

MAY 26, 2000

FOR IMMEDIATE RELEASE

**NTT Announces Financial Results
for Fiscal Year Ended March 31, 2000**

1. STATUS OF THE CORPORATE GROUP

The NTT Group (NTT and its affiliates) consists of the Nippon Telegraph and Telephone Corporation (NTT) and its 284 subsidiaries and 95 affiliated companies. The principal businesses of the NTT Group cover regional, long-distance and international communications services, mobile communication services, and data communication services.

The business results of consolidated subsidiaries and their respective positions in the NTT Group are as follows:

(1) Regional Communications Businesses

The principal elements in this business consist of intra-prefectural communications services and related ancillary services pertaining to domestic communications services.

(Consolidated Subsidiaries)

Nippon Telegraph and Telephone East Corporation (NTT East), Nippon Telegraph and Telephone West Corporation (NTT West).

(2) Long-Distance and International Communications Businesses

The principal elements in this business consist of inter-prefectural communications services, international communications services and ancillary services pertaining to international communications services.

(Consolidated Subsidiaries)

NTT Communications Corporation, NTT America, Inc., NTT Rocky, Inc., NTTA&T Investment, Inc., ntt.com, inc., TELETECHNO, Inc., Milletechno, Inc., NTTA&A Investment, Inc., NTT MULTIMEDIA COMMUNICATIONS LABORATORIES, Inc., Autoweb Communications, Inc., NTT AUSTRALIA PTY. Ltd., NTT Worldwide Telecommunications Corporation, NTT EUROPE LTD., NTT FRANCE SA, NTT Deutschland GmbH, NTT MSC SDN. BHD., NTT SINGAPORE PTE. LTD., NTT (HONG KONG) LIMITED, NTT Taiwan Ltd., NTT Korea Co., Ltd., NTT do Brazil Participações Ltda.

(3) Mobile Communications Businesses

The principal elements in this business consist of mobile telephone services, car telephone services, PHS services, paging services and related ancillary services.

(Consolidated Subsidiaries)

NTT DoCoMo, Inc., NTT DoCoMo Hokkaido, Inc., NTT DoCoMo Tohoku, Inc., NTT

DoCoMo Tokai, Inc., NTT DoCoMo Hokuriku, Inc., NTT DoCoMo Kansai, Inc., NTT DoCoMo Chugoku, Inc., NTT DoCoMo Shikoku, Inc., NTT DoCoMo Kyushu, Inc.

(Note: The above nine companies are those renamed on April 1, 2000.)

(4) Data Communication Businesses

The principal elements in this business consist of systems integration services and network system services.

(Consolidated Subsidiary)
NTT Data Corporation

(5) Other Businesses

Nippon Telegraph and Telephone Corporation

(Consolidated Subsidiaries)

- Other Affiliates of the Holding Company

NTT Power and Building Facilities Inc., NTT Urban Development Co., NTT Communicationware Corporation, NTT Leasing Co., Ltd., NTT Auto Leasing Co., Ltd., NTT Finance Japan Co., Ltd., NTT Software Corporation, NTT Electronics Corporation, NTT Advanced Technology Corporation, NTT Intelligent Technology Co., Ltd.

- Regional Communications Businesses Support Group

NTT-ME Hokkaido Co., Ltd., NTT-ME Tohoku Co., Ltd., NTT-ME Corporation, NTT-ME Tokai Co., Ltd., NTT-ME Hokuriku Co., Ltd., NTT-ME Kansai Co., Ltd., NTT-ME Chugoku Co., Ltd., NTT-ME Shikoku Co., Ltd., NTT-ME Kyushu Co., Ltd., NTT-Do Inc., NTT Directory Services Co., NTT Teleca Corporation.

- Long-Distance and International Businesses Support Group

NTT World Engineering Marine Corporation

[Group organizational chart appears on the following page.](#)

2. BUSINESS OPERATION PLAN

(1) Basic Business Operation Plan

NTT is facing a rapidly changing business environment as a result of growing competition in the information communications market. In response to these developments and pursuant to the Law Amending Part of the Nippon Telegraph and Telephone Corporation Law, NTT underwent reorganization and divestiture as approved by the 14th Regular General Shareholders' Meeting convened on June 29, 1999. Thereafter, on July 1, 1999, NTT was launched as a holding company with two wholly owned regional operating companies (NTT East and NTT West), and one wholly owned long-distance operating company (NTT Communications Corporation).

The NTT Group believes this reorganization provides it with an excellent opportunity to transform itself into a "Global Information Sharing Corporate Group" poised to capitalize on newly emerging business opportunities. As such, each of the member companies of the NTT Group is committed to pursuing greater management efficiency

while acting independently to take the initiative in developing new business opportunities in the field of information communications. These lines of action are based on the following strategic principles. (1) To focus on network-based "information communication businesses" and undertake to "develop information sharing markets" including platforms, contents and terminals. (2) To undertake worldwide information sharing businesses by providing comprehensive and seamless services in fixed, mobile, and data and IP formats. (3) To fully utilize the advantages of assigning R&D functions to the holding company and other synergy effects to maximize the value of the entire Group and the development of its businesses.

(2) Basic Principles concerning Profit Allocation

NTT believes it is very important for it to reinforce its financial standing and to serve the best interests of shareholders over the long run. As such, NTT has adopted as its basic principle the payment of appropriate dividends while acting to secure necessary levels of internal reserves.

Such internal reserves will be utilized to reinforce NTT's financial standing.

3. BUSINESS RESULTS

(1) Results for the Fiscal Year Ending March 31, 2000

During the term under review, severe conditions persisted in the Japanese economy with private demand showing continued weakness. However, signs of a mild recovery were seen toward the end of the term as the decline in plant and equipment investment appeared to be bottoming out.

In the telecommunications markets, the forces of globalization and standardization gained further momentum and important structural changes were in evidence with the ongoing process of amalgamation and alliance among existing carriers. A dramatic increase in Internet users was observed during the period and mobile computing reached a higher stage of market penetration. As a result of these developments, demand for data communication services expanded at an accelerated pace. Telecommunications carriers are now faced with the urgent need to respond to the requirements of high-volume and high-speed systems, while at the same time developing a full roster of diversified services available at inexpensive rates.

In this business environment, in response to surging demand for Internet use, the former NTT and its Group companies had committed themselves to providing highly convenient services by promoting diversification of services and fee structures from April to June 1999 prior to the reorganization in July 1999. Since the reorganization, the three companies which acquired the NTT operations - NTT East, NTT West and NTT Communications-have undertaken this endeavor.

Pursuant to these developments, NTT's business results for the fiscal year ending March 31, 2000 were as follows. Consolidated operating revenue amounted to 10,421.1 billion yen (up 7.1% from the previous year), consolidated recurring profit amounted to 825.0 billion yen (up 27.2% from the previous year), and consolidated net loss reached 67.8 billion yen. NTT's net change in retained earnings, net of tax adjustments from the previous year, for the fiscal year ending March 31, 2000, were 557.2 billion yen (down 7.5% from the previous year).

With respect to cash flow activities during the fiscal year ending March 31, 2000, NTT obtained from its operating activities cash in the amount of 2,779.8 billion yen, and spent 2,963.6 billion yen on investment activities and 380.0 billion yen on financing activities. As a result, at the end of the fiscal year, NTT had cash and cash equivalents in the amount of 1,155.2 billion yen.

In accordance with NTT's above-stated basic principle, a cash dividend of 2,500 yen per share is scheduled to be paid to shareholders for the fiscal year ending March 31, 2000. Including the interim dividend paid, this will bring the sum of the annual dividend payments to 5,000 yen per share.

The business results of the principal member companies of the NTT Group during the term under review are as follows:

- [Nippon Telegraph and Telephone Corporation \(Holding Company\)](#)
- [Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation](#)
- [NTT Communications Corporation](#)
- [NTT Data Corporation](#)
- [NTT DoCoMo, Inc.](#)

(2) Projections for Fiscal Year Ending March 31, 2001

Regarding the fiscal year ending March 31, 2001, projections point to a number of negative elements, including continued sluggishness in personal consumption and instability in labor markets. On the other hand, corporate profits are showing signs of improvement and various policy measures are expected to provide added buoyancy to the economy. As such, the economy can be expected to follow a path of mild recovery during the coming fiscal year.

In the information communication field, the explosive growth in Internet use is continuing. The increasingly diverse modes of Internet access have supported a marked increase in access which in turn is feeding a cycle of expanded visual content and growth in market scale. These developments will certainly generate increased competition in terms of both fee structures and services. Electronic commerce is just one example of Internet-based businesses. The intensification of competition in this promising field can be expected to further accelerate the pace of reorganization in the telecommunications industry.

Given these dramatic changes in the market environment, the NTT Group is aiming to transform itself into a "Global Information Sharing Corporate Group" and has been identifying an overall direction for its Group businesses. The "NTT Group Three-Year Business Plan " (fiscal years 2000 - 2002) announced in April 2000 contains the lines of action to be followed by each member company of the NTT Group. In order to respond appropriately to the dramatic changes occurring in today's markets, this Three-Year Business Plan will undergo thorough annual review. Through this process, NTT will seek to establish a system for group management based on a pure holding company.

Projections for the fiscal year ending March 31, 2001 are as follows: Consolidated operating revenues are projected to reach 10,827.0 billion yen (up 3.9% from the previous year). Consolidated recurring profit is projected to amount to 675.0 billion yen (down 18.2% from the previous year), while consolidated net income is expected to reach 99.0 billion yen.

For the fiscal year ending March 31, 2001, we expect to offer common dividends of 5,000 yen per share.

Attachment

- [Attachment 1](#)
[NIPPON TELEGRAPH AND TELEPHONE CORPORATION CONSOLIDATED BALANCE SHEET](#)
- [Attachment 2](#)
[NIPPON TELEGRAPH AND TELEPHONE CORPORATION CONSOLIDATED STATEMENT OF INCOME](#)
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 - [\[Results of Operations\]](#)
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 - [\[Projection for Consolidated Operating Performance for Fiscal Year Ending March 31, 2001\]](#)
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- [Fiscal Year Ended March 31, 2000 \(Non-Consolidated\)](#)
 - [\[Results of Operations\]](#)
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- [\(Reference\) Non-Consolidated Statement of Income](#)
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