



News Release

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

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FOR IMMEDIATE RELEASE

Financial Statements for the Nine Months Ended December 31, 2010

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the nine months ended December 31, 2010 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

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2010	December 31, 2010	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	536,644	522,055	(14,589)
Antenna facilities	6,068	5,504	(563)
Terminal equipment	83,337	75,694	(7,643)
Local line facilities	807,620	798,287	(9,333)
Long-distance line facilities	4,764	4,051	(712)
Engineering facilities	636,588	626,603	(9,984)
Submarine line facilities	1,722	2,330	608
Buildings	487,827	472,619	(15,208)
Construction in progress	29,150	27,605	(1,545)
Other	261,842	253,494	(8,347)
Total property, plant and equipment	2,855,567	2,788,247	(67,320)
Intangible fixed assets	103,461	100,143	(3,318)
Total fixed assets - telecommunications businesses	2,959,029	2,888,391	(70,638)
Investments and other assets			
Other investments and assets	271,691	272,330	638
Allowance for doubtful accounts	(1,425)	(1,134)	290
Total investments and other assets	270,266	271,195	929
Total fixed assets	3,229,295	3,159,586	(69,709)
Current assets:			
Cash and bank deposits	138,155	59,945	(78,209)
Notes receivable	68	831	763
Accounts receivable, trade	293,993	320,069	26,076
Supplies	35,496	34,198	(1,297)
Other current assets	45,982	123,607	77,624
Allowance for doubtful accounts	(2,748)	(3,621)	(873)
Total current assets	510,947	535,031	24,083
TOTAL ASSETS	3,740,243	3,694,617	(45,625)

(Millions of yen)

	March 31, 2010	December 31, 2010	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	758,743	640,556	(118,186)
Liability for employees' retirement benefits	280,650	279,283	(1,366)
Reserve for unused telephone cards	15,397	15,210	(187)
Asset retirement obligations	-	696	696
Other long-term liabilities	12,930	10,584	(2,345)
Total long-term liabilities	1,067,721	946,331	(121,389)
Current liabilities:			
Current portion of long-term borrowings from parent company	90,595	173,116	82,521
Accounts payable, trade	95,670	58,842	(36,828)
Accrued taxes on income	8,143	* 7,775	(367)
Other current liabilities	366,885	374,861	7,975
Total current liabilities	561,294	614,595	53,300
TOTAL LIABILITIES	1,629,015	1,560,927	(68,088)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	276,505	299,234	22,729
Total shareholders' equity	2,111,231	2,133,960	22,729
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	(4)	(270)	(265)
Total unrealized gains (losses), translation adjustments, and others	(4)	(270)	(265)
TOTAL NET ASSETS	2,111,227	2,133,690	22,463
TOTAL LIABILITIES AND NET ASSETS	3,740,243	3,694,617	(45,625)

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)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010	Increase (Decrease)	Year ended March 31, 2010
Telecommunications businesses:				
Operating revenues	1,340,713	1,333,150	(7,562)	1,790,369
Operating expenses	1,294,895	1,263,374	(31,520)	1,746,500
Operating income from telecommunications businesses	45,818	69,775	23,957	43,868
Supplementary businesses:				
Operating revenues	84,681	105,630	20,948	138,283
Operating expenses	82,718	102,637	19,918	134,518
Operating income from supplementary businesses	1,962	2,992	1,030	3,765
Operating income	47,780	72,768	24,987	47,634
Non-operating revenues:				
Interest income	26	101	74	46
Dividends received	3,811	1,815	(1,995)	3,814
Lease and rental income	37,748	34,051	(3,696)	54,519
Miscellaneous income	2,235	5,877	3,641	3,253
Total non-operating revenues	43,821	41,845	(1,976)	61,633
Non-operating expenses:				
Interest expenses	8,620	8,317	(303)	11,451
Lease and rental expenses	15,857	15,524	(333)	21,417
Miscellaneous expenses	4,104	2,096	(2,008)	4,648
Total non-operating expenses	28,583	25,938	(2,645)	37,517
Recurring profit	63,019	88,676	25,657	71,750
Special profits	9,836	-	(9,836)	9,829
Income before income taxes	72,855	88,676	15,820	81,580
Income taxes	* 26,941	* 32,447	5,505	31,031
Net income	45,914	56,229	10,314	50,549

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.

(Millions of yen)

	Three months ended December 31, 2009	Three months ended December 31, 2010	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	448,613	444,739	(3,874)
Operating expenses	434,626	420,248	(14,378)
Operating income from telecommunications businesses	13,987	24,490	10,503
Supplementary businesses:			
Operating revenues	30,410	42,305	11,895
Operating expenses	28,868	40,154	11,286
Operating income from supplementary businesses	1,541	2,150	608
Operating income	15,528	26,641	11,112
Non-operating revenues:			
Interest income	10	34	23
Dividends received	15	18	2
Lease and rental income	12,286	11,251	(1,034)
Miscellaneous income	767	1,776	1,009
Total non-operating revenues	13,079	13,081	1
Non-operating expenses:			
Interest expenses	2,895	2,730	(165)
Lease and rental expenses	5,179	4,932	(247)
Miscellaneous expenses	1,779	233	(1,545)
Total non-operating expenses	9,855	7,896	(1,958)
Recurring profit	18,753	31,826	13,072
Special profits	586	-	(586)
Income before income taxes	19,339	31,826	12,486
Income taxes	* 7,402	* 11,909	4,506
Net income	11,937	19,916	7,979

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)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2010
Voice transmission services revenues (excluding IP services revenues)	621,717	563,967	(57,749)	(9.3)	816,170
Monthly charge revenues*	427,269	387,207	(40,061)	(9.4)	562,912
Call rates revenues*	64,789	54,255	(10,534)	(16.3)	84,126
Interconnection call revenues*	77,452	75,715	(1,736)	(2.2)	101,115
IP services revenues	476,342	538,880	62,537	13.1	645,510
Leased circuit services revenues (excluding IP services revenues)	116,973	112,805	(4,168)	(3.6)	154,574
Telegram services revenues	15,459	14,275	(1,184)	(7.7)	20,671
Other telecommunications services revenues	110,220	103,221	(6,998)	(6.3)	153,442
Telecommunications total revenues	1,340,713	1,333,150	(7,562)	(0.6)	1,790,369
Supplementary business total revenues	84,681	105,630	20,948	24.7	138,283
Total operating revenues	1,425,394	1,438,780	13,386	0.9	1,928,653

*Partial listing only

(Millions of yen)

	Three months ended December 31, 2009	Three months ended December 31, 2010	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	202,681	183,939	(18,741)	(9.2)
Monthly charge revenues*	139,576	126,489	(13,087)	(9.4)
Call rates revenues*	20,946	17,422	(3,523)	(16.8)
Interconnection call revenues*	25,417	24,691	(725)	(2.9)
IP services revenues	163,791	183,845	20,054	12.2
Leased circuit services revenues (excluding IP services revenues)	38,275	37,128	(1,147)	(3.0)
Telegram services revenues	5,370	4,869	(501)	(9.3)
Other telecommunications services revenues	38,494	34,956	(3,538)	(9.2)
Telecommunications total revenues	448,613	444,739	(3,874)	(0.9)
Supplementary business total revenues	30,410	42,305	11,895	39.1
Total operating revenues	479,023	487,044	8,020	1.7

*Partial listing only

4. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010	Increase (Decrease)	Year ended March 31, 2010
Cash flows from operating activities:				
Income before income taxes	72,855	88,676	15,820	81,580
Depreciation and amortization	309,892	303,984	(5,908)	409,107
Loss on disposal of property, plant and equipment	14,942	17,994	3,052	22,817
Gains on sales of fixed assets	(9,836)	-	9,836	(9,829)
Increase (decrease) in liability for employees' retirement benefits	5,765	(1,366)	(7,131)	(4,819)
(Increase) decrease in accounts receivable	(17,570)	(27,508)	(9,937)	2,204
(Increase) decrease in inventories	(3,938)	1,761	5,699	1,918
Increase (decrease) in accounts payable and accrued expenses	(73,283)	(72,387)	896	(3,536)
Increase (decrease) in accrued consumption tax	2,994	6,291	3,297	809
Other	30,081	32,406	2,324	50,044
Sub-total	331,902	349,852	17,950	550,296
Interest and dividends received	3,837	1,916	(1,921)	3,856
Interest paid	(8,232)	(8,192)	39	(11,420)
Income taxes received (paid)	(25,041)	(23,041)	2,000	(24,929)
Net cash provided by (used in) operating activities	302,466	320,534	18,068	517,802
Cash flows from investing activities:				
Payments for property, plant and equipment	(329,607)	(277,460)	52,146	(451,531)
Proceeds from sale of property, plant and equipment	12,572	5,385	(7,186)	12,674
Payments for purchase of investment securities	(2,215)	(951)	1,264	(2,215)
Proceeds from sale of investment securities	321	2,111	1,789	353
Other	470	(34)	(504)	2,025
Net cash provided by (used in) investing activities	(318,458)	(270,948)	47,509	(438,693)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	200,000	-	(200,000)	200,000
Payments for settlement of long-term debt	(100,879)	(35,665)	65,214	(105,809)
Net increase (decrease) in short-term borrowings	(109,992)	-	109,992	(125,000)
Payments for settlement of lease obligations	(358)	(2,455)	(2,097)	(2,706)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	(44,730)	(71,620)	(26,890)	(67,015)
Net increase (decrease) in cash and cash equivalents	(60,722)	(22,034)	38,687	12,093
Cash and cash equivalents at beginning of period	132,671	144,764	12,093	132,671
Cash and cash equivalents at end of period	71,948	122,729	50,781	144,764