



November 17, 1999

NTT  
NTT East  
NTT West

## Mid-term Restructuring Plan

To develop into a “Global Information-Sharing Corporate Group”, while continuing to respond to customer demand for fee reductions, the NTT Group aims to achieve further growth in the rapidly changing telecommunications market by restructuring, including the reallocation of human resources.

NTT’s two regional companies, NTT East and NTT West, have drafted the three-year Mid-term Restructuring Plan to go into effect from FY 2000. The details are outlined below.

### **1.Reduction in the number of employees**

NTT East and NTT West will reduce the number of employees by about 21,000 by the end of FY 2002.

	Number of Employees (7/1/1999)	Number of Employees (3/31/2003)	Reduction
NTT East	60, 000	about 50, 000	about 10, 000
NTT West	68, 000	about 57, 000	about 11, 000
Total	128, 000	about 107, 000	about 21, 000

### **[Measures]**

- Raise operating efficiency.

NTT East and NTT West intend to merge or close a considerable number of offices (see attachment), reduce the number of administrative staff members, and transfer employees to urban areas where the market is more attractive.

- Reallocate human resources

NTT East and NTT West intend to transfer about 4,000 personnel to affiliated companies which need greater human resources to expand their business. NTT group companies also intend to restrain hiring (NTT East and NTT West do not intend to hire new employees for 2 years of FY 2001 and 2002).

### **2.Reduction in capital investment**

NTT East and NTT West intend to cut their aggregate capital investment by about 900 billion yen for a period of three years (FY 2000 - 2002).

(Billions of yen)

	1999	2000-2002 (Annual Average)	Total Reduction (Accumulated 2000-2002)
NTT East	650	about 500	about 450
NTT West	650	about 500	about 450
Total	1,300	about 1,000	about 900

**[Measures]**

- Reduce procurement and construction costs
- Make demand-based and efficiency-enhancing capital investment

**3.Others**

(1) Cost reduction

NTT East and NTT West intend to cut other expenses by approximately 100 billion yen(NTT East: 30 billion yen and NTT West: 65 billion yen) by FY 2002.

**[Measures]**

- Cut overall expenses
  - Reduce transaction fee within the NTT Group
- All NTT Group companies intend to improve efficiency and find new markets outside the NTT Group.

(2) Expansion of the merit system

NTT is discussing expanding its merit-based system for promotion and pay to place more emphasis on employee performance and contribution and to enable NTT group companies to respond more flexibly to changes in the business environment.

**4.Financial benefits**

These programs are expected to save NTT about 350 billion yen in total (160 billion yen at NTT East and 190 billion yen at NTT West).\*

\* As a result of these measures, recurring profits for FY2002, not including the effect of any governmental policy changes in charges (Long-Run Incremental Cost methodology, price caps), are estimated, on a preliminary basis, at about 100 billion yen for NTT East and about 30 billion yen for NTT West.

This forecast is based on management's assumptions in light of the information currently available to it. The assumptions involve risks and uncertainties which may cause actual results to be materially different from the forecast. Potential risks and uncertainties include the increased competition, price reductions, and change of regulations.

**(attachment)**

- [Efficiency-Raising Measures \(NTT East and NTT West\)](#)

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