



# *News Release*

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

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FOR IMMEDIATE RELEASE

## **Financial Statements for the Three Months Ended June 30, 2009**

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the three months ended June 30, 2009 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

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# 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

|  | March 31, 2009   | June 30, 2009    | Increase<br>(Decrease) |
|--|------------------|------------------|------------------------|
| <b>ASSETS</b>                                      |                  |                  |                        |
| Fixed assets:                                      |                  |                  |                        |
| Fixed assets - telecommunications businesses       |                  |                  |                        |
| Property, plant and equipment                      |                  |                  |                        |
| Machinery and equipment                            | 517,663          | 513,432          | (4,231)                |
| Antenna facilities                                 | 9,694            | 9,450            | (244)                  |
| Terminal equipment                                 | 21,058           | 20,715           | (343)                  |
| Local line facilities                              | 825,484          | 821,710          | (3,773)                |
| Long-distance line facilities                      | 4,219            | 3,982            | (237)                  |
| Engineering facilities                             | 590,253          | 587,421          | (2,832)                |
| Submarine line facilities                          | 3,306            | 3,026            | (280)                  |
| Buildings  | 464,127          | 458,913          | (5,213)                |
| Construction in progress                           | 28,254           | 28,544           | 289                    |
| Other  | 243,174          | 236,720          | (6,453)                |
| Total property, plant and equipment                | 2,707,237        | 2,683,916        | (23,321)               |
| Intangible fixed assets                            | 95,976           | 99,234           | 3,257                  |
| Total fixed assets - telecommunications businesses | 2,803,213        | 2,783,150        | (20,063)               |
| Investments and other assets                       |                  |                  |                        |
| Other investments and assets                       | 211,003          | 210,033          | (969)                  |
| Allowance for doubtful accounts                    | (566)            | (581)            | (15)                   |
| Total investments and other assets                 | 210,436          | 209,452          | (984)                  |
| Total fixed assets                                 | 3,013,650        | 2,992,602        | (21,048)               |
| Current assets:                                    |                  |                  |                        |
| Cash and bank deposits                             | 105,019          | 86,435           | (18,583)               |
| Notes receivable                                   | 39               | 29               | (9)                    |
| Accounts receivable, trade                         | 282,192          | 248,167          | (34,025)               |
| Supplies   | 27,912           | 27,677           | (234)                  |
| Other current assets                               | 47,718           | 63,565           | 15,847                 |
| Allowance for doubtful accounts                    | (2,130)          | (2,023)          | 106                    |
| Total current assets                               | 460,751          | 423,851          | (36,900)               |
| <b>TOTAL ASSETS</b>                                | <b>3,474,401</b> | <b>3,416,453</b> | <b>(57,948)</b>        |

(Millions of yen)

|  | March 31, 2009   | June 30, 2009    | Increase<br>(Decrease) |
|--|------------------|------------------|------------------------|
| <b>LIABILITIES</b>   |                  |                  |                        |
| Long-term liabilities:   |                  |                  |                        |
| Long-term borrowings from parent company                             | 977,698          | 1,037,379        | 59,681                 |
| Liability for employees' retirement benefits                         | 304,696          | 304,965          | 269                    |
| Reserve for unused telephone cards                                   | 12,320           | 11,691           | (628)                  |
| Other long-term liabilities  | 26,586           | 18,965           | (7,621)                |
| Total long-term liabilities  | 1,321,302        | 1,373,003        | 51,701                 |
| Current liabilities:   |                  |                  |                        |
| Current portion of long-term borrowings from parent company          | 158,333          | 100,402          | (57,931)               |
| Accounts payable, trade  | 78,940           | 52,016           | (26,924)               |
| Short-term borrowings  | 25,000           | -                | (25,000)               |
| Accrued taxes on income  | 899              | *                | 334                    |
| Allowance for losses on construction contracts                       | 171              | 171              | -                      |
| Other current liabilities  | 393,599          | 398,599          | 4,999                  |
| Total current liabilities  | 656,944          | 551,523          | (105,421)              |
| <b>TOTAL LIABILITIES</b>   | <b>1,978,246</b> | <b>1,924,526</b> | <b>(53,719)</b>        |
| <b>NET ASSETS</b>  |                  |                  |                        |
| Shareholders' equity:  |                  |                  |                        |
| Common stock   | 312,000          | 312,000          | -                      |
| Capital surplus  | 1,170,054        | 1,170,054        | -                      |
| Earned surplus   | 13,689           | 9,835            | (3,853)                |
| Total shareholders' equity   | 1,495,743        | 1,491,889        | (3,853)                |
| Unrealized gains (losses), translation adjustments, and others:      |                  |                  |                        |
| Net unrealized gains (losses) on securities                          | 411              | 37               | (374)                  |
| Total unrealized gains (losses), translation adjustments, and others | 411              | 37               | (374)                  |
| <b>TOTAL NET ASSETS</b>  | <b>1,496,155</b> | <b>1,491,927</b> | <b>(4,228)</b>         |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                              | <b>3,474,401</b> | <b>3,416,453</b> | <b>(57,948)</b>        |

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)

|   | Three months ended<br>June 30, 2008 | Three months ended<br>June 30, 2009 | Increase<br>(Decrease) | Year ended<br>March 31, 2009 |
|---|-------------------------------------|-------------------------------------|------------------------|------------------------------|
| Telecommunications businesses:                      |                                     |                                     |                        |                              |
| Operating revenues                                  | 419,159                             | 406,151                             | (13,007)               | 1,670,002                    |
| Operating expenses                                  | 417,336                             | 400,016                             | (17,320)               | 1,658,299                    |
| Operating income from telecommunications businesses | 1,822                               | 6,135                               | 4,313                  | 11,703                       |
| Supplementary businesses:                           |                                     |                                     |                        |                              |
| Operating revenues                                  | 33,675                              | 29,600                              | (4,074)                | 154,318                      |
| Operating expenses                                  | 35,222                              | 29,818                              | (5,403)                | 158,254                      |
| Operating losses from supplementary businesses      | (1,546)                             | (218)                               | 1,328                  | (3,935)                      |
| Operating income                                    | 275                                 | 5,917                               | 5,641                  | 7,767                        |
| Non-operating revenues:                             |                                     |                                     |                        |                              |
| Interest income                                     | 5                                   | 2                                   | (2)                    | 14                           |
| Dividends received                                  | 3,394                               | 1,420                               | (1,974)                | 3,431                        |
| Lease and rental income                             | 10,885                              | 10,483                              | (401)                  | 43,268                       |
| Miscellaneous income                                | 827                                 | 1,485                               | 658                    | 5,429                        |
| Total non-operating revenues                        | 15,113                              | 13,392                              | (1,720)                | 52,143                       |
| Non-operating expenses:                             |                                     |                                     |                        |                              |
| Interest expenses                                   | 5,142                               | 4,330                               | (811)                  | 19,540                       |
| Lease and rental expenses                           | 4,525                               | 3,611                               | (913)                  | 16,378                       |
| Miscellaneous expenses                              | 932                                 | 823                                 | (108)                  | 4,474                        |
| Total non-operating expenses                        | 10,600                              | 8,766                               | (1,834)                | 40,393                       |
| Recurring profit                                    | 4,788                               | 10,543                              | 5,755                  | 19,518                       |
| Income before income taxes                          | 4,788                               | 10,543                              | 5,755                  | 19,518                       |
| Income taxes  | * 505                               | * 1,393                             | 888                    | 4,077                        |
| Net income  | 4,283                               | 9,150                               | 4,867                  | 15,440                       |

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 for the three months ended June 30, 2008. Except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements for the three months ended June 30, 2009.

### 3. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan )

(Millions of yen)

|  | Three months ended<br>June 30, 2008 | Three months ended<br>June 30, 2009 | Increase<br>(Decrease) | Percent<br>Increase<br>(Decrease) | Year ended<br>March 31, 2009 |
|--|-------------------------------------|-------------------------------------|------------------------|-----------------------------------|------------------------------|
| Voice transmission services revenues<br>(excluding IP services revenues) | 233,434                             | 206,688                             | (26,745)               | (11.5)                            | 896,413                      |
| Monthly charge revenues*   | 155,937                             | 141,892                             | (14,044)               | (9.0)                             | 605,622                      |
| Call rates revenues*   | 25,170                              | 20,018                              | (5,152)                | (20.5)                            | 92,294                       |
| Interconnection call revenues*   | 34,639                              | 28,738                              | (5,901)                | (17.0)                            | 130,658                      |
| IP services revenues   | 108,704                             | 124,978                             | 16,274                 | 15.0                              | 460,441                      |
| Leased circuit services revenues<br>(excluding IP services revenues)     | 38,021                              | 35,522                              | (2,498)                | (6.6)                             | 149,122                      |
| Telegram services revenues   | 6,882                               | 6,470                               | (411)                  | (6.0)                             | 25,797                       |
| Other telecommunications services<br>revenues                            | 32,117                              | 32,490                              | 373                    | 1.2                               | 138,227                      |
| Telecommunications total revenues  | 419,159                             | 406,151                             | (13,007)               | (3.1)                             | 1,670,002                    |
| Supplementary business total revenues                                    | 33,675                              | 29,600                              | (4,074)                | (12.1)                            | 154,318                      |
| Total operating revenues   | 452,834                             | 435,752                             | (17,082)               | (3.8)                             | 1,824,321                    |

\*Partial listing only

#### 4. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

|   | Three months ended<br>June 30, 2008 | Three months ended<br>June 30, 2009 | Increase<br>(Decrease) | Year ended<br>March 31, 2009 |
|---|-------------------------------------|-------------------------------------|------------------------|------------------------------|
| Cash flows from operating activities:                               |                                     |                                     |                        |                              |
| Income before income taxes  | 4,788                               | 10,543                              | 5,755                  | 19,518                       |
| Depreciation and amortization                                       | 106,511                             | 99,747                              | (6,764)                | 412,834                      |
| Loss on disposal of property, plant and equipment                   | 3,922                               | 3,636                               | (286)                  | 18,971                       |
| Increase (decrease) in liability for employees' retirement benefits | (4,042)                             | 269                                 | 4,312                  | (36,480)                     |
| (Increase) decrease in accounts receivable                          | 24,428                              | 36,230                              | 11,802                 | 11,296                       |
| (Increase) decrease in inventories                                  | (37)                                | 234                                 | 272                    | (2,150)                      |
| Increase (decrease) in accounts payable and accrued expenses        | (88,258)                            | (78,689)                            | 9,568                  | (22,796)                     |
| Increase (decrease) in accrued consumption tax                      | 2,595                               | 2,664                               | 68                     | (1,193)                      |
| Other   | 4,159                               | 8,756                               | 4,597                  | 32,261                       |
| Sub-total   | 54,067                              | 83,393                              | 29,326                 | 432,260                      |
| Interest and dividends received                                     | 3,399                               | 1,422                               | (1,977)                | 3,446                        |
| Interest paid   | (5,976)                             | (5,023)                             | 952                    | (19,969)                     |
| Income taxes received (paid)  | (833)                               | 627                                 | 1,460                  | 16,805                       |
| Net cash provided by (used in) operating activities                 | 50,658                              | 80,419                              | 29,761                 | 432,543                      |
| Cash flows from investing activities:                               |                                     |                                     |                        |                              |
| Payments for property, plant and equipment                          | (96,583)                            | (111,209)                           | (14,625)               | (380,697)                    |
| Proceeds from sale of property, plant and equipment                 | 14,455                              | 253                                 | (14,201)               | 17,151                       |
| Payments for purchase of investment securities                      | -                                   | (349)                               | (349)                  | (53)                         |
| Proceeds from sale of investment securities                         | 71                                  | 424                                 | 353                    | 177                          |
| Other   | 877                                 | 520                                 | (357)                  | 2,745                        |
| Net cash provided by (used in) investing activities                 | (81,179)                            | (110,360)                           | (29,180)               | (360,675)                    |
| Cash flows from financing activities:                               |                                     |                                     |                        |                              |
| Proceeds from issuance of long-term debt                            | 20,000                              | 80,000                              | 60,000                 | 115,000                      |
| Payments for settlement of long-term debt                           | (81,540)                            | (78,250)                            | 3,290                  | (177,724)                    |
| Net increase (decrease) in short-term borrowings                    | 50,000                              | 29,996                              | (20,003)               | (15,005)                     |
| Payments for settlement of lease obligations                        | (253)                               | (7,181)                             | (6,927)                | (27,558)                     |
| Dividends paid  | -                                   | (13,004)                            | (13,004)               | -                            |
| Net cash provided by (used in) financing activities                 | (11,794)                            | 11,560                              | 23,355                 | (105,288)                    |
| Net increase (decrease) in cash and cash equivalents                | (42,315)                            | (18,379)                            | 23,935                 | (33,420)                     |
| Cash and cash equivalents at beginning of period                    | 139,891                             | 106,470                             | (33,420)               | 139,891                      |
| Cash and cash equivalents at end of period                          | 97,575                              | 88,091                              | (9,484)                | 106,470                      |