



News Release

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

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FOR IMMEDIATE RELEASE

Financial Statements for the Third Quarter Ended December 31, 2004

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the Third Quarter ended December 31, 2004 are presented in the following attachments.

(Attachments)

1. Non-consolidated Balance Sheets
2. Non-consolidated Statements of Income
3. Business Results (Non-consolidated Operating Revenues)
4. Non-consolidated Statements of Cash Flows

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NON-CONSOLIDATED BALANCE SHEETS

(Based on accounting principles generally accepted in Japan)

	<u>March 31, 2004</u>	<u>December 31, 2004</u>	
	Millions of Yen	Millions of Yen	* Millions of US\$
<u>Assets</u>			
Fixed assets	3,595,293	3,511,933	33,768
Current assets	630,525	618,592	5,948
Total assets	<u>4,225,819</u>	<u>4,130,526</u>	<u>39,716</u>
<u>Liabilities</u>			
Long-term liabilities:			
Long-term debt	1,065,285	1,126,452	10,831
Liability for employees' severance payments	790,436	771,190	7,415
Other	9,945	9,765	93
Total long-term liabilities	<u>1,865,667</u>	<u>1,907,408</u>	<u>18,340</u>
Current liabilities:			
Current portion of long-term debt	276,201	237,406	2,282
Accounts payable, trade	137,748	108,301	1,041
Accounts payable, other	288,992	218,996	2,105
Accrued taxes on income	186	** 13,201	126
Other	112,095	81,275	781
Total current liabilities	<u>815,225</u>	<u>659,181</u>	<u>6,338</u>
Total liabilities	<u>2,680,893</u>	<u>2,566,590</u>	<u>24,678</u>
<u>Shareholders' equity</u>			
Common stock	312,000	312,000	3,000
Additional paid-in capital	1,170,054	1,170,054	11,250
Unappropriated retained earnings for the period	62,109	81,272	781
Net unrealized gains (losses) on securities	762	609	5
Total shareholders' equity	<u>1,544,926</u>	<u>1,563,935</u>	<u>15,037</u>
Total liabilities and shareholders' equity	<u>4,225,819</u>	<u>4,130,526</u>	<u>39,716</u>

Note: *Yen amounts have been translated, for convenience only, at ¥104 =US\$1.00, the approximate exchange rate on December 30, 2004. Fractions are rounded down.

**The Company participates in a consolidated tax return system, which is adopted by NTT (Holding company) and its wholly-owned subsidiaries in Japan, but did not calculate income taxes on a consolidated basis in this quarter.

NON-CONSOLIDATED STATEMENTS OF INCOME

(Based on accounting principles generally accepted in Japan)

	Year ended <u>March 31, 2004</u>	Nine months Ended <u>December 31, 2004</u>	
	Millions of Yen	Millions of Yen	* Millions of US\$
Operating revenues	2,166,852	1,557,405	14,975
Operating expenses	2,080,163	1,478,538	14,216
Operating income	86,688	78,866	758
Non-operating revenues	54,910	41,088	395
Non-operating expenses	51,038	30,891	297
Recurring profit	90,560	89,062	856
Special profits	15,001	7,022	67
Special losses	7,181	5,385	51
Income before income taxes	98,381	90,699	872
Corporation, inhabitant, and enterprise taxes	(52,421)	** 37,000	355
Deferred tax expenses (benefits)	89,300	** —	—
Net income	<u>61,502</u>	<u>53,699</u>	<u>516</u>

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BUSINESS RESULTS (NON-CONSOLIDATED OPERATING REVENUES)

(Based on accounting principles generally accepted in Japan)

(Millions of Yen)

Service	Nine months Ended December 31, 2004	Year Ended March 31, 2004
Voice Transmission Services Revenues (excluding the amounts of IP Services Revenues)	1,040,954	1,465,833
Monthly Charge Revenues*	669,602	905,590
Call Rates Revenues*	153,414	245,963
Interconnection Call Revenues*	150,469	216,169
IP Services Revenues	129,328	127,284
Leased Circuit Services Revenues (excluding the amounts of IP Services Revenues)	131,164	206,031
Telegram Services Revenues	22,883	33,421
Other Telecommunications Services Revenues	121,594	165,281
Telecommunications total revenues	1,445,925	1,997,852
Related business total revenues	111,479	169,000
Total operating revenues	1,557,405	2,166,852

* Partial listing only

Note: Fractions are rounded down.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

(Based on accounting principles generally accepted in Japan)

	Year ended March 31, 2004	Nine months ended December 31, 2004	
	Millions of Yen	Millions of Yen	* Millions of US\$
Cash flows from operating activities:			
Income before income taxes	98,381	90,699	872
Depreciation and amortization	460,027	324,716	3,122
Loss on disposal of property, plant and equipment	35,576	24,108	231
Increase (decrease) in liability for employees' severance payments	(74,174)	(19,245)	(185)
(Increase) decrease in accounts receivable	(17,431)	(17,679)	(169)
Increase (decrease) in accounts payable, and accrued expenses	(9,252)	(122,181)	(1,174)
Increase (decrease) in accrued consumption tax	2,652	3,712	35
Other	16,907	(12,063)	(115)
Sub-total	512,687	272,066	2,616
Interest and dividends received	716	281	2
Interest paid	(22,421)	(14,338)	(137)
Income taxes received (paid)	69,813	52,491	504
Net cash provided by (used in) operating activities	560,795	310,501	2,985
Cash flows from investing activities:			
Payments for property, plant and equipment	(409,205)	(278,710)	(2,679)
Acquisition of investments	(806)	(3,620)	(34)
Other	23,640	7,917	76
Net cash provided by (used in) investing activities	(386,371)	(274,413)	(2,638)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	200,000	150,000	1,442
Payments for settlement of long-term debt	(417,656)	(127,628)	(1,227)
Increase (decrease) in short-term borrowings	40,000	(30,000)	(288)
Dividends paid	(18,769)	(34,494)	(331)
Net cash provided by (used in) financing activities	(196,426)	(42,122)	(405)
Net increase (decrease) in cash and cash equivalents	(22,001)	(6,034)	(58)
Cash and cash equivalents at beginning of period	140,808	118,806	1,142
Cash and cash equivalents at end of period	118,806	112,772	1,084

Note: * Yen amounts have been translated, for convenience only, at ¥ 104=US\$1.00, the approximate exchange rate on December 30, 2004. Fractions are rounded down.