



News Release

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

Telephone +81 3 5359 3711

19-2 Nishi-shinjuku 3-chome Shinjuku-ku, Tokyo 163-8019 Japan

November 7, 2008

FOR IMMEDIATE RELEASE

Interim Settlement for Fiscal Year Ending March 31, 2009

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the interim period for Fiscal Year 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

For inquiries, please contact:
Mr. Toshiaki Ikebe and Mr. Takashi Yokozawa
Accounting Section, Finance Division
Nippon Telegraph and Telephone East Corporation
Tel: +81-3-5359-3331
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	September 30, 2008	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets-telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	481,966	500,976	19,010
Antenna facilities	6,869	6,682	(187)
Terminal equipment	83,169	89,958	6,788
Local line facilities	752,066	750,269	(1,797)
Long-distance line facilities	7,210	6,515	(694)
Engineering facilities	673,734	656,425	(17,309)
Submarine line facilities	1,032	2,189	1,157
Buildings	540,286	521,885	(18,400)
Construction in progress	35,759	49,005	13,245
Other	258,231	255,518	(2,712)
Total property, plant and equipment	2,840,327	2,839,427	(900)
Intangible fixed assets	103,945	100,663	(3,281)
Total fixed assets-telecommunications businesses	2,944,272	2,940,091	(4,181)
Investments and other assets			
Other investments and assets	298,590	307,987	9,396
Allowance for doubtful accounts	(2,428)	(2,435)	(6)
Total investments and other assets	296,162	305,552	9,389
Total fixed assets	3,240,435	3,245,643	5,208
Current assets:			
Cash and bank deposits	132,947	87,920	(45,027)
Notes receivable	26	71	44
Accounts receivable, trade	305,476	279,555	(25,920)
Supplies	35,497	41,611	6,113
Other current assets	40,631	79,468	38,837
Allowance for doubtful accounts	(2,315)	(2,160)	155
Total current assets	512,264	486,468	(25,796)
TOTAL ASSETS	3,752,700	3,732,111	(20,588)

(Millions of yen)

	March 31, 2008	September 30, 2008	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	605,148	604,903	(245)
Liability for employees' retirement benefits	318,937	315,329	(3,608)
Reserve for unused telephone cards	12,013	10,660	(1,352)
Other long-term liabilities	9,095	9,503	407
Total long-term liabilities	945,194	940,396	(4,797)
Current liabilities:			
Current portion of long-term borrowings from parent company	162,419	147,476	(14,943)
Accounts payable, trade	113,796	74,975	(38,821)
Short-term borrowings	93,000	148,000	55,000
Accrued taxes on income	846	8,510*	7,663
Allowance for losses on construction contracts	341	-	(341)
Other current liabilities	386,451	351,980	(34,470)
Total current liabilities	756,855	730,942	(25,912)
TOTAL LIABILITIES	1,702,049	1,671,339	(30,710)
NET ASSETS			
Shareholders' equity			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	215,403	226,004	10,600
Total shareholders' equity	2,050,130	2,060,731	10,600
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	520	41	(479)
Total unrealized gains (losses), translation adjustments, and others	520	41	(479)
TOTAL NET ASSETS	2,050,650	2,060,772	10,121
TOTAL LIABILITIES AND NET ASSETS	3,752,700	3,732,111	(20,588)

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 current quarterly financial statements.

2. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase (Decrease)	Year ended March 31, 2008
Telecommunications businesses				
Operating revenues	925,358	911,583	(13,775)	1,868,925
Operating expenses	893,867	891,549	(2,318)	1,827,280
Operating income from telecommunications businesses	31,491	20,034	(11,457)	41,644
Supplementary businesses				
Operating revenues	56,504	54,379	(2,125)	133,834
Operating expenses	54,161	53,816	(344)	130,487
Operating income from supplementary businesses	2,343	562	(1,780)	3,347
Operating income	33,835	20,597	(13,237)	44,992
Non-operating revenues:				
Interest income	40	15	(24)	55
Dividends received	3,925	12,212	8,286	3,938
Lease and rental income	26,385	27,652	1,266	56,131
Miscellaneous income	3,383	2,089	(1,294)	6,071
Total non-operating revenues	33,735	41,969	8,234	66,196
Non-operating expenses:				
Interest expenses	6,895	6,292	(602)	13,575
Lease and rental expenses	10,771	10,999	228	23,329
Miscellaneous expenses	3,671	947	(2,723)	6,824
Total non-operating expenses	21,337	18,239	(3,097)	43,730
Recurring profit	46,232	44,326	(1,905)	67,459
Special profits	139,331	24,234	(115,096)	178,548
Special losses	63,317	-	(63,317)	78,307
Income before income taxes	122,247	68,561	(53,685)	167,699
Income taxes	49,080	24,460 [*]	(24,620)	70,820
Net income	73,166	44,100	(29,065)	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 current quarterly financial statements.

3. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2008
Voice transmission services revenues (excluding IP services revenues)	530,178	468,728	(61,450)	(11.6%)	1,031,970
Monthly charge revenues*	346,157	316,054	(30,103)	(8.7%)	678,431
Call rates revenues*	64,882	53,075	(11,807)	(18.2%)	123,553
Interconnection call revenues*	75,221	61,997	(13,224)	(17.6%)	144,970
IP services revenues	216,738	271,117	54,379	25.1%	462,693
Leased circuit services revenues (excluding IP services revenues)	90,114	86,770	(3,343)	(3.7%)	180,809
Telegram services revenues	11,865	11,016	(848)	(7.2%)	24,210
Other telecommunications services revenues	76,461	73,950	(2,510)	(3.3%)	169,240
Telecommunications total revenues	925,358	911,583	(13,775)	(1.5%)	1,868,925
Supplementary business total revenues	56,504	54,379	(2,125)	(3.8%)	133,834
Total operating revenues	981,863	965,962	(15,900)	(1.6%)	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)

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase (Decrease)	Year ended March 31, 2008
Cash flows from operating activities:				
Income before income taxes	122,247	68,561	(53,685)	167,699
Depreciation and amortization	213,730	213,040	(689)	432,087
Loss on disposal of property, plant and equipment	7,020	7,774	754	19,950
Gains on sales of fixed assets	(14,529)	(24,234)	(9,704)	(53,722)
Increase (decrease) in liability for employees' retirement benefits	(13,995)	(3,608)	10,387	(55,469)
(Increase) decrease in accounts receivable	30,436	23,911	(6,524)	63,455
(Increase) decrease in inventories	(2,840)	(6,113)	(3,273)	(280)
Increase (decrease) in accounts payable and accrued expenses	(114,124)	(70,190)	43,933	(49,343)
Increase (decrease) in accrued consumption tax	1,218	480	(738)	(1,655)
Other	(65,077)	(12,991)	52,086	(20,079)
Sub-total	164,085	196,630	32,545	502,643
Interest and dividends received	3,967	12,227	8,260	3,995
Interest paid	(7,888)	(6,305)	1,583	(14,701)
Income taxes received (paid)	10,665	(15,314)	(25,980)	10,664
Net cash provided by (used in) operating activities	170,829	187,238	16,408	502,601
Cash flows from investing activities:				
Payments for property, plant and equipment	(225,373)	(254,642)	(29,269)	(451,701)
Proceeds from sale of property, plant and equipment	16,305	34,293	17,987	59,853
Payments for purchase of investment securities	(40)	(10,832)	(10,792)	(5,011)
Proceeds from sale of investment securities	3,078	308	(2,769)	3,154
Other	643	(688)	(1,332)	2,546
Net cash provided by (used in) investing activities	(205,385)	(231,562)	(26,176)	(391,159)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	90,000	100,000	10,000	190,000
Payments for settlement of long-term debt	(89,615)	(115,188)	(25,572)	(200,217)
Net increase (decrease) in short-term borrowings	5,000	48,992	43,992	(50,000)
Payments for settlement of lease obligations	-	(260)	(260)	(380)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	(28,115)	43	28,159	(94,097)
Net increase (decrease) in cash and cash equivalents	(62,671)	(44,279)	18,391	17,343
Cash and cash equivalents at beginning of year	117,559	134,903	17,343	117,559
Cash and cash equivalents at end of period (year)	54,888	90,624	35,735	134,903