

**Business Operation Plan for
the Fiscal Year Ending March 31, 2017**

March 1, 2016

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

Measures for the Fiscal Year Ending March 31, 2017

- 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 IoT and Big Data.
- 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 information distribution society and the creation of a new lifestyle by expanding the use of fiber-optic services.
- The business operations for the fiscal year ending March 31, 2017 include providing services and collaborations for corporate users as well as providing customers with greater convenience by the creation of new services through the provision of the Hikari Collaboration Model to service providers. NTT West also plans to maintain its community-oriented sales activities in order to improve the range and quality of services for customers and contributing 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 broadband access, attempting to prevent equipment failures, strengthening facilities countermeasures in preparation for possible large-scale disasters, and responding vigorously to restore service 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	FY2015 Forecast	FY2016		
			Plan	Change from Previous Fiscal Year	
FLET'S Hikari (Including Hikari Collaboration Model)	10,000 subscriptions	25	[+5] ¹	30	+5
Fixed-line telephone (Telephone subscription + ISDN ²)	10,000 subscribers	(90)		(80)	+10

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

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	FY2015 Forecast	FY2016		
			Plan	Change from Previous Fiscal Year	
Capital Investment	Billions of yen	290.0		275.0	(15.0)

Revenues and Expenses Plan

(Billions of yen)

	FY2015 Forecast	FY2016 Plan	Change from Previous Fiscal Year
Operating Revenues	1,527.0	1,472.0	(55.0)
IP services revenues	697.0 [+7.0]*	694.0	(3.0)
Voice transmission services revenues (excluding IP services)	429.0	393.0	(36.0)
Other (leased circuit, commissioned, etc.)	401.0 [(7.0)]*	385.0	(16.0)
Operating expenses	1,463.0	1,408.0	(55.0)
Personnel expenses	90.0	78.0	(12.0)
General expenses	932.0	904.0	(28.0)
Depreciation expenses	441.0	426.0	(15.0)
Operating income	64.0	64.0	±0
Other income (expenses)	(7.0)	(5.0)	+2.0
Recurring profit	57.0	59.0	+2.0

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

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.**