



# News Release

May 15, 2017

FOR IMMEDIATE RELEASE

## **Financial Results for Fiscal Year Ended March 31, 2017**

The financial results of Nippon Telegraph and Telephone East Corporation (NTT East) for the fiscal year ended March 31, 2017 are presented in the following attachments.

(Attachments)

1. Summary of Results for the Fiscal Year Ended March 31, 2017
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, 2017**

In the fiscal year ended March 31, 2017, a wide range of changes took place in the information and telecommunications market with the increased spread and market penetration of devices that utilize fixed-line and mobile broadband, and improved convenience in people's everyday lives and productivity in various industries through the emergence of new services made possible by the evolution of technologies such as cloud services, AI (\*1), Big Data (\*2), and IoT (\*3). In addition, the role of information and telecommunications is becoming increasingly important, including strengthening security measures against increasingly sophisticated and complex cyberattacks, strengthening natural disaster countermeasures and managing safe and secure social systems. This change can be seen on a global scale.

The regional telecommunications market is also changing dramatically, with intensifying competition in broadband services. In addition, 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, and offloading (\*4) needs are increasing due to 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, and to ensure its reliability as a social infrastructure, through the provision of high-quality, stable, universal services, construction of a telecommunications network that is resilient against disasters, and initiatives for prompt restoration of services in case of large-scale natural disasters and other calamities.

NTT East has also endeavored to enhance the broadband network environment and further expand its user base by offering new services and products, 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 strengthened its "Hikari Collaboration Model" initiatives to expand and continue using "FLET'S Hikari" (\*5) and to meet customers' needs. Businesses receiving fiber-optic access services (FLET'S Hikari) from NTT East combine their own services with fiber-optic access services to create and provide their own new service. NTT East has been working to create new demand and to improve customer retention by supporting and actively developing new business partners for its "Hikari Collaboration Model." NTT East has also been working to promote early stable operations and increased efficiency of related operations.

An example of "Hikari Collaboration Model" usage includes a collaboration with IIDA CABLE TELEVISION Co., Ltd. to launch the "IIDA CABLE TELEVISION & FLET'S Hikari" service on April 27, 2016. This service utilizes "FLET'S Hikari" provided by NTT East or fiber optic access services provided by Hikari Collaboration businesses and allows customers to watch and listen to broadcasting services provided by IIDA CABLE TELEVISION.

Similarly, NTT East started providing "Sayama Cable TV & FLET'S Hikari" in conjunction with Sayama Cable TV, as of March 25, 2017.

In addition, through home appliances control utilizing HEMS (\*6), building a next generation security network that utilizes "FLET'S VPN GATE," and collaborating with a variety of businesses such as private preparatory schools and care providers, NTT East aimed to promote ICT usage in a wide variety of fields. As a result, the "Hikari Collaboration Model" is being utilized by over 470 businesses, and the number of subscribers for "Hikari Collaboration Model" fiber-optic access services (Hikari Collaboration) exceeded five million as of January 29, 2017. The fiber-optic access services "FLET'S Hikari" and "Hikari Collaboration" exceeded the number of fixed telephone facilities, exceeding 11 million subscribers as of October 31, 2016.

## 2. Initiatives Relating to the Solutions Business

NTT East worked on providing new services and solutions that meet the needs and characteristics depending on the industry and business format of its corporate customers, expanding broadband services and promoting ICT utilization.

i. As part of its Wi-Fi services for corporate customers, NTT East is currently providing a simple Wi-Fi service "GigaRaku Wi-Fi," including support services. From April 1, 2016, NTT East also began providing "Remote access option," which includes remote access functions that enable access to the office LAN on the road and from home via a mobile device, combined with installation and operational support, and "LAN power supply option," which supplies power to access points via LAN cables, together with support services.

ii. For cloud services, on April 25, 2016, NTT East began providing "GigaRaku Camera," a cloud-based camera monitoring and recording service, with which users can monitor a network camera in real-time and view recorded data anytime and from anywhere.

In addition, on September 1, 2016, NTT East began providing the "CloudGatewayAppliPackage," a metered service for corporate customers who want to use cloud-based applications easily and securely. The service provides a function to allow cloud service connectivity without an internet connection and an application server as a package. NTT East also began providing a fixed-price network service, "CloudGatewayCrossConnect" from October 11, 2016, intended for customers who want to use cloud services via a high-reliability closed area network. The service enables access to cloud services from FLET'S VPN Service.

In addition, on June 28, 2016, NTT East began offering "KantanTablet service," a cloud service for corporate customers that want to deploy their own services for elderly or similar customers who are unfamiliar with the internet. This service provides portal functions for beginners that enables

more intuitive operations from a tablet device with large buttons, platforms that offer automatic log-on functions for online shopping and other sites, and telephone and other remote functions.

iii. NTT East launched "MaruRaku Office" on March 31, 2017 in response to requests for a basic ICT environment as a set package. This service offers internet lines, Wi-Fi environment, security measures, and a support menu including an ICT help desk and 24-hour/365-day malfunction response services as a bundle.

iv. One industry-specific service includes "RoboConnect," a cloud-based robot platform service launched on September 1, 2016 that offers application services such as dialog functions and camera image capture functions via cloud through the utilization of communication robots provided by various robot manufacturers for nursing care businesses.

In addition, in order to realize a service that enables users to utilize home electricity usage information, NTT East began offering a platform service, "HEMS information connect," for HEMS information utilization businesses on October 14, 2016. This platform integrates HEMS information data collected from HEMS service providers into a unified data format.

v. As a measure to revitalize local communities through sports, NTT East launched the "Smart Stadium" service on July 2, 2016 to NACK5 Stadium Omiya in order to solve regional challenges through ICT use. This service utilizes cutting-edge technologies to provide a new type of visual experience and style for watching sports.

In addition, at the request of the Tokyo Metropolitan Government, NTT East started working in May 2016 on the installation of undersea fiber-optic cables and maintenance in order to connect the "5 villages and 6 islands of Tokyo Metropolis" that do not have access to fiber-optic connectivity. NTT East will be contributing to community development through ICT, utilizing fiber-optic

broadband in "tourism," "education," "energy" and other fields.

### 3. Status of Business Operation Structure

NTT East has set up a Network Security Promotion Department within the Network Business Headquarters, a facilities division, in order to centrally respond to ordinary and extraordinary situations related to electrical and telecommunication facilities, as part of its effort to further strengthen countermeasures against cyber-attacks on electrical and telecommunication services.

### 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 environmentally friendly, healthy and sustainable development of society. In addition to the provision of various services and solutions in order to create a richer society, 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) complying with laws and regulations, including those that ensure fair competition, protect personal information, make accurate representations in advertising, and regulate the dispatch of workers; 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, among other things, reducing its consumption of energy, resources and electricity.

Having clearly defined the “Shape the NTT East Group is Aiming For,” NTT East has made an effort to realize CSR activities befitting its position as a leading company 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” (\*7) established for each important theme of CSR activities.

For example, many fiber-optic cables were severed as a result of flooding rivers and fallen bridges due to the torrential rain caused by Typhoon Number 10 in August 2016. NTT East quickly restored such cables through the utilization of multi-helicopters and the prompt design and redirection of fiber-optic cabling routes.

In addition, 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 facilities as the fiscal year ended March 31, 2017 reached 40,000 units, an increase of 9,000 units year on year. This enabled NTT East to provide its customers peace of mind and safety during the disaster caused by Typhoon Number 10. Further, NTT East is working to create a stronger community that can withstand disasters in conjunction with local governments through the provision of disaster prevention solutions and other measures.

In addition, NTT East worked on promoting activities to protect the environment, including signing a memorandum of understanding in connection with promoting the "Furusato-no mori regeneration project" run by Sendai city by donating a portion of NTT's sales from pasteboards from its telegram services.

Furthermore, NTT East proactively endeavored to disclose relevant information to its stakeholders by issuing the "NTT East Group CSR Report 2016".

## 5. Financial Standing

As a result of these measures and cost reduction efforts, operating revenue totaled 1,672.2 billion yen (a decrease of 2.9% year on year), operating income totaled 189.1 billion yen (an increase of 16.9% year on year), ordinary income was 204.4 billion yen (an increase of 17.9% year on year), and net income totaled 149.6 billion yen (an increase of 26.0% year on year).

\*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: Dispersing the load in order to eliminate reduction in transmission speed or connection difficulties that arise due to an increase in telecommunication traffic.
- \*5: 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").
- \*6: An abbreviation for Home Energy Management System. An energy management system for the home which provides visualization and central management for energy.
- \*7: 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.



## 2. Non-Consolidated Comparative Balance Sheets

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	March 31, 2016	March 31, 2017	Increase (Decrease)
<b>ASSETS</b>			
Fixed assets:			
Fixed assets - telecommunications businesses			
Property, plant and equipment			
Machinery and equipment	395,419	339,631	(55,787)
Antenna facilities	3,791	3,604	(187)
Terminal equipment	31,807	22,947	(8,860)
Local line facilities	835,446	866,722	31,276
Long-distance line facilities	3,353	2,843	(510)
Engineering facilities	595,052	588,683	(6,368)
Submarine line facilities	872	732	(140)
Buildings	420,792	409,835	(10,956)
Structures	16,964	16,038	(925)
Other machinery and equipment	3,254	3,006	(248)
Vehicles and vessels	528	642	114
Tools, furniture and fixtures	44,458	48,182	3,724
Land	197,315	197,249	(66)
Lease assets	750	1,001	250
Construction in progress	17,626	19,988	2,362
Total property, plant and equipment	2,567,433	2,521,110	(46,323)
Intangible fixed assets	84,019	84,120	100
Total fixed assets - telecommunications businesses	2,651,453	2,605,230	(46,223)
Investments and other assets			
Investment securities	13,016	12,581	(435)
Investments in subsidiaries and affiliated companies	46,622	46,622	-
Other investments in subsidiaries and affiliated companies	3,712	3,705	(6)
Investment in capital	473	452	(20)
Long-term prepaid expenses	3,707	4,024	317
Prepaid pension costs	3,975	3,030	(944)
Deferred income taxes	112,097	125,254	13,157
Other investments and assets	3,899	3,441	(457)
Allowance for doubtful accounts	(913)	(773)	140
Total investments and other assets	186,589	198,338	11,749
Total fixed assets	2,838,043	2,803,569	(34,473)
Current assets:			
Cash and bank deposits	8,675	5,605	(3,069)
Accounts receivable, trade	224,181	230,736	6,554
Accounts receivable, other	117,104	119,106	2,001
Supplies	26,221	26,005	(216)
Advance payments	1,771	1,513	(258)
Prepaid expenses	7,814	7,886	71
Deferred income taxes	7,178	6,674	(503)
Deposits	196,532	288,468	91,935
Other current assets	10,939	11,853	914
Allowance for doubtful accounts	(442)	(327)	114
Total current assets	599,977	697,521	97,543
<b>TOTAL ASSETS</b>	<b>3,438,021</b>	<b>3,501,091</b>	<b>63,069</b>

(Millions of yen)

	March 31, 2016	March 31, 2017	Increase (Decrease)
<b>LIABILITIES</b>			
Long-term liabilities:			
Long-term borrowings from parent company	365,835	225,220	(140,615)
Lease obligations	1,410	1,494	84
Liability for employees' retirement benefits	235,919	247,366	11,446
Reserve for point services	8,574	4,145	(4,429)
Reserve for unused telephone cards	8,671	8,460	(211)
Allowance for environmental measures	5,289	3,637	(1,652)
Asset retirement obligations	1,092	902	(189)
Other long-term liabilities	21,682	34,672	12,989
Total long-term liabilities	648,475	525,898	(122,576)
Current liabilities:			
Current portion of long-term borrowings from parent company	65,120	140,615	75,495
Accounts payable, trade	85,229	89,029	3,799
Lease obligations	417	459	42
Accounts payable, other	198,765	198,620	(145)
Accrued expenses	14,953	15,613	659
Accrued taxes on income	11,793	14,186	2,393
Advances received	7,657	9,185	1,528
Deposits received	203,983	215,758	11,774
Unearned revenues	106	91	(14)
Allowance for environmental measures	2,601	2,285	(315)
Asset retirement obligations	-	1	1
Other current liabilities	2,880	2,888	7
Total current liabilities	593,508	688,735	95,226
<b>TOTAL LIABILITIES</b>	<b>1,241,983</b>	<b>1,214,633</b>	<b>(27,349)</b>
<b>NET ASSETS</b>			
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	1,657	1,092	(565)
Reserve for reduction entry	13,197	13,197	(0)
Accumulated earned surplus	342,336	433,169	90,833
Total earned surplus	357,191	447,459	90,267
Total shareholders' equity	2,191,918	2,282,186	90,267
Unrealized gains (losses), translation adjustments, and others:			
Net unrealized gains (losses) on securities	4,119	4,271	152
Total unrealized gains (losses), translation adjustments, and others	4,119	4,271	152
<b>TOTAL NET ASSETS</b>	<b>2,196,037</b>	<b>2,286,457</b>	<b>90,419</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,438,021</b>	<b>3,501,091</b>	<b>63,069</b>

### 3. Non-Consolidated Comparative Statements of Income

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Increase (Decrease)
Telecommunications businesses:			
Operating revenues	1,585,580	1,534,745	(50,834)
Operating expenses			
Business expenses	335,475	317,168	(18,307)
Operations	8,189	7,869	(319)
Maintenance expenses	391,871	383,994	(7,877)
Overhead expenses	92,269	86,274	(5,994)
Administration	84,482	86,732	2,250
Experiment and research	39,696	38,837	(859)
Depreciation and amortization	337,474	290,191	(47,283)
Retirement of fixed assets	54,569	55,725	1,155
Access charges	28,289	26,568	(1,721)
Miscellaneous taxes	72,455	74,241	1,785
Total operating expenses	1,444,775	1,367,603	(77,172)
Operating income from telecommunications businesses	140,804	167,142	26,337
Supplementary businesses:			
Operating revenues	136,726	137,497	770
Operating expenses	115,702	115,534	(168)
Operating income from supplementary businesses	21,024	21,962	938
Operating income	161,828	189,104	27,276
Non-operating revenues:			
Interest income	138	26	(112)
Dividends received	3,169	3,226	57
Gains on sales of fixed assets	7,789	14,363	6,574
Miscellaneous income	6,415	2,647	(3,767)
Total non-operating revenues	17,512	20,263	2,750
Non-operating expenses:			
Interest expenses	4,987	4,669	(317)
Miscellaneous expenses	914	260	(653)
Total non-operating expenses	5,901	4,930	(971)
Recurring profit	173,439	204,438	30,998
Special losses:			
Loss on transfer of business	3,758	-	(3,758)
Total special losses	3,758	-	(3,758)
Income before income taxes	169,681	204,438	34,756
Corporation, inhabitant, and enterprise taxes	45,582	67,461	21,878
Deferred tax expenses (benefits)	5,312	(12,686)	(17,999)
Net income	118,786	149,663	30,877

## 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, 2016

(Millions of yen)

	Shareholders' equity							Unrealized gains (losses), translation adjustments, and others		Total net assets	
	Common stock	Capital surplus		Earned surplus			Total shareholders' equity	Net unrealized gains (losses) on securities	Total unrealized gains (losses), translation adjustments, and others		
		Additional paid-in capital	Total capital surplus	Other earned surplus							Total earned surplus
				Reserve for special depreciation	Reserve for reduction entry	Accumulated earned surplus					
April 1, 2015	335,000	1,499,726	1,499,726	2,241	12,890	356,773	371,905	2,206,632	3,305	3,305	2,209,938
Net change during the annual period											
Cash dividends						(133,500)	(133,500)	(133,500)			(133,500)
Net income						118,786	118,786	118,786			118,786
Provision of reserve for special depreciation				67		(67)	-	-			-
Return of reserve for special depreciation				(651)		651	-	-			-
Provision of reserve for reduction entry					307	(307)	-	-			-
Others, net									813	813	813
Total net change during the annual period	-	-	-	(583)	307	(14,437)	(14,713)	(14,713)	813	813	(13,900)
March 31, 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

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 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

## 5. Business Results (Non-Consolidated Operating Revenues)

(Based on accounting principles generally accepted in Japan)

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017	Increase (Decrease)	Percent Increase (Decrease)
Voice transmission services revenues (excluding IP services revenues)	427,802	396,519	(31,282)	(7.3)
Monthly charge revenues*	321,137	299,992	(21,144)	(6.6)
Call rates revenues*	30,319	26,272	(4,046)	(13.3)
Interconnection call revenues*	51,118	45,606	(5,511)	(10.8)
IP services revenues	855,444	850,388	(5,056)	(0.6)
Leased circuit services revenues (excluding IP services revenues)	103,761	93,307	(10,454)	(10.1)
Telegram services revenues	12,812	11,422	(1,389)	(10.8)
Other telecommunications services revenues	185,759	183,107	(2,651)	(1.4)
Telecommunications total revenues	1,585,580	1,534,745	(50,834)	(3.2)
Supplementary business total revenues	136,726	137,497	770	0.6
Total operating revenues	1,722,307	1,672,243	(50,064)	(2.9)

\*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, 2016	Year ended March 31, 2017	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes	169,681	204,438	34,756
Depreciation and amortization	342,744	295,200	(47,544)
Loss on disposal of property, plant and equipment	20,330	21,416	1,086
Increase (decrease) in liability for employees' retirement benefits	3,300	11,446	8,145
(Increase) decrease in accounts receivable	14,232	(8,552)	(22,784)
(Increase) decrease in inventories	4,671	252	(4,418)
Increase (decrease) in accounts payable and accrued expenses	19,826	(5,419)	(25,245)
Increase (decrease) in accrued consumption tax	(5,860)	(5,229)	631
Other	15,479	8,147	(7,332)
Sub-total	584,406	521,702	(62,704)
Interest and dividends received	3,276	3,252	(23)
Interest paid	(4,997)	(4,705)	291
Income taxes received (paid)	(36,236)	(47,742)	(11,506)
Net cash provided by (used in) operating activities	546,449	472,506	(73,942)
Cash flows from investing activities:			
Payments for property, plant and equipment	(288,142)	(274,177)	13,965
Proceeds from sale of property, plant and equipment	8,886	15,821	6,935
Payments for purchase of investment securities	(385)	-	385
Proceeds from sale of investment securities	1,429	847	(581)
Other	633	(86)	(719)
Net cash provided by (used in) investing activities	(277,578)	(257,594)	19,984
Cash flows from financing activities:			
Payments for settlement of long-term debt	(66,220)	(65,120)	1,100
Payments for settlement of lease obligations	(541)	(544)	(3)
Dividends paid	(133,500)	(59,395)	74,104
Net cash provided by (used in) financing activities	(200,261)	(125,059)	75,201
Net increase (decrease) in cash and cash equivalents	68,609	89,852	21,243
Cash and cash equivalents at beginning of year	138,672	207,281	68,609
Cash and cash equivalents at end of year	207,281	297,134	89,852

## Changes in Board of Directors

Scheduled Appointment or Resignation Date: June 23, 2017

(1) Candidates for Senior Vice President

Koji Nakae (Executive Manager, General Affairs and Personnel Department; General Manager, Medical and Health Administration Center)

Takashi Torigoe (General Manager, Chiba Division; General Manager, Chiba Branch, Chiba Division)

Koichi Takami (Vice President, Corporate Strategy Planning Department, NTT)

(2) Candidate for Audit & Supervisory Board Member

Kiyoshi Kobayashi (Executive Director, Yu-cho Foundation)

(3) Senior Vice Presidents Scheduled to Resign from Office

Senior Vice President      Motoyasu Shibata (Scheduled to take office at NTT Solco & Hokkaido Telemart Corporation)

Senior Vice President      Kenji Asano (Scheduled to take office at NTT INFRASTRUCTURE NETWORK CORPORATION)

(4) Audit & Supervisory Board Member Scheduled to Resign from Office

Full-time Auditor      Hideharu Sasaki

(5) New Executive Positions and Organizational Responsibilities

Scheduled Appointment Date: June 23, 2017

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Senior Executive Vice President, Representative Director; Senior Executive Manager, New Business Development Headquarters in charge of Risk Management; in charge of Corporate Strategy Planning; in charge of General Affairs and Personnel; in charge of Accounts and Finance; in charge of Information Security	Fukuzo Inoue	Senior Executive Vice President, Representative Director; Senior Executive Manager, New Business Development Headquarters in charge of Risk Management; in charge of Corporate Strategy Planning; in charge of General Affairs and Personnel; in charge of Accounts and Finance
Senior Vice President; Deputy Senior Executive Manager, Corporate Sales Promotion Headquarters	Shinji Yano	Senior Vice President; Executive Manager, Corporate Strategy Planning Department; in charge of Information Security

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; Deputy Senior Executive Manager, New Business Development Headquarters; Executive Manager, First Group, New Business Development Headquarters
Senior Vice President; General Manager, Tokyo Division	Hideyuki Noike	Senior Vice President; General Manager, Hokkaido Division; General Manager, Hokkaido Branch, Hokkaido Division
Senior Vice President; Executive Manager, General Affairs and Personnel Department; General Manager, Medical and Health Administration Center	Koji Nakae	
Executive Manager, Sales Planning Department, Sales Promotion Headquarters; Executive Manager, Customer Service Department, Sales Promotion Headquarters	Takashi Torigoe	
Senior Vice President; Executive Manager, Corporate Strategy Planning Department	Koichi Takami	

Scheduled Appointment Date: July 1, 2017

New Position(s) and Organizational Responsibilities	Name	Current Position(s) and Organizational Responsibilities
Senior Executive Vice President, Representative Director; Senior Executive Manager, Business Innovation Headquarters	Motoyuki Ii	Senior Executive Vice President, Representative Director; Senior Executive Manager, Corporate Sales Promotion Headquarters
Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters	Shinji Yano	Senior Vice President; Deputy Senior Executive Manager, Corporate Sales Promotion Headquarters
Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; Executive Manager Tokyo Olympic & Paralympic Promotion Office	Naoki Shibutani	Senior Vice President; Executive Manager, Plant Planning Department, Network Business Headquarters; in charge of 2020 Project
Senior Vice President; Deputy Senior Executive Manager, Business Innovation Headquarters; General Manager, Value Create Department, Business Innovation Headquarters	Kiyoshi Harada	Senior Vice President; Deputy Senior Executive Manager, Corporate Sales Promotion Headquarters; Executive Manager, Office Users Business Department, Corporate Sales Promotion Headquarters



Senior Vice President; General Manager, Tokyo Division; Executive Manager, Tokyo Olympic & Paralympic Promotion Office, Tokyo Division	Hideyuki Noike	Senior Vice President; General Manager, Tokyo Division
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Note:

- Kiyoshi Kobayashi, who is a candidate for the new Auditor & Supervisory Board Member, is a candidate for Outside Audit & Supervisory Board Member.
- Senior Vice Presidents scheduled to resign from the office are expected to resign at the conclusion of the 18<sup>th</sup> Ordinary General Meeting of Shareholders to be held on June 23, 2017.
- Auditor & Supervisory Board Member scheduled to resign from the office is expected to resign at the conclusion of the 18<sup>th</sup> Ordinary General Meeting of Shareholders to be held on June 23, 2017.