

Financial Results Release

For the Nine Months Ended December 31, 2009

February 5, 2010

[U.S. GAAP]

Name of registrant: Nippon Telegraph and Telephone Corporation

Code No.: 9432 (URL <http://www.ntt.co.jp/ir/>)

Stock exchanges on which the Company's shares are listed: Tokyo, Osaka, Nagoya, Fukuoka and Sapporo

Representative: Satoshi Miura, President and Chief Executive Officer

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Scheduled date of filing quarterly securities report: February 8, 2010

1. Consolidated Financial Results for the Nine Months Ended December 31, 2009 (April 1, 2009 – December 31, 2009)

Amounts are rounded off to nearest million yen.

(1) Consolidated Results of Operations

(Millions of yen)

	Operating Revenues	Operating Income	Income (Loss) before Income Taxes
Nine months ended December 31, 2009	7,525,664 (2.7%)	948,087 (6.5%)	941,853 (9.9%)
Nine months ended December 31, 2008	7,734,344 -	1,014,470 -	1,044,830 -

Notes: 1. Percentages above represent changes from the corresponding previous period.

2. Since "Net Income" includes noncontrolling interests from the fiscal year ending March 31, 2010 in accordance with the accounting pronouncement issued by the Financial Accounting Standards Board ("FASB") in December 2007 relating to noncontrolling interests, "Net Income" is not presented on this page. For further details, see "Noncontrolling Interests in Consolidated Financial Statements" on page 3.

(2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Nippon Telegraph and Telephone Corporation Shareholders' Equity	Equity Ratio (Ratio of Nippon Telegraph and Telephone Corporation Shareholders' Equity to Total Assets)	Nippon Telegraph and Telephone Corporation Shareholders' Equity per Share
December 31, 2009	18,615,325	7,572,500	40.7%	5,722.77 (yen)
March 31, 2009	18,796,388	7,298,110	38.8%	5,515.18 (yen)

Note: "Nippon Telegraph and Telephone Corporation Shareholders' Equity" was previously referred to as "Shareholders' Equity" in prior years.

2. Dividends

	Dividends per Share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
Year ended March 31, 2009	-	5,500.00 (yen)	-	55.00 (yen)	- (yen)
Year ending March 31, 2010	-	60.00 (yen)	-	-	-
Year ending March 31, 2010 (Forecasts)	-	-	-	60.00 (yen)	120.00 (yen)

Note: Change in forecasts of dividends during the nine months ended December 31: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2010 (April 1, 2009 - March 31, 2010)

(Millions of yen)

	Operating Revenues	Operating Income	Income before Income Taxes
Year ending March 31, 2010	10,170,000 (2.4%)	1,110,000 0.0%	1,080,000 (2.3%)

Notes: 1. Percentages above represent changes from the previous period.

2. Change in consolidated financial results forecasts for the fiscal year ending March 31, 2010 during the nine months ended December 31, 2009: None

3. Since "Net Income" includes noncontrolling interests from the fiscal year ending March 31, 2010 in accordance with the accounting pronouncement issued by the FASB in December 2007 relating to noncontrolling interests, "Net Income" for the Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2010 is not presented on this page. For further details, see "Noncontrolling Interests in Consolidated Financial Statements" on page 3.

4. Others

- (1) Change in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change in significant accounting principles, procedures and presentation in quarterly consolidated financial statements
 - (i) Change due to revision of accounting standards and other regulations: Yes
 - (ii) Others: None
(For further details, please see "Others" on page 12.)
- (4) Number of shares outstanding (common stock)
 1. Number of shares outstanding (including treasury stock):

December 31, 2009 :	1,574,120,900 shares
March 31, 2009:	1,574,120,900 shares
 2. Number of treasury stock:

December 31, 2009 :	250,898,274 shares
March 31, 2009:	250,844,167 shares
 3. Weighted average number of shares outstanding:

For the nine months ended December 31, 2009:	1,323,281,503 shares
For the nine months ended December 31, 2008:	13,522,199 shares

* Explanation for forecasts of operation and other notes:

With regard to the consolidated financial results forecasts, please refer to page 3.

With regard to the assumptions and other related matters concerning the above estimated results, please refer to pages 11 and 28.

Figures provided for Dividends per Share at the end of the second quarter for the fiscal year ended March 31, 2009 and weighted average number of shares outstanding for the nine months ended December 31, 2008 are calculated based on the number of shares before the stock split that took effect on January 4, 2009.

(Reference) Noncontrolling Interests in Consolidated Financial Statements

Effective April 1, 2009, NTT adopted the accounting pronouncement issued by the FASB in December 2007 relating to noncontrolling interests in consolidated financial statements. This pronouncement establishes accounting and reporting standards for the noncontrolling interest (previously referred to as minority interests) in a subsidiary and for the deconsolidation of a subsidiary. This pronouncement requires the presentation that the noncontrolling interest should be reclassified to equity and consolidated net income should be adjusted to include net income attributed to the noncontrolling interest in the consolidated financial statements. This pronouncement also requires single method of accounting as equity transactions for changes in a parent’s ownership interest in a subsidiary that do not result in deconsolidation.

Upon the adoption of this pronouncement, “Net Income”, which includes income attributable to noncontrolling interests, and “Net Income Attributable to Nippon Telegraph and Telephone Corporation (“NTT”)” are presented in the consolidated statements of income. “Net Income Attributable to NTT”, “Basic Earnings per Share Attributable to NTT” and “Diluted Earnings per Share Attributable to NTT” for the Consolidated Results of Operations for the nine months ended December 31, 2008 and 2009 as well as “Net Income Attributable to NTT” and “Basic Earnings per Share Attributable to NTT” for the Consolidated Financial Results Forecasts for the fiscal year ending March 31, 2010 are as follows:

Consolidated Financial Results for the Nine Months Ended December 31, 2009 (April 1, 2009 – December 31, 2009)

Amounts are rounded off to nearest million yen.

Consolidated Results of Operations

(Millions of yen, except per share amounts)

	Net Income Attributable to NTT*		Basic Earnings per Share Attributable to NTT**		Diluted Earnings per Share Attributable to NTT**
Nine months ended December 31, 2009	418,998	(23.0%)	316.64	(yen)	- (yen)
Nine months ended December 31, 2008	544,083	-	40,236.28	(yen)	- (yen)

Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2010 (April 1, 2009 - March 31, 2010)

(Millions of yen, except per share amounts)

	Net Income Attributable to NTT*		Basic Earnings per Share Attributable to NTT
Year ending March 31, 2010	460,000	(14.6%)	347.64 (yen)

* “Net Income Attributable to NTT” is calculated in the same manner as “Net Income” previously reported until last fiscal year.

** Figures provided for “Basic Earnings per Share Attributable to NTT” and “Diluted Earnings per Share Attributable to NTT” for the nine months ended December 31, 2008 are calculated based on the number of shares before the stock split that took effect on January 4, 2009.

(Percentages above represent changes from the corresponding previous period.)

1. QUALITATIVE INFORMATION RELATING TO CONSOLIDATED BUSINESS RESULTS

(1) Consolidated results

(Billions of yen)

	Three-Month Period Ended December 31, 2008 (October 1, 2008 – December 31, 2008)	Three-Month Period Ended December 31, 2009 (October 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	2,569.8	2,527.6	(42.2)	(1.6%)
Operating expenses	2,300.4	2,226.2	(74.1)	(3.2%)
Operating income	269.4	301.3	31.9	11.9%
Net income before income taxes	273.7	298.3	24.6	9.0%
Net income attributable to NTT	137.7	136.8	(1.0)	(0.7%)

(Billions of yen)

	Nine-Month Period Ended December 31, 2008 (April 1, 2008 – December 31, 2008)	Nine-Month Period Ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	7,734.3	7,525.7	(208.7)	(2.7%)
Operating expenses	6,719.9	6,577.6	(142.3)	(2.1%)
Operating income	1,014.5	948.1	(66.4)	(6.5%)
Net income before income taxes	1,044.8	941.9	(103.0)	(9.9%)
Net income attributable to NTT	544.1	419.0	(125.1)	(23.0%)

* Certain items for the prior year's financial statements have been reclassified to conform to the presentation for the three/nine months ended December 31, 2009.

During the three-month period ended December 31, 2009, NTT Group took measures to expand broadband and ubiquitous services pursuant to its new Medium-Term Strategy entitled "Road to Service Creation Business Group" adopted in May 2008.

In the fixed-line communications market, the expansion of optical services and the accompanying shift from existing fixed-line telephones to optical IP telephones continued. Diverse services were also deployed by various providers. Under these market conditions, in the next-generation network (NGN) segment, NTT Group endeavored to expand its "FLET'S Hikari Next" service area and the sale of services such as video distribution services that take advantage of the capabilities of the NGN. While NTT Group made efforts to form alliances with other companies to expand distribution, NTT East commenced provision of access services with downstream transmission speed of up to 200Mbps, including "FLET'S Hikari Next Family High-speed Type". In addition, as measures to enhance customer satisfaction and promote continuous subscriptions, NTT EAST started a membership program for FLET'S Hikari customers called, the "FLET'S Hikari Members Club", and NTT West announced the launch of the new "FLET'S Motto (further more) DISCOUNT" as a discount service for long-term commitment of continuous usage. As a result of these efforts, the number of "FLET'S Hikari" subscriptions reached 12.78 million at December 31, 2009.

The mobile communications market has continued to mature in line with the rise in cellular penetration rate and competition among operators has intensified in such area as acquisition of subscribers and further improvement in service offerings. Under these market conditions, NTT DOCOMO released 20 different models in its “2009 winter/spring handset” lineup, introducing new features and services, such as the Auto-GPS function that enables the delivery of information linked to user’s current location, and “MyArea” wireless coverage, which uses small femtocell base station¹ to create a private FOMA area in the home as a stable wireless environment for high-speed packet communication, and to detect registered phones entering/leaving the private FOMA area. In addition, NTT DOCOMO has taken various steps aimed at enhancing customers’ satisfaction, such as the launch of “Mail Tsukai-hodai” (“all-you-can-use mail”), which allows FOMA users to send and receive i-mode mails within Japan on an unlimited basis for a flat monthly rate, as part of its efforts to provide customers with more affordable and easy-to-use billing options. As a result of these measures, the number of cellular services subscriptions reached 55.44 million, of which 52.05 million were FOMA subscriptions, accounting for 93.9% of all subscriptions.

With respect to services for corporate customers, NTT Group continued its efforts to provide high value-added solutions tailored to customers’ industries and business categories and to enhance its support capabilities adapted to the global business activities of the customers. In the area of cloud computing² which can respond to customers’ various needs including for further cost-cutting measures and for reduced investment in IT assets, NTT DATA launched its cloud service brand, “BizCloud”, for the reliable and fast provision and operation of cloud infrastructure and services optimized to the requirements of its customers, and NTT DATA also announced the launch of a service platform, “BizCloud Platform Service”, as the core infrastructure for Private Cloud³ and Community Cloud⁴ services under the “BizCloud” service brand.

In its global businesses, NTT Group formed capital and business alliances with local businesses to further improve its services from the perspective of coverage area expansion, support service enhancement and quality improvement. To supplement the large-capacity fiber-optic submarine cable network connecting Asia and the United States, NTT Group commenced operation of a cable route linking Japan, Mainland China, South Korea and Taiwan in an effort to improve reliability through enhanced redundancy in the Asian network.

As a result of these efforts, NTT Group’s consolidated operating revenues for the three-month period ended December 31, 2009 were ¥2,527.6 billion (a decrease of 1.6% from the same period of the previous fiscal year), consolidated operating expenses were ¥2,226.2 billion (a decrease of 3.2% from the same period of the previous fiscal year), consolidated operating income was ¥301.3 billion (an increase of 11.9% from the same period of the previous fiscal year), and consolidated net income before income taxes was ¥298.3 billion (an increase of 9.0% from the same period of the previous fiscal year). Consolidated net income attributable to NTT was ¥136.8 billion (a decrease of 0.7% from the same period of the previous fiscal year).

For the nine-month period ended December 31, 2009, NTT Group’s consolidated operating revenues were ¥7,525.7 billion (a decrease of 2.7% from the same period of the previous fiscal year). Consolidated operating expenses were ¥6,577.6 billion (a decrease of 2.1% from

the same period of the previous fiscal year). As a result, consolidated operating income was ¥948.1 billion (a decrease of 6.5% from the same period of the previous fiscal year) while consolidated net income before income taxes was ¥941.9 billion (a decrease of 9.9% from the same period of the previous fiscal year). Consolidated net income attributable to NTT was ¥419.0 billion (a decrease of 23.0% from the same period of the previous fiscal year) for the nine-month period ended December 31, 2009.

Notes:

1. Refers to highly compact base transceiver stations that cover a limited-range area of ten to twenty meters in radius; installing femtocell base transceiver stations enables improved service in homes, small stores and other limited spaces where radio signals from outdoor base stations have difficulty reaching.
 2. Cloud computing is a computer technology whereby software and resources are delivered as a service through a network. It is unique for the fact that the services can be used on an on-demand basis without the need for purchasing hardware including server or software. The term “cloud” is used as a metaphor, based on the drawings used to depict networks such as the Internet in computer network diagrams.
 3. A cloud computing system constructed for a single organization for use as an internal system.
 4. A cloud computing system that can be shared by specific companies using a common data center.
- * NTT Group’s consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States.

(2) Segment results

Results by business segment are as follows.

<1> Regional telecommunications business segment

(Billions of yen)

	Three-Month Period Ended December 31, 2008 (October 1, 2008 – December 31, 2008)	Three-Month Period Ended December 31, 2009 (October 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	1,004.6	976.0	(28.6)	(2.8%)
Operating expenses	974.7	945.0	(29.7)	(3.1%)
Operating income	29.9	31.0	1.2	3.9%

(Billions of yen)

	Nine-Month Period Ended December 31, 2008 (April 1, 2008 – December 31, 2008)	Nine-Month Period Ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	3,013.0	2,913.7	(99.2)	(3.3%)
Operating expenses	2,942.4	2,832.0	(110.4)	(3.8%)
Operating income	70.6	81.7	11.2	15.8%

NTT Group’s consolidated operating revenues for the three-month period ended December 31, 2009 were ¥976.0 billion (a decrease of 2.8% from the same period of the previous fiscal year). Despite an increase in IP-related revenues attributable to the increase in “FLET’S Hikari” subscriptions, voice-related revenues decreased due to the decline in fixed-line telephone subscriptions. On the other hand, consolidated operating expenses were ¥945.0 billion (a decrease of 3.1% from the same period of the previous fiscal year) due to such factors as a decrease in operating expenses, including depreciation and amortization. As a

result, consolidated operating income in the three-month period ended December 31, 2009 was ¥31.0 billion (an increase of 3.9% from the same period of the previous fiscal year).

For the nine-month period ended December 31, 2009, consolidated operating revenues were ¥2,913.7 billion (a decrease of 3.3% from the same period of the previous fiscal year) and consolidated operating expenses were ¥2,832.0 billion (a decrease of 3.8% from the same period of the previous fiscal year). As a result, consolidated operating income for the nine-month period ended December 31, 2009 was ¥81.7 billion (an increase of 15.8% from the same period of the previous fiscal year).

Number of subscriptions		(Thousands of subscriptions)			
		As of March 31, 2009	As of December 31, 2009	Change	Percent Change
FLET'S Hikari		11,134	12,779	1,645	14.8%
	NTT East	6,291	7,246	995	15.2%
	NTT West	4,843	5,533	690	14.2%
Hikari Denwa		8,011	9,604	1,594	19.9%
	NTT East	4,248	5,113	865	20.4%
	NTT West	3,762	4,491	729	19.4%

Notes:

1. The figures for "FLET'S Hikari" include NTT East's "B FLET'S" and "FLET'S Hikari Next" (launched in March 2008) and NTT West's "B FLET'S", "FLET'S Hikari Premium", "FLET'S Hikari Mytown" and "FLET'S Hikari Next" (launched in March 2008).
2. The figures for "Hikari Denwa" represent number of channels (in thousands).

<2> Long-distance and international communications business segment

(Billions of yen)				
	Three-Month Period Ended December 31, 2008 (October 1, 2008 – December 31, 2008)	Three-Month Period Ended December 31, 2009 (October 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	324.9	307.3	(17.6)	(5.4%)
Operating expenses	298.2	282.3	(15.9)	(5.3%)
Operating income	26.7	25.0	(1.7)	(6.3%)

(Billions of yen)				
	Nine-Month Period Ended December 31, 2008 (April 1, 2008 – December 31, 2008)	Nine-Month Period Ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	961.3	923.8	(37.6)	(3.9%)
Operating expenses	879.2	847.5	(31.7)	(3.6%)
Operating income	82.1	76.2	(5.9)	(7.2%)

Consolidated operating revenues for the three-month period ended December 31, 2009 were ¥307.3 billion (a decrease of 5.4% from the same period of the previous fiscal year) due to a decline in revenues from solutions businesses for corporate customers and conventional fixed-voice related revenues and other factors. Consolidated operating expenses for the same period decreased to ¥282.3 billion (a decrease of 5.3% from the same period of the previous fiscal year) due to lower telecommunication facility usage fees in conjunction with

the decline in fixed-voice related revenues. As a result, consolidated operating income for the three months ended December 31, 2009 was ¥25.0 billion (a decrease of 6.3% from the same period of the previous fiscal year).

For the nine-month period ended December 31, 2009, consolidated operating revenues were ¥923.8 billion (a decrease of 3.9% from the same period of the previous fiscal year) and consolidated operating expenses were ¥847.5 billion (a decrease of 3.6% from the same period of the previous fiscal year). As a result, consolidated operating income for the nine-month period ended December 31, 2009 was ¥76.2 billion (a decrease of 7.2% from the same period of the previous fiscal year).

<3> Mobile communications business segment

(Billions of yen)

	Three-Month Period Ended December 31, 2008 (October 1, 2008 – December 31, 2008)	Three-Month Period Ended December 31, 2009 (October 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	1,111.0	1,096.6	(14.4)	(1.3%)
Operating expenses	942.5	880.6	(62.0)	(6.6%)
Operating income	168.4	216.0	47.5	28.2%

(Billions of yen)

	Nine-Month Period Ended December 31, 2008 (April 1, 2008 – December 31, 2008)	Nine-Month Period Ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	3,378.8	3,242.4	(136.4)	(4.0%)
Operating expenses	2,636.1	2,544.1	(92.0)	(3.5%)
Operating income	742.7	698.3	(44.4)	(6.0%)

Consolidated operating revenues for the three-month period ended December 31, 2009 decreased to ¥1,096.6 billion (a decrease of 1.3% from the same period of the previous fiscal year). Despite the increase in packet communications revenues arising from increase in subscriptions for packet flat-rate services, decreases in mobile voice related revenues and handset sales revenues caused by the penetration of new discount services and new handset purchase methods reduced consolidated operating revenues. On the other hand, consolidated operating expenses decreased to ¥880.6 billion (a decrease of 6.6% from the same period of the previous fiscal year) as a result of a decline in depreciation and amortization expenses attributable to the fact that accelerated depreciation of mova-related assets had been carried out in the three-month period ended December 31, 2008. As a result, consolidated operating income for the three-month period ended December 31, 2009 was ¥216.0 billion (an increase of 28.2% from the same period of the previous fiscal year).

For the nine-month period ended December 31, 2009, consolidated operating revenues were ¥3,242.4 billion (a decrease of 4.0% from the same period of the previous fiscal year) and consolidated operating expenses were ¥2,544.1 billion (a decrease of 3.5% from the previous fiscal year). As a result, consolidated operating income for the nine-month period ended

December 31, 2009 was ¥698.3 billion (a decrease of 6.0% from the same period of the previous fiscal year).

Number of subscriptions (Thousands of subscriptions)

	As of March 31, 2009	As of December 31, 2009	Change	Percent Change
Mobile phone service	54,601	55,436	835	1.5%
FOMA service	49,040	52,045	3,005	6.1%
mova service	5,560	3,391	(2,169)	(39.0%)
i-mode service	48,474	48,688	214	0.4%

Notes:

1. The number of mobile phone service subscriptions, "FOMA" service subscriptions and "mova" service subscriptions include communication module subscriptions.
2. Effective March 3, 2008, FOMA service subscriptions became mandatory for subscription to "2-in-1" services. Such FOMA service subscriptions are included in the above numbers of Mobile phone service subscriptions and FOMA service subscriptions.
3. The figures for the number of "i-mode" service subscriptions represent the total for "FOMA" and "mova" combined.

<4> Data communications business segment

(Billions of yen)

	Three-Month Period Ended December 31, 2008 (October 1, 2008 – December 31, 2008)	Three-Month Period Ended December 31, 2009 (October 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	258.3	263.9	5.6	2.2%
Operating expenses	234.5	247.8	13.3	5.7%
Operating income	23.8	16.1	(7.7)	(32.4%)

(Billions of yen)

	Nine-Month Period Ended December 31, 2008 (April 1, 2008 – December 31, 2008)	Nine-Month Period Ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	765.6	798.2	32.6	4.3%
Operating expenses	696.9	745.2	48.3	6.9%
Operating income	68.7	53.0	(15.7)	(22.8%)

Consolidated operating revenues for the three-month period ended December 31, 2009 were ¥263.9 billion (an increase of 2.2% from the same period of the previous fiscal year) as a result of an increase in revenues in connection with expansion of consolidated subsidiaries. On the other hand, consolidated operating expenses for the three-month period ended December 31, 2009 were ¥247.8 billion (an increase of 5.7% from the same period of the previous fiscal year) as a result of an increase in expenses relating to the expansion of consolidated subsidiaries and an increase in selling, general and administrative expenses. As a result, consolidated operating income for the three-month period ended December 31, 2009 was ¥16.1 billion (a decrease of 32.4% from the same period of the previous fiscal year).

For the nine-month period ended December 31, 2009, consolidated operating revenues were ¥798.2 billion (an increase of 4.3% from the same period of the previous fiscal year) and

consolidated operating expenses were ¥745.2 billion (an increase of 6.9% from the same period of the previous fiscal year). As a result, consolidated operating income for the nine-month period ended December 31, 2009 was ¥53.0 billion (a decrease of 22.8% from the same period of the previous fiscal year).

<5> Other business segments

(Billions of yen)

	Three-Month Period Ended December 31, 2008 (October 1, 2008 – December 31, 2008)	Three-Month Period Ended December 31, 2009 (October 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	289.6	263.6	(26.0)	(9.0%)
Operating expenses	270.8	256.9	(13.9)	(5.1%)
Operating income	18.8	6.7	(12.1)	(64.6%)

(Billions of yen)

	Nine-Month Period Ended December 31, 2008 (April 1, 2008 – December 31, 2008)	Nine-Month Period Ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Change	Percent Change
Operating revenues	848.8	788.9	(59.9)	(7.1%)
Operating expenses	806.6	775.4	(31.2)	(3.9%)
Operating income	42.2	13.5	(28.7)	(68.0%)

In other business segments, while revenues increased in the real estate business, the substantial impact of the deteriorating economy and a slump in sales in the finance business, construction and power business, system development business, advanced technologies development business and other businesses resulted in a decrease in consolidated operating revenues for the three-month period ended December 31, 2009 to ¥263.6 billion (a decrease of 9.0% from the same period of the previous fiscal year) and a decrease in consolidated operating expenses to ¥256.9 billion (a decrease of 5.1% from the same period of the previous fiscal year). As a result, consolidated operating income for the three-month period ended December 31, 2009 was ¥6.7 billion (a decrease of 64.6% from the same period of the previous fiscal year).

For the nine-month period ended December 31, 2009, consolidated operating revenues were ¥788.9 billion (a decrease of 7.1% from the same period of the previous fiscal year) and consolidated operating expenses were ¥775.4 billion (a decrease of 3.9% from the same period of the previous fiscal year). As a result, consolidated operating income for the nine-month period ended December 31, 2009 was ¥13.5 billion (a decrease of 68.0% from the same period of the previous fiscal year).

2. QUALITATIVE INFORMATION RELATING TO CONSOLIDATED FINANCIAL STANDING

Consolidated cash flows from operating activities for the nine-month period ended December 31, 2009 were ¥1,652.0 billion (an increase of ¥126.8 billion (8.3%) in cash flows compared to the same period of the previous fiscal year). This was due, despite the decrease in net income for the nine-month period, to the effect of a decrease in trade accounts receivable resulting from increased collection of installment loans for mobile handsets.

Consolidated cash flows from investing activities showed outlays of ¥1,632.3 billion (a decrease of ¥10.9 billion (0.7%) compared to the same period of the previous fiscal year). This was due in part to a decrease in expenditures for capital investment and an increase in payments for purchase of short-term investments due to cash management activities relating to short-term investments exceeding three months in duration.

Consolidated cash flows from financing activities showed outlays of ¥397.5 billion (an increase of ¥227.0 billion (133.2%) compared to the same period of the previous fiscal year). This resulted from a decrease in revenues from fund procurement and an increase in expenditures for debt redemption while there was a decrease in expenditures associated with the acquisition of treasury stock that was conducted in the same period of the previous fiscal year.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of December 31, 2009 were ¥674.9 billion, a decrease of ¥377.9 billion (35.9%) from the end of the previous fiscal year.

(Billions of yen)

	Nine-Month Period Ended December 31, 2008 (April 1, 2008 – December 31, 2008)	Nine-Month Period Ended December 31, 2009 (April 1, 2009 – December 31, 2009)	Change	Percent Change
Cash flows from operating activities	1,525.2	1,652.0	126.8	8.3%
Cash flows from investing activities	1,643.2	(1,632.3)	10.9	0.7%
Cash flows from financing activities	170.4	(397.5)	(227.0)	(133.2%)

3. QUALITATIVE INFORMATION RELATING TO CONSOLIDATED RESULTS FORECASTS

There has been no change in the consolidated results forecasts since those announced on November 9, 2009. For assumptions used in these results forecasts and other related matters, please see page 28.

4. OTHERS

- (1) Change in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change in significant accounting principles, procedures and presentation in quarterly consolidated financial statements

Business Combinations

Effective April 1, 2009, NTT Group adopted the accounting pronouncement issued by FASB in December 2007 relating to business combinations. This pronouncement requires use of the acquisition method of accounting, defines the acquirer, establishes the acquisition date and broadens the scope to all transactions and other events in which one entity obtains control over one or more other businesses. The adoption of this pronouncement did not have a material impact on the results of operations or the financial position of NTT Group for the nine months ended December 31, 2009.

Noncontrolling Interests in Consolidated Financial Statements

Effective April 1, 2009, NTT Group adopted the accounting pronouncement issued by FASB in December 2007 relating to noncontrolling interests in consolidated financial statements. This pronouncement establishes accounting and reporting standards for the noncontrolling interest (previously referred to as minority interests) in a subsidiary and for the deconsolidation of a subsidiary. This pronouncement requires the presentation that the noncontrolling interest should be reclassified to equity and consolidated net income should be adjusted to include net income attributed to the noncontrolling interest in the consolidated financial statements. This pronouncement also requires single method of accounting as equity transactions for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation.

The adoption of this pronouncement has an impact on the presentation of noncontrolling interests in the consolidated financial statements including retrospective reclassification. The repurchases of shares by the subsidiary resulting in changes in NTT's ownership interest in the subsidiary have been accounted for as equity transactions with noncontrolling interests.

Accounting for Financial Guarantee Insurance Contracts

Effective April 1, 2009, NTT Group adopted the accounting pronouncement issued by FASB in May 2008 relating to accounting for financial guarantee insurance contracts. This pronouncement prescribes accounting for insurers of financial obligations, bringing consistency to recognizing and recording premiums and to loss recognition. This pronouncement also requires expanded disclosures about financial guarantee insurance contracts. The adoption of this pronouncement did not have a material impact on the results of operations or the financial position of NTT Group.

Subsequent event

Effective April 1, 2009, NTT Group adopted the accounting pronouncement issued by FASB in May 2009 relating to subsequent events. This pronouncement requires that the effect of subsequent events that occurred after the balance-sheet date and before the date the financial statements are either “issued” or “available to be issued” should be evaluated and disclosed. The adoption of this pronouncement did not have an impact on the results of operations or the financial position of NTT Group.

The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

Effective July 1, 2009, NTT Group adopted the accounting pronouncement issued by FASB in June 2009 relating to the FASB Accounting Standards Codification and the hierarchy of generally accepted accounting principles. This pronouncement prescribes the change which divides non-governmental U.S. GAAP into the authoritative Codification and the non-authoritative guidance, doing away with the previous four-level hierarchy. The financial statements that adopted this pronouncement should follow the Codification in place of legacy accounting pronouncements. The adoption of this pronouncement did not have an impact on the results of operations or the financial position of NTT Group.

5. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen		
	March 31, 2009	December 31, 2009	Increase (Decrease)
ASSETS			
Current assets:			
Cash and cash equivalents	¥1,052,777	¥674,917	¥(377,860)
Short-term investments	20,264	129,252	108,988
Notes and accounts receivable, trade	1,947,765	2,026,886	79,121
Allowance for doubtful accounts	(45,208)	(41,695)	3,513
Inventories	313,494	386,053	72,559
Prepaid expenses and other current assets	512,479	554,216	41,737
Deferred income taxes	266,480	233,896	(32,584)
Total current assets	4,068,051	3,963,525	(104,526)
Property, plant and equipment:			
Telecommunications equipment	14,705,383	14,772,740	67,357
Telecommunications service lines	13,968,838	14,172,739	203,901
Buildings and structures	5,770,337	5,799,327	28,990
Machinery, vessels and tools	1,755,854	1,764,139	8,285
Land	1,111,734	1,111,046	(688)
Construction in progress	305,167	317,216	12,049
	37,617,313	37,937,207	319,894
Accumulated depreciation	(27,415,794)	(27,913,076)	(497,282)
Net property, plant and equipment	10,201,519	10,024,131	(177,388)
Investments and other assets:			
Investments in affiliated companies	622,735	615,903	(6,832)
Marketable securities and other investments	277,375	275,946	(1,429)
Goodwill	453,617	518,230	64,613
Other intangibles	1,406,991	1,405,748	(1,243)
Other assets	894,828	902,737	7,909
Deferred income taxes	871,272	909,105	37,833
Total investments and other assets	4,526,818	4,627,669	100,851
Total assets	¥18,796,388	¥18,615,325	¥(181,063)

	Millions of yen		
	March 31, 2009	December 31, 2009	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	¥388,028	¥464,051	¥76,023
Current portion of long-term debt	603,041	379,767	(223,274)
Accounts payable, trade	1,302,607	1,018,567	(284,040)
Accrued payroll	454,575	345,706	(108,869)
Accrued interest	12,481	12,940	459
Accrued taxes on income	288,803	151,495	(137,308)
Accrued consumption tax	28,326	46,568	18,242
Advances received	114,934	121,316	6,382
Deposit received	275,089	158,201	(116,888)
Other	226,315	214,188	(12,127)
Total current liabilities	3,694,199	2,912,799	(781,400)
Long-term liabilities:			
Long-term debt	3,691,688	3,807,880	116,192
Obligations under capital leases	47,394	45,074	(2,320)
Liability for employees' retirement benefits	1,639,785	1,671,651	31,866
Other	577,692	671,029	93,337
Total long-term liabilities	5,956,559	6,195,634	239,075
Equity:			
NTT shareholders' equity			
Common stock, no par value -	937,950	937,950	-
Additional paid-in capital	2,841,037	2,838,486	(2,551)
Retained earnings	5,066,637	5,333,458	266,821
Accumulated other comprehensive income (loss)	(341,917)	(331,624)	10,293
Treasury stock, at cost	(1,205,597)	(1,205,770)	(173)
Total NTT shareholders' equity	7,298,110	7,572,500	274,390
Noncontrolling interests	1,847,520	1,934,392	86,872
Total equity	9,145,630	9,506,892	361,262
Total liabilities and equity	¥18,796,388	¥18,615,325	¥(181,063)

* Certain items for the prior year's financial statements have been reclassified to conform to the presentation as of December 31, 2009.

(2) Consolidated Statements of Income

NINE-MONTH PERIOD ENDED DECEMBER 31

	Millions of yen		
	2008	2009	Increase (Decrease)
Operating revenues:			
Fixed voice related services	¥1,960,983	¥1,780,912	¥(180,071)
Mobile voice related services	1,750,539	1,642,412	(108,127)
IP / packet communications services	2,150,229	2,316,395	166,166
Sale of telecommunication equipment	538,365	447,335	(91,030)
System integration	812,732	849,851	37,119
Other	521,496	488,759	(32,737)
	<u>7,734,344</u>	<u>7,525,664</u>	<u>(208,680)</u>
Operating expenses:			
Cost of services (exclusive of items shown separately below)	1,760,719	1,777,554	16,835
Cost of equipment sold (exclusive of items shown separately below)	697,427	578,488	(118,939)
Cost of system integration (exclusive of items shown separately below)	514,414	542,130	27,716
Depreciation and amortization	1,589,263	1,500,533	(88,730)
Impairment loss	1,086	547	(539)
Selling, general and administrative expenses	2,156,965	2,178,325	21,360
	<u>6,719,874</u>	<u>6,577,577</u>	<u>(142,297)</u>
Operating income (loss)	<u>1,014,470</u>	<u>948,087</u>	<u>(66,383)</u>
Other income (expenses):			
Interest and amortization of bond discounts and issue costs	(44,996)	(42,392)	2,604
Interest income	19,214	18,565	(649)
Other, net	56,142	17,593	(38,549)
	<u>30,360</u>	<u>(6,234)</u>	<u>(36,594)</u>
Income (loss) before income taxes and equity in earnings (losses) of affiliated companies	<u>1,044,830</u>	<u>941,853</u>	<u>(102,977)</u>
Income tax expense (benefit):			
Current	480,424	406,002	(74,422)
Deferred	(143,295)	(31,857)	111,438
	<u>337,129</u>	<u>374,145</u>	<u>37,016</u>
Income (loss) before equity in earnings (losses) of affiliated companies	<u>707,701</u>	<u>567,708</u>	<u>(139,993)</u>
Equity in earnings (losses) of affiliated companies	11,045	8,962	(2,083)
Net income (loss)	<u>718,746</u>	<u>576,670</u>	<u>(142,076)</u>
Less – Net income attributable to noncontrolling interests	(174,663)	(157,672)	16,991
Net income (loss) attributable to NTT	<u>¥544,083</u>	<u>¥418,998</u>	<u>¥(125,085)</u>

Summary of total comprehensive income (loss):

Net income (loss)	¥718,746	¥576,670	¥(142,076)
Other comprehensive income (loss)	(60,360)	10,571	70,931
Comprehensive income (loss)	<u>658,386</u>	<u>587,241</u>	<u>(71,145)</u>
Less – Comprehensive income attributable to noncontrolling interests	(167,633)	(157,950)	9,683
Comprehensive income (loss) attributable to NTT	<u>¥490,753</u>	<u>¥429,291</u>	<u>¥(61,462)</u>

* Certain items for the prior year's financial statements have been reclassified to conform to the presentation for the nine months ended December 31, 2009.

	Shares or yen	
	2008*	2009
Per share of common stock:		
Weighted average number of shares outstanding	13,522,198.53	1,323,281,503
Net income (loss) attributable to NTT	¥40,236.28	¥316.64

* Per share of common stock for the nine months ended December 31, 2008 does not reflect the stock split that took effect on January 4, 2009.

THREE-MONTH PERIOD ENDED DECEMBER 31

	Millions of yen		
	2008	2009	Increase (Decrease)
Operating revenues:			
Fixed voice related services	¥645,267	¥586,478	¥(58,789)
Mobile voice related services	570,912	557,806	(13,106)
IP / packet communications services	733,472	780,441	46,969
Sale of telecommunication equipment	169,044	151,639	(17,405)
System integration	271,288	282,789	11,501
Other	179,768	168,403	(11,365)
	2,569,751	2,527,556	(42,195)
Operating expenses:			
Cost of services (exclusive of items shown separately below)	598,808	599,810	1,002
Cost of equipment sold (exclusive of items shown separately below)	237,486	191,171	(46,315)
Cost of system integration (exclusive of items shown separately below)	170,332	180,742	10,410
Depreciation and amortization	568,483	503,541	(64,942)
Impairment loss	685	47	(638)
Selling, general and administrative expenses	724,569	750,928	26,359
	2,300,363	2,226,239	(74,124)
Operating income (loss)	269,388	301,317	31,929
Other income (expenses):			
Interest and amortization of bond discounts and issue costs	(14,862)	(13,581)	1,281
Interest income	6,612	6,275	(337)
Other, net	12,531	4,252	(8,279)
	4,281	(3,054)	(7,335)
Income (loss) before income taxes and equity in earnings (losses) of affiliated companies	273,669	298,263	24,594
Income tax expense (benefit):			
Current	141,470	114,992	(26,478)
Deferred	(41,016)	(612)	40,404
	100,454	114,380	13,926
Income (loss) before equity in earnings (losses) of affiliated companies	173,215	183,883	10,668
Equity in earnings (losses) of affiliated companies	3,624	4,244	620
Net income (loss)	176,839	188,127	11,288
Less – Net income attributable to noncontrolling interests	(39,109)	(51,373)	(12,264)
Net income (loss) attributable to NTT	¥137,730	¥136,754	¥(976)

Summary of total comprehensive income (loss):

Net income (loss)	¥176,839	¥188,127	¥11,288
Other comprehensive income (loss)	(22,348)	(32,935)	(10,587)
Comprehensive income (loss)	154,491	155,192	701
Less – Comprehensive income attributable to noncontrolling interests	(37,072)	(41,719)	(4,647)
Comprehensive income (loss) attributable to NTT	¥117,419	¥113,473	¥(3,946)

* Certain items for the prior year's financial statements have been reclassified to conform to the presentation for the three months ended December 31, 2009.

	Shares or yen	
	2008*	2009
Per share of common stock:		
Weighted average number of shares outstanding	13,421,619.20	1,323,279,372
Net income (loss) attributable to NTT	¥10,261.80	¥103.34

* Per share of common stock for the three months ended December 31, 2008 does not reflect the stock split that took effect on January 4, 2009.

(3) Consolidated Statements of Cash Flows

NINE-MONTH PERIOD ENDED DECEMBER 31

	Millions of yen		
	2008	2009	Increase (Decrease)
Cash flows from operating activities:			
Net income (loss)	¥718,746	¥576,670	¥(142,076)
Adjustments to reconcile net income (loss) to net cash provided by operating activities -			
Depreciation and amortization	1,589,263	1,500,533	(88,730)
Impairment loss	1,086	547	(539)
Deferred taxes	(143,295)	(31,857)	111,438
Loss on disposal of property, plant and equipment	77,876	67,614	(10,262)
Equity in (earnings) losses of affiliated companies	(11,045)	(8,962)	2,083
(Increase) decrease in notes and accounts receivable, trade	(208,448)	(49,583)	158,865
(Increase) decrease in inventories	(121,981)	(70,109)	51,872
(Increase) decrease in other current assets	(83,471)	(62,392)	21,079
Increase (decrease) in accounts payable, trade and accrued payroll	(323,231)	(272,670)	50,561
Increase (decrease) in accrued consumption tax	10,993	18,035	7,042
Increase (decrease) in accrued interest	2,365	457	(1,908)
Increase (decrease) in advances received	(1,051)	6,322	7,373
Increase (decrease) in accrued taxes on income	(21,084)	(138,259)	(117,175)
Increase (decrease) in other current liabilities	58,904	18,722	(40,182)
Increase (decrease) in liability for employees' retirement benefits	7,661	64,576	56,915
Increase (decrease) in other long-term liabilities	43,002	92,589	49,587
Other	(71,075)	(60,252)	10,823
Net cash provided by (used in) operating activities	¥1,525,215	¥1,651,981	¥126,766

	Millions of yen		
	2008	2009	Increase (Decrease)
Cash flows from investing activities:			
Payments for property, plant and equipment	¥(1,190,275)	¥(1,066,954)	¥123,321
Proceeds from sale of property, plant and equipment	83,046	20,362	(62,684)
Payments for purchase of non-current investments	(92,201)	(74,718)	17,483
Proceeds from sale and redemption of non-current investments	45,093	15,267	(29,826)
Payments for purchase of short-term investments	(28,456)	(154,742)	(126,286)
Proceeds from redemption of short-term investments	3,197	48,906	45,709
Acquisition of intangibles and other assets	(463,578)	(420,385)	43,193
Net cash provided by (used in) investing activities	(1,643,174)	(1,632,264)	10,910
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	668,294	428,147	(240,147)
Payments for settlement of long-term debt	(460,943)	(477,969)	(17,026)
Proceeds from issuance of short-term debt	3,315,945	2,805,169	(510,776)
Payments for settlement of short-term debt	(3,169,358)	(2,729,265)	440,093
Dividends paid	(135,338)	(152,177)	(16,839)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(170,311)	(199)	170,112
Acquisition of treasury stocks by subsidiary	(101,846)	(20,177)	81,669
Other	(116,887)	(250,986)	(134,099)
Net cash provided by (used in) financing activities	(170,444)	(397,457)	(227,013)
Effect of exchange rate changes on cash and cash equivalents	(5,554)	(120)	5,434
Net increase (decrease) in cash and cash equivalents	(293,957)	(377,860)	(83,903)
Cash and cash equivalents at beginning of period	1,169,566	1,052,777	(116,789)
Cash and cash equivalents at end of period	¥875,609	¥674,917	¥(200,692)
Cash paid during the period for:			
Interest	¥42,669	¥41,933	¥(736)
Income taxes, net	¥379,443	¥510,568	¥131,125

* Certain items for the prior year's financial statements have been reclassified to conform to the presentation for the nine months ended December 31, 2009.

(4) Going Concern Assumption

None

(5) Business Segments

THREE-MONTH PERIOD ENDED DECEMBER 31

1. Sales and operating revenues

(Millions of yen)

	Three months ended December 31, 2008	Three months ended December 31, 2009	Increase (Decrease)
Regional communications business			
Customers	865,327	848,687	(16,640)
Intersegment	139,272	127,353	(11,919)
Total	1,004,599	976,040	(28,559)
Long-distance and international communications business			
Customers	290,937	280,243	(10,694)
Intersegment	33,920	27,047	(6,873)
Total	324,857	307,290	(17,567)
Mobile communications business			
Customers	1,097,649	1,084,583	(13,066)
Intersegment	13,327	11,974	(1,353)
Total	1,110,976	1,096,557	(14,419)
Data communications business			
Customers	230,978	235,772	4,794
Intersegment	27,310	28,102	792
Total	258,288	263,874	5,586
Other			
Customers	84,860	78,271	(6,589)
Intersegment	204,752	185,310	(19,442)
Total	289,612	263,581	(26,031)
Elimination of intersegment	(418,581)	(379,786)	38,795
Consolidated total	2,569,751	2,527,556	(42,195)

2. Segment profit or loss

(Millions of yen)

	Three months ended December 31, 2008	Three months ended December 31, 2009	Increase (Decrease)
Operating income (loss)			
Regional communications business	29,870	31,043	1,173
Long-distance and international communications business	26,696	25,002	(1,694)
Mobile communications business	168,448	215,981	47,533
Data communications business	23,833	16,118	(7,715)
Other	18,806	6,666	(12,140)
Total	267,653	294,810	27,157
Elimination of intersegment	1,735	6,507	4,772
Consolidated total	269,388	301,317	31,929

NINE-MONTH PERIOD ENDED DECEMBER 31

1. Sales and operating revenues

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009	Increase (Decrease)
Regional communications business			
Customers	2,591,072	2,531,004	(60,068)
Intersegment	421,879	382,699	(39,180)
Total	3,012,951	2,913,703	(99,248)
Long-distance and international communications business			
Customers	872,078	844,295	(27,783)
Intersegment	89,226	79,459	(9,767)
Total	961,304	923,754	(37,550)
Mobile communications business			
Customers	3,341,009	3,208,096	(132,913)
Intersegment	37,751	34,268	(3,483)
Total	3,378,760	3,242,364	(136,396)
Data communications business			
Customers	677,459	711,816	34,357
Intersegment	88,128	86,344	(1,784)
Total	765,587	798,160	32,573
Other			
Customers	252,726	230,453	(22,273)
Intersegment	596,077	558,474	(37,603)
Total	848,803	788,927	(59,876)
Elimination of intersegment	(1,233,061)	(1,141,244)	91,817
Consolidated total	7,734,344	7,525,664	(208,680)

2. Segment profit or loss

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009	Increase (Decrease)
Operating income (loss)			
Regional communications business	70,570	81,741	11,171
Long-distance and international communications business	82,126	76,238	(5,888)
Mobile communications business	742,656	698,306	(44,350)
Data communications business	68,684	52,991	(15,693)
Other	42,213	13,527	(28,686)
Total	1,006,249	922,803	(83,446)
Elimination of intersegment	8,221	25,284	17,063
Consolidated total	1,014,470	948,087	(66,383)

(6) NTT Shareholders' Equity

Dividends

Cash dividends paid

Resolution	The shareholders' meeting on June 24, 2009
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥72,780 million
Cash dividends per share	¥55
Date of record	March 31, 2009
Date of payment	June 25, 2009

Resolution	The Board of Directors' meeting on November 9, 2009
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥79,397 million
Cash dividends per share	¥60
Date of record	September 30, 2009
Date of payment	December 10, 2009

Significant Changes in NTT Shareholders' Equity

None

(Reference)

NON-CONSOLIDATED FINANCIAL STATEMENTS

(1) Non-Consolidated Balance Sheets

(Based on accounting principles generally accepted in Japan)

	Millions of yen		
	March 31, 2009	December 31, 2009	Increase (Decrease)
ASSETS			
Current assets:			
Cash and bank deposits	7,695	11,311	3,616
Accounts receivable, trade	1,018	162	(856)
Supplies	317	252	(64)
Subsidiary deposits	57,000	116,456	59,456
Other current assets	496,096	236,281	(259,815)
Total current assets	562,127	364,465	(197,662)
Fixed assets:			
Property, plant and equipment	189,880	180,763	(9,117)
Intangible fixed assets	55,870	48,143	(7,726)
Investments and other assets			
Investments in subsidiaries and affiliated companies	4,794,244	4,794,219	(25)
Long-term loans receivable to subsidiaries	1,815,759	2,041,407	225,648
Other investments and assets	87,140	50,798	(36,341)
Total investments and other assets	6,697,144	6,886,425	189,281
Total fixed assets	6,942,895	7,115,332	172,436
TOTAL ASSETS	7,505,022	7,479,797	(25,225)

Notes: 1. These quarterly financial statements are exempt from auditor's review in legal disclosure.

2. These quarterly financial statements are prepared based on "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

3. In the quarterly financial statements for the previous fiscal year, we presented "Investment securities" which include "Investments in subsidiaries and affiliated companies" and "Long-term loans receivable" which includes "Long-term loans receivable to subsidiaries." However, from the quarterly financial statements for this fiscal year, we categorize these items individually and present the items which are material.

(Reference)

	Millions of yen		
	March 31, 2009	December 31, 2009	Increase (Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable, trade	189	104	(85)
Current portion of corporate bonds	200,000	-	(200,000)
Current portion of long-term borrowings	186,264	161,104	(25,160)
Accrued taxes on income	146	31,619	31,473
Deposit received from subsidiaries	91,500	57,711	(33,789)
Other current liabilities	61,003	31,392	(29,611)
Total current liabilities	539,104	281,931	(257,172)
Long-term liabilities:			
Corporate bonds	1,340,906	1,570,982	230,075
Long-term borrowings	728,874	659,522	(69,352)
Liability for employees' retirement benefits	26,333	28,175	1,842
Other long-term liabilities	1,459	1,429	(30)
Total long-term liabilities	2,097,573	2,260,109	162,535
TOTAL LIABILITIES	2,636,678	2,542,040	(94,637)
NET ASSETS			
Shareholders' equity:			
Common stock	937,950	937,950	-
Capital surplus	2,673,843	2,673,817	(25)
Earned surplus	2,459,481	2,529,124	69,643
Treasury stock	(1,205,597)	(1,205,769)	(172)
Total shareholders' equity	4,865,677	4,935,121	69,444
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	2,667	2,635	(32)
Total unrealized gains (losses), translation adjustments, and others	2,667	2,635	(32)
TOTAL NET ASSETS	4,868,344	4,937,756	69,412
TOTAL LIABILITIES AND NET ASSETS	7,505,022	7,479,797	(25,225)

Notes: 1. These quarterly financial statements are exempt from auditor's review in legal disclosure.

2. These quarterly financial statements are prepared based on "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

3. In the quarterly financial statements for the previous fiscal year, we presented "Current portion of long-term borrowings" which includes "Current portion of long-term loans payable - subsidiary" and "Long-term borrowings" which includes "Long-term loans payable - subsidiary." However, from the quarterly financial statements for this fiscal year, we categorize these items individually and present the items which are material.

(Reference)

(2) Non-Consolidated Statements of Income

NINE-MONTH PERIOD ENDED DECEMBER 31

(Based on accounting principles generally accepted in Japan)

	Millions of yen		
	2008	2009	Increase (Decrease)
Operating revenues	320,733	335,220	14,487
Operating expenses	117,999	111,366	(6,633)
Operating income	202,733	223,854	21,120
Non-operating revenues:			
Interest income	27,503	25,023	(2,480)
Lease and rental income	8,608	8,896	287
Miscellaneous income	1,428	2,224	796
Total non-operating revenues	37,540	36,144	(1,396)
Non-operating expenses:			
Interest expenses	10,335	8,889	(1,445)
Corporate bond interest expenses	18,365	18,505	140
Miscellaneous expenses	6,570	7,971	1,400
Total non-operating expenses	35,271	35,366	95
Recurring profit	205,002	224,631	19,628
Income before income taxes	205,002	224,631	19,628
Income taxes	2,119	2,811	691
Net income	202,883	221,820	18,936

(Reference) Major components of operating revenues

Dividends received	199,050	217,852	18,801
Revenues from group management	13,950	13,762	(187)
Revenues from basic R&D	95,249	95,249	0

Notes: 1. These quarterly financial statements are exempt from auditor's review in legal disclosure.

2. These quarterly financial statements are prepared based on "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

(Reference)

THREE-MONTH PERIOD ENDED DECEMBER 31

(Based on accounting principles generally accepted in Japan)

	Millions of yen		
	2008	2009	Increase (Decrease)
Operating revenues	112,630	116,773	4,142
Operating expenses	38,372	37,492	(879)
Operating income	74,257	79,280	5,022
Non-operating revenues:			
Interest income	9,048	8,245	(803)
Lease and rental income	2,582	3,081	498
Miscellaneous income	231	185	(45)
Total non-operating revenues	11,862	11,511	(350)
Non-operating expenses:			
Interest expenses	3,363	2,823	(539)
Corporate bond interest expenses	6,208	6,193	(15)
Miscellaneous expenses	2,831	3,879	1,047
Total non-operating expenses	12,403	12,896	492
Recurring profit	73,716	77,896	4,179
Income before income taxes	73,716	77,896	4,179
Income taxes	708	720	12
Net income	73,008	77,175	4,167

(Reference) Major components of operating revenues

Dividends received	72,375	77,892	5,516
Revenues from group management	4,650	4,587	(62)
Revenues from basic R&D	31,749	31,749	0

Notes: 1. These quarterly financial statements are exempt from auditor's review in legal disclosure.

2. These quarterly financial statements are prepared based on "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

(Reference)

(3) Non-Consolidated Statements of Cash Flows

NINE-MONTH PERIOD ENDED DECEMBER 31

(Based on accounting principles generally accepted in Japan)

	Millions of yen		
	2008	2009	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	205,002	224,631	19,628
Depreciation and amortization	34,238	35,114	876
Loss on disposal of property, plant and equipment	504	626	121
Dividends received	(199,050)	(217,852)	(18,801)
Increase (decrease) in liability for employees' retirement benefits	1,864	1,842	(21)
(Increase) decrease in accounts receivable	22,059	(9,326)	(31,386)
Increase (decrease) in accounts payable and accrued expenses	(39,237)	(28,388)	10,849
Increase (decrease) in accrued consumption tax	579	605	25
(Increase) decrease in other current assets	(36,990)	(7,087)	29,902
(Increase) decrease in subsidiary deposits	-	(16,000)	(16,000)
Increase (decrease) in deposit received from subsidiaries	36,082	(33,789)	(69,872)
Other	4,941	6,885	1,944
Sub-total	29,995	(42,737)	(72,732)
Interest and dividends received	226,463	242,650	16,186
Interest paid	(27,771)	(26,901)	869
Income taxes received (paid)	10,540	36,495	25,954
Net cash provided by (used in) operating activities	239,228	209,506	(29,721)
Cash flows from investing activities:			
Payments for property, plant and equipment	(34,838)	(25,516)	9,322
Proceeds from sale of property, plant and equipment	395	-	(395)
Payments for purchase of investment securities	(2,498)	(1,474)	1,023
Proceeds from sale of investment securities	30	971	940
Payments for long-term loans	(145,000)	(340,000)	(195,000)
Proceeds from long-term loans receivable	312,316	374,512	62,196
Other	(98)	280	379
Net cash provided by (used in) investing activities	130,306	8,773	(121,532)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	234,500	309,966	75,466
Payments for settlement of long-term debt	(275,629)	(374,512)	(98,883)
Payments for settlement of lease obligations	(86)	(79)	7
Dividends paid	(135,338)	(152,177)	(16,838)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(170,310)	(198)	170,112
Net cash provided by (used in) financing activities	(346,865)	(217,000)	129,864
Net increase (decrease) in cash and cash equivalents	22,668	1,279	(21,389)
Cash and cash equivalents at beginning of period	77,341	94,208	16,866
Cash and cash equivalents at end of period	100,010	95,487	(4,523)

Notes: 1. These quarterly financial statements are exempt from auditor's review in legal disclosure.

2. These quarterly financial statements are prepared based on "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

[Note]

The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Report on Form 20-F and other filings and submissions with the United States Securities and Exchange Commission.

NTT's Shares and Shareholders (as of December 31, 2009)

1. Classification of Shareholders

Details	NTT's Shares and Shareholders (1 unit =100 shares)								Shares Representing Less Than One Unit
	Government and Public Bodies	Financial Institutions	Securities Firms	Other Domestic Corporations	Foreign Corporations, etc.		Domestic Individuals, etc.	Total	
					Non-Individuals	Individuals			
Total Holders	4	337	96	8,470	1,131	1,000	998,292	1,009,330	--
Total Shares (Units)	5,305,903	2,226,443	61,983	176,407	3,063,337	6,273	4,881,235	15,721,581	1,962,800
%	33.75	14.16	0.39	1.12	19.48	0.04	31.05	100.00	--

- Notes:
- "Domestic Individuals, etc." includes 2,508,985 units of treasury stock, and "Shares Representing Less Than One Unit" includes 74 shares of treasury stock. 250,898,574 shares of treasury stock represents the number of shares of treasury stock recorded in the shareholders' register; the actual number of treasury stock shares at the end of December 31, 2009 was 250,898,274.
 - "Other Domestic Corporations" includes 168 units under the name of the Japan Securities Depository Center, and "Shares Representing Less Than One Unit" includes 72 shares under the name of the Japan Securities Depository Center.
 - The number of shareholders who only own shares representing less than one unit is 237,959.

2. Classification by Number of Shares

Details	NTT's Shares and Shareholders (1 unit =100 shares)								Shares Representing Less Than One Unit
	At Least 1,000 Units	At Least 500 Units	At Least 100 Units	At Least 50 Units	At Least 10 Units	At Least 5 Units	At Least 1 Units	Total	
Number of Holders	423	168	946	1,138	26,812	63,729	916,114	1,009,330	--
%	0.04	0.02	0.09	0.11	2.66	6.31	90.76	100.00	--
Total Shares (Units)	13,129,207	118,592	191,289	73,841	410,755	386,437	1,411,460	15,721,581	1,962,800
%	83.51	0.75	1.22	0.47	2.61	2.46	8.98	100.00	--

- Notes:
- "At Least 1,000 Units" includes 2,508,985 units of treasury stock, and "Shares Representing Less Than One Unit" includes 74 shares of treasury stock.
 - "At Least 100 Units" includes 168 units under the name of the Japan Securities Depository Center, and "Shares Representing Less Than One Unit" includes 72 shares under the name of the Japan Securities Depository Center.

3. Principal Shareholders

Name	Share Holdings (in thousands of shares)	Percentage of Total Shares Issued (%)
The Minister of Finance	530,570	33.71
Japan Trustee Services Bank, Ltd. (Trust Account)	56,747	3.61
The Master Trust Bank of Japan, Ltd. (Trust Account)	40,810	2.59
Moxley and Company	33,306	2.12
Japan Trustee Services Bank, Ltd. (Trust Account 9)	17,605	1.12
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	13,562	0.86
NTT Employee Share-Holding Association	12,317	0.78
State Street Bank and Trust Company 505225	10,888	0.69
SSBT OD05 Omnibus Account China Treaty Clients	10,493	0.67
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	9,660	0.61
Total	735,962	46.75

Note: The Company's holdings of treasury stock (250,898,274 shares) are not included in the above table.