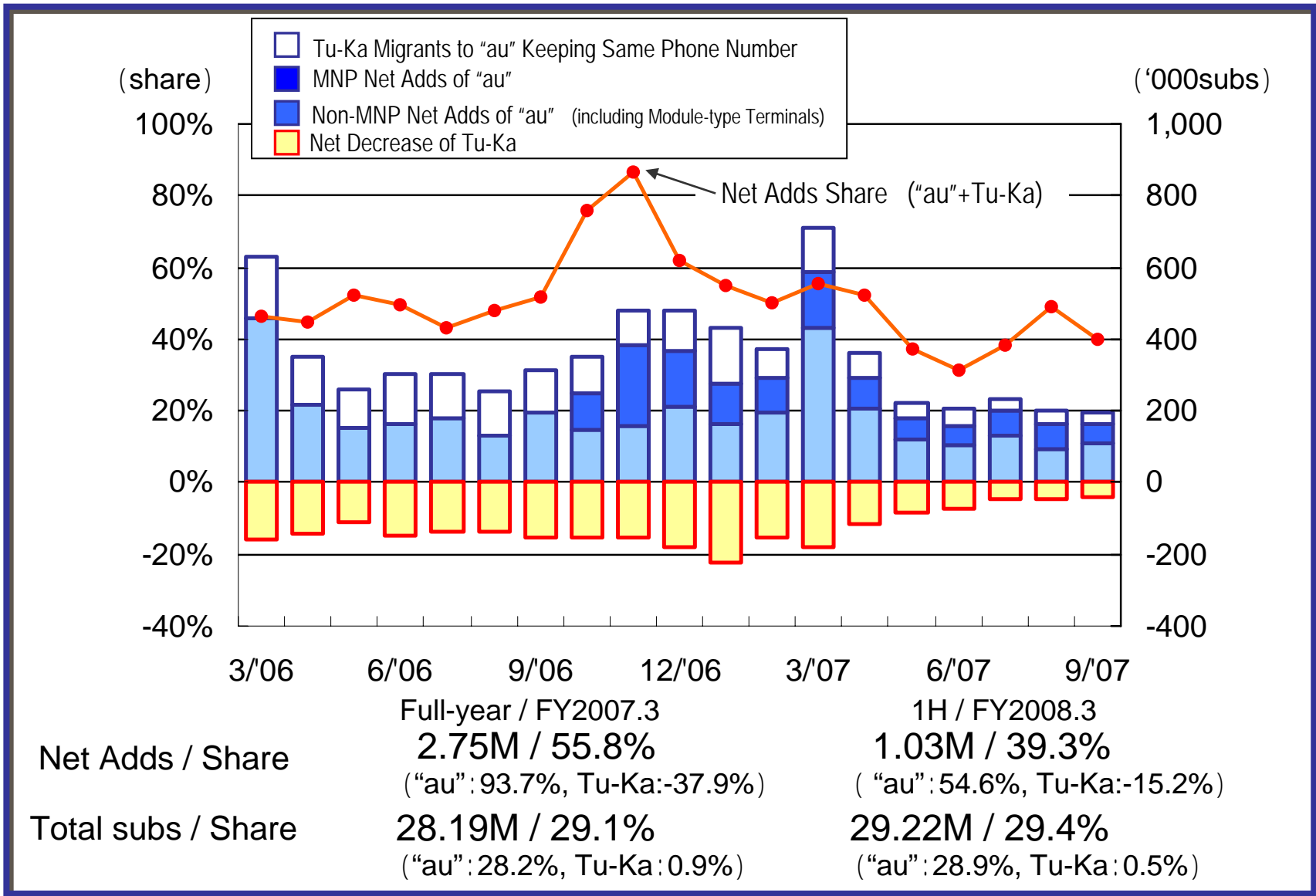


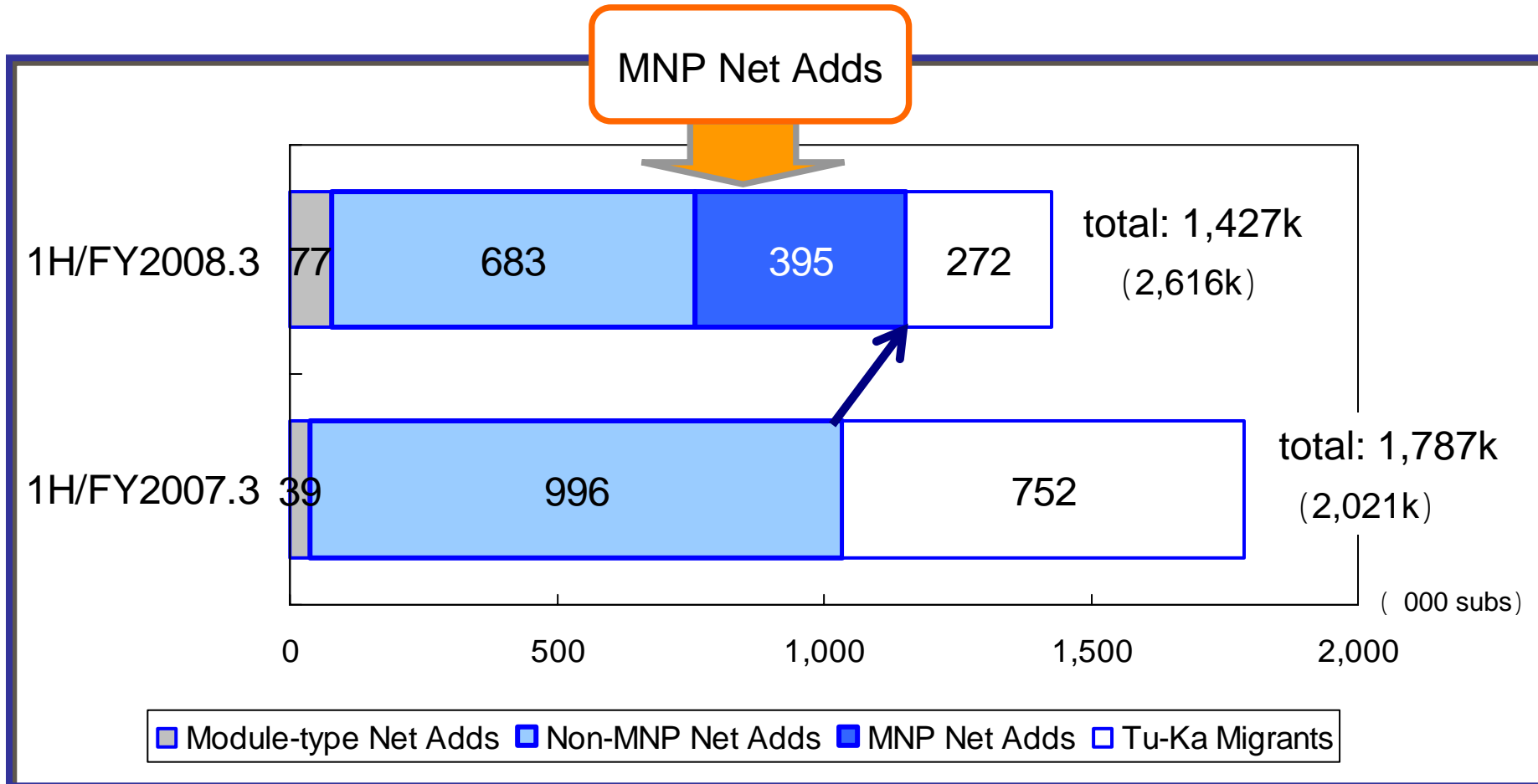
# 1.1. Net Additions of KDDI("au" + Tu-Ka)



Note: The graph of the net adds share excludes EMOBILE and the 1st half share includes it, as its number was disclosed on a quarterly basis.

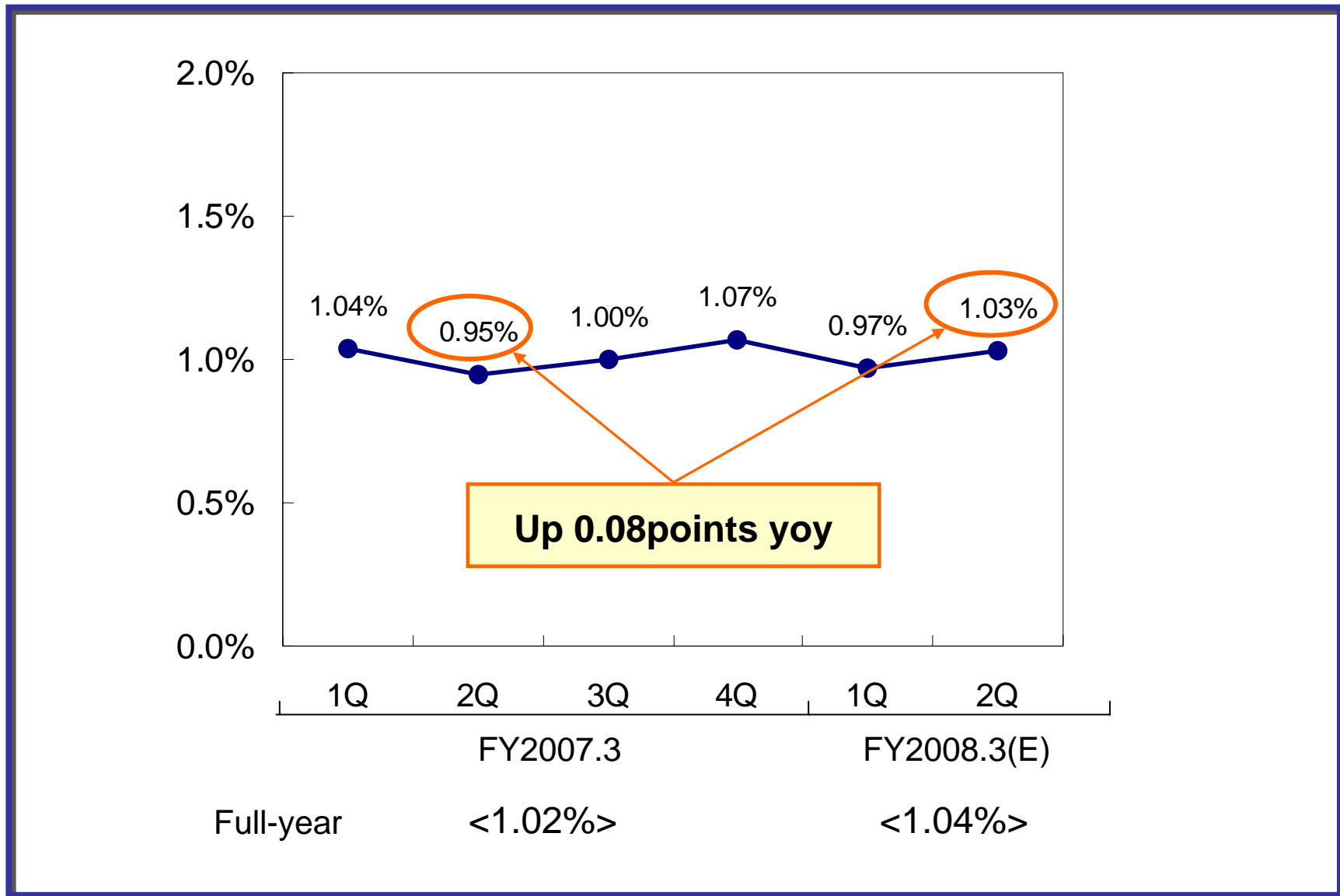
# 1.2. Breakdown "au" Net Additions (yoy)

- Net additions of MNP for 1H were +395k.
- On a basis that excludes Tu-Ka migrants to "au", the MNP-related net additions contributed to the year-on-year net additions.



Note: ( ) refers to net adds in the Japanese market.

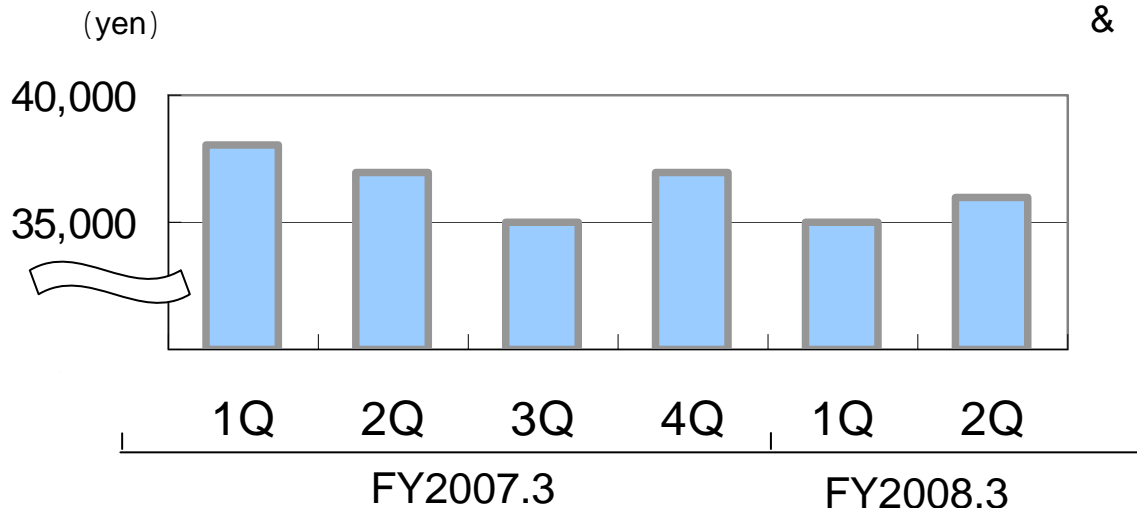
# 1.3. "au" Churn Rate



Note: Churn rate is calculated for ordinary handsets which exclude module-type terminals.

# 1.4. "au" Sales Commissions

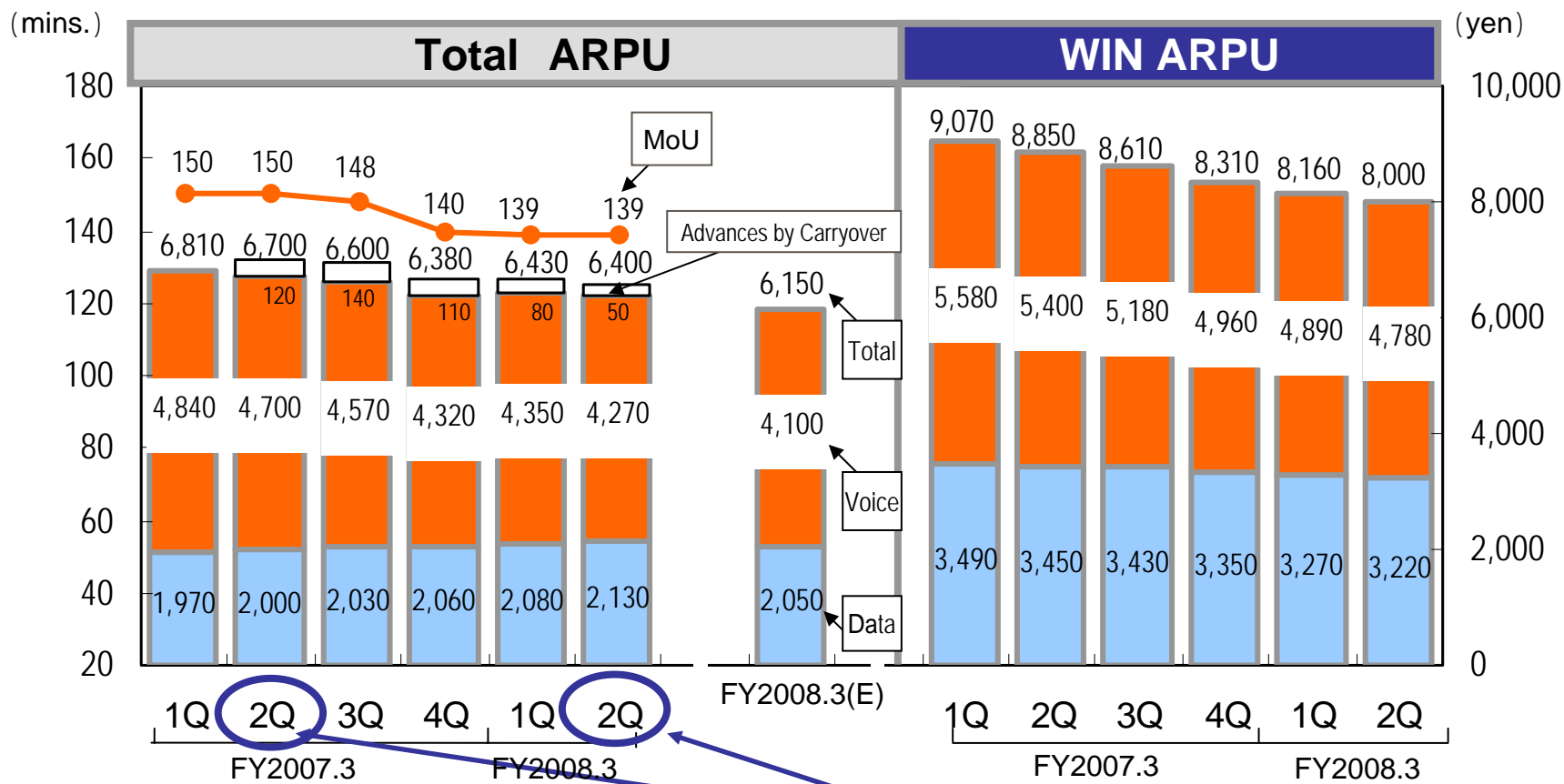
Average commissions /unit\*



\*New purchases & upgrade models

	FY2007.3					FY2008.3(E)		
	1Q	2Q	3Q	4Q		1Q	2Q	
Sales commissions (Billions of yen)	124.0	129.0	145.0	170.0	568.0	124.0	149.0	565.0
Average commissions/unit (yen)	38,000	37,000	35,000	37,000	37,000	35,000	36,000	36,000
Number of units sold ('000 units)	3,270	3,520	4,110	4,650	15,550	3,530	4,080	15,700

# 1.5. Trend of "au" ARPU



Full-year	FY2007.3	FY2008.3(E)
Total ARPU	¥ 6,610	¥ 6,150
of Voice	¥ 4,590	¥ 4,100
of Data	¥ 2,020	¥ 2,050

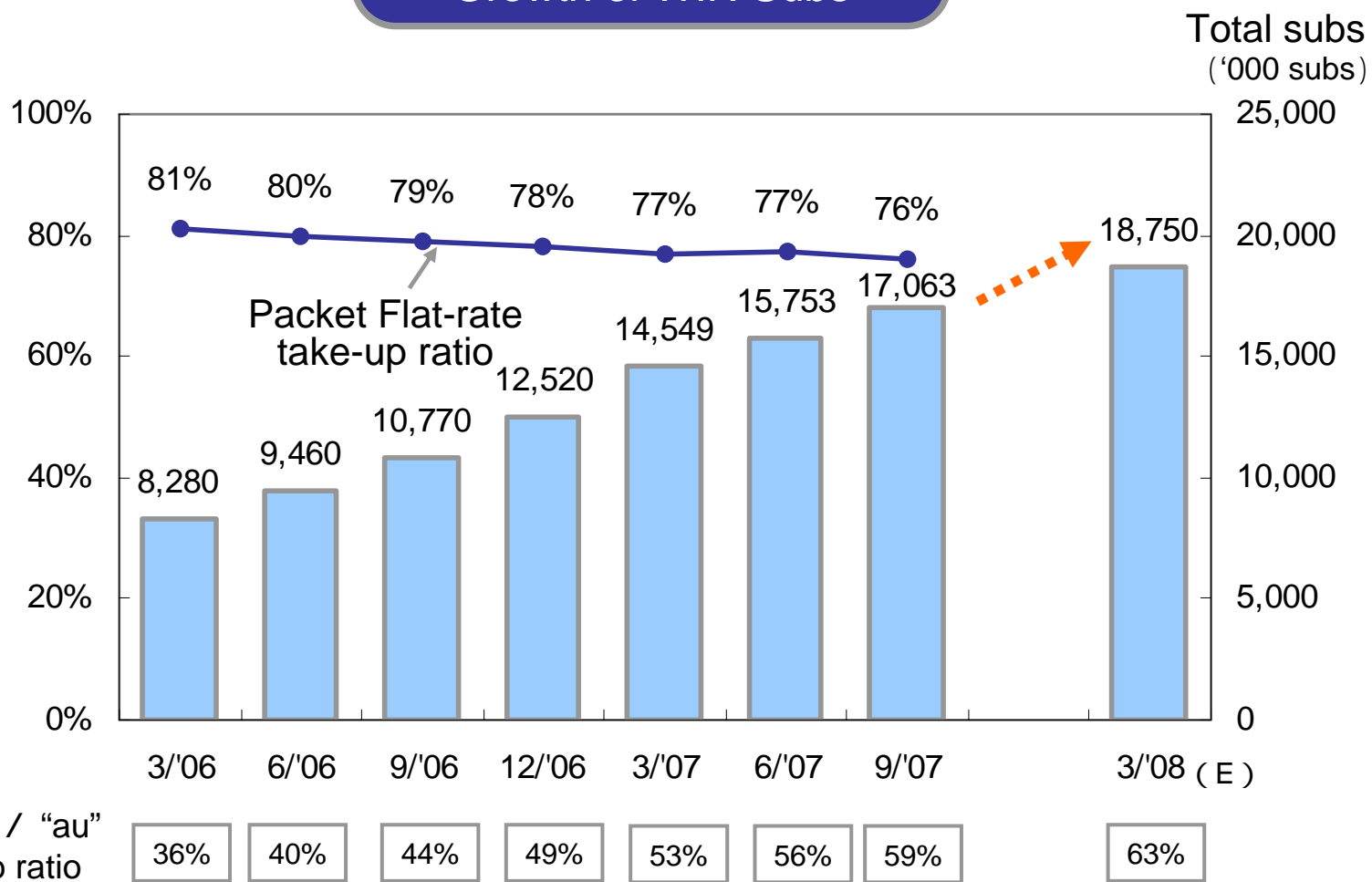
yoy change	
Total ARPU	¥ 300 ( 4.5%)
of Voice	¥ 430 ( 9.1%)
of Data	+ ¥ 130 (+ 6.5%)

# 1.6. Update on WIN



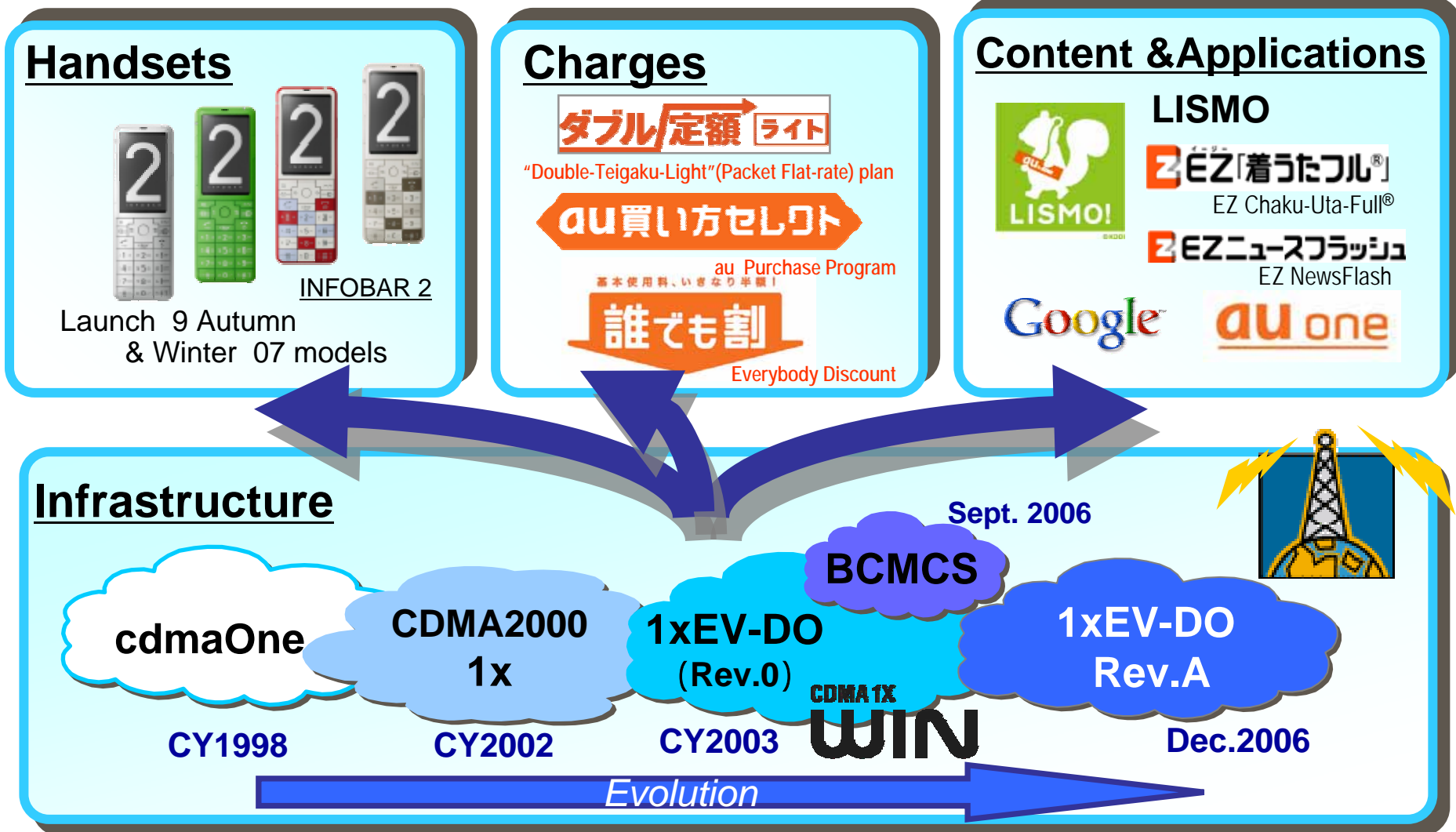
- 59% of "au" users are with WIN at end-September, of which as high as 76% of customers sign up for Packet Flat-rate plans.

**Growth of WIN Subs**



# 2. Boost All-Round Product Attractiveness

- Promote differentiation by leveraging competitive advantage in infrastructure to boost all-round product attractiveness in terms of handsets, charges and content.



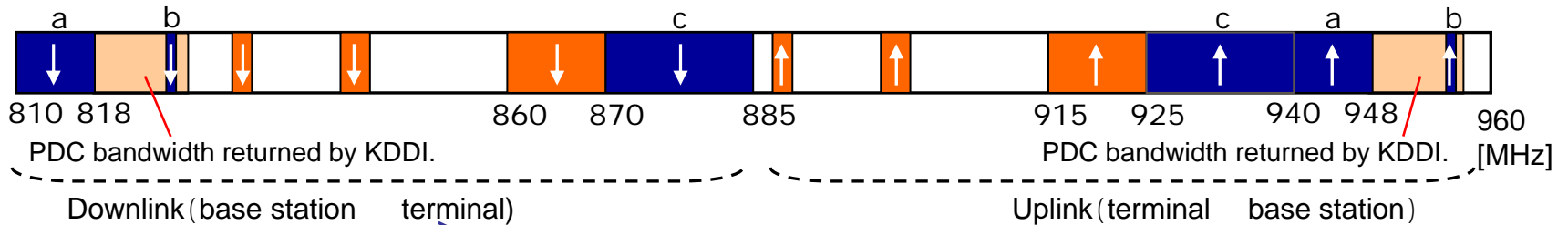
# 3. Reorganization of 800MHz Band (1)

- The reorganization of current 800MHz will be finished by July 2012 under the government policy with the objective to solve (i) the fragmented bandwidth assignment and (ii) uplink/downlink configuration that is opposite with other countries.
- Total capacity allocated to KDDI is 15MHz each uplink/downlink and remains unchanged before and after the reorganization.

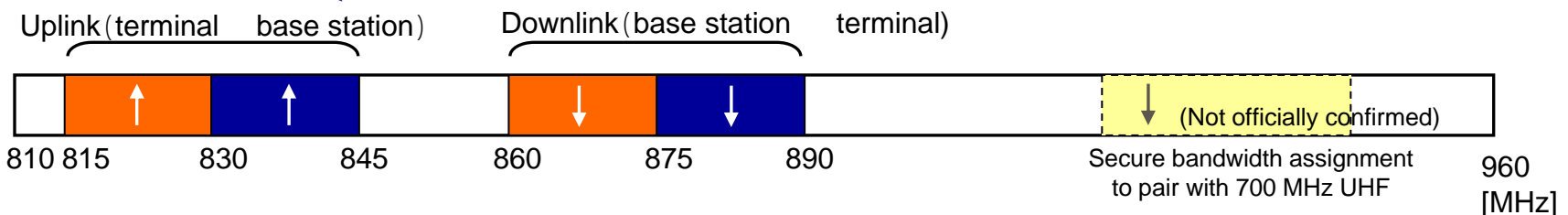
< Reorganization of 800MHz band >

■ KDDI ■ NTT DoCoMo

## Current situation



## From July 2012



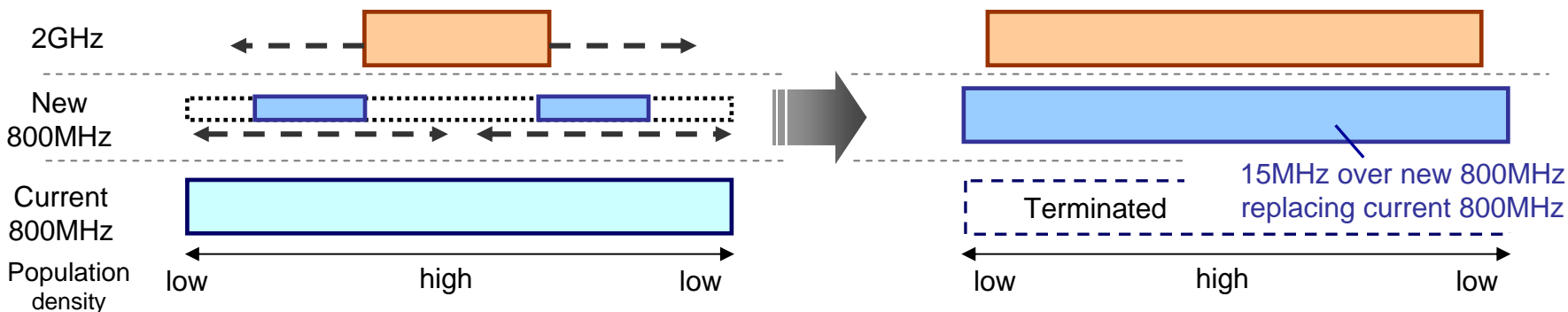


# 3. Reorganization of 800MHz Band (2)

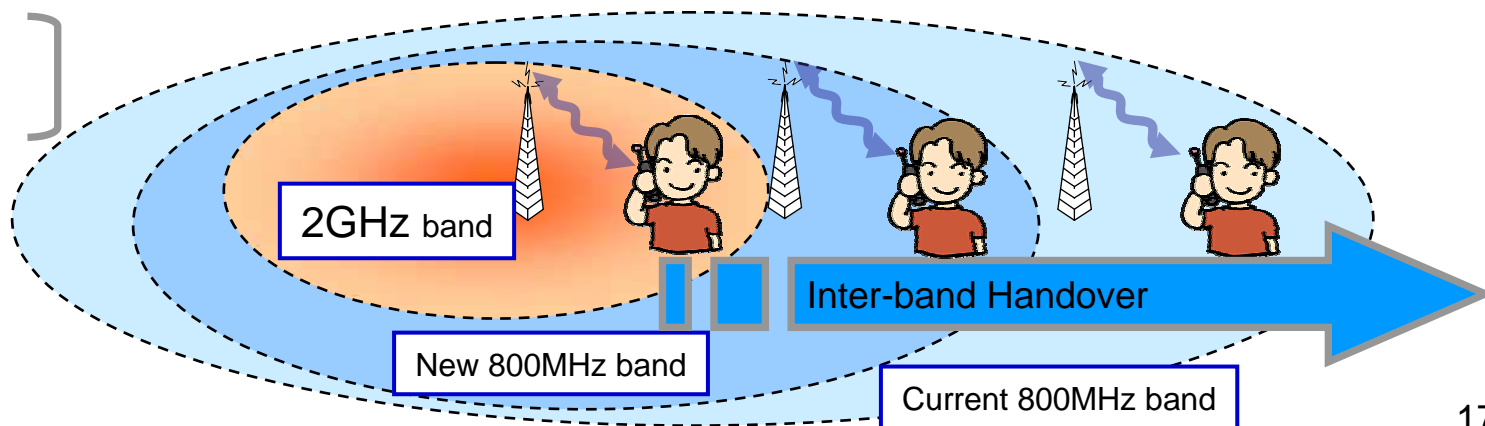
- Secure nationwide coverage and additional capacity for subscriber increase with 2GHz and new 800MHz band for the current 800MHz band reorganization.
- Handsets that support dual band (current 800MHz and 2GHz band) and tri-band (including the new 800MHz band) will enable the handover between bands. As of end-September, 11.80M of these terminals are in use.

< FY 2007 >

< From July 2012 >

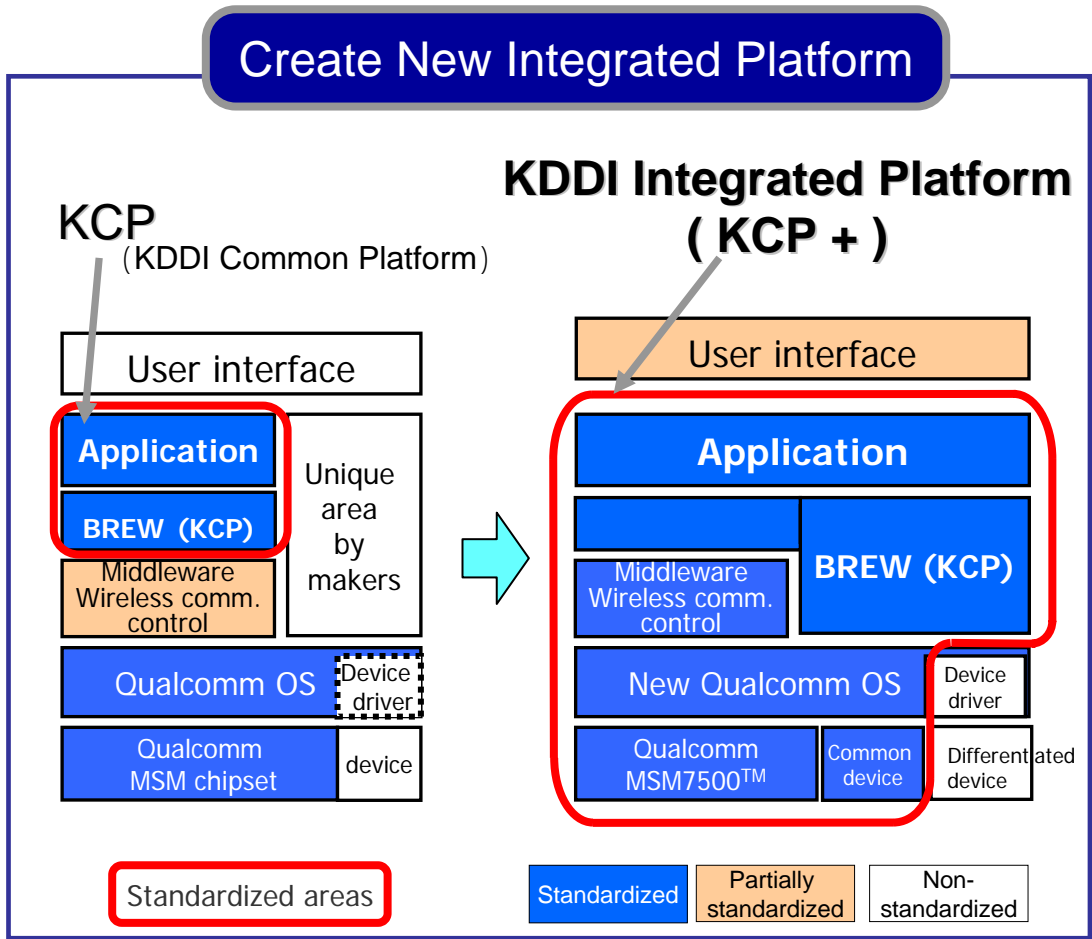
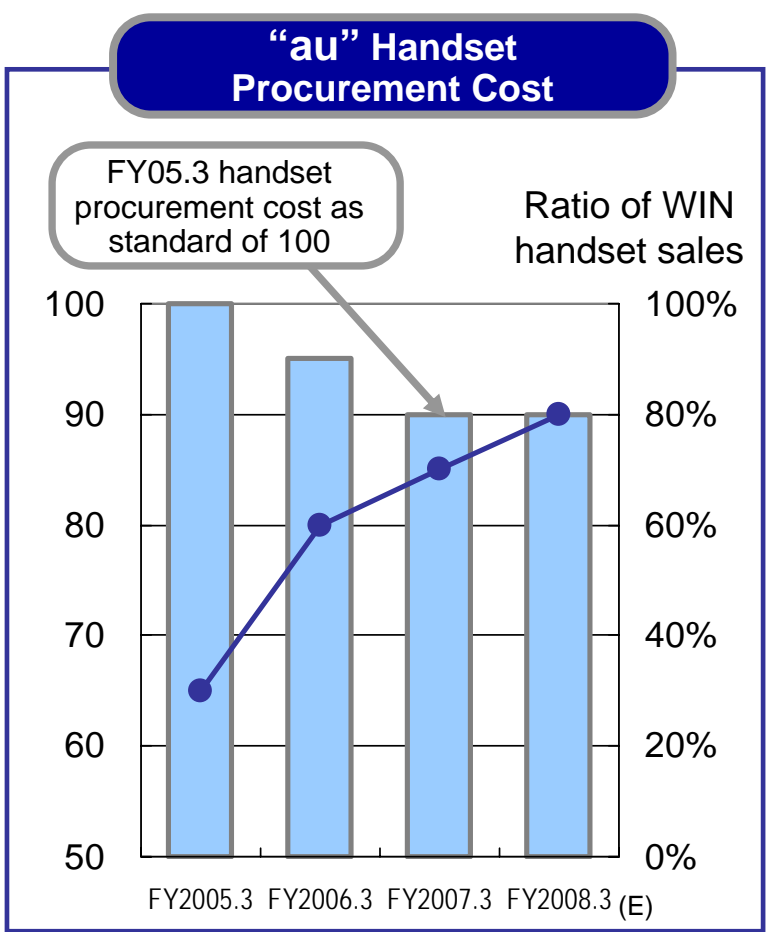


Handover Image during the 800MHz Reorganization



# 4. Measures to Reduce Handset Costs

- Launch 3 models of Rev. A handsets developed upon KDDI Integrated Platform as part of the Autumn & Winter 07 model lineup. Aim to further strengthen cost competitiveness in mobile phone development to deal with more complex and sophisticated software.



# 5. au Purchase Program (New purchasing option) (1)

## Purchasing methods until now:

- By reducing the initial cost burden of purchasing a handset through a handset subsidy, the popular uptake of mobile service has increased, which has contributed to the lowering of charges and the advancement of services.
- There will be an ongoing need for customers to switch to newer handsets and schemes are needed to encourage the use of new services etc.



However:

- Insufficient explanation to customers concerning handset subsidy.
- Perception of unfairness concerning frequent need for upgrading handsets.
- Perception that the current system brings unnecessary switching of handsets.



## Purchasing methods from now on:

- Easy-to-understand handset subsidy schemes (Establish handset user contractual periods with clear description of the handset subsidy).
- Add extra options on the cheaper discounted charges available after the fixed period.
- Also offer cheaper discounted charges with no handset subsidy.

# 5. au Purchase Program (New purchasing option) (2)

- Launch "au Purchase Program", which enables customers buying an "au" handset to choose a purchasing method suited to their needs from November 12, 2007.

\* Including tax.

## au Purchase Program

	<b>Full Support Course</b> (New scheme based on incentive model)	<b>Simple Course</b> (Separation model without subsidy)
Course Name		
Target	For customers who wish to keep the initial cost of their handset purchase low.	For customers who consider lower monthly bill is more important than upgrading a handset
Purchase Support (subsidy to users)	yes (¥21,000)	No
Contractual Period for Handset	2 years	No
Rate Options (handset-type)	Current Rate Plans (8 plans)	Simple Plan (2 plans) * Basic charge: S ¥1,050 L ¥2,625 Call charges: S ¥15.75/30 sec. L ¥10.5/1 min.
Other Details	<ul style="list-style-type: none"> <li>· Applicable: basic charge discounts.</li> <li>· Full Support Cancellation Fee required for early cancellation.</li> <li>· Cancellation fee for a fixed-term discount waived.</li> <li>· Monthly points rate increased upon usage.</li> </ul>	-

Note: Simple Course customers can select rate plans other than the Simple Plan.

# 6. Termination of Tu-Ka Service

- Plan to terminate Tu-Ka service at end-March 2008 based upon a smooth user-migration to "au" keeping the same phone number; total who switched at 0.27M in 1H, making aggregate total of 2.40M (since October 2005).

Tu-Ka Total Subs

