[Translation]

February 12, 2019

To Whom It May Concern

Name of listed 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 of Planned Commencement of Tender Offer for Shares in kabu.com Securities Co., Ltd. (Code No. 8703)

KDDI Corporation ("**KDDI**") announces that at its Board of Directors meeting held today, it resolved that LDF Limited Liability Company to be established as KDDI's wholly-owned subsidiary (the "**Tender Offeror**") will acquire ordinary shares (the "**Target Company Shares**") and subscription rights to shares ("**Share Options**")(the term "Share Options" will be defined in the following "1. Purpose of the Purchase, (1) Summary of the TOB") of kabu.com Securities Co., Ltd. (the "**Target Company**") by a tender offer (the "**TOB**") set out in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

Further, the commencement of the TOB is subject to the following conditions: 1) carrying out the TOB would not or is not reasonably expected to constitute a violation of laws or regulations in any material respect (including no existence of any petition, litigation, or other proceedings pending with the relevant authorities that request to limit or prohibit the act, and no existence of relevant authority decisions that would limit or prohibit the act); 2) carrying out the TOB does not conflict with any permissions or authorizations, or their conditions in any material respect and does not and is reasonably not expected to breach any necessary formalities related to the permissions or authorizations (including expiration of waiting periods and screening periods required for the TOB under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the "**Anti-Monopoly Act**"), competition laws of each country, and other analogous laws); 3) all Target Company directors who participated in the deliberations and resolution unanimously adopted a resolution at the Board of Directors meeting supporting the TOB, and the resolution has not been changed or withdrawn; and 4) nothing has arisen or has been revealed and nothing is reasonably expected to arise or to be revealed that would have a material adverse impact on the TOB or subsequent squeeze out procedures or that would otherwise render it impossible to achieve the purpose of the TOB or subsequent squeeze out procedures (Conditions 1) to 4) are collectively referred to as the "**Preconditions**")(however, KDDI or the Tender Offeror ("**KDDI et al.**") is not limited from waiving these Preconditions and carrying out the TOB at its discretion even if the Preconditions failed to be partially or entirely fulfilled). In addition, the TOB is planned to be implemented promptly after the Preconditions have been fulfilled (including where KDDI et al. waived the fulfillment of the Preconditions; hereinafter the same); and as of today, KDDI is aiming to have the Tender Offeror commence the TOB by late April 2019. However, it is difficult to predict the precise time period required for procedures at the domestic and foreign competition authorities, so a detailed schedule for the TOB will be announced promptly after it is decided.

For the overall picture of KDDI's financial business reinforcement scheme, please refer to "Incorporation of Financial Holding Company 'au Financial Holdings'"(Note 1) released on KDDI's website as of today, and for the details of the agreement with Mitsubishi UFJ Securities Holdings Co., Ltd. ("**MUSHD**") and MUFG Bank, Ltd. on a capital transfer of the Target Company in relation to the TOB, please refer to "Share capital changes involving kabu.com Securities and Jibun Bank"(Note 2) released on KDDI's website as of today.

(Note 1)https://news.kddi.com/kddi/corporate/english/ir-news/2019/02/12/pdf/press_20190212d.pdf
(Note 2)https://news.kddi.com/kddi/corporate/english/ir-news/2019/02/12/pdf/press_20190212e.pdf

1. Purpose of the Purchase

(1) Summary of the TOB

The Tender Offeror is a company that will be established for the specific purpose of acquiring and holding the Target Company Shares and Share Options (the term "Share Options" will be defined below) through the TOB, and KDDI is scheduled to hold all of the equity interests.

Overview of the Tender Offeror (scheduled)

(1)	Name	LDF Limited Liability Company
(2)	Address	3-10-10 Iidabashi, Chiyoda-ku, Tokyo
(3)	Name and Title of Representative	Takeshi Nakai, person to perform the duties
(4)	Summary of Business	Holding and management of securities
(5)	Capital Stock	1 million yen

KDDI agreed with MUSHD (which holds 176,474,800 shares of the Target Company Shares, the Ownership Ratio 52.94% as of today) on the implementation of the TOB, on condition that the Target Company Shares held by MUSHD (the Target Company Shares held by MUSHD referred to as the "**Non-target Shares**") will not be tendered for the TOB, and on the operation of the Target Company after the consummation of the TOB, and entered into a shareholders agreement (the "**Shareholders Agreement**") today. For details of the Shareholders Agreement, please refer to "1) Shareholders Agreement" in "(3) Matters relating to material agreements regarding the TOB" below.

(Note 1) The "Ownership Ratio" refers to the ratio of the relevant Target Company Shares (rounded to two decimal places) to the number of shares (333,349,765 shares) derived from (i) the total number of outstanding shares (338,732,665 shares) as of December 31, 2018 stated in the third quarterly report for the 20th fiscal year submitted by the Target Company today (the "**Quarterly Report**") plus (ii) the number of the Target Company Shares (98,500 shares) underlying (x) the third and fourth series of share options as of May 31, 2018 stated in the securities report submitted by the Target Company on June 25, 2018 (the "**Securities Report**") and (y) the fifth series of share options as of June 11, 2018 (collectively with the third and fourth series of share options, the "**Share Options")** stated in the first quarterly report submitted by the Target Company on August 10, 2018 minus (iii) the number of treasury shares (5,481,400 shares) held by the Target Company as of December 31, 2018 stated in the Quarterly Report.

Subject to the fulfillment of the Preconditions, KDDI agreed, in the Shareholders Agreement, with MUSHD to carry out the TOB for all of the Target Company Shares (the "**Target Shares**") (excluding the Non-target Shares and treasury shares held by the Target Company) as well as Share Options as part of a series of transactions to have the voting right holding ratio held by MUSHD and the Tender Offeror (the "**Tender Offeror et al.**") be such that MUSHD holds 51% and the Tender Offeror 49% (collectively, the "**Final Voting Rights Holding Ratio**") (the "**Transactions**"). In addition, KDDI agreed, in the Shareholders Agreement, with MUSHD that if the procedures are to be taken as part of the Transactions after the consummation of the TOB to have the Target Company shareholders comprised only of the Tender Offeror et al. (details of which are as stated in "(5) Policies regarding reorganization, among others, after the TOB (matters regarding the so-called two-stage purchase)" below; the "**Delisting Procedures**"), subject to the Target Company obtaining the Prime Minister's approval for its application to suspend its obligation to submit a securities report, in order to make the Tender Offeror et al.'s voting rights holding ratio the Final Voting Rights Holding Ratio, measures will be taken including partially transferring the Target Company Shares owned by MUSHD or the Tender Offeror (the "**Negotiated Trading**"). The Negotiated Trading is subject to the same price as the TOB Price.

As of today, KDDI does not hold any Target Company Shares, and the Final Voting Rights Holding Ratio was decided through consultations between KDDI and MUSHD. Furthermore, KDDI executed a business alliance agreement with MUSHD and the Target Company as of today for the purpose of enhancing the corporate value of the Target Company (the "**Business Alliance Agreement**"). For details of the Business Alliance Agreement, please refer to "3) Business Alliance Agreement" in "(3) Matters relating to material agreements regarding the TOB" below.

In connection with the TOB, KDDI executed a tender agreement with MUFG Bank, Ltd. as of today to tender all of 21,035,200 shares (Ownership Ratio: 6.31%) of the Target Company Shares that MUFG Bank, Ltd. currently holds for the TOB (the "**Tender Agreement**"). For details of the Tender Agreement, please refer to "(3) Matters relating to material agreements regarding the TOB, 2) Tender Agreement" below.

The Tender Offeror set the lower limit on the number of shares to be purchased upon the TOB as 45,758,400 shares (Note 2) (the Ownership Ratio: 13.73%); and if the total number of the share certificates, etc. that are offered for sale in response to the TOB (the "**Tendered Share Certificates**") falls short of the lower limit on the number of shares to be purchased, the Tender Offeror will not purchase all of the Tendered Share Certificates. On the other hand, as the Tender Offeror et al. plan to delist the Target Company Shares, no upper limit on the number of shares to be purchased upon the TOB has been set. If the total number of the Tendered Share Certificates upon the TOB is equal to or greater than the lower limit on the number of shares to be purchased, the Tender Offeror will purchase all of the Tendered Share Certificates.

(Note 2) The lower limit to be purchased shows the number of the Target Company Shares (45,758,400 shares) equivalent to the number of voting rights (457,584 voting rights), derived from (i) the number of voting rights (2,222,332 voting rights; rounded to the nearest whole number) that is two-thirds of the voting rights (3,333,497 voting rights) pertaining to the number of shares calculated by (x) the total number of outstanding shares (338,732,665 shares) as of December 31, 2018 stated in the Quarterly Report plus (y) the number of the Target Company Shares (98,500 shares) underlying the Share Options minus (z) the treasury shares (5,481,400 shares) held by the Target Company as of December 31, 2018 stated in the Quarterly Report, minus (ii) the number of voting rights (1,764,748 voting rights) pertaining to the number of the Target Company Shares (176,474,800 shares) held by MUSHD as of today.

According to the "Announcement of Opinion regarding the Planned Commencement of Tender Offer for Shares in KDDI by LDF Limited Liability Company, KDDI Corporation's Wholly-Owned Subsidiary; and Announcement of Capital and Business Alliance" released by the Target Company today (the "**Target Company Press Release**"), the Target Company adopted a resolution at its Board of Directors meeting held today (the "**Target Company BOD**") that, based on the grounds and reasons stated in the "(2) Background to the resolution to conduct the TOB, the purpose, the decision-making process, and the management policy after the TOB" below, the Target Company expresses its support for the TOB at this point should it be commenced, and that the Target Company will recommend its shareholders to tender the Target Company Shares for the TOB, and that it will leave up to the decision of the holders of the Share Options (the "**Share Option Holders**") whether the Share Option Holders will tender the Share Options for the TOB. Furthermore, the Target Company also adopted a resolution that upon the commencement of the TOB, the Target Company will request that the special committee (for the details of the composition of the special committee and its specific activities, please refer to "2) Establishing an independent special committee at the Target Company and obtaining a written report from the special committee" in "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" below) that the Target Company established deliberate over whether there is any change in the opinion of the special committee provided to the Target Company BOD as of today, and provide an answer to the Target Company BOD to that effect if there is no change, and a changed opinion if there is any change; and that the Target Company will express its opinion on the TOB again when the TOB is to be commenced in light of the special committee's opinion.

The above resolution at the Target Company BOD was adopted in the manner stated in "5) Approval of all directors of the Target Company with no interest in the Transactions" under "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" below.

If not all Target Company Shares could be acquired upon the TOB, the Tender Offeror plans to carry out a series of procedures to have the Target Company shareholders comprised only of the Tender Offeror et al. as stated in "(5) Policies regarding reorganization, among others, after the TOB (matters regarding the so-called two-stage purchase)" below.

(2) Background to the resolution to conduct the TOB, the purpose, the decision-making process, and the management policy after the TOB

1) Background to the resolution to conduct the TOB, the purpose, the decision-making process

KDDI was formed in 2000 as DDI Corporation (DDI), through a merger of three companies, namely, Kokusai Denshin Denwa Co., Ltd. (KDD) established in 1953, DDI Corporation (DDI) established in 1984 and changed its trade name in 1985, and Nippon Idou Tsushin Corporation established in 1987, with DDI Corporation being the surviving company, for the purpose of further enhancing customers' lives, business, and communication through "communication." Subsequently, through transactions such as absorption-type merger of mobile communications companies, namely, seven CELLULAR Group companies and three TU-KA group companies, as well as a power company-affiliate carrier, POWEREDCOM, Inc., KDDI became a comprehensive communications company capable of providing to customers a variety of mobile and fixed broadband (FTTH/CATV) services (Note 1) on its own. DDI Corporation (DDI) came to be listed on the Second Section of the Tokyo Stock Exchange in 1993, and was switched to the listing on the First Section of the Tokyo Stock Exchange ("**TSE 1st Section**") in 1995. The corporate name was changed to the current name KDDI Corporation in 2001. Currently, KDDI is promoting "Integration of Telecommunications and Life Design" as its growth strategy for domestic business. In order to provide services convenient for customers' life and business centering on communications, KDDI is expanding its business areas such as into e-commerce (Note 2), finance, and energy. In terms of the finance area, utilizing services that are KDDI's strengths centering on smartphones, KDDI's

Group companies provide a wide range of financial services to meet customers' needs, including Internet banking, credit cards, insurance, and loans, and develop services that provide better customer experience. In order to promote the flow of "from savings to asset building," KDDI has been allied with the Target Company, a member of the Mitsubishi UFJ Financial Group, Inc. ("**MUFG**"), since August 2016, and coordinates with the Target Company in relation to the "Stock purchase discounts with au," a service provided by the Target Company that enables a discount on commission for cash equities trading. KDDI intends to enter into the online securities business, which is well-matched with smartphones, expanding its financial services further.

(Note 1) "Fixed broadband (FTTH/CATV) services" refers to communication services that enable high-speed transmitting and receiving of large-volume information. FTTH refers to those using optical fibers, and CATV refers to those using cable TV circuits.

(Note 2) "E-commerce" is an abbreviation of Electronic Commerce, and refers to engaging in commercial dealings such as electronic agreements or settlements using networks such as the Internet.

On the other hand, the Target Company established E-Sanwa Co., Ltd. in November 1999, with investment from The Sanwa Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Group, and changed its trade name to E-Wing Securities Co., Ltd. in December of the same year. After registering as a securities services provider in February 2000, it commenced its business as an online-exclusive securities company in April 2000. The Target Company merged with Japan Online Securities Co., Ltd., an Itochu Corporation affiliate, in April 2001 and changed its trade name to kabu.com Securities Co., Ltd., and then merged with Me Net Securities Co., Ltd., a subsidiary of Mitsubishi UFJ Securities Co., Ltd. (the current MUSHD), in January 2006.

Since commencing business, under the recognition that the feasibility of securities trading business depends on bank settlement infrastructure, the Target Company, together with MUFG Bank, Ltd., has been providing services, which include: "automatic withdrawal," which enables any insufficient amount upon share purchase to be calculated automatically and transferred from the customer's bank account to the Target Company's securities account; "Internet transfer (EDI)" (Note 3) and "e-payment" (Note 4), which enable real time crediting in coordination with Internet banking; "auto login," which enables the customer to go back and forth between the Internet banking website and the Target Company website without having to enter IDs and passwords every time; and "real-time account transfer," which enables real-time transferring of funds from bank accounts into the Target Company securities accounts.

(Note 3) "Internet transfer (EDI)" is the name of the immediate crediting service provided by MUFG Bank, Ltd. to users of "MUFG Direct."

(Note 4) "e-payment" is the name of the Internet settlement means provided by MUFG Bank, Ltd. to users of "MUFG Direct."

Furthermore, in light of laws and regulation amendment trends that promote conglomeratization of financial instruments such as enactment of the Financial Instruments and Exchange Act, and the large "from savings to asset building" trend in personal finance activities due to a rapidly declining birthrate and aging population, the Target Company decided to demonstrate its uniqueness among the MUFG group as well as strengthen its alliance within the group as important management strategies. The Target Company reinforced its unique function as the "IT-equipped online sales channel" within the financial group, and at the same time supplemented services and functions provided to the Target Company customers through various alliances within the group companies, which include:

online financial instruments brokerage with MUFG Bank, Ltd.; introducing trust services with Mitsubishi UFJ Trust and Banking Corporation; comprehensive alliances for transactions such as an initial public offering with Mitsubishi UFJ Securities Co., Ltd. (the current MUSHD); and the issuance of affiliated cards with Mitsubishi UFJ NICOS Co., Ltd.

Among this situation, the Target Company endeavored to promote its presence in the domestic stock market, as the core Internet retail business company in the MUFG group's securities strategies, and undertook to expand and diversify its earning power; consequently, it became MUFG's consolidated subsidiary in June 2007 and became MUFG Bank, Ltd.'s consolidated subsidiary in December 2007. In April 2015, amid the accelerated "from savings to asset building" trend, pursuant to the decision that operating the Target Company's business under MUSHD, which has a customer base and know-how in the financial instruments business, would contribute to future long-term growth and development, a part of the Target Company Shares held by MUFG Bank, Ltd. (67,600,000 shares) were transferred from MUFG Bank, Ltd. to MUSHD within the MUFG group, due to which the Target Company became the consolidated subsidiary of MUSHD, and worked in coordination by providing, among other things, the front system for online trading (Note 5) operated by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., an umbrella company of MUSHD.

As of the end of January 2019, there are 1.11 million accounts and 2,221.3 billion yen worth of assets on deposit with the Target Company.

(Note 5) "Front system for online trading" refers to software with functions providing margin trading and Internet stock trading.

In light of that situation, KDDI considers that the securities business is a crucial function for further expansion of its financial services and, regarding the Target Company, which is involved in a business alliance with KDDI, has come to believe that making the Target Company the core of KDDI group's securities business under not just the business alliance but also capital ties and utilizing in the Target Company, among other things, the KDDI group's customer base, digital marketing resources, and big data would boost KDDI's online financial services and would further enhance the corporate value of the Target Company.

Then, in December 2017, KDDI exchanged with the Target Company extremely preliminary opinions on the Transactions and commenced deliberations on the feasibility thereof. After that, around May 2018, KDDI exchanged with MUSHD opinions on the expected schedule of the Transactions, and then in early July 2018, received an oral response from MUSHD that MUSHD was open to deliberate on proceeding with the Transactions, including carrying out the TOB, on the premise that MUSHD continues to hold a majority of the Target Company Shares. Taking this opportunity, in early August 2018, KDDI made a preliminary proposal in writing to the Target Company on the Transactions, including carrying out the TOB, and commenced concrete discussions with the Target Company. Subsequently, from early September 2018, KDDI conducted due diligence to examine the feasibility of the Transactions; further, in mid-October 2018, started concrete discussions with the Target Company on the business synergies; then, based on the results thereof, held continued discussions and deliberations with the Target Company on the implementation of the Transactions. As a result, in early November 2018, KDDI came to decide that, in order for the three companies, the MUFG group, the KDDI group, and the Target Company, to jointly leverage their respective management resources for the Target Company and sufficiently and promptly achieve the purpose of their cooperation, it is essential to build a structure which enables MUSHD and KDDI to participate in the business operation of the Target Company, by making two companies, MUSHD and the Tender Offeror, which is KDDI's wholly-owned subsidiary, MUSHD as the Target Company's shareholders through implementation of the Transactions.

Based on the decision above, in early November 2018, KDDI started discussing a business alliance agreement with the MUFG group and the Target Company; simultaneously, KDDI started discussing with MUFG Bank, Ltd. a tender agreement, planning to have MUFG Bank, Ltd. tender all of its Target Company Shares in the TOB.

Subsequently, as stated below, in early December 2018, KDDI officially made a proposal to the Target Company concerning carrying out the Transactions. As a result of repeated consultations with the Target Company and the special committee, the Target Company came to agree to the TOB. In addition, as stated above, KDDI has executed, as of today, the Business Alliance Agreement with the Target Company and MUSHD, the Shareholders Agreement with MUSHD, and also the Tender Agreement with MUFG Bank, Ltd., respectively. Further, the Business Alliance Agreement has been executed among KDDI, MUSHD, and the Target Company in light of the shareholders consisting of two companies, the Tender Offeror, which is KDDI's wholly-owned subsidiary, and MUSHD after the consummation of the Transactions.

According to the Target Company Press Release, the background and reasons that the Target Company has made a decision to agree to the TOB are as below.

In December 2017, the Target Company exchanged with MUSHD and KDDI respectively extremely preliminary opinions on the Transactions; subsequently, as multiple discussions were continuously conducted with MUSHD and the feasibility of the Transactions had gradually increased, around May 2018, the Target Company appointed Mori Hamada & Matsumoto as legal counsel; following their legal advice, in June 2018, properly collected information to be used for the Target Company BOD' decision-making on the Transactions, including the TOB; eliminated potential conflicts of interest; established the special committee for the purpose of ensuring the fairness and transparency of the Transactions; then started deliberations on the Transactions.

The special committee appointed PLUTUS CONSULTING Co., Ltd. ("**PLUTUS**") as its own financial advisor and a third-party calculation agent independent of the Target Company, KDDI et al., MUSHD, and MUFG Bank, Ltd. As described in "2) Establishing an independent special committee at the Target Company and obtaining a written report from the special committee" in "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" below, the special committee received financial advice, including the results of the evaluation of the share value of the Target Company Shares and advice on the policy for negotiation with KDDI, from PLUTUS, whereas the special committee received legal advice from Mori Hamada & Matsumoto which the Target Company elected as legal counsel independent of the Target Company, KDDI et al., MUSHD, and MUFG Bank, Ltd. regarding, among others, matters of note concerning the decision-making process and methods for the Transactions. Thereafter, the special committee submitted to the Target Company a written report as of today (the "Written Report"), because it agreed with KDDI on the TOB Price after repeatedly conducting direct negotiations with KDDI, including face-to-face negotiations. These negotiations were conducted after (i) the special committee collected information from KDDI, MUSHD, and the Target Company regarding the purpose of the Transactions, the Target Company's business plan, the details of measures expected to be conducted after the Transactions, the synergies expected to be generated from the alliance with KDDI, the advantages and disadvantages of the Transactions, and the business alliance agreement and other related materials, etc., and (ii) the special committee received the proposed purchase price per Target Company Share in the TOB (the "**TOB Price**") of 500 yen in or around early December, by comprehensively considering, among others, the following matters: the past price movements of the Target Company Shares; the level of the premiums provided in past cases of comparable tender offers; the results of evaluation of the share value of the Target Company Shares by PLUTUS, and the advice from PLUTUS and Mori Hamada & Matsumoto.

Thereafter, the Target Company BOD carefully discussed and examined the series of procedures of the Transactions, including the TOB, and the terms of the Transactions, including the TOB Price, from the perspective of enhancement of the corporate value of the Target Company, taking into account (i) the content of (x) the stock valuation report showing the results of evaluation of the share value of the Target Company Shares (the "**Target Company Stock Valuation Report**") and (y) a fairness opinion stating that the TOB Price is fair, from a financial perspective, to the Target Company's minority shareholders (the "**Fairness Opinion**"), respectively prepared by PLUTUS as of February 8, 2019 and attached to the Written Report, and (ii) the legal advice of Mori Hamada & Matsumoto as legal counsel; and also based on the content of the Written Report.

Based on the backdrop of a generational change in Investors (Note 6) to an Internet generation of investors, and the flow "from savings to asset building", the environment around the Target Company, which is an online-exclusive securities company, expects market growth and is at a major turning point due to regulatory changes and changes in regime, environment and individual investors' investment style, as well as FinTech development. On the other hand, the online-exclusive securities industry is being encumbered with a growing need to respond to fiduciary duty regulations. The industry also anticipates downward pressure on earnings as competition intensifies with a full-scale entry by emerging Internet forces and leading securities companies in the online trading market. In that situation, it is urgent to gain a differential advantage over competitors by (i) reinforcing their earnings base by enhancing their customer base and financial services, particularly in the asset-building segment (Note 7), as well as (ii) swiftly responding to changes in individual investors' investment style.

The Target Company has been contributing to promoting the flow "from savings to asset building" of its customers since August 2016 through its business alliance with KDDI by combining the convenience of mobile services with financial services, including launching a spot goods stock trading commission discount plan, "Stock purchase discounts with au", for "au Smart Pass" users.

Under these circumstances, the Target Company has been discussing the synergies expected from cooperation between both companies in detail since receiving from KDDI a preliminary proposal for the Transactions around early August 2018, for greater contribution to promoting the flow "from savings toasset building" by further enhancing its financial services through the online securities business, which is well-matched with smartphones. As a result, the Target Company decided that it would assist in enhancing its corporate value to expand its customer base including its small and middle sized segments, as well as customers who need to build assets, and reinforce its product competitiveness by accelerating its efforts to provide new services through obtaining the full benefits of lateral support (referrals from the extensive customer channels maintained by KDDI as a leading telecommunications company, and new product development) and through coordination and cooperation with companies in the KDDI group, with the assistance of MUSHD that has superior risk management systems and knowhow as a member of the MUFG group. As an effective means to realize those efforts, the Target Company also decided that it would be able to respond with flexible and speedy decision-making to the aforementioned challenges that it cannot easily address alone and to achieve its growth strategy more effectively by solidifying its relationship with the KDDI group through the delisting as contemplated by KDDI, whereby the Tender Offeror, which is KDDI's wholly-owned subsidiary, and MUSHD would be its sole shareholders.

The Target Company believes that by it becoming a subsidiary or affiliate of KDDI with its solid brand equity and "au Economic Zone" (Note 8), and MUSHD with its expertise in business risk management and financial business, the three companies will form a trinity as group companies, which will accelerate the mutual leveraging of management resources and knowhow to boost the Target Company's business to parallel its competitors in the top tier of the online-exclusive securities market. The Target Company also expects that this will enhance its corporate value through customer base expansion and by reinforcing its product competitiveness.

The Target Company considers that KDDI's acquisition of the Target Company Shares up to 49% in terms of the voting right holding ratio through the Tender Offeror will enable the Target Company to utilize KDDI's customer base by customer introductions, and use au brands and big data for efficient marketing to KDDI's customer base. In addition, the Target Company expects that its alliance with the financial group company of KDDI will reinforce its product competitiveness.

On the other hand, the Target Company believes that by being a member of the MUFG group, it may continuously enjoy customer introductions from the MUFG group's customer base and support in achieving a more sophisticated business management structure of the Target Company, leading to expansion of its operations.

As stated above, after careful deliberations based on KDDI's proposal, the Target Company has recently concluded that in order to enhance its corporate value from a medium- and long-term perspective, it would be best to conduct the Transactions and enter into a closer alliance with KDDI and MUSHD.

(Note 6) "Investors" refers to individual investors as a whole who conduct financial instruments transactions via online securities firms.

(Note 7) "Asset-building segment" collectively refers to a generation of persons in 30's and 40's who are starting to build their assets.

(Note 8) "au Economic Zone" means a concept showing the growth zone to be newly created by customers who are au users using services other than telecommunications services provided by KDDI. Principal elements constituting the au Economic Zone include on-line digital contents such as "au Smart Pass", and off-line life design services such as product sales, electricity, and finance.

Regarding the TOB Price, the Target Company has decided as follows: (i) as stated above, the TOB Price was agreed upon after the Target Company took measures to ensure the fairness of procedures for the TOB, received advice and the Target Company Stock Valuation Report from each advisor, and after repeated direct negotiations—including face-to-face negotiations—between the special committee (which is independent from the Target Company and KDDI et al.) and KDDI; (ii) the Written Report that was obtained from the special committee evaluated that the special committee believes that under the Target Company's decision-making process concerning the Transactions, the fair procedures have been taken because of the following reasons: 1) it is deemed that the measures taken in this regard are more extensive than those normally taken in similar transactions, such as the special committee's direct and proactive involvement in the negotiations with KDDI, as shown by the fact that the special committee agreed with KDDI on the TOB Price after repeatedly conducting direct negotiations with KDDI, with advice being provided by PLUTUS, based on the results of evaluation, free from arbitrariness, by PLUTUS, which is an independent third-party calculation agent; and 2) because the TOB Price for the Target Company Shares considerably exceeds the upper limit of the range of the Market price method and the median of the range of the dividend discount

model method ("**DDM Method**") contained in the Target Company Share Valuation Report, and further, the level of the premiums is sufficiently reasonable as compared with those in comparable past cases; and the Target Company obtained a fairness opinion from PLUTUS.
; (iii) among the calculation results based on the Target Company Stock Valuation Report, the TOB Price is of the calculation results using the market share method, and of the calculation results using DDM Method; (iv) the TOB Price is the amount obtained by adding a premium of 4.68% (rounded off to two decimal places; the same applies to the calculation of the following premium rate) to 534 yen, which is the closing price of the Target Company Shares on the TSE 1st Section on February 8, 2019 (the business day before the announcement of the TOB), 21.0% to 462 yen, which is the simple average of the closing prices in the previous one month before February 8, 2019, 31.53% to 425 yen, which is the simple average of the closing prices in the previous three months, and 39.05% to 402 yen, which is the simple average of the closing prices in the previous six months, as well as a premium of 46.34% to 382 yen, which is the closing price of the Target Company Shares on the TSE 1st Section on January 23, 2019 (the business day before January 24, 2019 on which some media reported speculations over the Transactions), 47.88% to 378 yen, which is the simple average of the closing prices in the previous one month before January 23, 2019, 40.10% to 399 yen, which is the simple average of the closing prices in the previous three months, and 44.82% to 386 yen, which is the simple average of the closing prices in the previous six months; and (v) the Target Company has taken measures to ensure the fairness of the TOB Price set forth in "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" below, and it considers that the interests of the Target Company's minority shareholders have been adequately considered; therefore, the TOB will provide shareholders of the Target Company with a reasonable opportunity to sell their shares at a price including an appropriate premium.

Based on the above, at the Target Company BOD meeting held today, the Target Company adopted a resolution to express an opinion, as its opinion at that time, to support the TOB and recommend that the Target Company's shareholders tender the Target Company Shares in the TOB if it were commenced.

In addition, the Target Company also resolved to leave to its Share Option Holders the decision of whether to tender the Share Options in the TOB because the purchase price per Share Option in the TOB is set as 1 yen.

Furthermore, it is planned that the TOB will be promptly carried out upon satisfying the Preconditions, and as of today, KDDI aims to have the Tender Offeror commence the TOB in late April 2019; however, it is difficult to accurately project the period required for procedures by competition authorities in and outside Japan. As such, the Target Company BOD also adopted a resolution that upon the commencement of the TOB, the Target Company will request that the special committee established by the Target Company deliberate over whether there is any change in the opinion of the special committee provided to the Target Company BOD as of today, and provide an answer to the Target Company BOD to that effect if there is no change, and a changed opinion if there is any change; and that the Target Company will express its opinion on the TOB again when the TOB is to be commenced in light of the special committee's opinion.

The above resolutions of the Target Company BOD were taken using a two stage process, as stated in "5) Approval of all directors of the Target Company with no interest in the Transactions" in "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" below.

KDDI and MUSHD are considering the following measures, as specific measures for the Target Company to further enhance its corporate value.

(i) Measures by MUSHD (Note)

(a) Introducing customers from the customer bases of MUFG and its subsidiaries and affiliates to the Target Company;

(b) providing support in achieving a more sophisticated business management structure of the Target Company;

(c) completing administrative procedures necessary for the business alliance (the "Business Alliance") under the Business Alliance Agreement (including negotiation with the Financial Services Agency and other ministries and government agencies, and applications for approval); and

(d) securing and providing resources necessary for the Business Alliance (including human resources that are agreed among the parties to be necessary for the Business Alliance), establishing structures, and providing skills and know-how.

(Note) According to the Target Company, (a) and (b) are clarified in writing in connection with the three companies executing the Business Alliance Agreement.

(ii) Measures by KDDI

(a) Introducing customers from the customer bases of KDDI to the Target Company (including brokering the Target Company's financial instruments via KDDI's sales channel; KDDI and its affiliates analyzing big data for the Target Company's products and services, and utilizing it for marketing; implementing joint advertisements and campaigns with the Target Company through KDDI group);

(b) providing support in developing new products and services of the Target Company;

(c) completing administrative procedures necessary for the Business Alliance (including negotiation with the Financial Services Agency and other ministries and government agencies, and applications for approval); and

(d) securing and providing resources necessary for the Business Alliance (including human resources that are deemed necessary for the Business Alliance through consultation among the parties), establishing structures, and securing and providing skills and know-how.

2) Management policy after the TOB

After the successful completion of the TOB, KDDI and MUSHD will respectively take the measures as stated in "(i) Measures by MUSHD" and "(ii) Measures by KDDI" in "1) Background to the resolution to conduct the TOB, the purpose, the decision-making process" above, and with the aim of establishing an appropriate management structure of the Target Company to take those measures, will newly install persons designated by KDDI and MUSHD as officers of the Target Company. However, the details of the measures and the specific timing for installing officers, and candidates for officers have not yet decided at this point. Details of the Target Company's management structure, including these matters, will be determined through consultations with the Target Company and MUSHD after the successful completion of the TOB, in view of the outcome of the delisting procedures.

In addition, as of today, the Target Company has seven directors (as stated in "5) Approval of all directors of the Target Company with no interest in the Transactions" in "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" below, two of them concurrently serve as officers or employees of

MUSHD or MUFG Bank, Ltd., and another two of them came from MUSHD or MUFG Bank, Ltd.). Furthermore, KDDI and MUSHD agreed in the Shareholders Agreement that, after the successful completion of the Transactions: (i) the Target Company will have seven directors in total; (ii) regarding the power of appointment of the Target Company's directors, MUSHD will appoint four of them and KDDI will appoint three, respectively (however, KDDI will appoint two as long as Mr. Saito, Representative Director of the Target Company stays a director); and (iii) the Target Company will have two representative directors, of which MUSHD will appoint the representative director and president (to be read as the director and chairman as long as Mr. Saito, Representative Director of the Target Company stays the Representative Director and President), and KDDI will appoint the representative director and vice president. Similarly, KDDI and MUSHD agreed in the Shareholders Agreement that, after the completion of the Delisting Procedures: (iv) the Target Company will be shifted to a company with a board of corporate auditors; (v) the number of corporate auditors will be three; and (vi) regarding the power of appointment of the corporate auditors, MUSHD will appoint two of them and KDDI will appoint one, respectively. For an overview of the Shareholders Agreement, please refer to "1) Shareholders Agreement" in "(3) Matters relating to material agreements regarding the TOB" below.

(3) Matters relating to material agreements regarding the TOB

1) Shareholders Agreement

In relation to conducting the TOB, KDDI entered into the Shareholders Agreement with MUSHD as of today. Under the Shareholders Agreement, MUSHD has agreed not to tender the Non-target Shares in the TOB.

As described in "(1) Summary of the TOB" above, under the Shareholders Agreement, KDDI and MUSHD have agreed (i) that the Tender Offeror shall conduct the TOB, subject to the fulfillment of the Preconditions; (ii) that if the TOB is successfully completed but the Tender Offeror fails to acquire all of the Target Shares, KDDI and MUSHD shall have the Target Company take the Delisting Procedures; and (iii) that after the effectuation of the Delisting Procedures, subject to the Target Company obtaining the Prime Minister's approval for its application to suspend its obligation to submit a securities report, in order to make the Tender Offeror et al.'s voting rights holding ratio the Final Voting Rights Holding Ratio, MUSHD and KDDI et al. shall take procedures necessary to make the ratio of the Tender Offeror et al.'s voting rights in the Target Company equal to the Final Voting Rights Holding Ratio, including selling their Target Company Shares through the Negotiated Trading.

In addition, as described in "2) Management policy after the TOB" in "(2) Background to the resolution to conduct the TOB, the purpose, the decision-making process, and the management policy after the TOB" above, matters such as KDDI and MUSHD's right to nominate the Target Company's officers have been agreed upon under the Shareholders Agreement.

2) Tender Agreement

In relation to conducting the TOB, KDDI entered into the Tender Agreement with MUFG Bank, Ltd. as of today. Under the Tender Agreement, MUFG Bank, Ltd. has agreed to tender all of the 21,035,200 shares (the Ownership Ratio: 6.31%) of the Target Company Shares that it holds as of today, in the TOB.

As the preconditions to MUFG Bank, Ltd.'s tendering these shares, the Tender Agreement sets forth the following matters. We note that there is no restriction on MUFG Bank, Ltd.'s waiving, at its discretion, all or part of these preconditions when tendering in the TOB.

(a) carrying out the TOB would not or is not reasonably expected to constitute a violation of laws or regulations in any material respect;

(b) carrying out the TOB does not conflict with any permissions or authorizations, or their conditions, in any material respect and does not and is not reasonably expected to breach any necessary formalities related to the permissions or authorizations;

(c) nothing has arisen or has been revealed and nothing is reasonably expected to arise or to be revealed that would have a material adverse impact on the TOB or that would otherwise render it impossible to achieve the purpose of the TOB;

(d) the representations and warranties made by KDDI under the Tender Agreement (Note 1) are true and correct in all material respects;

(e) KDDI has not breached any material obligation under the Tender Agreement (Note 2): and

(f) all Target Company directors who participated in the deliberations and resolution unanimously adopted a resolution supporting the TOB, and the resolution has not been changed or withdrawn.

(Note 1) Under the Tender Agreement, KDDI made representations and warranties to MUFG Bank, Ltd. regarding the following matters: (a) due and valid establishment and existence of KDDI; (b) valid execution of the Tender Agreement and completion of necessary procedures by KDDI; (c) enforceability of the Tender Agreement against KDDI; (d) KDDI’s receipt of permissions and authorizations; (e) non-existence of conflict with laws, regulations, etc. ; (f) non-existence of legal bankruptcy proceedings, etc. regarding KDDI; and (g) non-existence of KDDI’s relationship with antisocial forces.

(Note 2) Under the Tender Agreement, KDDI owes, among others, the following obligations to MUFG Bank, Ltd.: (a) obligation to notify and report if KDDI has become aware of a breach or possible breach of any of its representations and warranties; (b) obligation to indemnify in the case of breach of any of KDDI’s representations and warranties or obligations under the Tender Agreement; (c) confidentiality obligation; and (d) obligation not to transfer KDDI’s contractual status or rights and obligations under the Tender Agreement.

3) Business Alliance Agreement

Under the Business Alliance Agreement, KDDI, MUSHD, and the Target Company have substantially agreed on the following matters.

(i) Details of the Business Alliance

(a) Measures by MUSHD

See “1) Background to the resolution to conduct the TOB, the purpose, the decision-making process” in “(2) Background to the resolution to conduct the TOB, the purpose, the decision-making process, and the management policy after the TOB” above.

(b) Measures by KDDI

See “1) Background to the resolution to conduct the TOB, the purpose, the decision-making process” in “(2) Background to the resolution to conduct the TOB, the purpose, the decision-making process, and the management policy after the TOB” above.

(c) Measures by the Target Company

- Developing and providing newly required products in relation to KDDI's sending its customers to the Target Company
- Reviewing the Target Company's existing products, terms of service provision, products, and service lineup
- Developing and providing necessary functions at the time KDDI group carries on financial business
- Completing administrative procedures, as required for the Business Alliance (including negotiation with the Financial Services Agency and other ministries and government agencies, and applications for approval)
- Securing and providing resources, building structure, and providing skills and know-how, as required for the Business Alliance

(ii) Change to trade name

KDDI, MUSHD, and the Target Company have agreed to change the Target Company's trade name to au kabucom Securities Co., Ltd." （Tentative） as of a day before March 31, 2020 to be decided through separate consultation among the parties.

(iii) Cooperation for squeeze out, etc.

The Target Company has agreed to provide maximum cooperation, in order to complete the procedures for realizing the Transactions as soon as practicable after the completion of the settlement of the TOB.

(iv)Cooperation for governance structure

The Target Company has agreed to provide maximum cooperation if KDDI and MUSHD propose to the Target Company that it, after being delisted, should make such changes to its governance structure as are separately agreed upon between KDDI and MUSHD (including its conversion to a company with a board of corporate auditors).

(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB

Given that the Target Company is not a subsidiary of KDDI et al. as of today, the TOB does not constitute a tender offer by a controlling shareholder. However, KDDI et al., jointly with MUSHD holding 176,474,800 shares (the Ownership Ratio: 52.94%) of the Target Company Shares as of today and having made the Target Company its consolidated subsidiary, plan to take privatization procedures for the Target Company with the Tender Offeror et al. being its sole shareholder. In addition to the above, two directors (Mr. Akira Hamamoto and Mr. Naoki Isetani) of the Target Company concurrently serve as officers/employees of the MUFG group, whereas another two directors (Mr. Takeshi Ashizaki and Mr. Osamu Kurokawa) of the Target Company are originally from the MUFG group. By considering the above matters, among others, KDDI et al. and the Target Company have taken the measures described below to ensure the fairness of the TOB and avoid any conflicts of interest being suspected.

We note that the descriptions below regarding the measures taken by the Target Company are based on explanations received from the Target Company. Further, even though KDDI et al. has not had the successful completion of the TOB conditioned on the tender by the "Majority of Minority", KDDI believes that the interests of the Target Company's minority shareholders have been adequately considered, because KDDI et al. and the Target Company have taken the measures 1) to 6) below.

1) Obtaining a stock valuation report from an independent third-party calculation agent by KDDI

To ensure the fairness of the TOB Price, KDDI requested that Ernst & Young Transaction Advisory Services Co., Ltd. ("EYTAS"), a financial advisor of KDDI , evaluate the share value of the Target Company Shares as a third-party calculation agent independent of KDDI et al., MUSHD, MUFG Bank, Ltd. and the Target Company, in determining the TOB Price. EYTAS is not a related party of KDDI et al., MUSHD, MUFG Bank, Ltd. or the Target Company, and does not have any significant interest in the Transactions including the TOB. For an outline of the stock valuation report which shows the results of evaluation of the share value of the Target Company Shares (the "Tender Offeror Stock Valuation Report") that KDDI obtained from EYTAS as of February 8, 2019, see "1) Basis for the calculation" in "(4) Basis for the calculation of the purchase price" in "2. Summary of the Purchase" below.

2) Establishing an independent special committee at the Target Company and obtaining a written report from the special committee

According to the Target Company Press Release, on June 7, 2018, in relation to its decisions regarding the Transactions, including the TOB, the Target Company BOD established a special committee for the purpose of ensuring the fairness and transparency of the Transactions by resolving potential conflicts of interest upon appropriately collecting information. The special committee is comprised of three members: Mr. Taku Nomiya (attorney-at-law, Hibiya Park Law Offices, outside director of the Target Company); Mr. Yasuhiro Yoshida (outside director of the Target Company); and Mr. Fuminari Hako (certified public accountant and certified tax accountant, Representative Partner of Aoyama Trust Tax Accounting Firm (currently a tax accountants' corporation Reson Partners)), who is an outside expert independent of the Target Company, KDDI et al., MUSHD, and MUFG Bank, Ltd. (the Target Company initially appointed these three persons as the special committee members, and has not changed the members of the special committee since its establishment; further, the special committee members receive fixed compensation). The Target Company BOD requested that the special committee 1) examine and advise the Target Company BOD (and also negotiate with KDDI, as deemed necessary) as to whether the Target Company BOD should support the TOB and as to whether the Target Company BOD should recommend that Target Company shareholders tender their Target Company Shares in the TOB, upon considering (a) whether the transaction of acquiring the Target Company Shares under the TOB and thereby delisting the Target Company is rational from the perspective of improving the Target Company's corporate value; and (b) whether the interests of the shareholders have been considered through fair procedures; and 2) examine and express an opinion to the Target Company BOD as to whether the transaction of acquiring the Target Company Shares under the TOB and thereby delisting the Target Company is not disadvantageous to the Target Company's minority shareholders (these matters shall hereinafter collectively be referred to as the "Matters of Inquiry"). Further, the Target Company BOD adopted a resolution to the effect that the special committee may, in relation to its submission of a report regarding the Matters of Inquiry, appoint a financial advisor of the Target Company that will provide the special committee with advice and other assistance regarding the Matters of Inquiry.

The special committee met 22 times between July 19, 2018 and February 8, 2019 to discuss and consider the Matters of Inquiry. Specifically, regarding the Transactions, the special committee first appointed PLUTUS as its financial advisor and as a third-party calculation agent independent of the Target Company, KDDI et al., MUSHD, and MUFG Bank, Ltd. The special committee requested that the Target Company provide the special committee with related materials, including KDDI's proposal for the Transactions and the draft Business Alliance Agreement, and inspected these related materials. Further, the special committee received information on the following matters from the Target Company and conducted a question-and-answer session regarding these matters: the specific content of business, business environment, recent business results and financial conditions, management issues, the

formulation process and the specific content of business plans, the details of measures expected to be conducted after the Transactions, the synergies expected to be generated from the alliance with KDDI, the advantages and disadvantages of the Transactions, and the status of examination of any capital/business alliances proposed by other companies, etc.
Further, the special committee received an explanation regarding the purpose of the Transactions, the details of measures expected to be conducted after the Transactions, and the advantages and disadvantages of the Transactions, etc. from KDDI and conducted a question-and-answer session. Furthermore, the special committee received an explanation regarding the purpose of the Transactions, the details of measures expected to be conducted after the Transactions, and the advantages and disadvantages of the Transactions, etc. from MUSHD and conducted a question-and-answer session. In addition, the special committee received an explanation on the evaluation of the share value of the Target Company Shares, etc. from PLUTUS, whereas the special committee received advice on, among others, the measures to be taken to resolve conflicts of interest during the course of considering the Transactions, and the method and process for discussions at the special committee from Mori Hamada & Matsumoto. Thereafter, the special committee agreed with KDDI on the TOB Price upon receiving a meaningful concession from KDDI after repeatedly conducting, with advice being provided by PLUTUS, negotiations with KDDI (including four face-to-face negotiations and negotiations conducted through the financial advisor by exchanging e-mails and other communications during the period between the days of the meetings).

It was stated that consequently, today, the special committee submitted to the Target Company BOD, a written report that substantially stated that the Target Company expresses its support for the TOB and that the Target Company will recommend its shareholders to tender the Target Company Shares for the TOB, and the Transaction including expressions of opinions on the TOB is not disadvantageous to the minority shareholders. The summary of the reasons stated in the written report submitted by the special committee is as follows.

The special committee believes that the Transactions are reasonably expected to improve the corporate value of the Target Company because the special committee found nothing irrational in the process and the specific content of the Target Company's decision that the Transactions will contribute to improving the corporate value of the Target Company, based on the following reasons (i) the purpose of the Transactions is rational in itself because the purpose is to allow the Target Company to obtain small and mid-tier customers and a reinforced product lineup through its further strengthened relationship with KDDI while continuing the Target Company's business management that utilizes the most advance technology, such as FinTech technology, by leveraging the IT technological strength and know-how that have traditionally been the Target Company's strength, in order to enhance the differential advantage of the Target Company as against its competitor online-exclusive Internet-exclusive securities companies; (ii) the expected effect of the Transactions is also rational because the Transactions will allow the Target Company to obtain small and mid-tier customers and a reinforced product lineup through KDDI's sending customers from its broad customer base and through obtaining, among others, a license to use the widely-known "au" brand, whereas the Transactions will, through the delisting of the Target Company, also allow the Target Company's flexible and prompt management decision making from a medium- and long-term perspective, being freed from the risk of short-term fluctuations in earnings; (iii) since the adverse effect on the transactions with big customers by the Delisting Procedures and change of the trade name is minor, and there is no provision to limit the Target Company's existing business in the Business Alliance Agreement, the expected disadvantages of the Transactions may be deemed not significant; and (iv) it is reasonably expected that the Transactions are superior means, in terms of feasibility and the specific content, etc., compared with the option of maintaining the current framework of the business alliance relationship with KDDI or capital/business alliances with other companies examined by the special committee.

Further, regarding the decision-making procedures for the Transactions, the special committee believes that (i) the fair procedures have been taken in relation to deciding on the TOB Price, based on the following reasons: 1) it is deemed that the measures taken in this regard are more extensive than those normally taken in similar transactions, such as the special committee's direct and proactive involvement in the negotiations with KDDI, as shown by the fact that the special committee agreed with KDDI on the TOB Price after repeatedly conducting direct negotiations with KDDI, including face-to-face negotiations, with advice being provided by PLUTUS, based on the results of evaluation, free from arbitrariness, by PLUTUS, which is an independent financial advisor and a third-party calculation agent; and 2) it is deemed that fair procedures have been taken because the TOB Price for the Target Company Shares considerably exceeds the upper limit of the range on the Market price method and the median of the range based on the DDM Method as contained in the Target Company Share Valuation Report, and further, the level of the premiums is sufficiently reasonable as compared with those in comparable past cases (tender offers targeted at delisting) and the Target Company obtained a fairness opinion from PLUTUS, and (ii) under the Target Company's decision-making process concerning the Transactions, including deciding on the TOB Price, the interests of the shareholders have been considered through fair procedures, based on the following reasons: 1) obtaining the legal advice from Mori Hamada & Matsumoto as legal counsel independent of the Target Company, KDDI et al., MUSHD, an MUFG Bank, Ltd., 2) the Target Company plans to approve as described in "5) Approval of all directors of the Target Company with no interest in the Transactions", 3) the TOB period plans to be at a comparatively long period of 30 business days as described in "6) Measures to ensure opportunities for other purchasers to purchase". 4) MUSHD and KDDI plans to conduct the Negotiated Trading at the same price as the TOB price and 5) in the procedure of the Stock Consolidation (the term "Stock Consolidation" will be defined below) conducted if the Tender Offeror is unable to obtain all of the Target Shares, the Target Company's shareholder who did not tender Target Company Shares in the TOB, will be guaranteed to receive the same price as the TOB price and entitled to demand that the Target Company purchase their share at a fair price as described in "Policies regarding reorganization, among others, after the TOB (matters regarding the so-called two-stage purchase)", and other fair procedures have been taking.

3) Obtaining a stock valuation report and an opinion letter from an independent third-party calculation agent by the special committee

According to the Target Company Press Release, the special committee appointed PLUTUS as its financial advisor to serve as a third-party calculation agent independent of the Target Company, KDDI et al., MUSHD, and MUFG Bank, Ltd., and the special committee received advice on the Transactions from PLUTUS and requested that PLUTUS evaluate the share value of the Target Company Shares and received the Target Company Stock Valuation Report from PLUTUS.

According to the Target Company Stock Valuation Report, PLUTUS, based on the belief that it is appropriate to evaluate the share value of the Target Company Shares multilaterally after reviewing the calculation method to be adopted in evaluating the share value of the Target Company Shares from amongst multiple share valuation methods, and on the assumption that the Target Company is a going concern, evaluated the per-share value of the Target Company Shares by using the market price method, because there are market prices for the Target Company Shares, and also by using the DDM Method in order to reflect the status of future business activities in the evaluation. PLUTUS did not adopt the comparable company comparison method as a final evaluation method, due to the restricted comparability of potential comparable companies with the Target Company in terms of the specific content of business and profitability. The ranges of the per-share-value of the Target Company Shares calculated using the above methods are as follows.

Market price method: 378 yen to 399 yen

DDM Method: 389 yen to 572 yen

In the market price method, in order to remove the influence of the speculation on the stock price, PLUTUS has set January 23, 2019 (the business day before January 24, 2019 on which some media reported speculation about the Transactions) as the record date for calculation and analyzed that the range of the per-share value of the Target Company Shares was between 378 yen and 399 yen, based on 382 yen, which is the closing price of the Target Company Shares on the TSE First Section on the record date; 378 yen, which is the simple average of the closing prices in the previous month before January 23, 2019; 399 yen, which is the simple average of the closing prices in the previous three months before January 23, 2019; and 386 yen, which is the simple average of the closing prices in the previous six months before January 23, 2019.

In the DDM Method, PLUTUS has analyzed that the range of the per-share value of the Target Company Shares was between 389 yen and 572 yen as a result of analyzing the share value by discounting, to obtain its present value, the free cash flow attributable to the shareholders that is expected to be generated by the Target Company in and after the fourth quarter of the fiscal year ending March 2019 by a discount rate that is based on the shareholders' equity cost, based on the Target Company's business plan prepared by the Target Company (for three years from the fiscal year ending March 2019 to the fiscal year ending March 2021).

Under the Target Company's business plan that was used as the basis of the above calculation using the DDM Method, the current net income is expected to increase to 5,700 million yen for the fiscal year ending March 2019, 6,400 million yen for the fiscal year ending March 2020, and 8,600 million yen for the fiscal year ending March 2021, due to the improvement of the operation rate through digital marketing, and the further development of the B2B business, including external sales of systems. In preparing these financial projections, the effect that is expected to be realized by various measures to be taken after the implementation of the Transactions has not been included.

Further, the special committee has also obtained the Fairness Opinion from PLUTUS. However, regarding the purchase price per Share Option, the Target Company did not obtain either a valuation report or a fairness opinion from a third-party calculation agent.

We note that as described in "2) Establishing an independent special committee at the Target Company and obtaining a written report from the special committee" above, the Target Company BOD obtained the Written Report today, and on that occasion, the Target Company BOD also received submission of the Target Company Stock Valuation Report and the Fairness Opinion via the special committee. From the perspective of more strictly ensuring the fairness of the Transactions, the Target Company Stock Valuation Report and the Fairness Opinion have been prepared by PLUTUS, which is independent of the Target Company, KDDI et al., MUSHD, and MUFG Bank, Ltd., based upon the request of the special committee, which is highly independent. When the Target Company BOD adopted the resolution described in "5) Approval of all directors of the Target Company with no interest in the Transactions" below, it took into consideration, among others, the details of the Target Company Stock Valuation Report and the Fairness Opinion.

4) Advice from an independent law firm to the Target Company

According to the Target Company Press Release, in order to ensure the fairness, transparency and objectivity of the decision-making process of the Target Company concerning the Transactions including the TOB, by eliminating arbitrariness from such process, the Target Company receives legal advice from Mori Hamada & Matsumoto as legal counsel independent of the Target Company, KDDI et al., MUSHD, and MUFG Bank, Ltd. regarding the decision-making process, methods and other matters of note concerning expressions of opinions on the

TOB. Mori Hamada & Matsumoto is not a related party to the Target Company, KDDI et al., MUSHD, and MUFG Bank, Ltd., and does not have any significant interest in the Transactions including the TOB.

5) Approval of all directors of the Target Company with no interest in the Transactions

According to the Target Company Press Release, the Target Company BOD carefully discussed and examined the series of procedures of the Transactions including the TOB and the terms of the Transactions including the TOB Price from the perspective of enhancement of the corporate value of the Target Company and maximization of the interests of the Target Company's shareholders, based on the information in the Target Company Stock Valuation Report obtained from PLUTUS and the legal advice of Mori Hamada & Matsumoto, and by attributing maximum respect to the content of the Written Report, as described in the Target Company Press Release.

As a result, the Target Company, as described in "(1) Summary of the TOB" above and the Target Company Press Release, determined that (i) the Transactions including the TOB are expected to improve the corporate value of the Target Company; and (ii) the TOB will provide the Target Company's shareholders with a reasonable opportunity to sell their shares because the TOB Price and other terms of the TOB will be appropriate to the Target Company's shareholders. Accordingly, at the Target Company BOD meeting held today, the Target Company adopted, unanimously by all directors of the Target Company present at the discussion and resolution, a resolution to express an opinion, as its opinion as of the time, to support the TOB and recommend that the Target Company's shareholders tender the Target Company Shares in the TOB if it were commenced. In addition, the Target Company also resolved to leave to its Share Option Holders the decision of whether to tender the Share Options in the TOB because the purchase price per Share Option in the TOB is set as 1 yen.

In the Target Company BOD meeting described above, the procedures for adopting the resolutions were taken by undergoing the following two stages in order to exclude any possibility of conflicts of interest because, among the seven directors of the Target Company, Mr. Akira Hamamoto concurrently serves as an officer/employee of MUFG and MUFG Bank, Ltd. and Mr. Naoki Isetani concurrently serves as an officer/employee of MUFG and MUSHD, whereas Mr. Osamu Kurokawa is originally from MUFG, MUSHD, and MUFG Bank, Ltd. and Mr. Takeshi Ashizaki is originally from MUFG Bank, Ltd.: (i) first, three directors other than Mr. Takeshi Ashizaki, Mr. Osamu Kurokawa, Mr. Akira Hamamoto and Mr. Naoki Isetani discussed the matters and adopted the above resolutions unanimously; and (ii) then, in order to secure the quorum for the Target Company BOD meeting, four directors, including Mr. Takeshi Ashizaki, who is an outside director of the Target Company, discussed the matters again, and adopted the above resolutions unanimously.

Further, from the perspective of prevention of any conflicts of interest, among the Target Company's directors, Mr. Osamu Kurokawa, Mr. Akira Hamamoto and Mr. Naoki Isetani did not attend any discussion or resolution at the Target Company BOD meeting relating to the Transactions, including the Target Company BOD meeting described above; furthermore, these three directors and Mr. Takeshi Ashizaki did not attend any talk or negotiation for the Transactions as persons being on the side of the Target Company.

6) Measures to ensure opportunities for other purchasers to purchase

Whereas the minimum period for purchase under a tender offer set forth by laws and regulations is 20 business days, the Tender Offeror intends to set the purchase period under the TOB at a comparatively long period of 30 business days (the "TOB Period"). By setting a comparatively long TOB Period, the Tender Offeror intends to provide each shareholder of the Target Company with an appropriate opportunity to consider whether to tender its shares in the

TOB, ensure that a potential purchaser other than the Tender Offeror would have an opportunity to make a competing purchase under a tender offer for the Target Company Shares, and secure the appropriateness of the TOB Price. In addition, KDDI et al. and the Target Company have not executed any agreement that includes deal protection provisions to prohibit the Target Company from having contact with a competing offeror or which otherwise limits the opportunity for a competing offeror to have contact with the Target Company. This, together with the above setting of the TOB Period, would ensure an opportunity to make a competing purchase under a tender offer and thereby secure the fairness of the TOB that the Tender Offeror takes into consideration.

(5) Policies regarding reorganization, among others, after the TOB (matters regarding the so-called two-stage purchase)

As stated in "(1) Summary of the TOB" above, the Tender Offeror will conduct the TOB in order to have the Target Company become a private company with the Tender Offeror et al. being the only shareholders of the Target Company; and, if the Tender Offeror is unable to obtain all of the Target Shares under the TOB, then, after the successful completion of the TOB, KDDI et al. and MUSHD intend to take a series of procedures to cause the Tender Offeror et al. to become the Target Company's only shareholders, by the following method.

After the successful completion of the TOB, KDDI et al. and MUSHD intend to request that the Target Company hold an extraordinary shareholders meeting (the "Extraordinary Shareholders Meeting") that includes the following proposals in its agenda promptly after completing settlement of the TOB (the timing of holding the meeting is not decided yet): (i) a proposal to consolidate the Target Company Shares (the "Stock Consolidation"); and (ii) a proposal to partially amend the Articles of Incorporation, including abolishing the unit share clause, on condition that the Stock Consolidation becomes effective. KDDI et al. and MUSHD plan to agree to each proposal mentioned above at the Extraordinary Shareholders Meeting. If the proposal for the Stock Consolidation is approved at the Extraordinary Shareholders Meeting, the Target Company's shareholders will own the number of Target Company Shares reflecting the consolidation ratio for the Stock Consolidation that was approved at the Extraordinary Shareholders Meeting, on the day when the Stock Consolidation takes effect. If, as a result of the Stock Consolidation, there is any fraction of less than one share, then pursuant to the procedures provided in Article 235 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same) and other relevant laws and regulations, the amount of money obtained by the sale of the Target Company Shares corresponding to the total of such fractions (any fraction of less than one share in the total number shall be rounded off) to the Target Company or the Tender Offeror will be delivered to each shareholder having such fractional Target Company Shares. The sale price of the Target Shares corresponding to the total of such fractions will be calculated so that the amount of money to be delivered to each shareholder of the Target Company (excluding the Target Company and the Tender Offeror et al.) who did not tender Target Company Shares in the TOB equals the TOB Price multiplied by the number of Target Company Shares owned by each such shareholder immediately before the effectuation of the Stock Consolidation as a result of the sale, and a request to permit such voluntary sale will be filed with the court.

According to the provisions of the Companies Act that aim to protect the rights of minority shareholders to which the Stock Consolidation relates, if fractions less than one share are included in the number of shares upon stock consolidation when shares are consolidated, the Target Company's shareholders will be entitled to demand that the Target Company purchase, at a fair price, all of the fractions of less than one share from among shares that they hold; furthermore, they will be able to file a petition with the court for a determination of the sale price for their Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. If such petition is filed with the court, the purchase price will be finally determined by the court.

The consolidation ratio for the Target Company Shares is not yet determined as of today; however, it will be determined in such a way that the number of Target Company Shares owned by the Target Company's shareholders (excluding the Target Company and the Tender Offeror et al.) who did not tender Target Company Shares in the TOB will be a fraction of less than one share and the Tender Offeror et al. will be the only shareholders of the Target Company Shares (excluding the Target Company's treasury shares). It is stated that the Target Company will announce the specific procedures and expected timing promptly once they are determined after consultation is held between the Tender Offeror and the Target Company.

Further, after the Stock Consolidation, KDDI et al. and MUSHD, in order to make the ratio of MUSHD and the Tender Offeror's holding voting rights in the delisted Target Company equal to the Final Voting Rights Holding Ratio, plan to take necessary measures including the Negotiated Trading, subject to the Target Company obtaining the Prime Minister's approval for its application to suspend its obligation to submit a securities report pursuant to the proviso to Article 24, paragraph (1) of the Financial Instruments and Exchange Act, on or after the date on which the Stock Consolidation becomes effective.

Furthermore, subject to the effectuation of the Stock Consolidation, KDDI and MUSHD plan to request that the Target Company have its share options that are outstanding as at the time of effectuation of the Stock Consolidation be waived by their holders and, subject to these share option holders having lost their status as the Target Company's officers/employees, pay to them for each such share option having been waived, an amount equivalent to that obtained by multiplying the number of shares underlying the share option before the Stock Consolidation and the TOB Price, net of the exercise price of the share option.

We note that the TOB does not solicit the Target Company's shareholders to support the TOB at the Extraordinary Shareholders Meeting. Each shareholder should confirm with a tax accountant or other specialists, at its own responsibility, how tendering into the TOB or participating in the procedures described above are treated under relevant tax laws.

(6) Likelihood of delisting and reasons therefor

As of today, the Target Company Shares are listed on the TSE 1st Section. However, since the Tender Offeror has not set a maximum limit on the number of shares to be purchased in the TOB, the Target Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange, depending on the results of the TOB. Additionally, even if the delisting standards are not met upon the successful completion of the Tender Offer, the Tender Offeror intends to take procedures in order to acquire all Target Company Shares as stated above in "(5) Policies regarding reorganization, among others, after the TOB (matters regarding the so-called two-stage purchase))" after the successful completion of the Tender Offer. In such a case, the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange.

After delisting, the Target Company Shares will no longer be traded on the TSE 1st Section.

2. Summary of the Purchase

(1) Overview of the Target Company

1)	Name	kabu.com Securities Co., Ltd.
2)	Address	1-3-2 Otemachi, Chiyoda-ku, Tokyo
3)	Name and Title of Representative	Masakatsu Saito, Director, President and CEO
4)	Summary of Business	Online securities business

5)	Capital Stock	7,196 million yen (as of June 30, 2018)	
6)	Date of Establishment	November 19, 1999	
7)	Major Shareholders and their Shareholding Ratio (as of September 30, 2018)	Mitsubishi UFJ Securities Holdings Co., Ltd.	52.96%
		MUFG Bank, Ltd.	6.31%
		Japan Trustee Services Bank, Ltd. (Trust Account)	3.50%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	2.81%
		BNP PARIBAS SEC SERVICES LUXEMBOURG/ JASDEC/ ABERDEEN GLOBAL CLIENT ASSETS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.80%
		The Tokyo Tanshi Co., Ltd.	1.04%
		Microsoft Japan Co., Ltd.	1.04%
		Takayoshi Mori	0.81%
		Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.74%
		STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Settlement Sales Dept., Mizuho Bank, Ltd.)	0.67%
8)	Relationship between KDDI and the Target Company		
	Capital Relationship	Not applicable	
	Human Relationship	Not applicable	
	Trading Relationship	KDDI provides communication services to the Target Company	
	Applicable Conditions of the Relevant Parties	Not applicable	

(Note) “Major Shareholders and their Shareholding Ratio” are quoted from “Composition of Major Shareholders” stated in the second quarterly report for the 20th term submitted by the Target Company on November 12, 2018, and the shareholding ratio refers to the ratio of the shares held to the total number remaining after subtracting the number of treasury shares from the total number of outstanding shares of the Target Company (rounded to third decimal places).

(2) Schedule, etc.

The TOB will be implemented, in accordance with the Shareholders Agreement, once the following Preconditions have been fulfilled: 1) carrying out the TOB would not or is not reasonably expected to constitute a violation of laws or regulations in any material respect (including no existence of any petition, litigation, or other proceedings pending with the relevant authorities that request to limit or prohibit the act, and no existence of relevant authority decisions that would limit or prohibit the act); 2) carrying out the TOB does not conflict with any permissions or authorizations, or their conditions in any material respect and does not and is reasonably not expected to breach any necessary formalities related to the permissions or authorizations (including expiration of waiting periods and screening periods required for the TOB under the Anti-Monopoly Act, competition laws of each country, and other analogous laws); 3) all Target Company directors who participated in the deliberations and resolution unanimously adopted a resolution at its Board of Directors meeting supporting the TOB and the resolution has not been changed or withdrawn; and 4) nothing has arisen or has been revealed and nothing is reasonably expected to arise or to be revealed that would have a material adverse impact on the implementation of the TOB or the economic conditions therefor or that would otherwise render it impossible to achieve the purpose of the TOB. In addition, the TOB is planned to be implemented promptly after the Preconditions have been fulfilled, and as of today, the Tender Offeror is aiming to commence the TOB by late April, 2019. However, it is difficult to predict the precise time period required for procedures at domestic and foreign the competition authorities, so a detailed schedule for the TOB will be announced promptly after it is decided.

(3) Purchase price

1) Common shares: 559 yen per share
2) Share options: 1 yen per Share Option

(4) Basis for the calculation of the purchase price

1) Basis for the calculation

(i) Common shares

In determining the TOB Price, KDDI requested that EYTAS, a financial advisor of KDDI, as a third-party calculation agent independent from KDDI et al., MUSHD, MUFG Bank, Ltd., and the Target Company, calculate the share value of the Target Company Shares. As a result of considering calculation methods in the TOB, EYTAS calculated the share value of the Target Company Shares using the market price method and the DDM Method, respectively, and KDDI received the Tender Offeror Stock Valuation Report from EYTAS as of February 8, 2019. EYTAS is not a related party of KDDI et al., MUSHD, MUFG Bank, Ltd., or the Target Company and does not have any significant interest in the Transactions, including the TOB. Further, KDDI et al. has not received a fairness opinion on the TOB Price from EYTAS. According to the Tender Offeror Stock Valuation Report, the ranges of the per-share value of the Target Company Shares calculated using each of the above methods are as follows:

Market price method: 378 yen to 399 yen
DDM Method: 467 yen to 589 yen

In the market price method, EYTAS has set January 23, 2019 (the business day before January 24, 2019 on which some media reported speculation about the Transactions) as the record date for the calculation and analyzed that the range of the per-share value of the Target Company Shares was between 378 yen and 399 yen based on: 382 yen, which was the closing price of the Target Company Shares on the TSE 1st Section on January 23, 2019; 378 yen, which is the simple average of the closing prices in the previous one month before January 23, 2019; 399 yen, which is the simple average of the closing prices in the previous three months; and 386 yen, which is the simple average of the closing prices in the previous six months.

In the DDM Method, EYTAS has analyzed that the range of the per-share value of the Target Company Shares was between 467 yen and 589 yen, by evaluating the share value of the Target Company Shares by discounting by a given discount rate the future cash flows based on the financial forecast from the fiscal year ending March 2019 to the fiscal year ending March 2021 of the Target Company confirmed by KDDI, on the assumption of various factors such as management interviews with the Target Company, recent performance trends, and publicly available information.

In addition to the calculation results described in the Tender Offeror Stock Valuation Report obtained from EYTAS, taking comprehensively into account factors such as the results of due diligence on the Target Company conducted during the period from early September 2018 to late January 2019, the premiums provided in share pricing in past cases of tender offers for share certificates, etc. by parties other than issuers, trends in the market price of the Target Company Shares, recent performance of the Target Company, approval or disapproval of the Target Company BOD for the TOB, and the outlook for the applications for the TOB, and based on results of continued discussions and negotiations with the special committee after making the initial price proposal to the Target Company on December 10, 2018, KDDI decided, as of today, that the TOB Price should be 559 yen per share.

In addition, the TOB Price of 559 yen per share is the amount obtained by adding a premium of 46.34% to 382 yen, which was the closing price of the Target Company Shares on the TSE 1st Section on January 23, 2019 (the business day before January 24, 2019 on which some media reported speculation about the Transactions), 47.88% to 378 yen, which is the simple average of the closing prices in the previous one month before January 23, 2019, 40.10% to 399 yen, which is the simple average of the closing prices in the previous three months, and 44.82% to 386 yen, which is the simple average of the closing prices in the previous six months, as well as a premium of 4.68% to 534 yen, which was the closing price of the Target Company Shares on the TSE 1st Section on February 8, 2019 (the business day before the announcement of the TOB), 21.00% to 462 yen, which is the simple average of the closing prices in the previous one month before February 8, 2019, 31.53% to 425 yen, which is the simple average of the closing prices in the previous three months, and 39.05% to 402 yen, which is the simple average of the closing prices in the previous six months.

(ii) Share Options

The Share Options are issued as stock options for the executive officers of the Target Company, and the Tender Offeror may not exercise the Share Options even though they will acquire them; accordingly, the purchase price of the Share Options is set as 1 yen per Share Option. KDDI et al. has not received a valuation report or fairness opinion from a third-party calculation agent in determining the purchase price of the Share Options.

2) Background of the calculation

(Process of determining the TOB Price)
As stated in "(2) Background to the resolution to conduct the TOB, the purpose, the decision-making process, and the management policy after the TOB" in "1. Purpose of the Tender" above, KDDI, MUSHD, and the Target Company have held multiple discussions and deliberations on the specific measures to enhance the corporate value of the Target Company.

Since December 2017 when KDDI exchanged with the Target Company extremely preliminary opinions on the Transactions, in June 2018, KDDI appointed EYTAS, the financial advisor of KDDI, as a third-party calculation agent independent from KDDI et al., MUSHD, MUFG Bank, Ltd., and the Target Company, and Nishimura & Asahi as legal counsel, respectively, and established a structure for holding discussions and negotiations for the Transactions. Subsequently, from early September 2018, KDDI conducted due diligence for careful examination of the feasibility of the Transactions, and concurrently continued concrete discussions with the Target Company on the business synergies. Further, since early December 2018 when KDDI officially proposed to the Target Company to carry out the Transactions, KDDI held multiple consultations with the Target Company and the special committee, and also continued negotiations with the special committee regarding the TOB Price.

As a result, KDDI came to believe that utilizing its customer base based on approximately 40 million of accumulated au contracts and data associated therewith, know-how for leveraging its group companies' data, WALLET point system, au brand, and the like in the Target Company and for services provided by the Target Company would develop cooperation between both companies, and combining the convenience of mobile services with financial services would enable the creation of new values of experience and support of customers' asset building. Additionally, KDDI and MUSHD came to have the shared recognition that promoting the measures stated in "1) Background to the resolution to conduct the TOB, the purpose, the decision-making process" in "(2) Background to the resolution to conduct the TOB, the purpose, the decision-making process, and the management policy after the TOB" in

"1. Purpose of the Purchase" above cooperatively by three companies, KDDI et al., MUSHD, and the Target Company, would expect such effects as reinforcement of competitiveness through expansion of the Target Company's customer base and bolstering of product strength, as well as strengthening of human resources development and recruitment, which would enable the Target Company to enhance its corporate value from a medium- and long-term perspective. Accordingly, today, KDDI decided to conduct the TOB for the purpose of making the Tender Offeror et al. the only shareholders of the Target Company and also decided the TOB Price in the process as stated below.

(i) Name of the third party from whom KDDI obtained evaluations in the calculation

In determining the TOB Price, KDDI consulted the Tender Offeror Stock Valuation Report submitted by EYTAS, the financial advisor of KDDI, as the third-party calculation agent independent from KDDI et al., MUSHD, MUFG Bank, Ltd., and the Target Company. EYTAS is not a related party of KDDI et al., MUSHD, MUFG Bank, Ltd., or the Target Company and does not have any significant interest in the Transactions, including the TOB. Further, KDDI has not received a fairness opinion on the TOB Price from EYTAS.

(ii) Outline of the opinion

EYTAS calculated the share value of the Target Company Shares using the market price method and the DDM Method, respectively, and the ranges of the per-share value of the Target Company Shares calculated using each of the above methods are as follows:

Market price method:	378 yen to 399 yen
DDM Method:	467 yen to 589 yen

(iii) Process of determining the TOB Price, taking the opinion into account

As stated in "1) Basis for the calculation" above, in addition to the calculation results described in the Tender Offeror Stock Valuation Report obtained from EYTAS on February 8, 2019, taking comprehensively into account factors such as the results of due diligence on the Target Company conducted during the period from early September 2018 to late January 2019, the premiums provided in share pricing in past cases of tender offers for share certificates, etc. by parties other than issuers, trends in the market price of the Target Company Shares, recent performance of the Target Company, approval or disapproval of the Target Company BOD for the TOB, and the outlook for the applications for the TOB, and based on results of discussions and negotiations with the special committee (for the details of the composition of the special committee and its specific activities, please refer to "2) Establishing an independent special committee at the Target Company and obtaining a written report from the special committee" in "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" in "1. Purpose of the Tender" above), KDDI decided, as of today, that the TOB Price should be 559 yen per share.

In addition, in the process of discussions and negotiations with the special committee, specifically, on December 10, 2018, KDDI made the initial price proposal of 500 yen per share to the Target Company. Subsequently, KDDI agreed to the TOB Price with the Target Company, taking into account the results of four face-to-face negotiations with the special committee and negotiations via its financial advisor based on email communications with the special committee between those meetings.

(Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB)
Given that the Target Company is not a subsidiary of KDDI et al. as of today, the TOB does not constitute a tender offer by a controlling shareholder. However, after the TOB, KDDI et al.,

jointly with MUSHD holding 176,474,800 shares (Ownership Ratio: 52.94%) of the Target Company Shares as of today and having made the Target Company its consolidated subsidiary, plans to take delisting procedures to have the Tender Offeror et al. become the Target Company's sole shareholders. In addition to the above, two directors (Mr. Akira Hamamoto and Mr. Naoki Isetani) of the Target Company concurrently serve as officers/employees of MUFG group, whereas another two directors (Mr. Takeshi Ashizaki and Mr. Osamu Kurokawa) of the Target Company are originally from MUFG. group By considering the above matters, in terms of ensuring the fairness of the TOB and avoiding suspicion of conflicts of interest, KDDI et al. and the Target Company have taken measures as stated in "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" in "1. Purpose of the Tender" written above.

3) Relationship with the calculation agent

EYTAS, the financial advisor and the third-party calculation agent of KDDI, is not a related party of KDDI, MUSHD, MUFG Bank, Ltd., or the Target Company and does not have any significant interest in the Transactions, including the TOB.

(5) Number of share certificates, etc. to be purchased

Number of shares to be purchased	Lower limit to be purchased	Upper limit to be purchased
156,874,965 (shares)	45,758,400 (shares)	– (shares)

(Note 1) If the total number of Tendered Share Certificates falls short of the lower limit to be purchased (45,758,400 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates. If the total number of the Tendered Share Certificates is equal to or greater than the lower limit to be purchased, the Tender Offeror will purchase all of the Tendered Share Certificates. The number of shares to be purchased shows the maximum number of the Target Company Shares (156,874,965 shares) to be acquired by the Tender Offeror in the TOB, and this maximum number is derived from (i) the total number of outstanding shares (338,732,665 shares) as of December 31, 2018 stated in the Quarterly Report plus (ii) the number of the Target Company Shares (98,500 shares) underlying (x) the third and fourth series of share options as of May 31, 2018 stated in the Securities Report and (y) the fifth series of share options as of June 11, 2018 stated in the first quarterly report submitted on August 10, 2018, minus (iii) (z) the number of shares (176,474,800 shares) held by MUSHD and (w) the number of treasury shares (5,481,400 shares) held by the Target Company as of December 31, 2018 stated in the Quarterly Report.

(Note 2) The TOB also applies to the shares of less than one unit. If shareholders exercise their right to request the purchase of shares of less than one unit in accordance with the Companies Act, the Target Company may purchase those shares during the TOB Period pursuant to the procedures under the laws and regulations.

(Note 3) There is no plan to acquire the treasury shares held by the Target Company through the TOB.

(Note 4) The lower limit to be purchased shows the number of the Target Company Shares (45,758,400 shares) equivalent to the number of voting rights (457,584 voting rights), derived from (i) the number of voting rights (2,222,332 voting rights; rounded up to the nearest whole number) that is two-thirds of the voting rights (3,333,497 voting rights) pertaining to the number of shares calculated by (x) the total number of outstanding shares (338,732,665 shares) as of December 31, 2018 stated in the

Quarterly Report plus (y) the Target Company Shares (98,500 shares) underlying the Share Options, minus (z) the treasury shares (5,481,400 shares) held by the Target Company as of December 31, 2018 stated in the Quarterly Report, minus (ii) the number of voting rights (1,764,748 voting rights) pertaining to the number of the Target Company Shares (176,474,800 shares) held by MUSHD as of today.

(Note 5) Share Options may be exercised by the end of the TOB Period, and the TOB also applies to the Target Company Shares to be issued or transferred as a result of the exercise.

(6) Changes in the Ownership Ratio of share certificates as a result of the purchase

Number of voting rights pertaining to shares owned by the Tender Offeror before the purchase	- voting rights	(The Ownership Ratio of shares before the purchase -%)
Number of voting rights pertaining to shares owned by specially related parties before the purchase	1,764,748 voting rights	(The Ownership Ratio of shares before the purchase 52.94%)
Number of voting rights pertaining to shares owned by the Tender Offeror after the purchase	1,568,749 voting rights	(The Ownership Ratio of shares after the purchase 47.06%)
Number of voting rights pertaining to shares owned by specially related parties after the purchase	1,764,748 voting rights	(The Ownership Ratio of shares after the purchase 52.94%)
Number of voting rights of all shareholders of the Target Company	3,332,145 voting rights	

(Note 1) The "Number of voting rights pertaining to shares owned by specially related parties before the purchase" and the "Ownership Ratio of shares before the purchase" are the number of voting rights held by MUSHD, who is the person as set forth in Article 27-2, paragraph (7), item (ii) of the Financial Instruments and Exchange Act. In addition, KDDI et al. will confirm the share certificates, etc. of the Target Company owned by specially related parties before commencement of the TOB, and if it is necessary to correct the "Number of voting rights pertaining to shares owned by specially related parties before the purchase" and the "Number of voting rights pertaining to shares owned by specially related parties after the purchase" above, the corrected information will be disclosed upon commencement of the TOB.

(Note 2) The "Number of voting rights of all shareholders of the Target Company" is the number of voting rights held by all shareholders (with one trading unit being 100 shares) as of December 31, 2018 stated in the Quarterly Report. However, since the TOB applies to the Share Options and shares of less than one unit, the "Ownership Ratio of shares before the purchase" and the "Ownership Ratio of shares after the purchase" are calculated by using as the denominator the number of voting rights (3,333,497 rights) pertaining to the number of shares (333,349,765 shares) derived from (i) the total number of outstanding shares (338,732,665 shares) as of December 31, 2018 stated in the Quarterly Report plus (ii) the number of the Target Company Shares (98,500 shares) underlying the third and fourth series of share options as of May 31, 2018 stated in the Securities Report and the fifth series of share options as of June 11, 2018 stated as of June 11, 2018 stated in the first quarterly report submitted on August 10, 2018, minus (iii) the number of treasury shares (5,481,400 shares) held by the Target Company as of December 31, 2018 stated in the Quarterly Report.

(Note 3) The "Ownership Ratio of shares before the purchase" and the "Ownership Ratio of shares after the purchase" have been rounded to two decimal places.

(7) Purchase price (planned) 87,693,105,435 yen

(Note) The purchase price consists of the TOB Price (559 yen) multiplied by the number of shares to be purchased (156,874,965 shares (planned)) in the TOB.

(8) Other conditions and method of purchase

1) Other conditions and method of purchase

The method of settlement, the date of public notice of the commencement of the TOB, other conditions and methods of purchase, and the tender offer agent will be announced once determined.

2) Others

The TOB will not be conducted, directly or indirectly, in or targeted at the United States, through the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication), or through any stock exchange facilities in the United States. In addition, no application for the TOB will be made through any of those methods or means, through those stock exchange facilities, or from the United States. Furthermore, no tender offer statements relating to the TOB or related purchase documents will, or may, be sent or distributed to, in, or from the United States by postal mail or other means. No application for the TOB that violates, directly or indirectly, the aforementioned restrictions will be accepted.

When applying for the TOB, tendering shareholders (or standing proxies in the case of non-Japanese shareholders, etc.) may be required to provide the tender offer agent with representations and warranties stating to the following effect. Tendering shareholders are not located in the United States at the time of applying for the TOB or at the time of sending an application form for the TOB. The tendering shareholders have not, directly or indirectly, received or sent any information (including its copies) related to the TOB to, in, or from the United States. The tendering shareholders did not use, directly or indirectly, in connection with the purchase of shares or the signature and submission of the application form for the TOB, the U.S. postal mail services or any other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication) or any stock exchange facilities in the United States. The tendering shareholders are not acting as an agent, entrustee or delegate, without discretion, of another person (except where such other person provides the tendering shareholders with all instructions relating to the purchase from outside the United States).

3. Policies after the TOB and Future Outlook

With respect to the policies after the TOB, please refer to "(2) Background to the resolution to conduct the TOB, the purpose, the decision-making process, and the management policy after the TOB" in "1. Purpose of the Purchase" above.

4. Others

(1) Presence or absence, and details, of an agreement between the Tender Offeror and the Target Company or Directors

1) Business Alliance Agreement

KDDI, MUSHD and the Target Company have entered into the Business Alliance Agreement as of today. For an overview of the Business Alliance Agreement, please refer to "3) Business Alliance Agreement" of "(3) Matters relating to material agreements regarding the TOB" in "1. Purpose of the Purchase" above.

2) Opinion in support of the TOB and approval of Directors disinterested in the Target Company

According to the Target Company, the Target Company adopted a resolution at the Target Company BOD meeting held today that, as its opinion at the present, when the TOB commences, it will: express its support of the TOB; recommend that its shareholders tender their shares in the TOB; and leave to its Share Option Holders the decision of whether to tender the Share Options in the TOB. The resolutions at the Target Company BOD were taken by undergoing two stages, as stated in "5) Approval of all directors of the Target Company with no interest in the Transactions" of "(4) Measures to ensure the fairness of the TOB Price and to avoid conflicts of interest, and measures to ensure the fairness of the TOB" in "1. Purpose of the Purchase" above.

(2) Other information considered necessary for investors to determine whether to tender shares in the TOB (status of dividends)

The Target Company announced that at its Board of Directors' meeting held today, it resolved that the estimated amount of the year-end dividends for the fiscal year ending March 2019 is 6.0 yen and that it will not pay dividends of surplus (interim dividends) for which the record date is set as September 30, 2019, on the precondition that, as of the record date for the interim dividends for the fiscal year ending March 2020, the settlement of the TOB is completed or is reasonably expected to be completed. If the TOB is not commenced or consummated, the Target Company will disclose its dividend policy and method later. For details, please refer to the "Notice concerning Estimate of Year-End Dividends for the Fiscal Year Ending March 2019 and Estimate of Interim Dividends for the Fiscal Year Ending March 2020" announced by the Target Company.

1) Estimate of year-end dividends for the fiscal year ending March 2019

	Dividend per share		
Record date	End of second quarter	Year end	Annual
Previous estimate (January 29, 2019)	-	Undecided	Undecided
Estimate this time	-	6.0 yen	12.0 yen
Result of the fiscal year ending March 2019	6.0 yen	-	-
(Reference) Result of the fiscal year ended March 2018	6.0 yen	13.0 yen (Ordinary dividend: 6.0 yen) (Special dividend: 7.0 yen)	19.0 yen (Ordinary dividend: 12.0 yen) (Special dividend: 7.0 yen)

2) Estimate of interim dividends for the fiscal year ending March 2020

	Dividend per share		
Record date	End of second quarter	Year end	Annual
Previous estimate (January 29, 2019)	-	-	-
Estimate this time	0.0 yen	Undecided	Undecided
(Reference) Result of the fiscal year ending March 2019	6.0 yen	-	-

End

[Restriction on Solicitation]
The purpose of this press release is publication of the TOB to the general public, and it is not prepared for the purpose of soliciting sales. When applying to sell, be sure to review the TOB Explanation Statement related to the TOB and apply it based on the shareholder's own judgment. This press release is not an application or solicitation to sell securities, is not a solicitation for an application to purchase, nor does it constitute a part thereof. Neither this press release (and any parts it contains) nor its distribution will provide a basis for a contract pertaining to the TOB, nor will it be relied upon when executing such a contract.

[Prediction of the Future]
KDDI et al. cannot promise that predictions implied or stated as "forward-looking statements" will turn out to be correct. "Forward-looking statements" in this document have been drafted upon information held by KDDI as of the day of issue; and excluding where obligated by law or regulation, KDDI et al. is not obligated to update or correct such statements to reflect future events or conditions.

[US Regulations]
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