

1.2. 2H/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 FMBC services by exploiting KDDI's competitive advantages.

(Note) Fixed Mobile & Broadcast Convergence

- 2** Mobile Business ("au" + Tu-Ka)
 - Enhance retention measures and customer acquisition with MNP by boosting product competitiveness. Aim for "au" to continue being the brand of choice among customers.
 - Reinforce competitive edge in terms of handset, charges and content through introduction of BCMCS (Sept. 06) and Rev.A (planned Dec.06), by exploiting strength in infrastructure.
 - 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 FMBC 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.