Financial Results Release

For the Three Months Ended June 30, 2017

August 4, 2017 [U.S. GAAP]

Name of registrant: Nippon Telegraph and Telephone Corporation ("NTT") / URL http://www.ntt.co.jp/ir/

Code No.: 9432

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: August 7, 2017

Scheduled date of dividend payments: -

Supplemental material on quarterly results: Yes

Presentation on quarterly results: Yes (for institutional investors and analysts)

Consolidated Financial Results for the Three Months Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

Amounts are rounded to the nearest million yen.

(1) Consolidated Results of Operations

				(Millions of yen)	
			Income before	Net Income	
	Operating Revenues	Operating Income	Income Taxes	Attributable to NTT	
Three months ended June 30, 2017	2,809,782 3.4%	491,597 0.9%	496,233 11.2%	271,472 11.4%	
Three months ended June 30, 2016	2,716,739 0.4%	487,395 35.9%	446,107 21.4%	243,628 26.1%	

Notes: 1. Comprehensive income (loss) attributable to NTT: For the three months ended June 30, 2017: 278,685 million yen 81.0% For the three months ended June 30, 2016: 153,977 million yen (9.2%)

2. Percentages above represent changes from the corresponding previous period.

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT
Three months ended June 30, 2017	135.24 (yen)	— (yen)
Three months ended June 30, 2016	116.73 (yen)	— (yen)

(2) Consolidated Financial Position

				(Millions of yen, except per share amounts)			
				Equity Ratio	-		
				(Ratio of NTT	NTT		
			NTT Shareholders'	Shareholders' Equity	Shareholders'		
	Total Assets	Total Equity	Equity	to Total Assets)	Equity per Share		
June 30, 2017	21,216,993	11,637,394	9,162,335	43.2%	4,566.41 (yen)		
March 31, 2017	21,250,325	11,507,756	9,052,479	42.6%	4,491.73 (yen)		

2. Dividends

	Annual Dividends						
	End of the	End of the	End of the				
	first quarter	second quarter	third quarter	Year-end	Total		
Year Ended March 31, 2017		60.00 (yen)		60.00 (yen)	120.00 (yen)		
Year Ending March 31, 2018		_	_	_	_		
Year Ending March 31, 2018 (Forecasts)	_	75.00 (yen)	_	75.00 (yen)	150.00 (yen)		

Note: Change in dividend forecasts during the three months ended June 30, 2017: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

	(Millions of yen, except per share amount)									
				Income befo	ore	Net Incom	1e	Basic Earnings per Share		
	Operating Revenues	Operating Inc	come	Income Tax	res	Attributable to	o NTT	Attributable to NTT		
Year Ending										
March 31, 2018	11,750,000 3.29	6 1,590,000	3.3%	1,580,000	3.4%	830,000	3.7%	414.00 (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, 2018 during the three months ended June 30, 2017: None

*Notes:

- (1) Change in significant consolidated subsidiaries during the three months ended June 30, 2017 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: Yes
 - ii. Other change: Yes (For further details, please see "Summary Information (notes)" on page 3.)
- (4) Number of shares outstanding (common stock)
 - i. Number of shares outstanding (including treasury stock):

June 30, 2017 : 2,096,394,470 shares March 31, 2017: 2,096,394,470 shares

ii. Number of shares of treasury stock:

June 30, 2017 : 89,930,196 shares March 31, 2017: 81,026,959 shares

iii. Weighted average number of shares outstanding:

For the three months ended June 30, 2017: 2,007,361,528 shares

For the three months ended June 30, 2016: 2,087,053,427 shares

- * This financial results release is not subject to the quarterly review.
- * 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, 2018, please refer to page 9.

On Friday, August 4, 2017, 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.

1. Summary Information (notes)

- (1) Change in significant consolidated subsidiaries during the three months ended June 30, 2017, 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

Balance sheet classification of deferred taxes

On November 20, 2015, the FASB issued ASU2015-17 "Balance sheet classification of deferred taxes" which requires that all deferred tax liabilities and assets be classified as noncurrent on the balance sheet.

Effective April 1, 2017, NTT Group adopted this ASU prospectively and prior periods were not retrospectively adjusted.

Change in Fiscal Year End of Certain Subsidiaries

As of April 1, 2017, certain of NTT's consolidated subsidiaries changed their fiscal year ends from December 31 or January 31 to March 31, thereby eliminating a three-month or two-month lag between their fiscal year ends and NTT's fiscal year end in NTT's quarterly consolidated financial statements. The elimination of this lag 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 three months ended June 30, 2016 or the year ended March 31, 2017. As a result of this change, NTT's retained earnings, accumulated other comprehensive income (loss) and noncontrolling interests have increased by ¥909 million, ¥484 million and ¥1,180 million, respectively, as of the beginning of the current fiscal year.

2. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

						Millions of yen
		March 31, 2017		June 30, 2017		Increase (Decrease)
ASSETS						
Current assets:				0.54.22		
Cash and cash equivalents	¥	925,213	¥	,	¥	36,112
Short-term investments		63,844		87,035		23,191
Notes and accounts receivable, trade		2,699,708		2,391,458		(308,250)
Allowance for doubtful accounts		(48,626)		(50,305)		(1,679)
Accounts receivable, other		505,145		576,483		71,338
Inventories		365,379		404,368		38,989
Prepaid expenses and other current assets		573,170		687,395		114,225
Deferred income taxes		228,590				(228,590)
Total current assets		5,312,423		5,057,759		(254,664)
Property, plant and equipment:						
Telecommunications equipment		11,046,115		11,014,159		(31,956)
Telecommunications service lines		16,064,732		16,102,470		37,738
Buildings and structures		6,147,869		6,191,397		43,528
Machinery, vessels and tools		2,032,389		2,078,270		45,881
Land		1,292,685		1,292,943		258
Construction in progress		421,819		452,510		30,691
		37,005,609		37,131,749		126,140
Accumulated depreciation		(27,286,588)		(27,406,862)		(120,274)
Net property, plant and equipment		9,719,021		9,724,887		5,866
Investments and other assets:						
Investments in affiliated companies		484,596		487,890		3,294
Marketable securities and other investments		495,290		499,208		3,918
Goodwill		1,314,645		1,317,887		3,242
Software		1,209,485		1,205,638		(3,847)
Other intangible assets		453,918		445,215		(8,703)
Other assets		1,492,076		1,508,162		16,086
Deferred income taxes		768,871		970,347		201,476
Total investments and other assets		6,218,881		6,434,347		215,466
Total assets	¥	21,250,325	¥	21,216,993	¥	(33,332)

						Millions of yen
		March 31, 2017		June 30, 2017		Increase (Decrease)
LIABILITIES AND EQUITY						
Current liabilities:						
Short-term borrowings	¥	227,207	¥	256,899	¥	29,692
Current portion of long-term debt		681,904		783,976		102,072
Accounts payable, trade		1,612,996		1,157,395		(455,601)
Current portion of obligations under capital leases		14,430		13,563		(867)
Accrued payroll		443,308		390,344		(52,964)
Accrued taxes on income		239,755		121,175		(118,580)
Accrued consumption tax		75,083		98,445		23,362
Advances received		324,342		354,604		30,262
Deposits received		66,518		379,847		313,329
Other		445,850		404,292		(41,558)
Total current liabilities		4,131,393		3,960,540		(170,853)
Long-term liabilities:						
Long-term debt (excluding current portion)		3,168,478		3,186,397		17,919
Obligations under capital leases (excluding current portion)		25,568		23,323		(2,245)
Liability for employees' retirement benefits		1,599,381		1,611,421		12,040
Accrued liabilities for point programs		103,047		89,425		(13,622)
Deferred income taxes		166,751		152,404		(14,347)
Other		497,132		502,281		5,149
Total long-term liabilities		5,560,357		5,565,251		4,894
Redeemable noncontrolling interests		50,819		53,808		2,989
Equity:		_				
NTT shareholders' equity						
Common stock, no par value		937,950		937,950		_
Additional paid-in capital		2,862,035		2,856,019		(6,016)
Retained earnings		5,626,155		5,777,614		151,459
Accumulated other comprehensive income (loss)		1,562		9,259		7,697
Treasury stock, at cost		(375,223)		(418,507)		(43,284)
Total NTT shareholders' equity		9,052,479		9,162,335		109,856
Noncontrolling interests		2,455,277		2,475,059		19,782
Total equity		11,507,756		11,637,394		129,638
Total liabilities and equity	¥	21,250,325	¥	21,216,993	¥	(33,332)

Consolidated Statements of Income

		2016		2017		Millions of yen Increase (Decrease)
Operating revenues:						
Fixed voice related services	¥	311,770	¥	290,200	¥	(21,570)
Mobile voice related services		212,977		228,736		15,759
IP / packet communications services		948,049		949,165		1,116
Sale of telecommunications equipment		186,716		173,417		(13,299)
System integration		688,310		782,506		94,196
Other		368,917		385,758		16,841
		2,716,739	_	2,809,782		93,043
Operating expenses:						
Cost of services (exclusive of items shown separately below)		547,254		554,873		7,619
Cost of equipment sold (exclusive of items shown separately below)		175,266		184,529		9,263
Cost of system integration (exclusive of items shown separately						
below)		501,733		561,091		59,358
Depreciation and amortization		359,198		332,278		(26,920)
Impairment losses		379				(379)
Selling, general and administrative expenses		645,514		685,414		39,900
		2,229,344		2,318,185		88,841
Operating income		487,395		491,597		4,202
Other income (expenses):		· ·				
Interest and amortization of bond discounts and issue costs		(10,006)		(8,329)		1,677
Interest income		4,332		4,577		245
Other, net		(35,614)		8,388		44,002
		(41,288)		4,636		45,924
Income before income taxes and equity in earnings (losses) of affiliated companies		446,107		496.233		50,126
Income tax expense (benefit):		440,107	_	470,233	_	30,120
Current		129,311		156,776		27,465
Deferred		9,614		(4,378)		(13,992)
Defende		138,925	_	152,398		13,473
To a second of the second of t			_			
Income before equity in earnings (losses) of affiliated companies		307,182	_	343,835		36,653
Equity in earnings (losses) of affiliated companies		4,613	_	3,571		(1,042)
Net income		311,795		347,406		35,611
Less – Net income attributable to noncontrolling interests		68,167		75,934		7,767
Net income attributable to NTT	¥	243,628	¥	271,472	¥	27,844
Per share of common stock:						
Weighted average number of shares outstanding (Shares)	2,0	87,053,427		2,007,361,528		
Net income attributable to NTT (Yen)	¥	116.73	¥	135.24		

Consolidated Statements of Comprehensive Income

		2016		2017		Millions of yen Increase (Decrease)
Net income	¥	311,795	¥	347,406	¥	35,611
Other comprehensive income (loss), net of tax:						
Unrealized gain (loss) on securities		(14,702)		4,123		18,825
Unrealized gain (loss) on derivative instruments		3,378		2,665		(713)
Foreign currency translation adjustments		(100,780)		1,782		102,562
Pension liability adjustments		2,576		2,093		(483)
Total other comprehensive income (loss)		(109,528)		10,663		120,191
Total comprehensive income (loss)		202,267		358,069		155,802
Less – Comprehensive income attributable to noncontrolling interests		48,290		79,384		31,094
Total comprehensive income (loss) attributable to NTT	¥	153,977	¥	278,685	¥	124,708

(3) Going Concern Assumption

None

(4) NTT Shareholders' Equity

1. Dividends

Cash dividends paid

Resolution	The shareholders' meeting held on June 27, 2017
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥120,922 million
Cash dividends per share	¥60
Record date	March 31, 2017
Date of payment	June 28, 2017

2. Treasury stock

On December 12, 2016, the Board of Directors resolved that NTT may acquire up to 33 million shares of its outstanding common stock for an amount in total not exceeding ¥150 billion from December 13, 2016 through June 30, 2017. Based on this resolution, NTT repurchased 21,693,800 shares of its common stock for a total purchase price of ¥106,763 million between December 2016 and March 2017. NTT also repurchased 8,893,400 shares of its common stock for a total purchase price of ¥43,235 million in April 2017 and concluded the repurchase of its common stock authorized by Board of Directors' resolution.

(5) Subsequent Events

None

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.

Financial Results for the Three Months **Ended June 30, 2017**

August 4, 2017





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

- "E" in this material represents that the figure is a plan or projection for operation
- "FY" in this material indicates the fiscal year ending March 31 of the succeeding year
- "1Q" in this material represents the 3-month period beginning on April 1 and ending on June 30

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Highlights



- Both Operating Revenues and Operating Income increased.
- Financial results are steadily progressing in line with the annual plan.

Status of Consolidated Financial Results

Operating Revenues : ¥2,809.8 billion (increase of ¥93.0 billion [3.4%] year-on-year)

Operating Income ¥491.6 billion (increase of ¥4.2 billion [0.9%] year-on-year)

➤ Net Income *1 ¥271.5 billion (increase of ¥27.8 billion [11.4%] year-on-year)

Overseas Sales \$4.6 billion (increase of \$0.8 billion [21.2%] year-on-year)

Overseas Operating Income *2: \$0.19 billion (increase of \$0.06 billion [43.1%] year-on-year)

^{*1} Net income represents net income attributable to NTT, excluding noncontrolling interests

^{*2} Operating Income excludes M&A-related temporary expenses, such as depreciation costs of intangible fixed assets

Topics



Increased Profitability of Network Services

- ➤ Expansion of NTT's User Base
- Mobile Subscriptions: 75.11 million mobile subscriptions (net increase of 0.23 million) (Included in the above) Kake-hodai & Pake-aeru: 38.34 million subscriptions (net increase of 1.28 million)
- FTTH Subscriptions: 20.29 million subscribers (net increase of 0.24 million) (Included in the above) Hikari Collaboration: 9.57 million (net increase of 0.83 million)
- ➢ Growing number of Wi-Fi area owners^{*1}: 612 (net increase of 55)
- Cost reductions (fixed/mobile access lines): Reduction of ¥682.0 billion (total*2) (reduction of ¥28.0 billion for this quarter)

Promotion of the B2B2X Model

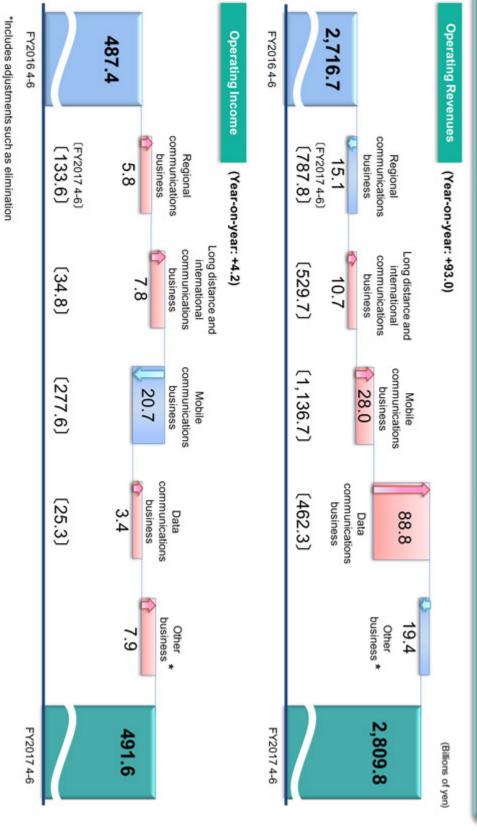
Each NTT Group company has been expanding its joint demonstration Big Data and IoT in various fields, such as sports and agriculture. experiments and collaborations with other companies through the use of Al,

 ^{*1} Total number of large-scale corporate or local government customers. Excludes small-scale restaurants, etc
 *2 Compared to FY2014.

Contributing Factors by Segment



and International Communications business and the Data Communications business segment. Increase in Operating Revenues and Operating Income in the Long Distance



"Tokyo 2020 Medal Project: Towards an Innovative Future for All"





Olympic and Paralympic Games, medals for the Olympic and Paralympic Games In the first public participation project of its kind in the history of the

Tokyo 2020 will be made from used mobile phones and other devices and small household appliances.

Collaborators: NTT DOCOMO, Japan Environmental Sanitation Center, Ministry of the Environment Sponsor : The Tokyo Organising Committee of the Olympic and Paralympic Games and the Tokyo Metropolitan Government

Initiatives by NTT DOCOMO and NTT

April 2017: Begin the Project

Began collecting devices from NTT DOCOMO's nationwide stores (approx. 2,400 stores) * April 1: Tokyo Organising Committee of the Olympic and Paralympic Games launch event at the Tokyo Station/Otemachi DOCOMO shops

Special guests: Takeshi Matsuda

(Olympics – Swimming/Medalist for three consecutive Olympic games)
Takuro Yamada

(Paralympics – Swimming/Medalist at the Rio Olympic games)

V Collect devices from corporations and conduct promotion and collection activities at various events

- Expand collections primarily from Olympic/Paralympic partners
- Participate in events such as the Tokyo 2020 Approval Program (Ex.) "Japan Walk in SENDAI" and "GOLD SPORT DAY 2017"

V Establish a "Mobile Phone Recycling Class" (July 2017-)

- Targeting primary school students: a joint exercise for all 6th-graders within a school * Introduce the project, explain the recycling of mobile phones, collect mobile phones that are no longer used from children's homes, etc.
- Recycled 740,000 units in the first quarter of FY2017



Project Poster



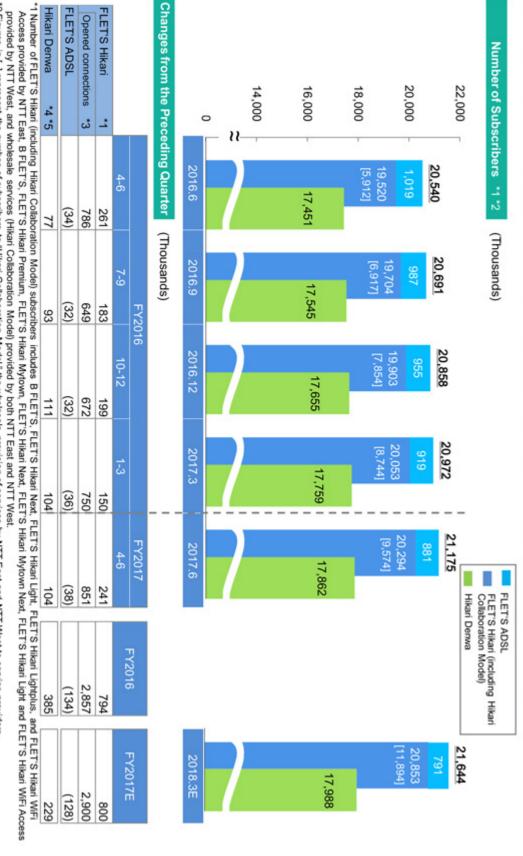
Mobile Phone Recycling Class

Appendix

Progress of Broadband Services

Number of Subscribers for Fixed Broadband Services





^{*2} Figures in [] represent the number of subscribers to "Hikari Collaboration Model," the wholesale provision of services by NTT East and NTT West to service providers

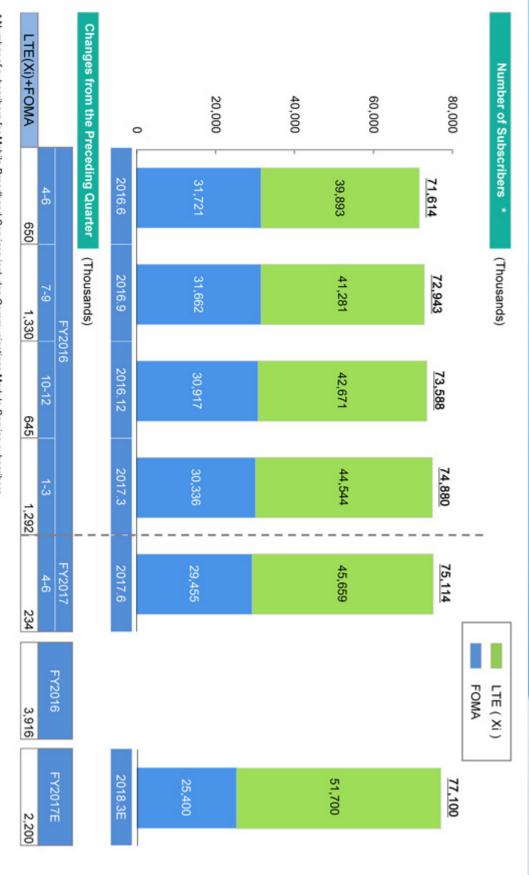
^{*3} Number of opened connections excludes openings as a result of relocations.

^{*4} Numbers for Hikari Denwa include wholesale services provided to service providers by NTT East and NTT West

^{*5} Numbers of Hikari Denwa subscribers are presented in thousands of channels

Number of Subscribers for Mobile Broadband Services

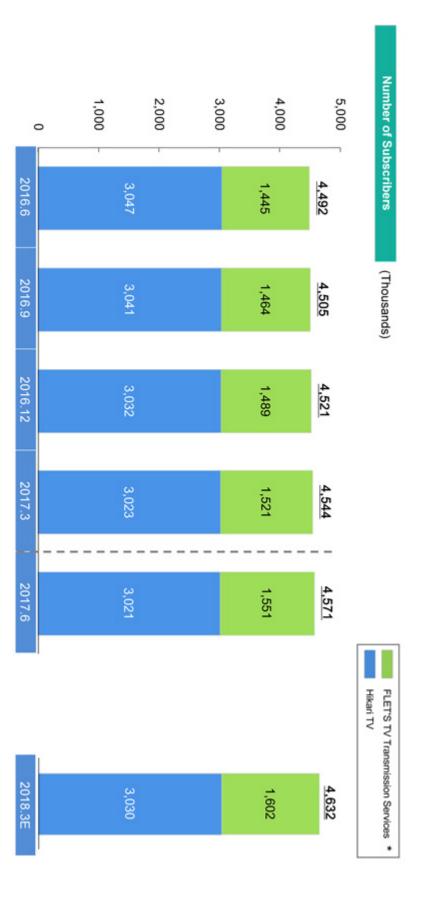




^{*} Number of subscribers for Mobile Broadband Services includes Communications Module Service subscribers

Number of Subscribers for Video Services



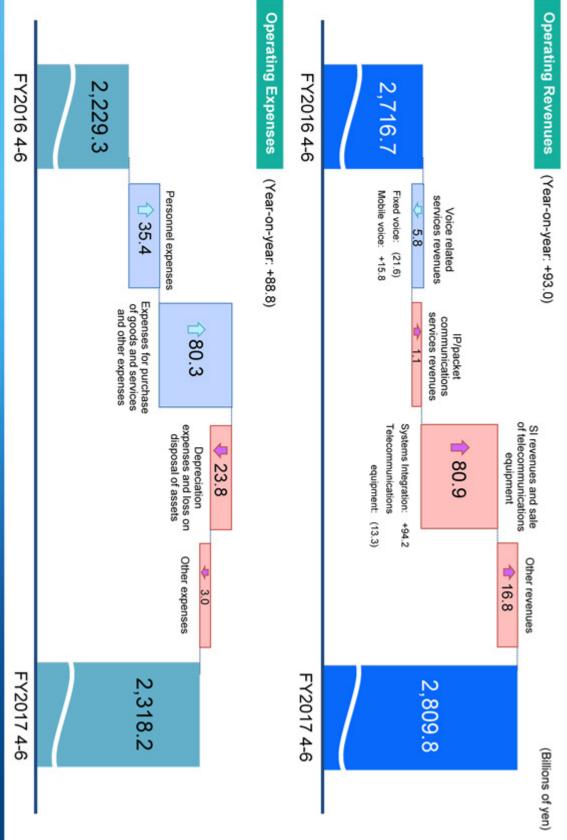


^{*} Number of subscribers to FLET'S TV Transmission Services includes wholesale services provided to service providers by NTT East and NTT West.

Financial Information

Details of Consolidated Statement of Income

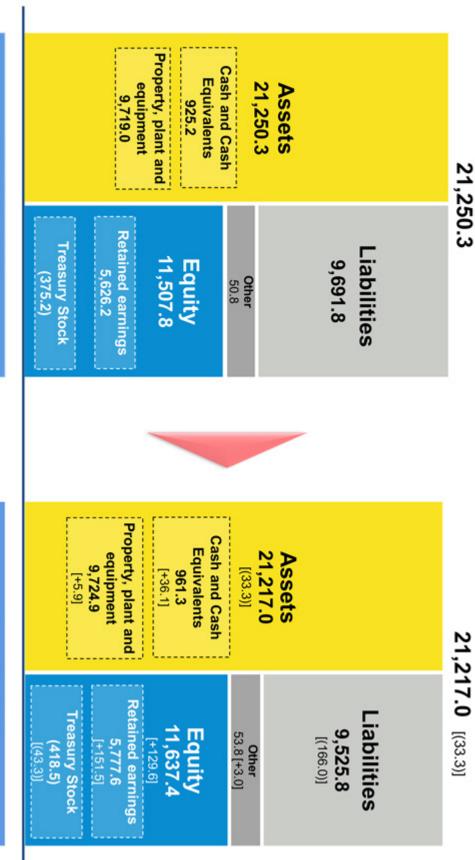




Details of Consolidated Balance Sheet

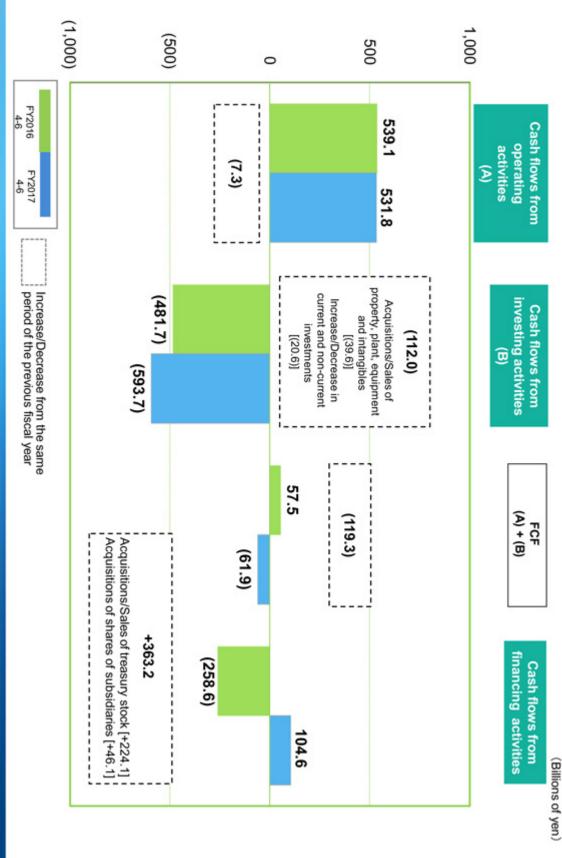


(Billions of yen)



Details of Consolidated Cash Flows



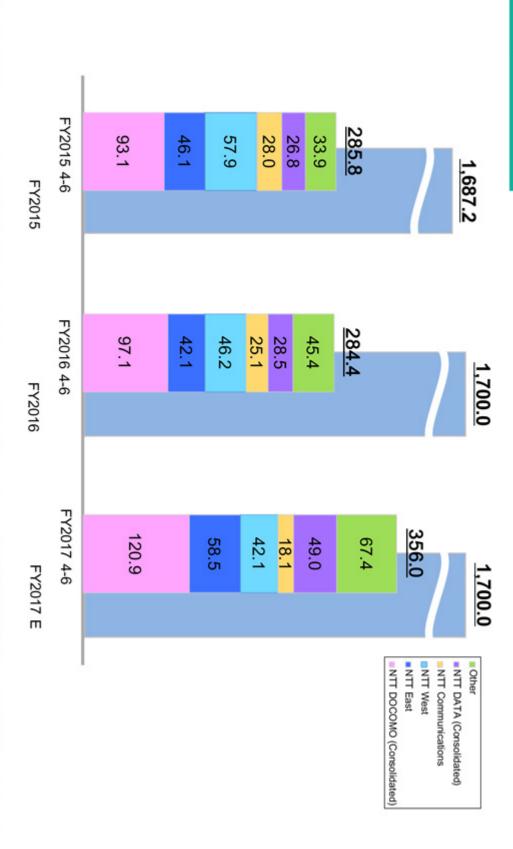


Details of Capital Investment



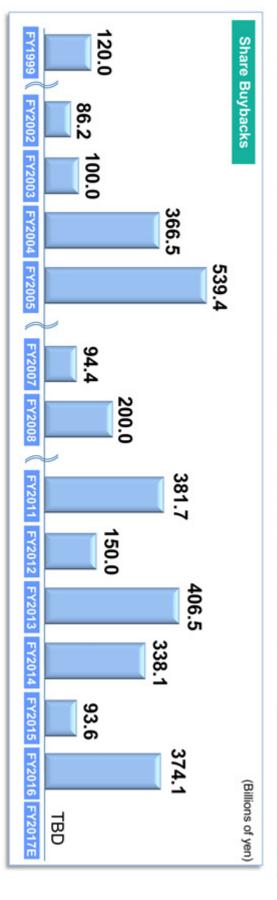
Capital Investment





Shareholder Returns







FOR IMMEDIATE RELEASE

Financial Statements for the Three Months Ended June 30, 2017

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the three months ended June 30, 2017 are presented in the following attachments.

(Attachments)

- 1. Non-Consolidated Comparative Balance Sheets
- 2. Non-Consolidated Comparative Statements of Income
- 3. Business Results (Non-Consolidated Operating Revenues)

For inquiries, please contact:

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<u>1. Non-Consolidated Comparative Balance Sheets</u> (Based on accounting principles generally accepted in Japan)

			(Millions of yen)
	March 31, 2017	June 30, 2017	Increase (Decrease)
ASSETS	Waten 31, 2017	June 30, 2017	(Decrease)
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	339,631	339,785	154
Antenna facilities	3,604	3,572	(31)
Terminal equipment	22,947	22,277	(669)
Local line facilities	866,722	870,317	3,594
Long-distance line facilities	2,843	2,788	(54)
Engineering facilities	588,683	584,517	(4,166)
Submarine line facilities	732	697	(35)
Buildings	409,835	410,411	575
Construction in progress	19,988	18,866	(1,122)
Other	266,121	265,035	(1,085)
Total property, plant and equipment	2,521,110	2,518,268	(2,841)
Intangible fixed assets	84,120	83,967	(153)
Total fixed assets - telecommunications businesses	2,605,230	2,602,235	(2,994)
Investments and other assets			
Other investments and assets	199,112	200,897	1,784
Allowance for doubtful accounts	(773)	(760)	13
Total investments and other assets	198,338	200,137	1,798
Total fixed assets	2,803,569	2,802,372	(1,196)
Current assets:			
Cash and bank deposits	5,605	6,093	488
Notes receivable	_	5	5
Accounts receivable, trade	230,736	206,054	(24,682)
Supplies	26,005	24,415	(1,589)
Other current assets	435,502	309,943	(125,558)
Allowance for doubtful accounts	(327)	(281)	46
Total current assets	697,521	546,230	(151,291)
TOTAL ASSETS	3,501,091	3,348,603	(152,488)

			(Millions of yen)
	March 31, 2017	June 30, 2017	Increase (Decrease)
<u>LIABILITIES</u>		_	_
Long-term liabilities:			
Long-term borrowings from parent company	225,220	225,220	
Liability for employees' retirement benefits	247,366	249,830	2,464
Reserve for point services	4,145	4,321	176
Reserve for unused telephone cards	8,460	7,992	(467)
Allowance for environmental measures	3,637	3,637	
Asset retirement obligations	902	898	(4)
Other long-term liabilities	36,166	36,079	(87)
Total long-term liabilities	525,898	527,980	2,081
Current liabilities:			
Current portion of long-term borrowings from parent company	140,615	140,615	
Accounts payable, trade	89,029	37,552	(51,477)
Accrued taxes on income	14,186	* 7,069	(7,117)
Allowance for environmental measures	2,285	1,945	(339)
Asset retirement obligations	1	_	(1)
Other current liabilities	442,617	436,637	(5,979)
Total current liabilities	688,735	623,819	(64,915)
TOTAL LIABILITIES	1,214,633	1,151,800	(62,833)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	
Capital surplus	1,499,726	1,499,726	_
Earned surplus	447,459	357,862	(89,596)
Total shareholders' equity	2,282,186	2,192,589	(89,596)
Unrealized gains (losses), translation adjustments, and others:	, ,	, ,	(, , ,
Net unrealized gains (losses) on securities	4,271	4,213	(57)
Total unrealized gains (losses), translation adjustments, and	,	,	
others	4,271	4,213	(57)
TOTAL NET ASSETS	2,286,457	2,196,803	(89,654)
TOTAL LIABILITIES AND NET ASSETS	3,501,091	3,348,603	(152,488)

Note: *NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

2. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

				(Millions of yen)
	Three months ended June 30, 2016	Three months ended June 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Telecommunications businesses:				
Operating revenues	385,050	378,660	(6,389)	1,534,745
Operating expenses	324,919	307,656	(17,263)	1,367,603
Operating income from				
telecommunications businesses	60,130	71,004	10,873	167,142
Supplementary businesses:				
Operating revenues	25,090	26,894	1,804	137,497
Operating expenses	21,096	22,293	1,197	115,534
Operating income from supplementary				
businesses	3,994	4,601	606	21,962
Operating income	64,125	75,605	11,480	189,104
Non-operating revenues:				
Interest income	6	4	(1)	26
Dividends received	3,155	6,885	3,729	3,226
Gains on sales of fixed assets	13,538	625	(12,912)	14,363
Miscellaneous income	672	655	(16)	2,647
Total non-operating revenues	17,371	8,171	(9,200)	20,263
Non-operating expenses:				
Interest expenses	1,170	894	(276)	4,669
Miscellaneous expenses	122	26	(95)	260
Total non-operating expenses	1,292	920	(372)	4,930
Recurring profit	80,203	82,856	2,652	204,438
Income before income taxes	80,203	82,856	2,652	204,438
Income taxes	* 22,393	* 22,794	401	54,774
Net income	57,810	60,061	2,250	149,663

Note: * NTT East participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

3. Business Results (Non-Consolidated Operating Revenues) (Based on accounting principles generally accepted in Japan)

					(Millions of yen)
	Three months ended June 30, 2016	Three months ended June 30, 2017	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2017
Voice transmission services revenues					
(excluding IP services revenues)	101,448	94,295	(7,153)	(7.1)	396,519
Monthly charge revenues*	76,586	71,477	(5,109)	(6.7)	299,992
Call rates revenues*	6,900	5,981	(919)	(13.3)	26,272
Interconnection call revenues*	11,762	10,910	(851)	(7.2)	45,606
IP services revenues	213,354	213,425	70	0.0	850,388
Leased circuit services revenues					
(excluding IP services revenues)	24,066	23,269	(796)	(3.3)	93,307
Telegram services revenues	3,163	2,978	(184)	(5.8)	11,422
Other telecommunications services					
revenues	43,017	44,691	1,674	3.9	183,107
Telecommunications total revenues	385,050	378,660	(6,389)	(1.7)	1,534,745
Supplementary business total revenues	25,090	26,894	1,804	7.2	137,497
Total operating revenues	410,140	405,555	(4,585)	(1.1)	1,672,243

^{*} Partial listing only

FOR IMMEDIATE RELEASE

Financial Results for the Three Months Ended June 30, 2017

The financial results of Nippon Telegraph and Telephone West Corporation (NTT West) for the three months ended June 30, 2017 are presented in the following attachments.

(Attachments)

- 1. Non-Consolidated Comparative Balance Sheets
- 2. Non-Consolidated Comparative Statements of Income
- 3. Business Results (Non-Consolidated Operating Revenues)

For inquiries, please contact:

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E-mail: kessan-info@west.ntt.co.jp

<u>1. Non-Consolidated Comparative Balance Sheets</u> (Based on accounting principles generally accepted in Japan)

			(Millions of yen)
	March 31, 2017	June 30, 2017	Increase (Decrease)
<u>ASSETS</u>			· ·
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	297,757	295,635	(2,121)
Antenna facilities	5,895	5,831	(64)
Terminal equipment	11,318	11,435	117
Local line facilities	1,051,300	1,057,094	5,793
Long-distance line facilities	1,693	1,665	(28)
Engineering facilities	517,724	513,266	(4,458)
Submarine line facilities	3,131	3,692	561
Buildings	312,924	308,503	(4,420)
Construction in progress	31,294	25,715	(5,579)
Other	219,918	218,593	(1,325)
Total property, plant and equipment	2,452,960	2,441,434	(11,526)
Intangible fixed assets	64,444	62,089	(2,355)
Total fixed assets - telecommunications businesses	2,517,404	2,503,523	(13,881)
Investments and other assets			
Other investments and assets	187,606	188,779	1,173
Allowance for doubtful accounts	(681)	(605)	76
Total investments and other assets	186,924	188,173	1,249
Total fixed assets	2,704,329	2,691,697	(12,632)
Current assets:			
Cash and bank deposits	18,251	5,927	(12,324)
Notes receivable		16	16
Accounts receivable, trade	199,820	173,558	(26,261)
Supplies	29,950	29,756	(194)
Other current assets	151,715	117,616	(34,099)
Allowance for doubtful accounts	(339)	(241)	98
Total current assets	399,398	326,634	(72,764)
TOTAL ASSETS	3,103,728	3,018,332	(85,396)

			(Millions of yen)
	March 31, 2017	June 30, 2017	Increase (Decrease)
LIABILITIES			(
Long-term liabilities:			
Long-term borrowings from parent company	591,000	571,000	(20,000)
Liability for employees' retirement benefits	242,251	244,155	1,904
Reserve for point services	3,792	2,694	(1,098)
Reserve for unused telephone cards	8,000	7,558	(441)
Allowance for environmental measures	9,074	9,074	
Asset retirement obligations	228	229	0
Other long-term liabilities	4,749	4,702	(47)
Total long-term liabilities	859,097	839,413	(19,683)
Current liabilities:			
Current portion of long-term borrowings from parent company	110,707	130,707	20,000
Accounts payable, trade	71,635	29,851	(41,783)
Short-term borrowings	105,259	115,246	9,986
Accrued taxes on income	8,731	* 4,885	(3,846)
Allowance for loss on disaster	4,096	3,983	(112)
Allowance for environmental measures	2,361	1,811	(549)
Asset retirement obligations	133	140	6
Other current liabilities	362,351	308,976	(53,374)
Total current liabilities	665,277	595,603	(69,673)
TOTAL LIABILITIES	1,524,374	1,435,017	(89,357)
NET ASSETS		<u> </u>	
Shareholders' equity:			
Common stock	312,000	312,000	_
Capital surplus	1,170,054	1,170,054	
Earned surplus	96,911	100,767	3,855
Total shareholders' equity	1,578,965	1,582,821	3,855
Unrealized gains (losses), translation adjustments, and others:	, ,	, ,	,
Net unrealized gains (losses) on securities	388	492	104
Total unrealized gains (losses), translation adjustments, and			
others	388	492	104
TOTAL NET ASSETS	1,579,353	1,583,314	3,960
TOTAL LIABILITIES AND NET ASSETS	3,103,728	3,018,332	(85,396)
TO THE DIMBETTIES AND INCT ASSETS	3,103,720	3,010,332	(65,590)

Note: * NTT West participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

2. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

					(Millions of yen)
	Three months June 30, 2		Three months ended June 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Telecommunications businesses:					
Operating revenues	33	33,039	321,822	2 (11,217)	1,325,585
Operating expenses	29	7,705	275,913	(21,791)	1,242,485
Operating income from					
telecommunications businesses	3	35,334	45,908	3 10,574	83,099
Supplementary businesses:					
Operating revenues	2	29,016	29,188	3 172	153,430
Operating expenses	2	25,641	25,540	(101)	141,343
Operating income from supplementary					
businesses		3,375	3,648	3 273	12,086
Operating income	3	88,709	49,55	7 10,847	95,186
Non-operating revenues:					
Interest income		3	(\mathbf{B}	12
Dividends received		593	82′	7 234	615
Miscellaneous income		626	549	(76)	2,330
Total non-operating revenues		1,222	1,38	158	2,957
Non-operating expenses:					
Interest expenses		2,037	1,492	$2 \qquad (544)$	7,114
Miscellaneous expenses		57	49	Θ (8)	2,875
Total non-operating expenses		2,095	1,542	$2 \qquad (552)$	9,989
Recurring profit	3	37,837	49,390	5 11,558	88,154
Special losses		5,705	_	(5,705)	6,915
Income before income taxes	3	32,132	49,390	5 17,264	81,239
Income taxes	*	8,830	* 14,340	5,510	21,469
Net income	2	23,302	35,05:	5 11,753	59,770

Note: * NTT West participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

3. Business Results (Non-Consolidated Operating Revenues) (Based on accounting principles generally accepted in Japan)

				Percent	(Millions of yen)
	Three months ended June 30, 2016	Three months ended June 30, 2017	Increase (Decrease)	Increase (Decrease)	Year ended March 31, 2017
Voice transmission services revenues					
(excluding IP services revenues)	101,607	93,779	(7,827)	(7.7)	396,272
Monthly charge revenues*	76,153	70,991	(5,162)	(6.8)	298,340
Call rates revenues*	6,484	5,578	(905)	(14.0)	24,590
Interconnection call revenues*	12,909	11,628	(1,281)	(9.9)	49,676
IP services revenues	175,536	173,530	(2,006)	(1.1)	697,252
Leased circuit services revenues					
(excluding IP services revenues)	22,078	22,001	(77)	(0.3)	86,362
Telegram services revenues	3,408	3,113	(295)	(8.7)	12,625
Other telecommunications services revenues	30,408	29,397	(1,010)	(3.3)	133,071
Telecommunications total revenues	333,039	321,822	(11,217)	(3.4)	1,325,585
Supplementary business total revenues	29,016	29,188	172	0.6	153,430
Total operating revenues	362,056	351,011	(11,045)	(3.1)	1,479,015

^{*} Partial listing only

FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for the Three Months Ended June 30, 2017

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the three months ended June 30, 2017. Please see the following attachments for further details:

- I. Financial Results of NTT Communications Group
- II. Non-Consolidated Comparative Balance Sheets
- III. Non-Consolidated Comparative Statements of Income
- IV. Business Results (Non-Consolidated Operating Revenues)

#

About NTT Communications Corporation

NTT Communications provides consultancy, architecture, security and cloud services to optimize the information and communications technology (ICT) environments of enterprises. These offerings are backed by the company's worldwide infrastructure, including a leading global tier-1 IP network, the Arcstar Universal One™ VPN network, reaching 196 countries/regions, and 140 secure data centers worldwide. NTT Communications' solutions leverage the global resources of NTT Group companies, including Dimension Data, NTT DOCOMO and NTT DATA.

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I. Financial Results of NTT Communications Group

			(1	Millions of yen)
	·			Percent
	Three months ended	Three months ended	Increase	Increase
	Jun 30, 2016	Jun 30, 2017	(Decrease)	(Decrease)
Operating revenues	306,052	317,421	11,369	3.7
Operating expenses	272,440	277,043	4,603	1.7
Operating income	33,612	40,378	6,766	20.1

II. Non-Consolidated Comparative Balance Sheets (Based on accounting principles generally accepted in Japan)

		(Millions of yen)
arch 31, 2017	June 30, 2017	Increase (Decrease)
151,531	128,138	(23,392)
1,674	1,371	(302)
1,963	2,118	154
1,103	1,084	(18)
5,122	5,127	5
49,878	49,404	(474)
16,701	16,277	(424)
205,475	208,475	3,000
13,323	11,190	(2,132)
105,983	120,088	14,105
552,757	543,278	(9,479)
98,820	102,273	3,452
651,578	645,551	(6,026)
108,152	111,280	3,128
387,905	390,251	2,345
65,778	65,285	(493)
(160)	(146)	14
561,675	566,671	4,995
1,213,254	1,212,222	(1,031)
3,406	9,438	6,031
8	8	<u> </u>
178,248	157,748	(20,499)
9,643		(542)
90,655	76,705	(13,950)
(1,367)	(1,228)	138
280,595	251,773	(28,821)
1,493,849	1,463,996	(29,852)
	1,674 1,963 1,103 5,122 49,878 16,701 205,475 13,323 105,983 552,757 98,820 651,578 108,152 387,905 65,778 (160) 561,675 1,213,254 3,406 8 178,248 9,643 90,655 (1,367) 280,595	151,531

			(Millions of yen)
	March 31, 2017	June 30, 2017	Increase (Decrease)
<u>LIABILITIES</u>			
Long-term liabilities:			
Long-term borrowings from parent company and subsidiary	222,333	216,738	(5,595)
Liability for employees' retirement benefits	89,994	91,049	1,055
Reserve for point services	407	399	(8)
Reserve for unused telephone cards	3,540	3,344	(195)
Asset retirement obligations	4,126	4,164	38
Other long-term liabilities	19,416	24,325	4,909
Total long-term liabilities	339,818	340,022	204
Current liabilities:			
Accounts payable, trade	29,548	17,619	(11,929)
Short-term borrowings	_	40,353	40,353
Accrued taxes on income	3,749	* 3,681	(68)
Allowance for losses on construction	627	608	(18)
Asset retirement obligations	56	12	(43)
Other current liabilities	169,379	160,987	(8,391)
Total current liabilities	203,360	223,262	19,901
TOTAL LIABILITIES	543,179	563,285	20,106
NET ASSETS			
Shareholders' equity:			
Common stock	211,763	211,763	_
Capital surplus	131,615	131,615	
Earned surplus	563,997	512,104	(51,892)
Total shareholders' equity	907,376	855,483	(51,892)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	43,080	45,227	2,146
Deferred gains or losses on hedges	213	_	(213)
Total unrealized gains (losses), translation adjustments, and			
others	43,293	45,227	1,933
TOTAL NET ASSETS	950,670	900,711	(49,958)
TOTAL LIABILITIES AND NET ASSETS	1,493,849	1,463,996	(29,852)

Note: *NTT Com participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

III. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

				(Millions of yen)
	Three months ended June 30, 2016	Three months ended June 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Telecommunications businesses:				
Operating revenues	172,579	171,426	(1,152)	697,333
Operating expenses	154,581	146,742	(7,838)	620,370
Operating income from telecommunications				
businesses	17,998	24,684	6,686	76,963
Supplementary businesses:				
Operating revenues	47,628	58,965	11,336	226,522
Operating expenses	39,804	52,238	12,433	210,936
Operating income from supplementary businesses	7,823	6,726	(1,096)	15,585
Operating income	25,821	31,411	5,589	92,549
Non-operating revenues:				
Interest income	27	7	(19)	62
Dividends received	4,599	3,735	(863)	8,258
Lease and rental income	2,835	2,667	(168)	11,204
Miscellaneous income	32	387	354	1,222
Total non-operating revenues	7,495	6,798	(697)	20,748
Non-operating expenses:				
Interest expenses	277	187	(90)	1,050
Lease and rental expenses	1,361	1,200	(160)	5,712
Miscellaneous expenses	704	38	(666)	1,072
Total non-operating expenses	2,344	1,426	(917)	7,836
Recurring profit	30,973	36,782	5,809	105,461
Special profits	_	2,433	2,433	
Income before income taxes	30,973	39,215	8,242	105,461
Income taxes	* 8,668	* 11,546	2,878	20,458
Net income	22,304	27,668	5,364	85,003

Note: *NTT Com participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan. However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

IV. Business Results (Non-Consolidated Operating Revenues) (Based on accounting principles generally accepted in Japan)

					(Millions of yen)
				Percent	_
	Three months ended	Three months ended	Increase	Increase	Year ended
	June 30, 2016	June 30, 2017	(Decrease)	(Decrease)	March 31, 2017
Cloud Computing Platforms	17,147	20,200	3,053	17.8	72,034
Data Networks	94,815	97,246	2,430	2.6	384,804
Voice Communications	63,069	60,039	(3,029)	(4.8)	250,794
Applications & Content	9,446	8,775	(670)	(7.1)	37,732
Solution Services	31,974	37,319	5,345	16.7	163,496
Others	3,754	6,809	3,055	81.4	14,993
Total operating revenues	220,207	230,392	10,184	4.6	923,855

Supplementary Data for the Three Months Ended June 30, 2017

Contents

1.	Financial Results Summary (Consolidated)	pages 1-2
2.	Financial Results (Business Segments)	page 3
3.	Financial Results (Holding Company and Subsidiaries)	pages 4-6
4.	Operating Data	pages 7-9

Disclaimers

The projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained 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 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.

- * "E" in this material represents that the figure is a plan or projection for operation.
- ** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.

NTT Consolidated Financial Results 1. Financial Results Summary (NTT Consolidated Financial Results, EBITDA and EBITDA Margin and Interest-Bearing Liabilities)

Interest-Bearing Liabilities

Interest-Bearing Liabilities			
4,353.6	June 30	As of	
4,091.8	September 30	As of	FY 2
4,497.1	December 31	As of	2016
4,088.2	March 31	As of	
4,419.3	June 30	As of	
	Sep		FY 20
	December 31 March 3	As of As of As of	17
	March 31	As of	
3,900.0	March 31	As of	FY 2017 (

Notes: Ξ Beginning with the three months ended March 31, 2017, the method for calculating EBITDA has been revised to add Loss on Sales of Property, Plant and Equipment and Impairment Loss. EBITDA and EBITDA Margin, as calculated using the previous method including only Operating Income and Depreciation and Amortization, and Loss on Disposal of Property, Plant and Equipment, would have been 837.1 billion yen and 29.8%, respectively, using the new calculation method. for the three months ended June 30, 2017. EBITDA and EBITDA Margin figures presented in the table above have been retroactively recalculated

1. Financial Results Summary (Capital Investment)

Capital Investment

T.F.	Applications & Content	Voice Communications	Data Networks	Platforms	Cloud Computing	NTT Communications	Joint Facilities	R&D Facilities	Telegraph	Leased Circuit	Data Transmission	Voice Transmission	Improvement	Service Expansion and	NTT West ⁽²⁾	Joint Facilities	R&D Facilities	Telegraph	Leased Circuit	Data Transmission	Voice Transmission	Improvement	Service Expansion and	NTT East ⁽²⁾	Joint Facilities	R&D Facilities	NTT (Holding Company)	(Ref.) Core Group Companies	Other business	Data communications business	Mobile communications business	Long distance and international communications business	Regional communications business	Capital Investment(1)		
			1			25.1		1	l	1	1				46.2									42.1			1.0		17.6	28.5	97.1	44.8	96.3	284.4	June 30	
	1		1			32.2		1			l				56.8									52.4			2.6		18.1	39.1	148.9	56.6	118.7	381.5	Three Months Ended September 30 December 31	
	1		1			34.1		1		1	I				61.7									61.0			3.8		37.6	37.9	153.3	67.0	130.6	426.5	s Ended ecember 31	FY 2016
						43.6		1		1	1	1	1		109.3									118.0			8.1		43.3	52.5	197.7	76.5	237.7	607.8	3	
	1.9	10.2	26.3	39.6		135.1	16.0	1.9	0.3	74.9	22.9	157.7	256.0		274.1	21.3	2.7	0.9	88.2	17.8	142.6	249.6		273.8	2.8	12.9	15.7		116.6	158.1	597.1	244.9	583.4	1,700.0	Year Ended March 31	
			1	I		18.1			1	1	I				42.1									58.5			1.9		32.1	44.4	120.9	52.1	106.4	356.0	June 30	
																																			Three Months Ended Year Ended September 30 December 31 March 31 March 31	7
	4.1	8.2	22.1	23.0		111.0	19.0	2.0	1.0	77.0	17.0	144.0	239.0		260.0	17.0	2.0	1.0	83.0	14.0	133.0	231.0		250.0	3.0	15.0	18.0		134.0	192.0	570.0	249.0	555.0	1,700.0	Year Ending March 31	.

NTT West	NTT East	(Ref.) Optical Access Network Investment	NTT DATA (Consolidated) 28.5	(Consolidated)	NTT DOCOMO	Facilities, etc.	Infrastructure and Joint	Solution Services
1		Investment	28.5	97.1				
			39.1	148.9				
			37.9	153.3				
			52.5	197.7				
71.0	85.0		158.1 49.0	597.1		50.5		6.3
— App	— App		49.0	120.9				
Approx. 73.0	rox. 80.0		192.0	570.0		48.0		5.3

Notes: (1) Capital Investment figures for domestic access network businesses for the three months ended June 30, 2016, the three months ended June 30, 2017 and the year ending March 31, 2018 (Forecast) are 211.3 billion yen, 240.4 billion yen and 1,193.0 billion yen, respectively.
 (2) Figures for NTT East and NTT West include figures for Optical Access Network Investment.

2. Financial Results (Business Segments)

75.0		19.0	77.3	18.0	29.6	17.4	12.3	Operating Income
1,185.0		262.3	1,205.0	374.4	292.7	278.1	259.8	Operating Expenses
1,260.0		281.4	1,282.3	392.4	322.3	295.5	272.1	Operating Revenues
								Other business
130.0		25.3	107.9	40.8	31.2	14.0	21.9	Operating Income
1,840.0		437.0	1,610.8	513.3	371.4	374.6	351.6	Operating Expenses
1,970.0		462.3	1,718.7	554.1	402.6	388.6	373.5	Operating Revenues
								business
								Data communications
955.0		277.6	951.6	112.3	255.6	285.4	298.3	Operating Income
3,795.0		859.1	3,632.9	1,003.0	925.6	893.9	810.4	Operating Expenses
4,750.0		1,136.7	4,584.6	1,115.3	1,181.2	1,179.4	1,108.7	Operating Revenues
								business
								Mobile communications
120.0		34.8	40.8	22.1	(23.5)	15.2	27.0	Operating Income
2,110.0		494.9	2,088.4	536.5	555.3	504.7	492.0	Operating Expenses
2,230.0		529.7	2,129.3	558.6	531.8	519.8	519.0	Operating Revenues
								communications business
								international
								Long distance and
330.0		133.6	359.5	29.0	98.2	104.5	127.8	Operating Income
2,900.0		654.2	2,948.7	844.3	716.2	713.1	675.1	Operating Expenses
3,230.0		787.8	3,308.2	873.4	814.4	817.5	802.9	Operating Revenues
								business
								Regional communications
								Business segments(1)
	September 30 December 31 March 31	June 30	March 31	March 31	December 31	September 30	June 30	
Year Ended Year Ending	Three Months Ended		Year Ended		ths Ended	Three Months Ended		
FY 2017 (E)	FY 2017				FY 2016		Ī	
(Billions of ven)								

Note: (1) Figures for each segment include inter-segment transactions.

3. Financial Results (Holding Company and Subsidiaries)

Operating Income	Taxes and Public Dues	Loss on Disposal of Property, Plant and Equipment	Depreciation and Amortization	Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	Personnel	Operating Expenses	Supplementary Business	Other	Leased Circuit (excluding IP)	IP Services	(excluding IF)(II)	Voice Transmission Services	Operating Revenues	NTT East (JPN GAAP)	Net Income	Recurring Profit	Non-Operating Expenses	Non-Operating Revenues	Operating Income	Operating Revenues Operating Expenses	NTT (Holding Company) (JPN GAAP)	
64.1	c 19.5	6.1	d 72.2	nt /e 224.3	23.6		25.0	46.1) 24.0	213.3) ⁽¹⁾ 101.4	9	s 410.1		237.5	237.9	7.7	6.0		s 269.1 s 29.4		June 30
59.6	18.1	8. 4	72.5	230.9	23.6	353.6	31.9	46.0	23.6	211.7	211.7		413.3	,	(19.7)	1.4	6.8	6.2	2.0	32.7 30.7		Three Mo September 30
49.9	17.9	9.7	76.0	236.1	23.2	363.1	30.3	48.1	23.0	212.4	212.4	8	413.1		79.2	106.5	6.7	5.7	107.5	138.6 31.1		FY 2016 Three Months Ended 1 December 31
15.3	19.6	31.5	74.2	270.7	24.0	420.2	50.0	54.1	22.6	212.8	95.8	04 0	435.5	,	(8.9)	(11.0)	7.6	6.0	(9.5)	33.7 43.3		March 31
189.1	75.3	55.9	295.0	962.1	94.6	1,483.1	137.4	194.5	93.3	850.3	396.3	306 5	1,672.2		288.1	334.9	28.9	24.1	339.6	474.3 134.6		Year Ended March 31
75.6	19.1	7.6	58.7	222.9	21.4	329.9	26.8	47.6	23.2	213.4	212.4	2	405.5		405.3	405.6	6.1	5.1	406.6	436.7 30.0		June 30
																						FY 2017 Three Months Ended September 30 December 31 March 31
																						Year Ended March 31
190.0	74.0	110.0	234.0	947.0	85.0	1,450.0	134.0	193.0	93.0	850.0	3/0.0	27000	1,640.0		530.0	529.0	25.0	22.0	532.0	662.0 130.0		(Billions of yen) FY 2017 (E) Year Ending March 31

70.0	35.0	59.7	(3.8)	18.0	22.2	23.3	Net Income
95.0	49.3	88.1	(5.7)	24.8	31.1	37.8	Recurring Profit
9.0	1.5	9.9	4.3	1.7	1.7	2.0	Non-Operating Expenses
4.0	1.3	2.9	0.7	0.5	0.4	1.2	Non-Operating Revenues
100.0	49.5	95.1	(2.0)	26.0	32.5	38.7	Operating Income
67.0	17.4	66.9	16.8	16.2	16.3	17.5	Taxes and Public Dues
119.0	6.6	53.2	24.1	10.9	9,4	8.6	Loss on Disposal of Property, Plant and Equipment
213.0	52.2	287.6	72.1	74.1	70.8	70.4	Depreciation and Amortization
860.0	206.0	895.4	254.4	215.4	219.1	206.3	and Equipment Sold, and Selling, General and Administrative Expenses
77.0	18.9	80.5	20.2	19.9	20.0	20.3	Personnel Cost of Services
1,336.0	301.4	1,383.8	387.8	336.6	335.9	323.3	Operating Expenses
152.0	29.1	153.4	54.0	32.2	38.0	29.0	Supplementary Business
138.0	32.5	145.6	40.8	35.9	35.0	33.8	Other
87.0	22.0	86.3	21.1	21.3	21.7	22.0	Leased Circuit (excluding IP)
689.0	173.5	697.2	173.9	174.0	173.6	175.5	IP Services
370.0	93.7	396.2	95.6	99.0	99.9	101.6	Voice Transmission Services (excluding IP)(1)
1,436.0	351.0	1,479.0	385.7	362.7	368.4	362.0	Operating Revenues
							NTT West (JPN GAAP)
131.0	60.0	149.6	13.1	36.5	42.1	57.8	Net Income
190.0	82.8	204.4	14.9	50.2	58.9	80.2	Recurring Profit
5.0	0.9	4.9	1.1	1.2	1.2	1.2	Non-Operating Expenses
5.0	8.1	20.2	0.7	1.5	0.5	17.3	Non-Operating Revenues

Note: (1) Operating Revenues from Voice Transmission Services (excluding IP) of NTT East and NTT West for the three months ended June 30, 2017 include monthly charges, call charges and interconnection charges of 71.4 billion yen, 5.9 billion yen and 10.9 billion yen for NTT East, and 70.9 billion yen, 5.5 billion yen and 11.6 billion yen for NTT West, respectively.

3. Financial Results (Holding Company and Subsidiaries)

Operating Expenses Operating Income ⁽⁴⁾	Revenues Non-Operating Expenses Recurring Profit Net Income	Property, Plant and Equipment Taxes and Public Dues Operating Income Non-Operating	Network Charges Depreciation and Amortization	Cost of Services, Cost of Equipment Sold, and Selling, General and Administrative Expenses	Applications & Content Solution Services Others Operating Expenses Personnel	Platforms Data Networks Voice Communications	NTT Communications (JPN GAAP) Operating Revenues(1)
206.6 207.9 (1.3)	7.4 2.3 30.9 22.3	0.5 3.5 25.8	54.7 25.4	90.8	9.4 31.9 3.7 194.3 19.2	17.1 94.8 63.0	June 30 220.2
198.6 205.7 (7.0)	5.6 1.6 28.3 20.4	1.0 3.2 24.3	54.6 25.6	98.8	9.2 37.7 3.7 202.5 18.9	17.6 95.1 63.3	Three Months Ended September 30 December 226.9 22
196.4 197.9 (1.5)	4.0 1.3 25.6 18.5	0.9 3.4 22.9	59.2 26.2	95.1	9.3 36.1 3.8 204.1 19.0	17.6 96.3 63.7	FY 2016 hs Ended December 31 227.0
207.4 207.4 (0)	3.5 2.5 20.5 23.6	4.1 3.2 19.4	54.4 27.0	121.6	9.6 57.5 3.6 230.2 19.7	19.5 98.4 60.6	March 31 249.6
809.0 818.9 (9.9)	20.7 7.8 105.4 85.0	6.7 13.4 92.5	223.1	406.4	37.7 163.4 14.9 831.3 77.0	72.0 384.8 250.7	Year Ended March 31
207.0 207.2 (0.2)	6.7 1.4 36.7 27.6	0.8 3.6 31.4	57.6 22.7	94.8	8.7 37.3 6.8 198.9	20.2 97.2 60.0	June 30 230.3
							FY 2017 Three Months Ended September 30 December 31 March 31 March 31
890.0 881.0 9.0	18.0 8.0 103.0 73.0	22.0 13.0 93.0	96.0	639.0	37.0 159.0 20.0 847.0 77.0	87.0 393.0 244.0	(Billions of yen) FY 2017 (E) Wear Ending March 31 940.0

Dimension Data	Attributable to
(2.4)	
(9.6)	
(14.6)	
(1.4)	
(27.9)	
(1.8)	

Notes: (1) The following are the main services included in each line item:

Net Income

- Cloud Computing Platforms: "Data center services" and "Private Cloud (Enterprise Cloud, etc.)"
- Data Networks: "Closed network services (Arcstar Universal One, etc.)" and "Open network service (OCN, etc.)"
- Voice Communications: "Telephone services" and "VoIP services (050 plus, etc.)"
- Applications & Content: "Application services (Mail services, etc.)"
- Solution Services: "System integration services"
- (2) Because Dimension Data's statements of income from January 1 to March 31, 2017 are consolidated into NTT's consolidated statements of income June 30, 2017 and Dimension Data's forecast for the twelve months ending December 31, 2017 is included under Year Ending March 31, 2018 from April 1 to June 30, 2017, Dimension Data's financial results for the three months ended March 31, 2017 are included under the three months ended (Forecast).
- \Im The conversion rate used for Dimension Data figures for the three months ended June 30, 2017 is USD1.00 = JPY113.60.
- (4) Operating Income for the three months ended June 30, 2017 under US GAAP was (2.8) billion yen.

3. Financial Results (Holding Company and Subsidiaries)

655.0	189.9	652.5	63.1	184.0	198.6	206.9	Net Income Attributable to NTT DOCOMO
966.0	281.8	949.6	103.4	265.0	2	295.3	Income Before Income Taxes
6.0	3.5	4.8	1.0	8.3		(4.0)	Non-Operating Income (Loss)
960.0	278.3	944.7	102.4	256.7	286.3	299.3	Operating Income
42.0	9.9	42.4	10.5	10.3	10.3	11.2	Taxes and Public Dues
400.0	90.9	329.4	81.8	88.8	82.1	76.7	Communication Network Charges
60.0	12.4	79.6	38.3	16.5	16.8	7.9	Loss on Disposal of Property, Plant and Equipment
I	1	12.2	12.2	1	1	I	Impairment Loss
490.0	119.0	452.3	117.9	113.9	110.8	109.7	Depreciation and Amortization
2,498.0	553.3	2,432.1	677.3	622.8	600.6	531.5	Cost of Services, Cost of Equipment Sold, and Selling, General and Administrative Expenses
300.0	72.9	291.8	74.5	72.2	72.8	72.3	Personnel
3,790.0	858.4	3,639.8	1,012.6	924.5	893.4	809.4	Operating Expenses
748.0 877.0	150.6 211.2	719.2 880.3	132.9 222.2	206.2 224.4	214.4 220.5	165.8 213.2	Equipment Sales Other Operating Revenues
231.0	51.8	141.1	45.1	38.6	31.9	25.5	Optical-fiber Broadband Services and Other Telecommunications Services
1,966.0	491.9	1,968.8	499.8	487.4	493.3	488.3	Packet Communications Revenues
928.0	231.2	875.2	215.0	224.8	219.6	215.9	Voice Revenues
2,894.0	723.1	2,844.0	714.8	712.1	712.8	704.2	Mobile Communications Services
3,125.0	774.9	2,985.1	759.9	750.7	744.8	729.7	Telecommunications Services
4,750.0	1,136.7	4,584.6	1,115.0	1,181.3	1,179.7	1,108.7	Operating Revenues
FY 2017 Three Months Ended September 30 December 31 March 31	June 30	Year Ended March 31	March 31	FY 2016 ths Ended December 31	FY 201 Three Months Ended September 30 December	June 30	NTT DOCOMO Consolidated (US GAAP)

NTT DATA Consolidated (JPN GAAP)

59.0	8.1	65.6	20.6	16.0	18.9	10.0	Owners of Parent
							Net Income Attributable to
116.0	22.4	112.9	39.8	28.0	27.7	17.3	Ordinary income
(4.0)	0.2	(4.1)	(2.7)	(1.1)	(0.1)	(0)	(Loss)
							Non-Operating Income
120.0	22.1	117.1	42.5	29.1	27.9	17.3	Operating Income
390.0	104.7	321.7	90.4	78.3	72.7	80.3	Selling, General and Administrative Expenses
510.0	126.9	438.8	132.9	107.5	100.6	97.6	Gross Profit
1,550.0	413.5	1,293.6	418.6	293.7	286.7	294.5	Cost of Sales
(276.0)	(63.0)	(269.9)	(83.0)	(64.5)	(63.9)	(58.5)	Elimination or Corporate
908.0	284.7	603.3	206.5	128.7	122.8	145.2	Global
442.0	105.2	425.6	121.6	103.0	103.1	97.7	Enterprise & Solutions
539.0	127.5	518.0	147.2	124.3	127.7	118.6	Financial
447.0	85.9	455.4	159.1	109.5	97.6	89.1	Infrastructure
							Public & Social
2,060.0	540.4	1,732.4	551.5	401.2	387.4	392.2	Net sales
							GAAP)

Number of Subscribers

Part	3,130		3,124	3,106	3,075	3,047	3,024	(incl.) Plala
Pry 2016 Pry 2016 Pry 2016 Pry 2016 Pry 2017 In thousands except for Pable 1 Pry 2013 In thousands except for Pable 1 Pry 2017 In thousands except for Pable 2 Pry 2017 In thousands except for Pable 2 Pry 2017 In thousands except for Pable 2 Pry 2017 In thousa	7,496		7,678	7,739	7,847	7,905	7,969	(incl.) OCN
Py 2016 Ax of Ax of June 30 Ax of June 3	11,031		11,189	11,231	11,303	11,328	11,360	NTT Group Major ISPs®
Py 2016 As of As of Jame 20 As of Jame 2	48		52	53	54	55	56	NTT West
Pry 2016 As of As of June 201 As o	52		54	55	56	57	58	NTT East
Pry 2016 Pry 2016 Pry 2016 Pry 2017 In Intosamuls except for Public Pry 2017 In Intosamuls except f	100		106	108	110	112	114	High Speed Digital Services
FY 2016 FY 2016 FY 2016 FY 2016 FY 2017 In the stands except for Paulit T	113		115	116	117	118	118	NTT West
Property	105		109	109	110	111	112	NTT East
Axof FY 2016 Axof	218		224	225	227	229	231	Services
								Conventional Leased Circuit
The color of the	8,419		8,430	8,390	8,344	8,302	8,271	NTT West
Note FV 2016 Note	9,569		9,433	9,369	9,311	9,242	9,180	NTT East
Part	17,988		17,862	17,759	17,655	17,545	17,451	Hikari Denwa ⁽⁶⁾
Acor	4,866		3,804	3,416	3,008	2,580	2,131	NTT West
As of As o	7,028		5,770	5,328	4,846	4,337	3,781	NTT East
As of As o	11,894		9,574	8,744	7,854	6,917	5,912	Model
Pry 2016 Pry 2016 Pry 2016 Pry 2017 As of June 30 September 30 December 31 As of June 30 As								(incl.) Hikari Collaboration
As of As o	9,180		8,976	8,880	8,825	8,746	8,681	NTT West
As of June 30 September 30 December 31 As of June 30 September 30 December 31 March 31 June 30 September 30 December 31 June 30 September 30 December 31 June 30 September 30 December 31 June 30 September 31 March 31 June 30 September 30 September 30 September 30 September 30 September 30 September 30	11,673		11,318	11,173	11,078	10,958	10,839	NTT East
As of June 30 September 30 As of June 30 September 31 As of June 30 September 31 March 31 June 30 September 31 March 31 June 30 September 31 March 31 June 30 September 30 September 30 March 31 June 30 September 30 September 30 March 31 June 30 September 30 September 30 September 30 March 31 June 30 September 30 March 31 June 30 September 30	20,853		20,294	20,053	19,903	19,704	19,520	Collaboration Model)(3)(4)(5)
As of As of As of As of As of June 30 September 30 December 31 June 30 September 31 March 31 June 30 September 30 30 Septemb								FLET'S Hikari (including Hikari
As of As o	440		487	508	527	543	560	NTT West
Ax of Ax o	351		394	411	428	444	459	NTT East
As of As o	791		881	919	955	987	1,019	FLET'S ADSL
As of As of As of June 30 September 31 March 31 19,413 19,413 19,414 1356 2,539 22,390 11,265 11,265 11,265 11,265 11,265 11,265 36 38 81 79 71 75 33 33 33 38 10,356 36 35 34 33 33 33 33 38 10,305 30 30 30 30 30 30 30	39		43	44	45	46	47	NTT West
FY 2016	30		33	33	34	35	36	NTT East
FY 2016	70		75	77	79	81	83	FLET'S ISDN
Try 2016	87,538		89,359	89,941	90,564	91,274	92,162	NTT West
FY 2016	70,434		71,037	71,434	73,357	74,846	76,511	NTT East
The color of this color of t	157,972		160,396	161,375	163,921	166,120	168,673	Public Telephones
FY 2016	10,052		10,535	10,727	10,923	11,102	11,265	NTT West
FY 2016	10,059		10,434	10,609	10,796	10,973	11,125	NTT East
FY 2016	20,111		20,970	21,336	21,719	22,074	22,390	Net
FY 2016 FY 2016 FY 2017 Clin thousands except for Public Tele								Telephone Subscriber Lines + INS-
FY 2016 FY 2016 FY 2017 Clin thousands except for Public Tele	1,133		1,219	1,246	1,276	1,305	1,334	NTT West
The color of the	1,193		1,269	1,293	1,325	1,356	1,384	NTT East
FY 2016 FY 2016 FY 2017 FY 2017 FY 201	2,326		2,488	2,539	2,602	2,661	2,719	INS-Net ⁽²⁾
FY 2016 FY 2016 FY 2017 As of	8,920		9,316	9,482	9,647	9,796	9,931	NTT West
Tilde	8,865		9,166	9,315	9,471	9,617	9,740	NTT East
FY 2016 FY 2016 September 30 September 30 September 31 March 31 September 30			, 0	18,797	19,117	19,413	19,671	Telephone Subscriber Lines(1)
FY 2016 FY 2017 FY 2017 As of	i			March 31	December 31	September 30	June 30	
(in thousands except for Public	I	FY 2017	A c of	Acof	As of		Acaf	
(in thousands arount for Public Talanhanas)	except for 1 upile Telephones)				717	EVA		
	······································	C- thousands						

i-mode		-	(LIE (XI)) Telecommunications Services	ations Services	billing plan	(incl.) "Kake-hodai & Pake-aeru"		Mobile Telecommunications	NTT West	NTT East	FLET'S TV Transmission Services ⁽⁶⁾	Hikari TV	
18,136	33,082	31,721	39,893		31,586		71,614		528	917	1,445	3,047	
17,416	33,809	31,662	41,281		33,416		72,943		538	926	1,464	3,041	
16,503	34,749	30,917	42,6/1		35,198		73,588		551	939	1,489	3,032	
15,493	35,921	30,336	44,544		37,066		74,880		570	951	1,521	3,023	
	36,671	29,455	45,639		38,342		75,114		587	963	1,551	3,021	
11,300	40,200	25,400	51,700	l 			77,100		621	981	1,602	3,030	

- Notes: Number of Telephone Subscriber Lines is the total of individual lines and central station lines (Subscriber Telephone Light Plan is included)
- Ξ "INS-Net" includes "INS-Net 64" and "INS-Net 1500." In terms of number of channels, transmission rate, and line use rate (base rate), "INS-Net 1500" is in all cases roughly ten times greater than "INS-Net 64." For this reason, one "INS-Net 1500" subscription is calculated as ten "INS-Net 64". subscriptions (including subscriptions to the "INS-Net 64 Lite Plan").
- \odot 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 Access" provided by NTT West and subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi

East and NTT West

- 4 respectively, for a total of 851 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari Collaboration Model" for The comparative results for the three months ended June 30, 2017 compared to the year ended March 31, 2017 for "FLET'S Hikari (including Hikari NTT East and NTT West were 358 thousand lines and 262 thousand lines, respectively, for a total of 619 thousand lines; and the numbers of switchover Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West were 480 thousand lines and 371 thousand lines, lines for NTT East and NTT West were 268 thousand lines and 241 thousand lines, respectively, for a total of 509 thousand lines.
- 3 Hikari Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West are expected to be 1,700 thousand lines and The comparative forecast for the year ending March 31, 2018 compared to the results for the year ended March 31, 2017 for "FLET'S Hikari (including Collaboration Model" for NTT East and NTT West are expected to be 1,250 thousand lines and 850 thousand lines, respectively, for a total of 2,100 respectively, for a total of 2,100 thousand lines. thousand lines; and the numbers of switchover lines for NTT East and NTT West are expected to be 1,100 thousand lines and 1,000 thousand lines, 1,200 thousand lines, respectively, for a total of 2,900 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari
- 6 Numbers of subscribers for "Hikari Denwa" and "FLET'S TV Transmission Services" include wholesale services provided to service providers by NTT
- 9 "NTT Group Major ISPs" includes "WAKWAK" and "InfoSphere," in addition to "OCN" and "Plala."
- 8 Number of Mobile Telecommunications Services (including "Telecommunications Services (LTE (Xi))" and "Telecommunications Services (FOMA (3G))") includes Communication Module Services.

Operating Data

Average Monthly Revenue per Unit (ARPU)

subscribers to the relevant services. regional communications business segment, that is, fixed-line (telephone subscriber lines and INS-NET) and FLET'S Hikari, by the number of active basis. In the case of NTT Group's fixed-line business, ARPU is calculated by dividing revenue items included in the operating revenues of NTT Group's Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to each designated service on a per user

that are not representative of monthly average usage, such as telecommunications equipment sales, activation fees and universal service charges. services, that are incurred consistently each month, by the number of active users to the relevant services. The calculation of these figures excludes revenues communications business segment, such as revenues from LTE (Xi) mobile phone services, FOMA (3G) mobile phone services and "docomo Hikari" In the case of NTT Group's mobile communications business, ARPU is calculated by dividing revenue items included in operating revenues from its mobile

items included in the numerators of NTT Group's ARPU figures are based on its financial results comprising its U.S. GAAP results of operations. NTT believes that its ARPU figures calculated in this way provide useful information regarding the monthly average usage of its subscribers. The revenue

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			FY 2016				FY 2017			(Yen) FY 2017 (E)
	June 30	Three Months Ended September 30 Decembe	ths Ended December 31	March 31	Year Ended March 31	June 30	Three Months Ended September 30 December 31	March 31	Year Ended March 31	Year Ending March 31
NTT East (1)(2)(3)(4)(5)										
Aggregate Fixed Line										
Subscriber Lines +										
INS-NET										
Subscriber Lines)	2,620	2,620	2,620	2,590	2,610	2,580				2,570
FLET'S Hikari										
ARPU ®	5,340	5,280	5,230	5,170	5,250	5,120				5,050
Basic Monthly										
Charge	3,750	3,720	3,690	3,670	3,700	3,640				3,600
Optional Services	1,590	1,560	1,540	1,500	1,550	1,480				1,450
NTT West (1)(2)(3)(4)(5)										
Aggregate Fixed Line ARPU (Telephone										
Subscriber Lines +										
INS-NET										
Subscriber Lines)	2,580	2,580	2,580	2,560	2,580	2,540				2,550
FLET'S Hikari										
ARPU (6)	5,350	5,300	5,260	5,210	5,280	5,160				5,080
Basic Monthly										
Charge	3,640	3,620	3,590	3,570	3,610	3,550				3,490
Optional Services	1,710	1,680	1,670	1,640	1,670	1,610				1,590
NTT DOCOMO (7)(8)(9)										
Aggregate ARPU	4,330	4,420	4,450	4,550	4,430	4,600				4,700
Voice ARPU (LTE										
(Xi) + FOMA										
(3G))	1,240	1,250	1,280	1,220	1,250	1,330				1,350
Data ARPU	3,090	3,170	3,170	3,330	3,180	3,270				3,350

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"docomo Hikari" ARPU	Packet ARPU (LTE (Xi) + FOMA (3G))
130	2,960
180	2,990
210	2,960
250	3,080
190	2,990
300	2,970
340	3,010

Notes:

- (1) We compute the following two categories of ARPU for business conducted by each of NTT East and NTT West.
- a. Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines): Calculated based on revenues from monthly charges and Services (excluding IP Services), and revenues from "FLET'S ADSL" and "FLET'S ISDN," which are included in operating revenues from IP call charges for Telephone Subscriber Lines and INS-NET Subscriber Lines, which are included in operating revenues from Voice Transmission
- b. FLET'S Hikari ARPU: Calculated based on revenues from "FLET'S Hikari" (including "FLET'S Hikari" optional services), which are included in revenues from "FLET'S Hikari" optional services, which are included in Supplementary Business revenues. operating revenues from IP Services, revenues from monthly charges, call charges and connection device charges for "Hikari Denwa," and
- "FLET'S Hikari" includes "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi includes the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West. Access" provided by NTT East, and "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West. In addition, "FLET'S Hikari" also
- "FLET'S Hikari" Optional Services includes wholesale services provided to service providers by NTT East and NTT West.
- (7) Revenues from interconnection charges are excluded from the calculation of Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines) and FLET'S Hikari ARPU.
- \odot Numbers of active subscribers used in the ARPU calculation of NTT East and NTT West are as below
- Quarterly Results: Sum of number of active subscribers* for each month in the relevant quarter
- FY Results: Sum of number of active subscribers* for each month from April to March
- FY Forecast: Sum of the average expected active number of subscribers during the fiscal year ((number of subscribers at March 31, 2017 + number of expected subscribers at March 31, 2018)/2)x12
- *active subscribers = (number of subscribers at end of previous month + number of subscribers at end of the current month)/2
- For purposes of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), the number of subscribers is determined based on the number of subscriptions for fixed-line services (Telephone Subscriber Lines + INS-NET Subscriber Lines)
- (5) In terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64 1500 subscription is calculated as ten INS-Net 64 subscriptions. For this reason, for the purpose of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), one INS-Net
- 9 For purposes of calculating FLET'S Hikari ARPU, the number of subscribers is determined based on the number of FLET'S Hikari subscribers, which includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" wholesale provision of services to service providers by NTT East and NTT West. Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West, and the "Hikari Collaboration Model," the provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari
- (7) The following is the formula we use to compute ARPU for NTT DOCOMO.
- a. Aggregate ARPU = Voice ARPU + Packet ARPU + "docomo Hikari" ARPU
- b. Data ARPU= Packet ARPU + "docomo Hikari" ARPU
- Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active users
- Packet ARPU: Packet ARPU Related Revenues (basic monthly charges, packet communication charges) / No. of active users
- "docomo Hikari" ARPU: "docomo Hikari" ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active users
-) Numbers of active users used in the ARPU calculation of NTT DOCOMO are as below.

- Quarterly Results: Sum of number of active users* for each month in the relevant quarter
- FY Results/FY Forecast: Sum of number of active users*/expected number of active users* for each month from April to March *activeusers = (number of users at end of previous month + number of users at end of current month)/2
- 9 The number of "users" used to calculate ARPU is the total number of subscriptions, excluding the subscriptions listed below:
- a. Subscriptions of communication modules services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and (MVNOs); and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators
- b. Data Plan subscriptions in the case where the customer contracting for such subscription in his/her name also has a subscription for "Xi" or "FOMA" services in his/her name.

wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators Note that revenues from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and (MVNOs) are not included in ARPU calculations.

4. Operating Data

Number of Employees

115,950				113,950	111,650	109,950	84,000	83,200	NTT DATA (Consolidated)
28,050				28,150	26,750	27,400	27,450	27,500	NTT DOCOMO (Consolidated)
6,300				6,400	6,350	6,450	6,450	6,550	NTT Communications
4,300				4,550	4,400	4,450	4,450	4,600	NTT West
4,800				5,200	4,850	4,950	4,950	5,200	NTT East
2,700				2,750	2,700	2,750	2,800	2,800	NTT (Holding Company)
									Core Group Companies(1)
24,350				24,900	24,350	25,500	25,450	25,400	Other business
115,950				113,950	111,650	109,950	84,000	83,200	Data communications business
28,050				28,150	26,750	27,400	27,450	27,500	Mobile communications business
45,850				43,850	43,850	44,050	44,450	45,150	communications business
									Long distance and international
67,150				70,000	68,250	73,700	67,300	67,400	Regional communications business
281,350				280,850	274,850	280,600	248,650	248,650	NTT Consolidated(1)
As of March 31	As of March 31	As of December 31	As of September 30	As of June 30	As of March 31	As of December 31	As of September 30	As of June 30	
(Persons) FY 2017 (E))17	FY 2017			2016	FY 2016		

Note: (1) Starting from the nine-month period ended December 31, 2016, "Number of Employees" includes employees whose contracts were changed from fixed-term contracts to open-ended contracts.