

Financial Results for the Fiscal Year Ended  
March 31, 2013  
(14th Term)

May 10, 2013

Nippon Telegraph and Telephone East Corporation  
("NTT East")

# 1. Financial Results and Capital Investment

- Operating Revenues decreased 19.7 billion yen and Operating Expenses decreased 34.4 billion yen, resulting in an increase in Operating Income of 14.7 billion yen to 65.0 billion yen over the prior fiscal year.
- Special loss associated with the recovery following the Great East Japan Earthquake was 7.9 billion yen.
- Net Income increased 20.6 billion yen over the prior fiscal year to 52.8 billion yen.
- Capital Investment decreased 23.7 billion yen over the prior fiscal year to 396.5 billion yen.

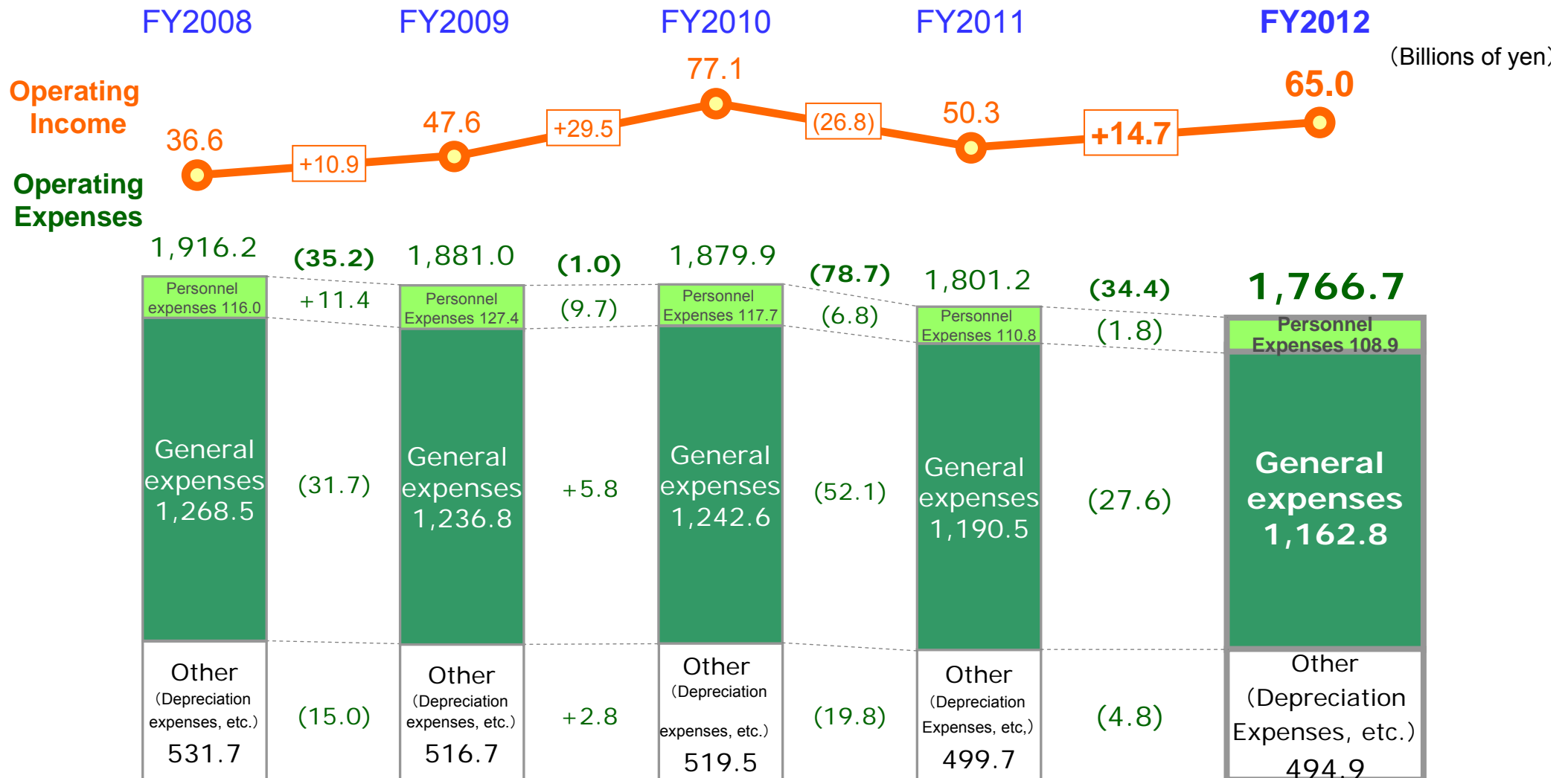
(billions of yen)

	FY2011	<b>FY2012</b>	Increase (Decrease)
Operating Revenues	1,851.5	<b>1,831.7</b>	(19.7)
Operating Expenses	1,801.2	<b>1,766.7</b>	(34.4)
Operating Income	50.3	<b>65.0</b>	+ 14.7
Recurring Profit	75.2	<b>88.8</b>	+ 13.6
Special Profit/Loss	(8.1)	<b>(7.9)</b>	+ 0.1
Net Income	32.1	<b>52.8</b>	+ 20.6
Capital Investment	420.3	<b>396.5</b>	(23.7)



### 3. Trends in Operating Expenses and Operating Income

- Operating Expenses decreased 34.4 billion yen over the prior fiscal year to 1,766.7 billion yen, due to, among other things, reductions in personnel expenses, general expenses and depreciation expenses.
- Operating Income increased 14.7 billion yen over the prior fiscal year to 65.0 billion yen.



## 4. Trends in Subscriptions for Major Services and ARPU

- The net increase in FLET'S Hikari subscriptions for the fiscal year ended March 31, 2013 was 0.40 million, reaching 9.75 million at the end of the fiscal year.
- FLET'S Hikari ARPU decreased by 60 yen to 5,840 from the previous fiscal year, due to, among other things, discount services.

Major Services		FY2011		FY2012	
		Net increase	Number of subscriptions	Net increase	Number of subscriptions
FLET'S Hikari	10,000 Subscriptions	+84	935	<b>+40</b>	<b>975</b>
FLET'S Hikari Light (partial listing only)		+26	26	<b>+18</b>	<b>44</b>
Ninen wari		+45	45	<b>+289</b>	<b>334</b>
Hikari Denwa	10,000 Channels	+96	740	<b>+68</b>	<b>808</b>
Business Ether wide	1,000 Subscriptions	+11	30	<b>+14</b>	<b>44</b>
FLET'S Hikari Member's Club	10,000 Subscriptions	+92	256	<b>+161</b>	<b>417</b>
FLET'S Hikari ARPU	Yen		5,900		<b>5,840</b>
Supplementary Services (partial listing only)				1,620	

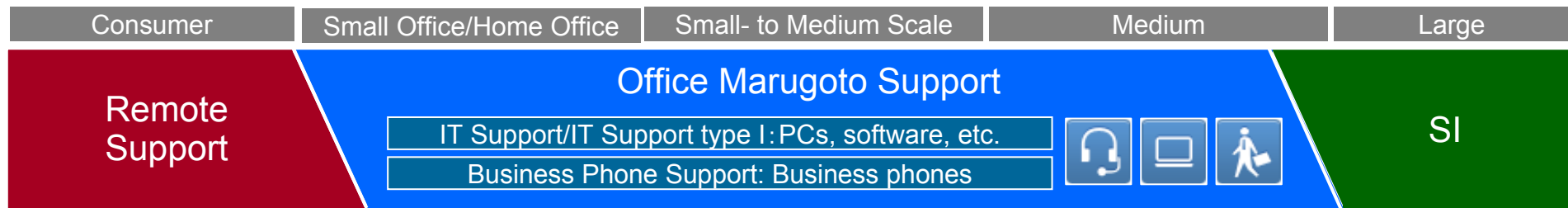
## 5. Forecast for FY2013

- Forecasts for Operating Revenues, Operating Expenses, Operating Income and Recurring Profit remain unchanged from those announced in the Business Operation Plan, filed on March 31, 2013.
- Net Income is expected to be 50.0 billion yen.
- The net increase in FLET'S Hikari subscriptions is forecasted to be 500,000, and to reach a total of 10 million.

		Forecast for FY2013	Revision after the Business Operation Plan announced on March 1, 2013	Increase/decrease from prior fiscal year
Operating Revenues	Billions of yen	1,783.0	± 0	(48.7)
Operating Expenses		1,718.0	± 0	(48.7)
Operating Income		65.0	± 0	± 0
Recurring Profit		80.0	± 0	(8.8)
Net Income		50.0	—	(2.8)
FLET'S Hikari Net Increase	Ten thousand subscriptions	50	± 0	+10
Capital Investments	Billions of yen	350.0	± 0	(46.5)

# 6-1. Measures Taken in the Business Market

- In addition to the “Remote Support Service” for consumers and maintenance support (SI) for individual large-scale offices, NTT East bolstered sales of “Office Marugoto Support” for small- to medium-scale businesses and for small office/home offices.
- NTT East expanded alliances with partner companies including device manufacturers and consumer electronics stores and enhanced service menus by, among other things, expanding support service coverage to users of Internet connection lines besides FLET’S Hikari.



## Expansion of Partner Alliances

### ▶ Collaborations with Device Partners

- In March 2013, began providing one-stop services with PCs through collaborations with Microsoft Japan Co., Ltd. and Dell Japan
- Plans to gradually expand through collaborations with Hewlett Packard Japan, Ltd. and NEC



### ▶ Collaborations with consumer electronics stores

- Plans to further increase the number of partner electronics retail stores that offer support for PCs sold.



## Service Enhancement

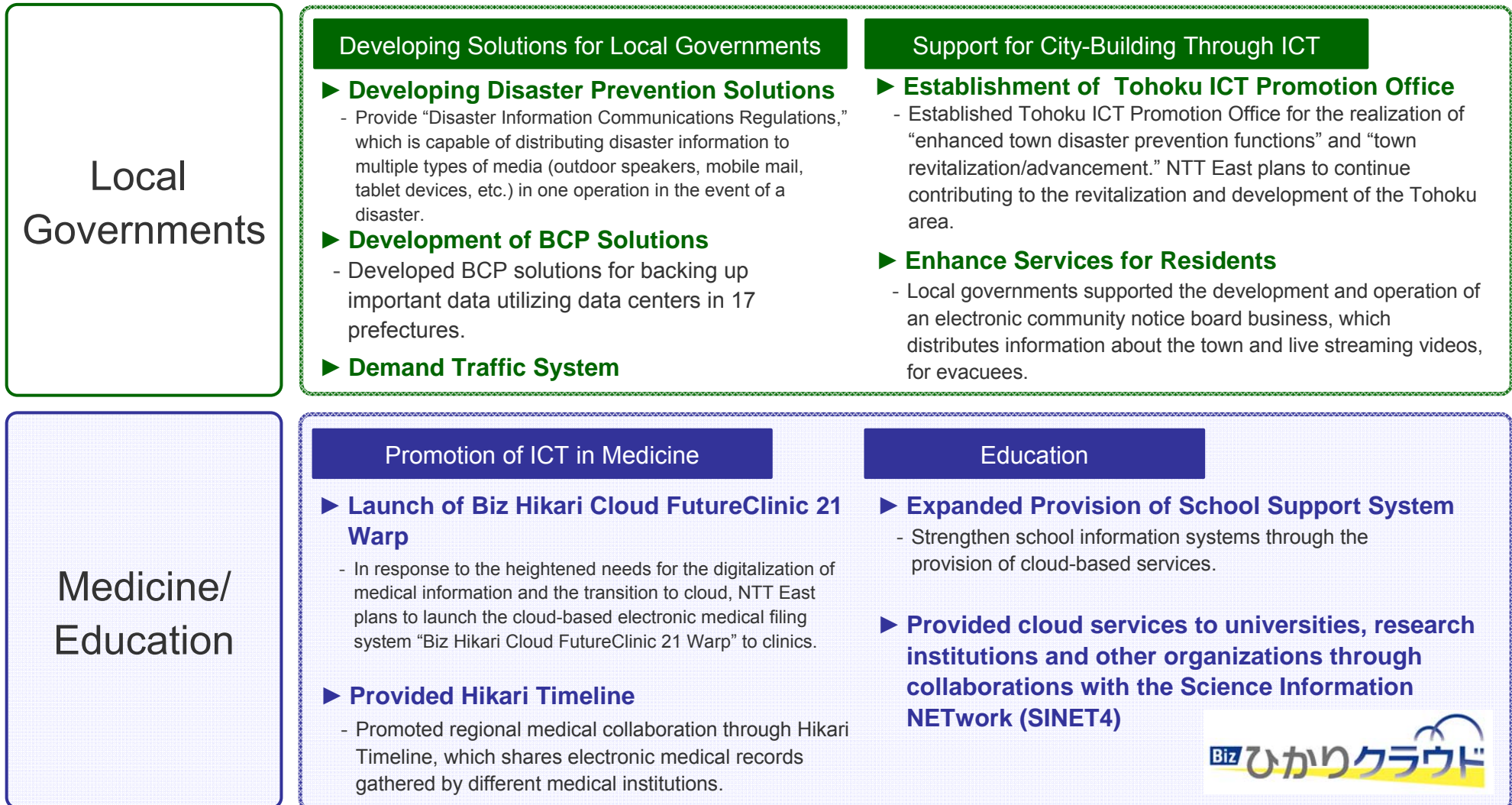
### ▶ Provide services that partner businesses find easy to use

- In May 2012, launched “IT Support type 1,” a support service that covers users of every type of Internet connection line.
- Bolstered sales by providing services that partner businesses find easy to use.

オフィスまるごとサポート

## 6-2. Measures Taken in the Business Market (cont'd)

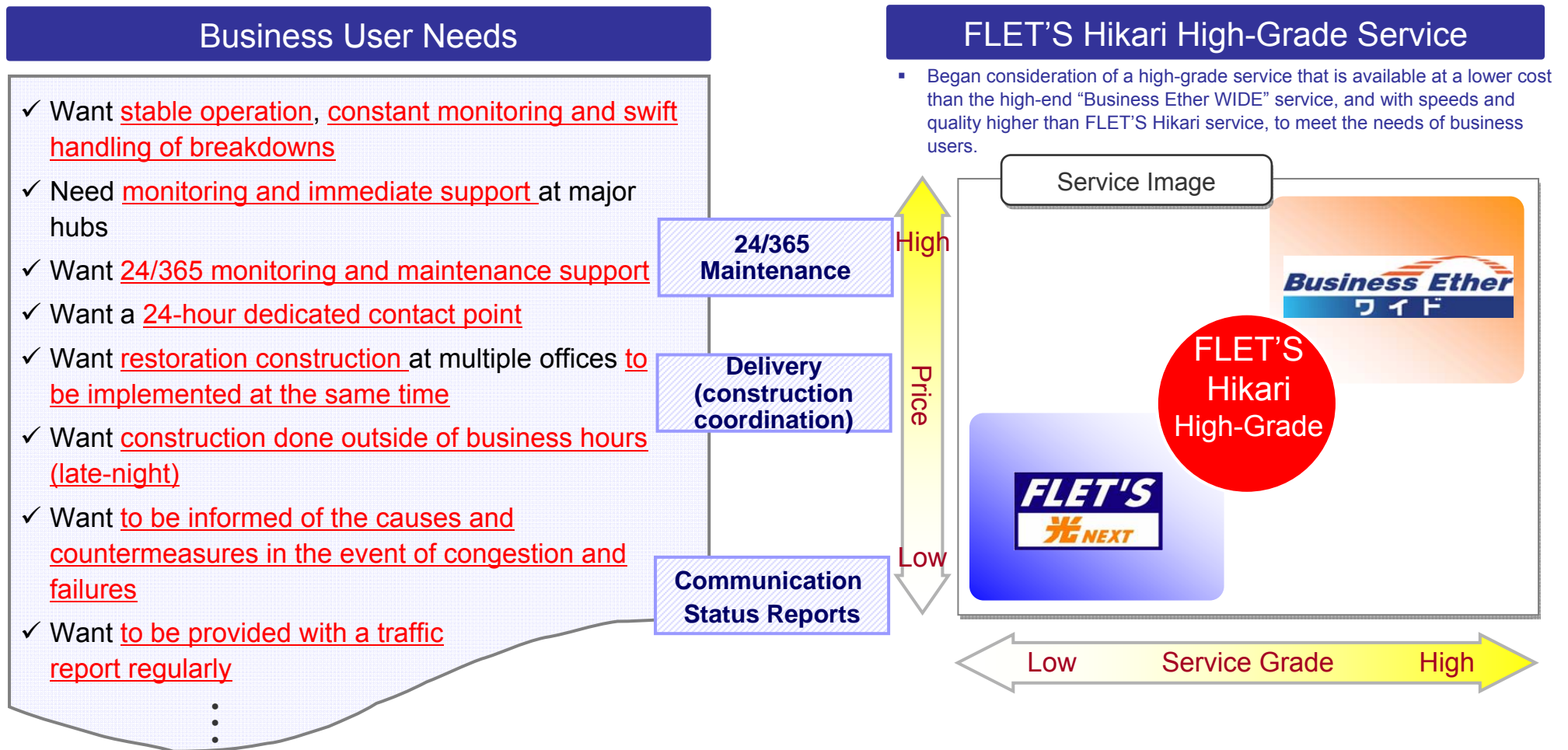
- In response to increased ICT usage and cloud needs in such fields as local government, medicine and education, NTT East strengthened the development of solutions business in each of these fields.





## 6-3. Measures Taken in the Business Market (cont'd)

- Many requests regarding higher quality, enhanced support, flexible handling of delivery, and communication status reports have been received from users who use or are considering using FLET'S Hikari.
- To be able to satisfy these requests, NTT East began considering a higher-grade service with high-speed and high-quality as a new FLET'S Hikari option.



## 7-1. Measures in the Small Office/Home Office and Consumer Markets

- In addition to existing measures, NTT East will work to increase the expansion of and promote the continued use of Hikari through building on its alliance model to provide packages by combining with the products of partner businesses.
  - The incorporation of products of partner businesses enables the creation of additional value from Hikari (new usage scenarios) and also enables NTT East, through operational collaborations, to efficiently approach customers that it previously had difficulty reaching.
  - Cooperated with its partner businesses in marketing to customers that its partner businesses have had trouble reaching, and supported setting up transmission lines, settings support, fee collection services (FLET'S MATOMETE SHIHARAI), among other areas.

### Alliance with Daiichikosho (B2B2B)

- With a goal of increased use of the cutting-edge "LIVE DAM GOLD EDITION" karaoke machine, loaded with full HD high-resolution video and live music performances, NTT East provided comprehensive support in promoting fiber-optic access lines when Daiichikosho considered installing the machine at karaoke shops, bars, etc.

**LIVE DAM**  
GOLD EDITION



#### <NTT East's Role>

- ✓ Circuit consulting, accepting applications
- ✓ Launch support
- \* Provided support for prior approval of cables within buildings/stores and the connection and settings of various communications devices.

### Alliance with TSUTAYA.com (B2B2C)

- Collaboration in provision of the smart TV terminal "TSUTAYA Stick," which enables viewing of "TSUTAYA TV," a service that distributes more than 40,000 titles of HD-quality video content. Implemented sales and settings support for "TSUTAYA Stick," among other things.



#### <NTT East's Role>

- ✓ Sales of "TSUTAYA Stick"
- ✓ Settings support for Wi-Fi and other use environments.
- ✓ Planning to combine invoicing for "TSUTAYA TV" and FLET'S Hikari use rates (FLET'S MATOMETE SHIHARAI service)

## 7-2. Measures in the Small Office/Home Office and Consumer Markets (cont'd)

- In FY2012, NTT East promoted the creation of Wi-Fi areas in tourist locations and shopping areas through alliances with local communities. Going forward, NTT East will work to improve use value by allowing stores, facilities, and users to use Wi-Fi areas more conveniently and easily.

### Expansion of Wi-Fi Areas through Local Alliances

#### ▶ Enhancing Services for Foreign Tourists

- Distributed “Free Wi-Fi Cards” to foreign tourists at airports and tourism information centers. Tourists can freely use the Internet and coupons during their stay (up to 2 weeks). (Miyagi Prefecture)
- Distributed tourism guides and coupon catalogs in many languages (English, Chinese, Korean, etc.) (Yamanashi Prefecture).



#### ▶ Employing Wi-Fi Environments at Events, etc.

- Events where stamp area information is distributed upon entering a particular Wi-Fi area. By enticing attendees to explore the stamp areas, they are led to various areas (Nagano Prefecture Lantern Festival).



### Efforts to Increase Use Value for Shops and Users

#### ▶ Push-Type Information Distribution

- Built and developed a framework that automatically distributes information about bargains, coupons, and events to smartphones and other devices.

#### ▶ Enhancing Support for Commercial Areas and Shop Owners

- Enhanced operational support with use environment settings support and registration and updating of shop information and coupons.

#### Registration and updating of shop information/coupons



#### Increasing Number of Access Points

- Projected to reach 70,000 AP by FY2013 through the use of Hikari Station

End of FY2011  
7,000AP

End of FY2012

40,000AP

End of FY2013  
(projected)

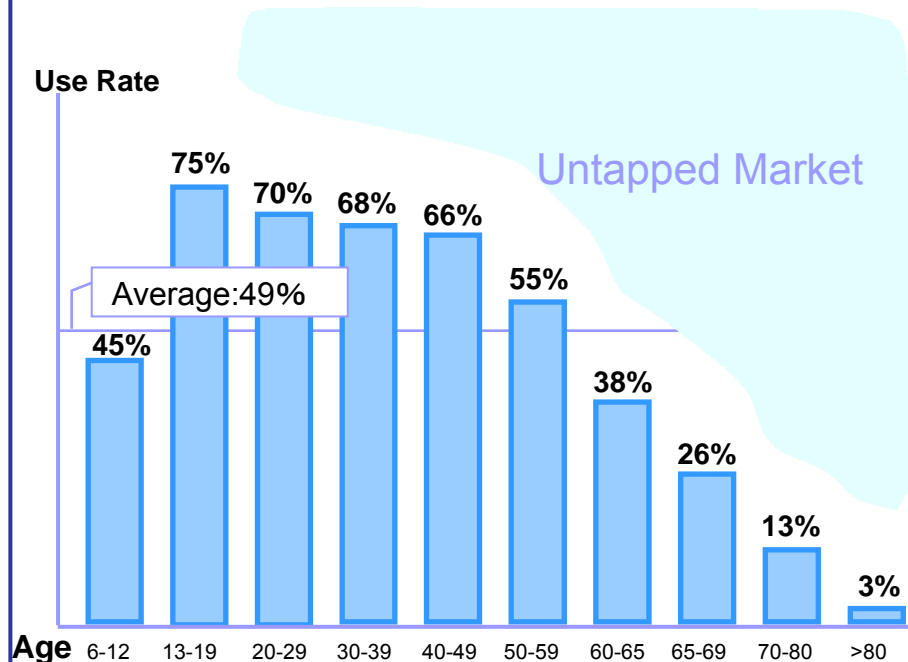
70,000AP

# 8. Building New Hikari Usage Models

- Through alliances with local communities and businesses, NTT East worked to expand Hikari by building models for usage that employ Hikari to make life and work more simple, more enjoyable, and more convenient.

## Status of Broadband Use

- The broadband use rate is 49%.
  - The use rate among young people is high, but the use rate of persons 60 or older falls below the average use rate.
- Need to build new Hikari usage models besides high-speed Internet connections.



Source: 2012 Information Communication White Paper  
Broadband: DSL, CATV, FTTH, FWA, BWA, 3G (including data transmission), and LTE

## Structuring Hikari Use Models

- NTT will engage in active support through Hikari and ICT use towards assisting those who are new to broadband and revitalizing local communities.

### Collaborations with NPO corporations

Provide tablet device instruction courses for senior citizens through collaborations with NPO corporations

### Local Community

Built an information distribution model with the Omoe fishing cooperative (Iwate Pref.). Through the cooperative, introduced FLET'S Hikari to union members at approx. 400 locations.

Health/Healthcare

Education/Learning

Smart Life Made a Reality by



Shopping

Picture/Video

### Smart Town

Took part in "Fujisawa Sustainable Smart Town" project. In addition to introducing FLET'S Hikari, supported energy visualization and communication among residents.

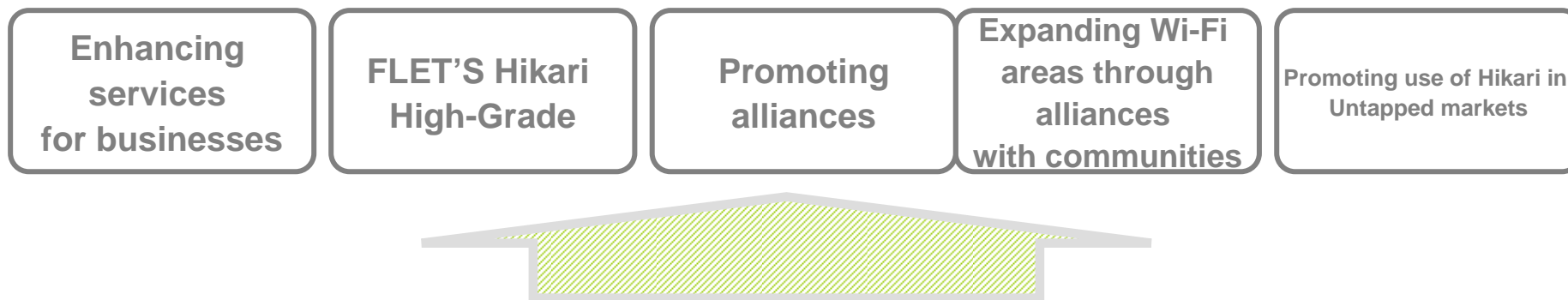


### Smart Meter

Jointly participated in "Tokyo Electric Power Smart Meter Business" with Toshiba

# 9. Establishment of New Business Development Headquarters

- In order to enhance its ability to address diversifying customer needs, NTT East plans to establish a new Business Development Headquarters in July 2013 after reviewing each of its markets' service development systems.
- NTT East will also bolster its marketing and sales-support functions in an effort to develop business-oriented products and to build and rapidly develop models that use Hikari.



## Business Development Headquarters (to be established July 2013)

NTT East will strengthen the expansion of business-oriented services, the building of Hikari use models that include the products of other businesses, and will accelerate the process from service development to establishment of sales methods.

- Centralization of development system of services for consumers and businesses
- Bolstering marketing (presale) functions
- Enhancing support functions for alliance models with businesses and local communities

The forward-looking statements and projected figures concerning the future performance of NTT East, its parent company (NTT) and their respective subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT East in light of information currently available to it regarding NTT East, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT East, NTT and their respective subsidiaries and affiliates, 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, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Report on Form 20-F and other filings and submissions with the United States Securities and Exchange Commission.

Accounting policies used to determine the figures in this presentation are consistent with those used to prepare financial statements in accordance with accounting principles generally accepted in Japan.

\* "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.