



February 28, 2002

For Immediate Release

**Nippon Telegraph and Telephone Corporation Submits
Business Operation Plan for Fiscal Year Ending March 31, 2003
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, 2003, to the Minister of Public Management, Home Affairs, Post and Telecommunications for approval.

Business Operation Plan for the Fiscal Year Ending March 31, 2003

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. As user needs grow more sophisticated, diverse, and global in character, the information and telecommunications market will continue to change dramatically with the intensification of competition resulting from the shift in demand from voice and fixed communications to IP and mobile communications and the entry of new carriers into the market.

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 regional companies"). It will also endeavor to promote research and development in telecommunications technology 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 its research and development capabilities and the total management resources of its corporate Group to respond to changes in the market environment and 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, 2003, NTT will aim to improve the management efficiency of its Group operations, including those of the regional companies, to develop new businesses for 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, 2003, NTT will conduct its business management by giving priority to the following activities, and will do so in a flexible manner so as to respond to changes in the operating environment.

1. Advice, Mediation, etc.

For the 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 NTT Group coordination to ensure the smooth implementation of the structural reform plans that were announced in October 2001 in light of the dramatic changes in the market structure and the competitive environment facing the regional companies. NTT will also exercise its shareholder rights, as necessary, in order to assure the smooth flow of dividends to shareholders.

For all the NTT Group companies, NTT's activities will include research for the purpose of developing 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 NTT 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. With the goal of realizing a reliable, secure, convenient, and comfortable network society and with a view to providing Hikari-Soft Services and Ubiquitous Services, NTT will conduct research and development activities to pursue the following: (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 sharing markets (Rich Internet); and (3) the realization of an abundant, high-quality environment for global users (Seamless, Full, and 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 execution of this basic research and development, we will seek to further increase research efficiency, and research costs will be borne by the regional companies, which in turn will benefit from 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 more economical and higher speed transmission of a large amount of information, NTT will promote research and development in the sphere of base network technologies, including technologies for configuring economical and diverse 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 in which the electronic exchange of information, goods, and currencies is further enhanced, NTT will pursue research and development activities on the infrastructure for providing customers with diverse telecommunications services, including e-commerce, contents sharing, and community /collaboration. Specifically, this will include research and development in such areas as security technologies to secure information and communications; e-commerce-related technologies for billing, validation, and authentication; information-distribution technologies that can cope flexibly with diverse network environments; media-processing technologies, such as those for the compression, recognition, and sharing of graphic and voice data; and multimedia database technologies for the storage and search 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 on ultra high-density wavelength division multiplexing and other new optical communications technologies as well as optical amplification, optical wavelength multiplexers and demultiplexers, optoelectronic fusion devices, and other new optical components technologies. NTT will also pursue research in such areas as nanotechnology, which seeks to realize the potentials of new materials with unique characteristics, and Communications Science, which explores new possibilities in communications. This will be combined with research on innovative new principles and new concepts for the next generation.

The following tables present 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, 2003](#)
- [Attachment 1](#)

[Revenues and Expenses Plan for the Fiscal Year Ending March 31, 2003](#)
- [Attachment 2](#)
[Sources and Applications of Funds Plan for the Fiscal Year Ending March 31, 2003](#)

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