



March 1, 2005

*For Immediate Release***Submission for Approval of Business Operation Plan
for Fiscal Year Ending March 31, 2006**

Nippon Telegraph and Telephone Corporation (NTT) today submitted its business operation plan for the fiscal year ending March 31, 2006 to the Minister for Internal Affairs and Communications for approval.

Business Operation Plan for Fiscal Year Ending March 31, 2006

In the building of an advanced information and telecommunications network society, information and communications are expected to make a substantial contribution to invigorating and raising the efficiency of socioeconomic activities, enhancing lifestyle convenience, and so on. Today, the public and private sectors in Japan are working together to make such a society a reality. The information and telecommunications market has been changing dramatically with the intensification of competition resulting from the rapid expansion of broadband services, the diversification and upgrading of mobile phone services, and the launch of fixed telephone services by new common carriers that use dry copper lines (unused telephone lines).

To help ensure that universal services are maintained amid this information and communications environment, 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 foster active Group management for the sound development of the entire Group based on the NTT Group's Medium-Term Management Strategy issued in November 2004 as a step to realize its "Vision for a New Optical Generation."

In the management of business operations for the fiscal year ending March 31, 2006, 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, including expanding the ubiquitous broadband market; 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, 2006, 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, deployment of control and coordination capabilities when natural disasters and other emergencies occur, efficient fund-raising, and formulation of policies for materials procurement. NTT will also exercise its shareholder rights, as necessary, in order to assure the smooth flow of dividends to shareholders.

For all NTT Group companies, including the regional companies, NTT's activities will include management support for such operations as business expansion and provision of assistance with the development of the human resources that form the core of the NTT Group. NTT will also use its combined strengths to actively build the ubiquitous broadband market to help achieve the e-Japan Strategy and the u-Japan Initiative, and will strive to increase corporate value and achieve sustained growth.

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 to realize "a communication environment where entities such as people and objects are interactively connected by broadband and ubiquitous networks anytime, anywhere and with anyone or anything, and people enjoy superb usability that is secure, reliable, and simple."

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, NTT will seek to further increase research efficiency, and research costs will be borne by the regional companies and other NTT Group 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 build a safe, secure, and convenient communications network environment and broadband access infrastructure, while achieving a seamless migration from fixed line to IP telephone services and from metal wire systems to optical fiber as defined as one of the management objectives of the NTT Group's Medium-Term Management

Strategy, 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, node architecture technology, optical multiplexing technology, 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 measures to promote the preservation of the global environment.

(2) User-related research and development

NTT will pursue research and development activities on infrastructure for providing customers with diverse telecommunications services, including e-commerce, contents sharing, and community collaboration 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 among people, corporations, and objects is further enhanced. 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; multimedia database technologies for the storage and search of a variety of media; and user interface technologies that help anyone use services easily.

(3) Research and development in basic technologies

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 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 telecommunications in Japan. 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 activities.

[Table](#) [Capital Investment Plan for Fiscal Year Ending March 31, 2006](#)
[Attachment 1 Revenues and Expenses Plan for Fiscal Year Ending March 31, 2006](#)
[Attachment 2 Sources and Applications of Funds Plan for Fiscal Year Ending March](#)

[31, 2006](#)
[Reference Summary of Business Operation Plan for Fiscal Year Ending March 31, 2006](#)

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