

Business Operation Plan for the Fiscal Year Ending March 31, 2015

February 28, 2014

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

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.**

Basic Concepts of the Business Operation Plan

NTT West will work to establish a stable revenue base and undertake comprehensive cost reduction efforts in order to achieve sustained growth. At the same time, NTT West will also implement measures to create a safe and secure society.

■ Establish a stable revenue base

- Reach 8 million FLET'S Hikari subscriptions by early FY2014 in order to achieve target of 9 million subscriptions
 - Strengthen B2B2C business by promoting alliances
 - Accelerate growth of the Wi-Fi business by increasing usage of FLET'S Hikari over mobile devices
 - Provide an array of lower-rate plans that match customers' patterns of usage, and a variety of services
- Increase sales to corporate users
 - Enhance and strengthen corporate sales platforms
 - Create Smart Hikari Town and further expand its cloud business

Basic Concepts of the Business Operation Plan

■ Comprehensive cost reduction efforts

- Increase business operations efficiency and implement extensive cost reduction measures
 - Transition to self-manufacturing and centralize/reduce number of offices through the promotion of business process reengineering
 - Limit capital investments through efforts to more efficiently utilize existing facilities

■ Create a safe and secure society

- Work to ensure reliable communications facilities that can withstand large-scale disasters such as the Nankai Trough Earthquake
 - Improve waterproofing of exchange offices and the quality of communications facilities, including a review of relay routes
 - Accumulate know-how by conducting emergency drills for large-scale disasters

Service Plan and Capital Investment Plan

■ Service Plan (net increase)

Item	Unit	① FY2013 revised forecast		② FY2014 plan	
					Change ②-①
FLET'S Hikari	10,000 subscriptions	30	[(20)]	40	+10
Fixed-line telephone	10,000 subscribers	(120)	[+5]	(110)	+10
Telephone subscriptions	10,000 subscribers	(103)	[+2]	(95)	+8
ISDN	10,000 subscribers	(17)	[+3]	(15)	+2

Note: 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).

*Figures in brackets [] represent the change from the original forecast.

■ Capital Investment Plan

Item	Unit	① FY2013 revised forecast		② FY2014 plan	
					Change ②-①
Capital Investment	Billions of yen	340.0	[±0.0]	320.0	(20.0)
Investment in conversion to fiber-optic access network (partial listing only)	Billions of yen	Approx. 125.0	[±0.0]	Approx. 115.0	(10.0)

*Figures in brackets [] represent the change from the original forecast.

Revenues and Expenses Plan

(Billions of yen)

Item	① FY2013 revised forecast ¹		② FY2014 plan	Change ②-①	Impact of real estate leases ²	Impact of other factors
Operating revenues	1,581.0	[(5.0)]	1,580.0	(1.0)	+32.0	(33.0)
IP services revenues	673.0	[(5.0)]	685.0	+12.0	—	+12.0
Existing services revenues	752.0	[±0]	733.0	(19.0)	+32.0	(51.0)
Voice transmission services revenues (partial listing only)	521.0	[±0]	473.0	(48.0)	—	(48.0)
Supplementary businesses revenues	156.0	[±0]	162.0	+6.0	—	+6.0
Operating expenses	1,561.0	[(5.0)]	1,545.0	(16.0)	+17.0	(33.0)
Personnel expenses	99.0	[(2.0)]	101.0	+2.0	—	+2.0
General expenses	1,022.0	[(5.0)]	1,001.0	(21.0)	+7.0	(28.0)
Depreciation and amortization	440.0	[+2.0]	443.0	+3.0	+10.0	(7.0)
Operating income	20.0	[±0]	35.0	+15.0	+15.0	±0
Other income (expenses)	8.0	[±0]	(7.0)	(15.0)	(15.0)	±0
Recurring profit	28.0	[±0]	28.0	±0	—	±0

Notes: 1. Figures in brackets [] represent the change from the original forecast.

2. Beginning with the fiscal year ending March 31, 2015, revenues and expenses of real estate leases will be reallocated from "Other income (expenses)" to "Operating income (expenses)."