



# *News Release*

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FOR IMMEDIATE RELEASE

## **Financial Statements for the Six Months Ended September 30, 2010**

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the six months ended September 30, 2010 are presented in the following attachments.

(Attachments)

1. Non-Consolidated Comparative Balance Sheets
2. Non-Consolidated Comparative Statements of Income
3. Business Results (Non-Consolidated Operating Revenues)
4. Non-Consolidated Comparative Statements of Cash Flows

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## 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2010	September 30, 2010	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	536,644	523,088	(13,555)
Antenna facilities	6,068	5,796	(271)
Terminal equipment	83,337	78,514	(4,823)
Local line facilities	807,620	804,419	(3,200)
Long-distance line facilities	4,764	4,259	(505)
Engineering facilities	636,588	630,229	(6,358)
Submarine line facilities	1,722	1,533	(189)
Buildings	487,827	475,827	(11,999)
Construction in progress	29,150	32,770	3,619
Other	261,842	255,086	(6,755)
Total property, plant and equipment	2,855,567	2,811,527	(44,040)
Intangible fixed assets	103,461	99,856	(3,605)
Total fixed assets - telecommunications businesses	2,959,029	2,911,384	(47,645)
Investments and other assets			
Other investments and assets	271,691	270,093	(1,597)
Allowance for doubtful accounts	(1,425)	(1,135)	289
Total investments and other assets	270,266	268,957	(1,308)
Total fixed assets	3,229,295	3,180,342	(48,953)
Current assets:			
Cash and bank deposits	138,155	81,152	(57,003)
Notes receivable	68	806	737
Accounts receivable, trade	293,993	272,981	(21,011)
Supplies	35,496	34,965	(530)
Other current assets	45,982	104,624	58,642
Allowance for doubtful accounts	(2,748)	(2,954)	(206)
Total current assets	510,947	491,575	(19,371)
<b>TOTAL ASSETS</b>	<b>3,740,243</b>	<b>3,671,918</b>	<b>(68,325)</b>

(Millions of yen)

	March 31, 2010	September 30, 2010	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	758,743	735,924	(22,818)
Liability for employees' retirement benefits	280,650	279,558	(1,092)
Reserve for unused telephone cards	15,397	15,693	296
Asset retirement obligations	-	685	685
Other long-term liabilities	12,930	11,330	(1,599)
Total long-term liabilities	1,067,721	1,043,192	(24,528)
Current liabilities:			
Current portion of long-term borrowings from parent company	90,595	78,116	(12,478)
Accounts payable, trade	95,670	61,961	(33,709)
Short-term borrowings	-	1,000	1,000
Accrued taxes on income	8,143	* 7,917	(225)
Other current liabilities	366,885	365,793	(1,091)
Total current liabilities	561,294	514,789	(46,505)
<b>TOTAL LIABILITIES</b>	<b>1,629,015</b>	<b>1,557,982</b>	<b>(71,033)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	276,505	279,317	2,812
Total shareholders' equity	2,111,231	2,114,043	2,812
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	(4)	(108)	(103)
Total unrealized gains (losses), translation adjustments, and others	(4)	(108)	(103)
<b>TOTAL NET ASSETS</b>	<b>2,111,227</b>	<b>2,113,935</b>	<b>2,708</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,740,243</b>	<b>3,671,918</b>	<b>(68,325)</b>

Note: \*NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

## 2. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010	Increase (Decrease)	Year ended March 31, 2010
Telecommunications businesses:				
Operating revenues	892,099	888,411	(3,687)	1,790,369
Operating expenses	860,268	843,126	(17,142)	1,746,500
Operating income from telecommunications businesses	31,830	45,284	13,454	43,868
Supplementary businesses:				
Operating revenues	54,271	63,325	9,053	138,283
Operating expenses	53,849	62,482	8,632	134,518
Operating income from supplementary businesses	421	842	421	3,765
Operating income	32,252	46,127	13,875	47,634
Non-operating revenues:				
Interest income	16	66	50	46
Dividends received	3,795	1,796	(1,998)	3,814
Lease and rental income	25,461	22,799	(2,662)	54,519
Miscellaneous income	1,468	4,191	2,723	3,253
Total non-operating revenues	30,742	28,855	(1,886)	61,633
Non-operating expenses:				
Interest expenses	5,724	5,587	(137)	11,451
Lease and rental expenses	10,677	10,591	(86)	21,417
Miscellaneous expenses	2,325	1,953	(371)	4,648
Total non-operating expenses	18,728	18,132	(596)	37,517
Recurring profit	44,265	56,850	12,584	71,750
Special profits	9,250	-	(9,250)	9,829
Income before income taxes	53,516	56,850	3,333	81,580
Income taxes	* 19,539	* 20,538	999	31,031
Net income	33,977	36,312	2,334	50,549

Note: \*NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan.  
However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

(Millions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	449,959	447,163	(2,796)
Operating expenses	429,860	424,347	(5,512)
Operating income from telecommunications businesses	20,099	22,815	2,715
Supplementary businesses:			
Operating revenues	28,879	34,304	5,425
Operating expenses	28,587	34,853	6,266
Operating income (losses) from supplementary businesses	291	(548)	(840)
Operating income	20,391	22,266	1,874
Non-operating revenues:			
Interest income	8	27	19
Dividends received	3,383	1,562	(1,821)
Lease and rental income	12,642	11,137	(1,504)
Miscellaneous income	625	2,492	1,867
Total non-operating revenues	16,659	15,220	(1,439)
Non-operating expenses:			
Interest expenses	2,879	2,764	(114)
Lease and rental expenses	5,445	5,602	156
Miscellaneous expenses	1,365	1,345	(20)
Total non-operating expenses	9,690	9,712	21
Recurring profit	27,360	27,774	414
Special profits	4,646	-	(4,646)
Income before income taxes	32,007	27,774	(4,232)
Income taxes	* 11,828	* 9,512	(2,316)
Net income	20,178	18,262	(1,916)

Note: \*NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

### 3. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan )

(Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2010
Voice transmission services revenues (excluding IP services revenues)	419,035	380,027	(39,007)	(9.3)	816,170
Monthly charge revenues*	287,692	260,718	(26,973)	(9.4)	562,912
Call rates revenues*	43,842	36,832	(7,010)	(16.0)	84,126
Interconnection call revenues*	52,035	51,024	(1,010)	(1.9)	101,115
IP services revenues	312,551	355,035	42,483	13.6	645,510
Leased circuit services revenues (excluding IP services revenues)	78,697	75,676	(3,021)	(3.8)	154,574
Telegram services revenues	10,089	9,406	(682)	(6.8)	20,671
Other telecommunications services revenues	71,725	68,265	(3,460)	(4.8)	153,442
Telecommunications total revenues	892,099	888,411	(3,687)	(0.4)	1,790,369
Supplementary business total revenues	54,271	63,325	9,053	16.7	138,283
Total operating revenues	946,370	951,736	5,365	0.6	1,928,653

\*Partial listing only

(Millions of yen)

	Three months ended September 30, 2009	Three months ended September 30, 2010	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	207,723	188,056	(19,666)	(9.5)
Monthly charge revenues*	142,447	129,104	(13,343)	(9.4)
Call rates revenues*	21,468	18,033	(3,435)	(16.0)
Interconnection call revenues*	25,692	25,312	(380)	(1.5)
IP services revenues	159,075	179,994	20,918	13.2
Leased circuit services revenues (excluding IP services revenues)	38,984	37,727	(1,256)	(3.2)
Telegram services revenues	4,373	4,053	(320)	(7.3)
Other telecommunications services revenues	39,802	37,331	(2,471)	(6.2)
Telecommunications total revenues	449,959	447,163	(2,796)	(0.6)
Supplementary business total revenues	28,879	34,304	5,425	18.8
Total operating revenues	478,839	481,468	2,629	0.5

\*Partial listing only

#### 4. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2009	Six months ended September 30, 2010	Increase (Decrease)	Year ended March 31, 2010
Cash flows from operating activities:				
Income before income taxes	53,516	56,850	3,333	81,580
Depreciation and amortization	205,677	202,616	(3,061)	409,107
Loss on disposal of property, plant and equipment	9,147	11,522	2,374	22,817
Gains on sales of fixed assets	(9,250)	-	9,250	(9,829)
Increase (decrease) in liability for employees' retirement benefits	3,665	(1,092)	(4,757)	(4,819)
(Increase) decrease in accounts receivable	25,010	20,105	(4,905)	2,204
(Increase) decrease in inventories	(4,329)	399	4,729	1,918
Increase (decrease) in accounts payable and accrued expenses	(61,925)	(63,341)	(1,415)	(3,536)
Increase (decrease) in accrued consumption tax	966	3,523	2,557	809
Other	1,228	19,159	17,930	50,044
Sub-total	223,707	249,743	26,035	550,296
Interest and dividends received	3,811	1,863	(1,948)	3,856
Interest paid	(5,736)	(5,770)	(33)	(11,420)
Income taxes received (paid)	(24,252)	(19,194)	5,057	(24,929)
Net cash provided by (used in) operating activities	197,530	226,641	29,111	517,802
Cash flows from investing activities:				
Payments for property, plant and equipment	(237,663)	(189,172)	48,491	(451,531)
Proceeds from sale of property, plant and equipment	11,179	3,105	(8,074)	12,674
Payments for purchase of investment securities	(2,051)	(553)	1,498	(2,215)
Proceeds from sale of investment securities	311	2,040	1,728	353
Other	(244)	(154)	89	2,025
Net cash provided by (used in) investing activities	(228,468)	(184,735)	43,732	(438,693)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	200,000	-	(200,000)	200,000
Payments for settlement of long-term debt	(100,245)	(35,297)	64,947	(105,809)
Net increase (decrease) in short-term borrowings	(74,992)	1,000	75,992	(125,000)
Payments for settlement of lease obligations	(295)	(1,674)	(1,378)	(2,706)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	(9,032)	(69,471)	(60,439)	(67,015)
Net increase (decrease) in cash and cash equivalents	(39,970)	(27,565)	12,405	12,093
Cash and cash equivalents at beginning of period	132,671	144,764	12,093	132,671
Cash and cash equivalents at end of period	92,700	117,199	24,498	144,764