



News Release

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FOR IMMEDIATE RELEASE

Financial Statements for the Third Quarter Ended December 31, 2007

The results of Nippon Telegraph and Telephone West Corporation (NTT West) 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:

Mr. Shinji Uchida or Mr. Nobutaka Kakihara

Accounting Section, Finance Division

NTT West

Tel: 06-4793-3141

E-mail: kessan-info@west.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 | 2,863,597 | 2,714,164 | (149,432) |
| Machinery and equipment | 602,347 | 507,968 | (94,378) |
| Antenna facilities | 9,745 | 9,390 | (355) |
| Terminal equipment | 27,010 | 24,493 | (2,517) |
| Local line facilities | 838,649 | 821,568 | (17,081) |
| Long-distance line facilities | 6,213 | 5,624 | (589) |
| Engineering facilities | 618,545 | 606,131 | (12,413) |
| Submarine line facilities | 4,181 | 3,792 | (388) |
| Buildings | 503,489 | 475,233 | (28,255) |
| Construction in progress | 19,639 | 26,620 | 6,980 |
| Other | 233,774 | 233,341 | (433) |
| Intangible fixed assets | 107,197 | 106,066 | (1,130) |
| Total fixed assets - telecommunications businesses | 2,970,794 | 2,820,231 | (150,562) |
| Investments and other assets | | | |
| Deferred income taxes | 276,501 | 213,838 | (62,663) |
| Other investments and assets | 73,838 | 70,632 | (3,205) |
| Allowance for doubtful accounts | (1,555) | (1,479) | 75 |
| Total investments and other assets | 348,784 | 282,991 | (65,792) |
| Total fixed assets | 3,319,579 | 3,103,223 | (216,355) |
| Current assets: | | | |
| Cash and bank deposits | 60,710 | 68,028 | 7,318 |
| Notes receivable | 275 | 58 | (217) |
| Accounts receivable, trade | 371,925 | 335,052 | (36,872) |
| Supplies | 32,577 | 30,673 | (1,904) |
| Other current assets | 87,980 | 67,911 | (20,069) |
| Allowance for doubtful accounts | (2,025) | (2,373) | (348) |
| Total current assets | 551,444 | 499,350 | (52,093) |
| TOTAL ASSETS | 3,871,023 | 3,602,573 | (268,449) |

(Millions of yen)

| | March 31, 2007 | December 31, 2007 | Increase (Decrease) |
|--|------------------|-------------------|---------------------|
| LIABILITIES | | | |
| Long-term liabilities: | | | |
| Long-term borrowings from parent company | 1,074,757 | 1,031,660 | (43,096) |
| Liability for employees' retirement benefits | 548,165 | 381,084 | (167,080) |
| Other long-term liabilities | 20,780 | 20,575 | (204) |
| Total long-term liabilities | 1,643,702 | 1,433,321 | (210,381) |
| Current liabilities: | | | |
| Current portion of long-term borrowings from parent company | 212,625 | 233,210 | 20,585 |
| Accounts payable, trade | 91,827 | 75,915 | (15,912) |
| Short-term borrowings | 30,000 | 25,000 | (5,000) |
| Accounts payable, other | 263,243 | 202,054 | (61,189) |
| Accrued taxes on income | 819 | 14,416* | 13,597 |
| Allowance for losses on construction contracts | - | 161 | 161 |
| Other current liabilities | 79,212 | 94,237 | 15,024 |
| Total current liabilities | 677,729 | 644,996 | (32,733) |
| TOTAL LIABILITIES | 2,321,431 | 2,078,317 | (243,114) |
| NET ASSETS | | | |
| Shareholders' equity | | | |
| Common stock | 312,000 | 312,000 | - |
| Capital surplus | | | |
| Additional paid-in capital | 1,170,054 | 1,170,054 | - |
| Total capital surplus | 1,170,054 | 1,170,054 | - |
| Earned surplus | | | |
| Other earned surplus | 67,191 | 41,369 | (25,822) |
| Accumulated earned surplus | 67,191 | 41,369 | (25,822) |
| Total earned surplus | 67,191 | 41,369 | (25,822) |
| Total shareholders' equity | 1,549,245 | 1,523,423 | (25,822) |
| Unrealized gains (losses), translation adjustments, and others | | | |
| Net unrealized gains (losses) on securities | 345 | 833 | 487 |
| Total unrealized gains (losses), translation adjustments, and others | 345 | 833 | 487 |
| TOTAL NET ASSETS | 1,549,591 | 1,524,256 | (25,334) |
| TOTAL LIABILITIES AND NET ASSETS | 3,871,023 | 3,602,573 | (268,449) |

Note: *NTT West 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 | 1,347,298 | 1,304,466 | (42,832) | 1,795,202 |
| Operating expenses | 1,319,759 | 1,279,715 | (40,044) | 1,770,819 |
| Operating income from telecommunications businesses | 27,538 | 24,751 | (2,787) | 24,382 |
| Supplementary businesses | | | | |
| Operating revenues | 97,531 | 104,564 | 7,033 | 156,313 |
| Operating expenses | 98,578 | 106,388 | 7,809 | 160,212 |
| Operating losses from supplementary businesses | (1,047) | (1,823) | (776) | (3,898) |
| Operating income | 26,491 | 22,927 | (3,563) | 20,483 |
| Non-operating revenues: | 59,697 | 44,529 | (15,168) | 76,856 |
| Interest income | 4 | 32 | 28 | 7 |
| Dividends received | 19,980 | 7,070 | (12,910) | 23,979 |
| Lease and rental income | 35,906 | 34,555 | (1,350) | 47,753 |
| Miscellaneous income | 3,806 | 2,871 | (935) | 5,115 |
| Non-operating expenses: | 29,432 | 31,246 | 1,813 | 43,328 |
| Interest expenses | 13,715 | 15,069 | 1,353 | 18,572 |
| Lease and rental expenses | 13,166 | 13,269 | 102 | 21,044 |
| Miscellaneous expenses | 2,550 | 2,907 | 357 | 3,711 |
| Recurring profit | 56,756 | 36,210 | (20,545) | 54,011 |
| Special profits | 2,298 | 139,468 | 137,170 | 46,820 |
| Special losses | - | 63,736 | 63,736 | 13,127 |
| Income before income taxes | 59,054 | 111,942 | 52,887 | 87,704 |
| Corporation, inhabitant, and enterprise taxes | 16,157 | 106,564 | 90,406 | (26,417) |
| Deferred tax expenses (benefits) | - | - | - | 85,787 |
| Net income | 42,897 | 5,377 | (37,519) | 28,333 |

Note: *NTT West 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 | | | | |
| March 31, 2006 | 312,000 | 1,170,054 | 1,170,054 | 70,112 | 70,112 | 1,552,166 | 396 | 396 | 1,552,563 |
| Net change during the annual period | | | | | | | | | |
| Cash dividends* | | | | (31,200) | (31,200) | (31,200) | | | (31,200) |
| Bonuses paid to directors and corporate auditors* | | | | (55) | (55) | (55) | | | (55) |
| Net income | | | | 28,333 | 28,333 | 28,333 | | | 28,333 |
| Others, net | | | | | | | (50) | (50) | (50) |
| Total net change during the annual period | - | - | - | (2,921) | (2,921) | (2,921) | (50) | (50) | (2,972) |
| March 31, 2007 | 312,000 | 1,170,054 | 1,170,054 | 67,191 | 67,191 | 1,549,245 | 345 | 345 | 1,549,591 |

(*) Items approved at 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 | | | | |
| March 31, 2007 | 312,000 | 1,170,054 | 1,170,054 | 67,191 | 67,191 | 1,549,245 | 345 | 345 | 1,549,591 |
| Net change in this nine-month period | | | | | | | | | |
| Cash dividends | | | | (31,200) | (31,200) | (31,200) | | | (31,200) |
| Net income | | | | 5,377 | 5,377 | 5,377 | | | 5,377 |
| Others, net | | | | | | | 487 | 487 | 487 |
| Total net change in this nine-month period | - | - | - | (25,822) | (25,822) | (25,822) | 487 | 487 | (25,334) |
| December 31, 2007 | 312,000 | 1,170,054 | 1,170,054 | 41,369 | 41,369 | 1,523,423 | 833 | 833 | 1,524,256 |

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) | 867,906 | 774,022 | (93,883) | (10.8%) | 1,140,098 |
| Monthly charge revenues* | 548,767 | 504,200 | (44,567) | (8.1%) | 724,837 |
| Call rates revenues* | 113,887 | 90,043 | (23,844) | (20.9%) | 146,400 |
| Interconnection call revenues* | 144,392 | 118,799 | (25,593) | (17.7%) | 188,570 |
| IP services revenues | 219,927 | 282,542 | 62,614 | 28.5% | 304,961 |
| Leased circuit services revenues (excluding IP services revenues) | 124,140 | 118,584 | (5,556) | (4.5%) | 165,630 |
| Telegram services revenues | 20,439 | 19,964 | (475) | (2.3%) | 27,630 |
| Other telecommunications services revenues | 114,884 | 109,352 | (5,532) | (4.8%) | 156,880 |
| Telecommunications total revenues | 1,347,298 | 1,304,466 | (42,832) | (3.2%) | 1,795,202 |
| Supplementary business total revenues | 97,531 | 104,564 | 7,033 | 7.2% | 156,313 |
| Total operating revenues | 1,444,829 | 1,409,030 | (35,798) | (2.5%) | 1,951,515 |

*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 | 59,054 | 111,942 | 52,887 | 87,704 |
| Depreciation and amortization | 334,677 | 325,345 | (9,331) | 455,156 |
| Loss on disposal of property, plant and equipment | 14,366 | 12,781 | (1,585) | 20,291 |
| Gain on the transfer of substitutional portion of NTT Kosei-Nenkin-Kikin | - | (137,255) | (137,255) | - |
| Non-recurring depreciation of fixed assets | - | 60,121 | 60,121 | - |
| Increase (decrease) in liability for employees' retirement benefits | (33,609) | (29,824) | 3,785 | (84,752) |
| (Increase) decrease in accounts receivable | (18,380) | 38,222 | 56,603 | (38,706) |
| (Increase) decrease in inventories | 2,570 | 1,904 | (666) | 6,516 |
| Increase (decrease) in accounts payable and accrued expenses | (124,754) | (103,820) | 20,934 | (16,259) |
| (Increase) decrease in accounts consumption tax receivable | 2,805 | - | (2,805) | 2,805 |
| Increase (decrease) in accrued consumption tax | 3,912 | 2,839 | (1,073) | 2,896 |
| Other | (38,325) | 5,665 | 43,990 | (93,665) |
| Sub-total | 202,317 | 287,921 | 85,603 | 341,987 |
| Interest and dividends received | 19,984 | 7,102 | (12,882) | 23,986 |
| Interest paid | (13,392) | (14,746) | (1,354) | (18,211) |
| Income taxes received (paid) | (12,036) | 29,860 | 41,896 | (12,836) |
| Net cash provided by (used in) operating activities | 196,873 | 310,137 | 113,263 | 334,926 |
| II Cash flows from investing activities: | | | | |
| Payments for property, plant and equipment | (332,084) | (262,758) | 69,325 | (416,277) |
| Proceeds from sale of property, plant and equipment | 15,249 | 19,253 | 4,003 | 59,396 |
| Payments for purchase of investment securities | (2,952) | (149) | 2,802 | (6,452) |
| Proceeds from sale of investment securities | 348 | 100 | (248) | 3,147 |
| Other | (921) | 384 | 1,306 | (355) |
| Net cash provided by (used in) investing activities | (320,359) | (243,169) | 77,190 | (360,541) |
| III Cash flows from financing activities: | | | | |
| Proceeds from issuance of long-term debt | 170,000 | 64,000 | (106,000) | 229,250 |
| Payments for settlement of long-term debt | (99,650) | (86,511) | 13,138 | (193,746) |
| Net increase (decrease) in short-term borrowings | 55,000 | (5,000) | (60,000) | (15,000) |
| Dividends paid | (31,200) | (31,200) | - | (31,200) |
| Net cash provided by (used in) financing activities | 94,149 | (58,711) | (152,861) | (10,696) |
| IV Net increase (decrease) in cash and cash equivalents | (29,336) | 8,256 | 37,592 | (36,312) |
| V Cash and cash equivalents at beginning of period | 100,556 | 64,244 | (36,312) | 100,556 |
| VI Cash and cash equivalents at end of period | 71,220 | 72,501 | 1,280 | 64,244 |