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Corporate Governance Report

Last Update: June, 30, 2016

Nippon Telegraph and Telephone Corporation

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Securities Code: 9432

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

The corporate governance of Nippon Telegraph and Telephone Corporation (the “Company” or “NTT”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

NTT Group, in order to “continue providing reliable and safe services, and to continue being of use as a company that will continue to be trusted by everyone” on the foundation of the confidence and performance that has sustained the development of telecommunications in Japan for over 100 years and on a world-leading research and development capacity, will aggressively develop businesses that meet diversifying and expanding ICT needs, will always obtain high levels of trust from customers and shareholders, and will target continuous development as it fulfills the legal obligations and social missions required of each of its businesses in the midst of severely competitive environments.

Under this basic policy, NTT will place the entire group on a profit growth track accelerating its self-transformation as a “value partner” and further advance a B2B2X model through collaboration with a variety of players to open new markets based on the “Towards the Next Stage 2.0” Medium-Term Management Strategy formulated in May 2015.

NTT Group will “contribute to the continuous development of society while keeping its corporate social obligations in mind” and make maximum efforts to be compliant (with laws and regulations) and protect personal information. NTT Group will also aggressively contribute to overcoming social challenges, such as the low birth rate and aging population, nursing care and medical issues, energy and environmental issues, etc., through the appropriate implementation of businesses, including broadband and ubiquitous services, through its directors and employees.

As the holding company of NTT Group, NTT believes that raising the effectiveness of corporate governance is an important management issue for meeting the expectations of various stakeholders, including shareholders and other investors, as well as customers, business partners, and employees, and for maximizing corporate value. Accordingly, NTT is working to strengthen corporate governance based on the purpose of the principles of the Corporate Governance Code. Based on NTT’s “Towards the Next Stage 2.0,” in order to place the entire group on a profit growth track, NTT will work towards: (1) ensuring sound management; (2) executing appropriate decision-making and business activities; (3) clarifying accountability; and (4) maintaining thorough compliance as basic policies.

(1) Ensuring sound management

NTT, in order to strengthen functions for appropriately supervising and auditing business operations, ensures sound management by appointing outside Members of the Board and outside Audit & Supervisory Board Members as independent officers for implementing the supervision and auditing through the meetings of the

Board of Directors and Audit & Supervisory Board.

(2) Executing appropriate decision-making and business activities

Decisions at NTT are made based on “responsibility regulations” setting forth the responsibilities and authorities for the president, the senior executive vice presidents, and the officers of each organization under the supervision of the Board of Directors. Furthermore, to establish fundamental strategies for company management and group management, and to smoothly execute such strategies, NTT established “Executive Officers Meetings” comprising the president, the senior executive vice presidents and the directors of staff organizations and, to enhance deliberations on matters decided at Board of Directors’ meetings, consultations are held in Executive Officers Meetings ahead of time, committees are formed for each type of management issue under the “Executive Officers Meetings,” in which relevant officers also participate, to enable discussions towards the resolution and appropriate decision-making of matters. NTT implements appropriate business execution with respect to matters resolved and determined at Board of Directors’ meetings or during Executive Officers Meetings, through the autonomous business operations of the major organizations, based on NTT’s “rules of organization,” for which each major organization is responsible.

(3) Clarifying accountability

NTT is making efforts to disclose information in an appropriate, fair and timely manner, as it considers receiving the appropriate market ratings with respect to this area as important. Therefore, NTT strives to clarify accountability through various channels; NTT releases quarterly financial reports, sponsors briefing sessions conducted by related officers, including the president, reveals NTT Group management strategies via a variety of press conferences and press releases, and swiftly discloses information via NTT’s website.

(4) Maintaining thorough compliance

In order to comply with applicable rules and regulations, NTT formulated the “NTT Group Corporate Ethics Charter,” which applies to all officers and employees of NTT Group, lays out the basic principles of corporate ethics and provides specific guidelines for ethical behavior. Based on this policy, NTT engages in business while maintaining high ethical standards. NTT believes that in order to make this effective, it must conduct on-going educational activities. NTT conducts corporate ethics and CSR and other training for its employees, and also conducts surveys to assess corporate ethics awareness of its employees. Furthermore, in order to foster a more open group-wide corporate culture, NTT has established a “Corporate Ethics Help Line” across the group as an internal and external point of contact for making whistleblower reports, which may be made on an anonymous or identified basis. NTT shall ensure that whistleblowers do not suffer disadvantages as a result of using these help lines.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

NTT has complied with all principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

■ Principle 1-4

NTT’s business policy is to promote collaboration and open innovation with a variety of industry partners. In order to generally take into consideration the strengthening of relationships and promoting cooperation with partner companies, and from the perspective of improving corporate value, NTT owns shares of partner companies if necessary.

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.

■ Principle 1-7

Transactions with directors and other important transactions must be approved by the Board of Directors in advance. NTT sets out fair and appropriate terms and conditions for all transactions considering market prices and other factors so as not to harm the interests of the company and the shareholders.

Transactions between directors and major shareholders are examined by persons in charge of legal affairs, among others, in accordance with internal regulations and other procedures and are regularly reported at Board of Directors' meetings attended by outside independent Members of the Board and outside independent Audit & Supervisory Board Members.

Furthermore, NTT approves all transactions according to the size and importance of each transaction based on internal regulations. NTT has a system in which Audit & Supervisory Board Members and the internal auditing department check the details of approvals.

■ Principle 3-1

(1) Please see “1. Basic Views” of “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” in this report. Furthermore, see NTT's website (http://www.ntt.co.jp/ir/mgt_e/managementstrategy.html) for details about the medium-term management strategy, which is described therein.

(2) Please see “1. Basic Views” of “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” in this report.

(3) Please see “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” under “Director Remuneration” in “1. Organizational Composition and Operation” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” in this report.

(4) Please see “(3) Nomination & Appointment” under “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” in this report.

(5) Since the fiscal year ended March 31, 2016, reasons for individual nominations and appointments when Member of the Board and Audit & Supervisory Board Member candidates are appointed have been explained in General Meeting of Shareholders reference documents. Please see pages 8 through 11 of the “Notice of Convocation of the 30th Ordinary General Meeting of Shareholders”

(http://www.ntt.co.jp/ir/shares_e/shareholders_meetings/pdf/shmeeting30_1.pdf)

and pages 6 through 14 of the “Notice of Convocation of the 31st Ordinary General Meeting of Shareholders” (http://www.ntt.co.jp/ir/shares_e/shareholders_meetings/pdf/shmeeting31_1.pdf).

■ Supplementary Principle 4-1-1

The Board of Directors decides on matters set forth in the “Regulations of the Board of Directors,” including statutory items as well as important matters related to corporate management and Group management and supervises the status of the execution of Members of the Board through quarterly reports received from the Members of the Board. Furthermore, an appropriate range of delegation has been established for executing business related to matters that do not require decisions by the Board of Directors. For further details, please see “(1) Business Execution” under “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” in this report.

■ Principle 4-9

NTT designates outside Members of the Board and Audit & Supervisory Board Members that fulfill both the independence criteria stipulated by the Tokyo Stock Exchange as well as NTT's own independence standards as independent Members of the Board or independent Audit & Supervisory Board Members. For details on NTT's independence standards, please see “Matters relating to Independent Directors/*Kansayaku*” under “Independent Directors/*Kansayaku*” in “1. Organizational Composition and Operation” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” in this report.

■ Supplementary Principle 4-11-1

Please see “(3) Nomination & Appointment” under “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” in this report.

■ Supplementary Principle 4-11-2

Members of the Board and Audit & Supervisory Board Members execute the work necessary to fulfill their roles and responsibilities, and the number of the significant concurrent positions held by Members of the Board and Audit & Supervisory Board Members is considered to be within a reasonable range. For details relating to the status of significant concurrent positions held by Members of the Board and Audit & Supervisory Board Members, see pages 6 through 14 and pages 45 through 46 of the “Notice of Convocation of the 31st Ordinary General Meeting of Shareholders”

(http://www.ntt.co.jp/ir/shares_e/shareholders_meetings/pdf/shmeeting31_1.pdf).

■ Supplementary Principle 4-11-3

The Board of Directors makes decisions about important matters relating to company management and group management, and the status of the execution of said matters is monitored in the quarterly business execution status report. Furthermore, in the fiscal year ended March 31, 2016, meetings intended for the exchange of opinions between outside independent Members of the Board and Audit & Supervisory Board Members and between outside independent outside Members of the Board and representative Members of the Board were held based on themes such as group management and corporate ethics, CSR, the promotion of diversity, etc. to improve the current condition and effectiveness of the Board of Directors, and to strengthen corporate governance.

In these meetings, NTT received opinions on NTT’s Board of Directors that adequate information is provided and Members of the Board engage in active debate, thereby ensuring its effectiveness. As a result, these opinions constitute an assessment that the effectiveness of the Board of Directors has been ensured, and NTT will work to further improve its effectiveness going forward.

■ Supplementary Principle 4-14-2

When Members of the Board and Audit & Supervisory Board Members are elected, they are trained with respect to market trends, compliance and other matters. After Members of the Board or Audit & Supervisory Board Members join the Board of Directors or Audit & Supervisory Board, NTT makes further efforts to train them across a broad spectrum of topics including market trends, domestic and foreign economic and social problems, compliance, etc. Additionally, Outside Members of the Board and Outside Audit & Supervisory Board Members can gain a deeper understanding of NTT and NTT Group through opportunities to attend briefings on the business trends of group companies, and to tour research facilities, etc.

■ Principle 5-1

NTT promotes management that prioritizes discussions with shareholders, which not only includes discussions at General Meetings of Shareholders, but also involves senior management, including the president, actively promoting discussions with shareholders about medium-term management strategies, corporate governance, business performance trends, and other topics through one-on-one meetings with institutional investors and briefings targeting individual investors.

The opinions it receives from shareholders through such discussions are shared in the Company. NTT further considered and formulated the medium-term management strategy, which was announced in May 2015, in light of shareholder opinions.

During discussions with shareholders, insider information is strictly controlled, and information is proactively disclosed with due consideration to fair disclosure (timely, public and fair information disclosure).

Please see “2. IR Activities” of “III. Implementation of Measures for Shareholders and Other Stakeholders” in this report for details on NTT’s policies and efforts.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Minister of Finance	738,123,976	35.21
Japan Trustee Services Bank, Ltd. (Trust Account)	88,426,100	4.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	63,112,900	3.01
Moxley and Co LLC	30,822,617	1.47
Japan Trustee Services Bank, Ltd. (Trust Account 9)	26,823,900	1.28
State Street Bank and Trust Company	22,766,616	1.09
JP Morgan Chase Bank 385632	19,064,430	0.91
State Street Bank and Trust Company 505202	18,735,000	0.89
State Street Bank and Trust Company 505225	15,791,024	0.75
Japan Trustee Services Bank, Ltd. (Trust Account 1)	15,641,900	0.75

Controlling Shareholder (except for Parent Company)	—
Parent Company	—

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

NTT develops management strategies for the entire NTT Group based on a conscious alignment with each group company, and provides appropriate advice and assistance for each company. Each company takes this advice into account but is accountable for its own management responsibilities and independently manages its businesses.

NTT's listed subsidiaries are NTT DATA CORPORATION, NTT DOCOMO, INC., NTT URBAN DEVELOPMENT CO., LTD., NTT DATA INTRAMART CORPORATION, XNET CORPORATION, and NJK CORPORATION. NTT works toward the on-going growth and development of NTT Group through maintaining close ties with these subsidiaries while respecting their autonomy and independence.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with <i>Kansayaku</i> Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Company Chairperson
Number of Directors	12
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Katsuhiko Shirai	From another company								△		△	
Sadayuki Sakakibara	From another company								○			

* Categories for "Relationship with the Company"

- * "○" when the director presently falls or has recently fallen under the category;
- "△" when the director fell under the category in the past
- * "●" when a close relative of the director presently falls or has recently fallen under the category;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company

- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Katsuhiko Shirai	●	There have been transactions conducted by the Company with and donations given by the Company to Waseda University, at which Mr. Katsuhiko Shirai, who is designated as an independent Outside Director, has served as President. However, as described in the "Reasons for Appointment" column, the Company determined that there is no possibility of this having any effect on the judgments of shareholders and investors, so a summary of this relationship has been omitted here.	<p>Mr. Katsuhiko Shirai has a wealth of experience as 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. In addition, Mr. Shirai fulfills the independence criteria stipulated by the Tokyo Stock Exchange and the Company's own independence standards for independent Directors/Auditors.</p> <p>* Status of transactions between Waseda University, at which Mr. Shirai served as President, and the Company and its major subsidiaries (see "Matters relating to Independent Directors/Kansayaku")</p> <p>The total amount of transactions carried out between the aforementioned university with the Company and its major subsidiaries within the last three fiscal years accounts for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, so the independence standards established by the</p>

			<p>Company have been met. Moreover, the amount did not exceed 1% of the total income of the university in any of the respective years.</p> <p>The total amount of donations from the Company and its major subsidiaries accounts for less than 1% of the aforementioned university's total income in each of the last three fiscal years, fulfilling the independence standards established by the Company.</p> <p>* Status of transactions between the Foundation for the Open University of Japan, at which Mr. Shirai currently serves as Chairperson, and the Company and its major subsidiaries</p> <p>The total amount of transactions carried out with the Company and its major subsidiaries within the last three fiscal years accounts for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, so the independence standards established by the Company have been met. Moreover, the amount did not exceed 1% of the total income of the aforementioned foundation in any of the respective years.</p> <p>The total amount of donations from the Company and its major subsidiaries to the Foundation was 10 million yen or less annually in each of the most recent three fiscal years, fulfilling the independence standards established by the Company.</p>
Sadayuki Sakakibara	●	There have been transactions conducted by the Company with Toray Industries, Inc., at which Mr. Sadayuki Sakakibara, who is designated as an independent Outside Director, served as Chairman of the Board, and with the Japan Business Federation (Keidanren) where he currently serves as Chairman. However, as described in the	<p>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. In addition, Mr. Sakakibara fulfills the</p>

		<p>"Reasons for Appointment" column, the Company has determined that there is no possibility of this having any effect on the judgments of shareholders and investors, so a summary of this relationship has been omitted here.</p>	<p>independence criteria stipulated by the Tokyo Stock Exchange and the Company's own independence standards for independent Directors/Auditors.</p> <p>* Status of transactions between Toray Industries, Inc., at which Mr. Sakakibara served as Chairman of the Board, and the Company and its main subsidiaries</p> <p>The total amount of transactions of the aforementioned company that have been carried out with the Company or its major subsidiaries within the most recent three fiscal years accounts for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, fulfilling the standards for independent Directors/Auditors stipulated by the Company. They also account for less than 1% of the total sales of the Company in each of the respective fiscal years.</p> <p>* Status of transactions between Japan Business Federation (Keidanren), at which Mr. Sakakibara currently serves as Chairman, and the Company and its main subsidiaries</p> <p>Although there are transactions conducted between the Japan Business Federation (Keidanren), and the Company and its major subsidiaries, the total annual amount of transactions of the aforementioned association that have been carried out with the Company or its major subsidiaries within the most recent three fiscal years accounts for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, fulfilling the standards for independent Directors/Auditors stipulated by the Company.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Appointment and Compensation Committee	Appointment and Compensation Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Internal Member of the Board	Internal Member of the Board

Supplementary Explanation

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 an Appointment and Compensation Committee, which consists of four Members of the Board including two outside Members of the Board, as a preliminary review institution of the Board of Directors.

[*Kansayaku*]

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	5
Number of <i>Kansayaku</i>	5

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board Members (*Kansayaku*) also engage in initiatives that include: exchanging ideas and opinions periodically with the accounting auditors 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.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	3
Number of Independent <i>Kansayaku</i>	3

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Michiko Tomonaga	CPA										△			
Seiichi Ochiai	Academic										△			
Takashi Iida	Lawyer										△			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. *Kansayaku* of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)

k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)

m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Michiko Tomonaga	●	There have been transactions conducted by the Company with Ernst & Young ShinNihon LLC, at which Ms. Michiko Tomonaga, who is designated as an independent Outside Audit & Supervisory Board Member, served as Senior Partner. However, as described in the "Reasons for Appointment" column, the Company has determined that there is no possibility of this having any	Ms. Michiko Tomonaga has a wealth of audit experience, having worked as a certified public accountant for many years, and the Company expects that she will conduct future audits based on the knowledge and insight she has gained throughout her career. In addition, Ms. Tomonaga fulfills the independence criteria stipulated by the Tokyo Stock Exchange and the Company's own independence standards for

		<p>effect on the judgments of shareholders and investors, so a summary of this relationship has been omitted here.</p>	<p>independent Directors/Auditors.</p> <p>* Status of transactions between Ernst & Young ShinNihon LLC, at which Ms. Tomonaga served as Senior Partner, and the Company and its main subsidiaries</p> <p>The total amount of transactions of the aforementioned company that have been carried out with the Company or its major subsidiaries within the most recent three fiscal years accounts for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, fulfilling the standards for independent Directors/Auditors stipulated by the Company. They also account for less than 1% of the total sales of the Company in each of the respective fiscal years.</p> <p>Furthermore, Ms. Tomonaga retired from the aforementioned company in June 2010, prior to being appointed an outside Audit & Supervisory Board Member in June 2011.</p> <p>* Status of transactions between the Japanese Institute of Certified Public Accountants, at which Ms. Tomonaga served as Vice President, and the Company and its main subsidiaries</p> <p>The total amount of transactions of the aforementioned institute that have been carried out with the Company or its major subsidiaries within the most recent three fiscal years accounts for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, fulfilling the standards for independent Directors/Auditors stipulated by the Company. They also account for less than 1% of the total sales</p>
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			<p>of the Company in each of the respective fiscal years.</p> <p>Furthermore, Ms. Tomonaga retired from the aforementioned institute in July 2010, prior to being appointed an outside Audit & Supervisory Board Member in June 2011.</p>
Seiichi Ochiai	●	<p>There have been transactions conducted by the Company with the University of Tokyo and Chuo University, at which Mr. Seiichi Ochiai, who is designated as an independent Outside Audit & Supervisory Board Member, served as Professor. However, as described in the "Reasons for Appointment" column, the Company has determined that there is no possibility of this having any effect on the judgments of shareholders and investors, so a summary of this relationship has been omitted here.</p>	<p>Mr. Seiichi Ochiai has held academic positions as a university professor and specialized in law for many years. The Company expects that he will conduct future audits based on the knowledge and insight he has gained throughout his career. In addition, Mr. Ochiai fulfills the independence criteria stipulated by the Tokyo Stock Exchange and the Company's own independence standards for independent Directors/Auditors.</p> <p>* Status of transactions between Tokyo University, at which Mr. Ochiai was a professor, and the Company and its main subsidiaries</p> <p>In each of the most recent three fiscal years, the total amount of transactions carried out between the aforementioned university with the Company and its major subsidiaries account for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, so the independent standards established by the Company have been met. Moreover, the amount did not exceed 1% of the total income of the university in any of the respective years.</p> <p>The total amount of donations from the Company and its major subsidiaries respectively accounts for less than 1% of the aforementioned university's total income in each of the most recent three fiscal years, fulfilling the independence standards established by the Company.</p>

			<p>* Status of transactions between Chuo University, at which Mr. Ochiai was a professor, and the Company and its main subsidiaries</p> <p>In each of the most recent three fiscal years, the total amount of transactions carried out between the aforementioned university with the Company and its major subsidiaries accounts for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, so the independence standards established by the Company have been met. Moreover, the amount did not exceed 1% of the total income of the university in any of the respective years.</p> <p>The total amount of donations from the Company and its major subsidiaries respectively was less than 10 million yen in each of the most recent three fiscal years, fulfilling the independence standards established by the Company.</p> <p>Furthermore, Mr. Ochiai retired in March 2015 from the aforementioned university.</p>
Takashi Iida	●	<p>There have been transactions conducted by the Company with Mori Hamada & Matsumoto, to which Mr. Takashi Iida, who is designated as an independent Outside Audit & Supervisory Board Member, belonged. However, as described in the "Reasons for Appointment" column, the Company has determined that there is no possibility of this having any effect on the judgments of shareholders and investors, so a summary of this relationship has been omitted here.</p>	<p>Mr. Takashi Iida is an attorney with a wealth of experience in the legal sector. The Company expects that he will conduct future audits based on the knowledge and insight he has gained throughout his career. In addition, Mr. Iida fulfills the independence criteria stipulated by the Tokyo Stock Exchange and the Company's own independence standards for independent Directors/Auditors.</p> <p>* Status of transactions between Mori Hamada & Matsumoto, with which Mr. Iida was affiliated, and the Company and its main subsidiaries</p>

			<p>The total amount of transactions of the aforementioned law office that have been carried out with the Company or its major subsidiaries within the most recent three fiscal years accounts for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, fulfilling the standards for independent Directors/Auditors stipulated by the Company.</p> <p>Further, Mr. Iida retired from the aforementioned law office in December 2011, prior to being appointed an outside Audit & Supervisory Board Member in June 2014.</p> <p>* Status of transactions between the Daini Tokyo Bar Association, at which Mr. Iida served as Chairman, and the Company and its main subsidiaries</p> <p>The total annual amount of transactions of the Daini Tokyo Bar Association that have been carried out with the Company or its major subsidiaries within the most recent three fiscal years account for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, fulfilling the standards for independent Directors/Auditors stipulated by the Company.</p> <p>Further, Mr. Iida retired from the Daini Tokyo Bar Association in March 2007, prior to being appointed an outside Audit & Supervisory Board Member in June 2014.</p> <p>* Status of transactions between the Japan Federation of Bar Associations, at which Mr. Iida served as Vice President and the Company, and its main subsidiaries</p>
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			<p>The total annual amount of transactions of the Japan Federation of Bar Associations that have been carried out with the Company or its major subsidiaries within the most recent three fiscal years account for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, fulfilling the standards for independent Directors/Auditors stipulated by the Company. They also account for less than 1% of the total sales of the Company in each of the respective fiscal years.</p> <p>Further, Mr. Iida retired from the Japan Federation of Bar Associations in March 2007, prior to being appointed an outside Audit & Supervisory Board Member in June 2014.</p> <p>* Status of transactions between Kowa Law Office, which Mr. Iida has established, and the Company and its main subsidiaries</p> <p>The total annual amount of transactions of Kowa Law Office that have been carried out with the Company or its major subsidiaries within the most recent three fiscal years account for less than 1% of the total annual operating revenues of the Company and its major subsidiaries in the corresponding fiscal year, fulfilling the standards for independent Directors/Auditors stipulated by the Company.</p>
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[Independent Directors/*Kansayaku*]

Number of Independent Directors/ <i>Kansayaku</i>	5
Matters relating to Independent Directors/ <i>Kansayaku</i>	
〔Independence Standards for the Independent Directors/ Audit & Supervisory Board Members (<i>Kansayaku</i>)〕	

NTT designates outside Directors and outside Auditors that fulfill both the independence criteria stipulated by the Tokyo Stock Exchange as well as NTT's own independence standards.

In order to meet the independence standards, 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

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 Audit & Supervisory Board Member.

*1 "A 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 borrowing 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 the total operating revenues of NTT's consolidated total assets for the respective fiscal year.

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

*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.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration and Other
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Supplementary Explanation

The bonus is paid taking into account NTT's business results for each fiscal year. Also, Members of the Board are required to make contributions with more than a certain amount of monthly remuneration for the purchase of NTT shares through the Board Members Shareholding Association, to encourage a medium-term perspective. Purchased shares are owned by the Members of the Board during their terms of office.

Recipients of Stock Options	N/A
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

Maximum limits on total annual compensation of Members of the Board were set at an aggregate of ¥750 million at the 21st Ordinary General Meeting of Shareholders held on June 28, 2006. The actual remuneration paid in the fiscal year ended March 31, 2016 was ¥521 million. For details, please see NTT's Business Reports and Securities Reports. Please note that the Business Reports and Securities Reports are disclosed on NTT's website (<http://www.ntt.co.jp/ir/library/index.html>).

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

NTT Group has established the following NTT Group Personnel Policy, which defines policies for determining the amounts and calculation methods for compensation of Members of the Board.

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

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 NTT's business results for the respective fiscal year.

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

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

Based on this policy, for the purpose of improving objectivity and transparency in the decisions of compensation of Members of the Board, NTT has established on a non-statutory basis an Appointment and Compensation Committee, which consists of four Members of the Board including two outside Members of the Board, as a preliminary review institution of the Board of Directors.

[Supporting System for Outside Directors and/or *Kansayaku*]

For the Outside Independent Members of the Board, the secretariat of the Board of Directors is made available as a venue of contact for outside independent Members of the Board, which they can use to receive support with regard to their daily duties through means such as explanations, responses to inquiries about business execution, etc.

For the Outside Independent Audit & Supervisory Board Members, NTT has established the Office of Audit & Supervisory Board Members, which supports the Audit & Supervisory Board Members in their auditing duties.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Business Execution

NTT's Board is currently composed of 12 members, including two outside independent Members of the Board. In principle, the Board of Directors meets once per month. In addition, extraordinary meetings are held as needed. The Board of Directors makes decisions on matters stipulated by law and on important matters related to corporate management and Group management. Moreover, through such means as periodic reports from Members of the Board on the status of the execution of his / her duties, the Board of Directors supervises the execution of Members of the Board. In the fiscal year ended March 31, 2016, the Board of Directors met 12 times and made decisions on important matters relating to company and group management such as the "Towards the Next Stage 2.0" Medium-Term Management Strategy and "the future of fixed phones," which is a mid- to long-term issue for local communications businesses. These decisions were made through a process of lively debate among the Members of the Board.

NTT has elected two outside independent Members of the Board to strengthen the appropriate supervisory function for business execution. Each outside independent Member of the Board has extensive experience and a high level of integrity and insight as operational director of an educational institution or corporate manager. The outside independent Members of the Board play an important role in helping to strengthen NTT's supervisory function for business execution and provide the opinion from their wide-ranging managerial perspective.

Business execution at NTT is conducted in accordance with the organizational regulations governing the functions and operations of each organization. Important decisions are made under the supervision of the Board of Directors and based on the responsibility regulations that define the responsibilities and authorities for the president, senior executive vice presidents, and the head of each organization.

In addition, NTT has established various meetings and committees as has been deemed necessary to discuss important matters related to corporate management and Group management in order to ensure that appropriate decisions are made for facilitating effective Group management. For example, important corporate matters to be decided are, in principle and in advance, discussed by Executive Officers Meeting, which is made up of the president, senior executive vice presidents, full-time directors, and the heads of staff organizations. In principle, the Executive Officers Meeting is held about once a week, with 36 being held in the fiscal year ended March 31, 2016. To improve the transparency of management decision-making, one Audit & Supervisory Board Member participates in the Executive Officers Meeting.

Furthermore, a number of committees have been established below the Executive Officers Meeting to discuss specific issues related to corporate and Group management strategies. Major committees include the Technology Strategy Committee, which deliberates on the Group's R&D vision and technology development strategy; the Investment Strategy Committee, which examines investment projects that are larger than a certain scale; and the Finance Strategy Committee, which discusses basic financial strategies and financial issues. These committees, which are held as necessary throughout the year, are in principle chaired by the president or a senior executive vice president, and are attended by relevant Members of the Board and others. The main committees and the number of times they met in the fiscal year ended March 31, 2016 are as listed below.

- Technology Strategy Committee (R&D vision, technology development strategy, R&D alliance strategy): Once
- Investment Strategy Committee (Investment strategies related to large-scale investment projects, etc.): 19 times
- Finance Strategy Committee (Basic strategies related to finance, policies for addressing financial issues): 6 times

With respect to group company business plans and financial reports and other matters necessary to the business operations of NTT Group, a system is provided for receiving reports from each company, and group management is conducted by obtaining necessary information via means such as business reports and the dispatch of non-executive directors based on the scale and characteristics of group companies.

(2) Audit & Supervision

NTT has an Audit & Supervisory Board (is a Company with Board of Company Auditors as defined by the Companies Act of Japan). The Audit & Supervisory Board, consists of a total of five Audit & Supervisory Board Members (two internal Audit & Supervisory Board Members, one of whom is a woman, and three

outside independent Audit & Supervisory Board Members, one of whom is a woman). Two Audit & Supervisory Board Members have extensive knowledge of finance and accounting matters. In the fiscal year ended March 31, 2016, the Audit & Supervisory Board met 25 times. Furthermore, the Audit & Supervisory Board Members periodically conduct meetings with NTT's Representative Members of the Board to exchange ideas and opinions and also hold discussions with other Members of the Board as well as the Representative Members of the Board of Group companies with regard to various themes. Through these efforts, the Audit & Supervisory Board Members maintain an understanding of the status of the execution by Members of the Board, providing suggestions when necessary. None of the three outside independent Audit & Supervisory Board Members has any personal, financial, or business relationship or any other interests with NTT that could cause conflicts of interest with general shareholders. The Audit & Supervisory Board Members, including outside independent Audit & Supervisory Board Members, attend important meetings, such as Board of Directors' meetings, and conduct appropriate audits regarding the status of the execution by Members of the Board.

As for collaboration with the Independent Auditor and the Internal Control Office, the Audit & Supervisory Board also works closely with the Independent Auditor, periodically exchanging information on audit plans and audit results to enhance the audit system. Furthermore, the Audit & Supervisory Board Members exchange information with the Internal Control Office, through means such as receiving reports on the results of internal audits. In addition to the above information exchanges, the Audit & Supervisory Board cooperates closely with the Independent Auditor and Internal Control Office by providing recommendations as needed. The Audit & Supervisory Board also conducts audits in partnership with the Audit & Supervisory Board Members of Group companies.

The Auditor's Office made up of 4 assigned staff members was established as the structure for supporting audits by the Audit & Supervisory Board Members, which office and staff perform their work appropriately based on the orders and instructions of the Audit & Supervisory Board Members.

NTT believes it is important that accounting audits are conducted efficiently with the goal of sustaining and improving audit quality.

The Certified Public Accountants who conducted the audit of the fiscal year ended March 31, 2016 were Hideki Amano, Kanesuke Sodekawa, and Tadashi Ogi, belonging to KPMG AZSA, LLC. Note that the years of continuous auditing amassed by these CPAs are within the range stipulated under the law, etc. Furthermore, 20 CPAs and 25 others worked as assistants to the audit.

(3) Nomination & Appointment

■ Nomination Policies

NTT has established the Nomination Policies of directors and senior management in the "NTT Group Personnel Policy" below.

"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, NTT Group acts as a trusted "Value Partner" that customers continue to select, in order to provide them with new value on a global basis. NTT Group has established the policy of positioning human resources that share these ideals in the upper ranks of NTT Group's management, and are selecting these human resources from both inside and outside of NTT Group.

- Nomination of Members of the Board

In regard to Member of the Board candidates, individuals who have the broad-ranging perspective and experience necessary to contribute to the overall development of NTT Group are selected in order to facilitate the increase of NTT Group's corporate value. NTT looks for ambitious human resources with an aptitude for managing companies that also demonstrate superior management skills and leadership. From the perspective of strengthening supervising functions of business execution of Members of the Board, NTT selects outside independent Members of the Board as those that present no risk of a conflict of interest with general shareholders arising. NTT principally ensures several outside independent Members of the Board.

- Nomination of Audit & Supervisory Board Members

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

■ Nomination procedures

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

With regard to Nomination of Audit & Supervisory Board Members, the procedure for nomination involves Members of the Board proposing Audit & Supervisory Board Member candidates based on the aforementioned nomination policy. These proposals are then discussed by the Audit & Supervisory Board, which consists of half or more of outside independent 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.

Appointment is performed in accordance with the policies and procedures described above, and NTT has 17 officers (12 Members of the Board and five Audit & Supervisory Board Members). Furthermore, among the officers, two of the Audit & Supervisory Board Members are women.

(4) Other

Matters relating to Audit & Supervisory Board Member remuneration are determined in consultation with the Audit & Supervisory Board Members.

Contracts limiting the liabilities for damages in Article 423(1) of the Companies Act of Japan are put in place between NTT and outside directors and corporate auditors based on Article 427(1) of the same act. Under these contracts, the maximum amount of liability for damages is defined as the maximum amount of liability set forth in Article 425(1) of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

NTT, in order to strengthen functions for appropriately supervising and auditing business execution, seeks to strengthen its auditing system by appointing several outside independent Members of the Board, and by establishing an Audit and Supervisory Board, of which outside independent Audit & Supervisory Board Members make up a majority. Additionally, NTT has voluntarily established an Appointment and Compensation Committee, which consists of two outside independent Members of the Board and two internal Members of the Board, to further increase the objectivity and transparency of decisions relating to appointment and compensation. NTT has determined that governance functions based on a Board of Corporate Auditors are sufficiently effective to achieve this purpose.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

Status of compliance to the following items

	Supplementary Explanations
a. Early Notification of General Shareholder Meeting	<p>Starting from the Ordinary General Meeting of Shareholders held in June 2015, NTT began providing the Notice of Convocation of Ordinary General Meeting of Shareholders early by posting the notice on NTT's website and by disclosing it on the Tokyo Stock Exchange in order to ensure the time needed for all shareholders to consider the agenda for Ordinary General Meeting of Shareholders. (This year's notification was disclosed approximately six weeks before the Ordinary General Meeting of Shareholders.)</p> <p>Furthermore, efforts are being made this year to forward notifications approximately three weeks prior to the meeting.</p>
b. Scheduling AGMs Avoiding Scheduling Conflicts	All efforts are being made to avoid scheduling conflicts and the best available date is selected considering the fact that outside officers serve concurrently as officers of other companies.
c. Allowing Electronic Exercise of Voting Rights	To give shareholders more options, NTT made it possible for shareholders to exercise their voting rights via PCs connected to the internet starting from the Ordinary General Meeting of Shareholders held in June 2002 and via cell phones starting from the Ordinary General Meeting of Shareholders held in June 2004.
d. Participation in Electronic Voting Platforms, and other efforts to enhance the Environment for Exercising Voting Rights for Institutional Investors	Starting from the Ordinary General Meeting of Shareholders held in June 2006, shareholders are able to exercise their voting rights through the use of the platform operated by ICJ, Inc. (Investor Communications Japan), which is designed for institutional investors to exercise their voting rights.
e. Providing the Notice of Convocation (Summary) in English	NTT prepares full text English versions of the Notice of Convocation, which includes its business results, and discloses them on the websites of NTT and the Tokyo Stock Exchange, just as it does for the Japanese versions. (This year, the English version was disclosed on the same day as the Japanese version.)
f. Other	Extraordinary reports (with English translations) on results of the execution of voting rights are posted on NTT's website.

2. IR Activities

Status of compliance to the following items (Select the appropriate items. Multiple items may be selected.)

	Description by the representative	Supplementary Explanations
a. Preparation and Publication of Disclosure Policy	-	<p>The "Disclosure Policy" is posted on NTT's website. Note that the URL is:</p> <p>http://www.ntt.co.jp/ir/disclosure_policy_e/index.ht</p>

		ml.
b. Regular Investor Briefings for Individual Investors	Yes	<p>For individual investors, financial results briefings held quarterly by the president or the senior executive vice president are available via live and on-demand video through the internet. They can also submit questions to the IR office.</p> <p>Additionally, NTT hosts briefings for individual investors at various locations across the country and makes efforts to have an adequate opportunity for individual investors to discuss various topics by holding web briefings and participating in IR fairs. Senior management, including the president, attend and participate in the discussion with individual investors at briefings.</p>
c. Regular Investor Briefings for Analysts and Institutional Investors	Yes	<p>NTT hosts financial results briefings every quarter where the president or the senior executive vice presidents provides explanations and holds question and answer sessions with respect to business results, and videos of these briefings are delivered (with English translations) live and on-demand through the internet. Additionally, senior managers, including the president and the senior executive vice presidents, hold separate meetings with analysts and institutional investors in Japan and overseas and also hold theme-specific briefings, such as the “NTT IR DAY,” considering the needs of analysts and institutional investors.</p>
d. Regular Investor Briefings for Overseas Investors	Yes	<p>In addition to delivering the aforementioned results briefings in English, senior managers, including the president and the senior executive vice presidents, regularly visit overseas investors to explain business results, medium-term management strategies, and governance policies, and to hold question and answer sessions. They also attend conferences and various meetings held in Japan and overseas.</p>
e. Posting of IR Materials on Website	Yes	<p>NTT posts information, Q&A, etc. relating to financial information, non-financial information that requires timely disclosure, securities and quarterly reports, notices of convocation of Ordinary General Meetings of Shareholders, financial data, presentation materials from various types of briefings (including video) on its website. Furthermore, this information is provided in English. The URL relating to IR is: http://www.ntt.co.jp/ir/index_e.html.</p>
f. Establishment of Department and/or Manager in Charge of IR	-	<p>The Head of Finance and Accounting is responsible for communications with investors, and the IR office</p>

		<p>is established within the Finance and Accounting Department. The IR office plays a central role in promoting IR activities by working closely with all relevant internal departments and group companies.</p> <p>Opinions received from shareholders and investors are shared widely within the group, including among senior managers, to improve communication and are used as reference material for group management.</p>
g. Other	-	<p>NTT makes timely, fair and impartial disclosure of information relating to NTT Group in accordance with relevant laws and regulations in Japan and overseas and listing regulations set forth by stock exchanges and also makes efforts to avoid insider trading by setting forth “regulations regarding insider trading,” through the proper management of insider information.</p> <p>In addition, not only does NTT disclose information required by these related laws and regulations, but it also proactively discloses information considered to be useful for promoting understanding of NTT Group.</p>

3. Measures to Ensure Due Respect for Stakeholders

Status of compliance to the following items

	Supplementary Explanations
a. Stipulation of Internal Rules for Respecting the Position of Stakeholders	NTT believes communication with stakeholders is vital to fulfilling its social obligations as a company, and publishes an annual report (integrated report) and a sustainability report every year expressing ideas that respect the positions of all stakeholders, such as “customers,” “shareholders and investors” and “business partners.”
b. Implementation of Environmental Activities, CSR Activities etc.	NTT Group promotes CSR activities, in order to contribute to the realization of a rich society that securely and safely connects people, society, and the earth, based on the “NTT Group CSR Charter,” and is making efforts to contribute to solving social problems through its businesses. Especially for the realization of a low carbon society, NTT promotes further energy conservation in its communication devices and the use of natural energy, such as solar power, and also contributes to the reduction of CO2 emissions through its provision of ICT services. Please see the annual report (integrated report) and sustainability report for details.
c. Development of Policies on Information Provision to Stakeholders	NTT has established company regulations and procedures for disclosure and control of important management information and has set forth the “Disclosure Policy” as a basic policy for information disclosure and IR activities to enable timely, fair, and impartial disclosure of NTT Group’s information to its stakeholders.

d. Other	<p><Efforts to promote the activities of women></p> <p>NTT Group has assigned a group in charge of diversity at each group company as part of its efforts to promote diversity. Especially for women, NTT has been changing its work environment so that female employees can keep working at ease while raising their children, and it aims to double the percentage of female directors and managers by 2020 (from 2.9% at the end of the fiscal year ended March 31, 2013 to 6.0% in fiscal year ending March 31, 2021). Going forward, NTT will make further efforts to support career development and to provide more flexible and efficient work environments for its female employees.</p>
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

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

Basic Policies Concerning the Maintenance of Internal Control Systems

I. Basic Concepts for the Development of 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 U.S. Public Company Accounting Reform and Investor Protection Act of 2002 ("Sarbanes-Oxley Act") and 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 in charge, to clarify the structure of responsibilities for corporate ethics. It addresses promotion of corporate ethics, improvement of compliance awareness, maintenance of corporate discipline, and investigates whistleblowers' allegation.
 - (4) NTT shall establish an internal Corporate Ethics Helpline and an external Corporate Ethics Helpline handled by an independent law firm in order to foster a more open group-wide 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 helplines.
 - (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 effective and efficient business operations.
- (2) NTT shall establish the Business Risk Management Committee, chaired by the Senior Executive Vice President in charge, 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 directors 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.

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

<p>shall be staffed with dedicated personnel who work full time in assisting Audit & Supervisory Board Members in the performance of their duties.</p> <p>(2) Personnel assigned to Office of Audit & Supervisory Board Members perform their responsibilities at the instruction and direction of Audit & Supervisory Board Members.</p> <p>(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.</p> <p>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</p> <p>To ensure that audits by Audit & Supervisory Board Members are carried out effectively, NTT shall adopt the following measures concerning reporting to Audit & Supervisory Board Members by members of the Board and employees with regard to important matters relating to the performance of their duties:</p> <p>(1) Members of the board and other personnel report the following matters concerning the performance of their duties:</p> <p>(a) Matters resolved at Executive Officers Meeting;</p> <p>(b) Matters that cause or may cause substantial damage to NTT;</p> <p>(c) Monthly financial reports;</p> <p>(d) Results of internal audits;</p> <p>(e) Matters that pose a risk of violation of laws and regulations or the Articles of Incorporation;</p> <p>(f) Whistleblowing;</p> <p>(g) Material matters reported by group companies; and</p> <p>(h) Other material compliance matters.</p> <p>(2) Representative members of the Board, accounting auditors, and the Internal Control Office shall report to and exchange ideas and opinions with Audit & Supervisory Board Members periodically or as needed upon request from Audit & Supervisory Board Members.</p> <p>(3) Audit & Supervisory Board Members have the right to attend meetings of the Board of Directors and other important meetings.</p> <p>(4) Audit & supervisory board members auditors may contract independently with and seek advice from external experts with respect to the performance of audit operations.</p> <p>(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.</p>

Reference: please see the diagram of the Corporate Governance System” at the end of this report

2. Basic Views on Eliminating Anti-Social Forces

<p>It is NTT’s basic view that, in accordance with the NTT Group Corporate Ethics Charter, all officers and employees, including in Japan and overseas, not only must carefully observe laws and regulations, social norms, and company rules, but must act with the highest possible level of ethical standards in both public and private. NTT’s specific policies in response to anti-social forces are set forth in detail in writing in the NTT Group Business Risk Management Manual.</p>

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Applicable	Supplementary explanation of applicable items

None	NTT has worked to increase its corporate value in the medium- and long-term so as to meet the mandate of its stakeholders, including its shareholders.
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2. 2. Other Matters Concerning to Corporate Governance System

NTT has established the “Disclosure Policy” defining disclosure control procedures for important management information, and is taking appropriate actions to provide timely, fair and impartial disclosure of information concerning NTT Group.

The director of each organization shall control information management relating to such organization as the individual in charge of information control. Before information is publicly disclosed, the director of the finance department of such organization or relating subsidiary must be contacted if such information may possibly be considered important management information. If the Head of Finance and Accounting determines that the information is important management information, the individual in charge of information control shall, together with the Head of Finance and Accounting, discuss the disclosure of said information at the Executive Officers’ Meeting, and then render a decision. However, if the Head of Finance and Accounting determines that it is not necessary to discuss the matter at the Executive Officers Meeting, the individual in charge of information control may disclose the information based on such decision by the Head of Finance and Accounting.

NTT publishes important management information approved for disclosure based on the process described above through stock exchange listings, press releases and its own website.

Furthermore, NTT is promoting more aggressively than ever the formation and operation of a group-wide internal control system, including IT, centered on the “Internal Control Office,” as well as work improvements and further improvements in efficiency. It will be NTT Group’s policy going forward to consider what mechanisms are best suited to NTT based on changes to the social environment and the legal system, and then to make the necessary revisions to further strengthen corporate governance.

Corporate Governance System (including a summary of internal control system)

