

November 11, 2016

FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for the Six Months Ended September 30, 2016

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the six months ended September 30, 2016. Please see the following attachments for further details:

- I. Financial Results of NTT Communications Group
- II. Non-Consolidated Comparative Balance Sheets
- III. Non-Consolidated Comparative Statements of Income
- IV. Business Results (Non-Consolidated Operating Revenues)
- V. Non-Consolidated Comparative Statements of Cash Flows
- VI. Revised Forecasts for the Fiscal Year Ending March 31, 2017

About NTT Communications Corporation

NTT Communications provides consultancy, architecture, security and cloud services to optimize the information and communications technology (ICT) environments of enterprises. These offerings are backed by the company's worldwide infrastructure, including a leading global tier-1 IP network, the Arcstar Universal One™ VPN network, reaching 196 countries/regions, and 140 secure data centers worldwide. NTT Communications' solutions leverage the global resources of NTT Group companies, including Dimension Data, NTT DOCOMO and NTT DATA.

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I. Financial Results of NTT Communications Group

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	639,398	617,702	(21,696)	(3.4)
Operating expenses	582,568	546,054	(36,514)	(6.3)
Operating income	56,830	71,648	14,818	26.1

II. Non-Consolidated Comparative Balance Sheets
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2016	September 30, 2016	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	134,315	139,342	5,026
Antenna facilities	1,707	1,668	(39)
Terminal equipment	1,397	1,636	238
Local line facilities	730	1,039	309
Long-distance line facilities	5,759	5,410	(349)
Engineering facilities	51,789	50,836	(953)
Submarine line facilities	13,408	12,034	(1,373)
Buildings	199,178	196,424	(2,753)
Construction in progress	28,085	31,944	3,859
Other	91,332	93,902	2,569
Total property, plant and equipment	527,706	534,241	6,534
Intangible fixed assets	101,766	95,835	(5,930)
Total fixed assets - telecommunications businesses	629,472	630,076	604
Investments and other assets			
Investment securities	135,291	109,591	(25,700)
Investments in subsidiaries and affiliated companies	381,949	382,179	230
Other investments and assets	53,283	61,231	7,947
Allowance for doubtful accounts	(207)	(221)	(13)
Total investments and other assets	570,316	552,780	(17,536)
Total fixed assets	1,199,789	1,182,857	(16,931)
Current assets:			
Cash and bank deposits	12,607	6,145	(6,462)
Accounts receivable, trade	179,839	152,084	(27,755)
Supplies	9,806	11,480	1,673
Other current assets	94,874	80,747	(14,127)
Allowance for doubtful accounts	(1,017)	(1,196)	(179)
Total current assets	296,110	249,260	(46,850)
TOTAL ASSETS	1,495,899	1,432,117	(63,781)

(Millions of yen)

	March 31, 2016	September 30, 2016	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company and subsidiary	199,504	198,927	(577)
Liability for employees' retirement benefits	86,722	89,684	2,962
Reserve for point services	547	451	(96)
Reserve for unused telephone cards	3,628	3,469	(159)
Asset retirement obligations	3,296	3,331	35
Other long-term liabilities	10,354	18,773	8,419
Total long-term liabilities	304,053	314,637	10,584
Current liabilities:			
Current portion of long-term borrowings from parent company	43,360	41,680	(1,680)
Accounts payable, trade	31,894	23,777	(8,117)
Short-term borrowings	7,766	760	(7,006)
Accrued taxes on income	6,968	5,821	(1,146)
Allowance for losses on construction	13	27	13
Other current liabilities	179,304	136,608	(42,695)
Total current liabilities	269,307	208,676	(60,630)
TOTAL LIABILITIES	573,360	523,314	(50,046)
NET ASSETS			
Shareholders' equity:			
Common stock	211,763	211,763	-
Capital surplus	131,615	131,615	-
Earned surplus	517,436	521,779	4,343
Total shareholders' equity	860,815	865,158	4,343
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	61,723	43,993	(17,730)
Deferred gains or losses on hedges	-	(348)	(348)
Total unrealized gains (losses), translation adjustments, and others	61,723	43,644	(18,078)
TOTAL NET ASSETS	922,538	908,803	(13,735)
TOTAL LIABILITIES AND NET ASSETS	1,495,899	1,432,117	(63,781)

Note: *NTT Com participates in a consolidated tax return system, which has been adopted by NTT (Holding Company) and its wholly-owned subsidiaries in Japan.

However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

III. Non-Consolidated Comparative Statements of Income
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Year ended March 31, 2016
Telecommunications businesses:				
Operating revenues	341,303	346,629	5,326	691,290
Operating expenses	306,623	305,692	(931)	613,093
Operating income from telecommunications businesses	34,679	40,937	6,257	78,196
Supplementary businesses:				
Operating revenues	100,644	100,482	(161)	227,018
Operating expenses	95,321	91,265	(4,055)	214,072
Operating income from supplementary businesses	5,322	9,217	3,894	12,946
Operating income	40,002	50,154	10,152	91,143
Non-operating revenues:				
Interest income	123	41	(81)	272
Dividends received	9,343	7,249	(2,094)	12,486
Lease and rental income	5,827	5,692	(135)	11,581
Miscellaneous income	636	154	(482)	2,822
Total non-operating revenues	15,930	13,137	(2,792)	27,163
Non-operating expenses:				
Interest expenses	902	549	(353)	1,514
Lease and rental expenses	2,756	2,762	5	5,551
Miscellaneous expenses	444	646	201	1,034
Total non-operating expenses	4,104	3,957	(146)	8,100
Recurring profit	51,828	59,334	7,506	110,206
Special losses	-	-	-	5,847
Income before income taxes	51,828	59,334	7,506	104,359
Income taxes	-	-	1,274	32,046
Net income	36,553	42,785	6,231	72,312

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However, except for a portion of the calculation of taxes, income taxes have not been calculated on a consolidated basis in the quarterly financial statements.

IV. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Percent Increase (Decrease)	Year ended March 31, 2016
Cloud Computing Platforms	33,803	34,779	975	2.9	70,029
Data Networks	182,796	190,005	7,209	3.9	369,871
Voice Communications	128,908	126,392	(2,516)	(2.0)	260,329
Applications & Content	19,440	18,666	(774)	(4.0)	38,729
Solution Services	69,279	69,743	464	0.7	162,352
Others	7,718	7,524	(193)	(2.5)	16,997
Total operating revenues	441,947	447,112	5,164	1.2	918,309

V. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	Increase (Decrease)	Year ended March 31, 2016
Cash flows from operating activities:				
Income before income taxes	51,828	59,334	7,506	104,359
Depreciation and amortization	53,055	52,375	(680)	106,837
Loss on disposal of property, plant and equipment	573	940	366	4,075
Gains on sales of fixed assets	(0)	(58)	(58)	(3)
Increase (decrease) in allowance for doubtful accounts	(82)	192	274	(117)
Increase (decrease) in liability for employees' retirement benefits	1,963	2,962	999	1,140
Write-off of investments in affiliated companies	-	-	-	5,847
(Increase) decrease in accounts receivable	29,300	32,240	2,939	(3,413)
(Increase) decrease in inventories	(4,944)	(1,901)	3,043	(3,015)
Increase (decrease) in accounts payable and accrued expenses	(20,666)	(24,274)	(3,607)	432
Increase (decrease) in accrued consumption tax	(3,843)	1,864	5,708	(4,850)
Other	(22,332)	(19,208)	3,123	(23,183)
Sub-total	84,851	104,467	19,616	188,108
Interest and dividends received	9,464	7,312	(2,152)	12,752
Interest paid	(852)	(614)	238	(1,418)
Income taxes received (paid)	(18,117)	(24,846)	(6,729)	(22,436)
Net cash provided by (used in) operating activities	75,346	86,319	10,972	177,004
Cash flows from investing activities:				
Payments for property, plant and equipment	(62,888)	(69,246)	(6,358)	(124,453)
Proceeds from sale of property, plant and equipment	14	223	208	18
Payments for purchase of investment securities	(93,800)	(230)	93,570	(105,792)
Proceeds from sale of investment securities	116	1,500	1,383	152
Payments for long-term loans	-	-	-	(5,852)
Other	(863)	(17)	846	(1,720)
Net cash provided by (used in) investing activities	(157,420)	(67,770)	89,650	(237,648)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	149,857	-	(149,857)	149,857
Payments for settlement of long-term debt	(51,680)	(1,680)	50,000	(53,360)
Net increase (decrease) in short-term borrowings	23,958	(7,006)	(30,964)	(2,647)
Payments for settlement of lease obligations	(1,719)	(1,595)	123	(7,470)
Dividends paid	(36,001)	(33,000)	3,000	(36,001)
Net cash provided by (used in) financing activities	84,415	(43,282)	(127,697)	50,378
Effect of exchange rate changes on cash and cash equivalents	166	(752)	(918)	(2,147)
Net increase (decrease) in cash and cash equivalents	2,507	(25,485)	(27,993)	(12,412)
Cash and cash equivalents at beginning of period	44,042	31,630	(12,412)	44,042
Cash and cash equivalents at end of period	46,550	6,145	(40,405)	31,630

VI. Revised Forecasts for the Fiscal Year Ending March 31, 2017

Based on the 2Q Financial Results, NTT Com has revised forecasts for fiscal year ending March 31, 2017, which the Company announced on May 13, 2016.

(Billions of yen)

	Year Ending March 31, 2017 (Forecasts)	Year Ending March 31, 2017 (Revised Forecasts)	Change
Operating Revenues	1,290.0 (910.0)	1,280.0 (920.0)	- 10.0 (+ 10.0)
Operating Income	120.0 (88.0)	120.0 (88.0)	-
Recurring Profit	- (102.0)	- (102.0)	-
Net Income	- (72.0)	- (72.0)	-

* The top line figures in each cell are for NTT Communications Group. The figures in parentheses are for NTT Communications only.

* Forward-looking statements and projected figures concerning the future performance of NTT Com, NTT and their respective 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 Com in light of information currently available to it regarding NTT Com, 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 Com, NTT and their respective 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.