

May 11, 2018

FOR IMMEDIATE RELEASE

Financial Results for Fiscal Year Ended March 31, 2018

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the fiscal year ended March 31, 2018 are presented in the following attachments.

(Attachments)

1. Summary of Results for the Fiscal Year Ended March 31, 2018
2. Non-Consolidated Comparative Balance Sheets
3. Non-Consolidated Comparative Statements of Income
4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
5. Business Results (Non-Consolidated Operating Revenues)
6. Non-Consolidated Comparative Statements of Cash Flows
7. Changes in Board of Directors

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1. Summary of Results for the Fiscal Year Ended March 31, 2018

As indispensable foundations for social and economic activities, information and telecommunications are expected to greatly contribute to improving the convenience of people's daily lives, vitalizing local economies, optimizing business process efficiency, creating new businesses and strengthening the international competitiveness of industries as a whole. In addition, the information and telecommunications market has progressed beyond its conventional framework with the advancement of broadband and globalization, the integration of fixed and mobile services, the usage of AI (*1), Big Data (*2), and IoT (*3), the advancement of cloud computing, market penetration of devices that support high-speed wireless internet and Wi-Fi, such as smartphones and tablets, the popularization of applications that enable free phone calls or messaging, and other developments.

The regional telecommunications market is also changing dramatically, with intensifying competition in services based on fiber optic access. In addition, new services that leverage a variety of wireless devices are also expanding. These in turn lead to diversification in the way that customers are using these devices and the expansion of the volume of data communications.

Amid such a difficult and volatile business environment, as a carrier with an important leadership role in the information and telecommunications industry, NTT East has endeavored to be thorough in its compliance regime and to abide by the requirements of fair competition. At the same time, NTT East has worked to secure a stable and solid foundation for its business, ensure its reliability as a component of social infrastructure and provide appropriate support for network migration, through the provision of high-quality, stable, universal services, construction of a sophisticated and resilient telecommunications network that is prepared for disasters and threats to cybersecurity and for significant increases in the volume of data communications, and initiatives for prompt restoration of services in case of large-scale natural disasters and other calamities.

In addition to these initiatives, NTT East has also endeavored to enhance the broadband network environment and further expand its user base for fiber optic services by offering new services and products that utilize next generation networks (NGN), as well as offering customer-friendly pricing options with long-term appeal.

1. Efforts to Promote Fiber-Optic and IP Services

Amid intensifying competition with respect to broadband services, NTT East has offered new services and strengthened its "Hikari Collaboration Model" initiatives to expand and continue using "FLET'S Hikari" (*4) and to meet customers' needs. NTT East has been working to create new demand and to increase efficiency of related operations by supporting its Hikari Collaboration providers.

As a result of these initiatives, the Hikari Collaboration Model is being utilized by over 560 businesses, and the number of subscribers for fiber-optic access services offered by Hikari Collaboration providers reached 6.0 million on September 6, 2017.

2. Initiatives Relating to the Solutions Business

NTT East worked on providing new ICT-utilizing services to its regional corporate customers.

- i. As part of its Wi-Fi services for corporate customers, NTT East is currently providing a simple Wi-Fi service, “GigaRaku Wi-Fi,” which includes support services. Starting on October 16, 2017, NTT East also began providing “Camera Options,” which provides camera devices, cloud services and support services as a set to companies to aid in their business efficiency and marketing activities.

In addition, starting on January 18, 2018, NTT East began providing an “IoT Support Option” for subscribers to “GigaRaku Wi-Fi,” which offers support for certain IoT devices and IoT clouds designated by NTT East.

- ii. For security services, on April 24, 2017, NTT East launched “Omakase Antivirus,” which, in addition to providing antivirus protection services for devices such as computers and tablets, enables more secure and safer security measures by offering services such as NTT East’s virus infection status monitoring, notifications and virus deletion measures in the event of a virus infection, security setting outsourcing and reports on the effectiveness of security measures.

In addition, on June 29, 2017, NTT East began providing “Omakase Cyber Mimamori,” a service that provides monitoring of unauthorized access attempts and recovery support in the event of emergencies through NTT East’s security support desks. NTT East also worked to strengthen network security by installing a dedicated box with unauthorized access detection and blocking functionality in customers’ offices.

- iii. For cloud services, on May 19, 2017, NTT East began offering “Cloud Gateway Server Hosting” for corporate customers, which allows customers to construct and manage cloud-based file servers and application servers easily and securely on the Internet or on closed networks.

In addition, on July 3, 2017 NTT East launched “Hikari Cloud cototoba,” an AI translation service that improves translation accuracy in the cultural tourism industry through high-volume machine learning of independently produced and collected bilingual texts, frequently used phrases and vocabulary words in that field.

- iv. For support services, on October 23, 2017, NTT East launched “Naose~ru PRO” for small- and medium-sized enterprise and SOHO customers who use “FLET’s Hikari,” offering a dedicated support center for repairs or replacements of computers and tablets that have been damaged due to customer negligence.
- v. On July 31, 2017, NTT East launched the “Office Telephone,” a business phone system for SOHO customers that can accommodate two external telephone lines and up to eight phone systems, enabling the easily construction of an office ICT environment.

3. Status of Business Operation Structure

NTT East established a “Tokyo Olympic & Paralympic Games Promotion Office” in order to contribute to the success of safe, secure and comfortable Olympic and Paralympic Games Tokyo 2020 through its provision of telecommunications services, with the objective of coordinating with related organizations and centralizing the implementation of the construction of facilities. NTT East is a Gold Partner (Telecommunications Services) for the Olympic and Paralympic Games Tokyo 2020.

Furthermore, from the perspective of being able to respond to rapid developments in the market environment, including with respect to customer needs, NTT East reviewed the sales organization that centrally manages large-scale to small- and medium-sized enterprise customers, and renamed the “Business & Office Sales Promotion Department,” which had managed sales of services and solutions, to the “Business Innovation Department.”

4. Corporate Social Responsibility Activities

NTT East considers Corporate Social Responsibility (“CSR”) activities to be one of the most important pillars of the management of the company, and recognizes that it is the social responsibility of a company to contribute to the sustainable development of society. In addition to ensuring fair competition, protecting personal information, making accurate representations in advertising and complying with various laws and regulations, NTT East has directed its efforts to resolve various social challenges as follows: (i) ensuring a high degree of stability and reliability of vital infrastructure that is indispensable to the general public; (ii) providing various services and solutions that will help to realize a richer society; and (iii) providing information and telecommunications services that contribute to the reduction of the environmental impact of society as a whole, as well as taking measures to reduce its environmental impact by reducing its consumption of energy, resources and electricity.

Having clearly defined the “Shape the NTT East Group is Aiming For,” NTT East has undertaken CSR activity initiatives befitting its position as a bearer of responsibility in information and telecommunication, such as working to widen the reach of the “NTT Group CSR Charter”

(enacted in June 2006) and striving to set up specific practices for the PDCA cycle based on “KPIs” (*5) established for each important theme of CSR activities.

For example, in order to ensure the availability of a means of communication during disasters, NTT East worked on the pre-installation of “public telephones for disasters (special public telephones)” in collaboration with local governments. The number of such facilities as the fiscal year ended March 31, 2018 reached 46,000 units, an increase of 5,000 units year on year. This enabled NTT East to build an environment that can provide its customers peace of mind and safety during the occurrence of disasters. As part of those activities, in order to convey the convenience of public telephones in the event of a disaster to elementary school students who have never used them, NTT East worked to raise awareness of public telephone use by creating easy-to-understand handouts and stickers explaining how to use them.

Furthermore, NTT East sold “Calligraphy Art Telegrams (Yume/Tsunagu)” to support the popularization and strengthening of sports for people with disabilities, sold Melody DENPO “Blooming Forest” cards to promote the “Green Revitalization through the Town Forest Project” agreed to with the city of Sendai, worked on initiatives for donations through telegraph services, and carried out the “NTT East Fukushima Forest Project,” activities to create a new disaster prevention forest, in the city of Soma in Fukushima prefecture, with an aim to make additional contributions to the recovery of the Tohoku region.

Finally, in connection with the release of the “NTT East Group CSR Report 2017,” NTT East actively engaged in stakeholder engagement, including by publishing KPIs in accordance with the four themes listed in the “NTT Group CSR Charter” (*6) in conjunction with the SDGs (*7) adopted by the United Nations.

5. Financial Standing

As a result of these measures and cost reduction efforts, operating revenue totaled 1,646.2 billion yen (a decrease of 1.6% year on year), operating income totaled 260.0 billion yen (an increase of 37.5% year on year), ordinary income was 273.6 billion yen (an increase of 33.8% year on year), and net income totaled 152.4 billion yen (an increase of 1.9% year on year).

Notes:

- *1: An abbreviation for Artificial Intelligence. Computer software and systems that mimic intelligent tasks carried out by human brains.
- *2: A large volume of digital data that is produced with popularization of the internet and faster computer processing speeds
- *3: An abbreviation for Internet of Things. A concept in which things that were not connected to the Internet before can now be connected to the Internet.

- *4: A collective name for “FLET’S Hikari Next”, “B FLET’S”, “FLET’S Hikari Light” and “FLET’S Hikari Wi-Fi Access” (including “Hikari Collaboration Model”).
- *5: An abbreviation for Key Performance Indicator. Key indicators for evaluating performance. This is a quantitative indicator that measures the degree to which goals have been achieved.
- *6: “Secure and safe communication,” “Communication between people and society,” “Communication between people and the earth,” and “Communication within Team NTT”
- *7: An abbreviation for Sustainable Development Goals.

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	339,631	335,097	(4,533)
Antenna facilities	3,604	3,461	(142)
Terminal equipment	22,947	20,611	(2,335)
Local line facilities	866,722	834,617	(32,104)
Long-distance line facilities	2,843	2,862	19
Engineering facilities	588,683	580,874	(7,809)
Submarine line facilities	732	586	(145)
Buildings	409,835	398,749	(11,086)
Structures	16,038	16,071	33
Other machinery and equipment	3,006	2,731	(275)
Vehicles and vessels	642	571	(71)
Tools, furniture and fixtures	48,182	47,797	(385)
Land	197,249	196,254	(995)
Lease assets	1,001	1,063	62
Construction in progress	19,988	15,821	(4,167)
Total property, plant and equipment	2,521,110	2,457,172	(63,937)
Intangible fixed assets	84,120	83,511	(608)
Total fixed assets - telecommunications businesses	2,605,230	2,540,684	(64,546)
Investments and other assets			
Investment securities	12,581	12,946	365
Investments in subsidiaries and affiliated companies	46,622	46,582	(40)
Other investments in subsidiaries and affiliated companies	3,705	3,714	9
Investment in capital	452	326	(126)
Long-term prepaid expenses	4,024	4,814	790
Prepaid pension costs	3,030	8,037	5,007
Deferred income taxes	125,254	133,469	8,215
Other investments and assets	3,441	3,936	495
Allowance for doubtful accounts	(773)	(780)	(7)
Total investments and other assets	198,338	213,048	14,709
Total fixed assets	2,803,569	2,753,732	(49,837)
Current assets:			
Cash and bank deposits	5,605	7,562	1,956
Notes receivable	-	3	3
Accounts receivable, trade	230,736	246,886	16,149
Accounts receivable, other	119,106	105,851	(13,255)
Supplies	26,005	23,173	(2,831)
Advance payments	1,513	1,352	(160)
Prepaid expenses	7,886	8,318	432
Deferred income taxes	6,674	6,931	256
Deposits	288,468	171,340	(117,127)
Other current assets	11,853	12,570	717
Allowance for doubtful accounts	(327)	(289)	37
Total current assets	697,521	583,701	(113,820)
TOTAL ASSETS	3,501,091	3,337,433	(163,657)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	225,220	225,220	-
Lease obligations	1,494	1,470	(24)
Liability for employees' retirement benefits	247,366	258,103	10,737
Reserve for point services	4,145	2,429	(1,715)
Reserve for unused telephone cards	8,460	8,925	465
Allowance for environmental measures	3,637	2,858	(779)
Asset retirement obligations	902	907	4
Other long-term liabilities	34,672	42,643	7,970
Total long-term liabilities	525,898	542,557	16,658
Current liabilities:			
Current portion of long-term borrowings from parent company	140,615	-	(140,615)
Accounts payable, trade	89,029	66,666	(22,362)
Lease obligations	459	496	37
Accounts payable, other	198,620	170,519	(28,101)
Accrued expenses	15,613	15,950	336
Accrued taxes on income	14,186	11,023	(3,163)
Advances received	9,185	11,192	2,007
Deposits received	215,758	225,778	10,020
Unearned revenues	91	119	28
Allowance for environmental measures	2,285	1,128	(1,156)
Asset retirement obligations	1	-	(1)
Other current liabilities	2,888	2,493	(395)
Total current liabilities	688,735	505,370	(183,365)
TOTAL LIABILITIES	1,214,633	1,047,927	(166,706)
NET ASSETS			
Shareholders' equity:			
Common stock	335,000	335,000	-
Capital surplus			
Additional paid-in capital	1,499,726	1,499,726	-
Total capital surplus	1,499,726	1,499,726	-
Earned surplus			
Other earned surplus			
Reserve for special depreciation	1,092	642	(449)
Reserve for special account for property replacement	-	2,697	2,697
Reserve for reduction entry	13,197	13,197	0
Accumulated earned surplus	433,169	433,697	528
Total earned surplus	447,459	450,235	2,776
Total shareholders' equity	2,282,186	2,284,962	2,776
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	4,271	4,543	272
Total unrealized gains (losses), translation adjustments, and others	4,271	4,543	272
TOTAL NET ASSETS	2,286,457	2,289,506	3,048
TOTAL LIABILITIES AND NET ASSETS	3,501,091	3,337,433	(163,657)

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	1,534,745	1,511,936	(22,809)
Operating expenses			
Business expenses	317,168	315,278	(1,889)
Operations	7,869	7,199	(670)
Maintenance expenses	383,994	375,190	(8,803)
Overhead expenses	86,274	82,601	(3,673)
Administration	86,732	85,532	(1,199)
Experiment and research	38,837	33,616	(5,220)
Depreciation and amortization	290,191	233,237	(56,953)
Retirement of fixed assets	55,725	42,123	(13,602)
Access charges	26,568	25,450	(1,117)
Miscellaneous taxes	74,241	72,761	(1,479)
Total operating expenses	1,367,603	1,272,993	(94,610)
Operating income from telecommunications businesses	167,142	238,943	71,800
Supplementary businesses:			
Operating revenues	137,497	134,333	(3,164)
Operating expenses	115,534	113,205	(2,329)
Operating income from supplementary businesses	21,962	21,128	(834)
Operating income	189,104	260,071	70,966
Non-operating revenues:			
Interest income	26	13	(12)
Dividends received	3,226	6,957	3,731
Gains on sales of fixed assets	14,363	7,750	(6,612)
Miscellaneous income	2,647	2,598	(48)
Total non-operating revenues	20,263	17,320	(2,942)
Non-operating expenses:			
Interest expenses	4,669	3,354	(1,315)
Miscellaneous expenses	260	415	154
Total non-operating expenses	4,930	3,769	(1,161)
Recurring profit	204,438	273,622	69,184
Special losses	-	60,909	60,909
Income before income taxes	204,438	212,712	8,274
Corporation, inhabitant, and enterprise taxes	67,461	68,847	1,385
Deferred tax expenses (benefits)	(12,686)	(8,568)	4,118
Net income	149,663	152,433	2,770

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

(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2017

(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 depreciation	Reserve for special account for property replacement	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2016	335,000	1,499,726	1,499,726	1,657	-	13,197	342,336	357,191	2,191,918	4,119	4,119	2,196,037
Net change during the annual period												
Cash dividends							(59,395)	(59,395)	(59,395)			(59,395)
Net income							149,663	149,663	149,663			149,663
Provision of reserve for special depreciation				90			(90)	-	-			-
Return of reserve for special depreciation				(655)			655	-	-			-
Return of reserve for reduction entry						(0)	0	-	-			-
Others, net										152	152	152
Total net change during the annual period	-	-	-	(565)	-	(0)	90,833	90,267	90,267	152	152	90,419
March 31, 2017	335,000	1,499,726	1,499,726	1,092	-	13,197	433,169	447,459	2,282,186	4,271	4,271	2,286,457

Year ended March 31, 2018

(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 depreciation	Reserve for special account for property replacement	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2017	335,000	1,499,726	1,499,726	1,092	-	13,197	433,169	447,459	2,282,186	4,271	4,271	2,286,457
Net change during the annual period												
Cash dividends							(149,657)	(149,657)	(149,657)			(149,657)
Net income							152,433	152,433	152,433			152,433
Provision of reserve for special depreciation				15			(15)	-	-			-
Return of reserve for special depreciation				(465)			465	-	-			-
Provision of reserve for special account for property replacement					2,697		(2,697)	-	-			-
Provision of reserve for reduction entry						0	(0)	-	-			-
Others, net										272	272	272
Total net change during the annual period	-	-	-	(449)	2,697	0	528	2,776	2,776	272	272	3,048
March 31, 2018	335,000	1,499,726	1,499,726	642	2,697	13,197	433,697	450,235	2,284,962	4,543	4,543	2,289,506

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	396,519	368,433	(28,085)	(7.1)
Monthly charge revenues*	299,992	279,650	(20,341)	(6.8)
Call rates revenues*	26,272	22,858	(3,414)	(13.0)
Interconnection call revenues*	45,606	42,622	(2,983)	(6.5)
IP services revenues	850,388	855,298	4,910	0.6
Leased circuit services revenues (excluding IP services revenues)	93,307	92,463	(843)	(0.9)
Telegram services revenues	11,422	10,693	(729)	(6.4)
Other telecommunications services revenues	183,107	185,047	1,939	1.1
Telecommunications total revenues	1,534,745	1,511,936	(22,809)	(1.5)
Supplementary business total revenues	137,497	134,333	(3,164)	(2.3)
Total operating revenues	1,672,243	1,646,269	(25,973)	(1.6)

*Partial listing only

6. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	204,438	212,712	8,274
Depreciation and amortization, loss on disposal of property, plant and equipment, and others	316,617	309,634	(6,982)
Increase (decrease) in liability for employees' retirement benefits	11,446	10,737	(709)
(Increase) decrease in accounts receivable	(8,552)	2,587	11,140
(Increase) decrease in inventories	252	2,508	2,255
Increase (decrease) in accounts payable and accrued expenses	(5,419)	(33,972)	(28,553)
Increase (decrease) in accrued consumption tax	(5,229)	4,365	9,594
Other	8,147	(2,657)	(10,805)
Sub-total	521,702	505,916	(15,785)
Interest and dividends received	3,252	6,971	3,718
Interest paid	(4,705)	(3,596)	1,108
Income taxes received (paid)	(47,742)	(69,279)	(21,536)
Net cash provided by (used in) operating activities	472,506	440,012	(32,494)
Cash flows from investing activities:			
Payments for property, plant and equipment	(274,177)	(267,949)	6,227
Proceeds from sale of property, plant and equipment	15,821	4,140	(11,680)
Proceeds from sale of investment securities	847	334	(513)
Other	(86)	(857)	(770)
Net cash provided by (used in) investing activities	(257,594)	(264,331)	(6,737)
Cash flows from financing activities:			
Payments for settlement of long-term debt	(65,120)	(140,615)	(75,495)
Payments for settlement of lease obligations	(544)	(591)	(47)
Dividends paid	(59,395)	(149,657)	(90,262)
Net cash provided by (used in) financing activities	(125,059)	(290,864)	(165,804)
Net increase (decrease) in cash and cash equivalents	89,852	(115,183)	(205,036)
Cash and cash equivalents at beginning of year	207,281	297,134	89,852
Cash and cash equivalents at end of year	297,134	181,950	(115,183)

7. Changes in Board of Directors

Scheduled Appointment or Resignation Date: June 22, 2018

(1) Candidates for Senior Vice President

Takaya Kitaguchi (Executive Manager, IT Innovation Department)

Naotaka Kamiya (Executive Manager, Customer Relations Department, Business Innovation Headquarters)

Riaki Hoshino (Senior Manager, Corporate Strategy Planning Department; concurrently Executive Manager, Medium-Term Management Strategy Promotion Office)

(2) Senior Vice Presidents Scheduled to Resign from Office

President, Representative Director Masayuki Yamamura (scheduled to take office as Counselor to the President at NTT East)

Senior Executive Vice President, Representative Director Motoyuki Ii (scheduled to take office at Nippon Telegraph and Telephone Corporation)

Executive Vice President Hideo Fujimoto (scheduled to take office at NTT-ME)

Senior Vice President Masao Seki (scheduled to take office at NTT East Service Corporation)

(3) Candidates for Representative Directors and Executive Officers

① Candidate Scheduled to Take Office as President, Representative Director

Senior Executive Vice President, Representative Director Fukuzo Inoue

② Candidates Scheduled to Take Office as Senior Executive Vice President, Representative Director

Senior Vice President Shinji Yano

Senior Vice President Naoki Shibutani

③ Candidate Scheduled to Take Office as Executive Vice President

Senior Vice President Hiroshi Tanabe

(4) New Executive Positions and Organizational Responsibilities

Scheduled Appointment Date: June 22, 2018

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
President, Representative Director	Fukuzo Inoue	Senior Executive Vice President, Representative Director; Senior Executive Manager, New Business Development Headquarters In charge of: Risk Management; Corporate Strategy Planning; General Affairs and Personnel; Accounts and Finance; Information Security
Senior Executive Vice President, Representative Director; Senior Executive Manager, Business Innovation Headquarters; In charge of: General Affairs and Personnel; Accounts and Finance	Shinji Yano	Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters
Senior Executive Vice President, Representative Director; Senior Executive Manager, New Business Development Headquarters; In charge of: Risk Management; Corporate Strategy Planning; Information Security; IT Innovation	Naoki Shibutani	Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager, Tokyo Olympic & Paralympic Promotion Office
Executive Vice President; Senior Executive Manager, Network Business Headquarters; Executive Manager, Engineering Department, Network Business Headquarters; In charge of: Interconnection Promotion; Procurement and Supply; Tohoku Future Network Design and Reconstruction Head of Plant pursuant to Ordinance for Enforcement of the Telecommunications Business Act; Responsible for Information Management pursuant to Ordinance for Enforcement of the Telecommunications Business Act	Hiroshi Tanabe	Senior Vice President; Executive Manager, Service Operation Department, Network Business Headquarters; Executive Manager, Engineering Department, Network Business Headquarters

Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters; Executive Manager, Value Create Department, Business Innovation Headquarters	Kiyoshi Harada	Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters; Executive Manager, Value Create Department, Business Innovation Headquarters
Senior Vice President; General Manager, Miyagi Division; General Manager, Miyagi Branch, Miyagi Division; Executive Manager, Tohoku Future Network Design and Reconstruction Office	Hiroshi Nakamura	Senior Vice President; General Manager, Miyagi Division; General Manager, Miyagi Branch, Miyagi Division; Executive Manager, Tohoku Future Network Design and Reconstruction Office
Senior Vice President; General Manager, Saitama Division; General Manager, Saitama Branch, Saitama Division	Akira Sakakibara	Senior Vice President; General Manager, Saitama Division; General Manager, Saitama Branch, Saitama Division
Senior Vice President; General Manager, Tokyo Division	Hideyuki Noike	Senior Vice President; General Manager, Tokyo Division; Executive Manager, Tokyo Olympic & Paralympic Promotion Office, Tokyo Division
Senior Vice President; General Manager, Kanagawa Division; General Manager, Kanagawa Branch, Kanagawa Division	Kanae Takahashi	Senior Vice President; General Manager, Kanagawa Division; General Manager, Kanagawa Branch, Kanagawa Division
Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters	Koji Nakae	Senior Vice President; Executive Manager, General Affairs and Personnel Department; General Manager, Medical and Health Administration Center
Senior Vice President; Senior Executive Manager, Sales Promotion Headquarters; Executive Manager, Sales Planning Department, Sales Promotion Headquarters; Executive Manager, Business Promotion Department, Sales Promotion Headquarters	Takashi Torigoe	Senior Vice President; Executive Manager, Sales Planning Department, Sales Promotion Headquarters; Executive Manager, Business Promotion Department, Sales Promotion Headquarters
Senior Vice President; Executive Manager, Corporate Strategy Planning Department	Koichi Takami	Senior Vice President; Executive Manager, Corporate Strategy Planning Department
Senior Vice President; Executive Manager, IT Innovation Department	Takaya Kitaguchi	
Senior Vice President; Executive Manager, Customer Relations Department, Business Innovation Headquarters	Naotaka Kamiya	

Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager, Service Operation Department, Network Business Headquarters; Executive Manager, Tokyo Olympic & Paralympic Promotion Office; In charge of 2020 Preparation	Riaki Hoshino	
Senior Vice President	Eiichi Sakamoto	Senior Vice President

Scheduled Appointment Date: July 1, 2018

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager, Service Operation Department, Network Business Headquarters; In charge of 2020 Preparation	Riaki Hoshino	Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager, Service Operation Department, Network Business Headquarters; Executive Manager, Tokyo Olympic & Paralympic Promotion Office; In charge of 2020 Preparation

May 11, 2018

FOR IMMEDIATE RELEASE

Financial Results for the Fiscal Year Ended March 31, 2018

The financial results of Nippon Telegraph and Telephone West Corporation (NTT West) for the fiscal year ended March 31, 2018 are presented in the following attachments.

(Attachments)

1. Summary of Results for the Fiscal Year Ended March 31, 2018
2. Non-Consolidated Comparative Balance Sheets
3. Non-Consolidated Comparative Statements of Income
4. Non-Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets
5. Business Results (Non-Consolidated Operating Revenues)
6. Non-Consolidated Comparative Statements of Cash Flows
7. Changes in Board of Directors

For inquiries, please contact:

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1. Summary of Results for the Fiscal Year Ended March 31, 2018

Information and communications services are expected to make significant contributions to invigorating and increasing the efficiency of social and economic activities, improving lifestyle convenience and vitalizing local economies through advances in the development of new technologies such as AI, Big Data, and IoT. Accordingly, the government and the private sector are working in partnership to achieve these goals.

Moreover, the information and telecommunications market is undergoing structural changes as a result of the shift to broadband and globalization, as well as the spread of smart devices and social media, leading to increasingly sophisticated and diversified needs and patterns of usage. There have also been changes in market structure, including an increase in the utilization of Big Data and IoT as well as an expansion of platform services and cloud services. Regional telecommunications markets are also undergoing significant changes due to competition between the providers of fiber-optic access-based line services and cable television-based broadband services, competition between the various services made available by faster mobile connections, the convergence of fixed and mobile services and of telecommunications and broadcasting, and the convergence of services through the use of a diverse range of wireless devices.

Within this challenging and dramatically changing business environment, NTT West strove to ensure its reliability and communality in telecommunications by, for example, promoting the smooth migration to IP-based networks and enhancing the fiber-optic access network that is the base of broadband services, while continuing to provide high-quality, stable universal services.

NTT West also aimed to realize a broadband network environment that enables customers to connect anytime, anywhere, and with anyone or anything, in comfort, safety, and with peace of mind, and to provide a wide range of services that match each customer's patterns of usage.

<1> Efforts to Promote Fiber-optic and IP services

NTT West worked to provide a more comfortable, safer, and more secure next generation network (NGN). NTT West was committed to expanding its services that make use of fiber-optic access lines, such as Hikari Denwa and video distribution services. NTT West also aimed to develop services for businesses, further deliver appropriate and fair provision of the Hikari Collaboration Model to various service providers, and promote sales through business alliances, while at the same time also improving on its services and quality.

For Hikari access services, with respect to the "Hikari Collaboration Model," the wholesale provision of "FLET'S Hikari" and other services to various service providers, NTT West worked to further expand its services by proactively cultivating new Hikari Collaboration providers while also engaging in support activities for existing Hikari Collaboration providers. As of the fiscal year ended March 31, 2018, the number of Hikari Collaboration providers exceeded 490, and the number of subscriptions exceeded 4.5 million.

In addition, NTT West worked to smoothly transition its customers from "B FLET'S (for Family 100 Type, Business Type, and Basic Type)" and "FLET'S Hikari Premium" to the high-performing

“FLET’S Hikari Next” in order to ensure that they are able to have a more comfortable internet experience.

For “FLET’S Hikari” services, NTT West made efforts to improve its membership program, “CLUB NTT-West,” aimed at retaining its customers, by, among other things, providing a wider range of products for which membership program points can be redeemed.

As a result of these efforts, the number of subscriptions for Hikari access services as a whole exceeded 9.0 million as of the fiscal year ended March 31, 2018.

In the area of Wi-Fi services, NTT West worked to expand the coverage area of “Free Wi-Fi” in collaboration with local governments. As of March 31, 2018, more than 100 local governments in 30 different prefectures utilized the “Gotouchi Free Wi-Fi” service for tourist spots.

In addition, in September 2017, NTT West began to offer the “High-End Plan,” which provides enhanced functionality for visitors, as part of its corporate Wi-Fi service “Smart Hikari Business Wi-Fi” plan.

<2> Initiatives in the Solutions Business

NTT West continued to proactively offer alliances and solution proposals to companies and local governments, and has undertaken initiatives to deploy “Smart Hikari Solutions” to solve various social problems and satisfy regional customers’ needs through the utilization of ICT.

With respect to alliances, NTT West provided an LPWA (low-power, wide area) network test environment to the city of Fukuoka and worked to create usage scenarios for the LPWA network. NTT West also conducted tests in Kyoto prefecture by utilizing LPWA networks with a variety of sensors to make industrial waste collection more efficient. In addition, NTT West also worked to create new businesses through trials of road diagnostic services that utilize AI to establish efficient road maintenance cycles in the city of Sakai, working with Kajima Corporation to create a safe working environment by conducting tests of worker safety support services that utilize vital data and location information, and other initiatives.

NTT West also works to expand its service offerings by, for example, launching “Security Omakase Plan,” which offers comprehensive total support for cybersecurity measures, with an aim to resolve issues caused by cyberattacks and ransomware.

<3> Status of Business Operation Structure

With respect to NTT West’s business operation structure, in order to further promote diversity in human resources and in other areas, the “Diversity Promotion Office” adopted the new role of promoting “Workplace Reform” in July 2017, and worked to create a company that is easy to work for and rewarding. Furthermore, from the perspective of clarifying its position as a group responsible for the further strengthening of CRM activities, the name of the “Marketing Department” was changed to “Sales Promotion Department.”

In the area of disaster preparedness, when the heavy storms struck northern Kyushu in July 2017, NTT West quickly established a wide-area support system which included various other regions, thereby

enabling the early recovery of services and the restoration of its facilities. Furthermore, NTT West worked to provide means of communication, such as establishing special public telephones and special public Wi-Fi, as well as providing disaster message dialing services (171) and disaster message boards (web 171), for customers to use to confirm their safety and for the communication of disaster information in afflicted areas.

In addition, NTT West entered into an “Agreement on the Installation and Usage of Special Public Telephones” with various local governments, and pre-installed special public telephones, in order to provide immediate means of communication to people who have been evacuated when evacuation centers are established after large-scale disasters occur in the future.

NTT West also implemented measures to prevent accidents involving its facilities, such as planned facility inspections and the planned elimination of unsafe equipment, such as through the removal of service wires and the replacement of telephone poles. To prevent site accidents involving physical injury, NTT West worked to expand its safety measures by establishing a timeframe for improving safety promotion initiatives.

As part of its efforts to further enhance its management efficiency, NTT West worked to reduce procurement costs by utilizing device equipment and reducing costs of materials, and increasing remote operations of construction related work, such as by conducting repair work from remote locations.

In addition, with a view to achieving the goals of developing a pleasant work environment where both work and family can be balanced and creating a region that supports the next generation in accordance with the principle of “child-raising support” included in the Collaboration and Cooperation Agreement entered into with the city of Matsuyama in June 2016, NTT West opened a company-owned nursery school called “Yume Miiyo Nursery School” on the premises of its Ehime branch in October 2017, which local residents can also use.

<4> Corporate Social Responsibility (“CSR”) Activities

Based on the NTT Group CSR Charter (revised on May 12, 2016) as well as the idea that the ICT services provided by NTT West can play an important role in the resolution of social issues, and also taking into consideration the Sustainable Development Goals (SDGs) movement adopted by the United Nations, NTT West revised its policy on CSR activities in November 2017. Specifically, NTT West adopted the five CSR themes of “creating a safe and secure society that connects people, things and the region,” “creating a prosperous society through the generation of innovation,” “creating a society that coexists with the environment,” “creating a vibrant society,” and “thorough compliance,” and established CSR focus activities based on those themes. NTT West also promoted CSR management, and revised its objectives with respect to the “visualization” benchmark for activities corresponding to these measures. Each NTT West employee takes part in CSR activities, including working to maintain legal compliance, providing safe and reliable communication services, and reducing the burden on the environment.

To ensure “thorough compliance,” which is the foundation of CSR management, NTT West has worked to eliminate misconduct and scandals, with particular focus on the five points of “on-the-job misconduct,” “driving while under the influence,” “information security incidents,” “power harassment”

and “respect for human rights,” by providing training programs for all employees and other initiatives in order to ensure compliance by fostering awareness and preventing the occurrence of incidents.

Based on the “Green NTT West Strategy” established in June 2012, in order to “achieve its environmental grand design,” NTT West has been working to decrease its environmental burden by decreasing power usage, the amount of paper it uses, and the volume of its waste products. In addition, NTT West also worked on protecting the earth’s environment by undertaking community-based activities centered around tree-planting and plant growing, grass-cutting and cleaning activities pursuant to the “NTT West Midori Ippai Project” in order to “promote biodiversity preservation activities.”

NTT West has been promoting its group-wide CSR activities and enhancing its environmental management while instilling the principles of the NTT Group CSR Charter. NTT West also issued the “NTT West Group CSR Report 2017” and the “NTT West Group Environmental Annual Report 2017” to proactively disclose relevant information to its stakeholders.

<5> Financial Standing

As a result of the above, operating revenues totaled 1,432.9 billion yen (a decrease of 3.1% from the previous fiscal year), operating income was 167.4 billion yen (an increase of 75.9% from the previous fiscal year), income before income taxes was 163.7 billion yen (an increase of 85.7% from the previous fiscal year), and net profit was 72.4 billion yen (an increase of 21.2% from the previous fiscal year).

2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	297,757	291,153	(6,603)
Antenna facilities	5,895	6,287	391
Terminal equipment	11,318	11,371	52
Local line facilities	1,051,300	1,041,093	(10,207)
Long-distance line facilities	1,693	1,625	(68)
Engineering facilities	517,724	506,096	(11,628)
Submarine line facilities	3,131	3,815	683
Buildings	312,924	318,360	5,436
Structures	10,918	11,410	491
Other machinery and equipment	1,036	1,071	34
Vehicles and vessels	294	338	44
Tools, furniture and fixtures	34,425	38,176	3,751
Land	173,092	172,171	(920)
Lease assets	151	138	(13)
Construction in progress	31,294	17,648	(13,646)
Total property, plant and equipment	2,452,960	2,420,758	(32,201)
Intangible fixed assets	64,444	62,513	(1,930)
Total fixed assets - telecommunications businesses	2,517,404	2,483,272	(34,132)
Investments and other assets			
Investment securities	4,243	4,331	87
Investments in subsidiaries and affiliated companies	40,001	40,001	-
Investment in capital	610	478	(132)
Long-term prepaid expenses	3,971	3,625	(346)
Prepaid pension costs	3,439	10,826	7,386
Deferred income taxes	128,900	134,970	6,070
Other investments and assets	6,438	6,169	(268)
Allowance for doubtful accounts	(681)	(606)	75
Total investments and other assets	186,924	199,797	12,872
Total fixed assets	2,704,329	2,683,070	(21,259)
Current assets:			
Cash and bank deposits	18,251	5,120	(13,131)
Notes receivable	-	1	1
Accounts receivable, trade	199,820	212,329	12,509
Accounts receivable, other	79,402	66,276	(13,125)
Securities	6	-	(6)
Supplies	29,950	28,329	(1,620)
Advance payments	4,592	4,375	(216)
Prepaid expenses	6,688	6,725	37
Deferred income taxes	4,944	3,878	(1,066)
Other current assets	56,082	28,614	(27,467)
Allowance for doubtful accounts	(339)	(231)	108
Total current assets	399,398	355,420	(43,978)
TOTAL ASSETS	3,103,728	3,038,490	(65,237)

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	591,000	631,000	40,000
Lease obligations	678	628	(49)
Long-term deposits received from subsidiaries	-	109,000	109,000
Liability for employees' retirement benefits	242,251	251,434	9,182
Reserve for point services	3,792	2,779	(1,013)
Reserve for unused telephone cards	8,000	8,440	440
Allowance for environmental measures	9,074	7,074	(2,000)
Asset retirement obligations	228	235	7
Other long-term liabilities	4,071	3,583	(488)
Total long-term liabilities	859,097	1,014,176	155,079
Current liabilities:			
Current portion of long-term borrowings from parent company	110,707	60,000	(50,707)
Accounts payable, trade	71,635	66,325	(5,309)
Short-term borrowings	105,259	18,115	(87,144)
Lease obligations	191	187	(3)
Accounts payable, other	199,133	188,199	(10,934)
Accrued expenses	13,572	13,799	227
Accrued taxes on income	8,731	6,133	(2,598)
Advances received	2,184	3,489	1,304
Deposits received	143,945	40,541	(103,404)
Unearned revenues	15	7	(7)
Allowance for loss on disaster	4,096	2,515	(1,581)
Allowance for environmental measures	2,361	1,904	(457)
Asset retirement obligations	133	151	17
Other current liabilities	3,307	2,283	(1,024)
Total current liabilities	665,277	403,652	(261,625)
TOTAL LIABILITIES	1,524,374	1,417,829	(106,545)
NET ASSETS			
Shareholders' equity:			
Common stock	312,000	312,000	-
Capital surplus			
Additional paid-in capital	1,170,054	1,170,054	-
Total capital surplus	1,170,054	1,170,054	-
Earned surplus			
Other earned surplus			
Accumulated earned surplus	96,911	138,144	41,232
Total earned surplus	96,911	138,144	41,232
Total shareholders' equity	1,578,965	1,620,198	41,232
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	388	463	75
Total unrealized gains (losses), translation adjustments, and others	388	463	75
TOTAL NET ASSETS	1,579,353	1,620,661	41,307
TOTAL LIABILITIES AND NET ASSETS	3,103,728	3,038,490	(65,237)

3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	1,325,585	1,280,355	(45,229)
Operating expenses			
Business expenses	296,688	283,976	(12,711)
Operations	9,648	8,718	(930)
Maintenance expenses	339,119	332,108	(7,011)
Overhead expenses	57,449	54,849	(2,600)
Administration	71,346	72,541	1,195
Experiment and research	38,947	34,755	(4,191)
Depreciation and amortization	284,405	209,742	(74,662)
Retirement of fixed assets	53,012	41,271	(11,741)
Access charges	26,035	25,059	(976)
Miscellaneous taxes	65,831	64,700	(1,131)
Total operating expenses	1,242,485	1,127,723	(114,762)
Operating income from telecommunications businesses	83,099	152,632	69,532
Supplementary businesses:			
Operating revenues	153,430	152,571	(858)
Operating expenses	141,343	137,750	(3,593)
Operating income from supplementary businesses	12,086	14,821	2,734
Operating income	95,186	167,453	72,267
Non-operating revenues:			
Interest income	0	0	(0)
Interest on securities	11	11	(0)
Dividends received	615	857	242
Miscellaneous income	2,330	2,241	(88)
Total non-operating revenues	2,957	3,111	153
Non-operating expenses:			
Interest expenses	7,114	5,742	(1,372)
Miscellaneous expenses	2,875	1,117	(1,757)
Total non-operating expenses	9,989	6,859	(3,130)
Recurring profit	88,154	163,705	75,551
Special losses	6,915	63,890	56,975
Income before income taxes	81,239	99,815	18,576
Corporation, inhabitant, and enterprise taxes	33,631	32,419	(1,212)
Deferred tax expenses (benefits)	(12,162)	(5,037)	7,125
Net income	59,770	72,432	12,662

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

(Based on accounting principles generally accepted in Japan)

Year ended March 31, 2017

(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 Accumulated earned surplus	Total earned surplus				
April 1, 2016	312,000	1,170,054	1,170,054	73,358	73,358	1,555,412	553	553	1,555,965
Net change during the annual period									
Cash dividends				(36,216)	(36,216)	(36,216)			(36,216)
Net income				59,770	59,770	59,770			59,770
Others, net							(164)	(164)	(164)
Total net change during the annual period	-	-	-	23,553	23,553	23,553	(164)	(164)	23,388
March 31, 2017	312,000	1,170,054	1,170,054	96,911	96,911	1,578,965	388	388	1,579,353

Year ended March 31, 2018

(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 Accumulated earned surplus	Total earned surplus				
April 1, 2017	312,000	1,170,054	1,170,054	96,911	96,911	1,578,965	388	388	1,579,353
Net change during the annual period									
Cash dividends				(31,200)	(31,200)	(31,200)			(31,200)
Net income				72,432	72,432	72,432			72,432
Others, net							75	75	75
Total net change during the annual period	-	-	-	41,232	41,232	41,232	75	75	41,307
March 31, 2018	312,000	1,170,054	1,170,054	138,144	138,144	1,620,198	463	463	1,620,661

5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	396,272	366,060	(30,212)	(7.6)
Monthly charge revenues*	298,340	277,412	(20,928)	(7.0)
Call rates revenues*	24,590	21,447	(3,142)	(12.8)
Interconnection call revenues*	49,676	45,297	(4,379)	(8.8)
IP services revenues	697,252	688,649	(8,602)	(1.2)
Leased circuit services revenues (excluding IP services revenues)	86,362	86,737	374	0.4
Telegram services revenues	12,625	11,561	(1,063)	(8.4)
Other telecommunications services revenues	133,071	127,346	(5,725)	(4.3)
Telecommunications total revenues	1,325,585	1,280,355	(45,229)	(3.4)
Supplementary business total revenues	153,430	152,571	(858)	(0.6)
Total operating revenues	1,479,015	1,432,927	(46,088)	(3.1)

*Partial listing only

6. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	81,239	99,815	18,576
Depreciation and amortization, loss on disposal of property, plant and equipment, and others	306,905	285,796	(21,109)
Increase (decrease) in liability for employees' retirement benefits	8,677	9,182	505
(Increase) decrease in accounts receivable	11,377	594	(10,783)
(Increase) decrease in inventories	4,599	948	(3,651)
Increase (decrease) in accounts payable and accrued expenses	7,799	(4,187)	(11,987)
Increase (decrease) in accrued consumption tax	(2,241)	(1,707)	533
Other	21,841	(1,232)	(23,074)
Sub-total	440,199	389,208	(50,990)
Interest and dividends received	628	870	241
Interest paid	(7,575)	(6,131)	1,443
Income taxes received (paid)	(24,428)	(34,721)	(10,292)
Net cash provided by (used in) operating activities	408,824	349,226	(59,597)
Cash flows from investing activities:			
Payments for property, plant and equipment	(261,759)	(261,864)	(104)
Proceeds from sale of property, plant and equipment	650	750	100
Payments for purchase of investment securities	(3,100)	-	3,100
Proceeds from sale of investment securities	576	42	(533)
Other	61	(14)	(76)
Net cash provided by (used in) investing activities	(263,571)	(261,085)	2,485
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	50,000	100,000	50,000
Payments for settlement of long-term debt	(127,120)	(110,707)	16,412
Net increase (decrease) in short-term borrowings	(37,205)	(87,144)	(49,939)
Payments for settlement of lease obligations	(224)	(219)	5
Dividends paid	(36,216)	(31,200)	5,016
Net cash provided by (used in) financing activities	(150,766)	(129,271)	21,495
Net increase (decrease) in cash and cash equivalents	(5,514)	(41,131)	(35,616)
Cash and cash equivalents at beginning of year	71,765	66,251	(5,514)
Cash and cash equivalents at end of year	66,251	25,120	(41,131)

7. CHANGES IN BOARD OF DIRECTORS

Scheduled appointment date: June 22, 2018

(1) Candidates for Members of the Board

Mitsuyoshi Kobayashi (Nippon Telegraph and Telephone Corporation, Member of the Board, Executive Vice President, Head of Technology Planning)

Tsukasa Komeda (Senior Executive Manager, Hokuriku Regional Headquarters; concurrently General Manager, Kanazawa Branch)

Takashi Inomata (NTT FIELDTECHNO CORPORATION, Representative Director and President)

Ryota Kitamura (Nippon Telegraph and Telephone Corporation, Vice President of Corporate Strategy Planning Department)

(2) Candidates for Audit & Supervisory Board Members

Mamoru Murai (TelWel West Nippon Corporation, Representative Director and President)

Shunichi Okazaki (NTT Urban Development Corporation, Corporate Auditor)

(3) Members of the Board scheduled to resign from office

President and Representative Director Kazutoshi Murao (scheduled to take office as Counselor to the President at NTT West)

Senior Executive Vice President, Representative Director Shinji Oota (scheduled to take office at NTT BUSINESS ASSOCIE Corporation)

Member of the Board Katsuya Uema (scheduled to take office at NTT RENTAL ENGINEERING Co., Ltd.)

Member of the Board Akira Shimada

(4) Audit & Supervisory Board Members scheduled to resign from office

Masataka Isaji

Hiroshi Ikegawa (scheduled to take office at DOCOMO CS, Inc.)

(5) Candidates for Executive Officers and Representative Directors

- 1 Candidate scheduled to take office as President and Representative Director

Mitsuyoshi Kobayashi

- 2 Candidates scheduled to take office as Senior Executive Vice President, Representative Director

Senior Executive Vice President, Representative Director Yoshihiro Kuroda

Member of the Board Shozo Ito

- 3 Candidate scheduled to take office as Executive Vice President

Member of the Board Yasushi Tohtake

(6) New Executive Positions and Organizational Responsibilities

Scheduled appointment date: June 22, 2018

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
President and Representative Director	Mitsuyoshi Kobayashi	
Senior Executive Vice President, Representative Director; Senior Executive Manager, Plant Headquarters; In charge of Technology Innovation Department	Yoshihiro Kuroda	Senior Executive Vice President, Representative Director; Senior Executive Manager, Plant Headquarters; In charge of Technology Innovation Department
Senior Executive Vice President, Representative Director; Senior Executive Manager, Alliance Business Headquarters; In charge of: Sales Promotion Department; Corporate Strategy Planning Department; Accounts and Finance Department; Personnel Department; General Affairs Department; Compliance and CSR	Shozo Ito	Member of the Board; Executive Manager, Corporate Strategy Planning Department; In charge of Information Security Department
Executive Vice President; Executive Manager, Network Department, Plant Headquarters	Yasushi Tohtake	Member of the Board; Executive Manager, Network Department, Plant Headquarters
Member of the Board; Executive Manager, Personnel Department; In charge of Information Security Department	Kou Ikeda	Member of the Board; Executive Manager, Personnel Department
Member of the Board; Senior Executive Manager, Corporate Business Headquarters	Ichiro Uehara	Member of the Board; Senior Executive Manager, Corporate Business Headquarters
Member of the Board; Senior Executive Manager, Kansai Regional Headquarters; General Manager, Osaka Branch	Teruyuki Kishimoto	Member of the Board; Senior Executive Manager, Kansai Regional Headquarters; General Manager, Osaka Branch

Member of the Board; Senior Executive Manager, Tokai Business Headquarters; General Manager, Nagoya Branch	Naoki Yamamoto	Member of the Board; Senior Executive Manager, Tokai Business Headquarters; General Manager, Nagoya Branch
Member of the Board; Executive Manager, Service Management Department, Plant Headquarters	Takafumi Sakaguchi	Member of the Board; Executive Manager, Service Management Department, Plant Headquarters
Member of the Board; Senior Executive Manager, Chugoku Regional Headquarters; General Manager, Hiroshima Branch	Kousuke Nagano	Member of the Board; Senior Executive Manager, Chugoku Regional Headquarters; General Manager, Hiroshima Branch
Member of the Board; Executive Manager, Fiber Access Collaboration Department, Alliance Business Headquarters	Kunihiro Yamada	Member of the Board; Executive Manager, Fiber Access Collaboration Department, Alliance Business Headquarters
Member of the Board	Keiji Ueyama	Member of the Board
Member of the Board; Senior Executive Manager, Kyusyu Regional Headquarters; General Manager, Fukuoka Branch	Masanori Ozawa	Member of the Board; Senior Executive Manager, Kyusyu Regional Headquarters; General Manager, Fukuoka Branch
Member of the Board; Executive Manager, Accounts and Finance Department	Tsukasa Komeda	
Member of the Board	Takashi Inomata	
Member of the Board	Ryota Kitamura	

Notes: Ryota Kitamura, who is a candidate for Member of the Board of the Company, is scheduled to take office as a Member of the Board of Nippon Telegraph and Telephone Corporation on June 26, 2018.

Ichiro Uehara is expected to continue to execute his duties as President and Representative Director of NTT Business Solutions.

Keiji Ueyama is expected to continue to execute his duties as President and Representative Director of NTT-Neomeit.

Takashi Inomata is expected to continue to execute his duties as President and Representative Director of NTT FIELDTECHNO CORPORATION

May 11, 2018

FOR IMMEDIATE RELEASE

NTT Com Announces Financial Results for Fiscal Year Ended March 31, 2018

TOKYO, JAPAN — NTT Communications Corporation (NTT Com) announced today its financial results for the fiscal year ended March 31, 2018. Please see the following attachments for further details:

- I. Results for Fiscal Year Ended March 31, 2018
- 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)

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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 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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For more information

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I. Results for the Fiscal Year Ended March 31, 2018

1. Background

Although the world economy is undergoing a steady recovery, there are uncertainties in international politics, in addition to the risks associated with a Goldilocks economy, making the future outlook unclear. NTT Com's enterprise customers view digital transformation as one of their most important initiative, and in addition to improving efficiencies, they are accelerating efforts to create new business models that utilize AI/IoT. On the other hand, in the ICT market, digital transformation has become the key factor for ICT service providers themselves as IaaS is increasingly dominated by overseas service providers and as new players bringing xTech emerge. Additionally, there is increasingly high public interest in infrastructure quality and the importance of security due to factors such as widespread internet connectivity disruptions and the severity of the WannaCry attack.

2. Business Strategies

In light of the rapidly changing business environment, in the FY 2017, NTT Com has worked to contribute in realizing the customers' digital transformation by quickly developing complex "bimodal" solutions that offer integrated ICT services with an emphasis on both "flexibility and agility" and "security and reliability," and by offering these to its customers in a timely fashion, based on its corporate slogan: "Transform, Transcend".

Specifically, under the "Transcend. Transcend. Service Strategy 2017" framework, NTT Com focused its efforts on three pillars: "pursuit of high quality, highly reliable infrastructure," "reinforcement of SDx+M solutions," and "expansion of partnerships", in order to contribute to the digital transformation by optimizing customers' hybrid ICT environments.

In addition, in an industry analyst report that evaluates IT vendors on a worldwide basis, NTT Com was named the top "Leader" position in the global network business for the fifth year in a row. Furthermore, NTT Com was also named the "Leader" position for the third consecutive year in a cloud service provider assessment report in the Asia-Pacific region. NTT Com's initiatives in each type of service, undertaken while seeking to continue to further enhance its competitiveness based on its "Transform. Transcend. Service Strategy 2017," are described below.

Initiatives by Business Segment

o Cloud Computing Platforms

For "Enterprise Cloud," a cloud service that has platforms in 14 locations in 11 countries worldwide, NTT Com launched "Enterprise Cloud for ERP" in September 2017, a shared cloud platform for SAP systems, under sales and development partnership with Virtustream, Inc. and EMC Japan K.K." In October 2017, NTT Com expanded its partnerships with VMware, Inc. to provide a multi-cloud environment that supports enterprise digital transformation. In addition, in October 2017, NTT Com strengthened its partnership with Microsoft Japan Co., Ltd. to expand hybrid cloud to PaaS and to promote work-style reform solutions.

With respect to NTT Com's Nexcenter data center services, NTT Com launched the Germany Munich 2 Data Center in May 2017, the Texas Dallas 1 (TX1) Data Center in June 2017, the Germany Rhein-Ruhr 1 Data Center in August 2017, the US Virginia Ashburn 3 (VA3) Data Center in March 2018, and the Tokyo No. 10 Data Center in April 2018. In November 2017, NTT Com signed a partnership agreement with Internet Solutions, South Africa's leading operator, which offers telecommunications services

throughout Africa, allowing NTT Com to offer data center services on the continent of Africa. Furthermore, NTT Com commenced the construction of the India Mumbai 6 Data Center and the India Bangalore 3 Data Center in July 2017, and the Germany Frankfurt 4 Data Center, the Virginia Ashburn 4 (VA4) Data Center, and the Netherlands Amsterdam 1 Data Center in March 2018.

Lastly, the cloud IaaS business was transferred from Dimension Data to NTT Com in order to provide an enhanced cloud platform to more customers through NTT Group and its partner companies.

- o Data Networks

In October 2017, NTT Com launched “Arcstar Universal One Multi-Cloud Connect,” which allows clients of its high quality, highly reliable “Arcstar Universal One” VPN service to build a multi-cloud environment on a secure private network. In April 2017, NTT Com became the first Japanese carrier to connect to “Oracle Cloud” via a private network, and in November 2017, NTT Com became the first carrier in the world to connect to cybozu.com via a private network. In July 2017, NTT Com began offering a “100 yen SIM” for its “Arcstar Universal One Mobile Global M2M” secure enterprise mobile network service that is suitable for IoT service providers that operate personal monitoring and remote equipment monitoring services.

As an initiative to improve communications quality on its OCN internet connectivity service, in July 2017 NTT Com began offering IPoE internet connectivity that is compatible with larger capacity network equipment and IPv6, in addition to traditional PPPoE internet connectivity.

On the “OCN Mobile One” high-speed LTE communications service, starting in April 2017, NTT Com significantly improved the waiting time for same-day pickup applications counter in an effort to accelerate SIM card activation in collaboration with the NTT DOCOMO online customer system. Furthermore, by deploying traffic control device starting in July 2017, NTT Com has been able to improve network speeds during congestion and shorten the time of contents to display, and NTT Com also sought to further improve quality by launching “https communication pacing” in September 2017.

NTT Com launched Japan’s first eSIM proof-of-concept trial for MVNOs in July 2017. NTT Com built a platform that can rewrite a SIM card’s profile on a Hong Kong mobile network, and is conducting a pilot program in Japan and Hong Kong based on an expected use case for IoT and consumers.

- o Voice Communications

In unified communication services, in June 2017, NTT Com launched “Arcstar UCaaS Cisco Type Cisco Spark,” a cloud-based collaboration service developed for improving teamwork efficiency. NTT Com also added a feature that can work with the existing “Arcstar UCaaS Cisco Type Cisco HCS” by using a business-use external/internal telephone through “Cisco Spark” and a PBX from a single device.

In voice services, in September 2017 NTT Com began offering the “OCN Denwa Unlimited 10-Minute Calls Option,” which allows users to make unlimited domestic calls up to 10 minutes for a flat rate of 1,000 yen per month, irrespective of the mobile operators that they use. Additionally, in September 2017 NTT Com began offering subscribers with a voice-enabled SIM for the “OCN Mobile One” high-speed mobile communications service both the “OCN Denwa Top 3 Unlimited Calls Option” and the “OCN Denwa Unlimited Double Option,” which combines the “Top 3 Unlimited Calls Option” and the “Unlimited 10-Minute Calls Option.”

In contact center services, in December 2017, NTT Com began offering an enhanced version of the “Arcstar Contact Center” cloud-based contact center service which expanded the number of seats to

2,000, and also has enabled providing a disaster recovery option that covers not only the cloud platform, but also the voice network for outgoing and incoming calls.

- o Applications and Content

As part of its partnership with Google, in October 2017, NTT Com began offering Google's G Suite, which brings Google's superior applications in a single package, along with optional services and NTT Com's implementation support.

In artificial intelligence (AI) services, in July 2017, NTT Com began offering "Takumi Eyes," which can automatically

specific person, such as a suspicious person, from a recorded video. In addition, in October 2017, NTT Com began offering a feature to users of its "Biz Mail & Web Business" enterprise rental server and hosting service that utilizes AI to promptly propose improvement plans based on the results of web access analysis. Furthermore, in March 2018 NTT Com began offering the "AI Translation Platform Solution," which realizes a highly precise automated translation.

- o Solution Services

For "WideAngle," NTT Com's integrated security service, in April 2017 NTT Com began offering the "Internet Security UTM" service for small and medium-sized office environments, expanding its MSS portfolio. In July 2017 NTT Com also began offering Advisory Support, a service through which it provides comprehensive support for its customers' CSIRT operations, including cyber security-related data analysis. Using data collected from WideAngle services, in September 2017 NTT Com also began offering "Active Blacklist Threat Intelligence," through which it provides, in real time, information about malicious websites used in cyberattacks occurring in Japan. Additionally, in February 2018 NTT Com began preliminarily providing implementation consulting for the "Vulnerable Assets Visualizing Solution" (scheduled to launch in June 2018). This solution will promptly identify security vulnerabilities in a customer's ICT environment. Furthermore, although WideAngle MSS had previously only offered threat detection (analyst advanced analysis) and device management operations, beginning in October 2017, NTT Com launched a "response" function that enables active remote blocking and isolation operations, expanding the scope of application for WideAngle MSS.

NTT Com began offering its "SDx+M" solution, which utilizes SDx technology, in March 2017, and it has helped to solve business challenges at customers inside and outside of Japan, such as Hitachi Ltd.

To expand and strengthen the sales network for "Global Management One," NTT Com's total managed ICT service, NTT Com signed sales partner agreements with Singapore's CoreTel Networks in April 2017, with Hong Kong's Vantis Consulting Group in November 2017, and with Malaysia's Diversified Gateway Berhad in February 2018.

- o New Service Areas

In IoT business, in April 2017 NTT Com launched "Things Cloud®," an IoT platform to help drive business transformation and productivity improvements by quickly giving shape to business ideas for enterprise IoT. As examples of how NTT Com is using "Things Cloud®" to expand the business applications for IoT, NTT Com is participating in a proof-of-concept trial under the aegis of the Ministry of Internal Affairs and Communication that seeks to "take advantage of IoT security infrastructure to realize a safe and secure society." NTT Com also started another proof-of-concept trial with Seikei University aimed at maximizing "the value of space" by using IoT. NTT Com has also joined the EnOcean Alliance, which is promoting the standardization of wireless communication technology that uses energy harvesting,

and has also sought to collaborate with partner companies such as ROHM and other sensor device makers by launching a device recommendation system. Through these initiatives, NTT Com has strengthened its ability to serve as a one-stop source of IoT solutions that address business challenges that vary depending on the nature of its customers' businesses.

Other Initiatives

In sales, NTT Com has created proposals that help customers realize digital transformation by combining NTT Com's solutions with its partners' existing technologies and services. NTT Com has also supported its customers' efforts to "reform the existing businesses" and "create new business models" by making proposals with the solutions model. Likewise, NTT Com has developed more efficient and effective sales strategies globally by establishing a sales channel portfolio/solutions model that meets requirements in target markets.

In operations, NTT Com has delivered the highly reliable service, fast operations, innovative development style, and optimized global/service hybrid operations, to increase competitiveness. NTT Com has also created a DevOps environment on its own cloud platform for the rapid and flexible development.

In order to promote seamless global management, NTT Com has deployed and upgraded the globally-seamless quotation/contract creation systems and billing systems across all of the NTT Com group companies. NTT Com has also developed and built an internal IT infrastructure platform in order to achieve faster development in the DevOps environment. In procurement, NTT Com introduced robotics process automation (RPA) and cloud-based electronic contracts to accelerate the process. In addition, NTT Com used procurement data to reduce costs and strengthen CSR in the supply chain. In human resources, NTT Com focused on young employee training to raise their knowledge level of NTT Com services through on the job training in engineering.

In CSR, aligned with sustainable development goals (SDGs), NTT Com held events to announce the winners of its CSR best practices awards, and to recognize employee-driven CSR activities, for promoting mutual understanding among NTT Com Group.

With respect to environmental protection, to achieve its environmental targets for 2030, NTT Com reduced electricity consumption, and expanded the deployment of precise power visualization as well as systems to improve airflow and automate air conditioning control to reduce the amount of power used in air conditioning. In December 2017, NTT Com received an award of special excellence from the city of Kyoto's program to reduce commercial emissions, for its efforts to cut greenhouse gas emissions.

Under NTT Com's "Basic Policies Concerning the Maintenance of Internal Control Systems," NTT Com formed a risk management team that identifies risks throughout the company as well as the NTT Communications Group, through which audits are performed in conjunction with computer assisted audit techniques (CAAT). In compliance, in line with the trend towards stricter enforcement of anti-bribery rules in countries around the world, NTT Com strengthened its global compliance under the "NTT Communications Group Global Compliance Rules" by creating "Detailed Anti-Bribery Rules" and "Anti-Bribery Guidelines" that apply to all NTT Communications group companies. Furthermore, in order to ensure that NTT Com is not only strictly following the law but that it is also operating with high ethical standards, NTT Com sent messages from top management as well as e-mail newsletters, and also continued to conduct training for all employees for raising the level of understanding and awareness.

In terms of diversity, NTT Com has been actively promoting work style reforms that leverage ICT to boost productivity as well as the creation of a corporate culture in which every employee can achieve their full potential, regardless of age, gender, nationality, religion or physical ability/disability, allowing employees to find a work/life balance while also achieving flexible and efficient work practices. Aligned

with NTT Group's gender equality plan that aims to double the percentage of female managers, NTT Com has continued to support the career development that will lead to the creation of a female management cohort, and has been proactively recruiting female employees. As a result, NTT Com obtained top-level "Platinum Kurumin" certification from the Minister of Health, Labour and Welfare under the Act for Measures to Support the Development of the Next Generation. These certifications recognize employers that support child-rearing. NTT Com was also recognized by outside research organizations such as Nikkei Dual as the top of its ranking of companies for dual-income families raising children. In addition, NTT Com was recognized as a best company in the large enterprise category by Great Place to Work Institute Japan.. With respect to work style reform, NTT Com has implemented measures for creating appropriate work hours, such as encouraging employees to leave by 8:00 pm and, as a principle, prohibiting late-night work. NTT Com also made institutional improvements such as 1) expanding work-from-home opportunities (which had been limited to employees raising children or caring for family members) to all employees, helping employees to reduce commuting time, 2) enabling remote working at outside office spaces, and 3) introducing a flextime system for all employees, so that everyone can find a way of working that suits their own style.

3. Operating Results

NTT Communications Group consolidated operating revenues rose for the first time in two years, increasing 40.0 billion yen (+3.1%) from the prior fiscal year to 1,323.0 billion yen. Operating income decreased 10.5 billion yen (-8.0%) from to the prior fiscal year to 122.0 billion yen.

Non-consolidated operating revenues for NTT Communications by business segment were as follows. Three business segments saw increases in revenues: Cloud Computing Platforms revenues increased 8.8 billion yen (+12.3%) from the prior fiscal year to 80.9 billion yen, Data Networks revenues increased 10.6 billion yen (+2.8%) to 395.4 billion yen, and Solution Services revenues increased 10.2 billion yen (+6.3%) to 173.7 billion yen. Voice Communications revenues decreased 9.0 billion yen (-3.6%) from the prior fiscal year to 241.7 billion yen, and Applications and Content revenues decreased 1.3 billion yen (-3.6%) to 36.3 billion yen.

Operating expenses rose 6.5 billion yen (+0.8%) from the prior fiscal year to 837.8 billion yen, due to the increase in Solution Services revenue-linked expenses, and the increase in communications network usage charges associated with the delivery of Hikari Collaboration and mobile services.

As a result of the above, NTT Com achieved a second straight year of income growth, rising 17.4 billion yen (+18.9%) from the prior fiscal year to 109.9 billion yen, while net income rose 2.8 billion yen (+3.4%) to 87.8 billion yen.

II. Financial Results of NTT Communications Group

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Operating revenues	1,282,968	1,322,991	40,023	3.1
Operating expenses	1,150,477	1,201,040	50,563	4.4
Operating income	132,491	121,951	(10,540)	(8.0)

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

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	151,531	132,029	(19,501)
Antenna facilities	1,674	1,462	(212)
Terminal equipment	1,963	2,096	132
Local line facilities	1,103	1,096	(7)
Long-distance line facilities	5,122	5,082	(40)
Engineering facilities	49,878	49,490	(388)
Submarine line facilities	16,701	14,609	(2,092)
Buildings	205,475	202,770	(2,705)
Structures	2,624	3,451	827
Other machinery and equipment	68	96	27
Vehicles and vessels	62	158	96
Tools, furniture and fixtures	46,700	65,180	18,480
Land	48,577	48,571	(5)
Lease assets	7,950	7,389	(560)
Construction in progress	13,323	22,409	9,086
Total property, plant and equipment	552,757	555,896	3,138
Intangible fixed assets	98,820	104,376	5,555
Total fixed assets - telecommunications businesses	651,578	660,272	8,693
Investments and other assets			
Investment securities	108,152	100,935	(7,216)
Investments in subsidiaries and affiliated companies	387,905	474,064	86,158
Investment in capital	345	224	(120)
Contributions to affiliated companies	2,049	2,049	-
Long-term loans receivable to subsidiaries	1,268	1,268	-
Long-term prepaid expenses	4,841	4,652	(188)
Prepaid pension costs	6,391	6,199	(191)
Deferred income taxes	17,499	22,458	4,959
Submarine line use rights	17,114	16,965	(149)
Other investments and assets	16,268	16,131	(136)
Allowance for doubtful accounts	(160)	(125)	34
Total investments and other assets	561,675	644,824	83,148
Total fixed assets	1,213,254	1,305,096	91,842
Current assets:			
Cash and bank deposits	3,406	7,374	3,967
Notes receivable	8	5	(2)
Accounts receivable, trade	178,248	216,043	37,794
Accounts receivable, other	49,459	27,948	(21,511)
Lease investment assets	92	69	(22)
Securities	4	-	(4)
Supplies	9,643	8,779	(863)
Advance payments	4,552	4,737	185
Prepaid expenses	8,084	8,540	456
Deferred income taxes	3,177	5,489	2,312
Deposits paid to parent company	16,636	1,480	(15,156)
Other current assets	8,647	8,283	(363)
Allowance for doubtful accounts	(1,367)	(1,485)	(118)
Total current assets	280,595	287,267	6,672
TOTAL ASSETS	1,493,849	1,592,364	98,514

(Millions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company and subsidiary	222,333	197,986	(24,347)
Lease obligations	6,297	4,917	(1,380)
Liability for employees' retirement benefits	89,994	92,891	2,897
Reserve for point services	407	458	51
Reserve for unused telephone cards	3,540	3,734	194
Asset retirement obligations	4,126	5,616	1,490
Other long-term liabilities	13,118	16,518	3,399
Total long-term liabilities	339,818	322,122	(17,695)
Current liabilities:			
Current portion of long-term borrowings from parent company	-	50,000	50,000
Accounts payable, trade	29,548	35,156	5,608
Lease obligations	3,851	3,330	(520)
Accounts payable, other	153,953	173,305	19,351
Accrued expenses	4,960	5,382	421
Accrued taxes on income	3,749	8,357	4,607
Advances received	3,736	4,268	531
Deposits received	1,525	1,301	(223)
Unearned revenues	173	1,308	1,134
Allowance for losses on construction	627	521	(105)
Asset retirement obligations	56	19	(36)
Other current liabilities	1,178	5,605	4,426
Total current liabilities	203,360	288,557	85,196
TOTAL LIABILITIES	543,179	610,680	67,501
NET ASSETS			
Shareholders' equity:			
Common stock	211,763	230,979	19,215
Capital surplus			
Additional paid-in capital	131,615	150,830	19,215
Total capital surplus	131,615	150,830	19,215
Earned surplus			
Other earned surplus			
Reserve for reduction entry	7,189	7,177	(11)
Accumulated earned surplus	556,808	565,139	8,331
Total earned surplus	563,997	572,317	8,319
Total shareholders' equity	907,376	954,126	46,750
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	43,080	30,368	(12,712)
Deferred gains or losses on hedges	213	(2,810)	(3,024)
Total unrealized gains (losses), translation adjustments, and others	43,293	27,557	(15,736)
TOTAL NET ASSETS	950,670	981,683	31,013
TOTAL LIABILITIES AND NET ASSETS	1,493,849	1,592,364	98,514

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

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	697,333	699,005	1,671
Operating expenses			
Business expenses	159,654	154,739	(4,914)
Maintenance expenses	74,148	73,143	(1,004)
Overhead expenses	10,976	11,067	90
Administration	66,106	63,928	(2,177)
Experiment and research	11,654	12,247	593
Depreciation and amortization	89,139	71,398	(17,741)
Retirement of fixed assets	6,236	4,340	(1,895)
Access charges	190,708	199,308	8,599
Miscellaneous taxes	11,745	12,637	892
Total operating expenses	620,370	602,811	(17,558)
Operating income from telecommunications businesses	76,963	96,193	19,229
Supplementary businesses:			
Operating revenues	226,522	248,833	22,310
Operating expenses	210,936	235,031	24,094
Operating income from supplementary businesses	15,585	13,802	(1,783)
Operating income	92,549	109,995	17,446
Non-operating revenues:			
Interest income	62	36	(26)
Interest on securities	0	0	(0)
Dividends received	8,258	7,259	(998)
Lease and rental income	11,204	10,706	(498)
Miscellaneous income	1,222	2,122	899
Total non-operating revenues	20,748	20,125	(623)
Non-operating expenses:			
Interest expenses	1,050	742	(307)
Lease and rental expenses	5,712	5,071	(641)
Miscellaneous expenses	1,072	724	(348)
Total non-operating expenses	7,836	6,538	(1,298)
Recurring profit	105,461	123,582	18,120
Special profits:			
Gains on sales of investments in affiliated companies	-	2,433	2,433
Total special profits	-	2,433	2,433
Income before income taxes	105,461	126,015	20,554
Corporation, inhabitant, and enterprise taxes	23,097	38,464	15,367
Deferred tax expenses (benefits)	(2,639)	(330)	2,309
Net income	85,003	87,881	2,877

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, 2017

(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	Deferred gains or losses on hedges	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus		Total earned surplus					
				Reserve for reduction entry	Accumulated earned surplus						
April 1, 2016	211,763	131,615	131,615	7,228	510,207	517,436	860,815	61,723	-	61,723	922,538
Net change during the annual period											
Cash dividends					(38,441)	(38,441)	(38,441)				(38,441)
Net income					85,003	85,003	85,003				85,003
Return of reserve for reduction entry				(39)	39	-	-				-
Others, net								(18,643)	213	(18,429)	(18,429)
Total net change during the annual period	-	-	-	(39)	46,600	46,561	46,561	(18,643)	213	(18,429)	28,131
March 31, 2017	211,763	131,615	131,615	7,189	556,808	563,997	907,376	43,080	213	43,293	950,670

Year ended March 31, 2018

(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	Deferred gains or losses on hedges	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus		Total earned surplus					
				Reserve for reduction entry	Accumulated earned surplus						
April 1, 2017	211,763	131,615	131,615	7,189	556,808	563,997	907,376	43,080	213	43,293	950,670
Net change during the annual period											
Issuance of stock	19,215	19,215	19,215				38,430				38,430
Cash dividends					(79,561)	(79,561)	(79,561)				(79,561)
Net income					87,881	87,881	87,881				87,881
Return of reserve for reduction entry				(11)	11	-	-				-
Others, net								(12,712)	(3,024)	(15,736)	(15,736)
Total net change during the annual period	19,215	19,215	19,215	(11)	8,331	8,319	46,750	(12,712)	(3,024)	(15,736)	31,013
March 31, 2018	230,979	150,830	150,830	7,177	565,139	572,317	954,126	30,368	(2,810)	27,557	981,683

VI. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Cloud Computing Platforms	72,034	80,916	8,881	12.3
Data Networks	384,804	395,491	10,686	2.8
Voice Communications	250,794	241,789	(9,004)	(3.6)
Applications & Content	37,732	36,359	(1,373)	(3.6)
Solution Services	163,496	173,774	10,278	6.3
Others	14,993	19,507	4,514	30.1
Total operating revenues	923,855	947,838	23,982	2.6

VII. Non-Consolidated Comparative Statements of Cash Flows

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	105,461	126,015	20,554
Depreciation and amortization	106,971	95,717	(11,254)
Loss on disposal of property, plant and equipment	4,517	1,882	(2,634)
Gains on sales of fixed assets	(78)	(54)	23
Increase (decrease) in allowance for doubtful accounts	302	83	(218)
Increase (decrease) in liability for employees' retirement benefits	3,272	2,897	(374)
(Increase) decrease in accounts receivable	(239)	(16,280)	(16,041)
(Increase) decrease in inventories	1,152	57	(1,094)
Increase (decrease) in accounts payable and accrued expenses	703	8,587	7,884
Increase (decrease) in accrued consumption tax	2,434	1,221	(1,212)
Other	(10,925)	(111)	10,814
Sub-total	213,571	220,017	6,445
Interest and dividends received	8,344	7,298	(1,046)
Interest paid	(1,086)	(822)	263
Income taxes received (paid)	(29,892)	(20,902)	8,990
Net cash provided by (used in) operating activities	190,937	205,591	14,653
Cash flows from investing activities:			
Payments for property, plant and equipment	(134,677)	(102,542)	32,135
Proceeds from sale of property, plant and equipment	412	741	328
Payments for purchase of investment securities	(422)	(65,612)	(65,189)
Proceeds from sale of investment securities	2,242	10,155	7,912
Proceeds from long-term loans receivable	-	456	456
Other	(4,042)	(2,006)	2,035
Net cash provided by (used in) investing activities	(136,487)	(158,808)	(22,320)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	22,864	31,248	8,384
Payments for settlement of long-term debt	(43,360)	(5,595)	37,764
Net increase (decrease) in short-term borrowings	(7,766)	-	7,766
Payments for settlement of lease obligations	(4,306)	(4,060)	245
Dividends paid	(33,000)	(79,561)	(46,561)
Net cash provided by (used in) financing activities	(65,569)	(57,969)	7,599
Effect of exchange rate changes on cash and cash equivalents	(158)	(312)	(154)
Net increase (decrease) in cash and cash equivalents	(11,277)	(11,499)	(222)
Cash and cash equivalents at beginning of year	31,630	20,353	(11,277)
Cash and cash equivalents at end of year	20,353	8,854	(11,499)

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

1. Candidates scheduled to take office as Directors

Junichi Kudo	Head of Applications and Content
Mamoru Watanabe	Director of Human Resources
Hidetaka Nishikawa	Deputy Senior Vice President of Second Sales Division

2. Directors scheduled to resign

Tetsuya Funabashi	Senior Executive Vice President (scheduled to transfer to Kyowa Exeo Corporation)
Katsumi Nakata	Senior Executive Vice President (scheduled to transfer to NTT Security Corporation)
Hidemune Sugahara	Senior Vice President (scheduled to transfer to NTT Com Solutions Corporation)

3. 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/take office as Senior Executive Vice President

Toru Maruoka	Executive Vice President
Masaaki Moribayashi	Senior Vice President

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

Eiichi Tanaka	Executive Vice President
Denji Sakurai	Senior Vice President

4. New Executive Positions and Organizational Responsibilities

Name	New Position(s) and Organizational Responsibilities	Current Position(s) and Organizational Responsibilities
Tetsuya Shoji	President and CEO	President and CEO
Toru Maruoka	Senior Executive Vice President In charge of Sales In charge of Corporate In charge of 2020 Project	Executive Vice President Head of Voice and Video
Masaaki Moribayashi	Senior Executive Vice President In charge of Technology In charge of Services In charge of Operations In charge of Information Security In charge of Global Business	Senior Vice President Head of Cloud Services
Eiichi Tanaka	Executive Vice President In charge of CSR	Executive Vice President In charge of CSR
Denji Sakurai	Executive Vice President Head of Fourth Sales Division	Senior Vice President Head of Fourth Sales Division
Kazuhiro Gomi	Senior Vice President President and CEO of NTT America, Inc.	Senior Vice President President and CEO of NTT America, Inc.

Ken Kusunoki	Senior Vice President Head of Third Sales Division	Senior Vice President Head of Third Sales Division
Takanobu Maeda	Senior Vice President Head of Global Business	Senior Vice President Head of Global Business
Shuichi Sasakura	Senior Vice President Head of Network Services	Senior Vice President Head of Network Services
Yoichiro Takaya	Senior Vice President Head of Fifth Sales Division	Senior Vice President Head of Fifth Sales Division
Naoki Kajita	Senior Vice President Head of ICT Consulting Division	Senior Vice President Head of ICT Consulting Division
Keigo Kajimura	Senior Vice President Head of Solution Services	Senior Vice President Head of Solution Services
Hiromasa Takaoka	Senior Vice President Head of Customer Services	Senior Vice President Head of Customer Services
Junichi Kudo	Senior Vice President Head of Voice and Video Head of Applications and Content	Head of Applications and Content
Mamoru Watanabe	Senior Vice President Head of Service Infrastructure	Director of Human Resources
Hidetaka Nishikawa	Senior Vice President Head of Second Sales Division	Deputy Senior Vice President of Second Sales Division
Atsuhiro Fuseya	Senior Vice President	Senior Vice President

Note: Among the Directors scheduled to resign from office, Hidemune Sugahara is expected to resign on June 20, 2018, and Tetsuya Funabashi and Katsumi Nakata are expected to resign at the close of the 19th Annual General Shareholders' Meeting (to be held on June 22, 2018).