

6. NON-CONSOLIDATED FINANCIAL STATEMENTS

(1) NON-CONSOLIDATED BALANCE SHEETS

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	March 31, 2015	March 31, 2016
ASSETS		
Current assets:		
Cash and bank deposits	8,052	119
Accounts receivable, trade	1,503	1,573
Supplies	189	337
Advance payment	866	951
Deferred income taxes	957	850
Short-term loans receivable	296,784	243,864
Accounts receivable, other	93,480	121,777
Subsidiary deposits	4	177,796
Other	4,419	4,097
Total current assets	406,257	551,369
Fixed assets:		
Property, plant and equipment		
Buildings	105,758	98,022
Structures	4,378	3,875
Machinery, equipment and vehicles	380	495
Tools, furniture and fixtures	15,478	17,989
Land	31,350	27,698
Lease assets	373	11
Construction in progress	1,411	1,950
Total property, plant and equipment	159,131	150,044
Intangible fixed assets	25,840	16,609
Investments and other assets		
Investment securities	12,769	12,665
Investments in subsidiaries and affiliated companies	5,093,735	5,083,451
Other securities of subsidiaries and affiliated companies	8,805	9,139
Contributions to affiliated companies	135	169
Long-term loans receivable to subsidiaries	1,303,142	1,211,416
Prepaid pension costs	1,959	2,027
Deferred income taxes	14,022	13,623
Other	1,575	1,546
Total investments and other assets	6,436,145	6,334,039
Total fixed assets	6,621,117	6,500,693
TOTAL ASSETS	7,027,374	7,052,062

	Millions of yen	
	March 31, 2015	March 31, 2016
LIABILITIES		
Current liabilities:		
Accounts payable, trade	137	709
Current portion of corporate bonds	149,995	170,000
Current portion of long-term borrowings	55,180	106,600
Current portion of long-term borrowings from subsidiaries	240,000	—
Short-term borrowings	46,000	—
Lease obligations	43	14
Accounts payable, other	19,339	16,848
Accrued expenses	6,799	6,651
Accrued taxes on income	1,033	601
Advances received	824	846
Deposits received	641	306
Deposits received from subsidiaries	51,617	54,113
Unearned revenues	1	0
Other	0	2
Total current liabilities	571,612	356,693
Long-term liabilities:		
Corporate bonds	856,341	686,391
Long-term borrowings	1,218,600	1,205,874
Long-term borrowings from subsidiaries	—	50,000
Lease obligations	711	12
Liability for employees' retirement benefits	30,634	31,233
Asset retirement obligations	1,385	1,405
Other	2,613	2,528
Total long-term liabilities	2,110,286	1,977,445
TOTAL LIABILITIES	2,681,899	2,334,138
NET ASSETS		
Shareholders' equity:		
Common stock	937,950	937,950
Capital surplus		
Additional paid-in capital	2,672,826	2,672,826
Other capital surplus	0	—
Total capital surplus	2,672,826	2,672,826
Earned surplus		
Legal reserve	135,333	135,333
Other earned surplus		
Accumulated earned surplus	1,097,546	973,364
Total earned surplus	1,232,879	1,108,698
Treasury stock	(497,702)	(883)
Total shareholders' equity	4,345,954	4,718,591
Unrealized gains (losses), translation adjustments, and others:		
Net unrealized gains (losses) on securities	(478)	(666)
Total unrealized gains (losses), translation adjustments, and others	(478)	(666)
TOTAL NET ASSETS	4,345,475	4,717,924
TOTAL LIABILITIES AND NET ASSETS	7,027,374	7,052,062

(2) NON-CONSOLIDATED STATEMENTS OF INCOME
YEAR ENDED MARCH 31
(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2015	2016
Operating revenues:		
Dividends received	276,812	388,733
Revenues from group management	18,500	18,500
Revenues from basic R&D	106,499	101,999
Other services	10,015	12,509
Total operating revenues	411,828	521,742
Operating expenses:		
Administration	20,686	21,583
Experiments and research	81,485	84,841
Depreciation and amortization	31,947	26,437
Retirement of fixed assets	965	1,518
Miscellaneous taxes	2,774	3,285
Total operating expenses	137,859	137,666
Operating income	273,969	384,076
Non-operating revenues:		
Interest income	18,419	15,218
Lease and rental income	10,627	10,530
Miscellaneous income	4,939	4,319
Total non-operating revenues	33,985	30,068
Non-operating expenses:		
Interest expenses	14,015	12,707
Corporate bond interest expenses	14,005	12,110
Lease and rental expenses	5,102	4,708
Miscellaneous expenses	2,437	3,131
Total non-operating expenses	35,561	32,658
Recurring profit	272,393	381,487
Special profits:		
Gains on sales of investments in subsidiaries and affiliated companies	299,280	299,520
Total special profits	299,280	299,520
Special losses:		
Write-off of investments in subsidiaries and affiliated companies	2,257	10,389
Total special losses	2,257	10,389
Income before income taxes	569,416	670,618
Corporation, inhabitant and enterprise taxes	11,825	3,347
Deferred tax expenses (benefits)	1,012	590
Total income taxes	12,838	3,938
Net income	556,578	666,679

(3) NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AND OTHER NET ASSETS

(Based on accounting principles generally accepted in Japan)

YEAR ENDED MARCH 31, 2015

	Millions of yen							Total earned surplus
	NTT shareholders' equity							
	Common stock	Capital surplus			Legal reserve	Earned surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other reserve	Accumulated earned surplus	
At beginning of year	937,950	2,672,826	—	2,672,826	135,333	531,000	207,372	873,705
Cumulative effect of changes in accounting policies							2,365	2,365
Current balance reflecting changes in accounting policies	937,950	2,672,826	—	2,672,826	135,333	531,000	209,737	876,071
Net change during the annual period								
Cash dividends							(199,769)	(199,769)
Net income							556,578	556,578
Return of other reserve						(531,000)	531,000	—
Payments to acquire treasury stock								
Resale of treasury stock			0	0				
Others, net								
Total net change during the annual period	—	—	0	0	—	(531,000)	887,808	356,808
At end of year	937,950	2,672,826	0	2,672,826	135,333	—	1,097,546	1,232,879

Millions of yen					
	NTT shareholders' equity		Unrealized gains (losses), translation adjustments, and others		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
At beginning of year	(156,932)	4,327,549	1,455	1,455	4,329,004
Cumulative effect of changes in accounting policies		2,365			2,365
Current balance reflecting changes in accounting policies	(156,932)	4,329,914	1,455	1,455	4,331,370
Net change during the annual period					
Cash dividends		(199,769)			(199,769)
Net income		556,578			556,578
Return of other reserve		—			—
Payments to acquire treasury stock	(340,781)	(340,781)			(340,781)
Resale of treasury stock	12	12			12
Others, net			(1,934)	(1,934)	(1,934)
Total net change during the annual period	(340,769)	16,039	(1,934)	(1,934)	14,105
At end of year	(497,702)	4,345,954	(478)	(478)	4,345,475

YEAR ENDED MARCH 31, 2016

	Millions of yen							
	NTT shareholders' equity							
	Common stock	Capital surplus			Legal reserve	Earned surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other reserve	Accumulated earned surplus	Total earned surplus
At beginning of year	937,950	2,672,826	0	2,672,826	135,333	—	1,097,546	1,232,879
Net change during the annual period								
Cash dividends							(200,182)	(200,182)
Net income							666,679	666,679
Payments to acquire treasury stock								
Resale of treasury stock			7	7				
Cancellation of treasury stock			(7)	(7)			(590,679)	(590,679)
Others, net								
Total net change during the annual period	—	—	(0)	(0)	—	—	(124,181)	(124,181)
At end of year	937,950	2,672,826	—	2,672,826	135,333	—	973,364	1,108,698

	Millions of yen				
	NTT shareholders' equity		Unrealized gains (losses), translation adjustments, and others		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
At beginning of year	(497,702)	4,345,954	(478)	(478)	4,345,475
Net change during the annual period					
Cash dividends		(200,182)			(200,182)
Net income		666,679			666,679
Payments to acquire treasury stock	(93,886)	(93,886)			(93,886)
Resale of treasury stock	18	25			25
Cancellation of treasury stock	590,686	—			—
Others, net			(187)	(187)	(187)
Total net change during the annual period	496,819	372,637	(187)	(187)	372,449
At end of year	(883)	4,718,591	(666)	(666)	4,717,924

(4) NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED MARCH 31

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2015	2016
Cash flows from operating activities:		
Income before income taxes	569,416	670,618
Depreciation and amortization	34,329	28,781
Loss on disposal of property, plant and equipment	720	871
Dividends received	(276,812)	(388,733)
Gains on sales of investments in subsidiaries	(299,280)	(299,796)
Write-off of investments in subsidiaries	2,257	10,389
Increase (decrease) in liability for employees' retirement benefits	(2,139)	598
(Increase) decrease in accounts receivable	9,891	(27,701)
Increase (decrease) in accounts payable and accrued expenses	(3,398)	(7)
Increase (decrease) in accrued consumption tax	2,303	(2,599)
(Increase) decrease in other current assets	(839)	(222)
Increase (decrease) in deposits received from subsidiaries	(31,080)	2,495
Other	16,115	11,055
Sub-total	21,484	5,749
Interest and dividends received	295,612	404,020
Interest paid	(28,137)	(24,940)
Income taxes received (paid)	(58,560)	(4,690)
Net cash provided by operating activities	230,399	380,139
Cash flows from investing activities:		
Payments for property, plant and equipment	(17,953)	(17,760)
Proceeds from sale of property, plant and equipment	130	7,768
Payments for purchase of investment securities	(3,832)	(4,587)
Proceeds from sales of investments in subsidiaries	299,999	301,761
Payments for long-term loans	(70,000)	(143,874)
Proceeds from long-term loans receivable	339,750	295,180
Payments for short-term loans	—	(7,478)
Other	1,131	29
Net cash provided by investing activities	549,225	431,037
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	221,000	143,874
Payments for settlement of long-term debt	(329,750)	(445,180)
Net increase (decrease) in short-term borrowings	(138,025)	(46,016)
Payments for settlement of lease obligations	(43)	(688)
Dividends paid	(199,769)	(200,182)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(338,398)	(93,923)
Net cash used in financing activities	(784,987)	(642,116)
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(5,362)	169,060
Cash and cash equivalents at beginning of year	15,023	9,661
Cash and cash equivalents at end of year	9,661	178,721

7. OTHER

CHANGES IN BOARD OF DIRECTORS

Scheduled appointment date: June 24, 2016

(1)Candidate for Member of the Board

Eiichi Sakamoto (Senior Vice President, NTT DOCOMO, INC.)

(2)Candidate for Audit & Supervisory Board Member

Takao Maezawa (President and CEO, NTT PC Communications Incorporated)

(3)Member of the Board scheduled to resign from office

Hiroshi Tsujigami (Member of the Board; scheduled to take office as Executive Vice President, NTT DOCOMO, INC.)

(4)Audit & Supervisory Board Member scheduled to resign from office

Kiyoshi Kosaka (Audit & Supervisory Board Member)

(5)Candidates for Executive Officers

①Candidate scheduled to be re-elected as Chairman of the Board

Satoshi Miura (Chairman of the Board)

②Candidate scheduled to be re-elected as President and Chief Executive Officer, Representative Member of the Board

Hiroo Unoura (President and Chief Executive Officer, Representative Member of the Board)

③Candidates scheduled to be re-elected as Senior Executive Vice President, Representative Members of the Board

Hiromichi Shinohara (Senior Executive Vice President, Representative Member of the Board)

Jun Sawada (Senior Executive Vice President, Representative Member of the Board)

④Candidate scheduled to be re-elected as Executive Vice President, Member of the Board

Mitsuyoshi Kobayashi (Executive Vice President, Member of the Board)

Akira Shimada (Executive Vice President, Member of the Board)

(6) New Executive Positions and Organizational Responsibilities

Scheduled appointment date: June 24, 2016

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Senior Executive Vice President In charge of technical strategy In charge of international standardization Head of Research and Development Planning Representative Member of the Board	Hiromichi Shinohara	Senior Executive Vice President In charge of technical strategy In charge of international standardization Head of Research and Development Planning Representative Member of the Board
Senior Executive Vice President In charge of business strategy In charge of risk management Representative Member of the Board	Jun Sawada	Senior Executive Vice President In charge of business strategy In charge of risk management Representative Member of the Board
Executive Vice President Head of Technology Planning Member of the Board	Mitsuyoshi Kobayashi	Executive Vice President Head of Technology Planning Member of the Board
Executive Vice President Head of General Affairs Member of the Board	Akira Shimada	Executive Vice President Head of General Affairs Member of the Board
Senior Vice President Head of Global Business Member of the Board	Tsunehisa Okuno	Senior Vice President Head of Global Business Member of the Board
Senior Vice President Head of Strategic Business Development In charge of 2020 project Member of the Board	Hiroki Kuriyama	Senior Vice President Head of Strategic Business Development In charge of 2020 project Member of the Board
Senior Vice President Head of Finance and Accounting Member of the Board	Takashi Hiroi	Senior Vice President Head of Finance and Accounting Member of the Board
Senior Vice President Head of Corporate Strategy Planning Member of the Board	Eiichi Sakamoto	
Member of the Board	Katsuhiko Shirai	Member of the Board
Member of the Board	Sadayuki Sakakibara	Member of the Board

(Notes)

The following candidates shall assume responsibilities as follows:

Hiroo Unoura as Chief Executive Officer (CEO), Hiromichi Shinohara as Chief Technology Officer (CTO) and Chief Information Security Officer (CISO), and Jun Sawada as Chief Financial Officer (CFO), Chief Compliance Officer (CCO) and Chief Information Officer (CIO).

Of the candidates for Members of the Board, Katsuhiko Shirai and Sadayuki Sakakibara are candidates for Outside directors.

The Audit & Supervisory Board Member scheduled to resign from office will resign at the close of the 31th Ordinary General Meeting of Shareholders (to be held on June 24, 2016).

[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 March 31, 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	57	5,739	1,400	765	697,858	706,082	--	
Total Shares (Units)	7,381,447	3,649,985	173,751	242,845	6,272,125	8,806	3,207,890	20,936,849	2,709,570	
	%	35.26	17.43	0.83	1.16	29.96	0.04	15.32	100.00	--

Notes:

- (1) "Domestic Individuals, etc." includes 2,558 units of treasury stock, and "Shares Representing Less Than One Unit" includes 69 shares of treasury stock. 255,869 shares of treasury stock are recorded in the shareholders' register; the actual number of treasury stock shares at the end of March 31, 2016 was 255,269.
- (2) "Other Domestic Corporations" includes 295 units under the name of the Japan Securities Depository Center, and "Shares Representing Less Than One Unit" includes 44 shares under the name of the Japan Securities Depository Center.
- (3) The number of shareholders who only own shares representing less than one unit is 186,570.

2. Classification by Number of Shares

Details	NTT's Shares and Shareholders (1 unit = 100 shares)							Total	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			
Number of Holders	576	228	1,285	2,086	59,111	84,275	558,521	706,082	--	
	%	0.08	0.03	0.18	0.30	8.37	11.94	79.10	100.00	--
Total Shares (Units)	17,506,267	160,928	257,062	134,649	938,218	558,171	1,381,554	20,936,849	2,709,570	
	%	83.61	0.77	1.23	0.64	4.48	2.67	6.60	100.00	--

Notes:

- (1) "At Least 1,000 Units" includes 2,558 units of treasury stock, and "Shares Representing Less Than One Unit" includes 69 shares of treasury stock.
- (2) "At Least 100 Units" includes 295 units under the name of the Japan Securities Depository Center, and "Shares Representing Less Than One Unit" includes 44 shares under the name of the Japan Securities Depository Center.

3. Principal Shareholders

Name	Shareholdings (in thousands of shares)	Percentage of Total Shares Issued (%)
The Minister of Finance	738,123	35.21
Japan Trustee Services Bank, Ltd. (Trust Account)	88,426	4.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	63,112	3.01
Moxley and Co LLC	30,822	1.47
Japan Trustee Services Bank, Ltd. (Trust Account 9)	26,823	1.28
State Street Bank and Trust Company	22,766	1.09
JP Morgan Chase Bank 385632	19,064	0.91
State Street Bank and Trust Company 505202	18,735	0.89
State Street Bank and Trust Company 505225	15,791	0.75
Japan Trustee Services Bank, Ltd. (Trust Account 1)	15,641	0.75
Total	1,039,308	49.58

Notes:

- (1) Shareholdings is rounded down to the nearest thousand.
- (2) Percentage of Total Shares Issued includes treasury stock (255,869 shares).