

**Business Operation Plan for
the Fiscal Year Ending March 31, 2016**

February 27, 2015

**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.**

Measures for the Fiscal Year Ending March 31, 2016

- **Contribute to the development of local communities by enhancing the ICT usage environment**
 - Contribute to the vitalization of local economies by promoting the Smart Hikari Town concept
- **Promote the creation of new services through collaboration with service providers**
 - Shift to a B2B2C model
(Phased transition from conventional retail sales to Hikari Collaboration in the consumer market)
 - Make advances in logistical support that will allow service providers to offer seamless services
- **Strengthen initiatives in the corporate sales segment**
 - Enhance service and product lineups that address the needs of corporate users
- **Create a safe and secure society**
 - Work to ensure reliable communications facilities that can withstand potential large-scale disasters such as a Nankai Trough earthquake
 - Develop speedy and accurate operations
- **Strengthen business base**
 - Pursue extensive cost reductions through ongoing promotion of BPR (Business Process Reengineering) and reduction in marketing costs
 - Improve the efficiency of capital investments through the utilization of existing facilities and construction that does not require the dispatch of workers
 - Strengthen financial position by reducing interest-bearing debt

Service Plan and Capital Investment Plan

■ Service Plan (net increase)

Item	Unit	① FY2014 forecast*		② FY2015 plan	
					Change ②-①
FLET'S Hikari	10,000 subscriptions	40	[±0.0]	20	(20)
Fixed-line telephone	10,000 subscribers	(110)	[±0.0]	(90)	+20
Telephone subscriptions	10,000 subscribers	(95)	[±0.0]	(77)	+18
ISDN	10,000 subscribers	(15)	[±0.0]	(13)	+2

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

Note 1: Figures for FLET'S Hikari include subscribers to the Hikari Collaboration Model.

Note 2: 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).

■ Capital Investment Plan

Item	Unit	① FY2014 forecast*		② FY2015 plan	
					Change ②-①
Capital Investment	Billions of yen	320.0	[±0.0]	290.0	(30.0)
Investment in conversion to fiber-optic access network	Billions of yen	Approx. 115.0	[±0.0]	Approx. 95.0	(20.0)

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

Revenues and Expenses Plan

(Billions of yen)

Item	FY2014 ^① revised forecast*		FY2015 plan ^②	Change ②-①
Operating revenues	1,579.0	[(3.0)]	1,517.0	(62.0)
IP services revenues	685.0	[±0]	680.0	(5.0)
Existing services revenues	730.0	[(3.0)]	672.0	(58.0)
Voice transmission services revenues	473.0	[±0]	429.0	(44.0)
Supplementary businesses revenues	164.0	[±0]	165.0	+1.0
Operating expenses	1,544.0	[(3.0)]	1,472.0	(72.0)
Personnel expenses	96.0	[(3.0)]	95.0	(1.0)
General expenses	1,005.0	[±0]	936.0	(69.0)
Depreciation and amortization	443.0	[±0]	441.0	(2.0)
Operating income	35.0	[±0]	45.0	+10.0
Other income (expenses)	(7.0)	[±0]	(7.0)	±0
Recurring profit	28.0	[±0]	38.0	+10.0

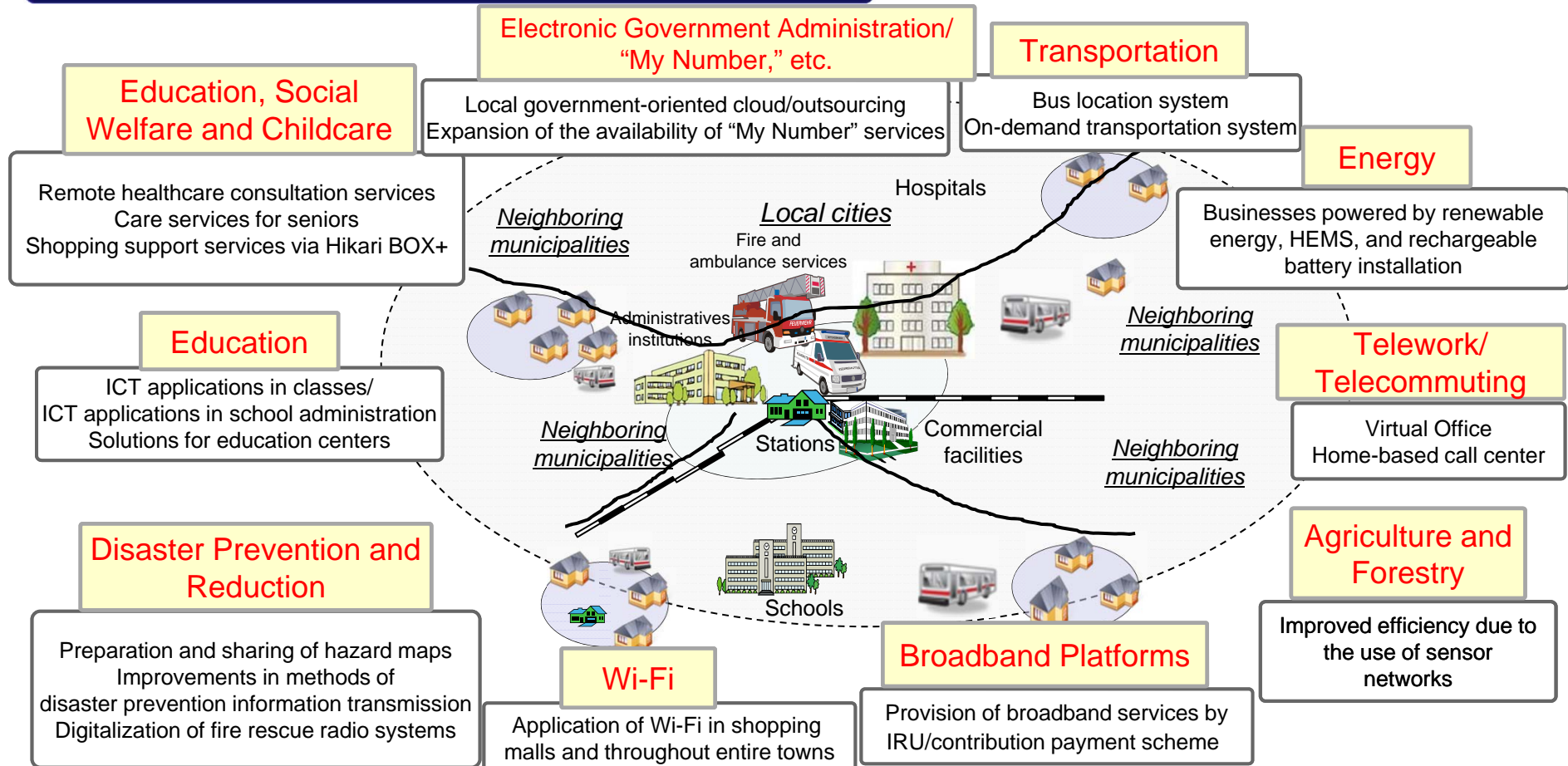
* Figures in brackets [] represent the change from the original forecast.

(Reference)

Measures for the Fiscal Year Ending March 31, 2016 (Local Economies)

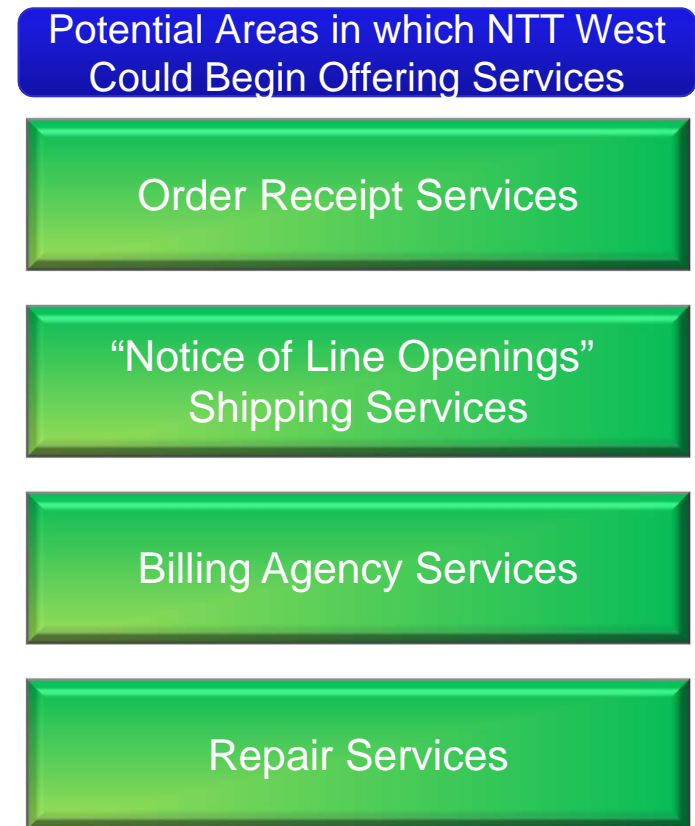
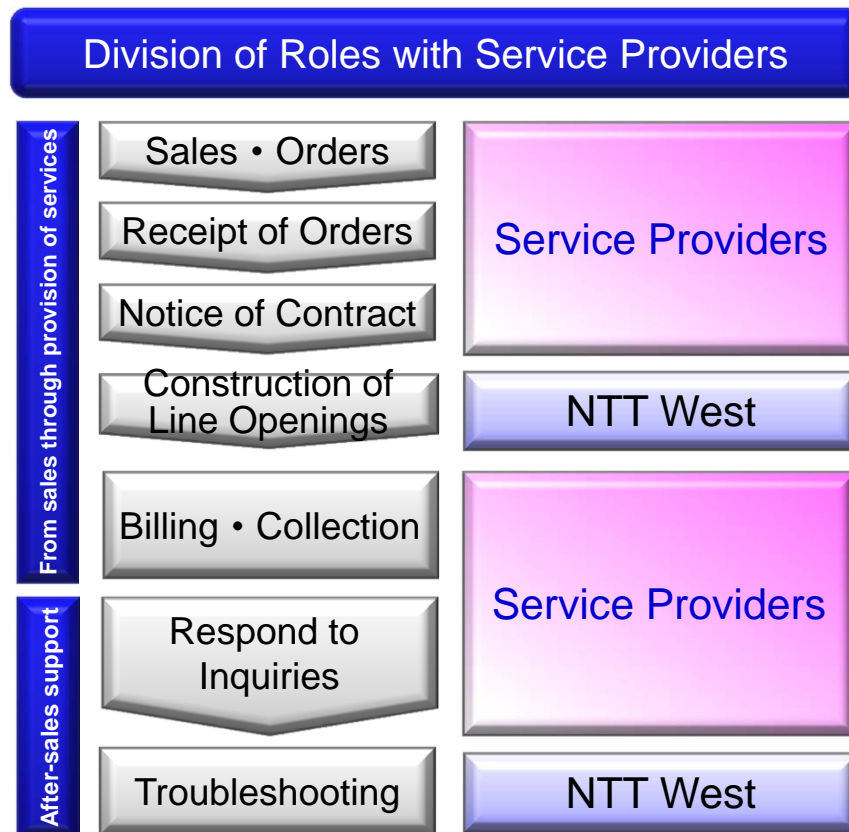
- Enhance lifestyle convenience and contribute to the vitalization of local economies by achieving a broadband and ubiquitous network environment and offering a wide array of services that utilize the characteristics of “Hikari” technology.
 - Promote the creation of "smart" towns (Smart Hikari Towns) as an approach to building towns in which people can live safely and with peace of mind, and enjoy a convenient lifestyle

Visualization of contributions to local economies via ICT



Measures for the Fiscal Year Ending March 31, 2016 (Consumer Business Segment)

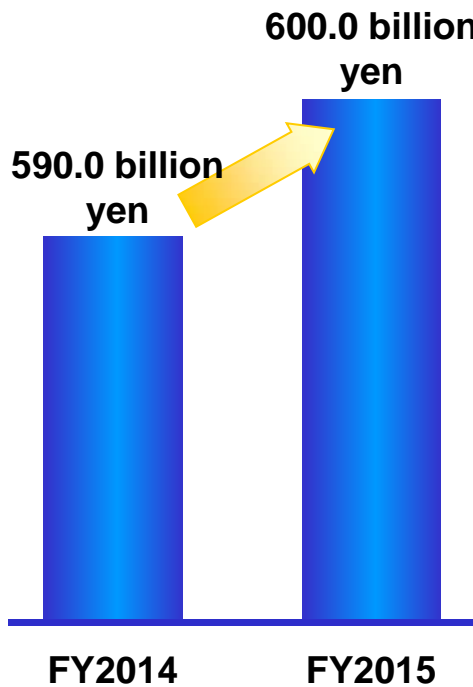
- **Promote the use of Hikari services by steering away from competition with other carriers and instead creating new services in collaboration with new players.**
 - Promote cooperation with service providers
 - Implement organizational adjustments to expand full-scale "Hikari Collaboration"
 - Develop speedy service to meet the demands of service providers



Measures for the Fiscal Year Ending March 31, 2016 (Corporate Sales Segment)

➤ **Strengthen initiatives in the corporate sales segment in order to reach our target of 600.0 billion yen in corporate market sales**

Corporate Market Sales



Key Measures

- ✓ **Enhancement of service lineups**

 - Accelerate pace of customer pitch cycle by packaging/bundling our services
 - Enhance one-stop support menu for general office environment
- ✓ **Strengthen collaboration with alliance partners**

 - Increase network revenues through collaboration with outside partners
 - Support the business expansion of alliance partners
- ✓ **Flexible sales structure**

 - Establish sales system by industry sector

Product Lineups

- Cloud**

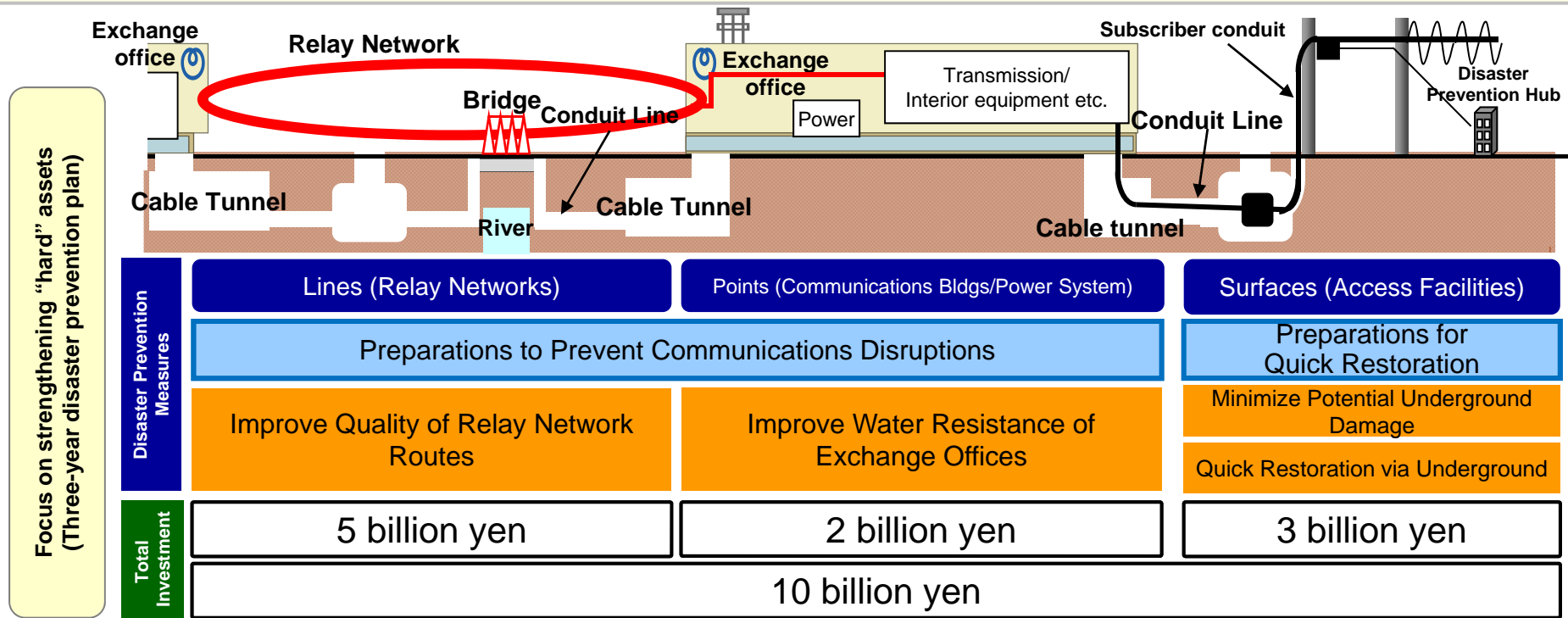
 - Data centers
 - Smart Hikari Town
 - Smart Hikari Business Wi-Fi
- Network**

 - Business Ether Wide
 - FLET'S VPN Wide
 - Optical IP telephony
 - FLET'S Hikari Light
- Devices/Support**

 - Business phones
 - Security products
 - One-stop support

Measures for the Fiscal Year Ending March 31, 2016 (Disaster Countermeasures)

- We implemented a three-year plan (FY2012-2014) in preparation for a major disaster such as the predicted major earthquake along the Nankai Trough, and we will further enhance the reliability of our business and strengthen its operational structure by implementing additional measures associated with the ongoing reevaluations of the hazard map.



- Further enhance "soft" assets (Future)
 - Implement joint practical training with relevant local governments and other authorities to ensure prompt restoration of services
 - Improve systems and pre-deployment of restoration supplies (such as materials, fuel and vehicles) in preparation for frequently occurring natural disasters
 - Shorten restoration times and provide prompt and accurate information to customers by quickly assessing disaster information