

Business Operation Plan for the Fiscal Year Ending March 31, 2019

March 1, 2018

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 ensure its reliability as part of the social infrastructure and provide appropriate support for network migration through initiatives such as providing high-quality, stable universal services and working to develop a resilient high-speed information and communications network that can withstand disasters, attacks on cybersecurity and increases in data transmission volume, and through the rapid restoration of service in the event of large-scale natural disasters, while at the same time working to enforce compliance and strictly adhere to the conditions of fair competition. 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, and productivity improvement.
- 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 work to improve its customer service by developing and providing 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	FY2017 Forecast	FY2018 Plan	Change from Previous Fiscal Year
FLET'S Hikari ¹	0.30	0.40	+0.10
Fixed-line telephone (Telephone subscription + ISDN ²)	(0.70)	(0.70)	+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 FY2017 and FY2018

FLET'S Hikari	11.47	11.87	+0.40
FLET'S Hikari	4.85	4.20	(0.65)
Hikari Collaboration Model	6.63	7.68	+1.05

Note: NTT East estimates the number of subscription changes (forecast) from FLET'S Hikari to the Hikari Collaboration Model to be 0.9 million lines in FY2017 and 0.65 million lines in FY2018.

■ Capital Investment Plan

(Billions of yen)

Item	FY2017 Forecast	FY2018 Plan	Change from Previous Fiscal Year
Capital investment	250.0	250.0	+0.00

Revenues and Expenses Plan

(Billions of yen)

	FY2017 Forecast*	FY2018 Plan	Change from Previous Fiscal Year
Operating revenues	1,640.0	1,600.0	(40.0)
IP-related revenues	870.0	860.0	(10.0)
Voice transmission services revenues	368.0	340.0	(28.0)
Other (leased circuit, commissioned, etc.)	402.0	400.0	(2.0)
Operating expenses	1,389.0	1,410.0	21.0
Personnel expenses	85.0	66.0	(19.0)
General expenses	950.0	947.0	(3.0)
Depreciation expenses, etc.	354.0	397.0	43.0
Operating income	251.0	190.0	(61.0)
Other income (expenses)	8.0	0	(8.0)
Recurring Profit	259.0	190.0	(69.0)

Reference:

Special profits (losses)	(61.0)	0.0	61.0
Operating income + Special profits (losses)	190.0	190.0	+0.0

* Certain numbers have been adjusted based on revisions to service plans, among other factors.

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.