



News Release

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FOR IMMEDIATE RELEASE

Settlement for Fiscal Year Ended March 31, 2008

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the fiscal year ended March 31, 2008 are presented in the following attachments.

(Attachments)

1. Summary of Results for Fiscal Year Ended March 31, 2008
2. Non-Consolidated Comparative Balance Sheets
3. Non-Consolidated Comparative Statements of Income
4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
5. Business Results (Non-Consolidated Operating Revenues)
6. Non-Consolidated Comparative Statements of Cash Flows
7. Changes in Directors

For inquiries, please contact:
(Mr.) Shigeru Matsuhisa and (Mr.) Takashi Yokozawa
Accounting Section, Finance Division
Nippon Telegraph and Telephone East Corporation
Tel: +81-35359-3331
E-mail: kessan@sinoa.east.ntt.co.jp

1. Summary of Results for Fiscal Year Ended March 31, 2008

1. Summary of Results

Overall Business Conditions

During the fiscal year ended March 31, 2008, the Japanese economy continued to expand at a moderate pace supported by strong corporate performance, but fluctuations in the stock and currency exchange markets triggered by the subprime mortgage crisis in the United States as well as changes in oil prices resulted in weak corporate earnings and flat capital investment, and improvements in employment came to a standstill. As a result, cautious views concerning economic recovery have become more widespread.

In the information and telecommunications sector, market structures continued to undergo drastic changes as collaboration between telecommunications and broadcasting and the convergence of fixed and mobile services increase. Rapid advances in the use of broadband and mobile networks and efforts for construction of the next-generation network (“NGN”) accelerated towards the realization of the ubiquitous network society envisioned by the “u-Japan Policy” and the “New IT Reform Strategy.”

In the broadband market, while a net decline was seen in the number of DSL subscribers, the expansion of optical access services continued. In addition, new services such as the full-scale roll-out of triple play services that provide integrated Internet access, IP telephony and video services, the peripheral network business known as consumer generated media, such as video sharing sites and social networking services (see Note 1), and new services that use information devices and wireless devices developed rapidly. In the fixed-line telephone market, competition with the direct subscriber telephone services of other companies using dry copper lines has intensified, and competition has started among fixed-rate services for calls between mobile phones and among services that integrate fixed and mobile telephony.

Under this drastically changing business environment, Nippon Telegraph and Telephone East Corporation (“NTT East”) endeavors to be an “accessible all-around ICT corporation” (see Note 2), which provides high-quality and stable universal service that maintains loyal patronage from its customers. NTT East has been devoting its energy to expand safe, secure, reliable, and appealing broadband services that meet customer needs, including the provision of services and products such as “FLET’S Hikari Next,” a full-scale commercial NGN service, while striving to achieve the NTT Group Medium-Term Management Strategy announced in November 2004.

(1) Promotion of Optical and IP Services

To provide full-scale NGN services on a commercial basis in furtherance of the NTT Group Medium-Term Management Strategy, in April 2007, NTT East began expanding the field trials that started in December 2006 to include general customers, and collaborated with businesses in a wide range of fields while making its efforts to understand its customer needs. Based on the results obtained through these actions, NTT East began providing the “FLET’S Hikari Next” service on a commercial basis in March 2008 in certain areas of Tokyo, Kanagawa, Chiba and Saitama Prefectures. In addition to the provision of services equivalent to the existing optical access, optical IP telephony, VPN and Ethernet services, new services were launched that enable the use of the high-quality voice communication and video telephone which are attributes of the NGN, as well as bandwidth-assured additional services that enable customers to enjoy VOD and other content distribution services at a higher level of quality and stability (see Note 3).

NTT East will continue to direct its efforts toward enhancing its service lineup in ways that increase the appeal of the NGN, including through the development and provision of new and convenient

services that maximize the attributes of the NGN, such as wide bandwidth, high quality, and high security levels, and will continue to promote activities designed to create rich communications environments and new business opportunities.

To encourage more customers to subscribe to the B FLET'S optical access service, NTT East worked to increase sales by adopting a variety of discount plans for monthly fees and installation fees, and actively to expand service areas through collaboration with local governments and residents.

In addition, NTT East took measures to increase sales by providing new usage scenarios for optical access services, including the formation of a tie-up with Nintendo Co., Ltd. to promote connectivity between the Wii® game console (see Note 4) and B FLET'S. NTT East also actively took measures to expand and increase the use of high added-value services that provide customers convenience and peace of mind by using optical access, by collaborating with businesses that provide a variety of video services, such as multi-channel broadcasting and VOD, and by launching services such as FLET'S Home Security that enables users to remotely monitor their homes via a mobile phone using network cameras.

In order to improve customer service, NTT East took further measures to reduce lead times before the start of B FLET'S services and now proactively accepts applications and performs installations on Saturdays and holidays. NTT East also launched the "B FLET'S Hyper Family Type Advanced Support" to respond to inquiries regarding B FLET'S Hyper Family Type Service on a 24-hour, 7-days-a-week basis, and expanded the Hikari Support Center to provide one-stop solutions to inquiries and requests from users of the Hikari Denwa service. Moreover, NTT East reinforced its security measures against threats such as computer viruses that are increasing in prevalence day by day, by actively marketing its "FLET'S Virus Clear" service and launched a rental service for hardware that allows the Hikari Denwa service to be used even during a power outage. NTT East took additional measures to expand use of optical access services that customers are able to use with peace of mind. This included the full-scale provision of "One-Stop After-Sales Service", offering at-home support and remote support via telephone for B FLET'S users for problems relating to connection between the network and PCs and peripheral devices such as routers.

(2) Measures Relating to the Solution Business

In the corporate business sector, NTT East aggressively marketed a variety of solutions including security, video, data centers and BCPs (see Note 5). Some of the specific solutions are the launch of "Keyword-Designated File Search and Deletion Solutions" for prevention of information leaks and promotion of the data center business, an area of market growth, such as "Ephelio DR" (see Note 6), a BCP solution for medium-size businesses. NTT East also provided support to local governments and businesses in preparing business contingency plans for events of disaster and information security countermeasures, enhancing business efficiency and developing new business strategies.

(3) Status of Business Structures

With regard to business structures, NTT East bolstered region-focused marketing activities targeting corporate customers in the Tokyo area by creating "Office Sales Departments" at Tokyo branches and five local subsidiaries (see Note 7) in October 2007, and establishing NTT East Solutions Corporation (see Note 8) to provide tailored responses to advanced and diversifying solution needs. NTT East also consolidated billing departments and 116 Centers, increased outsourcing, and aggressively increased cost efficiency and utilization of idle real estate. These efforts were directed towards stabilizing and reinforcing NTT East's managerial base by improving managerial efficiency, and towards developing flexible business operations that promptly respond to changes in the business environment.

(4) CSR Activities

NTT East regards CSR (corporate social responsibility) activities geared towards the development of a safe, secure, and prosperous society as a major pillar of business operations within the NTT East Group. Based on the NTT Group CSR Charter adopted in June 2006, NTT East not only complies rigorously with legal requirements, including the protection of personal information, but also conducts business activities taking into consideration economic as well as environmental and social factors, including contributions to society and local communities. Specifically, NTT East adopted the NTT East Group CSR Code of Conduct to serve as a guideline concerning CSR activities for each of its employees and took other measures to reinforce CSR-oriented management. NTT East also proactively disclosed information to stakeholders, such as by publication of the NTT East CSR Report 2007.

Regarding natural disasters, some of NTT East's undertakings included company-wide efforts to quickly restore communications facilities and services following the Chuestu earthquake in Niigata Prefecture in July 2007. For example, means of communication such as the installation of temporary public phones and operation of "171" and "web171" telephone and broadband disaster message center services were provided, and monthly fees for customers who were unable to use their telephones due to equipment damage for the unusable period and fees for Dial Q2 programs that solicited contributions for disaster victims were waived. Through such activities, NTT East played a role as a telecommunications carrier in supporting the victims of this disaster.

Also, immediately following the earthquake, NTT East distributed disaster relief supplies such as emergency food via its Niigata branch in response to requests from Kashiwazaki City and Kariwa Village.

In addition, NTT East deeply regrets and would like to offer its sincere apologies for the considerable inconvenience it has caused to customers and other affected parties when technical failures of Hikari Denwa and other services occurred in May 2007 and also for the series of large-scale information leaks in September 2007.

With regard to the outages of Hikari Denwa and other services, the company took prompt measures including reducing the restoration time of services and upgraded the processing capabilities of IP transmission equipment. Going forward, NTT East will continue to make company-wide efforts to enhance reliability by taking steps to prevent any recurrence of such failures and to ensure stable operations, by improving and reinforcing the training of engineers responsible for IP-related services.

Concerning the information leaks, NTT East has long prohibited unauthorized removal of business files from company premises and has used fingerprint verification to control access to servers on which customer information is stored. All employees have been trained and are made thoroughly aware of the requirements concerning the handling of personal information, and the company is committed to the protection of such information. NTT East takes these recent incidents very seriously and has taken additional steps to ensure stricter control of personal information handling including restricting links between in-house PCs and external recording equipment through the introduction of software to prevent leaks of confidential information and by re-implementing rigorous employee training on this matter.

Finally, with regard to the directory information business, in July 2007, NTT East began offering "Dial 104", a service that directly connects customers calling the 104 directory service to the requested number, to enhance the convenience provided to customers and to secure income from directory information services. However, statements in television commercials, newspaper and magazine ads, posters in train and subway stations, and ads on trains and buses publicizing the service from July to October 2007 led some consumers to mistakenly believe that the terms of use were considerably more favorable than the actual terms. Consequently, NTT East was subject to a retraction order by the Fair Trade Commission pursuant to Article 6, Paragraph 1 of the Law for the

Prevention of Unreasonable Premiums and Misrepresentation concerning Products and Services. NTT East deeply regrets and would like to offer its sincere apologies for the inconvenience caused to its customers. Going forward, NTT East will implement comprehensive and appropriate measures to ensure that customers can use its services with peace of mind and will continue its efforts to enhance its services.

(5) Sales Conditions

As a result of these activities, operating revenues for the fiscal year ended March 31, 2008 totaled 2,002.7 billion yen (down 2.8% from the previous year), recurring profit was 67.4 billion yen (down 25.3% from the previous year), and net profit totaled 96.8 billion yen (up 14.9% from the previous year).

Notes:

1. Community-type membership services that promote and support interpersonal contacts.
2. ICT: "Information and Communication Technology."
3. VOD: "Video on Demand." Refers to systems and services that distribute a variety of video programming that can be seen when the customer wants.
4. Wii is a registered trademark of Nintendo Co., Ltd.
5. BCP: "Business Continuity Plan." A business strategy designed to protect a company in the event of disaster by preventing a suspension of major business operations, resuming operations as quickly as possible if they must be suspended, and preventing the loss of customers to competitors, declines in market share, and decline in corporate value during a suspension of operations.
6. Ephelio is a general term for NTT East's total outsourcing services for the complete provision of business system design, construction, maintenance, and operation services to customers. "DR" stands for disaster recovery. This is a general designation for operational systems believed to be necessary for continuing business operations in the event information systems are damaged by disaster.
7. NTT East-Tokyo-minami Corporation (based in Minato-ku, Tokyo)
NTT East-Tokyo-chuo Corporation (based in Chiyoda-ku, Tokyo)
NTT East-Tokyo-kita Corporation (based in Shinjuku-ku, Tokyo)
NTT East-Tokyo-higashi Corporation (based in Taito-ku, Tokyo)
NTT East-Tokyo-nishi Corporation (based in Tachikawa-shi, Tokyo)
8. NTT East Solutions Corporation (based in Bunkyo-ku, Tokyo; established on September 4, 2007)

2. Systems for Ensuring Proper Conduct of Business Affairs

NTT East's board of directors adopted a basic policy concerning the maintenance of internal control systems within the NTT East Group. The substance of this basic policy is set forth below.

Although there were incidents involving leaks of information and NTT East was subject to a retraction order from the Fair Trade Commission regarding statements and advertisements for the "Dial 104" service, the Audit and Compliance Office, which acts as an internal audit organization, confirmed that internal control systems are functioning effectively after conducting audits of the NTT East head office and branches and group companies and implementing corrective measures and improvements as necessary.

<Basic Policy on the Maintenance of Internal Control Systems>

I. Basic Approach on the Maintenance of Internal Control Systems

1. NTT East will maintain a system of internal controls including measures for the prevention and minimization of losses with the objectives of ensuring compliance with legal requirements, managing risks, and achieving proper and efficient business operations.
2. NTT East will establish an Audit and Compliance Office to oversee the establishment and maintenance of internal control rules and systems. The Audit and Compliance Office will evaluate the effectiveness of the internal control system based on audit reviews and audits regarding high risk matters affecting the entire NTT East Group, including audit items affecting all NTT Group companies as instructed by NTT, and will implement necessary corrective measures and improvements.
3. NTT East will also take appropriate measures in collaboration with NTT to ensure the reliability of its system of internal controls based on the U.S. Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act) Sections 302 (disclosure controls) and 404 (internal control over financial reporting).
4. As the chief executive officer, the president of NTT East will be responsible for ensuring the establishment, maintenance and operation of the system of internal controls.

II. Development of the Internal Control Systems

1. Systems to ensure that the performance of duties by directors and employees conforms with laws and regulations and NTT East's Articles of Incorporation

NTT East has implemented the following measures with the objective of ensuring that its business is conducted in compliance with the law and in accordance with high ethical standards:

- (1) Employment rules and regulations require employees to adhere faithfully to applicable laws, regulations, and official notices and to devote all their energies to the performance of their duties so that business activities may be carried out appropriately and effectively.
- (2) In accordance with the NTT Group Corporate Ethics Charter, all directors and employees of the NTT will endeavor to strengthen corporate ethics within the NTT East Group.
- (3) A Corporate Ethics Committee chaired by a senior executive vice president was established to clarify the structure of responsibilities for corporate ethics, including developing and promoting corporate ethics within the organization, raising awareness concerning compliance, maintaining corporate discipline, and conducting investigations concerning reports of misconduct.
- (4) An internal helpline was established to foster a more open corporate culture and provide a forum for personnel to report and consult on internal ethics issues. In addition, an external group-wide Corporate Ethics Helpline staffed by attorneys was created for personnel to report and receive consultation on ethical issues.
- (5) Corporate ethics training is conducted as part of continuous educational activities for officers and employees. In addition, corporate ethics awareness surveys are conducted to improve and reinforce internal checks.

2. Regulations and other systems concerning business risk management

NTT East takes the following measures to manage business risks appropriately:

- (1) NTT East established a Business Risk Management Committee, headed by a senior executive vice president, to clarify responsibilities concerning management of business risks and to perform crisis management in response to new business risks affecting corporate operations.
- (2) NTT East formulated a Business Risk Management Manual with the goal of promoting a unified risk management system for the entire NTT Group focusing on preventing and preparing for risks, and positioning the NTT Group to respond appropriately and rapidly as risks materialize.

3. Systems for ensuring that directors perform their duties efficiently

NTT East has taken the following measures to ensure that its business activities are managed efficiently through appropriate allocation of responsibilities among directors and maintaining an appropriate oversight structure to monitor such matters:

- (1) NTT East has adopted organizational rules governing the functions and operations of internal organizational groups, and responsibility regulations setting forth the allocation of responsibilities among the various organizational groups.
- (2) NTT East has adopted board of director regulations governing the function and responsibilities of the board of directors. In principle, the board of directors holds meetings once each month, and is responsible for decisions on important matters pertaining to management on the basis of applicable laws and regulations, business judgment principles, and other considerations including the duty of care of a good manager. Directors report regularly to the full board of directors concerning the status of implementation of their duties.
- (3) NTT East has established executive committees and subcommittees for the purpose of considering and deciding important matters pertaining to the management of NTT East and the NTT East Group.

4. Systems for custody and management of information relating to the performance of duties by directors

NTT East has adopted the following measures to facilitate appropriate and efficient conduct of business activities through the proper management of information relating to the performance of duties by directors:

- (1) NTT East has adopted document retention regulations and rules on information security setting forth matters necessary for the management of documents (including related materials and information recorded on electronic media, referred to as “Documents”) and other information.
- (2) Documents shall be retained for the periods required by law and as necessary for business operations.

5. Systems for ensuring the propriety of the business activities of the NTT East Group

NTT East has adopted the following measures to ensure that transactions among NTT East Group companies and with NTT are conducted appropriately and in compliance with applicable laws and regulations and to ensure appropriate business conduct by the NTT East Group, thus contributing to the growth and development of the NTT East Group:

- (1) Develop communications systems for NTT East Group companies to notify NTT East and for notification by NTT East to NTT in emergency situations.
 - (2) Conduct employee education and training to prevent scandals or misconduct.
 - (3) Establish systems concerning information security and the protection of personal information.
 - (4) Require NTT East Group companies to report regularly to NTT East on their financial condition.
 - (5) Conduct audits of NTT East Group companies by NTT East's internal audit division.
6. Matters relating to employees who assist corporate auditors in the performance of their duties and the independence of those employees from the directors

NTT East has adopted the following measures with respect to employees who assist corporate auditors in the performance of their duties to ensure the effective performance of audits by the auditors:

- (1) The Auditors' Office was established as an integral part of NTT East's corporate organization under the Corporation Law. The Auditors' Office is staffed with dedicated personnel who work full time in assisting the corporate auditors in the performance of their duties.
 - (2) Personnel assigned to the Auditor's Office perform their responsibilities at the instruction and direction of the corporate auditors.
 - (3) Decisions concerning matters such as transfer of personnel assigned to the Auditor's Office, evaluations of such personnel and similar matters are made with due regard for the opinion of the board of corporate auditors.
7. Systems for reporting to corporate auditors by directors and employees and systems for ensuring the effective implementation of audits by auditors

To ensure that audits by the corporate auditors are carried out effectively, NTT East has adopted the following measures concerning reporting to the corporate auditors by directors and employees with regard to important matters relating to the performance of their duties:

- (1) Directors and other personnel report the following matters concerning the performance of their duties:
 - Matters resolved at executive management meetings
 - Matters that cause or may cause substantial damage to the company
 - Monthly financial reports
 - The status of internal audits
 - Matters that pose a risk of violation of applicable law or the Articles of Incorporation
 - The status of reporting to helplines
 - Other material compliance matters.
- (2) Representative directors, accounting auditors, and internal control divisions report to and exchange ideas and opinions with corporate auditors periodically and at other times as necessary upon the request of the corporate auditors.
- (3) Corporate auditors may attend meetings of the board of directors and other important meetings.

- (4) Corporate auditors may contract independently with and seek advice from external experts with respect to the performance of audit operations.

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2007	March 31, 2008	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets-telecommunications businesses			
Property, plant and equipment	2,926,472	2,840,327	(86,145)
Machinery and equipment	546,813	481,966	(64,847)
Antenna facilities	7,162	6,869	(292)
Terminal equipment	63,661	83,169	19,507
Local line facilities	723,184	752,066	28,882
Long-distance line facilities	8,466	7,210	(1,255)
Engineering facilities	704,138	673,734	(30,403)
Submarine line facilities	699	1,032	333
Buildings	573,407	540,286	(33,121)
Structures	16,202	15,132	(1,070)
Other machinery and equipment	2,355	2,674	319
Vehicles and vessels	285	210	(74)
Tools, furniture and fixtures	39,174	41,204	2,030
Land	202,591	198,549	(4,042)
Lease assets	-	460	460
Construction in progress	38,330	35,759	(2,571)
Intangible fixed assets	97,677	103,945	6,267
Total fixed assets-telecommunications businesses	3,024,150	2,944,272	(79,877)
Investments and other assets			
Investment securities	13,004	8,733	(4,271)
Investments in subsidiaries and affiliated companies	43,620	43,769	148
Long-term loans receivable to subsidiaries	100	800	700
Long-term prepaid expenses	2,957	3,974	1,017
Deferred income taxes	280,755	225,086	(55,668)
Other investments and assets	15,059	16,226	1,167
Allowance for doubtful accounts	(2,573)	(2,428)	144
Total investments and other assets	352,925	296,162	(56,762)
Total fixed assets	3,377,075	3,240,435	(136,640)
Current assets:			
Cash and bank deposits	107,575	132,947	25,372
Notes receivable	79	26	(52)
Accounts receivable, trade	367,547	305,476	(62,071)
Accounts receivable, other	23,066	10,147	(12,919)
Supplies	35,217	35,497	280
Advance payment	3,722	3,837	115
Prepaid expenses	5,548	6,198	649
Deferred income taxes	7,385	6,952	(433)
Short-term loans receivable	12,685	1,955	(10,729)
Other current assets	13,252	11,540	(1,712)
Allowance for doubtful accounts	(3,187)	(2,315)	871
Total current assets	572,893	512,264	(60,629)
TOTAL ASSETS	3,949,969	3,752,700	(197,269)

(Millions of yen)

	March 31, 2007	March 31, 2008	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	577,567	605,148	27,580
Lease obligations	-	1,116	1,116
Liability for employees' retirement benefits	499,232	318,937	(180,295)
Reserve for unused telephone cards	-	12,013	12,013
Other long-term liabilities	7,309	7,979	670
Total long-term liabilities	1,084,109	945,194	(138,915)
Current liabilities:			
Current portion of long-term borrowings from parent company	200,217	162,419	(37,798)
Accounts payable, trade	112,289	113,796	1,507
Commercial paper	53,000	20,000	(33,000)
Short-term borrowings	110,000	93,000	(17,000)
Lease obligations	-	483	483
Accounts payable, other	295,996	254,945	(41,050)
Accrued expenses	20,243	18,090	(2,152)
Accrued taxes on income	724	846	121
Advance received	7,537	7,270	(266)
Deposit received	63,719	73,609	9,889
Unearned revenue	267	46	(220)
Allowance for losses on construction contracts	-	341	341
Other current liabilities	13,300	12,005	(1,294)
Total current liabilities	877,296	756,855	(120,440)
TOTAL LIABILITIES	1,961,405	1,702,049	(259,356)
NET ASSETS			
Shareholders' equity			
Common stock	335,000	335,000	-
Capital surplus			
Additional paid-in capital	1,499,726	1,499,726	-
Total capital surplus	1,499,726	1,499,726	-
Earned surplus			
Other earned surplus	152,024	215,403	63,379
Accumulated earned surplus	152,024	215,403	63,379
Total earned surplus	152,024	215,403	63,379
Total shareholders' equity	1,986,751	2,050,130	63,379
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	1,812	520	(1,292)
Total unrealized gains (losses), translation adjustments, and others	1,812	520	(1,292)
TOTAL NET ASSETS	1,988,563	2,050,650	62,086
TOTAL LIABILITIES AND NET ASSETS	3,949,969	3,752,700	(197,269)

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008	Increase (Decrease)
Telecommunications businesses			
Operating revenues	1,907,832	1,868,925	(38,907)
Operating expenses	1,846,447	1,827,280	(19,166)
Business expenses	510,438	511,430	991
Operations	16,778	15,624	(1,153)
Maintenance expenses	481,998	470,589	(11,408)
Overhead expenses	101,707	95,845	(5,862)
Administration	117,226	109,778	(7,447)
Experiment and research	53,268	54,959	1,690
Depreciation and amortization	412,507	418,168	5,660
Retirement of fixed assets	42,771	37,120	(5,650)
Access charges	35,114	38,363	3,249
Miscellaneous taxes	74,636	75,399	763
Operating income from telecommunications businesses	61,385	41,644	(19,740)
Supplementary businesses			
Operating revenues	153,562	133,834	(19,727)
Operating expenses	155,037	130,487	(24,549)
Operating income (losses) from supplementary businesses	(1,474)	3,347	4,821
Operating income	59,911	44,992	(14,918)
Non-operating revenues:	70,447	66,196	(4,250)
Interest income	35	55	20
Dividends received	11,247	3,938	(7,308)
Lease and rental income	54,255	56,131	1,876
Miscellaneous income	4,909	6,071	1,161
Non-operating expenses:	39,991	43,730	3,738
Interest expenses	13,858	13,575	(283)
Lease and rental expenses	19,975	23,329	3,354
Miscellaneous expenses	6,157	6,824	667
Recurring profit	90,366	67,459	(22,907)
Special profits	49,765	178,548	128,782
Gains on sales of fixed assets	49,765	53,722	3,956
Gain on the transfer of substitutional portion of NTT Kosei-Nenkin-Kikin	-	124,825	124,825
Special losses	-	78,307	78,307
Non-recurring depreciation of fixed assets	-	63,341	63,341
Provision for reserve for unused telephone cards	-	13,874	13,874
Impact of applying lease accounting standards	-	1,090	1,090
Income before income taxes	140,132	167,699	27,567
Corporation, inhabitant, and enterprise taxes	(9,263)	13,781	23,044
Deferred tax expenses (benefits)	65,077	57,039	(8,037)
Net income	84,318	96,879	12,560

4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets

(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2007

(Millions of yen)

	Shareholders' equity						Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus		Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus Accumulated earned surplus	Total earned surplus				
March 31, 2006	335,000	1,499,726	1,499,726	101,261	101,261	1,935,988	5,028	5,028	1,941,016
Net change during the annual period									
Cash dividends*				(33,500)	(33,500)	(33,500)			(33,500)
Bonuses paid to directors and corporate auditors*				(55)	(55)	(55)			(55)
Net income				84,318	84,318	84,318			84,318
Others, net							(3,215)	(3,215)	(3,215)
Total net change during the annual period	-	-	-	50,762	50,762	50,762	(3,215)	(3,215)	47,547
March 31, 2007	335,000	1,499,726	1,499,726	152,024	152,024	1,986,751	1,812	1,812	1,988,563

(*) Items approved in the shareholders' meeting held in June 2006

Year ended March 31, 2008

(Millions of yen)

	Shareholders' equity						Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus		Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus Accumulated earned surplus	Total earned surplus				
March 31, 2007	335,000	1,499,726	1,499,726	152,024	152,024	1,986,751	1,812	1,812	1,988,563
Net change during the annual period									
Cash dividends				(33,500)	(33,500)	(33,500)			(33,500)
Net income				96,879	96,879	96,879			96,879
Others, net							(1,292)	(1,292)	(1,292)
Total net change during the annual period	-	-	-	63,379	63,379	63,379	(1,292)	(1,292)	62,086
March 31, 2008	335,000	1,499,726	1,499,726	215,403	215,403	2,050,130	520	520	2,050,650

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	1,159,041	1,031,970	(127,070)	(11.0%)
Monthly charge revenues*	739,811	678,431	(61,379)	(8.3%)
Call rates revenues*	151,550	123,553	(27,996)	(18.5%)
Interconnection call revenues*	181,751	144,970	(36,780)	(20.2%)
IP services revenues	359,462	462,693	103,230	28.7%
Leased circuit services revenues (excluding IP services revenues)	191,610	180,809	(10,800)	(5.6%)
Telegram services revenues	24,664	24,210	(453)	(1.8%)
Other telecommunications services revenues	173,053	169,240	(3,812)	(2.2%)
Telecommunications total revenues	1,907,832	1,868,925	(38,907)	(2.0%)
Supplementary business total revenues	153,562	133,834	(19,727)	(12.8%)
Total operating revenues	2,061,395	2,002,760	(58,635)	(2.8%)

*Partial listing only

6. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008	Increase (Decrease)
I Cash flows from operating activities:			
Income before income taxes	140,132	167,699	27,567
Depreciation and amortization	425,987	432,087	6,099
Loss on disposal of property, plant and equipment	27,365	19,950	(7,415)
Gains on sales of fixed assets	(49,765)	(53,722)	(3,956)
Gain on the transfer of substitutional portion of NTT Kosei-Nenkin-Kikin	-	(124,825)	(124,825)
Non-recurring depreciation of fixed assets	-	63,341	63,341
Impact of applying lease accounting standards	-	1,090	1,090
Increase (decrease) in liability for employees' retirement benefits	(82,871)	(55,469)	27,402
(Increase) decrease in accounts receivable	(37,916)	63,455	101,372
(Increase) decrease in inventories	(5,052)	(280)	4,771
Increase (decrease) in accounts payable and accrued expenses	(16,753)	(49,343)	(32,589)
Increase (decrease) in accrued consumption tax	2,431	(1,655)	(4,087)
Other	37,480	40,313	2,833
Sub-total	441,037	502,643	61,605
Interest and dividends received	11,282	3,995	(7,286)
Interest paid	(14,380)	(14,701)	(320)
Income taxes received (paid)	(33,706)	10,664	44,370
Net cash provided by (used in) operating activities	404,232	502,601	98,369
II Cash flows from investing activities:			
Payments for property, plant and equipment	(427,832)	(451,701)	(23,869)
Proceeds from sale of property, plant and equipment	55,343	59,853	4,509
Payments for purchase of investment securities	(9,500)	(5,011)	4,488
Proceeds from sale of investment securities	6,463	3,154	(3,308)
Other	415	2,546	2,130
Net cash provided by (used in) investing activities	(375,110)	(391,159)	(16,048)
III Cash flows from financing activities:			
Proceeds from issuance of long-term debt	-	190,000	190,000
Payments for settlement of long-term debt	(141,096)	(200,217)	(59,121)
Net increase (decrease) in short-term borrowings	121,000	(50,000)	(171,000)
Payments for settlement of lease obligations	-	(380)	(380)
Dividends paid	(33,500)	(33,500)	-
Net cash provided by (used in) financing activities	(53,596)	(94,097)	(40,501)
IV Net increase (decrease) in cash and cash equivalents	(24,474)	17,343	41,818
V Cash and cash equivalents at beginning of period	142,034	117,559	(24,474)
VI Cash and cash equivalents at end of period	117,559	134,903	17,343

7. Changes in Directors

(1) Candidate for Senior Vice President

Tsutomu Ebe	Current position: Nippon Telegraph and Telephone Corporation, Senior Executive Vice President
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(2) Director scheduled to resign from office

Toyohiko Takabe	Current position: President (Scheduled to take office as Advisor of Nippon Telegraph and Telephone East Corporation)
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(3) Candidates for Representative Directors

(1) Candidate scheduled to take office as President

Tsutomu Ebe

(2) Candidates scheduled to take office as Senior Executive Vice President

Tetsuo Koga	Current position: Senior Executive Vice President
Kazuo Ohki	Current position: Senior Executive Vice President
Fuminori Kozono	Current position: Executive Vice President

(Notes)

1. Kazuo Ohki, who is scheduled to become a Senior Executive Vice President, is scheduled to resign on July 31, 2008.
2. Executive Vice President, Fuminori Kozono, is scheduled to be appointed as Senior Executive Vice President as of August 1, 2008.
3. The changes in directors noted above are only those that have been decided. Other changes will be announced once determined.