OVERVIEW OF OPERATIONS—

OTHER BUSINESS

OVERVIEW OF OPERATIONS IN THE YEAR ENDED MARCH 31, 2010

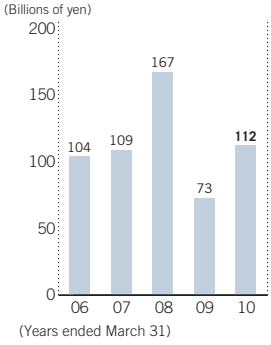
In order to raise the competitiveness of the entire KDDI Group, we are focusing on strengthening its business in fields with growth potential.

Owing to the expansion of this segment's mainstay call center and content businesses, during the year ended March 31, 2010, operating revenues surged 54.2%, to ¥112.2 billion, and operating income totaled ¥3.5 billion.

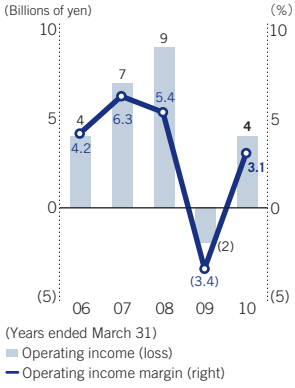
Business Objective

Principal Services/Operations
Call center business, content business, research and advanced development, and other mobile phone services, etc.
Principal Group Companies
KDDI Evolva inc., mediba corporation, etc.

Operating Revenues



Operating Income (Loss)/ Operating Income Margin



RESEARCH AND DEVELOPMENT

In a society to which computers and IT equipment are indispensable, KDDI thrives to develop research and development to make information and communications technologies integrate naturally into society and enable safe, secure, and comfortable communications without customers even needing to be consciously aware of the fact. KDDI's cumulative R&D investments help to achieve these results.

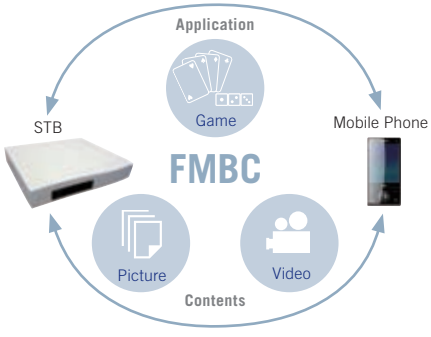
The KDDI R&D laboratories in Fujimino, Saitama Prefecture, are the base of the Group's R&D activities. At this location, we have in place an R&D environment for FMBC. This facility concentrates on component and basic technologies from a long-term, broad-ranging perspective. At the same time, the center pursues cutting-edge research along themes aiming to realize technologies that are advanced, yet easy to use and seemingly ordinary. Each year, these laboratories generate numerous R&D achievements.

In addition, the KDDI R&D Laboratories' Development Center, which concentrates on technical development, is located within the KDDI's headquarters in Tokyo's Chiyoda Ward. Taking on the challenge of differentiating core technologies while reducing costs simultaneously, the center engages in varied developments with the aim of realizing technologies within two to three years.

As a result of their R&D and technology development activities, in the year ended March 31, 2010, these two centers generated an average of more than one patent applied per researcher. In addition, to maintain a firm grasp on trends involving important future technologies and to find research themes, KDDI conducts joint and consignment research with research institutions in Japan and overseas, participates in activities at international academic conferences, and works aggressively toward standardization.

Meanwhile, we endeavor to promote internal communications to match the R&D and technology development needs not only from business divisions but also from operations and construction divisions, with the achievements of KDDI R&D Laboratories in technology development. We also conduct matching activities when the KDDI R&D laboratories commence development projects to share the directions and goals of individual mobile/fixed divisions so that the overall KDDI Group can offer services that are more convenient, interesting, and satisfactory.

Development of an Android™*-Based Set-Top Box (STB)



Built-in system based on Android™ Mobile-linked STB

KDDI R&D Laboratories, Inc. has developed an STB and STB applications based on the Android™ mobile phone platform provided by Google Inc. of the United States.

Using an STB that has the same platform as a mobile phone allows the same content and applications to be used on both STBs and mobile phones. This holds down development costs and shortens lead times.

The STB currently undergoing verification tests offers video on demand (VOD) reception functions, as well as IP multicast broadcast reception functions, that conform to IPTV Forum specifications. Additionally, incorporation of TransferJet™ realizes high-speed transmission of large files between mobile phones and STBs.

Verification tests were also conducted on applications for the STB, such as the "Interlocking Mobile Phone/STB Application," which uses incoming mobile phone calls as the basis for content forwarding and sharing between STBs, and the "In-Home Log Usage Application," which accumulates log information on various equipment at home and shows them on mobile phones and STBs. In addition to confirming their ease of development, these applications achieved seamless linkage between STBs and mobile phones.

* "Android" is a trademark of Google Inc.