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FOR IMMEDIATE RELEASE

## **NTT Com Announces Financial Results for Fiscal Year Ended March 31, 2011**

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for Fiscal Year ended March 31, 2011. Please see the following attachments for further details:

- I. Results for Fiscal Year Ended March 31, 2011
- 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
  - Financial Results Outline for Fiscal Year Ended March 31, 2010 (PPT Presentation)

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### **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).

## I. Results for Fiscal Year Ended March 31, 2011

NTT Communications Corporation (NTT Com) announced today that its non-consolidated financial results for the fiscal year ended March 31, 2011 saw net income increase 13.6% year on year to 68.9 billion yen, operating revenues decrease 4.2% to 1,033.4 billion yen and operating income decrease 4.4% to 93.2 billion yen. Operating expenses shrank 4.2% to 940.1 billion yen.

All results are based on Japanese accounting principles.

### **BACKGROUND**

During the reporting year, as Japan's economic recovery slowed under the weight of deflation and the yen's renewed strength, many companies attempted to develop new businesses not only in Japan, but also emerging markets overseas, especially in Asia, as they further globalized their operations. The economy also suffered a tremendous blow from the earthquake and tsunami that struck northeastern Japan on March 11. In the ICT market, a next-generation extra-high-speed mobile communication service was launched in Japan, reflecting the continued proliferation of wireless as well as fixed broadband. Smartphones and tablet PCs continued to proliferate and data center management technologies advanced, signs that both ubiquity and cloud computing further crystallized.

### **BUSINESS STRATEGIES**

NTT Com's basic policy was to offer seamless, high-quality, cost-competitive services to worldwide customers. Improvements were introduced in increasingly advanced, one-stop, area-free ICT solutions for enterprise business, expanding network and data-center services for global business, and initiatives to package Group-wide capabilities in diverse services and customer platforms for Internet-based business.

Furthermore, NTT Com improved business processes and controlled costs more effectively throughout the corporation, resulting in more sustainable efficiencies based on productivity benchmarks.

The 2010 fiscal year was the final year of NTT Com's Vision 2010 growth strategy, which was introduced in 2006 to support the corporation's primary mission — expressed in the slogans, "bridge" and "continue to bridge" — in seven core business domains: Solutions, Network Management, Security, Global, Ubiquitous, Portal/engine and Managed-quality Operations. During the year NTT Com further transformed its business structure by concentrating more corporate resources on these domains and on training and developing professionals equipped with the knowledge and skills required in such fields. NTT Com also pursued more

proactive sales, upgraded delivery processes, enhanced the quality of operations and created new services.

Services for business customers were strengthened with high value-added, one-stop solutions incorporating seamless global services and BizCITY, a suite of secure, high-quality cloud services for high-value solutions in diverse businesses and fields. By meeting key needs for network efficiency, ICT infrastructure outsourcing, telecommuting and business continuity, NTT Com enabled customers to better respond to changing business environments by concentrating their resources on core business and expanding operations overseas.

In global business, NTT Com responded to the needs of multinational companies by strengthening its provision of high value-added ICT total solutions, which combine network-integration services with data-center, security and server-management services. In addition, efforts to enhance service capabilities included the start of construction on the Asia Submarine-cable Express, a high-capacity optical submarine cable that will link the Asian region, the establishment of new premium data centers in Singapore and Hong Kong, and the acquisition of Emirio Globe Soft Pte Ltd, a provider of global IT outsourcing services focused on Asia.

In Internet-based businesses, NTT Com's OCN- and Plala-brand Internet access services expanded subscriptions to a combined 11.3 million users as of March 31, 2011, reflecting stronger sales of fiber-optic and diverse services. In addition to the introduction of value-added services such as OCN premium support and NTT ID log-in service, NTT Com subsidiary NTT Resonant collaborated with NTT Group's mobile service arm, NTT DOCOMO, to offer customers improved mobile-search functionality. NTT Plala's Hikari TV service reached its target of more than 1.4 million users by March 31, 2011, attracting new customers with more high-definition content and an expanded service area for IP re-broadcasts of BS-satellite broadcasts.

Overall, NTT Com further stabilized its revenue structure by responding to increasingly diverse and sophisticated market demands, enhancing its on-site customer-support capabilities and the interpersonal skills of frontline personnel, and focusing on customer needs.

## **OPERATING RESULTS**

Operating revenues continued to decline in the 2010 fiscal year. Voice transmission services revenues decreased 6.8% to 353.3 billion yen, data communications services revenues fell 7.3% to 111.3 billion yen, and solution services revenues declined 2.7%, to 181.4 billion yen.

IP services revenues, which had risen in previous years, fell 1.0% to 361.1 billion yen. Total operating revenues decreased 4.2%, to 1,033.4 billion yen.

Tighter cost controls lowered expenses for purchases of goods and services by 5.2% to 454.7 billion yen. Access charges decreased 1.8% to 263.9 billion yen due to lower mobile phone transmission service charges. Total operating expenses declined 4.2% to 940.1 billion yen.

As a result, operating income declined by 4.4% to 93.2 billion yen. Although the corporation booked special losses on reduced stock valuations and was impacted by the March 11 earthquake, net income increased 13.6% to 68.9 billion yen due to decreases in corporation taxes and other expenses.

## II. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2010	March 31, 2011	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	145,984	148,965	2,980
Antenna facilities	1,756	1,688	(68)
Terminal equipment	1,180	1,134	(46)
Local line facilities	797	840	43
Long-distance line facilities	8,728	8,299	(429)
Engineering facilities	56,876	55,813	(1,063)
Submarine line facilities	14,029	11,128	(2,901)
Buildings	126,148	133,473	7,324
Structures	3,069	3,066	(2)
Other machinery and equipment	159	86	(73)
Vehicles and vessels	27	32	5
Tools, furniture and fixtures	33,473	32,516	(956)
Land	43,221	47,660	4,439
Lease assets	5,675	4,337	(1,337)
Construction in progress	15,428	17,829	2,400
Total property, plant and equipment	456,557	466,872	10,314
Intangible fixed assets	82,188	73,165	(9,023)
Total fixed assets - telecommunications businesses	538,746	540,038	1,291
Investments and other assets			
Investment securities	108,497	102,993	(5,503)
Investments in subsidiaries and affiliated companies	167,860	182,233	14,372
Investment in capital	92	213	121
Contributions to affiliated companies	2,559	2,559	-
Long-term prepaid expenses	2,602	2,244	(357)
Deferred income taxes	40,291	36,475	(3,816)
Other investments and assets	25,393	28,846	3,452
Allowance for doubtful accounts	(294)	(266)	28
Total investments and other assets	347,003	355,300	8,297
Total fixed assets	885,749	895,338	9,588
Current assets:			
Cash and bank deposits	42,673	54,796	12,122
Notes receivable	59	12	(47)
Accounts receivable, trade	192,761	185,255	(7,505)
Accounts receivable, other	2,330	2,302	(27)
Lease investment assets	10,645	888	(9,757)
Securities	10	10	-
Supplies	6,576	7,035	458
Advance payment	2,423	2,061	(361)
Prepaid expenses	3,320	3,313	(6)
Deferred income taxes	4,078	4,373	295
Subsidiary deposits	17,408	1,704	(15,704)
Other current assets	5,378	9,042	3,664
Allowance for doubtful accounts	(1,633)	(2,340)	(706)
Total current assets	286,031	268,455	(17,576)
<b>TOTAL ASSETS</b>	<b>1,171,781</b>	<b>1,163,793</b>	<b>(7,987)</b>

(Millions of yen)

	March 31, 2010	March 31, 2011	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	144,383	107,309	(37,073)
Lease obligations	14,623	5,597	(9,026)
Liability for employees' retirement benefits	76,841	79,372	2,530
Reserve for point services	3,377	3,684	306
Reserve for unused telephone cards	6,442	6,318	(123)
Asset retirement obligations	-	619	619
Other long-term liabilities	10,503	9,590	(912)
Total long-term liabilities	256,172	212,493	(43,679)
Current liabilities:			
Current portion of long-term borrowings from parent company	44,337	37,073	(7,264)
Accounts payable, trade	27,289	28,834	1,544
Short-term borrowings	374	65	(308)
Lease obligations	6,175	3,165	(3,010)
Accounts payable, other	181,152	165,741	(15,411)
Accrued expenses	5,888	5,770	(118)
Accrued taxes on income	828	664	(164)
Advance received	5,393	7,541	2,147
Deposit received	5,440	12,568	7,127
Unearned revenue	275	76	(199)
Allowance for losses on construction	285	-	(285)
Allowance for loss on disaster	-	957	957
Asset retirement obligations	-	16	16
Other current liabilities	783	450	(333)
Total current liabilities	278,227	262,926	(15,300)
<b>TOTAL LIABILITIES</b>	<b>534,400</b>	<b>475,420</b>	<b>(58,979)</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			
Reserve for special account for property replacement	2,457	-	(2,457)
Reserve for reduction entry	-	2,163	2,163
Accumulated earned surplus	256,600	310,859	54,258
Total earned surplus	259,058	313,022	53,964
Total shareholders' equity	602,437	656,401	53,964
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	35,057	31,972	(3,085)
Deferred gains or losses on hedges	(113)	-	113
Total unrealized gains (losses), translation adjustments, and others	34,943	31,972	(2,971)
<b>TOTAL NET ASSETS</b>	<b>637,381</b>	<b>688,373</b>	<b>50,992</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,171,781</b>	<b>1,163,793</b>	<b>(7,987)</b>

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

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	908,160	868,467	(39,692)
Operating expenses			
Business expenses	234,609	223,102	(11,506)
Maintenance expenses	88,873	87,012	(1,860)
Overhead expenses	11,382	10,794	(587)
Administration	76,801	72,000	(4,801)
Experiment and research	15,451	15,171	(279)
Depreciation and amortization	104,932	97,134	(7,798)
Retirement of fixed assets	9,919	7,113	(2,806)
Access charges	255,117	249,190	(5,926)
Miscellaneous taxes	10,879	11,103	224
Total operating expenses	807,966	772,624	(35,342)
Operating income from telecommunications businesses	100,193	95,842	(4,350)
Supplementary businesses:			
Operating revenues	171,108	164,948	(6,160)
Operating expenses	173,787	167,522	(6,265)
Operating losses from supplementary businesses	(2,679)	(2,574)	105
Operating income	97,513	93,268	(4,245)
Non-operating revenues:			
Interest income	72	66	(5)
Dividends received	7,903	8,839	936
Lease and rental income	14,430	13,699	(731)
Miscellaneous income	2,679	1,133	(1,545)
Total non-operating revenues	25,085	23,739	(1,346)
Non-operating expenses:			
Interest expenses	4,173	2,999	(1,173)
Lease and rental expenses	8,761	8,221	(539)
Miscellaneous expenses	1,138	2,102	963
Total non-operating expenses	14,072	13,322	(749)
Recurring profit	108,526	103,684	(4,842)
Special losses:			
Write-off of investments in affiliated companies	-	2,402	2,402
Special loss on disaster	-	1,142	1,142
Total special losses	-	3,545	3,545
Income before income taxes	108,526	100,139	(8,387)
Corporation, inhabitant, and enterprise taxes	32,767	25,694	(7,072)
Deferred tax expenses (benefits)	15,063	5,480	(9,583)
Net income	60,695	68,964	8,269

## 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, 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	Reserve for reduction entry	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

Year ended March 31, 2011

(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	Reserve for reduction entry	Accumulated earned surplus						
March 31, 2010	211,763	131,615	131,615	2,457	—	256,600	259,058	602,437	35,057	(113)	34,943	637,381
Net change during the annual period												
Cash dividends						(15,000)	(15,000)	(15,000)				(15,000)
Net income						68,964	68,964	68,964				68,964
Return of reserve for special account for property replacement				(2,457)		2,457						—
Provision of reserve for reduction entry					2,163	(2,163)						—
Others, net									(3,085)	113	(2,971)	(2,971)
Total net change during the annual period	—	—	—	(2,457)	2,163	54,258	53,964	53,964	(3,085)	113	(2,971)	50,992
March 31, 2011	211,763	131,615	131,615	—	2,163	310,859	313,022	656,401	31,972	—	31,972	688,373



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

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	378,944	353,322	(25,621)	(6.8)
IP services revenues	364,871	361,159	(3,711)	(1.0)
Open computer network services revenues*	163,121	162,141	(979)	(0.6)
IP-Virtual private network services revenues*	78,092	74,296	(3,796)	(4.9)
Wide-Area Ethernet services revenues*	57,678	55,138	(2,540)	(4.4)
Data communications revenues (excluding IP services revenues)	120,154	111,365	(8,789)	(7.3)
Leased circuit services revenues*	88,571	84,908	(3,662)	(4.1)
Solution services revenues	186,539	181,471	(5,067)	(2.7)
Others	28,759	26,096	(2,663)	(9.3)
<b>Total operating revenues</b>	<b>1,079,268</b>	<b>1,033,415</b>	<b>(45,852)</b>	<b>(4.2)</b>

\*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, 2010	Year ended March 31, 2011	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	108,526	100,139	(8,387)
Depreciation and amortization	118,448	109,822	(8,626)
Loss on disposal of property, plant and equipment	6,507	4,031	(2,475)
Gains on sales of fixed assets	(247)	(26)	220
Increase (decrease) in allowance for doubtful accounts	317	678	361
Increase (decrease) in liability for employees' retirement benefits	3,917	2,530	(1,386)
(Increase) decrease in accounts receivable	591	7,606	7,015
(Increase) decrease in inventories	762	(2,035)	(2,797)
Increase (decrease) in accounts payable and accrued expenses	(653)	(30,576)	(29,923)
Increase (decrease) in accrued consumption tax	2,052	(1,908)	(3,960)
Other	(4,100)	15,274	19,375
Sub-total	236,122	205,536	(30,585)
Interest and dividends received	7,975	8,904	929
Interest paid	(4,822)	(3,021)	1,801
Income taxes received (paid)	14,544	(34,243)	(48,787)
Net cash provided by (used in) operating activities	253,818	177,177	(76,641)
Cash flows from investing activities:			
Payments for property, plant and equipment	(112,670)	(89,203)	23,466
Proceeds from sale of property, plant and equipment	1,004	740	(263)
Payments for purchase of investment securities	(27,177)	(32,989)	(5,811)
Proceeds from sale of investment securities	15	10,330	10,315
Proceeds from long-term loans receivable	112	-	(112)
Payments for short-term loans	-	(928)	(928)
Other	(3,276)	(3,602)	(325)
Net cash provided by (used in) investing activities	(141,992)	(115,653)	26,339
Cash flows from financing activities:			
Payments for settlement of long-term debt	(122,121)	(44,337)	77,783
Net increase (decrease) in short-term borrowings	374	(310)	(685)
Payments for settlement of lease obligations	(7,388)	(4,568)	2,820
Dividends paid	(15,000)	(15,000)	-
Net cash provided by (used in) financing activities	(144,135)	(64,217)	79,918
Effect of exchange rate changes on cash and cash equivalents	(14)	(102)	(88)
Net increase (decrease) in cash and cash equivalents	(32,322)	(2,796)	29,526
Cash and cash equivalents at beginning of year	93,077	60,755	(32,322)
Cash and cash equivalents at end of year	60,755	57,958	(2,796)