Moving Forward Together
As Your Value Partner
Steadily implementing the Medium-Term Management Strategy and aiming to achieve sustained gains in corporate value as the “Value Partner” that customers continue to select.

ICT continues to advance on a daily basis. The Internet has changed people’s lifestyles, and cloud services have substantially increased companies’ productivity. In the same way, IoT, Big Data, and AI technologies will likely foster further significant changes around the world. NTT Group is aware of its role as an enterprise with responsibility for ICT, and we will work to create new businesses and services and to achieve sustained gains in corporate value through collaboration with a variety of partners around the world as the “Value Partner” that customers continue to select.

I would like to ask for your ongoing support of NTT Group in the years ahead.

President and Chief Executive Officer,
Representative Member of the Board
### Composition by Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Operating Revenues</th>
<th>Operating Income</th>
<th>Capital Investment</th>
<th>Number of Employees</th>
<th>Consolidated Subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Communications Business</td>
<td>26.0%</td>
<td>12.3%</td>
<td>34.6%</td>
<td>907</td>
<td></td>
</tr>
<tr>
<td>Data Communications Business</td>
<td>28.6%</td>
<td>17.2%</td>
<td>19.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile Communications Business</td>
<td>59.0%</td>
<td>36.9%</td>
<td>35.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Businesses</td>
<td>9.9%</td>
<td>7.2%</td>
<td>6.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### NTT Group

#### Business Activities:
- **Regional Communications Business**
  - Regional telecommunications operations in Japan and related businesses, etc.
  - Major Services: FTTH and other services
  - Competitive Advantages: In the field of regional telecommunications, comprehensive strengths (reliability/stability of services and area coverage), large market share, and extensive customer base

#### Business Activities:
- **Long Distance and International Communications Business**
  - Long-distance telecommunications operations in Japan, international telecommunications business, solutions business, and related businesses
  - Major Services: Cloud services, data center services, migration support services, and other services
  - Competitive Advantages: In the fields of long-distance and international telecommunications, comprehensive strengths (reliability/stability of services and area coverage), extensive service lineup, including application services and cloud services, large market share, and extensive customer base

#### Business Activities:
- **Mobile Communications Business**
  - Mobile phone business and related businesses, etc.
  - Major Services: LTE mobile phone services and other services
  - Competitive Advantages: In the mobile telecommunications market, technical and R&D capabilities, as demonstrated by the LTE Xi service, network quality, service development capabilities, including partnerships with related companies, large market share, and extensive customer base

#### Business Activities:
- **Data Communications Business**
  - System integration, network system services, etc., in Japan and overseas
  - Major Services: ERP services, ICT outsourcing, and other services
  - Competitive Advantages: In the IT services market, neutrality, technical capabilities, reliability, and foresight, as well as results and know-how in large-scale systems that leverage these capabilities in such fields as the public sector and finance

#### Other Businesses
- Business Activities: Real estate, finance, construction / electric power, system development, advanced technology development, etc.
NTT Group has undergone a transformation of business structure based on “Towards the Next Stage,” the medium-term management strategy announced in 2012. In May 2015, NTT Group announced “Towards the Next Stage 2.0,” which aims to continue on with and strengthen the strategy, and it is now taking steps toward becoming a “Value Partner” that customers continue to select.

**Medium-Term Management Strategy, “Towards the Next Stage 2.0”**

**The NTT Group’s EPS-Focused Management**

NTT Group has undergone a transformation of business structure based on “Towards the Next Stage,” the medium-term management strategy announced in 2012. In May 2015, NTT Group announced “Towards the Next Stage 2.0,” which aims to continue on with and strengthen the strategy, and it is now taking steps toward becoming a “Value Partner” that customers continue to select.

**Announced in November 2012**

“Towards the Next Stage”

**Announced in May 2015**

“Towards the Next Stage 2.0”

**Achieved**

Fiscal year ended March 31, 2016

**EPS Growth**
At least 60%

**EPS** At least 400 yen

Fiscal year ending March 31, 2018

1. Expanding Global Business / Increasing Overseas Profit
   - Expanding overseas sales
   - Creating overseas operating profits

2. Enhancing Profitability of Domestic Network Business
   - Streamlining capital investment
   - Reducing costs


4. Stock Repurchases

*FY2011 as benchmark
Expanding Global Business / Increasing Overseas Profit

Accelerating Profit Generation of Global Cloud Services

NTT Group has taken steps to enhance its global cloud services lineup through M&A, and we have promoted cross-selling through collaboration among Group companies. Consequently, we are starting to see solid results in our global business.

In the fiscal year ended March 31, 2016, overseas sales increased to $15.6 billion, and overseas operating income rose to $0.69 billion.

Overseas sales of $22.0 billion has come into view. Moving forward, we will take on the challenge of achieving our target for operating income, which has been set at a high level. To that end, we will accelerate Groupwide initiatives to increase sales and enhance cost efficiency.

Strengthening the Service Promotion System on Three Axes

To provide one-stop solutions to the diverse needs of customers around the world, we are strengthening the service promotion system on the following three axes.

1. **Full stack**: Provision of services in a wide range of fields related to cloud services, from ICT infrastructure to applications.
2. **Full life-cycle**: Ability to handle everything from cloud migration consulting to system construction and maintenance.
3. **Footprint expansion**: Ability to provide services on a global scale.

Strengthening the Service Promotion System on Three Axes

- M&A + Organic growth
- Overseas Sales: $15.0 billion
- Operating Income: $0.67 billion
- M&A + Organic growth
- Overseas Sales: $15.6 billion
- Operating Income: $0.69 billion

**Global Cloud Business Promotion System**

Global Cloud Business Promotion System

Strengths of NTT Group

NTT Group is a unique all-round player that has the ability to provide full-stack, full life-cycle services. In global cloud services, it is important to be able to provide total solutions—from data centers and networks to applications. Accordingly, global cloud services is a field in which NTT Group can fully leverage its strengths.

Ability to Provide Global Business Services—Comparison of NTT Group and Other Companies

<table>
<thead>
<tr>
<th>Data Centers (including co-location)</th>
<th>NTT</th>
<th>Telecom (A)</th>
<th>Cloud (A)</th>
<th>IT Vendor (A)</th>
<th>Star (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network Integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Networks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apps (ERP, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Hosted Private</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td></td>
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</tr>
</tbody>
</table>

Note: Evaluation of ability to provide global cloud services. Top tier: (*) tier. Geographically limited — Not provided / provided on limited basis.

External Evaluations

NTT Group has earned high evaluations in the ICT services field from overseas research institutions, and the Group’s presence in global markets is steadily increasing. Consequently, we are receiving an increasing number of inquiries from global companies.

Global Cloud Business Evaluations

<table>
<thead>
<tr>
<th>Data Center total floor space</th>
<th>NTT Group</th>
<th>Network Services, Global***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Intelligence- Transit*</td>
<td>NTT Group</td>
<td>NTT Communications</td>
</tr>
<tr>
<td>Managed Security Services, Worldwide**</td>
<td>NTT Group</td>
<td>NTT Communications</td>
</tr>
<tr>
<td>Cloud-Enabled Managed Hosting, Asia/Pacific****</td>
<td>NTT Group</td>
<td>NTT DATA</td>
</tr>
</tbody>
</table>

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** Source: "Magic Quadrant for Managed Security Services, Worldwide" Kelly M. Kawakami/Toby Bussa, 23 December 2015
*** Source: "Magic Quadrant for Network Services, Global" Neil Richardson/Kim McHugh, 04 January 2016
**** Source: "Magic Quadrant for Cloud-Enabled Managed Hosting, Asia/Pacific" To Ching Eng/Thomas/vincent Ruckman Roy, 11 November 2015

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Medium-Term Management Strategy, “Towards the Next Stage 2.0”

1 Expanding Global Business / Increasing Overseas Profit

Cross-Selling

In regard to global cross-selling in the fiscal year ended March 31, 2016, we received an order totaling more than $100 million from a customer in the manufacturing industry in Europe and the United States for large cloud-migration and IT full-outsourcing projects. The contract value of cross-selling orders totaled $400 million for the fiscal year, and the aggregate contract value of cross-selling orders reached $1.6 billion.

Moving forward, we will continue working to strengthen cross-selling. To that end, we will target projects centered on growth drivers, such as cloud and security projects, and on projects that leverage the comprehensive strengths of NTT Group for global accounts.

Cross-selling of existing services, mainly IT infrastructure

<table>
<thead>
<tr>
<th>Fiscal year ended March 31</th>
<th>Aggregate contract value of cross-selling orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/3</td>
<td>$62 million</td>
</tr>
<tr>
<td>2012/3</td>
<td>$147 million</td>
</tr>
<tr>
<td>2013/3</td>
<td>$290 million</td>
</tr>
<tr>
<td>2014/3</td>
<td>$900 million</td>
</tr>
<tr>
<td>2015/3</td>
<td>$1,190 million</td>
</tr>
<tr>
<td>2016/3</td>
<td>$1,625 million</td>
</tr>
</tbody>
</table>

Total IT solution triggered by cloud service

Advancing global account management

Towards worldwide, including emerging countries

Principal Cross-Selling Orders Track Record

Increasing inquiries from and transactions with global companies by enhancing our presence

**AMERICAS**
- **NTT DATA**
  - Texas Department of Transportation
- **NTT DATA**
  - Healthcare provider
- **NTT DATA**
  - Business platform construction
- **NTT DATA**
  - Dairy farming sector
- **NTT DATA**
  - Medical equipment manufacturer

**EUROPE**
- **NTT DATA**
  - Consumer goods manufacturer
- **NTT DATA**
  - Non-ferrous metals sector
- **NTT DATA**
  - Medical institution
- **NTT Data**
  - Manufacturing sector

**JAPAN**
- **chubu data**
  - ANA
- **chubu data**
  - Financial Institution
- **chubu data**
  - Medical institution

**APAC**
- **NTT DATA**
  - May Bank
- **NTT DATA**
  - Medical equipment manufacturer

**Positioning of NTT Security**

As a service development and wholesale company, NTT Security will provide managed security services through NTT Group operating companies on a worldwide basis. Dimension Data, NTT Communications, NTT DATA, and other NTT Group operating companies will fully utilize their individual marketing capabilities and implement the worldwide provision of total solutions that combine the advanced technologies and services offered by NTT Security.

**Establishing NTT Security**

To support the global provision of competitive security services, in June 2016 NTT established NTT Security, a specialized security company. NTT Security integrates the advanced analytics technologies, threat intelligence, and the security experts of NTT Com Security, Solutionary, Dimension Data, NTT Innovation Institute, and NTT Communications.
United States

Start of provision of services at California Sacramento 3 (CA3) Data Center

Carlisle & Gallagher Consulting Group, Inc., a financial IT consulting company, became a subsidiary

Start of construction of Texas Dallas 1 (TX1) Data Center

Reached agreement with Dell Inc. to acquire the Dell Services Division, a provider of cloud services, applications-related services, and other services, with principal customers in the healthcare and other industries.

Strategic Moves for Global Services

From April 2015 to March 2016
Aggressively Streamlining Capital Investment and Reducing Costs

In network services, we are working to thoroughly increase efficiency in existing businesses and to strengthen profitability.

Streamlining Capital Investment

We will invest aggressively to expand business in growth fields, such as the global cloud business. On the other hand, we will implement thorough measures to increase efficiency in capital investment in the domestic network business.

We have a target of reducing capital investment in the domestic network business by at least ¥200.0 billion over the three-year period ending March 31, 2018. The expansion of DOCOMO’s LTE service area has transitioned from widespread expansion to spot-based initiatives, and as a result investment has been reduced. In addition, NTT East and NTT West have reduced fiber-optic related investment. Consequently, we achieved reductions of ¥95.7 billion in the fiscal year ended March 31, 2016. We are making favorable progress toward the achievement of our medium-term financial targets.

Moving forward, we will work to achieve our reduction target by continuing to cooperate with Group companies and advancing initiatives to further increase efficiency.

Reducing Procurement Costs

Implementing efficient procurement by unifying technical specifications for procured goods

Improving and Optimizing IT Systems

Increasing efficiency of IT systems through the use of virtualization technologies and other leading-edge technologies

Improving Efficiency of Facility Use

Introducing more-advanced, higher-capacity equipment

Building efficient facilities through software control technologies

Cost Reductions

Reducing capital investment in domestic network business by at least ¥200.0 billion by the fiscal year ending March 31, 2018

Reducing costs in fixed-line/mobile access networks by at least ¥600.0 billion by the fiscal year ending March 31, 2018

Specific Breakdown of Cost Reduction Amounts

- **Human Resources Costs**
  - Approximately ¥100.0 billion reduction accompanying a decline in the number of employees due to retirements, principally in the NTT East Group and NTT West Group, etc.
  - Number of employees (employees)
    - 6,000
    - 4,000
    - 2,000

- **Facilities Costs**
  - Approximately ¥300.0 billion reduction in depreciation expenses due to further streamlining of capital investment
  - (Additional ¥100.0 billion in May 2016) etc.

- **Other Costs**
  - Approximately ¥400.0 billion reduction due to further gains in operational efficiency resulting from lower marketing costs accompanying increased efficiency in sales
  - (Additional ¥100.0 billion in May 2016) etc.
Make Good Use of “2020” and the Government’s “Vitalization of Local Economies” Initiative as Opportunities to Accelerate the Migration to B2B2X

Targeting sustained growth in domestic businesses, we will create high-value-added services and accelerate the transition to the new B2B2X business model through collaboration with companies in other fields and with municipalities.

In preparation for the Tokyo 2020 Olympic and Paralympic Games*, we will advance collaboration with partner companies.

We will also work to support “vitalization of local economies” initiatives. In these ways, we aim to open up new markets and create services that will become the standard of the next generation.

* NTT East, NTT West, NTT Communications, and NTT DOCOMO are Gold Partners (Telecommunications Services) for the Tokyo 2020 Olympic and Paralympic Games.

Conclusion of Cooperation on “Smart Stadium” Project

In July 2016, NTT Group, the J.League, and DAZN (live sports streaming service provided by Perform Group) concluded a cooperation on the Smart Stadium project, a groundbreaking initiative to promote the advancement of ICT (Information and Communication Technology) in J.League stadiums and club hometowns.

Beginning with the home grounds of J.League clubs, the Smart Stadium project will seek to establish Wi-Fi access and information services in stadiums throughout Japan. From internet access to new enjoyable content and services, the ICT initiative will extend the fan experience from the stadium to nearby communities in exciting ways. Clubs and players will be provided with innovative ways to cultivate new fans through this initiative, in turn establishing deeper connections with their local regions.

Policy for Stock Repurchases

With the objectives of achieving EPS targets and improving capital efficiency, the Company takes an agile and flexible approach to stock repurchases, with consideration for business and market trends. Moving forward, we will work to achieve EPS target of at least ¥400 through profit growth and stock repurchases.

Stock Repurchases (Cumulative)

We had implemented stock repurchases of ¥93.6 billion in the fiscal year ended March 31, 2016, and in the fiscal year ending March 31, 2017, we implemented stock repurchases of ¥267.4 billion as of August 2016. The cumulative total of stock repurchases has reached approximately ¥3.1 trillion.

(Reference) Dividends per share

NTT’s basic dividend policy positions dividends as the central element in shareholder return and calls for enhancing dividends over the medium term. In the fiscal year ending March 31, 2017, the Company plans to increase annual dividends by ¥10 per share, to ¥120 per share, an increase of 4.8 times over a period of 13 years. Moving forward, the Company will work to enhance dividends, taking into account a full range of factors, including business performance, financial standing, and dividend payout ratio while giving consideration to stability and sustainability.

Participating in the Sapporo City ICT Utilization Platform Study Panel

In July 2016, aiming to build an advanced model for next-generation ICT community development, NTT joined the Sapporo City ICT Utilization Platform Study Panel, which was established by Sapporo City.

As a member of the study panel, through the provision of know-how related to advanced ICT, NTT will work to support the creation of new ICT businesses by local companies, the realization of highly convenient lifestyles, and the enhancement of services for residents. We will take steps in preparation for the 2017 Sapporo Asian Winter Games (opening in February 2017), for which NTT East and NTT DOCOMO are Gold Partners. In the Sports / Tourism ICT Promotion Subcommittee, we will consider how to further establish the Sapporo brand in Asia and around the world. To that end, we will examine the establishment and testing of a framework for the total enjoyment of tourism in Sapporo City before, during, and after this event through the utilization of advanced ICT.
Our Businesses

Regional Communications Business

In the Regional Communications Business Segment, we worked to develop our B2B2C business through the Hikari Collaboration Model, the wholesale provision of fiber-optic access infrastructure services to various service providers.

Details of Major Initiatives

1. Expanding Collaboration with Companies in Other Industries under the Hikari Collaboration Model

With regard to the Hikari Collaboration Model, the number of service providers providing wholesale service was around 350 companies at the end of the fiscal year ended March 31, 2016, as we promoted collaborative projects with not only mobile network operators and ISPs but also business operators in diverse industries including the energy industry, real estate industry, and security industry. In the cable television industry, new use cases were born, including the adoption of the Hikari Collaboration Model in the conversion of all service areas to fiber optics. As a result of these initiatives, the number of fiber-optic access services subscriptions using this model was 4.69 million as of March 31, 2016.

2. Reducing Costs and Raising Efficiency in Capital Investment

With the development of the Hikari Collaboration Model, we achieved a large-scale reduction in marketing costs. Furthermore, by simplifying and streamlining networks and further increasing the usage of existing facilities, we worked to make capital investment more efficient.

3. Expanding Wi-Fi Service Coverage Areas

For companies and municipalities, Wi-Fi is a powerful tool for the provision of their own information services. We took steps to promote the introduction of Wi-Fi in various regions as an opportunity to improve convenience for the increasing number of visitors to Japan. As a result, the number of Wi-Fi area owners reached 300, as of March 31, 2016, a substantial increase from the end of the previous fiscal year.

Number of Subscriptions for Major Services (as of March 31, 2016)

<table>
<thead>
<tr>
<th>Service</th>
<th>Fiscal year ended March 31, 2016</th>
<th>Fiscal year ended March 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLET’S Hikari (FTTH)</td>
<td>19.26 million subscriptions (+0.54 million subscriptions from the previous fiscal year-end)</td>
<td>18.72 million subscriptions</td>
</tr>
<tr>
<td>FLET’S Denwa</td>
<td>5.35 million subscriptions (+0.09 million subscriptions from the previous fiscal year-end)</td>
<td>5.26 million subscriptions</td>
</tr>
<tr>
<td>FLET’S TV</td>
<td>4.69 million subscriptions (+0.27 million subscriptions from the previous fiscal year-end)</td>
<td>4.42 million subscriptions</td>
</tr>
<tr>
<td>NIKI Denwa</td>
<td>2.88 million subscriptions (+0.17 million subscriptions from the previous fiscal year-end)</td>
<td>2.71 million subscriptions</td>
</tr>
<tr>
<td>Hikari Collaboration Model</td>
<td>1.43 million subscriptions (+1.05 million subscriptions from the previous fiscal year-end)</td>
<td>0.38 million subscriptions</td>
</tr>
</tbody>
</table>

Note: The figures for FLET’S Hikari, NIKI Denwa, and FLET’S TV include the number of subscriptions for wholesale services provided to service providers through the use of the Hikari Collaboration Model by NTT East and NTT West.

Creating New Value through Business Activities

Provision of an ICT System that Reduces the Burden of Work for Childcare Workers

The government is implementing a plan to accelerate the elimination of waiting lists for day care, and to achieve that objective, obtaining childcare workers has become an important issue. On the other hand, a new support system for children and child-rearing was started in fiscal 2015 and day-care hours, which had previously been uniform, now vary for each day-care center in accordance with the work hours of the parents. Accordingly, day care centers need to keep accurate records of the arrival and departure times of the children. Day care centers also need to prepare forms requesting payment from parents of extended hours fees, which vary for different day-care hours, as well as forms needed for applications for assistance from municipalities. This has resulted in an increased work burden for childcare workers.

In cooperation with ANS, NTT East developed a collaborative project aimed at promoting local region activation through the conversion of Iida Cable Television’s entire service area to fiber optics, the expansion of the service area, and the enhancement of services. This project will utilize NTT East’s fiber-optic access services*. By extending this precedent to other cable television operators, we will work to promote further use of fiber-access services.

In October 2015, Iida Cable Television and NTT East agreed to develop a collaborative project aimed at promoting local region activation through the conversion of Iida Cable Television’s entire service area to fiber optics, the expansion of the service area, and the enhancement of services. This project will utilize NTT East’s fiber-optic access services*. By extending this precedent to other cable television operators, we will work to promote further use of fiber-access services.

* FLET’S Hikari Next, which is provided by NTT East, or fiber-optic access services provided by companies under the Hikari Collaboration Model.
Long Distance and International Communications Business

In the Long Distance and International Communications Business Segment, in addition to expanding our cloud computing platforms and enhancing our provision of seamless ICT solutions combining network and security, etc., we worked to enhance our service provision in growth areas such as cloud services and IT outsourcing.

Financial Results for the Year Ended March 31, 2016

<table>
<thead>
<tr>
<th>Financial Year Ended March 31</th>
<th>Operating Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/3</td>
<td>¥2,250.9 billion</td>
<td>¥96.7 billion</td>
</tr>
<tr>
<td>2015/3</td>
<td>1,657.9</td>
<td>121.3</td>
</tr>
<tr>
<td>2016/2</td>
<td>1,803.4</td>
<td>122.5</td>
</tr>
<tr>
<td>2015/2</td>
<td>1,994.6</td>
<td>113.6</td>
</tr>
<tr>
<td>2014/3</td>
<td>2,209.8</td>
<td>96.7</td>
</tr>
</tbody>
</table>

Details of Major Initiatives

1. Strengthening Our Platform for the Provision of Cloud Services
   In order to strengthen our ability to meet the demand for cloud services and data centers in various global regions, we began providing services at new data centers, that achieve high reliability through redundancy of electric power facilities and telecommunications equipment as well as enhanced security, in Sacramento in North America, Vienna in Europe, and Hong Kong, Mumbai, and Bangkok in Asia. Furthermore, we acquired one of the largest data center operators in Indonesia, PT Cyber CSF (headquartered in Jakarta). As a result of efforts to proactively expand cloud computing platforms, NTT Group’s data centers were ranked as top class in the world in terms of both total floor space and potential server installation space according to a report by U.S. TeleGeography (published in October 2015).

2. Strengthening Network Services Functions
   In August 2015, we commenced the provision of Multi-Cloud Connect, which enables the secure usage of cloud services, such as Microsoft Azure and Amazon Web Services, using Arcstar Universal One, a VPN for companies. In this way, we continued working to expand access services.

3. Strengthening Our Marketing System
   Toward our goal of business expansion in growth fields such as cloud services and IT outsourcing, we strengthened our operational structure by securing personnel in various regions.

Creating New Value through Business Activities

Cooperation with Kanazawa-Nishi Hospital to Jointly Launch Field Trials of Ogenki Rhythm (provisional name), a Service to Watch over Senior Citizens Based on Their Electricity Usage

As society ages, there are growing needs for the ability to watch over the health of senior citizens who live in distant locations. By leveraging its strengths in such areas as IoT, cloud services, and network services, NTT Communications commenced field trials of Ogenki Rhythm (provisional name) in August 2015. This service for watching over senior citizens is easy for both those monitoring and those being monitored. The installation of an IoT device (sensor) on the distribution switchboard enables the lifestyle rhythms of senior citizens who are living alone to be determined from trends in their electricity consumption (sleeping, out of the house, and at home). The results can be seen on a smartphone application. In cooperation with Kanazawa-Nishi Hospital in Kanazawa City, Ishikawa Prefecture, field trials are being conducted and verification is being implemented in preparation for commercialization.
Mobile Communications Business

In the Mobile Communications Business Segment, we worked to promote sales of the billing plan Kake-hodai & Pake-aeru and of docomo Hikari. In addition, we took steps to enhance revenue and profitability in the Smart Life area, such as providing value-added services through collaboration with various business partners.

### Details of Major Initiatives

1. **Enhancing Billing Plans**
   In addition to promoting the sales of its Kake-hodai & Pake-aeru, as a billing plan tailored to suit a customer's stage of life that offers more affordable rates to long-term users, we newly launched the Kake-hodai Light Plan in September 2015, and the Share pack ® in March 2016. As a result, the number of subscriptions to Kake-hodai & Pake-aeru, reached 29.70 million as of March 31, 2016.

2. **Advancing Sales of docomo Hikari**
   By utilizing the Hikari Collaboration Model from the Regional Communications Business Segment, we promoted the sales of the docomo Hikari Pack, which bundles fiber-optic access infrastructure services, internet access service, and mobile service. As a result, the number of subscriptions to docomo Hikari reached 1.57 million as of March 31, 2016.

3. **Strengthening Profitability in the Smart Life Area**
   In order to strengthen profitability in the Smart Life area, in addition to content services, finance and settlement services, we pursued the +d Initiative, which was aimed at creating new added value through collaboration with various business partners. Specifically, in addition to commencing testing of a revolutionary rice-planting management system in Niigata City, we began offering d POINTs, our new loyalty point program that can be used at convenience stores and fast food restaurants, etc.

### Number of Subscriptions for Major Services

In August 2015, NTT DOCOMO commenced free distribution of Move & Flick®, a new text entry application for smartphones. This application facilitates the entry of text by not only individuals with visual disabilities but for all customers. Going forward, we will continue working to enhance services that make lifestyles more convenient and comfortable for all customers.

### Start of the Provision of Move & Flick®, a New Text Entry Application

In August 2015, NTT DOCOMO commenced free distribution of Move & Flick®, a new text entry application for smartphones. This application facilitates the entry of text not just for people with visual disabilities but for all customers. Accordingly, Move & Fick® increases the convenience of text entry not just for people with visual disabilities but for all customers. Going forward, we will continue working to enhance services that make lifestyles more convenient and comfortable for all customers.
In the Data Communications Business Segment, we responded to the acceleration of our customers’ expansion in the global market and the diversification and increased sophistication of their needs by working to expand our business in the global market and to expand and reliably provide a range of IT services, such as system integration, that are responsive to the changes in the market.

**Details of Major Initiatives**

1. **Strengthening Global Business Foundation through M&A**
   To strengthen consulting services to the global financial services industry, we acquired Carlisle & Gallagher Consulting Group, Inc. (headquartered in the U.S.), a leading US provider of financial IT consulting and system deployment. To increase our presence centered on North America and to enhance cloud services and BPO services using cutting-edge technology, we reached an agreement with Dell Inc. to acquire the Dell Services Division, a leading provider of digital solutions services tailored to the healthcare industry.

2. **Supporting Advances in Omni-Channel Initiatives in the Retail Industry**
   In the retail industry, we took steps to provide support for the development of omni-channel initiatives, which link real stores and e-commerce sites to provide purchase opportunities that are aligned with the activities of users. To that end, we provided total solution services for integrated management of product, customer, inventory, and order information.

3. **Advancing the Provision of IoT Services**
   We started providing IoT platforms that collect and distribute the information of various “things” including electronic devices such as sensors and plants, and we promoted the development of IoT services for monitoring services for supply and waste water utility operators.

**Creating New Value through Business Activities**

**Participation in the Establishment of a Digital Archive, Including Assets of the Spanish Royal Family**

We received an order from Patrimonio Nacional, an organization that manages the assets of the Spanish royal family. This order is about establishing a digital archive system covering valuable books and magazines as well as relevant contents that have been individually stored and managed by multiple institutions including the Royal Library of Spain.

To date, we have utilized IT to contribute to the passing down of precious historical treasures, such as participating in a digital archive project at the Vatican Apostolic Library. This project uses the AMLAD® (Advanced Museum Library Archives Deposit) digital archive solution for the centralized archiving of rare collections that have been managed at the national level in Spain. In this way, we will strive to contribute not only to the achievement of increased efficiency in the management of assets but also to the passing down of culture to future generations. We will use the results from these socially and culturally significant projects to reinforce our brand power and expand our overseas business.

**Financial Results for the Year Ended March 31, 2016**

<table>
<thead>
<tr>
<th></th>
<th>Fiscal year ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015/3</td>
</tr>
<tr>
<td>Operating Revenues</td>
<td>¥1,302.6 billion</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥86.8 billion</td>
</tr>
</tbody>
</table>

**PICK UP**

**Total Support for the Establishment of the Seven & i Group’s omni7 E-Commerce Site**

In response to omni-channelization by the Seven & i Group, which is aligning sales channels such as actual stores and EC sites beyond the barriers among convenience stores, supermarkets and department stores, we played a central role as a member of Team IT, a team of leading vendors from various technical fields. We worked on the creation of a cross-sectoral EC site of Group, omni7, from the planning stage and contributed to the grand opening of the site in November 2015 by supporting the entire process from the upstream stage of conception to designing of operations to execution of the system and by cooperating with a great number of parties concerned including other vendors.

We participated from the planning stage and provided total support, from upstream concept formulation to implementation, for the establishment of omni7, the Seven & i Group’s integrated e-commerce site.

**Strengthening Global Business Foundation through M&As**

- Serving as a core partner in a Team IT approach that combines top vendors in each technical field
- Project planning and implementation
- Identifying a wide range of solutions, from electronic commerce to member management
- Service development
- Significant contribution to consumer purchase experience

**Supporting Advances in Omni-Channel Initiatives in the Retail Industry**

- Participant in the Establishment of a Digital Archive, Including Assets of the Spanish Royal Family
- Significantly contributing to consumer purchase experience

- Offering cutting-edge technology to redefine the solutions and services provided in the past
- Pushing into omni-channelization to redefine services provided
- Identifying a wide range of solutions, from electronic commerce to member management
- Service development
- Significant contribution to consumer purchase experience

**Advancing the Provision of IoT Services**

- Creating New Value through Business Activities
- Identifying a wide range of solutions, from electronic commerce to member management
- Service development
- Significant contribution to consumer purchase experience

**Service Innovation Technologies**

- Development / operation
- Efficient development of large-scale, advanced systems
- Significant contribution to consumer purchase experience

- Developing and delivering advanced systems
- Identifying a wide range of solutions, from electronic commerce to member management
- Service development
- Significant contribution to consumer purchase experience

**Our Businesses**

- Mobile
- Affiliates
- Member management

**NIPPON TELEGRAPH AND TELEPHONE CORPORATION CORPORATE PROFILE 2016**
Other Businesses

In other businesses, we mainly provided services related to the real estate, finance, construction and electric power, and system development businesses.

### Operating Revenues and Income

<table>
<thead>
<tr>
<th>Fiscal Year Ended March 31</th>
<th>2015/3</th>
<th>2016/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues (billion yen)</td>
<td>1,251.9</td>
<td>1,328.5</td>
</tr>
<tr>
<td>Operating Income (billion yen)</td>
<td>53.3</td>
<td>56.1</td>
</tr>
</tbody>
</table>

### Financial Results for the Year Ended March 31, 2016

**Operating Revenues:** ¥1,294.5 billion

**Operating Income:** ¥74.0 billion

### Details of Major Initiatives

#### Real Estate Business

**NTT UD**

NTT Urban Development, which is the Group’s only comprehensive real estate company, engages in office building and commercial facility operations, as well as residential operations, which are implemented principally through the Wellith brand. In addition, NTT Urban Development utilizes the know-how that it has cultivated in these business fields to implement initiatives in such areas as global business and real estate fund business.

#### Finance Business

**NTT FINANCE**

As the core finance company of NTT Group, NTT FINANCE provides leasing, financing, and other financial services, centered on information-related equipment. NTT FINANCE also provides billing and collection services for telecommunications service bills as well as credit card transaction settlement services.

#### Construction and Electric Power Business

**NTT FACILITIES**

NTT FACILITIES provides one-stop solutions for buildings and energy facilities, ranging from planning and design services to construction, maintenance, operation, and upkeep services. NTT FACILITIES takes steps to combine and utilize its technologies in the fields of ICT, energy, and construction to the fullest extent. These initiatives include the design, construction, and operation of large-scale solar power generation systems and data centers. In addition, NTT FACILITIES makes proposals for secure, safe construction projects featuring high environmental capabilities and long lives.

#### System Development Business

**NTT COMWARE**

To support the NTT Group’s telecommunications networks, NTT COMWARE has enhanced its capabilities in the areas of technology, development, operations, and support. On that foundation, NTT COMWARE works in the system integration business, centered on work within NTT Group. NTT COMWARE has defined its core competencies as integration, migration, and operations. NTT COMWARE is working to develop systems and services to provide optimal, high-quality ICT services to customers.

#### Advanced Technology Development Business

**NTTAI**

These companies work in the advanced technology development business, where they offer technology consulting using combinations of network technologies, media processing technologies, and other advanced technologies from Japan and overseas. In addition, these companies work in the development, production, and sales of communications-use custom LSIs and optical devices that are indispensable in the realization of high-capacity communications networks. Other initiatives include the provision of total solutions related to software design/development and information/communications networks as well as the application of the advanced technologies of NTT Laboratories in the design, development, maintenance, and operation of products and in the provision of services.

**NTTElectronics**

**NTTSOFT**

**NTTAD**

**ICR** InfoCom Research, Inc.

**NTT Learning Systems**

**NTT BUSINESS ASSOCIE**

**NTT LOGISCO**

**NTT&** etc.

#### Others

Others
Research and Development

NTT Group’s R&D

R&D that Advances Growth Strategies

NTT Group is moving ahead with initiatives to follow a track of growth in profits under the Medium-Term Management Strategy, “Towards the Next Stage 2.0.” The Group is implementing R&D activities in accordance with this strategy.

We are working to create competitive technologies, which are the source of growth for the Group, and to implement development activities that support increases in cost efficiency, such as network simplification. Furthermore, we are striving to develop technologies to advance the creation of new value through collaboration with other companies and to implement leading-edge research with a focus on the future. Moreover, we will use the new technologies that result from these R&D initiatives to address a number of objectives. These include working to achieve sustained gains in corporate value through the resolution of social issues, such as the aging of the population; to strengthen industrial competitiveness, which is an objective of the national government; and to contribute to the development of society through the vitalization of local economies.

Creating Competitive Technologies That Will be Sources of Growth for NTT Group

Security Orchestration

Strategically, security is an extremely important development theme for maintaining a competitive edge in global cloud services and for building a solid platform for the generation of new businesses through the B2B2C model.

Cyber-attacks continue to grow more skilled and sophisticated each year. In particular, there is a need for rapid, effective security measures for networks, which can influence the entire social infrastructure. Accordingly, NTT Group is advancing the development of security orchestration technologies. For example, reflection DDoS attacks cause network congestion with huge amounts of traffic, but our security orchestration technologies can shut off these attacks at the optimal point, without hindering normal traffic. In addition, networks can be restored in an autonomous manner through automatic control. NTT Group will therefore introduce these technologies on entire networks.

AI and IoT Targeted by NTT Group

NTT Group does not aim for AI that emulates human intelligence or thinking but rather for AI that substitutes for and supports certain activities and that coexists and co-creates with people, thereby fostering the realization of abundant lifestyles.

We have defined four types of AI technologies that we will work with: Agent-AI, Heart-Touching-AI, Ambient-AI, and Network-AI, and we have chosen corevo™ as the brand name for the Group’s AI technologies.

We are already advancing a variety of initiatives that utilize our AI through collaboration with diverse partners, and these initiatives incorporate the concept of fostering a revolution in technology.

NTT Group is aiming for sentient IoT, which integrates locally, which is one of the characteristics of IoT, with the concept of Ambient-AI (analysis of humans, objects, and environments; instant forecasting and management). Based on this approach, NTT Group has developed and is providing R-env: Rembu®, a general-use, shared interface that facilitates free combinations of robots and a wide range of other IoT devices, Big Data processing technologies, visual and voice recognition technologies, and other technologies. New services utilizing these technologies are already being created in such fields as finance, transportation, nursing care, lifestyles, and business.

Increasing Network Cost Efficiency

Achieving Both Cost Reductions and Flexible, Rapid Service Provision

To date, it has been difficult to advance the utilization of general-use products on carrier networks, where high reliability and high scalability are required. Accordingly, there have been limits on operational flexibility and on thorough cost reduction initiatives. NTT Group has formulated the NetroSphere concept, which makes it possible to divide network functions into small modular components and freely assemble those components to create diverse services. Targeting the realization of this concept, we are implementing R&D initiatives utilizing virtualization technologies with next-generation carrier networks. Through the use of virtualization technologies, such as NFV*1 and SDN*2, and inexpensive, general-use products, we are working to develop technologies that realize highly reliable network services utilizing inexpensive, general-use products and also provide necessary services in a flexible, rapid manner. These technologies will facilitate efficient network operation, and reductions in capital investment and operating expenses can be anticipated.

*1 Network Functions Virtualization

*2 Software Defined Networking

<table>
<thead>
<tr>
<th>Four Types of AI in NTT’s R&amp;D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area-centric control</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Network-AI</th>
<th>Agent-AI</th>
<th>Heart-Touching-AI</th>
<th>Ambient-AI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpret information generated by a human and understand intentions and emotions (speech, facial expressions, muscle activation; estimate neurological activation, muscle activation, estimate state of mind)</td>
<td>Integrate knowledge to make a human-like, continuous, natural human-to-human conversation</td>
<td>Interprets subconscious intentions and emotions (speech, facial expressions, muscle activation; estimate neurological activation, muscle activation, estimate state of mind)</td>
<td>Interprets the universe (nature, events, environment) and forecasts and manages it instantly</td>
</tr>
</tbody>
</table>
Dynamic map
Vehicle condition
hitoe
supports training through the recording and management of
DOCOMO has provided Runtastic for docomo, a service that
ted by the body, include electrocardiographic, electromyo-
These biometric signals, which are weak electrical signals emit-
ted when a user wears clothing that incorporates
hitoe
Toray Industries. Biometric signals can be measured and col-

Creating New Value through Collaboration

hitoe® is a functional material that was developed jointly with
Toray Industries. Biometric signals can be measured and col-
lected when a user wears clothing that incorporates hitoe®.
These biometric signals, which are weak electrical signals emit-
ted by the body, include electrocardiographic, electromyo-

tic, and electroencephalographic signals. Since 2014, NTT
NTT's edge computing technologies and high-reliability wireless

Crashless Car
Together with Toyota and Preferred Networks, NTT has imple-
mented a demonstration of the concept of Crashless Car.
Toyota’s concept of AI driving was realized with the use of
NTT’s edge computing technologies and high-reliability wireless

tories, and moving forward we will strive to identify further possibilities for business creation.

Strengths of hitoe®
• When a user wears clothing that incorporates hitoe®, it is possible to monitor biometric information for the heart rate, electrocardiogram waveform, and accelerometer for long periods without stress.
• It is possible to evaluate both physical and mental condition through analysis of the biometric information that has been acquired.
• It is possible to monitor multiple people simultaneously and in real time because the results of the analysis are managed on the cloud.

Future Applications of Crashless Car

In addition, with the objectives of realizing heat countermea-
sures and safety management for work performed alone, such as
late at night, we worked together with Toyota to develop
clothing that offers superior comfort. Moreover, we acquired
and analyzed data and implemented initiatives to build a system
with high level of accuracy and superior usefulness. We recently
began to provide a service that uses hitoe® to monitor workers.
We are currently advancing collaborative initiatives with part-
ners in a variety of industries, and moving forward we will strive to
identify further possibilities for business creation.

Initiatives for 2020

Kirari® is an immersive telepresence technology that combines
next-generation compression standards (HEVC) and Advanced

Visual Search

Through the utilization of Kirari® technology in such areas as sports competition and concerts, it will be possible to enjoy realistic sports viewing and public performances even from remote locations.
Effective contributions to the resolution of social and environmental issues serve to reduce medium-to-long-term risks for NTT Group while also increasing corporate value by helping realize a sustainable society.

**Value Creation through Social and Environmental Contributions**

**Medium-Term Management Strategy**

**Towards the Next Stage 2.0**

**INPUT**

- Increasing corporate value through the provision of services that contribute to the realization of a sustainable society
- Reinforcing NTT Group competitiveness and medium-to-long-term risk minimization

**Social**
- Contributions to Increased Productivity in Agriculture through ICT
- Contributions to Addressing Global Increase in Information Security Threats
- Reinforcement of Information Security and Personal Information Protection
- Ensuring stable and Reliable Telecommunications Services
- Pursuit of Customer Satisfaction
- Initiatives to Help Employees Fully Exercise Their Talents
- Respect for Human Rights
- Cooperation with Business Partners

**Environmental**
- Provision of Services Addressing Environmental Load Reduction Needs
  - Solar Power Generation Systems
  - Shinagawa Season Terrace
- Reduction of the Environmental Load of NTT Group’s Business
  - CO2 Emissions Reductions through Energy-Saving Equipment
  - Initiatives in Resource Reduction, Reuse, and Recycling

**OUTCOME**

- Creating a sustainable society by delivering the highest-quality ICT solutions
- Reinforcing NTT Group competitiveness and medium-to-long-term risk minimization
- Contributions to the realization of a sustainable society
- Increasing Corporate Value
- Medium-to-long-term risk minimization
**Corporate Data**

**Name**  
NIPPON TELEGRAPH AND TELEPHONE CORPORATION

**Head Office**  
Otemachi First Square, East Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8116, Japan

**Date of Establishment**  
April 1, 1985  
In accordance with the Nippon Telegraph and Telephone Corporation Law  
(Bill No. 85, December 25, 1984)

**Paid-In Capital**  
¥938 billion (As of March 31, 2016)

**Total Number of Shares Issued**  
2,096,094,470 (As of March 31, 2016)

**Number of Employees**  
2,750 (As of March 31, 2016)  
*241,450 employees (As of March 31, 2016, on a consolidated basis)*

**Members of the Board**

- **Chairman of the Board**  
  Satoshi Miura

- **President & CEO**  
  Hiroo Unoura

- **Senior Executive Vice Presidents**  
  Hiromichi Shinohara  
  Jun Sawada

- **Executive Vice Presidents**  
  Mitsuyoshi Kobayashi  
  Akira Shimada

- **Senior Vice Presidents**  
  Shunichi Okubo  
  Hiroki Kuriyama  
  Takashi Hiroi  
  Eiichi Sakamoto  
  Katsuhiko Shirai  
  Sadayuki Sakakibara

**Audit & Supervisory Board Members**

- Akiko Iida  
- Takao Memshina  
- Michiko Tomonaga  
- Seiki Ishii  
- Takashi Iida

**Organization Chart**

**Access**

Otemachi First Square  
Tokyo Metro: Chiyoda Line / Tozai Line / Hanzomon Line / Marunouchi Line  
Toei Subway: Mita Line  
Otemachi Station, direct connection from exits C8, C11, and C12

JR lines  
Tokyo Station, Marunouchi North Exit, 5 minute walk from exit