



News Release

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

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Submission for Approval of Business Operation Plan for Fiscal Year Ending March 31, 2010

Nippon Telegraph and Telephone East Corporation (NTT East) today submitted its business operation plan for the fiscal year ending March 31, 2010 to the Minister for Internal Affairs and Communications for approval.

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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, creating new businesses and enhancing industry's overall international competitiveness. Today, the information and communications market is growing because of the spreading use of the internet and the dramatic growth in cellular phone use in conjunction with the advance of IP and broadband services. The market is undergoing dynamic structural changes, including the telecommunications and broadcasting convergence, the fixed-mobile convergence, and the expansion of SaaS (software as a service), cloud computing and other new internet-based services. Regional telecommunications markets are also changing dramatically, with growing competition in broadband access facilities and services centered around switch-over to optical access services, the full-scale deployment of "triple-play" services that include video delivery and the introduction of other new services that leverage information equipment other than personal computers.

Amidst such a difficult and sharply fluctuating operating environment, NTT East, as a carrier with an important leadership role in the information and communications industry, will strive to ensure that it satisfies the requirements for fair competition conditions following each law and regulation and social mores, and will continue to strive to provide high-quality, stable universal services and ensure the reliability of the social infrastructure through activities such as prompt restoration of services in times of large-scale natural disasters and other calamities. Moreover, while stabilizing and strengthening its business foundation, NTT East will focus its efforts on building a next-generation network ("NGN") for "fast and convenient," "safe and secure" connections "anytime, anywhere, and with anyone or anything" and on providing services and products that leverage its advantages. Through the realization of a broadband and ubiquitous environment, NTT East is seeking to make further contributions toward the resolution of problems by reducing society's overall environmental load posed by the aging society and decreasing population. It will also contribute toward the further enrichment and sustained development of society.

With regard to the management of business operations for the fiscal year ending March 31, 2010, in the face of the difficult operating environment amidst the current unprecedented global recession, based on the basic concepts described above, NTT East will continue to expand fiber optic access, and will achieve an even more advanced broadband network infrastructure through the pro-active deployment of the NGN. On this network infrastructure, NTT East will make significant enhancements to services such as optical IP telephony and the provision of video services. At the same time, NTT East will 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 with a sense of security and convenience. 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 management base. NTT East will strive to return the fruits of these measures to customers, the local community, and — through the holding company — to the shareholders.

NTT East will conduct its business management in this fiscal year on the basis of the above outlined concepts, emphasizing the items outlined below, while maintaining the flexibility needed for responding dynamically to changes in the operating 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 subscribers is projected to total approximately 16.53 million by the end of the fiscal year ending March 31, 2010.

Item	Planned Number (subscribers)
Additional Installations	(1.48 million)
Relocations	2.53 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), 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 provide social welfare and public services by continuing to promote the maintenance of wheelchair-accessible public telephone booths.

Item	Planned Number (units)
Public Telephones	(10,000)

(4) Integrated Digital Communications Services

The numbers of INS-Net 64 lines and INS-Net 1500 lines are projected to total approximately 2,379,000 and 30,000 respectively, by the close of the fiscal year ending March 31, 2010.

Item	Planned Number (circuits)
INS-Net 64 Subscriber Lines	(298,000)
INS-Net 1500 Subscriber Lines	(2,000)

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	1.40 million

3. Leased Circuit Services

The subscriptions for conventional leased circuits and high-speed digital transmission circuits are projected to total approximately 151,000 and 108,000 respectively, by the close of the fiscal year ending March 31, 2010.

Item	Planned Number (circuits)
Conventional Leased Circuits	(11,000)
High-Speed Digital Transmission Circuits	(8,000)

4. Telegraph Services

NTT East will conduct maintenance of its systems in order to ensure 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	300

(Cover rate at by the close of the fiscal year ending March 31, 2009 will be 93%)

(2) Telecommunications Network

In its telecommunications network, NTT East will upgrade network services and improve network economy and efficiency while working to expand its service area for the next-generation network and continuing with its effort to meet demand for broadband services.

(3) Disaster-Prevention Measures

NTT East will take the 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 support for transmitting information after a 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 the urban landscape, NTT East will work in coordination with the national and

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

(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 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 realization of a ubiquitous internet society, NTT East will continue to promote research and development in network systems and access systems, which aim to advance the next-generation network and other telecommunications networks. 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, 2010

Type of Service	Plan
Voice Transmission Services	
Telephone Subscriptions	
Additional Installations	(1.48 million) subscribers
Relocations	2.53 million subscribers
Social-Welfare Telephones (Silver Phones)	400 units
Public Telephones	(10,000) units
Integrated Digital Communications Services	
INS-Net 64 Subscriber Lines	(298,000) circuits
INS-Net 1500 Subscriber Lines	(2,000) circuits
Data Transmission Services	
FLET'S Hikari	1.40 million contracts
Leased Circuit Services	
Conventional Leased Circuits	(11,000) circuits
High-Speed Digital Transmission Circuits	(8,000) circuits

Table 2

Capital Investment Plan for Fiscal Year Ending March 31, 2010

(billions of yen)

Item	Investment Required
1. Expansion and Improvement of Services	*431
(1) Voice Transmission	160
(2) Data Transmission	70
(3) Leased Circuits	200
(4) Telegraph	1
2. Research and Development Facilities	3
3. Common Facilities and Others	26
Total	460

*This includes approximately 180 billion yen to be invested in the Optical Access Network.

Attachment 1
(Reference)

Revenues and Expenses Plan for Fiscal Year Ending March 31, 2010

(billions of yen)

Item	Amount
Revenues	
Operating Revenues	1,930
Voice Transmission	953
Data Transmission	238
Leased Circuits	450
Telegraph	20
Others	269
Non-Operating Revenues	56
Total Revenues	1,986
Expenses	
Operating Expenses	1,890
Operating Costs	1,399
Tax and Dues	74
Depreciation	417
Non-Operating Expenses	36
Total Expenses	1,926
Recurring Profit	60

Plan of Sources and Applications of Funds
for Fiscal Year Ending March 31, 2010

(billions of yen)

Item	Amount
Sources:	
Operational	2,507
Operating Revenues	2,451
Non-Operating Revenues	56
Financial	281
Long-Term Loans and Bonds	156
Other Financial Income	125
Estimated Consumption Tax Receipts	97
Balance Carried Forward from Previous Fiscal Year	135
Total	3,020
Applications:	
Operational	2,043
Operating Expenses	2,018
Non-Operating Expenses	25
Financial	706
Capital Investments for Property, Plant and Equipment	460
Other Financial Expenses	246
Account Settlement Expenses	51
Provisional Consumption Tax Payments	85
Carry Forward to Following Fiscal Year	135
Total	3,020