Financial Results for the Three Months Ended June 30, 2016

August 5, 2016

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.

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FY2016/1Q Highlights

- Operating Revenues increased for the sixth consecutive year, due to an increase in Operating Revenues in the Mobile communications business segment
- Operating Income increased for the second consecutive year due to an increase in Operating Income in all segments
- Net Income increased for the second consecutive year, due to an increase in Operating Income

(Billions of yen)

	FY2016/1Q			FY2015/1Q	FY2016 Forecasts	% progress compared to FY2016 Forecasts
		Change year-on-year	[%]			
Operating Revenues	2,716.7	+10.3	+0.4%	2,706.5	11,450.0	23.7%
Operating Expenses	2,229.3	(118.4)	(5.0)%	2,347.7	10,020.0	22.2%
Operating Income	487.4	+128.6	+35.9%	358.8	1,430.0	34.1%
Net Income*	243.6	+50.5	+26.1%	193.2	750.0	32.5%

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

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FY2016/1Q Topics

NTT

Expansion of Global Cloud Services

- **Overseas Sales: ¥ 438.2 billion (¥10.2 billion increase year-on-year)**
- **Overseas Operating Income*1: ¥ 15.6 billion (¥0.9 billion decrease year-on-year)**

Enhanced Operating Revenues from Network Services

- **Expansion of NTT's user base**
  - 71.61 million mobile phone subscribers (net increase of 0.65 million subscribers) including 31.59 million subscribers to "Kake-hodai & Pake-aeru" (net increase of 1.88 million subscribers)
  - 19.52 million FTTH subscribers (net increase of 0.26 million subscribers) including 5.91 million subscribers to the "Hikari Collaboration Model" (opened connections of 1.34 million subscribers (0.53 million new subscribers and 0.82 million subscribers who switched subscriptions from FLET'S Hikari to the Hikari Collaboration Model))
- **Growing number of Wi-Fi area owners*2: 461 (+68 increase year-on-year)**
- **Cost reductions (fixed/mobile access lines) : Reduction of ¥ 488.0 billion (total*3) (reduction of ¥ 74.0 billion for this quarter)**

Promotion of the B2B2X Model

- **Started initiatives aimed at the launch of device-linking services using "corevo™" AI technology as a base**
- **Initiatives to use ICT in sports and traditional arts (such as, Super Kabuki, triathlon)**

Shareholders returns

- **Completed ¥267.4 billion of share buybacks (59.04 million shares), of primarily Japanese government-owned shares**

*1 Operating Income excludes M&A-related temporary expenses, such as depreciation costs of intangible fixed assets.
*2 Total number of large-scale corporate or local government customers. Excludes small-scale restaurants, etc.
*3 Compared to FY2014.

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FY2016 Contributing Factors by Segment

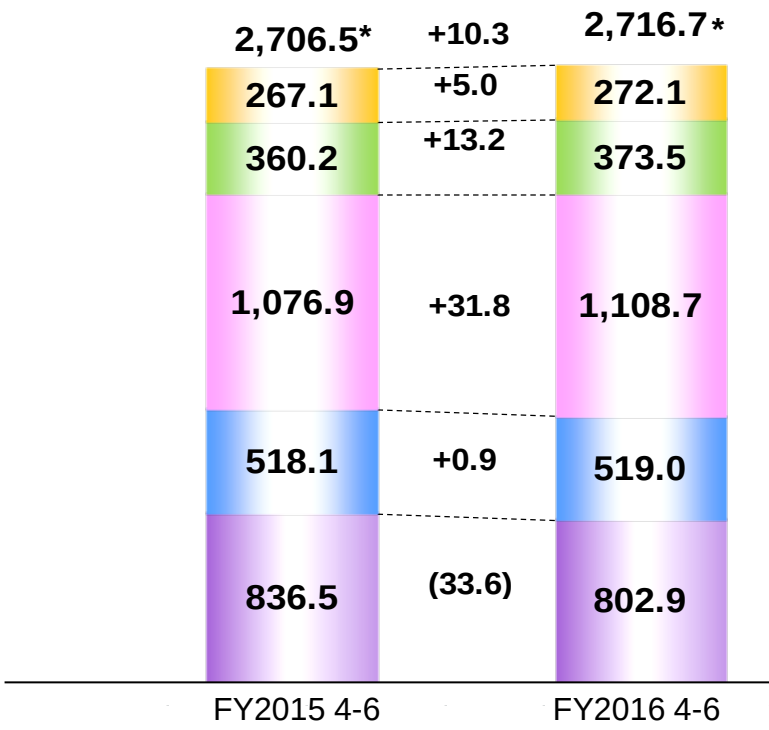
: Regional communications business: Operating Income increased due to a reduction of marketing costs.

: Long distance and international communications business: Operating Revenues and Operating Income both increased due to the improvement of various cost efficiencies, despite intensifying competition.

: Mobile communications business: Operating Revenues and Operating Income both increased due to an increase in revenues for mobile communications services and the "Smart Life" area, in addition to the improvement of cost efficiencies.

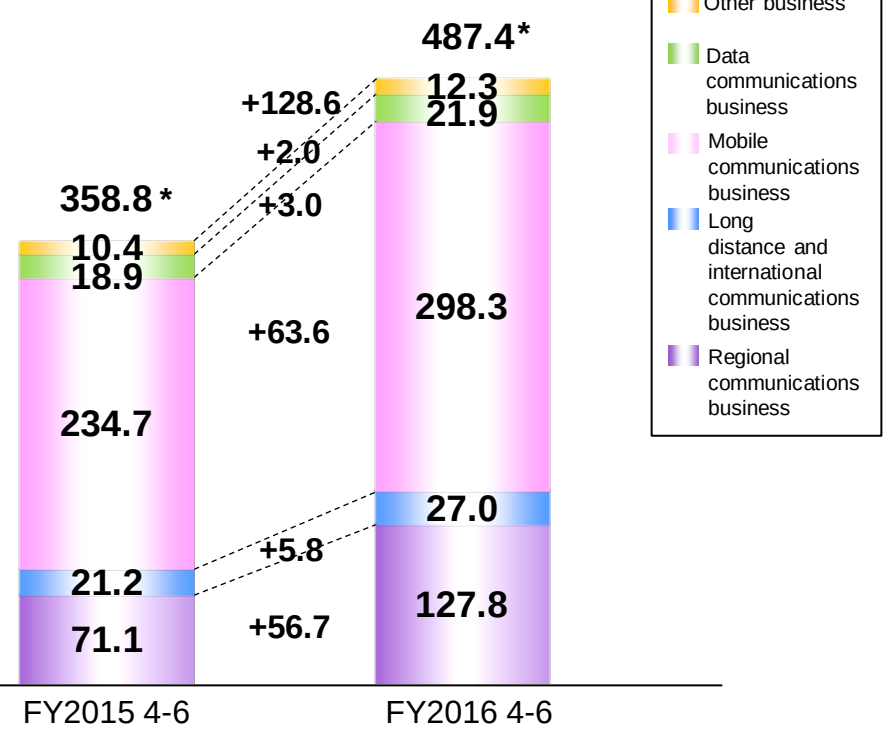
: Data communications business: Operating Revenues and Operating Income both increased due to increased sales and the improvement of cost rate.

Operating Revenues



*Includes adjustments such as elimination

Operating Income



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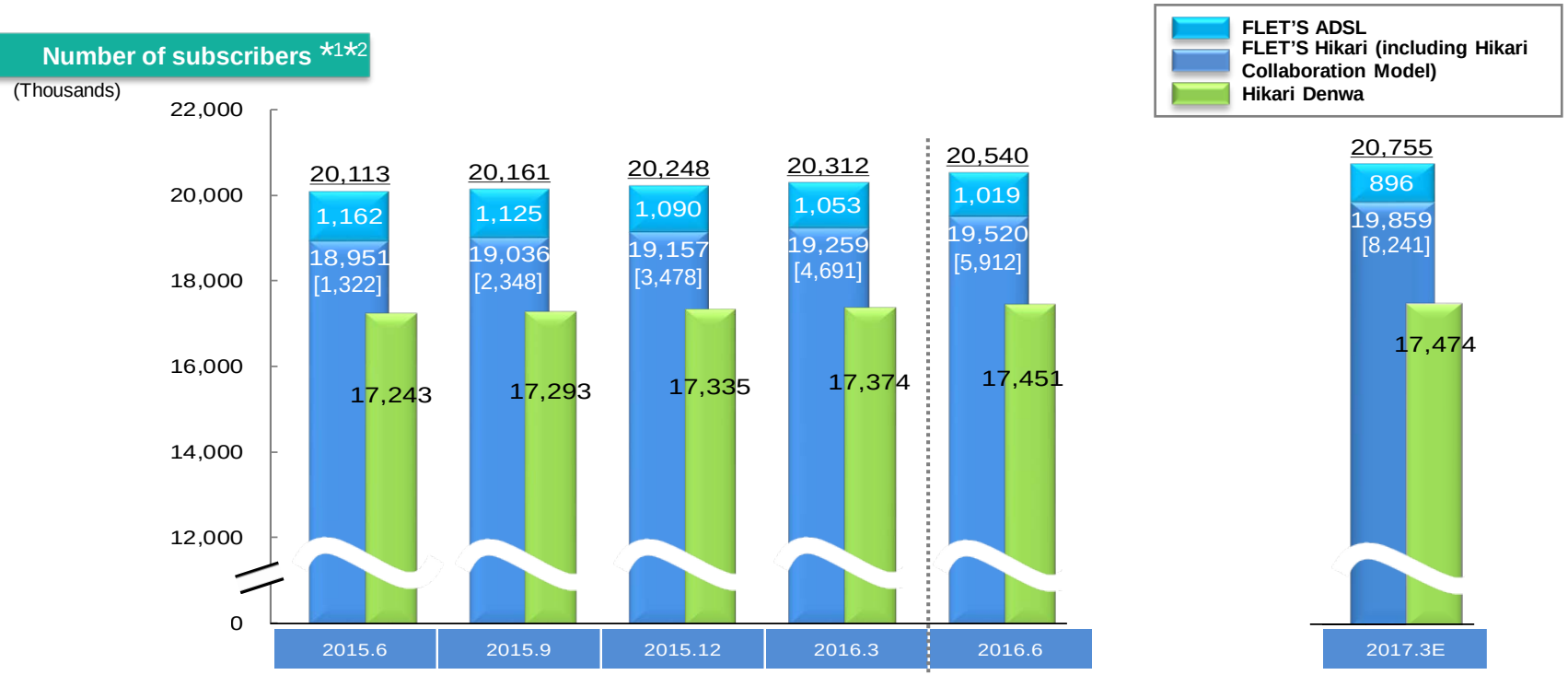
Progress of Broadband Services

Number of Subscribers for Fixed Broadband Services

Number of subscribers *1*2



Changes from the preceding quarter

(Thousands)

	FY2015 4-6	FY2015 7-9	FY2015 10-12	FY2015 1-3	FY2016 4-6	FY2015	FY2016E
FLET'S Hikari *1	235	85	121	102	261	543	600
Number of opened *3 connections	810	559	580	669	786	2,619	2,600
FLET'S ADSL	(58)	(37)	(35)	(37)	(34)	(167)	(157)
Hikari Denwa *4 *5	135	50	42	39	77	267	100

*1 Number of FLET'S Hikari (including Hikari Collaboration Model) subscribers includes 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, 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 wholesale services (Hikari Collaboration Model) provided by both NTT East and NTT West.
*2 Figures in [ ] represent the number of subscribers to "Hikari Collaboration Model," the wholesale provision of services by NTT East and NTT West to service providers.
*3 Number of opened connections excludes openings as a result of relocations.
*4 Numbers for Hikari Denwa include wholesale services provided to service providers by NTT East and NTT West.
*5 Numbers of Hikari Denwa subscribers are presented in thousands of channels.

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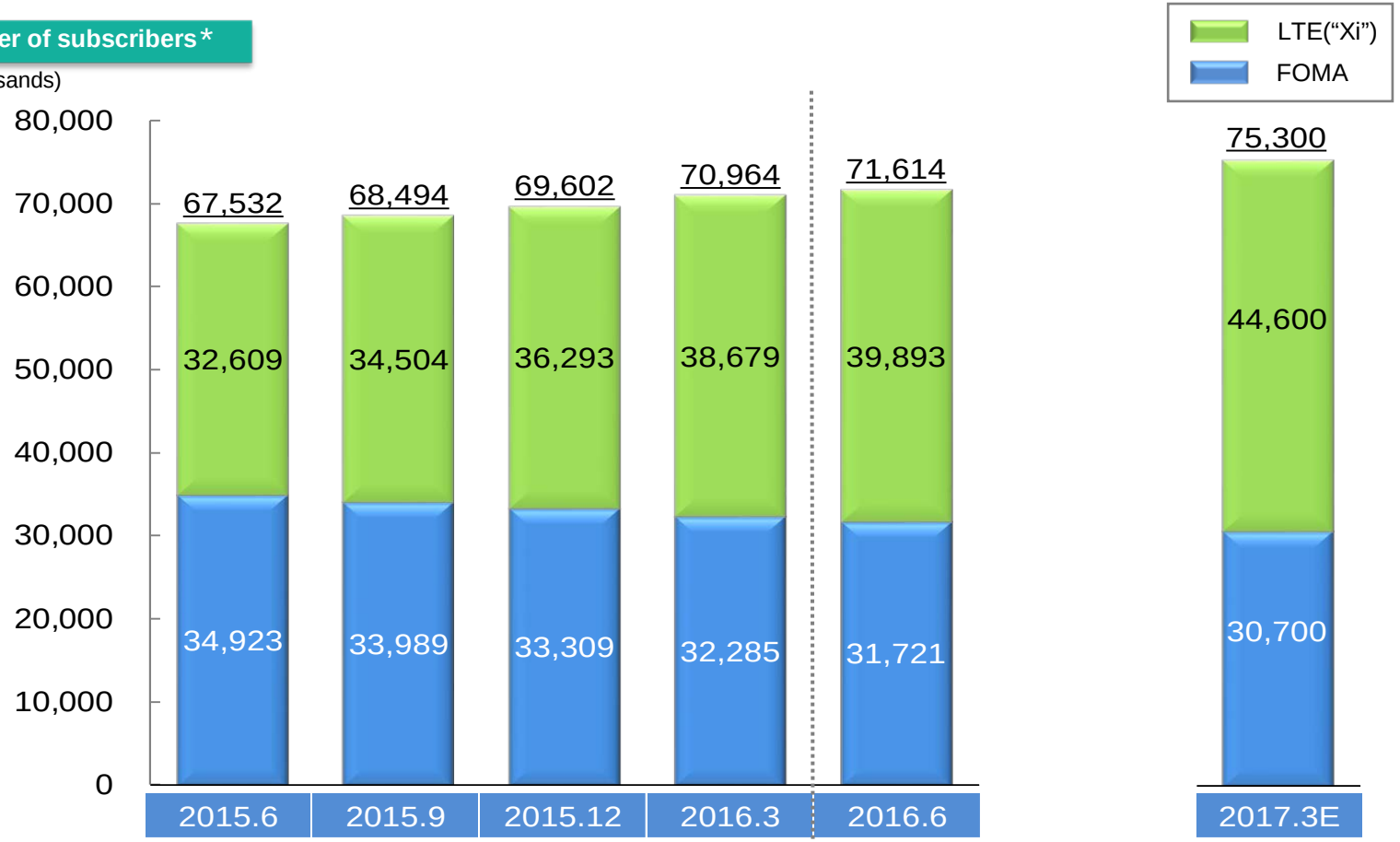
Number of Subscribers for Mobile Broadband Services

Number of subscribers*



Changes from the preceding quarter

(Thousands)

	FY2015				FY2016	FY2015	FY2016E
	4-6	7-9	10-12	1-3	4-6		
LTE("Xi")+FOMA	936	962	1,108	1,362	650	4,368	4,400

* The number of subscribers for Mobile Broadband Services includes communications module service subscribers

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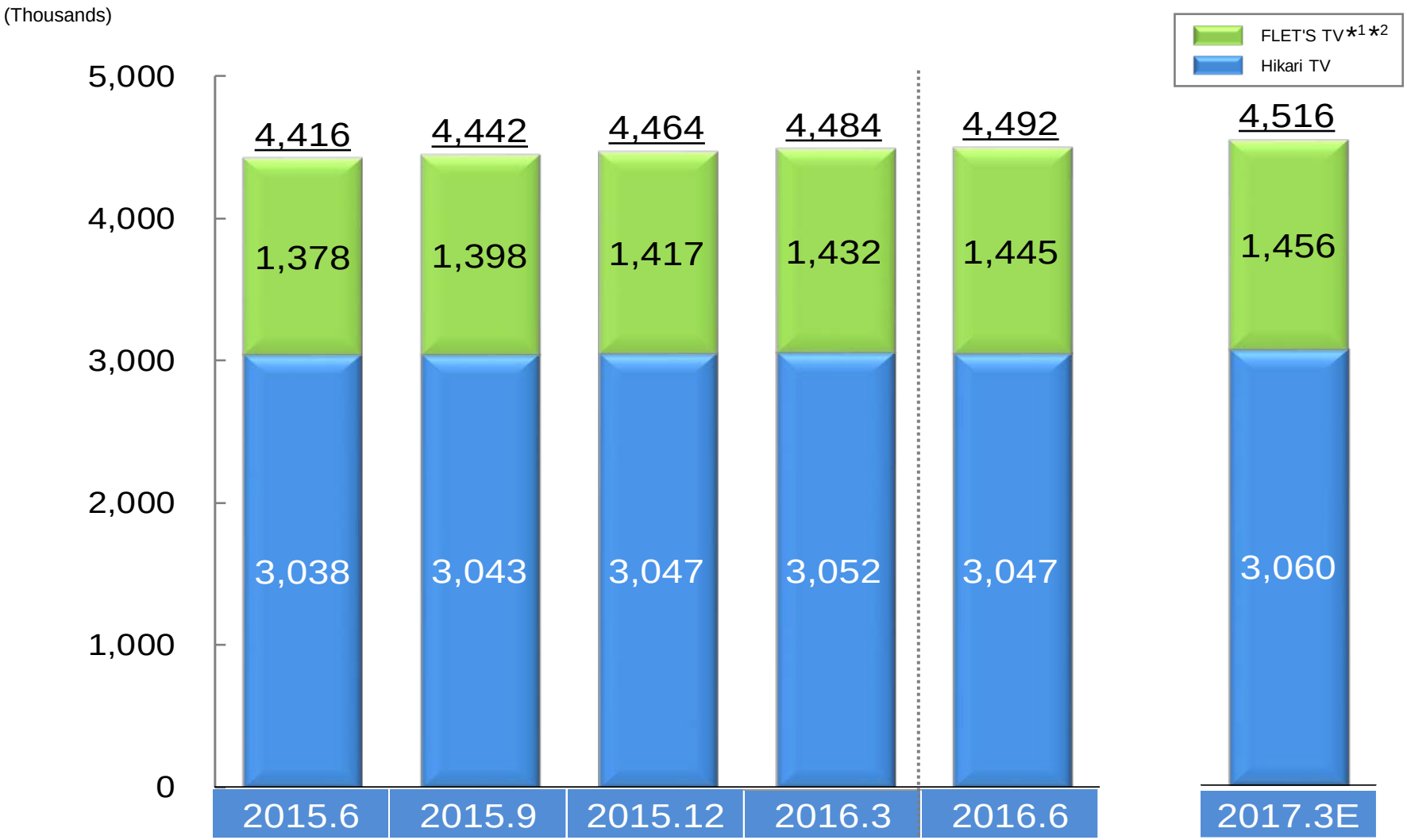
Number of Subscribers for Video Services



*1 "FLET'S TV" requires a subscription to "FLET'S TV Transmission Services" provided by NTT East and NTT West, and a subscription to SKY Perfect JSAT's "SKY Perfect JSAT Facility Use Services" broadcast service.

*2 Numbers of subscribers to "FLET'S TV Transmission Services" include wholesale services provided to service providers by NTT East and NTT West.

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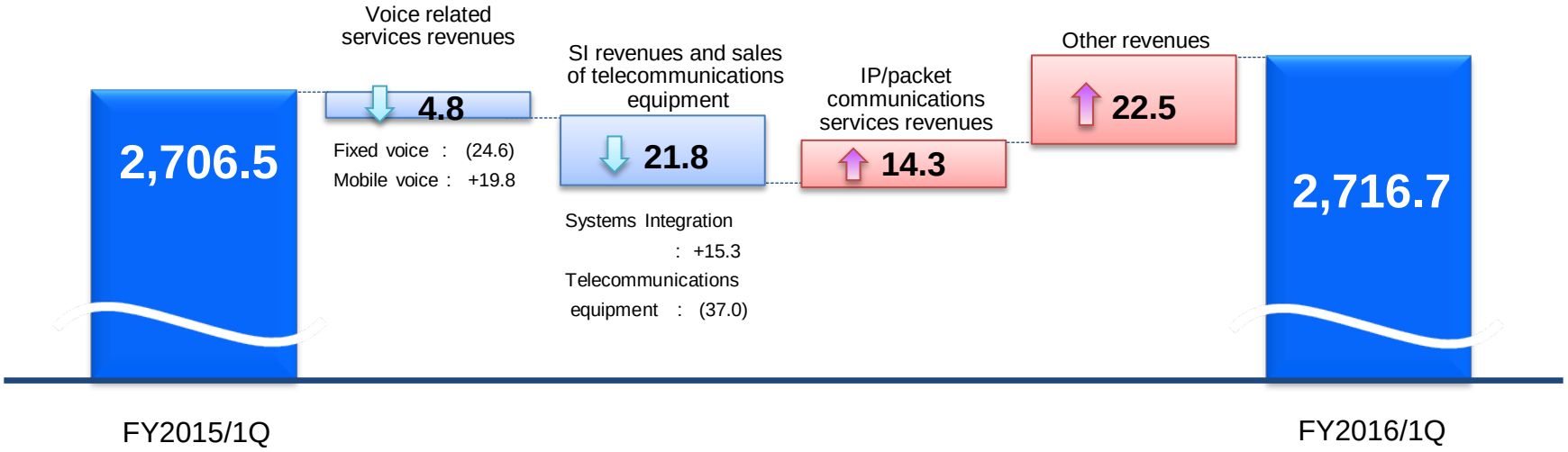
Financial Information

Details of Consolidated Statement of Income

Operating Revenues

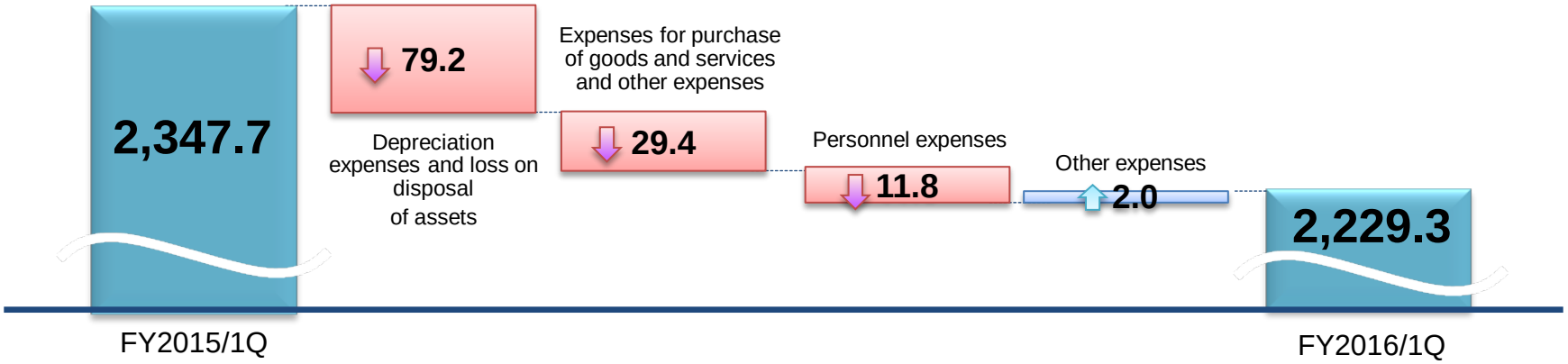
[year-on-year : +10.3]

(Billions of yen)



Operating Expenses

[year-on-year : (118.4)]



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Details of Consolidated Balance Sheet

(Billions of yen)

March 31, 2016

21,035.9

Assets
21,035.9

- Cash and Cash Equivalents 1,088.3
- Depreciable Assets (property, plant and equipment) 7,896.5
- Deferred Income Taxes 1,007.0

Liabilities
9,750.8

- Interest-Bearing Debt 4,163.3
- Liability for Employees' Retirement Benefits 1,688.6
- Other 45.1

Equity
11,240.1

- Accumulated Other Comprehensive Income (57.1)
- Treasury Stock (0.9)

June 30, 2016

20,358.7

Assets
20,358.7
[(677.2)]

- Cash and Cash Equivalents 869.8 [(218.5)]
- Depreciable Assets (property, plant and equipment) 7,821.1 [(75.4)]
- Deferred Income Taxes 1,013.4 [+6.4]

Liabilities
9,367.4
[(383.4)]

- Interest-Bearing Debt 4,353.6 [+190.3)]
- Liability for Employees' Retirement Benefits 1,697.4 [+8.8]
- Other 42.7[(2.4)]

Equity
10,948.7
[(291.4)]

- Accumulated Other Comprehensive Income (148.2) [(91.1)]
- Treasury Stock (268.3) [(267.4)]

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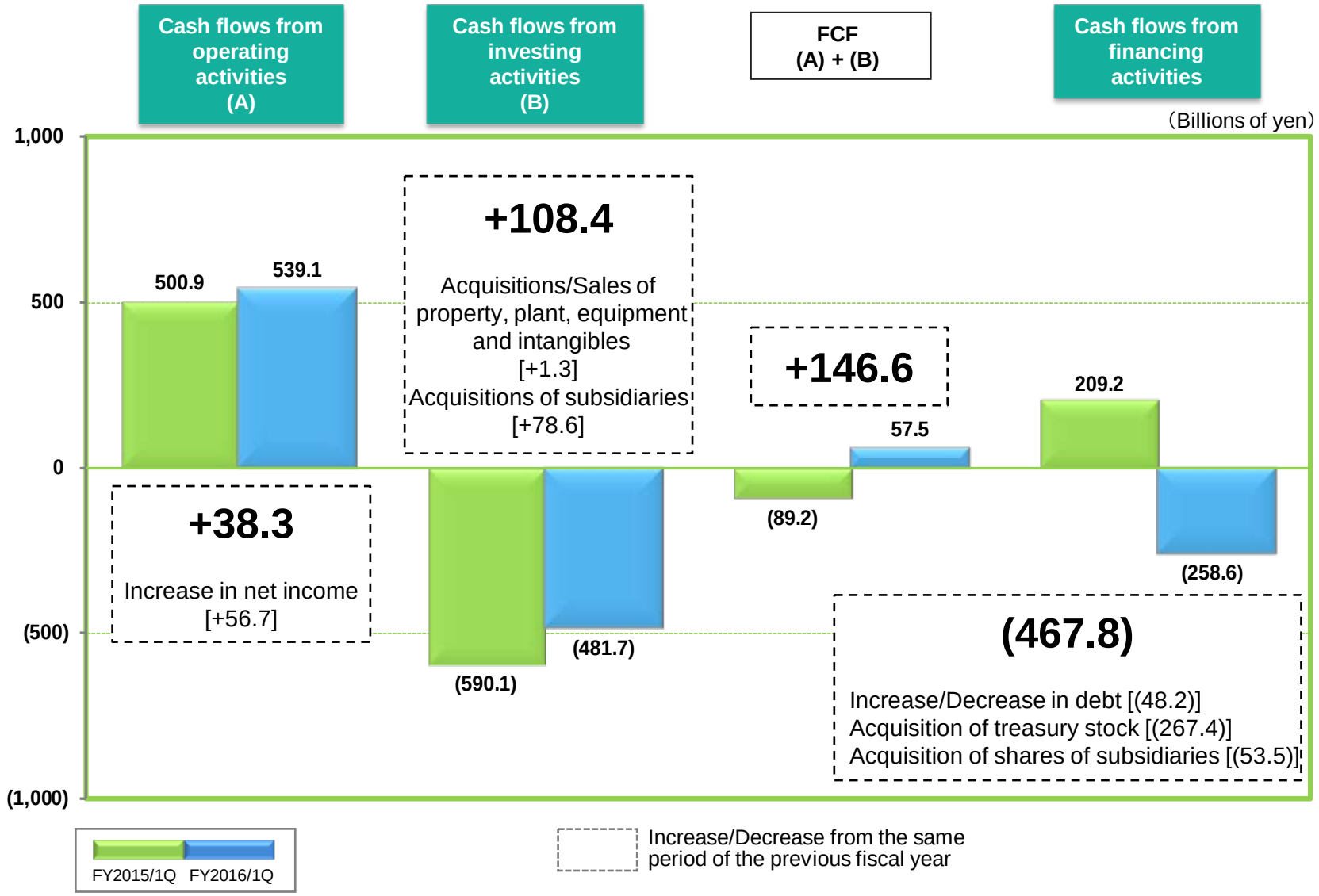
Details of Consolidated Cash Flows



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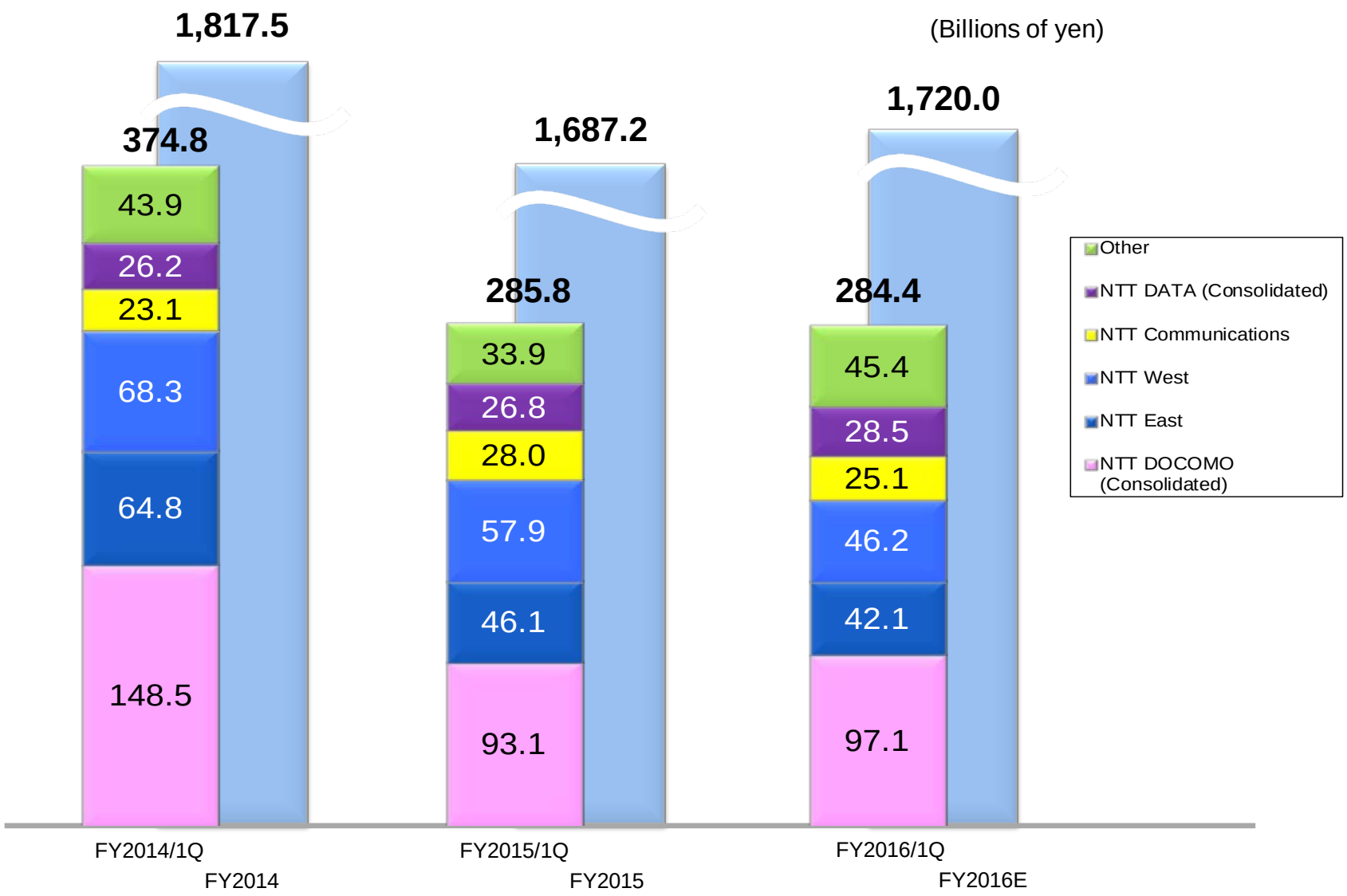
Details of Capital Investment



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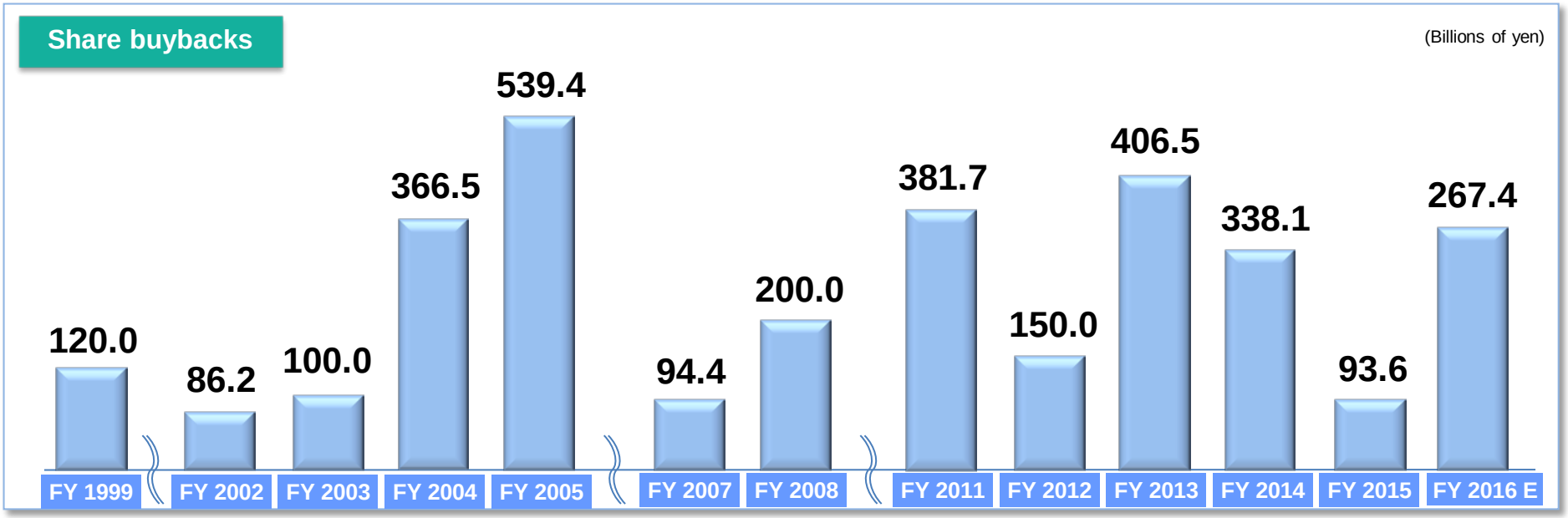
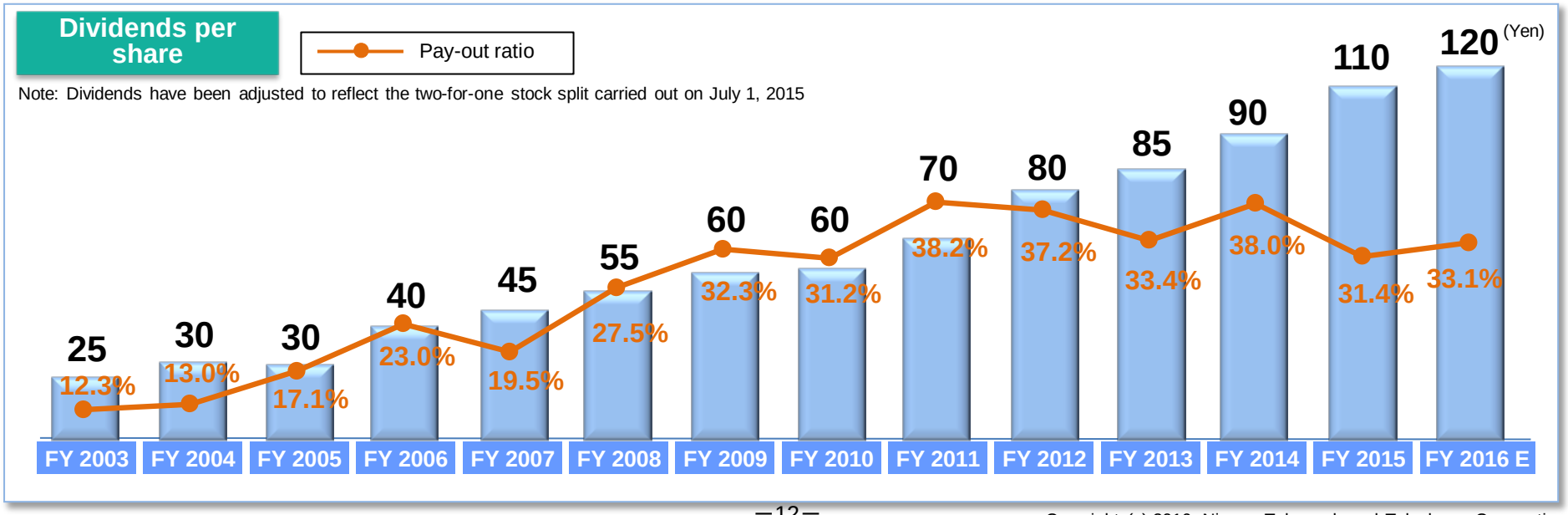
Shareholder Returns





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