

News Release

NTTEAST



NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

May 11, 2012

FOR IMMEDIATE RELEASE

Settlement for Fiscal Year Ended March 31, 2012

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the fiscal year ended March 31, 2012 are presented in the following attachments.

(Attachments)

1. Summary of Results for the Fiscal Year Ended March 31, 2012
2. Non-Consolidated Comparative Balance Sheets
3. Non-Consolidated Comparative Statements of Income
4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
5. Business Results (Non-Consolidated Operating Revenues)
6. Non-Consolidated Comparative Statements of Cash Flows
7. Changes in Directors

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1. Summary of Results for the Fiscal Year Ended March 31, 2012

With respect to the global economy, in the fiscal year ended March 31, 2012, the European sovereign bond crisis caused further instability in the economies of developed countries, which when combined with the slow-down in the growth rates of emerging economies, led to an overall slow down in the pace of economic recovery globally. The Japanese economy, despite improvements in supply and demand after the severe conditions following the Great East Japan Earthquake, is experiencing only a modest recovery due to the effects of the sluggish global economy, the protracted period of the strong yen, the damage from the flooding in Thailand and other factors.

The information and communications sector is growing due to increased Internet usage in conjunction with the increasing shift to IP and broadband services. The market is undergoing structural changes, including telecommunications and broadcasting convergence, fixed-mobile convergence, cloud computing (*1) development, and the rapid spread of high-speed wireless and Wi-Fi (*2) compatible devices, such as smartphones and tablet devices.

With respect to regional telecommunications markets, the market environments are also changing dramatically, with growing competition in broadband service facilities and services centered around the shift to fiber-optic access services, and the introduction of other new services that leverage various wireless devices.

Amidst such a difficult and volatile business environment, NTT East will continue to work as an “accessible all-around ICT(*3) corporation” that provides high quality and stable universal services, allowing customers to rely on its services with peace of mind, and to develop a disaster-resistant information and communications network and ensure reliability as a social infrastructure through activities such as prompt restoration of services in times of large-scale natural disasters and other calamities. In line with NTT Group’s Medium-Term Management Strategy “Road to Service Creation Business Group” (the “Medium-Term Management Strategy”) adopted by NTT in May 2008, NTT East has devoted its energy to promoting and enhancing the reliable and appealing broadband services that meet the needs of customers and local communities through the provision of new services and products, as well as the provision of price menus that are customer-friendly and for a longer term.

With respect to the Great East Japan Earthquake, which occurred in March 2011, as a result of company-wide efforts and with the support from NTT Group companies and telecommunications engineering companies to restore telecommunications services and facilities, exchange office functions were restored for customers’ residential areas by the end of April 2011, approximately one month after the earthquake. Further, NTT East has worked towards the full-fledged restoration of communication facilities in the affected areas, to improve the reliability of service above pre-earthquake levels, as well as to fulfill its mission of maintaining service connections.

(1) Efforts to Promote Fiber-optic and IP Services

In line with the Medium-Term Management Strategy, NTT has been expanding the service area for FLET’S Hikari(*4), and while sales activities were temporarily affected by the Great East Japan Earthquake, the number of subscribers surpassed 9 million in September 2011.

In its efforts to promote the spread and use of FLET’S Hikari, NTT East launched FLET’S Hikari Light, an optical broadband service providing a two-tier fixed rate system with low basic monthly charges for customers who are just starting to use the Internet or have few

opportunities to use the Internet. NTT East also launched a new rate plan called “Ninen-wari,” with respect to “FLET’S Hikari Next” and “B FLET’S” services for single housing, a monthly charge discount service conditioned on the users staying subscribed for a period of 2 years.

In addition, in response to greater needs to use Wi-Fi outside the home or office due to the rapid increase in smartphones, tablet devices and other Wi-Fi-compatible devices, NTT East launched “Hikari Station,” a service that provides customers subscribed to FLET’S Hikari Next with an Internet environment via “FLET’S SPOT” at chain stores, retail shops, and public facilities and that enables such stores to distribute original content to their visitors. It also provides “FLET’S SPOT” at group stores of Seven & i Holdings Co., Ltd. (Seven & i) within the 23 wards of the Tokyo metropolitan area, allowing customers in Seven & i stores to comfortably use wireless LAN Internet on their Wi-Fi-compatible smartphones and other tablet devices.

NTT East also launched the “Hikari iFrame 2” tablet terminal for FLET’S Hikari users, which is compatible with the information distribution service, “FLET’S Market,” and is equipped with improved operability, upgraded memory, a water-resistant feature, a longer battery life, and new functions including Flash and PDF file compatibility. NTT East also launched the “Wi-Fi Cradle” for high-speed wireless LAN communications (up to 300 Mbps) as an option for the “Hikari Portable” service, which enables indoor and outdoor Wi-Fi use. Also, in light of the Great East Japan Earthquake and the need for more effective and long-term initiatives at corporations and at home for saving more energy than before, NTT East launched “FLET’S Miruene” for FLET’S Hikari users, a service that supports energy-saving at home and reduction of CO₂ by visualizing household electricity consumption and electricity supply data provided by power companies.

Meanwhile, NTT East is collaborating with a wide range of businesses. For example, in collaboration with Sumitomo Corporation, which provides “SUMMIT Netsuper”(*5) services, and Sharp System Products Co., Ltd., which proposes new solutions through use of LCD TVs, NTT East agreed to launch an Internet-based supermarket service to enable users to enjoy shopping via TVs, with the aim of enhancing lifestyle convenience for the elderly and those in “food desert” areas, areas of increasing concern where shopping is inconvenient even in metropolitan areas. Also, in collaboration with Gurunavi, Inc. (“Gurunavi”), which provides promotional services to attract customers to restaurants, NTT East is promoting the installation of “FLET’S Hikari + Wi-Fi” at Gurunavi connected restaurants and consolidating the invoices of Gurunavi’s shopping sites with FLET’S Hikari’s invoice.

With respect to the membership program “FLET’S Hikari Member’s Club” intended for FLET’S Hikari subscribers, memberships surpassed 2 million in August 2011. Moreover, from March 2012, NTT East began providing a new monthly points service, calculated based on the number of years of continued membership, and also launched “Ninen-wari Renewal Points” intended for customers subscribed to the “Ninen-wari” plan, which rewards customers with 1,000 points at the time of the “Ninen-wari” plan renewal.

To enhance customer services, NTT East continued to make efforts to shorten the time for installation for fiber-optic access by promoting immediate decision-making with regards to scheduling installation dates using the “optical wiring method”(*6) for multi-dwelling units and by promoting remote installations.

(2) Measures Relating to the Solutions Business

NTT East engaged in efficient and effective ICT-based marketing activities tailored to regional customers, focusing on industry-specific solutions that incorporate industry

characteristics and trends in such areas as local government, medical institutions, and education.

In the area of local government, NTT took active measures towards the elimination of the digital divide, by participating in the construction of fiber-optic facilities for local governments in disadvantaged areas(*7), leasing the fiber-optic facilities of local governments under IRU(*8) contracts, and providing broadband services. NTT East also took active measures directed towards the provision of broadband service environments tailored to regional needs. In particular, through its restoration support activities following the Great East Japan Earthquake, in response to numerous requests from local governments for the ability to back-up important data at remote sites, NTT East has been engaging in a trials on the structure of storing its customers' data through its data centers and network services in collaboration with Minamisanriku City in Miyagi Prefecture. Going forward, NTT East will develop solutions for reliably storing customers' data to contribute to decreasing the risk of data loss in an emergency. In the field of medical care, due to the increasing need for health guidance that connects remote regions through ICT, NTT East introduced the "Hikari Health Consultation," a cloud-based remote health consultation service that enables health consultations to be carried out via videophone between remote locations, and commenced live trials in health clinics in the Matsumoto region in Nagano Prefecture, and a trial run of "Timeline Link System," which enables information sharing among regional medical institutions by connecting electronic medical records of different manufacturers and vendors.

With respect to its efforts to expand corporate VPN(*9) services for "FLET'S VPN Gate," which enables the structuring of private corporate networks, NTT East began offering a "User authentication agent function," that makes the building and operation of a private network easier by eliminating the need for an authentication server(*10) which conventionally had to be installed by the customer.

In its efforts to expand services for businesses, NTT East continued to seek alliances with businesses across a broad range of fields, including collaborating with Canon Marketing Japan Inc. on "OFFICE MARUGOTO SUPPORT," which provides customers with one-stop support for equipment failures and other service trouble and will transmit information to Canon Marketing Japan Inc. if it determines that a malfunction of a Canon brand device is the cause of the trouble, and with Epson Sales Japan Corp. with respect to sales of ICT devices, maintenance, and other customer support within the office.

(3) Status of Business Operation Structures

With respect to the business operation structure, in May 2011, NTT East established the "Tohoku Future Network Design and Reconstruction Office" that directly reports to the President of NTT East in order to centralize its efforts to promote the full-fledged recovery of communication facilities in the Tohoku Area that suffered damage from the Great East Japan Earthquake in coordination with the recovery plans of local governments.

(4) Corporate Social Responsibility Activities

NTT East considers Corporate Social Responsibility ("CSR") activities to be one of the most important pillars in the management of the company. NTT East believes that it is the social responsibility of a company to contribute to the environmentally-friendly, healthy and sustainable development of society. To this end, pursuant to the NTT Group CSR Charter (adopted in June 2006), NTT East sought not only to comply with the law and address its efforts towards reducing the environmental burden of its operations, but also to maintain and

gain the trust of its customers by providing a safe and secure communication infrastructure.

Furthermore, NTT East continued to direct its efforts towards compliance with laws and regulations with respect to protecting customer confidentiality, appropriate advertisement disclosure and worker dispatch, and also worked to strengthen its efforts towards ensuring fair competition. In addition to the efforts undertaken to date, and in conjunction with the amendment of the Telecommunications Business Act (enacted on November 30, 2011), NTT East clearly identified the organizations and subsidiaries responsible for the management and operation of information relating to other businesses and documented the rules for such management, including the management of such subsidiaries. In addition, NTT East's efforts to ensure the enforcement of its compliance efforts included the setting up of a "compliance month" and hosting intensive training programs for each layer of its employees.

In response to the electricity shortage in the summer due to the Great East Japan Earthquake, NTT East set up an Electricity Emergency Countermeasure Headquarters and implemented plans to reduce electricity consumption both at exchange offices and office buildings to the maximum extent possible. For buildings that use large volumes of electricity (500 kw or more), pursuant to the "Restrictions on Use based on Article 27 of the Electricity Business Act" released by the Ministry of Economy, Trade and Industry, NTT East implemented joint use restrictions and restrictions mitigation applications, utilizing the "Joint Use Restrictions Scheme" jointly with the NTT Group companies (nine companies held under NTT Group). In addition, NTT East provided all "FLET'S Hikari" subscribers with the "PC Energy Saving Support" tool free of charge, a PC power-saving tool that enables reduction of electricity consumption at homes and offices.

In addition, in order to promote efforts to reduce the environmental burden at the office, at home, in local communities, and in a variety of other locations and situations, NTT East continued to execute the "NTT East Group Act Green 21" campaign, which encourages employees and others to raise environmental awareness by taking the "eco-Test"(*11) certification and by participating in local cleanup activities.

Furthermore, due to changes in the market environment and diversified customer needs, and in order to achieve future growth as an "accessible all-around ICT corporation," NTT East positioned its diversity management(*12) as an important corporate strategy, and worked to foster and use diverse personnel, to promote various working styles and a work-life balance. In March 2012, in its efforts to further advance the promotion of diversity, NTT East set forth "diversity vision," "diversity commitment," and "three policies" as its slogans. In addition, as its current initiative, NTT East announced a plan to "double the number of female managers in 5 years (end of fiscal year 2016)" as its goal, and plans to establish "DAI★KIDS Hatsudai," an in-office child care center utilizing ICT.

To promote the principles of the NTT Group CSR Charter and group-wide CSR activities, NTT East enhanced its CSR management by setting the "NTT East Group CSR Goals" and issued the NTT East Group CSR Report 2011 to proactively disclose relevant information to its stakeholders.

We deeply regret the arrest and indictment of one of our employees for the alleged crime of bribery under the "Act concerning Nippon Telegraph and Telephone Corporation, etc." We will implement measures centered around thorough employee training to prevent the recurrence of such incidents in the future.

(5) Status of Full-fledged Restoration from the Great East Japan Earthquake and Status of Our Commitment to Improve Reliability

In order to improve the reliability level of communications networks that suffered damage from the Great East Japan Earthquake to above pre-earthquake levels, and to work towards the full-fledged recovery of exchange offices in the affected areas, NTT East has been taking measures to relocate damaged exchange offices to higher ground, relocate relay transmission lines underground in bridge areas and below waterways for sections that were washed away, and establish temporary relay transmission lines in the nuclear power plant areas. Furthermore, in order to further improve service reliability in eastern Japan, NTT East is implementing various measures to secure communications immediately after a disaster, such as building disaster-resistant facilities as countermeasures against blackouts and flooding at exchange offices, setting up disaster countermeasure equipment for the rapid restoration of communications services, promoting the preparation of free information stations during emergencies with emergency telephones and public wireless LAN, and providing “Hikari Mobile Battery”, a battery that can supply power through Hikari Denwa routers during blackouts to FLET’S Hikari and Hikari Denwa subscribers.

Meanwhile, for crisis management, based on the lessons learned from Great East Japan Earthquake, NTT East launched the “Large-scale Disaster Countermeasure Committee,” which evaluated measures to be taken upon the occurrence of disasters and converted action plans into policies. In order to improve its ability to continue its business operations after large-scale disasters and to test its disaster countermeasures, NTT East implemented a large-scale disasters drill in February 2012 in anticipation of an earthquake with an epicenter in the Tokyo metropolitan area.

(6) Financial Standing

As a result of these and other cost reduction efforts during the fiscal year ended March 31, 2012, operating revenues totaled 1,851.5 billion yen (a decrease of 5.4% from the fiscal year ended March 31, 2011), operating income totaled 50.3 billion yen (a decrease of 34.8% from the fiscal year ended March 31, 2011), recurring profit was 75.2 billion yen (a decrease of 21.7% from the fiscal year ended March 31, 2011), and net income totaled 32.1 billion yen (a decrease of 38.5% from the fiscal year ended March 31, 2011).

- *1: A computing method in which software and data that were managed and used by personal computers can be accessed on demand in the form of a service via the Internet and other networks.
- *2: An abbreviation for Wireless Fidelity. This is a brand name for ensuring compatibility, so that when IEEE802.11a/b/g/n used in wireless communications is loaded onto a product, it can operate reciprocally with devices having a different IEEE802.11a/b/g/n.
- *3: ICT: Information and Communication Technology.
- *4: A collective name for FLET’S Hikari Next, B FLET’S and FLET’S Hikari Light.
- *5: A network-based supermarket operated by Sumitomo Corporation, through its 100% subsidiary SC Netsuper Corporation, for 8 million households in the Tokyo Metropolitan Area.
- *6: “All Hikari” optical fiber cable installation method that allows optical fiber cables to be directly connected to subscriber’s residences from NTT East’s office building to each residence through common areas in apartment buildings.
- *7: This refers to areas where, given the conditions of the broadband infrastructure, it is not feasible for a private business to engage in business for profitability reasons.
- *8: IRU: Indefeasible Right of User. Irrevocable right of user.
- *9: VPN: Virtual Private Network. A communications service that creates a virtual private network from a public network, such as the Internet, as if it were for exclusive use.
- *10: A server that is used to receive end-users’ interconnection requests and to determine if they are

authorized users (user authentication).

*11: Certification test for Environmental Specialists, sponsored by the Tokyo Chamber of Commerce and Industry.

*12: A management strategy to create new innovation and reinforce corporate competitiveness by accepting and employing diverse human resources.

May 14, 2012 Information Update

The first sentence of the fifth paragraph under “(1) Efforts to Promote Fiber-optic and IP Services” of Nippon Telegraph and Telephone East Corporation’s “1. Summary of Results for the Fiscal Year Ended March 31, 2012” has been edited as follows:

◆Before edit:

“Meanwhile, NTT East is collaborating with a wide range of businesses. For example, in collaboration with Sumitomo Corporation, which provides “SUMMIT Netsuper” * services, and Sharp System Products Co., Ltd., which proposes new solutions through use of LCD TVs, NTT East launched an Internet-based supermarket service to enable users to enjoy shopping via TVs, with the aim of enhancing lifestyle convenience for the elderly and those in “food desert” areas, areas of increasing concern where shopping is inconvenient even in metropolitan areas.”

◆After edit:

“Meanwhile, NTT East is collaborating with a wide range of businesses. For example, in collaboration with Sumitomo Corporation, which provides “SUMMIT Netsuper” services, and Sharp System Products Co., Ltd., which proposes new solutions through use of LCD TVs, NTT East agreed to launch an Internet-based supermarket service to enable users to enjoy shopping via TVs, with the aim of enhancing lifestyle convenience for the elderly and those in “food desert” areas, areas of increasing concern where shopping is inconvenient even in metropolitan areas.”

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2011	March 31, 2012	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	518,747	506,301	(12,445)
Antenna facilities	5,456	5,068	(388)
Terminal equipment	73,253	64,544	(8,709)
Local line facilities	801,071	825,330	24,259
Long-distance line facilities	3,921	3,899	(21)
Engineering facilities	628,723	621,274	(7,449)
Submarine line facilities	2,213	1,899	(313)
Buildings	474,115	464,198	(9,917)
Structures	14,675	15,052	376
Other machinery and equipment	2,762	3,388	625
Vehicles and vessels	139	327	187
Tools, furniture and fixtures	40,682	41,820	1,137
Land	199,039	197,512	(1,527)
Lease assets	2,172	1,030	(1,141)
Construction in progress	42,344	57,651	15,307
Total property, plant and equipment	2,809,318	2,809,299	(19)
Intangible fixed assets	104,987	99,472	(5,515)
Total fixed assets - telecommunications businesses	2,914,306	2,908,771	(5,535)
Investments and other assets			
Investment securities	7,119	7,283	163
Investments in subsidiaries and affiliated companies	48,253	48,253	-
Other investments in subsidiaries and affiliated companies	7,737	4,204	(3,532)
Investment in capital	545	458	(86)
Long-term loans receivable to subsidiaries	400	200	(200)
Long-term prepaid expenses	3,841	3,520	(321)
Deferred income taxes	178,619	146,441	(32,177)
Other investments and assets	8,476	6,580	(1,895)
Allowance for doubtful accounts	(1,063)	(994)	68
Total investments and other assets	253,929	215,947	(37,981)
Total fixed assets	3,168,235	3,124,719	(43,516)
Current assets:			
Cash and bank deposits	172,498	179,674	7,175
Notes receivable	7	-	(7)
Accounts receivable, trade	323,537	314,174	(9,362)
Accounts receivable, other	8,453	10,829	2,376
Securities	10	10	-
Supplies	35,259	43,596	8,337
Advance payment	2,168	2,326	158
Prepaid expenses	7,399	8,008	608
Deferred income taxes	9,702	5,999	(3,702)
Other current assets	41,854	15,962	(25,891)
Allowance for doubtful accounts	(4,073)	(3,829)	244
Total current assets	596,816	576,753	(20,063)
TOTAL ASSETS	3,765,052	3,701,473	(63,579)

(Millions of yen)

	March 31, 2011	March 31, 2012	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	666,055	617,715	(48,339)
Lease obligations	2,057	1,515	(541)
Liability for employees' retirement benefits	254,054	227,464	(26,589)
Reserve for point services	2,944	5,074	2,129
Reserve for unused telephone cards	15,101	14,255	(846)
Asset retirement obligations	629	643	13
Other long-term liabilities	7,999	10,967	2,968
Total long-term liabilities	948,842	877,636	(71,205)
Current liabilities:			
Current portion of long-term borrowings from parent company	122,687	148,339	25,651
Accounts payable, trade	104,534	104,056	(477)
Short-term borrowings	30,000	30,000	-
Lease obligations	2,945	1,059	(1,885)
Accounts payable, other	254,810	239,415	(15,394)
Accrued expenses	17,943	16,284	(1,658)
Accrued taxes on income	1,661	488	(1,172)
Advance received	6,373	6,348	(25)
Deposit received	127,263	136,738	9,475
Unearned revenue	195	271	76
Allowance for loss on disaster	5,500	1,535	(3,965)
Asset retirement obligations	70	-	(70)
Other current liabilities	12,453	10,698	(1,755)
Total current liabilities	686,438	695,237	8,798
TOTAL LIABILITIES	1,635,281	1,572,873	(62,407)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus			
Additional paid-in capital	1,499,726	1,499,726	-
Total capital surplus	1,499,726	1,499,726	-
Earned surplus			
Other earned surplus			
Reserve for special depreciation	-	1,818	1,818
Reserve for reduction entry	6,099	6,927	827
Accumulated earned surplus	289,209	285,216	(3,992)
Total earned surplus	295,308	293,962	(1,346)
Total shareholders' equity	2,130,035	2,128,689	(1,346)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	(263)	(90)	173
Total unrealized gains (losses), translation adjustments, and others	(263)	(90)	173
TOTAL NET ASSETS	2,129,771	2,128,599	(1,172)
TOTAL LIABILITIES AND NET ASSETS	3,765,052	3,701,473	(63,579)

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	1,776,085	1,719,239	(56,845)
Operating expenses			
Business expenses	473,250	478,953	5,702
Operations	12,748	11,881	(867)
Maintenance expenses	423,681	414,725	(8,955)
Overhead expenses	91,876	93,135	1,259
Administration	108,651	100,969	(7,682)
Experiment and research	51,053	50,127	(926)
Depreciation and amortization	390,417	379,973	(10,443)
Retirement of fixed assets	49,709	42,856	(6,852)
Access charges	33,143	32,427	(716)
Miscellaneous taxes	72,380	70,967	(1,412)
Total operating expenses	1,706,911	1,676,016	(30,895)
Operating income from telecommunications businesses	69,173	43,223	(25,950)
Supplementary businesses:			
Operating revenues	181,061	132,287	(48,774)
Operating expenses	173,080	125,186	(47,894)
Operating income from supplementary businesses	7,981	7,101	(879)
Operating income	77,155	50,324	(26,830)
Non-operating revenues:			
Interest income	132	85	(46)
Interest on securities	9	17	8
Dividends received	1,817	3,069	1,252
Lease and rental income	45,112	43,582	(1,530)
Miscellaneous income	6,823	11,693	4,869
Total non-operating revenues	53,894	58,448	4,553
Non-operating expenses:			
Interest expenses	10,969	9,814	(1,154)
Lease and rental expenses	21,457	20,590	(867)
Miscellaneous expenses	2,556	3,137	581
Total non-operating expenses	34,983	33,542	(1,441)
Recurring profit	96,066	75,230	(20,835)
Special profits:			
Reversal of special loss on disaster	-	4,473	4,473
Total special profits	-	4,473	4,473
Special losses:			
Special loss on disaster	19,190	12,645	(6,544)
Total special losses	19,190	12,645	(6,544)
Income before income taxes	76,876	67,058	(9,817)
Corporation, inhabitant, and enterprise taxes	10,607	(902)	(11,510)
Deferred tax expenses (benefits)	13,965	35,807	21,842
Net income	52,303	32,153	(20,149)

4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets

(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2011

(Millions of yen)

	Shareholders' equity							Unrealized gains (losses), translation adjustments, and others		Total net assets	
	Common stock	Capital surplus		Earned surplus			Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others		
		Additional paid-in capital	Total capital surplus	Other earned surplus							Total earned surplus
				Reserve for special depreciation	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2010	335,000	1,499,726	1,499,726	—	5,152	271,352	276,505	2,111,231	(4)	(4)	2,111,227
Net change during the annual period											
Cash dividends						(33,500)	(33,500)	(33,500)			(33,500)
Net income						52,303	52,303	52,303			52,303
Provision of reserve for reduction entry					947	(947)					—
Others, net									(259)	(259)	(259)
Total net change during the annual period	—	—	—	—	947	17,856	18,803	18,803	(259)	(259)	18,544
March 31, 2011	335,000	1,499,726	1,499,726	—	6,099	289,209	295,308	2,130,035	(263)	(263)	2,129,771

Year ended March 31, 2012

(Millions of yen)

	Shareholders' equity							Unrealized gains (losses), translation adjustments, and others		Total net assets	
	Common stock	Capital surplus		Earned surplus			Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others		
		Additional paid-in capital	Total capital surplus	Other earned surplus							Total earned surplus
				Reserve for special depreciation	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2011	335,000	1,499,726	1,499,726	—	6,099	289,209	295,308	2,130,035	(263)	(263)	2,129,771
Net change during the annual period											
Cash dividends						(33,500)	(33,500)	(33,500)			(33,500)
Net income						32,153	32,153	32,153			32,153
Provision of reserve for special depreciation				1,818		(1,818)					—
Provision of reserve for reduction entry					827	(827)					—
Others, net									173	173	173
Total net change during the annual period	—	—	—	1,818	827	(3,992)	(1,346)	(1,346)	173	173	(1,172)
March 31, 2012	335,000	1,499,726	1,499,726	1,818	6,927	285,216	293,962	2,128,689	(90)	(90)	2,128,599

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	742,278	653,844	(88,434)	(11.9)
Monthly charge revenues*	509,204	461,246	(47,957)	(9.4)
Call rates revenues*	71,160	57,777	(13,382)	(18.8)
Interconnection call revenues*	99,854	81,873	(17,980)	(18.0)
IP services revenues	724,493	777,556	53,062	7.3
Leased circuit services revenues (excluding IP services revenues)	149,488	136,160	(13,327)	(8.9)
Telegram services revenues	18,869	17,098	(1,770)	(9.4)
Other telecommunications services revenues	140,956	134,579	(6,376)	(4.5)
Telecommunications total revenues	1,776,085	1,719,239	(56,845)	(3.2)
Supplementary business total revenues	181,061	132,287	(48,774)	(26.9)
Total operating revenues	1,957,147	1,851,527	(105,619)	(5.4)

*Partial listing only.

6. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	76,876	67,058	(9,817)
Depreciation and amortization	403,510	392,054	(11,456)
Loss on disposal of property, plant and equipment	26,826	22,447	(4,378)
Increase (decrease) in liability for employees' retirement benefits	(26,595)	(26,589)	5
(Increase) decrease in accounts receivable	(30,084)	8,623	38,708
(Increase) decrease in inventories	2,939	(5,345)	(8,285)
Increase (decrease) in accounts payable and accrued expenses	39,504	(23,029)	(62,534)
Increase (decrease) in accrued consumption tax	3,460	(5,185)	(8,645)
Other	50,117	13,193	(36,923)
Sub-total	546,554	443,227	(103,327)
Interest and dividends received	1,959	3,173	1,214
Interest paid	(11,071)	(10,252)	819
Income taxes received (paid)	(23,043)	(6,750)	16,292
Net cash provided by (used in) operating activities	514,399	429,397	(85,001)
Cash flows from investing activities:			
Payments for property, plant and equipment	(395,380)	(394,425)	954
Proceeds from sale of property, plant and equipment	5,530	2,010	(3,520)
Payments for purchase of investment securities	(3,047)	(1,993)	1,054
Proceeds from sale of investment securities	2,201	5,020	2,819
Other	1,742	2,303	560
Net cash provided by (used in) investing activities	(388,953)	(387,085)	1,868
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	30,000	100,000	70,000
Payments for settlement of long-term debt	(90,595)	(122,687)	(32,092)
Net increase (decrease) in short-term borrowings	30,000	-	(30,000)
Payments for settlement of lease obligations	(3,289)	(3,023)	266
Dividends paid	(33,500)	(33,500)	-
Net cash provided by (used in) financing activities	(67,385)	(59,210)	8,174
Net increase (decrease) in cash and cash equivalents	58,060	(16,898)	(74,959)
Cash and cash equivalents at beginning of year	144,764	202,824	58,060
Cash and cash equivalents at end of year	202,824	185,925	(16,898)

7. Changes in Directors

(1) Directors scheduled to resign from office

Koichi Maeda	Current Position: Representative Director and Senior Executive Vice President (scheduled to take office at NTT FINANCE CORPORATION)
Fuminori Kozono	Current Position: Representative Director and Senior Executive Vice President (scheduled to take office at KYOWA EXEO CORPORATION)

(2) Candidates for Representative Directors

① Representative Director and President, Chief Executive Officer

Masayuki Yamamura	Current Position: Director and Executive Vice President
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② Representative Director and Senior Executive Vice President

Hiroshi Nakagawa	Current Position Director and Executive Vice President
Masahide Oka	Current Position Director

(Notes)

- 1: The current President, Tsutomu Ebe, is scheduled to become an Advisor of Nippon Telegraph and Telephone East Corporation.
- 2: The changes in directors noted above are only those that have been decided. Other changes will be announced once determined.