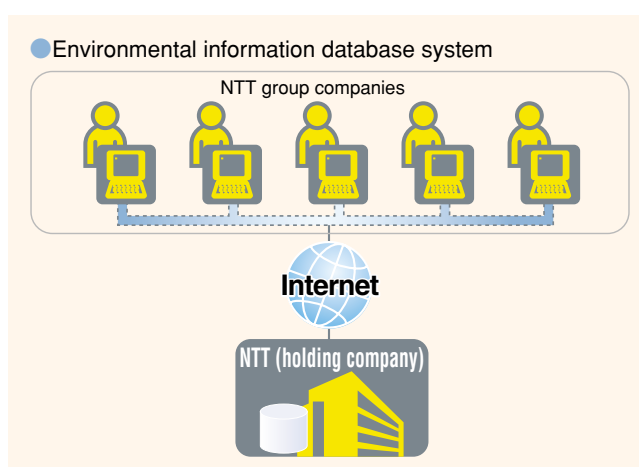


Monitor and disclose results of environmental protection activities, and constantly strive to improve these activities.

Environmental Information Database System

Web search 11-1

NTT Group built and is now running an Environmental Information Database System in order to share environmental data and to aggregate environmental performance data. Using this system, one can contact the manager in environmental concerns at each NTT Group company, access information relating to environmental laws and regulations, and obtain the latest information about the environment over the Internet. The database also has the capability to automatically tabulate and total greenhouse gas emissions, quantities of waste material, and other data for each NTT Group company. In fact, all of the environmental performance figures shown in this report were calculated using this system.



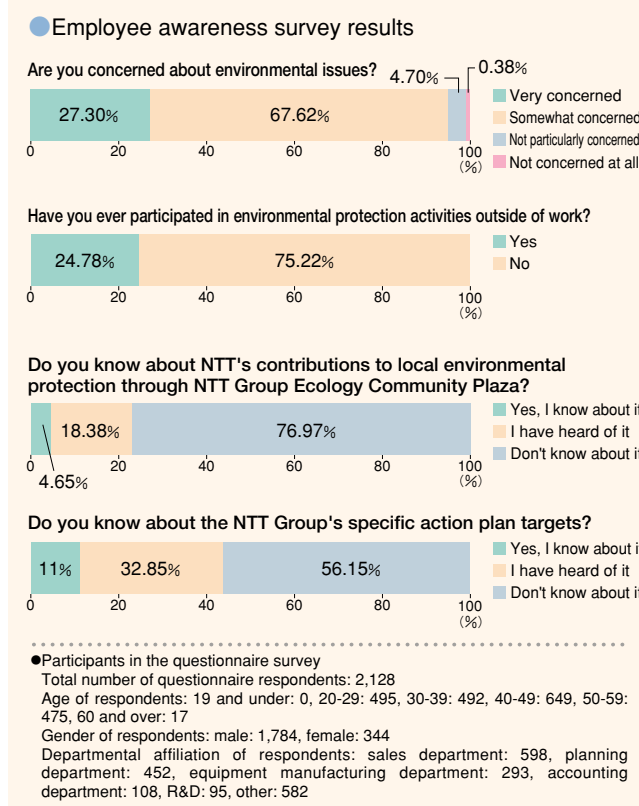
Employee Education and Employee Awareness Survey

Web search 11-2

The progress we have achieved in pursuing environmental protection activities can largely be attributed to our individual employees. NTT takes employee training very seriously and invests considerable effort in educating and enlightening its employees through new employee orientation programs, seminars aimed at employees, and by producing environmental pamphlets, environmental training videos (The Forest and Youth), and other materials. In 2003, we conducted a series of workshops for environmental managers held in four different locations throughout the country, and 308 employees representing 129 companies took part in the workshops.

On our website we also added a feature called NTT Group Employees Speak Out About the Environment that provides a place where employees can share their thoughts and experiences relating to the environment. Eleven employees in particular put up very moving material about the environment during 2003.

In addition, we continued to conduct questionnaire-based surveys of employee attitudes toward the environment and awareness of the NTT group's environmental policies. About 2,000 workers filled out the questionnaires in 2003. The survey results revealed that our employees have a good awareness of the environment but relatively little knowledge of the NTT group's environmental policies and initiatives. This information will be very useful for promoting NTT Group environmental policies in the years ahead.



Environmental Accounting

Web search 12

In 2000 the NTT Group put in place an environmental accounting system for quantifying and analyzing the environmental conservation costs of our business activities and the protective effects achieved from those expenditures (in terms of economic and physical benefits), information needed to track and disclose our efforts to the public. Until 2002 the accounting was done on a cash flow basis, but beginning in 2003 we incorporated the notion of depreciation regarding environmental costs and benefits for 2003 to better reflect investments made in 2003 relating to the environment in subsequent years.

Environmental accounting in 2003 revealed costs of 60.85 billion yen including 9.07 billion yen for environmental investment and 51.78 billion yen environmental expenses. On the benefits side of the ledger, an environmental benefit of 75,000 tons reduction of CO₂ emissions and an economic benefit of 33.71 billion yen were achieved. The economic benefits were mainly achieved by promoting greater reuse which simultaneously reduced new purchases and costs for waste disposal. Although environmental conservation costs were reduced by 1.66 billion yen compared to 2002 and the cash flow accounting basis that was used then, this could largely be attributed to a reduction in R&D expenses for the NTT Group as a whole and the completion of part of the R&D to reduce power consumption of third-generation mobile phone equipment. On the other hand, economic benefits increased by 6.49 billion yen compared to 2002, and this should have a beneficial effect on environmental expenses.

1. Scope of inclusion

The companies subject to consolidated environment accounting are NTT (holding company), NTT EAST, NTT WEST, NTT Communications, NTT Data, NTT DoCoMo, and their group companies (149 companies in total).

2. Accounting time frame

Data for 2003 report is from April 1, 2003 to March 31, 2004
Data for 2002 report is from April 1, 2002 to March 31, 2003

3. Method of calculation

- Accounting is based on the "NTT Group Environmental Accounting Guideline." Our guideline is in full compliance with the "Environmental Accounting Guidelines" (2003 Version) issued by the Ministry of the Environment.
- Conservation costs are expressed in currency units, while conservation benefits are classified into those that can be expressed in monetary units and those expressed in physical quantity. Starting in 2003 depreciation has been incorporated in environmental expenses. Note that environmental expenses also includes labor costs.
- Conservation costs were tabulated separately as environmental investments (capital investments) and environmental expenses (cash flow). Moreover, in 2003 depreciation expenses are included in both environmental conservation costs and environmental conservation benefits, so costs are more detailed. Personnel costs are also included in environmental expenses.

4. Deemed effects

Deemed effects (intangible benefits) derived by NTT customers and the NTT Group through the use of IT and physical benefits as a result of research and development are not included in the environmental accounting described at the right, but are reported elsewhere in the report as follows:

- Indirect benefits to customers from reduced environmental impact: p.3-4
- Indirect physical benefits from R&D: p.19-20

Environmental conservation costs (¥100 million)

Ministry of the environment guidelines classification	Environmental investment		Environmental expenses (cash flow)		Environmental expenses (capital investment)
	2002	2003	2002	2003	2003
1. Business area cost	55.6	59.5	169.9	175.7	281.7
■ Pollution prevention cost	1.2	1.0	3.4	6.5	7.1
■ Global environmental conservation cost	50.4	56.0	25.1	29.3	133.2
■ Resource circulation cost	4.0	2.5	141.4	139.9	141.4
2. Upstream/Downstream cost	2.4	0.9	32.1	38.9	41.7
3. Administration cost	3.3	1.1	59.4	61.3	62.5
4. R&D cost	40.9	29.2	118.4	98.1	129.9
5. Social activity cost	0.0	0.0	1.3	2.0	2.0
6. Environmental remediation cost	0.0	0.0	0.0	0.0	0.0
Total	102.2	90.7	381.1	376.0	517.8

Environmental conservation benefits (¥100 million)

Benefits expressed in monetary units	Cash flow		Including depreciation
	2002	2003	2003
Reduced expenses from decreased energy consumption	14.9	30.4	35.4
Amount gained from recycling	18.2	22.1	22.1
Reduction of waste disposal expenses with recycling	0.6	0.5	0.5
The amount of reduced expenses of new purchases through reuse	223.7	252.0	252.0
■ Dismantled telecommunications facilities	223.3	251.8	251.8
■ Wastes at offices	0.4	0.2	0.2
■ The amount of reduced mail expenses through digitization*	—	12.3	12.3
Other economic benefits	9.8	14.8	14.8
Total	267.2	332.1	337.1

*The amount of reduced mail expenses through digitization was included from 2003.

Benefits expressed in physical quantity units (10,000 tons)

Benefits expressed in physical quantity units	2002	2003
Amount of CO ₂ emission reduced		
■ Benefit of power saving measures (TPR campaign)	4.5	7.5
■ Benefit of introduction and use of low pollution vehicles	0.3	0.0
■ Other benefits	0.1	0.0
Total quantity recycled	93.0	77.7

2003 Investment amount and R&D costs* (¥100 million)

Total amount of investment for the period under review	20,136
Total cost of research and development for the period under review	3,548.6

*The total amount of investments and research and development costs for the period under review is the sum total of NTT Group companies.