

4. Operating Data

Number of Subscribers

(in thousands except for Public Telephones)

	A	B	D		C	E
	As of	As of	Change	Progress	As of	Change
	March 31, 2016	June 30, 2016			March 31, 2017 (Forecast)	
			B-A	D/E		
Telephone Subscriber Lines <sup>(1)</sup>	19,943	19,671	(271)	24.4%	18,833	(1,110)
NTT East	9,875	9,740	(134)	31.2%	9,445	(430)
NTT West	10,068	9,931	(137)	20.2%	9,388	(680)
INS-Net <sup>(2)</sup>	2,776	2,719	(57)	23.3%	2,531	(245)
NTT East	1,414	1,384	(30)	25.2%	1,294	(120)
NTT West	1,361	1,334	(27)	21.4%	1,236	(125)
Telephone Subscriber Lines + INS-Net	22,718	22,390	(328)	24.2%	21,363	(1,355)
NTT East	11,289	11,125	(164)	29.9%	10,739	(550)
NTT West	11,429	11,265	(164)	20.4%	10,624	(805)
Public Telephones	171,179	168,673	(2,506)	29.2%	162,589	(8,590)
NTT East	78,199	76,511	(1,688)	24.1%	71,199	(7,000)
NTT West	92,980	92,162	(818)	51.4%	91,390	(1,590)
FLET'S ISDN	85	83	(2)	40.6%	79	(6)
NTT East	37	36	(1)	103.0%	36	(1)
NTT West	48	47	(1)	28.1%	43	(5)
FLET'S ADSL	1,053	1,019	(34)	21.4%	896	(157)
NTT East	475	459	(16)	26.7%	415	(60)
NTT West	577	560	(18)	18.1%	480	(97)
FLET'S Hikari (including Hikari Collaboration Model) <sup>(3)(4)(5)</sup>	19,259	19,520	261	43.5%	19,859	600
NTT East	10,666	10,839	173	57.7%	10,966	300
NTT West	8,593	8,681	88	29.4%	8,893	300
(incl.) Hikari Collaboration Model	4,691	5,912	1,221	34.4%	8,241	3,550
NTT East	3,077	3,781	705	34.4%	5,127	2,050
NTT West	1,615	2,131	516	34.4%	3,115	1,500
Hikari Denwa <sup>(6)</sup>	17,374	17,451	77	77.1%	17,474	100
NTT East	9,123	9,180	58	57.6%	9,223	100
NTT West	8,252	8,271	19	-	8,252	-
Conventional Leased Circuit Services	232	231	(2)	24.1%	224	(8)
NTT East	113	112	(1)	16.7%	109	(4)
NTT West	120	118	(1)	31.5%	116	(4)
High Speed Digital Services	115	114	(1)	8.7%	99	(16)
NTT East	59	58	(1)	16.4%	54	(5)
NTT West	56	56	(1)	5.2%	45	(11)
NTT Group Major ISPs <sup>(7)</sup>	11,411	11,360	(50)	11.0%	10,951	(460)
(incl.) OCN	8,046	7,969	(76)	15.2%	7,544	(501)
(incl.) Plala	3,005	3,024	20	78.0%	3,030	25
Hikari TV	3,052	3,047	(5)	-	3,060	8
FLET'S TV Transmission Services <sup>(6)</sup>	1,432	1,445	13	52.6%	1,456	24
NTT East	910	917	7	69.2%	920	10
NTT West	522	528	6	40.7%	536	14
Mobile <sup>(8)</sup>	70,964	71,614	650	15.0%	75,300	4,336
(incl.) "Kake-hodai & Pake-aeru" billing plan	29,704	31,586	1,882	-	-	-
LTE ("Xi")	38,679	39,893	1,214	20.5%	44,600	5,921
FOMA	32,285	31,721	(564)	35.6%	30,700	(1,585)
sp-mode	32,463	33,082	619	23.5%	35,100	2,637
i-mode	18,770	18,136	(634)	27.9%	16,500	(2,270)

Notes: (1) Number of Telephone Subscriber Lines is the total of individual lines and central station lines (Subscriber Telephone Light Plan is included).

(2) "INS-Net" includes "INS-Net 64" and "INS-Net 1500." In terms of number of channels, transmission rate, and line use rate (base rate), "INS-Net 1500" is in all cases roughly ten times greater than "INS-Net 64." For this reason, one "INS-Net 1500" subscription is calculated as ten "INS-Net 64" subscriptions (including subscriptions to the "INS-Net 64 Lite Plan").

(3) Number of "FLET'S Hikari (including Hikari Collaboration Model)" subscribers includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "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 subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.

(4) The comparative results for the three months ended June 30, 2016 compared to the year ended March 31, 2016 for "FLET'S Hikari (including Hikari Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West were 460 thousand lines and 326 thousand lines, respectively, for a total of 786 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari Collaboration Model" for NTT East and NTT West were 313 thousand lines and 217 thousand lines, respectively, for a total of 530 thousand lines; and the numbers of switchover lines for NTT East and NTT West were 474 thousand lines and 341 thousand lines, respectively, for a total of 815 thousand lines.

(5) The comparative forecast "As of March 31, 2017" for the year ending March 31, 2017 compared to the results for the year ended March 31, 2016 for "FLET'S Hikari (including Hikari Collaboration Model)" are as follows: the numbers of new subscribers for NTT East and NTT West are expected to be 1,450 thousand lines and 1,150 thousand lines, respectively, for a total of 2,600 thousand lines; the numbers of new subscribers (excluding switchover lines) for the "Hikari Collaboration Model" for NTT East and NTT West are expected to be 900 thousand lines and 650 thousand lines, respectively, for a total of 1,550 thousand lines; and the numbers of switchover lines for NTT East and NTT West are expected to be 1,500 thousand lines and 1,000 thousand lines, respectively, for a total of 2,500 thousand lines.

(6) Numbers of subscribers for "Hikari Denwa" and "FLET'S TV Transmission Services" include wholesale services provided to service providers by NTT East and NTT West.

(7) "NTT Group Major ISPs" includes "WAKWAK" and "InfoSphere," in addition to "OCN" and "Plala."

(8) Number of Mobile (including "LTE ('Xi')" and "FOMA") telecommunications service subscribers includes communication module service subscribers.

#### 4. Operating Data

##### Average Monthly Revenue per Unit (ARPU)

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to each designated service on a per user basis. In the case of NTT Group's fixed-line business, ARPU is calculated by dividing revenue items included in the operating revenues of NTT Group's regional communications business segment, that is, fixed-line (telephone subscriber lines and INS-NET) and FLET'S Hikari, by the number of active subscribers to the relevant services.

In the case of NTT Group's mobile communications business, ARPU is calculated by dividing revenue items included in operating revenues from its mobile communications business segment, such as revenues from LTE("Xi") mobile phone services, FOMA mobile phone services and "docomo Hikari" services, that are incurred consistently each month, by the number of active users 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 of operations.

	(Yen)			
	Three Months Ended June 30, 2015 <small>(From April to June, 2015)</small>	Three Months Ended June 30, 2016 <small>(From April to June, 2016)</small>	Year Ended March 31, 2016	Year Ending March 31, 2017 <small>(Forecast)</small>
<b>NTT East</b> <sup>(1)(2)(3)(4)(5)</sup>				
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines)	2,660	2,620	2,650	2,600
FLET'S Hikari ARPU <sup>(6)</sup>	5,590	5,340	5,510	5,270
Basic Monthly Charge	3,860	3,750	3,830	3,700
Optional Services	1,730	1,590	1,680	1,570
<b>NTT West</b> <sup>(1)(2)(3)(4)(5)</sup>				
Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines)	2,620	2,580	2,610	2,570
FLET'S Hikari ARPU <sup>(6)</sup>	5,550	5,350	5,470	5,250
Basic Monthly Charge	3,770	3,640	3,720	3,580
Optional Services	1,780	1,710	1,750	1,670
<b>NTT DOCOMO</b> <sup>(7)(8)(9)</sup>				
Aggregate ARPU	4,010	4,330	4,170	4,390
Voice ARPU (LTE("Xi")+FOMA)	1,120	1,240	1,210	1,240
Data ARPU	2,890	3,090	2,960	3,150
Packet ARPU (LTE("Xi")+FOMA)	2,870	2,960	2,910	2,980
"docomo Hikari" ARPU	20	130	50	170

- Notes:
- (1) We compute the following two categories of ARPU for business conducted by each of NTT East and NTT West.
    - 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), which are included in operating revenues from IP Services, revenues from monthly charges, call charges and connection device charges for "Hikari Denwa," and revenues from "FLET'S Hikari" optional services,
      - "FLET'S Hikari" includes "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, and "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West. In addition, "FLET'S Hikari" also includes the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
      - "FLET'S Hikari" Optional Services includes wholesale services provided to service providers by NTT East and NTT West.
  - (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 Hikari ARPU.
  - (3) Numbers of active subscribers used in the ARPU calculation of NTT East and NTT West are as below.
    - Quarterly Results: Sum of number of active subscribers\* for each month in the relevant quarter
    - FY Results: Sum of number of active subscribers\* for each month from April to March
    - FY Forecast: Sum of the average expected active number of subscribers during the fiscal year ((number of subscribers at March 31, 2016 + number of expected subscribers at March 31, 2017)/2)x12
    - \*active subscribers = (number of subscribers at end of previous month + number of subscribers at end of the current month)/2
  - (4) For purposes of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), the number of subscribers is determined based on the number of subscriptions for fixed-line services (Telephone Subscriber Lines + INS-NET Subscriber Lines).
  - (5) In terms of number of channels, transmission rate, and line use rate (base rate), INS-Net 1500 is in all cases roughly ten times greater than INS-Net 64. For this reason, for the purpose of calculating Aggregate Fixed Line ARPU (Telephone Subscriber Lines + INS-NET Subscriber Lines), one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions.
  - (6) For purposes of calculating FLET'S Hikari ARPU, the number of subscribers is determined based on the number of FLET'S Hikari subscribers, which includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "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 the "Hikari Collaboration Model." the wholesale provision of services to service providers by NTT East and NTT West.
  - (7) The following is the formula we use to compute ARPU for NTT DOCOMO.
    - Aggregate ARPU = Voice ARPU + Packet ARPU + "docomo Hikari" ARPU
    - Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active users
    - Packet ARPU: Packet ARPU Related Revenues (basic monthly charges, packet communication charges) / No. of active users
    - "docomo Hikari" ARPU: A part of Other Operating Revenues (basic monthly charges, voice communication charges) / No. of active users
  - (8) Numbers of active users used in the ARPU calculation of NTT DOCOMO are as below.
    - Quarterly Results: Sum of number of active users\* for each month in the relevant quarter
    - FY Results/FY Forecast: Sum of number of active users\*/expected number of active users\* for each month from April to March
    - \*active users = (number of users at end of previous month + number of users at end of current month)/2
  - (9) The number of "users" used to calculate ARPU is the total number of subscriptions, excluding the subscriptions listed below:
    - a. Subscriptions to communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs); and
    - b. Data Plan subscriptions which the customer contracting for such subscription in his/her name also has a subscription for "Xi" services in his/her name.

Note that revenues from communication module services, "Phone Number Storage," "Mail Address Storage," "docomo Business Transceiver" and wholesale telecommunications services and interconnecting telecommunications facilities that are provided to Mobile Virtual Network Operators (MVNOs) are not included in ARPU calculations.

#### 4. Operating Data

##### Number of Employees

(Persons)

	A As of June 30, 2015	B As of June 30, 2016	C As of March 31, 2017 (Forecast)	
		<u>Change</u> <u>B-A</u>		
<b>NTT Consolidated</b>	247,800	248,650	850	245,950
Regional communications business	72,550	67,400	(5,150)	62,300
Long distance and international communications business	43,450	45,150	1,700	47,000
Mobile communications business	27,050	27,500	450	27,050
Data communications business	78,650	83,200	4,550	84,950
Other business	26,100	25,400	(700)	24,650
<b>Core Group Companies</b>				
NTT (Holding Company)	2,850	2,800	(50)	2,750
NTT East	5,400	5,200	(200)	4,700
NTT West	4,750	4,600	(150)	4,400
NTT Communications	6,600	6,550	(50)	6,450
NTT DOCOMO (Consolidated)	27,050	27,500	450	27,050
NTT DATA (Consolidated)	78,650	83,200	4,550	84,950