



July 31, 2009

Interconnection Accounting Report FY 2008 (For the Year Ended March 31, 2009)

Pursuant to Rules for Category I Designated Telecommunications Facilities Interconnection Accounting, Nippon Telegraph and Telephone East Corporation (NTT-East) has today submitted the Interconnection Accounting Report FY 2008 to the Minister for Internal Affairs and Communications.

The report is also publicly disclosed on the NTT-East Web site*. (Available only in Japanese.)

An outline of the profit and loss statement included in the report is provided in the attachment.

* URL: http://www.ntt-east.co.jp/info-st_e/index.html

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(Attachment)

Profit and Loss Statement (Outline)

[Accounting Unit: Category I Designated Facilities Management Business]

(Unit: ¥Billion)

| Category | FY 2008 | Remarks |
|---|---------|---|
| Operating Revenues | 940.6 | |
| Access charges | 257.7 | Access charge revenue from other carriers ※Of which, that portion relating to general category I designated facilities: ¥9 billion |
| Transfer charges | 679.6 | Access charge revenues from the Usage Business (transferred within NTT-East) ※Of which, that portion relating to general category I designated facilities: ¥21.7 billion |
| Interconnection equipment usage charges | 3.2 | Revenues such as interconnection equipment usage charges from other carriers ※Of which, that portion relating to general category I designated facilities: ¥0.05 billion |
| Operating Expenses | 915.9 | |
| Operating Profit | 24.7 | |

[Accounting Unit: Category I Designated Facilities Usage Business]

(Unit: ¥Billion)

| Category | FY 2008 | Remarks |
|--------------------|---------|---|
| Operating Revenues | 1564.7 | User service revenues |
| Operating Expenses | 1552.9 | |
| Operating expenses | 873.2 | |
| Transfer charges | 679.6 | Payment of access charges to Management Business (transferred within NTT-East) ※Of which, that portion relating to category I designated facilities: ¥21.7 billion |
| Operating Profit | 11.8 | |

(Note 1) All figures rounded down to nearest 100 million yen.

(Note 2) "General Category I Designated Facilities" refers to facilities that relate to, from among the functions set forth in the Interconnection Charge Rules (Ministry of Posts and Telecommunications Order No. 64 of 2000), Article 4, Table 6-2, general router connection routing and transmission functions, general relay router connection routing and transmission functions, and interconnection gateway switch connection routing and transmission functions; facilities relating to those functions set forth in Table 6-3 of the same article; and those facilities relating to session control provided in conjunction with SIP servers.

(Reference)

Outline of Rules for Category I Designated Telecommunications Facilities Interconnection Accounting

[Purpose]

The purpose of these Accounting Regulations is to specify the accounting methods used for interconnection to category I designated telecommunications facilities and to clarify revenues and expenses, etc., concerning this interconnection, thereby contributing to the calculation of appropriate interconnection charges.

* With respect to the expenses of telecommunications facilities that are attributed to the Category I Designated Facilities Management Business, data are totaled and classified per equipment category unit, such as switches and transmission lines, in order to provide a basis for calculating interconnection charges for each unbundled element.

[Regulations]

The accounting procedures adopted by telecommunications carriers that install category I designated telecommunications facilities are separated into the business to manage and operate category I designated telecommunications facilities (Category I Designated Facilities Management Business) and the business to use such facilities to provide service to users (Category I Designated Facilities Usage Business), and the Category I Designated Facilities Management Business provides these facilities to the Category I Designated Facilities Usage Business and other carriers on equal conditions.

[Statements Included]

| | Statement | Description |
|---|---|--|
| 1 | Profit and Loss Statement | Profit (loss) of the Category I Designated Facilities Management Business and Category I Designated Facilities Usage Business |
| 2 | Statement of Mean Capital Employed and Rate of Return | Mean capital employed (rate base) by the Category I Designated Facilities Management Business and Category I Designated Facilities Usage Business, and the rate of return on that employed by the Management Business (pre-tax basis) |
| 3 | Detailed Statement of Fixed Asset Attribution | Breakdown of fixed assets attributed to the Category I Designated Facilities Management Business and the Category I Designated Facilities Usage Business *3-2 sets forth the breakdown of general category I designated facilities. *Optical Subscriber Lines and Optical Main Distribution Frames are listed by prefecture. |
| 4 | Detailed Statement of Expenses by Equipment Category | Breakdown of expenses by equipment category for the Category I Designated Facilities Management Business and the Category I Designated Facilities Usage Business *4-2 sets forth the breakdown of general category I designated facilities. *Optical Subscriber Lines and Optical Main Distribution Frames are listed by prefecture. |