

**Notice of KDDI Corporation's Disposal of Treasury Stock through a Third-Party Allocation
to Support KDDI Foundation's Social Contribution Activities**

KDDI Corporation (hereinafter, "KDDI" or the "Company") hereby provides notice of a Board of Directors resolution in a meeting on April 14, 2015, to dispose of treasury stock, in order to support the social contribution activities of KDDI Foundation (hereinafter, the "Foundation"), as described below. This disposal of treasury stock is subject to approval at the Company's 31st Annual Shareholders Meeting, which is scheduled to take place in mid- June 2015.

1. About KDDI Foundation

(1) The Foundation's mission

KDDI Foundation strives to pass on to society the benefits of information and communications technology (ICT) in Japan and overseas. The Foundation's mission is to contribute to harmonious and sound global development through ICT, and to contribute to the sustainable development of international society through activities to further the public interest.

(2) Overview of the Foundation

1) Name	KDDI Foundation, a public interest incorporated foundation
2) Location	3-10-10, Iidabashi, Chiyoda-ku, Tokyo
3) President	Yutaka Yasuda
4) Activities	Grant activities, international cooperation activities, and activities promoting the spread of ICT, etc.
5) Source of funding for activities	Income on investment of its ¥5.5 billion in basic funds and contributions
6) Date of establishment	October 1, 2009
7) Relationships with the Company	
Capital relationships	The contributing company to KDDI Foundation
Personnel relationships	One representative director of KDDI is concurrently a member of the Board of Trustees of KDDI Foundation. Also, three executives or employees of KDDI are concurrently members of KDDI Foundation's Board of Directors. Other KDDI employees have been dispatched to KDDI Foundation.
Transactional relationships	KDDI makes contributions to KDDI Foundation. In fiscal 2014, such donations amounted to ¥20 million.
Related party status	Not applicable.

2. About the Disposal of Treasury Stock

Purpose of the Disposal

1) Number of shares for disposal	1,125,000 shares of common stock
2) Disposal price	1 yen per share
3) Amount raised	1,125,000 yen
4) Subscription or disposal method	Disposal through third-party allocation
5) Disposal recipient (planned)	The Master Trust Bank of Japan, Ltd.
6) Date of disposal	To be determined
7) Other	This disposal of treasury stock is subject to an extraordinary resolution related to discounted issue at the 31st Annual Shareholders Meeting, which is scheduled for mid- June 2015. The date and other items related to disposal will be resolved at the Board of Directors meeting following the Annual Shareholders meeting.

3. Objective of and Reason for the Disposal

KDDI promotes social contribution activities that leverage the Company's technologies and human resources, both in Japan and overseas, in the aim of contributing to society's happiness by encouraging fulfilling lives for people around the world in a sustainable manner.

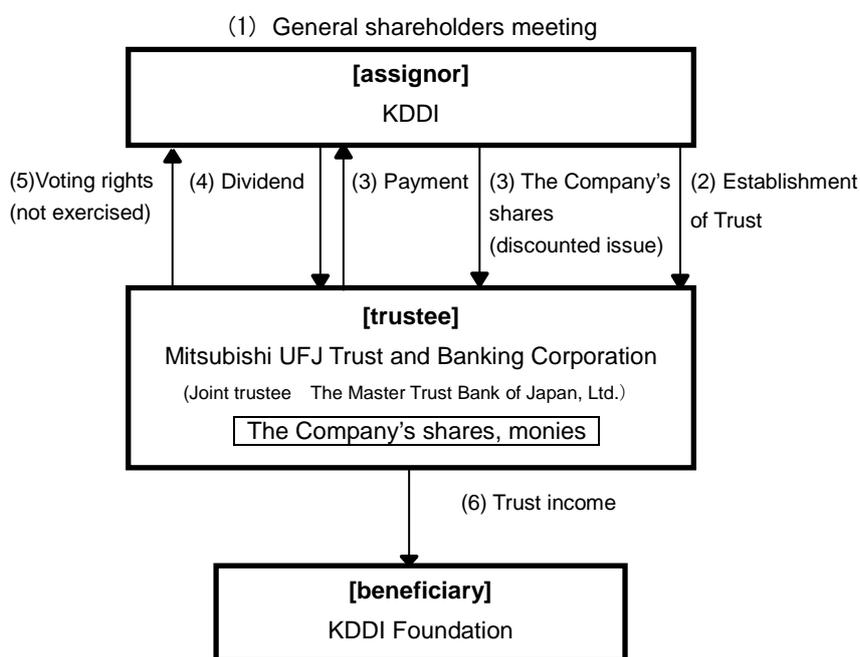
KDDI Foundation's mission is to "contribute through ICT to harmonious and healthy global development." In accordance with this mission, the Foundation conducts activities to further the public interest, including grant activities, international cooperation activities, and activities promoting the spread of ICT. By performing these activities in a stable and sustained manner, the Foundation furthers the Company's goal of contributing to society's happiness.

To support KDDI Foundation's social contribution activities, the Company intends to establish a third-party benefit trust (hereinafter, the "Trust") with Mitsubishi UFJ Trust and Banking Corporation as trustee, The Master Trust Bank of Japan, Ltd., as joint trustee, and KDDI Foundation as beneficiary, with the Trust to acquire the Company's shares. The Trust will deliver trust income on allotment, etc., of the Company's shares to KDDI Foundation, which will use this trust income as the source of funding for its activities, as well as to conduct future activities.

This disposal of treasury stock is intended for the establishment of the Trust, thereby providing a source of funds for KDDI Foundation's social contribution activities.

An overview of the Trust's organization is provided below.

Framework of the Trust



- (1) The Company receives approval of this scheme for the disposal of treasury stock (discounted issue) at the Annual Shareholders Meeting.
- (2) The Company establishes a money trust, with KDDI Foundation as beneficiary.
- (3) The Company conducts a discounted issue of treasury stock to the trustee, The Master Trust Bank of Japan, Ltd., and the trustee pays monies contributed by the Company (2).
- (4) The Company pays a dividend to the trustee.
- (5) Throughout the trust period, the trustee is not to exercise voting rights.
- (6) Using the Company's dividend as its source of funds, the trustee delivers trust income to the beneficiary.

4. Amount of Funds Raised, Their Use and Expected Payment Period

(1) Amount of funds raised

1) Total amount of money paid	1,125,000 yen
2) Estimated issuance expenses	0 yen
3) Estimated amount after deductions	1,125,000 yen

(2) Specific use of funds raised

The estimated deductions mentioned above are mainly to be applied toward miscellaneous expenses, including attorneys' fees needed to structure the scheme.

5. Considerations Concerning the Rational Use of Funds

The funds raised are expected to be applied toward miscellaneous expenses, such as attorney's fees for considering the structure of this scheme. As miscellaneous expenses are essential to structuring this scheme, this use of funds is considered rational.

6. Rationality of Disposal Conditions, etc.

(1) Basis of calculation and specific content of monies paid

By conducting “grant activities,” “international cooperation activities,” “activities promoting the spread of ICT,” and other activities to further the public interest in a stable and sustained manner, KDDI Foundation aims to promote the healthy development of ICT in international society, and to contribute to sustainable societal, economic, and cultural development through ICT. The Foundation conducts “grant activities” to promote the healthy development of ICT by providing grants for research activities by individuals and organizations; social activities conducted by NPOs, NGOs, and other organizations; and exchange student scholarships, etc. “International cooperation activities” are aimed at fostering the healthy development of international society by developing human resources, supporting childhood education, and helping to erase the digital divide in developing countries. In the areas of “activities promoting the spread of ICT,” the Foundation holds workshops and symposiums, among other activities aimed at contributing to the spread and promotion of ICT.

KDDI believes that supporting these social contribution activities is beneficial to the Company, both from a medium- to long-term perspective and from the viewpoint of CSR activities. This disposal of treasury stock is also intended to support KDDI Foundation’s social contribution activities, and as is explained in 4 (2) above, the funds raised are to be applied toward the structuring of this scheme. For this reason, the Company believes the disposal price of ¥1 per share to be rational. As this disposal of treasury stock amounts to a discounted issue to KDDI Foundation, it is subject to an extraordinary resolution related to discounted issue at the Company’s Annual Shareholders Meeting, which is scheduled for mid- June 2015.

(2) Basis for judging the disposal quantity and scale of share dilution to be rational

By conducting “grant activities,” “international cooperation activities,” “activities promoting the spread of ICT,” and other activities to further the public interest in a stable and sustained manner, KDDI Foundation aims to promote the healthy development of ICT in international society, and to contribute to sustainable societal, economic, and cultural development through ICT. In order to allow multiple activities to further the public interest to be conducted simultaneously and in a stable manner, KDDI believes the disposal quantity, which is to serve as the source of funding for activities, is rational. In addition, as the Trust scheme will not result in a major influx into the stock market through this disposal of treasury stock for the foreseeable future, the impact of this disposal of treasury stock on the secondary market will be slight. Accordingly, the Company believes this disposal amount to be rational.

With regard to the scale of dilution resulting from this disposal of treasury stock, as the scale is extremely small at 0.04% (figure rounded after the second decimal place) of total shares issued, the Company believes the impact on the stock market will be slight.

7. Reason for Selection of the Party Expected to Conduct Disposal, etc.

(1) Overview of party expected to conduct disposal

1) Name: The Master Trust Bank of Japan, Ltd.

2) Overview of trust agreement

Trust category	Money trust other than a specific individually operated money trust (third-party benefit trust)
Trust objective	To deliver to the beneficiary as trust income dividends arising from common stock issued by the assignor to perform social contribution activities.
Assignor	KDDI Corporation
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee The Master Trust Bank of Japan, Ltd.)
Beneficiary	KDDI Foundation
Date of trust agreement	To be determined
Trust period	To be determined

(Note) Details of the trust agreement with Mitsubishi UFJ Trust and Banking Corporation, the trustee, are to be provided later, as they are decided.

(Reference)

1) Name	The Master Trust Bank of Japan, Ltd.		
2) Location	2-11-3 Hamamatsucho, Minato-ku, Tokyo		
3) Name and role of representative	Kaoru Wachi, Representative Director, President		
4) Business	Administrative tasks related to marketable securities, administrative tasks and payment and settlement operations related to asset management		
5) Capital	10,000 million yen		
6) Date of business commencement	May 9, 2000		
7) Number of shares issued and outstanding	120,000 shares of common stock		
8) Fiscal year-end	March 31		
9) Employees	714 (As of March 31, 2014)		
10) Main business partners	Industrial corporations, financial corporations		
11) Main Banks	—		
12) Major shareholders and percentage ownership	Mitsubishi UFJ Trust and Banking Corporation	46.5%	
	Nippon Life Insurance Company	33.5%	
	Meiji Yasuda Life Insurance Company	10.0%	
	The Norinchukin Trust & Banking Co., Ltd.	10.0%	
13) Relationships with KDDI			
Capital relationships	Not applicable.		
Personal relationships	Not applicable.		
Transactional relationships	Not applicable. However, a trust banking relationship exists with Mitsubishi UFJ Trust and Banking Corporation, which is a major shareholder of KDDI.		
Status of relationships with related parties	Not applicable.		
14) Business performance and financial condition for the last three years (Millions of yen)			
Fiscal year	March 31, 2012	March 31, 2013	March 31, 2014
Total net assets	19,810	20,339	20,829
Total assets	408,735	471,798	602,241
Total net assets per share (yen)	165,090.88	169,493.96	173,581.48
Ordinary income	23,544	23,897	23,258
Ordinary profit	968	1,044	1,044
Net income	535	631	626
Net income per share (yen)	4,466.33	5,260.98	5,221.55
Dividends per share (yen) (Common stock)	1,116.00	1,315.00	1,305.00

* KDDI has researched websites, disclosure documents and other public information and concludes, based on this research, that neither the disposal recipient or the disposal recipient's executives or principal shareholders (principal investors) have any relationships with antisocial forces, and KDDI has submitted a confirmation letter in this regard to the Tokyo Stock Exchange, Inc.

(2) Reason for selection of planned disposal recipient

KDDI believes that Mitsubishi UFJ Trust and Banking Corporation is optimal in terms of its extensive track record and experience in trust banking operations to realize the objectives described in “3. Objective of and Reason for the Disposal,” and has therefore selected this company as its trustee. Given that The Master Trust Bank of Japan, Ltd., is to perform trust-related clerical work and the management and settlement of trust assets based on the trust agreement for the Trust that the Company plans to conclude with Mitsubishi UFJ Trust and Banking Corporation, KDDI has selected The Master Trust Bank of Japan, Ltd., as joint trustee. Accordingly, the Company has selected The Master Trust Bank of Japan, Ltd., as disposal recipient.

(3) Holding policy of the planned disposal recipient

In accordance with the trust agreement, the disposal recipient, which is The Master Trust Bank of Japan, Ltd., is to deliver to KDDI Foundation trust income originating from the Company's dividends.

The Trust expects to hold the disposed shares unless a decision is made that it will be difficult to achieve the trust objectives based on the trust agreement that is to be signed. In the event that the trust is concluded, trust assets are to be delivered as is to the beneficiary.

Also, in the event that the disposal recipient, which is The Master Trust Bank of Japan, Ltd., transfers these disposed shares either in whole or in part, within two years from the allotment date, the disposal recipient shall report promptly to KDDI in writing the name and address of the party to which the shares were transferred, transfer date, transfer price, reason for transfer, and transfer method. KDDI shall report this information to the Tokyo Stock Exchange and intends to receive a pledge form stating that this information is available for public inspection.

(4) Confirmation that the planned disposal recipient has sufficient assets to make payment

The disposal recipient, which is The Master Trust Bank of Japan, Ltd., is to pay monies from trust assets, as described the Trust that is to be established.

8. Principal Shareholders and Percentage of Shareholdings after Disposal

Before disposal (as of March 31, 2015)		After disposal
Kyocera Corporation	12.76%	Same as on the left
Toyota Motor Corporation	11.09%	
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.25%	
Japan Trustee Services Bank, Ltd. (Trust Account)	4.02%	
State Street Bank & Trust Co.	2.67%	
State Street Bank & Trust Co. 505223	1.70%	
JP Morgan Chase Bank 380055	1.23%	
State Street Bank & Trust Client Omnibus Account OM02 505002	1.13%	
Japan Trustee Services Bank, Ltd. (Trust Account4)	0.99%	
State Street Bank & Trust Co. 505225	0.95%	

* The percentages above indicate the percentage of shares owned as a proportion of total shares issued.

9. Future Outlook

The Company believes this matter will have minimal impact on its future operating performance, but if items requiring disclosure do arise, the Company will provide such notification promptly.

10. Procedures within the Scope of Corporate Behavior

As this matter will have a dilutive effect of less than 25% on shares and does not involve a change in controlling shareholder, procedures for the receipt of the opinion of an entity who has a specific degree of dependence from management regarding third-party allotment, as provided by Rule 432 of the Tokyo Stock Exchange's Securities Listing Regulations are not necessary.

11. Operating Performance and Status of Equity Finance for the Most Recent Three Years

(1) Consolidated operating performance for the most recent three years (Millions of yen)

	FY2012.3	FY2013.3	FY2014.3
Operating revenues	3,572,098	3,662,288	4,333,628
Operating income	477,647	512,669	663,245
Ordinary income	451,178	514,421	662,887
Net income	238,604	241,469	322,038
Net income per share (yen)	290.58	315.90	398.60
Dividends per share (yen)	80	90	130
Total net assets per share (yen)	2,696.03	2,943.12	3,261.63

The Company conducted a 1:100 stock split on October 1, 2012, and a 1:2 stock split on April 1, 2013. Consolidated net income per share, dividends per share and total net assets per share are calculated as if these stock splits had been conducted at the beginning of the fiscal year ended March 31, 2012.

(2) Status of issued shares and number of dilutive shares (As of April 1, 2015)

	Number of shares	The ratio to the number of outstanding shares
Number of shares issued and outstanding	2,690,890,800 shares	100%
Number of dilutive shares at current conversion price (issue price)	— shares	—%
Number of dilutive shares at lower limit of conversion price (issue price)	— shares	—%
Number of dilutive shares at upper limit of conversion price (issue price)	— shares	—%

The Company conducted a 1:3 stock split on April 1, 2015

(3) Recent share price

1) Status over most recent three years (yen)

	FY2012.3	FY2013.3	FY2014.3
Opening price	515,000	542,000	3,815
High price	668,000	598,000 Note1 7,750 Note2 4,025	6,580
Low price	473,500	482,000 Note1 5,710 Note2 3,820	3,755
Last price	536,000	3,870	5,976

Note1 Indicates ex-rights share price highs and lows due to stock split (October 1, 2012, 1:100)

Note2 Indicates ex-rights share price highs and lows due to stock split (April 1, 2013, 1:2)

2) Status over most recent six months

(yen)

	2014			2015		
	October	November	December	January	February	March
Opening price	6,570	7,383	7,488	7,550	8,359	8,299
High price	7,300	7,760	8,102	8,449	8,438	8,550 Note 2,779
Low price	6,123	7,221	7,332	7,356	7,530	7,803 Note 2,676
Last price	7,225	7,604	7,637	8,363	8,290	2,720.5

Note Indicates ex-rights share price high and low due to stock split (On April 1, 2015, 1:3)

3) Share price one business day prior to issuance resolution date

(yen)

	April 13, 2015
Opening price	2,802.5
High price	2,853.5
Low price	2,750
Last price	2,839

(4) Operating Status of Equity Finance for the Most Recent Three Years

Not applicable.