



News Release

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

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FOR IMMEDIATE RELEASE

Financial Statements for the Three Months Ended June 30, 2007

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

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2007	June 30, 2007	Increase (Decrease)
<u>ASSETS</u>			
Fixed assets:			
Fixed assets-telecommunications businesses			
Property, plant and equipment	2, 863, 597	2, 836, 079	(27, 517)
Machinery and equipment	602, 347	588, 865	(13, 481)
Antenna facilities	9, 745	9, 563	(182)
Terminal equipment	27, 010	26, 380	(629)
Local line facilities	838, 649	836, 297	(2, 352)
Long-distance line facilities	6, 213	6, 035	(177)
Engineering facilities	618, 545	614, 964	(3, 581)
Submarine line facilities	4, 181	4, 045	(136)
Buildings	503, 489	494, 361	(9, 128)
Construction in progress	19, 639	22, 871	3, 232
Other	233, 774	232, 693	(1, 080)
Intangible fixed assets	107, 197	106, 981	(215)
Total fixed assets-telecommunications businesses	2, 970, 794	2, 943, 061	(27, 733)
Investments and other assets			
Deferred income taxes	276, 501	276, 339	(162)
Other investments and assets	73, 838	73, 118	(719)
Allowance for doubtful accounts	(1, 555)	(1, 559)	(3)
Total investments and other assets	348, 784	347, 898	(885)
Total fixed assets	3, 319, 579	3, 290, 960	(28, 618)
Current assets:			
Cash and bank deposits	60, 710	71, 068	10, 358
Notes receivable	275	110	(165)
Accounts receivable, trade	371, 925	328, 740	(43, 184)
Supplies	32, 577	31, 761	(816)
Other current assets	87, 980	95, 534	7, 553
Allowance for doubtful accounts	(2, 025)	(2, 387)	(361)
Total current assets	551, 444	524, 828	(26, 615)
TOTAL ASSETS	3, 871, 023	3, 815, 788	(55, 234)

(Millions of yen)

	March 31, 2007	June 30, 2007	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	1,074,757	1,033,216	(41,540)
Liability for employees' retirement benefits	548,165	536,411	(11,753)
Other long-term liabilities	20,780	20,751	(28)
Total long-term liabilities	1,643,702	1,590,379	(53,322)
Current liabilities:			
Current portion of long-term borrowings from parent company	212,625	262,540	49,915
Accounts payable, trade	91,827	69,196	(22,631)
Short-term borrowings	30,000	75,000	45,000
Accrued taxes on income	819	1,967*	1,147
Other current liabilities	342,456	289,353	(53,103)
Total current liabilities	677,729	698,057	20,328
TOTAL LIABILITIES	2,321,431	2,288,437	(32,994)
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	44,938	(22,252)
Accumulated earned surplus	67,191	44,938	(22,252)
Total earned surplus	67,191	44,938	(22,252)
Total shareholders' equity	1,549,245	1,526,992	(22,252)
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	345	358	12
Total unrealized gains (losses), translation adjustments, and others	345	358	12
TOTAL NET ASSETS	1,549,591	1,527,351	(22,240)
TOTAL LIABILITIES AND NET ASSETS	3,871,023	3,815,788	(55,234)

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)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Increase (Decrease)	Year ended March 31, 2007
Telecommunications businesses				
Operating revenues	449,210	437,507	(11,703)	1,795,202
Operating expenses	442,869	429,424	(13,445)	1,770,819
Operating income from telecommunications businesses	6,340	8,082	1,741	24,382
Supplementary businesses				
Operating revenues	30,012	31,916	1,903	156,313
Operating expenses	29,820	31,842	2,022	160,212
Operating income (losses) from supplementary businesses	192	73	(119)	(3,898)
Operating income	6,533	8,155	1,622	20,483
Non-operating revenues:	12,881	14,606	1,724	76,856
Interest income	1	5	4	7
Dividends received	96	1,799	1,703	23,979
Lease and rental income	11,586	11,828	241	47,753
Miscellaneous income	1,197	972	(224)	5,115
Non-operating expenses:	9,884	9,432	(451)	43,328
Interest expenses	4,291	5,008	716	18,572
Lease and rental expenses	4,544	4,013	(530)	21,044
Miscellaneous expenses	1,048	410	(637)	3,711
Recurring profit	9,530	13,329	3,798	54,011
Special profits	861	643	(218)	46,820
Special losses	—	—	—	13,127
Income before Income taxes	10,392	13,972	3,579	87,704
Corporation, inhabitant, and enterprise taxes	4,300*	5,024*	724	(26,417)
Deferred tax expenses (benefits)	—*	—*	—	85,787
Net income	6,092	8,947	2,855	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

Three months ended June 30, 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 quarter									
Cash dividends				(31,200)	(31,200)	(31,200)			(31,200)
Net income				8,947	8,947	8,947			8,947
Others, net							12	12	12
Total net change in this quarter	—	—	—	(22,252)	(22,252)	(22,252)	12	12	(22,240)
June 30, 2007	312,000	1,170,054	1,170,054	44,938	44,938	1,526,992	358	358	1,527,351

4. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2007
Voice transmission services revenues (excluding IP services revenues)	295,238	264,303	(30,935)	(10.5%)	1,140,098
Monthly charge revenues*	185,667	171,129	(14,538)	(7.8%)	724,837
Call rates revenues*	39,832	31,670	(8,162)	(20.5%)	146,400
Interconnection call revenues*	48,723	40,569	(8,153)	(16.7%)	188,570
IP services revenues	67,479	90,136	22,656	33.6%	304,961
Leased circuit services revenues (excluding IP services revenues)	43,149	40,502	(2,647)	(6.1%)	165,630
Telegram services revenues	7,417	7,326	(90)	(1.2%)	27,630
Other telecommunications services revenues	35,925	35,238	(686)	(1.9%)	156,880
Telecommunications total revenues	449,210	437,507	(11,703)	(2.6%)	1,795,202
Supplementary business total revenues	30,012	31,916	1,903	6.3%	156,313
Total operating revenues	479,223	469,423	(9,799)	(2.0%)	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)

	Three months ended June 30, 2006	Three months ended June 30, 2007	Increase (Decrease)	Year ended March 31, 2007
I Cash flows from operating activities:				
Income before income taxes	10,392	13,972	3,579	87,704
Depreciation and amortization	112,162	109,297	(2,864)	455,156
Loss on disposal of property, plant and equipment	4,760	4,364	(396)	20,291
Increase (decrease) in liability for employees' retirement benefits	(12,940)	(11,753)	1,187	(84,752)
(Increase) decrease in accounts receivable	38,616	42,953	4,337	(38,706)
(Increase) decrease in inventories	884	816	(67)	6,516
Increase (decrease) in accounts payable and accrued expenses	(122,834)	(116,125)	6,709	(16,259)
(Increase) decrease in accounts consumption tax receivable	2,805	—	(2,805)	2,805
Increase (decrease) in accrued consumption tax	2,698	1,261	(1,436)	2,896
Other	3,362	(657)	(4,019)	(93,665)
Sub-total	39,906	44,130	4,223	341,987
Interest and dividends received	97	1,805	1,707	23,986
Interest paid	(4,448)	(5,559)	(1,111)	(18,211)
Income taxes received (paid)	(190)	(420)	(229)	(12,836)
Net cash provided by (used in) operating activities	35,365	39,956	4,590	334,926
II Cash flows from investing activities:				
Payments for property, plant and equipment	(136,570)	(99,681)	36,888	(416,277)
Proceeds from sale of property, plant and equipment	10,936	16,990	6,053	59,396
Payments for purchase of investment securities	(2,235)	(136)	2,098	(6,452)
Proceeds from sale of investment securities	5	—	(5)	3,147
Other	588	1,031	442	(355)
Net cash provided by (used in) investing activities	(127,275)	(81,796)	45,478	(360,541)
III Cash flows from financing activities:				
Proceeds from issuance of long-term debt	50,000	40,000	(10,000)	229,250
Payments for settlement of long-term debt	(44,764)	(31,625)	13,138	(193,746)
Net increase (decrease) in short-term borrowings	125,000	75,000	(50,000)	(15,000)
Dividends paid	(31,200)	(31,200)	—	(31,200)
Net cash provided by (used in) financing activities	99,035	52,174	(46,861)	(10,696)
IV Net increase (decrease) in cash and cash equivalents	7,125	10,333	3,208	(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	107,682	74,578	(33,103)	64,244

6. Other

On July 1, 2007, the NTT Kosei-Nenkin-Kikin (“ NTT Plan”) received the permission to be relieved of the obligations related to past services to disburse the NTT Plan benefits covering the substitutional portion. NTT West is currently calculating the impact* on earnings (Japanese GAAP) and plan to reflect such impact in earnings in its interim report. Review of forecasts for full-year results is also scheduled for mid-term, together with change in depreciation methods pursuant to major machinery and equipment’s renewal plans.

* As of March 31, 2007, the results of preliminary calculations were approximately ¥ 140 billion (to be recognized as special profit).