

Reference Information

Reconciliation of Management Indices

Reconciliation of Management Indices	Billions of yen				
	2005	2006	2007	2008	2009
Operating income	¥ 1,211.2	¥ 1,190.7	¥ 1,107.0	¥ 1,304.6	¥ 1,109.8
Depreciation and loss on disposal of property, plant and equipment	2,328.4	2,251.9	2,233.5	2,302.4	2,260
EBITDA	3,539.6	3,442.6	3,340.5	3,607.0	3,370
Operating revenues	10,805.9	10,741.1	10,760.6	10,680.9	10,419.8
EBITDA margin	32.8%	32.1%	31.0%	33.8%	32.4%
Operating income	1,211.2	1,190.7	1,107.0	1,304.6	11,098
Depreciation and loss on disposal of property, plant and equipment	2,328.4	2,251.9	2,233.5	2,302.4	22,601
EBITDA	3,539.6	3,442.6	3,340.5	3,607.0	33,698
Capital investment	2,057.4	2,191.9	2,236.9	2,128.9	21,451
Operating free cash flow	1,482.2	1,250.7	1,103.7	1,478.1	12,248
Operating income	1,211.2	1,190.7	1,107.0	1,304.6	11,098
Statutory tax rate	41%	41%	41%	41%	41%
Operating income x (1 – Statutory tax rate)	715.7	703.6	654.0	770.8	6,558
Operating capital employed	¥12,284.1	¥12,148.3	¥11,961.1	¥11,989.8	¥121,427
ROCE	5.8%	5.8%	5.5%	6.4%	5.4%

Notes.

1. Operating capital employed is total of average value of shareholders' equity and interest-bearing liabilities for the current term, and the previous term.
2. ROCE and "Operating Capital Employed" for the fiscal year ended March 31, 2004 through 2007, have been adjusted to reflect the retroactive application of equity method as a result of the acquisition by NTT Group of additional shares of the affiliate during the fiscal year ended March 31, 2008, in accordance with APB Opinion No. 18 "The Equity Method of Accounting for Investments in Common Stock."

Reconciliation of Capital Investment

Reconciliation of Capital Investment	Billions of yen				
	2005	2006	2007	2008	2009
Payments for property, plant and equipment	¥1,611.0	¥1,696.3	¥1,608.5	¥1,259.7	¥1,412.0
Acquisition of intangibles and other assets	543.7	463.3	619.9	728.6	617
Other differences	(97.3)	32.2	8.5	140.5	116.1
NTT consolidated capital investment total	¥2,057.4	¥2,191.9	¥2,236.9	¥2,128.9	¥2,145.1

Calculation of ARPU

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to designated services on a per telephone user basis. In the case of our fixed line business, ARPU is calculated by dividing revenue items included in the operating revenues of our Regional Communications Business, that is, telephone subscriber lines, INS-NET and FLET'S Hikari, by the No. of active subscribers to the relevant services. In the case of our cellular business, ARPU is calculated by dividing revenue items included in the operating revenues from our Mobile Communications Business, such as revenues from Cellular (FOMA) services and revenues from Cellular (mova) services, which are incurred consistently each month (i.e., monthly charges and voice/packet transmission charges), by the No. of active subscribers to the relevant services (the calculation of these figures excludes revenues that are not representative of monthly average usage such as equipment sales, activation fees and universal service charges). We believe that our ARPU figures calculated in this way provide useful information regarding the monthly average usage of our subscribers and the impact of changes in our billing arrangements. The revenue items included in the numerators of our ARPU figures are based on our financial results comprising our U.S. GAAP results of operations.

1 We separately compute the following 4 categories of ARPU for the fixed line communications services, using the following measures.

- Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines): Calculated based on revenues from monthly charges and call charges for Telephone Subscriber Lines and INS-NET Subscriber Lines, which are included in operating revenues from Voice Transmission Services (excluding IP Services), and revenues from FLET'S ADSL and FLET'S ISDN, which are included in operating revenues from IP Services.
- Telephone Subscriber Lines ARPU: Calculated based on revenues from monthly charges and call charges for Telephone Subscriber Lines and revenues from FLET'S ADSL.
- INS-NET Subscriber Lines ARPU: Calculated based on revenues from monthly charges and call charges for INS-NET Subscriber Lines and revenues from FLET'S ISDN.
- FLET'S Hikari ARPU: Calculated based on revenues from FLET'S Hikari (including FLET'S Hikari optional services), which are included in operating revenues from IP Services and Supplementary Business, and revenues from monthly charges, call charges and device connection charges for Hikari Denwa, which are included in operating revenues from IP Services.
 - FLET'S Hikari includes B FLET'S and FLET'S Hikari Next (launched on March, 31 2008) provided by NTT East and B FLET'S, FLET'S Hikari Premium, FLET'S Hikari Mytown and FLET'S Hikari Next (launched on March,31 2008) provided by NTT West.
 - Commencing in the fiscal year ending March 31, 2010, NTT East and NTT West have begun including in its FLET'S Hikari ARPU calculation revenues from the "Remote Support Service", a FLET'S Hikari's optional service, which are part of their operating revenues from Supplementary Business. Accordingly, calculations for FLET'S Hikari ARPU for the fiscal year ended March 31, 2009 increased, respectively, by 30 yen of NTT East and 0 yen of NTT West (representing, respectively, 0.5% of NTT East's total FLET'S Hikari ARPU and 0% of NTT West's total FLET'S Hikari ARPU for the same periods).

2 Revenues from interconnection charges are excluded from the calculation of Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), Telephone Subscriber Lines ARPU, INS-NET Subscriber Lines ARPU, and FLET'S Hikari ARPU.

3 For purposes of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), Telephone Subscriber Lines ARPU and INS-NET Subscriber Lines ARPU, No. of subscribers is determined using the No. of lines for each service.

4 In terms of No. of channels, transmission rate and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64. For this reason, one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions.

5 For purposes of calculating FLET'S Hikari ARPU, No. of subscribers is determined based on No. of FLET'S Hikari subscribers, including B FLET'S and FLET'S Hikari Next (launched on March 31, 2008) provided by NTT East and B FLET'S, FLET'S Hikari Premium, FLET'S Hikari Mytown and FLET'S Hikari Next (launched on March 31, 2008) provided by NTT West.

6 We compute ARPU for our mobile communications services using the following aggregate measures.

- Cellular Aggregate ARPU (FOMA+mova) = Voice ARPU (FOMA+mova) + Packet ARPU (FOMA+mova).
 - Our Voice ARPU (FOMA+mova) is based on operating revenues related to voice services, such as monthly charges and voice transmission charges, attributable to our third generation FOMA and conventional mova services, and our Packet ARPU (FOMA+mova) is based on operating revenues related to packet communication services, such as monthly charges and packet transmission charges, attributable to our third generation FOMA services and based on operating revenues related to i-mode services, such as monthly charges and packet transmission charges, attributable to our conventional mova services.

7 Communications module service subscribers and the revenues therefrom are not included in the calculations of cellular ARPU.

8 No. of active subscribers used in ARPU calculation are sum of No. of active subscribers* for each month from Apr. to Mar.* active subscribers = (No. of subscribers at end of previous month + No. of expected subscribers at end of the current month) /226