

Business Operation Plan for the Fiscal Year Ending March 31, 2018

March 1, 2017

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

- As a carrier with an important leadership role in the information and communications industry, NTT East will aim to continue to provide high-quality, stable services and work to develop a disaster-resistant information and communications network in order to ensure their reliability as part of the social infrastructure. Furthermore, NTT East will endeavor to contribute to the further enrichment and sustained development of society by using ICT to confront the various social issues facing Japan, such as the low birthrate and aging population.
- NTT East plans to continue expanding fiber-optic access, and aims to achieve the upgrade and expansion of its broadband network environment. NTT East also plans to offer an even wider range of services including optical IP telephony services and video services as well as maintenance and support, and will develop and provide customers with high value-added and user-friendly services through further collaboration with companies in diverse industries. In addition, NTT East will provide service providers in a wide range of fields with fair and equal services on the basis of its world-class network through the Hikari Collaboration Model, as well as support a variety of value creation opportunities.
- NTT East aims to further improve customer services, while taking steps to build a stable and stronger management base and to ensure steady business growth into the future by further increasing operating efficiency. NTT East will strive to return the results of these measures to customers, the local community and, through its holding company, to its shareholders.

Service Plan and Capital Investment Plan

■ Service Plan (net increase)

(million subscriptions)

Item	FY2016 Forecast	FY2017 Plan	Change from Previous Fiscal Year
FLET'S Hikari ¹	0.40	0.50	+0.10
Fixed-line telephone (Telephone subscription + ISDN ²)	(0.55)	(0.55)	+0.00

Notes: 1. Figures for FLET'S Hikari include subscribers to the Hikari Collaboration Model.

2. One INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions.

<For reference> Number of Subscriptions as of the end of FY2016 and FY2017

FLET'S Hikari	11.07	11.57	+0.50
FLET'S Hikari	5.84	4.64	(1.20)
Hikari Collaboration Model	5.23	6.93	+1.70

Note: NTT East estimates the number of subscription changes (forecast) from FLET'S Hikari to the Hikari Collaboration Model to be 1.5 million lines in FY2016 and 1.1 million lines in FY2017.

■ Capital Investment Plan

(Billions of yen)

Item	FY2016 Forecast	FY2017 Plan	Change from Previous Fiscal Year
Capital investment	270.0	250.0	(20.0)

Revenues and Expenses Plan

(Billions of yen)

	FY2016 Forecast	Change from Previous Forecast	FY2017 Plan	Change from Previous Fiscal Year
	(as of March 1, 2017)			
Operating revenues	1,659.0	6.0	1,627.0	(32.0)
IP-related revenues	864.0	6.0	860.0	(4.0)
Voice transmission services revenues	396.0	3.0	370.0	(26.0)
Other (leased circuit, commissioned, etc.)	399.0	(3.0)	397.0	(2.0)
Operating expenses	1,484.0	6.0	1,447.0	(37.0)
Personnel expenses	95.0	0	82.0	(13.0)
General expenses	966.0	2.0	954.0	(12.0)
Depreciation expenses, etc.	423.0	4.0	411.0	(12.0)
Operating income	175.0	0	180.0	5.0
Other income (expenses)	13.0	0	0	(13.0)
Recurring Profit	188.0	0	180.0	(8.0)

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.