



February 28, 2001

For Immediate Release

**Nippon Telegraph and Telephone Corporation Submits
Business Operation Plan for Fiscal Year Ending March 31, 2002
to Minister of Public Management, Home Affairs, Post and
Telecommunications for Approval**

Nippon Telegraph and Telephone Corporation (NTT) today submitted its business operation plan for the fiscal year ending March 31, 2002, to the Minister of Public Management, Home Affairs, Post and Telecommunications for approval.

Business Operation Plan for the Fiscal Year Ending March 31, 2002

In the building of an advanced information and telecommunications network society, information and communications are expected to make a substantial contribution to invigorating and enhancing the efficiency of socioeconomic activity. The information and telecommunications market will continue to expand and develop as user needs grow more sophisticated, diverse and global in character.

To help ensure that universal services are maintained amid this information and communications environment, Nippon Telegraph and Telephone Corporation (NTT) intends to provide all 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 - which is the base on which telecommunications function - in order to respond to society's requirements for the development of an advanced information and telecommunications network society.

In addition NTT intends to utilize the total management resources of its corporate Group, including its research and development capabilities, to foster active Group management for the sound development of the entire Group.

In the management of business operations for the fiscal year ending March 31, 2002, based upon this fundamental thinking, it is NTT's aim to improve the management efficiency of its Group operations, including those of the east and west regional companies, to develop new businesses toward enhancing the information sharing industry, 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 Group operations in the future, and 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, 2002, 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, Mediation, etc.

For the east and west regional companies, NTT will provide all necessary advice, mediation, 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-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, as necessary, for such purposes as assuring the smooth flow of dividends to shareholders. For all the Group companies, NTT's 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, which form the core of the Group.

2. Promotion of Basic Research and Development

One prerequisite for responding to the social requirements for the formation of an advanced information and telecommunications network society is the harmonious and coordinated development of network-based technologies, technologies that provide the basis for new services and applications, and advanced and basic technologies in general. NTT will conduct research and development activities with the goal of realizing a reliable, secure, convenient and comfortable network society, including the following fields: (1) the provision of low-priced, ultra high-speed telecommunications infrastructure based on a Photonic Network (DoPN; Data over Photonic Network); (2) the stimulation of diverse network service markets and of contents distribution markets (Rich Internet); and (3) the realization of an abundant, high-quality environment for global users (Seamless, Full, Global).

In conjunction with these efforts, NTT will continue to actively disseminate the results of its research and development and conduct active technology exchanges with institutions both within Japan and overseas, including 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 basic research and development, the costs will be borne by the east and west regional companies, which will benefit from the fruits of these efforts.

Specifically, priority will be given to the following areas in NTT's research and development activities.

(1) Infrastructure-related research and development

To further upgrade telecommunications networks and achieve next-generation network services providing the economical transmission of signals in higher-speed broadband, NTT will promote research and development in the sphere of base network technologies, including technologies for configuring economical access networks, technologies for building networks that can cope flexibly with diverse network services, and next-generation IP network technologies. At the same time, NTT will pursue basic research in the field of operating systems to improve the reliability of telecommunications networks and the quality of customer services. Additionally, considering the sharp increase in energy consumption accompanying the development of the advanced information and telecommunications network society, NTT will

promote research and development on reducing electric power consumption and on other means to promote the preservation of the global environment.

(2) User-related research and development

With a view to using sophisticated telecommunications networks to realize an advanced information and telecommunications network society encompassing the electronic exchange of information, goods, and currencies, NTT will pursue research and development activities on the infrastructure for providing customers with diverse telecommunications services including e-commerce and contents distribution.

Specifically, this will include research and development in such areas as security technologies to ensure the safety of information and communications; e-commerce related technologies for fee-collection, validation and authentication; information-distribution technologies that can cope flexibly with diverse network environments; media-processing technologies such as those for the compression and recognition of graphic and voice data; and multimedia database technologies for the storage and searching of a variety of media.

(3) Research and development in basic technologies

With a view to securing leadership in the basic and advanced technologies that will underpin the future of telecommunications, and to contribute to the inventive enhancement and development of information and communications in Japan, NTT will devote its efforts to the creation of a photonic network that makes it possible to achieve ultra high-speed, ultra high-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 pursue research and development activities to realize the potentials of wavelength division multiplexing and other new optical communications technologies; optical amplification, optical wavelength multiplexers and demultiplexers, optoelectronic fusion devices and other new optical components technologies; and technologies for processing optical information, and will also pursue research and development in such areas as nanoelectronics and new materials with unique characteristics. This will be combined with research on innovative new principles and new concepts for the next generation.

The following table presents an overview of the capital investment plan for all of these research and development activities.

Attachment

- [Capital Investment Plan for the Fiscal Year Ending March 31, 2002](#)
- [Attachment 1](#)
[Revenues and Expenses Plan for the Fiscal Year Ending March 31, 2002](#)
- [Attachment 2](#)
[Sources and Applications of Funds Plan for the Fiscal Year Ending March 31, 2002](#)

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