



News Release

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FOR IMMEDIATE RELEASE

Financial Statements for the Six Months Ended September 30, 2012

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the six months ended September 30, 2012 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
5. Revised Forecasts for the Fiscal Year Ending March 31, 2013

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2012	September 30, 2012	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	506,301	498,613	(7,687)
Antenna facilities	5,068	4,896	(172)
Terminal equipment	64,544	60,138	(4,405)
Local line facilities	825,330	827,782	2,451
Long-distance line facilities	3,899	4,577	677
Engineering facilities	621,274	618,456	(2,817)
Submarine line facilities	1,899	1,699	(199)
Buildings	464,198	463,808	(389)
Construction in progress	57,651	26,977	(30,674)
Other	259,132	259,367	235
Total property, plant and equipment	2,809,299	2,766,317	(42,982)
Intangible fixed assets	99,472	94,819	(4,652)
Total fixed assets - telecommunications businesses	2,908,771	2,861,137	(47,634)
Investments and other assets			
Other investments and assets	216,942	217,504	562
Allowance for doubtful accounts	(994)	(950)	44
Total investments and other assets	215,947	216,553	606
Total fixed assets	3,124,719	3,077,691	(47,028)
Current assets:			
Cash and bank deposits	179,674	22,590	(157,084)
Accounts receivable, trade	314,174	243,050	(71,123)
Supplies	43,596	41,623	(1,972)
Other current assets	43,137	184,058	140,921
Allowance for doubtful accounts	(3,829)	(2,994)	834
Total current assets	576,753	488,328	(88,425)
TOTAL ASSETS	3,701,473	3,566,019	(135,453)

(Millions of yen)

	March 31, 2012	September 30, 2012	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	617,715	543,452	(74,262)
Liability for employees' retirement benefits	227,464	226,130	(1,333)
Reserve for point services	5,074	5,990	916
Reserve for unused telephone cards	14,255	13,451	(803)
Asset retirement obligations	643	596	(47)
Other long-term liabilities	12,483	12,514	31
Total long-term liabilities	877,636	802,137	(75,499)
Current liabilities:			
Current portion of long-term borrowings from parent company	148,339	218,247	69,908
Accounts payable, trade	104,056	54,721	(49,334)
Short-term borrowings	30,000	-	(30,000)
Accrued taxes on income	488	*	5,881
Allowance for loss on disaster	1,535	518	(1,016)
Asset retirement obligations	-	53	53
Other current liabilities	410,817	357,571	(53,246)
Total current liabilities	695,237	636,994	(58,243)
TOTAL LIABILITIES	1,572,873	1,439,131	(133,742)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	293,962	292,020	(1,942)
Total shareholders' equity	2,128,689	2,126,746	(1,942)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	(90)	141	231
Total unrealized gains (losses), translation adjustments, and others	(90)	141	231
TOTAL NET ASSETS	2,128,599	2,126,888	(1,710)
TOTAL LIABILITIES AND NET ASSETS	3,701,473	3,566,019	(135,453)

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, 2011	Six months ended September 30, 2012	Increase (Decrease)	Year ended March 31, 2012
Telecommunications businesses:				
Operating revenues	858,122	846,125	(11,997)	1,719,239
Operating expenses	829,708	815,503	(14,205)	1,676,016
Operating income from telecommunications businesses	28,413	30,622	2,208	43,223
Supplementary businesses:				
Operating revenues	58,471	63,118	4,646	132,287
Operating expenses	55,324	56,686	1,362	125,186
Operating income from supplementary businesses	3,147	6,431	3,283	7,101
Operating income	31,561	37,053	5,492	50,324
Non-operating revenues:				
Interest income	55	22	(32)	103
Dividends received	2,633	2,462	(170)	3,069
Lease and rental income	22,057	21,822	(234)	43,582
Miscellaneous income	2,680	2,674	(5)	11,693
Total non-operating revenues	27,425	26,981	(443)	58,448
Non-operating expenses:				
Interest expenses	5,021	4,557	(463)	9,814
Lease and rental expenses	9,541	9,738	196	20,590
Miscellaneous expenses	781	913	131	3,137
Total non-operating expenses	15,344	15,209	(134)	33,542
Recurring profit	43,642	48,826	5,183	75,230
Special profits	4,393	-	(4,393)	4,473
Special losses	7,985	2,986	(4,998)	12,645
Income before income taxes	40,051	45,839	5,788	67,058
Income taxes	*	*	970	34,904
Net income	26,739	31,557	4,817	32,153

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, 2011	Six months ended September 30, 2012	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2012
Voice transmission services revenues (excluding IP services revenues)	336,300	297,560	(38,739)	(11.5)	653,844
Monthly charge revenues*	235,496	213,761	(21,735)	(9.2)	461,246
Call rates revenues*	30,952	24,678	(6,273)	(20.3)	57,777
Interconnection call revenues*	42,421	37,315	(5,105)	(12.0)	81,873
IP services revenues	380,669	413,027	32,358	8.5	777,556
Leased circuit services revenues (excluding IP services revenues)	68,567	62,607	(5,959)	(8.7)	136,160
Telegram services revenues	8,315	7,701	(614)	(7.4)	17,098
Other telecommunications services revenues	64,270	65,228	958	1.5	134,579
Telecommunications total revenues	858,122	846,125	(11,997)	(1.4)	1,719,239
Supplementary business total revenues	58,471	63,118	4,646	7.9	132,287
Total operating revenues	916,594	909,243	(7,350)	(0.8)	1,851,527

*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, 2011	Six months ended September 30, 2012	Increase (Decrease)	Year ended March 31, 2012
Cash flows from operating activities:				
Income before income taxes	40,051	45,839	5,788	67,058
Depreciation and amortization	197,940	195,621	(2,318)	392,054
Loss on disposal of property, plant and equipment	9,649	10,872	1,222	22,447
Increase (decrease) in liability for employees' retirement benefits	(2,373)	(1,333)	1,039	(26,589)
(Increase) decrease in accounts receivable	58,793	(48,397)	(107,190)	8,623
(Increase) decrease in inventories	(5,477)	2,311	7,788	(5,345)
Increase (decrease) in accounts payable and accrued expenses	(92,101)	(46,804)	45,296	(23,029)
Increase (decrease) in accrued consumption tax	(2,017)	5,743	7,760	(5,185)
Other	(3,528)	(27,547)	(24,018)	13,193
Sub-total	200,936	136,304	(64,631)	443,227
Interest and dividends received	2,688	2,485	(203)	3,173
Interest paid	(5,176)	(4,588)	588	(10,252)
Income taxes received (paid)	(4,764)	1,124	5,888	(6,750)
Net cash provided by (used in) operating activities	193,684	135,325	(58,359)	429,397
Cash flows from investing activities:				
Payments for property, plant and equipment	(197,876)	(223,787)	(25,910)	(394,425)
Proceeds from sale of property, plant and equipment	569	1,793	1,224	2,010
Payments for purchase of investment securities	-	(120)	(120)	(1,993)
Proceeds from sale of investment securities	217	337	120	5,020
Other	308	(1,077)	(1,385)	2,303
Net cash provided by (used in) investing activities	(196,781)	(222,854)	(26,072)	(387,085)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	20,000	39,815	19,815	100,000
Payments for settlement of long-term debt	(22,818)	(44,169)	(21,350)	(122,687)
Net increase (decrease) in short-term borrowings	(30,000)	(30,000)	-	-
Payments for settlement of lease obligations	(1,663)	(709)	954	(3,023)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	(67,982)	(68,564)	(581)	(59,210)
Net increase (decrease) in cash and cash equivalents	(71,080)	(156,093)	(85,013)	(16,898)
Cash and cash equivalents at beginning of period	202,824	185,925	(16,898)	202,824
Cash and cash equivalents at end of period	131,744	29,832	(101,912)	185,925

5. Revised Forecasts for the Fiscal Year Ending March 31, 2013

Based on its recent business performance, NTT East has revised its financial results forecasts that were announced in the financial results release filed on May 11, 2012 for the fiscal year ending March 31, 2013, as follows.

(Billions of yen)

	Year Ending March 31, 2013 (Forecasts Previously Announced on May 11, 2012)	Year Ending March 31, 2013 (Revised Forecasts)	Change
Operating Revenues	1,868.0	1,858.0	(10.0)
Operating Income	65.0	65.0	—
Recurring Profit	85.0	85.0	—
Net Income	53.0	50.0	(3.0)

Note: The financial results forecasts and projected figures concerning the future performance of NTT East contained herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT East and its parent NTT in light of information currently available to them regarding NTT, NTT East and its 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, NTT East and its 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 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.