Consolidated Statements of Income

Years Ended March 31, 2004 and 2003

		Millions of Yen			Thousands of U.S. Dollars (Note 1)	
	_	2004	2003		2004	
OPERATING REVENUES	¥1	,011,344	¥972,135	\$9,	568,965	
OPERATING COSTS AND EXPENSES:						
Operating costs		945,201	896,023	8,	943,145	
Selling, general and administrative expenses		19,484	19,294		184,354	
Total operating costs and expenses		964,685	915,317	9,	127,499	
Operating income		46,659	56,818	•	441,466	
OTHER (INCOME) EXPENSES:						
Interest and dividend income		(436)	(548)		(4,124)	
Interest expense		723	1,564		6,838	
Gain on sales of marketable and investment securities		(4,093)	(1)		(38,726)	
Loss on disposal of property, plant and equipment		1,643	1,650		15,546	
Bond issuance costs		14	8		135	
Equity in earnings of affiliated companies		(531)	(722)		(5,020)	
Gain on exemption from future pension obligation of the						
governmental program			(45,703)			
Gain on decrease of pension obligation						
with transfer to cash balance plan (Note 2.h)		(40,470)		(:	382,911)	
Loss on devaluation of land		897	8,697		8,486	
Loss on devaluation of telephone subscription rights		1,519	040		14,367	
Other—net		100	810		942	
Other income—net INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS		(40,634)	(34,245)	(:	384,467)	
		87,293	91,063		825,933	
INCOME TAXES (Note 7):						
Current		29,808	36,904		282,034	
Deferred		7,707	5,634		72,922	
Total income taxes		37,515	42,538		354,956	
MINORITY INTERESTS IN EARNINGS OF						
CONSOLIDATED SUBSIDIARIES		(5)	23		(56)	
NET INCOME	¥	49,783	¥ 48,502	\$ 4	471,033	
	_	Yen		U.S. Dollars		
		2004	2003		2004	
PER SHARE OF COMMON STOCK (Notes 2.n and 10):						
Basic net income	¥	107.51	¥ 104.51	\$	1.02	
Diluted net income		105.20	101.63		1.00	
Cash dividends applicable to the year		18.00	15.00		0.17	
See notes to consolidated financial statements.						

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