



MAY 17, 2001

**FOR IMMEDIATE RELEASE****NTT Announces Financial Results  
for Fiscal Year Ended March 31, 2001****1. STATUS OF THE NTT CORPORATE GROUP**

The principal businesses of Nippon Telegraph and Telephone Corporation (NTT) and its affiliates (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:

NTT DoCoMo, Inc. and NTT DATA Corporation, two consolidated subsidiaries, are listed on the First Section of the Tokyo Stock Exchange.

**(1) Regional Communications Businesses**

The principal elements in this business are 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 are 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 MSC SDN. BHD., NTT SINGAPORE PTE. LTD., NTT (HONG KONG) LIMITED, NTT Taiwan Ltd., NTT Korea Co., Ltd., NTT Comunicações do Brasil Participações Ltda., NTT do Brasil Telecomunicações Ltda.

**(3) Mobile Communications Businesses**

The principal elements in this business are mobile telephone services, car telephone services, PHS services, quick-cast businesses (formerly, pager 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.

#### (4) Data Communication Businesses

The principal elements in this business are 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 Comware 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 IT Corporation.

(Note) NTT IT Corporation changed its name from NTT Intelligent Technology Co., Ltd. on July 1, 2000. NTT Comware Corporation changed its name from NTT Communicationware Corporation on November 1, 2000.

• 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

Verio Inc., NTT World Engineering Marine Corporation, and other 9 companies.

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

## **2. BUSINESS OPERATION POLICY**

### **(1) Basic Business Operation Policy**

In an environment of dramatic changes in market structure, Nippon Telegraph and Telephone Corporation (NTT) and its affiliates (NTT Group or Group) are actively engaged in the reform of Group business structure. Specific initiatives include: (1) positive contribution to the realization of the IT Revolution through such means as

active development of fiber-optic services, lowering of charges, and commitment to the development of demand for broadband contents applications; (2) full-fledged development of international operations, centered on mobile communication businesses, and IP network and platform businesses; (3) Group-wide effort to radically reform the cost structures of Nippon Telegraph and Telephone East Corporation (NTT East) and Nippon Telegraph and Telephone West Corporation (NTT West) which face very difficult financial conditions; and (4) full utilization of the advantages of the holding company system to achieve the above objectives.

## (2) Basic Principle Concerning Profit Allocation

NTT believes it is very important for it to reinforce its financial standing and to serve the best interests of its 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) Allocation of Funds Raised through Issue of New Shares

NTT undertook an issue of new shares (total value of issue: 284.7 billion yen) with a pay-in deadline of November 9, 2000. As previously planned, the funds raised have been allocated to an investment in NTT Communications Corporation (NTT Communications). Some of these funds were used by NTT Communications in its acquisition of Verio Inc. of the U.S.

# 3. BUSINESS RESULTS

## (1) Results for the Fiscal Year Ending March 31, 2001

During the fiscal year ended March 31, 2001, the Japanese economy was once again unable to extricate itself from the prevailing severe conditions. While personal consumption generally remained flat, the corporate sector continued to advance toward sustained recovery. However, production declined when exports suffered a setback in response to the slowdown in the U.S. economy toward the end of the period.

Rapid changes were observed in the telecommunications markets as a result of emergent demand for higher-speed and higher-volume broadband communications following on the continued development of information technologies (IT). In the growing Internet-access market, various new market participants launched ADSL and fiber-optic access services. As a consequence, the broadband communications segment has become increasingly competitive. In the mobile communications segment, mobile multimedia services provided the impetus of further market expansion. On the other hand, the market for conventional fixed-line telephone services remained flat, while competition intensified for signing up customers ahead of the introduction of the carrier selection services named "MYLINE" in May 2001. Further advances were made in the globalization of information and communications markets as foreign companies raised the level of their equity participation in Japanese enterprises, and cross-border integration of telecommunication enterprises continued.

Amid this business environment, NTT Group companies committed themselves to the objectives of the NTT Group Three-Year Business Plan (fiscal years 2000-2002) formulated by NTT to set the future direction of the Group's businesses. In accordance

to the Plan, NTT Group companies responded to the spread of broadband technologies through experimental programs for fiber-optic based Internet-access services and other initiatives, and aggressively implemented strategic international investments to set the stage for the global expansion of its IP services and mobile multimedia services. Furthermore, NTT implemented significant reductions in charges in order to cope with dramatic market changes.

Consequently, NTT's consolidated business results for the fiscal year ending March 31, 2001 were as follows. Consolidated operating revenue amounted to 11,141 billion yen (9.5% increase from the previous year), consolidated recurring profit amounted to 726 billion yen (12.0% increase from the previous year), and consolidated net profit reached 464 billion yen (increase 531 billion yen from the previous year).

Regarding cash flow during the fiscal year ended March 31, 2001, NTT obtained from its operating activities cash in the amount of 3,070 billion yen. A total of 5,188 billion yen was spent on investment activities, while the amount of 1,807 billion yen was obtained from financing activities. As a result, NTT had cash and cash equivalents in the amount of 877 billion yen at the end of the period.

In accordance with the basic profit-allocation principle outlined above, NTT will be distributing a cash dividend of 2,500 yen per share of common stock at the end of the fiscal year ended March 31, 2001. With the addition of interim payments previously made, this will bring the total of dividends paid to 5,000 yen per share for the entire period.

The business results of the principal member companies of the NTT Group during the fiscal year ended March 31, 2001 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, 2002

The outlook for the Japanese economy is clouded by various concerns originating in the downturn of the global economy and signs of a slowdown in domestic plant and equipment investment. While monetary, fiscal, and other economic policies can be expected to make a positive contribution to the economy, the overall picture does not allow for optimism.

In the information communication field, the explosive growth in Internet use from both wired and mobile sources is continuing. In particular, the combination of demand for high-speed and high-quality broadband and the corresponding development of a wide range of services can be expected to yield rapid expansion in this field. It is anticipated that this will generate greater competition in all areas such as broadband-access and

network services, platform businesses including electronic settlement, and contents businesses including video distribution. These developments will also accelerate the trend toward the formation of corporate alliances on a global scale.

NTT Group Three-Year Business Plan (fiscal years 2001 - 2003) was formulated to cope effectively with these dramatic changes currently occurring in the market. In accordance with this Plan, the NTT Group is committed to further reducing charges and expanding the range of available services. Likewise, the NTT Group is focusing its energies on the active development of fiber-optic services, the promotion of various IP businesses, and the strengthening of its global competitive position by providing a full range of information distribution services and the realization of high-speed multimedia. Finally, the NTT Group is engaged in sustaining a Group-wide effort to promote the structural reform of NTT East and NTT West through re-allocation of personnel and other means.

Projections for the fiscal year ending March 31, 2002 are as follows. Consolidated operating revenues are projected to reach 12,095 billion yen (6.0% increase from the previous year). Consolidated recurring profit is projected to amount to 765 billion yen (5.4% increase from the previous year), while consolidated net income is expected to reach 128 billion yen (72.4% decrease from the previous year).

For the fiscal year ending March 31, 2002, 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](#)
- [Attachment 3](#)  
[NIPPON TELEGRAPH AND TELEPHONE CORPORATION CONSOLIDATED STATEMENT OF CASH FLOWS](#)
- [Attachment 4](#)  
[NIPPON TELEGRAPH AND TELEPHONE CORPORATION NON-CONSOLIDATED BALANCE SHEET](#)
- [Attachment 5](#)  
[NIPPON TELEGRAPH AND TELEPHONE CORPORATION NON-CONSOLIDATED STATEMENT OF INCOME](#)
- [Attachment 6](#)  
[Proposal of Appropriation of Unappropriated Retained Earnings](#)
- [Attachment 7](#)  
[NTT's New Board of Directors](#)

- [Attachment8](#)  
[NTT's Shares and Shareholders \(as of March 31, 2001\).](#)
- [Consolidated Statement of Income](#)
  - [\[Results of Operations\]](#)
  - [\[Operating Performance of NTT and Subsidiaries\]](#)
  - [\[Projection for Consolidated Operating Performance for Fiscal Year Ending March 31, 2002\]](#)
  - [\[Reference\]](#)
- [Fiscal Year Ended March 31, 2001 \(Non-Consolidated\)](#)
  - [\[Results of Operations\]](#)
  - [\[The Outline of Appropriation of Unappropriated Retained Earnings\]](#)
  - [\[Projection for Fiscal Year Ending March 31, 2002\]](#)
- [\(Reference\) Non-Consolidated Statement of Income](#)
  - [\[Results of Operations\]](#)
  - [\[Breakdown of Operating Revenues and Operating Expenses\]](#)
  - [\[Assets, Liabilities and Shareholders' Equity\]](#)
  - [\[Reference\]](#)

For further information, Please contact:

Kenya Nakatsuka, Yo Takahashi  
Press Relations  
Nippon Telegraph and Telephone Corporation  
Telephone: 03-5205-5550  
E-mail: [info@ml.hco.ntt.co.jp](mailto:info@ml.hco.ntt.co.jp)



[NTT NEWS RELEASE](#)