



# News Release

May 14, 2010

FOR IMMEDIATE RELEASE

## Settlement for Fiscal Year Ended March 31, 2010

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for the fiscal year ended March 31, 2010 are presented in the following attachments.

(Attachments)

1. Summary of Results for Fiscal Year Ended March 31, 2010
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 the Fiscal Year Ended March 31, 2010**

In the fiscal year ended March 31, 2010, against a backdrop of improvements in the global economy, particularly in Asia, and the positive effects of large scale economic stimulus measures, the Japanese economy showed signs of recovery, mainly in the form of export increases and consumer spending. The economic climate continued to be difficult, however, with excessive capacity and inventories and a high unemployment rate.

In the information and telecommunications sector, in addition to the expansion of Internet usage following upon rapid advances in the use of IP and broadband networks, Nippon Telegraph and Telephone West Corporation (“NTT West”) is implementing dynamic structural changes through the integration of communications and broadcasting, as well as of fixed-line and mobile communications and the expansion of new network services that utilize SaaS<sup>\*1</sup>, cloud computing<sup>\*2</sup>, CGM<sup>\*3</sup> and other services.

In the broadband market, in addition to facility competition from other businesses and increasing service competition, the market environment is undergoing major change as a result of the expansion of triple play service offerings, including video distribution, and the appearance of new services for information devices other than personal computers. In the fixed-line telephone market, the shift from conventional fixed-line telephony to optical IP telephony advanced. In addition, competition with direct subscriber telephone services provided by competitors using dry copper lines and telephone services provided by cable television operators continued.

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 the NTT Group’s new Medium-Term Management Strategy “Road to Service Creation Business Group – *full-scale rollout of broadband and ubiquitous service*” adopted by Nippon Telegraph and Telephone Corporation (“NTT”) in May 2008, NTT West has devoted its energy to promoting and expanding safe, secure, reliable, and appealing broadband services that meet customers’ needs, through new services and products that utilize the framework of NGN<sup>\*4</sup> 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’s area coverage rate<sup>\*5</sup> for FLET’S Hikari<sup>\*6</sup> expanded to over 80%, and the service coverage area for FLET’S Hikari Next, a fiber-optic access service that uses the NGN, expanded to approximately 80% of FLET’S Hikari service coverage area.

FLET’S Hikari achieved an increase in subscriptions, which topped 5.7 million. Of this figure, subscriptions for FLET’S Hikari Next exceeded 560,000. Business Ether Wide, a VPN-type service

that utilizes the NGN and is tailored for large group of users, is also seeing an increase in subscriptions. In addition, NTT West worked to expand its service offerings, launching for FLET'S Cast subscribers the FLET'S line ID subscriber notification service, which provides enhanced security, and Hikari Denwa Office A (Ace), an optical IP telephony service which is tailored to large offices and is compatible with FLET'S Hikari Next.

NTT West will continue to develop and offer new, highly convenient services that take full advantage of the wide bandwidth, high quality and high security characteristics of the NGN and will seek to further enhance the appeal of the NGN. NTT West will also move forward with efforts aimed at creating a rich communication environment and new business opportunities.

To increase the use of FLET'S Hikari, NTT West introduced discounts on monthly charges, installation charges and other fees. NTT West strengthened efforts to encourage continued customer use of the FLET'S Hikari service, such as revising the CLUB NTT-West<sup>\*7</sup> point-earning program and improving Internet support information on its website for club members. Moreover, NTT West collaborated with businesses in a broad range of fields, such as expanding the service area for FLET'S TEREBI<sup>\*8</sup>, which is offered in cooperation with Opticast Inc., launching the Wii/Nintendo DSi Connection Set-up Package in cooperation with Nintendo Co., Ltd., and introducing Synergy! on FLET'S, a high quality, SaaS-type comprehensive customer management system that users can use with peace of mind, in cooperation with Synergy Marketing, Inc.

Further, NTT West sought to increase usage scenarios and expand high value-added services, releasing the living room PC "Hikari BOX", part of the Hikari LINK series of information devices that help create a convenient, safe and comfortable lifestyle through FLET'S Hikari.

To improve customer service NTT West took steps to reduce the time it takes to commence optical access services, including increasing the number of applications where installation work dates can be determined immediately and increasing the use of remote installation. NTT West reached an agreement with the six NTT West Home Techno firms, Sharp Corporation and others to build a cooperative framework for providing one-stop customer support during breakdowns or problems involving home information appliances. Further, NTT West introduced Office Network *Omakase* Support Service, a service for small and medium-sized businesses (office users) that provides comprehensive support for operation and management of an internal ICT<sup>\*9</sup> environment, including LAN wiring, system operation and management and troubleshooting of network devices. In the home user market, NTT West also launched on a trial basis Home Network *Omakase* Support Service, which provides comprehensive support for IP-TV and digital terrestrial television compatibility and setup and troubleshooting for videogame consoles and a variety of other network-connected devices.

## (2) Measures Relating to the Solutions Business

With respect to its efforts aimed at large businesses, NTT West engaged in efficient and effective ICT-based marketing activities tailored to regional customers. NTT West focused on industry-specific solutions that incorporate industry characteristics and trends in such areas as local

government, disaster prevention, police and fire departments, education, agriculture, finance and healthcare.

As a result of understanding the need for improving business efficiency, cutting costs and actively promoting the contact center business in collaboration with NTT Marketing Act Corporation, NTT West increased revenue through such work as accepting orders for renewal of the order entry center system at a food company's mail-order division and renewal of a telephone banking system at a regional bank, operation and related systems for customer support center reception at a major co-operative, collection of overdue automobile tax, inquiries on economic stimulus payments, inquiries on income tax return filings and others.

NTT West moved ahead with its data center business by opening a new urban data center in the Osaka area, in preparation for the full-scale penetration of cloud computing, and is developing high value-added data centers, including promoting deployment of services that have the same high reliability but with greater speed and flexibility.

NTT West also endeavored to expand and improve its corporate VPN service. A 10G product was added to the existing lineup of 10M, 100M and 1G products of the corporate VPN service "FLET'S VPN Gate" and the service was made compatible with FLET'S Hikari Next Business Type as an access line.

Moreover, with the aim of eliminating the digital divide and providing a broadband service environment that meets regional needs, NTT West partnered with individual local governments to improve the broadband environment.

For small and medium-sized businesses, NTT West introduced "Group Talk Flat-Rate", a flat-rate service for the optical IP telephony service Hikari Denwa Office Type service, among other services. NTT West also started offering "Information Security Select Diagnosis Service" which diagnoses and proposes improvement measures for information security at medium-sized businesses, "FLET'S Software Distribution Service," which allows software companies to distribute packaged software to users via FLET'S Hikari, and "FLET'S *Matomete Shiharai* (combined payments)", a service that performs billing and collection of fee-based information service charges for subscribers to "FLET'S Software Distribution Service" and "FLET'S Cast."

### (3) Status of Business Operation Structures

In addition, to achieve flexible business operations that can promptly respond to changes in the business environment, NTT West worked to raise efficiency and endeavored to stabilize and strengthen its management base by improving its systems and BPR<sup>\*10</sup>, including those of its construction contractors, and other measures such as shortening order processing time for FLET'S Hikari.

In addition, enhancement of the training structure for increasing the number of optical professionals and carrying out practical training resulted in achieving NTT West's initial goal to "train

approximately 2,400 advanced IP engineers by the end of fiscal year ending March 31, 2011” at the end of September 2009. NTT West further promoted the establishment of a framework for steady maintenance of NGN services through the early training of advanced IP engineers.

Last fall, following the discovery that an NTT West group company employee improperly provided to certain sales agencies information on customers using other services, NTT West received on February 4, 2010 a business practice improvement order under the Telecommunications Business Act, Article 29 from the Ministry of Internal Affairs and Communications, and on February 26, 2010 submitted a business practice improvement plan to the Ministry of Internal Affairs and Communications. NTT West deeply regrets, and offers its sincere apologies for, any concerns and inconvenience caused to our customers and others.

NTT West solemnly accepts the business practice improvement order and will ensure the implementation of the business practice improvement plan. In addition, NTT West will endeavor to thoroughly strengthen its management and appropriate handling of information received from customers and other businesses. To bolster these efforts, in April 2010, NTT West formed the Information Security Promotion Department, which is tasked with drafting company-wide policies on information security, improving related structure and rules, and planning, implementing and inspecting security measures.

#### (4) Corporate Social Responsibility Activities

NTT West considers Corporate Social Responsibility (“CSR”) activities to be one of the most important pillars in the management of the company. NTT West believes that it is the social responsibility of a company to contribute to the environmentally-friendly, healthy and sustainable development of society. To this end, pursuant to the NTT Group CSR Charter (adopted in June 2006), NTT West sought not only to comply with the law and address efforts towards realizing a low-carbon society, but also to maintain and gain the trust of its customers by providing a safe and secure communication infrastructure.

With respect to its efforts to achieve a low-carbon society, NTT West has made proposals for the reduction of the environmental burden caused by use of information communication services and for conversion of its network facilities to energy saving devices. In addition, under the “Green NTT”<sup>\*11</sup> initiative, an NTT Group-wide campaign promoting the use of solar power and other types of natural energy, full operation of a photovoltaic system was commenced at the Kochi Branch, the first among NTT West companies. Other activities included efforts to reduce NTT West’s environmental burden, including deploying NGN-compatible thin clients<sup>\*12</sup> in offices such as the NTT West Kobe Chuo Building to carry out trial programs for the creation of “eco-friendly offices (eco-offices) through work style reforms” and “eco-offices through improving the energy efficiency of systems.” In addition, for validating energy efficiency of network communication facilities, NTT West commenced evaluations and verifications of air conditioning efficiency in a machine room with the application of the aisle capping<sup>\*13</sup> method.

Furthermore, as a part of its efforts to foster a culture that promotes the diversified use of personnel and various working styles, and in response to an increased desire to work among disabled persons and the social need for creation of employment opportunities, NTT West Lucent Corporation was established in July 2009 and began operations in September 2009. Following the certification as a “Special Subsidiary” under the Act on Employment Promotion etc. of Persons with Disabilities from the Minister of Health, Labor and Welfare, a certificate was issued in December 2009 by the head of the Osaka Higashi Public Employment Security Office. As risk management measures, NTT West established an H1N1 influenza task force, strengthened early restoration capabilities in the event of disasters, and participated in joint disaster drills held with the Japan Ground Self-Defense Forces as countermeasures for large-scale disasters.

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 2009 to proactively disclose relevant information to its stakeholders.

#### (5) Financial Standing

As a result of these efforts during the fiscal year ended March 31, 2010, operating revenues totaled 1,780.8 billion yen (a decrease of 2.4% from the fiscal year ended March 31, 2009), recurring profit was 30.3 billion yen (an increase of 55.4% from the fiscal year ended March 31, 2009), and net profit totaled 24.8 billion yen (an increase of 60.9% from the fiscal year ended March 31, 2009).

- \*1. SaaS: Software as a Service. A system for providing software application functions to customers as needed via a network.
- \*2. A computing method in which software and data that were managed and used by computers that a user is actually using are utilized on demand in the form of a service via the Internet and other networks.
- \*3. CGM: Consumer Generated Media. Blogs, SNS and other online media created by the transmission of information by consumers themselves.
- \*4. NGN: Next-Generation Network.
- \*5. A collective name for FLET’S Hikari Next, FLET’S Hikari Premium and B FLET’S.
- \*6. Area coverage rate = Number of fixed telephone facilities in FLET’S Hikari service area / Number of fixed telephone facilities.
- \*7. 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.
- \*8. 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).

- \*9. ICT: Information and Communication Technology.
- \*10. BPR: Business Process Reengineering. The setting of a target (sales, profit margin, etc.) relating to corporate activities, and the analysis and optimization of operations, workflows and organizational structures with the goal of achieving that target.
- \*11. A measure designed to promote generation and use of natural energy, mainly with solar systems, for reducing CO<sub>2</sub> emissions from the NTT Group's business activities.
- \*12. A terminal that does not have an internal storage device but instead has only such minimal functions as display and input, or a system that utilizes such a terminal.
- \*13. An airflow design method whereby a door or a roof is installed at or on top of an aisle between racks in a machine room to separate and seal (cap) the air intake and exhaust sides of network communication equipment.

## 2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2009	March 31, 2010	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	517,663	521,075	3,411
Antenna facilities	9,694	8,466	(1,228)
Terminal equipment	21,058	20,813	(245)
Local line facilities	825,484	838,843	13,359
Long-distance line facilities	4,219	3,551	(667)
Engineering facilities	590,253	586,802	(3,451)
Submarine line facilities	3,306	2,396	(910)
Buildings	464,127	432,441	(31,685)
Structures	16,253	15,436	(817)
Other machinery and equipment	1,478	1,230	(248)
Vehicles and vessels	225	228	2
Tools, furniture and fixtures	38,771	35,570	(3,200)
Land	181,295	178,896	(2,398)
Lease assets	5,149	5,076	(72)
Construction in progress	28,254	32,574	4,319
Total property, plant and equipment	2,707,237	2,683,403	(23,834)
Intangible fixed assets	95,976	96,688	712
Total fixed assets - telecommunications businesses	2,803,213	2,780,091	(23,121)
Investments and other assets			
Investment securities	4,787	3,944	(843)
Investments in subsidiaries and affiliated companies	45,205	43,981	(1,224)
Investment in capital	2	2	(0)
Long-term prepaid expenses	3,037	3,026	(11)
Deferred income taxes	149,373	145,953	(3,419)
Other investments and assets	8,596	8,113	(482)
Allowance for doubtful accounts	(566)	(516)	50
Total investments and other assets	210,436	204,505	(5,930)
Total fixed assets	3,013,650	2,984,597	(29,052)
Current assets:			
Cash and bank deposits	105,019	124,065	19,046
Notes receivable	39	17	(21)
Accounts receivable, trade	282,192	280,946	(1,245)
Accounts receivable, other	18,959	14,811	(4,147)
Securities	-	6	6
Supplies	27,912	24,102	(3,810)
Advance payment	2,436	1,655	(780)
Prepaid expenses	5,937	5,843	(94)
Deferred income taxes	4,048	3,691	(357)
Other current assets	16,336	20,141	3,804
Allowance for doubtful accounts	(2,130)	(2,399)	(268)
Total current assets	460,751	472,882	12,130
<b>TOTAL ASSETS</b>	<b>3,474,401</b>	<b>3,457,479</b>	<b>(16,921)</b>



(Millions of yen)

	March 31, 2009	March 31, 2010	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	977,698	966,527	(11,170)
Lease obligations	8,409	5,605	(2,803)
Liability for employees' retirement benefits	304,696	296,001	(8,695)
Reserve for unused telephone cards	12,320	14,560	2,240
Other long-term liabilities	18,177	12,455	(5,722)
Total long-term liabilities	1,321,302	1,295,149	(26,152)
Current liabilities:			
Current portion of long-term borrowings from parent company	158,333	151,170	(7,162)
Accounts payable, trade	78,940	84,546	5,606
Commercial paper	59,994	58,999	(994)
Short-term borrowings	25,000	-	(25,000)
Lease obligations	806	1,891	1,084
Accounts payable, other	233,507	235,725	2,217
Accrued expenses	18,539	17,258	(1,280)
Accrued taxes on income	899	1,093	194
Advance received	5,817	5,382	(434)
Deposit received	68,825	94,359	25,534
Unearned revenue	72	94	21
Allowance for losses on construction contracts	171	-	(171)
Other current liabilities	6,037	4,167	(1,869)
Total current liabilities	656,944	654,690	(2,253)
<b>TOTAL LIABILITIES</b>	<b>1,978,246</b>	<b>1,949,839</b>	<b>(28,406)</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	13,689	25,529	11,839
Accumulated earned surplus	13,689	25,529	11,839
Total earned surplus	13,689	25,529	11,839
Total shareholders' equity	1,495,743	1,507,583	11,839
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	411	56	(355)
Total unrealized gains (losses), translation adjustments, and others	411	56	(355)
<b>TOTAL NET ASSETS</b>	<b>1,496,155</b>	<b>1,507,640</b>	<b>11,484</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,474,401</b>	<b>3,457,479</b>	<b>(16,921)</b>

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

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	1,670,002	1,622,163	(47,839)
Operating expenses			
Business expenses	428,030	412,394	(15,636)
Operations	17,768	16,295	(1,472)
Maintenance expenses	446,047	415,664	(30,382)
Overhead expenses	72,933	74,199	1,266
Administration	97,459	101,551	4,091
Experiment and research	51,114	50,381	(733)
Depreciation and amortization	400,082	381,753	(18,329)
Retirement of fixed assets	42,700	42,863	163
Access charges	33,829	35,767	1,937
Miscellaneous taxes	68,333	67,122	(1,210)
Total operating expenses	1,658,299	1,597,993	(60,306)
Operating income from telecommunications businesses	11,703	24,169	12,466
Supplementary businesses:			
Operating revenues	154,318	158,658	4,339
Operating expenses	158,254	164,352	6,097
Operating losses from supplementary businesses	(3,935)	(5,693)	(1,758)
Operating income	7,767	18,475	10,708
Non-operating revenues:			
Interest income	14	7	(7)
Interest on securities	1	1	0
Dividends received	3,431	1,434	(1,996)
Lease and rental income	43,268	40,730	(2,537)
Miscellaneous income	5,427	8,988	3,561
Total non-operating revenues	52,143	51,163	(980)
Non-operating expenses:			
Interest expenses	19,540	17,225	(2,314)
Lease and rental expenses	16,378	15,695	(682)
Miscellaneous expenses	4,474	6,379	1,905
Total non-operating expenses	40,393	39,300	(1,092)
Recurring profit	19,518	30,338	10,820
Income before income taxes	19,518	30,338	10,820
Corporation, inhabitant, and enterprise taxes	(1,248)	1,740	2,989
Deferred tax expenses (benefits)	5,325	3,753	(1,571)
Net income	15,440	24,844	9,403

**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, 2009

(Millions of yen)

	Shareholders' equity						Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus		Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus	Total earned surplus				
				Accumulated earned surplus					
March 31, 2008	312,000	1,170,054	1,170,054	(1,751)	(1,751)	1,480,302	679	679	1,480,982
Net change during the annual period									
Cash dividends									-
Net income				15,440	15,440	15,440			15,440
Others, net							(267)	(267)	(267)
Total net change during the annual period	-	-	-	15,440	15,440	15,440	(267)	(267)	15,173
March 31, 2009	312,000	1,170,054	1,170,054	13,689	13,689	1,495,743	411	411	1,496,155

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	Total earned surplus				
				Accumulated 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

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

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	896,413	798,161	(98,252)	(11.0)
Monthly charge revenues*	605,622	550,982	(54,639)	(9.0)
Call rates revenues*	92,294	74,949	(17,344)	(18.8)
Interconnection call revenues*	130,658	110,527	(20,130)	(15.4)
IP services revenues	460,441	525,558	65,117	14.1
Leased circuit services revenues (excluding IP services revenues)	149,122	140,428	(8,693)	(5.8)
Telegram services revenues	25,797	24,195	(1,601)	(6.2)
Other telecommunications services revenues	138,227	133,818	(4,409)	(3.2)
Telecommunications total revenues	1,670,002	1,622,163	(47,839)	(2.9)
Supplementary business total revenues	154,318	158,658	4,339	2.8
Total operating revenues	1,824,321	1,780,821	(43,499)	(2.4)

\*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, 2009	Year ended March 31, 2010	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	19,518	30,338	10,820
Depreciation and amortization	412,834	394,191	(18,642)
Loss on disposal of property, plant and equipment	18,971	20,997	2,026
Increase (decrease) in liability for employees' retirement benefits	(36,480)	(8,695)	27,785
(Increase) decrease in accounts receivable	11,296	3,677	(7,619)
(Increase) decrease in inventories	(2,150)	3,810	5,960
Increase (decrease) in accounts payable and accrued expenses	(22,796)	(1,339)	21,456
Increase (decrease) in accrued consumption tax	(1,193)	1,498	2,691
Other	32,261	45,202	12,941
Sub-total	432,260	489,681	57,420
Interest and dividends received	3,446	1,445	(2,001)
Interest paid	(19,969)	(17,766)	2,202
Income taxes received (paid)	16,805	2,578	(14,226)
Net cash provided by (used in) operating activities	432,543	475,938	43,394
Cash flows from investing activities:			
Payments for property, plant and equipment	(380,697)	(385,574)	(4,877)
Proceeds from sale of property, plant and equipment	17,151	2,456	(14,695)
Payments for purchase of investment securities	(53)	(429)	(376)
Proceeds from sale of investment securities	177	450	272
Other	2,745	494	(2,251)
Net cash provided by (used in) investing activities	(360,675)	(382,603)	(21,928)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	115,000	140,000	25,000
Payments for settlement of long-term debt	(177,724)	(158,333)	19,391
Net increase (decrease) in short-term borrowings	(15,005)	(25,994)	(10,988)
Payments for settlement of lease obligations	(27,558)	(8,951)	18,606
Dividends paid	-	(13,004)	(13,004)
Net cash provided by (used in) financing activities	(105,288)	(66,283)	39,005
Net increase (decrease) in cash and cash equivalents	(33,420)	27,051	60,471
Cash and cash equivalents at beginning of year	139,891	106,470	(33,420)
Cash and cash equivalents at end of year	106,470	133,522	27,051

## 7. Changes in Directors

### Candidates for Representative Directors

(1) Candidate scheduled to take office as President

Shinichi Otake	Current position: President
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(2) Candidates scheduled to take office as Senior Executive Vice President

Noriaki Ito	Current position: Senior Executive Vice President
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Kazutoshi Murao	Current position: Senior Executive Vice President
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(Note) The changes in directors noted above are only those that have been decided. Other changes will be announced once determined.