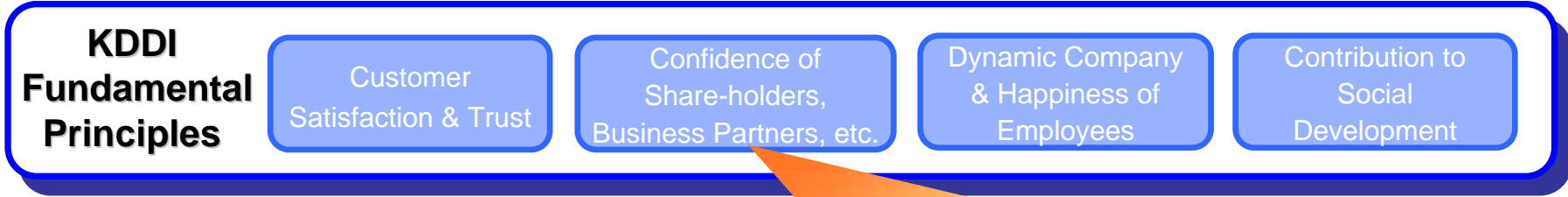




Challenge 2010

Positioning of “Challenge 2010”

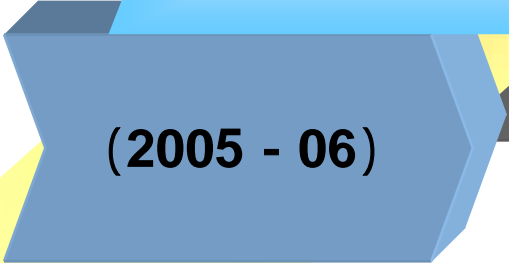
**Challenge
2010**



= “Sustainable Growth Company”



Simultaneous pursuit of
 “Quantitative Expansion”
 and “Qualitative Enhancement”



“Strategy and Speed” toward sustainable growth

Expand Mobile customer base through MNP
 Consolidate FTTH operating base (integration of TEPCO’s FTTH business)



“Selection and Concentration” toward strengthening the management foundation

Concentrate resources on “au” business Reduce interest-bearing debts

Core Messages of “Challenge 2010”

- Aim for “Customer Satisfaction No.1” in every service.
- Realize sustainable growth through simultaneous pursuit of “Quantitative Expansion” and “Qualitative Enhancement.”
- Targets in FY2010 (consolidated)
 Operating revenues: ¥ 4 trillion, Operating income: ¥ 600 billion
 - Maintain the momentum of increasing revenues and income in Mobile business.
 - Enlarge sales by expanding customer base and business domain.
 - Promote broadband such as FTTH business, etc. and make a turnaround in Fixed-line Business.
 - Develop FMBC and expand non-traffic business domain.
 - Expand corporate business to be an all-round player which can offer ICT* as one-stop shopping. *Information and Communication Technology
- Enhance the return to shareholders.

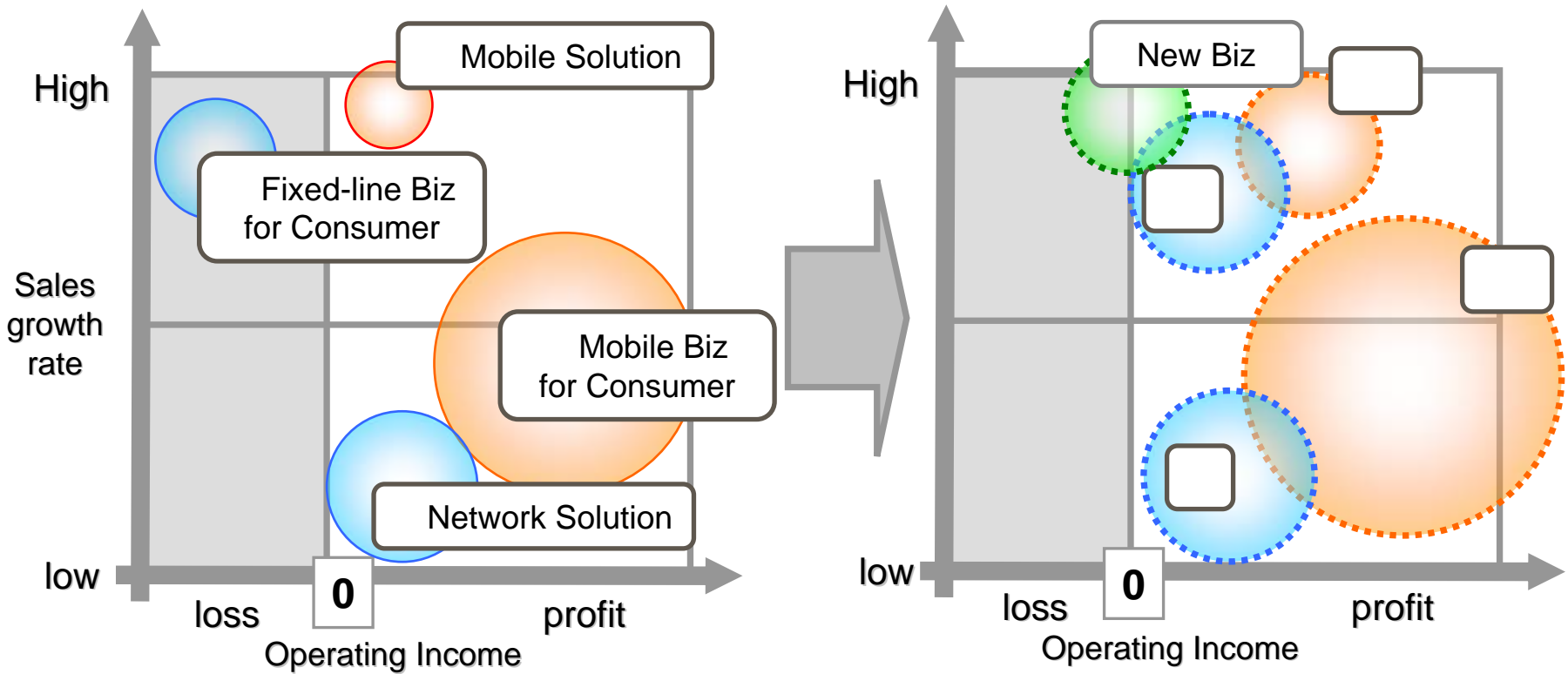
Growth Driver

- Mobile for Consumer, mainstay business, will continue to drive the consolidated business performance, with Fixed-line Business also aimed for improved profitability.

Image of Business Portfolios

Current

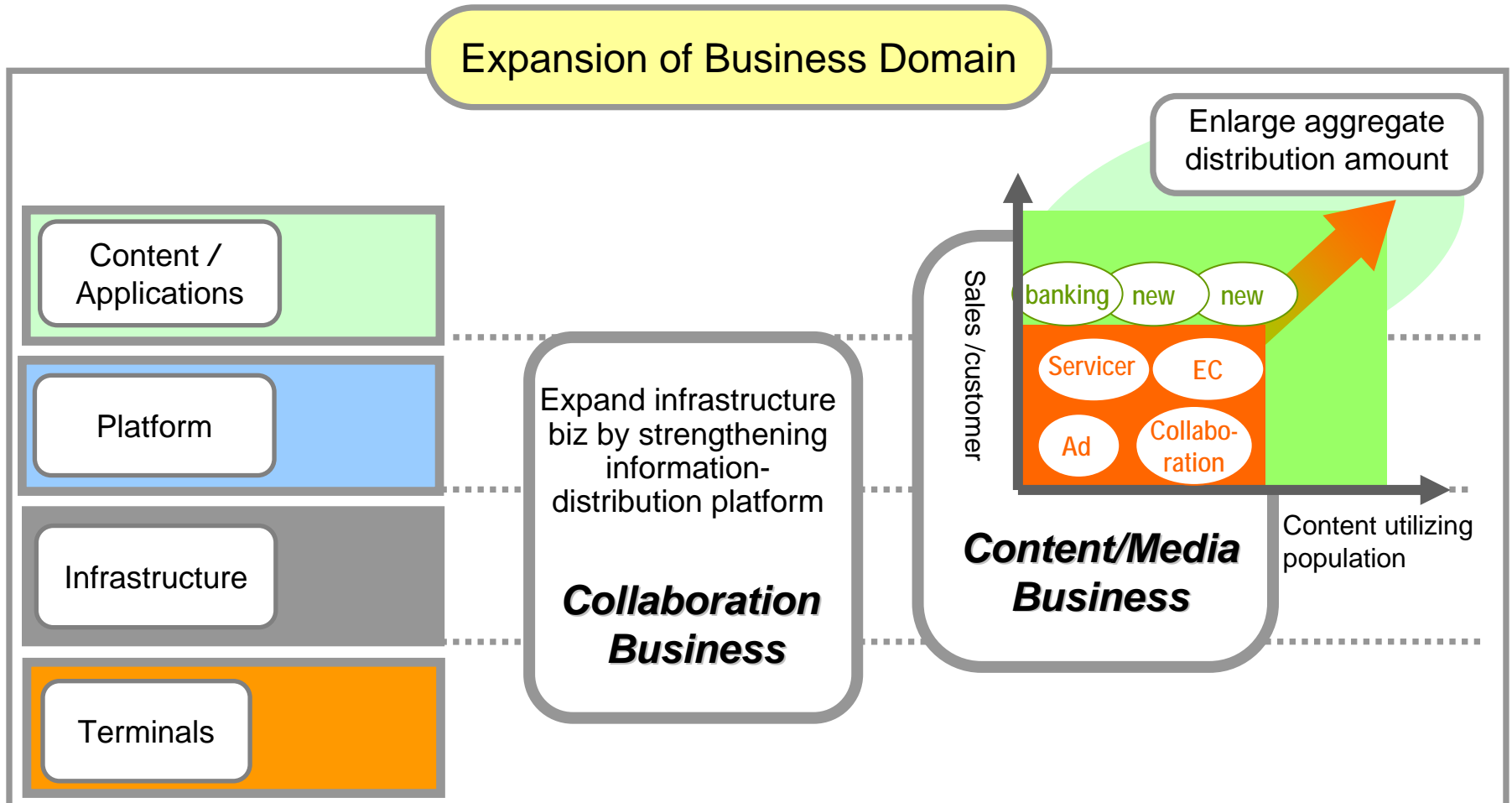
FY2010



Note: The sizes of the circles show images on those of sales.

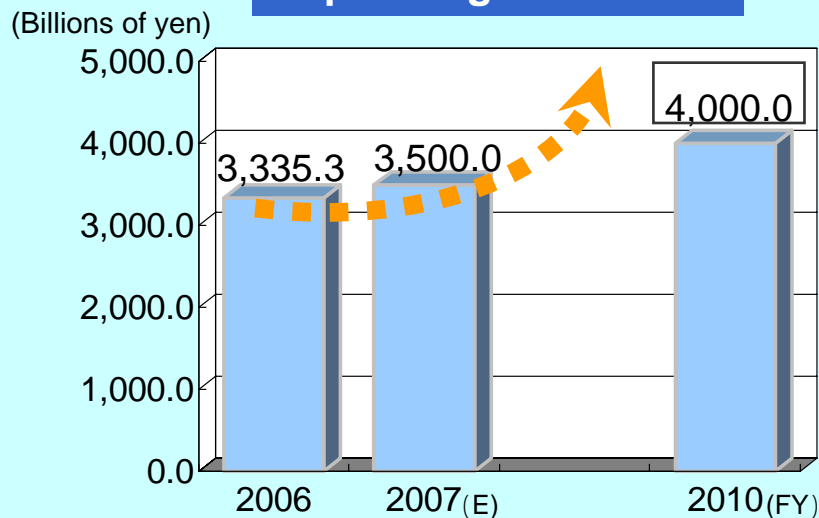
Expansion of Business Domain(1)

- Expand business domain by strengthening information-distribution platform, enhancing initiatives for content media business and enlarging aggregate distribution amount.

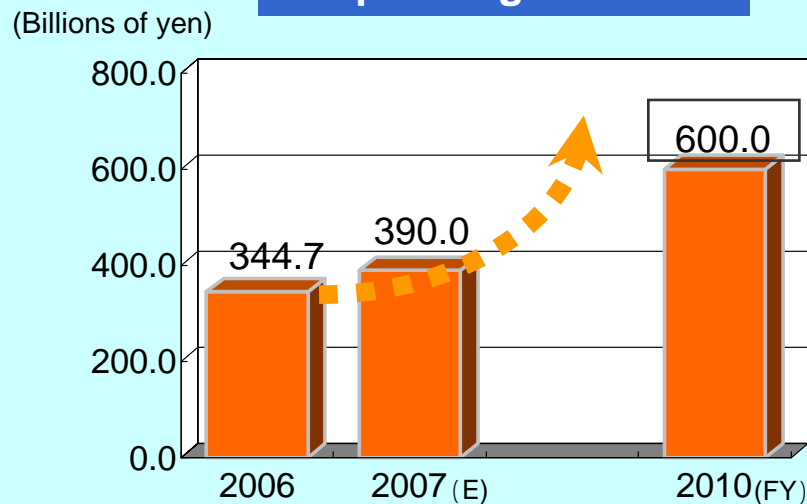


Expansion of Business Domain(2)

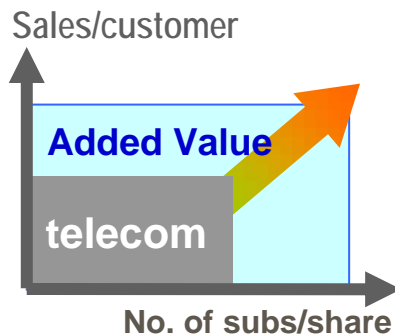
Consolidated Operating Revenues



Consolidated Operating Income

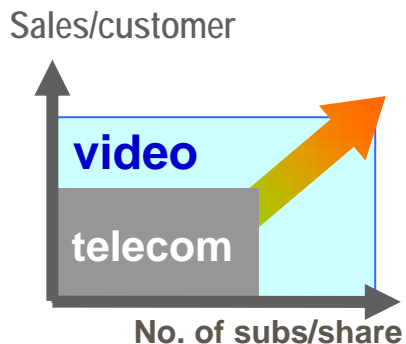


Mobile Biz for Consumer

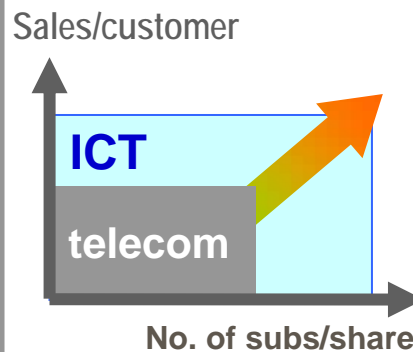


*Content servicing, EC, etc.

Fixed-line Biz for Consumer

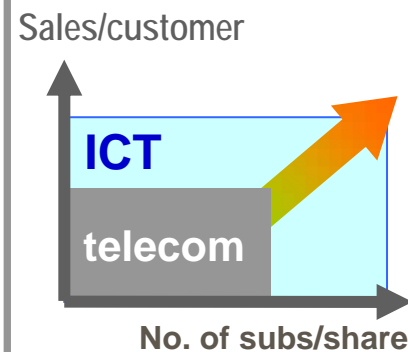


Mobile Solution



*Mobile solutions, Module solutions, etc.

Network Solution



*Managed service, premises solution, etc.

- Maintain the momentum of increasing revenues and income in Mobile business
 - Enlarge sales by expanding customer base and business domain.

Further Strengthening Competitiveness

Handsets

- Reduce costs through KDDI Integrated Platform (KCP+) and expand Rev. A handsets

Charges
/service

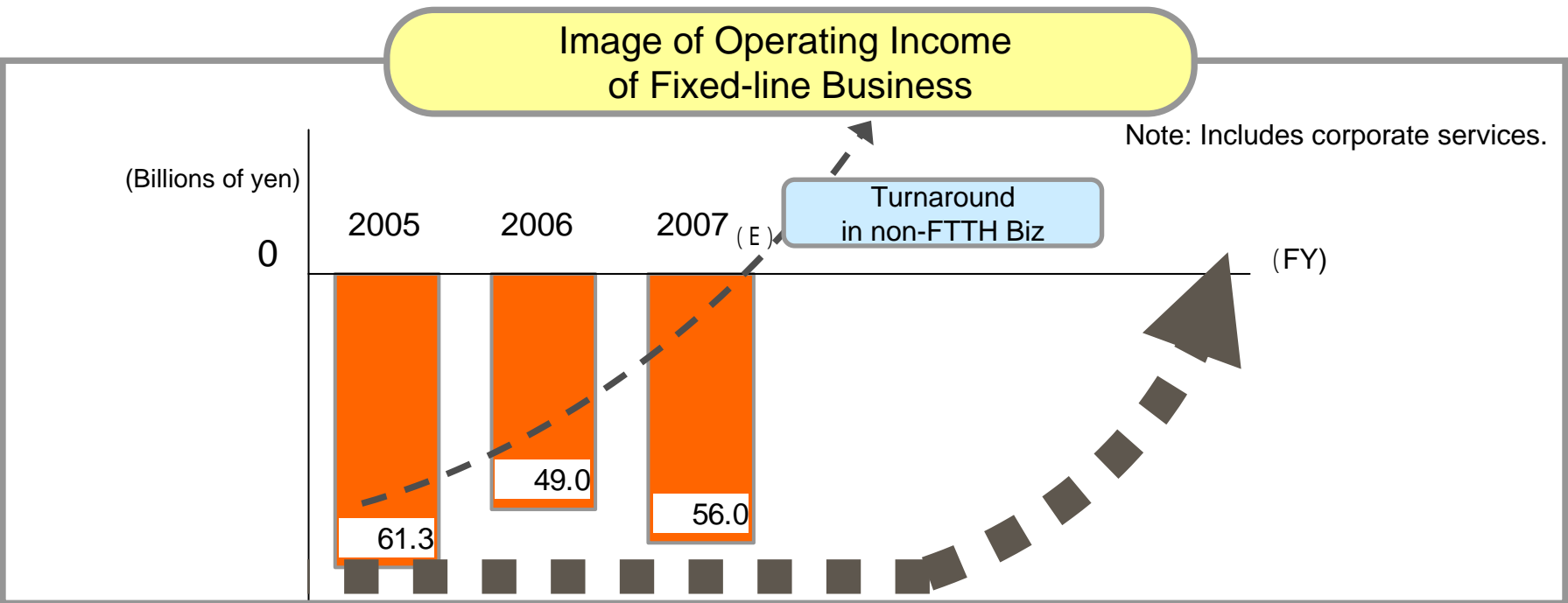
- Underpin ARPU by adding new services
- Enhance global roaming
- Develop business models to address customer needs
- Reinforce settlement / authentication functions and FMBC service

Infrastructure

- Reorganize 800MHz band and enhance coverage
- Improve communications quality
- Commercial launch of the post-Rev. A system

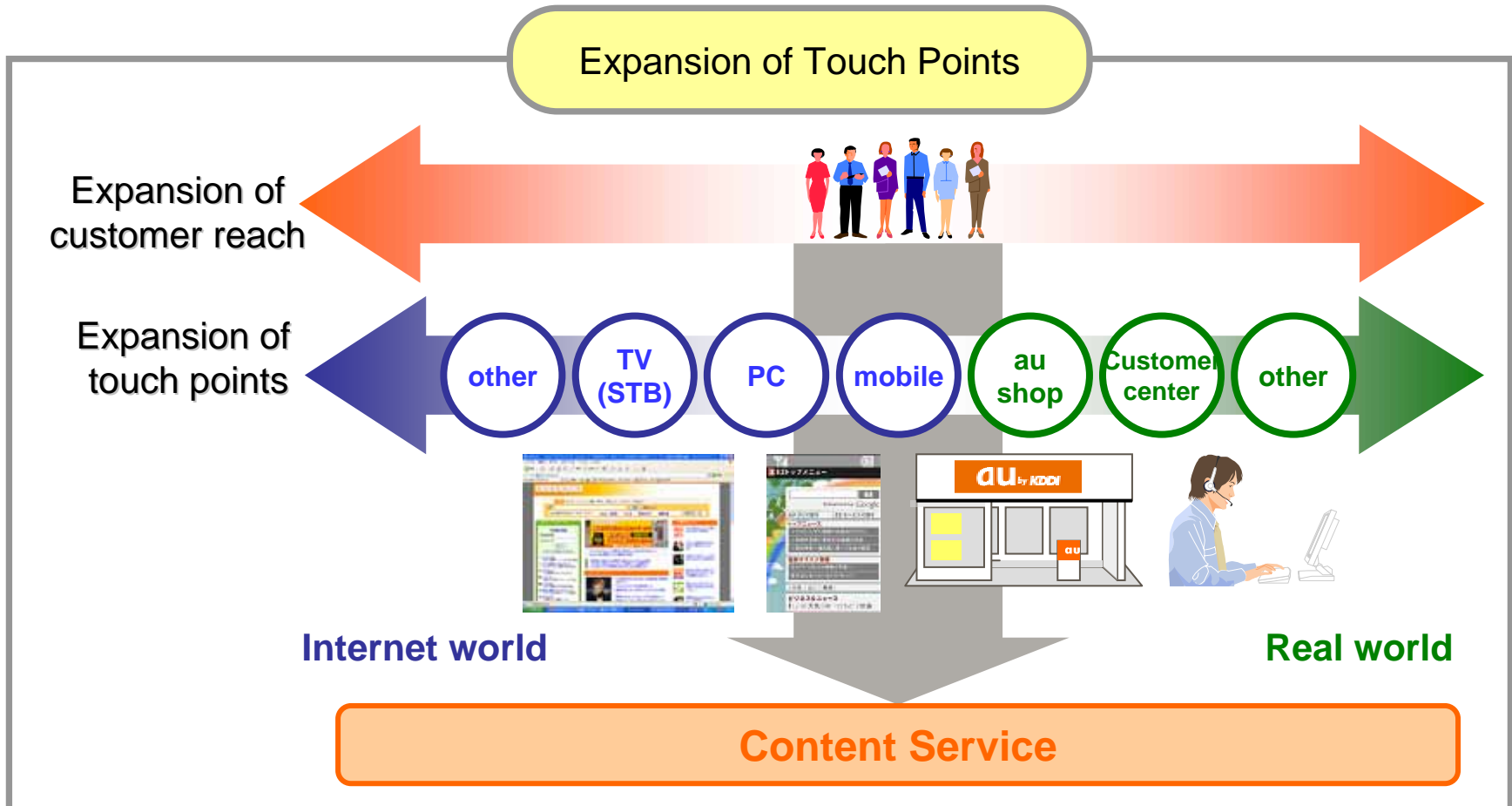
Fixed-line Business for Consumer

- Promote broadband such as FTTH business, etc. by utilizing various access lines and make a turnaround in Fixed-line Business.
 - As for FTTH, access network of our own, aim for a 30% share in Tokyo-metropolitan service area over the mid-long terms.
 - Enhance video ARPU by promoting broadband.
 - As for KDDI METAL PLUS, bolster profitability by maintaining a customer base of more than 3M over the mid-long terms.



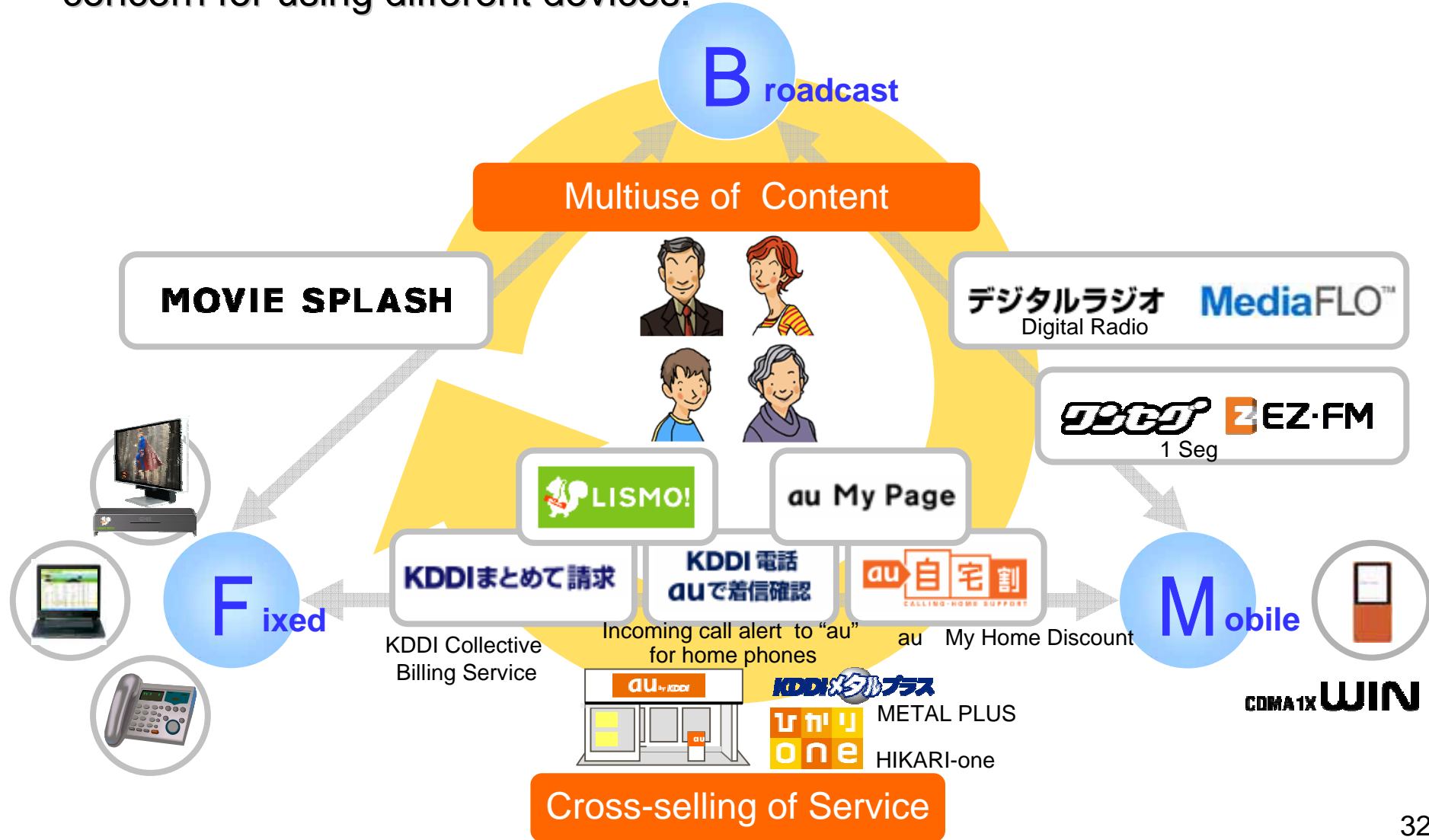
Expansion of Content/Media Business

- Enlarge content-use population by reinforcing touch points (contact points with customers) and reaching a wide-range of age groups.
- Sales results in FY2006 were ¥27.2B. Aim at expanding sales further by about 2.5 times in FY2010 compared with FY2006.



Development of FMBC for Consumer

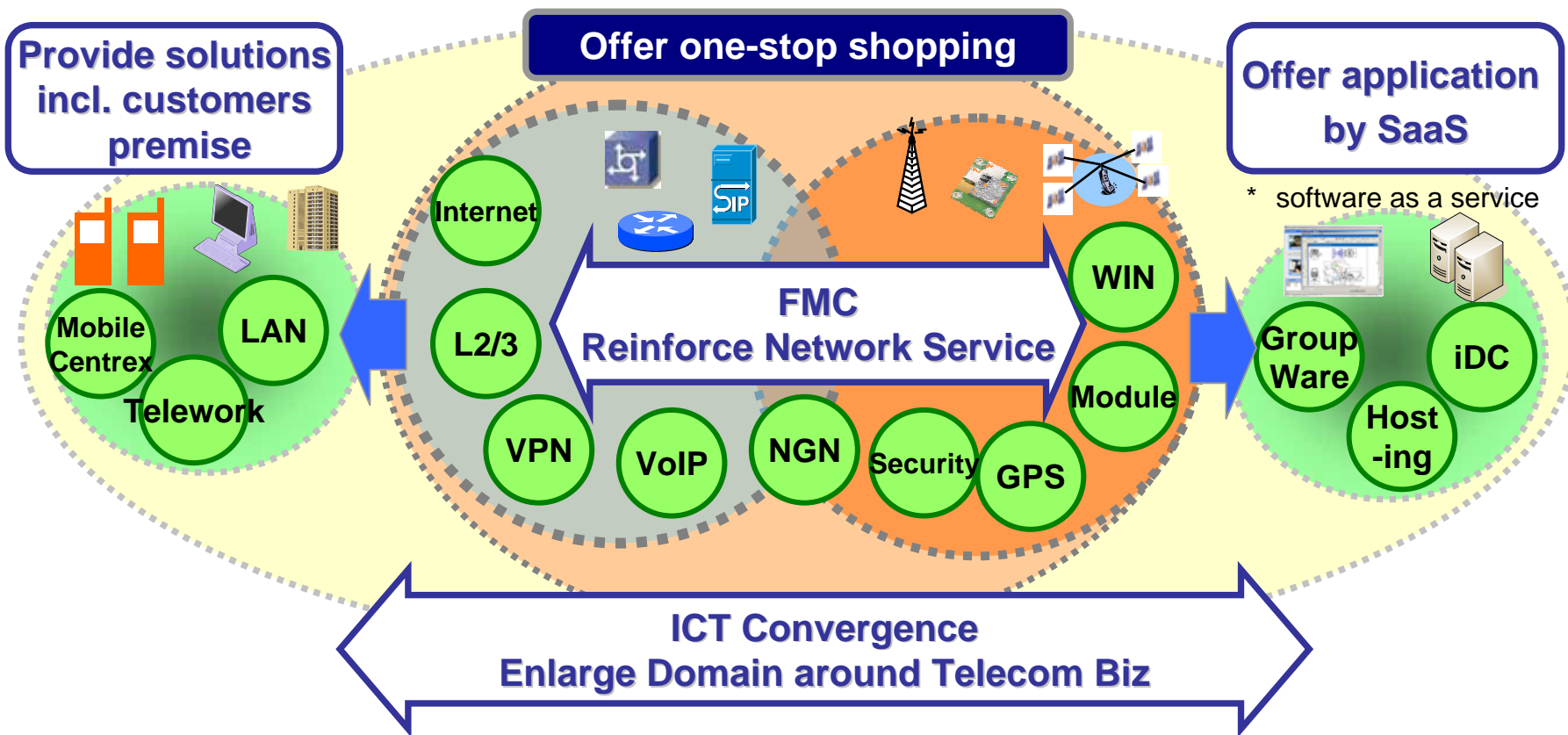
- Realize a world of optimum communication environment where customers can enjoy various services and content anywhere and anytime without concern for using different devices.



Corporate Services – Be an ICT Provider

- Expand corporate business to be an all-round player which can offer ICT* as one-stop shopping through further strengthening network service and enlarging its domain around conventional telecom business.

*Information and Communication Technology

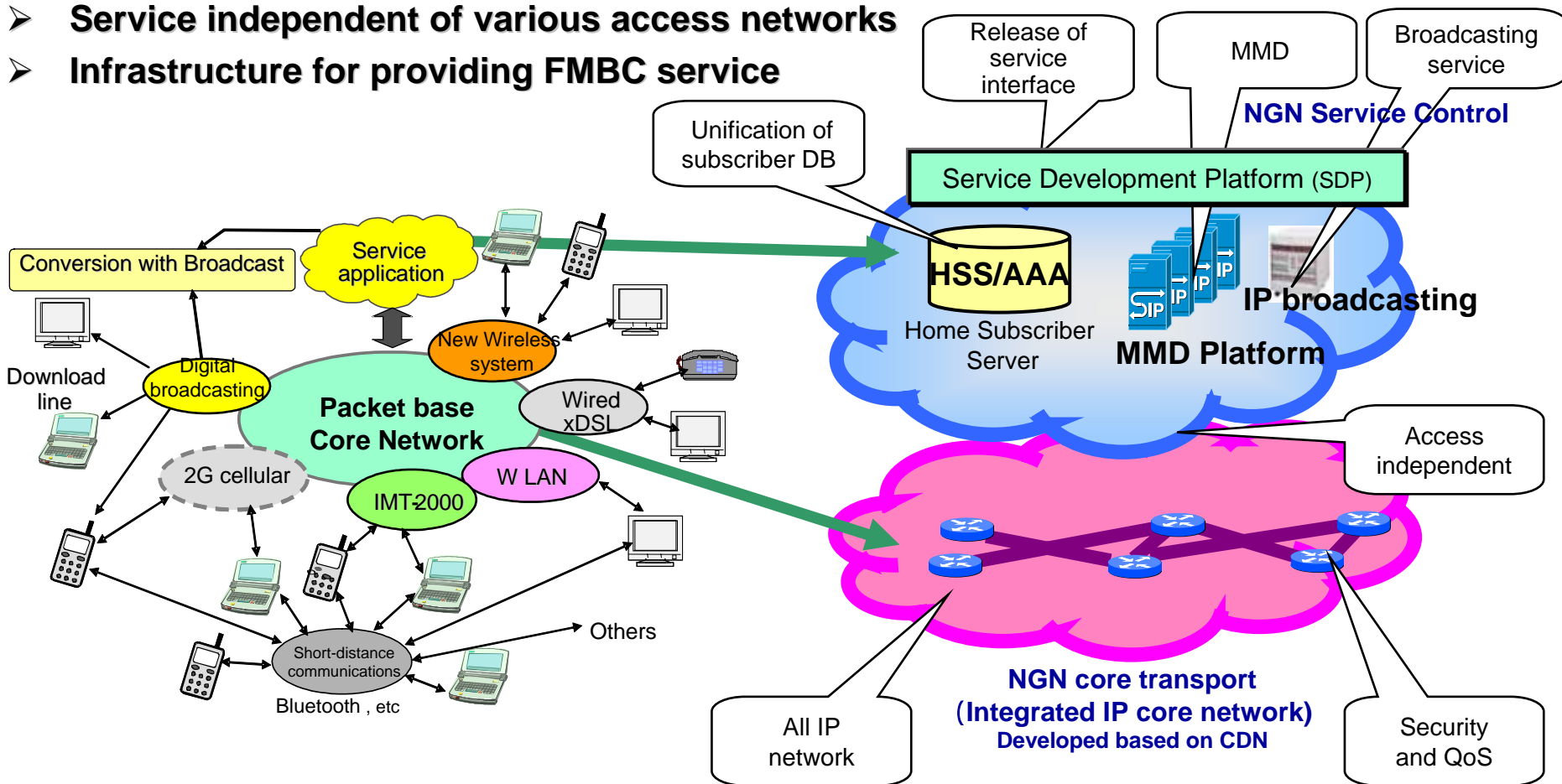


Infrastructure Strategy

Under the "Ultra 3G" plan, construct KDDI NGN, leveraging Mobile system (MMD) to precede competitors and establish differentiation.

- **Service independent of various access networks**
- **Infrastructure for providing FMBC service**

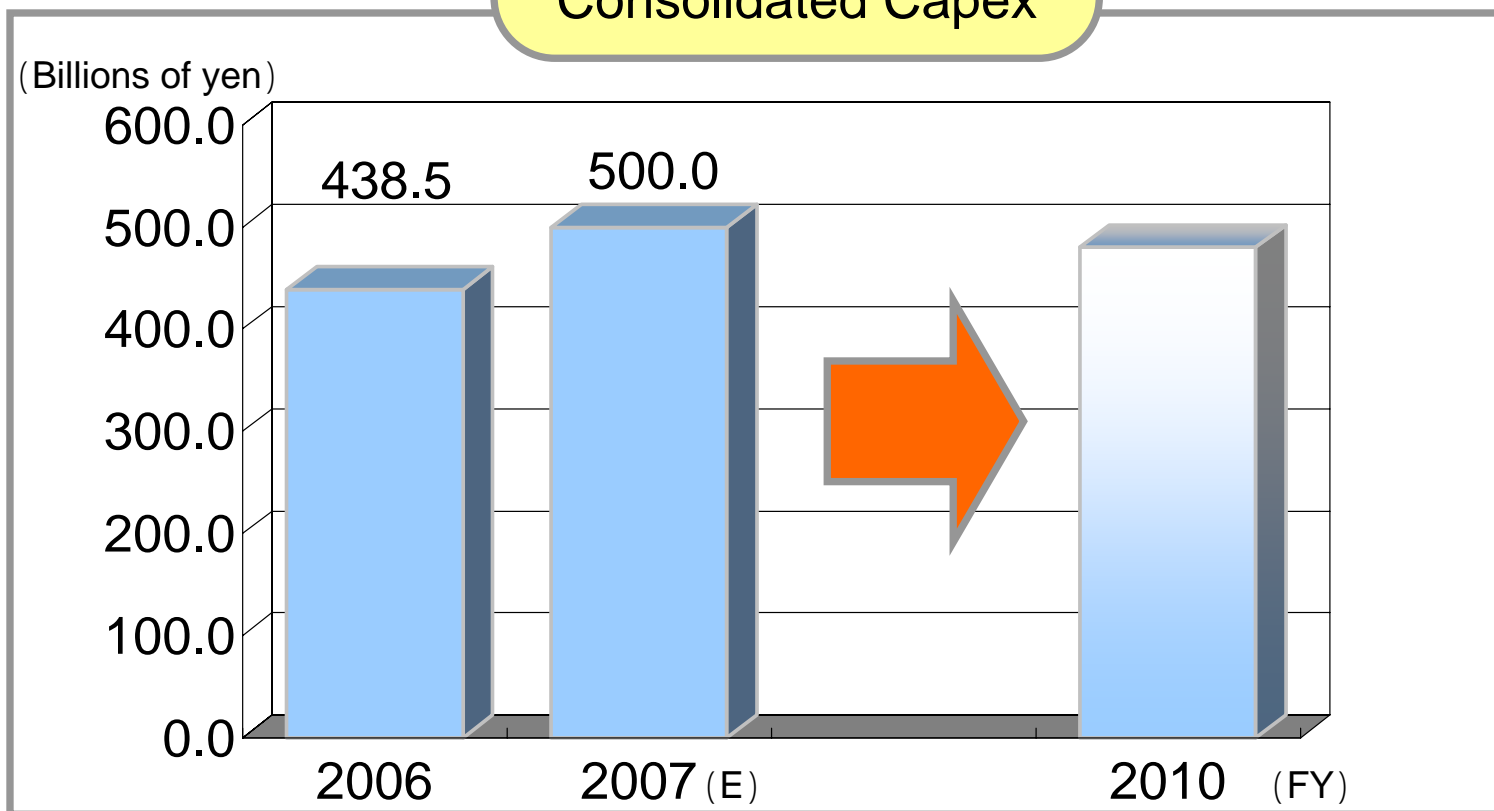
MMD: Multimedia Domain
 NGN: Next Generation Network



Capital Expenditure

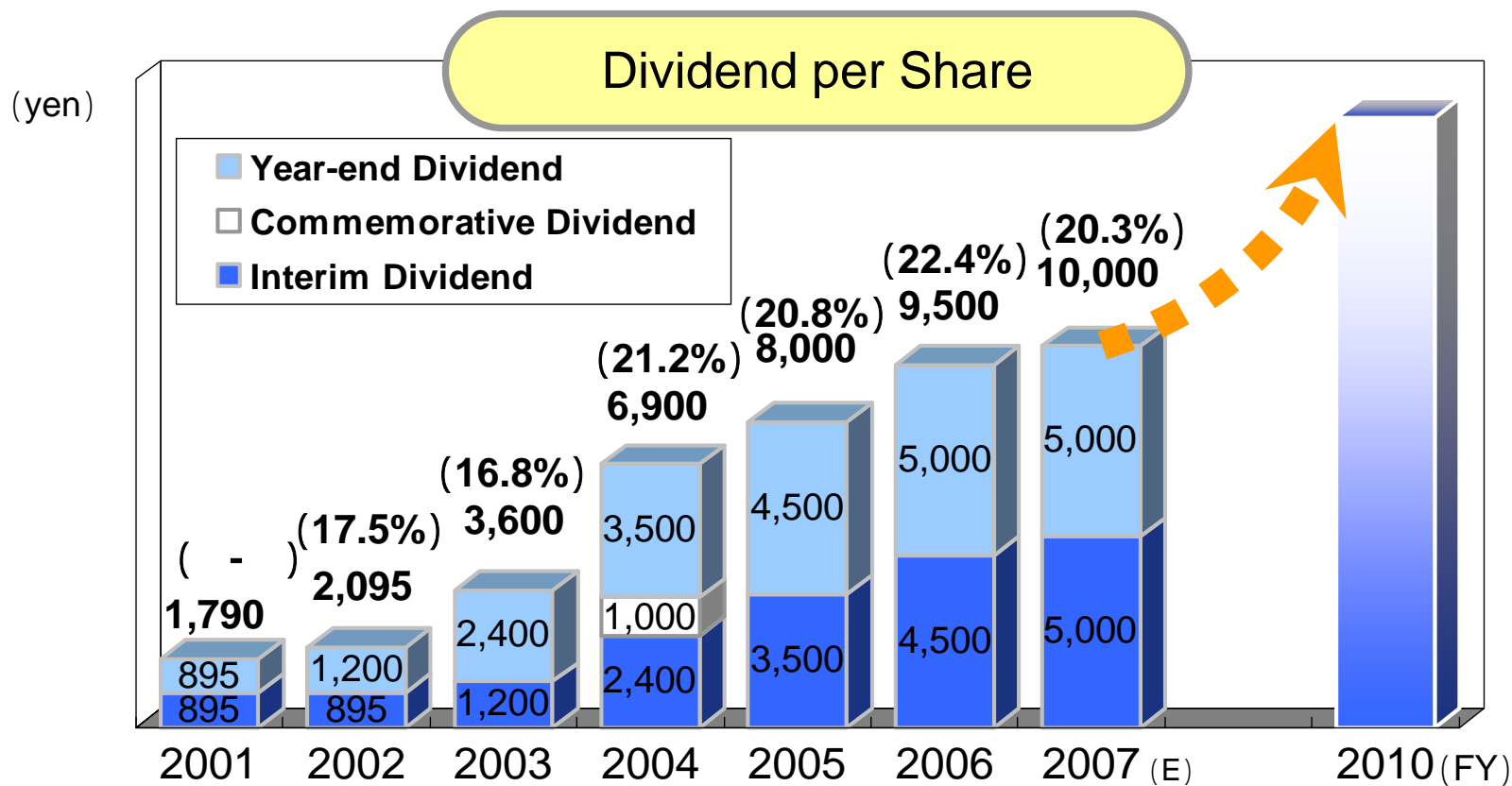
- Prioritize capex for expanding customer base and achieving sustainable growth.

Consolidated Capex



Shareholder Returns

- Maintain stable dividend – aim for consolidated payout ratio of 20% or more, taking investments for sustainable growth into consideration.
- Flexibly implement acquisitions of own shares from the viewpoint of agile capital policy.



Note: () refers to payout ratio, which shows on a company basis until FY2005 and on a consolidated basis in FY2006 and onwards. FY2001 posted net loss, therefore, shown as (-).

~ FY2010

➤ **Improvement of Fair Competition Rules, etc.**

(New Competition Promotion Program 2010)

- Study Group on Mobile Business
(Sales commission, SIM lock release, MVNO)
- Panel on Neutrality of Networks
- Study Group on Future Images of Universal Service Fund System

➤ **Panel on ICT International Competitiveness**

➤ **Study Group on Comprehensive Legal System
Governing Communications and Broadcasting**

As of FY2010

**Address
Organizational Issues on NTT**

“Challenge 2010”

KDDI aims to become an excellent company through simultaneous pursuit of “Quantitative Expansion” and “Qualitative Enhancement.”

