



**Financial Results for the Six Months  
Ended September 30, 2014**

November 7, 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.

\*\*\* "2Q" in this material represents the 6-month period beginning on April 1 and ending on September 30.

- Operating Revenues increased for the fifth consecutive year due to the growth of overseas businesses.
- Operating Income decreased due to a larger decrease in profit of the Mobile communications segment despite an increase in profit of the Regional communications segment and the Data communications segment.

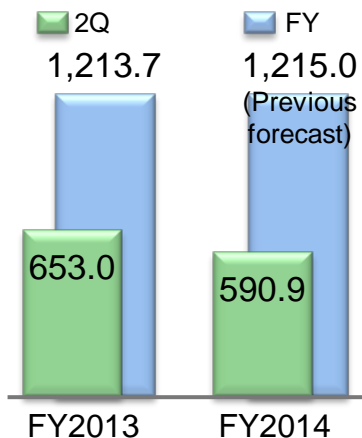
(Billions of yen)

	FY2014/2Q			FY2013/2Q
		Change year-on-year	% Year-on-Year Increase (Decrease)	
Operating Revenues	5,373.7	+107.6	+2.0%	5,266.1
Operating Expenses	4,782.7	+169.7	+3.7%	4,613.0
Operating Income	590.9	(62.1)	(9.5)%	653.0
Net Income*	290.3	(33.2)	(10.3)%	323.5

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

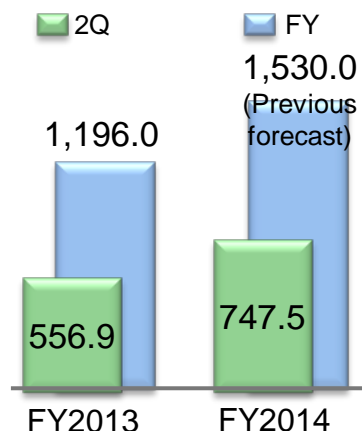
## Consolidated Operating Income

(Billions of yen)



## Global Revenues

(Billions of yen)



● **Operating Revenues increased for the fifth consecutive year, while Operating Income decreased**

● **Expansion of global cloud services**

- **Cross-selling order volume: approximately \$117 million**
- **Promoting M&A**
  - Proposal to acquire Oakton Limited, an Australia-based ICT service provider
- **NTT Group holds the largest data center space in the world**
- **Overseas sales: + ¥190.6 billion increase year-on-year; growth of 29% when discounting the effects of the depreciating yen**

● **Enhanced competitiveness of network services**

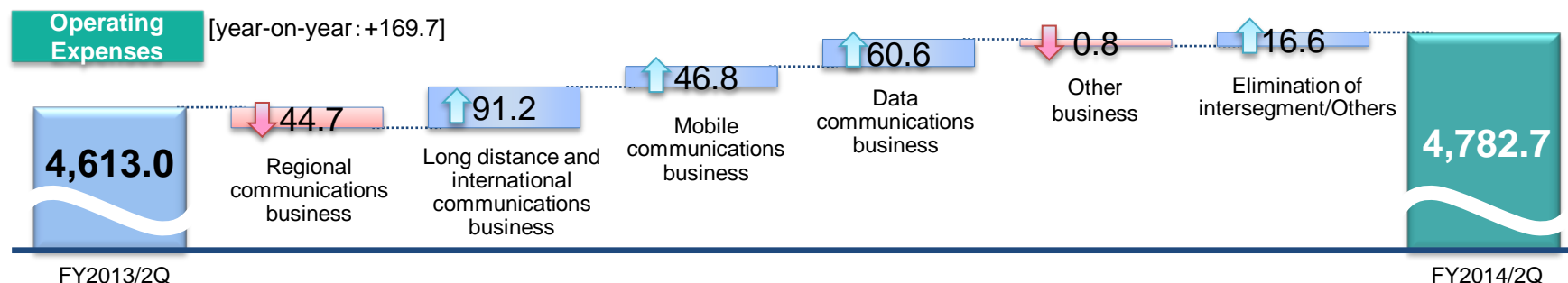
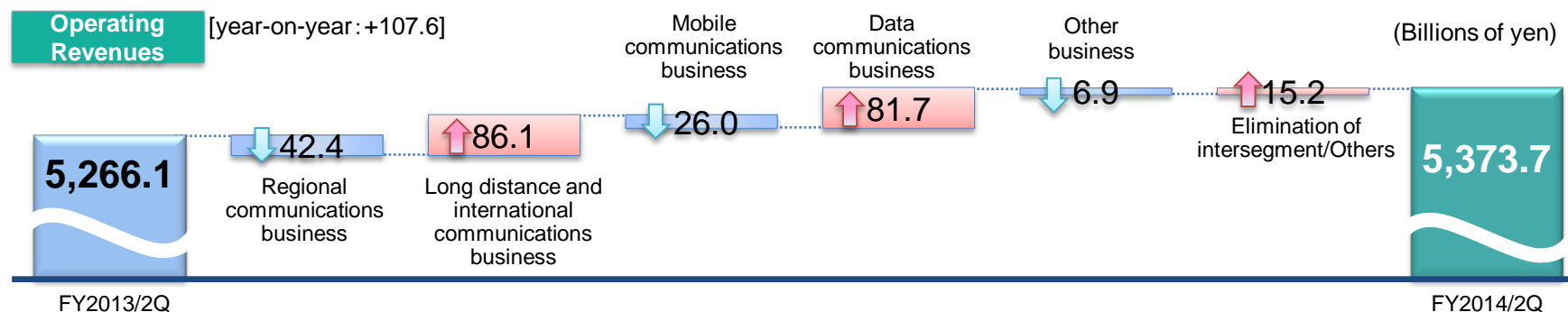
- **Expansion of NTT's user base**
  - Number of new rate plan subscribers exceeded 9.43 million
  - Net increase of 1.19 million mobile phone subscribers from the end of FY2013 (0.95 million increase from FY2013/2Q)
  - 18.45 million FLET'S Hikari subscribers (net increase of 0.40 million)
  - 4.18 million Hikari TV and FLET'S TV subscribers (net increase of 0.20 million)
- **Cost reductions**
  - Fixed-line and mobile access cost reductions: NTT achieved cost reductions of ¥90 billion yen during FY2014/2Q, out of its annual target of ¥190 billion

● **Shareholder Returns**

- NTT passed a resolution to increase the amount of cash available to repurchase shares of its common stock from ¥250.0 billion to ¥350.0 billion.

# FY2014/2Q Contributing Factors by Segment

- Regional communications business: Operating Income increased as a result of continued efforts to improve operational efficiency, despite the increased impact of FLET'S Hikari discounts.
- Long distance and international communication business: Although Operating Income decreased year-on-year, profit improvement in overseas businesses contributed to an increase in profit for the six-month period ended September 30.
- Mobile communications business: Operating Income decreased due to the increased impact of "Monthly Support" discount programs and the effect of new rate plans to decrease Operating Revenues.
- Data communications business: Operating Income increased due to the effect of reducing unprofitable transactions, in addition to the improvement of gross margin in conjunction with an increase in sales.



**Operating Income** [year-on-year: (62.1)]

Segment	Change (Billions of yen)
FY2013/2Q Total	653.0
Regional communications business	+2.2
Long distance and international communications business	-5.1
Mobile communications business	-72.8
Data communications business	+21.1
Other business	-6.1
Elimination of intersegment/Others	-1.5
FY2014/2Q Total	590.9

# Consolidated Forecasts for FY2014

- Forecasts for both Operating Revenues and Operating Income have been adjusted due to the higher-than-expected spread of new rate plans

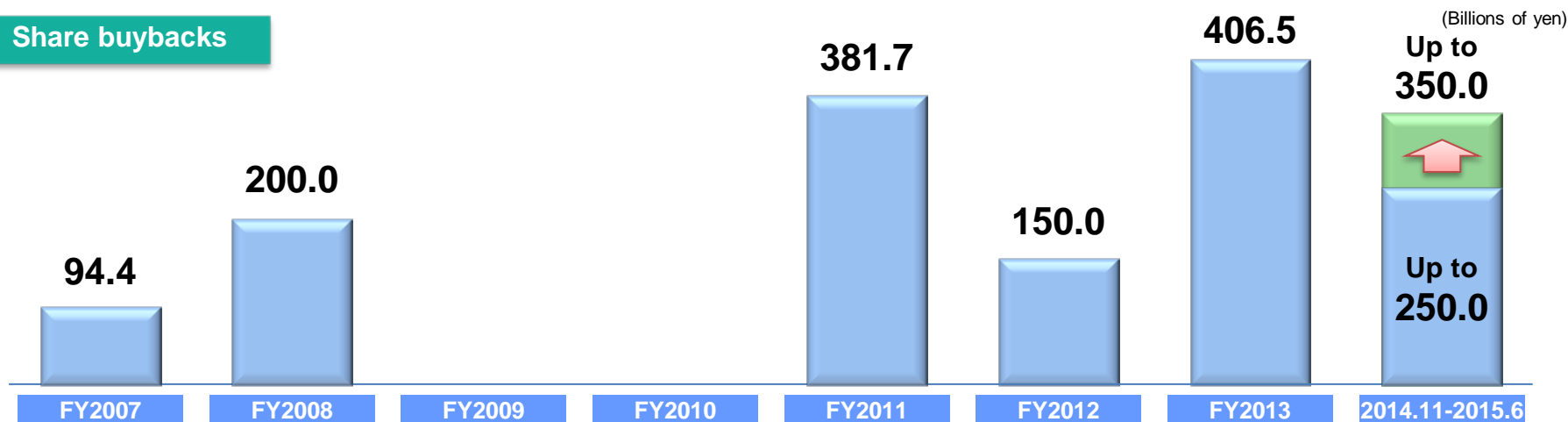
(Billions of yen)

	FY2014 Forecasts		FY2014/2Q	% Progress Compared to FY2014 Forecasts
		Change from Initial Forecasts		
Operating Revenues	11,010.0	(190.0)	5,373.7	48.8%
Operating Expenses	9,915.0	(70.0)	4,782.7	48.2%
Operating Income	1,095.0	(120.0)	590.9	54.0%
Net Income <sup>*</sup>	529.0	(57.0)	290.3	54.9%
EPS <sub>(yen)</sub>	479.00	(57.00)		

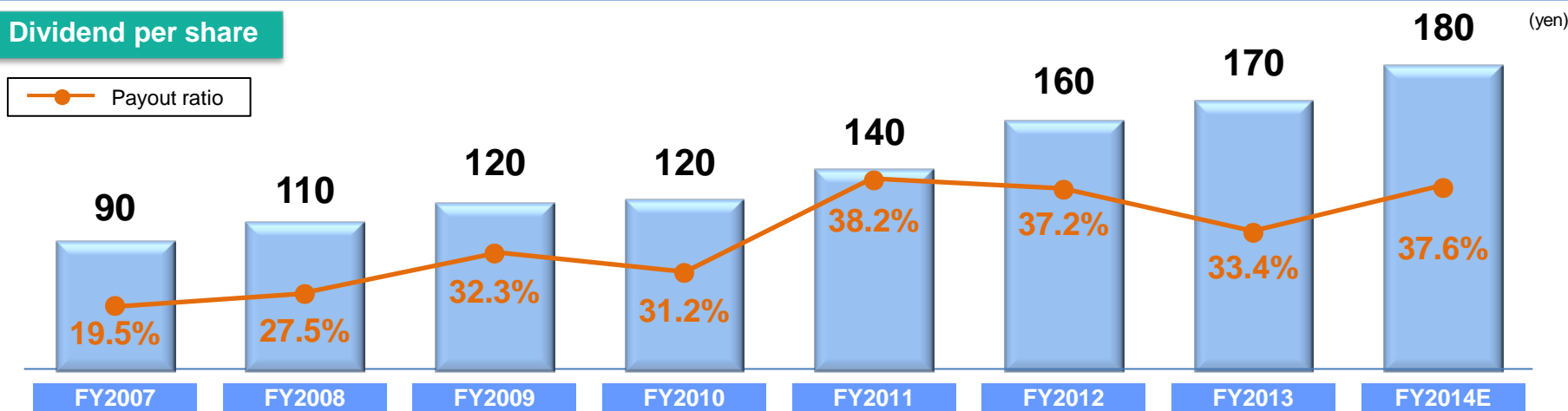
\* Net income represents net income attributable to NTT, excluding noncontrolling interests.

- Share buybacks: NTT passed a resolution to increase the cash available to repurchase shares of its common stock from ¥250.0 billion to ¥350.0 billion.
- Dividend: An annual dividend of ¥180 per share for FY2014

## Share buybacks



## Dividend per share



## Medium-Term Management Strategy, “Towards the Next Stage” Update

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## ■ **Steady Progress in Transformation of NTT's Business Structure**

- Toward a multifaceted competitive model based on innovation and collaboration
- Transforming NTT itself as a "Value Partner"

### I "Global Cloud Services" as the Cornerstone of NTT's Business Operations

- Enable provision of fully-stacked, full-lifecycle services
- Plan to reach \$15 billion in overseas sales volume in FY 2014

### II Comprehensively Strengthen Network Service Competitiveness

- Comprehensively reduce cost in fixed and mobile access networks
- Execute proactive initiatives such as NTT DOCOMO's "New Billing Plan" and NTT East and NTT West's "Hikari Collaboration Model"

## ■ **EPS Growth Still in Progress**

- Focus on profit growth, which is still in progress despite the completion of a change in course towards a new direction

***Restart for growth in profits***

**At the announcement of FY 2014 results,  
NTT will upgrade its strategy to "Towards the Next Stage 2.0"**

## ■ Continuous Enhancement of Fundamental Business Strategies

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### I Accelerate Speed of Profit Generation of “Global Cloud Services”

- Continue to make anticipatory investments for profit growth
- Develop operations combining strengths of the whole group
- Accelerate the optimization of operations

### II Enhance Profitability of Network Services

- Cut costs in all business processes
- Provide value-added services through collaboration with various industry players

## ■ Expansion of B2B2X Business

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- Support business model transformation of our clients as a “Value Partner”
  - Create new business models with sophisticated Wi-Fi platforms
  - Contribute to the “Vitalization of Local Economies” by resolving various issues facing each local region
  - Support the innovation of various industry players in anticipation of 2020
- Enhance NTT’s security business, essential for a safe and secure society

## ■ Earnings Per Share

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- Set new goals based on FY 2014 results

## Strengthen NTT Group's Cybersecurity Training

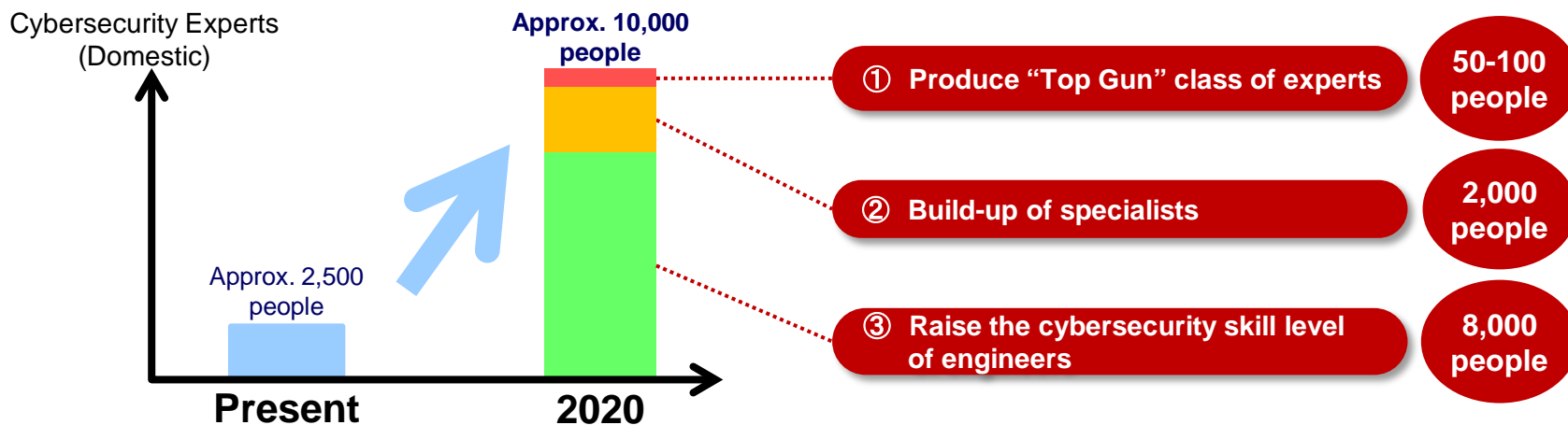
- Develop capacity for approximately 10,000 domestic cybersecurity experts by 2020
  - Develop and deploy training programs throughout NTT Group

## Contribute to Japan's Cybersecurity Training

- Establish a “Cyber-attack and Cyber-defense Technologies” course at Waseda University in April 2015
  - Expand to other universities subsequently through collaboration with participating companies
- Assist in providing an “Information Security for Complete Novices” course through “gacco\*” in May 2015

\*MOOC (Massive Open Online Courses) provided by NTT DOCOMO and NTT Knowledge Square

### Strengthen NTT Group's Cybersecurity Training

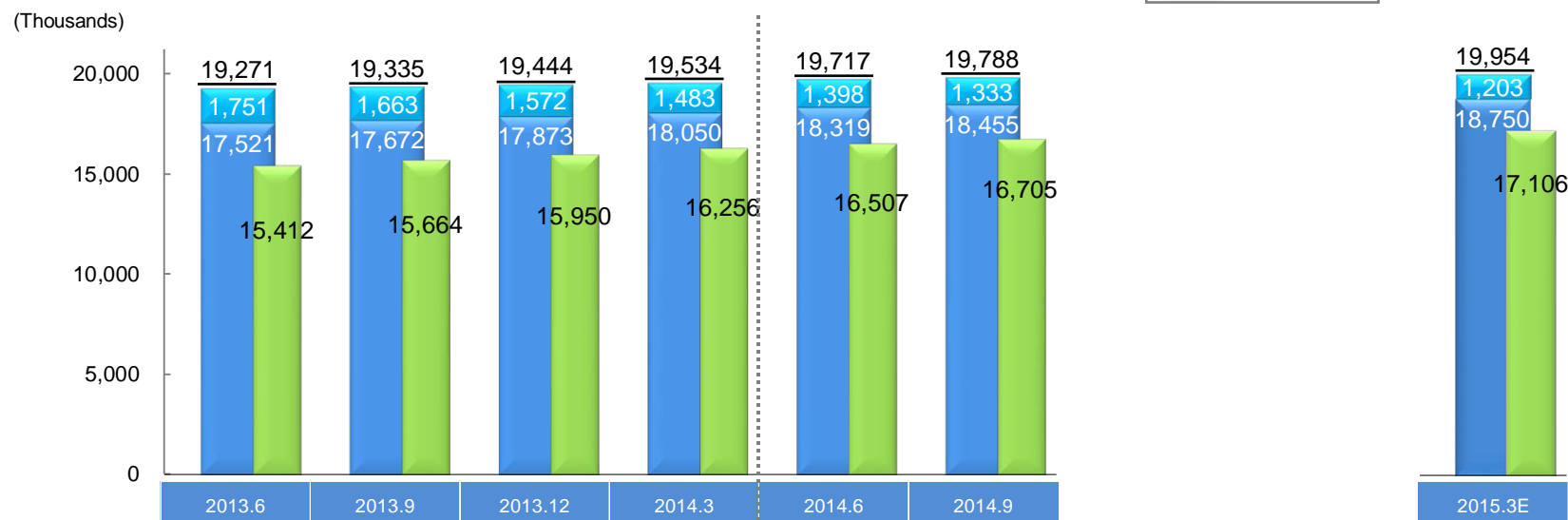


## Progress of Broadband Services

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# Number of Subscribers for Fixed Broadband Services

## Number of subscribers



## Changes from the preceding quarter

		FY2013				FY2014			(Thousands)	
		4-6	7-9	10-12	1-3	4-6	7-9	4-9	FY2013	FY2014E
FLET'S Hikari* <sup>1</sup>		220	152	200	178	269	136	405	750	700
	Number of opened connections* <sup>2</sup>	870	707	743	811	879	683	1,562	3,131	3,000
FLET'S ADSL		(98)	(88)	(91)	(89)	(85)	(65)	(150)	(365)	(280)
Hikari Denwa* <sup>3</sup>		242	252	287	305	251	199	450	1,087	850

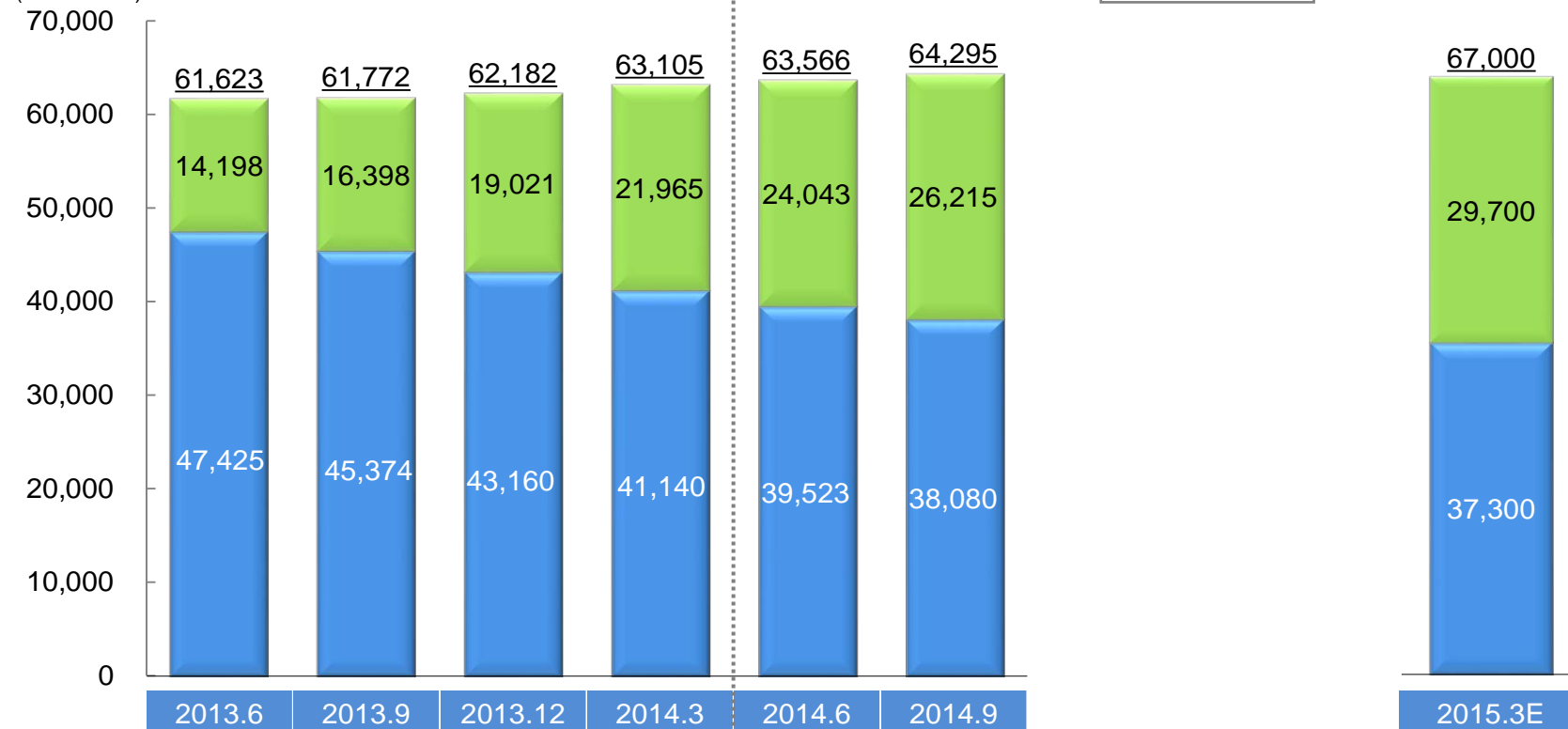
\* 1 Number of FLET'S Hikari subscribers includes B FLET'S, FLET'S Hikari Next, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT East and B FLET'S, FLET'S Hikari Premium, FLET'S Hikari Mytown, FLET'S Hikari Next, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT West.

\* 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	7-9	4-9		
Xi+FOMA	87	149	410	924	461	729	1,190	1,569	3,900

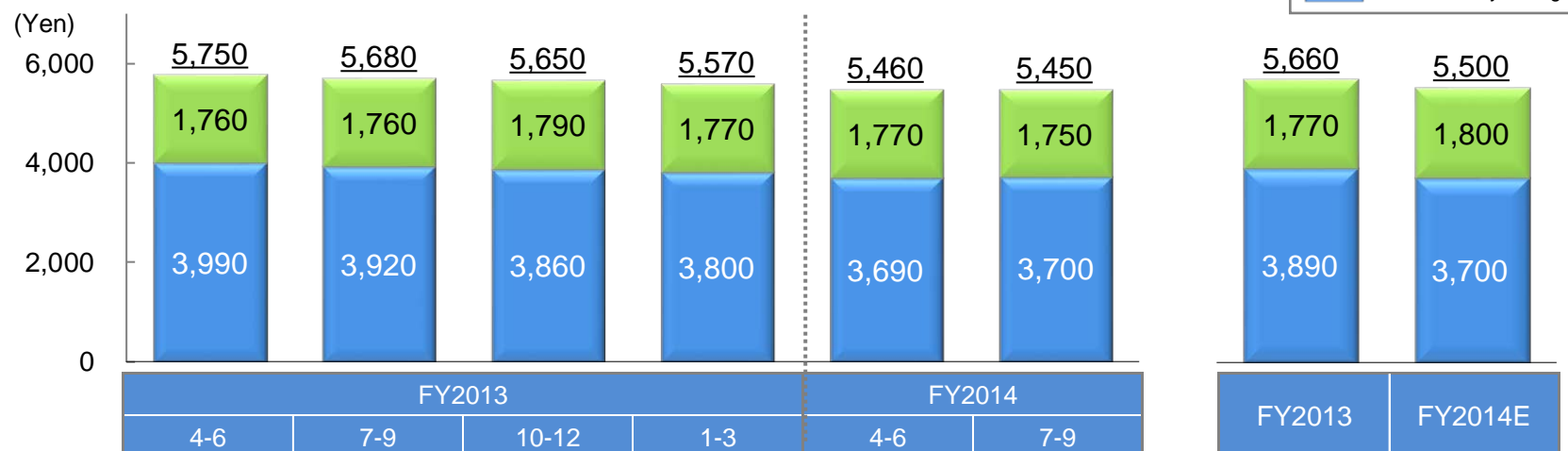
(Thousands)

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

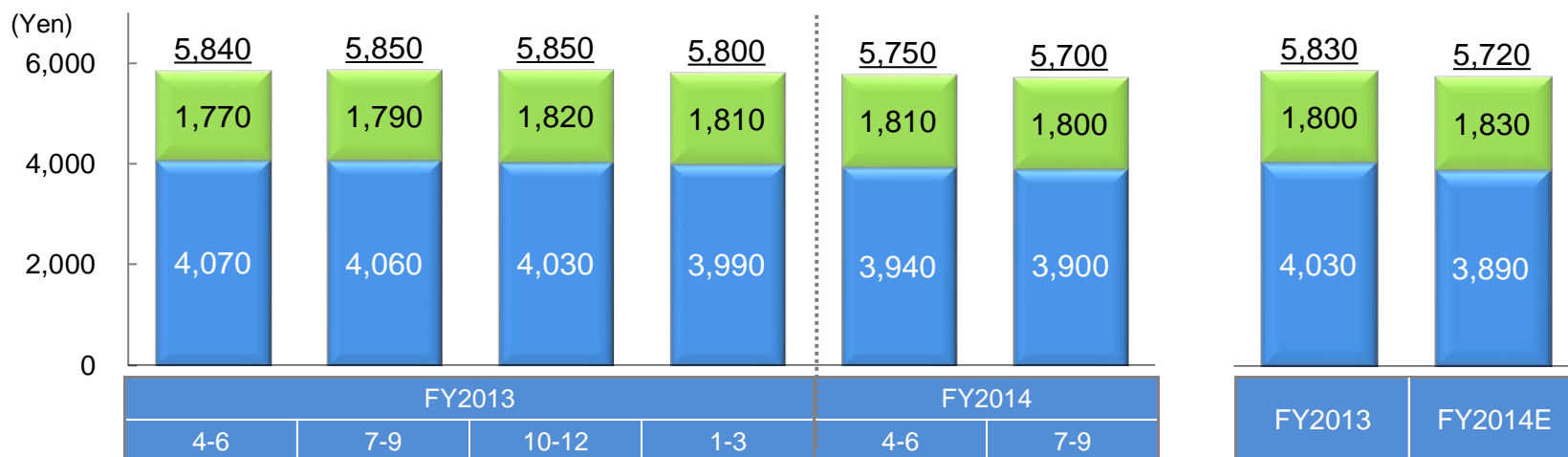
# Progress of Broadband Services ARPU of Fixed Broadband Services (FLET'S Hikari)\*



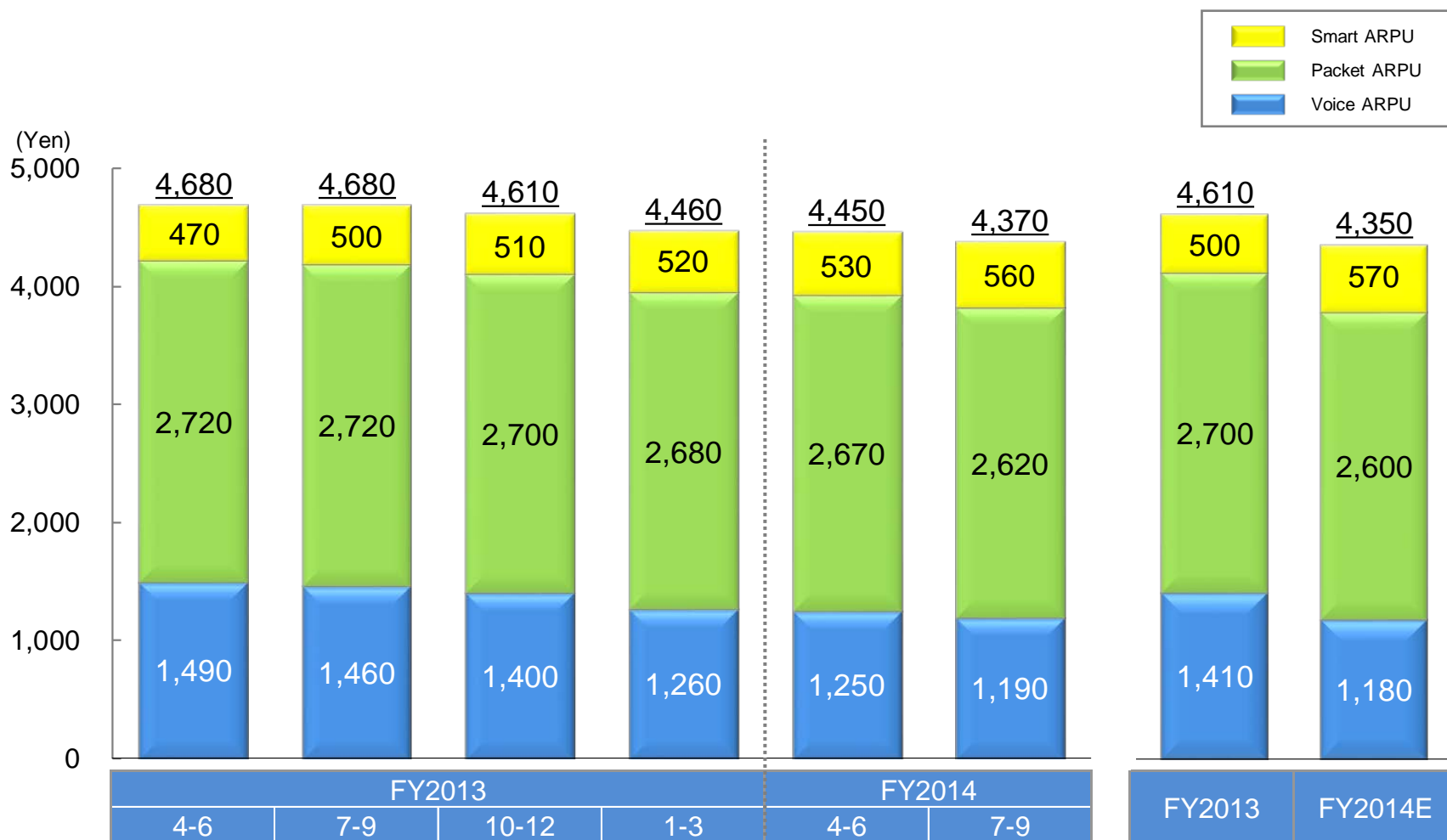
## NTT East



## NTT West



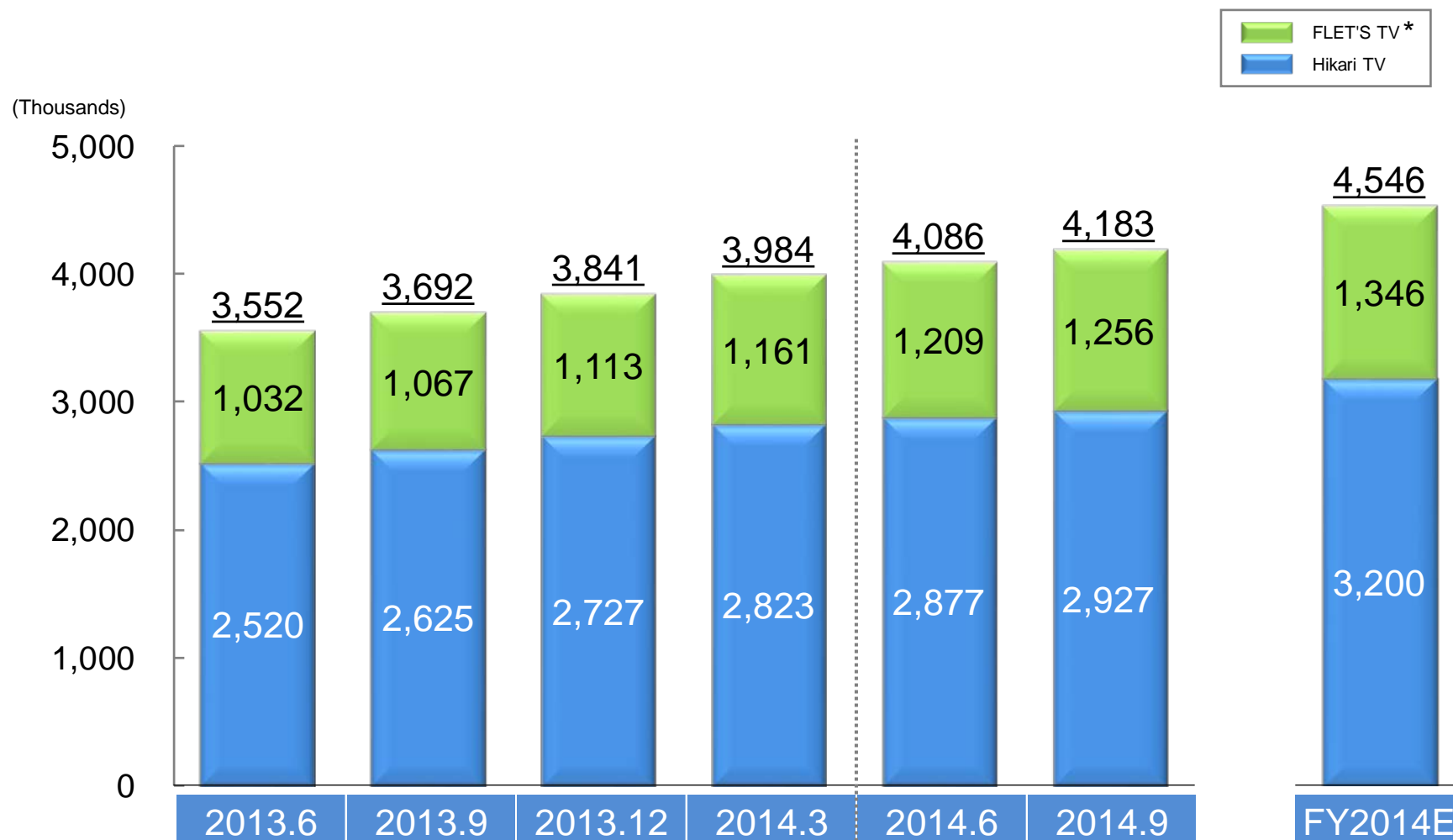
\* FLET'S Hikari includes B FLET'S, FLET'S Hikari Next, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT East and B FLET'S, FLET'S Hikari Premium, FLET'S Hikari Mytown, FLET'S Hikari Next, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT West. Please see page 26 regarding the calculation of ARPU.



\* NTT DOCOMO's ARPU calculation methods have been changed from the second quarter of the fiscal year ending March 31, 2015. Accordingly, the ARPU data for the results for the three months ended Jun. 30, 2013 (from Apr. to Jun., 2013), the three months ended Sep. 30, 2013 (from Jul. to Sep., 2013), the three months ended Dec. 31, 2013 (from Oct. to Dec., 2013), the three months ended Mar. 31, 2014 (from Jan. to Mar., 2014), the year ended Mar. 31, 2014 and the three months ended Jun. 30, 2014 (from Apr. to Jun., 2014) presented above have also been changed.

Please see page 26 regarding the calculation of ARPU.



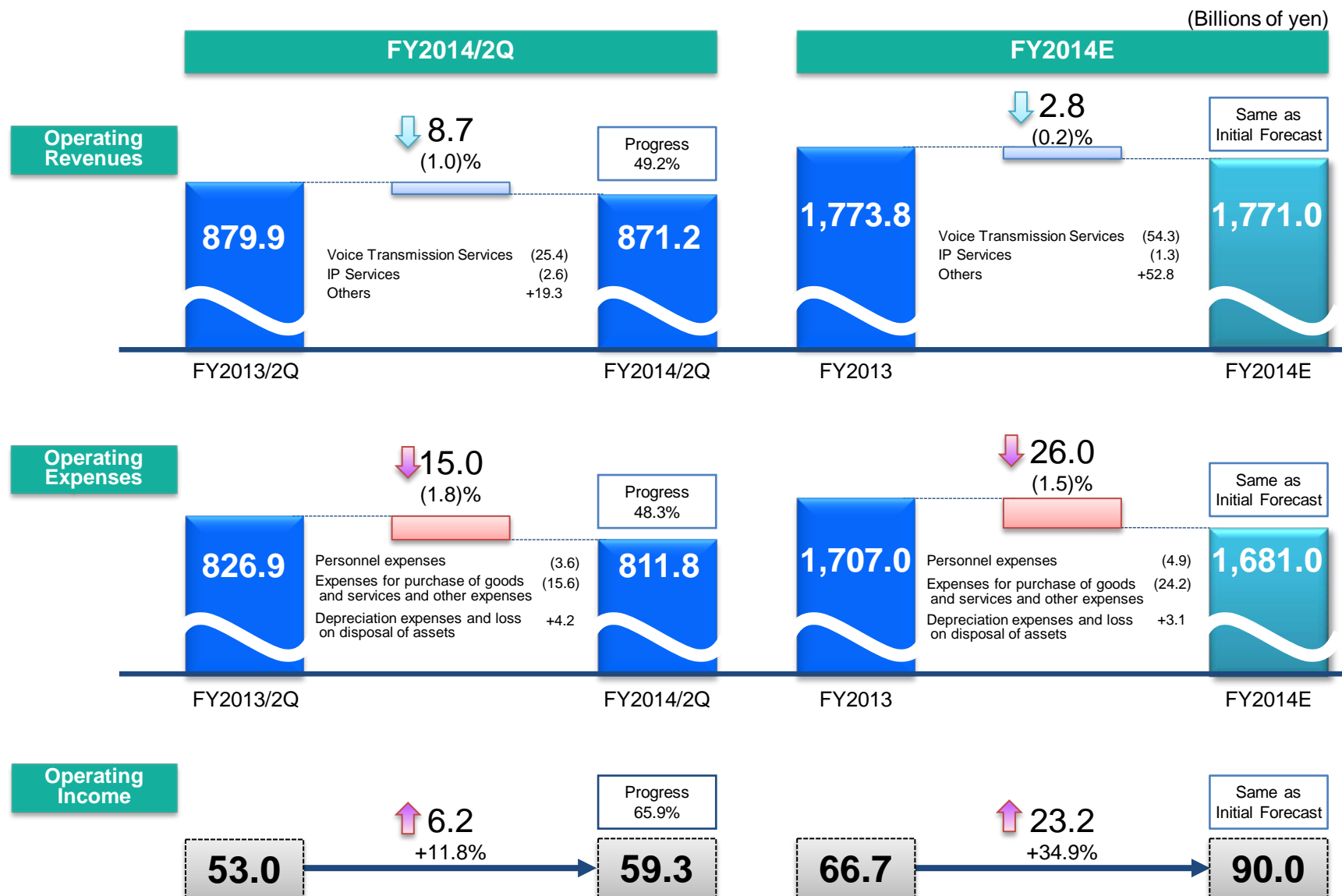


\* "FLET'S TV" requires a subscription to "FLET'S TV Transmission Service," provided by NTT East and NTT West, and a subscription to Opticast Inc.'s "Opticast Facility Use Services" broadcast service.

## Financial Information

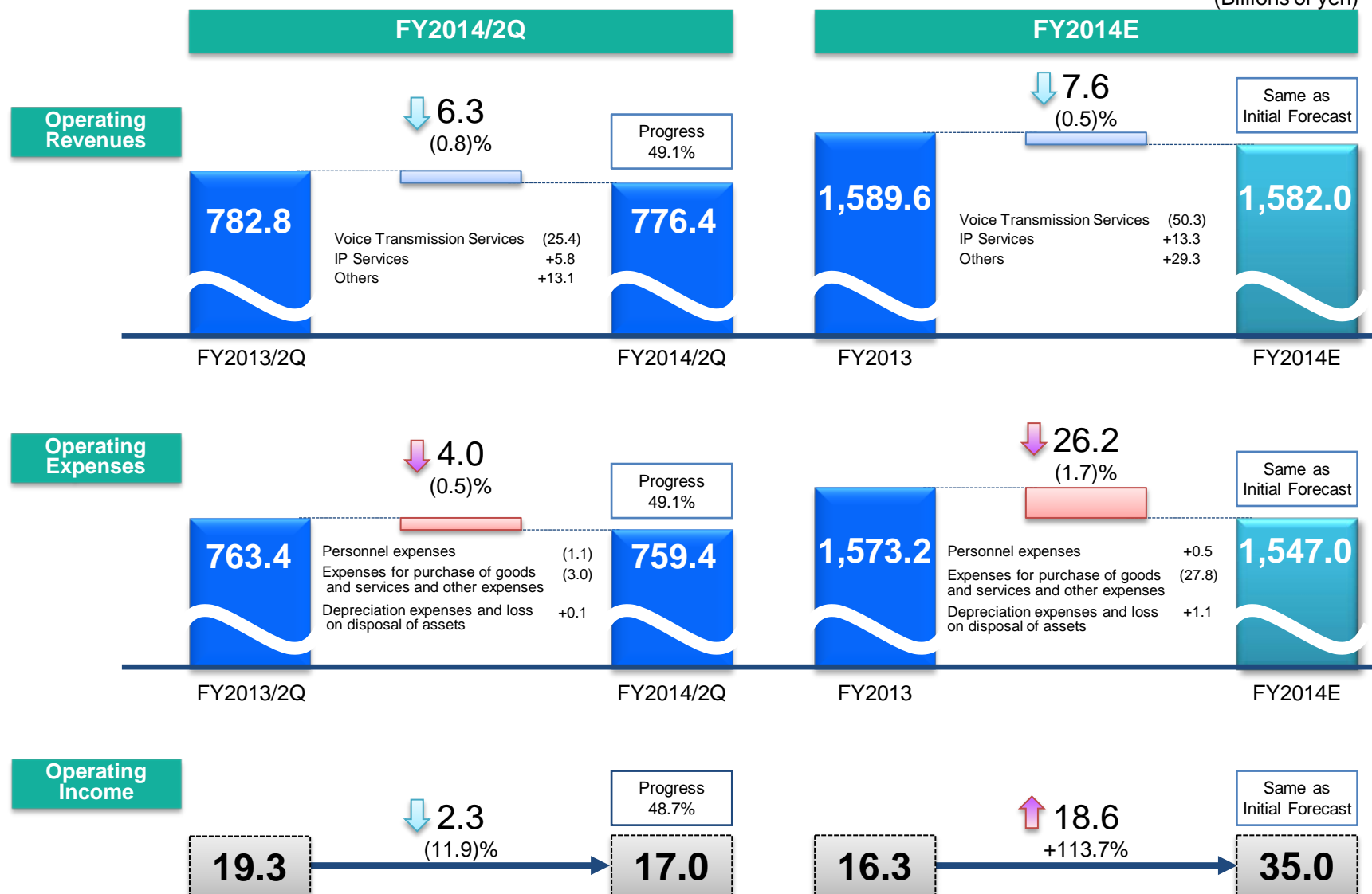
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## NTT East Financial Results



## NTT West Financial Results

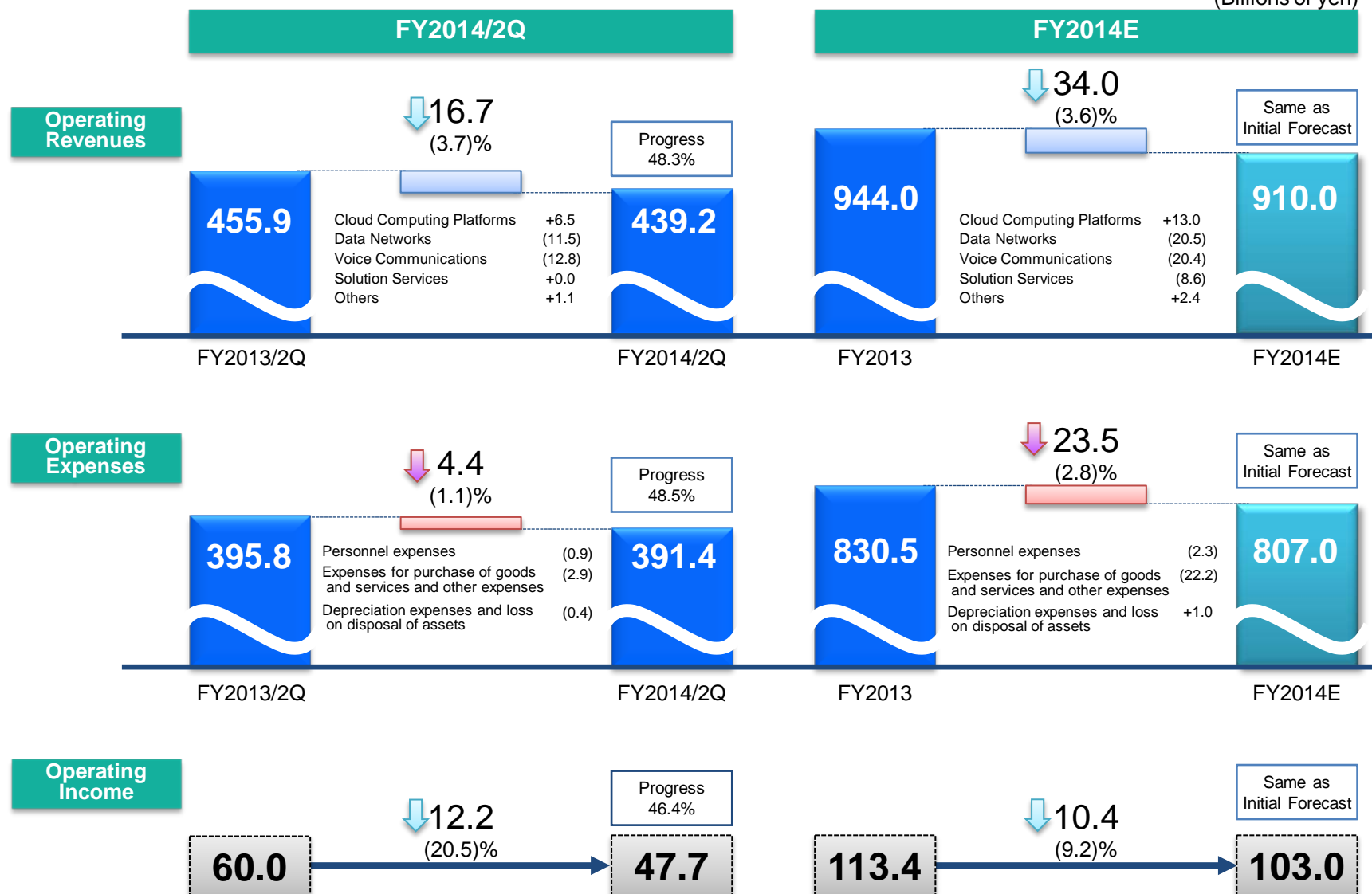
(Billions of yen)

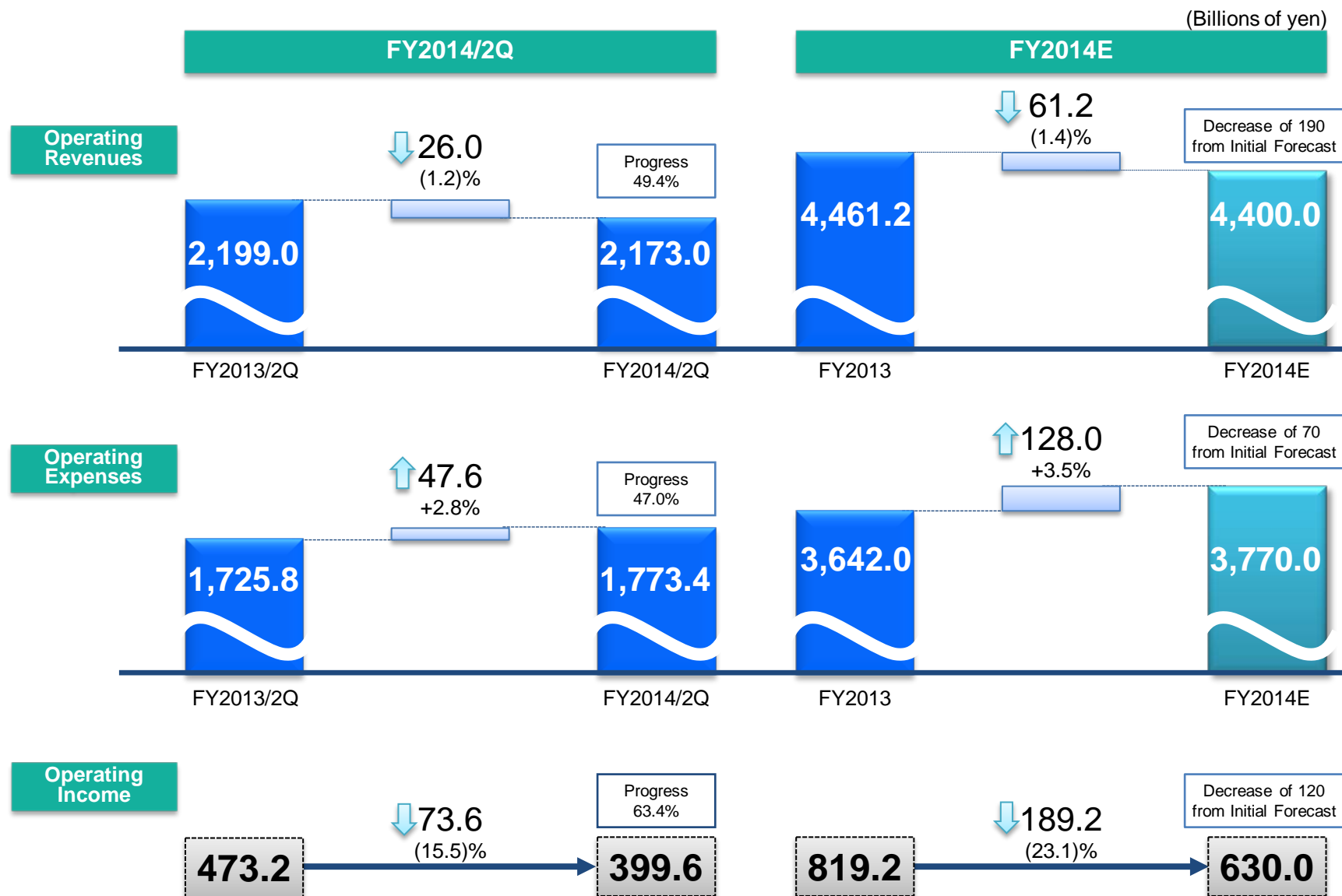


## NTT Communications Financial Results

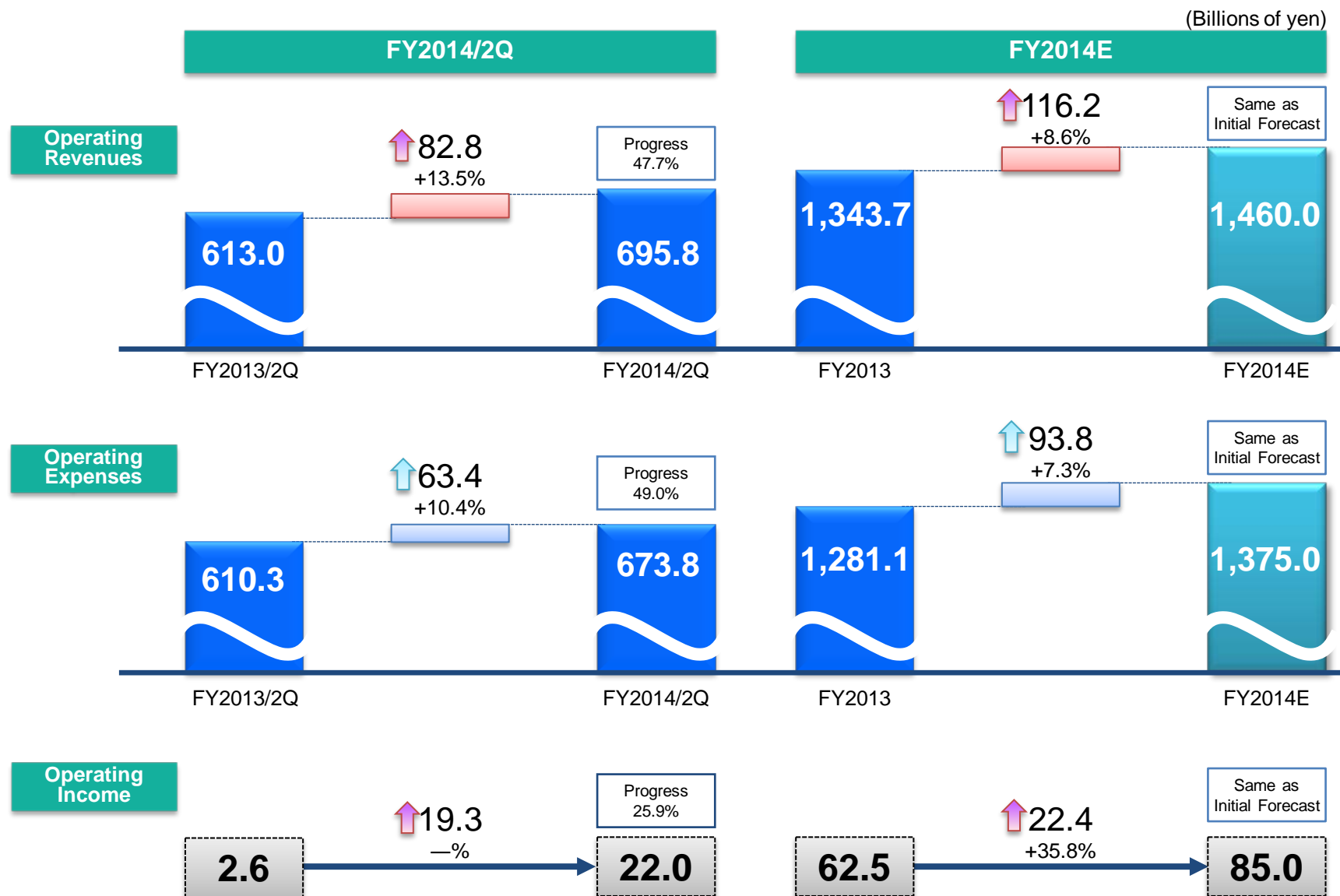


(Billions of yen)



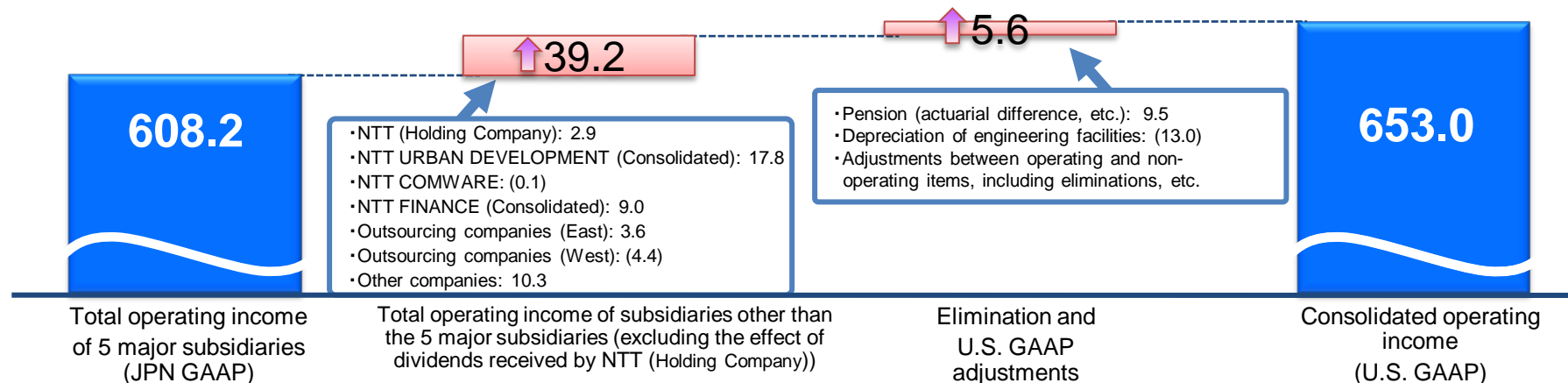


## NTT DATA Financial Results

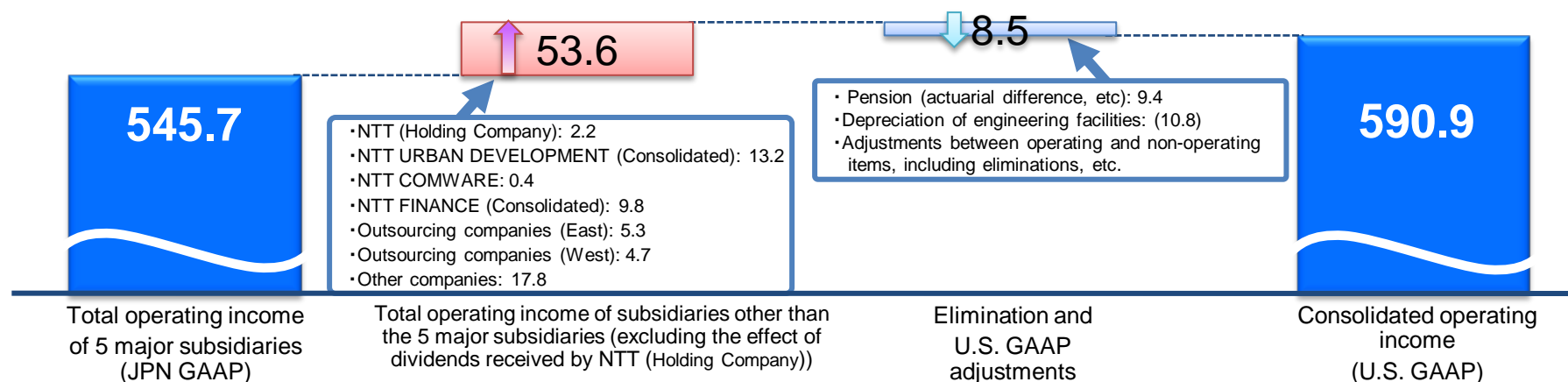


**FY2013/2Q**

(Billions of yen)



**FY2014/2Q**





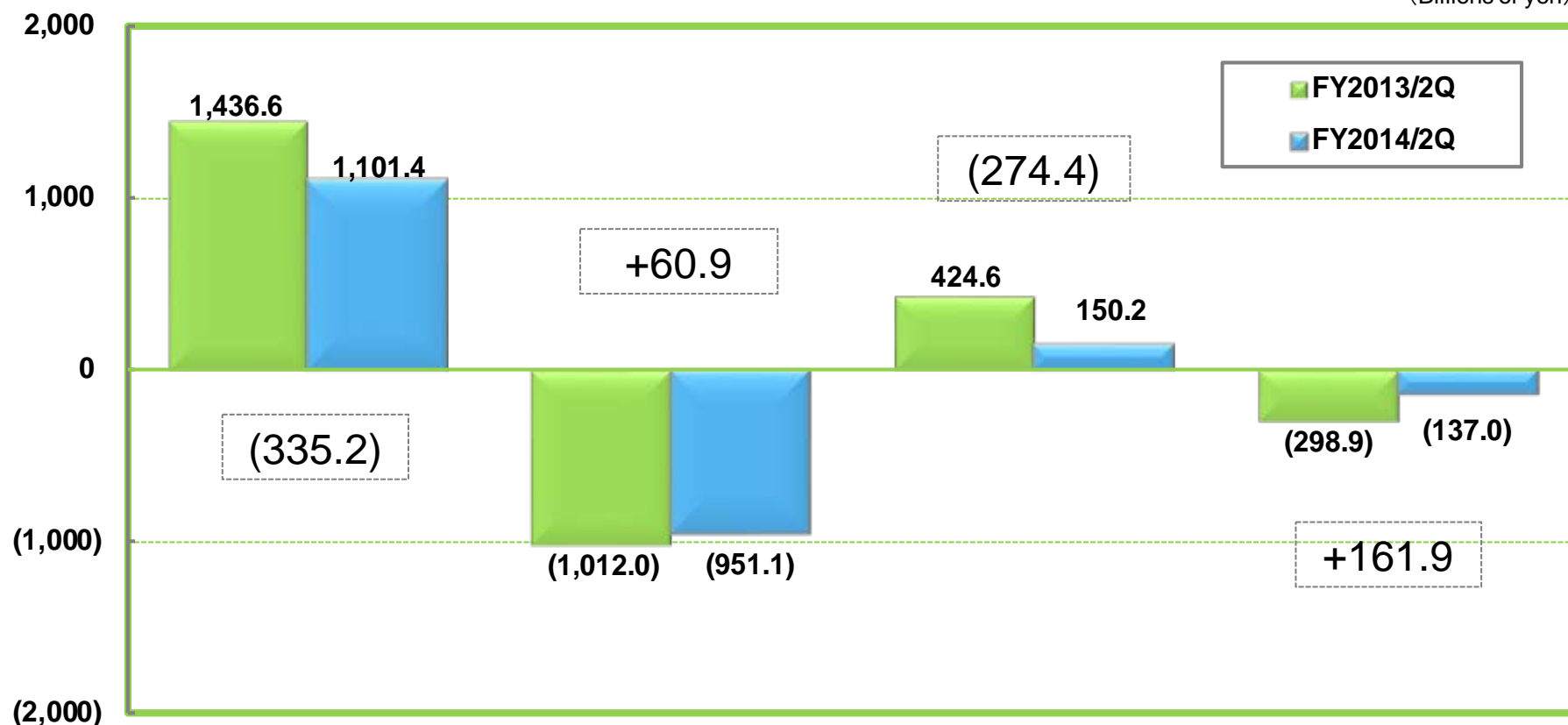
Cash flows from  
operating activities  
(A)

Cash flows from  
investing activities  
(B)

FCF  
(A) + (B)

Cash flows from  
financing activities

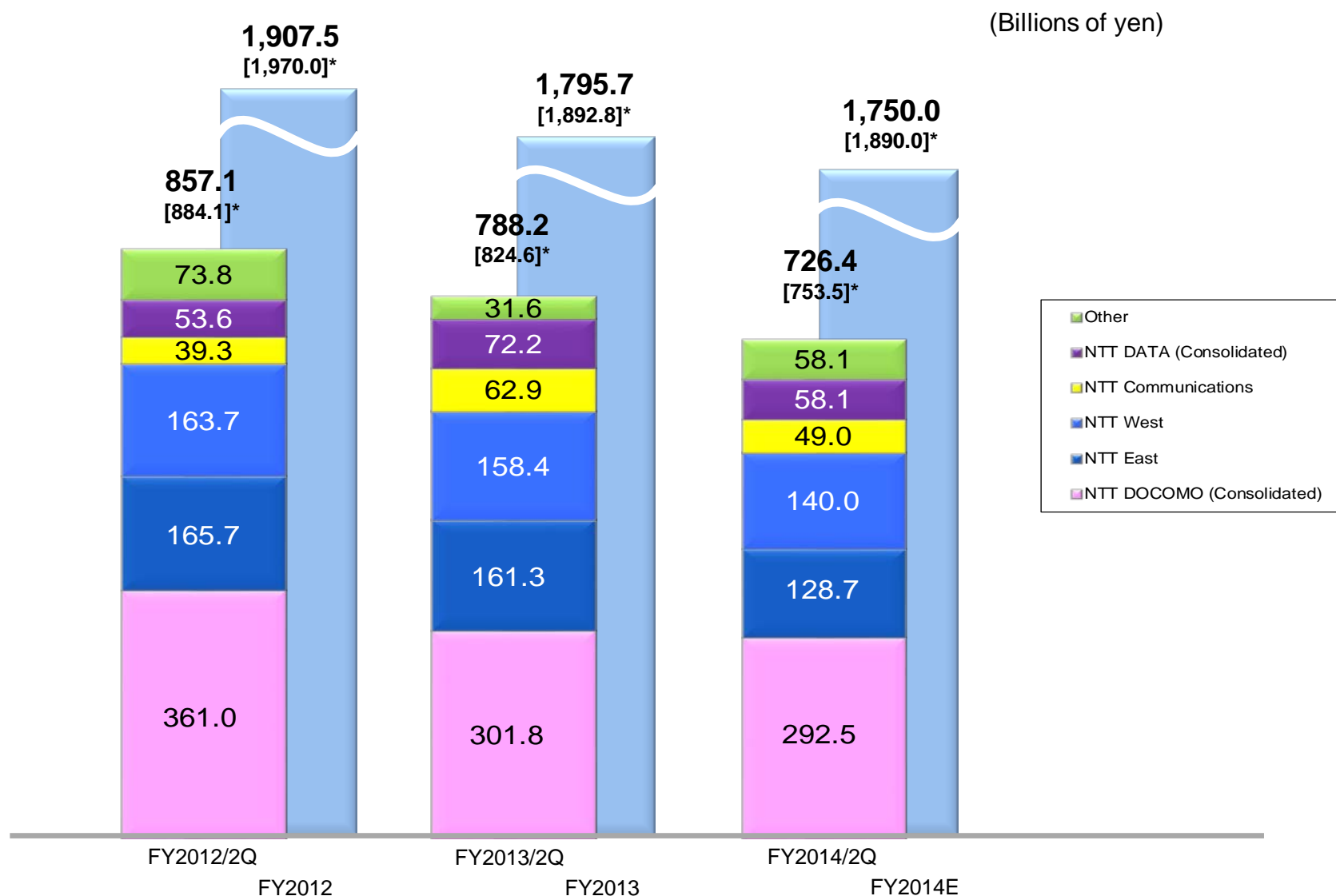
(Billions of yen)



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

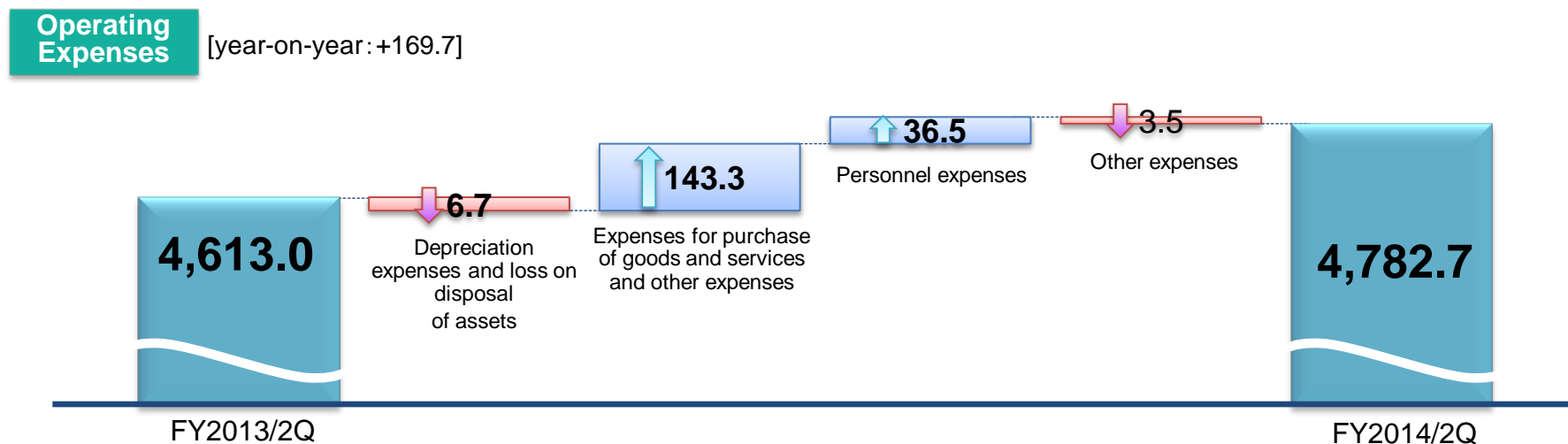
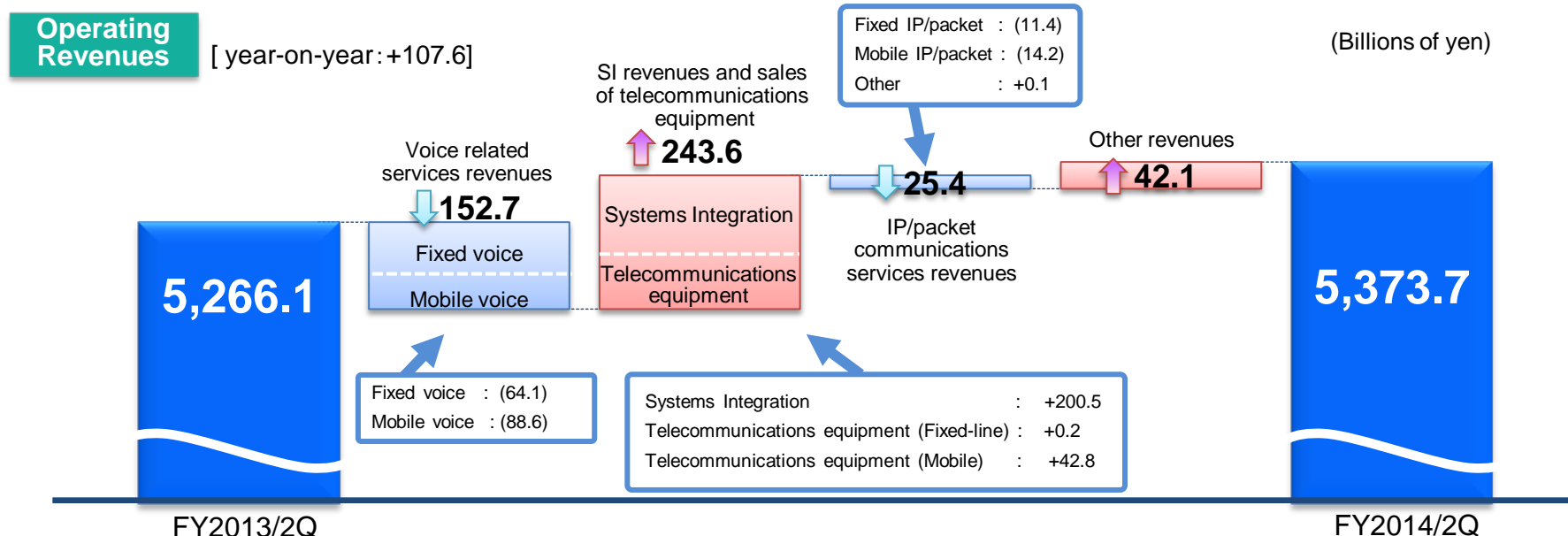
# Appendices

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

# FY2014/2Q Details of Financial Results (Per Item)



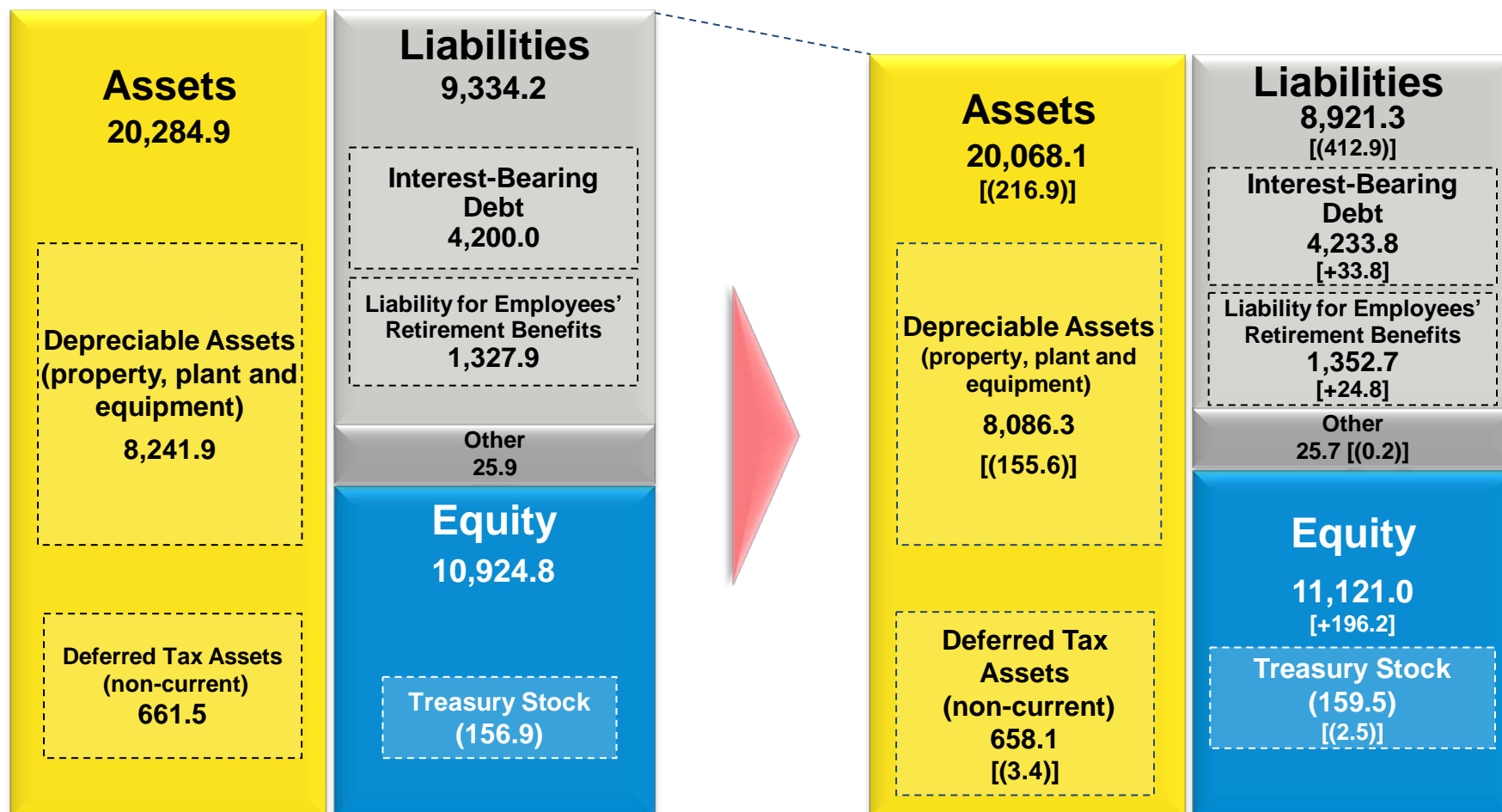
March 31, 2014

September 30, 2014

(Billions of yen)

20,284.9

20,068.1



(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>5,373.7</b>	<b>254.2</b>	<b>871.2</b>	<b>776.4</b>	<b>439.2</b>	<b>2,173.0</b>	<b>695.8</b>
Change year-on-year (% change)	107.6 2.0%	(10.3) (3.9)%	(8.7) (1.0)%	(6.3) (0.8)%	(16.7) (3.7)%	(26.0) (1.2)%	82.8 13.5%
Forecasts for FY2014 (% progress)	11,010.0 48.8%	412.0 61.7%	1,771.0 49.2%	1,582.0 49.1%	910.0 48.3%	4,400.0 49.4%	1,460.0 47.7%
<b>Operating Expenses</b>	<b>4,782.7</b>	<b>63.9</b>	<b>811.8</b>	<b>759.4</b>	<b>391.4</b>	<b>1,773.4</b>	<b>673.8</b>
Change year-on-year (% change)	169.7 3.7%	(2.6) (4.0)%	(15.0) (1.8)%	(4.0) (0.5)%	(4.4) (1.1)%	47.6 2.8%	63.4 10.4%
Forecasts for FY2014 (% progress)	9,915.0 48.2%	140.0 45.6%	1,681.0 48.3%	1,547.0 49.1%	807.0 48.5%	3,770.0 47.0%	1,375.0 49.0%
<b>Operating Income</b>	<b>590.9</b>	<b>190.3</b>	<b>59.3</b>	<b>17.0</b>	<b>47.7</b>	<b>399.6</b>	<b>22.0</b>
Change year-on-year (% change)	(62.1) (9.5)%	(7.6) (3.9)%	6.2 11.8%	(2.3) (11.9)%	(12.2) (20.5)%	(73.6) (15.5)%	19.3 —
Forecasts for FY2014 (% progress)	1,095.0 54.0%	272.0 70.0%	90.0 65.9%	35.0 48.7%	103.0 46.4%	630.0 63.4%	85.0 25.9%
<b>Income Before Income Taxes<sup>(2)</sup></b>	<b>592.2</b>	<b>187.9</b>	<b>74.9</b>	<b>13.9</b>	<b>62.0</b>	<b>404.1</b>	<b>19.5</b>
Change year-on-year (% change)	(83.6) (12.4)%	(5.9) (3.1)%	7.9 11.9%	(11.6) (45.4)%	(10.1) (14.1)%	(77.7) (16.1)%	18.2 —
Forecasts for FY2014 (% progress)	1,075.0 55.1%	268.0 70.1%	103.0 72.7%	28.0 49.9%	113.0 54.9%	639.0 63.2%	75.0 26.1%
<b>Net Income<sup>(3)</sup></b>	<b>290.3<sup>(3)</sup></b>	<b>476.0</b>	<b>46.8</b>	<b>6.3</b>	<b>40.7</b>	<b>259.5<sup>(4)</sup></b>	<b>7.1</b>
Change year-on-year (% change)	(33.2) (10.3)%	282.7 146.4%	4.2 10.0%	(9.7) (60.4)%	(12.6) (23.7)%	(40.9) (13.6)%	10.8 —
Forecasts for FY2014 (% progress)	529.0 54.9%	558.0 85.3%	62.0 75.6%	19.0 33.6%	72.0 56.6%	420.0 61.8%	37.0 19.3%

(1) NTT has 906 consolidated subsidiaries and accounts for 125 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, 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.

For a complete discussion on the calculation of ARPU, please see the "Supplementary Data for the Six Months Ended September 30, 2014."

## Notes:

- (1) FLET'S Hikari ARPU of NTT East and NTT West is 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) 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.
- (3) 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).
- (4) Subscriptions for and revenues from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs) are not included in the Mobile Aggregate ARPU calculation.
- (5) NTT DOCOMO's ARPU calculation methods have been changed from the second quarter of the fiscal year ending March 31, 2015. Accordingly, the ARPU data for the results for the three months ended Jun. 30, 2013 (from Apr. to Jun., 2013), the three months ended Sep. 30, 2013 (from Jul. to Sep., 2013), the three months ended Dec. 31, 2013 (from Oct. to Dec., 2013), the three months ended Mar. 31, 2014 (from Jan. to Mar., 2014), the year ended Mar. 31, 2014 and the three months ended Jun. 30, 2014 (from Apr. to Jun., 2014) have also been changed.
- (6) 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 (Previously Announced 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.
  - FY (Revised Forecast): Sum of the sum of actual number of active subscribers at the end of each month from April to September and the average expected active number of subscribers during the second half of the fiscal year ((number of subscribers at September 30, 2014 + number of expected subscribers at March 31, 2015)/2)x6.
- (7) 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 (Previously Announced Forecast) and FY (Revised Forecast): Sum of 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