



# *News Release*

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FOR IMMEDIATE RELEASE

## **Financial Statements for the Six Months Ended September 30, 2015**

The financial results of Nippon Telegraph and Telephone West Corporation (NTT West) for the six months ended September 30, 2015 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, 2016

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# 1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2015	September 30, 2015	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	407,805	390,280	(17,524)
Antenna facilities	6,061	5,875	(185)
Terminal equipment	17,786	17,575	(210)
Local line facilities	981,834	975,154	(6,679)
Long-distance line facilities	2,201	2,138	(63)
Engineering facilities	541,617	534,232	(7,385)
Submarine line facilities	4,094	3,853	(241)
Buildings	344,165	333,155	(11,009)
Construction in progress	25,780	26,236	456
Other	219,817	217,373	(2,443)
Total property, plant and equipment	2,551,165	2,505,877	(45,288)
Intangible fixed assets	68,950	64,686	(4,264)
Total fixed assets - telecommunications businesses	2,620,116	2,570,563	(49,552)
Investments and other assets			
Other investments and assets	149,863	147,805	(2,058)
Allowance for doubtful accounts	(652)	(638)	14
Total investments and other assets	149,211	147,167	(2,043)
Total fixed assets	2,769,327	2,717,730	(51,596)
Current assets:			
Cash and bank deposits	26,533	16,845	(9,687)
Notes receivable	6	55	48
Accounts receivable, trade	198,729	175,478	(23,251)
Supplies	33,580	33,749	169
Other current assets	185,077	145,472	(39,604)
Allowance for doubtful accounts	(597)	(515)	82
Total current assets	443,329	371,086	(72,243)
<b>TOTAL ASSETS</b>	<b>3,212,656</b>	<b>3,088,816</b>	<b>(123,839)</b>

(Millions of yen)

	March 31, 2015	September 30, 2015	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	778,827	706,267	(72,560)
Liability for employees' retirement benefits	229,952	235,505	5,552
Reserve for point services	7,571	6,268	(1,303)
Reserve for unused telephone cards	9,160	8,720	(440)
Allowance for environmental measures	10,794	10,794	-
Asset retirement obligations	345	348	2
Other long-term liabilities	6,392	6,157	(234)
Total long-term liabilities	1,043,045	974,061	(68,983)
Current liabilities:			
Current portion of long-term borrowings from parent company	175,600	145,360	(30,240)
Accounts payable, trade	74,063	39,462	(34,600)
Short-term borrowings	75,000	118,973	43,973
Accrued taxes on income	1,082	3,258	2,175
Allowance for environmental measures	3,356	1,439	(1,916)
Other current liabilities	341,782	296,426	(45,355)
Total current liabilities	670,885	604,921	(65,963)
<b>TOTAL LIABILITIES</b>	<b>1,713,930</b>	<b>1,578,983</b>	<b>(134,947)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	312,000	312,000	-
Capital surplus	1,170,054	1,170,054	-
Earned surplus	15,934	27,250	11,316
Total shareholders' equity	1,497,988	1,509,304	11,316
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	738	528	(209)
Total unrealized gains (losses), translation adjustments, and others	738	528	(209)
<b>TOTAL NET ASSETS</b>	<b>1,498,726</b>	<b>1,509,833</b>	<b>11,107</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,212,656</b>	<b>3,088,816</b>	<b>(123,839)</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)

	Six months ended September 30, 2014	Six months ended September 30, 2015	Increase (Decrease)	Year ended March 31, 2015
Telecommunications businesses:				
Operating revenues	709,485	688,635	(20,850)	1,415,321
Operating expenses	699,884	658,456	(41,427)	1,392,847
Operating income from telecommunications businesses	9,601	30,178	20,577	22,473
Supplementary businesses:				
Operating revenues	66,974	66,043	(931)	158,892
Operating expenses	59,545	58,702	(843)	145,692
Operating income from supplementary businesses	7,429	7,340	(88)	13,200
Operating income	17,030	37,519	20,489	35,674
Non-operating revenues:				
Interest income	2	2	(0)	5
Dividends received	1,339	1,551	212	1,355
Gains on sales of fixed assets	797	876	79	2,531
Miscellaneous income	995	1,019	24	2,123
Total non-operating revenues	3,134	3,450	315	6,015
Non-operating expenses:				
Interest expenses	6,025	5,069	(955)	11,461
Miscellaneous expenses	172	1,554	1,382	1,390
Total non-operating expenses	6,197	6,624	427	12,851
Recurring profit	13,967	34,344	20,377	28,838
Special losses	7,972	-	(7,972)	7,972
Income before income taxes	5,994	34,344	28,350	20,865
Income taxes	* (386)	* 8,027	8,414	6,943
Net income	6,381	26,317	19,936	13,921

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.

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

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2015
Voice transmission services revenues (excluding IP services revenues)	242,107	218,937	(23,170)	(9.6)	472,572
Monthly charge revenues*	177,261	162,446	(14,814)	(8.4)	347,759
Call rates revenues*	17,302	14,723	(2,578)	(14.9)	33,194
Interconnection call revenues*	31,626	28,841	(2,785)	(8.8)	61,333
IP services revenues	340,448	350,749	10,301	3.0	686,194
Leased circuit services revenues (excluding IP services revenues)	52,170	48,474	(3,695)	(7.1)	103,035
Telegram services revenues	7,500	6,938	(561)	(7.5)	15,455
Other telecommunications services revenues	67,259	63,534	(3,725)	(5.5)	138,062
Telecommunications total revenues	709,485	688,635	(20,850)	(2.9)	1,415,321
Supplementary business total revenues	66,974	66,043	(931)	(1.4)	158,892
Total operating revenues	776,460	754,678	(21,781)	(2.8)	1,574,213

\*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, 2014	Six months ended September 30, 2015	Increase (Decrease)	Year ended March 31, 2015
<b>Cash flows from operating activities:</b>				
Income before income taxes	5,994	34,344	28,350	20,865
Depreciation and amortization	165,553	159,788	(5,765)	327,648
Loss on disposal of property, plant and equipment	8,607	7,875	(731)	20,091
Increase (decrease) in liability for employees' retirement benefits	2,907	5,552	2,644	1,615
(Increase) decrease in accounts receivable	26,391	27,395	1,004	1,859
(Increase) decrease in inventories	587	(1,781)	(2,369)	(1,722)
Increase (decrease) in accounts payable and accrued expenses	(33,068)	(45,213)	(12,145)	(5,271)
Increase (decrease) in accrued consumption tax	5,337	(4,836)	(10,173)	9,098
Other	(1,763)	(30,172)	(28,408)	43,010
Sub-total	180,547	152,953	(27,594)	417,194
Interest and dividends received	1,342	1,554	212	1,362
Interest paid	(6,068)	(5,124)	944	(11,549)
Income taxes received (paid)	(3,502)	(5,227)	(1,725)	(3,745)
Net cash provided by (used in) operating activities	172,319	144,155	(28,163)	403,260
<b>Cash flows from investing activities:</b>				
Payments for property, plant and equipment	(153,314)	(145,063)	8,250	(303,015)
Proceeds from sale of property, plant and equipment	2,649	1,061	(1,587)	5,483
Payments for purchase of investment securities	-	(250)	(250)	(198)
Proceeds from sale of investment securities	21	168	147	21
Other	113	191	78	335
Net cash provided by (used in) investing activities	(150,530)	(143,891)	6,638	(297,372)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of long-term debt	-	-	-	70,000
Payments for settlement of long-term debt	(83,710)	(102,800)	(19,090)	(157,370)
Net increase (decrease) in short-term borrowings	20,994	43,970	22,976	2,990
Payments for settlement of lease obligations	(322)	(123)	198	(493)
Dividends paid	(19,000)	(15,000)	3,999	(19,000)
Net cash provided by (used in) financing activities	(82,038)	(73,953)	8,084	(103,873)
Net increase (decrease) in cash and cash equivalents	(60,249)	(73,690)	(13,440)	2,015
Cash and cash equivalents at beginning of period	88,520	90,535	2,015	88,520
Cash and cash equivalents at end of period	28,270	16,845	(11,425)	90,535

## 5. Revised Forecasts for the Fiscal Year Ending March 31, 2016

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 15, 2015 for the fiscal year ending March 31, 2016, as follows.

(Billions of yen)

	Year Ending March 31, 2016 (Forecasts Previously Announced on May 15, 2015)	Year Ending March 31, 2016 (Revised Forecasts)	Change
Operating Revenues	1,517.0	1,527.0	10.0
Operating Income	45.0	64.0	19.0
Recurring Profit	38.0	57.0	19.0
Net Income	29.0	43.0	14.0

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.