



# News Release

May 13, 2008

FOR IMMEDIATE RELEASE

## Settlement for Fiscal Year Ended March 31, 2008

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the fiscal year ended March 31, 2008 are presented in the following attachments.

(Attachments)

1. Summary of Results for Fiscal Year Ended March 31, 2008
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

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## **1. Summary of Results for Fiscal Year Ended March 31, 2008**

During the first half of the fiscal year ended March 31, 2008, the Japanese economy expanded moderately, with corporate earnings showing a steady increase and personal consumption showing signs of a recovery. However, in the second half, the general economic outlook became skeptical. Businesses were observed to have more cautious attitudes for capital investments and general trends in employment conditions remained severe.

In the information and telecommunications sector, the market is becoming increasingly diverse. There has been an acceleration of efforts relating to the construction of a next-generation network (NGN) to spur the formation of a ubiquitous network society through the use of broadband as envisioned by the “u-Japan Policy”, “New IT Reform Strategy”, and “Next-Generation Broadband Strategy 2010.” At the same time fixed and mobile services and the telecommunications and broadcasting services are converging in conjunction with the increased use of IP-based technologies. Platform-based services such as the distribution of video and music and SNS are also expanding.

In the broadband market, which continues to grow briskly, the number of subscriptions exceeded 28 million and the household penetration rate reached 54.7%, attaining world-leading levels. In the optical access sector, increased opportunities for use and the aggressive deployment of services by each branch office has pushed the number of subscriptions above 11 million, while still expanding our coverage as the preeminent broadband service.

Meanwhile, the fixed-line telephone business environment is becoming increasingly severe as a result of a shrinking market caused by declining traffic volumes due to proliferation of mobile telephones and a rapid shift to optical and IP telephony services.

Under these extremely difficult business conditions, Nippon Telegraph and Telephone West Corporation (NTT West) strove to provide high-quality and stable universal service. At the same time, NTT West is actively undertaking concrete measures to carry out the NTT Group Medium-Term Management Strategy and the NTT West Group Medium-Term Vision, and make a rapid shift of its revenue base from fixed line telephony to optical and IP telephony, through such initiatives as developing the broadband business through the expansion and improvement of optical access services and adoption of advanced functions, developing solution businesses that contribute to the revitalization and development of local communities, constructing and providing a safe and secure NGN that offers greater convenience, and training highly-skilled IP engineers, as explained in details below.

### (1) Development of the Broadband Business

NTT West launched full-scale provision of the B-FLET'S optical access services in August 2001, with the goal of achieving a ubiquitous network society using broadband that enables connection “anytime, anywhere and with anything.” Since then, NTT West has expanded and improved optical access services to respond to diversifying customer needs by launching the IPv6-enabled FLET'S Hikari Premium in March 2005, supporting more advanced functions and by improving customer service and creating new usage scenarios.

During the fiscal year under review, NTT West launched the FLET'S Hikari Premium Apartment Type Mini service for small multiple-dwelling residents last September to respond to the needs of customers who were previously unable to use optical access services because of the type of multiple-dwelling residence they live in.

In addition, to enhance customer service, NTT West reduced lead times (the time from application to the start of services) by introducing an Optical Communications Service Instant Management System and further increased customer convenience by launching a service last July that allows customers to select their desired installation date using the FLET'S Web site (<http://flets-w.com>).

Household internet usage is becoming more commonplace across a variety of situations among all age groups and among both genders, and calls to make broadband more fun and easier are increasing. In response, NTT West established a tie-up with Nintendo Co., Ltd. last November to promote connectivity between the Wii® game console and the FLET'S Hikari (see Note 1) optical access service to create new entertainment in the home.

Also, last October, NTT-Neomeit Corporation began providing the Makasete Anshin Service, a 24-hour, 365-day remote support service that provides assistance for connecting to the internet, using email, and connecting

peripheral devices such as printers so customers who are unaccustomed to using PCs and the internet can enjoy convenient broadband services fully and with peace of mind.

As a result of these efforts, the number of FLET'S Hikari subscriptions in the NTT West area surpassed 3 million in July 2007 and the number of subscriber lines for NTT West's broadband services (including FLET'S ADSL) reached 6.06 million at the end of the fiscal year under review.

## (2) Development of the Solution Business

While taking market trends of the previous year into account, NTT West aggressively expanded its menu of solution services including services for business continuity plans (BCP) (see Note 2) and responses relating to internal control. Additionally, during the term under review, NTT West expanded its services lineup, including the launch in August 2007 of the Information Security Incident Response Service. Under this service, NTT West analyzes causes and proposes solutions to businesses, local governments, and other organizations when security incidents such as leaks of personal information occurs.

NTT West also supported the efforts of the national and local governments to implement the "u-Japan Policy" by using its expertise to construct information highways and regional intranets, supporting regional information technology promotion projects intended to eliminate the digital divide on remote islands and in remote mountain communities, and proposing outsourcing services to local governmental bodies to increase administrative efficiency.

In addition, NTT West established NTT West-Kansai IT-Mate Co., Ltd. and NTT West-Hokuriku IT-Mate Co., Ltd. to rapidly train IT technology specialists and create structures that can respond immediately to customers through business operations with close ties to local communities. Together with the companies that NTT West established in the prior fiscal year, the entire West Japan territory (six blocks) is now covered. (see Note 3)

To enhance customer service and encourage further expansions in the use of optical access services, NTT West bolstered its ability to provide solutions to small and medium business and small office/home office (SOHO) businesses by establishing the Office Marketing Division at its head office to supplement the current corporate customer marketing structure focusing on medium to large enterprises and by designating sales personnel as "customer attendants."

## (3) Measures Geared Towards the Launch of NGN Services

The field trials that started in December 2006 with the aim of constructing an NGN that will enable customers to use broadband services with convenience and peace of mind were expanded to general customers in April 2007. NTT West is forming tie-ups with businesses in a wide range of fields and working to identify customer needs and make technical checks.

About 5,800 individuals have come to the NOTE (Umeda) trial showroom (see Note 4) where NTT West explained the NGN concept, suggested business and household use scenarios, and displayed applications and terminals that will use the NGN such as high-definition IP video telephones that use high-definition video and stereo sound, security services (mimamori service) that employ caller ID to ensure privacy, and video conference systems that use high-definition video. Approximately 80% of showroom visitors have expressed the view that the NGN will change lifestyles and business.

Based on the results of the trials, NTT West launched the FLET'S Hikari Next commercial service in some areas of Osaka City in March 2008, and in addition to the existing basic services of optical access services, optical telephony services, VPN services, and Ethernet services began providing new services including high-sound quality telephony services that offer clearer audio quality, video telephony with smooth and natural movement, and quality of service (QoS) (see Note 5) functions that ensure the high-quality and stable distribution of content distribution services such as VOD. (see Note 6)

Going forward, NTT West will expand service areas and work to ensure the efficient provision of services while developing new and highly-convenient services that make the best possible use of NGN features including wide-area coverage, high-quality, and high security levels. NTT West is also expanding its service lineup to further raise the appeal of NGN services by developing highly creative services in collaboration and cooperation with a wide range of businesses that make use of the open nature of the NGN.

#### (4) Efforts to Train Highly-Skilled IP Engineers

Against a backdrop of continued technological innovation and changes in market environments, NTT West is training and fostering highly-skilled IP engineers to respond accurately to customer needs in a wide range of work fields from networks to access and in-home services.

Specific measures include the launch in April 2007 of the Hikari Professional College, designed to train optical access technology professionals who not only understand the series of processes from planning to implementation and maintenance but can also employ practical skills and intuitive powers, and the establishment in August 2007 of the Information Terminal Professional Course, which trains engineers who can provide one-stop services in response to demands for enhanced IT environments in homes.

NTT West also started establishing “Techno Colleges” in the six blocks of the NTT West territory in July 2007 to foster engineers well versed in the NGN service operations that will serve as the foundations for future services and to improve skills for stable maintenance of existing telephone services.

Going forward, NTT West will continue these initiatives in the future to train and foster highly-skilled IP engineers.

In addition, to ensure the provision of stable communications services to customers, NTT West has already taken measures to maintain and improve the quality and safety of the communications equipment engineering work. Further efforts in this regard included working with cooperating engineering companies to promote “engineering work from the customer’s perspective” and “engineering work that emphasizes compliance”, and, from November 2007, the opening of Engineering Work Inquiry Centers at each branch office to listen and respond promptly to the engineering work-related opinions and requests of customers to promote equipment engineering work that provides customers with greater peace of mind.

#### (5) Major CSR Efforts

The NTT West Group considers its corporate social responsibility (CSR) activities to be a principal pillar of management and makes group-wide efforts to raise corporate value and contribute to the realization of a safe and secure society through the creation of “social”, “economic”, and “human” value in our core businesses.

Specifically, NTT West adopted the “NTT West Group Stance on CSR” and is working to increase understanding through training and other programs. NTT West also adopted and is implementing “CSR20”, an action plan intended to clarify the objectives of activities in day-to-day operations geared towards “practice and establishment”, monitor and analyze progress, and make specific improvements.

To ensure compliance and business risk management, the foundations for the promotion of CSR, NTT West established “Corporate Ethics Day” and “Corporate Ethics Reinforcement Month” to foster a high sense of ethics and develop a pervasive organizational culture that does not allow for improper conduct or scandal.

Furthermore, in activities directed towards environmental protection, pursuant to the NTT West Group Global Environmental Charter, NTT West worked to reduce the environmental impact on society of its business activities, products, and services by conducting thorough 3R (reduce, reuse, recycle) activities and promoting reductions in industrial waste including communications equipment. NTT West also undertook activities to fight global warming including reducing electric power consumption used for the provision of communications services and aggressive reductions in electric power consumption by offices through varied conservation policies such as reduced use of air conditioning in the summer (set to 28°C) and heating in the winter (set to 20°C).

In addition to the above activities, measures to bolster the protection of personal customer information included the establishment of a “Customer Information Protection Reinforcement Period”, companywide training, on-site inspections of the handling and use of information by service provider companies that handle customer information, and training of service provider executives and employees to raise awareness concerning the protection of customer information and promote proper handling and management.

NTT West also implemented rules to ensure the use of a check list when emails with attachments are transmitted outside the company to prevent inappropriate disclosures of information, and company-wide efforts were made to reinforce the protection of customer information such as mass inspections of the home computers of employees

and the employees of service providers to ensure that they do not contain customer or business-related information.

As a member of local society, NTT West contributed to the development of safe and secure communities through the creation of “Customer Support Functions” at 33 branches in the NTT West area to support “daily life restoration” and “business restoration” in the event of a natural disaster such as torrential rain, typhoons or earthquakes, and designed floors in NTT West buildings in preparation for such natural disasters. NTT West also provided a consulting service to local governments and other customers regarding the installation of disaster-resistant facilities for promotion of business continuity plans.

If a disaster occurs, NTT West will work with the disaster response headquarters to restore communications services, allow use of the roofs and some floors of NTT West buildings as evacuation sites, lend phones to disaster victims, and actively conduct other support activities.

To lay a solid foundation for these activities, the NTT West Group continuously strives to secure the confidence of its customers by conducting “customer-first” activities so customers can use its services with a sense of security.

Finally, to enhance the convenience provided to customers, in July of 2007 NTT West began offering a “Dial 104” service that directly connects customers calling the 104 directory service to the requested number. However, the statements in television commercials, newspaper and magazine advertisements, posters in train and subway stations, and advertisements in trains and buses publicizing the service from July to October led consumers to mistakenly believe that the terms of use were considerably more favorable than the actual terms, and NTT West was subjected to an order to remove the advertisements by the Fair Trade Commission pursuant to Article 6, Paragraph 1 of the Law for the Prevention of Unreasonable Premiums and Misrepresentation concerning Products and Services. NTT West would like to apologize sincerely for the inconvenience caused to its customers. In the future, NTT West will implement comprehensive and appropriate measures to ensure that customers can use its services with a sense of security and will continue its efforts to enhance services.

As a result of the above efforts, operating revenues and recurring profit for the fiscal year ended March 31, 2008 amounted to 1,901.2 billion yen (down 2.6% from the previous year) and 24.8 billion yen (down 53.9% from the previous year) respectively, marking a net loss of 37.7 billion yen for the period due mainly to the effect of an adjustment in the amount recorded for deferred tax assets.

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NOTES:

<sup>1</sup> The generic term for NTT West’s optical broadband services consisting of FLET’S Hikari Next, FLET’S Hikari Premium, and B-FLET’S services.

<sup>2</sup> Business continuity plan: A plan that specifies methods and procedures for continuing business operations in the event of a crisis situation.

<sup>3</sup> The six companies established as wholly-owned subsidiaries of NTT West’s regional companies: NTT West- Tokai IT-Mate (established in March 2006; changed its name to IT-Mate Tokai in July 2007); NTT West-Chugoku IT-Mate, NTT West-Shikoku IT-Mate, and NTT West-Kyushu IT-Mate (established in March 2007); NTT West-Kansai IT-Mate (established in September 2007); and NTT West-Hokuriku IT-Mate (established in December 2007).

<sup>4</sup> NOTE is an abbreviation of NGN Open Trial Exhibition, open to visitors by appointment only, that was held for one year from December 20, 2006 to December 17, 2007 in Otemachi, Tokyo and Umeda, Osaka.

<sup>5</sup> Quality of Service: Technologies incorporated in routers and other devices to ensure the high quality of communications.

<sup>6</sup> Video on Demand: A system for distributing a variety of video programming whenever users request.

## 2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2007	March 31, 2008	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment	2,863,597	2,755,568	(108,029)
Machinery and equipment	602,347	509,334	(93,012)
Antenna facilities	9,745	9,607	(138)
Terminal equipment	27,010	23,950	(3,059)
Local line facilities	838,649	828,452	(10,196)
Long-distance line facilities	6,213	5,472	(740)
Engineering facilities	618,545	605,432	(13,112)
Submarine line facilities	4,181	3,990	(190)
Buildings	503,489	479,146	(24,343)
Structures	18,444	17,355	(1,088)
Other machinery and equipment	1,527	1,656	129
Vehicles and vessels	226	278	52
Tools, furniture and fixtures	35,303	42,547	7,244
Land	178,272	177,598	(673)
Lease assets	-	21,432	21,432
Construction in progress	19,639	29,308	9,669
Intangible fixed assets	107,197	107,735	538
Total fixed assets - telecommunications businesses	2,970,794	2,863,304	(107,490)
Investments and other assets			
Investment securities	6,318	5,779	(539)
Investments in subsidiaries and affiliated companies	52,120	46,004	(6,116)
Long-term prepaid expenses	3,302	3,449	146
Deferred income taxes	276,501	154,414	(122,087)
Other investments and assets	12,096	10,930	(1,165)
Allowance for doubtful accounts	(1,555)	(1,466)	88
Total investments and other assets	348,784	219,110	(129,673)
Total fixed assets	3,319,579	3,082,415	(237,164)
Current assets:			
Cash and bank deposits	60,710	135,901	75,190
Notes receivable	275	107	(167)
Accounts receivable, trade	371,925	303,431	(68,493)
Accounts receivable, other	55,101	38,559	(16,542)
Supplies	32,577	25,762	(6,815)
Advance payment	2,106	2,438	331
Prepaid expenses	5,543	6,043	500
Deferred income taxes	5,713	4,158	(1,554)
Other current assets	19,515	18,366	(1,148)
Allowance for doubtful accounts	(2,025)	(2,264)	(238)
Total current assets	551,444	532,504	(18,939)
<b>TOTAL ASSETS</b>	<b>3,871,023</b>	<b>3,614,919</b>	<b>(256,103)</b>

(Millions of yen)

	March 31, 2007	March 31, 2008	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	1,074,757	1,021,032	(53,724)
Lease obligations	-	35,320	35,320
Liability for employees' retirement benefits	548,165	341,176	(206,988)
Reserve for unused telephone cards	-	11,360	11,360
Other long-term liabilities	20,780	20,006	(773)
Total long-term liabilities	1,643,702	1,428,895	(214,806)
Current liabilities:			
Current portion of long-term borrowings from parent company	212,625	177,724	(34,900)
Accounts payable, trade	91,827	101,520	9,693
Short-term borrowings	30,000	100,000	70,000
Lease obligations	-	1,076	1,076
Accounts payable, other	263,243	235,791	(27,452)
Accrued expenses	21,281	20,038	(1,242)
Accrued taxes on income	819	540	(278)
Advance received	7,313	5,841	(1,472)
Deposit received	42,733	54,114	11,380
Unearned revenue	178	101	(76)
Allowance for losses on construction contracts	-	161	161
Other current liabilities	7,706	8,130	424
Total current liabilities	677,729	705,041	27,311
<b>TOTAL LIABILITIES</b>	<b>2,321,431</b>	<b>2,133,937</b>	<b>(187,494)</b>
<b>NET ASSETS</b>			
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	(1,751)	(68,942)
Accumulated earned surplus	67,191	(1,751)	(68,942)
Total earned surplus	67,191	(1,751)	(68,942)
Total shareholders' equity	1,549,245	1,480,302	(68,942)
Unrealized gains (losses), translation adjustments, and others			
Net unrealized gains (losses) on securities	345	679	334
Total unrealized gains (losses), translation adjustments, and others	345	679	334
<b>TOTAL NET ASSETS</b>	<b>1,549,591</b>	<b>1,480,982</b>	<b>(68,608)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,871,023</b>	<b>3,614,919</b>	<b>(256,103)</b>

### 3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008	Increase (Decrease)
Telecommunications businesses			
Operating revenues	1,795,202	1,735,693	(59,508)
Operating expenses	1,770,819	1,719,173	(51,646)
Business expenses	433,191	436,064	2,873
Operations	19,578	18,448	(1,130)
Maintenance expenses	503,557	483,447	(20,110)
Overhead expenses	81,266	69,511	(11,755)
Administration	101,548	96,619	(4,928)
Experiment and research	48,852	50,788	1,935
Depreciation and amortization	439,088	418,624	(20,464)
Retirement of fixed assets	42,139	43,477	1,338
Access charges	30,752	31,874	1,121
Miscellaneous taxes	70,844	70,318	(526)
Operating income from telecommunications businesses	24,382	16,520	(7,862)
Supplementary businesses			
Operating revenues	156,313	165,539	9,225
Operating expenses	160,212	168,134	7,921
Operating losses from supplementary businesses	(3,898)	(2,595)	1,303
Operating income	20,483	13,924	(6,558)
Non-operating revenues:	76,856	59,487	(17,368)
Interest income	7	39	32
Dividends received	23,979	7,070	(16,908)
Lease and rental income	47,753	45,876	(1,877)
Miscellaneous income	5,115	6,501	1,385
Non-operating expenses:	43,328	48,515	5,187
Interest expenses	18,572	24,746	6,174
Lease and rental expenses	21,044	18,037	(3,007)
Miscellaneous expenses	3,711	5,732	2,020
Recurring profit	54,011	24,896	(29,114)
Special profits	46,820	156,779	109,959
Gains on sales of fixed assets	46,820	19,497	(27,322)
Gain on the transfer of substitutional portion of NTT Kosei-Nenkin-Kikin	-	137,281	137,281
Special losses	13,127	111,719	98,592
Write-off of investments in affiliated companies	13,127	13,782	655
Non-recurring depreciation of fixed assets	-	60,106	60,106
Provision for reserve for unused telephone cards	-	13,120	13,120
Impact of applying lease accounting standards	-	24,709	24,709
Income before income taxes	87,704	69,957	(17,747)
Corporation, inhabitant, and enterprise taxes	(26,417)	(15,789)	10,628
Deferred tax expenses (benefits)	85,787	123,488	37,701
Net income (losses)	28,333	(37,742)	(66,076)



**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					Total shareholders' equity	Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Eamed surplus			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

Year ended March 31, 2008

(Millions of yen)

	Shareholders' equity					Total shareholders' equity	Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Eamed surplus			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 the annual period									
Cash dividends				(31,200)	(31,200)	(31,200)			(31,200)
Net income				(37,742)	(37,742)	(37,742)			(37,742)
Others, net							334	334	334
Total net change during the annual period	-	-	-	(68,942)	(68,942)	(68,942)	334	334	(68,608)
March 31, 2008	312,000	1,170,054	1,170,054	(1,751)	(1,751)	1,480,302	679	679	1,480,982

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

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	1,140,098	1,016,667	(123,430)	(10.8%)
Monthly charge revenues*	724,837	664,800	(60,037)	(8.3%)
Call rates revenues*	146,400	116,315	(30,085)	(20.5%)
Interconnection call revenues*	188,570	154,798	(33,771)	(17.9%)
IP services revenues	304,961	385,876	80,914	26.5%
Leased circuit services revenues (excluding IP services revenues)	165,630	158,294	(7,336)	(4.4%)
Telegram services revenues	27,630	27,235	(395)	(1.4%)
Other telecommunications services revenues	156,880	147,620	(9,260)	(5.9%)
Telecommunications total revenues	1,795,202	1,735,693	(59,508)	(3.3%)
Supplementary business total revenues	156,313	165,539	9,225	5.9%
Total operating revenues	1,951,515	1,901,232	(50,282)	(2.6%)

\*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, 2007	Year ended March 31, 2008	Increase (Decrease)
<b>I Cash flows from operating activities:</b>			
Income before income taxes	87,704	69,957	(17,747)
Depreciation and amortization	455,156	432,071	(23,084)
Loss on disposal of property, plant and equipment	20,291	20,304	13
Gain on the transfer of substitutional portion of NTT Kosei-Nenkin-Kikin	-	(137,281)	(137,281)
Non-recurring depreciation of fixed assets	-	60,106	60,106
Impact of applying lease accounting standards	-	24,709	24,709
Increase (decrease) in liability for employees' retirement benefits	(84,752)	(69,706)	15,046
(Increase) decrease in accounts receivable	(38,706)	68,945	107,652
(Increase) decrease in inventories	6,516	6,815	299
Increase (decrease) in accounts payable and accrued expenses	(16,259)	(27,922)	(11,663)
(Increase) decrease in accounts consumption tax receivable	2,805	-	(2,805)
Increase (decrease) in accrued consumption tax	2,896	(937)	(3,834)
Other	(93,665)	12,298	105,964
Sub-total	341,987	459,361	117,374
Interest and dividends received	23,986	7,109	(16,876)
Interest paid	(18,211)	(25,003)	(6,791)
Income taxes received (paid)	(12,836)	29,859	42,696
Net cash provided by (used in) operating activities	334,926	471,328	136,402
<b>II Cash flows from investing activities:</b>			
Payments for property, plant and equipment	(416,277)	(363,826)	52,450
Proceeds from sale of property, plant and equipment	59,396	24,631	(34,764)
Payments for purchase of investment securities	(6,452)	(6,665)	(212)
Proceeds from sale of investment securities	3,147	101	(3,046)
Other	(355)	1,018	1,374
Net cash provided by (used in) investing activities	(360,541)	(344,740)	15,801
<b>III Cash flows from financing activities:</b>			
Proceeds from issuance of long-term debt	229,250	124,000	(105,250)
Payments for settlement of long-term debt	(193,746)	(212,625)	(18,878)
Net increase (decrease) in short-term borrowings	(15,000)	70,000	85,000
Payments for settlement of lease obligations	-	(1,115)	(1,115)
Dividends paid	(31,200)	(31,200)	-
Net cash provided by (used in) financing activities	(10,696)	(50,941)	(40,244)
<b>IV Net increase (decrease) in cash and cash equivalents</b>	(36,312)	75,646	111,958
<b>V Cash and cash equivalents at beginning of period</b>	100,556	64,244	(36,312)
<b>VI Cash and cash equivalents at end of period</b>	64,244	139,891	75,646

## 7. Changes in Directors

(1) Candidate for Senior Vice President

Noriaki Ito

Current position:  
Senior Vice President and Managing Director of  
Corporate Strategy & Planning Department, NTT  
DoCoMo, Inc.

(2) Candidates for Representative Directors

(1) Candidate scheduled to take office as President

Shinichi Otake

Current position:  
Senior Executive Vice President

(2) Candidates scheduled to take office as Senior Executive Vice President

Hiroo Inoue

Current position:  
Senior Executive Vice President

Noriaki Ito

Current position:  
Senior Vice President and Managing Director of  
Corporate Strategy & Planning Department, NTT  
DoCoMo, Inc.

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(Notes)

- The current President, Shunzo Morishita, is scheduled to become the Advisor of Nippon Telegraph Telephone West Corporation.
- The changes in directors noted above are only those that have been decided. Other changes will be announced once determined.