

May 15, 2015

FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for Fiscal Year Ended March 31, 2015

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the fiscal year ended March 31, 2015. Please see the following attachments for further details:

- I. Results for Fiscal Year Ended March 31, 2015
- 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)

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 130 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 Fiscal Year Ended March 31, 2015

(1) Background

Although the economies of some emerging nations slowed, the overall picture for the global economy generally was one of recovery, led by the U.S. economy, which steadily improved. On the other hand, the Japanese economy, while showing some signs of recovery, continues to experience a labor shortage and a weak yen, and the direction of the economy remains uncertain, as opinions on its macro environment are divided.

In this economic environment, many companies around 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.

(2) Business Strategies

In accordance with NTT Com's "Vision 2015" growth strategy, 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, 2015 as a year for transforming its business structure and accelerating growth in order to achieve its "Vision 2015" goals and for aiming to move from Asia's leading ICT company to being a global ICT leader. Based on its "Global Cloud Vision," NTT Com's strategy of using the migration of customers' on-premise systems to the cloud as an opportunity to optimize their overall ICT environment and contribute to their business reform, NTT Com sought to continue to build on its service performance results.

In the area of services, NTT Com strove to expand its global seamless services and capabilities in order to provide a "seamless ICT solution" that optimally combines a variety of services, such as cloud, colocation, network, application, security and managed ICT services, in a way that utilizes NTT Com's strengths as a telecommunications company. Specific measures taken by type of service were as follows:

○ Cloud Computing Platforms:

With regard to its "Enterprise Cloud" cloud service for corporate customers, in April 2014, NTT Com began offering companies the ability to connect to NTT Com's data center colocation areas in the same network segment using SDN (Software-Defined Network) technology. NTT Com then began enabling companies to use a customer portal to set and change network settings for cloud-connected VPN and internet connections and cloud-based networks in October 2014. Through these and other initiatives, NTT Com expanded several of its capacities to even more smoothly accommodate the hybridization of its customers' ICT environments. NTT Com also added a new service location in Japan, expanding its service areas to 12 locations in nine countries/regions. With regard to its "Cloud[™]" public cloud service, in February 2015, NTT Com launched a backup service through which customers are able to restore individual files.

Under the "Nexcenter" brand, NTT Com commenced provision of data center services at its Malaysia Cyberjaya 4 Data Center in April 2014, NTT Com entered into a stock purchase agreement with the shareholders of Lux e-shelter 1 S.a.r.l. ("e-shelter") to acquire a majority of the shares of e-shelter, the largest provider of data center services in Germany, further expanding its data center facilities both in Japan and abroad.

○ Data Networks:

NTT Com launched a number of advanced functions for "Arcstar Universal One," a corporate network service currently provided in 196 countries and regions. For example, in May 2014, NTT Com released "Arcstar Universal One Advanced Option," a cloud-based network function that

uses NFV (Network Functions Virtualization) technology, and also launched “Arcstar Universal One Virtual,” which allows customers to build virtual networks quickly and easily regardless of their existing network environment or the device being used. In addition, NTT Com strengthened its service offerings for “Arcstar Universal One Mobile,” a mobile service for corporate customers, focusing on M2M (Machine-to-Machine) communication applications, by, among other things, expanding this service to provide global service coverage, which it launched in April 2014.

For “OCN mobile ONE,” a mobile data communications service for consumers, NTT Com substantially increased the number of subscribers by adding new functions, revising rate plans, and undertaking other initiatives, such as offering “voice-enabled SIM cards,” which allow users to make voice calls, starting from December 2014.

Further, in February 2015, NTT Com launched “OCN Hikari,” which bundles the “FLET’s Hikari Next” fiber-optic service provided by NTT East and NTT West with “OCN,” internet connection service and “OCN mobile ONE” to enable customers to use both services at discounted rates.

- Voice Communications:

For corporate customers, in May 2014 NTT Com began providing the “Arcstar Contact Center,” a cloud-based service that allows companies to migrate their contact center services to the cloud and enables them to flexibly increase or decrease the number of operators at such service centers and change contact center functions as needed in conjunction with the season, their campaigns, and other factors. In June 2014, NTT Com began offering “Arcstar Conferencing” internationally (which had previously been offered only in Japan), to provide conferencing services through video, phone and the Web. Further, with regard to its “Arcstar UCaaS” unified communication service, NTT Com announced in March 2015 that it would utilize the international platform of Arkadin International SAS, which it acquired in 2014, to globally and seamlessly provide the “Arcstar UCaaS Microsoft® Type” service, which uses “Microsoft Lync®,” in addition to its currently-offered “Arcstar UCaaS Cisco Type” service.

- Applications and Content:

In April 2014, NTT Com launched a cloud-based virtual desktop service, “Enterprise Virtual Desktop Infrastructure,” through a new U.S.-based platform for its corporate customers. In July 2014, NTT Com also expanded its provision of “Enterprise Mail,” a cloud-based e-mail service, to a newly-constructed platform in Singapore and began sales in the APAC region (excluding Taiwan, where “Enterprise Mail” had already been offered). In July 2014, NTT Com launched “Data Federation” services, which enable the sharing, management and updating of information such as employees’ contact information that is commonly used in multiple cloud services. In January 2015, NTT Com also launched “ID Federation,” a cloud-based service that enables access to various applications, including cloud services, using a single ID, on a trial basis.

In December 2014, NTT Com added a new search function that enables users to search through their saved photos for facial expressions, such as “smiles” or “winks,” using the “Facial Expression Search” function of its “MyPocket” online storage service. In July 2014, NTT Com also launched the “MyPocket Developer Program” for applications and web services developers and companies in order to promote the development of new services in collaboration with “MyPocket.”

- Solution Services

In June 2014, NTT Com added a number of functions and features to its “WideAngle Managed Security Service,” such as enhanced security information and event management (SIEM) by improving its detection rate of unknown security threats, including targeted threats, by up to 500%. In December 2014, NTT Com also announced its plan to launch “Zero day Attack Protection” in Japan, a security service to counteract targeted threats, zero-day attacks and other threats.

In April 2014, NTT Com launched “Global Management One,” which provides standardized services, quality and rates worldwide for its one-stop ICT management service and is designed to manage ICT environments, including the applications, cloud services, on-premise environments and networks that are used worldwide by corporate customers.

In addition, NTT Com launched the “NTT Communications API Gateway,” which enables customers to use their own IT systems to directly browse and customize information regarding the application, operation and management of NTT Com IT services, and includes a variety of services for API specifications.

In the area of sales, NTT Com accelerated its efforts at global integration through its Global Account Management Systems (GAMS), pursuant to which the Global Account Manager (GAM) and National Account Manager (NAM) in each country work together to provide solutions to issues that customers encounter as they seek to develop their businesses globally.

In addition, efforts to endorse cross-selling among NTT Group companies, increase collaborative partnerships with various businesses both within Japan and worldwide, and engage in sales promotions based on lively communications using global integrated sales force automation (SFA) resulted in a steady increase in orders for large-scale projects.

NTT Com constructed an “ICT Consulting Division” in August 2014 in an effort to expand its capacity to provide management solutions proactively to its customers, strengthen its relationships not only with companies’ IT departments, but also with their management teams, management strategy departments and business departments, and identify its customers’ potential needs.

In the area of operations, NTT Com modified its operations systems to increase their efficiency and competitiveness by integrating its overseas network service operations into Virtela, a company NTT Com acquired in January 2014, while also integrating its cloud service operations into Netmagic Solutions, a company it acquired in 2012. NTT Com also worked to further improve the overall quality (including speed) of its operations by automating and standardizing processes, utilizing advanced technologies, and adopting cutting-edge techniques, such as the application of AI functions to the operation processes of its “Global Management One.”

In addition, in order to promote global seamless management, NTT Com promoted the development of an ERP system that will be shared globally throughout its ICT systems. In terms of personnel management, NTT Com continued its efforts in global human resource development by continuing to hire foreign nationals, continuing its foreign trainees program, which include young employees, and also promoted the exchange of employees with its acquired companies and overseas subsidiaries.

(3) Operating Results

NTT Communications Group’s consolidated operating revenues increased for the second consecutive fiscal year, increasing by 33.0 billion yen (2.7%) over the prior fiscal year to reach 1,263.4 billion yen. However, operating income decreased 8.1 billion yen (6.3%) over the prior fiscal year to 119.8 billion yen.

Although revenues from NTT Com’s cloud computing platforms increased 12.0 billion yen (22.8%) over the prior fiscal year to 64.9 billion yen, and revenues from applications and content increased 1.5 billion yen (4.3%) over the prior fiscal year to 38.4 billion yen, data networks revenues decreased 20.6 billion yen (5.3%) over the prior fiscal year to 370.8 billion yen, voice communications revenues decreased 26.5 billion yen (8.9%) over the prior fiscal year to 269.9 billion yen, and solutions services revenues decreased 0.8 billion yen (0.5%) over the prior fiscal year to 149.8 billion yen. As a result, NTT Communications’ total non-consolidated operating revenues decreased 34.0 billion yen (3.6%) over the prior fiscal year to 909.9 billion yen.

As a result of decrease of communication network charges from lower voice communications

revenues, total operating expenses decreased 13.7 billion yen (1.7%) over the prior fiscal year to 816.8 billion yen.

As a result of the above, operating income decreased 20.3 billion yen (17.9%) over the prior fiscal year to 93.1 billion yen and net income decreased 11.6 billion yen (13.1%) over the prior fiscal year to 77.2 billion yen.

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

(Millions of yen)

	March 31, 2014	March 31, 2015	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	139,476	139,814	337
Antenna facilities	1,682	1,565	(117)
Terminal equipment	736	892	156
Local line facilities	748	730	(18)
Long-distance line facilities	6,778	6,089	(688)
Engineering facilities	53,122	52,008	(1,113)
Submarine line facilities	16,018	13,354	(2,663)
Buildings	177,326	181,117	3,790
Structures	3,461	3,216	(244)
Other machinery and equipment	131	120	(10)
Vehicles and vessels	130	83	(46)
Tools, furniture and fixtures	33,607	35,460	1,853
Land	40,961	45,231	4,269
Lease assets	6,470	8,102	1,632
Construction in progress	24,265	29,415	5,150
Total property, plant and equipment	504,916	517,203	12,287
Intangible fixed assets	87,002	92,130	5,127
Total fixed assets - telecommunications businesses	591,918	609,333	17,415
Investments and other assets			
Investment securities	162,857	191,569	28,712
Investments in subsidiaries and affiliated companies	277,600	290,139	12,538
Other investments in subsidiaries and affiliated companies	500	1,092	592
Investment in capital	191	150	(40)
Contributions to affiliated companies	2,226	2,226	-
Long-term loans receivable to subsidiaries	1,725	1,725	-
Long-term prepaid expenses	2,661	3,030	368
Prepaid pension costs	5,792	6,029	236
Submarine line use rights	11,811	14,233	2,422
Other investments and assets	16,089	15,389	(699)
Allowance for doubtful accounts	(218)	(190)	27
Total investments and other assets	481,237	525,395	44,158
Total fixed assets	1,073,156	1,134,729	61,573
Current assets:			
Cash and bank deposits	17,218	8,244	(8,974)
Notes receivable	266	22	(244)
Accounts receivable, trade	163,644	174,341	10,696
Accounts receivable, other	49,368	49,686	317
Lease investment assets	49	147	98
Supplies	10,201	9,185	(1,016)
Advance payments	2,204	1,587	(617)
Prepaid expenses	3,734	5,639	1,905
Deferred income taxes	4,664	3,423	(1,241)
Short-term loans receivable	17,840	19,862	2,022
Deposits	-	14,425	14,425
Deposits paid to parent company	19,513	1,506	(18,007)
Other current assets	5,079	7,314	2,235
Allowance for doubtful accounts	(1,582)	(1,151)	430
Total current assets	292,204	294,234	2,029
TOTAL ASSETS	1,365,361	1,428,963	63,602

(Millions of yen)

	March 31, 2014	March 31, 2015	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	146,720	93,360	(53,360)
Lease obligations	8,525	5,751	(2,774)
Deferred tax liabilities	2,542	10,001	7,459
Liability for employees' retirement benefits	86,833	85,581	(1,251)
Reserve for point services	3,063	857	(2,206)
Reserve for unused telephone cards	4,637	4,053	(584)
Asset retirement obligations	1,467	1,555	87
Other long-term liabilities	6,107	5,998	(109)
Total long-term liabilities	259,897	207,159	(52,738)
Current liabilities:			
Current portion of long-term borrowings from parent company	3,360	53,360	50,000
Accounts payable, trade	37,246	29,085	(8,161)
Short-term borrowings	8,736	11,254	2,518
Lease obligations	3,875	7,249	3,373
Accounts payable, other	149,387	149,542	155
Accrued expenses	4,842	4,792	(49)
Accrued taxes on income	6,190	3,358	(2,831)
Advances received	3,289	3,817	528
Deposits received	2,418	2,129	(289)
Deposits received from subsidiaries and affiliated companies	20,037	25,624	5,586
Unearned revenues	77	160	83
Allowance for losses on construction	1,188	770	(418)
Asset retirement obligations	-	45	45
Other current liabilities	465	728	262
Total current liabilities	241,116	291,920	50,804
TOTAL LIABILITIES	501,014	499,079	(1,934)
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	8,344	-	(8,344)
Reserve for reduction entry	4,102	6,517	2,414
Accumulated earned surplus	434,116	481,672	47,556
Total earned surplus	446,563	488,190	41,626
Total shareholders' equity	789,942	831,569	41,626
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	74,404	98,314	23,909
Total unrealized gains (losses), translation adjustments, and others	74,404	98,314	23,909
TOTAL NET ASSETS	864,347	929,884	65,536
TOTAL LIABILITIES AND NET ASSETS	1,365,361	1,428,963	63,602

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

(Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	742,669	699,158	(43,510)
Operating expenses			
Business expenses	170,694	167,737	(2,956)
Maintenance expenses	80,945	78,352	(2,593)
Overhead expenses	10,750	11,549	799
Administration	72,180	69,111	(3,069)
Experiment and research	13,271	12,490	(780)
Depreciation and amortization	88,822	89,190	367
Retirement of fixed assets	4,652	4,232	(420)
Access charges	184,242	174,092	(10,149)
Miscellaneous taxes	10,813	10,437	(376)
Total operating expenses	636,374	617,194	(19,180)
Operating income from telecommunications businesses	106,295	81,964	(24,330)
Supplementary businesses:			
Operating revenues	201,359	210,807	9,447
Operating expenses	194,188	199,636	5,448
Operating income from supplementary businesses	7,171	11,170	3,999
Operating income	113,466	93,135	(20,330)
Non-operating revenues:			
Interest income	280	221	(58)
Dividends received	10,244	16,972	6,728
Lease and rental income	12,987	11,989	(998)
Miscellaneous income	3,988	994	(2,993)
Total non-operating revenues	27,499	30,178	2,678
Non-operating expenses:			
Interest expenses	1,569	1,591	22
Lease and rental expenses	5,731	5,933	202
Miscellaneous expenses	1,081	895	(186)
Total non-operating expenses	8,382	8,420	38
Recurring profit	132,583	114,893	(17,690)
Special profits:			
Gains on sales of fixed assets	16,169	-	(16,169)
Total special profits	16,169	-	(16,169)
Special losses:			
Write-off of investments in affiliated companies	3,774	7,853	4,078
Loss on settlement of interconnection charges	1,152	-	(1,152)
Other	1,092	-	(1,092)
Total special losses	6,019	7,853	1,833
Income before income taxes	142,733	107,040	(35,693)
Corporation, inhabitant, and enterprise taxes	46,199	27,687	(18,512)
Deferred tax expenses (benefits)	7,574	2,054	(5,520)
Net income	88,959	77,299	(11,660)

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, 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

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

V. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)	Percent Increase (Decrease)
Cloud Computing Platforms	52,922	64,986	12,063	22.8
Data Networks	391,505	370,831	(20,674)	(5.3)
Voice Communications	296,438	269,916	(26,521)	(8.9)
Applications & Content	36,906	38,476	1,570	4.3
Solution Services	150,651	149,832	(819)	(0.5)
Others	15,604	15,922	318	2.0
Total operating revenues	944,028	909,966	(34,062)	(3.6)

*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, 2014	Year ended March 31, 2015	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	272,179	245,138	(27,041)	(9.9)
IP services revenues	367,015	356,332	(10,683)	(2.9)
Open computer network services revenues*	153,580	152,885	(694)	(0.5)
VPN services revenues*	159,024	151,584	(7,439)	(4.7)
Data communications revenues (excluding IP services revenues)	61,232	52,889	(8,343)	(13.6)
Leased circuit services revenues*	44,628	36,771	(7,856)	(17.6)
Solution services revenues	217,746	231,091	13,345	6.1
Others	25,854	24,515	(1,339)	(5.2)
Total operating revenues	944,028	909,966	(34,062)	(3.6)

*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, 2014	Year ended March 31, 2015	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	142,733	107,040	(35,693)
Depreciation and amortization	104,343	104,488	144
Loss on disposal of property, plant and equipment	3,295	2,770	(525)
Gains on sales of fixed assets	(17,465)	(48)	17,417
Increase (decrease) in allowance for doubtful accounts	(580)	(458)	122
Increase (decrease) in liability for employees' retirement benefits	2,706	(1,251)	(3,957)
Write-off of investments in affiliated companies	3,774	7,853	4,078
(Increase) decrease in accounts receivable	19,685	(10,770)	(30,455)
(Increase) decrease in inventories	(1,753)	(1,260)	492
Increase (decrease) in accounts payable and accrued expenses	(5,501)	2,616	8,118
Increase (decrease) in accrued consumption tax	(2,078)	4,014	6,093
Other	(11,513)	(14,309)	(2,796)
Sub-total	237,645	200,685	(36,960)
Interest and dividends received	10,565	17,195	6,629
Interest paid	(1,569)	(1,592)	(22)
Income taxes received (paid)	(62,849)	(46,096)	16,752
Net cash provided by (used in) operating activities	183,792	170,191	(13,600)
Cash flows from investing activities:			
Payments for property, plant and equipment	(140,615)	(119,652)	20,962
Proceeds from sale of property, plant and equipment	18,601	118	(18,482)
Payments for purchase of investment securities	(145,747)	(22,668)	123,078
Proceeds from sale of investment securities	70	532	461
Net increase (decrease) in short-term loans	6,994	-	(6,994)
Other	20,817	(26)	(20,844)
Net cash provided by (used in) investing activities	(239,878)	(141,697)	98,181
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	90,000	-	(90,000)
Payments for settlement of long-term debt	(3,586)	(3,360)	226
Net increase (decrease) in short-term borrowings	8,006	2,518	(5,488)
Payments for settlement of lease obligations	(4,756)	(4,070)	686
Dividends paid	(33,500)	(37,500)	(3,999)
Net cash provided by (used in) financing activities	56,162	(42,413)	(98,575)
Effect of exchange rate changes on cash and cash equivalents	2,371	3,389	1,017
Net increase (decrease) in cash and cash equivalents	2,448	(10,530)	(12,978)
Cash and cash equivalents at beginning of year	52,124	54,573	2,448
Cash and cash equivalents at end of year	54,573	44,042	(10,530)

VII. Financial Results of NTT Communications Group

(Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	1,230,389	1,263,357	32,968	2.7
Operating expenses	1,102,511	1,143,538	41,027	3.7
Operating income	127,878	119,819	(8,059)	(6.3)

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

1. Candidates scheduled to take office as Directors

Eiichi Tanaka	
Ken Kusunoki	Head of Fifth Sales Division
Hiroatsu Matsumoto	Head of Customer Services

2. Candidate scheduled to take office as Statutory Auditor

Nobuhiro Takeuchi

3. Directors scheduled to resign

Kiyoshi Mori	Executive Vice President
Masayoshi Hosokawa	Senior Vice President (scheduled to take office at MIRAIT Technologies Corporation)
Yukio Ito	Senior Vice President (scheduled to take office at NEC Corporation)

4. Statutory Auditor scheduled to resign

Koji Kainuma	Statutory Auditor (scheduled to take office at NTT FACILITIES, INC.)
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5. Candidates scheduled to take office as Representative Directors

i. Candidate scheduled to take office as President and CEO

Tetsuya Shoji	Senior Executive Vice President
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ii. Candidates scheduled to take office as Senior Executive Vice President

Katsumi Nakata	Executive Vice President
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iii. Candidates scheduled to take office as Executive Vice Presidents

Toru Maruoka	Senior Vice President
Kazuhiko Aramoto	Senior Vice President
Eiichi Tanaka	

6. New Executive Positions and Organizational Responsibilities

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
President and CEO	Tetsuya Shoji	Senior Executive Vice President In charge of sales In charge of corporate
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
Senior Executive Vice President In charge of sales In charge of global business Head of Global Business	Katsumi Nakata	Executive Vice President In charge of global business Head of Global Business
Executive Vice President In charge of CSR	Eiichi Tanaka	
Senior Vice President Head of Third Sales Division	Ken Kusunoki	Head of Fifth Sales Division
Senior Vice President Head of Customer Services	Hiroatsu Matsumoto	Head of Customer Services
Senior Vice President NTT Communications Corporate Advisor	Akira Arima	President and CEO

(Notes)

- Among the directors scheduled to resign from office, Masayoshi Hosokawa will resign on June 18, 2015 and Kiyoshi Mori and Yukio Ito will resign at the close of the 16th Annual General Shareholders' Meeting (to be held on June 19, 2015).
- The Statutory Auditor scheduled to resign from office will resign at the close of the 16th Annual General Shareholders' Meeting (to be held on June 19, 2015).
- The new candidate scheduled to take office as Statutory Auditor, Nobuhiro Takeuchi, and one of the incumbent Statutory Auditors anticipated to remain in office, Akio Oshima, are candidates for external auditors.