Business at a Glance

FY 2009.3 Results by Segment

Mobile Business

Mobile Phone Services, Sale of Mobile Phone Handsets, Mobile Solutions Services, etc.

→ P.26

Operating Revenues . . . **¥2,719.2 billion (–5.0%)**

Operating Income. . . . . . . **¥501.5 billion (+10.2%)**

The Mobile Business in FY 2009.3 saw a 5.0% drop in operating revenues year on year to ¥2,719.2 billion, mainly due to a significant drop in the number of handset units sold. Operating income was up 10.2% to ¥501.5 billion, also due to the effects of the decrease in handset sales and a decline in sales commissions due to the shift to the "Simple Course," which separates tariffs from handset prices.

Fixed-line Business

Local, Long-Distance, and International Telecommunications Services, Internet Services, Solutions Services, Data Center Services, Cable Television Services, etc.

→ P.40

Operating Revenues . . . . . **¥848.7 billion (+18.1%)**

Operating Income (Loss) . . **¥(56.6) billion (—)**

Operating revenues in the Fixed-line Business rose 18.1% to ¥848.7 billion as a result of the addition of CTC as a consolidated subsidiary in April 2008, as well as the reclassification of the JCN Group and an overseas fixed-line subsidiary from the Other Business to the Fixed-line Business. Operating loss improved by ¥8.1 billion year on year to ¥56.6 billion thanks to improvements in the balance of payments for "Metal-plus," which offset higher costs related to the FTTH business.

Other Business

Call Center Business, Content Business, Research and Advanced Development, and Other Mobile Phone Services

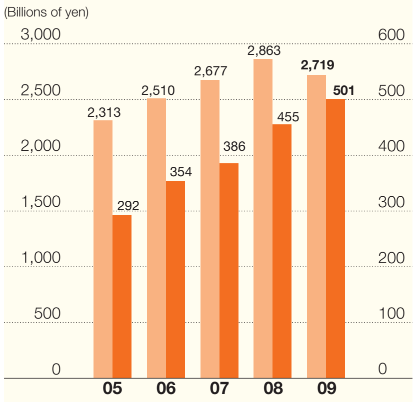
→ P.50

Operating Revenues . . . . . . **¥72.8 billion (–56.5%)**

Operating Income (Loss) . . . **¥(2.5) billion (—)**

Other Business recorded operating revenues of ¥72.8 billion in FY 2009.3, 56.5% lower year on year due in part to the reclassification of an overseas fixed-line subsidiary and the JCN Group from the Other Business to the Fixed-line Business. Operating loss amounted to ¥2.5 billion.

Operating Revenues/Operating Income



Years ended Marchi 31

Operating revenues Operating income

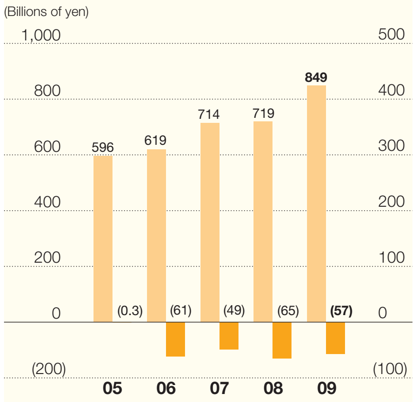
FY 2010.3 Forecasts by Segment

Operating Revenues . . . **¥2,650.0 billion (–2.5%)**

Operating Income. . . . . . .**¥510.0 billion (+1.7%)**

KDDI management predicts that operating revenues for the Mobile Business in FY 2010.3 will fall 2.5% to ¥2,650.0 billion as customers shift to simple course subscriptions and total ARPU falls. Operating income is expected to rise by 1.7% to ¥510.0 billion due to the reduction in sales commissions associated with the shift to the simple course and the decreasing number of handsets sold.

Operating Revenues/Operating Income



Years ended Marchi 31

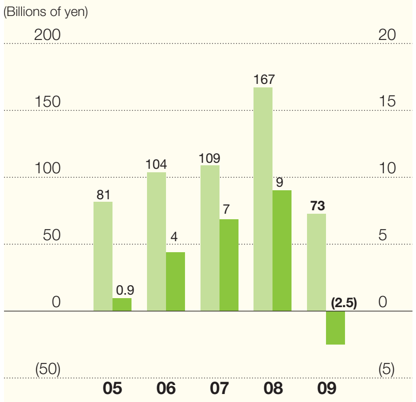
Operating revenues Operating income (loss)

Operating Revenues . . . . .**¥880.0 billion (+3.7%)**

Operating Income (Loss) . .**¥(40.0) billion (—)**

KDDI management predicts that operating revenues in the Fixed-line Business will increase 3.7% to ¥880.0 billion as progress in the FTTH business leads to increased subscription numbers. Operating loss is expected to improve by ¥16.6 billion to a loss of ¥40.0 billion due to such factors as lower depreciation costs associated with the depreciation of FTTH equipment in the previous fiscal year.

Operating Revenues/Operating Income



Years ended Marchi 31

Operating revenues Operating income (loss)

Operating Revenues . . . . .**¥100.0 billion (+37.4%)**

Operating Income. . . . . **¥3.0 billion (—)**

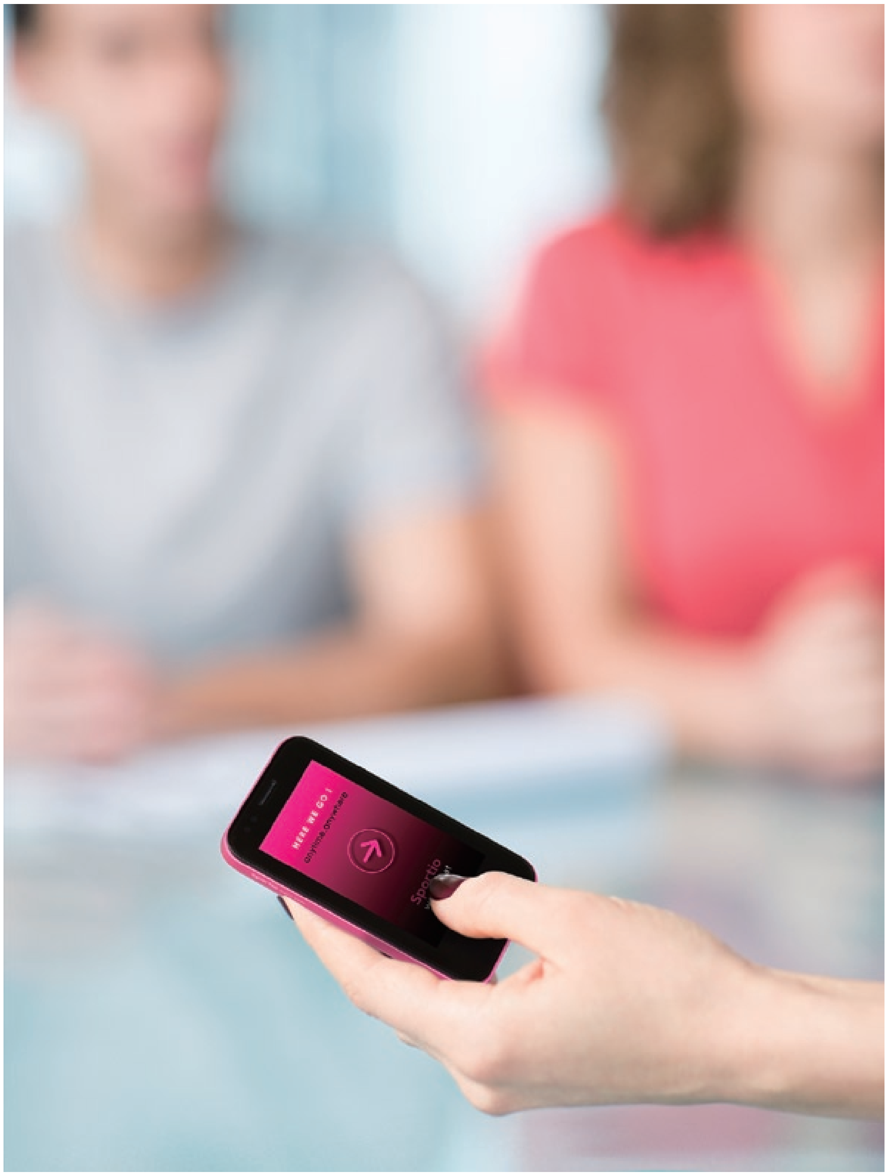
KDDI management predicts that operating revenues in the Other Business will rise 37.4% to ¥100.0 billion due to the expansion of business of a consolidated subsidiary. Operating income is expected to total ¥3.0 billion.

Mobile Business

Increasing Customer Satisfaction by Strengthening Overall Product Appeal

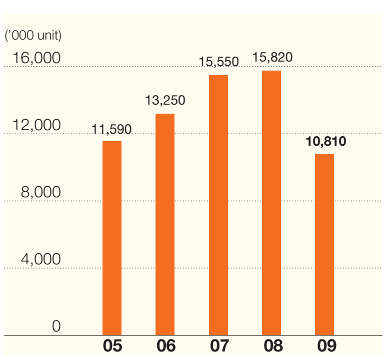
Sportio water beat

Featuring functions to be enjoyed during sports such as a workout or golf, this strategic handset model features all of the “au Smart Sports” functions. With a compact and rounded form that make is easy to carry, it is also fashionable and colorful enough for use in social situations. Easy-to-use, the screen is a touch panel with a side cursor key to assist with operation.



Competition for Acquiring Customers has Intensified Amid Significant Drops in Handset Sales.

au Handsets Sold During the Fiscal Year



(Years ended March 31)

Overview of Fiscal Year 2009.3

Operating revenue fell but operating income rose in the Mobile Business for FY 2009.3, with operating revenue down 5.0% year on year, to ¥2,719.2 billion, and operating income up by 10.2%, to ¥501.5 billion. Operating income increased despite the posting of an extraordinary loss on impairment of ¥43.5 billion related to the current 800MHz band facility, use of which will cease after July 2012 with the reorganization of bandwidth. As a result of these developments, net income rose 2.5% year on year, to ¥273.1 billion.

■ Subscriptions

The accumulated subscriptions as of the end of March 2009 stood at 30.84 million, up 1.7% year on year. This represents a 28.7% share of the market.

Of these, 99% (30.53 million) subscribed to 3G mobile phone services. CDMA 1X WIN ("WIN") subscriptions were 22.72 million, accounting for 74% of all subscriptions.

■ Churn Rate

The churn rate for FY 2009.3 was 0.76%, down 0.19 percentage points year on year. This was due in part to the spread of multi-year contract services, the spread of the new "Simple course" pricing plan, and the effects of the recession.

■ Handset Sales and Inventory

The number of handsets sold fell 31.7% year on year, to 10.81 million. This was due partly to the spread of pricing plans separating tariffs from handset prices.

Handset inventory as of the end of March 2009 totaled 1.69 million units, up 29% (390,000 units) year on year. This number included 360,000 units already written off. With handset sales down significantly, particularly in the first half of the fiscal year, a gap arose between the number of handset orders placed with manufacturers and numbers sold, resulting in high inventory levels.

Sales commissions on such models were increased in an effort to reduce inventory. Write-offs and disposal of excess inventories led to write-off/disposal losses for FY2009.3 totaling ¥25.7 billion. By making adjustments to bring orders to manufacturers more in line with the market needs, the Company expects to see inventory returning to an appropriate level in FY 2010.3.

Mobile Business

■ Sales Commissions

Commissions (average subscriber acquisition and subscriber retention costs) rose 5% year on year, to ¥39,000. As a result of a wholesale handset sales review in November 2007, done at the same time as the introduction of a the "au Purchase Program," the handset wholesale price increased. KDDI took measures to soften the impact of this change on retailers and subscribers, and sales commissions climbed in comparison with the original base. While a rise in the ratio of "Simple course" helped to lower costs, sales commissions rose overall due to inventory adjustments resulting from the significant decline in handset sales and higher handset procurement costs due to increased adoption of handsets with more advanced functions.

■ ARPU

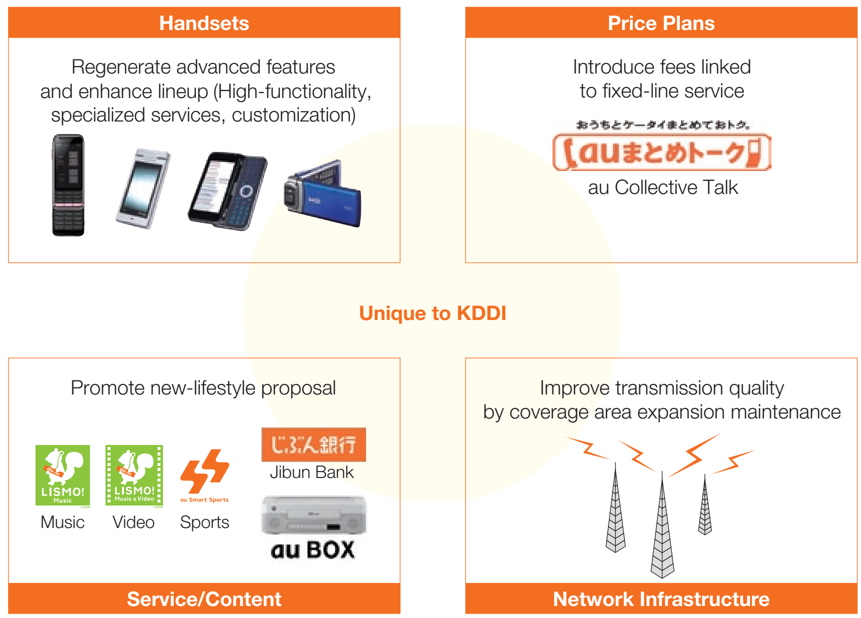
Average Revenue per Unit (ARPU) for FY 2009.3 declined 7.3% year on year, to ¥5,800. Of this total, voice ARPU fell 13.1% year on year, to ¥3,590, due to the popularization of the "Everybody Discount" and "Family Discount" services, and a decrease in MOU chargeable. Data ARPU rose 3.8% to ¥2,210, boosted in part by a steady increase in the proportion of "WIN" subscription, a high-end service.

KDDI has differentiated its mobile service from its competitors' by drawing on the advantages of its 3G infrastructure to enhance the appeal of its overall product strategy, including handsets, price plans, and content. The Company believes that to continue to be the customers' service of choice, it must work diligently to increase customer satisfaction levels through improvements in four areas—network infrastructure, handsets, price plans, and content. Reflecting that dedication, in 2008, "au" was recognized as first in customer satisfaction for mobile services for the third year in a row.* KDDI believes that its consistently strong performance is a result of the recognition by the customers of these patient and steady efforts.

*Source: J.D. Power Asia Pacific 2006–2008 Japan Mobile Telephone Service Satisfaction Study℠
2008 study conducted across 10 regions throughout Japan including Okinawa. Based on responses from a total of 7,500 mobile phone subscribers living in each region.

Measures to Strengthen Overall Product Appeal

KDDI aims to increase customer satisfaction by strengthening overall product appeal through improvements in four areas: network infrastructure, handsets, price plans, and services/content. This section introduces the Company's initiatives in these four areas in FY 2009.3.



KDDI Is Preparing and Expanding EV-DO Rev. A and Preparing for the Reorganiza-tion of the 800MHz Bandwidth While Setting Policies for the Next Generation Systems.

Network

KDDI has differentiated itself from other carriers with the CDMA2000 1x EV-DO ("EV-DO") format* currently used for its "WIN" services. Progress in establishing and expanding coverage for EV-DO Rev. A, an upgraded version of EV-DO, has enabled us to cover virtually all major regions of all 47 prefectures in Japan as of the end of March 2009. EV-DO Rev. A downlink speed has been improved to a maximum of 3.1Mbps, and uplink speed to a maximum of 1.8Mbps.

In addition to expanding and enhancing coverage to improve transmission quality in response to rising subscriber numbers and increased demand for data communications, KDDI is also expanding the 2GHz band, and working to prepare for the allocation of a new 800MHz band, based on the 800MHz band reorganization.

The reorganization of the 800MHz band calls for switching the direction of the current uplink (handset to base station) and downlink (base station to handset), and reallocating the current narrow and scattered frequencies into solid blocks by July 2012. Currently, the 800MHz band is KDDI's main operating band, but the Company is pressing ahead with expansion of 2GHz band coverage, and also is increasing the area coverage for the new 800MHz band in preparation for full conversion by July 2012.

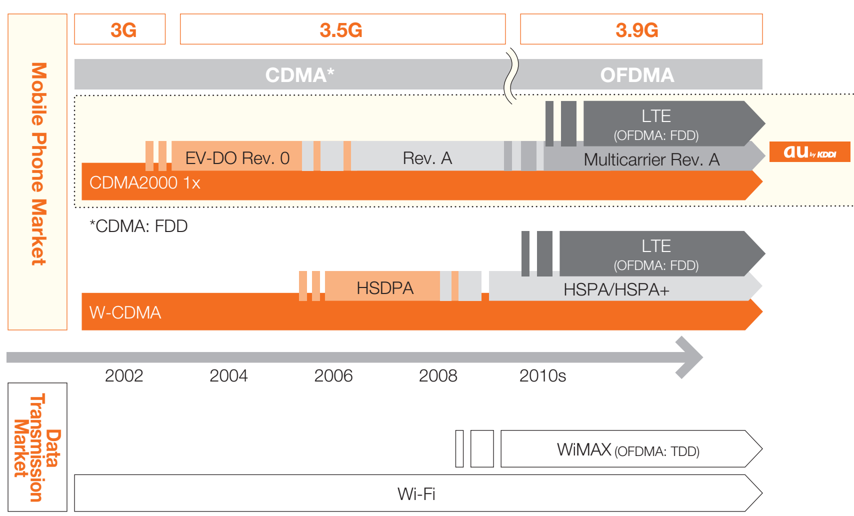
***The CDMA2000 1xEV-DO Format**

Because EV-DO is a technology specifically for data communications, it is suited for high-speed, large-volume data transmission. With the introduction of EV-DO, KDDI was able to significantly lower per-bit transmission costs. Drawing on the strengths of the EV-DO infra-structure, KDDI has been able to stay ahead of other carriers in offering appealing services such as "EZ Chaku-Uta-Full®" and attractive price plans such as the "Double-Teigaku-Light" (Packet Flat-rate) plan.

Mobile Business

In addition to the current 800MHz band and the 2GHz band, KDDI has made available tri-band (current 800MHz, 2GHz and new 800MHz) compatible handsets, and as of the end of March 2009, approximately 15.7 million, or about 50% of all au handsets under contract, were tri-band compatible. The Company will continue working to provide more tri-brand handsets over the next three years, so that by the time of the July 2012 switch to the new band, all au subscribers will be using tri-band handsets.

As part of its efforts to respond to current growth trends in data communications traffic, while also ensuring efficient capital investment, KDDI has decided to introduce a 3.9G system based on the LTE technology, with a view to providing services from 2012. Furthermore, to respond to subscriber needs for high-speed data communications until the introduction of the LTE based service, the Company plans to upgrade the software behind its EV-DO Rev. A infrastructure in the latter half of FY 2011.3, introducing Multicarrier Rev. A to bring downlink speeds to up to 9.3 Mbps.



Note: LTE: Long Term Evolution
OFDMA: Orthogonal Frequency Division Multiple Access
LTE achieves interworking with existing systems, realizing seamless handover to other systems, through the handset's dual-mode, etc.

Handsets

To support the diverse lifestyles of its customers, KDDI has rebuilt an innovative lineup of "au" handsets, including the "Walkman® Phone," which provides high-quality sound, the "EXILIM-Keitai" and "Cyber-shot™ phone," which combine organic EL displays and 8.1 megapixel cameras for full photographic enjoyment, the "Wooo-Keitai," the world's first handsets capable of displaying 3D movies and games, and the "Sportio," geared towards sports enthusiasts.

The Company has also released a "Simple Phone" series targeting seniors, and the "Security Junior Phone" series for pre-teens, all in pursuit of greater ease of use, and safer, more secure mobile services. In all, FY 2009.3 featured the introduction of 36 new models (including models for the corporate market).

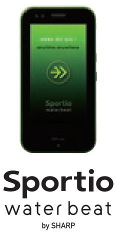
A Diverse Line-Up to Support Lifestyles

Walkman® Phone Premier3 by Sony Ericsson

EXILIM ケータイ W63CA by CASIO

Cyber-shot™ケータイ S001 by Sony Ericsson

Security Junior Phone
K001



Growth in Separate-Tariff/ Handset Pricing Plans and Differentiation Through Links with FMC (Fixed and Mobile Convergence) Service

To further lower handset costs and shorten development times, KDDI has continued its efforts to improve the usability and functionality of handsets equipped with "KCP+," a shared software platform with an expanded scope of standardization, development of which was completed in October 2007. In FY 2009.3, the Company introduced 21 new "KCP+" models.

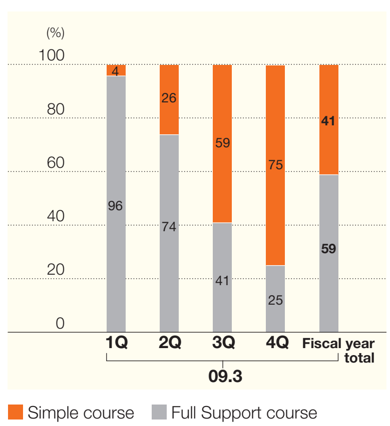
In addition to adding features and higher functionality, the platform has been effective in reducing costs and shortening development lead time, even though lower orders with manufacturers are leading to rising procurement costs in the overall market.

*"Walkman" and "Cyber-shot" are trademarks or registered trademarks of Sony Corporation.
*"EXILIM" is a registered trademark of Casio Computer Co., Ltd.
*"Wooo" is a registered trademark of Hitachi Ltd.

Price Plans

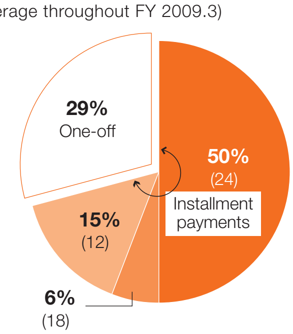
In June 2008, KDDI added a new plan to the "au Purchase Program/Simple Course" introduced in November 2007, allowing subscribers to purchase handsets through installment payments. With the "Plan SS Simple," which offers the lowest basic monthly rate, subscribers using the "Everybody Discount" pay a monthly basic rate of just ¥980 (tax inclusive) and receive up to ¥1,050 (tax inclusive) equivalent free calls, a significant saving. In FY 2009.3, 59% of subscribers under the "au Purchase Program" chose the "Full Support course," while 41% elected the "Simple course." Since the introduction of the installment plan, the ratio of subscribers selecting the "Simple course" has continued to rise, reaching 75% in the fourth quarter of FY 2009.3.

Plans Selected as a Percentage of Total Handsets Sold



Payment Methods Under the "Simple Course"

(Average throughout FY 2009.3)



Note: Figures in ( ) show number of payments.

Mobile Business

おうちとケータイまとめておトク。
auまとめトーク

"au Collective Talk"

"au Collective Talk" is another new service that takes full advantage of KDDI's ability to offer both mobile and fixed-line services from a single carrier. Introduced in August 2008, the service not only provides enhanced convenience for subscribers, but is the first full-scale FMC (Fixed Mobile Convergence) service expected to add to the Company's profitability.

"au Collective Talk" enables subscribers to the "KDDI Collective Billing service" to place free domestic calls to au mobile phones and au home phones from their au home phones 24 hours a day. Subscribers with an au home phone under the "au My Home Discount" plan can also enjoy free domestic calls 24 hours a day to their home phone from their au mobile phones.

By combining the free calling offered within "au Collective Talk" and the "Family Discount" plus "Everybody Discount" plans introduced in March 2008, subscribers can enjoy even greater convenience through KDDI services. The Company hopes that this will encourage more au service subscribers to use KDDI fixed-line services as well.

As subscriber use of data communications continues to rise, KDDI has stepped ahead of the competition by leveraging the cost advantages of EV-DO to introduce the "Double-Teigaku-Light" plan, which affords customers easy access to a rich variety of content for as little as ¥1,050 per month (tax inclusive). This plan has successfully enticed existing users who had not previously used data services to any significant extent, as well as new subscribers, to sign up for flat-rate plans. As of the end of March 2009, 72% of "WIN" subscribers had adopted either this or the "Double-Teigaku" packet flat-rate service.

Strengthening Efforts in Music, Movies, and Sports Field

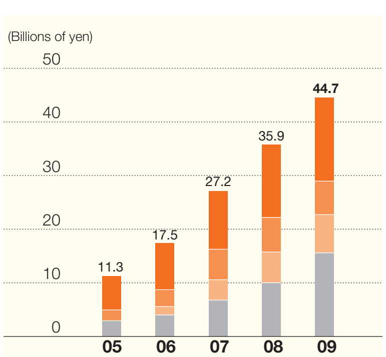
Service/Content

Sales in the content and media business for FY 2009.3, which include fee-collection for content providers, advertising, e-commerce (EC), and collaborative content, rose 25% year on year to ¥44.7 billion yen, a nearly four-fold increase compared to five years ago.

In addition to an expansion of digital content, including the "EZ Chaku-Uta®" and "EZ Chaku-Uta Full®" music services, games, and electronic books for which KDDI provides fee collection services, KDDI has collaborated with GREE, Inc. to provide the "au one GREE" mobile SNS. The service had more than five million subscriptions as of May 2009, and is just one of the new growth areas into which the business is steadily expanding.

KDDI is focused on providing services tailored to customers' lifestyles through mobile phones, which are always close to customers. In FY 2009.3, KDDI worked to strengthen its efforts in the areas of music, videos, and sports.

Content/Media Business Sales



(Years ended March 31)
Content-fee collection · Advertising · EC · Collaborative content & others

Note: There were changes in accounting treatment for advertising sales in FY2008.3 and FY2009.3.

au BOX

In November 2008, KDDI began offering rental of its “au BOX”, entertainment equipment specifically for mobile handsets that makes it easy to enjoy music and video content. The “au BOX” provides a simple way for customers to play their own CDs and DVDs, as well as “EZ Chaku-Uta Full®” content they have downloaded to their au mobile phones, and by making it possible to transfer content from the “au BOX” without using a PC to an au mobile phone, customers can also enjoy their CD and DVD content outside on their au mobile phones, just like the “EZ Chaku-Uta Full®” music. In December 2008, KDDI also began offering the “EZ Chaku-Uta Full Plus™” service, which offers a high AAC320Kbps bit-rate in response to music listeners looking for even higher sound quality.

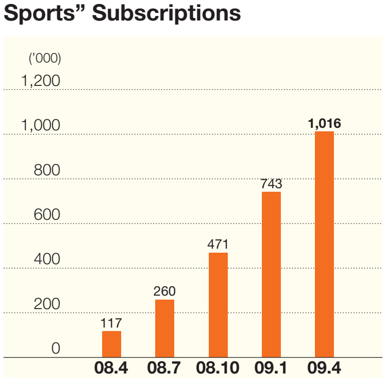
In sports, KDDI offers a comprehensive service called “au Smart Sports,” in support of subscribers hoping to improve themselves through sports. In November 2008, KDDI began offering an addition to “au Smart Sports” known as “Karada Manager,” a health care service that helps customers reach their goals by offering exercise, diet, and other advice. Along with the “Run & Walk” service begun in December 2007, “au Smart Sports” has over one million registered subscribers as of April 2009.

*“EZ Chaku-Uta”, “EZ Chaku-Uta Full” and “EZ Chaku-Uta Full Plus” are trademarks or registered trademarks of Sony Music Entertainment (Japan) Inc.

To enable young people to safely and securely enjoy the use of EZweb services, KDDI now offers filtering via the “EZ Safety Access Service,” which restricts viewing of sites inappropriate for younger users and blocks access to harmful sites. With the passage of the “Law for Improvement of the Internet Environment for Youth,” KDDI will continue to work to provide a safe, secure environment for young users, and encourage further educational activities in this area.

au Smart Sports

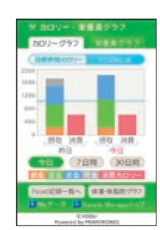
Number of “au Smart Sports” Subscriptions



Run & Walk

- Expert advice available for reference
- Tracks the course, distance, speed and calorie expenditure of a walk or run
- BEAT RUN helps sync your pace to the beat of the music

Karada Manager



- Diet support to help you reach your targets
- Features a diary for recording daily food intake and body weight
- Advice on calorie intake/burning

Development and Promotion of Enterprise-Scale Sales and Product Strategies

Mobile Business Targeting Corporate Clients

As growth in the consumer market slows, KDDI is working proactively to target corporate mobile business, a market which is expected to grow going forward. For large enterprises, KDDI offers mobile solutions that enable clients to improve and enhance their operations through use of mobile phones, and with rising demand in the small and medium-sized enterprise market, the Company is also moving ahead with the development of product, and marketing strategies as well as the formation of sales organization for the SME segment.

While the effects of the global recession in FY 2009.3 saw some customers postponing implementation of KDDI proposals, and others canceling contracts for excess handsets, by offering more than just simple handset sales, and focusing on solutions which improve clients' operational efficiency and lower total costs, the Company is working to increase handset sales and prevent further contract cancellations.

For large-scale enterprises, KDDI is leveraging its comprehensive strengths in solution proposals, coverage area, lineup of corporate-use mobile handsets, and communications quality to steadily expand its corporate client base.

KDDI mobile solutions have achieved recognition, including being awarded the Grand Prize/Internal Affairs and Communications Prize/Mobile Technology Award by the Mobile Computing Promotion Consortium (MCPC) for its "Haiden Mobile Ke-tai" system, developed for Kyushu Electric Power Company. This was the fourth consecutive Grand Prize for KDDI, following its award for a "Guard Dispatch System" for SOHGO SECURITY SERVICES CO., LTD. in 2008, another in 2007 for its "Mimamori-kun Online Service," a commercial vehicle telematics system developed for Isuzu Motors, Ltd., and in 2006 for the "Cargo Information Real Time System" developed for YAMATO TRANSPORT CO., LTD.

For emerging small and medium-sized enterprises, KDDI has strengthened its sales efforts by developing and enhancing its office visit-based sales corporate agents, increasing its collaboration with au shops, and making active use of direct marketing, telemarketing, and Web sales systems.

KDDI Wins the Grand Prize in the Mobile Computing Promotion Consortium's MCPC Award for the Fourth Consecutive Year

2009 Kyushu Electric Power Company
"Haiden Mobile Ke-tai" system

2008 SOHGO SECURITY SERVICES CO., LTD.
"Guard Dispatch System"

2007 Isuzu Motors, Ltd.
"Mimamori-kun Online Service"

2006 YAMATO TRANSPORT CO., LTD.
"Cargo Information Real Time System"

Initiatives Targeting Corporate Clients

Segment	Marketing System		Competitive Elements	KDDI Initiatives
Medium-Large Corporations (more than 100 employees)	Offering mobile solutions	Direct	Ability to offer solutions	■ Expand provision of optimal solutions that meet customer needs (Win numerous awards from MCPC award 2009) ■ True FMC offering by "KDDI Business Call Direct" ■ Broaden market with specialized handsets (E05SH) for corporate clients
Small Business (more than 10 employees)	Push-strategy by marketing experts	Agency for corporate clients		<Services> ■ "Destination au Mobile Discount" service discount revised Discount increased from 15% to 50% <Marketing channel> ■ Strengthen in-shop marketing for corporate customers <Promotions> ■ Promote visits to shop by TV and newspaper advertising
Small Business (less than 10 employees)	Standardized pull-strategy	au shop	Mobile+Fixed-line FMC sales activity	

Among products offered, in January 2009 the Company revised its discount rate for companies with at least one or more au mobile contract under the same corporate name, from 15% to 50% for all calls made from KDDI* and NTT–subscribed telephones to any au mobile phone under the "Destination au Mobile Discount" service. In April 2009, the Company also rolled out its "KDDI Business Call Direct" plan, a true FMC service that enables users in the same company to place calls between au mobile phones and KDDI phones they have registered in their group at a flat fee for domestic calls using internal extension numbers. KDDI continues to expand and improve services for corporate clients by focusing on their needs.

*KDDI Phones: KDDI Metal-Plus (for business), KDDI HIKARI Direct, KDDI HIKARI Direct over Powered Ethernet, and KDDI-IP Phone

E30HT E05SH

Handsets geared toward corporate clients such as "E05SH" (on sale from April 2009) as well as the Company's first smart phone "E30HT" (on sale from May 2009) were introduced. These models are equipped with features such as waterproofing and security, and compatibility to SDIO Card* to enable use of PHS and Wi-Fi-based extension services. KDDI will continue to enhance its lineup of models for the corporate client.

*SDIO Card: Secure Digital Input/Output Card, an expanded card that can be used in the same card slot as SD Memory Cards.

Towards Future Growth

Leveraging its 30.84 Million-strong au Subscriber Base, KDDI Will Work to Enhance its Competitiveness by Building Product Strengths Through the Timely Introduction of Handsets and Services Such as Only KDDI can Provide, and Which Meet the Needs of its Users.

Based on changes to its business model brought by the introduction of separate tariff/handset pricing plans, and subsequent drastic shifts in the market environment, KDDI conducted a review of its "Challenge 2010" plan first announced in April 2007, and concluded that reaching its goal of achieving ¥600 billion in consolidated operating income had become increasingly unlikely. At the same time, the Mobile Business, which currently accounts for three quarters of consolidated operating revenues, and is the chief driver for operating income, is expected to remain the core source of earnings going forward. With our base of 30.84 million au subscribers as of the end of March 2009, the Company has entered its next phase of challenge to the growth, by creating new values unique to KDDI.

In the current environment of dropping market mobility, KDDI will continue to focus on the consumer market on strengthening its competitiveness, by meeting the diverse needs of the subscribers with the timely development and introduction of new handsets and services. At the same time, the Company will continue to enhance its sales capabilities by improving its customer interactions, primarily through its au shops. Going forward, the corporate mobile business is also expected to grow, and by working proactively to expand its mobile business in that market, KDDI hopes to grow its corporate contract base, and achieve a cumulative share of 30% of enterprise subscriptions.

As voice ARPU continues to trend downward with the spread of the "Simple course," KDDI will continue to grow its data ARPU by offering attractive content services and expanding the reach of its flat-rate pricing plans. The Company will also continue to expand revenue outside of the traditional ARPU tariff stream by expanding its content

Mobile Business

***Anshin Mobile Support**

Service enables customers to enjoy 5 year handset warranties (3 years free), discounts on handset repair fees, and discounts on handset replacements in case of water damage or complete loss.
The service costs ¥315 per month.

business, by focusing on the "Anshin Mobile Support,*" which is seeing a broad increase in subscribers as customers own their handsets for longer periods of time, and by otherwise providing services that closely meet the needs of its customers.

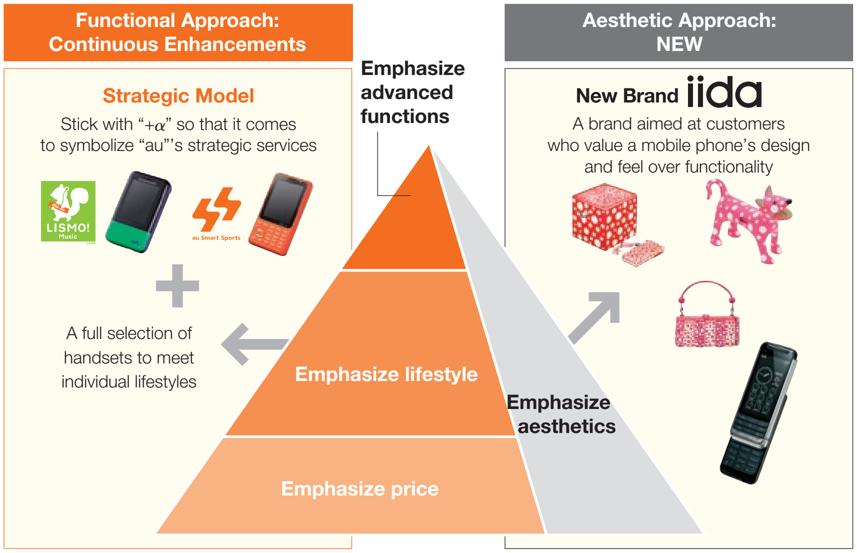
At the same time, while reducing handset procurement costs and maintaining a close watch over the competitive environment, by also reducing customer acquisition costs, primarily through promotion of the "Simple course," KDDI will push ahead in its operations with an even greater focus on profit.

The following is a brief introduction to KDDI's efforts to strengthen the competitiveness of its handsets, and its efforts in the corporate-client market, which represents a future driver for subscriber growth.

Lower Procurement Costs and More Competitive Handset Development

As customers' values regarding mobile handsets become increasingly diversified, there is also a clearer division between an emphasis on innovation, an emphasis on lifestyle, and an emphasis on price. At the same time, in addition to these three segments, a fourth layer is emerging that places a greater value on aesthetics and design. In response to this diversification of values, in FY 2010.3, KDDI focused on progress in its pursuit of innovation and a diversification of its product lineup by providing specialized handsets designed to function with au strategic services. With an eye on the emerging segment that emphasizes aesthetics and design values, in April 2009, the Company introduced its new "iida" brand, and going forward will seek to expand this customer base using the experience it has accumulated through its "au design project" efforts.

In addition to developing and introducing more attractive handsets, KDDI will work to lower handset procurement costs, in part by providing relatively low-priced handsets with



greater added value, such as the design of new brands, to users who support less functionality in favor of lower pricing, and also by reducing prices through the expansion of KCP+ based handsets. With these efforts, KDDI will enhance its brand strength while also addressing the more urgent issue of increasing the competitiveness of its handsets.

Growing Subscription Numbers Through Proactive Development of Corporate Clients

KDDI has extended its market share by targeting the emerging large enterprise segment of the corporate client market based on the strengths of its ability to propose mobile solutions, its coverage area, and its telecommunications quality, and today that share has grown to nearly equal that of the Company's share in the consumer market. There has also recently been an expansion in the use of mobile phones for business within the small and medium-sized enterprise segment. In order to further build its share of the overall corporate market, KDDI will focus on the development of products and sales channels targeting this segment.

Finally, in order to maximize KDDI's ability to provide unified mobile and fixed-line services, under its corporate restructuring of April 1, 2009, the Company has integrated the mobile and fixed-line sales organizations which were previously split, and has reorganized them according to customer size. By so doing, KDDI will become better positioned to extend and strengthen its reach into not only large enterprises, but also in the fast-growing small and medium-sized enterprise market, providing further subscription growth.

We will take on the challenge of new value creation to enhance customer satisfaction and achieve sustainable growth in the mobile communications business.

FY 2009.3 was a year of major upheaval in the market environment, including a significant drop in handset units sold due in part to the ongoing shift to pricing plans that separate tariff from handset prices. In addition, there were delays in the completion of the KDDI Integrated Platform (KCP+), and we were thus unable to release attractive new handsets in a timely manner, leading to deterioration in our competitiveness. On the other hand, we developed and introduced unique-to-KDDI FMBC-type services such as "au Collective Talk" and "au BOX," which helped improving customer satisfaction and brought us a certain level of success in cross-selling initiatives with fixed-line services.

There have been great performance improvements in KCP+. By introducing strategic handsets that meet customer needs as well as the new "iida" platform, we are actively providing our customers with more attractive handsets and services than ever.

Total ARPU is declining due to the increasing number of subscribers shifting to the "Simple Course" and other factors, however we will boost our non-communications sales by continuing to provide appealing content, new settlement services through Jibun Bank, which topped 500,000 accounts in April 2009, and mobile phone accessories through the "iida" lineup. We hope you look forward to the development of "au" going forward.

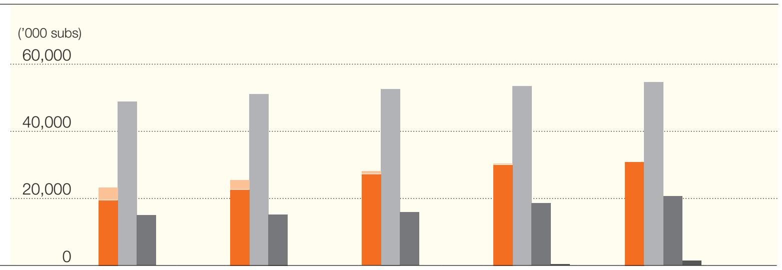
Makoto Takahashi

Associate Senior Vice President
Member of the Board
General Manager,
Consumer Service & Product Sector

Mobile Business

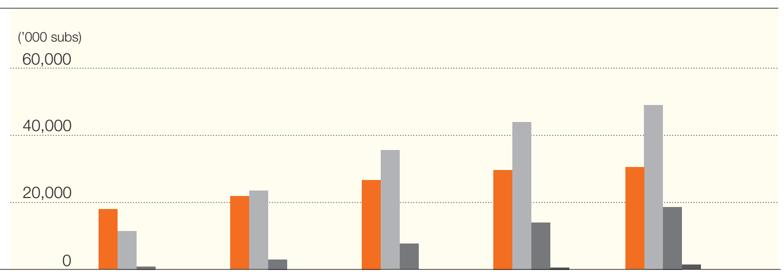
Market Data (Years ended March 31)

Number of Total Subscribers



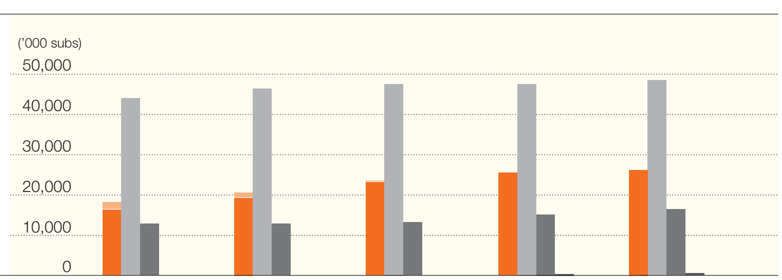
	2005	2006	2007	2008	2009
KDDI	23,132	25,439	28,189	30,339	**30,843**
au	19,542	22,699	27,317	30,105	**—**
Tu-Ka	3,590	2,739	872	234	**—**
NTT DOCOMO	48,825	51,144	52,621	53,388	**54,601**
SOFTBANK MOBILE	15,041	15,210	15,909	18,586	**20,633**
EMOBILE	—	—	—	412	**1,410**
Total	86,998	91,792	96,718	102,725	**107,487**

Number of 3G Subscribers



	2005	2006	2007	2008	2009
1X+WIN (au)	17,935	21,828	26,720	29,689	**30,527**
FOMA (NTT DOCOMO)	11,501	23,463	35,530	43,949	**49,040**
SoftBank 3G (SOFTBANK MOBILE)	917	3,038	7,660	14,007	**18,654**
EMOBILE	—	—	—	412	**1,410**

Number of Subscribers for Mobile Internet Connection Service

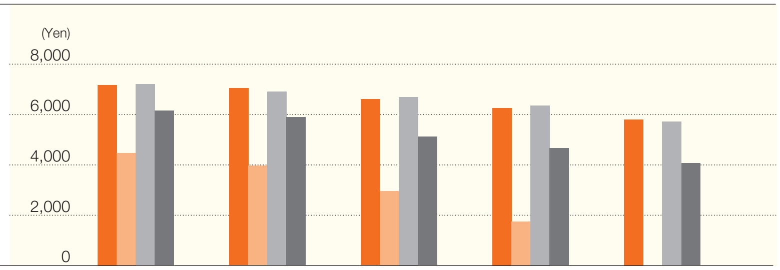


	2005	2006	2007	2008	2009
EZweb	18,259	20,523	23,533	25,512	**26,190**
au	16,469	19,390	23,322	25,505	**—**
Tu-Ka	1,790	1,133	211	8	**—**
i-mode (NTT DOCOMO)	44,021	46,360	47,574	47,993	**48,474**
Yahoo! mobile (SOFTBANK MOBILE)	12,874	12,875	13,265	15,171	**16,465**
EMnet (EMOBILE)	—	—	—	10	**55**

Source: Company Data, Telecommunication Carriers Association (TCA)

ARPU

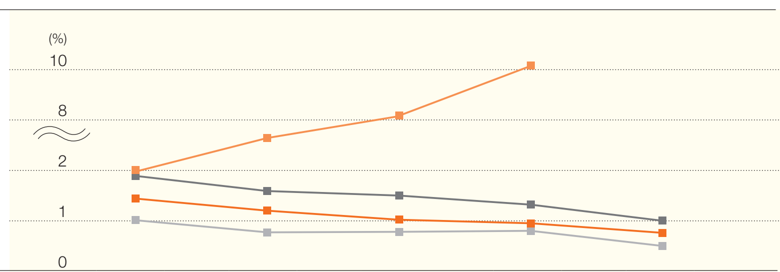
(Average Revenue Per Unit)



	2005	2006	2007	2008	**2009**
au	7,170	7,040	6,610	6,260	**5,800**
of which Data ARPU	1,740	1,890	2,020	2,130	**2,210**
Tu-Ka	4,470	3,960	2,960	1,750	**—**
NTT DOCOMO	7,200	6,910	6,700	6,360	**5,710**
of which Data ARPU	1,870	1,880	2,010	2,200	**2,380**
SOFTBANK MOBILE*	6,150	5,890	5,120	4,660	**4,070**
of which Data ARPU*	—	—	—	1,490	**1,740**

* ARPU from FY2007.3 is average of quarterly results

Churn Rate

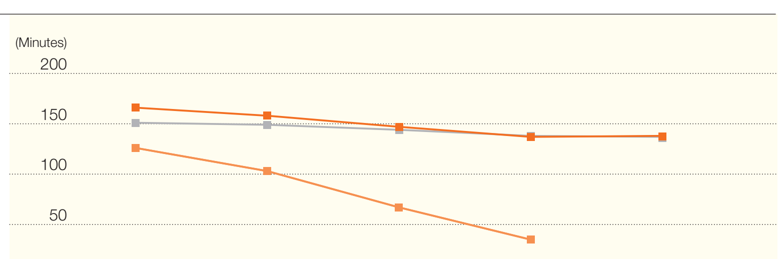


	2005	2006	2007	2008	**2009**
au	1.44	1.20	1.02	0.95	**0.76**
Tu-Ka	2.00	3.60	8.20	10.2	**—**
NTT DOCOMO	1.01	0.77	0.78	0.80	**0.50**
SOFTBANK MOBILE*	1.89	1.59	1.50	1.32	**1.00**

*Churn rate from FY2007.3 is average of quarterly results

MOU

(Minutes Of Use)



	2005	2006	2007	2008	**2009**
au	166	158	147	137	**138**
Tu-Ka	126	103	67	35	**—**
NTT DOCOMO	151	149	144	138	**137**
SOFTBANK MOBILE	—	—	—	—	**—**

Fixed-line Business

KDDI Will Strengthen the Business Base Around Efforts in the Access Line Business

HIKARI-one

au's optical fiber service HIKARI-one enables users to enjoy surfing the Internet and watching video. The "triple play" lineup of service (Internet + telephone + TV) come to the home through a single fiberoptic cable. Since the service was launched with the "Giga Value Plan," it has steadily increased customer acquisitions.

CTC FY 2009.3 Results

Operating Revenue	¥39.2 bil.
Operating Income	–¥7.1 bil.

JCN FY 2009.3 Results

Operating Revenue	¥57.8 bil.
Operating Income	¥5.1 bil.

Overview of Fiscal Year 2009.3

KDDI supplies consumers and corporate clients with a full range of fixed-line telecommunications services, such as voice telephony and data transmission services including broadband Internet access.

Operating revenues for the Fixed-line Business in FY 2009.3 moved up 18.1%, to ¥848.7 billion. While revenue from legacy voice telephony services continued to decline, the April 2008 move to make CTC a subsidiary, and the impact of the reclassification of the JCN Group and overseas fixed-line subsidiaries to the Fixed-line Business entity, helped the segment produce its fourth consecutive year of operating revenue growth since FY 2006.3. Profitability continued to be affected by a drop in revenue from telephony and other legacy services, and cost increases associated with development of the FTTH business, but boosted by positive income from "Metal-plus" services, saw an improvement of ¥8.1 billion since the last fiscal year end, with overall operating losses ending this fiscal year at ¥56.6 billion.

During this period of a shift in the market to direct access and IP and broadband services, the Fixed-line Business is proceeding with strategic initiatives to convert its traditional telephone services to an access line business based on FTTH, direct access voice telephony ("Metal-plus" and "Cable-plus" phone), and cable television (CATV). The number of fixed access lines as of the end of March 2009 has exceeded the initial target of the fiscal year, 5.3 million, reaching 5.34 million lines.

Efforts in Access Line Business for the IP Era

Strengthening Product Capabilities and Expanding Customer Base

■ FTTH

KDDI markets the segment's FTTH business under the brand name "HIKARI-one," offering customers the triple-play services of voice telephony, Internet, and video. With the January 2007 integration of Tokyo Electric Power Company (TEPCO)'s FTTH business, and the April 2008 consolidation of CTC as a subsidiary, KDDI now has a FTTH network reachable to approximately 10.5 million households in the Tokyo metropolitan area, and 2.8 million households in the Chubu region, with services being marketed primarily to detached houses. In other major cities in Japan, "HIKARI-one" services are offered to residential customers in large-scale housing complexes such as condominiums and apartment blocks, using NTT's local lines.

During FY 2009.3, "HIKARI-one" operations worked to boost the competitiveness of its products, while expanding service availability and reviewing sales channels.

A revamp of the "HIKARI-one Home" service now offers Internet plus phone service at an industry-low monthly basic rate of ¥5,985 (tax inclusive), with a two year contract, at super-high speeds of a maximum 1Gbps (best-effort) for both uplink and downlink through the "Giga Value Plan," launched on October 1, 2008 in the Kanto area and some parts of Hokkaido. This marks the first 1Gbps residential service in the Eastern Japan region.

Access Line Business Strategies

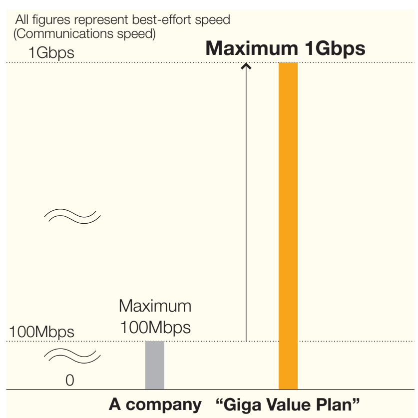
October 2003 Launched HIKARI-one (formerly Hikari-plus)	
February 2005 Launched Metal-plus	
October 2005 Launched Cable-plus phone	
January 2006 Absorbed POWEREDCOM (TEPCO subsidiary)	
January 2007 Integrated TEPCO's FTTH business	
June 2007 Consolidated JCN Group (CATV) as subsidiaries	
April 2008 Consolidated CTC as subsidiary (CTC: Chubu Electric's subsidiary)	

Fixed-line Business

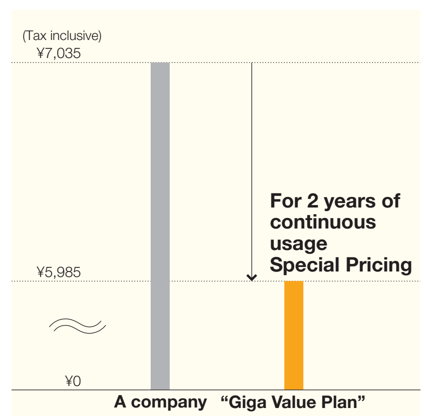
With the “Giga Value Plan,” an all-new “Giga Home Gateway” device enables maximum 1Gbps high-speed communications, and also makes it possible to link to game devices and network-enabled audio-visual equipment, making it easy to share data files at home, and providing even greater convenience.

Features of the “Giga Value Plan”

Speed*1



Charges (Internet + phone)*2



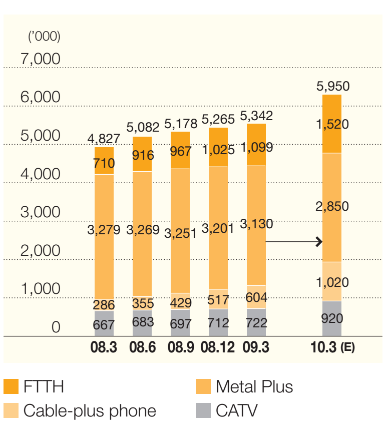
*1 Represents speed to individual homes. Speeds may vary due to differences in PC performance and other factors.
*2 Represents charges to individual homes. “Giga Value Plan” charges include discounts for automatic account withdrawal or credit card payments with au one net as the designated provider. “A company” charges are those to individual homes with OCN as the provider.

Review of Sales Channels, Strengthened Cross-Selling

In marketing, KDDI continues its shift of sales channels from traditional large-scale retailers to door-to-door sales and telemarketing. The Company is promoting cross-selling through au shops of fixed-line services to its mobile subscriber base, while also controlling costs, via promotion of the “au Collective Talk” program launched in August 2008.

Boosted by the consolidation of CTC as a subsidiary, FTTH subscribers as of the end of March 2009 grew by 389,000 year on year, to 1.099 million. Including voice, Internet, and video services, total revenues were ¥54.7 billion, with an ARPU of ¥4,690. In terms of profitability, the business, however, remains in the red due to the costs of acquiring customers and developing a sales and marketing organization. The negative contribution of the FTTH operation is a primary factor in the operating deficit of the Fixed-line Business as a whole.

Fixed-access Lines



Achieving Profitability Through Expanded Customer Base

■ "Metal-plus"

"Metal-plus" is a direct-access, fixed-line telephone service. Since KDDI provides the line instead of NTT, the service generates a basic monthly charge for KDDI as well as the conventional call-based revenue. "Metal-plus" targets customers who only want a basic telephone service, but it also offers Internet access through either ADSL, or a dialup connection.

In FY 2009.3 the number of "Metal-plus" subscriptions dropped by 149,000 year on year, to 3.13 million. A little more than 20% of these customers used the service in combination with the ADSL service.

Total revenue, including voice telephony and Internet, reached ¥130.7 billion, with an ARPU of ¥3,370. Improvements to profitability continued further as the business topped the 3 million subscriptions mark, and successfully moved into the black for FY 2009.3.

Expanding Providers of Cable-plus Phone Service

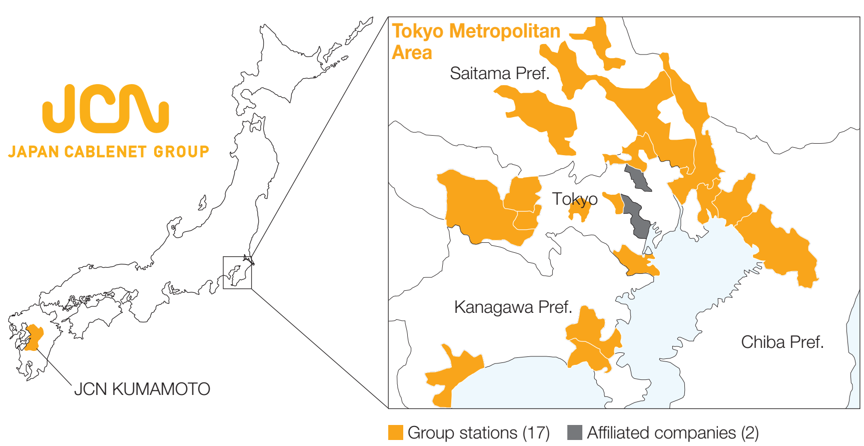
■ CATV

"Cable-plus phone" service allows CATV operators to provide fixed-line telephony services using their coaxial cable network and KDDI's backbone network. The Company supports the CATV operators through this service, which enables CATV stations to offer full-scale "triple play" services, including multi-channel broadcasting, Internet, and telephone services. For KDDI, "Cable-plus phone" represents a new source of telephone basic charges. At the end of FY 2009.3, the Company had business tie-ups with 70 CATV stations, and 604,000 telephone line subscriptions. Going forward, KDDI will continue to build business alliances with CATV operators to expand its customer base.

Growth in (JCN Group) CATV Subscriptions

In June 2007, JCN Group, the second largest multiple system operator (MSO) in Japan, became a consolidated subsidiary of KDDI. As of March 31, 2009, the JCN Group had 15 CATV stations* and 722,000 subscriptions, mainly in the Tokyo metropolitan area. In February 2009, the Company launched sales of the "JCN Keitai," a mobile phone featuring a portal function specifically for JCN subscribers. This will strengthen the

JCN Group Service Area (As of April 2009)



Fixed-line Business

alliance between “triple play” multi-channel broadcasting, high-speed Internet, and telephone services and au mobile phones, an initiative that will further enhance this “quadruple play” offering and expand the subscriber base.

*Two stations added as of April 1, 2009, for a total of 17 stations.

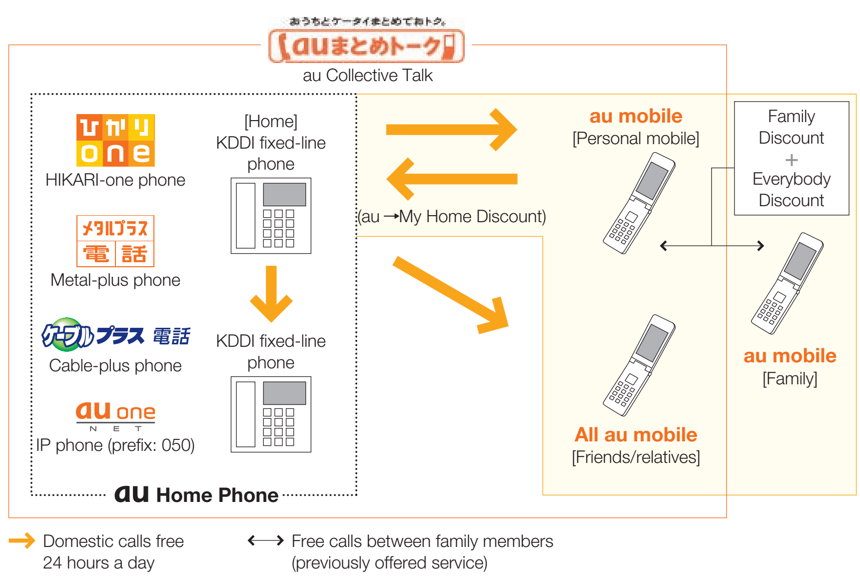
Consumer-Oriented FMBC Strategies

Shift Toward Integrated Fixed-line and Mobile Services

Leveraging its advantages as a comprehensive communications company operating both fixed-line and mobile communications services, KDDI is promoting fixed, mobile, and broadcast convergence (FMBC) services focused on the 30.84 million subscribers to its mobile phone services. As part of that effort, the “au Collective Talk” service was launched on August 1, 2008 as the first full-scale service to integrate fixed-line and mobile phone communications. “au Collective Talk” allows members of households subscribed to “KDDI Collective Billing” to make free domestic calls 24 hours a day to and from “au Home Phones” and au phones, and if the home phone is an “au Home Phone” under the “au→My Home Discount,” domestic calls from au phones to home are also free 24 hours a day.

In combination with free calls to family members through the “Family Discount” and “Everybody Discount” for au mobile phones introduced in March 2008, free calls through “au Collective Talk” further broaden the various situations in which au mobile phones and KDDI fixed-line phones can be used.

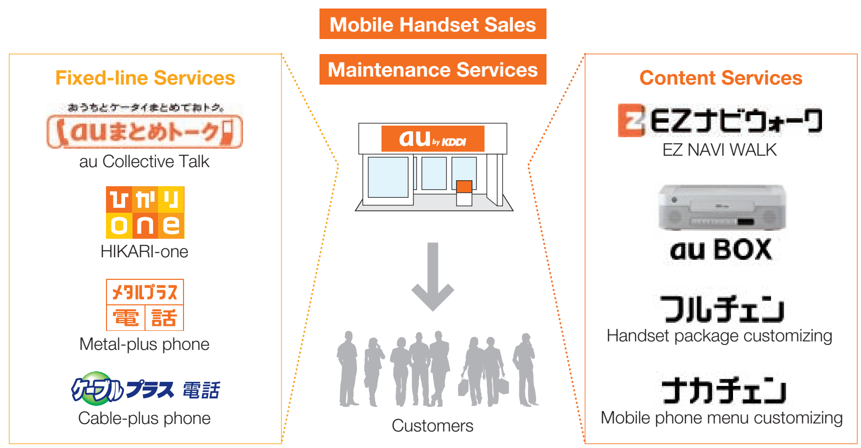
Feature of au Collective Talk



Strengthening Sales Capabilities of au Shops

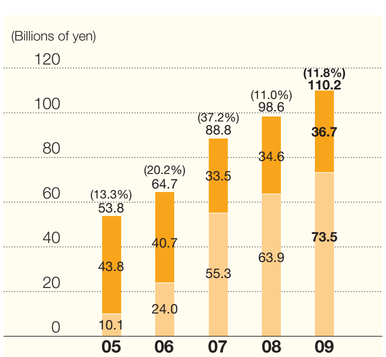
On the marketing side, KDDI is also promoting cross-selling at its au shops. au shops used to serve as sales sites for the mobile phone business, focusing mainly on handset sales, and handset repairs and other after-sales services. From FY 2009.3, in addition to these key services, the Company has been working to reform the function of the shops to serve as sites for promoting FMBC, including providing in-store FTTH and other fixed-line services, content distribution, and other diverse products.

FMBC Initiatives at au Shops



Developing the Corporate ICT Business

VPN Service Sales



(Years ended March 31)

IP-VPN   Wide-area Ethernet

*( ) shows yoy

Within the corporate client business, virtual private network (VPN) services such as wide-area Ethernet services exhibit strong growth potential. Already, KDDI's merger with POWEREDCOM, one of the leading companies in the wide-area Ethernet market, is steadily producing results. VPN service revenues in FY 2009.3 totaled ¥110.2 billion, rising 11.8% year on year, and maintaining a double-digit annual growth rate.

Promotion of a One-Stop Strategy

The ratio of overseas production and overseas sales at the Japanese companies which are KDDI's clients continues to increase, and with this increase has come a global division of labor and an expansion of overseas locations. This has brought an increase in data traffic among head offices in Japan and overseas sites, with clients looking more and more for wide-area, low cost services. Given this background, KDDI is working to meet customer needs by laying more undersea fiber optic cable and enhancing its regional networks around the world, strengthening the infrastructure needed to ensure customers can utilize one-stop ICT solutions around the globe.

Integration of the Telehouse Brand

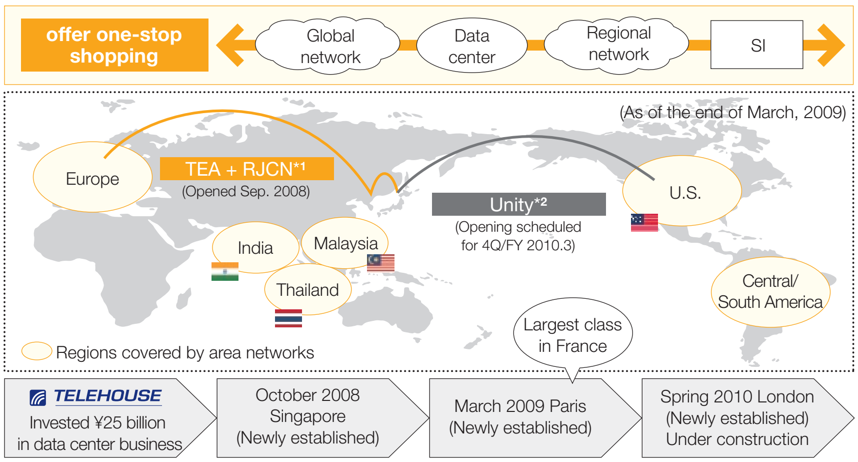
In October 2008, the Data Center business, which houses customer network equipment, integrated its expanding domestic and overseas data center brand under the name of TELEHOUSE, ensuring that clients can be confident in using the same high-specification data center services wherever they may be located.

Fixed-line Business

KDDI now has locations to support client overseas expansion in 48 cities and 63 locations* around the world, and, building on its ability to provide one-stop network, data center, and system integration (SI) services, will continue to expand its global business.

*As of the end of March 2009

Global ICT Strengths



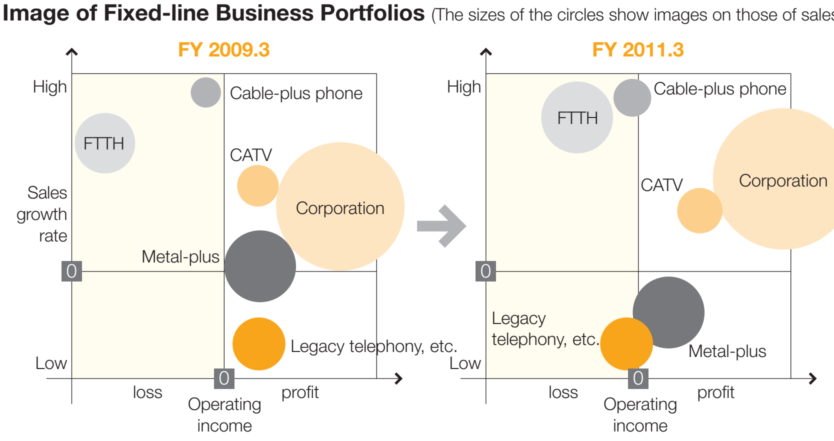
*1 Transit Europe Asia: A high-capacity multiplexing optic network owned by Rostelecom. Russia-Japan Cable Network: A Japanese-Russian seabed optic cable jointly constructed with Rostelecom. For TEA and RJCN, Japan and Europe have been seamlessly connected by the shortest route.
*2 An undersea fiber optic cable that connects Japan and the U.S.

Strategies for the Future

Aiming for Profitability in the Fixed-line Business in Fiscal Year 2011.3

Japan's fixed-line market is at a turning point, with legacy services giving way to direct access, IP, and broadband services. KDDI is also moving in this direction and developing access line services towards the next phase of growth. Current losses in the Fixed-line Business are primarily due to costs related to expanding the customer-base for FTTH. However, by achieving increased revenues from this expansion, and by bringing other fixed-line services into profitability, the Company can absorb the losses generated by the

Image of Fixed-line Business Portfolios (The sizes of the circles show images on those of sales)



FTTH business, and by continuing to reduce fixed costs, will aim to bring the entire Fixed-line Business into the black in FY 2011.3.

This section introduces the initiatives being implemented by the Fixed-line Business for the future.

FTTH Strategies

In January 2007, KDDI integrated the FTTH business of Tokyo Electric Power Company, followed by the consolidation of Chubu Electric Power Co., Inc.'s subsidiary, CTC, in April 2008. Thanks to these measures, it has become possible to flexibly expand the Company's business in the Tokyo metropolitan and Chubu regions, using KDDI's own access lines. The Company aims to improve profitability by promoting both the enhancement of its product appeal and cost containment, primarily in these two regions.

On the product side, KDDI is promoting sales of its well-received "Giga Value Plan" in the Tokyo metropolitan and Sapporo area. The Company is also taking advantage of the video services that are FTTH's strength, and will continue negotiations with a wide range of content providers to further enhance the current lineup of 5,000 VOD offerings and 45 channels of multichannel broadcasting. At the same time, KDDI is pushing ahead with development of technology that will make an environment for enjoying high-definition video a reality as well.

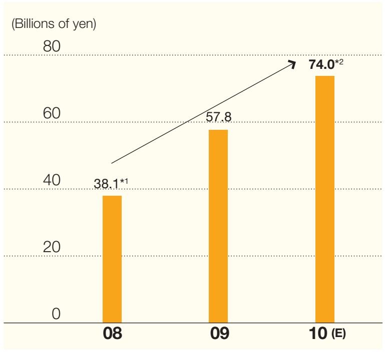
In order to expand its marketing capabilities, KDDI is shifting to a broader network of sales channels, including telemarketing, door-to-door sales, and its au shops. Through this process, the Company aims to strengthen sales capabilities and rein in sales costs, while expanding the subscriber base by appealing "Giga Value Plan" as a core service.

CATV Initiatives

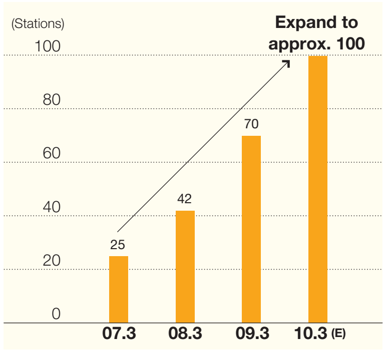
Operating revenues at the JCN Group, a KDDI consolidated subsidiary that is expanding its operations in the Tokyo Metropolitan area, were ¥57.8 billion in FY 2009.3, and are expected to grow by approximately 1.3 times to ¥74.0 billion in FY 2010.3.

Stations providing Cable-plus phones have steadily increased from 25 stations at the end of March 2007, and are expected to reach 100 stations by the end of March 2010.

JCN Group Revenues



Growth in Number of Stations Affiliated With Cable Plus Phone



*1 Revenue in 9 months following consolidation as KDDI subsidiary
*2 Includes JCN Kanto, Kawagoe Cablevision, consolidated upon acquisition of their stock in April 2009.

Fixed-line Business

With CATV added to FTTH as part of KDDI's fixed-line access coverage, the Company will continue to expand its customer base.

Strengthening the Corporate Services Business

Promotion of a One-Stop Strategy

KDDI believes that growth in the Fixed-line Business for corporate clients will require such measures as fixed and mobile convergence (FMC) services, working in conjunction with corporate clients' mobile services and expansion of businesses to peripheral areas. By combining the already-established high-quality network and reliable and convenient ICT services, and providing one-stop ICT solutions maximized with the customer in mind, KDDI will support the growth of its clients' business.

Corporate clients must also put in place measures to streamline operations and reduce costs, establish internal controls, disaster recovery measures, and a business continuity plan, and this has fueled a continuing shift away from corporate ownership of ICT to outsourcing of ICT functions. The focus is now on consolidating distributed servers and corporate networks, and concentrating ICT assets in the data center. Demand is expected to continue to grow in the domestic and overseas data center business, and to meet that demand, especially in overseas locations, KDDI will invest ¥25.0 billion over the three years between 2008 and 2010, expanding total floor space from 70,000m^2 to 100,000m^2.

Through these measures, the Company plans to expand the subscriber base around its network, to include both fixed-line and mobile customers, small to medium as well as large-scale corporate clients, and overseas as well as domestic customers. KDDI intends to become an all-around player in this field, capable of offering one-stop ICT solutions.

We seek to become an all-around ICT player in the corporate services field.

In the corporate fixed-line communications market, as companies seek to allocate resources more efficiently by outsourcing their information systems departments, KDDI will take advantage of the strengths of its dual fixed-line and mobile infrastructure, and continue to reinforce the structure it has built for providing one-stop fixed-line, mobile, and ICT solutions.

In particular, regarding our solution services field, placing mobile technologies as its core, our efforts on FMC services have borne results and KDDI clients were named the Grand Prize winner for the fourth consecutive year at the MCPC Awards.

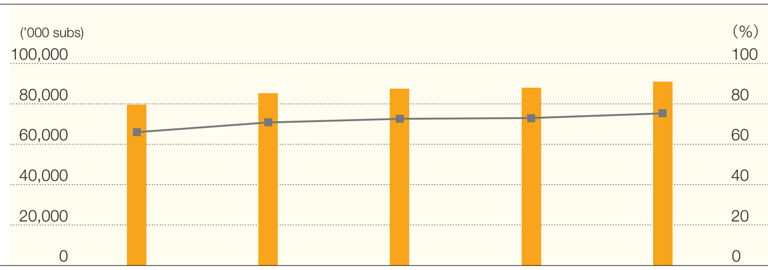
As outsourcing needs expand beyond the large-scale enterprise market and into the small- and medium-sized enterprise segment, in April 2009 KDDI restructured its organization in response to that change in scale, and has begun initiatives to actively develop new customers in the SME market.

Going forward, we seek to become an all-round ICT player in the corporate services field by providing one-stop solutions, not only in domestic fixed-line and mobile services but also in fixed-line telecommunications related services such as overseas network, data center and SI services including its peripheral fields.

Takashi Tanaka
Associate Senior Vice President
Member of the Board
Solution Business

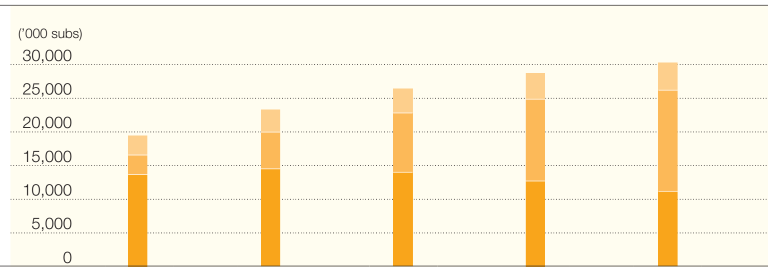
Market Data

Number of Internet Subscribers



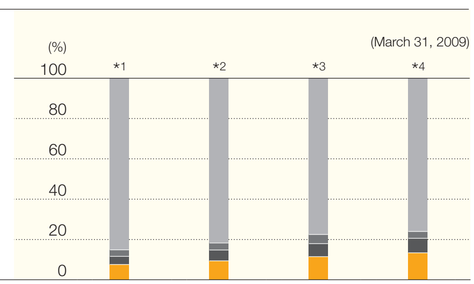
(Years ended December 31)	2004	2005	2006	2007	**2008**
■ Total subscribers in Japan	79,480	85,290	87,540	88,110	**90,910**
— Penetration rate	66.0%	70.8%	72.6%	73.0%	**75.3%**

Number of Broadband Subscribers



(Years ended March 31)	2005	2006	2007	2008	**2009**
■ ADSL Subscribers	13,676	14,518	14,013	12,711	**11,184**
■ FTTH Subscribers	2,889	5,448	8,794	12,153	**15,017**
■ CATV Subscribers	2,961	3,310	3,607	3,874	**4,111**
Total	19,533	23,285	26,427	28,738	**30,312**

Market Share of Myline by Operator



(Years ended March 31)	2007				2008				**2009**			
	Local	In-prefecture long-distance	Out-of-prefecture long-distance	International	Local	In-prefecture long-distance	Out-of-prefecture long-distance	International	Local*1	In-prefecture long-distance*2	Out-of-prefecture long-distance*3	International*4
■ KDDI	9.1%	11.3%	14.1%	16.5%	8.3%	10.3%	12.7%	14.8%	**7.6%**	**9.4%**	**11.5%**	**13.4%**
■ SoftBank TELECOM	5.0%	6.7%	8.3%	9.3%	4.4%	5.9%	7.1%	8.0%	**4.0%**	**5.4%**	**6.4%**	**7.2%**
■ Other companies total	4.2%	4.7%	5.9%	4.6%	3.5%	4.1%	5.2%	4.1%	**3.2%**	**3.6%**	**4.6%**	**3.5%**
■ NTT	81.8%	77.2%	71.7%	69.5%	83.8%	79.7%	75.0%	73.1%	**85.2%**	**81.6%**	**77.5%**	**75.9%**
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Ministry of Internal Affairs and Communications and Myline Carriers Association

Other Business

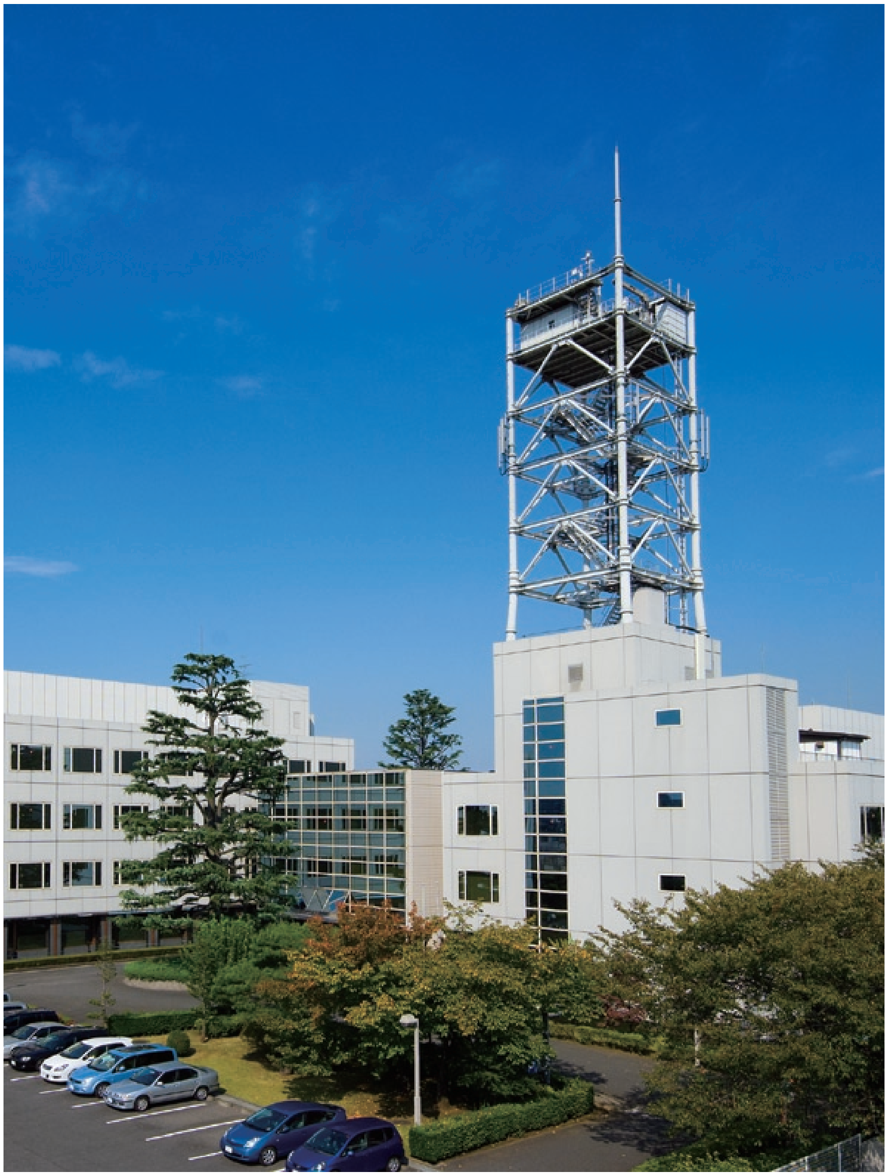
Overview of Fiscal Year 2009.3

KDDI is focusing on strengthening business fields with growth potential in order to strengthen the competitiveness of the entire KDDI Group. From FY 2009.3, JCN Group and overseas fixed-line subsidiaries have been reclassified and incorporated into the Fixed-line Business segment, with operating revenues for FY 2009.3 declining by 56.5% year on year, to ¥72.8 billion, and operating loss to ¥2.5 billion.

Main Services and Group Companies in the Other Businesses

Main Services	Main Group Companies
• Call center business	• KDDI Evolva inc.
• Content business	• mediba corporation
• Research and development	• KDDI R&D Laboratories, Inc.
• Other mobile phone services, etc.	• HOLA PARAGUAY S.A.

**KDDI R&D Laboratories, Inc.
(Fujimino, Saitama Prefecture)**
KDDI R&D Laboratories are at the heart of the KDDI Group's research and development efforts, providing surveys, R&D, and consulting on new information and communications technologies. The laboratories promote top-level information and communications R&D activities in a wide range of fields, from FMBC to next-generation networks and ultra-high-speed wireless technologies to security and applications.



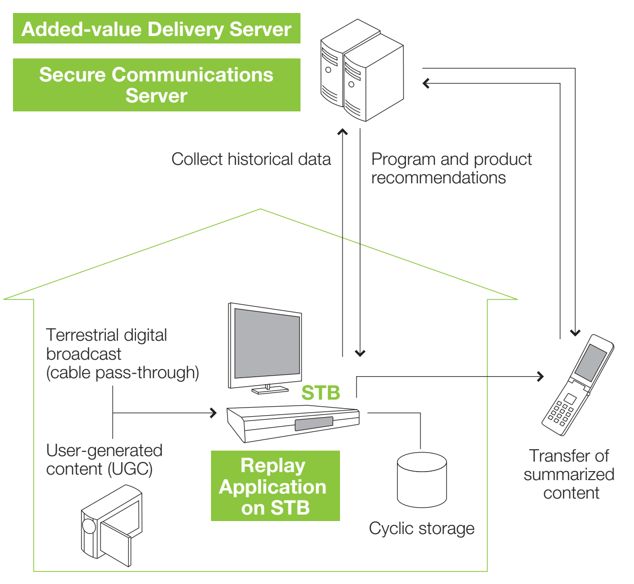
Development of a Summary Content Replay Technology

KDDI has developed technology that provides automatic replay and viewing of summarized content from terrestrial digital broadcast programming. Because content can be viewed as pages made up of a combination of subtitles and still images which can be flicked through one after another, the viewer can control the speed at which they move through the content. For example, a thirty-minute news program can be viewed in just about ten minutes. Like this, the technology makes a quick viewing simple. And because the size of the content is kept small, it can easily be stored on a mobile phone.

The subtitle data received through a broadcast is processed using KDDI R&D Laboratories' proprietary technology which enables reformatting and displaying easy-to-read subtitles, and appropriate still images selected and matched with the content of the subtitles. This technology thus offers the world's first automated editing, high-quality, low-volume summarized content.

Using this technology, it now becomes possible to transfer news, variety shows, and other programs recorded with a set-top box (STB) connected to CATV or IP networks capable of receiving terrestrial digital broadcasts, to a mobile handset, and enjoy them whenever the viewer has spare time. KDDI plans to consider implementing this technology on "one seg" enabled handsets, while working to improve both display quality and usability.

Depiction of Summary Content System



"Real-world Virtual See-through System Using Mobile Phone"

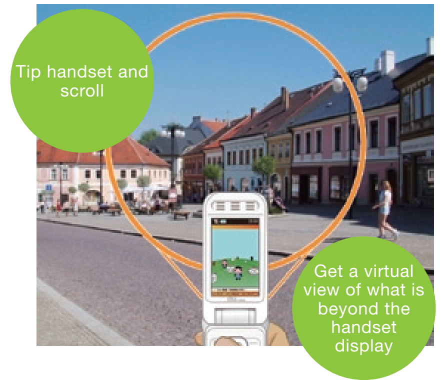
KDDI has developed a mobile AR (augmented reality) application for mobile handsets called the "Real-world virtual see-through system using mobile phone".

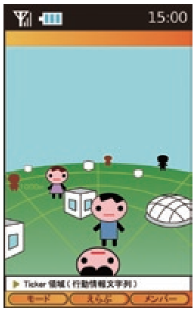
The objective of this technology is to provide an intuitive grasp of objects and people existing in real space, something which is accomplished through two component technologies: 1) a tangible human interface linked to the position of the handset, and 2) a method for automatically inferencing user movements.

The tangible human interface linked to the handset position involves a six-axis sensor installed on the mobile phone (three–axes acceleration sensor and three–axes geomagnetic sensor) used to measure handset posture, providing the ability to tangibly display on the handset the relative location of the object or person at which the handset is pointed. Unlike with traditional map services, by displaying only objects and people, and not a road map, this technology allows for accelerated processing and improved visibility.

The method for automatically inferencing user movement uses the acceleration sensor, microphone, and GPS installed on the mobile handset to automatically, with 80% accuracy, measure seven types of movement states of the handset holder (run, walk and stop / on bicycle, train, automobile and bus). Unlike traditional methods which require a dedicated device, by taking advantage of the multiple functions of the sensors already installed on the handset, the design of a practical technology has been enabled.

These two technologies both utilize sensor data, and have in common their ability to generate useful information for the handset user by processing and transforming that data (sensor data mining technology). By establishing this technology, KDDI plans to deliver a variety of services, and promote the realization of an ambient intelligence society.





A "Real-world virtual see-through system using mobile phone" display