

1.2. Full-Year Outlook for FY 2007.3

| FY2006.3 Result | FY2007.3 Forecast (Change) |
|-----------------|----------------------------|
|-----------------|----------------------------|

1 On a consolidated basis, Company forecasts an increase in operating revenues & operating income.

- Mobile Business: Slight increase in OP due to expand sales with MNP (mobile number portability) in 2H.
- Fixed-line Business: OP loss narrowed as improving profitability in Metal Plus covers increased FTTH costs.

| | | |
|---------------------|-------------|-----------------------|
| ➤ Operating revenue | : ¥3,060.8B | ¥3,293.0B (+ ¥232.2B) |
| Operating income | : ¥296.6B | ¥318.0B (+ ¥21.4B) |

➤ Key performance index

| | | |
|---|-----------------|-------------------------------|
| ✓“au” ARPU | : ¥7,040 | ¥6,580 (¥460) |
| ✓Mobile Business total subs (“au”+TU-KA) | : 25.44 million | 27.44 million (+ 2.0 million) |
| ✓Total TU-KA migrants keeping same numbers: | 0.71 million | 1.61 million (+ 0.9 million) |
| ✓Metal Plus total subs | : 1.8 million | 2.75 million (+ 0.95 million) |
| ✓FTTH total subs | : 0.17 million | 0.29 million (+ 0.12 million) |

2 Forecast capex at ¥450.0B (+¥35.3B) due to increased investment in 2GHz for “au.”

1.3. FY 2007.3 Challenges

- 1** Secure customer acquisitions to strengthen business foundations for sustainable growth.
 - Build up brand strength, enhance customer satisfaction and bolster compliance.
 - Develop FMC (Fixed & Mobile Convergence) services by exploiting KDDI's competitive advantages.

- 2** Mobile Business ("au" + TU-KA)
 - Enhance retention in 1H and retention plus customer acquisition in 2H through MNP by increasing all-round product attractiveness toward MNP.
 - Reinforce competitive edge in terms of handset, charges and content by continuing to enhance infrastructure through introduction of Rev.A (during CY2006).
 - Promote smooth migration of TU-KA users to "au."
 - Mobile Solutions: Secure new customers with MNP by improving product development capabilities and promoting sales together with solutions services.

- 3** Fixed-line Business
 - Bolster business foundations towards future development of FMC services by promoting direct access services, IP and broadband.
 - Expand sales of Metal Plus and boost profitability.
 - Ensure smooth launch of integrated FTTH services with TEPCO.