



**Financial Results for the Three Months  
Ended June 30, 2014**

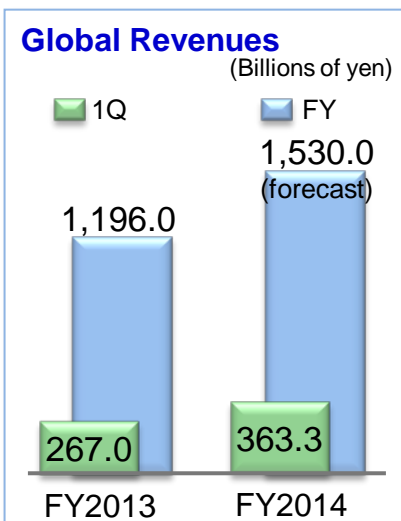
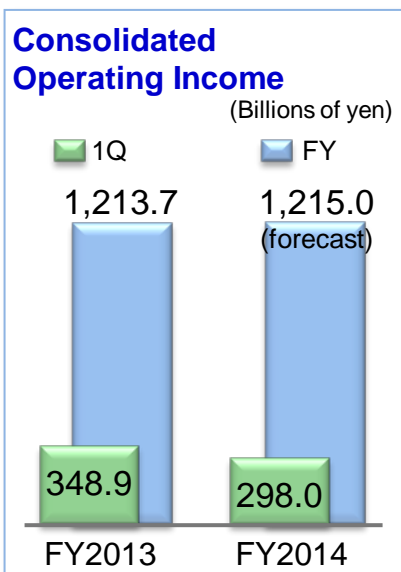
August 6, 2014

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

\* "E" in this material represents that the figure is a plan or projection for operation.

\*\* "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.

\*\*\* "1Q" in this material represents the 3-month period beginning on April 1 and ending on June 30.



● **Operating Revenues increased for the fourth consecutive year**

● **Operating Income decreased but was in line with expectations**

● **Expansion of global cloud services**

➤ **Promoting M&A**

- Dimension Data completed acquisition of U.S. ICT solutions provider Nexus IS

➤ **Cross-selling order volume: approx. \$50 million**

➤ **Overseas sales: +96.4 billion yen increase year-on-year; steadily expanding**

● **Enhanced competitiveness of network services**

➤ **Expansion of NTT's user base**

- Net increase of 0.46 million mobile phone subscribers from the end of FY2013 (0.37 million increase from FY2013/1Q), 4.67 million new rate plan subscribers
- Number of smartphone users exceeded 25 million; 24.04 million Xi subscribers (net increase of 2.08 million subscribers from the end of FY2013)
- 18.32 million FLET'S Hikari subscribers (net increase of 0.27 million subscribers from the end of FY2013) and NTT WEST subscribers exceeded 8 million
- 4.09 million Hikari TV & FLET'S TV subscribers and 4.13 million dvideo subscribers
- Steady growth of the number of Wi-Fi area owners of NTT hotspots (7% increase from the end of FY2013)

➤ **Cost reductions**

- Steady progress in fixed-line and mobile access cost reductions: NTT achieved cost reductions of 45 billion yen during FY2014/1Q, out of its annual target of 190 billion yen

- Operating Revenues increased for the fourth consecutive year
- Operating Income decreased but was in line with expectations

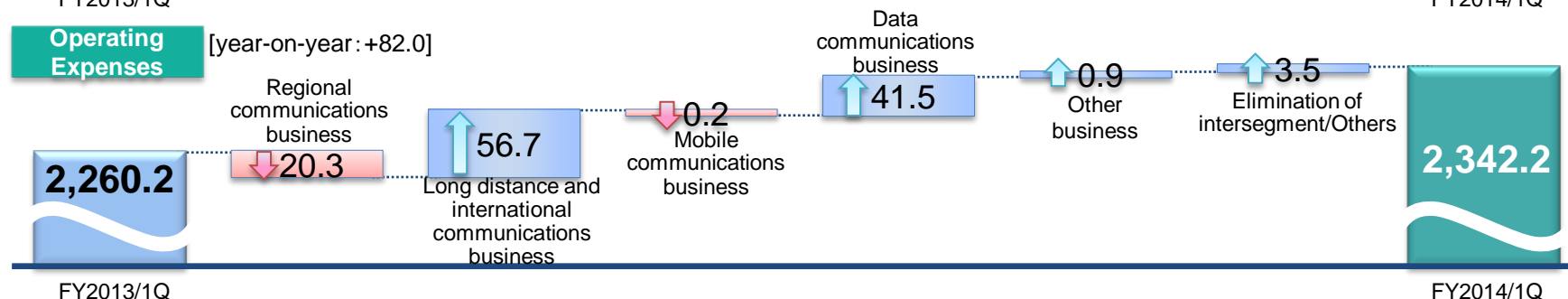
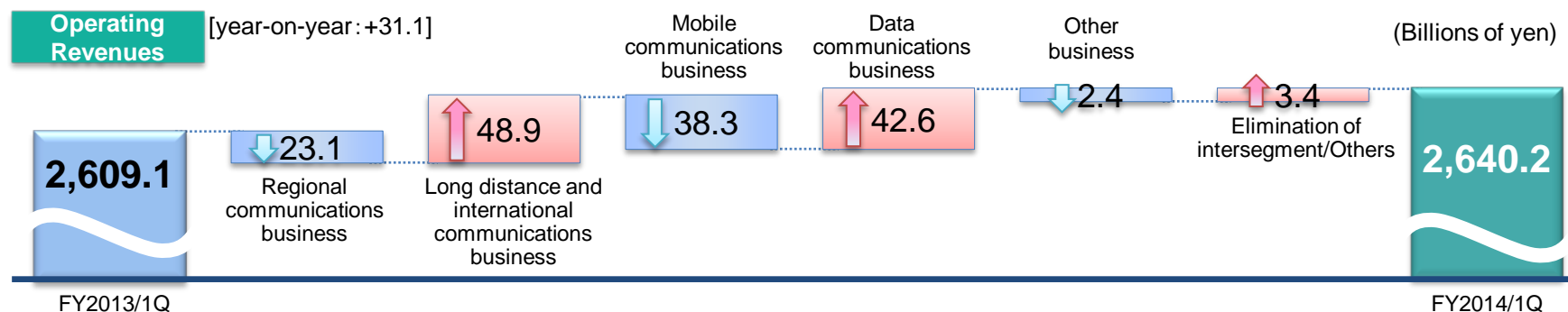
(Billions of yen)

	FY2014/1Q			FY2013/1Q	FY2014 Forecasts	% progress compared to FY2014 Forecasts
		Change year-on-year	[%]			
Operating Revenues	2,640.2	+31.1	+1.2%	2,609.1	11,200.0	23.6%
Operating Expenses	2,342.2	+82.0	+3.6%	2,260.2	9,985.0	23.5%
Operating Income	298.0	(50.9)	(14.6)%	348.9	1,215.0	24.5%
Net Income <sup>*</sup>	149.0	(17.8)	(10.6)%	166.7	586.0	25.4%

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

# FY2014/1Q Contributing Factors by Segment

- Regional communications business: Operating Income remained roughly unchanged from the previous year as a result of continued efforts to improve operational efficiency, despite the increased impact of FLET'S Hikari discounts.
- Long-distance and international communications business: Despite a decrease in Operating Income due to intensifying domestic competition, there was steady growth in overseas businesses.
- Mobile communications business: Despite a decrease in Operating Income mainly due to the increased impact of "Monthly Support" discount programs, there was a net increase in the number of subscribers due to improvements in mobile number portability (MNP).
- Data communications business: Despite the effect of unprofitable business deals, Operating Income remained roughly unchanged from the previous year, as gross margins improved due to an increase in sales.



**Operating Income** [year-on-year: (50.9)]

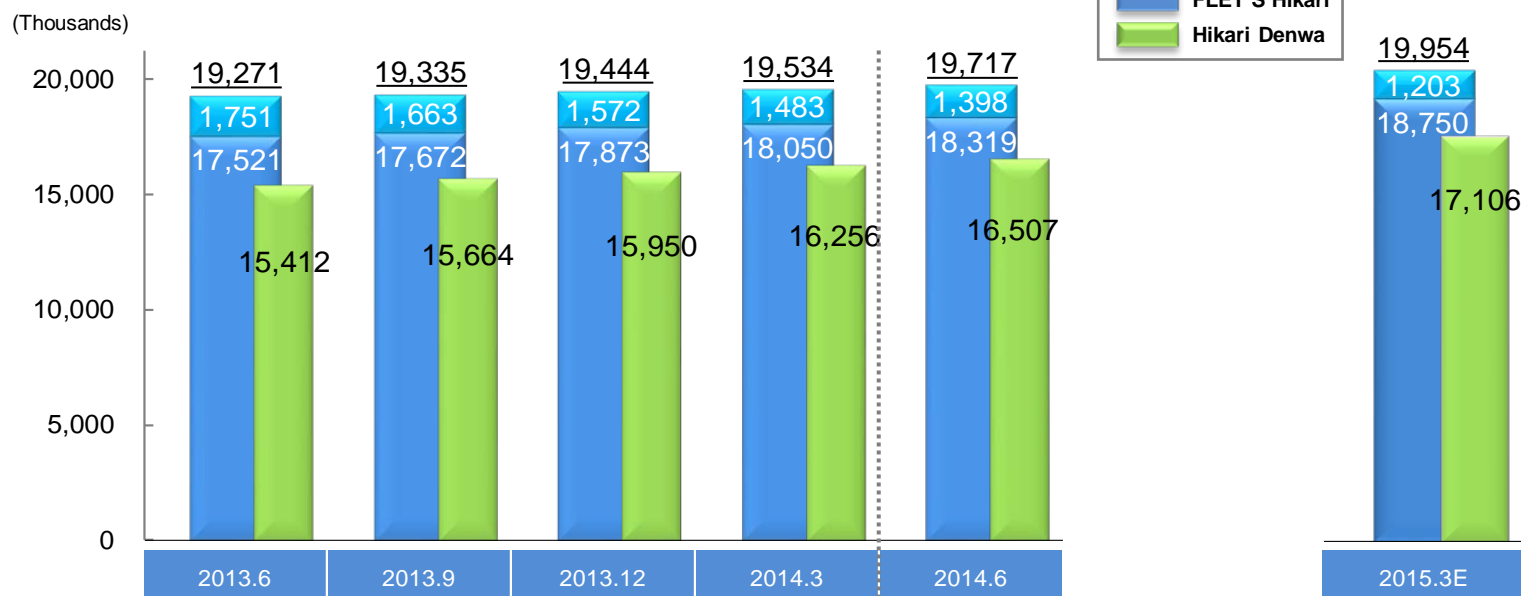
Segment	Change (Billions of yen)
FY2013/1Q Total	348.9
Regional communications business	-2.8
Long distance and international communications business	-7.9
Mobile communications business	-38.0
Data communications business	+1.1
Other business	-3.2
Elimination of intersegment/Others	-0.1
FY2014/1Q Total	298.0

## Progress of Broadband Services

---

## Number of Subscribers for Fixed Broadband Services

## Number of subscribers



## Changes from the preceding quarter

		FY2013				FY2014		
		4-6	7-9	10-12	1-3	4-6	FY2013	FY2014E
FLET'S Hikari	*1	220	152	200	178	269	750	700
	Number of opened connections*2	870	707	743	811	879	3,131	3,000
FLET'S ADSL		(98)	(88)	(91)	(89)	(85)	(365)	(280)
Hikari Denwa		242	252	287	305	251	1,087	850

(Thousands)

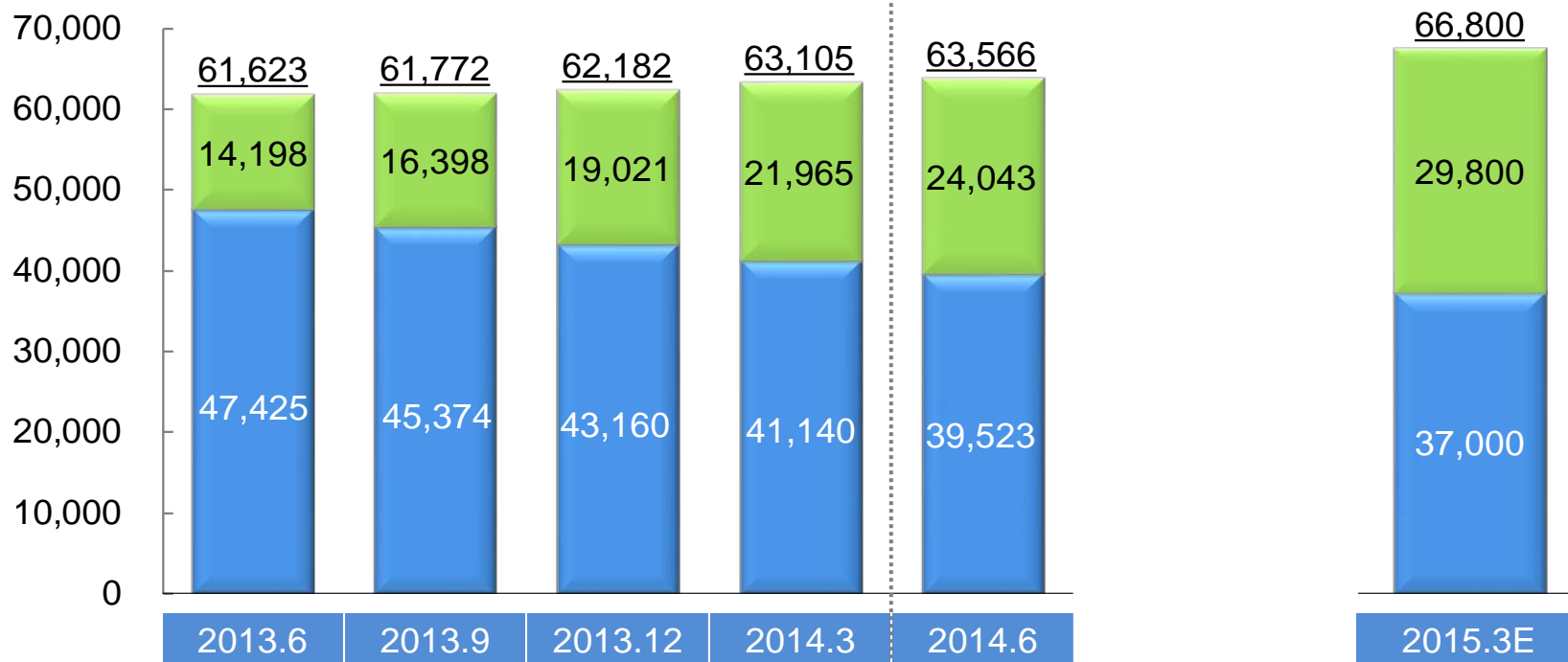
\* 1 Number of FLET'S Hikari subscribers includes B FLET'S, FLET'S Hikari Next, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT East and B FLET'S, FLET'S Hikari Premium, FLET'S Hikari Mytown, FLET'S Hikari Next, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT West.

\* 2 Number of opened connections excludes openings due to relocations.

\* 3 Number of Hikari Denwa subscribers is presented in thousands of channels.

## Number of subscribers \*

(Thousands)



## Changes from the preceding quarter

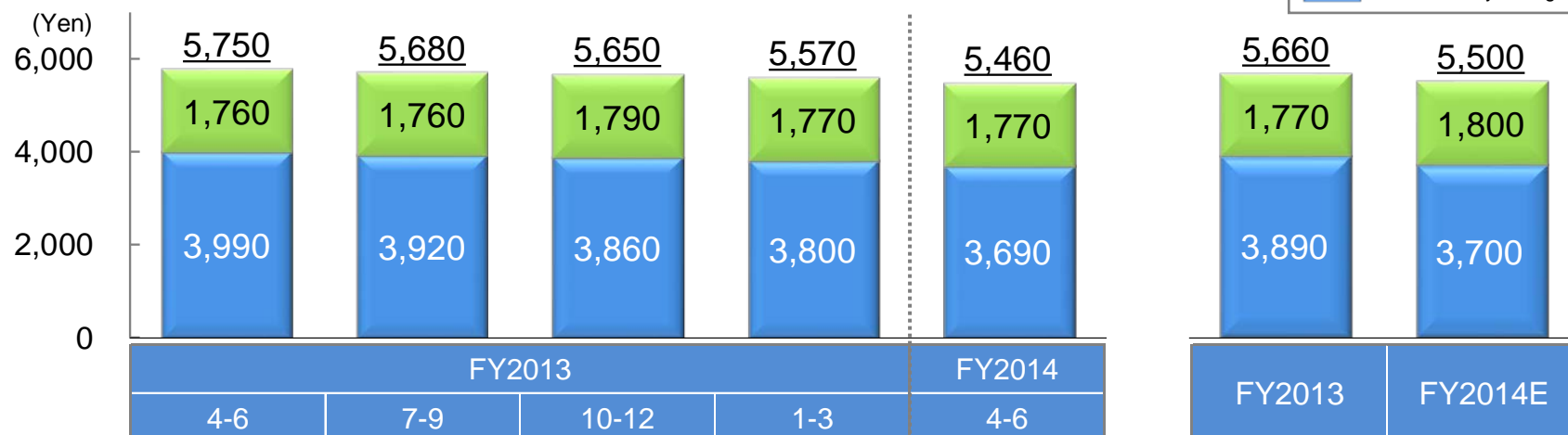
	FY2013				FY2014	FY2013	FY2014E
	4-6	7-9	10-12	1-3	4-6		
Xi+FOMA	87	149	410	924	461	1,569	3,700

(Thousands)

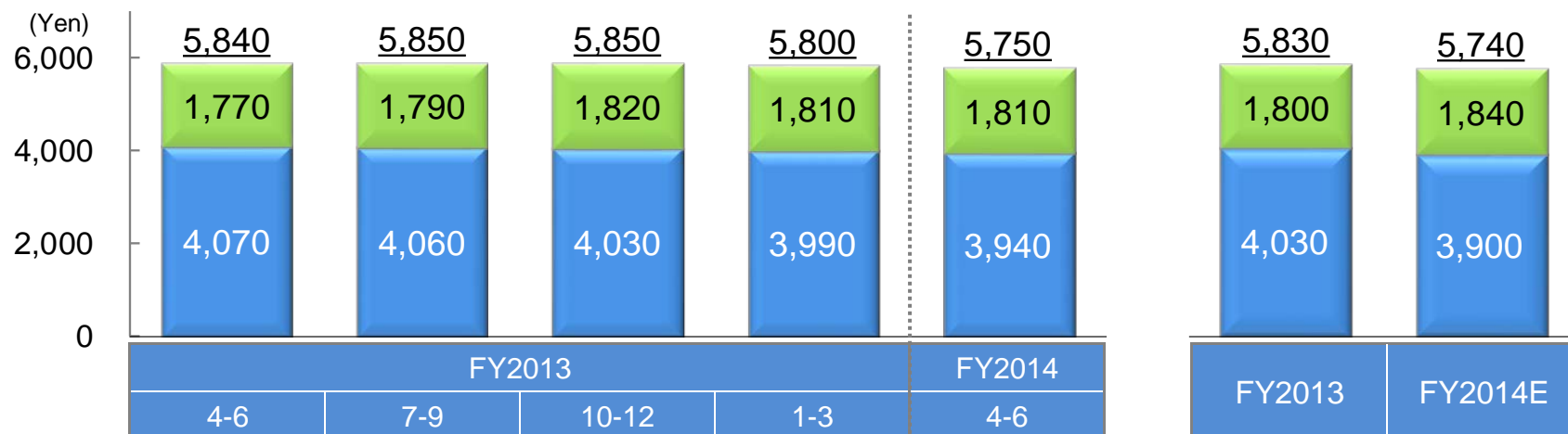
\* The number of communication module service subscribers is included in FOMA subscribers.



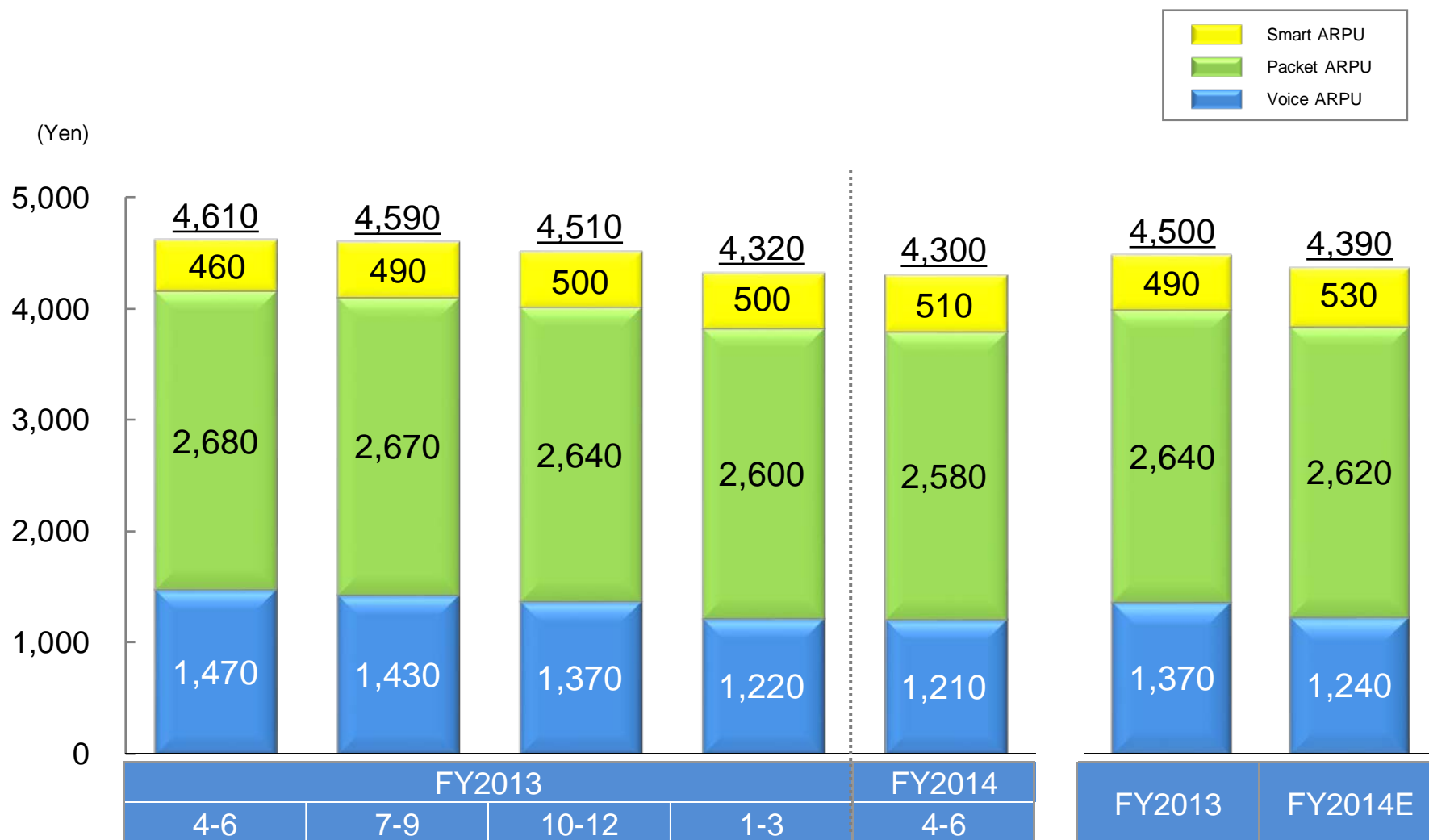
## NTT East



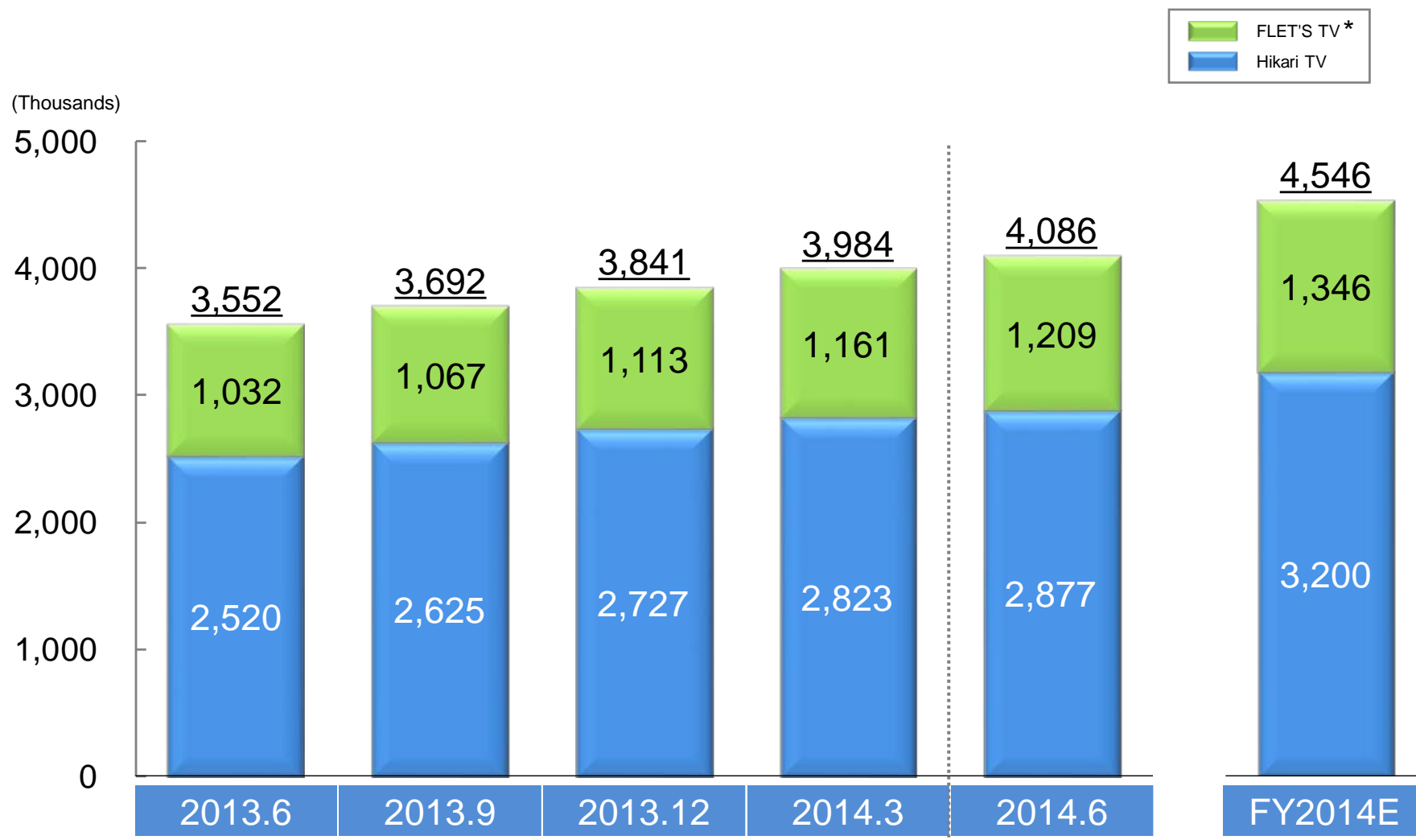
## NTT West



\* 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. Please see page 22 regarding the calculation of ARPU.



\* The calculation of mobile broadband services ARPU does not include communication module service subscribers and the revenues therefrom.  
Please see page 22 regarding the calculation of ARPU.



\* "FLET'S TV" requires a subscription to "FLET'S TV Transmission Service," provided by NTT East and NTT West, and a subscription to Opticast Inc.'s "Opticast Facility Use Services" broadcast service.

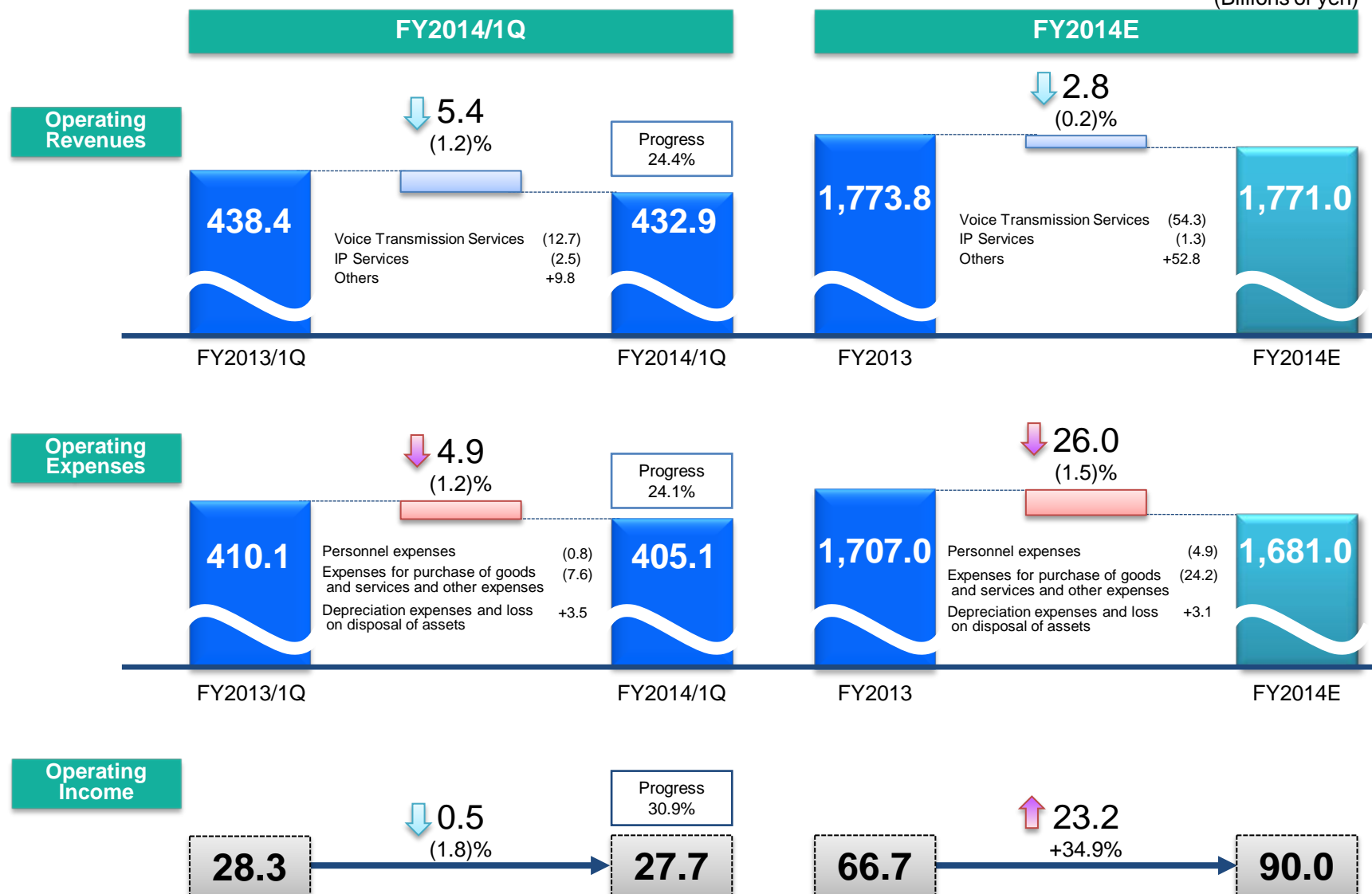
## Financial Information

---

## NTT East Financial Results

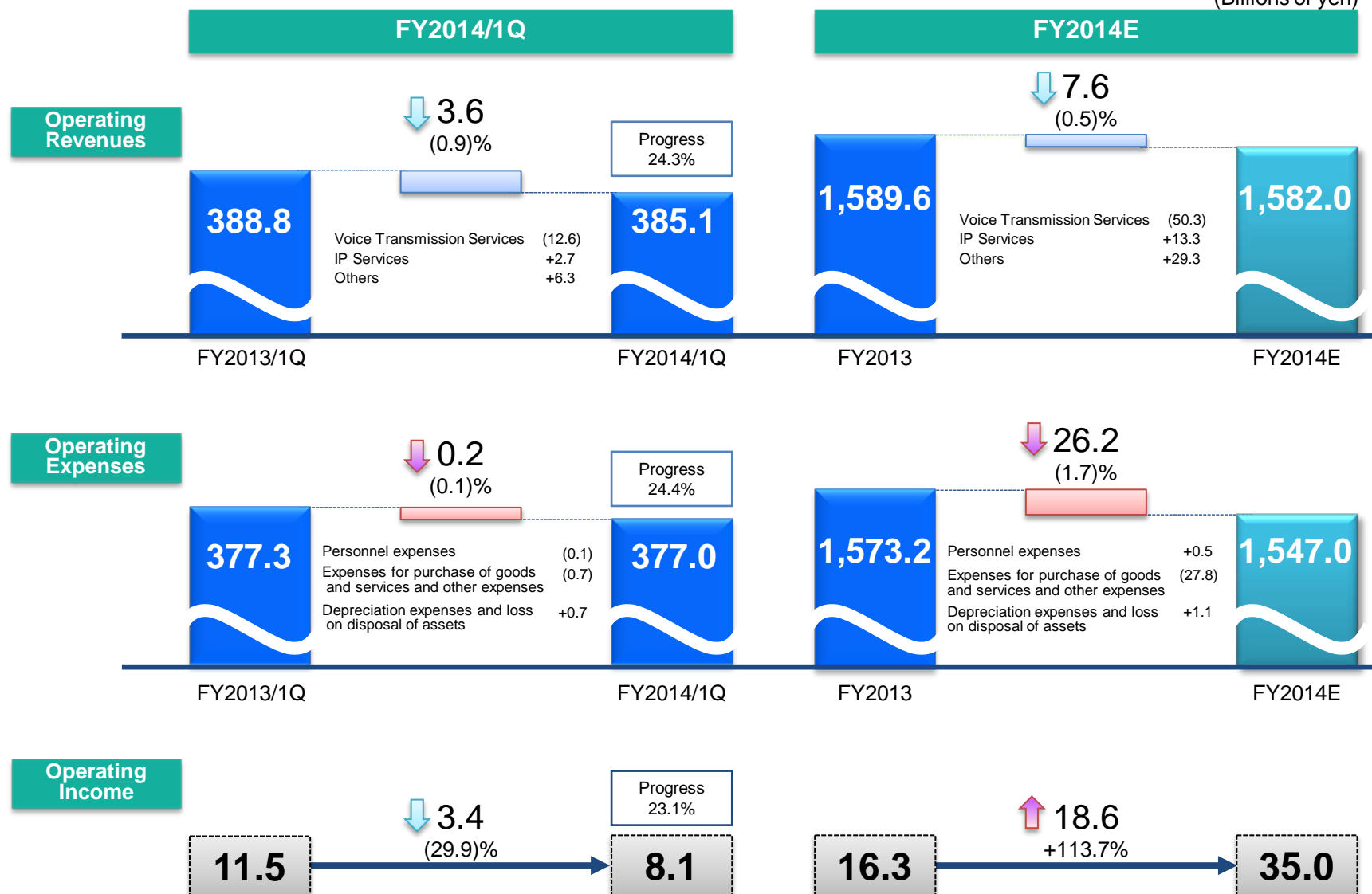


(Billions of yen)



## NTT West Financial Results

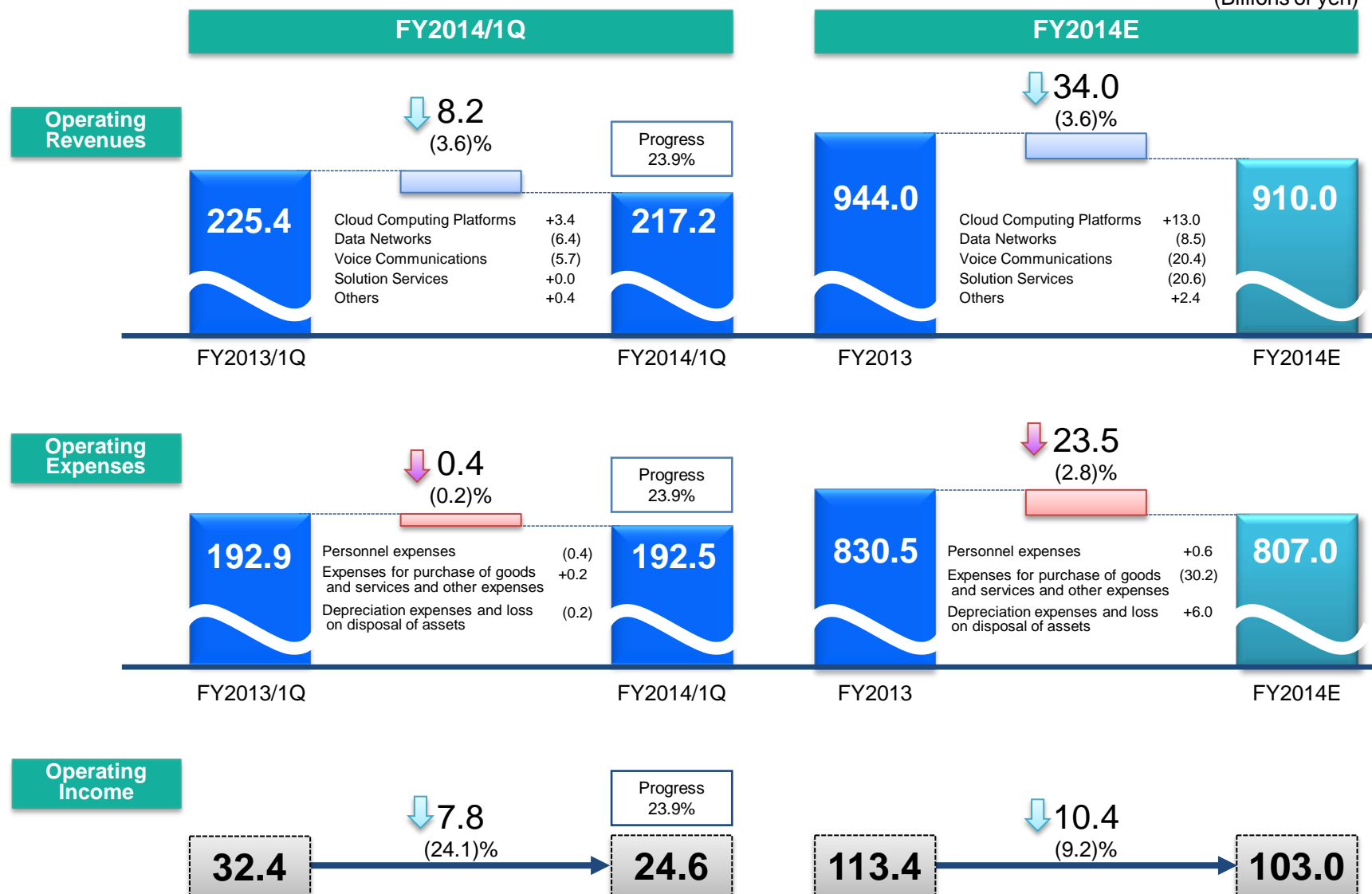
(Billions of yen)

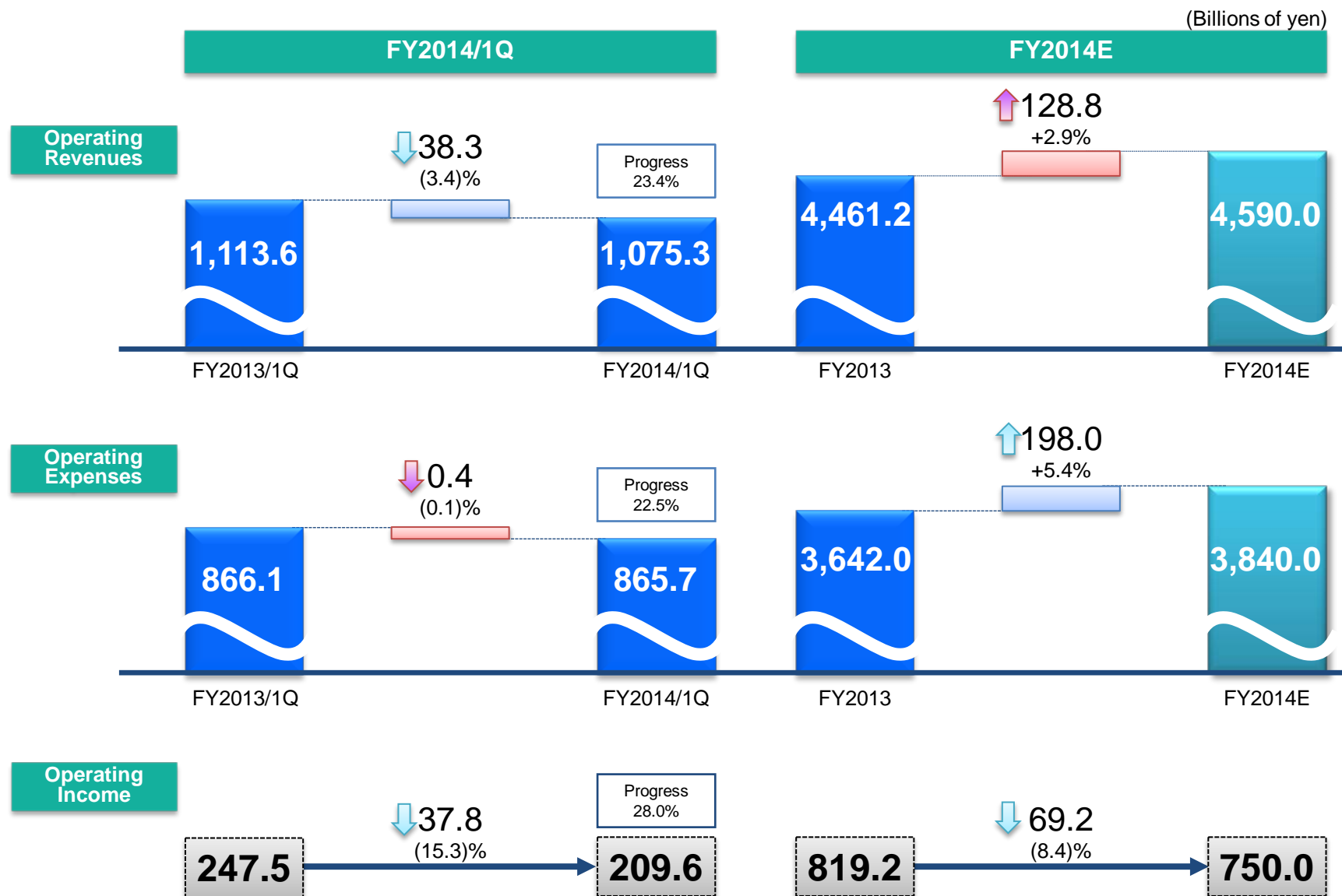


# NTT Communications Financial Results



(Billions of yen)







## NTT DATA Financial Results

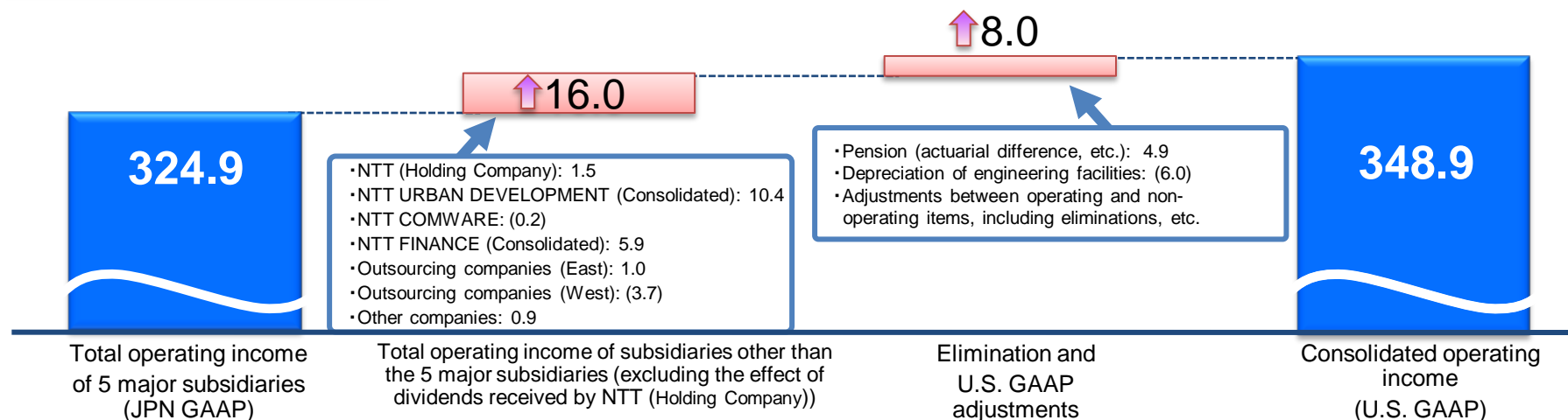


(Billions of yen)

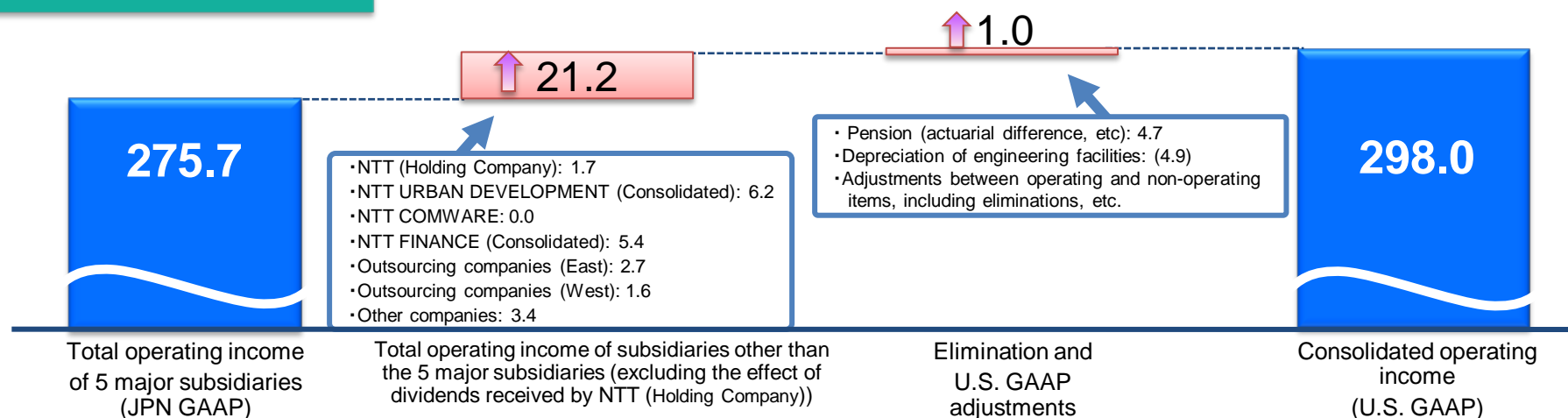


**FY2013/1Q**

(Billions of yen)



**FY2014/1Q**



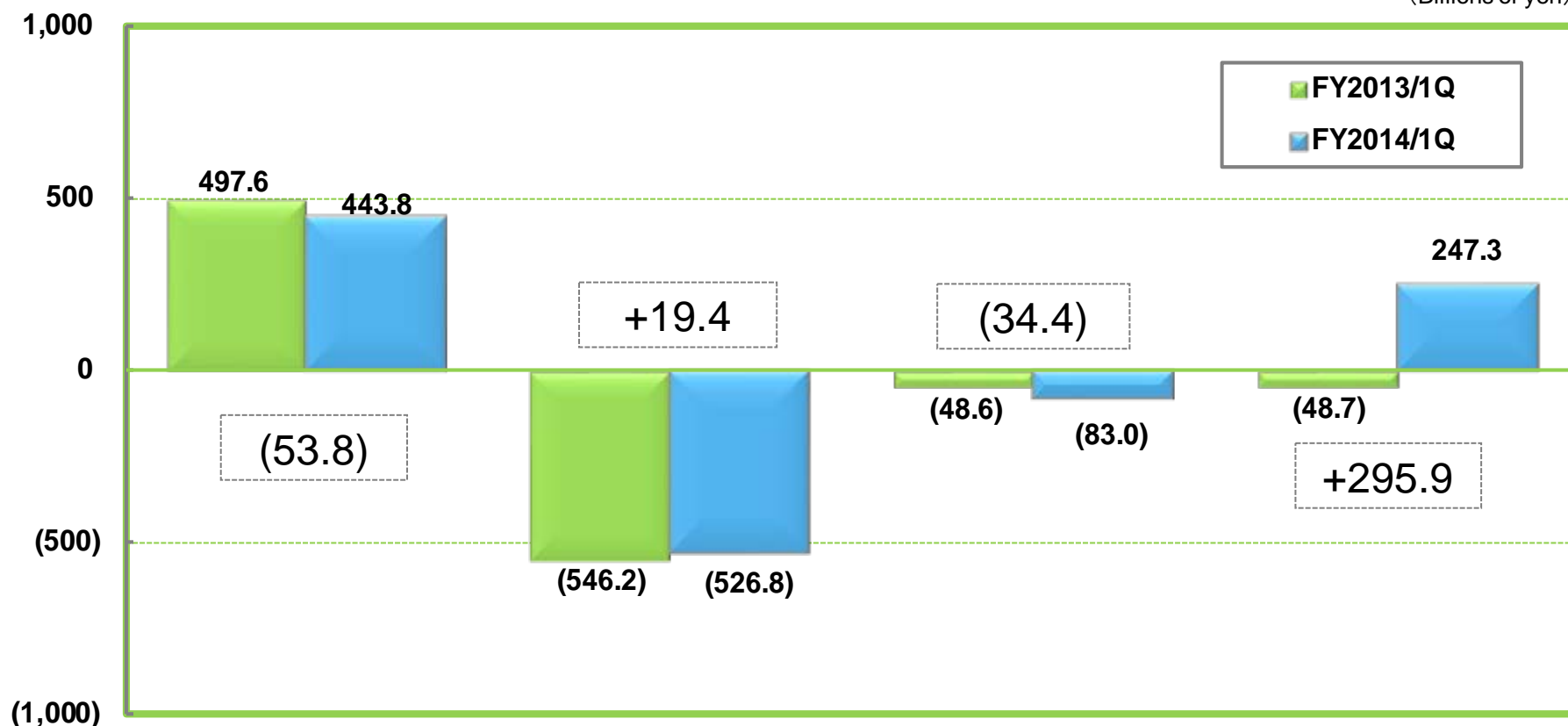
Cash flows from  
operating activities  
(A)

Cash flows from  
investing activities  
(B)

FCF  
(A) + (B)

Cash flows from  
financing activities

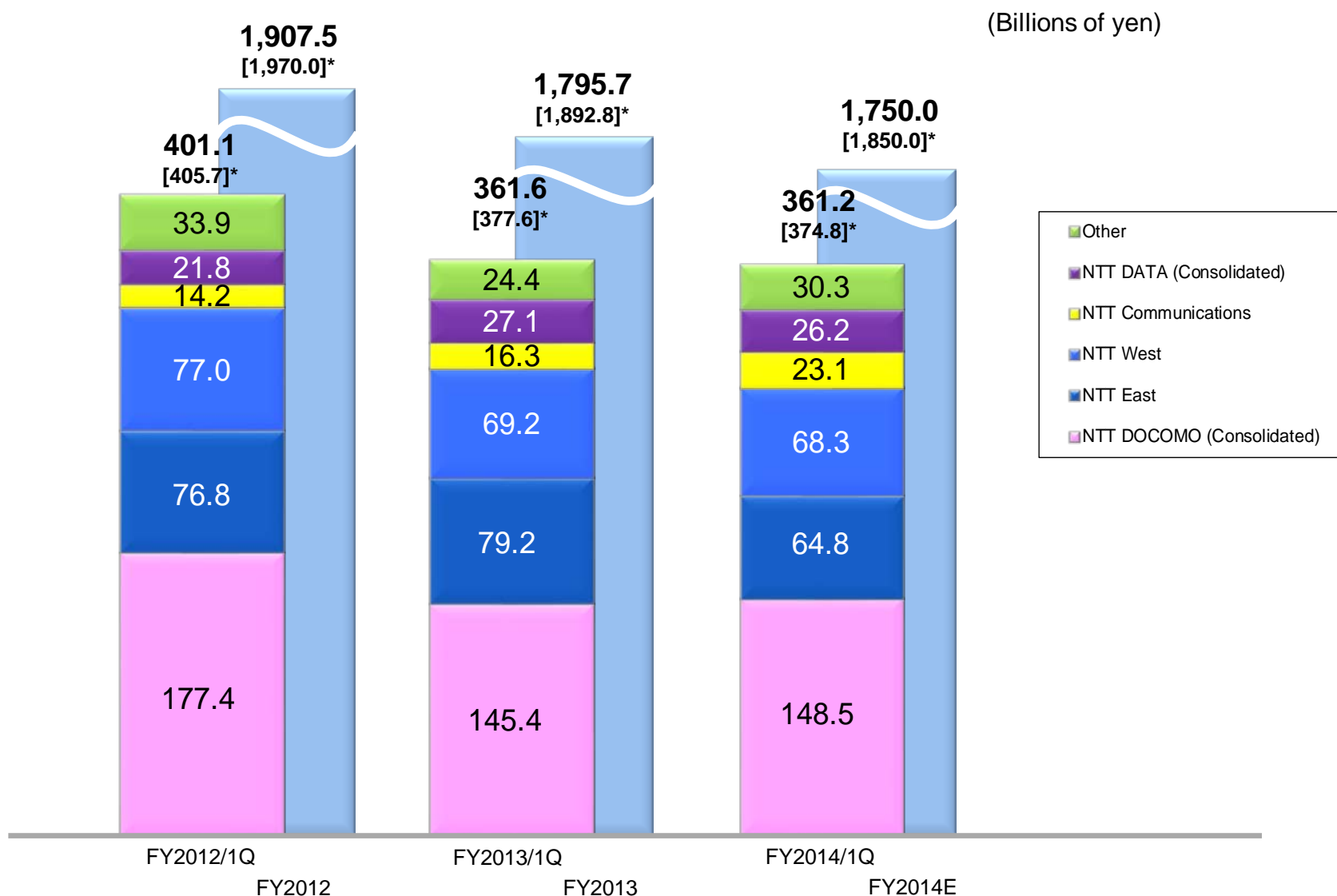
(Billions of yen)



Increase/Decrease from the same period of the previous fiscal year

# Appendices

---

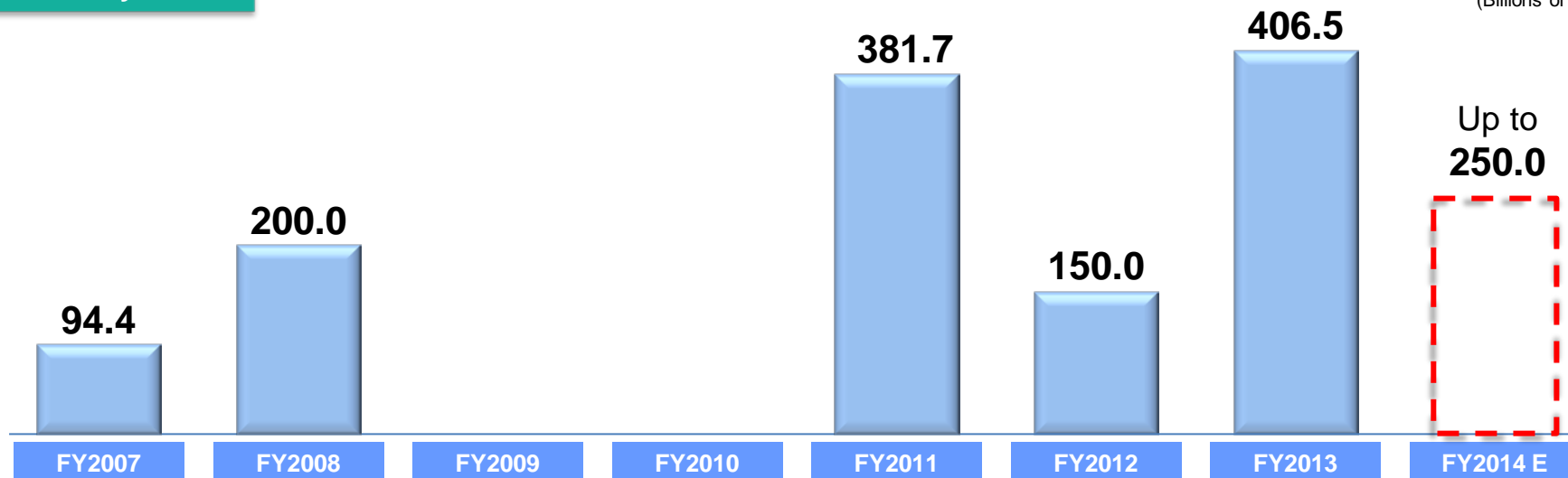


\* Figures in [ ] include investments related to real estate and solar power generation operations.

# Shareholder Returns

## Share buy backs

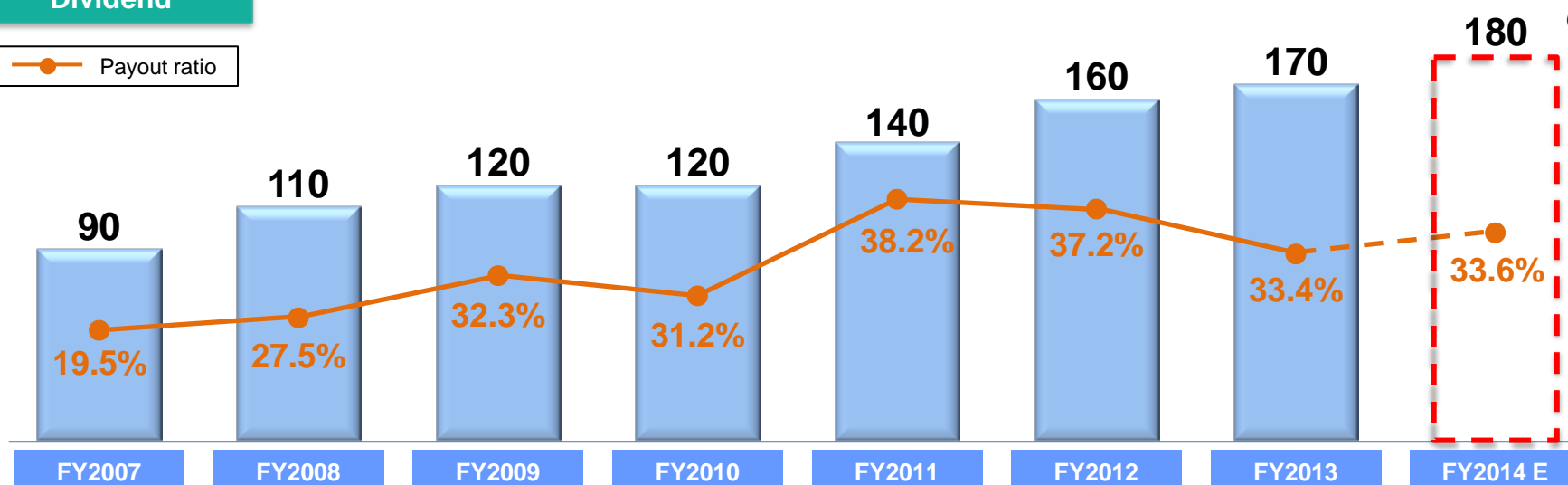
(Billions of yen)



## Dividend

(yen)

—●— Payout ratio

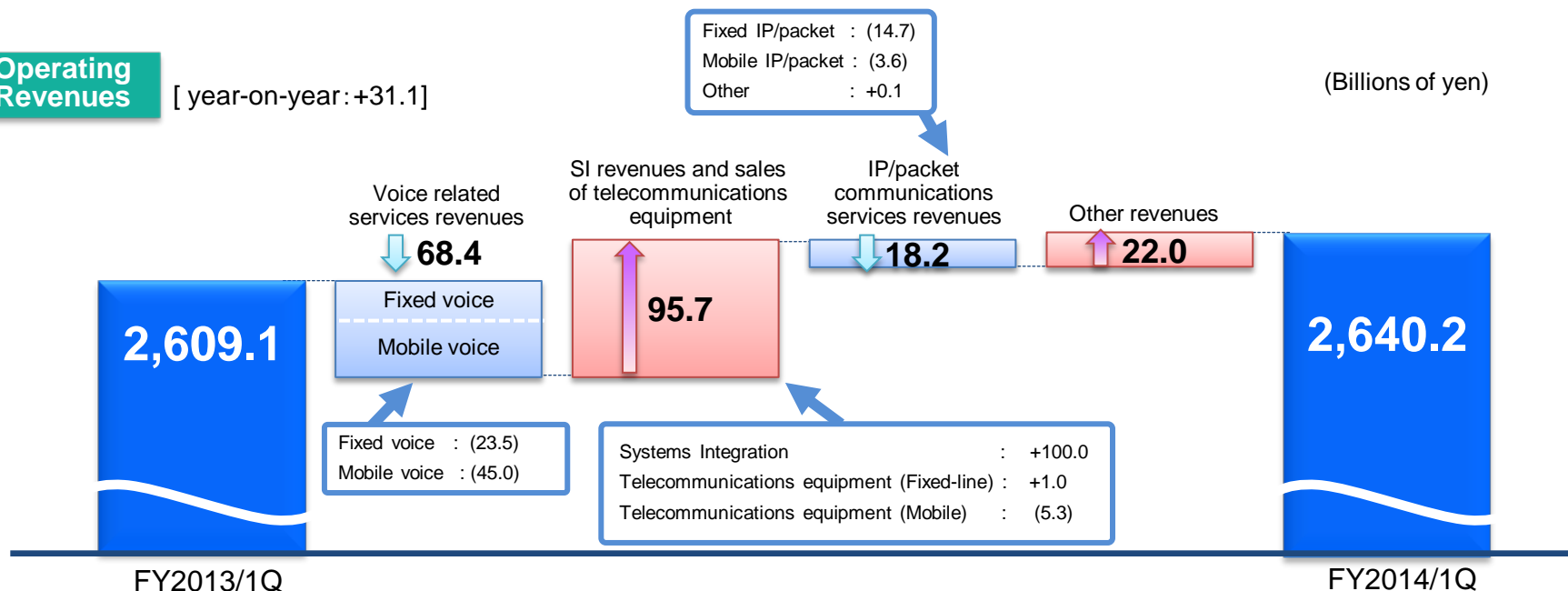


# FY2014/1Q Details of Financial Results (Per Item)

## Operating Revenues

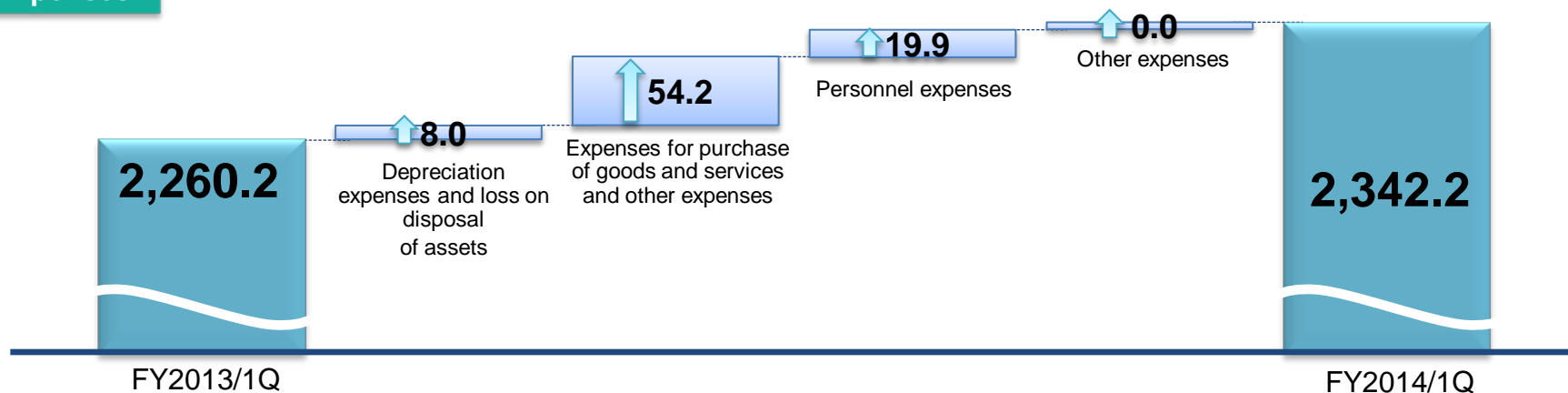
[ year-on-year: +31.1 ]

(Billions of yen)



## Operating Expenses

[ year-on-year: +82.0 ]



# Details of Consolidated Balance Sheet

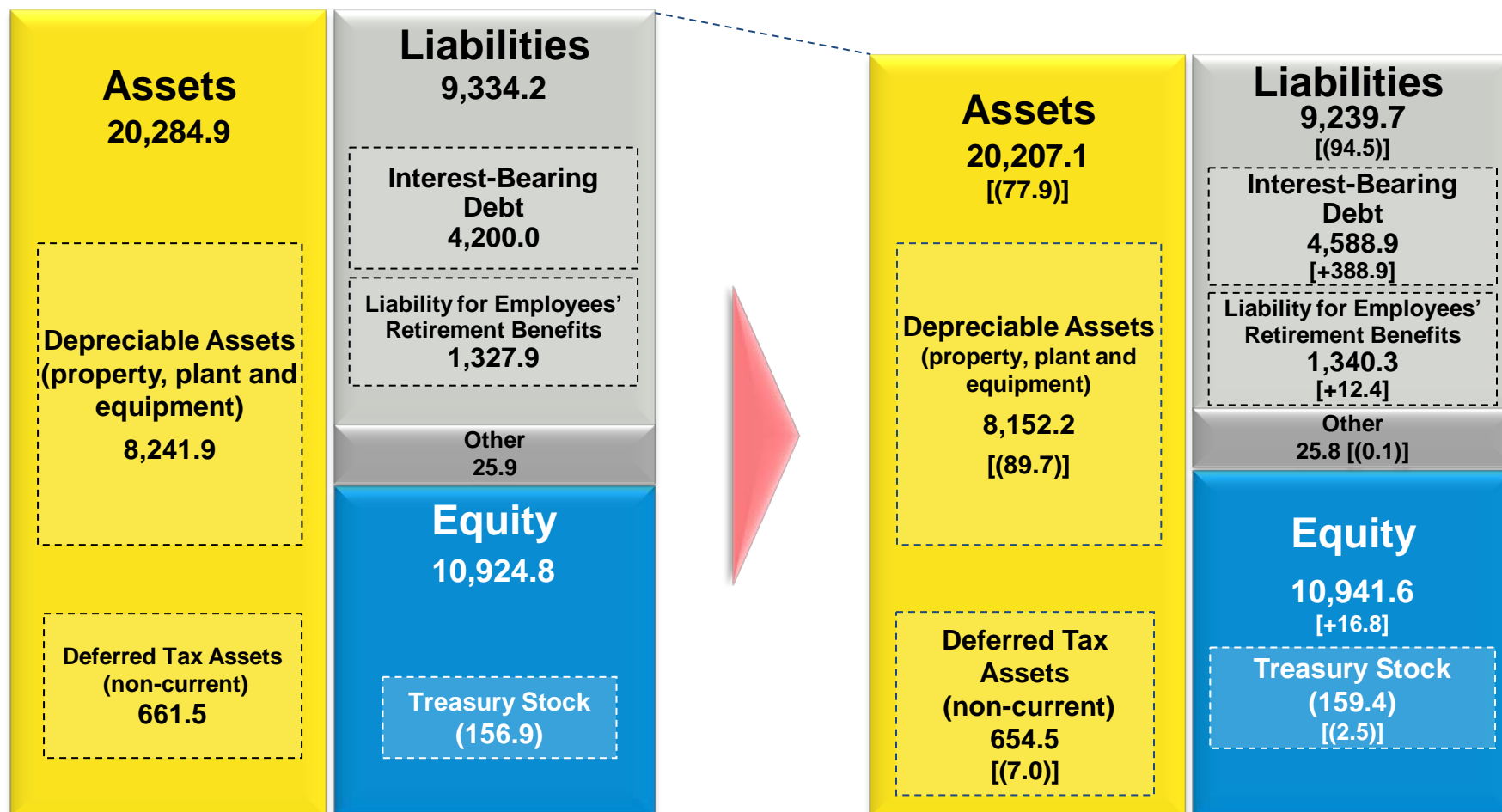
March 31, 2014

20,284.9

(Billions of yen)

June 30, 2014

20,207.1





(Billions of yen)

	NTT <sup>(1)</sup> Consolidated (U.S. GAAP)	NTT (Holding Company) Non-Consolidated (JPN GAAP)	NTT East Non-Consolidated (JPN GAAP)	NTT West Non-Consolidated (JPN GAAP)	NTT Com Non-Consolidated (JPN GAAP)	NTT DOCOMO Consolidated (U.S. GAAP)	NTT DATA Consolidated (JPN GAAP)
<b>Operating Revenues</b>	<b>2,640.2</b>	<b>221.0</b>	<b>432.9</b>	<b>385.1</b>	<b>217.2</b>	<b>1,075.3</b>	<b>335.9</b>
Change year-on-year (% change)	31.1 1.2%	(8.8) (3.8)%	(5.4) (1.2)%	(3.6) (0.9)%	(8.2) (3.6)%	(38.3) (3.4)%	41.7 14.2%
Forecasts for FY2014 (% progress)	11,200.0 23.6%	422.0 52.4%	1,771.0 24.4%	1,582.0 24.3%	910.0 23.9%	4,590.0 23.4%	1,460.0 23.0%
<b>Operating Expenses</b>	<b>2,342.2</b>	<b>31.2</b>	<b>405.1</b>	<b>377.0</b>	<b>192.5</b>	<b>865.7</b>	<b>330.4</b>
Change year-on-year (% change)	82.0 3.6%	(1.9) (6.0)%	(4.9) (1.2)%	(0.2) (0.1)%	(0.4) (0.2)%	(0.4) (0.1)%	41.3 14.3%
Forecasts for FY2014 (% progress)	9,985.0 23.5%	145.0 21.6%	1,681.0 24.1%	1,547.0 24.4%	807.0 23.9%	3,840.0 22.5%	1,375.0 24.0%
<b>Operating Income</b>	<b>298.0</b>	<b>189.7</b>	<b>27.7</b>	<b>8.1</b>	<b>24.6</b>	<b>209.6</b>	<b>5.5</b>
Change year-on-year (% change)	(50.9) (14.6)%	(6.8) (3.5)%	(0.5) (1.8)%	(3.4) (29.9)%	(7.8) (24.1)%	(37.8) (15.3)%	0.3 7.7%
Forecasts for FY2014 (% progress)	1,215.0 24.5%	277.0 68.5%	90.0 30.9%	35.0 23.1%	103.0 23.9%	750.0 28.0%	85.0 6.5%
<b>Income Before Income Taxes<sup>(2)</sup></b>	<b>306.0</b>	<b>189.0</b>	<b>39.7</b>	<b>6.8</b>	<b>33.7</b>	<b>212.5</b>	<b>4.4</b>
Change year-on-year (% change)	(50.0) (14.1)%	(6.9) (3.6)%	3.6 10.2%	(8.9) (56.6)%	(6.2) (15.6)%	(40.0) (15.8)%	(1.7) (28.3)%
Forecasts for FY2014 (% progress)	1,195.0 25.6%	272.0 69.5%	90.0 44.1%	28.0 24.5%	113.0 29.8%	758.0 28.0%	75.0 5.9%
<b>Net Income<sup>(3)</sup></b>	<b>149.0<sup>(3)</sup></b>	<b>188.7</b>	<b>28.2</b>	<b>6.2</b>	<b>22.4</b>	<b>136.4<sup>(4)</sup></b>	<b>0.3</b>
Change year-on-year (% change)	(17.8) (10.6)%	(6.8) (3.5)%	3.5 14.4%	(6.3) (50.6)%	(2.3) (9.3)%	(21.6) (13.7)%	(1.8) (82.6)%
Forecasts for FY2014 (% progress)	586.0 25.4%	274.0 68.9%	58.0 48.7%	25.0 24.8%	72.0 31.1%	480.0 28.4%	37.0 1.1%

(1) NTT has 944 consolidated subsidiaries and accounts for 123 companies under the equity method.

(2) "Income Before Income Taxes" for NTT (Holding Company), NTT East, NTT West, NTT Communications and NTT DATA represent their recurring profits.

(3) "Net Income" for NTT Consolidated represents "Net income attributable to NTT, excluding noncontrolling interests."

(4) "Net Income" for NTT DOCOMO represents "Net income attributable to NTT DOCOMO, excluding noncontrolling interests."

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to each designated service on a per user basis. In the case of NTT Group's fixed-line business, ARPU is calculated by dividing revenue items included in the operating revenues of NTT Group's regional communications business segment, that is, telephone subscriber lines, INS-NET and FLET'S Hikari, by the number of Active Subscribers to the relevant services.

In the case of NTT Group's mobile communications business, ARPU is calculated by dividing revenue items included in operating revenues from its mobile communications business segment, such as revenues from Xi mobile phone services and FOMA mobile phone services, that are incurred consistently each month (i.e., basic monthly charges and voice/packet transmission charges), by the number of Active Subscribers to the relevant services. The calculation of these figures excludes revenues that are not representative of monthly average usage, such as telecommunications equipment sales, activation fees and universal service charges.

NTT believes that its ARPU figures calculated in this way provide useful information regarding the monthly average usage of its subscribers. The revenue items included in the numerators of NTT Group's ARPU figures are based on its financial results comprising its U.S. GAAP results of operations.

#### Notes:

(1) We compute the following four categories of ARPU for business conducted by each of NTT East and NTT West.

- Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines): Calculated based on revenues from monthly charges and call charges for Telephone Subscriber Lines and INS-NET Subscriber Lines, which are included in operating revenues from Voice Transmission Services (excluding IP Services), and revenues from "FLET'S ADSL" and "FLET'S ISDN," which are included in operating revenues from IP Services.

- Telephone Subscriber Lines ARPU: Calculated based on revenues from monthly charges and call charges for Telephone Subscriber Lines and revenues from "FLET'S ADSL."

- INS-NET Subscriber Lines ARPU: Calculated based on revenues from monthly charges and call charges for "INS-NET" Subscriber Lines and revenues from "FLET'S ISDN."

- FLET'S Hikari ARPU: Calculated based on revenues from "FLET'S Hikari" (including "FLET'S Hikari" optional services), which are included in operating revenues from IP Services, revenues from monthly charges, call charges and connection device charges for "Hikari Denwa," and revenues from "FLET'S Hikari" optional services, which are included in Supplementary Business revenues.

- "FLET'S Hikari" includes "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light" 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) Revenues from interconnection charges are excluded from the calculation of Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), Telephone Subscriber Lines ARPU, INS-NET Subscriber Lines ARPU, and FLET'S Hikari ARPU.

(3) For purposes of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), Telephone Subscriber Lines ARPU and INS-NET Subscriber Lines ARPU, the number of subscribers is determined based on the number of subscriptions for each service.

(4) In terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64. For this reason, for the purpose of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines) and INS-NET Subscriber Lines ARPU, one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions.

(5) For purposes of calculating FLET'S Hikari ARPU, number of subscribers is determined based on the number of "FLET'S Hikari" subscribers, including subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT East, and 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.

(6) The following is the formula we use to compute ARPU for mobile business conducted by NTT DOCOMO.

- Mobile Aggregate ARPU ("Xi"+"FOMA") = Voice ARPU ("Xi"+"FOMA") + Packet ARPU ("Xi"+"FOMA") + Smart ARPU ("Xi"+"FOMA").

- NTT DOCOMO's Voice ARPU ("Xi"+"FOMA") is based on operating revenues related to voice services, such as basic monthly charges and voice communication charges attributable to our "Xi"+"FOMA" services, our Packet ARPU ("Xi"+"FOMA") is based on operating revenues related to packet services, such as flat monthly fees and packet communication charges attributable to our "Xi"+"FOMA" services, and our Smart ARPU ("Xi"+"FOMA") is based on operating revenues from a part of Other Operating Revenues attributable to "Xi"+"FOMA" wireless communications services (revenues from content, collection of charges, mobile phone insurance service, advertising and others).

(7) Communications module service, "Phone Number Storage," "Mail Address Storage" and "docomo Business Transceiver" subscribers and the revenues therefrom are not included in the calculations of Mobile Aggregate ARPU.

(8) Numbers of active subscribers used in the ARPU calculation of NTT East and NTT West are as below.

- 1Q Results: Sum of number of active subscribers\* for each month from April to June

- 2Q Results: Sum of number of active subscribers\* for each month from July to September

- 3Q Results: Sum of number of active subscribers\* for each month from October to December

- 4Q Results: Sum of number of active subscribers\* for each month from January to March

- FY Results: Sum of number of active subscribers\* for each month from April to March

- FY Forecast: Sum of the average expected active number of subscribers during the fiscal year ((number of subscribers at March 31, 2014 + number of expected subscribers at March 31, 2015)/2)x12

(9) Numbers of active subscribers used in the ARPU calculation of NTT DOCOMO are as below.

- 1Q Results: Sum of number of active subscribers\* for each month from April to June

- 2Q Results: Sum of number of active subscribers\* for each month from July to September

- 3Q Results: Sum of number of active subscribers\* for each month from October to December

- 4Q Results: Sum of number of active subscribers\* for each month from January to March

- FY Results/FY Forecast: Sum of number of active subscribers\*/expected number of active subscribers\* for each month from April to March.

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