

Financial Results for the Year Ended  
March 31, 2012  
(13th Term)

May 11, 2012

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

# 1. Financial Results and Capital Investment

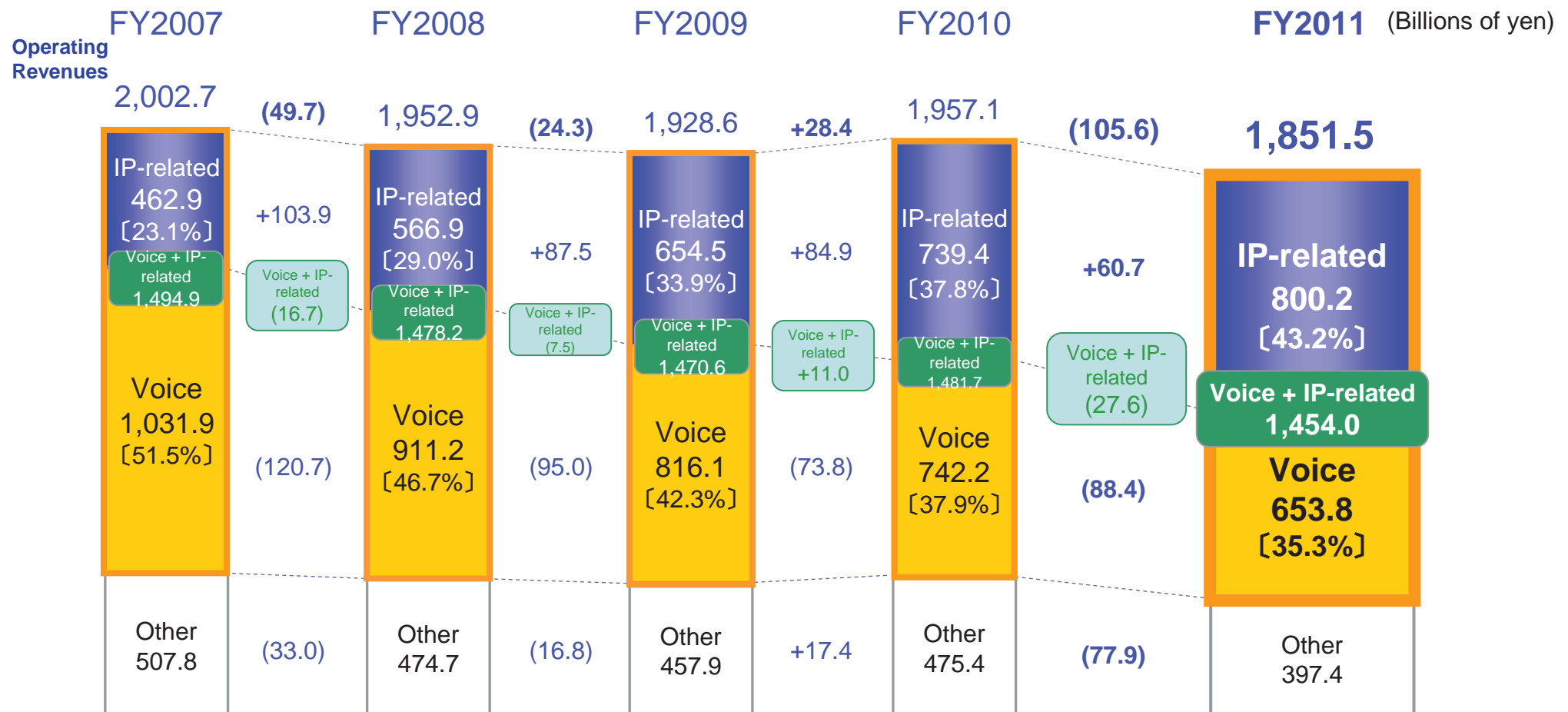
- Operating Revenues decreased 105.6 billion yen and Operating Expenses decreased 78.7 billion yen, resulting in a decrease of 26.8 billion yen in Operating Income over the prior fiscal year to 50.3 billion yen.
- Special Loss associated with the recovery following the Great East Japan Earthquake was 8.1 billion yen (a total loss of 27.3 billion yen if combined with the loss of the prior fiscal year).
- Net Income decreased 20.1 billion yen over the prior fiscal year to 32.1 billion yen, due to, among other things, the reduction of deferred tax assets (a decrease of 15.3 billion yen) caused by the revision of the Corporation Tax Act in Japan and other factors.
- Capital Investment increased 13.7 billion yen over the prior fiscal year to 420.3 billion yen, due to, among other things, the investment in full-fledged recovery (approximately 25.0 billion yen) following the Great East Japan Earthquake.

(Billions of yen)

	FY2010	FY2011	Increase (Decrease)
Operating Revenues	1,957.1	<b>1,851.5</b>	(105.6)
Operating Expenses	1,879.9	<b>1,801.2</b>	(78.7)
Operating Income	77.1	<b>50.3</b>	(26.8)
Recurring Profit	96.0	<b>75.2</b>	(20.8)
Special Profit/Loss	(19.1)	<b>(8.1)</b>	+ 11.0
Net Income	52.3	<b>32.1</b>	(20.1)
Capital Investment	406.5	<b>420.3</b>	+ 13.7

## 2. Trends in Operating Revenues

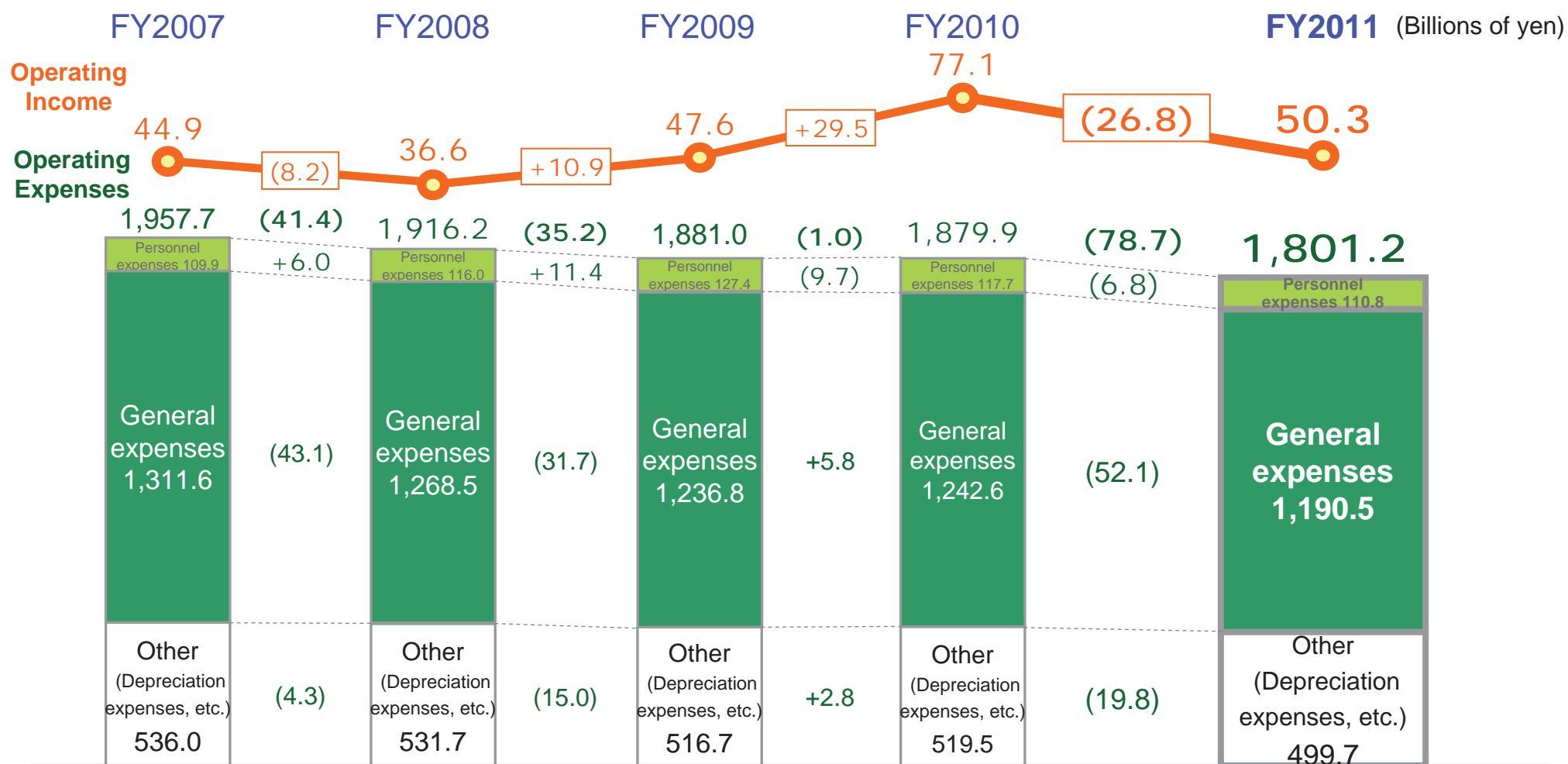
- Operating Revenues for Voice + IP-related services decreased 27.6 billion yen compared with the prior fiscal year, due to, among other things, special circumstances (approx. 15.0 billion yen) such as the changes in interconnection charge models and the impact of the Great East Japan Earthquake (approx. 10.0 billion yen). Operating Revenues for IP-related services exceeded 40 percent of the total Operating Revenues, surpassing, for the first time ever, Operating Revenues for Voice services for the year.
- Operating Revenues for other services decreased by 77.9 billion yen compared with the prior fiscal year, due to, among other things, decreased commissioned revenues impacted by the preparation of optical broadband rolled out by the central and local governments in the fiscal year ended March 31, 2010 (a decrease of 56.5 billion yen) and a decrease in revenues from legacy-related services.



Figures in [brackets] indicate proportion of operating revenues.

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

- Operating Expenses decreased 78.7 billion yen over the prior fiscal year to 1,801.2 billion yen, due to, among other things, a decrease in expenses following a decline in commissioned revenues, and a reduction of personnel expenses, general expenses and depreciation expenses as a result of increased efficiency.
- Operating Income decreased 26.8 billion yen over the prior fiscal year to 50.3 billion yen, due to special circumstances such as the change in interconnection charge models and the impact of the Great East Japan Earthquake (a decrease of approximately 27.0 billion yen), making it the first time that Operating Income has decreased for three years. Excluding these temporary factors, Operating Income would be substantially at the same level as the prior fiscal year.



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

- The net increase in FLET'S Hikari subscriptions for the fiscal year ended March 31, 2012 was 0.84 million, reaching 9.35 million at the end of the fiscal year. (NTT East plans to increase FLET'S Hikari subscriptions by 0.8 million for the fiscal year ending March 31, 2013 and, to exceed 10 million subscriptions within that fiscal year.)
- Despite the impact of the Great East Japan Earthquake, FLET'S Hikari ARPU increased by 20 yen to 5,900 yen following the expansion of supplemental services, such as Hikari Denwa.

Major Services			FY2010 Results		FY2011 Results	
			Net Increase	Facilities	Net Increase	Facilities
	FLET'S Hikari	10,000 subscriptions	+98	851	+84	935
	FLET'S Hikari Light (partial listing only)		—	—	+26	26
Supplemental Services	Hikari Denwa	10,000 channels	+103	645	+96	740
	Remote Support Service	10,000 subscriptions	+65	221	+49	269
	FLET'S Virus Clear	10,000 subscriptions	+29	131	+20	151
	FLET'S TV	10,000 subscriptions	+24	48	+17	64
	Business Ether Wide	1,000 subscriptions	+11	19	+11	30
	FLET'S Hikari Member's Club	10,000 members	+124	164	+92	256
FLET'S Hikari ARPU			5,880		5,900	
Supplemental Services (partial listing only)			1,570		1,620	
			Yen			



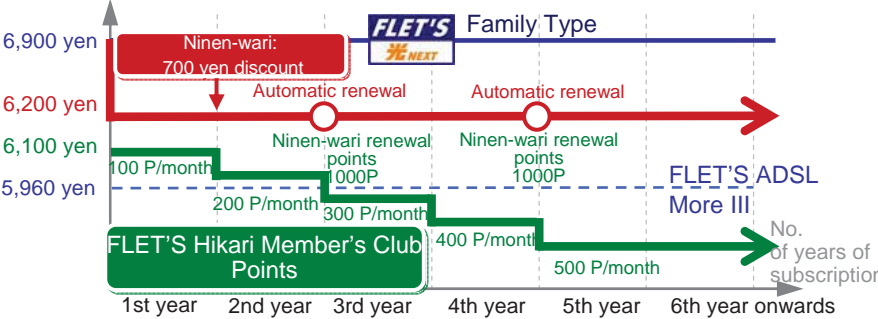


## 5. Forecast for FY2012

- The forecast for Operating Revenues remains unchanged from the date of NTT's submission for approval of its business operation plan, at 1,868.0 billion yen, by taking into account the revision based on the actual number of subscriptions as of the end of FY2011, factors contributing to a decrease in the impact of Ninen-wari, and factors contributing to an increase in revenues from the revision of campaign specifications.\* (\* Please refer to the next page for details)
- Forecasts for Operating Expenses and Operating Income also remain unchanged from the date of NTT's submission for approval of its business operation plan, at 1,803.0 billion yen and 65.0 billion yen, respectively.
- Forecast for Recurring Profit has been adjusted up 5.0 billion yen from the date of NTT's submission for approval of its business operation plan, to 85.0 billion yen, based on the expected increase in non-Operating Income revenues, among other factors.

(Billions of yen)

	Forecast for FY2012	Revision after the Business Operation Plan announced on March 1, 2012
Operating Revenues	1,868.0	± 0
Operating Expenses	1,803.0	± 0
Operating Income	65.0	± 0
Recurring Profit	85.0	+ 5.0
Net Income	53.0	—

# 6-1. Measures Taken in FY2011 and Measures to Be Taken in the Future

Core Measures	Measures taken in FY2011	Measures to take in the future																				
<p><b>Providing Easy-to-Use Rate Menus</b></p>	<ul style="list-style-type: none"> <li>Launched the two-tier fixed rate service, "FLET'S Hikari Light," that allows customers to use the Internet with reasonable basic monthly charges (June 2011).</li> <li>Effective in expanding the number of new subscriptions and for retaining FLET'S Hikari subscribers.</li> <li>Increase in the number of customers connecting FLET'S Hikari to their TVs in conjunction with the launch of terrestrial digital broadcasting.</li> </ul> 	<ul style="list-style-type: none"> <li>Plan to introduce a new "FLET'S Hikari Light" price menu for residents of multi-unit apartment complexes.</li> <li>Enables use of the Internet at a more reasonable rate than the existing FLET'S Hikari Apartment Type (fixed-price service)</li> </ul>  <p>※Charges may vary depending on the size of subscription in each multi-unit apartment complex.</p>																				
<p><b>Efforts to Retain Customers</b></p>	<ul style="list-style-type: none"> <li>Launched "Ninen-wari," a monthly charge discount service conditioned on the users staying subscribed for a period of 2 years. At the same time, reviewed FLET'S Hikari Member's Club Points to provide points every month in accordance with years subscribed (March 2012).</li> <li>Achieved charges on par with ADSL charges by combining "Ninen-wari" and FLET'S Hikari Member Club Points.</li> <li>Popular plan with 450,000 subscription applications received within the first month of launching.</li> </ul>  <p>※Includes Hikari Denwa (500 yen) and ISP usage charges (1,200 yen)</p>	<ul style="list-style-type: none"> <li>Promote expansion of Ninen-wari (aiming for an expansion of services by 50% in FY2012).</li> <li>Introducing payment installment plans to reduce initial costs and charging the entire installation fee for FLET'S Hikari.</li> <li>Offering both a single payment option and installment payment option (24 installments) for installation fees.</li> <li>Implemented a discount campaign for new customers, offering discounts on monthly charges for 24 months.</li> </ul> <p><b>Image of Campaign Implementation (For FLET'S Hikari Next Family (5,200 yen)) (excl. tax)</b></p> <table border="1" data-bbox="1288 933 2128 1157"> <thead> <tr> <th></th> <th>1<sup>st</sup> month</th> <th>2<sup>nd</sup> to 25<sup>th</sup> month</th> <th>26<sup>th</sup> month onward</th> </tr> </thead> <tbody> <tr> <td>Ninen-wari</td> <td>—</td> <td>700 yen discount</td> <td>700 yen discount</td> </tr> <tr> <td>Installation Fee (installments)</td> <td>—</td> <td>1,000 yen</td> <td>—</td> </tr> <tr> <td>Campaign</td> <td>One-month free campaign</td> <td>2-year discount campaign: 1,000 yen discount</td> <td>—</td> </tr> <tr> <td>Total charge</td> <td>0 yen</td> <td>4,500 yen</td> <td>4,500 yen</td> </tr> </tbody> </table> <p>* Installation fee if indoor wiring work is required (24,000 yen)</p>		1 <sup>st</sup> month	2 <sup>nd</sup> to 25 <sup>th</sup> month	26 <sup>th</sup> month onward	Ninen-wari	—	700 yen discount	700 yen discount	Installation Fee (installments)	—	1,000 yen	—	Campaign	One-month free campaign	2-year discount campaign: 1,000 yen discount	—	Total charge	0 yen	4,500 yen	4,500 yen
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<p><b>Promoting the Use of Hikari Services to Mobile Device Users</b></p>	<ul style="list-style-type: none"> <li>Expanded Wi-Fi environment mainly through collaboration with businesses operating nationwide.</li> <li>Expanded areas mainly in 23 wards of the Tokyo metropolitan area through collaboration with Seven &amp; i Holdings Co., Ltd. (1,200 shops).</li> <li>Launched Hikari Station (January 2012) and expanded into restaurants through collaboration with Gurunavi, Inc. (300 restaurants).</li> <li>Launched Hikari Portable Wi-Fi Cradle (November 2011).</li> </ul> 	<ul style="list-style-type: none"> <li>Expand business partners, enhance collaboration with local governments and communities, and shopping arcades.</li> <li>Expanding national chain store areas and to local chain stores.</li> <li>Expanding Wi-Fi environment through collaboration with each community and shopping arcade, such as the Jiyugaoka Shopping Arcade (utilizing Hikari Station).</li> <li>Providing a package service that enables mobile data communications even when outside Wi-Fi areas and during travel (April 2012).</li> </ul> 																				



# 6-2. Measures Taken in FY2011 (2)

## Restoration Measures taken following the Earthquake

### Emergency restoration of communications services

#### Emergency restoration of relay transmission lines, exchange offices, access facilities, etc.

- Prioritized restoration of critical sites through temporary restoration of relay transmission lines and switching exchange offices.
- Conducted the emergency restoration of buildings, communication facilities and residential areas within access areas permitting restoration.



<Emergency restoration of access areas>

#### Disaster Area Support Measures

- Supported safety confirmation information gathering and related disaster status by securing means of communication at evacuation centers through the provision of special public telephones and an Internet connection environment.
- Provided Disaster Emergency Message Dial (171) and Disaster Message Board (171)
- Offered free public telephones (Entire East Japan area).



### Full-fledged Recovery

#### Relocating damaged exchange offices to higher ground (19 buildings)

#### Building relay transmission lines underground below waterways for sections that were washed away in bridge areas (9 areas)

- Building new conduit lines underground below waterways to set up relay cables.

#### Switching exchange offices in the nuclear power plant area to different buildings and implementing temporary relay transmission lines

- The parent station function of exchange offices outside the warning zone were relocated to a building outside the warning zone and inland temporary transmission relay lines were set up.



Immediately after earthquake



After relocation to higher ground

<Relocating exchange offices to higher ground (Oshika Bldg., Miyagi Pref.)>

## Measures for Improving Reliability

### Improving reliability of communications services

- Building disaster-resistant facilities
  - Countermeasures against blackouts and flooding at exchange offices.
  - Improving relay transmission lines by establishing Route 3.
- Measures for Rapid Restoration of Services
  - Increasing disaster countermeasure equipment (such as portable satellites).
  - Providing support at temporary exchange offices during disasters.



←New portable satellite model Not only downsized but also the added an automatic satellite signal lock-on/tracking function.

Portable Wi-Fi device→ Installed wireless devices in cars. Securing an Internet environment by dispatching the devices in affected areas

«Enhancing Disaster Countermeasure Equipment»



### Preparing for Future Disasters

- Securing a means of communication during disaster
  - Arrange emergency phones and build Wi-Fi environments at public facilities such as convenience stores, and promote information stations to be used during emergencies.
  - Improving Web171 (collaborating with other providers' message boards, notification function of registered messages, etc.).
  - Disclosing installation locations of public telephones on company homepage (scheduled for June 2012).
- Strengthening collaboration efforts with local governments
  - Conduct joint disaster-countermeasure drills with local governments (FY2011: approximately 100 times).

### Offering Reassuring, Convenient Services

- Enhancing cloud services
  - Established data centers in 17 prefectures and conducted experiments to verify the remote area backup services using disaster-resistant data centers (February 2012).
  - Planning to provide "Safe Server Hosting" and "Safe Data Backup" to meet Business Continuity Plan (BCP) needs mainly for local governments.
  - Enable the use of reliable and safe cloud service by adopting high-security Business Ether Wide in combination with FLET'S VPN Wide.





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.