

Financial Results for the Fiscal Year Ended March 31, 2015 (16th Term)

May 15, 2015
Nippon Telegraph and Telephone West
Corporation
("NTT West")

FY2014 Financial Results Summary

- ▶ FLET'S Hikari Net Increase increased 140,000 year-on-year to 450,000 lines (50,000 more than the forecast)
(Partial listing) Hikari Collaboration Model subscriptions: 80,000 (10,000 new subscriptions; 70,000 switchover subscriptions)
- ▶ Operating Income increased 19.2 billion yen year-on-year to 35.6 billion yen (0.6 billion yen more than the forecast)
- ▶ Capital Investment decreased 24.8 billion yen year-on-year to 314.5 billion yen (5.4 billion yen less than the forecast)

(Billions of yen)

	FY2013	FY2014 ^{*1}	Increase (Decrease)	FY2015 Forecast ^{*2}	Increase (Decrease)
Operating Revenues	1,589.6	1,574.2 (-4.7)	(15.3)	1,517.0 (0)	(57.2)
Operating Expenses	1,573.2	1,538.5 (-5.4)	(34.6)	1,472.0 (0)	(66.5)
Operating Income	16.3	35.6 (+0.6)	+19.2	45.0 (0)	+9.3
Recurring Profit	26.0	28.8 (+0.8)	+2.7	38.0 (0)	+9.1
Net Profit	18.7	13.9 (-5.0)	(4.7)	29.0 (-)	+15.0
Capital Investment	339.4	314.5 (-5.4)	(24.8)	290.0 (0)	(24.5)
FLET'S Hikari Net Increase (in thousands of subscriptions) ^{*3}	310	450 (+50)	+140	200 (0)	(250)

Figures are rounded down to the nearest billion yen.

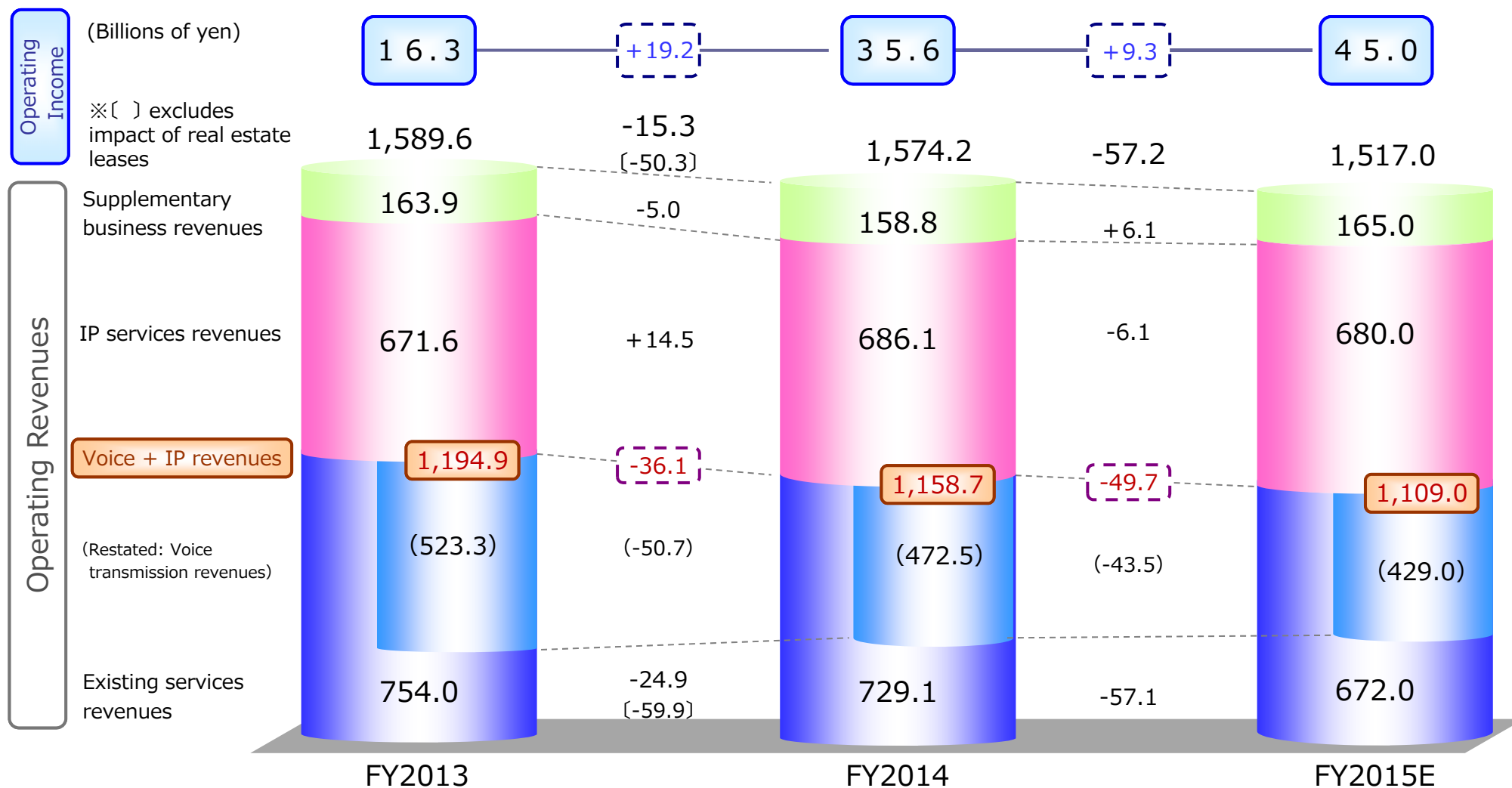
*1: The figures in parentheses represent the increase (decrease) from the FY2014 forecasts announced on February 27, 2015

*2: The figures in parentheses represent the increase (decrease) from the FY2015 forecasts submitted for approval on February 27, 2015

*3: FLET'S Hikari Net Increase includes the net increase in Hikari Collaboration Model subscriptions

Changes in Operating Income and Operating Revenues **NTT****WEST**

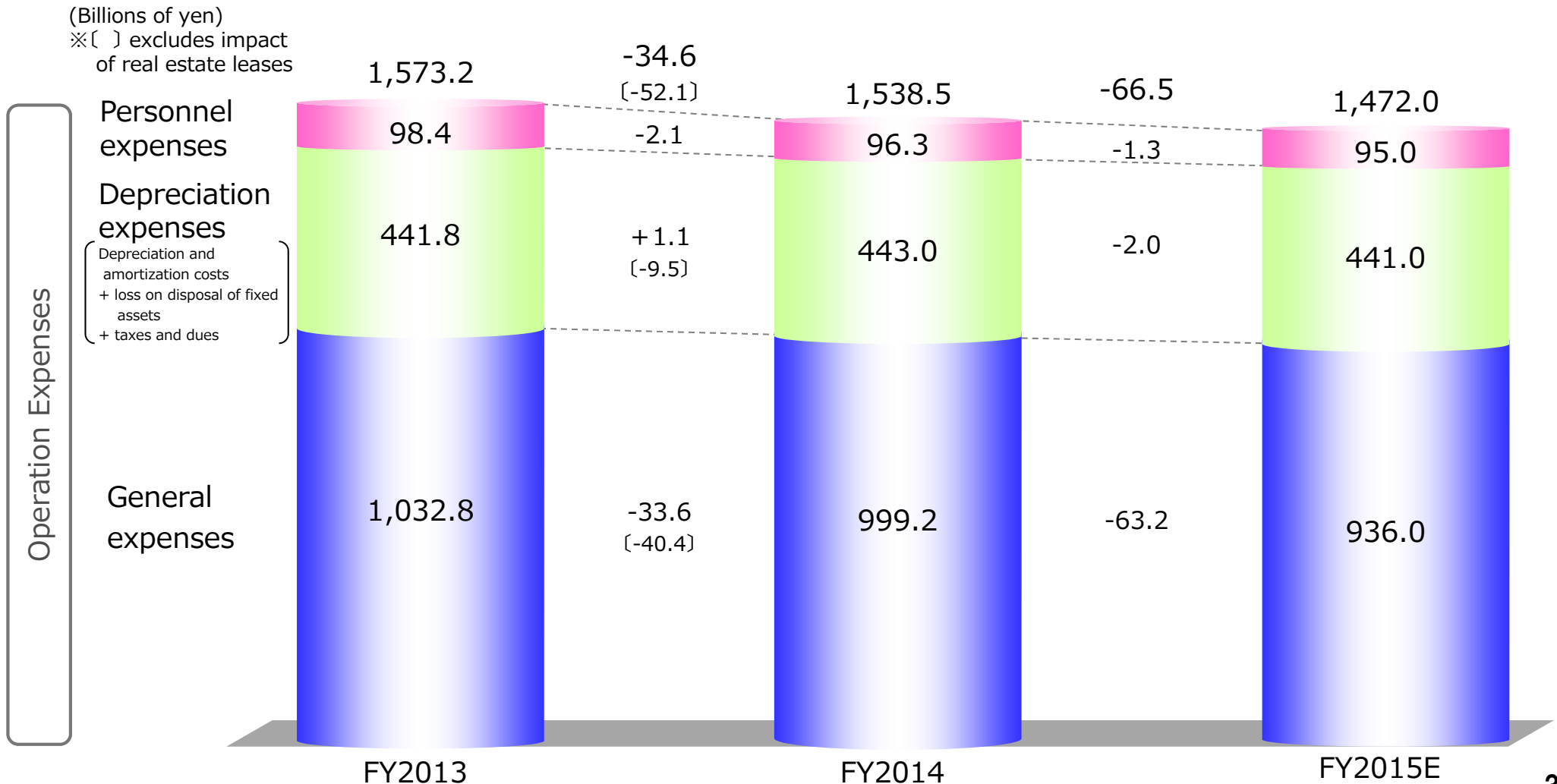
- FY2015 Operating Income is expected to increase 9.3 billion yen year-on-year to 45 billion yen.
- FY2015 Operating Revenues are expected to decrease 57.2 billion yen year-on-year to 1,517 billion yen due to, among other things, a continued decrease in existing services revenues and a decrease in IP services revenues as a result of the concentration of switchovers contributing to decreased revenues associated with the full-scale launch of the Hikari Collaboration Model.



Figures are rounded down to the nearest billion yen.

Changes in Operating Expenses

- FY2015 Operating Expenses are expected to decrease 66.5 billion yen year-on-year to 1,472 billion yen due to, among other things, increased business operations efficiency and reduced marketing costs associated with the shift to the Hikari Collaboration Model, as well as efforts to implement measures to further improve business operations.



Figures are rounded down to the nearest billion yen.

Shift in Operating Strategy

Bold shift from the previous consumer-centered B2C Model sales to the Alliance Business (B2B2X Model) including the Hikari Collaboration Model and the business market

[Hikari Collaboration Model sales (totals from February 2015)]: service providers: 78 companies,
new subscriptions: approx. 40,000, switchover subscriptions: approx. 230,000 (as of May 11, 2015)

- ▶ Develop an organization to promote the Alliance utilizing the Hikari Collaboration Model
 - ✓ Establish the **Alliance Business Headquarters** to administer the Hikari Collaboration Model, and initiate the **Business Design Department** to implement the Alliance strategy and service development, and the **Fiber Access Collaboration Department** to assist service players
 - ✓ Establish the **Alliance Business Department** for each block (region) to strengthen its structure
 - ✓ Shift approximately **3,000 personnel** to growth fields, such as Hikari Collaboration-related businesses, Alliance Marketing, and SOHO sales fields

Increase corporate sales (target sales of 600 billion yen in the corporate sales segment)

- ▶ Enhance the ICT use environment by contributing to the Vitalization of Local Economies
- ▶ Create a sales system specific to industry type, **concentrate resources** in the university, bank and local government cloud segments, and invest in highly marketable areas (Osaka and Nagoya) and in highly profitable projects

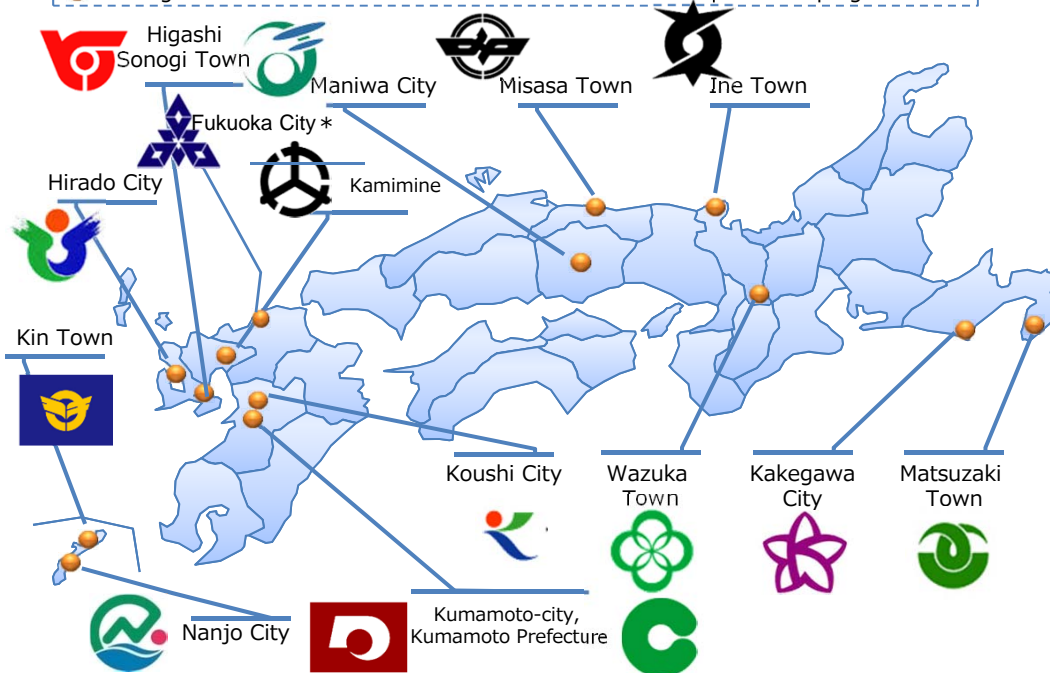
Contribution to the Vitalization of Local Economies

- ▶ As a measure aimed at the Vitalization of Local Economies, NTT West will aim to increase comprehensive partnership agreements with local governments, promote the development of services for Smart Hikari Town products, and expand the scale of business to 40 billion yen in sales

<Efforts Aimed at the Vitalization of Local Economies>

- ✓ To lead the effort toward the Vitalization of Local Economies, NTT Group entered into comprehensive partnership agreements with 14 local governments
* Fukuoka City has entered into a partnership agreement with NTT Holding Company
- ✓ Going forward, NTT West will promote the sales of Smart Hikari products for local governments involved in tourism and disaster prevention

● Local governments with which NTT West has entered into partnership agreements



<Examples of Smart Hikari Town Services Aimed at the Vitalization of Local Economies>

Utility × I C T

- ◆ Hikari Town Channel
- ◆ Disaster prevention and tourist Wi-Fi
- ◆ On-demand transportation
- ◆ Remote health consultation
- ◆ Others

Disaster Prevention × I C T

- ◆ Digitalization of governmental disaster prevention radio systems
- ◆ Fire department digital radio systems
- ◆ Sensors, cameras
- ◆ Hazard maps
- ◆ Others

Elementary and Middle School Education × I C T

- ◆ Tablets & classroom WiFi
- ◆ Thin clients
- ◆ School administration systems
- ◆ Others

Data Transmission Platform

- ◆ Construction of broadband networks
- ◆ Information Highway
- ◆ Regional intranet
- ◆ Others

Expansion of Wi-Fi

- ▶ Expand NTT West’s public Wi-Fi areas compatible with “Japan Connected-free Wi-Fi” in main tourist areas by collaborating with local governments, as a local revitalization initiative to respond to the increase in visitors to Japan (implement “One Authentication” function enabling use of open Wi-Fi in different areas with single authentication)
- ▶ Plan to further expand to local governments, main tourist areas and other areas during FY2015, expanding public Wi-Fi to about 100 areas, including projects currently under construction, mainly for tourism and disaster prevention

Key ○【Tourism】 ◆【Disaster prevention】

Kyushu

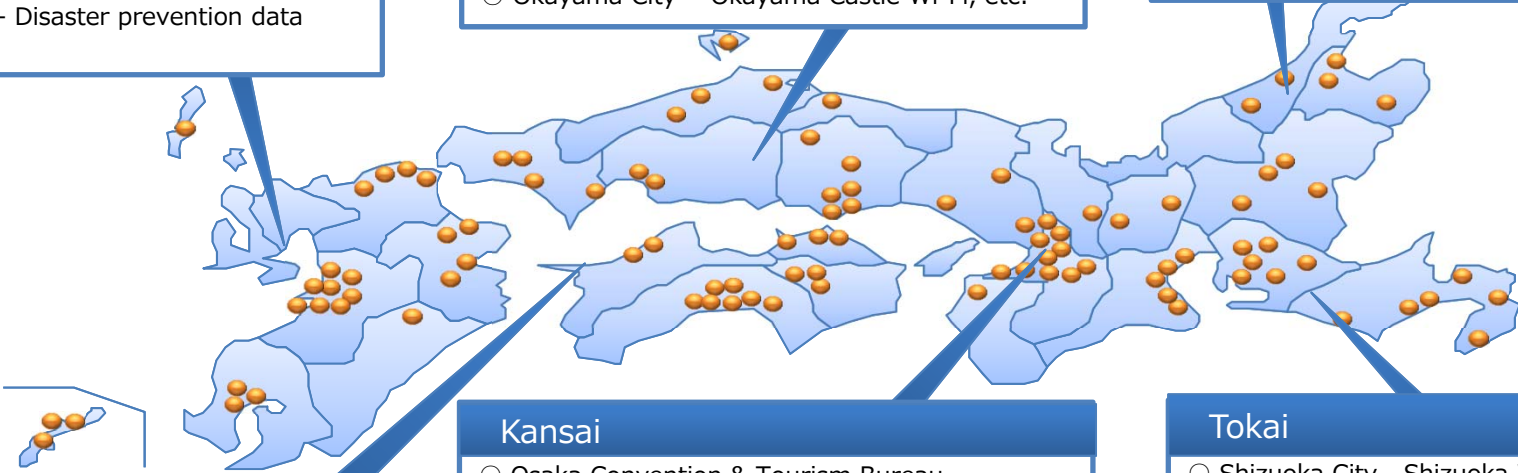
- Tsushima City - Tsushima City Wi-Fi
- Kagoshima City - Kagoshima City Wi-Fi
- Okinawa City - KOZA Wi-Fi
- ◆ Munakata City - Disaster prevention data station, etc.

Chugoku

- Hiroshima City - Hiroshima Free Wi-Fi
- Okayama Prefecture - Korakuen Wi-Fi
- Okayama City - Okayama Castle Wi-Fi, etc.

Hokuriku

- Kaga City - Public wireless LAN installation
- Kanazawa City - Kanazawa Free Wi-Fi, etc.



Shikoku

- Ehime Prefecture - Ehime Free Wi-Fi
- Kagawa Prefecture - Kagawa Wi-Fi, etc.

Kansai

- Osaka Convention & Tourism Bureau - Osaka Free Wi-Fi
- Wakayama City - Wakayama Free Wi-Fi
- Nara Prefecture - Nara Park Wi-Fi
- ◆ Nara City - Disaster prevention data station, etc.

Tokai

- Shizuoka City - Shizuoka Wi-Fi Paradise
- Shizuoka Prefecture - Mt. Fuji Free Wi-Fi, etc.

Expansion of Growth Businesses

- ▶ In FY2015, aim to surpass 100 billion yen in sales of growth businesses in order to increase NTT West Group sales

Real Estate Business [NTT West Asset Planning]

- ✓ Expand methods for effective utilization of land by relocation based on the Office Grand Design implemented in the Kyoto area, to large cities such as Osaka and Kyoto
- ✓ Further development of effective utilization through broadening Alliance partners and NTT Group collaboration



Contact Center Business [NTT Marketing Act]

- ✓ Thorough cultivation of public and private projects utilizing our strengths, such as our many years of operating experience with "116 call center"
- ✓ In addition to operation of the Contact Center, broaden our business areas to back office fields, such as personnel, accounting and general affairs



Environment and Energy Business [NTT Smile Energy]

- ✓ Steadily expand business and become profitable for the first time in the company's four-year history, by combining the visualization of electric power using "Eco Megane" and solar power generation business
- ✓ More than 40,000 "Eco Megane" devices sold, a service that enables visualization of solar power generation. In FY2015, aim to further expand the service and reach total sales of 70,000 devices



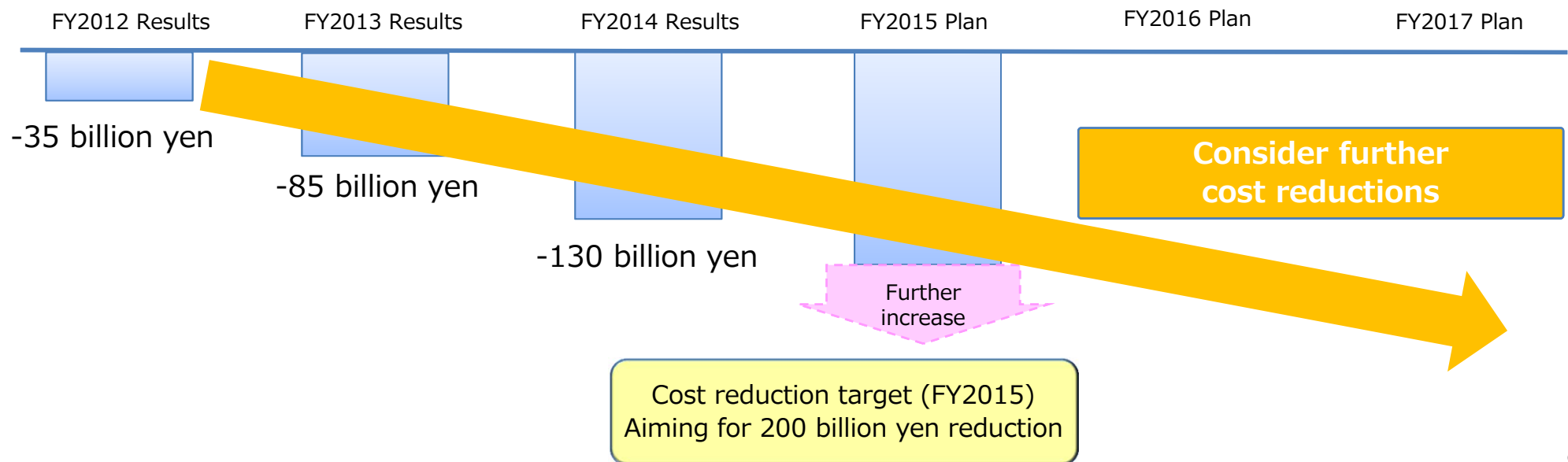
Cost Reductions

Efforts aimed at drastic cost reductions

- ▶ Improve business operation efficiency
 - Gradual concentration of locations aimed at a shift to a single center per block (region) system
 - Reduction of line opening backyard costs
- ▶ Reduction of marketing costs based on the full-scale operation of the Hikari Collaboration Model

<Cost Reduction Results and Plans>

*Compared to FY2011 cumulative cost reduction amount

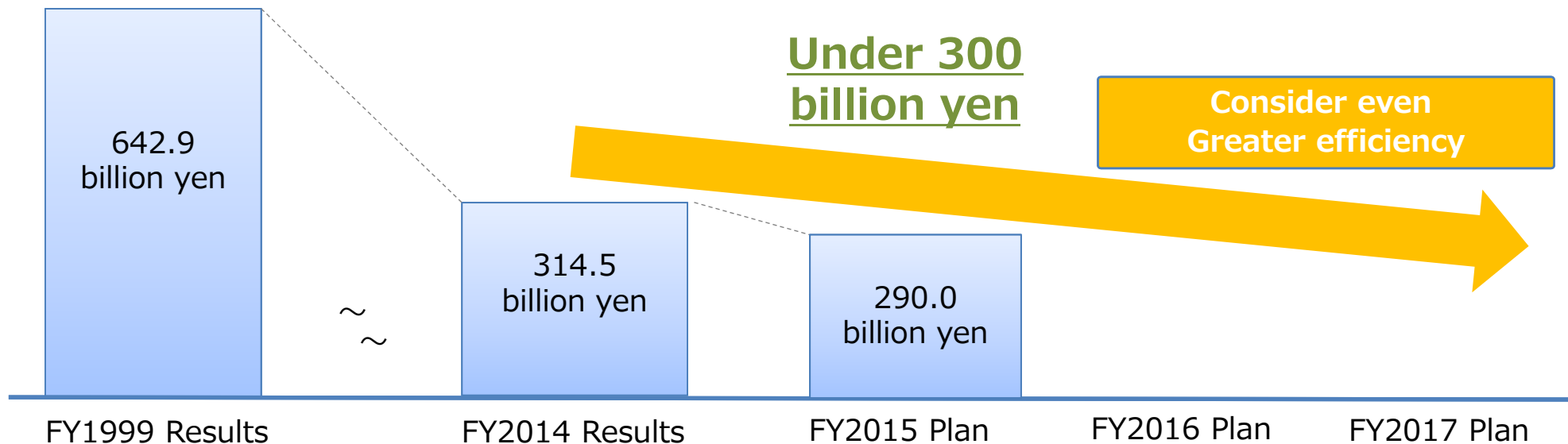


Reduction in Capital Investment

Main efforts aimed at capital investment reductions

- ▶ Thoroughly reduce cost of goods and procurement outlays by consolidating procured materials, and shifting our products to common specifications
- ▶ Reduce costs associated with line opening construction of fiber-optic service by increasing construction that does not require the dispatch of NTT West employees and the effective use of existing facilities
- ▶ Restrict investments in existing facilities, such as the NGN and leased line switchboards

<Capital Investment Results and Plans>

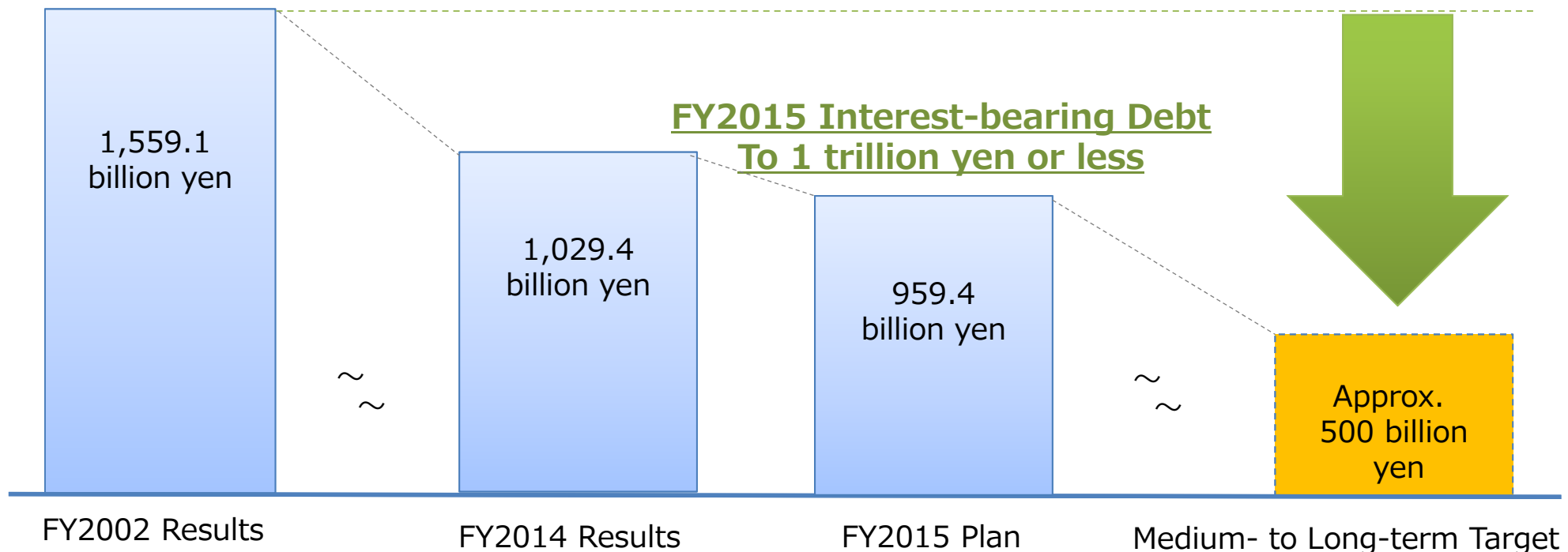


Reduction of Interest-bearing Debt

- ▶ FY2015 target: Lower interest-bearing debt balance to approximately 1 trillion yen or less by reducing borrowing by 70 billion yen
- ▶ Medium- to long-term target: Make further efforts to reduce interest-bearing debt balance by 1 trillion yen compared to its historical high (in FY2002), and aim to reach 500 billion yen level

<Interest-Bearing Debt Balance Results and Plans>

Reduce by
1 trillion yen from highest level



The forward-looking statements and projected figures concerning the future performance of NTT West, its parent company (NTT) and their respective subsidiaries and affiliates contained or referred to herein are based on a series of assumptions, projections, estimates, judgments and beliefs of the management of NTT West in light of information currently available to it regarding NTT West, the economy and telecommunications industry in Japan and overseas, and other factors. These projections and estimates may be affected by the future business operations of NTT West, NTT and their respective subsidiaries and affiliates, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, the pricing of services, the effects of competition, the performance of new products, services and new businesses, changes to laws and regulations affecting the telecommunications industry in Japan and elsewhere, other changes in circumstances that could cause actual results to differ materially from the forecasts contained or referred to herein, as well as other risks included in NTT's most recent Annual Report on Form 20-F and other filings and submissions with the United States Securities and Exchange Commission.

Accounting policies used to determine the figures in this presentation are consistent with those used to prepare financial statements in accordance with accounting principles generally accepted in Japan.

* "E" in this material represents that the figure is a plan or projection for operation.

** "FY" in this material indicates the fiscal year ending March 31 of the succeeding year.