

# Financial Results Release

November 8, 2013

[U.S. GAAP]

For the Six Months Ended September 30, 2013

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

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

Stock exchanges on which the Company's shares are listed: Tokyo

Representative: Hiroo Unoura, President and Chief Executive Officer

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Scheduled filing date of quarterly securities report: November 11, 2013

Scheduled date of dividend payments: December 9, 2013

Supplemental material on quarterly results: Yes

Presentation on quarterly results: Yes (for institutional investors and analysts)

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2013 (April 1, 2013 - September 30, 2013)

Amounts are rounded off 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	
Six months ended September 30, 2013	5,266,070	0.5%	653,027	(1.5)%	675,778	5.1%	323,540	10.3%
Six months ended September 30, 2012	5,237,392	1.6%	662,969	(3.3)%	642,803	(5.7)%	293,415	(1.0)%

Note: Percentages above represent changes from the corresponding previous period.

	Basic Earnings per Share Attributable to NTT	Diluted Earnings per Share Attributable to NTT
Six months ended September 30, 2013	277.46 (yen)	— (yen)
Six months ended September 30, 2012	239.78 (yen)	— (yen)

Notes: Comprehensive income (loss) attributable to NTT: For the six months ended September 30, 2013: 398,644 million yen 26.9%

For the six months ended September 30, 2012: 314,251 million yen 9.4%

(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
September 30, 2013	19,542,648	10,666,975	8,311,341	42.5%	7,279.12 (yen)
March 31, 2013	19,549,067	10,522,003	8,231,439	42.1%	6,944.17 (yen)

Notes: Figures for March 31, 2013 have been revised from those disclosed on May 10, 2013, as described in "2. Others (3) Change of accounting policy" on page 8.

## 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, 2013	-	80.00 (yen)	-	80.00 (yen)	160.00 (yen)
Year Ending March 31, 2014	-	80.00 (yen)	-	-	-
Year Ending March 31, 2014 (Forecasts)	-	-	-	90.00 (yen)	170.00 (yen)

Note: Change in forecasts of dividends during the six months ended September 30, 2013: Yes

## 3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 - March 31, 2014)

(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, 2014	11,000,000	2.8%	1,230,000	2.3%	1,280,000	6.9%	585,000	12.1%	503.22	(yen)

Notes: 1. Percentages above represent changes from the previous period.

2. Change in consolidated financial results forecasts for the fiscal year ending March 31, 2014 during the six months ended September 30, 2013: None

3. The percentage changes from the previous period for the forecasts for the fiscal year ending March 31, 2014 for "Income before Income Taxes" and "Net Income Attributable to NTT" have been revised from those disclosed on May 10, 2013 as a result of changes to the figures in NTT's consolidated financial statements disclosed during the fiscal year ended March 31, 2013, as described in "2. Others (3) Change of accounting policy" on page 8.

**\*Notes**

- (1) Change in significant consolidated subsidiaries during the six months ended September 30, 2013, which resulted in changes in the scope of consolidation: None
- (2) Adoption of accounting which is simplified or exceptional for quarterly consolidated financial statements: None  
Note: This refers to the application of simplified or exceptional accounting for quarterly consolidated financial statements.
- (3) Change of accounting policy
  - (i) Change due to revision of accounting standards and other regulations: Yes
  - (ii) Others: None  
(For further details, please see "Others" on page 8.)
- (4) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock):

September 30, 2013	: 1,323,197,235 shares
March 31, 2013	: 1,323,197,235 shares

2. Number of treasury stock:

September 30, 2013	: 181,392,161 shares
March 31, 2013	: 137,822,603 shares

3. Weighted average number of shares outstanding:

For the six months ended September 30, 2013	: 1,166,074,957 shares
For the six months ended September 30, 2012	: 1,223,705,175 shares

\* 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 when this earnings release was issued, the review process on quarterly financial statements as required by the Financial Instruments and Exchange Act is still ongoing.

\* Explanation for forecasts of operation and other notes:

Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available 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, 2014, please refer to pages 7 and 22.

On Friday, November 8, 2013, 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**

Six-Month Period Ended September 30, 2013 (April 1, 2013 – September 30, 2013)

				(Billions of yen)
	<b>Six Months Ended September 30, 2012</b>	<b>Six Months Ended September 30, 2013</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	5,237.4	5,266.1	28.7	0.5 %
Operating expenses	4,574.4	4,613.0	38.6	0.8 %
Operating income	663.0	653.0	(9.9)	(1.5)%
Income before income taxes and equity in earnings (losses) of affiliated companies	642.8	675.8	33.0	5.1 %
Net income attributable to NTT	293.4	323.5	30.1	10.3 %

During the six months ended September 30, 2013, 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>

In order to expand its global cloud services, NTT Group will take advantage of its ability as a group company to provide comprehensive and integrated cloud services from the information and telecommunications platform stage, such as providing data centers and an IP backbone, to the ICT management and applications stage.

Specifically, NTT Group established a service delivery center in the U.S. that provides outsourcing services for operating processes and information systems. The first user of these systems will be Yum! Brands, Inc., one of the world’s largest restaurant chains. NTT Group will be providing Yum! Brands, Inc. with outsourcing services for financial, general administrative, personnel and other managerial operations and information systems.

NTT Group has also signed a partnership agreement with the Texas Department of Transportation, under which NTT Group began providing comprehensive IT support, including application development and maintenance, service desk operations, network and communication systems maintenance and end-user support.

In addition, NTT entered into an agreement with the major shareholders of Arkadin International SAS (“Arkadin”) to acquire 91.2% of the outstanding shares of Arkadin, which provides voice, web, teleconference and other services in 32 countries around the world.

#### <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. NTT Group launched the sale of a discount set plan in eastern Japan for “TSUTAYA STICK,” a service that enables users of “FLET’S Hikari” to easily enjoy TSUTAYA TV from their homes. The plan combines “FLET’S Hikari” with TSUTAYA TV viewing points. In western Japan, for customers who simultaneously apply for “FLET’S Hikari” and “Hikari Motto Motto Wari,” NTT Group launched “Donto Wari,” a service that offers a further discount on basic monthly charges after application of the “Hikari Motto Motto Wari” discount.

In the mobile communications field, in order to make NTT DOCOMO’s unique services accessible to as many customers as possible and meet the wide-ranging needs of its customers, NTT Group worked to expand its smartphone user base by, among other things, launching sales of the new iPhone (\*1). In addition, NTT Group increased the number of its “Xi” service base stations to 37,000 to further expand its service areas. NTT Group also made progress towards the provision of high-speed communications services with a maximum download speed of 150 Mbps by conducting tests in certain areas in Kanagawa, Osaka and Kyoto prefectures.

NTT Group worked to reduce costs related to fixed-line/mobile communications services in order to strengthen the competitiveness of its existing network services. Specifically, NTT worked to further increase the efficiency of its network facilities through the simplification and effective utilization of its existing network facilities, cost reductions in optical transmission line installation jobs by increasing jobs that do not require the dispatch of NTT employees, and also worked to further increase the efficiency of its maintenance and operational business.

As a result of these efforts, NTT Group's consolidated operating revenues for the six-month period ended September 30, 2013 were ¥5,266.1 billion (an increase of 0.5% from the same period of the previous fiscal year), consolidated operating expenses were ¥4,613.0 billion (an increase of 0.8% from the same period of the previous fiscal year), consolidated operating income was ¥653.0 billion (a decrease of 1.5% from the same period of the previous fiscal year), consolidated income before income taxes and equity in earnings (losses) of affiliated companies was ¥675.8 billion (an increase of 5.1% from the same period of the previous fiscal year), and consolidated net income attributable to NTT was ¥323.5 billion (an increase of 10.3% 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.

(\*1) "iPhone" is a registered trademark of Apple Inc. The iPhone trademark is used pursuant to AIPHONE CO., LTD.

## ii. Segment results

Results by business segment are as follows.

### Regional Communications Business Segment

Six-Month Period Ended September 30, 2013 (April 1, 2013 – September 30, 2013)

	(Billions of yen)			
	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013	Change	Percent Change
Operating revenues	1,809.0	1,749.2	(59.9)	(3.3)%
Operating expenses	1,758.8	1,673.5	(85.2)	(4.8)%
Operating income	50.3	75.6	25.3	50.4 %

Operating revenues in the regional communications segment for the six-month period ended September 30, 2013 were ¥1,749.2 billion (a decrease of 3.3% from the same period of the previous fiscal year) due to the slowdown in the increase in the number of "FLET'S Hikari" subscriptions. As a result, the increase in IP/packet communications revenues was unable to offset the decline in fixed voice related revenues resulting from the decline in fixed-line telephone subscriptions. On the other hand, operating expenses fell to ¥1,673.5 billion (a decrease of 4.8% from the same period of the previous fiscal year) due to a decrease in personnel expenses as a result of a decline in the number of employees, a decrease in depreciation expenses and other factors, including reductions in sales-related expenses. As a result, segment operating income for the six-month period ended September 30, 2013 was ¥75.6 billion (an increase of 50.4% from the same period of the previous fiscal year).

Number of subscriptions

	(Thousands of subscriptions)			
	As of March 31, 2013	As of September 30, 2013	Change	Percent Change
FLET'S Hikari <sup>(1)</sup>	17,300	17,672	372	2.1%
NTT East	9,750	9,985	235	2.4%
NTT West	7,550	7,687	137	1.8%
Hikari Denwa <sup>(2)</sup>	15,169	15,664	495	3.3%
NTT East	8,085	8,372	287	3.5%
NTT West	7,084	7,292	208	2.9%

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

Six-Month Period Ended September 30, 2013 (April 1, 2013 – September 30, 2013)

	(Billions of yen)			
	<b>Six Months Ended September 30, 2012</b>	<b>Six Months Ended September 30, 2013</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	814.4	863.9	49.5	6.1 %
Operating expenses	748.2	802.4	54.2	7.2 %
Operating income	66.2	61.5	(4.7)	(7.1)%

Operating revenues in the long distance and international communications business segment for the six-month period ended September 30, 2013 were ¥863.9 billion (an increase of 6.1% from the same period of the previous fiscal year). Although there was a decrease in fixed voice related revenues, operating revenues increased due to, among other things, an increase in system integration revenues and the depreciation of the yen. Operating expenses for the six-month period ended September 30, 2013 increased to ¥802.4 billion (an increase of 7.2% from the same period of the previous fiscal year) due to, among other things, the depreciation of the yen. As a result, segment operating income for the six-month period ended September 30, 2013 was ¥61.5 billion (a decrease of 7.1% from the same period of the previous fiscal year).

### Mobile Communications Business Segment

Six-Month Period Ended September 30, 2013 (April 1, 2012 – September 30, 2013)

	(Billions of yen)			
	<b>Six Months Ended September 30, 2012</b>	<b>Six Months Ended September 30, 2013</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	2,207.3	2,199.0	(8.3)	(0.4)%
Operating expenses	1,732.6	1,728.4	(4.2)	(0.2)%
Operating income	474.7	470.6	(4.1)	(0.9)%

Despite an increase in communications handset sales revenues as a result of robust smartphone sales efforts and a steady increase in revenues associated with operations in new business sectors, operating revenues for the mobile communications business segment for the six-month period ended September 30, 2013 decreased to ¥2,199.0 billion (a decrease of 0.4% from the same period of the previous fiscal year) due to, among other things, a decline in voice revenues due to the impact of “Monthly Support” discount programs and a decrease in billable MOU. The eight new business sectors are media and content, finance and settlement of payments, commerce, medical and healthcare, M2M (machine-to-machine), aggregation and platforms, environment and ecology and safety and security. On the other hand, notwithstanding an increase in depreciation expenses from the expansion of “Xi” service base stations, due to a decrease in revenue-linked expenses and NTT Group’s ongoing cost-cutting efforts, operating expenses for the six-month period ended September 30, 2013 were ¥1,728.4 billion (a decrease of 0.2% from the same period of the previous fiscal year). As a result, segment operating income for the six-month period ended September 30, 2013 was ¥470.6 billion (a decrease of 0.9% from the same period of the previous fiscal year). MOU refers to average monthly minutes of use per subscriber.

Number of subscriptions

	(Thousands of subscriptions)			
	<b>As of March 31, 2013</b>	<b>As of September 30, 2013</b>	<b>Change</b>	<b>Percent Change</b>
Mobile phone services	61,536	61,772	236	0.4 %
FOMA	49,970	45,374	(4,596)	(9.2)%
Xi	11,566	16,398	4,832	41.8 %
i-mode	32,688	29,228	(3,459)	(10.6)%
sp-mode	18,285	21,079	2,794	15.3 %

Notes:

- (1) Number of Mobile service subscribers includes communication module service subscribers, in addition to “FOMA” service and “Xi” 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 service subscribers and also in the number of FOMA service subscribers.

### Data Communications Business Segment

Six-Month Period Ended September 30, 2013 (April 1, 2013 – September 30, 2013)

	(Billions of yen)			
	<b>Six Months Ended September 30, 2012</b>	<b>Six Months Ended September 30, 2013</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	607.3	613.9	6.5	1.1 %
Operating expenses	576.0	607.5	31.5	5.5 %
Operating income	31.4	6.4	(25.0)	(79.5)%

Despite a decrease in revenues caused by the scaling down of existing large-scale systems, operating revenues in the data communications business segment for the six-month period ended September 30, 2013 were ¥613.9 billion (an increase of 1.1% from the same period of the previous fiscal year) due to, among other things, the increase in operating revenues of NTT's overseas subsidiaries and the depreciation of the yen. Operating expenses for the six-month period ended September 30, 2013 rose to ¥607.5 billion (an increase of 5.5% from the same period of the previous fiscal year) due to, among other things, the effects of an increase in unprofitable transactions and the depreciation of the yen. As a result, segment operating income for the six-month period ended September 30, 2013 was ¥6.4 billion (a decrease of 79.5% from the same period of the previous fiscal year).

### Other Business Segment

Six-Month Period Ended September 30, 2013 (April 1, 2013 – September 30, 2013)

	(Billions of yen)			
	<b>Six Months Ended September 30, 2012</b>	<b>Six Months Ended September 30, 2013</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenues	562.4	602.6	40.3	7.2 %
Operating expenses	528.1	572.2	44.1	8.3 %
Operating income	34.2	30.5	(3.8)	(11.1)%

Operating revenues in the other business segment for the six-month period ended September 30, 2013 were ¥602.6 billion (an increase of 7.2% from the same period of the previous fiscal year) due to, among other things, increased revenues in the finance and construction and power businesses. On the other hand, operating expenses for the six-month period ended September 30, 2013 were ¥572.2 billion (an increase of 8.3% from the same period of the previous fiscal year) due to, among other things, an increase in revenue-linked expenses. As a result, segment operating income for the six-month period ended September 30, 2013 was ¥30.5 billion (a decrease of 11.1% from the same period of the previous fiscal year).

## **(2) Qualitative Information Relating to Consolidated Financial Position**

Consolidated cash flows from operating activities for the six-month period ended September 30, 2013 were ¥1,436.6 billion (an increase of ¥345.1 billion (31.6%) from the same period of the previous fiscal year). This increase in cash flows was due to, among other factors, an increase in the collection of installment receivables from mobile devices in addition to the effect of the last day of the same period of the previous fiscal year being a bank holiday.

Consolidated cash flows from investing activities showed outlays of ¥1,012.0 billion (a decrease in outlays of ¥180.1 billion (15.1%) from the same period of the previous fiscal year). This decrease was due to, among other factors, a decrease in short-term investments associated with cash management activities exceeding three months in duration and a decrease in capital investments.

Consolidated cash flows from financing activities amounted to cash outlays of ¥298.9 billion (an increase in outlays of ¥185.9 billion (164.4%) from the same period of the previous fiscal year). This increase was due to, among other factors, an increase in the amount of stock repurchased.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of September 30, 2013 were ¥1,098.0 billion, an increase of ¥136.6 billion (14.2%) from the end of the previous fiscal year.

	(Billions of yen)			
	<b>Six Months Ended September 30, 2012</b>	<b>Six Months Ended September 30, 2013</b>	<b>Change</b>	<b>Percent Change</b>
Cash flows from operating activities	1,091.5	1,436.6	345.1	31.6%
Cash flows from investing activities	(1,192.2)	(1,012.0)	180.1	15.1%
Cash flows from financing activities	(113.0)	(298.9)	(185.9)	(164.4)%

## **(3) Qualitative Information Relating to Consolidated Results Forecasts**

There are no changes to the consolidated results forecasts for the fiscal year ending March 31, 2014 announced on May 10, 2013. For assumptions used in the consolidated results forecasts and other related matters, please see page 22.

## **2. OTHERS**

- (1) Change in significant consolidated subsidiaries during the six months ended September 30, 2013, which 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. Reclassification of accumulated other comprehensive income**

Effective April 1, 2013, NTT Group adopted Accounting Standards Update (“ASU”) 2013-02 “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” issued by the Financial Accounting Standards Board (“FASB”).

This new accounting standard requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes thereto, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income (if the amount being reclassified is required to be reclassified in its entirety) or by way of cross-reference (if a partial reclassification). The adoption of this accounting standard did not have any impact on NTT Group’s financial conditions and results of operations.

### **ii. Change in accounting estimate**

Effective April 1, 2013, NTT Group has revised its estimate of the expected life of metal cables based on actual utilization to reflect an extended expected life. This modification complies with FASB Accounting Standards Codification Topic 250, *Accounting Changes and Error Corrections*, and will be applied going forward as a change in accounting estimates. The financial impact from this change in accounting estimate on the fiscal year ending March 31, 2014 to “Income before income taxes and equity in earnings (losses) of affiliated companies,” “Net income attributable to NTT” and “Per share of common stock” of “Net income attributable to NTT” is expected to be ¥11,537 million, ¥7,137 million, and ¥6.12, respectively.

### **iii. Retrospective application of equity method for an investee**

As a result of the application of the equity method for NTT Group’s investment in Philippine Long Distance Telephone Company from the beginning of the three months ended June 30, 2013, the equity method of accounting was applied retrospectively in accordance with Accounting Standards Codification Topic 323, *Investments-Equity Method and Joint Ventures*, issued by the FASB. Consequently, the reported consolidated financial statements for the fiscal year ended March 31, 2013 have been revised in NTT Group’s consolidated financial statements for this retrospective application.

The impact on major items on the consolidated balance sheet as of March 31, 2013, was a ¥140,512 million increase in “Investments in affiliated companies,” a ¥303,601 million decrease in “Marketable securities and other investments,” a ¥58,467 million increase in “Deferred income taxes” under “Investments and other assets” and a ¥85,456 million decrease in “Accumulated other comprehensive income (loss).”

The impact on major items on the consolidated statement of income for the year ended March 31, 2013, was a ¥3,452 million decrease in “Other, net” under “Other income (expenses),” a ¥1,614 million increase in “Equity in earnings (losses) of affiliated companies” and a ¥2,139 million decrease in “Net income attributable to NTT.”

The impact on “Net income attributable to NTT” under “Per share of common stock” is a decrease of ¥1.77.

### **iv. Reclassifications**

Effective as of the three month period ended June 30, 2013, in connection with NTT Group’s current state of business and initiatives such as efforts to expand into new business areas in the mobile communications business, NTT has reclassified, among other things, part of its “Mobile Voice Related Services revenues” and “IP/Packet Communications Services revenues” as “Other revenues,” and part of its “Other revenues” as “System Integration revenues.” Results for the six months ended September 30, 2012 reflect such reclassification.

### **3. CONSOLIDATED FINANCIAL STATEMENTS**

#### **(1) Consolidated Balance Sheets**

	Millions of yen		
	March 31, 2013	September 30, 2013	Increase (Decrease)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥961,433	¥1,098,043	¥136,610
Short-term investments	53,753	63,373	9,620
Notes and accounts receivable, trade	2,428,099	2,053,384	(374,715)
Allowance for doubtful accounts	(44,961)	(41,563)	3,398
Accounts receivable, other	357,255	311,068	(46,187)
Inventories	350,721	371,495	20,774
Prepaid expenses and other current assets	338,794	470,105	131,311
Deferred income taxes	224,194	231,831	7,637
<b>Total current assets</b>	<b>4,669,288</b>	<b>4,557,736</b>	<b>(111,552)</b>
<b>Property, plant and equipment:</b>			
Telecommunications equipment	13,432,047	13,175,212	(256,835)
Telecommunications service lines	15,143,239	15,255,677	112,438
Buildings and structures	5,993,215	6,045,005	51,790
Machinery, vessels and tools	1,868,972	1,909,664	40,692
Land	1,139,636	1,155,504	15,868
Construction in progress	334,326	370,871	36,545
	37,911,435	37,911,933	498
Accumulated depreciation	(28,134,748)	(28,194,283)	(59,535)
<b>Net property, plant and equipment</b>	<b>9,776,687</b>	<b>9,717,650</b>	<b>(59,037)</b>
<b>Investments and other assets:</b>			
Investments in affiliated companies	551,883	558,994	7,111
Marketable securities and other investments	357,222	409,063	51,841
Goodwill	824,216	904,875	80,659
Software	1,340,682	1,299,993	(40,689)
Other intangible assets	278,272	277,375	(897)
Other assets	997,989	1,066,835	68,846
Deferred income taxes	752,828	750,127	(2,701)
<b>Total investments and other assets</b>	<b>5,103,092</b>	<b>5,267,262</b>	<b>164,170</b>
<b>Total assets</b>	<b>¥19,549,067</b>	<b>¥19,542,648</b>	<b>¥(6,419)</b>

	Millions of yen		
	March 31, 2013	September 30, 2013	Increase (Decrease)
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	¥77,455	¥236,757	¥159,302
Current portion of long-term debt	703,304	661,698	(41,606)
Accounts payable, trade	1,436,643	1,102,301	(334,342)
Current portion of obligations under capital leases	16,368	17,033	665
Accrued payroll	437,609	412,596	(25,013)
Accrued interest	8,971	8,275	(696)
Accrued taxes on income	228,736	238,470	9,734
Accrued consumption tax	54,667	45,581	(9,086)
Advances received	183,723	193,145	9,422
Other	351,913	389,487	37,574
Total current liabilities	3,499,389	3,305,343	(194,046)
<b>Long-term liabilities:</b>			
Long-term debt	3,234,631	3,216,957	(17,674)
Obligations under capital leases	36,254	35,948	(306)
Liability for employees' retirement benefits	1,505,571	1,540,203	34,632
Accrued liabilities for point programs	156,233	144,923	(11,310)
Deferred income taxes	198,824	205,943	7,119
Other	396,162	426,356	30,194
Total long-term liabilities	5,527,675	5,570,330	42,655
<b>Equity:</b>			
NTT shareholders' equity			
Common stock, no par value	937,950	937,950	—
Additional paid-in capital	2,827,612	2,827,009	(603)
Retained earnings	5,227,268	5,455,978	228,710
Accumulated other comprehensive income (loss)	(192,932)	(117,828)	75,104
Treasury stock, at cost	(568,459)	(791,768)	(223,309)
Total NTT shareholders' equity	8,231,439	8,311,341	79,902
Noncontrolling interests	2,290,564	2,355,634	65,070
Total equity	10,522,003	10,666,975	144,972
Total liabilities and equity	¥19,549,067	¥19,542,648	¥(6,419)

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

SIX-MONTH PERIOD ENDED SEPTEMBER 30

### Consolidated Statements of Income

	Millions of yen		
	2012	2013	Increase (Decrease)
<b>Operating revenues:</b>			
Fixed voice related services	¥ 866,851	¥ 794,482	¥ (72,369)
Mobile voice related services	659,295	535,049	(124,246)
IP / packet communications services	1,850,855	1,863,808	12,953
Sale of telecommunication equipment	402,333	442,229	39,896
System integration	940,272	1,029,127	88,855
Other	517,786	601,375	83,589
	5,237,392	5,266,070	28,678
<b>Operating expenses:</b>			
Cost of services (exclusive of items shown separately below)	1,125,265	1,149,202	23,937
Cost of equipment sold (exclusive of items shown separately below)	418,376	370,696	(47,680)
Cost of system integration (exclusive of items shown separately below)	636,653	736,640	99,987
Depreciation and amortization	930,095	919,120	(10,975)
Impairment loss	788	162	(626)
Selling, general and administrative expenses	1,463,246	1,434,234	(29,012)
Goodwill and other intangible asset impairments	-	2,989	2,989
	4,574,423	4,613,043	38,620
<b>Operating income</b>	662,969	653,027	(9,942)
<b>Other income (expenses):</b>			
Interest and amortization of bond discounts and issue costs	(28,513)	(24,757)	3,756
Interest income	8,759	8,772	13
Other, net	(412)	38,736	39,148
	(20,166)	22,751	42,917
<b>Income before income taxes and equity in earnings (losses) of affiliated companies</b>	642,803	675,778	32,975
<b>Income tax expense (benefit):</b>			
Current	240,343	265,771	25,428
Deferred	10,238	(8,735)	(18,973)
	250,581	257,036	6,455
<b>Income before equity in earnings (losses) of affiliated companies</b>	392,222	418,742	26,520
Equity in earnings (losses) of affiliated companies	4,680	5,256	576
<b>Net income</b>	396,902	423,998	27,096
Less – Net income attributable to noncontrolling interests	103,487	100,458	(3,029)
<b>Net income attributable to NTT</b>	¥ 293,415	¥ 323,540	¥ 30,125
<b>Per share of common stock:</b>			
Weighted average number of shares outstanding (Shares)	1,223,705,175	1,166,074,957	
Net income attributable to NTT (Yen)	¥ 239.78	¥ 277.46	

### Consolidated Statements of Comprehensive Income

	Millions of yen		
	2012	2013	Increase (Decrease)
Net income	¥ 396,902	¥ 423,998	¥ 27,096
<b>Other comprehensive income (loss), net of tax:</b>			
Unrealized gain (loss) on securities	12,407	17,177	4,770
Unrealized gain (loss) on derivative instruments	(727)	(3,469)	(2,742)
Foreign currency translation adjustments	(458)	70,840	71,298
Pension liability adjustments	8,091	6,028	(2,063)
Total other comprehensive income (loss)	19,313	90,576	71,263
<b>Total comprehensive income (loss)</b>	416,215	514,574	98,359
Less – Comprehensive income attributable to noncontrolling interests	101,964	115,930	13,966
<b>Total comprehensive income (loss) attributable to NTT</b>	¥ 314,251	398,644	¥ 84,393

THREE-MONTH PERIOD ENDED SEPTEMBER 30

**Consolidated Statements of Income**

	Millions of yen		
	2012	2013	Increase (Decrease)
<b>Operating revenues:</b>			
Fixed voice related services	¥433,727	¥403,510	¥(30,217)
Mobile voice related services	321,697	263,798	(57,899)
IP / packet communications services	924,659	923,301	(1,358)
Sale of telecommunication equipment	233,914	210,613	(23,301)
System integration	485,193	541,788	56,595
Other	262,270	313,943	51,673
	<b>2,661,460</b>	<b>2,656,953</b>	<b>(4,507)</b>
<b>Operating expenses:</b>			
Cost of services (exclusive of items shown separately below)	562,831	592,558	29,727
Cost of equipment sold (exclusive of items shown separately below)	238,951	172,612	(66,339)
Cost of system integration (exclusive of items shown separately below)	333,480	400,039	66,559
Depreciation and amortization	469,812	462,626	(7,186)
Impairment loss	618	80	(538)
Selling, general and administrative expenses	745,106	722,012	(23,094)
Goodwill and other intangible asset impairments	-	2,925	2,925
	<b>2,350,798</b>	<b>2,352,852</b>	<b>2,054</b>
<b>Operating income</b>	<b>310,662</b>	<b>304,101</b>	<b>(6,561)</b>
<b>Other income (expenses):</b>			
Interest and amortization of bond discounts and issue costs	(14,597)	(12,409)	2,188
Interest income	4,435	4,411	(24)
Other, net	(4,270)	23,591	27,861
	<b>(14,432)</b>	<b>15,593</b>	<b>30,025</b>
<b>Income before income taxes and equity in earnings (losses) of affiliated companies</b>	<b>296,230</b>	<b>319,694</b>	<b>23,464</b>
<b>Income tax expense (benefit):</b>			
Current	128,146	146,053	17,907
Deferred	(10,538)	(26,578)	(16,040)
	<b>117,608</b>	<b>119,475</b>	<b>1,867</b>
<b>Income before equity in earnings (losses) of affiliated companies</b>	<b>178,622</b>	<b>200,219</b>	<b>21,597</b>
Equity in earnings (losses) of affiliated companies	1,762	2,167	405
<b>Net income</b>	<b>180,384</b>	<b>202,386</b>	<b>22,002</b>
Less – Net income attributable to noncontrolling interests	43,529	45,563	2,034
<b>Net income attributable to NTT</b>	<b>¥136,855</b>	<b>¥156,823</b>	<b>¥19,968</b>
<b>Per share of common stock:</b>			
Weighted average number of shares outstanding (Shares)	1,223,645,346	1,152,310,900	
Net income attributable to NTT (Yen)	¥111.84	¥136.09	

**Consolidated Statements of Comprehensive Income**

	Millions of yen		
	2012	2013	Increase (Decrease)
Net income	¥180,384	¥202,386	¥22,002
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities	12,602	6,509	(6,093)
Unrealized gain (loss) on derivative instruments	(2,088)	316	2,404
Foreign currency translation adjustments	(46,206)	16,105	62,311
Pension liability adjustments	4,236	3,049	(1,187)
Total other comprehensive income (loss)	(31,456)	25,979	57,435
<b>Total comprehensive income (loss)</b>	<b>148,928</b>	<b>228,365</b>	<b>79,437</b>
Less – Comprehensive income attributable to noncontrolling interests	36,692	50,577	13,885
<b>Total comprehensive income (loss) attributable to NTT</b>	<b>¥112,236</b>	<b>177,788</b>	<b>¥65,552</b>

**(3) Consolidated Statements of Cash Flows**  
SIX-MONTH PERIOD ENDED SEPTEMBER 30

	Millions of yen		
	2012	2013	Increase (Decrease)
<b>Cash flows from operating activities:</b>			
Net income	¥396,902	¥423,998	¥27,096
Adjustments to reconcile net income to net cash provided by operating activities -			
Depreciation and amortization	930,095	919,120	(10,975)
Impairment loss	788	162	(626)
Deferred taxes	10,238	(8,735)	(18,973)
Goodwill and other intangible asset impairments	-	2,989	2,989
Loss on disposal of property, plant and equipment	37,718	37,477	(241)
Equity in (earnings) losses of affiliated companies	(4,680)	(5,256)	(576)
(Increase) decrease in notes and accounts receivable, trade	125,681	386,937	261,256
(Increase) decrease in inventories	(50,442)	(19,098)	31,344
(Increase) decrease in other current assets	(88,169)	(94,214)	(6,045)
Increase (decrease) in accounts payable, trade and accrued payroll	(266,644)	(251,502)	15,142
Increase (decrease) in accrued consumption tax	3,937	(10,033)	(13,970)
Increase (decrease) in accrued interest	111	(728)	(839)
Increase (decrease) in advances received	(6,148)	3,890	10,038
Increase (decrease) in accrued taxes on income	11,311	8,233	(3,078)
Increase (decrease) in other current liabilities	20,128	15,166	(4,962)
Increase (decrease) in liability for employees' retirement benefits	28,975	42,372	13,397
Increase (decrease) in other long-term liabilities	(31,021)	11,059	42,080
Other	(27,277)	(25,210)	2,067
Net cash provided by operating activities	¥1,091,503	¥1,436,627	¥345,124

	Millions of yen		
	2012	2013	Increase (Decrease)
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	¥(809,027)	¥(750,327)	¥58,700
Payments for acquisitions of intangibles	(220,600)	(193,307)	27,293
Proceeds from sale of property, plant and equipment	3,343	20,281	16,938
Payments for purchase of non-current investments	(24,099)	(34,098)	(9,999)
Proceeds from sale and redemption of non-current investments	8,823	11,289	2,466
Acquisitions of subsidiaries, net of cash acquired	(35,425)	(35,063)	362
Payments for purchase of short-term investments	(501,721)	(44,544)	457,177
Proceeds from redemption of short-term investments	390,376	42,675	(347,701)
Other	(3,856)	(28,948)	(25,092)
Net cash used in investing activities	(1,192,186)	(1,012,042)	180,144
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of long-term debt	150,162	275,549	125,387
Payments for settlement of long-term debt	(195,949)	(350,292)	(154,343)
Proceeds from issuance of short-term debt	1,348,429	3,373,100	2,024,671
Payments for settlement of short-term debt	(1,263,404)	(3,222,508)	(1,959,104)
Dividends paid	(85,664)	(94,830)	(9,166)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(7,707)	(223,308)	(215,601)
Acquisition of treasury stock by subsidiary	(1,255)	(5,058)	(3,803)
Other	(57,652)	(51,550)	6,102
Net cash used in financing activities	(113,040)	(298,897)	(185,857)
Effect of exchange rate changes on cash and cash equivalents	1,179	10,922	9,743
Net increase (decrease) in cash and cash equivalents	(212,544)	136,610	349,154
Cash and cash equivalents at beginning of period	1,020,143	961,433	(58,710)
Cash and cash equivalents at end of period	¥807,599	¥1,098,043	¥290,444
<b>Cash paid during the period for:</b>			
Interest	¥28,196	¥25,453	¥(2,743)
Income taxes, net	¥226,587	¥258,719	¥32,132

#### **(4) Going Concern Assumption**

None

#### **(5) Business Segments**

##### **SIX-MONTH PERIOD ENDED SEPTEMBER 30**

##### 1. Sales and operating revenues (Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Increase (Decrease)
Regional communications business			
External customers	1,594,504	1,538,409	(56,095)
Intersegment	214,545	210,743	(3,802)
Total	1,809,049	1,749,152	(59,897)
Long-distance and international communications business			
External customers	763,260	815,481	52,221
Intersegment	51,159	48,418	(2,741)
Total	814,419	863,899	49,480
Mobile communications business			
External customers	2,188,733	2,179,057	(9,676)
Intersegment	18,587	19,914	1,327
Total	2,207,320	2,198,971	(8,349)
Data communications business			
External customers	534,131	555,065	20,934
Intersegment	73,214	58,822	(14,392)
Total	607,345	613,887	6,542
Other business			
External customers	156,764	178,058	21,294
Intersegment	405,601	424,575	18,974
Total	562,365	602,633	40,268
Elimination	(763,106)	(762,472)	634
Consolidated total	5,237,392	5,266,070	28,678

##### 2. Segment profit (Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Increase (Decrease)
Segment profit			
Regional communications business	50,274	75,617	25,343
Long-distance and international communications business	66,210	61,485	(4,725)
Mobile communications business	474,741	470,620	(4,121)
Data communications business	31,391	6,431	(24,960)
Other business	34,249	30,455	(3,794)
Total segment profit	656,865	644,608	(12,257)
Elimination	6,104	8,419	2,315
Consolidated total	662,969	653,027	(9,942)

**THREE-MONTH PERIOD ENDED SEPTEMBER 30**

## 1. Sales and operating revenues

(Millions of yen)

	Three months ended September 30, 2012	Three months ended September 30, 2013	Increase (Decrease)
Regional communications business			
External customers	799,599	775,193	(24,406)
Intersegment	109,017	107,180	(1,837)
Total	908,616	882,373	(26,243)
Long-distance and international communications business			
External customers	386,685	423,610	36,925
Intersegment	25,466	24,290	(1,176)
Total	412,151	447,900	35,749
Mobile communications business			
External customers	1,122,921	1,075,186	(47,735)
Intersegment	12,118	10,212	(1,906)
Total	1,135,039	1,085,398	(49,641)
Data communications business			
External customers	274,647	286,047	11,400
Intersegment	36,245	34,560	(1,685)
Total	310,892	320,607	9,715
Other business			
External customers	77,608	96,917	19,309
Intersegment	234,043	216,138	(17,905)
Total	311,651	313,055	1,404
Elimination	(416,889)	(392,380)	24,509
Consolidated total	2,661,460	2,656,953	(4,507)

## 2. Segment profit

(Millions of yen)

	Three months ended September 30, 2012	Three months ended September 30, 2013	Increase (Decrease)
Segment profit			
Regional communications business	29,689	32,337	2,648
Long-distance and international communications business	35,683	27,182	(8,501)
Mobile communications business	206,678	223,977	17,299
Data communications business	16,604	(656)	(17,260)
Other business	18,981	16,711	(2,270)
Total segment profit	307,635	299,551	(8,084)
Elimination	3,027	4,550	1,523
Consolidated total	310,662	304,101	(6,561)

## **(6) NTT Shareholders' Equity**

### **1. Dividends**

#### Cash dividends paid

Resolution	The shareholders' meeting on June 25, 2013
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends paid	¥94,830 million
Cash dividends per share	¥80
Date of record	March 31, 2013
Date of payment	June 26, 2013

#### Cash dividends declared

Resolution	The Board of Directors' meeting on November 8, 2013
Class of shares	Common stock
Source of dividends	Retained earnings
Total cash dividends declared	¥91,344 million
Cash dividends per share	¥80
Date of record	September 30, 2013
Date of payment	December 9, 2013

### **2. Significant Changes in NTT Shareholders' Equity**

None.

### **3. Others**

On May 10, 2013, the board of directors of NTT resolved that NTT may acquire up to 50 million shares of its outstanding common stock for an amount in total not exceeding ¥250 billion from May 13, 2013 through March 31, 2014. Based on this resolution, NTT repurchased 43,556,500 shares of its common stock for a total purchase price of ¥223,242 million between May 2013 and September 2013.

NTT also repurchased 5,180,700 shares of its common stock for a total purchase price of ¥26,757 million in October 2013, and concluded the repurchase of its common stock authorized by the board of directors' resolution.

On November 8, 2013, the board of directors resolved that NTT will cancel 186,500,000 shares held as treasury stock on November 15, 2013.

## **(7) Subsequent events**

Please see note 6 for details on the resolutions regarding NTT's repurchase of its common stock and the cancellation of treasury stock.

#### **4. (Reference)**

### **NON-CONSOLIDATED FINANCIAL STATEMENTS**

#### **(1) Non-Consolidated Balance Sheets**

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	March 31, 2013	September 30, 2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and bank deposits	20,869	6,579
Accounts receivable, trade	2,769	355
Supplies	227	277
Subsidiary deposits	101,312	77,063
Other	431,032	514,303
Total current assets	556,211	598,579
<b>Fixed assets:</b>		
Property, plant and equipment	169,788	165,409
Intangible fixed assets	43,905	38,331
Investments and other assets		
Investments in subsidiaries and affiliated companies	5,073,510	5,093,770
Long-term loans receivable to subsidiaries	1,588,072	1,478,972
Other	36,364	41,155
Total investments and other assets	6,697,946	6,613,898
Total fixed assets	6,911,640	6,817,639
<b>TOTAL ASSETS</b>	<b>7,467,851</b>	<b>7,416,218</b>

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

2. These quarterly financial statements are prepared based on "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

**(Reference)**

	Millions of yen	
	March 31, 2013	September 30, 2013
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable, trade	184	43
Current portion of corporate bonds	120,000	199,997
Current portion of long-term borrowings	223,300	222,500
Short-term borrowings	-	150,000
Accrued taxes on income	19,708	11,514
Deposit received from subsidiaries	89,376	80,307
Other	32,151	23,063
Total current liabilities	484,720	687,427
<b>Long-term liabilities:</b>		
Corporate bonds	1,046,258	1,006,245
Long-term borrowings	1,021,530	932,430
Long-term borrowings from subsidiary	240,000	240,000
Liability for employees' retirement benefits	31,858	32,170
Asset retirement obligations	1,140	1,370
Other	1,171	1,086
Total long-term liabilities	2,341,959	2,213,302
<b>TOTAL LIABILITIES</b>	<b>2,826,680</b>	<b>2,900,729</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	937,950	937,950
Capital surplus	2,672,826	2,672,827
Earned surplus	1,598,861	1,697,245
Treasury stock	(568,458)	(791,768)
Total shareholders' equity	4,641,179	4,516,255
Unrealized gains (losses), translation adjustments, and others:		
Net unrealized gains (losses) on securities	(7)	(766)
Total unrealized gains (losses), translation adjustments, and others	(7)	(766)
<b>TOTAL NET ASSETS</b>	<b>4,641,171</b>	<b>4,515,488</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>7,467,851</b>	<b>7,416,218</b>

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

2. These quarterly financial statements are prepared based on "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

(Reference)

**(2) Non-Consolidated Statements of Income**

SIX-MONTH PERIOD ENDED SEPTEMBER 30

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2012	2013
<b>Operating revenues</b>	264,109	264,571
<b>Operating expenses</b>	70,649	66,628
<b>Operating income</b>	193,459	197,943
<b>Non-operating revenues:</b>		
Interest income	12,904	10,914
Lease and rental income	5,828	5,671
Miscellaneous income	816	845
Total non-operating revenues	19,549	17,431
<b>Non-operating expenses:</b>		
Interest expenses	8,473	7,639
Corporate bond interest expenses	9,357	7,872
Miscellaneous expenses	3,791	6,033
Total non-operating expenses	21,622	21,544
<b>Recurring profit</b>	191,385	193,829
<b>Income before income taxes</b>	191,385	193,829
Income taxes	479	615
<b>Net income</b>	190,906	193,213

(Reference) Major components of operating revenues

Dividends received	190,171	195,031
Revenues from group management	9,500	9,250
Revenues from basic R&D	60,499	57,249

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

2. These quarterly financial statements are prepared based on "Regulation for Terminology, Forms and Preparation of Quarterly Financial Statements."

(Reference)

**(3) Non-Consolidated Statements of Cash Flows**

SIX-MONTH PERIOD ENDED SEPTEMBER 30

(Based on accounting principles generally accepted in Japan)

	Millions of yen	
	2012	2013
<b>Cash flows from operating activities:</b>		
Income before income taxes	191,385	193,829
Depreciation and amortization	19,145	19,200
Loss on disposal of property, plant and equipment	431	221
Dividends received	(190,171)	(195,031)
Increase (decrease) in liability for employees' retirement benefits	686	311
(Increase) decrease in accounts receivable	5,917	11,124
Increase (decrease) in accounts payable and accrued expenses	(11,998)	(5,444)
Increase (decrease) in accrued consumption tax	372	132
(Increase) decrease in other current assets	(42,395)	(26,873)
(Increase) decrease in subsidiary deposits	2,000	-
Increase (decrease) in deposit received from subsidiaries	(41,925)	(9,068)
Other	3,759	5,665
Sub-total	(62,792)	(5,932)
Interest and dividends received	202,892	206,701
Interest paid	(17,607)	(16,137)
Income taxes received (paid)	624	(9,012)
Net cash provided by (used in) operating activities	123,117	175,619
<b>Cash flows from investing activities:</b>		
Payments for property, plant and equipment	(16,633)	(12,821)
Payments for purchase of investment securities	(3,497)	(25,624)
Proceeds from sale of investment securities	1	-
Payments for long-term loans	(59,722)	(100,000)
Proceeds from long-term loans receivable	111,807	149,900
Other	(388)	(3,030)
Net cash provided by (used in) investing activities	31,567	8,424
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of long-term debt	59,641	99,950
Payments for settlement of long-term debt	(111,807)	(149,900)
Net increase (decrease) in short-term borrowings	-	150,000
Payments for settlement of lease obligations	(18)	(21)
Dividends paid	(85,663)	(94,829)
Proceeds from sale of (payments for acquisition of) treasury stock, net	(7,706)	(223,308)
Net cash provided by (used in) financing activities	(145,554)	(218,109)
Effect of exchange rate changes on cash and cash equivalents	-	80
Net increase (decrease) in cash and cash equivalents	9,130	(33,985)
Cash and cash equivalents at beginning of period	155,702	123,856
Cash and cash equivalents at end of period	164,832	89,870

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

2. These quarterly financial statements are prepared based on "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 September 30, 2013)****1. Classification of Shareholders**

Details	NTT's Shares and Shareholders (1 unit = 100 shares)								Shares Representing Less Than One Unit
	Government and Public Bodies	Financial Institutions	Securities Firms	Other Domestic Corporations	Foreign Corporations, etc.		Domestic Individuals, etc.	Total	
					Non-Individuals	Individuals			
Total Holders	3	265	64	6,848	1,066	936	842,627	851,809	--
Total Shares (Units)	4,312,318	1,928,536	88,468	166,070	2,842,556	5,709	3,871,297	13,214,954	1,701,835
%	32.63	14.59	0.67	1.26	21.51	0.04	29.29	100.00	--

- Notes: (1) "Domestic Individuals, etc." includes 1,813,924 units of treasury stock, and "Shares Representing Less Than One Unit" includes 61 shares of treasury stock. 181,392,461 shares of treasury stock are recorded in the shareholders' register; the actual number of treasury stock shares at the end of September 30, 2013 was 181,392,161.
- (2) "Other Domestic Corporations" includes 157 units under the name of the Japan Securities Depository Center, and "Shares Representing Less Than One Unit" includes 72 shares under the name of the Japan Securities Depository Center.
- (3) The number of shareholders who only own shares representing less than one unit is 227,013.

**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	374	157	835	1,000	24,273	55,591	769,579	851,809	--
%	0.04	0.02	0.10	0.12	2.85	6.53	90.35	100.00	--
Total Shares (Units)	10,979,421	104,419	167,024	64,666	373,210	337,801	1,188,413	13,214,954	1,701,835
%	83.08	0.79	1.26	0.49	2.82	2.56	8.99	100.00	--

- Notes: (1) "At Least 1,000 Units" includes 1,813,924 units of treasury stock, and "Shares Representing Less Than One Unit" includes 61 shares of treasury stock.
- (2) "At Least 100 Units" includes 157 units under the name of the Japan Securities Depository Center, and "Shares Representing Less Than One Unit" includes 72 shares under the name of the Japan Securities Depository Center.

**3. Principal Shareholders**

Name	Share Holdings (in thousands of shares)	Percentage of Total Shares Issued(%)
The Minister of Finance	431,231	32.59
Japan Trustee Services Bank, Ltd. (Trust Account)	47,184	3.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,301	2.67
Japan Trustee Services Bank, Ltd. (Trust Account 9)	18,934	1.43
Moxley and Co LLC	15,517	1.17
The Bank of New York, Treaty JASDEC Account	14,744	1.11
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	12,457	0.94
NTT Employee Share-Holding Association	10,317	0.78
State Street Bank and Trust Company 505224	8,477	0.64
State Street Bank and Trust Company 505225	7,942	0.60
Total	602,108	45.50

Note: The Company's holdings of treasury stock (181,392,161 shares) are not included in the above table.