



News Release

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

Telephone +81 3 5359 3711

19-2 Nishi-shinjuku 3-chome Shinjuku-ku, Tokyo 163-8019 Japan

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

February 29, 2008

Submission for Approval of Business Operation Plan for Fiscal Year Ending March 31, 2009

Nippon Telegraph and Telephone East Corporation (NTT East) today submitted its business operation plan for the fiscal year ending March 31, 2009 to the Minister for Internal Affairs and Communications for approval.

Information and communications have become an essential infrastructure for the functioning of the society and economy. The public looks to this infrastructure for making daily life more convenient and revitalizing communities, while in the corporate world, it is seen as a major component in achieving efficiency and vigor and for enhancing industry's international competitiveness. Today, the information and communications market is undergoing dynamic structural changes, as the rapid advancement of optical IP services boosts the business alliances among of telecommunications and broadcasting as well as fixed-mobile convergence, and gives impetus to expansion of new Internet-based services and entries by new diverse players, among other developments. Regional telecommunications markets are also changing, with the growing competition in the broadband access facilities and services along with the introduction of "triple-play" services that combine video delivery with Internet and IP telephony and other new services that leverage information equipment and wireless devices.

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 ensure public safety and relief through activities such as prompt restoration of services in times of disaster. Moreover, NTT East is leading the way in the new era of optical IP services by building a next-generation network ("NGN") for "fast and convenient," "safe and secure" connections "anytime, anywhere, and with anyone or anything" and is working to provide services and products that leverage its advantages. Through these endeavors, NTT East is seeking to make further contributions toward the enrichment of society and advancement of the public good.

With regard to the management of business operations for the fiscal year ending March 31, 2009, based on the concepts described above and in the face of today's difficult operating environment, NTT East will continue to work proactively to meet the growing demands for broadband services and to expand the optical broadband access base, while moving ahead with full-scale deployment of NGN that will provide a more advanced broadband network infrastructure. The new infrastructure will allow significant enhancements to services such as optical IP telephone and enable the

provision of video services. At the same time, NTT East will provide customers with high value-added and user-friendly services by creating new services with companies in diverse industries, with the aim of becoming “an accessible, all-round ICT corporation”. In addition, NTT East will continue to improve customer services by establishing business processes appropriate for an era of optical IP networks, such as one-stop and flow-through services, while taking steps to ensure steady business growth into the future by increasing operating efficiency and building a stable and enhanced business infrastructure. NTT East will strive to return the fruits of these measures to customers, the community, and — through the holding company — to the shareholders.

NTT East will conduct its business management in this fiscal year in line with the above concept, while maintaining the flexibility needed for responding dynamically 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 17.26 million by the end of the fiscal year ending March 31, 2009.

Item	Planned Number (subscribers)
Additional Installations	(2.23 million)
Relocations	3.74 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)	300
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	(11,000)

(4) Integrated Digital Communications Services

The numbers of INS-Net 64 lines and INS-Net 1500 lines are projected to total approximately 2,516,000 and 34,000, respectively, by the close of the fiscal year ending March 31, 2009.

Item	Planned Number (circuits)
INS-Net 64 Subscriber Lines	(458,000)
INS-Net 1500 Subscriber Lines	(1,000)

2. Data Transmission Services

To respond to the heightening demand for broadband services, NTT East will endeavor to expand its optical access services by promoting services unique to 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)
FLET'S Hikari	2 million

3. Dedicated Services

The subscriptions for conventional leased circuits and high-speed digital transmission circuits are projected to total approximately 160,000 and 110,000, respectively, by the close of the fiscal year ending March 31, 2009.

Item	Planned Number (circuits)
Conventional Leased Circuits Services	(11,000)
High-Speed Digital Transmission Circuits	(23,000)

4. Telegraph Services

NTT East will conduct the maintenance of its systems in order to provide a full service and to enhance operational 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 to meet the heightening demands for broadband services.

Item	Planned Number (million fiber km)
Optical Subscriber Cables	3.50

(Cover rate at by the close of the fiscal year ending March 31, 2009 will be 92%)

(2) Telecommunications Network

In its telecommunications network, NTT East will upgrade network services and improve network economy and efficiency while embarking on a full-scale deployment of the next-generation network and continuing with its effort to meet demands for broadband services.

(3) Disaster-Prevention Measures

NTT East will take necessary measures in disaster-prevention. These will include disaster-prevention measures to prepare for damages 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 also providing supports for transmitting information after a natural disaster.

(4) Installation of Underground Transmission Cables

To improve the reliability of communications facilities, to ensure safe and pleasant over-ground passage spaces, and to enhance the appearance of urban landscape, NTT East will work in coordination with the national and local governments and with other companies in installing underground

local governments and with other companies in installing underground transmission cables.

(5) Facility Maintenance

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

NTT East will seek to minimize costs by making a full 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 adapt to the rapid expansion and diversification of the broadband market and to respond to public demand for the creation of an advanced information and telecommunications network society, NTT East will continue to promote research and development in network systems and access systems, which aim to advance of the next-generation network and other telecommunications network. In addition, to offer customers choices providing 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, 2009

Type of Service	Plan
Voice Transmission Services	
Subscriber Telephones	
Additional Installations	(2.23 million) subscribers
Relocations	3.74 million subscribers
Social-Welfare Telephones (Silver Phones)	500 units
Public Telephones	(11,000) units
Integrated Digital Communications Services	
INS-Net 64 Subscriber Lines	(458,000) circuits
INS-Net 1500 Subscriber Lines	(1,000) circuits
Data Transmission Services	
FLET'S Hikari	2.00 million contracts
Dedicated Services	
Conventional Dedicated Services	(11,000) circuits
High-Speed Digital Transmission Services	(23,000) circuits

Table 2

Capital Investment Plan for Fiscal Year Ending March 31, 2009

(billions of yen)

Item	Investment Required
1. Expansion and Improvement of Services	*425
(1) Voice Transmission	140
(2) Data Transmission	60
(3) Dedicated	224
(4) Telegraph	1
2. Research & Development Facilities	4
3. Common Facilities, etc.	26
Total	455

Note: *This includes approximately 190 billion yen to be invested in the Optical Access Network.

Attachment 1
(Reference)

Revenues and Expenses Plan for Fiscal Year Ending March 31, 2009

(billions of yen)

Item	Amount
Revenues	
Operating Revenues	1,960
Voice Transmission	1,018
Data Transmission	218
Dedicated Line	428
Telegraph	20
Others	276
Non-Operating Revenues	56
Total Revenues	2,016
Expenses	
Operating Expenses	1,920
Operating Costs	1,430
Tax and Dues	75
Depreciation	415
Non-Operating Expenses	36
Total Expenses	19,560
Recurring Profit	60

Plan of Sources and Applications of Funds
for Fiscal Year Ending March 31, 2009

(billions of yen)

Item	Amount
Sources:	
Operational	2,541
Operating Revenues	2,485
Non-Operating Revenues	56
Financial	325
Long-Term Loans and Bonds	162
Other Financial Income	163
Estimated Consumption Tax Receipts	98
Balance carried Forward from Previous Fiscal Year	138
Total	3,102
Applications:	
Operational	20,490
Operating Expenses	20,220
Non-Operating Expenses	27
Financial	795
Capital Investments for Property, Plant and Equipment	455
Other Financial Expenses	340
Account Settlement Expenses	34
Provisional Consumption Tax Payments	86
Balance Carried Forward to Following Fiscal Year	138
Total	3,102

Outline of NTT East's Business Operation Plan for Fiscal Year Ending March 31, 2009

1. Revenues and Expenses Plan for Fiscal Year Ending March 31, 2009

(billions of yen)

Item	FY 3/09	FY 3/08	Change
Operating Revenues	1,960	2,000	(40)
(1) Voice Transmission* (excl. IP services)	890	1,028	(138)
(2) IP-Related*	605	478	127
(3) Leased Circuits* (excl. IP services)	168	180	(12)
Operating Expenses	1,920	1,970	(50)
(1) Personnel Expenses*	110	115	(5)
(2) Non-Personnel Expenses*	1,285	1,319	(34)
(3) Depreciation*	415	420	(5)
Operating Income	40	30	10
Non-Operating Revenues	20	20	0
Recurring Profit	60	50	10

* Major items

2. Principal Services Plan (Number of Facilities at End of Fiscal Year)

Type of Service	FY 3/09	FY 3/08	Change
FLET'S Hikari	7,100,000 contracts	5,100,000 contracts	2,000,000 contracts
Subscriber Telephones and ISDN	20,120,000 subscribers	22,820,000 subscribers	(2,700,000) subscribers
Subscriber Telephones	17,260,000 subscribers	19,490,000 subscribers	(2,230,000) subscribers
Conventional Leased Circuits	160,000 circuits	171,000 circuits	(11,000) circuits
High-Speed Digital Transmission Circuits	110,000 circuits	133,000 circuits	(23,000) circuits

*1 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.)

*2 Figures for FY 3/08 have changed since the interim results were announced. The figures announced at that time are 5,400,000 contracts for FLET'S Hikari, 22,420,000 subscribers for subscriber telephones + ISDN, and 19,150,000 subscribers for subscriber telephones.

3. Capital Investment Plan

(billions of yen)

Item	FY 3/09	FY 3/08	Change
Expansion and Improvement of Services	425	415	10
(1) Voice Transmission*	140	130	10
(2) Data Transmission*	60	56	4
(3) Dedicated*	224	228	(4)
(4) Telegraph*	1	1	0
Research & Development Facilities	4	4	0
Common Facilities, etc.	26	21	5
Total	455	440	15

Optical Access Network*	Approx.	190	Approx.	190	Approx.	0
--------------------------------	---------	------------	---------	------------	---------	----------

*1 Major items

*2 Figures for FY 3/08 have changed since the interim results were announced. The figures announced at that time are Expansion and Improvement of Services: 418 billion yen, Voice Transmission: 127 billion yen, Data Transmission: 56 billion yen, Dedicated: 234 billion yen, Telegraph: 1 billion yen, Research & Development Facilities: 4 billion yen, Common Facilities: 18 billion yen, Total: 440 billion yen, and Optical Access Network: Approx. 200 billion yen.