31, 2013

<p>Please note that the information in this Business Operation Plan is current as of the release date and may therefore differ from information current as of today.</p>
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Table 1

Principal Services Plan for the Fiscal Year Ending March 31, 2013

Type of service	Plan
Voice transmission services	
Telephone subscriptions	
Additional installations	(1.28 million) subscriptions
Relocations	2.07 million subscriptions
Social welfare telephones (Silver Phones)	400 units
Public telephones	(11,000) units
Integrated digital communications services	
INS-Net 64 subscriber lines	(200,000) circuits
INS-Net 1500 subscriber lines	(2,000) circuits
Data transmission services	
FLET'S Hikari	0.80 million contracts
Leased circuit services	
Conventional leased circuits	(2,000) circuits
High-speed digital transmission circuits	(4,000) circuits

Table 2

Capital Investment Plan for the Fiscal Year Ending March 31, 2013

(Billions of yen)

Item	Investment required
1. Expansion and improvement of services	366 *
(1) Voice transmission	160
(2) Data transmission	28
(3) Leased circuits	177
(4) Telegraph	1
2. Research and development facilities	3
3. Common facilities and others	21
Total	390

* 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, 2013

(Billions of yen)

Item	Amount
Revenues	
Operating revenues	1,868
Voice transmission	769
Data transmission	288
Leased circuits	508
Telegraph	16
Others	287
Non-operating revenues	50
Total revenues	1,918
Expenses	
Operating expenses	1,803
Operating costs	1,350
Tax and dues	74
Depreciation	379
Non-operating expenses	35
Total expenses	1,838
Recurring profit	80

Sources and Applications of Funds Plan
for the Fiscal Year Ending March 31, 2013

(Billions of yen)

Item	Amount
Sources:	
Operational:	2,465
Operating revenues	2,415
Non-operating revenues	50
Financial:	158
Proceeds from issuance of long-term loans and bonds	128
Other financial income	30
Estimated consumption tax receipts	93
Balance brought forward from previous fiscal year	142
Total	2,858
Applications:	
Operational:	2,011
Operating expenses	1,983
Non-operating expenses	28
Financial:	573
Capital investments	390
Other financial expenses	183
Account settlement expenses	51
Provisional consumption tax payments	78
Balance carried forward to following fiscal year	145
Total	2,858

<Reference>

Revisions to Business Results Forecasts for the Fiscal Year Ending March 31, 2012
(the Thirteenth Term)

NTT East will revise its business results forecasts for the Fiscal Year Ending March 31, 2012 (the Thirteenth Term), which were announced on February 6, 2012 (third quarter earnings announcement for the fiscal year ending March 31, 2012) as follows.

(Billions of yen)

	Before revision	After revision	Change
Operating revenues	1,895	1,868	(27.0)
Operating income	70	60	(10.0)
Recurring profit	85	80	(5.0)
Net income	31	28	(3.0)