



News Release

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FOR IMMEDIATE RELEASE

Financial Statements for the Six Months Ended September 30, 2013

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the six months ended September 30, 2013 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, 2014

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2013	September 30, 2013	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	484,112	478,928	(5,183)
Antenna facilities	4,643	4,505	(138)
Terminal equipment	55,006	50,234	(4,772)
Local line facilities	846,814	844,573	(2,241)
Long-distance line facilities	4,608	4,381	(226)
Engineering facilities	621,339	614,388	(6,951)
Submarine line facilities	1,520	1,354	(165)
Buildings	455,586	448,799	(6,786)
Construction in progress	36,097	35,365	(731)
Other	268,012	264,326	(3,686)
Total property, plant and equipment	2,777,740	2,746,857	(30,882)
Intangible fixed assets	92,108	89,423	(2,685)
Total fixed assets - telecommunications businesses	2,869,848	2,836,280	(33,568)
Investments and other assets			
Other investments and assets	210,652	216,243	5,591
Allowance for doubtful accounts	(898)	(811)	87
Total investments and other assets	209,754	215,432	5,678
Total fixed assets	3,079,602	3,051,713	(27,889)
Current assets:			
Cash and bank deposits	59,223	16,269	(42,953)
Notes receivable	7	16	9
Accounts receivable, trade	261,400	222,366	(39,033)
Supplies	36,206	34,907	(1,298)
Other current assets	215,233	232,213	16,979
Allowance for doubtful accounts	(1,826)	(1,585)	241
Total current assets	570,243	504,187	(66,056)
TOTAL ASSETS	3,649,846	3,555,900	(93,945)

(Millions of yen)

	March 31, 2013	September 30, 2013	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	576,195	552,485	(23,710)
Liability for employees' retirement benefits	222,469	230,991	8,521
Reserve for point services	6,658	8,755	2,096
Reserve for unused telephone cards	12,647	11,844	(803)
Allowance for environmental measures	-	4,523	4,523
Asset retirement obligations	602	1,296	694
Other long-term liabilities	11,856	9,812	(2,044)
Total long-term liabilities	830,430	819,708	(10,722)
Current liabilities:			
Current portion of long-term borrowings from parent company	168,155	177,787	9,632
Accounts payable, trade	93,597	55,615	(37,981)
Accrued taxes on income	7,681	*	8,046
Asset retirement obligations	-	19	19
Other current liabilities	401,697	336,852	(64,845)
Total current liabilities	671,132	578,322	(92,810)
TOTAL LIABILITIES	1,501,563	1,398,030	(103,532)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	313,284	322,399	9,114
Total shareholders' equity	2,148,011	2,157,126	9,114
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	271	744	472
Total unrealized gains (losses), translation adjustments, and others	271	744	472
TOTAL NET ASSETS	2,148,283	2,157,870	9,587
TOTAL LIABILITIES AND NET ASSETS	3,649,846	3,555,900	(93,945)

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, 2012	Six months ended September 30, 2013	Increase (Decrease)	Year ended March 31, 2013
Telecommunications businesses:				
Operating revenues	846,125	818,629	(27,496)	1,689,238
Operating expenses	815,503	772,282	(43,220)	1,636,091
Operating income from telecommunications businesses	30,622	46,346	15,724	53,146
Supplementary businesses:				
Operating revenues	63,118	61,335	(1,782)	142,559
Operating expenses	56,686	54,627	(2,059)	130,634
Operating income from supplementary businesses	6,431	6,708	276	11,924
Operating income	37,053	53,054	16,000	65,071
Non-operating revenues:				
Interest income	22	30	8	62
Dividends received	2,462	3,643	1,180	2,494
Lease and rental income	21,822	22,297	474	43,166
Miscellaneous income	2,674	2,643	(30)	14,467
Total non-operating revenues	26,981	28,614	1,632	60,190
Non-operating expenses:				
Interest expenses	4,557	3,687	(870)	8,792
Lease and rental expenses	9,738	10,481	743	24,063
Miscellaneous expenses	913	565	(347)	3,512
Total non-operating expenses	15,209	14,734	(475)	36,368
Recurring profit	48,826	66,935	18,108	88,893
Special losses	2,986	3,382	396	7,980
Income before income taxes	45,839	63,552	17,712	80,912
Income taxes	*	*	6,655	28,090
Net income	31,557	42,614	11,056	52,822

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, 2012	Six months ended September 30, 2013	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2013
Voice transmission services revenues (excluding IP services revenues)	297,560	265,303	(32,257)	(10.8)	579,196
Monthly charge revenues*	213,761	192,921	(20,840)	(9.7)	417,852
Call rates revenues*	24,678	21,748	(2,929)	(11.9)	47,939
Interconnection call revenues*	37,315	32,504	(4,811)	(12.9)	72,378
IP services revenues	413,027	420,802	7,774	1.9	835,886
Leased circuit services revenues (excluding IP services revenues)	62,607	59,548	(3,059)	(4.9)	122,777
Telegram services revenues	7,701	7,323	(377)	(4.9)	16,107
Other telecommunications services revenues	65,228	65,651	423	0.6	135,270
Telecommunications total revenues	846,125	818,629	(27,496)	(3.2)	1,689,238
Supplementary business total revenues	63,118	61,335	(1,782)	(2.8)	142,559
Total operating revenues	909,243	879,964	(29,278)	(3.2)	1,831,797

*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, 2012	Six months ended September 30, 2013	Increase (Decrease)	Year ended March 31, 2013
Cash flows from operating activities:				
Income before income taxes	45,839	63,552	17,712	80,912
Depreciation and amortization	195,621	185,210	(10,411)	386,554
Loss on disposal of property, plant and equipment	10,872	6,616	(4,255)	26,311
Increase (decrease) in liability for employees' retirement benefits	(1,333)	8,521	9,855	(4,994)
(Increase) decrease in accounts receivable	(48,397)	27,415	75,813	(48,176)
(Increase) decrease in inventories	2,311	87	(2,224)	9,312
Increase (decrease) in accounts payable and accrued expenses	(46,804)	(68,999)	(22,194)	(618)
Increase (decrease) in accrued consumption tax	5,743	(3,214)	(8,957)	7,491
Other	(27,547)	(22,190)	5,356	(12,351)
Sub-total	136,304	196,999	60,694	444,442
Interest and dividends received	2,485	3,672	1,187	2,556
Interest paid	(4,588)	(4,191)	396	(8,889)
Income taxes received (paid)	1,124	(18,122)	(19,246)	650
Net cash provided by (used in) operating activities	135,325	178,358	43,033	438,760
Cash flows from investing activities:				
Payments for property, plant and equipment	(223,787)	(195,182)	28,604	(405,241)
Proceeds from sale of property, plant and equipment	1,793	1,639	(154)	10,856
Payments for purchase of investment securities	(120)	(167)	(47)	(510)
Proceeds from sale of investment securities	337	209	(128)	506
Other	(1,077)	(5,107)	(4,030)	(5,014)
Net cash provided by (used in) investing activities	(222,854)	(198,609)	24,244	(399,403)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	39,815	100,000	60,185	126,635
Payments for settlement of long-term debt	(44,169)	(114,077)	(69,908)	(148,339)
Net increase (decrease) in short-term borrowings	(30,000)	-	30,000	(30,000)
Payments for settlement of lease obligations	(709)	(302)	407	(1,176)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	(68,564)	(47,880)	20,684	(86,381)
Net increase (decrease) in cash and cash equivalents	(156,093)	(68,131)	87,962	(47,024)
Cash and cash equivalents at beginning of period	185,925	138,901	(47,024)	185,925
Cash and cash equivalents at end of period	29,832	70,770	40,937	138,901

5. Revised Forecasts for the Fiscal Year Ending March 31, 2014

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 10, 2013 for the fiscal year ending March 31, 2014, as follows.

(Billions of yen)

	Year Ending March 31, 2014 (Forecasts Previously Announced on May 10, 2013)	Year Ending March 31, 2014 (Revised Forecasts)	Change
Operating Revenues	1,783.0	1,783.0	—
Operating Income	65.0	65.0	—
Recurring Profit	80.0	83.0	3.0
Net Income	50.0	50.0	—

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.