

March 1, 2000

Nippon Telegraph and Telephone Corporation
NTT-ME Corporation
NTT SmartConnect Corporation

Development of ASP Service by the NTT Group: Opening a New Market through Collaboration

Since our reorganization last July, the NTT Group has been actively pursuing Internet-related businesses as a "global information sharing corporate group" with Nippon Telegraph and Telephone Corporation (hereinafter referred to as "NTT"; headquarters - Chiyoda Ward, Tokyo; President - Jun-ichiro Miyazu) at the center. We have now decided to pursue the full-scale development of the Application Service Provider (ASP) business from this April through close coordination among the individual group companies in an effort to develop a new information sharing market targeting small and medium enterprises.

- Description of the ASP Business

The ASP business is a new network service providing shared use of software, whereby users can utilize business and other software via the Internet from their personal computers, or by using the i-mode on their mobile telephones. ASP is a business field that is expected to realize dramatic worldwide market growth as an Internet-related business. With ASP, once users have prepared their Internet access environment, they can freely utilize the most recent software with short periods of installation lead time at a low cost by simply paying monthly software usage fees, without purchasing their own packaged software, servers, and other equipment.

- ASP Business Group Structure

Our ASP business including server operations and maintenance know-how will primarily be provided by NTT-ME Corporation (hereinafter referred to as "NTT-ME"; headquarters - Chiyoda Ward, Tokyo; President - Shigeru Ikeda) and NTT-ME Information Xing, Inc. (NTT-X, headquarters and President - same as above) in the eastern Japan region and by NTT SmartConnect Corporation (hereinafter referred to as "NTT SmartConnect"; headquarters - Kita Ward, Osaka; President - Akitoshi Ito) in the western Japan region. Direct sales activities targeting small and medium enterprises will be conducted by these two companies, and sales agency work targeting the said enterprises will be performed by Nippon Telegraph and Telephone East Corporation (headquarters - Shinjuku Ward, Tokyo; President - Hidekazu Inoue) and Nippon Telegraph and Telephone West Corporation (headquarters - Chuo Ward, Osaka; President - Kazuo Asada).

- Features of Software Provided

The software provided will initially include groupware for scheduler, meeting room reservations, work attendance management, and travel expenses calculations as well as sales support services for the sharing of customer information and simplified inventory

inquiries. The software will be provided by NTT DATA IntraMart Corporation (headquarters - Minato Ward, Tokyo; President - Jun Ohashi), which is a subsidiary of NTT DATA Corporation (hereinafter referred to as "NTT DATA"; headquarters - Koto Ward, Tokyo; President - Toshiharu Aoki) utilizing Intra-Mart™.

- Intra-Mart™ is a registered trademark of NTT DATA.
- NTT DATA inaugurated the ASP service ASPORT™ from January 31, 2000.

- Service Menu, Pricing, and Commencement Schedule

The services will be named "ME WAVE ASP Service" in the eastern Japan region and "SmartWare" in the western Japan region.

- Monthly Usage Fees (approximate)

Startpack (groupware)	about 2,500yen per user ID
Sales support services	about 3,000yen-3,500yen per user ID

- Initial fees (one-time payment, approximate)

about 30,000yen-50,000yen per company

The exact prices will be announced when the services are initiated

The service is scheduled to start on Monday, April 3, 2000.

- Sales Targets

During the initial year (fiscal 2000), we project 40,000 users and gross sales of approximately 600 million yen. The target figures for fiscal 2004 are around 600,000 users and gross sales of approximately 10 billion yen.

- Future Service Development

The NTT Group will be developing new services with open business scheme based on future market trends and user needs. Specifically, to upgrade our ASP service, we intend to form alliances with a broad range of domestic and overseas software vendors, hardware manufacturers and other firms to expand the software library that our users can access. In response to Internet-related demand, we also plan to develop outsourcing services with our data center facilities that maintain a high level of security at the center.

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