



News Release

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FOR IMMEDIATE RELEASE

Financial Statements for the Six Months Ended September 30, 2014

The financial results of Nippon Telegraph and Telephone West Corporation (NTT West) for the six months ended September 30, 2014 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, 2015

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1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2014	September 30, 2014	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	446,003	422,814	(23,188)
Antenna facilities	6,212	6,272	59
Terminal equipment	18,194	17,939	(255)
Local line facilities	956,384	962,320	5,936
Long-distance line facilities	2,432	2,291	(141)
Engineering facilities	551,357	544,928	(6,429)
Submarine line facilities	3,067	2,762	(305)
Buildings	363,292	351,112	(12,180)
Construction in progress	17,498	23,005	5,506
Other	224,347	220,058	(4,288)
Total property, plant and equipment	2,588,791	2,553,505	(35,286)
Intangible fixed assets	74,244	70,552	(3,691)
Total fixed assets - telecommunications businesses	2,663,036	2,624,057	(38,978)
Investments and other assets			
Other investments and assets	161,563	156,931	(4,632)
Allowance for doubtful accounts	(551)	(580)	(29)
Total investments and other assets	161,012	156,350	(4,662)
Total fixed assets	2,824,048	2,780,408	(43,640)
Current assets:			
Cash and bank deposits	33,273	27,716	(5,557)
Notes receivable	443	112	(331)
Accounts receivable, trade	201,606	171,669	(29,936)
Supplies	35,234	32,752	(2,481)
Other current assets	170,958	154,338	(16,619)
Allowance for doubtful accounts	(518)	(481)	36
Total current assets	440,998	386,107	(54,890)
TOTAL ASSETS	3,265,047	3,166,516	(98,530)

(Millions of yen)

	March 31, 2014	September 30, 2014	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	884,427	781,627	(102,800)
Liability for employees' retirement benefits	228,337	231,245	2,907
Reserve for point services	7,178	6,420	(758)
Reserve for unused telephone cards	10,480	9,840	(640)
Allowance for environmental measures	5,721	13,694	7,972
Asset retirement obligations	342	346	4
Other long-term liabilities	7,425	6,814	(611)
Total long-term liabilities	1,143,913	1,049,987	(93,925)
Current liabilities:			
Current portion of long-term borrowings from parent company	157,370	176,460	19,090
Accounts payable, trade	61,883	45,950	(15,933)
Short-term borrowings	72,000	93,000	21,000
Accrued taxes on income	1,133	721	(411)
Allowance for environmental measures	2,370	1,087	(1,282)
Asset retirement obligations	4	-	(4)
Other current liabilities	324,630	308,293	(16,336)
Total current liabilities	619,391	625,513	6,122
TOTAL LIABILITIES	1,763,305	1,675,501	(87,803)
NET ASSETS			
Shareholders' equity:			
Common stock	312,000	312,000	-
Capital surplus	1,170,054	1,170,054	-
Earned surplus	19,272	8,393	(10,879)
Total shareholders' equity	1,501,326	1,490,447	(10,879)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	415	566	151
Total unrealized gains (losses), translation adjustments, and others	415	566	151
TOTAL NET ASSETS	1,501,742	1,491,014	(10,727)
TOTAL LIABILITIES AND NET ASSETS	3,265,047	3,166,516	(98,530)

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, 2013		Six months ended September 30, 2014	Increase (Decrease)	Year ended March 31, 2014
Telecommunications businesses:					
Operating revenues	715,300	*1	709,485	(5,814)	1,425,666
Operating expenses	702,875	*1	699,884	(2,991)	1,423,424
Operating income from telecommunications businesses	12,424		9,601	(2,823)	2,241
Supplementary businesses:					
Operating revenues	67,525		66,974	(551)	163,934
Operating expenses	60,615		59,545	(1,069)	149,795
Operating income from supplementary businesses	6,910		7,429	518	14,138
Operating income	19,334		17,030	(2,304)	16,379
Non-operating revenues:					
Interest income	11		2	(8)	17
Dividends received	1,881		1,339	(542)	1,902
Lease and rental income	18,115		-	(18,115)	35,907
Gains on sales of fixed assets	71		797	725	1,456
Miscellaneous income	992		995	2	2,397
Total non-operating revenues	21,073		3,134	(17,938)	41,680
Non-operating expenses:					
Interest expenses	6,775		6,025	(750)	13,212
Lease and rental expenses	7,918		-	(7,918)	16,755
Miscellaneous expenses	123		172	49	2,030
Total non-operating expenses	14,816		6,197	(8,619)	31,998
Recurring profit	25,591		13,967	(11,623)	26,061
Special losses	6,087		7,972	1,885	6,087
Income before income taxes	19,503		5,994	(13,509)	19,973
Income taxes	*2 3,401	*2	(386)	(3,788)	1,266
Net income	16,102		6,381	(9,720)	18,707

Notes: *1 "Lease and rental income" and "lease and rental expenses," which were previously included under non-operating revenues and non-operating expenses, respectively, in the fiscal year ended March 31, 2014, have been reclassified as telecommunications businesses operating revenues and operating expenses for the six months ended September 30, 2014.

Telecommunications operating revenues attributable to lease and rental income and operating expenses attributable to lease and rental expenses were 17,735 million yen and 7,928 million yen, respectively, for the six months ended September 30, 2014.

*2 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, 2013	Six months ended September 30, 2014	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2014
Voice transmission services revenues (excluding IP services revenues)	267,519	242,107	(25,411)	(9.5)	523,300
Monthly charge revenues*	193,424	177,261	(16,163)	(8.4)	379,607
Call rates revenues*	20,183	17,302	(2,881)	(14.3)	38,890
Interconnection call revenues*	36,320	31,626	(4,694)	(12.9)	70,441
IP services revenues	334,598	340,448	5,849	1.7	671,614
Leased circuit services revenues (excluding IP services revenues)	52,539	52,170	(369)	(0.7)	104,361
Telegram services revenues	8,323	7,500	(823)	(9.9)	17,121
Other telecommunications services revenues	52,319	67,259	14,939	28.6	109,269
Telecommunications total revenues	715,300	709,485	(5,814)	(0.8)	1,425,666
Supplementary business total revenues	67,525	66,974	(551)	(0.8)	163,934
Total operating revenues	782,826	776,460	(6,365)	(0.8)	1,589,600

*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, 2013	Six months ended September 30, 2014	Increase (Decrease)	Year ended March 31, 2014
Cash flows from operating activities:				
Income before income taxes	19,503	5,994	(13,509)	19,973
Depreciation and amortization	168,320	165,553	(2,766)	335,867
Loss on disposal of property, plant and equipment	9,540	8,607	(933)	20,776
Increase (decrease) in liability for employees' retirement benefits	7,686	2,907	(4,778)	7,067
(Increase) decrease in accounts receivable	46,559	26,391	(20,168)	23,022
(Increase) decrease in inventories	3,588	587	(3,000)	5,097
Increase (decrease) in accounts payable and accrued expenses	(37,180)	(33,068)	4,112	(21,842)
Increase (decrease) in accrued consumption tax	(1,002)	5,337	6,340	(1,832)
Other	(22,829)	(1,763)	21,066	23,678
Sub-total	194,185	180,547	(13,637)	411,808
Interest and dividends received	1,893	1,342	(551)	1,919
Interest paid	(7,024)	(6,068)	956	(13,733)
Income taxes received (paid)	344	(3,502)	(3,846)	231
Net cash provided by (used in) operating activities	189,398	172,319	(17,079)	400,226
Cash flows from investing activities:				
Payments for property, plant and equipment	(178,329)	(153,314)	25,014	(342,994)
Proceeds from sale of property, plant and equipment	303	2,649	2,346	3,909
Payments for purchase of investment securities	(167)	-	167	(167)
Proceeds from sale of investment securities	6	21	15	16
Other	(5,684)	113	5,798	(8,346)
Net cash provided by (used in) investing activities	(183,872)	(150,530)	33,341	(347,582)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	-	-	-	90,000
Payments for settlement of long-term debt	(34,028)	(83,710)	(49,681)	(182,057)
Net increase (decrease) in short-term borrowings	-	20,994	20,994	71,994
Payments for settlement of lease obligations	(929)	(322)	607	(1,693)
Dividends paid	(28,080)	(19,000)	9,079	(28,080)
Net cash provided by (used in) financing activities	(63,038)	(82,038)	(19,000)	(49,836)
Net increase (decrease) in cash and cash equivalents	(57,511)	(60,249)	(2,737)	2,808
Cash and cash equivalents at beginning of period	85,711	88,520	2,808	85,711
Cash and cash equivalents at end of period	28,199	28,270	70	88,520

5. Revised Forecasts for the Fiscal Year Ending March 31, 2015

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, 2014 for the fiscal year ending March 31, 2015, as follows.

(Billions of yen)			
	Year Ending March 31, 2015 (Forecasts Previously Announced on May 13, 2014)	Year Ending March 31, 2015 (Revised Forecasts)	Change
Operating Revenues	1,582.0	1,582.0	—
Operating Income	35.0	35.0	—
Recurring Profit	28.0	28.0	—
Net Income	25.0	19.0	(6.0)

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.