Committing to Sustainable Growth as a Value Partner

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Editorial Policy
This is an integrated report that combines information that is important to shareholders and investors, such as financial results, operational reviews, and future management strategies, with non-financial information, such as environmental (E), social (S), and governance (G) information. The report focuses on explanations of the NTT Group's management approaches and initiatives targeting increases in corporate value over the medium to long term. We hope that this report proves useful for understanding the NTT Group, which is striving to reinforce the competitiveness of Japanese industry and contribute to the solution of environmental and social issues by accelerating the transformation of its business structure and increasing its corporate value.

Forward-Looking Statements
The forward-looking statements and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to in this report 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 the economy, the telecommunications industry in Japan, 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 and other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to in this report.

ANNUAL REPORT 2015
The NTT Group: Thirty Years of History

Since its privatization in 1985, NTT has contributed to the development of society as a leader in the support of communications infrastructure. Now, thirty years after its founding, NTT is aiming for further growth in the next stage.

From Public Sector to Private Sector, Expanding Business in New Fields
In 1985, in an environment of innovation in telecommunications technologies, Nippon Telegraph and Telephone Public Corporation was privatized and reborn as a corporation that could implement more-flexible business administration in response to changes in the operating environment. Subsequently, aiming to diversify its operations, NTT aggressively expanded its business activities to such fields as data communications and mobile communications. In addition, targeting the full-scale roll out of overseas operations, NTT implemented M&As in global cloud services, including the acquisition of Dimension Data, as well as Group collaboration. In this way, NTT built the foundation for the Group’s overall growth.

Moving Forward—Accelerating the Process of Transformation to Return to a Track of Growth in Profits
As a “Value Partner” that customers continue to select, in accordance with the Medium-Term Management Strategy, “Towards the Next Stage 2.0,” NTT will accelerate the process of transformation with a focus on profit growth and strive to contribute to the realization of a sustainable society.

Change in Revenue Structure

In information and telecommunications markets, technological progress has led to increasingly advanced networks, devices, and services, and as a result, primary means of telecommunications used by customers shifted from the telephone to data communications, such as e-mail. In consideration of these types of changes in technologies and market needs, NTT shifted the center of its business structure from fixed-line telephone services to Internet-related services and mobile communications. In this way, the focus of the Company’s revenue structure transitioned from voice revenues to IP-related and solutions-related revenues.

Revenues by Field

<table>
<thead>
<tr>
<th>Year</th>
<th>Voice</th>
<th>IP</th>
<th>Data, etc.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/3</td>
<td>48%</td>
<td>33%</td>
<td>21%</td>
<td>100%</td>
</tr>
<tr>
<td>2008/3</td>
<td>48%</td>
<td>33%</td>
<td>21%</td>
<td>100%</td>
</tr>
</tbody>
</table>

NTT focused on the saturation of the domestic telecommunications market from an early stage, and the Company positioned global cloud services as its next growth driver. Through M&As, NTT has established a system that can provide a comprehensive range of services, from applications to network services.

Moving forward, NTT will further reinforce this system and promote synergies among companies to expand sales. In addition, the Company will also work to increase cost efficiency and accelerate the generation of profits.

Our History

The NTT Group: Thirty Years of History

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>Establishment of Nippon Telegraph and Telephone Corporation</td>
</tr>
<tr>
<td>1987</td>
<td>Start of provision of mobile phone service</td>
</tr>
<tr>
<td>1988</td>
<td>Establishment of NTT DATA</td>
</tr>
<tr>
<td>1989</td>
<td>Establishment of docomo</td>
</tr>
<tr>
<td>1990</td>
<td>Start of provision of FLETS SEG and FLETS ADSL</td>
</tr>
<tr>
<td>1991</td>
<td>Establishment of NTT WEST</td>
</tr>
<tr>
<td>1999</td>
<td>Establishment of NTT EAST</td>
</tr>
<tr>
<td>2000</td>
<td>Start of provision of FLETS TV and FLETS ISDN</td>
</tr>
<tr>
<td>2001</td>
<td>Start of provision of i-mode</td>
</tr>
<tr>
<td>2004</td>
<td>Start of provision of FOMA</td>
</tr>
<tr>
<td>2008</td>
<td>Start of provision of FLETS TV</td>
</tr>
<tr>
<td>2010</td>
<td>Acquisition of Dimension Data</td>
</tr>
<tr>
<td>2014</td>
<td>Start of provision of new billing plan</td>
</tr>
<tr>
<td>2015</td>
<td>Start of provision of iPhone</td>
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</table>

Overseas Sales

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Global ICT Market

Global ICT Market in Asia-Pacific:

- **Mobile Communications**: The number of mobile subscriptions has grown beyond the stage of one device per person and there is now growing demand for second devices, such as handsets and tablets. In the future, the market is expected to expand due to growth in machine-to-machine (M2M) network communications, such as among smart meters and other types of sensors and devices in vehicles.

- **Fixed-Line Telephone**: Subscriptions have declined, but there is now growing demand for second devices, such as handsets and tablets. In the future, the market is expected to expand due to growth in machine-to-machine (M2M) network communications.

Global ICT Expenditures: Trends and Forecast

- **Global corporate ICT expenditures**: Approximately $1.9 trillion as of 2014, forecast to record solid growth at an average annual rate of 6.9% up to 2019. Many companies are taking steps to further strengthen their competitiveness and advancing aggressive management initiatives, such as entering new markets and investing in new growth fields. The market demands players that can provide a comprehensive range of flexible yet stable ICT services that support these initiatives.

- **Forecast for Global ICT Expenditures**: Solid growth at an average annual rate of 6.9% up to 2019. Many companies are taking steps to further strengthen their competitiveness and advancing aggressive management initiatives, such as entering new markets and investing in new growth fields. The market demands players that can provide a comprehensive range of flexible yet stable ICT services that support these initiatives.

Global ICT Market

- **Mobile Communications**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **Fixed-Line Telephone**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **Fixed-Line Broadband**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **Cloud Services**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **FTTH**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **DSL**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **CATV**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **Domestic Telecommunications Market**: While the number of fixed-line telephone subscriptions is declining, mobile communications (cellular phones and PHS) has grown beyond the stage of one device per person and there is now growing demand for second devices, such as handsets and tablets. In the future, the market is expected to expand due to growth in machine-to-machine (M2M) network communications, such as among smart meters and other types of sensors and devices in vehicles.

Global ICT Market

- **Mobile Communications (Cellular phones + PHS)**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **Fixed-Line Telephone (Telephone subscriber line + ISDN)**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **Fixed-Line Broadband Subscriptions**: FTTH services, which were launched at the beginning of the 2000s, earned the support of a wide range of users due to their speed and stability, and recorded rapid uptake. Since 2008, when FTTH surpassed DSL in terms of number of subscriptions, FTTH has played a leading role in fixed-line broadband services in Japan. However, in recent years the market has become saturated, and the development of new methods of using broadband by a variety of players has become the key to once again achieving growth in the penetration rate.

- **Cloud Services**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **FTTH**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

- **DSL**: A billion subscriptions as of 2014, with growth expected to continue due to the increasing number of devices per person and the demand for second devices.

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The NTT Group in Five Minutes

Nippon Telegraph and Telephone Corporation (Holding Company)

- Total Assets: ¥7,027.3 billion
- Operating Revenues: ¥411.8 billion
- Operating Income: ¥273.9 billion
- Number of Employees: 2,835

Main Businesses:
- For the NTT Group as a whole, formulation of management strategies and promotion of basic research

The Formation

- Total Assets: ¥20,702.4 billion
- Consolidated Operating Revenues: ¥11,095.3 billion
- Number of Employees: 2,835
- Consolidated Subsidiaries: 917

NTT

Business Activities:
- 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

The NTT Group

The NTT Group Formation (Fiscal year ended March 31)

Percentage of simple sum of all segments (excluding intersegment transactions)

- Composition of Operating Revenues: 27.7 % (¥3,505.5 billion)
- Composition of Operating Income: 15.8 % (¥1,998.6 billion)
- Composition of Capital Investment: 10.9 % (¥198.1 billion)
- Composition of Number of Employees: 29.5 % (¥17.5 billion)

- Composition of Operating Revenues: 15.7 % (¥3,505.5 billion)
- Composition of Operating Income: 10.6 % (¥113.6 billion)
- Composition of Capital Investment: 10.9 % (¥198.1 billion)
- Composition of Number of Employees: 29.5 % (¥17.5 billion)

- Composition of Operating Revenues: 27.7 % (¥3,505.5 billion)
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## Financial Data (Fiscal year ended March 31)

<table>
<thead>
<tr>
<th>Period</th>
<th>Operating Revenues (Billions of yen)</th>
<th>Operating Expenses (Billions of yen)</th>
<th>Net Income Attributable to NTT (Billions of yen)</th>
<th>Operating Income (Billions of yen)</th>
<th>Net Income Attributable to NTT per Share (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/3</td>
<td>¥10,865.9</td>
<td>¥9,594.7</td>
<td>¥1,271.2</td>
<td>¥1,094.6</td>
<td>¥195.2</td>
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<tr>
<td>2004/3</td>
<td>¥10,741.1</td>
<td>¥9,376.3</td>
<td>¥1,365.8</td>
<td>¥1,384.2</td>
<td>¥217.1</td>
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<tr>
<td>2005/3</td>
<td>¥10,760.6</td>
<td>¥9,306.6</td>
<td>¥1,454.0</td>
<td>¥1,454.0</td>
<td>¥215.1</td>
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<tr>
<td>2006/3</td>
<td>¥10,416.4</td>
<td>¥9,063.7</td>
<td>¥1,352.7</td>
<td>¥1,352.7</td>
<td>¥211.9</td>
</tr>
<tr>
<td>2007/3</td>
<td>¥10,181.4</td>
<td>¥9,090.1</td>
<td>¥1,191.3</td>
<td>¥1,191.3</td>
<td>¥199.8</td>
</tr>
<tr>
<td>2008/3</td>
<td>¥10,350.5</td>
<td>¥9,284.4</td>
<td>¥1,066.1</td>
<td>¥1,066.1</td>
<td>¥191.5</td>
</tr>
<tr>
<td>2009/3</td>
<td>¥10,700.7</td>
<td>¥9,498.9</td>
<td>¥663.8</td>
<td>¥663.8</td>
<td>¥113.5</td>
</tr>
<tr>
<td>2010/3</td>
<td>¥10,925.2</td>
<td>¥9,711.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011/3</td>
<td>¥11,095.3</td>
<td>¥10,010.8</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Operating Revenues

- **Operating Revenues** is calculated based on the application of the equity method in the fiscal year ended March 31, 2006, and for the fiscal year ended March 31, 2014, the equity method has been applied retroactively to past years, and consequently figures for the period from the fiscal year ended March 31, 2005, to the fiscal year ended March 31, 2013, have been retroactively adjusted.

### Operating Income / Net Income Attributable to NTT

- **Depreciation** is calculated based on the application of the equity method in the fiscal year ended March 31, 2006, and for the fiscal year ended March 31, 2014, the equity method has been applied retroactively to past years, and consequently figures for the period from the fiscal year ended March 31, 2005, to the fiscal year ended March 31, 2013, have been retroactively adjusted.

### Capital Investment / Capex to Sales Ratio

- **Capital Investment** is recognized on an accrual basis for the acquisition of property, plant, and equipment.

### Interest-Bearing Debt / D/E Ratio

- **D/E ratio** = Interest-bearing debt / Sharesholders' equity x 100

### Ratings

- **Ratings** are assigned by credit rating agencies and are subject to change.

### Dividend Payout Ratio

- **Dividend payout ratio (%)** = Net income attributable to NTT per share / Net Income Attributable to NTT x 100

### ROE

- **ROE (%)** = Net income attributable to NTT per share / Net Income Attributable to NTT x 100

### EBITDA

- **EBITDA** = Operating income + Depreciation and loss on disposal of property, plant and equipment

### EBITDA Margin

- **EBITDA margin (%)** = EBITDA / Operating revenues x 100

### Capex to Sales Ratio

- **Capex to sales ratio (%)** = Capital investment / Operating revenues x 100

### Free Cash Flows

- **Free cash flows** = Cash flows from operating activities + Cash flows from investing activities

### Cash dividends, applicable to earnings for the year (Yen)

- **Cash dividends, applicable to earnings for the year (Yen)** = Dividends declared / Number of shares outstanding

### Financial Data

- **Total assets** = Total assets at end of year / Fiscal year

- **Operating income** / **Net income attributable to NTT**

- **Operating income** / **Net income attributable to NTT per Share**

- **Free cash flows**

- **Cash from operating activities**

- **EBITDA**

- **Capex to sales ratio**

- **Interest-bearing debt**

- **D/E ratio**

- **Interest-bearing debt (left scale) / D/E ratio (right scale)**

- **Financial Data Table**

- **Graphs**

- **Ratings**

- **Dividend payout ratio (%)**

- **ROE (%)**

- **EBITDA margin (%)**

- **Capex to sales ratio (%)**

- **Free cash flows**

- **Cash dividends, applicable to earnings for the year (Yen)**

- **Dividends declared, applicable to earnings for the year (Yen)**

- **Net income attributable to NTT per Share**

- **Net income attributable to NTT per Share (Yen)**

- **EBITDA** / **EBITDA Margin**

- **Net income attributable to NTT per Share**

- **EBITDA Margin (right scale) / Capex to sales ratio (right scale)**

- **Interest-bearing debt (left scale) / D/E ratio (right scale)**

- **Financial Data Table**

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- **Net income attributable to NTT per Share**

- **EBITDA Margin (right scale) / Capex to sales ratio (right scale)**

- **Interest-bearing debt (left scale) / D/E ratio (right scale)**
**Performance Highlights**

**Operational Data**

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Fixed-line communications services</td>
<td>58,788</td>
<td>54,770</td>
<td>50,495</td>
<td>46,034</td>
<td>42,085</td>
<td>38,330</td>
<td>34,884</td>
<td>31,672</td>
<td>28,766</td>
<td>26,966</td>
<td>24,344</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voice ARPU</td>
<td>5,208</td>
<td>5,682</td>
<td>5,323</td>
<td>4,656</td>
<td>3,950</td>
<td>3,381</td>
<td>2,958</td>
<td>2,322</td>
<td>1,848</td>
<td>1,483</td>
<td>1,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-line broadband services subscriptions</td>
<td>1,665</td>
<td>3,419</td>
<td>6,076</td>
<td>8,777</td>
<td>11,134</td>
<td>13,251</td>
<td>15,059</td>
<td>16,564</td>
<td>17,300</td>
<td>18,050</td>
<td>17,166</td>
<td></td>
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<tr>
<td>Video services subscriptions</td>
<td>4</td>
<td>867</td>
<td>3,174</td>
<td>5,725</td>
<td>8,011</td>
<td>10,142</td>
<td>12,113</td>
<td>13,900</td>
<td>15,169</td>
<td>16,256</td>
<td>17,108</td>
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<td></td>
</tr>
<tr>
<td>Mobile communications services subscriptions</td>
<td>48,825</td>
<td>51,144</td>
<td>52,621</td>
<td>53,388</td>
<td>54,601</td>
<td>56,082</td>
<td>58,010</td>
<td>60,129</td>
<td>61,355</td>
<td>63,105</td>
<td>64,129</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**New Rate Plans & Rate-Plan Billing Plan (10,000 Subscriptions)**

| ARPU* | V | — | ¥3,190 | ¥3,170 | ¥3,110 | ¥3,050 | ¥2,980 | ¥2,930 | ¥2,860 | ¥2,760 | ¥2,700 |        |        |
| NTT East | V | — | ¥3,190 | ¥3,170 | ¥3,110 | ¥3,050 | ¥2,980 | ¥2,930 | ¥2,860 | ¥2,760 | ¥2,700 |        |        |
| NTT West | V | — | ¥3,190 | ¥3,170 | ¥3,110 | ¥3,050 | ¥2,980 | ¥2,930 | ¥2,860 | ¥2,760 | ¥2,700 |        |        |

**Fixed-Line Broadband Services Subscriptions**

- **FLET’S Hikari**
- **Nippon Denwa**
- **NOTTV**
- **Hirano TV**
- **FLET’S TV**
- **dmagazine**

**Mobile Communications Services Subscriptions**

- **FLET’S Hikari**
- **FOMA**
- **LTS**
- **gHost**
- **dmagazine store**
- **dmarket**

**FLET’S TV**

| ARPU* | V | — | ¥3,190 | ¥3,170 | ¥3,110 | ¥3,050 | ¥2,980 | ¥2,930 | ¥2,860 | ¥2,760 | ¥2,700 |        |        |
| NTT East | V | — | ¥3,190 | ¥3,170 | ¥3,110 | ¥3,050 | ¥2,980 | ¥2,930 | ¥2,860 | ¥2,760 | ¥2,700 |        |        |
| NTT West | V | — | ¥3,190 | ¥3,170 | ¥3,110 | ¥3,050 | ¥2,980 | ¥2,930 | ¥2,860 | ¥2,760 | ¥2,700 |        |        |

**Performance Targets**

- **Roppongi**
- **Kake-hodai & Pake-aeru**
- **Share Pack**

**Notable Figures**

- **5,725,000**
- **3,950,000**
- **3,381,000**
- **2,958,000**
- **2,322,000**
- **1,848,000**
- **1,483,000**
- **1,219,000**
- **53,388,000**
- **54,601,000**
- **56,082,000**
- **58,010,000**
- **60,129,000**
- **61,355,000**
- **63,105,000**
- **64,129,000**
- **¥3,190**
- **¥3,170**
- **¥3,110**
- **¥3,050**
- **¥2,980**
- **¥2,930**
- **¥2,860**
- **¥2,760**
- **¥2,700**

**Note:**

1. As of each fiscal year-end.
2. Number of Telephone subscriber line is the total of individual lines and central station lines (Subscriber Telephone Light Plan is included).
3. Number of INS-Net is the total of INS-Net 64 and INS-Net 1500 (INS-Net 64 Lite Plan is included). In terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly 10 times greater than INS-Net 64. For this reason, one INS-Net 1500 subscription is calculated as 10 INS-Net 64 subscriptions.
4. Please see page 125 for the ARPU calculation method and other details.
5. Billing plan with four central components—(1) basic, which charges based on base rate per minute; (2) dmagazine, which offers nationwide voice calls for a flat monthly rate; (3) Share Pack, which offers packet data volume to be shared among family members; (4) AUTO DOSSA/R, which is a discount service based on the number of years of use and age 25 or younger.
6. Please see page 123 for the ARPU calculation method and other details.
7. The ARPU calculation method was changed from the fiscal year ended March 31, 2015. Accompanying this change, the new method has been applied retroactively to the ARPU figures for the fiscal year ended March 31, 2014. Packet ARPU from the fiscal year ended March 31, 2009 to the fiscal year ended March 31, 2011, includes an amount corresponding to Smart ARPU.
Environmental / Social Data

Environmental Data

<table>
<thead>
<tr>
<th>FY (ended March)</th>
<th>2010/3</th>
<th>2011/3</th>
<th>2012/3</th>
<th>2013/3</th>
<th>2014/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions volume (Million tons of CO2)</td>
<td>3.83</td>
<td>3.79</td>
<td>4.41</td>
<td>4.85</td>
<td>5.07</td>
</tr>
<tr>
<td>Final disposal rate for waste (%)</td>
<td>2.24</td>
<td>1.75</td>
<td>1.46</td>
<td>1.15</td>
<td>0.88</td>
</tr>
<tr>
<td>Paper usage volume (Thousands of tons)</td>
<td>72.0</td>
<td>69.5</td>
<td>65.0</td>
<td>60.0</td>
<td>51.0</td>
</tr>
</tbody>
</table>

*1 Total for Scope 1 (direct emissions from the use of fuel, etc) and Scope 2 (indirect emissions accompanying the use of energy, such as electricity).
*2 Amount of paper used for bills, office paper, telegrams, and telephone books.

Social Data

Numbers of Consolidated Group Companies and Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of enterprises (companies)</th>
<th>Employment (employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/3</td>
<td>756</td>
<td>21,900</td>
</tr>
<tr>
<td>2012/3</td>
<td>772</td>
<td>22,400</td>
</tr>
<tr>
<td>2013/3</td>
<td>827</td>
<td>22,700</td>
</tr>
<tr>
<td>2014/3</td>
<td>946</td>
<td>23,900</td>
</tr>
<tr>
<td>2015/3</td>
<td>917</td>
<td>24,100</td>
</tr>
</tbody>
</table>

*3 As of March 31, 2015, total number of employees of NTT, directly affiliated companies in Japan, and their affiliated companies in Japan (total of 41 companies)
*4 Section manager level or higher

Environmental Data

- **Environmental / Social Data**
  - **Environmental Data**
    - CO2 emissions volume (Million tons of CO2)
    - Final disposal rate for waste (%)
    - Paper usage volume (Thousands of tons)

- **Social Data**
  - **Numbers of Consolidated Group Companies and Employees**
    - Year | Number of enterprises (companies) | Employment (employees)
    - 2011/3 | 756 | 21,900
    - 2012/3 | 772 | 22,400
    - 2013/3 | 827 | 22,700
    - 2014/3 | 946 | 23,900
    - 2015/3 | 917 | 24,100

- **External Evaluations**
  - **SRI Indexes and Other External Evaluations**
    - Dow Jones Sustainability Index
    - Ethisphere Sustainability Index Excellence Global
    - Climate Performance Leadership Index
    - Environmental disclosure
  - **Environmental Indexes**
    - Climate Performance Leadership Index
    - Climate Disclosure Leadership Index

- **External Evaluations**
  - **SRI Indexes and Other External Evaluations**
    - Dow Jones Sustainability Index
    - Ethisphere Sustainability Index Excellence Global
    - Climate Performance Leadership Index
    - Environmental disclosure
  - **Environmental Indexes**
    - Climate Performance Leadership Index
    - Climate Disclosure Leadership Index

- **Shareholder Return**
  - **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, 2016, the Company plans to increase annual dividends by ¥10 per share, to ¥100 per share, four times the level in the fiscal year ended March 31, 2004. 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.

- **Four times the level in the fiscal year ended March 31, 2004**
  - **Acquisitions of Treasury Stock (Cumulative)**
    - With consideration for business and market trends, the Company has taken an agile and flexible approach to acquisitions of treasury stock with the objective of achieving EPS targets and increasing capital efficiency. In the fiscal year ending March 31, 2016, the first year of efforts to achieve the medium-term target of EPS of at least ¥350, acquisitions of up to ¥100.0 billion will be made by the end of October 2015.

- **Cumulative total acquisitions of approximately ¥2.7 trillion**
  - **NTT Stock Price and Nikkei Stock Average**
    - NTT (2015/3) ¥4,763.5 (156.2%)
    - Nikkei Average (2015/10) 20,438.4 (106.2%)
To achieve sustained increases in corporate value, we will accelerate the transformation of our business portfolio to become a “Value Partner” that customers continue to select.

The NTT Group has implemented initiatives to change its competitive stage in accordance with the Medium-Term Management Strategy, “Towards the Next Stage,” which was announced in November 2012. To further advance these initiatives, in May 2015 we announced the Medium-Term Management Strategy, “Towards the Next Stage 2.0” (Fiscal year ending March 31, 2016, to fiscal year ending March 31, 2018). In addition to strengthening our competitiveness and profitability in domestic network services, we will move overseas businesses—a growth pillar—to the profit generation phase. In this way, we will strive to achieve our EPS target, with a focus on profit growth.

In addition, targeting sustained growth, through collaboration with a variety of partners across a wide range of industries we will accelerate the transformation of our business portfolio to foster the creation of high-value-added services that were not previously available.
Global cloud services: Building a foundation as a growth pillar

In expanding global cloud services, we first focused on increasing our revenues as a new challenger. Through both organic growth and M&As, we continued to enhance our business scope (expanding our footprint and business fields) and depth (ability to provide solutions). Currently, we can provide advanced services in a wide range of fields, from cloud service-related applications to data centers and networks. In addition, we have become a comprehensive player who can provide one-stop services for customers, from cloud migration consulting to maintenance.

In data centers, we have made especially strong gains in our ability to provide services around the world. For example, we acquired RagingWire, of North America, in the fiscal year ended March 31, 2014, and concluded an agreement to acquire shares of e-shelter, the largest data center operator in Germany, in the fiscal year ended March 31, 2015. Consequently, an external research institution has placed the NTT Group in the top ranks worldwide in terms of total floor space. We have established a foundation on which we can leverage economies of scale.

These initiatives have also steadily produced results in orders. We have focused on the provision of total solutions through cross-selling (receipt of orders through collaboration within the Group), with cloud services as the trigger. As a result, orders from the world’s leading corporations and government institutions are increasing. For example, in the U.K. the efficiency and high quality of our services were highly evaluated by HM Treasury, and we received orders for such services as cloud hosting and application rebuilding. In these ways, the overseas recognition of the NTT Group is increasing, and we have entered a favorable cycle where that recognition is leading to further opportunities for proposals. Our overseas sales have grown from $1.0 billion in the fiscal year ended March 31, 2009, to $15.0 billion in the fiscal year ended March 31, 2015, and I believe that we have been able to build the foundation to make global cloud services a pillar of the NTT Group’s profit growth.

Boosting competitiveness in domestic business and shifting to a new competitive stage

To boost our competitiveness in network services, another pillar, we have made steady progress in reducing costs related to fixed-line and mobile access services. Our initial plan called for reducing these costs by at least ¥400.0 billion over the three-year period to the fiscal year ended March 31, 2015, but we subsequently raised this target to ¥600.0 billion. In the end, over the three-year period to the fiscal year ended March 31, 2015, we reduced these costs by ¥500.0 billion.

We rigorously reevaluated a wide range of items, and through increased efficiency in capital investment we were able to reduce the capex to sales ratio, which we have used as an indicator for measuring investment efficiency, to 15.6% in the fiscal year ended March 31, 2015. We expect to be able to reduce it further, to 15%, in the fiscal year ending March 31, 2016, on a par with carriers in Europe and the United States.

In addition, with fixed-line and mobile communications both reaching a mature stage, we needed to break away from competition for market share in subscriptions and devices. To that end, we took steps to advance a transformation for the purpose of shifting to the next stage of competition in value-added services. One of those steps was the new billing plan launched by NTT DOCOMO in June 2014. Another was the Hikari Collaboration Model, which we started in February 2015 as the world’s first full-scale wholesale provision of fiber-access services. The new billing plan led the way ahead of other companies as a billing plan that offers benefits to family-unit and long-term subscribers and that is easy to use in accordance with the life stages of customers. Our results in the fiscal year ended March 31, 2015, were significantly impacted by this plan, but I believe that it was a necessary initiative for a competitive-stage transition. The Hikari Collaboration Model will be explained in more depth in subsequent sections.

Starting again on the track toward growth in profits

In conjunction with these overseas and domestic structural transformation initiatives, we took steps to increase capital efficiency through stock repurchases. EPS has been our highest-priority medium-term financial target, and as a result of our efforts over several years, in the fiscal year ending March 31, 2016, we expect to achieve our target of EPS growth of at least 60% in comparison with the fiscal year ended March 31, 2012. In this way, we have implemented initiatives to transform our business model in accordance with our Medium-Term Management Strategy, “Towards the Next Stage.” I believe that we have made steady progress with these initiatives, but due in part to NTT DOCOMO’s new billing plan, which was introduced in preparation for sustained growth in the future, our profits in the fiscal year ended March 31, 2015, were not satisfactory. In consideration of this situation, in May 2015 we revised our Medium-Term Management Strategy and announced “Towards the Next Stage 2.0” in order to revise our course toward transformation and restart our commitment to returning to a profit growth track.

“Towards the Next Stage”
(Announced in November 2012)

<table>
<thead>
<tr>
<th>Financial Targets</th>
<th>At least 60%</th>
<th>At least $20 billion</th>
<th>50% or more</th>
<th>At least 15%</th>
<th>At least ¥600.0 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS growth</td>
<td>(FY ending March 31, 2013)</td>
<td>(FY ending March 31, 2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas sales</td>
<td>$20 billion</td>
<td>(FY ending March 31, 2017)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of corporate sales represented by overseas sales</td>
<td>50% or more</td>
<td>(FY ending March 31, 2017)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex to Sales</td>
<td>15%</td>
<td>(FY ending March 31, 2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost reductions</td>
<td>At least ¥600.0 billion</td>
<td>(FY ending March 31, 2015)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Top Message

3 Medium-Term Management Strategy, “Towards the Next Stage 2.0”
(fiscal year ending March 31, 2016, to fiscal year ending March 31, 2018)

Committed to achieving new EPS target, with a focus on profit growth

Even under “Towards the Next Stage 2.0,” our fundamental strategic focus will remain the same. We will also maintain our emphasis on EPS growth. However, to achieve our EPS growth target we will focus on growth in profits, the numerator of the EPS ratio. Accordingly, in global cloud services, in addition to the growth in revenues that we have emphasized to date, we will also strive to accelerate the generation of profits. Furthermore, in network services our initiatives will target not only “strengthening competitiveness,” which we have implemented to this point, but also “enhancing profitability.”

We have reset the target for EPS, and are now aiming to grow EPS from ¥237 in the fiscal year ended March 31, 2015, to at least ¥350 over three years. Previously, we targeted growth of at least 60% over four years, while we are now aiming for growth of approximately 50% over three years. I am committed to the achievement of this EPS target. In addition, we also announced that we would aim for consolidated operating income of ¥1.4 trillion. This level of operating income is a high hurdle, but we announced this profit figure to clarify our determination to achieve our EPS target by focusing on growth in profits in addition to increases in capital efficiency through stock repurchases.

Next, I will explain the other financial targets and the key measures that we established for the achievement of the EPS target.

“Towards the Next Stage 2.0”
(April 2015 to March 2018)

<table>
<thead>
<tr>
<th>Basic Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Accelerate Self-Transformation towards a “Value Partner” and Embark on a Profit Growth Track</td>
</tr>
<tr>
<td>• Accelerate Profit Generation of “Global Cloud Services”</td>
</tr>
<tr>
<td>• Enhance Profitability of “Network Services”</td>
</tr>
<tr>
<td>• Develop new markets by further promoting B2B2X model</td>
</tr>
<tr>
<td>• Re-establish EPS Growth Goal (at least 350 yen * at FY ending March 31, 2016) and update other financial targets</td>
</tr>
</tbody>
</table>

* Adjusted for 2-for-1 stock split with an effective date of July 1, 2015.

Global cloud services: From revenue expansion to profit growth

I have mentioned that, until now, in our overseas businesses we have focused on expanding revenues as a new challenger. However, over the next three years we will transition to a phase of profit growth while continuing to expand revenues. Accordingly, we have set new targets. Specifically, we aim to increase overseas sales from $15.0 billion in the fiscal year ended March 31, 2015, to $22.0 billion over a three-year period. In addition, we aim to raise overseas operating income from about $0.7 billion in the fiscal year ended March 31, 2015, to $1.5 billion over three years, more than double the previous level.

Targeting these objectives, we have formed working groups, centered on overseas Group companies, in three areas—delivering steady growth in sales, thorough cost optimization, and strengthening Group governance and risk management. These working groups are moving toward with deliberations. We will not immediately see the results from the activities of the working groups, but I believe that these results will steadily become apparent from the fiscal year ending March 31, 2017.

The targets for net sales and operating income will not be easy to achieve, but in addition to organic growth we will also utilize effective M&A activities to reach these objectives. In the process of determining these targets, I discussed them with managers of overseas Group companies. I was motivated by their aggressive approach, and we established these challenging targets. These managers are also highly determined to achieve these goals, which I believe are worthy of our utmost effort.

“Towards the Next Stage 2.0”
(April 2015 to March 2018)

<table>
<thead>
<tr>
<th>Financial Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• EPS growth At least ¥350 (aiming for consolidated operating income of ¥1.4 trillion)</td>
</tr>
<tr>
<td>• Overseas net sales / operating income*1 $22 billion / $1.5 billion</td>
</tr>
<tr>
<td>• Streamlining capital investment (Domestic network businesses)*2 More than ¥200.0 billion (as FY ended March 31, 2015)</td>
</tr>
<tr>
<td>• Cost reductions (Headquarters and overseas business) At least ¥600.0 billion (as FY ended March 31, 2015)</td>
</tr>
</tbody>
</table>

*1 Operating income excludes M&A-related temporary expenses, such as depreciation costs of intangible fixed assets.
*2 Excluding NTT Communications’ data centers and certain other assets.
Top Message

Strengthening profitability through simultaneously achieving rigorous increases in efficiency and improvements in user services

To this point, we have used the capex to sales ratio as an indicator in streamlining capital investment. Under “Towards the Next Stage 2.0,” to build a network business that will be successful in the intensely competitive environment in Japan, we decided to reduce capital investment in domestic network operations by more than ¥200.0 billion. This represents a reduction of about 15% over three years. To achieve and exceed our reduction targets, we will boost the awareness of NTT Group companies of the need to break away from the practice of doing everything in-house and increase efficiency in the use of facilities. In addition, we will reduce procurement costs through the use of general-purpose goods. To that end, we have formed project teams, centered on the young employees who will take on responsibility in the future, and commenced specific initiatives addressing these themes.

In regard to cost reductions, over the next three years we will implement reductions of at least ¥600.0 billion, the same level as the amount of reductions over the past three years. On the other hand, initiatives to improve user services will not be limited to spending money and time. From a variety of perspectives we will reevaluate operations and work to improve cost control and user services while simultaneously strengthening our profitability. As with the streamlining of capital investment, these issues will also be thoroughly discussed in project teams.

To support these initiatives, I have already met with Group companies and held discussions to align our thinking, and our stance will be to work together to implement strategies. We will aim not just to achieve our goals but to exceed them where possible.

In addition, the introduction of the Hikari Collaboration Model in February 2015 will be a major driving force for these cost reduction initiatives. NTT East and NTT West, which are converting to the B2B2C business model, are expected to achieve major reductions in marketing costs, which had previously been incurred to acquire new customers. Next, I will explain the Hikari Collaboration Model in more detail.

Creating new value through collaboration with a wide range of partners

I will discuss the background to the introduction of the Hikari Collaboration Model. Japan’s fiber-access network population coverage ratio exceeds 95%, and all of Japan has high-quality communications infrastructure. The NTT Group has led the world in the installation of fiber-access networks. On the other hand, sufficient progress had not been made in Japan in regard to the usage rate. Net additions in fiber-access services were sluggish, and we were reaching the point where it would not be possible to expand the scope of usage without a range of added value, such as services leveraging fixed-mobile convergence. The provision of commoditized services at the same prices led to a sense of crisis that it would be difficult to differentiate our services as a telecommunications operator. In accordance with this recognition, we announced the Hikari Collaboration Model, which is the wholesale provision of fiber-access services.

The Hikari Collaboration Model is the wholesale provision of fiber-access services, including our core network, to a wide range of players from diverse industries. Rather than compete with other companies, including not only telecommunications operators but also companies from other industries, such as OTT companies, we will collaborate with them as partners in the creation of new businesses. In this way, we will significantly advance the use of fiber-optic networks and increase their value. NTT East and NTT West made a major shift from B2C to B2B2C.

The Hikari Collaboration Model was launched in February 2015, and already more than 140 companies are working in this new model as partners (as of July 2015). Initially, the partners were centered on ISPs and other telecommunications operators, but a diverse range of partners from other industries have started to advance initiatives. The objective of the Hikari Collaboration Model is not simply to lower prices through discounts on sets of services. By providing an environment in which customers are not aware of the differences between fixed-line and mobile networks, and by having partners who provide innovative services that fuse their own businesses and telecommunications, we will significantly advance the use of fiber-optic networks and generate earning opportunities for the NTT Group. In addition, by shifting from the previous B2C model to a wholesale service B2B2C model, NTT East and NTT West will be able to achieve significant reductions in marketing costs. In this way, I am confident that the Hikari Collaboration Model will lead to sustained increases in corporate value for the NTT Group.

Creating the next-generation standard through the B2B2X model

To achieve sustained growth in domestic business, we need to focus not only on increasing efficiency but also on bolstering profitability for the future.

Under “Towards the Next Stage 2.0,” we will advance measures targeting growth in future earnings by leveraging initiatives related to the Tokyo 2020 Olympic & Paralympic Games* and to the “Revitalization of Local Economies” initiative, which is being aggressively advanced by the Japanese government in regions throughout Japan. As a catalyst that promotes collaboration among various regions and industries, we will use our ICT services as tools, and transit our business model to the B2B2X model for the creation of new value-added services together with our partners, and take steps to advance this model. The “X” refers to a wide range of parties, including not only individual customers but also companies and municipalities. In April 2015, we started a limited liability partnership (LLP) with funding from NTT Group companies. This LLP is moving forward with measures to promote partnerships with a wide range of business entities and to bolster collaboration with municipalities, with a focus on such fields as transportation, tourism, energy, and agriculture.

In June 2015, aiming for visual service innovations and evolution of the user experience, we announced a business alliance with Panasonic in the areas of visual entertainment and safety/security. Moving forward, we will accelerate collaboration with partners in a variety of fields. In the revitalization of local economies, in April 2015 we concluded a comprehensive partnership agreement with Fukuoka City related to joint regional initiatives. This partnership is aimed at using ICT to enhance tourism promotion and to improve resident services, such as regional safety/security, disaster countermeasures, welfare, and education services. NTT Group companies are also starting a number of initiatives in a variety of regions, such as in urban redevelopment and solar power generation services. Moreover, we have commenced joint business with companies from other industries, such as testing of Wi-Fi based tourism...
services for visitors from overseas and sponsorship of national strategic zones. By accumulating examples of success through the horizontal deployment of the know-how acquired through these initiatives, we will nurture services and businesses to develop them into standards and pass them down to the next generation. At this point, numerical targets have not been established, but in the future, with reference to specific examples, we will create new revenue models and strive to ensure that these businesses contribute to revenues and profits in the “Next Stage.”

Continuing to enhance shareholder return against a background of anticipated expansion in free cash flow

Over the next three years, free cash flow is expected to increase in line with growth in profits, which is a point of focus under “Towards the Next Stage 2.0.” The key options for the use of that cash flow will be investment in new growth and shareholder return, but we will continue to treat the enhancement of shareholder return as an especially important management issue. After privatization in 1985, we continued to pay dividends of ¥25 per share, and in the fiscal year ended March 31, 2005, we raised dividends to ¥30 per share for the first time. Since that time, we have worked to provide ongoing increases in dividends, with comprehensive consideration for such factors as financial results trends, financial position, and the dividend payout ratio. Over the three years of “Towards the Next Stage 2.0,” there will be no change to our basic stance. In the fiscal year ending March 31, 2016, we are planning dividends of ¥100 per share, an increase of ¥10, representing increases of ¥5 in both the interim dividend and the year-end dividend. This will be four times the level of 12 years ago.

Moreover, targeting the achievement of our EPS target, and with consideration for business and market trends and ongoing improvements in capital efficiency, we will implement stock repurchases in a flexible manner. In the fiscal year ending March 31, 2016, as one facet of those initiatives, we plan to implement stock repurchases of up to ¥100.0 billion by the end of October 2015.

(Note) The dividend amounts are split-adjusted figures with effective dates of January 1, 2009 (100-for-1 stock split) and July 1, 2015 (2-for-1 stock split).

4 ESG (Environment, Society, and Governance) Initiatives

Realizing sustained growth through the resolution of social issues

From the perspective of placing importance on longer-term, sustained investment returns, investors are increasingly interested in ESG (Environment, Society, and Governance) initiatives. To respond appropriately to ESG issues, the NTT Group is working to minimize medium-to-long-term risks and increasing our ability to create sustainable value. I mentioned that under “Towards the Next Stage 2.0” we will strengthen our initiatives for the Tokyo 2020 Olympic & Paralympic Games. At the London Olympics there were cyber-attack incidents, and the risk of cyber-attacks at the Tokyo 2020 Olympic & Paralympic Games has become a major issue. As a Gold Partner in the field of telecommunications services, NTT is going to implement reinforcement initiatives in the security field.

Currently, the NTT Group has secured security specialists and experts overseas as a result of acquisitions, and we are strengthening our capabilities in the area of security. On the other hand, the NTT Group has about 2,500 employees in Japan who are engaged in security operations and have a certain degree of ability in this field. However, looking ahead I believe this area needs to be strengthened further. Therefore, we plan to increase the number of domestic security personnel from 2,500 to 10,000 by 2020. We will transfer personnel, make new hires, and establish Groupwide training programs.

Cybersecurity is not something that can be achieved by a single country, much less a single company. It will be necessary to address cybersecurity through mutual, collaborative initiatives among countries and companies. Accordingly, the NTT Group is taking the lead in implementing industrywide measures to develop security personnel training programs that will transcend industry and national borders and make contributions on a global basis. For example, we became the first Japanese company to participate in a U.S. security-related group that includes members from industry, academia, and government.

These initiatives will increase our ability to create sustainable value and at the same time will lead to ESG initiatives. The NTT Group’s ESG initiatives have focused on advancing environmental and social measures as CSR. The basis of the NTT Group’s CSR activities is the resolution of social issues through ICT. I believe that opportunities for growth will be found in the issues for which society expects solutions. In other words, our business and CSR initiatives cannot be separated, and neither can our Medium-Term Management Strategy and the fulfillment of our social responsibilities.

In accordance with this concept, we are implementing integrated initiatives that combine the Medium-Term Management Strategy and CSR, based on the Groupwide CSR goals in our NTT Group CSR Charter—Communication between People and Their Communities, Communication between People and the Global Environment, Safe and Secure Communication, and Team NTT Communication. Moving forward, we will continue working to achieve sustained growth through the resolution of social issues.
Maintaining the trust of stakeholders

I believe that strengthening the corporate governance system is also an important issue in achieving sustained growth in corporate value. NTT is working to strengthen corporate governance based on its fundamental policies of ensuring sound management, conducting appropriate decision-making and business activities, clarifying accountability, and maintaining thorough compliance.

The number of Japanese companies appointing outside independent directors is increasing. From the perspective of securing management soundness, NTT has appointed outside independent directors since 1985, the year of its privatization. In this way, we have given consideration to strengthening the supervision of business execution.

Currently, NTT uses the company with Board of Company Auditors model (as defined by the Companies Act of Japan), under which there is dual supervision and auditing of execution by the Board of Directors, which includes two outside independent Members of the Board, and the Audit & Supervisory Board, of which a majority of members are outside independent Audit & Supervisory Board members. Opinions are exchanged between the outside independent Members of the Board and the executives, and at meetings of the Board of Directors the outside directors supervise the fairness of business execution from an independent perspective. Based on their extensive experience, they also provide opinions from wide-ranging management viewpoints.

In addition, outside independent Audit & Supervisory Board members with expertise provide opinions as necessary. Our system also includes exchanges of opinions among the outside independent Members of the Board and Audit & Supervisory Board members and NTT’s executives. Based on the supervision of the Board of Directors, appropriate decision-making is conducted in accordance with responsibility regulations that define the responsibilities and authorities of the president, vice-president, and the head of each organization.

In addition, especially important decisions are made by the Board of Directors after sufficient advance deliberations at the Executive Officers Meeting. Decisions are implemented rapidly by each organization in accordance with organizational regulations.

I believe that accountability is also one of our important responsibilities as a company. NTT has implemented management with a focus on dialogue with others in the market. Our Medium-Term Management Strategy, which is focused on EPS growth, also reflects opinions that we have received. Moving forward, we will work to further deepen dialogue to enhance the understanding of and support for the initiatives of the NTT Group.

Moreover, if we do not maintain the trust of our partners and society, the NTT Group will lose trust and its growth will slow. In addition, our corporate value will also be adversely affected. We recognize that conducting business in compliance with laws and regulations and in accordance with high ethical standards is one of our most important missions. Based on that recognition, NTT is taking a rigorous approach to compliance. The NTT Group is making sustained efforts to strengthen internal control systems in Group companies, and is taking steps to verify the effectiveness of those systems, such as the implementation of internal audits. In addition, in regard to the status of our compliance initiatives and the effectiveness of internal control systems, the Board of Directors’ supervisory function is applied through periodic reports to the Board of Directors. Moreover, the NTT Group Corporate Ethics Charter sets forth conduct guidelines for officers and employees. We are implementing Groupwide compliance strengthening initiatives, and are working to create workplaces with zero tolerance for wrongdoing. In these ways, NTT has established a governance system that is in compliance with the Corporate Governance Code recently formulated by the Tokyo Stock Exchange. Moving forward, we will take steps to further strengthen this system.

In Closing

Achieving sustained growth for the NTT Group through transformation to the “Next Stage”

Through the process of transformation, I would like the NTT Group to create next-generation standards, to fulfill its social responsibilities, and to record sustained growth. Our partners will utilize the ICT services that we provide as a tool for achieving those objectives, and in this way we will work together with our partners to create new added value as a “Value Partner” that customers continue to select.

“Towards the Next Stage 2.0” outlines our EPS target and other medium-term financial targets, which are focused on profit growth. With the entire Group sharing a strong determination to achieve these targets, we will make steady progress toward the “Next Stage.” I would like to ask for your continued support of the NTT Group in the years ahead.

Hiroo Unoura
Representative Member of the Board and President, Chief Executive Officer
"Towards the Next Stage 2.0"

In accordance with its Medium-Term Management Strategy, "Towards the Next Stage" (announced in November 2012), the NTT Group has taken steps to change its competitive stage. To that end, we have worked to advance a process of transformation as a "Value Partner" that customers continue to select. To further accelerate these initiatives, in May 2015 we formulated and announced the Medium-Term Management Strategy, "Towards the Next Stage 2.0."

This section introduces specific initiatives based on the Medium-Term Management Strategy, including measures that have already been implemented as well as steps that the NTT Group will take in the future.

EPS growth of at least 60% by the fiscal year ending March 31, 2016
(Fiscal year ended March 31, 2015)

Fiscal year ending March 31, 2016, to fiscal year ending March 31, 2018

"Towards the Next Stage 2.0"

Profit growth through acceleration of transformation (aiming for consolidated operating income of ¥1.4 trillion)

Accelerating Profit Generation of "Global Cloud Services"

Overseas sales

$22.0 billion

Overseas operating income*1

$1.5 billion

Enhancing Profitability of "Network Services"

Streamlining capital investment (domestic network businesses*2)

At least

¥200.0 billion

(compared to the fiscal year ended March 31, 2015)

Cost reductions (in fixed-line/mobile access networks)

At least

¥600.0 billion

(compared to the fiscal year ended March 31, 2015)

Developing New Markets by Further Promoting the B2B2X Model

* EPS is adjusted for the stock split (2-for-1 split of common stock) with an effective date of July 1, 2015

*1 Operating income, excluding non-recurring costs, such as amortization of intangible fixed assets, etc., accompanying acquisitions

*2 Excluding NTT Communications' data centers and certain other assets
**Initiatives to Date Under “Towards the Next Stage” (announced in November 2012)**

With its core regional communications business and mobile communications business entering a mature phase, NTT took steps to achieve sustained growth, making global business a new growth pillar and, in domestic business, strengthening the competitiveness of network services.

**“Global Cloud Services” as the Cornerstone of NTT’s Business Operations**

To address customer needs, NTT worked to strengthen its system to facilitate the provision of diverse ICT services, centered on global cloud services. To that end, NTT made effective use of M&As and welcomed many overseas companies into the NTT Group. In addition, NTT took steps to foster mutual collaboration in order to maximize synergies among Group companies, such as advancing the development and proposal of services leveraging the Group’s comprehensive strengths. Consequently, overseas sales in the fiscal year ended March 31, 2015, reached $15.0 billion, an increase of $3.6 billion from the fiscal year ended March 31, 2012.

### Overseas Financial Targets

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Target Sales</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/3</td>
<td>$11.4 billion</td>
<td>39%</td>
</tr>
<tr>
<td>2015/3</td>
<td>$20.0 billion</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Medium-Term Financial Targets**

**Favorable progress**

#### Key Aspects of Global Cloud Services

- **Reinforcing APAC**, where there was a shortage of consulting personnel
- **Strengthening ability to provide strategic ICT consulting**
- **e-shelter**, a technology consulting service provider, has a customer base that includes large customers in a wide range of industries.
- **In Australia’s ICT industry**, Oakton is a major provider of solutions related to information management and core administrative systems.
- **Top ranks worldwide**, in Germany, Oakton’s value proposition and footprint complement those of Dimension Data, and the two companies are an excellent match.

### External Evaluations

NTT has enhanced its competitiveness as a unique player that provides full-stack, full-life-cycle ICT services. Consequently, NTT has earned high evaluations from customers with high-quality services at each layer; the NTT Group is continuing to enhance its business scope (expand- ing our footprint and business fields) and depth (ability to provide solutions). The Group has implemented M&A trans-actions to achieve those objectives.

**Medium-Term Financial Targets**

- Overseas sales $20.0 billion by the fiscal year ending March 31, 2017

#### M&As

Across three layers, the central roles are played by NTT DATA in applications and solutions services, by Dimension Data in managed ICT services, and by NTT Communications in data centers and network services. In consideration of the elements that are necessary to provide customers with high-quality services at each layer, the NTT Group is continuing to enhance its business scope (expanding our footprint and business fields) and depth (ability to provide solutions). The Group has implemented M&A transactions to achieve those objectives.

**Selected M&A Actions**

- **November 2014 acquisition (agreement regarding stock acquisition concluded in August 2014)**
  - **Oakton**, a technology consulting services provider, has a customer base that includes large companies in a wide range of industries.
- **June 2015 acquisition (agreement regarding stock acquisition concluded in March 2015)**
  - **e-shelter**, a large-scale data centers company in Europe, is the largest data center operator in Germany.
  - **e-shelter’s** customer base includes leading global companies in a wide range of industries, centered on SI companies, ISPs, cloud companies, and German government-related companies. NTT anticipates growth in e-shelter’s business as well as substantial opportunities for cross-selling with other NTT Group companies.

### Global Cloud Business Promotion System

- **NTT DATA**
- **Dimension Data**
- **E-shelter**
- **Oakton**
Advancing Cross-Selling through Collaboration Among Group Companies

Through cross-selling in global business operations, the NTT Group has received approximately $1.0 billion in orders over three years, including on-premises to cloud services migration projects in the United States. Currently, to strengthen collaboration among Group companies, NTT is advancing the Global Account Management Program. Specifically, three companies—NTT Communications, NTT DATA, and Dimension Data—have made cooperative proposals to more than 10 multinational companies, including the financial and insurance industries. In addition, with the objective of obtaining further orders from regional companies through these types of initiatives, we will promote the “Cross Sell Program” in each region and bolster collaboration among Group companies.

North America

We are advancing cooperative proposals among Group companies, centered on NTT DATA, Inc., NTT America, and Dimension Data, and are reaching the point where we can receive orders that include managed security services, which we previously would not have been able to obtain. In addition, centered on NTT IP we have started up working groups (cloud, security) among all operating companies in North America. We are advancing global R&D and implementing market communications on a Groupwide basis.

Europe

In addition to collaboration among Group companies, such as NTT DATA, EMEA, Dimension Data, and NTT Europe, they are also advancing collaboration with the events Group, which was acquired in 2014. In particular, collaboration between Dimension Data and the events Group is opening up new markets, and the collaborative project pipeline is expanding. A number of orders have been received from large automotive manufacturers, and in the future we will move ahead with collaborative initiatives targeting the automotive industry.

APAC

We are advancing collaboration, such as for ICT infrastructure-related projects, centered on NTT Singapore and Dimension Data, and we are creating pipelines for large-scale cloud projects that leverage NTT Communications’ strengths in data centers and networks. As a result of the November 2014 acquisition of Oakton, we expanded our coverage of SAP and Oracle ERP, and have started to receive inquiries about on-premises-to-cloud migration projects.

Orders from Leading Global Companies and Government Institutions

Our track record in the automotive industry was highly evaluated by an automobile manufacturer recognized worldwide, and we successfully received orders for development, maintenance, and operation services for ERP and CRM systems. We have begun to provide services. Moreover, in the U.K. the efficiency and high quality of our services were highly evaluated by HM Treasury. As a result, we received orders for such services as cloud hosting and application rebundling, and have begun to provide services to HM Treasury.

In these ways, we are seeing steady growth in orders from leading global companies and government institutions due to collaboration among Group companies and to the enhancement of our presence in global markets.

Thoroughly Strengthening Competitiveness of Network Services

To transform to a business structure that can succeed in an intensely competitive environment and generate profits, we have taken steps to increase efficiency in network services and thoroughly strengthen competitiveness.

In regard to cost reductions in fixed-line / mobile access networks, we have exceeded the target of ¥600.0 billion and achieved cost reductions of ¥651.0 billion from the level in the fiscal year ended March 31, 2012. These included reductions of approximately ¥110.0 billion in human resources costs accompanying a decrease in the number of employees, approximately ¥130.0 billion in facilities costs due to increased efficiency in capital investment, and approximately ¥410.0 billion in other costs due to lower marketing costs as a result of reevaluating sales methods and increasing efficiency in maintenance and operations.

In addition, we reduced capex to sales ratio from 18.4% in the fiscal year ended March 31, 2012, to 15.6% in the fiscal year ended March 31, 2015. This was achieved through the thorough reevaluation of a wide range of items, such as boosting the efficiency of investment related to laying optical transmission lines by increasing construction projects that do not require the dispatch of NTT employees, effectively utilizing facilities within the Group, and reevaluating information system and R&D items.

Orders from Leading Global Companies and Government Institutions

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Strategic Moves for Global Services

(April 2014 to March 2015)

**Germany**
- **May 2014**
  - GISA GmbH, a provider of SAP hosting and other services, became a subsidiary of itelligence AG, a German subsidiary.
- **March 2015**
  - Conclusion of agreement to acquire shares of e-shelter, the largest data center operator in Germany.

**Switzerland**
- **October 2014**
  - InfoTrust AG, a security solutions company, became a subsidiary of NTT Com Security AG, a subsidiary in Germany.

**India**
- **April 2014**
  - Start of construction of India Mumbai 5 Data Center.

**Malaysia**
- **April 2014**
  - Start of service provision at Malaysia Cyberjaya 4 Data Center.

**China**
- **May 2014**
  - With the objective of unified administration of operations in China, Wise NTT DATA Corporation became a wholly owned subsidiary.

**United States**
- **October 2014**
  - Nexus IS, an ICT solutions provider, became a subsidiary.

**Australia**
- **November 2014**
  - Oakton, a provider of technology consulting services, became a subsidiary.

**Singapore**
- **October 2014**
  - Pro-Matrix Pte. Ltd., a data center engineering company, became a subsidiary.
"Towards the Next Stage 2.0"  (Fiscal year ending March 31, 2016, to fiscal year ending March 31, 2018)

**MEDIUM-TERM MANAGEMENT STRATEGY**

**Special Feature: “Towards the Next Stage 2.0”**

### Accelerating Profit Generation of “Global Cloud Services”

**Aiming to Expand Overseas Sales and Overseas Operating Income**

Until now, in our global businesses we have focused on expanding revenues. Moving forward, we will transition these businesses to a phase of profit growth.

Overseas sales increased to $15.0 billion in the fiscal year ended March 31, 2015, and through M&As and organic growth we will expand overseas sales to $22.0 billion in the fiscal year ending March 31, 2018. In addition, we have set a target for overseas operating income, and will take on the challenge of doubling overseas operating income from $0.7 billion in the fiscal year ended March 31, 2015, to $1.5 billion through higher profit accompanying increased revenues and through rigorous measures to increase cost efficiency.

To that end, we will accelerate working group initiatives, centered on overseas subsidiaries.

In future high-priority business fields, these working groups have started taking steps to understand the current status of Group companies and the plans that Group companies are implementing to increase efficiency, as well as to clarify our direction in regard to target customers, service specifications, and other matters. In the future, to increase efficiency and optimize services and operations for the entire NTT Group, and to reduce procurement costs, we will advance consideration of unified Group schemes and other measures. In this way, we aim to increase profit by approximately $300 million through higher revenues. In addition, we will take steps to strengthen our financial-operations system, including measures to standardize and improve our IT infrastructure, such as enhancing the transparency of information regarding Group management, and to set common accounting standards.

To accelerate the speed of these transformations, as the holding company NTT will provide strong support for these working groups, which are centered on overseas subsidiaries.

**Overseas Sales / Overseas Operating Income**

<table>
<thead>
<tr>
<th>Year/Financial Results</th>
<th>Overseas Sales</th>
<th>Overseas Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/3 (Actual)</td>
<td>$15.0 billion</td>
<td>$0.7 billion</td>
</tr>
<tr>
<td>2017/3 (Target)</td>
<td>$22.0 billion</td>
<td>$1.5 billion</td>
</tr>
</tbody>
</table>

In this way, we aim to increase profit by approximately $300 million through higher revenues. In addition, we will take steps to strengthen our financial-operations system, including measures to standardize and improve our IT infrastructure, such as enhancing the transparency of information regarding Group management, and to set common accounting standards.

To accelerate the speed of these transformations, as the holding company NTT will provide strong support for these working groups, which are centered on overseas subsidiaries.

**Strengthen Products / Services**

By expanding revenues. Moving forward, we will transition

**Strengthen Financial / Operations Systems**

To accelerate the speed of these transformations, as the holding company NTT will provide strong support for these working groups, which are centered on overseas subsidiaries.

**Facilitate transparency of information regarding Group management**

**Strengthen Financial / Operations Systems**

- Set common accounting standards
- Bolster cash management

**Enhancing Profitability of “Network Services”**

In network services, we will work not only to increase efficiency in existing businesses and thoroughly strengthen competitiveness but also to improve user services and enhance profitability.

**Streamlining Capital Investment**

For NTT East and NTT West, fiber-optic related investment will continue to decline. In addition, for NTT DOCOMO the broad expansion of the LTE area has peaked, and the focus of investment will shift to specific areas. As a result, network investment will be streamlined. In addition, we will increase efficiency in the use of the facilities of NTT Group companies, reduce procurement costs, and improve IT systems and enhance their efficiency. To increase efficiency in the use of facilities, each company will simplify and streamline its networks, and we will break away from the practice of doing everything in-house. In addition, we will reduce procurement costs through the use of general-purpose goods and through the unification of specifications for procured goods. Moreover, we will work to increase the efficiency of IT systems through streamlining, and will take steps to improve these systems, including the use of competitive IT.

**Through these initiatives, we will reduce capital investment in the domestic network business, which was ¥1.4 trillion in the fiscal year ended March 31, 2015, by more than ¥200.0 billion by the fiscal year ending March 31, 2018.**

Furthermore, NTT will establish project teams to advance these initiatives. These teams will thoroughly consider a variety of themes and move on to the implementation stage.

**Capital Investment**

Reducing capital investment in domestic network businesses by at least ¥200.0 billion by the fiscal year ending March 31, 2018, compared to the fiscal year ended March 31, 2015

<table>
<thead>
<tr>
<th>Year (Actual/Forecast)</th>
<th>Capital Investment (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/3 (Actual)</td>
<td>¥1.2 trillion*2</td>
</tr>
<tr>
<td>2016/3 (Target)</td>
<td>¥1.66 trillion*1</td>
</tr>
<tr>
<td>2018/3 (Target)</td>
<td>¥1.7 trillion*2</td>
</tr>
</tbody>
</table>

*2 Excluding NTT Communications' data centers and certain other assets

**About NTTESG Initiatives**

- **Improving Efficiency of Facility Use**
  - Effectively using existing facilities by breaking away from the practice of doing everything in-house
- **Simplifying and streamlining network systems**
  - Using virtualization technologies
  - Introducing more-advanced, higher-capacity equipment
- **Reducing Procurement Costs**
  - Using general-purpose goods
  - Unifying specifications for procured goods
- **Improving and Optimizing IT Systems**
  - Increasing capital investment efficiency through streamlining
  - Utilizing proactive IT

**Deliver Steady Growth in Sales**

- **Strengthen Consulting / Industry-specific solutions**
- **Create solutions that integrate services provided by a variety of companies**
- **Expand our global accounts**

**Thorough Cost Optimization**

- **Optimize Services and Operations**
  - Optimize NTT Group efficiency (cloud, security, and IT outsourcing services)
  - Avoid duplication in new service investments
- **Reduce Procurement Costs**
  - Collaborate within the NTT Group regarding procurement

**Strengthen Group Governance and Risk Management**

- **Standardize and Improve IT Infrastructure**
  - Facilitate transparency of information regarding Group management
- **Strengthen Financial / Operations Systems**
  - Set common accounting standards
  - Bolster cash management
**Cost Reductions**

By the fiscal year ending March 31, 2018, we will reduce costs in fixed-line / mobile access networks by at least ¥600.0 billion (the same amount as the previous target). The breakdown of the ¥600.0 billion cost reduction is as follows.

We are anticipating reductions of approximately ¥100.0 billion in human resources costs accompanying a decline in the number of employees due to retirements, principally in the NTT East Group and NTT West Group; approximately ¥200.0 billion in depreciation expenses due to streamlining of capital investment; and approximately ¥300.0 billion in other costs due primarily to lower marketing costs, principally as a result of expansion of the Hikari Collaboration Model. We have already implemented a considerable level of cost reductions, and moving forward Group companies will completely overhaul all business processes and achieve thorough cost reductions.

Furthermore, to establish simple, highly efficient business operations that reflect the transition to the B2B2X model, we will shift resources and reevaluate our approach to business administration. We will also take measures to address duplication of business areas among Group companies, including consideration for the reorganization of missions.

As with the streamlining of capital investment, the project teams will also consider specific initiatives for cost reductions.

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**Human Resources Costs**

Reduction in number of employees due principally to retirements at NTT East and NTT West, and their outsourcing companies* etc.

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**Facilities Costs**

Reducing depreciation expenses through the streamlining of capital investment related to fixed-line / mobile access networks etc.

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**Other Costs**

Reducing marketing costs accompanying the expansion of the Hikari Collaboration Model and the reevaluation of sales methods etc.

---

**For Sustainable Growth**

**Launching New Efforts to Create High Value-Added Services and Business Models, Taking Advantage of the “Tokyo 2020” and “Vitalization of Local Economies” Initiatives**

To achieve sustained growth in domestic business, we need to focus not only on reducing costs but also on fostering profitability. In January 2015, NTT became Japan’s first Gold Partner (Telecommunications Services) for the Tokyo 2020 Olympic and Paralympic Games. As the Tokyo 2020 Gold Partner in the telecommunications services field, NTT will support the “Tokyo 2020” initiative that is being promoted by the government and the private sector. In addition, we consider the “Vitalization of Local Economies” initiative to be an opportunity to leverage the NTT Group’s comprehensive strengths (total assets). We will utilize our assets, such as nationwide fixed-line / mobile broadband networks and our technologies and know-how in information systems. In particular, through collaboration with companies in other fields and with municipalities, we will advance the transition to the B2B2X model and create high-value-added services.

In April 2015, NTT concluded a comprehensive partnership agreement with Fukuoka City. This partnership is aimed at the resolution of regional social issues through the use of ICT. From the perspective of community building in a wide range of business fields, such as “tourism,” “disaster countermeasures,” “commercial district development,” and “natural energy,” we will advance collaboration with Fukuoka City and at the same time work to see that these initiatives penetrate the regional economy and extend throughout the entire country.

As one example, in the field of tourism, together with the JTB Group we implemented testing of tourism services for visitors to Japan that utilize Fukuoka City Wi-Fi, which is provided by the NTT Group. In June 2015, the results were extended throughout all of Kyushu as “the Kyushu Free-Wi-Fi Project” through collaboration with the Kyushu Economic Federation and the Kyushu Kanko Sulshin Kiko. Through collaboration with an information distribution application (Japan Travel Guide) and one of Japan’s largest free Wi-Fi authentication services (Japan Wi-Fi), we are aiming to provide a high level of convenience to users and to activate the tourism industry and the regional economy through analysis of big data, such as tourist locations and activity information. In addition, in June 2015 the NTT Group agreed to enter into a business alliance with Panasonic Corporation with the aim of achieving visual service innovations and an evolution of the user experience* for 2020 and beyond. By combining NTT’s strengths in broadband solutions and Panasonic’s strengths in high-quality visual solutions, we will propose models that have the potential to become new visual communication standards.

Today’s important social and economic issues include the enhancement of services that offer hospitality to visitors to Japan (tourism / business), which are expected to increase further, and the improvement of services that support the realization of a society in which people with disabilities and senior citizens can live with peace of mind. To address these issues, the NTT Group will aim to realize a universal design society through advances in the user experience, and we will continue to move forward with collaboration with companies in a wide variety of fields.

* User experience (UX): Indicates the experience and satisfaction of users when they use products, systems, and services. Also an indicator of the development of systems and services that increase user experience and satisfaction.
R&D Initiatives for 2020

There is growing concern about cyber-attacks, and in the current environment, with all companies connected over networks, this problem is not limited to information and communications. Cyber-attacks are also a problem in social infrastructure, including finance, electric power, and transportation. The growing use of ICT brings increased security risks, and accordingly NTT will take steps to implement the highest-quality security measures. These steps will include security monitoring implemented through the world’s most advanced technologies and operations centers around the world, as well as collaboration, such as with telecommunication carriers from various countries.

In addition, NTT is developing technologies that enable the excitement of sports events to be shared around the world through real-time global transmissions that make viewers feel as if they were on the spot. We are also implementing R&D in the area of hospitality technology that can understand the circumstances and intentions of visitors to Japan and actively support them.

Security Orchestration Technologies

In response to increasingly advanced cyber-attacks, NTT is implementing R&D in security orchestration technologies that facilitate rapid network restoration. Through the use of virtualization technologies, we have developed an engine that can automatically detect attacks on a network, take appropriate countermeasures, and automatically restore the network. For example, this engine analyzes attack traffic to be blocked flexibly and with high precision in both reflection DDoS attacks, which cause network congestion with huge amounts of traffic, and slow DDoS attacks, which saturate server resources with a small volume of packets. Through this technology, when there is a DDoS attack against a website hosted at a data center or on a customer network, the website can be protected by blocking only the attack traffic without hindering the normal traffic.

New Kirari! Technology Enables Global Simultaneous Distribution of the Feeling and Excitement of Being on Site

NTT is conducting R&D activities for Kirari! immersive telepresence technology. Kirari! combines next-generation compression standards (HEVC) and Advanced MMT, a technology that NTT has begun to develop that will synchronize various media to produce realistic sensations. In this way, Kirari! will enable the transmission of not only athletes’ images and sound but also their surroundings and environment, and it will reproduce both 3D images and sound. The use of this technology makes it appear as if top athletes are competing right in front of the viewers, even from remote locations, and it is possible to transmit the feeling and excitement of being on site to locations around the world.

Tourism Navigation Service Using Object Information Retrieval Technology with No Limits on Angles

NTT has developed angle-free object information retrieval technology that identifies the subject of a photograph taken from any angle and searches for and displays related information. With just a photograph of a sign or building taken with a smartphone, this technology enables the provision of tourist navigation services for a specific location at one-tenth of the previous cost.

Open Innovation Initiatives in R&D

To respond to diverse needs and resolve a wide range of issues, NTT is not only engaging in collaboration in the area of business activities but also implementing open innovation initiatives with a variety of businesses in the area of R&D. Through these initiatives, we will accelerate the creation of new value in the future.
Strategic Action

In the regional communications business, NTT East and NTT West worked to create new business models based on alliances with a variety of other companies and to promote fiber-optic and IP-related services through the expansion of fiber-optic usage scenarios entailing the utilization of Wi-Fi. In addition, NTT East and NTT West substantially transformed their core business model for fiber-access services with the launch of the Hikari Collaboration Model, under which fiber-access services are offered through a wholesale framework to a diverse range of businesses. Moving forward, NTT East and NTT West will roll out B2B2C businesses, centered on the Hikari Collaboration Model, and work to increase corporate value as a “Value Partner.”

Financial Results for the Fiscal Year Ended March 31, 2015

IP / packet communications service revenues increased due to growth in subscriptions for FLET’S Hikari and Hikari Denwa. However, this increase was not enough to offset a decline in fixed voice-related revenues stemming from a decrease in the number of fixed-line telephone subscriptions. As a result, operating revenues were down 1.9% from the previous fiscal year, to ¥3,505.5 billion. Operating expenses decreased 3.1%, to ¥3,336.7 billion, due in part to lower personnel expenses and to increased cost efficiency. Consequently, operating income was ¥168.9 billion, an increase of 32.7% from the previous fiscal year.

Number of Subscriptions for Major Services

The number of FLET’S Hikari subscriptions was 18.72 million as of March 31, 2015, an increase of 0.67 million from a year earlier. The number of Hikari Denwa channels reached 17.11 million, an increase of 0.85 million, and the number of FLET’S TV subscriptions was 1.35 million, an increase of 0.18 million.

Trend in FLET’S Hikari ARPU*

ARPU from basic monthly charge declined due to the uptake of discount services for long-term users. ARPU from value-added services was basically unchanged. Consequently, FLET’S Hikari ARPU was ¥4,490 at NTT East and ¥4,680 at NTT West.

* Please see page 125 for the ARPU calculation method and other details.

Strategic Report

NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Strategic Report
FLET’S Hikari
NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Operations in Review Regional Communications Business

Initiatives to Advance Fiber-Access and IP-Related Services

Promoting Membership through Alliance Initiatives
NTT East has entered a tie-up with Japan Airlines Co., Ltd. (JAL), to create demand from tourists from overseas and to increase convenience. Through JAL’s overseas websites, NTT East has begun to provide free Wi-Fi service IDs and passwords that can be used at Hikari Stations.

In addition, NTT West began to provide the Hikari Karaoke BOX® 8DM service, which uses the Hikari BOX® digital media player to provide in-home access to the same LIVE DAM karaoke music that DAICHIKOSHO CO., LTD., provides to karaoke companies.

In these ways, through alliances with a variety of other companies, NTT East and NTT West are working to expand the use of FLET’S Hikari with consideration for a wide range of customer needs.

Public Wireless LAN Solutions for Commercial Areas
The smartphone household penetration rate has surpassed 50%, and omni-channel initiatives to increase overall sales are drawing attention. These initiatives involve the use of smartphone and tablet applications to attract customers to stores and promote purchases, as well as the provision of seamless customer services through stores or the Internet.

In this setting, NTT East and NTT West have begun to provide services that facilitate the provision of information to the smartphones or tablets of consumers who are visiting stores that have NTT Group Wi-Fi access points. This information includes in-store recommendations as well as information about coupons and points that can be used on subsequent store visits. In this way, the stores increase purchase rates among visitors, secure repeat customers, and enhance customer loyalty.

Moreover, based on customer visit logs and associated information accumulated through the use of Wi-Fi to capture highly precise store-visit information, stores can analyze user activity and utilize the results in their marketing initiatives.

Solutions Business Initiatives

Initiatives for Companies and Municipalities
NTT East began to offer FLET’S VPN Pro, a new IP-VPN service for corporate customers that features priority bandwidth for customers with large-scale networks. In comparison with previous services, FLET’S VPN Pro makes it possible to build private networks that are less likely to have delays and offer stable communications. For municipalities, NTT East began to offer a ResCloud service to help disaster victims to rebuild their lives. This cloud-based service provides comprehensive support for municipalities engaged in related activities, such as issuing certificates of disaster damage. In this way, victims of disasters can quickly obtain support and access a rapid yet fair process for the rebuilding of their lives.

NTT West began to offer a number of solutions services that help to resolve the management issues of municipalities and companies. For example, with the objectives of activating local communities and enhancing resident services through the use of ICT, NTT West worked in cooperation with Wazuka-cho, Kyoto Prefecture, to conduct field trials of a system for distributing government information through TVs. After verification of the system’s effectiveness, Hikari Town Channel was launched as a municipality information distribution system for TVs. This system, which uses Hikari BOX®, is offered as a new service for municipalities.

What specific initiatives are being implemented to reduce costs and increase capital investment efficiency?

We are taking steps to reduce costs, such as increasing productivity in each area of operations through visualization initiatives, advancing IT systems, bringing work that had been outsourced back within the Group, and reevaluating the outsourcing process. In addition, we are also working to increase efficiency in capital investment. To that end, we are cutting the cost of laying optical transmission lines by increasing construction projects that do not require the dispatch of NTT employees and consolidating redundant network-related equipment.

What is the number of operators involved in Hikari Collaboration Model, and what is the future outlook for these businesses?

As of July 31, 2015, there were 141 Hikari Collaboration Model businesses. When service provision commenced, the majority of businesses were conventional telecommunications operators, such as telecommunications carriers, ISPs, and CATV companies. However, as of July 31, 2015, companies other than telecommunications operators accounted for more than half of the total, and the share of these companies is expected to continue to increase in the future. Including companies that have already started to provide services, we are holding discussions with about 800 companies that have signed NDAs, and we anticipate ongoing expansion in the number of service providers.

FAQ
Questions frequently asked by shareholders and investors

- Frequently Asked Questions
  - What specific initiatives are being implemented to reduce costs and increase capital investment efficiency?
    - We are taking steps to reduce costs, such as increasing productivity in each area of operations through visualization initiatives, advancing IT systems, bringing work that had been outsourced back within the Group, and reevaluating the outsourcing process. In addition, we are also working to increase efficiency in capital investment. To that end, we are cutting the cost of laying optical transmission lines by increasing construction projects that do not require the dispatch of NTT employees and consolidating redundant network-related equipment.
  - What is the number of operators involved in Hikari Collaboration Model, and what is the future outlook for these businesses?
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For corporate customers, NTT Communications, a main player in the long distance and international communications business, expanded its cloud computing platforms and reinforced its ability to provide seamless ICT solutions that leverage its strengths as a telecommunications company. For consumers, NTT Communications worked to propose new lifestyle offers that leverage its strengths as a telecommunications company. For corporate customers, NTT Communications, a main player in the long distance and international communications business, expanded its cloud computing platforms and reinforced its ability to provide seamless ICT solutions that combine a variety of services, such as cloud, network, security, application, and managed ICT services. Consequently, the number of customers using cloud services increased significantly, rising from 5,300 to 7,300 in one year.

Aiming to contribute to optimization of customers’ ICT environments at a global level and to assist customers in the implementation of management reforms, NTT Communications is working to provide seamless ICT solutions that combine a variety of services, such as cloud, network, security, application, and managed ICT services. Consequently, the number of customers using cloud services increased significantly, rising from 5,300 to 7,300 in one year.

### Financial Results for the Fiscal Year Ended March 31, 2015

For the fiscal year ended March 31, 2015, operating revenues in the Long Distance and International Communications Business segment were ¥1,998.6 billion, an increase of 10.4% from the previous fiscal year. Voice-related revenues declined, but system integration revenues rose due to an increase in overseas consolidated subsidiaries. On the other hand, operating expenses were ¥1,885.1 billion, an increase of 12.0% from the previous fiscal year. Costs declined, due largely to an increase in administrative efficiency, but revenue-linked expenses were higher. Consequently, operating income was ¥113.6 billion, a decrease of 10.9% from the previous fiscal year.

### Number of Subscriptions for Major Corporate Services

<table>
<thead>
<tr>
<th>Service</th>
<th>2013/3</th>
<th>2014/3</th>
<th>2015/3 (Forecast)</th>
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<tbody>
<tr>
<td>OCN / Plala</td>
<td>5,300</td>
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<tr>
<td>Arcstar Universal One</td>
<td>2,820</td>
<td>3,150</td>
<td>4,000</td>
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<tr>
<td>WideAngle</td>
<td>12,000</td>
<td>16,000</td>
<td>20,000</td>
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</tbody>
</table>

### Number of Subscriptions for Major Consumer Services

<table>
<thead>
<tr>
<th>Service</th>
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<th>2014/3</th>
<th>2015/3 (Forecast)</th>
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</thead>
<tbody>
<tr>
<td>OCN / Plala</td>
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<td>Arcstar Universal One</td>
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<td>WideAngle</td>
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<td>175,300</td>
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</table>

### Number of Subscriptions for Major Mobile Services

<table>
<thead>
<tr>
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<th>2014/3</th>
<th>2015/3 (Forecast)</th>
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</thead>
<tbody>
<tr>
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<tr>
<td>WideAngle</td>
<td>0.79</td>
<td>0.80</td>
<td>0.83</td>
</tr>
</tbody>
</table>
Operations in Review

Long Distance and International Communications Business

Strategic Report

2014

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

Arcstar Universal One Advanced Option

NTT Communications, which provides network services to corporate customers, began to offer the Power Option, which makes it easy to migrate core systems operating on IBM (AS/400) to the cloud. Other new functions include connecting existing server environments to NTT Communications data center colocation areas in the same network segment through the use of software-defined networking (SDN) technologies, and enabling clients to use a customer portal to set and change network settings for cloud-connected VPN and Internet connections and cloud-based networks.

In addition, under the Nexcenter brand, NTT Communications commenced provision of data center services at its Malaysia Cyberjaya 4 Data Center. Moreover, we responded to demand for cloud services by significantly expanding data center operations in Japan and overseas. For example, NTT Communications concluded an agreement to acquire a majority of the shares of Lux e-shelter S.à.r.l., the largest data center operator in Germany.

Expansion of Network Services

NTT Communications, which provides network services to companies in 196 countries and regions, introduced multiple advanced functions, Arcstar Universal One Advanced Option offers application acceleration and enhanced security, while Arcstar Universal One Virtual enables customers to build virtual networks quickly and easily, without regard to their existing network environment or the devices being used.

Developing Applications and Content Services

NTT Communications advanced initiatives to strengthen service competitiveness. The Facial Expression Search function, which enables users to search through saved photographs for facial expressions, such as smiles or winks, was added to the My Pocket online storage service. In addition, to promote the development of services linked to My Pocket, NTT Communications launched the My Pocket Developer Program for application and web service developers and companies.

Development of Voice Communication Services

NTT Communications took steps to contribute to the increased business efficiency of customers by smoothing communications among multiple bases through the provision of services in Japan and overseas. Arcstar Contact Center is a cloud-based service that allows companies to migrate their contact center services to the cloud. It enables customers to make flexible adjustments to the number of call center operators and to change contact center functions in accordance with the seasons, campaigns, and other factors. Arcstar Conferencing provides conferencing services through video, phone, and the Web.

Enhancing Managed Services

Accompanying increasingly advanced customer ICT environments, there is a growing need to increase efficiency through the use of specialists to operate these systems. In response, NTT Communications began to offer new services. Managed Services Enterprise Network 1.0 facilitates the flexible, efficient operation and management of customer network infrastructure, while Managed Services Data Centre monitors, analyzes, and reports on real-time availability and capacity information for customer data center storage environments.

Enhancing Cloud Computing Platforms

In October 2014, Dimension Data acquired Oakton Limited, a technology consulting service provider based in Australia. Oakton is one of the leading companies in Australia in the provision of solutions related to information management and core administrative systems. Through the acquisition of Oakton, NTT Communications has strengthened its ability to provide cloud migration consulting and proposals to the executives of client companies. In addition, through the acquisition of application-related resources and know-how, NTT Communications has reinforced its execution capabilities for cloud migration, from applications to ICT infrastructure. Furthermore, through the integrated provision of cloud migration, NTT Communications will aim to obtain orders for large-scale, comprehensive ICT service contracts from existing clients in Australia. Going forward, NTT Communications will work to acquire new customers and expand business with consideration for global initiatives in line with customer needs.

FAQ

What measures will be taken to improve profits at Dimension Data?

Currently, profitability has declined temporarily due to upfront investment, capital investment, and the enhancement of human resources to expand cloud businesses and bolster IT outsourcing. Upfront investment is being targeted at broadly strengthening Dimension Data’s ICT solution and service provision capabilities, such as in the growth fields of cloud consulting and IT outsourcing. In this way, this investment will steadily contribute to growth in revenues and profits over the medium term. In addition, Dimension Data is aiming to expand total sales in the cloud and IT outsourcing businesses, where growth is anticipated, and Dimension Data is moving ahead with initiatives to secure human resources in related fields, implement cloud services development investment, and advance M&As and other measures with players in areas related to cloud services.

What is the outlook for NTT Communications’ data center strategy?

Through the acquisition of e-shelter, the largest data center operator in Germany, NTT Communications has substantially expanded its server room floor space at high-quality data centers, and it now has the No. 3 provision capabilities in Europe (growth from 19 thousand square meters in 4 cities to 98 thousand square meters in 9 cities). As a result, NTT Communications has data centers around the world with a combined server room floor space of approximately 351 thousand square meters. Moving forward, NTT Communications will further reinforce its provision capability through the establishment of new data centers and the implementation of M&As as needed, and the Nexcenter brand of high-quality data centers, which are operated under global unified standards, will be extended around the world.

Acquisition of Oakton

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Net sales: 162 million Australian dollars

Business results: EBITDA: 15 million Australian dollars

Head office: Melbourne, Australia

Established: 1988


Frequently Asked Questions

What is the outlook for NTT Communications’ data center strategy?

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Questions frequently asked by shareholders and investors

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Operations in Review

Mobile Communications Business

Strategic Action

In the mobile communications business, NTT DOCOMO strengthened its competitiveness through a range of initiatives, such as the launch of a new billing plan, the enhancement of networks using LTE services, and the introduction of highly functional and appealing devices. In addition, in Smart Life areas, NTT DOCOMO worked to expand new services that support Smart Life for customers, such as taking steps to further enhance dmarket and implementing collaborative initiatives and partnerships with a variety of companies. Moreover, in March 2015 NTT DOCOMO launched the docomo Hikari fiber-optic broadband service and commenced initiatives for the provision of new services combining mobile phones and broadband.

Financial Results for the Fiscal Year Ended March 31, 2015

Revenues from IT equipment sales and Smart Life businesses increased, but an upturn in decline in mobile voice-related revenues was recorded, due in part to the influence of the Monthly Support discount program and the new Kaite-hoda & Pak-e-ru billing plan. As a result, operating revenues were ¥4,383.4 billion, a decrease of 1.7% from the previous fiscal year. NTT DOCOMO increased cost efficiency, but the cost of equipment sold and other revenue-linked expenses increased. As a result, operating expenses were ¥3,747.6 billion, a rise of 2.8% from the previous fiscal year. Consequently, operating income was ¥635.8 billion, a decline of 22.2% from the previous fiscal year.

Aggregate ARPU* and dmarket Transaction Volume

Aggregate ARPU declined ¥180, to ¥1,980. Voice ARPU was down 16.1%, to ¥1,180, due to the influence of the Monthly Support discount program and to the concentrated shift of users with high voice communications charges to the new billing plan. Smart ARPU rose 18.0%, to ¥590, due to growth in the number of LTE subscriptions and the introduction of highly functional and appealing devices. In addition, in Smart Life areas, NTT DOCOMO worked to expand new services that support Smart Life for customers, such as taking steps to further enhance dmarket and implementing collaborative initiatives and partnerships with a variety of companies. Moreover, in March 2015 NTT DOCOMO launched the docomo Hikari fiber-optic broadband service and commenced initiatives for the provision of new services combining mobile phones and broadband.

* Please see page 125 for the ARPU calculation method and other details.

Number of Subscriptions for Major Services

Mobile phone subscriptions at fiscal year-end were 66.60 million, an increase of 3.49 million from the previous fiscal year-end. Of these, smartphones accounted for 28.75 million subscriptions, an increase of 18.1%. Smartphone subscriptions increased to 45.2% of total subscriptions, from 38.6% at the previous fiscal year-end. The number of LTE (pronounced “crossy”) subscriptions increased 40.0%, to 30.74 million at year-end. Accordingly, as a percentage of total smartphone subscribers, LTE Xi subscribers increased to 92%.

Aggregate ARPU was ¥590, due to growth in the number of LTE subscriptions and the introduction of highly functional and appealing devices. In addition, in Smart Life areas, NTT DOCOMO worked to expand new services that support Smart Life for customers, such as taking steps to further enhance dmarket and implementing collaborative initiatives and partnerships with a variety of companies. Moreover, in March 2015 NTT DOCOMO launched the docomo Hikari fiber-optic broadband service and commenced initiatives for the provision of new services combining mobile phones and broadband.
Strategic Report

Mobile Communications Business

In the Smart Life area, in accordance with the concept of being a “value co-creation company,” NTT DOCOMO will shift its focus from top-line growth to the generation of profits and aim for operating income of more than ¥100.0 billion in the fiscal year ending March 31, 2018. We will utilize d+, which refers to original NTT DOCOMO business assets created in collaboration with partners, as a key driver of growth in profits. NTT DOCOMO has a framework for charging / setting for 65 million subscribers, a widely used loyalty point system, and other assets.

In the future, in collaboration with partner companies we will roll out new services that make full use of these assets. In May 2015, NTT DOCOMO implemented a partnership with Lawson Inc., a leading convenience store company that has about 11,000 stores in Japan. Under this partnership, customers will be able to use DOCOMO loyalty points for shopping at Lawson, and from December 2015, they will be able to use points received for shopping at Lawson for monthly mobile phone usage charges, the cost of purchasing a mobile phone, and dmarket.

In the future, through collaboration with partners NTT DOCOMO will strive to retain customers through the creation of new added value and increased convenience, and to expand business by leveraging mutual access to customer bases among partners.

**FAQ**

**Questions frequently asked by shareholders and investors**

As a “value co-creation company,” what will be accomplished in terms of increasing corporate value to meet the demands of shareholders and investors?

Through collaboration and co-creation with partners, NTT DOCOMO will be able to scale up businesses in ways that would not be possible on its own, as well as to create services in genres that are new to NTT DOCOMO. Accordingly, this will contribute to growth in NTT DOCOMO Group businesses and corporate value, and will contribute to the achievement of the goal of operating income of more than ¥100.0 billion in the fiscal year ending March 31, 2018 in Smart Life area.

What is the outlook for revenues and profits under the new billing plan?

Immediately after the new billing plan was launched, there were many applications from existing customers with large voice communications charges. Also, there was a strong trend for customers to select the plan option with the smallest data communications volume. Consequently, there was an adverse effect on revenues. However, that trend bottomed out in November 2014, and currently a trend of improvement continues. Moving forward, NTT DOCOMO will strengthen initiatives to up-sell new and existing subscribers. We are aiming for higher revenues on a monthly basis in the fiscal year ending March 31, 2016, and to achieve profitability on an annual basis in the fiscal year ending March 31, 2017.
Operating revenues in the fiscal year ended March 31, 2015, increased 12.4% from the previous fiscal year, to ¥1,511.0 billion. This gain was due to an increase in overseas consolidated subsidiaries, the cultivation of new customers, and the scaling up of systems for existing customers. On the other hand, operating expenses increased 11.7% from the previous fiscal year, to ¥1,424.7 billion. This rise was due in part to an increase in revenue-linked expenses. As a result, operating income was ¥86.4 billion, an increase of 27.2% from the previous fiscal year.

Expanding the NTT DATA Group’s Global Platform

In the fiscal year ended March 31, 2015, approximately 76,000 employees deployed in 176 cities in 41 countries and regions outside of Japan.

(As of March 31, 2015)

* Consolidated net sales includes “others and adjustments” and accordingly is not consistent with a simple aggregation of net sales of each segment.
**Status of Management Policies**

- **Expansion, Enhancement, and Reinforcement of Global Business**
  
  With the acquisition of the everis Group, which is based in Spain, NTT DATA expanded its operations to 176 cities across 41 overseas countries and regions. With coverage extending to nearly the entire world, NTT DATA has established a system that can address the needs of global customers. As a result, NTT DATA received an order for a digital archiving system from the Vatican Apostolic Library and published a system that can address the needs of global customers across 41 overseas countries and regions.

- **Expansion of New Fields**
  
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- **Technical Development**
  
  In response to the large-scale data processing needs of corporations, NTT DATA implemented in-house development of functions for use in mission critical systems and reflected these in open-source software (OSS) source code. In addition, NTT DATA leveraged its accumulated know-how regarding the application of OSS and reinforced its track record of incorporating OSS databases into large-scale systems.

**In DEPTH**

**Omni-Channel Solutions**

Due to the uptake of the Internet and mobile devices, Japan is now at a stage when merchandise can be easily purchased at any time and from any place. In this setting, growing attention has been focused on the recent retail industry initiatives to maximize sales opportunities through “omni-channel.”

With consideration for these types of market needs, NTT DATA provided the official app for Matsumotokiyoshi as an omni-channel solution. This app is based on Recommend Push* technology, a solution that analyzes user information, and delivers to users’ smartphones information about recommended products and discounts.

Moving forward, NTT DATA will advance the provision of Recommend Push*, centered on retailers that are operating e-commerce sites, and develop solutions that draw on the range of information held by companies to make recommendations.

**Status of Business Activity**

- **Public & Financial IT Services**
  
  In business initiatives related to Japan’s personal identification number system, NTT DATA has received multiple orders, including for the installation of new core systems as well as for the upgrading of existing government systems. For example, after conducting verification testing in-house, we are providing a personal number collection service that collects personal identification numbers and verifies identification for employees of general companies, customers of financial institutions, and others.

  With this service, we are providing support for personal number collection and other tasks through mailing of documents or through electronic means, such as smartphones.

- **Enterprise IT Services**
  
  NTT DATA began to provide services that take advantage of the smart meter operation management system developed through a project in which NTT DATA participated as a partner company (integrator) of Tokyo Electric Power Company, Incorporated (TEPCO). This system facilitates the remote reading of electricity meters and the confirmation of current flow, thereby realizing improved user convenience, swifter recovery from blackouts, and higher efficiency in meter reading tasks. In addition, NTT DATA has been advancing a similar system construction project with another power company and has received an order for a switching support system for use in advancing the power system reforms of the Organizing Office for the Organization for Cross-regional Coordination of Transmission Operators, JAPAN. Moving forward, NTT DATA will advance this project in preparation for the complete deregulation of the electricity retail market from April 2016.

- **Solutions and Technologies**
  
  NTT DATA has begun providing BioXaaS Omni-Channel, a system that integrates multiple sales channels, including physical stores and internally and externally operated e-commerce sites, to enable the integrated management of product, order, and inventory information for all channels. Moreover, NTT DATA is working to help SANYO SHOKAI LTD. to realize its vision for next-generation e-commerce. To this end, NTT DATA has commenced development of the SANYO Omni-Channel Base System, which uses BioXaaS Omni-Channel to integrate physical stores and e-commerce sites and to share information with external websites.

- **Global Business**
  
  To promote services that leverage next-generation platform technologies and specialized expertise, NTT DATA entered into a global services partnership with Systems Applications Products Societas Europaea of Germany. Through this partnership, NTT DATA Group will become an SAP global services partner. On this basis, NTT DATA will take steps to strengthen cooperation between NTT DATA Group companies in the SAP business field, enhance the NTT DATA Group’s global competitiveness, and provide value through state-of-the-art technology and other means. In recognition of its SAP initiatives, NTT DATA was selected as a member of the Winner’s Circle, the highest commendation, in the 2014 SAP Services Blueprint Report released by U.S. research firm H-Research.

**FAQ**

**What is the state of progress in improving unprofitable projects?**

The unprofitable project risk in the fiscal year ending March 31, 2016, is forecasted to be about 0.3% of sales (approximately ¥5.3 billion) as of April 2015. In regard to six existing unprofitable projects, as of the fiscal year ending March 31, 2015, service provision had been started for five projects, which have entered the stable operations phase. In addition, the remaining one project is in the final testing phase targeting the provision of services, and we expect low probability of unprofitable projects to emerge in the fiscal year ending March 31, 2016. In addition, for projects that are larger than a certain scale, the Project Screening Committee will carefully investigate project plans at the time the order is received. In this way, we will work to prevent the emergence of unprofitable projects.

**What is the status of initiatives for businesses related to the personal identification number system?**

NTT DATA has received joint orders with other companies for the numbering system and the information provision network system that are the central elements in the personal identification number system. Certain projects entail making existing systems compatible with the personal identification number system, and in that regard NTT DATA received orders for e-Tax improvement and social insurance online systems. In addition, NTT DATA is moving forward with initiatives to make public-body administration system platforms compatible with the personal identification number system and to provide packages of functions. We are offering BPO service under which we collect numbers through the mail or online and safely store them.

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Real Estate Business

**NTT Urban Development**

NTT Urban Development, which is the Group’s only comprehensive real estate company, conducts real estate leasing operations, centered on office buildings and commercial facilities, and condominium operations, principally through the Wellith brand. Leveraging the know-how acquired through these operations, NTT Urban Development is expanding into new fields of business, such as global and real estate fund businesses.

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. Through Smart & Safety Solutions combining ICT, energy, and construction technologies, NTT FACILITIES strives to contribute to the development of communities that reflect consideration for people and the environment and are disaster resistant. To that end, NTT FACILITIES designs, builds, and operates large-scale solar power generation systems and data centers and makes proposals for architectural designs that are highly environmentally friendly and long-lived as well as secure and safe.

Advanced Technology Development Business

**NTT**

NTT FACILITIES offers its services to NTT Group companies in this business segment offering design, development, production, and sales of custom LSIs for telecommunications and other advanced technologies from Japan and overseas; such as network technologies, media interface processing technologies, and other advanced technologies from Japan and overseas; development, production, and sales of custom LSIs for communications use and optical devices that are indispensable in the realization of high-capacity communications networks; and total solutions related to software design / development and information / communications networks.

Finance Business

**NTTFINANCE**

As the core finance company of the NTT Group, NTT FINANCE conducts leading-edge finance, settlement, and billing services. Through lease finance, credit cards, billing, and other services, NTT FINANCE meets a wide range of customer needs. As a Financial Solution Partner, from July 2012 NTT FINANCE began billing and receipt operations for telecommunications service, and other charges for NTT East, NTT West, NTT Communications, and NTT DOCOMO. NTT FINANCE now provides billing and other settlement services.

System Development Business

**NTT COMWARE**

NTT COMWARE, which has core competencies in network technologies, systems and applications, and support and maintenance, is taking steps to build full IP networks, which will be the foundation of broadband and ubiquitous services, and to develop operation systems and application services for use in traffic control to ensure communications quality. In these initiatives, NTT COMWARE is working together with NTT Laboratories and other Group companies.

Others

**NTTAD**

**NTT**

**ICR**

**IC**

**MTT-HS**

**NTT Learning Systems**

**NTT BUSINESS ASSOCI**

**MTT LOGISCO**

**NETBP**

etc.

<table>
<thead>
<tr>
<th>Financial Results for the Fiscal Year Ended March 31, 2015</th>
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<tr>
<td><strong>Operating Revenues</strong></td>
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<tr>
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<tr>
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<tr>
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</tr>
<tr>
<td>2013 /Forecast</td>
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</table>

Initiatives

**NTT Urban Development**

Management Strategies: Current Status and Outlook

In real estate leasing operations, NTT Urban Development worked to lease newly developed buildings at an early stage and took steps to increase the competitiveness of existing buildings by increasing the efficiency of building management. In addition, NTT Urban Development will strengthen its revenue foundation by establishing new business models, centered on mixed-use development and regional redevelopment initiatives.

**NTT FACILITIES**

Outlook for Solar Power Generation Systems

The electric power fixed-price purchase system that was commenced in the fiscal year ending March 31, 2013, has led to rapid growth in the market, but the purchase price will decline rapidly from the fiscal year ending March 31, 2016, and at the same time the application of new output control rules will be expanded. As a result, the scale of the market is expected to contract. In response to the decline in the purchase price, NTT FACILITIES will work to foster demand and develop the market by increasing commercial viability in terms of both initial and running costs. To that end, NTT FACILITIES will take steps to reduce system construction expenses and increase overall system efficiency. In addition, in regard to the new output control rules, NTT FACILITIES will work to maximize profits by making judgments on a case-by-case basis, with consideration for the effect on commercial viability.

**NTT Broadband Platform**

Expanding Public Wireless LAN Services

NTT Broadband Platform constructs and operates access points for public wireless LAN services provided by the NTT Group and others. It also constructs and operates information provision platforms through collaborative ventures with municipalities and companies. In December 2014, in cooperation with the Tokyo Metropolitan Government’s Bureau of Transportation and Tokyo Metro, NTT Broadband Platform began to provide Japan Connected-Free Wi-Fi at 143 subway stations in Tokyo, making possible the use of free Wi-Fi with Toei Subway, Tokyo Metro, and Toei Bus.
Through the resolution of environmental and social issues, we are working to achieve both contributions to a sustainable society and increases in corporate value.

As a leader of the information and telecommunications industry, the NTT Group considers CSR to be the provision of the most-advanced services in order to contribute to the resolution of a variety of environmental and social issues and to the creation of a safe, secure, and prosperous society through communications.

Based on environmental and social responsibilities, the NTT Group drew up the NTT Group CSR Charter in June 2006 as a basic guideline for the more active implementation of CSR activities. In the midst of a variety of environmental and social issues, the NTT Group has determined the direction of its initiatives with consideration for the expectations of stakeholders and the viewpoint of NTT Group management. Through the provision of services to customers and the improvement of business activities, we are working to achieve both contributions to a sustainable society and increases in corporate value.
As a “Value Partner,” the NTT Group will aim for the realization of sustainable growth together with stakeholders.

With business models that utilize a wide range of capital, the NTT Group aims to contribute to the resolution of environmental and social issues and to achieve growth over the medium to long term.

By providing the NTT Group’s ICT platforms for a wide range of partners in each industry, we will work to create wide-ranging innovation through collaboration among companies in different fields. To contribute to the resolution of environmental and social issues and to an increase in the competitiveness of Japanese industry, the NTT Group will strive to realize sustainable growth together with stakeholders as a “Value Partner” that continues to be selected by customers.

The NTT Group conducts business in Japan and overseas and is connected to a variety of stakeholders. To increase business sustainability, the NTT Group will advance CSR on a Groupwide basis while focusing on the expectations and needs of stakeholders.

The NTT Group’s especially important stakeholders are as follows.

<table>
<thead>
<tr>
<th>Principal Stakeholders</th>
<th>The NTT Group’s Approach to Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers (Companies and Individuals)</td>
<td>All customers, both corporate and individual, who use services provided by the NTT Group</td>
</tr>
<tr>
<td>Shareholders and Investors</td>
<td>Individual and institutional investors including the shareholders and creditors of the NTT Group</td>
</tr>
<tr>
<td>Central Government and Administrative Agencies</td>
<td>Central and local governments that make policy decisions on information and telecommunications, employment and the economy, the environment, and other issues</td>
</tr>
<tr>
<td>Employees (Employees, Their Families, and Retired Employees)</td>
<td>Employees who work at the NTT Group and retired employees who support the NTT Group’s CSR ideals</td>
</tr>
<tr>
<td>Local Communities</td>
<td>People in local communities who are connected to us through the core businesses of NTT Group companies</td>
</tr>
<tr>
<td>ICT Companies and Industry Associations</td>
<td>Other ICT companies and people in industry associations who are striving to develop Japan’s information and telecommunications</td>
</tr>
<tr>
<td>Business Partners</td>
<td>Business partners who provide a range of cooperation in the provision of NTT Group services</td>
</tr>
</tbody>
</table>
In accordance with the NTT Group CSR Charter, we are working to implement CSR initiatives.

The NTT Group drew up the NTT Group CSR Charter in June 2006 as a basic guideline for the more active implementation of CSR activities.

The NTT Group CSR Charter consists of a statement of our commitment to corporate social responsibility, and the four CSR goals that outline specific priority aspects of our CSR activities.

Together with NTT Group companies, we are working to resolve environmental and social issues.

NTT Group CSR Organization

To ensure appropriate, ongoing management of CSR, including environmental and social goals, in June 2005 we established the CSR Committee, which is chaired by the senior executive vice president. The CSR Committee meets at least once a year to address the direction of Groupwide initiatives, the formulation of measures, the content of information disclosure, and other matters. In addition, we hold periodical Group CSR Liaison Meetings to discuss common Group issues and share information on successful initiatives.

Moreover, we have established two internal committees—the Global Environmental Protection Promotion Committee and Social Contribution Promotion Committee—to advance CSR in a systematic, ongoing manner.

Under this system, we mutually confirm PDCA cycles and advance CSR with a sense of unity across the Group.

Our Commitment

As a leader of the information and telecommunications industry, the NTT Group is committed to providing reliable, high-quality services that contribute to the creation of a safe, secure, and prosperous society through communications that serve people, communities, and the global environment.

Our CSR Goals

Communication between people and their communities

1. We shall strive to create a richer and more convenient communications environment, and utilize our technology to contribute to the resolution of the various issues faced by societies with aging and declining populations.

2. We shall strive to reduce our own environmental impacts and build environment-friendly forms of communications, and to provide information and communications services that help to reduce the impact of society as a whole on the global environment.

Communication between people and the global environment

3. While striving earnestly to ensure information security and resolve telecommunications-related social issues, we shall do our utmost to provide a safe and secure user environment and contribute to the creation and future development of communication culture.

4. Fully recognizing the role that telecommunications plays as critical infrastructure supporting society and protecting our livelihoods, we shall strive to offer secure and reliable telecommunications services fortified to withstand disasters and capable of connecting people irrespective of time, location, and other circumstances.

5. While striving to ensure information security and resolve telecommunications-related social issues, we shall do our utmost to provide a safe and secure user environment and contribute to the creation and future development of communication culture.

6. We shall strive to create a richer and more convenient communications environment, and utilize our technology to contribute to the resolution of the various issues faced by societies with aging and declining populations.

Team NTT communication

7. As Team NTT, we pledge to apply the highest ethical standards and awareness of human rights to our business duties, striving to fulfill our mission to society by working for the creation of pleasant workplaces, personal growth, and respect for diversity, and for the further development of a flourishing and vibrant community.

8. As Team NTT, we pledge to apply the highest ethical standards and awareness of human rights to our business duties, striving to fulfill our mission to society by working for the creation of pleasant workplaces, personal growth, and respect for diversity, and for the further development of a flourishing and vibrant community.

9. As Team NTT, we pledge to apply the highest ethical standards and awareness of human rights to our business duties, striving to fulfill our mission to society by working for the creation of pleasant workplaces, personal growth, and respect for diversity, and for the further development of a flourishing and vibrant community.

Fostering CSR Awareness

NTT Group CSR Conference

The objective of the NTT Group CSR Conference is to foster CSR awareness by sharing excellent CSR measures on a Groupwide basis and to promote thinking about the future direction of the Group’s CSR and social contribution initiatives.

In the fiscal year ended March 31, 2015, a new initiative, which is a presentation of social contribution ideas collected in advance from all Group employees, has launched.

We will continue to hold this conference in future years, and will work to recruit more ideas and participants and to further foster CSR awareness.

Dialogue with Stakeholders

Environmental / CSR Reporting Symposium

NTT holds this symposium with assistance from the Ministry of the Environment and the Ministry of Economy, Trade and Industry. The symposium surveys and analyzes ideas and participants and to further foster CSR awareness.

Environmental / CSR Reporting Symposium

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The NTT Group is working to reduce the environmental burden for society as a whole and to achieve sustained increases in corporate value through the provision of ICT services and the improvement of its own business activities.

In November 2010, the NTT Group formulated THE GREEN VISION 2020 as its vision for addressing environmental issues. We have established three types of actions: “Green of ICT,” which targets lower environmental burden from our business activities; “Green by ICT,” which entails utilizing ICT services to reduce the environmental burden of society as a whole; and “Green with Team NTT,” which involves NTT Group members and their families working with communities to help advance various environmental conservation initiatives.

Environment

We formulate and operate original Green Guidelines to advance reductions in environmental burden. NTT Group operations have the following four key attributes: (1) procurement of a great many products; (2) possession of many buildings; (3) high electricity consumption by telecommunications devices; and (4) in-house R&D facilities. We have drafted the following original Green Guidelines, which address each of these four key attributes. NTT and its Group companies apply these guidelines to their business activities.

Organization for Addressing Environmental Issues

In June 2005, the Global Environmental Protection Promotion Committee was established under the CSR Committee. In this way, we are advancing environmental protection activities on a Groupwide basis. The Global Environmental Protection Promotion Committee oversees the Greenhouse Gases Reduction Subcommittee and the Waste Disposal and Recycling Subcommittee, directs Groupwide projects that are implemented as occasion demands, formulates basic policies, manages targets, and addresses any issues that emerge.

Formulation and Operation of Green Guidelines

We formulate and operate original Green Guidelines to advance reductions in environmental burden. NTT Group operations have the following four key attributes: (1) procurement of a great many products; (2) possession of many buildings; (3) high electricity consumption by telecommunications devices; and (4) in-house R&D facilities. We have drafted the following original Green Guidelines, which address each of these four key attributes. NTT and its Group companies apply these guidelines to their business activities.

- Guidelines for Green Procurement
- Energy Efficiency Guidelines
- Green Design Guideline for Buildings
- Green R&D Guidelines

In August 2010, eight NTT Group companies* acquired the Eco ICT Logo on submitting self-evaluations of their CO₂ emissions reduction efforts. The Eco ICT Logo was created by the ICT Ecology Guideline Council to signify appropriate efforts by telecommunications service providers to reduce CO₂ emissions.

* NTT, NTT East, NTT West, NTT Communications, NTT DOCOMO, NTT DATA, NTT FACILITIES, and NTT COMWARE

The NTT Group is working to reduce the environmental burden for society as a whole and to achieve sustained increases in corporate value through the provision of ICT services and the improvement of its own business activities.
Provision of Services That Address Environmental Burden Reduction Needs

**Construction of Solar Power Generation Systems**

As a solar power generation system integrator, NTT FACILITIES provides total support for the introduction of solar power generation systems by companies and municipalities, from planning and design to construction and operation. In addition, NTT FACILITIES is also working in the power generation business, with the objectives of contributing to the adoption and expansion of natural energy, which is being advanced by the central government, and of accumulating further know-how related to solar power generation.

By generating electricity through the use of solar power, which is natural energy, it is possible to reduce consumption of fossil fuels, such as petroleum, coal, and natural gas, and to make a contribution to the reduction of emissions of CO₂ produced by the combustion of fuel.

We have participated in the construction of 1,278 solar power generation facilities in Japan with a total capacity of more than 429 MW. In addition, as a solar power company we have become a leader in the establishment of an environmentally friendly society by building and operating our mega solar power plants in 52 locations. (Construction results are as of the end of the fiscal year ended March 31, 2015)

**Initiatives to Improve Electric Power Conversion Efficiency**

The NTT Group has developed high voltage direct current (HVDC) power transmission systems that supply electricity at approximately 380 volts direct current. These systems supply electricity to ICT equipment, such as servers and routers, installed in data centers and other facilities.

In comparison with alternating current, with direct current there are fewer power conversions, so in converting from commercial power (AC) to the electricity used by ICT equipment (DC), the electricity loss is reduced. In comparison with conventional AC power supply, these systems make it possible to transmit power more efficiently, reliably, and economically. As a result, these power transmission systems are environmentally friendly.

In addition, NTT FACILITIES and Fujitsu Component Ltd. have developed a direct current 400V class power transmission socket outlet that can be used with the HVDC power transmission systems. NTT FACILITIES began sales in November 2010, and these products have been introduced primarily in data centers in Japan.

The high level of safety of this socket outlet has been recognized, and it was the world’s first socket outlet to receive safety standard certification from UL*, a third-party testing and certification institution in the United States that is widely recognized internationally.

Due to the acquisition of this certification, we expect to see growth in the introduction of HVDC power transmission systems in the North American market and countries around the world.

**Providing Bicycle Sharing Using ICT**

In comparison with automobiles and trains, bicycles enable significant reductions in CO₂ emissions, and accordingly bicycles are drawing attention as an environmentally friendly means of transportation. In France, where sustainable urban development is advanced, bicycles are utilized to reduce CO₂ emissions and to reduce traffic congestion. For example, in urban areas, centered on Paris, joint public-private initiatives have been launched in the area of bicycle sharing.

In Japan, in February 2015 DOCOMO BIKE SHARE, INC. was established by Group companies, centered on NTT DOCOMO and including NTT Urban Development, NTT DATA, and NTT FACILITIES. Leveraging the management resources of each company, DOCOMO BIKE SHARE has been positioned as an environmental / ecology business and provides bicycle sharing systems.

The largest difference from previous bicycle rental operations is that bicycles that have been borrowed can be returned to any port (bicycle parking area). In addition, communications functionality has been added to the bicycles themselves. As a result, users can confirm bicycles that are available to be borrowed and make reservations from the member information site, and they can also borrow bicycles on the spot by holding up an IC card and a mobile phone / smartphone to the card reader on the bicycles.

Moreover, another major feature is the use of ICT to facilitate unstaffed service. Furthermore, a variety of data, such as the position of the bicycle and remaining battery charge, can be confirmed in real time, leading to increased operational efficiency. Moving forward, through the analysis of this usage data we will aim to advance the creation of new value-added services, to reduce CO₂ emissions, and to activate regions and tourism.
Greenhouse Gas Emission Reduction Initiatives Throughout the Entire Value Chain

In regard to emissions of greenhouse gases from business activities, in recent years companies have increasingly been expected to disclose Scope 3 emissions (greenhouse gas emissions throughout the entire value chain), in addition to the disclosures of Scope 1 and Scope 2 emissions.

From our report for the fiscal year ended March 31, 2014, the NTT Group started to calculate and disclose emissions from all 15 Scope 3 categories, the first telecommunications carrier in Japan to do so. We based our calculations on the Ministry of the Environment’s Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2). For Categories 2 and 11, for which emissions quantities are especially large, we have been promoting the introduction of energy-saving devices based on our Guidelines for Green Procurement, and pursuing initiatives aimed at encouraging the use of energy-saving devices by our customers.

Fiscal 2015 Scope 3 Emissions

<table>
<thead>
<tr>
<th>Scope</th>
<th>Category</th>
<th>Calculation Scope and Method</th>
<th>Emissions (thousands of t-CO₂)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1: Direct emissions</td>
<td>—</td>
<td>—</td>
<td>220</td>
</tr>
<tr>
<td>Scope 2: Indirect emissions from energy use</td>
<td>—</td>
<td>—</td>
<td>4,860</td>
</tr>
<tr>
<td>Scope 3: Indirect emissions from the value chain</td>
<td>—</td>
<td>—</td>
<td>16,770</td>
</tr>
<tr>
<td>Category 1: Purchased goods and services</td>
<td>Equipment and services sold to customers, calculated from units and purchase amounts</td>
<td>2,450</td>
<td></td>
</tr>
<tr>
<td>Category 2: Capital goods</td>
<td>Telecommunications devices and other equipment, calculated from capital investment</td>
<td>6,030</td>
<td></td>
</tr>
<tr>
<td>Category 3: Fuel and energy-related activities not included in Scopes 1 and 2</td>
<td>Outsourced transportation and distribution of equipment sold to customers, calculated from weight, distance, and units of equipment</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Category 5: Waste generated in operations</td>
<td>Calculated from waste volumes by type</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Category 6: Business travel</td>
<td>Calculated from business travel expenses payments</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>Category 7: Employee commuting</td>
<td>Calculated from commuting expense payments</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Category 8: Upstream leased assets</td>
<td>Excluded from calculation</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Category 9: Downstream transportation and distribution</td>
<td>Excluded from calculation</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Category 10: Processing of sold products</td>
<td>Excluded from calculation</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Category 11: Use of sold products</td>
<td>Telecommunications services and equipment used by customers, calculated from number of service subscriptions and units / amounts of equipment</td>
<td>6,140</td>
<td></td>
</tr>
<tr>
<td>Category 12: End-of-life treatment of sold products</td>
<td>Telecommunications devices used by customers, calculated from number of service subscriptions and equipment units / amounts</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>Category 13: Downstream leased assets</td>
<td>Calculated from average usage of leased items</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Category 14: Franchises</td>
<td>Sales agents, calculated from total floor space of agencies</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Category 15: Investments</td>
<td>Investments by investee companies, corresponding to the percentage of shares held by the investee companies</td>
<td>1,410</td>
<td></td>
</tr>
</tbody>
</table>

**Overall Environmental Burden from Business Activities**

To reduce the environmental burden from its business activities to the greatest extent possible, the NTT Group is taking steps to track and analyze what types of resources and energy it is using and what type of environmental burden is occurring.

We are working quantitatively / periodically track environmental burden from all business processes. In addition, the GREEN VISION 2020, we have formulated specific numerical targets for CO2 reduction, waste reduction, and paper use reduction.

We are working to quantitatively / periodically track environmental burden from all business processes. In addition, in THE NTT Group’s Material Balance (Fiscal Year Ended March 31, 2015), we have formulated specific numerical targets for CO2 reduction, waste reduction, and paper use reduction.

The total of Scope 1 and 2 emissions is 5.08 million tons, of which 5.07 million tons is CO2 emissions. In addition, 4.84 million tons, or about 95% of these CO2 emissions, arose from purchased electricity (9.95 billion kWh).

The total amount of waste generated is 596 thousand tons, of which about 99% is recycled. Moreover, we are collecting telecommunications devices and other items from customers, and in the fiscal year ended March 31, 2015, we collected 12.96 million items. In addition, we are implementing collections of mobile phones, and collected 3.26 million phones.

**The NTT Group’s Material Balance (Fiscal Year Ended March 31, 2015)**

- **Purchased electricity**: 8.95 billion kWh
- **Fuel consumption**: 29 thousand t
- **Capital goods**: 6.08 billion tons
- **Waste generated in operations**: 7 thousand tons
- **Waste generated in operations**: 150 thousand tons
- **Collection of Used Products**: 3.26 million phones
- **Customers’ telecommunications devices, batteries, accessories (chargers), etc.**: 12.96 million items
- **Internal consumption**: 26 thousand tons
- **Internal consumption**: 22 thousand tons
- **Waste**: 596 thousand tons
- **Waste**: 5.99 thousand tons (Recycling rate: 98.1%)
- **Waste water**: 4.86 million tons
- **Natürlich**: 59.41 million m³
- **Gas consumption**: 12.39 million m³
- **Water consumption**: 22 thousand tons
- **Virgin pulp**: 12.99 million m³
- **Fuel consumption by company vehicles**: 12 thousand tons
- **Electricity**: 2,450 thousand kWh
- **Gas**: 12 thousand m³
- **Diesel**: 4 thousand kl

**Scopes 1 to 3 GHG Emissions**

1. We have excluded Category 8 (upstream leased assets) from calculation because the fuel and electricity used by leased assets is included in Scope 1 and 2 calculations.
2. We have excluded Category 9 (downstream transportation and distribution) from calculation because these emissions are almost entirely from our own transportation and use in our own facilities (included in Scopes 1 and 2). We have also excluded from the calculation in Category 6.
3. We have excluded Category 10 (processing of sold products) from calculation because our main businesses involve no processing of intermediate products.

**ANNUAL REPORT 2015**
In the ICT field, the advancement of technologies brings with it concern for the rise in electricity consumption that accompanies the need for processing larger volumes of data and cooling massive servers. For this reason, ICT companies are increasingly being expected to make their operations more energy efficient in order to lower CO2 emissions.

For the NTT Group, purchased electricity accounts for more than 90% of CO2 emissions, and accordingly the Group is advancing initiatives to reduce CO2 emissions by reducing energy consumption. In addition, the NTT Group uses large amounts of electricity, with purchased electricity amounting to more than 8.0 billion kWh a year. Due to the rise in the price of electricity as a result of the start of the Feed-in Tariff Scheme for Renewable Energy, the NTT Group faces an extremely large risk that it will be affected financially. Accordingly, the NTT Group has set targets for CO2 reductions and is working to reduce the environmental burden and financial risk by taking steps to improve facilities, such as telecommunications devices and data centers.

### Initiatives to Reduce CO2 Emissions through Improvement of Facilities

#### Air Conditioning Optimal Control System
 We have installed in-room, wireless temperature-sensor modules that are connected to the air conditioning equipment. As the sensor measurements change, air conditioning units are selected for operation and controlled automatically. In this way, the Group has realized optimal air conditioning environments and is saving energy.

#### Airflow Improvement
As a countermeasure to the inefficient flow of waste heat from telecommunications devices, we have installed diffusers that force the hot air upward and blank panels (panels that cover up unused space). We have also installed double-layer floor panels in optimal locations to improve air flow from air conditioning equipment. In these ways, we are working to ensure that temperature settings are appropriate by eliminating room hot spots (areas where temperatures increase to high levels). (By eliminating hot spots, it is possible to increase air conditioning temperature settings for the entire room.)

In the fiscal year ended March 31, 2015, there was a continued influence from the increase in the emission coefficient due to the use of thermal power generation as a result of the suspension of the feed-in tariff scheme for renewable energy. In fiscal year 2013/3, we curbed our emissions in Japan by at least 2 million t-CO2 from the projected fiscal year ending March 31, 2021, level so as to reduce total emissions by at least 15% (0.6 million t-CO2) from the fiscal year ended March 31, 2009, level.

### Details of Initiatives

**Air Conditioning Optimal Control System**

- We have installed in-room, wireless temperature-sensor modules that are connected to the air conditioning equipment. As the sensor measurements change, air conditioning units are selected for operation and controlled automatically. In this way, the Group has realized optimal air conditioning environments and is saving energy.

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### Results

**CO2 Emissions from the NTT Group’s Business Activities**

- Use of electricity
- Use of gas and oil
- Travel of company vehicles

<table>
<thead>
<tr>
<th>Year</th>
<th>Use of Electricity</th>
<th>Use of Gas and Oil</th>
<th>Travel of Company Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/3</td>
<td>3.93</td>
<td>3.79</td>
<td>5.87</td>
</tr>
<tr>
<td>2015/3</td>
<td>3.80</td>
<td>3.79</td>
<td>5.67</td>
</tr>
<tr>
<td>2016/3</td>
<td>3.80</td>
<td>3.79</td>
<td>5.67</td>
</tr>
</tbody>
</table>

### Initiatives in Resource Reduction, Reuse, and Recycling

At the NTT Group, we practice the 3Rs (reduce, reuse, recycle), working to reduce the amount of materials consumed by our business activities and reuse or recycle the resources that are consumed.

#### NTT Group Final Disposal Rate

- Final disposal rate of 2% or less for all waste materials
- Continued achievement of zero emissions for decommissioned telecommunications devices

<table>
<thead>
<tr>
<th>Year</th>
<th>Final Disposal Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/3</td>
<td>2.24</td>
</tr>
<tr>
<td>2015/3</td>
<td>1.45</td>
</tr>
<tr>
<td>2017/3</td>
<td>0.86</td>
</tr>
</tbody>
</table>

#### NTT Group Total Paper Consumption

- Final disposal rate for all waste materials in the fiscal year ended March 31, 2015, was 0.88%, and the target was achieved. The final disposal rate for decommissioned telecommunications devices was 0.02%, and zero emissions were achieved for the 11th consecutive year. In addition, the total use of paper in the fiscal year ended March 31, 2015, was 50 thousand tons, and the target was achieved.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Paper Consumption (Thousand t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/3</td>
<td>100</td>
</tr>
<tr>
<td>2015/3</td>
<td>88</td>
</tr>
<tr>
<td>2017/3</td>
<td>66</td>
</tr>
<tr>
<td>2019/3</td>
<td>66</td>
</tr>
</tbody>
</table>

#### Details of Initiatives

- Reusing and Recycling Waste from Communications Equipment Installation / Decommissioning
  - The NTT Group owns a variety of communications equipment, including telephone poles, switching equipment, and communications cables. Such equipment needs to be decommissioned and disposed of when it reaches the end of its service life or is replaced during system upgrades for new services and so forth. We promote the reuse and recycling of such decommissioned communications equipment within the Group, and recycle wherever possible. For example, as much as possible we recycle waste materials, such as recycling chunks of concrete from concrete poles and other structures into road building materials.

- Achievement of Target for Reduction in the Weight of Promotional Tools
  - At NTT DOCOMO, promotional tools account for about 95% of paper resources used. To reduce the consumption of these resources, NTT DOCOMO has set a quantitative target of reducing the weight of promotional materials by at least 40% by the fiscal year ending March 31, 2017, compared to the fiscal year ended March 31, 2013.

- To achieve this target, in the fiscal year ended March 31, 2015, NTT DOCOMO consolidated redundant tools, exercised flexibility in the publication cycle, and converted promotional tools into digital formats by creating a Web version of its catalog and utilizing a smartphone application. In this way, NTT DOCOMO reduced the number of promotional tools in paper formats. To prepare an appropriate number of tools, NTT DOCOMO set companywide targets for the warehouse disposal rate, and all divisions that prepare tools implemented action plans to achieve the target. In addition, NTT DOCOMO achieved efficient improvement through companywide sharing of issues and examples of successful initiatives to reduce the warehouse disposal rate.

- As a result of these initiatives, as of the end of March 2015, a reduction of about 50% had been achieved compared to the fiscal year ended March 31, 2013, and the target was achieved ahead of schedule.

- Final disposal rate for all waste materials in the fiscal year ended March 31, 2015, was 0.88%, and the target was achieved. The final disposal rate for decommissioned telecommunications devices was 0.02%, and zero emissions were achieved for the 11th consecutive year. In addition, the total use of paper in the fiscal year ended March 31, 2015, was 50 thousand tons, and the target was achieved.
We believe that opportunities for growth can be found in the issues for which stakeholders expect a solution.

The NTT Group will meet the expectations of stakeholders by providing services and conducting business activities that lead to the resolution of social issues. Through these initiatives, we will aim to achieve both a contribution to sustainable society and increased corporate value.

### Strategic Report About NTT Financial Section

#### Value Partner

- **Business Partners**
- **Employees (Employees, Their Families and Retired Employees)**
- **Customers (Companies and Individuals)**
- **Central Government and Administrative Agencies**
- **ICT Companies and Industry Associations**
- **Shareholders and Investors**
- **Local Communities and the Environment**
- **Suppliers**

#### Direction of Initiatives

- **Provision of services that resolve social issues**
- **Initiatives to increase customer loyalty**
- **Initiatives to fully demonstrate the capabilities of employees**
- **Building favorable relationships with suppliers**

#### Specific Initiatives

- **Provision of services that resolve social issues**
  - Enhancement of services for tourists from overseas
  - Contribution to the preservation of historical heritage through ICT
  - Promotion of agricultural productivity through the use of ICT
  - Ensuring stable and reliable services as critical infrastructure
  - Ensuring information security

- **Initiatives to fully demonstrate the capabilities of employees**
  - Promoting diversity
  - Enhancing work-life management
  - Enhancing the human resources development system
  - Implementing fair evaluations of employee performance
  - Placing the right people in the right jobs
  - Managing employee health and safety

- **Building favorable relationships with suppliers**
  - Cooperating with suppliers

- **Initiatives to increase customer loyalty**
  - Call center improvement initiatives for customers
  - Advancing website accessibility

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### Enhancement of Services for Tourists from Overseas

The number of overseas tourists visiting Japan, which has been increasing in recent years, has exceeded 10 million per year since 2013. The government is aiming for 20 million people by 2020, and to activate regional economies, initiatives to attract tourists from overseas to regions throughout Japan have been stepped up. The NTT Group is participating in government–industry initiatives to enhance the Internet environment and digital tourism information so that tourists from overseas have comfortable stays in Japan.

In Fukuoka City and nearby tourist attractions, the NTT Group and the JTB Group have been cooperating since October 2014 in the Trial Program for Local Revitalization. Through this trial, overseas visitors to Japan can access services that they need, including public wireless LAN service as well as a specialized smartphone/tablet application that provides such items as tourism information and coupons in multiple languages (Japanese, English, Chinese (original characters, simplified characters), and Korean).

In addition, NTT West, NTT Broadband Platform, and Hiroshima City entered an agreement in October 2014. Under this agreement, we are implementing initiatives that utilize Hiroshima Free Wi-Fi, which is provided by Hiroshima City as one facet of “Hospitality Tourism,” to attract more tourists from overseas, and to revitalize the local region.
Provision of Services That Resolve Social Issues

**Contributing to the Preservation of Historical Heritage through ICT**

The Vatican Apostolic Library is one of the world's oldest libraries. It houses approximately 1.1 million ancient works and 80,000 handwritten manuscripts from the second century to the 20th century. Since March 2014, NTT DATA has participated in the digital archive project for the Vatican Apostolic Library’s handwritten manuscripts, which are important historical heritage. Under this project, the manuscripts are digitized and preserved.

To facilitate the long-term storage and online availability of the precious handwritten manuscripts, we provided a comprehensive range of services. These extended from manuscript digitization to the construction of the digital archive system, which is based on the AMLAD* (Advanced Museum Library Archives Deposit) digital archive solution, as well as making the manuscripts available. AMLAD is a solution that preserves a wide range of digital content and enables rapid, accurate searching and viewing of information from devices such as PCs, smartphones, or tablets.

Plans call for the digitization of 3,000 of the Vatican Apostolic Library’s handwritten manuscripts by the end of March 2018. Historical handwritten manuscripts, which are extremely valuable in terms of human history, are aging daily. The long-term preservation of these manuscripts in a broad range of fields, as high-resolution digital data, and their wide availability for viewing, will contribute to their scientific and cultural value and at the same time help to ensure that this important historical heritage is available to future generations.

*AMLAD is currently offered only in Japan.

**Advancing Agricultural Productivity through the Use of ICT**

In Japan’s agriculture sector, the population of workers is declining due to such issues as the aging of workers and a shortage of people to take over farms. Agricultural production has declined by about 20% over the past 20 years. On the other hand, measures to support the agricultural sector have taken on a growing role in the government’s growth strategy. These measures include reform of agricultural regulations and systems, an increase in the number of agricultural production companies through the entry of general corporations into agriculture, and expanded support for agriculture through the use of corporate ICT.

In this setting, NTT East, NEC, and WAGOEN have cooperated in an initiative targeting higher agricultural productivity through the realization of an efficient agricultural monitoring system. The partners have been conducting verification testing of agricultural ICT solutions since October 2014.

This verification testing leverages a sensor network provided by NTT East that facilitates long-distance wireless communications and agricultural cloud services provided by NEC. The testing is taking place at farms managed by WAGOEN.

Sensors installed on farms conducting field cultivation are used to collect temperature, moisture, and illumination data, which is accumulated in the cloud through the Internet. In this way, we are aiming to commercialize agricultural ICT solutions that facilitate the simple confirmation of agricultural environment information with a smartphone or tablet. We are verifying useful data and studying effective data usage methods. Through the realization of agricultural ICT solutions, it will be possible to automatically implement the collection of data that was previously collected by hand, such as temperature, moisture, and illumination data used for the prevention of frost damage. These solutions are expected to increase agricultural productivity.

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**Role of Each Company**

<table>
<thead>
<tr>
<th>Company</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEC</td>
<td>Provision of agricultural cloud services</td>
</tr>
<tr>
<td>WAGOEN</td>
<td>Implementation and verification of efficient agriculture through the use of agricultural ICT</td>
</tr>
<tr>
<td>NTT East</td>
<td>Provision of NTT East fiber-optic circuits, provision of sensor network</td>
</tr>
</tbody>
</table>

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**NTT East sensor network**

Installation of agricultural sensors, transmission to the cloud of temperature, moisture, and illumination data using long-distance wireless technology and fiber-optic circuits

**NEC’s agricultural cloud service**

Farmers track the situation on their farms from information accumulated on the cloud

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**WAGOEN**

Efficient farming at WAGOEN

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**Diagram:**

- **NTT East sensor network**
  - Antenna
  - Receiver
  - Home / barn, etc.
  - Field
  - Effective farming at WAGOEN

- **NEC’s agricultural cloud service**
  - Agricultural ICT cloud
    - Provision of monitoring service
    - Provision of warning service
  - Wireless section (several kilometers)
    - Temperature / moisture / illumination data
    - HD POE (Power over Ethernet)
    - Antenna
    - Receiver
    - efficient farming at WAGOEN
### Ensuring Stable and Reliable Services as Critical Infrastructure

The NTT Group has defined three key themes for disaster countermeasures — improving communications network reliability, securing critical communications, and prompt restoration of communications services. We have been strengthening efforts based on these themes since the Great East Japan Earthquake.

Specifically, we are taking measures to improve the reliability of our telecommunications infrastructure. To ensure that our communications services operate without interruption at all times, we employ transmission trunk line multi-routing, have enacted blackout countermeasures for communications buildings and base stations, and are making communications buildings more disaster resistant. In addition, we are expanding the assortment of power supply vehicles and other disaster response equipment that we have positioned throughout Japan, and are conducting training to prepare for major natural disasters. We are making a daily effort to guarantee that, in the event of a disaster, we are able to immediately set up a Disaster Countermeasures Office and other emergency preparations and make the necessary emergency and critical communications as designated public institutions prescribed in the Basic Act on Disaster Control Measures.

The NTT Group’s Basic Policy on Disaster Countermeasures

- Improving communications network reliability
  - Building disaster-resistant facilities and transmission trunk line multi-routing
  - 24/365 network monitoring and control, etc.
  - Countermeasures strengthened since the Great East Japan Earthquake
    - Enhanced disaster resistance
    - Damage prevention, hazard map utilization
  - Countermeasures strengthened since the Great East Japan Earthquake
    - Building up stock of disaster response equipment
    - Enhancement of disaster countermeasure operations
    - Exercises and practices for major natural disasters
  - Training of crisis management personnel and utilization of knowledge and skills

- Securing critical communications
  - Early restoration of services by utilizing disaster countermeasure equipment, procurement of materials, equipment, and manpower for restoration purposes, etc.
  - Countermeasures strengthened since the Great East Japan Earthquake
    - Building up stock of disaster response equipment
    - Enhancement of disaster countermeasure operations
    - Exercises and practices for major natural disasters
  - Training of crisis management personnel and utilization of knowledge and skills

- Prompt restoration of communications services

### Ensuring Information Security

The importance of information security grows with each coming year as people seek to ensure the safety of Internet transactions, protect personal information, and prevent leaks of confidential information. As an operator of telecommunications infrastructure, the NTT Group is charged with the responsibility of combating the ever more advanced and serious threats to information security in order to protect customers’ precious information assets.

### Human Resources Strategy

To become a “Value Partner” that customers continue to select by addressing rapidly changing markets and diversifying customer needs, it is essential that we respect and leverage the individuality of employees and their differing values. Accordingly, we are working to make the NTT Group into a place where a diverse range of employees are understanding of each other’s individuality and where all of these people can work to their full potential.

To establish this environment, we are working to (1) promote diversity, (2) promote work-life management, (3) enhance the human resources development system, (4) implement fair evaluations of employee performance, (5) place the eight people in the right jobs, and (6) manage employee health and safety.

#### Human Resources Strategy of the NTT Group

- Promoting women’s careers
- Employing people with disabilities
- Retraining former employees
- Employing global human resources
- Continued employment of post-retirement age workers
- Encouraging employees to use paid vacation days
- Promoting the use of working-from-home program
- Encouraging the use of childcare and family care programs
- Prevention of overwork
- Initiatives to eliminate accidents
- Mental health care

#### Human resources development
- Supporting training to improve capabilities

#### Evaluations of employee performance
- Fair evaluation process
- Improving personnel and pay systems

#### Assignment of human resources
- In-house recruitment programs

#### Employment

<table>
<thead>
<tr>
<th>Title</th>
<th>Job classification</th>
<th>Security special area</th>
<th>Security operations</th>
<th>Security development</th>
</tr>
</thead>
</table>
| Level | Beginner | Security specialist | Maintain the levels of security
specialists with deep experience and judgment |
|     | Intermediate | Security professional | Maintain the levels of security specialists with deep experience and judgment |
|     | Advanced | Security manager | Produce first-rate experts with real performance in the society |
|     | Security expert | Managing director/security manager | Produce first-rate experts with real performance in the society |

#### Work-life management

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee health and safety</td>
<td>Prevention of overwork, Initiatives to eliminate accidents</td>
</tr>
<tr>
<td>Diversity</td>
<td>Promoting women’s careers, Employing people with disabilities, Retraining former employees</td>
</tr>
<tr>
<td>Human resources</td>
<td>Promoting the use of working-from-home program, Encouraging employees to use paid vacation days, Encouraging the use of childcare and family care programs</td>
</tr>
<tr>
<td>Work-life</td>
<td>Promotion of work-life balance, Creation of a barrier-free workplace, Support for employees with disabilities</td>
</tr>
</tbody>
</table>

#### Human resources strategy of the NTT Group

- NTT Group human resources development for the provision of security services
  - To strengthen the development of security personnel within the NTT Group, we have set the objective of increasing the number of security personnel in Japan from the current level of about 2,500 to about 10,000 by the fiscal year ending March 31, 2021. We classify security personnel into three types (security management and consulting, security operations, and security development) and three levels (advanced, intermediate, and basic). Group companies are implementing human resources development measures based on this approach to the roles.

- Contributing to the development of security personnel in Japan
  - To address the insufficient skills of engineers involved in information security, and the shortage of such personnel, we have implemented a variety of initiatives, such as establishing a “Cyber-attack and Cyber-defense Technologies” course at Waseda University and starting a course related to information security on gacco*, which is provided by NTT DOCOMO and DOCOMO gacco. Through these initiatives, we are contributing to Japan’s security training.
  
  * An educational Web service through which anyone can participate free of charge, operated in partnership with Massive Open Online Courses.
Promoting Diversity

The NTT Group, which aims to be a global ICT company and to increase overseas sales and profits, has about 80,000 employees working overseas. We are working to establish workplaces where a diverse range of people can actively participate, without regard to their gender, age, race, nationality, mental or physical disability, or sexual orientation.

In October 2007, NTT established the Diversity Development Office / Diversity Management Office, and by April 2008 diversity promotion supervisors were in place in Group companies. Since that time, the Diversity Management Office and diversity promotion supervisors have worked together to conduct educational activities aimed at reforming corporate culture and ingrained practices.

We also hold twice yearly diversity promotion conferences to enable individual Group companies to share their initiatives with the whole NTT Group, and we monitor female manager ratios, the status of the hiring of people with disabilities, and other diversity management parameters.

Employment

<table>
<thead>
<tr>
<th>Female</th>
<th>Male</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>17,090</td>
<td>105,389</td>
<td>122,000</td>
</tr>
<tr>
<td>4,010</td>
<td>24,920</td>
<td>29,930</td>
</tr>
<tr>
<td>17,090</td>
<td>105,389</td>
<td>122,000</td>
</tr>
</tbody>
</table>

* Total for the NTT Group’s 8 principal companies (NTT, NTT East, NTT West, NTT Communications, NTT DOCOMO, NTT DATA, NTT COMWARE, and NTT FACILITIES)

In addition, the human resources division and a group of managers and supervisors are working to make workplaces more diverse.

Promoting women’s careers

In December 2013, we announced a plan to double the ratio of female managers in Japan by the end of March 2021. We are intensifying our efforts to support the career development of female employees in 41 companies of the NTT Group. We are aiming to increase this ratio from 2.3% at the end of the fiscal year ended March 31, 2013, to 6.0% at the end of the fiscal year ending March 31, 2021.

In addition, NTT Group companies also hold joint seminars and training sessions to promote networking among managerial-level female employees and motivate them to nurture future female leaders.

Employing global human resources*

Approximately 30% of Group employees are working overseas with various nationalities. We apply the same conditions to the hiring and promotion of non-Japanese personnel as we do to our Japanese employees, and allow non-Japanese candidates to be interviewed or give presentations in English.

Employing people with disabilities

The NTT Group actively recruits people with disabilities and endeavors to expand hiring opportunities for them. We have established three special purpose subsidiaries* and are working to create pleasant workplaces for people with disabilities.

In addition, NTT Group companies also hold joint forums and training sessions to promote networking among managerial-level female employees and motivate them to nurture future female leaders.

NTT Group childrearing and childcare support site

We have created NTT-Life+, a childrearing and family care support site, on the NTT Group intranet. In addition to providing details and instructions on the use of the various programs, NTT-Life+ carries all sorts of other information, including articles about employees who have succeeded in balancing work, childrearing, and family care commitments.

Holding seminars and individual interviews

In regard to childrearing, we hold seminars on childcare support and returning to work after childcare or family care leave, and conduct personal talks with employees prior to maternity leave and after returning from childcare leave. In regard to family care, Group companies are organizing family care study sessions.

Rehiring employees who let their jobs for family care reasons

We have established a system for rehiring employees who had been using the family care leave system but had to leave their jobs due to the necessity of providing continued family care. This system can be used if they apply to be rehired within three years from the date on which they started using the family care leave system.

Changing work styles by promoting use of the working-from-home program

From the perspective of further boosting productivity, the NTT Group is promoting the use of the working-from-home program to support childrearing and family care and to enable more flexible work styles through the promotion of work-life management.

In the fiscal year ended March 31, 2015, Group companies took steps to change work styles, such as implementing a teleworking promotion month, simplifying procedures for working from home, and reevaluating the application timing. As a result, 1,902 employees at the NTT Group’s 8 principal companies used the working-from-home system.
Improvement of business activities

Enhancing the Human Resources Development System

We are committed to creating an environment in which all of our employees can make the most of their abilities through their work and deliver high added value.

Employees formulate their own career plans based on the special skills necessary for each job. Skills are then improved through the implementation of the PDCA cycle. In addition, we have taken steps to establish a variety of systems related to human resources development, such as establishing a framework for setting specialized fields in line with business characteristics and work details and certifying skills.

Supporting training to improve capabilities

In addition to Group training and OJT to enable employees to gain necessary skills in their respective fields of business, we provide many other opportunities for employees who are eager to get ahead, including distance learning, e-learning, in-house certification of skill levels, and support for earning qualifications. In addition, to nurture personnel capable of performing on the world stage, we also send employees to study at overseas graduate schools or participate in our overseas work experience programs.

Status of Training at Each Company

<table>
<thead>
<tr>
<th>Group Companies</th>
<th>Annual Training Expenditures per Employee (Yen / Person)</th>
<th>Annual Training Time per Employee (Hours / Person)</th>
<th>Number of Training Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTT East</td>
<td>45,070</td>
<td>8</td>
<td>1,096</td>
</tr>
<tr>
<td>NTT West</td>
<td>34,449</td>
<td>7</td>
<td>1,019</td>
</tr>
<tr>
<td>NTT Communications</td>
<td>109,629</td>
<td>9</td>
<td>1,055</td>
</tr>
<tr>
<td>NTT DOCOMO</td>
<td>172,000</td>
<td>51</td>
<td>940</td>
</tr>
<tr>
<td>NTT DATA</td>
<td>128,756</td>
<td>77.6</td>
<td>1,936</td>
</tr>
<tr>
<td>NTT COMWARE</td>
<td>62,722</td>
<td>31</td>
<td>487</td>
</tr>
<tr>
<td>NTT FACILITIES</td>
<td>116,188</td>
<td>40</td>
<td>265</td>
</tr>
</tbody>
</table>

Implementing Fair Evaluations of Employee Performance

The NTT Group operates an in-house qualification system that puts priority on performance, and sets behavior and performance targets tailored to each qualification rank. Our human resources management system is designed to encourage employees to think and act for themselves in the execution of their work duties through the steady implementations of an evaluation process that incorporates the setting of targets and provision of feedback to employees.

Fair evaluation process

We conduct interviews with all employees regarding results and career development. In addition, we endeavor to enhance the fairness and objectivity of our evaluation process. We have taken steps to prevent subjective and arbitrary evaluations by having all of the evaluators in the same business unit hold evaluator meetings to align their evaluation criteria and perspectives.

Improving human resources management and pay systems

In October 2013, we reconstructed our human resources management and pay systems. The new systems, which reflect the distinctive business characteristics of the NTT Group, are designed to better reward employees who perform the roles and produce the results expected of them through introducing evaluation-based compensation and expanding results-based awards.

Placing the Right People in the Right Jobs

The NTT Group’s businesses extend over a wide range of areas. To smoothly advance these various businesses, it is important to place the right person in the right job so that all employees can work to their full potential. From this perspective, we implement periodic human resources rotations with consideration for the status of each employee’s ability development status and career plan.

In-house recruitment programs

We raise motivation and promote networking within the Group by providing ambitious employees with opportunities to seek new challenges in a wide range of fields through our NTT Group Job Challenge in-house recruitment program. In recent years, to raise the number of employees across the whole Group who are capable of working globally, we have been actively providing opportunities for employees to transfer to global posts by creating new global posts and increasing recruit numbers. In the fiscal year ended March 31, 2015, 420 employees used the Job Challenge program, with 159 transferring as a result to their desired workplace.

Managing Employee Health and Safety

In addition to observing relevant laws and regulations, such as the Labor Standards Act and the Industrial Safety and Health Law, the NTT Group has also established its own Safety Management Rules and Health Management Rules with the objective of promoting safety and health management. In this way, the Group is working to provide further protection of its employees’ safety and health and to advance initiatives targeting smooth business operations.

Prevention of overwork

The NTT Group takes measures to prevent employees from overworking and protect their health, including designating every Wednesday as a day when employees should refrain from working outside business hours. Group companies are taking steps to achieve appropriate working hours and to prevent overwork, such as the use of log management, which records the time when employees log in and out of their PCs.

Mental health care

To enhance the day-to-day management of the mental health of employees, we are taking steps to deal with issues at an early stage, such as establishing internal and external consultation services and implementing mental health examinations and interviews regarding overwork. In addition, we are offering periodic training for employees.

Initiatives to eliminate accidents

In the fiscal year ended March 31, 2015, 20 serious accidents occurred while partner companies carried out telecommunications-related works and repairs commissioned by NTT Group companies. We analyzed the details of the accidents, and because they were similar to accidents that occurred in the past, in the second half of the fiscal year ended March 31, 2015, we took steps to reemphasize rules to prevent the recurrence of these accidents. These initiatives were implemented on a priority basis by the entire Group.

At the same time, the entire Group is working to advance measures to further increase the safety awareness of individual employees and to ensure that all workers continually return to the basics.

We are holding regular meetings for Group company safety leaders to share and use information on accidents and near misses. We are also taking steps to promote understanding of safety measures in order to eliminate accidents, such as implementing additions to the Safety Measure Reinforcement Period and displaying NTT Group unified safety posters.

Turnover Status

Human resources play an important role in the economic growth of companies and the advancement of company strategies, and the ability to secure excellent human resources is an important indicator of whether or not a company can record sustainable growth. In the fiscal year ended March 31, 2015, the turnover rate among all employees at the NTT Group’s 8 principal companies (including outsourcing companies), was 8.8% (including employees who reached the mandatory retirement age), and the voluntary termination turnover rate was 2.1%.
**Building Favorable Relationships with Suppliers**

**Cooperating with Suppliers**

To provide its customers with valuable services, the NTT Group uses cost-effective products and technologies. Also, in order to contribute to society, the Group procures products that take into account the environment, human rights, and other issues. Building trust-based partnerships with suppliers is essential to implementing such policies.

Promoting CSR procurement

In recent years, there have been a variety of supply chain issues around the world, including excessive work hours, child labor, unlawful disposal of chemicals, bribery, and other examples of malpractice. These issues have served to intensify society’s expectations for companies to comply with legal and social standards in their procurement activities.

In light of this situation, we formulated the NTT Group Guidelines for CSR in Supply Chain in December 2010 to guide our efforts as we work together with suppliers in order to conduct procurement activities in a socially responsible manner. The NTT Group Guidelines for CSR in Supply Chain have been released to complement the NTT Group Procurement Policies and the NTT Group Guidelines for Green Procurement.

In addition, aiming to procure products that are friendly toward the environment, we have formulated and released technical requirements for products that help lower environmental impacts. We ask all suppliers to adhere to these requirements.

We also provide support for the activities of our suppliers. In addition to conducting seminars and forums for suppliers, we present awards to suppliers who have provided us with proposals that contribute to environmental conservation.

Surveying the status of CSR procurement

To track the status of the CSR initiatives of suppliers, from the fiscal year ended March 31, 2015, we have conducted a questionnaire-based survey of major suppliers. The survey checks such issues as environmental management, child labor, forced or compulsory labor, and discrimination prevention. We also request strengthened measures to address these issues. From the answers, we confirm that there is no risk involving major suppliers regarding the environment, labor practices, and human rights. Moving forward, we will continue to look closely at this survey, including the scope of the survey, the content of the questionnaire, and the methods of analysis. By implementing feedback and conducting dialogues with suppliers, we will work to reduce risk throughout the NTT Group’s entire value chain.

**Procurement Policies**

1. NTT will strive to provide competitive opportunities with fairness to both domestic and foreign suppliers, and to build mutual trust and understanding.
2. NTT will conduct economically rational procurement of competitive goods and services that meet its business needs, deciding on suppliers based on quality, price, delivery times, and stable supply in a comprehensive manner.
3. NTT will conduct procurement in a manner that follows laws and regulations as well as social norms, and takes the environment, human rights, and other issues into account to contribute to society.

**Call Center Improvement Initiatives for Customers**

The NTT Group builds and deploys mechanisms for improving work processes and for improving and developing products and services based on customer feedback, such as customer opinions and requests. Group companies also each implement their own initiatives for improving customer satisfaction.

For example, NTT East and NTT West have established Customer Consultation Centers to receive the opinions and requests of customers. NTT Communications has established separate call centers for individual and corporate customers. Feedback from customers and corresponding service improvement measures are disclosed on the website. NTT DOCOMO records customer opinions and requests in an internal database. These opinions and requests are shared throughout the entire company, including executives, and are used to improve and enhance products and services.

**Advancing Website Accessibility**

The NTT Group is working to secure and improve accessibility so that a wide range of customers, including senior citizens and people with disabilities, can use the Group’s websites.

In March 2014, we formulated NTT Group Web Accessibility Policy, and the policies for the official websites of Group companies with their head office functions in Japan are determined in accordance with JIS X 8341-3:2010*1. The “Level of achievement,” which is an indicator of the degree of accessibility, has three levels, A, AA, and AAA. The objective of the NTT Group is to obtain ranking of AA**.

In regard to the pages for which we initially planned to obtain AA ranking by the end of March 2016 (87 pages on NTT’s official websites*2), we had achieved this goal by the end of March 2015, one year ahead of schedule.

At NTT CLARiTY, a special purpose subsidiary*3, web accessibility diagnoses and training are implemented from the perspectives of people with disabilities. Moving forward, in accordance with the JIS standard for web accessibility, the NTT Group will implement diagnoses and training that draw on the perspectives of people with disabilities. We will work to improve the accessibility of not only corporate websites of the NTT Group but also websites for customers.
Esoteric Initiatives
NIPPON TELEGRAPH AND TELEPHONE CORPORATION
Strategic Report About NTT
Financial Section
Overview of Corporate Governance Structure
NTT has an Audit & Supervisory Board as a Company with
Board of Company Auditors as defined by the Companies Act
of Japan. Its corporate governance provides two layers of
supervising and auditing for execution with a Board of Directors
that contains two outside independent Members of the Board
as well as an Audit & Supervisory Board consisting of a majority
of outside independent Audit & Supervisory Board Members.
NTT has judged the current governance system to be effective.
NTT's Board is currently composed of 12 members,
including two outside independent Members of the Board.
In principle, the Board of Directors meets once per month.
In addition, extraordinary meetings are held as needed. The
Board of Directors makes decisions on matters stipulated by
law and on important matters related to corporate manage-
ment and Group management. Moreover, through such
means as periodic reports from Members of the Board on the
status of the execution of his / her duties, the Board of
Directors supervises the execution of Members of the Board.
NTT has elected two outside independent Members of the
Board to strengthen the supervisory function for business
execution. Each outside independent Member of the Board
has extensive experience and a high level of integrity and
insight. NTT believes that the outside independent Members
of the Board will help strengthen NTT's supervisory function
for business execution and expects to incorporate the opinion
they provide from their wide-ranging managerial perspective.
Business execution at NTT is conducted in accordance
with the organizational regulations governing the functions
and operations of each organization. Important decisions are
made under the supervision of the Board of Directors and
based on the responsibility regulations that define the
responsibilities and authorities for the president, senior exec-
utive vice presidents, and the head of each organization.

In addition, NTT has established various meetings and
committees as has been deemed necessary to discuss
important matters related to corporate management and
Group management in order to ensure that appropriate
decisions are made for facilitating effective Group manage-
ment. For example, important corporate matters to be
decided are, in principle, and in advance, discussed by
NTT's Executive Officers Meeting, which is made up of the
president, senior executive vice presidents, full-time
directors, and the heads of staff organizations.
In principle, meetings of the Executive Officers Meeting are held
about once a week. To improve the transparency of manage-
ment decision-making, one Audit & Supervisory Board Member
participates in the Executive Officers Meeting.

Furthermore, a number of committees have been es-
blished below the Executive Officers Meeting to discuss spe-
cific issues related to corporate and Group management
strategies. Major committees include the Technology
Strategy Committee, which deliberates on the Group's R&D
vision and technology development strategy; the Investment
Strategy Committee, which discusses basic financial strategies
and financial issues. These committees, which are held as nec-
essary throughout the year, are in principle chaired by the
president or a senior executive vice president, and are
attended by relevant Members of the Board and others.

The Audit & Supervisory Board, consists of a total of five
Audit & Supervisory Board Members (two internal Audit &
Supervisory Board Members, one of whom is a woman,
and three outside independent Audit & Supervisory Board
Members, one of whom is a woman). In the fiscal year
ended March 31, 2015, the Audit & Supervisory Board met
22 times. Furthermore, the Audit & Supervisory Board
Members periodically conduct meetings with NTT's
Representative Members of the Board to exchange ideas
and opinions and also hold discussions with other Members
of the Board as well as the Representative Members of the
Board of Group companies with regard to various themes.
Through these efforts, the Audit & Supervisory Board
Members maintain an understanding of the status of the
execution by Members of the Board, providing suggestions
when necessary. In addition, the Audit & Supervisory
Board Members, including outside independent Audit &
Supervisory Board Members, attend important meetings,
such as meetings of the Board of Directors, and conduct
appropriate audits regarding the status of the execution by
Members of the Board.

They also work closely with the Independent Auditor,
periodically exchanging information on audit plans and
audit results to enhance the audit system. Furthermore,
the Audit & Supervisory Board Members exchange infor-
mation with the Internal Control Office, through means
such as receiving reports on the results of internal audits.
The Audit & Supervisory Board also conducts audits in
partnership with the Audit & Supervisory Board Members
of Group companies.

Corporate Governance

Basic Policy
As the holding company of the NTT Group, NTT believes that
raising the effectiveness of corporate governance is an impor-
tant management issue for meeting the expectations of vari-
cous stakeholders, including shareholders and other investors,
as well as customers, business partners, and employees, and
for maximizing corporate value. Accordingly, NTT is working
to strengthen corporate governance based on its fundamen-
tal policies of ensuring sound management, conducting
appropriate decision-making and business activities, clarifying
accountability, and maintaining thorough compliance.

Corporate Governance Structure

Overview of Corporate Governance Structure
NTT has an Audit & Supervisory Board as a Company with
Board of Company Auditors as defined by the Companies Act
of Japan. Its corporate governance provides two layers of
supervising and auditing for execution with a Board of Directors
that contains two outside independent Members of the Board
as well as an Audit & Supervisory Board consisting of a majority
of outside independent Audit & Supervisory Board Members.
NTT has judged the current governance system to be effective.
NTT's Board is currently composed of 12 members,
including two outside independent Members of the Board.
In principle, the Board of Directors meets once per month.
In addition, extraordinary meetings are held as needed. The
Board of Directors makes decisions on matters stipulated by
law and on important matters related to corporate manage-
ment and Group management. Moreover, through such
means as periodic reports from Members of the Board on the
status of the execution of his / her duties, the Board of

In addition, NTT has established various meetings and
committees as has been deemed necessary to discuss
important matters related to corporate management and
Group management in order to ensure that appropriate
decisions are made for facilitating effective Group manage-
ment. For example, important corporate matters to be
decided are, in principle, and in advance, discussed by
NTT's Executive Officers Meeting, which is made up of the
president, senior executive vice presidents, full-time
directors, and the heads of staff organizations. In principle,
meetings of the Executive Officers Meeting are held about
once a week. To improve the transparency of management
decision-making, one Audit & Supervisory Board Member
participates in the Executive Officers Meeting.

Furthermore, a number of committees have been es-
blished below the Executive Officers Meeting to discuss spe-
cific issues related to corporate and Group management
strategies. Major committees include the Technology
Strategy Committee, which deliberates on the Group's R&D
vision and technology development strategy; the Investment
Strategy Committee, which discusses basic financial strategies
and financial issues. These committees, which are held as nec-
essary throughout the year, are in principle chaired by the
president or a senior executive vice president, and are
attended by relevant Members of the Board and others.

The Audit & Supervisory Board, consists of a total of five
Audit & Supervisory Board Members (two internal Audit &
Supervisory Board Members, one of whom is a woman,
and three outside independent Audit & Supervisory Board
Members, one of whom is a woman). In the fiscal year
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22 times. Furthermore, the Audit & Supervisory Board
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and opinions and also hold discussions with other Members
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Through these efforts, the Audit & Supervisory Board
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execution by Members of the Board, providing suggestions
when necessary. In addition, the Audit & Supervisory
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Supervisory Board Members, attend important meetings,
such as meetings of the Board of Directors, and conduct
appropriate audits regarding the status of the execution by
Members of the Board.

They also work closely with the Independent Auditor,
periodically exchanging information on audit plans and
audit results to enhance the audit system. Furthermore,
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mation with the Internal Control Office, through means
such as receiving reports on the results of internal audits.
The Audit & Supervisory Board also conducts audits in
partnership with the Audit & Supervisory Board Members
of Group companies.

Corporate Governance Systems

Basic Policy
As the holding company of the NTT Group, NTT believes that
raising the effectiveness of corporate governance is an impor-
tant management issue for meeting the expectations of vari-
cous stakeholders, including shareholders and other investors,
as well as customers, business partners, and employees, and
for maximizing corporate value. Accordingly, NTT is working
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accountability, and maintaining thorough compliance.

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law and on important matters related to corporate manage-
ment and Group management. Moreover, through such
means as periodic reports from Members of the Board on the
status of the execution of his / her duties, the Board of

Corporate Governance

Members of the Board and Audit & Supervisory Board Members (As of June 30, 2015)

Principal Occupation and Other Responsibilities

Satoshi Miura
Chairman of the Board
Jun Sawada
Chief Financial Officer
Hiroo Unoura
Chief Executive Officer
Hiromichi Shinohara
Chief Technology Officer
Hiroki Kuriyama
Member of the Board
Tsunehisoka Okuno
Member of the Board
Mitsuyoshi Kobayashi
Member of the Board
Akira Shimada
Member of the Board
Satoshi Miura
Chairman of the Board
Jun Sawada
Member of the Board, Executive Vice President
Akira Shimada
Member of the Board, Executive Vice President
Takashi Hiroi
Member of the Board

Outside Independent Members of the Board

Katsuhiko Shirai
Outside Independent Member of the Board
Sadayuki Sakakibara
Outside Independent Member of the Board

Katsuhiko Shirai
Educational Advisor of Waseda University
Chairperson of the Foundation for the Open University of Japan
Director of Japan Display, Inc.

Sadayuki Sakakibara
Chief Senior Advisor and Chief Senior Counselor of Toray Industries, Inc.
Director of Hitachi, Ltd.
Chairman of the Japan Business Federation (Keidanren)
Background and Experience of the Members of the Board

Satoshi Miura
Date of Birth: April 13, 1944
Member of the Board and Chairman of the Company
Date First Appointed: June 2012
Shares Owned: 31,240

Hiroo Unoura
Date of Birth: January 13, 1949
Representative Member of the Board, Chief Executive Officer
Date First Appointed: June 2012
Shares Owned: 24,400

Hiromichi Shinohara
Date of Birth: March 11, 1955
Representative Member of the Board, Senior Vice President, NTT COMWARE CORPORATION
Date First Appointed: June 2014
Shares Owned: 12,630

Mitsuyoshi Kobayashi
Date of Birth: November 3, 1957
Executive Vice President, NTT West
Date First Appointed: June 2015
Shares Owned: 7,500

Akira Shimada
Date of Birth: December 16, 1967
Executive Vice President, Senior Vice President of the General Affairs Division Department
Date First Appointed: June 2016
Shares Owned: 4,400

Katsuhiko Shirai
Date of Birth: September 24, 1939
Outside Independent Member of the Board
Date First Appointed: June 2012
Shares Owned: 2,180

Sadayuki Sakakibara
Date of Birth: March 22, 1943
Outside Independent Member of the Board
Date First Appointed: June 2012
Shares Owned: 6,800

Hiroshi Tsugigami
Date of Birth: September 6, 1958
Member of the Board
Date First Appointed: June 2012
Shares Owned: 3,400

Tsunehisa Okuno
Date of Birth: October 12, 1940
Member of the Board
Date First Appointed: June 2012
Shares Owned: 3,400

Takashi Hiroi
Date of Birth: October 13, 1963
Member of the Board, Senior Vice President of Finance
Date First Appointed: June 2014
Shares Owened: 2,430

Principal Concurrent Positions

None
Activities of the Board of Directors

NTT’s Board of Directors makes decisions regarding the items described in the Regulations of Board of Directors, including legally stipulated issues as well as important matters related to corporate management and Group management. In addition, the Board of Directors supervises the status of the execution of Members of the Board through quarterly reports received from the Members of the Board. With regard to business execution matters that do not require decisions by the Board of Directors, the scope of authorities delegated to other decision-making bodies has been defined. Meetings for exchanges of opinion are held between executives and outside independent Members of the Board and Audit & Supervisory Board Members in which objective discussions are conducted regarding the proceedings of the Board of Directors and measures for improving its effectiveness from an independent and objective standpoint. Accordingly, NTT has judged that the effectiveness of the Board of Directors is being assured.

Nomination Policies and Procedures

The NTT Group strives to contribute to the resolution of social issues and the realization of a safer, more secure, and more affluent society. To accomplish this goal, the Group acts as a trusted “Value Partner” that customers continue to select, in order to provide them with new value on a global basis. We have established the policy of positioning human resources that share these ideals in the upper ranks of the NTT Group’s management, and are selecting these human resources from both inside and outside of the Group.

The Board of Directors is of a size appropriate to the Group’s business and has an appropriate balance of specialists and a sufficient level of diversity. In regard to Member of the Board candidates, individuals are selected that have the broad-ranging perspective and experience necessary to contribute to the overall development of the NTT Group in order to facilitate the increase of the NTT Group’s corporate value. We look for ambitious human resources with an aptitude for managing companies that also demonstrate superior management skills and leadership.

To support the process of selecting Member of the Board candidates by ensuring objectivity and transparency, NTT has established the Appointment and Compensation Committee, which consists of two outside independent Members of the Board and two internal Members of the Board. The committee discusses candidates and then makes proposals to be approved by the Board of Directors and finally presented for voting at the General Meeting of Shareholders.

Support Structures for Members of the Board

NTT has concluded contracts with the lawyers and other specialists who may be called upon as necessary to provide advice at the expense of NTT.

In addition, the secretariat of the Board of Directors is made available as a venue of contact for outside independent Members of the Board to use to receive support with regard to their daily duties through means such as explanations, responses to inquiries about business execution, etc. Candidates selected to become Members of the Board have a wide range of insight into corporate business activities, finances, organizations, and receive additional training upon appointment. They then continue to undergo training on a diverse assortment of areas, including market trends and domestic and overseas social and economic issues, after appointment.

Compensation of Members of the Board

The NTT Group has established the following NTT Group Personnel Policy, which defines policies for determining the amounts and calculation methods for compensation of Members of the Board. Based on this policy, decisions on matters related to compensation of Members of the Board are decided by the Board of Directors after discussion by the Appointment and Compensation Committee.

NTT Group Personnel Policy (Compensation of Members of the Board)

Compensation of Members of the Board consists of a base salary and a bonus. The base salary is paid monthly on the basis of the scope of each Member of the Board’s roles and responsibilities. The bonus is paid taking into account NTT’s business results for the respective fiscal year.

Also, Members of the Board receive monthly contributions of a minimum defined amount from their base salary for the purchase of NTT shares through the Board Members Shareholding Association in order to reflect NTT’s medium- and long-term business results in compensation. Purchased shares are to be held by the Members of the Board throughout their terms of office.

In order to maintain a high level of independence, compensation of outside Members of the Board consists of a base salary only, and is not linked to NTT’s business results.

Total Compensation of Members of the Board (Fiscal Year Ended March 31, 2015)

<table>
<thead>
<tr>
<th>Members of the Board</th>
<th>Number of Members</th>
<th>Total Compensation (¥ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3</td>
<td>216</td>
</tr>
</tbody>
</table>

Notes:
1. Compensation and bonuses include compensation paid to three Members of the Board who retired on June 26, 2014, after the conclusion of the 29th Ordinary General Meeting of Shareholders.
2. Total compensation of Members of the Board includes ¥13 million in bonuses for the current fiscal year.
3. In addition to the above, an aggregate of ¥31 million is to be paid to Members of the Board who are also employees as bonuses for their service as employees.

Audit & Supervisory Board Members (as of June 30, 2015)

The Audit & Supervisory Board comprises three outside independent Audit & Supervisory Board Members, who have experience and knowledge in a range of fields—as a Certified Public Accountant, university professor, and lawyer—and two internal Audit & Supervisory Board Members. We conduct effective audits by combining the independence of the outside Audit & Supervisory Board Members with the superior information collection capabilities of the Internal Audit & Supervisory Board Members. One of the Audit & Supervisory Board Members has extensive knowledge concerning finance and accounting matters. The Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings. In addition, Audit & Supervisory Board Members meet periodically with the Representatives of the Board to exchange ideas and opinions and hold discussions on various topics with the Members of the Board. In this way, the Audit & Supervisory Board Members maintain an understanding of the status of the execution of Members of the Board and provide their opinions as needed.

Moreover, separate from meetings of the Audit & Supervisory Board, meetings of the Audit & Supervisory Board Members, Preliminary Deliberation Meetings are held about once a week. These meetings, which are attended, in principle, by all Audit & Supervisory Board Members, provide a venue for the sharing of information. For example, at these meetings the Audit & Supervisory Board Members receive explanations from corporate officers of matters to be discussed at the Executive Officers Meeting.

In regard to on-site audits, the Audit & Supervisory Board Members receive information from the representatives of major subsidiaries in Japan and overseas regarding the status of internal control and initiatives to enhance corporate governance, and discussions are conducted on these matters.

In regard to coordination with the Audit & Supervisory Board Members of NTT Group companies, NTT’s Audit & Supervisory Board Members receive yearly reports regarding audit results from the Audit & Supervisory Board Members of principal subsidiaries and exchange opinions with them. In addition, NTT is implementing initiatives that contribute to enhancing the auditing activities of Audit & Supervisory Board Members, including regularly holding training sessions by outside experts for Audit & Supervisory Board Members.

Furthermore, the Audit & Supervisory Board Members periodically exchange opinions with the Independent Auditor and the Internal Control Office. The Audit & Supervisory Board Members also receive explanations of audit plans and reports on the status of internal control systems and provide advice as needed.

NTT has established the Office of Audit & Supervisory Board Members, an important structure described in the Companies Act of Japan, as a body to contain dedicated staff tasked with supporting the Audit & Supervisory Board Members in their duties. The four staff members positioned in this office act based on the directions of the Audit & Supervisory Board Members. Through these activities, the Audit & Supervisory Board Members support the sound, steady growth of NTT and its subsidiaries in Japan and overseas from an independent perspective that differs from that of executives. In addition, the Audit & Supervisory Board Members strive to contribute to the strengthening of corporate governance systems and the fostering of awareness of compliance matters.

Message from the Audit & Supervisory Board

Takashi Iida
Michiko Tomonaga
Kiyoshi Kosaka
Akiko Ide
Seiichi Ochiai
Outside Independent Audit & Supervisory Board Member
Outside Independent Audit & Supervisory Board Member
Audit & Supervisory Board Member
Audit & Supervisory Board Member
Outside Independent Audit & Supervisory Board Member

The Audit & Supervisory Board comprises three outside independent Audit & Supervisory Board Members, who have experience and knowledge in a range of fields—as a Certified Public Accountant, university professor, and lawyer—and two internal Audit & Supervisory Board Members. We conduct effective audits by combining the independence of the outside Audit & Supervisory Board Members with the superior information collection capabilities of the Internal Audit & Supervisory Board Members. One of the Audit & Supervisory Board Members has extensive knowledge concerning finance and accounting matters. The Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings. In addition, Audit & Supervisory Board Members meet periodically with the Representatives of the Board to exchange ideas and opinions and hold discussions on various topics with the Members of the Board. In this way, the Audit & Supervisory Board Members maintain an understanding of the status of the execution of Members of the Board and provide their opinions as needed.

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NTT has established the Office of Audit & Supervisory Board Members, an important structure described in the Companies Act of Japan, as a body to contain dedicated staff tasked with supporting the Audit & Supervisory Board Members in their duties. The four staff members positioned in this office act based on the directions of the Audit & Supervisory Board Members. Through these activities, the Audit & Supervisory Board Members support the sound, steady growth of NTT and its subsidiaries in Japan and overseas from an independent perspective that differs from that of executives. In addition, the Audit & Supervisory Board Members strive to contribute to the strengthening of corporate governance systems and the fostering of awareness of compliance matters.
Background and Experience
Kiyoshi Kosaka
Date of Birth: March 26, 1941
Audit & Supervisory Board Member
Date First Appointed: June 2014
Shares Owned: 9,800

<table>
<thead>
<tr>
<th>Date of Birth</th>
<th>Date First Appointed</th>
<th>Shares Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 26, 1941</td>
<td>June 2014</td>
<td>9,800</td>
</tr>
</tbody>
</table>

Principal Concurrent Positions
- Director for Alps Electric Co., Ltd.
- Corporate Auditor for Shimadzu Corporation

Background and Experience
Seiichi Ochiai
Date of Birth: April 10, 1944
Outside Independent Audit & Supervisory Board Member
Date First Appointed: June 2014
Shares Owned: 4,604

<table>
<thead>
<tr>
<th>Date of Birth</th>
<th>Date First Appointed</th>
<th>Shares Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 10, 1944</td>
<td>June 2014</td>
<td>4,604</td>
</tr>
</tbody>
</table>

Principal Concurrent Positions
- Certified Public Accountant
- Director of Tokyo Corporation
- Director of Japan Accounting Institute

Background and Experience
Aiko Ide
Date of Birth: February 28, 1950
Audit & Supervisory Board Member
Date First Appointed: June 2014
Shares Owned: 2,400

<table>
<thead>
<tr>
<th>Date of Birth</th>
<th>Date First Appointed</th>
<th>Shares Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 28, 1950</td>
<td>June 2014</td>
<td>2,400</td>
</tr>
</tbody>
</table>

Principal Concurrent Positions
None

Background and Experience
Takashi Iida
Date of Birth: September 5, 1946
Supervisory Board Member
Date of Birth: September 5, 1946
Takashi Iida
Date First Appointed: June 2014
Shares Owned: 2,200

<table>
<thead>
<tr>
<th>Date of Birth</th>
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<th>Shares Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 5, 1946</td>
<td>June 2014</td>
<td>2,200</td>
</tr>
</tbody>
</table>

Principal Concurrent Positions
- Audit & Supervisory Board Member
- Members of the Company (present post)
- Corporate Auditor Accountants
- and auditing-related professions

Background and Experience
Michiko Tomonaga
Date of Birth: January 15, 1955
Outside Independent Audit & Supervisory Board Member
Date First Appointed: June 2011
Shares Owned: 2,000

<table>
<thead>
<tr>
<th>Date of Birth</th>
<th>Date First Appointed</th>
<th>Shares Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 15, 1955</td>
<td>June 2011</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Principal Concurrent Positions
- Certified Public Accountant
- Director of Tokyo Corporation
- Director of Japan Accounting Institute

Background and Experience
Tomonaga
Date of Birth: April 10, 1944
Outside Independent Audit & Supervisory Board Member
Date First Appointed: June 2011
Shares Owned: 2,000

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<thead>
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- Certified Public Accountant
- Director of Tokyo Corporation
- Director of Japan Accounting Institute

Note: The above information is as of June 30, 2015. Figures of the number of shares held account for the two-for-one stock split conducted on July 1, 2015.

Nomination Policies and Procedures
NTT has the policy of selecting candidates for Audit & Supervisory Board Members that have the capacity to provide audits based on specialized experience and insight. From the perspective of guaranteeing fair audits of the execution of Members of the Board, NTT selects outside independent Audit & Supervisory Board Members as those that present no risk of conflicts of interest with general shareholders arising. In accordance with the Companies Act, NTT ensures that outside independent Audit & Supervisory Board Members

Support Structures for Audit & Supervisory Board Members
NTT has established the Office of Audit & Supervisory Board Members, which contains four dedicated staff members tasked with supporting the Audit & Supervisory Board Members in their auditing duties. In addition, NTT has concluded contracts with the lawyers and other specialists who may be called upon as necessary to provide advice at the expense of NTT.

Compensation of Audit & Supervisory Board Members
Compensation of Audit & Supervisory Board Members is determined by resolution of the Audit & Supervisory Board.

Independent Members of the Board and Audit & Supervisory Board Members
From the perspectives of strengthening supervising functions for execution and guaranteeing fair audits of the execution of Members of the Board, NTT has the policy of selecting individuals to serve as outside Members of the Board and Audit & Supervisory Board Members that do not represent risks of conflicts of interest with general shareholders. NTT designates outside members of the Board and Audit & Supervisory Board Members that fulfill both the independence criteria stipulated by the Tokyo Stock Exchange as well as NTT's own independence standards as independent Members of the Board or independent Audit & Supervisory Board Members. NTT's independence standards are as follows.

Independence Standards
- Individuals are judged to be independent if they have not been applicable under one of the following categories in any of the past three fiscal years:
  1. A person involved in operation of a business partner with which transactions exceed the threshold set by the Company[1]
  2. A person involved in operation of a company from which borrowings exceed the threshold set by the Company[2]
  3. A consultant, accountant, lawyer, or other individual providing professional services that has received amounts of monetary payments or other financial assets of equal to or more than ¥10 million from the Company and its major subsidiaries[3] in any of the past three fiscal years that are separate from the compensation paid for services as a Member of the Board or Audit & Supervisory Board Member
  4. A person involved in operation of an organization that has received donations exceeding the threshold set by the Company[4]

Even in the event that an individual is applicable under one of items 1 through 4 above, they may be designated as an independent Member of the Board or Audit & Supervisory Board Member if it is determined that they effectively have the necessary level of independence from the Company. In this case, an explanation of the reason behind this decision will be disclosed.

[1] A business partner with which transactions exceed the threshold set by the Company" is defined as an entity with which the total amount of transactions with this Company and its major subsidiaries[5] in any of the past three fiscal years has been equal to or more than 2% of the total operating revenues of the Company and its major subsidiaries during the respective fiscal year.
[2] A "company from which borrowings exceed the threshold set by the Company" is defined as an entity with which the total amount of borrowings on a consolidated basis in any of the past three fiscal years have been equal to or more than 2% of the total operating revenues of the Company's consolidated total assets during the respective fiscal year.
[3] Major subsidiaries are NTT TELEGRAPH AND TELEPHONE CORPORATION, NTT TELECOMMUNICATIONS CORPORATION, NTT DATA CORPORATION, and NTT DOCOMO, INC.
[4] An "organization that has received donations exceeding the threshold set by the Company" is defined as an entity that has received donations from this Company and its major subsidiaries in any of the past three fiscal years exceeding ¥10 million or 2% of the total operating revenues of the entity, whichever is larger, during the respective fiscal year.
[5] Major subsidiaries are NTT TELEPHONE PUBLIC CORPORATION, NTT DATA CORPORATION, and NTT DOCOMO, INC.
Reason for Nomination and Status of Independence

<table>
<thead>
<tr>
<th>Name</th>
<th>Reason for nomination</th>
<th>Status of independence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katsuhiko Shirai</td>
<td>has a wealth of experience as an operational director of educational institutions and a high level of integrity and integrity. NTT believes that he will help strengthen the supervisory function for business execution and expects to incorporate the opinions provided from his wide-ranging experience and his managerial perspective.</td>
<td>13/13 100%</td>
</tr>
<tr>
<td>Sadayuki Sakakibara</td>
<td>has a wealth of experience as a corporate executive, and a high level of integrity and integrity. NTT believes that he will help strengthen the supervisory function for business execution and expects to incorporate the opinions provided from his wide-ranging experience and his managerial perspective.</td>
<td>13/13 100%</td>
</tr>
<tr>
<td>Michiko Tomonaga</td>
<td>has worked for many years as a Certified Public Accountant, and NTT expects that she will conduct future audits based on the knowledge and experience she has gained through her career.</td>
<td>13/13 100%</td>
</tr>
<tr>
<td>Seiichi Ochiai</td>
<td>has been serving for many years as a senior auditor specializing in the audit of listed companies in Japan, and NTT expects that he will conduct future audits based on the knowledge and experience he has gained through his career.</td>
<td>11/13 85%</td>
</tr>
<tr>
<td>Takashi Iida</td>
<td>has worked for many years in legal sectors, and NTT expects that he will conduct future audits based on the knowledge and experience he has gained through his career.</td>
<td>9/9 100%</td>
</tr>
</tbody>
</table>

Endorsement with an audit firm:

KPMG AZSA LLC has been appointed as the Independent Auditor of NTT. NTT has appointed KPMG AZSA LLC as its Independent Auditor.

NTT has appointed KPMG AZSA LLC as its Independent Auditor. In the fiscal year ended March 31, 2015, audits were conducted by Hidéaki Amano, Hiroshi Mura, and Atsuhiro Maeno, all Certified Public Accountants that have been auditing NTT for less than the legally mandated upper limit of five consecutive years. In addition, they were supported in their duties by 18 Certified Public Accountants and 23 other individuals.

Endorsement of auditing services provided by the KPMG network:

Services provided by the KPMG network for audit services and for non-audit services:

<table>
<thead>
<tr>
<th>Service</th>
<th>Compensation for audit services</th>
<th>Compensation for non-audit services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax audit services</td>
<td>¥14,107 million</td>
<td>¥1,809 million</td>
</tr>
<tr>
<td>Financial audit services</td>
<td>¥4,708 million</td>
<td>¥255 million</td>
</tr>
</tbody>
</table>

NTT believes that it is important to maintain and enhance audit quality while increasing audit efficiency. Based on this policy, the Audit & Supervisory Board evaluates independent NTT and its major subsidiaries under the pay compensation system of their independence and specialties and the appropriateness and adequateness of their auditing activities. The candidates that are approved by the Audit & Supervisory Board are then presented for voting at the general meeting of shareholders. The Audit & Supervisory Board may choose to dismiss or not to reappoint the Independent Auditor in any of the cases described in Article 340 (1) of the Companies Act based on a unanimous vote by all Audit & Supervisory Board Members.

Independent Auditor Compensation

NTT pays compensation to KPMG AZSA & Other Member Firms of the KPMG Network. In this respect, compensation will be paid to KPMG AZSA LLC, NTT’s Independent Auditor, and other member firms of the KPMG network for audit services and for non-audit services.

Note: Audit services refer to the auditing of the financial statements of NTT and its consolidated subsidiaries in Japan and overseas.
Non-audit services include the provision of guidance and advice related to International Financial Reporting Standards, tax returns for consolidated subsidiaries in Japan and overseas, and tax consultation.
Corporate Governance

Internal Control

Status of Internal Control Systems

NTT maintains internal control systems related to financial reporting based on Article 404 of U.S. Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act) and the Financial Instruments and Exchange Act of Japan. Based on tests and evaluations of the design and operation effectiveness of these systems, we were able to confirm, as of March 31, 2015, the effectiveness of these systems without any particular issues.

In regard to general internal control systems, internal audits are conducted by the internal auditing divisions of each Group company, and the results of these auditing activities are reviewed by NTT. In addition, standardized audits are performed with regard to major risk factors that are common issues throughout the Group, and we are continually enhancing and verifying their effectiveness. As for internal audits, the Internal Control Office and its staff of 22 people verify the internal control systems in place throughout the Group and the status of their implementation. NTT is continually accelerating its efforts to develop and implement IT and other Groupwide internal control systems to improve their operational procedures and efficiency.

For information on Basic Policies Concerning the Maintenance of Internal Control Systems, please refer to the following website.
http://www.ntt.co.jp/mgt_e/cshtml

Compliance Systems

- Establishment of NTT Group Corporate Ethics Charter

Recognizing that it is imperative to conduct business in compliance with laws and regulations and to maintain high ethical standards in order to promote sound corporate activities, NTT established the NTT Group Corporate Ethics Charter in November 2002. The Charter, which applies to all officers and employees of the NTT Group, lays out the basic principles for corporate ethics and provides specific guidelines for ethical behavior. These guidelines are intended to remind everyone of their duty as members of a telecommunications group, which bears significant responsibility to society. This responsibility includes preventing dishonesty, misconduct, and the disclosure of corporate secrets, as well as refraining from exchanging excessive favors with customers and suppliers. The guidelines are also meant to ensure that employees conduct themselves according to the highest ethical standards in both private and public activities.

NTT Group Corporate Ethics Charter

1. Recognizing the establishment of corporate ethics as one of its most important missions, top management shall exert its leadership to ensure that the spirit of this Charter is adopted throughout the Company, and shall assume full responsibility for solving any problems when any event inconsistent with that spirit occurs.
2. Every person with subordinate employees shall not only act in a self-disciplined manner, but shall also always provide guidance and assistance to his / her subordinate staff to ensure that their conduct is in conformity with our corporate ethics.
3. Every officer and employee of the NTT Group shall not only comply with all laws and regulations, social standards, and internal company rules whether in Japan or overseas, but officers and employees shall also hold the highest ethical philosophy within himself / herself both in public and in any private situations. Among other things, each officer and employee, as an officer or employee of a member of a Global Information Sharing Corporate Group, shall keep himself / herself fully aware that any disclosure of customer or other internal privileged information constitutes a materially wrongful act. Also, as a member of a group of companies which holds great social responsibilities, he / she shall strictly refrain from giving or receiving from customers, business partners, and other interested parties excessive gifts.
4. Each NTT Group company, at the first opportunity, shall take initiatives to provide training programs in order to help its officers and employees enhance their awareness of our corporate ethics.
5. Every officer and employee of the NTT Group shall direct his / her efforts to prevent wrongful or scandalous acts which may potentially occur as specialization and advancement of our business proceeds. Each NTT Group company shall improve its system to prevent such acts, including, for instance, the re-assignment of contract representatives who have remained with the same customer for a long period of time, and the improvement of monitoring tools to protect customer and other information.
6. Any officer or employee who may come to know of the occurrence of any wrongful act or any scandal shall promptly report the wrongful act or scandal to his / her superior or other appropriate persons. If he / she is not able to make such a report, he / she may contact the Corporate Ethics Help Line (Contact Point). It should be noted that every officer and employee who reports the occurrence of any wrongful act or scandal shall be protected so that the reporting party shall not suffer any negative consequences due to such reporting.
7. In the event of an occurrence of any wrongful act or scandal, each NTT Group company shall be committed to the settlement of the problem by taking appropriate actions through a speedy and accurate fact finding process, and responding in a timely, suitable, and transparent manner in order to fulfill its social accountability.

- Initiatives to Promote Awareness of the NTT Group Corporate Ethics Charter

To ensure the effectiveness of the NTT Group Corporate Ethics Charter, NTT Group companies offer training sessions on corporate ethics to employees. In addition, on a website for employees, examples of corporate ethics issues are explained in detail. In these ways, NTT is working to enhance the understanding of employees. Furthermore, NTT conducts annual surveys of employees to measure their awareness, and the results are then used for awareness-enhancement initiatives.

- Groupwide Corporate Ethics Help Line (External Help Line)

If an NTT Group employee discovers dishonest behavior or misconduct within the Group, they are instructed to report it immediately to the appropriate authority, usually their direct supervisor or the head of their organization. However, to prevent issues from arising due to dishonest behavior or misconduct in cases when the aforementioned response may prove difficult, each company has in place an internal help line and we have also established the Groupwide Corporate Ethics Help Line. This external help line is available to all Group companies and allows employees to report issues to an external lawyer.

The NTT Group Corporate Ethics Charter clearly states that people who file reports with these help lines are protected from any disadvantage arising from the fact that they filed a report.

Reports Filed through the Groupwide Corporate Ethics Help Line

<table>
<thead>
<tr>
<th>Number of reports</th>
<th>Fiscal year ended March 31, 2015</th>
<th>Fiscal year ended March 31, 2014</th>
<th>Fiscal year ended March 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of reports</td>
<td>266</td>
<td>312</td>
<td>322</td>
</tr>
</tbody>
</table>

To guide the operation of the Groupwide Corporate Ethics Help Line, we have established operational regulations together with frameworks to ensure that the details of reports are communicated to the Board of Directors. In addition, the Board of Directors informs the Audit & Supervisory Board Members about reports issued through the help line as well as about any compliance related issues that may have occurred.

- Coordination with Suppliers

NTT has established and disclosed the NTT Guidelines for CSR in Supply Chain with the aim of fulfilling its social responsibilities by working together with suppliers to ensure conformity with social norms and legal compliance. We thereby aim to prevent bribery and other forms of misconduct along the supply chain.

The NTT Guidelines for CSR in Supply Chain states that suppliers are requested to "maintain a sound and normal relationship with political bodies and government administrations, without resorting to bribery and / or making illegal political donations" and "not to offer and / or request inappropriate benefits to / from stakeholders." We expect suppliers to comply with these requests, and are striving to prevent misconduct at suppliers and throughout the entire supply chain.

Anti-Bribery Handbook

As one of its business policies, NTT pursues collaboration and open innovation with partners in various industries. NTT sometimes holds these partners’ shares if it is determined that such holdings will contribute to improved corporate value based on a comprehensive evaluation of considerations including the need to strengthen relationships and promote coordination with partners. NTT exercises the voting rights acquired through holdings as a responsible shareholder, taking into account the ongoing growth of the partners and seeking higher corporate value for both parties.
Policies for Communication with Shareholders

NTT has formulated disclosure regulations defining the procedures for disclosing important management information and has also established disclosure policies that set forth its basic stance toward information disclosure and investor relations (IR) activities. Based on these regulations and policies, we strive to disclose information about the NTT Group for stakeholders in a timely, appropriate, and fair manner.

Systems for Communicating with Investors

The director that serves as the senior vice president of the Finance and Accounting Department has been placed in charge of communications with investors, also guiding the IR Office established within the Finance and Accounting Department. Centered on the IR Office, NTT proactively advances IR activities while maintaining close coordination with relevant divisions and Group companies. In addition, input from shareholders and other investors is shared with management and throughout the Group to be used for improving communication with investors and incorporated into Group management.

Handling of Insider Information

The NTT Group takes steps to ensure that insider information is handled appropriately in order to prevent insider trading. We disclose information about the Group in a timely, appropriate, and fair manner based on the relevant domestic and overseas laws and security exchange regulations for listed companies. In addition, we have defined internal rules regarding insider trading regulations.

Specific Initiatives

- **Initiatives for Communicating with Institutional Investors**
  At quarterly financial results presentations, the president or senior executive vice presidents provide explanations of results and other matters and also conduct question and answer sessions. The presentations are streamed live over the Internet and subsequently NTT provides these videos for on-demand viewing, with English-dubbed versions of these videos offered as an option. Furthermore, the president, senior executive vice presidents, and other members of management meet with domestic and overseas analysts and institutional investors on an individual basis. NTT also holds presentations on various topics for analysts and institutional investors. One such presentation is NTT IR DAY.

- **Initiatives for Communicating with Overseas Institutional Investors**
  NTT posts English-language versions of IR materials on its website. Examples of these materials include financial results and other financial information; timely disclosure materials; annual securities reports and quarterly reports; the notice of convocation for the General Meeting of Shareholders; financial data; presentation materials, including videos for presentations; stock information; and summaries of question and answer sessions. NTT posts English translations of entire notices of convocation for General Meetings of Shareholders for the fiscal year ended March 31, 2015, including the business report sections, on its website as well as the Tokyo Stock Exchange’s website one month before the day of the meetings.

  As stated above, English-dubbed versions of financial results presentations videos are available on NTT’s website. In addition, the president, senior executive vice presidents, and other members of management periodically visit overseas investors to offer explanations on performance and other matters and respond to questions. They also participate in conferences conducted around the world, where they hold meetings and engage in other communication activities.

- **Initiatives for Communicating with Individual Investors**
  The videos of quarterly financial results presentations conducted by the president and senior executive vice presidents are made available for viewing by individual investors via live streaming over the Internet and through on-demand viewing. Furthermore, individual investors may contact the IR Office for answers to any questions they may have.

  In addition to the above, NTT held 60 explanatory presentations for individual investors at locations throughout Japan during the fiscal year ended March 31, 2015, and also conducted Internet presentations and participated in IR fairs. The president and other members of management took part in the explanatory presentations for individual investors.

Financial Section

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Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income -- 122
Consolidated Statements of Changes in Equity ------- 123
Consolidated Statements of Cash Flows ----------- 124
Reference Information ------------------ 125
Consolidated Subsidiaries------------- 127
### 10-Year Financial Summary

#### Profit and loss (For the year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating revenues</th>
<th>Operating expenses</th>
<th>Operating income</th>
<th>Other income (expenses)</th>
<th>Net income attributable to NTT</th>
<th>EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥10,741.1</td>
<td>¥9,550.4</td>
<td>1,190.7</td>
<td>(3.0)</td>
<td>¥503.1</td>
<td>32.1%</td>
</tr>
<tr>
<td>2007</td>
<td>¥10,760.6</td>
<td>¥9,653.5</td>
<td>1,107.0</td>
<td>14.5</td>
<td>¥481.4</td>
<td>31.0%</td>
</tr>
<tr>
<td>2008</td>
<td>¥10,680.9</td>
<td>¥9,376.3</td>
<td>1,304.6</td>
<td>41.9</td>
<td>¥635.2</td>
<td>33.8%</td>
</tr>
<tr>
<td>2009</td>
<td>¥10,416.3</td>
<td>¥9,063.7</td>
<td>1,319.8</td>
<td>(7.7)</td>
<td>¥492.3</td>
<td>32.4%</td>
</tr>
<tr>
<td>2010</td>
<td>¥10,181.4</td>
<td>¥9,090.1</td>
<td>1,117.7</td>
<td>14.7</td>
<td>¥509.6</td>
<td>31.9%</td>
</tr>
<tr>
<td>2011</td>
<td>¥10,305.0</td>
<td>¥9,284.4</td>
<td>1,214.9</td>
<td>(7.0)</td>
<td>¥467.7</td>
<td>30.6%</td>
</tr>
<tr>
<td>2012</td>
<td>¥10,507.4</td>
<td>¥9,498.9</td>
<td>1,223.0</td>
<td>(16.1)</td>
<td>¥519.0</td>
<td>30.0%</td>
</tr>
<tr>
<td>2013</td>
<td>¥10,700.7</td>
<td>¥10,185.0</td>
<td>1,202.0</td>
<td>(50.8)</td>
<td>¥585.5</td>
<td>29.2%</td>
</tr>
<tr>
<td>2014</td>
<td>¥10,925.2</td>
<td>¥10,911.3</td>
<td>1,213.7</td>
<td>(17.9)</td>
<td>¥518.1</td>
<td></td>
</tr>
</tbody>
</table>

#### Cash flows (For the year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net cash provided by operating activities</th>
<th>Net cash used in investing activities</th>
<th>Net cash used in financing activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥2,391.8</td>
<td>(2,151.0)</td>
<td>(2,077.3)</td>
</tr>
<tr>
<td>2007</td>
<td>¥2,361.3</td>
<td>(1,990.6)</td>
<td>(2,052.2)</td>
</tr>
<tr>
<td>2008</td>
<td>¥2,080.9</td>
<td>(2,269.7)</td>
<td>(1,971.2)</td>
</tr>
<tr>
<td>2009</td>
<td>¥2,508.9</td>
<td>(2,308.9)</td>
<td>(1,778.3)</td>
</tr>
<tr>
<td>2010</td>
<td>¥2,437.3</td>
<td>(2,106.8)</td>
<td>(1,766.8)</td>
</tr>
<tr>
<td>2011</td>
<td>¥2,727.9</td>
<td>(2,136.6)</td>
<td>(1,685.8)</td>
</tr>
<tr>
<td>2012</td>
<td>¥3,214.1</td>
<td>(2,073.4)</td>
<td>(1,566.6)</td>
</tr>
<tr>
<td>2013</td>
<td>¥3,090.8</td>
<td>(2,236.9)</td>
<td>(1,970.0)</td>
</tr>
<tr>
<td>2014</td>
<td>¥2,817.8</td>
<td>(2,268.2)</td>
<td>(1,892.8)</td>
</tr>
</tbody>
</table>

#### Balance sheet (At year-end)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total NTT shareholders’ equity</th>
<th>Operating income</th>
<th>Net income attributable to NTT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥6,734.4</td>
<td>1,190.7</td>
<td>¥503.1</td>
</tr>
<tr>
<td>2007</td>
<td>¥7,120.8</td>
<td>1,107.0</td>
<td>¥481.4</td>
</tr>
<tr>
<td>2008</td>
<td>¥7,410.8</td>
<td>1,304.6</td>
<td>¥635.2</td>
</tr>
<tr>
<td>2009</td>
<td>¥7,298.1</td>
<td>1,109.8</td>
<td>¥492.3</td>
</tr>
<tr>
<td>2010</td>
<td>¥7,788.2</td>
<td>1,117.7</td>
<td>¥509.6</td>
</tr>
<tr>
<td>2011</td>
<td>¥8,020.7</td>
<td>1,214.9</td>
<td>¥467.7</td>
</tr>
<tr>
<td>2012</td>
<td>¥7,882.6</td>
<td>1,202.0</td>
<td>¥519.0</td>
</tr>
<tr>
<td>2013</td>
<td>¥8,231.4</td>
<td>1,213.7</td>
<td>¥585.5</td>
</tr>
<tr>
<td>2014</td>
<td>¥8,511.4</td>
<td>1,202.0</td>
<td>¥518.1</td>
</tr>
</tbody>
</table>

#### Other financial data

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital investment</th>
<th>Research and development expenses</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥2,187,360,018</td>
<td>¥308.4</td>
<td>199</td>
</tr>
<tr>
<td>2007</td>
<td>¥2,187,360,018</td>
<td>¥272.1</td>
<td>199</td>
</tr>
<tr>
<td>2008</td>
<td>¥2,187,360,018</td>
<td>¥271.1</td>
<td>193</td>
</tr>
<tr>
<td>2009</td>
<td>¥2,187,360,018</td>
<td>¥271.1</td>
<td>271.1</td>
</tr>
<tr>
<td>2010</td>
<td>¥2,187,360,018</td>
<td>¥271.1</td>
<td>271.1</td>
</tr>
<tr>
<td>2011</td>
<td>¥2,187,360,018</td>
<td>¥271.1</td>
<td>271.1</td>
</tr>
<tr>
<td>2012</td>
<td>¥2,187,360,018</td>
<td>¥271.1</td>
<td>271.1</td>
</tr>
<tr>
<td>2013</td>
<td>¥2,187,360,018</td>
<td>¥271.1</td>
<td>271.1</td>
</tr>
<tr>
<td>2014</td>
<td>¥2,187,360,018</td>
<td>¥271.1</td>
<td>271.1</td>
</tr>
</tbody>
</table>

#### Performance indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>ROE (%)</th>
<th>EBITDA margin (%)</th>
<th>Net income attributable to NTT (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>7.5%</td>
<td>32.1%</td>
<td>32.4%</td>
</tr>
<tr>
<td>2007</td>
<td>6.9%</td>
<td>31.0%</td>
<td>31.8%</td>
</tr>
<tr>
<td>2008</td>
<td>8.7%</td>
<td>33.8%</td>
<td>31.9%</td>
</tr>
<tr>
<td>2009</td>
<td>7.3%</td>
<td>32.4%</td>
<td>30.6%</td>
</tr>
<tr>
<td>2010</td>
<td>6.5%</td>
<td>30.6%</td>
<td>30.0%</td>
</tr>
<tr>
<td>2011</td>
<td>6.4%</td>
<td>29.2%</td>
<td>7.0%</td>
</tr>
<tr>
<td>2012</td>
<td>5.9%</td>
<td>27.2%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2013</td>
<td>6.5%</td>
<td>23.8%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2014</td>
<td>7.0%</td>
<td>236.8</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

### Footnotes

1. NTT has retroactively applied the equity method of accounting to prior years for an affiliate investment as a result of the acquisition by the NTT Group of additional shares of the affiliate during the fiscal years ended March 31, 2008 and 2014. The amounts in the table above for the fiscal years ended March 31, 2006 to March 31, 2013, have been adjusted accordingly.

2. With the application of the accounting pronouncement issued by the Financial Accounting Standards Board ("FASB") in December 2007, relating to noncontrolling interests in consolidated financial statements, starting from the fiscal year ended March 31, 2010, the name of this line item was changed.

3. Please refer to Reconciliation of Capital Investment and EBITDA Margin on page 125.

4. Financial data per share of common stock for the fiscal year ended March 31, 2008, and previous years have been adjusted to reflect the 100-for-1 stock split conducted in the fiscal year ended March 31, 2008.

5. Adjusted for 2-for-1 stock split with an effective date of July 1, 2015.
## Financial Section

### Major Subsidiaries' Data

**NTT East** (Japan G/A)<br><br>| Fiscal year ended March 31 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>¥2,125.3</td>
<td>¥2,361.3</td>
<td>¥2,022.7</td>
<td>¥1,952.9</td>
<td>¥1,386.1</td>
<td>¥1,951.7</td>
<td>¥1,871.3</td>
<td>¥1,773.8</td>
<td>¥1,851.5</td>
<td>¥1,831.7</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,655.5</td>
<td>1,991.4</td>
<td>1,888.3</td>
<td>1,799.4</td>
<td>1,825.4</td>
<td>1,879.9</td>
<td>1,866.7</td>
<td>1,828.7</td>
<td>1,833.4</td>
<td>1,809.9</td>
</tr>
<tr>
<td>Non-operating revenues</td>
<td>126.3</td>
<td>150.3</td>
<td>128.6</td>
<td>115.5</td>
<td>129.3</td>
<td>114.0</td>
<td>112.4</td>
<td>123.0</td>
<td>119.2</td>
<td>115.0</td>
</tr>
<tr>
<td>Recurring profit</td>
<td>84.2</td>
<td>95.0</td>
<td>78.5</td>
<td>73.4</td>
<td>78.9</td>
<td>67.3</td>
<td>64.3</td>
<td>70.3</td>
<td>72.3</td>
<td>68.9</td>
</tr>
<tr>
<td>Net income</td>
<td>¥51.2</td>
<td>¥53.2</td>
<td>¥68.8</td>
<td>¥77.5</td>
<td>¥50.5</td>
<td>¥52.3</td>
<td>¥52.8</td>
<td>¥53.9</td>
<td>¥69.5</td>
<td>¥72.7</td>
</tr>
</tbody>
</table>

**NTT West** (Japan G/A)<br><br>| Fiscal year ended March 31 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>¥2,029.6</td>
<td>¥1,951.2</td>
<td>¥1,824.3</td>
<td>¥1,780.8</td>
<td>¥1,758.0</td>
<td>¥1,676.3</td>
<td>¥1,827.9</td>
<td>¥1,593.6</td>
<td>¥1,674.2</td>
<td>¥1,648.9</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,397.5</td>
<td>1,301.0</td>
<td>1,287.3</td>
<td>1,262.3</td>
<td>1,268.4</td>
<td>1,268.7</td>
<td>1,268.7</td>
<td>1,239.5</td>
<td>1,239.5</td>
<td>1,309.0</td>
</tr>
<tr>
<td>Non-operating revenues</td>
<td>138.1</td>
<td>159.3</td>
<td>125.9</td>
<td>125.7</td>
<td>123.9</td>
<td>114.0</td>
<td>108.4</td>
<td>111.4</td>
<td>116.1</td>
<td>121.5</td>
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<tr>
<td>Recurring profit</td>
<td>71.7</td>
<td>77.8</td>
<td>66.2</td>
<td>68.7</td>
<td>70.0</td>
<td>67.1</td>
<td>65.3</td>
<td>65.4</td>
<td>70.5</td>
<td>77.4</td>
</tr>
<tr>
<td>Net income</td>
<td>¥54.8</td>
<td>¥57.5</td>
<td>¥74.3</td>
<td>¥83.6</td>
<td>¥52.3</td>
<td>¥55.5</td>
<td>¥55.6</td>
<td>¥61.9</td>
<td>¥68.7</td>
<td>¥75.5</td>
</tr>
</tbody>
</table>

* Certain items for prior years' financial statements have been reclassified.

### Segment Data

**Operating Revenues**<br><br>| Fiscal year ended March 31 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
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<tbody>
<tr>
<td>Recurring profit</td>
<td>¥84.2</td>
<td>¥90.3</td>
<td>¥67.4</td>
<td>¥65.3</td>
<td>¥71.7</td>
<td>¥60.3</td>
<td>¥65.6</td>
<td>¥66.7</td>
<td>¥109.8</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>¥51.2</td>
<td>¥84.3</td>
<td>¥96.8</td>
<td>¥77.5</td>
<td>¥50.5</td>
<td>¥52.3</td>
<td>¥52.8</td>
<td>¥53.9</td>
<td>¥69.5</td>
<td>¥72.7</td>
</tr>
</tbody>
</table>

### 10-Year Financial Summary

**Operating Revenues**<br><br>| Fiscal year ended March 31 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
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</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>¥1,127.8</td>
<td>¥1,145.4</td>
<td>¥1,154.5</td>
<td>¥1,127.1</td>
<td>¥1,079.2</td>
<td>¥1,033.4</td>
<td>¥981.0</td>
<td>¥944.8</td>
<td>¥944.0</td>
<td>¥909.9</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,060.3</td>
<td>1,068.1</td>
<td>1,049.7</td>
<td>1,026.3</td>
<td>981.7</td>
<td>940.1</td>
<td>875.2</td>
<td>826.6</td>
<td>830.5</td>
<td>816.8</td>
</tr>
<tr>
<td>Operating income</td>
<td>67.5</td>
<td>77.3</td>
<td>104.7</td>
<td>100.8</td>
<td>97.5</td>
<td>92.2</td>
<td>105.7</td>
<td>118.1</td>
<td>113.4</td>
<td>93.1</td>
</tr>
<tr>
<td>Non-operating revenues</td>
<td>30.7</td>
<td>29.5</td>
<td>35.1</td>
<td>32.3</td>
<td>25.0</td>
<td>23.7</td>
<td>23.7</td>
<td>24.7</td>
<td>27.4</td>
<td>30.1</td>
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<tr>
<td>Non-operating expenses</td>
<td>26.4</td>
<td>29.1</td>
<td>27.8</td>
<td>19.6</td>
<td>14.0</td>
<td>13.3</td>
<td>10.4</td>
<td>13.1</td>
<td>8.3</td>
<td>8.4</td>
</tr>
<tr>
<td>Recurring profit</td>
<td>71.8</td>
<td>77.8</td>
<td>112.0</td>
<td>113.5</td>
<td>108.5</td>
<td>103.6</td>
<td>118.9</td>
<td>129.7</td>
<td>132.5</td>
<td>114.8</td>
</tr>
<tr>
<td>Net income</td>
<td>¥31.4</td>
<td>¥30.3</td>
<td>¥62.7</td>
<td>¥89.0</td>
<td>¥60.6</td>
<td>¥68.9</td>
<td>¥58.3</td>
<td>¥65.3</td>
<td>¥89.9</td>
<td>¥77.2</td>
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### Other Businesses

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<tbody>
<tr>
<td>Operating revenues</td>
<td>¥1,655.5</td>
<td>¥1,658.4</td>
<td>¥1,783.4</td>
<td>¥1,891.2</td>
<td>¥1,850.8</td>
<td>¥1,832.0</td>
<td>¥1,859.2</td>
<td>¥1,807.2</td>
<td>¥1,814.2</td>
<td>¥1,818.0</td>
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### ANNUAL REPORT 2015

### NTT Communications

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<tbody>
<tr>
<td>Operating revenues</td>
<td>¥1,127.8</td>
<td>¥1,145.4</td>
<td>¥1,154.5</td>
<td>¥1,127.1</td>
<td>¥1,079.2</td>
<td>¥1,033.4</td>
<td>¥981.0</td>
<td>¥944.8</td>
<td>¥944.0</td>
<td>¥909.9</td>
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### NTT DOCOMO (Consolidated)

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<tbody>
<tr>
<td>Operating revenues</td>
<td>¥4,765.8</td>
<td>¥4,788.0</td>
<td>¥4,711.8</td>
<td>¥4,447.0</td>
<td>¥4,284.4</td>
<td>¥4,224.2</td>
<td>¥4,240.0</td>
<td>¥4,470.1</td>
<td>¥4,461.2</td>
<td>¥4,383.4</td>
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### NTT DATA (Consolidated)

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<tbody>
<tr>
<td>Operating revenues</td>
<td>¥610.4</td>
<td>¥457.2</td>
<td>¥491.2</td>
<td>¥471.8</td>
<td>¥494.7</td>
<td>¥400.4</td>
<td>¥463.9</td>
<td>¥491.0</td>
<td>¥464.7</td>
<td>¥410.1</td>
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### DEBT-RELATED DATA

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</thead>
<tbody>
<tr>
<td>Interest-bearing debt / D/E Ratio*</td>
<td>57.7</td>
<td>67.0</td>
<td>67.1</td>
<td>61.3</td>
<td>63.9</td>
<td>60.0</td>
<td>59.7</td>
<td>59.8</td>
<td>58.2</td>
<td>56.8</td>
</tr>
</tbody>
</table>

* D/E ratio = Interest-bearing debt / Shareholders' equity x 100

Note: Certain items for prior years' financial statements have been reclassified.
OPERATION OF BUSINESS RESULTS

During the fiscal year ended March 31, 2015, the NTT Group worked to expand its Global Cloud services and strengthen its network service competitiveness in line with its Medium-Term Management Strategy adopted in November 2012, entitled “Towards the Next Stage.”

■ Status of Expansion of Global Cloud Services

The NTT Group worked to expand its provision of global cloud services by taking advantage of its strengths as a corporate group with the ability to provide comprehensive cloud services from the information and telecommunications platforms stage, such as data centers and the IP backbones, to the ICT management and applications stage.

To reinforce the structure by which it provides global cloud services, the NTT Group acquired the following subsidiaries during the fiscal year ended March 31, 2015: ICT solutions provider Nansus IS, Inc. (headquartered in the United States), technology consulting service provider Ocean Limited Headquartered in Australia, cloud service provider Symphony Management Consulting, LLC (headquartered in the United States), and security solutions provider InfoTrust AG (headquartered in Switzerland). The NTT Group also announced that it would cooperate with NTT DATA to acquire a majority of the outstanding shares of Lux e-shelter 1 S.A.R.L. (headquartered in Luxembourg), a provider of data center services in Germany and elsewhere in Europe.

In order to meet the increasing global demand for data center services, the NTT Group worked to strengthen its provision of data center services overseas in Cyberjaya, Malaysia, while also expanding its data center facilities in Mumbai, the commercial center of India. In Japan, the NTT Group continued to provide services from Shinagawa and also made it financially accessible from a broader range of business districts in the Tokyo metropolitan area. The NTT Group also began construction on another data center in Osaka in anticipation of growing demand, including demand for backup sites outside of the Tokyo metropolitan area.

As a result of the combined initiatives of a number of NTT Group companies, the NTT Group obtained orders from organizations such as HM Treasury (the United Kingdom government’s economic and finance ministry) to provide services to coordinate a number of suppliers, cloud hosting services, and application management services. NTT Group companies also developed an enterprise resource planning (“ERP”) system and began providing operation and maintenance services for the German automaker Daimler AG. In addition, the NTT Group began providing All Nippon Airways Co., Ltd., with services for a unified voice service to be utilized in all of its worldwide locations.

■ Status of Efforts to Strengthen Network Service Competitiveness

In the fixed-line communications field, in order to encourage a variety of service providers from a wide range of industries to use fiber-optic access infrastructure services and to stimulate the ICT market through new channels of value creation, the NTT Group began offering the Hikari Collaboration Model, the world’s first wholesale provision of fiber-optic access services to various service providers. The introduction of the Hikari Collaboration Model has allowed a variety of businesses to begin providing their own services using this model.

In the mobile communications field, the NTT Group unveiled Kakehashi & Flake:a, a new billing plan tailored to suit a customer’s stage of life that offers more affordable rates to long-term users, and the number of subscriptions reached 17.83 million as of March 31, 2015. In addition, the NTT Group launched the docomo Hitak Pack, a new customer-friendly rate package that provides a discount by combining the fiber-optic broadband service docomo Hikari, which utilizes the Hikari Collaboration Model, with smartphones or mobile phones. The NTT Group also launched the LTE-based voice communications service VoiceLTE, which provides reliable and high-quality calls compared to conventional voice calling services.

The NTT Group also strengthened its efforts to cut costs in its fixed-line and mobile communications services. Specifically, the NTT Group has worked to further enhance efficiency through cutting the cost of laying optical transmission lines by increasing construction projects that do not require the dispatch of NTT employees and by working to further improve the efficiency of its maintenance and operations business, while also introducing high-performance equipment and making effective use of its existing equipment in order to further improve equipment efficiency. Furthermore, on the basis of the Hikari Collaboration Model and other factors, the NTT Group continued to streamline costs associated with marketing.

■ Status of Efforts to Promote Corporate Social Responsibility (CSR)

In order to contribute to the sustainable development of society, NTT Group companies engage in a range of activities and engage in proactive information disclosure with the aim of meeting the quantitative indicators of the eight Priority Activities of the NTT Group CSR Priority Activities plan, which were established in accordance with the NTT Group CSR Charter.

Specifically, as a result of the NTT Group’s initiatives to reduce greenhouse gases utilizing ICT as a means of “creating a low carbon society,” the NTT Group was recognized by the CDP, the world’s largest program for the evaluation of companies in the context of climate change issues, as one of the leading companies in Japan for disclosure of the status of its corporate response and other climate change disclosure and achieved a position in the Climate Disclosure Leadership Index (CDLI) for the second consecutive year. The NTT Group was also the first Japanese telecommunications provider to

be selected to the Climate Performance Leadership Index (CPLI) in recognition of its distinguished performance in addressing climate change issues.

The NTT Group continued to promote initiatives aimed at “securing high-level stability and reliability in key infrastructure,” by reexamining the hypothetical consequences of natural disasters such as major earthquakes on potentially affected areas, and implementing strategies to mitigate such consequences. In this context, the NTT Group formulated Groupwide measures to address and manage long-term electrical failures while also collaborating with local governments and other relevant entities in carrying out disaster preparedness drills. In addition, the NTT Group initiated its Mobile ICT Unit, which enables telephone calls and data transmissions by immediately securing Wi-Fi areas in a very short time frame in evacuation zones in the event of large and complex emergencies. The NTT Group also participated in field trials for this unit in the typhoon-affected areas of Cebu in the Philippines.

In response to increasing investor demands for information regarding the NTT Group’s efforts with respect to the environment, society, and governance, the NTT Group issued an Integrated Report with the aim of supplementing the information included in the non-financial sections of its annual report.

In light of the foreign and other similar endeavors, the NTT Group worked to expand its global business as a cornerstone of its business operations and to accelerate profit generation through the following initiatives.

In order to deliver consistent growth of sales in overseas business operations, the NTT Group will strengthen its sales force and marketing efforts, such as by expanding its global accounts and further promoting its up-selling and cross-selling efforts, while strengthening all of the NTT Group’s services and products.

The NTT Group will also implement thorough cost optimization measures, such as by optimizing and streamlining each Group company’s services and operations or by reducing procurement costs. In addition, the NTT Group intends to strengthen Group governance and risk management to support these measures by facilitating the transparent and effective management of Group-wide risk management, setting common accounting standards, bolstering cash management, and enhancing collaboration within the NTT Group’s global subsidiaries.

Through these initiatives, the NTT Group will work to increase its overseas sales and steadily increase its overseas operating income.

OPTIMIZE DOMESTIC NETWORK BUSINESSES

The NTT Group aims to streamline capital investment and reduce costs in order to generate profit in the domestic fixed-line and mobile communications markets, which are becoming increasingly saturated.

The NTT Group intends to streamline its capital investment by simplifying and streamlining each Group company’s networks, and will also aim to improve the efficiency of facility use as well as make an effort to reduce procurement costs. The NTT Group also aims to highly sophisticated IT systems while improving efficiency by streamlining.

BUSINESS OUTLOOK

■ Business Development Pursuant to the Medium-Term Management Strategy

Based on its Medium-Term Management Strategy “Towards the Next Stage,” established in November 2012, the NTT Group has worked to create new services and generate business opportunities through collaboration with a wide range of market players with the aim of becoming a “Value Partner” that customers continue to select.

In May 2015, the NTT Group formulated a new Medium-Term Management Strategy, “Towards the Next Stage 2.0.” In addition to maintaining and strengthening its existing fundamental business strategies from the original “Towards the Next Stage” strategy, the NTT Group will embark on a profit growth track by accelerating its self-transformation towards a “Value Partner” and develop new markets by further promoting the B2B2X model.

Specifically, the NTT Group will pursue the following initiatives.

Expand Global Cloud Services and Create Profit

The NTT Group seeks to expand and establish its global business as a cornerstone of its business operations and to accelerate profit generation through the following initiatives.

In order to deliver consistent growth of sales in overseas business operations, the NTT Group will strengthen its sales force and marketing efforts, such as by expanding its global accounts and further promoting its up-selling and cross-selling efforts, while strengthening all of the NTT Group’s services and products.

The NTT Group will also implement thorough cost optimization measures, such as by optimizing and streamlining each Group company’s services and operations or by reducing procurement costs. In addition, the NTT Group intends to strengthen Group governance and risk management to support these measures by facilitating the transparent and effective management of Group-wide risk management, setting common accounting standards, bolstering cash management, and enhancing collaboration within the NTT Group’s global subsidiaries.

Through these initiatives, the NTT Group will work to increase its overseas sales and steadily increase its overseas operating income.
In addition, the NTT Group plans to implement continuous cost reduction measures, not only to reduce costs but also with the aim of increasing the competitiveness of its products and service provision, as well as improving user services. The NTT Group will also aim to establish simple and highly efficient business operations in line with the migration to the B2B2X model and other changes. Through the above initiatives, the NTT Group will work to further streamline its domestic network operations.

Towards Sustainable Growth in Domestic Business Operations The NTT Group recognizes the need to enhance profitability in order to achieve sustainable growth in its domestic business operations. The Japanese government has been developing and implementing a variety of policies centered on the Tokyo 2020 Olympic & Paralympic Games and the Japanese government’s “Revitalization of Local Economies” initiative. Local governments and companies from a wide range of sectors also regard these as opportunities of administrative service improvements and business expansions, including investments to strengthen information and communications functions, and are actively working to make use of them. The NTT Group plans to make use of these opportunities to accelerate migration to the B2B2X model.

The NTT Group aims to further strengthen the areas of security, IoT, network virtualization, and other areas in order to provide a user-friendly ICT platform for various business operators. In addition, the NTT Group plans to develop closer partnerships with local governments in order to create regional services utilizing ICT, while promoting partnerships with a wide range of business entities in the transportation, tourism, energy, agriculture, and other sectors through the NTT Group’s cross-company projects. Through these initiatives, the NTT Group aims to create services that will become the standards of the next generation, which is expected to lead to sustainable growth in its domestic business operations.

Through these efforts, the NTT Group hopes to achieve EPS growth per share by over 70 yen by the fiscal year ending March 31, 2018.

Promoting Corporate Social Responsibility (CSR) Based on its social mission to contribute to society through ICT in order to help resolve the many social issues that exist both in domestic and overseas markets. Similarly, the NTT Group will continue to make a collective effort to promote CSR in accordance with the guidelines set out in the NTT Group CSR Charter. The NTT Group will also work to increase management transparency by further enhancing the content of, for example, its integrated report and CSR report and by promoting information disclosure relating to the NTT Group’s initiatives. With respect to data protection and personal information, as a global concern, the NTT Group will endeavor to reduce the environmental burden associated with its own business activities and contribute to reducing the environmental burden on society as a whole through the utilization of ICT services, and will undertake further environmental contribution initiatives involving the NTT Group employees.

Furthermore, in its preparations for natural disasters such as a major earthquake, the NTT Group will work to provide safe and secure services by promoting initiatives such as the further enhancement of its collaborative framework with external agencies. The NTT Group has set a goal of doubling the number of women in management positions above the rank of section leader by the end of the fiscal year ending March 31, 2021, from 700 women in such positions at the end of the fiscal year ended March 31, 2013, and will work to maintain respect for diversity and equality.

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

RISK FACTORS

In addition to the other information contained in this annual report, prospective investors should carefully consider the risks described below related to the NTT Group’s business environment, business strategy and operations, regulations to which NTT is subject, and NTT’s relationship with the government. Additional risks not currently known to NTT or for which NTT is not aware may also affect the NTT Group’s business operations.

The NTT Group’s actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including the risks the NTT Group faces as described below and elsewhere in this annual report.

1. Risks Associated with the Business Environment and the NTT Group’s Corresponding Business Strategies

The NTT Group’s business may be affected by the global and Japanese economic situation. The NTT Group has operations all over the world, including Japan, North America, Latin America, Europe, Africa, Asia, the Middle East, Asia, and Oceania. As a result, the NTT Group’s operations are exposed to the economic growth of any of these countries and regions may have an adverse affect on the demand for the services that the NTT Group provides or on its operations. Although the proportion of the NTT Group’s overseas business is growing, the majority of its business revenues are derived from its business in Japan, and as a result, the NTT Group’s results of operations and financial condition may be heavily influenced by the state of the Japanese economy.

In the financial business, an economic slowdown may adversely affect the economic circumstances of NTT group companies’ counter-parties more than anticipated by the NTT Group’s credit management predictions, which could lead to uncollectable loans. In the real estate business, there is a possibility that demand in the real estate market for office space or warehouse space has historically been unequally distributed, the condominium sales market will decline as a result of an economic slowdown, which could reduce the profitability of real estate investments. If these risks were to occur, they could adversely impact the NTT Group’s results of operations and financial condition.

In addition, the NTT Group evaluates various means of capital procurement, including issuing corporate bonds and obtaining loans, and is working toward securing low-interest financing and stable sources of capital. However, any substantial fluctuations in the financial markets may lead to increases in the NTT Group’s financing costs. The NTT Group owns investment securities and other investment assets. If these asset values were to decline due to a recession in the stock and other financial markets, the resulting impairment losses may adversely affect the NTT Group’s results of operations. NTT Group pension investments may also be adversely affected by the effect of a weakening economy on the capital markets.

The NTT Group’s operating revenues may suffer from changes in the business environment, including the following risks.

a. Risks Related to Changes in Business Environment

1. Changes in the structure of the telecommunications market and its operating conditions are affecting the NTT Group’s results of operations and financial condition.

In addition, the NTT Group’s results of operations and financial condition could still be adversely affected if, despite these efforts, the number of subscribers that the NTT Group acquires or retains fails to meet expected levels or if subscription ratios for various fee / discount services, trends in the number of subscription transfers to flat-rate services, or other initiatives do not proceed as expected. The NTT Group expects the solutions business to be a major area of growth in the information services market, and hardware vendors and other players are also focused on this business. Moreover, the growth of information services businesses in rapidly developing markets such as China is highly dependent on the NTT Group’s global competition. Intensified competition resulting from new competitors’ aggressive market entry may have an adverse affect on the NTT Group’s results of operations and financial condition.

In the mobile communications business, competition is increasing. The possible introduction of the next generation of mobile communication services and the introduction of new billing plans and services are expected to lead to more competitive pricing. Furthermore, the NTT Group’s results of operations and financial condition may be heavily influenced by the state of the Japanese economy. The NTT Group’s operations are becoming more rigorous. If the NTT Group is unable to respond appropriately to increased competition and other changes in the structure of the telecommunications market, its operating revenues may decline.

In the fixed-line communications field, the continuing trend of decreasing fixed-line telephone revenues as a result of the impact of fixed-line voice services declining, and the low-cost voice communication services provided by OTT operators has become an issue. In addition, growth in broadband services is slowing as the rate of penetration increases and the market matures. Furthermore, as a result of the increasing speeds of wireless broadband services, customers, particularly young adults who do not use landline communications, are shifting towards offering subscriptions to mobile network operators.
The NTT Group’s international and domestic investments, acquisitions, alliances, and corporate collaborations may not be successful, or the NTT Group may be unable to exert the necessary control over its investments. The NTT Group actively engages in joint ventures, alliances, and collaborations, both domestically and overseas, as well as acquisitions and other strategic investments in response to changes in market structure and customers’ needs. However, the NTT Group may not be able to maintain or enhance the value or financial performance of, or achieve sufficient synergies with, its overseas operations in which it has invested or agreed to invest or that it may in the future acquire. In addition, there may be occasions when the NTT Group will suffer potential losses resulting from the dissolution or disposition of its investments, partnerships, or other cooperative initiatives.

The NTT Group is proactively striving to expand its global business operations, and has worked to achieve expected returns from these endeavors by carry out periodic post-acquisition monitoring of its investments. In addition, the NTT Group is taking initiatives to enhance its group governance and risk management. However, the recent increase in the number of foreign subsidiaries within the NTT Group may result in increased fragmentation within the Group and render a common understanding difficult to achieve. There may be occasions when it is difficult for NTT to establish common subsidiaries necessary to oversee their business and operations. In addition, there is a risk that factors related to cross-border business, such as legal restrictions relating to investment and competition, differences in business customs, labor relations, and international politics, may pose challenges to the NTT Group’s management of its overseas business activities. If such risks materialize, the NTT Group’s results of operations and financial condition may be adversely affected.

The NTT Group may be unable to obtain the licenses for third-party intellectual property necessary for the operation of its business, may be subject to claims related to the infringement of the intellectual property from other companies, or may be unable to protect its own intellectual property rights, all of which could adversely affect the NTT Group’s operations and financial condition. In order for the NTT Group and its business partners to carry out their business operations, they at times need to obtain licenses and other rights to use the intellectual property and other rights of third parties. The NTT Group and its business partners have entered into the necessary intellectual property licenses, and based on their experience as well as industry practice, the NTT Group believes that it will continue to be able to obtain such licenses on reasonable terms. However, if the NTT Group is unable to reach or maintain agreements with the holders of such rights, or if the terms or prices the holders request or charge are too high, the NTT Group and its business partners may not be able to provide certain technologies, products, or services to its customers.

Furnishing, as the NTT Group’s global business expands, particularly through overseas acquisitions, claims of intellectual property infringement and other claims against the NTT Group, particularly by foreign corporations in jurisdictions in which it has completed acquisitions, may increase as it develops new products, services, and technologies, and acquires companies that may be subject to ongoing or future intellectual property litigation. If the NTT Group is subject to claims of infringement of intellectual property rights, it may be required to expend considerable time and costs to reach a resolution. If such claims are determined adversely to the NTT Group, it may be required to pay substantial damages or royalties to third parties, or may be subject to a temporary or permanent injunction preventing certain NTT Group companies from offering certain products or services and requested to develop non-infringing products or technologies, which could result in a loss of revenues from businesses related to such rights. Furthermore, any improper use by third parties of the NTT Group’s intellectual property and other rights could result in a decrease in the NTT Group’s contemplated license revenues and compromise the NTT Group’s competitive advantage.

The occurrence of any of these risks could adversely affect the NTT Group’s results of operations and financial condition.

The NTT Group may be unable to hire or retain necessary personnel, which could have an adverse effect on the NTT Group’s results of operations and financial condition. A number of companies, including telecommunications companies, need to hire or retain necessary personnel, including professionals and employees with specialized skills. Such personnel are necessary to oversee the NTT Group’s information and communication technologies, and the NTT Group cannot be assured of its ability to hire or retain necessary personnel. If the NTT Group does not proceed as expected, it could adversely affect the NTT Group’s results of operations and financial condition.

■ Risks Associated with Business Management

System disruptions, network disruptions, disruptions to business operations or issues with system architecture that occur as a result of natural disasters, software and hardware failure, or cyber-attacks may affect the NTT Group’s results of operations and financial condition. The NTT Group has operations both domestically and abroad, and has implemented a variety of measures with respect to its networks and systems in order to ensure safe and reliable services, including strengthening the durability and water resistance of exchange offices, and increased resistance against cyber-attacks. However, natural disasters such as earthquakes, typhoons, and floods, pandemics such as new strains of influenza, and other issues including software and hardware failures, cyber-attacks, terrorism, armed action, regional conflict, and various other causes could have an impact on the NTT Group’s growth and profitability.

In particular, the NTT Group must take steps to ensure that its telecommunications systems and services, and technologies, and acquires companies that may be

Moreover, the NTT Group conducts a variety of business activities in markets outside of the information and communications sector, and it is possible that these operations will fail to achieve forecasted revenues, which may result in an adverse effect on the NTT Group’s results of operations and financial condition. In order to deliver consistent growth of sales in overseas business operations, the NTT Group will strengthen its sales and marketing efforts, such as by expanding its global business and service operations and promoting its products and services, while strengthening all of the NTT Group’s services and products. Strenuous cost-efficiency initiatives are also underway in each of the Group’s companies to, among other things, improve efficiency, optimize services and operations, and lower procurement costs.

If these efforts do not progress as anticipated, or the cloud services market does not grow as expected due to increased competition or other factors, the NTT Group’s results of operations and financial condition may be adversely affected.

The NTT Group may not achieve anticipated cost savings. The NTT Group is working to generate profits by increasing capital expenditure efficiencies and reducing costs in the domestic fixed-line and mobile communications markets, which are becoming saturated. To improve capital expenditure efficiencies, the NTT Group is working to simplify and streamline the network in each company, as well as further its efficiency in using its existing facilities and reduce procurement costs. Efforts are also being made to streamline IT systems in order to improve efficiency, as well as increase levels of sophistication. Moreover, the NTT Group is continuously working to reduce costs and is working to ensure simple yet highly efficient business operations based on initiatives such as the conversion to the B2B2C model. However, despite these initiatives to improve efficiencies in the domestic network business, it is possible that the NTT Group will be unable to achieve the anticipated optimization of its capital expenditures or reductions in sales expenses, facility-related costs, and personnel and other costs due to changes in the competitive environment, or due to the current state of progress in streamlining equipment or general business operations. Any such failure to achieve intended cost reductions could adversely impact the NTT Group’s results of operations and financial condition.

The NTT Group does not proceed as expected, it could adversely affect the NTT Group’s results of operations and financial condition. In particular, the NTT Group may be unable to hire or retain necessary personnel, which could have an adverse effect on the NTT Group’s results of operations and financial condition. A number of companies, including telecommunications companies, need to hire or retain necessary personnel, including professionals and employees with specialized skills. Such personnel are necessary to oversee the NTT Group’s information and communication technologies, and the NTT Group cannot be assured of its ability to hire or retain necessary personnel. If the NTT Group does not proceed as expected, it could adversely affect the NTT Group’s results of operations and financial condition.

In addition, in recent years, information security counterfeitmeasures for smartphones, cloud services, and other new ICT services are becoming an increasing concern. The NTT Group is actively working on security countermeasures, but if an unforeseeable event occurs, it is possible that there will be cases of service delays, decrease in service quality, or information leak, damage or loss caused by network intrusions from unauthorized access, causing customers’ trust in the NTT Group to diminish and causing damage to the NTT Group’s corporate image.

The NTT Group also provides and delivers systems and services to customers in the solutions business, and there is a possibility that there could be a disruption or failure in these systems and services. Some of the systems and services provided by the NTT Group constitute vital social infrastructure that significantly affects economic activities and daily life. In particular, if problems such as interruption, impairment, unauthorized access, virus infections, and cyber-attacks occur to these systems and services, in addition to the possible need to provide compensation for damages, the NTT Group’s credibility and corporate image may suffer. Furthermore, the solutions business typically operates under a service contract model in which services are provided on the basis of orders from the customer only.

Under this model, the NTT Group generally assumes full contractual responsibility at all stages, but there is a possibility that a deviation from initial estimates or problems in project management at the development stage could result in cost overruns or losses due to delivery delays.
Any of those risks could adversely affect the NTT Group’s results of operation and financial condition.

NTT’s reputation and credibility may be affected by fraud or misconduct in Japan or abroad, or by inappropriate use or leaks of confidential business information and personal information.

The NTT Group is subject to a wide variety of laws and regulations, as the scope of its business encompasses a variety of products and services in Japan and abroad. As a result, some of the NTT Group’s business activities require licenses, notifications, and permit approvals. In addition, it is possible that the NTT Group’s growing business operations outside of Japan could be subject to additional burdens stemming from, among other things, the local rules and regulations of the countries in which NTT operates, or the lack thereof, the unpredictable nature of commercial and judicial interpretations of such local laws, the adoption of new laws, and the revision of existing laws.

The NTT Group considers legal compliance to be an extremely important corporate responsibility in light of the recent tightening of bribery and anti-corruption laws in foreign countries, particularly the United States and the United Kingdom. NTT is working towards further strengthening its compliance systems. Although the NTT Group has implemented the NTT Group’s corporate compliance regime, it may not always be possible to eliminate compliance and reputational risks, including, for example, in the case of an employee’s improper personal behavior.

In addition, the NTT Group has historically made efforts to protect confidential information obtained in the course of its business, including its customers’ personal information, and the NTT Group has also implemented the NTT Group Information Security Policy, which requires enhanced internal information management, training, and education of employees. The NTT Group expects to be able to ensure the proper management of confidential information in accordance with this policy. However, it is possible that the NTT Group will be unable to completely eliminate the risk of a leak or other misuse of confidential information.

The NTT Group believes that it has properly addressed these social issues by providing locks on smartphone use while users are walking, filtering, and other functions, but it is not certain whether these functions will work as expected or whether the NTT Group will be able to continue to carry out proper measures in the future. If the NTT Group is unable to address these issues in an appropriate manner, this may result in an increasing number of cancellations among current subscribers and an inability to acquire the anticipated number of new subscribers, which may impact the NTT Group’s results of operations and financial condition.

The NTT Group may be subject to unfavorable decisions in litigation or other proceedings, which could have an adverse effect on its operations.

Because the NTT Group operates through a large number of sites both domestically and abroad, and offers a wide array of goods and services through its employees. The NTT Group expects to be able to ensure the proper management of confidential information in accordance with this policy. However, it is possible that the NTT Group will be unable to completely eliminate the risk of a leak or other misuse of confidential information.

An event could adversely affect the NTT Group’s reputation and its ability to obtain new subscribers or its ability to secure government contracts, which could in turn adversely affect the NTT Group’s results of operations and financial condition.

Misuse of products and services offered by the NTT Group may have an adverse impact on the NTT Group’s credibility and corporate image and could expose the NTT Group to liability. Inappropriate use of the NTT Group’s products and services by users may adversely affect the NTT Group’s reputation, as well as the NTT Group’s ability to obtain new subscribers or its ability to secure government contracts, which could in turn adversely affect the NTT Group’s results of operations and financial condition.

The NTT Group’s business involves the handling of vast amounts of personally identifiable information, including names, addresses, and account information, as well as other information related to the provision of its services. If the NTT Group were to become party to any such litigation, dispute, or claim for damages, in addition to the possibility of a potential financial burden, an unfavorable decision could harm the NTT Group’s credibility and corporate image and thereby adversely affect the NTT Group’s results of operations and financial condition.

The frequencies that the NTT Group can use are limited, and it is possible that it will not be able to secure adequate frequency spectrum for its operations.

The NTT Group has limited frequency availability for its services. For example, in areas such as major urban centers, mobile communications networks may suffer deteriorations of service quality at peak times, when use of available frequencies is at or near its limit.

In addition, while the number of subscribers and the traffic per subscriber are expected to increase in conjunction with the expanded use of devices, such as smartphones and tablets, if the NTT Group were unable to maintain frequency spectrum requirements for unenhanced operation or if the start of operations on a different band frequency did not progress as planned, the NTT Group may suffer deterioration of service quality and incur additional costs.

The NTT Group is working to obtain new frequencies and to improve the efficiency of frequency usage. However, there can be no assurance that the NTT Group’s efforts will be sufficient to avoid deterioration in service quality. If the NTT Group is unable to address such problems sufficiently and in a timely manner, it may face constraints in providing wireless services to loss subscribers to competitors, which could have a material adverse effect on the NTT Group’s results of operations or financial condition.

The NTT Group may be impacted by laws, regulations, and systems relating to the environment, such as those relating to reduction of greenhouse gas emissions.

The NTT Group is subject, both in Japan and overseas, to laws and regulations relating to the environment, such as those governing the reduction of greenhouse gas emissions, energy conservation, waste disposal, and harmful substance removal. The NTT Group has implemented a variety of measures, such as introducing highly efficient power supplies and recycling and reusing telecommunications facilities, in an effort to comply with such laws and regulations relating to the environment. In the event that stricter laws and regulations and societal demands with respect to the environment materialize in the future, or new laws and regulations are introduced, costs may increase, which may impact the NTT Group’s financial condition and results of operations.

The government owns enough NTT shares to give it considerable influence over whether resolutions at NTT shareholder meetings are adopted, and rules and regulations in Japan provide the government with regulatory authority over NTT Group companies.

The government, through the Minister of Finance, currently owns 32.47% of NTT’s issued shares (34.86% of NTT’s outstanding shares excluding treasury stock), which equals to 34.91% of the voting rights, calculated on the basis of issued shares minus treasury stock and less-than-one-unit shares. The government, in its capacity as a shareholder, votes at NTT shareholder meetings and, by virtue of its statutorily mandated position as the largest shareholder, has the power to exert considerable influence over decisions made at such meetings. In 1997, in a statement at the Diet, the government stated that it did not intend to actively use its position as a shareholder to direct the management of NTT. In fact, the government has not historically used its power as a shareholder to direct the management of NTT.

The issuance or sale of additional NTT shares or concerns regarding additional supply of NTT shares in the stock market may affect the trading price of NTT shares and ADSs.

Until October 1986, the government owned 100% of the issued shares of NTT. As a result of sales of shares by the government to the public and sales of shares by the government to NTT as part of NTT’s share repurchase programs, as of March 31, 2015, the government’s ownership of shares was 32.47% of NTT’s issued shares (34.86% of NTT’s outstanding shares excluding treasury stock). In the event the NTT Act is revised again in order to ease or repeal the requirements regarding government ownership of shares, or if NTT cancels a significant amount of its treasury stock, the number of shares the government is allowed to sell would increase. The sale of shares by the government or the issuance, sale, or other disposal of treasury stock by NTT (or the potential for such sales) could have an impact on the market price of shares and ADSs.

Investors may have difficulty enforcing judgments under the laws of foreign countries, including the U.S. securities laws regarding the civil liabilities of NTT.

NTT is a limited liability, joint-stock corporation established under the laws of Japan. All of NTT’s directors and management reside in Japan. All or a substantial portion of the assets of such persons or NTT are located in Japan. As a result, it may not be possible for investors to effect legal service of process outside Japan upon such persons or NTT or to enforce judgments predicated upon the laws of foreign countries, including the civil liability provisions of the U.S. securities laws, in federal or state courts in the United States or other foreign courts. NTT has been advised by its Japanese counsel that there is uncertainty as to the enforceability, in actions originated in Japan, of liabilities predicated solely upon the laws of foreign countries, including U.S. securities laws, and as to the enforceability in Japan of judgments of federal or state courts in the United States or other foreign courts obtained in actions predicated upon the laws of foreign countries, including the civil liability provisions of U.S. securities laws.

Risk Associated with the Government, Including Rules, Regulations, and Other Changes or decisions regarding telecommunications regulations may affect the NTT Group’s business.

The regulation of the Japanese telecommunications industry has evolved in many areas, including amendments to telecommunica-
tions laws aimed at promoting competition, protecting service users, and other purposes. Decisions related to government regulations and the resulting changes in the telecommunications industry may affect the NTT Group’s results of operations and financial condition.
Operating Revenues and Expenses

Operating Revenues

The NTT Group’s operating revenues are divided into six service categories, comprising fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications equipment, system integration, and other services. Operating revenues in the fiscal year ended March 31, 2015, increased 1.6% from the previous fiscal year, to ¥11,095.3 billion. This increase was due to factors as an increase in system integration revenues, as well as the expansion of the communications business, which was partially offset by a continued decline in voice-related revenues.

Operating revenues for each service category for the fiscal year ended March 31, 2015, are summarized as follows:

- **Fixed Voice-Related Services**
  The NTT Group’s fixed voice-related services include a portion of the services it provides in the regional communications business segment and long-distance and international communications business segments, such as telephone subscriber lines, INS-Net, conventional leased circuits, and high-speed digital.

- **Mobile Voice-Related Services**
  Mobile voice-related services include a portion of the services the NTT Group provides in the mobile communications business segment and the mobile communications business segment.

- **Sales of Telecommunications Equipment**
  This category includes a portion of the services the NTT Group provides in the regional communications business segment and the mobile communications business segment.

- **System Integration**
  The NTT Group’s system integration services include its data communications business segment and a portion of the services it provides in the long distance and international communications business segment and the regional communications business segment.

- **Other**
  Other services primarily comprise building maintenance, real estate rentals, systems development, leasing activities, and research and development.

- **IP / Packet Communications Services**
  The NTT Group’s IP/packet communications services include a portion of the services it provides in the regional communications business segment, such as FLET’S NIKI and FLET’S ADSL, and a portion of the services it provides in the long distance and international communications business segment, such as IP VPN, wide area Ethernet and OCN, as well as a portion of the services it provides in the mobile communications business segment, such as LTE (Xi) and FOMA packet communications services.

In the fiscal year ended March 31, 2015, revenues from IP/packet communications services decreased 1.1% from the previous fiscal year, to ¥3,672.2 billion, accounting for 33.1% of total operating revenues. In spite of increased subscriptions for FLET’S NIKI and NIKI Direct in the regional communications business segment and an increase in the number of smartphone users in the mobile communications business segment, revenues decreased slightly due to factors such as the migration to low-priced services in the long distance and international communications business segment, the impact of the Monthly Support discount program, and the effects of the reduction in revenue caused by the new Kakehodai & Pake-aeru billing plan in the mobile communications business segment.

Operating Expenses

Operating expenses in the fiscal year ended March 31, 2015, increased 3.1% from the previous fiscal year, to ¥10,010.8 billion. The reasons for the increase are discussed below. Personnel expenses and expenses for purchase of goods and services and other expenses, described below, are included in cost of services, cost of equipment sold, cost of system integration, and selling, general and administrative expenses in the consolidated statements of income.

- **Personnel Expenses**
  Personnel expenses in the fiscal year ended March 31, 2015, increased 5.6% from the previous fiscal year, to ¥2,280.2 billion. This increase was mainly due to an increase in the number of consolidated overseas subsidiaries, despite the ongoing reduction in the number of personnel employed in the regional communications business segment.

- **Expenses for Purchase of Goods and Services and Other Expenses**
  In the fiscal year ended March 31, 2015, cost of services and equipment sold and selling, general and administrative expenses collectively increased 3.7% from the previous fiscal year, to ¥5,451.6 billion, improving operational efficiency reduced expenses in the regional communications business segment, long distance and international communications business segment, and mobile communications business segment. However, overall expenses increased compared with the previous fiscal year as a result of, among other things, an increase in the number of consolidated overseas subsidiaries and, in the mobile communications business segment, an increase of ¥63.6 billion in the aggregate wholesale unit prices of communications handsets due to the increase in unit procurement costs, as smartphones continued to sell steadily and accounted for a growing proportion of handset sales.

- **Depreciation and Amortization Expenses**
  Depreciation and amortization expenses in the fiscal year ended March 31, 2015, decreased 2.8% from the previous fiscal year, to ¥1,282.0 billion. This decrease was mainly due to a reduction in investments as a result of making more efficient capital investments and a reduction of ¥51.3 billion as a result of the revision of the expected useful life of software for certain telecommunications network and internal-use software.

RESULTS OF OPERATIONS

The fiscal year ended March 31, 2015, compared with the fiscal year ended March 31, 2014

<table>
<thead>
<tr>
<th>Fiscal year ended March 31</th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>¥10,925.2</td>
<td>¥11,095.3</td>
<td>170.1</td>
<td>1.6%</td>
</tr>
<tr>
<td>Fixed voice-related services</td>
<td>1,578.9</td>
<td>1,441.4</td>
<td>(137.6)</td>
<td>(8.7)%</td>
</tr>
<tr>
<td>Mobile voice-related services</td>
<td>1,662.6</td>
<td>782.1</td>
<td>(880.5)</td>
<td>(17.2)%</td>
</tr>
<tr>
<td>IP / Packet communications services</td>
<td>3,711.9</td>
<td>3,672.2</td>
<td>(39.7)</td>
<td>(1.1)%</td>
</tr>
<tr>
<td>Sales of telecommunications equipment</td>
<td>969.7</td>
<td>997.0</td>
<td>27.3</td>
<td>2.8%</td>
</tr>
<tr>
<td>System integration</td>
<td>2,275.0</td>
<td>2,691.8</td>
<td>416.7</td>
<td>18.3%</td>
</tr>
<tr>
<td>Other</td>
<td>1,337.0</td>
<td>1,421.0</td>
<td>84.0</td>
<td>6.3%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>9,711.5</td>
<td>10,108.0</td>
<td>396.5</td>
<td>3.1%</td>
</tr>
<tr>
<td>Operating income</td>
<td>1,213.7</td>
<td>1,084.6</td>
<td>(129.1)</td>
<td>(10.6)%</td>
</tr>
<tr>
<td>Other income (expenses)</td>
<td>80.5</td>
<td>(17.9)</td>
<td>(98.4)</td>
<td>–</td>
</tr>
<tr>
<td>Income before income taxes and equity in earnings (losses) of affiliated companies</td>
<td>1,294.2</td>
<td>1,066.6</td>
<td>(227.6)</td>
<td>(17.6)%</td>
</tr>
<tr>
<td>Income tax expense (benefit)</td>
<td>486.5</td>
<td>397.3</td>
<td>(89.2)</td>
<td>(18.3)%</td>
</tr>
<tr>
<td>Equity in earnings (losses) of affiliated companies</td>
<td>(50.8)</td>
<td>5.9</td>
<td>56.7</td>
<td>–</td>
</tr>
<tr>
<td>Net income</td>
<td>756.9</td>
<td>675.2</td>
<td>(81.7)</td>
<td>(10.8)%</td>
</tr>
<tr>
<td>Less – Net income attributable to noncontrolling interests</td>
<td>171.4</td>
<td>157.1</td>
<td>(14.3)</td>
<td>(9.2)%</td>
</tr>
<tr>
<td>Net income attributable to NTT</td>
<td>585.5</td>
<td>518.1</td>
<td>(67.4)</td>
<td>(11.5)%</td>
</tr>
</tbody>
</table>
Operating Income

As a result of the foregoing, operating income for the fiscal year ended March 31, 2015, decreased 10.6% from the previous fiscal year to ¥1,084.6 billion.

Other Operating Revenues and Expenses

- **Other Income (Expenses)**

  Other income (expenses) for the fiscal year ended March 31, 2015, decreased to ¥17.3 billion, from ¥60.5 billion in the previous fiscal year. This was mainly due to a recorded gain of ¥60.0 billion during the fiscal year ended March 31, 2014, which was not recorded for the fiscal year ended March 31, 2015, and which resulted from the exchange of NTT's leasehold interest for the right to receive part of the building it will occupy.

- **Income before Income Taxes and Equity in Earnings (Losses) of Affiliated Companies**

  Net income before income taxes in the fiscal year ended March 31, 2015, decreased 17.6% from the previous fiscal year, to ¥1,066.6 billion, for the reasons discussed above.

- **Income Tax Expense (Benefit)**

  In the fiscal year ended March 31, 2015, income tax expense decreased 18.5% from the previous fiscal year, to ¥937.3 billion. This increase in income tax expense was due to the Act for the Partial Reorganization of the Income Tax Act enacted on March 31, 2015, which changed, among other things, the corporate tax rates for fiscal years beginning on or after April 1, 2015. Due to this change, the statutory tax rate to be used for the calculation of deferred tax assets and liabilities for the temporary differences expected to be resolved in the fiscal year ending March 31, 2016, and the fiscal year ending March 31, 2017, and thereafter decreased from 33.8% to 29.8% and 33.5% to 32.6%, respectively. As a result, net deferred tax assets existing on the enactment date decreased by ¥54.4 billion, whose effect is included in “Income tax expense (benefit).” Deferred in the consolidated statements of income for the fiscal year ended March 31, 2015, on the other hand, income tax expense decreased primarily due to, among other things, the reduction in income before income taxes, as well as changes in the corporate tax rate for fiscal years beginning from April 1, 2014, as per the Act for the Partial Reorganization of the Income Tax Act promulgated on March 31, 2014. As a result, the actual statutory effective tax rates for the fiscal year ended March 31, 2015, and for the fiscal year ended March 31, 2015, were 37.59% and 37.25%, respectively.

- **Equity in Earnings (Losses) of Affiliated Companies**

  Equity in earnings (losses) of affiliated companies for the fiscal year ended March 31, 2015, was ¥5.9 billion, compared to ¥50.8 billion for the previous fiscal year. This increase was due to, among other things, the fact that ¥51.2 billion in impairment losses were recognized in the previous fiscal year under “Investment in affiliated companies” related to Indian telecommunication carrier Tata Teleservices Limited (“TTSL”), while no impairment losses related to TTSL were recognized for the fiscal year ended March 31, 2015.

- **Net Income and Net Income Attributable to NTT**

  As a result, net income for the fiscal year ended March 31, 2015, decreased 10.8% from the previous fiscal year, to ¥675.2 billion. Net income attributable to NTT (excluding the portion attributable to noncontrolling interests) for the fiscal year ended March 31, 2015, decreased 11.5% from the previous fiscal year, to ¥581.8 billion.

Liquidity and Capital Resources

- **Financing, Capital Resources, and Use of Funds**

  Net cash provided by operating activities during the fiscal year ended March 31, 2015, amounted to ¥2,391.8 billion, a decrease of ¥336.1 billion from ¥2,727.9 billion in the fiscal year ended March 31, 2014. This decrease was primarily the result of, among other things, the last day of the fiscal year ended March 31, 2013, having been a bank holiday, which resulted in the collection of a portion of telephone and certain other charges that had accrued during the fiscal year ended March 31, 2013, being carried over to the fiscal year ended March 31, 2014, as well as a decrease in mobile-related services revenues due to the effect of the Monthly Support discount program and the new Kakehodai & Pake-aeri billing plan.

  The NTT Group used the net cash provided by operating activities mainly to acquire property, plant and equipment, repay interest-bearing debt, and pay dividends.

  Net cash used in investing activities during the fiscal year ended March 31, 2015, amounted to ¥1,866.6 billion, a decrease of ¥238.2 billion from ¥2,106.8 billion in the fiscal year ended March 31, 2014. This decrease was due to, among other things, a ¥149.0 billion decrease in expenditures on acquisitions of subsidiaries and a ¥100.1 billion decrease in payments for property, plant and equipment and in intangible assets computed on a cash basis.

  The decrease in payments for investments in property, plant and equipment and in intangible assets computed on a cash basis is mainly due to, among other things, the decrease in capital expenditures resulting from improved efficiency in opening new fiber-optic lines in the regional communications business, for the fiscal year ended March 31, 2015,当成, among other things, the integration of the building it will occupy.

  The decrease in payments for investments in property, plant and equipment and in intangible assets for the fiscal year ended March 31, 2015, decreased 10.6% from the previous fiscal year, to ¥518.1 billion.

  Noncontrolling interests for the fiscal year ended March 31, 2015, included ¥155.0 billion in net proceeds from corporate bond offerings and an aggregate of ¥150.1 billion in loans from financial institutions.

  As of March 31, 2015, the total interest-bearing debt of the NTT Group was ¥4,406.7 billion, an increase of ¥206.8 billion from March 31, 2014. The ratio of interest-bearing debt to shareholders’ equity stood at 50.6% as of March 31, 2015 (compared to 49.3% as of March 31, 2014). Interest-bearing debt comprises short-term and long-term debt, as well as ¥17.2 billion in deposits received pursuant to depositary agreements.

  The NTT Group believes that the net cash it expects to generate from operating activities, financing made available to the NTT Group from banks and other financial institutions, and / or offerings of equity or debt securities in the capital markets will provide the requisite financial resources to meet the NTT Group’s currently anticipated capital investment and expenditure needs and debt service requirements. Management believes the NTT Group’s working capital is sufficient for its present requirements.

- **Strategic Report About NTTESG Initiatives**

  The following table summarizes the NTT Group’s existing contractual obligations as of March 31, 2015:

<table>
<thead>
<tr>
<th>Contractual Obligations</th>
<th>Total</th>
<th>Less than one year</th>
<th>One to three years</th>
<th>Three to five years</th>
<th>More than five years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt Obligations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>¥1,098,023</td>
<td>¥234,994</td>
<td>¥687,502</td>
<td>¥505,541</td>
<td>¥509,986</td>
</tr>
<tr>
<td>Bank loans</td>
<td>2,121,081</td>
<td>135,285</td>
<td>470,464</td>
<td>538,552</td>
<td>976,780</td>
</tr>
<tr>
<td>Interest payments on long-term debt</td>
<td>234,011</td>
<td>42,997</td>
<td>71,947</td>
<td>43,488</td>
<td>76,079</td>
</tr>
<tr>
<td>Capital lease obligations(1)</td>
<td>69,181</td>
<td>21,900</td>
<td>26,448</td>
<td>10,180</td>
<td>8,653</td>
</tr>
<tr>
<td>Total</td>
<td>137,122</td>
<td>38,230</td>
<td>49,570</td>
<td>26,912</td>
<td>22,410</td>
</tr>
<tr>
<td>Total contractual obligations(2)</td>
<td>¥5,304,547</td>
<td>¥1,164,057</td>
<td>¥1,461,363</td>
<td>¥1,159,172</td>
<td>¥1,546,415</td>
</tr>
</tbody>
</table>

(1) Capital lease obligations include interest.
(2) Purchase obligations include outstanding commitments for the purchase of property, plant and equipment and other assets.
(3) The amount of other long-term obligations is not shown in the above table, due to the immateriality of such obligations and uncertainty of certain payments. In addition, the NTT Group expects to contribute a total amount of ¥175.76 billion to its pension plans in the fiscal year ending March 31, 2016.

As of March 31, 2015, the NTT Group had outstanding commitments for the purchase of property, plant and equipment and other assets of approximately ¥204.6 billion. The NTT Group expects to fund such commitments with cash provided by operating activities.
OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2015, the NTT Group’s contingent liabilities for loans and other loans that the NTT Group guaranteed totaled ¥70.8 billion.

CRITICAL ACCOUNTING POLICIES

The NTT Group’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. NTT believes that, of its significant accounting policies, the following may involve a higher degree of judgment or complexity.

■ Revenue Recognition

Revenues arising from fixed voice-related services, mobile voice-related services, IP / packet communications services, and other services are recognized at the time those services are provided to customers. Revenues from non-recurring upfront fees, such as activation fees, are deferred and recognized as revenue over the estimated average period of service for each service. The related direct costs are deferred only to the extent of the non-recurring upfront fee amount and are amortized over the same period. While this policy does not have a material impact on net income, the recognition of revenue and cost of services are affected by the level of revenues from non-recurring upfront fees and related direct costs and the estimated average customer relationship period.

Factors that affect management’s estimate of the average customer relationship period over which such fees and costs are amortized include subscriber churn rates and newly introduced or anticipated products, services, and technologies. The current amortization periods are based on an analysis of historical trends and the experience of NTT and its subsidiaries, adjusted for the estimated average period of services. Sales of telecommunications equipment less certain amounts of agency commissions and related direct costs, the level of the customer renewal rate, and the estimated carrying period of the equipment, are affected by the level of revenues from non-recurring upfront fees and related direct costs and the estimated average customer relationship period.

■ Estimated Useful Lives and Impairments of Property, Plant and Equipment, Software, and Certain Other Intangibles

The NTT Group estimates the useful lives and the residual values of property, plant and equipment, software, and certain other intangibles with finite useful lives, in order to determine the amount of depreciation and amortization expenses to be recorded during any reporting period. The useful lives and the residual values are estimated at the time the assets are acquired and are based on historical experiences as well as similar assets that have different technological or other changes. If technological changes were to occur more rapidly than anticipated or in a different form than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortization expenses in future periods. Alternatively, if technological changes could result in the recognition of an impairment charge to reflect a write-down in the value of the assets. Effective July 1, 2014, the NTT Group revised its estimate of the expected useful life of its telecommunications network and internal-use software based on the actual utilization of this software to reflect an extended expected useful life of up to 7 years. Due to this change, “Depreciation and amortization” in the fiscal year ended March 31, 2015, decreased by ¥51.3 billion. The NTT Group also revalues such assets for impairment test purposes. As impairments in circumstances indicate that their carrying amount may not be recoverable. If the total of the expected future undiscounted cash flow is less than the carrying amount of the asset, an impairment loss is recognized for the difference between the carrying value of the asset and its fair value as measured through various valuation techniques, including discounted cash flow models, quoted market value, and third-party independent appraisals, as considered necessary. For the fiscal year ended March 31, 2015, the NTT Group recorded an impairment loss of ¥50.3 billion on its mobile network assets for mobile devices related long-lived assets. The NTT Group’s total “Impairment losses” in the fiscal years ended March 31, 2013, 2014, and 2015 (including the impairment loss described above) were ¥5.4 billion, ¥5.7 billion, and ¥9.8 billion, respectively.

■ Goodwill and Indefinite Life Intangible Assets

Goodwill is tested for impairment at the reporting unit level, which is either at the operating segment level or one level below, at least annually and more frequently if there are indications of impairment, using a two-step process that begins with an estimation of the fair value of the reporting unit. Under the first step, the fair value of the reporting unit, which is calculated based on assumptions such as discounted cash flow projections, is compared with its carrying amounts (including goodwill). If the fair value of the reporting unit is less than its carrying amount, the impairment loss is recognized for any excess of the carrying amount of the reporting unit’s goodwill over the implied fair value of the goodwill. If an entity concludes that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it would not be required to perform the two-step impairment test for that reporting unit.

During the fiscal year ended March 31, 2015, NTT DOCOMO realigned its operating segments in order to reflect its changing business management. As a result of this realignment of operating segments, the NTT Group reorganized the reporting structure of its mobile communications business segment into communications, Smart Life and other businesses reporting units. In conjunction with this change, the NTT Group reassigned the goodwill attributable to these reporting units prior to the realignment to the communications, Smart Life and other businesses reporting units using a relative fair value allocation approach based on the composition of each business reporting unit prior to the realignment. The determinants used for the fair value measurement include management’s estimates of the reporting unit’s continuing ability to generate income from operations and cash flows in future periods, and the strategic significance of the reporting unit to the NTT Group’s business objectives. Intangible assets with indefinite lives are not amortized and are tested for impairment at least once a year. The NTT Group measures fair value based on certain assumptions that are determined to be currently reasonable. However, actual valuations may differ from those stated in the consolidated financial statements if unexpected changes occur in the business operation environment in the future. The NTT Group’s total “Goodwill and other intangible assets impairment” in the fiscal years ended March 31, 2013, 2014, and 2015 were ¥31.3 billion, ¥6.2 billion, and ¥3.5 billion, respectively. As of March 31, 2015, out of the material reporting units, the carrying amounts of goodwill attributable to Dimensiona Data in the long distance and international communications business segment and the carrying amounts of goodwill attributable to Global Business in the data communications business segment were ¥206.4 billion and ¥235.5 billion, respectively. As a result of the annual impairment test conducted for the fiscal year ended March 31, 2015, based on the most recent fair value of these reporting units attributable to Dimensiona Data in the long distance and international communications business segment and the fair value of the reporting unit attributable to Global Business in the data communications business segment exceeded their carrying amounts by 12.5% and 15.9%, respectively.

■ Investments

The NTT Group holds investments in other companies, which the NTT Group accounts for under the cost method, equity method, or at fair value. The NTT Group recognizes an impairment loss when the decline in value below the carrying amount of the investment is other than temporary, which then establishes a new cost basis in the investment. When determining if the decline in value is other than temporary, the NTT Group considers, among other items, the magnitude of the decline in value below the carrying amount, the length of time the value has been below the carrying amount, the financial condition of the investee company, the strength of the industry in which it operates, and the NTT Group’s ability or intent to retain the investment. The NTT Group performs a review for impairment whenever events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable. Furthermore, the NTT Group utilizes a variety of information, including cash flow projections, independent valuations, and, if applicable, stock price analyses, in performing its evaluations. Such projections and valuations necessarily require estimates involving, among others, demographics (e.g., population, penetration rates and penetration speed, churn rates, etc.), technology changes, capital investments, market growth and share, ARPU, and terminal values. The NTT Group’s use of investment impairments as “Other investments” in the fiscal years ended March 31, 2013, 2014, and 2015 were approximately ¥11.0 billion, ¥3.0 billion, and ¥2.0 billion, respectively. The NTT Group reviews factors such as the financial condition and near-term prospects of those investments in order to determine if the value of any of their investments in has suffered a decline that was other than temporary due to the recent economic and financial environment surrounding the industry of those equity-method investments.

The NTT Group reviewed the business outlook of TTSL in order to determine if the value of its investment in TTSL had suffered a decline that was other than temporary because of the recent economic and financial environment surrounding its industry. During the fiscal year ended March 31, 2013, the NTT Group adjusted downward its revised forecast future cash flows of TTSL due to increasing supply-and-demand type competition from mobile network operators in India and the NTT Group’s views of its long-term outlook at that time, and the NTT Group concluded that the recoverable amount was significantly below the carrying amount and that this impairment was other than temporary. Consequently, the NTT Group recorded an impairment charge of ¥6.8 billion. During the fiscal year ended March 31, 2014, NTT DOCOMO further revised downward its estimate of TTSL’s future cash flows due to the growing business risk of mobile network operators in India and an increase in the cost of maintaining or acquiring frequency spectrum due to a steep rise in the auction price of frequency spectrum in India. Revising this growing business risk and TTSL’s recent operating results, the weighted average cost of capital increased to 12.6%, which was applied to these revised estimated cash flows, and the NTT Group concluded that the decline in value was other than temporary. Consequently, the NTT Group recognized an additional impairment charge of ¥5.2 billion. The NTT Group plans to dispose of its entire investment in TTSL. The NTT Group may recognize a gain or loss upon disposition of its TTSL shares if the transaction is not carried out. As a result of this review and evaluation, the NTT Group determined that there were other-than-temporary declines in the values of certain investments, including TTSL, and recognized the impairment charges aggregating ¥9.3 billion and ¥19.13 billion for the fiscal years ended March 31, 2013 and 2014, respectively. In the past, the NTT Group experienced material impairments in the value of its investments in equity-method affiliates that were included in “Equity in earnings (losses) of affiliated companies” in its consolidated statements of income and comprehensive income for
relevant years. The NTT Group may experience similar impairments if the recovery in the plan assets is not sufficient to meet the plan liabilities.

The projected allocation of plan assets is developed in consideration of the expected long-term rate of return on plan assets. For lump-sum retirement allowances and for the contract-type corporate pension plan, approximately 47.0%, 13.0%, 10.0%, 10.0%, and 20.0% of the plan assets will be allocated to domestic bonds, domestic stocks, international bonds, international stocks, and life insurance company general accounts, respectively. For the NTT Corporate Defined Benefit Pension Plan, approximately 42.8%, 20.8%, 10.0%, 14.4%, and 12.0% (weighted average) of plan assets will be allocated to domestic bonds, domestic stocks, international bonds, international stocks, and life insurance company general accounts, respectively, to moderate the level of volatility in pension plan asset returns and reduce risks. As of March 31, 2015, the actual allocations of assets were generally consistent with the projected allocations stated above. The actual returns for the fiscal years ended March 31, 2014 and 2015, were approximately 8.0% and 11.0%, respectively. The actual returns on pension plan assets may vary in future periods, depending on market conditions. The market value of plan assets is measured using fair values on the plan measurement date.

Another critical assumption is the discount rate used in the annual actuarial valuation of net periodic costs and benefit obligations. In determining the net periodic costs, the NTT Group used a discount rate of 1.5% as of March 31, 2014 and 1.4% as of March 31, 2015. In determining the benefit obligations, the NTT Group used a discount rate of 1.4% as of March 31, 2014, and 1.0% as of March 31, 2015. In determining the appropriate discount rate, NTT considers available information about the current yield on high-quality fixed-income investments with maturities corresponding to the expected duration of the pension benefit obligations (“PBO”).

The NTT Group assumes that the market value of plan assets will generally keep pace with the cost of future benefits. If the market value of plan assets was lower than the projected benefit obligation, the NTT Group would record an increase in the PBO. Conversely, if the market value of plan assets was higher than the projected benefit obligation, the NTT Group would record a decrease in the PBO.

In determining the accrued liabilities for point programs, the NTT Group estimates such factors as the point utilization rate, taking into account the forfeiture rate. In the April 29, 2015, the FASB issued ASU 2014-09 “Revenue from Contracts with Customers,” which requires an entity to recognize revenue to reflect the transfer of promised goods or services to customers. This new standard is effective for the NTT Group on April 1, 2017. The NTT Group offers mobile services subscribers “points” based on the usage of mobile, FLET’S Hikari and other services. Points may be exchanged for benefits, including discounts on handsets. The NTT Group records “Accrued liabilities for point programs” relating to the points that customers earn. The aggregate total amount of accrued liabilities for point programs recognized as short-term and long-term liabilities as of March 31, 2014 and 2015, was ¥134.6 billion and ¥110.6 billion, respectively. Point program expenses for the fiscal years ended March 31, 2013, 2014, and 2015 were ¥91.8 billion, ¥79.0 billion, and ¥77.8 billion, respectively.

NTT considers the current and projected asset allocations, as well as expected long-term investment returns and risks for each category of plan assets based on NTT’s analysis of historical results. The projected allocation of plan assets is developed in consideration of the expected long-term investment returns for each category of plan assets. For lump-sum retirement allowances and for the contract-type corporate pension plan, approximately 47.0%, 13.0%, 10.0%, 10.0%, and 20.0% of the plan assets will be allocated to domestic bonds, domestic stocks, international bonds, international stocks, and life insurance company general accounts, respectively. For the NTT Corporate Defined Benefit Pension Plan, approximately 42.8%, 20.8%, 10.0%, 14.4%, and 12.0% (weighted average) of plan assets will be allocated to domestic bonds, domestic stocks, international bonds, international stocks, and life insurance company general accounts, respectively, to moderate the level of volatility in pension plan asset returns and reduce risks. As of March 31, 2015, the actual allocations of assets were generally consistent with the projected allocations stated above. The actual returns for the fiscal years ended March 31, 2014 and 2015, were approximately 8.0% and 11.0%, respectively. The actual returns on pension plan assets may vary in future periods, depending on market conditions. The market value of plan assets is measured using fair values on the plan measurement date.

Another critical assumption is the discount rate used in the annual actuarial valuation of net periodic costs and benefit obligations. In determining the net periodic costs, the NTT Group used a discount rate of 1.5% as of March 31, 2014 and 1.4% as of March 31, 2015. In determining the benefit obligations, the NTT Group used a discount rate of 1.4% as of March 31, 2014, and 1.0% as of March 31, 2015. In determining the appropriate discount rate, NTT considers available information about the current yield on high-quality fixed-income investments with maturities corresponding to the expected duration of the pension benefit obligations (“PBO”).
# Consolidated Balance Sheets

Nippon Telegraph and Telephone Corporation and its subsidiaries  
March 31  

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥ 984,463</td>
<td>¥ 849,174</td>
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<tr>
<td>Short-term investments</td>
<td>38,349</td>
<td>36,342</td>
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<tr>
<td>Notes and accounts receivable, trade</td>
<td>2,509,030</td>
<td>2,663,012</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(46,893)</td>
<td>(43,230)</td>
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<tr>
<td>Accounts receivable, other</td>
<td>345,309</td>
<td>390,523</td>
</tr>
<tr>
<td>Inventories</td>
<td>394,294</td>
<td>434,023</td>
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<tr>
<td>Deferred income taxes</td>
<td>220,662</td>
<td>219,333</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>4,861,011</td>
<td>4,957,228</td>
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<tr>
<td><strong>Property, plant and equipment:</strong></td>
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<td></td>
</tr>
<tr>
<td>Telecommunications equipment</td>
<td>12,959,564</td>
<td>12,592,070</td>
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<tr>
<td>Telecommunications service lines</td>
<td>15,408,604</td>
<td>15,647,879</td>
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<tr>
<td>Buildings and structures</td>
<td>6,060,129</td>
<td>6,107,299</td>
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<tr>
<td>Machinery, vessels and tools</td>
<td>1,349,303</td>
<td>1,995,879</td>
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<tr>
<td>Land</td>
<td>1,238,742</td>
<td>1,299,072</td>
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<tr>
<td>Construction in progress</td>
<td>359,014</td>
<td>404,698</td>
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<tr>
<td>Accumulated depreciation</td>
<td>(37,975,956)</td>
<td>(38,046,897)</td>
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<tr>
<td><strong>Net property, plant and equipment</strong></td>
<td>9,839,688</td>
<td>9,801,470</td>
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<tr>
<td><strong>Investments and other assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in affiliated companies</td>
<td>521,634</td>
<td>542,247</td>
</tr>
<tr>
<td>Marketable securities and other investments</td>
<td>407,766</td>
<td>515,580</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1,096,636</td>
<td>1,186,161</td>
</tr>
<tr>
<td>Software</td>
<td>1,308,912</td>
<td>1,247,956</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>404,194</td>
<td>413,552</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td>5,584,250</td>
<td>5,843,729</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>¥ 20,284,949</td>
<td>¥ 20,702,427</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND EQUITY</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Short-term borrowings</td>
<td>¥ 269,444</td>
<td>¥ 330,423</td>
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<tr>
<td>Current portion of long-term debt</td>
<td></td>
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<tr>
<td>Accounts payable, trade</td>
<td>1,540,249</td>
<td>1,579,572</td>
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<tr>
<td>Current portion of obligations under capital leases</td>
<td>1,327,873</td>
<td>1,307,962</td>
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<tr>
<td>Accrued payroll</td>
<td>448,061</td>
<td>429,440</td>
</tr>
<tr>
<td>Accrued taxes on income</td>
<td>256,994</td>
<td>124,861</td>
</tr>
<tr>
<td>Accrued consumption tax</td>
<td>47,376</td>
<td>148,168</td>
</tr>
<tr>
<td>Advances received</td>
<td>266,743</td>
<td>243,263</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>3,676,824</td>
<td>3,721,688</td>
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<tr>
<td><strong>Long-term liabilities:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Long-term debt (excluding current portion)</td>
<td>3,483,673</td>
<td>3,688,825</td>
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<tr>
<td>Obligations under capital leases (excluding current portion)</td>
<td>35,951</td>
<td>34,382</td>
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<tr>
<td>Liability for employees’ retirement benefits</td>
<td>1,327,873</td>
<td>1,307,962</td>
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<tr>
<td>Accrued liabilities for point programs</td>
<td>130,466</td>
<td>108,099</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>233,151</td>
<td>196,853</td>
</tr>
<tr>
<td>Other</td>
<td>446,293</td>
<td>486,536</td>
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<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>5,657,407</td>
<td>5,902,657</td>
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<tr>
<td><strong>Redeemable noncontrolling interests:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nippon Telegraph and Telephone Corporation (“NTT”) shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, no par value—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized—6,192,920,900 shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued—1,136,697,235 shares in 2014 and 1,136,697,235 shares in 2015</td>
<td>937,950</td>
<td>937,950</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>2,927,010</td>
<td>2,546,723</td>
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<tr>
<td>Retained earnings</td>
<td>4,808,261</td>
<td>5,136,657</td>
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<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>94,968</td>
<td>208,322</td>
</tr>
<tr>
<td>Treasury stock, at cost—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26,650,807 shares in 2014 and 78,097,606 shares in 2015</td>
<td>(156,933)</td>
<td>(497,702)</td>
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<tr>
<td><strong>Total NTT shareholders’ equity</strong></td>
<td>8,511,354</td>
<td>8,681,860</td>
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<tr>
<td><strong>Noncontrolling interests</strong></td>
<td>2,413,452</td>
<td>2,367,950</td>
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<tr>
<td><strong>Total equity</strong></td>
<td>10,924,806</td>
<td>11,049,810</td>
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<tr>
<td><strong>Commitments and contingent liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>¥ 20,284,949</td>
<td>¥ 20,702,427</td>
</tr>
</tbody>
</table>
## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Nippon Telegraph and Telephone Corporation and its subsidiaries

### Year ended March 31

### Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed voice related services</td>
<td>¥1,712,877</td>
<td>¥1,578,341</td>
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<tr>
<td>Mobile voice related services</td>
<td>¥1,257,490</td>
<td>¥1,052,622</td>
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<tr>
<td>IP / packet communications services</td>
<td>¥3,712,766</td>
<td>¥3,711,866</td>
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<tr>
<td>Sale of telecommunication equipment</td>
<td>¥844,883</td>
<td>¥699,664</td>
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<tr>
<td>System integration</td>
<td>¥2,039,953</td>
<td>¥2,275,234</td>
</tr>
<tr>
<td>Other</td>
<td>¥1,162,771</td>
<td>¥1,337,047</td>
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<tr>
<td><strong>Total</strong></td>
<td>¥10,700,740</td>
<td>¥10,926,174</td>
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### Operating expenses:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of services (excluding items shown separately below)</td>
<td>¥2,303,672</td>
<td>¥2,360,916</td>
</tr>
<tr>
<td>Cost of equipment sold (excluding items shown separately)</td>
<td>¥1,402,259</td>
<td>¥1,643,988</td>
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<tr>
<td>Depreciation and amortization</td>
<td>¥1,899,245</td>
<td>¥1,880,293</td>
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<tr>
<td>Impairment losses</td>
<td>¥5,416</td>
<td>¥5,738</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>¥2,992,588</td>
<td>¥2,929,111</td>
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<tr>
<td>Goodwill and other intangible asset impairments</td>
<td>¥31,341</td>
<td>¥6,187</td>
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<tr>
<td><strong>Total</strong></td>
<td>¥9,428,732</td>
<td>¥9,711,591</td>
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### Income before income taxes and equity in earnings (losses) of affiliated companies

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes and equity in earnings (losses) of affiliates</td>
<td>¥1,197,647</td>
<td>¥1,244,195</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥1,066,629</td>
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### Income before taxes

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax expense (benefit):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>¥461,995</td>
<td>¥483,113</td>
</tr>
<tr>
<td>Deferred</td>
<td>¥11,959</td>
<td>¥3,433</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥473,954</td>
<td>¥516,546</td>
</tr>
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### Income before equity in earnings (losses) of affiliated companies

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before equity in earnings (losses) of affiliates</td>
<td>¥723,693</td>
<td>¥687,649</td>
</tr>
<tr>
<td>Equity in earnings (losses) of affiliates</td>
<td>¥65,040</td>
<td>¥50,792</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥788,733</td>
<td>¥738,441</td>
</tr>
</tbody>
</table>

### Income before income taxes

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥521,932</td>
<td>¥585,473</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥518,066</td>
<td></td>
</tr>
</tbody>
</table>

### Per share of common stock:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of shares outstanding (shares)</td>
<td>2,423,761,538</td>
<td>2,209,516,428</td>
</tr>
<tr>
<td>Net income attributable to NTT (yen)</td>
<td>¥215,34</td>
<td>¥254.61</td>
</tr>
<tr>
<td>Cash dividends to be paid to shareholders of record date (yen)</td>
<td>¥80.00</td>
<td>¥80.00</td>
</tr>
</tbody>
</table>

### Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>¥518,066</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain (loss) on securities</td>
<td>¥47,629</td>
<td>¥16,257</td>
</tr>
<tr>
<td>Unrealized gain (loss) on derivative instruments</td>
<td>¥4,786</td>
<td>(4,856)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>¥112,388</td>
<td>¥156,471</td>
</tr>
<tr>
<td>Pension liability adjustments</td>
<td>¥35,646</td>
<td>¥163,241</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥208,907</td>
<td>¥320,874</td>
</tr>
<tr>
<td><strong>Total comprehensive income (loss)</strong></td>
<td>¥716,973</td>
<td>¥541,748</td>
</tr>
<tr>
<td><strong>Less: Comprehensive income attributable to noncontrolling interests</strong></td>
<td>¥211,564</td>
<td>¥214,360</td>
</tr>
<tr>
<td><strong>Total comprehensive income (loss) attributable to NTT</strong></td>
<td>¥496,409</td>
<td>¥327,388</td>
</tr>
</tbody>
</table>

### Additional information:

- Changes in the redeemable noncontrolling interest are not included in the table.
- Resale of treasury stock (818,206) (340,781) 2,292

### Year Ended March 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>¥521,932</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>¥585,473</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥1,107,405</td>
</tr>
</tbody>
</table>

### Year Ended March 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>¥585,473</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>¥585,473</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥1,170,946</td>
</tr>
</tbody>
</table>
Reconciliation of Capital Investment

<table>
<thead>
<tr>
<th>Billions of yen</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for property, plant and equipment</td>
<td>¥ 1,410.8</td>
<td>¥ 1,395.1</td>
<td>¥ 1,508.1</td>
<td>¥ 1,486.7</td>
<td>¥ 1,444.9</td>
</tr>
<tr>
<td>Payments for acquisition of intangible fixed assets</td>
<td>484.2</td>
<td>458.2</td>
<td>446.6</td>
<td>416.6</td>
<td>358.2</td>
</tr>
<tr>
<td>Total</td>
<td>¥ 1,895.0</td>
<td>¥ 1,853.3</td>
<td>¥ 1,954.7</td>
<td>¥ 1,903.2</td>
<td>¥ 1,803.1</td>
</tr>
</tbody>
</table>

| Differences between capital investment | 24.9 | -39.3 | 14.7 | 10.5 | (14.4) |

Reconciliation of EBITDA Margin

<table>
<thead>
<tr>
<th>Billions of yen</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>¥ 2,174.3</td>
<td>¥ 2,223.0</td>
<td>¥ 2,022.0</td>
<td>¥ 1,213.7</td>
<td>¥ 1,084.5</td>
</tr>
<tr>
<td>Depreciation and loss on disposal of property, plant and equipment</td>
<td>2,067.3</td>
<td>1,996.2</td>
<td>2,005.5</td>
<td>1,976.6</td>
<td>1,932.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3,245.2</td>
<td>3,219.1</td>
<td>3,027.4</td>
<td>3,162.3</td>
<td>3,017.3</td>
</tr>
<tr>
<td>Operating revenues</td>
<td>10,305.0</td>
<td>10,507.4</td>
<td>10,700.7</td>
<td>10,925.2</td>
<td>11,095.3</td>
</tr>
<tr>
<td>Net EBITDA margin</td>
<td>31.9%</td>
<td>30.6%</td>
<td>29.0%</td>
<td>29.2%</td>
<td>27.3%</td>
</tr>
</tbody>
</table>

Calculation of ARPU

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to each designated service on a per-line basis. NTT's fixed-line business, ARPU is calculated by dividing revenue items included in the operating revenues of NTT Group's regional communications business segment (i.e., telephone subscriber lines, INS-Net and FLET'S Hikari) by the number of active subscribers to the relevant services. In the case of the mobile communications business, ARPU is calculated by dividing revenue items included in operating revenues from NTT Group's mobile communications business segment, such as revenues from LTE (Xi) mobile phone services and FOMA mobile phone services, that are incurred consistently each month (i.e., basic monthly charges and voice / packet transmission charges), by the number of active subscribers to the relevant services. The calculation of these figures excludes revenues that are not representative of monthly average usage, such as telecommunications equipment sales, activation fees, and universal service charges.

NTT believes that its ARPU figures calculated in this way provide useful information regarding the monthly average usage of its subscribers. The revenue items included in the numerators of NTT Group's ARPU figures are based on its financial results comprising its U.S. GAAP results and not representative of monthly average usage, such as telecommunications equipment sales, activation fees, and universal service charges.

Notes:

1. NTT separately computes the following two categories of ARPU for the fixed-line business conducted by each of NTT East and NTT West, using the following measures:
   - Aggregate fixed-line ARPU (telephone subscriber lines + INS-Net subscriber lines) calculated based on revenues from monthly charges and call charges for telephone subscriber lines and INS-Net subscriber lines, which are included in operating revenues from Voice Transmission Services (excluding IP Services), and revenues from FLET'S ADSL and FLET'S ISDN, which are included in operating revenues from IP Services.
   - FLET'S Hikari ARPU. Calculated based on revenues from FLET'S Hikari (including FLET'S Hikari optional services), such as revenues in operating revenues from IP Services and Supplementary Business, revenues from monthly charges, call charges and device connection charges for FLET'S Hikari, which are included in operating revenues from IP Services, and revenues from FLET'S Hikari optional services, which are included in Supplementary Business revenues.

   - FLET'S Hikari includes B FLET'S, FLET'S Hikari Niit, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT East, FLET'S Hikari Premium, FLET'S Hikari Mytoun, FLET'S Hikari Next, FLET'S Hikari Light and FLET'S Hikari WiFi Access provided by NTT West, and the Hikari Collaboration Model wholesale provision of services provided by NTT East and NTT West to service providers. FLET'S Hikari optional services include wholesale services provided to service providers by NTT East and NTT West.

   - For FLET'S Hikari optional services which are included in Supplementary Business revenues.

   - The Hikari Collaboration Model wholesale provision of services provided by NTT East and NTT West to service providers. FLET'S Hikari optional services include wholesale services provided to service providers by NTT East and NTT West.

   - For FLET'S Hikari optional services which are included in Supplementary Business revenues.

   - Payments for property, plant and equipment include wholesale services provided to service providers by NTT East and NTT West. Commencing in the fiscal year ended March 31, 2014, NTT East and NTT West began including in their respective FLET'S Hikari ARPU calculations revenues from NTT East’s and NTT West’s FLET'S WiMAX virtual private network option. These revenue are part of NTT East’s and NTT West’s operating revenues from IP services. As a result of this new calculation methodology, NTT East’s and NTT West’s FLET’S Hikari ARPU figures for previous years have been retroactively revised.
2 Revenues from interconnection charges are excluded from the calculation of Aggregate Fixed-line ARPU (Telephone subscriber lines + INS-Net subscriber lines) and FLET’S iHAKU ARPU.
3 For purposes of calculating Aggregate Fixed-line ARPU (telephone subscriber lines + INS-Net subscriber lines), the number of subscribers is determined using the number of lines for each service.
4 In terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly 10 times greater than INS-Net 64. For this reason, one INS-Net 1500 subscription is calculated as 10 INS-Net 64 subscriptions.
5 For purposes of calculating FLET’S Hikari ARPU, the number of subscribers is determined based on the number of FLET’S Hikari subscribers (including B FLET’S, FLET’S Hikari Next, FLET’S Hikari Light, and FLET’S Hikari WiFi Access provided by NTT East, B FLET’S, FLET’S Hikari Premium, FLET’S Hikari Mytown, FLET’S Hikari Next, FLET’S Hikari Light, and FLET’S Hikari WiFi Access provided by NTT West, and Hikari Collaboration Model wholesale services provided by NTT East and NTT West) to service providers.
6 Number of active subscribers used in the ARPU calculation of NTT East and NTT West as is below:

<table>
<thead>
<tr>
<th>Number of active subscribers</th>
<th>NTT East</th>
<th>NTT West</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY results</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>FY forecast</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>

7 Number of active subscribers used in the ARPU calculation of NTT DOCOMO as below:

<table>
<thead>
<tr>
<th>Number of active subscribers</th>
<th>NTT DOCOMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY results</td>
<td>11</td>
</tr>
<tr>
<td>FY forecast</td>
<td>10</td>
</tr>
</tbody>
</table>

8 Communications module service subscribers, Phone Number Storage and Mail Address Storage services, and the revenues therefrom are not included in the calculations of mobile ARPU.

9 Number of active subscribers used in the ARPU calculation of NTT DOCOMO are as below:

<table>
<thead>
<tr>
<th>Number of active subscribers</th>
<th>NTT DOCOMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY results</td>
<td>12</td>
</tr>
<tr>
<td>FY forecast</td>
<td>11</td>
</tr>
</tbody>
</table>

10 From the fiscal year ended March 31, 2015, NTT’s method of computing ARPU for NTT DOCOMO has been revised. Accompanying this change, results figures for the previous fiscal year, the fiscal year ended March 31, 2014, have also been changed.

### Consolidated Subsidiaries

<table>
<thead>
<tr>
<th>Company</th>
<th>Capital</th>
<th>Voting rights ratio</th>
<th>Main lines of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIPPON TELEGRAPH AND TELEPHONE CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Regional telecommunications services in eastern Japan. NTT (Holding Company) is making long-term capital loans to NTT East.</td>
</tr>
<tr>
<td>NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Regional telecommunications services in western Japan. NTT (Holding Company) is making long-term capital loans to NTT West.</td>
</tr>
<tr>
<td>NTT EAST-MINAMIKANTO CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Consigned sales of telecommunications services provided by NTT East.</td>
</tr>
<tr>
<td>NTT INFRASTRUCTURE NETWORK CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Construction, maintenance, and management of telecommunications facilities, IT-related consulting, products and services planning, development, sales, and maintenance.</td>
</tr>
<tr>
<td>NTT EAST SERVICE CORPORATION</td>
<td>50.00</td>
<td>100.00</td>
<td>Consigned sales of telecommunications services provided by NTT East.</td>
</tr>
<tr>
<td>NTT BUSINESS SOLUTIONS CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Proposal, construction, and support of ICT systems for business users.</td>
</tr>
<tr>
<td>NTT NEXCOM CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Maintenance and operation of information networking, planning, development, and sales of IT solutions.</td>
</tr>
<tr>
<td>NTT MARKETING ACT CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Sales and handling of inquiries for various services, operation of contact centers, and human resources deployment business.</td>
</tr>
<tr>
<td>NTT TELETECHNOLOGY CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Call center operations, such as receipt of problem reports and provision of telephone support; in-home maintenance; in-home support services.</td>
</tr>
<tr>
<td>NTT DIRECTORY SERVICES CO., LTD.</td>
<td>100.00</td>
<td>100.00</td>
<td>Publishing of telephone directories; directory assistance; and operations using telephone number databases.</td>
</tr>
<tr>
<td>NTT Printing Corporation</td>
<td>100.00</td>
<td>100.00</td>
<td>Printing of telephone directories and commercial printing.</td>
</tr>
<tr>
<td>NTT East Japan Corporation</td>
<td>100.00</td>
<td>100.00</td>
<td>Office-related operations, outsourcing business, telecommunications, building cleaning and security, nursing care and dining hall services, and retail sales operations.</td>
</tr>
<tr>
<td>NTT Sokyo Corporation</td>
<td>100.00</td>
<td>100.00</td>
<td>Marketing services, worker dispatch operations.</td>
</tr>
<tr>
<td>NTT CARD SOLUTION CORP.</td>
<td>100.00</td>
<td>100.00</td>
<td>Electronic money settlement operations; solutions using IC cards, etc.; pre-paid card production and sales.</td>
</tr>
<tr>
<td>NTT EAST PROPERTIES, INC.</td>
<td>100.00</td>
<td>100.00</td>
<td>Real estate operations related to the effective use of and the promotion of the NTT Group’s real estate.</td>
</tr>
<tr>
<td>NTT ISOLINIA CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Various content distribution businesses, including distribution of comics to mobile phones.</td>
</tr>
<tr>
<td>NTT WEST ASSET PLANNING CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Real estate leasing and brokerage, as well as management and maintenance.</td>
</tr>
<tr>
<td>NTT West Nippon Corporation</td>
<td>100.00</td>
<td>100.00</td>
<td>Staffing, telemarketing, and IT solution services.</td>
</tr>
<tr>
<td>NTT COMMUNICATIONS CORPORATION</td>
<td>100.00</td>
<td>100.00</td>
<td>Long distance and international telecommunications services, and multimedia services. NTT (Holding Company) is making long-term capital loans to NTT Communications.</td>
</tr>
</tbody>
</table>

### Regional Communications Business Segment

- **NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION**
  - 35,000 million
  - Regional telecommunications services in eastern Japan. NTT (Holding Company) is making long-term capital loans to NTT East.
- **NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION**
  - 312,000 million
  - Regional telecommunications services in western Japan. NTT (Holding Company) is making long-term capital loans to NTT West.
- **NIT INFRASTRUCTURE NETWORK CORPORATION**
  - 20 million
  - Construction, maintenance, and management of telecommunications facilities, IT-related consulting, products and services planning, development, sales, and maintenance. NTT (Holding Company) is making long-term capital loans to NTT East.
- **NIT EAST-MINAMIKANTO CORPORATION**
  - 100 million
  - Consigned sales of telecommunications services provided by NTT East.
- **NIT NEXCOM CORPORATION**
  - 100 million
  - Maintenance and operation of information networking, planning, development, and sales of IT solutions.
- **NIT MARKETING ACT CORPORATION**
  - 100 million
  - Sales and handling of inquiries for various services, operation of contact centers, and human resources deployment business.
- **NIT TELETECHNOLOGY CORPORATION**
  - 100 million
  - Call center operations, such as receipt of problem reports and provision of telephone support; in-home maintenance; in-home support services.
- **NIT DIRECTORY SERVICES CO., LTD.**
  - 300 million
  - Publishing of telephone directories; directory assistance; and operations using telephone number databases.
- **NIT Printing Corporation**
  - 100 million
  - Printing of telephone directories and commercial printing.
- **NTT East Japan Corporation**
  - 3,000 million
  - Office-related operations, outsourcing business, telecommunications, building cleaning and security, nursing care and dining hall services, and retail sales operations.
- **NIT Sokyo Corporation**
  - 100 million
  - Marketing services, worker dispatch operations.
- **NIT CARD SOLUTION CORP.**
  - 100 million
  - Electronic money settlement operations; solutions using IC cards, etc.; pre-paid card production and sales.
- **NIT EAST PROPERTIES, INC.**
  - 5,000 million
  - Real estate operations related to the effective use of and the promotion of the NTT Group’s real estate.
- **NIT ISOLINIA CORPORATION**
  - 100 million
  - Various content distribution businesses, including distribution of comics to mobile phones.
- **NIT WEST ASSET PLANNING CORPORATION**
  - 100 million
  - Real estate leasing and brokerage, as well as management and maintenance.
- **NIT West Nippon Corporation**
  - 100 million
  - Staffing, telemarketing, and IT solution services.

### Regional Communications Business Segment

- **NIT Communications Corporation**
  - 211,763 million
  - Regional telecommunications services in eastern Japan. NTT (Holding Company) is making long-term capital loans to NTT Communications.
- **Renesis Data Holdings Inc.**
  - USD388.52 million
  - Management of Dimension Data Group.
- **NIT FCL Communications Incorporated**
  - 4,550 million
  - Telecommunications business as defined in the Telecommunications Business Law.
- **NIT Fokka Inc.**
  - 12,391 million
  - Provision of internet communication and video distribution services.
- **NIT Pleasient Inc.**
  - 7,184 million
  - Development and provision of broadband Internet service and search services.
- **NIT Amercia, Inc.**
  - USD2,581.45 million
  - Provision of Acrobat services in the U.S.
- **NIT EUROPE LTD.**
  - GBP153.83 million
  - Provision of Acrobat services in Europe.
- **NIT AUSTRALIA PTY LTD.**
  - AUD2,001.35 million
  - Provision of Acrobat services in Australia.
- **Verio Inc.**
  - USD4,972.33 million
  - Provision of Internet solution services in the U.S.
- **NIT Com Security AG**
  - EUR385.94 million
  - Consulting on security solutions, provision of integration, and security services.
- **World Technology Services Incorporated**
  - USD89,564.44 million
  - Provision of network services.
- **RagingWire Data Centers, Inc.**
  - USD4,243.41 million
  - Provision of data center services in North America.
- **Riv Fields, Inc.**
  - USD2,643.44 million
  - Holding company for RagingWire Data Centers, Inc.
### Consolidated Subsidiaries

<table>
<thead>
<tr>
<th>Company</th>
<th>Capital</th>
<th>Voting rights</th>
<th>Main line(s) of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>NW Medix, Inc.</td>
<td>USD3,000.00</td>
<td>90.00</td>
<td>Holding company for NW Medix, Inc.</td>
</tr>
<tr>
<td>Amundi International SAS</td>
<td>EUR1,000.00</td>
<td>92.00</td>
<td>Provision of voice conference services, web conference services, and video conference services</td>
</tr>
<tr>
<td>Gryphon Internet Limited</td>
<td>GBP3,000.00</td>
<td>84.00</td>
<td>Data center-related services in the U.K.</td>
</tr>
<tr>
<td>Netmagic Solutions Private Limited</td>
<td>INR5,000.00</td>
<td>100.00</td>
<td>Data center-related services in India</td>
</tr>
<tr>
<td>Netmagic IT Services Private Limited</td>
<td>INR5,000.00</td>
<td>100.00</td>
<td>IT outsourcing and managed services in India</td>
</tr>
<tr>
<td>Spectrochio Holdings, Inc.</td>
<td>USD4,120.00</td>
<td>100.00</td>
<td>Management of Dimension Data Holdings plc's subsidiary companies in Europe</td>
</tr>
<tr>
<td>Dimension Data Commerce Centre Limited</td>
<td>USD1,220.00</td>
<td>100.00</td>
<td>Sales of communications equipment in the U.S.</td>
</tr>
<tr>
<td>Dimension Data (U.S.) Inc.</td>
<td>USD2,900.00</td>
<td>100.00</td>
<td>Investment in the U.S.</td>
</tr>
<tr>
<td>Dimension Data (U.S.) Inc.</td>
<td>USD460.70</td>
<td>100.00</td>
<td>Management of Dimension Data Holdings plc's subsidiary companies in the U.S.</td>
</tr>
<tr>
<td>Dimension Data North America, Inc.</td>
<td>USD370.00</td>
<td>100.00</td>
<td>Provision of voice conference services, web conference services, and video conference services</td>
</tr>
<tr>
<td>Dimension Data International Limited</td>
<td>USD170.00</td>
<td>100.00</td>
<td>Holding company of Dimension Data Holdings Nederland B.V.</td>
</tr>
<tr>
<td>Dimension Data Holdings Nederland B.V.</td>
<td>EUR40.00</td>
<td>100.00</td>
<td>Investment activities in Europe</td>
</tr>
<tr>
<td>Solutionary, Inc.</td>
<td>USD2,031.19</td>
<td>100.00</td>
<td>Provision of managed security services</td>
</tr>
<tr>
<td>NTT Innovation Institute, Inc.</td>
<td>USD1,250.00</td>
<td>100.00</td>
<td>Research and development in the security and cloud fields</td>
</tr>
</tbody>
</table>

#### MOBILE COMMUNICATIONS BUSINESS SEGMENT

| NTT DOCOMO, INC. | 9,483,679 | 66.66 | Mobile telecommunications services, development, maintenance, and sales of mobile telecommunications equipment |
| DOCOMO CB, Inc. | 100 | 100.00 | Mobilephone marketing support services; construction, maintenance, and operation of telecommunications equipment |
| DOCOMO Izu Inc. | 20 | 100.00 | Management of telecommunications-related transactions, etc. |
| DOCOMO System, Inc. | 11,360 | 100.00 | Design and development of systems |
| DOCOMO Technology, Inc. | 100 | 100.00 | Research and development of telecommunications systems |
| DOCOMO Guam Holdings, Inc. | USD181,270.00 | 100.00 | Holding company for DOCOMO PACIFIC, INC. and DOCOMO Guam Holding Corp. |
| DOCOMO Guam Holding Corp. | USD93,062.00 | 100.00 | Provision of cable TV and Internet services in Guam and the Commonwealth of the Northern Mariana Islands |
| DOCO Inc. | 33,490 | 100.00 | Mobile advertising sales and marketing services |
| Final Inc. | 24,840 | 90.46 | Provision of basic broadcasting business specified by the Brazilian Law and its related services |
| JPNL HANABARITSU, INC. | 1,400 | 100.00 | Operations of internet services on TV media |
| Tower Movable Asia Inc. | 25,420 | 100.00 | Sales of music and music-related products as well as music-related goods |
| ARK-Crossing Stakes Co., Ltd. | 10 | 100.00 | National development of ARK Crossing Studios, sales of fashion and other goods |
| Radinbo-ya Co., Ltd. | 689 | 90.00 | Membership-based home delivery service of organic and low-chemical agricultural products as well as additive-free foods |
| DOCOMO AXIME STORE, INC. | 1,000 | 100.00 | Online distribution of animation videos |
| DOCOMO Deutschland GmbH | EUR372,610.00 | 100.00 | Holding company for net mobile AG and Buongiorno S.p.A. |
| Buongiorno S.p.A. | EUR920.00 | 100.00 | Provision of platform for B-to-C distribution of mobile content and billing services |
| net mobile AG | EUR920.00 | 97.36 | Provision of platform for mobile content distribution and billing services |
| DOCOMO InterReach PM Ltd. | USD1,016,110.00 | 100.00 | High-speed Internet access for hotels |
| DOCOMO Capital, Inc. | USD3,112,312.00 | 100.00 | Discovery of and investment in venture companies that possess advanced technologies that can be used with mobile communications services or other innovative technologies |

### DATA COMMUNICATIONS BUSINESS SEGMENT

| NTT DATA CORPORATION | 8,325,920 | 54.21 | Systems integration, and network systems services |
| NTT DATA CORPORATION | 100 | 100.00 | Design and development of systems |
| NTT DATA KANSAI CORPORATION | 100 | 100.00 | Design, development, and sales of systems |
| NTT Corporation | 785 | 51.00 | Sales of systems |
| Japan Information Processing Service Co., Ltd. | 2,460 | 50.00 | Design and development of systems |
| NTT DATA ITSMART CORPORATION | 736 | 56.00 | Sales of software products and services |
| SSL Corporation | 5,100 | 50.00 | Design and development of systems |
| NKP Corporation | 6,720 | 51.20 | Design and development of systems |
| NTT DATA CUSTOMER SERVICE CORPORATION | 2,100 | 100.00 | System operations and maintenance |
| NTT DATA SYSTEM TECHNOLOGIES, INC. | 35,000 | 100.00 | Design and development of systems |
| NTT Data International L.L.C. | USD1,572,938.00 | 100.00 | Responsible for NTT DATA's working subsidiaries in North America |
| NTT DATA EUROPE GmbH & Co. KG | EUR3,658.05 | 100.00 | Responsible for NTT DATA's SAP operating subsidiaries overseas |
| Intelligence AG | EUR4,889.78 | 100.00 | Consulting and design of development of systems |
| NTT DATA Deutschland GmbH | EUR4,767.85 | 100.00 | Consulting and design of development of systems |
| NTT DATA, Inc. | USD1,399.61 | 100.00 | Consulting and design of development of systems |
| NTT DATA ITALIA S.P.A. | EUR3,204.23 | 100.00 | Consulting and design of development of systems |
| NTT DATA IMV LTD. | EUR3,847.12 | 100.00 | Management of NTT DATA CORPORATION's subsidiary companies in Europe |
| NTT DATA Enterprise Services Holding, Inc. | USD3,898.28 | 100.00 | Consulting and design of development of systems |
| NTT DATA ASIA PACIFIC PTE. LTD. | SGD2,693.83 | 100.00 | Responsible for NTT DATA's APAC operating subsidiaries and mobile communications services |
| EVERY PARTICIPATON, S.L.U. | EUR2,128.88 | 100.00 | Consulting and design of development of systems |

### OTHER BUSINESSES

| NTT AURUM DEVELOPMENT CORPORATION | 48,790 | 67.20 | Acquisition, construction, management, and rental of real estate |
| LD-EUROPE LIMITED | 4,049.40 | 100.00 | Investment and operation of real estate in the U.K. |
| NTT FINANCE CORPORATION | 16,770 | 100.00 | Leasing and installment sales of communications equipment, billing and collection services for communications services, and real estate services |
| NTT FACILITIES, INC. | 12,450 | 100.00 | Design, management, and maintenance of buildings, equipment, and electric power facilities |
| NTT COMPANY CORPORATION | 20,050 | 100.00 | Development, production, and maintenance of telecommunications systems and software |
| NTT ADVANCED TECHNOLOGY CORPORATION | 5,050 | 100.00 | Research, development, and design and development of hardware, software, and computing and telecommunications systems; analytical research on technical trends; technical consulting and support services |
| NTT Electronics Corporation | 6,876 | 95.76 | Development, design, manufacture, and sales of custom LSIs and optical components for communications equipment and related electronic and electrical manufacturing and systems |
| NTT Software Corporation | 100 | 100.00 | Systems development; system integration; total solutions and e-commerce consulting and product development and sales; development of advanced technologies and services for mobile communications |
| NTT Advertising, Inc. | 175 | 100.00 | Digital advertising and marketing services |
| NTT Innovion, Inc. | 100 | 100.00 | Investigation and research concerning the information and communications industry |
| NTT Human Solutions Corporation | 100 | 100.00 | Staffing and placement business |
| NTT LEARNING SYSTEMS CORPORATION | 3,220 | 100.00 | Training and development |
| NTT BUSINESS ASSOCIATE Corporation | 7,750 | 100.00 | Real estate-related business, consigned business for company housing management, management systems, and settlement services |
| NTT LOGISCO, Inc. | 4,650 | 100.00 | Comprehensive logistics services |
| NTT Broadcast Platform, Inc. | 100 | 100.00 | Installation of base stations for wireless LANs; wholesale operations for wireless LAN base station equipment |
| Other 818 companies | 129 | 129 | |
### Glossary of Terms

Explanations of specialized terms as used in this report

#### GENERAL IT-RELATED TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Advisory</td>
<td>Services enabling the provision of advice and proposals to customers and the resolution of issues utilizing specialized knowledge and technologies.</td>
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<tr>
<td>ARP (Average Revenue Per User)</td>
<td>Monthly average local, long-distance, local, and international revenues per subscriber.</td>
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<tr>
<td>B2B2C (Business to Business to Consumer)</td>
<td>Operations that support the consumer-focused businesses of other companies.</td>
</tr>
<tr>
<td>B2C (Business to Consumer)</td>
<td>Business operations in which companies conduct transactions with general consumers.</td>
</tr>
<tr>
<td>Base Station</td>
<td>Term for antennas and other devices that communicate directly with mobile phones.</td>
</tr>
<tr>
<td>Big Data</td>
<td>Large-scale, complex collections of data, including text, graphic, chart, and voice data, that are difficult to manage or process with conventional technology.</td>
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<tr>
<td>Broadband</td>
<td>Similar to the term “wide area network,” it can be used for an internal connection service or for remote access.</td>
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<tr>
<td>Cloud/Cloud Services</td>
<td>Technology that provides infrastructure, software, and services as needed, with an emphasis on uniformity.</td>
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<tr>
<td>Cloud Computing Services</td>
<td>Services that can be used remotely through a network that offer a computing environment in which processing capacity can be adjusted flexibly in line with the usage scale.</td>
</tr>
<tr>
<td>Core Network</td>
<td>Network of high-speed, high-capacity optical fiber networks.</td>
</tr>
<tr>
<td>Cyber-Attack</td>
<td>Attack that causes the functionality of the target system to fail as well as unauthorized access of a target computer or network resulting in theft, destruction, or alteration of data.</td>
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<tr>
<td>Data Center</td>
<td>Facility equipped with servers and other systems by customers that provide operation and management services, including Internet connectivity.</td>
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<tr>
<td>DDoS (Distributed Denial of Service Attack)</td>
<td>Attack in which large numbers of computers distribute multiple network connection requests at the same time for a specific network or computer in order to cause that network or computer to crash.</td>
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<tr>
<td>Digital Archiving</td>
<td>Digitization and preservation of the collective and cultural resources (cultural materials and properties) of museums, art galleries, archives, and libraries.</td>
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<tr>
<td>DSL (Digital Subscriber Line)</td>
<td>Technology that realizes high-speed communications using general analog circuitry.</td>
</tr>
<tr>
<td>ERP (Enterprise Resource Planning)</td>
<td>Method of comprehensively managing and allocating the various resources of a company (personnel, funds, facilities, materials, information, etc.), to increase operational efficiency and optimize management on an overall basis.</td>
</tr>
<tr>
<td>Footprint</td>
<td>Basis at which business activities are conducted.</td>
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<tr>
<td>FTTH (Fiber To The Home)</td>
<td>Method of fiber-optic communications using optical fiber as the transmission line connected directly to general consumer residences.</td>
</tr>
<tr>
<td>Full Life Cycle</td>
<td>Support for cloud migration at all levels, including cloud migration consulting and management services, such as post-migration operation.</td>
</tr>
<tr>
<td>Full Stack</td>
<td>Provision of cloud-related services at all layers, from data centers, networks, and other infrastructure to managed ICT and applications.</td>
</tr>
<tr>
<td>High-Resolution Audio</td>
<td>Generic term to describe music data and music player equipment that realizes audio quality superior to general music CDs.</td>
</tr>
<tr>
<td>ICT (Information and Communications Technology)</td>
<td>Collectively refers to technologies related to information and communications, including hardware and software used for information and communications functions of computers, and technologies used in IT systems and data communications.</td>
</tr>
<tr>
<td>IP Backbone</td>
<td>Backbone network for the distribution of data over the Internet.</td>
</tr>
<tr>
<td>ISP (Internet Service Provider)</td>
<td>Company providing Internet connection services.</td>
</tr>
<tr>
<td>IT Outsourcing (ITO)</td>
<td>Outsourcing of operations related to information systems.</td>
</tr>
<tr>
<td>Layer</td>
<td>For example, applications / solutions, managed ICT, and data centers / networks are layers.</td>
</tr>
<tr>
<td>LTE (Long-Term Evolution)</td>
<td>Telecommunications standard with features including high transmission speeds, large capacity, efficient use of radio waves, and low delay. Achieves high-speed telecommunications in a mobile phone at speeds up to 100 Mbps.</td>
</tr>
<tr>
<td>M2M (Machine to Machine)</td>
<td>Technologies and mechanisms for the automatic exchange of information among machines. Collection, monitoring, and control of data from remote locations facilitates streamlined administrative processes, more-advanced services, and the creation of new services.</td>
</tr>
<tr>
<td>M&amp;A (Merger and Acquisition)</td>
<td>General term for business mergers and acquisitions.</td>
</tr>
<tr>
<td>Managed ICT Service</td>
<td>Implementation of communications equipment installation and set-up, maintenance, and management, which are essential in the use of communications services.</td>
</tr>
<tr>
<td>MNO (Mobile Virtual Network Operator)</td>
<td>Company that licenses mobile communications infrastructure, such as mobile phone infrastructure, from other companies and uses it to provide services. Virtual mobile telecommunications operator.</td>
</tr>
<tr>
<td>My Number (Personal Identification Number)</td>
<td>System under which every person with a certificate of residence is assigned a single number that is used for the efficient management of information in such areas as social security, taxes, and disaster response. Meant for the purpose of recognizing that personal information existing in multiple institutions is associated with the same person.</td>
</tr>
<tr>
<td>National Strategic Zone</td>
<td>Economic zones for which the government is leading initiatives such as deregulation and special tax treatment. The intent is to attract large numbers of companies and resources from within Japan and overseas and establish an international business environment.</td>
</tr>
<tr>
<td>Omni-Channel</td>
<td>Concept and strategy for approaching customers in a wide range of ciphers, including store and forward, without regard to the channel, such as Internet or mobile.</td>
</tr>
<tr>
<td>On Premises</td>
<td>Installation and use of software, etc., on facilities installed on a company’s own premises.</td>
</tr>
<tr>
<td>Open Innovation</td>
<td>A method of creating new products and business models through the use of in-house technologies in combination with the technologies and ideas of other companies and the visualization of product development processes.</td>
</tr>
<tr>
<td>Organic Growth</td>
<td>Growth achieved through the use of existing management resources. Used in comparison with growth achieved through M&amp;A transactions, etc.</td>
</tr>
<tr>
<td>OSS (Open-Source Software)</td>
<td>Software for which the source code, the design of the software, is made available free of charge, such as over the Internet, and can be modified and redistributed.</td>
</tr>
<tr>
<td>OTT (Over The Top)</td>
<td>Companies other than telecommunications operators that provide messaging, voice, and video content through Internet circuits.</td>
</tr>
<tr>
<td>Packet Telecommunications</td>
<td>Method of computer telecommunications in which data is sent and received as individual small packets.</td>
</tr>
<tr>
<td>Platform</td>
<td>A brand platform for providing various applications by linking various networks and devices, such as those for authentication, billing, intermediation, and credit.</td>
</tr>
<tr>
<td>Roaming</td>
<td>roaming enables users of mobile phones, PHS, Internet connection, and other services to access services in the same manner as with their own service provider even when they are outside their own provider’s area, provided that they are in the service area of a partner of their own provider.</td>
</tr>
<tr>
<td>Salesforce.com</td>
<td>Worldwide software company, based in California, U.S.A. Provides sales support systems and customer management systems as online services. Also used as the brand name of the services. Japanese corporation was established in 2000.</td>
</tr>
<tr>
<td>SDN (Software-Defined Networking)</td>
<td>Technology for the use of software to implement integrated control of the operation of network equipment.</td>
</tr>
<tr>
<td>Seamless</td>
<td>Non-intrusive means.</td>
</tr>
<tr>
<td>Sensor Network</td>
<td>Network that collects data using small sensor nodes that incorporate wireless communications functions.</td>
</tr>
<tr>
<td>SI (System Integration)</td>
<td>Comprehensive provision of system construction, operation, etc., in accordance with customer operations.</td>
</tr>
<tr>
<td>Solution</td>
<td>Identification of issues faced by customers and the provision of solutions, etc., that can resolve those issues.</td>
</tr>
<tr>
<td>Ubiquitous</td>
<td>The ability to access the Internet and other information networks anytime, anywhere.</td>
</tr>
<tr>
<td>Virtualization Technologies</td>
<td>Technology for the creation of multiple virtual computers on a single computer and the installation and use of operating systems on each of the virtual computers.</td>
</tr>
<tr>
<td>VPN (Virtual Private Network)</td>
<td>Service that enables the use of public circuits as if they were a customer’s private network by limiting the devices that can be connected and encrypting intermediate routes to offer high security.</td>
</tr>
<tr>
<td>Wearable Devices</td>
<td>General term for devices that can be worn on the body, such as an armband or the head.</td>
</tr>
<tr>
<td>Web Accessibility</td>
<td>The problem for accessibility of the information provided on the Internet for all people who want to use it, without regard to their usage environment, etc.</td>
</tr>
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TERMS RELATED TO NTT GROUP SERVICES

- Arcstar Universal One
  - VPN service for clouds provided by NTT Communications that enables flexible packaging of different telecommunications layers and access line qualities.
  - http://www.ntt.com/universalone_e/

- Arcstar Hosting Enterprise Cloud
  - Cloud service for corporate customers offered by NTT Communications. Incorporates network virtualization technology, not only in data centers but also on networks connecting data centers.
  - http://www.ntt.com/enterprise_cloud_e/

- dmarket
  - Smartphone content marketplace operated by NTT DOCOMO.

- FLET’S Hikari
  - General term that refers collectively to optical-fiber broadband services provided by NTT East and NTT West.

- FLET’S TV
  - Monthly Support
  - Service provided by NTT DOCOMO that provides a discount from the monthly usage fees, with the discount varying in accordance with the model of handset purchased.

- Hikari Denpa
  - A value-priced IP- and optical fiber-based telephone service using optical fiber.
  - FLET’S Hikari

- Hikari TV
  - A service that allows users to enjoy multi-channel broadcasting, video, karaoke, and other services by connecting FLET’S Hikari links to their TVs.
  - http://flets-w.com/english/hikari_denpa/

- Hikari Denpa
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  - http://flets-w.com/english/hikari_denpa/

- Hikari Universal One
  - A value-priced IP- and optical fiber-based telephone service using FLET’S Hikari optical fiber.
  - http://flets-w.com/english/hikari_denpa/

- Monthly Support
  - Service provided by NTT DOCOMO that provides a discount from the monthly usage fees, with the discount varying in accordance with the model of handset purchased.

- TOPIX Index
  - TOPIX Index (right scale)

- NTT’s trading volume (lower left scale)

- NTT’s share price (left scale)

- NTT’s trading volume (lower left scale)

Glossary of Terms

- FLET’S TV
  - Service provided by NTT East and NTT West that enables subscribers to receive terrestrial/BS digital broadcasts using FLET’S Hikari optical fiber.

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