



September 29, 2020

To whom it may concern:

Company Name: Nippon Telephone and  
Telegraph Corporation

Name of Representative: Jun Sawada, President and  
Chief Executive Officer

(Securities Code: 9432, the First Section of the Tokyo  
Stock Exchange)

**Notice regarding Commencement of the Tender Offer for Shares, Etc. of  
NTT DOCOMO, INC. (Securities Code 9437) and Borrowings of Funds**

Nippon Telephone and Telegraph Corporation (the “**Offeror**”) hereby announces as follows that, on September 29, 2020, it resolved to implement a tender offer (the “**Tender Offer**”) for the common stock of NTT DOCOMO, INC. (the “**Target**”, and its common stock, the “**Target Stock**”), which is listed on the First Section of the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”) (Securities Code: 9437), and the ADSs (as defined below) in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”).

In addition, the Offeror resolved to borrow funds in order to secure the funds required for the Transaction (as defined below).

**I. Terms of the Tender Offer**

**1. Purpose of the Purchase**

**(1) Overview of the Tender Offer**

As of today, the Offeror owns 2,137,733,200 shares of the Target Stock (ownership ratio (Note 1), 66.21% (rounded to two decimal places; the same applies hereinafter in calculating a ratio unless otherwise stipulated)), which are listed on the First Section of the Tokyo Stock Exchange, and the Target is a consolidated subsidiary of the Offeror.

(Note 1) Ownership ratio means a ratio of a number of shares to the number of Target Stock (3,228,629,256 shares) as calculated by deducting the number of the treasury shares owned by the Target as of June 30, 2020 as stated in the quarterly securities report for the first quarter of the 30th business period submitted by the Target on August 7, 2020 (the “**Target Quarterly Securities Report**”) (150 shares) from the total number of issued shares of the Target as of June 30, 2020 as stated in the Target Quarterly Securities Report (3,228,629,406 shares).

As stated in “(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer” in “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)” below, the Offeror

decided by the resolution of its board of directors on September 29, 2020 to implement the Tender Offer as part of the transaction for the purpose of making the Target a wholly-owned subsidiary of the Offeror by acquiring all of the Target Stock (excluding the Target Stock owned by the Offeror and the treasury shares that are owned by the Target) (the “**Transaction**”).

Since the Offeror intends to make the Target a wholly-owned subsidiary of the Offeror, it has set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer at 14,686,300 shares (ownership ratio: 0.45%) (Note 2), and if the total number of Share Certificates, Etc. tendered in response to the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will not purchase any of the Tendered Share Certificates, Etc. However, as stated above, the purpose of the Tender Offer is to make the Target a wholly-owned subsidiary of the Offeror, and the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased; therefore, if the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) The minimum number of Share Certificates, Etc. to be purchased is set at 14,686,300 shares, which is calculated by (i) taking the number of voting rights (32,286,292) of the number of shares (3,228,629,256 shares), as calculated by deducting the number of the treasury shares owned by the Target as of June 30, 2020 as stated in the Target Quarterly Securities Report (150 shares) from the total number of issued shares of the Target as of June 30, 2020 as stated in the Target Quarterly Securities Report (3,228,629,406 shares), (ii) calculating the number of voting rights equivalent to two-thirds thereof (21,524,195), (iii) multiplying that number by the number of Target Stock in one share unit (100 shares) to calculate a number of shares (2,152,419,500 shares), and (iv) subtracting the number of Target Stock owned by the Offeror (2,137,733,200 shares).

Further, since the Offeror’s purpose is to make the Target a wholly-owned subsidiary of the Offeror, if the Offeror is unable to acquire all of the Target Stock (excluding the Target Stock owned by the Offeror and the treasury shares that are owned by the Target) through the Tender Offer, the Offeror intends to conduct a series of procedures to become the sole shareholder of the Target (the “**Procedures to Make the Target a Wholly-owned Subsidiary of the Offeror**”). For details, see “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below.

According to the “Announcement of Opinion in Support of the Tender Offer by Nippon Telegraph and Telephone Corporation, the Parent of the Company, for the Stock of the Company, Etc. and Recommendation of Tender” released on September 29, 2020 by the Target (the “**Target Press Release**”), the Target resolved at the meeting of its board of directors held on that date to express its opinion in support of the Tender Offer and to recommend that the holders of the Target Stock tender in the Tender Offer, and that the holders of ADSs tender in the Tender Offer upon surrendering their ADSs to the depositary bank and withdrawing the shares of the Target Stock represented by the ADS.

For details regarding the decision-making process of the Target, see the Target Press Release and “H. Approval of All Directors (Including the Audit and Supervisory Committee Members) Without an Interest in the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below.

- (2) **Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)**
- (i) **Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer**

The Offeror was incorporated on April 1, 1985 pursuant to the Act on Nippon Telegraph and Telephone Corporation, etc. (Act No. 85 of 1984). The Offeror was listed on the First Section of the Tokyo Stock Exchange, the First Section of the Osaka Stock Exchange, the First Section of the Nagoya Stock Exchange, the Kyoto Stock Exchange, the Hiroshima Stock Exchange, the Fukuoka Stock Exchange, the Niigata Stock Exchange, and the Sapporo Stock Exchange in February 1987, and subsequently listed on the New York Stock Exchange in September 1994 (from which the Offeror was delisted in April 2017) and on the London Stock Exchange in October 1994 (from which the Offeror was delisted in March 2014). The Offeror is currently listed on the First Section of the Tokyo Stock Exchange. As of March 31, 2020, the Offeror has 979 consolidated subsidiaries and 132 affiliates (the Offeror and those consolidated subsidiaries and affiliates are collectively referred to as the “**Offeror Group**”). The main businesses of the Offeror Group are as follows:

- i) Mobile Communications Business: mobile phone services and related services;
- ii) Regional Communications Business: provision of domestic intra-prefectural communications services in the domestic telecommunications business and related ancillary services;
- iii) Long Distance and International Communications Business: provision of domestic inter-prefectural communications services in the domestic telecommunications business, services related to international communications business, services related to solutions business, and related services;
- iv) Data Communications Business: system integration services and network system services; and
- v) Other Business: real estate, finance, electric power, systems development, and advanced technology development businesses.

The Offeror Group, in order to continue providing reliable and safe services, and to continue to operate as a company that is trusted by everyone, has aggressively developed businesses that meet diversifying and expanding ICT (Information and Communication Technology) needs, has always earned high levels of trust from its customers and shareholders, and has targeted continuous development as it fulfills the legal obligations and social missions required of each of its businesses in the midst of highly competitive environments.

Under this basic management policy, in early November 2018, the Offeror Group formulated and announced the “Your Value Partner 2025” Medium-Term Management Strategy, in which the Offeror Group sets out its vision of working together with all its partners to promote initiatives to resolve social issues in its role as “Your Value Partner.”

In the medium-term management strategy stated above, The Offeror Group set the following four pillars, and is working to contribute to the realization of a digitalized society, namely a “Smart World,” and to accelerate its own transformation through sustained improvement of corporate value:

- i) Support Our Customers’ Digital Transformations (Note 1): the Offeror Group has proceeded with initiatives including (a) promotion of the B2B2X (Note 2) model that assists its customers in creating new value, (b) initiatives to realize and roll out 5G (5th-generation mobile communications system) services, and (c) highly personalized solutions that help change each customer’s everyday life; in particular,

with respect to promotion of the B2B2X model, the number of B2B2X projects reached 66 as of March 31, 2020, compared to its medium-term target of 100 B2B2X projects in FY 2021; with respect to 5G services, the Offeror Group started full-scale provision of 5G services in March 2020 and expanded the coverage area to all 47 prefectures by the end of June 30, 2020;

- ii) Accelerate Our Own Digital Transformation: the Offeror Group, with the aim of strengthening the competitiveness of the global business, promotes the “One NTT” global business growth strategy and the digital transformation of its domestic businesses;
  - iii) Leverage Talent, Technologies, and Assets: the Offeror Group works on initiatives to create new businesses including utilization of real estate and the supply of the energy and to revitalize local communities and regional economies; and
  - iv) Promote ESG Management and Enhancing the Returns of Shareholders to Improve Corporate Value: the Offeror Group considers the continuous improvement of corporate value and the return of profits to shareholders to be important management issues, and is working to reduce its environmental impact, leverage diverse human resources, reinforce information security, and enhance the returns of shareholders.
- (Note 1) Creating new business models and transforming existing businesses by realizing the accumulation of various data and the utilization of data for management through ICT tools.
- (Note 2) Initiatives in which the Offeror Group, together with service providers (B) including business operators in different fields and local governments, resolves social issues and provides added value to end users (X) by expanding collaboration between the Offeror Group and such service providers and supporting their digital transformation.

Meanwhile, according to the Target Press Release, the Target was established in August 1991 as NTT Mobile Communications Planning, Co., Ltd. Subsequently, the Target was renamed to NTT Mobile Communications Network, Inc., in April 1992, to NTT DOCOMO, INC., in April 2000. The Target’s Japanese name was further changed in October 2013, while the English name remained the same. The mobile communications services that the Target offers have their origins in the radio paging services (pager) launched in the 23 wards of Tokyo by the Offeror in July 1968 and the automotive telephone services, also launched in Tokyo, in December 1979. The Target subsequently commenced its business by acquiring the mobile communications business (mobile phones, automotive telephones, radio paging, ship telephones and aircraft public telephones) of the Offeror in July 1992. The Target was listed on the First Section of the Tokyo Stock Exchange in October 1998, and both the London Stock Exchange and New York Stock Exchange in March 2002. The Target was then delisted from the London Stock Exchange in March 2014 and from the New York Stock Exchange in April 2018. Today, the Target is listed in the First Section of the Tokyo Stock Exchange.

At the time of the formation of the Target, the Offeror owned all of the 20,000 shares of the Target’s stock that were then issued. The Offeror then acquired all 280,000 shares of the stock that were offered by the Target in the course of two subsequent issuances in May 1992 (the percentage of the shares owned by the Offeror of the total issued shares of the Target’s stock at such times: 100.00% (hereinafter, the percentage of the shares owned by the Offeror of the total issued shares of the Target’s stock at the relevant point in time is referred to as the “**Investment Ratio**,” which is rounded to two decimal places)). Further, on October 1, 1993, the Target merged with NTT Central Mobile Communications, Inc., and, pursuant to the series of proceedings in the merger transaction, 17,640 shares of the Target’s stock were issued to the shareholders of NTT Central Mobile Communications, Inc., and the Offeror acquired 440

shares (the number of shares owned by the Offeror at this time: 300,440 shares; Investment Ratio: 94.59% (hereinafter, the number of shares owned by the Offeror at the relevant point in time is referred to as the “**Shares Owned**”). In April and May 1994 and June 1995, the Offeror acquired a total of 304 shares from certain of the Target’s shareholders through a share transfer. (Shares Owned: 300,744; Investment Ratio: 94.68%). In August 1998, the Target split its stock at a 5-for-1 ratio, and, in October of the same year, the Offeror conducted an offering of 218,000 shares at the time of listing the Target’s shares (Shares Owned: 1,285,720; Investment Ratio: 67.13%). The Target split its stock at a 5-for-1 ratio again in September 1999 (Shares Owned: 6,428,600; Investment Ratio: 67.13%) and again at a 5-for-1 ratio in May 2002, and then acquired 551,000 shares from the Offeror through a share transfer in July 2002 (Shares Owned: 31,592,000, Investment Ratio: 62.96%). After that, the Target announced tender offers for its own shares in August 2003, August 2004 and August 2005, in which it acquired from the Offeror 698,000 shares (Shares Owned: 30,894,000; Investment Ratio: 61.57%), 1,748,000 shares (Shares Owned: 29,146,000; Investment Ratio: 58.08%) and 1,506,000 shares (Shares Owned: 27,640,000 shares; Investment Ratio: 56.76%), respectively. In October 2013, the Target conducted a 100-for-1 stock split (Shares Owned: 2,764,000,000; Investment Ratio: 63.32%). After that, the Target announced more tender offers for its own shares in August 2014, February 2016, December 2017 and November 2018 and acquired from the Offeror 176,991,100 shares (Shares Owned: 2,587,008,900; Investment Ratio: 59.27%), 117,924,500 shares (Shares Owned: 2,469,084,400; Investment Ratio: 60.43%), 74,599,000 shares (Shares Owned: 2,394,485,400; Investment Ratio: 61.40%) and 256,752,200 shares, respectively, as a result of which the number of shares of the Target Stock owned by the Offeror is currently 2,137,733,200 shares (Investment Ratio: 56.52%). Finally, the Target cancelled 447,067,906 shares of its treasury stock in February 2019 and 106,601,688 shares of its treasury stock in April 2020, which is how the current Ownership Ratio of 66.21% was achieved.

As of March 31, 2020, the Target Group (the Target and its consolidated subsidiaries and equity-method affiliates; hereinafter the same) is comprised of the Target, 96 consolidated subsidiaries and 27 equity-method affiliates, and it engages in telecommunications businesses (mobile phone services, optical broadband services, satellite phone services, international services, sales of devices for each service, etc.), smart life businesses (streaming services such as video, music and e-books, finance and payments services, shopping services, lifestyle-related services, etc.) and other businesses (mobile phone compensation services, B-to-B IoT, system development, sales and maintenance outsourcing, etc.).

In the market environment surrounding the Target, competition is further intensifying due to, among other things, revisions to the Telecommunications Business Act, the spread of low-cost smartphone services by MVNOs (Mobile Virtual Network Operators) (Note 3), as well as by sub-brands operated by MNOs (Mobile Network Operators) (Note 4) that offer low-cost plans, and the entry of a new MNO carrier from a different industry. In addition, every company is promoting various initiatives for future growth even outside the telecommunications business, centered around the provision of point services and strengthening of finance and payments businesses. As a result of this expansion of business areas, competition beyond the boundary of the traditional telecommunications market is accelerating, with players in e-commerce and other industries becoming competitors, among other things. In addition, each of the carriers started offering 5G services, and competition for new services has begun.

(Note 3) A telecommunications service provider that provides mobile telecommunications services by using or connecting to the network of an MNO and does not own or manage wireless stations for hosting and managing the mobile communications services it offers.

(Note 4) A telecommunications service provider that provides mobile telecommunications services as its telecommunications service and owns or manages wireless stations for hosting and managing the mobile communications services it offers.

In April 2017, the Target Group, based on its corporate philosophy of “creating a new world of communications culture,” formulated the Medium-Term Strategy 2020 “Declaration beyond,” with the aim of enriching the future through 5G, and in October 2018, announced its specific strategies and quantitative targets under “Declaration beyond” as its medium-term management strategy. Specifically, the Target has announced that it aims to achieve an operating income of JPY 5 trillion for fiscal year 2021 and an operating profit of JPY 990 billion for fiscal year 2023. As a part of this medium-term strategy, the Target announced basic policies to shift to “transformation into business management pivoted on membership base” and “5G rollout and business creation.” Based on these basic policies, the Target Group set fiscal year 2020 as the “start year for growth in a new era,” and as the year to take actions to ensure sustainable growth for this new era. Issues to be tackled include intensified competition with new entrants from different industries, early establishment of 5G-covered areas for the rollout of 5G services, intensified competition in the cashless market and creation of new revenue opportunities. In order to deal with these issues and achieve growth in the new era, the Target is operating its businesses based on the following policies:

i) Further Reinforcement of Customer Base

As the Target enters a new dimension of competition, with the launch of commercial 5G services and the entry of new operators, among other things, the Target will work to enhance the rate plans catering to the usage needs of customers and to achieve an early rollout of 5G, so as to solidify our customer base even further. The Target will also strive to improve customer experiences, such as by offering stress-free subscription procedures and devising purchases in stores or on the internet, reducing wait times, ensuring that basic support is provided to customers without fail and strengthening internet channels, among other things. In addition, the Target will pursue the creation of more attractive membership programs and the improvement of the “quality” of its membership services, including the expansion of “d POINT” partner stores to make the point program even more accessible in customers’ everyday lives.

ii) Full-Scale Execution of Business Management Pivoted on Membership Base

The Target will deepen its pursuit of “a business management pivoted on membership base”—one of the basic policies in the medium-term management strategy—by building stronger customer touchpoints and achieving the optimal approach to customers through digital marketing, leading to further expansion of the business. Additionally, the Target will concentrate its resources in growth areas. In particular, the Target will step up efforts to further expand the finance and payments businesses by increasing the number of participating stores and encouraging everyday use of “d CARD” and “d Payment” as well as efforts to strengthen its content businesses, with a primary focus on video and entertainment content. Furthermore, the Target will establish a marketing solutions business leveraging its ample membership base, by expanding customer attribute-based advertisements and reinforcing CRM (customer relationship management) through data coordination with strategic partners, among other things.

iii) New Value Creation for the 5G Era

For sustained growth in the 2020s, the Target will endeavor to create new value, primarily through commercial 5G services. The Target will create new sensations and experiences in the 5G era, centered on visual services such as 8KVR live content, multi-angle viewing and games. In addition, the Target will proceed with co-creation with partners to create new industries and solve social issues, including developing new solutions that leverage the strengths of 5G. The Target will also work on the creation of new businesses, in such areas as XR (Note 5), healthcare, sports and MaaS (Note 6).

(Note 5) Collective term used to refer to VR (Virtual Reality), AR (Augmented Reality), etc.

(Note 6) Acronym for “Mobility as a Service,” the concept of “Transportation” that enables one-stop access to efficient and highly-convenient transportation services, made

available by seamlessly unifying various transportation systems and related information through ICT (information and communications technology).

Further, the Target will push forward on the structural reforms that will underlie the new era. With the aim of streamlining business operations by bolstering 3G migration—the shifting of subscribers from 3G service to 4G/5G services—the Target will pursue smooth migration, including communication modules and early reduction of 3G areas, among other things. The Target will also focus on improving efficiency in operating processes by actively utilizing digital transformation, as well as shifting resources to growth areas such as the finance and payments business and content business.

The telecommunications market surrounding the Offeror Group, including the Target Group, has shifted from networks focused mainly on fixed-line telephones using switching equipment that were used until the mid-1990s to IP networks, and the main form of Internet connection has shifted from PCs to smartphones. With the evolution of network formation through the coordination of fixed-line and mobile communications and increasing speed and sophistication, the barriers between the fixed-line and mobile communications fields are disappearing, and market competition is intensifying due to the entry into the market by not only telecommunications carriers but also various other companies. In addition, amidst changing lifestyles and a variety of technological innovations, the industry structure is undergoing major structural changes, such as the development of global-level competition associated with the spread of services including content distribution and financial and payment services provided by OTT (Note 7) operators, and the development of multifaceted and multilayered market competition that transcends the boundaries of traditional business domains.

In addition, as it is expected that a new “glocalism” (Note 8) will emerge as a result of restrictions on the free movement of people, goods and money throughout the world due to the spread of the novel coronavirus (COVID-19) infections, it is necessary to respond to dynamic changes in the environment at the global level.

(Note 7) Abbreviation for “Over The Top”. A service that distributes content, etc. using the communications infrastructure of other companies without requiring a company to have its own communications infrastructure necessary for the distribution, etc. of services.

(Note 8) A new global social trend in which supply chains are reorganized to emphasize localization, with the return of globally dispersed supply chains to their own countries.

In the domestic fixed-line communication market, along with the spread of the Internet, there has been significant progress in the upgrading and diffusion of broadband as an indispensable service in our lives, and according to the Ministry of Internal Affairs and Communications (Announcement of Quarterly Data on the Number of Telecommunications Service Contracts and Market Share (announced on June 29, 2020)), the number of fixed-line broadband subscriptions as of the end of March 2020 was 41.2 million, of which 33.09 million were FTTH (Fiber to the Home) subscriptions. Since February 2015, Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation, the wholly-owned subsidiaries of the Offeror, have begun providing wholesale optical access services with the aim of creating a variety of new services and promoting innovation through collaboration with various players using optical access services. The provision of wholesale optical access services to Internet service providers, mobile communications providers, cable television operators, and new market entrants from other industries and the like has accelerated the spread of high-speed FTTH services using optical fiber, and expanded competition beyond the boundaries of the traditional fixed-line communications market.

In the domestic mobile communication market, according to the Ministry of Internal Affairs and Communications (Announcement of Quarterly Data on the Number of

Telecommunications Service Contracts and Market Share (announced on June 29, 2020)), the total number of mobile phone subscriptions as of the end of March 2020 was 184.8 million, and the population penetration rate among the total population of Japan, as announced by the Ministry of Internal Affairs and Communications (in Changes in Population (released on September 23, 2020)), was approximately 146%, against the backdrop of increased use of smartphones, demand for second devices such as tablets and mobile Wi-Fi routers, and an increase in corporate contracts. However, according to the Ministry of Internal Affairs and Communications (2018 White Paper on Information and Communications in Japan) as Japan's population is declining due to the declining birthrate and aging population, the market is nearing saturation as the growth of the number of new contracts for voice telephone services is expected to be limited in the future. On the other hand, competition is intensifying due to new market entrants from other industries and MVNOs' expanding market share due to the Ministry of Internal Affairs and Communications' policies to promote competition.

In recent years, advances in 5G, cloud services, IoT, big data, AI, and other cutting-edge technologies have led to the advancement of use of various digital services. By analyzing and utilizing the data accumulated through the use of these services (data management), digital transformation is advancing on a global scale to produce innovations that make a better world, such as improving the convenience of people's everyday lives, creating new business models, and improving productivity. There is also a growing need to strengthen information security in response to increasingly sophisticated and complex cyber attacks, strengthen measures to deal with disasters, and contribute to protecting the global environment. Furthermore, with the global spread of the novel coronavirus (COVID-19) pandemic, there has been a growing need for initiatives for remote work such as telecommuting, distance education, telemedicine and the like, and there will be a need to promote digital transformation through the use of ICT in every situation in the future, with the role of telecommunications continuing to expand and assume an increasingly important position. In particular, as new value creation is expected to be realized along with the evolution of technologies such as AI, there will be further advancements in telecommunications in the form of advanced connectivity, personalization and high capacity, and it is expected that 5G networks will support social infrastructures in the future. In order to expand the customer base based on 5G, it is necessary to create new high value-added services that integrate fixed-line and mobile services, extending to the domain of devices and application services, which go beyond the domain of communication services, and strengthen the competitiveness of rates and services. In addition, the importance of telecommunications infrastructure is expected to increase in the "beyond 5G (6G)" society, which is expected to be introduced in the 2030s, and in addition to enhancements of 5G's characteristic features (high-speed, high-capacity, low-latency, and multiple simultaneous connections), there will be a demand for new functions such as those enabling autonomy and ultra-low power consumption. The Offeror believes that the smooth introduction of "beyond 5G (6G)" with such features in Japan is also essential for strengthening Japan's international competitiveness.

In addition, as competition with other mobile carriers is intensifying in the Target Group's mobile communications business, the Target Group's business environment is becoming increasingly difficult due to factors such as the launch of commercial services by a new mobile carrier in April 2020. In addition, with 6G research and development accelerating worldwide, there is a growing need for strengthening research and development of next-generation communication technologies that cover both mobile and fixed networks.

In such a business environment, in order to flexibly respond to the rapid changes in the market surrounding the Offeror Group, the Offeror Group needs to clarify its role (value chain) with a view to optimizing the distribution of business resources for the entire group, and strategically combine and utilize the resources and assets of companies across the Offeror Group. Therefore, the Offeror believes that it is important for the Offeror Group, including the Target Group, to expedite the decision-making process regarding group-wide initiatives. The Offeror



believes that by taking into account such factors as ensuring fair competition and user interests and making maximum use of the various business resources and capabilities of the entire Offeror Group, including the Target Group, it will enhance the international competitiveness of Japanese industry through the strengthening of research and development capabilities, and contribute to the resolution of social issues that Japan faces, and the revitalization of regional communities, as well as endeavor to make various contributions to society, such as improving customer satisfaction by providing more reliable and secure communication infrastructure for both mobile and fixed-line services to strengthen cyber security, and providing customers with services and rates that are more user-friendly and affordable. As “Your Value Partner”, the Offeror Group aims to create new added value and solve social issues by further deepening its cooperation among the Offeror Group, including the Target Group, through measures such as the utilization of the capabilities of NTT Communications Corporation and NTT Comware Corporation by the Target Group, to aim for further improving the competitiveness of, and growth of the Target Group, and the growth of the entire Offeror Group, including the Target Group, by promoting the following group-wide measures.

- i) Strengthening corporate sales capabilities: The Target Group’s resources and assets related to 5G mobile communications and IoT will be combined with the Offeror Group’s resources and assets related to fixed-line communications and AI, to support the digital transformation and transformation of social infrastructure systems, such as supporting the spread and establishment of a post-corona remote society through the development and provision of new high value-added services that integrate mobile and fixed-line services, and the establishment of an ecosystem through in-house SaaS development and collaboration with other companies’ SaaS (Note 9). In addition, the ability to create solution services in the B2B and B2B2X models, which are businesses aimed at providing services for companies, local governments, and other institutions, will be strengthened by revitalizing collaboration with companies, local governments, and other institutions and developing a platform infrastructure aimed at corporate customers that supports the use of various data. In addition, sales capabilities will be strengthened by broadly offering services created in response to the needs of companies and local governments, etc. that have connections with the Offeror Group, including the Target Group. By establishing such a corporate sales system, the Offeror Group will contribute to the digitization and establishment of smart technology systems for Japanese society and industrial infrastructures, and solve various social issues and achieve the revitalization of regional communities after the novel coronavirus pandemic. At the same time, cooperation between the Target Group and NTT, Inc. group, which oversees and promotes global business operations at the Offeror Group, will be strengthened and global businesses will be developed by acquiring the ability to provide global services to global companies.
- ii) Strengthening of service creation capabilities: The Target Group’s ability to create services such as financial and payment services will be strengthened by enhancing services for Center B (providers of services such as business operators in other sectors, local governments, etc.) under the B2B2X model through further cooperation with the financial and settlement platform services and commercial distribution channels in which the Offeror Group, including the Target Group, is engaged. In addition, the B2B2X model will be further refined by revitalizing collaboration through the strengthening of corporate sales capabilities mentioned in i) above, as well as accelerating and enhancing the construction of an ecosystem through collaborative creation with partners, such as by appropriately linking the data collected by the Offeror Group, including the Target Group, with companies and local governments, leading to the strengthening of service marketing platforms and creation of new businesses, as well as strengthening the Target Group’s

advertising and CRM business operations. In addition, by integrating CDN (Note 10) and traffic control (Note 11) technologies, etc. of the Offeror Group, including the Target Group, to create a large-capacity content distribution infrastructure that enables users to view content stably and with low latency by using AI and edge technology (Note 12), as well as new services using priority controls and the like. In addition, the Offeror Group's software development capabilities for agile development (Note 13) will be leveraged to carry out application development in-house and improve user experience (Note 14). The assets and know-how of the Target Group created through such measures will be expanded globally by strengthening cooperation with NTT, Inc. group and collaborating with partners in Japan and overseas. Through the above initiatives, the Smart Life Business will be expanded and the ability to create services will be strengthened, thereby providing services that are easier to use and provide high satisfaction.

- iii) Strengthening cost competitiveness: By utilizing virtualization technologies (Note 15) and network slicing technologies (Note 16), etc., the resources and assets pertaining to networks, buildings, IT infrastructure, etc. will be optimized, and cost competitiveness will be strengthened.
- iv) Strengthening R&D Capabilities: In addition to promoting integrated research and development between the Target Group and NTT Laboratories, the Target Group's abundant cash flow will be utilized to invest in research and development, and to invest in, and implement joint development with, domestic and overseas partners to realize the IOWN concept (Note 17), which combines wireless and optical technologies, with the aim of producing telecommunications equipment, software and services that will be used around the world. In addition, through these activities, the Offeror Group, including the Target Group, will take the initiative in the international standardization of technologies such as promoting O-RAN (Note 18) in global business activities, and in addition to creating new value in the wireless field, innovative businesses and products and services will be created in peripheral business and other domains, to expand the business of the entire Offeror Group, including the Target Group. In addition, efforts will be made to develop a safer and more secure communications infrastructure that spans mobile and fixed-line services, and improve business continuity, strengthen resilience in the event of a disaster in information and communications, and strengthen cyber security. Through these activities, the Offeror Group will also contribute to the improvement of Japan's international competitiveness.

(Note 9) Abbreviation for "Software as a Service". An application service provided over the Internet.

(Note 10) Abbreviation for "Contents Delivery Network". A network solution optimized for high-speed and stable delivery of large images and videos.

(Note 11) A technology to ensure that large volumes of data are flowing over the network in an appropriate manner and that sufficient communication resources are available, depending on the communication services and applications used.

(Note 12) A technology that enables low latency data processing by performing data processing at the edge of the network, where it is physically close to the user or terminal.

(Note 13) A development method that enables the construction of systems in a short period of time by repeating the development process of "plan → design → implement → test" in a small, function-by-function cycle.

(Note 14) A term that collectively refers to the experience that users gain through the use of a product or service, such as ease of use, usability and comfort.

- (Note 15) A technology that allows software that used to run on specific hardware to run on virtual hardware.
- (Note 16) A technology that effectively provides networks to meet the requirements of services used by customers by virtually slicing networks.
- (Note 17) Abbreviation for “Innovative Optical & Wireless Network”. The concept of a network and information processing infrastructure, including terminals, that can provide high-speed, high-capacity communications and vast amounts of computational resources that exceed the limitations of the infrastructure to date by utilizing innovative technologies centered on optical technologies.
- (Note 18) Abbreviation for “Open Radio Access Network”. Specifications to make radio access networks, including 5G, more scalable, and more open and intelligent.

In order to expeditiously implement the above initiatives and measures, the Offeror believes that it is essential to, by making the Target a wholly-owned subsidiary of the Offeror, establish a system in which the Target Group assumes a central position in the entire Offeror Group, while strengthening cooperation between the Target Group and the Offeror Group, and thereby transform the Target Group into a new comprehensive ICT company that continuously creates and provides a variety of high-value-added services that integrate fixed-line and mobile services, combining services in a variety of domains, not only in the domain of communication services, but extending to the domain of devices and application services, and further strengthen its competitiveness and growth. Furthermore, it is necessary that the Offeror Group, including the Target Group, not only utilize their respective areas of expertise, but also optimize the allocation of business resources across the group and strategically combine and utilize the resources and assets of each company across the group, and in doing so, the Offeror came to believe that expediting the decision-making process of the Offeror Group, including the Target Group, with respect to group-wide initiatives is the most appropriate choice for the sustained increase of the corporate value of the Target Group and the Offeror Group, including the Target Group.

Although the Target, as a listed company, has the advantage of being able to independently raise funds from capital markets, with the business environment surrounding the Target Group becoming increasingly difficult as stated above, in implementing the various measures stipulated in items i) through iv) above, under the current circumstances where both the Offeror and the Target are operating independently as listed companies, when mutually utilizing their respective business resources, etc., the Offeror and the Target need to carefully consider the usefulness and objective fairness of the transaction by taking into account the interests of the minority shareholders of the Target. Furthermore, the Offeror and the Target may need to promptly carry out upfront investments that would not necessarily lead to the maximization of the interests of the Target in the short term, as well as undertake initiatives that would result in a temporary increase in costs, and it is also expected that such upfront investments and initiatives, which are necessary in terms of the mid- to long-term growth of the Target Group and the entire Offeror Group including the Target Group, may be detrimental to the interests of the minority shareholders of the Target in the short term. Based on this understanding, the Offeror considered that carrying out those measures by the Target as a listed company is a concern from the viewpoint of flexible and agile decision-making.

Therefore, the Offeror believed that it is possible to promote the growth of the Target and the Offeror Group from a mid- to long-term perspective by making the Target a wholly-owned subsidiary of the Offeror through the Transaction, resolving a potential conflict of interest between the parent company and minority shareholders due to the parent-subsidiary listings and completely reconciling the interests of the Target Group with those of the Offeror Group, while at the same time enabling the Target to make decisions promptly.

Based on such understanding, in mid-April 2020, the Offeror came to believe that the optimal course of action is to make the Target a wholly-owned subsidiary of the Offeror. At that time, the impact of the spread of COVID-19 infections was increasing, as the declaration of a state of emergency was effected on April 7, 2020. However, as stated above, the Target Group's business environment is becoming increasingly difficult due to factors such as the rolling out of 5G services and the launch of commercial services by a new mobile carrier, and therefore the Offeror recognized the increasing importance of strengthening competitiveness and promoting growth of the Target Group as well as promoting growth of the entire Offeror Group by realizing the transformation of the business model as soon as possible through the Transaction, and commenced consideration of the Transaction from mid-April 2020. Based on the view that it is desirable to make the Target a wholly-owned subsidiary of the Offeror by using not shares but cash as the consideration from the perspective of the impact of a dilution of the ownership of the Offeror's existing shareholders and the benefits for the minority shareholders of the Target, and taking into consideration the tax treatment of the Transaction (since as of today, the Offeror does not own the number of shares of the Target Stock equivalent to two-thirds of the total number of issued shares (excluding treasury shares) of the Target, in the case of making the Target a wholly-owned subsidiary of the Offeror through the share exchange or the share consolidation using cash as the consideration, the Target are subject to fair market value taxation), the Offeror considered taking a two-step acquisition through the Tender Offer and the subsequent Procedures to Make the Target a Wholly-owned Subsidiary of the Offeror as the structure of the Transaction. After that, the Offeror made an initial notice to the effect that the Offeror had commenced consideration of the Transaction to the Target in late April 2020 and made a proposal to the effect that the Offeror would like to commence consideration of, and discussions regarding the Transaction in early June 2020 (the "**Preliminary Proposal**"), and then commenced discussions regarding the strategic significance of the Transaction. The Offeror appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("**MUMSS**") as its financial advisor independent from the Offeror and the Target in mid-July 2020, and the Offeror appointed Mori Hamada & Matsumoto in late April 2020 and Hibiya Sogo Law Offices in early July 2020 as its legal advisors, and proceeded to consider the Transaction in earnest. After that, the Offeror conducted due diligence of the Target from late July 2020 after obtaining the approval of the Target, and the due diligence was completed in late August 2020. Meanwhile, there is no change in the Offeror Group's strategy which aims at being "Your Value Partner", and the Offeror Group will aim to promote digital transformation and solve social issues through business activities by utilizing various business resources and capabilities such as research and development, ICT platforms, and human resources by collaborating with partners.

On the other hand, as stated in "Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of the Valuation" in "(4) Basis of Valuation of Tender Offer Price" in "2. Overview of the Tender Offer" below, according to the Target, in response to the Preliminary Proposal received from the Offeror in early June 2020, the Target appointed Nomura Securities Co., Ltd. ("**Nomura Securities**") as its financial advisor and third party valuation agency, and Nakamura, Tsunoda & Matsumoto as its legal advisor, both of which are independent of the Offeror and the Target for the purpose of ensuring the fairness of the Transaction including the Tender Offer such as the fairness of the purchase price of the Target Stock through the Tender Offer (the "**Tender Offer Price**"), and also requested Nomura Securities, as its third party valuation agency, to conduct the share valuation on the Target Stock and to issue an opinion as to whether the Tender Offer Price is fair to the holders of the Target Stock excluding the Offeror from a financial point of view (a fairness opinion). Further, the Target established a special committee (the "**Special Committee**") for the purpose of establishing a system to conduct examinations and make judgments concerning the Transaction from the perspective of increasing the corporate value of the Target and securing the interests of the Target's general shareholders. For details of the establishment of the Special Committee,

see “B. Establishment of a Special Committee Independent of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below.

Subsequently, from mid-August 2020, on several occasions the Offeror and the Target discussed and considered various measures to increase the corporate value of the Target Group and the Offeror Group, such as strengthening the competitiveness of the communications business by further utilizing the group’s business resources, strengthening the corporate business and smart life business by strengthening collaboration among the group, and strengthening the research and development system by utilizing the entire group’s resources, the purposes of the Transaction, the management system and management policy after the Transaction, and the terms and conditions of the Transaction.

Specifically, on August 11, 2020, the Offeror made the initial offer regarding the Tender Offer Price (JPY 3,400 per share). The Offeror proposed JPY 3,600 per share as the Tender Offer Price on August 25, 2020 in response to the Target’s request that the Offeror reconsider its offer on August 19, 2020. The Offeror proposed JPY 3,750 per share as the Tender Offer Price on September 9, 2020 in response to the Target’s request that the Offeror reconsider its offer on September 2, 2020, and on September 14, 2020, the Target further requested that the Offeror reconsider its offer. On September 15, 2020, the Offeror conducted an interview with the Target about the Target’s views on the impact of the issue of outflow of deposits from Docomo Accounts due to compromise thereof on the Target’s business. In light of the contents of that interview, the Offeror examined again the future prospects of the Target’s business and determined that the issue would not materially affect the purpose and effects of the Transaction. Based on that determination, the Offeror proposed JPY 3,800 per share as the Tender Offer Price on September 17, 2020. Then, in response to the Target’s request that the Offeror reconsider its offer on September 18, 2020, the Offeror made the final proposal regarding the Tender Offer (JPY 3,900 per share) to the Target on September 25, 2020.

Based on the background described above, the Offeror, by the resolution of its board of directors on September 29, 2020, decided that making the Target a wholly-owned subsidiary of the Offeror would contribute to the increase of the corporate value of the entire Offeror Group and resolved to implement the Tender Offer as a part of the Transaction.

## **(ii) Process leading to and Reasons for the Target’s Decision to Support the Tender Offer**

### **A. Circumstances of the Establishment of a Structure for Evaluation**

According to the Target Press Release, the Target received the Preliminary Proposal from the Offeror in early June 2020. In response, the Target retained Nakamura, Tsunoda & Matsumoto as its legal advisor in the middle of June and Nomura Securities as its financial advisor at the end of June. Subsequently, since the Target is a consolidated subsidiary of the Offeror and the Transaction is of a kind in which structural conflict of interest and asymmetry of information problems are typically present, the Target, with the advice from Nakamura, Tsunoda & Matsumoto, in order to address these issues and to ensure the fairness of the Transaction, immediately began establishing a structure to review, negotiate and make decisions on the Transaction independently of the Offeror, in terms of maximizing its corporate value and protecting the interests of its ordinary shareholders.

In particular, as described in “B. Establishment of a Special Committee Independent of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, the Target started preparing for the establishment of a Special Committee consisting of the Target’s independent outside directors from the middle of June

2020. Thereafter, pursuant to the resolution at the meeting of the board of directors held on July 13, 2020, the Target established a Special Committee consisting of the following three individuals: Mr. Masaaki Shintaku (Independent Outside Director of the Target, Outside Director of FAST RETAILING CO., LTD., Counselor of Special Olympics Nippon Foundation), Mr. Shin Kikuchi (Independent Outside Director of the Target, Partner of Gaiem Partners) and Ms. Eiko Tsujiyama (Independent Outside Director (Audit and Supervisory Committee Member) of the Target, Professor Emeritus and Auditor of Waseda University, Outside Corporate Auditor of Lawson, Inc.) (please refer to “B. Establishment of a Special Committee Independent of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, for the circumstances of the establishment, the process of review and the decisions of the Special Committee). The Target consulted with the Special Committee on the following matters: (i) whether the purpose of the Transaction is reasonable (including whether the Transaction contributes to the increase of corporate value of the Target), (ii) whether the fairness of the terms of the Transaction (including the consideration in the Transaction) is ensured, (iii) whether due consideration is given through fair proceedings to the interests of the Target’s minority shareholders in the Transaction, (iv) whether it is appropriate for the board of directors of the Target to make a decision to carry out the Transaction (to express an opinion in support of the Tender Offer and recommend that the holders of the Target Stock tender in the Tender Offer and to carry out the procedures that are required to make the Target a wholly-owned subsidiary of the Offeror as described in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below) based on items (i) to (iii) above and other matters, and whether that is not detrimental to the Target’s minority shareholders, and (v) other matters regarding the Transaction on which the board of directors or the representative director deemed necessary to consult, in light of the purpose of establishing the Special Committee (under this item (v), after the establishment of the Special Committee, the question of “whether it is appropriate for the board of directors of the Target to make a decision to recommend that the holders of ADSs tender in the Tender Offer” has been added to the consulted matters) (these matters, collectively, the “**Consulted Matters**”). Additionally, in establishing the Special Committee, the board of directors of the Target resolved that the Special Committee be positioned as a body independent of the Target’s board of directors in such a way that it should give full weight to the opinion of the Special Committee in making decisions regarding the Transaction, that it should not make the decision to carry out the Transaction if the Special Committee decides that the Transaction was not appropriate and that the board of directors would report on the situation to the Special Committee in a timely manner when engaging in negotiations with the Offeror on the terms of the Transaction and accept its opinion, directions and requests with respect to important aspects of the Transaction. The board of directors further resolved, among other things, that the Special Committee be empowered to retain, as it deems necessary, its own advisors including attorneys, valuation agencies and certified public accountants, at the Target’s expense, and conduct research related to their roles (which shall include making inquiries and seeking explanations or advice from the Target’s officers and employees involved in the Transaction, as well as the Target’s advisors for the Transaction), also at the Target’s expense (please refer to “B. Establishment of a Special Committee Independent of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, for the manner in which the board of directors made these resolutions). As described in “B. Establishment of a Special Committee Independent of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, the Special Committee, based on the

aforesaid authorization, retained Nishimura & Asahi as its own legal advisor on July 30, 2020, Plutus Consulting Co., Ltd. (“**Plutus**”) as its own financial advisor and third-party valuation agency, on August 5, 2020, and Mr. Teruyasu Murakami (Director of Research Institute for Industrial Strategy, the Target’s former independent outside director) as its own advisor for the purpose of seeking profound knowledge regarding the telecommunications industry to which the Target and the Offeror belong, the knowledge acquired through work as the Target’s independent outside director and advice based on this knowledge, on July 28, 2020.

In addition, as described in “B. Establishment of a Special Committee Independent of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, the Target obtained the Special Committee’s approval for the Target’s retention of Nomura Securities as its financial advisor and third-party valuation agency, and of Nakamura, Tsunoda & Matsumoto as its legal advisor, following confirmation that there are no issues regarding Nomura Securities’ and Nakamura, Tsunoda & Matsumoto’s independence or expertise.

Further, as described in “G. Establishment of a Structure for the Independent Review by the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, the Target established a structure within the Target to review, negotiate and to make decisions on the Transaction independently of the Offeror (including the Target’s officers and employees to be involved in the review, negotiations and decision-making on the Transaction and their roles) and obtained the Special Committee’s acknowledgement that there are no issues with such structure in terms of its independence and fairness.

## **B. Process of Review Consideration and Negotiation**

The Target received advice from a financial perspective from Nomura Securities, including reports regarding the valuation of the Target Stock and strategies for negotiating with the Offeror, as well as legal advice from Nakamura, Tsunoda & Matsumoto, including guidance regarding the measures to be implemented to ensure fairness in the process of the Transaction. Based on their advice, the Target carefully evaluated the merits of the Transaction, as well as the appropriateness of its terms.

Since August 11, 2020, when the Target received the initial offer from the Offeror of a Tender Offer Price of JPY 3,400 per share, the Target has continuously held discussions and negotiations with the Offeror regarding the terms of the Transaction, including the Tender Offer Price. In particular, the Target received an offer from the Offeror of a Tender Offer Price of JPY 3,600 per share, on August 25, 2020, JPY 3,750 per share, on September 9, 2020, and JPY 3,800 per share, on September 17, 2020. On each occasion, the Target conducted a review based on the opinions of the Special Committee (in the formation of which opinions the Special Committee received advice from its advisors Plutus, Nishimura & Asahi and Mr. Teruyasu Murakami) as well as the opinions of Nomura Securities and Nakamura, Tsunoda & Matsumoto, and requested that the Offeror reconsider the Tender Offer Price, as it was less than the fair value. The Target continued discussions and negotiations with the Offeror through its financial advisor, following such request, and, as a result, the Target received a final offer of JPY 3,900 per share as the Tender Offer Price on September 25, 2020.

During the course of the review and negotiations described above, the Special Committee has, as appropriate, been given reports from the Target and its advisors and confirmed or stated its opinion, etc., thereon. In particular concerning the business forecast (covering the four fiscal years between the fiscal year ending March 31, 2021 and the fiscal year ending March 31,

2024; the “**Business Forecast**”) that serves as the basis of the valuation of the Target Stock by the Offeror, Nomura Securities and Plutus, based on the Special Committee’s opinion that, in view of its importance, the content of the Business Forecast should be deliberated upon by, and finalized according to a resolution of all disinterested directors, before presenting it to the Offeror, Nomura Securities and Plutus, the Target resolved to adopt the content of the Business Forecast at the meeting of the board of directors held on August 3, 2020, according to which the Business Forecast was presented to the Offeror and Nomura Securities on the same day and to Plutus on August 5, 2020. In light of the fact that, among the 15 directors on the Target’s board, Mr. Motoyuki Ii and Mr. Takashi Hiroi have served as directors of the Offeror, Mr. Hironobu Sagae and Mr. Katsumi Nakata have served as directors of companies within the Offeror Group that are not in the Target Group and Mr. Katsumi Kuroda concurrently serves as an employee of the Offeror, and in order to eliminate the risk of the deliberation and resolution at the meeting of the board of directors being tainted by issues arising from a structural conflict of interest or asymmetry of information inherent in the Transaction, the deliberation at the aforesaid meeting of the board of directors was conducted without these five directors, and among the remaining 10 directors of the Target (including the Audit and Supervisory Committee members), the aforesaid resolution received unanimous consent. In addition, in negotiating with the Offeror, the Target’s financial advisor had internal discussions with the Target in advance, and followed the negotiation strategies that were developed by taking into consideration the opinion of the Special Committee, and every time it received an offer of a Tender Offer Price from the Offeror, it was promptly reported to the Special Committee, whose advice was reviewed by the Target and dealt with accordingly.

On September 29, 2020, the Target received a recommendation from the Special Committee to the effect that it believes: i. that the Transaction does serve to increase the Target’s corporate value and that the purpose of the Transaction is reasonable; ii. that the fairness of the terms of the Transaction (including the consideration paid for the Transaction) has been ensured; iii. due consideration has been given to the benefit of the Target’s minority shareholders by employing a fair process in the Transaction; iv. it is appropriate and not detrimental to the Target’s minority shareholders for the Target’s board of directors to make the decision to express an opinion in support of the Tender Offer, as well as to recommend that the holders of the Target Stock tender in the Tender Offer and that the holders of ADSs tender in the Tender Offer upon surrendering their ADSs to the depository bank and withdrawing the shares of the Target Stock represented by the ADS, so as to go through a process to make the Target a wholly-owned subsidiary, following the Tender Offer. (the “**Recommendation**”; please refer to “B. Establishment of a Special Committee Independent of the Target,” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below for the summary of the Recommendation). In addition to the Recommendation, the Target received from the Special Committee a share valuation report regarding the result of the valuation of the Target Stock and a fairness opinion stating that the Tender Offer Price of JPY 3,900 per share is a fair price for the holders of the Target Stock (excluding the Offeror and its affiliated companies) and the holders of ADSs from a financial prospective, both of which Plutus provided to the Special Committee on September 29, 2020 (the “**Share Valuation Report (Plutus)**” and the “**Fairness Opinion (Plutus)**,” respectively. (Please refer to “D. Procurement by the Special Committee of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below for the details of the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus)).



Meanwhile, in the course of the discussions regarding the Transaction, the Target has explained to the Offeror its view on the impact the compromise of DOCOMO Accounts and the outflow of deposits would have on the Target's business. According to the Target, the Offeror re-evaluated the Target's business forecast, and determined that the issue would not materially affect the purpose or the effects of the Transaction.

### C. Decision

Based on the circumstances described above, the Target carefully discussed and considered, at the meeting of the board of directors held on September 29, 2020, whether the Transaction, including the Tender Offer, contributes to the increase of corporate value, and whether the terms of the Transaction, including the Tender Offer Price, are appropriate, based on legal advice from Nakamura, Tsunoda & Matsumoto, Nomura Securities' advice from a financial prospective, the share valuation report regarding the result of the valuation of the Target Stock and a fairness opinion stating that the Tender Offer Price of JPY 3,900 per share is a fair price for the holders of the Target Stock (excluding the Offeror) from a financial perspective, both of which Nomura Securities provided to the Target on September 29, 2020 (the "**Share Valuation Report (Nomura Securities)**") and the "**Fairness Opinion (Nomura Securities)**," as well as the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus) provided by Plutus through the Special Committee, giving full weight to the Special Committee's decision presented in the Recommendation.

As a result, the Target concluded that by becoming a wholly-owned subsidiary of the Offeror, the Target can expect to create synergies and contribute to improving the corporate value of the Target, as discussed below.

In the market environment surrounding the Target, competition is intensifying due, among other things, to revisions to the Telecommunications Business Act, the spread of low-cost smartphone services by MVNOs as well as by sub-brands operated by MNOs that offer low-cost plans, and the entry of a new MNO carrier from a different industry. In addition, every company is promoting various initiatives for future growth even outside the telecommunications business, centered around the provision of point services and strengthening of finance and payments businesses. As a result of this expansion of business areas, competition beyond the boundary of the traditional telecommunications market is accelerating, with players in e-commerce and other industries becoming competitors, among other things. In addition, telecommunications carriers have begun offering 5G services, and competition for new services has begun.

In addition, under the influence of the spread of the novel coronavirus disease (COVID-19) since the beginning of this year, social and industrial structures are rapidly shifting to "remote-style." This has accelerated the movement towards "Digital Transformation (DX)" for companies, and has also greatly changed the way individuals work and communicate. Mobile communication services, including the 5G provided by the Target, are widely used in industrial activities and social life, including remote work, remote operation support and remote education. However, customer needs are becoming more sophisticated and complex, and in some cases, they go beyond what the Target's existing business domain can accommodate. The Target believes that, while 5G is expanding and society is transitioning to a new shape, remote-style, it is time for the Target to further expand its business domains centered on mobile telecommunications and innovate itself into an existence that can accommodate customers' needs in a comprehensive manner.

Amidst these developments, the Target will seek not only to quickly provide more convenient and user-friendly services but also to contribute to the resolution of social issues through the digitization and "smartification" of society and industry. Furthermore, the Target believes that it is the Target's mission to step up its efforts toward the realization of next-generation service infrastructure with an eye towards the 2030s, such as 6G and IOWN, and contribute to the

further development of the ICT industry and the improvement of international competitiveness of Japan.

In order to achieve these missions, the Target will establish a structure in which the Target plays a pivotal role within the entire Offeror Group through the Transaction and is poised to transform to an existence that will accommodate, as a “front for all customers,” the diversifying needs of customers whether consumers or corporations, through the provision of total services, including not only mobile networks but also applications and solutions. To this end, the Target needs to thoroughly strengthen its “capability to create and provide services” and further enhance the “competitiveness of its telecommunications networks.” The Target recognizes that the fastest and most certain way to accomplish this is to become a wholly-owned subsidiary of the Offeror through the Transaction and strengthen the foundation of the Target’s business by strategically and agilely utilizing the Offeror Group’s resources and assets, such as by utilizing NTT Communications Corporation and NTT Comware Corporation’s capabilities.

The specific synergies that the Target believes are feasible are as follows:

(a) Strengthen Competitiveness in the Telecommunications Business Through the Utilization of the Group’s Business Resources

Competition among companies in the telecommunications business, which is the core business of the Target, is intensifying as the market becomes saturated and new businesses enter in the market, creating a heightened importance of achieving a safe and highly cost-competitive network. Additionally, the Target is expected to flexibly deal with not only mobile but also various other services and network systems, including fixed-line and Wi-Fi, and the sophistication of networks such as 6G and IOWN. The Target believes that coordination with the Offeror and the utilization of the Offeror’s business resources will enable the Target to meet these expectations. Specifically, the Target believes that utilization of the telecommunications infrastructures of the companies within the Offeror Group and optimization of the telecommunications infrastructures by network virtualization technologies, network slicing technologies, etc. will enable the enhancement of cost competitiveness. Further, the Target will achieve integrated mobile, fixed-line, Wi-Fi, etc. networks and services by enhancing coordination with the networks of the companies within the Offeror Group, as well as seek the sophistication of networks by improving credibility through total optimization of the Offeror Group’s nationwide backbone network. Moreover, the Target will shift its resources to businesses with higher added value by enhancing coordination of the engineering resources among companies within the Offeror Group, including the Target, among other things, so as to strengthen its engineering capabilities and achieve efficient management at the same time. Through these initiatives, the Target will offer new communication services and accessible prices to meet the diversified customer needs.

(b) Strengthen Corporate Business and Smart Life Business Through the Enhancement of Coordination Within the Group

In the corporate business and smart life business, which are the key pillars in the Target’s growth, total solutions that respond to the sophistication of the industry resulting from the structural shift to a remote style society and that help resolve social issues are in demand. As new business opportunities are arising from the change in lifestyle and technological innovation, business creation seizing such opportunities represents a source of competitive advantage. In order to accomplish further growth in these businesses, the Target believes that it is necessary to enhance its capabilities to create services and solutions that respond to a wider range of customer needs and new businesses domains, as well as its capabilities to support customers. The Target believes that the consolidation or coordination of the resources and assets of the Offeror Group and the Target will enable an early and steady achievement of these. In particular, in the corporate business, the Target will expand the range of offered solutions to include mobile and fixed-line telecommunications and services in the upper level domains by linking the products and services of the Target and the Offeror Group and creating new services

by integrating the Target's platform for mobile network services and the Offeror Group's platform and solutions for fixed network services, among other things. Additionally, the Target will strengthen its customer support capabilities in its corporate business by consolidating or appropriately coordinating the Offeror Group's assets, such as its sales resource and customer base. In the smart life business, the Target will deepen its customers' understanding and further expand its ecosystem using the membership base by enhancing the coordination between the Target's marketing platform and the solutions owned by the Offeror. In addition, the Target will expedite the creation of new businesses in growth areas, such as video streaming and healthcare, by utilizing the assets of the Offeror Group, and it aims to enhance its capabilities to create services in these growth areas by making effective use of the software development resources, etc. owned by the Offeror Group so as to achieve evolution into a marketing solution company and a service creation company. Further, the Target will expand its domestically-developed corporate business and smart life business overseas by enhancing the coordination with the Offeror's global base and its domestic and overseas partners.

(c) Strengthen R&D Organization by Utilizing the Resources of the Entire Group

In order to increase the medium-to-long-term corporate value of the Offeror Group, the Target believes it is necessary to strengthen its R&D activities to accomplish an innovation in its telecommunications technology and to create a next generation network, including 6G and IOWN. The Target believes that enhanced coordination between the Offeror Group and the Target's R&D divisions and the establishment of a mobile R&D organization will enable early and steady achievement of these. Specifically, the Target will, in addition to establishing a more mobile R&D organization by enhancing the coordination between the Offeror Group and the Target's R&D divisions, establish an organization that will enable prompt creation of high-quality services, by employing the Offeror Group's achievements in its basic research activities in a timely manner, focusing the resources to develop technologies for practical application, and strengthening the collaboration among the development resources of the companies within the Offeror Group.

As a listed company, the Target has taken into account the interests of the Target's minority shareholders and endeavored to ensure the independence of the Target. Due to concerns over conflicts of interest between the Offeror Group and the Target's minority shareholders, and the need to ensure the Target's independence, it has been difficult for the Target to swiftly and smoothly promote a shared utilization of the Offeror Group's business infrastructures. After the Transaction, the Target believes that becoming a wholly-owned subsidiary of the Offeror will enable the swift and smooth implementation of cooperation with the Offeror Group that is necessary for medium-to-long-term growth and efficient utilization of business resources, contributing to the improvement of the medium-to-long-term corporate value of the Offeror Group, including the Target, while avoiding the restrictions stemming from these concerns over conflicts of interest between the Offeror Group and the Target's minority shareholders and the need to ensure the independence of the Target.

In addition, the Target decided that the Tender Offer Price of JPY 3,900 per share is an adequate price that ensures that the Target's ordinary shareholders receive the benefits to which they are entitled and that the Tender Offer provides the Target's ordinary shareholders with a reasonable opportunity to sell the Target Stock at a price with a proper premium, for the following reasons, among others.

- (i) The Tender Offer Price is the price that was agreed upon as the result of thorough negotiations with the Offeror with the substantial involvement of the Special Committee, while such measures to ensure the fairness of the terms of the Transaction including, the Tender Offer Price, as described in "Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of the

Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below were being adequately implemented by the Target.

- (ii) The Tender Offer Price is above the range of valuations based on the average market price method and comparable company method, and within the range of valuation based on the discounted cash flow method (the “**DCF Method**”) according to the results of valuation of the Target Stock by Nomura Securities, which is in the Share Valuation Report (Nomura Securities) as described in “F. Procurement by the Target of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below. Additionally, as described in “F. Procurement by the Target of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, Nomura Securities issued the Fairness Opinion (Nomura Securities) to the effect that the Tender Offer Price of JPY 3,900 per share is adequate for the owners of the Target Stock (excluding the Offeror) from a financial perspective.
- (iii) The Tender Offer Price is above the range of valuations based on the market price method and comparable company method, and within the range of valuation based on the DCF Method according to the results of valuation of the Target Stock by Plutus, which is in the Share Valuation Report (Plutus) as described in “D. Procurement by the Special Committee of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below. Additionally, as described in “D. Procurement by the Special Committee of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below, Plutus issued the Fairness Opinion (Plutus) to the effect that the Tender Offer Price of JPY 3,900 per share is a fair price for the holders of the Target Stock (excluding the Offeror and its affiliated companies) and the holders of ADSs from a financial perspective.
- (iv) The Tender Offer Price represents a 40.54% premium (this figure is rounded to two decimal places; the same applies to the calculation of premiums below) to the closing price of the Target Stock of JPY 2,775 on the First Section of the Tokyo Stock Exchange on September 28, 2020, which is the business day immediately preceding the date of publication of the Tender Offer; a 38.61% premium to the simple average of the closing prices for the most recent one-month period, ending September 28, 2020, of JPY 2,814 (this figure is rounded to the nearest yen; the same applies to the calculation of the simple average closing prices below); a 32.59% premium to the simple average of the closing prices for the most recent three-month period, ending the same date, of JPY 2,941; and a 29.25% premium to the simple average of the closing prices for the nearest six-month period, ending

the same date, of JPY 3,018; which premiums stand in comparison with the level of premiums in other tender offers conducted for the purpose of making a listed subsidiary a wholly-owned subsidiary of the parent company and are considered a reasonable level (although the market price of the Target Stock is most recently in a downward trend, the premium is judged to be at a reasonable level, because, in evaluating premiums to the market price of the Target Stock, sufficient premiums were given to each of the simple average of the closing prices for the most recent one-month period ending September 28, 2020, the simple average of the closing prices for the most recent three-month period ending the same date and the simple average of the closing prices for the most recent six-month period ending the same date).

- (v) The Tender Offer Price has also been determined to be adequate by the Recommendation obtained from the Special Committee as described in “B. Establishment of a Special Committee Independent of the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below.

Based on the foregoing, the Target has determined that the Transaction will contribute to the improvement of the Target’s corporate value and that the terms of the Transaction, including the Tender Offer Price, are adequate, and accordingly has resolved at the meeting of board of directors of the Target held on September 29, 2020 to express its opinion in support of the Tender Offer and recommend that the holders of the Target Stock tender in the Tender Offer, and that the holders of ADSs tender in the Tender Offer upon surrendering their ADSs to the depository bank and withdrawing the shares of the Target Stock represented by the ADS.

Please refer to “H. Approval of All Directors (Including the Audit and Supervisory Committee Members) Without an Interest in the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” below for the manner in which the resolution at such meeting of the board of directors was made.

### **(iii) Management Policy after Completion of the Tender Offer**

After the Transaction, the Offeror intends to continue management to further increase the corporate value of the Target and enhance its business by fully leveraging the business characteristics and strengths of the Target.

After the completion of the Transaction, the Offeror intends to promptly take the necessary measures and establish structures to implement them upon consultation with the Target through utilizing the business resources of the group for the purpose of realizing the expected strengthening of the competitiveness and growth of the Target Group, and the mid- to long-term growth of the entire Offeror Group as early as possible. The Target will continue to conduct management that makes full use of the business characteristics and strengths of the Target and enhance its business and continue management endeavoring the further increase of the corporate value of the Target. As stated in “(iii) Decision” in “(ii) Process leading to and Reasons for the Target’s Decision to Support the Tender Offer” above, the Target will establish a structure in which the Target plays a pivotal role within the entire Offeror Group and is poised to transform to an existence that will accommodate, as a “front for all customers,” the diversifying needs of customers whether consumers or corporations, through the provision of total services, including not only mobile networks but also applications and solutions. The Target intends to establish a management structure to obtain synergies through the Transaction

that are generated by strategically and flexibly utilizing the resources and assets held by the Offeror Group to the maximum and in an early stage. As part of it, the change in officers including changes of representative directors on December 1, 2020 (scheduled) was resolved at a meeting of the board of directors held on September 29, 2020 in order to further contribute to the society by prompt establishment and implementation of the management strategies that contribute to the further increase of the corporate value of the Target Group, after making the Target a wholly-owned subsidiary by the Offeror. For details, please refer to “(ii) Change in the Representative Directors of the Target” in “(2) Other Information Necessary for Investors’ Decision of Tender” in “4. Other” below and “Announcement of Changes in Representative Directors and Executives, Etc.” as of September 29, 2020 announced by the Target.

As of today, the Target’s board of directors consists of 15 directors, including seven directors who concurrently serve as outside directors and five directors who concurrently serve as Audit and Supervisory Committee members; among the 15 directors, one director (Mr. Katsumi Kuroda) holds a position as an employee of the Offeror. Five of the ten directors (excluding directors who concurrently serve as Audit and Supervisory Committee members) of the Target (Mr. Kazuhiro Yoshizawa, Mr. Motoyuki Ii, Mr. Seiji Maruyama, Mr. Michio Fujiwara, and Mr. Takashi Hiroi) and three of the five directors who concurrently serve as Audit and Supervisory Committee members (Mr. Shoji Suto, Mr. Hironobu Sagae, and Mr. Katsumi Nakata) worked at the Offeror. Matters regarding the management system of the Target after completion of the Transaction have not been determined at this point in time other than the change in officers including changes of representative directors stated above. However, the Offeror intends to consider strengthening the coordination among the Offeror Group including the Target Group, through measures such as transferring NTT Communications Corporation and NTT Comware Corporation to the Target Group, and plans to consider the establishment of the optimal structure for implementing the various measures stated in “(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer” above and to further strengthen the management foundation through prospective discussions with the Target.

**(3) Matters Concerning Material Agreement Regarding the Tender Offer**

There are no applicable matters.

**(4) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest**

In light of the fact that the Target is a consolidated subsidiary of the Offeror and the fact that the Transaction (including the expression of an opinion regarding the Tender Offer) constitutes a material transaction, etc. with a controlling shareholder and the fact that there are structural conflicts of interest between the Offeror and the shareholders of the Target other than the Offeror, the Offeror and the Target have taken the following measures to ensure fairness in the Tender Offer and to avoid conflicts of interest. The following statements on measures that have been taken by the Target are based on the Target Press Release and explanations received from the Target.

Further, the Offeror owns 2,137,733,200 Target Stock (ownership ratio, 66.21%) as of today as stated in “(1) Overview of the Tender Offer” above, so if the Offeror were to set a minimum number of Share Certificates, Etc. to be purchased in the Tender Offer as the so-called “majority of minority”, it believes that the successful completion of the Tender Offer would become uncertain and that it is possible that setting a minimum number would not contribute to the interests of general shareholders who wish to tender their shares in the Tender Offer. Therefore, the Offeror has not set a minimum number of Share Certificates, Etc. to be purchased in the Tender Offer as the majority of minority. However, the Offeror and the

Target believe that because the measures set out in A. through J. below have been taken and measures to ensure the fairness in the terms of the Transaction including the Tender Offer Price have been fully taken by the Offeror and the Target, the interests of the minority shareholders of the Target have been fully considered.

- A. Procurement by the Offeror of Share Valuation Report from Independent Financial Advisor and Third Party Valuation Agencies and Fairness Opinion from Independent Third Party Valuation Agencies
- B. Establishment of a Special Committee Independent of the Target
- C. Procurement by the Special Committee of Advice from Independent Legal Advisor
- D. Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from Independent Financial Advisor and Third Party Valuation Agency
- E. Procurement by the Target of Advice from an Independent Legal Advisor
- F. Procurement by the Target of Share Valuation Report and Fairness Opinion from Independent Financial Advisor and Third Party Valuation Agency
- G. Establishment of a Structure for Independent Review by the Target
- H. Approval of All Directors (Including the Audit and Supervisory Committee Members) Without an Interest in the Target
- I. Absence of Deal Protection Provision
- J. Measures to Ensure that the Target's Shareholders have the Opportunity to make Appropriate Judgments as to whether or not to Tender in the Tender Offer

For details of the above, see "Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "(ii) Background of the Valuation" in "(4) Basis of Valuation of Tender Offer Price" in "2. Overview of the Tender Offer" below.

**(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)**

As mentioned in "(1) Overview of the Tender Offer" above, the Offeror intends to make the Target a wholly-owned subsidiary of the Offeror, and if the Offeror is not able to acquire all of the Target Stock (excluding the Target Stock owned by the Offeror and the treasury shares owned by the Target) through the Tender Offer, the Offeror plans on conducting procedures for the purpose of owning all of the Target Stock (excluding the Target Stock owned by the Offeror and treasury shares owned by the Target) by any of the following methods after the successful completion of the Tender Offer.

**(i) Demand for Share Cash-Out**

If, as a result of the successful completion of the Tender Offer, the total number of voting rights in the Target owned by the Offeror becomes 90% or more of the voting rights of all shareholders of the Target, the Offeror intends to, promptly after the completion of the settlement of the Tender Offer, make a demand to all of the shareholders of the Target (excluding the Offeror and the Target) (the "Selling Shareholders") to sell all of the Target Stock they hold (the "Share Cash-Out Demand") under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same applies).

Money equal to the amount of the Tender Offer Price is to be delivered to the Selling Shareholders in the Share Cash-Out Demand as consideration for each share of the Target Stock. In that case, the Offeror will notify the Target to that effect and request approval from the Target for the Share Cash-Out Demand. If the Target approves the Share Cash-Out Demand by a resolution of a meeting of its board of directors, the Offeror will acquire all of the Target Stock held by the Selling Shareholders as of the acquisition date stated in the Share Cash-Out Demand without requiring any individual approval of the Selling Shareholders in accordance with procedures prescribed in relevant laws and regulations. The Offeror is to deliver money equal to the Tender Offer Price for each Target Stock to each of the Selling Shareholders as consideration for the Target Stock they held. Further, according to the Target Press Release, if the Target receives from the Offeror a notice of the Share Cash-Out Demand stating a matter prescribed in any item of Article 179-2, paragraph (1) of the Companies Act, it will approve the Share Cash-Out Demand by the Offeror at a meeting of the board of directors of the Target.

Since the Target Stock subject to the Share Cash-Out Demand includes the Target Stock held by the Depository Bank (as defined in “(3) Purchase Price” in “2. Overview of the Tender Offer” below; hereinafter the same) which is represented by the ADSs, if the abovementioned approval is made, money equal to the amount obtained by multiplying the Tender Offer Price by the number of that Target Stock will be delivered to the Depository Bank. In that case, it is expected that each of the holders of ADSs will receive, from the Depository Bank in proportion to the number of ADSs they hold money equal to the amount obtained by converting the money delivered to the Depository Bank into US dollars (rounded to the nearest whole cent) and deducting the fees of the Depository Bank and taxes, etc. in accordance with the depository agreement.

Provisions in the Companies Act for the purpose of protecting the rights of minority shareholders in relation to the abovementioned procedures provide that any Selling Shareholder may file a petition to the court for a determination of the purchase price of the Target Stock the shareholder owns in accordance with Article 179-8 of the Companies Act and the provisions of other relevant laws and regulations. Further, if such a petition is filed, the purchase price will be ultimately decided by the court.

If the holders of ADSs desire to file a petition for a determination of the purchase price of the Target Stock, they need to file such petition in accordance with Article 179-8 of the Companies Act and the provisions of other relevant laws and regulations after they surrender their ADSs to the Depository Bank and withdraw the Target Stock deposited with the Depository Bank.

## **(ii) Consolidation of Shares**

If the total number of voting rights in the Target owned by the Offeror is less than 90% of the voting rights of all shareholders of the Target even after the successful completion of the Tender Offer, the Offeror intends to make a demand to the Target to convene an extraordinary shareholders meeting (the “**Extraordinary Shareholders Meeting**”) around January 2021 at which the agenda items will include proposals for a consolidation of the Target Stock pursuant to Article 180 of the Companies Act (the “**Share Consolidation**”) and a partial amendment to the Target’s articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect. The Offeror intends to vote for such proposals at the Extraordinary Shareholders Meeting. If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, on the day on which the Share Consolidation takes effect, each shareholder of the Target will own the Target Stock in a number that corresponds to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting.

If a fraction less than one share arises in the number of shares as a result of the Share Consolidation, money obtained from selling to the Target or the Offeror the Target Stock the



number of which is equal to the total number of those fractions (if there is a fraction less than one share in that total number, that fraction is to be rounded down, hereinafter the same) is to be delivered to the shareholders of the Target in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Target Stock the number of which is equal to the total number of those fractions, the Offeror intends to make a demand to the Target to file a petition to a court for permission to make a sale by private contract after setting the amount of money to be delivered to each of the shareholders of the Target (excluding the Offeror and the Target) that did not tender shares in the Tender Offer as a result of that sale being the same as the price obtained by multiplying the Tender Offer Price by the number of Target Stock owned by each of those shareholders. Further, although the ratio of the consolidation of the Target Stock has not been determined as of today, the ratio is to be determined so that the number of Target Stock owned by the shareholders of the Target (excluding the Offeror and the Target) that did not tender shares in the Tender Offer will be a fraction less than one share and the Offeror will own all of the Target Stock (excluding treasury shares that are owned by the Target).

Since the Target Stock subject to the Consolidation of Shares includes the Target Stock held by the Depository Bank which is represented by the ADSs, if the abovementioned determination is made, the number of the Target Stock held by the Depository Bank after the Consolidation of Shares will be a fraction less than one share. In that case, it is expected that each of the holders of ADSs will receive from the Depository Bank in proportion to the number of ADSs they hold money equal to the amount obtained by converting the money delivered to the Depository Bank into US dollars (rounded to the nearest whole cent) and deducting the fees of the Depository Bank and taxes, etc. in accordance with the depositary agreement.

Provisions in the Companies Act for the purpose of protecting the rights of minority shareholders in relation to the abovementioned procedures provide that if a fraction less than one share arises as a result of the Share Consolidation, any shareholder of the Target may, in accordance with Article 182-4 and Article 182-5 of the Companies Act and the provisions of other relevant laws and regulations, if the prescribed conditions are satisfied, make a demand to the Target to purchase at a fair price all of the Target Stock owned by that shareholder that will become a fraction less than one share and file a petition to the court for a determination of the price of the Target Stock. As explained above, given that it is expected the number of the Target Stock owned by the shareholders of the Target (excluding the Target and the Offeror) that did not tender shares in the Tender Offer will become a fraction less than one share in the Share Consolidation, it is expected the shareholders of the Target that oppose the Share Consolidation will be able to file the above petition. Further, if such a petition is filed, the purchase price will be ultimately decided by the court.

If the holders of ADSs desire to make a demand for purchase of the Target Stock and file a petition for a determination of the price of the Target Stock, they need to make such demand and file such petition in accordance with Article 182-4 and Article 182-5 of the Companies Act and the provisions of other relevant laws and regulations after they surrender their ADSs to the Depository Bank and withdraw the Target Stock deposited with the Depository Bank.

The procedures in (i) and (ii) above might require time to implement or might change to another method depending on circumstances such as any revision, enforcement, or interpretation by authorities of relevant laws and regulations. However, even in that case, if the Tender Offer is successfully completed, it is expected that the method of ultimately delivering money to each of the shareholders of the Target (excluding the Offeror and the Target) that have not tendered shares in the Tender Offer will be used, and the amount of money to be delivered to each of those shareholders in that case is to be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Stock owned by each of those shareholders. In that case, it is expected that the same will apply to

the amount of the money to be delivered to the Depositary Bank in relation to the Target Stock which is held by the Depositary Bank and represented by the ADSs and that the holders of ADSs will receive from the Depositary Bank in proportion to the number of ADSs they hold money equal to the amount obtained by converting the money delivered to the Depositary Bank into US dollars (rounded to the nearest whole cent) and deducting the fees of the Depositary Bank and taxes, etc. in accordance with the depositary agreement. Matters such as the specific procedures in the above cases and the timing of the implementation of those procedures are to be publicly announced by the Target once they have been determined following discussions between the Target and the Offeror.

The Tender Offer is not intended to solicit the shareholders of the Target to approve the proposals at the Extraordinary Shareholders Meeting. Each shareholder of the Target (including holders of ADSs) should consult with a certified public tax accountant and other experts at its own responsibility on the handling of tax matters in relation to tendering shares in the Tender Offer and the above procedures.

**(6) Likelihood of Delisting and Reasons for that Delisting**

Although the Target Stock is listed on the First Section of the Tokyo Stock Exchange as of today, the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased in the Tender Offer, so the Target Stock might be delisted through prescribed procedures in accordance with delisting criteria prescribed by the Tokyo Stock Exchange depending on the result of the Tender Offer. Even in the case where the Target Stock does not fall under those criteria at the time of the successful completion of the Tender Offer, if the Procedures to Make the Target a Wholly-owned Subsidiary of the Offeror are conducted as explained in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” above, the Target Stock will be delisted through prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. If the Target Stock is delisted, the Target Stock will not be able to be traded on the Tokyo Stock Exchange.

## 2. Overview of the Tender Offer

### (1) Outline of the Target

(i) Name	NTT DOCOMO, INC.																				
(ii) Location	11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo																				
(iii) Title and Name of Representative	Kazuhiro Yoshizawa, Representative Director, President and Chief Executive Officer																				
(iv) Type of Business	Operation of telecommunications business including mobile telecommunication services and optical-fiber broadband services, smart life business including distribution services for video and music, and other businesses including mobile device protection service																				
(v) Stated Capital	JPY 949,680 million																				
(vi) Date of Incorporation	August 14, 1991																				
(vii) Principal Shareholders and Shareholding Ratios (As of March 31, 2020) (Note)	<table> <tr> <td>Nippon Telegraph and Telephone Corporation</td> <td>66.21%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>3.18%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>2.28%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 7)</td> <td>1.11%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td> <td>0.91%</td> </tr> <tr> <td>STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing Proxy: Settlement &amp; Clearing Services Department of Mizuho Bank, Ltd.)</td> <td></td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505103 (Standing Proxy: Settlement &amp; Clearing Services Department of Mizuho Bank, Ltd.)</td> <td>0.65%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 9)</td> <td>0.63%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 385151 (Standing Proxy: Settlement &amp; Clearing Services Department of Mizuho Bank, Ltd.)</td> <td>0.62%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 1)</td> <td>0.47%</td> </tr> </table>	Nippon Telegraph and Telephone Corporation	66.21%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.18%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.28%	Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.11%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.91%	STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing Proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)		STATE STREET BANK AND TRUST COMPANY 505103 (Standing Proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	0.65%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	0.63%	JP MORGAN CHASE BANK 385151 (Standing Proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	0.62%	Japan Trustee Services Bank, Ltd. (Trust Account 1)	0.47%
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JP MORGAN CHASE BANK 385151 (Standing Proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	0.62%																				
Japan Trustee Services Bank, Ltd. (Trust Account 1)	0.47%																				
(viii) Relationship between the Offeror and the Target																					
Capital Relationship	As of the date hereof, the Offeror owns 2,137,733,200 shares (Ownership Ratio: 66.21%) of the Target Stock.																				
Personnel Relationship	As of the date hereof, the Target's board of directors consists of 15 directors, including directors who concurrently serve as outside directors and Audit and Supervisory Committee members; among the 15 directors, one director (Mr. Katsumi Kuroda) holds a position as an employee of the Offeror. Five of the ten directors (excluding directors who concurrently serve as Audit and Supervisory Committee members) of the Target (Mr. Kazuhiro Yoshizawa, Mr. Motoyuki Ii, Mr. Seiji Maruyama, Mr. Michio Fujiwara, and Mr. Takashi Hiroi) and three of the five directors who concurrently serve as Audit and Supervisory Committee members (Mr. Shoji Suto, Mr. Hironobu Sagae, and Mr. Katsumi																				

	Nakata) worked at the Offeror.
Business Relationship	The Target has dealings with the Offeror Group other than the Target Group for purchases of fixed-line telecommunications services necessary for the Target Group's offices and sales offices, etc., usage of various telecommunications services and sales of different types of the Target Group's mobile telecommunications services, among other things. Also, the Target receives services and benefits related to basic R&D and group management operations conducted by the Offeror, for which the Target pays consideration to the Offeror. In addition, the Target and NTT Finance Corporation, of which the Offeror is the parent company, have entered into a basic agreement for billing, collection, etc. of the Target's service fees and the like, as well as an agreement for, among other things, the assignment of receivables under such agreement. In accordance with these, the Target assigns its receivables for telecommunications services, etc., to NTT Finance Corporation. Further, NTT Finance Corporation and the Target Group have entered into a cash loan agreement, under which the Target Group deposits funds with NTT Finance Corporation and NTT Finance Corporation manages the funds on behalf of the Target Group.
Status as a Related Party	The Target is a consolidated subsidiary of the Offeror and falls under the category of a related party of the Offeror.

(Note) The information stated in “(vii) Principal Shareholders and Shareholding Ratios (As of March 31, 2020)” is based on the information on “Principal Shareholders” in the Annual Securities Report (The 29th Fiscal Year) submitted by the Target on June 17, 2020.

**(2) Schedule, etc.**

**(i) Schedule**

Resolution of the Board of Directors Meeting	September 29, 2020 (Tuesday)
Date of Public Notice of Commencement of the Tender Offer	September 30, 2020 (Wednesday) An electronic public notice will be made, and that fact will then be published in the <i>Nihon Keizai Shimbun</i> . (Electronic public notice address: <a href="https://disclosure.edinet-fsa.go.jp/">https://disclosure.edinet-fsa.go.jp/</a> )
Submission Date of the Tender Offer Statement	September 30, 2020 (Wednesday)

**(ii) Tender Offer Period as of the Submission Date of the Tender Offer Statement**

From September 30, 2020 (Wednesday) through November 16, 2020 (Monday) (33 Business Days)

**(iii) Possibility of Extending the Above Period upon Request of the Target**

There are no applicable matters.

**(3) Purchase Price**

**(i)** JPY 3,900 per share of common stock

**(ii) Depository receipts for share certificates, etc.**

JPY 3,900 per the American depository shares (the “**ADSs**”) issued in the United States by The Bank of New York Mellon (the “**Depository Bank**”), each of which represents the ownership of one share of the Target Stock deposited with the Depository Bank.

(Note) Since the Offeror aims to acquire all of the Target Stock through the Tender Offer, the Offeror is required to solicit offers to sell all Share Certificates, Etc. issued by the Target pursuant to the provisions of Article 27-2, paragraph (5) of the Act and Article 8, paragraph (5), item (iii), of the (Cabinet Order No. 321 of 1965, as amended; the “**Order**”); therefore, the class of Share Certificates, Etc. to be purchased includes ADSs. However, as the ADSs are securities issued in the United States, the Offeror has found it in practice to be difficult for the Offeror residing in Japan to acquire the ADSs through the Tender Offer, which will be conducted outside of the United States because there are no financial instruments business operators, etc. that are capable to handle the ADSs as tender offer agent. Therefore, the Offeror accepts only tenders of shares of the Target Stock and does not accept any tender of the ADSs in the Tender Offer, but the Offeror will accept tenders of shares of the Target Stock represented by the ADSs. Thus, holders of ADSs who wish to tender their ADSs in the Tender Offer should surrender them to the Depository Bank and withdraw shares of the Target Stock represented by the ADSs in advance, and tender such shares of the Target Stock (see also “(11) Tender Offer Agent” below).

**(4) Basis of Valuation of Tender Offer Price**

**(i) Basis of the Valuation**

**A. Common Stock**

In determining the Tender Offer Price, the Offeror requested MUMSS, which is the Offeror’s financial advisor and third party valuation agency independent from the Offeror and the Target, to analyze the share value of the Target and obtained the share valuation report (the “**Share Valuation Report (MUMSS)**”) from MUMSS as of September 28, 2020. MUMSS is not a related party of the Offeror or the Target and does not have any material interest in the Tender Offer. The Offeror has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price or the Tender Offer (a fairness opinion), and MUMSS has not expressed any such opinion.

The Offeror requested Deloitte Tohmatsu Financial Advisory LLC (“**Deloitte Tohmatsu**”), which is a third party valuation agency independent from the Offeror and the Target, to submit an opinion letter to the effect that the Tender Offer Price of JPY 3,900 is fair to the shareholders of the Offeror from a financial point of view (a fairness opinion) (the “**Fairness Opinion (Deloitte Tohmatsu)**”) and obtained the Fairness Opinion (Deloitte Tohmatsu) as of September 28, 2020. Deloitte Tohmatsu is not a related party of the Offeror or the Target and does not have any material interest in the Tender Offer. The Offeror has not requested Deloitte

Tohmatsu to calculate the share value of the Target and has not obtained a share valuation report from Deloitte Tohmatsu.

MUMSS has, after considering the calculation method in the Tender Offer, analyzed the share value of the Target using the methods of market share price analysis, comparable companies analysis, and discounted cash flow analysis (“**DCF Analysis**”).

The ranges of the share value per Target Stock analyzed using each of the above methods are as follows.

Market share price analysis:	JPY 2,775 – JPY 3,018
Comparable companies analysis:	JPY 2,322 – JPY 3,406
DCF Analysis:	JPY 3,204 – JPY 4,225

For the market share price analysis, the base date was set at September 28, 2020. The market share price analysis resulted in a per share value of the Target Stock ranging from JPY 2,775 to JPY 3,018 based on the closing price of JPY 2,775 of the Target Stock on the First Section of the Tokyo Stock Exchange on the base date, the simple average closing price of JPY 2,814 for the one-month period ending on the base date (from August 31, 2020 to September 28, 2020), the simple average closing price of JPY 2,941 for the three-month period ending on the base date (from June 29, 2020 to September 28, 2020), and the simple average closing price of JPY 3,018 for the six-month period ending on the base date (from March 30, 2020 to September 28, 2020).

The comparable companies analysis resulted in a per share value of the Target Stock ranging from JPY 2,322 to JPY 3,406 after evaluating the share value of the Target by (a) selecting listed companies engaged in relatively similar businesses to those of the Target and using multiples of the earnings before interest, taxes, depreciation and amortization with respect to the corporate value of those companies and (b) making certain financial adjustments such as adding the value of all cash equivalents owned by the Target including its surplus cash and deposits.

The DCF Analysis resulted in a per share value of the Target Stock ranging from JPY 3,204 to JPY 4,225 after evaluating the corporate value and share value by making certain financial adjustments, such as adding the value of all cash equivalents owned by the Target including its surplus cash and deposits, to the Target’s business value calculated by discounting the free cash flow the Target is expected to generate in the future to the present value at a certain discount rate based on earnings forecasts of the Target from the fiscal year ending March 2021 taking into consideration various factors such as the Target’s business forecast covering the four fiscal years of the Target from the fiscal year ending March 2021 to the fiscal year ending March 2024, the latest business performance, and publicly available information. The Target’s business forecast used by MUMSS for the DCF Analysis does not include any fiscal year during which a significant increase or decrease in profit is expected. In addition, the business forecast does not assume that the Transaction will be conducted since it is difficult as of September 28, 2020 to make specific numerical estimations of synergies anticipated as a result of the Transaction.

(Note 1) In calculating the share value of the Target Stock, MUMSS has, in principle, used such things as information provided to it by the Offeror and the Target and publicly available information as presented, and assumed that those materials, information and the like are entirely accurate and complete. MUMSS has not made an independent study of the accuracy or completeness thereof. Also, MUMSS assumed that information regarding the financial forecasts of the Target have been reasonably prepared based on the best forecasts and decisions available to the management of the Target as of September 28, 2020.

(Note 2) The outline of the Fairness Opinion (Deloitte Tohmatsu) is as follows.

The Offeror obtained from Deloitte Tohmatsu the Fairness Opinion (Deloitte Tohmatsu) dated September 28, 2020 to the effect that the Tender Offer Price is fair to the shareholders of the Offeror from a financial point of view based on the findings below and on the assumption that there are no significantly unreasonable elements in the Offeror's investigative procedures and decision-making process concerning the Transaction.

Deloitte Tohmatsu is expected to receive a fixed compensation for the services related to the Transaction, irrespective of whether the Transaction is successfully completed. Also, Deloitte Tohmatsu is expected to receive reimbursement of any out-of-pocket expenses incurred in the course of the provision of its services. The agreement between the Offeror and Deloitte Tohmatsu states that Deloitte Tohmatsu will be held harmless from certain liabilities arising from the provision of its services and that the Offeror will indemnify Deloitte Tohmatsu for certain liabilities.

Deloitte Tohmatsu and its affiliates provide various services, including audit, consulting, and financial advisory services. As a result, Deloitte Tohmatsu or any of its affiliates may be providing their services to the Offeror, the Target, or any of their respective affiliates. In addition, in the future, Deloitte Tohmatsu or any of its affiliates may provide any services to the Offeror, the Target, or any of their respective affiliates.

In expressing the opinions contained in the Fairness Opinion (Deloitte Tohmatsu), Deloitte Tohmatsu assumed and relied on the truthfulness, accuracy, and completeness of all the financial information to which it referred, the publicly available information, and any other information provided by the Offeror or the Target. Deloitte Tohmatsu did not independently verify, and assumes no responsibility for the truthfulness, accuracy, and completeness of, such information. In the preparation and submission of the Fairness Opinion (Deloitte Tohmatsu), Deloitte Tohmatsu has not provided any auditing or any other guarantee services in relation to any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities), nor has requested any third party to provide auditing or any other guarantee services. Deloitte Tohmatsu has not assessed the creditworthiness of the Target and the Offeror under applicable laws relating to bankruptcy, suspension of payments, or similar matters. In expressing the opinions contained in the Fairness Opinion (Deloitte Tohmatsu), Deloitte Tohmatsu assumed that the Target's prospective business forecast that Deloitte Tohmatsu used with the Offeror's consent had been reasonably prepared incorporating the optimal and best projections and decisions available to the Offeror. Furthermore, in expressing the opinions contained in the Fairness Opinion (Deloitte Tohmatsu), Deloitte Tohmatsu relied on the Target's prospective business forecast and related materials that it used without conducting any independent investigation into them.

In expressing the opinions contained in the Fairness Opinion (Deloitte Tohmatsu), Deloitte Tohmatsu assumed that all consents and approvals from the government and supervisory authorities that are necessary for establishment of the Transaction were obtained by the Offeror or the Target without affecting in any manner the anticipated benefits of the Transaction. Furthermore, Deloitte Tohmatsu assumed that the Transaction will be consummated in legal and effective fashion, in accordance with terms and conditions of the agreement related to the Transaction that has been disclosed to Deloitte Tohmatsu, and that for the accounting purposes of the Transaction, the tax effect does not differ from anticipation and premise of such effect presented to Deloitte Tohmatsu.

The purpose of the Fairness Opinion (Deloitte Tohmatsu) is to provide to the Offeror's board of directors with reference information for making managerial decisions and is not intended to contain any recommendation to the Target's shareholders to exercise their voting rights concerning the Transaction. The Fairness Opinion (Deloitte Tohmatsu) is not addressed to any third party other than the Offeror and no third party may trust or rely on the opinion for any purpose. Accordingly, Deloitte Tohmatsu does not assume any responsibility for any reason toward any third party (including the Offeror's shareholders) other than the Offeror.

Deloitte Tohmatsu assumes no obligations towards the Offeror or the Offeror's board of directors to solicit a decision of a third party concerning the Transaction, and has not solicited such in the past and has no plan to solicit in the future.

The Fairness Opinion (Deloitte Tohmatsu) only renders an opinion as to whether the Tender Offer Price is fair to the Offeror's shareholders from a financial point of view, and does not render an opinion on the propriety of the Offeror's decision to proceed with the Transaction.

The Fairness Opinion (Deloitte Tohmatsu) is based on business, economy, market, and other situations existing as of September 28, 2020 or the date this information were provided to Deloitte Tohmatsu. In rendering the Fairness Opinion (Deloitte Tohmatsu), Deloitte Tohmatsu has not analyzed or reviewed (i) the business decision that is the basis for implementing the Transaction or (ii) whether the Tender Offer Price constitutes the best realizable price, and it shall not be obligated to conduct such analysis or review. The Fairness Opinion (Deloitte Tohmatsu) does not represent any views concerning the Offeror's solvency before or after the Transaction.

The Offeror acknowledges that even if there is any change in circumstances on and after September 28, 2020 that would affect any opinion of Deloitte Tohmatsu contained in the Fairness Opinion (Deloitte Tohmatsu), Deloitte Tohmatsu assumes no obligation or responsibility to renew, amend, supplement, or reconfirm the Fairness Opinion (Deloitte Tohmatsu).

The Offeror ultimately determined by resolution of a meeting of its board of directors on September 29, 2020 that the Tender Offer Price is JPY 3,900 in light of the results of discussions and negotiations with the Target by comprehensively considering factors such as the result of the calculation of the Share Valuation Report (MUMSS) obtained from MUMSS, the Fairness Opinion (Deloitte Tohmatsu) obtained from Deloitte Tohmatsu, whether the Tender Offer will be approved by the board of directors of the Target, examples of premiums that have been provided upon determination of the tender offer price in past tender offers for share certificates, etc. by persons other than the issuer of the same type as the Tender Offer (tender offer by a parent company to make its listed subsidiary its wholly-owned subsidiary), trends in the market price of the Target Stock, the results of due diligence of the Target conducted from late July 2020, and the prospect of shares to be tendered in the Tender Offer. Although there is the downward trend in the market price of the Target Stock recently, in examining the terms of the Transaction including the Tender Offer Price, they are evaluated based on the intrinsic value of the Target that is not affected by temporary trends of such market price.

The Tender Offer Price (JPY 3,900 per Target Stock) represents a premium of 40.54% on the closing price of the Target Stock of JPY 2,775 on the First Section of the Tokyo Stock Exchange on September 28, 2020, which is the business day immediately preceding the day on which the Tender Offer was publicly announced by the Offeror (September 29, 2020), a premium of 38.61% on the simple average closing price of JPY 2,814 for the one-month period ending on that day (from August 31, 2020 to September 28, 2020), a premium of 32.59% on



the simple average closing price of JPY 2,941 for the three-month period ending on that day (from June 29, 2020 to September 28, 2020), and a premium of 29.25% on the simple average closing price of JPY 3,018 for the six-month period ending on that day (from March 30, 2020 to September 28, 2020).

## **B. The ADSs**

With respect to the ADSs, considering the fact that one ADS represents the ownership of one Target Stock, the purchase price of the ADSs is set to be JPY 3,900 per one ADS, which is the same price as the purchase price of one Target Stock.

### **(ii) Background of the Valuation**

#### **(Background Leading to Determination of the Tender Offer Price)**

In mid-April 2020, the Offeror came to the determination that the optimal course of action is to make the Target a wholly-owned subsidiary of the Offeror and commenced consideration of the Transaction. After that, the Offeror made an initial notice to the effect that the Offeror has commenced examination on the Transaction to the Target in late April 2020 and made the Preliminary Proposal in early June 2020, and then commenced discussions regarding the strategic significance of the Transaction. The Offeror appointed MUMSS as its financial advisor independent from the Offeror and the Target in mid-July 2020, and the Offeror appointed Mori Hamada & Matsumoto in late April 2020 and Hibiya Sogo Law Offices in early July 2020 as its legal advisors, and proceeded to consider the Transaction in earnest. After that, the Offeror conducted due diligence of the Target from late July 2020 after obtaining the approval of the Target, and the due diligence was completed in late August 2020.

From mid-August 2020, on several occasions the Offeror and the Target discussed and considered various measures to increase the corporate value of both companies such as strengthening the communications business and streamlining the management by further promoting the group management, the purposes of the Transaction, the management system and management policy after the Transaction, and the terms and conditions of the Transaction.

As a result, the Offeror decided that making the Target a wholly-owned subsidiary of the Offeror would contribute to the increase of the corporate value of the entire Offeror Group and determined to implement the Tender Offer as a part of the Transaction by the resolution of its board of directors on September 29, 2020.

The Offeror determined the Tender Offer Price based on the following background.

### **A. Name of the Third Party from Which an Opinion Was Obtained upon Valuation of the Tender Offer Price**

To ensure fairness in the Tender Offer Price, in the course of determining the Tender Offer Price, the Offeror requested MUMSS, which is the Offeror's financial advisor and third party valuation agency independent from the Offeror and the Target, to analyze the share value of the Target, and the Offeror obtained from MUMSS the Share Valuation Report (MUMSS) on September 28, 2020. MUMSS is not a related party of the Offeror or the Target and does not have any material interest in the Tender Offer. The Offeror has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price or the Tender Offer (a fairness opinion), and MUMSS has not expressed any such opinion.

The Offeror requested Deloitte Tohmatsu, which is a third party valuation agency independent from the Offeror and the Target, to submit the Fairness Opinion (Deloitte Tohmatsu) and obtained it as of September 28, 2020. Deloitte Tohmatsu is not a related party of the Offeror

or the Target and does not have any material interest in the Transaction. The Offeror has not requested Deloitte Tohmatsu to calculate the share value of the Target and has not obtained a share valuation report from Deloitte Tohmatsu.

## **B. Overview of the Opinion**

According to the Share Valuation Report (MUMSS) obtained from MUMSS, the methods used and the ranges of the per share value of the Target Stock calculated based on those methods are as follows.

Market share price analysis:	JPY 2,775 – JPY 3,018
Comparable companies analysis:	JPY 2,322 – JPY 3,406
DCF Analysis:	JPY 3,204 – JPY 4,225

## **C. Background Leading to the Determination of the Purchase Price Based on that Opinion**

The Offeror ultimately determined by resolution of a meeting of its board of directors on September 29, 2020, that the Tender Offer Price is JPY 3,900 in light of the results of discussions and negotiations with the Target by comprehensively considering factors such as the result of the calculation of the Share Valuation Report (MUMSS) obtained from MUMSS, the Fairness Opinion (Deloitte Tohmatsu) obtained from Deloitte Tohmatsu, whether the Tender Offer will be approved by the board of directors of the Target, examples of premiums that have been provided upon determination of the tender offer price in past tender offers for share certificates, etc. by persons other than the issuer of the same type as the Tender Offer (tender offer by a parent company to make its listed subsidiary its wholly-owned subsidiary), trends in the market price of the Target Stock, the results of due diligence of the Target conducted from late July 2020, and the prospect of shares to be tendered in the Tender Offer. Although there is the downward trend in the market price of the Target Stock recently, in examining the terms of the Transaction including the Tender Offer Price, they are evaluated based on the intrinsic value of the Target that is not affected by temporary trends of such market price.

With respect to the ADSs, as stated in “Basis of the Valuation” above, the Offeror sets the purchase price of the ADSs as JPY 3,900 per one ADS, which is the same price as the purchase price of one Target Stock. In determining the purchase price of the ADSs, the Offeror has not obtained a valuation report and an opinion letter (a fairness opinion) from a third party valuation agency.

### **(Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest)**

In light of the fact that the Target is a consolidated subsidiary of the Offeror, the Transaction (including expression of an opinion regarding the Tender Offer) constitutes a material transaction, etc. with a controlling shareholder, and that there are structural conflicts of interest between the Offeror and the shareholders of the Target other than the Offeror, the Offeror and the Target have taken the following measures to ensure fairness in the Tender Offer and to avoid conflicts of interest. The following statements on measures that have been taken by the Target are based on the Target Press Release and explanations from the Target.

Further, the Offeror owns 2,137,733,200 Target Stock (ownership ratio, 66.21%) as of today as stated in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase” above, so if the Offeror were to set a minimum number of Share Certificates, Etc. to be purchased in the Tender Offer as the so-called “majority of minority”, it believes that the successful completion of the Tender Offer would become uncertain and that it is possible that setting such minimum number

would not contribute to the interests of general shareholders who wish to tender their shares in the Tender Offer. Therefore, the Offeror has not set a minimum number of Share Certificates, Etc. to be purchased in the Tender Offer as the majority of minority. However, the Offeror and the Target believe that because the measures set out in A. through J. below have been taken and measures to ensure the fairness in the terms of the Transaction including the Tender Offer Price have been fully taken by the Offeror and the Target, the interests of the minority shareholders of the Target have been fully considered.

**A. Procurement by the Offeror of Share Valuation Report from Independent Financial Advisor and Third Party Valuation Agencies and Fairness Opinion from Independent Third Party Valuation Agencies**

To ensure fairness in the Tender Offer Price, in the course of determining the Tender Offer Price, the Offeror requested MUMSS, which is the Offeror's financial advisor and third party valuation agency independent from the Offeror and the Target, to analyze the share value of the Target, and the Offeror obtained from MUMSS the Share Valuation Report (MUMSS) on September 28, 2020. MUMSS is not a related party of the Offeror or the Target and does not have any material interest in the Tender Offer. The Offeror has not obtained from MUMSS an opinion letter on the fairness of the Tender Offer Price or the Tender Offer (a fairness opinion), and MUMSS has not expressed any such opinion.

The Offeror requested Deloitte Tohmatsu, which is a third party valuation agency independent from the Offeror and the Target, to submit the Fairness Opinion (Deloitte Tohmatsu) and obtained it as of September 28, 2020. Deloitte Tohmatsu is not a related party of the Offeror or the Target and does not have any material interest in the Transaction. The Offeror has not requested Deloitte Tohmatsu to calculate the share value of the Target and has not obtained a share valuation report from Deloitte Tohmatsu.

For details, see "(i) Basis of the Valuation" above.

**B. Establishment of a Special Committee Independent of the Target**

**(a) Circumstances Leading to the Establishment of the Special Committee, etc.**

As described in "(ii) Process Leading to and Reasons for the Target's Decision to Support the Tender Offer" in "(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)" in "1. Purpose of the Purchase" above, the Target formed a Special Committee, pursuant to a resolution at the meeting of the board of directors held on July 13, 2020. However, from the middle of June, and prior to forming the Special Committee and for the purpose of establishing a structure to review, negotiate and make decisions on the Transaction, in terms of improving the Target's corporate value and protecting the interests of the Target's ordinary shareholders, the Target, with the advice from Nakamura, Tsunoda & Matsumoto, provided all independent outside directors of the Target, as of that time, on an individual basis, an explanation to the effect that the Target had received the Preliminary Proposal from the Offeror and that it was necessary to implement sufficient measures to ensure the fairness of the terms pertaining to the Transaction, such as the formation of a Special Committee, given that the Transaction is of a kind in which structural conflict of interest and asymmetry of information problems are typically present.

Concurrently, and with the advice from Nakamura, Tsunoda & Matsumoto, the Target confirmed the independence, qualification, etc. of the Target's independent outside directors, who would become candidates for the member of the Special Committee. After confirming they were independent of the Offeror (the Target has confirmed that none of Mr. Masaaki

Shintaku, Mr. Shin Kikuchi and Ms. Eiko Tsujiyama has any material interest in the Offeror or the Target) and that they did not have material interest in the consummation of the Transaction that did not align with those of ordinary shareholders, the Target selected, with advice from Nakamura, Tsunoda & Matsumoto, three individuals, Mr. Masaaki Shintaku (Independent Outside Director of the Target, Outside Director of FAST RETAILING CO., LTD., and Counselor of Special Olympics Nippon Foundation), who has abundant experience and knowledge, acquired through his long experience managing businesses as the president of a global company, among other roles, and as the outside officer of companies, Mr. Shin Kikuchi (Independent Outside Director of the Target, Partner of Gaiyen Partners), who has abundant experience and specialized knowledge, acquired through his long experience working on legal matters such as those involving corporate legal affairs, and Ms. Eiko Tsujiyama (Independent Outside Director (Audit and Supervisory Committee Member) of the Target, Professor Emeritus and Auditor of Waseda University, and Outside Corporate Auditor of Lawson, Inc.), who has knowledge of finance and accounting, acquired as a certified public accountant and in her long experience as a university professor as candidates for the membership of the Special Committee to ensure a balance of knowledge, experience and ability within the Special Committee and to adequately size the Special Committee (The membership of the Special Committee has not changed since its formation.).

Subsequently, the Target, as described in “(ii) Process Leading to and Reasons for the Target’s Decision to Support the Tender Offer” in “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)” in “1. Purpose of the Purchase” above, formed a Special Committee pursuant to the resolution of a meeting of the board of directors held on July 13, 2020, and consulted with the Special Committee on the Consulted Matters. Additionally, in forming the Special Committee, the board of directors of the Target resolved that the Special Committee be positioned as a body independent of the Target’s board of directors in such a way that it should give full weight to the opinion of the Special Committee in making decisions regarding the Transaction, that it should not make the decision to carry out the Transaction if the Special Committee decides that the Transaction is not appropriate and that the board of directors would report on the situation to the Special Committee in a timely manner, when engaging in negotiations with the Offeror on the terms of the Transaction and receive its opinion, directions and requests with respect to important aspects of the Transaction. The board of directors further resolved, among other things, that the Special Committee be empowered to retain, as it deems necessary, its own advisors including attorneys, valuation agencies and certified public accountants, at the Target’s expense, and conduct research related to their duties (which shall include making inquiries and seeking explanations or advice necessary to perform its duties from the Target’s officers and employees involved in the Transaction, as well as the Target’s advisors for the Transaction), also at the Target’s expense.

In light of the fact that, among the 15 directors on the Target’s board, Mr. Motoyuki Ii and Mr. Takashi Hiroi have served as directors of the Offeror in the past, Mr. Hironobu Sagae and Mr. Katsumi Nakata have served as directors of companies within the Offeror Group that are not in the Target Group in the past and Mr. Katsumi Kuroda concurrently serves as an employee of the Offeror, and, in order to eliminate the risk of the deliberation and resolution at the meeting of the board of directors being tainted by issues arising from a structural conflict of interest or asymmetry of information inherent in the Transaction, the deliberation at the meeting of the board of directors mentioned above was conducted without these five members, and among the remaining 10 directors of the Target (including the Audit and Supervisory Committee members), the resolution received unanimous consent.

Regardless of the contents of the Recommendation, a fixed amount is to be paid to the members of the Special Committee, in consideration of their work.

(b) Review Process

The Special Committee was convened over 13 times for a meeting, between July 13, 2020, and September 29, 2020, totaling approximately 23 hours. The Special Committee also carried out its duties in connection with the Consulted Matters by way of frequently sharing reports and information through email, web meetings and virtual data rooms and deliberating and making decisions between meetings.

In particular, the Special Committee evaluated the independence, and expertise and achievements, among other things, of multiple candidates to act as its legal advisor, as well as its financial advisor and third party valuation agency, and consequently retained Nishimura & Asahi as its own legal advisor, independent of the Offeror and the Target, on July 30, 2020, Plutus as its own financial advisor and third party valuation agency, on August 5, 2020, and Mr. Teruyasu Murakami, (Director of Research Institute for Industrial Strategy, the Target's former independent outside director) as its own advisor to the Special Committee, for the purpose of seeking profound knowledge regarding the telecommunication industry to which the Target and the Offeror belong, the knowledge acquired through work as the Target's independent outside director and advice based on this knowledge, on July 28, 2020. The Special Committee has confirmed that none of Nishimura & Asahi, Plutus and Mr. Teruyasu Murakami is a related party of the Offeror or the Target or has a material interest in the Transaction, including the Tender Offer, or any other issues regarding their independence in relation to the Transaction.

In addition, after confirming there were no issues regarding their independence or expertise, the Special Committee approved the Target's appointment of Nomura Securities as its financial advisor and third party valuation agency, and Nakamura, Tsunoda & Matsumoto as its legal advisor.

Moreover, the Special Committee has confirmed and acknowledged that there are no issues in terms of independence and fairness with the structure the Target established internally to consider the Transaction (including the Target's officers and employees to be involved in the review, negotiations and decision-making on the Transaction and their roles) as discussed in "G. Establishment of a Structure for the Independent Review by the Target" below.

Based on the above, the Special Committee conducted a review of the measures that must be implemented to ensure fairness in the process of the Transaction, taking into account the legal advice provided by Nishimura & Asahi and the opinion from Nakamura, Tsunoda & Matsumoto.

The Special Committee has sent written questionnaires to the Offeror regarding the goal and reasons, etc. for implementing the Transaction, the background and purpose of choosing to implement the Transaction at this time, the Target's management policy, governance, etc. following the Transaction, the disadvantages of the Transaction, and the process, terms, etc. of the Transaction. The Special Committee received explanations directly from Mr. Ryota Kitamura (Officer, Head of Corporate Strategy Planning Department) on behalf of the Offeror and had a question-and-answer session.

In addition, the Special Committee asked Mr. Michio Fujiwara (Executive Vice President, General Manager of Corporate Strategy & Planning Division) of the Target to participate in the Special Committee's meeting and conducted a hearing of his views as a member of the management of the Target on the significance, purpose, etc. of the Transaction, the timing and manner of the Transaction, the Target's management policy, governance, etc. following the Transaction, how to think about the value of the Target Stock, and other matters, and other related information, and had a question-and-answer session on these points.

Further, concerning the Business Forecast that serves as the basis of the valuation of the Target Stock conducted by the Offeror, Nomura Securities and Plutus, based on the Special

Committee's opinion that, in view of its importance, the content of the Business Forecast should be deliberated upon by, and finalized according to a resolution of, all disinterested directors, before presenting it to the Offeror, Nomura Securities, and Plutus, the Target resolved to adopt the content of the Business Forecast at the meeting of the board of directors held on August 3, 2020, according to which the Business Forecast was presented to the Offeror and Nomura Securities on the same day, and to Plutus on August 5, 2020. In light of the fact that, among the 15 directors on the Target's board, Mr. Motoyuki Ii and Mr. Takashi Hiroi have served as directors of the Offeror in the past, Mr. Hironobu Sagae and Mr. Katsumi Nakata have served as directors of companies within the Offeror Group that are not in the Target Group in the past and Mr. Katsumi Kuroda concurrently serves as an employee of the Offeror, and in order to eliminate the risk of the deliberation and resolution at the meeting of the board of directors being tainted by issues arising from a structural conflict of interest or asymmetry of information inherent in the Transaction, the deliberation at the meeting of board of directors mentioned above was conducted without these five members, and among the remaining 10 directors of the Target (including the Audit and Supervisory Committee members), the resolution received unanimous consent. Based on that, and as described in "F. Procurement by the Target of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency" and "D. Procurement by the Special Committee of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency" below, Plutus and Nomura Securities valued the Target Stock based on the Business Forecast. The Special Committee received from Plutus and Nomura Securities an explanation on the valuation methods they each employed to value the Target Stock, the reasons for employing such valuation methods, the results of the valuation and important assumptions, and held question-and-answer sessions and confirmed their rationality after deliberation and consideration. In addition, as described in "F. Procurement by the Target of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency" and "D. Procurement by the Special Committee of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency" below, the Special Committee received the Fairness Opinion (Plutus) from Plutus and the Fairness Opinion (Nomura Securities), which Nomura Securities submitted to the Target, on September 29, 2020. In doing so, the Special Committee was given an explanation on the contents and important assumptions of the Fairness Opinion (Plutus) from Plutus and Fairness Opinion (Nomura Securities) from Nomura Securities, which it has subsequently confirmed.

The Special Committee was also given periodic reports from the Target and Nomura Securities on the Target's negotiations with the Offeror and deliberated and conducted reviews, taking into consideration the advice given by Plutus from a financial perspective, by Nishimura & Asahi from a legal perspective and by Mr. Teruyasu Murakami, and provided opinions as necessary on the Target's negotiation strategies, accordingly. In particular, since August 11, 2020, when the Target received the initial offer from the Offeror of a Tender Offer Price of JPY 3,400 per share, the Special Committee received a report on the offer of JPY 3,600 per share made on August 25, the offer of JPY 3,750 per share made on September 9, 2020, and the offer of JPY 3,800 per share on September 17. Based on those reports, the Special Committee deliberated, taking into consideration the advice given by Plutus from a financial perspective, by Nishimura & Asahi from a legal perspective, by Mr. Teruyasu Murakami and by Nakamura, Tsunoda & Matsumoto after hearing the opinion of Nomura Securities on its policies, etc. on how to respond to and negotiate with the Offeror, etc. On all of these occasions, the Special Committee stated an opinion that it did not disagree with the Target's intention to request that the Offeror reconsider the Tender Offer Price and also stated an opinion regarding the matters that the Target should discuss with the Offeror in order to accomplish the purpose and goal of the Transaction from the Target's perspective, and as such the Special Committee was involved in all aspects of the Target's discussions and negotiations with the Offeror on the terms of the Transaction, including the Tender Offer Price. As a consequence, the Target received the

proposal from the Offeror on September 25, 2020, which included a Tender Offer Price of JPY 3,900 per share, resulting in a total of four increases in price, and a 14.71% (rounded to two decimal places) increase from the initial offer. Furthermore, the Special Committee, on multiple occasions, received an explanation from Nakamura, Tsunoda & Matsumoto on the draft press release on the Tender Offer that the Target intends to announce or submit in relation to the Tender Offer and has confirmed, with advice from Nishimura & Asahi, that sufficient information disclosure is intended.

(c) Decision

In accordance with the process described above, the Special Committee carefully, on multiple occasions, deliberated on and reviewed the Consulted Matters, in light of the advice from Nishimura & Asahi from a legal perspective, advice from Plutus from a financial perspective and advice from Mr. Teruyasu Murakami, as well as the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus) it received on September 29, 2020, and on the same day, submitted to the Target's board of directors, based on unanimous consent, the Recommendation the content of which is summarized below.

(x) Content of the Recommendation

- i. The Special Committee believes that the Transaction does serve to increase the Target's corporate value and that the purpose of the Transaction is reasonable.
- ii. The Special Committee believes that fairness of the terms of the Transaction (including the consideration paid for the Transaction) has been ensured.
- iii. The Special Committee believes that due consideration has been given to the benefit of the Target's minority shareholders by employing a fair process in the Transaction.
- iv. The Special Committee believes it is appropriate and not detrimental to the Target's minority shareholders for the Target's board of directors to make the decision to express an opinion in support of the Tender Offer, as well as to recommend that the holders of the Target Stock tender in the Tender Offer and that the holders of ADSs tender in the Tender Offer upon surrendering their ADSs to the Depository Bank and withdrawing the shares of the Target Stock represented by the ADSs, so as to go through a process to make the Target a wholly-owned subsidiary, following the Tender Offer.

(y) Reason for the Recommendation

- i. Based on the reasons below, it is considered that the Transaction serves to increase the Target's corporate value and that the purpose of the Transaction is reasonable:
  - The purpose of the Transaction recognized by the Offeror and the Target, as described in "(i) Background Leading to the Decision to Implement the Tender Offer and Purpose and Decision-Making Process of the Tender Offer" and "(ii) Process leading to and Reasons for the Target's Decision to Support the Tender Offer" in "(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)" in "1. Purpose of the Purchase" above is based on the outcome of the question-and-answer session the Special Committee had with each of the Offeror and the Target, as well as the Special Committee's request to make specific contents, among other things. The contents are to increase the corporate value of the Target, and, further, the Offeror

Group, through the Target and the Offeror fully acknowledging the market environment in which both the Target and the Offeror are situated and making the Target a “front for all customers” of the Offeror Group, while at the same time integrating the business resources of the Offeror Group and contributing to the further development of the ICT industry and to the increase of international competitiveness. The Special Committee believes that this is reasonable in regard to the purpose of the Transaction.

- Nothing unreasonable is recognized in the Target’s thinking that the synergies described in “(ii) Process leading to and Reasons for the Target’s Decision to Support the Tender Offer” in “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)” in “1. Purpose of the Purchase” above will become feasible through the execution of the Transaction, given that the Offeror intends to implement group-wide initiatives following the implementation of Transaction.
  - The Target and the Offeror share a common understanding of the market environment surrounding both companies and on the future vision of the Offeror Group that it should aim for. Both companies’ understanding of the structure required to realize that is largely the same, as well. Since the aim of the Transaction is to expedite the decision-making process regarding group-wide initiatives, to increase the mid- to long-term corporate value of the Offeror Group, including the Target, in a market environment where competition is intensifying, the achievement of a smooth collaboration among the group companies following the Transaction is important for the accomplishment of the goal of the Transaction. According to the explanation provided to the Special Committee by the Offeror and the Target, among other things, it has been recognized that sufficient review and discussion has been conducted between the Offeror and the Target on the cooperation among the group companies following the Transaction. Based on these facts, nothing unreasonable is recognized either in the Target’s determination that the Transaction will contribute to the mid- to long-term increase of the Offeror Group’s corporate value, including the Target, or in its decision-making process.
  - With respect to the timing of the Transaction, based on the explanation provided by the Offeror and the Target, it is necessary to respond to the changes in the market environment, such as the launch of 5G services, the social and industrial structures’ shift to a “remote-style,” the start of a mobile telecommunications company’s offering commercial services and the start of the initiatives towards the next generation network (6G and IOWN) as soon as possible, and nothing unreasonable is recognized with the Transaction taking place at this time.
- ii. It can be considered that the terms of the Transaction (including the consideration paid for the Transaction) are fair based on the following:
- Nothing unreasonable has been recognized in the purpose, the drafting process or the contents of the Business Forecast, which served as the basis for the valuation using the DCF Method, adopted in the Share Valuation Report (Plutus) and the Share Valuation Report (Nomura Securities).
  - The Tender Offer Price of JPY 3,900 per share exceeds the price reached under the market price method, as well as the comparable company method, and is within the range reached under the DCF Method in the Share Valuation Report (Plutus), in which no unreasonableness in the valuation or the valuation methods was



recognized, leading the Special Committee to make the determination that the Share Valuation Report (Plutus) is reliable.

- The Tender Offer Price of JPY 3,900 per share exceeds the price reached under the average market price method, as well as the comparable company method, and is within the range reached under the DCF Method in the Share Valuation Report (Nomura Securities), in which no unreasonableness in the valuation or the valuation methods was recognized, leading the Special Committee to make the determination that the Share Valuation Report (Nomura Securities) is reliable.
  - The Tender Offer Price of JPY 3,900 represents a premium of 40.54% against the closing prices for the business day preceding the day on which the announcement regarding the implementation of the Tender Offer was made, 38.61% against the simple average of the closing prices for the most recent one-month period, 32.59% against the simple average of the closing prices for the most recent three-month period and 29.25% against the simple average of the closing prices for the most recent six month period. The Tender Offer Price can be acknowledged as being at a reasonable level as it represents a premium that stands in comparison with the level of premiums in cases of other tender offers conducted for the purpose of making a listed subsidiary a wholly-owned subsidiary of a parent company.
  - In response to the Offeror's offer, the Target conducted negotiations with the Offeror on the Tender Offer Price based on the interim valuation report prepared by the Target's third-party valuation agency, Nomura Securities, and is taking into consideration the opinions of the Special Committee offered from time to time, which were formed based on advice from Plutus and Nishimura & Asahi. It has been recognized that a fair process, excluding any influence of the Offeror, was adopted throughout the negotiations.
  - The Fairness Opinion prepared by Plutus concludes that the Tender Offer Price represents a fair price for the holders of the Target Stock (excluding the Offeror and its affiliated companies) and the holders of ADSs from a financial perspective, and the Fairness Opinion prepared by Nomura Securities concludes that the Tender Offer Price is appropriate for the holders of the Target Stock (excluding the Offeror) from a financial perspective.
  - Although the Tender Offer is not contingent on a minimum number of shares being purchased that is equivalent to a majority-of-minority condition, the Special Committee acknowledges that the fairness in the process of the Tender Offer is not impaired based on the reasons described in iii. below.
- iii. Based on the reasons below, it can be considered that due consideration has been given to the benefits of the Target's minority shareholders, by adopting a fair process in the Transaction.
- The Target's board of directors has established a Special Committee independent of the Offeror and the Target. This has functioned effectively, and a system under which the board of directors will give weight to the opinions of the Special Committee in its decision-making regarding the Transaction has been ensured.
  - The Special Committee was given necessary legal advice by Nishimura & Asahi, its own and independent and professional legal advisor.
  - The Special Committee has procured a share valuation report and a fairness opinion from Plutus, its own independent and professional financial advisor and third-party valuation agency.

- A system under which the Special Committee can be substantially involved in the negotiations with the Offeror has been ensured, and the Special Committee's substantial involvement in the negotiations between the Target and the Offeror regarding the terms of the Transaction, including the Tender Offer Price, has been recognized.
- Of all the directors of the Target, Mr. Motoyuki Ii and Mr. Takashi Hiroi were members of the working group formed to consider ways to create synergies in the future, such as the expansion of business, facilitation of R&D and optimization of network, etc. using the Offeror Group's resources and assets, and to consider the Target's growth strategy (the "**Future Vision Working Group**"). Although they were each the Senior Executive Vice President and the Head of Finance and Accounting of the Offeror, (i) they were not involved in specific discussions regarding the Transaction when they belonged to the Offeror; (ii) they do not currently serve in any position at the Offeror; (iii) they were not involved in the contemplation and the resolution among the Target's board of directors on the Transaction; (iv) they did not participate at all in the working group formed to consider the significance of proceeding with the Transaction, the manner of the Transaction, the terms of the Transaction including the Tender Offer Price, and to negotiate with the Offeror (the "**Capital Policy Working Group**"). Therefore, it has been recognized that they were excluded from the consideration process on which the issues of structural conflict of interest would have influence on the benefits of the ordinary shareholders of the Target.
- In addition to Mr. Motoyuki Ii and Mr. Takashi Hiroi, given that Mr. Hironobu Sagae and Mr. Katsumi Nakata have served as directors of companies within the Offeror Group that are not in the Target Group in the past, and Mr. Katsumi Kuroda concurrently serves as an employee of the Offeror, the aforementioned five individuals did not participate in the deliberation or the resolution of the Target's meeting of the board of directors in which the Transaction was discussed and have not participated in the discussions or negotiations with the Offeror regarding the Transaction, on behalf of the Target.
- The Target was given necessary legal advice from Nakamura, Tsunoda & Matsumoto, its own independent and professional legal advisor.
- The Target has procured a share valuation report and a fairness opinion from Nomura Securities, its own independent and professional financial advisor and third-party valuation agency.
- Since the Offeror already owns 66.21% of the Target's shares, it is unlikely that a serious competing offer will be made for the Transaction and a proactive market search is not expected; however, it cannot be said that these factors create a foundation for an unfair process. Rather, the Tender Offer Period of the Tender Offer is set at 33 business days, which exceeds the statutory minimum of 20 business days, and it has been recognized that an adequate time period has been ensured for the ordinary shareholders to consider the merits of the Transaction and the adequacy of the transaction terms.
- Although no so-called "majority of minority" condition is planned to be applied to the Tender Offer, it has been recognized that the lack of a majority of minority condition in the Tender Offer does not impair fairness in the process of the Tender Offer for the following reasons: where the Transaction has been considered as serving to increase corporate value and its terms have been recognized as being appropriate, a majority of minority condition would make the completion of the Tender Offer less predictable and rather may not serve as a benefit to the ordinary

shareholders who wish to tender in the Tender Offer, and the Target has put in place other sufficient measures to ensure the fairness in the Transaction.

- It has been recognized that an appropriate opportunity is scheduled to be ensured for the ordinary shareholders to make appropriate decision on the Tender Offer based on sufficient information.
  - It has been recognized that safeguards have been in place to ensure fairness in the process of the Transaction, so that minority shareholders will not be put in a situation where they anticipate they will be treated unfairly if they do not tender in the Tender Offer, so as to eliminate coercion.
- iv. As discussed above, it is considered that the purpose of the Transaction is reasonable, the terms of the Transaction are fair and due consideration has been paid to the benefit of the minority shareholders by implementing a fair process for the Transaction. Therefore, the Special Committee believes that it is appropriate and not detrimental to the Target's minority shareholders for the Target's board of directors to make the decision to express an opinion in support of the Tender Offer, as well as to recommend that the holders of the Target Stock tender in the Tender Offer and that the holders of ADSs tender in the Tender Offer upon surrendering their ADSs to the Depositary Bank and withdrawing the shares of the Target Stock represented by the ADSs, so as to go through a process to make the Target a wholly-owned subsidiary, following the Tender Offer.

#### **C. Procurement by the Special Committee of Advice From Independent Legal Advisor**

As discussed in “B. Establishment of a Special Committee Independent of the Target” above, the Special Committee retained Nishimura & Asahi as its own legal advisor, independent of the Offeror and the Target, and received legal advice on such matters as the measures to be implemented to ensure fairness in the process of the Transaction and on the methods and processes for the Special Committee to conduct deliberations on the Transaction, among other things.

Nishimura & Asahi is not a related party of the Offeror or the Target, and has no material interest in the Transaction, including the Tender Offer. Please refer to “B. Review Process” in “(ii) Establishment of a Special Committee Independent of the Target” above, for further information on Nishimura & Asahi's independence.

#### **D. Procurement by the Special Committee of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency**

- (a) Name of the Valuation Agency and its Relationship With the Target and the Offeror

To ensure fairness in the terms of the Transaction, including the Tender Offer Price, in considering the Consulted Matters, the Special Committee asked Plutus, its financial advisor and Third Party Valuation Agency independent of the Offeror and the Target, to conduct a valuation of the Target Stock and a financial analysis to accompany it, as well as to present its opinion on the fairness of the Tender Offer Price (Fairness Opinion), and procured the Share Valuation Report (Plutus) and Fairness Opinion (Plutus), dated as of September 29, 2020.

As discussed in subsection “(ii) Process Leading to and Reasons for the Target's Decision to Support the Tender Offer” in “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a

Tender Offer for Shares of a Listed Subsidiary)” in “1. Purpose of the Purchase,” the Special Committee submitted the Target’s board of directors the Share Valuation Report (Plutus) and Fairness Opinion (Plutus), along with the Recommendation on September 29, 2020, and based on this information the Target made the resolutions on the matters discussed in subsection “H. Approval of all Directors (Including the Audit and Supervisory Committee Members) Without an Interest in the Target” below.

Plutus is not a related party of the Offeror or the Target and has no material interest in the Transaction including the Tender Offer. As discussed in subsection “B. Establishment of a Special Committee Independent of the Target,” the Special Committee appointed Plutus as its own financial advisor and Third Party Valuation Agency, after considering the independence, qualification, experience, etc. of multiple candidates to act as its financial advisor and Third Party Valuation Agency. Additionally, the compensation to be paid to Plutus in relation to the Transaction is a flat fee, which will be paid regardless of whether the Transaction is consummated, and does not include a contingent fee.

(b) Summary of Valuation of the Target Stock

As a result of its consideration of the valuation method in the Tender Offer, Plutus valued the Target Stock using the market price method because the Target Stock is listed on the First Section of the Tokyo Stock Exchange, the comparable company method, because there are multiple public companies it can compare the Target to and thereby infer the value of the Target Stock, and the DCF Method to reflect the Target’s anticipated future business situation in the calculation, based on the idea that it is appropriate to determine the value of Target Stock from multiple perspectives after considering valuation methods to be adopted in valuing the Target Stock from among various valuation methods, under the assumption that the Target is a going concern. According to the Share Valuation Report (Plutus), the per share value range of the Target Stock under each of the methods described above is as set forth below:

Market Price Method:	JPY 2,775 – JPY 3,018
Comparable Companies Method:	JPY 2,356 – JPY 3,147
DCF Method:	JPY 2,735 – JPY 4,335

In adopting the market price method, Plutus set September 28, 2020 as the calculation base date. Then, Plutus calculated the per share value range of the Target Stock to be JPY 2,775 – JPY 3,018, based on the closing price of JPY 2,775 for regular transactions of the Target Stock on the First Section of the Tokyo Stock Exchange on the base date and the simple average of the closing prices for the most recent one-month, three-month and six-month periods, each ending on the base date (JPY 2,814, JPY 2,941 and JPY 3,018, respectively).

In using the comparable companies method, Plutus selected businesses that are considered relatively comparable to that of the Target, and used multiples of the earnings before interest, taxes, depreciation and amortization (“**EBITDA multiple**”) against the value of the Target’s business to value the Target Stock. The comparable companies selected for this purpose are KDDI Corporation and Softbank Corp. As a result, Plutus calculated the per share value range of the Target Stock to be JPY 2,356 – JPY 3,147.

In employing the DCF Method, based on the Business Forecast prepared by the Target, and taking into account various factors, including the earnings forecast and investment plans set out in the Business Forecast for the four fiscal years (fiscal years ending March 2021, 2022, 2023 and 2024), as well as publicly-available information, Plutus analyzed the Target’s corporate value and share value by discounting the free cash flow expected to be generated by the Target in and after the second quarter of the fiscal year ending March 2021 to the present value at certain discount. Consequently, Plutus arrived at a price range of JPY 2,735 – 4,335 as the per share value of the Target Stock. In calculating the per share value of the Target Stock, Plutus

applied a cost of capital of 4.96% – 5.01% and adopted the perpetual growth rate model and the multiple model to calculate the terminal value. The adopted perpetual growth rate is 0%, the multiple rate is EBITDA Multiples and the multiple rate used to value the Target Stock is 5.3x-6.9x.

The financial forecast used as a premise for the analysis under the DCF Method is as shown below, and a large increase or decrease in the profits is not expected. The expected synergies achieved through the Transaction are not reflected in the financial forecast, given their difficulty to estimate at present. The financial forecast is based on the Business Forecast prepared by the Target, and Plutus has analyzed and studied the contents through multiple interview sessions with the Target. Further, as described in subsection “(ii) Establishment of a Special Committee Independent of the Target,” the Special Committee has confirmed its rationality, including important assumptions and the drafting process.

(JPY 100 million)

	FY ending March 2021 (9 months)	FY ending March 2022	FY ending March 2023	FY ending March 2024
Revenue	34,718	48,000	48,870	49,520
EBIT	5,994	9,200	9,720	9,930
EBITDA	10,614	15,480	16,180	16,540
Free Cash Flow	3,110	5,509	6,487	6,764

(Note) EBITDA is calculated by adding the depreciation expenses to the operating profit, and the free cash flow is calculated based on that EBITDA.

(c) Summary of the Fairness Opinion (Plutus)

The Special Committee has received from Plutus, as of September 29, 2020, a Fairness Opinion (Plutus) to the effect that a price of JPY 3,900 per share is fair to the holders of the Target Stock (other than the Offeror, and its affiliates) and the holders of ADSs from a financial perspective (Note 3). The Fairness Opinion (Plutus) expresses that the Tender Offer Price of JPY 3,900 per share is fair to the Target’s minority shareholders and the holders of ADSs, in light of the valuation, etc. of the Target Stock based on the Business Forecast. The Fairness Opinion (Plutus) was issued based on the results of a valuation of the Target Stock that was conducted by Plutus after receiving disclosure from the Target of, among other things, the current status of the Target Group’s business and the Business Forecast, as well as explanations from the Target relating thereto, and following a process consisting of question-and-answer sessions with the Target regarding the overview, background and purpose of the Tender Offer, consideration within the scope deemed necessary by Plutus of the Target Group’s business environment and economic, market and financial situation, etc., and a review process conducted by an examination board at Plutus independent of its engagement team.

(Note) According to the Target, in preparing and submitting the Fairness Opinion (Plutus) and evaluating the share value underlying it, Plutus relied on the information and basic materials provided by or discussed with the Target, as well as publicly-available materials, on the assumption that they were accurate and complete, and that there were no facts that had not been disclosed to Plutus that could materially affect the analysis and evaluation of the value of the Target Stock, and Plutus has not independently investigated or verified such facts, nor is it obligated to investigate or verify them.

Plutus has assumed that the Target's Business Forecast and other materials used as the basis for the Fairness Opinion (Plutus) have been reasonably prepared by the Target's management based on the best currently-available estimates and judgements, and Plutus does not guarantee their feasibility and expresses no view as to the analysis or forecasts on which preparation is based or premises on which they are based.

The Fairness Opinion (Plutus) expresses Plutus' opinion as of the date of preparation as to whether the Tender Offer Price is fair from a financial point of view to the Target's minority shareholders and the holders of ADSs, based on financial and capital markets, economic, conditions, and other circumstance as of the date of preparation, and information available to Plutus up to the date of preparation, and while the content of the Fairness Opinion (Plutus) may be affected by subsequent changes in conditions, Plutus has no obligation to amend, change or supplement the content of the Fairness Opinion (Plutus) even in such cases. The Fairness Opinion (Plutus) does not infer or indicate any opinion, other than that expressly stated in the Fairness Opinion (Plutus), with respect to any matter after the date of submission of the Fairness Opinion (Plutus). The Fairness Opinion (Plutus) only expresses the opinion that the Tender Offer Price is fair to the Target's minority shareholders and the holders of ADSs from a financial point of view and is not disadvantageous to them, and does not express opinions or make recommendations concerning the propriety of implementing the Tender Offer, nor the tendering, or other actions with respect to the Tender Offer, and does not express any opinion to the holders of securities issued by the Target, creditors, or other related parties.

The Fairness Opinion (Plutus) was provided by Plutus for the purpose of being used as a basis for decisions made by the Target's board of directors and the Special Committee regarding the Tender Offer Price and is not to be relied upon by any other party.

#### **E. Procurement by the Target of Advice From an Independent Legal Advisor**

As discussed in "B. Establishment of a Special Committee Independent of the Target," the Target retained Nakamura, Tsunoda & Matsumoto as its legal advisor independent of the Offeror and the Target, and received legal advice on such matters as the measures to be implemented to ensure fairness in the process of the Transaction, the various processes of the Transaction and on the methods and processes, etc. for the Target to make its decision on the Transaction.

Nakamura, Tsunoda & Matsumoto is not a related party of the Offeror or the Target and has no material interest in the Transaction, including the Tender Offer.

#### **F. Procurement by the Target of Share Valuation Report and Fairness Opinion From Independent Financial Advisor and Third Party Valuation Agency**

(a) Name of the Valuation Agency and its Relationship With the Target and the Offeror

To ensure fairness in the decision-making regarding the Tender Offer Price presented by the Offeror, in relation to the announcement of its opinion on the Tender Offer Price, the Target asked Nomura Securities, a financial advisor and third party valuation agency independent of the Offeror and the Target, to calculate the value of the Target Stock and present its opinion on the adequacy of the Tender Offer Price (a fairness opinion) and obtained the Share Valuation Report (Nomura Securities) and the Fairness Opinion (Nomura Securities), dated as of September 29, 2020. Nomura Securities is not a related party of the Target or the Offeror and

does not have a material interest in the Transaction, including the Tender Offer. The compensation to be paid to Nomura Securities in relation to the Transaction includes fees to be paid contingent upon the consummation, etc. of the Transaction.

(b) Summary of Valuation of the Target Stock

Nomura Securities valued the Target Stock using the average market price method, because the Target Stock is listed on the First Section of the Tokyo Stock Exchange, the comparable company method, because there are multiple public companies it can use to compare the Target to and thereby infer the value of the Target Stock, and the DCF Method to reflect the Target's anticipated future business situation in the calculation based on the idea that, in the Tender Offer, it is appropriate to determine the value of Target Stock from multiple perspectives after considering valuation methods to be adopted in valuing the Target Stock from among various valuation methods, under the assumption that the Target is a going concern. The Target obtained the Share Valuation Report (Nomura Securities), dated as of September 29, 2020.

According to the Share Valuation Report (Nomura Securities), the per share value range of the Target Stock under each of the methods described above is as set forth below:

Average Market Price Method:	JPY 2,723 – JPY 3,018
Comparable Companies Method:	JPY 2,132 – JPY 2,886
DCF Method:	JPY 2,929 – JPY 5,016

In adopting the average market price method, Nomura Securities set September 28, 2020, as the calculation base date and calculated the per share value range of the Target Stock to be JPY 2,723 – JPY 3,018, based on the closing price of JPY 2,775 for regular transactions of the Target Stock on the First Section of the Tokyo Stock Exchange on the base date and the simple average of the closing prices for the most recent five-business-day, one-month, three-month and six-month periods, each ending on the base date (JPY 2,723, JPY 2,814, JPY 2,941 and JPY 3,018, respectively).

In using the comparable companies method, Nomura Securities selected KDDI Corporation and Softbank Corp., as listed companies, whose businesses are considered relatively but not perfectly comparable to that of the Target. Then, Nomura Securities calculated the per share value range of the Target Stock to be JPY 2,132 – JPY 2,886 by employing the multiples of the earnings before interest and tax (“EBIT”), and EBITDA Multiples against the corporate value of those companies, and multiples of net value against the market capitalization of those companies, and by making certain financial adjustments, including the addition of the value of the entire cash equivalents held by the Target.

In employing the DCF Method, based on the Business Forecast prepared by the Target, and taking into account various factors, including the earnings forecast and investment plans set out in the Business Forecast for the four fiscal years (fiscal years ending March 2021, 2022, 2023 and 2024), as well as such information as those publicly available, Nomura Securities analyzed the Target's corporate value and share value by discounting the free cash flow expected to be generated by the Target in and after the second quarter of the fiscal year ending March 2021 to the present value at certain discount rates, and making certain financial adjustments, including the addition of the value of all cash equivalents held by the Target. Consequently, Nomura Securities arrived at a price range of JPY 2,929 – 5,016 as the per share value of the Target Stock. In calculating the per share value of the Target Stock, Nomura Securities applied the discount rate of 4.0% – 4.5%, and adopted the perpetual growth rate model and the multiple model to calculate the terminal value, with the perpetual growth rate of -0.25% – 0.25% and EBITDA Multiples of 6.0x-7.0x.

The Business Forecast the Target prepared and that Nomura Securities used to conduct the valuation under the DCF Method does not include information on any fiscal year in which a

significant increase or decrease in profit is anticipated. Further, the following financial forecasts do not take into consideration the expected synergies achieved through the Transaction, given their difficulty to estimate at present.

The financial forecasts used to conduct the analysis using the DCF Method are as described below.

(JPY 100 million)

	FY ending March 2021 (9 months)	FY ending March 2022	FY ending March 2023	FY ending March 2024
Revenue	34,718	48,000	48,870	49,520
EBIT	5,995	9,200	9,720	9,930
EBITDA	10,057	14,740	15,440	15,800
Free Cash Flow	5,410	4,618	5,445	5,704

(Note) According to the Target, in calculating the value of the Target Stock, Nomura Securities assumed the accuracy and completeness of the publicly-available information and all the information provided by the Target and did not independently verify the accuracy or completeness of such information. Nomura Securities did not conduct an independent assessment, valuation or appraisal of any assets or liabilities (including derivatives, off-balance sheet assets and liabilities and other contingent liabilities) of the Target or its affiliates, including any analysis or evaluation of individual assets and liabilities, nor did Nomura Securities make any request to a third-party valuation agency for any such valuation or appraisal. Nomura Securities assumed that the Target's Business Forecast was reasonably considered or prepared based on the best projections and judgement made in good faith that were then available to the management of the Target. The calculation by Nomura Securities reflects the information available to it and the economic conditions as of September 28, 2020. The sole purpose of the calculation by Nomura is for the board of directors of the Target to use the calculation results as a reference for considering the value of the Target Stock.

(c) Summary of the Fairness Opinion (Nomura Securities)

The Target obtained the Fairness Opinion (Nomura Securities) from Nomura Securities, dated as of September 29, 2020, to the effect that the Tender Offer Price of JPY 3,900 per share is adequate for the owners of the Target Stock (excluding the Offeror) from a financial perspective. The Fairness Opinion (Nomura Securities) was issued after analyzing the results of the valuation of the Target Stock conducted by Nomura Securities, which was reached after analyzing and reviewing the financial information, including the Business Forecast and after having question-and-answer sessions with the Target and the Special Committee, as well as question-and-answer sessions with the Target and the Special Committee regarding the circumstances and background leading to the Target's support of the Tender Offer, and the approval of a committee at Nomura Securities consisting of professionals independent of the engagement team.

(Note) According to the Target, assumptions and disclaimers of a fairness opinion provided by Nomura Securities are as follows.

Nomura Securities has assumed and relied upon the accuracy and completeness of all public information reviewed by Nomura Securities and all financial, legal, regulatory, tax, accounting, and other information provided to Nomura Securities



for the purpose of rendering the Fairness Opinion (Nomura Securities). Nomura Securities did not independently verify the accuracy and completeness of such information, nor does Nomura Securities assume any responsibility for doing so. Nomura Securities has not made any independent valuation, appraisal or assessment of any of the assets or liabilities (including derivatives, off-balance sheet assets and liabilities and other contingent liabilities) of the Target and its affiliates, including analyses or valuation of individual assets or liabilities, nor has Nomura Securities received any such valuation, appraisal or assessment from the Target or a third party. Moreover, Nomura Securities has not made any request to a third party for such valuation, appraisal, or assessment. With respect to the financial projections and other forward-looking information concerning the Target provided to Nomura Securities, Nomura Securities has assumed that such information was reasonably prepared or reviewed by the management of the Target based on the best and bona fide estimates and judgments currently available, and that the future financial condition of the Target will be consistent with such projections. In preparing the Fairness Opinion (Nomura Securities), Nomura Securities has relied upon such projections and other forward-looking information without independent verification. Nomura Securities provides no assurance whatsoever concerning the achievability of such financial projections. Nomura Securities has assumed without independent verification and assumption of any responsibility thereof, that the Tender Offer will be carried out lawfully and validly in accordance with the terms set forth in the Target Press Release and that the Tender Offer will not have any tax consequences different from the assumed consequences provided to Nomura Securities. In addition, Nomura Securities has assumed, without independent verification and assumption of any responsibility thereof, that all governmental, regulatory, or other consents and approvals necessary for the consummation of the Tender Offer will be obtained without any adverse effect on the contemplated benefits of the Tender Offer and that the Tender Offer will be consummated in accordance with the terms of the Target Press Release, without waiver, modification, or amendment of any material term of agreement therein. Nomura Securities was not asked by the Target to provide, and has not provided, any opinion on any transaction other than the Tender Offer or on the relative merits of the Tender Offer as compared to any other transaction. Nomura Securities is under no obligation to the Target or its board of directors to solicit indications of interest from any third party in connection with the Tender Offer, nor did Nomura Securities make any such solicitations.

Nomura Securities has acted as the financial advisor to the Target in connection with the Tender Offer and has been involved in a part of the negotiation thereto. Nomura Securities expects to receive from the Target fees for such services, including a fee contingent on submission of the Fairness Opinion (Nomura Securities) and the consummation of the Tender Offer. In addition, Nomura Securities expects to receive from the Target reimbursement of certain expenses incurred by Nomura Securities and its affiliates. The waiver and indemnity clauses specified in the agreement between Nomura Securities and the Target are applicable in connection with the rendering of the Fairness Opinion (Nomura Securities). Nomura Securities and its affiliates may have provided in the past and may in the future provide investment banking, other financial instruments and financing services or other similar services to the Target, the Offeror, or their affiliates, for which Nomura Securities and its affiliates will expect to receive compensation. In the ordinary course of business, Nomura Securities and its affiliates from time to time acquire, hold, or sell certain equity, debt and other securities and various types of financial instruments, including derivatives, of the Target, the Offeror, or their affiliates for Nomura Securities' own account or

Nomura Securities' clients' accounts.

Nomura Securities' opinion expressed in the Fairness Opinion (Nomura Securities) ("**Nomura Securities' Opinion**") is provided for the information and assistance of the board of directors of the Target in connection with the Tender Offer Price set forth in the Target Press Release. Nomura Securities' Opinion addresses only the fairness of the Tender Offer Price, from a financial point of view, under the conditions and assumptions set out in the Fairness Opinion (Nomura Securities); Nomura Securities was not asked to provide, and does not provide therein, any opinion on any of the premises or assumptions upon which the determination of the Tender Offer Price was based or the underlying business decision of the Target to proceed with the Tender Offer. Nomura Securities' Opinion does not constitute a recommendation as to how any shareholders of the Target should vote or act on any matter relating to the Tender Offer. Furthermore, Nomura Securities' Opinion does not purport to provide any opinion on the past, current, and future market prices of the Target Stock. Nomura Securities does not provide independent advice related to legal, regulatory, tax, and accounting matters in connection with the Tender Offer and has relied upon the judgement of the Target or its third-party advisors concerning such matters.

Except as otherwise specially permitted under the agreement between the Target and Nomura Securities, the Fairness Opinion (Nomura Securities) may not be disclosed to any other person or used for any purpose other than as originally intended. The Target may not disclose, refer to, transmit, or use the Fairness Opinion (Nomura Securities), in whole or in part, without Nomura Securities' prior consent in writing.

Nomura Securities' Opinion is based on financial, economic, market, business, and other conditions as they exist on the date of the Fairness Opinion (Nomura Securities), and relied upon information that Nomura Securities has as of the date of the Fairness Opinion (Nomura Securities). Although Nomura Securities' Opinion may be affected by future changes in conditions, Nomura Securities does not assume any responsibility to modify, change, or supplement Nomura Securities' Opinion in the future.

#### **G. Establishment of a Structure for Independent Review by the Target**

As discussed in "(ii) Process Leading to and Reasons for the Target's Decision to Support the Tender Offer" in "(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)" in "1. Purpose of the Purchase," the Target established an internal structure to review, negotiate and make decisions on the Transaction independently of the Offeror. In particular, continuously, and since being presented with the Preliminary Proposal from the Offeror in early June 2020, indicating that the Offeror wanted to begin considering making the Target a wholly-owned subsidiary of the Offeror, the Target has excluded not only the Target's officers and employees who now hold, but also those who until recently held, positions as officers or employees of a company in the Offeror Group other than the Target Group, from the negotiation process on the terms of the Transaction between the Target and Offeror, including the Tender Offer Price, and the drafting of the Business Forecast, which is used as a basis for the valuation of the Target Stock, in order to eliminate the structural conflict of interest.

Specifically, in reviewing the Transaction, the Target formed two working groups within the Target, one of which is to review the significance of proceeding with the Transaction, the

manner of the Transaction and the terms, etc. of the Transaction, including Tender Offer Price, and to conduct negotiations with the Offeror (the Capital Policy Working Group), and the other to consider how to create synergies in the future, such as the expansion of business, facilitation of R&D and optimization of networks, etc. using the Offeror Group's resources and assets and the Target's strategy for future growth (Future Vision Working Group), and proceeded with the review.

With respect to the Capital Working Group, both the Target's officers and employees who now hold or held until recently positions as officers or employees of a company in the Offeror Group other than the Target Group, including Mr. Motoyuki Ii and Mr. Takashi Hiroi mentioned below, have been excluded from involvement.

On the other hand, Mr. Motoyuki Ii and Mr. Takashi Hiroi who are directors of the Target were involved in the Future Vision Working Group. Mr. Motoyuki Ii belonged to either the Offeror or companies within the Offeror Group other than the Target Group between 1983, when he joined the Offeror, and June 2020, and Mr. Takashi Hiroi belonged to the Offeror between 1986, when he joined the Offeror, and June 2020. As of now, they hold positions in the Target as Senior Executive Vice President and General Manager of Accounts and Finance Department, respectively, and each is indispensable and irreplaceable for the Target to consider such matters as the business strategies of the Target if the Transaction is carried out, the synergies the Transaction is expected to create and other matters to be reviewed by the Target. In addition to these reasons, since the matters considered by the Future Vision Working Group fall within the categories in which the risk that the issue of structural conflict will have on the ordinary shareholders is limited, among other reasons, the Target made the decision to have them involved in the Future Vision Working Group. In order to ensure fairness despite their involvement, the Target made it its policy to require the provision of a timely and appropriate report on their involvement to the Special Committee, by such means as reporting the progress of discussions in the Future Vision Working Group, and if the Special Committee determines that their participation has raised an issue of fairness, etc., or the risk thereof, the Special Committee shall admonish the Target to suspend their involvement, take corrective actions, etc. The Target has provided timely and appropriate reports, and the Special Committee has not made any admonishments to suspend their involvement, take corrective actions, etc.

Although the Business Forecast, which serves as the basis of the valuation of the Target Stock, has been approved at the meeting of the board of directors held on August 3, 2020, following a review by the Capital Policy Working Group, as discussed in "(ii) Process of Review Consideration and Negotiation" in "(ii) Process Leading to and Reasons for the Target's Decision to Support the Tender Offer" in "(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)" in "1. Purpose of the Purchase," not only officers and employees who now hold, but also those who held until recently, positions as officers or employees of a company in the Offeror Group other than the Target Group, including, Mr. Motoyuki Ii and Mr. Takashi Hiroi, were completely uninvolved in the Capital Working Group as discussed above. Additionally, as discussed in "(ii) Process of Consideration and Negotiation" in "(ii) Process Leading to and Reasons for the Target's Decision to Support the Tender Offer" in "(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)" in "1. Purpose of the Purchase," Mr. Motoyuki Ii and Mr. Takashi Hiroi did not participate in the deliberation and resolution regarding the Business Forecast at the meeting of the board of directors mentioned above. At the same time, however, Mr. Motoyuki Ii and Mr. Takashi Hiroi, among the directors of the Target, were involved in the consideration process of the forecast of consolidated financial results for the fiscal year ending March 31, 2021 (published on the Earnings Release for the

three months ended June 30, 2020, which the Target announced on August 3, 2020; such forecast is referred to as the “**Business Plan (for the Fiscal Year Ending March 2021)**” hereafter), a part of whose figures are included in the Business Forecast. As described above, each belonged to either the Offeror or a company within in the Offeror Group other than the Target Group until June 2020, but they currently hold positions as the Target’s Senior Executive Vice President and General Manager of Accounts and Finance Department, respectively, and in light of the fact that they are indispensable and irreplaceable for the Target to consider the Business Plan (for the Fiscal Year Ending March 2021), etc., the Target decided to involve them in the consideration process, on the condition that they did not participate in the contemplation of the resolution at the meeting of the board of directors (held on August 3, 2020), in which the Business Plan (for the Fiscal Year Ending March 2021) was made final. Of the 15 members of the Target’s board of directors, Mr. Motoyuki Ii and Mr. Takashi Hiroi were excluded from the deliberation and resolution process, pursuant to the conditions described above. Further, in order to eliminate the risk of the deliberation and resolution at the meeting of the board of directors being tainted by issues arising from the structural conflict of interest and asymmetry of information inherent in the Transaction, Mr. Hironobu Sagae and Mr. Katsumi Nakata, who have served as directors of companies within the Offeror Group that are not in the Target Group in the past, and Mr. Katsumi Kuroda, who concurrently serves as an employee of the Offeror, were also excluded, and deliberations were made among the 10 directors of the Target, without these three directors as well, following which a unanimous resolution to approve of the Business Plan (for the Fiscal Year Ending March 2021) was made.

The Special Committee has acknowledged that there are no issues with the structure the Target established internally, including the arrangements described above, following the advice from Nakamura, Tsunoda & Matsumoto, to consider the Transaction (including the Target’s officers and employees to be involved in the review, negotiations and decision-making on the Transaction and their roles), in terms of independence and fairness.

#### **H. Approval of All Directors (Including the Audit and Supervisory Committee Members) Without an Interest in the Target**

As discussed in “(ii) Process Leading to and Reasons for the Target’s Decision to Support the Tender Offer” in “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)” in “1. Purpose of the Purchase,” the Target’s board of directors carefully discussed and considered whether the Transaction, including the Tender Offer, contributes to the increase of corporate value, and whether the terms of the Transaction, including the Tender Offer Price, are appropriate, based on the legal advice from Nakamura, Tsunoda & Matsumoto, Nomura Securities’ advice from a financial perspective as well as its Share Valuation Report (Nomura Securities) and Fairness Opinion (Nomura Securities), the Share Valuation Report (Plutus) and the Fairness Opinion (Plutus) provided by Plutus through the Special Committee, giving full weight to the Special Committee’s decision presented in the Recommendation.

As a result, the Target concluded that (i) the Transaction, including the Tender Offer, contributes to the increase of corporate value and (ii) the terms of the Transaction, including the Tender Offer Price, are appropriate and ensures that the Target’s ordinary shareholders receive the benefits to which they are entitled, and the Tender Offer provides the ordinary shareholders of the Target with a reasonable opportunity to sell the Target Stock at a price with an appropriate premium, as discussed in “(ii) Process Leading to and Reasons for the Target’s Decision to Support the Tender Offer” in “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a

Tender Offer for Shares of a Listed Subsidiary)” in “1. Purpose of the Purchase.” Consequently, it was resolved at the meeting of the board of directors held on September 29, 2020, by a unanimous vote of the Target’s directors who participated in the deliberation and the resolution process that it would recommend that the holders of the Target Stock tender in the Tender Offer and that the holders of ADSs tender in the Tender Offer upon surrendering their ADSs to the depository bank and withdrawing shares of the Target Stock represented by the ADSs.

In light of the fact that, among the 15 of the Target’s board members, Mr. Motoyuki Ii and Mr. Takashi Hiroi have served as directors of the Offeror in the past, Mr. Hironobu Sagae and Mr. Katsumi Nakata have served as directors of the companies within the Offeror Group that are not the Target Group in the past and Mr. Katsumi Kuroda concurrently serves as the Offeror’s employee, and, in order to eliminate the risk of the deliberation and resolution at the meeting of the board of directors being tainted by issues arising from a structural conflict of interest and asymmetry of information inherent in the Transaction, the deliberation at the meeting of board of directors mentioned above was conducted without these five members, and among the remaining 10 directors of the Target (including the Audit and Supervisory Committee members), who passed the resolution on unanimous consent.

Among the directors of the Target, five directors, namely Mr. Motoyuki Ii, Mr. Takashi Hiroi, Mr. Hironobu Sagae, Mr. Katsumi Nakata and Mr. Katsumi Kuroda, have not participated in any of the deliberations or the resolution process undergone by the Target, in relation to the Transaction, at its meeting of the board of directors, including the meeting of the board of directors held on September 29, 2020, so as to eliminate the risk of being influenced by issues arising from the structural conflict of interest and asymmetry of information inherent in the Transaction, or the discussions or negotiations with the Offeror regarding the Transaction on behalf of the Target. Further, other than the involvement of Mr. Motoyuki Ii and Mr. Takashi Hiroi discussed in “G. Establishment of a Structure for the Independent Review by the Target,” they have not participated in the review of the Transaction on behalf of the Target.

#### **I. Absence of Deal Protection Provision**

There are no agreements between the Offeror and the Target in the nature of deal protection provisions restricting the Target from contacting competing offerors, etc. and the Offeror and the Target have been mindful of ensuring fairness in the Tender Offer by not preventing any opportunity for a competing offer.

#### **J. Measures to Ensure that the Target’s Shareholders have the Opportunity to make Appropriate Judgments as to whether or not to Tender in the Tender Offer**

As stated in “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” in “1. Purpose of the Purchase” above, the Offeror ensures an opportunity for the Target’s shareholders to properly decide whether or not to tender their shares in the Tender Offer and gives consideration to avoid placing coercive pressure on the Target’s shareholders by (i) employing methods ensuring the Target’s shareholders’ right to request purchase of shares or right to petition for a determination of the price of shares, wherein depending on the number of shares acquired by the Offeror through the successful completion of the Tender Offer, the Offeror, promptly after the completion of the settlement of the Tender Offer, either will make the Share Cash-Out Demand for all of the Target Stock (excluding the Target Stock owned by the Offeror and treasury shares owned by the Target) or will make a demand to the Target to convene the Extraordinary Shareholders Meeting at which the agenda items will include proposals for the Share Consolidation and a partial amendment to the Target’s articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect, and (ii) clarifying that the amount of money to be delivered to the Target’s shareholders as consideration for each Target Stock in the Share Cash-

Out Demand or the Share Consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Stock owned by those shareholders (excluding the Offeror and the Target).

In addition, while the statutory requirement of the tender offer period is 20 business days at minimum, the Offeror will set the Tender Offer Period as 33 business days. By setting a relatively long Tender Offer Period, the Offeror intends to ensure that the shareholders of the Target have an opportunity to properly decide whether to tender their shares in the Tender Offer.

**(iii) Relationships with the Valuation Agencies**

MUMSS, the financial advisor and the valuation agency of the Offeror, is not a related party of the Offeror or the Target and has no material interests in relation to the Tender Offer.

Deloitte Tohmatsu, the third party valuation agency of the Offeror, is not a related party of the Offeror or the Target and has no material interests in relation to the Tender Offer.

**(5) Number of Share Certificates, Etc. to Be Purchased**

Number of Share Certificates, Etc. to be Purchased	Minimum Number of Share Certificates, Etc. to be Purchased	Maximum Number of Share Certificates, Etc. to be Purchased
1,090,896,056 shares	14,686,300 shares	– shares

(Note 1) If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (14,686,300 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) The number of Share Certificates, Etc. to be purchased sets out the maximum number of Share Certificates, Etc. of the Target to be acquired by the Offeror in the Tender Offer (1,090,896,056 shares). That maximum number of Share Certificates, Etc. is the number of shares obtained by deducting the number of the treasury shares owned by the Target as of June 30, 2020 set out in the Target Quarterly Securities Report (150 shares) and the number of the Target Stock held by the Offeror (2,137,733,200 shares) from the total number of issued shares as of June 30, 2020 set out in the Target Quarterly Securities Report (3,228,629,406 shares).

(Note 3) Shares less than one unit are also eligible for the Tender Offer. In addition, if a shareholder exercises its right to request the purchase of shares less than one unit in accordance with the Companies Act, the Target might purchase its own shares during the Tender Offer Period in accordance with procedures required by laws and regulations.

(Note 4) The Offeror does not intend to acquire treasury shares owned by the Target through the Tender Offer.

**(6) Changes in Ownership Ratio of Share Certificates, Etc. due to the Tender Offer**

Number of voting rights represented by Share Certificates, Etc. held by the Offeror before the Tender Offer	21,377,332 voting rights	(Ownership Ratio of Share Certificates, Etc. before the Tender Offer: 66.21%)
Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer	0 voting rights	(Ownership Ratio of Share Certificates, Etc. before the Tender Offer: 0.00%)
Number of voting rights represented by Share Certificates, Etc. held by the Offeror after the Tender Offer	32,286,292 voting rights	(Ownership Ratio of Share Certificates, Etc. after the Tender Offer: 100.00%)
Number of voting rights represented by Share Certificates, Etc. held by special related parties after the Tender Offer	0 voting rights	(Ownership Ratio of Share Certificates, Etc. after the Tender Offer: 0.00%)
Number of voting rights of all of the shareholders of the Target	32,285,020 voting rights	

(Note 1) “Number of voting rights represented by Share Certificates, Etc. held by special related parties before the Tender Offer” is the total number of voting rights represented by Share Certificates, Etc. held by each special related party (other than special related parties who are not considered special related parties pursuant to Article 3, paragraph (2), item (i), of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, Etc. by Persons Other Than Issuers (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; hereinafter referred to as the “**Cabinet Office Ordinance**”) for the purpose of calculating the ownership ratio of Share Certificates, Etc. set out in each item under Article 27-2, paragraph (1) of the Act). Since Share Certificates, Etc. held by the special related parties (excluding the treasury shares owned by the Target) are subject to the Tender Offer, “Number of voting rights represented by Share Certificates, Etc. owned by special related parties after the Tender Offer” is 0. If it is necessary for the Offeror to revise this press release upon confirming the Share Certificates, Etc. of the Target owned by special related parties after the date of this press release, the Offeror will disclose an amended contents.

(Note 2) “Number of voting rights of all of the shareholders of the Target” is the number of voting rights of all shareholders as of June 30, 2020 set out in the Target Quarterly Securities Report. However, given that shares less than one unit are also to be purchased in the Tender Offer, in the calculation of the “Ownership Ratio of Share Certificates, Etc. before the Tender Offer” and the “Ownership Ratio of Share Certificates, Etc. after the Tender Offer,” the number of voting rights (32,286,292 voting rights) pertaining to the number of shares (3,228,629,256 shares) obtained by deducting the number of shares owned by the Target as of June 30, 2020 set out in the Target Quarterly Securities Report (150 shares) from the total number of issued shares of the Target as of June 30, 2020 set out in the Target Quarterly Securities Report (3,228,629,406 shares) is used as “Number of voting rights of all of the shareholders of the Target”.

(Note 3) The figures in the “Ownership Ratio of Share Certificates, Etc. before the Tender Offer” and the “Ownership Ratio of Share Certificates, Etc. after the Tender Offer” are rounded

to two decimal places.

**(7) Purchase Price** JPY 4,254,494,618,400

(Note) The purchase price is the amount obtained by multiplying the number of shares to be purchased (1,090,896,056 shares) by the Tender Offer Price (JPY 3,900 per share).

**(8) Method of Settlement**

**(i) Name and Location of Head Office of Financial Instruments Business Operator or Bank, Etc. in Charge of Settlement of the Tender Offer**

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., 2-5-2 Marunouchi, Chiyoda-ku, Tokyo

**(ii) Commencement Date of the Settlement**

November 24, 2020 (Tuesday)

**(iii) Method of Settlement**

A written notice of the purchase through the Tender Offer is to be sent by post to the address or location of each of the persons who are tendering their Share Certificates, Etc. (with regard to the ADSs, see “(11) Tender Offer Agent” below) in response to an offer to purchase the Share Certificates, Etc. pertaining to the Tender Offer (“**Tendering Shareholder**”) (in the case of a Foreign Shareholder, of its standing proxy) without delay after the completion of the Tender Offer Period.

The purchases are to be made in cash. The sales proceeds pertaining to the Share Certificates, Etc. that have been purchased are to be remitted from the tender offer agent to a location specified by each Tendering Shareholder (in the case of a Foreign Shareholder, by its standing proxy) without delay after the commencement date of the settlement as instructed by the Tendering Shareholder (in the case of a Foreign Shareholder, by its standing proxy).

**(iv) Method of Returning Share Certificates, Etc.**

If all of the Tendered Share Certificates, Etc. are not purchased under the conditions set out in “(i) Conditions Listed in the Items of Article 27-13, paragraph (4) of the Act and the Details of Those Conditions” and “(ii) Conditions for Withdrawal of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal” in “(9) Other Conditions and Methods of the Tender Offer” set out below, the Share Certificates, Etc. that are to be returned will be returned by restoring the record to the status immediately preceding the tendering of those Share Certificates, Etc. promptly after the second Business Day following the last day of the Tender Offer Period (or, if the Tender Offer has been withdrawn, after the date of that withdrawal).

**(9) Other Conditions and Methods of the Tender Offer**

**(i) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions**

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (14,686,300 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates,



Etc. is equal to or more than the minimum number of Share Certificates, Etc. to be purchased (14,686,300 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

**(ii) Conditions for Withdrawal of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal**

Upon the occurrence of any circumstance falling under the provisions of Article 14, paragraph (1), item (i), subitems (a) through (i) and subitems (l) through (r), item (iii), subitems (a) through (h) and subitem (j), and Article 14, paragraph (2), items (iii) through (vi) of the Order, the Offeror may withdraw or otherwise cancel the Tender Offer. In the Tender Offer, “facts equivalent to those set forth in (a) through (i)” prescribed in Article 14, paragraph (1), item (iii), subitem (j) of the Order means where it is discovered that there is a false statement about a material particular or an omission of a statement about a material particular that is required to be stated with respect to any statutory disclosure documents submitted by the Target in the past, but the Offeror was not aware of the existence of such false statement, etc. nor could the Offeror have been aware of such false statement, etc. even with reasonable care.

If the Offeror decides to withdraw or otherwise cancel the Tender Offer, the Offeror will make a public notice electronically and publish a notice in the *Nihon Keizai Shimbun*. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter.

**(iii) Conditions for Reducing the Tender Offer Price, Details Thereof and Method of Disclosing the Reduction**

If the Target conducts any act prescribed in Article 13, paragraph (1) of the Order during the Tender Offer Period, pursuant to the provisions of Article 27-6, paragraph (1), item (i) of the Act, the purchase price may be reduced in accordance with the standards prescribed in Article 19, paragraph (1) of the Cabinet Office Ordinance. If the Offeror decides to reduce the purchase price, the Offeror will make a public notice electronically and publish a notice in the *Nihon Keizai Shimbun*. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter. If the purchase price is reduced, the Tendered Share Certificates, Etc. that were tendered before the date of that public notice will also be purchased at the reduced purchase price.

**(iv) Matters concerning the Tendering Shareholders’ Rights to Cancel Agreements**

Any Tendering Shareholder may cancel any agreement relating to the Tender Offer at any time during the Tender Offer Period. If an agreement is to be cancelled with the tender offer agent, the relevant Tendering Shareholder is to deliver or send a Tender Offer Application Receipt and a document stating that the agreement relating to the Tender Offer will be cancelled (the “**Cancellation Documents**”) to the main office or any branch in Japan of the tender offer agent that received an tendering application no later than 16:00 on the last day of the Tender Offer Period. The cancellation of the agreement will take effect when the Cancellation Documents have been delivered or have reached the person specified below. However, if the Cancellation Documents are to be sent, they must reach the person specified below no later than 16:00 on the last day of the Tender Offer Period.

Person with authority to receive the Cancellation Documents

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

2-5-2 Marunouchi, Chiyoda-ku, Tokyo

(or any branch in Japan of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)

The Offeror will not make any claim for damages against or request a penalty payment to a Tendering Shareholder in connection with the cancellation of an agreement by that Tendering Shareholder. In addition, the Offeror will bear the costs of returning the Tendered Share Certificates, Etc. If a proposal is made to cancel an agreement related to the Tender Offer, the Tendered Share Certificates, Etc. will be returned promptly after the procedures are consummated in the manner set out in “(iv) Method of Returning Share Certificates, Etc.” in “(8) Method of Settlement” above.

**(v) Method of Disclosure If Conditions, etc., of the Tender Offer are Changed**

The Offeror may change the conditions of the Tender Offer during the Tender Offer Period, except for any change prohibited by Article 27-6, paragraph (1) of the Act or Article 13 of the Order. The Offeror in this case will make a public notice electronically and publish a notice in the *Nihon Keizai Shimbun* detailing those changes and other conditions. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter.

If the Tender Offer conditions, etc., are changed, the Tendered Share Certificates, Etc. that were tendered before the date of that public notice will also be purchased under those changed conditions.

**(vi) Method of Disclosure When Submitting an Amended Statement**

If an amended statement is submitted to the Director General of the Kanto Local Finance Bureau (excluding the case prescribed in the proviso of Article 27-8, paragraph (11) of the Act), the Offeror will immediately announce the details set out in that amended statement that relate to the contents of the public notice of the commencement of the Tender Offer by the method prescribed in Article 20 of the Cabinet Office Ordinance. The Offeror will also immediately amend the Tender Offer Explanatory Statement and deliver the amended Tender Offer Explanatory Statement to each Tendering Shareholder that has already received a Tender Offer Explanatory Statement. However, if an amendment is only minor in nature, the Offeror will prepare a document stating the reasons for that amendment, the matters that have been amended and the amended contents, and deliver that document to the Tendering Shareholders.

**(vii) Method of Disclosing the Results of the Tender Offer**

The Offeror will publicly announce the results of the Tender Offer the day immediately following the last day of the Tender Offer Period, in accordance with the provisions of Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

**(10) Date of Public Notice of Commencement of Tender Offer**

September 30, 2020 (Wednesday)

**(11) Tender Offer Agent**

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., 2-5-2 Marunouchi, Chiyoda-ku, Tokyo

(Note) Pursuant to the provisions of the Act, the Target Stock and the ADSs are subject to the Tender Offer, however, as the ADSs are securities issued in the United States, the Offeror has found it in practice to be difficult for the Offeror residing in Japan to acquire the ADSs through the Tender Offer, which will be conducted outside of the United States. Therefore, the Offeror accepts only tenders of shares of the Target Stock and does not accept any tender of the ADSs in the Tender Offer, but the Offeror will accept tenders of shares of the Target Stock represented by the ADSs. Thus, holders of ADSs who wish to tender their ADSs in the Tender Offer should surrender them to the Depository Bank and withdraw shares of the Target Stock represented by the ADSs in advance, and tender such shares of the Target Stock. The holders of ADSs can withdraw shares of the Target Stock by submitting the ADSs to the Corporate Trust Office of the Depository Bank and paying such fees and taxes, etc. the Depository Bank determines.

### **3. Policies after Tender Offer and Future Prospects**

See “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary),” “(5) Policy of Restructuring, Etc. after the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” and “(6) Likelihood of Delisting and Reasons for that Delisting” in “1. Purpose of the Purchase” above.

### **4. Other**

#### **(1) Agreements Between the Offeror and the Target or its Officers, and the Terms Thereof**

##### **(i) Agreements Between the Offeror and the Target**

According to the Target Press Release, the Target resolved at its board of directors meeting held on September 29, 2020 to express its opinion in support of the Tender Offer and to recommend that the holders of the Target Stock tender in the Tender Offer and that the holders of ADSs tender in the Tender Offer upon surrendering their ADSs to the Depository Bank and withdrawing the shares of the Target Stock represented by the ADSs.

For details of the above resolution of the board of directors of the Target, see the Target Press Release and “(viii) Approval of All Directors (Including the Audit and Supervisory Committee Members) Without an Interest in the Target” in “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” above.

##### **(ii) Agreements Between the Offeror and the Officers of the Target**

There are no applicable matters.

##### **(iii) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer**

See “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer (Decision-Making Process Leading to a Decision to Implement a Tender Offer for Shares of a Listed Subsidiary)” in “1. Purpose of the Purchase” above.

**(iv) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest**

See “Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “(ii) Background of the Valuation” in “(4) Basis of Valuation of Tender Offer Price” in “2. Overview of the Tender Offer” above.

**(2) Other Information Necessary for Investors’ Decision of Tender**

**(i) No dividend distribution of surplus by the Target for the Fiscal Year Ending March 2021**

According to the Target, the Target resolved at the meeting of the board of directors held on September 29, 2020 that, on the condition the Tender Offer is completed, it will revise its forecast on the dividend payments for the fiscal year ending March 2021, announced on August 3, 2020, and that it will not pay any dividends at the end of the fiscal year ending March 2021. For details, see “Announcement of Revision of the Forecast on Dividend Payments (No Dividend) for the Fiscal Year Ending March 2021 (the 30th Business Term)” released by the Target on September 29, 2020.

**(ii) Change in the Representative Directors of the Target**

The Target resolved at the meeting of its board of directors held on September 29, 2020 the change in representative directors mentioned below. For details, see “NTT DOCOMO Announces New Management Team” released by the Target on September 29, 2020.

(As of December 1, 2020 (scheduled))

Name	Concurrent Position	New Position
Motoyuki Ii	Senior Executive Vice President, Representative Member of the Board of Directors	President and Chief Executive Officer, Representative Member of the Board of Directors
Takashi Hiroi	Executive Vice President, Member of the Board of Directors	Senior Executive Vice President, Representative Member of the Board of Directors
Kazuhiro Yoshizawa	President and Chief Executive Officer, Representative Member of the Board of Directors	Member of the Board of Directors

**II. Borrowings of Funds**

**1. Reasons to Borrow Funds**

In order to secure the funds required for the Transaction as stated in “I. Terms of the Tender Offer”, the Offeror decided to borrow funds up to JPY 4,300 billion in total from financial institutions, and it received a loan certificate from each of the following lenders.

## 2. Summary of Borrowings (planned)

(1) Lender	MUFG Bank, Ltd.	Sumitomo Mitsui Banking Corporation	Mizuho Bank, Ltd.	The Norinchukin Bank	Sumitomo Mitsui Trust Bank, Limited	Development Bank of Japan Inc.
(2) Borrowing amount	JPY 1,500 billion (maximum amount)	JPY 1,200 billion (maximum amount)	JPY 700 billion (maximum amount)	JPY 400 billion (maximum amount)	JPY 300 billion (maximum amount)	JPY 200 billion (maximum amount)
(3) Borrowing drawdown date	The borrowing drawdown date for the borrowing to be allocated to funds required for the settlement of the Tender Offer is the commencement date of the settlement or the business day immediately preceding that date. The borrowing drawdown date for the borrowing to be allocated to funds required for the Procedures to Make the Target a Wholly-owned Subsidiary of the Offeror is not determined as of the date of this press release.					
(4) Borrowing interest rate	Variable interest rate based on JBA Japanese Yen TIBOR					
(5) Repayment due date	November 16, 2021					
(6) Security	None					

(Note 1) The details of each of the borrowings will be set out under the respective loan agreements in relation to the borrowing through separate negotiations with each of the lenders.

(Note 2) NTT Finance Corporation, a financing subsidiary of the Offeror, may borrow funds on behalf of the Offeror under the same conditions stated above from each of the lenders, and the Offeror may borrow the funds required for the Transaction from NTT Finance Corporation.

End

Contact information for this case:

Nippon Telegraph and Telephone Corporation

Inoue, Higo, IR, Finance and Accounting Department

#### Restrictions on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first carefully read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis for any agreement on the Tender Offer or be relied on when executing such an agreement.

#### Standards and regulations, etc. in the United States

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards set out in the Act, but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, the Tender Offer is not subject to Section 13(e) or Section 14(d) of the United States Securities Exchange Act of 1934 (as amended, the “**United States Securities Exchange Act of 1934**”) or the rules set out thereunder, and the Tender Offer will not be conducted in line with those procedures or standards. All of the financial data included in this press release and the reference documents thereof do not conform to accounting standards in the United States and may not be equivalent to the financial statements of a company in the United States. Further, the Offeror and the Target are companies that have been established outside of the United States and some or all of the directors of the Offeror and the Target reside outside of the United States, so it may be difficult to exercise any rights or make any claims under the federal securities laws of the United States. It also may be impossible to bring an action against a company that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. There is also no guarantee that a company that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a United States court.

Unless otherwise provided, all of the procedures concerning the Tender Offer will be conducted in the Japanese language. All or some of the documents related to the Tender Offer are prepared in the English language, and if there is a discrepancy between that English language document and the corresponding Japanese language document, the Japanese language document will prevail.

Statements that constitute forward-looking statements are included in statements in this press release and the reference documents thereof. There may be a significant difference between actual results and the express or implied predictions, etc. made as such forward-looking statements due to known or unknown risks, uncertainties, and other factors. None of the Offeror, the Target, and their affiliates guarantees that any express or implied prediction, etc. made as such a forward-looking statement will ultimately be correct. Such forward-looking statements in this press release and the reference documents thereof have been prepared based on information that is available to the Offeror as of the date of this press release, and unless required by applicable laws or regulations or the rules of a financial instruments exchange,

none of the Offeror, the Target, and any of their affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.

The financial advisors of the Offeror and the Target and the tender offer agent (including their affiliates) might, before the commencement of the Tender Offer or during the Tender Offer Period, purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of common stock of the Target on their own account and the account of their client to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations in the scope of their ordinary business and in accordance with the requirements of Rule 14e-5(b) of the United States Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on a website of the person that conducted that purchase (or by another disclosure method).

#### In other countries

Some countries or regions may impose restrictions on the announcement, issue, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. The announcement, issue, or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.