



News Release

August 6, 2008

FOR IMMEDIATE RELEASE

Financial Statements for the Three Months Ended June 30, 2008

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the three months ended June 30, 2008 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

Inquiries:

Toshiaki Ikebe and Takashi Yokozawa

Accounting Section, Finance Division

NTT East

Tel: (03) 5359-3331

E-mail: kessan_info@sinoa.east.ntt.co.jp

1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2008	June 30, 2008	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets-telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	481,966	476,584	(5,381)
Antenna facilities	6,869	6,772	(96)
Terminal equipment	83,169	88,197	5,027
Local line facilities	752,066	750,923	(1,143)
Long-distance line facilities	7,210	6,805	(404)
Engineering facilities	673,734	664,972	(8,762)
Submarine line facilities	1,032	914	(118)
Buildings	540,286	534,267	(6,018)
Construction in progress	35,759	48,365	12,606
Other	258,231	258,441	209
Total property, plant and equipment	2,840,327	2,836,244	(4,082)
Intangible fixed assets	103,945	100,479	(3,465)
Total fixed assets-telecommunications businesses	2,944,272	2,936,724	(7,548)
Investments and other assets			
Other investments and assets	298,590	307,281	8,691
Allowance for doubtful accounts	(2,428)	(2,429)	(1)
Total investments and other assets	296,162	304,852	8,690
Total fixed assets	3,240,435	3,241,577	1,141
Current assets:			
Cash and bank deposits	132,947	91,814	(41,133)
Notes receivable	26	166	139
Accounts receivable, trade	305,476	283,531	(21,944)
Supplies	35,497	37,854	2,357
Other current assets	40,631	72,548	31,916
Allowance for doubtful accounts	(2,315)	(2,229)	86
Total current assets	512,264	483,685	(28,579)
TOTAL ASSETS	3,752,700	3,725,262	(27,437)

(Millions of yen)

	March 31, 2008	June 30, 2008	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	605,148	614,832	9,684
Liability for employees' retirement benefits	318,937	316,850	(2,086)
Reserve for unused telephone cards	12,013	11,298	(714)
Other long-term liabilities	9,095	9,550	455
Total long-term liabilities	945,194	952,532	7,338
Current liabilities:			
Current portion of long-term borrowings from parent company	162,419	162,476	56
Accounts payable, trade	113,796	74,628	(39,168)
Short-term borrowings	93,000	133,000	40,000
Accrued taxes on income	846	*	2,951
Allowance for losses on construction contracts	341	300	(40)
Other current liabilities	386,451	372,712	(13,738)
Total current liabilities	756,855	746,070	(10,784)
TOTAL LIABILITIES	1,702,049	1,698,603	(3,446)
NET ASSETS			
Shareholders' equity			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	215,403	191,590	(23,813)
Total shareholders' equity	2,050,130	2,026,317	(23,813)
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	520	342	(178)
Total unrealized gains (losses), translation adjustments, and others	520	342	(178)
TOTAL NET ASSETS	2,050,650	2,026,659	(23,991)
TOTAL LIABILITIES AND NET ASSETS	3,752,700	3,725,262	(27,437)

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, 2007	Three months ended June 30, 2008	Increase (Decrease)	Year ended March 31, 2008
Telecommunications businesses				
Operating revenues	459,965	452,080	(7,885)	1,868,925
Operating expenses	444,449	444,679	229	1,827,280
Operating income from telecommunications businesses	15,515	7,400	(8,114)	41,644
Supplementary businesses				
Operating revenues	27,243	24,718	(2,524)	133,834
Operating expenses	25,726	25,378	(347)	130,487
Operating income (losses) from supplementary businesses	1,516	(660)	(2,176)	3,347
Operating income	17,032	6,740	(10,291)	44,992
Non-operating revenues:				
Interest income	25	5	(19)	55
Lease and rental income	13,337	13,488	150	56,131
Miscellaneous income	3,607	1,212	(2,395)	10,009
Total non-operating revenues	16,970	14,706	(2,264)	66,196
Non-operating expenses:				
Interest expenses	3,487	3,076	(411)	13,575
Lease and rental expenses	5,256	5,283	26	23,329
Miscellaneous expenses	716	414	(301)	6,824
Total non-operating expenses	9,460	8,773	(686)	43,730
Recurring profit	24,542	12,673	(11,869)	67,459
Special profits	7,067	5,122	(1,944)	178,548
Special losses	-	-	-	78,307
Income before income taxes	31,609	17,796	(13,813)	167,699
Corporation, inhabitant, and enterprise taxes	*	12,408	*	8,109
Deferred tax expenses (benefits)	*	-	*	-
Net income	19,201	9,686	(9,514)	96,879

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. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Three months ended June 30, 2007	Three months ended June 30, 2008	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2008
Voice transmission services revenues (excluding IP services revenues)	268,514	237,682	(30,832)	(11.5%)	1,031,970
Monthly charge revenues*	174,684	159,399	(15,285)	(8.8%)	678,431
Call rates revenues*	33,394	27,311	(6,082)	(18.2%)	123,553
Interconnection call revenues*	38,172	31,579	(6,593)	(17.3%)	144,970
IP services revenues	105,156	132,184	27,028	25.7%	462,693
Leased circuit services revenues (excluding IP services revenues)	46,206	43,338	(2,868)	(6.2%)	180,809
Telegram services revenues	6,787	6,318	(469)	(6.9%)	24,210
Other telecommunications services revenues	33,299	32,557	(742)	(2.2%)	169,240
Telecommunications total revenues	459,965	452,080	(7,885)	(1.7%)	1,868,925
Supplementary business total revenues	27,243	24,718	(2,524)	(9.3%)	133,834
Total operating revenues	487,208	476,798	(10,409)	(2.1%)	2,002,760

*Partial listing only

4. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Three months ended June 30, 2007	Three months ended June 30, 2008	Increase (Decrease)	Year ended March 31, 2008
Cash flows from operating activities:				
Income before income taxes	31,609	17,796	(13,813)	167,699
Depreciation and amortization	106,589	107,172	582	432,087
Loss on disposal of property, plant and equipment	3,818	3,380	(437)	19,950
Gains on sales of fixed assets	(7,067)	(5,122)	1,944	(53,722)
Increase (decrease) in liability for employees' retirement benefits	(6,640)	(2,086)	4,554	(55,469)
(Increase) decrease in accounts receivable	35,436	15,184	(20,252)	63,455
(Increase) decrease in inventories	389	(2,357)	(2,746)	(280)
Increase (decrease) in accounts payable and accrued expenses	(120,882)	(52,858)	68,023	(49,343)
Increase (decrease) in accrued consumption tax	1,468	2,347	878	(1,655)
Other	(4,832)	(1,667)	3,164	(20,079)
Sub-total	39,890	81,788	41,897	502,643
Interest and dividends received	843	512	(331)	3,995
Interest paid	(2,999)	(2,803)	195	(14,701)
Income taxes received (paid)	(301)	(124)	177	10,664
Net cash provided by (used in) operating activities	37,433	79,373	41,939	502,601
Cash flows from investing activities:				
Payments for property, plant and equipment	(124,757)	(136,213)	(11,456)	(451,701)
Proceeds from sale of property, plant and equipment	7,866	7,224	(641)	59,853
Payments for purchase of investment securities	-	(1,403)	(1,403)	(5,011)
Proceeds from sale of investment securities	2,973	22	(2,951)	3,154
Other	542	228	(313)	2,546
Net cash provided by (used in) investing activities	(113,375)	(130,140)	(16,765)	(391,159)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	60,000	100,000	40,000	190,000
Payments for settlement of long-term debt	(24,365)	(90,258)	(65,893)	(200,217)
Net increase (decrease) in short-term borrowings	19,000	35,993	16,993	(50,000)
Payments for settlement of lease obligations	-	(130)	(130)	(380)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	21,134	12,104	(9,030)	(94,097)
Net increase (decrease) in cash and cash equivalents	(54,806)	(38,663)	16,143	17,343
Cash and cash equivalents at beginning of period	117,559	134,903	17,343	117,559
Cash and cash equivalents at end of period	62,753	96,240	33,487	134,903