

News Release

NTTEAST



NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

July 31, 2019

Interconnection Account Report FY2018

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 FY2018 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 2018	Remarks
Operating Revenues	683.0	Access charge revenues from other carriers * Of which, that portion relating to general Category I designated facilities: ¥6.0 billion Access charge revenues from the Usage Business (transferred within NTT-East) * Of which, that portion relating to general Category I designated facilities: ¥97.2 billion Revenues such as interconnection equipment usage charges from other carriers * Of which, that portion relating to general Category I designated facilities: ¥3.9 billion
Access charges	140.7	
Transfer charges	536.9	
Interconnection equipment usage charges etc.	5.3	
Operating Expenses	566.3	
Operating Profit	116.7	

[Accounting Unit: Category I Designated Facilities Usage Business]

(Unit: ¥ Billion)

Category	FY 2018	Remarks
Operating Revenues	1341.6	User service revenues
Operating Expenses	1226.0	Payment of access charges to Management Business (transferred within NTT-East) * Of which, that portion relating to general Category I designated facilities: ¥97.2 billion
Operating expenses	689.0	
Transfer charges	536.9	
Operating Profit	115.5	

(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 functions set forth in the Category I Designated Telecommunications Facilities Interconnection Charge Rules (Ministry of Posts and Telecommunications Order No. 64 of 2000), Article 4, Subsection 2 (limited to terminal router switching functions and general router priority packet identification functions), Subsection 5 (limited to gateway router switching functions), Subsection 5-2, Subsection 6-2 (limited to general relay router switching and transmission functions), Subsection 6-3, and Subsection 9; and general Category I designated routers other than the subject facilities etc. set forth in Article 4 of the Interconnection Charge Rules, and facilities ancillary thereto.

(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.