

[Translation]

February 12, 2019

To Whom It May Concern

Name of company: KDDI Corporation
Representative: Makoto Takahashi
President, Representative Director
(Code: 9433, First Section of the
Tokyo Stock Exchange)
Contact person: Akira Dobashi
Executive Officer, General Manager
General Administration & Human
Resources Division
Corporate Sector

Announcement Regarding the Company Split (Simplified Absorption-type Company Split) with a Consolidated Subsidiary, and Change of Sub-subsidiary

We would like to announce that, at a meeting of the board of directors held on February 12, 2019, subject to the effectiveness of the capital increase through third-party allocation by Jibun Bank Corporation (“Jibun Bank”) to the Company (the “Capital Increase”), and other conditions, such as the acquisition of authorizations and permissions from competent authorities, the Company resolved to cause the LDF Incorporation Preparation Company¹ (the “Split Preparation Company”), which is the Company’s consolidated subsidiary (100% subsidiary), to succeed to, among the financial business operated by the Company, the business of operating subsidiary management functions for the Subsidiary (to be defined in 1. below), and the business of operating planning, formulating, and promoting functions of the financial business strategies for the Subsidiaries (the “Business”), by way of absorption-type company split, as follows, setting April 1, 2019 as the effective date (to be fixed) (the “Company Split”), and that the Company executed the Absorption-type Company Split Agreement with the Split Preparation Company as of today.

Because the Company Split is a simplified absorption-type company split, in which the Business is caused to be succeeded to by the Company’s 100% subsidiary, the disclosure of part of the matters and details to be disclosed is omitted.

Further, we would also like to announce that Jibun Bank, which will become the Company’s subsidiary due to the Capital Increase, will become the Company’s sub-subsidiary due to the Company Split.

For the overall picture of our financial business reinforcement scheme, including the Company Split, please see “Incorporation of Financial Holding Company ‘au Financial Holdings’”² released on our website today. For the details of the Capital Increase, please see “Announcement of Subscription for Capital Increase through Third-Party Allocation of Jibun Bank Corporation Shares (Conversion into Subsidiary)” released as of today.

- (1) The trade name is planned to be changed to “au Financial Holdings Corporation” as of April 1, 2019.
- (2) https://news.kddi.com/kddi/corporate/english/ir-news/2019/02/12/pdf/press_20190212d.pdf

I. Company Split

1. Purpose of the Company Split

The Company incorporated Jibun Bank (banking business) in 2008, and after that, made Webmoney Corporation (electronic money issuance business) (“Webmoney”) its wholly-owned subsidiary through a tender offer in 2011. Furthermore, it has expanded its financial services by, among other actions, incorporating KDDI Financial Service Inc. (comprehensive credit purchase intermediary business) (“KDDI Financial Service”) in 2014, KDDI Reinsurance Corporation (reinsurance business) (“KDDI Reinsurance”) in 2016 and KDDI Asset Management Company, Limited (investment management business) (“KDDI Asset Management”) in 2018.

This time, by way of the Company Split, we will cause the Split Preparation Company, which is the Company’s consolidated subsidiary, to succeed to Jibun Bank, Webmoney, KDDI Financial Service, KDDI Reinsurance, and KDDI Asset Management (collectively, the “Subsidiaries”), and will separate them from the Company and make them independent business. Further, we will sophisticate our business and improve the convenience for our customers, through the enhanced coordination with au, expansion of financial services in each of our financial companies, and the enhancement of the risk management and compliance.

In the future, in order to promote the “Integration of Telecommunications and Life Design,” which is the Company group’s business strategy, and to further advance the creation of new experience values, we will extensively provide financial services by utilizing Fintech based on the Company groups’ customer base, settlement platform, and the like.

2. Summary of the Company Split

(1) Schedule of the Company Split

Date of resolution by the Company’s board of directors:	February 12, 2019
Date of decision by directors of the Split Preparation Company:	February 12, 2019
Date of execution of the company split agreement:	February 12, 2019
Date of resolution of the shareholders’ meeting of the Split Preparation Company:	February 26, 2019 (to be fixed)
Date of company split (effective date):	April 1, 2019 (to be fixed)

(Note) Because the Company Split is a simplified company split as provided in Article 784, paragraph (2) of the Companies Act, the Company, which is the splitting company, will not hold a shareholders’ meeting to approve the company split agreement.

(2) Method of the Company Split

Absorption-type company split, in which the Company is the splitting company, and the Split Preparation Company is the succeeding company.

(3) Details of the Allocation relating to the Company Split

The Company will receive, in exchange for the Company Split, the allocation of all of the 1,496,000 shares of the common stock to be newly issued by the Split Preparation Company at the time of the Company Split.

(4) Treatment regarding Share Options and Bonds with Share Options Associated with the Company Split

The Company has not issued any share options or bonds with share options.

(5) Stated Capital Increased or Decreased due to the Company Split

There will be no increase or decrease in the Company's stated capital due to the Company Split.

(6) Rights and Obligations Succeeded to by the Succeeding Company

In conjunction with the Company Split, the Split Preparation Company will succeed to, among the assets (including all shares of Jibun Bank, Webmoney, KDDI Financial Service, KDDI Reinsurance, and KDDI Asset Management), debts, and other rights, obligations, and status under contracts that the Company holds in relation to the Business as of the time immediately before the Company Split becomes effective, those provided in the Absorption-type Company Split Agreement.

(7) Prospect of Fulfillment of Obligations

We have determined that there would be no problem in the performance of obligations payable by the Split Preparation Company on or after the effective date of the Company Split.

3. Outline of the Companies Involved in the Company Split (as of March 31, 2018 regarding the Splitting Company, and as of January 30, 2019 regarding the Succeeding Company)

	Splitting Company	Succeeding Company
(1) Name	KDDI Corporation	LDF Incorporation Preparation Company
(2) Location of the head office	2-3-2 Nishi-shinjuku, Shinjuku-ku, Tokyo	3-10-10 Iidabashi, Chiyoda-ku, Tokyo
(3) Name and title of the representative	Makoto Takahashi, President, Representative Director	Tomohiko Katsuki, President, Representative Director
(4) Summary of Business	Telecommunications business	Business planning, formulation and operation, and other affairs incidental thereto
(5) Stated Capital	141,852 million yen	100 million yen
(6) Date of Establishment	June 1, 1984	January 30, 2019
(7) Number of Issued Shares	2,587,213,525 shares	4,000 shares
(8) Fiscal Year-End	March 31	March 31
(9) Major Shareholders and Shareholding ratio	KYOCERA Corporation: 13.92% TOYOTA MOTOR CORPORATION: 12.40% The Master Trust Bank of Japan, Ltd. (trust account): 7.93% Japan Trustee Services Bank, Ltd. (trust account): 5.54%	KDDI Corporation: 100%

(10) Financial Condition and Business Results for the Most Recent Three Years

KDDI Corporation (International Financial Reporting Standards)			
Fiscal term	Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2018
Equity attributable to owners of the parent (million yen)	3,308,642	3,554,423	3,773,703
Total assets (million yen)	5,880,623	6,263,826	6,574,555
Equity attributable to owners of the parent per share (yen)	1,329.05	1,446.15	1,568.84
Operating revenue (million yen)	4,466,135	4,748,259	5,041,978
Operating income (million yen)	832,583	912,976	962,793
Profit for the period before tax (million yen)	818,410	895,897	955,147
Profit for the period attributable to owners of the parent (million yen)	494,878	546,658	572,528
Basic earnings per share (yen)	197.73	221.65	235.54

LDF Incorporation Preparation Company (Japanese Standards)	
Net assets (million yen)	200
Total assets (million yen)	200
Net assets per share (yen)	50,000

(Note) Because there is no immediately preceding fiscal year for the Split Preparation Company, only the items of the balance sheet as of the date of its incorporation are stated.

4. Outline of the Splitting Business Sectors

(1) Details of Business of the Splitting Sectors

The Company's business of operating subsidiary management functions for the Subsidiaries, and the business of operating planning, formulating, and promoting functions of the financial business strategies for the Subsidiaries

- Jibun Bank
- Webmoney
- KDDI Financial Service
- KDDI Reinsurance
- KDDI Asset Management

(2) Business Results of the Splitting Sectors

There are no operating revenues in the Business

(3) Items and Book Values of the Splitting Assets and Liabilities

(Unit: millions of yen)

Assets		Liabilities	
Items	Book values	Items	Book values
Cash and deposit	1,900	Liabilities	-
Shares of related companies	81,017	-	-
Total	82,917	Total	-

(Note) Because the amounts stated above were calculated by adding only the important increases and decreases expected to arise by the effective date based on the balance sheet as of December 31, 2018, the amounts to be actually split will be the figures reflecting to the

amounts stated above the adjustments of other increases and decreases arising by the effective date.

5. Status after the Company Split

Due to the Company Split, there will be no change in the name, location of the head office, name and title of the representative, summary of business, stated capital, and fiscal year-end of the Company, which is the splitting company.

The Split Preparation Company, which is the succeeding company, will change its name, location of the head office, name and title of the representative, details of business, and stated capital, as of April 1, 2019, after the Company Split, as follows. Other than that, the fiscal year-end of the Split Preparation Company will not change due to the Company Split.

Items	Status of the Succeeding Company after the Company Split
(1) Name	au Financial Holdings Corporation
(2) Location of the head office	1-19-1 Nihonbashi, Chuo-ku, Tokyo
(3) Name and title of the representative	Not fixed
(4) Summary of Business	Business management and other affairs incidental thereto of the companies that are permitted to be converted into subsidiaries pursuant to the Banking Act
(5) Stated Capital	20,000 million yen

II. Change of Sub-subsidiary

1. Reason and Method of Change

Because the Company will cause the Split Preparation Company to succeed to all shares of Jibun Bank held by the Company after the Capital Increase becomes effective due to the Company Split, Jibun Bank will become a sub-subsidiary of the Company.

2. Outline of the Sub-subsidiary to be Changed (Jibun Bank)

(1) Name	Jibun Bank Corporation
(2) Location of the head office	Nihonbashi Dia Building 14F, 1-19-1 Nihonbashi, Chuo-ku, Tokyo
(3) Names and Titles of Representatives	Eiichi Kashiwagi, President, Representative Director Masanobu Tanaka, Executive Vice President, Representative Director
(4) Summary of Business	Internet-only bank
(5) Stated Capital	50,000 million yen

3. Date of Change

April 1, 2019 (effective date of the Company Split) (to be fixed)

III. Future Outlook

Because the Company Split is a company split in which the Company and its consolidated subsidiary, which is 100%-owned by the Company, are involved, the impact on the Company's consolidated results will be minor.

(For reference)

Forecast of the Consolidated Results for the Fiscal Year Ending March 2019 and Consolidated Actual Results for the Fiscal Year Ended March 2018

(Millions of yen)

	Operating Revenue	Operating Income	Profit for the Period Attributable to Owners of the Parent	Basic Earnings Per Share (yen)
Forecast of the consolidated results for the fiscal year ending March 2019	5,150,000	1,020,000	620,000	262.07
Consolidated actual results for the fiscal year ended March 2018	5,041,978	962,793	572,528	235.54

End