

Financial Results Release

For the Three Months Ended June 30, 2014

August 6, 2014

[U.S. GAAP]

Name of registrant: Nippon Telegraph and Telephone Corporation ("NTT")

Code No.: 9432 (URL <http://www.ntt.co.jp/ir/>)

Stock exchange 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 7, 2014

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, 2014 (April 1, 2014 - June 30, 2014)

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, 2014	2,640,217	1.2%	297,979	(14.6)%	306,042	(14.1)%	148,965	(10.6)%
Three months ended June 30, 2013	2,609,117	1.3%	348,926	(1.0)%	356,084	2.7%	166,717	6.5%

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, 2014	134.22 (yen)	— (yen)
Three months ended June 30, 2013	141.29 (yen)	— (yen)

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

For the three months ended June 30, 2013: 220,856 million yen 9.3%

(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, 2014	20,207,054	10,941,561	8,532,513	42.2%	7,689.53 (yen)
March 31, 2014	20,284,949	10,924,806	8,511,354	42.0%	7,667.57 (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, 2014	-	80.00 (yen)	-	90.00 (yen)	170.00 (yen)
Year Ending March 31, 2015	-	-	-	-	-
Year Ending March 31, 2015 (Forecasts)	-	90.00 (yen)	-	90.00 (yen)	180.00 (yen)

Note: Change in dividend forecasts during the three months ended June 30, 2014: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(Millions of yen)

	Operating Revenues		Operating Income		Income before Income Taxes		Net Income Attributable to NTT		Basic Earnings per Share Attributable to NTT	
Year Ending March 31, 2015	11,200,000	2.5%	1,215,000	0.1%	1,195,000	(7.7)%	586,000	0.1%	536.00	(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, 2015 during the three months ended June 30, 2014: None

***Notes:**

- (1) Change in significant consolidated subsidiaries during the three months ended June 30, 2014 that resulted in changes in the scope of consolidation:
None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change of accounting policy
 - i. Change due to revision of accounting standards and other regulations: None
 - ii. Other change: None(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, 2014	: 1,136,697,235 shares
March 31, 2014	: 1,136,697,235 shares

ii. Number of shares of treasury stock:

June 30, 2014	: 27,069,157 shares
March 31, 2014	: 26,650,807 shares

iii. Weighted average number of shares outstanding:

For the three months ended June 30, 2014	: 1,109,826,049 shares
For the three months ended June 30, 2013	: 1,179,990,268 shares

* The forecast for "Basic Earnings per Share Attributable to NTT" for the fiscal year ending March 31, 2015 is based on the assumption that NTT will repurchase 44 million shares or 250 billion yen of shares, as resolved at the board of directors' meeting held on May 13, 2014, authorizing repurchases up to these amounts and retain these as treasury stock.

* 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, 2015, please refer to pages 7 and 19.

On Wednesday, August 6, 2014, 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, 2014 (April 1, 2014 – June 30, 2014)

	(Billions of yen)			
	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014	Change	Percent Change
Operating revenues	2,609.1	2,640.2	31.1	1.2%
Operating expenses	2,260.2	2,342.2	82.0	3.6%
Operating income	348.9	298.0	(50.9)	(14.6)%
Income before income taxes and equity in earnings (losses) of affiliated companies	356.1	306.0	(50.0)	(14.1)%
Net income attributable to NTT	166.7	149.0	(17.8)	(10.6)%

During the three months ended June 30, 2014, pursuant to its Medium-Term Management Strategy, adopted in November 2012, entitled “Towards the Next Stage,” NTT worked to expand its global cloud services and to strengthen its network service competitiveness in order to become a “valued partner” that customers continue to select.

<Expansion of Global Cloud Services>

NTT Group worked to expand its provision of global cloud services by taking advantage of its strengths as a corporate group to provide comprehensive cloud services from the information and telecommunications platforms stage, such as data centers and the IP backbone, to the ICT management and applications stage.

Specifically, NTT Group acquired Nexus IS, Inc., an ICT solutions provider headquartered in the United States, to expand the scale of its business in the United States and allow it to provide customers with more specialized networks and a broader range of solutions.

In addition, to meet the increasing demand for data center services in India, NTT Group commenced construction of India Mumbai 5 Data Center, which will be the country’s largest server room in terms of area. NTT Group also began construction of the Osaka 5 Data Center to accommodate the increased use of data centers in Osaka as a back-up site for data centers in the Tokyo metropolitan area.

<Strengthening Network Service Competitiveness>

In the fixed-line communications field, NTT Group continued to work to increase new subscribers and improve long-term customer retention for its “FLET’S Hikari” services.

In May 2014, NTT Group announced the start of its “Hikari Collaboration Model,” the world’s first full-scale wholesaling of fiber-optic access services to diverse industry providers in a wide range of fields, in an effort to offer the world’s leading fiber-optic access infrastructure. The “Hikari Collaboration Model” initiative aims not only to further enhance the competitiveness of NTT Group’s network services, but also to stimulate the ICT market by facilitating the creation of new value.

In the mobile communications field, NTT Group introduced “Kake-hodai & Pake-aeru,” a new rate plan tailored to suit each customer’s stage of life that offers more affordable rates to long-term users. The number of subscriptions has already reached approximately 4.7 million. Further, NTT Group has also launched VoLTE (Voice over LTE) call services, which provide reliable and high sound quality calls over its Xi service network.

To strengthen competitiveness of its existing network services, NTT Group endeavored to cut costs in fixed-line and mobile communications services. Specifically, NTT Group has worked to further enhance infrastructure efficiency by introducing high-performance equipment and by making effective use of existing facilities, while cutting the cost of laying optical transmission lines by increasing construction projects that do not require the dispatch of NTT employees and working to further improve the efficiency of its maintenance and operations business.

As a result of these efforts, NTT Group's consolidated operating revenues for the three months ended June 30, 2014 were ¥2,640.2 billion (an increase of 1.2% from the same period of the previous fiscal year), consolidated operating expenses were ¥2,342.2 billion (an increase of 3.6% from the same period of the previous fiscal year), consolidated operating income was ¥298.0 billion (a decrease of 14.6% from the same period of the previous fiscal year), consolidated income before income taxes and equity in earnings (losses) of affiliated companies was ¥306.0 billion (a decrease of 14.1% from the same period of the previous fiscal year), and net income attributable to NTT was ¥149.0 billion (a decrease of 10.6% from the same period of the previous fiscal year).

Note: The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States.

ii. Segment results

Results by business segment are as follows.

Regional Communications Business Segment

Three-Month Period Ended June 30, 2014 (April 1, 2014 – June 30, 2014)

	(Billions of yen)			
	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014	Change	Percent Change
Operating revenues	866.8	843.7	(23.1)	(2.7)%
Operating expenses	823.5	803.2	(20.3)	(2.5)%
Operating income	43.3	40.4	(2.8)	(6.6)%

Operating revenues in the regional communications business segment for the three-month period ended June 30, 2014 decreased 2.7% from the same period of the previous fiscal year to ¥843.7 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 fell by 2.5% from the same period of the previous fiscal year to ¥803.2 billion due to a decrease in personnel expenses, efforts to streamline operating expenses and other factors. As a result, segment operating income for the three-month period ended June 30, 2014 decreased 6.6% from the same period of the previous fiscal year to ¥40.4 billion.

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2014	As of June 30, 2014	Change	Percent Change
FLET'S Hikari ⁽¹⁾	18,050	18,319	269	1.5%
NTT East	10,187	10,316	129	1.3%
NTT West	7,863	8,003	140	1.8%
Hikari Denwa ⁽²⁾	16,256	16,507	251	1.5%
NTT East	8,694	8,811	117	1.3%
NTT West	7,562	7,695	134	1.8%

Notes:

(1) "FLET'S Hikari" includes "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT East and "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West.

(2) The figures for Hikari Denwa indicate number of channels (in thousands).

Long Distance and International Communications Business Segment

Three-Month Period Ended June 30, 2014 (April 1, 2014 – June 30, 2014)

	(Billions of yen)			
	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014	Change	Percent Change
Operating revenues	416.0	464.9	48.9	11.7%
Operating expenses	381.7	438.4	56.7	14.9%
Operating income	34.3	26.4	(7.9)	(22.9)%

Operating revenues in the long-distance and international communications business segment for the three-month period ended June 30, 2014 increased 11.7% from the same period of the previous fiscal year to ¥464.9 billion. This increase was due to, among other things, an increase in system integration revenues associated with an increase in the number of consolidated subsidiaries, partially offset by a decrease in fixed voice-related revenues. Operating expenses for the three-month period ended June 30, 2014 increased 14.9% from the same period of the previous fiscal year to ¥438.4 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, 2014 decreased 22.9% from the same period of the previous fiscal year to ¥26.4 billion.

Mobile Communications Business Segment

Three-Month Period Ended June 30, 2014 (April 1, 2014 – June 30, 2014)

	(Billions of yen)			
	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014	Change	Percent Change
Operating revenues	1,113.6	1,075.3	(38.3)	(3.4)%
Operating expenses	866.9	866.7	(0.2)	(0.0)%
Operating income	246.6	208.6	(38.0)	(15.4)%

Despite a steady increase in revenues associated with NTT Group's expanding "smart life" business, operating revenues for the mobile communications business segment for the three-month period ended June 30, 2014 decreased 3.4% from the same period of the previous fiscal year to ¥1,075.3 billion due to, among other things, a decline in mobile voice-related revenues as a result of the impact of "Monthly Support" discount programs and a decrease in billable MOU (average monthly minutes of use per subscriber). On the other hand, despite an increase in depreciation and amortization expenses from the expansion of "Xi" service base stations, operating expenses for the three-month period ended June 30, 2014 decreased slightly from the same period of the previous fiscal year to ¥866.7 billion due to a decrease in revenue-linked expenses. As a result, segment operating income for the three-month period ended June 30, 2014 decreased 15.4% from the same period of the previous fiscal year to ¥208.6 billion.

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2014	As of June 30, 2014	Change	Percent Change
Mobile phone services	63,105	63,566	461	0.7%
Xi	21,965	24,043	2,078	9.5%
FOMA	41,140	39,523	(1,617)	(3.9)%
sp-mode	23,781	24,685	903	3.8%
i-mode	26,415	25,362	(1,054)	(4.0)%

Notes:

(1) Numbers of Mobile phone (including FOMA) services subscribers include communication module service subscribers.

(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 (including FOMA) services subscribers.

Data Communications Business Segment

Three-Month Period Ended June 30, 2014 (April 1, 2014 – June 30, 2014)

	(Billions of yen)			
	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014	Change	Percent Change
Operating revenues	293.3	335.9	42.6	14.5%
Operating expenses	286.2	327.7	41.5	14.5%
Operating income	7.1	8.2	1.1	15.5%

Operating revenues in the data communications business segment for the three-month period ended June 30, 2014 increased 14.5% from the same period of the previous fiscal year to ¥335.9 billion due to, among other things, an increase in the number of consolidated subsidiaries and an increase in revenues resulting from the expansion of existing systems for customers. On the other hand, operating expenses for the three-month period ended June 30, 2014 rose 14.5% from the same period of the previous fiscal year to ¥327.7 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, 2014 increased 15.5% from the same period of the previous fiscal year to ¥8.2 billion.

Other Business Segment

Three-Month Period Ended June 30, 2014 (April 1, 2014 – June 30, 2014)

	(Billions of yen)			
	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014	Change	Percent Change
Operating revenues	289.6	287.2	(2.4)	(0.8)%
Operating expenses	275.8	276.7	0.9	0.3%
Operating income	13.7	10.5	(3.2)	(23.5)%

Operating revenues in the other business segment for the three-month period ended June 30, 2014 decreased 0.8% from the same period of the previous fiscal year to ¥287.2 billion due to, among other things, decreased revenues in NTT's real estate business, partially offset by increased revenues in its systems development business. On the other hand, operating expenses for the three-month period ended June 30, 2014 increased 0.3% from the same period of the previous fiscal year to ¥276.7 billion due to, among other things, increases in both revenue-linked expenses and depreciation and amortization expenses. As a result, segment operating income for the three-month period ended June 30, 2014 decreased 23.5% from the same period of the previous fiscal year to ¥10.5 billion.

(2) Qualitative Information Relating to Consolidated Financial Position

Net cash provided by operating activities for the three-month period ended June 30, 2014 decreased ¥53.8 billion (10.8%) from the same period of the previous fiscal year to ¥443.8 billion. This decrease was due to, among other factors, a decrease in operating income and an increase in payments of sales commissions to resellers.

Net cash used in investing activities decreased ¥19.4 billion (3.6%) from the same period of the previous fiscal year to ¥526.8 billion. This decrease was due to, among other factors, a decrease in capital investments and in payments for the purchase of non-current investments and other such investments.

Net cash provided by financing activities increased ¥295.9 billion from the same period of the previous fiscal year to ¥247.3 billion. This increase was due to, among other factors, a decrease in stock repurchases and an increase in borrowings.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of June 30, 2014 totaled ¥1,143.4 billion, an increase of ¥158.9 billion (16.1%) from the end of the previous fiscal year.

	(Billions of yen)			
	Three Months Ended June 30, 2013	Three Months Ended June 30, 2014	Change	Percent Change
Cash flows provided by operating activities	497.6	443.8	(53.8)	(10.8)%
Cash flows used in investing activities	(546.2)	(526.8)	19.4	3.6%
Cash flows provided by (used in) financing activities	(48.7)	247.3	295.9	—

(3) Qualitative Information Relating to Consolidated Results Forecasts

There are no changes to the consolidated results forecasts for the fiscal year ending March 31, 2015 announced on May 13, 2014. NTT manages its business results on an annual basis, and does not prepare consolidated results forecasts for the six months ending September 30, 2014. For the assumptions used in the consolidated results forecasts and other related matters, please see page 19.

2. Others

- (1) Change in significant consolidated subsidiaries during the three months ended June 30, 2014, that resulted in changes in the scope of consolidation: None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None
- (3) Change of accounting policy: None

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen		
	March 31, 2014	June 30, 2014	Increase (Decrease)
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 984,463	¥ 1,143,411	¥ 158,948
Short-term investments	38,949	58,977	20,028
Notes and accounts receivable, trade	2,509,030	2,218,792	(290,238)
Allowance for doubtful accounts	(46,893)	(45,073)	1,820
Accounts receivable, other	345,197	363,004	17,807
Inventories	415,309	450,743	35,434
Prepaid expenses and other current assets	394,294	501,788	107,494
Deferred income taxes	220,662	212,321	(8,341)
Total current assets	4,861,011	4,903,963	42,952
Property, plant and equipment:			
Telecommunications equipment	12,959,564	12,928,320	(31,244)
Telecommunications service lines	15,408,604	15,460,708	52,104
Buildings and structures	6,060,129	6,064,931	4,802
Machinery, vessels and tools	1,949,903	1,942,635	(7,268)
Land	1,238,742	1,237,183	(1,559)
Construction in progress	359,014	377,199	18,185
	37,975,956	38,010,976	35,020
Accumulated depreciation	(28,136,268)	(28,244,395)	(108,127)
Net property, plant and equipment	9,839,688	9,766,581	(73,107)
Investments and other assets:			
Investments in affiliated companies	521,634	505,960	(15,674)
Marketable securities and other investments	407,766	412,186	4,420
Goodwill	1,086,636	1,075,045	(11,591)
Software	1,309,912	1,273,229	(36,683)
Other intangibles assets	401,194	389,442	(11,752)
Other assets	1,195,608	1,226,189	30,581
Deferred income taxes	661,500	654,459	(7,041)
Total investments and other assets	5,584,250	5,536,510	(47,740)
Total assets	¥ 20,284,949	¥ 20,207,054	¥ (77,895)

	Millions of yen		
	March 31, 2014	June 30, 2014	Increase (Decrease)
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	¥ 269,444	¥ 533,610	¥ 264,166
Current portion of long-term debt	425,351	423,955	(1,396)
Accounts payable, trade	1,540,249	1,159,363	(380,886)
Current portion of obligations under capital leases	16,929	18,070	1,141
Accrued payroll	448,061	370,287	(77,774)
Accrued taxes on income	256,994	96,313	(160,681)
Accrued consumption tax	47,376	84,542	37,166
Advances received	266,743	267,045	302
Other	405,677	500,455	94,778
Total current liabilities	3,676,824	3,453,640	(223,184)
Long-term liabilities:			
Long-term debt (excluding current portion)	3,483,673	3,606,248	122,575
Obligations under capital leases (excluding current portion)	35,951	35,611	(340)
Liability for employees' retirement benefits	1,327,873	1,340,276	12,403
Accrued liabilities for point programs	130,466	117,464	(13,002)
Deferred income taxes	233,151	226,538	(6,613)
Other	446,293	459,913	13,620
Total long-term liabilities	5,657,407	5,786,050	128,643
Redeemable noncontrolling interests	25,912	25,803	(109)
Equity:			
NTT shareholders' equity			
Common stock, no par value	937,950	937,950	–
Additional paid-in capital	2,827,010	2,825,430	(1,580)
Retained earnings	4,808,361	4,857,271	48,910
Accumulated other comprehensive income (loss)	94,966	71,254	(23,712)
Treasury stock, at cost	(156,933)	(159,392)	(2,459)
Total NTT shareholders' equity	8,511,354	8,532,513	21,159
Noncontrolling interests	2,413,452	2,409,048	(4,404)
Total equity	10,924,806	10,941,561	16,755
Total liabilities and equity	¥ 20,284,949	¥ 20,207,054	¥ (77,895)

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

THREE-MONTH PERIOD ENDED JUNE 30

Consolidated Statements of Income

	Millions of yen		
	2013	2014	Increase (Decrease)
Operating revenues:			
Fixed voice related services	¥ 390,972	¥ 367,513	¥ (23,459)
Mobile voice related services	271,251	226,276	(44,975)
IP / packet communications services	940,507	922,283	(18,224)
Sale of telecommunication equipment	231,616	227,310	(4,306)
System integration	487,339	587,387	100,048
Other	287,432	309,448	22,016
	2,609,117	2,640,217	31,100
Operating expenses:			
Cost of services (exclusive of items shown separately below)	556,644	559,455	2,811
Cost of equipment sold (exclusive of items shown separately below)	198,084	198,551	467
Cost of system integration (exclusive of items shown separately below)	336,601	413,138	76,537
Depreciation and amortization	456,494	462,550	6,056
Impairment loss	82	143	61
Selling, general and administrative expenses	712,222	708,401	(3,821)
Goodwill and other intangible asset impairments	64	-	(64)
	2,260,191	2,342,238	82,047
Operating income	348,926	297,979	(50,947)
Other income (expenses):			
Interest and amortization of bond discounts and issue costs	(12,348)	(11,716)	632
Interest income	4,361	4,518	157
Other, net	15,145	15,261	116
	7,158	8,063	905
Income before income taxes and equity in earnings (losses) of affiliated companies	356,084	306,042	(50,042)
Income tax expense (benefit):			
Current	119,907	98,412	(21,495)
Deferred	18,025	10,354	(7,671)
	137,932	108,766	(29,166)
Income before equity in earnings (losses) of affiliated companies	218,152	197,276	(20,876)
Equity in earnings (losses) of affiliated companies	3,460	(1,361)	(4,821)
Net income	221,612	195,915	(25,697)
Less – Net income attributable to noncontrolling interests	54,895	46,950	(7,945)
Net income attributable to NTT	¥ 166,717	¥ 148,965	¥ (17,752)
Per share of common stock:			
Weighted average number of shares outstanding (Shares)	1,179,990,268	1,109,826,049	
Net income attributable to NTT (Yen)	¥ 141.29	¥ 134.22	

Consolidated Statements of Comprehensive Income

	Millions of yen		
	2013	2014	Increase (Decrease)
Net income	¥ 221,612	¥ 195,915	¥ (25,697)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	10,668	3,714	(6,954)
Unrealized gain (loss) on derivative instruments	(3,785)	1,855	5,640
Foreign currency translation adjustments	54,735	(30,675)	(85,410)
Pension liability adjustments	2,979	(988)	(3,967)
Total other comprehensive income (loss)	64,597	(26,094)	(90,691)
Total comprehensive income (loss)	286,209	169,821	(116,388)
Less – Comprehensive income attributable to noncontrolling interests	65,353	44,568	(20,785)
Total comprehensive income (loss) attributable to NTT	¥ 220,856	¥ 125,253	¥ (95,603)

(3) Consolidated Statements of Cash Flows**THREE-MONTH PERIOD ENDED JUNE 30**

	Millions of yen		
	2013	2014	Increase (Decrease)
Cash flows from operating activities:			
Net income	¥ 221,612	¥ 195,915	¥ (25,697)
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization	456,494	462,550	6,056
Impairment loss	82	143	61
Deferred taxes	18,025	10,354	(7,671)
Goodwill and other intangible asset impairments	64	-	(64)
Loss on disposal of property, plant and equipment	17,515	20,047	2,532
Equity in (earnings) losses of affiliated companies	(3,460)	1,361	4,821
(Increase) decrease in notes and accounts receivable, trade	190,190	295,053	104,863
(Increase) decrease in inventories	(21,552)	(37,554)	(16,002)
(Increase) decrease in other current assets	(118,086)	(153,772)	(35,686)
Increase (decrease) in accounts payable, trade and accrued payroll	(255,444)	(313,952)	(58,508)
Increase (decrease) in accrued consumption tax	1,377	37,252	35,875
Increase (decrease) in advances received	13,652	1,383	(12,269)
Increase (decrease) in accrued taxes on income	(126,419)	(160,364)	(33,945)
Increase (decrease) in other current liabilities	93,815	96,484	2,669
Increase (decrease) in liability for employees' retirement benefits	20,059	11,772	(8,287)
Increase (decrease) in other long-term liabilities	(13,950)	(1,512)	12,438
Other	3,625	(21,371)	(24,996)
Net cash provided by operating activities	¥ 497,599	¥ 443,789	¥ (53,810)

	Millions of yen		
	2013	2014	Increase (Decrease)
Cash flows from investing activities:			
Payments for property, plant and equipment	¥ (426,547)	¥ (405,387)	¥ 21,160
Payments for intangibles	(105,344)	(92,833)	12,511
Proceeds from sale of property, plant and equipment	805	11,824	11,019
Payments for purchase of non-current investments	(10,106)	(2,179)	7,927
Proceeds from sale and redemption of non-current investments	2,206	3,571	1,365
Acquisitions of subsidiaries, net of cash acquired	(13,003)	(3,631)	9,372
Payments for purchase of short-term investments	(20,081)	(36,137)	(16,056)
Proceeds from redemption of short-term investments	36,674	17,201	(19,473)
Other	(10,806)	(19,219)	(8,413)
Net cash used in investing activities	(546,202)	(526,790)	19,412
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	201,872	234,849	32,977
Payments for settlement of long-term debt	(242,615)	(107,455)	135,160
Proceeds from issuance of short-term debt	775,604	1,896,280	1,120,676
Payments for settlement of short-term debt	(536,421)	(1,626,089)	(1,089,668)
Dividends paid	(94,830)	(99,904)	(5,074)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(103,410)	(30)	103,380
Acquisition of treasury stock by subsidiaries	(2,719)	-	2,719
Other	(46,143)	(50,400)	(4,257)
Net cash provided by (used in) financing activities	(48,662)	247,251	295,913
Effect of exchange rate changes on cash and cash equivalents	6,561	(5,302)	(11,863)
Net increase (decrease) in cash and cash equivalents	(90,704)	158,948	249,652
Cash and cash equivalents at beginning of period	961,433	984,463	23,030
Cash and cash equivalents at end of period	¥ 870,729	¥ 1,143,411	¥ 272,682
Cash paid during the period for:			
Interest	¥ 13,102	¥ 11,309	¥ (1,793)
Income taxes, net	¥ 254,104	¥ 275,775	¥ 21,671

(4) Going Concern Assumption

None

(5) Business Segments

THREE-MONTH PERIOD ENDED JUNE 30

1. Sales and operating revenues (Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)
Regional communications business			
External customers	763,216	734,000	(29,216)
Intersegment	103,563	109,652	6,089
Total	866,779	843,652	(23,127)
Long-distance and international communications business			
External customers	391,871	443,982	52,111
Intersegment	24,128	20,894	(3,234)
Total	415,999	464,876	48,877
Mobile communications business			
External customers	1,103,871	1,065,815	(38,056)
Intersegment	9,702	9,487	(215)
Total	1,113,573	1,075,302	(38,271)
Data communications business			
External customers	269,018	310,800	41,782
Intersegment	24,262	25,078	816
Total	293,280	335,878	42,598
Other business			
External customers	81,141	85,620	4,479
Intersegment	208,437	201,588	(6,849)
Total	289,578	287,208	(2,370)
Elimination	(370,092)	(366,699)	3,393
Consolidated total	2,609,117	2,640,217	31,100

2. Segment profit (Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014	Increase (Decrease)
Segment profit			
Regional communications business	43,280	40,445	(2,835)
Long-distance and international communications business	34,303	26,435	(7,868)
Mobile communications business	246,643	208,608	(38,035)
Data communications business	7,087	8,182	1,095
Other business	13,744	10,521	(3,223)
Total segment profit	345,057	294,191	(50,866)
Elimination	3,869	3,788	(81)
Consolidated total	348,926	297,979	(50,947)

(6) NTT Shareholders' Equity

Dividends

Cash dividends paid

Resolution	The shareholders' meeting held on June 26, 2014
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥ 99,904 million
Cash dividends per share	¥ 90
Record date	March 31, 2014
Date of payment	June 27, 2014

(7) Subsequent Events

None

4. (Reference)

NON-CONSOLIDATED FINANCIAL STATEMENTS

(1) Non-Consolidated Balance Sheets

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	March 31, 2014	June 30, 2014
ASSETS		
Current assets:		
Cash and bank deposits	10,308	17,701
Accounts receivable, trade	2,695	307
Supplies	220	202
Subsidiary deposits	2,340	82,686
Other	365,577	348,430
Total current assets	381,143	449,329
Fixed assets:		
Property, plant and equipment	166,062	163,289
Intangible fixed assets	37,520	33,328
Investments and other assets		
Investments in subsidiaries and affiliated companies	5,094,091	5,095,563
Long-term loans receivable to subsidiaries	1,579,922	1,579,922
Other	43,355	42,518
Total investments and other assets	6,717,369	6,718,003
Total fixed assets	6,920,952	6,914,621
TOTAL ASSETS	7,302,096	7,363,950

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, 2014	June 30, 2014
LIABILITIES		
Current liabilities:		
Accounts payable, trade	249	13
Current portion of corporate bonds	139,998	69,999
Current portion of long-term borrowings	138,150	138,150
Short-term borrowings	150,000	150,000
Accrued taxes on income	13,077	666
Deposits received from subsidiaries	82,698	59,814
Other	62,999	32,500
Total current liabilities	587,173	451,143
Long-term liabilities:		
Corporate bonds	1,006,277	1,006,293
Long-term borrowings	1,104,380	1,215,380
Long-term borrowings from subsidiaries	240,000	240,000
Liability for employees' retirement benefits	32,773	29,844
Asset retirement obligations	1,390	1,397
Other	1,096	3,115
Total long-term liabilities	2,385,918	2,496,030
TOTAL LIABILITIES	2,973,091	2,947,174
NET ASSETS		
Shareholders' equity:		
Common stock	937,950	937,950
Capital surplus	2,672,826	2,672,826
Earned surplus	873,705	964,963
Treasury stock	(156,932)	(159,391)
Total shareholders' equity	4,327,549	4,416,347
Unrealized gains (losses), translation adjustments, and others:		
Net unrealized gains (losses) on securities	1,455	428
Total unrealized gains (losses), translation adjustments, and others	1,455	428
TOTAL NET ASSETS	4,329,004	4,416,775
TOTAL LIABILITIES AND NET ASSETS	7,302,096	7,363,950

Notes: 1. These quarterly financial statements are exempt from auditor review in the legal disclosure.

2. These 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	
	2013	2014
Operating revenues	229,877	221,069
Operating expenses	33,266	31,280
Operating income	196,611	189,788
Non-operating revenues:		
Interest income	5,475	4,920
Lease and rental income	2,844	2,671
Miscellaneous income	540	331
Total non-operating revenues	8,860	7,922
Non-operating expenses:		
Interest expenses	3,803	3,595
Corporate bond interest expenses	3,918	3,744
Miscellaneous expenses	1,680	1,295
Total non-operating expenses	9,401	8,635
Recurring profit	196,069	189,076
Income before income taxes	196,069	189,076
Income taxes	400	279
Net income	195,668	188,796

(Reference) Major components of operating revenues

Dividends received	195,031	188,086
Revenues from group management	4,626	4,628
Revenues from basic R&D	28,625	26,625

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 June 30, 2014)**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	
Total Holders	4	243	61	6,429	1,203	839	785,492	794,271	--
Total Shares (Units)	4,052,317	1,717,514	74,130	150,255	3,205,917	5,299	2,146,137	11,351,569	1,540,335
%	35.70	15.13	0.65	1.32	28.24	0.05	18.91	100.00	--

- Notes: (1) The total number of units held by "Domestic Individuals, etc." includes 270,694 units of treasury stock, and the number of "Shares Representing Less Than One Unit" includes 57 shares of treasury stock. 27,069,457 shares of treasury stock are recorded in the shareholders' register; the actual number of shares of treasury stock as of June 30, 2014 was 27,069,157.
- (2) The total number of units held by "Other Domestic Corporations" includes 152 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 186,463 shareholders who only own shares representing less than one unit as of June 30, 2014.

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	399	156	808	886	21,637	51,079	719,306	794,271	--
%	0.05	0.02	0.10	0.11	2.72	6.43	90.56	100.00	--
Total Shares (Units)	9,267,090	108,355	170,346	57,588	330,694	310,075	1,107,421	11,351,569	1,540,335
%	81.64	0.95	1.50	0.51	2.91	2.73	9.76	100.00	--

- Notes: (1) "At Least 1,000 Units" includes 270,694 units of treasury stock, and the number of "Shares Representing Less Than One Unit" includes 57 shares of treasury stock.
- (2) "At Least 100 Units" includes 152 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. Principal Shareholders

Name	Shareholdings (in thousands of shares)	Percentage of Total Shares Issued (%)
The Minister of Finance	405,221	35.65
Japan Trustee Services Bank, Ltd. (Trust Account)	40,580	3.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,775	2.88
Moxley and Co LLC	17,617	1.55
The Bank of New York Mellon SA/NV 10	10,496	0.92
NTT Employee Share-Holding Association	9,143	0.80
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	8,839	0.78
State Street Bank and Trust Company 505225	8,610	0.76
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8,519	0.75
Japan Trustee Services Bank, Ltd. (Trust Account 1)	8,075	0.71
Total	549,880	48.38

Note: NTT's holdings of treasury stock (27,069,157 shares) are not included in the above table.