

NTT Press Releases

February 6, 2014

Implementation of the New Incentive Program Towards the Promotion of Global Cloud Business

~ Implementation of a Performance-based Equity Compensation Program Using NTT Shares for Overseas Subsidiaries

Nippon Telegraph and Telephone Corporation ("NTT") announced that it has decided to implement a performance-based equity compensation program (the "Program") for its subsidiary, Dimension Data Holdings plc ("Dimension Data"), using NTT shares. Dimension Data plans to move the Program forward by making a decision regarding the specific procedures relating to the implementation of the Program.

1. Background of the Implementation of the Program:

Based on NTT's Medium-Term Management Strategy, "[Towards the Next Stage](#)," NTT's business objective is to reach US\$20 billion in proceeds from overseas sales by the fiscal year ending March 31, 2017. NTT Group is proactively working to drive the development of its global business forward and is projecting proceeds from overseas sales to be US\$13 billion for the fiscal year ending March 31, 2014. As companies with important responsibilities within NTT Group's global cloud business, each Dimension Data group company is expected to accelerate its development by further strengthening collaboration efforts within NTT Group.

In light of the foregoing, NTT has decided to implement a compensation program that distributes NTT shares to executives and key talent of Dimension Data group companies worldwide through a long-term incentive plan, with awards based on the business performance of Dimension Data, in order to incentivize each executive and key talent, as members of NTT Group, to conduct business while being conscious of the corporate value of Dimension Data and NTT Group, and to reward success.

2. Details of the Program:

The Program will distribute NTT shares¹ to eligible persons based on the business performance of Dimension Data, commencing during its current fiscal year ending September 30, 2014 and continuing for three years through the fiscal year ending September 30, 2016 ("Business Performance Measurement Period"). Eligible persons will be designated each fiscal year, and the Program is expected to be conducted in the same manner each fiscal year, including and after the fiscal year ending September 30, 2015.

(1) Summary

Under the Program, each eligible person is given the right to choose from either the Full Value Plan or the Option Plan. Under the Full Value Plan, NTT shares are distributed at no charge, and their exercise value is based on virtual shares whose value is based on Dimension Data's enterprise value ("Units"). Under the Option Plan, eligible persons receive the option to acquire NTT shares, and upon the exercise of such option, they receive NTT shares at no charge based on the increase in value of the Units. Each eligible person may choose to participate in one or both of these plans, and the rights under these plans vest when the eligible person satisfies the continued service requirements established by the Program. Under both plans, the number of Units to be provided is initially determined based on the position of the eligible person, and after the Business Performance Measurement Period, assuming that the continued service requirements are satisfied, the number of Units to be provided to each eligible person is fixed based on the status of achievement of the performance target predetermined by Dimension Data. Under the Full Value Plan, a certain number of NTT shares, which number is calculated using a predetermined method of calculation based on the total value of the Units whose rights have vested, are distributed to eligible persons. Under the Option Plan, a certain number of NTT shares, which number is calculated using a predetermined method of calculation based on the increase in the total value of Units for which eligible persons exercised options after their rights vested, are distributed to eligible persons. Options can be exercised at a point in time established by the Program within two years after the rights have vested.

(2) Eligible Persons

Eligible persons for purposes of the Program are scheduled to be designated in advance by Dimension Data. Eligible persons will consist of executives and key talent of Dimension Data group companies (approximately 700 persons). Eligibility will be reviewed every year.

(3) Establishment of the Trust

Under the Program, a Trust in which the eligible person is the named trustee will be established ("Trust"). The Trust, under instructions from the trust executor, will acquire NTT shares on the open market and distribute a fixed number of such NTT shares to eligible persons following predetermined procedures.

(4) Acquisition Method of NTT Shares

NTT shares are scheduled to be purchased by the Trust on the Tokyo Stock Exchange or New York Stock Exchange.

(5) Acquisition Period and Acquisition Price of NTT Shares

After the Business Performance Measurement Period, the Trust will acquire NTT shares over a predetermined two-year period and distribute the shares to eligible persons. As a general rule, Dimension Data is expected to pay the total purchase price of US\$70 million^{*2}, which is the acquisition price when using the three-year period from the fiscal year ending September 30, 2014 as the Business Performance Measurement Period.

*1: American Depositary Receipts (ADR) may be distributed instead of NTT shares.

*2: Purchase price may vary depending on the business performance of Dimension Data.

[Note]

The information in this material is based on certain current assumptions, and is subject to change in the future.

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