

**Financial Results for the Six Months Ended  
September 30, 2011  
(13th Term)**

November 9, 2011

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

# 1. Financial Results and Capital Investment

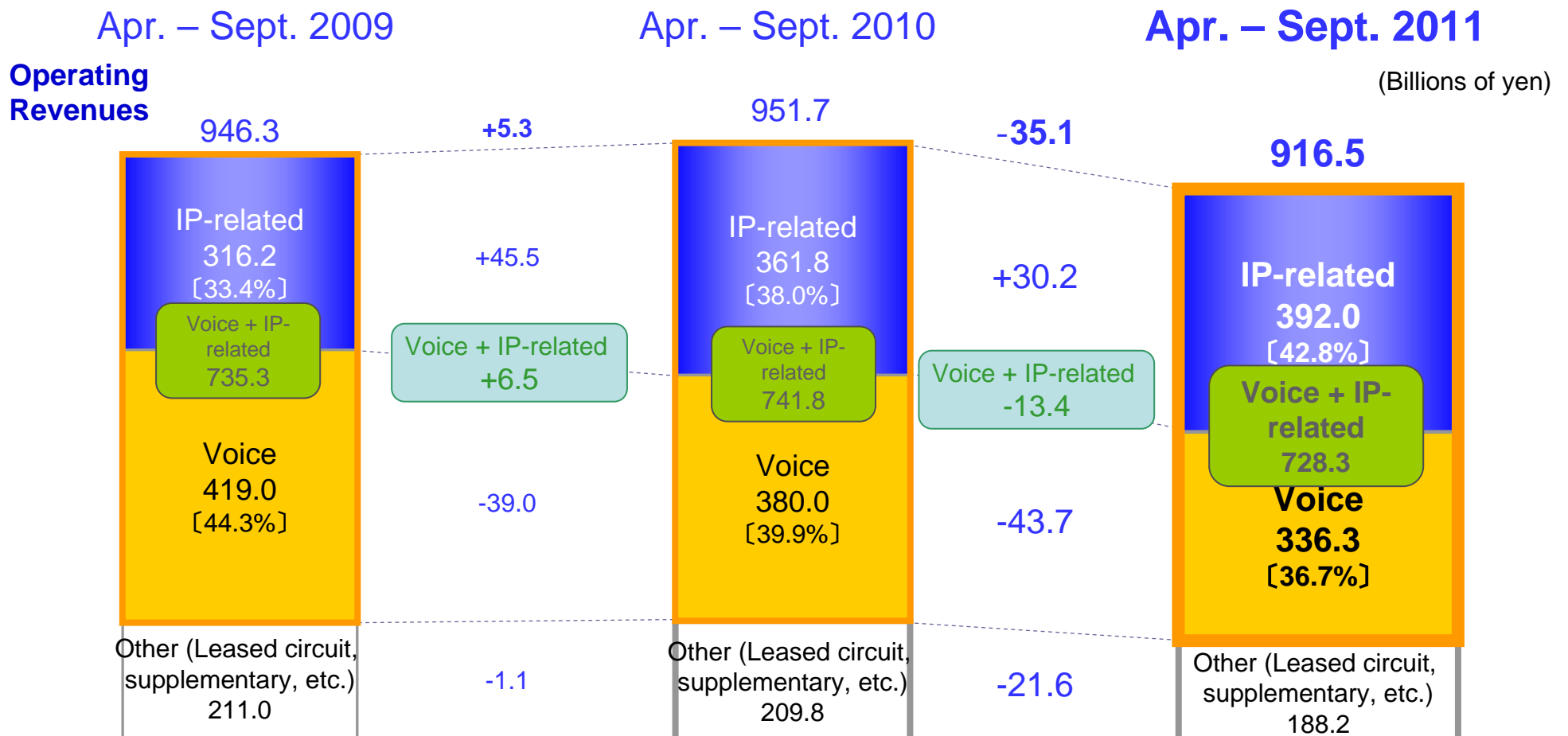
- Operating Revenues decreased 35.1 billion yen and Operating Expenses decreased 20.5 billion yen, resulting in a decrease of 14.5 billion yen in Operating Income over the prior fiscal year to 31.5 billion yen.
- Capital Investment fell 14.2 billion yen over the prior fiscal year to 157.0 billion yen.

(Billions of yen)

	FY2010/2Q (6m cum.)	<b>FY2011/2Q (6m cum.)</b>	Increase (Decrease)
Operating Revenues	951.7	<b>916.5</b>	(35.1)
Operating Expenses	905.6	<b>885.0</b>	(20.5)
Operating Income	46.1	<b>31.5</b>	(14.5)
Recurring Profit	56.8	<b>43.6</b>	(13.2)
Special profit/loss	–	<b>(3.5)</b>	(3.5)
Net Income	36.3	<b>26.7</b>	(9.5)
Capital investment	171.2	<b>157.0</b>	(14.2)

## 2. Changes in Operating Revenues

- Operating Revenues for Voice + IP-related services decreased 35.1 billion yen from the prior fiscal year, to 916.5 billion yen.
- If the special circumstances of the changes in interconnection charge models and the impact of the Great East Japan Earthquake (a decrease of 14.0 billion yen) are excluded, Operating Revenues for Voice + IP related services would be at the same level as the prior fiscal year. In the six-month period ended September 30, 2011, IP-related Revenues surpassed Voice Revenues for the first time.
- Operating revenues from other services fell due to decreased revenues from legacy businesses (leased circuit, telegrams, phone books) and a decrease in supplemental business revenues.

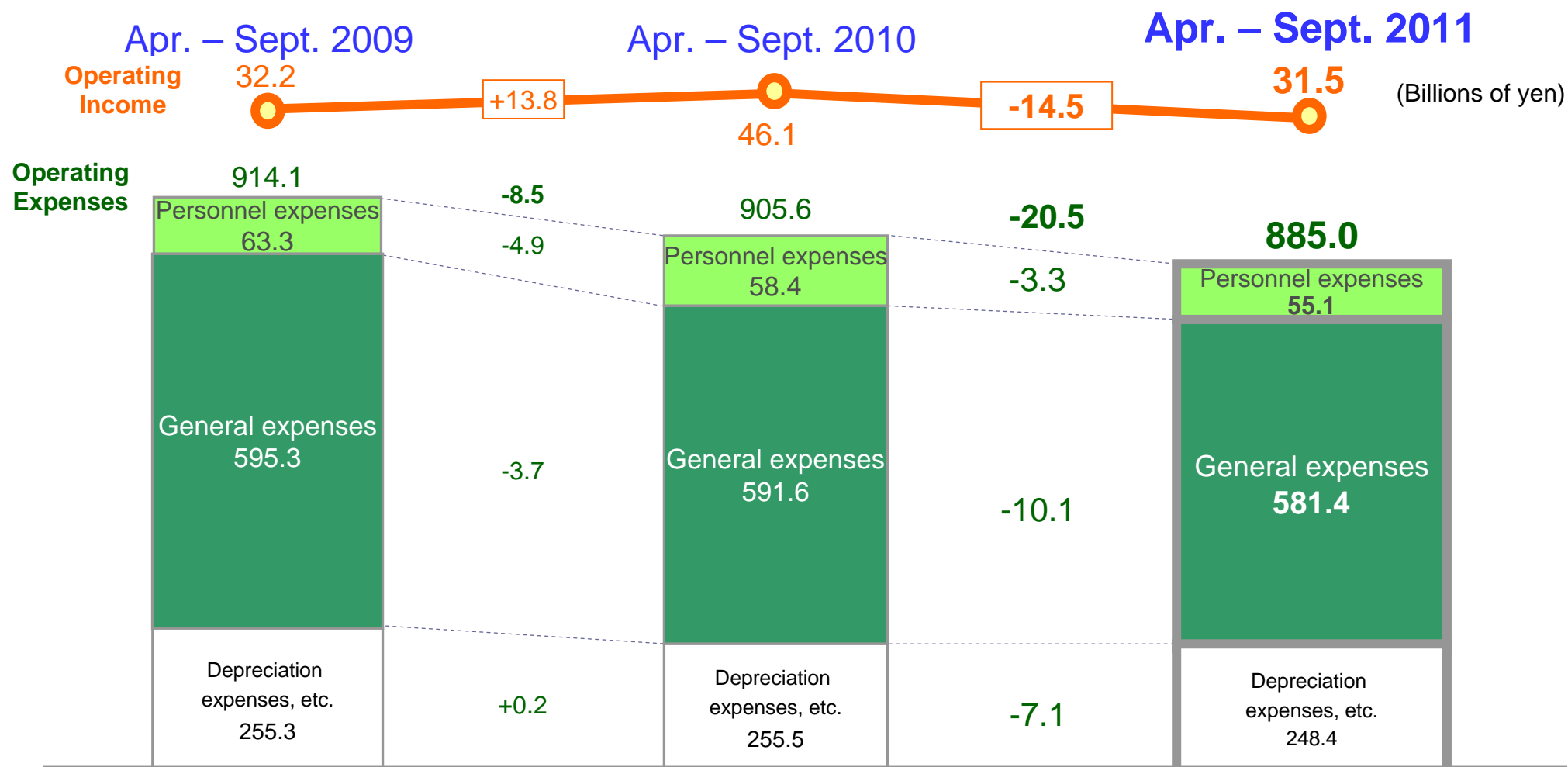


\* IP-related services revenues include supplemental business revenues from Remote Support and Virus Clear.

Figures in (parentheses) indicate proportion of operating revenues.

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

- Operating Expenses decreased by 20.5 billion yen from the prior fiscal year to 885.0 billion yen, due to, among other things, a decrease in personnel expenses, general expenses, depreciation expenses and as a result of increased efficiency.
- Operating Income decreased by 14.5 billion yen from the prior fiscal year to 31.5 billion yen. If the impact on Operating Income from special circumstances, such as changes in interconnection charge models and the Great East Japan Earthquake are excluded (a decrease of 16.0 billion yen), Operating Income would be at the same level as the prior fiscal year.



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

- The number of FLET'S Hikari subscriptions topped 9 million, reaching 9.04 million at the end of September 2011 (net increase for the first half of the fiscal year ending March 31, 2012: 530,000).
- Despite an increase in Supplemental Services subscriptions, FLET'S Hikari ARPU increased only 10 yen over the same period of the prior fiscal year to 5,870 yen, due to changes in campaign content and the impact of the Great East Japan Earthquake.

Major Services		FY2009		FY2010		FY2011
		1H	2H	1H	2H	1H
FLET'S Hikari	10,000 subscriptions	695	753	809	851	904
		(+66)	(+58)	(+55)	(+42)	(+53)
FLET'S Hikari Light (partial listing only)		—	—	—	—	11
		(—)	(—)	(—)	(—)	(+11)
Supplemental Services	Hikari Denwa	482	542	593	645	695
		(+57)	(+60)	(+51)	(+52)	(+50)
	Remote Support Service	118	156	190	221	251
		(+41)	(+38)	(+35)	(+30)	(+30)
	FLET'S TV	15	24	35	48	59
		(+8)	(+9)	(+11)	(+13)	(+12)
Business Ether Wide	100 subscriptions	32	80	120	190	226
		(+11)	(+48)	(+40)	(+69)	(+36)
FLET'S Hikari ARPU		5,690	5,790	5,860	5,890	5,870
Additional Services (partial listing only)		1,420	1,490	1,540	1,590	1,610

Note: The top row represents the number of subscriptions. The bottom row represents the net increase in parentheses.

## 5. Revised Forecast

- After reviewing the effects of the Great East Japan Earthquake, the initial forecast for Operating Revenues was revised downward 5.0 billion yen to 1,895.0 billion yen. In addition, as a result of a 5.0 billion yen cost reduction for Operating Expenses, the initial forecast for Operating Income remained unchanged at 70.0 billion yen.
- Based on a detailed investigation of the effects from the Great East Japan Earthquake, the forecast for Special profit/loss was revised upward from 12.0 billion yen to 7.0 billion yen.

(Billions of yen)

	FY2011 Forecast (announced May 2011)	<b>FY2011 Forecast (Revised)</b>	Difference
Operating Revenues	1,900.0	<b>1,895.0</b>	(5.0)
Operating Expenses	1,830.0	<b>1,825.0</b>	(5.0)
Operating Income	70.0	<b>70.0</b>	
Recurring Profit	85.0	<b>85.0</b>	
Special profit/loss	(12.0)	<b>(7.0)</b>	+ 5.0
Net Income	44.0	<b>47.0</b>	+ 3.0

# 6. Measures Taken in the First Half of FY2011

## Main Measures

Restoration of Communications Services

Disaster Area Support Measures

Promoting the use of Hikari Services

## Details

- **Emergency restoration measures (~ May 2011)**  
(**relay transmission lines, exchange offices, access facilities, etc.**)
  - ▶ NTT East prioritized its restoration measures in key areas, such as the temporary restoration of relay transmission lines, switching exchange offices to other communications buildings, and setting up portable communication facilities for use in emergency recovery.
  - ▶ Restoration of residential areas through emergency restoration measures of access areas for buildings and communications facilities.
- **Measures for full-fledged recovery (May 2011 ~)**
  - ▶ Provide stable communications services by restoring pre-earthquake reliability levels (i.e. repairing building facilities, restoring damaged relay transmission lines through two routes)



Kitakami-machi, Ishinomaki-shi, Miyagi Prefecture

- **Support for remote health consultation services to temporary housing using video phones (May 2011)**
  - ▶ Remote healthcare and psychological care consultations using video phones
- **Joint provision of “Shopping Support Service” for residents of temporary housing by Seven & i Holdings Co., Ltd. and NTT Broadband Platform, Inc (July 2011)**
- **“Oenka” congratulatory telegram service launched (August 2011)**
  - ▶ Decorated with the embroidered flowers of the six Tohoku prefectures to express support for recovery. Half the proceeds are donated to disaster areas.
- **Collected donations from FLET’S Hikari members (March – September 2011)**



Shopping Support Service (screen image)



“Oenka” congratulatory telegram



- **“FLET’S Hikari Light” launched (June 2011)**
  - Fukushima, Aomori, Yamagata, Akita From July 2011
  - Miyagi, Iwate From August 2011
- **Trial launch of “Timeline Collaboration System” regional healthcare collaboration platform (June 2011)**
  - ▶ Platform that allows different healthcare institutions to share electronic medical records on a timeline
- **Convenient and safe customer services provided in collaboration with Seven & i Holdings Co., Ltd. (July 2011)**
- **Trial launch of “Energy Use Visualization Service” (tentative name) (July 2011)**
  - ▶ Enabling the visualization of, and access to, household electricity consumption and power company supply information through Hikari i-frame and other devices.



Energy Use Visualization Service (screen image)

# 7. Measures Taken for Full-Fledged Recovery

- In order to work towards the full-fledged recovery and restoration of communications networks, NTT is relocating exchange offices in the tsunami area to higher ground and relay transmission lines underground below waterways, switching exchange offices in the nuclear power plant area to different buildings and reconstructing relay transmission lines.
- Further, NTT is strengthening its measures in the entire eastern Japan area to bolster electric power facilities, implementing waterproofing, and is improving its backup plans for rapid recovery in the event of a disaster.

## Initiatives in Tsunami Areas

### ■ Relocation of exchange offices to higher ground

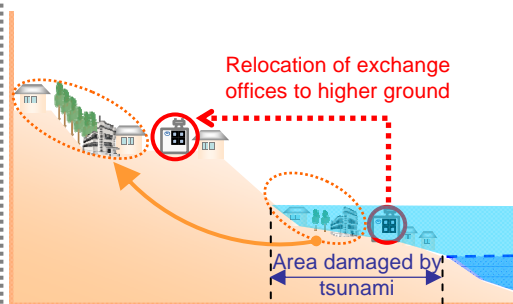
Buildings subject to relocation to higher ground include exchange offices destroyed or washed away by tsunami, buildings impacted by land subsidence or flooded by high waves, for which maintenance and preservation of telecommunications equipment are difficult, and buildings with temporary boxes installed because the switching stations were washed away (19 buildings\*)

\*Local recovery plans and the wishes of local governments were taken into account when deciding which buildings would be relocated.

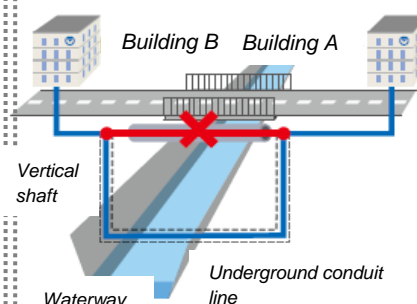
### ■ Relocating relay transmission lines underground below waterways

Build relay transmission lines (9 areas) by newly constructing conduit lines underground below waterways for cables that were washed away and disconnected in bridge areas.

#### Relocation of exchange office to higher ground (image)



#### Relocating relay transmission lines underground below waterways



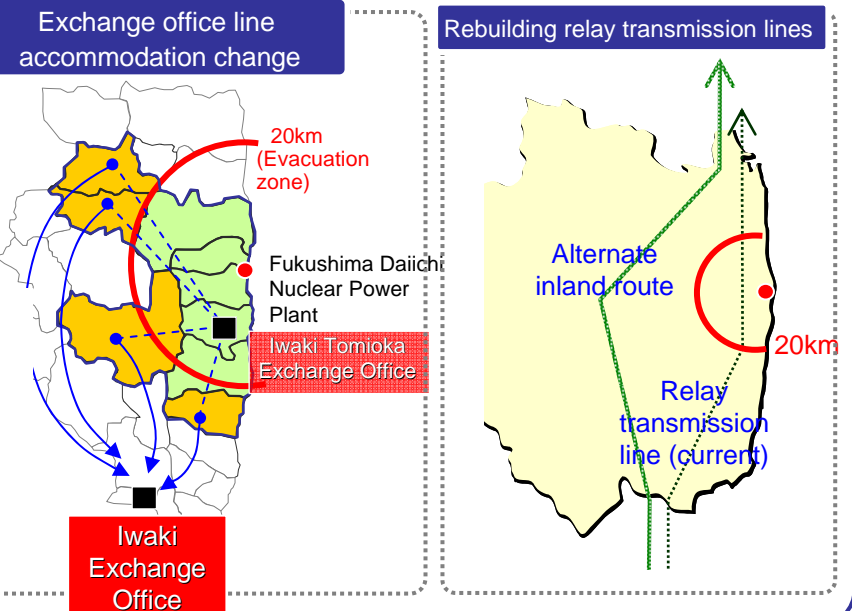
## Initiatives in Nuclear Power Plant Areas

### ■ Switching exchange offices

Of the exchange offices in the Iwaki Tomioka building, 4 offices outside the evacuation zone (20 km radius) were switched to the Iwaki exchange office (transfer of parent station functions).

### ■ Rebuilding relay transmission lines

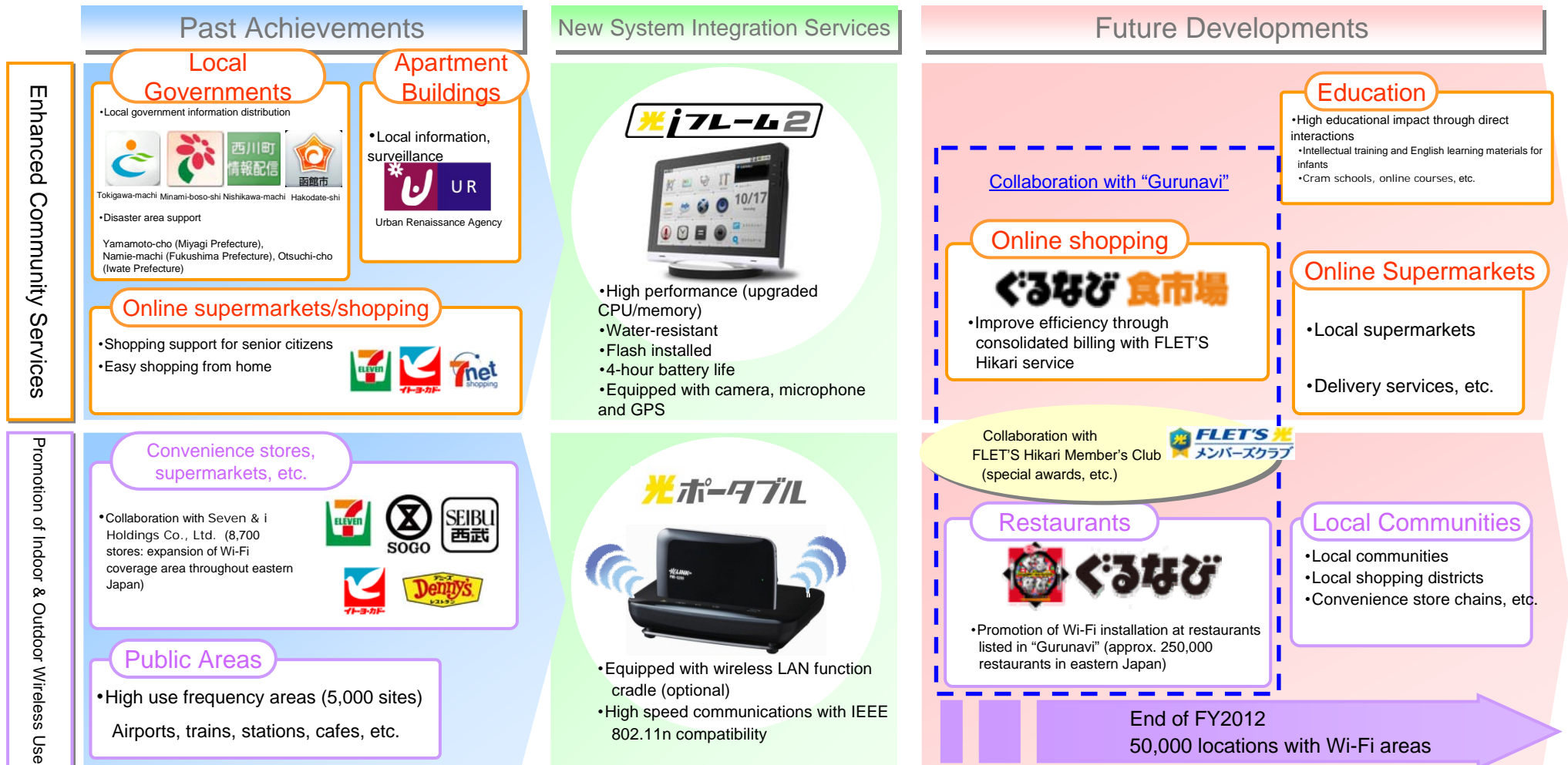
Due to the difficulty of maintenance within the evacuation zone, an alternate inland route for relay transmission lines was rebuilt to provide stable communications services.





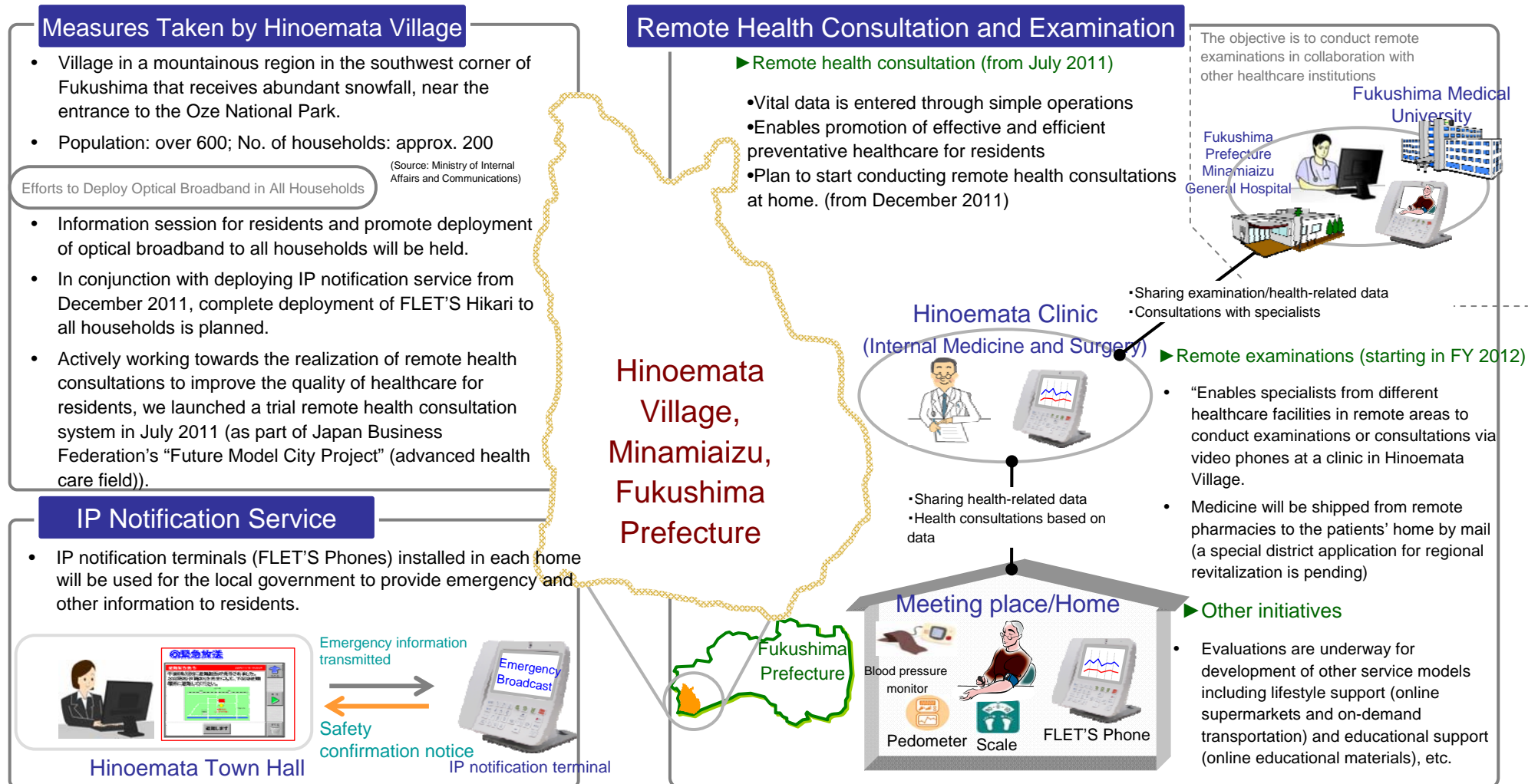
# 8. Formation of Alliances for Promoting Use of Hikari Services

- In the field of community services, we have offered such services as regional information distribution for, among other things, local governments and online supermarkets. In conjunction with the release of the high performance/high function “Hikari i-frame 2” (scheduled for release in December 2011), we will be expanding alliances in rich content fields such as education, etc.
- In the field of wireless services, with the release of the new “Hikari Portable” (scheduled for release in November 2011), which enables indoor and outdoor Wi-Fi use, and in collaboration with such businesses as “Gurunavi”, we will expand Wi-Fi coverage area to 50,000 locations by the end of FY2012.



# 9. Regional Use of Optical Broadband

- Hinoemata Village in Minamiaizu, Fukushima Prefecture, is actively working to utilize ICT, and plans to deploy optical broadband to all households (scheduled for release in March 2012).
- In addition to developing IP notification services and remote health consultations (as part of Japan Business Federation's "Future Model City Project"), we are planning to help make residents' lives more comfortable and convenient through the use of ICT, by developing lifestyle support services such as online supermarkets, education support services, etc.



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, NTT and their respective subsidiaries and affiliates, 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.

\*\* "2Q (6m cum.)" and "1H" in this material represent the 6-month period beginning on April 1 and ending on September 30.

\*\*\* "2H" in this material represents the 6-month period beginning on October 1 and ending on March 31.