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This English translation of the "Law Concerning Nippon Telegraph and Telephone Corporation, etc." has been translated (through the revisions of Act No. 87 of 2005 (Effective May 1, 2006)) in compliance with the Standard Bilingual Dictionary (March 2006 edition).

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## **Law Concerning Nippon Telegraph and Telephone Corporation, etc. (Law No. 85 of December 25, 1984)**

**As amended last by Law No. 87 of July 26, 2005**

### **Article 1 (Purpose)**

- (1) Nippon Telegraph and Telephone Corporation (hereinafter referred to as "the Company") shall be a company limited (Kabushiki Kaisha) whose purpose is to own all the shares issued by East Nippon Telegraph and Telephone Corporation and West Nippon Telegraph and Telephone Corporation, to ensure appropriate and stable provision of telecommunications services supplied by the latter two companies, as well as to engage in research activities of telecommunications technologies that would form the basis of telecommunications.
- (2) East Nippon Telegraph and Telephone Corporation and West Nippon Telegraph and Telephone Corporation (hereinafter referred to as "the Regional Companies") shall be companies whose purpose is to manage regional telecommunications businesses.

### **Article 2 (Business Activities)**

- (1) The Company shall, in order to attain its corporate purposes, operate the following business activities
  - (i) To accept and hold the shares issued by the Regional Companies and to exercise the rights of shareholder of the shares;

- (ii) To offer necessary advice and assistance in the form of mediation to the Regional Companies, etc.
  - (iii) To conduct research activities related to telecommunications technologies that would form the basis of telecommunications;
  - (iv) Incidental business activities related to the preceding three items.
- (2) The Company may engage in the business activities necessary for execution of its purpose, subject to the authorization of the Minister of Internal Affairs and Communications (hereinafter referred to as "the Minister"), in addition to operating preceding business activities.
- (3) The Regional Companies shall, in order to attain their purposes, operate the following business activities:
- (i) Regional telecommunications business ( meaning telecommunications business activities operated by establishing telecommunications facilities of the Regional Companies which can intermediate intraprefectural telecommunications without facilities of other telecommunications business carriers; the same shall apply hereinafter) to be respectively provided in the following prefectural areas (areas to be specified under the applicable ordinance of the Ministry of Internal Affairs and Communications (MIC) (hereinafter referred to as "the applicable Ordinance of MIC"), when deemed it necessary in view of the usage of telecommunications services; the same shall apply hereinafter).
    - (a) As for East Nippon Telegraph and Telephone Corporation, Hokkaido Prefecture, Aomori Prefecture, Iwate Prefecture, Miyagi Prefecture, Akita Prefecture, Yamagata Prefecture, Fukushima Prefecture, Ibaraki Prefecture, Tochigi Prefecture, Gunma Prefecture, Saitama Prefecture, Chiba Prefecture, Tokyo Metropolis, Kanagawa Prefecture, Niigata Prefecture, Yamanashi Prefecture and Nagano Prefecture;
    - (b) As for West Nippon Telegraph and Telephone Corporation, Kyoto Prefecture, Osaka Prefecture and other prefectures than those stipulated in a).
  - (ii) Incident business activities related to the preceding item.
- (4) The Regional Companies may, subject to the authorization of the Minister, operate the following business activities
- (i) In addition to those listed in the preceding paragraph, those business activities necessary for the attainment of corporate purposes of the Regional Companies;
  - (ii) Regional telecommunications business activities to be operated respectively in prefectural areas other than those where they are stipulated to operate regional telecommunications business activities based on item (i) of the preceding paragraph.
- (5) In addition to the business activities under the provisions of the preceding two

paragraphs, the Regional Companies may, subject to the authorization of the Minister, operate the telecommunications business activities and other business activities by using facilities or technologies which are maintained in order to operate the business activities under the provisions of paragraph (3), or their staff. In this case, the Minister shall grant authorization if it is deemed that the business activities operated by the Regional Companies do not interfere smooth implementation of the business activities under the provisions of the same paragraph and securement of fair competition of the telecommunications business.

#### Article 3 (Obligations)

The Company and the Regional Companies shall, in operating their own businesses, give due consideration to the maintenance of its proper and efficient management and shall contribute to the securement of appropriate, fair and stable provision of nationwide telephone services which are indispensable to the lives of people; additionally, the Company and the Regional Companies shall endeavor, in view of the importance of the role which telecommunications will play for the social and economical progress in the future, to contribute to the innovative advancement and development of telecommunications in Japan through the promotion of research and development concerning telecommunications technology and through dissemination of the results thereof, and thereby promote the public welfare.

#### Article 4 (Shares)

- (1) The Government shall always hold one-third or more of the total number of the issued shares of the Company.
- (2) Where the Company intends to invite subscribers to new shares to be issued (hereinafter referred to as "invitation for subscription") or intends to deliver shares (except the Company's own shares possessed by the Company (hereinafter referred to as "own shares")) upon exchange of shares, the Company shall obtain authorization of the Minister. The same shall apply to cases where the Company intends to invite subscribers to new bonds with a right to subscribe for new shares stipulated in Article 238 paragraph (1) of the Corporate Law (Law No. 86 of 2005) (limited to rights attached to bonds with a right to subscribe for new shares. Referred to as "invitation of a right to subscribe for new shares" in paragraph (2) of the following article and Article 23 item (iii)) or intends to deliver rights attached to bonds with a right to subscribe for new shares (except the Company's own bonds with a right to subscribe for new shares possessed by the Company (referred to as "own bonds with a right to subscribe for new shares" in Article 23 item (iii))) upon exchange of shares

#### Article 5

- (1) The Company shall hold all the issued shares of each of the Regional Companies.
- (2) The Regional Companies shall obtain authorization of the Minister when intending to issue new shares. The same shall apply to cases when intending to invite subscribers to rights to subscribe for new shares.

Article 6 (Treatment of Shares Acquired by Foreign Nationals, etc.)

- (1) When the Company has received a request to enter the name and address in its register of shareholders from those persons set forth in any of the following items who have acquired its shares, the Company shall not do so if the aggregate of the ratios of the voting rights directly held by the persons set forth in items (i) through (iii) and the ratio prescribed in the provisions of the applicable Ordinance of MIC as the ratio of voting rights indirectly held by such persons through controlling the persons set forth in item (iv) (such an aggregate will be referred to as the "ratio of voting rights of foreign nationals, etc.") in this article reaches or exceeds one-third upon acceptance of the request.
  - (i) Any person who does not have Japanese nationality;
  - (ii) Any foreign government or its representative;
  - (iii) Any foreign juridical person or entity;
  - (iv) Any juridical person or entity whose voting rights directly held by the persons set forth under the preceding three items exceed the ratio prescribed in the applicable Ordinance of MIC
- (2) In cases where it makes the "ratio of voting rights of foreign nationals, etc." reach or exceed one-third to register or record all shares on the Company's shareholders list pursuant to the provisions of Article 152 paragraph (1) or paragraph (8) of the Law Concerning Transfer of Bonds, Shares, etc. (Law No. 75 of 2001), by those persons listed in any of the items in the preceding paragraph who are the shareholders pertaining to the notice as provided for under Article 151 paragraph (1) or paragraph (8) of the same law, the Company shall not register on its substantial shareholders list, notwithstanding the provisions of the same paragraph, those shares except such shares which may be registered in the manner stipulated in the applicable Ordinance of MIC by which only part of such shares are entered on its substantial shareholders list so that the "ratio of voting rights of foreign nationals, etc." does not reach or exceed one-third.
- (3) In the case, other than in those cases provided in the preceding two paragraphs, where the total number of the Company's outstanding shares changes, the Company shall take necessary measures to ensure that the "ratio of voting rights of foreign nationals, etc." does not reach or exceed one-third.
- (4) The Company shall make public notice on the "ratio of voting rights of foreign nationals, etc." before the number of days as specified in the applicable Ordinance of MIC from the standard day specified in Article 124 paragraph (1) of the

Corporation Law in the manner stipulated in the applicable Ordinance of MIC.

**Article 7 (Disposal of Shares Owned by the Government)**

Disposal of shares owned by the Government shall be within the limitation on the number of shares decided by the Diet in the relevant annual budget.

**Article 8 (Restriction on Use of Trade Names)**

No person other than the Company or the Regional Companies shall use the trade names, "Nippon Telegraph and Telephone Corporation," "East Nippon Telegraph and Telephone Corporation" or "West Nippon Telegraph and Telephone Corporation" in the trade name.

**Article 9 (General Mortgage)**

- (1) A bond holder of the Company shall, with respect to the property of the Company, have the right to have his or her claim satisfied, in preference to other creditors. A bond holder of each Regional Company shall, with respect to the property of the Regional Company, have the right to have his or her claim satisfied, in preference to other creditors.
- (2) The order of the statutory lien referred to in the preceding paragraph shall be next to the general statutory lien under the provisions of the Civil Code (Law No. 89 of 1896).

**Article 10 (Directors and Auditors)**

- (1) Any person who does not have Japanese nationality shall not become a director or auditor of the Company or the Regional Companies.
- (2) Any resolution for the appointment or dismissal of directors or auditors of the Company shall not take effect unless authorized by the Minister.

**Article 11 (Change of Articles of Incorporation, etc.)**

- (1) Any resolution for change in the articles of incorporation, or for merger, partition or dissolution of the Company and the Regional Companies or for disposal of profits of the Company shall not take effect unless authorized by the Minister.
- (2) When the Minister has granted the resolution for merger pertaining to the Regional Company(ies) under the preceding paragraph or the resolution for division pertaining to the Regional Company(ies) (limited to the resolution of the division of the entire business of the telecommunications business), such authorization shall be deemed as the notification under the provisions of Article 17 paragraph (2) of the Telecommunications Business Law (Law No. 86 of 1984).

**Article 12 (Business Plan)**

The Company and the Regional Companies shall formulate its business plan for each business year and shall obtain authorization of the Minister before the commencement of that business year. The same shall apply when such a business plan is to be amended.

#### Article 13 (Financial Statements)

The Company and the Regional Companies shall submit to the Minister, within three months after the end of each business year, its balance sheet, profit and loss statement and a business report for that business year.

#### Article 14 (Transfer, etc. of Important Facilities)

The Regional Companies shall obtain authorization of the Minister in order to transfer or mortgage their telecommunications trunk lines or other similarly important telecommunications facilities.

#### Article 15 (Order, etc. for Audit)

- (1) The Minister may, if the Minister deems it necessary for enforcing this Law, appoint auditors of the Company and the Regional Companies and have them audit specific items and report the Minister the audit results.
- (2) Auditors of the Company and the Regional Companies may, if they deem it necessary, submit to the Minister their opinions based upon the audit results.

#### Article 16 (Supervision)

- (1) The Company and the Regional Companies shall be subject to supervision of the Minister in accordance with the provisions of this Law.
- (2) The Minister may, if the Minister deems it necessary for enforcing this Law, issue to the Company and the Regional Companies orders necessary for the supervision with respect to its business activities.

#### Article 17 (Report)

The Minister may, to the extent necessary for enforcing this Law, require the Company and the Regional Companies to make reports relating to its business activities.

#### Article 18 (Consultation with the Minister of Finance)

The Minister shall consult with the Minister of Finance before:

- (i) The Minister grants the Company authorization under Article 4 paragraph (2), Article 11 paragraph (1) (with respect to authorization of resolutions for changing the articles of incorporation, this paragraph shall apply only to those relating to resolutions for change in the total number of shares that can be

issued by the Company), or Article 12;

- (ii) The Minister grants the Regional Companies authorization under Article 11 paragraph (1) (with respect to authorization, this paragraph shall apply only to those relating to resolutions for merger, division and dissolution), Article 12 or Article 14.

**Article 18-2 (Replacement of Terms When Being Corporation with Audit Committee)**

In cases of a corporation with audit committee, with respect to the application of the provisions of this Law listed in the first column, the terms among the provisions listed in the column shall be the terms listed in the third column.

Article 10, Article 19, Article 23 and Article 15 of the Supplementary Provisions	Article 15	Article 26
auditor	auditor	director
executive officer	audit committee member	executive officer

**Article 19 (Penal Provisions)**

- (1) When a director, audit counselor (where the counselor is a juridical person, an employee thereof who executes the audit duty. Hereinafter the same shall apply in this article.), auditor or employee of the Company and the Regional Companies has received, demanded or promised to receive a bribe in connection with the person's job, this person shall be punishable and liable to penal servitude for a term not exceeding three years. Anyone who has committed an improper act or has omitted a proper act thereby shall be guilty of an offense and liable to penal servitude for a term not exceeding seven years.
- (2) When a person who intends to become a director, audit counselor, auditor or employee of the Company or one of the Regional Companies has received, demanded or promised to receive a bribe in response to a solicitation in connection with the functions such person will assume after such person's appointment, such person shall, where such person becomes such director, audit counselor, auditor or employee, be punishable and liable to penal servitude for a term not exceeding two years.
- (3) When a person who was a director, audit counselor, auditor or employee of the Company or one of the Regional Companies has received, demanded or promised to receive a bribe in response to a solicitation in connection with such persons having committed an improper act or having omitted a proper act in the course of

performing such person's functions while such person was in office, such person shall be guilty of an offense and liable to penal servitude for a term not exceeding two years.

#### Article 20

In the case specified under each paragraph of the preceding article, the bribe which the offender has received shall be confiscated. Where it is unable to confiscate the entire bribe or portion thereof, the amount of money equivalent thereto shall be sought and collected.

#### Article 21

- (1) Any person who has given, offered or promised to give a bribe as stipulated in each paragraph of Article 19 shall be punishable and liable to penal servitude for a term not exceeding three years or a fine not exceeding two million and five hundred thousand yen.
- (2) When a person who has committed any offense stipulated in the preceding paragraph surrenders himself or herself to authorities, the punishment thereof may be reduced or remitted.

#### Article 22

- (1) The offenses as specified in Article 19 of this Law shall comply with the provisions of Article 4 of the Penal Code (Law No. 45 of 1907).
- (2) The offenses as specified in paragraph (1) of the preceding article shall comply with the provisions of Article 2 of the Penal Code.

#### Article 23

Where any of the violations enumerated in the following items has occurred, a director, audit counselor (where the counselor is a juridical person, an employee thereof who executes the audit duty. Hereinafter the same shall apply in this article.) or auditor of the Company or the Regional Companies who has committed the violation shall be punishable and liable to a fine not exceeding one million yen:

- (i) When the Company or a Regional Company engaged in business activities without obtaining authorization specified in Article 2 paragraph (2), (4) or (5);
- (ii) When the Company or a Regional Company performed business activities other than those stipulated in Article 2;
- (iii) When the Company or a Regional Company has invited subscribers to new shares or has delivered shares (except own shares) upon exchange of shares, or has invited subscribers to rights to subscribe for new shares or has delivered bonds with a right to subscribe for new shares (except bonds with a right to subscribe for new shares) upon exchange of shares in violation of the provisions



- of Article 4 paragraph (2) or Article 5 paragraph (2);
- (iv) When the Company or a Regional Company disposed of the shares of the Regional Companies in violation of the provisions of Article 5 paragraph (1);
  - (v) When the Company or a Regional Company has failed to submit application for authorization prior to the start of a business year or prior to the implementation of a business plan pertaining to change in violation of the provisions of Article 12;
  - (vi) When the Company or a Regional Company, in violation of the provisions of Article 13, has failed to submit their balance sheet, profit and loss statements, account or business report, or has submitted such documents containing a false statement;
  - (vii) When the Company or a Regional Company, in violation of the provisions of Article 14, has alienated or collateralized their own equipment and/or facilities;
  - (viii) When the Company or a Regional Company has contravened any order issued under the provisions of Article 16 paragraph (2);
  - (ix) When the Company has failed to make the report under the provisions of Article 17 or has made any false report.

#### Article 24

In cases where any violation to the provisions of Article 6 paragraph (1) or paragraph (2) has occurred, the employee concerned of the Company and the Regional Companies or transfer agent (where the transfer agent is a juridical person, its employee) who has committed the violation shall be punishable and liable to a fine not exceeding five hundred thousand yen.

#### Article 25

- (1) Any person who has violated the provisions of Article 8 shall be punishable and liable to a fine not exceeding two hundred thousand yen.
- (2) When a representative of a juridical person, or proxy, employee or any other person in the employment of a juridical or natural person has committed the violation referred to in the preceding paragraph in connection with the business activities of the juridical or natural person, the juridical or natural person shall, in addition to the punishment of the offender, be punishable and liable to the fine stipulated in the same paragraph.

#### Article 26

A director of the Company who neglects to give public notice or gives untrue public notice in violation of the provisions of Article 6 paragraph (4) shall be liable to a non-penal fine not exceeding one million yen.

## Supplementary Provisions

### Article 1 (Effective Date)

This Law shall come into force as from the day of promulgation. The provisions of Articles 11 and 12 of the Supplementary Provisions shall, however, come into force as from April 1, 1985.

### Article 2 (Review of the Status of the Company)

The Government shall, within five years after the date of the incorporation of the Company, review the status of the Company, taking into account the situation under which this Law is enforced and changes in circumstances after the effective date of this Law, etc., and shall take necessary measures based upon the conclusion of the review.

### Article 3 (Incorporation of the Company)

- (1) The Minister of Posts and Telecommunications shall appoint members of an organizing committee and shall have them function as promoters of the Company.
- (2) The organizing committee shall prepare the articles of incorporation and shall obtain authorization of the Minister of Posts and Telecommunications.
- (3) The Minister of Posts and Telecommunications shall consult with the Minister of Finance before granting authorization under the preceding paragraph.
- (4) The matters specified in each item of Article 168-2 of the Commercial Code with respect to shares to be issued at the time of incorporation of the Company shall be stipulated in the articles of incorporation of the Company.
- (5) With respect to shares to be issued at the time of incorporation of the Company, more than one half of the total amount of the issue-prices of the shares may not, notwithstanding the provisions of operative part of Article 284-2 paragraph (2) of the Commercial Code, be capitalized. In this case, "this Code" in paragraph (1) of the same article shall be read as "this Code or the Law Concerning Nippon Telegraph and Telephone Corporation, etc.".
- (6) The Nippon Telegraph and Telephone Public Corporation (hereinafter referred to as "the Public Corporation") shall accept all shares to be issued at the time of incorporation of the Company, and the organizing committee shall allocate all the shares to the Public Corporation.
- (7) The Government shall exercise the rights, relating to the incorporation of the Company, as the subscriber to the shares allocated under the provisions of the preceding paragraph.
- (8) The Public Corporation shall contribute all the assets to the Company at the time of incorporation of the Company. In this case, the provisions of Article 68 of the Nippon Telegraph and Telephone Public Corporation Law (Law No. 250 of

1952) shall not apply.

- (9) With respect to the application of the provisions of Article 180 paragraph (1) of the Commercial Code in connection with the incorporation of the Company, "performance of contribution-in-kind under the provisions of Article 177" in the same paragraph shall be read as "allocation of shares under the provisions of Article 3 paragraph (6) of the Supplementary Provisions of the Law Concerning Nippon Telegraph and Telephone Corporation, etc."
- (10) The performance pertaining to the contribution-in-kind by the Public Corporation under the provisions of paragraph (8) shall be made at the effective time of the provisions of Article 11 of the Supplementary Provisions, and the Company shall be incorporated at such time notwithstanding the provisions of Article 57 of the Commercial Code.
- (11) Notwithstanding the provisions of Article 188 paragraph (1) of the Commercial Code, the Company shall, upon incorporation, effect the registration of incorporation without delay.
- (12) Shares of the Company acquired by the Public Corporation as a result of the contribution-in-kind shall be transferred gratis to the Government at the time of incorporation of the Company.
- (13) The provisions of Article 167, Article 168 paragraph (2) and Article 181 of the Commercial Code shall not apply to the incorporation of the Company.

#### Article 4 (Dissolution, etc. of the Public Corporation)

- (1) The Public Corporation shall be dissolved at the time of incorporation of the Company, and all rights and liabilities of the Public Corporation shall, at such time, be succeeded to by the Company.
- (2) With respect to the account settlement and general inventory, balance sheet and profit and loss statement of the Public Corporation for the business year commencing on April 1, 1984, precedents shall continue to apply, except parts pertaining to Article 10 paragraph (2) item (ii) and Article 58 paragraph (1) (limited to part related to the audit report to be submitted by the auditor) of the Nippon Telegraph and Telephone Public Corporation Law.
- (3) The registration of dissolution of the Public Corporation under the provisions of paragraph (1) above shall be stipulated in the applicable cabinet order.

#### Article 5 (Transitional Measures for Succession of Rights and Liabilities)

- (1) Guarantee contracts which the government has made under the Law Concerning Special Measures Pertaining to the Acceptance of Foreign Capital from the International Bank for Reconstruction and Development, etc. (Law No. 51 of 1953) with respect to the Public Corporation's obligations concerning its telegraph and telephone bonds to be succeeded to by the Company under the provisions of

paragraph (1) of the preceding article shall continue to be effective, even after the succession, on the precedent terms and conditions with respect to the obligations relating to said bonds. Precedent shall continue to apply with respect to taxes or other imposts on interests of telegraph and telephone bonds related to said guarantee contracts or on gains from redemption of these bonds.

(2) With respect to the obligations, which are to be succeeded to by the Company under paragraph (1) of the preceding article, of the telegraph and telephone bonds subscribed by or borrowings loaned from the Fund of Trust Fund Bureau, the Company shall be deemed as a juridical person stipulated in item (iii) or iv) of Article 7 paragraph (1) of the Fund of Trust Fund Bureau Law (Law No. 100 of 1941) in applying the same paragraph.

(3) In cases where the telegraph and telephone bonds pertaining to debts, which are to be succeeded to by the Company under the provisions of paragraph (1) of the preceding article, pertain to subscription by the reserve fund of the Postal Life Insurance Account and the Postal Annuity Special Account stipulated in Article 1 of the Postal Life Insurance Account and the Postal Annuity Special Account Law (Law No. 12 of 1944) prior to its amendment under the provisions of Article 10 of the Supplementary Provisions of the Law Amending Part of the Postal Life Insurance Law (Law No. 50 of 1990), with respect to the application of the provisions of Article 3 paragraph (1) of the Law Concerning the Operation of the Fund of Postal Life Insurance (Law No. 210 of 1952) to said telegraph and telephone bonds, the Company shall be deemed to be a juridical person stipulated in item (iv) of the same paragraph.

#### Article 6 (Transitional Measures Concerning Employees)

(1) Those who are actually the employees of the Public Corporation at the time of incorporation of the Company shall become the employees of the Company upon incorporation of the Company.

(2) No retirement allowance prescribed in the National Government Employees, etc. Retirement Allowance Law (Law No. 182 of 1953) shall be payable to the employees of the Public Corporation who become those of the Company in accordance with the provisions of the preceding paragraph.

(3) When the Company intends to pay a retirement allowance to the employees of the Company to whom the provisions of the preceding paragraph are applied, the continued period during which they served the Public Corporation shall be regarded and treated as their service period with the Company.

Article 7 Deleted.

Article 8 Deleted.

Article 9 (Transitional Measures Concerning Application of Tax-related Laws in Connection with Incorporation of the Company)

- (1) No real estate acquisition taxes, special land holding taxes to be imposed on acquisition of land, or automobile acquisition taxes shall be imposed on the Company's acquisition of real estate and/or automobiles related to the contribution-in-kind by the Public Corporation pursuant to the provisions of Article 3 paragraph (8) of the Supplemental Provisions.
- (2) With respect to the land which is acquired and continuously held by the Company and is related to the contribution-in-kind by the Public Corporation under the provisions of Article 3 paragraph (8) of the Supplemental Provisions, no special land holding taxes shall be imposed on the land which was acquired by the Public Corporation prior to January 1, 1969 (with respect to the land located in Okinawa Prefecture, prior to April 1, 1972).
- (3) With respect to the land which is acquired and continuously held by the Company and is related to the contribution-in-kind by the Public Corporation under the provisions of Article 3 paragraph (8) of the Supplementary Provisions (limited to the land which the Public Corporation acquired on April 1, 1982 or later), no special land holding taxes shall be imposed on the land if more than ten years have elapsed as of January 1 of the year during which the Company is required to pay the tax by self-assessment under the provisions of Article 599 paragraph (1) of the Local Tax Law (Law No. 226 of 1950) after the Public Corporation acquired said land.
- (4) With respect to the land which is acquired and continuously held by the Company as a result of the contribution-in-kind by the Public Corporation under the provisions of Article 3 paragraph (8) of the Supplementary Provisions (limited to the land which the Public Corporation acquired during the period from January 1, 1969 (with respect to the land located in Okinawa Prefecture, from April 1, 1972) to March 31, 1982), no special land holding taxes shall be imposed on the land other than those which are located in "urbanized areas" as stipulated in Article 7 paragraph (1) of the City Planning Law (Law No. 100 of 1968) as of January 1 of the year during which the Company is required to pay the tax by self-assessment under the provisions of Article 599 paragraph (1) of the Local Taxes Law if more than ten years have elapsed since the Public Corporation acquired said land.
- (5) The performance related to the contribution-in-kind of share certificates (including the equity stipulated in the provisions of Article 4 paragraph (2) of the Security Transaction Tax Law (Law No. 102 of 1953)) by the Public Corporation under the provisions of Article 3 paragraph (8) of the Supplementary Provisions herein shall not fall under the transfer of securities stipulated in Article 1 of the

same law.

- (6) No registration and license taxes shall be imposed on the registration of incorporation required to the Company under the provisions of Article 3 paragraph (11) of the Supplementary Provisions and on the registrations required to the Company pertaining to the transfer of the property related to the contribution-in-kind by the Public Corporation under the provisions of the same article paragraph (8).
- (7) With respect to the amount of expenses for test and research for the business year to which the date of incorporation of the Company belongs, the main provisions of Article 42-4 paragraph (1) of the Special Taxation Measures Law (Law No. 26 of 1957) shall apply: Provided that "the amount of expenses for test and research of each business year to be included in the amount of loss in the calculation of income for the respective business year during the period from the business year (in this article referred to as "the reference year") immediately prior to the business year of the juridical person including January 1, 1967 to the business year immediately prior to said applicable business year" in the same paragraph shall be read as "the amount of expenses for test and research for the business year including April 1, 1984 of the Nippon Telegraph and Telephone Public Corporation", and that "in the case of exceeding the largest amount of" in the same paragraph shall be read as "in the case of exceeding the amount of", the provision of the same paragraph shall not apply.
- (8) In addition to those stipulated in the preceding paragraph, matters necessary for the application of laws and ordinances relating to the corporate tax to be imposed on the Company in connection with the incorporation of the Company shall be stipulated in the applicable cabinet order.

#### Article 10 (Delegation to Cabinet Order)

In addition to the provisions of Article 3 through the preceding article of the Supplementary Provisions, matters necessary for the incorporation of the Company and the dissolution of the Public Corporation shall be stipulated in the applicable cabinet order.

#### Article 11 (Abolition of Nippon Telegraph and Telephone Public Corporation Law, etc.)

The following laws shall be abolished:

- (i) The Nippon Telegraph and Telephone Public Corporation Law;
- (ii) The Law for Enforcement of the Nippon Telegraph and Telephone Public Corporation Law (Law No. 251 of 1952)

#### Article 12 (Transitional Measures Concerning Abolition of Nippon Telegraph and

Telephone Public Corporation Law)

- (1) Administrative dispositions, procedures and other acts made before the enforcement of the preceding Article in accordance with the provisions of the Nippon Telegraph and Telephone Public Corporation Law prior to its abolition under the provisions of the preceding article (hereinafter referred to as "the Old Law") shall be deemed administrative dispositions, procedures and other acts made under the corresponding provisions of this Law.
- (2) With respect to the application of the provisions of the Old Law to the emoluments payable to the employees of the Public Corporation for the period prior to the enforcement of the preceding article, the precedent shall continue to apply.
- (3) With respect to the disciplinary punishments to the employees to whom the provisions of Article 6 paragraph (1) of the Supplementary Provisions apply, which are imposed under the provisions of Article 33 of the Old Law, prior to the enforcement of the preceding article and disciplinary punishments related to cases prior to the enforcement of the preceding article, the precedent shall continue to apply. In this case, if such disciplinary punishments are to be imposed after the enforcement of the preceding article, a person who represents the Company or its delegate shall execute such disciplinary punishments.
- (4) With respect to the obligation to indemnify for any matter prior to the enforcement of the preceding article by an employee in charge of handling cash as stipulated in Article 69 of the Old Law or a person designated by the President of the Public Corporation as an employee in charge of the control of goods under the provisions of Article 70 of the Old Law, the precedent shall continue to apply.
- (5) With respect to the audit of the accounting of the Public Corporation by the Board of Audit under the provisions of Article 73 of the Old Law, the precedent shall continue to apply.
- (6) With respect to the compensation to the employees of the Public Corporation for casualties on duty or accidents in commutation, which occurred prior to the date of enforcement of the preceding article, the precedent shall continue to apply.
- (7) With respect to the application of penal provisions to an act committed prior to the enforcement of the preceding article, the precedent shall continue to apply.
- (8) In addition to the provisions of the preceding paragraphs, necessary transitional measures in connection with the repeal of the Nippon Telegraph and Telephone Public Corporation Law shall be stipulated in the applicable cabinet order.

Article 13 (Exceptions in Method for Calculating Total Number of Outstanding Shares)

- (1) With respect to the application of the provisions of Article 4 paragraph (1), for the time being, in cases of the invitation for subscription or the issuance of shares by exercising the right to subscribe for new shares, or the delivery of shares in

exchange for acquisition of shares with rights to acquire new shares or shares with acquisition clause, each number of increased shares (referred to as "the number of shares not to be included" in the following paragraph) due to such cases shall not respectively be included in the total number of outstanding shares in the provisions of Article 4 paragraph (1).

- (2) In cases where split-up or consolidation of shares has occurred after the increase of shares stipulated in the preceding paragraph, the number calculated by the number of shares not to be included multiplied by the ratio of split-up or consolidation (where split-up or consolidation of shares has occurred more than two steps, the ratio corresponding to multiplied ratio of each step) shall be the number of shares not to be included in the total number of outstanding shares in the same paragraph.

#### Article 14 (Exceptions for Authorization of Invitation for Subscription, etc. of the Company)

- (1) The Company, for the time being, may invite new subscriptions or deliver shares (except own shares) upon exchange of shares without authorization under Article 4 paragraph (2) until the increase of the number of new shares issued through the invitation for subscription or the delivery of shares (except own shares) upon exchange of shares reaches the number stipulated in the applicable Ordinance of MIC. In this case, the Company shall report this matter in advance to the Minister in accordance with the applicable Ordinance of MIC.
- (2) When the Minister intends to establish Ordinance of MIC in accordance with the former part in the preceding paragraph, the Minister shall consult with the Minister for Finance.

#### Article 15 (Penal Provisions)

A director or auditor of the Company who failed to report or made false reports in violation of the provisions of preceding article paragraph (1) shall be punishable and liable to a fine not exceeding one million yen.

#### Article 16 (Delivery of Money, etc.)

- (1) Nippon Telegraph and Telephone East Corporation (hereinafter in this article referred to as "NTT East") shall, in order to ensure that the level of the specified interconnection charges (referring to those pertaining to telephone services among interconnection charges as stipulated in Article 33 paragraph (2) of the Telecommunications Business Law and which are specified in the applicable Ordinance of MIC. The same shall apply in this article.) of NTT East be on the same level of the specified interconnection charges of Nippon Telegraph and Telephone West Corporation (hereinafter in this article referred to as "NTT West")



during the period specified in the applicable Ordinance of MIC, deliver the specified amount of money calculated by the method specified in the applicable Ordinance of MIC as money to cover part of costs necessary for interconnection services of NTT West.

- (2) The specified interconnection charges of NTT East and NTT West during the period specified in the applicable Ordinance of MIC specified in the preceding paragraph shall, in accordance with the method specified in the applicable Ordinance of MIC, calculated based upon the amount of money by adding together costs pertaining to the specified interconnection charges of NTT East and NTT West. In this case, said specified interconnection charges shall be deemed to be in compliance with Article 33 paragraph (4) item (ii).

**Supplementary Provisions (Excerpt)**

**(Law No. 9 of March 30, 1985)**

**Article 1 (Effective Date)**

This Law shall come into force as from April 1, 1985.

**Supplementary Provisions (Law No. 50 of June 27, 1989) (Excerpt)**

**Article 1 (Effective Date)**

This Law shall come into force as from April 1, 1990.

**Supplementary Provisions (Law No. 65 of June 29, 1990) (Excerpt)**

This Law shall come into force as from the effective date of the Law to Amend the Commercial Code, etc.

**Article 42 (Transitional Measure Concerning Application of the Penal Provisions)**

With respect to the application of the penal provisions concerning the offense prior to the effective date of this Law, and the offenses which shall be dealt with as precedents under the provisions of Article 3 and Article 12 of the Supplementary Provisions of the Law to Amend the Commercial Code, etc. (including cases where Article 10 shall, mutatis mutandis, apply to) after the effective date of this Law shall be dealt with as precedents.

**Supplementary Provisions (Law No. 61 of May 27, 1992) (Excerpt)**

This Law shall come into force within three months from the day of promulgation as provided for under the applicable cabinet order.

### Supplementary Provisions (Law No. 63 of June 14, 1993) (Excerpt)

This Law shall come into force as from the effective date of the Law to Amend the Commercial Code, etc

### Supplementary Provisions (Law No. 98 of June 20, 1997) (Excerpt)

#### Article 1 (Effective Date)

This Law shall come into force as from the date not exceeding eighteen months from its promulgation as provided for under the applicable cabinet order. However, articles from the following article through Article 7 of the Supplementary Provisions, and from Article 12 (excluding paragraph (4) and paragraphs (6) through (8)) through Article 17 of the Supplementary Provisions, and Article 20 of the Supplementary Provisions shall come into force as from the day of promulgation.

#### Article 2 (Restructuring of Nippon Telegraph and Telephone Corporation)

- (1) The Government shall incorporate East Nippon Telegraph and Telephone Corporation and West Nippon Telegraph and Telephone Corporation (hereinafter referred to as "the Regional Companies"), thereby the business which falls under the regional telecommunications business stipulated in Article 2 paragraph (3) item (i) of the Law Concerning Nippon Telegraph and Telephone Corporation, etc. as amended by this Law (hereinafter referred to as "the New Law") among domestic telecommunications businesses operated by Nippon Telegraph and Telephone Corporation (hereinafter referred to as "the Company") shall be succeeded to by the Regional Companies respectively.
- (2) The Government shall arrange for the new joint stock company to be incorporated by the Company by the effective date of this Law to succeed to other domestic telecommunications businesses operated by the Company excluding those businesses as succeeded to the Regional Companies under the provisions of the preceding paragraph.
- (3) The Government shall arrange for the Regional Companies or the joint stock company of the preceding paragraph (hereinafter referred to as "the Long-Distance Company"), in addition to businesses as provided for under the preceding two paragraphs, to succeed to other businesses among businesses operated by the Company, which are deemed to be appropriate to operate together with the business succeeded to the Regional Companies or the Long-Distance Company under the provisions of the two preceding paragraphs.

#### Article 3 (Basic Policy)

- (1) The Minister of Posts and Telecommunications shall establish the basic policy concerning the business succession and succession of rights and obligations (hereinafter referred to as "the Basic Policy") so that the businesses operated by the Company can be succeeded to appropriately and smoothly by the Regional Companies and the Long-Distance Company (hereinafter referred to as "the Succeeding Companies").
- (2) The Basic Policy shall contain the basic matters concerning the following items:
  - (i) The date of business succession by the Succeeding Companies.
  - (ii) Types of and its scope of the telecommunications businesses to be succeeded to by the Succeeding Companies
  - (iii) Research activities concerning the telecommunications technologies to be succeeded to by the Succeeding Companies
  - (iv) Assets, debts, and other rights and obligations to be succeeded to by the Succeeding Companies
  - (v) Necessary matters for ensuring fair competition in the field of telecommunications upon business succession by the Succeeding Companies
  - (vi) Other matters concerning appropriate and smooth business succession by the Succeeding Companies

#### Article 4 (Implementation Plan)

- (1) Upon establishment of the Basic Policy, the Minister of Posts and Telecommunications shall issue instructions to the Company to prepare each Succeeding Company's implementation plan, in accordance with the applicable ordinance of the Ministry of Posts and Telecommunications, concerning the business succession and succession of rights and obligations (hereinafter referred to as "the Implementation Plan").
- (2) The matters as specified under the provisions of each item of paragraph (2) of the preceding article shall be contained in the Implementation Plan.
- (3) The Company, upon receipt of instructions under the provisions of paragraph (1), shall prepare the Implementation Plan pursuant to the Basic Policy within a period provided for by the Minister of Posts and Telecommunications and obtain authorization of the Minister of Posts and Telecommunications.
- (4) When the Company intends to change the Implementation Plan, the Company shall obtain authorization of the Minister of Posts and Telecommunications.

#### Article 5 (Incorporation of the Regional Companies)

- (1) The Minister of Posts and Telecommunications shall appoint members of an organizing committee for each Regional Company and shall have them function as promoters of said Regional Company.
- (2) The organizing committee shall prepare the articles of incorporation and shall

- obtain authorization of the Minister of Posts and Telecommunications.
- (3) The matters specified in each item of Article 168-2 of the Commercial Code (Law No. 48 of 1899) with respect to shares to be issued at the time of incorporation of the Regional Company(ies) shall be stipulated in the articles of incorporation of the Regional Company(ies).
  - (4) With respect to shares to be issued at the time of incorporation of the Regional Companies, the amount exceeding one-half of the total amount of the issue-prices of the shares may not, notwithstanding the provisions of the operative part of Article 284-2 paragraph (2) of the Commercial Code, be capitalized. In this case, "this Code" in paragraph (1) of the same article shall be read as "this Code or the Law to Amend the Nippon Telegraph and Telephone Corporation Law (Law No. 98 of 1997)".
  - (5) The Company shall accept all shares to be issued at the time of incorporation of the Regional Companies, and the organizing committees shall allocate all the shares to the Company.
  - (6) The Company shall contribute its assets to the Regional Companies at the time of incorporation of the Regional Companies pursuant to the provisions of the Implementation Plan as authorized under the provisions of preceding article paragraph (3) of the preceding article (in cases where authorization under the provisions of the same article paragraph (4), the revised Implementation Plan (hereinafter referred to as "the Succeeding Plan")). In this case, the provisions of Article 13 of the Nippon Telegraph and Telephone Company Law (hereinafter referred to as "the Old Law"), prior to the amendment by this amended Law, shall not apply.
  - (7) With respect to the application of the provisions of Article 180 paragraph (1) of the Commercial Code pertaining to the incorporation of the Regional Companies, "payment and contribution-in-kind under the provisions of Article 177" in the same paragraph shall be read as "allocation of shares under the provisions of Article 5 paragraph (5) of the Supplementary Provisions of the Law to Amend the Nippon Telegraph and Telephone Corporation Law (Law No. 98 of 1997)".
  - (8) No resolution of amendments to the articles of incorporation at the inaugural general meeting(s) of the Regional Company(ies) shall come into force without authorization of the Minister of Posts and Telecommunications.
  - (9) The performance with respect to the contribution-in-kind by the Company under the provisions of paragraph (6) shall be made at the effective time of this Law and the Regional Companies shall be incorporated at such time notwithstanding the provisions of Article 57 of the Commercial Code.
  - (10) The transfer by the Company under the provisions of paragraph (6) shall be performed at the time of incorporation of the Regional Companies.
  - (11) Notwithstanding the provisions of Article 188 paragraph (1) of the

Commercial Code, the Regional Companies shall, upon its incorporation, complete the registration of its incorporation without delay.

- (12) The provisions of Article 167, Article 168 paragraph (2) and Article 181 of the Commercial Code shall not apply to the incorporation of the Regional Companies.

#### Article 6 (Incorporation of the Long-Distance Company, etc.)

- (1) The Company shall accept the following shares issued by the Long-Distance Company:
- (i) All shares issued by the Long-Distance Company at the time of its incorporation
  - (ii) All shares issued by the Long-Distance Company in accordance with the Succeeding Plan
- (2) The Company shall contribute or transfer its assets to the Long-Distance Company in accordance with the Succeeding Plan. In this case, the provisions of the Article 13 of the Old Law shall not apply.
- (3) The performance pertaining to the contribution-in-kind and transfer by the Company under the provisions of the preceding paragraph (limited to acceptance of the shares under the provisions of paragraph (1) item (ii)) shall be made at the effective time of this Law.
- (4) With respect to the shares under the provisions of paragraph (1), the provisions of paragraph (4) of the preceding article shall apply *mudatis mutandis*.
- (5) In the case of issuance of the shares at the time of incorporation of the Long-Distance Company, the provisions of Article 173 of the Commercial Code shall not apply, and in the case of issuance of the shares pursuant to the provisions of paragraph (1) item (ii) and the provisions of Article 246 paragraph (2) and Article 280-8 of the same law shall not apply.

#### Article 7 (Succession of the Business, etc.)

The Regional Companies, at the time of incorporation, and the Long-Distance Company, at the effective time of this Law, shall succeed to the businesses, and the rights and obligations related to said businesses under the provisions of each Succeeding Plan from the Company in accordance with the Succeeding Plan.

#### Article 8

- (1) With regard to the businesses which have been operated by the Company at the effective time of this Law, with authorization under the provisions of Article 1 paragraph (2) of the Old Law, and which are stipulated in the provisions of the Succeeding Plan as the businesses to be succeeded to by the Regional Companies, they shall be regarded as the businesses authorized under the provisions of Article

2 paragraph (4) item (i) of the New Law at the time of incorporation of the Regional Companies.

- (2) The Company may, for the time being, continue to operate the businesses which have been operated by the Company at the effective time of this Law, and which are excluded from the businesses to be succeeded to by the Succeeding Companies under the provisions of the Succeeding Plan (except the businesses under the provisions of Article 2 paragraph (1) of the New Law).

**Article 9 (Joint and Several Obligations Related to Obligations Pertaining to Corporate Debentures)**

- (1) With respect to obligations pertaining to the outstanding corporate debentures at the effective time of this Law, the Company and the Succeeding Companies shall be jointly and severally obligated for the payment.
- (2) In the case of the preceding paragraph, holders of corporate debentures of the Company shall, with respect to the assets of the Company and the Succeeding Companies, have the preemptive rights to have their claims satisfied, in preference to other creditors.
- (3) The order of the preemptive rights in the preceding paragraph shall be next to the general preemptive rights under the provisions of the Civil Code (Law No. 89 of 1896).

**Article 10 (Transitional Measures Concerning Business Plans of the Regional Companies)**

With respect to the business plan of the business year to which the date of incorporation of the Regional Companies belongs, "immediately prior to every business year" in Article 12 of the New Law shall be read as "after incorporation of the Regional Companies without delay".

**Article 11 (Subsidy)**

East Nippon Telegraph and Telephone Corporation (hereinafter referred to as "NTT East") may, in cases where financial stabilization of West Nippon Telegraph and Telephone Corporation (hereinafter referred to as "NTT West") is required, subsidize a sum of money to NTT West, within the amount stipulated under the applicable Ordinance of MIC, necessary for business operations of NTT West as a disposition of NTT East's profits pertaining to each business year which ends within three years after the incorporation of NTT East.

**Article 12 (Transitional Measures Concerning Application of Tax-related Laws and Regulations)**

- (1) No real estate acquisition taxes or special land holding taxes to be imposed on

acquisition of land, or automobile acquisition taxes shall be imposed on the Succeeding Companies' acquisition of real estates or automobiles pertaining to the contribution-in-kind or transfer by the Company pursuant to the provisions of Article 5 paragraph (6) or Article 6 paragraph (2) of the Supplementary Provisions.

- (2) With respect to the land which is acquired and continuously held by the Succeeding Companies pertaining to the contribution-in-kind or transfer by the Company under the provisions of Article 5 paragraph (6) or Article 6 paragraph (2) of the Supplementary Provisions, no special land holding taxes shall be imposed on the land which was acquired by the Company under the provisions of Article 3 paragraph (8) of the Supplementary Provisions of the Old Law (limited to the land acquired by Nippon Telegraph and Telephone Public Corporation before dissolution in accordance with the provisions of Article 4 paragraph (1) of the Supplementary Provisions of the Old Law prior to January 1, 1969 (with respect to the land located in Okinawa Prefecture, limited to the land acquired prior to April 1, 1972)).
- (3) With respect to the land which is acquired and continuously held by the Succeeding Companies pertaining to the contribution-in-kind or transfer by the Company under the provisions of Article 5 paragraph (6) or Article 6 paragraph (2) of the Supplementary Provisions, no special land holding taxes shall be imposed on the land if more than ten years have elapsed as of January 1 of the year during which the Succeeding Companies are required to pay the tax by self-assessment under the provisions of Article 599 paragraph (1) of the Local Taxation Law (Law No. 226 of 1950) after the Company acquired said land.
- (4) With respect to the depreciation assets acquired by the Succeeding Companies pertaining to the contribution-in-kind or transfer by the Company under the provisions of Article 5 paragraph (6) or Article 6 paragraph (2) of the Supplementary Provisions, the basis of assessment of real estate tax to which the special tax rate applies and still within an effective period on the preceding day of the effective date of this Law (hereinafter referred to as "the effective date") under the provisions of Article 15 paragraph (27) through paragraph (30) of the Supplementary Provisions of the Local Taxation Law; Article 6 paragraph (15) through paragraph (17) of the Supplementary Provisions of the Law to Amend the Local Taxation Law, etc. (Law No. 12 of 1996); Article 15 paragraph (30) of the Supplementary Provisions of the Local Taxation Law before the amendment pursuant to the provisions of Article 1 of the same Law which shall be read as still effective under the provisions of paragraph (18) of the same article, or the provisions of Article 6 paragraph (11) or paragraph (12) of the Law to Amend the Local Taxation Law, etc. (Law No. 28 as of 1998), shall follow the precedent during the period to which the special tax rate applies.

- (5) In the case of contribution-in-kind or transfer of the property from the Company to the Regional Companies under the provisions of Article 5 paragraph (6) of the Supplementary Provisions, and the case of contribution-in-kind or transfer of the property from the Company to the Long-Distance Company under the provisions of Article 6 paragraph (2) of the Supplementary Provisions, no registration license taxes shall be imposed on the registration of said property in accordance with the applicable cabinet order.
- (6) No registration license taxes shall be imposed on the registration of incorporation as required for the Regional Companies under the provisions of Article 5 paragraph (11) of the Supplementary Provisions.
- (7) Within the amount of money subsidized to NTT West (hereinafter referred to as "the amount of subsidization") by NTT East under the provisions of the preceding article as a disposition of the settled profits related to each business year which ends within three years after the incorporation of NTT East (limited to only the business year of which ending date is the same as the ending date of the business year of the NTT West (hereinafter referred to as "the applicable business year")), the amount of money not exceeding the amount of deficit (which shall be equal to the deficit under the provisions of Article 2 paragraph (19) of the Corporate Tax Law (Law No. 34 of 1965) in cases where the amount of money equivalent to said amount of subsidization is excluded from its profits) in the corresponding business year of NTT West (meaning the business year whose ending date is the same as said applicable business year; the same shall apply hereinafter) shall be deductible in the accounting of said applicable business year. In this case, with respect to the application of the provisions of Article 37 of the same law to NTT East, "the accounted amount" in paragraph (1) of the same article shall be read as "except the accounted amount (the amount of money under the provisions of Article 12 paragraph (7) of the Supplementary Provisions of the Law to Amend the Nippon Telegraph and Telephone Corporation Law (Law No. 98 as of 1997) within the amount of deficit equal to the amount of subsidization (in the following paragraph referred to as "the amount of subsidization deductible"))", and "excluding the amount of contributions" in paragraph (2) of the same article shall be read as "except the amount of donations and the amount of subsidization deductible".
- (8) The amount of money, which is booked as a disposition in the settlement of the account in the applicable business year of NTT East, and which is equivalent to the amount of subsidization, shall be regarded as the amount of income of the corresponding business year of NTT West.
- (9) In addition to the provisions of the preceding two paragraphs, necessary matters concerning application of the provisions related to the corporate tax imposed on the Company and the Succeeding Companies in connection with the incorporation of



the Succeeding Companies shall be stipulated in the applicable cabinet order.

**Article 13**

Deleted.

**Article 14 (Capital Contribution to the Corporation Operating International Telecommunications Business)**

The Company may contribute for capital in a juridical person operating international telecommunications business with authorization of the Minister of Posts and Telecommunications prior to the effective date of this Law.

**Article 15 (Order Concerning the Succession of the Business, etc.)**

In order to enforce the provisions of Article 2 and Article 4 through Article 7 of the Supplementary Provisions, the Minister of Posts and Telecommunications, if necessary, may issue an order to the Company to the extent necessary.

**Article 16**

Deleted.

**Article 17 (Penal Provisions)**

In case of violation as set forth in any of the following items, a corporate director or auditor of the Company shall be liable to a fine not exceeding one million yen:

- (i) When the Company subscribes for capital in a juridical person operating international telecommunications business against the provisions of Article 14 of the Supplementary Provisions
- (ii) When the Company acted against the order under the provisions of Article 15 of the Supplementary Provisions

**Article 18 (Transitional Measures Concerning Application of Telecommunications Business Law)**

- (1) Upon incorporation of the Regional Companies, and with regard to the Long-Distance Company upon effectuation of this Law, Type I telecommunications business operated by the Company and to be succeeded to by the Succeeding Companies under the provisions of the Succeeding Plan, shall be regarded as the businesses permitted to the Regional Companies and the Long-Distance Company, respectively under the provisions of Article 9 paragraph (1) of the Telecommunications Business Law (Law No. 86 of 1984).
- (2) The Succeeding Companies, with respect to the businesses regarded as the permitted business under the provisions of Article 9 paragraph (1) of the Telecommunications Business Law, shall submit documents stating items set forth

in each items in paragraph (2) of the same article within one month as from the effective date of this Law to the Minister of Posts and Telecommunications. In this case, the provisions of Article 13 and Article 14 of the same law shall apply to items stated in said documents which are deemed to be pursuant to the same paragraph.

(3) The Succeeding Companies, with respect to the items required for the authorization or notification concerning terms and conditions of the telecommunications service under the provisions of Article 31 or Article 31-2 of the Telecommunications Business Law, shall submit an application form for authorization or submit a notification within tree months as from the effective date of this Law. In this case, said Succeeding Companies may provide the telecommunications services as based upon the same terms and conditions as those provided at the effective time of this Law, until the decision for said application for authorization to be made or until said notification to be submitted.

**Article 19 (Transitional Measures Concerning Application of Relevant Laws and Regulations)**

(1) Each of permission, authorization or license for the Company listed in the fourth column granted by the person listed in the third column pursuant to the provisions listed in the second column of the Law listed in the first column of the following table shall be regarded as permission, authorization or license listed in the fifth column in said table for the Succeeding Companies which succeeded to the rights and obligations pertaining to said permission, authorization or license granted by the person listed in the third column pursuant to the provisions listed in the second column under the provisions of Article 7 of the Supplementary Provisions.

	Column 1	Column 2	Column 3	Column 4	Column 5
(i)	Law Concerning Control of Nuclear Raw Material, Nuclear Fuel and Nuclear Reactor ( Law No. 166 of 1957)	Article 61-3 paragraph (1)	Director General of the Science and Technology Agency	Permission	Permission
		Article 61-8 paragraph (1)	Director General of the Science and Technolog	Authorizati on	Authorizati on

			y Agency		
(ii)	Law Concerning Prevention of Radiation Disease Due to Radioactive Isotope, etc. (Law No. 167 of 1957)	Article 3 paragraph (1)	Director General of the Science and Technology Agency	Permission	Permission
(iii)	Natural Park Law (Law No. 161 of 1957)	Article 17 paragraph (3), or Article 18 paragraph (3) or Article 28-2 paragraph (3)	As for national parks, Director General of the Science and Technology Agency. As for semi-national parks, the Governor	Permission	Permission
(iv)	Fishing Port Law (Law No. 137 of 1950)	Article 39 paragraph (1)	Minister of Agriculture, Forestry and Fisheries	Permission (including the permission pertaining to the activities operated by the Company regarded as being permitted under the	Permission

				provisions of Article 15 of the Supplementary Provisions of the Law Concerning Preparation of Relevant Laws Accompanying Effectuation of the Nippon Telegraph and Telephone Corporation Law and the Telecommunications Business Law (Law No. 87 of 1984, hereinafter referred to as "the Preparation Law")	
(v)	Coast Law (Law No. 101 of 1956)	Article 7 paragraph (1)	Coast administrator	Permission (including the permission pertaining to the occupation	Permission

				by the Company regarded as being permitted under the provisions of Article 16 of the Supplementary Provisions of the Preparation Law)	
		Article 8 paragraph (1)	Coast administrator	Permission	Permission
(vi)	High Pressure Gas Safety Law (Law No. 204 of 1951)	Article 5 paragraph (1), Article 14 paragraph (1), or Article 16 paragraph (1) or Article 19 paragraph (1)	Governor	Permission	Permission
(vii)	Port Regulation Law (Law No. 174 of 1948)	Article 31 paragraph (1)	Portmaster	Permission	Permission
(viii)	Harbor Law (Law No. 218 of 1950)	Article 37 paragraph (1)	Chief harbor administrator	Permission (including the permission pertaining	Permission

				to the activities made by the Company regarded as being permitted under the provisions of Article 17 of the Supplementary Provisions of the Preparation Law.)	
(ix)	Maritime Traffic Safety Law ( Law No. 115, 1972)	Article 30 paragraph (1)	Director-General of the Japanese Maritime Safety Agency ( Japan Coast Guard)	Permission	Permission
(x)	Radio Law ( Law No. 131 of 1950)	Article 4	Minister of Posts and Telecommunications	License	License
		Article 17 paragraph (1)	Minister of Posts and Telecommunications	Permission	Permission
(xi)	Road Law ( Law No.	Article 32 paragraph	Road administr	Permission	Permission

	180 of 1952)	( 1 ) or paragraph (3)	ator		
(xii)	Urban Park Law ( Law No. 79 of 1956)	Article 6 paragraph ( 1 ) or paragraph (3)	Park administrator	Permission	Permission
(xiii)	Special Measures Law Concerning Preparation, etc. for Common-Use Tunnel (Law No. 81 of 1963)	Article 14 paragraph (1)	Road administrator	Permission ( including the permission pertaining to the occupation by the Company regarded as being permitted under the provisions of Article 26 of Supplementary Provisions of the Preparation Law)	Permission
(xiv)	River Law ( Law No. 167 of 1964)	Article 24, Article 26 paragraph ( 1 ) , Article 27 paragraph ( 1 ) , Article 55 paragraph	River administrator	Permission	Permission

		( 1 ) or Article 57 paragraph (1)			
(xv)	Special Measures Law Concerning Preparation, etc. for Common-Use Cable Tunnel (Law No. 39 of 1995)	Article 10	Road administr ator	Permission	Permission

- (2) The approval or permission related to the hospitals or clinics owned by the Company being approved or permitted by prefectural governors under the provisions of Article 4 paragraph (1) or Article 7 paragraph (1) of the Medical Treatment Law (Law No. 205 of 1948) prior to the effective date of this Law shall be regarded as the authorization or permission related to the hospitals or clinics owned by the Succeeding Companies which succeeded to the rights and obligations pertaining to said approval or permission being approved by the prefectural governors under the provisions of Article 7 of the Supplementary Provisions.
- (3) The designation concerning the hospitals made by prefectural governors with consent of the Company under the provisions of the following laws prior to the effective date of this Law shall be regarded as the designation concerning the hospitals being made by the prefectural governors with consent of the Succeeding Companies which succeeded to the rights and obligations pertaining to said hospitals.
- (i) Article 19-2 paragraph (1) of the Law Concerning Welfare of People with Disabilities (Law No. 283 of 1949)
  - (ii) Article 49 of the Daily Life Protection Law (Law No. 144 of 1950)
  - (iii) Article 36 paragraph (1) of the Tuberculosis Prevention Law (Law No. 96 of 1951)
  - (iv) Article 19 paragraph (1) of the Law Concerning Protection for Atomic Bomb Victims (Law No. 117 of 1994)
- (4) The notification submitted to the person listed in the second column of the following table by the Company under the provisions of the Law listed in the first column prior to the effective date of this Law shall be regarded as the notification



submitted to the person listed in the second column of said table by the Succeeding Companies which succeeded to the rights and obligations pertaining to said notification under the provisions of Article 7 of the Supplementary Provisions.

	Column 1	Column 2
(i)	Article 21 paragraph ( 1 ) of the National Park Law	Prefectural Governor
(ii)	Article 31 paragraph ( 1 ) of the Maritime Traffic Safety Law	Director-General of the Japanese Maritime Safety Agency (Japan Coast Guard)

(5) The status as an expected occupant for common-use cable tunnel, under the provisions of the Article 5 paragraph (2) of the Special Measures Law Concerning Preparation, etc. for Common-Use Cable Tunnel, pertaining to the application for the permission submitted to the road administrator by the Company under the provisions of Article 4 paragraph (1) of the same law shall be succeeded by the Succeeding Companies which succeeded to the rights and obligations pertaining to said application under the provisions of Article 7 of the Supplementary Provisions.

**Article 20 (Delegation to Cabinet Order)**

In addition to the provisions of Article 2 through the preceding article of the Supplementary Provisions, transitional measures and other matters necessary for this Law to take effect shall be provided for under the applicable cabinet order.

**Article 21 (Transitional Measures Concerning the Application of the Penal Provisions)**

With respect to the application of penal provisions to acts committed prior to the enforcement of this Law, the provisions then in force shall remain applicable.

**Supplementary Provisions (Law No. 24 of March 31, 1998) (Excerpt)**

**Article 1 (Effective Date)**

This Law shall come into force as from April 1, 1998.

**Supplementary Provisions (Law No. 27 of March 31, 1998) (Excerpt)**

**Article 1 (Effective Date)**

This Law shall come into force as from April 1, 1998.

**Supplementary Provisions (Law No. 160 of December 22, 1999) (Excerpt)**

**Article 1 (Effective Date)**

This Law (except Article 2 and Article 3) shall come into force as from January 6, 2001.

**Supplementary Provisions (Law No. 91 of May 31, 2000) (Excerpt)**

**(Effective Date)**

(1) This Law shall come into force as from the day of enforcement of the Law to Amend the Commercial Code, etc. (Law No. 90 of 2000).

**(Transitional Measures)**

(2) In the case of the day of enforcement of this Law is the day before the day of enforcement of the provisions of Article 8 of the Supplementary Provisions of the Law Concerning the Independent Administrative Institution Center for Food Quality, Labeling and Consumer Services (Law No. 183 of 1999), "Article 27" in the amended provisions of Article 19-5-2, Article 19-6 paragraph (1) and Article 27 of the Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products shall be read as "Article 26".

**Supplementary Provisions (Law No. 6 of March 30, 2001) (Excerpt)**

**Article 1 (Effective Date)**

This Law shall come into force as from March 31, 2001.

**Supplementary Provisions (Law No. 62 of June 22, 2001) (Excerpt)**

**Article 1 (Effective Date)**

This Law shall be come into force as from the date not exceeding six months from the day of promulgation specified in the applicable cabinet order.

**Article 4 (Transitional Measures Concerning the Application of the Penal Provisions)**

With respect to the application of penal provisions to acts committed prior to the enforcement of this Law, the provisions then in force shall remain applicable.

**Article 5 (Delegation of Other Transitional Measures to Cabinet Order)**

In addition to the provisions of this Supplementary Provisions, other necessary transitional measures (including the transitional measures concerning the penal

provisions) required for this Law to take effect shall be specified in the applicable cabinet order.

#### Article 6 (Review)

The Government shall review the status of legal system pertaining to telecommunications including the classification pertaining to telecommunications and broadcasting, taking into account the implementation status of the provisions as amended by this Law, technologies pertaining to the Internet and other advanced information and telecommunications networks and trends in use thereof and changes in socioeconomic climates in Japan and foreign countries, and taking into consideration facilitation of international telecommunications business and improvement of international competitiveness of Japanese telecommunications technologies, and shall take necessary measures for preparing legal frameworks, etc. based on the conclusion of the review.

#### Supplementary Provisions (Law No. 129 of November 28, 2001) (Excerpt)

##### (Effective Date)

(1) This Law shall come into force as from April 1, 2002.

##### (Transitional Measures Concerning the Application of the Penal Provisions)

(2) The application of the penal provisions, with respect to the offense prior to the enforcement of this Law and the case deemed to which the provisions then in force shall remain applicable under the provisions of this Law, the provisions then in force shall remain applicable.

#### Supplementary Provisions (Law No. 45 of May 29, 2002)

##### (Effective Date)

(1) This Law shall come into force as from the date specified in the applicable cabinet order within a period not exceeding one year from the day of promulgation.

##### (Transitional Measures)

(2) In the case where the day of enforcement of this Law is a day before the day of enforcement of the provisions of Article 2 of the "Law to Amend Part of the Japan Agricultural Cooperatives Law, etc. (Law No. 94 of 2001)", "Article 30 paragraph (12)" in the amendment provisions of Article 30 paragraph (12) of the Japan Agricultural Cooperatives Law referred to in Article 9 shall be read as "Article 30 paragraph (11)".

Supplementary Provisions (Law No. 125 of July 24, 2003) (Excerpts)

Article 1 (Effective Date)

This Law shall come into force as from the date specified in the applicable cabinet order within a period not exceeding nine months from the day of promulgation. However, the provisions in the following items shall come into force as of the day specified in said respective items.

- (i) The provisions of the following article and Article 17 through Article 19 of the Supplementary Provisions shall come into force as of the day of promulgation.
- (ii) The amendment provisions in Article 3 to add an article to the Supplementary Provisions of the Law Concerning Nippon Telegraph and Telephone Corporation, etc. (referred to as the " Corporation Law" in the following item and Article 16 of the Supplementary Provisions) and the provisions of Article 16 of the Supplementary Provisions shall come into force as from the date specified in the applicable cabinet order within a period not exceeding three months from the day of promulgation.
- (iii) The provisions in Article 2, the amendment provisions in Article 3 to amend Article 11 paragraph (2) of the Corporation Law, and the provisions of Article 6 through Article 15, Article 21 through Article 31 of the Supplementary Provisions, Article 34 through Article 41 of the Supplementary Provisions and Article 44 through Article 48 of the Supplementary Provisions shall come into force as from the date specified in the applicable cabinet order within a period not exceeding one year calculating from the day of promulgation.

Article 16 (Transitional Measures Accompanying the Amendment to the Law Concerning Nippon Telegraph and Telephone Corporation, etc.)

With respect to the application of Article 16 of the Supplementary Provisions of the revised Corporation Law during a period from the day of enforcement of said amendment provisions in Article 3 to add an article to the Supplementary Provisions of the Corporation Law through the day before the day of enforcement of the revised Corporation Law, "Article 33 paragraph (2)" in Article 16 paragraph (1) of the Supplementary Provisions of the Corporation Law shall be read as "Article 38-2 paragraph (2)" and "Article 33 paragraph (4) item (ii)" in Article 16 paragraph (2) of the Supplementary Provisions of the Corporation Law shall be read as "Article 38-2 paragraph (3) item (ii)".

Supplementary Provisions (Law No. 88 of June 9, 2006) (Excerpts)

Article 1 (Effective Date)

This Law shall come into force as from the date specified in the applicable cabinet

order within a period not exceeding five years from the day of promulgation (hereinafter referred to as "the effective date").

**Article 134 (Transitional Measures Concerning the Application of the Penal Provisions)**

With respect to the application of the Penal Provisions to acts that have been committed prior to the enforcement of this Law, and the application of the Penal Provisions to acts committed after the enforcement of this Law in the cases where the provisions then in force shall remain applicable under the provisions of these Supplementary Provisions and where the provisions then in force shall remain applicable under the provisions of these Supplementary Provisions, the provisions then in force remain applicable.

**Article 135 (Delegation of Other Transitional Measures to Cabinet Orders)**

In addition to the transitional measures specified in these Supplementary Provisions, other transitional measures necessary for the enforcement of this Law shall be specified in the applicable cabinet order.

**Article 136 (Review)**

After five years have elapsed from the enforcement of this Law, the government shall review the settlement system for trade of stocks, etc. revised by this Law and if the government deems that necessary measures shall be taken as a result of such review, while taking into account the progress in implementation of the revised provisions pursuant to this Law and changes, etc. in socioeconomic circumstances, the government shall take necessary measures based upon the results of the review.

**Supplementary Provisions (Law No. 87 of July 26, 2005) (Excerpts)**

This Law shall come into force as from the effective date of the Corporation Law.