

## KDDI Corporation's 23rd Annual Meeting of Shareholders Questions and Answers

\* The names of shareholders who made remarks are undisclosed.

Opinions and questions irrelevant to the objectives of the meeting have been omitted.

The questions and answers have been sorted and edited as appropriate.

Q1

Regarding the lawsuit instituted by one of our shareholders on the subject of the return of share certificates

A1

Around April 2000, a lawsuit was brought against the former KDD by a shareholder who claimed that she had been cheated out of 100 DDI share certificates, and this person demanded compensation for losses. In January this year (2007) a court decision was handed down in our favor. Thus, we won the action in totality and the case was permanently settled.

(Hirofumi Morozumi, Executive Managing Director)

We conducted this merger in a perfectly normal and legal way. So nobody was cheated out of their DDI share certificates. These certificates were converted to KDDI share certificates.

(Tadashi Onodera, President and Chairman)

Q2

Regarding the international shortwave broadcasts from KDDI Yamata transmitting station used for NHK international broadcasts and the operating costs involved.

A2

[Regarding KDDI's handling of NHK international broadcasts following a change in the law]

Response by: Tadashi Onodera, President and Chairman

This refers to changes in the laws governing NHK, and so at the present time this has

not affected our business operations. It appears that NHK is considering switching from shortwave broadcasts to satellite-based TV broadcasts, and it also appears that NHK is considering reducing its shortwave radio broadcasts. We are operating the facility for NHK based on NHK policies.

Thus, there is no question of KDDI taking any action regarding international shortwave radio broadcasts on its own volition.

[Regarding the operating costs, etc. for international shortwave radio broadcasts via Yamata Transmitting Station]

Response by: Yasuhiko Ito, Executive Vice President, Member of the Board

The basic principle is that revenues should not fall below expenses. The equipment is owned and operated by KDDI but the rights of use are held by NHK. The expenses incurred are invoiced directly to NHK.

The decision as to whether these international shortwave radio broadcast operations are expanded is the prerogative of NHK. However, our information is that, at the present time, these operations are being reduced in scale. The costs involved are about 1.7 billion yen.

Q3

On the subject of au's recent market share position and our ongoing strategies

A3

Response by: Makoto Takahashi, Executive Vice President, General Manager, Solutions Business Sector

The market share of au alone, excluding TU-KA was 76% in April, in May it was 57.8%, and the net increase including TU-KA was 55.8% for the full FY 2006. After the introduction of MNP, au's market share has been buoyant. Regarding the summer high-sales period, "Mobile Phone One-Seg" is the key factor. Thus, we have prepared a lineup of mobile phones, mainly with One-Seg functions and we have launched seven new models simultaneously. In addition, we are strengthening our competitive

edge by introducing handsets that are matched to the lifestyle of users, such as “Walkman” type mobile phones in cooperation with SONY and EXILIN mobile phones made by Casio.

Mobile phones within the KDDI Design Project have been exhibited in the Museum of Modern Art, and we feel that this reflects the good reception KDDI’s Design Project mobile phones have received. We feel that these design intensive mobile phones are a very significant product for our sales, and we are utilizing them as key products in our competition with NTT DoCoMo and SoftBank Mobile in this area.

Q4

Regarding the net increase in mobile phone subscribers in May  
[Concerning the fact that SoftBank Mobile overtook KDDI in terms of a net increase of mobile phone subscribers in May and the measures envisaged to counter this]

A4

Response by: Tadashi Onodera, President and Chairman

As you heard in the response from Executive Vice President Makoto Takahashi, we have formulated strategies and these are being proactively implemented.

Regarding mobile phone call rates, many factors are involved, and we are studying this subject in-company, but we have not yet decided on the rate plans we will offer.

Q5

Regarding WIMAX

A5

Response by: Tadashi Onodera, President and Chairman

The Ministry of Internal Affairs and Communications has issued a position document requesting public comments on WIMAX. We have issued a comment in response to this stating that KDDI can launch such operations independently, but the final decision on this will be made by this Ministry. We envisage that we can create a subsidiary centering on KDDI to undertake WIMAX operations even if our voting rights are limited

to one-third. Thus, when the Ministry issues its final decision on the licensing system, we will review our thinking on this subject. There is no change to our stance of desiring to proactively engage in WIMAX operations.

Q6

Regarding the size of Kyoto Audit Corporation

A6

Response by: Satoshi Nagao, Executive Vice President

By July this year, Kyoto Audit Corporation is expected to have a staff of about 200. We have requested the Kyoto Office of the former Chuoayama Audit Corporation (currently Misuzu Audit Corporation) to undertake auditing for KDDI. Up to now, they have performed the audits with no problem whatsoever.

Almost all the staff of the Kyoto Office will transfer to Kyoto Audit Corporation, and we intend to request them to continue to undertake our audits.

Regarding the size of Kyoto Audit Corporation, the situation now and that from July onward will be different, and so we believe that they will be able to undertake our audits effectively.

Q7

Regarding the adoption of a consolidated dividend system.

A7

A major factor is that one of our subsidiaries is "Okinawa Cellular Phone", a listed company. As a result of reorganizing the dividend payment system and dividend relationships of KDDI and our listed subsidiaries, we have come to the conclusion that there would be no problem in adopting a consolidated dividend system, and so from this business period onward we have introduced such a consolidated dividend system.

Q8

Regarding the correlation between ROE and corporate tax

A8

Our ROE has become low and it has been suggested that one reason might be corporate tax.

Regarding corporate tax, this affects all companies, not just KDDI, and it is related to political issues. We intend to deal with corporate tax while taking the opinions of our shareholders into consideration.

Q9

Regarding our FTTH operations

A9

We have acquired the FTTH operations of Tokyo Electric Power Company in the Kanto area (Metro Tokyo and surrounding prefectures), and so we now operate "Optical One" services using these facilities.

In areas other than Kanto, we provide FTTH services to condominiums by borrowing the dark fiber lines of NTT. However, we are now studying other methods of providing these services. In the case of KDDI, it would not be practical in terms of costs to link up each individual home by cable and so we have submitted a request to The Ministry of Internal Affairs and Communications and to NTT to allow KDDI to make more effective use of the GE-PON system of NTT. However, at the present time, we have not received such permission.

We do not intend to build a nationwide network across Japan of our own independent facilities. So, in areas where we have no facilities, we are moving forward to use the currently unused dark fiber of NTT or its GE-PON system in order to provide such services.

Q10

Regarding the termination of TU-KA services and the future of WIN and CDMA

A10

Our TU-KA services will be terminated as of the end of March 2008, and the subsequent services will be mainly centered on CDMA. Regarding CDMA, we intend

to operate a broad array of services and systems including Rev.A.

As of the end of March 2007, the percentage of WIN subscribers stood at 53%. As of the end of March 2007, the rates for use per subscriber, including both data and voice (total AURP) stood at 6,380 yen. Regarding WIN, the rate was 8,310 yen.

(Makoto Takahashi, Executive Vice President)

WIN and CDMA is based on the CDMA 1X system with the add-on of the EV-DO system, and it is used exclusively for data. However, we are continuing to use CDMA 1X for our conventional voice services and low-speed data services.

Users can receive high-speed data and voice services with WIN. However, regarding the voice services, the CDMA1X system is used as before, and so the system itself will remain in service.

In terms of services used (terminals) the percentage of WIN has increased, and this is likely to continue to increase. However, terminals which only require voice services as well as terminals which only require email and voice services do not require a WIN terminal, and so it would be cheaper cost-wise to use a CDMA1X terminal. So, we will continue to sell CDMA1X terminals for children and elderly users.

(Tadashi Onodera, President and Chairman)

Q11

Regarding the future outlook for KDDI operations (A very valuable opinion)

A11

From the TCS (Total Customer Satisfaction) aspect, we intend to increase the degree of satisfaction, not only for our end users, but also for all the stakeholders associated with KDDI.

At the same time, we realize that we must move forward to the next step, and we are taking positive action including technological studies. In concrete terms, from three years ago, we have been engaged in WIMAX studies. We are constantly studying the next generation systems and services. We consider that providing services that give pleasure to our end users and services that surprise and win the admiration of everybody are the keys to our future sustained growth. To this end, our research laboratories and our entire staff are actively engaged in these endeavors.

Q12

Regarding future market development for mobile phones

A12

As the population of Japan is 120 million, we think that the growth of demand for mobile phones for personal use will stop at about the 100 million level. However, the demand for corporate use mobile phones is likely to increase greatly.

In line with Japan's Personal Information Protection Law, there is a perception that handling corporate customer data on personal use mobile phones presents security problems, and so there is a tendency for the demand for corporate use mobile phones to increase.

We think that there will be an increasingly marked tendency for corporations to have their employees use mobile phones issued by the company, and so the number of corporate employees having two mobile phones, one for private use and one for business use, will increase ... and this is becoming a clearly marked tendency.

Another market ready for development is that for modules. Toyota Motors is using the KDDI module for its G-BOOK, and other companies are also using our modules. Modules do not look like mobile phones. In the case of Toyota, they are incorporated into cars and they use our networks to provide communications between cars and the Toyota Center.

In addition to installation in cars, these modules are also used in motorcycles and vending machines, and we think there is still a lot of potential for more growth in demand.

We are committed to greater efforts to acquire more individual users and increase our market share. However, we are also committed to putting the same or even more efforts into our services for the corporate sector. So, in this way we think that we can increase both revenues and profits in our mobile phone operations.

Q13

Regarding Corporate Social Responsibility (CSR) as pertaining to mobile phones

A13

We think that mobile phones have a very powerful influence on children. So, we provide filtering services to block access to undesirable (adult) sites. We and our associate companies hold seminars on using mobile phones in many parts of Japan for children from 6 to 15 and their parents, and we intend to expand these activities. Through these activities, we seek to eliminate the undesirable aspects of mobile phones as far as possible and to expand the beneficial aspects. We work to ensure that people can use our mobile phones with confidence.

Q14

Regarding the rates for the use of telephone lines

A14

NTT's telephone lines are often referred to as dry copper.

We can use the lines from the user's home to the telephone exchange if we pay for this. However, this is not a free service. These dry copper lines are available to all telecom carriers, not just KDDI, and if conditions are suitable, we can use them, but this costs money.

Q15

Regarding international undersea cables

A15

Up to now these cables have been laid by companies in Japan and the USA on a joint investment basis. Most of these cables are operating at full capacity, and a situation is arising where we must consider the option of laying new cables. This will cost a lot of money, and it is necessary to be cautious about such investments. At the present time, we have made no decisions regarding when and in what manner we might lay new undersea cables.