



News Release

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FOR IMMEDIATE RELEASE

Financial Results for the Six Months Ended September 30, 2016

The financial results of Nippon Telegraph and Telephone West Corporation (NTT West) for the six months ended September 30, 2016 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
5. Revised Forecasts for the Fiscal Year Ending March 31, 2017

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2016	September 30, 2016	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	371,004	334,384	(36,620)
Antenna facilities	6,224	6,133	(91)
Terminal equipment	17,166	14,467	(2,698)
Local line facilities	993,040	1,006,996	13,955
Long-distance line facilities	2,138	1,898	(240)
Engineering facilities	530,501	521,786	(8,714)
Submarine line facilities	3,587	3,359	(228)
Buildings	327,911	318,151	(9,760)
Construction in progress	18,488	19,201	712
Other	220,696	218,917	(1,779)
Total property, plant and equipment	2,490,761	2,445,296	(45,465)
Intangible fixed assets	65,914	63,520	(2,394)
Total fixed assets - telecommunications businesses	2,556,676	2,508,816	(47,859)
Investments and other assets			
Other investments and assets	170,251	171,390	1,138
Allowance for doubtful accounts	(638)	(619)	18
Total investments and other assets	169,613	170,770	1,156
Total fixed assets	2,726,289	2,679,587	(46,702)
Current assets:			
Cash and bank deposits	21,765	14,345	(7,420)
Notes receivable	-	5	5
Accounts receivable, trade	201,155	180,676	(20,478)
Supplies	34,656	31,716	(2,939)
Other current assets	163,910	133,142	(30,768)
Allowance for doubtful accounts	(514)	(499)	14
Total current assets	420,973	359,386	(61,586)
TOTAL ASSETS	3,147,263	3,038,973	(108,289)

(Millions of yen)

	March 31, 2016	September 30, 2016	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	651,707	681,400	29,692
Liability for employees' retirement benefits	233,574	238,551	4,976
Reserve for point services	4,672	2,617	(2,054)
Reserve for unused telephone cards	8,200	7,840	(360)
Allowance for environmental measures	9,074	9,074	-
Asset retirement obligations	361	359	(1)
Other long-term liabilities	5,544	5,226	(317)
Total long-term liabilities	913,134	945,069	31,935
Current liabilities:			
Current portion of long-term borrowings from parent company	127,120	74,867	(52,252)
Accounts payable, trade	70,067	37,164	(32,903)
Short-term borrowings	142,465	104,043	(38,422)
Accrued taxes on income	8,102	* 6,817	(1,284)
Allowance for loss on disaster	-	4,418	4,418
Allowance for environmental measures	2,467	2,456	(11)
Asset retirement obligations	-	5	5
Other current liabilities	327,940	299,011	(28,929)
Total current liabilities	678,163	528,783	(149,380)
TOTAL LIABILITIES	1,591,297	1,473,853	(117,444)
NET ASSETS			
Shareholders' equity:			
Common stock	312,000	312,000	-
Capital surplus	1,170,054	1,170,054	-
Earned surplus	73,358	82,717	9,358
Total shareholders' equity	1,555,412	1,564,771	9,358
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	553	349	(204)
Total unrealized gains (losses), translation adjustments, and others	553	349	(204)
TOTAL NET ASSETS	1,555,965	1,565,120	9,154
TOTAL LIABILITIES AND NET ASSETS	3,147,263	3,038,973	(108,289)

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, except for a portion of the calculation of taxes, 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)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Year ended March 31, 2016
Telecommunications businesses:				
Operating revenues	688,635	663,429	(25,205)	1,372,571
Operating expenses	658,456	598,349	(60,107)	1,312,941
Operating income from telecommunications businesses	30,178	65,080	34,902	59,630
Supplementary businesses:				
Operating revenues	66,043	67,091	1,048	155,452
Operating expenses	58,702	60,954	2,252	141,010
Operating income from supplementary businesses	7,340	6,136	(1,204)	14,442
Operating income	37,519	71,217	33,697	74,072
Non-operating revenues:				
Interest income	2	6	3	3
Dividends received	1,551	597	(954)	1,568
Miscellaneous income	1,896	1,059	(836)	4,203
Total non-operating revenues	3,450	1,663	(1,787)	5,775
Non-operating expenses:				
Interest expenses	5,069	3,761	(1,308)	9,410
Miscellaneous expenses	1,554	95	(1,459)	3,290
Total non-operating expenses	6,624	3,856	(2,768)	12,701
Recurring profit	34,344	69,023	34,678	67,146
Special losses	-	5,975	5,975	-
Income before income taxes	34,344	63,048	28,703	67,146
Income taxes	* 8,027	* 17,472	9,444	(5,278)
Net income	26,317	45,575	19,258	72,425

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, except for a portion of the calculation of taxes, 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)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2016
Voice transmission services revenues (excluding IP services revenues)	218,937	201,536	(17,401)	(7.9)	428,645
Monthly charge revenues*	162,446	151,366	(11,079)	(6.8)	319,687
Call rates revenues*	14,723	12,764	(1,959)	(13.3)	28,259
Interconnection call revenues*	28,841	25,565	(3,276)	(11.4)	55,840
IP services revenues	350,749	349,188	(1,560)	(0.4)	702,712
Leased circuit services revenues (excluding IP services revenues)	48,474	43,855	(4,618)	(9.5)	93,383
Telegram services revenues	6,938	6,176	(762)	(11.0)	14,088
Other telecommunications services revenues	63,534	62,672	(861)	(1.4)	133,741
Telecommunications total revenues	688,635	663,429	(25,205)	(3.7)	1,372,571
Supplementary business total revenues	66,043	67,091	1,048	1.6	155,452
Total operating revenues	754,678	730,521	(24,157)	(3.2)	1,528,023

*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, 2015	Six months ended September 30, 2016	Increase (Decrease)	Year ended March 31, 2016
Cash flows from operating activities:				
Income before income taxes	34,344	63,048	28,703	67,146
Depreciation and amortization	159,788	141,301	(18,487)	317,082
Loss on disposal of property, plant and equipment	7,875	7,287	(587)	26,641
Increase (decrease) in liability for employees' retirement benefits	5,552	4,976	(575)	3,621
(Increase) decrease in accounts receivable	27,395	27,620	224	5,852
(Increase) decrease in inventories	(1,781)	1,397	3,179	(902)
Increase (decrease) in accounts payable and accrued expenses	(45,213)	(40,737)	4,475	(8,759)
Increase (decrease) in accrued consumption tax	(4,836)	303	5,140	(4,085)
Other	(30,172)	(13,084)	17,088	(5,957)
Sub-total	152,953	192,114	39,161	400,637
Interest and dividends received	1,554	604	(950)	1,571
Interest paid	(5,124)	(4,179)	944	(9,477)
Income taxes received (paid)	(5,227)	(20,999)	(15,771)	(5,528)
Net cash provided by (used in) operating activities	144,155	167,540	23,384	387,203
Cash flows from investing activities:				
Payments for property, plant and equipment	(145,063)	(128,429)	16,633	(284,746)
Proceeds from sale of property, plant and equipment	1,061	447	(614)	2,275
Payments for purchase of investment securities	(250)	-	250	(865)
Proceeds from sale of investment securities	168	509	340	462
Other	191	(70)	(261)	265
Net cash provided by (used in) investing activities	(143,891)	(127,543)	16,348	(282,607)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	-	50,000	50,000	-
Payments for settlement of long-term debt	(102,800)	(72,560)	30,240	(175,600)
Net increase (decrease) in short-term borrowings	43,970	(38,422)	(82,393)	67,462
Payments for settlement of lease obligations	(123)	(102)	20	(227)
Dividends paid	(15,000)	(36,216)	(21,216)	(15,000)
Net cash provided by (used in) financing activities	(73,953)	(97,302)	(23,348)	(123,365)
Net increase (decrease) in cash and cash equivalents	(73,690)	(57,304)	16,385	(18,769)
Cash and cash equivalents at beginning of period	90,535	71,765	-	90,535
Cash and cash equivalents at end of period	16,845	14,461	-	71,765

5. Revised Forecasts for the Fiscal Year Ending March 31, 2017

Based on its recent business performance, NTT West has revised its financial results forecasts that were announced in the financial results release filed on May 13, 2016 for the fiscal year ending March 31, 2017, as follows.

(Billions of yen)

	Year Ending March 31, 2017 (Forecasts Previously Announced on May 13, 2016)	Year Ending March 31, 2017 (Revised Forecasts)	Change
Operating Revenues	1,477	1,481	4
Operating Income	75	85	10
Recurring Profit	70	80	10
Net Income	50	52	2

Note: The financial results forecasts and projected figures concerning the future performance of NTT West contained herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT West and its parent NTT in light of information currently available to them regarding NTT, NTT West and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT, NTT West and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained herein, as well as other risks included in NTT's most recent Annual Report on Form 20-F and other filings and submissions with the United States Securities and Exchange Commission.