



News Release

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

March 1, 2012

Submission for Approval of Business Operation Plan for the Fiscal Year Ending March 31, 2013

Nippon Telegraph and Telephone West Corporation (“NTT West”) submitted today its business operation plan for the fiscal year ending March 31, 2013 to the Minister for Internal Affairs and Communications for approval.

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Information and communications services are expected to make significant contributions to increasing the efficiency of and invigorating social and economic activities and to improving lifestyle convenience by creating the foundations for a ubiquitous broadband network society where information communication technology (“ICT”) use is highly developed. The government and the private sector are working in partnership to achieve such goals. The information and telecommunications market is undergoing a structural change through the shift to broadband and globalization, and the spread of smartphones, tablet and other devices. This market is catering to increasingly sophisticated and diversified needs by, among other things, expanding cloud services and platform services, including video and music distribution. Regional telecommunications markets are experiencing an increase in competition for fiber-optic access services and cable television-based broadband. Regional telecommunications markets are also undergoing significant changes, such as the convergence of fixed and mobile services, and of telecommunications and broadcasting, caused by the shift to IP and use of a diverse range of wireless devices.

Within this challenging and dramatically changing business environment, NTT West is striving to promote the smooth migration to optical, IP-based networks and enhance the fiber-optic access network that is at the base of broadband services, as well as continuing to provide high-quality, stable universal services. NTT West also aims to contribute to the development of fair telecommunications markets and promote applied research and development to ensure the reliability and public utilization of telecommunications services. It is also endeavoring to contribute to the sound development of the information distribution society, creating a broadband and ubiquitous network environment by offering an open next-generation network (“NGN”) that, while ensuring fair terms of competition within the current legal framework, utilizes the unique characteristics of “fiber-optics” to offer a much wider spectrum of services that will enable customers to connect “anytime, anywhere and with anyone or anything” “in comfort, safety and peace of mind”. At the same time, NTT West aims to expand the use of fiber-optic services by providing customers with “easy-to-use” rate plans and appealing services.

These are the basic concepts that underlie the business plan for the fiscal year ending March 31, 2013. In its broadband services, NTT West will be providing a more comfortable, safer and more secure NGN. In addition, NTT West will be providing customers with exciting opportunities by, among other things, collaborating with other players to create new services, offering Hikari Denwa services that make use of fiber-optic access lines, retransmission of digital terrestrial television and offering on-demand video distribution services. NTT West will also maintain its community-oriented sales activities so that it is able to respond to customers’ opinions and requests in an appropriate and timely manner, improving both the range and quality of services and contributing to the development of local communities. In conjunction with this, and in recognition of its responsibilities as an operator of social infrastructure, NTT West will contribute to the creation of safe and secure societies by ensuring the stable provision of its broadband access, Hikari Denwa and other services, preventing equipment failures, strengthening facilities countermeasures in preparation for possible large-scale disasters, responding vigorously to restore service in times of disaster, and bringing all of its group resources to bear on the activities and services that will earn the continued trust of its customers. Although the business environment is harsh, NTT West will continue to improve the efficiency of its operations so as to maintain profitability.

NTT West will work to further achieve fair competition through its compliance efforts and lay the foundations for the stable development of its business into the future by making proactive efforts to facilitate connectivity and ensure the openness of its networks, actively promoting human resource development, expanding into new business areas in coordination with its group companies, and making a positive contribution to reducing the burden on the environment. As these policies and programs bear fruit, NTT West will endeavor to share the benefits with its customers, local communities and, through the holding company, the shareholders.

NTT West foresees difficult financial conditions in the fiscal year ending March 31, 2013, but will respond flexibly to the changing business environment by placing priority on the following items, as called for in the concepts and strategies outlined above.

1. Voice transmission services

(1) Telephone subscriptions

NTT West will respond promptly to all demands for telephone subscriptions, including the relocation of existing lines, and forecasts that it will have approximately 12.68 million subscriptions by the close of the fiscal year ending March 31, 2013.

Item	Planned number (subscriptions)
Additional installations	(1.27) million
Relocations	1.91 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 West will continue to promote the provision of welfare-oriented products, such as its “Silver Phone series” (“Anshin” (relief), “Meiryō” (clearness), “Hibiki” (sound) and “Fureai” (communication)).

Item		Planned number (units)
Silver Phone	Anshin (Relief)	2,700
	Meiryō (Clearness)	0

(3) Public telephones

NTT West will continue to maintain public telephone facilities to ensure public safety and meet the minimum requirements for providing a public means of communications. At the same time, NTT West will review underused public telephones, and will also strive to provide social welfare services by continuing the maintenance of wheelchair-accessible public telephone booths.

Item	Planned number (units)
Public telephones	(13,000)

(4) Integrated digital communications services

The total numbers of INS-Net 64 subscriber lines and INS-Net 1500 subscriber lines are projected to be approximately 1.721 million and 11,000, respectively, by the close of the fiscal year ending March 31, 2013.

Item	Planned number (circuits)
INS-Net 64 subscriber lines	(168,000)
INS-Net 1500 subscriber lines	(2,000)

2. Data transmission services

To respond to the increasing demand for broadband services, NTT West will endeavor to expand its fiber-optic access services and provide a wider range of services.

Item	Planned number (contracts)
FLET'S Hikari	0.65 million

3. Leased circuit services

The subscriptions for conventional leased circuits and high-speed digital transmission circuits are projected to total approximately 133,000 and 69,000, respectively, by the close of the fiscal year ending March 31, 2013.

Item	Planned number (circuits)
Conventional leased circuits	(4,000)
High-speed digital transmission circuits	(5,000)

4. Telegraph services

NTT West will conduct maintenance of its systems in order to promote the enhancement of services and operational efficiency in its telegraph services.

5. Improvement and advances in telecommunications facilities

(1) Optical access networks

NTT West will actively promote the shift to the use of fiber-optics in the access network to meet, among other things, the increasing demands for broadband services.

Item	Planned number (million fiber km)
Optical subscriber cables	1.0

(Coverage rate at the end of the fiscal year ending March 31, 2013 is expected to be 91%.)

(2) Telecommunications network

In its telecommunications network, NTT West will upgrade network services and improve network economy and efficiency, among other things, while working to expand its coverage area for the NGN and continuing its efforts to meet demand for broadband services.

(3) Disaster prevention measures

NTT West will take the necessary response measures in case of disasters. These will include disaster prevention measures to prepare for damage 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 support for distributing information after a disaster.

(4) Underground installation of transmission cables

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

(5) Facility maintenance

NTT West 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 West 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

NTT West will promote experiment and research measures and policies for technical areas by focusing on the following four points, in order to create new services that are responsive to the diversified needs of its customers.

- (1) Review the further creation of cloud services that utilize network virtualization

- technology and develop the technology for large-scale data utilization.
- (2) Review the NGN advanced technology for the realization of large-scale data transfers that are both economical and environmentally friendly.
 - (3) Review the technology for the promotion of the “Ie Deji” and “community-oriented menu” concepts, which provide customers with new lifestyle options.
 - (4) Review the technology for the expansion and seamless provision of indoor and outdoor optical Wi-Fi services.

The following tables present an overview of the business plans for the above principal services and capital investment plans.

Table 1

**Principal Services Plan
for the Fiscal Year Ending March 31, 2013**

Type of service	Plan
Voice transmission services	
Telephone subscriptions	(1.27 million) subscriptions
Additional installations	
Relocations	1.91 million subscriptions
Social welfare telephones (Silver Phone)	2,800 units
Public telephones	(13,000) units
Integrated digital communications services	
INS-Net 64	(168,000) circuits
INS-Net 1500	(2,000) circuits
Data transmission services	
FLET'S Hikari	650,000 contracts
Leased circuit services	
Conventional leased circuits	(4,000) circuits
High-speed digital transmission circuits	(5,000) circuits

Table 2**Capital Investment Plan
for the Fiscal Year Ending March 31, 2013**

(Billions of yen)

Item	Investment required
1. Expansion and improvement of services	346 *
(1) Voice transmission	161
(2) Data transmission	33
(3) Leased circuits	151
(4) Telegraph	1
2. Research and development facilities	2
3. Common facilities and others	12
Total	360

* This figure includes approximately 130 billion yen to be invested in the fiber-optic access network.

Attachment 1**Revenues and Expenses Plan
for the Fiscal Year Ending March 31, 2013**

(Billions of yen)

Item	Amount
Revenues	
Operating revenues	1,655
Voice transmission	739
Data transmission	181
Leased circuits	453
Telegraph	18
Others	264
Non-operating revenues	44
Total	1,699
Expenses	
Operating expenses	1,605
Operating costs	1,194
Taxes and dues	67
Depreciation	344
Non-operating expenses	34
Total	1,639
Recurring profit	60

Attachment 2

**Sources and Application of Funds Plan
for the Fiscal Year Ending March 31, 2013**

(Billions of yen)

Item	Amount
Sources:	
Operational:	2,004
Operating revenues	1,960
Non-operating revenues	44
Financial	150
Proceeds from issuance of long-term loans and bonds	133
Other financial income	17
Estimated consumption tax receipts	82
Balance brought forward from previous fiscal year	110
 Total	 2,346
Applications:	
Operational:	1,608
Operating expenses	1,580
Non-operating expenses	28
Financial:	525
Capital investments	360
Other financial expenses	165
Account settlement expenses	32
Provisional consumption tax payments	71
Balance carried forward to following fiscal year	110
 Total	 2,346

<Reference>

Revisions to business results forecasts for the fiscal year ending March 31, 2012

NTT West will revise its Business Operation Plans for the Fiscal Year Ending March 31, 2012 (the Thirteenth Term), which were announced on February 6, 2012 (third quarter earnings announcement for the fiscal year ending March 31, 2012), as follows.

<Forecasts for the period under review>

(Billions of yen)

	Before revision	After revision	Change
Operating revenues	1,687	1,682	(5)
Operating expenses	1,632	1,632	0
Operating income	55	50	(5)
Recurring profit	65	60	(5)
Net income	36	33	(3)