



News Release

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

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

Submission for Approval of Business Operation Plan for Fiscal Year Ending March 31, 2008

Nippon Telegraph and Telephone East Corporation (NTT East) today submitted its business operation plan for the fiscal year ending March 31, 2008 to the Minister for Internal Affairs and Communications for approval.

Information and communications are expected to contribute enormously through ICT utilization to creating a rich communications environment, generating new business opportunities, invigorating and enhancing corporate activities, and strengthening competitiveness and potential for growth toward the achievement of a pioneering ubiquitous network society defined in the u-Japan Policy and the IT New Reform Strategy. Moreover, the information and telecommunications market is undergoing dramatic change as illustrated by the formation of business alliances among telecommunications carriers, cross-industry alliances, and the fixed-mobile convergence (FMC) as well as the convergence of telecommunications and broadcasting backed by the rapid advancement of optical IP services. The regional telecommunications market has also ushered in an era of rapid structural change and full-fledged competition in addition to competition in existing telephone services with the speedy expansion of broadband services, the increasing integration of services as exemplified by "triple-play" services that provide Internet, IP telephony, and video services on a single broadband connection, and other developments.

Amidst such a difficult and sharply fluctuating operating environment, while stabilizing and strengthening its management base, NTT East continues to strive to provide high-quality, stable universal services, and as a leading carrier in the IP era, the company will provide attractive products and services that are highly safe, secure, and reliable, thus contributing to the development of society. Through these endeavors, while ensuring fair competitive conditions under the framework of existing laws, NTT East will build a next-generation network for "fast and convenient," "safe and secure" connections "anytime, anywhere and with anyone or anything" to help achieve the NTT Group's Medium-Term Management Strategy, and will seek to make further contributions to the global community by providing diverse and versatile services.

With regard to the management of business operations for the fiscal year ending March 31, 2008, based on the concept mentioned above and in the face of today's difficult operating environment, NTT East will endeavor to further raise the efficiency of management, strive as a provider of social infrastructure to rapidly restore and maintain telecommunications services in emergencies such as natural disasters, ensure the stable provision of services including IP telecommunications such as Hikari Denwa, and contribute to the realization of a safe and secure society. At the same time, it will strive to improve customer services by establishing business processes that respond to the era of optical IP networks, such as one-stop and flow-through services. Building on

this, NTT East will devote its full energy to the expansion of demand for broadband communications. By further developing broadband network infrastructure, the company will provide high value-added and user-friendly services aimed at the full-scale introduction of next-generation networks, including the further enhancement of optical access and IP telephony services and the provision of FMC and video services. NTT East will strive to return the fruits of these measures to customers, the community, and --through the holding company-- to shareholders, and will promote the ongoing development of stable operations in the future.

In line with this concept, for the fiscal year ending March 31, 2008, NTT East will conduct its business management, flexibly so as to respond to changes in the operating environment.

1. Voice Transmission Services

(1) Subscriber Telephones

NTT East will respond to all demands for telephone subscriptions, including the relocation of existing lines. The number of subscribers is projected to total approximately 19.15 million by the end of the fiscal year ending March 31, 2008.

Item	Planned Number (subscribers)
Additional Installations	(2.24) million
Relocations	4.29 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 installation 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)	400
Meiryō (Clearness)	100

(3) Public Telephones

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

Item	Planned Number (units)
Public Telephones	(14,000)

(4) Integrated Digital Communications Services

The numbers of INS-Net 64 lines and INS-Net 1500 lines are projected to total approximately 2,910,000 and 36,000, respectively, by the close of the fiscal year ending March 31, 2008.

Item	Planned Number (circuits)
INS-Net 64 Subscriber Lines	(458,000)
INS-Net 1500 Subscriber Lines	(0,000)

2. Data Transmission Services

To respond to the heightening demand for broadband services, NTT East will work toward the widespread use of optical access services by promoting services that make full use of optical technologies, such as the Hikari Denwa

optical IP telephony service and video services, and will endeavor to provide a wide range of other services.

Item	Planned Number (contracts)
B FLET'S	2 million

3. Dedicated Services

The numbers of conventional dedicated services and high-speed digital transmission circuits are projected to total approximately 172,000 and 134,000, respectively, by the close of the fiscal year ending March 31, 2008.

Item	Planned Number (circuits)
Conventional Dedicated Services	(22,000)
High-Speed Digital Transmission Circuits	(15,000)

4. Telegraph Services

NTT East will continue to conduct the maintenance of systems and other operations in order to further improve services and to promote increased operating efficiency in its telegraph services.

5. Improvements and Advances in Telecommunications Facilities

(1) Optical Access Network

The switch-over to the use of optical fiber in the access network will be actively promoted as the demand for broadband services increases.

Item	Planned Number (million fiber km)
Optical Subscriber Cables	3.20

(Cover rate at the end of March 2008 will be 90%.)

(2) Telecommunications Network

In its telecommunications network, NTT East will not only introduce the full-scale next generation networks and meet demand for broadband services, but at the same time will further upgrade network services and improve network economy and efficiency.

(3) Disaster-Prevention Measures

NTT East will take all necessary measures in disaster-prevention. These will include disaster-prevention measures for telecommunications equipment and facilities, measures to ensure emergency communications, and measures to strengthen the structure for crisis management and the restoration of systems in the event of large-scale disasters, and also the assistance with the sharing of information after a natural disaster.

(4) Installation of Underground Transmission Cables

In furtherance of the goal to improve the reliability of communications facilities, ensure safe and pleasant passage spaces, and enhance the appearance of urban areas, NTT East will work in coordination with the national and local governments and with other companies in installing underground transmission cables.

(5) Facility Maintenance

The maintenance of facilities will be directed at ensuring stable and high-quality services by, for example, replacing cables and other facilities on

an on-going basis. Through such maintenance, NTT East will aim not only to maintain customer services, but also to ensure safe operations, harmonization with the social environment, and the stabilization of communications systems.

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

6. Promotion of Research and Development Activities

To further stabilize and strengthen its management base, and to respond to the rapid expansion and diversification of the broadband market and public demand for the creation of an advanced information and telecommunications network society, NTT East will promote research and development network systems and access systems so as to upgrade telecommunications networks. In addition, to position itself to offer customers choice of a diverse range of reliable and convenient services through sophisticated telecommunications networks, NTT East will also conduct research and development in such areas as information-sharing platforms and communications terminals of various types.

A summary of the business plans for the above principal services and capital investment plans are outlined in the attached tables.

Table 1

Principal Services Plan for Fiscal Year Ending March 31, 2008

Type of Service	Plan
Voice Transmission Services	
Subscriber Telephones	
Additional Installations	(2.24 million) subscribers
Relocations	4.29 million subscribers
Social-Welfare Telephones (Silver Phones)	600 units
Public Telephones	(14,000) units
Integrated Digital Communications Services	
INS-Net 64 Subscriber Lines	(458,000) circuits
INS-Net 1500 Subscriber Lines	(0,000) circuits
Data Transmission Services	
B FLET'S	2.00 million contracts
Dedicated Services	
Conventional Dedicated Services	(22,000) circuits
High-Speed Digital Transmission Services	(15,000) circuits

Table 2

Capital Investment Plan for Fiscal Year Ending March 31, 2008

(billions of yen)

Item	Investment Required
1. Expansion and Improvement of Services	(Note) 418
(1) Voice Transmission	127
(2) Data Transmission	56
(3) Dedicated	234
(4) Telegraph	1
2. Research & Development Facilities	4
3. Common Facilities, etc.	18
Total	440

Note: This includes approximately 200 billion yen to be invested in the Optical Access Network.

Attachment 1
(Reference)

Revenues and Expenses Plan for Fiscal Year Ending March 31, 2008

(billions of yen)

Item	Amount
Revenues	
Operating Revenues	2,000
Voice Transmission	1,106
Data Transmission	191
Dedicated Line	390
Telegraph	22
Others	291
Non-Operating Revenues	56
Total Revenues	2,056
Expenses	
Operating Expenses	1,970
Operating Costs	1,475
Tax and Dues	75
Depreciation	420
Non-Operating Expenses	36
Total Expenses	2,006
Recurring Profit	50

Plan of Sources and Applications of Funds
for Fiscal Year Ending March 31, 2008

(billions of yen)

Item	Amount
Sources:	
Operational	2,584
Operating Revenues	2,528
Non-Operating Revenues	56
Financial	386
Long-Term Loans and Bonds	200
Other Financial Income	186
Estimated Consumption Tax Receipts	100
Brought Forward from Previous Fiscal Year	120
Total	3,190
Applications:	
Operational	2,111
Operating Expenses	2,085
Non-Operating Expenses	26
Financial	838
Capital Investments for Property, Plant, and Equipment	440
Other Financial Expenses	398
Account Settlement Expenses	35
Provisional Consumption Tax Payments	86
Carry Forward to Following Fiscal Year	120
Total	3,190

Outline of NTT East's Business Operation Plan for Fiscal Year Ending March 31, 2008

1. Revenues and Expenses Plan for Fiscal Year Ending March 31, 2008

(billions of yen)

Item	FY 3/08	FY 3/07	Change
Total Revenues	2,056	2,110	(54)
(1) Voice Transmission* (excl. IP services)	1,028	1,156	(128)
(2) IP-related*	478	361	117
(3) Leased Circuits* (excl. IP services)	180	181	(1)
Total Expenses	2,006	2,020	(14)
(1) Personnel Expenses*	115	125	(10)
(2) Non-personnel Expenses*	1,319	1,320	(1)
(3) Depreciation*	420	419	1
Recurring Profit	50	90	(40)

* Major items

[Reference]

Operating Free Cash Flow	41	77	(36)
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2. Principal Services Plan (Number of Facilities at End of Fiscal Year)

Type of Service		FY 3/08	FY 3/07	Change
IP Services	B FLET'S	5,390,000 contracts	3,390,000 contracts	2,000,000 contracts
	FLET'S ADSL	2,200,000 contracts	2,800,000 contracts	(600,000) contracts
Subscriber Telephones and ISDN		22,420,000 subscribers	25,120,000 subscribers	(2,700,000) subscribers
	Subscriber Telephones	19,150,000 subscribers	21,390,000 subscribers	(2,240,000) subscribers
Dedicated Services	Conventional Leased Circuits	172,000 circuits	193,000 circuits	(22,000) circuits
	High-Speed Digital Transmission Circuits	134,000 circuits	149,000 circuits	(15,000) circuits

* Figures for ISDN subscriber lines consist of INS-Net 64 and INS-Net 1500. In terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64. For this reason, one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions. (INS-Net 64 Lite Plan is included.)

3. Capital Investment Plan

(billions of yen)

Item	FY 3/08	FY 3/07	Change
Expansion and Improvement of Services	418	408	10
(1) Voice Transmission*	127	129	(2)
(2) Data Transmission*	56	55	1
(3) Dedicated*	234	223	11
(4) Telegraph*	1	1	0
Reserch & Development Facilities	4	4	0
Common Facilities, etc.	18	18	0
Total	440	430	10

Optical Access Network*	Approx. 200	Approx. 190	Approx. 10
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*Major items