

Continuation of and Partial Revision to the Performance-linked Stock Compensation Plan for Directors, Executive Officers, and Administrative Officers

KDDI Corporation (hereinafter, “KDDI” or the “Company”) hereby notices that a resolution was passed at a Board of Directors held today to propose continuation of and partial revision to the performance-linked stock compensation Plan for (hereinafter, the “Plan”) for directors, executive officers, and administrative officers (excluding directors residing overseas, outside directors and part-time directors), (hereinafter, collectively referred to as “Directors and Other Executives”) (hereinafter, the “Proposal”) at the Annual Shareholders Meeting which is scheduled on June 20th, 2018 (hereinafter, the “Annual Shareholders Meeting”).

1. Continuing the Plan

- (1) At the Board of Directors today, the Company decided to discuss the Proposal at the Annual Shareholders Meeting in order to clarify the link of compensation for Directors and Other Executives with performance and shareholder value, and to increase their awareness of contributing to increases in operating performance and corporate value over the medium to long term. If the Proposal is approved, the compensation for directors shall continue to comprise of fixed compensation, performance-linked bonuses, and performance-linked stock compensation.
- (2) The continuation of the Plan is subject to obtaining approval at the Annual Shareholders Meeting.
- (3) The Plan employs a framework referred to as the executive compensation BIP (Board Incentive Plan) trust (hereinafter, “BIP Trust”). BIP Trust is an executive incentive plan modeled on the U.S. performance share and restricted stock systems. BIP Trust provides Directors and Other Executives with the Company’s shares based on the attainment level of operating performance targets and their position and others.

2. Partial Revision of the Plan

Continuation of the Plan includes the extension of the trust period of the trust that is already established (hereinafter, the “Current Trust”) and a partial revision of the content of the Plan upon approval by Annual Shareholders Meeting resolution. The content to be revised shall not accompany a substantial change to the content of the Plan that was introduced in the fiscal year ended March 2016. With exception to the content listed below, all content of the Plan introduced in the fiscal year ended March 2016 shall be maintained.

- (1) Plan summary

The Plan is a performance-linked stock compensation plan under which Company's shares are acquired through a trust using underlying fund of compensation to Directors, etc., contributed by the Company and, in proportion to various factors, including the degree of achievement of operating targets and their position, Company's shares are delivered to Directors, etc., as a general rule, upon their retirement.

The Company shall continue the Plan by extending the period of the Trust when the Current Trust period ends on August 31, 2018 and making an addition to the Trust upon approval by Annual Shareholders Meeting resolution. The Plan that will be continued this year covers the four-year period of the fiscal year ending March 31, 2019, the remaining period of the current Mid-term Management Plan, for the fiscal year ending March 2020 to the fiscal year ending March 31, 2022, the scheduled period of the next Mid-term Management Plan (hereinafter, the "Target Period").

(2) Trust period after extension

Upon trust extension (hereinafter, the "Continued Trust"), the period of the Trust is the four-year period from September 1, 2018 (planned) to August 31, 2022 (planned).

Furthermore, points shall not be granted to Directors, etc., from the termination of the trust period of the Continued Trust, but the trust period of the Continued Trust may be extended for a maximum of 15 years until Directors, etc. who may fulfill beneficiary requirements retire and delivery of Company's shares to Directors, etc. is complete.

If the further continuation of the Continued Trust is proposed and approved at the Annual Shareholders Meeting in four years time, the Plan Period and trust period may be extended within the range approved at the Annual Shareholders Meeting and points may continue to be granted to Directors, etc. during the extended trust period.

(3) Total Trust Balance Contributed to the Continued Trust

The upper limit on the total amount of trust money that can be contributed to the Continued Trust during the trust period as compensation for Directors and Other Executives in the Target Period is expected to be approved at 3,648 million yen by Annual Shareholders Meeting resolution. Upon resolution, amount of trust money that the Company can contribute to the Continued Trust shall be subject to the said upper limit. However, when there are remaining shares and others in the trust assets as of the final date of the Current Trust period, the total collective balance of the remaining shares and the additional trust money contributed is restricted to the scope of the upper limit on the total amount of trust money approved by Annual Shareholders Meeting resolution.

(4) Upper Limit of Points Allocated to Directors and Other Executives and the Total Number of Shares Acquired by the Continued Trust

The upper limit on the total number of points that Directors and Other Executives can receive in one year is expected to be approved at 357,000 points by Annual Shareholders Meeting resolution. Upon resolution, the total number of points that Directors and Other

Executives can receive in one year shall be subject to the said upper limit on the total number of points. During the Target Period, the number of the Company's shares that the Continued Trust acquires to deliver to Directors and Other Executives is limited to 1,428,000 shares, equivalent to a total of 357,000 points per year multiplied by the four-year trust period.

(5) Number of Shares of the Company's Shares Delivering to Directors and Other Executives

The number of Company shares delivered to directors and other executives shall be according to such factors as their attainment level of operating performance targets and position, etc, during the Target Period.

For each fiscal year during the Plan Period, each Director, etc., is granted a certain number of points, and when Directors, etc., retire, a number of the Company's shares proportional to the total number of points they have accumulated are delivered. One share is delivered for each point.

The number of points for each fiscal year during the Plan Period is decided upon taking into consideration various factors including the degree of achievement of operating performance targets for each fiscal year and the person's position. The points are granted by the first June after the end of that fiscal year. Adjustments of the number of points shall be made in accordance with such factors as the share split or reverse share split ratio during the trust period.

The number of points granted to each Director, etc., shall be decided upon as given below based on their point grant percentage calculated taking into consideration the (a) Company performance targets and the (b) degree of achievement determined on the basis of Remuneration Advisory Committee report, and their positions.

(a) The Company performance targets: operating revenue, operating income, profit for the year, etc.

(b) Remuneration Advisory Committee reporting targets:

KPI numerical targets tied to growth of the Company's operations and increases in operating performance

Furthermore, targets for operating performance and KPI numerical targets for each fiscal year during the Plan Period are set at the beginning of that particular fiscal year.

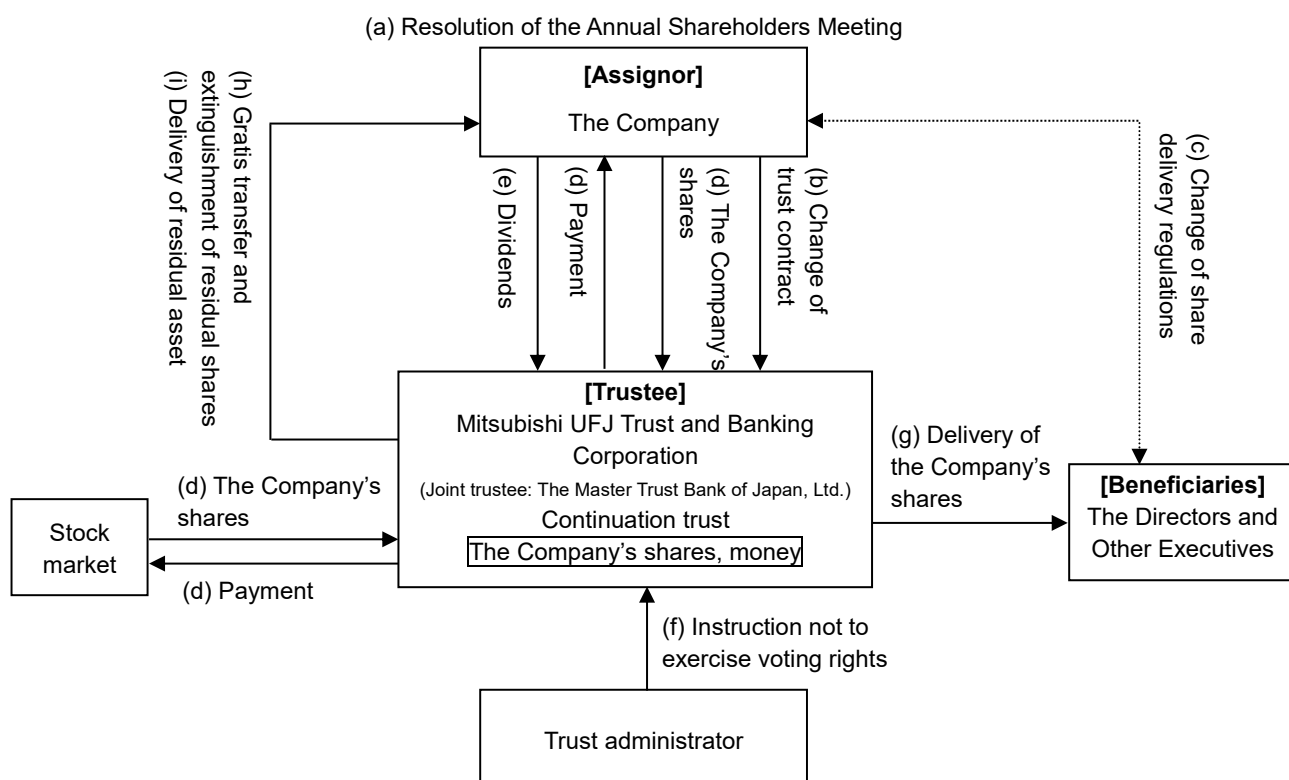
Calculation method:

Point grant percentage calculated taking into consideration the operating performance attainment level x position-based points

(6) Payment of dividends of surplus for the Company's shares held in the Existing Trust and Continued Trust

Dividends paid to the Company's shares held in the Existing Trust and Continued Trust shall be received by the respective trusts and used for trust fees and trust expenses, and dividends corresponding to the total number of points held by the Directors, etc., on each dividend record date shall be paid to the corresponding Directors, etc., after their retirement. If there remain some dividends when the Trust is terminated, they shall be paid to Directors, etc., and then donated to an organization with no interest in the Company or Directors, etc..

3. Framework of the Plan



- (a) Receive approval of executive compensation proposal related to the Plan's introduction at the Annual Shareholders Meeting.
- (b) In accordance with agreed changes to the trust contract, the Company shall contribute money within the scope approved by Annual Shareholders Meeting resolution (a), and extend the period of the Trust having Directors and Other Executives who satisfy beneficiary conditions as beneficiaries.
- (c) The Company shall partially revise share delivery regulations as part of continuation of the Plan.
- (d) In accordance with instructions by the trust administrator, the Continued Trust uses monies remaining in trust assets upon change of the trust contract and money contributed in (b) to acquire the Company's shares from the Company (disposal of treasury stock) or in the stock market. The number of shares that are acquired by the Continued Trust is within the scope approved by Annual Shareholders Meeting resolution (a).
- (e) The allocation of surplus funds in the continuation trust for the Company's shares is handled in the same manner as for other shares.
- (f) Throughout the trust period, voting rights are not to be exercised on the Company's shares within the continuation trust.
- (g) During the trust period, in accordance with KDDI's share delivery regulations, the Directors and Other Executives are awarded a specific number of points each fiscal year according to such factors as their attainment level of operating performance targets and positions. KDDI shares corresponding to the said points are issued to the Directors and Other Executives who satisfy the specified beneficiaries' requirements, after their retirement. (As prescribed in the trust agreement, cash may be paid in an

amount corresponding to the exchange value of the Company's shares within the trust.) Dividends paid on the Company's shares within the Trust shall also be provided upon retirement to Directors and Other Executives in the amount in accordance with the number of points acquired on each dividend record date during the trust period.

- (h) If residual shares remain in the Trust in the event that operating performance targets are not met during the trust period, the continuation trust shall make a gratuitous conveyance of these residual shares and the Company retires them by resolution of the Board of Directors.
- (i) The residual assets remaining at the conclusion of the trust period is planned to be attributed to the Company within the trust expense reserve, excluding trust monies for acquiring shares. The amount exceeding the trust expense reserve is planned to be provided to Directors and Other Executives, following which remaining distributed to beneficiaries to be donated to an organization with no interest-based relationship with the Company.

[References] Content of the Trust Agreement

- (a) Trust category Money trust other than a specific individually operating money trust (third-party benefit trust)
- (b) Trust objective To provide incentive for the Company's Directors and Other Executives
- (c) Assignor KDDI Corporation
- (d) Trustee Mitsubishi UFJ Trust and Banking Corporation
(Joint trustee: The Master Trust Bank of Japan, Ltd.)
- (e) Beneficiaries Retiring Directors and Other Executives who satisfy beneficiary conditions
- (f) Trust administrator Third party with no interest-based relationship with the Company
- (g) Date of trust agreement September 1, 2015 (Planning to change on August 1, 2018)
- (h) Trust Period From September 1, 2015 to August 31, 2018 (Planning to extend until August 31, 2022 due to change in trust agreement on August 1, 2018)
- (i) Start of plan September 1, 2015
- (j) Execution of voting rights Not to be executed
- (k) Category of shares acquired The Company's common stock
- (l) Total amount of shares acquired 3,648,000,000 yen (Planned)
(Including trust compensation and trust expenses)
- (m) Additional Trust Amount To Be Determined *Scheduled to be disclosed after making decisions at our company
- (n) Date of additional share acquisition To Be Determined *Scheduled to be disclosed after making decisions at our company
- (o) Method of additional share acquisition Acquired from KDDI (disposal of treasury stock) or stock market
*Scheduled to be disclosed once again after making decisions at our company

- (p) Rights holder KDDI Corporation
- (q) Residual assets The rights holder, KDDI Corporation, receives residual assets, which are within the trust expense reserve, excluding trust monies for acquiring shares.

[Administrative tasks related to the trust and shares]

- (a) Administrative tasks related to the trust Mitsubishi UFJ Trust and Banking Corporation and the Master Trust Bank of Japan, Ltd. are to handle continuation trust-related administrative tasks as the trustees.
- (b) Share-related administrative tasks Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., is to handle administrative tasks related to delivering the Company's shares to beneficiaries based on a trust administration agreement.

For details, please refer to Introduction of a Performance-linked Stock Compensation Plan for Officers and Incentive Plan for Managers issued on August 7, 2015, which are all disclosure materials issued by the Company in accordance with Tokyo Stock Exchange disclosure provisions. (No English translation)