



News Release

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

Telephone: +81 6 4793 2311

3-15 Bambacho Chuo-ku, Osaka 540-8511 Japan

February 3, 2006

FOR IMMEDIATE RELEASE

Financial Statements for the Third Quarter Ended December 31, 2005

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the Third Quarter ended December 31, 2005 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. Revision of the business forecasts for the fiscal year ending March 31, 2006

Inquiries:**Mr. Shinji Uchida or Mr. Kazunori Oonishi****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, 2005	December 31, 2005	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets-telecommunications businesses			
Property, plant and equipment	2,920,524	2,915,660	(4,864)
Machinery and equipment	550,458	593,448	42,990
Antenna facilities	11,407	10,809	(597)
Terminal equipment	27,847	30,495	2,647
Local line facilities	826,738	820,445	(6,293)
Long-distance line facilities	8,497	7,567	(929)
Engineering facilities	647,060	634,146	(12,913)
Submarine line facilities	5,177	4,769	(407)
Buildings	555,067	529,056	(26,011)
Construction in progress	38,253	40,175	1,922
Other	250,017	244,746	(5,271)
Intangible fixed assets	94,823	95,175	351
Total fixed assets-telecommunications businesses	3,015,348	3,010,835	(4,512)
Investments and other assets			
Deferred income taxes	391,488	391,230	(257)
Other investments	34,376	34,226	(150)
Allowance for doubtful accounts	(713)	(1,683)	(970)
Total investments and other assets	425,151	423,772	(1,378)
Total fixed assets	3,440,499	3,434,608	(5,891)
Current assets:			
Cash and bank deposits	111,479	88,211	(23,268)
Notes receivable	14	26	11
Accounts receivable, trade	379,119	373,117	(6,002)
Supplies	34,833	37,421	2,587
Other current assets	118,116	79,506	(38,610)
Allowance for doubtful accounts	(3,233)	(2,562)	670
Total current assets	640,329	575,719	(64,610)
TOTAL ASSETS	4,080,829	4,010,327	(70,501)

(Millions of yen)

	March 31, 2005	December 31, 2005	Increase (Decrease)
<u>LIABILITIES</u>			
Long-term liabilities:			
Long-term borrowings from parent company	1,055,194	1,102,252	47,057
Liability for employees' severance payments	710,090	689,986	(20,104)
Other long-term liabilities	10,112	12,310	2,198
Total long-term liabilities	1,775,397	1,804,549	29,152
Current liabilities:			
Current portion of long-term borrowings from parent company	200,090	210,908	10,817
Accounts payable, trade	167,218	116,499	(50,719)
Accrued taxes on income	2,481	* 8,042	5,560
Other current liabilities	384,900	302,268	(82,631)
Total current liabilities	754,690	637,718	(116,972)
TOTAL LIABILITIES	2,530,087	2,442,267	(87,820)
<u>SHAREHOLDERS' EQUITY</u>			
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			
Unappropriated retained earnings for the period	68,670	85,610	16,939
Total earned surplus	68,670	85,610	16,939
Net unrealized gains (losses) on securities	17	396	378
TOTAL SHAREHOLDERS' EQUITY	1,550,741	1,568,060	17,318
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,080,829	4,010,327	(70,501)

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, 2004	Nine months ended December 31, 2005	Increase(Decrease)	Year ended March 31, 2005
Recurring profits and losses				
Operating revenues and expenses				
Telecommunications businesses				
Operating revenues	1,445,925	1,401,541	(44,384)	1,921,025
Operating expenses	1,366,125	1,352,470	(13,654)	1,846,367
Operating income from telecommunications businesses	79,800	49,070	(30,729)	74,657
Related businesses				
Operating revenues	111,479	110,698	(780)	177,022
Operating expenses	112,413	113,241	828	181,531
Operating losses from related businesses	(934)	(2,543)	(1,608)	(4,508)
Operating income	78,866	46,527	(32,338)	70,148
Non-Operating revenues and expenses				
Non-operating revenues:	41,088	53,766	12,678	56,074
Interest income	4	3	(1)	6
Dividends received	277	14,260	13,983	277
Lease income	35,520	35,015	(504)	47,648
Miscellaneous income	5,285	4,486	(799)	8,142
Non-operating expenses:	30,891	31,360	469	46,135
Interest expenses	14,931	12,829	(2,101)	19,264
Lease expenses	14,233	15,349	1,116	21,858
Miscellaneous expenses	1,727	3,181	1,454	5,012
Recurring profit	89,062	68,933	(20,128)	80,087
Special profits and losses				
Special profits	7,022	4,097	(2,924)	10,170
Special losses	5,385	—	(5,385)	7,181
Income before Income taxes	90,699	73,031	(17,668)	83,077
Corporation, inhabitant, and enterprise taxes	* 37,000	* 24,836	(12,163)	(57,120)
Deferred tax expenses (benefits)	* —	* —	—	99,100
Net income	53,699	48,194	(5,504)	41,097
Unappropriated retained earnings brought forward	27,572	37,415	9,842	27,572
Unappropriated retained earnings for the period	81,272	85,610	4,337	68,670

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. Business Results(Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of Yen)

	Nine months ended December 31, 2004	Nine months ended December 31, 2005	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2005
Voice transmission services revenues (excluding the amounts of IP services revenues)	1, 040, 954	956, 700	(84, 254)	(8. 1%)	1, 369, 195
Monthly charge revenues*	669, 602	589, 839	(79, 763)	(11. 9%)	872, 886
Call rates revenues*	153, 414	137, 844	(15, 570)	(10. 1%)	198, 733
Interconnection call revenues*	150, 469	160, 072	9, 602	6. 4%	209, 544
IP services revenues	129, 328	167, 315	37, 986	29. 4%	180, 326
Leased circuit services revenues (excluding the amounts of IP services revenues)	131, 164	128, 409	(2, 755)	(2. 1%)	174, 392
Telegram services revenues	22, 883	22, 248	(634)	(2. 8%)	31, 180
Other telecommunications services revenues	121, 594	126, 866	5, 272	4. 3%	165, 929
Telecommunications total revenues	1, 445, 925	1, 401, 541	(44, 384)	(3. 1%)	1, 921, 025
Related business total revenues	111, 479	110, 698	(780)	(0. 7%)	177, 022
Total operating revenues	1, 557, 405	1, 512, 239	(45, 165)	(2. 9%)	2, 098, 048

* 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, 2004	Nine months ended December 31, 2005	Increase (Decrease)	Year ended March 31, 2005
I Cash flows from operating activities:				
Income before income taxes	90,699	73,031	(17,668)	83,077
Depreciation and amortization	324,716	324,486	(229)	435,060
Loss on disposal of property, plant and equipment	24,108	21,405	(2,703)	33,319
Increase (decrease) in liability for employees' severance payments	(19,245)	(20,104)	(858)	(80,346)
(Increase) decrease in accounts receivable	(17,679)	9,660	27,339	1,956
(Increase) decrease in inventories	2,334	(2,587)	(4,922)	4,606
Increase (decrease) in accounts payable and accrued expenses	(122,181)	(138,292)	(16,111)	(6,390)
(increase) decrease in accrued consumption tax receivable	—	62	62	(62)
Increase (decrease) in accrued consumption tax payable	3,712	2,124	(1,587)	(2,652)
Other	(14,398)	(24,225)	(9,827)	(3,381)
Sub-total	272,066	245,561	(26,505)	465,187
Interest and dividends received	281	14,263	13,982	283
Interest paid	(14,338)	(12,300)	2,037	(19,698)
Income taxes received (paid)	52,491	54,406	1,914	52,439
Net cash provided by (used in) operating activities	310,501	301,931	(8,570)	498,212
II Cash flows from investing activities:				
Payments for property, plant and equipment	(278,710)	(358,115)	(79,405)	(381,332)
Proceeds from sale of property, plant and equipment	8,459	6,180	(2,279)	13,567
Acquisition of investments securities	(3,620)	(1,165)	2,454	(3,678)
Proceeds from sale of investments securities	327	2,150	1,822	2,239
Other	(869)	(1,893)	(1,023)	(197)
Net cash provided by (used in) investing activities	(274,413)	(352,844)	(78,431)	(369,401)
III Cash flows from financing activities:				
Proceeds from issuance of long-term debt	150,000	146,707	(3,292)	190,000
Payments for settlement of long-term debt	(127,628)	(88,832)	38,795	(276,201)
Net increase (decrease) in short-term borrowings	(30,000)	(2,000)	28,000	2,000
Dividends paid	(34,494)	(31,200)	3,294	(34,494)
Net cash provided by (used in) financing activities	(42,122)	24,674	66,797	(118,696)
IV Net increase (decrease) in cash and cash equivalents	(6,034)	(26,238)	(20,204)	10,114
V Cash and cash equivalents at beginning of period	118,806	128,920	10,114	118,806
VI Cash and cash equivalents at end of period	112,772	102,682	(10,090)	128,920

5. Revision of the business forecasts for the fiscal year ending March 31, 2006

NTT West has revised its business forecasts for the fiscal year ending March 31, 2006, which were announced together with the half-year business results on November 9, 2005, as follows.

	Unit	Operating revenues	Operating income	Recurring profits	Net income
Previous forecasts (A)	Millions of yen	2,020,000	31,000	40,000	25,000
Revised forecasts (B)	Millions of yen	2,020,000	31,000	50,000	37,000
Increase/decrease (B-A)	Millions of yen	0	0	10,000	12,000
Increase/decrease ratio	%	0.0%	0.0%	25.0%	48.0%
(Ref.) Results for the year ended March 31, 2005	Millions of yen	2,098,000	70,100	80,000	41,000

* Non-operating income was revised from 9,000 million yen to 19,000 million yen, because interim dividends from group companies were reported for the three months ended December 31, 2005.