

Financial Results Release

February 10, 2017

For the Nine Months Ended December 31, 2016

[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 : Takashi Ameshima, Head of IR, Finance and Accounting Department / TEL +81-3-6838-5481
 Scheduled filing date of quarterly securities report : February 13, 2017
 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, 2016 (April 1, 2016 - December 31, 2016)

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, 2016	8,360,497	(1.6)%	1,318,554	17.0%	1,307,197	16.6%	668,728	10.7%
Nine months ended December 31, 2015	8,495,360	3.8%	1,126,582	23.7%	1,121,168	23.2%	604,064	34.3%

Note: 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, 2016	325.64 (yen)	- (yen)
Nine months ended December 31, 2015	286.43 (yen)	- (yen)

Notes: 1. Comprehensive income (loss) attributable to NTT: For the nine months ended December 31, 2016: 588,306 million yen 12.3%
 For the nine months ended December 31, 2015: 523,808 million yen 3.2%

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
December 31, 2016	21,024,242	11,278,532	8,883,338	42.3%	4,365.38 (yen)
March 31, 2016	21,035,931	11,240,082	8,833,806	42.0%	4,214.32 (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, 2016	-	50.00 (yen)	-	60.00 (yen)	110.00 (yen)
Year Ending March 31, 2017	-	60.00 (yen)	-	-	-
Year Ending March 31, 2017 (Forecasts)	-	-	-	60.00 (yen)	120.00 (yen)

Note: Change in dividend forecasts: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(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, 2017	11,410,000	(1.1)%	1,470,000	9.0%	1,440,000	8.3%	770,000	4.4%	376.00 (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, 2017: None

***Notes:**

- (1) Change in significant consolidated subsidiaries during the nine months ended December 31, 2016 that resulted in changes in the scope of consolidation: Yes
Newly added: One company (NTT Data Services, L.L.C.)
(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):

December 31, 2016 : 2,096,394,470 shares
March 31, 2016 : 2,096,394,470 shares

ii. Number of shares of treasury stock:

December 31, 2016 : 61,440,547 shares
March 31, 2016 : 255,269 shares

iii. Weighted average number of shares outstanding:

For the nine months ended December 31, 2016 : 2,053,571,790 shares
For the nine months ended December 31, 2015 : 2,108,972,712 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, 2017, please refer to pages 7 and 23.

On Friday, February 10, 2017, NTT will hold a presentation on its financial results for institutional investors and analysts. Shortly thereafter, NTT plans to post on its website explanatory details, along with the materials used at the presentation.

(Reference)

Non-consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(Millions of yen, except per share amount)

	Operating Revenues	Operating Income	Recurring Profit	Net Income	Earnings per Share
Year Ending March 31, 2017	475,000 (9.0)%	341,000 (11.2)%	337,000 (11.7)%	290,000 (56.5)%	142.00 (yen)

Note: 1. Percentages above represent changes from the previous fiscal year.

2. Change in non-consolidated financial results forecasts for the fiscal year ending March 31, 2017: Yes

1. Qualitative Information

(1) Qualitative Information Relating to Consolidated Business Results

i. Consolidated results

Nine-Month Period Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

	(Billions of yen)			
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Change	Percent Change
Operating revenues	8,495.4	8,360.5	(134.9)	(1.6)%
Operating expenses	7,368.8	7,041.9	(326.8)	(4.4)%
Operating income	1,126.6	1,318.6	192.0	17.0 %
Income before income taxes and equity in earnings (losses) of affiliated companies	1,121.2	1,307.2	186.0	16.6 %
Net income attributable to NTT	604.1	668.7	64.7	10.7 %

During the nine months ended December 31, 2016, pursuant to its Medium-Term Management Strategy, adopted in May 2015, entitled “Towards the Next Stage 2.0,” NTT 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 promoted cross-selling through collaboration among its group companies, including businesses related to global networks, cloud migration, and IT outsourcing, and received orders from California State Teachers’ Retirement System (CalSTRS) and others.

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

Furthermore, in addition to the above measures, NTT Group completed the acquisition of over 98% (asset value base) of Dell Services and inherited their business operations. Through this acquisition, NTT intends to expand its business in each industry mainly in North America and enhance its cloud services and BPO services using cutting-edge technology.

<Efforts to Optimize Domestic Network Businesses and Enhance Profitability>

NTT Group aimed to enhance profit generation 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, and is in the process of reviewing various topics and initiatives aimed at generating profits.

In the regional communications business segment, NTT promoted initiatives for its “Hikari Collaboration Model” and subscriptions for Hikari access services for the “Hikari Collaboration Model” reached 7.85 million. In the mobile communications business segment, NTT launched the “docomo Child Raising Support Program,” a service which supports families with children. In addition, along with the sales of LTE compatible feature phones, NTT worked to enhance profitability by increasing the sales of its “Kake-hodai &Pake-aeru” billing plan through the launch of the “Kake-hodai Light (for feature phones)” and “Keitai Pack” services, for which subscriptions exceeded 35.0 million subscriptions. Through the above efforts, NTT worked to reduce costs beginning with controlling marketing costs.

<Efforts to Achieve Sustainable Growth >

The Japanese government has been developing and implementing a variety of policies centered on the Olympic and Paralympic Games Tokyo 2020 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.

Specifically, through the application of “corevo™,” NTT Group’s AI related technology, NTT and Seven and I Holdings Co., Ltd. began a joint experiment that readily offers product information in convenience stores to customers' smartphones. In addition, NTT and the Kansai Economic Federation began conducting demonstration experiments on tourist information solutions through the combination of robots and digital signage.

As a result of these efforts, NTT Group’s consolidated operating revenues for the nine months ended December 31, 2016 were ¥8,360.5 billion (a decrease of 1.6% from the same period of the previous fiscal year), consolidated operating expenses were ¥7,041.9 billion (a decrease of 4.4% from the same period of the previous fiscal year), consolidated operating income was ¥1,318.6 billion (an increase of 17.0% from the same period of the previous fiscal year), consolidated income before income taxes and equity in earnings (losses) of affiliated companies was ¥1,307.2 billion (an increase of 16.6% from the same period of the previous fiscal year), and net income attributable to NTT was ¥668.7 billion (an increase of 10.7% 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 Olympic and Paralympic Games Tokyo 2020.

ii. Segment results

Results by business segment are as follows.

Regional Communications Business Segment

Nine-Month Period Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

	(Billions of yen)			
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Change	Percent Change
Operating revenues	2,520.2	2,434.8	(85.4)	(3.4)%
Operating expenses	2,288.1	2,104.4	(183.7)	(8.0)%
Operating income	232.2	330.5	98.3	42.3 %

Operating revenues in the regional communications business segment for the nine-month period ended December 31, 2016 decreased 3.4% from the same period of the previous fiscal year to ¥2,434.8 billion due to, among other things, a decrease in fixed voice-related revenues. On the other hand, operating expenses for the nine-month period ended December 31, 2016 decreased 8.0% from the same period of the previous fiscal year to ¥2,104.4 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,” in addition to the effect of the change in the depreciation method of property, plant and equipment, among other factors. As a result, segment operating income for the nine-month period ended December 31, 2016 increased 42.3% from the same period of the previous fiscal year to ¥330.5 billion.

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2016	As of December 31, 2016	Change	Percent Change
FLET'S Hikari (including Hikari Collaboration Model) ⁽¹⁾	19,259	19,903	644	3.3 %
NTT East	10,666	11,078	411	3.9 %
NTT West	8,593	8,825	233	2.7 %
Hikari Collaboration Model	4,691	7,854	3,163	67.4 %
NTT East	3,077	4,846	1,769	57.5 %
NTT West	1,615	3,008	1,394	86.3 %
Hikari Denwa ⁽²⁾	17,374	17,655	281	1.6 %
NTT East	9,123	9,311	189	2.1 %
NTT West	8,252	8,344	92	1.1 %

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," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari 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

Nine-Month Period Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

	(Billions of yen)			
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Change	Percent Change
Operating revenues	1,675.5	1,570.6	(104.8)	(6.3)%
Operating expenses	1,593.2	1,551.9	(41.3)	(2.6)%
Operating income	82.2	18.7	(63.5)	(77.3)%

Operating revenues in the long distance and international communications business segment for the nine-month period ended December 31, 2016 decreased 6.3% from the same period of the previous fiscal year to ¥1,570.6 billion. This decrease was due to, among other things, a decrease in fixed voice-related revenues and the impact of exchange rate fluctuations on NTT's overseas businesses, partially offset by an increase in IP/packet communications revenues due to the expansion of the "OCN Hikari" service. On the other hand, operating expenses for the nine-month period ended December 31, 2016 decreased 2.6% from the same period of the previous fiscal year to ¥1,551.9 billion due to efforts to streamline expenses such as sales-related expenses, which was partially offset by the recording of goodwill impairment losses of NTT Group's global subsidiaries. As a result, segment operating income for the nine-month period ended December 31, 2016 decreased 77.3% from the same period of the previous fiscal year to ¥18.7 billion.

Mobile Communications Business Segment

Nine-Month Period Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

	(Billions of yen)			
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Change	Percent Change
Operating revenues	3,383.5	3,469.2	85.7	2.5 %
Operating expenses	2,700.5	2,629.9	(70.6)	(2.6)%
Operating income	683.0	839.3	156.3	22.9 %

Despite a decline in revenues from sales of equipment, operating revenues for the mobile communications business segment for the nine-month period ended December 31, 2016 increased 2.5% from the same period of the previous fiscal year to ¥3,469.2 billion due to a recovery in IP/packet communications revenues resulting from an increase in the number of subscribers to "Kake-hodai & Pake-aeru" and "docomo Hikari," as well as an increase in revenues from "dmarket" services and from the Smart Life area. On the other hand, despite an increase in revenue-linked expenses in the "docomo Hikari" and Smart Life areas, operating expenses for the nine-month period ended December 31, 2016 decreased 2.6% from the same period of the previous fiscal year to ¥2,629.9 billion due to a decrease in the cost of equipment sold, efforts to streamline costs, and the effect of the change in depreciation method of property, plant and equipment. As a result, segment operating income for the nine-month period ended December 31, 2016 increased 22.9% from the same period of the previous fiscal year to ¥839.3 billion.

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2016	As of December 31, 2016	Change	Percent Change
Mobile phone services	70,964	73,588	2,624	3.7 %
"Kake-hodai & Pake-aeru"	29,704	35,198	5,494	18.5 %
LTE(Xi) services	38,679	42,671	3,992	10.3 %
FOMA services	32,285	30,917	(1,368)	(4.2)%

Note:

The number of Mobile phone services subscribers (including LTE (Xi) and FOMA services) includes subscriptions to communication module services.

Data Communications Business Segment

Nine-Month Period Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

(Billions of yen)

	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Change	Percent Change
Operating revenues	1,147.8	1,164.6	16.9	1.5 %
Operating expenses	1,073.8	1,097.6	23.8	2.2 %
Operating income	74.0	67.1	(7.0)	(9.4)%

Despite the impact of exchange rate fluctuations on NTT's overseas businesses, operating revenues in the data communications business segment for the nine-month period ended December 31, 2016 increased 1.5% from the same period of the previous fiscal year to ¥1,164.6 billion due to, among other things, expansion of NTT's domestic businesses. On the other hand, operating expenses for the nine-month period ended December 31, 2016 increased 2.2% from the same period of the previous fiscal year to ¥1,097.6 billion due to, among other things, an increase in revenue-linked expenses and the temporary effect of M&A related expenses. As a result, segment operating income for the nine-month period ended December 31, 2016 decreased 9.4% from the same period of the previous fiscal year to ¥67.1 billion.

Other Business Segment

Nine-Month Period Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

(Billions of yen)

	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Change	Percent Change
Operating revenues	872.7	889.9	17.2	2.0%
Operating expenses	826.6	830.6	4.0	0.5%
Operating income	46.2	59.3	13.1	28.5%

Operating revenues in the other business segment for the nine-month period ended December 31, 2016 increased 2.0% from the same period of the previous fiscal year to ¥889.9 billion due to an increase in revenues of NTT Group's real estate business, among other things. On the other hand, operating expenses for the nine-month period ended December 31, 2016 increased 0.5% from the same period of the previous fiscal year to ¥830.6 billion as a result of an increase in revenue-linked expenses. As a result, segment operating income for the nine-month period ended December 31, 2016 increased 28.5% from the same period of the previous fiscal year to ¥59.3 billion.

(2) Qualitative Information Relating to Consolidated Financial Position

Net cash provided by operating activities for the nine-month period ended December 31, 2016 increased ¥43.7 billion (2.6%) from the same period of the previous fiscal year to ¥1,715.8 billion. This increase was due to, among other factors, an increase in operating income.

Net cash used in investing activities increased ¥297.5 billion (22.3%) from the same period of the previous fiscal year to ¥1,630.9 billion. This increase was due to, among other factors, an increase in capital investments.

Net cash used in financing activities increased ¥39.2 billion (8.6%) from the same period of the previous fiscal year to ¥492.9 billion. This increase was due to, among other factors, an increase in stock repurchases by NTT and an increase in stock repurchases by NTT's subsidiaries.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of December 31, 2016 totaled ¥664.8 billion, a decrease of ¥423.4 billion (38.9%) from the end of the previous fiscal year.

	(Billions of yen)			
	Nine Months Ended December 31, 2015	Nine Months Ended December 31, 2016	Change	Percent Change
Cash flows provided by operating activities	1,672.1	1,715.8	43.7	2.6 %
Cash flows used in investing activities	(1,333.4)	(1,630.9)	(297.5)	(22.3)%
Cash flows used in financing activities	(453.8)	(492.9)	(39.2)	(8.6)%

(3) Qualitative Information Relating to Consolidated Results Forecasts

There are no changes to the consolidated results forecasts for the fiscal year ending March 31, 2017 announced on November 11, 2016. For the assumptions used in the consolidated results forecasts and other related matters, please see page 23.

2. OTHERS

- (1) Change in significant consolidated subsidiaries during the nine months ended December 31, 2016, that resulted in changes in the scope of consolidation: Yes

On November 2, 2016 (U.S. time), NTT Group completed the acquisition of over 98% (asset value base) of Dell Services and inherited their business operations. As a result, NTT DATA Services, L.L.C. became a specified subsidiary of NTT and was included in the scope of NTT's consolidated subsidiaries beginning with the nine months ended December 31, 2016.

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

- (3) Change of accounting policy: Yes

Change in depreciation method

NTT and its subsidiaries in Japan traditionally used the declining-balance method for calculating depreciation of property, plant, and equipment. Effective April 1, 2016, NTT and its subsidiaries adopted the straight-line method of depreciation.

As NTT Group plans to complete the expansion of its service areas for fiber-optic services and LTE services in the network business, it has been shifting the focus of its capital investments to improving the efficiency in using facilities while maintaining the current functionality. With respect to network services, NTT has started providing the "Hikari Collaboration Model," the wholesale provision of fiber-optic access services, which can be used by customers of both fixed-line communications services and mobile communications services in the long-term. Through these efforts, NTT expects the stable usage of property, plant, and equipment going forward.

For these reasons, NTT believes that the straight-line depreciation method better reflects the pattern of consumption of the future benefits to be derived from those assets being depreciated.

The effect of the change in the depreciation method is recognized prospectively as a change in the accounting estimate pursuant to FASB ASC-250, "Accounting Changes and Error Corrections."

In line with the change in the depreciation method, NTT reviewed the residual carrying amount of property, plant, and equipment and other necessary items and made changes where necessary.

As a result of the change in the depreciation method, depreciation expenses on a consolidated basis for the nine and three months ended December 31, 2016 decreased by ¥185,322 million and ¥58,659 million, respectively. Consolidated net income attributable to NTT and consolidated basic net income attributable to NTT per share for the nine and three months ended December 31, 2016 increased by ¥101,854 million and ¥31,037 million, and ¥49.60 and ¥15.24, respectively.

Change in Fiscal Year End of Certain Subsidiaries

As of April 1, 2016, 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 nine months ended December 31, 2015 or the year ended March 31, 2016. As a result of this change, NTT's retained earnings, accumulated other comprehensive income (loss) and noncontrolling interests have decreased by ¥214 million, ¥1,454 million and ¥1,408 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, 2016	December 31, 2016	Increase (Decrease)
ASSETS			
Current assets:			
Cash and cash equivalents	¥1,088,275	¥664,835	¥(423,440)
Short-term investments	33,076	76,430	43,354
Notes and accounts receivable, trade	2,733,116	2,819,785	86,669
Allowance for doubtful accounts	(45,236)	(51,995)	(6,759)
Accounts receivable, other	473,192	513,836	40,644
Inventories	414,581	436,893	22,312
Prepaid expenses and other current assets	469,529	669,999	200,470
Deferred income taxes	260,446	229,758	(30,688)
Total current assets	5,426,979	5,359,541	(67,438)
Property, plant and equipment:			
Telecommunications equipment	11,586,812	11,339,964	(246,848)
Telecommunications service lines	15,870,097	15,991,347	121,250
Buildings and structures	6,069,437	6,125,882	56,445
Machinery, vessels and tools	1,996,898	2,026,534	29,636
Land	1,273,209	1,283,818	10,609
Construction in progress	382,196	442,097	59,901
	37,178,649	37,209,642	30,993
Accumulated depreciation	(27,626,728)	(27,666,193)	(39,465)
Net property, plant and equipment	9,551,921	9,543,449	(8,472)
Investments and other assets:			
Investments in affiliated companies	515,716	480,591	(35,125)
Marketable securities and other investments	474,247	485,769	11,522
Goodwill	1,229,208	1,279,042	49,834
Software	1,212,482	1,182,624	(29,858)
Other intangible assets	391,977	450,737	58,760
Other assets	1,486,840	1,481,073	(5,767)
Deferred income taxes	746,561	761,416	14,855
Total investments and other assets	6,057,031	6,121,252	64,221
Total assets	¥21,035,931	¥21,024,242	¥(11,689)

	Millions of yen		
	March 31, 2016	December 31, 2016	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	¥129,656	¥361,739	¥232,083
Current portion of long-term debt	476,777	680,010	203,233
Accounts payable, trade	1,572,797	1,220,203	(352,594)
Current portion of obligations under capital leases	14,711	15,081	370
Accrued payroll	430,248	387,734	(42,514)
Accrued taxes on income	249,356	143,625	(105,731)
Accrued consumption tax	83,481	100,796	17,315
Advances received	290,132	317,402	27,270
Deposits received	62,307	298,464	236,157
Other	431,663	431,511	(152)
Total current liabilities	3,741,128	3,956,565	215,437
Long-term liabilities:			
Long-term debt (excluding current portion)	3,546,203	3,249,438	(296,765)
Obligations under capital leases (excluding current portion)	27,630	25,606	(2,024)
Liability for employees' retirement benefits	1,688,611	1,726,582	37,971
Accrued liabilities for point programs	89,003	85,438	(3,565)
Deferred income taxes	166,547	164,794	(1,753)
Other	491,630	480,596	(11,034)
Total long-term liabilities	6,009,624	5,732,454	(277,170)
Redeemable noncontrolling interests	45,097	56,691	11,594
Equity:			
NTT shareholders' equity			
Common stock, no par value	937,950	937,950	—
Additional paid-in capital	2,879,560	2,868,399	(11,161)
Retained earnings	5,074,234	5,494,755	420,521
Accumulated other comprehensive income (loss)	(57,055)	(138,931)	(81,876)
Treasury stock, at cost	(883)	(278,835)	(277,952)
Total NTT shareholders' equity	8,833,806	8,883,338	49,532
Noncontrolling interests	2,406,276	2,395,194	(11,082)
Total equity	11,240,082	11,278,532	38,450
Total liabilities and equity	¥21,035,931	¥21,024,242	¥(11,689)

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

NINE-MONTH PERIOD ENDED DECEMBER 31

Consolidated Statements of Income

	Millions of yen		
	2015	2016	Increase (Decrease)
Operating revenues:			
Fixed voice related services	¥994,477	¥919,161	¥(75,316)
Mobile voice related services	624,583	651,378	26,795
IP / packet communications services	2,819,532	2,842,376	22,844
Sale of telecommunications equipment	725,765	650,100	(75,665)
System integration	2,212,240	2,123,736	(88,504)
Other	1,118,763	1,173,746	54,983
	<u>8,495,360</u>	<u>8,360,497</u>	<u>(134,863)</u>
Operating expenses:			
Cost of services (excluding items shown separately below)	1,733,371	1,751,417	18,046
Cost of equipment sold (excluding items shown separately below)	699,493	654,772	(44,721)
Cost of system integration (excluding items shown separately below)	1,577,673	1,496,570	(81,103)
Depreciation and amortization	1,317,130	1,082,890	(234,240)
Impairment losses			
Goodwill	—	53,294	53,294
Other	6,001	12,698	6,697
Selling, general and administrative expenses	2,035,110	1,990,302	(44,808)
	<u>7,368,778</u>	<u>7,041,943</u>	<u>(326,835)</u>
Operating income	<u>1,126,582</u>	<u>1,318,554</u>	<u>191,972</u>
Other income (expenses):			
Interest and amortization of bond discounts and issue costs	(32,759)	(28,168)	4,591
Interest income	13,253	13,176	(77)
Other, net	14,092	3,635	(10,457)
	<u>(5,414)</u>	<u>(11,357)</u>	<u>(5,943)</u>
Income before income taxes and equity in earnings (losses) of affiliated companies	<u>1,121,168</u>	<u>1,307,197</u>	<u>186,029</u>
Income tax expense (benefit):			
Current	361,071	369,479	8,408
Deferred	(44,969)	55,362	100,331
	<u>316,102</u>	<u>424,841</u>	<u>108,739</u>
Income before equity in earnings (losses) of affiliated companies	<u>805,066</u>	<u>882,356</u>	<u>77,290</u>
Equity in earnings (losses) of affiliated companies	6,160	14,247	8,087
Net income	<u>811,226</u>	<u>896,603</u>	<u>85,377</u>
Less – Net income attributable to noncontrolling interests	207,162	227,875	20,713
Net income attributable to NTT	<u>¥604,064</u>	<u>¥668,728</u>	<u>¥64,664</u>
Per share of common stock*:			
Weighted average number of shares outstanding (Shares)	2,108,972,712	2,053,571,790	
Net income attributable to NTT (Yen)	¥286.43	¥325.64	

* "Per share of common stock" figures for the nine months ended December 31, 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		
	2015	2016	Increase (Decrease)
Net income	¥811,226	¥896,603	¥85,377
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	(21,679)	1,117	22,796
Unrealized gain (loss) on derivative instruments	(2,714)	(2,415)	299
Foreign currency translation adjustments	(70,289)	(97,527)	(27,238)
Pension liability adjustments	796	8,173	7,377
Total other comprehensive income (loss)	(93,886)	(90,652)	3,234
Total comprehensive income (loss)	717,340	805,951	88,611
Less – Comprehensive income attributable to noncontrolling interests	193,532	217,645	24,113
Total comprehensive income (loss) attributable to NTT	¥523,808	¥588,306	¥64,498

THREE-MONTH PERIOD ENDED DECEMBER 31

Consolidated Statements of Income

	Millions of yen		
	2015	2016	Increase (Decrease)
Operating revenues:			
Fixed voice related services	¥326,908	¥299,845	¥(27,063)
Mobile voice related services	216,851	221,774	4,923
IP / packet communications services	944,229	941,008	(3,221)
Sale of telecommunications equipment	261,967	227,026	(34,941)
System integration	774,941	726,665	(48,276)
Other	381,506	419,851	38,345
	2,906,402	2,836,169	(70,233)
Operating expenses:			
Cost of services (excluding items shown separately below)	584,265	598,020	13,755
Cost of equipment sold (excluding items shown separately below)	268,380	248,331	(20,049)
Cost of system integration (excluding items shown separately below)	543,197	510,321	(32,876)
Depreciation and amortization	445,491	366,417	(79,074)
Impairment losses			
Goodwill	—	48,823	48,823
Other	2,370	2,501	131
Selling, general and administrative expenses	669,581	669,686	105
	2,513,284	2,444,099	(69,185)
Operating income	393,118	392,070	(1,048)
Other income (expenses):			
Interest and amortization of bond discounts and issue costs	(10,695)	(8,388)	2,307
Interest income	4,516	4,555	39
Other, net	16,810	22,055	5,245
	10,631	18,222	7,591
Income before income taxes and equity in earnings (losses) of affiliated companies	403,749	410,292	6,543
Income tax expense (benefit):			
Current	121,805	122,801	996
Deferred	(33,008)	20,596	53,604
	88,797	143,397	54,600
Income before equity in earnings (losses) of affiliated companies	314,952	266,895	(48,057)
Equity in earnings (losses) of affiliated companies	(1,352)	4,182	5,534
Net income	313,600	271,077	(42,523)
Less – Net income attributable to noncontrolling interests	86,855	78,445	(8,410)
Net income attributable to NTT	¥226,745	¥192,632	¥(34,113)
Per share of common stock:			
Weighted average number of shares outstanding (Shares)	2,096,267,098	2,036,936,296	
Net income attributable to NTT (Yen)	¥108.17	¥94.57	

Consolidated Statements of Comprehensive Income

	Millions of yen		
	2015	2016	Increase (Decrease)
Net income	¥313,600	¥271,077	¥(42,523)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	2,477	19,419	16,942
Unrealized gain (loss) on derivative instruments	(1,865)	(406)	1,459
Foreign currency translation adjustments	(38,129)	81,346	119,475
Pension liability adjustments	(311)	2,361	2,672
Total other comprehensive income (loss)	(37,828)	102,720	140,548
Total comprehensive income (loss)	275,772	373,797	98,025
Less – Comprehensive income attributable to noncontrolling interests	80,919	104,680	23,761
Total comprehensive income (loss) attributable to NTT	¥194,853	¥269,117	¥74,264

(3) Consolidated Statements of Cash Flows

NINE-MONTH PERIOD ENDED DECEMBER 31

	Millions of yen		
	2015	2016	Increase (Decrease)
Cash flows from operating activities:			
Net income	¥811,226	¥896,603	¥85,377
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization	1,317,130	1,082,890	(234,240)
Impairment losses	6,001	65,992	59,991
Deferred taxes	(44,969)	55,362	100,331
Losses on disposals of property, plant and equipment	51,667	52,359	692
Gains on sales of property, plant and equipment	(10,734)	(15,488)	(4,754)
Equity in (earnings) losses of affiliated companies	(6,160)	(14,247)	(8,087)
(Increase) decrease in notes and accounts receivable, trade	(124,105)	(73,928)	50,177
(Increase) decrease in inventories	(109,244)	(48,648)	60,596
(Increase) decrease in other current assets	(82,661)	(141,477)	(58,816)
Increase (decrease) in accounts payable, trade and accrued payroll	(272,498)	(232,575)	39,923
Increase (decrease) in accrued consumption tax	(42,449)	19,917	62,366
Increase (decrease) in advances received	46,444	39,665	(6,779)
Increase (decrease) in accrued taxes on income	59,632	(111,666)	(171,298)
Increase (decrease) in other current liabilities	41,649	34,197	(7,452)
Increase (decrease) in liability for employees' retirement benefits	45,775	38,421	(7,354)
Increase (decrease) in other long-term liabilities	(13,680)	14,007	27,687
Other	(963)	54,387	55,350
Net cash provided by operating activities	¥1,672,061	¥1,715,771	¥43,710

	Millions of yen		
	2015	2016	Increase (Decrease)
Cash flows from investing activities:			
Payments for property, plant and equipment	¥(935,828)	¥(963,526)	¥(27,698)
Payments for intangibles	(267,884)	(289,330)	(21,446)
Proceeds from sales of property, plant and equipment	37,295	24,531	(12,764)
Payments for purchases of non-current investments	(41,404)	(37,325)	4,079
Proceeds from sales and redemptions of non-current investments	46,312	47,739	1,427
Acquisitions of subsidiaries, net of cash acquired	(119,632)	(318,334)	(198,702)
Payments for purchases of short-term investments	(18,380)	(135,628)	(117,248)
Proceeds from redemptions of short-term investments	17,542	92,695	75,153
Other	(51,453)	(51,735)	(282)
Net cash used in investing activities	(1,333,432)	(1,630,913)	(297,481)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	365,932	159,613	(206,319)
Payments for settlement of long-term debt	(371,625)	(271,613)	100,012
Proceeds from issuance of short-term debt	3,512,490	3,499,192	(13,298)
Payments for settlement of short-term debt	(3,609,513)	(3,269,802)	339,711
Dividends paid	(200,182)	(247,993)	(47,811)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(93,871)	(278,028)	(184,157)
Acquisitions of shares of subsidiaries from noncontrolling interests	(7,710)	(155,124)	(147,414)
Other	(49,313)	70,810	120,123
Net cash used in financing activities	(453,792)	(492,945)	(39,153)
Effect of exchange rate changes on cash and cash equivalents	(1,568)	(12,715)	(11,147)
Net increase (decrease) in cash and cash equivalents	(116,731)	(420,802)	(304,071)
Cash and cash equivalents at beginning of period	849,174	1,088,275	239,101
Increase (decrease) in cash and cash equivalents due to change in fiscal year end of consolidated subsidiaries	2,028	(2,638)	(4,666)
Cash and cash equivalents at end of period	¥734,471	¥664,835	¥(69,636)

(4) Going Concern Assumption

None

(5) Business Segments

NINE-MONTH PERIOD ENDED DECEMBER 31

1. Operating revenues (Millions of yen)

	2015	2016	Increase (Decrease)
Regional communications business			
External customers	¥2,154,156	¥2,019,725	¥(134,431)
Intersegment	366,079	415,117	49,038
Total	2,520,235	2,434,842	(85,393)
Long distance and international communications business			
External customers	1,612,558	1,500,011	(112,547)
Intersegment	62,892	70,630	7,738
Total	1,675,450	1,570,641	(104,809)
Mobile communications business			
External customers	3,350,876	3,432,054	81,178
Intersegment	32,625	37,194	4,569
Total	3,383,501	3,469,248	85,747
Data communications business			
External customers	1,076,347	1,088,781	12,434
Intersegment	71,441	75,857	4,416
Total	1,147,788	1,164,638	16,850
Other business			
External customers	301,423	319,926	18,503
Intersegment	571,319	569,995	(1,324)
Total	872,742	889,921	17,179
Elimination	(1,104,356)	(1,168,793)	(64,437)
Consolidated total	¥8,495,360	¥8,360,497	¥(134,863)

2. Segment profit (Millions of yen)

	2015	2016	Increase (Decrease)
Segment profit			
Regional communications business	¥232,179	¥330,463	¥98,284
Long distance and international communications business	82,225	18,696	(63,529)
Mobile communications business	683,021	839,336	156,315
Data communications business	74,032	67,063	(6,969)
Other business	46,164	59,310	13,146
Total segment profit	1,117,621	1,314,868	197,247
Elimination	8,961	3,686	(5,275)
Consolidated total	¥1,126,582	¥1,318,554	¥191,972

THREE-MONTH PERIOD ENDED DECEMBER 31

1. Operating revenues (Millions of yen)

	2015	2016	Increase (Decrease)
Regional communications business			
External customers	¥713,006	¥667,608	¥(45,398)
Intersegment	126,659	146,801	20,142
Total	839,665	814,409	(25,256)
Long distance and international communications business			
External customers	555,991	504,408	(51,583)
Intersegment	22,219	27,388	5,169
Total	578,210	531,796	(46,414)
Mobile communications business			
External customers	1,157,153	1,167,597	10,444
Intersegment	11,320	13,615	2,295
Total	1,168,473	1,181,212	12,739
Data communications business			
External customers	375,703	375,191	(512)
Intersegment	26,372	27,391	1,019
Total	402,075	402,582	507
Other business			
External customers	104,549	121,365	16,816
Intersegment	200,433	200,948	515
Total	304,982	322,313	17,331
Elimination	(387,003)	(416,143)	(29,140)
Consolidated total	¥2,906,402	¥2,836,169	¥(70,233)

2. Segment profit (Millions of yen)

	2015	2016	Increase (Decrease)
Segment profit			
Regional communications business	¥77,568	¥98,216	¥20,648
Long distance and international communications business	34,625	(23,484)	(58,109)
Mobile communications business	221,855	255,598	33,743
Data communications business	35,847	31,175	(4,672)
Other business	18,529	29,619	11,090
Total segment profit	388,424	391,124	2,700
Elimination	4,694	946	(3,748)
Consolidated total	¥393,118	¥392,070	¥(1,048)

As indicated in “2(3) Change of accounting policy,” effective April 1, 2016, NTT and its subsidiaries in Japan adopted the straight-line method of depreciation and made changes to the residual carrying amount of property, plant, and equipment where necessary.

As a result of the change in depreciation method, segment profit on a consolidated basis for the nine months ended December 31, 2016 increased by ¥66,632 million for “Regional communications business,” ¥5,788 million for “Long distance and international communications business,” ¥109,236 million for “Mobile communications business,” ¥3,977 million for “Other,” decreased by ¥311 million for “Data communications business,” and increased by ¥185,322 million for “total.” Segment profit on a consolidated basis for the three months ended December 31, 2016 increased by ¥15,411 million for “Regional communications business,” ¥1,434 million for “Long distance and international communications business,” ¥39,806 million for “Mobile communications business,” ¥218 million for “Data communications business,” ¥1,790 million for “Other,” and ¥58,659 million for “total.”

(6) NTT Shareholders' Equity

1. Dividends

Cash dividends paid during the nine months ended December 31, 2016 were as follows:

Resolution	The shareholders' meeting on June 24, 2016
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥125,768 million
Cash dividends per share	¥60
Record date	March 31, 2016
Date of payment	June 27, 2016

Resolution	The Board of Directors' meeting on November 11, 2016
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥122,225 million
Cash dividends per share	¥60
Record date	September 30, 2016
Date of payment	December 12, 2016

2. Treasury stock

On May 13, 2016, the board of directors resolved that NTT may acquire up to 68 million shares of its outstanding common stock for an amount in total not exceeding ¥350 billion from May 16, 2016 through March 31, 2017. Based on this resolution, NTT repurchased 59,038,100 shares of its common stock at ¥267,384 million on June 14, 2016 using the ToSTNeT-3, and concluded the repurchase of its common stock authorized by board of directors' resolution.

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 2,120,700 shares of its common stock for a total purchase price of ¥10,442 million in December 2016.

NTT also repurchased 7,861,900 shares of its common stock for a total purchase price of ¥39,558 million in January 2017.

(7) Additional Information

Goodwill impairment

As a result of the annual impairment test conducted for the fiscal year ending March 31, 2017, a goodwill impairment loss of ¥48,823 million was recognized during the nine months ended December 31, 2016 for goodwill attributable to the Dimension Data reporting unit in the long distance and international communications business segment. The fair value of the reporting unit was determined using the discount cashflow method.

(8) Subsequent events

For information on NTT's repurchase of its common stock, 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, 2016	December 31, 2016
ASSETS		
Current assets:		
Cash and bank deposits	119	1,700
Accounts receivable, trade	1,573	541
Supplies	337	291
Subsidiary deposits	177,796	—
Other	371,541	489,346
Total current assets	551,369	491,879
Fixed assets:		
Property, plant and equipment	150,044	142,606
Intangible fixed assets	16,609	12,681
Investments and other assets		
Investments in subsidiaries and affiliated companies	5,083,451	5,069,680
Long-term loans receivable to subsidiaries	1,211,416	1,080,894
Other	39,171	37,403
Total investments and other assets	6,334,039	6,187,977
Total fixed assets	6,500,693	6,343,266
TOTAL ASSETS	7,052,062	6,835,145

- 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, 2016	December 31, 2016
LIABILITIES		
Current liabilities:		
Accounts payable, trade	709	36
Current portion of corporate bonds	170,000	229,722
Current portion of long-term borrowings	106,600	218,600
Short-term borrowings	—	3,243
Accrued taxes on income	601	17,745
Deposits received from subsidiaries	54,113	74,130
Other	24,669	33,740
Total current liabilities	356,693	577,218
Long-term liabilities:		
Corporate bonds	686,391	556,706
Long-term borrowings	1,205,874	1,075,074
Long-term borrowings from subsidiaries	50,000	100,000
Liability for employees' retirement benefits	31,233	32,833
Asset retirement obligations	1,405	1,426
Other	2,540	3,599
Total long-term liabilities	1,977,445	1,769,639
TOTAL LIABILITIES	2,334,138	2,346,857
NET ASSETS		
Shareholders' equity:		
Common stock	937,950	937,950
Capital surplus	2,672,826	2,672,826
Earned surplus	1,108,698	1,157,723
Treasury stock	(883)	(278,835)
Total shareholders' equity	4,718,591	4,489,664
Unrealized gains (losses), translation adjustments, and others:		
Net unrealized gains (losses) on securities	(666)	(1,376)
Total unrealized gains (losses), translation adjustments, and others	(666)	(1,376)
TOTAL NET ASSETS	4,717,924	4,488,287
TOTAL LIABILITIES AND NET ASSETS	7,052,062	6,835,145

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

NINE-MONTH PERIOD ENDED DECEMBER 31

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2015	2016
Operating revenues	386,749	440,604
Operating expenses	93,074	91,364
Operating income	293,675	349,239
Non-operating revenues:		
Interest income	11,702	9,453
Lease and rental income	7,894	7,826
Miscellaneous income	890	829
Total non-operating revenues	20,487	18,108
Non-operating expenses:		
Interest expenses	9,594	8,897
Corporate bond interest expenses	9,358	7,538
Miscellaneous expenses	4,008	4,921
Total non-operating expenses	22,960	21,356
Recurring profit	291,202	345,990
Special losses	—	48,310
Income before income taxes	291,202	297,680
Income taxes	748	661
Net income	290,454	297,018

(Reference) Major components of operating revenues

Dividends received	288,733	343,634
Revenues from group management	13,876	15,798
Revenues from basic R&D	76,499	74,999

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.

NTT's Shares and Shareholders (as of December 31, 2016)**1. Classification of Shareholders**

Details	NTT's Shares and Shareholders (1 unit = 100 shares)								Shares Representing Less Than One Unit
	Government and Public Bodies	Financial Institutions	Securities Firms	Other Domestic Corporations	Foreign Corporations, etc.		Domestic Individuals, etc.	Total	
					Non-Individuals	Individuals			
Total Holders	4	261	70	5,562	1,512	751	680,540	688,700	--
Total Shares (Units)	6,791,445	3,609,154	79,990	238,572	6,486,588	8,747	3,722,781	20,937,277	2,666,770
%	32.44	17.24	0.38	1.14	30.98	0.04	17.78	100.00	--

- Notes: (1) The total number of units held by "Domestic Individuals, etc." includes 614,411 units of treasury stock, and the number of "Shares Representing Less Than One Unit" includes 47 shares of treasury stock. 61,441,147 shares of treasury stock are recorded in the shareholders' register; the actual number of shares of treasury stock as of December 31, 2016 was 61,440,547.
- (2) The total number of units held by "Other Domestic Corporations" includes 295 units held in the name of the Japan Securities Depository Center, and the number of "Shares Representing Less Than One Unit" includes 44 shares held in the name of the Japan Securities Depository Center.
- (3) There were 186,393 shareholders who only own shares representing less than one unit.

2. Classification by Number of Shares

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	573	256	1,318	2,038	57,864	82,360	544,291	688,700	--
%	0.08	0.04	0.19	0.30	8.40	11.96	79.03	100.00	--
Total Shares (Units)	17,557,394	183,123	264,119	131,027	918,123	544,455	1,339,036	20,937,277	2,666,770
%	83.86	0.87	1.26	0.63	4.39	2.60	6.40	100.00	--

- Notes: (1) "At Least 1,000 Units" includes 614,411 units of treasury stock, and the number of "Shares Representing Less Than One Unit" includes 47 shares of treasury stock.
- (2) "At Least 100 Units" includes 295 units held in the name of the Japan Securities Depository Center, and the number of "Shares Representing Less Than One Unit" includes 44 shares held in the name of the Japan Securities Depository Center.

3. Principal Shareholders

Name	Share Holdings (in thousands of shares)	Percentage of Total Shares Issued (%)
The Minister of Finance	679,123	32.39
Japan Trustee Services Bank, Ltd. (Trust Account)	85,595	4.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	62,597	2.99
JP Morgan Chase Bank 380055	42,166	2.01
Moxley and Co LLC	28,771	1.37
Japan Trustee Services Bank, Ltd. (Trust Account 9)	26,169	1.25
State Street Bank and Trust Company	24,482	1.17
State Street Bank and Trust Company 505202	20,373	0.97
JP Morgan Chase Bank 385632	19,522	0.93
The Bank of New York Mellon SA/NV 10	17,309	0.83
Total	1,006,110	47.99

- Notes: (1) Shareholdings is rounded down to the nearest thousand.
- (2) NTT's holdings of treasury stock (61,440,547 shares) are not included in the above table.
- (3) Percentage of Total Shares Issued includes treasury stock.