

This is a translation of the Japanese original. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

[Cover page]

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
Telephone number:	+81-3-6455-8810 (Main)
Name of contact person:	Takuo Ise, Senior Vice President, Executive Manager, Corporate Strategy Planning Department
Nearest place of contact:	1-2-70 Konan, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-6455-8901
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 passed a resolution, at the Board of Directors meeting held on February 6, 2020, to conduct an absorption-type company split (the “Company Split”) with the effective date of March 31, 2020, NTT Urban Development Corporation (“NTT Urban Development”) as the splitting company and the Company as the succeeding company, and concluded an absorption-type company split agreement effective February 6, 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 Order on Disclosure of Corporate Affairs.

2. Content of report

(1) Matters regarding the other company involved in the absorption-type 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

(As of September 30, 2019)

Trade name	NTT Urban Development Corporation
Location of the head office	4-14-1 Sotokanda, Chiyoda-ku, Tokyo, Japan
Name of the representative person	Hiroshi Nakagawa, President and Chief Executive Officer
Amount of common stock	¥48,760 million
Amount of net assets	¥197,608 million
Amount of total assets	¥867,544 million
Description of the businesses	Office and commercial business, housing business, etc.

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

(Millions of Yen)

Fiscal period	Period ended March 31, 2017	Period ended March 31, 2018	Period ended March 31, 2019
Operating revenue	161,968	138,380	140,329
Operating income	26,552	24,819	26,608
Ordinary profit	21,978	21,739	26,864
Profit	14,018	15,331	17,852

- 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

(As of September 30, 2019)

Name	Proportion of the number of shares held by the major shareholder to the total number of outstanding shares (%)
NTT Urban Solutions, Inc.	100

- d. Capital relationship, personnel relationship, and business relationship with the filing company

Capital relationship	NTT Urban Development holds 0.97% of shares of the Company as of today.
Personnel relationship	There is no personnel relationship with the Company.
Business relationship	The Company and NTT Urban Development conduct funding transactions and others.

(2) Purpose of the absorption-type company split

Through the absorption-type company split, the Company aims to position itself as the issuing entity within the NTT Group and to strengthen its group finance function by assuming all the rights and obligations of corporate bonds issued by NTT Urban Development.

- (3) Method of the absorption-type company split, details regarding the allotment pertaining to the absorption-type company split and other details regarding the absorption-type company split agreement

a. Method of the absorption-type company split

This is a simplified absorption-type company split with NTT Urban Development as the splitting company and the Company as the succeeding company.

b. Details of allotments pertaining the absorption-type company split

With regard to the Company Split, the Company does not deliver any consideration to NTT Urban Development.

c. Schedule of the absorption-type company split

Date of resolution at the Board of Directors meeting: February 6, 2020

Date of conclusion of the agreement: February 6, 2020

Effective date: March 31, 2020 (planned)

* Since this absorption-type company split is a simplified absorption-type company split specified in Article 796, paragraph (2) of the Companies Act with the Company as the succeeding company, the Company does not hold a General Shareholders' Meeting for approval of the absorption-type company split agreement.

d. Other details regarding the absorption-type company split agreement

As described below.

- (4) Basis for calculation of the content of the allotment pertaining to the absorption-type company split
Not applicable.

- (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 FINANCE CORPORATION
Location of the head office	1-2-70 Konan, Minato-ku, Tokyo, Japan
Name of the representative person	Yoshikiyo Sakai, President
Amount of common stock	¥16,770 million
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, international business, finance business, credit card business and billing business

* The Company at the Board of Directors meeting held on February 6, 2020, passed a resolution to conduct an absorption-type company split with NTT TC Leasing Co., Ltd. (planned) (the "New Company"), where the rights and obligations of part of the leasing business and international business of the Company will be assumed by the New Company.

Absorption-type Company Split Agreement

NTT Urban Development Corporation (“NTT Urban Development”) and NTT FINANCE CORPORATION (“NTT FINANCE”) enter into this absorption-type company split agreement (the “Agreement”) with respect to the absorption-type company split where liabilities associated with corporate bonds of NTT Urban Development (including relevant agreements and other rights and obligations) and cash and other assets that are equivalent to the market value of these bonds are assumed by NTT FINANCE (the “Company Split”) as follows.

Article 1 (Trade name and address of the splitting company and the succeeding company)

The trade name and address of the splitting company and the succeeding company in the Company Split are as follows.

NTT Urban Development (splitting company)	Trade name: NTT Urban Development Corporation Address: 4-14-1 Sotokanda, Chiyoda-ku, Tokyo, Japan
NTT FINANCE (succeeding company)	Trade name: NTT FINANCE CORPORATION Address: 1-2-70 Konan, Minato-ku, Tokyo, Japan

Article 2 (Rights and obligations to be assumed)

1. Rights and obligations assumed by NTT FINANCE from NTT Urban Development in the Company Split shall be assets, liabilities and agreements described in the Appendix “List of Rights and Obligations to Be Assumed” and rights and obligations associated with them. NTT FINANCE does not assume any off-balance-sheet liabilities and contingent liabilities attributable to any event occurring prior to the effective date of the Company Split specified in Article 5.
2. The assumption of liabilities by NTT FINANCE from NTT Urban Development is done by the method of assuming obligations without any liabilities.

Article 3 (Consideration)

In the Company Split, NTT FINANCE does not deliver any consideration to NTT Urban Development.

Article 4 (Amounts of common stock and reserves of the succeeding company)

NTT FINANCE does not change the amounts of common stock and reserves through the Company Split.

Article 5 (Effective date)

The date when the Company Split becomes effective (the “Effective Date”) shall be March 31, 2020. However, in the case where the period during which objections can be raised on behalf of bondholders is extended pursuant to the provision of the second sentence of Article 740, paragraph (1) of the Companies Act, or any other cases where there is a need according to progress in procedures for the Company Split, etc., the Effective Date may be changed by agreement upon consultation between NTT Urban Development and NTT FINANCE.

Article 6 (General Meeting of Shareholders)

1. Pursuant to the provisions of Article 784, paragraph (2) of the Companies Act, NTT Urban Development conducts the Company Split without obtaining approval at the General Meeting of Shareholders specified in Article 783, paragraph (1) of the said act.
2. Pursuant to the provisions of Article 796, paragraph (2) of the Companies Act, NTT FINANCE conducts the Company Split without obtaining approval at the General Meeting of Shareholders specified in Article 795, paragraph (1) of the said act.

Article 7 (Duty of due care of a prudent manager)

During the period from the date of concluding the Agreement and the Effective Date, NTT Urban Development shall execute its operations and manage and operate properties with the due care of a prudent manager, and if it attempts to conduct any act that may have material impact on the properties or rights and obligations, NTT Urban Development shall do so by agreement upon prior consultation between NTT Urban Development and NTT FINANCE.

Article 8 (Satisfaction of requirements for perfection, etc. and expense allocation)

1. Among rights and obligations assumed by NTT Finance, NTT Urban Development and NTT FINANCE shall mutually cooperate to perform necessary procedures for such rights and obligations that need registration, notification, consent and other procedures for the transfer or satisfaction of requirements for perfection.

2. With regard to allocation of expenses (including taxes and public dues) required for the procedures set forth in the preceding paragraph, each of the parties hereto shall bear the expenses incurred for the procedures conducted by that party.

Article 9 (Modification or cancellation of the Agreement)

During the period from the date of concluding the Agreement and the Effective Date, in the case where there is a significant change in financial conditions or business situations of NTT Urban Development or NTT FINANCE or where any event that is significantly detrimental to the execution of the Company Split occurs, or any other cases where it becomes difficult to achieve the purpose of the Agreement, conditions of the Company Split or other details of the Agreement may be modified, or the Agreement may be cancelled, by written agreement upon consultation between NTT Urban Development and NTT FINANCE.

Article 10 (Effect of the Agreement)

The Agreement ceases to be effective only in the following cases:

- (1) NTT Urban Development and NTT FINANCE agree in writing.
- (2) When any shareholder who holds shares in the number specified in Article 197 of the Regulation for Enforcement of the Companies Act gives notice to NTT FINANCE set forth in Article 796, paragraph (3) of the Companies Act, NTT FINANCE cannot obtain approval on the Agreement by resolution at the General Meeting of Shareholders by the day before the Effective Date.
- (3) The Agreement is cancelled in accordance with the preceding article.

Article 11 (Governing law and agreed jurisdiction)

1. The Agreement shall be governed by and construed in accordance with the laws of Japan.
2. The Tokyo District Court shall be the agreed court with exclusive jurisdiction in the first instance for any dispute arising out of, or in connection with, execution or construction of the Agreement.

Article 12 (Good faith negotiation)

With regard to any matter not stipulated herein, or any matter on which a question arises out of, or in connection with, construction of the Agreement, NTT Urban Development and NTT FINANCE shall settle the matter upon consultation in good faith in accordance with the intent of the Agreement.

In witness whereof, NTT Urban Development and NTT FINANCE have executed the Agreement by placing their electronic signatures on this document using CECTRUST, Electronic Contract Service provided by Construction-ec.com Co., Ltd., and shall keep the originals.

February 6, 2020

NTT Urban Development Hiroshi Nakagawa,
President and Chief Executive Officer
NTT Urban Development Corporation
4-14-1 Sotokanda, Chiyoda-ku, Tokyo,
Japan

NTT FINANCE Yoshikiyo Sakai, President
NTT FINANCE CORPORATION
1-2-70 Konan, Minato-ku, Tokyo, Japan

Appendix

[List of Rights and Obligations to Be Assumed]

Rights and obligations assumed by NTT FINANCE through the Company Split shall be the following assets, liabilities and agreements, and rights and obligations related to them.

1. Assets

Cash in the amount agreed by NTT Urban Development and NTT FINANCE (however, the amount shall not exceed ¥73,312,756,792), as the amount derived by discounting cash flows that will be generated from each corporate bond described in 2. below in the future, using the discount rate, which is calculated by adding risk premium calculated based on the average of compound interest rates on each issued corporate bond of NTT FINANCE stated in reference bond trading statistics published by the Japan Securities Dealers Association on the Effective Date to the risk free rate

2. Liabilities

Principal obligations of each of the following bonds, and accrued interest obligations arising in relation to these principal obligations in the period from March 21, 2020 to the Effective Date (calculated on a pro-rate basis by the method described in Attachment 1)

Bond name	Repayment amount in total (Millions of Yen)	Repayment date
10th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	¥ 10,000	September 18, 2020
11th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	10,000	September 17, 2021
12th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	5,000	September 19, 2031
13th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	10,000	September 20, 2022
14th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	10,000	September 20, 2023
15th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	5,000	September 20, 2028
17th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	15,000	September 20, 2024
18th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	5,000	September 20, 2029
Total	¥ 70,000	

3. Agreements

The following agreements entered into by NTT Urban Development in relation to each corporate bond described in 2. above, and memorandums of understanding and letters of agreement in associated with these agreements

- Contractual document for the underwriting and the offering process of the 10th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation among NTT Urban Development, Mizuho Securities Co., Ltd. and Nomura Securities Co., Ltd. as of October 22, 2010
- Contractual document for management commission for the 10th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Corporate Bank, Ltd. as of October 22, 2010
- Contractual document for administration commission for the 10th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT

Urban Development and Mizuho Corporate Bank, Ltd. as of October 22, 2010

- Contractual document for the underwriting and the offering process of the 11th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation among NTT Urban Development, Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd. as of October 21, 2011
- Contractual document for management commission for the 11th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Corporate Bank, Ltd. as of October 21, 2011
- Contractual document for administration commission for the 11th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Corporate Bank, Ltd. as of October 21, 2011
- Contractual document for the underwriting and the offering process of the 12th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as of October 21, 2011
- Contractual document for management commission for the 12th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Corporate Bank, Ltd. as of October 21, 2011
- Contractual document for administration commission for the 12th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Corporate Bank, Ltd. as of October 21, 2011
- Contractual document for the underwriting and the offering process of the 13th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation among NTT Urban Development, Mizuho Securities Co., Ltd. and Daiwa Securities Co. Ltd. as of October 19, 2012
- Contractual document for management commission for the 13th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Corporate Bank, Ltd. as of October 19, 2012
- Contractual document for administration commission for the 13th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Corporate Bank, Ltd. as of October 19, 2012
- Contractual document for the underwriting and the offering process of the 14th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation among NTT Urban Development, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd. as of October 25, 2013
- Contractual document for management commission for the 14th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Bank, Ltd. as of October 25, 2013
- Contractual document for administration commission for the 14th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Bank, Ltd. as of October 25, 2013
- Contractual document for the underwriting and the offering process of the 15th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation among NTT Urban Development, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd. as of October 25, 2013
- Contractual document for management commission for the 15th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Bank, Ltd. as of October 25, 2013
- Contractual document for administration commission for the 15th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Bank, Ltd. as of October 25, 2013
- Contractual document for the underwriting and the offering process of the 17th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation among NTT Urban Development, Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley

Securities Co., Ltd., Mizuho Securities Co., Ltd. and Daiwa Securities Co. Ltd. as of October 24, 2014

- Contractual document for management commission for the 17th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Bank, Ltd. as of October 24, 2014
- Contractual document for administration commission for the 17th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Bank, Ltd. as of October 24, 2014
- Contractual document for the underwriting and the offering process of the 18th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation among NTT Urban Development, Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd. and Daiwa Securities Co. Ltd. as of October 24, 2014
- Contractual document for management commission for the 18th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Bank, Ltd. as of October 24, 2014
- Contractual document for administration commission for the 18th Series Unsecured Corporation Bond (with inter-bond pari passu clause) of NTT Urban Development Corporation between NTT Urban Development and Mizuho Bank, Ltd. as of October 24, 2014

4. Others

Others separately agreed by NTT Urban Development and NTT FINANCE

The amount of each accrued interest obligation to be assumed set forth in “2. Liabilities” in the Appendix is calculated on a pro-rate basis with the denominator and numerator stated below.

Bond name	Denominator	Numerator
10th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	182 days	Actual days from March 21, 2020 to the Effective Date
11th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	184 days	Actual days from March 21, 2020 to the Effective Date
12th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	184 days	Actual days from March 21, 2020 to the Effective Date
13th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	184 days	Actual days from March 21, 2020 to the Effective Date
14th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	184 days	Actual days from March 21, 2020 to the Effective Date
15th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	184 days	Actual days from March 21, 2020 to the Effective Date
17th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	184 days	Actual days from March 21, 2020 to the Effective Date
18th Series Unsecured Corporation Bond (with inter-bond pari passu clause)	184 days	Actual days from March 21, 2020 to the Effective Date