



News Release

November 9, 2007

FOR IMMEDIATE RELEASE

Interim Settlement for Fiscal Year Ending March 31, 2008

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the interim period of fiscal 2007 are presented in the following attachments.

(Attachments)

1. Summary of Results
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. Other

Inquiries:

Mr. Shinji Uchida or Mr. Nobutaka Kakihara

Accounting Section, Finance Division

NTT West

Tel: 06-4793-3141

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

1. Summary of Results

During the six months ended September 30, 2007, the Japanese economy continued to recover, with improved corporate earnings and a recovery in consumer spending despite the slowdown in capital spending and the severe employment situation.

The environment surrounding the information and telecommunications market saw drastic changes. These included an expansion of triple play services that combine Internet access services with IP telephony and video distribution capabilities, an advancement of fused services such as IP-based fixed-mobile convergence, and the merging of telecommunications and broadcasting introduced with a shift to IP. In addition, efforts have been accelerated to construct a next generation network that will lay foundation for a ubiquitous broadband network society as envisioned in the “u-Japan Policy,” the “New IT Reform Strategy,” and the “Next Generation Broadband Strategy 2010.”

In the dramatically growing broadband market in particular, while the number of DSL service subscribers continued to show a net decrease, optical access services, the frontrunner in the broadband services market, has entered its full-scale expansion stage, and service providers including electric power companies have aggressively expanded their businesses, with intensified competition for securing new customers.

Meanwhile, the fixed-line telephone business environment has become even more severe with a contraction of the market. Traffic volumes continued to decrease due to the increased use of mobile phones, rapid migration to IP phones and expansion of direct subscriber phone services using dry copper lines.

In the face of this severe business climate, NTT Telegraph and Telephone West Corporation (NTT West) has strived to provide high-quality, stable universal services. At the same time, in line with the “NTT Group’s Medium-term Management Strategy” and the “NTT West Group Medium-term Vision”, NTT West has aimed to achieve “prompt reform of its earning structure changing its revenue base from fixed-line telephones to optical and IP-based services.” Such efforts include enriching its optical access services and optical IP phone services line-up, offering broadband application services with higher levels of performance and quality, and developing solution businesses aimed at contributing to the revitalization and development of local communities. To this end, NTT West has implemented the following measures.

<1> Development of Broadband Business

(1) Expansion of Broadband Access Services

Since the full-scale launch of “B-FLET’S” in August 2001, NTT West has been working to upgrade the functions of IPv6-enabled high quality video telephony and standard security protection settings and to enhance its service lineup to meet the diversifying needs of customers. Specifically, NTT West launched “FLET’S *HIKARI* PREMIUM Family Type” services for customers in detached houses in March 2005, “FLET’S *HIKARI* PREMIUM Condominium Type” services for customers in multi-dwelling houses in April 2005, and “FLET’S *HIKARI* PREMIUM Enterprise Type” services for corporate customers in August 2006.

In the first six-month period of the fiscal year ending March 31, 2008, NTT West developed a smaller-sized multi-unit VDSL system to address the needs of customers in multi-dwelling houses who could not use NTT West’s optical access services because the designs of and facilities available in such multi-dwelling units are not compatible with those services. NTT West launched the “FLET’S *HIKARI* PREMIUM Condominium Type Mini” service for small-scale multi-dwelling units in September 2007.

In addition, to improve customer satisfaction, NTT West has worked to reduce lead-time (time between submission of application and line connection) by using the Administrative Quick Response for Optical Service (AQROS) system, and, in order to boost the level of customer convenience further, introduced the “WEB Quick Response” system in July 2007, in which customers can designate a desired date for line engineering work on the FLET’S official website (<http://fleets-w.com>) 24 hours a day.

As a result of these efforts, the number of “FLET’S *HIKARI*” (a generic term for “FLET’S *HIKARI* PREMIUM” and “B-FLET’S”) subscriber lines installed in western Japan since the service was launched exceeded three million in July 2007. NTT West took four years and one month to top the one million mark after the launch of the service, reached two million nearly a year later, and achieved the three million milestone 11 months thereafter.

(2) Expansion of Broadband Application Services

In order to respond to the increasing demand for lower telephone charges and higher quality IP phone services, NTT West enriched its service lineups by launching “*HIKARI DENWA* (optical IP telephony service) Business Type” for large-scale business enterprises in October 2003, “*HIKARI DENWA*” for customers in detached/multi-dwelling houses in September 2004, and “*HIKARI DENWA* Office Type” for small and medium-sized businesses in June 2006. It also introduced a new discount

charge structure, “*HIKARI DENWA A (Ace)*”, in October 2006, that combines the “*HIKARI DENWA*” service with six additional services and includes a maximum three hours of free calls in the package.

In the first six-month period of the fiscal year ending March 31, 2007, in order to meet growing demand for lower priced optical IP phone services, NTT West introduced its new “FLET’S *HIKARI PREMIUM Enterprise Type*”, which was launched in April 2007 as a new access line for the “*HIKARI DENWA Business Type*” service, in addition to the “Business Ether” and “B-FLET’S Basic Type” access lines already available.

In April 2007, NTT West also introduced the “*HIKARI PREMIUM Compatible Plan*” for the “FLET’S Group” service designed for corporate intranet communication. This newly introduced plan makes the service available to customers at a more affordable price, allowing for the use of the “FLET’S *HIKARI PREMIUM*” service as an additional access line complementing the conventional “B-FLET’S” and “FLET’S ADSL” lines.

Furthermore, in response to the rising interest in home security, in July 2007 NTT West launched its “FLET’S HOME SECURITY” offering, a service that ensures the safety and convenience of customers using broadband lines such as the “FLET’S *HIKARI PREMIUM*” line. Included in its lineup are the “*HIKARI HC-1000 HOME CAMERA*”, which enables easy remote home monitoring via a FLET’S phone or mobile phone, and the “FLET’S HS-1000 HOME SECURITY” system, which detects abnormalities at home through sensors, alerts customers via personal computer or mobile phone, and allows customers to remotely turn on or off their home appliances by mobile phone.

(3) Efforts to Improve Optical Fiber Broadband Service Quality

In order to adequately respond to customer needs amidst continuing advances in technological innovation and changes in the market environment, NTT West established “*HIKARI Professional College*” in April 2007 in order to train expert engineers in optical access technology who are capable of managing an entire work process from planning to development and maintenance, tapping into not only their technical skills but also their intuitive practical capabilities.

NTT West has opened a number of “Techno Colleges” in rapid succession in six districts of western Japan region starting in July 2007. These colleges are designed to meet the pressing need to train IP engineers capable of engaging in high-level work including service operations, in preparation for the full introduction of the next generation network (NGN) that will be the foundation for future services. These colleges are also a response to the need to improve practical skills relevant to the

maintenance of conventional telephone services.

Through these efforts, NTT West seeks to proactively develop high-level IP engineers to support NTT West Group operations.

<2> Development of Solution Businesses

While continuing to construct Information Highways and local intranet systems using its accumulated know-how and proven capabilities and continuing to improve telecommunication infrastructure centering on the FTTH development model, NTT West has also been expanding its public sector solution businesses through the promotion of e-government projects.

NTT West has also been actively expanding its business services to meet private sector demand, focusing on solution businesses such as internal control systems, Business Continuity Plan (BCP) and security protection in line with recent market trends. In addition, in response to rising business concern over CSR in recent years, NTT West began to market its “CSR Solution” in May 2007, which supports mainly small and medium-sized businesses in resolving CSR-related issues, and to develop and operate IT systems and networks that promote CSR activities best suited to the activities of such businesses. At the same time, NTT West has set up a new “CSR Solution Business Promotion System” at its head and branch offices in order to offer higher quality solutions.

Furthermore, NTT West launched its “Information Security Incident Response Service” in August 2007, which analyzes the causes of and provides solutions to security incidents involving a corporation’s or local government’s public servers, such as website defacing or personal information leakage that occurs following unauthorized access to their web servers.

Moreover, NTT West is aware that demand for optical fiber access services is low in many parts of its region, such as on remote islands and in highland areas, and has been providing support in the development of community information systems, and working with local governments in accordance with IRU (*1) in a bid to help mitigate the digital divide in the relevant districts.

*1 : Indefeasible Right of User: A long-term right of line usage which cannot be nullified or terminated without the agreement of the parties involved.

<3> Review of Business Structure

In preparation for the expansion of optical broadband services on a larger scale, NTT

West has reviewed the organizational structure of its headquarters to enhance its marketing efforts directed at, and customer services for, small and medium-sized enterprises, SOHO businesses, and sales agents. Such enhancements are becoming increasingly important.

Specifically, NTT West has reorganized its former marketing department into three departments: the “Business Marketing Department”, which promotes sales to small and medium-sized enterprises and SOHO businesses, the “Business Partner Sales Department”, which handles business with sales agents, and the “Marketing Department”, which promotes sales to consumers. Simultaneously, a “Marketing Headquarters”, which is responsible for controlling these three departments and formulating overall policies, was established.

In addition, the former Solution Business Headquarters was also renamed as “Corporate Marketing Headquarters” to underline its mission to promote sales to large and medium-sized corporations.

Furthermore, in order to establish the optimum corporate system for the entire organization through its company-wide business process reengineering (BPR) plan, NTT West has recently set up a “Technology Innovation Department” by integrating major system development functions in various parts of its head office with all the Technology Department functions, which include the systems development policy formulation and planning functions.

In addition, NTT West established a number of new temporary staff services including “NTT WEST-TOKAI IT-MATE (*2)” in March 2006, “NTT WEST-CHUGOKU IT-MATE,” “NTT WEST-SHIKOKU IT-MATE” and “NTT WEST- KYUSHU IT-MATE” services in March 2007, and “NTT WEST-KANSAI IT-MATE” services in September 2007, which mainly focus on system engineering work and repair services for IP-based systems in NTT West's solution businesses area.

(*2): IT-MATE TOKAI CORPORATION was renamed NTT WEST-TOKAI IT-MATE effective July 1, 2007.

<4> Major CSR Efforts

The NTT West Group sees corporate social responsibility (CSR) as a principal pillar of its management ethos. It has continuously been working on “value creation” activities in which each employee works to enhance NTT West Group’s corporate value through its primary business operations. Such values are a “social value” benefiting customers, the global environment and local communities, an “economic value” benefiting

shareholders, and a “human value” benefiting employees.

More specifically, the NTT West Group has been working to promote the understanding of CSR by issuing booklets to employees that explain the CSR concept and its initiatives in a comprehensive manner. It has also worked on improving CSR promotion systems, holding seminars and training sessions, and providing a variety of information. At the same time, the NTT West Group has formulated a unified action plan to signal NTT West Group’s overall objectives and numerical targets designed to achieve four missions (“growth in social value,” “growth in economic value,” “growth in human value,” and “compliance”) and to let the concept of CSR spread across the organization. In line with these action plans, NTT West Group has thoroughly implemented a process of “acting/developing,” “evaluating results” and “modifying action plans,” based on a plan-do-check-act (PDCA) cycle.

In addition, in order to ensure compliance with laws and appropriate business risk management, which CSR efforts are based upon, the NTT West Group has been making every effort to cultivate high ethical standards and create a solid corporate culture that prevents employee fraud and misconduct. Such efforts include a campaign against drunk driving and the designation of one month each year as Corporate Ethics Enhancement Month.

Meanwhile, NTT West Group is making ongoing efforts to boost information security in line with the Law Concerning the Protection of Personal Information. These efforts include the hosting of training sessions for NTT West Group companies to thoroughly implement information management controls, running an inspection on system logs and access authorization status, conducting a sweeping inspection of employees’ home-use personal computers and other terminal equipment to establish whether they are used to store data related to the company’s business activities, and the implementation of a web-based employee self-evaluation program designed to evaluate the degree of understanding about the protection of customer information.

During the first six months of the fiscal year, the NTT West Group has stepped up its group-wide effort to protect customer information by holding training sessions for all levels of employees to further raise awareness and by producing new videos that help increase employee awareness about the threat of file transfer software and the risk of information leakage due to computer virus contamination.

In addition to the measures outlined above, NTT West, as a member of the local community, has aimed to contribute to the establishment of a “safer” and “more secure” society in the

event of disasters such as torrential rains, typhoons or earthquakes. Since September 2007, NTT West has been taking steps to enhance its community-based “disaster relief initiatives” in its 33 western Japan region branches by gradually expanding its customer support function that helps disaster-affected customers and businesses to “rebuild their lives” and “resume their business operations”.

In the meantime, while making constant efforts to assure and improve quality and safety in the installation of telecommunications facilities and to provide stable telecommunication services, NTT West has also been striving to give customers greater confidence in their facility installation work by conducting an extensive “*KICCHIRI KOJI (KK)* Campaign (campaign for proper installation work)” jointly with its contractors. The aim of this campaign has been to further promote “installation work from the viewpoint of customers” with an “emphasis on the importance of compliance”, and to collect customer feedback and requests on installation work to help facilitate a prompt response to such requests.

Furthermore, in order to make next generation network services commercially available on a large scale, as envisioned in the “NTT Group Medium-term Management Strategy,”, in April 2007 NTT West expanded the scope of its field trials originally started in December 2006 to general customers in order to ascertain customer needs more precisely. Based on the results of these field trials and working closely with a wide range of business partners, NTT West has been promoting the creation of an enriched communication environment and finding new business opportunities by offering a diverse range of services, including video communication services such as high-quality image distribution and other services using information home appliances.

NTT West Group has sought to establish credibility among customers by boosting group-wide “customer-first activities” that demonstrate its commitment to reliable customer service.

As a result of the above efforts, operating revenue and ordinary income for the first six months of the current fiscal year amounted to 939.7 billion yen (down 2.1% over the same period last year) and 22.6 billion yen (up 17.1% over the same period last year), respectively.

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2007	September 30, 2007	Increase (Decrease)
<u>ASSETS</u>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment	2, 863, 597	2, 740, 219	(123, 377)
Machinery and equipment	602, 347	516, 190	(86, 156)
Antenna facilities	9, 745	9, 547	(198)
Terminal equipment	27, 010	25, 529	(1, 480)
Local line facilities	838, 649	829, 418	(9, 231)
Long-distance line facilities	6, 213	5, 821	(391)
Engineering facilities	618, 545	610, 454	(8, 090)
Submarine line facilities	4, 181	3, 796	(384)
Buildings	503, 489	484, 900	(18, 589)
Construction in progress	19, 639	23, 008	3, 369
Other	233, 774	231, 551	(2, 223)
Intangible fixed assets	107, 197	104, 001	(3, 196)
Total fixed assets - telecommunications businesses	2, 970, 794	2, 844, 220	(126, 573)
Investments and other assets			
Deferred income taxes	276, 501	169, 436	(107, 065)
Other investments and assets	73, 838	70, 619	(3, 218)
Allowance for doubtful accounts	(1, 555)	(1, 443)	111
Total investments and other assets	348, 784	238, 612	(110, 171)
Total fixed assets	3, 319, 579	3, 082, 833	(236, 745)
Current assets:			
Cash and bank deposits	60, 710	50, 855	(9, 855)
Notes receivable	275	32	(243)
Accounts receivable, trade	371, 925	333, 378	(38, 546)
Supplies	32, 577	31, 966	(611)
Other current assets	87, 980	76, 406	(11, 574)
Allowance for doubtful accounts	(2, 025)	(2, 698)	(673)
Total current assets	551, 444	489, 940	(61, 503)
TOTAL ASSETS	3, 871, 023	3, 572, 773	(298, 249)

(Millions of yen)

	March 31, 2007	September 30, 2007	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	1,074,757	1,028,449	(46,307)
Liability for employees' retirement benefits	548,165	389,550	(158,614)
Other long-term liabilities	20,780	20,621	(159)
Total long-term liabilities	1,643,702	1,438,621	(205,081)
Current liabilities:			
Current portion of long-term borrowings from parent company	212,625	263,210	50,585
Accounts payable, trade	91,827	67,612	(24,215)
Short-term borrowings	30,000	5,000	(25,000)
Accrued taxes on income	819	805	(14)
Other current liabilities	342,456	284,697	(57,759)
Total current liabilities	677,729	621,325	(56,404)
TOTAL LIABILITIES	2,321,431	2,059,946	(261,485)
NET ASSETS			
Shareholders' equity			
Common stock	312,000	312,000	—
Capital surplus			
Additional paid-in capital	1,170,054	1,170,054	—
Total capital surplus	1,170,054	1,170,054	—
Earned surplus			
Other earned surplus	67,191	30,448	(36,743)
Accumulated earned surplus	67,191	30,448	(36,743)
Total earned surplus	67,191	30,448	(36,743)
Total shareholders' equity	1,549,245	1,512,502	(36,743)
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	345	324	(21)
Total unrealized gains (losses), translation adjustments, and others	345	324	(21)
TOTAL NET ASSETS	1,549,591	1,512,826	(36,764)
TOTAL LIABILITIES AND NET ASSETS	3,871,023	3,572,773	(298,249)

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Increase (Decrease)	Year ended March 31, 2007
Telecommunications businesses				
Operating revenues	895,641	870,683	(24,957)	1,795,202
Operating expenses	882,747	853,893	(28,854)	1,770,819
Operating income from telecommunications businesses	12,894	16,790	3,896	24,382
Supplementary businesses				
Operating revenues	64,206	69,028	4,821	156,313
Operating expenses	64,186	69,658	5,471	160,212
Operating income (losses) from supplementary businesses	20	(629)	(650)	(3,898)
Operating income	12,914	16,161	3,246	20,483
Non-operating revenues:	26,304	26,758	454	76,856
Interest income	2	13	10	7
Lease and rental income	23,679	23,174	(504)	47,753
Miscellaneous income	2,622	3,570	948	29,095
Non-operating expenses:	19,845	20,228	382	43,328
Interest expenses	8,941	10,094	1,153	18,572
Lease and rental expenses	8,923	8,874	(49)	21,044
Miscellaneous expenses	1,980	1,259	(721)	3,711
Recurring profit	19,373	22,691	3,318	54,011
Special profits	1,532	138,814	137,282	46,820
Special losses	—	63,174	63,174	13,127
Income before income taxes	20,906	98,332	77,426	87,704
Corporation, inhabitant, and enterprise taxes	(17,809)	(2,722)	15,087	(26,417)
Deferred tax expenses (benefits)	26,112	106,597	80,484	85,787
Net income (losses)	12,602	(5,543)	(18,145)	28,333

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				
			Accumulated 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

Six months ended September 30, 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				
			Accumulated earned surplus						
March 31, 2007	312,000	1,170,054	1,170,054	67,191	67,191	1,549,245	345	345	1,549,591
Net change during this semi - annual period									
Cash dividends				(31,200)	(31,200)	(31,200)			(31,200)
Net losses				(5,543)	(5,543)	(5,543)			(5,543)
Others, net							(21)	(21)	(21)
Total net change during this semi - annual period	—	—	—	(36,743)	(36,743)	(36,743)	(21)	(21)	(36,764)
September 30, 2007	312,000	1,170,054	1,170,054	30,448	30,448	1,512,502	324	324	1,512,826

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2007
Voice transmission services revenues (excluding IP services revenues)	583,844	522,127	(61,716)	(10.6%)	1,140,098
Monthly charge revenues*	368,569	339,226	(29,342)	(8.0%)	724,837
Call rates revenues*	77,722	61,518	(16,204)	(20.8%)	146,400
Interconnection call revenues*	96,888	80,140	(16,748)	(17.3%)	188,570
IP services revenues	140,470	184,106	43,635	31.1%	304,961
Leased circuit services revenues (excluding IP services revenues)	82,348	78,794	(3,554)	(4.3%)	165,630
Telegram services revenues	13,222	12,950	(271)	(2.1%)	27,630
Other telecommunications services revenues	75,756	72,705	(3,050)	(4.0%)	156,880
Telecommunications total revenues	895,641	870,683	(24,957)	(2.8%)	1,795,202
Supplementary business total revenues	64,206	69,028	4,821	7.5%	156,313
Total operating revenues	959,848	939,712	(20,136)	(2.1%)	1,951,515

*Partial listing only

6. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2007	Increase (Decrease)	Year ended March 31, 2007
I Cash flows from operating activities:				
Income before income taxes	20,906	98,332	77,426	87,704
Depreciation and amortization	222,813	217,520	(5,292)	455,156
Loss on disposal of property, plant and equipment	9,204	7,708	(1,495)	20,291
Gain on the transfer of substitutional portion of NTT Kosei-Nenkin-Kikin	—	(137,255)	(137,255)	—
Non-recurring depreciation of fixed assets	—	60,121	60,121	—
Increase (decrease) in liability for employees' retirement benefits	(25,277)	(21,359)	3,918	(84,752)
(Increase) decrease in accounts receivable	(19,448)	36,768	56,217	(38,706)
(Increase) decrease in inventories	1,559	611	(948)	6,516
Increase (decrease) in accounts payable and accrued expenses	(81,659)	(86,269)	(4,610)	(16,259)
(Increase) decrease in accounts consumption tax receivable	2,805	—	(2,805)	2,805
Increase (decrease) in accrued consumption tax	2,979	2,424	(554)	2,896
Other	(18,156)	1,345	19,501	(93,665)
Sub-total	115,727	179,948	64,221	341,987
Interest and dividends received	125	1,819	1,694	23,986
Interest paid	(9,021)	(10,242)	(1,220)	(18,211)
Income taxes received (paid)	(8,012)	30,913	38,926	(12,836)
Net cash provided by (used in) operating activities	98,818	202,438	103,620	334,926
II Cash flows from investing activities:				
Payments for property, plant and equipment	(235,796)	(178,256)	57,540	(416,277)
Proceeds from sale of property, plant and equipment	12,563	18,067	5,503	59,396
Payments for purchase of investment securities	(2,913)	(146)	2,766	(6,452)
Proceeds from sale of investment securities	339	92	(246)	3,147
Other	(750)	426	1,176	(355)
Net cash provided by (used in) investing activities	(226,557)	(159,816)	66,740	(360,541)
III Cash flows from financing activities:				
Proceeds from issuance of long-term debt	120,000	40,000	(80,000)	229,250
Payments for settlement of long-term debt	(98,861)	(35,722)	63,138	(193,746)
Net increase (decrease) in short-term borrowings	105,000	(25,000)	(130,000)	(15,000)
Dividends paid	(31,200)	(31,200)	—	(31,200)
Net cash provided by (used in) financing activities	94,938	(51,922)	(146,861)	(10,696)
IV Net increase (decrease) in cash and cash equivalents	(32,800)	(9,300)	23,499	(36,312)
V Cash and cash equivalents at beginning of period	100,556	64,244	(36,312)	100,556
VI Cash and cash equivalents at end of period	67,756	54,944	(12,812)	64,244

Additional information

As NTT Kosei-Nenkin-Kikin (“ NTT Plan”) received permission to be relieved of the obligations related to past services and to disburse the NTT Plan benefits covering the substitutional portion as of July 1, 2007 from the Minister of Health, Labor and Welfare under the Defined - Benefit Corporate Pension Law, the special profit of 137,255 million yen was recorded during this semi-annual period.

In addition, as NTT West made a change related to the depreciation pursuant to major machinery and equipment’s renewal plans, 60,121 million yen was recorded as special losses during this semi-annual period.

Based on the income plan, NTT West revised the amount recorded as deferred tax assets corresponding to local taxes. Accordingly, an increase in corporation, inhabitant, and enterprise taxes of 62,337 million yen was recorded for this semi-annual reporting period.

7. Other

Regarding telephone cards issued by NTT Group, as liability is expected to be recorded based on reasonable estimates of their future usage, the preliminary calculations for such figure at present of roughly 12 billion yen have been included in the performance forecasts and recorded as a special loss.

In addition, “Accounting Standards for Lease Transactions” is being applied commencing this fiscal year beginning April 1, 2007. With the application of these standards, preliminary calculations for revisions of the prior year’s figures of roughly 23 billion yen have been included in the performance forecasts and were recorded as a special loss.

Non-Consolidated Semi-annual Financial Results for the Year Ending March 31, 2008

April 1, 2007 — September 30, 2007

(Based on accounting principles generally accepted in Japan)

【Operating Results】

(Billions of Yen)

Details	Six Months Ended Sept. 30, 2007	Six Months Ended Sept. 30, 2006	Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues	939.7	959.8	(20.1)	(2.1%)
Operating Expenses	923.5	946.9	(23.3)	(2.5%)
Operating Income	16.1	12.9	3.2	25.1%
Non-Operating Income	6.5	6.4	0.0	1.1%
Recurring Profit	22.6	19.3	3.3	17.1%
Special Profits	138.8	1.5	137.2	—
Special Losses	63.1	—	63.1	—
Income before Income Taxes	98.3	20.9	77.4	370.4%
Income Taxes	103.8	8.3	95.5	—
Net income (losses)	(5.5)	12.6	(18.1)	—

【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	1,918.0	3.0	20.0	(30.0)

【Breakdown of Operating Revenues and Operating Expenses】

(1) Operating Revenues

(Billions of Yen)

Details	Six Months Ended Sept. 30, 2007	Six Months Ended Sept. 30, 2006	Increase (Decrease)	Percent Increase (Decrease)
Voice Transmission Services Revenues (excluding IP Services Revenues)	522.1	583.8	(61.7)	(10.6%)
Monthly Charge Revenues*	339.2	368.5	(29.3)	(8.0%)
Call Rates Revenues*	61.5	77.7	(16.2)	(20.8%)
Interconnection Call Revenues*	80.1	96.8	(16.7)	(17.3%)
IP Services Revenues	184.1	140.4	43.6	31.1%
Leased Circuit Services Revenues (excluding IP Services Revenues)	78.7	82.3	(3.5)	(4.3%)
Telegram Services Revenues	12.9	13.2	(0.2)	(2.1%)
Other Telecommunications Services Revenues	72.7	75.7	(3.0)	(4.0%)
Supplementary Business Total Revenues	69.0	64.2	4.8	7.5%
Total	939.7	959.8	(20.1)	(2.1%)

* Partial listing only

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

(2) Operating Expenses

(Billions of Yen)

Details	Six Months Ended Sept. 30, 2007	Six Months Ended Sept. 30, 2006	Increase (Decrease)	Percent Increase (Decrease)
Personnel	52.7	68.5	(15.8)	(23.0%)
Purchase of Goods and Services	604.0	604.1	(0.1)	(0.0%)
Depreciation and Amortization	213.4	218.8	(5.3)	(2.4%)
Retirement of Fixed assets	17.0	19.1	(2.1)	(11.1%)
Miscellaneous Taxes	36.1	36.1	(0.0)	(0.0%)
Total	923.5	946.9	(23.3)	(2.5%)

【Assets, Liabilities and Shareholders' Equity】

(Billions of Yen)

Details	Sept. 30, 2007	March. 31, 2007	Increase (Decrease)	Percent Increase (Decrease)
Fixed Assets	3,082.8	3,319.5	(236.7)	(7.1%)
Current Assets	489.9	551.4	(61.5)	(11.2%)
Total Assets	3,572.7	3,871.0	(298.2)	(7.7%)
Long-Term Liabilities	1,438.6	1,643.7	(205.0)	(12.5%)
Current Liabilities	621.3	677.7	(56.4)	(8.3%)
Total Liabilities	2,059.9	2,321.4	(261.4)	(11.3%)
Interest-Bearing Debts*	1,296.6	1,317.3	(20.7)	(1.6%)
Total Net Assets	1,512.8	1,549.5	(36.7)	(2.4%)
Total of Liabilities and Net Assets	3,572.7	3,871.0	(298.2)	(7.7%)

* Partial listing only

【Cash Flows】

(Billions of Yen)

Details	Six Months Ended Sept. 30, 2007	Six Months Ended Sept. 30, 2006	Increase (Decrease)	Percent Increase (Decrease)
Cash Flows from Operating Activities	202.4	98.8	103.6	104.9%
Cash Flows from Investing Activities	(159.8)	(226.5)	66.7	29.5%
Cash Flows from Financing Activities	(51.9)	94.9	(146.8)	(154.7%)
Cash and Cash Equivalents at Beginning of Period	64.2	100.5	(36.3)	(36.1%)
Cash and Cash Equivalents at End of Period	54.9	67.7	(12.8)	(18.9%)

【Reference】

1.Number of Subscriber Lines

Details	Sept. 30, 2007	Sept. 30, 2006	Increase (Decrease)	Percent Increase (Decrease)
Number of Telephone Subscriber Lines (1,000)	21,010	22,866	(1,855)	(8.1%)
Number of ISDN Subscriber Lines (1,000)	3,246	3,589	(343)	(9.6%)
Number of Subscriber Lines	24,256	26,455	(2,199)	(8.3%)

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	Sept. 30, 2007	Sept. 30, 2006	Increase (Decrease)	Percent Increase (Decrease)
Number of FLET'S HIKARI Subscribers (1,000)	3,215	2,118	1,097	51.8%
Number of Hikari Denwa Channel (1,000)	2,014	934	1,079	115.5%
Number of FLET'S ADSL Subscribers (1,000)	2,427	2,643	(216)	(8.2%)

3.Number of Employees

Details	Sept. 30, 2007	Sept. 30, 2006	Increase (Decrease)	Percent Increase (Decrease)
Number of Employees	6,000	5,900	100	1.7%

(Employees)

4.Capital Investments

Details	Six Months Ended Sept. 30, 2007	Six Months Ended Sept. 30, 2006	Increase (Decrease)	Percent Increase (Decrease)
Capital Investments	162.3	227.1	(64.7)	(28.5%)

(Billions of Yen)