



News Release

NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION

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February 4, 2005**FOR IMMEDIATE RELEASE****Financial Statements for the Third Quarter Ended December 31, 2004**

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the Third Quarter ended December 31, 2004 are presented in the following attachments.

(Attachments)

1. Non-consolidated Balance Sheets
2. Non-consolidated Statements of Income
3. Business Results (Non-consolidated Operating Revenues)
4. Non-consolidated Statements of Cash Flows

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NON-CONSOLIDATED BALANCE SHEETS
(Based on accounting principles generally accepted in Japan)

	<u>March 31, 2004</u>	<u>December 31, 2004</u>	
	Millions of Yen	Millions of Yen	* Millions of US\$
<u>ASSETS</u>			
FIXED ASSETS	3,664,084	3,601,762	34,632
CURRENT ASSETS	642,633	567,565	5,457
TOTAL ASSETS	<u>4,306,718</u>	<u>4,169,328</u>	<u>40,089</u>
<u>LIABILITIES</u>			
LONG-TERM LIABILITIES:			
Long-term debt	1,010,103	949,499	9,129
Liability for employees' severance payments	728,580	712,685	6,852
Other	6,207	5,842	56
Total long-term liabilities	<u>1,744,890</u>	<u>1,668,027</u>	<u>16,038</u>
CURRENT LIABILITIES:			
Current portion of long-term debt	95,559	100,205	963
Accounts payable, trade	170,463	86,543	832
Accounts payable, other	324,058	237,826	2,286
Accrued taxes on income	146	** 13,629	131
Other	77,950	147,225	1,415
Total current liabilities	<u>668,178</u>	<u>585,430</u>	<u>5,629</u>
TOTAL LIABILITIES	<u>2,413,069</u>	<u>2,253,457</u>	<u>21,667</u>
<u>SHAREHOLDERS' EQUITY</u>			
Common stock	335,000	335,000	3,221
Additional paid-in capital	1,499,726	1,499,726	14,420
Unappropriated retained earnings for the period	57,985	80,587	774
Net unrealized gains (losses) on securities	936	556	5
TOTAL SHAREHOLDERS' EQUITY	<u>1,893,648</u>	<u>1,915,871</u>	<u>18,421</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>4,306,718</u>	<u>4,169,328</u>	<u>40,089</u>

Note: *Yen amounts have been translated, for convenience only, at ¥104 =US\$1.00, the approximate exchange rate on December 30, 2004. Fractions are rounded down.

**The Company participates in a consolidated tax return system, which is adopted by NTT (Holding company) and its wholly-owned subsidiaries in Japan, but did not calculate income taxes on a consolidated basis in this quarter.

NON-CONSOLIDATED STATEMENTS OF INCOME
(Based on accounting principles generally accepted in Japan)

	Year Ended <u>March 31, 2004</u>	Nine months Ended <u>December 31, 2004</u>	
	Millions of Yen	Millions of Yen	* Millions of US\$
OPERATING REVENUES	2,267,184	1,623,485	15,610
OPERATING EXPENSES	2,180,778	1,537,921	14,787
OPERATING INCOME	86,406	85,563	822
NON-OPERATING REVENUES	61,277	42,092	404
NON-OPERATING EXPENSES	49,830	33,999	326
RECURRING PROFIT	97,853	93,656	900
SPECIAL PROFITS	9,305	4,750	45
SPECIAL LOSSES	6,736	5,052	48
INCOME BEFORE INCOME TAXES	100,422	93,354	897
CORPORATION, INHABITANT, AND ENTERPRISE TAXES	16,237	** 38,200	367
DEFERRED TAX EXPENSES (BENEFITS)	26,200	** —	—
NET INCOME	<u>57,985</u>	<u>55,154</u>	<u>530</u>

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BUSINESS RESULTS (NON-CONSOLIDATED OPERATING REVENUES)

(Based on accounting principles generally accepted in Japan)

(Millions of Yen)

Services	Nine months Ended December 31, 2004	Year Ended March 31, 2004
Voice Transmission Services Revenues (excluding the amounts of IP Services Revenues)	1,065,846	1,506,952
Monthly Charge Revenues*	694,333	939,584
Call Rates Revenues*	146,719	238,749
Interconnection Call Revenues*	153,324	224,417
IP Services Revenues	153,080	151,343
Leased Circuit Services Revenues (excluding the amounts of IP Services Revenues)	156,911	246,962
Telegram Services Revenues	20,240	30,992
Other Telecommunications Services Revenues	123,240	166,561
Telecommunications Total Revenues	1,519,319	2,102,812
Related Business Total Revenues	104,165	164,371
Total Operating Revenues	1,623,485	2,267,184

* Partial listing only

Note: Fractions are rounded down.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Based on accounting principles generally accepted in Japan)

	Year Ended	Nine months Ended	
	<u>March 31, 2004</u>	<u>December 31, 2004</u>	
	Millions of Yen	Millions of Yen	* Millions of US\$
Cash flows from operating activities:			
Income before income taxes	100,422	93,354	897
Depreciation and amortization	465,913	355,550	3,418
Loss on disposal of property, plant and equipment	45,879	25,996	249
Increase (decrease) in liability for employees' severance payments	(63,293)	(15,894)	(152)
(Increase) decrease in accounts receivable	5,654	(20,349)	(195)
Increase (decrease) in accounts payable and accrued expenses	(7,316)	(170,191)	(1,636)
Increase (decrease) in accrued consumption tax	1,332	1,549	14
Other	(48,441)	(15,489)	(148)
Sub-total	500,151	254,525	2,447
Interest and dividends received	1,216	287	2
Interest paid	(20,919)	(12,654)	(121)
Income taxes received (paid)	57,412	(16,051)	(154)
Net cash provided by (used in) operating activities	537,861	226,107	2,174
Cash flows from investing activities:			
Payments for property, plant and equipment	(377,906)	(299,320)	(2,878)
Acquisition of investments	(1,564)	(6,360)	(61)
Other	(1,313)	3,646	35
Net cash provided by (used in) investing activities	(380,784)	(302,034)	(2,904)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	10,000	17,950	172
Payments for settlement of long-term debt	(143,373)	(73,907)	(710)
Increase(decrease)in short-term borrowings	(55,000)	47,000	451
Dividends paid	(3,035)	(32,495)	(312)
Net cash provided by (used in) financing activities	(191,408)	(41,452)	(398)
Net increase (decrease) in cash and cash equivalents	(34,331)	(117,380)	(1,128)
Cash and cash equivalents at beginning of period	220,619	186,287	1,791
Cash and cash equivalents at end of period	186,287	68,907	662

Note: *Yen amounts have been translated, for convenience only, at ¥ 104=US\$1.00, the approximate exchange rate on December 30, 2004. Fractions are rounded down.