



News Release

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

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

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**Submission for Approval of Business Operation Plan
for Fiscal Year Ending March 31, 2007**

Nippon Telegraph and Telephone West Corporation (NTT West) today submitted its business operation plan for the fiscal year ending March 31, 2007 to the Minister for Internal Affairs and Communications for approval.

**For further information, contact:
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The government and private sectors are working together in the telecommunications sector to create a “ubiquitous network society” as an objective for the “u-Japan Policy” and “New IT Reform Strategy,” which is expected to play a key role in enhancing the efficiency and vitality of socioeconomic activities and the convenience of 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. In local telecommunications markets, significant changes are being seen in fixed-line markets due to rapid expansion of broadband services, particularly optical access services, greater competition from direct-access telephone services, rapid migration to IP telephone services, and increasing fusion of fixed-line, mobile, telecoms and broadcasting as IP services expand.

In this severe and dramatically changing business environment, NTT West will continue to provide quality and 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,” NTT West will work to build open 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 ubiquitous broadband network environments in which customers are able to connect “faster and more comfortably,” “safer and more securely” and “anytime, anywhere and with anything,” while ensuring fair competitive conditions under the framework of existing laws.

The business management during the fiscal year ending March 31, 2007, is based on these fundamental concepts. Broadband services will use optical access lines to provide “Hikari Denwa” (optical line-based telephone) services, and video distribution services with the collaboration of a number of other players. In addition to these efforts to bring more excitement and attraction to customers, we will also work to strengthen our community-based operations, respond promptly and accurately to customer opinions and requests, and endeavor to improve the level of service and quality of service provided to contribute to the development of local communities. As a business that provides social infrastructure, we will contribute to achieving a safer, more secure society by using our entire group effort to prevent facility-related accidents, rebuild and recover from disasters and, earn the faith and

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

During the fiscal year ending March 31, 2007, we 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 21.33 million subscriptions by the close of the fiscal year ending March 31, 2007.

Item	Planned Number (subscribers)
Additional installations	-2.37 million
Relocations	4.15 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)	1,300
	Meiryō (Clearness)	0

(3) Public Telephones

With respect to public telephones, NTT West will continue to meet the minimum requirements for public means of communications while reviewing the installation of public telephones which are currently in low use. We will also work to enhance welfare and services with an ongoing program to install wheelchair-friendly 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 total approximately 3.05 million and 20,000, respectively, by the close of the fiscal year ending March 31, 2007.

Item	Planned Number (circuits)
INS-Net 64 Subscriber Lines	-439,000
INS-Net 1500 Subscriber Lines	-1,000

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	1.2 million

3. Dedicated services

In dedicated services, we forecast approximately 196,000 ordinary dedicated lines and approximately 133,000 high-speed digital transmission services by the close of the fiscal year ending March 31, 2007.

Item	Planned Number (circuits)
Conventional Leased Circuits	-12,000
High-Speed Digital Transmission Services	-16,000

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 forward with the conversion to optical access networks so as to meet expanding demands for broadband telecommunications services.

Item	Planned Number (million fiber km)
Optical Subscriber Cables	1

(Coverage rate at the end of March 2007 will be 87%)

(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 and rebuilding systems that take account of large-scale disasters and support for information communications 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 spaces and improve urban vistas.

(5) Facility Maintenance

NTT West will continue to replace cables to provide stable, quality services and will maintain and 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 network systems and access systems that provide more advanced, more reliable telecommunications networks.

We will also move forward with the 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 social demand for 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, 2007**

Type of Service	Unit	Plan
Voice transmission services		
Subscriber Telephones		
Additional installations	10,000 subscribers	▲ 237
Relocations	10,000 subscribers	415
Welfare Telephones (Silver Phone)	100 units	14
Public Telephones	1000 units	▲ 14
Integrated Digital		
Communications Services		
INS-Net 64	1000 circuits	▲ 439
INS-Net 1500	1000 circuits	▲ 1
Data Transmission Services		
FLET'S/Optical	10,000 contracts	120
Dedicated services		
Ordinary dedicated services	1000 circuits	▲ 12
High-Speed Digital	1000 circuits	▲ 16
Transmission Services		

Attachment 2**Capital Investment Plan
for Fiscal Year Ending March 31, 2007**

(billions of yen)

Item	Investment required
	Notes:
1. Expansion and Improvement of Services	387
(1) Voice Transmission	244
(2) Data Transmission	48
(3) Dedicated	94
(4) Telegraph	1
2. Research & Development Facilities	3
3. Common facilities, etc.	10
Total	400

Note: This includes approximately 160 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, 2007**

(billions of yen)

Classification	Amount
Revenues	
Operating Revenues	1,974
Voice Transmission	1,154
Data Transmission	137
Dedicated Line	320
Telegraph	28
Others	335
Non-Operating Revenues	51
Total	2,025
Expenses	
Operating Expenses	1,952
Operating Costs	1,450
Taxes and Dues	72
Depreciation	430
Non-Operating Expenses	43
Total	1,995
Recurring profit/loss	30

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(Attached documentation)

**Plan for Sources and Application of Funds
for Fiscal Year Ending March 31, 2007**

(billions of yen)

Item	Amount
Sources:	
Operational:	2,417
Operating Revenues	2,366
Non-Operating Revenues	51
Financial	236
Long-Term Loans and Bonds	194
Other Financial Income	42
Estimated Consumption Tax Receipts	98
Brought Forward from Previous Fiscal Year	111
Total	2,862
Applications:	
Operational:	1,998
Operating Expenses	1,963
Non-Operating Expenses	35
Financial:	640
Capital Investment in Property, Plants and Equipment	400
Other Financial Expenses	240
Account Settlement Expenses	31
Provisional Consumption Tax Payments	82
Carry Forward to Following Year	111
Total	2,862

(Reference) **Summary of the Business Operation Plan
for the Fiscal Year Ending March 31, 2007**

1. Principal Services Plan

■ Net increase

Item		Unit	FY 2007	FY 2006 Forecast	Change
FLET'S/Optical		10,000 contracts	120	80	40
Subscriber telephones and ISDN		10,000 subscribers	- 282	- 204	- 78
	Subscriber Telephones	10,000 subscribers	- 237	- 170	- 67
	ISDN	10,000 subscribers	- 45	- 34	- 11
Dedicated	Conventional Leased Circuits	1000 circuits	- 12	- 15	3
	High-Speed Digital Transmission Circuits	1000 circuits	- 16	- 25	9

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

2. Balance plan

(billions of yen)

Item	FY 2006	FY 2005 Forecast	Change
Gross Revenues	2,025	2,084	- 59
IP-related Revenues	309	232	77
Voice Transmission Revenues (excluding IP-related)	1,135	1,245	- 110
Dedicated Revenues (excluding IP-related)	167	170	- 3
Gross expenses	1,995	2,034	- 39
Payroll	170	181	- 11
Property Expenses	1,244	1,270	- 26
Capital Expenses (Depreciation and amortization charges + Write-offs of fixed assets)	466	466	0
Ordinary Earnings	30	50	- 20

3. Capital Investment Plan

(billions of yen)

Item	FY 2007	FY 2006 Forecast	Change
Expansion/Improvement of service	387	427	- 40
Voice Transmission	244	268	- 24
Data Transmission	48	68	- 20
Dedicated	94	90	4
Telegraph	1	1	0
R&D Facilities	3	3	0
Common Facilities etc.	10	10	0
Total	400	440	- 40
Investment in conversion to Optical Access Network	^{Ap} 160	^{Ap} 170	^{Ap} - 10