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Document title:	Extraordinary Report
Place of filing:	Director-General of the Kanto Local Finance Bureau
Filing date:	February 6, 2020
Company name:	NTT FINANCE CORPORATION
Title and name of representative:	Yoshikiyo Sakai, President
Address of registered head office:	1-2-70 Konan, Minato-ku, Tokyo, Japan
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Name of contact person:	Takuo Ise, Senior Vice President, Executive Manager, Corporate Strategy Planning Department
Place for public inspection:	Not applicable.

1. Reason for filing

The Company at the Board of Directors meeting held on February 6, 2020, passed a resolution to conclude an absorption-type company split agreement (the “Company Split Agreement”) with the NTT TC Leasing Co., Ltd., planned to be established by the Company as a wholly owned subsidiary (the “New Company”), such that the Company will carry out an absorption-type company split (the “Company Split”) where the rights and obligations of part of the leasing business and international business of the Company will be assumed by the New Company. The resolution is subject to approval and adoption at the Annual Shareholders’ Meeting of the Company to be held in June 2020. Accordingly, this extraordinary report is submitted pursuant to the provisions of Article 24-5, paragraph (4), of the Financial Instruments and Exchange Act and Article 19, paragraphs (2), item (vii) of the Cabinet Office Cabinet Office Order on Disclosure of Corporate Affairs.

2. Content of report

(1) Matters regarding the other company involved in the Company Split

A. Trade name, location of the head office, name of the representative person, amount of common stock, amount of net assets, amount of total assets, and description of the businesses

Trade name	NTT TC Leasing Co., Ltd. (Establishment planned for late February 2020)
Location of the head office	1-2-70 Konan, Minato-ku, Tokyo, Japan (planned)
Name of the representative person	Akihiko Okada, Director (planned)
Amount of common stock	¥100 million (planned)
Amount of net assets	The amount has not been finalized at this time.
Amount of total assets	The amount has not been finalized at this time.
Description of the businesses	Leasing business and international business (however, NTT TC Leasing Co., Ltd. will not commence business until the effective date of the Company Split.)

B. Revenue, operating income, ordinary profit and profit in each business year that closed the latest three-year period

Because NTT TC Leasing Co., Ltd. is to be established in late February 2020, there are no fiscal year-end dates available.

C. Name of the major shareholder and proportion of the number of shares held by the major shareholder to the total number of outstanding shares

Name of major shareholder	Proportion of the number of shares held by the major shareholder to the total number of outstanding shares
NTT Finance Corporation (Filing Company)	100%

D. Capital relationship, personnel relationship, and business relationship with the filing company

Capital relationship	NTT TC Leasing Co., Ltd. is to be established as a wholly owned subsidiary of the Company.
Personnel relationship	The Company intends to dispatch Directors to NTT TC Leasing Co., Ltd.
Business relationship	The Company does not have business relationships with NTT TC Leasing Co., Ltd. because NTT TC Leasing Co., Ltd. has not yet commenced operations.

(2) Purpose of Company Split

As of February 6, 2020, Nippon Telegraph and Telephone Corporation (the parent company of the Company, “NTT”) and Tokyo Century Corporation (“Tokyo Century”) concluded a capital and business tie-up agreement.

As the first step in the capital and business tie-up, NTT and Tokyo Century decided to spin off part of the leasing business and international business of NTT Finance Corporation (“NTT Finance”), the core financial company in the NTT Group, and establish it as a joint venture of the three companies NTT, NTT Finance, and Tokyo Century, in order to bolster and augment their leasing and financial business in Japan and other countries.

In specific terms, the New Company established by NTT Finance will first succeed to part of the leasing business and international business of NTT Finance by the method of absorption-type split upon spin-off, and then Tokyo Century will transform the New Company into a joint venture by acquiring shares in it. To ensure that the NTT Group and Tokyo Century have the same level of interest in the New Company, Tokyo Century intends to acquire shares equivalent to 50 percent of the total number of outstanding shares.

The two sides will endeavor to heighten the corporate value of the New Company by fusing the credibility and research and development powers of the NTT Group, the leasing business capabilities nurtured by NTT Finance, and, Tokyo Century’s know-how in the area of financial and other service solutions and its ability to provide them. At the same time, they are going to take approaches to effective use of the assets of the NTT Group.

(3) Method of the Company Split, details regarding allotments pertaining to the Company Split, and other details regarding the Company Split Agreement

A. Method of the Company Split

This is an absorption-type company split with the Company as the splitting company and the New Company as the succeeding company.

B. Details of allotments pertaining to the Company Split

At the time of the Company Split, the New Company will issue 9,000 shares of common stock, the entire number of which are to be delivered to the Company in lieu of the rights and obligations subject to succession.

C. Other details regarding the Company Split Agreement

i) Schedule of Company Split

Establishment of the New Company	Late February 2020 (planned)
Conclusion of the Company Split Agreement	Late February 2020 (planned)
Annual Shareholders’ Meeting for approval of the Company Split (the Company)	June 2020 (planned)
Annual Shareholders’ Meeting for approval of the Company Split (the New Company)	June 2020 (planned)
Effective date of the Company Split	July 1, 2020 (planned)

ii) Increase or decrease in common stock due to the Company Split

There will be no increase or decrease with respect to the Company’s common stock due to the Company Split.

iii) Treatment of the stock acquisition rights and bonds with stock acquisition rights associated with the Company Split

The Company has not issued stock acquisition rights or bonds with stock acquisition rights.

iv) Rights and obligations to be succeeded

The New Company will assume the rights and obligations of the Company as set forth in the Company Split Agreement, with respect to the Company’s: A) Leasing Business Headquarters, B) International Business Unit (excluding portions of the NTT Group Division, the Operation Division and the Planning Division, and the Debt and Equity Investment Division), C) the Business Management Department (excluding portions of the Credit Administration Division), and D) leasing business (including related loans and investments) operated by portions of each of the Information Systems Department, Finance and Accounting Department, Corporate Strategy Planning Department, and General Affairs and Personnel Department.

(4) Basis for calculation of the content of the allotment pertaining to pertaining to the Company Split

The Company's status with respect to its ownership of all outstanding shares of the New Company will not be affected given that the New Company is to be a wholly owned subsidiary of the Company and all of the shares issued by the New Company are to be delivered to the Company at the time of the Company Split. Accordingly, the number of shares to be allotted has been determined upon consultation between the Company and the New Company.

- (5) Trade name, location of the head office, name of the representative person, amount of common stock, amount of net assets, amount of total assets, and description of the businesses of the succeeding company in the absorption-type company split after the Company Split

Trade name	NTT TC Leasing Co., Ltd. (planned)
Location of the head office	1-2-70 Konan, Minato-ku, Tokyo, Japan (planned)
Name of the representative person	Akihiko Okada, Chairman (planned) Akihiro Naruse, President (planned)
Amount of common stock	¥10,000 million (planned)
Amount of net assets	The amount has not been finalized at this time.
Amount of total assets	The amount has not been finalized at this time.
Description of the businesses	Leasing business and international business