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FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for Fiscal Year Ended March 31, 2016

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the fiscal year ended March 31, 2016. Please see the following attachments for further details:

- I. Results for Fiscal Year Ended March 31, 2016
- II. Financial Results of NTT Communications Group
- III. Non-Consolidated Comparative Balance Sheets
- IV. Non-Consolidated Comparative Statements of Income
- V. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
- VI. Business Results (Non-Consolidated Operating Revenues)
- VII. Non-Consolidated Comparative Statements of Cash Flows
- VIII. Changes in NTT Communications Directors (Subject to Shareholders' Approval)

About NTT Communications Corporation

NTT Communications provides consultancy, architecture, security and cloud services to optimize the information and communications technology (ICT) environments of enterprises. These offerings are backed by the company's worldwide infrastructure, including the leading global tier-1 IP network, the Arcstar Universal One™ VPN network reaching 196 countries/regions, and 140 secure data centers worldwide. NTT Communications' solutions leverage the global resources of NTT Group companies including Dimension Data, NTT DOCOMO and NTT DATA.

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I. Results for the Fiscal Year Ended March 31, 2016

1. Background

Against a background of uncertainty in the global economy due to factors such as slowing growth in emerging countries, many companies around the world are taking a proactive business approach and focusing on activities to further strengthen their competitiveness, such as entering new markets and investing in growth markets. The ICT market is undergoing drastic structural change globally, with competition becoming fiercer and more diverse. Leveraging technologies such as layered software-defined networking, virtualization and automation, companies are integrating business divisions that transcend layers, are revolutionizing their business processes through M2M technology and IoT, and business divisions within companies are increasingly making their own IT purchase decisions.

2. Business Strategies

NTT Com continues to offer solutions centered on seamless global services such as cloud, colocation, network, applications, security and managed ICT services. During the fiscal year ended March 31, 2016, NTT Com helped an increasing number of customers expand their business and implement management reforms. In addition, NTT Com designated increasing its global market share as a goal for the year, and worked to improve its service functions and expand its areas of coverage. To strengthen its competitiveness, NTT Com focused on achieving more seamless global processes in the area of services, sales, operations and management.

During the fiscal year ended March 31, 2016, NTT Communications Group increased its revenues and enjoyed continued growth in new business areas, particularly in cloud-related services. As a result, in an analyst report that evaluates IT vendors on a worldwide basis, NTT Com was named to the top “Leader” position in the global network business field for the third year in a row. Furthermore, NTT Com was named to the “Leader” position for the first time in an assessment of cloud business operators in the Asia-Pacific region.

Specific measures taken by type of service were as follows:

- **Cloud Computing Platforms**

As an enhancement to its “Enterprise Cloud” solution, a cloud service for corporate customers offered in 14 locations in 11 countries across the world, in April 2015 NTT Com launched its “Oracle Database Enterprise Edition RAC (Real Application Clusters)” service. NTT Com is the first Japanese cloud business operator to provide such a service.

In addition, in March 2016 NTT Com significantly upgraded its Enterprise Cloud service, launching the new version in Japan and the U.K., with key features including the bundled provision of:

- an exclusive hosted private cloud;
- shared cloud for enterprises;
- a seamless hybrid cloud environment;
- free and seamless connectivity between cloud platforms; and
- a cloud management platform that enables efficient operation management and governance.

By offering a hybrid cloud solution, including bare-metal servers, and a comprehensive cloud management platform that unifies control of both Enterprise Cloud and third-party providers' clouds, NTT Com is enhancing its cloud environments, helping customers streamline their business operations, and reducing their costs. In this way, NTT Com has leveraged digital transformation to drive innovation in its customers' business environments.

NTT Com additionally commenced delivery of its Nexcenter data center service in the following locations:

- CA3 Data Center in Sacramento, U.S.A (April 2015);
- Mumbai 5 Data Center in India (October 2015);
- Bangkok 2 Data Center in Thailand (December, 2015);
- Hong Kong Financial Data Center – Phase 2 (December 2015); and
- Osaka 5 Data Center in Japan (January 2016).

NTT Com also commenced construction of its Dallas Texas 1 Data Center (TX1) in the U.S.A. in September 2015. NTT Com further expanded the number of its data center locations by acquiring Lux e-shelter 1 S.a.r.l., a data center business operator in Germany, in June 2015, and PT Cyber CSF, the largest data center business operator in Indonesia, in October 2015.

- Data Networks

In the enterprise services area, in August 2015 NTT Com commenced delivery of its "Multi-Cloud Connect" solution, a secure data network service offered via the corporate VPN service "Arcstar Universal One," and via cloud services such as "Microsoft Azure" and "Amazon Web Service." Multi-Cloud Connect became compatible with Microsoft Office 365 in February 2016. NTT Com is working to expand the areas of coverage and increase the number of connection service menus.

As an enhancement to its "Arcstar Universal One" solution, in September 2015 NTT Com commenced the offering of its "Arcstar Universal One Ethernet Leased Line Flexible-Ethernet Option" service, allowing customers to quickly and easily control bandwidth and routing using SDN technology, and helping them to achieve more agile business development processes.

To meet the demand for strengthened security in corporate environments, NTT Com significantly enhanced its OCN DDoS defense orchestrator service, which protects networks against DDoS attacks. These enhancements are in line with new guidelines set by the Financial Services Agency of Japan, and have allowed a greater number of financial institutions and EC business operators and others to access internet services more securely.

For its individual customers, NTT Com launched service counters offering same-day delivery of "SIM Card for Voice & Data," a special SIM card for LTE compatible mobile data communications. These delivery counters have been gradually rolled out nationwide starting May 2015. For users of NTT Com's 050 plus and Mypocket applications, in July 2015 NTT Com introduced a "count-free function" whereby any charges incurred during the downloading or uploading of data via those applications are waived. In addition, in February 2016 NTT Com started offering users of the internet service provider OCN a free malware blocker service which prevents customers from inadvertently divulging personal information, the first internet service provider in Japan to offer such a service.

- Voice Communications

To further enhance its “Arcstar UCaaS”, unified-communication cloud service, NTT Com commenced delivery of its “Arcstar UCaaS Microsoft ® Type” service in April 2015, complementing the existing “Arcstar UCaaS Cisco Type” service. The services were made compatible with other business software applications, such as Office 365, meeting a wide range of customer needs.

In January 2016, NTT Com further enhanced the functionality of its “Arcstar Conferencing,” a teleconference service, allowing customers to conduct teleconferences via the internet and video conferences via VPN connections.

In the IP telephony field, in August 2015 NTT Com expanded its business model by launching at a wholesale level “050IP telephone apps” utilizing NTT Com’s IP telephony platforms. This enables Mobile Virtual Network operators providing “Kakuyasu Smart Phones” and cable TV operators to provide affordable IP telephony services to users of NTT Com services.

In the area of voice application services, in July 2015 NTT Com launched “Bestie Box,” a new group communication application leveraging its SkyWay platform and deploying WebRTC technology, allowing users to enjoy various group activities.

- Applications and Content

In April 2015, NTT Com conducted a full-fledged launch of “ID Federation,” a single sign-on service for enterprises, and made it compatible with over 1,600 business applications including Microsoft Office 365, Salesforce, Box content management and Google applications. After an initial launch in Japan, the service was additionally rolled out in Singapore and Thailand in October 2015, and will gradually become available in other countries and regions.

NTT Com has also expanded the coverage area of Enterprise Mail, an enterprise cloud e-mail service. Having already launched the service in Singapore, Malaysia and Vietnam, NTT Com extended delivery to Thailand and Indonesia in June 2015.

In the field of enterprise storage, NTT Com and Box Inc. jointly developed “Box over VPN,” allowing customers to use Box’s content platform on NTT Com’s VPN. The service was launched in March 2016.

- Solutions

NTT Com enhanced its ICT service Global Management One, expanding the range of managed services to meet the needs of its users, both amongst Japanese companies and globally. As an example, in October 2015, NTT Com launched Managed Oracle, allowing Global Management One to connect with Enterprise Cloud to facilitate the monitoring and backup of Oracle databases. Further, with the aim of further expanding into the application field and accelerating its global expansion, NTT Com announced the acquisition of Atlas Information Technology, S.A., a company delivering various kinds of managed cloud and applications services primarily in Europe, allowing it to further improve the added value of the Global Management One service. In February 2016, NTT Com announced that it would also actively expand availability of the service in North America and Asia-Pacific.

Through collaboration with leading Japanese and U.S.-based security companies, NTT Com has enhanced its Wide Angle security service by offering expanded web application firewall functionality, through improved communication interruption functionality in response to targeted cyber-attacks and through the addition of software-based security appliances

that can be deployed on customer companies' private clouds and cloud providers' platforms. NTT Com has additionally leveraged developments in the field of Artificial Intelligence (machine learning) to strengthen detection and analysis of cyber-attacks on enterprises' ICT environments. With new threats evolving in cyber space on a daily basis, the need for responsive high-quality security services continues to grow. NTT Com has accordingly transferred ownership of NTT Com Security AG to Nippon Telegraph and Telephone Corporation; this will allow more focused development of new specialized security technologies, strengthen capacity to make efficient and effective investments and improve the competitiveness of the security business, across the entire NTT Group.

- Others

NTT Com has continued to expand the range of services, control functions and information available on the NTT Communications Business Portal solution. Approximately 13,000 customer companies have used the portal.

As an enhancement to the NTT Communications API Gateway, in April 2015, NTT Com launched the NTT Communications Developers Portal, which enables users to simultaneously see the specification, operational status and sample codes for NTT Com's APIs.

NTT Com additionally established its IoT Office in August 2015, aimed at providing customers with secure IoT solutions that leverage the company's global network, cloud infrastructure and data centers, and which deploy IoT technology to help improve corporate clients' productivity and facilitate their new business development. The IoT Office has developed various IoT solutions-based services and promoted partnerships with application platform businesses and device businesses.

NTT Com has strengthened its consultative selling capabilities, whereby its account managers and sales persons meet with C-level executives to contribute directly to their management innovations. Furthermore, by improving NTT Com's own business processes to strengthen its sales functions and by reviewing its internal systems in line with those changes, NTT Com has created an environment where account managers and sales persons can focus on proactive customer engagement, instead of spending time on delivery and support issues.

In the field of operations, NTT Com has moved to standardize building facilities, delivery processes, maintenance procedures and operations as part of its changes to strengthening its sales functions. In addition, NTT Com has established an environment where staff responsible for those areas can concentrate on improving customer satisfaction. NTT Com has also taken measures to improve service stability by conducting comprehensive inspections and overhauls based on reliability guidelines and information transmission regulations.

In order to promote seamless global management, NTT Com has implemented a globally standardized ERP system across each NTT Com group company. NTT Com is also aiming to strengthen its procurement capabilities through the use of standardized procurement guidelines in its overseas offices and the centralization of its major group companies' procurement in Japan.

In the field of CSR activities, NTT Com has implemented various environmental protection measures, such as reducing electricity consumption through improvements in air conditioning systems and further expansion in the use of the automatic air conditioning system "Smart DASH" in data centers and communications facilities.

NTT Com established an Information Security Department in October 2015, whose mission is to deliver total solutions for information security and cyber security, including CSIRT (Computer Security Incident Response Team) functionality, further strengthening the management of its own overall security.

In addition, NTT Com has been actively promoting a highly productive ICT-enabled workplace environment for its own employees that allows them to adopt flexible working practices, achieve an improved work/life balance and thereby achieve their full potential, regardless of age, gender, nationality, religion or physical ability. Based on the NTT Group's gender equality plan targeting a doubling of the percentage of women managers to 8.9% in 2020, NTT Com additionally continues to support the career development of female employees and the appointment of female managers, as well as actively hiring more female employees. NTT Com was certified by the Ministry of Economy, Trade and Industry in 2015 as one of the "New Top 100 Companies Managing with Diversity," following an evaluation of global human resources development and other activities.

3. Operating Results

As a whole, NTT Communications Group's consolidated operating revenues increased for the third consecutive fiscal year, increasing 55.8 billion yen (+4.4%) over the prior fiscal year to reach 1319.1 billion yen, owing to strong results in overseas subsidiaries, among other factors. However, operating income decreased 1.6 billion yen (-1.4%) compared to the prior fiscal year to 118.2 billion yen.

Although revenues from NTT Com's cloud computing platforms increased 5.0 billion yen (+7.8%) over the prior fiscal year to 70.0 billion yen, revenues from applications and content increased 0.2 billion yen (+0.7%) to 38.7 billion yen, solution business revenues increased 12.5 billion yen (+8.4%) to 162.3 billion yen, data network revenues decreased by 0.9 billion yen (-0.3%) compared to the prior fiscal year to 369.8 billion yen and voice communications revenues decreased 9.5 billion yen (-3.6%) to 260.3 billion yen. As a result, NTT Communications' total non-consolidated operating revenues increased, for the first increase in eight years, to 8.3 billion yen (+0.9%) over the prior fiscal year to 918.3 billion yen.

As a result of increased telecommunication equipment expenses and the launch of Hikari Collaboration Model services, total operating expenses increased 10.3 billion yen (+1.3%) compared to the prior fiscal year to 827.1 billion yen.

As a result of the above, operating income decreased 1.9 billion yen (-2.1%) compared to the prior fiscal year to 91.1 billion yen, and net income decreased by 4.9 billion yen (-6.5%) to 72.3 billion yen.

II. Financial Results of NTT Communications Group

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	1,263,357	1,319,113	55,756	4.4
Operating expenses	1,143,538	1,200,915	57,377	5.0
Operating income	119,819	118,198	(1,621)	(1.4)

III. Non-Consolidated Comparative Balance Sheets
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2015	March 31, 2016	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	139,814	134,315	(5,498)
Antenna facilities	1,565	1,707	142
Terminal equipment	892	1,397	505
Local line facilities	730	730	0
Long-distance line facilities	6,089	5,759	(330)
Engineering facilities	52,008	51,789	(218)
Submarine line facilities	13,354	13,408	53
Buildings	181,117	199,178	18,061
Structures	3,216	3,030	(186)
Other machinery and equipment	120	112	(7)
Vehicles and vessels	83	82	(1)
Tools, furniture and fixtures	35,460	37,805	2,345
Land	45,231	45,241	10
Lease assets	8,102	5,060	(3,042)
Construction in progress	29,415	28,085	(1,330)
Total property, plant and equipment	517,203	527,706	10,502
Intangible fixed assets	92,130	101,766	9,635
Total fixed assets - telecommunications businesses	609,333	629,472	20,138
Investments and other assets			
Investment securities	191,569	135,291	(56,278)
Investments in subsidiaries and affiliated companies	290,139	381,949	91,809
Other investments in subsidiaries and affiliated companies	1,092	1,500	408
Investment in capital	150	359	209
Contributions to affiliated companies	2,226	2,049	(177)
Long-term loans receivable to subsidiaries	1,725	1,725	-
Long-term prepaid expenses	3,030	3,483	453
Prepaid pension costs	6,029	6,235	205
Deferred income taxes	-	6,217	6,217
Submarine line use rights	14,233	17,088	2,854
Other investments and assets	15,389	14,624	(764)
Allowance for doubtful accounts	(190)	(207)	(17)
Total investments and other assets	525,395	570,316	44,921
Total fixed assets	1,134,729	1,199,789	65,059
Current assets:			
Cash and bank deposits	8,244	12,607	4,363
Notes receivable	22	-	(22)
Accounts receivable, trade	174,341	179,839	5,497
Accounts receivable, other	49,686	47,624	(2,061)
Lease investment assets	147	117	(30)
Supplies	9,185	9,806	620
Advance payments	1,587	3,700	2,113
Prepaid expenses	5,639	6,469	829
Deferred income taxes	3,423	3,694	270
Deposits paid to parent company	1,506	4,054	2,547
Other current assets	41,603	29,214	(12,388)
Allowance for doubtful accounts	(1,151)	(1,017)	134
Total current assets	294,234	296,110	1,876
TOTAL ASSETS	1,428,963	1,495,899	66,935

(Millions of yen)

	March 31, 2015	March 31, 2016	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company and subsidiary	93,360	199,504	106,144
Lease obligations	5,751	5,183	(567)
Deferred tax liabilities	10,001	-	(10,001)
Liability for employees' retirement benefits	85,581	86,722	1,140
Reserve for point services	857	547	(309)
Reserve for unused telephone cards	4,053	3,628	(424)
Asset retirement obligations	1,555	3,296	1,741
Other long-term liabilities	5,998	5,170	(828)
Total long-term liabilities	207,159	304,053	96,893
Current liabilities:			
Current portion of long-term borrowings from parent company	53,360	43,360	(10,000)
Accounts payable, trade	29,085	31,894	2,809
Short-term borrowings	11,254	7,766	(3,488)
Lease obligations	7,249	3,222	(4,027)
Accounts payable, other	149,542	151,623	2,080
Accrued expenses	4,792	5,002	210
Accrued taxes on income	3,358	6,968	3,609
Advances received	3,817	3,790	(27)
Deposits received	27,754	14,150	(13,603)
Unearned revenues	160	150	(10)
Allowance for losses on construction	770	13	(756)
Asset retirement obligations	45	-	(45)
Other current liabilities	728	1,363	635
Total current liabilities	291,920	269,307	(22,612)
TOTAL LIABILITIES	499,079	573,360	74,281
NET ASSETS			
Shareholders' equity:			
Common stock	211,763	211,763	-
Capital surplus			
Additional paid-in capital	131,615	131,615	-
Total capital surplus	131,615	131,615	-
Earned surplus			
Other earned surplus			
Reserve for reduction entry	6,517	7,228	710
Accumulated earned surplus	481,672	510,207	28,534
Total earned surplus	488,190	517,436	29,245
Total shareholders' equity	831,569	860,815	29,245
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	98,314	61,723	(36,590)
Total unrealized gains (losses), translation adjustments, and others	98,314	61,723	(36,590)
TOTAL NET ASSETS	929,884	922,538	(7,345)
TOTAL LIABILITIES AND NET ASSETS	1,428,963	1,495,899	66,935

IV. Non-Consolidated Comparative Statements of Income
(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	699,158	691,290	(7,868)
Operating expenses			
Business expenses	167,737	156,429	(11,308)
Maintenance expenses	78,352	74,197	(4,155)
Overhead expenses	11,549	11,373	(175)
Administration	69,111	66,380	(2,731)
Experiment and research	12,490	11,665	(825)
Depreciation and amortization	89,190	89,545	355
Retirement of fixed assets	4,232	5,195	962
Access charges	174,092	187,152	13,060
Miscellaneous taxes	10,437	11,153	716
Total operating expenses	617,194	613,093	(4,100)
Operating income from telecommunications businesses	81,964	78,196	(3,767)
Supplementary businesses:			
Operating revenues	210,807	227,018	16,211
Operating expenses	199,636	214,072	14,435
Operating income from supplementary businesses	11,170	12,946	1,775
Operating income	93,135	91,143	(1,992)
Non-operating revenues:			
Interest income	221	272	50
Interest on securities	0	0	(0)
Dividends received	16,972	12,486	(4,485)
Lease and rental income	11,989	11,581	(407)
Miscellaneous income	994	2,822	1,828
Total non-operating revenues	30,178	27,163	(3,014)
Non-operating expenses:			
Interest expenses	1,591	1,514	(76)
Lease and rental expenses	5,933	5,551	(382)
Miscellaneous expenses	895	1,034	139
Total non-operating expenses	8,420	8,100	(319)
Recurring profit	114,893	110,206	(4,687)
Special losses:			
Write-off of investments in affiliated companies	7,853	5,847	(2,006)
Total special losses	7,853	5,847	(2,006)
Income before income taxes	107,040	104,359	(2,681)
Corporation, inhabitant, and enterprise taxes	27,687	29,003	1,316
Deferred tax expenses (benefits)	2,054	3,042	988
Net income	77,299	72,312	(4,986)

V. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets

(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2015

(Millions of yen)

	Shareholders' equity								Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus				Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus			Total earned surplus				
				Reserve for special account for property replacement	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2014	211,763	131,615	131,615	8,344	4,102	434,116	446,563	789,942	74,404	74,404	864,347
Cumulative effect of changes in accounting policies						1,828	1,828	1,828			1,828
Current balance reflecting changes in accounting policies	211,763	131,615	131,615	8,344	4,102	435,944	448,391	791,771	74,404	74,404	866,175
Net change during the annual period											
Cash dividends						(37,500)	(37,500)	(37,500)			(37,500)
Net income						77,299	77,299	77,299			77,299
Return of reserve for special account for property replacement				(8,344)		8,344	-	-			-
Provision of reserve for reduction entry					2,433	(2,433)	-	-			-
Return of reserve for reduction entry					(19)	19	-	-			-
Others, net									23,909	23,909	23,909
Total net change during the annual period	-	-	-	(8,344)	2,414	45,727	39,798	39,798	23,909	23,909	63,708
March 31, 2015	211,763	131,615	131,615	-	6,517	481,672	488,190	831,569	98,314	98,314	929,884

Year ended March 31, 2016

(Millions of yen)

	Shareholders' equity								Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus				Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus			Total earned surplus				
				Reserve for special account for property replacement	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2015	211,763	131,615	131,615	-	6,517	481,672	488,190	831,569	98,314	98,314	929,884
Net change during the annual period											
Cash dividends						(43,067)	(43,067)	(43,067)			(43,067)
Net income						72,312	72,312	72,312			72,312
Provision of reserve for reduction entry					727	(727)	-	-			-
Return of reserve for reduction entry					(17)	17	-	-			-
Others, net									(36,590)	(36,590)	(36,590)
Total net change during the annual period	-	-	-	-	710	28,534	29,245	29,245	(36,590)	(36,590)	(7,345)
March 31, 2016	211,763	131,615	131,615	-	7,228	510,207	517,436	860,815	61,723	61,723	922,538

VI. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Increase (Decrease)	Percent Increase (Decrease)
Cloud Computing Platforms	64,986	70,029	5,043	7.8
Data Networks	370,831	369,871	(959)	(0.3)
Voice Communications	269,916	260,329	(9,587)	(3.6)
Applications & Content	38,476	38,729	252	0.7
Solution Services	149,832	162,352	12,520	8.4
Others	15,922	16,997	1,074	6.7
Total operating revenues	909,966	918,309	8,342	0.9

VII. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	107,040	104,359	(2,681)
Depreciation and amortization	104,488	106,837	2,349
Loss on disposal of property, plant and equipment	2,770	4,075	1,305
Gains on sales of fixed assets	(48)	(3)	44
Increase (decrease) in allowance for doubtful accounts	(458)	(117)	340
Increase (decrease) in liability for employees' retirement benefits	(1,251)	1,140	2,391
Write-off of investments in affiliated companies	7,853	5,847	(2,006)
(Increase) decrease in accounts receivable	(10,770)	(3,413)	7,356
(Increase) decrease in inventories	(1,260)	(3,015)	(1,754)
Increase (decrease) in accounts payable and accrued expenses	2,616	432	(2,183)
Increase (decrease) in accrued consumption tax	4,014	(4,850)	(8,865)
Other	(14,309)	(23,183)	(8,873)
Sub-total	200,685	188,108	(12,577)
Interest and dividends received	17,195	12,752	(4,442)
Interest paid	(1,592)	(1,418)	173
Income taxes received (paid)	(46,096)	(22,436)	23,659
Net cash provided by (used in) operating activities	170,191	177,004	6,813
Cash flows from investing activities:			
Payments for property, plant and equipment	(119,652)	(124,453)	(4,800)
Proceeds from sale of property, plant and equipment	118	18	(100)
Payments for purchase of investment securities	(22,668)	(105,792)	(83,123)
Proceeds from sale of investment securities	532	152	(379)
Payments for long-term loans	-	(5,852)	(5,852)
Other	(26)	(1,720)	(1,693)
Net cash provided by (used in) investing activities	(141,697)	(237,648)	(95,950)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	-	149,857	149,857
Payments for settlement of long-term debt	(3,360)	(53,360)	(50,000)
Net increase (decrease) in short-term borrowings	2,518	(2,647)	(5,165)
Payments for settlement of lease obligations	(4,070)	(7,470)	(3,400)
Dividends paid	(37,500)	(36,001)	1,499
Net cash provided by (used in) financing activities	(42,413)	50,378	92,791
Effect of exchange rate changes on cash and cash equivalents	3,389	(2,147)	(5,536)
Net increase (decrease) in cash and cash equivalents	(10,530)	(12,412)	(1,881)
Cash and cash equivalents at beginning of year	54,573	44,042	(10,530)
Cash and cash equivalents at end of year	44,042	31,630	(12,412)

**VIII. Changes in NTT Communications Directors
(Subject to Shareholders' Approval)**

1. Candidates scheduled to take office as Directors

Hidemune Sugahara	Head of Applications and Content
Tetsutaro Nakamura	Head of Finance
Takanobu Maeda	President & CEO, NTT Com Asia Limited

2. Candidate scheduled to take office as Statutory Auditor

Satoshi Shinoda	Executive Vice President, NTT URBAN DEVELOPMENT CORPORATION
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3. Directors scheduled to resign

Kazuhiko Aramoto	Executive Vice President (scheduled to transfer to NTT Com Engineering Corporation)
Akihiko Higashi	Senior Vice President (scheduled to transfer to NTT LOGISCO Inc.)
Motoo Tanaka	Senior Vice President (scheduled to transfer to NTT PC Communications Incorporated)

4. Statutory Auditor scheduled to resign

Akio Oshima	Statutory Auditor
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5. Candidates scheduled to take office as Representative Directors

i. Candidate scheduled to be re-elected as President and CEO

Tetsuya Shoji	President and CEO
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ii. Candidates scheduled to be re-elected as Senior Executive Vice Presidents

Tetsuya Funabashi	Senior Executive Vice President
Katsumi Nakata	Senior Executive Vice President

iii. Candidates scheduled to be re-elected as Executive Vice Presidents

Toru Maruoka	Executive Vice President
Eiichi Tanaka	Executive Vice President

6. New Executive Positions and Organizational Responsibilities

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Senior Executive Vice President In charge of technology In charge of operations In charge of information security In charge of corporate	Tetsuya Funabashi	Senior Executive Vice President In charge of technology In charge of operations In charge of information security In charge of corporate
Senior Executive Vice President In charge of sales In charge of global business	Katsumi Nakata	Senior Executive Vice President In charge of sales In charge of global business Head of Global Business
Executive Vice President Head of Voice and Video	Toru Maruoka	Executive Vice President Head of Voice and Video
Executive Vice President In charge of CSR	Eiichi Tanaka	Executive Vice President In charge of CSR
Senior Vice President President and CEO of NTT America, Inc.	Kazuhiro Gomi	Senior Vice President President and CEO of NTT America, Inc.
Senior Vice President Head of Fourth Sales Division	Denji Sakurai	Senior Vice President Head of Fourth Sales Division
Senior Vice President Head of Network Services	Takashi Ooi	Senior Vice President Head of Network Services
Senior Vice President Head of Cloud Services	Masaaki Moribayashi	Senior Vice President Managing Director of NTT Europe Ltd.
Senior Vice President Head of Third Sales Division	Ken Kusunoki	Senior Vice President Head of Third Sales Division
Senior Vice President Head of Customer Services	Hiroatsu Matsumoto	Senior Vice President Head of Customer Services
Senior Vice President Head of Second Sales Division	Hidemune Sugahara	Head of Applications and Content
Senior Vice President Head of West Japan Sales Division	Tetsutaro Nakamura	Head of Finance
Senior Vice President Head of Global Business	Takanobu Maeda	President & CEO, NTT Com Asia Limited
Senior Vice President NTT Communications Corporate Advisor	Akira Arima	Senior Vice President NTT Communications Corporate Advisor
Senior Vice President	Masanori Ozawa	Senior Vice President

(Notes) • Among the Directors scheduled to resign from office, Kazuhiko Aramoto will resign on June 14, 2016, Motoo Tanaka will resign on June 15, 2016, and Akihiko Higashi will resign at the close of the 17th Annual General Shareholders' Meeting (to be held on June 17, 2016).

- The Statutory Auditor scheduled to resign from office will resign on June 21, 2016.
- The new candidate for Statutory Auditor, Satoshi Shinoda, is a candidate for Outside Statutory Auditor.
- The new candidate for Statutory Auditor is scheduled to take office on June 22, 2016.