



THE 35TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE OF CONVOCATION

[Request to Refrain from Attending in Person]

To prevent the spread of novel coronavirus disease (COVID-19), please exercise your voting rights via the Internet or in writing. **We strongly request that you refrain from attending the meeting in person.**

*** Souvenirs will not be presented.**

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Based on the applicable laws and regulations, and Article 16 of the Articles of Incorporation, the following items are posted on NTT's website and are therefore not included in the Attachments to the Notice of Convocation.

Business Report

- Outline of the Business of NTT Group
 - Main Businesses
 - Main Locations, etc.
 - Employment
 - Changes in Consolidated Assets and Consolidated Profit or Loss
 - Changes in Non-consolidated Assets and Non-consolidated Income of NTT
- Matters Regarding Corporate Officers
 - Agreements Limiting Liability
- Matters Regarding Independent Auditors
- Content of Resolutions Concerning the Development of Systems to Ensure the Propriety of NTT's Business
- Outline of Operations of the Systems to Ensure the Propriety of NTT's Business

Consolidated Financial Statements

- Consolidated Statement of Changes in Equity
- Notes to Consolidated Financial Statements

Non-consolidated Financial Statements

- Non-consolidated Statement of Changes in Shareholders' Equity and Other Net Assets
- Notes to Non-consolidated Financial Statements



NTT Website

https://www.ntt.co.jp/ir/index_e.html

- The Business Report, audited by Audit & Supervisory Board Members, and the Consolidated Financial Statements and the Non-consolidated Financial Statements, audited by independent auditors and Audit & Supervisory Board Members, are the documents presented in the Attachments to the Notice of Convocation of the 35th Ordinary General Meeting of Shareholders as well as items posted on our website (excluding "(Reference)").
- Any subsequent revisions to the reference materials for the Ordinary General Meeting of Shareholders or the Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements will be posted on our website.

You can exercise your voting rights or view the convocation notice via your smartphone.

• You may use a voting rights exercising service for smartphones.

By using your smartphone to scan the QR code® on the voting rights exercise form, you can log in to the designated website and exercise the voting rights without entering your voting code and password.

Image for use

STEP 1

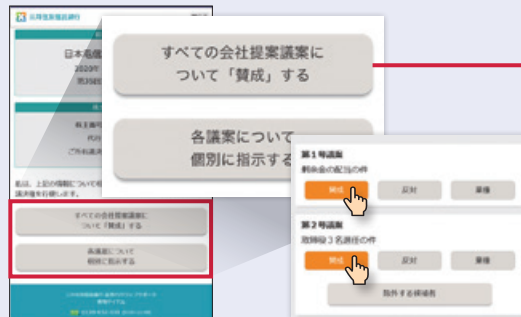
Use your smartphone or tablet device to scan the "QR code for login to the voting rights exercising website for smartphones" located in the bottom-right of the enclosed voting rights exercise form.

You **do not need** to enter your voting code or password



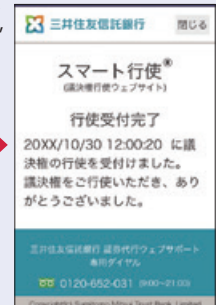
STEP 2

Access the URL shown on the screen to open the voting rights exercising website. Two methods for exercising voting rights are available.



STEP 3

When the confirmation screen appears, check there is no problem with your selected vote and click "exercise this content" button to finish your exercise!



*QR code is a trademark of DENSO WAVE INCORPORATED.

• You can view major contents of the convocation notice via your smartphone.



<https://p.sokai.jp/9432/>



Notice of Convocation of the 35th Ordinary General Meeting of Shareholders

To All Shareholders

I would like to take this opportunity to thank all of NTT's shareholders for your continued support. Additionally, with the number of COVID-19 infections expanding, I express our sincere hope that sufferers will recover as soon as possible, and that the global spread of this disease will be brought under control at the earliest possible time. NTT Group is making every effort not only to secure the health and safety of all affected parties, including customers, partners, and employees, but also to ensure that our customers, both in Japan and overseas, are able to use our services without interruption at all times.

During the 35th fiscal year (April 1, 2019 – March 31, 2020), we implemented various measures to achieve the goals of the Medium-Term Management Strategy "Your Value Partner 2025." Specifically, this involves initiatives such as promoting the B2B2X model with local governments and corporations, beginning the roll out of 5G services, enhancing the competitiveness of the global business, strengthening research and development, contributing to the revitalization of local communities and regional economies, developing disaster countermeasures, and enhancing returns to shareholders to improve corporate value. As "Your Value Partner," NTT Group continues to aim to resolve societal issues together with all our partners through our business activities.

The 35th Ordinary General Meeting of Shareholders will be held on Tuesday, June 23, 2020. I would like to ask our shareholders to exercise your voting rights via the Internet or in writing, and conclude this message by thanking our shareholders in advance for your continued understanding and support.

June 8, 2020



澤田 純

Jun Sawada
President and Chief Executive Officer
Representative Member of the Board
NIPPON TELEGRAPH AND TELEPHONE CORPORATION

1 Date and Time:	Tuesday, June 23, 2020 10:00 a.m.		
2 Venue:	Grand Prince Hotel New Takanawa 13-1, Takanawa 3-chome, Minato-ku, Tokyo		
3 Purpose of the Meeting:	Matters to be reported	<ol style="list-style-type: none"> 1 Report on the Business Report, Consolidated Financial Statements and audit results of independent auditors and Audit & Supervisory Board for the 35th fiscal year (from April 1, 2019 to March 31, 2020) 2 Report on the Non-consolidated Financial Statements for the 35th fiscal year (from April 1, 2019 to March 31, 2020) 	
	Matters to be resolved	First Item	Distribution of Earned Surplus
		Second Item	Election of Eight (8) Members of the Board
		Third Item	Election of One (1) Audit & Supervisory Board Member

1. The ordinary general meeting of shareholders is a valuable opportunity to have a dialogue with shareholders once a year.

However, in view of the spread of COVID-19 infection, **we strongly request that you refrain from attending the meeting.**

2. We request that you exercise your voting rights prior to the meeting via the Internet or in writing. For details, please read Exercising Your Voting Rights on page 3 of this Notice of Convocation. The deadline for exercising voting rights is at **5.30 p.m. on Monday, June 22, 2020.**

3. You will be able to view the meeting on the day through a real-time stream* over the Internet.

4. The Company will receive questions* prior to the meeting through the Internet and other means.

* For details regarding the real-time stream over the Internet and reception of questions in advance, please read the guide included on the back cover of this Notice of Convocation.

5. **Souvenirs will not be presented.**

Exercising Your Voting Rights

You are requested to review the attached Reference Materials for the Ordinary General Meeting of Shareholders (pages 5 - 13) before exercising your voting rights. Shareholders may exercise their voting rights in the following ways.

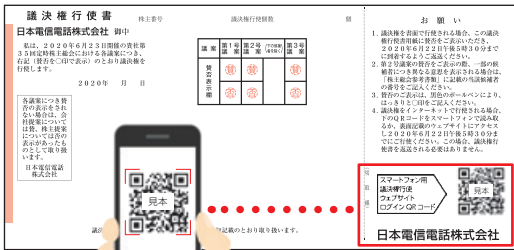
A Voting via the Internet*

MAIL DEADLINE
Monday, June 22, 2020
5:30 p.m. (JST)



"Smart Vote®" method

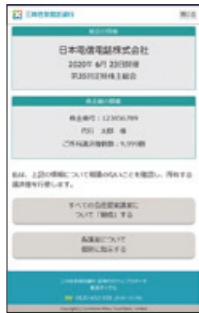
- 1 By scanning the QR code located on the bottom right of the voting rights exercise form, you can simply exercise your voting rights without entering your voting code and password.



Caution

If you need to make a correction to the content of your vote after you have exercised your voting rights, please log in by entering your voting code and password for the PC site to make the correction.

- 2 Please input "For" or "Against" following the instructions displayed on the screen.

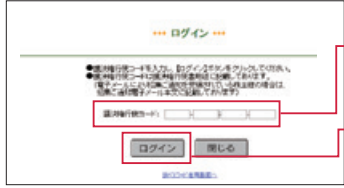


"Voting Code/Password Input" method

- 1 Exercise your voting rights via the Internet by accessing the designated web site for shareholder voting (<https://www.web54.net>) from any one of PCs, smartphones and mobile phones.

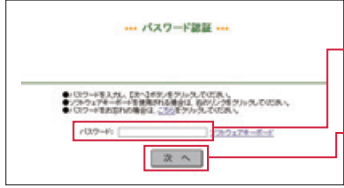


- 2 Please enter the "Voting Code" given on the voting rights exercise form.



Enter the "Voting Code"
 Click "Login"

- 3 Please enter the "Password" given on the voting rights exercise form.



Enter your "Password"
 Click "Next"

- 4 Next, indicate your approval or disapproval of the resolutions by following the instructions on the screen.

If you have questions about the use of a PC, smartphone or mobile phone for exercising your vote via the Internet, please contact:

Sumitomo Mitsui Trust, Securities Agent
 Web Support Hotline
0120-652-031 (Toll Free)
 (9:00 to 21:00)

* Institutional investors can utilize the electronic voting platform operated by ICJ, Inc.

*QR code is a trademark of DENSO WAVE INCORPORATED.

B Voting via mail

MAIL DEADLINE
Monday, June 22, 2020
5:30 p.m.



Please indicate your approval or disapproval of the resolutions on the enclosed voting rights exercise form and return it to the Company by mail so that it arrives before the deadline.

How to Fill Out Your Voting Rights Exercise Form

議案	第1号議案	第2号議案	第3号議案
賛成	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
賛	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
否	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

→ Please indicate your approval or disapproval of each resolution here.

First Item

- If you approve, put a circle in the box marked 賛 [Approve].
- If you disapprove, put a circle in the box marked 否 [Disapprove].

Second Item

- If you approve of all of the candidates, put a circle in the box marked 賛 [Approve].
- If you disapprove of all of the candidates, put a circle in the box marked 否 [Disapprove].
- If you disapprove of some of the candidates, put a circle in the box marked 賛 [Approve], and indicate the numbers for the candidates that you disapprove of.

Third Item

- If you approve, put a circle in the box marked 賛 [Approve].
- If you disapprove, put a circle in the box marked 否 [Disapprove].

You will need the "QR code" given on the enclosed voting rights exercise form in order to vote via the Internet.

1 Duplicate voting via mail or online will be handled as follows:

- (1) In the case of duplicate voting via mail, the votes on the last voting rights exercise form received will be considered valid.
- (2) In the case of duplicate voting online, the last vote placed will be considered valid.
- (3) In the case of duplicate voting done via both mail and online, the vote received last will be considered valid. If both votes are received on the same day, the votes placed online will be considered valid.

2 If no approval or disapproval is expressed for the respective proposals, it will be treated as an approval vote for the Company's proposals and a disapproval vote for the shareholder's proposal.

3 If you wish to make a diverse exercise of your voting rights, please advise us in writing three days prior to the Ordinary General Meeting of Shareholders, stating your reasons therefor.

END

Reference Materials for the Ordinary General Meeting of Shareholders

Resolutions and matters for reference

First Item Distribution of Earned Surplus

Nippon Telegraph and Telephone Corporation (the "Company") has set as its important management challenge the maximization of corporate value over the medium- to long-term, and the Company has identified the return of profits to shareholders as an important management goal.

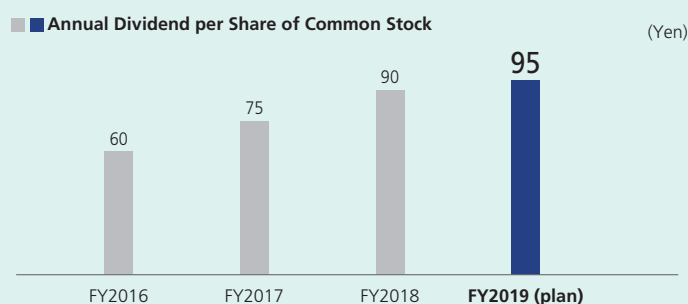
In determining the level of dividends for the fiscal year ended March 31, 2020, the Company, while giving consideration to stability and sustainability, takes into account a full range of factors, including business performance, financial standing and dividend payout ratio.

1 Type of asset to be distributed:	Cash
2 Matters relating to allotment of dividends and total amount of dividends to be distributed:	Per share of common stock : ¥47.5 Total amount of dividends : ¥172,671,820,830

As the Company has already distributed an interim dividend of ¥47.5 (¥95 before taking into consideration the stock split) per share of common stock, the annual dividend for the fiscal year will be ¥95 (¥190 before taking into consideration the stock split) per one share of common stock.

3 Date on which the dividend becomes effective:	June 24, 2020
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(Reference) Changes in Dividends per Share



Note: NTT implemented a two-for-one stock split of common stock with an effective date of January 1, 2020. Figures for annual dividend per share of common stock are stated, taking the stock split into consideration.

Please refer to page 48 for the capital policy ►

Second Item Election of Eight (8) Members of the Board

The term of office of all 15 current Members of the Board will expire at the conclusion of this Ordinary General Meeting of Shareholders.

The Company proposes the election of eight Members of the Board in order to achieve a Board of Directors of more appropriate size, with the aim of invigorating strategic discussion on the Board itself.

The candidates for Members of the Board are as follows:

Please refer to "3. Board of Directors" of "III Matters Regarding Corporate Governance" on page 43 for the details of the policies on initiatives for further strengthening the Company's governance.

Candidate No.	Name	Current Position and Responsibilities		
1	Hikomichi Shinohara	Chairman of the Board	Reelection	
2	Jun Sawada	President and Chief Executive Officer Member of the Board	Reelection	
3	Akira Shimada	Senior Executive Vice President Member of the Board In charge of business strategy and risk management	Reelection	
4	Naoki Shibutani	Senior Executive Vice President Senior Executive Manager of the New Business Development Headquarters and the Digital Transformation Headquarters Member of the Board of Nippon Telegraph and Telephone East Corporation	New election	
5	Katsuhiko Shirai	Member of the Board	Reelection	Outside Independent
6	Sadayuki Sakakibara	Member of the Board	Reelection	Outside Independent
7	Ken Sakamura	Member of the Board	Reelection	Outside Independent
8	Keiko Takegawa	Member of the Board	Reelection	Outside Independent

1 Hiromichi Shinohara (March 15, 1954)

Reelection

Number of shares of the Company held: 44,300 shares



Years served as Member of the Board

11 years

Number of Board of Directors Meetings attended (Percent)

11/11 (100%)

Career summary, position, responsibilities and description of significant concurrent positions

April 1978:	Joined Nippon Telegraph and Telephone Public Corporation
June 2009:	Senior Vice President Head of Research and Development Planning Member of the Board of the Company
June 2011:	Senior Vice President Head of Research and Development Planning Head of the Information Sharing Laboratory Group Member of the Board of the Company
October 2011:	Senior Vice President Head of Research and Development Planning Member of the Board of the Company
June 2012:	Executive Vice President Head of Research and Development Planning Member of the Board of the Company
June 2014:	Senior Executive Vice President Head of Research and Development Planning Member of the Board of the Company
June 2018:	Chairman of the Board (present post)

Reasons for Reelection as a Member of the Board

Mr. Hiromichi Shinohara has suitably managed the operations of the Board of Directors of the Company as Chairman of the Board, and has been contributing to the overall development of NTT Group. He has a wealth of experience as a senior corporate manager in the Company as represented by his role in formulating and implementing technology and research and development strategies as the Senior Executive Vice President of the Company so far.

The Company also believes him to have a high level of integrity and insight.

2 Jun Sawada

(July 30, 1955)

Reelection

Number of shares of the Company held: 34,400 shares



Years served as Member of the Board

6 years

Number of Board of Directors Meetings attended (Percent)

11/11 (100%)

Career summary, position, responsibilities and description of significant concurrent positions

April 1978:	Joined Nippon Telegraph and Telephone Public Corporation
June 2008:	Senior Vice President Executive Manager of the Corporate Strategy Planning Department Member of the Board of NTT Communications Corporation
June 2011:	Executive Vice President Executive Manager of the Corporate Strategy Planning Department Member of the Board of NTT Communications Corporation
June 2012:	Senior Executive Vice President Executive Manager of the Corporate Strategy Planning Department Member of the Board of NTT Communications Corporation
June 2013:	Senior Executive Vice President Member of the Board of NTT Communications Corporation
June 2014:	Senior Executive Vice President Member of the Board of the Company
June 2016:	Director and President, Chief Executive Officer of NTT Security Corporation
June 2018:	President and Chief Executive Officer Member of the Board of the Company (present post)
August 2018:	President and Chief Executive Officer Member of the Board of NTT, Inc. (present post)

Reasons for Reelection as a Member of the Board

Mr. Jun Sawada has a wealth of experience as a senior corporate manager in the Company as represented by his role in formulating and implementing NTT Group's medium-term management strategies, his work to boost competitiveness and profitability in domestic businesses, and his efforts to expand overseas businesses.

The Company also believes him to have a high level of integrity and insight.

3 Akira Shimada

(December 18, 1957)

Reelection

Number of shares of the
Company held: 21,908 shares**Years served as Member of
the Board**

8 years

**Number of Board of
Directors Meetings
attended (Percent)**

11/11 (100%)

Career summary, position, responsibilities and description of significant concurrent positions

April 1981:	Joined Nippon Telegraph and Telephone Public Corporation
June 2007:	Vice President of Corporate Strategy Planning of the Company
July 2007:	General Manager of the Accounts and Finance Department of Nippon Telegraph and Telephone West Corporation
July 2009:	General Manager of the General Affairs and Personnel Department of Nippon Telegraph and Telephone East Corporation
June 2011:	Senior Vice President General Manager of the General Affairs and Personnel Department Member of the Board of Nippon Telegraph and Telephone East Corporation
June 2012:	Senior Vice President Head of General Affairs Member of the Board of the Company
June 2012:	Member of the Board of Nippon Telegraph and Telephone West Corporation
June 2015:	Executive Vice President Head of General Affairs Member of the Board of the Company
June 2018:	Senior Executive Vice President Member of the Board of the Company (present post)
August 2018:	Member of the Board of NTT, Inc.
October 2018:	Senior Executive Vice President of NTT, Inc. (present post)

Reasons for Reelection as a Member of the Board

Mr. Akira Shimada has a wealth of experience as a senior corporate manager in the Company as represented by his role in implementing medium-term management strategies as the person responsible for overall business strategy and finance, and engaging in business operations relating to human resources and legal affairs of the entire NTT Group.

The Company also believes him to have a high level of integrity and insight.

4 Naoki Shibutani

(February 25, 1963)

New election

Number of shares of the
Company held: 9,200 shares**Career summary, position, responsibilities and description of significant concurrent positions**

April 1985:	Joined the Company
July 2013:	Executive Manager of the Medium-term Management Strategies Promotion Office of the Corporate Strategy Planning Department of Nippon Telegraph and Telephone East Corporation
June 2014:	Senior Vice President Executive Manager of the Plant Planning Department of the Network Business Headquarters Member of the Board of Nippon Telegraph and Telephone East Corporation
July 2017:	Senior Vice President Executive Manager of the Plant Planning Department of the Network Business Headquarters and Tokyo Olympic & Paralympic Promotion Office Member of the Board of Nippon Telegraph and Telephone East Corporation
June 2018:	Senior Executive Vice President Senior Executive Manager of the New Business Development Headquarters Member of the Board of Nippon Telegraph and Telephone East Corporation
July 2019:	Senior Executive Vice President Senior Executive Manager of the New Business Development Headquarters and the Digital Transformation Headquarters Member of the Board of Nippon Telegraph and Telephone East Corporation (expected to resign on June 19, 2020)

Reasons for Reelection as a Member of the Board

Mr. Naoki Shibutani has a wealth of experience as a senior corporate manager that includes serving as Senior Executive Vice President of a Group company and his role in plant strategy, which included increasing network sophistication.

The Company also believes him to have a high level of integrity and insight.

5 Katsuhiko Shirai

(September 24, 1939)

Reelection

Outside

Independent

Number of shares of the Company held: 9,600 shares



Years served as Outside Member of the Board

8 years

Number of Board of Directors Meetings attended (Percent)

11/11 (100%)

Career summary, position, responsibilities and description of significant concurrent positions

April 1965:	Assistant of the First Faculty of Science and Engineering of Waseda University
April 1968:	Full-time lecturer of the Faculty of Science and Engineering of Waseda University
April 1970:	Assistant Professor of the Faculty of Science and Engineering of Waseda University
April 1975:	Professor of the Faculty of Science and Engineering of Waseda University
November 1994:	Director of Academic Affairs and Director of the International Exchange Center of Waseda University
November 1998:	Executive Director of Waseda University
November 2002:	President of Waseda University
November 2010:	Educational Advisor of Waseda University
April 2011:	Chairperson of the Foundation for the Open University of Japan (resigned on March 31, 2017)
June 2012:	Member of the Board of the Company (present post)
June 2012:	Director of Japan Display, Inc. (resigned on June 18, 2019)
November 2016:	Honorary Advisor of Waseda University (present post)

Reasons for Reelection as an Outside Member of the Board

Mr. Katsuhiko Shirai has a wealth of experience as an operational director of an educational institution and has a high level of integrity and insight. The Company believes that he will help strengthen the supervisory function for business execution and expects to incorporate the advice he provides from his wide-ranging managerial perspective.

Matters regarding independence

Although there are transactions and donations conducted between Waseda University, at which Mr. Katsuhiko Shirai served as President, and the Company and its major subsidiaries, and also between the Foundation for the Open University of Japan, at which he served as Chairperson, and the Company and its major subsidiaries, as shown in the table below, both cases fulfill the independence criteria stipulated by the Tokyo Stock Exchange, on which the Company is listed, and the Company's own independence standards for independent officers.*

Transaction counterparty	Content	Comparison basis	Comparative size
Waseda University, at which Mr. Katsuhiko Shirai served as President	Total annual amount of transactions	Total annual operating revenues of the Company and its major subsidiaries	Less than 1%
		Total annual income of the university	Less than 1%
	Total annual amount of donations	Total annual income of the university	Less than 1%
Foundation for the Open University of Japan, at which Mr. Katsuhiko Shirai served as Chairperson	Total annual amount of transactions	Total annual operating revenues of the Company and its major subsidiaries	Less than 1%
		Total annual income of the foundation	Less than 1%

* Please refer to page 47 for details on the Company's independence standards for independent officers.

Notes: 1. Mr. Katsuhiko Shirai is a candidate for Outside Member of the Board. Mr. Katsuhiko Shirai has not previously been involved in the management of a company other than by way of becoming an Outside Member of the Board or an outside Audit & Supervisory Board Member. However, as stated in the above reasons for appointment as an Outside Member of the Board, the Company determined that he is capable of adequately serving as an Outside Member of the Board.

As stated in the above-mentioned matters regarding independence, as Mr. Katsuhiko Shirai fulfills the independence criteria stipulated by the Tokyo Stock Exchange, on which the Company is listed, and the Company's own independence standards for independent officers, and there is no concern that conflicts of interest with general shareholders would arise, the Company has designated him as independent officer and filed the information related thereto with the aforementioned stock exchange. The Company plans to continue to designate Mr. Katsuhiko Shirai as independent officer should his election be approved.

2. In order for Mr. Katsuhiko Shirai to fully perform his expected role as Outside Member of the Board, pursuant to the provisions of Article 427(1) of the Companies Act, the Company has entered into agreement with the candidate limiting his liability for compensation for damages pursuant to Article 423(1) of the same act. The maximum amount of liability for compensation for damages pursuant to such agreement is the minimum liability amount stipulated in Article 425(1) of the Companies Act. In the event that the appointment of Mr. Katsuhiko Shirai is approved, the Company intends to continue the said agreement with him.

6 Sadayuki Sakakibara (March 22, 1943)

Reelection

Outside

Independent

Number of shares of the Company held: 20,500 shares



Years served as Member of the Board

8 years

Number of Board of Directors Meetings attended (Percent)

11/11 (100%)

Career summary, position, responsibilities and description of significant concurrent positions

April 1967:	Joined Toyo Rayon Co., Ltd. (currently registered as Toray Industries, Inc.)
June 2002:	President of Toray Industries, Inc.
June 2010:	Chairman and Representative Member of the Board of Toray Industries, Inc.
June 2010:	Director of Mitsui O.S.K. Lines, Ltd. (resigned on June 24, 2014)
June 2012:	Member of the Board of the Company (present post)
June 2013:	Director of Hitachi, Ltd. (resigned on June 20, 2018)
June 2014:	Chairman of the Japan Business Federation (Keidanren) (resigned on May 31, 2018)
June 2014:	Chairman of the Board of Directors of Toray Industries, Inc.
June 2015:	Chief Senior Adviser and Chief Senior Counselor of Toray Industries, Inc.
June 2017:	Senior Adviser of Toray Industries, Inc.
June 2018:	Special Adviser of Toray Industries, Inc. (resigned on June 25, 2019)
June 2018:	Honorary Chairman of the Japan Business Federation (present post)
March 2019:	Director of SHIMANO INC. (present post)
May 2019:	Director of Nitori Holdings Co., Ltd. (present post)
December 2019:	Director and Chairperson of the Board of Japan Investment Corporation (present post)

Reasons for Reelection as an Outside Member of the Board

Mr. Sadayuki Sakakibara has a wealth of experience as a corporate manager and has a high level of integrity and insight. The Company believes that he will help strengthen the supervisory function for business execution and expects to incorporate the advice he provides from his wide-ranging managerial perspective.

Matters regarding independence

Although there are transactions and donations conducted between Toray Industries, Inc., at which Mr. Sadayuki Sakakibara served as Chairman of the Board of Directors, and the Company and its major subsidiaries, and also between the Japan Business Federation, at which he served as Chairman, and the Company and its major subsidiaries, as shown in the table below, both cases fulfill the independence criteria stipulated by the Tokyo Stock Exchange, on which the Company is listed, and the Company's own independence standards for independent officers.*

Transaction counterparty	Content	Comparison basis	Comparative size
Toray Industries, Inc., at which Mr. Sadayuki Sakakibara served as Chairman of the Board of Directors	Total annual amount of transactions	Total annual operating revenues of the Company and its major subsidiaries	Less than 1%
		Annual net sales of the company	Less than 1%
Japan Business Federation, at which Mr. Sadayuki Sakakibara served as Chairman	Total annual amount of transactions	Total annual operating revenues of the Company and its major subsidiaries	Less than 1%
	Total annual amount of donations	—	Less than ¥10 million annually

* Please refer to page 47 for details on the Company's independence standards for independent officers.

- Notes: 1. Mr. Sadayuki Sakakibara is a candidate for Outside Member of the Board. As stated in the above-mentioned matters regarding independence, as Mr. Sadayuki Sakakibara fulfills the independence criteria stipulated by the Tokyo Stock Exchange, on which the Company is listed, and the Company's own independence standards for independent officers, and there is no concern that conflicts of interest with general shareholders would arise, the Company has designated him as independent officer and filed the information related thereto with the aforementioned stock exchange. The Company plans to continue to designate Mr. Sadayuki Sakakibara as independent officer should his election be approved.
2. In order for Mr. Sadayuki Sakakibara to fully perform his expected role as Outside Member of the Board, pursuant to the provisions of Article 427(1) of the Companies Act, the Company has entered into agreement with the candidate limiting his liability for compensation for damages pursuant to Article 423(1) of the same act. The maximum amount of liability for compensation for damages pursuant to such agreement is the minimum liability amount stipulated in Article 425(1) of the Companies Act. In the event that the appointment of Mr. Sadayuki Sakakibara is approved, the Company intends to continue the said agreement with him.



Years served as Member of the Board

1 year

Number of Board of Directors Meetings attended (Percent)

8/8 (100%)

Career summary, position, responsibilities and description of significant concurrent positions

April 2000:	Professor of the Interfaculty Initiative in Information Studies and the Graduate School of Interdisciplinary Information Studies of the University of Tokyo
January 2002:	Director of YRP Ubiquitous Networking Laboratory (present post)
April 2009:	Director of Institute of Infrastructure Application of Ubiquitous Computing of the Interfaculty Initiative in Information Studies of the University of Tokyo
October 2014:	President of Vitalizing Local Economy Organization by Open Data & Big Data (present post)
April 2017:	Professor and Dean of Faculty of Information Networking for Innovation and Design of Toyo University (present post) Head of collaboration Hub for University and Business of Toyo University
June 2017:	Emeritus Professor of the University of Tokyo (present post)
June 2019:	Member of the Board of the Company (present post)
August 2019:	President of Association for IoT Services Coordination (present post)

Reasons for Reelection as an Outside Member of the Board

Mr. Ken Sakamura has a wealth of experience as an operational director of universities and research institutions, and has a high level of integrity and insight. The Company therefore believes that he will help strengthen the supervisory function for business execution and expects to incorporate the advice he provides from his wide-ranging perspective.

Matters regarding independence

Although the Company and its major subsidiaries have relationships involving transactions and donations with the University of Tokyo, where Mr. Ken Sakamura previously served as a professor, and Toyo University, where he currently serves as a dean, as shown in the table below, both cases fulfill the independence criteria stipulated by the Tokyo Stock Exchange, on which the Company is listed, and the Company's own independence standards for independent officers.*

Transaction counterparty	Content	Comparison basis	Comparative size
The University of Tokyo, where Mr. Ken Sakamura previously served as a professor	Total annual amount of transactions	Total annual operating revenues of the Company and its major subsidiaries	Less than 1%
		Total annual income of the university	Less than 1%
	Total annual amount of donations	Total annual income of the university	Less than 1%
Toyo University, where Mr. Ken Sakamura currently serves as a dean	Total annual amount of transactions	Total annual operating revenues of the Company and its major subsidiaries	Less than 1%
		Total annual income of the university	Less than 1%
	Total annual amount of donations	–	Less than ¥10 million annually

* Please refer to page 47 for details on the Company's independence standards for independent officers.

Notes: 1. Mr. Ken Sakamura is a candidate for outside Member of the Board.

Mr. Ken Sakamura has not previously been involved in the management of a company other than by way of becoming an outside Member of the Board or an outside Audit & Supervisory Board Member. However, as stated in the above reasons for election as an outside Member of the Board, the Company has determined that he is capable of adequately serving as an outside Member of the Board.

In addition, as stated in the above matters regarding independence, as Mr. Ken Sakamura fulfills the independence criteria stipulated by the Tokyo Stock Exchange, on which the Company is listed, and the Company's own independence standards for independent officers, and there is no concern that conflicts of interest with general shareholders would arise, the Company has designated him as an independent officer and filed the information related thereto with the aforementioned stock exchange. The Company plans to continue to designate Mr. Ken Sakamura as an independent officer should his election be approved.

2. In order for Mr. Ken Sakamura to fully perform his expected role as an outside Member of the Board, pursuant to the provisions of Article 427(1) of the Companies Act, the Company has entered into agreement with the candidate limiting his liability for damages pursuant to Article 423(1) of the same act. The maximum amount of liability for damages pursuant to such agreement is the minimum liability amount stipulated in Article 425(1) of the Companies Act. In the event that the appointment of Mr. Ken Sakamura is approved, the Company intends to continue the said agreement with him.

8 Keiko Takegawa

(April 23, 1958)

Reelection

Outside

Independent

Number of shares of the
Company held: 600 shares**Career summary, position, responsibilities and description of significant concurrent positions**

July 2008:	Director-General for Policies on Cohesive Society and Minister's Secretariat of Cabinet Office
July 2009:	Director-General for Gender Equality Bureau of Cabinet Office
December 2012:	Director-General of the Public Relations Office of Cabinet Office
July 2014:	Director of the Gender Equality Bureau of Cabinet Office
April 2019:	Professor of Showa Women's University
June 2019:	Member of the Board of the Company (present post)
June 2019:	Corporate Auditor of MITSUI MINING & SMELTING CO., LTD. (present post)
April 2020:	Professor and Dean of Faculty of Global Business of Showa Women's University (present post)

Years served as Member of the Board

1 year

Number of Board of Directors Meetings attended (Percent)

8/8 (100%)

Reasons for Reelection as an Outside Member of the Board

Ms. Keiko Takegawa has a wealth of experience in public relations and diversity promotion within the government and has a high level of integrity and insight. The Company therefore believes that she will help strengthen the supervisory function for business execution and expects to incorporate the advice she provides from her wide-ranging perspective.

Matters regarding independence

Although the Company and its major subsidiaries have a relationship involving transactions with Showa Women's University, where Ms. Keiko Takegawa currently serves as a dean of faculty, as shown in the table below, this case fulfills the independence criteria stipulated by the Tokyo Stock Exchange, on which the Company is listed, and the Company's own independence standards for independent officers.*

Transaction counterparty	Content	Comparison basis	Comparative size
Showa Women's University, where Ms. Keiko Takegawa currently serves as a dean	Total annual amount of transactions	Total annual operating revenues of the Company and its major subsidiaries	Less than 1%
		Total annual income of the university	Less than 1%

* Please refer to page 47 for details on the Company's independence standards for independent officers.

Notes: 1. Ms. Keiko Takegawa is a candidate for outside Member of the Board.

Ms. Keiko Takegawa has not previously been involved in the management of a company other than by way of becoming an outside Member of the Board or an outside Audit & Supervisory Board Member. However, as stated in the above reasons for election as an outside Member of the Board, the Company has determined that she is capable of adequately serving as an outside Member of the Board.

In addition, as stated in the above matters regarding independence, as Ms. Keiko Takegawa fulfills the independence criteria stipulated by the Tokyo Stock Exchange, on which the Company is listed, and the Company's own independence standards for independent officers, and there is no concern that conflicts of interest with general shareholders would arise, the Company has designated her as an independent officer and filed the information related thereto with the aforementioned stock exchange. The Company plans to continue to designate Ms. Keiko Takegawa as an independent officer should her election be approved.

2. In order for Ms. Keiko Takegawa to fully perform her expected role as an outside Member of the Board, pursuant to the provisions of Article 427(1) of the Companies Act, the Company has entered into agreement with the candidate limiting her liability for damages pursuant to Article 423(1) of the same act. The maximum amount of liability for damages pursuant to such agreement is the minimum liability amount stipulated in Article 425(1) of the Companies Act. In the event that the appointment of Ms. Keiko Takegawa is approved, the Company intends to continue the said agreement with her.

Third Item Election of One (1) Audit & Supervisory Board Member

The Company is seeking approval for the election of one Audit & Supervisory Board Member following the resignation of its current Audit & Supervisory Board Member, Ms. Akiko Ide, at the conclusion of this Ordinary General Meeting of Shareholders.

Audit & Supervisory Board supports this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Kanae Takahashi

(July 17, 1963)

New election

Number of shares of the
Company held: 4,200 shares



Career summary, position and description of significant concurrent positions

April 1987:	Joined the Company
July 2013:	Deputy Head of the Internal Control Office of the General Affairs Department of the Company
June 2014:	Head of the Internal Control Office of the General Affairs Department of the Company
June 2016:	Executive Manager of the Kanagawa Division and Manager of the Kanagawa Branch of the Kanagawa Division
June 2016:	Member of the Board of Nippon Telegraph and Telephone East Corporation Executive Manager of the Kanagawa Division and Manager of the Kanagawa Branch of the Kanagawa Division
June 2019:	Member of the Board of NTT EAST-MINAMI KANTO CORPORATION Executive Vice President Executive Manager of the Corporate Strategy Planning Department and the NW Facilities Business Department Member of the Board of NTT InfraNet Co., Ltd. (expected to resign on June 16, 2020)

Reasons for Reelection as an Audit & Supervisory Board Member

Ms. Kanae Takahashi has served as a Member of the Board of Nippon Telegraph and Telephone East Corporation and the Executive Vice President, Member of the Board of one of the Group companies, and has a wealth of experience. The Company expects that she will conduct future audits based on the knowledge and insight she has gained throughout her career.

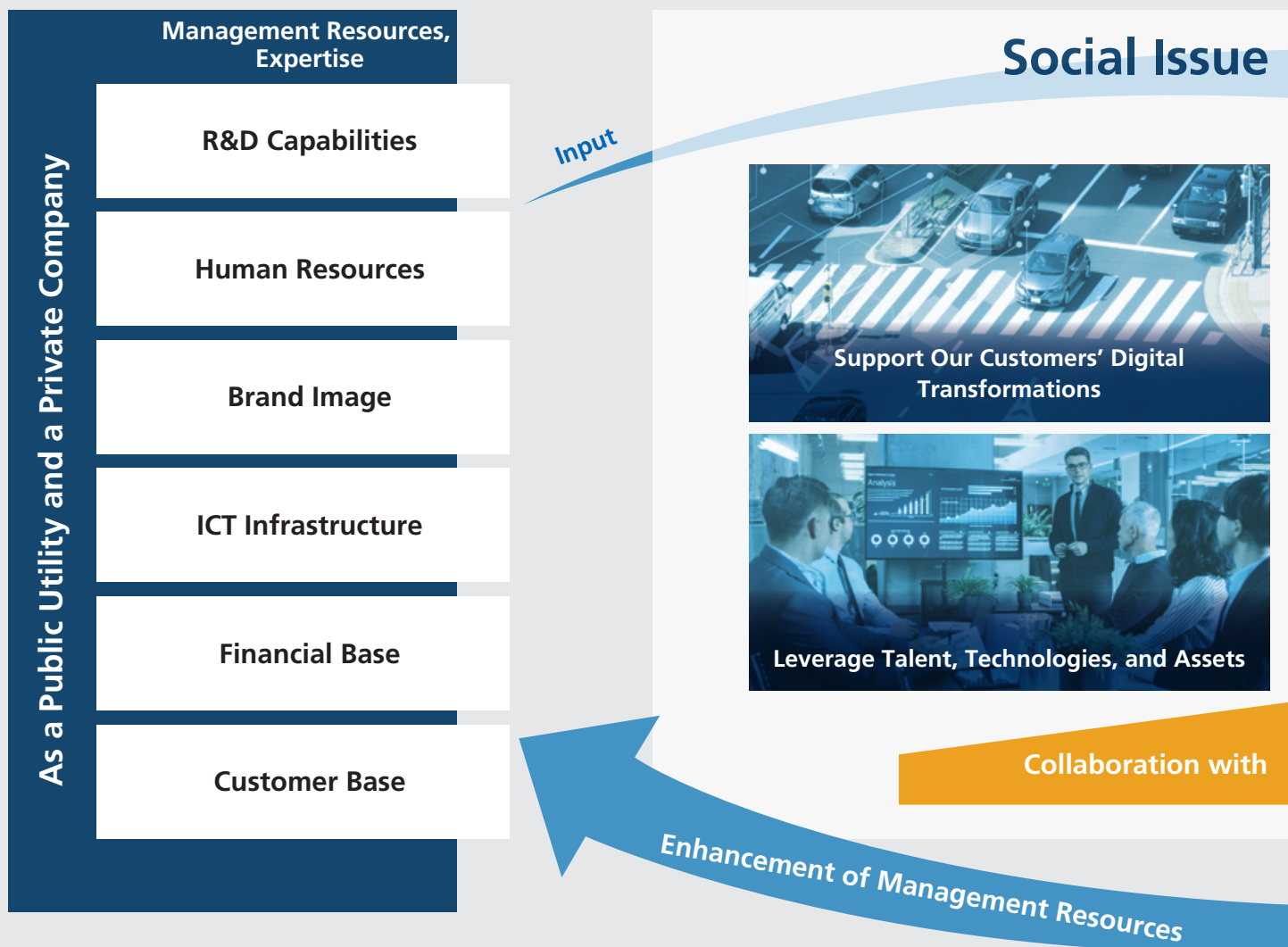
Notes: In order for Ms. Kanae Takahashi to fully perform her expected role as an Audit & Supervisory Board Member, pursuant to the provisions of Article 427(1) of the Companies Act, the Company plans to enter into agreement with the candidate limiting her liability for damages pursuant to Article 423(1) of the same act. The maximum amount of liability for damages pursuant to such agreement is the minimum liability amount stipulated in Article 425(1) of the Companies Act.

END

Business Report (For the Fiscal Year ended March 31, 2020)

Reference | Value Creation Process ~Cycle to Realize Ongoing Improvements of Corporate Value~

The Company's attributes include a solid customer base in Japan and overseas, global brand power, human resource capabilities, and world-class research and development capabilities. We will leverage these to sustainably increase our corporate value in a manner unique to NTT through digital transformation together with our partners.



Contribute to Realization of Smart World/ Society 5.0



Resolution through Business Operation



Accelerate Our Own Digital Transformations



Promote ESG Management, and Enhance the Returns of Shareholders to Improve Corporate Value

Various Partners

Outcome

Financial Targets

EPS Growth

+50% (Approximately 320 yen/share)^{*1}

Overseas Sales / Overseas Operating Profit Margin^{*2}
\$25 billion / 7%

Cost Reductions

(in fixed-line/mobile access networks)

at least ¥800 billion

ROIC

Return on invested capital

8%

Capex to Sales (Domestic Network Business)^{*3}

Capital expenditure to sales ratio

13.5% or less

- The target year for EPS growth, overseas sales / overseas operating profit margin, cost reductions, and ROIC is the fiscal year ending March 31, 2024 (regarding EPS growth^{*4} and cost reductions, the targets are compared with the fiscal year ended March 31, 2018).
- The target fiscal year of Capex to Sales is the fiscal year ending March 31, 2022.

^{*1} EPS amounts reflect the two-for-one stock split with an effective date of January 1, 2020.

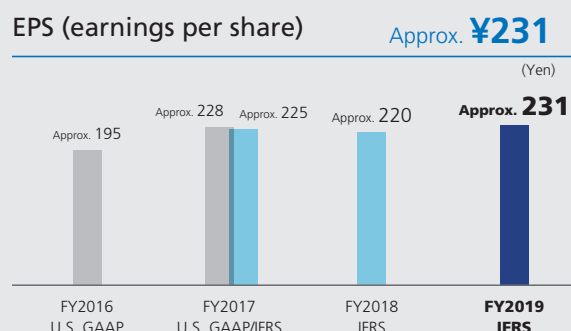
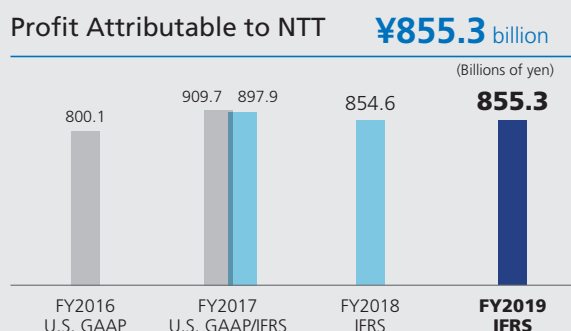
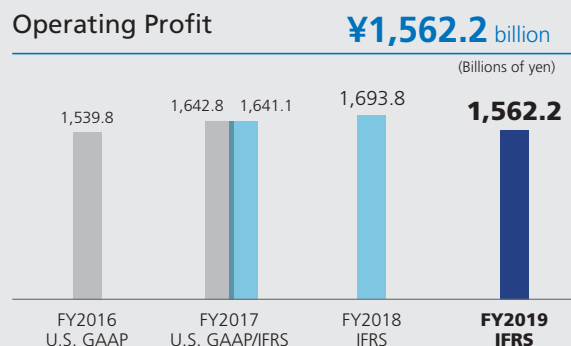
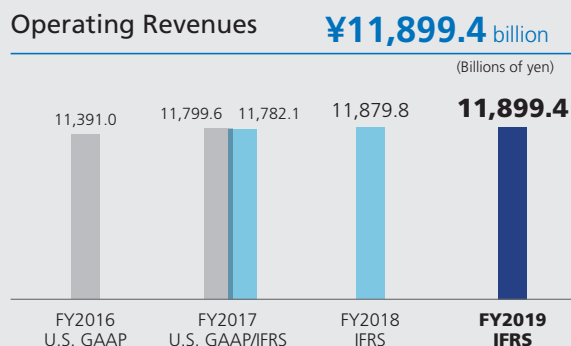
^{*2} Including results from the global holding company, its subsidiaries and its affiliates. Operating profit excludes temporary expenses, such as M&A-related depreciation costs of intangible fixed assets.

^{*3} Excludes NTT Communications' data centers and certain other assets.

^{*4} Excludes the effects of the arbitration award received from Tata Sons Limited.

I Outline of the Business of NTT Group

Reference | Consolidated Financial Results



(Note) NTT implemented a two-for-one stock split of common stock with an effective date of January 1, 2020. The figures above have been adjusted to reflect the stock split.

1. Business Progress and Results

(1) Business Environment

In the fiscal year ended March 31, 2020, the information and telecommunications market continued to see increased usage of a variety of digital services as a result of the advances in such areas as cloud services, IoT, big data and AI, and 5G services were launched. The analysis and utilization (data management) of data accumulated through the use of such services are driving a global digital transformation resulting in reforms that will further take in a positive direction, such as by improving the convenience of people's daily lives, creating new business models and enhancing productivity. In addition, it is becoming increasingly necessary to take steps such as strengthening information security against increasingly sophisticated and complex cyberattacks, reinforcing anti-disaster measures, and contributing to the protection of the environment. Furthermore, with the global spread of the novel coronavirus disease (COVID-19) outbreak at the end of the fiscal year under review, there is a need for initiatives such as working from home, remote education, and remote medical care. The role of information and telecommunications is becoming more important in terms of resolving these wide-ranging social issues.

■ (2) Business Status

In light of these circumstances, based on the Medium-Term Management Strategy “Your Value Partner 2025,” NTT Group promoted initiatives to resolve social issues in its role as “Your Value Partner” with all partners.

Supporting our Customers’ Digital Transformations

We have proceeded with initiatives including the promotion of the B2B2X model to support the creation of new value, initiatives to implement and launch 5G services, and increasingly personalized services to support lifestyle changes, among other efforts.

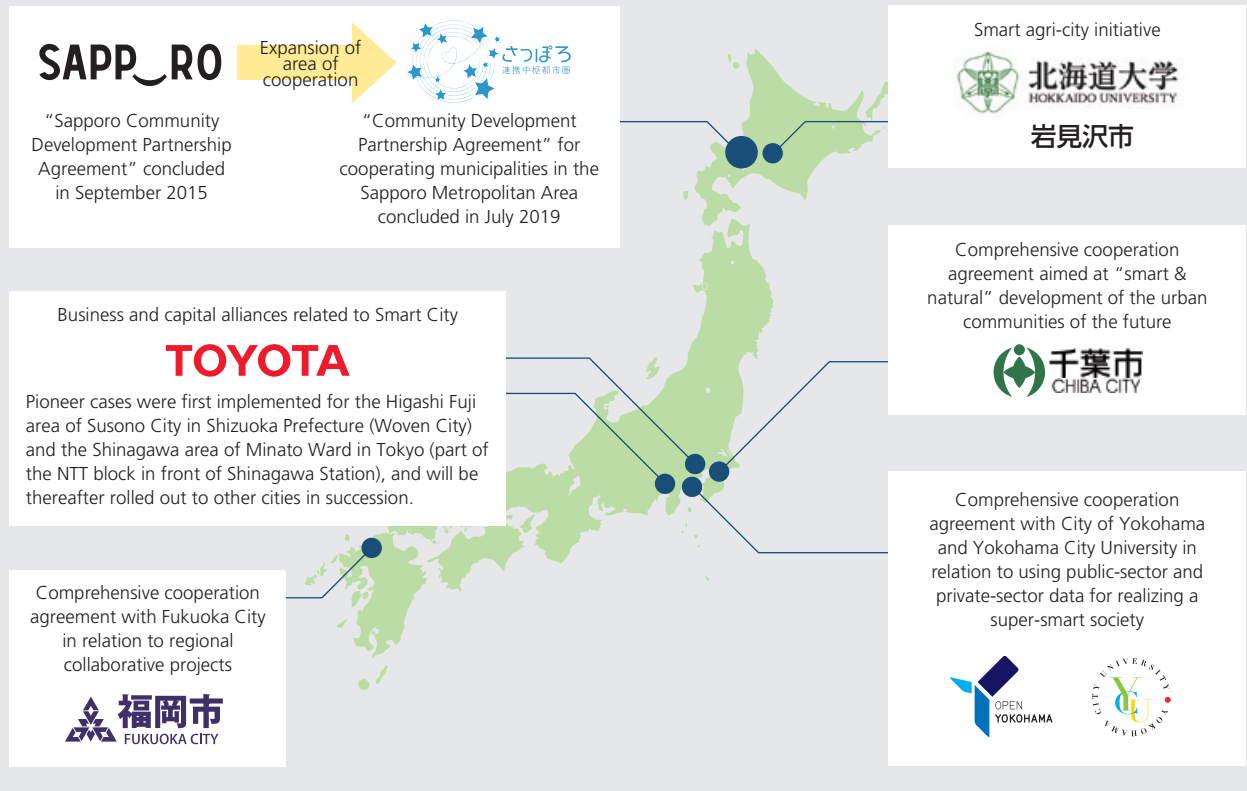
- In addition to concluding an industry-government-academia cooperation agreement with Hokkaido University and the City of Iwamizawa in June 2019 with the goal of creating a smart agri-city, NTT concluded a comprehensive cooperation agreement with the Chiba City for future community development in July 2019. We expanded the “Community Development Partnership Agreement” we entered into with the City of Sapporo in 2015 to cover 12 municipalities in the Sapporo Metropolitan Area, as part of our initiatives to further aid in the reinvigoration of local economies.
- Toyota Motor Corporation and NTT entered into a memorandum of understanding concerning a business and capital alliance in March 2020. The purpose of the memorandum of understanding is to build a long-term and continuous cooperative relationship that enables the commercialization of smart city businesses, with each company being a core partner to share the same values and promote social development, with the aim of realizing smart cities, which continue to evolve in accordance with the needs of residents.
- In December 2019, Mitsubishi Corporation and NTT agreed to form a business partnership in order to promote structural transformation across industries and new value creation through digital transformation, and also agreed to co-invest in HERE Technologies, a global service provider in location information services based in the Netherlands. In addition, Microsoft Corporation and NTT entered into a multi-year strategic alliance aimed at delivering secure and reliable solutions to promote building of Global Digital Fabric, development of digital enterprise solutions, and co-innovation of next-generation technologies.
- In order to promote the personalization of services and respond to diversifying customer lifestyles, the new billing plans, “Gigaho” and “Gigalight,” which feature simple structures and great value, were launched in June 2019, and the number of subscriptions to said plans were 14.94 million.

Note: The number of subscriptions is the total number of “Gigaho,” “Gigalight,” “5G Gigaho,” “5G Gigalight,” “Ketai Plan,” “Kids Ketai Plan,” “Data Plus,” and “5G Data Plus.”

- In March 2020, we began provision of 5G commercial services. We provide the “5G Gigaho” and “5G Gigalight” billing plans, as well as 7 different 5G terminals, services in the game, music and sports genres, and solutions contributing to the promotion of a more sophisticated approach to industry, and of digital transformation. Through 5G, we will contribute to the creation of new value and to the resolution of societal issues, promoting initiatives to make the lives of our customers more convenient and rich.



Reference | Spread of Smart City Initiatives in Japan



Accelerating Our Own Digital Transformation

We advanced initiatives such as the “One NTT” global growth strategy to enhance the competitiveness of our global business and digital transformation of our domestic business.

- In July 2019, NTT Ltd. (Head office: London, UK) began operations as the global operating company of the NTT brand. In addition to changing the logo used by each overseas subsidiary of NTT Ltd. to the NTT logo, the company names in each area were changed one by one to become prefixed with “NTT.” At NTT Ltd., structural reforms have been promoted with the aim of implementing a shift towards high value-added offerings, such as managed services.
- In September 2019, we concluded a technology partnership agreement with Major League Baseball (MLB) in the United States, the first such agreement for a Japanese IT company. In addition to MLB, we have been taking steps to further strengthen the NTT brand through global sports events, such as “IndyCar Series,” of which NTT is an entitlement sponsor, and “Tour de France,” of which NTT Ltd. is an official technology partner.

■ MLB Official Partner Logo



■ IndyCar Series Official Logo



■ Tour de France Official Partner Logo



- In terms of initiatives to realize smart cities, which began with developments in Las Vegas in the United States, NTT collaborated with local Malaysian stakeholders to start the first on-site verification in Asia in February 2020 in the Cyberjaya district of Malaysia. In addition to verifying the possibility of resolving societal issues in Asia using the smart cities technology and know-how developed by the NTT Group in the United States, this on-site verification allows us to move forward with the construction of a sustainable business model.
- The adoption of RPA has allowed us to drive improvements in work efficiency, and as of the end of March 2020, it was utilized in approximately 2,100 business processes within the NTT Group. Adoption of RPA is not restricted to deployments within the Group, as we have also been recommending it to customers, of which approximately 5,000 companies now use this technology as of the end of March 2020. In preparation for further advances in Group management, the adoption of a unified ERP system has been promoted across the Group for functions such as personnel, finance, and procurement.

- We introduced automation to increase the efficiency of the operations of help desks that receive telephone inquiries about service issues in Japan (NTT DOCOMO, NTT East, NTT West, and NTT Communications). In principle, we guide customers to websites that enable customers to diagnose issues themselves, and we use chat bots to provide consultations on issues.

Leveraging Talent, Technologies and Assets

We also worked on initiatives to create new businesses including utilization of real estate and the supply of energy, and to revitalize local communities and regional economies.

- In July 2019, NTT Urban Solutions, Inc., which plays a central role in the urban solutions business in the NTT Group, started its operations. In Japan, it has promoted urban development initiatives in cities such as Fukuoka and Sendai.
- In September 2019, NTT Anode Energy Corporation started its operations for the promotion of smart energy business. The NTT Group will pursue business in the three domains of power generation, transmission / distribution / storage, and retailing / wholesaling such as by making ENNET Corporation, which operates electricity retailing business, its subsidiary, and it will promote higher competitiveness and expanded earnings in the energy business.
- In order to deal with special frauds, which have become increasingly ingenious and complex, so that customers can use their telephones securely, in August 2019, the NTT Group leveraged its services and technology to begin trials of the use of AI in the analysis of special frauds. Based on the results of these trials, as soon as preparations are complete, we intend to begin provision of services, etc.
- There has been an increased impact from large-scale disasters due to the increased intensity of disaster energy in recent years. We have promoted the strengthening of equipment and the acceleration of recovery support, in light of the increasing impact on communications equipment and services and increasingly long recovery periods.

■ Main initiatives related to the strengthening of equipment

- Expanded use of medium-zone base stations capable of dealing with power outages and other disasters
- Power outage countermeasures for base stations, using EVs
- Centralized management and operation of mobile power generation vehicles owned by NTT Group (approximately 400 vehicles)
- Discussions regarding moving cables underground due to the impact of natural disasters, wireless fixed telephone services, and other initiatives

■ Main initiatives related to acceleration of recovery support


- Prepare recovery plans in advance, based on AI-generated damage forecasts (including nationwide wide-area support systems)
- Enhance recovery systems and secure personnel, including leveraging former employees of NTT
- Strengthen support to customers affected by disasters, such as by installation of Wi-Fi and batteries in public telephone boxes, and by opening of 113 repair branches

Promoting ESG Management and Enhancing the Returns of Shareholders to Improve Corporate Value

We consider the continuous enhancement of corporate value and the return of profits to shareholders to be important management issues, and worked to reduce our environmental impact, leverage diverse human resources, reinforce information security, and enhance the returns of shareholders.

- In terms of reducing environmental impact, using the “EP100” targets that aim to double business energy efficiency as a base, we worked to improve power supply efficiency in the communications businesses. In addition, we promoted EV (Electric Vehicle) conversions for general transport based on the “EV100” project, which seeks to encourage the use of electric vehicles and the rolling out of infrastructure.
- As part of the utilization of diverse human resources, we joined “The Valuable 500,” an international initiative to promote the participation of disabled people in business, in December 2019. In addition, as part of the activities to promote the participation of disabled people in the workforce, we conducted a trial of Robot “OriHime-D” controlled by people with physical disabilities remotely at NTT reception.
- In high recognition of the ESG initiatives the NTT Group has implemented for sustained improvements in corporate value, NTT was selected for inclusion in the Dow Jones Sustainability World Index (DJSI World), a leading global index of ESG investment, for the second consecutive year. In addition, NTT was selected based on all of the four ESG indicators adopted for ESG investment in Japanese companies by the Government Pension Investment Fund (GPIF), which is one of the largest pension fund in the world (as of the end of March 2020).
- In terms of the returns of shareholders, we paid dividends and implemented flexible share buybacks. In addition, we conducted a two-for-one stock split of common stock with an effective date of January 1, 2020, to lower the minimum investment price per unit of NTT, thereby facilitating an environment where it is easier to invest in NTT’s shares and expanding NTT’s investor base.
- With the aim of raising the attractiveness of NTT’s shares and increasing the number of shareholders prepared to own the stock over the medium- to long-term, NTT has decided to present “d POINTs” to its shareholders.

Reference | Explanation of Presentation of “d POINTs” to Shareholders

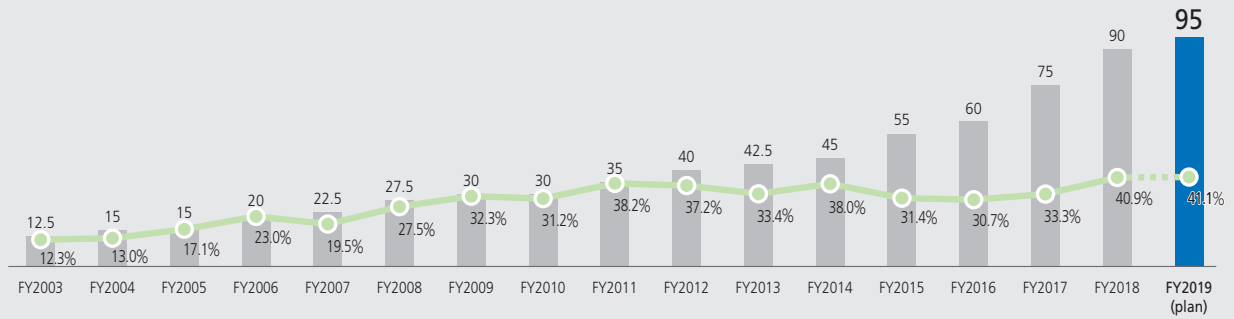
Overview	d POINTs are presented in proportion to the length of time NTT’s shares have been held	Record date	March 31 (initially Tuesday, March 31, 2020)
Eligible shareholders		For more details on the presentation of “d POINTs,” see the following website. 	
Those who, on the record date, held at least 100 shares, for the following periods			
2 years or more and less than 3 years	5 years or more and less than 6 years		
Only first time	2 years or more and less than 5 years	5 years or more	
	1500 points	3000 points	
	1500 points	4500 points	

https://www.ntt.co.jp/ir/private_investor/benefit/

Reference | Trends of Dividends and Share Buyback Amounts

■ Annual Dividend per Share of Common Stock
 ● Dividend Payout Ratio

(Yen)

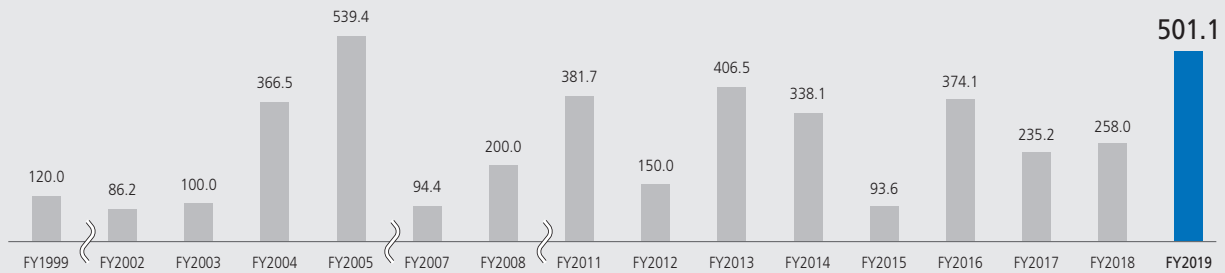


Notes: 1. NTT implemented a 100-for-one stock split of common stock with an effective date of January 4, 2009 and two-for-one stock splits of common stock with effective dates of July 1, 2015 and January 1, 2020. Figures for annual dividend per share of common stock have been adjusted to reflect these stock splits.

2. Beginning in the fiscal year ended March 31, 2019, NTT has applied IFRS, with the dividend payout ratio of the fiscal year ended March 31, 2018 also being recalculated under IFRS.

■ Amount of Share Buybacks

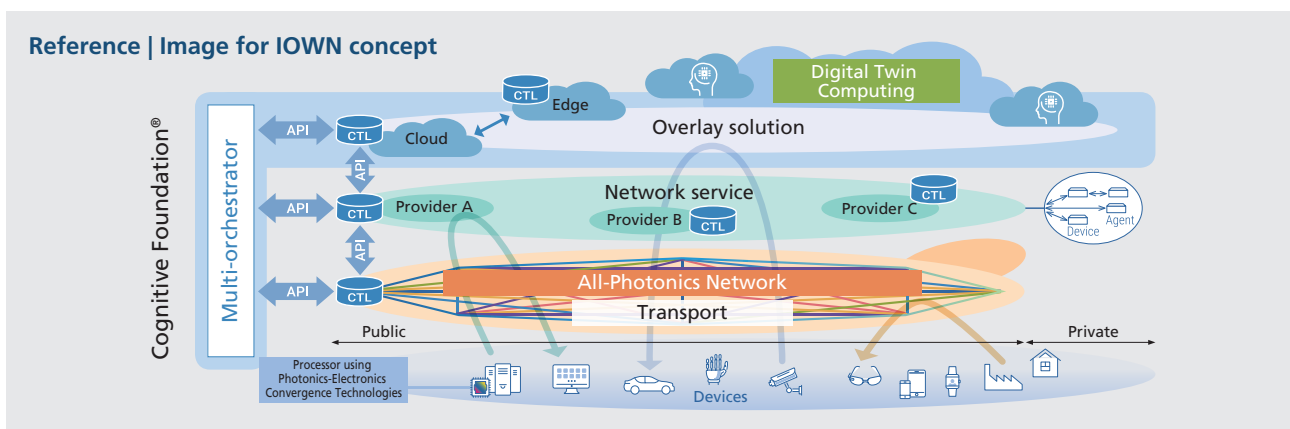
(Billions of yen)



(3) Status of Fundamental Research & Development, etc.

In accordance with the “Your Value Partner 2025” Medium-Term Management Strategy, the NTT Group promoted innovative research and development with the aim of effecting global change. As its specific example, in preparation for the IOWN (Innovative Optical and Wireless Network) concept announced in May 2019, we worked on the development of component technologies, with the inclusion of global input, and on the creation of use cases in industry. In order for research and development to be a wellspring of new value to be created in diverse fields, we have promoted initiatives together with parties in a wide range of industrial fields with the goal of enhancing industrial competitiveness and resolving societal issues.

IOWN comprises three main technology components: “all-photonics network” that uses optical technology; “digital twin computing” that enables high-speed, real-time interaction between things and people in cyberspace; and Cognitive Foundation®, in which these and various other ICT resources are efficiently managed.



Research and development to support the IOWN concept

- By using light as a means for transmitting signals inside the processors that perform information processing and calculations inside a computer, we aim to create a hybrid opto-electrical processor that will solve problems that arise with electrical processing, such as power consumption and increase in heat emission, and realize ultra-low power consumption, high performance information processing. We have realized ultra-miniature photo-electric conversion elements such as an optical transistor that uses nano-photonics technology.
- Optical lattice clocks are even more precise than atomic clocks, which are the current standard for measuring seconds. To conduct a time comparison experiment by connecting several optical lattice clocks, we used the optical fiber network of NTT East for an optical frequency transmission experiment with the University of Tokyo. As a result, the required frequency precision for the comparison experiment was achieved, in a major step towards conducting the experiment.
- With Kyoto University we initiated a project to build a new worldview that reconciles people and technological progress. By utilizing knowledge of human and social sciences such as philosophy, the goal is to construct an original worldview that fuses the real and the virtual.

Globalizing Research and Development

- In January 2020, the IOWN Global Forum was established in the United States by industry leaders NTT, Intel Corporation and Sony Corporation, all three of which have superior expertise in the technological areas that form the core of IOWN. In March 2020, wide-ranging recruitment efforts began, with many companies both in Japan and overseas signing up as members, and specific technological considerations commencing through the use of online video conferencing. Going forward, we will work with a variety of partners for the earliest possible implementation of the IOWN concept.

■ IOWN Global Forum Logo

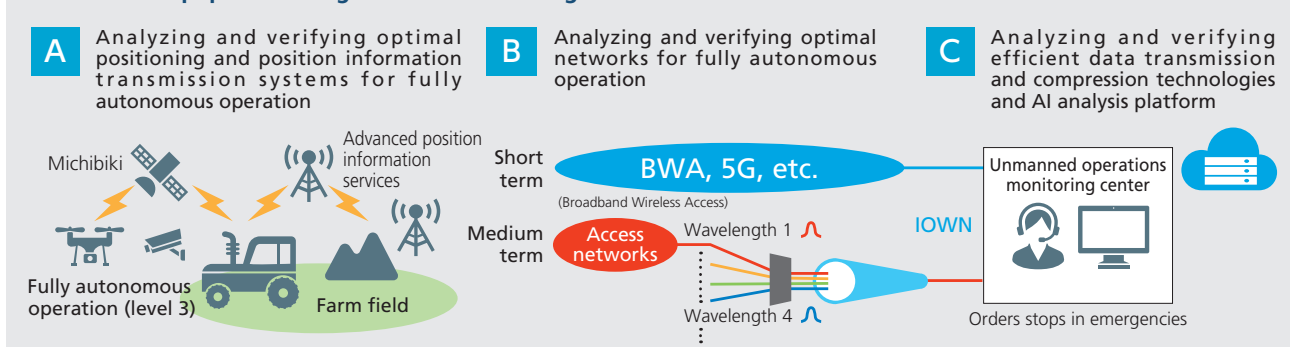


- In July 2019, we opened NTT Research, Inc., which operates three research laboratories, in Silicon Valley in the United States for the purpose of reinforcing basic research. We have started joint research with universities and research institutes in the United States and Europe in each area of quantum computational science, medical / health / healthcare, and basic cryptography / blockchain.

Research and Development to Promote the B2B2X Model and DX

- For the live viewing of Major League Baseball (MLB) in the United States, we created “Ultra Reality Viewing” technology utilizing a parallax-free widescreen camera that requires only one unit to record widescreen footage that was previously recorded by four units. By eliminating parallax, it became possible to record the subject in its true form.
- In preparation for the PSTN migration, while continuing to use metal cables, which are used for traditional telephone networks, we have linked to IP networks of NTT East and NTT West (NGNs) through conversion devices, and built a fundamental technology that enables the IP interconnection with other carriers and migration of tandem/signal transfer switches to IP.
- In cooperation with Hokkaido University and the City of Iwamizawa, in order to achieve unmanned, fully automated operation in agricultural equipment using remote monitoring, we started verifying the optimal positioning and position information transmission systems, the optimal network technology, collection of IoT devices’ data, and AI analysis.

Reference | Conceptual Diagram of Verification of Unmanned, Fully Automated Operation in Agricultural Equipment using Remote Monitoring



Promoting Other Cutting-edge Research

- In collaboration with the Tokyo Institute of Technology, we achieved an all-optical switch that operates at ultra-high speeds while using the lowest energy consumption in the world. By combining a technology called plasmonics for guiding light into a nano-sized optical pathway with graphene, which has excellent optical properties, we realized ultra-high speed switching operation with low energy consumption that exceeds the potential of electronic control. We aim to utilize this technology for ultra-high-speed control of future optical integrated circuits for information processing.
- By forcing graphene, a sheet of carbon material, to spontaneously adopt a three-dimensional cylindrical structure and culturing nerve cells inside it over a long period of time, we succeeded in developing a method of rebuilding microscopic nerve cell fibers at a micro- to millimeter scale. This is expected to lead to new bio-device applications such as fundamental technology for reconstructive surgery using stem cells, manufacturing technology for flexible stimulation electrodes implanted in damaged tissues, and technology to create tissues for pharmaceutical screening.
- NTT concluded an agreement with the Japan Aerospace Exploration Agency (JAXA) with the aim of implementing ultra-high-speed, high-capacity, secure optical/wireless network infrastructure to seamlessly connect land and space. In preparation for merging the technology of both sides in order to create social infrastructure, the two parties are undertaking joint research in areas such as optical wireless communications in space, next-generation Earth observation, and communication between the ground stations and low earth orbit satellites.
- As part of our efforts to enable communications beneath the surface of the sea where radio waves cannot easily penetrate, using ultrasound MIMO multiplexing technology to overcome variations in the subsurface propagation path, we achieved subsurface communication speeds of 1 Mbit/s, a double-digit improvement over current levels.

As a result of the above efforts, NTT Group's consolidated operating revenues for the fiscal year ended March 31, 2020 were 11,899.4 billion yen (an increase of 0.2% from the previous fiscal year) and consolidated operating expenses were 10,337.3 billion yen (an increase of 1.5% from the previous fiscal year). As a result, consolidated operating profit was 1,562.2 billion yen (a decrease of 7.8% from the previous fiscal year), consolidated profit before taxes was 1,570.1 billion yen (a decrease of 6.1% from the previous fiscal year), and consolidated profit attributable to NTT was 855.3 billion yen (an increase of 0.1% from the previous fiscal year).

(4) Status by Segment

Reference | Main Businesses



Operating Revenues* (FY2019) **¥11,899.4 billion**
 Operating Profit* (FY2019) **¥1,562.2 billion**

Mobile Communications Business

In addition to providing LTE services, 5G services, and "docomo Hikari," we promote collaboration with a variety of vendors to provide new added value.



Regional Communications Business

We provide fixed line communications services centered around "FLET'S Hikari" and work to revitalize regional communities and economies by deploying the "Hikari Collaboration Model."



Long Distance and International Communications Business

For corporate clients, we provide global ICT services, while for individual customers, we provide more convenient applications, etc.



NTT Ltd.
(Global operating company)



NTT, Inc.
(Global holding company)

Data Communications Business

Leveraging our advanced technologies and our customer relationships both inside and outside Japan, we expand our businesses such as system integration and network system.

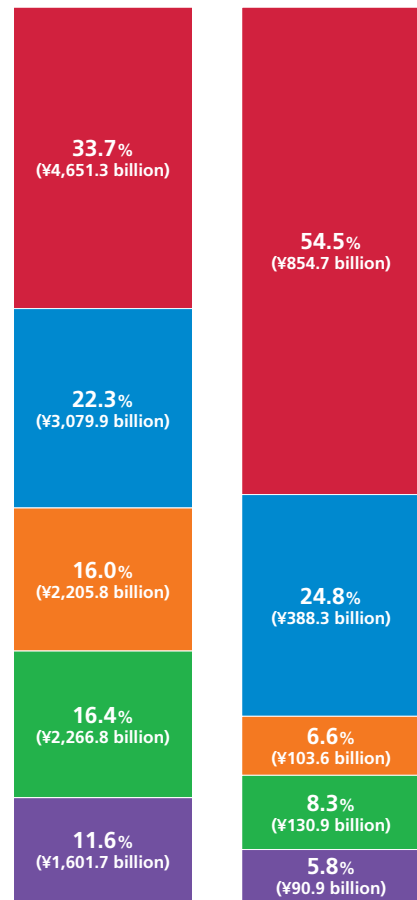


Other Business

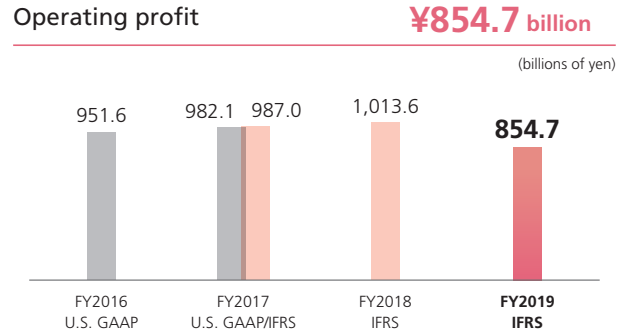
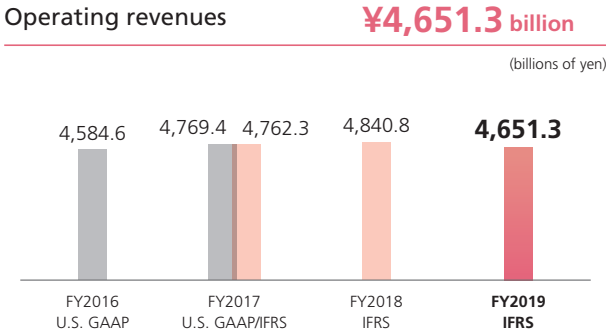
We provide services related mainly to real estate, finance, electric power, and system development.



Other Group Companies



* Percentage of simple sum of each segment (including intersegment transactions)



Overview

In the Mobile Communications Business Segment, we worked to promote sales of the new billing plans, “Gigaho” and “Gigalight,” which feature simple structures and great value, and “docomo Hikari,” started to provide the 5G service, and collaborated with various business partners in the smart life area, in an effort to provide new value-added services.

Details of Main Initiatives

- We worked to expand the number of retail outlets using the “d Pay” smartphone payment service and “d POINT.” As a result, the number of “d POINT CLUB” subscribers reached 75.09 million, while the number of registered “d POINT CARD” came to 43.26 million.
- In order to reduce customer waiting times at docomo shops, we introduced the ability to book via the Internet or by telephone, and extended the time slots during which appointments are possible. In addition, from December 2019 we unified our support approach to explain to customers who purchase a terminal at a docomo shop, and who wish the phone to be set up and data transferred, that they may have this procedure performed free of charge.
- We concluded a capital and business alliance agreement with M3, Inc., the largest domestic medical IT company, which counts approximately 90% of Japan’s physicians as members, and established empheal, Inc. to support corporate health management.
- As a result of providing information related to 5G technology and specifications, and offering a 5G technology verification environment free of charge, the number of participants in the “DOCOMO 5G Open Partner Program,” which is an initiative aimed at creating new solutions with partner companies, had risen to 3,400 as of the end of March 2020.

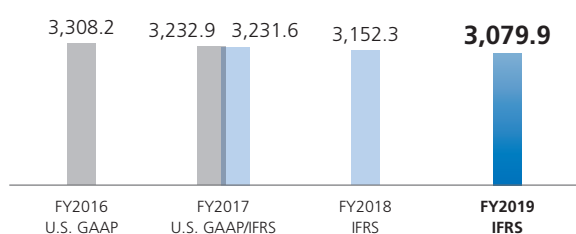
(Reference) **Number of Subscriptions for Major Services**

- “Mobile telecommunications services”: 80.33 million subscriptions (increase of 1.87 million year-on-year)
- “docomo Hikari”: 6.49 million subscriptions (increase of 0.73 million year-on-year)

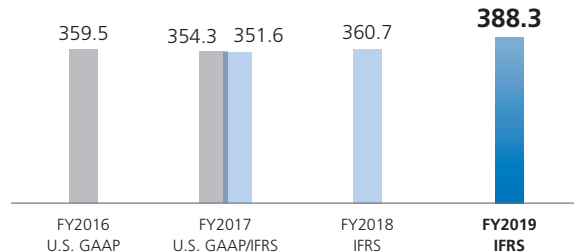
Regional Communications Business



Operating revenues **¥3,079.9 billion**
(billions of yen)



Operating profit **¥388.3 billion**
(billions of yen)



Overview

In the Regional Communications Business Segment, we worked on the “[Hikari Collaboration Model](#),” which provides wholesale fiber-optic access services, among other things, to various service providers, as well as strengthening our solutions business with the aim of revitalizing local communities and regional economies.

Details of Main Initiatives

- We established NTT AgriTechnology Corporation, the NTT Group’s first “Agriculture × ICT” specialist company, aiming to promote urban development through agriculture by utilizing IoT / AI. In addition, in order to promote such initiatives as contributing to the revitalization of local communities and regional economies, we established NTTe-Sports, Inc. as a joint venture with SKY Perfect JSAT Corporation and Taito Corporation.
- NTT East and NTT West collaborated with many local governments nationwide, promoting a variety of initiatives aimed at utilizing ICT for urban development and so on. Beginning in the Kyoto area, NTT West has started the staged deployment of a “Local Revitalization Cloud” service, which is a shared-usage cloud aimed at universities and local governments.
- In order to address the societal issues of how to save and pass on regional cultural and artistic assets, and to respond to our customers’ expectation that we will help revitalize local communities and convey their appeal through culture and art, we promoted the collection of digital data related to local culture and art, and broadcasted information using cutting-edge technology to contribute to the revitalization of local communities through local artistic and cultural traditions. We also hosted the “Digital × Hokusai (prelude)” interactive exhibition as a means of expressing the concept of this initiative.

(Reference) Number of Subscriptions for Major Services

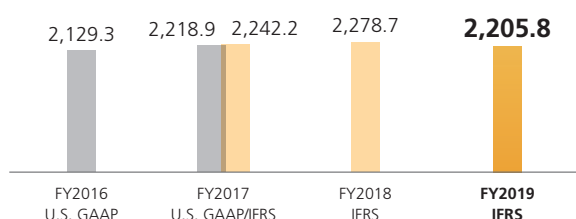
- “[FLET’S Hikari](#)”: 21.66 million subscriptions (increase of 0.58 million year-on-year)
- (Included in the Above) “[Hikari Collaboration Model](#)”: 13.89 million subscriptions (increase of 1.20 million year-on-year)

Note: The figures for “[FLET’S Hikari](#)” include the number of subscriptions for wholesale services provided to service providers through the use of the “[Hikari Collaboration Model](#)” by NTT East and NTT West.

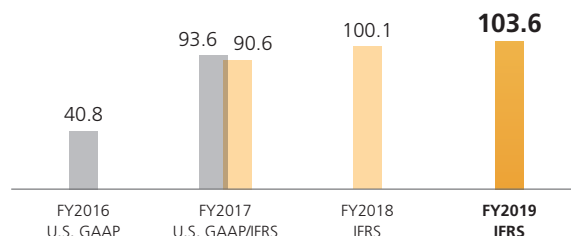
Long Distance and International Communications Business



Operating revenues **¥2,205.8 billion**
(billions of yen)



Operating profit **¥103.6 billion**
(billions of yen)

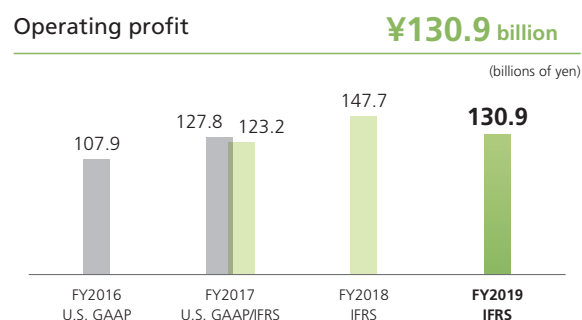
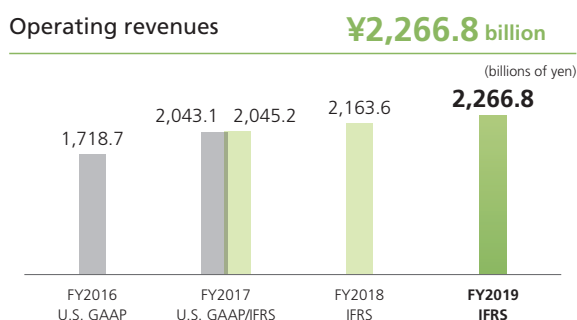


Overview

In the Long Distance and International Communications Business Segment, in addition to enhancing our ability to provide ICT solutions, which combine network, security and other services, we worked to enhance our service provision in growth areas such as cloud services and IT outsourcing.

Details of Main Initiatives

- In order to respond to global demand for cloud services and data centers, in countries where the market continues to expand we worked to enhance our service provision structure. In Europe, we began operating Netherlands Amsterdam 1 Data Center and Germany Frankfurt 4 Data Center, while Asia we began construction of Indonesia Jakarta 3 Data Center.
- We acquired the shares of Symmetry Holding Inc., a North America-based leading provider of SAP managed services. Through the share acquisition we will acquire the capability in North America, which is the largest market for managed services globally, to transition on-premise SAP to the cloud and manage it there, while strengthening our ability to provide hybrid cloud solutions to SAP users.
- Together with Mizuho Financial Group, Inc., Mizuho Bank, Ltd., and Mizuho Information & Research Institute, Inc., we jointly developed a voice recognition system, a tool to improve work efficiency, which automates the entry of transaction data for market instruments by utilizing voice recognition and processing technology, text mining, and RPA. Mizuho Bank has begun using the system in its market banking operations.



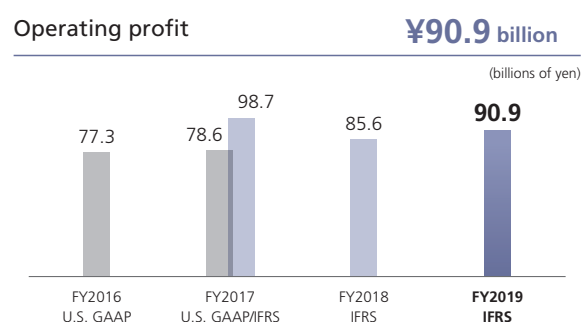
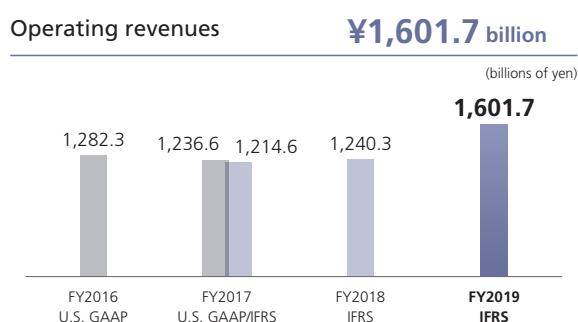
Overview

In the Data Communications Business Segment, we responded to the acceleration of our customers' digital transformation at a global level, and to their increasingly diversified and sophisticated needs, by working to expand our business in the global market and to extend and consistently provide a range of IT services, such as offerings of digitalization and system integration, that are responsive to the changes in the market.

Details of Main Initiatives

- By authenticating payment methods using a designated QR code at the point of entry to the store, we have begun offering a "Catch & Go" service by which customers can take home products they have picked up in the store without paying at the checkout. By making no-checkout digital stores a reality, consumers can avoid the stress of paying at the checkout, and enjoy convenient and money-saving shopping experiences, such as preferential campaigns based on movement within the store. From the perspective of employees and store managers, work efficiency can be improved by not operating a checkout, and purchasing opportunities can be maximized by eliminating waiting at the checkout, while understanding the data on routes and actions taken through the store by consumers enables further opportunities to expand sales, and can also be utilized in store design and marketing.
- We were selected as a strategic partner for the digital transformation project of Naturgy Energy Group, SA of Spain, which provides gas and electricity in more than 30 countries, mainly in Europe and Latin America. We will provide BPO/ITO services for maintaining and operating systems related to gas and electricity distribution and various operations related to utility retail service using advanced platform that we had developed among others.
- In pursuit of our growth strategy in North America, we converted two US-based companies, Flux7 Labs Inc. and NET ESOLUTIONS CORPORATION, to subsidiaries. The acquisitions of these companies will strengthen our capabilities in relation to Amazon Web Services and US federal government healthcare.

Other Business



Overview

In the Other Business Segment, we mainly provided services related to the real estate business, finance business, electric power business, and system development business.

Details of Main Initiatives

Real Estate Business

- We have established NTT Urban Solutions, Inc., a company centralizes functions of the NTT Group's real estate business, and promoted core office and retail operations, residential operations, and global business. Also, in the hotel and resort business, we were involved in development of multiple hotels in the Kyoto area, such as those leveraging historical buildings, and thus contributed to urban development in local communities.

Finance Business

- We have developed financial services such as leasing and financing to facilitate the popularization of ICT devices and resolve social challenges revolving around the environmental, educational and medical fields. Furthermore, we provided billing and collection services for telecommunication service bills, and credit card transaction settlement services.

Electric Power Business

- We have established NTT Anode Energy Corporation, which promotes smart energy business in the NTT Group. By merging and utilizing our ICT and direct-current power supply technology to the maximum, and providing green power generated at our solar power plants, we worked on initiatives for safe and secure urban development that uses natural energy and finite energy resources efficiently and without waste, and that is resilient to risks such as natural disasters.

System Development Business

- In preparation for digital transformation, we have begun developing and deploying a cluster of IT systems that will become the new service platform. We were also engaged in initiatives to develop solutions for resolving societal issues, such as urban security and the revitalization of regions.

2. Issues to be Addressed

■ (1) Future Outlook of the Business Environment

The rise in the global population and the spread of urbanization are increasingly accelerating, and the environmental problems are becoming serious. Moreover, there is a pandemic of COVID-19 and the impact on our society and economy is becoming increasingly uncertain. On the other hand, there has been a movement around the world towards more sustainable societies, based on the SDGs (Sustainable Development Goals) adopted by the United Nations.

Under such social conditions, the information and telecommunications market is seeing intensifying competition, some of it driven by new players. We expect that new services that utilize cutting-edge technologies such as 5G, virtualization and AI will be developed, and through the process of digital transformation, smart societies will be achieved. When that happens, in order to create new value and to resolve societal issues, there will be an increase in cooperation and connections between a variety of players that transcends the boundaries of traditional business areas, and the role that information and communications will be required to play will increasingly expand.

■ (2) Response to Spread of COVID-19 Outbreak and Impact on Business Going Forward

In responding to the global spread of the COVID-19, we will strive to safeguard the health and safety of all stakeholders, including our customers, partners, and employees. At the same time, we will strive to ensure stable access to information communication services, which are vital for people's daily lives and corporate activities.

As the outbreak and spread become a long-term phenomenon, customers' business activities will be reduced, leading to a decline in orders for system integration and sales of various services, while planned construction projects and so forth will be delayed. Such impacts could have a significant impact on business activities.

In the post-COVID-19 era, there may be dramatic changes in the way people conduct their daily lives and in corporate activities. The NTT Group aims to solve social issues in this era by helping to establish new social systems that use digital technologies and through other innovations such as technology development.

Main Initiatives of NTT Group for COVID-19

■ Ensuring the Stable Provision of Communication Services as a Designated Public Institution

The Company and its major subsidiaries operating communications businesses have formulated an operating plan with the aim of contributing to the prevention of infection from a perspective of respect for human life and fulfilling our duty as a designated public institution.

As demand for internet use, telework, and the like rises following the major spread of infection, the volume of data traffic, primarily for fixed-line communications, has vastly increased, especially during the day on weekdays. Each NTT Group company is implementing network design based on previous peak traffic during the night-time period and at present, they have secured network capacity for the day-time period. Going forward, we will strengthen facilities in line with the situation to ensure the stable provision of communication services.

We will continue to provide 24-hour/day, 365-day/year network operation, monitoring, and failure response as usual. Also, regarding construction work such as for wiring and repairs, we will continue to carry it out based on requests from customers while taking sufficient care in regard to factors such as safety management.

In regard to customer service, we are taking measures such as shortening the business hours and limiting reception activities of stores, etc., and shrinking our call center structure. At the same time, we are requesting

that customers actively use online procedures. In regard to providing services that are necessary for securing customers' communications and business continuity, we are offering consultation remotely using ICT tools. Through these initiatives, we are striving to continue providing stable communication services.

■ Customer Support Measures

In March 2020, each NTT Group company announced that it will extend payment deadlines for customers who are having difficulty paying their bills for services, etc., on time, if they make an application.

Additionally, based on the current environment in which voluntary self-isolation has made using "d POINT" difficult, NTT DOCOMO decided to reissue "d POINT" that expired in March and extend their period of validity. In April 2020, based on the circumstances where schools are using remote classes and online learning, NTT DOCOMO and NTT Communications announced that they would provide customers who are 25 or younger with some data communication services free of charge to support the use of online learning using smartphones.

Furthermore, as part of efforts to support telework, education, and health, each NTT Group company is implementing a variety of measures including establishing consultation contact points and providing some services free of charge. In conjunction with this, we are using data from mobile devices to analyze how the response by the government and others is affecting the population as COVID-19 spreads and sharing this analysis with the national government, local governments, media, and others.

■ Looking Toward the Post-Infection Period

There has been a rapid increase in working from home, remote healthcare, remote education, and other measures that look to ensure social distancing. NTT Group will accelerate provision of services that promote a remote-type society and will drive the advancement of technologies such as authentication control technology. Additionally, in response to the shift toward a bloc economy and a return to domestic production, we will actively support the promotion of digital transformation. By introducing digital technology and AI into work that relies on manpower, such as agriculture, manufacturing, and construction, we will aim to expand smart operations and contribute to solving the social issue of labor shortages. Also, by building connected value chains in various fields, such as logistics, we will work to make industry more efficient, leading to optimizing the movement of people and things and the provision of energy.

NTT Group will contribute to the realization of a smart society along with our partners all over the world by leading in innovation, such as the development of technology, that looks toward a data-driven society which may be possible in the post-infection period.

*Five companies –NTT, NTT DOCOMO, NTT East, NTT West, and NTT Communications– have been designated public institutions under the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response

*For the latest information, please visit our corporate website (https://www.ntt.co.jp/topics_e/important/covid19.html).

■ (3) Business Developments Pursuant to the Medium-Term Management Strategy

Based on the “Your Value Partner 2025” Medium-Term Management Strategy, NTT Group will work with all our partners to resolve societal issues through our business activities.

Going forward, we will continue our efforts to raise corporate value by proceeding with the following initiatives.

Supporting our Customers’ Digital Transformations

We are increasing the number of projects we work on to promote a B2B2X model that utilizes digital services and data management, in order to achieve a smart society. As for the expansion of 5G services, we will generate new value by leveraging the characteristics of 5G to provide highly immersive and interactive services with a wide range of partners. Furthermore, we will strengthen the customer base through the provision of NTT DOCOMO’s “Gigaho” and “Gigalight,” and create revenue opportunities through services for members of the “d POINT CLUB.” Through these initiatives, we will implement personal solutions that provide highly personalized offerings to each individual customer, thus supporting customers’ lifestyle changes.

Accelerating Our Own Digital Transformation

While enhancing synergistic effects by combining integrated solutions to promote customer digitalization with innovative initiatives utilizing cutting-edge technology, in alignment with the NTT Group’s global resources and branding, we will strengthen the competitiveness and accelerate the growth of our international business as One NTT. Specifically, we will shift to a business centered on NTT Ltd. and based on high value-added offerings, such as managed services, and promote initiatives to further develop the NTT brand globally.

For the domestic business, measures for digitalization will be driven primarily by the CDOs appointed to the main companies. In addition to seeking to raise efficiency through the digitalization of our own business processes by using AI and RPA, we will implement smart operations that do not require human intervention, which will include the business processes of external partner companies. Also, to further enhance Group management, we will adopt a unified ERP system and integrate shared functions.

Leveraging Talent, Technologies and Assets

Centering on NTT Urban Solutions, Inc., we will leverage NTT Group’s strengths in real estate, ICT, energy and environmental technology and other fields to the fullest extent and advance a new urban solutions business beyond conventional real estate development. Furthermore, in order to swiftly provide new energy solutions, NTT Anode Energy Corporation will advance service development and provision, and the optimization of operating resources as a means of promoting a smart energy business that makes full use of ICT.

In addition, by leveraging management resources such as our community-based sales structures, cutting-edge technology, facilities and locations, and through collaborations with a variety of partners, such as local governments, we will support the improvement of administrative and life services and the revitalization of local industry.

We will continue to focus our efforts on ensuring a safe and secure ICT platform, such as by further ruggedizing our facilities and improving turnaround time for recovery work in disaster countermeasures.

Promoting ESG Management and Enhancing the Returns of Shareholders to Improve Corporate Value

By applying ESG (environmental, social, governance) management, we seek to resolve societal issues, and achieve continuous improvements to corporate value. From the perspective of ESG management, the most important areas with the highest levels of priority have been set as “reducing environmental impact,” “strengthening security,” “leveraging diverse human resources,” “reinforcing disaster countermeasures,” and “strengthening corporate governance in order to achieve continuous growth,” with the aim of expanding business opportunities while minimizing business risks.

With regard to the environment, we will push the limits to create new innovation through R&D, and reduce the environmental impact of the business, thereby contributing to the environmental impact reduction efforts of customers, corporations and society, and aiming to achieve zero-environmental impact. Specifically, in addition to establishing the Space Environment and Energy Laboratories, we will move forward with IOWN research and development with the aim of achieving an overwhelming advantage in low power consumption technology. In addition, for the promotion of our own shift to green electricity, we have set a target of deriving at least 30% of our needs from renewable energy by fiscal 2030, in addition to which we will work on bolstering our environment and energy initiatives further through such measures as endorsing the [TCFD](#) and issuing [green bonds](#).

With regard to the promotion of diversity and inclusion, we have worked to double the female manager ratio in Japan from 2.9% in fiscal 2012, to 6% in fiscal 2020, and this target was achieved one year early in fiscal 2019. Going forward, we will set a new target of achieving a female manager ratio of at least 10% by fiscal 2025. We will continue to create innovation and contribute to the resolution of societal issues by establishing comfortable working environments.

In addition, in order to secure high levels of stability and reliability for our network, we will work to provide even safer and more secure services through the accumulation of everyday network operational knowhow.

As part of efforts to reinforce governance for sustainable growth, in March 2020 we resolved and announced our policies to implement an executive officer system. We will establish a framework that clearly segregates the management-related decision-making and supervisory functions carried out by the Board of Directors from business execution functions carried out by executive officers, and plan to strengthen corporate governance and improve management flexibility.

With regard to dividends, our basic policy is to steadily increase dividends, and we also flexibly carry out buybacks to improve capital efficiency.

■ (4) Promotion of Fundamental Research & Development, etc.

While striving to achieve a balance between the network technology platform, technology that will provide the foundation for new services and applications, and cutting-edge/basic technology, we will promote higher value-added research and development, while collaborating for innovation with other research institutions and partner companies both in Japan and overseas, as exemplified by the IOWN Global Forum, and actively working to exchange, disseminate and standardize technology.

3. Capital Investment

NTT Group made a total of ¥1,806.6 billion of capital investments (an increase of 6.5% from the previous fiscal year), focused on responding to customer demands for various services such as LTE (Xi), 5G services, and “FLET’S Hikari (including the Hikari Collaboration Model)” among others.

Category	Capital Investment (billions of yen)
Mobile Communications Business	572.8
Regional Communications Business	522.5
Long Distance and International Communications Business	279.3
Data Communications Business	193.8
Other Business	238.2

4. External Financing

NTT Group raised capital for capital investment and other purposes in the form of long-term funding in the amount of ¥291.2 billion.

The details of the long term funding are as follows:

Category	Amount (billions of yen)
Corporate Bonds	14.9
Long-term borrowings	276.3
Total	291.2

NTT raised ¥135.0 billion as long-term borrowings from subsidiaries for the purpose of making loans to NTT West.

5. Main Lenders and Outstanding Borrowings

Lender	Outstanding Borrowings (billions of yen)
MUFG Bank, Ltd.	862.9
Mizuho Bank, Ltd.	755.5
Sumitomo Mitsui Banking Corporation	266.2
Sumitomo Mitsui Trust Bank, Limited	129.4
Nippon Life Insurance Company	121.0
Meiji Yasuda Life Insurance Company	99.0
Shinkin Central Bank	98.0
The Norinchukin Bank	95.2
The Nishi-Nippon City Bank, Ltd.	47.5
The Bank of Kyoto, Ltd.	37.1

6. Material Subsidiaries

Segment	Company	NTT's equity ownership percentage (%)	Main business activities
Mobile Communications Business	NTT DOCOMO, INC.	66.21 (0.01)	Provision of mobile communication services and smart life area services
	NTT Plala Inc.	0 (100.00)	Provision of internet connection and video distribution services
Regional Communications Business	Nippon Telegraph and Telephone East Corporation	100.00	Provision of intra-prefectural communications services in the eastern part of Japan
	Nippon Telegraph and Telephone West Corporation	100.00	Provision of intra-prefectural communications services in the western part of Japan
Long Distance and International Communications Business / Data Communications Business	NTT, Inc.	100.00	Governance and strategy formulation, and promotion of measures in the global business of NTT Group
Long Distance and International Communications Business	NTT Communications Corporation	0 (100.00)	Provision of inter-prefectural communications services, international communications services and internet-related services

Segment	Company	NTT's equity ownership percentage (%)	Main business activities
Long Distance and International Communications Business	NTT Ltd.	0 (100.00)	Provision of IT services and communications and internet-related services for corporations
	Dimension Data Holdings	0 (100.00)	IT system building and maintenance support for corporations
	NTT Security Corporation	0 (100.00)	Provision of professional security services
	NTT America	0 (100.00)	Provision of ICT services in North America
	NTT EUROPE	0 (100.00)	Provision of ICT services in Europe
	Lux e-shelter 1	0 (100.00)	Provision of data center-related services in Europe
	Arkadin International	0 (100.00)	Provision of teleconference, web conference and video conference services
	NTT Global Data Centers Americas	0 (100.00)	Provision of data center-related services in North America
	NTT Global Networks	0 (100.00)	Provision of network services
	NETMAGIC SOLUTIONS	0 (100.00)	Provision of data center-related services in India
	GYRON INTERNET	0 (100.00)	Provision of data center-related services in the UK
	NTT Managed Services Americas Intermediate Holdings	0 (100.00)	Provision of managed services in North America
	Transatel	0 (80.70)	Provision of mobile connectivity services for IoT
	WhiteHat Security	0 (100.00)	Provision of security services
Symmetry Holding	0 (100.00)	Provision of managed services in North America	
Data Communications Business	NTT DATA CORPORATION	0 (54.21)	Provision of data communications systems services and network system services
	NTT DATA	0 (100.00)	Consulting, system design and development in North America
	NTT DATA Services	0 (100.00)	Consulting, system design and development in North America
	EVERIS PARTICIPACIONES	0 (100.00)	Consulting, system design and development

Segment	Company	NTT's equity ownership percentage (%)	Main business activities
Other Business	NTT Urban Solutions, Inc.	100.00	Contact point for urban solutions business, and integrated management of urban solutions-related information
	NTT URBAN DEVELOPMENT CORPORATION	0 (100.00)	Real estate acquisition, development, leasing, and management
	NTT FACILITIES, INC.	0 (100.00)	Design, management, and maintenance-related to buildings, equipment, and electric power facilities
	NTT FINANCE CORPORATION	92.17 (7.83)	Lease and installment sales of telecommunications-related devices, and billing and collection of charges for communications and other services
	NTT Anode Energy Corporation	100.00	Development of smart energy solutions and energy management system
	NTT COMWARE CORPORATION	100.00	Development, production, operation and maintenance of information communications systems and software

- Notes: 1. The equity ownership percentages are calculated exclusive of the treasury stock each company owns. The figures in parentheses represent the equity ownership percentages of NTT's subsidiaries.
2. During the fiscal year under review, RagingWire Data Centers and Secure-24 Intermediate Holdings changed their name to NTT Global Data Centers Americas and NTT Managed Services Americas Intermediate Holdings, respectively.
3. During the fiscal year under review, NTT Ltd., WhiteHat Security, Symmetry Holding, and NTT Anode Energy Corporation have been newly added as material subsidiaries.
4. During the fiscal year under review, NTT Plala Inc. has been changed its segment from the Long Distance and International Communications Business to the Mobile Communications Business.
5. The status of specific wholly owned subsidiaries as of March 31, 2020 is as follows:

Name	Address	Total book value	Total assets of NTT
Nippon Telegraph and Telephone East Corporation	19-2, Nishi-Shinjuku 3-chome, Shinjuku-ku, Tokyo	¥2,012,234 million	
Nippon Telegraph and Telephone West Corporation	3-15, Banba-cho, Chuo-ku, Osaka-shi, Osaka	¥1,875,124 million	¥6,834,082 million
NTT, Inc.	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	¥1,411,467 million	

II Matters Regarding Shares

1. Total number of shares authorized to be issued by NTT

6,192,920,900 shares

2. Total number of shares issued and outstanding

3,900,788,940 shares

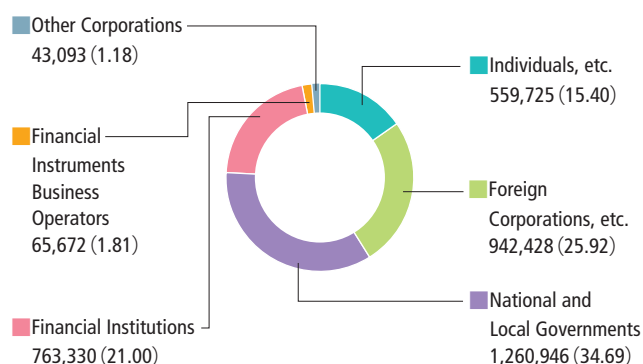
Note: NTT implemented a two-for-one stock split of common stock with an effective date of January 1, 2020.

3. Number of shareholders as of the end of the fiscal year ended March 31, 2020

812,089 shareholders

(Reference) Breakdown of Shares by Shareholder

The number of shares is rounded down to the nearest thousand. The figures in parentheses represent percentage of total shares owned for each category of shareholder.



Notes: 1. The percentages represent the ratio of shareholders' shares to the total number of issued shares excluding treasury stock.
2. "Other Corporations" above includes 57 thousand shares in the name of Japan Securities Depository Center.

4. Principal Shareholders

Shareholders	Number of Shares Held (thousands)	Equity Ownership (%)
The Minister of Finance	1,260,906	34.69
The Master Trust Bank of Japan, Ltd. (Trust Account)	200,508	5.52
Japan Trustee Services Bank, Ltd. (Trust Account)	165,856	4.56
Japan Trustee Services Bank, Ltd. (Trust Account 9)	59,576	1.64
Japan Trustee Services Bank, Ltd. (Trust Account 5)	53,432	1.47
JPMorgan Chase Bank 385632	48,451	1.33
Japan Trustee Services Bank, Ltd. (Trust Account 7)	41,995	1.16
Moxley & Co. LLC	37,588	1.03
Japan Trustee Services Bank, Ltd. (Trust Account 1)	27,405	0.75
THE BANK OF NEW YORK MELLON 140044	27,206	0.75

Notes: 1. Number of Shares Held is rounded down to the nearest thousand.

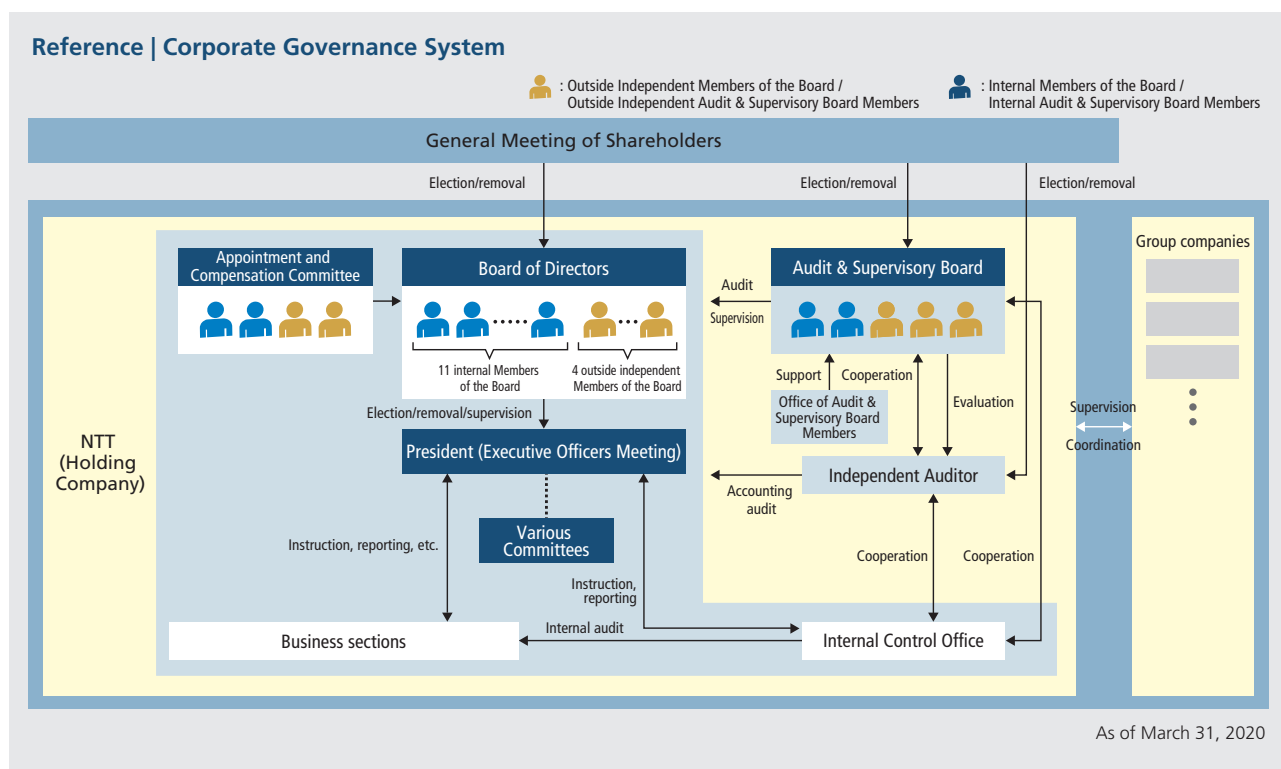
2. NTT's holdings of treasury stock (265,592,712 shares) are not included in the above table. In addition, as part of a business and capital alliance, NTT allocated 80,775,400 shares of its treasury stock to Toyota Motor Corporation by means of a third-party allotment through the disposal of shares, with a disposal date of April 9, 2020.

3. Equity ownership percentages do not include treasury stock.

III Matters Regarding Corporate Governance

1. Fundamental Policies

We believe that strengthening the system of corporate governance in accordance with the purposes of each principle of the “Corporate Governance Code” of the Tokyo Stock Exchange is an important management issue for maximizing corporate value while meeting the expectations of various stakeholders (interested parties), including shareholders and other investors, as well as customers, business partners, and employees. Based on “Your Value Partner 2025,” the Medium-Term Management Strategy, in order to advance activities that aim to solve social issues together with all our partners as “Your Value Partner,” we are working to strengthen corporate governance based on our fundamental policies of ensuring sound management, executing appropriate decision-making and business activities, clarifying accountability, and maintaining thorough compliance.



2. Overview of Corporate Governance System

NTT believes that an auditing system based on Audit & Supervisory Board Members, including outside independent Audit & Supervisory Board Members, is an effective means of supervising management. Accordingly, we chose the company with Board of Company Auditors (Audit & Supervisory Board) model. In addition, through the election of outside independent Members of the Board, NTT has strengthened the function of appropriately supervising the business execution.

3. Board of Directors

NTT announced that, at the meeting of the Board of Directors held in March 2020, it has resolved to adopt policies to reevaluate the operation, size and composition of its Board of Directors and to implement an executive officer system in order to further strengthen its governance, which contributes to increasing corporate value. In order to further invigorate strategic discussions at its Board of Directors, NTT will optimize the size of the Board of Directors and reevaluate deliberation matters. In addition, NTT plans to both strengthen its corporate governance and improve its management flexibility by adopting an executive officer system and clearly segregating management-related decision-making and supervisory functions from business execution functions. In relation to the review of the size and composition of the Board of Directors, specifically, with all 15 Members of the Board coming up for election at the General Meeting of Shareholders scheduled to be held on June 23, 2020, we will submit a proposal for the election of approximately half the current number of Members of the Board, or eight individuals (including four outside independent Members of the Board). If this proposal is approved, it will not only result in a reduction in the size of the Board of Directors, but also in a change in the ratio of outside Members of the Board, to 50%.

In principle, the ordinary meetings of the Board of Directors are held once per month, and extraordinary meetings are held as needed. The Board of Directors discusses the group management strategies and makes decisions on matters stipulated by laws and regulations and on important matters related to company management and group management. Moreover, through such means as periodic reports from Members of the Board and Executive Officers on the status of business execution, the Board of Directors supervises the business execution of Members of the Board and Executive Officers.

Each outside independent Member of the Board has extensive experience and a high level of integrity and insight. We believe that the outside independent Members of the Board will help strengthen the supervisory function for business execution and expect to incorporate the opinion they provide from their wide-ranging managerial perspective.

NTT has voluntarily established the Appointment and Compensation Committee, which consists of four members, including two outside independent Members of the Board, as a preliminary review institution of the Board of Directors to further secure the objectivity and transparency of decisions with respect to appointments and compensation of Members of the Board, thereby increasing the effectiveness of governance. Following the reevaluation of the operation, size and composition of the Board of Directors, NTT will continue to keep the Appointment and Compensation Committee in place, and maintain the effectiveness of governance.

■ Evaluation of the Effectiveness of the Board of Directors

The Board of Directors of the Company, which is a pure holding company, plays the role of monitoring the specific business operations of the Group companies based on the medium- to long-term business strategy of the entire Group.

The Board of Directors of the Company decides important items related to the Group's management which have passed the "Executive Officers Meeting," made up of the president, senior executive vice presidents, full-time directors, and the heads of the staff organizations, as well as the review of the various committees chaired by the president or senior executive vice presidents and attended by the relevant directors, while also monitoring the status of the execution of the duties of the individual Members of the Board.

At the meetings of the Board of Directors, based on the authority of the individual Members of the Board,

current issues in group management and the initiatives being taken to resolve them are reported and reviewed. In the fiscal year ended March 31, 2020, based on the Medium-Term Management Strategy “Your Value Partner 2025,” active discussions were held centering on important matters related to company and group management, such as the alliance for promotion of the B2B2X model, and on the formulation of policies for strengthening governance. Furthermore, in addition to holding advance explanations for outside independent Members of the Board on matters discussed at previous meetings of the Board of Directors, in the fiscal year ended March 31, 2020, explanations of matters such as immediate issues and the status of considerations were also given by Representative Members of the Board after meetings of the Board of Directors. By striving to clarify the focus of execution of duties and the point of initiatives, we are working to strengthen the supervisory function of the Board of Directors.

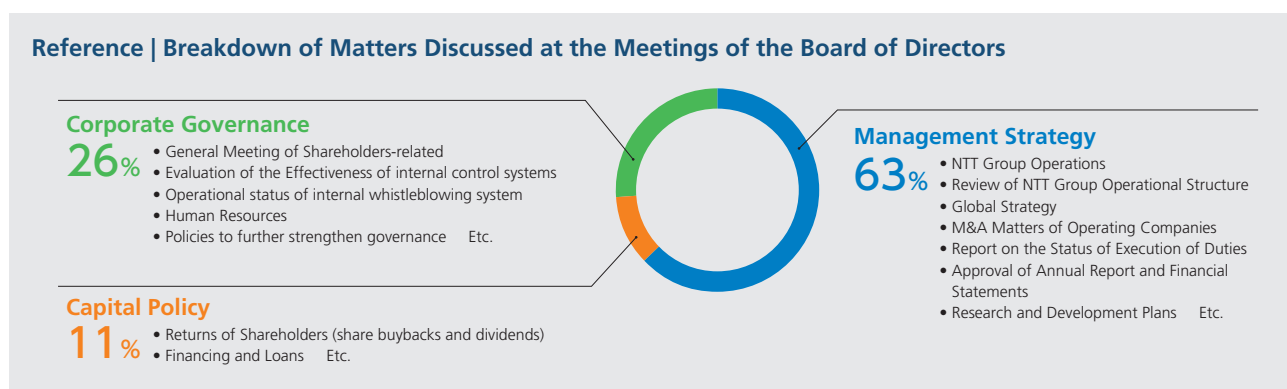
Furthermore, to allow the outside independent Members of the Board to more deeply understand the Company’s business, meetings were held to exchange ideas and opinions on the executives and individual management strategies of the major subsidiaries, and they attended exhibitions of the research and development which the Company is focusing its efforts into and received explanations on topics such as the results of cutting-edge research. Additionally, ideas and opinions on issues in NTT Group management were exchanged among the outside independent Members of the Board and the Audit & Supervisory Board Members, among the outside independent Members of the Board and the Representative Members of the Board, among the outside independent Members of the Board and the executives of the major Group companies in and outside Japan, and among the outside independent Members of the Board of the Company and the outside independent Members of the Board of the major Group companies and other members.

In these meetings, we received opinions on NTT’s Board of Directors from the outside independent Members of the Board and the Audit & Supervisory Board Members that adequate information is provided and Members of the Board engage in active discussions, thereby ensuring the Board’s effectiveness.

Also, with the aim of strengthening corporate governance through continuous improvement of the effectiveness of the Board of Directors, in the fiscal year ended March 31, 2020, questionnaire surveys regarding the Board of Directors were conducted targeting all Members of the Board and Audit & Supervisory Board Members, and the effectiveness of the Board was evaluated. Questions were asked with regard to the role and responsibilities of the Board of Directors, its composition, its operation, and its satisfaction level. The results, which were compiled through a third-party organization, confirmed that the Board was sufficiently fulfilling its important role and responsibilities, with a majority of positive opinions for all of the questions.

Moreover, for the fiscal year ending March 31, 2021, NTT intends to operate a Board of Directors of more appropriate size in order to invigorate strategic discussions. If the Second Item submitted at this General Meeting of Shareholders is approved, the election of Members of the Board will result in a ratio of outside independent Members of the Board of 50%. In addition, NTT will adopt an executive officer system to clearly segregate management-related decision-making and supervisory functions from business execution.

Taking into account these initiatives, we have evaluated that the effectiveness of the Board of Directors is being ensured.



4. Audit & Supervisory Board

The Audit & Supervisory Board consists of a total of five Audit & Supervisory Board Members: two internal Audit & Supervisory Board Members and three outside independent Audit & Supervisory Board Members (including two women, one in each category). Based on the audit plan for the fiscal year under review, and with business changing significantly as a result of global business restructuring and expansion in business areas, in addition to auditing based on laws and regulations, the Audit & Supervisory Board, the Internal Control Office, the Independent Auditor, and the Audit & Supervisory Board Members of Group companies worked together on efficient and effective auditing in relation to progress reports on the Medium-Term Management Strategy and the status of initiatives aimed at maintaining and improving corporate governance. Moreover, the Audit & Supervisory Board Members 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 business execution by Members of the Board, providing suggestions when necessary. In the fiscal year ended March 31, 2020, ten exchanges of ideas and opinions with Representative Members of the Board and 42 discussions with Representative Members of the Board of group companies were held.

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 business 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 strive to cooperate with the Internal Control Office through such means as exchanging audit plan information with them, and listening to 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.

In the fiscal year ended March 31, 2020, with the review of the audit activities, an evaluation of the effectiveness of the Audit & Supervisory Board was conducted for the purpose of reflecting the review in audit plans for the next fiscal year, improving the quality of audits and other matters. Based on the results of a questionnaire taken by each Audit & Supervisory Board Member, discussions and verifications were conducted between all Audit & Supervisory Board Members. As a result, we evaluated that the effectiveness of the Audit & Supervisory Board is being ensured. The evaluation concluded that the result of increasing the number of opportunities to exchange opinions with the Representative Members of the Board was improved sharing of management issues, confirmation of risk awareness, and more dynamic provision of opinions by Audit & Supervisory Board Members, and that more substantial communication with the Independent Auditor contributed to ensuring the appropriateness of the independent audit process. On the other hand, it was recognized that, given global business restructuring and the expansion in business areas, cooperation between the Internal Control Office and the Audit & Supervisory Board Members of Group companies must be bolstered further. We will work to further improve the Board's effectiveness going forward.

5. Appointment and Compensation Committee

For the purpose of improving objectivity and transparency in the decisions of appointments and compensation of Members of the Board, NTT has established on a non-statutory basis the Appointment and Compensation Committee, which consists of four Members of the Board, including two outside independent Members of the

Board, as a preliminary review institution of the Board of Directors, and are increasing the effectiveness of governance.

In the fiscal year ended March 31, 2020, the meetings of the Appointment and Compensation Committee were held five times, and active discussions were conducted regarding the role of the Board of Directors for further strengthening governance, introduction of an executive officer system, revision of the officer compensation system and other matters.

6. Nomination of Directors

In terms of the composition of the Company's Board of Directors, the nomination of executives is based on the "NTT Group Personnel Policy," and personnel with the skills to resolve issues recognized by NTT Group are nominated broadly from inside and outside of the Group. Outside Members of the Board and outside Audit & Supervisory Board Members are elected with the expectation that they can provide opinions based on a broad management perspective or as an expert. Furthermore, both non-outside and outside Members of the Board are elected in line with NTT Group's promotion of diversity. If the proposal for election of Members of the Board associated with the revision of the structure of the Board of Directors is approved, the ratio of outside Members of the Board will be 50%, including one woman.

NTT Group Personnel Policy

[Basic Policy]

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 "Your 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 individuals that share these ideals in the upper ranks of NTT Group's management, and we are nominating such individuals from both inside and outside the Group.

[Nomination of Candidates for Members of the Board]

In regard to Member of the Board candidates, individuals are nominated based on the broad-ranging perspective and experience, superior management skill and leadership, business sense and motivation necessary to contribute to the overall development of NTT Group in order to facilitate the improvement in NTT Group's corporate value. The Board of Directors is of a size appropriate to the Group's business, and the composition of the Board of Directors takes into account a balance of specialties and diversity.

From the perspective of strengthening the function of supervising business execution, for outside independent Members of the Board, NTT nominates individuals who present no risk of a conflict of interest with general shareholders. In principle, NTT appoints several outside independent Members of the Board.

[Nomination of Candidates for Audit & Supervisory Board Members]

NTT has the policy of nominating 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 duties by Members of the Board, for outside independent Audit & Supervisory Board Members, NTT nominates individuals who present no risk of a conflict of interest with general shareholders. In accordance with the Companies Act, NTT ensures that outside Audit & Supervisory Board Members make up half or more of the Audit & Supervisory Board.

With regard to the nomination of Members of the Board, NTT has established the Appointment and Compensation Committee, which consists of four Members of the Board including two outside independent Members of the Board. The committee discusses candidates and then makes proposals to be approved by the Board of Directors and presented for voting at the General Meeting of Shareholders.

With regard to the nomination of Audit & Supervisory Board Members, the procedure for nomination involves

Members of the Board proposing Audit & Supervisory Board Member candidates based on the nomination policy described above. These proposals are then discussed by the Audit & Supervisory Board, which consists of half or more of outside Audit & Supervisory Board Members, and consent is granted if appropriate. The candidates are then approved by the Board of Directors and presented for voting at the General Meeting of Shareholders.

■ Succession Plan

With respect to successor candidates for the CEO position, we view it as important to secure successor candidates who can respond to technological innovation, market trends, and the speed of changes in the business environment. By securing the diversity of candidates through offering experience of a broad range of jobs and appointments to important posts, we are cultivating personnel for promotion who, in addition to possessing integrity and insight, are exceptionally well-suited to the times. The decision regarding the appointment is made by the Board of Directors after it has been presented for deliberation to the Appointment and Compensation Committee, which consists of four Members of the Board including two outside independent Members of the Board.

■ Independence of Outside Members of the Board and Outside Audit & Supervisory Board Members

From the perspectives of strengthening the supervisory function for execution and guaranteeing appropriate audits of the execution of duties by Members of the Board, NTT has the policy of selecting individuals to serve as outside Members of the Board and outside Audit & Supervisory Board Members who do not represent risks of conflicts of interest with general shareholders. NTT designates outside Members of the Board and outside Audit & Supervisory Board Members who fulfill both the independence criteria stipulated by the Tokyo Stock Exchange and NTT's own independence standards as independent Members of the Board or independent Audit & Supervisory Board Members.

Independence Standards

In order to meet the independence criteria, a person may not fall under any of the categories below in the last three fiscal years

- (1) A person who executes business in a partner company that exceeds NTT's Standards*1
 - (2) A person who executes business in a lending company that exceeds NTT's Standards*2
 - (3) A consultant, accountant, lawyer, or any other person providing professional services, who received monetary payments or any other gain in assets equal to or more than ¥10 million, excluding the Board Members' or Audit & Supervisory Board Members' compensation, from NTT or its major subsidiaries*3 in any of the last three fiscal years
 - (4) A person who executes business in an organization that received donations exceeding NTT's Standards*4
- Even if any of (1) through (4) above applies to a person, where it has been decided that a person meets the Independence Standards, the reasons shall be explained and disclosed at the time of the person's appointment as the independent Member of the Board or independent Audit & Supervisory Board Member.

*1 "A partner company that exceeds NTT's Standards" is defined as a company that has had any business dealing with NTT and its major subsidiaries*3 in any of the last three fiscal years equal to or more than 2% of the total operating revenues of NTT and its major subsidiaries for the respective fiscal year.

*2 "A lending company that exceeds NTT's Standards" is defined as a company in which the total amount of borrowings on a consolidated basis in any of the last three fiscal years equals to or is more than 2% of NTT's consolidated total assets for the respective fiscal year.

*3 The major subsidiaries are NTT DOCOMO, INC., NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION, NTT COMMUNICATIONS CORPORATION, and NTT DATA CORPORATION.

*4 "An organization that received donations exceeding NTT's Standards" is defined as an organization which received donations from NTT and its major subsidiaries*3 in any of the last three fiscal years exceeding ¥10 million or 2% of the total income of the organization, whichever is larger, during the respective fiscal year.

7. Training for Members of the Board and Audit & Supervisory Board Members

NTT Group works to cultivate candidates suitable for top management who are able to respond to the rapidly changing management environment, by creating a range of training opportunities in areas including domestic and overseas economic and social issues, compliance, and risk management, and by allowing employees to accumulate new job experiences. Additionally, outside independent Members of the Board can gain a deeper understanding of the Company's group businesses through opportunities to deepen their understanding of the business trends of NTT Group companies and of the latest R&D results at the research facilities of the Company.

8. Strategic Shareholdings

NTT does not hold shares for the purpose of creating stable shareholders, and has no plans to hold such shares in the future.

On the other hand, as one of its business policies, the Company pursues collaboration and open innovation with partners in various industries to contribute to medium- to long-term improvement in corporate value. Based on this policy, the Company verifies whether a holding will contribute to medium- to long-term improvement in corporate value and holds or sells shares accordingly.

With respect to exercising voting rights of strategic shareholding, NTT exercises voting rights acquired through share ownership, as it sees fit, from the perspective of sustainable growth of the companies NTT invests in and improving corporate value for both NTT and the companies.

9. Capital Policy

With regard to dividends, our basic policy is to steadily increase dividends, and we also flexibly carry out buybacks to improve capital efficiency.

IV Matters Regarding Corporate Officers

1. Status of Members of the Board and Audit & Supervisory Board Members

Name	Position and Responsibilities	Number of Shares of the Company Held
Hikomichi Shinohara	Chairman of the Board	44,300 shares
Jun Sawada	President and Chief Executive Officer Representative Member of the Board	34,400 shares
Akira Shimada	Senior Executive Vice President Representative Member of the Board In charge of business strategy and risk management	21,908 shares
Motoyuki Ii	Senior Executive Vice President Representative Member of the Board In charge of technical strategy and international standardization	16,400 shares
Tsunehisa Okuno	Executive Vice President Member of the Board Vice President, Head of Global Business Office	14,400 shares
Hiroki Kuriyama	Executive Vice President Member of the Board Vice President, Head of Strategic Business Development Division In charge of 2020 Project	12,140 shares
Takashi Hiroi	Member of the Board Vice President, Head of Finance and Accounting Department	10,600 shares
Eiichi Sakamoto	Member of the Board Vice President, Head of General Affairs Department	9,600 shares
Katsuhiko Kawazoe	Member of the Board Vice President, Head of Research and Development Planning Department	8,300 shares
Ryota Kitamura	Member of the Board Vice President, Head of Corporate Strategy Planning Department	5,400 shares
Atsuko Oka	Member of the Board Vice President, Head of Technology Planning Department	2,900 shares
Katsuhiko Shirai	Member of the Board	9,600 shares
Sadayuki Sakakibara	Member of the Board	20,500 shares
Ken Sakamura	Member of the Board	900 shares
Keiko Takegawa	Member of the Board	600 shares
Akiko Ide	Full-time Audit & Supervisory Board Member	21,900 shares
Takao Maezawa	Full-time Audit & Supervisory Board Member	20,008 shares
Takashi Iida	Audit & Supervisory Board Member	6,900 shares
Hideki Kanda	Audit & Supervisory Board Member	0 shares
Kaoru Kashima	Audit & Supervisory Board Member	0 shares

- Notes: 1. Of the 20 Members of the Board and Audit & Supervisory Board Members, 16 are male and four are female.
2. Of the Members of the Board, Mr. Katsuhiko Shirai, Mr. Sadayuki Sakakibara, Mr. Ken Sakamura and Ms. Keiko Takegawa are outside Members of the Board as defined in Article 2, paragraph 15 of the Companies Act. Also, based on the listing rules of the Tokyo Stock Exchange, NTT has designated them as independent Members of the Board and filed the information related thereto with the Tokyo Stock Exchange.
3. Of the Audit & Supervisory Board Members, Mr. Takashi Iida, Mr. Hideki Kanda and Ms. Kaoru Kashima are outside Audit & Supervisory Board Members as defined in Article 2, paragraph 16 of the Companies Act. Also, based on the listing rules of the Tokyo Stock Exchange, NTT has designated them as independent Audit & Supervisory Board Members and filed the information related thereto with the Tokyo Stock Exchange.
4. Audit & Supervisory Board Member Takao Maezawa has business experience in the accounting division of NTT and its related companies, and Audit & Supervisory Board Member Kaoru Kashima is a certified public accountant. Both individuals have extensive knowledge of finance and accounting matters.

Term of Office	Attendance Rate		Description of Principal Concurrent Positions
	Board of Directors Meetings	Audit & Supervisory Board Meetings	
11 years	11/11 (100%)	—	
6 years	11/11 (100%)	—	President and Chief Executive Officer of NTT, Inc.
8 years	11/11 (100%)	—	Senior Executive Vice President of NTT, Inc.
2 years	11/11(100%)	—	President and Chief Executive Officer Member of the Board of NTT Anode Energy Corporation (Assumed on June 3, 2019)
8 years	11/11(100%)	—	Member of the Board of NTT, Inc. Chairman of NTT Ltd. (Assumed on July 1, 2019) Director of NTT Security Corporation [Senior Vice President of Dimension Data Holdings (Resigned on June 30, 2019)]
6 years	11/11(100%)	—	
5 years	11/11(100%)	—	
4 years	11/11(100%)	—	Member of the Board of Nippon Telegraph and Telephone East Corporation
2 years	11/11(100%)	—	
2 years	11/11(100%)	—	Member of the Board of Nippon Telegraph and Telephone West Corporation
1 year	8/8(100%)	—	
8 years	11/11(100%)	—	[Outside Director of Japan Display, Inc. (Resigned on June 18, 2019)]
8 years	11/11(100%)	—	Outside Director of SHIMANO INC. Outside Director of Nitori Holdings Co., Ltd. (Assumed on May 16, 2019) [Special Adviser of Toray Industries, Inc. (Resigned on June 25, 2019)]
1 year	8/8(100%)	—	Professor of Toyo University
1 year	8/8(100%)	—	Professor of Showa Women's University Outside Auditor of MITSUI MINING & SMELTING CO., LTD. (Assumed on June 27, 2019)
6 years	11/11(100%)	23/23(100%)	Audit & Supervisory Board Member of NTT, Inc.
4 years	11/11(100%)	23/23(100%)	Audit & Supervisory Board Member of NTT, Inc.
6 years	11/11(100%)	23/23(100%)	Lawyer Outside Corporate Auditor of Shimadzu Corporation Outside Director of ALPS ALPINE CO., LTD.
1 year	8/8(100%)	14/15(93%)	Professor of Professional School of Gakushuin University External Director of Sumitomo Mitsui Trust Bank, Limited
1 year	7/7(100%)	14/14(100%)	Certified Public Accountant External Director of Sumitomo Mitsui Trust Bank, Limited (Assumed on June 27, 2019) Audit & Supervisory Board Member of Kirin Holdings Company, Limited (Assumed on March 27, 2020)

- There is no special relationship between NTT and the companies where outside Members of the Board and outside Audit & Supervisory Board Members hold concurrent positions.
- Even in circumstances where outside Members of the Board and outside Audit & Supervisory Board Members were unable to attend a meeting, they were provided with an explanation in advance and they submitted their opinions.
- Audit & Supervisory Board Members Michiko Tomonaga and Seiichi Ochiai resigned from their positions at the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2019 due to the expiration of their terms of office.
- The Attendance Rate of the Board of Directors Meetings and the Audit & Supervisory Board Meetings shown for Members of the Board Atsuko Oka, Ken Sakamura and Keiko Takegawa, and Audit & Supervisory Board Member Hideki Kanda, is their attendance after they assumed office on June 25, 2019. The Attendance Rate shown for Audit & Supervisory Board Member Kaoru Kashima, is her attendance after she assumed office on June 26, 2019.

2. Policies Concerning, and Total Compensation of Members of the Board and Audit & Supervisory Board Members

With regard to compensation policy and the composition and levels of compensation of Members of the Board of NTT, in order to improve objectivity and transparency, NTT established the Appointment and Compensation Committee, comprised of four Members of the Board, including two outside independent Members of the Board. Compensation matters are decided by the Board of Directors after deliberation by this committee. In the fiscal year under review, in addition to holding meetings of the Appointment and Compensation Committee five times, Committee Members also met to exchange opinions and ideas on multiple occasions.

Compensation of Members of the Board (excluding outside 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 factors including the degree of achievement of performance indicators, such as EPS for the fiscal year ended March 31, 2020.

Furthermore, these performance indicators consist of the financial targets, etc. set in the Medium-Term Business Strategy. Specifically, they are evaluated against EPS, operating income, ROIC, Capex to Sales, overseas sales, overseas operating income margin, and the number of B2B2X projects.

Also, Members of the Board make contributions of a certain defined amount or more from their base salary and bonus for the purchase of NTT shares through the Board Members Shareholding Association in order to reflect NTT's medium- to long-term business results in compensation. Purchased shares are to be held by the Members of the Board throughout their terms of office. The composition ratio of compensation in a case where standard business results are achieved is roughly 70/30 of fixed compensation to performance-related compensation.

Moreover, with the aim of realizing a stronger awareness of achieving the Medium-Term Management Strategy, sustainable growth, and medium- to long-term improvement in corporate value, NTT is considering expanding the ratio of overall compensation occupied by performance-related compensation from fiscal 2021.

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.

Compensation of Audit & Supervisory Board Members is determined by resolution of the Audit & Supervisory Board and consists of a base salary only, for the same reasons as those cited above with respect to outside Members of the Board.

Total Compensation of Members of the Board and Audit & Supervisory Board Members during the Fiscal Year Ended March 31, 2020

Position	Number of Persons	Total Compensation (Millions of yen)
Members of the Board	15	597
Audit & Supervisory Board Members	7	119
Total	22	716

Notes: 1. Compensation amounts shown above include compensation paid to two Audit & Supervisory Board Members who resigned on June 25, 2019, at the conclusion of the 34th Ordinary General Meeting of Shareholders.

2. Maximum limits on total annual compensation of Members of the Board and Audit & Supervisory Board Members were set at ¥750 million for Members of the Board and ¥200 million for Audit & Supervisory Board Members at the 21st Ordinary General Meeting of Shareholders held on June 28, 2006.

3. Total compensation of Members of the Board includes ¥98 million in bonuses for the fiscal year ended March 31, 2020.

4. In addition to the above, an aggregate of ¥18 million is to be paid to Members of the Board who are also employees as bonuses for their service as employees.

3. Outside Members of the Board and Outside Audit & Supervisory Board Members

Principal Activities of Outside Members of the Board and Audit & Supervisory Board Members

Position	Name	Statements made at Board of Directors Meetings and Audit & Supervisory Board Meetings
Outside Members of the Board	Katsuhiko Shirai	Board Member Katsuhiko Shirai made comments mainly concerning the circumstances of Group management, and global strategy from his perspective as an operational director of an educational institution with extensive experience.
	Sadayuki Sakakibara	Board Member Sadayuki Sakakibara made comments mainly concerning the circumstances of Group management, and capital policies from his perspective as a corporate executive with extensive experience.
	Ken Sakamura	Board Member Ken Sakamura made comments mainly concerning the organizational operation and human resource strategies from his perspective as an operational director of research institutions including universities with extensive experience.
	Keiko Takegawa	Board Member Keiko Takegawa made comments mainly concerning the institutional design from her perspective with extensive experience gained in public relations and diversity promotion within the government.
Outside Audit & Supervisory Board Members	Takashi Iida	Audit & Supervisory Board Member Takashi Iida made comments mainly concerning corporate governance based on the professional perspective fostered through his extensive experience as a lawyer.
	Hideki Kanda	Audit & Supervisory Board Member Hideki Kanda made comments mainly concerning corporate governance based on the professional perspective fostered through his extensive experience as a university professor.
	Kaoru Kashima	Audit & Supervisory Board Member Kaoru Kashima made comments mainly concerning the accounting audit based on the professional perspective fostered through her extensive experience as a certified public accountant.

Total Compensation of Outside Members of the Board and Outside Audit & Supervisory Board Members during the Fiscal Year Ended March 31, 2020

Position	Number of Members of the Board and Audit & Supervisory Board Members	Total compensation (Millions of yen)
Total compensation of outside Members of the Board and Outside Audit & Supervisory Board Members	9	97

- Notes: 1. Total amount of compensation for outside Members of the Board and outside Audit & Supervisory Board Members is included in "Total Compensation of Members of the Board and Audit & Supervisory Board Members during the Fiscal Year Ended March 31, 2020" on page 51.
2. Compensation amounts shown above include compensation paid to two Audit & Supervisory Board Members who resigned on June 25, 2019, at the conclusion of the 34th Ordinary General Meeting of Shareholders.

■ General Terms

▼ B2B2X

An initiative aimed at working together with service providers such as local government bodies or business operators in other fields (B) to provide solutions to social problems and new value creation for end users (X) through working behind the scene or in intermediary roles to expand cooperation with the aforementioned service providers and conducting activities that support digital transformation.

▼ Blockchain

A distributed network technology that enables handling of financial transaction and important data that require a high degree of reliability on the Internet.

▼ BPO / ITO

BPO refers to completely outsourcing a part of the business process in corporate activities to a specialist. Outsourcing operations that are particularly related to IT are referred to ITO.

▼ Digital Transformation (DX)

Process of creating new business models or transforming existing business by using ICT tools to accumulate various data or use data in management.

▼ ERP (Enterprise Resources Planning)

A management method for achieving overall optimization of an enterprise by centrally managing its management resources.

▼ EV (Electric Vehicle) Conversion

Movement promoting the spread of electric vehicles and developing charging infrastructure in response to rising concern about resource constraints and environmental issues.

▼ Global Digital Fabric

Solutions combining Microsoft Cloud and NTT's globally connected ICT infrastructure.

▼ Graphene

A sheet material composed of monolayers of carbon atoms arranged in a hexagonal lattice. Graphene is known to possess superior optical and electrical properties.

▼ Green Bond

Bonds issued with the purpose of using funds for solving environmental and social issues, such as investment in renewable energy.

▼ Managed Services

A service for undertaking installation, management, operation, and maintenance of the equipment and software needed for use of telecommunication services, IT services, and others.

▼ On-premises

Setup and operation of IT assets, such as servers and software, within the facilities managed by own company.

▼ PSTN Migration

The migration of the network for fixed-line telephone services from the traditional PSTN (Public Switched Telephone Network) to an IP network, which utilizes internet technology.

▼ RPA (Robotic Process Automation)

Automated solutions that divide tasks into rules and use robots to perform the tasks currently performed by humans.

▼ Smart City

A city that provides secure and safe living environments while improving convenience and comfort of daily life through more efficient and advanced urban and regional functions and services.

▼ TCFD

The Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board at the request of the G20. The TCFD is a framework that promotes disclosures of corporate initiatives in response to climate change.

■ Terms Related to NTT Group Services

▼ d POINT

Reward points that can be accumulated and used in various ways, including through monthly DOCOMO mobile phone charges and shopping in real and online stores. Accumulated points can be used for shopping at the rate of 1 point = 1 yen.

▼ docomo Hikari

An optical Internet service provided by NTT DOCOMO using a FLET'S Hikari line or cable TV equipment.

▼ FLET'S Hikari

A collective name for fiber optic Internet connection services provided by NTT East and NTT West.

▼ Gigaho / Gigalight

Simple, value-priced billing plans provided by NTT DOCOMO. The "Gigaho" plan is for users who engage in a lot of data communications such as video data transmission outside of their home, while the "Gigalight" plan is for users who mainly use email and social media, and engage in few data communications.

▼ Hikari Collaboration Model

The wholesale provision of FLET'S Hikari and other services provided by NTT East and NTT West to various service providers.

(Regarding the Contents of the Business Report)

- In this Business Report, "NTT DOCOMO," "NTT East," "NTT West," and "NTT Communications" refer to NTT DOCOMO, INC., Nippon Telegraph and Telephone East Corporation, Nippon Telegraph and Telephone West Corporation, and NTT Communications Corporation, respectively.
- Beginning in the fiscal year ended March 31, 2019, the consolidated financial statements of NTT have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") in place of generally accepted accounting principles in the United States ("U.S. GAAP"), which had previously been used, with figures from the fiscal year ended March 31, 2018, also being recalculated under IFRS for the purpose of comparison and analysis.
- With respect to amounts appearing in this report, figures determined in accordance with Japanese accounting standards are rounded down to the nearest whole unit, and figures determined in accordance with the IFRS are rounded to the nearest whole unit.
- With respect to underlined terms, a definition of each term is provided in the "Glossary of Terms" (pages 53 - 54).
- The forward-looking statements, remarks and projected figures concerning the future performance of NTT and its subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT in light of information currently available to it regarding NTT and its subsidiaries and affiliates, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT and its subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in this Business Report.

Consolidated Financial Statements

Consolidated Statement of Financial Position (March 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES AND EQUITY	
Current assets		Current liabilities	
Cash and cash equivalents	1,033,574	Short-term debt	2,054,506
Trade and other receivables	3,502,834	Trade and other payables	2,142,752
Other financial assets	32,384	Lease liabilities	154,126
Inventories	257,329	Other financial liabilities	16,943
Other current assets	530,073	Accrued payroll	469,395
Sub Total	5,356,194	Accrued taxes on income	214,098
Assets held for sale	1,347,307	Other current liabilities	996,360
Total current assets	6,703,501	Sub Total	6,048,180
Non-current assets		Liabilities directly associated with assets held for sale	559,432
Property, plant and equipment	9,087,463	Total current liabilities	6,607,612
Right-of-use asset	446,828	Non-current liabilities	
Goodwill	980,841	Long-term debt	2,165,778
Intangible assets	1,694,060	Lease liabilities	378,346
Investment property	1,106,145	Other financial liabilities	129,229
Investments accounted for using equity method	283,291	Defined benefit liabilities	1,873,501
Other financial assets	846,285	Deferred tax liabilities	70,249
Deferred tax assets	1,153,042	Other non-current liabilities	326,791
Other non-current assets	712,677	Total non-current liabilities	4,943,894
Total non-current assets	16,310,632	Total liabilities	11,551,506
		Equity	
		Nippon Telegraph and Telephone Corporation ("NTT") shareholders' equity	
		Common stock	937,950
		Additional paid-in capital	2,252,672
		Retained earnings	6,499,942
		Treasury stock	(653,369)
		Other components of equity	23,908
		Total NTT shareholders' equity	9,061,103
		Non-controlling interests	2,401,524
		Total equity	11,462,627
Total assets	23,014,133	Total liabilities and equity	23,014,133

Note: Amounts are rounded off to the nearest million yen.

Consolidated Statement of Profit or Loss (Fiscal Year Ended March 31, 2020)

(Millions of yen)

Item	Amount	
Operating revenues		11,899,415
Operating expenses		
Personnel expenses	2,428,484	
Expenses for purchase of goods and services and other expenses	6,006,379	
Depreciation and amortization	1,465,310	
Expenses on disposal of fixed assets	171,597	
Impairment losses		
Goodwill	2,933	
Other	13,722	
Taxes and dues	248,839	10,337,264
Operating profit		1,562,151
Finance income		46,986
Finance costs		50,253
Share of profit (loss) of entities accounted for using equity method		11,257
Profit before taxes		1,570,141
Income taxes		458,795
Profit		1,111,346
Profit attributable to NTT		855,306
Profit attributable to Non-controlling interests		256,040

Note: Amounts are rounded off to the nearest million yen.

Non-consolidated Balance Sheet

Non-consolidated Balance Sheet (March 31, 2020)

(Millions of yen)

Item	Amount
ASSETS	
Current assets	
Cash and bank deposits	431
Accounts receivable, trade	1,995
Supplies	181
Advance payment	1,426
Short-term loans receivable	180,000
Accounts receivable, other	150,385
Other	9,209
Total current assets	343,629
Fixed assets	
Property, plant and equipment	
Buildings	84,895
Structures	4,573
Machinery, equipment and vehicles	334
Tools, furniture and fixtures	23,052
Land	27,746
Lease assets	13
Construction in progress	621
Total property, plant and equipment	141,237
Intangible fixed assets	
Software	19,288
Lease assets	0
Other	268
Total intangible fixed assets	19,557
Investments and other assets	
Investment securities	53,831
Investments in subsidiaries and affiliated companies	5,700,504
Other securities of subsidiaries and affiliated companies	16,076
Contributions to affiliated companies	106
Long-term loans receivable to subsidiaries	539,400
Prepaid pension costs	1,274
Deferred income taxes	16,282
Other	2,181
Total investments and other assets	6,329,657
Total fixed assets	6,490,453
Total assets	6,834,082

Item	Amount
LIABILITIES	
Current liabilities	
Accounts payable, trade	101
Current portion of corporate bonds	169,992
Current portion of long-term borrowings	102,864
Current portion of long-term borrowings from subsidiaries	50,000
Short-term borrowings	336,775
Lease obligations	10
Accounts payable, other	64,431
Accrued expenses	4,475
Accrued taxes on income	217
Advances received	899
Deposits received	532
Other	1,591
Total current liabilities	731,893
Long-term liabilities	
Corporate bonds	169,982
Long-term borrowings	659,522
Long-term borrowings from subsidiaries	385,000
Lease obligations	2
Liability for employees' retirement benefits	35,319
Asset retirement obligations	1,584
Other	5,517
Total long-term liabilities	1,256,929
Total liabilities	1,988,822
NET ASSETS	
Shareholders' equity	
Common stock	937,950
Capital surplus	
Additional paid-in capital	2,672,826
Other capital surplus	1
Total capital surplus	2,672,827
Earned surplus	
Legal reserve	135,333
Other earned surplus	
Accumulated earned surplus	1,751,899
Total earned surplus	1,887,233
Treasury stock	(653,368)
Total shareholders' equity	4,844,641
Unrealized gains (losses), translation adjustments, and others	
Net unrealized gains (losses) on securities	617
Total unrealized gains (losses), translation adjustments, and others	617
Total net assets	4,845,259
Total liabilities and net assets	6,834,082

Note: Amounts are rounded off to the nearest million yen.

Non-consolidated Statement of Income (Fiscal Year Ended March 31, 2020)

(Millions of yen)

Item	Amount	
Operating revenues		
Dividends received	514,050	
Revenues from group management	25,400	
Revenues from basic R&D	100,499	
Other services	9,790	649,740
Operating expenses		
Administration	26,901	
Experiment and research	90,196	
Depreciation and amortization	18,068	
Retirement of fixed assets	807	
Miscellaneous taxes	3,448	139,422
Operating income		510,317
Non-operating revenues		
Interest income	4,612	
Lease and rental income	11,710	
Miscellaneous income	2,343	18,666
Non-operating expenses		
Interest expenses	8,132	
Corporate bond interest expenses	4,108	
Lease and rental expenses	5,566	
Miscellaneous expenses	2,299	20,106
Recurring profit		508,877
Special losses		
Write-off of investment securities	28,743	28,743
Income before income taxes		480,133
Corporation, inhabitant, and enterprise taxes	(1,619)	
Deferred tax expenses (benefits)	983	(635)
Net income		480,768

Note: Amounts are rounded off to the nearest million yen.

Auditor's Report on Consolidated Financial Statements

INDEPENDENT AUDITOR'S OPINION

May 13, 2020

To the Board of Directors of
Nippon Telegraph and Telephone Corporation

Tokyo Office, KPMG AZSA LLC

Takuji Kanai (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kensuke Sodekawa (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masashi Oki (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and the notes to the consolidated financial statements of Nippon Telegraph and Telephone Corporation (the "Company") as at March 31, 2020 and for the fiscal year from April 1, 2019 to March 31, 2020 in accordance with Article 444(4) of the Companies Act.

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the provisions of the second sentence of Article 120(1) of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared.

Basis for Audit Opinion

We conducted our audit on the basis of auditing standards generally accepted in Japan. Our responsibility under accounting standards is as described under "Auditor's Responsibility for the Audit of Consolidated Financial Statements." In accordance with the Code of Professional Ethics in Japan, our firm is independent from the Company and its consolidated subsidiaries, and we have fulfilled other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As stated in "Changes in Accounting Policies" in the notes to the consolidated financial statements, the Company has adopted IFRS 16 (Leases) beginning with the fiscal year ended March 31, 2020. This matter does not affect our opinion.

Responsibility of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the second sentence of Article 120(1) of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In its preparation of the consolidated financial statements, management evaluates whether it is appropriate to prepare the consolidated financial statements on the basis of a going concern assumption. In the event that it is necessary to disclose any going concern-related matters on the basis of the provisions of the second sentence of Article 120(1) of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, management is responsible for disclosing such matters.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution by Members of the Board of the maintenance and operation of financial reporting processes.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

We are responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to error or fraud, and expressing an independent opinion on the consolidated financial statements in the auditor's report based on our audits. Misstatements may occur due to fraud or error and are determined to be

material in the event that such misstatements, whether individually or in the aggregate, can be reasonably expected to affect the decision making of users of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we make a determination as professional experts through the audit process, and conduct the following processes with an attitude of professional skepticism.

- We identify and assess risks of material misstatement due to fraud or error. In addition, we design and implement audit procedures with respect to the risk of material misstatement. The selection and implementation of audit procedures is at our discretion. We also obtain evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- We consider internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, although the objective of the consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies adopted by management and the method of application of those policies, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- We render a conclusion as to whether it is reasonable for management to prepare the consolidated financial statements on the basis of a going concern assumption, and whether, based on evidence that we have obtained, material uncertainty exists related to events or conditions that may cast significant doubt on the going concern assumption. In the event that material uncertainty exists regarding the going concern assumption, in our audit opinion, we are required to call attention to such items in the consolidated financial statements, or, in the event that it is not appropriate to make such notes regarding items in the consolidated financial statements that are related to such material uncertainty, we are required to express a qualified opinion with respect to the consolidated financial statements. Although our conclusions are based on audit evidence that we have obtained up until the date of the audit report, future events and circumstances may cause a company to be unable to continue as a going concern.
- In addition to evaluating whether the presentation and notes of the consolidated financial statements comply with the provisions of the second sentence of Article 120(1) of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, we also evaluate the presentation, composition and content of the consolidated financial statements, including the related notes, as well as whether the consolidated financial statements appropriately present the transactions and accounting events upon which such statements are based.
- In order to express our opinion on the consolidated financial statements, we obtain sufficient and appropriate evidence regarding the financial information of the company and its consolidated subsidiaries. We are responsible for directing, supervising and implementing our audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We notify Audit & Supervisory Board Members and the Audit & Supervisory Board about the scope and implementation timing of planned audits and material findings from our audits, including material weaknesses in internal controls identified in the course of our audit process, and also report on other matters as required by auditing standards.

We notify Audit & Supervisory Board Members and the Audit & Supervisory Board about our compliance with the Code of Professional Ethics in Japan regarding independence and matters that could be reasonably believed to affected our independence and, if safeguards have been established to eliminate or reduce obstructive factors, we also report on such matters.

Interests in the Company or Its Consolidated Subsidiaries

Our firm and engagement partners have no interest in the Company or its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Auditor's Report on Non-Consolidated Financial Statements

INDEPENDENT AUDITOR'S OPINION

May 13, 2020

To the Board of Directors of
Nippon Telegraph and Telephone Corporation

Tokyo Office, KPMG AZSA LLC

Takuji Kanai (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kensuke Sodekawa (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masashi Oki (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity and other net assets, the notes to the non-consolidated financial statements and the supplemental schedules (collectively, the "financial statements") of Nippon Telegraph and Telephone Corporation (the "Company") as at March 31, 2020 and for the 35th fiscal year from April 1, 2019 to March 31, 2020 in accordance with Article 436(2)(i) of the Companies Act.

In our opinion, the financial statements referred to above, which were prepared in accordance with generally accepted accounting principles in Japan, present fairly, in all material respects, the financial position and the results of operations of the Company for the period for which the financial statements were prepared.

Basis for Audit Opinion

We conducted our audit on the basis of auditing standards generally accepted in Japan. Our responsibility under accounting standards is as described under "Auditor's Responsibility for the Audit of Financial Statements." In accordance with the Code of Professional Ethics in Japan, our firm is independent from the Company, and we have fulfilled other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In its preparation of the financial statements, management evaluates whether it is appropriate to prepare the financial statements on the basis of a going concern assumption. In the event that it is necessary to disclose any going concern-related matters on the basis of generally accepted accounting principles in Japan, management is responsible for disclosing such matters.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution by Members of the Board of the maintenance and operation of financial reporting processes.

Auditor's Responsibility for the Audit of the Financial Statements

We are responsible for obtaining reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to error or fraud, and expressing an independent opinion on the financial statements in the auditor's report based on our audits. Misstatements may occur due to fraud or error and are determined to be material in the event that such misstatements, whether individually or in the aggregate, can be reasonably expected to affect the decision making of users of the financial statements.

In accordance with auditing standards generally accepted in Japan, we make a determination as professional experts through the audit process, and conduct the following processes with an attitude of professional skepticism.

- We identify and assess risks of material misstatement due to fraud or error. In addition, we design and implement audit procedures with respect to the risk of material misstatement. The selection and implementation of audit procedures is at our discretion. We also obtain evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- We consider internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances,

although the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- We evaluate the appropriateness of accounting policies adopted by management and the method of application of those policies, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- We render a conclusion as to whether it is reasonable for management to prepare the financial statements on the basis of a going concern assumption, and whether, based on evidence that we have obtained, material uncertainty exists related to events or conditions that may cast significant doubt on the going concern assumption. In the event that material uncertainty exists regarding the going concern assumption, in our audit opinion, we are required to call attention to such items in the financial statements, or, in the event that it is not appropriate to make such notes regarding items in the financial statements that are related to such material uncertainty, we are required to express a qualified opinion with respect to the financial statements. Although our conclusions are based on audit evidence that we have obtained up until the date of the audit report, future events and circumstances may cause a company to be unable to continue as a going concern.
- In addition to evaluating whether the presentation and notes of the financial statements comply with generally accepted accounting principles in Japan, we also evaluate the presentation, composition and content of the financial statements, including the related notes, as well as whether the financial statements appropriately present the transactions and accounting events upon which such statements are based.

We notify Audit & Supervisory Board Members and the Audit & Supervisory Board about the scope and implementation timing of planned audits and material findings from our audits, including material weaknesses in internal controls identified in the course of our audit process, and also report on other matters as required by auditing standards.

We notify Audit & Supervisory Board Members and the Audit & Supervisory Board about our compliance with the Code of Professional Ethics in Japan regarding independence and matters that could be reasonably believed to affect our independence and, if safeguards have been established to eliminate or reduce obstructive factors, we also report on such matters.

Interests in the Company

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit & Supervisory Board's Report

AUDIT & SUPERVISORY BOARD'S REPORT

Based on reports from each Audit & Supervisory Board Member, and following due discussion at meetings, the Audit & Supervisory Board has prepared this report regarding the execution of the duties of the Members of the Board in the 35th fiscal year from April 1, 2019, to March 31, 2020. The Board reports as follows:

1. Outline of Audit Methodology

(1) The Audit & Supervisory Board established auditing policies and received reports from each Audit & Supervisory Board Member on the status of the implementation of audits and the results thereof, as well as reports regarding the status of execution of duties from the Members of the Board and other persons and the Independent Auditors, and requested explanations as necessary.

(2) On the basis of the Audit & Supervisory Board Rules, and in accordance with its auditing policies, the Audit & Supervisory Board Members sought mutual understanding with Members of the Board, the internal auditing department and employees and other persons in their efforts to collect information and achieve an environment conducive to audits, and conducted the audits based on the methods described below.

I. The Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, and received reports from Members of the Board, employees and other persons regarding performance of their duties, requested explanations as necessary, perused important statements regarding decisions and approvals made and investigated the status of operations and assets at the head office and R&D laboratories. Regarding the subsidiaries, the Audit & Supervisory Board sought to achieve a mutual understanding and exchange of information with Members of the Board and Audit & Supervisory Board Members and other persons of the subsidiaries, and where necessary received business reports from the subsidiaries.

II. With respect to the particulars of Board of Directors resolutions relating to establishment of structures as set forth in Article 100 (1) and (3) of the Ordinance for Enforcement of the Companies Act, necessary to ensure that Board Members' performance of their duties, as stated in the Business Report, is in conformity with laws and regulations and their company's Articles of Incorporation and to otherwise ensure the appropriateness of the business of a corporate group consisting of a kabushiki kaisha and its subsidiaries, as well as the structures established pursuant to such resolutions (internal control systems), the Audit & Supervisory Board Members received reports regularly from Members of the Board and other employees regarding the status of the establishment and implementation of the systems, requested explanations as necessary, and expressed opinions thereon.

III. The Audit & Supervisory Board Members audited and verified whether the Independent Auditor maintained its independence and carried out its audits appropriately, received reports from the Independent Auditor regarding the execution of its duties and, where necessary, requested explanations. Also, the Audit & Supervisory Board received notification from the Independent Auditors to the

effect that the "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Regulation on Corporate Accounting) has been established in accordance with "Quality Control Standards for Auditing" (Business Accounting Council, October 28, 2005) and, where necessary, requested explanations.

Based on the above methodology, the Audit & Supervisory Board audited the Business Report and related supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity and other net assets, notes to non-consolidated financial statements) and related supplementary schedules, as well as the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) related to the fiscal year under review.

2. Audit Results

(1) Results of the audit of the Business Report

I. We find that the Business Report and its supplementary schedules accurately reflect the conditions of the company in accordance with applicable laws and the Articles of Incorporation.

II. No inappropriate conduct concerning the execution of duties by Members of the Board or material facts in violation of law or the Articles of Incorporation were found.

III. We find that the particulars of Board of Directors' resolutions concerning the internal control systems are appropriate. Further, no matters worthy of note were found with respect to the content of the Business Report and Board Members' execution of duties in regards to the internal control systems.

(2) Results of the audit of the non-consolidated financial statements and supplementary schedules

We find that the methodology and results of the audit by the Independent Auditor, KPMG AZSA LLC, are appropriate.

(3) Results of the audit of the consolidated financial statements

We find that the methodology and results of the audits conducted by the Independent Auditor, KPMG AZSA LLC, are appropriate.

May 14, 2020

Nippon Telegraph and Telephone Corporation
Audit & Supervisory Board

Full-time Audit & Supervisory Board Member Akiko Ide (seal)

Full-time Audit & Supervisory Board Member Takao Maezawa (seal)

Audit & Supervisory Board Member Takashi Iida (seal)

Audit & Supervisory Board Member Hideki Kanda (seal)

Audit & Supervisory Board Member Kaoru Kashima (seal)

Note: Audit & Supervisory Board Members Takashi Iida, Hideki Kanda, Kaoru Kashima are outside Audit & Supervisory Board Members as prescribed in Article 2(xvi), and Article 335(3) of the Companies Act.



Real-time Streaming over the Internet on the Day of the General Meeting of Shareholders

The Company strongly requests that you refrain from attending the meeting as you will be able to view the state of affairs on the day through a real-time stream over the Internet.

For URL, please refer to the Notice of Convocation scheduled to be sent on June 8, 2020.

* To prevent the spread of the COVID-19, please exercise your voting rights and send your questions over the Internet, etc. prior to the meeting.



Reception of Questions over the Internet Prior to the Meeting

The Company will receive questions from shareholders regarding matters to be reported and matters to be resolved in relation to the 35th Ordinary General Meeting of Shareholders prior to the meeting.

Following the procedures below, please input the required items on the reception form and send it by the deadline.

For URL, please refer to the Notice of Convocation scheduled to be sent on June 8, 2020.

(1) Access the Company's website above from any one of PCs, smartphones, etc.



(2) Input required items, such as name and shareholder number, on the reception form.



(3) Click the send button after confirming the details input.

Deadline: 5:30 p.m., Monday, June 22, 2020

- * The Company plans to post the answers to the questions received on its website. Furthermore, the Company plans to introduce a portion of these questions at the meeting.
- * Questions that are not related to matters to be reported or matters to be resolved at the meeting may not be answered.
- * Questions may also be received in writing. Please send your question to the address below by mail so that it arrives before the deadline.

[Address] IR Office, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8116

To Shareholders:

**INTERNET DISCLOSURE INFORMATION IN CONNECTION WITH
THE NOTICE OF CONVOCATION OF THE 35TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

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Pursuant to applicable laws and regulations, and Article 16 of NTT's Articles of Incorporation, the above matters are deemed to be provided to the shareholders by posting them on NTT's website.

June 8, 2020

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

Business Report

Outline of the Business of NTT Group

Main Businesses

Category	Main businesses
Mobile Communications Business	Communications services including mobile telephones, smart life services, and other services
Regional Communications Business	Domestic intra-prefectural communication services and related ancillary services
Long Distance and International Communications Business	Domestic inter-prefectural communication services, international communication services, solutions services, and related services
Data Communications Business	System integration, network system services, and related services
Other Business	Real estate business, finance business, power business, system development business, and other businesses

Main Locations, etc.

1. NTT

- **Head Office**

Chiyoda-ku, Tokyo

- **Laboratories**

○ Laboratory Groups

- Service Innovation Laboratory Group (Yokosuka-shi, Kanagawa)
- Information Network Laboratory Group (Musashino-shi, Tokyo)
- Science & Core Technology Laboratory Group (Atsugi-shi, Kanagawa)

○ Total number of laboratories*:12

* The 12 laboratories are internal sections of the 3 Laboratory Groups.

2. Subsidiaries

Category	Name of Main Company	Main Location
Mobile Communications Business	NTT DOCOMO, INC.	Chiyoda-ku, Tokyo
Regional Communications Business	Nippon Telegraph and Telephone East Corporation	Shinjuku-ku, Tokyo
	Nippon Telegraph and Telephone West Corporation	Chuo-ku, Osaka-shi, Osaka
Long Distance and International Communications Business / Data Communications Business	NTT, Inc.	Chiyoda-ku, Tokyo
Long Distance and International Communications Business	NTT Communications Corporation	Chiyoda-ku, Tokyo
	NTT Ltd.	United Kingdom
	NTT Security Corporation	Chiyoda-ku, Tokyo
Data Communications Business	NTT DATA CORPORATION	Koto-ku, Tokyo
Other Business	NTT Urban Solutions, Inc.	Chiyoda-ku, Tokyo
	NTT URBAN DEVELOPMENT CORPORATION	Chiyoda-ku, Tokyo
	NTT FACILITIES, INC.	Minato-ku, Tokyo
	NTT FINANCE CORPORATION	Minato-ku, Tokyo
	NTT Anode Energy Corporation	Chiyoda-ku, Tokyo
	NTT COMWARE CORPORATION	Minato-ku, Tokyo

Employment

Number of employees (as of March 31, 2020): 319,039 (an increase of 11,145 from the previous fiscal year)

Category	Number of Employees
Mobile Communications Business	27,558
Regional Communications Business	74,754
Long Distance and International Communications Business	51,580
Data Communications Business	133,196
Other Business	31,951

Note: The total number of employees subject to being included in this count has expanded to include employees at some overseas subsidiaries, and that is included in the year-on-year comparison.

Changes in Consolidated Assets and Consolidated Profit or Loss

Category	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	U.S. GAAP	U.S. GAAP	IFRS	IFRS	IFRS
Operating revenues (billions of yen)	11,391.0	11,799.6	11,782.1	11,879.8	11,899.4
Operating income / operating profit (billions of yen)	1,539.8	1,642.8	1,641.1	1,693.8	1,562.2
Income before income taxes / profit before taxes (billions of yen)	1,527.8	1,755.6	1,740.5	1,671.9	1,570.1
Net income / profit (billions of yen)	800.1	909.7	897.9	854.6	855.3
Net income per share / earnings per share (yen)	190.47	227.89	224.93	220.13	231.21
Total assets (billions of yen)	21,250.3	21,675.8	21,541.4	22,295.1	23,014.1
Shareholders' equity (billions of yen)	9,052.5	9,486.0	9,050.4	9,264.9	9,061.1
Shareholders' equity per share (yen)	2,245.86	2,406.30	2,295.79	2,416.01	2,492.60

- Notes: 1. Commencing with the fiscal year ended March 31, 2019, the consolidated financial statements of NTT Group have been prepared in accordance with IFRS with the amounts of the fiscal year ended March 31, 2018, being retroactively restated to IFRS for comparison purposes. For the fiscal years before the application of IFRS, consolidated financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP").
2. When a forward slash is shown in the categories listed above, the category is presented as "U.S. GAAP term / IFRS term."
3. Net income / profit reflects net income / profit attributable to NTT (excluding the portion attributable to non-controlling interests).
4. Net income per share / earnings per share reflects net income / profit per share attributable to NTT (excluding the portion attributable to non-controlling interests).
5. Net income per share / earnings per share is calculated based on the average number of shares outstanding, excluding treasury stock, during the fiscal year. Shareholders' equity per share is calculated based on the number of shares outstanding, excluding treasury stock, at the end of the fiscal year.
6. NTT implemented a 2-for-1 stock split of its common stock, with an effective date of January 1, 2020. Net income per share and shareholders' equity per share have been adjusted to reflect the impact of this stock split.

Changes in Non-consolidated Assets and Non-consolidated Income of NTT

Category	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Operating revenues (billions of yen)	474.3	663.1	750.7	649.7
Operating income (billions of yen)	339.6	530.5	613.8	510.3
Recurring profit (billions of yen)	334.9	528.1	612.8	508.8
Net income (billions of yen)	288.1	724.9	1,192.7	480.7
Net income per share (yen)	70.39	181.60	307.25	129.96
Total assets (billions of yen)	6,681.0	6,710.4	7,098.8	6,834.0
Net assets (billions of yen)	4,383.5	4,602.5	5,222.2	4,845.2
Net assets per share (yen)	1,087.52	1,167.53	1,361.81	1,332.87

- Notes:
1. The non-consolidated financial statements of NTT are prepared in accordance with Japanese Generally Accepted Accounting Principles.
 2. Net income per share is calculated based on the average number of shares outstanding, excluding treasury stock, during the fiscal year. Net assets per share is calculated based on the number of shares outstanding, excluding treasury stock, at the end of the fiscal year.
 3. NTT implemented a 2-for-1 stock split of its common stock, with an effective date of January 1, 2020. Net income per share and net assets per share have been adjusted to reflect the impact of this stock split.

Matters Regarding Corporate Officers

Agreements Limiting Liability

NTT has concluded agreements with outside Members of the Board and Audit & Supervisory Board Members to limit their personal liability as provided in Article 423(1) of the Companies Act and in accordance with Article 427(1) of that act. The limitation of liability is the lowest amount permitted by Article 425(1) of the Companies Act.

Matters Regarding Independent Auditors

1. Name of Independent Auditor

KPMG AZSA LLC

2. Compensation to Independent Auditor

Independent Auditor	Amount
KPMG AZSA LLC	¥333 million

Notes:

1. The audit engagement agreements between NTT and the independent auditor do not distinguish between compensation for audits performed pursuant to the Companies Act and compensation for audits performed pursuant to the Financial Instruments and Exchange Act, and since it is not practically possible to make such a distinction, the above amount represents the total figure for both audits.
2. The Audit & Supervisory Board consented to the compensation of the independent auditor pursuant to Article 399(1) of the Companies Act after confirming and examining the details of the audit plan, the status of performing duties of financial audits, the basis for the calculation of the estimate of compensation of the independent auditor and other factors.

3. Total Monetary and Other Financial Benefits Payable by NTT and its Subsidiaries

Independent Auditor	Amount
KPMG AZSA LLC	¥2,940 million

Notes:

1. The non-audit services for which NTT pays compensation to KPMG AZSA LLC are the provision of guidance and advice and other services in relation to International Financial Reporting Standards (IFRS).
2. Of NTT's material subsidiaries, those overseas were audited by firms other than KPMG AZSA LLC.

4. Policies Concerning Decisions to Discharge or Not Reappoint Independent Auditor

In the event that the circumstances set forth in any item of Article 340(1) of the Companies Act apply to the independent auditor, the independent auditor may be discharged by a unanimous resolution of the Audit & Supervisory Board.

In addition, if it is determined that it would be difficult for the independent auditor to perform proper audits, the Audit & Supervisory Board may propose a resolution to the Ordinary General Meeting of Shareholders that the independent auditor be discharged or that the independent auditor not be reappointed.

Content of Resolutions Concerning the Development of Systems to Ensure the Propriety of NTT's Business

The Board of Directors made the resolution with respect to the "Basic Policies Concerning the Development of the Internal Control Systems for NTT Group." The contents of the resolution are set out below.

Basic Policies Concerning the Development of Internal Control Systems

- I. Basic Policy for the Development of the Internal Control Systems
 1. NTT shall develop a system of internal controls through taking measures for the prevention and minimization of losses, with the objectives of ensuring compliance with legal requirements, managing risks, and achieving appropriate and efficient business operations.
 2. NTT shall establish the Internal Control Office which oversees the establishment of internal control rules and frameworks. The Internal Control Office shall evaluate the effectiveness of the internal control systems based on internal audits regarding high risk matters affecting the entire NTT Group, and shall make sure that necessary corrective measures and improvements are implemented.
 3. NTT shall also take appropriate measures to ensure the reliability of its internal control systems for financial reporting based on the Financial Instruments and Exchange Act.
 4. As a chief executive officer, the president shall be responsible for ensuring the development and operation of the internal control systems.
- II. Development of the Internal Control Systems
 1. Systems to ensure that the performance of duties by Members of the Board and employees conform with laws and regulations and NTT's Articles of Incorporation
NTT shall implement the following measures with the objective of ensuring that its business is conducted in compliance with laws and regulations and in accordance with high ethical standards:
 - (1) NTT shall establish the Employment Rules which require employees to adhere faithfully to applicable laws, regulations and official notices, and to devote all their efforts to the performance of their duties so that business activities are appropriately and effectively carried out.
 - (2) NTT shall adopt the NTT Group Corporate Ethics Charter setting forth specific conduct guidelines concerning corporate ethics for all NTT Group officers and employees.
 - (3) NTT shall establish the Corporate Ethics Committee, chaired by the Senior Executive Vice President, to clarify the structure of responsibilities for corporate ethics. It addresses promotion of corporate ethics, improvement of compliance awareness and maintenance of corporate discipline, and investigates whistleblowers' allegation.
 - (4) NTT shall establish an internal Corporate Ethics Help Line at each NTT Group company and a group-wide external Corporate Ethics Help Line handled by an independent law firm in order to foster a more open corporate culture. Whistleblower reports may be made on an anonymous or identified basis. NTT shall ensure that whistleblowers do not suffer disadvantage as a result of using these help lines.
 - (5) Corporate ethics training shall be conducted as part of continuous educational activities for officers and employees. In addition, surveys on awareness of corporate ethics shall be conducted to check the effectiveness of these activities.
 2. Rules and other systems concerning business risk management
NTT shall take the following measures to appropriately manage business risks:

- (1) NTT shall establish the Risk Management Rules to prescribe fundamental rules concerning risk management and to promote appropriate and efficient business operations.
 - (2) NTT shall establish the Business Risk Management Committee, chaired by the Senior Executive Vice President, to clarify responsibilities concerning management of business risks and to perform crisis management in response to new business risks affecting corporate operations.
 - (3) In order to address group-wide coordination of risk management, NTT shall also formulate the Business Risk Management Manual to focus on preventing and preparing for risks, and positioning NTT Group to respond appropriately and rapidly as risks materialize.
3. Systems for ensuring that Members of the Board efficiently perform their duties
- NTT shall take the following measures to ensure that its business activities are managed efficiently through allocating responsibilities appropriately among Members of the Board and maintaining an appropriate oversight structure to monitor such matters:
- (1) NTT shall adopt the Organization Rules governing the functions and operations of internal organizational groups, and the Authority Matrix setting forth the allocation of responsibilities among the various organizational groups.
 - (2) NTT shall adopt the Rules for the Board of Directors governing the function and responsibilities of the Board of Directors. In principle, the Board of Directors shall hold meetings once each month, and be responsible for decisions on important managerial matters on the basis of applicable laws and regulations, business judgment principles, and other considerations including the duty of care. Members of the Board shall report regularly to the Board of Directors the status of implementation of their duties.
 - (3) The Board of Directors shall include outside Members of the Board with independent perspectives to reinforce the oversight function for ensuring the impartial performance of duties.
 - (4) As a holding company that oversees and coordinates NTT Group, NTT shall establish the Executive Officers Meeting and subcommittees for the purpose of considering and deciding important managerial matters of NTT and NTT Group, with the objective of promoting efficient and effective group management. NTT Group shall also establish a reporting structure for matters regarding business operations of group companies.
4. Systems for retaining and managing information related to the performance of duties of Members of the Board
- NTT shall adopt the following measures to facilitate appropriate and efficient conduct of business activities through appropriate management of information on the performance of duties by Members of the Board:
- (1) NTT shall adopt the Document Management Rules and the Rules for Information Security Management to manage documents (including related materials and information recorded on electronic media; referred to as "Documents") and other information properly.
 - (2) Documents shall be retained for the periods required by law and/or as necessary for business operations.
5. Systems for ensuring the propriety of the business activities of NTT Group
- NTT shall ensure that transactions among NTT group companies are conducted appropriately and in compliance with laws and regulations, and that all group companies adopt following measures to conduct their business operations appropriately and to contribute to the growth and development of NTT Group:
- (1) Establishing a crisis communication system to notify the parent company,

- (2) Conducting employee education and training to prevent fraud or misconduct,
 - (3) Establishing systems for information security and protection of personal information,
 - (4) Reporting regularly to the parent company on their financial condition, and
 - (5) Accepting audits by the parent company's internal audit division, etc.
6. Employees who assist Audit & Supervisory Board Members in the performance of their duties and the independence of those employees from Members of the Board
- NTT shall adopt the following measures with respect to employees who assist Audit & Supervisory Board Members in the performance of their duties to ensure the effective performance of audits by Audit & Supervisory Board Members:
- (1) Office of Audit & Supervisory Board Members shall be established as an integral part of NTT's corporate organization under the Companies Act. Office of Audit & Supervisory Board Members shall be staffed with dedicated personnel who work full time in assisting Audit & Supervisory Board Members in the performance of their duties.
 - (2) Personnel assigned to Office of Audit & Supervisory Board Members perform their responsibilities at the instruction and direction of Audit & Supervisory Board Members.
 - (3) Decisions on transfer of personnel assigned to Office of Audit & Supervisory Board Members, evaluations of such personnel shall be made with due regard for the opinion of the Audit & Supervisory Board.
7. Systems for reporting to Audit & Supervisory Board Members by Members of the Board and employees and systems for ensuring effective implementation of audits by Audit & Supervisory Board Members
- In order to ensure the effective implementation of audits by Audit & Supervisory Board Members, NTT shall adopt the following measures, including reports to Audit & Supervisory Board Members on material matters concerning the performance of duties by Members of the Board and employees:
- (1) Members of the Board and other personnel report the following matters concerning the performance of their duties:
 - (a) Matters resolved at Executive Officers Meeting;
 - (b) Matters that caused or may cause substantial damage to NTT;
 - (c) Monthly financial reports;
 - (d) Results of internal audits;
 - (e) Matters that pose a risk of violation of laws and regulations or NTT's Articles of Incorporation;
 - (f) Whistleblowing;
 - (g) Material matters reported by group companies; and
 - (h) Other material compliance matters.
 - (2) Representative Members of the Board, the independent auditor, and the internal audit division shall report to and exchange ideas and opinions with Audit & Supervisory Board Members periodically or as needed upon request from Audit & Supervisory Board Members.
 - (3) Audit & Supervisory Board Members have the right to attend meetings of the Board of Directors and other important meetings.
 - (4) Audit & Supervisory Board Members may contract independently with and seek advice from external experts with respect to the performance of audit operations.
 - (5) Audit & Supervisory Board Members may request prepayment or reimbursement of expenses incurred in the execution of their duties. NTT shall provide prepayment or reimbursement upon such requests.

Outline of Operations of the Systems to Ensure the Propriety of NTT's Business

The following section provides an outline of operations of the systems to ensure the propriety of NTT's business on the basis of the Basic Policies for the Development of the Internal Control Systems for NTT Group.

1. Systems to ensure that the performance of duties by Members of the Board and employees conforms with laws and regulations and NTT's Articles of Incorporation

NTT strives to maintain and heighten awareness regarding corporate ethics and compliance with the objective of ensuring that its business is conducted in compliance with laws and regulations and in accordance with high ethical standards.

With respect to corporate ethics, the NTT Group Corporate Ethics Charter and the Employment Rules are disseminated via NTT's intranet. Also, the Corporate Ethics Committee held two meetings during the fiscal year under review, and was tasked with investigating matters reported to the Corporate Ethics Help Line for whistleblowing, and then reporting such matters to the Board of Directors, along with the status of actions taken to address such matters. During the fiscal year under review, NTT Group's external Corporate Ethics Help Line received 342 reports. NTT stipulates and appropriately implements regulations on Corporate Ethics Help Line operating procedures to ensure that whistleblowers will not suffer disadvantage as a result of using these help lines.

NTT aims to maintain and heighten compliance awareness through its efforts geared to improving the level of understanding of such issues among officers and employees. To that end, NTT offers training sessions on corporate ethics to its officers and employees, and also provides them with detailed explanations on case studies involving corporate ethics issues through NTT's intranet. NTT also conducts surveys of employee attitudes regarding corporate ethics, which it draws on in its efforts to further instill increasingly widespread awareness of corporate ethics.

2. Rules and other systems concerning business risk management

With respect to business risk management, NTT has established Risk Management Rules stipulating fundamental policies on risk management with the aims of, among other things, anticipating and preventing materialization of potential risks, and also minimizing losses if any risk materializes. Chaired by the Senior Executive Vice President, the Business Risk Management Committee spearheads efforts to develop and operate a PDCA cycle for managing risk. During the fiscal year under review, the committee held one meeting during which discussions involved identifying risks that could potentially have a company-wide impact, policies for managing such risks, and other such matters.

NTT has also formulated the NTT Group Business Risk Management Manual, and distributed it to each group company, in order to facilitate group-wide risk management initiatives. On the basis of the manual, which stipulates matters that include proactive measures for potential risks, collaborative group-wide approaches and policies for addressing risks that materialize, and pathways for communicating information, systems have been developed and implemented that enable swift action to be taken.

3. Systems for ensuring that Members of the Board efficiently perform their duties

NTT executes operations on the basis of the Organization Rules governing the functions and operations of internal organizational groups, and under the supervision of the Board of Directors, makes decisions on the basis of the Authority Matrix setting forth the allocation of responsibilities among the various organizational groups.

The Board of Directors makes decisions on matters stipulated in the Rules for the Board of Directors, including those required by laws and regulations, as well as those involving other important matters related to both corporate and Group management. Moreover, the Board of Directors supervises Members of the Board in performing their duties through such means as receiving periodic status reports from the Members of the Board with respect to performance

of their duties. The Board of Directors, which comprises 15 members including four outside independent Members of the Board, met 11 times during the fiscal year under review.

Important NTT decisions are deliberated and decided in principle at the Executive Officers Meeting, which is made up of the president, Senior Executive Vice Presidents, full-time directors, and the heads of the staff organization, and was held 35 times during the fiscal year under review. Under the Executive Officers Meeting, NTT has also established subcommittees that deliberate on issues pertaining to both corporate management strategy and Group management strategy, and which convene as necessary. The major subcommittees and the number of times that meetings of the respective subcommittees were held during the fiscal year under review are as follows.

- Technology Strategy Committee (R&D vision, technology development strategy, R&D alliance strategy): 1
- Investment Strategy Committee (Investment strategy related to large investment projects, etc.): 27
- Finance Strategy Committee (Basic strategies related to finance, policies for addressing financial issues): 8

NTT obtains necessary information regarding business operations of group companies including business planning and financial reporting of these companies. To that end, NTT has established systems for obtaining reports from each group company, and otherwise gets such information by gaining access to business reports, temporarily dispatching officers from NTT, and through other such means geared to the size and characteristics of its each group company.

4. Systems for retaining and managing information related to the performance of duties of Members of the Board

NTT has established the Document Management Rules and the Rules for Information Security Management with respect to its management of information, including information related to the performance of duties by Members of the Board. Those rules are disseminated via NTT's intranet. NTT retains documents (including those recorded on electronic media) for periods determined according to document type, as required by laws and regulations, and as necessary for business operations. NTT appropriately organizes and retains documents through initiatives that include assigning information managers to each division and adopting systems that make it possible to manage documents (computer files) in accordance with the regulations.

5. Systems for ensuring the propriety of the business activities of NTT Group

In the event of a crisis that could affect the overall group, NTT has established and appropriately implements a system for communicating with the parent company, stipulated in the Business Risk Management Manual. With the aim of maintaining and heightening compliance awareness across the entire NTT Group, NTT provides guidance to group companies on offering corporate ethics training sessions, and monitors progress of those training sessions.

In terms of ensuring information security across the entire NTT Group, NTT has established the NTT Group Information Security Policy and disseminated via NTT's corporate website. Further, NTT has established the Group CISO Committee, whose membership consists of Chief Information Security Officers (CISOs) of each group company, as a forum for deliberating on issues pertaining to information security. The committee met three times during the fiscal year under review.

Group companies appropriately report their financial status, including their quarterly and monthly results, to the parent company. Those results are reported as the monthly monitoring status to NTT's Executive Officers Meeting and its Board of Directors.

Moreover, NTT's Internal Control Office, which is responsible for internal audit activities, and the internal audit divisions of major group companies uniformly conducted audits of group

companies and their respective affiliates, with such audits designed to reflect material risks common throughout NTT Group as well as those risks inherent to the respective companies.

6. Employees who assist Audit & Supervisory Board Members in the performance of their duties and the independence of those employees from Members of the Board

NTT has established Office of Audit & Supervisory Board Members to act as a system for supporting audits performed by Audit & Supervisory Board Members. The office comprises four dedicated personnel who appropriately perform their responsibilities at the instruction and direction of Audit & Supervisory Board Members. Personnel matters of these staff members, such as transfers and evaluations, are coordinated with the Audit & Supervisory Board.

7. Systems for reporting to Audit & Supervisory Board Members by Members of the Board and employees and systems for ensuring effective implementation of audits by Audit & Supervisory Board Members

Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings. During the fiscal year under review, the Audit & Supervisory Board Members Preliminary Deliberation Meeting was held 28 times. Audit & Supervisory Board Members also hold periodic meetings for exchanges of ideas and opinions with Representative Members of the Board, and otherwise engage in discussions with Members of the Board on various topics. Through such forums, they gain access to status reports on matters such as performance of duties as indicated by NTT's Basic Policies, and also provide suggestions when necessary.

Audit & Supervisory Board Members also engage in initiatives that include: exchanging ideas and opinions with the independent auditor and internal audit divisions; gaining access to reports containing explanations of audit plans, the status of internal control systems and other such content; and providing suggestions when necessary.

Audit & Supervisory Board Members have contracted independently with attorneys and other external experts in order to seek advice with respect to the performance of audit operations, and NTT appropriately covers required costs incurred in that regard, along with other costs necessary for performing audits.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(from April 1, 2019 to March 31, 2020)

(Millions of yen)

	NTT shareholders' equity					Total	Non-controlling interests	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity			
At beginning of year	937,950	2,341,206	5,954,305	(150,635)	182,087	9,264,913	2,539,877	11,804,790
Comprehensive income								
Profit	—	—	855,306	—	—	855,306	256,040	1,111,346
Other comprehensive income	—	—	—	—	(111,855)	(111,855)	(29,900)	(141,755)
Total comprehensive income	—	—	855,306	—	(111,855)	743,451	226,140	969,591
Value of transactions with shareholders etc.								
Dividends of surplus	—	—	(354,827)	—	—	(354,827)	(151,414)	(506,241)
Transfer to retained earnings	—	—	46,324	—	(46,324)	—	—	—
Purchase and disposal of treasury stock	—	1	—	(502,734)	—	(502,733)	—	(502,733)
Changes in ownership interest in subsidiaries	—	(104,613)	—	—	—	(104,613)	(210,163)	(314,776)
Share-based compensation transactions	—	(1,386)	—	—	—	(1,386)	7	(1,379)
Put options granted to non-controlling interests	—	19,392	—	—	—	19,392	(1,916)	17,476
Other	—	(1,928)	(1,166)	—	—	(3,094)	(1,007)	(4,101)
Total value of transactions with shareholders etc.	—	(88,534)	(309,669)	(502,734)	(46,324)	(947,261)	(364,493)	(1,311,754)
At end of year	937,950	2,252,672	6,499,942	(653,369)	23,908	9,061,103	2,401,524	11,462,627

Note: Amounts are rounded off to the nearest million yen.

Notes to Consolidated Financial Statements

Basis for the Preparation of Consolidated Financial Statements

Principal Accounting Policies

1. Standards for preparation of consolidated financial statements

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") under Article 120, Paragraph 1 of the Regulation on Corporate Accounting. However, certain supplementary material and notes required under IFRS are omitted pursuant to the second sentence of the same paragraph.

2. Financial Assets

Recognition, classification and measurement

NTT Group recognizes these assets on the dates when NTT Group becomes party to the contract. Financial assets are classified as (a) financial assets measured at amortized cost, (b) financial assets measured at fair value through other comprehensive income, or (c) financial assets measured at fair value through profit or loss. If the contractual rights to the cash flows of the financial asset expire, or if the contractual rights to receive the cash flows of the financial asset are transferred and substantially all the risks and rewards of ownership of the financial asset are thereby transferred, the financial asset is derecognized and excluded from the consolidated statement of financial position.

(a) Financial Assets Measured at Amortized Cost

Of loans and other similar debt instruments, financial assets that satisfy both of the following conditions are classified as financial assets measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. Based on the timing of the payment of consideration for goods and services provided, the effect of the time value of money is immaterial, and trade receivables that do not include any significant financial elements are initially measured at their transaction price without adjustment of the effect of the time value of money.

After initial recognition, they are measured at amortized cost by deducting loss allowance from the gross carrying amount calculated applying the effective interest method.

(b-1) Financial Assets Measured at Fair Value through Other Comprehensive Income (Debt Instruments)

Of corporate bonds and other similar debt instruments, debt instruments that satisfy both of the following conditions are classified as "financial assets measured at fair value through other comprehensive income."

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the time of initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. After initial recognition, they are measured at fair value and any subsequent changes in the fair value are recognized in other comprehensive income. Cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss when the asset is derecognized due to sales and other reasons.

(b-2) Financial Assets Measured at Fair Value through Other Comprehensive Income (Equity Instruments)

At initial recognition, an entity may make an election (irrevocable to change after the election) to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument such as stock that is not held for trading. NTT Group makes this designation for each financial instrument.

At the time of initial recognition, these financial assets are measured at fair value plus any transaction costs directly attributable to the acquisition of the financial asset. After initial recognition, they are measured at fair value and any subsequent changes in the fair value are recognized in other comprehensive income. Cumulative other comprehensive income recognized in "Other components of equity" is transferred to retained earnings and not to profit or loss, when these financial assets are derecognized. Dividends are recognized in profit or loss.

(c) Financial Assets Measured at Fair Value through Profit or Loss

Financial assets such as derivatives, other than those mentioned in (a), (b-1) and (b-2), are classified as financial assets measured at fair value through profit or loss.

At the time of initial recognition, these financial assets are measured at fair value, and any transaction costs directly attributable to the acquisition of the financial asset are recognized in profit or loss when incurred. After initial recognition, they are measured at fair value, with any subsequent changes in the fair value recognized in profit or loss.

Impairment

NTT Group determines the amount of impairment loss (loss allowance) for financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (debt instruments), lease receivables, contract assets, financial guarantee contracts, and loan commitments, based on the expected credit losses measured as below:

- If, at the end of the fiscal year, the credit risk on a financial asset has not increased significantly since initial recognition, the loss allowance is measured using the amount of the expected credit losses from a possible default within 12 months after the reporting date (12-month expected credit losses).
- If, at the end of the fiscal year, the credit risk on a financial asset has increased significantly since initial recognition, the loss allowance is measured using the amount of the expected credit losses from all possible defaults over the expected life of the financial instrument (lifetime expected credit losses).

Notwithstanding the above, the amounts of loss allowance for trade receivables and contract assets that do not include significant financial elements and lease receivables are always measured using the amount of the lifetime expected credit losses.

3. Inventories

Valuation standard

Inventories consist of telecommunications terminal equipment, materials to be sold, work in progress, and supplies, which are measured at the lower of cost and net realizable value (net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell).

Valuation method

The costs of telecommunications terminal equipment and materials to be sold are determined on a first-in, first-out basis. The cost of work in progress is mainly attributable to software production pursuant to contracts with customers and construction of real estate held for sale, including labor and subcontractors' costs. The cost of supplies is determined by the average cost method or the specific identification method.

4. Goodwill

Goodwill is not amortized, but tested for impairment whenever there is an indication of impairment in cash-generating units or group of units to which goodwill is allocated, and at the same time every year irrespective of whether there is any indication of impairment. Goodwill is accounted for at the carrying amount determined by deducting the accumulated impairment losses from the cost.

5. Property, Plant and Equipment, Intangible Assets and Investment Property

Measurement method

NTT Group chooses the cost model which deducts accumulated depreciation and accumulated impairment losses from cost.

Depreciation and amortization method

(1) Property, Plant and Equipment

Principally straight-line method

(2) Intangible Assets

Straight-line method, except that intangible assets with indefinite lives are not amortized, but are tested for impairment at the same time every year.

(3) Investment Property

Principally straight-line method

6. Lease

Accounting treatment as a lessee

(1) Lease liabilities

Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date of the contract, discounted using NTT Group's incremental borrowing rate*. Lease payments are accounted as payments for interest calculated applying the effective interest method and payments for principal. Payments for interest are presented as finance cost in the consolidated statement of profit or loss.

* As interest rate implicit in the lease cannot be readily determined, NTT Group uses incremental borrowing rate as discount rate.

(2) Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the amount of the initial measurement of the lease liabilities, adjusted for any initial direct costs incurred, prepaid lease payments, etc. After the initial measurements, right-of-use assets are depreciated over the useful life or the lease term of the underlying asset, whichever is shorter, from the commencement date of the contract. The estimated useful life of right-of-use assets is determined as same as owned property, plant and equipment. Right-of-use assets are deducted by impairment if identified, and adjusted at remeasurement of the specific lease liabilities. A part of right-of-use assets, which satisfies the definition of investment property, is presented as investment property in the consolidated statements of financial position.

7. Provisions

Provisions are recognized in cases where NTT Group has present legal or constructive obligations as a result of past events, as well as where it is probable that the obligations will be required to be settled and when it is possible to reliably estimate the amount of the obligation.

Using a pre-tax interest rate that reflects the time value of money, provisions are measured by discounting the estimated future cash flows to the present value, taking into account the risks and uncertainties related to the obligation as of the fiscal year end. The provisions that NTT Group recognizes are primarily asset retirement obligations, provisions for environmental measures, and provisions for points programs.

8. Employee Benefits

Liabilities recognized in connection with the defined benefit plans (defined benefit liabilities) are determined by deducting the fair value of the plans assets from the present value of the defined benefit obligations as of the end of the fiscal year.

Remeasurements of the net amount of assets and liabilities in the defined benefit plans consist of actuarial gains and losses and the return on plan assets (excluding amounts included in interest). They are recognized in other comprehensive income, with the cumulative amount being promptly reclassified from "Other components of equity" to retained earnings.

9. Revenue

NTT Group provides the following six services: fixed voice-related services, mobile voice-related services, IP/packet communications services, sales of telecommunications equipment, system integration services, and other services.

Regarding these services, revenue is recognized in an amount of the consideration to which NTT Group expects to be entitled in exchange for those goods or services transferred to customers based on the following five-step approach, excluding interest and dividend revenues pursuant to IFRS 9 and insurance premium revenues pursuant to IFRS 4.

Step 1: Identifying the contract with the customer

Step 2: Identifying the performance obligation in the contract

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to separate performance obligations in the contract

Step 5: Recognizing revenue when or as the performance obligation is satisfied

The part of incremental costs of obtaining a contract and costs to fulfill a contract with customers that is expected to be recoverable is recognized as an asset.

10. Consumption Taxes

Consumption tax is separately accounted for by excluding it from each transaction amount.

Scope of Consolidated Subsidiaries and Application of Equity Method Investments

As of March 31, 2020, NTT Group comprised 979 consolidated subsidiaries and 130 equity method affiliates.

Notes on Changes in Accounting Policy

Application of IFRS 16, "Lease"

NTT Group has applied IFRS 16, "Lease" ("IFRS 16") from the beginning of the current fiscal year.

(a) Accounting treatment as a lessee

Lease transactions as a lessee were classified as finance leases when the lessor transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, while other lease transactions were classified as operating leases under IAS 17 "Leases" for the year ended March 2019.

As a result of the application of IFRS 16, when NTT Group assesses that a contract is, or contains, a lease at the inception of the contract, NTT Group recognizes lease liabilities and right-of-use assets in the consolidated statements of financial position at the commencement date of the contract without classifying finance leases or operating leases except for leases with a lease term of 12 months or less or when the underlying assets are of low value. NTT Group does not apply IFRS 16 to leases of intangible assets.

(b) Accounting treatment as a lessor

For leases in which NTT Group is the lessor, excluding subleases, NTT Group is not required to make any adjustments at the time of the application of IFRS 16.

Regarding the subleases in which NTT Group is intermediate lessor, NTT Group reassessed subleases by referencing right-of-use assets recognized from head leases in which NTT Group is the lessee rather than the underlying asset that is the subject of a lease, then some sublease contracts classified as operating leases in or prior to the previous fiscal year are classified as finance leases. As a result, NTT Group derecognizes right-of-use assets and recognizes trade and other receivables (lease receivables) in the consolidated statements of financial position.

(c) Transitional measures

NTT Group applies IFRS 16 using the modified retrospective approach, under which recognizing the cumulative effect of applying the standard as an adjustment to the beginning balance of retained earnings at the date of initial application. For the assessment of whether a contract that was concluded in or prior to the previous fiscal year is, or contains, a lease, the NTT Group has applied the practical expedient of maintaining its previous assessment.

(d) The impact of the changes in accounting policies

The impact of the application of IFRS 16 is described below.

The amounts newly recognized as right-of use assets, etc. and lease liabilities regarding the lease transactions classified as operating leases in the previous fiscal year

(Millions of yen)

	The beginning balance based on IFRS 16 (April 1, 2019)
<hr/>	
(Consolidated Statement of Financial Position)	
Assets	
Right-of-use assets	434,216
Trade and other receivables (Lease receivables)	54,594
Investment property	35,572
Liabilities	
Lease liabilities (Current and non-current)	517,384

There were no material impacts on retained earnings at the beginning of the current fiscal year.

The amounts of depreciation and amortization newly recognized from right-of-use assets and investment property

(Millions of yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)
<hr/>	
(Consolidated Statement of Profit or Loss)	
Depreciation and amortization	148,501

Despite depreciation and amortization is newly recognized, lease payments for operating leases, which used to be recognized as expenses for purchase of goods and services and other expenses for the previous fiscal year, is not recognized. As a result, the impact on "Profit" and "Basic earnings per share" for the fiscal year ended March 31, 2020 are not material.

Notes on Change in Accounting Estimates

Estimates of useful lives of property, plant and equipment

NTT Group revised its estimate of the expected useful lives of optical cables (a part of Cables in Telecommunications service lines) and extended expected useful life based on current actual utilization. This change in estimate has been accounted for prospectively. Regarding to the impact from this change in accounting estimate in the consolidated statement of profit or loss for the fiscal year ended March 31, 2020, "Depreciation and amortization" was decreased by ¥44,020 million, and "Profit attributable to NTT" and "Basic earnings per share" were increased by ¥30,396 million, ¥8.22, respectively. Per share information for the fiscal year ended March 31, 2020 reflects the impact of the two-for-one stock split. The details are presented in "Notes to Consolidated Statement of Changes in Equity."

Notes to Consolidated Statement of Financial Position

1. Other components of equity includes the change in the fair value of financial assets measured at fair value through other comprehensive income, cash flow hedge, remeasurements of defined benefit plans, and Foreign currency translation adjustment.
2. In accordance with the provisions of Article 9 of the "Act on Nippon Telegraph and Telephone Corporation, Etc.," NTT has pledged all of its assets as general collateral for corporate bonds issued.
3. Outstanding guarantees and others ¥87,966 million
4. Loss allowance deducted directly from assets

Trade and other receivables	¥76,343 million
Other financial assets (Non-current)	¥19,487 million
5. Component of Property, plant and equipment

(Millions of yen)

	Value reported on consolidated statement of financial position
Telecommunications equipment	10,895,484
Telecommunications service lines	16,502,388
Buildings and structures	5,611,601
Machinery, vessels and tools	2,350,900
Land	705,456
Construction in progress	441,836
Sub-total	36,507,665
Accumulated depreciation and impairment losses	(27,420,202)
Property, plant and equipment - total	9,087,463

6. Accumulated depreciation and impairment losses of right-of-use assets ¥164,993 million
7. Accumulated depreciation and impairment losses of investment property ¥469,380 million

Notes to Consolidated Statement of Changes in Equity

1. Number and type of shares issued and outstanding as of the end of the fiscal year ended March 31, 2020 *1

Common stock: 3,900,788,940 shares

2. Dividends

- (1) Payment of dividends

Resolution	Type of Shares	Total Dividends (Millions of yen)	Dividends per Share (Yen) *2	Record Date	Effective Date
June 25, 2019 Ordinary general meeting of shareholders	Common stock	182,153	95	March 31, 2019	June 26, 2019
November 5, 2019 Board of Directors meeting	Common stock	172,674	95	September 30, 2019	December 5, 2019

- (2) Dividends for which the record date fell in the fiscal year ended March 31, 2020 with an effective date falling in the following fiscal year

Proposed Resolution	Type of Shares	Source of Funding for Dividend	Total Dividends (Millions of yen)	Dividends per Share (Yen) *3	Record Date	Effective Date
June 23, 2020 Ordinary general meeting of shareholders	Common stock	Retained earnings	172,672	47.5	March 31, 2020	June 24, 2020

*1 NTT implemented a two-for-one stock split of its common stock (the "Stock Split") with an effective date of January 1, 2020, and the number of shares represents the total number after the Stock Split.

*2 For dividends per share based on the resolutions of the June 25, 2019 ordinary general meeting of shareholders and the November 5, 2019 Board of Directors meeting, figures are the amounts before the Stock Split.

*3 For dividends per share based on the resolution of the June 23, 2020 ordinary general meeting of shareholders, figures have been adjusted to reflect the Stock Split.

Notes Concerning Financial Instruments

1. Qualitative information on financial instruments

NTT Group owns financial instruments mainly listed in "2. Fair value of financial instruments" below and is exposed to financial risks (credit risk, liquidity risk, and market risk) in conducting business activities. In order to avoid or reduce such risks, it manages risks based on certain policies. In addition, NTT Group reports on the status of major financial risk management to its management.

NTT Group has established risk management policies to alleviate market risk and is conducting derivative transactions, such as forward foreign exchange contracts, interest rate swaps, and currency swaps. NTT Group does not conduct derivative transactions for speculative purposes.

2. Fair value of financial instruments

(Millions of yen)

	Carrying amount on consolidated statement of financial position	Fair value	Difference
Financial liabilities measured at amortized cost			
Long-term debt (including current portion or balance due within 1 year)	(2,640,564)	(2,697,274)	(56,710)
Liabilities directly associated with assets held for sale			
Long-term debt (including current portion or balance due within 1 year)	(479,651)	(478,696)	955
Financial assets and financial liabilities measured at fair value			
Other financial assets (Current / Non-current)			
Investments in capital	39,725	39,725	—
Equity securities	434,782	434,782	—
Assets held for sale			—
Investments in capital	6,990	6,990	—
Equity securities	434	434	—
Debt securities	100,923	100,923	—
Loans receivable	129,566	129,566	—
Other financial assets / Other financial liabilities (Current / Non-current)			
Derivatives	(14,492)	(14,492)	—
Liabilities directly associated with assets held for sale			—
Derivatives	(1,573)	(1,573)	—

*1 Amounts of assets and liabilities related to derivatives are presented in net amounts.

*2 Amounts reported as liabilities are shown in parentheses.

Notes:

- Assets and liabilities with carrying amounts that approximate fair values, such as cash and cash equivalents, trade and other receivables, short-term borrowings, trade and other payables, and accrued payroll, are not included in the above table.
- Methods of calculating fair values of financial instruments and matters relating to marketable securities and derivative transactions
 - Long-term debt (including current portion or balance due within 1 year)

The fair value of long-term debt is measured by discounting future cash flows using discount rates for similar debt instruments of comparable maturities currently offered to NTT Group.

- (2) Debt securities
Debt securities include corporate bonds and others. Their fair value is measured based on the pricing models developed independently by financial and other institutions using underlying conditions that are observable in markets, such as credit ratings and discount rates.
- (3) Equity securities and investments in capital
The fair values of equity securities and investments in capital are measured using an evaluation model that is selected through appropriate processes and that suits the circumstances of the investee, including reasonable estimates of inputs. As a result, these fair values are primarily measured using the adjusted net asset method.
- (4) Loans Receivable
The fair value of loans receivable is calculated primarily by discounting the total principal and interest using interest rates assumed for similar new transactions.
- (5) Derivatives
Derivatives mainly comprise forward exchange contracts, currency swap agreements and interest rate swap agreements. The fair value of forward exchange contracts is measured using underlying conditions that are observable in markets, such as exchange rates. The fair values of currency swap agreements and interest rate swap agreements are measured by using underlying conditions that are observable in markets, such as London Inter-bank Offered Rate (LIBOR), swap rates, and exchange rates, and by discounting future cash flows to present value.

Notes Concerning Investment Property

1. Investment property
NTT Group maintains investment properties, including office buildings.
2. Fair value of investment property

(Millions of yen)	
Carrying amount on consolidated statement of financial position *1	Fair value *2
1,106,145	2,437,430

*1 Carrying amount on consolidated statement of financial position represents the original acquisition cost reduced by the accumulated depreciation and accumulated impairment losses.

*2 Fair value is mainly an appraisal value by an independent real estate appraisal expert, and is based on an evaluation by the discount cash flow method or observable market prices of similar assets.

Notes Concerning Financial Data Per Share

Shareholders' equity per share:	¥2,492.60
Basic earnings per share attributable to NTT:	¥231.21

Note: NTT implemented a two-for-one stock split of its common stock, with an effective date of January 1, 2020, and the figures for shareholders' equity per share and basic earnings per share attributable to NTT have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the fiscal year ended March 31, 2020.

Other

Assets held for sale

Capital and Business Tie-up Agreement with Tokyo Century Corporation

Overview

NTT resolved to form a capital and business tie-up (hereinafter referred to as "the capital and business tie-up") with Tokyo Century Corporation (hereinafter referred to as "Tokyo Century") at a meeting of the Board of Directors held on February 6, 2020 and entered into an agreement regarding the capital and business tie-up.

As part of the capital and business tie-up, the new company (NTT TC Leasing Co., Ltd.) established by NTT Finance Corporation (hereinafter referred to as "NTT Finance") will first succeed to part of the leasing business and global business of NTT Finance by the method of absorption-type split upon spin-off, and then NTT Group will transform the new company into a joint venture by selling shares equivalent to 50% of the total number of outstanding shares of the new company to Tokyo Century in order to bolster and augment leasing and financial business in Japan and other countries for NTT Group and Tokyo Century.

In addition to the above, NTT acquired shares of Tokyo Century's common stock equivalent to 10% of the total outstanding shares after the third-party allocation implemented by Tokyo Century by underwriting part of the allocation.

Impact on accounting treatment and on the consolidated financial statements

In accordance with this completion of share transfer, the new company is expected to be a joint venture company accounted for using the equity method for NTT Group. As a result, assets related to part of the leasing business and global business of NTT Finance and liabilities directly associated with the assets, that are included in "Other Business" segment, are expected to be classified as assets held for sale and liabilities directly associated with assets held for sale, respectively, until the completion of the share transfer.

Component of disposal groups classified as assets held for sale or liabilities directly associated with assets held for sale

		(Millions of yen)	
Accounting item	As of March 31, 2020	Accounting item	As of March 31, 2020
Assets		Liabilities	
Trade and other receivables	817,249	Short-term debt	32,148
Other financial assets (Current)	291,988	Trade and other payables	17,373
Property, plant and equipment	115,057	Lease liabilities (Current)	4,858
Other financial assets (Non-current)	114,678	Other current liabilities	11,348
Other	8,335	Long-term debt	447,503
		Lease liabilities (Non-current)	26,538
		Other financial liabilities (Non-current)	18,357
		Other	1,307
Total	1,347,307	Total	559,432

The impact on other components of equity related to "Assets held for sale" is immaterial.

In addition, the impact on the consolidated statement of profit or loss from the share transfer transaction is expected to be immaterial.

Notes Concerning Significant Subsequent Events

Acquisition of Toyota Motor Corporation's Shares and Disposal of Treasury Stock by Way of Third-party Allotment

On March 24, 2020, the Board of Directors resolved that NTT would enter into a memorandum of understanding for a business and capital alliance (the "Alliance") with Toyota Motor Corporation ("Toyota") and entered into the Alliance on the same day. On April 9, 2020, Toyota and NTT mutually executed a comprehensive underwriting agreement for a third-party allotment based on this memorandum of understanding. NTT acquired Toyota's shares and conducted a disposition of shares of the NTT's treasury stock through a third-party allotment with Toyota as the subscriber for the shares on the same day.

1. Overview of acquisition of Toyota's share

(1) Acquisition date	April 9, 2020
(2) Type and number of shares acquired	29,730,900 shares of Toyota's common stock
(3) Acquisition price per share	¥6,727 per share
(4) Total amount of acquisition	¥199,999,764,300
(5) Percentage to the total number of issued and outstanding shares held by NTT	0.90% of Toyota's common stock

2. Overview of a disposition of shares of the NTT's treasury stock through a third-party allotment, with Toyota as the subscriber for the shares

(1) Disposition date	April 9, 2020
(2) Type and number of shares disposed	80,775,400 shares of the NTT's common stock
(3) Disposition price	¥2,476 per share
(4) Amount of funds raised	¥199,999,890,400
(5) Percentage to the total number of issued and outstanding shares held by Toyota	2.07% of the NTT's issued and outstanding common stock

Non-consolidated Financial Statements

Non-consolidated Statement of Changes in Shareholders' Equity and Other Net Assets (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity								Unrealized gains (losses), translation adjustments, and others		Total net assets	
	Common stock	Capital surplus			Legal reserve	Earned surplus		Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities		Total unrealized gains (losses), translation adjustments, and others
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other earned surplus	Total earned surplus					
					Accumulated earned surplus							
At beginning of year	937,950	2,672,826	-	2,672,826	135,333	1,625,957	1,761,290	(150,634)	5,221,432	816	816	5,222,248
Net change during the annual period												
Cash dividends	-	-	-	-	-	(354,826)	(354,826)	-	(354,826)	-	-	(354,826)
Net income	-	-	-	-	-	480,768	480,768	-	480,768	-	-	480,768
Payments to acquire treasury stock	-	-	-	-	-	-	-	(502,747)	(502,747)	-	-	(502,747)
Resale of treasury stock	-	-	1	1	-	-	-	13	15	-	-	15
Others, net	-	-	-	-	-	-	-	-	-	(198)	(198)	(198)
Total net change during the annual period	-	-	1	1	-	125,942	125,942	(502,733)	(376,790)	(198)	(198)	(376,988)
At end of year	937,950	2,672,826	1	2,672,827	135,333	1,751,899	1,887,233	(653,368)	4,844,641	617	617	4,845,259

Note: Amounts are rounded down to the nearest million yen.

Notes to Non-consolidated Financial Statements

Notes Concerning Significant Accounting Policies

1. Valuation standard and method for certain assets

(1) Valuation standard and method for securities

[1] Investments in subsidiaries and affiliated companies

Investments in subsidiaries and affiliated companies are stated at cost, which is determined by the moving average method.

[2] Other securities

(a) Marketable securities

The securities are stated at fair value, which includes market price, as of the balance sheet date, with valuation differences directly reported as a separate component of net assets. The cost of securities sold is determined by the moving average method.

(b) Non-marketable securities

The securities whose fair values are not readily determinable are stated at cost, which is determined by the moving average method.

(2) Valuation standard and method for inventories

Supplies are stated at cost, which is determined by the last purchase cost method (balance sheet amount is computed by devaluing the book price to reflect declines in profitability).

2. Depreciation and amortization of fixed assets

(1) Property, plant and equipment (except lease assets)

Property, plant and equipment are depreciated using the straight-line method.

The useful life of assets is primarily as follows, and the residual values are calculated based on real residual values.

Buildings:	4 to 56 years
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Tools, furniture and fixtures:	3 to 26 years
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(2) Intangible fixed assets (except lease assets)

Intangible assets (except lease assets) are amortized using the straight-line method.

Internal-use software is amortized using the straight-line method over its estimated useful life (within 5 years).

(3) Lease assets

Financial leases other than those deemed to transfer ownership of properties to lessees

The useful lives of the assets are the terms of leases, and the residual values are calculated based on real residual values using the straight-line method.

3. Accounting standard for allowances

(1) Allowance for doubtful accounts

To cover expected losses from bad debts, estimated uncollectible amounts are accrued for general claims on the basis of historical bad-debt ratios, and for specific claims, including doubtful accounts, on the basis of their recoverability.

No allowance was accrued as of the end of the fiscal year ended March 31, 2020.

(2) Liability for employees' retirement benefits

To provide for employees' retirement benefits, benefit obligations and plan assets are estimated and accrued as of the end of the fiscal year ended March 31, 2020.

[1] Period allocation method of projected retirement benefits

When calculating retirement benefit obligations, the benefit formula method is used in determining the amount of the expected retirement benefit obligations attributed to the period up to the end of the fiscal year ended March 31, 2020.

[2] Method of recognizing actuarial differences and prior service costs

The amount of a prior service cost is accounted for as an expense in the fiscal year during which it arises, and calculated by using the straight-line method based on the average remaining service period of the employees in service.

Actuarial differences are accounted for as an expense from the fiscal year following the fiscal year in which such gains or losses are incurred, and calculated by using the straight-line method based on the average remaining service period of the employees in service.

4. Other material matters relating to the preparation of financial statements

(1) Accounting for hedging activities

Hedging activities are principally accounted for under "deferral hedge accounting." The designation "hedge accounting" is applied to forward exchange contracts and other foreign exchange contracts, and the designation "exceptional accounting" is applied to interest-rate swaps that qualify for "exceptional accounting" (Accounting Standards for Financial Instruments, Footnote 14).

(2) Accounting for consumption tax

Consumption tax is separately accounted for by excluding it from each transaction amount.

(3) Adoption of consolidated taxation system

NTT applies for the consolidated taxation system.

Notes to Non-Consolidated Balance Sheet

1. Assets offered as security and secured liabilities

In accordance with the provisions of Article 9 of the Act on Nippon Telegraph and Telephone Corporation, Etc., NTT has pledged all of its assets as general collateral for corporate bonds issued.

Corporate bonds (including those maturing within one year)	¥339,975 million
2. Accumulated depreciation on property, plant and equipment:	¥309,848 million
3. Accounts receivable from and payable to affiliates are as follows (excluding those otherwise classified):	
Short-term accounts receivable:	¥253,394 million
Long-term accounts receivable:	¥1,243 million
Short-term accounts payable:	¥386,227 million
Long-term accounts payable:	¥2,306 million

Notes to Non-Consolidated Statement of Income

1. Transactions with affiliated companies

Balance of operating transactions

 Operating revenues ¥133,009 million

 Operating expenses ¥54,255 million

Balance of non-operating transactions ¥30,423 million

Notes to Non-Consolidated Statement of Changes in Shareholders' Equity and Other Net Assets

Number of shares of treasury stock outstanding as of the end of the fiscal year ended March 31, 2020.

Treasury stock: 265,592,712 shares

Notes Concerning Tax Effect Accounting

The major causes of the occurrence of deferred tax assets were "securities" and "liability for employees' retirement benefits." The major causes of occurrence of deferred tax liabilities were "assets adjusted for gains or losses on transfer" and "prepaid pension costs."

Deferred tax assets exclude ¥49,909 million in valuation allowance.

(Additional Information)

With regard to the transition to the Group Tax Sharing System established under the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020) and the items for which the taxation system to each separate entity was revised in line with the transition to the Group Tax Sharing System, in accordance with the treatment of Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (Practical Solution No. 39, March 31, 2020), the provisions of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) are not applied, and the amounts of deferred tax assets and deferred tax liabilities are in accordance with the provisions of the Tax Act before the revision.

Notes Concerning Related Party Transactions Subsidiaries

(Millions of yen)

Affiliation	Name	Voting Rights Ownership Ratio	Relationship with Affiliated Party	Transaction Details	Transaction Amount	Category	Balance at End of Term
Subsidiary	Nippon Telegraph and Telephone East Corporation	100% direct ownership	Exercise of rights as shareholder, offering intermediary advice, and other support	Loan of capital ¹	—	Short-term loans receivable	20,000
						Long-term loans to subsidiaries	138,400
				Receipt of interest ¹	1,576	Other current assets	46
				Receipt of expenses relating to basic research and development ²	32,939	—	—
			Lease of land and buildings ³	5,674	Advances received	504	
Subsidiary	Nippon Telegraph and Telephone West Corporation	100% direct ownership	Exercise of rights as shareholder, offering intermediary advice, and other support	Loan of capital ¹	135,000	Short-term loans receivable	160,000
						Long-term loans to subsidiaries	401,000
				Receipt of interest ¹	2,916	Other current assets	257
				Receipt of expenses relating to basic research and development ²	34,620	—	—
Subsidiary	NTT COMWARE CORPORATION	100% direct ownership	Exercise of rights as shareholder, offering intermediary advice, and other support	Lease of land and buildings ³	1,914	Advances received	155
Subsidiary	NTT URBAN DEVELOPMENT CORPORATION	100% indirect ownership	Offering intermediary advice and other support	Lease of land and buildings ³	1,978	Advances received	207
Subsidiary	NTT Finance Corporation	92% direct ownership	Exercise of rights as shareholder, offering intermediary advice, and other support	Borrowing of capital ⁴	362,618 ⁵	Current portion of long-term borrowings from subsidiaries	50,000
						Short-term borrowings	336,775
		7% indirect ownership			Long-term borrowings from subsidiaries	385,000	
		Payment of interest ⁴		379	Accrued expense	35	
		Transfer of capital among NTT Group companies		97,379	Accounts receivable, other	5,423	
Subsidiary	NTT, Inc.	100% direct ownership	Exercise of rights as shareholder, offering intermediary advice, and other support	Underwriting of capital increase ⁶	347,986	—	—

Transaction amounts do not include consumption taxes. Balance amounts at end of term include consumption taxes.

Transaction Conditions and Standards for Determining Transaction Conditions

Notes:

- 1 Loan conditions are the same as those for procurement of capital by NTT. No security is provided.
- 2 Payment of expenses for basic research and development is apportioned among those companies that continuously use the results of such research and development. Comprehensive determinations are made taking into consideration the expenses necessary for conducting basic research and development. Furthermore, settlement of funds for such transactions is conducted using intra-group companies' accounting systems.
- 3 With respect to leases of land and buildings, rents are set through periodic negotiations based on appraisals obtained from third parties and actual transactions involving nearby comparables. Furthermore, transfer of capital pursuant to such transactions takes place by means of group companies' accounting systems.
- 4 Interest on borrowing of capital is set taking into consideration market rates. No security is provided.
- 5 The transaction amount for borrowings from the CMS (Cash Management System) is the average balance during the fiscal year. The transaction amount for borrowings from other than the CMS is the total amount.
- 6 The Company underwrote a capital increase of NTT, Inc. through an investment of ¥347,986 million in long-term loans to subsidiaries.

Notes Concerning Financial Data per Share

Net assets per share	¥1,332.87
Net income per share	¥129.96

Note: NTT implemented a two-for-one stock split of its common stock, with an effective date of January 1, 2020, and the figures for net assets per share and net income per share have been adjusted to reflect the impact of the stock split as if the stock split had occurred at the beginning of the fiscal year ended March 31, 2020.

Notes Concerning Significant Subsequent Events

(Acquisition of Toyota Motor Corporation's Shares and Disposal of Treasury Stock by Way of Third-party Allotment)

On March 24, 2020, the Board of Directors resolved that NTT would enter into a memorandum of understanding for a business and capital alliance (the "Alliance") with Toyota Motor Corporation ("Toyota") and entered into the Alliance on the same day. On April 9, 2020, Toyota and NTT mutually executed a comprehensive underwriting agreement for a third-party allotment based on this memorandum of understanding. NTT acquired Toyota's shares and conducted a disposition of shares of the NTT's treasury stock through a third-party allotment with Toyota as the subscriber for the shares on the same day.

1. Overview of acquisition of Toyota's share
 - (1) Acquisition date April 9, 2020
 - (2) Type and number of shares acquired 29,730,900 shares of Toyota's common stock
 - (3) Acquisition price per share ¥6,727 per share
 - (4) Total amount of acquisition ¥199,999,764,300
 - (5) Percentage to the total number of issued and outstanding shares held by NTT 0.90% of Toyota's common stock

2. Overview of a disposition of shares of the NTT's treasury stock through a third-party allotment, with Toyota as the subscriber for the shares

(1) Disposition date	April 9, 2020
(2) Type and number of shares disposed	80,775,400 shares of the NTT's common stock
(3) Disposition price	¥2,476 per share
(4) Amount of funds raised	¥199,999,890,400
(5) Percentage to the total number of issued and outstanding shares held by Toyota	2.07% of the NTT's issued and outstanding common stock