

**March 7, 2000**

For Immediate Release

**Nippon Telegraph and Telephone Corporation Submits Business
Operation Plan for Fiscal Year Ending March 31, 2001
to Minister of Posts and Telecommunications for Approval**

Nippon Telegraph and Telephone Corporation (NTT) today submitted its business operation plan for the fiscal year ending March 31, 2001, to the Minister of Posts and Telecommunications for approval.

Business Operation Plan for Fiscal Year Ending March 31, 2001

In the building of an advanced information society, information and communications are expected to make a substantial contribution to invigorating and enhancing the efficiency of socioeconomic activity, and as needs grow more sophisticated, diverse, and global in character, the market for them will expand and develop further. In addition, rapid progress towards a multimedia age is a global trend, powered by the substantial strides that are being made in technological innovation.

To help ensure that universal services are maintained amid this environment for information and communications, Nippon Telegraph and Telephone Corporation (NTT) intends to provide necessary advice, mediation, and other assistance to Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation (the "East and West Regional Companies"). It will also endeavor to promote research and development in the sphere of telecommunications technology—the base on which telecommunications function—in order to respond to social requirements for the development of multimedia.

In addition, NTT intends to utilize the total management resources of its corporate Group, and research and development capabilities, to foster active Group management that will bring about the development of the entire Group.

In the management of business operations for the fiscal year ending March 31, 2001, based upon this fundamental thinking it is NTT's aim to enhance the efficiency of the management of NTT subsidiaries and affiliates (the "NTT Group") operations, including those of the East and West Regional Companies, to expand new businesses with the aim of enhancing the circulation of information, and to continue to strengthen research and development that will contribute to the advancement of telecommunications. In this way NTT will seek to ensure the stable development of the NTT Group operations in the future, so as to enable it to return the fruits of these

efforts to customers, shareholders, and the community at large.

Based on this thinking, under the business operation plan for the fiscal year ending March 31, 2001, NTT will conduct its business management by giving priority to the following categories, and will do so in a flexible manner so as to respond to changes in the operating environment.

1. Advice, Coordination, etc.

For the East and West Regional Companies, NTT will provide all necessary advice, coordination, etc. to ensure the maintenance of high-quality and stable universal services. These will include planning and coordination relating to the quality and upgrading of telecommunications networks, the deployment of control and coordination capabilities when natural disasters and other emergencies occur, efficient fund-raising and the formulation of policies for materials procurement, and intra-NTT Group coordination to ensure the smooth implementation of the Mid-term Restructuring Plan that was announced in November 1999 in light of the harsh operating environment facing the East and West Regional Companies. NTT will also exercise its shareholder rights, if necessary, for such purposes as assuring the smooth flow of dividends to shareholders.

For all the NTT Group companies, NTT's other activities will include research for the purpose of cultivating new business activities, management support for operations such as business expansion and withdrawals from business activities, and assistance with the development of human resources that form the core of the NTT Group.

2. Promotion of Fundamental Research and Development

To meet the growing demands of society for the development of multimedia, the harmonious development of network infrastructure technologies, network services and application technologies, and advanced and basic technologies is indispensable. NTT will work toward the realization of (1)an affluent Electrum Cybersociety, in which information, products, and money circulate electronically (2)the Megamedia, the higher transmission speed and less expensive network services, and (3)next-generation infrastructure that achieves ultrahigh transmission speed and ultralarge-capacity communications.

NTT will continue to actively disseminate the results of its research and development and will conduct active technical interchanges with institutions both within Japan and overseas, including through ongoing contributions to standardization activities, industry standardization of research and development results, and research and development in collaboration with other research institutions.

To ensure the continuous implementation of this fundamental research and development, the costs will be continuously borne by the companies including the East and West Regional Companies which will benefit from the results of this research and development.

More specifically, NTT will conduct R&D activities as follows :

(1) Network Systems

In order to provide the "Megamedia" network services of the future that will bring about the sophisticated telecommunications networks and the economical transmission of signals ranging from low-speed, narrowband to high-speed, broadband, NTT will promote research and development in the sphere of network technologies, including technologies for constructing economical access networks, technologies for building flexible networks for diverse network services, and next-generation IP network technologies. NTT will also promote fundamental research and development of operation systems to improve the reliability of telecommunications networks and the quality of service. Cognizant of the sharp increase in energy consumption induced by the full-scale multimedia development, NTT will promote research and development to help reducing the electric power usage.

(2) User Systems

To realize the "Electrum Cybersociety" for electronically transmitted information, products and money on the sophisticated telecommunications networks, NTT will promote research and development that will provide our customers with a safe and convenient information platform for electronic commerce. Specifically, it will be conducted in such areas as security technologies to ensure the safety of information communications; technologies for e-commerce transactions, such as billing, authentication, and authorization; information-sharing technologies for flexible information sharing under various network environments; media-processing technologies such as compression and recognition of video and voice data; and multimedia database technologies for the multimedia data storage and searching of a variety of media.

(3) Basic and Core Technologies

With a view to securing leadership in basic and core technologies that will underpin the information and communications of the future, and to contribute to the creative advancement and development of telecommunications in Japan, NTT will devote its attention to the creation of a photonic network that makes it possible to achieve ultrahigh-speed, ultrahigh-volume terabit- and petabit-level communications, in preparation for an age in which massive volumes of digital information circulate through networks. To this end NTT will seek out the potentialities of technologies such as wavelength division multiplexing and other new optical communications technologies; technologies for optical components such as optical amplification, optical wavelength division multiplexer/demultiplexer, and optoelectronic fusion devices; and technologies for optical information processing, and will promote research and development in such areas as nanoelectronics and new materials with new characteristics. This will be combined with research seeking for innovative new principles and new concepts for the next generation.

The table below contains an overview of the capital investment plan for the above.

Attachment

- [Capital Investment Plan for Fiscal Year Ending March 31, 2001](#)
- [Attachment 1 Revenues and Expenses Plan for Fiscal Year Ending March 31, 2001](#)
- [Attachment 2 Plan of Sources and Applications of Funds for Fiscal Year Ending March 31, 2001](#)

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