

1. BUSINESS RESULTS

(1) Analysis Concerning Business Results

Overview of Consolidated Business Results (April 1, 2015 – March 31, 2016)

(Billions of yen)

	Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Change	Percent Change
Operating revenues	11,095.3	11,541.0	445.7	4.0%
Operating expenses	10,010.8	10,192.8	182.1	1.8%
Operating income	1,084.6	1,348.1	263.6	24.3%
Income before income taxes	1,066.6	1,329.3	262.6	24.6%
Net income attributable to NTT	518.1	737.7	219.7	42.4%

(Note): The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States.

In the fiscal year ended March 31, 2016, a wide range of changes took place in the information and telecommunications market with the increased spread and market penetration of devices such as smart devices that utilize fixed-line and mobile broadband, and improved convenience in people's everyday lives and productivity in various industries through the evolution of technologies such as cloud services, IoT, and Big Data. 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.

In light of these circumstances, NTT Group formulated and announced its Medium-Term Management Strategy "Towards the Next Stage 2.0," in May 2015, accelerated its self-transformation as a "Value Partner" and worked to place the entire NTT Group towards a profit growth track.

- Status of Initiatives to Expand Global Business and Increase Overseas Profit Generation

We seek to establish and expand our global cloud service as a cornerstone of our business operations, and we strengthened our efforts to accelerate overseas profit generation through the following initiatives.

- In order to further strengthen our ability to provide full-stack and full-life-cycle services, we pursued M&A and worked to expand our cloud computing platform through establishing data centers.
- We promoted cross-selling through collaboration among group companies through our global network, cloud migration, and IT outsourcing projects and received orders from leading companies in various industries including manufacturing and finance.
- We have been resolutely engaged in streamlining and optimizing our services and operations in our global cloud business while implementing thorough cost reduction measures by reducing procurement costs across group companies.

- Status of Initiatives to Improve Efficiency and Enhance Profitability of Domestic Network Businesses

We worked to enhance profitability by creating high value-added services as well as optimizing capital investments and reducing costs for our domestic network businesses.

- Through our efforts with the "Hikari Collaboration Model" and "+d" to promote collaboration among various businesses, we worked to create high value-added services.
- In addition to simplifying and streamlining networks, we worked to increase the efficiency of capital investment by increasing the usage of existing facilities and reducing procurement costs.
- We worked to reduce costs by controlling marketing costs through the development of the "Hikari Collaboration Model" and by increasing business efficiency.

In addition, in order to support the above initiatives, we worked to increase the transparency of information regarding group management, further standardize the group's accounting principles, and bolster cash management including overseas subsidiaries. Furthermore, project teams were formed to review various topics and initiatives aimed at cost reduction and generating profits.

- Status of Initiative to Expand B2B2X Business

The Japanese government has been developing and implementing a variety of policies centered on the 2020 Tokyo Olympic and Paralympic Games and the Japanese government's "Vitalization of Local Economies" initiative. NTT Group plans to make use of these opportunities to accelerate migration to the B2B2X model and, together with businesses in other fields and local governments, strengthen measures aimed at creating services that will become the standard of the next generation.

- Based on its mission to help resolve the many issues that exist in various regions and help build communities through ICT, NTT Group concluded comprehensive partnership agreements with Fukuoka City and Sapporo City.
- With the aim of achieving "visual service innovations" and an "evolution of user experience" toward 2020 and beyond, NTT and Panasonic Corporation have agreed to enter a business alliance.
- In order to contribute to the "vitalization of local economies," NTT entered into a business alliance with Hitachi, Ltd. to develop services utilizing ICT such as Big Data, and IoT aimed to assist in developing and maintaining a safe, secure, comfortable and efficient urban infrastructure.

(Note) : NTT, NTT East, NTT West, NTT Communications, and NTT DOCOMO are Gold Partners (Telecommunications Services) for the Tokyo 2020 Olympic and Paralympic Games.

● Status of Fundamental Research & Development

Pursuant to its Medium-Term Management Strategy "Towards the Next Stage 2.0," we promoted various initiatives including cutting-edge research with a view towards the future. Furthermore, in order to commercialize the results of development, we developed business plans tailored to market trends based on our Comprehensive Production System and worked to promote development for practical use.

- Core Technological Development to Place the Entire Group on a Profit Growth Track
 - In order to counter new and increasingly sophisticated cyberattacks, we pursued research and development in security orchestration technology using virtualization technologies to automatically detect attacks on a network, take appropriate countermeasures and automatically restore the network itself.
 - We pursued the development of edge computing technology which places servers on the periphery of the network and facilitates the real-time capability and reduced terminal loads required by IoT.
 - We developed "R-env:™," a cloud-responsive interaction control technology which easily allows the flexible combination of robots and other IoT devices with applications and facilitates the development of new services, pursuing open innovation activities such as hackathons.
 - With respect to AI, where there is a growing interest in recent years as a prime driver of social revolution, we promoted the development of "corevo™," which is a collective term for the technology that aims "to compensate for and draw out human being's capabilities."
- Initiatives to Improve Efficiency and Enhance Profitability of Domestic Network Businesses
 - To realize the "NetroSphere concept," which makes it possible to create a variety of services by modularizing network functions and flexibly assembling these modules, we pursued joint research with various ICT vendors and providers and built a testing environment to conduct technological evaluation.
 - In order to reduce inspection costs and improve the safety of our iron covers of 680,000 manholes in Japan, we supported the introduction and commercialization of technology that utilizes images taken by digital cameras to estimate the levels of unevenness and degrees of deterioration.
 - To reduce cases where optical fiber cables cannot be used because of aesthetic issues, we have developed a "transparent optical fiber," which is thin and transparent like a fishing line, to help blend in with various wall surfaces and prevent it from standing out.
- Promoting the Creation of New Value through Collaboration
 - We collaborated with Panasonic Corporation with the aim of creating a service that allows intuitive operations where information is displayed simply by swiping a simple portable device, which is equipped with a transparent type display.
 - In collaboration with Toyota Motor Corporation and Preferred Networks, Inc., we demonstrated the "crashless car" concept using edge computing and deep learning technology.
 - We contributed to the development of the "Study Panel for Inter-Industry Human Resources Development on Cyber Security" which has more than 40 companies as members primarily from the key areas of the infrastructure industry, by defining the type of personnel needed in the industry and identifying discussion points.
 - We began a joint research project with Mitsubishi Heavy Industries, Ltd. relating to cyber security technology for Application in Critical Infrastructure Control Systems.
- Research and Development in Technologies that Enable Highly Immersive New Experiences

- We successfully provided real-time broadcasting on a specifically identified individual through simulated 3D that utilizes “Kirari!” technology, which provides ultra-high-presence “as if you were there” experiences.
- We developed the “Visual Explorer” technology that enables users to download relevant information by simply swiping their smartphone and tested it at Haneda Airport. We allowed visitors to the “NTT R&D Forum 2016” to experience the “Visual Explorer” and the “Real-time Crowded Map” application, which offers a visual image of the state of congestion in public facilities.
- We developed composition and display technology that can be applied in sports training by providing highly realistic views using a head-mounted display. This technology virtually recreates difficult-to-capture images such as the view from an athlete’s eyes during a game.
- Promoting Cutting-edge Research
 - We were recognized as number one worldwide in recognition precision in an international technological evaluation of mobile voice recognition technology in noisy public areas such as an urban district.
 - Aiming to realize AI that interprets mental indicators and physical actions that humans are not aware of as data to offer “comfortable circumstances for humans,” we developed technology that reads subliminal mental fluctuations in humans from eye movement.
 - In order to deliver a simple and highly efficient quantum cryptography system, we developed technology that makes it unnecessary to install an error rate monitor between the sender and receiver.

- Status of Initiatives to Promote Corporate Social Responsibility (CSR)

In order to contribute to society and to promote growth of its business, we have been revising our “NTT Group CSR Charter” and “NTT Group Priority Activities.” Furthermore, in order to contribute to the sustainable development of society, NTT Group companies undertook a range of activities and engaged in proactive information disclosure.

- Enrich Social Communication
 - In order to provide an ICT environment and services that anyone can use easily, we began providing a text entry application, “Move & Flick,” with the aim of promoting the use of smartphones by individuals with visual disabilities. The application allows smartphones to be used without being mindful of the starting position for text entry.
- Protect the Global Environment
 - Through the “Total Power Revolution (TPR) movement,” which is aimed at promoting the reduction of electrical power consumption, etc., we worked to reduce the CO₂ emissions generated by our own business activities. Furthermore, by expanding the service area of cycle sharing utilizing ICT and building solar power generation system, we worked to reduce the environmental impact of society as a whole.
- Ensure Reliable Communications
 - In order to secure high levels of stability and reliability as key infrastructure, we implemented group-wide disaster drills and entered into agreements, such as ones with the Japan Post Group and the Petroleum Association of Japan, to enable cooperation when natural disasters occur and information sharing in normal circumstances. Furthermore, in order to counter increasingly diverse and large-scale cyberattacks, while conducting exercises, we developed more sophisticated security policies through countermeasures against targeted attacks and vulnerable areas, and promoted various initiatives in human resources development using various educational methods.
- Unite the Energies of Team NTT
 - We worked to create awareness among employees on sexual minorities such as LGBT persons and persons with disabilities, promoting the creation of a work environment that ensures a broad range of personnel can demonstrate their talents, and holding diversity workshops.

In light of the foregoing and other similar endeavors, NTT Group was selected as one of the Asia-Pacific Region index companies of the Dow Jones Sustainability Index (DJSI), a global index for socially responsible investing, for the second consecutive year.

As a result of the above efforts, NTT Group's consolidated operating revenues for the fiscal year ended March 31, 2016 were 11,541.0 billion yen (an increase of 4.0% from the previous fiscal year) and consolidated operating expenses were 10,192.8 billion yen (an increase of 1.8% from the previous fiscal year). As a result, consolidated operating income was 1,348.1 billion yen (an increase of 24.3% from the previous fiscal year), consolidated income before income taxes was 1,329.3 billion yen (an increase of 24.6% from the previous fiscal year), and consolidated net income attributable to NTT was 737.7 billion yen (an increase of 42.4% from the previous fiscal year).

The forecast for the fiscal year ending March 31, 2017 is as follows: operating revenues of 11,450.0 billion yen (a decrease of 0.8% year-over-year), operating income of 1,430.0 billion yen (an increase of 6.1% year-over-year), income before income taxes of 1,410.0 billion yen (an increase of 6.1% year-over-year), and net income attributable to NTT of 750.0 billion yen (an increase of 1.7% year-over-year).

The business results for each business segment for the consolidated fiscal year ended March 31, 2016 are as follows.

■Regional Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2015 – March 31, 2016)

(Billions of yen)

	Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Change	Percent Change
Operating revenues	3,505.5	3,407.9	(97.7)	(2.8%)
Operating expenses	3,336.7	3,142.9	(193.8)	(5.8%)
Operating income	168.9	265.0	96.1	56.9%

Number of Subscriptions

(Thousands of subscriptions)

	As of March 31, 2015	As of March 31, 2016	Change	Percent Change
FLET'S Hikari (including Hikari Collaboration Model) ⁽¹⁾	18,716	19,259	543	2.9%
NTT East	10,403	10,666	264	2.5%
NTT West	8,313	8,593	280	3.4%
Hikari Collaboration Model	270	4,691	4,421	1,634.6%
NTT East	190	3,077	2,886	1,517.2%
NTT West	80	1,615	1,534	1,913.1%
Hikari Denwa	17,108	17,374	267	1.6%
NTT East	9,032	9,123	91	1.0%
NTT West	8,076	8,252	176	2.2%

Notes:

- Number of "FLET'S Hikari (including Hikari Collaboration Model)" subscribers includes subscribers to "B FLET'S," "FLET'S Hikari Next," "FLET'S Hikari Light," "FLET'S Hikari Lightplus" and "FLET'S Hikari WiFi Access" provided by NTT East, subscribers to "B FLET'S," "FLET'S Hikari Premium," "FLET'S Hikari Mytown," "FLET'S Hikari Next," "FLET'S Hikari Light" and "FLET'S Hikari WiFi Access" provided by NTT West and subscribers to the "Hikari Collaboration Model," the wholesale provision of services to service providers by NTT East and NTT West.
- The figures for Hikari Denwa indicate the number of channels (in thousands). Number of "Hikari Denwa" subscribers includes wholesale services provided to service providers by NTT East and NTT West.

In the Regional Communications Business Segment, we worked to develop our B2B2X business through the "Hikari Collaboration Model," the wholesale provision of fiber-optic access infrastructure services to various service providers.

●Details of Main Initiatives

- With regard to the "Hikari Collaboration Model," the number of service providers providing wholesale service was around 350 companies at the end of the fiscal year ended March 31, 2016, as we promoted collaborative projects with not only mobile network operators and ISPs but also business operators in diverse industries including the energy industry, real estate industry, and security industry. In the cable television industry, new use cases were born, including the adoption of the "Hikari Collaboration Model" in the conversion of all service areas to fiber optics. As a result of these initiatives, the number of fiber-optic access service subscriptions using this model was 4.69 million.
- With the development of the "Hikari Collaboration Model," we achieved a large-scale reduction in marketing costs. Furthermore, by simplifying and streamlining networks and further increasing the usage of existing facilities, we worked to make capital investment more efficient.
- As companies and local governments are proactively promoting the use of Wi-Fi as a powerful information service tool, in various regions, we implemented an initiative to improve convenience for the increasing number of visitors to Japan by expanding the coverage area of Wi-Fi. The number of Wi-Fi area owners reached 393, marking a large increase from the previous fiscal year.

●Number of Subscriptions for Major Services

- FLET'S Hikari: 19.26 million subscriptions (an increase of 0.54 million subscriptions from the previous fiscal year)
- (Included in the above) "Hikari Collaboration Model": 4.69 million subscriptions (an increase of 4.42 million subscriptions from the previous fiscal year)
- Hikari Denwa: 17.37 million channels (an increase of 0.27 million channels from the previous fiscal year)
- FLET'S TV: 1.43 million subscriptions (an increase of 0.09 million subscriptions from the previous fiscal year)

(Note): The figures for "FLET'S Hikari," "Hikari Denwa" and "FLET'S TV" include the number of subscriptions for wholesale services provided to service providers through the use of the "Hikari Collaboration Model" provided by NTT East and NTT West.

As a result of the above, consolidated operating revenues in the Regional Communications Business Segment for the fiscal year ended March 31, 2016 were 3,407.9 billion yen (a decrease of 2.8% from the previous fiscal year). On the other hand, consolidated operating expenses were 3,142.9 billion yen (a decrease of 5.8% from the previous fiscal year). As a result, consolidated operating income was 265.0 billion yen (an increase of 56.9% from the previous fiscal year).

■Long Distance and International Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2015 – March 31, 2016)

	(Billions of yen)			
	Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Change	Percent Change
Operating revenues	1,998.6	2,250.9	252.3	12.6%
Operating expenses	1,885.1	2,154.2	269.2	14.3%
Operating income	113.6	96.7	(16.9)	(14.9%)

In the Long Distance and International Communications Business Segment, in addition to expanding our cloud computing platforms and enhancing our provision of seamless ICT solutions combining network and security, etc., we worked to enhance our service provision in growth areas such as cloud services and IT outsourcing.

●Details of Main Initiatives

- In order to strengthen our ability to meet the demand for cloud services and data centers in various global regions, we began providing services at new data centers, that achieve high reliability through redundancy of electric power facilities and telecommunications equipment as well as enhanced security, in Sacramento in North America, Vienna in Europe, and Hong Kong, Mumbai, and Bangkok in Asia. Furthermore, we acquired one of the largest data center providers in Indonesia, PT. Cyber CSF (headquartered in Jakarta). As a result of efforts to proactively expand cloud computing platforms, NTT Group's data centers were ranked as top class in the world in terms of both total floor area and potential server installation floor area according to a report by U.S. TeleGeography (published in October 2015).
- Toward our goal of business expansion in growth fields such as cloud services and IT outsourcing, we strengthened our operational structure by securing personnel in various regions.

●Number of Subscriptions for Major Services

- Number of customers for Cloud services: 8,300 customers (an increase of 1,000 customers from the previous fiscal year)
- Hikari TV: 3.05 million subscriptions (an increase of 0.04 million subscriptions from the previous fiscal year)

As a result of the above, consolidated operating revenues in the Long Distance and International Communications Business Segment for the fiscal year ended March 31, 2016 were 2,250.9 billion yen (an increase of 12.6% from the previous fiscal year). On the other hand, consolidated operating expenses were 2,154.2 billion yen (an increase of 14.3% from the previous fiscal year). As a result, consolidated operating income was 96.7 billion yen (a decrease of 14.9% from the previous fiscal year).

■ Mobile Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2015 – March 31, 2016)

(Billions of yen)

	Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Change	Percent Change
Operating revenues	4,383.4	4,527.1	143.7	3.3%
Operating expenses	3,747.6	3,738.8	(8.9)	(0.2%)
Operating income	635.8	788.4	152.6	24.0%

Number of Subscriptions

(Thousands of subscriptions)

	As of March 31, 2015	As of March 31, 2016	Change	Percent Change
Mobile phone services	66,595	70,964	4,368	6.6%
New billing plan	17,827	29,704	11,877	66.6%
LTE (“Xi” services)	30,744	38,679	7,934	25.8%
FOMA services	35,851	32,285	(3,566)	(9.9%)

Notes:

- Number of subscriptions to mobile phone services, LTE (“Xi”) and “FOMA” services includes communication module service subscriptions.
- Effective March 3, 2008, the use of the “2-in-1” service, in principle, requires a “FOMA” subscription; the number of mobile phone service subscriptions and the number of “FOMA” service subscriptions include such “FOMA” subscriptions.

In the Mobile Communications Business Segment, we have worked toward the promotion of sales of the new billing plan, “Kake-hodai & Pake-aeru,” and “docomo Hikari,” promoting collaboration with various businesses partners and providing new value-added services to enhance profitability in the smart life area.

● Details of Main Initiatives

- In addition to promoting the sales of its “Kake-hodai & Pake-aeru”, as a new billing plan tailored to suit a customer’s stage of life that offers more affordable rates to long-term users, we newly launched the “Kake-hodai Light Plan” in September 2015, and the “Share pack 5” in March 2016. As a result, the number of subscriptions to “Kake-hodai & Pake-aeru,” reached 29.70 million.
- By utilizing the “Hikari Collaboration Model” from the Regional Communications Business Segment, we promoted the sales of the “docomo Hikari Pack,” which bundles fiber-optic access infrastructure services, internet access service, and mobile service. As a result, the number of subscriptions to “docomo Hikari” reached 1.57 million.
- In order to strengthen profitability in the Smart Life area, in addition to content services, finance and settlement services, we pursued the “+d” initiative, which was aimed at creating new added value through collaboration with various business partners. Specifically, in addition to commencing testing of a revolutionary rice-planting management system in Niigata City, we began offering “d POINTs,” our new loyalty point program that can be used at convenience stores and fast food restaurants, etc.

As a result of the above, consolidated operating revenues in the Mobile Communications Business Segment for the fiscal year ended March 31, 2016 were 4,527.1 billion yen (an increase of 3.3% from the previous fiscal year). On the other hand, consolidated operating expenses were 3,738.8 billion yen (a decrease of 0.2% from the previous fiscal year). As a result, consolidated operating income was 788.4 billion yen (an increase of 24.0% from the previous fiscal year).

■Data Communications Business Segment

Overview of Business Results by Business Segment (April 1, 2015 – March 31, 2016)

(Billions of yen)

	Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Change	Percent Change
Operating revenues	1,511.0	1,616.8	105.8	7.0%
Operating expenses	1,424.7	1,504.1	79.4	5.6%
Operating income	86.4	112.7	26.4	30.5%

In the Data Communications Business Segment, we responded to the acceleration of our customers' expansion in the global market and the diversification and increased sophistication of their needs by working to expand our business in the global market and to expand and reliably provide a range of IT services, such as system integration, that are responsive to the changes in the market.

●Details of Main Initiatives

- To strengthen consulting services to the global financial services industry, we acquired Carlisle & Gallagher Consulting Group, Inc. (headquartered in the U.S.), a leading US provider of financial IT consulting and system deployment. To increase our presence through the acquisition of a North America-focused operating base and to enhance cloud services and BPO services using cutting-edge technology, we reached an agreement with Dell Inc. to acquire the Dell Services Division, a leading provider of digital solutions services tailored to the healthcare industry.
- We participated in the development of a digital archive management of rare collections including the Spanish Royal Family library, which is managed by Patrimonio Nacional, a state institution responsible for preserving the assets of the Spanish Crown.
- We started providing IoT platforms that collect and distribute the information of various “things” including electronic devices such as sensors and plants, and we promoted the development of IoT services for monitoring services for supply and waste water utility operators.

As a result of the above, consolidated operating revenues in the Data Communications Business Segment for the fiscal year ended March 31, 2016 were 1,616.8 billion yen (an increase of 7.0% from the previous fiscal year). On the other hand, consolidated operating expenses were 1,504.1 billion yen (an increase of 5.6% from the previous fiscal year). As a result, consolidated operating income was 112.7 billion yen (an increase of 30.5% from the previous fiscal year).

■Other Business Segment

Overview of Business Results by Business Segment (April 1, 2015 – March 31, 2016)

(Billions of yen)

	Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Change	Percent Change
Operating revenues	1,272.2	1,294.5	22.2	1.7%
Operating expenses	1,204.8	1,220.4	15.7	1.3%
Operating income	67.5	74.0	6.6	9.7%

In the Other Business Segment, we mainly provided services related to the real estate business, finance business, construction and electric power business, and system development business.

●Details of Main Initiatives

- Real Estate Business
We pursued our real estate leasing operations centered on office buildings and commercial facilities and our condominium operations principally through the “Wellith” brand. Furthermore, we utilized our know-how developed in these operations to pursue global and real estate fund businesses.

- Finance Business
We provided financial services such as leasing, installation payment, and other finance areas concentrating on information-related equipment, billing and collection services for telecommunication service bills, and credit card transaction settlement services.
- Construction and Electric Power Business
By combining and utilizing our technology in “ICT, energy, and construction” to the fullest extent, we designed and built large-scale solar power generation systems and data centers.
- System Development Business
To provide optimized, high-quality ICT services to our customers, we worked to develop network operation systems and application services.

As a result of the above, consolidated operating revenues in the Other Business Segment for the fiscal year ended March 31, 2016 were 1,294.5 billion yen (an increase of 1.7% from the previous fiscal year). On the other hand, consolidated operating expenses were 1,220.4 billion yen (an increase of 1.3% from the previous fiscal year). As a result, consolidated operating income was 74.0 billion yen (an increase of 9.7% from the previous fiscal year).

(2) Analysis of Financial Position

Net cash provided by operating activities for the fiscal year ended March 31, 2016 increased by 320.0 billion yen (13.4%) from the previous fiscal year to 2,711.8 billion yen. This increase was due to, among other factors, an increase in operating income.

Net cash used in investing activities decreased by 108.8 billion yen (5.8%) from the previous fiscal year to 1,759.8 billion yen. This decrease was due to, among other factors, a decrease in capital investments and other such investments partially offset by an increase in payments for the purchases of non-current investments.

Net cash used in financing activities increased by 29.6 billion yen (4.4%) from the previous fiscal year to 707.6 billion yen. This increase was due to, among other factors, a decrease in proceeds from borrowings partially offset by a decrease in stock repurchases.

As a result of the above, NTT Group's consolidated cash and cash equivalents as of March 31, 2016 totaled 1,088.3 billion yen, an increase of 239.1 billion yen (28.2%) from the end of the previous fiscal year.

	(Billions of yen)			
	Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)	Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)	Change	Percent Change
Cash flows provided by operating activities	2,391.8	2,711.8	320.0	13.4%
Cash flows used in investing activities	(1,868.6)	(1,759.8)	108.8	5.8%
Cash flows used in financing activities	(678.0)	(707.6)	(29.6)	(4.4%)
Cash and cash equivalents at the end of year	849.2	1,088.3	239.1	28.2%

(3) Basic Policy Concerning Profit Distribution: Dividends in the Current Term and Next Term

In addition to increasing corporate value over the medium- and long-term, NTT has identified the return of profits to shareholders as an important management goal. In determining the level of dividends, NTT, while giving consideration to stability and sustainability, takes into account a full range of factors, including business performance, financial standing and dividend payout ratio.

NTT is planning to distribute dividends of 110 yen per share for the current annual period, comprising a 60-yen end-of-term dividend and a 50-yen interim dividend. For the next annual period, dividends are planned to be 120 yen for the full year.

While maintaining a good financial standing and as part of a capital policy to improve capital efficiency, NTT intends to use internal funds for investments in new business opportunities.