



News Release

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

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August 3, 2006

FOR IMMEDIATE RELEASE

Financial Statements for the Three Months Ended June 30, 2006

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the three months ended June 30, 2006 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

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2006	June 30, 2006	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets-telecommunications businesses			
Property, plant and equipment	2,920,831	2,928,130	7,299
Machinery and equipment	606,429	614,928	8,499
Antenna facilities	10,514	10,325	(188)
Terminal equipment	29,877	29,264	(612)
Local line facilities	829,435	834,944	5,508
Long-distance line facilities	7,198	7,017	(181)
Engineering facilities	631,497	629,565	(1,931)
Submarine line facilities	4,542	4,312	(229)
Buildings	520,264	514,347	(5,917)
Construction in progress	37,085	42,073	4,988
Other	243,986	241,351	(2,635)
Intangible fixed assets	99,788	103,946	4,158
Total fixed assets-telecommunications businesses	3,020,619	3,032,076	11,457
Investments and other assets			
Deferred income taxes	360,666	360,769	102
Other investments	83,449	84,802	1,352
Allowance for doubtful accounts	(1,638)	(1,587)	50
Total investments and other assets	442,478	443,985	1,506
Total fixed assets	3,463,098	3,476,061	12,963
Current assets:			
Cash and bank deposits	90,274	103,412	13,138
Notes receivable	4	105	100
Accounts receivable, trade	333,158	294,762	(38,395)
Supplies	39,094	38,210	(884)
Other current assets	58,431	67,494	9,063
Allowance for doubtful accounts	(2,233)	(1,668)	565
Total current assets	518,729	502,316	(16,413)
TOTAL ASSETS	3,981,828	3,978,378	(3,449)

(Millions of yen)

	March 31, 2006	June 30, 2006	Increase (Decrease)
<u>LIABILITIES</u>			
Long-term liabilities:			
Long-term borrowings from parent company	1,058,132	1,076,507	18,374
Liability for employees' severance payments	632,917	619,976	(12,940)
Other long-term liabilities	12,690	12,950	260
Total long-term liabilities	1,703,740	1,709,434	5,694
Current liabilities:			
Current portion of long-term borrowings from parent company	193,746	180,608	(13,138)
Accounts payable, trade	133,973	104,482	(29,490)
Short-term borrowings	—	70,000	70,000
Accrued taxes on income	1,101	1,769*	667
Other current liabilities	396,702	384,834	(11,867)
Total current liabilities	725,524	741,694	16,169
TOTAL LIABILITIES	2,429,264	2,451,129	21,864
<u>SHAREHOLDERS' EQUITY</u>			
Common stock	312,000	—	—
Capital surplus			
Additional paid-in capital	1,170,054	—	—
Total capital surplus	1,170,054	—	—
Earned surplus			
Unappropriated retained earnings for the period	70,112	—	—
Total earned surplus	70,112	—	—
Net unrealized gains (losses) on securities	396	—	—
TOTAL SHAREHOLDERS' EQUITY	1,552,563	—	—
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,981,828	—	—

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.

(Millions of yen)

	March 31, 2006	June 30, 2006	Increase (Decrease)
<u>NET ASSETS</u>			
Shareholders' equity			
Common stock	—	312, 000	—
Capital surplus			
Additional paid-in capital	—	1, 170, 054	—
Total capital surplus	—	1, 170, 054	—
Earned surplus			
Other earned surplus	—	44, 949	—
Accumulated earned surplus	—	44, 949	—
Total earned surplus	—	44, 949	—
Total Shareholders' equity	—	1, 527, 003	—
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	—	245	—
Total unrealized gains (losses), translation adjustments, and others	—	245	—
TOTAL NET ASSETS	—	1, 527, 249	—
TOTAL LIABILITIES AND NET ASSETS	—	3, 978, 378	—

2. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2006	Increase(Decrease)	Year ended March 31, 2006
Recurring profits and losses				
Operating revenues and expenses				
Telecommunications businesses				
Operating revenues	476,685	449,210	(27,475)	1,860,339
Operating expenses	465,581	442,869	(22,711)	1,823,115
Operating income from telecommunications businesses	11,104	6,340	(4,763)	37,223
Supplementary businesses				
Operating revenues	32,377	30,012	(2,364)	169,287
Operating expenses	32,802	29,820	(2,982)	174,470
Operating income (losses) from supplementary businesses	(425)	192	617	(5,183)
Operating income	10,679	6,533	(4,146)	32,040
Non-Operating revenues and expenses				
Non-operating revenues:	13,308	12,881	(427)	66,633
Interest income	1	1	(0)	6
Lease income	11,797	11,586	(210)	46,459
Miscellaneous income	1,510	1,294	(215)	20,168
Non-operating expenses:	12,190	9,884	(2,305)	42,173
Interest expenses	4,193	4,291	97	17,273
Lease expenses	6,280	4,544	(1,735)	21,239
Miscellaneous expenses	1,716	1,048	(667)	3,660
Recurring profit	11,798	9,530	(2,267)	56,500
Special profits and losses				
Special profits	1,100	861	(239)	18,188
Income before income taxes	12,899	10,392	(2,506)	74,689
Corporation, inhabitant, and enterprise taxes	5,910*	4,300*	(1,609)	10,534
Deferred tax expenses (benefits)	—*	—*	—	31,456
Net income	6,989	6,092	(897)	32,697
Unappropriated retained earnings brought forward	37,415	—	—	37,415
Unappropriated retained earnings for the period	44,404	—	—	70,112

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)

Three months ended
June 30, 2006

(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 Accumulated 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 in this quarter									
Cash dividends				(31,200)	(31,200)	(31,200)			(31,200)
Bonuses paid to directors and corporate auditors				(55)	(55)	(55)			(55)
Net income				6,092	6,092	6,092			6,092
Others, net							(151)	(151)	(151)
Total net change in this quarter	—	—	—	(25,162)	(25,162)	(25,162)	(151)	(151)	(25,314)
June 30, 2006	312,000	1,170,054	1,170,054	44,949	44,949	1,527,003	245	245	1,527,249

4. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2006	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2006
Voice transmission services revenues (excluding IP services revenues)	323,812	295,238	(28,573)	(8.8%)	1,259,541
Monthly charge revenues*	198,787	185,667	(13,119)	(6.6%)	780,312
Call rates revenues*	47,289	39,832	(7,456)	(15.8%)	179,099
Interconnection call revenues*	53,934	48,723	(5,211)	(9.7%)	210,827
IP services revenues	53,745	67,479	13,734	25.6%	229,572
Leased circuit services revenues (excluding IP services revenues)	43,898	43,149	(749)	(1.7%)	171,695
Telegram services revenues	8,049	7,417	(632)	(7.9%)	29,806
Other telecommunications services revenues	47,179	35,925	(11,254)	(23.9%)	169,721
Telecommunications total revenues	476,685	449,210	(27,475)	(5.8%)	1,860,339
Related business total revenues	32,377	30,012	(2,364)	(7.3%)	169,287
Total operating revenues	509,063	479,223	(29,839)	(5.9%)	2,029,626

*Partial listing only

5. Non-Consolidated Comparative Statements of Cash Flows

	(Millions of yen)			
	Three months ended June 30, 2005	Three months ended June 30, 2006	Increase (Decrease)	Year ended March 31, 2006
I Cash flows from operating activities:				
Income before income taxes	12, 899	10, 392	(2, 506)	74, 689
Depreciation and amortization	109, 606	112, 162	2, 556	435, 236
Loss on disposal of property, plant and equipment	8, 268	4, 760	(3, 507)	27, 308
Increase (decrease) in liability for employees' severance payments	(7, 549)	(12, 940)	(5, 391)	(77, 173)
(Increase) decrease in accounts receivable	34, 586	38, 616	4, 029	49, 638
(Increase) decrease in inventories	(265)	884	1, 149	(4, 261)
Increase (decrease) in accounts payable and accrued expenses	(154, 981)	(122, 834)	32, 147	(48, 685)
(Increase) decrease in accounts consumption tax receivable	62	2, 805	2, 743	(2, 743)
Increase (decrease) in accrued consumption tax	4, 739	2, 698	(2, 041)	—
Other	(2, 357)	3, 362	5, 719	8, 416
Sub-total	5, 007	39, 906	34, 898	462, 426
Interest and dividends received	106	97	(8)	14, 267
Interest paid	(4, 554)	(4, 448)	105	(17, 326)
Income taxes received (paid)	(194)	(190)	3	54, 661
Net cash provided by (used in) operating activities	365	35, 365	34, 999	514, 029
II Cash flows from investing activities:				
Payments for property, plant and equipment	(127, 618)	(136, 570)	(8, 952)	(476, 274)
Proceeds from sale of property, plant and equipment	1, 672	10, 936	9, 263	15, 264
Payments for purchase of investment securities	(1, 000)	(2, 235)	(1, 235)	(49, 646)
Proceeds from sale of investment securities	1, 503	5	(1, 498)	2, 244
Other	535	588	52	(2, 375)
Net cash provided by (used in) investing activities	(124, 906)	(127, 275)	(2, 369)	(510, 787)
III Cash flows from financing activities:				
Proceeds from issuance of long-term debt	46, 707	50, 000	3, 292	196, 685
Payments for settlement of long-term debt	(64, 346)	(44, 764)	19, 582	(200, 090)
Increase (decrease) in short-term borrowings	153, 000	125, 000	(28, 000)	3, 000
Dividends paid	(31, 200)	(31, 200)	—	(31, 200)
Net cash provided by (used in) financing activities	104, 160	99, 035	(5, 124)	(31, 605)
IV Net increase (decrease) in cash and cash equivalents	(20, 379)	7, 125	27, 504	(28, 364)
V Cash and cash equivalents at beginning of period	128, 920	100, 556	(28, 364)	128, 920
VI Cash and cash equivalents at end of period	108, 541	107, 682	(859)	100, 556