



# *News Release*

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FOR IMMEDIATE RELEASE

## **Financial Statements for the Three Months Ended June 30, 2016**

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the three months ended June 30, 2016 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, 2016   | June 30, 2016    | Increase<br>(Decrease) |
|--|------------------|------------------|------------------------|
| <b>ASSETS</b>                                      |                  |                  |                        |
| Fixed assets:                                      |                  |                  |                        |
| Fixed assets - telecommunications businesses       |                  |                  |                        |
| Property, plant and equipment                      |                  |                  |                        |
| Machinery and equipment                            | 395,419          | 379,293          | (16,125)               |
| Antenna facilities                                 | 3,791            | 3,775            | (15)                   |
| Terminal equipment                                 | 31,807           | 29,451           | (2,356)                |
| Local line facilities                              | 835,446          | 838,152          | 2,705                  |
| Long-distance line facilities                      | 3,353            | 3,179            | (173)                  |
| Engineering facilities                             | 595,052          | 590,467          | (4,584)                |
| Submarine line facilities                          | 872              | 837              | (35)                   |
| Buildings  | 420,792          | 415,545          | (5,246)                |
| Construction in progress                           | 17,626           | 15,366           | (2,259)                |
| Other  | 263,272          | 261,119          | (2,153)                |
| Total property, plant and equipment                | 2,567,433        | 2,537,189        | (30,244)               |
| Intangible fixed assets                            | 84,019           | 80,466           | (3,552)                |
| Total fixed assets - telecommunications businesses | 2,651,453        | 2,617,656        | (33,797)               |
| Investments and other assets                       |                  |                  |                        |
| Other investments and assets                       | 187,503          | 186,682          | (821)                  |
| Allowance for doubtful accounts                    | (913)            | (887)            | 26                     |
| Total investments and other assets                 | 186,589          | 185,794          | (795)                  |
| Total fixed assets                                 | 2,838,043        | 2,803,450        | (34,592)               |
| Current assets:                                    |                  |                  |                        |
| Cash and bank deposits                             | 8,675            | 5,811            | (2,863)                |
| Notes receivable                                   | -                | 16               | 16                     |
| Accounts receivable, trade                         | 224,181          | 204,072          | (20,109)               |
| Supplies   | 26,221           | 25,720           | (500)                  |
| Other current assets                               | 341,341          | 297,795          | (43,546)               |
| Allowance for doubtful accounts                    | (442)            | (412)            | 30                     |
| Total current assets                               | 599,977          | 533,004          | (66,973)               |
| <b>TOTAL ASSETS</b>                                | <b>3,438,021</b> | <b>3,336,454</b> | <b>(101,566)</b>       |

(Millions of yen)

|  | March 31, 2016   | June 30, 2016    | Increase<br>(Decrease) |
|--|------------------|------------------|------------------------|
| <b>LIABILITIES</b>   |                  |                  |                        |
| Long-term liabilities:   |                  |                  |                        |
| Long-term borrowings from parent company                             | 365,835          | 365,835          | -                      |
| Liability for employees' retirement benefits                         | 235,919          | 239,340          | 3,420                  |
| Reserve for point services   | 8,574            | 9,404            | 830                    |
| Reserve for unused telephone cards                                   | 8,671            | 8,341            | (329)                  |
| Allowance for environmental measures                                 | 5,289            | 5,289            | -                      |
| Asset retirement obligations   | 1,092            | 952              | (140)                  |
| Other long-term liabilities  | 23,092           | 23,074           | (17)                   |
| Total long-term liabilities  | 648,475          | 652,238          | 3,763                  |
| Current liabilities:   |                  |                  |                        |
| Current portion of long-term borrowings from parent company          | 65,120           | 65,120           | -                      |
| Accounts payable, trade  | 85,229           | 33,190           | (52,039)               |
| Accrued taxes on income  | 11,793           | 7,277            | (4,515)                |
| Allowance for environmental measures                                 | 2,601            | 2,600            | (0)                    |
| Asset retirement obligations   | -                | 190              | 190                    |
| Other current liabilities  | 428,764          | 382,458          | (46,306)               |
| Total current liabilities  | 593,508          | 490,837          | (102,670)              |
| <b>TOTAL LIABILITIES</b>   | <b>1,241,983</b> | <b>1,143,076</b> | <b>(98,907)</b>        |
| <b>NET ASSETS</b>  |                  |                  |                        |
| Shareholders' equity:  |                  |                  |                        |
| Common stock   | 335,000          | 335,000          | -                      |
| Capital surplus  | 1,499,726        | 1,499,726        | -                      |
| Earned surplus   | 357,191          | 355,606          | (1,584)                |
| Total shareholders' equity   | 2,191,918        | 2,190,333        | (1,584)                |
| Unrealized gains (losses), translation adjustments, and others:      |                  |                  |                        |
| Net unrealized gains (losses) on securities                          | 4,119            | 3,044            | (1,074)                |
| Total unrealized gains (losses), translation adjustments, and others | 4,119            | 3,044            | (1,074)                |
| <b>TOTAL NET ASSETS</b>  | <b>2,196,037</b> | <b>2,193,378</b> | <b>(2,659)</b>         |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                              | <b>3,438,021</b> | <b>3,336,454</b> | <b>(101,566)</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)

|   | Three months ended<br>June 30, 2015 | Three months ended<br>June 30, 2016 | Increase<br>(Decrease) | Year ended<br>March 31, 2016 |
|---|-------------------------------------|-------------------------------------|------------------------|------------------------------|
| Telecommunications businesses:                      |                                     |                                     |                        |                              |
| Operating revenues                                  | 403,536                             | 385,050                             | (18,486)               | 1,585,580                    |
| Operating expenses                                  | 357,654                             | 324,919                             | (32,735)               | 1,444,775                    |
| Operating income from telecommunications businesses | 45,881                              | 60,130                              | 14,249                 | 140,804                      |
| Supplementary businesses:                           |                                     |                                     |                        |                              |
| Operating revenues                                  | 26,201                              | 25,090                              | (1,110)                | 136,726                      |
| Operating expenses                                  | 21,380                              | 21,096                              | (284)                  | 115,702                      |
| Operating income from supplementary businesses      | 4,820                               | 3,994                               | (826)                  | 21,024                       |
| Operating income                                    | 50,701                              | 64,125                              | 13,423                 | 161,828                      |
| Non-operating revenues:                             |                                     |                                     |                        |                              |
| Interest income                                     | 22                                  | 6                                   | (16)                   | 138                          |
| Dividends received                                  | 3,072                               | 3,155                               | 82                     | 3,169                        |
| Gains on sales of fixed assets                      | 1,821                               | 13,538                              | 11,717                 | 7,789                        |
| Miscellaneous income                                | 945                                 | 672                                 | (273)                  | 6,415                        |
| Total non-operating revenues                        | 5,861                               | 17,371                              | 11,510                 | 17,512                       |
| Non-operating expenses:                             |                                     |                                     |                        |                              |
| Interest expenses                                   | 1,244                               | 1,170                               | (73)                   | 4,987                        |
| Miscellaneous expenses                              | 242                                 | 122                                 | (120)                  | 914                          |
| Total non-operating expenses                        | 1,486                               | 1,292                               | (193)                  | 5,901                        |
| Recurring profit                                    | 55,076                              | 80,203                              | 25,127                 | 173,439                      |
| Special losses                                      | -                                   | -                                   | -                      | 3,758                        |
| Income before income taxes                          | 55,076                              | 80,203                              | 25,127                 | 169,681                      |
| Income taxes  | *                                   | *                                   | 8,294                  | 50,895                       |
| Net income  | 40,978                              | 57,810                              | 16,832                 | 118,786                      |

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)

|  | Three months ended<br>June 30, 2015 | Three months ended<br>June 30, 2016 | Increase<br>(Decrease) | Percent<br>Increase<br>(Decrease) | Year ended<br>March 31, 2016 |
|--|-------------------------------------|-------------------------------------|------------------------|-----------------------------------|------------------------------|
| Voice transmission services revenues<br>(excluding IP services revenues) | 110,051                             | 101,448                             | (8,602)                | (7.8)                             | 427,802                      |
| Monthly charge revenues*   | 82,076                              | 76,586                              | (5,490)                | (6.7)                             | 321,137                      |
| Call rates revenues*   | 8,022                               | 6,900                               | (1,121)                | (14.0)                            | 30,319                       |
| Interconnection call revenues*   | 13,241                              | 11,762                              | (1,478)                | (11.2)                            | 51,118                       |
| IP services revenues   | 217,007                             | 213,354                             | (3,652)                | (1.7)                             | 855,444                      |
| Leased circuit services revenues<br>(excluding IP services revenues)     | 28,667                              | 24,066                              | (4,601)                | (16.1)                            | 103,761                      |
| Telegram services revenues   | 3,608                               | 3,163                               | (445)                  | (12.3)                            | 12,812                       |
| Other telecommunications services<br>revenues                            | 44,201                              | 43,017                              | (1,184)                | (2.7)                             | 185,759                      |
| Telecommunications total revenues  | 403,536                             | 385,050                             | (18,486)               | (4.6)                             | 1,585,580                    |
| Supplementary business total revenues                                    | 26,201                              | 25,090                              | (1,110)                | (4.2)                             | 136,726                      |
| Total operating revenues   | 429,737                             | 410,140                             | (19,596)               | (4.6)                             | 1,722,307                    |

\*Partial listing only