



# *News Release*

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

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FOR IMMEDIATE RELEASE

## **Financial Statements for the Nine Months Ended December 31, 2008**

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

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# 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2008	December 31, 2008	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	481,966	517,392	35,426
Antenna facilities	6,869	6,673	(196)
Terminal equipment	83,169	89,825	6,655
Local line facilities	752,066	757,279	5,212
Long-distance line facilities	7,210	6,069	(1,141)
Engineering facilities	673,734	648,362	(25,372)
Submarine line facilities	1,032	2,235	1,202
Buildings	540,286	516,494	(23,792)
Construction in progress	35,759	38,033	2,273
Other	258,231	252,758	(5,472)
Total property, plant and equipment	2,840,327	2,835,123	(5,203)
Intangible fixed assets	103,945	98,962	(4,983)
Total fixed assets - telecommunications businesses	2,944,272	2,934,085	(10,186)
Investments and other assets			
Other investments and assets	298,590	308,061	9,470
Allowance for doubtful accounts	(2,428)	(2,445)	(17)
Total investments and other assets	296,162	305,615	9,453
Total fixed assets	3,240,435	3,239,701	(733)
Current assets:			
Cash and bank deposits	132,947	65,712	(67,235)
Notes receivable	26	326	299
Accounts receivable, trade	305,476	325,090	19,614
Supplies	35,497	43,484	7,987
Other current assets	40,631	73,360	32,728
Allowance for doubtful accounts	(2,315)	(2,453)	(138)
Total current assets	512,264	505,522	(6,742)
<b>TOTAL ASSETS</b>	<b>3,752,700</b>	<b>3,745,223</b>	<b>(7,476)</b>

(Millions of yen)

	March 31, 2008	December 31, 2008	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	605,148	604,268	(879)
Liability for employees' retirement benefits	318,937	313,971	(4,966)
Reserve for unused telephone cards	12,013	10,036	(1,976)
Other long-term liabilities	9,095	9,997	901
Total long-term liabilities	945,194	938,273	(6,920)
Current liabilities:			
Current portion of long-term borrowings from parent company	162,419	147,200	(15,219)
Accounts payable, trade	113,796	69,857	(43,939)
Short-term borrowings	93,000	110,000	17,000
Accrued taxes on income	846	14,510*	13,664
Allowance for losses on construction contracts	341	-	(341)
Other current liabilities	386,451	375,789	(10,661)
Total current liabilities	756,855	717,358	(39,496)
<b>TOTAL LIABILITIES</b>	<b>1,702,049</b>	<b>1,655,631</b>	<b>(46,417)</b>
<b>NET ASSETS</b>			
Shareholders' equity			
Common stock	335,000	335,000	-
Capital surplus	1,499,726	1,499,726	-
Earned surplus	215,403	254,828	39,425
Total shareholders' equity	2,050,130	2,089,555	39,425
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	520	36	(483)
Total unrealized gains (losses), translation adjustments, and others	520	36	(483)
<b>TOTAL NET ASSETS</b>	<b>2,050,650</b>	<b>2,089,592</b>	<b>38,941</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,752,700</b>	<b>3,745,223</b>	<b>(7,476)</b>

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, 2007	Nine months ended December 31, 2008	Increase (Decrease)	Year ended March 31, 2008
Telecommunications businesses				
Operating revenues	1,395,550	1,369,070	(26,480)	1,868,925
Operating expenses	1,350,986	1,332,958	(18,027)	1,827,280
Operating income from telecommunications businesses	44,563	36,111	(8,452)	41,644
Supplementary businesses				
Operating revenues	84,920	82,451	(2,468)	133,834
Operating expenses	81,016	80,481	(535)	130,487
Operating income from supplementary businesses	3,903	1,970	(1,933)	3,347
Operating income	48,467	38,081	(10,385)	44,992
Non-operating revenues:				
Interest income	44	22	(21)	55
Dividends received	3,937	12,227	8,289	3,938
Lease and rental income	39,710	40,885	1,175	56,131
Miscellaneous income	4,087	3,476	(611)	6,071
Total non-operating revenues	47,779	56,612	8,833	66,196
Non-operating expenses:				
Interest expenses	10,243	9,448	(795)	13,575
Lease and rental expenses	16,220	17,644	1,423	23,329
Miscellaneous expenses	4,629	1,337	(3,291)	6,824
Total non-operating expenses	31,092	28,430	(2,662)	43,730
Recurring profit	65,153	66,263	1,109	67,459
Special profits	142,762	51,350	(91,411)	178,548
Special losses	63,317	-	(63,317)	78,307
Income before income taxes	144,598	117,614	(26,984)	167,699
Income taxes	58,386*	44,689*	(13,697)	70,820
Net income	86,211	72,925	(13,286)	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)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2008
Voice transmission services revenues (excluding IP services revenues)	785,929	694,672	(91,256)	(11.6%)	1,031,970
Monthly charge revenues*	514,527	470,114	(44,412)	(8.6%)	678,431
Call rates revenues*	95,404	77,952	(17,451)	(18.3%)	123,553
Interconnection call revenues*	111,633	91,319	(20,313)	(18.2%)	144,970
IP services revenues	336,538	415,103	78,565	23.3%	462,693
Leased circuit services revenues (excluding IP services revenues)	136,108	128,503	(7,604)	(5.6%)	180,809
Telegram services revenues	18,072	16,664	(1,408)	(7.8%)	24,210
Other telecommunications services revenues	118,902	114,125	(4,777)	(4.0%)	169,240
Telecommunications total revenues	1,395,550	1,369,070	(26,480)	(1.9%)	1,868,925
Supplementary business total revenues	84,920	82,451	(2,468)	(2.9%)	133,834
Total operating revenues	1,480,470	1,451,522	(28,948)	(2.0%)	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)

	Nine months ended December 31, 2007	Nine months ended December 31, 2008	Increase (Decrease)	Year ended March 31, 2008
Cash flows from operating activities:				
Income before income taxes	144,598	117,614	(26,984)	167,699
Depreciation and amortization	322,262	321,754	(508)	432,087
Loss on disposal of property, plant and equipment	11,424	13,160	1,736	19,950
Gains on sales of fixed assets	(17,960)	(51,350)	(33,390)	(53,722)
Increase (decrease) in liability for employees' retirement benefits	(19,291)	(4,966)	14,325	(55,469)
(Increase) decrease in accounts receivable	31,954	(17,374)	(49,329)	63,455
(Increase) decrease in inventories	(1,559)	(7,987)	(6,427)	(280)
Increase (decrease) in accounts payable and accrued expenses	(127,310)	(102,203)	25,106	(49,343)
Increase (decrease) in accrued consumption tax	877	1,205	327	(1,655)
Other	(47,035)	7,204	54,240	(20,079)
Sub-total	297,958	277,055	(20,902)	502,643
Interest and dividends received	3,984	12,251	8,266	3,995
Interest paid	(10,480)	(8,953)	1,527	(14,701)
Income taxes received (paid)	10,664	(15,337)	(26,001)	10,664
Net cash provided by (used in) operating activities	302,126	265,016	(37,110)	502,601
Cash flows from investing activities:				
Payments for property, plant and equipment	(329,931)	(365,002)	(35,071)	(451,701)
Proceeds from sale of property, plant and equipment	20,717	68,336	47,619	59,853
Payments for purchase of investment securities	(40)	(11,291)	(11,251)	(5,011)
Proceeds from sale of investment securities	3,092	516	(2,575)	3,154
Other	944	(711)	(1,656)	2,546
Net cash provided by (used in) investing activities	(305,217)	(308,153)	(2,935)	(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	(90,525)	(116,098)	(25,572)	(200,217)
Net increase (decrease) in short-term borrowings	(20,000)	36,962	56,962	(50,000)
Payments for settlement of lease obligations	-	(451)	(451)	(380)
Dividends paid	(33,500)	(33,500)	-	(33,500)
Net cash provided by (used in) financing activities	(54,025)	(13,087)	40,938	(94,097)
Net increase (decrease) in cash and cash equivalents	(57,116)	(56,224)	892	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	60,443	78,679	18,236	134,903