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February 27, 2009

Submission for Approval of Business Operation Plan for Fiscal Year Ending March 31, 2010

Nippon Telegraph and Telephone Corporation (NTT) today submitted its business operation plan for the fiscal year ending March 31, 2010 to the Minister for Internal Affairs and Communications for approval.

Business Operation Plan for Fiscal Year Ending March 31, 2010

In the building of a ubiquitous internet society where ICT is available "anytime, anywhere and with anyone or anything," information and communications are expected to make a substantial contribution to invigorating and increasing the efficiency of socioeconomic activities, enhancing lifestyle convenience, and more. Today, the public and private sectors in Japan are working together to make such a society a reality. With the rapid progress of broadband and ubiquitous services, the market is undergoing dramatic changes and development due to the following factors: in the fixed-line communications field, the expansion of optical fiber access services and the resulting progress of service migration from conventional fixed-line to optical IP telephones; in the mobile communications field, the diversification and upgrading of mobile phone services and handsets and an intensified competitive environment such as price competition and MVNOs' entry into the market; the convergence of fixed-line services with mobile services in IP networks as well as of communication services with broadcasting services; and the creation of various new services using networks.

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 demands for the development of a ubiquitous internet society.

In addition, under the NTT Group's "Road to Service Creation Business Group" announced last May, NTT will help enrich communication environments for individuals and communities, make corporate activities more efficient, and create new services and business opportunities through ubiquitous broadband networks that provide customers with not only "fast and convenient" but also "safe and secure" connections "anytime, anywhere and with anyone or anything." To these ends, NTT

will provide open network environments enabling a diverse range of service providers and other business entities to create broadband and ubiquitous services and deploy a variety of services taking advantage of the next-generation network("NGN"), while ensuring fair competitive conditions under the framework of the existing laws. In addition, NTT will actively promote alliances with these providers. Through such efforts, NTT intends to contribute not only toward realization of government initiatives such as the "IT New Reform Strategy" and u-Japan Policy, but also toward maintenance and enhancement of Japan's international competitiveness. NTT will also work to raise corporate value by transforming its business structure to a structure centering on IP and solution services and carry out constructive group management for the development of the NTT Group as a whole.

Based upon these fundamental concepts in the management of business operations for the fiscal year ending March 31, 2010, NTT will aim: to improve the management efficiency of the NTT Group operations, including those of the regional companies; to develop new businesses to promote information sharing, including expansion of the ubiquitous broadband market mainly through NGN; and to continue to strengthen research and development that will contribute to the advancement of telecommunications, with particular focus on the advancement of NGN, which serves as the foundation of NTT's efforts to achieve the "Road to Service Creation Business Group." In this way, NTT will seek to ensure stable development of the NTT Group operations in the future, and to return the fruits of these efforts to customers, shareholders, and the community at large.

Based on the above, under the business operation plan for the fiscal year ending March 31, 2010, 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.

NTT will support the efforts of each of the NTT Group companies, including the regional companies, to streamline their business operations and expand their business opportunities, and will assist with the development of the human resources that form the core of the NTT Group.

2. Promotion of Basic Research and Development

One prerequisite for responding to the societal requirements for the formation of a ubiquitous internet society is the harmonious and coordinated development of network-based technologies, technologies that provide a 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 activities 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

In order to upgrade the NGN infrastructure to realize a network environment for ubiquitous broadband services that can offer customers not only "fast and convenient," but also "safe and secure" connections "anytime, anywhere and with anyone or anything" to achieve a seamless migration from fixed-line to IP telephone services and from metal wire systems to optical fiber, 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 adapt readily to diverse network services, node architecture technology, optical multiplexing technology, and next-generation IP network technologies. At the same time, NTT will pursue basic research and development in the field of operation 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 a ubiquitous internet 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 content sharing and video communications in order to realize a ubiquitous internet society in which the electronic exchange of information, goods, currencies, and value among people, corporations, and objects is further enhanced in sophisticated telecommunications networks and software technologies. Specifically, this will include: research and development in security-related technologies such as those for authentication to ensure the security of information and communications; information-distribution technologies adaptable to diverse network environments; media-processing technologies, such as those for the compression, recognition, and sharing of image and audio data; multimedia database technologies for storage and retrieval of a variety of media; user interface technologies making services readily accessible to all users; technologies of open source software (OSS) ; and large-scale distributed processing technologies.

(3) Research and development in basic technologies

NTT is committed to securing a leadership position in the basic and advanced technologies that will underpin the future of telecommunications and to contributing to the innovative improvement and development of telecommunications in Japan. To fulfill these commitments, 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 that will contribute to a photonic network enabling ultra high-speed, ultra high-volume petabit-level communications, for an age in which massive volumes of digital information circulate through networks. NTT will also pursue research in such areas as quantum information processing technologies, which serve as the foundation of innovative networks and have the potential to greatly surpass the existing optical and electronic technologies, and communications science, which explores new possibilities in communications. These 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, 2010
Attachment 1	Revenues and Expenses Plan for Fiscal Year Ending March 31, 2010
Attachment 2	Sources and Applications of Funds Plan for Fiscal Year Ending March 31, 2010
Reference	Summary of Business Operation Plan for Fiscal Year Ending March 31, 2010

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