

# Operations in Review

## At a Glance

### Consolidated Subsidiaries

### Business Activities

#### Regional Communications Business



99 companies including

- NTT East Corporation (NTT East)
- NTT West Corporation (NTT West)

Domestic intra-prefectural communication services and related ancillary services

#### Long Distance and International Communications Business



55 companies including

- NTT Communications Corporation (NTT Communications)

Domestic inter-prefectural communication services, international communication services and related ancillary services

#### Data Communications Business



139 companies including

- NTT DATA CORPORATION (NTT DATA)

System integration and network system services in Japan and overseas

#### Mobile Communications Business



116 companies including

- NTT DOCOMO, Inc. (NTT DOCOMO)

Mobile phone services and related ancillary services in Japan and overseas

#### Other Businesses

70 companies

Real estate, finance, engineering, system integration and data processing, and development of leading-edge technologies and shared operations

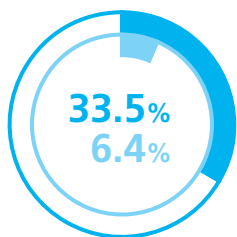
\* Also includes the operations of NTT (holding company).

## Percentage of Operating Revenues/ Percentage of Operating Income

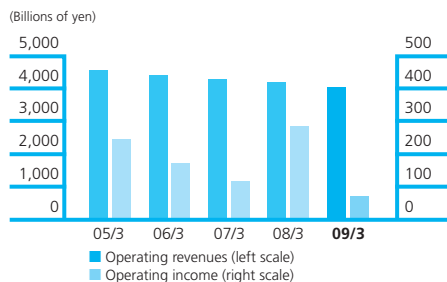
Percentage of the simple sum of all segments  
(including intersegment transactions)

\* Figures are for the fiscal year ended March 31, 2009 (number of employees as of March 31, 2009), unless otherwise indicated.

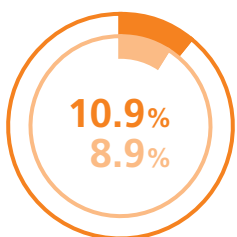
## Operating Summary



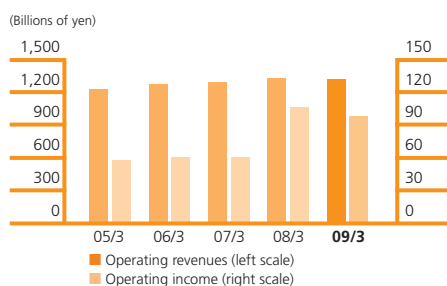
■ Percentage of consolidated operating revenues  
■ Percentage of consolidated operating income



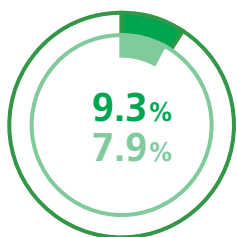
■ Capital investments ¥879.3 billion  
■ R&D expenses ¥127.4 billion  
■ Number of employees 104,236



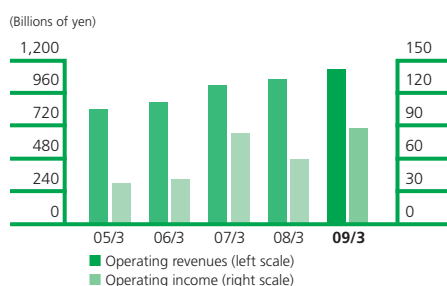
■ Percentage of consolidated operating revenues  
■ Percentage of consolidated operating income



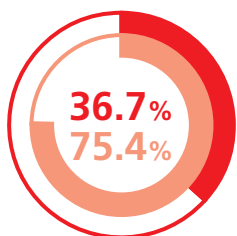
■ Capital investments ¥140.0 billion  
■ R&D expenses ¥18.7 billion  
■ Number of employees 13,923



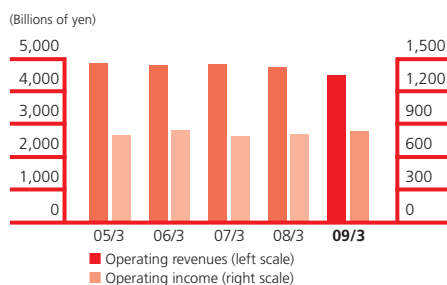
■ Percentage of consolidated operating revenues  
■ Percentage of consolidated operating income



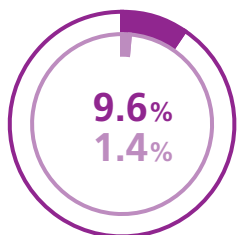
■ Capital investments ¥180.0 billion  
■ R&D expenses ¥10.0 billion  
■ Number of employees 31,238



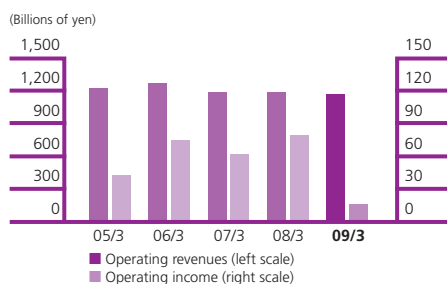
■ Percentage of consolidated operating revenues  
■ Percentage of consolidated operating income



■ Capital investments ¥737.6 billion  
■ R&D expenses ¥100.7 billion  
■ Number of employees 21,831



■ Percentage of consolidated operating revenues  
■ Percentage of consolidated operating income



■ Capital investments ¥208.0 billion  
■ R&D expenses ¥138.1 billion  
■ Number of employees 25,068

# Regional Communications Business



In the broadband services market, the expansion in fiber-optic access services continues, while the fixed voice market is undergoing a shift from existing fixed-line phones to fiber-optic IP telephony.

NTT East and NTT West focused on encouraging the spread and enhancement of broadband services, including the expansion of service areas for the "FLET'S Hikari Next" NGN-based fiber-optic access service. At the same time, both NTT East and NTT West strove to offer and sustain the provision of universal services nationwide.

## Performance in the Fiscal Year Ended March 31, 2009

### Lower revenues mainly due to a drop in fixed voice-related revenues, despite progress with building a revenue base centered on broadband services

Operating revenues decreased by 3.4% year on year to ¥4,064.8 billion, as revenues declined primarily due to the shift from fixed-line telephone and leased circuit services to economical IP-related services. This decline offset increased IP-related services revenues from growth in the number of broadband service subscriptions centered on the "FLET'S Hikari" service.

Operating expenses, meanwhile, rose 1.8% to ¥3,994.3 billion. While overhead expenses and depreciation costs declined, operating expenses increased due to the absence of a gain from transfer of the substitutional portion of the Employee Pension Fund to the government that was recorded in the previous fiscal year.

As a result, operating income was ¥70.5 billion, down 75.3% year on year.

\* All figures include intersegment transactions

## Business Development and Strategic Focus

### Focused on NGN service area expansion and provision of high-value-added services

As for optical- and IP-related services, the "FLET'S Hikari Next" service was launched in March 2008 as a highly reliable fiber-optic access service. This service utilizes Next-Generation Network and is able to support applications that require secured bandwidth. As of the end of March 2009, this service was extended to roughly 60% of the "FLET'S Hikari" service area. Similarly, the menu of services for the industrial sector was expanded with the launch of "FLET'S Hikari Next Business Type," "FLET'S VPN Wide," and other services.

For "FLET'S Hikari", NTT East and NTT West ("the companies") discounted monthly service fees, installation costs and other charges, upgraded their fiber-optic line installation methods for multi-unit residences, and actively expanded service areas through partnerships with local governments, to encourage more customers to use the service.

## Number of Subscriptions to Primary Services

	March 31, 2008	March 31, 2009
FLET'S Hikari* <sup>1</sup>	8.78 million	11.13 million
(Including: FLET'S Hikari Next)	—	0.37 million
Hikari Denwa* <sup>2</sup>	5.73 million	8.01 million
Telephone subscriber services* <sup>3</sup> + INS-Net* <sup>4</sup>	46.03 million	42.09 million
Leased-line services	0.59 million	0.54 million

\*<sup>1</sup> FLET'S Hikari includes B FLET'S and FLET'S Hikari Next (launched on March, 31 2008) provided by NTT East and B FLET'S, FLET'S Hikari Premium, FLET'S Hikari Mytown and FLET'S Hikari Next (launched on March, 31 2008) provided by NTT West.

\*<sup>2</sup> Number of Hikari Denwa is calculated by number of channels in ten thousands.

\*<sup>3</sup> Number of Telephone Subscriber Lines is the total of individual lines and central station lines (Subscriber Telephone Light Plan is included).

\*<sup>4</sup> Number of INS-Net is the total of INS-Net 64 and INS-Net 1500 (INS-Net 64 Lite Plan is included). In terms of No. of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64. For this reason, one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions.

Furthermore, in a drive to promote sales of fiber-optic access services and the spread and growth of high-value-added services, the companies offered new services and ICT equipment, and pursued cooperation with venture companies in a wide range of fields.

In regard to new services and ICT equipment, the companies offer the "FLET'S TV Transmission Service," which enables users to receive terrestrial digital broadcasts and BS broadcasts through "FLET'S Hikari" in combination with broadcasting services offered by broadcasting service providers using wired technologies. Similarly, the companies offer "Hikari Soft Phone," which enables customers to use "Hikari Denwa" IP telephony services from PCs, and the companies also introduced a series of ICT devices called "Hikari LINK" based on "FLET'S Hikari" to conveniently provide users with ways to enhance their security and comfort in daily life.

In regard to cooperation with venture companies in a wide range of fields, the companies are involved in a number of cooperative entities, including with cable television companies in the provision of regional triple play services; a company involved in correspondence education in the provision of online learning environments via the Internet; a medical instruments company in the healthcare field; and movie theater operators on digital cinema distribution.

To improve customer service, the companies continued to reduce lead times for the installation of fiber-optic access services by determining installation dates on the spot, and the companies also accept applications to conduct installations on weekends and holidays. On-site support services were also initiated where PCs and TV game consoles are connected to the Internet and set up during "FLET'S Hikari" start-up installation.

In a bid to realize a stronger and more stable management base through greater management efficiency, the companies established an organization to perform centralized construction and service quality management for network facilities, and streamlined operations and locations of 116 Centers (centers for processing inquiries and orders) and other bases. In parallel, the companies strove to improve systems in a vigorous push to reduce costs.

### **Plans for the Fiscal Year Ending March 31, 2010** **Pressing ahead with the development and provision of services leveraging NGN**

In the context of projected declines in consumer spending and reduced corporate capital investments, the companies anticipate even more intensified competition due to a dynamic paradigm shift triggered by the advancement of fiber-optic and IP-based networks as well as by ever diversifying customer needs.

In this challenging business environment, the companies remain committed to promoting the expansion of fiber-optic access services, as well as realizing more sophisticated broadband network facilities through the aggressive rollout of NGN. By actively developing and refining network infrastructure, the companies are working to enhance fiber-optic IP telephony ("Hikari Denwa") and video services and intend to develop and offer the kinds of high-value-added, easily accessible services that only NGN make possible. Efforts here will include the creation of innovative services through alliances with companies in a wide range of business sectors.

Furthermore, along with working to maintain and improve reliability in their provision of safe and secure communications, the companies will strive to improve both services and products so as to make them safer, and more secure and highly dependable through highly localized and customer friendly marketing activities.

#### **Topics**

### **Secure and Comfortable Learning Environments furnished by "FLET'S Hikari" Collaboration with Benesse Corporation**

In the field of education, the spread of broadband services has made it possible to provide effective learning opportunities via the Internet. In November 2008, NTT East and NTT West reached an agreement with Benesse Corporation (Benesse), a Japanese educational program service provider, on collaboration in this area.

Through this collaboration, the companies have agreed to provide Benesse's "Shinkenzei Junior High School Course + i" correspondence course, together with "FLET'S Hikari," "Security Tools Service," and "Remote Support Service" (in which a dedicated operator provides remote support for settings on PCs and other devices) as a single package. Furthermore, the companies are promoting a variety of measures designed to weave together their respective expertise to create a secure and comfortable learning environment for users.

In order to encourage the use of "FLET'S Hikari" by more customers, NTT East and NTT West have long sought to refine services and customer support to make them more secure and comfortable for anyone to use. In parallel, the companies have worked to raise awareness around safe Internet usage through visits to elementary schools and Web-based programs for children. Going forward, the companies intend to join forces with various business partners to propose a range of usage scenarios designed to increase convenience for "FLET'S Hikari" users.

# Long Distance and International Communications Business



Among corporate customers, there is a growing need to solve management issues using ICT. As for individual customers, their lifestyles are becoming increasingly diverse.

NTT Communications serves corporate customers as an ICT solutions partner offering high-value-added solutions with an emphasis on consulting-based marketing; while striving to provide individual customers with appealing services under the brand statement—“CreativE-Life” for Everyone.

## Performance in the Fiscal Year Ended March 31, 2009

### Lower revenues due to decline in fixed voice-related services revenues, despite increased IP-related services revenues and solution services revenues

Operating revenues decreased 0.6% year on year to ¥1,315.5 billion. Despite an increase in IP-related services revenues from “OCN” Internet connectivity services and virtual private network (VPN) services, as well as higher solution services revenues from corporate customers, overall operating revenues declined mainly due to lower fixed voice-related revenues including telephone services.

Operating expenses increased 0.1% to ¥1,218.6 billion, largely reflecting the absence of a gain from transfer of the substitutional portion of the Employee Pension Fund to the government posted in the previous year despite a decrease in termination charges accompanying lower fixed-voice revenues.

As a result, operating income declined 8.5% year on year to ¥96.9 billion.

\* All figures include intersegment transactions

## Business Development and Strategic Focus

### Various kinds of high-value-added services have been provided to corporate and individual customers

In enterprise services, as an ICT solution partner that solves customers’ management problems, the company directed its efforts towards promoting consulting-based marketing and offering customers high value-added solutions that meet their needs. Specifically, focusing on the fields with the customers’ high demands such as outsourcing and information security services, NTT Communications established competitive operations on a global level, created a corporate marketing framework broken down by industry and business categories, made process improvements and bolstered systems engineering (SE) functions.

In global businesses, responding to the needs of Japanese and multinational customers, the company strove to provide total ICT solutions that combine network integration services with data center, security and server management services. NTT

### OCN Subscriptions

	March 31, 2008	March 31, 2009
OCN	6.83 million	7.37 million

### Subscriptions of Major Enterprise Network Services

(Thousands of Lines)

	March 31, 2008	March 31, 2009
Major enterprise network services	424,000 lines	456,000 lines
Leased circuit	29,000 lines	26,000 lines
Frame relay/Self relay	14,000 lines	8,000 lines
IP-VPN	100,000 lines	116,000 lines
Group-VPN	50,000 lines	70,000 lines
OCN full-time connectivity (Corporate customers)	200,000 lines	204,000 lines
Wide-area Ethernet service (e-VLAN)	30,000 lines	32,000 lines

Communications also expanded its data center business in Hong Kong and Shanghai, upgraded our global network by, most notably, bringing its optical submarine cable linking Japan and Russia, and increased business presence through such means as opening branches and subsidiaries in India and Russia.

For individual customers, guided by its proposition message of "CreativE-Life for Everyone" (New, Broader Lifestyle Through Communication), the company provided a diverse range of services to match the diversified lifestyles of its customers. As for the upper layer business categories ("Net Business"), by promoting sales activities and provisioning various type of services, NTT Communications worked to expand the OCN- and Plala-brand ISPs' customer base. The company also promoted a comprehensive range of services such as 050 IP telephone, video distribution and CGM (consumer generated media) services by leveraging the comprehensive strengths of the NTT Communications Group, including NTT Resonant and NTT Plala. For example, efforts were continued to expand the service line-up in telephone services, including "PL@TINUM LINE," "SEKAI WARI" and "050 Anshin Number" services.

As for "OCN" Internet connectivity services, in June 2008, the number of subscribers topped 7 million while the number of subscribers to NTT Plala's "Hikari TV" service surpassed 0.5 million in March 2009, reflecting upgrades that included IP retransmission of terrestrial digital broadcasts, NHK on-demand services, and a greater selection of high-definition programming.

### **Plans for in the Fiscal Year Ending March 31, 2010** **Focus on three businesses in growth fields**

In a challenging business environment, NTT Communications' Group will further accelerate the strengthening and expansion of its growth sectors, namely, enterprise businesses, global businesses and Internet-related businesses, with "bridging" remaining the core conceptual framework of the company's mission.

Specifically, in enterprise and global services, NTT Communications will further strengthen consulting-based marketing activities as its customers' true ICT solution partner as well as continuing to provide one-stop, total and value-added ICT solutions to meet the needs of Japanese and multinational customers for high quality services that provide seamless functionality both domestically and abroad. Specifically, in enterprise services, the company will focus on the development and provisioning of maintenance as a service, as well as global services.

NTT Communications will support its customers' business expansion globally by further enhancing premium data centers in countries such as U.K., the United States and Singapore and by expanding its network of overseas offices to cities such as Saint Petersburg in Russia and Brussels in Belgium.

In its Net Business the company is endeavoring to build a new business model in the field of marketing solutions for enterprise customers in collaboration with Digital Forest Inc. as part of its expansion to the B2B2C business model.

In addition, NTT Communications aims to increase subscriptions of NTT Plala's "Hikari TV" to 1.1 million by the end of the fiscal year ending March 31, 2010. This will be achieved by continuing to develop services that are attractive to customers, including by expanding service areas for IP retransmission of terrestrial digital broadcasts.

Further, the company is working towards securing new operating revenue sources by developing and providing cutting-edge services including the development of services that enable seamless use of services on mobile phones and PCs and the enhancement of search functions in collaboration with NTT DOCOMO.

#### **Topics**

### **Linking the World via International Submarine Cable Systems** **Expansion and enhancement of global IP network**

The advancement of ICT has made possible the rapid development of business and services on a global scale over a variety of platforms. In 2008, NTT Communications joined forces with TransTeleCom Company CJSC to become the first telecommunications carriers to begin the commercial operation of a route using fiber-optic submarine cable between Japan and Russia as a new route linking Japan and Europe. In 2009, the company, in cooperation with major carriers in each country, concluded an agreement on the construction of a large-capacity fiber-optic submarine cable system linking the Asian region.

In related news, NTT Communications purchased Pacific Crossing Limited, which owns a large-capacity optic submarine cable linking Japan and the United States. Going forward, NTT Communications will address the demand for Internet data traffic between Asia, Japan and the U.S. by further increasing its owned capacity of cable linking Japan and the U.S.

# Data Communications Business



Even as cutbacks in IT investment become more pronounced, customers continue to pursue lower costs, shorter lead times, and higher quality than ever before.

Aiming to become No. 1 in customer satisfaction, NTT DATA has forged ahead with proactive marketing activities and efficient systems development, and has striven to provide reliable and consistent services, together with the pursuit of medium-term management initiatives, including innovation in sales and marketing/development processes.

## Performance in the Fiscal Year Ended March 31, 2009 Higher revenues and operating income from business expansion

Operating revenues increased by 6.4% year on year to ¥1,127.2 billion, primarily as a result of business expansion including an increase in the number of consolidated subsidiaries.

Operating expenses were 4.0% higher at ¥1,040.5 billion, partly due to an increase in revenue-linked expenses.

As a result, operating income climbed 47.5% year on year to ¥86.8 billion.

\* All figures include intersegment transactions

## Business Development and Strategy Focus

Various strategic measures have been taken to maintain and expand the Company's revenue base as well as to innovate and improve efficiencies in business processes

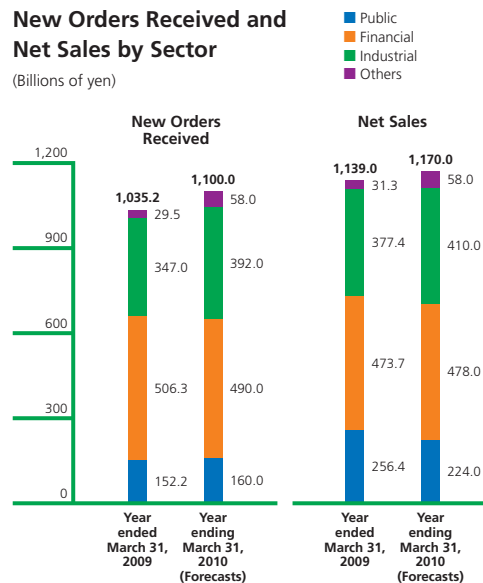
In the public administration sector, NTT DATA received big orders from Nippon Automated Cargo and Port Consolidated System, Inc. and from the National Tax Administration Agency, while launching operation of a system for the Ministry of Finance.

In the financial sector, NTT DATA expanded the shared use of the Regional Bank Integrated Services Center to seven financial institutions, the largest scale of its kind in Japan. Similarly, NTT DATA signed a basic agreement with the six financial institutions, to which the company currently provides its STAR-ACE system, concerning the usage of a new shared center targeting regional banks. With this move, the number of financial institutions deciding to adopt the NTT DATA Standard Banking System (BeSTA) has grown to 22 regional banks and 13 labor banks, making it Japan's largest-scale banking application. Additionally, a controlling interest was acquired in XNET Corporation, a major player in the services business in the field of solutions for capital securities management.

In the industrial sector, NTT DATA reached an agreement with Sumitomo Mitsui Financial Group, the Japan Research Institute, Limited ("JRI") and JRI Solutions, Limited on a broad-ranging business alliance between NTT DATA and JRI Solutions

## New Orders Received and Net Sales by Sector

(Billions of yen)



in the IT services business field, as well as a capital partnership based on the alliance. Through this step, JRI Solutions, Limited made a new start under a new name, JSOL Corporation.

In line with the nationwide introduction of age-verifying cigarette vending machines compatible with taspo cards (contactless IC cards with e-money functions), NTT DATA was chosen as the prime contractor for operations pertaining to taspo management, as well as all aspects of system design, development and operation. These vending machine systems are now successfully in place across Japan.

Where management initiatives are concerned, to encourage innovation in sales and marketing processes, NTT DATA worked to deepen its expertise and know-how by internally sharing examples of exemplary customer satisfaction enhancement activities based on analyses of the achievements of improvement actions. As for realizing innovation in development processes, NTT DATA clarified customer demands at the initial stages of systems development, and worked to develop methodologies that accurately reflect customer demands in systems.

Regarding the promotion of more efficient Group management, along with progress in enhancing our development platform through the merger of four subsidiaries in the public administration sector, NTT DATA strengthened its alliance between existing German subsidiary itelligence AG, in which NTT DATA obtained a controlling interest from the BMW Group of Germany and Cirquent GmbH. Additionally, certain subsidiaries were dissolved as part of efforts directed at the improvement of the business portfolio. In the healthcare and embedded software business domains, the company's position was strengthened to put emphasis on growth engines. Furthermore, as part of human resources development, the company promoted the expansion and application of "professional CDP (Career Development Program)" and its adoption by NTT DATA group companies. In other areas, NTT DATA established an intermediate holding company to oversee three consulting companies, with the goal of strengthening the consulting business.

## **Plans for the Fiscal Year Ending March 31, 2010**

### **Focus on "achieving quantitative expansion through, " instead of previous business objective of "shifting from quantity to quality"**

In line with the prevailing economic climate and worsening corporate earnings, our customers have started to scale back their IT investments through such means as, narrowing investment to the bare minimum required for compliance and security, and postponing or prolonging their investment plans. At the same time, demand is holding firm with respect to shared system usage, which can reduce the total cost of ownership (TCO), and to the system integration needs stemming from industry realignment as well as to support customers' competitive capabilities on a global scale. Demand linked to investment in business process outsourcing and other areas also remains strong.

Customers are making increasingly stronger calls for lower prices, shorter lead times, and quality enhancements. In this tumultuous operating environment, NTT DATA remain committed to becoming No. 1 in customer satisfaction as a "Leading-edge innovator." To that end, NTT DATA will significantly alter the direction of corporate management, aiming for both sustainable business operations and growth-oriented management. Specifically, targeting net sales of ¥1.5 trillion in the fiscal year ending March 31, 2013, NTT DATA will actively work to enhance sales and marketing, strengthen SI competitiveness, refine and expand Group-wide business and develop human resources, while addressing environmentally conscious management in response to social requirements. Beyond its own response as a company to social requirements, NTT DATA will endeavor, from an IT services perspective, to assist customers in meeting society's demands in terms of their own environmental initiatives.

## **Topics**

### **Strengthening Overseas Business Presence To Be a Global IT Innovator**

The rapid growth in overseas expansion among Japanese companies in recent years has sparked an increasing need to have the same level of support abroad that they enjoy in Japan. To put a framework in place to flexibly answer this need, NTT DATA has aggressively created and strengthened its overseas business presence, and worked to establish a structure that can support its customers in globalizing their operations.

Starting with the purchase of The Revere Group, an SI vendor in the U.S., in 2005, the NTT DATA Group welcomed Germany-based itelligence AG in January 2008, followed in October of the same year by Germany-based Cirquent GmbH and other companies.

As of March 31, 2009, NTT DATA had an overseas network spanning 62 cities in 21 countries around the world, with 4,800 employees. Going forward, the company's task along with expanding geographical coverage will be to generate synergies by strengthening alliances among Group companies.

# Mobile Communications Business



The mobile communications market is entering a period of maturity, as the mobile phone penetration rate reaches saturation, and competition intensifies in the industry.

To enhance competitiveness, NTT DOCOMO has upgraded its menu of billing plans, launched new series of handsets, released new services, and raised network quality, all from the customers' perspective. At the same time, the company continued efforts to embed new business models such as new discount services and new handset purchase methods.

## Performance in the Fiscal Year Ended March 31, 2009

### Growth in operating income from the release of new services and efforts to embed a new business model

Operating revenues declined by 5.6% year on year to ¥4,448.0 billion, due to the decrease in revenues for mobile voice-related services arising mainly from the introduction of an expanded range of new discount services.

Operating expenses were down 7.5% at ¥3,622.6 billion, reflecting a decline in revenue-linked expenses accompanying lower mobile handset sales volume.

As a result, operating income increased by 3.6% year on year to ¥825.4 billion.

\* All figures include intersegment transactions

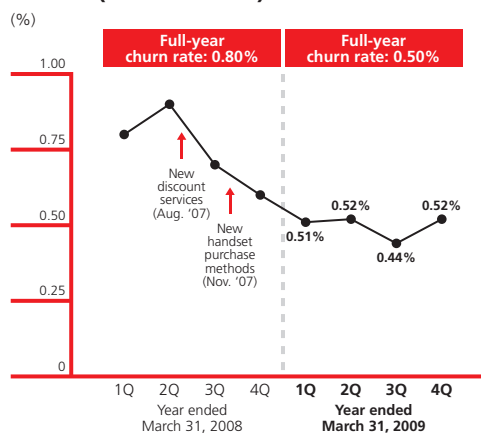
## Business Development and Strategic Focus

### Upgraded billing plans, launched new handset series and released new services in addition to vigorously expanding the international business and credit services

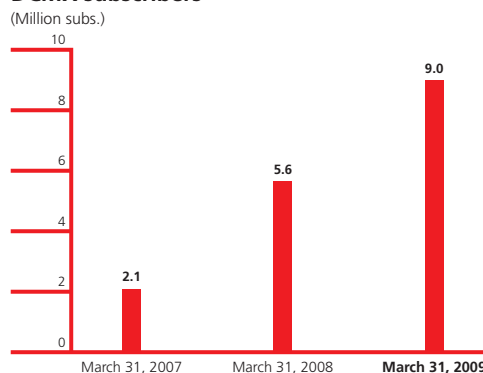
As an upgrade to billing plans, in October 2008, NTT DOCOMO began offering "Pake-hodai Double," a two-tiered flat-rate packet communications service that enables customers to use content and applications more easily with less concern over charges. In addition, a new handset purchase method, the "Value Course" package, offers various merits to the customer. For instance, the package allows customers to pay for their handsets in an installment scheme, and features monthly basic charges that are typically lower than those of previous plans. Thus, it gained greater acceptance, with 90% of customers who had bought handsets in the fiscal year ended March 31, 2009 choosing this option.

With respect to handset line-ups, NTT DOCOMO introduced four new handset series in November 2008 (docomo STYLE series, docomo PRIME series, docomo SMART series, docomo PRO series) to allow customers to select handsets according to their personal preference and lifestyle. Furthermore, NTT DOCOMO continues to offer mobile handsets designed to meet customer expectations. In terms of services, NTT DOCOMO released a variety of options tailored to customers' lifestyles. One

### Cellular (FOMA + mova) Churn Rate



### DCMX subscribers



such service was “*i-concier*,” which delivers information at times and through delivery methods suited to a customer’s lifestyle sphere and interests and preferences. Similarly in after-sales service, NTT DOCOMO initiated area quality surveys based on home visits in a bid to bolster such services.

As a result of the foregoing, the cellular churn rate in this fiscal year was 0.50%, significantly better than 0.80% in the previous fiscal year, while there was significant improvement in the number of lost subscribers due to Mobile Number Portability.

In international business, NTT DOCOMO upgraded international roaming services by boosting its lineup of compatible handsets, launching a new service for reduced roaming charges in South Korea, and developed a 3G network in Guam via subsidiary DOCOMO PACIFIC, INC. Regarding capital alliances with other companies, an equity stake in Tata Teleservices Limited of India was acquired to expand the company’s business domain and earnings in India’s mobile communications market.

As part of its drive to encourage the spread of the credit business, NTT DOCOMO expanded the number of participating stores in the DCMX credit service, opened an Internet mall, and began issuing coupons, among other measures. For the “iD” credit brand, along with prioritizing the installation of iD payment terminals in stores in Japan important for daily life, NTT DOCOMO began installing payment terminals overseas, specifically in Guam and China.

### **Plans for the Fiscal Year Ending March 31, 2010 Definitive steps towards realizing “Change and Challenge”**

Under changing economic trends and the possibility of continued uncertainty in the market environment, NTT DOCOMO has positioned the coming year as a time for raising the level of customer satisfaction and making definitive steps toward realizing its vision of “Change and Challenge to Achieve New Growth.”

NTT DOCOMO is eyeing various measures to improve customer satisfaction such as a review of charges to make services easier and more convenient to use. The company will also take a more responsive approach to gaining feedback about quality from customers in a given area, and plans to launch a mobile phone inspection service so that customers can always use their phones with comfort.

Regarding the initiatives to increase mobile phone usage, NTT DOCOMO is focusing on the expansion of packet communications applications via the improvement of hand-set functionality and content available over the network. As for video content services, in May 2009, Avex Broadcasting and Communication Inc. began offering the “*BeeTV*” service. In addition, efforts will be made to enhance line-ups of smart phones and other data communications devices and strengthen related sales activities.

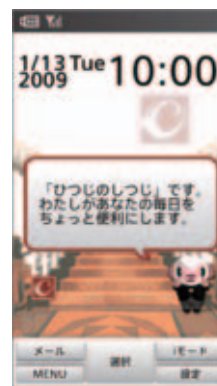
Where identifying new business sectors is concerned, NTT DOCOMO plans to leverage the real-time immediacy, personal authentication, location capabilities, and other features of mobile phones to focus on identifying and developing new earnings bases in domains that transcend existing business frameworks. In addition, NTT DOCOMO plans to strengthen international services, with the goal of expanding earnings on a global scale and achieving sustainable growth. At the same time, LTE will be introduced to build high-speed, low-delay, large-data volume networks for promoting sophisticated and diverse mobile broadband services. By doing so, NTT DOCOMO will play a vital role in providing more richly expressive services, including those that support customers’ lifestyles.

#### **Topics**

### **One Million “*i-concier*” Subscriptions Emergence of a full-service personal tool**

NTT DOCOMO aims to provide mobile phones that function as a personal tool to deliver individually tailored services to customers when needed. A major step in that direction is “*i-concier*,” a service launched in November 2008 that automatically informs users of information tailored to where they live, and their interests and preferences. For example, based on information on shops and restaurants registered into the system by the customer, the service provides additional and updated information, as well as traffic and weather information to customers to support them as they go about daily life. In just six months since its release, the service has already attracted 1 million subscribers across Japan.

Going forward, NTT DOCOMO hopes to add and enhance the information content of this service to raise its quality as a personal tool even further.



*i-concier*

## Other Businesses

### Performance in the Fiscal Year Ended March 31, 2009

Although NTT Group focused on its other businesses, including real estate, finance, engineering, system integration and data processing, and development of leading-edge technologies and shared operations.

Operating revenues in the fiscal year ended March 31, 2009, decreased 1.7% to ¥1,165.2 billion due, among other factors, to the increase in doubtful accounts expenses in the finance business arising from a rapid increase in bankruptcies caused by the credit crunch, and a slowing of the real estate market. In addition, operating expenses rose 4.0% to ¥1,150.0 billion and operating income decreased 80.8% to ¥15.2 billion.

\* All figures include intersegment transactions.

### Major Group Companies in this Segment

#### Real Estate Businesses

NTT URBAN DEVELOPMENT CORPORATION



NTT Urban Development Co.

#### Finance Businesses

NTT FINANCE CORPORATION



#### Engineering Businesses

NTT FACILITIES, INC.



#### SI and Information Processing Businesses

NTT COMWARE CORPORATION



#### Advanced Technology Development Businesses

NTT Electronics Corporation



NTT ADVANCED TECHNOLOGY CORPORATION



NTT Software Corporation



#### Others

NTT BUSINESS ASSOCIE Corporation



InfoCom Research, Inc.



NTT LOGISCO Inc.



NTT ADVERTISING, INC.



NTT LEARNING SYSTEMS CORPORATION



NTT Human Solutions Corporation



Topics

**NTT URBAN DEVELOPMENT CORPORATION**  
**Large-Scale Redevelopment Project in the Heart of Tokyo**  
**First Stage of Construction Completed**

This ongoing urban redevelopment project taking place in Otemachi, Tokyo, aims to revitalize the area as a bustling center of international business by rebuilding the area in phases in a sustainable manner.

NTT URBAN DEVELOPMENT took part as a business partner in Otemachi 1-chome Urban Area Redevelopment Project Type 1, the first phase of the project that was completed in the spring of 2009. This phase saw the opening of a multi-purpose commercial facility containing offices, an international conference center, and stores. Otemachi is an essential business base for the company as the area is home to its flagship buildings, including the Urbannet Otemachi Building and Otemachi First Square.

Going forward, the company will continue pressing ahead with the creation of a well-planned urban environment that will revitalize not only business functions, but the landscape of Otemachi itself.



Topics

**NTT FACILITIES, INC.**  
**Small High-Capacity Lithium-Ion Batteries for Information Communications and Data Centers**  
**Space savings, fire resistance and longer life achieved**

As the power requirements of IT equipment increase in ICT fields, reliable batteries have become more important for solving power outage problems. In March 2009, NTT FACILITIES developed in partnership with Shin-Kobe Electric Machinery Co., Ltd. a high-capacity lithium-ion battery that is roughly 60% smaller and lighter than conventional lead batteries, thus requiring less space. The company has also developed technology that achieves greater fire resistance and a longer useful life for these batteries, both of which were considered challenges for existing standalone float-charged lithium-ion batteries.

Telecommunications companies, as well as firms in the broadcasting, financial and other industries, are expected to introduce these batteries. NTT Group is planning to adopt the batteries from 2010, in anticipation of large benefits from these batteries especially in urban areas, where the demand to conserve space is high.



Topics

**NTT Electronics Corporation**  
**Codec Products Widely Embraced for Live TV Feeds During Beijing Olympics**  
**Delivering high-quality video images to the world**

The 2008 Beijing Olympics was a memorable event for the broadcasting industry, as it was the first Olympic Games for which all international video signals were generated and distributed in HDTV and 5.1 surround sound. In this regard, NTT Electronics' codec products, which feature superior HDTV image compression technology, were widely adopted.

The HE3100 and HE5100 models were used for broadcast transmission to Japan from the International Broadcast Center in Beijing, while the HE5100 and HVE9100 models were used for broadcast transmission to Europe, South Korea, Canada and Brazil. The compact and light-weight H5000 series codec systems, meanwhile, were mounted on mobile units to provide live broadcasts, helping to deliver true-to-life footage of the marathons, the opening and closing ceremonies and other events to viewers around the world.



(Above) H5000, (Below) H5100

HV9100

Topics

**NTT LEARNING SYSTEMS CORPORATION**  
**Opening of "Learning Square Shimbashi"**  
**A place for sharing knowledge and building community**

"Learning Square Shimbashi," a learning space based on hands-on learning, opened in July 2008 as a new seminar center in the heart of Tokyo. The seminar space can be flexibly arranged to fit the curriculum, making it suitable for everything from large conferences to individual interviews and group discussions. The center also has a room where every seat is equipped with a PC, giving all participants access to a high-speed Internet connection during the seminar thanks to a broadband environment made possible via "FLET'S Hikari Next."

Other features of the new facility include a display corner where visitors can see for themselves the NGN-compatible equipment in use and a connection schematic, as well as an experiential video system.

