

Financial Results for the Fiscal Year Ended  
March 31, 2014  
(15th Term)

May 13, 2014

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

# 1. Financial Results and Capital Investment

- Operating Revenues decreased 57.9 billion yen and Operating Expenses decreased 59.6 billion yen, resulting in an increase in Operating Income of 1.6 billion yen over the previous fiscal year to 66.7 billion yen.
- Net Income increased 1.1 billion yen over the previous fiscal year to 53.9 billion yen.
- Capital Investment decreased 45.2 billion yen over the previous fiscal year to 351.3 billion yen.

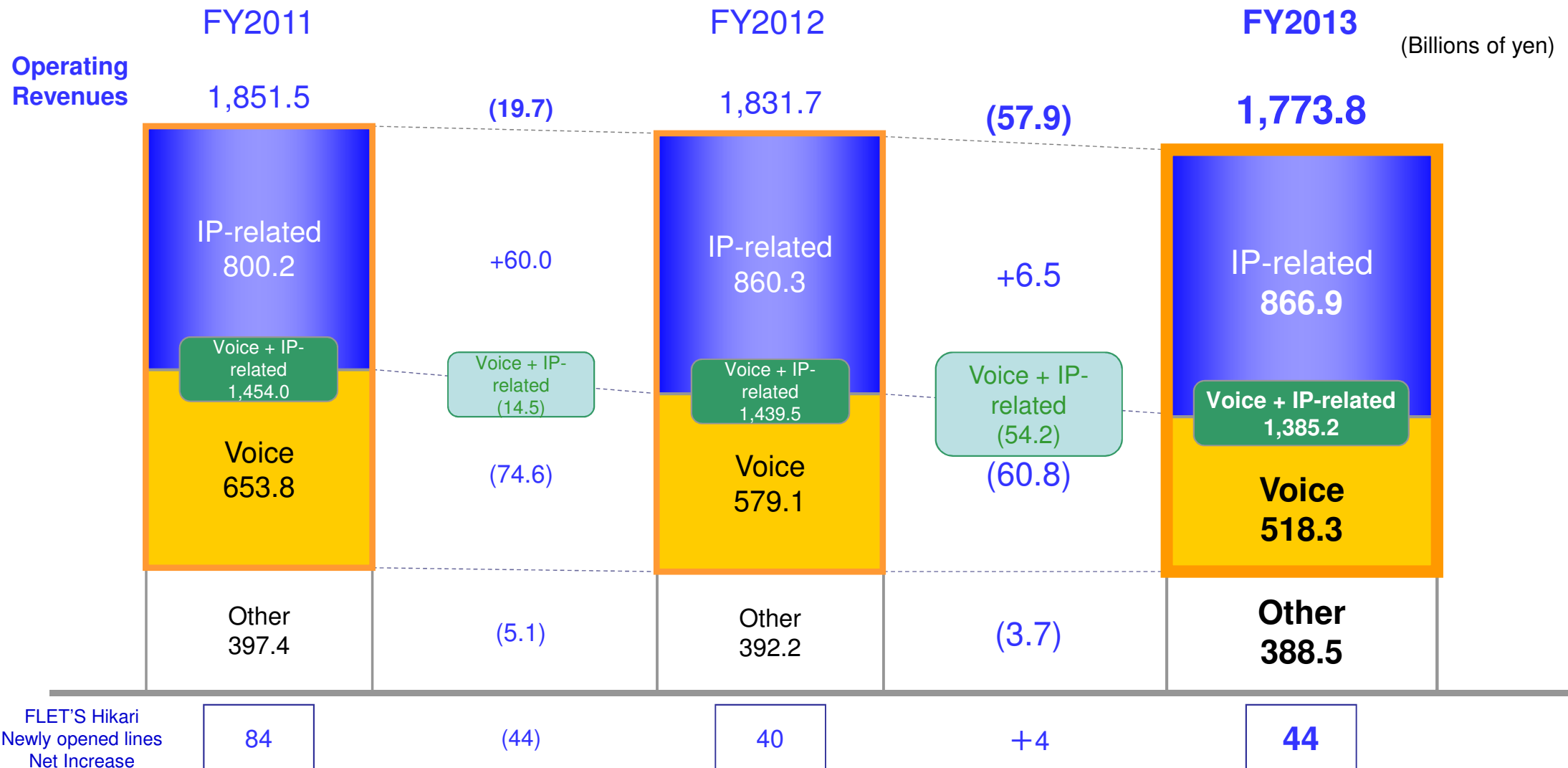
(Billions of yen)

	FY2012	<b>FY2013</b>	Increase (Decrease)
Operating Revenues	1,831.7	<b>1,773.8</b>	(57.9)
Operating Expenses	1,766.7	<b>1,707.0</b>	(59.6)
Operating Income	65.0	<b>66.7</b>	+ 1.6
Recurring Profit	88.8	<b>91.7</b>	+ 2.8
Special Profit/Loss	(7.9)	<b>(8.2)</b>	(0.3)
Net Income	52.8	<b>53.9</b>	+ 1.1

Capital Investment	396.5	<b>351.3</b>	(45.2)
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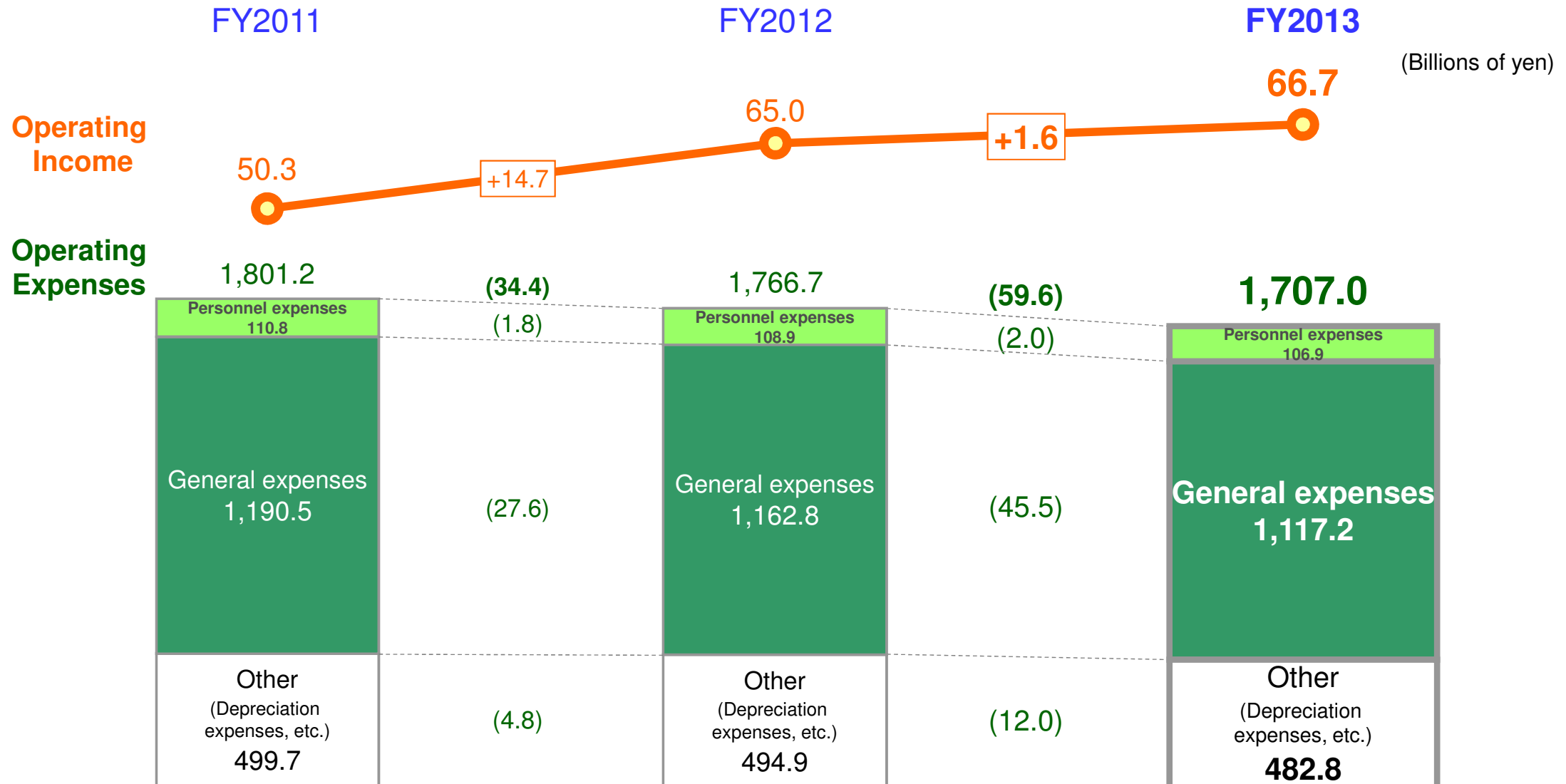
## 2. Trends in Operating Revenues

- Operating Revenues decreased 57.9 billion yen over the previous fiscal year to 1,773.8 billion yen.
- Operating Revenues for Voice + IP-related services decreased 54.2 billion yen over the previous fiscal year, due to a decrease in traffic revenues as well as the impact of the expansion of various discount programs. Operating Revenues for other services decreased 3.7 billion yen over the previous fiscal year, due to, among other things, a decrease in revenues from legacy-related services.



# 3. Trends in Operating Expenses and Operating Income

- Operating Expenses decreased 59.6 billion yen over the previous fiscal year to 1,707 billion yen due to, among other things, reductions in personnel expenses, general expenses and depreciation expenses as a result of efficiency initiatives.
- As a result, Operating Income increased 1.6 billion yen over the previous fiscal year to 66.7 billion yen.



## 4. Trends in Subscriptions for Major Services

- The net increase in FLET'S Hikari subscriptions for the fiscal year ended March 31, 2014 was 0.44 million, exceeding 10 million subscriptions by October 2013 and reaching 10.19 million by the end of the fiscal year.
- FLET'S Hikari ARPU decreased by 200 yen from the previous fiscal year to 5,660 yen, due to, among other things, discount services.

Major Services		FY2012		FY2013	
		Net increase	Number of subscriptions	Net increase	Number of subscriptions
FLET'S Hikari	10,000 Subscriptions	+40	975	<b>+44</b>	<b>1,019</b>
FLET'S Hikari Light (partial listing only)		+18	44	<b>+11</b>	<b>54</b>
Ninen wari	10,000 channels	+289	334	<b>+179</b>	<b>513</b>
Hikari Denwa	10,000 Channels	+68	808	<b>+61</b>	<b>869</b>
Business Ether wide	1,000 Channels	+14	44	<b>+17</b>	<b>61</b>
FLET'S Hikari Member's Club	10,000 subscriptions	+161	417	<b>+80</b>	<b>497</b>

FLET'S Hikari ARPU	Yen	5,860	<b>5,660</b>
Supplementary Services (partial listing only)		1,720	<b>1,770</b>

## 5. Forecasts for FY2014

- Forecasts for Operating Revenues, Operating Expenses, Operating Income and Recurring Profit remain unchanged from those announced in the Business Operation Plan, filed on February 28, 2014.
- Net Income is expected to be 58.0 billion yen.
- Forecasts for FLET'S Hikari and Capital Investments also remain unchanged from those announced in the Business Operation Plan.

		Forecast for FY2014	Revision after the Business Operation Plan announced on February 28, 2014 *1	Increase/decrease from previous fiscal year	Increase/decrease	
					Impact of real estate leases *2	Other
Operating Revenues	Billions of yen	1,771.0	± 0	(2.8)	+ 44.0	(46.8)
Operating Expenses		1,681.0	± 0	(26.0)	+ 24.0	(50.0)
Operating Income		90.0	± 0	+23.2	+ 20.0	+ 3.2
Recurring Profit		90.0	± 0	(1.7)	—	—
Net Income		58.0	—	+ 4.0	—	—

FLET'S Hikari Net Increase	10,000 subscriptions	30	± 0	(14)	—	—
Capital Investments	Billions of yen	320.0	± 0	(31.3)	—	—

1. We have revised the breakdown of Operating Expenses as follows: 3 billion yen decrease in personnel expenses, 3 billion yen increase in general expenses.

2. Beginning with the fiscal year ending March 31, 2015, revenues and expenses of real estate leases will be reallocated from "Other income (expenses)" to "Operating income (expenses)."

## 6. Initiatives to Promote Use of Hikari to Date

- In an effort to promote the use of Hikari, we have expanded our services and entered into alliances with diverse players to provide a wide variety of Hikari applications to customers.

### Use in business fields

- ▶ Expansion of Biz Hikari Cloud series in the local government, healthcare and education sectors
  - Provide “Safety Verification Service” during disasters, “Future Clinic 21 Warp” electronic medical records for use in clinics, and “Omakase Kohmu”
- ▶ Use of ICT in business situations
  - Work with PC vendors to offer total support, from sales to operations
  - Supply monitoring cameras in response to the need for remote surveillance (Planex Communications)
  - Collaborate to expand popularity of the latest in karaoke equipment: “Live Dam Gold Edition” (Daiichikoshō Co., Ltd.)
  - Cooperate using “FLET’S Azukeru Pro Plan” to provide storage for business use with heightened security, using connection verification



### Promotion of consumer use

- ▶ Improve imaging services
  - Cooperate to provide “TSUTAYA Stick,” a smart-TV device that allow viewers to enjoy “TSUTAYA TV,” the HD image distribution service (T-Media Holdings)
  - Collaborate to provide a wide variety of video and audio content
- ▶ Support the use of ICT in everyday activities
  - Organize a “Showa Retro Fureai” ICT experience event targeted at seniors
  - Support use of ICT in “Fujisawa Sustainable Smart Town,” a project aimed at reducing CO2 emissions



### Responding to the increase in use of Wi-Fi devices

- ▶ Work with regional organizations to expand Wi-Fi areas
  - Free W-iFi targeted at foreign tourists (tourism organizations in Yamanashi, Yokohama, Nikko, Tohoku, etc.)
  - Utilize Wi-Fi environments at events (Akihabara, Kiyosato, Kitakata, etc.)
- ▶ Launch model trial of Hakone O2O (Online to Offline) to propose new approaches to travel (Recruit Lifestyle)



# 7. Improving Our Service Menu

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## ① Provide fast, high-quality services for business customers

- For business customers who need fast, high-quality, full-maintenance services, we began offering “FLET’S Hikari Next Prio,” which provides stable band-priority speeds of up to approximately 1 Gbps.
- For “FLET’S Hikari Next Prio” customers, we also plan to offer “FLET’S VPN Prio,” an IP-VPN service that enables the construction of reliable high-speed private networks.

## ② Planned 1 Gbps service for consumers

- We plan to offer 1 Gbps services for consumers with standard wireless LAN that conforms to the latest standards (IEEE 802.11.ac) of up to 1 Gbps.

## ③ Development of new, small Optical Network Unit (ONU)

- We have developed a mini ONU that can be integrated with, or built into, a wide range of devices.



## 7-①. Providing New High-Speed, High-Quality Services for Business Customers

- On March 24, 2014, we launched the “FLET’S Hikari Next Prio” service, which provides stable, band-priority, fully maintained communications at speeds of up to approximately 1 Gbps.
- In August 2014, we plan to launch “FLET’S VPN Prio” services, offering stable high-speed private networks for “FLET’S Hikari Next Prio” customers.

	FLET’S Hikari Next Prio 10	FLET’S Hikari Next Prio 1
Maximum transmission speed	Approx. 1 Gbps (upstream, downstream)	Approx. 1 Gbps (upstream, downstream)
Band priority	10 Mbps (upstream, downstream)	1 Mbps (upstream, downstream)
Monthly charge (before tax)	41,100 yen	20,000 yen
Features	<ul style="list-style-type: none"> <li>• A band priority service that enables stable communications even during network congestion.</li> <li>• The system will be fully maintained 24 hours a day, 365 days a year.</li> <li>• New connection installation can be scheduled flexibly: evenings, nights, early morning, etc.</li> </ul>	
Service launch date	March 24, 2014 (Tokyo area) May 12, 2014 (Kanagawa, Chiba, Saitama areas) June 30, 2014 (planned) (eastern Japan area)	
FLET’S VPN Prio		
Monthly charge (before tax)	7,000 yen	
Features	IP-VPN service compatible with FLET’S Hikari Next Prio 10 / Prio 1	
Service launch date	August 20, 2014 (planned)	

## 7-②. 1 Gbps Service for Consumers

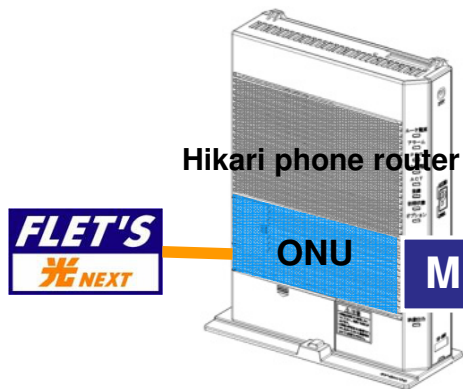
- During the six-month period ending September 30, 2014, we plan to launch a 1 Gbps access service for consumers. This will enable consumers to enjoy the use of Wi-Fi terminals, which have become increasingly popular, in the comfort of their homes, with wireless LAN equipment that conforms to the latest standard (IEEE 802.11ac).

	1 Gbps Access Service for Consumers
Maximum transmission speed	Approx. 1 Gbps (upstream, downstream)
Band priority	—
Monthly charge (before tax)	Under consideration
Features	<ul style="list-style-type: none"><li>• Standard equipment: wireless LAN, latest standard (IEEE 802.11ac)</li></ul>
Service launch date	During the six-month period ending September 30, 2014 (planned)

# 7-③. Development of New, Small ONU

- We developed a small ONU that can be integrated with, or built into, a wide range of devices.
- We designed the ONU with broad, open specifications to enable its use in a wide range of applications and devices provided by a wide range of vendors, thereby expanding the range of choices for consumers.

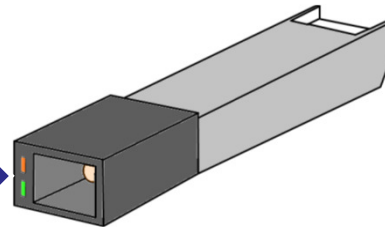
(Current status) Integrated ONU



Miniaturize

Small ONU (image)

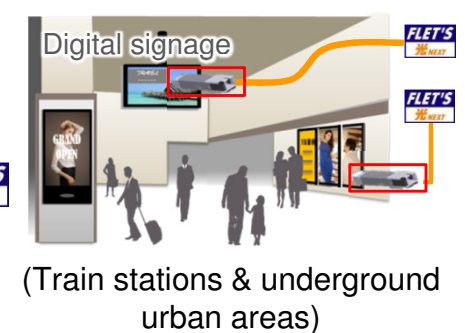
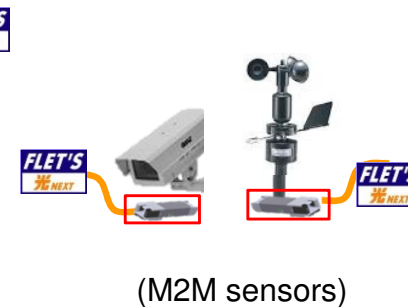
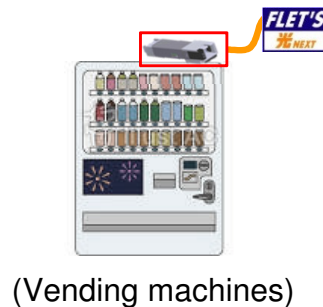
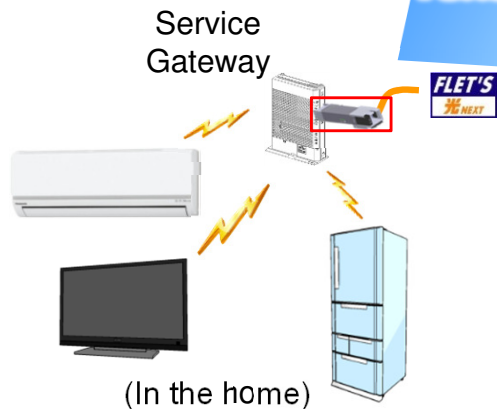
Small pluggable ONU



Device specs: SFP+ (planned) (Small form-factor pluggable +\*)  
\* Optical transceiver for connecting optical fiber to communications devices

Can be mounted on various vendor devices

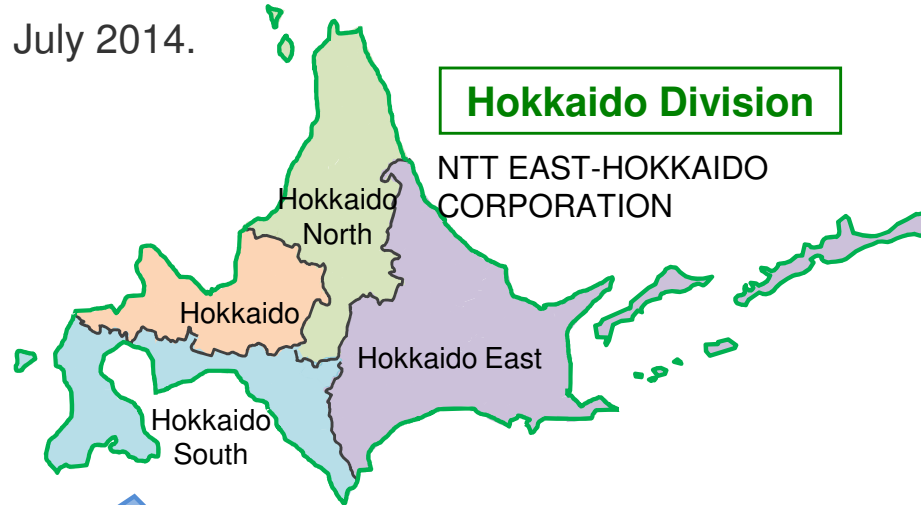
Expanding the range of locations and applications where fiber optics can be used



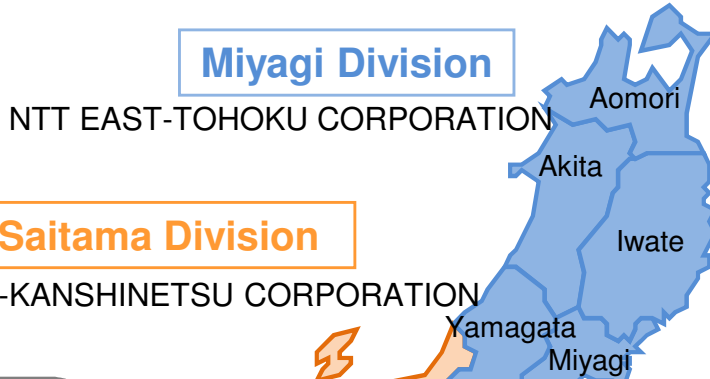
# 8. Review of the Business Management Structure

- To promote greater business efficiency and at the same time further enhance our provision of locally-based services, we plan to reorganize the current 17 branches into 6 divisions and 29 branches.
- To achieve this, we plan to reorganize our 17 subsidiaries established in individual prefectures into 4 companies.
- We plan to carry out the reorganization in July 2014.

At Present	
NTT East	17 branches
Regional Subsidiaries	17 companies



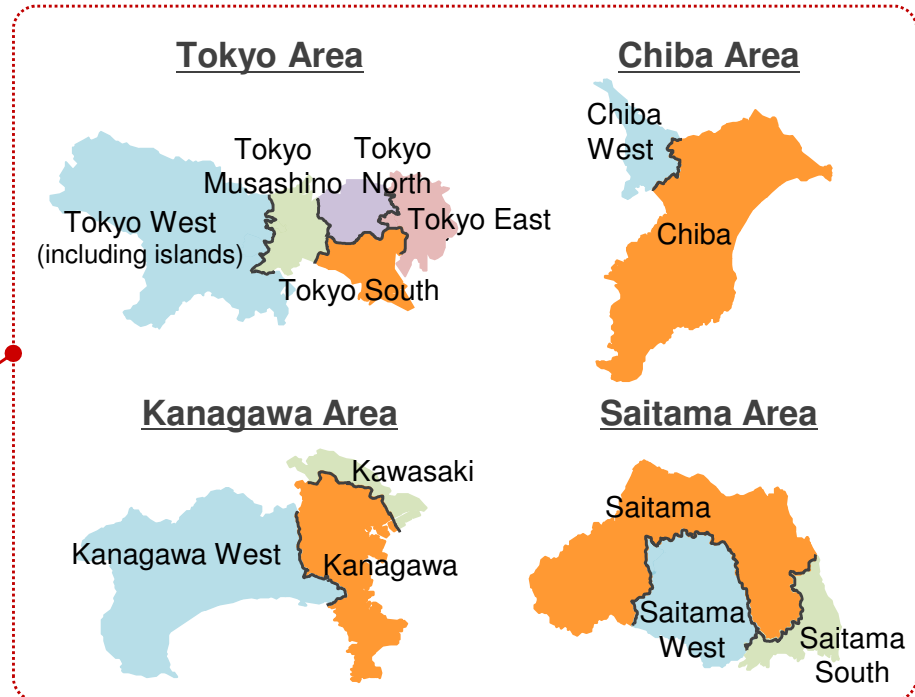
After the Reorganization	
NTT East	6 divisions 29 branches
Regional Subsidiaries	4 companies



**Tokyo Division**

**Kanagawa Division**

**Chiba Division**



NTT EAST-MINAMIKANTO CORPORATION

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.