



News Release

February 4, 2008

FOR IMMEDIATE RELEASE

Financial Statements for the Third Quarter Ended December 31, 2007

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the Third Quarter ended December 31, 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

Inquiries:

Shigeru Matsuhisa and Takashi Yokozawa

Accounting Section, Finance Division

NTT East

Tel: (03) 5359-3331

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

1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2007	December 31, 2007	Increase (Decrease)
<u>ASSETS</u>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment	2, 926, 472	2, 830, 556	(95, 916)
Machinery and equipment	546, 813	481, 931	(64, 882)
Antenna facilities	7, 162	7, 077	(84)
Terminal equipment	63, 661	76, 471	12, 809
Local line facilities	723, 184	739, 078	15, 893
Long-distance line facilities	8, 466	7, 522	(943)
Engineering facilities	704, 138	678, 780	(25, 357)
Submarine line facilities	699	1, 087	388
Buildings	573, 407	551, 017	(22, 389)
Construction in progress	38, 330	35, 434	(2, 896)
Other	260, 608	252, 154	(8, 453)
Intangible fixed assets	97, 677	96, 587	(1, 089)
Total fixed assets - telecommunications businesses	3, 024, 150	2, 927, 144	(97, 006)
Investments and other assets			
Deferred income taxes	280, 755	281, 484	728
Other investments and assets	74, 742	70, 541	(4, 201)
Allowance for doubtful accounts	(2, 573)	(2, 407)	166
Total investments and other assets	352, 925	349, 618	(3, 306)
Total fixed assets	3, 377, 075	3, 276, 762	(100, 312)
Current assets:			
Cash and bank deposits	107, 575	59, 844	(47, 730)
Notes receivable	79	10	(69)
Accounts receivable, trade	367, 547	339, 237	(28, 309)
Supplies	35, 217	36, 776	1, 559
Other current assets	65, 661	61, 516	(4, 144)
Allowance for doubtful accounts	(3, 187)	(2, 558)	628
Total current assets	572, 893	494, 826	(78, 067)
TOTAL ASSETS	3, 949, 969	3, 771, 589	(178, 379)

(Millions of yen)

	March 31, 2007	December 31, 2007	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	577,567	551,468	(26,098)
Liability for employees' retirement benefits	499,232	355,138	(144,093)
Other long-term liabilities	7,309	7,855	546
Total long-term liabilities	1,084,109	914,463	(169,645)
Current liabilities:			
Current portion of long-term borrowings from parent company	200,217	225,790	25,572
Accounts payable, trade	112,289	80,437	(31,851)
Short-term borrowings	110,000	130,000	20,000
Accounts payable, other	295,996	228,277	(67,718)
Accrued taxes on income	724	*18,908	18,183
Allowance for losses on construction contracts	—	558	558
Other current liabilities	158,067	132,864	(25,203)
Total current liabilities	877,296	816,837	(60,458)
TOTAL LIABILITIES	1,961,405	1,731,300	(230,104)
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	204,735	52,711
Accumulated earned surplus	152,024	204,735	52,711
Total earned surplus	152,024	204,735	52,711
Total shareholders' equity	1,986,751	2,039,462	52,711
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	1,812	826	(986)
Total unrealized gains (losses), translation adjustments, and others	1,812	826	(986)
TOTAL NET ASSETS	1,988,563	2,040,288	51,724
TOTAL LIABILITIES AND NET ASSETS	3,949,969	3,771,589	(178,379)

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)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Increase (Decrease)	Year ended March 31, 2007
Telecommunications businesses				
Operating revenues	1,429,342	1,395,550	(33,791)	1,907,832
Operating expenses	1,374,603	1,350,986	(23,616)	1,846,447
Operating income from telecommunications businesses	54,738	44,563	(10,175)	61,385
Supplementary businesses				
Operating revenues	101,929	84,920	(17,009)	153,562
Operating expenses	98,598	81,016	(17,581)	155,037
Operating income (losses) from supplementary businesses	3,330	3,903	572	(1,474)
Operating income	58,069	48,467	(9,602)	59,911
Non-operating revenues:	56,183	47,779	(8,403)	70,447
Interest income	23	44	20	35
Lease and rental income	41,442	39,710	(1,732)	54,255
Miscellaneous income	14,716	8,025	(6,691)	16,156
Non-operating expenses:	26,497	31,092	4,595	39,991
Interest expenses	10,436	10,243	(192)	13,858
Lease and rental expenses	13,641	16,220	2,578	19,975
Miscellaneous expenses	2,419	4,629	2,209	6,157
Recurring profit	87,755	65,153	(22,601)	90,366
Special profits	9,021	142,762	133,740	49,765
Special losses	—	63,317	63,317	—
Income before income taxes	96,777	144,598	47,821	140,132
Corporation, inhabitant, and enterprise taxes	* 35,401	* 58,386	22,985	(9,263)
Deferred tax expenses (benefits)	* —	* —	—	65,077
Net income	61,375	86,211	24,835	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	Total earned surplus				
				Accumulated 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

Nine months ended December 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	Total earned surplus				
				Accumulated 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 nine-month period									
Cash dividends				(33,500)	(33,500)	(33,500)			(33,500)
Net income				86,211	86,211	86,211			86,211
Others, net							(986)	(986)	(986)
Total net change in this nine-month period	--	--	--	52,711	52,711	52,711	(986)	(986)	51,724
December 31, 2007	335,000	1,499,726	1,499,726	204,735	204,735	2,039,462	826	826	2,040,288

4. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Nine months ended December 31 2006	Nine months ended December 31, 2007	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2007
Voice transmission services revenues (excluding IP services revenues)	883, 173	785, 929	(97, 244)	(11. 0%)	1, 159, 041
Monthly charge revenues*	560, 156	514, 527	(45, 629)	(8. 1%)	739, 811
Call rates revenues*	117, 694	95, 404	(22, 290)	(18. 9%)	151, 550
Interconnection call revenues*	139, 964	111, 633	(28, 331)	(20. 2%)	181, 751
IP services revenues	259, 035	336, 538	77, 502	29. 9%	359, 462
Leased circuit services revenues (excluding IP services revenues)	144, 031	136, 108	(7, 923)	(5. 5%)	191, 610
Telegram services revenues	18, 341	18, 072	(268)	(1. 5%)	24, 664
Other telecommunications services revenues	124, 759	118, 902	(5, 857)	(4. 7%)	173, 053
Telecommunications total revenues	1, 429, 342	1, 395, 550	(33, 791)	(2. 4%)	1, 907, 832
Supplementary business total revenues	101, 929	84, 920	(17, 009)	(16. 7%)	153, 562
Total operating revenues	1, 531, 271	1, 480, 470	(50, 800)	(3. 3%)	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)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Increase (Decrease)	Year ended March 31, 2007
I Cash flows from operating activities:				
Income before income taxes	96,777	144,598	47,821	140,132
Depreciation and amortization	319,361	322,262	2,901	425,987
Loss on disposal of property, plant and equipment	16,917	11,424	(5,493)	27,365
Gains on sales of fixed assets	(9,021)	(17,960)	(8,938)	(49,765)
Gain on the transfer of substitutional portion of NTT Kosei-Nenkin-Kikin	—	(124,801)	(124,801)	—
Non-recurring depreciation of fixed assets	—	63,317	63,317	—
Increase (decrease) in liability for employees' retirement benefits	(33,137)	(19,291)	13,845	(82,871)
(Increase) decrease in accounts receivable	(26,649)	31,954	58,604	(37,916)
(Increase) decrease in inventories	(6,929)	(1,559)	5,369	(5,052)
Increase (decrease) in accounts payable and accrued expenses	(119,628)	(127,310)	(7,681)	(16,753)
Increase (decrease) in accrued consumption tax	4,655	877	(3,777)	2,431
Other	27,695	14,448	(13,247)	37,480
Sub-total	270,039	297,958	27,918	441,037
Interest and dividends received	11,219	3,984	(7,234)	11,282
Interest paid	(10,830)	(10,480)	349	(14,380)
Income taxes received (paid)	(33,696)	10,664	44,360	(33,706)
Net cash provided by (used in) operating activities	236,732	302,126	65,394	404,232
II Cash flows from investing activities:				
Payments for property, plant and equipment	(310,664)	(329,931)	(19,266)	(427,832)
Proceeds from sale of property, plant and equipment	12,656	20,717	8,060	55,343
Payments for purchase of investment securities	(8,060)	(40)	8,020	(9,500)
Proceeds from sale of investment securities	5,162	3,092	(2,069)	6,463
Other	(742)	944	1,686	415
Net cash provided by (used in) investing activities	(301,648)	(305,217)	(3,569)	(375,110)
III Cash flows from financing activities:				
Proceeds from issuance of long-term debt	—	90,000	90,000	—
Payments for settlement of long-term debt	(76,836)	(90,525)	(13,689)	(141,096)
Net increase (decrease) in short-term borrowings	105,000	(20,000)	(125,000)	121,000
Dividends paid	(33,500)	(33,500)	—	(33,500)
Net cash provided by (used in) financing activities	(5,336)	(54,025)	(48,689)	(53,596)
IV Net increase (decrease) in cash and cash equivalents	(70,252)	(57,116)	13,136	(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	71,781	60,443	(11,338)	117,559