



News Release

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FOR IMMEDIATE RELEASE

Settlement for Fiscal Year Ended March 31, 2011

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the fiscal year ended March 31, 2011 are presented in the following attachments.

(Attachments)

1. Summary of Results for Fiscal Year Ended March 31, 2011
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

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1. Summary of Results for the Fiscal Year Ended March 31, 2011

In the fiscal year ended March 31, 2011, the Japanese economy showed signs of continuing improvement, but was unable to achieve a full-scale recovery due to the rapid appreciation of the yen and rising cost of resources, as well as the effects of the Great East Japan Earthquake, which occurred around the end of the fiscal year.

In the information and telecommunications market, world-leading levels of broadband services were achieved as a result of facility-based competition. At the same time, service competition has continued to progress in response to customer needs. In the fixed-line communications field, as optical broadband services expand, new markets have developed, such as video services that take advantage of the optical broadband. In the mobile communications field, broadband use for mobile data communications has increased and a variety of handsets have become available, including smartphones and tablet devices. In addition, there have been drastic changes and developments in conjunction with the development of the broadband and ubiquitous*¹ network environment, including the convergence between fixed and mobile communications and between communications and broadcasting from the increased use of IP networks, and the creation of various new businesses using information and communications technologies (ICT).

In this difficult and changing business environment, NTT West endeavors to be a “customer-oriented corporate group” that meets customer expectations, contributes to society and provides high quality, stable universal service. In line with NTT Group’s new Medium-Term Management Strategy, “Road to Service Creation Business Group – *full-scale rollout of broadband and ubiquitous service*” adopted by NTT in May 2008, NTT West has devoted its energy to promoting and expanding safe, secure, reliable, and appealing broadband and ubiquitous services that meet customers’ needs, through new services and products that utilize the framework of NGN*² and its networks.

(1) Efforts to Promote Fiber-optic and IP Services

In line with the NTT Group Medium-Term Management Strategy, “Road to Service Creation Business Group – *full-scale rollout of broadband and ubiquitous service*”, NTT West is working towards the realization of broadband and ubiquitous networks that enable customers to conveniently connect “anytime, anywhere and with anything” in a “safe and secure” manner. Now in the tenth year since its launch, FLET’S Hikari subscriptions*³ surpassed 6.5 million, and of those subscriptions, more than 20% (1,600,000) are for FLET’S Hikari Next, which enables the use of a wide range of services unique to the NGN. In addition, Hikari Denwa for corporate customers was ranked number one in the Business IP Phone and Fixed Line Phone Service Satisfaction Study conducted by J.D. Power Asia Pacific. NTT West is expanding opportunities to use FLET’S Hikari in a wide variety of applications while developing and expanding services that can support a broad range of customers, from individuals to businesses, in their day-to-day lives and business activities.

NTT West launched the FLET’S Hikari Next High-Speed Type with a maximum download speed of 200 Mbps and the Express Type with a maximum download speed of approximately 1 Gbps. NTT West also took measures to enhance and expand Hikari Denwa services by introducing Data Connect, a secured bandwidth data transmission service that uses 0AB-J numbers, and Hikari Denwa Number Gate, an optical IP telephone service designed for high-volume and multi-channel centers.

To increase the use of FLET'S Hikari, NTT West introduced discounts on monthly charges, installation charges and other fees, and renewed the CLUB NTT West*⁴ point program. NTT West also further expanded the FLET'S TEREBI*⁵ service area, launched the FLET'S TEREBI Building-Wide Subscription Plan, established a partnership with Ehime-CATV, Inc. and took other measures to expand video services.

Further, NTT West launched its "ie deji (the complete digitalization of home)" concept, which aims to link all digital devices and people to each other using a network, to create "a society where advances in digital technology can help everyone". NTT West also began selling "N-TRANSFER", an information device of the Hikari LINK series, which enables the use of cloud services using only a USB device with no PC, conducted field trials relating to home ICT*⁶ through a partnership with Panasonic Electric Works Co., Ltd., and in collaboration with Nishi Nippon System Installations and Construction Co., Ltd., began providing a simple and fun Internet environment accessible on televisions using the Browser Box. In addition, NTT began leasing Hikari Portable, a mobile WiFi*⁷ router that provides wireless LAN access inside and outside the home.

In addition, for support services, which will be crucial for promoting the "ie deji" business, NTT West conducted field trials (Maniwa City, Okayama Prefecture) to expand Remote Support Services and enhance home-based support services.

Further, NTT West cooperated with Yamaha Corporation in creating new solutions for live music performance venues using FLET's Hikari Next and Hikari Denwa to link remote locations.

With regard to alliances, NTT West took measures to create new services through cooperation with businesses in a wide range of industries, including offering new environmental solutions using the "energy consumption visualization system"*⁸ created in collaboration with OMRON Corporation.

NTT West announced the general outlook on PSTN*⁹ migration*¹⁰ in November 2010. In light of the shift in demand to IP services and the end of the useful lives of PSTN switchboards, NTT West anticipates beginning the migration from PSTN to IP networks approximately 10 years from now, around 2020, and completing the migration around 2025. Through such migration from PSTN to IP networks, the provision of some services will be terminated, but adequate advance notice will be given to customers to allow sufficient time to address customer concerns. Even after the migration from PSTN to IP networks, NTT West will make it possible to continue the basic services that customers use on PSTN networks and also continuously expand IP-based services and work to improve customer convenience in order to promote the increased use of IP and broadband services.

(2) Measures Relating to the Solutions Business

With respect to its efforts aimed at large as well as small and medium enterprises, NTT West engaged in efficient ICT-based marketing activities tailored to regional customers. NTT West focused on industry-specific solutions that incorporate industry characteristics and trends in each area of the public services and private sectors.

Measures targeting local governments included the active provision of broadband services (expansion of

the FLET'S Hikari Next and FLET'S Hikari Mytown Next service areas) under IRU*¹¹ contracts for the broadband development projects of local governments using the 2009 supplemental budget. In addition, NTT West collaborated with the national and local governments to use the knowledge and expertise gained through field trials such as those for the "Pedestrian Support System", a 2010 mobility support program conducted by the Ministry of Land, Infrastructure, Transport and Tourism in Sasayama City, Hyogo Prefecture, and field trials for "the regional trials for verification of ICT technology specifications in Kitakyushu City, Fukuoka Prefecture", a project conducted by the Ministry of Internal Affairs and Communications for establishing a "regional ICT system infrastructure that can reduce the environmental burden".

In the contact center business, NTT West addressed the need for cost reductions and higher operational efficiency due to the economic downturn and actively made group-wide efforts to maintain or increase group revenues. NTT West responded to the expansion of the cloud business market and suggestions and requests from customers for services by making a full-scale entry into the cloud business, launching a full lineup of cloud services for local governments and businesses under the name "Biz Hikari Cloud" on March 9, 2011, and took measures to strengthen its cloud business development structures.

Initiatives to enhance VPN services for corporate customers included, for the "FLET'S VPN Gate" service, the addition of the "Dual Class" for 1 Gbps products and the provision of high-speed service options such as the "FLET'S Hikari Next Business Type" for 100 Mbps products. In addition, for "FLET'S VPN Wide", NTT West introduced new service plans compatible with the "Hikari Next Business Type", "High Speed Type" and "Express Type".

Other measures to expand business services included the launch of "Security Countermeasure Management Tools", a service for small and medium-size business users of FLET'S Hikari Next that provides centralized management of security settings on multiple PCs. NTT West worked to further enhance support services in order to build a framework of mutual cooperation to achieve one-stop*¹² customer support (for breakdowns and other troubleshooting) for information equipment in the office, by, among other things, forming partnerships with Fuji Xerox Co., Ltd. and Sharp Document Systems Corporation.

(3) Status of Business Operation Structures

NTT West established the Information Security Promotion Department in April 2010 as a headquarters organization to conduct group-wide information security management for the NTT West group. Security structures were further strengthened with the appointment in July 2010 of information security promotion managers at regional subsidiaries who will be in charge of information security management.

Initiatives to prevent equipment failures included endeavors to build and maintain an absolutely secure maintenance approach in conjunction with the 2010 APEC Ministerial Meetings, as well as diverse practical training programs to bolster IP service operational capabilities such as service restoration training in anticipation of hardware failures relating to the Business Ether Wide and FLET'S Software Delivery Service and failure response training in anticipation of electric power equipment failures resulting in extensive and major effects.

Further, NTT West began operations at three new remote support centers (the Tokai Center, Osaka Center,

and Okayama Center) to respond to increased demand for the Remote Support Service, a service that has been well received for the provision of various forms of support by specialized operators in response to customer inquiries. NTT West took measures to provide support for diversifying information terminal devices and services and to enhance these services even further.

Comprehensive cost controls intended to maintain profitable operations included efforts to raise the efficiency of fiber-optic service installation, such as promoting remote installation work for multi-unit dwelling orders (VDSL system), and NTT West was able to eliminate the need to dispatch personnel in approximately 90% of service terminations and more than 70% of service starts. NTT West also continued phasing out low use public telephones and enhanced customer response efficiency when responding to failure reports and repair orders by, among other things, improving system functions.

(4) Corporate Social Responsibility Activities

The NTT Group CSR Charter (adopted in June 2006) stipulates that, as responsible members of the information and communication industry, NTT Group companies will provide services of the highest quality and trust and contribute to the development of a safe, secure and prosperous society where people, society and the earth are connected through communications. Based on the CSR Charter, NTT West adopted three new core CSR principles—thorough compliance, development of a safe and secure society, and creation of value through business activities—and set a “visualization” benchmark. Each NTT West employee works to maintain legal compliance and to reduce our environmental burden while maintaining and enhancing trust through the provision of a safe and reliable communication infrastructure.

To achieve complete compliance, in addition to complying with applicable laws and regulations concerning the protection of personal information, appropriate advertisement displays, and the dispatch of personnel, NTT West undertook measures to ensure strict conformity with fair competition requirements. With respect to information security, NTT West undertook measures in accordance with the business practice improvement plan submitted to the Ministry of Internal Affairs and Communications, including a review of its customer data management systems, the isolation of information concerning other businesses from sales divisions, the establishment of a system to ensure proper use of information concerning other businesses, a review of rules and regulations, reinforcement of conduct norms awareness through training and other means, the improvement and expansion of voluntary inspections, and audit reinforcement.

To reduce its environmental burden, NTT West took action to reduce carbon dioxide emissions from its business activities in accordance with the NTT Group Energy Efficiency Saving Guidelines adopted in April 2010. Based on knowledge obtained from the Eco-office Trials conducted at the Hyogo Branch, NTT West adopted the Eco-office Guidelines in August 2010 and distributed them to group companies and established model offices in three areas to propose and put into practice new work styles using ICT solutions that help reduce the environmental burden.

In response to the public announcement of NTT Group’s environmental vision, “The Green Vision 2020”, NTT West supplemented its Environmental Grand Design, which sets power consumption targets, by adding total electric power consumption targets, power consumption reduction targets of customer household devices, waste

reduction targets and paper consumption reduction targets. In addition, NTT West revised the NTT West Group Global Environmental Charter and its Environmental Guidelines by adding provisions concerning the preservation of biodiversity.

To promote the principles of the NTT Group CSR Charter and group-wide CSR activities, NTT West enhanced its CSR management and issued the NTT West Group CSR Report 2010 to proactively disclose relevant information to its stakeholders.

In addition, following the Great East Japan Earthquake in March 2011, NTT West collaborated with its group companies to support the restoration of telecommunications disrupted by the earthquake. To date, NTT West has provided support by dispatching mobile power supply vehicles to secure power for communication facilities and assisted in the installation of temporary public telephones that use portable satellite telephone equipment to provide a means of communication for the affected people. NTT West is also conducting ongoing restoration activities that include on-site surveys and laying transmission cables to restore customer circuits, and group companies and affiliates have dispatched approximately 1,000 employees to the affected regions to participate in support operations.

(5) Financial Standing

As a result of these efforts during the fiscal year ended March 31, 2011, operating revenues totaled 1,758.0 billion yen (a decrease of 1.3% from the fiscal year ended March 31, 2010), operating income was 49.6 billion yen (an increase of 168.7% from the fiscal year ended March 31, 2010), recurring profit was 63.0 billion yen (an increase of 107.9% from the fiscal year ended March 31, 2010), and net profit totaled 49.0 billion yen (an increase of 97.6% from the fiscal year ended March 31, 2010).

*1: A term, derived from Latin, that means “present in all places at all times.” Environments that provide access to the Internet and other information networks anytime from anywhere.

*2: NGN: Next-Generation Network.

*3: A collective name for FLET’S Hikari Next, FLET’S Hikari Premium and B FLET’S.

*4: A membership program offered by NTT West that offers support information for Internet use, provides support via email and phone to customers having Internet problems, and allows members to accrue points monthly that can be redeemed for rewards.

*5: A service available to subscribers of NTT West’s telecommunication services FLET’S Hikari Next, FLET’S Hikari Premium or FLET’S TEREBI Transmission Service, as well as the broadcasting service Opticast Facility Usage Service offered by Opticast Inc., that enables reception of terrestrial broadcasts (digital/analog) and BS broadcasts (digital/analog).

*6: ICT: Information and communication technology. Home ICT is a service that creates more enriching

and convenient lifestyles by linking household consumer electronics devices to networks.

*7: Wireless Fidelity. A brand name for wireless LANs that guarantee interconnectivity. Formulated by the Wi-Fi Alliance industry group, which was established to promote the IEEE 802.11 wireless LAN standard, test interconnectivity, and certify products.

*8: A system that measures and displays energy consumption in factories, offices, stores and other facilities that can be utilized to support centralized energy management and reduce operating costs.

*9: PSTN: Public Switched Telephone Networks, the network used for general subscriber telephone lines.

*10: To migrate. NTT's "migration" encompasses the migration from PSTN to IP networks mentioned above, as well as the migration from metallic to fiber-optic and old IP networks to new IP networks (NGN) (scheduled for implementation by the end of March 2013).

*11: Indefeasible Right of User. Irrevocable right of user. Rights for long-term, stable use of telecommunications equipment. The role of IRU businesses is to execute IRU agreements with local governments, provide broadband services that meet the specifications designated by the local government using broadband equipment provided by the local government, perform operations and maintenance of the equipment, and provide long-term, stable services.

*12: The handling of various procedures all at once at a single site.

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

| | March 31, 2010 | March 31, 2011 | Increase (Decrease) |
|--|------------------|------------------|------------------------|
| ASSETS | | | |
| Fixed assets: | | | |
| Fixed assets - telecommunications businesses | | | |
| Property, plant and equipment | | | |
| Machinery and equipment | 521,075 | 512,794 | (8,280) |
| Antenna facilities | 8,466 | 7,607 | (858) |
| Terminal equipment | 20,813 | 21,343 | 529 |
| Local line facilities | 838,843 | 862,726 | 23,883 |
| Long-distance line facilities | 3,551 | 2,984 | (566) |
| Engineering facilities | 586,802 | 580,930 | (5,871) |
| Submarine line facilities | 2,396 | 1,977 | (418) |
| Buildings | 432,441 | 417,342 | (15,099) |
| Structures | 15,436 | 15,119 | (316) |
| Other machinery and equipment | 1,230 | 1,074 | (156) |
| Vehicles and vessels | 228 | 180 | (47) |
| Tools, furniture and fixtures | 35,570 | 33,244 | (2,325) |
| Land | 178,896 | 177,288 | (1,608) |
| Lease assets | 5,076 | 2,947 | (2,129) |
| Construction in progress | 32,574 | 25,001 | (7,573) |
| Total property, plant and equipment | 2,683,403 | 2,662,564 | (20,839) |
| Intangible fixed assets | 96,688 | 83,872 | (12,816) |
| Total fixed assets - telecommunications businesses | 2,780,091 | 2,746,436 | (33,655) |
| Investments and other assets | | | |
| Investment securities | 3,944 | 3,742 | (202) |
| Investments in subsidiaries and affiliated companies | 43,981 | 43,981 | - |
| Investment in capital | 2 | 252 | 249 |
| Long-term prepaid expenses | 3,026 | 3,193 | 167 |
| Deferred income taxes | 145,953 | 125,120 | (20,832) |
| Other investments and assets | 8,113 | 8,364 | 251 |
| Allowance for doubtful accounts | (516) | (393) | 122 |
| Total investments and other assets | 204,505 | 184,261 | (20,244) |
| Total fixed assets | 2,984,597 | 2,930,698 | (53,899) |
| Current assets: | | | |
| Cash and bank deposits | 124,065 | 130,313 | 6,247 |
| Notes receivable | 17 | 198 | 180 |
| Accounts receivable, trade | 280,946 | 272,994 | (7,951) |
| Accounts receivable, other | 14,811 | 23,066 | 8,254 |
| Securities | 6 | 6 | - |
| Supplies | 24,102 | 29,935 | 5,833 |
| Advance payment | 1,655 | 2,497 | 842 |
| Prepaid expenses | 5,843 | 6,049 | 206 |
| Deferred income taxes | 3,691 | 4,031 | 340 |
| Other current assets | 20,141 | 10,160 | (9,981) |
| Allowance for doubtful accounts | (2,399) | (2,220) | 178 |
| Total current assets | 472,882 | 477,032 | 4,150 |
| TOTAL ASSETS | 3,457,479 | 3,407,731 | (49,748) |

(Millions of yen)

| | March 31, 2010 | March 31, 2011 | Increase (Decrease) |
|--|------------------|------------------|------------------------|
| LIABILITIES | | | |
| Long-term liabilities: | | | |
| Long-term borrowings from parent company | 966,527 | 954,099 | (12,428) |
| Lease obligations | 5,605 | 3,972 | (1,632) |
| Liability for employees' retirement benefits | 296,001 | 258,049 | (37,951) |
| Reserve for point services | - | 4,815 | 4,815 |
| Reserve for unused telephone cards | 14,560 | 14,280 | (280) |
| Asset retirement obligations | - | 436 | 436 |
| Other long-term liabilities | 12,455 | 11,410 | (1,045) |
| Total long-term liabilities | 1,295,149 | 1,247,064 | (48,085) |
| Current liabilities: | | | |
| Current portion of long-term borrowings from parent company | 151,170 | 142,428 | (8,742) |
| Accounts payable, trade | 84,546 | 70,297 | (14,249) |
| Short-term borrowings | - | 23,000 | 23,000 |
| Lease obligations | 1,891 | 1,838 | (52) |
| Accounts payable, other | 235,725 | 233,818 | (1,906) |
| Accrued expenses | 17,258 | 17,334 | 75 |
| Accrued taxes on income | 1,093 | 674 | (419) |
| Advance received | 5,382 | 3,431 | (1,951) |
| Deposit received | 94,359 | 96,908 | 2,548 |
| Unearned revenue | 94 | 107 | 13 |
| Other current liabilities | 63,167 | 39,235 | (23,931) |
| Total current liabilities | 654,690 | 629,073 | (25,616) |
| TOTAL LIABILITIES | 1,949,839 | 1,876,137 | (73,702) |
| 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 | | | |
| Accumulated earned surplus | 25,529 | 49,611 | 24,082 |
| Total earned surplus | 25,529 | 49,611 | 24,082 |
| Total shareholders' equity | 1,507,583 | 1,531,665 | 24,082 |
| Unrealized gains (losses), translation adjustments, and others: | | | |
| Net unrealized gains (losses) on securities | 56 | (72) | (129) |
| Total unrealized gains (losses), translation adjustments, and others | 56 | (72) | (129) |
| TOTAL NET ASSETS | 1,507,640 | 1,531,593 | 23,953 |
| TOTAL LIABILITIES AND NET ASSETS | 3,457,479 | 3,407,731 | (49,748) |

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

| | Year ended March 31, 2010 | Year ended March 31, 2011 | Increase (Decrease) |
|---|------------------------------|------------------------------|------------------------|
| Telecommunications businesses: | | | |
| Operating revenues | 1,622,163 | 1,597,362 | (24,800) |
| Operating expenses | | | |
| Business expenses | 412,394 | 409,385 | (3,008) |
| Operations | 16,295 | 15,268 | (1,026) |
| Maintenance expenses | 415,664 | 399,729 | (15,934) |
| Overhead expenses | 74,199 | 70,842 | (3,357) |
| Administration | 101,551 | 93,669 | (7,881) |
| Experiment and research | 50,381 | 49,257 | (1,124) |
| Depreciation and amortization | 381,753 | 367,052 | (14,700) |
| Retirement of fixed assets | 42,863 | 44,973 | 2,109 |
| Access charges | 35,767 | 32,379 | (3,388) |
| Miscellaneous taxes | 67,122 | 66,267 | (855) |
| Total operating expenses | 1,597,993 | 1,548,824 | (49,168) |
| Operating income from telecommunications businesses | 24,169 | 48,537 | 24,367 |
| Supplementary businesses: | | | |
| Operating revenues | 158,658 | 160,696 | 2,037 |
| Operating expenses | 164,352 | 159,587 | (4,764) |
| Operating income (losses) from supplementary businesses | (5,693) | 1,108 | 6,802 |
| Operating income | 18,475 | 49,646 | 31,170 |
| Non-operating revenues: | | | |
| Interest income | 7 | 4 | (2) |
| Interest on securities | 1 | 1 | (0) |
| Dividends received | 1,434 | 2,151 | 716 |
| Lease and rental income | 40,730 | 43,495 | 2,764 |
| Miscellaneous income | 8,988 | 4,183 | (4,805) |
| Total non-operating revenues | 51,163 | 49,835 | (1,327) |
| Non-operating expenses: | | | |
| Interest expenses | 17,225 | 16,383 | (842) |
| Lease and rental expenses | 15,695 | 14,648 | (1,046) |
| Miscellaneous expenses | 6,379 | 5,379 | (999) |
| Total non-operating expenses | 39,300 | 36,412 | (2,888) |
| Recurring profit | 30,338 | 63,069 | 32,731 |
| Income before income taxes | 30,338 | 63,069 | 32,731 |
| Corporation, inhabitant, and enterprise taxes | 1,740 | (6,564) | (8,305) |
| Deferred tax expenses (benefits) | 3,753 | 20,548 | 16,794 |
| Net income | 24,844 | 49,085 | 24,241 |

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, 2010

(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 Accumulated earned surplus | Total earned surplus | | | | |
| March 31, 2009 | 312,000 | 1,170,054 | 1,170,054 | 13,689 | 13,689 | 1,495,743 | 411 | 411 | 1,496,155 |
| Net change during the annual period | | | | | | | | | |
| Cash dividends | | | | (13,004) | (13,004) | (13,004) | | | (13,004) |
| Net income | | | | 24,844 | 24,844 | 24,844 | | | 24,844 |
| Others, net | | | | | | | (355) | (355) | (355) |
| Total net change during the annual period | — | — | — | 11,839 | 11,839 | 11,839 | (355) | (355) | 11,484 |
| March 31, 2010 | 312,000 | 1,170,054 | 1,170,054 | 25,529 | 25,529 | 1,507,583 | 56 | 56 | 1,507,640 |

Year ended March 31, 2011

(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 Accumulated earned surplus | Total earned surplus | | | | |
| March 31, 2010 | 312,000 | 1,170,054 | 1,170,054 | 25,529 | 25,529 | 1,507,583 | 56 | 56 | 1,507,640 |
| Net change during the annual period | | | | | | | | | |
| Cash dividends | | | | (25,003) | (25,003) | (25,003) | | | (25,003) |
| Net income | | | | 49,085 | 49,085 | 49,085 | | | 49,085 |
| Others, net | | | | | | | (129) | (129) | (129) |
| Total net change during the annual period | — | — | — | 24,082 | 24,082 | 24,082 | (129) | (129) | 23,953 |
| March 31, 2011 | 312,000 | 1,170,054 | 1,170,054 | 49,611 | 49,611 | 1,531,665 | (72) | (72) | 1,531,593 |

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

| | Year ended March 31, 2010 | Year ended March 31, 2011 | Increase (Decrease) | Percent Increase (Decrease) |
|--|------------------------------|------------------------------|------------------------|-----------------------------------|
| Voice transmission services revenues (excluding IP services revenues) | 798,161 | 729,085 | (69,076) | (8.7) |
| Monthly charge revenues* | 550,982 | 502,703 | (48,279) | (8.8) |
| Call rates revenues* | 74,949 | 61,884 | (13,065) | (17.4) |
| Interconnection call revenues* | 110,527 | 108,696 | (1,830) | (1.7) |
| IP services revenues | 525,558 | 582,095 | 56,536 | 10.8 |
| Leased circuit services revenues (excluding IP services revenues) | 140,428 | 133,103 | (7,324) | (5.2) |
| Telegram services revenues | 24,195 | 22,161 | (2,033) | (8.4) |
| Other telecommunications services revenues | 133,818 | 130,916 | (2,901) | (2.2) |
| Telecommunications total revenues | 1,622,163 | 1,597,362 | (24,800) | (1.5) |
| Supplementary business total revenues | 158,658 | 160,696 | 2,037 | 1.3 |
| Total operating revenues | 1,780,821 | 1,758,058 | (22,763) | (1.3) |

*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, 2010 | Year ended March 31, 2011 | Increase (Decrease) |
|---|------------------------------|------------------------------|------------------------|
| Cash flows from operating activities: | | | |
| Income before income taxes | 30,338 | 63,069 | 32,731 |
| Depreciation and amortization | 394,191 | 376,998 | (17,193) |
| Loss on disposal of property, plant and equipment | 20,997 | 18,635 | (2,362) |
| Increase (decrease) in liability for employees' retirement benefits | (8,695) | (37,951) | (29,255) |
| (Increase) decrease in accounts receivable | 3,677 | 6,646 | 2,969 |
| (Increase) decrease in inventories | 3,810 | (4,829) | (8,639) |
| Increase (decrease) in accounts payable and accrued expenses | (1,339) | (6,626) | (5,287) |
| Increase (decrease) in accrued consumption tax | 1,498 | 521 | (976) |
| Other | 45,202 | 27,149 | (18,052) |
| Sub-total | 489,681 | 443,614 | (46,067) |
| Interest and dividends received | 1,445 | 2,157 | 712 |
| Interest paid | (17,766) | (16,423) | 1,342 |
| Income taxes received (paid) | 2,578 | (3,082) | (5,660) |
| Net cash provided by (used in) operating activities | 475,938 | 426,266 | (49,672) |
| Cash flows from investing activities: | | | |
| Payments for property, plant and equipment | (385,574) | (379,393) | 6,181 |
| Proceeds from sale of property, plant and equipment | 2,456 | 3,434 | 978 |
| Payments for purchase of investment securities | (429) | (250) | 179 |
| Proceeds from sale of investment securities | 450 | 13 | (437) |
| Other | 494 | (436) | (930) |
| Net cash provided by (used in) investing activities | (382,603) | (376,631) | 5,972 |
| Cash flows from financing activities: | | | |
| Proceeds from issuance of long-term debt | 140,000 | 130,000 | (10,000) |
| Payments for settlement of long-term debt | (158,333) | (151,170) | 7,162 |
| Net increase (decrease) in short-term borrowings | (25,994) | (3,999) | 21,994 |
| Payments for settlement of lease obligations | (8,951) | (1,868) | 7,082 |
| Dividends paid | (13,004) | (25,003) | (11,999) |
| Net cash provided by (used in) financing activities | (66,283) | (52,043) | 14,239 |
| Net increase (decrease) in cash and cash equivalents | 27,051 | (2,409) | (29,460) |
| Cash and cash equivalents at beginning of year | 106,470 | 133,522 | 27,051 |
| Cash and cash equivalents at end of year | 133,522 | 131,113 | (2,409) |