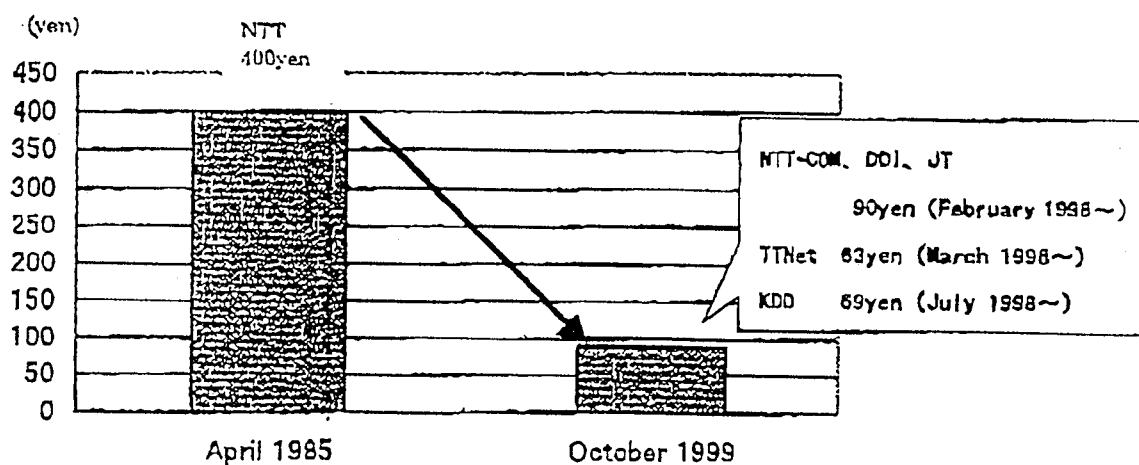
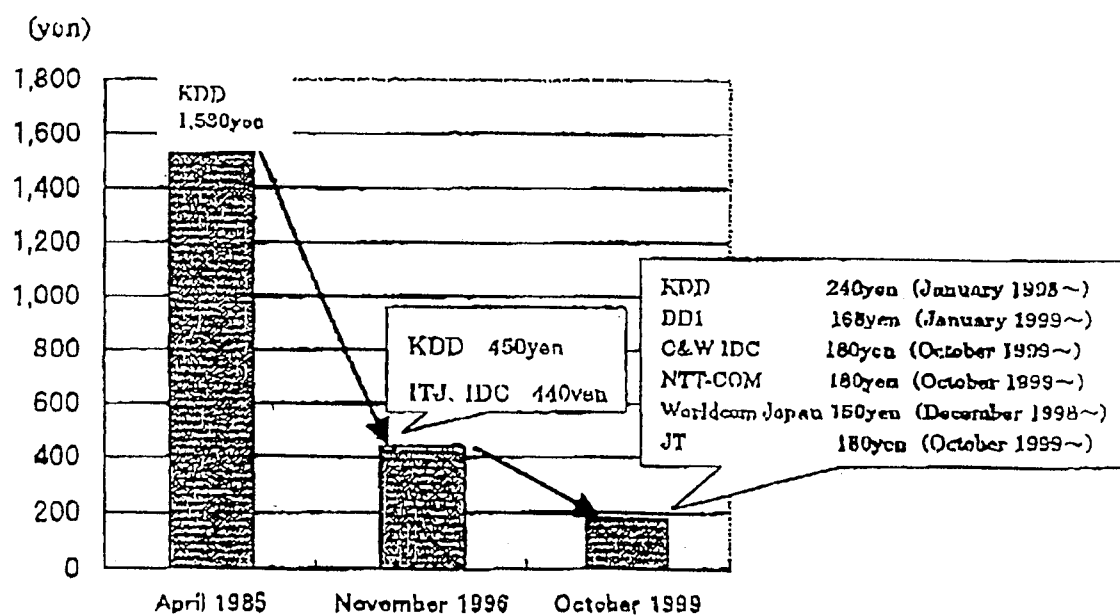


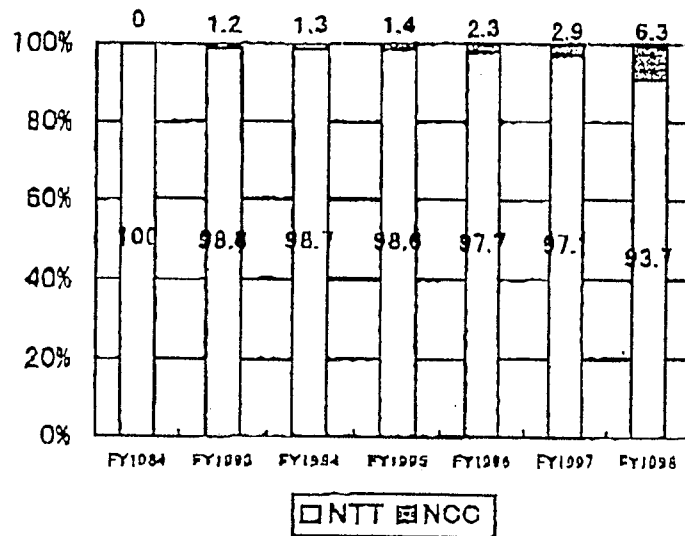
Changes in long-distance(inter-prefectural) telephone charges(Tokyo-Osaka:daytime, weekday call for 3 minutes)



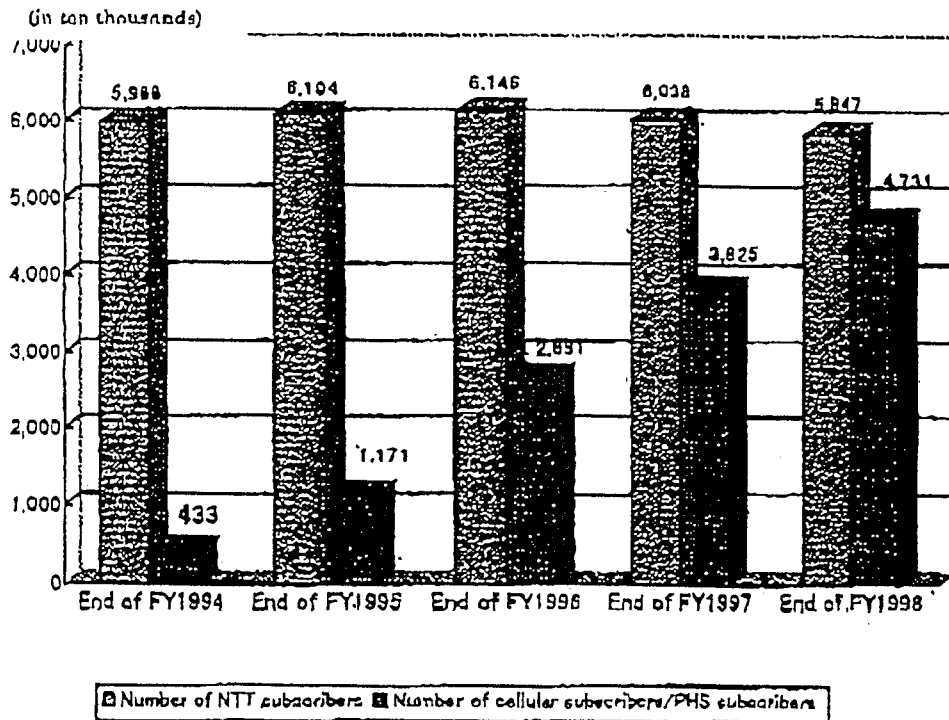
Changes in international telephone charges(Tokyo-US: weekday call for 3 minutes)



Shares of NTT and NCC in total number of wired intra-prefectural calls



(Changes in Cellular and PHS telephone subscribers



2. *What is the estimated market share of NTT Communications Corporation in each of these markets?*

NTT Communications Corporation has entered the long-distance and international telephone service segments, but it is difficult to project the share it will gain at the present time. The estimated share of the former NTT in wired inter-prefectural communication traffic, now covered by NTT Communications Corporation, was 51.2 per cent in fiscal 1998 (with NTT's share falling to 36.1 per cent in traffic between Tokyo, Osaka and Aichi, where traffic is the most intense). With growing competition, NTT's share has been falling every year.

In international telephone services, NTT Communications Corporation is only a newcomer and therefore has to start from scratch.

3. *Are there other companies acting in these markets?*

In Type 1 Telecommunications Business in Japan*, a large number of telecommunication carriers have entered the market since April 1985 when the market was opened to competition. As of 1 January 2000, there are 235 companies in the market.

In the long-distance and international communication segment where NTT Communications Corporation operates, foreign-affiliated carriers, such as MCI Worldcom, have entered in large numbers as well as KDD, Japan Telecom and other new competitors (NCCs).

In regional communications, there are some 100 businesses, chiefly cable television service businesses, electricity utility-sponsored regional communication service businesses, and businesses offering wireless access systems to subscribers. Foreign-affiliated carriers, such as Titus Communications and KDD Winstar, are also included.

III. PROCUREMENT ACTIVITIES

1. *Would the Japanese Government provide an overview of the total value of all procurement purchases granted to foreign-owned companies:*

- *by NTT for the period from 1994 up to the present day; and*
- *by NTT Communications Corporation since its incorporation?*

By the note applied to NTT, a certain procurement such as the procurement of public electrical telecommunications equipment and of services related to operational safety of telecommunications is not subject to the WTO Agreement on Government Procurement. According to Action Program (AP) report, the total value of all procurement purchases granted to foreign-owned companies by NTT is 13.4 billion Yen in 1994, 15 billion in 1995, 5.1 billion in 1996, 4.6 billion in 1997 and 2.4 billion in 1998. The Action Program (AP) contains various voluntary measures relating to procurement to enhance non-discriminatory and fair procedures whose content exceeds the WTO Agreement on Government Procurement. The AP report covers procurement contracts above SDR 100,000 instead of SDR 130,000, while excluding procurement cases according to those referred to in the above-mentioned note of the GPA.

The equivalent total value of procurement corresponding to NTT Communications Corporation, based on the AP report in 1997, was approximately 166 million Yen for domestic and

* Business that provides telecommunications services by establishing its own telecommunications circuits and facilities.

foreign procurement, accounting for 0.02 per cent of procurement for the Japanese Government and 0.54 per cent for the former NTT.

2. *Which part of the procurement undertaken by former NTT can be allocated to the activities that have now been transferred to NTT Communications Corporation?*

NTT Communications Corporation has its own procurement division and procures products necessary for its business activities referred to in the response to question I-4. Other than the procurement of public electrical telecommunications equipment and of services related to operational safety of telecommunications, which is not subject to the WTO Agreement on Government Procurement, the former NTT's procurement of office furniture, measuring instruments, etc. is allocated to NTT Communications Corporation.

