



News Release

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

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FOR IMMEDIATE RELEASE

Financial Statements for the Three Months Ended June 30, 2007

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the three months ended June 30, 2007 are presented in the following attachments.

(Attachments)

1. Non-Consolidated Comparative Balance Sheets
2. Non-Consolidated Comparative Statements of Income
3. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
4. Business Results (Non-Consolidated Operating Revenues)
5. Non-Consolidated Comparative Statements of Cash Flows
6. Other

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1. Non-Consolidated Comparative Balance Sheets
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2007	June 30, 2007	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment	2,926,472	2,914,260	(12,212)
Machinery and equipment	546,813	540,056	(6,757)
Antenna facilities	7,162	7,084	(77)
Terminal equipment	63,661	68,562	4,900
Local line facilities	723,184	725,562	2,378
Long-distance line facilities	8,466	8,100	(365)
Engineering facilities	704,138	695,069	(9,069)
Submarine line facilities	699	662	(36)
Buildings	573,407	565,028	(8,379)
Construction in progress	38,330	47,348	9,017
Other	260,608	256,785	(3,822)
Intangible fixed assets	97,677	95,006	(2,670)
Total fixed assets - telecommunications businesses	3,024,150	3,009,267	(14,883)
Investments and other assets			
Deferred income taxes	280,755	281,484	728
Other investments and assets	74,742	72,095	(2,646)
Allowance for doubtful accounts	(2,573)	(2,488)	84
Total investments and other assets	352,925	351,091	(1,833)
Total fixed assets	3,377,075	3,360,358	(16,716)
Current assets:			
Cash and bank deposits	107,575	54,940	(52,634)
Notes receivable	79	313	234
Accounts receivable, trade	367,547	334,527	(33,019)
Supplies	35,217	34,827	(389)
Other current assets	65,661	81,732	16,071
Allowance for doubtful accounts	(3,187)	(2,725)	461
Total current assets	572,893	503,617	(69,276)
TOTAL ASSETS	3,949,969	3,863,976	(85,993)

(Millions of yen)

	March 31, 2007	June 30, 2007	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	577,567	547,309	(30,258)
Liability for employees' retirement benefits	499,232	492,592	(6,640)
Other long-term liabilities	7,309	7,792	483
Total long-term liabilities	1,084,109	1,047,693	(36,415)
Current liabilities:			
Current portion of long-term borrowings from parent company	200,217	266,110	65,893
Accounts payable, trade	112,289	76,396	(35,893)
Short-term borrowings	110,000	125,000	15,000
Accounts payable, other	295,996	198,082	(97,913)
Accrued taxes on income	724	* 4,329	3,605
Other current liabilities	158,067	173,256	15,188
Total current liabilities	877,296	843,175	(34,120)
TOTAL LIABILITIES	1,961,405	1,890,869	(70,536)
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	137,725	(14,298)
Accumulated earned surplus	152,024	137,725	(14,298)
Total earned surplus	152,024	137,725	(14,298)
Total shareholders' equity	1,986,751	1,972,452	(14,298)
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	1,812	654	(1,158)
Total unrealized gains (losses), translation adjustments, and others	1,812	654	(1,158)
TOTAL NET ASSETS	1,988,563	1,973,107	(15,456)
TOTAL LIABILITIES AND NET ASSETS	3,949,969	3,863,976	(85,993)

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, 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 June 30, 2006	Three months ended June 30, 2007	Increase (Decrease)	Year ended March 31, 2007
Telecommunications businesses				
Operating revenues	469,621	459,965	(9,656)	1,907,832
Operating expenses	448,069	444,449	(3,619)	1,846,447
Operating income from telecommunications businesses	21,551	15,515	(6,036)	61,385
Supplementary businesses				
Operating revenues	31,866	27,243	(4,622)	153,562
Operating expenses	30,297	25,726	(4,570)	155,037
Operating income (losses) from supplementary businesses	1,568	1,516	(52)	(1,474)
Operating income	23,120	17,032	(6,088)	59,911
Non-operating revenues:	15,471	16,970	1,498	70,447
Interest income	6	25	18	35
Lease and rental income	14,217	13,337	(880)	54,255
Miscellaneous income	1,247	3,607	2,360	16,156
Non-operating expenses:	8,427	9,460	1,032	39,991
Interest expenses	3,497	3,487	(10)	13,858
Lease and rental expenses	4,478	5,256	777	19,975
Miscellaneous expenses	451	716	265	6,157
Recurring profit	30,164	24,542	(5,621)	90,366
Special profits	2,550	7,067	4,517	49,765
Income before income taxes	32,714	31,609	(1,104)	140,132
Corporation, inhabitant, and enterprise taxes	* 13,270	* 12,408	(862)	(9,263)
Deferred tax expenses (benefits)	* _	* _	—	65,077
Net income	19,443	19,201	(242)	84,318

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, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

3. 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 at the shareholders' meeting held in June 2006

Three months ended June 30, 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, 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 in this quarter									
Cash dividends				(33,500)	(33,500)	(33,500)			(33,500)
Net income				19,201	19,201	19,201			19,201
Others, net							(1,158)	(1,158)	(1,158)
Total net change in this quarter	—	—	—	(14,298)	(14,298)	(14,298)	(1,158)	(1,158)	(15,456)
June 30, 2007	335,000	1,499,726	1,499,726	137,725	137,725	1,972,452	654	654	1,973,107

4. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2007
Voice transmission services revenues (excluding IP services revenues)	300,494	268,514	(31,979)	(10.6%)	1,159,041
Monthly charge revenues*	189,445	174,684	(14,761)	(7.8%)	739,811
Call rates revenues*	40,893	33,394	(7,498)	(18.3%)	151,550
Interconnection call revenues*	47,803	38,172	(9,630)	(20.1%)	181,751
IP services revenues	79,178	105,156	25,977	32.8%	359,462
Leased circuit services revenues (excluding IP services revenues)	49,651	46,206	(3,445)	(6.9%)	191,610
Telegram services revenues	6,760	6,787	27	0.4%	24,664
Other telecommunications services revenues	33,536	33,299	(236)	(0.7%)	173,053
Telecommunications total revenues	469,621	459,965	(9,656)	(2.1%)	1,907,832
Supplementary business total revenues	31,866	27,243	(4,622)	(14.5%)	153,562
Total operating revenues	501,487	487,208	(14,278)	(2.8%)	2,061,395

*Partial listing only

5. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Increase (Decrease)	Year ended March 31, 2007
I Cash flows from operating activities:				
Income before income taxes	32,714	31,609	(1,104)	140,132
Depreciation and amortization	106,813	106,589	(223)	425,987
Loss on disposal of property, plant and equipment	3,187	3,818	630	27,365
Gains on sales of fixed assets	(2,550)	(7,067)	(4,517)	(49,765)
Increase (decrease) in liability for employees' retirement benefits	(7,303)	(6,640)	663	(82,871)
(Increase) decrease in accounts receivable	36,563	35,436	(1,126)	(37,916)
(Increase) decrease in inventories	(2,663)	389	3,052	(5,052)
Increase (decrease) in accounts payable and accrued expenses	(166,000)	(120,882)	45,118	(16,753)
Increase (decrease) in accrued consumption tax	5,326	1,468	(3,857)	2,431
Other	20,977	(4,832)	(25,809)	37,480
Sub-total	27,065	39,890	12,825	441,037
Interest and dividends received	238	843	605	11,282
Interest paid	(3,330)	(2,999)	331	(14,380)
Income taxes received (paid)	(145)	(301)	(156)	(33,706)
Net cash provided by (used in) operating activities	23,828	37,433	13,605	404,232
II Cash flows from investing activities:				
Payments for property, plant and equipment	(104,028)	(124,757)	(20,728)	(427,832)
Proceeds from sale of property, plant and equipment	3,662	7,866	4,204	55,343
Payments for purchase of investment securities	(6,119)	—	6,119	(9,500)
Proceeds from sale of investment securities	154	2,973	2,818	6,463
Other	(346)	542	888	415
Net cash provided by (used in) investing activities	(106,677)	(113,375)	(6,697)	(375,110)
III Cash flows from financing activities:				
Proceeds from issuance of long-term debt	—	60,000	60,000	—
Payments for settlement of long-term debt	(51,666)	(24,365)	27,300	(141,096)
Net increase (decrease) in short-term borrowings	118,000	19,000	(99,000)	121,000
Dividends paid	(33,500)	(33,500)	—	(33,500)
Net cash provided by (used in) financing activities	32,833	21,134	(11,699)	(53,596)
IV Net increase (decrease) in cash and cash equivalents	(50,015)	(54,806)	(4,790)	(24,474)
V Cash and cash equivalents at beginning of period	142,034	117,559	(24,474)	142,034
VI Cash and cash equivalents at end of period	92,018	62,753	(29,265)	117,559

6. Other

On July 1, 2007, the NTT Kosei-Nenkin-Kikin ("NTT Plan") received the permission to be relieved of the obligations related to past services to disburse the NTT Plan benefits covering the substitutional portion. NTT East is currently calculating the impact* on earnings (Japanese GAAP) and plan to reflect such impact in earnings in its interim report. Review of forecasts for full-year results is also scheduled for mid-term, together with change in depreciation methods pursuant to major machinery and equipment's renewal plans.

* As of March 31, 2007, the results of preliminary calculations were approximately ¥130 billion (to be recognized as special profit).