

# **Business Operation Plan for the Fiscal Year Ending March 31, 2018**

**March 1, 2017**

**Nippon Telegraph and Telephone West Corporation  
("NTT West")**

# Measures for the Fiscal Year Ending March 31, 2018

- The information and telecommunications market is undergoing a rapid structural change as a result of the development of broadband and the evolving and diversified patterns of usage due to the spread of smart devices and social media as well as the utilization of AI, Big Data and IoT.
- NTT West will aim to realize a network environment that will enable customers to connect “anytime, anywhere and with anyone or anything” and “in comfort, safety and with peace of mind” by offering an open network that utilizes the unique characteristics of fiber optics and by expanding its Wi-Fi platform. At the same time, NTT West will endeavor to contribute to the development of an ICT society through the creation of a new lifestyle by expanding the use of fiber-optic services and through developing solutions for issues facing society.
- The business operations for the fiscal year ending March 31, 2018 include providing services for corporate users and the Hikari Collaboration Model to service providers, as well as providing customers with greater convenience by the creation of new services through the promotion of business alliances. NTT West also plans to maintain its community-oriented sales activities in order to develop ICT solutions aimed at resolving issues facing society, improve the quality of services for customers and contribute to the development of local communities.  
In conjunction with this, NTT West will aim to contribute to the creation of a safe and secure society by seeking to ensure the stable provision of its services, attempting to prevent equipment failures, strengthening facilities countermeasures in preparation for possible large-scale disasters, responding vigorously to restore service and providing victims and affected individuals with various means of communication in times of disaster.
- Through the above measures, NTT West will strive to maintain profitability and endeavor to share the benefits with its customers, local communities and, through its holding company, its shareholders.

# Service Plan and Capital Investment Plan

## ■ Service Plan (net increase)

Item	Unit	FY2016 Forecast	FY2017 Plan	Change from Previous Fiscal Year
FLET'S Hikari (Including Hikari Collaboration Model)	million subscriptions	0.30	0.30	±0.00
Fixed-line telephone (Telephone subscription + ISDN <sup>1</sup> )	million subscriptions	(0.80)	(0.67)	+0.13

Note 1: Figures for ISDN subscriber lines represent the combined total for INS-Net 64 and INS-Net 1500 (one INS-Net 1500 subscription is calculated as ten INS-Net 64 subscriptions).

## <For reference> Number of Subscriptions as of the end of FY2016 and FY2017

FLET'S Hikari	million subscriptions	8.89	9.19	+0.30
FLET'S Hikari	million subscriptions	5.58	4.43	(1.15)
Hikari Collaboration Model	million subscriptions	3.31	4.76	+1.45

NTT West estimates the number of subscription changes (forecast) from FLET'S Hikari to the Hikari Collaboration Model to be 1.2 million lines in FY2016 and 1.0 million lines in FY2017.

## ■ Capital Investment Plan

Item	Unit	FY2016 Forecast	FY2017 Plan	Change from Previous Fiscal Year
Capital Investment	Billions of yen	275.0	260.0	(15.0)

# Revenues and Expenses Plan

(Billions of yen)

	FY2016 Forecast	FY2017 Plan	Change from Previous Fiscal Year
Operating Revenues	1,481	1,442	(39)
IP services revenues	695	686	(9)
Voice transmission services revenues (excluding IP services)	394	369	(25)
Other (leased circuit, commissioned, etc.)	392	387	(5)
Operating expenses	1,396	1,352	(44)
Personnel expenses	81	74	(7)
General expenses	902	878	(24)
Depreciation expenses	413	400	(13)
Operating income	85	90	+5
Other income (expenses)	(5)	(5)	±0
Recurring profit	80	85	+5

**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.**

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