Multi-Network Capabilities: The Source of KDDI's Competitiveness

KDDI utilizes multi-network capabilities to promote the offloading of data. This approach allows us to efficiently handle the sharp rise in mobile data traffic, provide high-quality telecommunications services, and augment capital expenditure efficiency.

Growth in Mobile Traffic and Data Offloading

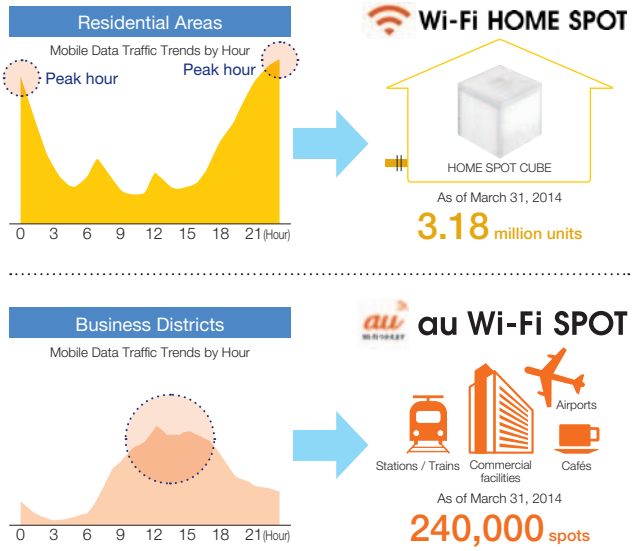
The widespread adoption of smartphones is prompting a rapid increase in mobile data traffic. KDDI's most recent figures indicate that data traffic per smartphone is running at 2.7GB per month, up 42% over a year earlier. Given bandwidth limitations, it is becoming difficult for mobile infrastructure to absorb these increases on its own.

To address this issue, KDDI is promoting data offloading, which plays to the Company's strength in owning both mobile and fixed-line networks. Taking this approach, KDDI has recently been successful in offloading 57% of data traffic per smartphone onto fixed-line networks.

"Wi-Fi HOME SPOT" and "au Wi-Fi SPOT"

In Japan, traffic volumes in residential areas tend to peak in the nighttime hours, whereas they are highest in business areas during the lunch break and in the evening.

Data Offloading via Wi-Fi



Based on these characteristics, we are pursuing an initiative under which we provide—free of charge—a "Wi-Fi HOME SPOT" router to smartphone users who have residential fixed-line broadband circuits. This approach allows us to offload data traffic in the home to fixed-line broadband networks.

Meanwhile, our outdoors initiative is to create public Wi-Fi spots by locating "au Wi-Fi SPOT" routers conveniently along routes where customers tend to congregate, providing au smartphone users with free Wi-Fi service. This arrangement allows us to handle mobile data traffic efficiently 24 hours a day and boosts capital expenditure efficiency.

Mobile Data Offloading Trends*3

*3 Definition of the offload rate until the fiscal year ended March 31, 2013:
Data traffic during the peak hour (11–12 pm) over one month

Definition	Numerator: Data offloading to Wi-Fi + WiMAX
	Denominator: Total smartphone data traffic (3G + Wi-Fi + WiMAX)

From the fiscal year ended March 31, 2014, the denominator changed to include data traffic from LTE smartphones.

Aggressive LTE Rollout over the "Platinum Band"

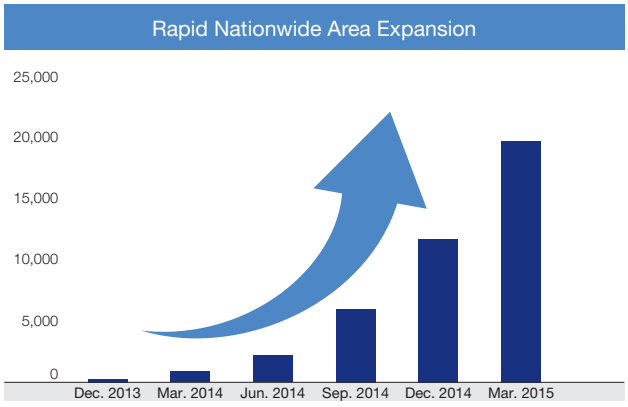
Since the launch of LTE service in September 2012, we have concentrated on ensuring a convenient communications environment for our customers by expanding the 800MHz "platinum band" for providing this service. As a result of these efforts, we have quickly achieved an actual population coverage ratio of 99%, the highest of any Japanese telecommunications operator. To provide networks that are even faster and more stable, KDDI is undertaking the following initiatives.

Carrier Aggregation (CA)

KDDI is the first company in Japan to introduce "carrier aggregation," a technology for the next-generation LTE high-speed communications standard, "LTE-Advanced." By using two

Significant Increase in Areas*4 with Maximum Downlink Speed of 150Mbps

(Base stations)



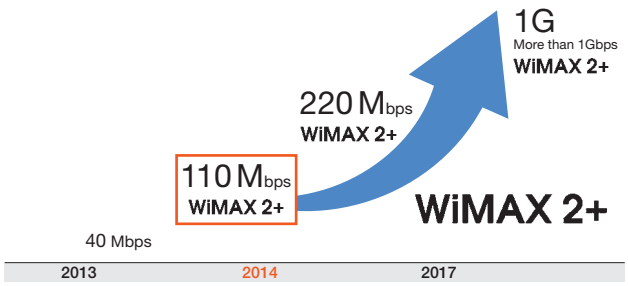
*4 Total number of base stations compatible with 2.1GHz (150Mbps) + CA. Plans as of April 2014.

bandwidths we provide for "au 4G LTE," 800MHz and 2.1GHz, carrier aggregation enables us to boost maximum downlink speed to 150Mbps, achieving stable, high-speed communications. This effective use of frequencies improves efficiency across the overall LTE network, making it possible to achieve maximum downlink speeds of 150Mbps at once across Japan, rather than only in specific regions. We plan to increase the number of 150Mbps-compatible base stations to 20,000 by March 31, 2015 (up from approximately 700 as of March 31, 2014.)

WiMAX 2+

Another facet of our multi-network strategy is to use the "WiMAX 2+" network provided by UQ Communications Inc., an affiliated company. "WiMAX 2+" is an ultrahigh-speed telecommunications service compatible with TD-LTE. By March 31, 2015, we expect to boost maximum downlink speed to 220Mbps, compared with 110Mbps at present.

Advancement of "WiMAX 2+"

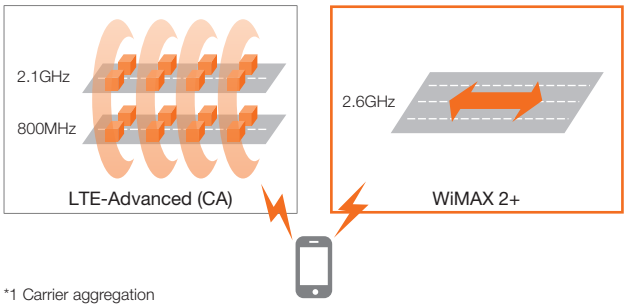


Aiming to Provide the Highest Effective Speed over LTE Networks by Having Both Carrier Aggregation and "WiMAX 2+" On Board

We introduced the strategy of providing on-board access to two next-generation communications networks, beginning with smartphones and tablets that went on sale in the summer of 2014 (with some exceptions.) Allowing handsets to automatically select the optimal network depending on signal strength and line congestion should lead to more stable high-speed data communication, as well as offloading some data from "au 4G LTE" to "WiMAX 2+," thereby holding down network costs.

By boosting communications speeds, achieving stable communications, and making our overall network more efficient, we aim to differentiate ourselves from competitors by providing the highest effective speed over LTE networks.

Aiming to Provide the Highest Effective Speed by Having Both "LTE-Advanced" (CA*1) and "WiMAX 2+" On Board



*1 Carrier aggregation

Our Network Orientation Moving to the 2020s

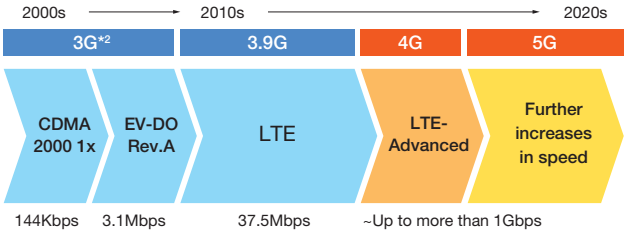
With such developments as 4K / 8K ultrahigh-resolution video, wearable devices, and big data applications forecast for the future, telecommunications networks appear likely to become even more important than ever before.

By the 2020s, we expect mobile networks to transition from the current fourth generation (4G) to the fifth generation (5G), with communications speeds rising commensurately.

While 5G will use high frequencies to allow ultrahigh-speed communications, base stations will employ smaller cells, similar to wireless LANs, so are set to facilitate a significant increase in the number of base stations with fixed-line connections.

Although these developments will cause the cost of base station circuits to rise, KDDI will be able to take full advantage of the proprietary fixed-line communications facilities it already has in place. As a result, we expect to maintain or increase our competitiveness in the 5G era.

Moving toward Even Faster Speeds with 4G and 5G



*2 3G standards are based on CDMA2000, which KDDI uses.

Note: The maximum communication speed varies depending on areas or terminals used. The communication speed is not the actual communication speed, but the maximum value based on the technical standards. The actual speed may fall short of the maximum for various reasons, including the customer's communication environment and traffic conditions.