

News Release

NTTEAST



NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

July 31, 2018

Interconnection Account Report FY2017 (For the Year Ended March 31, 2018)

Pursuant to Rules for Category 1 Designated Telecommunications Facilities Interconnection Accounting, Nippon Telegraph and Telephone East Corporation (NTT-East) has today submitted the Interconnection Accounting Report FY2017 to the Minister for Internal Affairs and Communications.

An outline of the profit and loss statement included in the report is provided in the attachment.

*The report is also publicly disclosed on the NTT East web site. (Available only in Japanese.)

URL: <http://www.ntt-east.co.jp/info-st/>

(Attachment)**Profit and Loss Statement (Outline)**

[Accounting Unit: Category I Designated Facilities Management Business]

(Unit: ¥ Billion)

Category	FY 2017	Remarks
Operating Revenues	698.1	Access charge revenues from other carriers * Of which, that portion relating to general Category I designated facilities: ¥5.9 billion Access charge revenues from the Usage Business (transferred within NTT-East) * Of which, that portion relating to general Category I designated facilities: ¥89.2 billion Revenues such as interconnection equipment usage charges from other carriers * Of which, that portion relating to general Category I designated facilities: ¥3.8 billion
Access charges	146.9	
Transfer charges	545.7	
Interconnection equipment usage charges etc.	5.4	
Operating Expenses	585.5	
Operating Profit	112.6	

[Accounting Unit: Category I Designated Facilities Usage Business]

(Unit: ¥ Billion)

Category	FY 2017	Remarks
Operating Revenues	1359.5	User service revenues
Operating Expenses	1233.2	Payment of access charges to Management Business (transferred within NTT-East) * Of which, that portion relating to general Category I designated facilities: ¥89.2 billion
Operating expenses	687.4	
Transfer charges	545.7	
Operating Profit	126.2	

(Note 1) All figures rounded down to nearest ¥0.1 billion.

(Note 2) "General category I Designated Facilities" refers to facilities that relate to the following functions set forth in the Interconnection Charge Rules (Ministry of Posts and Telecommunications Order No. 64 of 2000), Article 4, Table 6-2: general router connection routing and transmission functions, general relay router connection routing and transmission functions, and interconnection gateway switch connection routing and transmission functions; facilities relating to those functions set forth in Table 6-3 of the same article; and those facilities relating to session control provided in conjunction with SIP services.

(Reference)

[Outline of Rules for Category I Designated Telecommunications Facilities Interconnection Accounting]

Purpose

The purpose of these Accounting Regulations is to specify the accounting methods used for interconnection to Category I designated telecommunications facilities and to clarify revenues and expenses, etc., concerning this interconnection, thereby contributing to the calculation of appropriate interconnection charges.

*With respect to the expenses of telecommunications facilities that are attributed to the Category I Designated Facilities Management Business, data are totaled and classified per equipment category units such as switches and transmission lines in order to provide a basis for calculating unbundled interconnection charges.

Regulations

The accounting procedures adopted by telecommunications carriers that install Category I designated telecommunications facilities are separated into those for the business that manages and operates Category I designated telecommunications facilities (Category I Designated Facilities Management Business) and those for the business that uses such facilities to provide service to users (Category I Designated Facilities Usage Business), and the Category I Designated Facilities Management Business provides these facilities to the Category I Designated Facilities Usage Business and other carriers under equal conditions.

Statements Included

Form	Statement	Description
1	Profit and Loss Statement	Profit (loss) of the Category I Designated Facilities Management Business and the Category I Designated Facilities Usage Business
2	Statement of Mean Capital Employed and Rate of Return	Mean capital employed (rate base) by the Category I Designated Facilities Management Business and Category I Designated Facilities Usage Business, and the rate of return on that employed by the Management Business (pre-tax basis)
3	Detailed Statement of Fixed Asset Attribution	Breakdown of fixed assets attributed to the Category I Designated Facilities Management Business and the Category I Designated Facilities Usage Business *3-2 sets forth the breakdown of general category I designated facilities. *Optical Subscriber Lines and Optical Main Distribution Frames are listed by prefecture.
4	Detailed Statement of Expenses by Equipment Category	Breakdown of expenses by equipment category for the Category I Designated Facilities Management Business and the Category I Designated Facilities Usage Business *4-2 sets forth the breakdown of general category I designated facilities. *Optical Subscriber Lines and Optical Main Distribution Frames are listed by prefecture.