

[Translation]

October 3, 2019
KDDI Corporation

**Announcement Regarding the Company Split (Simplified Absorption-Type Company Split)
with a Consolidated Subsidiary**

We would like to announce that, at a meeting of the board of directors held on October 3, 2019, subject to the acquisition of authorizations and permissions from competent authorities, and other conditions, the Company resolved to cause au Financial Holdings Corporation (“au Financial Holdings”), which is the Company’s consolidated subsidiary (100% subsidiary), to succeed to, among the financial business operated by the Company, the business of operating subsidiary management functions, and planning, formulating, and promoting functions of the financial business strategies for that subsidiaries, as well as the business of promoting business collaboration with the companies we invested (collectively, the “Business”), by way of absorption-type company split, as follows, setting December 2, 2019 as the effective date (to be fixed) (the “Company Split”), and that the Company executed the Absorption-type Company Split Agreement with au Financial Holdings as of today.

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

For the overall picture of the reorganization relating to our financial business, including the Company Split, please see the Appendix “Reorganization Pertaining to KDDI Group’s Financial Business” released on our website today.

1. Purpose of the Company Split

In order to strengthen our settlement and financial business, we launched the business of au Financial Holdings, which is the Company’s consolidated subsidiary, on April 1, 2019 and started the “Smart Money Concept” which ensures customer satisfaction by providing comprehensive smartphone-centric settlements and financial transactions, with the aim of expanding our financial business in the medium-term management plan, commencing from the present term.

This time, by way of the Company Split, we will cause au Financial Holdings to succeed to shares of au Insurance Company, Limited (non-life insurance business) (“au Insurance Company”), LIFENET INSURANCE COMPANY (life insurance business) (“Lifenet Insurance”), and Finatext Holdings Ltd. (fintech business) (“Finatext”), and will cause LDF Limited Liability Company, which owns shares of kabu.com Securities Co., Ltd. (“kabu.com Securities”) to merge with au Financial Holdings, as of the same date as the Company Split. Further, by concentrating our financial business in au Financial Holdings, we will sophisticate our business and improve the convenience for our customers, through the enhanced coordination with au, expansion of financial services in each of our financial companies, and the enhancement of the risk management and compliance.

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

In relation to Lifenet Insurance, taking into consideration that it is a listed company, we will respect the independence of its management and provide various support such as enhancement of business coordination with each company of au Financial Group and sophistication of business practices.

2. Summary of the Company Split

(1) Schedule of the Company Split

Date of resolution by the board of directors of au Financial Holdings: September 27, 2019

Date of resolution by the board of directors of the Company: October 3, 2019

Date of execution of the company split agreement: October 3, 2019

Date of company split (effective date): December 2, 2019

(to be fixed)

(Note) Because the Company Split consists of both a simplified company split as provided in Article 784, paragraph (2) of the Companies Act for the Company, which is the splitting company, and a summary company split as provided in Article 796, paragraph (1) of the Companies Act for au Financial Holdings, which is the succeeding company, the Company and au Financial Holdings will not hold a shareholders' meeting relating to approval of the company split agreement.

(2) Method of the Company Split

Absorption-type company split, in which the Company is the splitting company, and au Financial Holdings is the succeeding company.

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

At the time of the Company Split, au Financial Holdings will not allocate shares or deliver other consideration.

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

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

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

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

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

In conjunction with the Company Split, au Financial Holdings will succeed to, among the assets (including shares of au Insurance Company, Lifenet Insurance, and Finatext), debts, and other rights, obligations, and status under contracts that the Company holds in relation to the Business as of the time immediately before the Company Split becomes effective, those provided in the Absorption-type Company Split Agreement.

(7) Prospect of Fulfillment of Obligations

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

3. Outline of the Companies Involved in the Company Split (as of March 31, 2019 regarding the Splitting Company, and as of April 1, 2019 regarding the Succeeding Company)

	Splitting Company	Succeeding Company
(1) Name	KDDI Corporation	au Financial Holdings Corporation
(2) Location of the Head Office	2-3-2 Nishi-shinjuku, Shinjuku-ku, Tokyo	1-19-1 Nihonbashi, Chuo-ku, Tokyo
(3) Name and Title of the Representative	Makoto Takahashi, President	Tomohiko Katsuki, President,
(4) Summary of Business	Telecommunications business	Business management of companies which are eligible to be subsidiaries under the Banking Act, and other affairs incidental thereto
(5) Stated Capital	141,852 million yen	20,000 million yen
(6) Date of Establishment	June 1, 1984	January 30, 2019
(7) Number of Issued Shares	2,355,373,600 shares	1,500,000 shares
(8) Fiscal Year-End	March 31	March 31
(9) Major Shareholders and Shareholding Ratio	KYOCERA Corporation: 14.23% Toyota Motor Corporation: 12.67% The Master Trust Bank of Japan, Ltd. (trust account): 9.25% Japan Trustee Services Bank, Ltd. (trust account): 5.47%	KDDI Corporation: 100%

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

KDDI Corporation (International Financial Reporting Standards) (consolidated)			
Fiscal term	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019
Equity attributable to owners of the parent (million yen)	3,554,423	3,773,703	4,183,492
Total assets (million yen)	6,263,826	6,574,555	7,330,416
Equity per share attributable to owners of the parent (yen)	1,446.15	1,568.84	1,779.41
Operating revenue (million yen)	4,748,259	5,041,978	5,080,353
Operating income (million yen)	912,976	962,793	1,013,729
Profit for the period before income tax (million yen)	895,897	955,147	1,010,275
Profit for the period attributable to owners of the parent (million yen)	546,658	572,528	617,669
Basic earnings per share (yen)	221.65	235.54	259.10

au Financial Holdings Corporation (Japanese GAAP) (non-consolidated)			
Fiscal term	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019
Net assets (million yen)	—	—	83
Total assets (million yen)	—	—	312
Net assets per share (yen)	—	—	20,823

Operating revenue (million yen)	—	—	—
Operating income (million yen)	—	—	▲31
Ordinary income (million yen)	—	—	▲31
Net income (million yen)	—	—	▲116
Net income per share (yen)	—	—	▲29,176

(Note) The number of outstanding shares of the splitting company is stated after the disposal of treasury stock announced on May 15, 2019. Because the succeeding company was incorporated on January 30, 2019, the related figures are stated only for the fiscal year ended March 2019 (formerly known as “LDF Incorporation Preparation Company”). The succeeding company succeeded to a part of business from the splitting company, through the absorption-type company split which was effective as of April 1, 2019.

4. Outline of the Splitting Business Sectors

(1) Details of Business of the Splitting Sectors

Among the Company’s financial business, the business of operating subsidiary management functions for an Insurance Company, and the planning, formulating, and promoting functions of the financial business strategies for that subsidiary, and the business of promoting business collaboration with Lifenet Insurance, kabu.com Securities, and Finatext.

(2) Business Results of the Splitting Sectors

There are no operating revenue in the Business

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

(Unit: millions of yen)

Assets		Liabilities	
Items	Book values	Items	Book values
Cash and deposit	35,000	Liabilities	—
Shares of related companies, etc.	11,916	—	—
Total	46,916	Total	—

(Note) Because the amounts stated above were calculated by adding only the important increases and decreases expected to arise by the effective date based on the balance sheet as of March 31, 2019, the amounts to be actually split will be the figures reflecting to the amounts stated above the adjustments of other increases and decreases arising by the effective date.

5. Status after the Company Split

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

In relation to the effect of the Company Split, we will add “business management of companies which are eligible to be subsidiaries under the Insurance Business Act, and other affairs incidental thereto” to the summary of the business of au Financial Holdings, subject to the acquisition of authorizations and permissions from competent authorities.

6. Future Outlook

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

(For reference)

Forecast of the Consolidated Results for the Fiscal Year Ending March 2020 and Consolidated Actual Results for the Fiscal Year Ended March 2019

(Millions of yen)

	Operating Revenue	Operating Income	Profit for the Period Attributable to Owners of the Parent	Basic Earnings per Share (yen)
Forecast of the consolidated results for the fiscal year ending March 2020	5,200,000	1,020,000	620,000	264.63
Consolidated actual results for the fiscal year ended March 2019	5,080,353	1,013,729	617,669	259.10

End

October 3, 2019

<Press Release>

KDDI Corporation
au Financial Holdings Corporation

Reorganization Pertaining to KDDI Group's Financial Business

~ Further Acceleration of the "Smart Money Concept," which Provides Smartphone-Centric Settlements and Financial Transactions ~

KDDI will carry out the reorganization of its financial business in the group on December 2, 2019 (to be fixed) in order to further strengthen its settlement and financial business (Note 1).

Due to this restructuring, au Financial Holdings will succeed to the shares of kabu.com Securities, au Insurance and LIFENET INSURANCE which are currently held by KDDI, and shift to the following business structure.

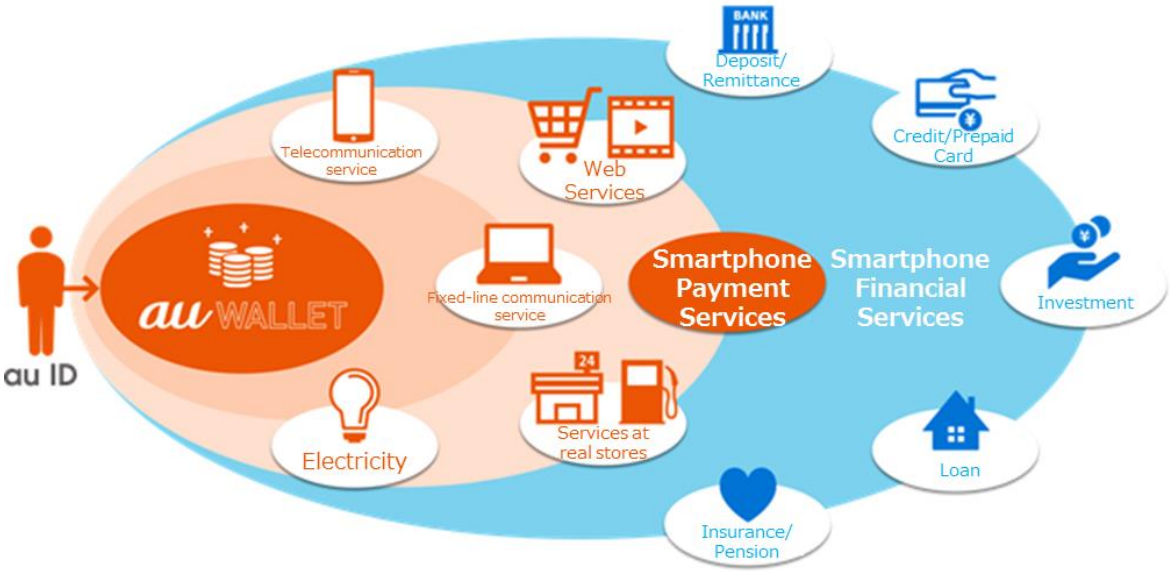
■ Business Structure of au Financial Group

Company Name		Contents of the business
After the change (Note 2)	Current	
au Financial Holdings Corporation	(not changed from the current name)	Financial holding company (Note 3)
au Jibun Bank Corporation	Jibun Bank Corporation	Banking business
au Financial Service Corporation	KDDI Financial Service Inc.	Money lending business, comprehensive credit purchase intermediary business and others
au Payment Corporation	WebMoney Corporation	Electronic money issuance business and funds transfer service
au Asset Management Corporation	(not changed from the current name)	Investment management business and defined contribution pension plan operational management business
au Financial Partner Corporation (Note 4)	(not changed from the current name)	Insurance agent and broker, financial instruments intermediary business and others
au Reinsurance Corporation	(not changed from the current name)	Reinsurance business
au Kabucom Securities Co., Ltd.	kabu.com Securities Co., Ltd.	Financial instruments business
au Insurance Company, Limited	(not changed from the current name)	Non-life insurance business
LIFENET INSURANCE COMPANY	(not changed from the current name)	Life insurance business

[In addition to above, au Financial Holding has invested in Finatext Holdings Ltd.(Fintech business)]

Since the incorporation of au Financial Holdings in April 2019, KDDI has proceeded with the “Smart Money Concept,” which provides smartphone-centric settlement and financial transactions comprehensively through coordination among the group companies. Due to this reorganization, KDDI will further accelerate the “Smart Money Concept” by expanding the services in line with customers’ respective life plans as the financial group in which the security, non-life insurance and life insurance businesses will be aggregated in addition to the banking, settlement and asset management businesses.

In addition, the new company “au Financial Partner” (incorporated in October 1, 2019), which was announced today, will supplement the “Smart Money Concept” with face-to-face financial planning consultations with customers. (Note 4)



<Smart Money Concept>

- (Note 1) The reorganization is subject to the acquisition of authorizations and permissions from competent authorities.
- (Note 2) For the change in the trade name of Jibun Bank, please see the press release dated July 29, 2019 (Japanese Version Only).
With respect to other companies whose trade name is scheduled to be changed, the changes are subject to the acquisition of authorizations and permissions from competent authorities, and KDDI will separately give notification as soon as the timing of the changes is set.
- (Note 3) au Financial Holdings plans to apply for authorization to operate as an insurance holding company in addition to a bank holding company.
- (Note 4) For the incorporation of au Financial Partner, please see the press release published today. (Japanese Version Only)

End