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# Business Operation Plan for Fiscal Year Ending March 31, 2009

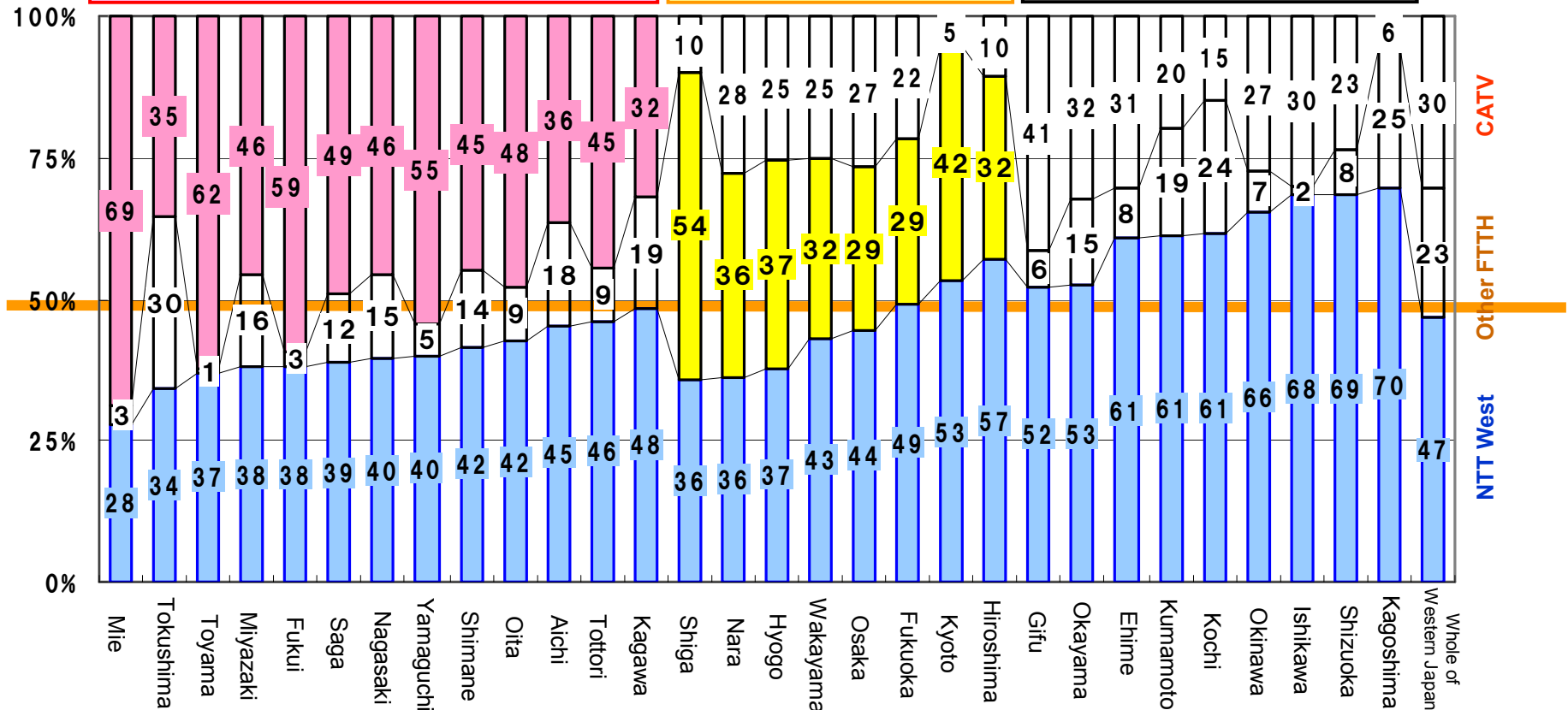
February 29, 2008  
Nippon Telegraph and Telephone West  
Corporation (“NTT West”)

# Our Market Share in the Super High Speed Broadband Service (FTTH and CATV)

Below 50% in 19 of the 30 prefectures, where NTT West provides its service and NTT West is faced with a fierce competition

- Fierce competition with CATV providers in 13 prefectures. (CATV providers have higher market share in 10 prefectures )
- Competing hard against electric utilities companies in 8 prefectures.

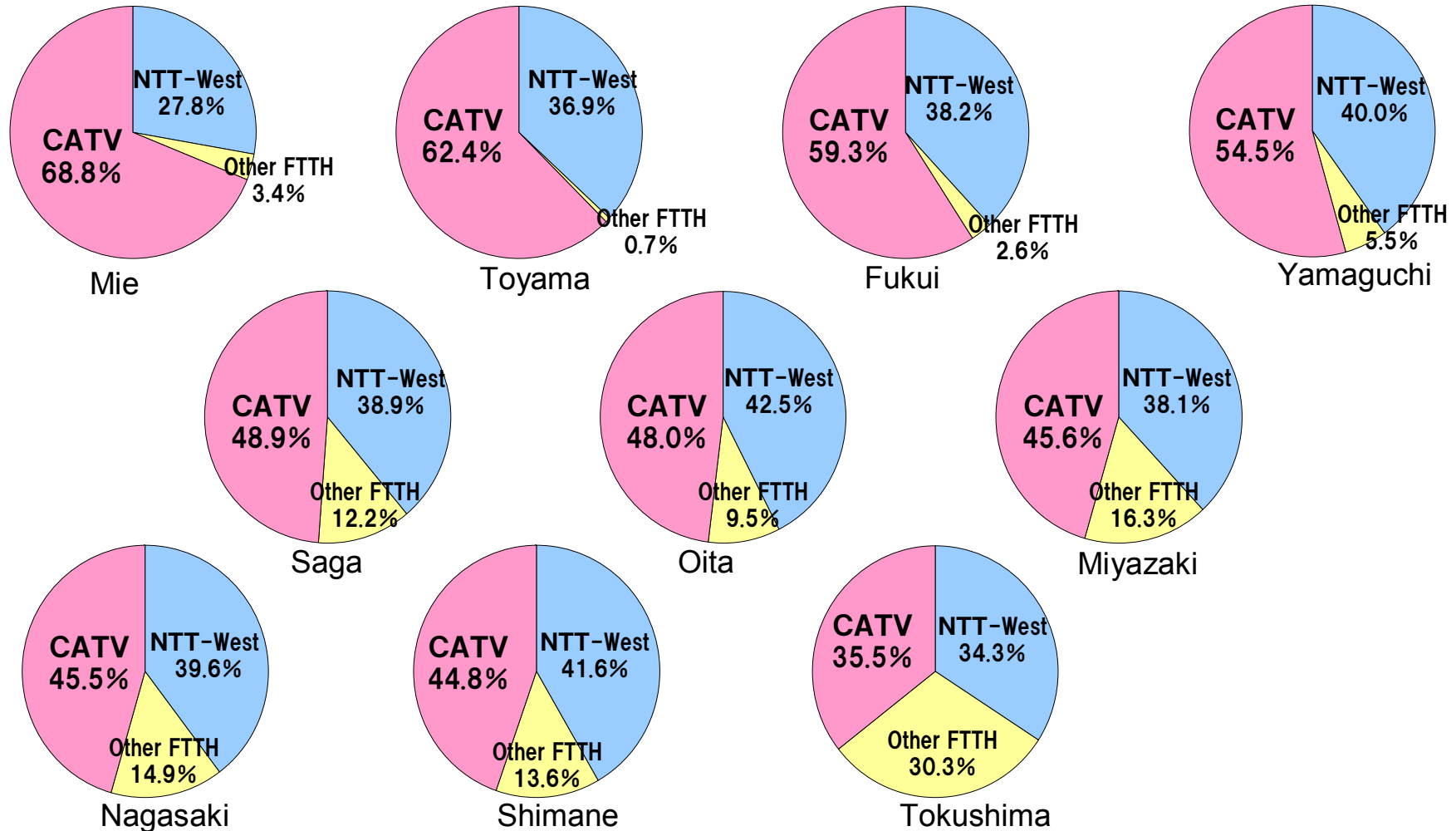
<b>Areas facing high competitions with CATV providers</b> ( 13 prefectures, where NTT's market share is below 50% Our average share: 40.8% CATV providers' average share: 46.1% )	<b>Areas facing high competitions With other FTTH providers</b> ( 8 prefectures, mostly in Kansai and other urban areas Our average share: 44.8% Other FTTH providers' average market share: 33.4% )	<b>Others</b> ( 9 prefectures, Our average share: 61.9% )
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(Sources: The Ministry of Internal Affairs and Communications and NTT West, as of Sept. 30, 2007)

# Presence of CATV Providers

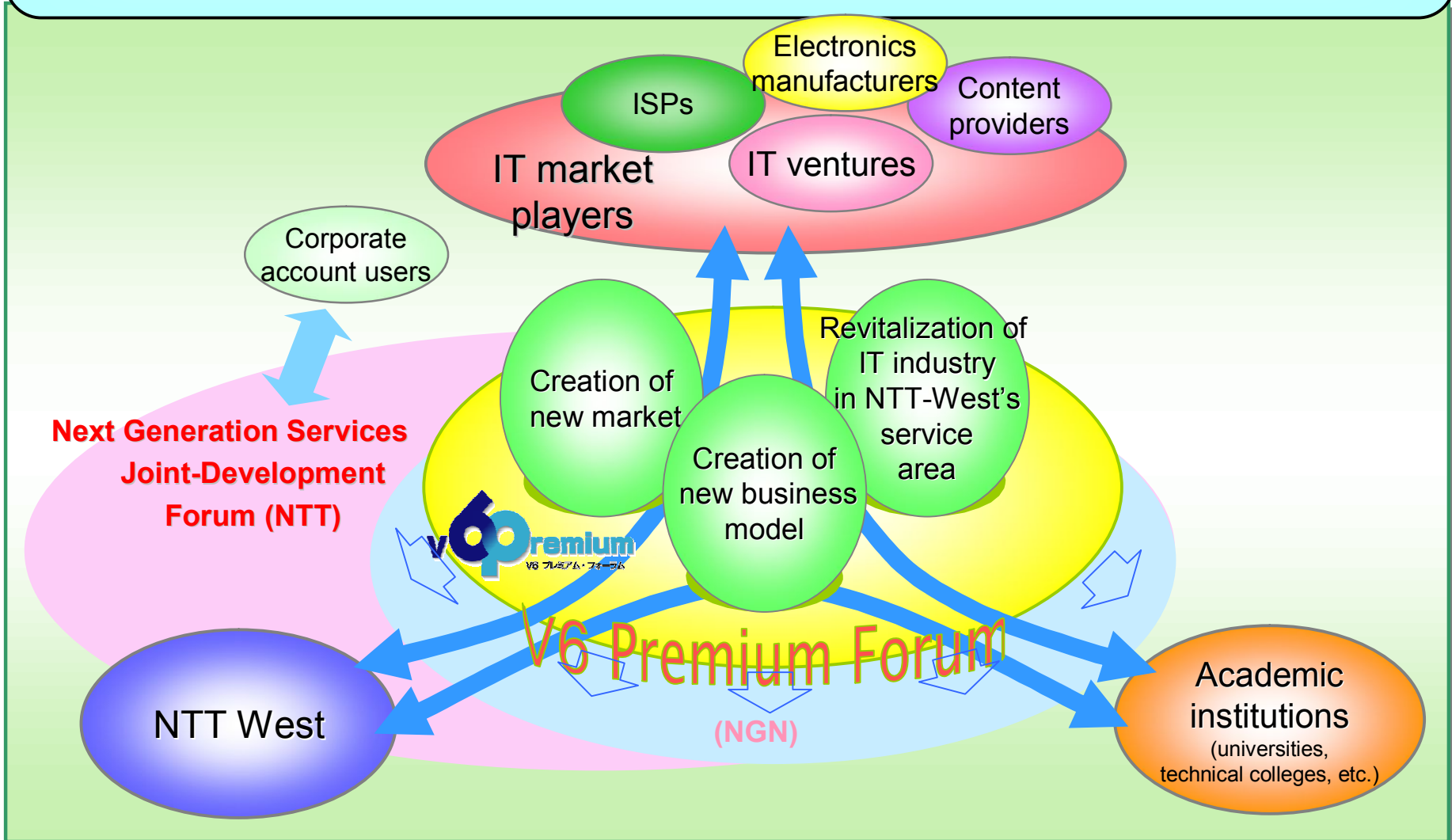
- CATV providers are dominating the FTTH/CATV markets in 10 out of the 30 prefectures.
- CATV providers are taking more than 50% share in 4 out of the 30 prefectures.



(Sources: The Ministry of Internal Affairs and Communications and NTT West, as of Sept. 30, 2007)

# Creating a New Business Models for Expanded Use of NGN

On September 28, 2006, V6 Premium Forum was established to revitalize the IT industry in NTT West's service area. NTT West will further expand on this and will work in collaboration with the Next Generation Services Joint-Development Forum announced by the holding company to create a new business model and market.



# Increasing Marketing Effort for Corporate Customers

## Initiatives for the fiscal year ending March 31, 2008

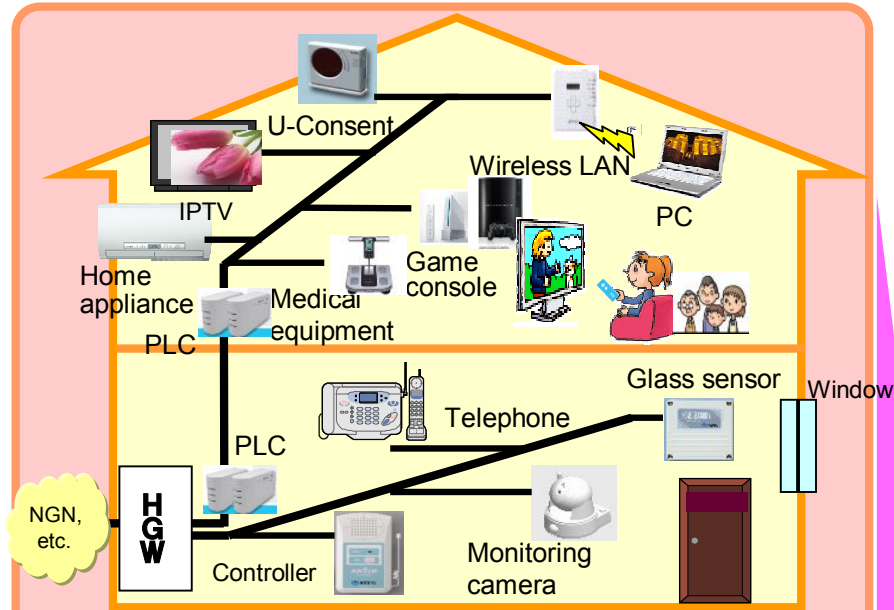
- Set up teams specializing in small to medium sized company users  
【Approx. 200 staff across Western Japan】
- Establish semi-direct marketing structure in Kansai

## Initiatives for the fiscal year ending March 31, 2009

- Allocate more human resources, including young staff  
【Approx. 400 staff across Western Japan】
- Expand semi-direct marketing structure throughout the whole of Western Japan
- Expand resources for solution services
- Promote effective and efficient proposal of services to customers

# New Home Services (1/2)

## Expanding and Generally Availing home networks



[Emerging customer demands]

- Support for diversified services and information equipment
- Support for Internet connection, terminal setup and security services, etc.
- Reducing further increase in interior wiring.

Repair of telephone lines and terminals in the past

- Provision of circuit services, recovering fixed-line phone fault, etc.

## New home services

Now → Ubiquitous broadband age

Remote PC management, *Mimamori*, and network monitoring

*Anshin* (security) service that provides daily general information

Personal computer loan service

Home network lifestyle consulting

On-site services, such as IPTV

Remote support service

Comprehensive wiring/setup service

Home security service

*Makasete Anshin* (dependable reliable) service

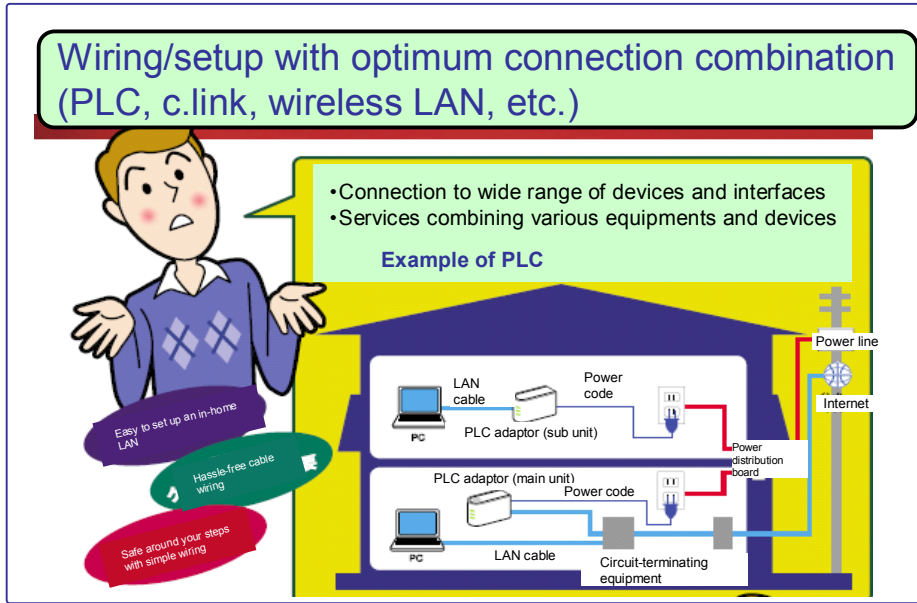
Continued provision of conventional home services

Maintain subscriber equipment

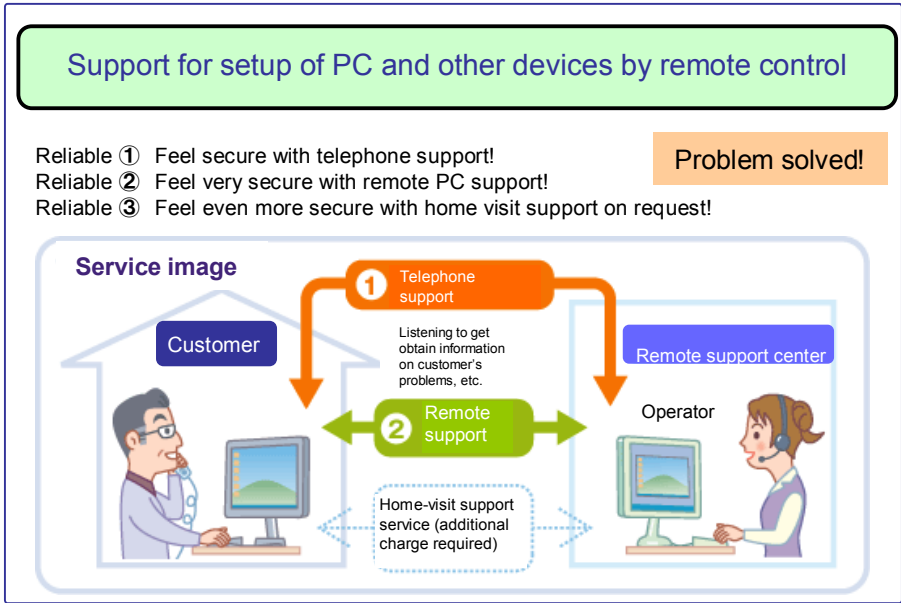
Restructuring the organization to offer integrated support

# New Home services (2/2) 【Outline of major services】

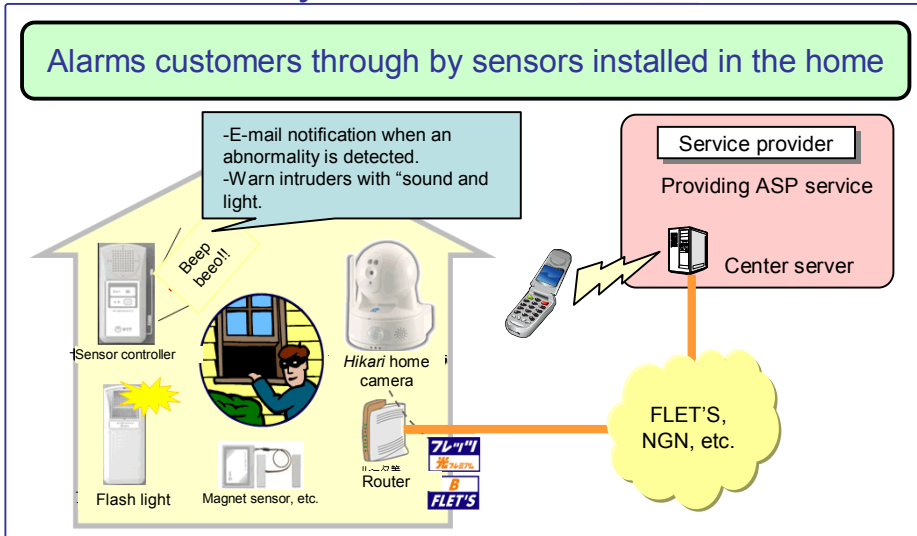
## Comprehensive wiring/setup service



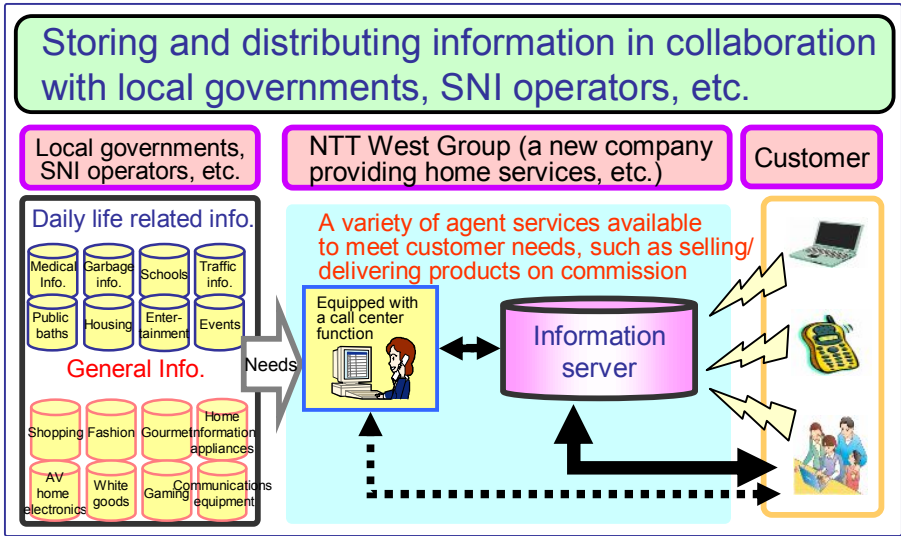
## Makasete Anshin (dependable and reliable) service



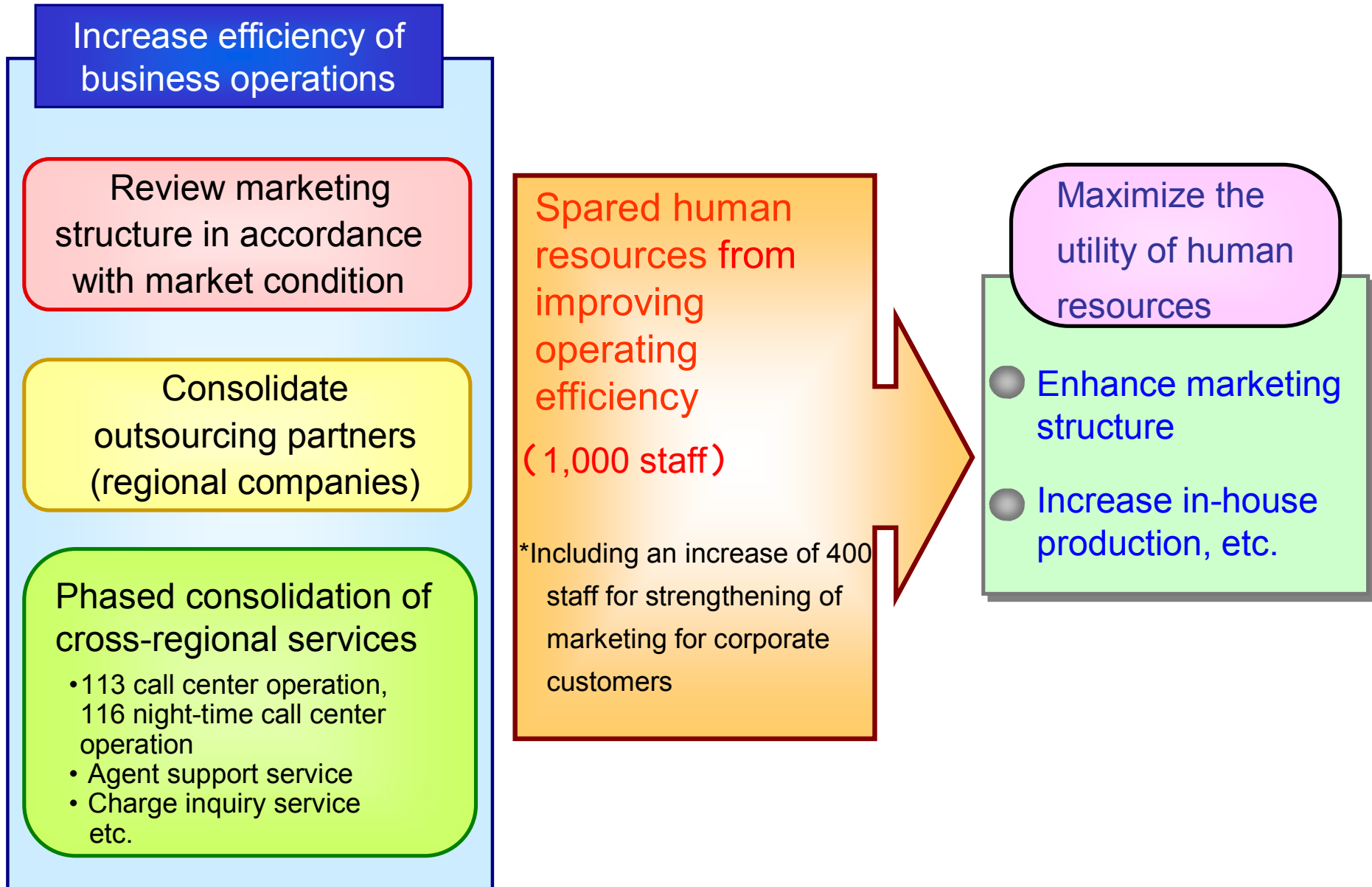
## Home security service



## Anshin (reliable) service that provides daily general information



# Efforts to Increase Operating Efficiency and Reduce Costs





**Business Plan** (Balance Plan, Capital Investment Plan)  
for Fiscal Year Ending March 31, 2009

(billions of yen)

	FY 3/09 Plan	FY 3/08 Forecast	Change	
Operating revenues	<b>1,871</b>	<b>1,918</b>	<b>Δ47</b>	<b>Δ2.5%</b>
Operating expenses	<b>1,866</b>	<b>1,915</b>	<b>Δ49</b>	<b>Δ2.6%</b>
Operating income	<b>5</b>	<b>3</b>	<b>2</b>	<b>66.7%</b>
Recurring profits	<b>10</b>	<b>20</b>	<b>Δ10</b>	<b>Δ50.0%</b>
Capital investment	<b>430</b>	<b>395</b>	<b>35</b>	<b>8.9%</b>

(attachment)

# 1. Sales Plan

■ Net increase

Item	Unit	FY 3/09 Plan	FY 3/08 Forecast	Change
FLET'S Hikari	10,000 contracts	140 (528)	120 (388)	20
Hikari Denwa	10,000 channels	145 (412)	120 (267)	25
FLET'S ADSL	10,000 contracts	△ 37 (187)	△ 30 (224)	△ 7
Subscriber telephones + ISDN	10,000 subscribers	△ 250 (2,062)	△ 225 (2,312)	△ 25

Note:

- The figures in parentheses represent the number of contracts at the end of the fiscal year.
- Figures for ISDN subscriber lines consist of INS-Net 64 and INS-Net 1500.  
One INS-Net 1500 subscriptions is calculated as ten INS-Net 64 subscriptions.

(attachment)

## 2. Balance Plan

(billions of yen)

Item	FY 3/09 Plan	FY3/08 Forecast	Change
Gross revenues	1,920	1,981	△ 61
Operating revenues	1,871	1,918	△ 47
IP-related revenues	490	400	90
Revenue from existing services	1,211	1,351	△ 140
Voice transmission revenues*	893	1,018	△ 125
Gross expenses	1,910	1,961	△ 51
Operating expenses	1,866	1,915	△ 49
Expenses	1,245	1,257	△ 12
Capital expenses	450	480	△ 30
Recurring profit	10	20	△ 10
Operating income	5	3	2

\* Partial listing only

(attachment)

### 3. Capital Investment Plan

(billions of yen)

Item	FY 3/09 Plan	FY 3/08 Forecast	Change
Expansion/Improvement of service	415	381	34
Voice transmission	184	164	20
Data transmission	56	39	17
Dedicated	174	177	△ 30
Telegraph	1	1	0
R&D facilities	3	3	0
Common facilities, etc.	12	11	1
<b>Total</b>	<b>430</b>	<b>395</b>	<b>35</b>
Investment in Conversion to Optical Access Network *	Approx. 140	Approx. 150	Approx. △ 10

\* Partial listing only

**The forward-looking statements and projected figures concerning the future performance of NTT West contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT West in light of information currently available to it regarding the economy, the telecommunications industry in Japan and other factors. These projections and estimates may be affected by the future business operations of NTT West, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere and other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein.**