



# News Release

NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION

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FOR IMMEDIATE RELEASE

## **Interim Settlement for Fiscal Year Ending March 31, 2006**

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the interim period of fiscal 2005 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. Business Results (Non-Consolidated Operating Revenues)
5. Non-Consolidated Comparative Statements of Cash Flows

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## Summary of Results

During the six months ended September 30, 2005, the Japanese economy continued to show a steady overall recovery with improved corporate earnings and increased capital expenditure and consumer spending.

The telecommunications market has been undergoing drastic environmental changes as a result of the rapid spread of broadband access services and the introduction of new types of services such as FMC (Fixed-Mobile Convergence) services that combine mobile and fixed-line telephones, and "Triple Play" service that integrate Internet, IP telephone and video capabilities all in one.

In the rapidly expanding broadband market, customer needs are becoming more diverse than ever and competition among telecommunications providers is intensifying in the form of both services and prices, against the backdrop of further acceleration in the changeover to fiber optics and IP. In the fixed-line telephone market, meanwhile, the shift toward mobile and IP phones as well as the spread of direct subscriber telephone services using dry copper lines made for an increasingly competitive business environment.

In the midst of rapid changes in market and competitive conditions, Nippon Telegraph and Telephone West Corporation (NTT West) positioned fiscal 2005 as a critical year for taking the "first steps" toward achieving the "NTT West Group Medium-Term Vision" and its goal of "providing optical access services to 15 million users in 2010." Toward this end, NTT West moved forward with efforts to introduce attractive new services aimed at dramatic expansion of optical access lines and fiber-optic IP-based services, promoting high value-added solution businesses such as security features, and expanding the operations of the entire NTT West Group. Specifically, NTT West implemented the following measures:

### 1. Development of the Broadband Business

#### ( i ) Expanded Broadband Access Services

In optical access services, to supplement its conventional B-FLET'S plans and satisfy diversifying user needs, NTT West offered the "FLET'S HIKARI PREMIUM Family Type" plan, a new access service that provides high-quality video-telephony

using IPv6 addresses and security protection as basic functions, and additionally supports optical IP phone and On Demand TV. NTT West also introduced the "FLET'S HIKARI PREMIUM Condominium Type" plan, a new service for multi-dwelling houses to meet the needs of customers living in condominium buildings.

Also, in addition to the previously-offered limited-time, no-monthly-fee campaign for new subscribers to FLET'S HIKARI (a generic term for B-FLET'S and FLET'S HIKARI PREMIUM) services, NTT West introduced the "HIKARI GUTTO DISCOUNT," a discount program with a special rate for up to one year for new subscribers who signed up for a "FLET'S HIKARI PREMIUM Family Type" plan or a "B-FLET'S Family 100 Type" plan in Shizuoka, Aichi, Kyoto, Osaka, Hyogo, Hiroshima, or Fukuoka during a specified promotion period. For ADSL users, NTT West offered a discount of maximum 50% for one year to attract more customers.

Furthermore, to attract new FLET'S subscribers and encourage continued use of the service, NTT West offered the "FLET'S ATTO (amazing) DISCOUNT," which provides a discount on monthly charges with the requirement of two continuous years of use, and "FLET'S ZUTTO (continuous) DISCOUNT," which offers an automatic discount on monthly charges based on the number of years of use.

NTT West also made efforts to provide services meeting customer needs by achieving shorter lead time (from application to line connection) with the introduction of the Administrative Quick Response for Optical Service (AQROS) system and making 24-hour support available to ensure customers can make use of its service with peace of mind. As a result, the number of FLET'S HIKARI subscriber lines installed exceeded one million in just four years and one month, after a full-scale launch of the service.

(ii) Expanded Broadband Application Services

NTT West began to offer the "HIKARI DENWA (fiber-optic phone)" service, an optical IP phone service for individual customers, not only to "B-FLET'S Condominium Type" users but also to users of "FLET'S HIKARI PREMIUM Family Type" and "FLET'S HIKARI PREMIUM Condominium Type."

For corporate customers, NTT West also added to the "HIKARI DENWA Business

Type" plan a mobile IP-phone terminal, which is compatible with the optional "IP Centrex function." This allows NTT West to make highly convenient IP phone terminals available to customers at a reasonable introductory cost.

NTT West also added new features to "HIKARI DENWA" and "HIKARI DENWA Business Type" to achieve a level of usability equal to fixed-line telephones and proactively deployed the service across the region to expand the customer base.

To enhance its application services that use IPv6 addresses, NTT West launched "FLET'S v6 My Disk" targeted at users of "FLET'S HIKARI PREMIUM" and "FLET'S v6 APPLI" services. The new service enables users to store and manage a large volume of data such as images taken with a digital camera and document files, and share data with other users safely.

As part of its "FLET'S SQUARE" service, NTT West has been providing live broadcasts of concerts and events and videos of popular cartoons to FLET'S access service users, and it recently opened "v6 Stage," a broadband site for users of FLET'S HIKARI PREMIUM and FLET'S v6 APPLI, to distribute "multi-angle content" that allows simultaneous viewing of a scene from multiple angles, and "high-quality content" in the Hi-Vision, in an effort to further enhance the unique attractiveness of FLET'S services.

For "FLET'S SPOT," a public wireless LAN service, NTT West opened "FLET'S SPOT Cafe" at five key stations in the western Japan region, where visitors can experience ubiquitous wireless service with leading-edge wireless LAN equipment and application software. At the same time, NTT West added to the number of access points to expand the service area so that customers can use the service in an ever more convenient and comfortable manner. In addition, in response to demand for a nationwide public wireless LAN service that covers the service areas of NTT West and East and consumer interest in using different wireless LAN terminals for different purposes, each of which is increasing in line with the growing number of customers, NTT West decided to offer a new service that supports mutual-roaming between NTT West and NTT East through "FLET'S SPOT" and compatibility with multiple wireless LAN terminals from October 2005.

## 2. Development of the Solution Business

NTT West launched "Mobile IP Centrex Solution" as a new item in the "N.prosol" line-up. This solution allows fast and low-cost creation of a ubiquitous office environment that integrates fixed-line phones with mobile phones and voice with data by combining "HIKARI DENWA Business Type," an IP phone service for corporate customers, with 3G mobile phone and wireless LAN dual terminals.

For security-related services, NTT West worked together with NTT MARKETING ACT CORPORATION and NTT NEOMEIT CORPORATION to launch "ThinClient Total Solution," a system that prevents confidential information from being taken out illegally by a person inside of an organization or being leaked via lost or stolen data. It is targeted at corporate customers and local governments that have concerns about information security measures following the enforcement of the Law Concerning the Protection of Personal Information.

To provide a higher level of authentication at login to business systems that are constructed and operated from a network of multiple sites, NTT West also introduced the "Biometrics-enabled IC Card Security System" jointly with NTT CARD SOLUTION CORP. This system combines biometrics technology, which has gained attention due to its ability to protect personal information against loss or theft, with "ELWISE-CARD," which is an IC card developed by NTT Service Integration Laboratories.

Also, NTT West and NTT COMWARE CORPORATION jointly installed a biometrics authentication system within the electronic prefectural office systems of the Saga Prefectural Office, which is the first biometric authentication system that manages access from all employee computer terminals to be introduced in a prefectural government office.

Furthermore, NTT West opened its business service center to provide secure, safe, and reliable services to preferred corporate customers that use many services, such as leased circuits and LAN services. The service center manages the entire process of order acceptance, installation, and support for stable operation in a prompt, flexible, and integrated manner, with the goal of providing smooth multi-point, multi-line connection, prompt repair service, and comprehensive after-sale service, regardless of type of circuit or location.

### 3. Expanded NTT West Group Operations

NTT NEOMEIT CORPORATION collaborated with Hewlett-Packard Japan Ltd. to launch the "Community-Based IT Full Support Service Business," which offers a full range of support services in an integrated manner from provision of IT equipment to system construction, operation and maintenance, and data erasure / recycling of PCs and servers at the time of system upgrade.

NTT NEOMEIT also developed "u-Consent (outlet) Service (tentative name)," which is Japan's first home appliance control service that creates a remote control environment by networking existing home appliances and combining broadband circuits with mobile phones. NTT NEOMEIT plans to start a field trial in the second half of the fiscal year.

NTT MARKETING ACT CORPORATION has provided nursing homes with "ACTOS KIT TAG de OMAMORI (protect) MENU," a system that was developed jointly with NTT APPLIE CORPORATION, Dai Nippon Printing Co., Ltd., and NTT West, based on trial results of a system that combines broadband circuit and wireless IC tag technologies.

NTT MARKETING ACT also launched the "ACTOSMALL SHUTTEN (shop-opening) SERVICE" at its Internet shopping site ACTOSMALL," which provides an all-in-one package of support services covering acquisition of new customers, settlement and delivery, to general business operators who are planning to open an Internet store and is also working to increase the number of customers and shops through an alliance with the portal site "ACTOS e-MACHISHIROU (find information about your town on the Web)."

### 4. Measures for Fixed-Line Telephone Services

Faced with a widespread use of direct subscriber telephone services using dry copper, NTT West lowered rates, including by implementing discounts on basic charges (line service charges) for customers who receive consolidated bills for multiple lines, in order to encourage continued use of NTT West's telephone services.

The "Number Display" service exceeded five million subscribers in less than seven years after its full-scale launch due to the fact it meets the needs of home telephone users and serves to improve customer service at telephone reception desks in a range

of business environments.

NTT West also worked to maintain and improve the level of customer service throughout the entire service area of NTT West. As part of such efforts, NTT West established a system whereby calls to 133 (for repair service) are transferred to "Number 113" centers in other regions when call volume is heavy due to natural disaster or equipment failure, to allow the handling of as many calls as possible.

In addition to the above, NTT West waived basic charges for customers who could not use their telephones for 24 hours or longer due to building damage from typhoons, and those who had no access to their telephones for 24 hours or longer because they had been ordered to evacuate. This was based on the number of days without telephone access. Reinstallation charges for customers who moved from damaged buildings to temporary housing were also waived.

Furthermore, amid intense public criticism arising from a series of corporate scandals, the NTT West Group has been actively working to reinforce its corporate ethics. During this period, the Group further applied itself to cultivating high ethical standards both officially and privately, and creating a solid corporate culture against fraud and misconduct. Among other things, the Group held corporate ethics workshops similar to those held last year for all levels of management and employees, and conducted surveys to determine the level of employee awareness of ethical issues.

Meanwhile, in the light of the full-fledged enforcement of the Law Concerning the Protection of Personal Information, the need for proper handling of customer information is more significant than ever. The NTT West Group reinforced its efforts to protect customer information by implementing various measures: (1) creation of the "Information Security Promotion Center" to provide guidance across the group companies; (2) conducting workshops and on-site inspections of contractors to implement stricter control systems and procedure based on the "Security Guidelines for Protection of Customer Information Held by Contractors"; (3) check on the level of understanding concerning the protection of customer information by self-evaluation testing on the Web for all employees (including those in group companies, and temporary workers) and; (4) preparation and distribution of "Q&As" on the protection of personal information and "One-Point Advice" summarizing precautions.

To lay the groundwork for such measures, the entire NTT West Group carried out "customer first" activities and continued to work diligently to earn the trust and confidence of its customers.

As a result of the above measures, the results of our principal services for the six months ended September 30, 2005 were as follows: the number of subscriber telephone lines installed stood at 24.71 million; in INS-Net services, the number of INS-Net 64 lines installed totaled 3.68 million and; the number of FLET'S ADSL and FLET'S HIKARI installations came to 2.61 million and 1.05 million, respectively.

Operating revenue, recurring profit, and net profit for the first six months of the fiscal year ending amounted to 1005.0 billion yen, 30.6 billion yen, and 19.1 billion yen, respectively.



## 2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2005	September 30, 2005	Increase (Decrease)
<b>ASSETS</b>			
<b>Fixed assets:</b>			
<b>Fixed assets-telecommunications businesses</b>			
Property, plant and equipment	2,920,524	2,911,758	(8,766)
Machinery and equipment	550,458	566,959	16,501
Antenna facilities	11,407	10,972	(435)
Terminal equipment	27,847	30,804	2,956
Local line facilities	826,738	819,175	(7,562)
Long-distance line facilities	8,497	7,806	(690)
Engineering facilities	647,060	638,144	(8,916)
Submarine line facilities	5,177	4,653	(523)
Buildings	555,067	537,858	(17,208)
Construction in progress	38,253	48,966	10,713
Other	250,017	246,416	(3,600)
Intangible fixed assets	94,823	94,070	(752)
<b>Total fixed assets-telecommunications businesses</b>	<b>3,015,348</b>	<b>3,005,829</b>	<b>(9,519)</b>
<b>Investments and other assets</b>			
Deferred income taxes	391,488	353,779	(37,708)
Other investments	34,376	31,497	(2,879)
Allowance for doubtful accounts	(713)	(450)	263
<b>Total investments and other assets</b>	<b>425,151</b>	<b>384,827</b>	<b>(40,323)</b>
<b>Total fixed assets</b>	<b>3,440,499</b>	<b>3,390,656</b>	<b>(49,843)</b>
<b>Current assets:</b>			
Cash and bank deposits	111,479	114,509	3,029
Notes receivable	14	66	52
Accounts receivable, trade	379,119	314,267	(64,852)
Supplies	34,833	35,211	378
Other current assets	118,116	102,199	(15,917)
Allowance for doubtful accounts	(3,233)	(4,306)	(1,073)
<b>Total current assets</b>	<b>640,329</b>	<b>561,947</b>	<b>(78,382)</b>
<b>TOTAL ASSETS</b>	<b>4,080,829</b>	<b>3,952,603</b>	<b>(128,225)</b>

(Millions of yen)

	March 31, 2005	September 30, 2005	Increase (Decrease)
<b><u>LIABILITIES</u></b>			
Long-term liabilities:			
Long-term borrowings from parent company	1,055,194	1,053,041	(2,153)
Liability for employees' severance payments	710,090	695,220	(14,870)
Other long-term liabilities	10,112	12,459	2,347
Total long-term liabilities	1,775,397	1,760,721	(14,676)
Current liabilities:			
Current portion of long-term borrowings from parent company	200,090	230,908	30,817
Accounts payable, trade	167,218	116,178	(51,040)
Accounts payable, other	269,332	152,736	(116,595)
Accrued taxes on income	2,481	1,083	(1,397)
Other current liabilities	115,567	152,370	36,803
Total current liabilities	754,690	653,277	(101,412)
<b>TOTAL LIABILITIES</b>	<b>2,530,087</b>	<b>2,413,998</b>	<b>(116,088)</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
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			
Unappropriated retained earnings for the period	68,670	56,534	(12,136)
Total earned surplus	68,670	56,534	(12,136)
Net unrealized gains (losses) on securities	17	16	(1)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,550,741</b>	<b>1,538,604</b>	<b>(12,137)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,080,829</b>	<b>3,952,603</b>	<b>(128,225)</b>

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

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2004	Six months ended September 30, 2005	Increase(Decrease)	Year ended March 31, 2005
<b>Recurring profits and losses</b>				
<b>Operating revenues and expenses</b>				
<b>Telecommunications businesses</b>				
Operating revenues	956,272	933,491	(22,780)	1,921,025
Operating expenses	907,902	905,843	(2,059)	1,846,367
Operating income from telecommunications businesses	48,369	27,648	(20,721)	74,657
<b>Related businesses</b>				
Operating revenues	72,915	71,508	(1,407)	177,022
Operating expenses	73,295	73,080	(215)	181,531
Operating losses from related businesses	(380)	(1,571)	(1,191)	(4,508)
Operating income	47,989	26,076	(21,912)	70,148
<b>Non-operating revenues and expenses</b>				
Non-operating revenues:	26,431	26,528	96	56,074
Interest income	2	2	(0)	6
Lease income	23,883	23,417	(466)	47,648
Miscellaneous income	2,545	3,108	562	8,419
Non-operating expenses:	21,001	21,930	928	46,135
Interest expenses	9,826	8,399	(1,427)	19,264
Lease expenses	9,993	10,937	944	21,858
Miscellaneous expenses	1,182	2,593	1,411	5,012
Recurring profit	53,419	30,674	(22,745)	80,087
<b>Special profits and losses</b>				
Special profits	3,662	2,674	(988)	10,170
Special losses	3,590	—	(3,590)	7,181
Income before Income taxes	53,491	33,348	(20,143)	83,077
Corporation, inhabitant, and enterprise taxes	(32,908)	(23,764)	9,143	(57,120)
Deferred tax expenses (benefits)	54,800	37,994	(16,805)	99,100
Net income	31,599	19,118	(12,480)	41,097
Unappropriated retained earnings brought forward	27,572	37,415	9,842	27,572
Unappropriated retained earnings for the period	59,172	56,534	(2,638)	68,670

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

(Based on accounting principles generally accepted in Japan)

(Millions of Yen)

	Six months ended September 30, 2004	Six months ended September 30, 2005	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2005
Voice transmission services revenues (excluding the amounts of IP services revenues)	697,360	643,377	(53,982)	(7.7%)	1,369,195
Monthly charge revenues*	446,489	395,162	(51,327)	(11.5%)	872,886
Call rates revenues*	103,651	93,506	(10,144)	(9.8%)	198,733
Interconnection call revenues*	101,730	108,223	6,493	6.4%	209,544
IP services revenues	82,481	108,744	26,263	31.8%	180,326
Leased circuit services revenues (excluding the amounts of IP services revenues)	87,440	85,057	(2,383)	(2.7%)	174,392
Telegram services revenues	14,731	14,391	(340)	(2.3%)	31,180
Other telecommunications services revenues	74,259	81,921	7,662	10.3%	165,929
Telecommunications total revenues	956,272	933,491	(22,780)	(2.4%)	1,921,025
Related business total revenues	72,915	71,508	(1,407)	(1.9%)	177,022
Total operating revenues	1,029,187	1,005,000	(24,187)	(2.4%)	2,098,048

\* Partial listing only

## 5. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2004	Six months ended September 30, 2005	Increase (Decrease)	Year ended March 31, 2005
<b>I Cash flows from operating activities:</b>				
Income before income taxes	53,491	33,348	(20,143)	83,077
Depreciation and amortization	217,843	215,325	(2,518)	435,060
Loss on disposal of property, plant and equipment	17,273	14,905	(2,368)	33,319
Increase (decrease) in liability for employees' severance payments	(14,678)	(14,870)	(192)	(80,346)
(Increase) decrease in accounts receivable	53,958	66,218	12,260	1,956
(Increase) decrease in inventories	1,384	(378)	(1,763)	4,606
Increase (decrease) in accounts payable and accrued expenses	(147,372)	(137,342)	10,029	(6,390)
(increase) decrease in accrued consumption tax receivable	—	62	62	(62)
Increase (decrease) in accrued consumption tax payable	1,946	1,693	(252)	(2,652)
Other	(28,316)	(19,977)	8,339	(3,381)
Sub-total	155,530	158,984	3,454	465,187
Interest and dividends received	95	162	67	283
Interest paid	(9,907)	(8,955)	952	(19,698)
Income taxes received (paid)	52,474	57,480	5,005	52,439
Net cash provided by (used in) operating activities	198,193	207,673	9,479	498,212
<b>II Cash flows from investing activities:</b>				
Payments for property, plant and equipment	(185,081)	(241,052)	(55,971)	(381,332)
Proceeds from sale of property, plant and equipment	4,395	3,717	(678)	13,567
Acquisition of investment securities	(2,300)	(1,165)	1,134	(3,678)
Proceeds from sale of investment securities	155	2,148	1,992	2,239
Other	152	253	101	(197)
Net cash provided by (used in) investing activities	(182,677)	(236,098)	(53,420)	(369,401)
<b>III Cash flows from financing activities:</b>				
Proceeds from issuance of long-term debt	100,000	96,707	(3,292)	190,000
Payments for settlement of long-term debt	(36,469)	(68,043)	(31,573)	(276,201)
Net increase (decrease) in short-term borrowings	(40,000)	23,000	63,000	2,000
Dividends paid	(34,494)	(31,200)	3,294	(34,494)
Net cash provided by (used in) financing activities	(10,964)	20,463	31,428	(118,696)
<b>IV Net increase (decrease) in cash and cash equivalents</b>	<b>4,551</b>	<b>(7,961)</b>	<b>(12,512)</b>	<b>10,114</b>
<b>V Cash and cash equivalents at beginning of period</b>	<b>118,806</b>	<b>128,920</b>	<b>10,114</b>	<b>118,806</b>
<b>VI Cash and cash equivalents at end of period</b>	<b>123,358</b>	<b>120,959</b>	<b>(2,398)</b>	<b>128,920</b>

## Non-Consolidated Semi-annual Financial Results for the Year Ending March 31, 2006

April 1, 2005 – September 30, 2005

(Based on accounting principles generally accepted in Japan)

### 【Operating Results】

(Billions of Yen)

Details	Six Months Ended Sept. 30, 2005	Six Months Ended Sept. 30, 2004	Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues	1,005.0	1,029.1	(24.1)	(2.4%)
Operating Expenses	978.9	981.1	(2.2)	(0.2%)
Operating Income	26.0	47.9	(21.9)	(45.7%)
Non-Operating Income	4.5	5.4	(0.8)	(15.3%)
Recurring Profit	30.6	53.4	(22.7)	(42.6%)
Special Profits	2.6	3.6	(0.9)	(27.0%)
Special Losses	—	3.5	(3.5)	—
Income before Income Taxes	33.3	53.4	(20.1)	(37.7%)
Income Taxes	14.2	21.8	(7.6)	(35.0%)
Net Income	19.1	31.5	(12.4)	(39.5%)

### 【Forecasts for the Year Ending March 31, 2006】

(Billions of Yen)

Details	Operating Revenues	Operating Income	Recurring Profit	Net Income
Forecasts for the Year Ending March 31, 2006	2,020.0	31.0	40.0	25.0

**【Breakdown of Operating Revenues and Operating Expenses】**

**(1) Operating Revenues**

(Billions of Yen)

Service	Six Months Ended Sept. 30, 2005	Six Months Ended Sept. 30, 2004	Increase (Decrease)	Percent Increase (Decrease)
Voice Transmission Services Revenues (excluding the amounts of IP Services Revenues)	643.3	697.3	(53.9)	(7.7%)
Monthly Charge Revenues*	395.1	446.4	(51.3)	(11.5%)
Call Rates Revenues*	93.5	103.6	(10.1)	(9.8%)
Interconnection Call Revenues*	108.2	101.7	6.4	6.4%
IP Services Revenues	108.7	82.4	26.2	31.8%
Leased Circuit Services Revenues (excluding the amounts of IP Services Revenues)	85.0	87.4	(2.3)	(2.7%)
Telegram Services Revenues	14.3	14.7	(0.3)	(2.3%)
Other Telecommunications Services Revenues	81.9	74.2	7.6	10.3%
Related Business Total Revenues	71.5	72.9	(1.4)	(1.9%)
<b>Total</b>	<b>1,005.0</b>	<b>1,029.1</b>	<b>(24.1)</b>	<b>(2.4%)</b>

\* 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, 2005	Six Months Ended Sept. 30, 2004	Increase (Decrease)	Percent Increase (Decrease)
<b>Personnel</b>	<b>90.5</b>	<b>97.5</b>	<b>(7.0)</b>	<b>(7.2%)</b>
Purchase of goods and services	618.8	605.9	12.9	2.1%
Depreciation and amortization	210.5	214.5	(3.9)	(1.8%)
Retirement of fixed assets	22.6	26.2	(3.5)	(13.6%)
Miscellaneous Taxes	36.3	36.9	(0.6)	(1.8%)
<b>Total</b>	<b>978.9</b>	<b>981.1</b>	<b>(2.2)</b>	<b>(0.2%)</b>

**【Assets, Liabilities and Shareholders' Equity】**

(Billions of Yen)

Details	Sept. 30, 2005	March 31, 2005	Increase (Decrease)	Percent Increase (Decrease)
Fixed Assets	3,390.6	3,440.4	(49.8)	(1.4%)
Current Assets	561.9	640.3	(78.3)	(12.2%)
Total Assets	3,952.6	4,080.8	(128.2)	(3.1%)
Long-Term Liabilities	1,760.7	1,775.3	(14.6)	(0.8%)
Current Liabilities	653.2	754.6	(101.4)	(13.4%)
Total Liabilities	2,413.9	2,530.0	(116.0)	(4.6%)
Interest-Bearing Debts*	1,348.9	1,297.2	51.6	4.0%
Shareholders' Equity	1,538.6	1,550.7	(12.1)	(0.8%)
Total of Liabilities and Shareholders' Equity	3,952.6	4,080.8	(128.2)	(3.1%)

\* Partial listing only

**【Cash Flows】**

(Billions of Yen)

Details	Six Months Ended Sept. 30, 2005	Six Months Ended Sept. 30, 2004	Increase (Decrease)	Percent Increase (Decrease)
Cash Flows from Operating Activities	207.6	198.1	9.4	4.8%
Cash Flows from Investing Activities	(236.0)	(182.6)	(53.4)	(29.2%)
Cash Flows from Financing Activities	20.4	(10.9)	31.4	286.6%
Cash and Cash Equivalents at Beginning of Period	128.9	118.8	10.1	8.5%
Cash and Cash Equivalents at End of Period	120.9	123.3	(2.3)	(1.9%)



**【Reference】**

**1.Number of Subscriber Lines**

Details	Sept. 30, 2005	Sept. 30, 2004	Increase (Decrease)	Percent Increase (Decrease)
Number of Telephone Subscriber Lines (1,000)	24,742	25,685	(943)	(3.7%)
Number of ISDN Subscriber Lines (1,000)	3,898	4,194	(296)	(7.1%)
Number of Subscriber Lines	28,640	29,879	(1,239)	(4.1%)

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, 2005	Sept. 30, 2004	Increase (Decrease)	Percent Increase (Decrease)
Number of FLET'S HIKARI Subscribers (1,000)	1,055	583	472	81.0%
Number of FLET'S ADSL Subscribers (1,000)	2,605	2,119	486	23.0%
Number of FLET'S ISDN Subscribers (1,000)	318	407	(89)	(21.9%)

**3.Number of Employees**

(Employees)

Details	Sept. 30, 2005	Sept. 30, 2004	Increase (Decrease)	Percent Increase (Decrease)
Number of Employees	13,050	13,750	(700)	(5.1%)

**4.Capital Investments**

(Billions of Yen)

Details	Six Months Ended Sept. 30, 2005	Six Months Ended Sept. 30, 2004	Increase (Decrease)	Percent Increase (Decrease)
Capital Investments	216.0	166.6	49.4	29.7%