

May 14, 2010

FOR IMMEDIATE RELEASE

## **NTT Com Announces Financial Results for Fiscal Year Ended March 31, 2010**

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for Fiscal Year ended March 31, 2010. Please see the following attachments for further details:

- I. Results for Fiscal Year Ended March 31, 2010
- II. Non-Consolidated Comparative Balance Sheets
- III. Non-Consolidated Comparative Statements of Income
- IV. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
- V. Business Results (Non-Consolidated Operating Revenues)
- VI. Non-Consolidated Comparative Statements of Cash Flows
- VII. Changes in NTT Communications Directors (Subject to Shareholder's Approval)

# # #

### **About NTT Communications Corporation**

NTT Communications provides a broad range of global networks, management solutions and IT services to customers worldwide. The company is renowned for reliable, high-quality security, hosting, voice, data and IP services, as well as expertise in managed networks and leadership in IPv6 transit technology. NTT Communications' extensive infrastructure includes Arcstar™ Global IP-VPN and Global e-VLAN, as well as a Tier 1 IP backbone reaching more than 150 countries in partnership with major Internet service providers, and secure data centers in Asia, North America and Europe. NTT Communications is the wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation, one of the world's largest telecoms with listings on the Tokyo, London and New York stock exchanges. Please visit [www.ntt.com/index-e.html](http://www.ntt.com/index-e.html).

### **For more information**

**(Ms.) Rui Ogawa or (Mr.) Takashi Ikai**

**Accounts and Finance Department, NTT Communications**

**Tel: +81 3 6700 4311**

**Email: [info-af@ntt.com](mailto:info-af@ntt.com)**

## I. Results for Fiscal Year Ended March 31, 2010

NTT Communications Corporation (NTT Com) announced today that its non-consolidated financial results for the fiscal year ended March 31, 2010 include a decrease in net income of 31.9% year-on-year to 60.6 billion yen, a decrease in operating revenues of 4.3% to 1,079.2 billion yen and a decrease in operating income of 3.3% to 97.5 billion yen. Operating expenses, however, shrank 4.3% to 981.7 billion yen.

All results are based on accounting principles generally accepted in Japan.

### BACKGROUND

While the effects of the global financial crisis that began in fall 2008 started to ease in the United States and various Asian countries as a result of stimulus measures, the outlook remained unclear for the European and Japanese economies, the latter due to ongoing deflation, the yen's persistent strength, credit uncertainty and other factors. In the Japanese information and communication market, providers rapidly introduced new services and business models based on cloud computing as companies increasingly turned to ICT to raise their business efficiency.

### BUSINESS STRATEGIES

NTT Com also strengthened its services based on two core concepts in NTT Communications group's Business Vision 2010 growth strategy: "ICT Solution Partner" for business customers and "CreativE-life' for Everyone" for individual customers. Emphasis was placed primarily on meeting customers' demands for "total, global and one-stop solutions", and for services that "support social prosperity and safe and convenient lifestyles."

NTT Com further augmented its consulting-type sales and services. These enhancements are intended to develop services to help NTT Com's business customers meet special needs through ICT solutions, assist global businesses to implement the strategy of "bridging the world with Japanese quality" in various fields, and enhance points of contact with customers through the utilization of NTT Com's extensive customer base. In addition, NTT Com endeavored to actively expand its Internet-based businesses with new services and business models.

To better realize the company's primary mission encapsulated in the slogan of "bridge" and "continue to bridge", enhancements were carried out in seven core business domains — Solutions, Network Management, Security, Global, Ubiquitous, Portal/engine and Managed-quality Operations — and growth strategies were focused on maximizing synergies throughout the NTT Communications group. Under the above-referenced mission statement, NTT Com promoted the transformation of its business structure by focusing corporate resources on the company's seven core business domains discussed above. NTT Com also directed its efforts toward the training and development of professionals with expert knowledge or skills to support these businesses, reforming its delivery process, improving the quality of its operations and creating new services.

Services for business customers were strengthened with more seamless global offerings, including high value-added solutions and increased consulting-type sales and solutions in which the company helped customers solve problems as their "ICT Solution Partner." Secure, high-quality cloud-based services were expanded under the BizCITY™ concept of providing companies with ICT environments for secure access to enterprise services from any place at anytime. Customers used these service to rationalize business assets, lower investment risks and outsource systems.

In global businesses, in response to the needs of Japanese and multinational companies for high-quality services that provide seamless functionality both domestically and abroad, NTT Com also provided total, highly value-added ICT solutions that combine network integration services with data center, security and server-management services. To support the expansion and strengthening of

its global services, NTT Com opened new data centers and offices, as well as acquiring Pacific Crossing Limited, the operator of the PC-1 trans-Pacific submarine cable, and Integralis AG, a leading provider of IT security services.

In Internet-based businesses, NTT Com expanded the customer base for its OCN- and Plala-brands through proactive marketing centered on fiber optic services and by providing a diverse range of services. NTT Com leveraged the comprehensive strengths of the NTT Communications group, including NTT Resonant and NTT Plala, to develop integrated Internet-related services for ISPs, 050-prefix IP telephone, video distribution and consumer-generated media. NTT Plala's Hikari TV service expanded its subscriber base to more than one million users as of March 31, 2010 by expanding the service area for IP re-broadcasts of digital terrestrial television and offering more high-definition content.

In summary, NTT Com further stabilized its revenue structure by meeting increasingly diverse and sophisticated market demands, enhancing on-site customer-support capabilities and the interpersonal skills of frontline personnel, and focusing steadily on the needs of its customers.

## **OPERATING RESULTS**

IP service revenues increased 10.7 billion yen, or 3%, to 364.8 billion yen as a result of expanded OCN and VPN revenues. Voice transmission and data communication service revenues continued to fall, decreasing by 34.8 billion yen, or 8.4%, to 378.9 billion yen and 13 billion yen, or 9.8%, to 120.1 billion yen, respectively. Although the global economy has begun to show positive signs of recovery, solution services revenues, which had risen in previous years, declined 10.5 billion yen, or 5.3%, to 186.5 billion yen as economic prospects for the foreseeable future remained unclear. Total operating revenues decreased 47.9 billion yen, or 4.3%, to 1,079.2 billion yen.

Tighter cost controls through further process enhancement resulted in purchases of goods and services expenses declining by 30.1 billion yen, or 5.9%, to 479.9 billion yen. Communication network charges decreased 11.1 billion yen, or 4%, to 268.8 billion yen due to lower voice transmission service revenues. Total operating expenses declined by 44.5 billion yen, or 4.3%, to 981.7 billion yen.

Operating income declined by 3.3 billion yen, or 3.3%, to 97.5 billion yen. Net income decreased 28.3 billion yen, or 31.9%, to 60.6 billion yen, reflecting the absence of the one-time gain in the previous year for special profits due to sales of real estate and stocks.

II. 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	145,125	145,984	859
Antenna facilities	1,862	1,756	(105)
Terminal equipment	1,348	1,180	(168)
Local line facilities	777	797	20
Long-distance line facilities	9,558	8,728	(829)
Engineering facilities	59,045	56,876	(2,168)
Submarine line facilities	4,728	14,029	9,300
Buildings	125,604	126,148	544
Structures	3,088	3,069	(19)
Other machinery and equipment	177	159	(17)
Vehicles and vessels	18	27	8
Tools, furniture and fixtures	34,282	33,473	(808)
Land	43,672	43,221	(451)
Lease assets	6,537	5,675	(861)
Construction in progress	25,323	15,428	(9,895)
Total property, plant and equipment	461,150	456,557	(4,592)
Intangible fixed assets	93,692	82,188	(11,504)
Total fixed assets - telecommunications businesses	554,843	538,746	(16,097)
Investments and other assets			
Investment securities	94,539	108,497	13,958
Investments in subsidiaries and affiliated companies	134,544	167,860	33,316
Investment in capital	28	92	63
Contributions to affiliated companies	2,559	2,559	-
Long-term prepaid expenses	1,893	2,602	708
Deferred income taxes	61,222	40,291	(20,930)
Other investments and assets	24,582	25,393	811
Allowance for doubtful accounts	(316)	(294)	21
Total investments and other assets	319,053	347,003	27,949
Total fixed assets	873,897	885,749	11,852
Current assets:			
Cash and bank deposits	56,292	42,673	(13,618)
Notes receivable	82	59	(23)
Accounts receivable, trade	186,265	192,761	6,495
Accounts receivable, other	24,937	2,330	(22,606)
Lease investment assets	8,191	10,645	2,453
Securities	16	10	(6)
Supplies	7,338	6,576	(762)
Advance payment	2,090	2,423	332
Prepaid expenses	3,221	3,320	98
Deferred income taxes	3,888	4,078	190
Subsidiary deposits	36,785	17,408	(19,376)
Other current assets	11,110	5,378	(5,732)
Allowance for doubtful accounts	(1,295)	(1,633)	(338)
Total current assets	338,926	286,031	(52,894)
<b>TOTAL ASSETS</b>	<b>1,212,823</b>	<b>1,171,781</b>	<b>(41,042)</b>

(Millions of yen)

	March 31, 2009	March 31, 2010	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	188,721	144,383	(44,337)
Lease obligations	14,568	14,623	55
Liability for employees' retirement benefits	72,924	76,841	3,917
Reserve for point services	2,987	3,377	390
Reserve for unused telephone cards	5,451	6,442	991
Other long-term liabilities	11,047	10,503	(544)
Total long-term liabilities	295,700	256,172	(39,527)
Current liabilities:			
Current portion of long-term borrowings from parent company	122,121	44,337	(77,783)
Accounts payable, trade	31,533	27,289	(4,244)
Short-term borrowings	-	374	374
Lease obligations	5,424	6,175	750
Accounts payable, other	151,587	181,152	29,565
Accrued expenses	6,426	5,888	(537)
Accrued taxes on income	925	828	(97)
Advance received	7,320	5,393	(1,927)
Deposit received	6,875	5,440	(1,435)
Unearned revenue	67	275	207
Allowance for losses on construction	283	285	2
Other current liabilities	1,271	783	(487)
Total current liabilities	333,837	278,227	(55,610)
<b>TOTAL LIABILITIES</b>	<b>629,538</b>	<b>534,400</b>	<b>(95,138)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	211,763	211,763	-
Capital surplus			
Additional paid-in capital	131,615	131,615	-
Total capital surplus	131,615	131,615	-
Earned surplus			
Other earned surplus	213,363	259,058	45,694
Reserve for special account for property replacement	2,457	2,457	0
Accumulated earned surplus	210,905	256,600	45,694
Total earned surplus	213,363	259,058	45,694
Total shareholders' equity	556,742	602,437	45,694
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	26,542	35,057	8,515
Deferred gains or losses on hedges	-	(113)	(113)
Total unrealized gains (losses), translation adjustments, and others	26,542	34,943	8,401
<b>TOTAL NET ASSETS</b>	<b>583,284</b>	<b>637,381</b>	<b>54,096</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,212,823</b>	<b>1,171,781</b>	<b>(41,042)</b>

### III. 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	945,565	908,160	(37,405)
Operating expenses			
Business expenses	242,895	234,609	(8,286)
Maintenance expenses	89,860	88,873	(987)
Overhead expenses	12,215	11,382	(833)
Administration	82,614	76,801	(5,813)
Experiment and research	16,986	15,451	(1,535)
Depreciation and amortization	109,446	104,932	(4,514)
Retirement of fixed assets	9,087	9,919	831
Access charges	271,219	255,117	(16,101)
Miscellaneous taxes	10,904	10,879	(25)
Total operating expenses	845,232	807,966	(37,266)
Operating income from telecommunications businesses	100,332	100,193	(139)
Supplementary businesses:			
Operating revenues	181,624	171,108	(10,516)
Operating expenses	181,083	173,787	(7,295)
Operating income (losses) from supplementary businesses	541	(2,679)	(3,220)
Operating income	100,874	97,513	(3,360)
Non-operating revenues:			
Interest income	785	72	(713)
Dividends received	9,330	7,903	(1,427)
Lease and rental income	15,380	14,430	(949)
Miscellaneous income	6,892	2,679	(4,213)
Total non-operating revenues	32,389	25,085	(7,304)
Non-operating expenses:			
Interest expenses	6,339	4,173	(2,166)
Lease and rental expenses	9,575	8,761	(814)
Miscellaneous expenses	3,773	1,138	(2,634)
Total non-operating expenses	19,688	14,072	(5,615)
Recurring profit	113,575	108,526	(5,048)
Special profits:			
Gains on sales of investments in affiliated companies	3,343	-	(3,343)
Gains on sales of fixed assets	26,316	-	(26,316)
Settlement package received	6,340	-	(6,340)
Total special profits	36,000	-	(36,000)
Special losses:			
Write-off of investments in affiliated companies	7,495	-	(7,495)
Total special losses	7,495	-	(7,495)
Income before income taxes	142,080	108,526	(33,553)
Corporation, inhabitant, and enterprise taxes	(13,201)	32,767	45,968
Deferred tax expenses (benefits)	66,211	15,063	(51,147)
Net income	89,070	60,695	(28,375)

**IV. 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	Deferred gains or losses on hedges		Total unrealized gains (losses), translation adjustments, and others
		Additional paid-in capital	Total capital surplus	Other earned surplus		Total earned surplus					
				Reserve for special account for property replacement	Accumulated earned surplus						
March 31, 2008	211,763	131,615	131,615	—	139,293	139,293	482,672	55,261	—	55,261	537,934
Net change during the annual period											
Cash dividends					(15,000)	(15,000)	(15,000)				(15,000)
Net income					89,070	89,070	89,070				89,070
Provision of reserve for special account for property replacement				2,457	(2,457)						—
Others, net								(28,719)		(28,719)	(28,719)
Total net change during the annual period	—	—	—	2,457	71,612	74,070	74,070	(28,719)	—	(28,719)	45,350
March 31, 2009	211,763	131,615	131,615	2,457	210,905	213,363	556,742	26,542	—	26,542	583,284

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	Deferred gains or losses on hedges		Total unrealized gains (losses), translation adjustments, and others
		Additional paid-in capital	Total capital surplus	Other earned surplus		Total earned surplus					
				Reserve for special account for property replacement	Accumulated earned surplus						
March 31, 2009	211,763	131,615	131,615	2,457	210,905	213,363	556,742	26,542	—	26,542	583,284
Net change during the annual period											
Cash dividends					(15,000)	(15,000)	(15,000)				(15,000)
Net income					60,695	60,695	60,695				60,695
Provision of reserve for special account for property replacement				0	(0)						—
Others, net								8,515	(113)	8,401	8,401
Total net change during the annual period	—	—	—	0	45,694	45,694	45,694	8,515	(113)	8,401	54,096
March 31, 2010	211,763	131,615	131,615	2,457	256,600	259,058	602,437	35,057	(113)	34,943	637,381

## V. 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)	413,825	378,944	(34,881)	(8.4)
IP services revenues	354,080	364,871	10,790	3.0
Open computer network services revenues*	157,074	163,121	6,047	3.8
IP-Virtual private network services revenues*	77,957	78,092	135	0.2
Wide-Area Ethernet services revenues*	55,693	57,678	1,985	3.6
Data communications revenues (excluding IP services revenues)	133,215	120,154	(13,060)	(9.8)
Leased circuit services revenues*	95,972	88,571	(7,401)	(7.7)
Solution services revenues	197,079	186,539	(10,539)	(5.3)
Others	28,989	28,759	(230)	(0.8)
Total operating revenues	1,127,190	1,079,268	(47,922)	(4.3)

\*Partial listing only



## VI. 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	142,080	108,526	(33,553)
Depreciation and amortization	121,131	118,448	(2,683)
Loss on disposal of property, plant and equipment	4,939	6,507	1,567
Gains on sales of fixed assets	(26,857)	(247)	26,610
Increase (decrease) in allowance for doubtful accounts	(1,058)	317	1,375
Increase (decrease) in liability for employees' retirement benefits	2,262	3,917	1,654
Write-off of investments in affiliated companies	7,495	-	(7,495)
Gains on sales of investments in affiliated companies	(3,343)	-	3,343
(Increase) decrease in accounts receivable	14,963	591	(14,372)
(Increase) decrease in inventories	(212)	762	974
Increase (decrease) in accounts payable and accrued expenses	(33,992)	(653)	33,339
Increase (decrease) in accrued consumption tax	(1,781)	2,052	3,833
Other	2,889	(4,100)	(6,989)
Sub-total	228,515	236,122	7,606
Interest and dividends received	10,400	7,975	(2,425)
Interest paid	(6,812)	(4,822)	1,990
Income taxes received (paid)	4,843	14,544	9,700
Net cash provided by (used in) operating activities	236,947	253,818	16,871
Cash flows from investing activities:			
Payments for property, plant and equipment	(105,321)	(112,670)	(7,348)
Proceeds from sale of property, plant and equipment	27,918	1,004	(26,914)
Payments for purchase of investment securities	(82,592)	(27,177)	55,415
Proceeds from sale of investment securities	31,653	15	(31,638)
Payments for long-term loans	(13,271)	-	13,271
Proceeds from long-term loans receivable	89,365	112	(89,253)
Other	(6,175)	(3,276)	2,898
Net cash provided by (used in) investing activities	(58,422)	(141,992)	(83,569)
Cash flows from financing activities:			
Payments for settlement of long-term debt	(103,923)	(122,121)	(18,197)
Net increase (decrease) in short-term borrowings	(13,538)	374	13,913
Payments for settlement of lease obligations	(1,778)	(7,388)	(5,610)
Dividends paid	(15,000)	(15,000)	-
Net cash provided by (used in) financing activities	(134,241)	(144,135)	(9,894)
Effect of exchange rate changes on cash and cash equivalents	(25)	(14)	11
Net increase (decrease) in cash and cash equivalents	44,258	(32,322)	(76,581)
Cash and cash equivalents at beginning of year	48,819	93,077	44,258
Cash and cash equivalents at end of year	93,077	60,755	(32,322)

## **VII. Changes in NTT Communications Directors (Subject to Shareholders' Approval)**

(1) Senior Executive Vice President scheduled to resign from office

Masae Tamura

Current position:  
Senior Executive Vice President  
(Scheduled to be appointed as  
NTT Communications's advisor)

(2) Candidates for Representative Directors

(1) Candidate scheduled to take office as President and CEO

Akira Arima

Current position:  
Senior Executive Vice President

(2) Candidates scheduled to take office as Senior Executive Vice President

Shinobu Umino

Current position:  
Senior Executive Vice President

Sadao Maki

Current position:  
Executive Vice President

(Notes)

1. The current President and CEO Hiromi Wasai is expected to become NTT Communications's Chief Executive Counselor, Member of the Board.
2. The changes in directors noted above are only those that have been decided. Other changes will be announced once determined.