

# Financial Results Release

November 11, 2016

For the Six Months Ended September 30, 2016

[U.S. GAAP]

Name of registrant : Nippon Telegraph and Telephone Corporation (“NTT”)  
 Code No. : 9432 (URL <http://www.ntt.co.jp/ir/>)  
 Stock exchanges on which the Company's shares are listed : Tokyo  
 Representative : Hiroo Unoura, President and Chief Executive Officer  
 Contact : Takashi Ameshima, Head of IR, Finance and Accounting Department / TEL +81-3-6838-5481  
 Scheduled filing date of quarterly securities report : November 14, 2016  
 Scheduled date of dividend payments : December 12, 2016  
 Supplemental material on quarterly results : Yes  
 Presentation on quarterly results : Yes (for institutional investors and analysts)

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2016 (April 1, 2016 - September 30, 2016)

Amounts are rounded to the nearest million yen.

### (1) Consolidated Results of Operations

(Millions of yen)

	Operating Revenues		Operating Income		Income before Income Taxes		Net Income Attributable to NTT	
Six months ended September 30, 2016	5,524,328	(1.2)%	926,484	26.3%	896,905	25.0%	476,096	26.2%
Six months ended September 30, 2015	5,588,958	4.0%	733,464	24.1%	717,419	21.2%	377,319	30.0%

Note: Percentages above represent changes from the corresponding period of the previous fiscal year.

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT
Six months ended September 30, 2016	230.90 (yen)	- (yen)
Six months ended September 30, 2015	178.37 (yen)	- (yen)

Notes: 1. Comprehensive income (loss) attributable to NTT: For the three months ended September 30, 2016: 319,189 million yen (3.0%)  
 For the three months ended September 30, 2015: 328,955 million yen 25.4%

2. NTT conducted a two-for-one stock split of its common stock, with an effective date of July 1, 2015. The figures for Basic Earnings per Share Attributable to NTT have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

### (2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Total Equity	NTT Shareholders' Equity	Equity Ratio (Ratio of NTT Shareholders' Equity to Total Assets)	NTT Shareholders' Equity per Share
September 30, 2016	20,447,251	11,136,390	8,757,222	42.8%	4,298.90 (yen)
March 31, 2016	21,035,931	11,240,082	8,833,806	42.0%	4,214.32 (yen)

## 2. Dividends

	Annual Dividends				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Total
Year Ended March 31, 2016	-	50.00 (yen)	-	60.00 (yen)	110.00 (yen)
Year Ending March 31, 2017	-	60.00 (yen)	-	-	-
Year Ending March 31, 2017 (Forecasts)	-	-	-	60.00 (yen)	120.00 (yen)

Note: Change in dividend forecasts during the six months ended September 30, 2016: None

## 3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(Millions of yen, except per share amount)

	Operating Revenues		Operating Income		Income before Income Taxes		Net Income Attributable to NTT		Basic Earnings per Share Attributable to NTT
Year Ending March 31, 2017	11,410,000	(1.1)%	1,470,000	9.0%	1,440,000	8.3%	770,000	4.4%	376.00 (yen)

Notes: 1. Percentages above represent changes from the previous fiscal year.

2. Change in consolidated financial results forecasts for the fiscal year ending March 31, 2017 during the six months ended September 30, 2016: Yes

**\*Notes:**

- (1) Change in significant consolidated subsidiaries during the six months ended September 30, 2016 that resulted in changes in the scope of consolidation: None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change of accounting policy
  - i. Change due to revision of accounting standards and other regulations: None
  - ii. Other change: Yes  
(For further details, please see "Others" on page 8.)
- (4) Number of shares outstanding (common stock)
  - i. Number of shares outstanding (including treasury stock):

September 30, 2016	: 2,096,394,470 shares
March 31, 2016	: 2,096,394,470 shares
  - ii. Number of shares of treasury stock:

September 30, 2016	: 59,309,986 shares
March 31, 2016	: 255,269 shares
  - iii. Weighted average number of shares outstanding:

For the six months ended September 30, 2016	: 2,061,934,989 shares
For the six months ended September 30, 2015	: 2,115,360,234 shares

Note: NTT conducted a two-for-one stock split of its common stock, with an effective date of July 1, 2015. The figures for "Number of shares outstanding (common stock)" have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the prior fiscal year.

**\* Presentation on the status of quarterly review process:**

This earnings release is not subject to the quarterly review process as required by the Financial Instruments and Exchange Act of Japan. As of the date of issuance of this earnings release, the review process on quarterly financial statements required by the Financial Instruments and Exchange Act is still ongoing.

**\* Explanation of earnings forecasts and other notes:**

Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available to NTT and certain assumptions that we regard as reasonable and therefore actual results may differ materially from those contained in or suggested by any forward-looking statements. With regard to the assumptions and other related matters concerning forecasts for the fiscal year ending March 31, 2017, please refer to pages 7 and 23.

On Friday, November 11, 2016, NTT will hold a presentation on its financial results for institutional investors and analysts. Shortly thereafter, NTT plans to post on its website explanatory details, along with the materials used at the presentation.

**(Reference)**

**Non-consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)**

(Millions of yen, except per share amount)

	Operating Revenues	Operating Income	Recurring Profit	Net Income	Earnings per Share
Year Ending March 31, 2017	475,000 (9.0)%	341,000 (11.2)%	337,000 (11.7)%	317,000 (52.5)%	155.00 (yen)

Note: 1. Percentages above represent changes from the previous fiscal year.

2. Change in non-consolidated financial results forecasts for the fiscal year ending March 31, 2017 during the six months ended September 30, 2016: Yes

## **1. Qualitative Information**

### **(1) Qualitative Information Relating to Consolidated Business Results**

#### **i. Consolidated results**

Six-Month Period Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

				(Billions of yen)
	<b>Six Months Ended September 30, 2015</b>	<b>Six Months Ended September 30, 2016</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	5,589.0	5,524.3	(64.6)	(1.2)%
Operating expenses	4,855.5	4,597.8	(257.7)	(5.3)%
Operating income	733.5	926.5	193.0	26.3 %
Income before income taxes and equity in earnings (losses) of affiliated companies	717.4	896.9	179.5	25.0 %
Net income attributable to NTT	377.3	476.1	98.8	26.2 %

During the six months ended September 30, 2016, pursuant to its Medium-Term Management Strategy, adopted in May 2015, entitled “Towards the Next Stage 2.0,” NTT implemented measures to embark on a profit growth track by accelerating its self-transformation towards becoming a “Value Partner.”

#### <Efforts to Expand NTT’s Global Business and Increase Profit Generation>

NTT Group seeks to expand and establish its global business as a cornerstone of its business operations and to accelerate profit generation through the following initiatives.

Specifically, NTT Group promoted cross-selling through collaboration among its group companies, including businesses related to global networks, cloud migration, and IT outsourcing, and received orders from business operators such as Admin Re, a U.K. insurance company, and Public Transport Victoria, the transportation authority in the Australian state of Victoria.

Furthermore, each NTT Group Company has been resolutely engaged in optimizing services and operations and reducing procurement costs by continuously implementing cost reduction measures.

In addition, in order to support the above measures, NTT Group aims to strengthen its group governance and risk management, by increasing the transparency of information regarding group management, further unifying group accounting standards and practices, bolstering cash management, and enhancing collaboration within NTT Group’s global subsidiaries.

#### <Efforts to Optimize Domestic Network Businesses and Enhance Profitability>

NTT Group aimed to enhance profit generation of its domestic network businesses by optimizing capital investments and reducing costs. With regard to optimizing capital investments, NTT worked to improve the efficiency of its facility use and reduce procurement costs, in addition to simplifying and streamlining its network systems. A project team formed last year is in the process of reviewing various topics and initiatives aimed at generating profits.

In the regional communications business segment, NTT promoted initiatives for its “Hikari Collaboration Model” and subscriptions for Hikari access services for the “Hikari Collaboration Model” reached 6.9 million. In the mobile communications business segment, NTT worked to enhance profitability by increasing the sales of its “Kake-hodai &Pake-aeru” billing plan with the introduction of “Ultra-Pack,” for which subscriptions reached 33.4 million subscriptions. Through the above efforts, NTT worked to reduce costs beginning with controlling marketing costs.

#### <Efforts to Achieve Sustainable Growth >

The Japanese government has been developing and implementing a variety of policies centered on the Tokyo 2020 Olympic and Paralympic Games and the Japanese government’s “Vitalization of Local Economies” initiative. NTT Group plans to make use of these opportunities to accelerate migration to the B2B2X model and strengthen measures aimed at creating services that will become the standards of the next generation.

Specifically, NTT entered into a collaboration agreement with J. League and DAZN to promote the utilization of ICT through the “Smart Stadium Project” at J. League stadiums and club hometowns.

In addition, NTT Group entered into a collaboration agreement with FANUC Corporation with respect to Edge Computing Technology and the utilization of ICT infrastructure. Through this collaboration, NTT Group will support FANUC Corporation’s early-stage development and launch of the open platform “FANUC Intelligent Edge Link and Drive system (FIELD system)” service and its de facto standardization.

As a result of these efforts, NTT Group's consolidated operating revenues for the six months ended September 30, 2016 were ¥5,524.3 billion (a decrease of 1.2% from the same period of the previous fiscal year), consolidated operating expenses were ¥4,597.8 billion (a decrease of 5.3% from the same period of the previous fiscal year), consolidated operating income was ¥926.5 billion (an increase of 26.3% from the same period of the previous fiscal year), consolidated income before income taxes and equity in earnings (losses) of affiliated companies was ¥896.9 billion (an increase of 25.0% from the same period of the previous fiscal year), and net income attributable to NTT was ¥476.1 billion (an increase of 26.2% from the same period of the previous fiscal year).

Notes: (1) The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States.

(2) NTT, NTT East, NTT West, NTT Communications, and NTT DOCOMO are Gold Partners (Telecommunications Services) for the Tokyo 2020 Olympic and Paralympic Games.

## ii. Segment results

Results by business segment are as follows.

### Regional Communications Business Segment

Six-Month Period Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

	(Billions of yen)			
	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Change	Percent Change
Operating revenues	1,680.6	1,620.4	(60.1)	(3.6)%
Operating expenses	1,526.0	1,388.2	(137.8)	(9.0)%
Operating income	154.6	232.2	77.6	50.2 %

Operating revenues in the regional communications business segment for the six-month period ended September 30, 2016 decreased 3.6% from the same period of the previous fiscal year to ¥1,620.4 billion due to, among other things, a decrease in fixed voice-related revenues. On the other hand, operating expenses for the six-month period ended September 30, 2016 decreased 9.0% from the same period of the previous fiscal year to ¥1,388.2 billion due to efforts to streamline operating expenses, particularly with respect to sales-related expenses in connection with the expansion of the "Hikari Collaboration Model," in addition to the effect of the change in the depreciation method of property, plant and equipment, among other factors. As a result, segment operating income for the six-month period ended September 30, 2016 increased 50.2% from the same period of the previous fiscal year to ¥232.2 billion.

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2016	As of September 30, 2016	Change	Percent Change
FLET'S Hikari (including Hikari Collaboration Model) <sup>(1)</sup>	19,259	19,704	445	2.3 %
NTT East	10,666	10,958	291	2.7 %
NTT West	8,593	8,746	153	1.8 %
Hikari Collaboration Model	4,691	6,917	2,226	47.5 %
NTT East	3,077	4,337	1,260	41.0 %
NTT West	1,615	2,580	966	59.8 %
Hikari Denwa <sup>(2)</sup>	17,374	17,545	170	1.0 %
NTT East	9,123	9,242	120	1.3 %
NTT West	8,252	8,302	51	0.6 %

Notes:

- (1) Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West, and subscribers to the "Hikari Collaboration Model," the wholesale provision of services by NTT East and NTT West to service providers.
- (2) Figures for "Hikari Denwa" indicate the number of channels (in thousands), and include wholesale services provided by NTT East and NTT West to service providers.

#### Long Distance and International Communications Business Segment

Six-Month Period Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

	(Billions of yen)			
	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Change	Percent Change
Operating revenues	1,097.2	1,038.8	(58.4)	(5.3)%
Operating expenses	1,049.6	996.7	(53.0)	(5.0)%
Operating income	47.6	42.2	(5.4)	(11.4)%

Operating revenues in the long distance and international communications business segment for the six-month period ended September 30, 2016 decreased 5.3% from the same period of the previous fiscal year to ¥1,038.8 billion. This decrease was due to, among other things, a decrease in fixed voice-related revenues and the impact of exchange rate fluctuations on NTT's overseas businesses, partially offset by an increase in IP/packet communications revenues due to the expansion of "OCN Hikari" and other services. On the other hand, operating expenses for the six-month period ended September 30, 2016 decreased 5.0% from the same period of the previous fiscal year to ¥996.7 billion primarily due to the streamlining of sales-related expenses, among other things. As a result, segment operating income for the six-month period ended September 30, 2016 decreased 11.4% from the same period of the previous fiscal year to ¥42.2 billion.

#### Mobile Communications Business Segment

Six-Month Period Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

	(Billions of yen)			
	Six Months Ended September 30, 2015	Six Months Ended September 30, 2016	Change	Percent Change
Operating revenues	2,215.0	2,288.0	73.0	3.3 %
Operating expenses	1,753.9	1,704.3	(49.6)	(2.8)%
Operating income	461.2	583.7	122.6	26.6 %

Despite a decline in revenues from sales of equipment, operating revenues for the mobile communications business segment for the six-month period ended September 30, 2016 increased 3.3% from the same period of the previous fiscal year to ¥2,288.0 billion due to a recovery in IP/packet communications revenues resulting from an increase in the number of subscribers to "Kake-hodai & Pake-aeru" and "docomo Hikari," as well as an increase in revenues from "dmarket" services and from the Smart Life area. On the other hand, despite an increase in revenue-linked expenses in the "docomo Hikari" and Smart Life areas, operating expenses for the six-month period ended September 30, 2016 decreased 2.8% from the same period of the previous fiscal year to ¥1,704.3 billion due to a decrease in the cost of equipment sold, efforts to streamline costs, and a decrease in depreciation expense resulting from the change of the depreciation method of property, plant and equipment. As a result, segment operating income for the six-month period ended September 30, 2016 increased 26.6% from the same period of the previous fiscal year to ¥583.7 billion.

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2016	As of September 30, 2016	Change	Percent Change
Mobile phone services	70,964	72,943	1,980	2.8 %
"Kake-hodai & Pake-aeru"	29,704	33,416	3,712	12.5 %
LTE(Xi) services	38,679	41,281	2,603	6.7 %
FOMA services	32,285	31,662	(623)	(1.9)%

Note:

The number of Mobile phone services subscribers (including LTE (Xi) and FOMA services) includes subscriptions to communication module services.

## Data Communications Business Segment

Six-Month Period Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(Billions of yen)

	<b>Six Months Ended September 30, 2015</b>	<b>Six Months Ended September 30, 2016</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	745.7	762.1	16.3	2.2 %
Operating expenses	707.5	726.2	18.6	2.6 %
Operating income	38.2	35.9	(2.3)	(6.0)%

Despite the impact of exchange rate fluctuations on NTT's overseas businesses, operating revenues in the data communications business segment for the six-month period ended September 30, 2016 increased 2.2% from the same period of the previous fiscal year to ¥762.1 billion due to, among other things, expansion of NTT's domestic businesses. On the other hand, operating expenses for the six-month period ended September 30, 2016 increased 2.6% from the same period of the previous fiscal year to ¥726.2 billion due to, among other things, an increase in revenue-linked expenses and the temporary effect of M&A related expenses. As a result, segment operating income for the six-month period ended September 30, 2016 decreased 6.0% from the same period of the previous fiscal year to ¥35.9 billion.

## Other Business Segment

Six-Month Period Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(Billions of yen)

	<b>Six Months Ended September 30, 2015</b>	<b>Six Months Ended September 30, 2016</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	567.8	567.6	(0.2)	(0.0)%
Operating expenses	540.1	537.9	(2.2)	(0.4)%
Operating income	27.6	29.7	2.1	7.4 %

Operating revenues in the other business segment for the six-month period ended September 30, 2016 slightly decreased from the same period of the previous fiscal year to ¥567.6 billion due to a decrease in revenues of NTT Group's real estate business, partially offset by an increase in revenues of NTT Group's finance business, among other things. On the other hand, operating expenses for the six-month period ended September 30, 2016 also slightly decreased 0.4% from the same period of the previous fiscal year to ¥537.9 billion as a result of a decrease in revenue-linked expenses. As a result, segment operating income for the six-month period ended September 30, 2016 increased 7.4% from the same period of the previous fiscal year to ¥29.7 billion.

## **(2) Qualitative Information Relating to Consolidated Financial Position**

Net cash provided by operating activities for the six-month period ended September 30, 2016 increased ¥121.1 billion (9.5%) from the same period of the previous fiscal year to ¥1,390.4 billion. This increase was due to, among other factors, an increase in operating income.

Net cash used in investing activities decreased ¥42.9 billion (4.7%) from the same period of the previous fiscal year to ¥876.5 billion. This decrease was due to, among other factors, a decrease in capital investments.

Net cash used in financing activities increased ¥371.4 billion (194.4%) from the same period of the previous fiscal year to ¥562.4 billion. This increase was due to, among other factors, an increase in stock repurchases by NTT and an increase in stock repurchases by NTT's subsidiaries.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of September 30, 2016 totaled ¥1,014.5 billion, a decrease of ¥73.8 billion (6.8%) from the end of the previous fiscal year.

	(Billions of yen)			
	<b>Six Months Ended September 30, 2015</b>	<b>Six Months Ended September 30, 2016</b>	<b>Change</b>	<b>Percent Change</b>
Cash flows provided by operating activities	1,269.4	1,390.4	121.1	9.5 %
Cash flows used in investing activities	(919.5)	(876.5)	42.9	4.7 %
Cash flows used in financing activities	(191.0)	(562.4)	(371.4)	(194.4)%

## **(3) Qualitative Information Relating to Consolidated Results Forecasts**

In May 2015, NTT Group adopted and announced its Medium-Term Management Strategy, entitled "Towards the Next Stage 2.0," and implemented measures to embark on a profit growth track by accelerating its self-transformation as a "Value Partner." At the same time, NTT Group proactively launched efforts to further promote the B2B2X model. As a result, NTT Group has revised the forecasts for its financial results as follows.

The forecast for NTT Group's operating revenues has been revised downward by ¥40.0 billion from the initial forecast to ¥11,410.0 billion, due to, among other factors, the effects of yen appreciation on foreign exchange rates, partially offset by the increase in revenues expected from the expansion of overseas business.

On the other hand, the forecast for NTT Group's operating income has been revised upward by ¥40.0 billion from the initial forecast to ¥1,470.0 billion due to, among other factors, first-half results in its domestic business.

For the assumptions used in the consolidated results forecasts and other related matters, please see page 23.

## **2. OTHERS**

- (1) Change in significant consolidated subsidiaries during the six months ended September 30, 2016, that resulted in changes in the scope of consolidation: None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change of accounting policy: Yes

### Change in depreciation method

NTT and its subsidiaries in Japan traditionally used the declining-balance method for calculating depreciation of property, plant, and equipment. Effective April 1, 2016, NTT and its subsidiaries adopted the straight-line method of depreciation.

As NTT Group plans to complete the expansion of its service areas for fiber-optic services and LTE services in the network business, it has been shifting the focus of its capital investments to improving the efficiency in using facilities while maintaining the current functionality. With respect to network services, NTT has started providing the "Hikari Collaboration Model," the wholesale provision of fiber-optic access services, which can be used by customers of both fixed-line communications services and mobile communications services in the long-term. Through these efforts, NTT expects the stable usage of property, plant, and equipment going forward.

For these reasons, NTT believes that the straight-line depreciation method better reflects the pattern of consumption of the future benefits to be derived from those assets being depreciated.

The effect of the change in the depreciation method is recognized prospectively as a change in the accounting estimate pursuant to FASB ASC-250, "Accounting Changes and Error Corrections."

In line with the change in the depreciation method, NTT reviewed the residual carrying amount of property, plant, and equipment and other necessary items and made changes where necessary.

As a result of the change in the depreciation method, depreciation expenses on a consolidated basis for the six and three months ended September 30, 2016 decreased by ¥126,663 million and ¥63,039 million, respectively. Consolidated net income attributable to NTT and consolidated basic net income attributable to NTT per share for the six and three months ended September 30, 2016 increased by ¥70,817 million and ¥34,773 million, and ¥34.34 and ¥17.07, respectively.

### Change in Fiscal Year End of Certain Subsidiaries

As of April 1, 2016, certain of NTT's consolidated subsidiaries changed their fiscal year ends from December 31 to March 31, thereby eliminating a three-month discrepancy between their fiscal year ends and NTT's fiscal year end in NTT's quarterly financial statements. The elimination of this discrepancy was applied as a change in accounting policy. NTT did not make any retrospective adjustments to its financial statements as these changes did not have a material impact on the consolidated financial statements for the six months ended September 30, 2015 or the year ended March 31, 2016. As a result of this change, NTT's retained earnings, accumulated other comprehensive income (loss) and noncontrolling interests have decreased by ¥214 million, ¥1,454 million and ¥1,408 million, respectively, in each case as of the beginning of the current fiscal year. In addition, the change in cash and cash equivalents resulting from this change in fiscal year end is presented in the consolidated statements of cash flows under "Increase (decrease) in cash and cash equivalents due to change in fiscal year end of consolidated subsidiaries."

### **3. CONSOLIDATED FINANCIAL STATEMENTS**

#### **(1) Consolidated Balance Sheets**

	Millions of yen		
	March 31, 2016	September 30, 2016	Increase (Decrease)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥1,088,275	¥1,014,481	¥(73,794)
Short-term investments	33,076	86,887	53,811
Notes and accounts receivable, trade	2,733,116	2,421,865	(311,251)
Allowance for doubtful accounts	(45,236)	(51,389)	(6,153)
Accounts receivable, other	473,192	455,112	(18,080)
Inventories	414,581	440,509	25,928
Prepaid expenses and other current assets	469,529	604,298	134,769
Deferred income taxes	260,446	244,026	(16,420)
<b>Total current assets</b>	<b>5,426,979</b>	<b>5,215,789</b>	<b>(211,190)</b>
<b>Property, plant and equipment:</b>			
Telecommunications equipment	11,586,812	11,461,117	(125,695)
Telecommunications service lines	15,870,097	15,942,341	72,244
Buildings and structures	6,069,437	6,079,447	10,010
Machinery, vessels and tools	1,996,898	1,974,823	(22,075)
Land	1,273,209	1,271,328	(1,881)
Construction in progress	382,196	416,130	33,934
	37,178,649	37,145,186	(33,463)
Accumulated depreciation	(27,626,728)	(27,687,110)	(60,382)
<b>Net property, plant and equipment</b>	<b>9,551,921</b>	<b>9,458,076</b>	<b>(93,845)</b>
<b>Investments and other assets:</b>			
Investments in affiliated companies	515,716	475,081	(40,635)
Marketable securities and other investments	474,247	442,158	(32,089)
Goodwill	1,229,208	1,134,735	(94,473)
Software	1,212,482	1,171,417	(41,065)
Other intangible assets	391,977	348,156	(43,821)
Other assets	1,486,840	1,438,190	(48,650)
Deferred income taxes	746,561	763,649	17,088
<b>Total investments and other assets</b>	<b>6,057,031</b>	<b>5,773,386</b>	<b>(283,645)</b>
<b>Total assets</b>	<b>¥21,035,931</b>	<b>¥20,447,251</b>	<b>¥(588,680)</b>

	Millions of yen		
	March 31, 2016	September 30, 2016	Increase (Decrease)
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	¥129,656	¥172,174	¥42,518
Current portion of long-term debt	476,777	510,032	33,255
Accounts payable, trade	1,572,797	1,144,216	(428,581)
Current portion of obligations under capital leases	14,711	14,068	(643)
Accrued payroll	430,248	419,247	(11,001)
Accrued taxes on income	249,356	203,537	(45,819)
Accrued consumption tax	83,481	74,183	(9,298)
Advances received	290,132	313,326	23,194
Other	493,970	549,578	55,608
<b>Total current liabilities</b>	<b>3,741,128</b>	<b>3,400,361</b>	<b>(340,767)</b>
<b>Long-term liabilities:</b>			
Long-term debt (excluding current portion)	3,546,203	3,390,889	(155,314)
Obligations under capital leases (excluding current portion)	27,630	25,959	(1,671)
Liability for employees' retirement benefits	1,688,611	1,708,783	20,172
Accrued liabilities for point programs	89,003	81,777	(7,226)
Deferred income taxes	166,547	153,290	(13,257)
Other	491,630	500,954	9,324
<b>Total long-term liabilities</b>	<b>6,009,624</b>	<b>5,861,652</b>	<b>(147,972)</b>
<b>Redeemable noncontrolling interests</b>	<b>45,097</b>	<b>48,848</b>	<b>3,751</b>
<b>Equity:</b>			
NTT shareholders' equity			
Common stock, no par value	937,950	937,950	—
Additional paid-in capital	2,879,560	2,878,687	(873)
Retained earnings	5,074,234	5,424,348	350,114
Accumulated other comprehensive income (loss)	(57,055)	(215,416)	(158,361)
Treasury stock, at cost	(883)	(268,347)	(267,464)
<b>Total NTT shareholders' equity</b>	<b>8,833,806</b>	<b>8,757,222</b>	<b>(76,584)</b>
Noncontrolling interests	2,406,276	2,379,168	(27,108)
<b>Total equity</b>	<b>11,240,082</b>	<b>11,136,390</b>	<b>(103,692)</b>
<b>Total liabilities and equity</b>	<b>¥21,035,931</b>	<b>¥20,447,251</b>	<b>¥(588,680)</b>

## **(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

SIX-MONTH PERIOD ENDED SEPTEMBER 30

### **Consolidated Statements of Income**

	Millions of yen		
	2015	2016	Increase (Decrease)
<b>Operating revenues:</b>			
Fixed voice related services	¥667,569	¥619,316	¥(48,253)
Mobile voice related services	407,732	429,604	21,872
IP / packet communications services	1,875,303	1,901,368	26,065
Sale of telecommunications equipment	463,798	423,074	(40,724)
System integration	1,437,299	1,397,071	(40,228)
Other	737,257	753,895	16,638
	<u>5,588,958</u>	<u>5,524,328</u>	<u>(64,630)</u>
<b>Operating expenses:</b>			
Cost of services (excluding items shown separately below)	1,149,106	1,153,397	4,291
Cost of equipment sold (excluding items shown separately below)	431,113	406,441	(24,672)
Cost of system integration (excluding items shown separately below)	1,034,476	986,249	(48,227)
Depreciation and amortization	871,639	716,473	(155,166)
Impairment losses			
Goodwill	—	4,471	4,471
Other	3,631	10,197	6,566
Selling, general and administrative expenses	1,365,529	1,320,616	(44,913)
	<u>4,855,494</u>	<u>4,597,844</u>	<u>(257,650)</u>
<b>Operating income</b>	<u>733,464</u>	<u>926,484</u>	<u>193,020</u>
<b>Other income (expenses):</b>			
Interest and amortization of bond discounts and issue costs	(22,064)	(19,780)	2,284
Interest income	8,737	8,621	(116)
Other, net	(2,718)	(18,420)	(15,702)
	<u>(16,045)</u>	<u>(29,579)</u>	<u>(13,534)</u>
<b>Income before income taxes and equity in earnings (losses) of affiliated companies</b>	<u>717,419</u>	<u>896,905</u>	<u>179,486</u>
<b>Income tax expense (benefit):</b>			
Current	239,266	246,678	7,412
Deferred	(11,961)	34,766	46,727
	<u>227,305</u>	<u>281,444</u>	<u>54,139</u>
<b>Income before equity in earnings (losses) of affiliated companies</b>	<u>490,114</u>	<u>615,461</u>	<u>125,347</u>
Equity in earnings (losses) of affiliated companies	7,512	10,065	2,553
<b>Net income</b>	<u>497,626</u>	<u>625,526</u>	<u>127,900</u>
Less – Net income attributable to noncontrolling interests	120,307	149,430	29,123
<b>Net income attributable to NTT</b>	<u>¥377,319</u>	<u>¥476,096</u>	<u>¥98,777</u>
<b>Per share of common stock*:</b>			
Weighted average number of shares outstanding (Shares)	2,115,360,234	2,061,934,989	
Net income attributable to NTT (Yen)	¥178.37	¥230.90	

\* "Per share of common stock" figures for the six months ended September 30, 2015 have been adjusted to reflect the two-for-one stock split carried out on July 1, 2015.

## Consolidated Statements of Comprehensive Income

	Millions of yen		
	2015	2016	Increase (Decrease)
Net income	¥497,626	¥625,526	¥127,900
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	(24,156)	(18,302)	5,854
Unrealized gain (loss) on derivative instruments	(849)	(2,009)	(1,160)
Foreign currency translation adjustments	(32,160)	(178,873)	(146,713)
Pension liability adjustments	1,107	5,812	4,705
Total other comprehensive income (loss)	(56,058)	(193,372)	(137,314)
<b>Total comprehensive income (loss)</b>	<b>441,568</b>	<b>432,154</b>	<b>(9,414)</b>
Less – Comprehensive income attributable to noncontrolling interests	112,613	112,965	352
<b>Total comprehensive income (loss) attributable to NTT</b>	<b>¥328,955</b>	<b>¥319,189</b>	<b>¥(9,766)</b>

THREE-MONTH PERIOD ENDED SEPTEMBER 30

**Consolidated Statements of Income**

	Millions of yen		
	2015	2016	Increase (Decrease)
<b>Operating revenues:</b>			
Fixed voice related services	¥331,193	¥307,546	¥(23,647)
Mobile voice related services	214,602	216,627	2,025
IP / packet communications services	941,595	953,319	11,724
Sale of telecommunications equipment	240,040	236,358	(3,682)
System integration	764,256	708,761	(55,495)
Other	390,815	384,978	(5,837)
	<u>2,882,501</u>	<u>2,807,589</u>	<u>(74,912)</u>
<b>Operating expenses:</b>			
Cost of services (excluding items shown separately below)	593,062	606,143	13,081
Cost of equipment sold (excluding items shown separately below)	234,501	231,175	(3,326)
Cost of system integration (excluding items shown separately below)	558,721	484,516	(74,205)
Depreciation and amortization	439,064	357,275	(81,789)
Impairment losses			
Goodwill	—	4,471	4,471
Other	3,600	9,818	6,218
Selling, general and administrative expenses	678,846	675,102	(3,744)
	<u>2,507,794</u>	<u>2,368,500</u>	<u>(139,294)</u>
<b>Operating income</b>	<u>374,707</u>	<u>439,089</u>	<u>64,382</u>
<b>Other income (expenses):</b>			
Interest and amortization of bond discounts and issue costs	(11,086)	(9,774)	1,312
Interest income	4,372	4,289	(83)
Other, net	(17,954)	17,194	35,148
	<u>(24,668)</u>	<u>11,709</u>	<u>36,377</u>
<b>Income before income taxes and equity in earnings (losses) of affiliated companies</b>	<u>350,039</u>	<u>450,798</u>	<u>100,759</u>
<b>Income tax expense (benefit):</b>			
Current	127,160	117,367	(9,793)
Deferred	(16,449)	25,152	41,601
	<u>110,711</u>	<u>142,519</u>	<u>31,808</u>
<b>Income before equity in earnings (losses) of affiliated companies</b>	<u>239,328</u>	<u>308,279</u>	<u>68,951</u>
Equity in earnings (losses) of affiliated companies	3,201	5,452	2,251
<b>Net income</b>	<u>242,529</u>	<u>313,731</u>	<u>71,202</u>
Less – Net income attributable to noncontrolling interests	58,383	81,263	22,880
<b>Net income attributable to NTT</b>	<u>¥184,146</u>	<u>¥232,468</u>	<u>¥48,322</u>
<b>Per share of common stock:</b>			
Weighted average number of shares outstanding (Shares)	2,113,548,297	2,037,089,579	
Net income attributable to NTT (Yen)	¥87.13	¥114.12	

## Consolidated Statements of Comprehensive Income

	Millions of yen		
	2015	2016	Increase (Decrease)
Net income	¥242,529	¥313,731	¥71,202
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	(22,215)	(3,600)	18,615
Unrealized gain (loss) on derivative instruments	(1,251)	(5,387)	(4,136)
Foreign currency translation adjustments	(3,875)	(78,093)	(74,218)
Pension liability adjustments	600	3,236	2,636
Total other comprehensive income (loss)	(26,741)	(83,844)	(57,103)
<b>Total comprehensive income (loss)</b>	<b>215,788</b>	<b>229,887</b>	<b>14,099</b>
Less – Comprehensive income attributable to noncontrolling interests	56,486	64,675	8,189
<b>Total comprehensive income (loss) attributable to NTT</b>	<b>¥159,302</b>	<b>¥165,212</b>	<b>¥5,910</b>

### **(3) Consolidated Statements of Cash Flows**

SIX-MONTH PERIOD ENDED SEPTEMBER 30

	Millions of yen		
	2015	2016	Increase (Decrease)
<b>Cash flows from operating activities:</b>			
Net income	¥497,626	¥625,526	¥127,900
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization	871,639	716,473	(155,166)
Impairment losses	3,631	14,668	11,037
Deferred taxes	(11,961)	34,766	46,727
Losses on disposals of property, plant and equipment	32,595	32,753	158
Gains on sales of property, plant and equipment	(10,620)	(14,188)	(3,568)
Equity in (earnings) losses of affiliated companies	(7,512)	(10,065)	(2,553)
(Increase) decrease in notes and accounts receivable, trade	178,611	263,040	84,429
(Increase) decrease in inventories	(86,458)	(42,369)	44,089
(Increase) decrease in other current assets	(77,437)	(84,175)	(6,738)
Increase (decrease) in accounts payable, trade and accrued payroll	(260,930)	(254,909)	6,021
Increase (decrease) in accrued consumption tax	(71,141)	(6,511)	64,630
Increase (decrease) in advances received	53,104	34,708	(18,396)
Increase (decrease) in accrued taxes on income	85,711	(43,784)	(129,495)
Increase (decrease) in other current liabilities	28,703	22,656	(6,047)
Increase (decrease) in liability for employees' retirement benefits	30,928	20,592	(10,336)
Increase (decrease) in other long-term liabilities	3,330	15,576	12,246
Other	9,541	65,685	56,144
Net cash provided by operating activities	¥1,269,360	¥1,390,442	¥121,082

	Millions of yen		
	2015	2016	Increase (Decrease)
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	¥(634,850)	¥(638,891)	¥(4,041)
Payments for intangibles	(180,705)	(196,713)	(16,008)
Proceeds from sales of property, plant and equipment	33,159	21,480	(11,679)
Payments for purchases of non-current investments	(26,287)	(23,484)	2,803
Proceeds from sales and redemptions of non-current investments	20,845	42,097	21,252
Acquisitions of subsidiaries, net of cash acquired	(109,540)	(10,474)	99,066
Payments for purchases of short-term investments	(13,828)	(79,097)	(65,269)
Proceeds from redemptions of short-term investments	12,691	24,462	11,771
Other	(20,959)	(15,909)	5,050
Net cash used in investing activities	(919,474)	(876,529)	42,945
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of long-term debt	297,062	149,354	(147,708)
Payments for settlement of long-term debt	(339,832)	(201,187)	138,645
Proceeds from issuance of short-term debt	2,943,685	1,987,414	(956,271)
Payments for settlement of short-term debt	(2,919,457)	(1,936,943)	982,514
Dividends paid	(95,274)	(125,768)	(30,494)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(85,126)	(267,514)	(182,388)
Acquisitions of shares of subsidiaries from noncontrolling interests	(4,202)	(113,838)	(109,636)
Other	12,118	(53,917)	(66,035)
Net cash used in financing activities	(191,026)	(562,399)	(371,373)
Effect of exchange rate changes on cash and cash equivalents	1,382	(22,670)	(24,052)
Net increase (decrease) in cash and cash equivalents	160,242	(71,156)	(231,398)
Cash and cash equivalents at beginning of period	849,174	1,088,275	239,101
Increase (decrease) in cash and cash equivalents due to change in fiscal year end of consolidated subsidiaries	2,028	(2,638)	(4,666)
Cash and cash equivalents at end of period	¥1,011,444	¥1,014,481	¥3,037

#### **(4) Going Concern Assumption**

None

#### **(5) Business Segments**

SIX-MONTH PERIOD ENDED SEPTEMBER 30

1. Operating revenues (Millions of yen)

	2015	2016	Increase (Decrease)
Regional communications business			
External customers	¥1,441,150	¥1,352,117	¥(89,033)
Intersegment	239,420	268,316	28,896
Total	1,680,570	1,620,433	(60,137)
Long distance and international communications business			
External customers	1,056,567	995,603	(60,964)
Intersegment	40,673	43,242	2,569
Total	1,097,240	1,038,845	(58,395)
Mobile communications business			
External customers	2,193,723	2,264,457	70,734
Intersegment	21,305	23,579	2,274
Total	2,215,028	2,288,036	73,008
Data communications business			
External customers	700,644	713,590	12,946
Intersegment	45,069	48,466	3,397
Total	745,713	762,056	16,343
Other business			
External customers	196,874	198,561	1,687
Intersegment	370,886	369,047	(1,839)
Total	567,760	567,608	(152)
Elimination	(717,353)	(752,650)	(35,297)
Consolidated total	¥5,588,958	¥5,524,328	¥(64,630)

2. Segment profit (Millions of yen)

	2015	2016	Increase (Decrease)
Segment profit			
Regional communications business	¥154,611	¥232,247	¥77,636
Long distance and international communications business	47,600	42,180	(5,420)
Mobile communications business	461,166	583,738	122,572
Data communications business	38,185	35,888	(2,297)
Other business	27,635	29,691	2,056
Total segment profit	729,197	923,744	194,547
Elimination	4,267	2,740	(1,527)
Consolidated total	¥733,464	¥926,484	¥193,020

THREE-MONTH PERIOD ENDED SEPTEMBER 30

1. Operating revenues (Millions of yen)

	2015	2016	Increase (Decrease)
Regional communications business			
External customers	¥723,170	¥678,741	¥(44,429)
Intersegment	120,897	138,799	17,902
Total	844,067	817,540	(26,527)
Long distance and international communications business			
External customers	558,374	496,925	(61,449)
Intersegment	20,731	22,900	2,169
Total	579,105	519,825	(59,280)
Mobile communications business			
External customers	1,127,354	1,167,395	40,041
Intersegment	10,810	11,971	1,161
Total	1,138,164	1,179,366	41,202
Data communications business			
External customers	361,826	362,963	1,137
Intersegment	23,652	25,611	1,959
Total	385,478	388,574	3,096
Other business			
External customers	111,777	101,565	(10,212)
Intersegment	188,819	193,895	5,076
Total	300,596	295,460	(5,136)
Elimination	(364,909)	(393,176)	(28,267)
Consolidated total	¥2,882,501	¥2,807,589	¥(74,912)

2. Segment profit (Millions of yen)

	2015	2016	Increase (Decrease)
Segment profit			
Regional communications business	¥83,480	¥104,456	¥20,976
Long distance and international communications business	26,380	15,162	(11,218)
Mobile communications business	226,400	285,425	59,025
Data communications business	19,327	14,020	(5,307)
Other business	17,320	17,361	41
Total segment profit	372,907	436,424	63,517
Elimination	1,800	2,665	865
Consolidated total	¥374,707	¥439,089	¥64,382

As indicated in “2(3) Change of accounting policy,” effective April 1, 2016, NTT and its subsidiaries in Japan adopted the straight-line method of depreciation and made changes to the residual carrying amount of property, plant, and equipment where necessary.

As a result of the change in depreciation method, segment profit on a consolidated basis for the six months ended September 30, 2016 increased by ¥51,221 million for “Regional communications business,” ¥4,354 million for “Long distance and international communications business,” ¥69,430 million for “Mobile communications business,” ¥2,187 million for “Other,” decreased by ¥529 million for “Data communications business,” and increased by ¥126,663 million for “total.” Segment profit on a consolidated basis for the three months ended September 30, 2016 increased by ¥23,621 million for “Regional communications business,” ¥1,812 million for “Long distance and international communications business,” ¥36,049 million for “Mobile communications business,” ¥297 million for “Data communications business,” ¥1,261 million for “Other,” and ¥63,039 million for “total.”

## **(6) NTT Shareholders' Equity**

### **1. Dividends**

#### Cash dividends paid

Resolution	The shareholders' meeting on June 24, 2016
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥125,768 million
Cash dividends per share	¥60
Record date	March 31, 2016
Date of payment	June 27, 2016

#### Cash dividends declared

Resolution	The Board of Directors' meeting on November 11, 2016
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends declared	¥122,225 million
Cash dividends per share	¥60
Record date	September 30, 2016
Date of payment	December 12, 2016

### **2. Treasury stock**

On May 13, 2016, the board of directors resolved that NTT may acquire up to 68 million shares of its outstanding common stock for an amount in total not exceeding ¥350 billion from May 16, 2016 through March 31, 2017. Based on this resolution, NTT repurchased 59,038,100 shares of its common stock at ¥267,384 million on June 14, 2016 using the ToSTNeT-3, and concluded the repurchase of its common stock authorized by board of directors' resolution.

## **(7) Subsequent events**

### **Acquisitions of Dell Systems Corporation and Other Companies, and IT Services-Related Assets**

On November 2, 2016 (U.S. time), NTT DATA, a subsidiary of NTT, acquired 100% of the outstanding shares of Dell Systems Corporation, Dell Technology & Solutions Limited, and Dell Services Pte. Ltd., and 100% of the equity interests of U.S. Services L.L.C., from Dell Inc., through three of its subsidiaries including NTT DATA, Inc., and such companies became its consolidated subsidiaries. In addition, NTT DATA acquired Dell Group's IT services-related assets, mainly located in North America, through three of its subsidiaries including NTT DATA, Inc. The total acquisition cost for these acquisitions was US\$2,999 million.

Through these acquisitions, NTT DATA intends to expand its business in various industries in North America and enhance its cloud services and BPO services using cutting-edge technology.

These acquisitions will be recorded in accordance with the acquisition method. However, as the initial accounting for the business combination has not been completed at the time of the announcement of these consolidated financial results, further details have not yet been disclosed.

### **NTT DOCOMO's repurchase of its common stock**

On April 28, 2016, the board of directors of NTT DOCOMO resolved that NTT DOCOMO may acquire up to 99,132,938 shares of its outstanding common stock for an amount in total not exceeding ¥192,514 million from May 2, 2016 through December 31, 2016. Based on this resolution, NTT DOCOMO repurchased 2,006,600 shares of its common stock at ¥5,113 million by way of market purchases based on the discretionary dealing contract in October 2016. As a result, NTT's ownership interest in NTT DOCOMO slightly increased. NTT expects to recognize the difference between the consideration paid to the non-controlling interest holders and the decrease in the carrying value of such non-controlling interests resulting from this transaction as an adjustment to "Additional paid-in capital" in the consolidated balance sheet as of December 31, 2016.

#### **4. (Reference)**

### **NON-CONSOLIDATED FINANCIAL STATEMENTS**

#### **(1) Non-Consolidated Balance Sheets**

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	March 31, 2016	September 30, 2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and bank deposits	119	592
Accounts receivable, trade	1,573	218
Supplies	337	387
Subsidiary deposits	177,796	56,874
Other	371,541	312,058
Total current assets	551,369	370,130
<b>Fixed assets:</b>		
Property, plant and equipment	150,044	144,967
Intangible fixed assets	16,609	12,590
Investments and other assets		
Investments in subsidiaries and affiliated companies	5,083,451	5,096,927
Long-term loans receivable to subsidiaries	1,211,416	1,200,894
Other	39,171	37,077
Total investments and other assets	6,334,039	6,334,899
Total fixed assets	6,500,693	6,492,457
<b>TOTAL ASSETS</b>	<b>7,052,062</b>	<b>6,862,588</b>

- Notes: 1. The above non-consolidated quarterly financial statements are exempt from auditor review for purposes of legal disclosure.  
2. The above non-consolidated quarterly financial statements are prepared based on the "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

**(Reference)**

	Millions of yen	
	March 31, 2016	September 30, 2016
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable, trade	709	74
Current portion of corporate bonds	170,000	159,722
Current portion of long-term borrowings	106,600	100,600
Accrued taxes on income	601	9,855
Deposits received from subsidiaries	54,113	57,786
Other	24,669	25,512
<b>Total current liabilities</b>	<b>356,693</b>	<b>353,551</b>
<b>Long-term liabilities:</b>		
Corporate bonds	686,391	626,693
Long-term borrowings	1,205,874	1,205,074
Long-term borrowings from subsidiaries	50,000	100,000
Liability for employees' retirement benefits	31,233	31,936
Asset retirement obligations	1,405	1,419
Other	2,540	2,476
<b>Total long-term liabilities</b>	<b>1,977,445</b>	<b>1,967,600</b>
<b>TOTAL LIABILITIES</b>	<b>2,334,138</b>	<b>2,321,152</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	937,950	937,950
Capital surplus	2,672,826	2,672,826
Earned surplus	1,108,698	1,200,727
Treasury stock	(883)	(268,347)
<b>Total shareholders' equity</b>	<b>4,718,591</b>	<b>4,543,156</b>
<b>Unrealized gains (losses), translation adjustments, and others:</b>		
Net unrealized gains (losses) on securities	(666)	(1,721)
<b>Total unrealized gains (losses), translation adjustments, and others</b>	<b>(666)</b>	<b>(1,721)</b>
<b>TOTAL NET ASSETS</b>	<b>4,717,924</b>	<b>4,541,435</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>7,052,062</b>	<b>6,862,588</b>

- Notes: 1. The above non-consolidated quarterly financial statements are exempt from auditor review for purposes of legal disclosure.  
2. The above non-consolidated quarterly financial statements are prepared based on the "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

(Reference)

**(2) Non-Consolidated Statements of Income**

SIX-MONTH PERIOD ENDED SEPTEMBER 30

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2015	2016
<b>Operating revenues</b>	256,587	301,930
<b>Operating expenses</b>	61,348	60,251
<b>Operating income</b>	195,239	241,678
<b>Non-operating revenues:</b>		
Interest income	8,105	6,410
Lease and rental income	5,243	5,200
Miscellaneous income	824	752
Total non-operating revenues	14,173	12,363
<b>Non-operating expenses:</b>		
Interest expenses	6,354	5,945
Corporate bond interest expenses	6,573	5,108
Miscellaneous expenses	2,683	3,592
Total non-operating expenses	15,611	14,646
<b>Recurring profit</b>	193,801	239,395
<b>Special losses</b>	—	21,063
<b>Income before income taxes</b>	193,801	218,332
Income taxes	619	534
<b>Net income</b>	193,181	217,797

(Reference) Major components of operating revenues

Dividends received	191,745	237,421
Revenues from group management	9,252	10,546
Revenues from basic R&D	50,999	50,000

- Notes: 1. The above non-consolidated quarterly financial statements are exempt from auditor review for purposes of legal disclosure.  
2. The above non-consolidated quarterly financial statements are prepared based on the “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 and its subsidiaries and affiliates, 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 September 30, 2016)****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	259	69	5,638	1,491	759	689,599	697,819	--
Total Shares (Units)	6,791,447	3,645,577	191,743	240,076	6,313,765	8,822	3,745,673	20,937,103	2,684,170
%	32.44	17.41	0.92	1.15	30.16	0.04	17.89	100.00	--

- Notes: (1) The total number of units held by "Domestic Individuals, etc." includes 593,105 units of treasury stock, and the number of "Shares Representing Less Than One Unit" includes 86 shares of treasury stock. 59,310,586 shares of treasury stock are recorded in the shareholders' register; the actual number of shares of treasury stock as of September 30, 2016 was 59,309,986.
- (2) The total number of units held by "Other Domestic Corporations" includes 295 units held in the name of the Japan Securities Depository Center, and the number of "Shares Representing Less Than One Unit" includes 44 shares held in the name of the Japan Securities Depository Center.
- (3) There were 186,322 shareholders who only own shares representing less than one unit.

**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 Unit	Total	
Number of Holders	569	269	1,321	2,067	58,745	83,621	551,227	697,819	--
%	0.08	0.04	0.19	0.30	8.42	11.98	78.99	100.00	--
Total Shares (Units)	17,510,173	187,263	262,301	133,169	932,207	553,251	1,358,739	20,937,103	2,684,170
%	83.63	0.89	1.25	0.64	4.45	2.64	6.49	100.00	--

- Notes: (1) "At Least 1,000 Units" includes 593,105 units of treasury stock, and the number of "Shares Representing Less Than One Unit" includes 86 shares of treasury stock.
- (2) "At Least 100 Units" includes 295 units held in the name of the Japan Securities Depository Center, and the number of "Shares Representing Less Than One Unit" includes 44 shares held in 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	679,123	32.39
Japan Trustee Services Bank, Ltd. (Trust Account)	88,809	4.24
The Master Trust Bank of Japan, Ltd. (Trust Account)	64,695	3.09
JP Morgan Chase Bank 380055	35,584	1.70
Moxley and Co LLC	30,813	1.47
State Street Bank and Trust Company	29,666	1.42
Japan Trustee Services Bank, Ltd. (Trust Account 9)	26,076	1.24
JP Morgan Chase Bank 385632	19,599	0.93
State Street Bank and Trust Company 505202	19,427	0.93
The Bank of New York Mellon SA/NV 10	17,623	0.84
<b>Total</b>	<b>1,011,420</b>	<b>48.25</b>

- Notes: (1) Shareholdings is rounded down to the nearest thousand.
- (2) NTT's holdings of treasury stock (59,309,986 shares) are not included in the above table.
- (3) Percentage of Total Shares Issued includes treasury stock.