

## [Cover]

[Document Filed]	Extraordinary Report (“ <i>Rinji Hōkokusho</i> ”)
[Filed With]	Director, Kanto Local Finance Bureau
[Filing Date]	May 9, 2022
[Company Name]	Nippon Denshin Denwa Kabushiki Kaisha
[Company Name in English]	NIPPON TELEGRAPH AND TELEPHONE CORPORATION
[Title and Name of Representative]	Jun Sawada, President and Chief Executive Officer
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[Contact Person]	Natsuko Fujiki, Head of IR, Finance and Accounting Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

## 1. Reasons for filing

Nippon Telegraph and Telephone Corporation (the “**Company**”) has resolved at its board of directors meeting held today that it will realign NTT group’s global business (the “**Realignment**”) by making NTT, Inc. (“**NTT, Inc.**”), a global holding company of the NTT group, and NTT Limited (“**NTT Ltd.**”), a wholly owned subsidiary of NTT, Inc. operating the global IT services and communications business, subsidiaries of NTT DATA Corporation (“**NTT DATA**”), a listed subsidiary of the Company, thereby grouping the global businesses operated under NTT, Inc. and NTT Ltd. with the global business operated by NTT DATA group, and has executed with NTT DATA a master agreement regarding the Realignment. Under the Realignment, NTT DATA and NTT, Inc. will conduct an absorption-type company split with NTT DATA as the splitting company and NTT, Inc. as the successor company, in which NTT, Inc. will succeed to the rights and obligations regarding NTT DATA’s global business from NTT DATA and issue common shares of NTT, Inc. to NTT DATA as consideration for that succession (the “**Absorption-type Company Split**”). NTT DATA, a consolidated subsidiary of the Company, has resolved at its board of directors meeting on May 9, 2022 that it will conduct the Absorption-type Company Split.

As a result of the Absorption-type Company Split, NTT DATA will acquire 3,315 common shares of NTT, Inc, whereby NTT, Inc. will become a new subsidiary of NTT DATA. Accordingly, the Absorption-type Company Split falls under an acquisition of subsidiary company by a consolidated subsidiary of the Company, and therefore the Company hereby files this Extraordinary Report pursuant to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 16-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

## 2. Matters to be reported

Decision of the acquisition of subsidiary company made by the consolidated subsidiary (Disclosure pursuant to Article 19, Paragraph 2, Item 16-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.)

(1) Organization which decided the acquisition of subsidiary company in relation to the acquired subsidiary company

The Company and NTT DATA have respectively decided the acquisition of subsidiary company at their board of directors meetings on May 9, 2022.

(2) Name, location, and name of the representative of the consolidated subsidiary conducting the acquisition of subsidiary company in relation to the acquired subsidiary company

(i) Name	NTT DATA Corporation
(ii) Location	3-3, Toyosu 3-chome, Koto-ku, Tokyo
(iii) Name of Representative	Yo Honma, Representative Director, President and Chief Executive Officer,

(3) Matters Related to the Acquired Subsidiary Company

(i) Name	NTT, Inc.
(ii) Location of Head Office	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(iii) Name of Representative	Jun Sawada, Representative Director, President and Chief Executive Officer
(iv) Stated Capital	340,050 million yen(as of March 31, 2022)
(v) Net assets/total equity	1,540,730million yen (as of March 31, 2021) (786,300 million yen) (as of March 31, 2021)
(vi) Net worth/total assets	1,541,830 million yen (as of March 31, 2021)

	(2,029,483 million yen) (as of March 31, 2021)
(vii) Type of Business	Governance, strategy planning and promoting measures regarding global business of the Company group

Note: Since NTT, Inc. has not prepared consolidated management indicators, the “(v) Net assets/total equity” and “(vi) Net worth/total assets” above shows individual management indicators (Japanese GAAP) for NTT, Inc., and figures in parentheses show consolidated management indicators (based on IFRS) for NTT Ltd., which is expected to be the only direct subsidiary of NTT, Inc. immediately prior to the consummation of the Absorption-type Company Split (Global Business) on the effective date thereof (October 1, 2022). The consolidated management indicators are internally managed figures after offsetting and eliminating internal transactions, etc. between NTT Ltd. and its subsidiaries and are unaudited figures for reference purpose only (these figures partially include financial figures of companies that will not become subsidiaries under NTT DATA as a result of the Absorption-type Company Split (Global Business)).

(Unit: million yen)

Fiscal Year	Fiscal Year ending March 2019	Fiscal Year ending March 2020	Fiscal Year ending March 2021
Sales amount	175 (-)	99,465 (897,687)	154,217 (1,058,832)
Operating profit	-171 (-)	94,857 (-21,446)	151,586 (9,226)
Ordinary profits /profits before tax	-418 (-)	93,782 (-31,563)	150,884 (-2,352)
Net profits /profits attributable to the shareholders of the company	-32,864 (-)	104,144 (-33,971)	150,171 (-13,589)
Capital relationship, personnel relationship and business Relationship between the submitting company and the relevant consolidated subsidiaries	Capital Relationship	As of the date hereof, the Company holds 65 common shares of NTT, Inc., and the Company counts NTT, Inc. as its wholly owned subsidiary. NTT, Inc. holds 760,000,000 common shares (voting rights ownership ratio: 54.2% of the total number of voting rights as of September 30, 2021) of NTT DATA as of today. NTT, Inc. will distribute all of these common shares of NTT DATA to the Company as dividends of surplus, which will become effective on October 1, 2022. Before the effective date of the Absorption-type Company Split, NTT, Inc. will conduct a share split in which each common share of NTT, Inc. will be split into 49 shares. NTT DATA will acquire 3,575 common shares of NTT, Inc. in total as consideration for the Absorption-type Company Split and for the acquisition of a portion of common shares of NTT, Inc. owned by the Company, on the condition that the Absorption-type Company Split shall have become effective. As a result, 45% (Number of shares held: 2,925) of the issued common shares of NTT, Inc. will be held by the Company and 55% (Number of shares held: 3,575) will be held by NTT DATA.	
	Personnel Relationship	As of the date hereof, two directors and two executive officers of the Company serve as directors of NTT, Inc., and two auditors of the Company serve as auditors of NTT, Inc. As of today, one director of NTT, Inc. serves as a director who is not a member of an audit and supervisory committee of NTT DATA.	
	Business Relationship	The Company delegates global business promotional operations and the like to NTT, Inc. Also, NTT, Inc.'s general administrative operations and the like are delegated to the	

		Company. In addition, NTT, Inc. engages in transactions with NTT DATA, such as consulting, system and software development, and outsourcing of maintenance and support.
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Note: Since NTT, Inc. has not prepared consolidated management indicators, the table above shows individual management indicators (Japanese GAAP) for NTT, Inc., and figures in parentheses show consolidated management indicators (based on IFRS) for NTT Ltd., which is expected to be the only direct subsidiary of NTT, Inc. immediately prior to the consummation of the Absorption-type Company Split on the effective date thereof (October 1, 2022). The consolidated management indicators are internally managed figures after offsetting and eliminating internal transactions, etc. between NTT Ltd. and its subsidiaries and are unaudited figures for reference purpose only (these figures partially include financial figures of companies that will not become subsidiaries under NTT DATA as a result of the Absorption-type Company Split). In addition, because NTT Ltd. was established in July, 2019, no figures are available for the fiscal year ended March 2019. Also, since NTT Ltd. group began to manage figures on a consolidated basis during the FY2020, figures for the balance sheet for the FY2020 do not exist.

(4) Purposes of the acquisition of subsidiary company by the consolidated subsidiary of the Company in relation to the acquired subsidiary company

The NTT group incorporated NTT, Inc. in 2018 as an intermediary holding company that coordinates global businesses. In 2019, the NTT group reorganized its global business by integrating the global businesses operated respectively by NTT Communications group, Dimension Data group (as of 2019) and NTT Security group (as of 2019) as NTT Ltd. group under NTT, Inc. This allowed for the NTT group to accelerate growth of the global businesses operated by both NTT DATA group and NTT Ltd. group as “One NTT”. As a result, the NTT group has established presence as a unique global player that is able to deliver a wide range of offerings from applications to IT infrastructure. This has helped to drive growth in sales of the global business to approximately two trillion yen.

To increase the growth of the global business, the NTT group is accelerating the growth of digital services at NTT DATA and of high-value-added services at NTT Ltd. Also, in conjunction with these business shifts, structural reform is continuing in order to increase profitability.

Clients’ needs have become increasingly diverse and sophisticated in recent years, driving high demand and growth for digital transformation (DX) and IT modernization services. In addition, the business environment is undergoing significant changes as competitors expand their service lines due to changes in societal demands and technologies.

To support the increasing demands in the business environment above the NTT group is moving the global businesses for business users operated by NTT DATA and NTT Ltd. within NTT DATA. This will allow for both companies to operate in a much more coordinated manner. By leveraging the combination of NTT DATA’s capabilities such as consulting and application development and NTT Ltd.’s strength in high-value-added services such as data center, global networks, and managed infrastructure services, the NTT group will be able to provide clients with new value as a whole. Also, in the long term, the NTT group will expand its innovative services utilizing NTT’s IOWN (Innovative Optical and Wireless Network) technology in global markets.

In addition, by bringing together the global talent of the NTT group, the NTT group will focus its human resources to realize more optimal and rapid decision making tailored to the needs of its business and clients in each region of the world while enhancing its global governance.

(5) Amount of the consideration for the acquisition of subsidiary company in relation to the acquired subsidiary company

The contemplated acquisition of the subsidiary company is resulting from NTT DATA’s acquisition of shares of NTT, Inc. as consideration for the Absorption-type Company Split. The details of the rights and obligations to be succeeded by NTT, Inc. as a result of the Absorption-type Company Split

are set forth in an absorption-type company split agreement regarding the Absorption-type Company Split executed by NTT DATA and NTT, Inc. on May 9, 2022. We understand NTT DATA has carefully negotiated and discussed with the Company on the fairness of the allotment in the Absorption-type Company Split, referring to the results of calculations by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., a third party financial advisor, of the number of shares to be allotted in the Absorption-type Company Split and the advice from Nagashima Ohno & Tsunematsu and Nakamura, Tsunoda & Matsumoto, its legal advisors, and taking into account the results of due diligence, etc., as well as comprehensively considering factors such as financial conditions, asset conditions, and future prospects, etc. of each of NTT DATA and NTT, Inc., and also taking into consideration the report obtained from the special committee consisting of three (3) members, Eiji Hirano, Mariko Fujii and Fumihiko Ike, who are outside directors and independent officers who are not audit and supervisory committee members of NTT DATA and who have no interest in the Company and NTT, Inc., etc., and NTT DATA has determined that it is appropriate to conduct the Absorption-type Company Split, with the consideration of 3,315 shares (which is equivalent to a share allotment ratio of 1.04) of NTT, Inc. Please refer to “5. Basis of the Terms of the Allotment under the Overseas Business Split” of “I. Execution of Master Agreement and Shareholders Agreement Regarding Overseas Business Integration, and Overseas Business Split” of “Notice Concerning Execution of Master Agreement and Shareholders Agreement with Nippon Telegraph and Telephone Corporation, and Execution of Absorption-Type Company Split Agreement with NTT, Inc., for Integration of NTT Group’s Overseas Business, Change of Largest and Major Shareholder and Change of Subsidiaries, and Transition to Holding Company Structure upon Company Split of Domestic Business and Establishment of Split Preparation Company”, NTT DATA’s press release announced today, for the details of the basis of the calculation for the terms of the allotment under the Absorption-type Company Split. We also understand NTT DATA’s advisory and other related fees for acquiring the subsidiary company (the Absorption-Type Company Split) come to (approximately) 2,800 million yen. In addition, NTT DATA plans to acquire from the Company 260 common shares of NTT, Inc. held by the Company on October 1, 2022, and it was agreed that the total acquisition price for the acquisition should be 112 billion yen, based on the basis of the calculation for the allotment under the Absorption-type Company Split set out above.

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