



News Release

May 11, 2007

FOR IMMEDIATE RELEASE

Settlement for Fiscal Year Ended March 31, 2007

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for fiscal 2006 are presented in the following attachments.

(Attachments)

1. Summary of Results for Fiscal Year Ended March 31,2007
2. Non-Consolidated Comparative Balance Sheets
3. Non-Consolidated Comparative Statements of Income
4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
5. Business Results (Non-Consolidated Operating Revenues)
6. Non-Consolidated Comparative Statements of Cash Flows
7. Changes in Directors

Inquiries:

Mr. Shinji Uchida or Mr. Eiji Yoshinaka

Accounting Section, Finance Division

NTT West

Tel: 06-4793-3141

E-mail: kessan-info@west.ntt.co.jp

1. Summary of Results for Fiscal Year Ended March 31, 2007

During the fiscal year ended March 31, 2007, the Japanese economy remained on track for recovery, with improved corporate earnings and increased capital spending, despite the employment situation remaining severe in some sectors.

The information and telecommunications market has undergone substantial changes, with the development of “Triple Play” services that combine Internet access services with IP telephony and video distribution capabilities, and the advancement of IP-based fixed-mobile convergence and the merging of telecommunications and broadcasting. These changes were facilitated by the rapid proliferation of broadband access services and by technological innovation, which has moved Japan closer to the ubiquitous network society which the “u-Japan Policy” and “IT New Reform Strategy” envision.

In the dramatically growing broadband market, in particular, there was a net decrease in the number of ADSL contracts due to the changeover from ADSL to optical broadband access services, which has ushered in the era of a full-scale optical broadband network.

Meanwhile, the fixed-line telephone business environment has become harsher than before, due to more widespread use of mobile phones, as well as declining traffic volume and a decrease in users due to the switch-over to IP phones.

Faced with this drastically changing, competitive market environment, NTT Telegraph and Telephone West Corporation (NTT West) strove to provide high-quality, stable universal service. At the same time, NTT West designated fiscal 2006 as a critical year for achieving the NTT West Group Medium-Term Vision, and stepped up efforts to realign the business structure with optical broadband services at its center, enhance its lineup of access line services, develop attractive applications services and content, and develop solution businesses aimed at contributing to the revitalization and advancement of local communities on a larger scale. In line with this vision, NTT West proactively implemented the following measures:

1. Development of Broadband Business

(1) Expanded Broadband Access Services

Since the start of the “FLET’S ADSL” service in December 2000, NTT West has been actively working to augment its broadband access service lineup, by launching “B-FLET’S” in August 2001, “FLET’S *HIKARI* PREMIUM Family Type,” which provides IPv6-enabled high-quality video telephony and security protection as its basic functions, to customers in detached houses in March 2005, “FLET’S *HIKARI* PREMIUM Condominium Type” for customers in multi-dwelling houses in April 2005, and “FLET’S *HIKARI* PREMIUM Enterprise Type” for corporate customers, which enables high-quality transmission of a large volume of data at the high speed of 1Gbps, in August 2006.

In addition, with the aim of making broadband access services available to a wider variety of customers on a larger scale, NTT West stepped up marketing efforts to boost sales of “FLET’S *HIKARI* ”(*1) with a focus on “FLET’S *HIKARI*

PREMIUM”, by promoting the benefits of triple play services. At the same time, NTT West strove to provide services in response to customer needs, by offering various discount programs on installation and other charges, and making 24-hour support available so that customers can use services with greater peace of mind.

As a result of these efforts, the number of subscriber lines for NTT West’s broadband services (“FLET’S *HIKARI*” and “FLET’S ADSL”), the most important of which is the “FLET’S *HIKARI* PREMIUM” service, topped 5 million in January 2007 in the western region of Japan. The number reached 5.22 million at the end of March 2007, of which 2.68 million was accounted for by “FLET’S *HIKARI*” subscriber lines, which exceeded the number of “FLET’S ADSL” subscriber lines.

(*1) A generic term for NTT West’s optical broadband services consisting of “FLET’S *HIKARI* PREMIUM”, and “B-FLET’S” services

(2) Expanded Broadband Application Services

In order to respond to the growing demand for lower telephone charges and higher-quality IP phone services, NTT West expanded its service lineups by introducing “*HIKARI DENWA* (optical IP telephony service) Business Type” in October 2003 and “*HIKARI DENWA*” for customers in multi-dwelling houses in September 2004. In June 2006 “*HIKARI DENWA* Office Type” was added to the conventional service lineup for small and medium-sized businesses. It allows the use of up to 8 channels with a maximum of 32 telephone numbers.

NTT West also launched a new plan, “*HIKARI DENWA* A (Ace)” in October 2006, as an economical service package that combines the “*HIKARI DENWA*” service with six additional services. The basic monthly charge for the package includes a maximum 3 hours of calling time.

In January 2006, NTT West also introduced a new application service featuring an IPv6-enabled videophone function, which provides videophone connections to “FLET’S Net Number,” a videophone service provided by NTT East, with the aim of providing customers with a higher level of convenience.

In addition, NTT also enhanced the security features of “FLET’S *HIKARI* PREMIUM” and “FLET’S v6 Appli,” as part of its efforts to allow customers to enjoy their broadband environments with an enhanced sense of security.

In the field of broadband content distribution, NTT West has been providing attractive content exclusive to FLET’S services, on its “FLET’S SQUARE” website dedicated to FLET’S service users, in collaboration with the Takarazuka Revue Company, The Walt Disney Company Japan, Ltd., and USEN CORPORATION.

NTT West also worked to promote and expand Triple Play services for FLET'S *HIKARI* PREMIUM users, through ongoing alliances with such companies as OptiCast Marketing Inc., the marketer of multi-channel broadcasting service "Sukapa!-HIKARI", and On Demand TV, Inc., the provider of a video distribution service called "On Demand TV."

(3) Efforts to Improve Optical Fiber Broadband Service Quality

In response to the major system failure in the "*HIKARI DENWA*" service that occurred in March 2006, NTT West launched the cross-divisional "Optical Fiber Broadband Service Quality Improvement Project" at its head office in May 2006. This was designed to allow prompt, preventive steps to be taken, including reinforcing the development system, improving network reliability by installing additional equipment, reducing service restoration time, and providing information to customers in a more effective manner, while continuing efforts to improve the quality of optical fiber broadband services. In response to an event that caused connection difficulties, NTT West also set up the "HIKARI Network Quality Evaluation & Improvement Project Team" to reexamine the processing capacity of the entire network and the performance of the equipment, installed additional servers on a priority basis, and rerouted lines for load distribution, in a bid to further improve reliability, on an emergency basis.

In addition, NTT West improved its training programs with the aim of rapidly developing a large number of optical IP engineers, and assigned younger employees in particular to development sections in order to facilitate their technical education. At the same time, NTT West actively worked on the improvement of customer service by providing timely information to customers and customer service sections on the Web, reducing service restoration time by developing a database of breakdowns and congestion, and reinforcing the of responsible departments capacity to respond to breakdowns more swiftly.

2. Development of Solution Businesses

In anticipation of a sharp rise in IT investment by small and medium-sized businesses in the coming years, NTT West expanded its solution business by introducing the "Business Solution Package" that allows customers to reduce communication costs and enhance information security. NTT West also newly established its "Solution Business Promotion System" at its head office and all the branches.

In addition, in response to the growing interest in business continuity planning (BCP)" among corporations and local governments, NTT West launched "BCP Total Solution," a solution package that systematizes planning, implementation of measures, and operational management of BCP activities, while setting up its new "BCP Solution Business Promotion System" at its head office and all branches.

Moreover, in the company's area of operations, there are many places where demand for optical fiber access services is low, such as remote islands and mountainous areas. To help bridge the digital divide in those places, NTT West has actively participated in national and local government initiatives by providing support in the development of community information systems, and delivering proposals based on the use of subsidies and the IRU (indefeasible Right of Use)

concept (*2).

Furthermore, in response to the enactment of the Financial Instruments and Exchange Law (the Japanese version of the Sarbanes Oxley Act (*3)) in June 2006, NTT West set up a project to address internal control issues, and launched its “Internal Control Support Solution,” a solution package that systematizes support for the documentation, testing, and assessment of internal controls, and the development of information systems.

(*2) IRU: Indefeasible Right of Use, a long-term usage right which cannot be nullified or terminated without the agreement of the parties involved in the contract or agreement.

(*3) The Japanese version of the corporate reform act passed in the U.S. in July 2002. The act calls for improvement in accounting audit systems, and stricter internal control in corporations, with the objective of preventing accounting fraud and ensuring compliance.

3. Expansion of NTT West Group Operations

NTT NEOMEIT CORPORATION started the “*HIKARI DENWA TEIDEN ANSHIN* Service,” which allows customers to enjoy uninterrupted use of optical line-based telephone services even in the event of power outage, and also launched a trial service of high-speed PLC (Power Line Communication) (*4).

NTT NEOMEIT also started accepting advance applications for subscription to the “*WEBCALLING*” service that allows users to make inquiries about products and services on the Internet free of charge.

NTT NEOMEIT also launched “*HIKARI MOBILE my PC*,” a service that allows customers to remotely operate their home and office personal computers. Customers are able to run application programs, check e-mail, browse web sites, listen to music, and view moving pictures, using their mobile terminals while away from home or out of the office.

Meanwhile, NTT MARKETING ACT CORPORATION entered into business tie-ups with Japan Staff Leasing Co., Ltd. and Aso Humaney Center Corporation to expand the service area of its job placement support service for members of the business-based SNS (social networking site) called “*CA-RA-REER*.” The service, which was formerly only available in the Tokyo metropolitan area and Osaka Prefecture, is now accessible to members in all parts of western Japan.

The mobile phone comic distribution site “*Comic I*,” which is operated by NTT SOLMARE CORPORATION, saw the number of downloads of paid content steadily growing to reach approximately 100 million 32 months after the launch of the service, thanks to an increasing number of flat-rate packet plan users, and the expanding mobile comic market.

(*4) a service that enables simplified home networking using domestic power lines.

4. Measures for Fixed-Line Telephone Services

In the face of a declining traffic volume due to the widespread use of mobile phones, the diffusion of IP-based optical phone services on a full scale, and the advancement of direct subscriber telephone services using dry copper lines, NTT West continued to offer a variety of telephone charge discount programs to attract

customers to stay with its fixed-line plans. These plans include “*ICHIRITTSU*,” a plan that applies a flat rate charge to in-prefecture calls, and “*WARIMAX PLUS*,” a plan that applies a fixed-rate discount to in-prefecture telephone charges exceeding 10,000 yen, NTT West also reduced the charge for the “*SANKYU* (THANK YOU) DIAL 0039” service that connects a call from a fixed-line telephone to a mobile phone, in January 2007.

5. Review of Business Operation Structure

In order to adapt to a full-fledged optical broadband era, NTT West reviewed its business operation structure in July 2006, in a bid to make a shift in its axis of business operations toward optical broadband services, implement a “completely market-oriented approach,” and pursue “improvement in service quality.” NTT West reorganized its headquarters operations into a “function-based business promotion structure” that enables the organization to deal with the optical broadband business in a specialized manner, and at the same time set up the “Strategic Project Promotion Headquarters” in order to respond to critical cross-divisional issues more flexibly and swiftly. NTT West also revised its marketing structure, replacing its previous 16-branch structure with an organization consisting of a branch in all 30 prefectures in the western Japan region, in order to promote a community-based marketing approach. Also, in order to adapt to the multi-polar, disbursed market structure peculiar to western Japan, NTT West set up a regional headquarters in each of the Kansai, Tokai, Hokuriku, Chugoku, Shikoku, and Kyushu regions. The regional headquarters are responsible for region-specific strategies and coordination. Further, NTT West consolidated three categories of subsidiary company (responsible for marketing, facilities, and general affairs), which had previously been under the control of each branch, into a newly created regional company to provide a higher level of customer service including the implementation of a flow-through operation system for fiber optic-based services.

Meanwhile, NTT West contracted out the construction, operation, and maintenance of networks collectively to NTT NEOMEIT CORPORATION, in order to enhance and strengthen the operation and maintenance systems for IP-based services, and at the same time, to better respond to diversified employment patterns and improve the level of expertise. Furthermore, NTT West also decided to contract out call center operations including the number 104 service (for directory assistance) to NTT MARKETING ACT CORPORATION, seeking to enhance marketing capabilities, and maintain and improve the level of customer service. NTT MARKETING ACT has also assumed responsibility for on the function of securing, supplying, and developing human resources for call center operations including the number 116 service.

In addition, in March 2007, NTT West newly established NTT WEST-CHUGOKU IT-MATE, NTT WEST-SHIKOKU IT-MATE, and NTT WEST-KYUSHU IT-MATE, which provide temporary staff mainly for system engineering work and repair services for IP-based systems, in the field of NTT West’s solution businesses.

6. Major CSR Efforts

The NTT West Group sees its corporate social responsibility (CSR) as a principal pillar of management, and has been constantly developing “value creation” activities, in which every employee works to improve the NTT West Group’s corporate value by creating “social value” for customers and the global

environment and local communities, “economic value” for shareholders, and “human value” for employees, taking full advantage of the NTT West Group’s strengths, technology, resources, and know-how in primary business operations.

Specifically, the NTT West Group reinforced its CSR organization by creating the “CSR Promotion Office” and “CSR Promotion Council,” and held seminars for top management, and training workshops for all levels of employees.

The NTT West Group also issued the “NTT West Group CSR Report 2006”, and posted this report on the NTT West’s official website, to help stakeholders understand the NTT West Group’s CSR policies and efforts as well as facilitate communication with customers.

Furthermore, the NTT West Group held training sessions for all levels of employees including executives, to more widely spread and more firmly establish the concept of compliance and the sense of business risk management on which CSR efforts are founded, among people across the organization. At the same time, NTT West set up the “Business Risk Management Promotion Committee,” with the aim of cultivating high ethical standards and creating a solid corporate culture that prevents employees from engaging fraud and misconduct. NTT West also introduced a group-wide campaign against drunk driving, in an effort to ensure that nobody drives or allows others to drive while intoxicated.

As for information security, the NTT West Group, in line with the Law Concerning the Protection of Personal Information that came fully into force in April 2005, stepped up its efforts across the organization to enhance protection of customer information. These efforts include holding training sessions for NTT West Group companies to ensure complete implementation of information management, checking system logs and access authorization status, conducting a sweeping inspection of employees’ home-use personal computers and other terminal equipment to see whether they store data related to the company’s business activities, and implementing web-based employee self-evaluation to check the level of understanding about the risk of file transfer software.

Furthermore, to supplement the conventional Disaster Emergency *Dengon* (Message) Dial “171 service,” which allows callers to check the safety of their families, relatives, and friends in disaster-stricken areas, NTT West began to operate the “Broadband Disaster Message Board (web 171)” service in October 2006.

In the meantime, for customers who were unable to use their telephones for over 24 hours due to building damage caused by heavy rains, typhoons, or earthquakes, or due to evacuation orders or advisories, NTT West waived the basic telephone charges for the affected period. For customers who were forced to move from damaged buildings to temporary housing, and needed to have their telephone sets reinstalled, NTT West waived reinstallation charges as well.

Until recently, NTT West had been providing universal service based on the Law Concerning Nippon Telegraph and Telephone Corporation (“NTT Law”). The increasingly harsher business conditions for fixed-line telephone services, however, made it difficult to maintain universal service based on the management efforts of NTT West alone. Under such circumstances, a new universal service

funding system was set up in January 2007, in which telecommunications carriers share the costs and make an appropriate contribution to the fund. Under the new framework, NTT West will also continue its efforts to provide universal service that is equally and stably accessible to everyone.

Also, in order to conduct technological verification, and ascertain customer needs, toward making a secure, safe, and high-quality next generation network (NGN) commercially available on a full scale, NTT West opened a showroom for field trials in Osaka (Umeda) in December 2006. Meanwhile, NTT West has been conducting trials for NTT Group employees since January 2007, and has also been recruiting monitors for extensive trials targeted at general customers starting in April 2007.

In order to lay a solid foundation for these efforts, the NTT West Group has continually strived to secure the confidence of customers, by pushing forward with ongoing group-wide “customer-first activities” so that customers can use its services with a sense of security.

As a result of the above efforts, operating revenue, ordinary income, and net income for the fiscal year ended March 31, 2006 amounted to 1,951.5 billion yen (down 3.8% from the previous year), 54.0 billion yen (down 4.4% from the previous year), and 28.3 billion yen (down 13.3% from the previous year), respectively, marking the fifth consecutive year of positive net income.

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2006	March 31, 2007	Increase (Decrease)
<u>ASSETS</u>			
Fixed assets:			
Fixed assets-telecommunications businesses			
Property, plant and equipment	2,920,831	2,863,597	(57,233)
Machinery and equipment	606,429	602,347	(4,082)
Antenna facilities	10,514	9,745	(768)
Terminal equipment	29,877	27,010	(2,866)
Local line facilities	829,435	838,649	9,214
Long-distance line facilities	7,198	6,213	(985)
Engineering facilities	631,497	618,545	(12,951)
Submarine line facilities	4,542	4,181	(360)
Buildings	520,264	503,489	(16,774)
Structures	19,643	18,444	(1,198)
Other machinery and equipment	1,693	1,527	(165)
Vehicles and vessels	152	226	73
Tools, furniture and fixtures	35,139	35,303	163
Land	187,357	178,272	(9,084)
Construction in progress	37,085	19,639	(17,446)
Intangible fixed assets	99,788	107,197	7,408
Total fixed assets - telecommunications businesses	3,020,619	2,970,794	(49,824)
Investments and other assets			
Investment securities	7,780	6,318	(1,461)
Investments in subsidiaries and affiliated companies	60,626	52,120	(8,505)
Long-term prepaid expenses	2,707	3,302	595
Deferred income taxes	360,666	276,501	(84,165)
Other investments and assets	12,335	12,096	(239)
Allowance for doubtful accounts	(1,638)	(1,555)	82
Total investments and other assets	442,478	348,784	(93,694)
Total fixed assets	3,463,098	3,319,579	(143,519)
Current assets:			
Cash and bank deposits	90,274	60,710	(29,564)
Notes receivable	4	275	270
Accounts receivable, trade	333,158	371,925	38,766
Accounts receivable, other	19,003	55,101	36,097
Supplies	39,094	32,577	(6,516)
Advance payment	3,147	2,106	(1,040)
Prepaid expenses	5,484	5,543	58
Deferred income taxes	7,106	5,713	(1,393)
Other current assets	23,689	19,515	(4,174)
Allowance for doubtful accounts	(2,233)	(2,025)	207
Total current assets	518,729	551,444	32,714
TOTAL ASSETS	3,981,828	3,871,023	(110,805)

(Millions of yen)

	March 31, 2006	March 31, 2007	Increase (Decrease)
<u>LIABILITIES</u>			
Long-term liabilities:			
Long-term borrowings from parent company	1,058,132	1,074,757	16,624
Liability for employees' retirement benefits	632,917	548,165	(84,752)
Other long-term liabilities	12,690	20,780	8,090
Total long-term liabilities	1,703,740	1,643,702	(60,037)
Current liabilities:			
Current portion of long-term borrowings from parent company	193,746	212,625	18,878
Accounts payable, trade	133,973	91,827	(42,146)
Short-term borrowings	—	30,000	30,000
Accounts payable, other	248,807	263,243	14,436
Accrued expenses	22,711	21,281	(1,430)
Accrued taxes on income	1,101	819	(282)
Advance received	6,459	7,313	853
Deposit received	68,002	42,733	(25,268)
Unearned revenue	143	178	34
Other current liabilities	50,576	7,706	(42,870)
Total current liabilities	725,524	677,729	(47,794)
TOTAL LIABILITIES	2,429,264	2,321,431	(107,832)
<u>SHAREHOLDERS' EQUITY</u>			
Common stock	312,000	—	—
Capital surplus			
Additional paid-in capital	1,170,054	—	—
Total capital surplus	1,170,054	—	—
Earned surplus			
Unappropriated retained earnings for the year	70,112	—	—
Total earned surplus	70,112	—	—
Net unrealized gains (losses) on securities	396	—	—
TOTAL SHAREHOLDERS' EQUITY	1,552,563	—	—
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,981,828	—	—

(Millions of yen)

	March 31, 2006	March 31, 2007	Increase (Decrease)
<u>NET ASSETS</u>			
Shareholders' equity			
Common stock	—	312, 000	—
Capital surplus			
Additional paid-in capital	—	1, 170, 054	—
Total capital surplus	—	1, 170, 054	—
Earned surplus			
Other earned surplus	—	67, 191	—
Accumulated earned surplus	—	67, 191	—
Total earned surplus	—	67, 191	—
Total shareholders' equity	—	1, 549, 245	—
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	—	345	—
Total unrealized gains (losses), translation adjustments, and others	—	345	—
TOTAL NET ASSETS	—	1, 549, 591	—
TOTAL LIABILITIES AND NET ASSETS	—	3, 871, 023	—

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2006	Year ended March 31, 2007	Increase (Decrease)
Telecommunications businesses			
Operating revenues	1,860,339	1,795,202	(65,136)
Operating expenses	1,823,115	1,770,819	(52,296)
Business expenses	469,461	433,191	(36,270)
Operations	23,193	19,578	(3,615)
Maintenance expenses	515,648	503,557	(12,091)
Overhead expenses	90,187	81,266	(8,921)
Administration	103,831	101,548	(2,283)
Experiment and research	52,190	48,852	(3,337)
Depreciation and amortization	420,818	439,088	18,269
Retirement of fixed assets	47,540	42,139	(5,401)
Access charges	29,209	30,752	1,543
Miscellaneous taxes	71,033	70,844	(188)
Operating income from telecommunications businesses	37,223	24,382	(12,840)
Supplementary businesses			
Operating revenues	169,287	156,313	(12,973)
Operating expenses	174,470	160,212	(14,257)
Operating income (losses) from supplementary businesses	(5,183)	(3,898)	1,284
Operating income	32,040	20,483	(11,556)
Non-operating revenues:	66,633	76,856	10,222
Interest income	6	7	1
Dividends received	14,261	23,979	9,717
Lease and rental income	46,459	47,753	1,294
Miscellaneous income	5,907	5,115	(791)
Non-operating expenses:	42,173	43,328	1,155
Interest expenses	17,273	18,572	1,299
Lease and rental expenses	21,239	21,044	(194)
Miscellaneous expenses	3,660	3,711	50
Recurring profit	56,500	54,011	(2,489)
Special profits	18,188	46,820	28,631
Gains on sales of fixed assets	18,188	46,820	28,631
Special losses	—	13,127	13,127
Write-off of investments in affiliated companies	—	13,127	13,127
Income before Income taxes	74,689	87,704	13,014
Corporation, inhabitant, and enterprise taxes	10,534	(26,417)	(36,952)
Deferred tax expenses (benefits)	31,456	85,787	54,330
Net income	32,697	28,333	(4,363)
Unappropriated retained earnings brought forward	37,415	—	—
Unappropriated retained earnings for the year	70,112	—	—

4. 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

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2006	Year ended March 31, 2007	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	1, 259, 541	1, 140, 098	(119, 443)	(9. 5%)
Monthly charge revenues*	780, 312	724, 837	(55, 474)	(7. 1%)
Call rates revenues*	179, 099	146, 400	(32, 698)	(18. 3%)
Interconnection call revenues*	210, 827	188, 570	(22, 256)	(10. 6%)
IP services revenues	229, 572	304, 961	75, 389	32. 8%
Leased circuit services revenues (excluding IP services revenues)	171, 695	165, 630	(6, 064)	(3. 5%)
Telegram services revenues	29, 806	27, 630	(2, 176)	(7. 3%)
Other telecommunications services revenues	169, 721	156, 880	(12, 841)	(7. 6%)
Telecommunications total revenues	1, 860, 339	1, 795, 202	(65, 136)	(3. 5%)
Supplementary business total revenues	169, 287	156, 313	(12, 973)	(7. 7%)
Total operating revenues	2, 029, 626	1, 951, 515	(78, 110)	(3. 8%)

*Partial listing only

6. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2006	Year ended March 31, 2007	Increase (Decrease)
I Cash flows from operating activities:			
Income before income taxes	74,689	87,704	13,014
Depreciation and amortization	435,236	455,156	19,919
Loss on disposal of property, plant and equipment	27,308	20,291	(7,016)
Increase (decrease) in liability for employees' retirement benefits	(77,173)	(84,752)	(7,579)
(Increase) decrease in accounts receivable	49,638	(38,706)	(88,345)
(Increase) decrease in inventories	(4,261)	6,516	10,777
Increase (decrease) in accounts payable and accrued	(48,685)	(16,259)	32,426
(Increase) decrease in accounts consumption tax receivable	(2,743)	2,805	5,549
Increase (decrease) in accrued consumption tax	—	2,896	2,896
Other	8,416	(93,665)	(102,081)
Sub-total	462,426	341,987	(120,439)
Interest and dividends received	14,267	23,986	9,718
Interest paid	(17,326)	(18,211)	(885)
Income taxes received (paid)	54,661	(12,836)	(67,498)
Net cash provided by (used in) operating activities	514,029	334,926	(179,103)
II Cash flows from investing activities:			
Payments for property, plant and equipment	(476,274)	(416,277)	59,997
Proceeds from sale of property, plant and equipment	15,264	59,396	44,132
Payments for purchase of investment securities	(49,646)	(6,452)	43,194
Proceeds from sale of investment securities	2,244	3,147	902
Other	(2,375)	(355)	2,020
Net cash provided by (used in) investing activities	(510,787)	(360,541)	150,246
III Cash flows from financing activities:			
Proceeds from issuance of long-term debt	196,685	229,250	32,565
Payments for settlement of long-term debt	(200,090)	(193,746)	6,343
Net increase (decrease) in short-term borrowings	3,000	(15,000)	(18,000)
Dividends paid	(31,200)	(31,200)	—
Net cash provided by (used in) financing activities	(31,605)	(10,696)	20,908
IV Net increase (decrease) in cash and cash equivalents	(28,364)	(36,312)	(7,948)
V Cash and cash equivalents at beginning of period	128,920	100,556	(28,364)
VI Cash and cash equivalents at end of period	100,556	64,244	(36,312)

7. Changes in Directors

1. Candidates for Senior Vice President

Hiroo Inoue	Executive Vice President and Director, Senior Executive Manager, General Affairs Department, NTT DATA Corporation
Toshikatsu Ogura	Senior Executive Manager, Kyusyu Regional Headquarter; General Manager, Fukuoka Branch
Hirokazu Mutou	Executive Manager, Business Partner Sales Department Marketing Department
Wataru Hashimoto	Senior Executive Manager, Chugoku Regional Headquarter; General Manager, Hiroshima Branch
Kouichi Takahatake	Senior Executive Manager, Service Management Department
Shigeki Fujiwara	Director, Postal Savings Promotion Society

2. Candidates for New Auditor

Akira Sakashita	Director, Senior Executive Manager, Financial System Division, NTT COMWARE Corporation
-----------------	--

3. Directors Scheduled to Resign from Office

Senior Executive Vice President	Tsutomu Ebe	(Scheduled to join Nippon Telegraph and Telephone Corporation)
Senior Executive Vice President	Jun-ichi Yuuki	
Senior Vice President	Shinji Jikuya	(Scheduled to join NTT Publishing Corporation)
Senior Vice President	Takayuki Watanabe	(Scheduled to join KYOWA EXEO Corporation)
Senior Vice President	Takushi Itoh	(Scheduled to join NIPPON DENWA SHISETSU Corporation)

4. Auditor Scheduled to Resign from Office

Auditor	Sadayoshi Ishikawa
---------	--------------------

5. Persons Scheduled to Become Senior Executive Vice Presidents, and Executive Vice President

(1) Scheduled to Become Senior Executive Vice Presidents

Executive Vice President Shinichi Otake

Hiroo Inoue

(2) Scheduled to Become Executive Vice President

Senior Vice President Yukihiro Ozaki

(Notes)

- Mr. Hiroo Inoue is scheduled to become a Senior Vice President on June 28, 2007, and will be appointed as Senior Executive Vice President of NTT WEST on the same day.
- Both Mr. Akira Sakashita, who is scheduled to be newly appointed as Auditor, and Mr. Kazuaki Katori, who is scheduled to be reappointed as Auditor, have met the requirements for external Auditor.
- The retiring officers are scheduled to retire at the close of the 8th Ordinary Meeting of Shareholders of NTT West, except Senior Executive Vice President and Chief Executive Officer Mr. Tsutomu Ebe and Senior Vice President Mr. Takushi Itoh who are scheduled to retire on June 28, 2007 and June 30, 2007, respectively.

Non-Consolidated Financial Results for the Year Ended March 31, 2007

April 1, 2006 - March 31, 2007

(Based on accounting principles generally accepted in Japan)

【Operating Results】

(Billions of Yen)

Details	Year Ended March 31, 2007	Year Ended March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues	1,951.5	2,029.6	(78.1)	(3.8%)
Operating Expenses	1,931.0	1,997.5	(66.5)	(3.3%)
Operating Income	20.4	32.0	(11.5)	(36.1%)
Non-Operating Income	33.5	24.4	9.0	37.1%
Recurring Profit	54.0	56.5	(2.4)	(4.4%)
Special Profits	46.8	18.1	28.6	157.4%
Special Losses	13.1	—	13.1	—
Income before Income Taxes	87.7	74.6	13.0	17.4%
Income Taxes	59.3	41.9	17.3	41.4%
Net Income	28.3	32.6	(4.3)	(13.3%)

【Forecasts for the Year Ending March 31, 2008】

(Billions of Yen)

Details	Operating Revenues	Operating Income	Recurring Profit	Net Income
Forecasts for the Year Ending March 31, 2008	1,939.0	3.0	20.0	15.0

【Breakdown of Operating Revenues and Operating Expenses】

(1) Operating Revenues

(Billions of Yen)

Services	Year Ended March 31, 2007	Year Ended March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Voice Transmission Services Revenues (excluding IP Services Revenues)	1,140.0	1,259.5	(119.4)	(9.5%)
Monthly Charge Revenues*	724.8	780.3	(55.4)	(7.1%)
Call Rates Revenues*	146.4	179.0	(32.6)	(18.3%)
Interconnection Call Revenues*	188.5	210.8	(22.2)	(10.6%)
IP Services Revenues	304.9	229.5	75.3	32.8%
Leased Circuit Services Revenues (excluding IP Services Revenues)	165.6	171.6	(6.0)	(3.5%)
Telegram Services Revenues	27.6	29.8	(2.1)	(7.3%)
Other Telecommunications Services Revenues	156.8	169.7	(12.8)	(7.6%)
Supplementary Business Total Revenues	156.3	169.2	(12.9)	(7.7%)
Total	1,951.5	2,029.6	(78.1)	(3.8%)

* Partial listing only

Note: "Voice Transmission Services Revenues" represent the sum of telephone revenues and ISDN revenues.

(2) Operating Expenses

(Billions of Yen)

Details	Year Ended March 31, 2007	Year Ended March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Personnel	125.2	182.7	(57.4)	(31.4%)
Purchase of goods and services	1,247.7	1,269.5	(21.8)	(1.7%)
Depreciation and amortization	443.9	425.1	18.7	4.4%
Retirement of fixed assets	42.3	48.2	(5.8)	(12.2%)
Miscellaneous taxes	71.6	71.9	(0.2)	(0.3%)
Total	1,931.0	1,997.5	(66.5)	(3.3%)

【Assets, Liabilities and Net Assets】

(Billions of Yen)

Details	March 31, 2007	March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Fixed Assets	3,319.5	3,463.0	(143.5)	(4.1%)
Current Assets	551.4	518.7	32.7	6.3%
Total Assets	3,871.0	3,981.8	(110.8)	(2.8%)
Long-Term Liabilities	1,643.7	1,703.7	(60.0)	(3.5%)
Current Liabilities	677.7	725.5	(47.7)	(6.6%)
Total Liabilities	2,321.4	2,429.2	(107.8)	(4.4%)
Interest-Bearing Debts*	1,317.3	1,296.8	20.5	1.6%
Total Net Assets	1,549.5	1,552.5	(2.9)	(0.2%)
Total Liabilities and Net Assets	3,871.0	3,981.8	(110.8)	(2.8%)

* Partial listing only

【Cash Flows】

(Billions of Yen)

Details	Year Ended March 31, 2007	Year Ended March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Cash Flows from Operating Activities	334.9	514.0	(179.1)	(34.8%)
Cash Flows from Investing Activities	(360.5)	(510.7)	150.2	29.4%
Cash Flows from Financing Activities	(10.6)	(31.6)	20.9	66.2%
Cash and Cash Equivalents at Beginning of Year	100.5	128.9	(28.3)	(22.0%)
Cash and Cash Equivalents at End of Year	64.2	100.5	(36.3)	(36.1%)

【Reference】

1. Number of Subscriber Lines

Details	March 31, 2007	March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Number of Telephone Subscriber Lines (1,000)	21,951	23,802	(1,851)	(7.8%)
Number of ISDN Subscriber Lines (1,000)	3,426	3,748	(323)	(8.6%)
Number of Subscriber Lines	25,376	27,550	(2,174)	(7.9%)

Notes: 1. "Number of Telephone Subscriber Lines" is the total of individual lines and central station lines (Analog Lite Plan is included).

2. Since, in terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64, one INS-Net 1500 subscriber is calculated as ten INS-Net 64 subscribers (INS-Net 64 Lite Plan is included).

2. Number of IP-related Services Subscribers

Details	March 31, 2007	March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Number of FLET'S HIKARI Subscribers (1,000)	2,677	1,530	1,147	75.0%
Number of Hikari Denwa Channel (1,000)	1,469	396	1,073	270.9%
Number of FLET'S ADSL Subscribers (1,000)	2,541	2,682	(141)	(5.3%)

3. Number of Employees

Details	March 31, 2007	March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Number of Employees	5,800	12,250	(6,450)	(52.7%)

(Employees)

4. Capital Investments

Details	Year Ended March 31, 2007	Year Ended March 31, 2006	Increase (Decrease)	Percent Increase (Decrease)
Capital Investments	412.4	462.9	(50.5)	(10.9%)

(Billions of Yen)