

**Financial Results Release**

For the Six Months Ended September 30, 2017

November 10, 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: November 13, 2017

Scheduled date of dividend payments: December 11, 2017

Supplemental material on quarterly results: Yes

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

**1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (April 1, 2017 – September 30, 2017)**

Amounts are rounded to the nearest million yen.

**(1) Consolidated Results of Operations**

	(Millions of yen)							
	Operating Revenues		Operating Income		Income before Income Taxes		Net Income Attributable to NTT	
Six months ended September 30, 2017	5,664,795	2.5%	975,183	5.3%	982,025	9.5%	527,505	10.8%
Six months ended September 30, 2016	5,524,328	(1.2)%	926,484	26.3%	896,905	25.0%	476,096	26.2%

Notes: 1. Comprehensive income (loss) attributable to NTT: For the six months ended September 30, 2017: 562,436 million yen 76.2%  
For the six months ended September 30, 2016: 319,189 million yen (3.0)%

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

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT
Six months ended September 30, 2017	262.84 (yen)	— (yen)
Six months ended September 30, 2016	230.90 (yen)	— (yen)

**(2) Consolidated Financial Position**

	(Millions of yen, except per share amounts)				
	Total Assets	Total Equity	NTT Shareholders’ Equity	Equity Ratio (Ratio of NTT Shareholders’ Equity to Total Assets)	NTT Shareholders’ Equity per Share
September 30, 2017	21,498,152	12,001,395	9,441,681	43.9%	4,705.67 (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 first quarter	End of the second quarter	End of the third quarter	Year-end	Total
Year Ended March 31, 2017	—	60.00 (yen)	—	60.00 (yen)	120.00 (yen)
Year Ending March 31, 2018	—	75.00 (yen)	—	—	—
Year Ending March 31, 2018 (Forecasts)	—	—	—	75.00 (yen)	150.00 (yen)

Note: Change in dividend forecasts during the six months ended September 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)								
	Operating Revenues		Operating Income		Income before Income Taxes		Net Income Attributable to NTT		Basic Earnings per Share Attributable to NTT
Year Ending March 31, 2018	11,750,000	3.2%	1,590,000	3.3%	1,695,000	10.9%	880,000	10.0%	440.00 (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 six months ended September 30, 2017: Yes

**\*Notes:**

- (1) Change in significant consolidated subsidiaries during the six months ended September 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):

September 30, 2017	: 2,096,394,470 shares
March 31, 2017	: 2,096,394,470 shares
  - ii. Number of shares of treasury stock:

September 30, 2017	: 89,947,292 shares
March 31, 2017	: 81,026,959 shares
  - iii. Weighted average number of shares outstanding:

For the six months ended September 30, 2017:	2,006,905,710 shares
For the six months ended September 30, 2016:	2,061,934,989 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 10.

On Friday, November 10, 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.

The forecast for “Basic Earnings per Share Attributable to NTT” for the fiscal year ending March 31, 2018 is based on the assumption that NTT will repurchase 30 million shares or 150 billion yen of shares from September 26, 2017 through March 31, 2018, as resolved at the board of directors’ meeting held on September 25, 2017, authorizing repurchases up to these amounts and retain these as treasury stock.

For further details on the financial results forecasts, please also see “Financial Results for the Six Months Ended September 30, 2017,” which is disclosed on TDnet on the same day as this financial results release.

## **1. Summary Information (notes)**

- (1) Change in significant consolidated subsidiaries during the six months ended September 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.

### Simplifying the Test for Goodwill Impairment

On January 26, 2017, the FASB issued ASU 2017-04 “Simplifying the Test for Goodwill Impairment,” which replaces the two-step goodwill impairment test with the one-step goodwill impairment test. The amendments in this update require that an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and an entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value.

The adoption of ASU 2017-04 would be permitted for goodwill impairment tests with measurement dates after January 1, 2017. NTT Group adopted this ASU for goodwill impairment test with measurement date on July 1, 2017.

### 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 six months ended September 30, 2016 or the year ended March 31, 2017. As a result of this change, NTT’s retained earnings have increased by ¥964 million, and its accumulated other comprehensive income (loss) and noncontrolling interests have decreased by ¥3,351 million and ¥2,012 million, respectively, as of the beginning of the current fiscal year.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

	March 31, 2017	September 30, 2017	Millions of yen Increase (Decrease)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥ 925,213	¥ 840,663	¥ (84,550)
Short-term investments	63,844	144,206	80,362
Notes and accounts receivable, trade	2,699,708	2,739,030	39,322
Allowance for doubtful accounts	(48,626)	(48,729)	(103)
Accounts receivable, other	505,145	567,027	61,882
Inventories	365,379	386,862	21,483
Prepaid expenses and other current assets	573,170	600,288	27,118
Deferred income taxes	228,590	—	(228,590)
Total current assets	5,312,423	5,229,347	(83,076)
<b>Property, plant and equipment:</b>			
Telecommunications equipment	11,046,115	11,014,642	(31,473)
Telecommunications service lines	16,064,732	16,145,869	81,137
Buildings and structures	6,147,869	6,222,954	75,085
Machinery, vessels and tools	2,032,389	2,117,492	85,103
Land	1,292,685	1,304,617	11,932
Construction in progress	421,819	459,247	37,428
	37,005,609	37,264,821	259,212
Accumulated depreciation	(27,286,588)	(27,461,554)	(174,966)
Net property, plant and equipment	9,719,021	9,803,267	84,246
<b>Investments and other assets:</b>			
Investments in affiliated companies	484,596	496,445	11,849
Marketable securities and other investments	495,290	508,680	13,390
Goodwill	1,314,645	1,366,673	52,028
Software	1,209,485	1,201,543	(7,942)
Other intangible assets	453,918	416,509	(37,409)
Other assets	1,492,076	1,505,899	13,823
Deferred income taxes	768,871	969,789	200,918
Total investments and other assets	6,218,881	6,465,538	246,657
Total assets	¥ 21,250,325	¥ 21,498,152	¥ 247,827

	Millions of yen		
	March 31, 2017	September 30, 2017	Increase (Decrease)
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	¥ 227,207	¥ 268,876	¥ 41,669
Current portion of long-term debt	681,904	710,206	28,302
Accounts payable, trade	1,612,996	1,239,946	(373,050)
Current portion of obligations under capital leases	14,430	15,866	1,436
Accrued payroll	443,308	442,953	(355)
Accrued taxes on income	239,755	247,954	8,199
Accrued consumption tax	75,083	92,430	17,347
Advances received	324,342	360,952	36,610
Other	512,368	483,083	(29,285)
Total current liabilities	<u>4,131,393</u>	<u>3,862,266</u>	<u>(269,127)</u>
<b>Long-term liabilities:</b>			
Long-term debt (excluding current portion)	3,168,478	3,181,371	12,893
Obligations under capital leases (excluding current portion)	25,568	22,730	(2,838)
Liability for employees' retirement benefits	1,599,381	1,624,134	24,753
Accrued liabilities for point programs	103,047	94,136	(8,911)
Deferred income taxes	166,751	150,380	(16,371)
Other	497,132	506,945	9,813
Total long-term liabilities	<u>5,560,357</u>	<u>5,579,696</u>	<u>19,339</u>
<b>Redeemable noncontrolling interests</b>	<u>50,819</u>	<u>54,795</u>	<u>3,976</u>
<b>Equity:</b>			
NTT shareholders' equity			
Common stock, no par value	937,950	937,950	—
Additional paid-in capital	2,862,035	2,855,486	(6,549)
Retained earnings	5,626,155	6,033,702	407,547
Accumulated other comprehensive income (loss)	1,562	33,142	31,580
Treasury stock, at cost	(375,223)	(418,599)	(43,376)
Total NTT shareholders' equity	<u>9,052,479</u>	<u>9,441,681</u>	<u>389,202</u>
Noncontrolling interests	2,455,277	2,559,714	104,437
Total equity	<u>11,507,756</u>	<u>12,001,395</u>	<u>493,639</u>
Total liabilities and equity	<u>¥ 21,250,325</u>	<u>¥ 21,498,152</u>	<u>¥ 247,827</u>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**SIX-MONTH PERIOD ENDED SEPTEMBER 30**

**Consolidated Statements of Income**

	Millions of yen		
	2016	2017	Increase (Decrease)
<b>Operating revenues:</b>			
Fixed voice related services	¥ 619,316	¥ 571,039	¥ (48,277)
Mobile voice related services	429,604	467,669	38,065
IP / packet communications services	1,901,368	1,908,862	7,494
Sale of telecommunications equipment	423,074	348,515	(74,559)
System integration	1,397,071	1,599,833	202,762
Other	753,895	768,877	14,982
	<u>5,524,328</u>	<u>5,664,795</u>	<u>140,467</u>
<b>Operating expenses:</b>			
Cost of services (excluding items shown separately below)	1,153,397	1,120,488	(32,909)
Cost of equipment sold (excluding items shown separately below)	406,441	379,912	(26,529)
Cost of system integration (excluding items shown separately below)	986,249	1,141,083	154,834
Depreciation and amortization	716,473	659,938	(56,535)
Impairment losses			
Goodwill	4,471	—	(4,471)
Other	10,197	557	(9,640)
Selling, general and administrative expenses	1,320,616	1,387,634	67,018
	<u>4,597,844</u>	<u>4,689,612</u>	<u>91,768</u>
<b>Operating income</b>	<u>926,484</u>	<u>975,183</u>	<u>48,699</u>
<b>Other income (expenses):</b>			
Interest and amortization of bond discounts and issue costs	(19,780)	(16,573)	3,207
Interest income	8,621	8,962	341
Other, net	(18,420)	14,453	32,873
	<u>(29,579)</u>	<u>6,842</u>	<u>36,421</u>
<b>Income before income taxes and equity in earnings (losses) of affiliated companies</b>	<u>896,905</u>	<u>982,025</u>	<u>85,120</u>
<b>Income tax expense (benefit):</b>			
Current	246,678	318,773	72,095
Deferred	34,766	(9,360)	(44,126)
	<u>281,444</u>	<u>309,413</u>	<u>27,969</u>
<b>Income before equity in earnings (losses) of affiliated companies</b>	<u>615,461</u>	<u>672,612</u>	<u>57,151</u>
Equity in earnings (losses) of affiliated companies	10,065	6,755	(3,310)
<b>Net income</b>	<u>625,526</u>	<u>679,367</u>	<u>53,841</u>
Less – Net income attributable to noncontrolling interests	149,430	151,862	2,432
<b>Net income attributable to NTT</b>	<u>¥ 476,096</u>	<u>¥ 527,505</u>	<u>¥ 51,409</u>
<b>Per share of common stock:</b>			
Weighted average number of shares outstanding (Shares)	2,061,934,989	2,006,905,710	
Net income attributable to NTT (Yen)	<u>¥ 230.90</u>	<u>¥ 262.84</u>	

## Consolidated Statements of Comprehensive Income

	Millions of yen		
	2016	2017	Increase (Decrease)
Net income	¥ 625,526	¥ 679,367	¥ 53,841
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	(18,302)	13,107	31,409
Unrealized gain (loss) on derivative instruments	(2,009)	966	2,975
Foreign currency translation adjustments	(178,873)	34,386	213,259
Pension liability adjustments	5,812	3,681	(2,131)
Total other comprehensive income (loss)	(193,372)	52,140	245,512
<b>Total comprehensive income (loss)</b>	432,154	731,507	299,353
Less – Comprehensive income attributable to noncontrolling interests	112,965	169,071	56,106
<b>Total comprehensive income (loss) attributable to NTT</b>	¥ 319,189	¥ 562,436	¥ 243,247



### **(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

Cash dividends declared

Resolution	The Board of Directors' meeting on November 10, 2017
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends declared	¥150,484 million
Cash dividends per share	¥75
Record date	September 30, 2017
Date of payment	December 11, 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.

On September 25, 2017, the Board of Directors resolved that NTT may acquire up to 30 million shares of its outstanding common stock for an amount in total not exceeding ¥150 billion from September 26, 2017 through March 31, 2018. NTT repurchased 11,400,000 shares of its common stock for a total purchase price of ¥60,294 million in October 2017.

### **(5) Subsequent Events**

Tata Teleservices Limited

Tata Teleservices Limited ("TTSL") is a telecommunication operator in India and a privately held company.

As of September 30 2017, NTT Group held approximately 21.6% of the outstanding common shares of TTSL and accounted for the investment under the equity method.

Under the shareholders agreement (the "Agreement") entered into among TTSL, Tata Sons Limited ("Tata Sons") and NTT DOCOMO when NTT DOCOMO entered into a business alliance with TTSL in March 2009, NTT DOCOMO shall have certain shareholder rights, including the right to require Tata Sons to find a suitable buyer for NTT DOCOMO's entire stake (1,248,974,378 shares, or approximately 26.5% of outstanding shares) in TTSL for 50% of the NTT DOCOMO's acquisition price, which amounts to 72.5 billion Indian rupees (or ¥127.6 billion\*1), or at fair value, whichever is higher, in the event that TTSL fails to achieve certain specified performance targets by March 31, 2014. The right became exercisable on May 30, 2014, and NTT DOCOMO exercised the right on July 7, 2014.

The obligation of Tata Sons under the Agreement was not fulfilled, although NTT DOCOMO repeatedly held discussions with Tata Sons regarding the sale of NTT DOCOMO's entire stake in TTSL pursuant to the Agreement. Accordingly, NTT DOCOMO submitted a request for arbitration to the London Court of International Arbitration ("LCIA") on January 3, 2015.

NTT DOCOMO received a binding arbitration award from the LCIA on June 23, 2016. The award ordered that Tata Sons pay damages to NTT DOCOMO in the amount of approximately \$1,172 million (or ¥132.6 billion<sup>\*2</sup>) for Tata Sons' breach of the Agreement, upon NTT DOCOMO's tender of its entire stake in TTSL to Tata Sons or its designee.

On July 8, 2016, NTT DOCOMO submitted an application to the High Court in India ("the Court") requesting enforcement of the LCIA Award in India. On February 25, 2017, NTT DOCOMO and Tata Sons submitted a joint application to the Court requesting that the Court declare the LCIA Award enforceable in India. On April 28, 2017, the Court delivered a court decision approving the joint application.

On October 31, 2017, NTT DOCOMO received ¥144.9 billion<sup>\*3</sup> from Tata Sons as payment of the arbitration award amount in accordance with the Court decision regarding NTT DOCOMO's stake in TTSL. As a result of this transaction, NTT Group expects to include the award amount of ¥144.9 billion in other income on the consolidated financial statements for the three month period ending December 31, 2017.

Concurrent with the receipt of the above award amount, all shares in TTSL held by NTT DOCOMO have been transferred to Tata Sons and companies designated by Tata Sons. Upon the transfer of NTT DOCOMO's shares in TTSL, NTT Group no longer accounts for investments in TTSL under the equity method. As a result, NTT Group expects to include a loss on transfer of investments in affiliates of ¥29.8 billion, equal to the reclassification adjustments of foreign currency translation adjustments, in other expense on its consolidated financial statements for the three month period ending December 31, 2017.

\*1 1 rupee = ¥1.76 as of October 31, 2017

\*2 \$1 = ¥113.16 as of October 31, 2017

\*3 The amount received included interest earned and other costs awarded.

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

For information about this event, see Note 4.

#### NTT DOCOMO's resolution to repurchase its common stock

On October 26, 2017, the Board of Directors of NTT DOCOMO resolved that NTT DOCOMO may acquire up to 120 million shares of its outstanding common stock for an amount in total not exceeding ¥300,000 million from October 27, 2017 through March 31, 2018.

[Note]

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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.

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# Financial Results for the Six Months Ended September 30, 2017

November 10, 2017



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.

\* "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.

\*\*\* "2Q" in this material represents the 6-month period beginning on April 1 and ending on September 30.



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- 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	:	¥5,664.8 billion	(increase of ¥140.5 billion [2.5%] year-on-year)
➤ Operating Income	:	¥975.2 billion	(increase of ¥48.7 billion [5.3%] year-on-year)
➤ Net Income * <sup>1</sup>	:	¥527.5 billion	(increase of ¥51.4 billion [10.8%] year-on-year)
<hr/>			
➤ Overseas Sales	:	\$9.33 billion	(increase of \$1.35 billion [16.9%] year-on-year)
• Cross-Selling Order Volume	:	\$0.28 billion	
➤ Overseas Operating Income * <sup>2</sup>	:	\$0.50 billion	(increase of \$0.16 billion [47.1%] year-on-year)

\*<sup>1</sup> Net income represents net income attributable to NTT, excluding noncontrolling interests.

\*<sup>2</sup> Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

## ● Increased Profitability of Network Services

- **Expansion of NTT's User Base**
  - **Mobile Subscriptions: 75.36 million mobile subscriptions (net increase of 0.48 million)**  
(Included in the above) Kake-hodai & Pake-aeru: 39.62 million subscriptions (net increase of 2.55 million)
  - **FTTH Subscriptions: 20.39 million subscribers (net increase of 0.33 million)**  
(Included in the above) Hikari Collaboration: 10.15 million (net increase of 1.40 million)
- **Growing number of Wi-Fi area owners\*: 642 (net increase of 85)**

\* Total number of large-scale corporate or local government customers. Excludes small-scale restaurants, etc.



## ● Promotion of the B2B2X Model

- Expand collaboration efforts with corporations and local governments in various fields, such as sports, transportation and manufacturing in an effort towards creating new value and solving social issues and challenges

## ● Shareholder returns

- Share buybacks (acquired in October 2017): **¥60.3 billion**

\* Aggregate amount: Up to ¥150 billion; Total number of shares: Up to 30 million shares; Period: September 26, 2017 to March 31, 2018

- Aggregate amount of FY2017 share buybacks: **¥103.5 billion** as of the end of October 2017

## ● Progress of

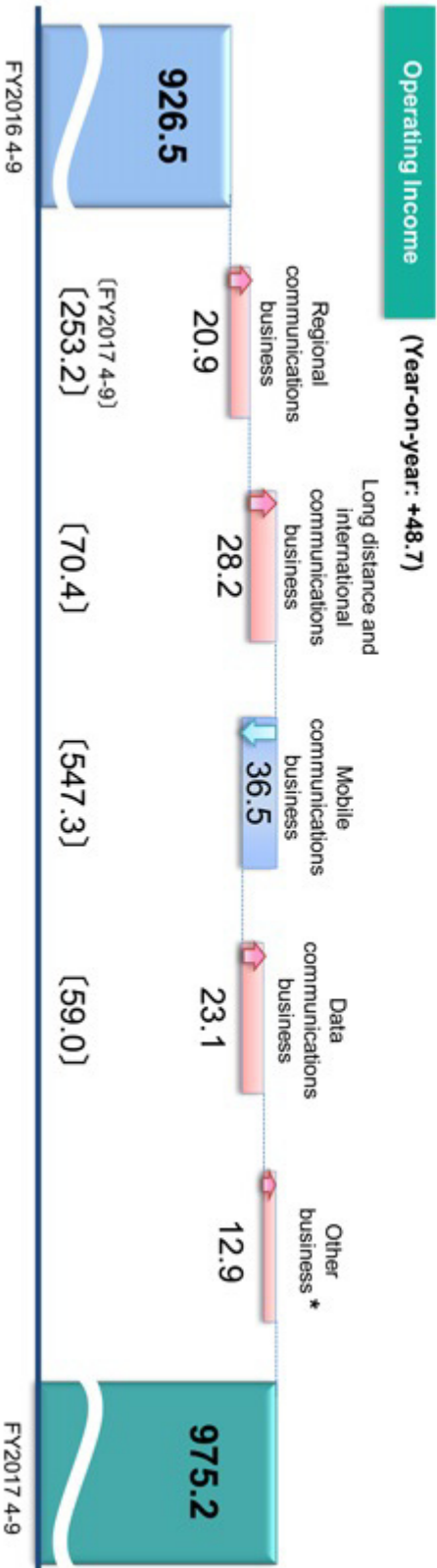
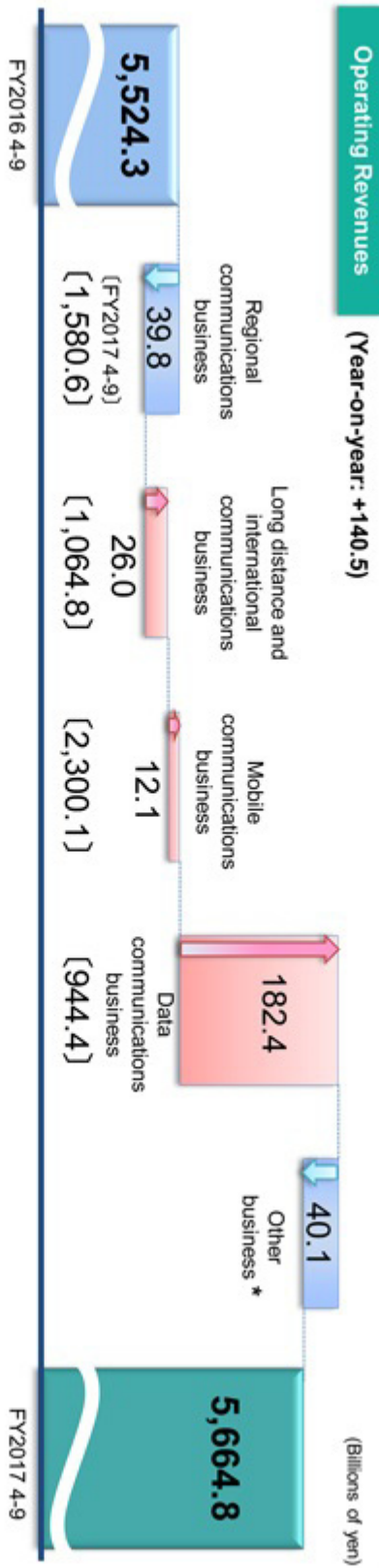
### “Tokyo 2020 Medal Project: Towards an Innovative Future for All”

- Number of used mobile phones and other devices collected (as of the end of September 2017): approximately 1.54 million devices
- Expected to reach over 2 million devices through November 2017

# Contributing Factors by Segment



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



\*Includes adjustments such as elimination

# Financial Results Forecast



- Operating Revenues and Operating Income remain unchanged from the Initial Forecast.

## Plan for Consolidated Revenues and Income

	Initial Forecast (announced on May 15, 2017)	Financial Results Forecast (announced on November 10, 2017)
Operating Revenues	¥11,750.0 billion	¥11,750.0 billion
Operating Income	¥1,590.0 billion	¥1,590.0 billion
Net Income* <sup>4</sup>	¥830.0 billion	¥880.0 billion* <sup>1</sup> [¥830.0 billion]
EPS	¥414	¥440* <sup>2</sup> [¥416* <sup>3</sup> ]

\*<sup>1</sup> Includes the effects of the arbitration award received from Tata Sons Limited

\*<sup>2</sup> Includes the effects of the arbitration award received from Tata Sons Limited as well as share buybacks announced on September 25, 2017

\*<sup>3</sup> Includes the effects of share buybacks announced on September 25, 2017

\*<sup>4</sup> Net income represents net income attributable to NTT, excluding noncontrolling interests.



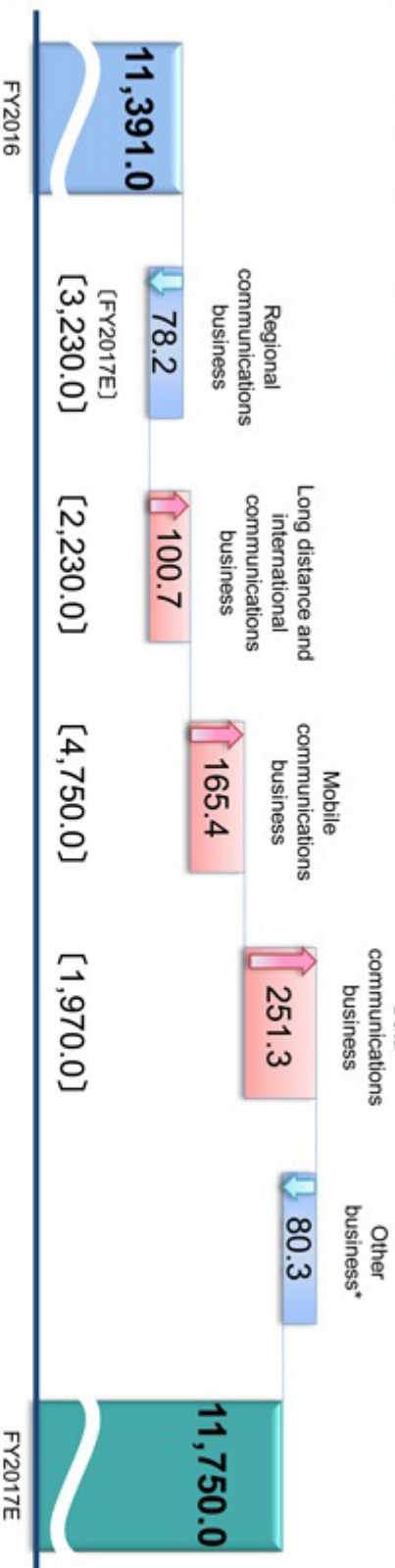
# (Reference) FY2017 Forecast Summary by Segment



## Operating Revenues

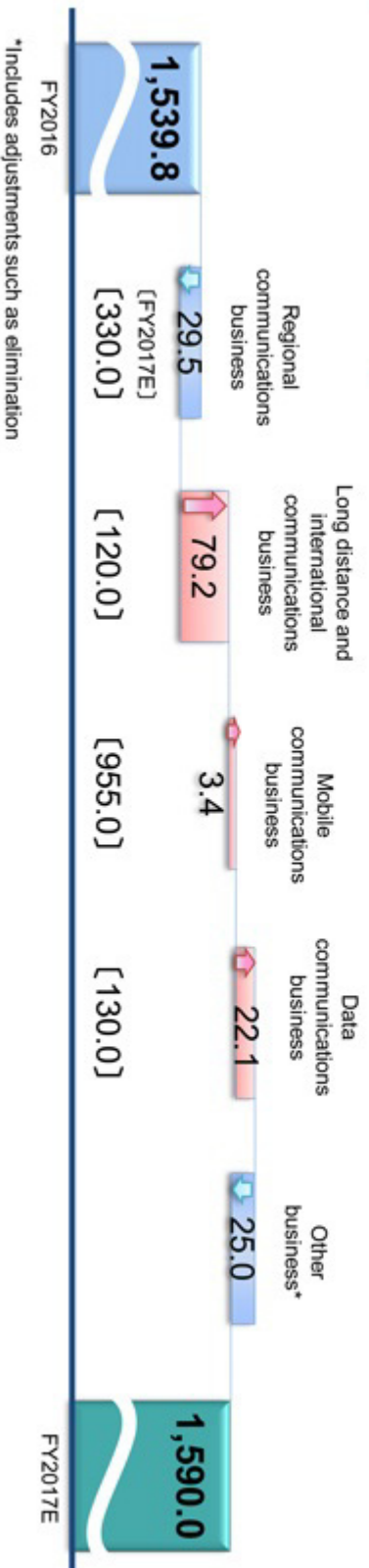
(Year-on-year: +359.0)

(Billions of Yen)



## Operating Income

(Year-on-year: +50.2)



\*Includes adjustments such as elimination

# Progress toward Financial Targets



FY2017.2Q  
Financial Results

FY2017 Medium  
Term Targets

**Streamlining Capital Investment**  
(Domestic Network Business<sup>\*1</sup>)  
[compared to FY2014]

¥110.1 billion

At least ¥200 billion

**Cost Reductions<sup>\*2</sup>**  
(in fixed-line/mobile access networks)  
[compared to FY2014]

¥713.0 billion

At least ¥800 billion

**Overseas Sales/Operating Income<sup>\*3</sup>** \$9.3 billion/\$0.5 billion \$22 billion/\$1.5 billion  
[FY2017 Forecast]  
[\$19.6 billion/\$1.2 billion]

[FY2017 Forecast]

**EPS Growth**

¥440<sup>\*4</sup>

At least ¥400

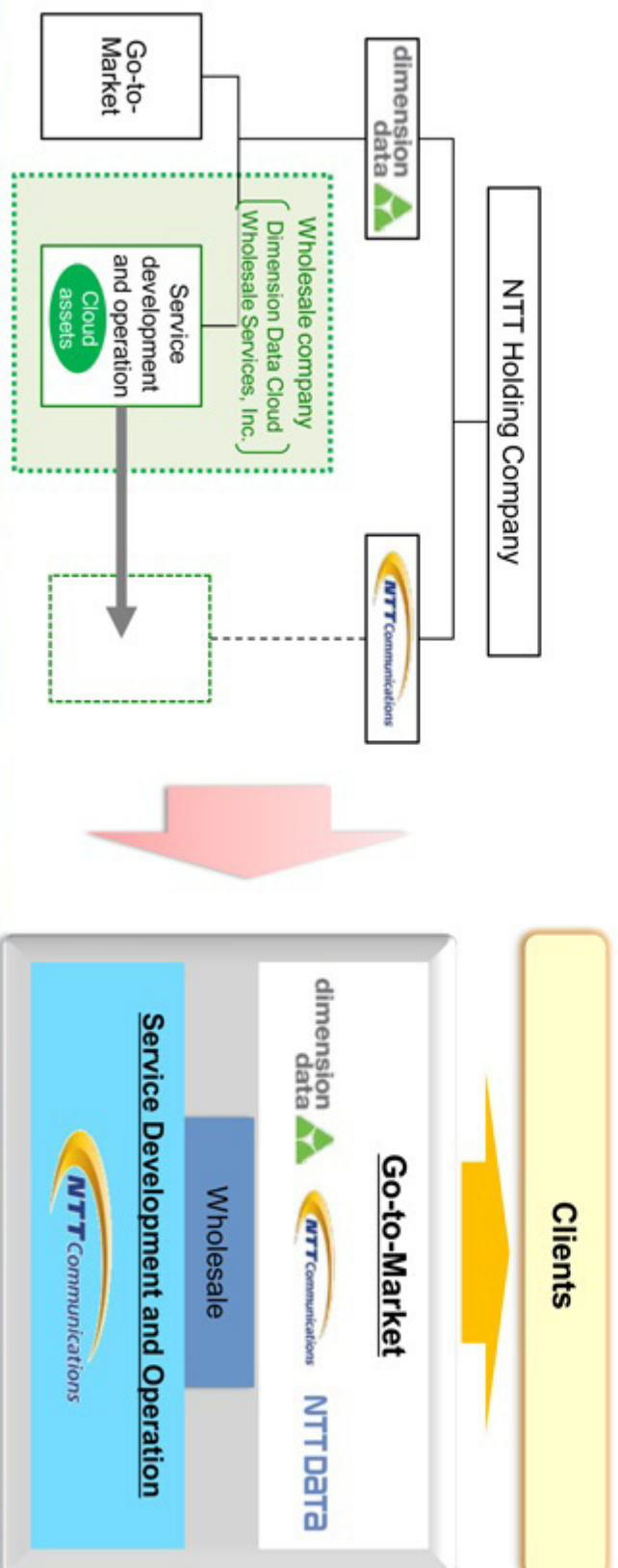
[ ¥416<sup>\*5</sup> ]

- \*1 Excludes NTT Com's data centers and certain other assets.
- \*2 Does not reflect the impact of the change in depreciation method.
- \*3 Operating Income excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.
- \*4 Includes the effects of the arbitration award received from Tata Sons Limited as well as share buybacks announced on September 25, 2017.
- \*5 Includes the effects of share buybacks announced on September 25, 2017.

# Strengthen NTT's Global Business

(Bringing together cloud laaS capabilities)

- Strengthen competitiveness by bringing together cloud laaS capabilities and development capabilities of NTT Communications and Dimension Data.
- Establish a wholesale company of cloud laaS under Dimension Data to prepare for transfer of assets and personnel, and then transfer the company to NTT Communications around March 2018.
- NTT Communications to handle development and operation of cloud laaS and leverage Go-to-Market capabilities of NTT Communications, Dimension Data and other NTT Group companies.





(Reference)

## Major B2B2X Initiatives in FY2017



Entertainment [Ent]		Apr.	Produced a new Kabuki experience by utilizing NTT's Immersive Telepresence Technology called "Kirari!®"
Sports [S]		Apr.	Enhanced racing drivers' performance by measuring their biological information during races
Sports [S]		May	Demonstrated an advanced sports-viewing experience by tracking and transmitting location data of athletes in real time
Cities [C]		June	Enhanced attractiveness of cities through the use of AI on Big Data consisting of the flow of people and weather, among others
Sports [S]		July	Provided an advanced sports-viewing experience through Smart Stadium that utilizes high density Wi-Fi
Aviation [A]		Aug.	Upgraded the information universal design of airports by utilizing the NTT Group AI technology "corevo®"
Auto [A]		Aug.	Initiated consortium formation for the network and computing infrastructure of automotive Big Data
Sports [S]		Sept.	Enabled highly immersive public viewing by utilizing the live video transferring service
Transport [T]		Sept.	Optimized vessel operations by applying edge computing to IoT in vessel shipping
Robots [R]		Sept.	Provided assistance for an exhibition utilizing the Human Support Robot (HSR) with corevo®
Factories [F]		Sept.	Reproduced techniques of a skilled worker through corevo® in order to create a sophisticated next-generation industry complex
Aviation [A]		Oct.	Demonstrated a pleasant flight experience by measuring babies' heart rates and enabling the visualization of changes in their conditions
Mainframe Facturing [M]		Oct.	Began the commercial provision of the FIELD system through the utilization of edge computing
Auto [A]		Oct.	Contributed to the further development of Sapporo by carrying out automated driving on public roads in central city areas



(Reference)  
 “Tokyo 2020 Medal Project: Towards an Innovative Future for All”



(Million devices)

August: above 1 million devices

November: expected to reach over 2 million devices

4

Promotion and collection at “Fukuoka Japan Market” hosted by the All Japan Business Committee (a business council for the 2020 Olympic and Paralympic Games)

“Mobile Phone Recycling Class”:

held at 16 schools (July-September 2017), and scheduled to be held at 50 schools in FY2017

3.5

3

Promotion and collection at a coexistence-style event: “Japan Walk”



2.5

2

Launch of the project



Cooperation from Tokyo 2020 Partners to collect devices: Japan Post, Tokyo Gas, SMBC, among others

1



Apr. May June July Aug. Sep. Oct. Nov. Dec. Jan. Feb. Mar.

<Number of collected devices>  
 April to Sept: 1.54 million  
 (in the 2<sup>nd</sup> quarter [July to Sept]: 0.8 million)



This project makes Tokyo 2020 a first in the history of the Olympics and Paralympics by involving citizens in the collection of consumer electronics such as used mobile phones for the purpose of manufacturing all 5,000 medals from the extracted metals.  
 Sponsor: The Tokyo 2020 Organising Committee; Business partners: NTT DOCOMO, the Japan Environmental Sanitation Center, the Ministry of Environment, and Tokyo Metropolitan Government



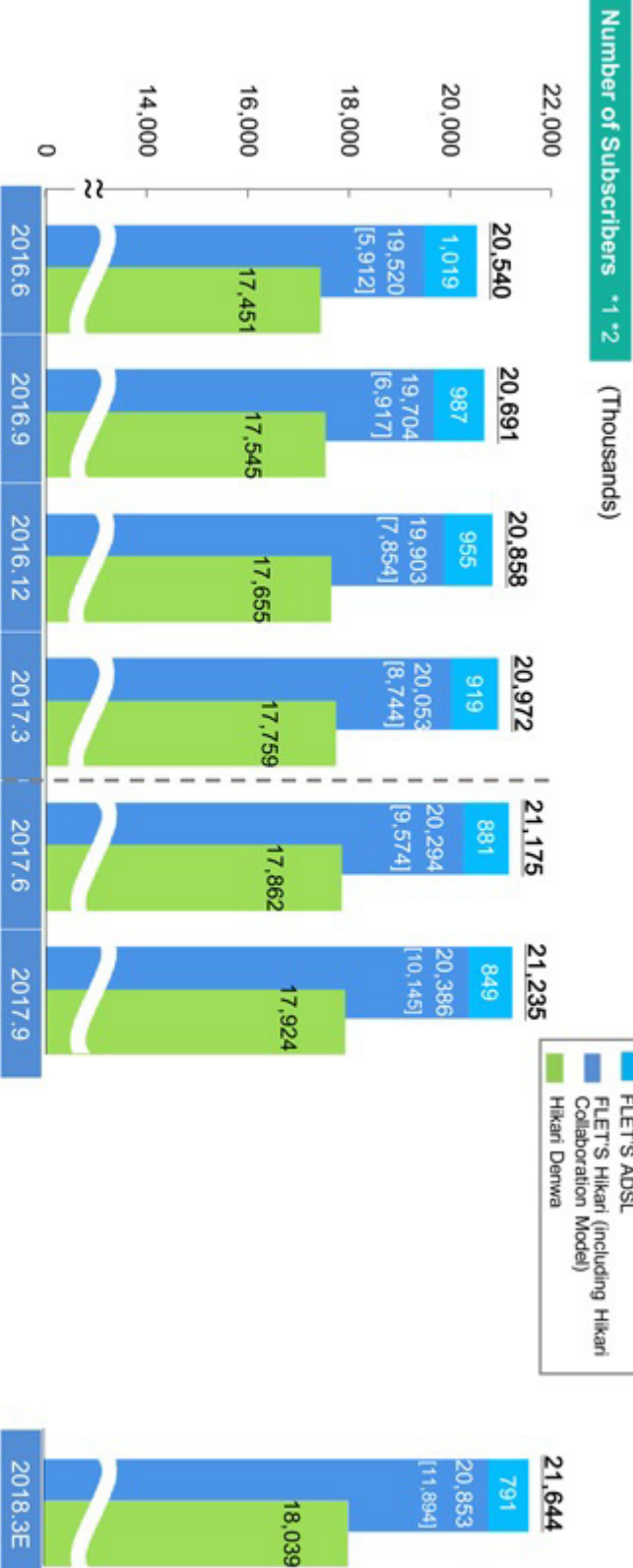


# Appendix



# Progress of Broadband Services

# Number of Subscribers for Fixed Broadband Services



## Changes from the Preceding Quarter (Thousands)

	FY2016				FY2017			FY2016	FY2017E
	4-6	7-9	10-12	1-3	4-6	7-9	4-9		
FLET'S Hikari <sup>*1</sup>	261	183	199	150	241	92	333	794	800
Opened connections <sup>*3</sup>	786	649	672	750	851	627	1,478	2,857	2,900
FLET'S ADSL	(34)	(32)	(32)	(36)	(38)	(32)	(70)	(134)	(128)
Hikari Denwa <sup>*4</sup> *5	77	93	111	104	104	62	165	385	280

<sup>\*1</sup> Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes 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, 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, and wholesale services (Hikari Collaboration Model) provided by both NTT East and NTT West.

<sup>\*2</sup> 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.

<sup>\*3</sup> Number of opened connections excludes openings as a result of relocations.

<sup>\*4</sup> Numbers for Hikari Denwa include wholesale services provided to service providers by NTT East and NTT West.

<sup>\*5</sup> Numbers of Hikari Denwa subscribers are presented in thousands of channels.

Financial Results for the Six Months Ended September 30, 2017

—13—

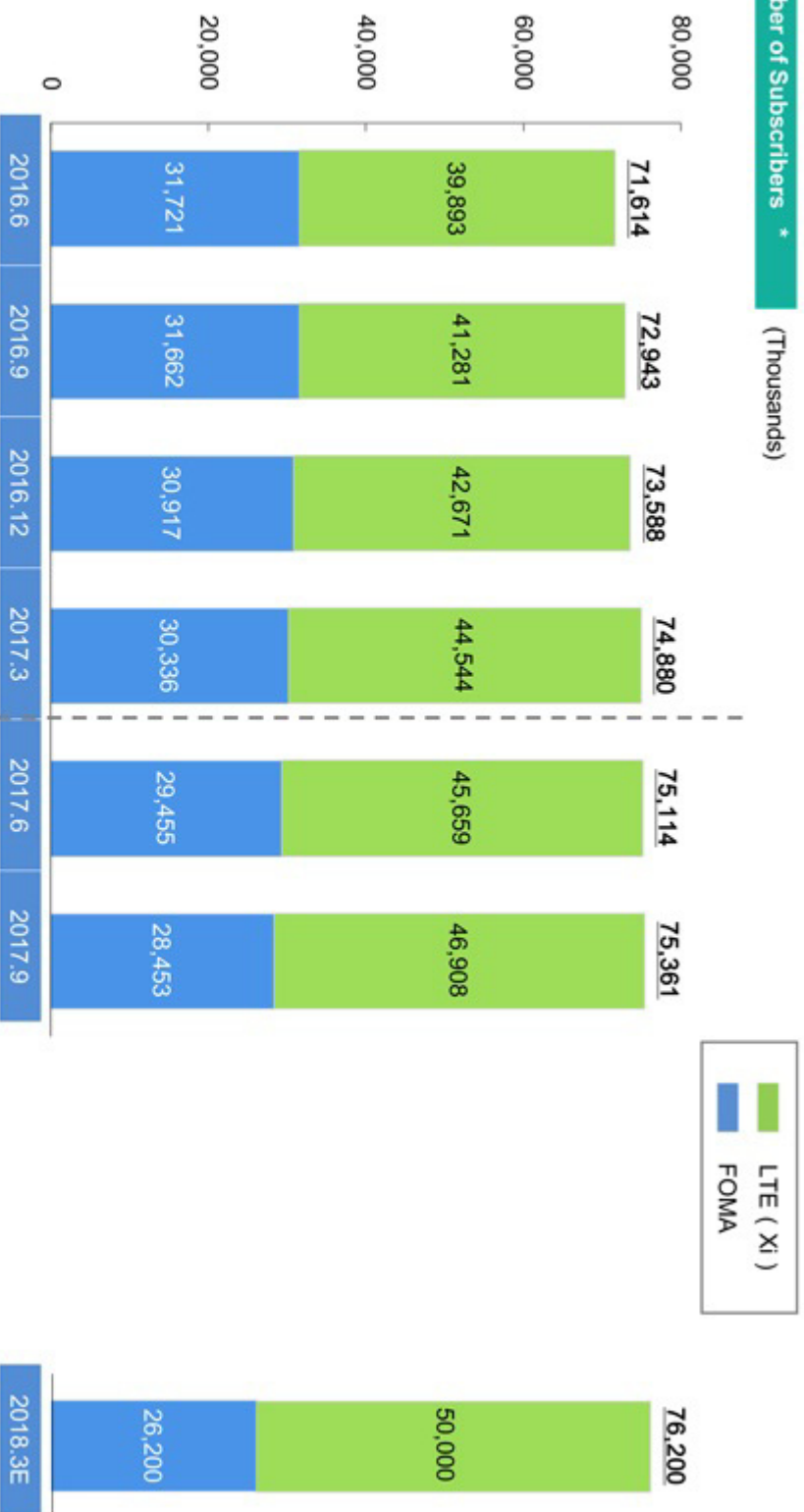
Copyright (c) 2017 Nippon Telegraph and Telephone Corporation



# Number of Subscribers for Mobile Broadband Services



Number of Subscribers \* (Thousands)



Changes from the Preceding Quarter (Thousands)

LTE(X)+FOMA	FY2016			FY2017			FY2016	FY2017E
	4-6	7-9	10-12	1-3	4-6	7-9		
	650	1,330	645	1,292	234	247	3,916	1,300

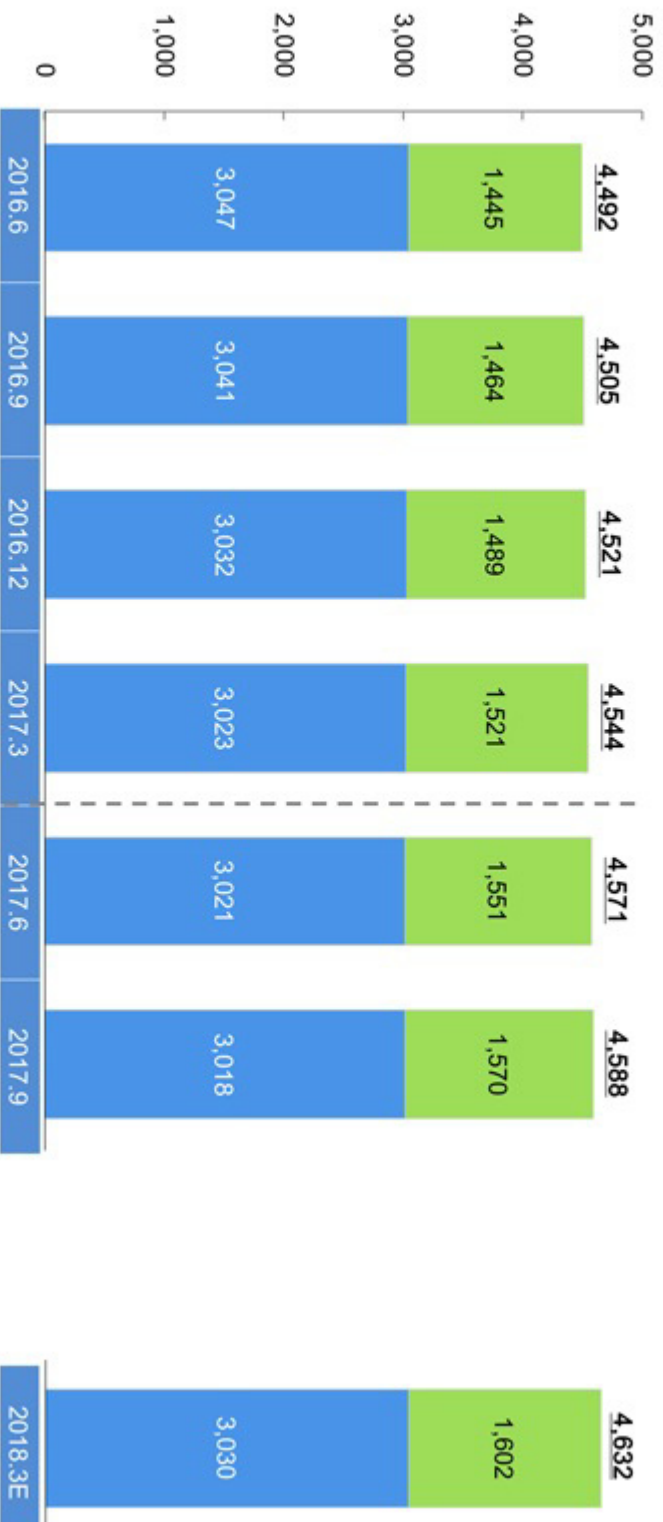
\* Number of subscribers for Mobile Broadband Services includes Communications Module Service subscribers

# Number of Subscribers for Video Services



Number of Subscribers

(Thousands)



\* Number of subscribers to FLETS TV Transmission Services includes wholesale services provided to service providers by NTT East and NTT West.



# Financial Information

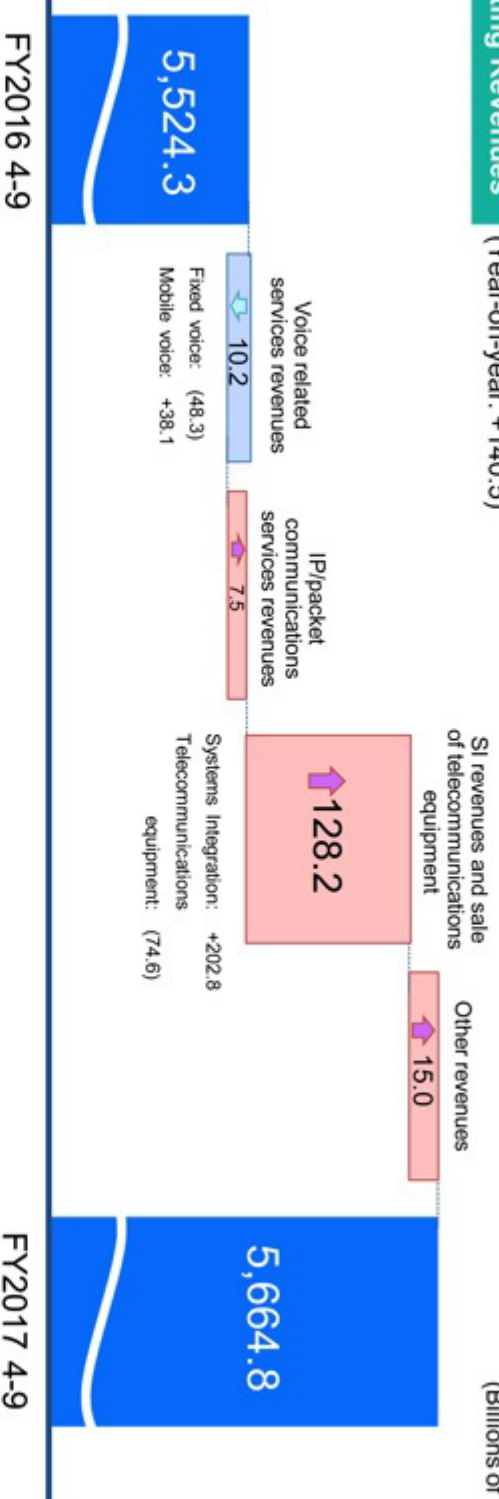
# Details of Consolidated Statement of Income



## Operating Revenues

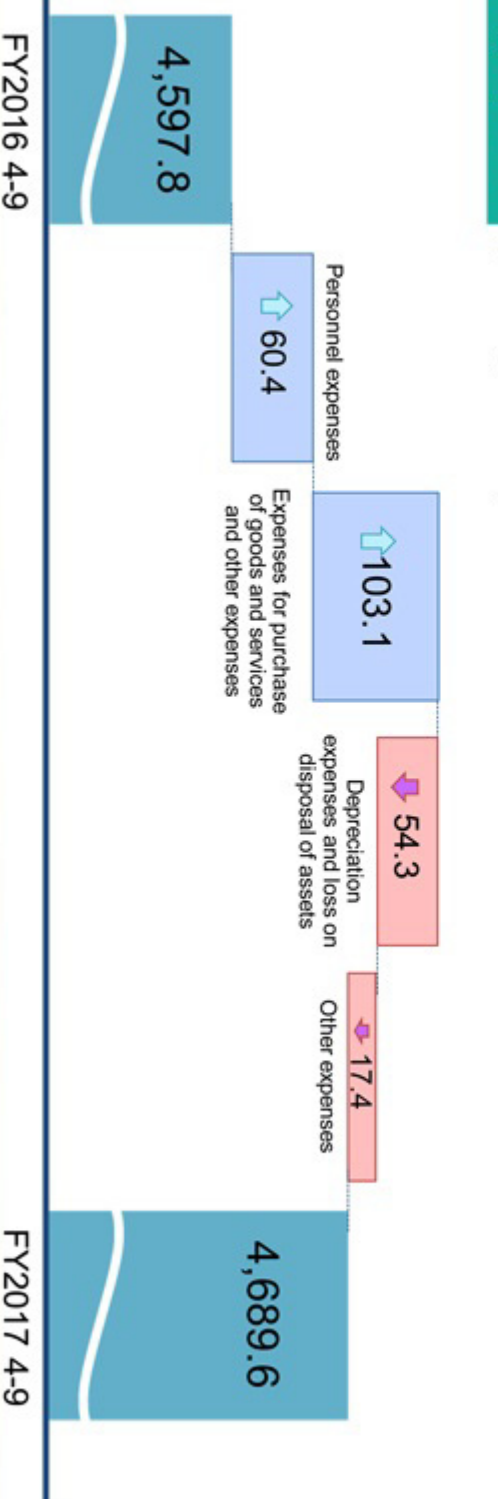
(Year-on-year: +140.5)

(Billions of yen)



## Operating Expenses

(Year-on-year: +91.8)

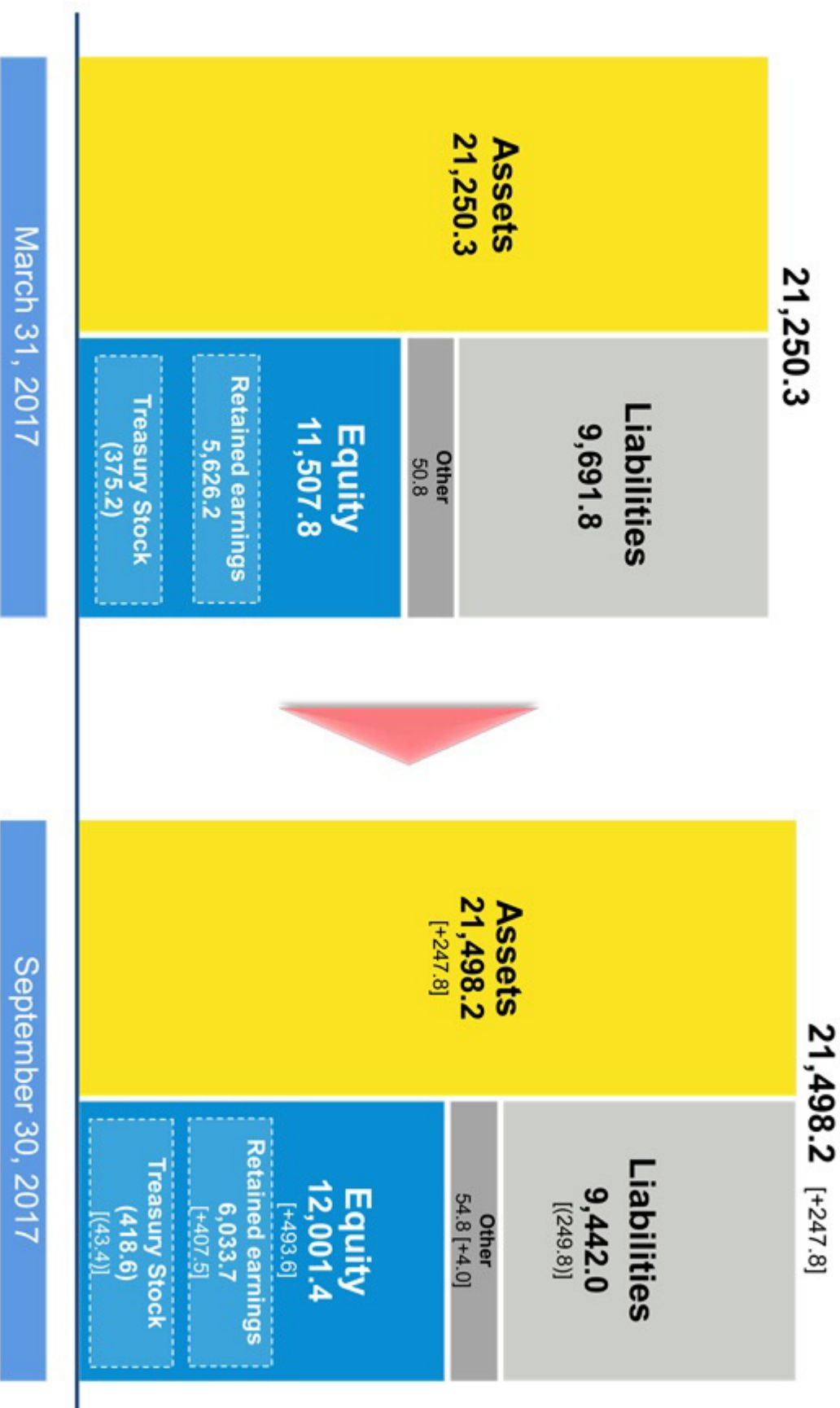




# Details of Consolidated Balance Sheet



(Billions of yen)

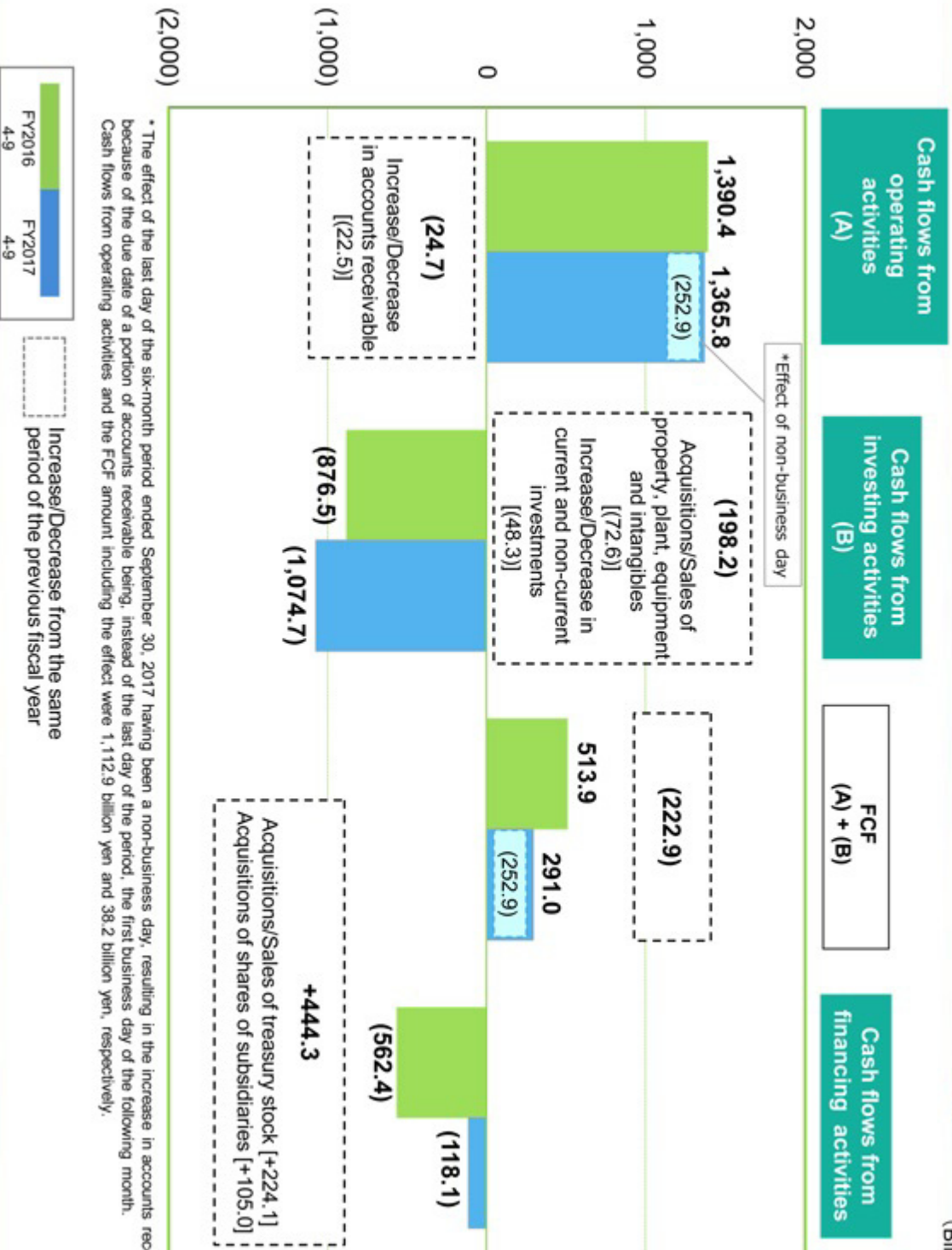




# Details of Consolidated Cash Flows



(Billions of yen)

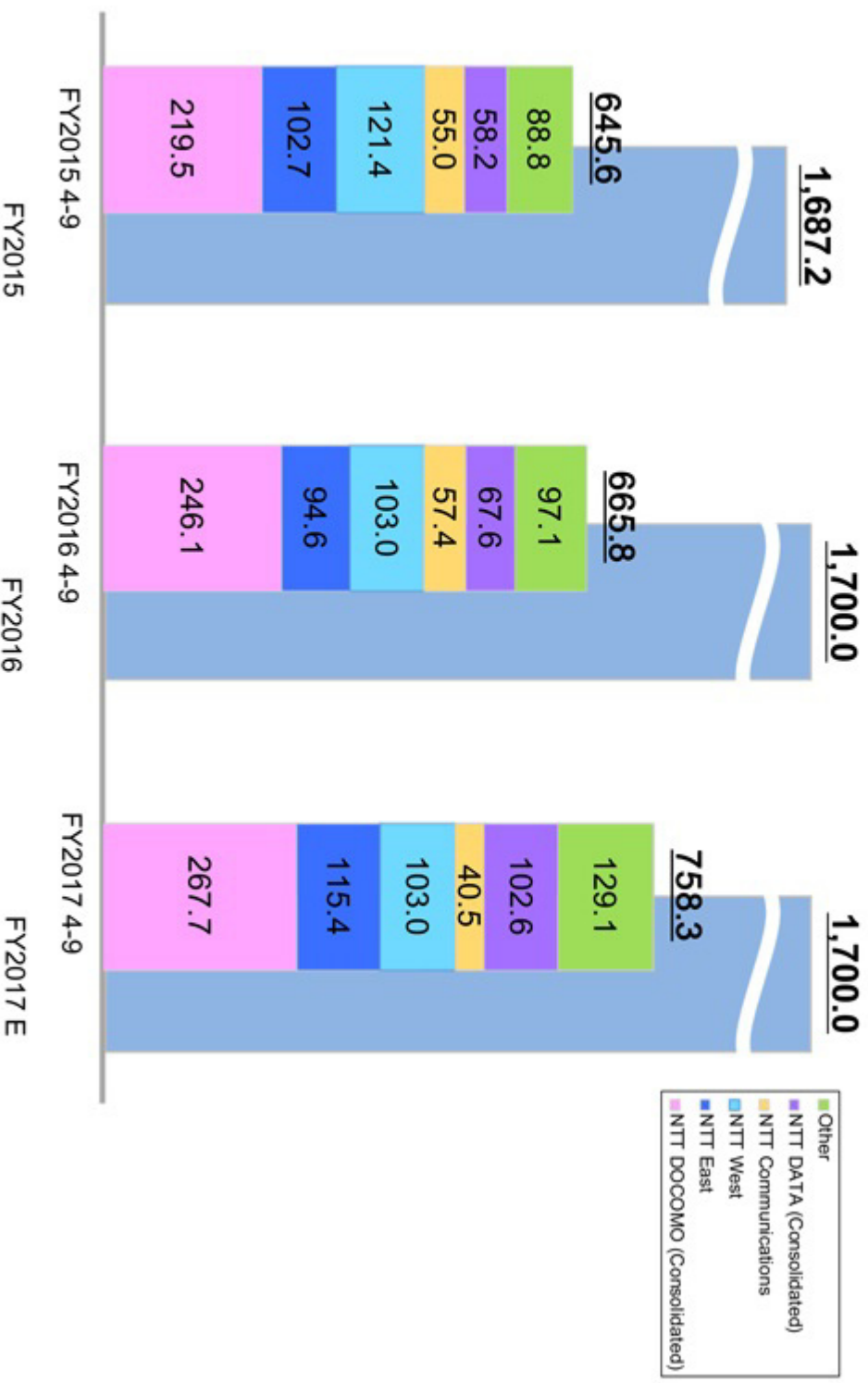


# Details of Capital Investment



(Billions of yen)

## Capital Investment

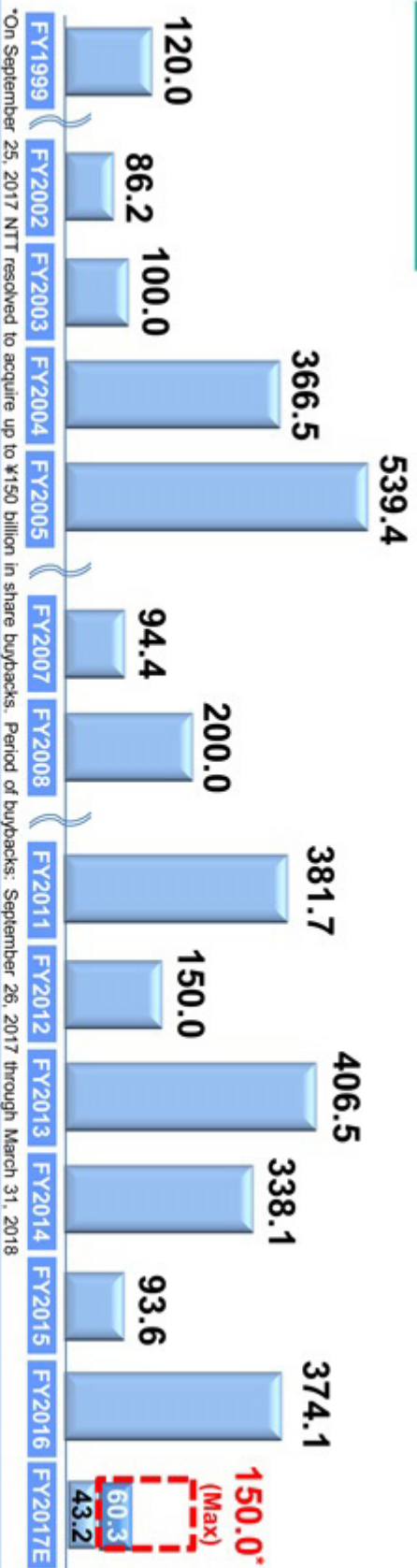


# Shareholder Returns



## Share Buybacks

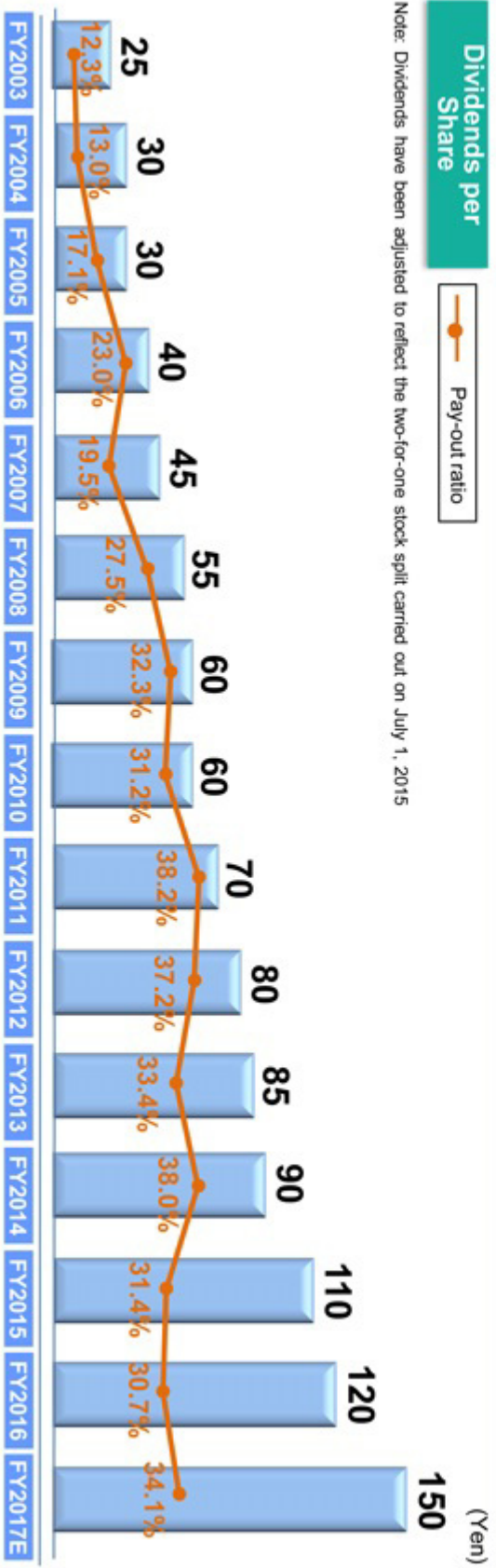
(Billions of yen)



## Dividends per Share

Pay-out ratio

Note: Dividends have been adjusted to reflect the two-for-one stock split carried out on July 1, 2015



November 10, 2017

FOR IMMEDIATE RELEASE

**Financial Statements for the Six Months Ended September 30, 2017**

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the six months ended September 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)
4. Non-Consolidated Comparative Statements of Cash Flows
5. Revised Forecasts for the Fiscal Year Ending March 31, 2018

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

	(Millions of yen)		
	March 31, 2017	September 30, 2017	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	339,631	337,260	(2,370)
Antenna facilities	3,604	3,527	(77)
Terminal equipment	22,947	21,620	(1,327)
Local line facilities	866,722	873,703	6,980
Long-distance line facilities	2,843	2,818	(24)
Engineering facilities	588,683	582,845	(5,838)
Submarine line facilities	732	661	(70)
Buildings	409,835	407,256	(2,578)
Construction in progress	19,988	21,034	1,045
Other	266,121	264,427	(1,693)
Total property, plant and equipment	2,521,110	2,515,156	(5,953)
Intangible fixed assets	84,120	81,675	(2,444)
Total fixed assets - telecommunications businesses	2,605,230	2,596,831	(8,398)
Investments and other assets			
Other investments and assets	199,112	202,944	3,831
Allowance for doubtful accounts	(773)	(760)	13
Total investments and other assets	198,338	202,184	3,845
Total fixed assets	2,803,569	2,799,015	(4,553)
Current assets:			
Cash and bank deposits	5,605	17,508	11,902
Notes receivable	—	38	38
Accounts receivable, trade	230,736	230,264	(471)
Supplies	26,005	23,268	(2,736)
Other current assets	435,502	256,721	(178,780)
Allowance for doubtful accounts	(327)	(287)	40
Total current assets	697,521	527,515	(170,006)
<b>TOTAL ASSETS</b>	<b>3,501,091</b>	<b>3,326,531</b>	<b>(174,560)</b>

	(Millions of yen)		
	March 31, 2017	September 30, 2017	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	225,220	225,220	—
Liability for employees' retirement benefits	247,366	253,593	6,227
Reserve for point services	4,145	4,433	288
Reserve for unused telephone cards	8,460	8,671	211
Allowance for environmental measures	3,637	3,637	—
Asset retirement obligations	902	901	(1)
Other long-term liabilities	36,166	43,744	7,577
Total long-term liabilities	525,898	540,202	14,304
Current liabilities:			
Current portion of long-term borrowings from parent company	140,615	100,400	(40,215)
Accounts payable, trade	89,029	44,075	(44,953)
Accrued taxes on income	14,186 *	13,499	(687)
Allowance for environmental measures	2,285	688	(1,597)
Asset retirement obligations	1	—	(1)
Other current liabilities	442,617	384,587	(58,030)
Total current liabilities	688,735	543,250	(145,485)
<b>TOTAL LIABILITIES</b>	<b>1,214,633</b>	<b>1,083,453</b>	<b>(131,180)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	335,000	335,000	—
Capital surplus	1,499,726	1,499,726	—
Earned surplus	447,459	404,183	(43,275)
Total shareholders' equity	2,282,186	2,238,910	(43,275)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	4,271	4,167	(104)
Total unrealized gains (losses), translation adjustments, and others	4,271	4,167	(104)
<b>TOTAL NET ASSETS</b>	<b>2,286,457</b>	<b>2,243,077</b>	<b>(43,379)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,501,091</b>	<b>3,326,531</b>	<b>(174,560)</b>

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)			
	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
Telecommunications businesses:				
Operating revenues	766,449	755,169	(11,279)	1,534,745
Operating expenses	650,977	623,437	(27,539)	1,367,603
Operating income from telecommunications businesses	115,471	131,731	16,259	167,142
Supplementary businesses:				
Operating revenues	57,056	57,562	505	137,497
Operating expenses	48,736	47,521	(1,214)	115,534
Operating income from supplementary businesses	8,319	10,040	1,720	21,962
Operating income	123,791	141,771	17,980	189,104
Non-operating revenues:				
Interest income	10	7	(3)	26
Dividends received	3,171	6,898	3,727	3,226
Gains on sales of fixed assets	13,571	782	(12,788)	14,363
Miscellaneous income	1,188	1,305	117	2,647
Total non-operating revenues	17,941	8,993	(8,948)	20,263
Non-operating expenses:				
Interest expenses	2,357	1,797	(560)	4,669
Miscellaneous expenses	174	43	(130)	260
Total non-operating expenses	2,532	1,841	(690)	4,930
Recurring profit	139,200	148,923	9,722	204,438
Income before income taxes	139,200	148,923	9,722	204,438
Income taxes	* 39,214	* 42,540	3,326	54,774
Net income	99,986	106,382	6,396	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)				
	<u>Six months ended September 30, 2016</u>	<u>Six months ended September 30, 2017</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>Year ended March 31, 2017</u>
Voice transmission services revenues (excluding IP services revenues)	201,403	187,036	(14,367)	(7.1)	396,519
Monthly charge revenues*	152,177	142,034	(10,143)	(6.7)	299,992
Call rates revenues*	13,613	11,763	(1,850)	(13.6)	26,272
Interconnection call revenues*	23,378	21,708	(1,669)	(7.1)	45,606
IP services revenues	425,116	427,186	2,070	0.5	850,388
Leased circuit services revenues (excluding IP services revenues)	47,677	46,465	(1,212)	(2.5)	93,307
Telegram services revenues	5,561	5,198	(362)	(6.5)	11,422
Other telecommunications services revenues	86,690	89,283	2,592	3.0	183,107
Telecommunications total revenues	<u>766,449</u>	<u>755,169</u>	<u>(11,279)</u>	<u>(1.5)</u>	<u>1,534,745</u>
Supplementary business total revenues	57,056	57,562	505	0.9	137,497
Total operating revenues	<u>823,505</u>	<u>812,731</u>	<u>(10,774)</u>	<u>(1.3)</u>	<u>1,672,243</u>

\* Partial listing only



**4. Non-Consolidated Comparative Statements of Cash Flows**  
(Based on accounting principles generally accepted in Japan)

	(Millions of yen)			
	<u>Six months ended September 30, 2016</u>	<u>Six months ended September 30, 2017</u>	<u>Increase (Decrease)</u>	<u>Year ended March 31, 2017</u>
Cash flows from operating activities:				
Income before income taxes	139,200	148,923	9,722	204,438
Depreciation and amortization	144,939	117,837	(27,101)	295,200
Loss on disposal of property, plant and equipment	6,056	4,489	(1,567)	21,416
Increase (decrease) in liability for employees' retirement benefits	8,074	6,227	(1,847)	11,446
(Increase) decrease in accounts receivable	16,569	19,433	2,863	(8,552)
(Increase) decrease in inventories	949	1,871	922	252
Increase (decrease) in accounts payable and accrued expenses	(74,751)	(64,151)	10,600	(5,419)
Increase (decrease) in accrued consumption tax	281	5,331	5,049	(5,229)
Other	(27,619)	(22,744)	4,874	8,147
Sub-total	<u>213,700</u>	<u>217,217</u>	<u>3,517</u>	<u>521,702</u>
Interest and dividends received	3,179	6,904	3,725	3,252
Interest paid	(2,366)	(1,802)	563	(4,705)
Income taxes received (paid)	(40,027)	(60,447)	(20,420)	(47,742)
Net cash provided by (used in) operating activities	<u>174,486</u>	<u>161,871</u>	<u>(12,615)</u>	<u>472,506</u>
Cash flows from investing activities:				
Payments for property, plant and equipment	(139,013)	(152,499)	(13,486)	(274,177)
Proceeds from sale of property, plant and equipment	14,530	1,075	(13,455)	15,821
Proceeds from sale of investment securities	632	206	(426)	847
Other	93	(215)	(308)	(86)
Net cash provided by (used in) investing activities	<u>(123,756)</u>	<u>(151,434)</u>	<u>(27,677)</u>	<u>(257,594)</u>
Cash flows from financing activities:				
Payments for settlement of long-term debt	(2,560)	(40,215)	(37,655)	(65,120)
Payments for settlement of lease obligations	(292)	(262)	29	(544)
Dividends paid	(59,395)	(149,657)	(90,262)	(59,395)
Net cash provided by (used in) financing activities	<u>(62,248)</u>	<u>(190,135)</u>	<u>(127,887)</u>	<u>(125,059)</u>
Net increase (decrease) in cash and cash equivalents	<u>(11,517)</u>	<u>(179,698)</u>	<u>(168,180)</u>	<u>89,852</u>
Cash and cash equivalents at beginning of period	<u>207,281</u>	<u>297,134</u>	<u>89,852</u>	<u>207,281</u>
Cash and cash equivalents at end of period	<u><u>195,764</u></u>	<u><u>117,435</u></u>	<u><u>(78,328)</u></u>	<u><u>297,134</u></u>

## **5. Revised Forecasts for the Fiscal Year Ending March 31, 2018**

Based on its recent business performance, NTT East has revised its financial results forecasts that were announced in the financial results release filed on May 15, 2017 for the fiscal year ending March 31, 2018, as follows.

	<b>(Billions of yen)</b>		
	<b>Year Ending March 31, 2018 (Forecasts Previously Announced on May 15, 2017)</b>	<b>Year Ending March 31, 2018 (Revised Forecasts)</b>	<b>Change</b>
Operating Revenues	1,640.0	1,640.0	—
Operating Income	190.0	190.0	—
Recurring Profit	190.0	195.0	5.0
Net Income	131.0	135.0	4.0

Note: The financial results forecasts and projected figures concerning the future performance of NTT East contained herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT East and its parent NTT in light of information currently available to them regarding NTT, NTT East 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, NTT East 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.

November 10, 2017

FOR IMMEDIATE RELEASE

**Financial Results for the Six Months Ended September 30, 2017**

The financial results of Nippon Telegraph and Telephone West Corporation (NTT West) for the six months ended September 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)
4. Non-Consolidated Comparative Statements of Cash Flows

For inquiries, please contact:

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E-mail: [kessan-info@west.ntt.co.jp](mailto:kessan-info@west.ntt.co.jp)

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

	March 31, 2017	September 30, 2017	(Millions of yen) Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	297,757	294,791	(2,965)
Antenna facilities	5,895	5,842	(53)
Terminal equipment	11,318	11,441	123
Local line facilities	1,051,300	1,066,598	15,297
Long-distance line facilities	1,693	1,647	(46)
Engineering facilities	517,724	509,056	(8,667)
Submarine line facilities	3,131	3,584	453
Buildings	312,924	316,091	3,167
Construction in progress	31,294	19,752	(11,542)
Other	219,918	218,664	(1,254)
Total property, plant and equipment	2,452,960	2,447,471	(5,488)
Intangible fixed assets	64,444	60,736	(3,708)
Total fixed assets - telecommunications businesses	2,517,404	2,508,207	(9,197)
Investments and other assets			
Other investments and assets	187,606	192,096	4,489
Allowance for doubtful accounts	(681)	(607)	74
Total investments and other assets	186,924	191,488	4,563
Total fixed assets	2,704,329	2,699,696	(4,633)
Current assets:			
Cash and bank deposits	18,251	5,276	(12,975)
Notes receivable	—	11	11
Accounts receivable, trade	199,820	196,256	(3,564)
Supplies	29,950	28,954	(996)
Other current assets	151,715	114,751	(36,964)
Allowance for doubtful accounts	(339)	(255)	84
Total current assets	399,398	344,993	(54,405)
<b>TOTAL ASSETS</b>	<b>3,103,728</b>	<b>3,044,690</b>	<b>(59,038)</b>

	(Millions of yen)		
	March 31, 2017	September 30, 2017	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	591,000	601,000	10,000
Liability for employees' retirement benefits	242,251	247,203	4,952
Reserve for point services	3,792	2,337	(1,455)
Reserve for unused telephone cards	8,000	8,200	200
Allowance for environmental measures	9,074	8,424	(650)
Asset retirement obligations	228	229	0
Other long-term liabilities	4,749	24,532	19,782
Total long-term liabilities	859,097	891,927	32,830
Current liabilities:			
Current portion of long-term borrowings from parent company	110,707	110,400	(307)
Accounts payable, trade	71,635	37,209	(34,425)
Short-term borrowings	105,259	72,029	(33,229)
Accrued taxes on income	8,731 *	9,178	446
Allowance for loss on disaster	4,096	3,919	(177)
Allowance for environmental measures	2,361	1,039	(1,321)
Asset retirement obligations	133	147	13
Other current liabilities	362,351	305,645	(56,705)
Total current liabilities	665,277	539,570	(125,707)
<b>TOTAL LIABILITIES</b>	<b>1,524,374</b>	<b>1,431,498</b>	<b>(92,876)</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	312,000	312,000	—
Capital surplus	1,170,054	1,170,054	—
Earned surplus	96,911	130,572	33,660
Total shareholders' equity	1,578,965	1,612,626	33,660
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	388	565	177
Total unrealized gains (losses), translation adjustments, and others	388	565	177
<b>TOTAL NET ASSETS</b>	<b>1,579,353</b>	<b>1,613,191</b>	<b>33,838</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,103,728</b>	<b>3,044,690</b>	<b>(59,038)</b>

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)			
	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
<b>Telecommunications businesses:</b>				
Operating revenues	663,429	639,500	(23,929)	1,325,585
Operating expenses	598,349	553,943	(44,405)	1,242,485
Operating income from telecommunications businesses	65,080	85,556	20,476	83,099
<b>Supplementary businesses:</b>				
Operating revenues	67,091	65,634	(1,457)	153,430
Operating expenses	60,954	58,116	(2,838)	141,343
Operating income from supplementary businesses	6,136	7,517	1,380	12,086
Operating income	71,217	93,074	21,856	95,186
<b>Non-operating revenues:</b>				
Interest income	6	6	(0)	12
Dividends received	597	831	234	615
Miscellaneous income	1,059	962	(97)	2,330
Total non-operating revenues	1,663	1,799	136	2,957
<b>Non-operating expenses:</b>				
Interest expenses	3,761	3,010	(751)	7,114
Miscellaneous expenses	95	307	211	2,875
Total non-operating expenses	3,856	3,317	(539)	9,989
Recurring profit	69,023	91,556	22,533	88,154
Special losses	5,975	—	(5,975)	6,915
Income before income taxes	63,048	91,556	28,508	81,239
Income taxes	* 17,472	* 26,695	9,223	21,469
Net income	45,575	64,860	19,284	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)

	(Millions of yen)				
	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2017
Voice transmission services revenues (excluding IP services revenues)	201,536	186,039	(15,496)	(7.7)	396,272
Monthly charge revenues*	151,366	140,951	(10,415)	(6.9)	298,340
Call rates revenues*	12,764	11,003	(1,760)	(13.8)	24,590
Interconnection call revenues*	25,565	23,194	(2,370)	(9.3)	49,676
IP services revenues	349,188	345,377	(3,811)	(1.1)	697,252
Leased circuit services revenues (excluding IP services revenues)	43,855	43,750	(105)	(0.2)	86,362
Telegram services revenues	6,176	5,589	(586)	(9.5)	12,625
Other telecommunications services revenues	62,672	58,742	(3,930)	(6.3)	133,071
Telecommunications total revenues	<u>663,429</u>	<u>639,500</u>	<u>(23,929)</u>	<u>(3.6)</u>	<u>1,325,585</u>
Supplementary business total revenues	<u>67,091</u>	<u>65,634</u>	<u>(1,457)</u>	<u>(2.2)</u>	<u>153,430</u>
Total operating revenues	<u>730,521</u>	<u>705,134</u>	<u>(25,387)</u>	<u>(3.5)</u>	<u>1,479,015</u>

\* Partial listing only



**4. Non-Consolidated Comparative Statements of Cash Flows**  
(Based on accounting principles generally accepted in Japan)

	<u>Six months ended</u> <u>September 30, 2016</u>	<u>Six months ended</u> <u>September 30, 2017</u>	<u>Increase</u> <u>(Decrease)</u>	<u>(Millions of yen)</u> <u>Year ended</u> <u>March 31, 2017</u>
<b>Cash flows from operating activities:</b>				
Income before income taxes	63,048	91,556	28,508	81,239
Depreciation and amortization	141,301	105,081	(36,219)	287,620
Loss on disposal of property, plant and equipment	7,287	4,360	(2,927)	19,285
Increase (decrease) in liability for employees' retirement benefits	4,976	4,952	(24)	8,677
(Increase) decrease in accounts receivable	27,620	15,268	(12,351)	11,377
(Increase) decrease in inventories	1,397	(1,633)	(3,030)	4,599
Increase (decrease) in accounts payable and accrued expenses	(40,737)	(53,795)	(13,058)	7,799
Increase (decrease) in accrued consumption tax	303	2,220	1,916	(2,241)
Other	(13,084)	(12,747)	336	21,841
Sub-total	192,114	155,263	(36,851)	440,199
Interest and dividends received	604	837	233	628
Interest paid	(4,179)	(2,998)	1,180	(7,575)
Income taxes received (paid)	(20,999)	(30,237)	(9,237)	(24,428)
Net cash provided by (used in) operating activities	167,540	122,865	(44,675)	408,824
<b>Cash flows from investing activities:</b>				
Payments for property, plant and equipment	(128,429)	(128,953)	(523)	(261,759)
Proceeds from sale of property, plant and equipment	447	90	(357)	650
Payments for purchase of investment securities	—	—	—	(3,100)
Proceeds from sale of investment securities	509	23	(486)	576
Other	(70)	(102)	(32)	61
Net cash provided by (used in) investing activities	(127,543)	(128,942)	(1,399)	(263,571)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of long-term debt	50,000	30,000	(20,000)	50,000
Payments for settlement of long-term debt	(72,560)	(20,307)	52,252	(127,120)
Net increase (decrease) in short-term borrowings	(38,422)	(33,229)	5,192	(37,205)
Payments for settlement of lease obligations	(102)	(68)	34	(224)
Dividends paid	(36,216)	(31,200)	5,016	(36,216)
Net cash provided by (used in) financing activities	(97,302)	(54,805)	42,496	(150,766)
Net increase (decrease) in cash and cash equivalents	(57,304)	(60,883)	(3,578)	(5,514)
Cash and cash equivalents at beginning of period	71,765	66,251	(5,514)	71,765
Cash and cash equivalents at end of period	14,461	5,368	(9,092)	66,251

November 10, 2017

FOR IMMEDIATE RELEASE

**NTT Com Announces Financial Results for the Six Months Ended September 30, 2017**

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the six months ended September 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)
- V. Non-Consolidated Comparative Statements of Cash Flows

# # #

**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 over 190 countries/regions, and over 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

	(Millions of yen)			
	Six months ended Sep 30, 2016	Six months ended Sep 30, 2017	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	617,702	638,939	21,237	3.4
Operating expenses	546,054	560,788	14,734	2.7
Operating income	71,648	78,151	6,503	9.1

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

	(Millions of yen)		
	March 31, 2017	September 30, 2017	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	151,531	130,896	(20,634)
Antenna facilities	1,674	1,358	(315)
Terminal equipment	1,963	2,149	185
Local line facilities	1,103	1,087	(15)
Long-distance line facilities	5,122	5,101	(20)
Engineering facilities	49,878	49,010	(867)
Submarine line facilities	16,701	15,805	(896)
Buildings	205,475	205,239	(235)
Construction in progress	13,323	12,362	(961)
Other	105,983	119,787	13,804
Total property, plant and equipment	552,757	542,799	(9,958)
Intangible fixed assets	98,820	101,562	2,742
Total fixed assets - telecommunications businesses	651,578	644,362	(7,215)
Investments and other assets			
Investment securities	108,152	105,939	(2,212)
Investments in subsidiaries and affiliated companies	387,905	406,663	18,757
Other investments and assets	65,778	66,344	565
Allowance for doubtful accounts	(160)	(141)	19
Total investments and other assets	561,675	578,806	17,130
Total fixed assets	1,213,254	1,223,168	9,914
Current assets:			
Cash and bank deposits	3,406	10,752	7,345
Notes receivable	8	—	(8)
Accounts receivable, trade	178,248	184,346	6,098
Supplies	9,643	9,274	(369)
Other current assets	90,655	53,314	(37,340)
Allowance for doubtful accounts	(1,367)	(1,401)	(34)
Total current assets	280,595	256,286	(24,309)
<b>TOTAL ASSETS</b>	<b>1,493,849</b>	<b>1,479,454</b>	<b>(14,394)</b>

	(Millions of yen)		
	March 31, 2017	September 30, 2017	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company and subsidiary	222,333	247,986	25,652
Liability for employees' retirement benefits	89,994	92,411	2,417
Reserve for point services	407	419	11
Reserve for unused telephone cards	3,540	3,628	88
Asset retirement obligations	4,126	4,533	407
Other long-term liabilities	19,416	22,965	3,548
Total long-term liabilities	339,818	371,944	32,126
Current liabilities:			
Accounts payable, trade	29,548	23,088	(6,460)
Short-term borrowings	—	9,348	9,348
Accrued taxes on income	3,749 *	6,819	3,070
Allowance for losses on construction	627	607	(19)
Asset retirement obligations	56	13	(43)
Other current liabilities	169,379	147,135	(22,244)
Total current liabilities	203,360	187,012	(16,348)
<b>TOTAL LIABILITIES</b>	<b>543,179</b>	<b>558,957</b>	<b>15,778</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Common stock	211,763	211,763	—
Capital surplus	131,615	131,615	—
Earned surplus	563,997	535,223	(28,773)
Total shareholders' equity	907,376	878,602	(28,773)
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	43,080	41,894	(1,186)
Deferred gains or losses on hedges	213	—	(213)
Total unrealized gains (losses), translation adjustments, and others	43,293	41,894	(1,399)
<b>TOTAL NET ASSETS</b>	<b>950,670</b>	<b>920,497</b>	<b>(30,173)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,493,849</b>	<b>1,479,454</b>	<b>(14,394)</b>

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)			
	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
<b>Telecommunications businesses:</b>				
Operating revenues	346,629	346,188	(441)	697,333
Operating expenses	305,692	296,429	(9,263)	620,370
Operating income from telecommunications businesses	40,937	49,759	8,822	76,963
<b>Supplementary businesses:</b>				
Operating revenues	100,482	116,186	15,703	226,522
Operating expenses	91,265	107,421	16,155	210,936
Operating income from supplementary businesses	9,217	8,765	(451)	15,585
Operating income	50,154	58,524	8,370	92,549
<b>Non-operating revenues:</b>				
Interest income	41	18	(22)	62
Dividends received	7,249	6,314	(934)	8,258
Lease and rental income	5,692	5,365	(327)	11,204
Miscellaneous income	154	1,566	1,412	1,222
Total non-operating revenues	13,137	13,265	128	20,748
<b>Non-operating expenses:</b>				
Interest expenses	549	381	(167)	1,050
Lease and rental expenses	2,762	1,899	(863)	5,712
Miscellaneous expenses	646	106	(539)	1,072
Total non-operating expenses	3,957	2,387	(1,570)	7,836
Recurring profit	59,334	69,402	10,068	105,461
Special profits	—	2,433	2,433	—
Income before income taxes	59,334	71,836	12,501	105,461
Income taxes	*	16,549	*	21,048
Net income	42,785	50,787	8,002	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)				
	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2017
Cloud Computing Platforms	34,779	39,580	4,801	13.8	72,034
Data Networks	190,005	195,906	5,900	3.1	384,804
Voice Communications	126,392	120,764	(5,628)	(4.5)	250,794
Applications & Content	18,666	18,165	(501)	(2.7)	37,732
Solution Services	69,743	77,690	7,946	11.4	163,496
Others	7,524	10,267	2,742	36.5	14,993
Total operating revenues	<u>447,112</u>	<u>462,374</u>	<u>15,262</u>	<u>3.4</u>	<u>923,855</u>



**V. Non-Consolidated Comparative Statements of Cash Flows**  
(Based on accounting principles generally accepted in Japan)

	(Millions of yen)			
	Six months ended September 30, 2016	Six months ended September 30, 2017	Increase (Decrease)	Year ended March 31, 2017
<b>Cash flows from operating activities:</b>				
Income before income taxes	59,334	71,836	12,501	105,461
Depreciation and amortization	52,375	46,809	(5,565)	106,971
Loss on disposal of property, plant and equipment	940	515	(424)	4,517
Gains on sales of fixed assets	(58)	(8)	50	(78)
Increase (decrease) in allowance for doubtful accounts	192	14	(177)	302
Increase (decrease) in liability for employees' retirement benefits	2,962	2,417	(545)	3,272
(Increase) decrease in accounts receivable	32,240	22,771	(9,469)	(239)
(Increase) decrease in inventories	(1,901)	(322)	1,579	1,152
Increase (decrease) in accounts payable and accrued expenses	(24,274)	(18,842)	5,432	703
Increase (decrease) in accrued consumption tax	1,864	1,861	(3)	2,434
Other	(19,208)	(8,758)	10,449	(10,925)
Sub-total	104,467	118,294	13,826	213,571
Interest and dividends received	7,312	6,333	(978)	8,344
Interest paid	(614)	(461)	152	(1,086)
Income taxes received (paid)	(24,846)	(17,558)	7,287	(29,892)
Net cash provided by (used in) operating activities	86,319	106,607	20,287	190,937
<b>Cash flows from investing activities:</b>				
Payments for property, plant and equipment	(69,246)	(54,478)	14,767	(134,677)
Proceeds from sale of property, plant and equipment	223	572	349	412
Payments for purchase of investment securities	(230)	(24,991)	(24,761)	(422)
Proceeds from sale of investment securities	1,500	10,150	8,650	2,242
Other	(17)	(1,352)	(1,335)	(4,042)
Net cash provided by (used in) investing activities	(67,770)	(70,099)	(2,328)	(136,487)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of long-term debt	—	31,248	31,248	22,864
Payments for settlement of long-term debt	(1,680)	(5,595)	(3,915)	(43,360)
Net increase (decrease) in short-term borrowings	(7,006)	9,348	16,354	(7,766)
Payments for settlement of lease obligations	(1,595)	(1,843)	(247)	(4,306)
Dividends paid	(33,000)	(79,561)	(46,561)	(33,000)
Net cash provided by (used in) financing activities	(43,282)	(46,403)	(3,121)	(65,569)
Effect of exchange rate changes on cash and cash equivalents	(752)	294	1,046	(158)
Net increase (decrease) in cash and cash equivalents	(25,485)	(9,601)	15,883	(11,277)
Cash and cash equivalents at beginning of period	31,630	20,353	(11,277)	31,630
Cash and cash equivalents at end of period	6,145	10,752	4,606	20,353

**Supplementary Data for  
the Six Months Ended September 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.











## 2. Financial Results (Business Segments)

(Billions of yen)

	FY 2016						FY 2017						Ref.]		
	Three Months Ended June 30	Three Months Ended September 30	Six Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Six Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	FY 2017 (E) Year	FY 2017 (E) Year	FY 2017 (E) Year
<b>Business segments<sup>(1)</sup></b>															
<b>Regional communications business</b>															
Operating Revenues	802.9	817.5	1,620.4	814.4	873.4	3,308.2	787.8	792.8	1,580.6				3,230.0	3,230.0	
Operating Expenses	675.1	713.1	1,388.2	716.2	844.3	2,948.7	654.2	673.3	1,327.4				2,900.0	2,900.0	
Operating Income	127.8	104.5	232.2	98.2	29.0	359.5	133.6	119.5	253.2				330.0	330.0	
Long distance and international communications business															
Operating Revenues	519.0	519.8	1,038.8	531.8	558.6	2,129.3	529.7	535.1	1,064.8				2,230.0	2,230.0	
Operating Expenses	492.0	504.7	996.7	555.3	536.5	2,088.4	494.9	499.5	994.4				2,110.0	2,110.0	
Operating Income	27.0	15.2	42.2	(23.5)	22.1	40.8	34.8	35.6	70.4				120.0	120.0	
Mobile communications business															
Operating Revenues	1,108.7	1,179.4	2,288.0	1,181.2	1,115.3	4,584.6	1,136.7	1,163.4	2,300.1				4,750.0	4,750.0	
Operating Expenses	810.4	893.9	1,704.3	925.6	1,003.0	3,632.9	859.1	893.7	1,752.8				3,795.0	3,795.0	
Operating Income	298.3	285.4	583.7	255.6	112.3	951.6	277.6	269.7	547.3				955.0	955.0	
Data communications business															
Operating Revenues	373.5	388.6	762.1	402.6	554.1	1,718.7	462.3	482.1	944.4				1,970.0	1,970.0	
Operating Expenses	351.6	374.6	726.2	371.4	513.3	1,610.8	437.0	448.4	885.4				1,840.0	1,840.0	
Operating Income	21.9	14.0	35.9	31.2	40.8	107.9	25.3	33.7	59.0				130.0	130.0	
Other business															
Operating Revenues	272.1	295.5	567.6	322.3	392.4	1,282.3	281.4	283.0	564.4				1,260.0	1,260.0	
Operating Expenses	259.8	278.1	537.9	292.7	374.4	1,205.0	262.3	262.7	525.0				1,185.0	1,185.0	
Operating Income	12.3	17.4	29.7	29.6	18.0	77.3	19.0	20.4	39.4				75.0	75.0	

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

3. Financial Results (Holding Company and Subsidiaries)

(Billions of yen)

	FY 2016						FY 2017						FY 2017 (E)		FY 2017 (E)	
	Three Months Ended June 30	Three Months Ended September 30	Six Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Six Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ending March 31 (Revised Forecast)	Year Ending March 31 (Previously Announced Forecast)	Ref.]	Year
NTT (Holding Company) (JPN GAAP)																
Operating Revenues	269.1	32.7	301.9	138.6	33.7	474.3	436.7	30.9	467.7	662.0	662.0	662.0	662.0	662.0		
Operating Expenses	29.4	30.7	60.2	31.1	43.3	134.6	30.0	29.4	59.4	130.0	130.0	130.0	130.0	130.0		
Operating Income	239.6	2.0	241.6	107.5	(9.5)	339.6	406.6	1.5	408.2	532.0	532.0	532.0	532.0	532.0		
Non-Operating Revenues	6.0	6.2	12.3	5.7	6.0	24.1	5.1	6.2	11.3	22.0	22.0	22.0	22.0	22.0		
Non-Operating Expenses	7.7	6.8	14.6	6.7	7.6	28.9	6.1	6.3	12.5	25.0	25.0	25.0	25.0	25.0		
Recurring Profit	237.9	1.4	239.3	106.5	(11.0)	334.9	405.6	1.4	407.1	529.0	529.0	529.0	529.0	529.0		
Net Income	237.5	(19.7)	217.7	79.2	(8.9)	288.1	405.3	(0.6)	404.7	530.0	530.0	530.0	530.0	530.0		
NTT East (JPN GAAP)																
Operating Revenues	410.1	413.3	823.5	413.1	435.5	1,672.2	405.5	407.1	812.7	1,640.0	1,640.0	1,640.0	1,640.0	1,640.0		
Voice																
Transmission Services (excluding IP) <sup>(1)</sup>	101.4	99.9	201.4	99.2	95.8	396.5	94.2	92.7	187.0	370.0	370.0	370.0	370.0	370.0		
IP Services	213.3	211.7	425.1	212.4	212.8	850.3	213.4	213.7	427.1	850.0	850.0	850.0	850.0	850.0		
Leased Circuit (excluding IP)	24.0	23.6	47.6	23.0	22.6	93.3	23.2	23.1	46.4	93.0	93.0	93.0	93.0	93.0		
Other	46.1	46.0	92.2	48.1	54.1	194.5	47.6	46.8	94.4	193.0	193.0	193.0	193.0	193.0		
Supplementary Business	25.0	31.9	57.0	30.3	50.0	137.4	26.8	30.6	57.5	134.0	134.0	134.0	134.0	134.0		
Operating Expenses	346.0	353.6	699.7	363.1	420.2	1,483.1	329.9	341.0	670.9	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0		
Personnel	23.6	23.6	47.2	23.2	24.0	94.6	21.4	20.8	42.3	85.0	85.0	85.0	85.0	85.0		
Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	224.3	230.9	455.2	236.1	270.7	962.1	222.9	232.6	455.6	947.0	947.0	947.0	947.0	947.0		
Depreciation and Amortization	72.2	72.5	144.8	76.0	74.2	295.0	58.7	59.1	117.8	234.0	234.0	234.0	234.0	234.0		
Loss on Disposal of Property, Plant and Equipment	6.1	8.4	14.5	9.7	31.5	55.9	7.6	10.4	18.0	110.0	110.0	110.0	110.0	110.0		
Taxes and Public Dues	19.5	18.1	37.7	17.9	19.6	75.3	19.1	18.0	37.1	74.0	74.0	74.0	74.0	74.0		
Operating Income	64.1	59.6	123.7	49.9	15.3	189.1	75.6	66.1	141.7	190.0	190.0	190.0	190.0	190.0		
Non-Operating Revenues	17.3	0.5	17.9	1.5	0.7	20.2	8.1	0.8	8.9	9.0	9.0	9.0	9.0	9.0		

Non-Operating Expenses	1.2	1.2	2.5	1.2	1.1	4.9	0.9	0.9	1.8	4.0	5.0
Recurring Profit	80.2	58.9	139.2	50.2	14.9	204.4	82.8	66.0	148.9	195.0	190.0
Net Income	57.8	42.1	99.9	36.5	13.1	149.6	60.0	46.3	106.3	135.0	131.0
NTT West (JPY GAAP)											
Operating Revenues	362.0	368.4	730.5	362.7	385.7	1,479.0	351.0	354.1	705.1	1,436.0	1,436.0
Voice											
Transmission Services (excluding IP) <sup>(1)</sup>	101.6	99.9	201.5	99.0	95.6	396.2	93.7	92.2	186.0	370.0	370.0
IP Services	175.5	173.6	349.1	174.0	173.9	697.2	173.5	171.8	345.3	689.0	689.0
Leased Circuit (excluding IP)	22.0	21.7	43.8	21.3	21.1	86.3	22.0	21.7	43.7	87.0	87.0
Other	33.8	35.0	68.8	35.9	40.8	145.6	32.5	31.8	64.3	138.0	138.0
Supplementary Business	29.0	38.0	67.0	32.2	54.0	153.4	29.1	36.4	65.6	152.0	152.0
Operating Expenses	323.3	335.9	659.3	336.6	387.8	1,383.8	301.4	310.6	612.0	1,336.0	1,336.0
Personnel	20.3	20.0	40.4	19.9	20.2	80.5	18.9	17.6	36.6	74.0	77.0
Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses	206.3	219.1	425.5	215.4	254.4	895.4	206.0	215.4	421.5	863.0	860.0
Depreciation and Amortization	70.4	70.8	141.3	74.1	72.1	287.6	52.2	52.7	105.0	213.0	213.0
Loss on Disposal of Property, Plant and Equipment	8.6	9.4	18.1	10.9	24.1	53.2	6.6	8.4	15.1	119.0	119.0
Taxes and Public Dues	17.5	16.3	33.8	16.2	16.8	66.9	17.4	16.1	33.6	67.0	67.0
Operating Income	38.7	32.5	71.2	26.0	(2.0)	95.1	49.5	43.5	93.0	100.0	100.0
Non-Operating Revenues	1.2	0.4	1.6	0.5	0.7	2.9	1.3	0.4	1.7	4.0	4.0
Non-Operating Expenses	2.0	1.7	3.8	1.7	4.3	9.9	1.5	1.7	3.3	9.0	9.0
Recurring Profit	37.8	31.1	69.0	24.8	(5.7)	88.1	49.3	42.1	91.5	95.0	95.0
Net Income	23.3	22.2	45.5	18.0	(3.8)	59.7	35.0	29.8	64.8	70.0	70.0

Note: (1) Operating Revenues from Voice Transmission Services (excluding IP) of NTT East and NTT West for the six months ended September 30, 2017 include monthly charges, call charges and interconnection charges of 142.0 billion yen, 11.7 billion yen and 21.7 billion yen for NTT East, and 140.9 billion yen, 11.0 billion yen and 23.1 billion yen for NTT West, respectively.

### 3. Financial Results (Holding Company and Subsidiaries)

	(Billions of yen)													
	FY 2016						FY 2017						FY	[Ref]
	Three Months Ended June 30	Three Months Ended September 30	Six Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Six Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Year Ending March 31 (Revised Forecast)	Year Ending March 31 (Previously Announced Forecast)
<b>NTT Communications</b>														
(JPN GAAP)														
Operating Revenues <sup>(1)</sup>	220.2	226.9	447.1	227.0	249.6	923.8	230.3	231.9	462.3			940.0	940.0	
Cloud Computing Platforms	17.1	17.6	34.7	17.6	19.5	72.0	20.2	19.3	39.5			87.0	87.0	
Data Networks	94.8	95.1	190.0	96.3	98.4	384.8	97.2	98.6	195.9			393.0	393.0	
Voice Communications	63.0	63.3	126.3	63.7	60.6	250.7	60.0	60.7	120.7			244.0	244.0	
Applications & Content	9.4	9.2	18.6	9.3	9.6	37.7	8.7	9.3	18.1			37.0	37.0	
Solution Services	31.9	37.7	69.7	36.1	57.5	163.4	37.3	40.3	77.6			159.0	159.0	
Others	3.7	3.7	7.5	3.8	3.6	14.9	6.8	3.4	10.2			20.0	20.0	
Operating Expenses	194.3	202.5	396.9	204.1	230.2	831.3	198.9	204.8	403.8			847.0	847.0	
Personnel	19.2	18.9	38.2	19.0	19.7	77.0	19.1	18.9	38.1			77.0	77.0	
Cost of Services, Equipment Sold, and Selling, General and Administrative Expenses	90.8	98.8	189.6	95.1	121.6	406.4	94.8	99.5	194.4			639.0	639.0	
Communication Network Charges	54.7	54.6	109.4	59.2	54.4	223.1	57.6	58.8	116.4					
Depreciation and Amortization	25.4	25.6	51.1	26.2	27.0	104.4	22.7	23.3	46.1			96.0	96.0	
Loss on Disposal of Property, Plant and Equipment	0.5	1.0	1.6	0.9	4.1	6.7	0.8	0.6	1.5			22.0	22.0	
Taxes and Public Dues	3.5	3.2	6.8	3.4	3.2	13.4	3.6	3.4	7.1			13.0	13.0	
Operating Income	25.8	24.3	50.1	22.9	19.4	92.5	31.4	27.1	58.5			93.0	93.0	
Non-Operating Revenues	7.4	5.6	13.1	4.0	3.5	20.7	6.7	6.4	13.2			18.0	18.0	
Non-Operating Expenses	2.3	1.6	3.9	1.3	2.5	7.8	1.4	0.9	2.3			8.0	8.0	
Recurring Profit	30.9	28.3	59.3	25.6	20.5	105.4	36.7	32.6	69.4			103.0	103.0	
Net Income	22.3	20.4	42.7	18.5	23.6	85.0	27.6	23.1	50.7			73.0	73.0	
Dimension Data (IFRS) <sup>(2)(3)</sup>														
Operating Revenues	206.6	198.6	405.2	196.4	207.4	809.0	207.0	208.5	415.5			890.0	890.0	
Operating Expenses	207.9	205.7	413.6	197.9	207.4	818.9	207.2	205.2	412.3			881.0	881.0	
Operating Income	(1.3)	(7.0)	(8.3)	(1.5)	(0)	(9.9)	(0.2)	3.3	3.2			9.0	9.0	
Net Income Attributable to Dimension Data	(2.4)	(9.6)	(11.9)	(14.6)	(1.4)	(27.9)	(1.8)	0.2	(1.6)			—	—	

- Notes:
- (1) The following are the main services included in each line item:
    - 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 June 30, 2017 are consolidated into NTT’s consolidated statements of income from April 1 to September 30, 2017, Dimension Data’s financial results for the six months ended June 30, 2017 are included under the six months ended September 30, 2017 and Dimension Data’s forecast for the twelve months ending December 31, 2017 is included under Year Ending March 31, 2018 (Forecast).
  - (3) The conversion rate used for Dimension Data figures for the six months ended September 30, 2017 is USD1.00 = JPY112.34.
  - (4) Operating Income for the six months ended September 30, 2017 under US GAAP was (2.0) billion yen.



### 3. Financial Results (Holding Company and Subsidiaries)

(Billions of yen)

	FY 2016						FY 2017						FY 2017 (E)	Ref.] FY 2017 (E)
	Three Months Ended June 30	Three Months Ended September 30	Six Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31	Three Months Ended June 30	Three Months Ended September 30	Six Months Ended September 30	Three Months Ended December 31	Three Months Ended March 31	Year Ended March 31 (Revised Forecast)	Year Ending March 31 (Previously Announced Forecast)	
	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	
NTT DOCOMO Consolidated (US GAAP)	1,108.7	1,179.7	2,288.3	1,181.3	1,115.0	4,584.6	1,136.7	1,163.4	2,300.1	4,750.0	4,750.0	4,750.0	4,750.0	
Operating Revenues	729.7	744.8	1,474.5	750.7	759.9	2,985.1	774.9	793.9	1,568.8	3,114.0	3,114.0	3,125.0	3,125.0	
Telecommunications Services	704.2	712.8	1,417.0	712.1	714.8	2,844.0	723.1	736.5	1,459.6	2,878.0	2,878.0	2,894.0	2,894.0	
Mobile	215.9	219.6	435.4	224.8	215.0	875.2	231.2	241.4	472.6	932.0	932.0	928.0	928.0	
Communications Services	488.3	493.3	981.6	487.4	499.8	1,968.8	491.9	495.1	987.0	1,946.0	1,946.0	1,966.0	1,966.0	
Packet Revenues	25.5	31.9	57.5	38.6	45.1	141.1	51.8	57.4	109.2	236.0	236.0	231.0	231.0	
Optical-fiber Broadband Services and Other Telecommunications Services	165.8	214.4	380.1	206.2	132.9	719.2	150.6	152.9	303.5	759.0	759.0	748.0	748.0	
Equipment Sales	213.2	220.5	433.7	224.4	222.2	880.3	211.2	216.7	427.8	877.0	877.0	877.0	877.0	
Other Operating Revenues	809.4	893.4	1,702.7	924.5	1,012.6	3,639.8	858.4	893.0	1,751.4	3,790.0	3,790.0	3,790.0	3,790.0	
Operating Expenses	72.3	72.8	145.1	72.2	74.5	291.8	72.9	71.6	144.5	290.0	290.0	300.0	300.0	
Personal														
Cost of Services, Cost of Equipment Sold, and Selling, General and Administrative	531.5	600.6	1,132.1	622.8	677.3	2,432.1	553.3	577.5	1,130.8	2,506.0	2,506.0	2,498.0	2,498.0	
Expenses	109.7	110.8	220.5	113.9	117.9	452.3	119.0	121.0	240.0	489.0	489.0	490.0	490.0	
Depreciation and Amortization	—	—	—	—	12.2	12.2	—	—	—	—	—	—	—	
Impairment Loss	—	—	—	—	—	—	—	—	—	—	—	—	—	
Loss on Disposal of Property, Plant and Equipment	7.9	16.8	24.8	16.5	38.3	79.6	12.4	16.0	28.5	69.0	69.0	60.0	60.0	
Communication Network Charges	76.7	82.1	158.7	88.8	81.8	329.4	90.9	96.6	187.5	395.0	395.0	400.0	400.0	
Taxes and Public Dues	11.2	10.3	21.5	10.3	10.5	42.4	9.9	10.2	20.1	41.0	41.0	42.0	42.0	
Operating Income	299.3	286.3	585.6	256.7	102.4	944.7	278.3	270.5	548.8	960.0	960.0	960.0	960.0	
Non-Operating Income (Loss)	(4.0)	(0.4)	(4.4)	8.3	1.0	4.8	3.5	2.2	5.7	121.0	121.0	6.0	6.0	
Income Before Income Taxes	295.3	285.9	581.2	265.0	103.4	949.6	281.8	272.7	554.5	1,081.0	1,081.0	966.0	966.0	
Net Income Attributable to NTT DOCOMO	206.9	198.6	405.4	184.0	63.1	652.5	189.9	184.0	373.9	740.0	740.0	655.0	655.0	
NTT DATA Consolidated (JPN GAAP)	392.2	387.4	779.6	401.2	551.5	1,732.4	540.4	480.5	1,020.9	2,060.0	2,060.0	2,060.0	2,060.0	
Net sales	89.1	97.6	186.7	109.5	159.1	455.4	85.9	—	183.0	447.0	447.0	447.0	447.0	
Public & Social Infrastructure	118.6	127.7	246.3	124.3	147.2	518.0	127.5	—	239.1	539.0	539.0	539.0	539.0	
Enterprise & Solutions	97.7	103.1	200.9	103.0	121.6	425.6	105.2	—	219.0	442.0	442.0	442.0	442.0	
New	—	—	—	—	—	—	—	—	—	—	—	—	—	
North America <sup>(1)</sup>	—	—	—	—	—	—	—	—	—	263.2	513.0	—	—	
EMEA & LATAM <sup>(1)</sup>	—	—	—	—	—	—	—	—	—	362.0	362.0	—	—	

Elimination or Corporate (1)	—	—	—	—	—	—	—	—	—	—	(116.2)	(243.0)	—
Old	145.2	122.8	268.0	128.7	206.5	603.3	284.7	—	—	—	—	—	908.0
Global	(58.5)	(63.9)	(122.4)	(64.5)	(83.0)	(269.9)	(63.0)	—	—	—	—	—	(276.0)
Elimination or Corporate	294.5	286.7	581.2	293.7	418.6	1,293.6	413.5	354.4	767.9	1,548.0	1,550.0	—	1,550.0
Cost of Sales	97.6	100.6	198.3	107.5	132.9	438.8	126.9	126.0	253.0	512.0	510.0	—	510.0
Gross Profit	80.3	72.7	153.0	78.3	90.4	321.7	104.7	96.2	200.9	392.0	390.0	—	390.0
Selling, General and Administrative Expenses	17.3	27.9	45.3	29.1	42.5	117.1	22.1	29.8	52.0	120.0	120.0	—	120.0
Operating Income	(0)	(0.1)	(0.2)	(1.1)	(2.7)	(4.1)	0.2	(2.0)	(1.7)	(4.0)	(4.0)	—	(4.0)
Non-Operating Income (Loss)	17.3	27.7	45.0	28.0	39.8	112.9	22.4	27.8	50.2	116.0	116.0	—	116.0
Ordinary Income	10.0	18.9	29.0	16.0	20.6	65.6	8.1	13.7	21.8	59.0	59.0	—	59.0
Net Income Attributable to Owners of Parent													

Note: (1) Due to the revision of NTT DATA's global management structure on July 1, 2017, NTT DATA changed the method of classification and disclosure of segment information starting from the six months ended September 30, 2017. Under the new segments, the results for the six months ended September 30, 2016 were 87.0 billion for North America, 170.6 billion yen for EMEA & LATAM, and (112.0) billion yen for Elimination or Corporate, and the results for the year ended March 31, 2017 were 246.3 billion for North America, 330.8 billion yen for EMEA & LATAM, and (243.9) billion yen for Elimination or Corporate. The new Elimination or Corporate segment includes certain figures that would have been included in former segment areas such as China/APAC.

4. Operating Data

Number of Subscribers

(In thousands except for Public Telephones)

	FY 2016					FY 2017					FY 2017 (E)	FY 2017 (E)	[Ref.]
	As of June 30	As of September 30	As of December 31	As of March 31	As of June 30	As of September 30	As of December 31	As of March 31	As of March 31 (Revised Forecast)	As of March 31 (Previously Announced Forecast)			
Telephone Subscriber Lines <sup>(1)</sup>	19,671	19,413	19,117	18,797	18,482	18,168	18,168	17,785	17,785	17,785			
NTT East	9,740	9,617	9,471	9,315	9,166	9,014	9,014	8,865	8,865	8,865			
NTT West	9,931	9,796	9,647	9,482	9,316	9,154	9,154	8,920	8,920	8,920			
INS-Net <sup>(2)</sup>	2,719	2,661	2,602	2,539	2,488	2,440	2,440	2,326	2,326	2,326			
NTT East	1,384	1,356	1,325	1,293	1,269	1,244	1,244	1,193	1,193	1,193			
NTT West	1,334	1,305	1,276	1,246	1,219	1,196	1,196	1,133	1,133	1,133			
Telephone Subscriber Lines + INS-Net	22,390	22,074	21,719	21,336	20,970	20,609	20,609	20,111	20,111	20,111			
NTT East	11,125	10,973	10,796	10,609	10,434	10,258	10,258	10,059	10,059	10,059			
NTT West	11,265	11,102	10,923	10,727	10,535	10,350	10,350	10,052	10,052	10,052			
Public Telephones	168,673	166,120	163,921	161,375	160,396	159,485	159,485	157,972	157,972	157,972			
NTT East	76,511	74,846	73,357	71,434	71,037	70,763	70,763	70,434	70,434	70,434			
NTT West	92,162	91,274	90,564	89,941	89,359	88,722	88,722	87,538	87,538	87,538			
FLET'S ISDN	83	81	79	77	75	73	73	70	70	70			
NTT East	36	35	34	33	33	32	32	30	30	30			
NTT West	47	46	45	44	43	42	42	39	39	39			
FLET'S ADSL	1,019	987	955	919	881	849	849	791	791	791			
NTT East	459	444	428	411	394	379	379	351	351	351			
NTT West	560	543	527	508	487	470	470	440	440	440			
FLET'S Hikari (including Hikari Collaboration Model) <sup>(3)(4)(5)</sup>	19,520	19,704	19,903	20,053	20,294	20,386	20,386	20,853	20,853	20,853			
NTT East	10,839	10,958	11,078	11,173	11,318	11,381	11,381	11,673	11,673	11,673			
NTT West	8,681	8,746	8,825	8,880	8,976	9,005	9,005	9,180	9,180	9,180			
(incl.) Hikari Collaboration Model	5,912	6,917	7,854	8,744	9,574	10,145	10,145	11,894	11,894	11,894			
NTT East	3,781	4,337	4,846	5,328	5,770	6,077	6,077	7,028	7,028	7,028			
NTT West	2,131	2,580	3,008	3,416	3,804	4,069	4,069	4,866	4,866	4,866			
Hikari Denwa <sup>(6)</sup>	17,451	17,545	17,655	17,759	17,862	17,924	17,924	18,039	18,039	17,988			
NTT East	9,180	9,242	9,311	9,369	9,433	9,478	9,478	9,569	9,569	9,569			
NTT West	8,271	8,302	8,344	8,390	8,430	8,447	8,447	8,470	8,470	8,419			
Conventional Leased Circuit Services	231	229	227	225	224	222	222	218	218	218			
NTT East	112	111	110	109	109	108	108	105	105	105			
NTT West	118	118	117	116	115	115	115	113	113	113			
High Speed Digital Services	114	112	110	108	106	105	105	100	100	100			
NTT East	58	57	56	55	54	53	53	52	52	52			

NTT West	56	55	54	53	52	52	48	48
NTT Group Major ISPs <sup>(7)</sup> (incl.) OCN	11,360	11,328	11,303	11,231	11,189	11,157	11,015	11,031
(incl.) Plala	7,969	7,905	7,847	7,739	7,678	7,637	7,496	7,496
Hikari TV	3,024	3,047	3,075	3,106	3,124	3,135	3,130	3,130
FLET'S TV Transmission Services <sup>(6)</sup>	3,047	3,041	3,032	3,023	3,021	3,018	3,030	3,030
NTT East	1,445	1,464	1,489	1,521	1,551	1,570	1,602	1,602
NTT West	917	926	939	951	963	972	981	981
Mobile Telecommunications Services <sup>(8)</sup> (incl.) "Kake-hodai & Pake-aeru" billing plan	528	538	551	570	587	597	621	621
Telecommunications Services (LTE (Xi))	71,614	72,943	73,588	74,880	75,114	75,361	76,200	77,100
Telecommunications Services (FOMA (3G))	31,586	33,416	35,198	37,066	38,342	39,617	—	—
sp-mode	39,893	41,281	42,671	44,544	45,659	46,908	50,000	51,700
i-mode	31,721	31,662	30,917	30,336	29,455	28,453	26,200	25,400
	33,082	33,809	34,749	35,921	36,671	37,418	39,300	40,200
	18,136	17,416	16,503	15,493	14,662	13,809	11,900	11,300

Notes: (1) Number of Telephone Subscriber Lines is the total of individual lines and central station lines (Subscriber Telephone Light Plan is included).

(2) "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 Line Plan").

(3) Number of "FLET'S Hikari (including Hikari Collaboration Model)" subscribers includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Mytown Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West and subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.

(4) The comparative results for the six months ended September 30, 2017 compared to the year ended March 31, 2017 for "FLET'S Hikari (including Hikari Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West were 834 thousand lines and 644 thousand lines, respectively, for a total of 1,478 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari Collaboration Model" for NTT East and NTT West were 598 thousand lines and 429 thousand lines, respectively, for a total of 1,027 thousand lines; and the numbers of switchover lines for NTT East and NTT West were 502 thousand lines and 449 thousand lines, respectively, for a total of 951 thousand lines.

(5) The comparative forecast for the year ending March 31, 2018 (Revised Forecast) compared to the results for the year ended March 31, 2017 for "FLET'S Hikari (including 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 1,200 thousand lines, respectively, for a total of 2,900 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari 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 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, respectively, for a total of 2,100 thousand lines.

(6) Numbers of subscribers for "Hikari Denwa" and "FLET'S TV Transmission Services" include wholesale services provided to service providers by NTT East and NTT West.

(7) "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.

#### 4. Operating Data

##### Average Monthly Revenue per Unit (ARPU)

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

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

NTT believes that its ARPU figures calculated in this way provide useful information regarding the monthly average usage of its subscribers. The revenue 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.

	(Yen)													
	FY 2016						FY 2017							
	Three Months Ended	Three Months Ended	Six Months Ended	Three Months Ended	Three Months Ended	Year Ended	Three Months Ended	Three Months Ended	Six Months Ended	Three Months Ended	Three Months Ended	Year Ended	Year Ending	
June 30	September 30	September 30	December 31	March 31	March 31	June 30	September 30	September 30	December 31	March 31	March 31	March 31 (Revised Forecast)	March 31 (Previously Announced Forecast)	
NTT East (1)(2)(3)(4)(5)														
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET)	2,620	2,620	2,620	2,620	2,590	2,610	2,580	2,580	2,580	2,570	2,570	2,570	2,570	2,570
FLET'S Hikari ARPU (6)	5,340	5,280	5,310	5,230	5,170	5,250	5,120	5,090	5,100	5,050	5,050	5,050	5,050	5,050
Basic Monthly Charge	3,750	3,720	3,730	3,690	3,670	3,700	3,640	3,640	3,630	3,600	3,600	3,600	3,600	3,600
Optional Services	1,590	1,560	1,580	1,540	1,500	1,550	1,480	1,450	1,470	1,450	1,450	1,450	1,450	1,450
NTT West (1)(2)(3)(4)(5)														
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET)	2,580	2,580	2,580	2,580	2,560	2,580	2,540	2,550	2,540	2,550	2,550	2,550	2,550	2,550
FLET'S Hikari ARPU (6)	5,350	5,300	5,330	5,260	5,210	5,280	5,160	5,110	5,140	5,080	5,080	5,080	5,080	5,080
Basic Monthly Charge	3,640	3,620	3,640	3,590	3,570	3,610	3,550	3,510	3,530	3,490	3,490	3,490	3,490	3,490
Optional Services	1,710	1,680	1,690	1,670	1,640	1,670	1,610	1,600	1,610	1,590	1,590	1,590	1,590	1,590
NTT														
DOCOMO (7)(8)(9)														
Aggregate ARPU (Voice ARPU (LTE (Xi) + FOMA (3G))	4,330	4,420	4,380	4,450	4,550	4,430	4,600	4,710	4,650	4,670	4,670	4,670	4,670	4,700



Data ARPU	3,090	3,170	3,140	3,170	3,330	3,180	3,270	3,320	3,290	3,310	3,350
Packet ARPU (LTE (Xi) + FOMA (3G))	2,960	2,990	2,980	2,960	3,080	2,990	2,970	2,990	2,980	2,970	3,010
"docomo Hikari" ARPU	130	180	160	210	250	190	300	330	310	340	340

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 call charges for Telephone Subscriber Lines and INS-NET Subscriber Lines, which are included in operating revenues from Voice Transmission Services (excluding IP Services), and revenues from "FLET'S ADSL" and "FLET'S ISDN," which are included in operating revenues from IP Services.
  - b. FLET'S Hikari ARPU: Calculated based on revenues from "FLET'S Hikari" (including "FLET'S Hikari" optional services), which are included in operating revenues from IP Services, revenues from monthly charges, call charges and connection device charges for "Hikari Denwa," and revenues from "FLET'S Hikari" optional services, which are included in Supplementary Business revenues.
    - "FLET'S Hikari" includes "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, 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 includes the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
    - "FLET'S Hikari" Optional Services includes wholesale services provided to service providers by NTT East and NTT West.

- (2) 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.

- (3) 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
  - Six-month Results (from April to September): Sum of number of active subscribers\* for each month from April to September
  - FY Results: Sum of number of active subscribers\* for each month from April to March
  - FY Forecast (Previously Announced 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
  - FY Forecast (Revised Forecast): Sum of number of active subscribers\* for each month from April to September and sum of the average expected active number of subscribers\* from October to March ((number of subscribers at September 30, 2017 + number of expected subscribers at March 31, 2018)/2)x6

\*active subscribers = (number of subscribers at end of previous month + number of subscribers at end of the current month)/2

- (4) 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. For this reason, for the purpose of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions.

- (6) 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" provided by NTT East, subscribers to "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, and the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.

- (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
- (8) 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
  - Six-month Results (from April to September): Sum of number of active users\* for each month from April to September
  - FY Results/FY Forecast (Previously Announced Forecast/Revised Forecast): Sum of number of active users\*/expected number of active users\* for each month from April to March
- \*active users = (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 wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs); and
  - 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.
- Note that revenues from communication module services, “Phone Number Storage,” “Mail Address Storage,” “docomo Business Transceiver” and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs) are not included in ARPU calculations.

#### 4. Operating Data

##### Number of Employees

	FY 2016			FY 2017			FY 2017 (E)	FY 2017 (E)	(Persons)
	As of June 30	As of September 30	As of December 31	As of March 31	As of June 30	As of September 30	As of March 31 (Revised Forecast)	As of March 31 (Previously Announced Forecast)	[Ref.]
NTT Consolidated (1)	248,650	248,650	280,600	274,850	280,850	283,400	281,750	281,350	
Regional communications business	67,400	67,300	73,700	68,250	70,000	70,300	68,250	67,150	
Long distance and international communications business	45,150	44,450	44,050	43,850	43,850	44,200	44,500	45,850	
Mobile communications business	27,500	27,450	27,400	26,750	28,150	28,050	27,750	28,050	
Data communications business	83,200	84,000	109,950	111,650	113,950	115,900	117,000	115,950	
Other business	25,400	25,450	25,500	24,350	24,900	24,950	24,250	24,350	
Core Group Companies (1)									
NTT (Holding Company)	2,800	2,800	2,750	2,700	2,750	2,700	2,650	2,700	
NTT East	5,200	4,950	4,950	4,850	5,200	4,800	4,650	4,800	
NTT West	4,600	4,450	4,450	4,400	4,550	4,000	3,900	4,300	
NTT Communications	6,550	6,450	6,450	6,350	6,400	6,400	6,300	6,300	
NTT DOCOMO (Consolidated)	27,500	27,450	27,400	26,750	28,150	28,050	27,750	28,050	
NTT DATA (Consolidated)	83,200	84,000	109,950	111,650	113,950	115,900	117,000	115,950	

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.