



News Release

February 9, 2018

FOR IMMEDIATE RELEASE

Financial Statements for the Nine Months Ended December 31, 2017

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the nine months ended December 31, 2017 are presented in the following attachments.

(Attachments)

1. Non-Consolidated Comparative Balance Sheets
2. Non-Consolidated Comparative Statements of Income
3. Business Results (Non-Consolidated Operating Revenues)
4. Revised Forecasts for the Fiscal Year Ending March 31, 2018

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2017	December 31, 2017	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	339,631	334,501	(5,129)
Antenna facilities	3,604	3,503	(100)
Terminal equipment	22,947	21,033	(1,913)
Local line facilities	866,722	817,264	(49,457)
Long-distance line facilities	2,843	2,758	(84)
Engineering facilities	588,683	579,727	(8,956)
Submarine line facilities	732	621	(110)
Buildings	409,835	403,395	(6,439)
Construction in progress	19,988	18,536	(1,452)
Other	266,121	262,811	(3,309)
Total property, plant and equipment	2,521,110	2,444,156	(76,953)
Intangible fixed assets	84,120	82,537	(1,582)
Total fixed assets - telecommunications businesses	2,605,230	2,526,693	(78,536)
Investments and other assets			
Other investments and assets	199,112	215,999	16,887
Allowance for doubtful accounts	(773)	(760)	13
Total investments and other assets	198,338	215,239	16,900
Total fixed assets	2,803,569	2,741,933	(61,635)
Current assets:			
Cash and bank deposits	5,605	6,965	1,360
Notes receivable	-	39	39
Accounts receivable, trade	230,736	238,696	7,959
Supplies	26,005	23,017	(2,987)
Other current assets	435,502	294,391	(141,111)
Allowance for doubtful accounts	(327)	(305)	22
Total current assets	697,521	562,803	(134,718)
TOTAL ASSETS	3,501,091	3,304,737	(196,353)

(Millions of yen)

	March 31, 2017	December 31, 2017	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	225,220	225,220	-
Liability for employees' retirement benefits	247,366	257,571	10,204
Reserve for point services	4,145	4,435	290
Reserve for unused telephone cards	8,460	8,211	(248)
Allowance for environmental measures	3,637	3,637	-
Asset retirement obligations	902	904	1
Other long-term liabilities	36,166	43,263	7,097
Total long-term liabilities	525,898	543,244	17,345
Current liabilities:			
Current portion of long-term borrowings from parent company	140,615	50,400	(90,215)
Accounts payable, trade	89,029	40,565	(48,464)
Accrued taxes on income	14,186	6,455	(7,731)
Allowance for environmental measures	2,285	269	(2,016)
Asset retirement obligations	1	-	(1)
Other current liabilities	442,617	411,573	(31,044)
Total current liabilities	688,735	509,262	(179,472)
TOTAL LIABILITIES	1,214,633	1,052,507	(162,126)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	447,459	412,703	(34,755)
Total shareholders' equity	2,282,186	2,247,430	(34,755)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	4,271	4,799	528
Total unrealized gains (losses), translation adjustments, and others	4,271	4,799	528
TOTAL NET ASSETS	2,286,457	2,252,230	(34,227)
TOTAL LIABILITIES AND NET ASSETS	3,501,091	3,304,737	(196,353)

Note: *NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

2. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Increase (Decrease)	Year ended March 31, 2017
Telecommunications businesses:				
Operating revenues	1,149,281	1,133,897	(15,383)	1,534,745
Operating expenses	989,295	936,138	(53,156)	1,367,603
Operating income from telecommunications businesses	159,985	197,759	37,773	167,142
Supplementary businesses:				
Operating revenues	87,407	86,705	(701)	137,497
Operating expenses	73,617	72,228	(1,389)	115,534
Operating income from supplementary businesses	13,790	14,477	687	21,962
Operating income	173,775	212,236	38,460	189,104
Non-operating revenues:				
Interest income	20	10	(10)	26
Dividends received	3,222	6,954	3,731	3,226
Gains on sales of fixed assets	14,403	3,002	(11,401)	14,363
Miscellaneous income	1,816	1,941	124	2,647
Total non-operating revenues	19,464	11,908	(7,555)	20,263
Non-operating expenses:				
Interest expenses	3,547	2,682	(864)	4,669
Miscellaneous expenses	199	78	(121)	260
Total non-operating expenses	3,747	2,761	(986)	4,930
Recurring profit	189,492	221,384	31,891	204,438
Special losses	-	60,909	60,909	-
Income before income taxes	189,492	160,474	(29,018)	204,438
Income taxes	*	*	(7,375)	54,774
Net income	136,545	114,902	(21,643)	149,663

Note: * NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan.

However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

3. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2017
Voice transmission services revenues (excluding IP services revenues)	300,683	279,328	(21,355)	(7.1)	396,519
Monthly charge revenues*	226,876	211,616	(15,259)	(6.7)	299,992
Call rates revenues*	20,181	17,535	(2,646)	(13.1)	26,272
Interconnection call revenues*	34,911	32,561	(2,350)	(6.7)	45,606
IP services revenues	637,542	641,058	3,515	0.6	850,388
Leased circuit services revenues (excluding IP services revenues)	70,680	69,547	(1,132)	(1.6)	93,307
Telegram services revenues	8,411	7,892	(518)	(6.2)	11,422
Other telecommunications services revenues	131,962	136,069	4,107	3.1	183,107
Telecommunications total revenues	1,149,281	1,133,897	(15,383)	(1.3)	1,534,745
Supplementary business total revenues	87,407	86,705	(701)	(0.8)	137,497
Total operating revenues	1,236,688	1,220,603	(16,085)	(1.3)	1,672,243

*Partial listing only

4. Revised Forecasts for the Fiscal Year Ending March 31, 2018

Based on its recent business performance, NTT East has revised its financial results forecasts that were announced in the financial results release filed on November 10, 2017 for the fiscal year ending March 31, 2018, as follows.

(Billions of yen)

	Year Ending March 31, 2018 (Forecasts Previously Announced on November 10, 2017)	Year Ending March 31, 2018 (Revised Forecasts)	Change
Operating Revenues	1,640.0	1,640.0	-
Operating Income	190.0	251.0	61.0
Recurring Profit	195.0	256.0	61.0
Special Profits (Losses)	-	(61.0)	(61.0)
Net Income	135.0	135.0	-

Note: The financial results forecasts and projected figures concerning the future performance of NTT East contained herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT East and its parent NTT in light of information currently available to them regarding NTT, NTT East and its subsidiaries and affiliates, 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, NTT East and its 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 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.