

May 13, 2014

FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for Fiscal Year Ended March 31, 2014

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the fiscal year ended March 31, 2014. Please see the following attachments for further details:

- I. Results for Fiscal Year Ended March 31, 2014
- II. Non-Consolidated Comparative Balance Sheets
- III. Non-Consolidated Comparative Statements of Income
- IV. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
- V. Business Results (Non-Consolidated Operating Revenues)
- VI. Non-Consolidated Comparative Statements of Cash Flows
- VII. Financial Results of NTT Communications Group
- VIII. Changes in NTT Communications Directors (Subject to Shareholders' Approval)

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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 a leading global tier-1 IP network, the Arcstar Universal One™ VPN network, reaching 196 countries/regions, and over 150 secure data centers. 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 Fiscal Year Ended March 31, 2014

BACKGROUND

Although the economies of some emerging nations slowed, the overall picture for the global economy generally was one of recovery: the U.S. showed signs of a sound recovery, the economic recession in Europe was bottoming out, and Japan's economy appears headed in the direction of recovery. In this economic environment, many companies throughout the world are taking a more active business approach and are focused on further strengthening their own competitiveness. They are entering new fields and investing in growth markets and building strong and flexible ICT foundations needed to support these activities.

BUSINESS STRATEGIES

In accordance with NTT Com's "Vision 2015" growth strategy and corporate slogan "Global ICT Partner," NTT Com aims to achieve consolidated revenues of over 1.5 trillion yen by the fiscal year ending March 31, 2016, including a more than twofold increase in sales from outside of Japan compared with the fiscal year ended March 31, 2011.

NTT Com designated the fiscal year ended March 31, 2014 as a year for transforming its business structure and accelerating growth to achieve its "Vision 2015" goals. Based on its "Global Cloud Vision 2013," NTT Com sought to put its growing businesses, such as global and cloud services strategies, on the right track.

In services, NTT Com strived to provide global seamless services and enhance its service lineups.

Specific measures taken by type of service were as follows:

- **Cloud Computing Platforms**
Using network virtualization technology, NTT Com's private cloud service "Enterprise Cloud" launched the world's first cloud migration service in June 2013, providing support for smooth migration from an on-premises environment to cloud networks. In October, it significantly bolstered cloud functions and performance in areas such as database clustering and high-speed storage, which customers require for broader use of cloud-based functionality in their core systems. The service opened in locations in Australia and Germany, expanding its service areas to 11 locations in nine countries/regions. For e-commerce and other kinds of websites requiring high security and large-scale access capacity, the public cloud service "Cloud[®]" launched the "Compute (VPC Type)" service in January 2014.

Under the "Nexcenter" brand, which was established to further improve the level of services and to standardize service quality at the global level, NTT Com commenced provision of data

center services at its Tokyo No. 6 Data Center in Tokyo in April 2013, at the Hong Kong Financial Data Centre and the U.K. Slough 2 Data Center in May 2013, and at its second data center in Bangalore, India in March 2014. In addition, in January 2014, NTT Com acquired U.S.-based RagingWire Data Centers, further expanding its group of data centers in Japan and abroad.

- Data Networks

NTT Com strengthened its services that match the needs of its customers. In August 2013, NTT Com relaunched “OCN Mobile Entry d LTE 980,” a service introduced in April 2013, as “OCN Mobile ONE,” a mobile data communication service using NTT DOCOMO’s LTE service, offering five alternative plans based on levels of data volume and transmission speeds. To further facilitate customer access to the service, in December 2013, NTT Com became the first company to sell the service through convenience stores in Japan. In March 2014, NTT Com launched “OCN Hikari Mobile Wari,” a discount plan for customers who subscribe to both “OCN Hikari Service” for home use and “OCN Mobile ONE” for use away from home.

To enhance business efficiency through integration of operations and to expand its range of services based on network virtualization technologies, in January 2014, NTT Com acquired U.S.-based Vrtela Technology Services, a company with strengths in managed services and virtualization technologies. NTT Com also expanded the service area of its “Arcstar Universal One” corporate network service from 160 countries and regions to 196.

In addition, NTT Com established new connection points to its “Global IP Network” global internet access service in six cities across four countries, including Jakarta, Indonesia, in response to customer needs for a high-quality, highly reliable IP backbone.

- Voice Communications

NTT Com began supplying its “Web Directory” functionality – which allows corporate customers to manage telephone numbers and other business contact information on the cloud – to Arcstar UCaaS in April 2013, and to 050 plus for Biz in October 2013. For individual customers who use the 050IP app “050 plus,” NTT Com worked to expand functions and enhance the quality of its services to make them easier to use by providing an automatic adjustment of the volume level audible to the other party on voice calls, and added the capability for “050 plus” phone app users to exchange text messages. In February 2014, NTT Com established new “Arcstar UCaaS” platforms in Europe and the U.S. to build a foundation for speedy global communications services with low latency and high reliability.

In addition, in January 2014, NTT Com acquired France-based Arkadin International, which has a global customer base and capabilities in global conferencing services and accelerated the enhancement of conferencing service functions and the expansion of its service areas.

- Applications and Content

In efforts to expand cloud services for supporting corporate customers in restructuring their work practices, NTT Com added new functionality to its “Enterprise Mail” cloud-based e-mail service, offering the option to enable e-mail access via a mobile device when away from the office under a secure external environment, and the option to link mobile with the scheduler and office-based functions. In October 2013, NTT Com added “Gridow on NTT Communications,” an application that facilitates the creation and secure sharing of video content. In December 2013, it launched “Biz Password,” for the integrated management of corporate user IDs and passwords, and optimal corporate SNS “Biz Groupwork,” for facilitating internal and external business communications and enhancing efficiency in project management.

NTT Com also began overseas sales of “Enterprise Mail” in Taiwan in March 2014. For individual customers, NTT Com added many functions and features enhancing security and ease-of-use for its “OCN Kakeibo” free online household bookkeeping service, which became available as “Kakeibo[®]” in December 2013. NTT Com also aggressively moved into new business areas, which included the launch of “Visual Learning.Japanese,” a cloud-based Japanese-language education service, in October 2013.

- Solution Services

In its cloud migration services, where NTT Com offers one-stop services from systems consulting to design, engineering and systems migration for the transition to cloud computing, NTT Com actively promoted the globalization and increased sophistication of its services both in Japan and overseas through the provision of core systems solutions with cloud-based ERP packages.

NTT Com also revamped its security services under the new unified global brandname “WideAngle” and commenced provision of services in June 2013. Further, to ensure a seamless global expansion of NTT Com Group’s security business, NTT Com changed the name of the Integralis Group to NTT Com Security.

In sales, NTT Com accelerated its efforts at global integration through its Global Account Management Systems (GAMS), where the Global Account Manager (GAM) and National Account Manager (NAM) in each country work together to provide solutions for issues encountered by customers seeking to develop their businesses globally. Regularly scheduled Global One Meetings aimed at more advanced account plans by GAM/NAM and sales promotions based on lively communications using global integrated sales force automation (SFA) resulted in a steady increase in orders for large-scale projects.

In operations, in addition to NTT Com’s own operations, the service operations of NTT America and NTT Europe services are being undertaken by Emerio Globe Soft and Netmagic Solutions, which are also member companies of the NTT Com Group. This is helping to facilitate the standardization and automation of operations and accelerating efforts

to optimize operations as a group.

In addition, to promote global seamless management, NTT Com's ICT systems are building ERP systems that are shared globally. In October 2013, NTT Singapore began the introduction of ERP systems' pilots program, facilitated the standardization of operational processes such as accounting and purchasing globally and integrated ICT systems. In purchasing, NTT Com also strengthened its competitiveness by cutting costs through the leveraging of global unified procurement. In personnel management, NTT Com continued its efforts in global human resource development by continuing to hire foreign nationals and increasing the number of trainees, including recent graduates.

In security management, NTT Com made efforts to enhance the level of its security-risk management by undertaking a company-wide audit of its ICT systems, addressing software vulnerabilities, applying "WideAngle" integrated risk-management services to ICT systems throughout the company and putting in place measures to mitigate security risks. NTT Com also enhanced its incident-response processes by integrating management of its company-wide ICT systems using the Information Security Management Platform (ISMP) for providing information on determining security vulnerabilities.

During the fiscal year ended March 31, 2014, the development of global seamless services and sales and optimization of operations resulted in NTT Com receiving high assessments in comparative reports on vendors by analysts. NTT Com was even described as a "leader" in the field in the U.S.-based Gartner report on the assessment of global network service providers, and in the U.S.-based IDC report assessing cloud and DC services in the Asia-Pacific region.

OPERATING RESULTS

Although revenues from the cloud computing platforms business unit increased 10.9 billion yen (26.2%) over the prior fiscal year to 52.9 billion yen and revenues from the solutions services increased 23.1 billion yen (18.1%) over the prior fiscal year to 150.6 billion yen, data networks revenues decreased 12.1 billion yen (3.0%) over the prior fiscal year to 391.5 billion yen and voice communications revenues decreased 21.6 billion yen (6.8%) to 296.4 billion yen. As a result, NTT Communications' total non-consolidated operating revenues decreased 0.7 billion yen (0.1%) over the prior fiscal year to 944.0 billion yen.

Total operating expenses increased 3.8 billion yen (0.5%) to 830.5 billion yen due to an increase in costs associated with the solutions services business of 25.4 billion yen (6.3%) over the prior fiscal year to 426.0 billion yen and a decrease in communication network charges of 9.3 billion yen (4.4%) over the prior fiscal year to 204.1 billion yen as a result of the impact of lower voice communications revenues, among other things.

As a result of the above, operating income decreased 4.6 billion yen (4.0%) over the prior

fiscal year to 113.4 billion yen. Net income increased 23.6 billion yen (36.2%) over the prior fiscal year to 88.9 billion yen, due to a 16.1 billion yen extraordinary gain on the sale of real estate, in spite of recording a 6 billion yen extraordinary loss from the stock valuation of NTT Communications' overseas subsidiaries.

NTT Communications Group's consolidated operating revenues increased 35.7 billion yen (3.0%) over the prior fiscal year to 1,230.4 billion yen, the first increase in six years, due to the strength of its overseas subsidiaries as well as a smaller decrease in NTT Communications' non-consolidated revenues. In addition, operating income increased 11.6 billion yen (9.9%) over the prior fiscal year to 127.9 billion yen.

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

(Millions of yen)

	March 31, 2013	March 31, 2014	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	145,637	139,476	(6,161)
Antenna facilities	1,459	1,682	223
Terminal equipment	764	736	(28)
Local line facilities	810	748	(61)
Long-distance line facilities	7,122	6,778	(344)
Engineering facilities	54,238	53,122	(1,116)
Submarine line facilities	20,482	16,018	(4,464)
Buildings	138,995	177,326	38,331
Structures	3,058	3,461	403
Other machinery and equipment	140	131	(8)
Vehicles and vessels	79	130	50
Tools, furniture and fixtures	34,416	33,607	(809)
Land	38,918	40,961	2,043
Lease assets	9,008	6,470	(2,538)
Construction in progress	8,303	24,265	15,961
Total property, plant and equipment	463,434	504,916	41,481
Intangible fixed assets	82,864	87,002	4,138
Total fixed assets - telecommunications businesses	546,299	591,918	45,619
Investments and other assets			
Investment securities	166,291	162,857	(3,433)
Investments in subsidiaries and affiliated companies	167,637	277,600	109,963
Other investments in subsidiaries and affiliated companies	-	500	500
Investment in capital	258	191	(67)
Contributions to affiliated companies	2,226	2,226	-
Long-term loans receivable to subsidiaries	1,725	1,725	-
Long-term prepaid expenses	1,984	2,661	676
Prepaid pension cost	5,639	5,792	152
Deferred income taxes	1,243	-	(1,243)
Submarine line use rights	12,567	11,811	(756)
Other investments and assets	16,944	16,089	(855)
Allowance for doubtful accounts	(232)	(218)	13
Total investments and other assets	376,287	481,237	104,949
Total fixed assets	922,587	1,073,156	150,569
Current assets:			
Cash and bank deposits	9,593	17,218	7,625
Notes receivable	25	266	241
Accounts receivable, trade	181,157	163,644	(17,512)
Accounts receivable, other	52,183	49,368	(2,814)
Lease investment assets	333	49	(284)
Supplies	8,024	10,201	2,176
Advance payment	1,336	2,204	868
Prepaid expenses	4,328	3,734	(594)
Deferred income taxes	6,951	4,664	(2,286)
Short-term loans receivable	13,927	17,840	3,913
Subsidiary deposits	35,598	19,513	(16,084)
Other current assets	4,639	5,079	440
Allowance for doubtful accounts	(2,148)	(1,582)	566
Total current assets	315,951	292,204	(23,746)
TOTAL ASSETS	1,238,538	1,365,361	126,822

(Millions of yen)

	March 31, 2013	March 31, 2014	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	60,080	146,720	86,640
Lease obligations	10,665	8,525	(2,139)
Deferred tax liabilities	-	2,542	2,542
Liability for employees' retirement benefits	84,126	86,833	2,706
Reserve for point services	3,674	3,063	(610)
Reserve for unused telephone cards	5,292	4,637	(654)
Asset retirement obligations	600	1,467	866
Other long-term liabilities	6,943	6,107	(836)
Total long-term liabilities	171,383	259,897	88,513
Current liabilities:			
Current portion of long-term borrowings from parent company	3,586	3,360	(226)
Accounts payable, trade	25,136	37,246	12,110
Short-term borrowings	730	8,736	8,006
Lease obligations	4,485	3,875	(610)
Accounts payable, other	176,150	149,387	(26,763)
Accrued expenses	4,899	4,842	(57)
Accrued taxes on income	15,134	6,190	(8,944)
Advance received	5,137	3,289	(1,848)
Deposit received	19,609	22,456	2,846
Unearned revenue	76	77	1
Allowance for losses on construction	21	1,188	1,167
Allowance for loss on disaster	6	-	(6)
Other current liabilities	579	465	(113)
Total current liabilities	255,554	241,116	(14,438)
TOTAL LIABILITIES	426,938	501,014	74,075
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 special account for property replacement	1,619	8,344	6,725
Reserve for reduction entry	2,947	4,102	1,155
Accumulated earned surplus	386,537	434,116	47,578
Total earned surplus	391,104	446,563	55,458
Total shareholders' equity	734,483	789,942	55,458
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	77,116	74,404	(2,711)
Total unrealized gains (losses), translation adjustments, and others	77,116	74,404	(2,711)
TOTAL NET ASSETS	811,600	864,347	52,746
TOTAL LIABILITIES AND NET ASSETS	1,238,538	1,365,361	126,822

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

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	775,217	742,669	(32,547)
Operating expenses			
Business expenses	176,985	170,694	(6,291)
Maintenance expenses	80,131	80,945	814
Overhead expenses	11,389	10,750	(638)
Administration	72,127	72,180	53
Experiment and research	13,719	13,271	(447)
Depreciation and amortization	90,788	88,822	(1,966)
Retirement of fixed assets	9,647	4,652	(4,995)
Access charges	197,989	184,242	(13,746)
Miscellaneous taxes	11,383	10,813	(570)
Total operating expenses	664,162	636,374	(27,788)
Operating income from telecommunications businesses	111,054	106,295	(4,759)
Supplementary businesses:			
Operating revenues	169,594	201,359	31,764
Operating expenses	162,512	194,188	31,676
Operating income from supplementary businesses	7,082	7,171	88
Operating income	118,137	113,466	(4,671)
Non-operating revenues:			
Interest income	227	280	52
Dividends received	7,517	10,244	2,727
Lease and rental income	13,099	12,987	(111)
Miscellaneous income	3,868	3,988	119
Total non-operating revenues	24,712	27,499	2,787
Non-operating expenses:			
Interest expenses	1,690	1,569	(121)
Lease and rental expenses	6,967	5,731	(1,236)
Miscellaneous expenses	4,463	1,081	(3,381)
Total non-operating expenses	13,121	8,382	(4,739)
Recurring profit	129,728	132,583	2,855
Special profits:			
Gains on sales of fixed assets	8,965	16,169	7,204
Gain on settlement of interconnection charges	12,706	-	(12,706)
Other	2,348	-	(2,348)
Total special profits	24,021	16,169	(7,851)
Special losses:			
Write-off of investments in affiliated companies	31,895	3,774	(28,121)
Loss on settlement of interconnection charges	-	1,152	1,152
Other	-	1,092	1,092
Total special losses	31,895	6,019	(25,876)
Income before income taxes	121,853	142,733	20,880
Corporation, inhabitant, and enterprise taxes	56,254	46,199	(10,055)
Deferred tax expenses (benefits)	287	7,574	7,287
Net income	65,311	88,959	23,648

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

(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2013

(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, 2012	211,763	131,615	131,615	1,921	2,347	352,056	356,324	699,703	45,010	45,010	744,714
Net change during the annual period											
Cash dividends						(30,500)	(30,500)	(30,500)			(30,500)
Net income						65,311	65,311	65,311			65,311
Decrease by corporate division						(31)	(31)	(31)			(31)
Provision of reserve for special account for property replacement				1,619		(1,619)					-
Return of reserve for special account for property replacement				(1,921)		1,921					-
Provision of reserve for reduction entry					600	(600)					-
Others, net									32,105	32,105	32,105
Total net change during the annual period	-	-	-	(301)	600	34,481	34,780	34,780	32,105	32,105	66,885
March 31, 2013	211,763	131,615	131,615	1,619	2,947	386,537	391,104	734,483	77,116	77,116	811,600

Year ended March 31, 2014

(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, 2013	211,763	131,615	131,615	1,619	2,947	386,537	391,104	734,483	77,116	77,116	811,600
Net change during the annual period											
Cash dividends						(33,500)	(33,500)	(33,500)			(33,500)
Net income						88,959	88,959	88,959			88,959
Provision of reserve for special account for property replacement				8,344		(8,344)					-
Return of reserve for special account for property replacement				(1,619)		1,619					-
Provision of reserve for reduction entry					1,155	(1,155)					-
Return of reserve for reduction entry					(0)	0					-
Others, net									(2,711)	(2,711)	(2,711)
Total net change during the annual period	-	-	-	6,725	1,155	47,578	55,458	55,458	(2,711)	(2,711)	52,746
March 31, 2014	211,763	131,615	131,615	8,344	4,102	434,116	446,563	789,942	74,404	74,404	864,347

V. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase (Decrease)	Percent Increase (Decrease)
Cloud Computing Platforms	41,945	52,922	10,977	26.2
Data Networks	403,666	391,505	(12,161)	(3.0)
Voice Communications	318,050	296,438	(21,612)	(6.8)
Applications & Content	36,832	36,906	74	0.2
Solution Services	127,542	150,651	23,108	18.1
Others	16,774	15,604	(1,170)	(7.0)
Total operating revenues	944,812	944,028	(783)	(0.1)

*Details of business results are represented by business line from the fiscal year ended March 31, 2014.
Business results per item are shown below.

(Reference) Business Results (Per item)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	293,931	272,179	(21,752)	(7.4)
IP services revenues	371,860	367,015	(4,845)	(1.3)
Open computer network services revenues*	155,892	153,580	(2,311)	(1.5)
VPN services revenues*	158,732	159,024	291	0.2
Data communications revenues (excluding IP services revenues)	67,670	61,232	(6,437)	(9.5)
Leased circuit services revenues*	50,328	44,628	(5,699)	(11.3)
Solution services revenues	183,960	217,746	33,785	18.4
Others	27,388	25,854	(1,534)	(5.6)
Total operating revenues	944,812	944,028	(783)	(0.1)

*Partial listing only

VI. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	121,853	142,733	20,880
Depreciation and amortization	104,986	104,343	(642)
Loss on disposal of property, plant and equipment	8,189	3,295	(4,894)
Gains on sales of fixed assets	(9,474)	(17,465)	(7,991)
Increase (decrease) in allowance for doubtful accounts	(133)	(580)	(447)
Increase (decrease) in liability for employees' retirement benefits	1,593	2,706	1,112
Write-off of investments in affiliated companies	31,895	3,774	(28,121)
(Increase) decrease in accounts receivable	(36,255)	19,685	55,940
(Increase) decrease in inventories	1,395	(1,753)	(3,148)
Increase (decrease) in accounts payable and accrued expenses	(1,005)	(5,501)	(4,496)
Increase (decrease) in accrued consumption tax	840	(2,078)	(2,919)
Other	(6,310)	(11,513)	(5,203)
Sub-total	217,575	237,645	20,070
Interest and dividends received	7,702	10,565	2,863
Interest paid	(1,682)	(1,569)	112
Income taxes received (paid)	(45,932)	(62,849)	(16,916)
Net cash provided by (used in) operating activities	177,662	183,792	6,129
Cash flows from investing activities:			
Payments for property, plant and equipment	(111,263)	(140,615)	(29,352)
Proceeds from sale of property, plant and equipment	17,845	18,601	755
Payments for purchase of investment securities	(21,967)	(145,747)	(123,780)
Proceeds from sale of investment securities	4,726	70	(4,655)
Payments for long-term loans	(1,725)	-	1,725
Net increase (decrease) in short-term loans	(3,345)	6,994	10,340
Other	(3,932)	20,817	24,749
Net cash provided by (used in) investing activities	(119,661)	(239,878)	(120,216)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	-	90,000	90,000
Payments for settlement of long-term debt	(43,643)	(3,586)	40,056
Net increase (decrease) in short-term borrowings	730	8,006	7,276
Payments for settlement of lease obligations	(4,249)	(4,756)	(506)
Dividends paid	(30,500)	(33,500)	(3,000)
Net cash provided by (used in) financing activities	(77,663)	56,162	133,825
Effect of exchange rate changes on cash and cash equivalents	1,327	2,371	1,044
Net increase (decrease) in cash and cash equivalents	(18,334)	2,448	20,782
Cash and cash equivalents at beginning of year	70,459	52,124	(18,334)
Cash and cash equivalents at end of year	52,124	54,573	2,448

VII. Financial Results of NTT Communications Group

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	1,194,721	1,230,389	35,668	3.0
Operating expenses	1,078,399	1,102,511	24,112	2.2
Operating income	116,322	127,878	11,556	9.9

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

1. Candidates scheduled to take office as Directors

Akihiko Higashi	Head of Human Resources and Head of General Affairs
Denji Sakurai	Head of First Sales Division
Motoo Tanaka	Head of Cloud Services
Takashi Ooi	Head of Enterprise Networks and Network Services and Head of Global Network Integration Task Force, Corporate Planning
Masaaki Moribayashi	Managing Director of NTT Europe Ltd.

2. Candidate scheduled to take office as Statutory Auditor

Yoko Kobayashi	President, NTT Com CHEO Corporation
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3. Directors scheduled to resign

Jun Sawada	Senior Executive Vice President (scheduled to take office as Senior Executive Vice President of Nippon Telegraph and Telephone Corporation)
Toshiharu Hasebe	Executive Vice President (scheduled to transfer to NTT ADVERTISING, INC.)
Koichi Furukawa	Executive Vice President (scheduled to transfer to NTT Com Technology Corporation)
Ryuichi Hara	Senior Vice President (scheduled to transfer to MIRAIT Corporation)
Atsushi Ichihoshi	Senior Vice President (scheduled to take office as Senior Executive Vice President of NTT FACILITIES, INC.)

4. Statutory Auditor scheduled to resign

Tetsuo Nakayama	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

Akira Arima	President and CEO
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ii. Candidates scheduled to be re-elected/take office as Senior Executive Vice Presidents

Tetsuya Shoji	Senior Executive Vice President
Tetsuya Funabashi	Senior Vice President

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

Kiyoshi Mori	Executive Vice President
Katsumi Nakata	Senior 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 sales In charge of corporate	Tetsuya Shoji	Senior Executive Vice President In charge of sales In charge of information security
Senior Executive Vice President In charge of technology In charge of operations In charge of information security	Tetsuya Funabashi	Senior Vice President Head of Customer Services
Executive Vice President In charge of CSR	Kiyoshi Mori	Executive Vice President In charge of CSR
Executive Vice President In charge of global business Head of Global Business	Katsumi Nakata	Senior Vice President Head of Global Business
Senior Vice President Head of Third Sales Division	Masayoshi Hosokawa	Senior Vice President Head of Third Sales Division
Senior Vice President Head of Service Infrastructure	Yukio Ito	Senior Vice President Head of Service Infrastructure
Senior Vice President Head of Voice and Video	Toru Maruoka	Senior Vice President Head of Voice and Video
Senior Vice President Head of Second Sales Division	Kazuhiko Aramoto	Senior Vice President Head of Second Sales Division
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 West Japan Sales Division	Akihiko Higashi	Head of Human Resources Head of General Affairs
Senior Vice President Head of Fourth Sales Division	Denji Sakurai	Head of First Sales Division
Senior Vice President Head of Cloud Services	Motoo Tanaka	Head of Cloud Services
Senior Vice President Head of Network Services	Takashi Ooi	Head of Enterprise Networks and Network Services Head of Global Network Integration Task Force, Corporate Planning
Senior Vice President Managing Director of NTT Europe Ltd.	Masaaki Moribayashi	Managing Director of NTT Europe Ltd.
Senior Vice President	Kazuhisa Igasaki	Senior Vice President

(Note) The Statutory Auditor scheduled to resign from office will resign at the close of the 15th Annual General Shareholders' Meeting (to be held on June 20, 2014).