



# *News Release*

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

Telephone +81 6 4793 2311

3-15 Bambacho Chuo-ku, Osaka 540-8511 Japan

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

**March 1, 2007**

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

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

For further information, contact:  
Business Management Unit,  
Corporate Strategy Planning  
Department  
Tel: 06-4793-3371

The government and private sectors are working together in the telecommunications sector to create the “ubiquitous network society” as an objective for the “u-Japan Policy” and “New IT Reform Strategy” as the telecommunication sector is expected to contribute substantially to increased efficiency and vitality in socioeconomic activities and greater convenience in the lives of the people. The structure of telecommunications market itself is undergoing rapid changes as needs become steadily more advanced, diverse and global in nature and demand for Internet communications sharply rises. The local communications market is experiencing significant changes. Broadband services are rapidly expanding, particularly optical access services. There is also a rapid migration from fixed-line telephones to optical IP telephones. Demand for “triple play” service that combines Internet connection services with IP telephone services and video distribution services is growing. As IP comes to the fore, we are witnessing increasing fusion between services: fixed and mobile, telecommunications and broadcasting.

In this severe and dramatically changing business environment, NTT West will continue to provide quality, stable universal service, promote the smooth migration to optical networks and IP services, and enhance the optical access network at the foundation of broadband services. NTT West will also contribute to the formation of fair telecommunications markets, promote applied research and development, and ensure the reliability and public nature of telecommunications. To facilitate the achievement of the “NTT Group Medium-Term Business Strategy” while ensuring fair competitive conditions under the current legal framework, NTT West will work to build and provide open, next-generation network environments that take advantage of the unique properties of “light” to provide a wide range of services, and will contribute to the development of broadband, ubiquitous network environments in which customers are able to connect “faster and more comfortably” , “safer and more securely” and “anytime, anywhere and with anything”.

The business management during the fiscal year ending March 31,2008 is based on these fundamental concepts. Broadband services will use optical access lines to provide “Hikari Denwa” (optical line-based telephone) services and, with the collaboration of a number of other players, video distribution services. In addition to these efforts to bring more excitement and attraction to customers, we will also build and provide faster, more enjoyable, next-generation networks, respond accurately and quickly to customer opinions and requests through our community-based operations, and endeavor to improve the level of service and quality of service provided so as to contribute to the development of local communities. As a business that provides social infrastructure, we will contribute to the achievement of a safer, more secure society by using our entire group strength to provide stable “Hikari Denwa” services, prevent facilities-related accidents, rebuild and recover from

the disasters and, through these activities, earn the faith and trust of our customers. In light of the difficult business environment, we will continue to seek greater efficiency in our management and to ensure our profitability. Through our efforts to facilitate connection and ensure open networks and through active programs to train human resources and to work in collaboration with other group companies to develop new businesses, we will build foundations for stable operations well into the future and endeavor to return the fruits of these policies and programs to our customers, communities and, through our holding company, to our shareholders.

During the fiscal year ending March 31, 2008, we anticipate challenging financial circumstances, but will place priority on the following items in our business operations and adapt quickly and flexibly to changing business environments as we work towards their achievement.

1. Voice transmission services

(1) Subscriber Telephones

NTT West responds immediately to all demands for telephone subscriptions, including the relocation of existing lines, and forecasts approximately 19.89 million subscriptions by the close of the fiscal year ending March 31, 2008.

Item	Planned Number (subscribers)
Additional installations	(2.12) million
Relocations	4.24 million

(2) Social-Welfare Telephones

As social welfare programs continue to expand and develop, NTT West will promote the installation of “Silver Phone series” (Anshin (Relief), Meiryō (Clearness), Hibiki (Sound), Fureai (Communication)) and other products that are designed to meet society’s demand for welfare-oriented telecommunications services.

Item		Planned Number (units)
Silver Phone	Anshin (Relief)	1,800
	Meiryō (Clearness)	(0)

### (3) Public Telephones

NTT West will continue to maintain public telephone facilities to enhance public safety and provide minimal public means of communications when away from home, while reviewing underused public telephones. In addition, we will work to enhance welfare and services with an ongoing program to install wheelchair-friendly telephone booths.

Item	Planned Number (units)
Public Telephones	(18,000)

### (4) Integrated Digital Communications Services

The total numbers of INS-Net 64 lines and INS Net 1500 lines are projected to be approximately 2.812 million and 18,000 respectively by the close of the fiscal year ending March 31, 2008.

Item	Planned Number (circuits)
INS-Net 64 Subscriber Lines	(391,000)
INS-Net 1500 Subscriber Lines	(3,000)

## 2. Data transmission services

As the demand for broadband services increases, we will endeavor to enhance our “optical” access services and provide a wider range of services.

Item	Planned Number (contracts)
FLET'S /Optical	1.4 million

### 3. Dedicated services

In dedicated services, we forecast approximately 181,000 ordinary dedicated lines and approximately 102,000 high-speed digital transmission services by the close of the fiscal year ending March 31, 2008.

Item	Planned Number (circuits)
Conventional Leased Circuits	(7,000)
High-Speed Digital Transmission Services	(10,000)

### 4. Telegraph services

NTT West will continue to maintain systems so as to promote enhanced services and more efficient operations.

### 5. Improvement and upgrading of telecommunications facilities

#### (1) Optical Access Networks

NTT West will move actively towards the conversion to optical access networks to meet expanding demands for broadband telecommunications services.

Item	Planned Number (million fiber km)
Optical Subscriber Cables	0.9

(Coverage rate at the end of March 2008 will be 88%)

#### (2) Telecommunications Network

NTT West will continue to upgrade services and improve the economy and efficiency of telecommunications networks while responding to the growing demand for broadband telecommunications services.

(3) Disaster Prevention Measures

NTT West will provide necessary disaster prevention programs, including disaster prevention for telecommunications facilities, assurance of emergency communications services, enhancements to risk management restoration of systems that take account of large-scale disasters and support for information distribution after the occurrence of disasters.

(4) Installation of Underground Transmission Cables

NTT West will work in coordination with central government, local government and corporate partners to move communications cables underground to improve the reliability of communications facilities, ensure safe and pleasant passage spaces and improve urban vistas.

(5) Facility Maintenance

NTT West will continue to replace cables to provide stable, quality services and will stabilize our telecommunication systems and equipment in a manner that maintains customer service levels and ensures the safety of workers and harmonizes with the social environment.

In improving and upgrading telecommunications facilities, we will maximize use of existing equipment to promote cost savings.

6. Promotion of research and development activities

Faced with severe changes in market environments, our research and development will emphasize IPv6 network systems and access systems that provide more advanced, reliable telecommunications networks.

We will also promote research and development of telecommunications terminal equipment and information distribution applications that will facilitate the “easy and convenient” utilization of a wide variety of application services to better meet the social demands in telecommunications.

The attached tables contain an outline of principal service plans and capital investment plans.

**Attachment 1**

**Principal Services Plan  
for Fiscal Year Ending March 31, 2008**

Type of Service	Unit	Plan
Voice transmission services		
Subscriber Telephones		
Additional installations	10,000 subscribers	(212)
Relocations	10,000 subscribers	424
Welfare Telephones (Silver Phone)	100 units	18
Public Telephones	1,000 units	(18)
Integrated Digital Communications Services		
INS-Net 64	1,000 circuits	(391)
INS-Net 1500	1,000 circuits	(3)
Data Transmission Services		
FLET'S/Optical	10,000 contracts	140
Dedicated services		
Ordinary dedicated services	1,000 circuits	(7)
High-Speed Digital Transmission Services	1,000 circuits	(10)

## Attachment 2

### Capital Investment Plan for Fiscal Year Ending March 31, 2008

(billions of yen)

Item	Investment required
	Note:
1. Expansion and Improvement of Services	401
(1) Voice Transmission	164
(2) Data Transmission	44
(3) Dedicated	192
(4) Telegraph	1
2. Research & Development Facilities	3
3. Common Facilities, etc.	11
Total	415

Note: This includes approximately 170 billion yen to be invested in the Optical Access Network.



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(Attached documentation)

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

(billions of yen)

Classification	Amount
Revenues	
Operating Revenues	1,939
Voice Transmission	1,072
Data Transmission	148
Dedicated Line	369
Telegraph	26
Others	324
Non-Operating Revenues	63
Total	2,002
Expenses	
Operating Expenses	1,936
Operating Costs	1,432
Taxes and Dues	71
Depreciation	433
Non-Operating Expenses	46
Total	1,982
Recurring profit/loss	20

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(Attached documentation)

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

(billions of yen)

Item	Amount
Sources:	
Operational:	2,395
Operating Revenues	2,332
Non-Operating Revenues	63
Financial	313
Long-Term Loans and Bonds	273
Other Financial Income	40
Estimated Consumption Tax Receipts	96
Brought Forward from Previous Fiscal Year	90
Total	2,894
Applications:	
Operational:	2,016
Operating Expenses	1,980
Non-Operating Expenses	36
Financial:	672
Capital Investment in Property, Plants and Equipment	415
Other Financial Expenses	257
Account Settlement Expenses	32
Provisional Consumption Tax Payments	84
Carry Forward to Following Fiscal Year	90
Total	2,894

(Reference) **Summary of the Business Operation Plan  
for the Fiscal Year Ending March 31, 2008**

**1. Principal Services Plan**

■ Net increase

Item	Unit	FY 2008	FY 2007 Forecast	Change
FLET'S HIKARI	10,000 contracts	140	120	20
Hikari Denwa	10,000 channels	130	104	26
FLET'S ADSL	10,000 contracts	(30)	(11)	(19)
Subscriber telephones + ISDN	10,000 subscribers	(254)	(212)	(42)

Note: 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 subscriptions is calculated as ten INS-Net 64 subscriptions (INS-Net 64 Lite Plan is included).

## 2. Balance Plan

(billions of yen)

Item	FY 2008	FY 2007 Forecast	Change
Gross Revenues	2,002	2,048	(46)
IP-related Revenues	406	308	98
Existing Service Revenues	1,361	1,494	(133)
Gross expenses	1,982	1,998	(16)
Personnel Expenses	110	124	(14)
Non-Personnel Expenses	1,273	1,282	(9)
Capital Expenses (Depreciation and amortization charges + Write-offs of fixed assets)	482	477	5
Recurring Profit	20	50	(30)

### 3. Capital Investment Plan

(billions of yen)

Item	FY 2008	FY 2007 Forecast	Change
Expansion/Improvement of Service	401	401	(0)
Voice Transmission	164	154	10
Data Transmission	44	55	(11)
Dedicated	192	191	1
Telegraph	1	1	(0)
R&D Facilities	3	3	(0)
Common Facilities, etc.	11	11	(0)
Total	415	415	(0)

Investment in Conversion to Optical Access Network	Approx. 170	Approx. 160	Approx. 10
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