

# Financial Results Release

For the Three Months Ended June 30, 2015

August 5, 2015

[U.S. GAAP]

Name of registrant : Nippon Telegraph and Telephone Corporation ("NTT")  
 Code No. : 9432 (URL <http://www.ntt.co.jp/ir/>)  
 Stock exchanges on which the Company's shares are listed : Tokyo  
 Representative : Hiroo Unoura, President and Chief Executive Officer  
 Contact : Yasutake Horinouchi, Head of IR, Finance and Accounting Department / TEL +81-3-6838-5481  
 Scheduled filing date of quarterly securities report : August 6, 2015  
 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 Three Months Ended June 30, 2015 (April 1, 2015 - June 30, 2015)

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	
Three months ended June 30, 2015	2,706,457	2.5%	358,757	20.4%	367,380	20.0%	193,173	29.7%
Three months ended June 30, 2014	2,640,217	1.2%	297,979	(14.6)%	306,042	(14.1)%	148,965	(10.6)%

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

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT
Three months ended June 30, 2015	91.24 (yen)	- (yen)
Three months ended June 30, 2014	67.11 (yen)	- (yen)

Notes: 1. Comprehensive income (loss) attributable to NTT: For the three months ended June 30, 2015: 169,653 million yen 35.4%  
 For the three months ended June 30, 2014: 125,253 million yen (43.3)%

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

### (2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Total Equity	NTT Shareholders' Equity	Equity Ratio (Ratio of NTT Shareholders' Equity to Total Assets)	NTT Shareholders' Equity per Share
June 30, 2015	20,705,084	11,116,230	8,747,730	42.2%	4,131.77 (yen)
March 31, 2015	20,702,427	11,049,810	8,681,860	41.9%	4,100.63 (yen)

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

## 2. 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, 2015	-	90.00 (yen)	-	90.00 (yen)	180.00 (yen)
Year Ending March 31, 2016	-	-	-	-	-
Year Ending March 31, 2016 (Forecasts)	-	50.00 (yen)	-	50.00 (yen)	100.00 (yen)

Notes: 1. Change in dividend forecasts during the three months ended June 30, 2015: None

2. The figures for Year Ending March 31, 2016 (Forecasts) reflect the impact of NTT's two-for-one stock split of common stock, with an effective date of July 1, 2015.

## 3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(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, 2016	11,350,000	2.3%	1,200,000	10.6%	1,180,000	10.6%	630,000	21.6%	297.50	(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, 2016 during the three months ended June 30, 2015: None

3. The figure for Basic Earnings per Share Attributable to NTT reflects the impact of NTT's two-for-one stock split of common stock, with an effective date of July 1, 2015.

**\*Notes:**

- (1) Change in significant consolidated subsidiaries during the three months ended June 30, 2015 that resulted in changes in the scope of consolidation:  
Yes  
Eliminations: One company (Verio Inc.)  
(For further details, please see "Others" on page 8.)
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change of accounting policy
- i. Change due to revision of accounting standards and other regulations: None
- ii. Other change: Yes  
(For further details, please see "Others" on page 8.)
- (4) Number of shares outstanding (common stock)

i. Number of shares outstanding (including treasury stock):

June 30, 2015	: 2,273,394,470 shares
March 31, 2015	: 2,273,394,470 shares

ii. Number of shares of treasury stock:

June 30, 2015	: 156,209,218 shares
March 31, 2015	: 156,195,212 shares

iii. Weighted average number of shares outstanding:

For the three months ended June 30, 2015	: 2,117,192,084 shares
For the three months ended June 30, 2014	: 2,219,652,098 shares

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

\* Presentation on the status of quarterly review process:

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

\* Explanation of earnings forecasts and other notes:

Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available to NTT and certain assumptions that we regard as reasonable and therefore actual results may differ materially from those contained in or suggested by any forward-looking statements. With regard to the assumptions and other related matters concerning forecasts for the fiscal year ending March 31, 2016, please refer to pages 7 and 20.

On Wednesday, August 5, 2015, 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. Qualitative Information**

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

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

Three-Month Period Ended June 30, 2015 (April 1, 2015 – June 30, 2015)

	(Billions of yen)			
	<b>Three Months Ended June 30, 2014</b>	<b>Three Months Ended June 30, 2015</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	2,640.2	2,706.5	66.2	2.5%
Operating expenses	2,342.2	2,347.7	5.5	0.2%
Operating income	298.0	358.8	60.8	20.4%
Income before income taxes and equity in earnings (losses) of affiliated companies	306.0	367.4	61.3	20.0%
Net income attributable to NTT	149.0	193.2	44.2	29.7%

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

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

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

Specifically, NTT Group plans to strengthen its business operations with a particular focus on the global financial sector. To this end, NTT acquired Carlisle & Gallagher Consulting Group, Inc., a US IT consulting firm specializing in financial services. NTT Group also entered into a stock purchase agreement to acquire PT. Cyber CSF, an Indonesian data center provider, in order to further strengthen its capacity to respond to the growing demand for ICT platforms in Southeast Asia.

In order to meet the increasing need for data center services in the United States, NTT Group began providing services at its CA3 Data Center in Sacramento, California. NTT Group also began providing services at its Data Center 1 in Vienna, Austria, where European ICT companies have penetrated into the market at an accelerated rate.

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

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

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

NTT Group aimed to enhance the profitability of its domestic network businesses by optimizing capital investments and reducing costs. With regard to optimizing capital investments, NTT worked to improve the efficiency of its facility use and reduce procurement costs, in addition to simplifying and streamlining its network systems.

NTT Group also sought to reduce costs by implementing cost control measures in connection with its promotion of the “Hikari Collaboration Model” in the regional communications business segment and the new “Kake-hodai & Pake-aeru” billing plan in the mobile communications segment, as subscriptions to these services reached over 1.3 million and 20 million, respectively.

#### <Efforts to Achieve Sustainable Growth >

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

In particular, as part of its efforts to address the many social issues facing Japan’s regional areas, NTT Group entered into a Comprehensive Partnership Agreement with the City of Fukuoka to develop regional services utilizing ICT. NTT Group also agreed to enter into a business alliance with Panasonic Corporation with the aim of achieving “visual service innovations” and an “evolution of user experience” toward 2020 and beyond.

As a result of these efforts, NTT Group's consolidated operating revenues for the three-month period ended June 30, 2015 were ¥2,706.5 billion (an increase of 2.5% from the same period of the previous fiscal year), consolidated operating expenses were ¥2,347.7 billion (an increase of 0.2% from the same period of the previous fiscal year), consolidated operating income was ¥358.8 billion (an increase of 20.4% from the same period of the previous fiscal year), consolidated income before income taxes and equity in earnings (losses) of affiliated companies was ¥367.4 billion (an increase of 20.0% from the same period of the previous fiscal year), and net income attributable to NTT was ¥193.2 billion (an increase of 29.7% from the same period of the previous fiscal year).

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

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

## ii. Segment results

Results by business segment are as follows.

### Regional Communications Business Segment

Three-Month Period Ended June 30, 2015 (April 1, 2015 – June 30, 2015)

	(Billions of yen)			
	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015	Change	Percent Change
Operating revenues	847.5	836.5	(11.0)	(1.3)%
Operating expenses	806.8	765.4	(41.4)	(5.1)%
Operating income	40.7	71.1	30.4	74.7%

Operating revenues in the regional communications business segment for the three-month period ended June 30, 2015 decreased 1.3% from the same period of the previous fiscal year to ¥836.5 billion due to, among other things, a decrease in fixed voice-related revenues resulting from the decline in fixed-line telephone subscriptions, which was partially offset by an increase in IP / packet communications revenues. On the other hand, operating expenses for the three-month period ended June 30, 2015 decreased 5.1% from the same period of the previous fiscal year to ¥765.4 billion due to efforts to streamline operating expenses, particularly with respect to sales-related expenses in connection with the expansion of the "Hikari Collaboration Model," among other factors. As a result, segment operating income for the three-month period ended June 30, 2015 increased 74.7% from the same period of the previous fiscal year to ¥71.1 billion.

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2015	As of June 30, 2015	Change	Percent Change
FLET'S Hikari (including Hikari Collaboration Model) <sup>(1)</sup>	18,716	18,951	235	1.3%
NTT East	10,403	10,476	74	0.7%
NTT West	8,313	8,475	162	1.9%
Hikari Collaboration Model	270	1,322	1,051	388.8%
NTT East	190	954	764	401.4%
NTT West	80	368	288	358.9%
Hikari Denwa <sup>(2)</sup>	17,108	17,243	135	0.8%
NTT East	9,032	9,056	24	0.3%
NTT West	8,076	8,187	111	1.4%

Notes:

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

(2) Figures for "Hikari Denwa" indicate the number of channels (in thousands), and include wholesale services provided by NTT East and NTT West to service providers.

Long Distance and International Communications Business Segment

Three-Month Period Ended June 30, 2015 (April 1, 2015 – June 30, 2015)

(Billions of yen)

	<b>Three Months Ended June 30, 2014</b>	<b>Three Months Ended June 30, 2015</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	464.9	518.1	53.3	11.5%
Operating expenses	438.4	496.9	58.5	13.3%
Operating income	26.4	21.2	(5.2)	(19.7)%

Operating revenues in the long-distance and international communications business segment for the three-month period ended June 30, 2015 increased 11.5% from the same period of the previous fiscal year to ¥518.1 billion. This increase was due to, among other things, an increase in system integration revenues of NTT's overseas subsidiaries, partially offset by a decrease in domestic fixed voice-related revenues. On the other hand, operating expenses for the three-month period ended June 30, 2015 increased 13.3% from the same period of the previous fiscal year to ¥496.9 billion due to, among other things, an increase in revenue-linked expenses. As a result, segment operating income for the three-month period ended June 30, 2015 decreased 19.7% from the same period of the previous fiscal year to ¥21.2 billion.

Mobile Communications Business Segment

Three-Month Period Ended June 30, 2015 (April 1, 2015 – June 30, 2015)

(Billions of yen)

	<b>Three Months Ended June 30, 2014</b>	<b>Three Months Ended June 30, 2015</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	1,075.3	1,076.9	1.6	0.1%
Operating expenses	866.7	842.1	(24.6)	(2.8)%
Operating income	208.6	234.8	26.2	12.5%

Despite a decline in mobile voice-related revenues as a result of the impact of “Monthly Support” discount programs and the new “Kake-hodai & Pake-aeru” billing plan, operating revenues for the mobile communications business segment for the three-month period ended June 30, 2015 increased 0.1% from the same period of the previous fiscal year to ¥1,076.9 billion due to an increase in revenues from “dmarket” services and from the Smart Life area, among other things. On the other hand, despite an increase in revenue-linked expenses in the Smart Life area, operating expenses for the three-month period ended June 30, 2015 decreased 2.8% from the same period of the previous fiscal year to ¥842.1 billion due to efforts to streamline costs associated with sales and network systems. As a result, segment operating income for the three-month period ended June 30, 2015 increased 12.5% from the same period of the previous fiscal year to ¥234.8 billion.

Number of subscriptions

(Thousands of subscriptions)

	<b>As of March 31, 2015</b>	<b>As of June 30, 2015</b>	<b>Change</b>	<b>Percent Change</b>
Mobile phone services	66,595	67,532	936	1.4%
New billing plan	17,827	20,812	2,985	16.7%
LTE(Xi) services	30,744	32,609	1,864	6.1%
FOMA services	35,851	34,923	(928)	(2.6)%

Notes:

- (1) The number of Mobile phone services subscribers (including LTE (Xi) and FOMA services) includes subscriptions to communication module services.
- (2) Effective March 3, 2008, FOMA services became mandatory for subscription to “2in1” services. Such FOMA service subscriptions to “2in1” services are included in the number of Mobile phone services subscribers and also in the number of FOMA service subscribers.

## Data Communications Business Segment

Three-Month Period Ended June 30, 2015 (April 1, 2015 – June 30, 2015)

	(Billions of yen)			
	<b>Three Months Ended June 30, 2014</b>	<b>Three Months Ended June 30, 2015</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	335.9	360.2	24.4	7.3%
Operating expenses	327.7	341.4	13.7	4.2%
Operating income	8.2	18.9	10.7	130.5%

Operating revenues in the data communications business segment for the three-month period ended June 30, 2015 increased 7.3% from the same period of the previous fiscal year to ¥360.2 billion due to, among other things, improvements in and the expansion and renewal of existing large-scale systems and an increase in subsidiary business operations. On the other hand, operating expenses for the three-month period ended June 30, 2015 increased 4.2% from the same period of the previous fiscal year to ¥341.4 billion due to, among other things, an increase in revenue-linked expenses. As a result, segment operating income for the three-month period ended June 30, 2015 increased 130.5% from the same period of the previous fiscal year to ¥18.9 billion.

## Other Business Segment

Three-Month Period Ended June 30, 2015 (April 1, 2015 – June 30, 2015)

	(Billions of yen)			
	<b>Three Months Ended June 30, 2014</b>	<b>Three Months Ended June 30, 2015</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	285.4	267.2	(18.2)	(6.4)%
Operating expenses	275.6	256.8	(18.8)	(6.8)%
Operating income	9.7	10.3	0.6	5.8%

Operating revenues in the other business segment for the three-month period ended June 30, 2015 decreased 6.4% from the same period of the previous fiscal year to ¥267.2 billion due to a decrease in revenues of NTT Group's real estate business, among other things. On the other hand, operating expenses for the three-month period ended June 30, 2015 decreased 6.8% from the same period of the previous fiscal year to ¥256.8 billion as a result of a decrease in revenue-linked expenses as well as cost reduction measures. As a result, segment operating income for the three-month period ended June 30, 2015 increased 5.8% from the same period of the previous fiscal year to ¥10.3 billion.

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

Net cash provided by operating activities for the three-month period ended June 30, 2015 increased ¥57.1 billion (12.9%) from the same period of the previous fiscal year to ¥500.9 billion. This increase was due to, among other factors, an increase in operating income.

Net cash used in investing activities increased ¥63.3 billion (12.0%) from the same period of the previous fiscal year to ¥590.1 billion. This increase was due to, among other factors, an increase in capital investments.

Net cash provided by financing activities decreased ¥38.1 billion (15.4%) from the same period of the previous fiscal year to ¥209.2 billion. This decrease was due to, among other factors, a decrease in proceeds from borrowings.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of June 30, 2015 totaled ¥973.8 billion, an increase of ¥124.6 billion (14.7%) from the end of the previous fiscal year.

	(Billions of yen)			
	<b>Three Months Ended June 30, 2014</b>	<b>Three Months Ended June 30, 2015</b>	<b>Change</b>	<b>Percent Change</b>
Cash flows provided by operating activities	443.8	500.9	57.1	12.9%
Cash flows used in investing activities	(526.8)	(590.1)	(63.3)	(12.0)%
Cash flows provided by (used in) financing activities	247.3	209.2	(38.1)	(15.4)%

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

There are no changes to the consolidated results forecasts for the fiscal year ending March 31, 2016 announced on May 15, 2015. NTT manages its business results on an annual basis, and does not prepare consolidated results forecasts for the six months ending September 30, 2015. For the assumptions used in the consolidated results forecasts and other related matters, please see page 20.

## **2. Others**

- (1) Change in significant consolidated subsidiaries during the three months ended June 30, 2015, that resulted in changes in the scope of consolidation: Yes

NTT's specified subsidiary, Verio Inc., was merged into NTT America, Inc., another NTT subsidiary, on April 1, 2015. As a result, Verio Inc. ceased to be a specified subsidiary of NTT, and was excluded from the scope of NTT's consolidated subsidiaries beginning with the three months ended June 30, 2015.

- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None

- (3) Change of accounting policy: Yes

### Change in Fiscal Year End of Certain Subsidiaries

As of April 1, 2015, certain of NTT's consolidated subsidiaries changed their fiscal year ends from December 31 to March 31, thereby eliminating a three-month discrepancy between their fiscal year ends and NTT's fiscal year end in NTT's quarterly financial statements. The elimination of this discrepancy was applied as a change in accounting policy. NTT did not make any retrospective adjustments to its financial statements as these changes did not have a material impact on the consolidated financial statements for the three months ended June 30, 2014 or the year ended March 31, 2015. As a result of this change, NTT's retained earnings have increased by ¥700 million, and its accumulated other comprehensive income (loss), noncontrolling interests and redeemable noncontrolling interests have decreased by ¥9,702 million, ¥595 million and ¥419 million, respectively, in each case as of the beginning of the current fiscal year. In addition, the change in cash and cash equivalents resulting from this change in fiscal year end is presented in the consolidated statements of cash flows under "Increase (decrease) in cash and cash equivalents due to change in fiscal year end of consolidated subsidiaries."



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

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

	Millions of yen		
	March 31, 2015	June 30, 2015	Increase (Decrease)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥849,174	¥973,819	¥124,645
Short-term investments	36,342	38,285	1,943
Notes and accounts receivable, trade	2,663,012	2,387,416	(275,596)
Allowance for doubtful accounts	(43,230)	(43,977)	(747)
Accounts receivable, other	408,051	428,098	20,047
Inventories	390,523	449,566	59,043
Prepaid expenses and other current assets	434,023	534,859	100,836
Deferred income taxes	219,333	219,820	487
<b>Total current assets</b>	<b>4,957,228</b>	<b>4,987,886</b>	<b>30,658</b>
<b>Property, plant and equipment:</b>			
Telecommunications equipment	12,592,070	12,552,777	(39,293)
Telecommunications service lines	15,647,879	15,690,477	42,598
Buildings and structures	6,107,299	6,133,317	26,018
Machinery, vessels and tools	1,995,879	2,047,241	51,362
Land	1,299,072	1,306,787	7,715
Construction in progress	404,698	392,588	(12,110)
	38,046,897	38,123,187	76,290
Accumulated depreciation	(28,245,427)	(28,399,733)	(154,306)
<b>Net property, plant and equipment</b>	<b>9,801,470</b>	<b>9,723,454</b>	<b>(78,016)</b>
<b>Investments and other assets:</b>			
Investments in affiliated companies	542,247	539,152	(3,095)
Marketable securities and other investments	515,580	527,660	12,080
Goodwill	1,186,161	1,266,197	80,036
Software	1,247,956	1,221,827	(26,129)
Other intangible assets	413,552	395,603	(17,949)
Other assets	1,448,296	1,455,418	7,122
Deferred income taxes	589,937	587,887	(2,050)
<b>Total investments and other assets</b>	<b>5,943,729</b>	<b>5,993,744</b>	<b>50,015</b>
<b>Total assets</b>	<b>¥20,702,427</b>	<b>¥20,705,084</b>	<b>¥2,657</b>

	Millions of yen		
	March 31, 2015	June 30, 2015	Increase (Decrease)
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	¥330,423	¥698,102	¥367,679
Current portion of long-term debt	370,279	422,125	51,846
Accounts payable, trade	1,579,572	1,099,303	(480,269)
Current portion of obligations under capital leases	20,604	19,007	(1,597)
Accrued payroll	429,440	368,859	(60,581)
Accrued taxes on income	124,861	105,718	(19,143)
Accrued consumption tax	148,168	93,235	(54,933)
Advances received	243,263	305,482	62,219
Other	475,078	616,568	141,490
<b>Total current liabilities</b>	<b>3,721,688</b>	<b>3,728,399</b>	<b>6,711</b>
<b>Long-term liabilities:</b>			
Long-term debt (excluding current portion)	3,688,825	3,613,699	(75,126)
Obligations under capital leases (excluding current portion)	34,382	29,546	(4,836)
Liability for employees' retirement benefits	1,387,962	1,401,656	13,694
Accrued liabilities for point programs	108,099	100,079	(8,020)
Deferred income taxes	196,853	198,791	1,938
Other	486,536	472,341	(14,195)
<b>Total long-term liabilities</b>	<b>5,902,657</b>	<b>5,816,112</b>	<b>(86,545)</b>
<b>Redeemable noncontrolling interests</b>	<b>28,272</b>	<b>44,343</b>	<b>16,071</b>
<b>Equity:</b>			
NTT shareholders' equity			
Common stock, no par value	937,950	937,950	—
Additional paid-in capital	2,846,723	2,847,274	551
Retained earnings	5,126,657	5,225,257	98,600
Accumulated other comprehensive income (loss)	268,232	235,010	(33,222)
Treasury stock, at cost	(497,702)	(497,761)	(59)
<b>Total NTT shareholders' equity</b>	<b>8,681,860</b>	<b>8,747,730</b>	<b>65,870</b>
Noncontrolling interests	2,367,950	2,368,500	550
<b>Total equity</b>	<b>11,049,810</b>	<b>11,116,230</b>	<b>66,420</b>
<b>Total liabilities and equity</b>	<b>¥20,702,427</b>	<b>¥20,705,084</b>	<b>¥2,657</b>

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

THREE-MONTH PERIOD ENDED JUNE 30

### **Consolidated Statements of Income**

	Millions of yen		
	2014	2015	Increase (Decrease)
<b>Operating revenues:</b>			
Fixed voice related services	¥367,513	¥336,376	¥(31,137)
Mobile voice related services	226,276	193,130	(33,146)
IP / packet communications services	922,283	933,708	11,425
Sale of telecommunications equipment	227,310	223,758	(3,552)
System integration	587,387	673,043	85,656
Other	309,448	346,442	36,994
	<u>2,640,217</u>	<u>2,706,457</u>	<u>66,240</u>
<b>Operating expenses:</b>			
Cost of services (exclusive of items shown separately below)	559,455	556,044	(3,411)
Cost of equipment sold (exclusive of items shown separately below)	198,551	196,612	(1,939)
Cost of system integration (exclusive of items shown separately below)	413,138	475,755	62,617
Depreciation and amortization	462,550	432,575	(29,975)
Impairment loss	143	31	(112)
Selling, general and administrative expenses	708,401	686,683	(21,718)
	<u>2,342,238</u>	<u>2,347,700</u>	<u>5,462</u>
<b>Operating income</b>	<u>297,979</u>	<u>358,757</u>	<u>60,778</u>
<b>Other income (expenses):</b>			
Interest and amortization of bond discounts and issue costs	(11,716)	(10,978)	738
Interest income	4,518	4,365	(153)
Other, net	15,261	15,236	(25)
	<u>8,063</u>	<u>8,623</u>	<u>560</u>
<b>Income before income taxes and equity in earnings (losses) of affiliated companies</b>	<u>306,042</u>	<u>367,380</u>	<u>61,338</u>
<b>Income tax expense (benefit):</b>			
Current	98,412	112,106	13,694
Deferred	10,354	4,488	(5,866)
	<u>108,766</u>	<u>116,594</u>	<u>7,828</u>
<b>Income before equity in earnings (losses) of affiliated companies</b>	<u>197,276</u>	<u>250,786</u>	<u>53,510</u>
Equity in earnings (losses) of affiliated companies	(1,361)	4,311	5,672
<b>Net income</b>	<u>195,915</u>	<u>255,097</u>	<u>59,182</u>
Less – Net income attributable to noncontrolling interests	46,950	61,924	14,974
<b>Net income attributable to NTT</b>	<u>¥148,965</u>	<u>¥193,173</u>	<u>¥44,208</u>
<b>Per share of common stock*:</b>			
Weighted average number of shares outstanding (Shares)	2,219,652,098	2,117,192,084	
Net income attributable to NTT (Yen)	¥67.11	¥91.24	

\* "Per share of common stock" figures for the three months ended June 30, 2014 and 2015 have been adjusted to reflect the two-for-one stock split carried out on July 1, 2015.

**Consolidated Statements of Comprehensive Income**

	Millions of yen		
	2014	2015	Increase (Decrease)
Net income	¥195,915	¥255,097	¥59,182
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	3,714	(1,941)	(5,655)
Unrealized gain (loss) on derivative instruments	1,855	402	(1,453)
Foreign currency translation adjustments	(30,675)	(28,285)	2,390
Pension liability adjustments	(988)	507	1,495
Total other comprehensive income (loss)	(26,094)	(29,317)	(3,223)
<b>Total comprehensive income (loss)</b>	<b>169,821</b>	<b>225,780</b>	<b>55,959</b>
Less – Comprehensive income attributable to noncontrolling interests	44,568	56,127	11,559
<b>Total comprehensive income (loss) attributable to NTT</b>	<b>¥125,253</b>	<b>¥169,653</b>	<b>¥44,400</b>

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

THREE-MONTH PERIOD ENDED JUNE 30

	Millions of yen		
	2014	2015	Increase (Decrease)
<b>Cash flows from operating activities:</b>			
Net income	¥195,915	¥255,097	¥59,182
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization	462,550	432,575	(29,975)
Impairment losses	143	31	(112)
Deferred taxes	10,354	4,488	(5,866)
Losses on disposals of property, plant and equipment	20,047	16,867	(3,180)
Equity in (earnings) losses of affiliated companies	1,361	(4,311)	(5,672)
(Increase) decrease in notes and accounts receivable, trade	295,053	282,118	(12,935)
(Increase) decrease in inventories	(37,554)	(60,590)	(23,036)
(Increase) decrease in other current assets	(153,772)	(121,967)	31,805
Increase (decrease) in accounts payable, trade and accrued payroll	(313,952)	(331,187)	(17,235)
Increase (decrease) in accrued consumption tax	37,252	(54,783)	(92,035)
Increase (decrease) in advances received	1,383	62,040	60,657
Increase (decrease) in accrued taxes on income	(160,364)	(19,771)	140,593
Increase (decrease) in other current liabilities	96,484	60,120	(36,364)
Increase (decrease) in liability for employees' retirement benefits	11,772	13,704	1,932
Increase (decrease) in other long-term liabilities	(1,512)	(14,443)	(12,931)
Other	(21,371)	(19,114)	2,257
Net cash provided by operating activities	¥443,789	¥500,874	¥57,085

	Millions of yen		
	2014	2015	Increase (Decrease)
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	¥(405,387)	¥(383,011)	¥22,376
Payments for intangibles	(92,833)	(110,471)	(17,638)
Proceeds from sales of property, plant and equipment	11,824	8,250	(3,574)
Payments for purchases of non-current investments	(2,179)	(18,737)	(16,558)
Proceeds from sales and redemptions of non-current investments	3,571	6,967	3,396
Acquisitions of subsidiaries, net of cash acquired	(3,631)	(84,884)	(81,253)
Payments for purchases of short-term investments	(36,137)	(6,227)	29,910
Proceeds from redemptions of short-term investments	17,201	5,191	(12,010)
Other	(19,219)	(7,137)	12,082
Net cash used in investing activities	(526,790)	(590,059)	(63,269)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of long-term debt	234,849	59,845	(175,004)
Payments for settlement of long-term debt	(107,455)	(143,679)	(36,224)
Proceeds from issuance of short-term debt	1,896,280	1,700,715	(195,565)
Payments for settlement of short-term debt	(1,626,089)	(1,333,260)	292,829
Dividends paid	(99,904)	(95,273)	4,631
Proceeds from sale of (payments for acquisition of) treasury stock, net	(30)	(77)	(47)
Acquisitions of shares of subsidiaries from noncontrolling interests	—	(1,179)	(1,179)
Other	(50,400)	22,082	72,482
Net cash provided by financing activities	247,251	209,174	(38,077)
Effect of exchange rate changes on cash and cash equivalents	(5,302)	2,628	7,930
Net increase (decrease) in cash and cash equivalents	158,948	122,617	(36,331)
Cash and cash equivalents at beginning of period	984,463	849,174	(135,289)
Increase (decrease) in cash and cash equivalents due to change in fiscal year end of consolidated subsidiaries	—	2,028	2,028
Cash and cash equivalents at end of period	¥1,143,411	¥973,819	¥(169,592)
<b>Cash paid during the period for:</b>			
Interest	¥11,309	¥10,786	¥(523)
Income taxes, net	¥275,775	¥153,753	¥(122,022)

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

None

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

THREE-MONTH PERIOD ENDED JUNE 30

1. Operating revenues (Millions of yen)

	2014	2015	Increase (Decrease)
Regional communications business			
External customers	¥735,598	¥717,980	¥(17,618)
Intersegment	111,912	118,523	6,611
Total	847,510	836,503	(11,007)
Long-distance and international communications business			
External customers	443,982	498,193	54,211
Intersegment	20,894	19,942	(952)
Total	464,876	518,135	53,259
Mobile communications business			
External customers	1,065,815	1,066,369	554
Intersegment	9,487	10,495	1,008
Total	1,075,302	1,076,864	1,562
Data communications business			
External customers	310,800	338,818	28,018
Intersegment	25,078	21,417	(3,661)
Total	335,878	360,235	24,357
Other business			
External customers	84,022	85,097	1,075
Intersegment	201,335	182,067	(19,268)
Total	285,357	267,164	(18,193)
Elimination	(368,706)	(352,444)	16,262
Consolidated total	¥2,640,217	¥2,706,457	¥66,240

2. Segment profit (Millions of yen)

	2014	2015	Increase (Decrease)
Segment profit			
Regional communications business	¥40,707	¥71,131	¥30,424
Long-distance and international communications business	26,435	21,220	(5,215)
Mobile communications business	208,608	234,766	26,158
Data communications business	8,182	18,858	10,676
Other business	9,746	10,315	569
Total segment profit	293,678	356,290	62,612
Elimination	4,301	2,467	(1,834)
Consolidated total	¥297,979	¥358,757	¥60,778

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

### **1. Dividends**

Cash dividends paid

Resolution	The shareholders' meeting held on June 26, 2015
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥95,273 million
Cash dividends per share	¥90
Record date	March 31, 2015
Date of payment	June 29, 2015

### **2. Treasury stock**

On August 5, 2015, the board of directors of NTT resolved that NTT may acquire up to 21 million shares of its outstanding common stock for an amount in total not exceeding ¥100 billion from August 6, 2015 through October 30, 2015.

## **(7) Subsequent Events**

For information on NTT's resolution with respect to its stock repurchase authorization, see Note 6.



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

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

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

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	March 31, 2015	June 30, 2015
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and bank deposits	8,052	11,898
Accounts receivable, trade	1,503	373
Supplies	189	197
Subsidiary deposits	4	7
Other	396,507	631,236
Total current assets	406,257	643,714
<b>Fixed assets:</b>		
Property, plant and equipment	159,131	156,317
Intangible fixed assets	25,840	21,877
Investments and other assets		
Investments in subsidiaries and affiliated companies	5,093,735	5,092,250
Long-term loans receivable to subsidiaries	1,303,142	1,233,142
Other	39,267	38,877
Total investments and other assets	6,436,145	6,364,269
Total fixed assets	6,621,117	6,542,464
<b>TOTAL ASSETS</b>	<b>7,027,374</b>	<b>7,186,179</b>

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

**(Reference)**

	Millions of yen	
	March 31, 2015	June 30, 2015
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable, trade	137	26
Current portion of corporate bonds	149,995	219,997
Current portion of long-term borrowings	55,180	55,180
Current portion of long-term borrowings from subsidiaries	240,000	240,000
Short-term borrowings	46,000	50,000
Accrued taxes on income	1,033	224
Deposits received from subsidiaries	51,617	59,686
Other	27,648	78,350
Total current liabilities	571,612	703,465
<b>Long-term liabilities:</b>		
Corporate bonds	856,341	786,354
Long-term borrowings	1,218,600	1,218,600
Liability for employees' retirement benefits	30,634	30,848
Asset retirement obligations	1,385	1,392
Other	3,324	3,288
Total long-term liabilities	2,110,286	2,040,483
<b>TOTAL LIABILITIES</b>	<b>2,681,899</b>	<b>2,743,949</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	937,950	937,950
Capital surplus	2,672,826	2,672,827
Earned surplus	1,232,879	1,330,145
Treasury stock	(497,702)	(497,761)
Total shareholders' equity	4,345,954	4,443,161
<b>Unrealized gains (losses), translation adjustments, and others:</b>		
Net unrealized gains (losses) on securities	(478)	(932)
Total unrealized gains (losses), translation adjustments, and others	(478)	(932)
<b>TOTAL NET ASSETS</b>	<b>4,345,475</b>	<b>4,442,229</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>7,027,374</b>	<b>7,186,179</b>

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

(Reference)

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

THREE-MONTH PERIOD ENDED JUNE 30

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2014	2015
<b>Operating revenues</b>	221,069	224,022
<b>Operating expenses</b>	31,280	30,401
<b>Operating income</b>	189,788	193,620
<b>Non-operating revenues:</b>		
Interest income	4,920	4,043
Lease and rental income	2,671	2,623
Miscellaneous income	331	308
Total non-operating revenues	7,922	6,975
<b>Non-operating expenses:</b>		
Interest expenses	3,595	3,147
Corporate bond interest expenses	3,744	3,308
Miscellaneous expenses	1,295	1,268
Total non-operating expenses	8,635	7,723
<b>Recurring profit</b>	189,076	192,872
<b>Income before income taxes</b>	189,076	192,872
Income taxes	279	333
<b>Net income</b>	188,796	192,539

(Reference) Major components of operating revenues

Dividends received	188,086	191,745
Revenues from group management	4,628	4,629
Revenues from basic R&D	26,625	25,500

Notes: 1. The above non-consolidated quarterly financial statements are exempt from auditor review for purposes of legal disclosure.

2. The above non-consolidated quarterly financial statements are prepared based on the "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

[Note]

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

August 5, 2015

**NTT's Shares and Shareholders (as of June 30, 2015)****1. Classification of Shareholders**

Details	NTT's Shares and Shareholders (1 unit = 100 shares)								Shares Representing Less Than One Unit
	Government and Public Bodies	Financial Institutions	Securities Firms	Other Domestic Corporations	Foreign Corporations, etc.		Domestic Individuals, etc.	Total	
					Non-Individuals	Individuals			
Total Holders	4	231	53	5,911	1,306	797	725,159	733,461	--
Total Shares (Units)	3,690,733	1,732,117	59,400	132,461	3,254,420	4,705	2,478,186	11,352,022	1,495,035
%	32.51	15.26	0.52	1.17	28.67	0.04	21.83	100.00	--

Notes: (1) The total number of units held by "Domestic Individuals, etc." includes 781,049 units of treasury stock, and the number of "Shares Representing Less Than One Unit" includes nine shares of treasury stock. 78,104,909 shares of treasury stock are recorded in the shareholders' register; the actual number of shares of treasury stock as of June 30, 2015 was 78,104,609.

(2) The total number of units held by "Other Domestic Corporations" includes 147 units held in the name of the Japan Securities Depository Center, and the number of "Shares Representing Less Than One Unit" includes 72 shares held in the name of the Japan Securities Depository Center.

(3) There were 187,972 shareholders who only own shares representing less than one unit as of June 30, 2015.

(4) NTT conducted a two-for-one stock split of its common stock, with an effective date of July 1, 2015. The figures above do not reflect the impact of the stock split.

**2. Classification by Number of Shares Held**

Details	NTT's Shares and Shareholders (1 unit = 100 shares)								Shares Representing Less Than One Unit
	At Least 1,000 Units	At Least 500 Units	At Least 100 Units	At Least 50 Units	At Least 10 Units	At Least 5 Units	At Least 1 Unit	Total	
Number of Holders	399	169	770	781	19,356	46,162	665,824	733,461	--
%	0.05	0.02	0.10	0.11	2.64	6.29	90.78	100.00	--
Total Shares (Units)	9,428,309	116,902	162,358	50,804	295,982	279,416	1,018,251	11,352,022	1,495,035
%	83.05	1.03	1.43	0.45	2.61	2.46	8.97	100.00	--

Notes: (1) "At Least 1,000 Units" includes 781,049 units of treasury stock, and the number of "Shares Representing Less Than One Unit" includes nine shares of treasury stock.

(2) "At Least 100 Units" includes 147 units held in the name of the Japan Securities Depository Center, and the number of "Shares Representing Less Than One Unit" includes 72 shares held in the name of the Japan Securities Depository Center.

(3) NTT conducted a two-for-one stock split of its common stock, with an effective date of July 1, 2015. The figures above do not reflect the impact of the stock split.

**3. Principal Shareholders**

Name	Shareholdings (in thousands of shares)	Percentage of Total Shares Issued (%)
The Minister of Finance	369,062	32.47
Japan Trustee Services Bank, Ltd. (Trust Account)	38,778	3.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,288	2.66
Moxley and Co LLC	15,451	1.36
State Street Bank and Trust Company	12,452	1.10
Japan Trustee Services Bank, Ltd. (Trust Account 9)	11,439	1.01
JP Morgan Chase Bank 385632	10,422	0.92
The Bank of New York Mellon SA/NV 10	9,590	0.84
State Street Bank and Trust Company 505202	8,322	0.73
NTT Employee Share-Holding Association	7,930	0.70
Total	513,740	45.20

Notes: (1) NTT's holdings of treasury stock (78,104,609 shares) are not included in the above table.

(2) NTT conducted a two-for-one stock split of its common stock, with an effective date of July 1, 2015. The figures above do not reflect the impact of the stock split.