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(Press Release)

Kadokawa Shoten Publishing Co., Ltd.
Nippon Telegraph and Telephone Corp.

Kadokawa and NTT begin Distribution Tests of "WebCinema" Enabling Viewers to Enjoy Interactive Functions using New Video Technologies
-- Promoting HIKARI Market Creation
through high value-added video content distribution --

Kadokawa Shoten Publishing Co., Ltd. (Kadokawa Shoten; Head Office: Chiyoda-ku, Tokyo; President: Tsuguhiko Kadokawa) and Nippon Telegraph and Telephone Corp. (NTT; Head Office: Chiyoda-ku, Tokyo; President: Jun'ichiro Miyatsu) will conduct distribution tests of specialized broadband cinema services for a period of two months starting from March 30. The tests, called "Vi! Click," will target "WebCinema" services, which aim to achieve broadband distribution and content production with a new approach to entertainment that would have been unattainable using conventional streaming contents, thus enabling viewers to enjoy a wide range of interactive features.

Following are the WebCinema contents that will be distributed during the joint distribution tests.

Title: "Meinichi" (based on the story by Mariko Koike)
Cast: Sayaka Yamaguchi, Asami Mizukawa (3rd "Miss Tokyo Walker"), etc.
Genre: Horror
Time: Part 1 = 19 min. Part 2 = 21 min.

Title: "Sekoi Yukai" (based on the story by Hitoshi Igarashi
Cast: Toru Masaoka, Renji Ishibashi, etc.
Genre: Satire
Time: 32 min.

In these joint tests, interactive technologies developed by NTT Cyber Solution Laboratories (NTT Laboratories) are incorporated into the above two short cinema pieces produced by Kadokawa Shoten, and a "VisionMark" is automatically displayed on the screen during scenes of particular interest to viewers, or scenes to which the producers want to draw attention. These marks contain any one of a variety of interactive features; for example, when the viewer clicks on a mark, the psychological profile of a character appears on the screen, hidden images are displayed, objects on the screen can be manipulated, or flashbacks can be viewed by clicking on photographs that appear during the cinema pieces.

WebCinema contents will be distributed to B Flets users and Flets ADSL users in Tokyo and Osaka, with the cooperation of NTT East and NTT West. Viewers interested in participating in the distribution tests are requested to access the following homepage, and to apply via this site.

Joint test information homepage : http://www.vi-click.com

<Goal of Joint Tests>

Kadokawa Shoten will produce the contents to be used in the tests as well as the interactive contents, and will plan and prepare promotional material. It will also accumulate know-how on the production of interactive video contents, and at the same time will conduct tests leading up to the construction of a new cinema-based commerce business model in which viewers are provided with information on props used in the dramas, actors' costumes, and character goods associated to the cinema pieces being distributed, and are given the opportunity to purchase related products. NTT Laboratories will provide the technologies required to produce contents with interactive features, and will be responsible for content design and distribution, as well as construction of the usage environment. Through these activities, it will evaluate the applicability of interactive technologies, and test distribution center control and management functions in the context of broadband distribution.

<Background to Joint Tests>

Kadokawa Shoten intends to make a major leap to becoming a "Mega Content Provider"[*1], providing a variety of high value-added content with a base in published materials. It will combine the merits of digital contents and broadband networks to provide these contents in an optimum format through a diverse range of media. It also plans to target interactivity with viewers as a form of added value for video contents in the broadband age, and to create new types of services and business by combining its own knowledge of content planning and production with various interactive technologies. NTT Laboratories, meanwhile, has been promoting HIKARI market creation activities[*2] that will open up new and untapped demand, with the goal of linking a wide range of industries and companies to create new markets on a foundation of optical networks. As a part of these activities, it has been developing technologies to achieve the interactive features that represent one of the major advantages of HIKARI-broadband services.

<Plans for the future>

Kadokawa Shoten and NTT will study these operations from a variety of perspectives, based on questionnaires completed by viewers, viewer evaluations of potential clients for cinema-based commerce, and other information. These studies will focus on themes such as: which formats were most readily accepted by viewers; which approaches will be most useful in the future construction of advertising models for the broadband era; and how to ensure sufficient profitability to offset production costs.

<Specific interactive technologies and viewer applications> (refer to diagram)

(1) VisionMark
   A technology for using symbols to show viewers the interactive services that have been incorporated in advance into specific scenes while the viewers are watching video contents.

(2) DynaVideo
   By specifying a subject on the screen, the viewer can display related videos, still images, text, or URLs, and thus enjoy a wide range of interactive contents to suite his or her own interests. During these tests, the viewer will be able to enjoy

interactive functions such as viewing hidden images or reading the psychological profile of characters in the story simply by clicking on the "VisionMark" that appears during the cinema piece.

(3) CyberCoaster

Using this technology, the viewer can manipulate objects on the screen as though holding them in his or her hands, or display related details about the target object. In these test broadcasts, objects or even characters appearing in the cinema piece can be manipulated by the viewer.

(4) SyncBook

Using a "book-shaped display" --a common format that is familiar to everyone-- the viewer can access extra videos and images corresponding to the progress of the video contents. During the tests, photos from the main character's past are displayed; by clicking on these photos, viewer can see flashbacks based on the photograph content.

(Explanation of Terms)

*1 Mega Content Provider
Kadokawa Shoten believes that its mission is to deliver original story contents (novels, comics, movies) and information contents (town information, lifestyle information, etc.) to users through a variety of media, including magazines, books, movies, TV, and the Internet. Given that the demand for contents is expected to increase even further in the broadband age, the company has undertaken diverse efforts to create movie versions of stories, to construct information databases, and to distribute these contents within the Kadokawa Group. The test with NTT is being conducted in keeping with these company policies.

*2 HIKARI Market Creation Activities
NTT announced the start of HIKARI Market Creation Activities in November 2000. These activities are designed to open up new demand and create new markets related to optic technologies, by cooperating with industry partners to provide customers around the world with new information sharing services (HIKARI-Soft Services) worthy of the era of optic technologies, taking full advantage of the unique characteristics of optic networks such as "high-speed, broadband environments," "interactivity," and "multi-media integration," and by having users provide evaluations of these services. (http://www.ntt.co.jp/news/news00e/0011/001128.html)

- Figure-1 Interactive Cinema Distribution Test Operations
- Figure-2 Interactive Technologies
- Figure-3 Vi! Click! System Configuration

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