



News Release

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FOR IMMEDIATE RELEASE

Financial Statements for the Three Months Ended June 30, 2014

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the three months ended June 30, 2014 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)

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2014	June 30, 2014	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	474,554	462,432	(12,122)
Antenna facilities	4,325	4,259	(66)
Terminal equipment	45,756	43,685	(2,071)
Local line facilities	862,315	858,593	(3,721)
Long-distance line facilities	4,107	4,001	(106)
Engineering facilities	612,405	609,100	(3,304)
Submarine line facilities	1,421	1,340	(80)
Buildings	438,137	432,933	(5,203)
Construction in progress	19,885	18,470	(1,414)
Other	259,440	256,677	(2,763)
Total property, plant and equipment	2,722,349	2,691,495	(30,854)
Intangible fixed assets	88,386	85,598	(2,788)
Total fixed assets - telecommunications businesses	2,810,736	2,777,093	(33,643)
Investments and other assets			
Other investments and assets	213,889	212,323	(1,565)
Allowance for doubtful accounts	(1,030)	(1,027)	3
Total investments and other assets	212,859	211,296	(1,562)
Total fixed assets	3,023,595	2,988,389	(35,205)
Current assets:			
Cash and bank deposits	25,765	18,882	(6,882)
Notes receivable	171	349	178
Accounts receivable, trade	238,999	218,715	(20,283)
Supplies	33,852	33,957	104
Other current assets	233,804	171,106	(62,697)
Allowance for doubtful accounts	(622)	(611)	11
Total current assets	531,969	442,401	(89,568)
TOTAL ASSETS	3,555,565	3,430,791	(124,774)

(Millions of yen)

	March 31, 2014	June 30, 2014	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	548,775	548,775	-
Liability for employees' retirement benefits	231,328	230,357	(970)
Reserve for point services	7,074	8,480	1,406
Reserve for unused telephone cards	11,082	10,734	(347)
Allowance for environmental measures	4,511	4,511	-
Asset retirement obligations	1,110	1,114	4
Other long-term liabilities	9,601	9,392	(208)
Total long-term liabilities	813,483	813,367	(116)
Current liabilities:			
Current portion of long-term borrowings from parent company	127,420	57,420	(70,000)
Accounts payable, trade	77,246	44,345	(32,900)
Accrued taxes on income	5,746	*	4,630
Asset retirement obligations	149	75	(74)
Other current liabilities	362,264	344,502	(17,762)
Total current liabilities	572,826	450,973	(121,853)
TOTAL LIABILITIES	1,386,310	1,264,340	(121,969)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	333,740	330,574	(3,166)
Total shareholders' equity	2,168,467	2,165,301	(3,166)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	787	1,149	361
Total unrealized gains (losses), translation adjustments, and others	787	1,149	361
TOTAL NET ASSETS	2,169,255	2,166,450	(2,804)
TOTAL LIABILITIES AND NET ASSETS	3,555,565	3,430,791	(124,774)

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)

	Three months ended June 30, 2013		Three months ended June 30, 2014	Increase (Decrease)	Year ended March 31, 2014
Telecommunications businesses:					
Operating revenues	410,349	*1	406,181	(4,167)	1,630,523
Operating expenses	385,444	*1	381,563	(3,881)	1,577,823
Operating income from telecommunications businesses	24,905		24,618	(286)	52,699
Supplementary businesses:					
Operating revenues	28,068		26,758	(1,310)	143,286
Operating expenses	24,662		23,578	(1,083)	129,271
Operating income from supplementary businesses	3,406		3,179	(227)	14,014
Operating income	28,311		27,797	(513)	66,714
Non-operating revenues:					
Interest income	19		21	2	77
Dividends received	3,517		5,610	2,093	3,690
Lease and rental income	11,172		-	(11,172)	44,296
Gains on sales of fixed assets	4		8,008	8,004	5,973
Miscellaneous income	667		748	80	3,991
Total non-operating revenues	15,382		14,389	(992)	58,027
Non-operating expenses:					
Interest expenses	1,854		1,641	(212)	7,203
Lease and rental expenses	5,305		-	(5,305)	23,253
Miscellaneous expenses	479		816	337	2,536
Total non-operating expenses	7,638		2,458	(5,180)	32,993
Recurring profit	36,054		39,729	3,674	91,749
Special losses	-		-	-	8,292
Income before income taxes	36,054		39,729	3,674	83,457
Income taxes	*2 11,362	*2	11,488	126	29,501
Net income	24,692		28,240	3,548	53,956

Notes: *1 "Lease and rental income" and "lease and rental expenses," which were previously included under non-operating revenues and non-operating expenses, respectively, in the fiscal year ended March 31, 2014, have been reclassified as telecommunications businesses operating revenues and operating expenses as of the three months ended June 30, 2014.

Telecommunications operating revenues attributable to lease and rental income and operating expenses attributable to lease and rental expenses were 10,945 million yen and 4,421 million yen, respectively, for the three months ended June 30, 2014.

*2 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)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2014
Voice transmission services revenues (excluding IP services revenues)	133,852	121,081	(12,771)	(9.5)	518,346
Monthly charge revenues*	97,375	88,899	(8,476)	(8.7)	378,089
Call rates revenues*	11,047	9,499	(1,547)	(14.0)	42,044
Interconnection call revenues*	16,422	14,299	(2,123)	(12.9)	63,210
IP services revenues	211,697	209,152	(2,545)	(1.2)	841,334
Leased circuit services revenues (excluding IP services revenues)	29,888	28,855	(1,033)	(3.5)	117,286
Telegram services revenues	4,154	3,831	(323)	(7.8)	14,951
Other telecommunications services revenues	30,756	43,261	12,505	40.7	138,604
Telecommunications total revenues	410,349	406,181	(4,167)	(1.0)	1,630,523
Supplementary business total revenues	28,068	26,758	(1,310)	(4.7)	143,286
Total operating revenues	438,418	432,939	(5,478)	(1.2)	1,773,809

*Partial listing only