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FOR IMMEDIATE RELEASE

Settlement for Fiscal Year Ended March 31, 2014

The results of Nippon Telegraph and Telephone East Corporation (NTT East) for the fiscal year ended March 31, 2014 are presented in the following attachments.

(Attachments)
1. Summary of Results for the Fiscal Year Ended March 31, 2014
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, 2014

In the fiscal year ended March 31, 2014, the U.S. was stable, and Europe showed signs of recovery, but the economies of China and other emerging nations slowed, so the overall pace of growth of the global economy was gradual. The Japanese economy continued to show signs of mild recovery driven mainly by domestic demand, stimulated by the effects of government policies.

The information and communications market is growing due to an increasing shift to broadband services and globalization. The market is undergoing structural changes beyond the existing framework, including fixed-mobile convergence, cloud computing (*1) and smart TV development, penetration of high-speed wireless and Wi-Fi (*2) compatible devices, such as smartphones and tablet devices, and widespread use of applications that enable free phone calls and messaging. Regional telecommunications markets are also changing dramatically, with intensifying competition in broadband service facilities and services centered around the shift to fiber-optic access, and increasing offloading (*3) needs due to the expansion of the volume of data communications. New services that leverage a variety of wireless devices are also expanding, which in turn leads to diversification in the way that customers are using these devices.

Amid such a difficult and volatile business environment, as a carrier with an important leadership role in the information and communications industry, NTT East strove to ensure that it strictly complies with any applicable rules and regulations, abiding by the requirements of fair competition. At the same time, NTT East has aimed to secure a stable and solid foundation for its business, worked to provide high-quality, stable universal services and aimed to ensure the reliability in social infrastructure, such as the prompt restoration of services in times of large-scale natural disasters and other calamities.

In line with NTT Group's Medium-Term Management Strategy "Towards the Next Stage" adopted by NTT in November 2012, NTT East has devoted its energy to enhancing broadband/ubiquitous environments and to expanding fiber-optic access service user demographics through the provision of new services and products, as well as the provision of customer-friendly rate menus and rate menus which encourage subscribers to use its services for longer terms.

(1) Efforts to Promote Fiber-optic and IP Services

Amid intensifying competition with respect to broadband services, NTT East launched new services, which promote the expansion and continued use of "FLET'S Hikari" (*4) and aim to meet customer needs when using their Wi-Fi-compatible devices.

Ever since "FLET'S Hikari" was launched in 2001 as "B-FLET'S," the service has become ever faster and cheaper, with an enhanced product lineup. Through proactive initiatives, such as forming alliances with a variety of vendors, and by working hard to expand the range of situations where optical fiber can be used, NTT East reached 10 million subscribers on October 12, 2013.

i. NTT East's largest-ever discount campaign, "Omoikkiri-Wari," for customers who newly subscribe to "FLET'S Hikari," was started in December 2012, and continued until the end of January 2014. Starting in October 2013, the "FLET'S Hikari Light Family Type" was added to the services covered by this

campaign.

In addition, to encourage communication between people living alone and their other family members, NTT East started the “Tanshin & Kazoku O-en Wari,” offering discounted monthly fees for the “FLET’S Hikari” service for groups on a single bill.

Further, to meet the needs of corporate customers, NTT East began offering, in limited geographic areas, the “FLET’S Hikari Next Prio,” with bandwidth priority that enables stable, high-speed, high-quality communications, even at times of network congestion.

ii. In order to increase the use of smart TV services, NTT East launched the TSUTAYA Stick (*6), a smart TV device that allows the video streaming service TSUTAYA TV (*5) offered by T-MEDIA HOLDINGS Co., Ltd. to be used with FLET’S Hikari. This service makes it easier for customers to enjoy their favorite movies and television dramas at home over the Internet.

iii. NTT East introduced the “FLET’S Azukeru” online storage service (*7), by which customers can store and share on the Internet various types of data, such as photos and videos, etc. they have stored on their PCs, smartphones and tablets. They can also perform automatic backups of data at set intervals. Stored data can be accessed from anywhere using a mobile device through indoor / outdoor Wi-Fi, therefore increasing customer convenience.

iv. NTT East also initiated its “Rakureji” tablet POS service (*8), allowing retailers to manage their sales and accounting on the cloud network. Compared with conventional POS registers, this costs less and uses less space, and in addition, increased convenience as a result of the tangible operation involved when using a tablet.

NTT East also began offering “Raku Pop Board,” a digital signage service that can support a wide range of POP advertising (*9), transmitting video and image content and other information to tablets in a timely fashion.

v. With the growing popularity of smartphones and tablets, NTT East worked with local governments and other public agencies in Yamanashi Prefecture and the Tohoku region to provide Wi-Fi environments in tourist destinations and commercial areas and which foreign tourists can also access. As a result, NTT East has enhanced user convenience by enabling visitors from overseas and others to access information distributed by tourism centers, stores, and lodging facilities. NTT East has also worked with Recruit Lifestyle Co. Ltd. on a trial offer of a free application for tourists in Hakone, one of Japan’s premier tourist destinations, called “Tabi-Navi Hakone.” This app uses geo-fence technology (*10) to deliver information and special offers concerning tourists’ locations to tourists automatically to their smartphones, so they can plan their trip and time more effectively, and enjoy travel in a new way. For tourist destinations and retailers, this service offers a new way to attract customers, by guiding them directly to shops and hotels.

vi. As online shopping has become more and more a part of everyday life, NTT East has developed “FLET’S Hikari Otoku Market,” on the website of the “FLET’S Hikari Member’s Club,” a membership program for “FLET’S Hikari” users, to enable people of all ages to take advantage of secure and convenient online shopping. This new service allows members to buy everyday products offered by participating companies at special prices, or with specific benefits attached. Operators of NTT East also offer support services, so that even users who are new to the Internet can be at ease when they shop online.

(2) Initiatives Relating to the Solutions Business

NTT East launched business operations in fields such as local government, medicine, and education, centered around industry-specific solutions that take into account each industry's characteristics and trends, for the satisfaction of its regional customers through the promotion of ICT (*11) utilization.

i. In the field of local government, NTT East launched "Biz Hikari Cloud Anpi Kakunin Service," a service that allows officials to verify government workers' well-being during major disasters. This service uses applications that were proven to be reliable and effective when access was needed to large quantities of data during the Great East Japan Earthquake. NTT East provides this service from its Biz Hikari cloud platform installed in data centers, which are built to withstand powerful earthquakes up to magnitude 6 (on the Japanese *Shindo* scale). This service provides reassurance that officials can confirm workers' safety and make emergency contact even at times of major disasters.

ii. In the field of medicine, NTT East launched "Biz Hikari Cloud Future Clinic 21Warp," an electronic records service for medical clinics, as it has become increasingly important for local hospitals and clinics to collaborate and provide integrated patient treatment. This new service helps keep initial implementation costs down, while allowing medical clinics to enter data in the electronic records as easily as writing by hand. Electronic medical records are centrally managed and stored at data centers which provides for disaster countermeasures and risk management, enhancing convenience for medical clinics.

iii. In the field of education, NTT East is working with elementary and junior high schools to ease the massive administrative burden of educators and has continued to provide total support for the installation, operation and maintenance of in-school administrative systems. In consideration of requests by the customers of such services, NTT East has started offering an elementary and junior high school administration support service (*12) called "Biz Hikari Cloud Omakase Kohmu." Offering this service on a cloud platform helps educators keep initial implementation costs low, take less time installing systems, and make the service easier to use.

For educational systems (*13) used as core systems in the university sector, there is a growing need for cloud computing as a means of easing the burden of systems management, reducing costs and following its business continuity plan (BCP). NTT East is working to realize these goals, agreeing to collaborate with educational systems specialists Japan System Technology Co., SystemD Inc. and NTT Data Kyushu Corp. to make cloud computing a reality in this context.

iv. As the new lineup for "Office Marugoto Support," the support service for small- to medium-sized businesses, NTT East began offering "IT Support Type I" to customers who use an Internet connection besides "FLET'S Hikari," and "Fukugouki Omakase Support," for customers who use multifunction printers.

(3) Status of Business Operation Structure

Regarding the structure of NTT East's business operations, in July 2013, NTT East reorganized its head office structure, in order to respond to the rapidly changing market environment and business environment, provide services based on customer needs on a timely basis, create new business markets, and to make business operations even more efficient.

From the perspective of responding to a rapidly changing environment, the main details of this reorganization were revisions to the service development systems on a market-by-market basis, such that the company now has four divisions. The New

Business Development Headquarters was established, with a unified grasp of the full range of the company's activities from development of services for consumers and business users to marketing (pre-sales); to enhance the company's sales power and productivity, the Sales Promotion Headquarters now covers sales of services to mass users and SOHOs; the Corporate Sales Promotion Headquarters handles sales of services and solutions for business users; and the Network Business Promotion Headquarters handles development, design, construction and maintenance of network equipment.

(4) Corporate Social Responsibility Activities

NTT East considers Corporate Social Responsibility ("CSR") activities to be one of the most important pillars in the management of the company. NTT East believes that it is the social responsibility of a company to contribute to the environmentally-friendly, healthy and sustainable development of society. To this end, pursuant to the NTT Group CSR Charter (adopted in June 2006), NTT East sought to comply with the law and address its efforts towards reducing the environmental burden of its operations.

i. NTT East continued to direct its efforts towards compliance with laws and regulations to ensure fair competition, protect personal information, make correct representations in advertising, and regarding the dispatch of workers. As part of our ongoing efforts to raise employee awareness, following the arrest and indictment of an employee on suspicion of violating the Act concerning Nippon Telegraph and Telephone Corporation, etc. ("NTT Law") in December 2013, NTT East has redoubled its efforts to strengthen checks on contract operations, raise employee awareness, and prevent recurrence.

ii. In view of the national state of supply and demand of electricity, NTT East worked, as it did in the last fiscal year, to save electricity used by communication facilities to the greatest extent possible while ensuring the maintenance of communications services. To conserve power in its own offices, NTT East added to its energy conservation efforts to date by expanding installation of thin client systems, installing LED lighting, and making further efforts to conserve electricity.

iii. To realize CSR activities befitting its position as the leading company in Japan's information and communications industry, NTT East established the "Shape the NTT East Group Is Aiming For," worked to achieve greater penetration of the "NTT Group CSR Charter," and strove to set up specific practices for the PDCA cycle based on key performance indicators (KPI *14). As a result, the NTT East Group succeeded in systematically establishing a new framework for its CSR activities

iv. To promote the principles of such CSR activities, NTT East issued the NTT East Group CSR Report 2013, among other things, to proactively disclose relevant information to its stakeholders.

(5) Efforts towards Improved Reliability and a Full-fledged Restoration from the Great East Japan Earthquake

i. In efforts directed towards full-fledged restoration from the Great East Japan Earthquake, NTT East worked to further improve service reliability, moving exchange offices that were hit by the tsunami to higher ground.

ii. In addition, to prepare for an earthquake directly beneath Tokyo, NTT East is working with local governments and the Japan Self-Defense Forces, and other companies in the NTT Group in disaster training programs to strengthen cooperation and enhance disaster-response skills.

(6) Financial Standing

As a result of these and other cost reduction efforts during the fiscal year ended March 31, 2014, operating revenues totaled 1,773.8 billion yen (a decrease of 3.2% from the fiscal year ended March 31, 2013), operating income totaled 66.7 billion yen (an increase of 2.5% from the fiscal year ended March 31, 2012), recurring profit was 91.7 billion yen (an increase of 3.2% from the fiscal year ended March 31, 2013), and net income totaled 53.9 billion yen (an increase of 2.1% from the fiscal year ended March 31, 2013).

*1: A new form of computer network usage where users can access data and software contained in a group of servers on a network "from wherever, whenever needed, and only for the functions needed" without processing or saving data on their own computers.

*2: An abbreviation for Wireless Fidelity. This is a brand name for ensuring compatibility, so that wireless LAN equipment can connect effortlessly with other equipment. Now this term is used to signify the wireless LAN environment itself in which Wi-Fi –compatible equipment interacts with other equipment.

*3: A mechanism for lightening the load on a given system by splitting processing among other systems.

*4: A collective name for FLET'S Hikari Next, B FLET'S, FLET'S Hikari Light and FLET'S Hikari Wi-Fi Access.

*5: A Video On Demand (VOD) and Electronic Sell-Through (EST) service that streams high definition video content.

*6: A stick-type set top box (STB) that enables access to the "TSUTAYA TV" Video On Demand (VOD) service by connecting to the HDMI interface on a television.

*7: A service that lends disk space for saving files on the Internet.

*8: An abbreviation for Point of Sales. This is a system that records sales information for each product sold in-store, and uses the compiled information for inventory management and marketing purposes.

*9: An abbreviation for Point of Purchase Advertising. These are ads that are placed in the storefront of retail stores or on products, such as posters, price cards and displays.

*10: This feature enables dynamic information acquisition, including receiving new information and acquisition of points, when a person carrying a smartphone enters the geographic area.

*11: An abbreviation for Information and Communication Technology, referring to technology in the information and communication industry.

*12: A system that allows staff at elementary and junior high schools to conduct administrative activities in the staffroom using information communication technology. Information that was previously recorded by hand (student information and grades etc.), is instead added to a database, which enables the centralization of processes and improves efficiency.

*13: A collective name for systems that handle functions necessary for the running of universities, such as centrally managing universities' student registers and managing students' grades.

*14: An abbreviation for Key Performance Indicator. This is a

quantitative indicator that measures the degree to which goals have been achieved.

2. Non-Consolidated Comparative Balance Sheets

（Based on accounting principles generally accepted in Japan）

(Millions of yen)

	March 31, 2013	March 31, 2014	Increase (Decrease)
ASSETS			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	484,112	474,554	(9,557)
Antenna facilities	4,643	4,325	(317)
Terminal equipment	55,006	45,756	(9,249)
Local line facilities	846,814	862,315	15,500
Long-distance line facilities	4,608	4,107	(500)
Engineering facilities	621,339	612,405	(8,934)
Submarine line facilities	1,520	1,421	(98)
Buildings	455,586	438,137	(17,448)
Structures	16,625	16,807	181
Other machinery and equipment	4,860	4,062	(797)
Vehicles and vessels	463	322	(141)
Tools, furniture and fixtures	41,962	40,745	(1,216)
Land	203,553	197,026	(6,527)
Lease assets	546	475	(70)
Construction in progress	36,097	19,885	(16,211)
Total property, plant and equipment	2,777,740	2,722,349	(55,390)
Intangible fixed assets	92,108	88,386	(3,722)
Total fixed assets - telecommunications businesses	2,869,848	2,810,736	(59,112)
Investments and other assets			
Investment securities	7,386	8,231	845
Investments in subsidiaries and affiliated companies	48,253	48,253	-
Other investments in subsidiaries and affiliated companies	4,312	4,089	(222)
Investment in capital	458	343	(115)
Long-term prepaid expenses	4,230	4,114	(115)
Prepaid pension cost	5,215	13,576	8,361
Deferred income taxes	135,083	130,509	(4,574)
Other investments and assets	5,712	4,771	(941)
Allowance for doubtful accounts	(898)	(1,030)	(132)
Total investments and other assets	209,754	212,859	3,104
Total fixed assets	3,079,602	3,023,595	(56,007)
Current assets:			
Cash and bank deposits	59,223	25,765	(33,457)
Notes receivable	7	171	163
Accounts receivable, trade	261,400	238,999	(22,401)
Accounts receivable, other	110,017	113,953	3,936
Securities	10	-	(10)
Supplies	36,206	33,852	(2,353)
Advance payment	1,911	1,616	(294)
Prepaid expenses	7,944	7,237	(707)
Deferred income taxes	7,659	5,541	(2,118)
Deposits	76,588	91,534	14,945
Other current assets	11,101	13,920	2,819
Allowance for doubtful accounts	(1,826)	(622)	1,204
Total current assets	570,243	531,969	(38,273)
TOTAL ASSETS	3,649,846	3,555,565	(94,281)

(Millions of yen)

	March 31, 2013	March 31, 2014	Increase (Decrease)
LIABILITIES			
Long-term liabilities:			
Long-term borrowings from parent company	576,195	548,775	(27,420)
Lease obligations	1,114	987	(126)
Liability for employees' retirement benefits	222,469	231,328	8,858
Reserve for point services	6,658	7,074	415
Reserve for unused telephone cards	12,647	11,082	(1,565)
Allowance for environmental measures	-	4,511	4,511
Asset retirement obligations	602	1,110	507
Other long-term liabilities	10,742	8,613	(2,128)
Total long-term liabilities	830,430	813,483	(16,946)
Current liabilities:			
Current portion of long-term borrowings from parent company	168,155	127,420	(40,735)
Accounts payable, trade	93,597	77,246	(16,351)
Lease obligations	538	482	(56)
Accounts payable, other	246,935	212,539	(34,395)
Accrued expenses	15,551	14,951	(600)
Accrued taxes on income	7,681	5,746	(1,935)
Advance received	5,997	5,300	(697)
Deposit received	129,211	125,491	(3,720)
Unearned revenue	287	374	87
Asset retirement obligations	-	149	149
Other current liabilities	3,173	3,123	(50)
Total current liabilities	671,132	572,826	(98,306)
TOTAL LIABILITIES	1,501,563	1,386,310	(115,253)
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	2,997	2,648	(349)
Reserve for reduction entry	9,901	11,405	1,503
Accumulated earned surplus	300,384	319,686	19,301
Total earned surplus	313,284	333,740	20,456
Total shareholders' equity	2,148,011	2,168,467	20,456
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	271	787	515
Total unrealized gains (losses), translation adjustments, and others	271	787	515
TOTAL NET ASSETS	2,148,283	2,169,255	20,971
TOTAL LIABILITIES AND NET ASSETS	3,649,846	3,555,565	(94,281)

3. Non-Consolidated Comparative Statements of Income

（Based on accounting principles generally accepted in Japan）

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	1,689,238	1,630,523	(58,715)
Operating expenses			
Business expenses	454,359	423,552	(30,807)
Operations	10,247	9,397	(849)
Maintenance expenses	411,146	409,979	(1,166)
Overhead expenses	93,456	90,607	(2,849)
Administration	96,521	90,679	(5,841)
Experiment and research	49,071	45,341	(3,729)
Depreciation and amortization	374,117	359,020	(15,096)
Retirement of fixed assets	43,504	45,645	2,141
Access charges	32,906	31,944	(962)
Miscellaneous taxes	70,762	71,654	892
Total operating expenses	1,636,091	1,577,823	(58,268)
Operating income from telecommunications businesses	53,146	52,699	(446)
Supplementary businesses:			
Operating revenues	142,559	143,286	727
Operating expenses	130,634	129,271	(1,363)
Operating income from supplementary businesses	11,924	14,014	2,090
Operating income	65,071	66,714	1,643
Non-operating revenues:			
Interest income	51	76	24
Interest on securities	10	0	(9)
Dividends received	2,494	3,690	1,196
Lease and rental income	43,166	44,296	1,129
Miscellaneous income	14,467	9,964	(4,503)
Total non-operating revenues	60,190	58,027	(2,162)
Non-operating expenses:			
Interest expenses	8,792	7,203	(1,588)
Lease and rental expenses	24,063	23,253	(810)
Miscellaneous expenses	3,512	2,536	(976)
Total non-operating expenses	36,368	32,993	(3,375)
Recurring profit	88,893	91,749	2,856
Special losses:			
Impairment loss	-	4,909	4,909
Special loss on disaster	7,980	-	(7,980)
Provision for Allowance for environmental measures	-	3,382	3,382
Total special losses	7,980	8,292	312
Income before income taxes	80,912	83,457	2,544
Corporation, inhabitant, and enterprise taxes	18,513	23,033	4,520
Deferred tax expenses (benefits)	9,577	6,467	(3,109)
Net income	52,822	53,956	1,133

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, 2013 （Millions of yen）

	Shareholders' equity								Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus				Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus			Total earned surplus				
				Reserve for special depreciation	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2012	335,000	1,499,726	1,499,726	1,818	6,927	285,216	293,962	2,128,689	(90)	(90)	2,128,599
Net change during the annual period											
Cash dividends						(33,500)	(33,500)	(33,500)			(33,500)
Net income						52,822	52,822	52,822			52,822
Provision of reserve for special depreciation				1,672		(1,672)					-
Return of reserve for special depreciation				(493)		493					-
Provision of reserve for reduction entry					2,978	(2,978)					-
Return of reserve for reduction entry					(4)	4					-
Others, net									361	361	361
Total net change during the annual period	-	-	-	1,179	2,974	15,168	19,322	19,322	361	361	19,684
March 31, 2013	335,000	1,499,726	1,499,726	2,997	9,901	300,384	313,284	2,148,011	271	271	2,148,283

Year ended March 31, 2014 （Millions of yen）

	Shareholders' equity								Unrealized gains (losses), translation adjustments, and others		Total net assets
	Common stock	Capital surplus		Earned surplus				Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others	
		Additional paid-in capital	Total capital surplus	Other earned surplus			Total earned surplus				
				Reserve for special depreciation	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2013	335,000	1,499,726	1,499,726	2,997	9,901	300,384	313,284	2,148,011	271	271	2,148,283
Net change during the annual period											
Cash dividends						(33,500)	(33,500)	(33,500)			(33,500)
Net income						53,956	53,956	53,956			53,956
Provision of reserve for special depreciation				242		(242)					-
Return of reserve for special depreciation				(591)		591					-
Provision of reserve for reduction entry					1,503	(1,503)					-
Others, net									515	515	515
Total net change during the annual period	-	-	-	(349)	1,503	19,301	20,456	20,456	515	515	20,971
March 31, 2014	335,000	1,499,726	1,499,726	2,648	11,405	319,686	333,740	2,168,467	787	787	2,169,255

5. Business Results (Non-Consolidated Operating Revenues)

（Based on accounting principles generally accepted in Japan）

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	579,196	518,346	(60,850)	(10.5)
Monthly charge revenues*	417,852	378,089	(39,763)	(9.5)
Call rates revenues*	47,939	42,044	(5,895)	(12.3)
Interconnection call revenues*	72,378	63,210	(9,167)	(12.7)
IP services revenues	835,886	841,334	5,448	0.7
Leased circuit services revenues (excluding IP services revenues)	122,777	117,286	(5,491)	(4.5)
Telegram services revenues	16,107	14,951	(1,155)	(7.2)
Other telecommunications services revenues	135,270	138,604	3,334	2.5
Telecommunications total revenues	1,689,238	1,630,523	(58,715)	(3.5)
Supplementary business total revenues	142,559	143,286	727	0.5
Total operating revenues	1,831,797	1,773,809	(57,987)	(3.2)

*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, 2013	Year ended March 31, 2014	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	80,912	83,457	2,544
Depreciation and amortization	386,554	372,285	(14,268)
Loss on disposal of property, plant and equipment	26,311	23,031	(3,279)
Increase (decrease) in liability for employees' retirement benefits	(4,994)	8,858	13,853
(Increase) decrease in accounts receivable	(48,176)	18,301	66,477
(Increase) decrease in inventories	9,312	484	(8,827)
Increase (decrease) in accounts payable and accrued expenses	(618)	(28,439)	(27,821)
Increase (decrease) in accrued consumption tax	7,491	(3,721)	(11,212)
Other	(12,351)	755	13,106
Sub-total	444,442	475,013	30,570
Interest and dividends received	2,556	3,767	1,210
Interest paid	(8,889)	(7,810)	1,078
Income taxes received (paid)	650	(21,779)	(22,429)
Net cash provided by (used in) operating activities	438,760	449,190	10,430
Cash flows from investing activities:			
Payments for property, plant and equipment	(405,241)	(362,549)	42,692
Proceeds from sale of property, plant and equipment	10,856	7,679	(3,177)
Payments for purchase of investment securities	(510)	(167)	343
Proceeds from sale of investment securities	506	358	(147)
Other	(5,014)	(7,373)	(2,358)
Net cash provided by (used in) investing activities	(399,403)	(362,051)	37,351
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	126,635	100,000	(26,635)
Payments for settlement of long-term debt	(148,339)	(168,155)	(19,816)
Net increase (decrease) in short-term borrowings	(30,000)	-	30,000
Payments for settlement of lease obligations	(1,176)	(599)	577
Dividends paid	(33,500)	(33,500)	-
Net cash provided by (used in) financing activities	(86,381)	(102,255)	(15,873)
Net increase (decrease) in cash and cash equivalents	(47,024)	(15,116)	31,908
Cash and cash equivalents at beginning of year	185,925	138,901	(47,024)
Cash and cash equivalents at end of year	138,901	123,785	(15,116)

7. CHANGES IN BOARD OF DIRECTORS

(1) Candidates for Senior Vice President

Masao Seki	(Executive Manager, Marketing Strategy Department, Sales Promotion Headquarters)
Shinji Yano	(General Manager, Chiba Branch)
Yuichi Kouyama	(Executive Manager, Office Users Business Department, Corporate Sales Promotion Headquarters)
Naoki Shibutani	(Executive Manager, Corporate Business Strategy Office, Corporate Strategy Planning Department)

(2) Candidates for Corporate Auditor

Hideharu Sasaki	(Full-time Counselor to the President, Mitsubishi UFJ Trust and Banking Corporation)
Wataru Kagawa	(Executive Vice President, NTT DOCOMO, INC.)
Hisashi Mimura	(Executive Vice President, NTT ADVANCED TECHNOLOGY CORPORATION)

(3) Senior Vice Presidents scheduled to resign from office

Yoshihisa Omura	(Executive Vice President; scheduled to take office at Nippon COMSYS Corporation)
Yasuo Otsubo	(Senior Vice President; scheduled to take office at KYOWA EXEO CORPORATION)
Tsutomu Ebe	(Senior Vice President; scheduled to take office at Counselor to the President)

(4) Corporate Auditors scheduled to resign from office

Yukihiro Ozaki	(Full-time Corporate Auditor)
Hikaru Chono	(Full-time Corporate Auditor)
Mitsuhiro Takase	(Corporate Auditor)

(5) Candidates for Executive Officers

① Candidate scheduled to be re-elected as President

Masayuki Yamamura	(President)

② Candidates scheduled to be re-elected as Senior Executive Vice President

Hiroshi Nakagawa	(Senior Executive Vice President)
Masahide Oka	(Senior Executive Vice President)

③ Candidates scheduled to be re-elected/take office as Executive Vice President

Takashi Kagaya	(Executive Vice President)
Fukuzo Inoue	(Member of the Board)

(6) New Executive Positions and Organizational Responsibilities

Scheduled appointment date: June 20, 2014

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Senior Executive Vice President; Executive Manager of Corporate Strategy Planning Department; in charge of risk management; in charge of general affairs and personnel; in charge of finance; in charge of information security	Hiroshi Nakagawa	Senior Executive Vice President; Executive Manager of Corporate Strategy Planning Department; in charge of risk management; in charge of general affairs and personnel; in charge of finance; in charge of information security
Senior Executive Vice President; Senior Executive Manager, Network Business Headquarters; in charge of IT innovation; in charge of interconnection promotion; in charge of procurement and supply; in charge of Tohoku future network design and reconstruction; Head of Plant Department Established pursuant to the Regulations for Enforcement of the Telecommunications Business Law; in charge of information management pursuant to the Regulations for Enforcement of the Telecommunications Business Law	Masahide Oka	Senior Executive Vice President; Senior Executive Manager, Network Business Headquarters; in charge of IT innovation; in charge of interconnection promotion; in charge of procurement and supply; in charge of Tohoku future network design and reconstruction; Head of Plant Department Established pursuant to the Regulations for Enforcement of the Telecommunications Business Law; in charge of information management pursuant to the Regulations for Enforcement of the Telecommunications Business Law
Executive Vice President; General Manager, Tokyo Branch	Takashi Kagaya	Executive Vice President; General Manager, Tokyo Branch
Senior Vice President; Senior Executive Manager, New Business Development Headquarters	Fukuzo Inoue	Senior Vice President Senior Executive Manager, New Business Development Headquarters
Senior Vice President; Senior Executive Manager, Corporate Sales Promotion Headquarters	Motoyuki Ii	Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters
Senior Vice President; Senior Executive Manager, Sales Promotion Headquarters; Executive Manager of Sales Planning Department, Sales Promotion Headquarters	Sakuo Sakamoto	Senior Vice President; Senior Executive Manager, Sales Promotion Headquarters; Executive Manager of Sales Planning Department, Sales Promotion Headquarters
Senior Vice President; Deputy Senior Executive Manager, Corporate Sales Promotion Headquarters; Executive Manager, Corporate Sales Department, Corporate Sales Promotion Headquarters	Yasuhiro Yamamoto	Senior Vice President; Deputy Senior Executive Manager, Corporate Sales Promotion Headquarters; Executive Manager, Corporate Sales Department, Corporate Sales Promotion Headquarters
Senior Vice President; Executive Manager, Service Operation Department, Network Business Headquarters; Executive Manager, Strategic Network Management Department, Network Business	Masayuki Takahashi	Senior Vice President; Executive Manager, Service Operation Department, Network Business Headquarters; Executive Manager, Strategic Network Management Department, Network Business

Headquarters		Headquarters
Senior Vice President; Executive Manager, General Affairs and Personnel Department; General Manager, Medical and Health Administration Center	Motoyasu Shibata	Senior Vice President; Executive Manager, General Affairs and Personnel Department; General Manager, Medical and Health Administration Center
Senior Vice President; General Manager, Saitama Branch	Sumito Kasai	Senior Vice President; General Manager, Saitama Branch
Senior Vice President; Executive Manager, Sales Department, Sales Promotion Headquarters	Masao Seki	
Senior Vice President General Manager, Chiba Branch	Shinji Yano	
Senior Vice President; Deputy Senior Executive Manager, Corporate Sales Promotion Headquarters; Executive Manager, Office Users Business Department, Corporate Sales Promotion Headquarters	Yuichi Kouyama	
Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; in charge of 2020 project	Naoki Shibutani	
Senior Vice President	Hiroshi Tsujigami	Senior Vice President

Scheduled appointment date: July 1, 2014

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Executive Vice President; General Manager, Tokyo Division	Takashi Kagaya	Executive Vice President; General Manager, Tokyo Branch
Senior Vice President; General Manager, Miyagi Division; General Manager, Miyagi Branch, Miyagi Division; Executive Manager, Tohoku Future Network Design and Reconstruction Office	Motoyasu Shibata	Senior Vice President; Executive Manager, General Affairs and Personnel Department; General Manager, Medical and Health Administration Center
Senior Vice President; General Manager, Saitama Division; General Manager, Saitama Branch, Saitama Division	Sumito Kasai	Senior Vice President; General Manager, Saitama Branch
Senior Vice President; General Manager, Chiba Division; General Manager, Chiba Branch, Chiba Division	Shinji Yano	Senior Vice President; General Manager, Chiba Branch