

Financial Results Release

For the Nine Months Ended December 31, 2017

February 9, 2018
[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 : February 13, 2018
Scheduled date of dividend payments : —
Supplemental material on quarterly results : Yes
Presentation on quarterly results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (April 1, 2017 – December 31, 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 | |
| Nine months ended December 31, 2017 | 8,722,036 | 4.3% | 1,319,553 | 0.1% | 1,441,310 | 10.3% | 736,590 | 10.1% |
| Nine months ended December 31, 2016 | 8,360,497 | (1.6)% | 1,318,554 | 17.0% | 1,307,197 | 16.6% | 668,728 | 10.7% |

Notes: 1. Comprehensive income (loss) attributable to NTT: For the nine months ended December 31, 2017: 811,781 million yen 38.0%
For the nine months ended December 31, 2016: 588,306 million yen 12.3%

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 |
|-------------------------------------|--|--|
| Nine months ended December 31, 2017 | 367.98 (yen) | — (yen) |
| Nine months ended December 31, 2016 | 325.64 (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 |
| December 31, 2017 | 21,528,070 | 11,993,834 | 9,376,545 | 43.6% | 4,736.86 (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 nine months ended December 31, 2017: None

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

| Year Ending | (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 |
| 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 nine months ended December 31, 2017: None

***Notes:**

- (1) Change in significant consolidated subsidiaries during the nine months ended December 31, 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):

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

| | |
|-------------------|----------------------|
| December 31, 2017 | : 116,908,131 shares |
| March 31, 2017 | : 81,026,959 shares |
 - iii. Weighted average number of shares outstanding:

| | |
|---|------------------------|
| For the nine months ended December 31, 2017 | : 2,001,718,206 shares |
| For the nine months ended December 31, 2016 | : 2,053,571,790 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, February 9, 2018, NTT will hold a presentation on its financial results for institutional investors and analysts. Shortly thereafter, NTT plans to post on its website explanatory details, along with the materials used at the presentation.

1. Summary Information (notes)

- (1) Change in significant consolidated subsidiaries during the nine months ended December 31, 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 nine months ended December 31, 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.

(1) Consolidated Balance Sheets

– 4 –

| | March 31, 2017 | December 31, 2017 | Millions of yen Increase (Decrease) |
|--|-------------------|----------------------|---|
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Short-term borrowings | ¥ 227,207 | ¥ 377,194 | ¥ 149,987 |
| Current portion of long-term debt | 681,904 | 587,451 | (94,453) |
| Accounts payable, trade | 1,612,996 | 1,365,246 | (247,750) |
| Current portion of obligations under capital leases | 14,430 | 13,011 | (1,419) |
| Accrued payroll | 443,308 | 402,755 | (40,553) |
| Accrued taxes on income | 239,755 | 163,304 | (76,451) |
| Accrued consumption tax | 75,083 | 99,517 | 24,434 |
| Advances received | 324,342 | 389,937 | 65,595 |
| Other | 512,368 | 516,082 | 3,714 |
| Total current liabilities | 4,131,393 | 3,914,497 | (216,896) |
| Long-term liabilities: | | | |
| Long-term debt (excluding current portion) | 3,168,478 | 3,154,018 | (14,460) |
| Obligations under capital leases (excluding current portion) | 25,568 | 23,680 | (1,888) |
| Liability for employees' retirement benefits | 1,599,381 | 1,645,420 | 46,039 |
| Accrued liabilities for point programs | 103,047 | 102,115 | (932) |
| Deferred income taxes | 166,751 | 137,675 | (29,076) |
| Other | 497,132 | 504,835 | 7,703 |
| Total long-term liabilities | 5,560,357 | 5,567,743 | 7,386 |
| Redeemable noncontrolling interests | 50,819 | 51,996 | 1,177 |
| Equity: | | | |
| NTT shareholders' equity | | | |
| Common stock, no par value | 937,950 | 937,950 | — |
| Additional paid-in capital | 2,862,035 | 2,841,567 | (20,468) |
| Retained earnings | 5,626,155 | 6,092,304 | 466,149 |
| Accumulated other comprehensive income (loss) | 1,562 | 73,402 | 71,840 |
| Treasury stock, at cost | (375,223) | (568,678) | (193,455) |
| Total NTT shareholders' equity | 9,052,479 | 9,376,545 | 324,066 |
| Noncontrolling interests | 2,455,277 | 2,617,289 | 162,012 |
| Total equity | 11,507,756 | 11,993,834 | 486,078 |
| Total liabilities and equity | ¥ 21,250,325 | ¥ 21,528,070 | ¥ 277,745 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
NINE-MONTH PERIOD ENDED DECEMBER 31

Consolidated Statements of Income

| | Millions of yen | | |
|---|------------------|------------------|------------------------|
| | 2016 | 2017 | Increase (Decrease) |
| Operating revenues: | | | |
| Fixed voice related services | ¥ 919,161 | ¥ 858,886 | ¥ (60,275) |
| Mobile voice related services | 651,378 | 706,412 | 55,034 |
| IP / packet communications services | 2,842,376 | 2,860,996 | 18,620 |
| Sale of telecommunications equipment | 650,100 | 641,991 | (8,109) |
| System integration | 2,123,736 | 2,479,868 | 356,132 |
| Other | 1,173,746 | 1,173,883 | 137 |
| | <u>8,360,497</u> | <u>8,722,036</u> | <u>361,539</u> |
| Operating expenses: | | | |
| Cost of services (excluding items shown separately below) | 1,751,417 | 1,700,865 | (50,552) |
| Cost of equipment sold (excluding items shown separately below) | 654,772 | 675,388 | 20,616 |
| Cost of system integration (excluding items shown separately below) | 1,496,570 | 1,774,817 | 278,247 |
| Depreciation and amortization | 1,082,890 | 995,564 | (87,326) |
| Impairment losses | | | |
| Goodwill | 53,294 | 18,864 | (34,430) |
| Metal cables | — | 124,800 | 124,800 |
| Other | 12,698 | 744 | (11,954) |
| Selling, general and administrative expenses | 1,990,302 | 2,111,441 | 121,139 |
| | <u>7,041,943</u> | <u>7,402,483</u> | <u>360,540</u> |
| Operating income | <u>1,318,554</u> | <u>1,319,553</u> | <u>999</u> |
| Other income (expenses): | | | |
| Interest and amortization of bond discounts and issue costs | (28,168) | (25,276) | 2,892 |
| Interest income | 13,176 | 14,093 | 917 |
| Income from arbitration award | — | 147,646 | 147,646 |
| Other, net | 3,635 | (14,706) | (18,341) |
| | <u>(11,357)</u> | <u>121,757</u> | <u>133,114</u> |
| Income before income taxes and equity in earnings (losses) of affiliated companies | <u>1,307,197</u> | <u>1,441,310</u> | <u>134,113</u> |
| Income tax expense (benefit): | | | |
| Current | 369,479 | 421,822 | 52,343 |
| Deferred | 55,362 | 35,763 | (19,599) |
| | <u>424,841</u> | <u>457,585</u> | <u>32,744</u> |
| Income before equity in earnings (losses) of affiliated companies | <u>882,356</u> | <u>983,725</u> | <u>101,369</u> |
| Equity in earnings (losses) of affiliated companies | 14,247 | 12,050 | (2,197) |
| Net income | <u>896,603</u> | <u>995,775</u> | <u>99,172</u> |
| Less – Net income attributable to noncontrolling interests | 227,875 | 259,185 | 31,310 |
| Net income attributable to NTT | <u>¥ 668,728</u> | <u>¥ 736,590</u> | <u>¥ 67,862</u> |
| Per share of common stock: | | | |
| Weighted average number of shares outstanding (Shares) | 2,053,571,790 | 2,001,718,206 | |
| Net income attributable to NTT (Yen) | ¥ 325.64 | ¥ 367.98 | |

Consolidated Statements of Comprehensive Income

| | Millions of yen | | |
|--|------------------|------------------|------------------------|
| | 2016 | 2017 | Increase (Decrease) |
| Net income | ¥ 896,603 | ¥ 995,775 | ¥ 99,172 |
| Other comprehensive income (loss), net of tax: | | | |
| Unrealized gain (loss) on securities | 1,117 | 42,466 | 41,349 |
| Unrealized gain (loss) on derivative instruments | (2,415) | 737 | 3,152 |
| Foreign currency translation adjustments | (97,527) | 61,778 | 159,305 |
| Pension liability adjustments | 8,173 | 5,670 | (2,503) |
| Total other comprehensive income (loss) | (90,652) | 110,651 | 201,303 |
| Total comprehensive income (loss) | 805,951 | 1,106,426 | 300,475 |
| Less – Comprehensive income attributable to noncontrolling interests | 217,645 | 294,645 | 77,000 |
| Total comprehensive income (loss) attributable to NTT | ¥ 588,306 | ¥ 811,781 | ¥ 223,475 |

(3) Going Concern Assumption

None

(4) NTT Shareholders' Equity

1. Dividends

Cash dividends paid during the nine months ended December 31, 2017 were as follows:

| | |
|---------------------------|---|
| 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 |

| | |
|-------------------------------|--|
| 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 26,946,400 shares of its common stock for a total purchase price of ¥150,000 million between October 2017 and December 2017, and concluded the repurchase of its common stock authorized by Board of Directors' resolution.

(5) Subsequent Events

NTT DOCOMO's repurchase of 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.

On December 11, 2017, the Board of Directors of NTT DOCOMO resolved that NTT DOCOMO may acquire up to 93,248,787 shares of its outstanding common stock by way of tender offer at an amount in total not exceeding ¥250,000 million from December 12, 2017 through January 15, 2018. Based on this resolution, NTT DOCOMO repurchased 75,678,037 shares of its common stock at ¥202,893 million on February 6, 2018, 74,599,000 shares of which NTT sold back to NTT DOCOMO at ¥200,000 million. Due to NTT DOCOMO's repurchase transactions, NTT's ownership interest in NTT DOCOMO decreased from 66.7% to 66.0%. NTT expects to recognize the difference between the consideration paid to the non-controlling interest holders and the decrease in the carrying value of such non-controlling interests resulting from this transaction as an adjustment to "Additional paid-in capital" in the consolidated balance sheet as of March 31, 2018.

The Board of Directors of NTT DOCOMO also resolved that NTT DOCOMO may acquire up to 44,321,963 shares of its outstanding common stock* by way of repurchases on Tokyo Stock Exchange for an amount in total not exceeding ¥97,107 million* from the next business day following the expiration of the tender offer through March 31, 2018. NTT DOCOMO did not make repurchase by way of repurchases on the market in January 2018.

- * The number of shares remaining after subtracting the number of shares acquired by way of tender offer from the maximum limit of 120 million shares and the amount remaining after subtracting the total amount used to repurchase the shares acquired by way of tender offer from the maximum limit of ¥300,000 million.

[Note]

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

Financial Results for the Nine Months Ended December 31, 2017

February 9, 2018



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.

*** "3Q" in this material represents the 9-month period beginning on April 1 and ending on December 31.

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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 | : | ¥8,722.0 billion (increase of ¥361.5 billion [4.3%]) | year-on-year) |
| ➤ Operating Income | : | ¥1,319.6 billion (increase of ¥1.0 billion [0.1%]) | year-on-year) |
| ➤ Net Income ^{*1} | : | ¥736.6 billion (increase of ¥67.9 billion [10.1%]) | year-on-year) |
| ➤ Overseas Sales | : | \$14.45 billion (increase of \$2.26 billion [18.6%]) | year-on-year) |
| • Cross-Selling Order Volume | : | \$0.66 billion | |
| ➤ Overseas Operating Income ^{*2} | : | \$0.78 billion (increase of \$0.24 billion [43.5%]) | year-on-year) |

*1 Net income represents net income attributable to NTT, excluding noncontrolling interests.

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

● Promotion of the B2B2X Model

- Continued to expand collaboration efforts with corporations and local governments by supporting their digital transformation in various fields, such as sports, transportation and manufacturing in an effort towards creating new value and solving social issues and challenges

● Expansion of Global Cloud Services

- Acquisition of Secure-24, a provider of managed services in the U.S.

● Shareholder returns

- Completed share buybacks on December 8, 2017: ¥150.0 billion
- Aggregate amount of FY2017 share buybacks: ¥193.2 billion








● 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 December 2017): approximately 2.40 million devices

(Reference) Major B2B2X Initiatives in FY2017 3Q



| | | | |
|---|---|------|--|
|  |    | Oct. | Demonstrated a pleasant flight experience by monitoring babies' conditions through the utilization of hitoe® (Established "Airplane without crying babies!?" project) |
|  |    | Oct. | Began the commercial provision of the FIELD system through the utilization of edge computing |
|  |     | Oct. | Contributed to the further development of Sapporo by carrying out automated driving on public roads in central city areas |
|  |  | Oct. | Demonstrated power-saving efforts in agriculture and water environments through the utilization of corevo® |
|  |  | Nov. | Produced a new Kabuki experience through the utilization of Kirari! by enabling two actors to perform together through virtual reality (connected Ponto-cho and Miyakawa-cho in the performance of "Miyako Musubi Yume-no Renjishi") |
|  |  | Nov. | Initiated collaborative experiments on athletes' performance and brain information processing |
|  |      | Nov. | Began demonstrations that predict the flow of people through the utilization of AI and control air conditioning using optimal device control technology |

(Reference) NTT R&D Forum 2018



■ “NTT R&D Forum” (on an invitation basis only)

Date and Time Thursday, February 22, 2018 and
Friday, February 23, 2018
10:00 – 17:00

Place
NTT Musashino R&D Center
Tokyo, Japan

Exhibits

Introduce the latest research findings, including research efforts on the B2B2X model, in each of the categories of Media & UI, corevo, IoT, Network and Security, and Basic Research

- (e.g.)
- New value creation utilizing corevo (AI)
 - IoT utilizing edge computing
 - Immersive Telepresence Technology—Kirari! (enabling ultra-high presence experiences)
 - Security technologies for industrial control systems, etc.
 - Quantum Neural Network (QNN)



Digital Technologies
for a Brighter Future



(Reference) Mobile World Congress 2018

– A Group Exhibition On Display



- Display leading and advanced B2B2X business models utilizing AI, IoT and 5G
- Through the exhibition, NTT aims to introduce new value created in collaboration with a wide range of partners in various business sectors



MWC 2018

Overview



Duration

Monday, February 26, 2018
– Thursday, March 1, 2018
(four days)

Venue

Barcelona, Spain

Number of companies holding exhibitions* 2,300

*Based on 2017 data

The exhibition area will be displayed in 5 zones

- (1) Sport & Culture
- (2) Mobility & Logistics
- (3) Manufacturing
- (4) Agriculture
- (5) Life & Environment



Appendix

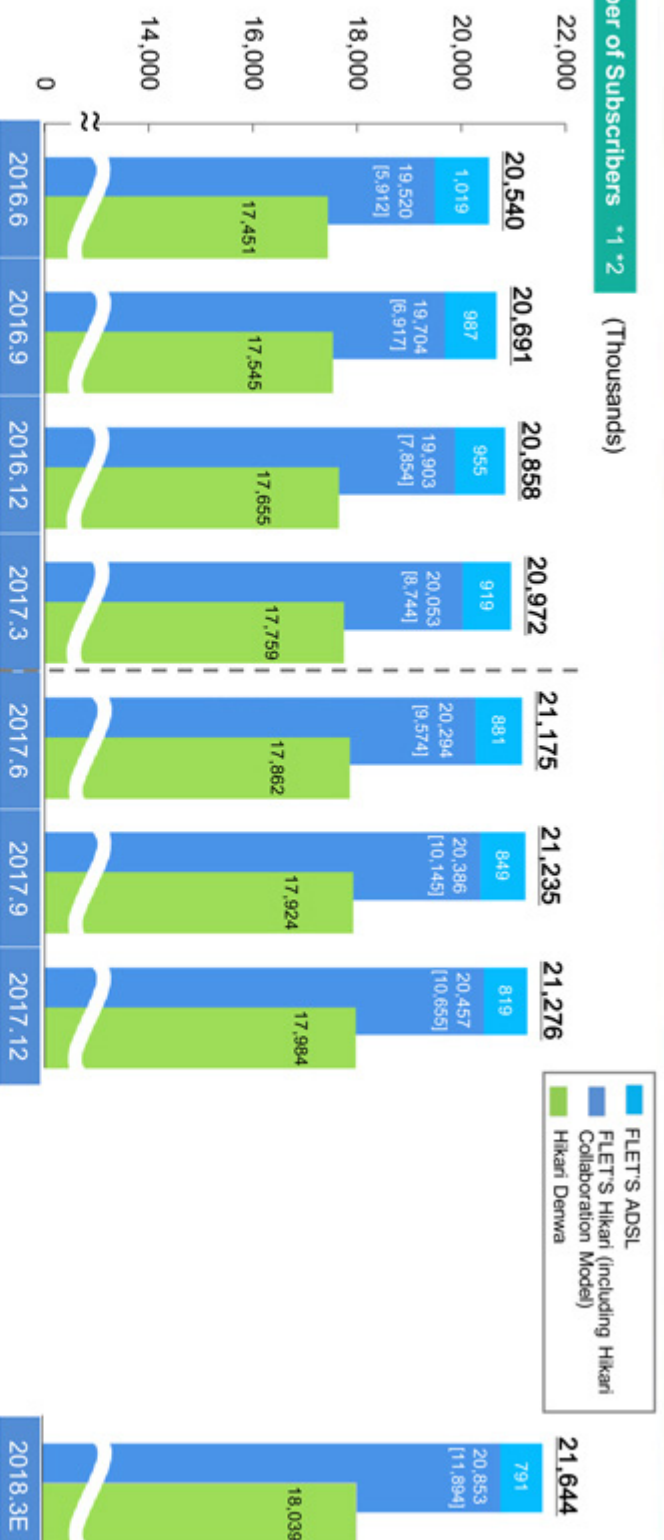
The background is a deep blue gradient. On the left side, there is a bright, curved light source, possibly representing a sun or moon, with soft, glowing rays emanating from it. Several thin, white, curved lines sweep across the lower right portion of the image, adding a sense of motion or flow.

Progress of Broadband Services

Number of Subscribers for Fixed Broadband Services



Number of Subscribers *1*2 (Thousands)



Changes from the Preceding Quarter (Thousands)

| | FY2016 | | | | FY2017 | | | | FY2016 | FY2017E |
|-----------------------|--------|------|-------|------|--------|------|-------|-------|--------|---------|
| | 4-6 | 7-9 | 10-12 | 1-3 | 4-6 | 7-9 | 10-12 | 4-12 | | |
| FLET'S Hikari *1 | 261 | 183 | 199 | 150 | 241 | 92 | 72 | 404 | 794 | 800 |
| Opened connections *3 | 786 | 649 | 672 | 750 | 851 | 627 | 625 | 2,103 | 2,857 | 2,900 |
| FLET'S ADSL | (34) | (32) | (32) | (36) | (38) | (32) | (31) | (100) | (134) | (128) |
| Hikari Denwa *4*5 | 77 | 93 | 111 | 104 | 104 | 62 | 59 | 225 | 385 | 280 |

*1 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 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.

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

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

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

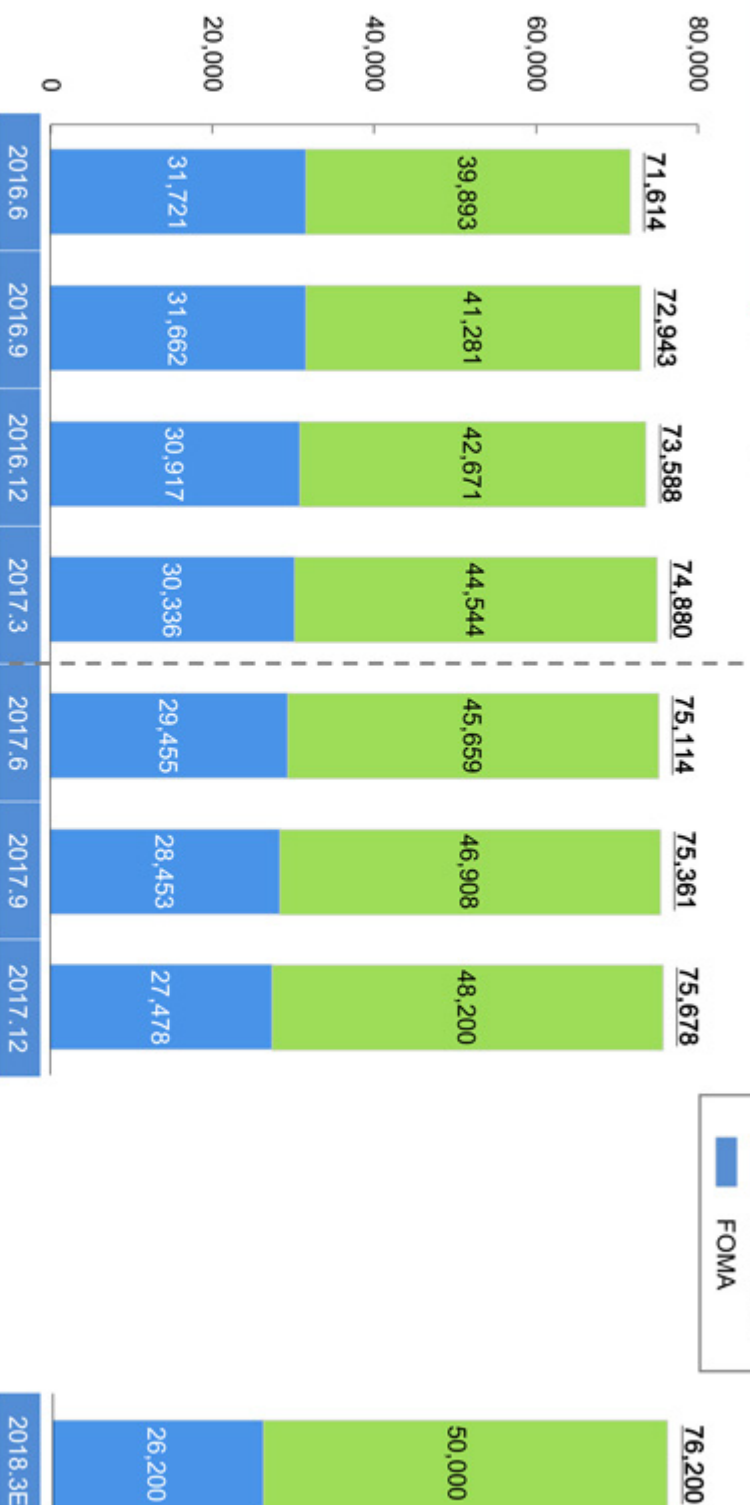
*5 Numbers of Hikari Denwa subscribers are presented in thousands of channels.

Financial Results for the Nine Months Ended December 31, 2017

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Number of Subscribers for Mobile Broadband Services

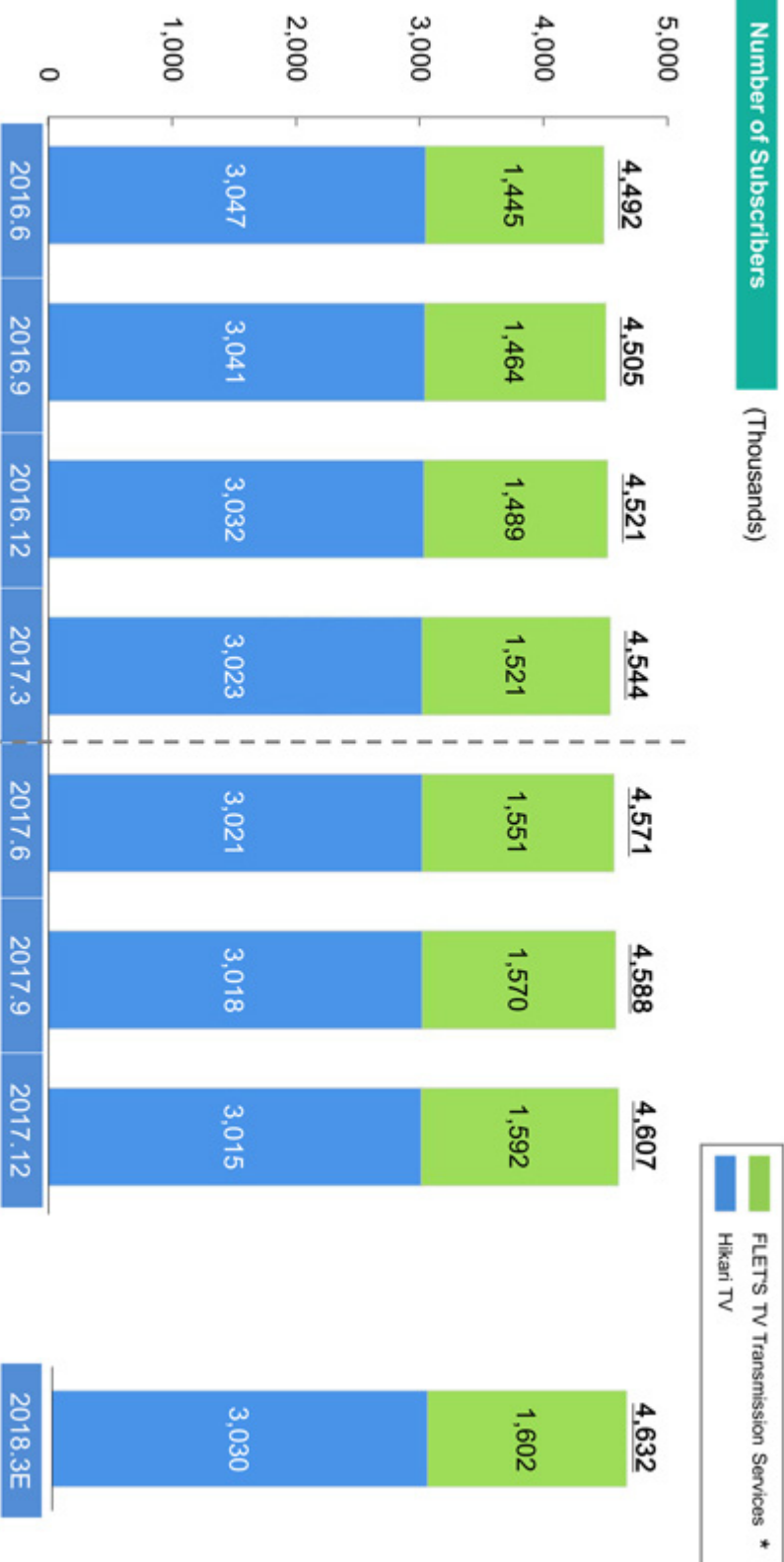
Number of Subscribers *
(Thousands)

(Thousands)

| LTE(Xi)+FOMA | FY2016 | | | | FY2017 | | | | FY2016 | FY2017E |
|--------------|--------|-----|-------|-----|--------|-----|-------|------|--------|---------|
| | 4-6 | 7-9 | 10-12 | 1-3 | 4-6 | 7-9 | 10-12 | 4-12 | | |
| 650 | 1,330 | 645 | 1,292 | | 234 | 247 | 317 | 799 | 3,916 | 1,301 |

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

Number of Subscribers for Video Services



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



Financial Information

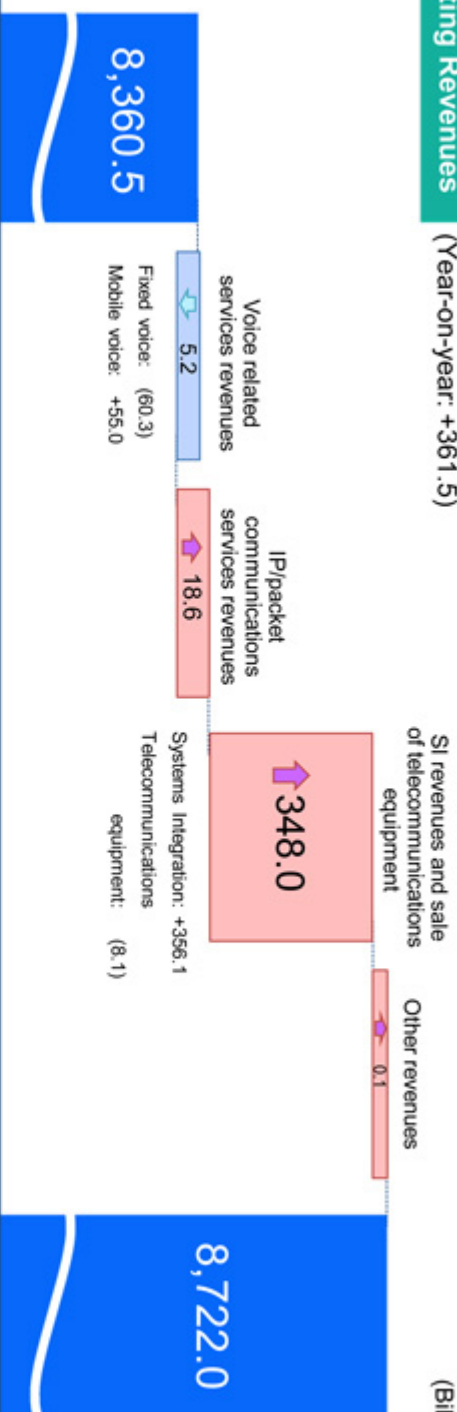
Details of Consolidated Statement of Income



Operating Revenues

(Year-on-year: +361.5)

(Billions of yen)

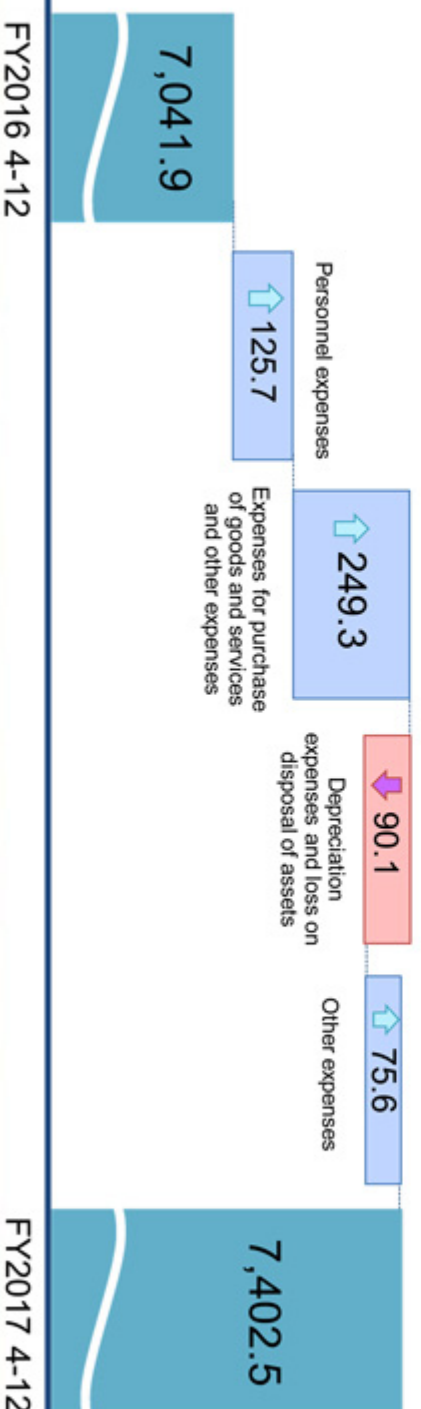


FY2016 4-12

FY2017 4-12

Operating Expenses

(Year-on-year: +360.5)



FY2016 4-12

FY2017 4-12

Details of Consolidated Balance Sheet



(Billions of yen)

21,250.3

21,528.1 [+277.7]

Liabilities
9,691.8

Liabilities
9,482.2
[(209.5)]

Assets
21,250.3

Assets
21,528.1
[+277.7]

Other
50.8

Other
52.0 [+1.2]

Equity
11,507.8

Equity
11,993.8

Retained earnings
5,626.2Retained earnings
6,092.3
[+466.1]

**Treasury Stock
(375.2)**

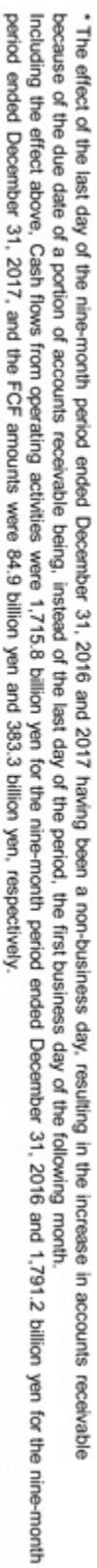
Treasury Stock
(568.7)
[(193.5)]

March 31, 2017

December 31, 2017



| Cash flows from operating activities (A) | Cash flows from investing activities (B) | FCF (A) + (B) | Cash flows from financing activities |
|--|--|---------------|--------------------------------------|
| | | | |

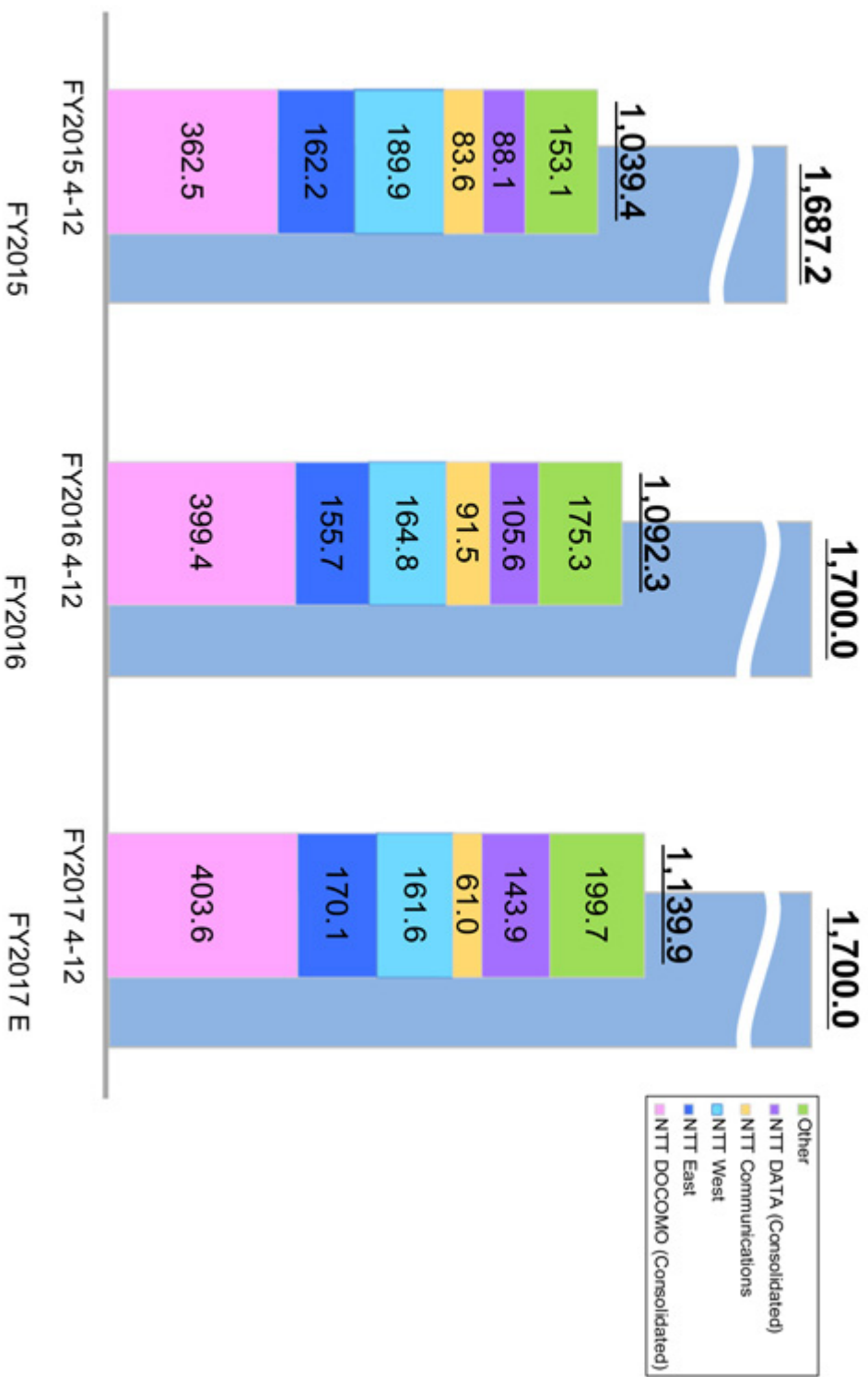


Details of Capital Investment



(Billions of yen)

Capital Investment

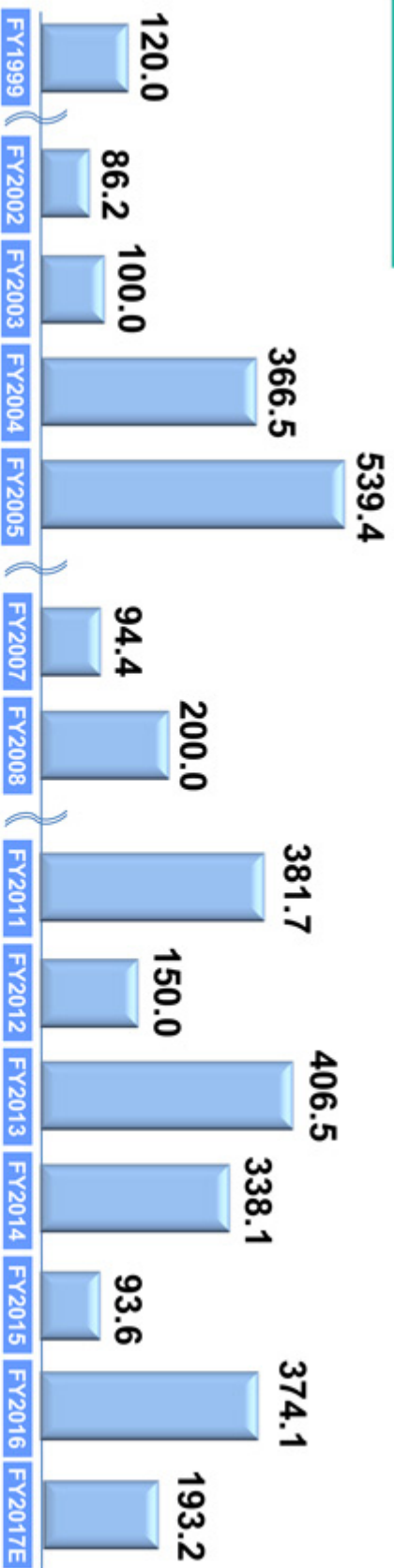


Shareholder Returns



Share Buybacks

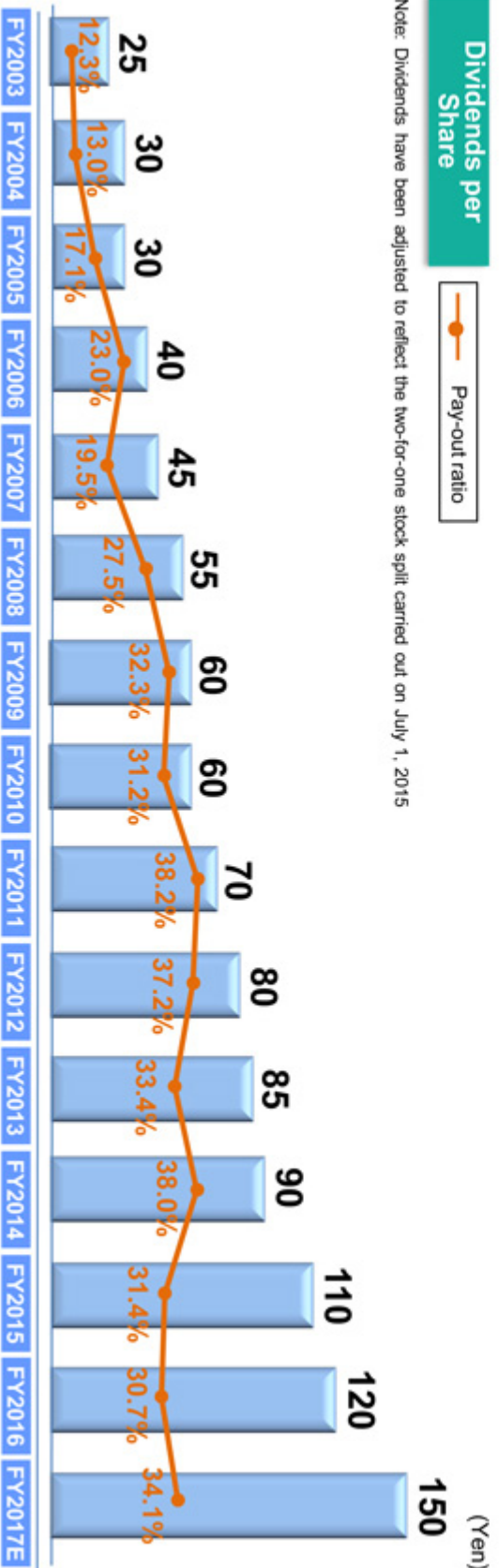
(Billions of yen)



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



February 9, 2018

FOR IMMEDIATE RELEASE

Financial Statements for the Nine Months Ended December 31, 2017

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the nine months ended December 31, 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. Revised Forecasts for the Fiscal Year Ending March 31, 2018

For inquiries, please contact:

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Tel: +81-3-5359-3331
E-mail: kessan_info-ml@east.ntt.co.jp

1. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

| | (Millions of yen) | | |
|--|-------------------|-------------------|------------------------|
| | March 31, 2017 | December 31, 2017 | Increase (Decrease) |
| ASSETS | | | |
| Fixed assets: | | | |
| Fixed assets - telecommunications businesses | | | |
| Property, plant and equipment | | | |
| Machinery and equipment | 339,631 | 334,501 | (5,129) |
| Antenna facilities | 3,604 | 3,503 | (100) |
| Terminal equipment | 22,947 | 21,033 | (1,913) |
| Local line facilities | 866,722 | 817,264 | (49,457) |
| Long-distance line facilities | 2,843 | 2,758 | (84) |
| Engineering facilities | 588,683 | 579,727 | (8,956) |
| Submarine line facilities | 732 | 621 | (110) |
| Buildings | 409,835 | 403,395 | (6,439) |
| Construction in progress | 19,988 | 18,536 | (1,452) |
| Other | 266,121 | 262,811 | (3,309) |
| Total property, plant and equipment | 2,521,110 | 2,444,156 | (76,953) |
| Intangible fixed assets | 84,120 | 82,537 | (1,582) |
| Total fixed assets - telecommunications businesses | 2,605,230 | 2,526,693 | (78,536) |
| Investments and other assets | | | |
| Other investments and assets | 199,112 | 215,999 | 16,887 |
| Allowance for doubtful accounts | (773) | (760) | 13 |
| Total investments and other assets | 198,338 | 215,239 | 16,900 |
| Total fixed assets | 2,803,569 | 2,741,933 | (61,635) |
| Current assets: | | | |
| Cash and bank deposits | 5,605 | 6,965 | 1,360 |
| Notes receivable | — | 39 | 39 |
| Accounts receivable, trade | 230,736 | 238,696 | 7,959 |
| Supplies | 26,005 | 23,017 | (2,987) |
| Other current assets | 435,502 | 294,391 | (141,111) |
| Allowance for doubtful accounts | (327) | (305) | 22 |
| Total current assets | 697,521 | 562,803 | (134,718) |
| TOTAL ASSETS | 3,501,091 | 3,304,737 | (196,353) |

| | (Millions of yen) | | |
|--|-------------------|-------------------|------------------------|
| | March 31, 2017 | December 31, 2017 | Increase (Decrease) |
| LIABILITIES | | | |
| Long-term liabilities: | | | |
| Long-term borrowings from parent company | 225,220 | 225,220 | — |
| Liability for employees' retirement benefits | 247,366 | 257,571 | 10,204 |
| Reserve for point services | 4,145 | 4,435 | 290 |
| Reserve for unused telephone cards | 8,460 | 8,211 | (248) |
| Allowance for environmental measures | 3,637 | 3,637 | — |
| Asset retirement obligations | 902 | 904 | 1 |
| Other long-term liabilities | 36,166 | 43,263 | 7,097 |
| Total long-term liabilities | 525,898 | 543,244 | 17,345 |
| Current liabilities: | | | |
| Current portion of long-term borrowings from parent company | 140,615 | 50,400 | (90,215) |
| Accounts payable, trade | 89,029 | 40,565 | (48,464) |
| Accrued taxes on income | 14,186 | 6,455 | (7,731) |
| Allowance for environmental measures | 2,285 | 269 | (2,016) |
| Asset retirement obligations | 1 | — | (1) |
| Other current liabilities | 442,617 | 411,573 | (31,044) |
| Total current liabilities | 688,735 | 509,262 | (179,472) |
| TOTAL LIABILITIES | 1,214,633 | 1,052,507 | (162,126) |
| NET ASSETS | | | |
| Shareholders' equity: | | | |
| Common stock | 335,000 | 335,000 | — |
| Capital surplus | 1,499,726 | 1,499,726 | — |
| Earned surplus | 447,459 | 412,703 | (34,755) |
| Total shareholders' equity | 2,282,186 | 2,247,430 | (34,755) |
| Unrealized gains (losses), translation adjustments, and others: | | | |
| Net unrealized gains (losses) on securities | 4,271 | 4,799 | 528 |
| Total unrealized gains (losses), translation adjustments, and others | 4,271 | 4,799 | 528 |
| TOTAL NET ASSETS | 2,286,457 | 2,252,230 | (34,227) |
| TOTAL LIABILITIES AND NET ASSETS | 3,501,091 | 3,304,737 | (196,353) |

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) | | | |
|---|--|--|------------------------|------------------------------|
| | Nine months ended December 31, 2016 | Nine months ended December 31, 2017 | Increase (Decrease) | Year ended March 31, 2017 |
| Telecommunications businesses: | | | | |
| Operating revenues | 1,149,281 | 1,133,897 | (15,383) | 1,534,745 |
| Operating expenses | 989,295 | 936,138 | (53,156) | 1,367,603 |
| Operating income from telecommunications businesses | 159,985 | 197,759 | 37,773 | 167,142 |
| Supplementary businesses: | | | | |
| Operating revenues | 87,407 | 86,705 | (701) | 137,497 |
| Operating expenses | 73,617 | 72,228 | (1,389) | 115,534 |
| Operating income from supplementary businesses | 13,790 | 14,477 | 687 | 21,962 |
| Operating income | 173,775 | 212,236 | 38,460 | 189,104 |
| Non-operating revenues: | | | | |
| Interest income | 20 | 10 | (10) | 26 |
| Dividends received | 3,222 | 6,954 | 3,731 | 3,226 |
| Gains on sales of fixed assets | 14,403 | 3,002 | (11,401) | 14,363 |
| Miscellaneous income | 1,816 | 1,941 | 124 | 2,647 |
| Total non-operating revenues | 19,464 | 11,908 | (7,555) | 20,263 |
| Non-operating expenses: | | | | |
| Interest expenses | 3,547 | 2,682 | (864) | 4,669 |
| Miscellaneous expenses | 199 | 78 | (121) | 260 |
| Total non-operating expenses | 3,747 | 2,761 | (986) | 4,930 |
| Recurring profit | 189,492 | 221,384 | 31,891 | 204,438 |
| Special losses | — | 60,909 | 60,909 | — |
| Income before income taxes | 189,492 | 160,474 | (29,018) | 204,438 |
| Income taxes | 52,947 | 45,571 | (7,375) | 54,774 |
| Net income | 136,545 | 114,902 | (21,643) | 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.

(Based on accounting principles generally accepted in Japan)

(Based on accounting principles generally accepted in Japan)

| | (Millions of yen) | | | | |
|--|--|--|------------------------|-----------------------------------|------------------------------|
| | Nine months ended December 31, 2016 | Nine months ended December 31, 2017 | Increase (Decrease) | Percent Increase (Decrease) | Year ended March 31, 2017 |
| Voice transmission services revenues (excluding IP services revenues) | 300,683 | 279,328 | (21,355) | (7.1) | 396,519 |
| Monthly charge revenues* | 226,876 | 211,616 | (15,259) | (6.7) | 299,992 |
| Call rates revenues* | 20,181 | 17,535 | (2,646) | (13.1) | 26,272 |
| Interconnection call revenues* | 34,911 | 32,561 | (2,350) | (6.7) | 45,606 |
| IP services revenues | 637,542 | 641,058 | 3,515 | 0.6 | 850,388 |
| Leased circuit services revenues (excluding IP services revenues) | 70,680 | 69,547 | (1,132) | (1.6) | 93,307 |
| Telegram services revenues | 8,411 | 7,892 | (518) | (6.2) | 11,422 |
| Other telecommunications services revenues | 131,962 | 136,069 | 4,107 | 3.1 | 183,107 |
| Telecommunications total revenues | 1,149,281 | 1,133,897 | (15,383) | (1.3) | 1,534,745 |
| Supplementary business total revenues | 87,407 | 86,705 | (701) | (0.8) | 137,497 |
| Total operating revenues | 1,236,688 | 1,220,603 | (16,085) | (1.3) | 1,672,243 |

* Partial listing only

4. 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 November 10, 2017 for the fiscal year ending March 31, 2018, as follows.

| | (Billions of yen) | | |
|--------------------------|--|--|--------|
| | Year Ending March 31, 2018 (Forecasts Previously Announced on November 10, 2017) | Year Ending March 31, 2018 (Revised Forecasts) | Change |
| Operating Revenues | 1,640.0 | 1,640.0 | — |
| Operating Income | 190.0 | 251.0 | 61.0 |
| Recurring Profit | 195.0 | 256.0 | 61.0 |
| Special Profits (Losses) | — | (61.0) | (61.0) |
| Net Income | 135.0 | 135.0 | — |

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.

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

| | (Millions of yen) | | |
|--|-------------------|-------------------|------------------------|
| | March 31, 2017 | December 31, 2017 | Increase (Decrease) |
| ASSETS | | | |
| Fixed assets: | | | |
| Fixed assets - telecommunications businesses | | | |
| Property, plant and equipment | | | |
| Machinery and equipment | 297,757 | 291,301 | (6,455) |
| Antenna facilities | 5,895 | 5,897 | 1 |
| Terminal equipment | 11,318 | 11,388 | 69 |
| Local line facilities | 1,051,300 | 1,016,371 | (34,929) |
| Long-distance line facilities | 1,693 | 1,741 | 47 |
| Engineering facilities | 517,724 | 505,218 | (12,506) |
| Submarine line facilities | 3,131 | 3,473 | 341 |
| Buildings | 312,924 | 312,175 | (748) |
| Construction in progress | 31,294 | 18,411 | (12,882) |
| Other | 219,918 | 218,987 | (931) |
| Total property, plant and equipment | 2,452,960 | 2,384,966 | (67,993) |
| Intangible fixed assets | 64,444 | 60,605 | (3,839) |
| Total fixed assets - telecommunications businesses | 2,517,404 | 2,445,572 | (71,832) |
| Investments and other assets | | | |
| Other investments and assets | 187,606 | 205,330 | 17,723 |
| Allowance for doubtful accounts | (681) | (606) | 75 |
| Total investments and other assets | 186,924 | 204,723 | 17,799 |
| Total fixed assets | 2,704,329 | 2,650,296 | (54,033) |
| Current assets: | | | |
| Cash and bank deposits | 18,251 | 5,338 | (12,913) |
| Notes receivable | — | 1 | 1 |
| Accounts receivable, trade | 199,820 | 197,935 | (1,885) |
| Supplies | 29,950 | 27,045 | (2,904) |
| Other current assets | 151,715 | 110,512 | (41,203) |
| Allowance for doubtful accounts | (339) | (273) | 66 |
| Total current assets | 399,398 | 340,559 | (58,839) |
| TOTAL ASSETS | 3,103,728 | 2,990,856 | (112,872) |

| | (Millions of yen) | | |
|--|-------------------|-------------------|------------------------|
| | March 31, 2017 | December 31, 2017 | Increase (Decrease) |
| LIABILITIES | | | |
| Long-term liabilities: | | | |
| Long-term borrowings from parent company | 591,000 | 601,000 | 10,000 |
| Liability for employees' retirement benefits | 242,251 | 250,951 | 8,699 |
| Reserve for point services | 3,792 | 3,006 | (786) |
| Reserve for unused telephone cards | 8,000 | 7,765 | (234) |
| Allowance for environmental measures | 9,074 | 8,424 | (650) |
| Asset retirement obligations | 228 | 89 | (139) |
| Other long-term liabilities | 4,749 | 99,290 | 94,540 |
| Total long-term liabilities | 859,097 | 970,526 | 111,429 |
| Current liabilities: | | | |
| Current portion of long-term borrowings from parent company | 110,707 | 40,400 | (70,307) |
| Accounts payable, trade | 71,635 | 34,223 | (37,411) |
| Short-term borrowings | 105,259 | 126,884 | 21,624 |
| Accrued taxes on income | 8,731 * | 4,450 | (4,281) |
| Allowance for loss on disaster | 4,096 | 3,845 | (251) |
| Allowance for environmental measures | 2,361 | 1,039 | (1,321) |
| Asset retirement obligations | 133 | 287 | 154 |
| Other current liabilities | 362,351 | 210,352 | (151,998) |
| Total current liabilities | 665,277 | 421,483 | (243,794) |
| TOTAL LIABILITIES | 1,524,374 | 1,392,010 | (132,364) |
| NET ASSETS | | | |
| Shareholders' equity: | | | |
| Common stock | 312,000 | 312,000 | — |
| Capital surplus | 1,170,054 | 1,170,054 | — |
| Earned surplus | 96,911 | 116,238 | 19,327 |
| Total shareholders' equity | 1,578,965 | 1,598,292 | 19,327 |
| Unrealized gains (losses), translation adjustments, and others: | | | |
| Net unrealized gains (losses) on securities | 388 | 553 | 164 |
| Total unrealized gains (losses), translation adjustments, and others | 388 | 553 | 164 |
| TOTAL NET ASSETS | 1,579,353 | 1,598,845 | 19,492 |
| TOTAL LIABILITIES AND NET ASSETS | 3,103,728 | 2,990,856 | (112,872) |

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)

| | <u>Nine months ended</u> <u>December 31, 2016</u> | <u>Nine months ended</u> <u>December 31, 2017</u> | <u>Increase</u> <u>(Decrease)</u> | <u>(Millions of yen)</u> <u>Year ended</u> <u>March 31, 2017</u> |
|---|--|--|--------------------------------------|--|
| Telecommunications businesses: | | | | |
| Operating revenues | 993,893 | 958,461 | (35,431) | 1,325,585 |
| Operating expenses | 904,627 | 832,434 | (72,193) | 1,242,485 |
| Operating income from telecommunications businesses | 89,265 | 126,027 | 36,761 | 83,099 |
| Supplementary businesses: | | | | |
| Operating revenues | 99,331 | 99,761 | 429 | 153,430 |
| Operating expenses | 91,339 | 89,147 | (2,191) | 141,343 |
| Operating income from supplementary businesses | 7,992 | 10,613 | 2,621 | 12,086 |
| Operating income | 97,257 | 136,640 | 39,383 | 95,186 |
| Non-operating revenues: | | | | |
| Interest income | 9 | 9 | (0) | 12 |
| Dividends received | 613 | 839 | 225 | 615 |
| Miscellaneous income | 1,628 | 1,322 | (306) | 2,330 |
| Total non-operating revenues | 2,252 | 2,171 | (80) | 2,957 |
| Non-operating expenses: | | | | |
| Interest expenses | 5,477 | 4,499 | (978) | 7,114 |
| Miscellaneous expenses | 132 | 333 | 201 | 2,875 |
| Total non-operating expenses | 5,609 | 4,832 | (776) | 9,989 |
| Recurring profit | 93,900 | 133,979 | 40,079 | 88,154 |
| Special losses | 6,055 | 63,890 | 57,835 | 6,915 |
| Income before income taxes | 87,844 | 70,088 | (17,755) | 81,239 |
| Income taxes | * 24,201 | * 19,561 | (4,640) | 21,469 |
| Net income | 63,643 | 50,527 | (13,115) | 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.

(Based on accounting principles generally accepted in Japan)

(Based on accounting principles generally accepted in Japan)

* Partial listing only

4. Revised Forecasts for the Fiscal Year Ending March 31, 2018

Based on its recent business performance, NTT West has revised its financial results forecasts that were announced in the financial results release filed on November 10, 2017 for the fiscal year ending March 31, 2018, as follows.

| (Billions of yen) | | | |
|--------------------------|--|--|--------|
| | Year Ending March 31, 2018 (Forecasts Previously Announced on November 10, 2017) | Year Ending March 31, 2018 (Revised Forecasts) | Change |
| Operating Revenues | 1,436 | 1,436 | — |
| Operating Income | 100 | 164 | 64 |
| Recurring Profit | 95 | 159 | 64 |
| Special Profits (Losses) | — | (64) | (64) |
| Net Income | 70 | 70 | — |

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

February 9, 2018

FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for the Nine Months Ended December 31, 2017

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the nine months ended December 31, 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. Revised Forecasts for the Fiscal Year Ending March 31, 2018

#

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.

www.ntt.com | Twitter@NTT Communications | Facebook@NTT Communications | LinkedIn@NTT

For more information
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Accounting and Taxation, Finance, NTT Communications
Tel: +81 3 6700 4311
Email: info-af@ntt.com

I. Financial Results of NTT Communications Group

| | (Millions of yen) | | | |
|--------------------|-----------------------------------|-----------------------------------|------------------------|-----------------------------------|
| | Nine months ended Dec 31, 2016 | Nine months ended Dec 31, 2017 | Increase (Decrease) | Percent Increase (Decrease) |
| Operating revenues | 937,331 | 968,629 | 31,298 | 3.3 |
| Operating expenses | 831,468 | 882,366 | 50,898 | 6.1 |
| Operating income | 105,863 | 86,263 | (19,600) | (18.5) |

II. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

| | (Millions of yen) | | |
|--|-------------------|-------------------|------------------------|
| | March 31, 2017 | December 31, 2017 | Increase (Decrease) |
| ASSETS | | | |
| Fixed assets: | | | |
| Fixed assets - telecommunications businesses | | | |
| Property, plant and equipment | | | |
| Machinery and equipment | 151,531 | 129,614 | (21,916) |
| Antenna facilities | 1,674 | 1,348 | (325) |
| Terminal equipment | 1,963 | 2,132 | 169 |
| Local line facilities | 1,103 | 1,085 | (18) |
| Long-distance line facilities | 5,122 | 5,112 | (9) |
| Engineering facilities | 49,878 | 48,664 | (1,214) |
| Submarine line facilities | 16,701 | 15,360 | (1,341) |
| Buildings | 205,475 | 201,256 | (4,218) |
| Construction in progress | 13,323 | 16,013 | 2,690 |
| Other | 105,983 | 119,357 | 13,374 |
| Total property, plant and equipment | 552,757 | 539,945 | (12,812) |
| Intangible fixed assets | 98,820 | 100,955 | 2,134 |
| Total fixed assets - telecommunications businesses | 651,578 | 640,900 | (10,677) |
| Investments and other assets | | | |
| Investment securities | 108,152 | 115,989 | 7,837 |
| Investments in subsidiaries and affiliated companies | 387,905 | 417,772 | 29,866 |
| Other investments and assets | 65,778 | 66,713 | 935 |
| Allowance for doubtful accounts | (160) | (133) | 26 |
| Total investments and other assets | 561,675 | 600,342 | 38,666 |
| Total fixed assets | 1,213,254 | 1,241,242 | 27,988 |
| Current assets: | | | |
| Cash and bank deposits | 3,406 | 6,081 | 2,674 |
| Notes receivable | 8 | 0 | (8) |
| Accounts receivable, trade | 178,248 | 190,520 | 12,272 |
| Supplies | 9,643 | 9,018 | (625) |
| Other current assets | 90,655 | 55,439 | (35,215) |
| Allowance for doubtful accounts | (1,367) | (1,410) | (43) |
| Total current assets | 280,595 | 259,649 | (20,946) |
| TOTAL ASSETS | 1,493,849 | 1,500,892 | 7,042 |

LIABILITIES

Long-term liabilities:

| | | | |
|---|---------|---------|--------|
| Long-term borrowings from parent company and subsidiary | 222,333 | 247,986 | 25,652 |
| Liability for employees' retirement benefits | 89,994 | 94,170 | 4,176 |
| Reserve for point services | 407 | 437 | 29 |
| Reserve for unused telephone cards | 3,540 | 3,436 | (103) |
| Asset retirement obligations | 4,126 | 4,547 | 421 |
| Other long-term liabilities | 19,416 | 22,362 | 2,946 |
| Total long-term liabilities | 339,818 | 372,940 | 33,122 |

Current liabilities:

| | | | |
|--------------------------------------|---------|---------|----------|
| Accounts payable, trade | 29,548 | 20,209 | (9,339) |
| Short-term borrowings | — | 13,445 | 13,445 |
| Accrued taxes on income | 3,749 | *4,856 | 1,106 |
| Allowance for losses on construction | 627 | 587 | (39) |
| Asset retirement obligations | 56 | 13 | (42) |
| Other current liabilities | 169,379 | 150,203 | (19,175) |
| Total current liabilities | 203,360 | 189,316 | (14,044) |

TOTAL LIABILITIES

NET ASSETS

Shareholders' equity:

| | | | |
|----------------------------|---------|---------|---------|
| Common stock | 211,763 | 211,763 | — |
| Capital surplus | 131,615 | 131,615 | — |
| Earned surplus | 563,997 | 554,432 | (9,564) |
| Total shareholders' equity | 907,376 | 897,811 | (9,564) |

Unrealized gains (losses), translation adjustments, and others:

| | | | |
|--|--------|--------|---------|
| Net unrealized gains (losses) on securities | 43,080 | 40,786 | (2,293) |
| Deferred gains or losses on hedges | 213 | 36 | (176) |
| Total unrealized gains (losses), translation adjustments, and others | 43,293 | 40,823 | (2,470) |

TOTAL NET ASSETS

| | | | |
|----------------------------------|-----------|-----------|-------|
| TOTAL LIABILITIES AND NET ASSETS | 1,493,849 | 1,500,892 | 7,042 |
|----------------------------------|-----------|-----------|-------|

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) |
|---|--|--|------------------------|------------------------------|
| | Nine months ended December 31, 2016 | Nine months ended December 31, 2017 | Increase (Decrease) | Year ended March 31, 2017 |
| Telecommunications businesses: | | | | |
| Operating revenues | 522,293 | 523,642 | 1,348 | 697,333 |
| Operating expenses | 462,077 | 450,641 | (11,436) | 620,370 |
| Operating income from telecommunications businesses | 60,216 | 73,000 | 12,784 | 76,963 |
| Supplementary businesses: | | | | |
| Operating revenues | 151,884 | 170,122 | 18,237 | 226,522 |
| Operating expenses | 139,001 | 159,698 | 20,696 | 210,936 |
| Operating income from supplementary businesses | 12,883 | 10,424 | (2,459) | 15,585 |
| Operating income | 73,099 | 83,424 | 10,324 | 92,549 |
| Non-operating revenues: | | | | |
| Interest income | 52 | 25 | (27) | 62 |
| Dividends received | 8,160 | 7,148 | (1,012) | 8,258 |
| Lease and rental income | 8,456 | 8,032 | (423) | 11,204 |
| Miscellaneous income | 491 | 1,657 | 1,165 | 1,222 |
| Total non-operating revenues | 17,162 | 16,863 | (298) | 20,748 |
| Non-operating expenses: | | | | |
| Interest expenses | 814 | 566 | (247) | 1,050 |
| Lease and rental expenses | 4,111 | 2,902 | (1,208) | 5,712 |
| Miscellaneous expenses | 401 | 110 | (290) | 1,072 |
| Total non-operating expenses | 5,326 | 3,580 | (1,745) | 7,836 |
| Recurring profit | 84,935 | 96,708 | 11,772 | 105,461 |
| Special profits | — | 2,433 | 2,433 | — |
| Income before income taxes | 84,935 | 99,141 | 14,205 | 105,461 |
| Income taxes | * 23,555 | * 29,144 | 5,588 | 20,458 |
| Net income | 61,380 | 69,996 | 8,616 | 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.

V. Revised Forecasts for the Fiscal Year Ending March 31, 2018

Based on the financial results for the nine months ended December 31, 2017, NTT Com revised its forecasts for the fiscal year ending March 31, 2018 which was previously announced on May 15, 2017.

| | [Billions of yen] | | |
|--------------------|-------------------------------|-------------------------------|--------|
| | Year Ending March 31, 2018 | Year Ending March 31, 2018 | |
| | [Forecasts] | [Revised Forecasts] | Change |
| Operating Revenues | 1,330 | 1,330 | |
| | [940] | [940] | — |
| Operating Income | 135 | 135 | — |
| | [93] | [110] | [+17] |
| Recurring Profit | — | — | — |
| | [103] | [120] | [+17] |
| Net Income | — | — | — |
| | [73] | [85] | [+12] |

* The figures in the upper rows are for NTT Communications Group. The figures in square brackets are for NTT Communications only.

* Forward-looking statements and projected figures concerning the future performance of NTT Com, NTT and their respective 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 Com in light of information currently available to it regarding NTT Com, 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 Com, NTT and their respective 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.

**Supplementary Data for
the Nine Months Ended December 31, 2017**

Contents

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| 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.

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

| | (Billions of Yen) | | | | | | | | | | |
|---|----------------------------|---------------------------------|--------------------------------|-------------------------------|-----------------------------|---------------------|----------------------------|---------------------------------|--------------------------------|-----------------------------|--|
| | FY 2016 | | | | | | FY 2017 | | | | |
| | Three Months Ended June 30 | Three Months Ended September 30 | Three Months Ended December 31 | Nine Months Ended December 31 | Three Months Ended March 31 | Year Ended March 31 | Three Months Ended June 30 | Three Months Ended September 30 | Three Months Ended December 31 | Three Months Ended March 31 | Year Ending March 31 (Forecast) ⁽²⁾ |
| Consolidated (US GAAP) | | | | | | | | | | | |
| Operating Revenues | 2,716.7 | 2,807.6 | 2,836.2 | 8,360.5 | 3,030.5 | 11,391.0 | 2,809.8 | 2,855.0 | 3,057.2 | 8,722.0 | — |
| Fixed Voice Related Services | 311.8 | 307.5 | 299.8 | 919.2 | 314.7 | 1,233.9 | 290.2 | 280.8 | 287.8 | 858.9 | — |
| Mobile Voice Related Services | 213.0 | 216.6 | 221.8 | 651.4 | 213.9 | 865.3 | 228.7 | 238.9 | 238.7 | 706.4 | — |
| IP Packet Communications Services | 948.0 | 953.3 | 941.0 | 2,842.4 | 966.6 | 3,809.0 | 949.2 | 959.7 | 952.1 | 2,861.0 | — |
| Sales of Telecommunications Equipment | 186.7 | 236.4 | 227.0 | 650.1 | 156.4 | 806.5 | 173.4 | 175.1 | 293.5 | 642.0 | — |
| System Integration | 688.3 | 708.8 | 726.7 | 2,123.7 | 917.9 | 3,041.6 | 782.5 | 817.3 | 880.0 | 2,479.9 | — |
| Other | 368.9 | 385.0 | 419.9 | 1,173.7 | 461.0 | 1,634.8 | 385.8 | 383.1 | 405.0 | 1,173.9 | — |
| Operating Expenses | 2,229.3 | 2,368.5 | 2,444.1 | 7,041.9 | 2,809.3 | 9,851.2 | 2,318.2 | 2,371.4 | 2,712.9 | 7,402.5 | — |
| Cost of Services (excluding items shown separately below) | 547.3 | 606.1 | 598.0 | 1,751.4 | 736.2 | 2,487.6 | 554.9 | 565.6 | 580.4 | 1,700.9 | — |
| Cost of Equipment Sold (excluding items shown separately below) | 175.3 | 231.2 | 248.3 | 654.8 | 225.0 | 879.7 | 184.5 | 195.4 | 295.5 | 675.4 | — |
| Cost of System Integration (excluding items shown separately below) | 501.7 | 484.5 | 510.3 | 1,496.6 | 664.4 | 2,161.0 | 561.1 | 580.0 | 633.7 | 1,774.8 | — |
| Depreciation and Amortization | 359.2 | 357.3 | 366.4 | 1,082.9 | 379.3 | 1,462.2 | 332.3 | 327.7 | 335.6 | 995.6 | — |
| Impairment Losses | 0.4 | 14.3 | 51.3 | 66.0 | 7.9 | 73.9 | — | 0.6 | 143.9 | 144.4 | — |
| Goodwill | — | 4.5 | 48.8 | 53.3 | — | 53.3 | — | — | 18.9 | 18.9 | — |
| Metal cables | — | — | — | — | — | — | — | — | 124.8 | 124.8 | — |
| Other | 0.4 | 9.8 | 2.5 | 12.7 | 7.9 | 20.6 | — | 0.6 | 0.2 | 0.7 | — |
| Selling, General and Administrative Expenses | 645.5 | 675.1 | 669.7 | 1,990.3 | 796.5 | 2,786.8 | 685.4 | 702.2 | 723.8 | 2,111.4 | — |
| Operating Income | 487.4 | 439.1 | 392.1 | 1,318.6 | 221.2 | 1,539.8 | 491.6 | 483.6 | 344.4 | 1,319.6 | — |
| Income Before Income Taxes | 446.1 | 450.8 | 410.3 | 1,307.2 | 220.6 | 1,527.8 | 496.2 | 485.8 | 459.3 | 1,441.3 | — |
| Net Income Attributable to NTT | 243.6 | 232.5 | 192.6 | 668.7 | 131.4 | 800.1 | 271.5 | 256.0 | 209.1 | 736.6 | — |
| (Ref.) Details of "Cost of Services," "Cost of Equipment Sold," "Cost of System Integration" and "Selling, General and Administrative Expenses" | 557.7 | 569.7 | 547.5 | 1,674.9 | 601.9 | 2,276.8 | 593.1 | 594.7 | 612.8 | 1,800.5 | — |
| Cost of Services and Equipment Sold, and Selling, General and Administrative Expenses | 1,227.9 | 1,335.4 | 1,384.4 | 3,947.8 | 1,664.2 | 5,612.0 | 1,308.2 | 1,358.2 | 1,530.7 | 4,197.1 | — |
| Loss on Disposal of Property, Plant and Equipment | 24.2 | 36.3 | 39.8 | 100.2 | 96.8 | 197.0 | 27.3 | 35.4 | 34.8 | 97.4 | — |
| Other Expenses | 60.0 | 55.6 | 54.7 | 170.3 | 59.1 | 229.4 | 57.3 | 55.0 | 55.2 | 167.5 | — |
| Total | 1,869.8 | 1,996.9 | 2,026.4 | 5,893.1 | 2,422.1 | 8,315.1 | 1,985.9 | 2,043.2 | 2,233.4 | 6,262.5 | — |

Margin with Reconciliation

| | FY 2016 | | | | FY 2017 (E) | | | |
|------------------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|---------------------------------|
| | 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 (Forecast) |
| Interest-Bearing Liabilities | 4,353.6 | 4,091.8 | 4,497.1 | 4,088.2 | 4,419.3 | 4,172.2 | 4,127.7 | 3,900.0 |

Beginning with the three months ended March 31, 2017, the method for calculating EBITDA has been revised to add Loss on Sales of Property, Plant and Equipment and Impairment Losses. EBITDA and EBITDA Margin, as calculated using the previous method including only Operating Income and Depreciation and Amortization, and Loss on Disposal of Property, Plant and Equipment, would have been 695.3 billion yen and 22.7%, respectively, for the three months ended December 31, 2017 and 2,359.3 billion yen and 27.0%, respectively, for the nine months ended December 31, 2017. EBITDA and EBITDA Margin figures presented in the table above have been retroactively recalculated using the new calculation method.

2. Financial Results (Business Segments)

| | FY 2016 | | | | | | FY 2017 | | | | | | FY 2017 (E) Year Ending March 31 (Forecast) ⁽²⁾ |
|---|-------------------------------------|--|---|--|--------------------------------------|---------------------------|-------------------------------------|--|---|--|--------------------------------------|---------------------------|---|
| | Three Months Ended June 30 | Three Months Ended September 30 | Three Months Ended December 31 | Nine Months Ended December 31 | Three Months Ended March 31 | Year Ended March 31 | Three Months Ended June 30 | Three Months Ended September 30 | Three Months Ended December 31 | Nine Months Ended December 31 | Three Months Ended March 31 | Year Ended March 31 | |
| | Business segments ⁽¹⁾ | Regional | communications | business | communications | business | Business segments ⁽¹⁾ | Regional | communications | business | communications | business | |
| Operating Revenues | 802.9 | 817.5 | 814.4 | 2,434.8 | 873.4 | 3,308.2 | 787.8 | 792.8 | 798.7 | 2,379.3 | — | — | 3,230.0 |
| Operating Expenses | 675.1 | 713.1 | 716.2 | 2,104.4 | 844.3 | 2,948.7 | 654.2 | 673.3 | 796.1 | 2,123.6 | — | — | 2,900.0 |
| Operating Income | 127.8 | 104.5 | 98.2 | 330.5 | 29.0 | 359.5 | 133.6 | 119.5 | 2.5 | 255.7 | — | — | 330.0 |
| Long distance and international communications business | | | | | | | | | | | | | |
| Operating Revenues | 519.0 | 519.8 | 531.8 | 1,570.6 | 558.6 | 2,129.3 | 529.7 | 535.1 | 567.1 | 1,631.9 | — | — | 2,230.0 |
| Operating Expenses | 492.0 | 504.7 | 555.3 | 1,551.9 | 536.5 | 2,088.4 | 494.9 | 499.5 | 560.9 | 1,555.3 | — | — | 2,110.0 |
| Operating Income | 27.0 | 15.2 | (23.5) | 18.7 | 22.1 | 40.8 | 34.8 | 35.6 | 6.3 | 76.6 | — | — | 120.0 |
| Mobile communications business | | | | | | | | | | | | | |
| Operating Revenues | 1,108.7 | 1,179.4 | 1,181.2 | 3,469.2 | 1,115.3 | 4,584.6 | 1,136.7 | 1,163.4 | 1,295.5 | 3,595.7 | — | — | 4,750.0 |
| Operating Expenses | 810.4 | 893.9 | 925.6 | 2,629.9 | 1,003.0 | 3,632.9 | 859.1 | 893.7 | 1,009.2 | 2,762.1 | — | — | 3,795.0 |
| Operating Income | 298.3 | 285.4 | 255.6 | 839.3 | 112.3 | 951.6 | 277.6 | 269.7 | 286.3 | 833.6 | — | — | 955.0 |
| Data communications business | | | | | | | | | | | | | |
| Operating Revenues | 373.5 | 388.6 | 402.6 | 1,164.6 | 554.1 | 1,718.7 | 462.3 | 482.1 | 516.3 | 1,460.8 | — | — | 1,970.0 |
| Operating Expenses | 351.6 | 374.6 | 371.4 | 1,097.6 | 513.3 | 1,610.8 | 437.0 | 448.4 | 486.2 | 1,371.6 | — | — | 1,840.0 |
| Operating Income | 21.9 | 14.0 | 31.2 | 67.1 | 40.8 | 107.9 | 25.3 | 33.7 | 30.1 | 89.1 | — | — | 130.0 |
| Other business | | | | | | | | | | | | | |
| Operating Revenues | 272.1 | 295.5 | 322.3 | 889.9 | 392.4 | 1,282.3 | 281.4 | 283.0 | 297.2 | 861.5 | — | — | 1,260.0 |
| Operating Expenses | 259.8 | 278.1 | 292.7 | 830.6 | 374.4 | 1,205.0 | 262.3 | 262.7 | 279.2 | 804.1 | — | — | 1,185.0 |
| Operating Income | 12.3 | 17.4 | 29.6 | 59.3 | 18.0 | 77.3 | 19.0 | 20.4 | 18.0 | 57.4 | — | — | 75.0 |

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

(2) Forecasts for the year ending March 31, 2018 have not been changed from those announced in the financial results for the six months ended September 30, 2017.

3. Financial Results (Holding Company and Subsidiaries)

[illegible]

3. Financial Results (Holding Company and Subsidiaries)

| | FY 2016 | | | | | | | | | | FY 2017 | | | | | | | | | | FY 2017 (E) | | FY 2017 (E) | |
|--|--------------------|--------------|-------------|-------------|----------|--------------------|--------------|-------------|-------------|----------|--------------------|--------------|-------------|-------------|----------|--------------------|--------------|-------------|-------------|----------|----------------------|----------|----------------------|----------|
| | Three Months Ended | | | | | Three Months Ended | | | | | Three Months Ended | | | | | Three Months Ended | | | | | Year Ending March 31 | | Year Ending March 31 | |
| | June 30 | September 30 | December 31 | December 31 | March 31 | June 30 | September 30 | December 31 | December 31 | March 31 | June 30 | September 30 | December 31 | December 31 | March 31 | June 30 | September 30 | December 31 | December 31 | March 31 | March 31 | March 31 | March 31 | March 31 |
| NTT Communications (JPN GAAP) | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating Revenues ⁽¹⁾ | 220.2 | 226.9 | 227.0 | 674.1 | 249.6 | 923.8 | 230.3 | 231.9 | 231.3 | 693.7 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Cloud Computing Platforms | 17.1 | 17.6 | 17.6 | 52.4 | 19.5 | 72.0 | 20.2 | 19.3 | 20.6 | 60.2 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Data Networks | 94.8 | 95.1 | 96.3 | 286.3 | 98.4 | 384.8 | 97.2 | 98.6 | 98.8 | 294.7 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Voice Communications | 63.0 | 63.3 | 63.7 | 190.1 | 60.6 | 250.7 | 60.0 | 60.7 | 62.2 | 183.0 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Applications & Content | 9.4 | 9.2 | 9.3 | 28.0 | 9.6 | 37.7 | 8.7 | 9.3 | 8.7 | 26.8 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Solution Services | 31.9 | 37.7 | 36.1 | 105.9 | 57.5 | 163.4 | 37.3 | 40.3 | 37.2 | 114.9 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Others | 3.7 | 3.7 | 3.8 | 11.3 | 3.6 | 14.9 | 6.8 | 3.4 | 3.6 | 13.9 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Operating Expenses | 194.3 | 202.5 | 204.1 | 601.0 | 230.2 | 831.3 | 198.9 | 204.8 | 206.4 | 610.3 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Personnel | 19.2 | 18.9 | 19.0 | 57.2 | 19.7 | 77.0 | 19.1 | 18.9 | 18.9 | 57.1 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Cost of Services, Cost of Equipment Sold, and Selling, General and Administrative Expenses | 90.8 | 98.8 | 95.1 | 284.8 | 121.6 | 406.4 | 94.8 | 99.5 | 97.0 | 291.4 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Communication Network Charges | 54.7 | 54.6 | 59.2 | 168.6 | 54.4 | 223.1 | 57.6 | 58.8 | 62.0 | 178.4 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Depreciation and Amortization | 25.4 | 25.6 | 26.2 | 77.4 | 27.0 | 104.4 | 22.7 | 23.3 | 23.7 | 69.8 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Loss on Disposal of Property, Plant and Equipment | 0.5 | 1.0 | 0.9 | 2.5 | 4.1 | 6.7 | 0.8 | 0.6 | 1.2 | 2.8 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Taxes and Public Dues | 3.5 | 3.2 | 3.4 | 10.2 | 3.2 | 13.4 | 3.6 | 3.4 | 3.4 | 10.5 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Operating Income | 25.8 | 24.3 | 22.9 | 73.0 | 19.4 | 92.5 | 31.4 | 27.1 | 24.9 | 83.4 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Non-Operating Revenues | 7.4 | 5.6 | 4.0 | 17.1 | 3.5 | 20.7 | 6.7 | 6.4 | 3.5 | 16.8 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Non-Operating Expenses | 2.3 | 1.6 | 1.3 | 5.3 | 2.5 | 7.8 | 1.4 | 0.9 | 1.1 | 3.5 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Recurring Profit | 30.9 | 28.3 | 25.6 | 84.9 | 20.5 | 105.4 | 36.7 | 32.6 | 27.3 | 96.7 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Net Income | 22.3 | 20.4 | 18.5 | 61.3 | 23.6 | 85.0 | 27.6 | 23.1 | 19.2 | 69.9 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Dimension Data (IFRS) ⁽²⁾⁽³⁾ | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating Revenues | 206.6 | 198.6 | 196.4 | 601.7 | 207.4 | 809.0 | 207.0 | 208.5 | 233.1 | 648.6 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Operating Expenses | 207.9 | 205.7 | 197.9 | 611.5 | 207.4 | 818.9 | 207.2 | 205.2 | 229.8 | 642.1 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Operating Income ⁽⁴⁾ | (1.3) | (7.0) | (1.5) | (9.9) | (0) | (9.9) | (0.2) | 3.3 | 3.3 | 6.5 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Net Income Attributable to Dimension Data | (2.4) | (9.6) | (14.6) | (26.5) | (1.4) | (27.9) | (1.8) | 0.2 | 2.3 | 0.7 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |

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 (Arstar 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 September 30, 2017 are consolidated into NTT's consolidated statements of income from April 1 to December 31, 2017, Dimension Data's financial results for the nine months ended September 30, 2017 are included under the nine months ended December 31, 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 nine months ended December 31, 2017 is USD1.00 = JPY111.89.

(4) Operating Income for the nine months ended December 31, 2017 under US GAAP was (0.5) billion yen.

4. Operating Data

Number of Subscribers

| | FY 2016 | | | | | FY 2017 | | | | | (in thousands except for Public Telephones) | |
|---|---------------|--------------------|-------------------|----------------|-------------|---------------|--------------------|-------------------|--|--|---|--|
| | FY 2016 | | FY 2017 | | FY 2017 (E) | FY 2017 | | FY 2017 (E) | As of March 31 (Forecast) ⁽⁹⁾ | | | |
| | 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 | | | |
| Telephone Subscriber Lines ⁽¹⁾ | 19,671 | 19,413 | 19,117 | 18,797 | 18,482 | 18,168 | 17,860 | — | 17,785 | | | |
| NTT East | 9,740 | 9,617 | 9,471 | 9,315 | 9,166 | 9,014 | 8,864 | — | 8,865 | | | |
| NTT West | 9,931 | 9,796 | 9,647 | 9,482 | 9,316 | 9,154 | 8,996 | — | 8,920 | | | |
| INS-Net ⁽²⁾ | 2,719 | 2,661 | 2,602 | 2,539 | 2,488 | 2,440 | 2,386 | — | 2,326 | | | |
| NTT East | 1,384 | 1,356 | 1,325 | 1,293 | 1,269 | 1,244 | 1,217 | — | 1,193 | | | |
| NTT West | 1,334 | 1,305 | 1,276 | 1,246 | 1,219 | 1,196 | 1,170 | — | 1,133 | | | |
| Telephone Subscriber Lines + INS-Net | 22,390 | 22,074 | 21,719 | 21,336 | 20,970 | 20,609 | 20,246 | — | 20,111 | | | |
| NTT East | 11,125 | 10,973 | 10,796 | 10,609 | 10,434 | 10,258 | 10,081 | — | 10,059 | | | |
| NTT West | 11,265 | 11,102 | 10,923 | 10,727 | 10,535 | 10,350 | 10,166 | — | 10,052 | | | |
| Public Telephones | 168,673 | 166,120 | 163,921 | 161,375 | 160,396 | 159,485 | 158,693 | — | 157,972 | | | |
| NTT East | 76,511 | 74,846 | 73,357 | 71,434 | 71,037 | 70,763 | 70,617 | — | 70,434 | | | |
| NTT West | 92,162 | 91,274 | 90,564 | 89,941 | 89,359 | 88,722 | 88,076 | — | 87,538 | | | |
| FLET'S ISDN | 83 | 81 | 79 | 77 | 75 | 73 | 72 | — | 70 | | | |
| NTT East | 36 | 35 | 34 | 33 | 33 | 32 | 31 | — | 30 | | | |
| NTT West | 47 | 46 | 45 | 44 | 43 | 42 | 41 | — | 39 | | | |
| FLET'S ADSL | 1,019 | 987 | 955 | 919 | 881 | 849 | 819 | — | 791 | | | |
| NTT East | 459 | 444 | 428 | 411 | 394 | 379 | 365 | — | 351 | | | |
| NTT West | 560 | 543 | 527 | 508 | 487 | 470 | 454 | — | 440 | | | |
| FLET'S Hikari (including Hikari Collaboration Model) ⁽³⁾⁽⁴⁾⁽⁵⁾ | 19,520 | 19,704 | 19,903 | 20,053 | 20,294 | 20,386 | 20,457 | — | 20,853 | | | |
| NTT East | 10,839 | 10,958 | 11,078 | 11,173 | 11,318 | 11,381 | 11,439 | — | 11,673 | | | |
| NTT West | 8,681 | 8,746 | 8,825 | 8,880 | 8,976 | 9,005 | 9,018 | — | 9,180 | | | |
| (incl.) Hikari Collaboration Model | 5,912 | 6,917 | 7,854 | 8,744 | 9,574 | 10,145 | 10,655 | — | 11,894 | | | |
| NTT East | 3,781 | 4,337 | 4,846 | 5,328 | 5,770 | 6,077 | 6,351 | — | 7,028 | | | |
| NTT West | 2,131 | 2,580 | 3,008 | 3,416 | 3,804 | 4,069 | 4,304 | — | 4,866 | | | |
| Hikari Denwa ⁽⁶⁾ | 17,451 | 17,545 | 17,655 | 17,759 | 17,862 | 17,924 | 17,984 | — | 18,039 | | | |
| NTT East | 9,180 | 9,242 | 9,311 | 9,369 | 9,433 | 9,478 | 9,520 | — | 9,569 | | | |
| NTT West | 8,271 | 8,302 | 8,344 | 8,390 | 8,430 | 8,447 | 8,464 | — | 8,470 | | | |
| Conventional Leased Circuit Services | 231 | 229 | 227 | 225 | 224 | 222 | 220 | — | 218 | | | |
| NTT East | 112 | 111 | 110 | 109 | 109 | 108 | 106 | — | 105 | | | |
| NTT West | 118 | 118 | 117 | 116 | 115 | 115 | 114 | — | 113 | | | |
| High Speed Digital Services | 114 | 112 | 110 | 108 | 106 | 105 | 103 | — | 100 | | | |
| NTT East | 58 | 57 | 56 | 55 | 54 | 53 | 52 | — | 52 | | | |
| NTT West | 56 | 55 | 54 | 53 | 52 | 52 | 51 | — | 48 | | | |
| NTT Group Major ISPs ⁽⁷⁾ | 11,360 | 11,328 | 11,303 | 11,231 | 11,189 | 11,157 | 11,110 | — | 11,015 | | | |
| (incl.) OCN | 7,969 | 7,905 | 7,847 | 7,739 | 7,678 | 7,637 | 7,595 | — | 7,496 | | | |
| (incl.) Plala | 3,024 | 3,047 | 3,075 | 3,106 | 3,124 | 3,135 | 3,129 | — | 3,130 | | | |

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ues

④

| (Yen) | 17 (E) | car | illing | ch 31 | cast ⁽¹⁰⁾ |
|-------|--------|-----|--------|-------|----------------------|
| 2,570 | | | | | |
| 5,050 | | | | | |
| 3,600 | | | | | |
| 1,450 | | | | | |
| 2,550 | | | | | |
| 5,080 | | | | | |
| 3,490 | | | | | |
| 1,590 | | | | | |
| 4,670 | | | | | |
| 1,360 | | | | | |
| 3,310 | | | | | |
| 2,970 | | | | | |
| 340 | | | | | |

ices),

kari”

4. Operating Data

Number of Employees

| | (Persons) | | | | | | | | | |
|---|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|-------------------|--|-------------|
| | FY 2016 | | | | | FY 2017 | | | | |
| | 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 (Forecast) ⁽²⁾ | FY 2017 (E) |
| NTT Consolidated ⁽¹⁾ | 248,650 | 248,650 | 280,600 | 274,850 | 280,850 | 283,400 | 286,350 | — | 281,750 | — |
| Regional communications business | 67,400 | 67,300 | 73,700 | 68,250 | 70,000 | 70,300 | 71,450 | — | 68,250 | — |
| Long distance and international communications business | 45,150 | 44,450 | 44,050 | 43,850 | 43,850 | 44,200 | 44,650 | — | 44,500 | — |
| Mobile communications business | 27,500 | 27,450 | 27,400 | 26,750 | 28,150 | 28,050 | 27,950 | — | 27,750 | — |
| Data communications business | 83,200 | 84,000 | 109,950 | 111,650 | 113,950 | 115,900 | 117,350 | — | 117,000 | — |
| Other business | 25,400 | 25,450 | 25,500 | 24,350 | 24,900 | 24,950 | 24,950 | — | 24,250 | — |
| Core Group Companies ⁽¹⁾ | | | | | | | | | | |
| NTT (Holding Company) | 2,800 | 2,800 | 2,750 | 2,700 | 2,750 | 2,700 | 2,700 | — | 2,650 | — |
| NTT East | 5,200 | 4,950 | 4,950 | 4,850 | 5,200 | 4,800 | 4,750 | — | 4,650 | — |
| NTT West | 4,600 | 4,450 | 4,450 | 4,400 | 4,550 | 4,000 | 4,000 | — | 3,900 | — |
| NTT Communications | 6,550 | 6,450 | 6,450 | 6,350 | 6,400 | 6,400 | 6,350 | — | 6,300 | — |
| NTT DCOMO (Consolidated) | 27,500 | 27,450 | 27,400 | 26,750 | 28,150 | 28,050 | 27,950 | — | 27,750 | — |
| NTT DATA (Consolidated) | 83,200 | 84,000 | 109,950 | 111,650 | 113,950 | 115,900 | 117,350 | — | 117,000 | — |

Notes : (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.

(2) Forecasts for the year ending March 31, 2018 have not been changed from those announced in the financial results for the six months ended September 30, 2017.