



News Release

May 12, 2005

FOR IMMEDIATE RELEASE

Settlement for Fiscal Year Ended March 31, 2005

The results of Nippon Telegraph and Telephone West Corporation (NTT West) for fiscal 2004 are presented in the following attachments.

(Attachments)

1. Summary of Results for Fiscal Year Ended March 31,2005
2. Non-consolidated Balance Sheets
3. Non-consolidated Statements of Income
4. Non-consolidated Statements of Cash Flows
5. Proposal for Appropriation of Unappropriated Retained Earnings
6. Business Results (Non-consolidated Operating Revenues)
7. New Board of Directors

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Summary of Results for Fiscal Year Ended March 31, 2005

During the fiscal year ended March 31, 2005, the Japanese economy moved gradually toward a moderate recovery, with significant improvement in corporate earnings and capital spending.

The telecommunications market has been undergoing drastic structural changes in anticipation of the changeover from voice to Internet and data telecommunications, along with the rapid proliferation of IP phone services. In this environment, the full scale introduction of direct connection phone services using dry copper bodes an era of intense competition in the fixed-line phone market, including basic rates. Meanwhile, the business environment surrounding the growing broadband market has grown harsher than ever, due to intensifying competition among telecommunications carriers for new customers in the form of both services and prices, this in spite of the fact that broadband access services like optical fiber and ADSL are experiencing full-scale proliferation and expansion.

In the midst of the significant environmental changes in the market and competitive conditions, Nippon Telegraph and Telephone West Corporation (NTT West) positioned fiscal 2004 as critical year for making a dramatic leap into the optical fiber broadband market, and for transforming the base of its revenue structure from telephones to IP. Toward this end, NTT West moved forward with efforts to take full advantage of the characteristics of optical fiber to enrich its application and content services, promote high value-added solution businesses like security services, expand the operations of the entire NTT West Group, and reexamine the current price structure of fixed-line phone services. Specifically, NTT West implemented the following measures:

1. Development of the Broadband Business

i. Expanded Broadband Access Services

In the area of optical fiber services, NTT West added to the existing B-FLET'S plans with the launch of the "FLET'S *HIKARI* PREMIUM Family Type" plan, a new access service for detached houses that provides connectivity via ISPs, high-quality video-telephony via IPv6 technology, and security, to satisfy diverse user needs. NTT West also introduced the "Video Communication Network Service", which enables bundled transmission of up to 400 channels, to satisfy the needs of broadcasters that use telecommunications services to distribute multi-channel video via optical fiber lines.

In ADSL, NTT West expanded its existing plans with the addition of "FLET'S ADSL More Special," which boasts a downstream speed of up to 44 ~ 47 Mbps and an upstream speed of up to 5 Mbps, in response to customer demand for faster telecommunications.

NTT West ran a limited-time, no-monthly-fee campaign for new subscribers to B-FLET'S and FLET'S ADSL services. NTT West also introduced attractive special discount programs:

“FLET’S *ATTO* (amazing) DISCOUNT,” which provides a discount on monthly charges conditioned on 2 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, in order to attract new customers and encourage continued use of the service.

Further, to expand the availability of FLET’S services and to respond to the need for “after-hours system failure recovery” primarily on the part of corporate and SOHO users, NTT West extended the “Support Menu,” which provides 24/7 service 365 days a year, to cover the “Family 100” plan, in addition to the “FLET’S ADSL Type 2,” “B-FLET’S Business Type,” “B-FLET’S Basic Type,” and “B-FLET’S Mansion Type” plans.

ii. Expanded Broadband Application Services

In response to the need for lower call rates and the growing demand for high-quality IP telephone services comparable to fixed-line telephony, NTT West promoted the rapid deployment of its IP phone service by offering the “*HIKARI DENWA* (optical fiber phone)” to B-FLET’S Mansion Type users living in multi-family housing, and in February 2005 began accepting advance applications for the service from FLET’S *HIKARI PREMIUM* Family Type users living in detached houses. NTT West modified its service terms for the “*HIKARI DENWA* Business Type” plan (formerly, IP Phone Service for Corporate Customers) to include additional options for lower-cost access lines (B-FLET’S Basic Type), in order to make the service accessible to a wider spectrum of business customers.

NTT West improved the transmission speed of its public wireless LAN service, “FLET’S SPOT,” to 54 Mbps, and boosted the number of access points in the western Japan region to over 3,000 by the end of March, making the service more conveniently accessible to more customers. All of these accomplishments underscore its status as Japan’s largest public wireless LAN service provider.

NTT West also launched a new application service for B-FLET’S and FLET’S ADSL customers, “FLET’S v6 APPLI,” an add-on service based on IPv6 technology that provides high-quality video-telephony and security functions.

Furthermore, in broadband content distribution, NTT West launched “FLET’S v6 CAST,” an IPv6-enabled content distribution service for high-quality video and music that connects the servers of content providers. It is available to FLET’S *HIKARI PREMIUM* and FLET’S v6 APPLI subscribers.

Furthermore, NTT West, ITOCHU Corporation and SKY Perfect Communications Inc. joined forces in February 2004 to conduct a two-month test distribution of quality-controlled content via IPv6 technology. The results of this test led to On Demand TV, Inc., a joint venture between ITOCHU, SKY Perfect, NTT West and NTT East, and the March 2005 launch of “On Demand TV” video distribution for NTT East and West FLET’S subscribers.

In addition, since last year FLET'S SQUARE has been collaborating with leading content owners to provide attractive content that is unique to FLET'S services. This includes video programs from Takarazuka Revue Company related to its shows, "In Quest of the Blue Bird" and "Takarazuka Dream Kingdom," a variety of entertainment from The Walt Disney Company Japan, Ltd., and new "Pokemon content" from The Pokemon Company.

2. Development of the Solution Business

NTT West has been offering the "prosol Series" of system solutions to satisfy the needs of a wide range of customers, from public to private sector corporations. During the period under review, NTT West expanded its "N.prosol" lineup, which provides total solutions for optimized networks, with the launch of "SSL-VPN Solution," a service that responds to the growing demand for security through the easy creation of a safe, reliable remote access environment for smaller businesses and municipalities, and the "Video Conference Package," a service that enables rapid, high-quality video communication connections at low cost via broadband circuits like B-FLET'S.

NTT West also added to its lineup for "C.prosol," a total solution for optimized commerce (commercial transaction cycles) that enables enterprises, regardless of type of business, to quickly apply information technology to their business at low cost. NTT West introduced the "Shared EDI Solution for Liquor Businesses," which is specifically designed to facilitate greater operating efficiency and speed for liquor businesses, and the "EDI Solution for Department Stores," which assists vendors like wholesalers and manufacturers in achieving strategic merchandising.

Furthermore, as a new item in the lineup for "D.prosol," a total solution addressing customers demand for protection against security threats, NTT West worked together with NTT MARKETING ACT and NTT NEOMEIT to launch the "Information Security Audit Service," which allows an objective assessment of a customer's information assets management. NTT West has also partnered with Tokio Marine and Fire Insurance Company, Limited to introduce "Security Check Safety," a security diagnostic service which includes an indemnification plan, providing a total security solution that covers any demand for compensation for damages arising from a security breach.

Additionally, NTT West introduced two new services: "U.prosol," a total solution that assists the management of universities in creating the best environment for education and research as well as surviving an era of tough competition with the support of information technology; and "A.prosol," a total solution that aids in the revitalization of rural regions through improved productivity, one of the real challenges faced by today's agricultural industry.

Meanwhile, NTT West integrated IP and mobile telephony to build an IP phone system connecting 49 OSAKA GAS CO., LTD. operating bases. This IP phone system handles external

calls through the “*HIKARI DENWA Business Type*” service (formerly, IP Phone Service for Corporate Customers) provided to corporate customers by NTT West, while internal calls (between operating bases) are handled by NTT West’s high-quality, optical fiber, wide-area Ethernet service. On the company premises, a mobile terminal serves to make/receive both internal (between operating bases) and external calls via the IP phone system, while the same terminal device serves off premises as a mobile phone. All in all, the system contributes to total communications cost savings while achieving high-quality voice communications comparable to fixed-line telephony. At the same time, it leads to improved productivity by transforming working styles.

3. Expanded NTT West Group Operations

NTT NEOMEIT CORPORATION has been actively working to expand its operations through closer ties and diverse alliances with NTT West Group companies, focusing on system integration and maintenance integration (SI/MI). During the period under review, NTT NEOMEIT launched the “AQStage PF IP Call Center Service,” a service with enhanced security that employs grid technology; “InfoDock,” a comprehensive information security diagnostic tool; and “AQStage Call S,” an IP phone service for small- and medium-sized businesses. NTT NEOMEIT also enriched its service lineup with the introduction of “AQStage Shared Public Wireless LAN Access Point Service,” which houses multiple wireless LAN carriers in a single public wireless LAN access point to promote widespread use of the LAN access service while solving radio interference problems.

Furthermore, in order to prevent possible personal information leaks resulting from the disposal and replacement of personal computers, NTT NEOMEIT has tied up with TOKYO LEASING CO., LTD. to establish a reutilization/recycling business for personal computers. The first step was marked by the opening of a “PC Security Recycle Center,” which handles all processes from complete hard disk data erasure to the recycling of used personal computers and intermediate treatment of industrial waste, in a high-security environment.

NTT MARKETING ACT CORPORATION, meanwhile, introduced “ACTOS WATCH-OVER EYE,” a new monitoring service for the security of the elderly. Sensor systems are installed in the homes of elderly people who live alone so that either other family members or local government staff can review the daily living situation remotely via personal computer, and an e-mail message can be transmitted to a pre-registered contact should any problem be detected.

NTT MARKETING ACT likewise joined with NTT Syscom Corporation and Dai Nippon Printing Co., Ltd. to develop “ACTOS KIT *OKKAKE* (surveillance) CAMERA MENU,” an image distribution system combining broadband circuits and wireless IC tag technology. NTT MARKETING ACT has begun to market this system through its group companies as a solution package mainly for kindergartens and nursery schools.

In addition to the above, since last year NTT MARKETING ACT has been offering “ACTOS *e-MACHISHIROU*” (Find your town information on the web), a portal site that provides local community information, as a solution that allows local stores and businesses to attract more customers and increase sales; and “ACTOS MOBILE C,” a service that enables timely distribution of e-mail and coupons to members of a user company via mobile phones using 2-dimensional codes.

4. Measures for Fixed-Line Telephone Services

i. Reduction in Telephone Charges and Review of Telephone Installation Charges

To properly respond to changes in the business environment and customer needs, and in an effort to achieve the smooth migration of fixed-line phone subscribers to optical fiber IP networks, NTT West reduced basic charges (line service charges) and eliminated the fees NTT West charges for the touch-tone option. To the same end, NTT West introduced two new types of discount plans: “*Ichirittu* Plan 1,” which permits intra-prefecture calls at a flat rate of ¥8.5 per 3 minutes, and “*Ichirittu* Plan 2,” which allows intra-prefecture calls at a flat rate of ¥7.5 per 3 minutes for a fixed monthly payment of ¥100 per telephone line.

NTT West also reexamined the telephone installation charges for subscriber telephone lines and INS-Net 64 lines, as well as the surcharge for the Light Plan (subscriber telephone and INS-Net 64 Light).

ii. Launch of Service for Calls from Fixed-line to Mobile Telephones

In the past, calls from fixed-line to mobile phones were priced exclusively by the mobile-phone operators. However, NTT West has been able to start its own low-rate telephone service for calls from fixed-line to mobile telephones (THANK YOU DIAL 0039 Service), now that dialing a mobile-phone operator’s identification number enables NTT West to determine the charges itself.

In addition to the above, NTT West waived the basic fees for customers who could not use their telephones due to building damage from typhoons and those who had no access to their telephones because they had been ordered to evacuate, and also waved reinstallation charges for customers who moved from damaged buildings to temporary housing. NTT West also provided a Dial Q2 collection service free of charge for donations for the victims of the Niigata Chuetsu Earthquake and the Sumatra Earthquake.

Meanwhile, in light of the severe social criticism stemming from a series of corporate scandals, the NTT West Group has been actively working to reinforce its corporate ethics. During the period under review, 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 also held corporate ethics workshops similar to those held last year for all levels of management and employees, produced new videos that carry the president’s message to employees, and conducted a survey of corporate ethics awareness

among all employees, in order to install a consciousness of ethics throughout the organization.

Moreover, in light of the lessons learned from the recent spate of information leaks, the NTT West Group has been promoting proper management of customer information through training workshops for all employees, in order to boost morale and tighten control over the handling of customer information. In addition, NTT West has completely overhauled its systems operations and is exercising closer supervision over the customer information held by contractors, in order to implement all possible means to protect the information NTT West has on its customers.

In the area of environmental protection, NTT West has been addressing the conservation of paper resources, measures against global warming, and reduction of industrial waste, which are its top priorities for reducing the environmental impact of its business activities. Specifically, NTT West has taken effective measures to reduce the consumption of pure pulp for telephone directories, cut back the consumption of power for communications, and reduced industrial waste, through annual numerical targets established under a medium- to long-term action program.

The NTT West Group has also been working on certification to ISO14001, the international standard for environmental management systems, in order to constantly improve its efforts to protect the environment and reduce environmental risks. NTT West's strategy has been to have each branch or office location apply for certification under its own budget; during the period under review, the Okayama and Kumamoto branches joined 13 other branches that had already succeeded in obtaining this certification. The Group will continue to work hard to achieve certification for every branch as well as all group companies by the end of fiscal 2005.

As part of NTT West Group's program of actively disclosing information regarding the status of the Group's environmental protection measures, in October 2004 NTT West compiled and published the NTT West Group Environmental Report, a follow-up to the edition of the previous year. The report presents the overall progress of NTT West Group's environmental protection measures as well as the environmental protection activities of the NTT MARKETING ACT Group and NTT NEOMEIT Group, demonstrating its commitment to the protection of the environment as a matter of corporate responsibility.

As a result of the above, operating revenue for the fiscal year amounted to 2,098 billion yen (down 3.2% from the previous year), and recurring profit amounted to 80 billion yen (down 11.6% from the previous year). Net income totaled 41 billion yen (down 33.2% from the previous year), marking the second consecutive year of positive net income.

Attachment 2

NON-CONSOLIDATED BALANCE SHEETS

(Based on accounting principles generally accepted in Japan)

	<u>March 31, 2004</u>	<u>March 31, 2005</u>	
	Millions of Yen	Millions of Yen	*Millions of US\$
<u>Assets</u>			
Fixed assets	3,595,293	3,440,499	32,154
Current assets	630,525	640,329	5,984
Total assets	<u>4,225,819</u>	<u>4,080,829</u>	<u>38,138</u>
<u>Liabilities</u>			
Long-term liabilities:			
Long-term debt	1,065,285	1,055,194	9,861
Liability for employees' severance payments	790,436	710,090	6,636
Other	9,945	10,112	94
Total long-term liabilities	<u>1,865,667</u>	<u>1,775,397</u>	<u>16,592</u>
Current liabilities:			
Current portion of long-term debt	276,201	200,090	1,870
Accounts payable, trade	137,748	167,218	1,562
Accounts payable, other	288,992	269,332	2,517
Accrued taxes on income	186	2,481	23
Other	112,095	115,567	1,080
Total current liabilities	<u>815,225</u>	<u>754,690</u>	<u>7,053</u>
Total liabilities	<u>2,680,893</u>	<u>2,530,087</u>	<u>23,645</u>
<u>Shareholders' equity</u>			
Common stock	312,000	312,000	2,915
Additional paid-in capital	1,170,054	1,170,054	10,935
Unappropriated retained earnings for the year	62,109	68,670	641
Net unrealized gains (losses) on securities	762	17	0
Total shareholders' equity	<u>1,544,926</u>	<u>1,550,741</u>	<u>14,492</u>
Total liabilities and shareholders' equity	<u>4,225,819</u>	<u>4,080,829</u>	<u>38,138</u>

Note:*Yen amounts have been translated, for convenience only, at ¥ 107=US \$ 1.00, the approximate exchange rate on March 31, 2005. Fractions are rounded down.

NON-CONSOLIDATED STATEMENTS OF INCOME
 (Based on accounting principles generally accepted in Japan)

	<u>Year Ended March 31</u>		
	<u>2004</u> Millions of Yen	<u>2005</u> Millions of Yen	*Millions of US\$
Operating revenues	2,166,852	2,098,048	19,607
Operating expenses	2,080,163	2,027,899	18,952
Operating income	86,688	70,148	655
Non-operating revenues	54,910	56,074	524
Non-operating expenses	51,038	46,135	431
Recurring profit	90,560	80,087	748
Special profits	15,001	10,170	95
Special losses	7,181	7,181	67
Income before income taxes	98,381	83,077	776
Corporation, inhabitant, and enterprise taxes	(52,421)	(57,120)	(533)
Deferred tax expenses (benefits)	89,300	99,100	926
Net income	<u>61,502</u>	<u>41,097</u>	<u>384</u>
Per share data (in exact)	<u>of Yen</u>	<u>of Yen</u>	<u>of US\$</u>
Net income	9,849	6,577	61
Cash dividend	5,528	5,000	46

Note:*Yen amounts have been translated, for convenience only, at ¥ 107=US \$ 1.00, the approximate exchange rate on March 31, 2005. Fractions are rounded down.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Based on accounting principles generally accepted in Japan)

	<u>Year Ended March 31</u>		
	<u>2004</u>	<u>2005</u>	<u>*Millions</u>
	<u>Millions</u>	<u>Millions</u>	<u>of US\$</u>
	<u>of Yen</u>	<u>of Yen</u>	<u>of US\$</u>
Cash flows from operating activities:			
Income before income taxes	98,381	83,077	776
Depreciation and amortization	460,027	435,060	4,065
Loss on disposal of property, plant and equipment	35,576	33,319	311
Increase (decrease) in liability for employees' severance payments	(74,174)	(80,346)	(750)
(Increase) decrease in accounts receivable	(17,431)	1,956	18
Increase (decrease) in accounts payable and accrued expenses	(9,252)	(6,390)	(59)
Increase (decrease) in accrued consumption tax	2,652	(2,652)	(24)
Other	16,907	1,162	10
Sub-total	512,687	465,187	4,347
Interest and dividends received	716	283	2
Interest paid	(22,421)	(19,698)	(184)
Income taxes received (paid)	69,813	52,439	490
Net cash provided by (used in) operating activities	560,795	498,212	4,656
Cash flows from investing activities:			
Payments for property, plant and equipment	(409,205)	(381,332)	(3,563)
Acquisition of investments	(806)	(3,678)	(34)
Other	23,640	15,609	145
Net cash provided by (used in) investing activities	(386,371)	(369,401)	(3,452)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	200,000	190,000	1,775
Payments for settlement of long-term debt	(417,656)	(276,201)	(2,581)
Increase (decrease) in short-term borrowings	40,000	2,000	18
Dividends paid	(18,769)	(34,494)	(322)
Net cash provided by (used in) financing activities	(196,426)	(118,696)	(1,109)
Net increase (decrease) in cash and cash equivalents	(22,001)	10,114	94
Cash and cash equivalents at beginning of year	140,808	118,806	1,110
Cash and cash equivalents at end of year	118,806	128,920	1,204

Note:*Yen amounts have been translated, for convenience only, at ¥ 107=US \$ 1.00, the approximate exchange rate on March 31, 2005. Fractions are rounded down.

PROPOSAL FOR APPROPRIATION OF UNAPPROPRIATED RETAINED EARNINGS

	(Millions of Yen)	
	Year Ended March 31, 2004	Year Ended March 31, 2005
Unappropriated Retained Earnings for the Year	62,109	68,670
Proposal of Appropriation:		
Cash Dividends	34,494 (¥5,528 per share)	31,200 (¥5,000 per share)
Bonuses to directors and corporate auditors (Portion to corporate auditors)	42 (11)	55 (13)
Unappropriated Retained Earnings Carried Forward	27,572	37,415

Note: Fractions are rounded down.

BUSINESS RESULTS (NON-CONSOLIDATED OPERATING REVENUES)

(Based on accounting principles generally accepted in Japan)

(Millions of Yen)

Services	Year Ended March 31, 2004	Year Ended March 31, 2005	Increase (Decrease)
Voice Transmission Services Revenues (excluding the amounts of IP Services Revenues)	1,465,833	1,369,195	(96,637)
Monthly Charge Revenues*	905,590	872,886	(32,704)
Call Rates Revenues*	245,963	198,733	(47,229)
Interconnection Call Revenues*	216,169	209,544	(6,625)
IP Services Revenues	127,284	180,326	53,041
Leased Circuit Services Revenues (excluding the amounts of IP Services Revenues)	206,031	174,392	(31,638)
Telegram Services Revenues	33,421	31,180	(2,241)
Other Telecommunications Services Revenues	165,281	165,929	648
Telecommunications total revenues	1,997,852	1,921,025	(76,826)
Related business total revenues	169,000	177,022	8,022
Total operating revenues	2,166,852	2,098,048	(68,804)

* Partial listing only

Note: Fractions are rounded down.

Attachment 7

NEW BOARD OF DIRECTORS
(Subject to Shareholder's Approval)

President

Shunzo Morishita

Senior Executive Vice Presidents

Tsutomu Ebe

Jun-ichi Yuuki

Executive Vice Presidents

Shinichi Otake

Hiroaki Takano

Senior Vice Presidents

Fumio Takaesu

Yasuyoshi Katayama

Akio Nishio

Hiroo Unoura

Yukihiro Ozaki

Takayuki Watanabe

Kazutoshi Murao

Shinji Jikuya

Takushi Itoh

Michitomo Ueno

Corporate Auditors

Sadayoshi Ishikawa

Toshihisa Fukumoto

Kazuaki Katori

Note: The first three members of this list are nominated for positions with representative authority.

Non-Consolidated Financial Results for the Year Ended March 31, 2005

April 1, 2004 - March 31, 2005
(Based on accounting principles generally accepted in Japan)

【Operating Results】

(Billions of Yen)

Details	Year Ended March 31, 2005	Year Ended March 31, 2004	Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues	2,098.0	2,166.8	(68.8)	(3.2%)
Operating Expenses	2,027.8	2,080.1	(52.2)	(2.5%)
Operating Income	70.1	86.6	(16.5)	(19.1%)
Non-Operating Income	9.9	3.8	6.0	156.7%
Recurring Profit	80.0	90.5	(10.4)	(11.6%)
Special Profits	10.1	15.0	(4.8)	(32.2%)
Special Losses	7.1	7.1	—	—
Income before Income Taxes	83.0	98.3	(15.3)	(15.6%)
Income Taxes	41.9	36.8	5.1	13.8%
Net Income	41.0	61.5	(20.4)	(33.2%)

【Proposal for Appropriation of Unappropriated Retained Earnings】

(Billions of Yen)

Details	Year Ended March 31, 2005
Unappropriated Retained Earnings for the Year	* 68.6
Cash Dividends	31.2
Bonuses to Directors and Corporate Auditors	55 million yen
Appropriation of Unappropriated Retained Earnings	31.2
Unappropriated Retained Earnings Carried Forward	37.4

Net Income 41.0

Unappropriated Retained Earnings
Brought Forward(+) 27.5

* Unappropriated Retained Earnings
for the Year 68.6

【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	1,966.0	4.0	15.0	9.0

【Breakdown of Operating Revenues and Operating Expenses】

(1) Operating Revenues

(Billions of Yen)

Service	Year Ended March 31, 2005	Year Ended March 31, 2004	Increase (Decrease)	Percent Increase (Decrease)
Voice Transmission Services Revenues (excluding the amounts of IP Services Revenues)	1,369.1	1,465.8	(96.6)	(6.6%)
Monthly Charge Revenues*	872.8	905.5	(32.7)	(3.6%)
Call Rates Revenues*	198.7	245.9	(47.2)	(19.2%)
Interconnection Call Revenues*	209.5	216.1	(6.6)	(3.1%)
IP Services Revenues	180.3	127.2	53.0	41.7%
Leased Circuit Services Revenues (excluding the amounts of IP Services Revenues)	174.3	206.0	(31.6)	(15.4%)
Telegram Services Revenues	31.1	33.4	(2.2)	(6.7%)
Other Telecommunications Services Revenues	165.9	165.2	0.6	0.4%
Related Business Revenues	177.0	169.0	8.0	4.7%
Total	2,098.0	2,166.8	(68.8)	(3.2%)

* Partial listing only

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

(2) Operating Expenses

(Billions of Yen)

Details	Year Ended March 31, 2005	Year Ended March 31, 2004	Increase (Decrease)	Percent Increase (Decrease)
Personnel	195.1	226.6	(31.5)	(13.9%)
Purchase of goods and services	1,277.6	1,270.7	6.9	0.5%
Depreciation and amortization	425.8	453.4	(27.6)	(6.1%)
Retirement of fixed assets	56.1	57.0	(0.9)	(1.6%)
Miscellaneous Taxes	73.0	72.1	0.9	1.3%
Total	2,027.8	2,080.1	(52.2)	(2.5%)

【Financial Position】

(Billions of Yen)

Details	March 31, 2005	March 31, 2004	Increase (Decrease)	Percent Increase (Decrease)
Fixed Assets	3,440.4	3,595.2	(154.7)	(4.3%)
Current Assets	640.3	630.5	9.8	1.6%
Total Assets	4,080.8	4,225.8	(144.9)	(3.4%)
Long-Term Liabilities	1,775.3	1,865.6	(90.2)	(4.8%)
Current Liabilities	754.6	815.2	(60.5)	(7.4%)
Total Liabilities	2,530.0	2,680.8	(150.8)	(5.6%)
Interest-Bearing Debts*	1,297.2	1,381.4	(84.2)	(6.1%)
Shareholders' Equity	1,550.7	1,544.9	5.8	0.4%
Total of Liabilities and Shareholders' Equity	4,080.8	4,225.8	(144.9)	(3.4%)

* Partial listing only

【Cash Flows】

(Billions of Yen)

Details	Year Ended March 31, 2005
Cash Flows from Operating Activities	498.2
Cash Flows from Investing Activities	(369.4)
Cash Flows from Financing Activities	(118.6)
Cash and Cash Equivalents at Beginning of Year	118.8
Cash and Cash Equivalents at End of Year	128.9

【Reference】

1. Number of Subscriber Lines

Details	March 31, 2005	March 31, 2004	Increase (Decrease)	Percent Increase (Decrease)
Number of Telephone Subscriber Lines (1,000)	25,396	25,674	(278)	(1.1%)
Number of ISDN Subscriber Lines (1,000)	4,042	4,378	(337)	(7.7%)
Number of Subscriber Lines	29,438	30,053	(615)	(2.0%)

- 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	March 31, 2005	March 31, 2004	Increase (Decrease)	Percent Increase (Decrease)
Number of B-FLET'S Subscribers (1,000)	779	414	365	88.2%
Number of FLET'S ADSL Subscribers (1,000)	2,374	1,806	568	31.5%
Number of FLET'S ISDN Subscribers (1,000)	356	466	(110)	(23.5%)

3. Number of Employees

(Employees)

Details	March 31, 2005	March 31, 2004	Increase (Decrease)	Percent Increase (Decrease)
Number of Employees	12,850	13,750	(900)	(6.5%)

4. Capital Investments

(Billions of Yen)

Details	Year Ended March 31, 2005	Year Ended March 31, 2004	Increase (Decrease)	Percent Increase (Decrease)
Capital Investments	397.8	397.6	0.2	0.1%