

KDDI Corporation's 24th 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 measures with regard to undersea cable communications networks for the Beijing Olympics

A1

Response by: Yasuhiko Ito, Executive Vice President, Member of the Board
KDDI will handle all orders for TV transmission services from China, and will relay broadcasts in corporation with China Netcom. In undersea cable operations, normally two lines are kept redundant, but this time we will have four, to ensure maximum readiness, including maintenance systems, for any emergency.

Q2

Regarding expansion of au mobile phone services to prepare for the Beijing Olympics

A2

Response by: Makoto Takahashi, Associate Senior Vice President, Member of the Board

I believe we have made every possible preparation with regard to international roaming services in China, based on a partner contract with PRC China Unicom, including strengthened measures to deal with service breakdown.

Q3

Regarding evaluation of the integration of management resources following the three-company merger of DDI Corporation, KDD Corporation and IDO Corporation on October 1, 2000

A3

Response by: Tadashi Onodera, President and Chairman
Since the merger, I think the trend has been towards growth in sales and profit. At the same time, with regard to integration of management resources, I believe we have made steady progress in integrating personnel. However, in network integration, there is room for improvement, particularly in regard to networks using fixed line technologies. By making progress here, I believe we can further increase the efficiency of our management.

Q4

Regarding the policies of "quantitative expansion" and "qualitative enhancement" in Challenge 2010

A4

Response by: Tadashi Onodera, President and Chairman
Efforts to generate "quantitative expansion" have focused mainly on the mobile phone business. There are signs of market saturation with regard to individual customers, but I believe we can still build volume in corporate sales, which is a new segment for us. At

the same time I believe it is extremely important to have our own access technologies like fiber-to-the home in the Fixed Line Communications business. By increasing the number of customers for access systems, basic charge revenue and at the same time communications service fees go up. In addition, we intend to invest in new businesses like Jibun Bank Corporation. I believe these are the right approaches for “quantitative expansion.”

As far as “qualitative enhancement” is concerned, I believe progress will come through our Total Customer Satisfaction program for increasing satisfaction of our customers and other stakeholders, including shareholders.

Q5

Regarding future issues for the Annual Meeting of Shareholders

A5

Response by: Tadashi Onodera, President and Chairman

The main purpose of the Annual Meeting of Shareholders is presentation of the business report for the previous period. In addition, there is some discussion of progress in Challenge 2010. Whenever the subject matter permits, this forum will continue to be used for discussion of upcoming issues.

Q6

Regarding the composition of shareholders

A6

Response by: Hirofumi Morozumi, Senior Vice President, Member of the Board

In our investor relations activities, we have tried to maintain an appropriate balance of investor groups, from a wide variety of backgrounds. However, we recognize that the proportion of individual investors is still small. We will take further measures to encourage ownership of KDDI shares by individual investors.

Q7

Regarding incentives for long-term ownership of KDDI shares

A7

Response by: Hirofumi Morozumi, Senior Vice President, Member of the Board

We plan to discuss further creation of a system of incentives encouraging long-term shareholdings. We believe stock splits are an effective policy for expanding the range of investors in the Company. We will continue to carefully consider this option while taking overall account of the share price, total number of shares and stock liquidity cost-benefit position, though we have no specific plans at the moment.

Q8

Regarding consideration shown to shareholder views at the Annual Meeting of Shareholders.

A8

Response by: Tadashi Onodera, President and Chairman

We esteem shareholder views highly and want to hear them. We want to take shareholders' views into consideration when we discuss issues for the coming year and beyond.

Q9

Regarding the risk management system with regard to natural disaster readiness

A9

Response by: Tadashi Onodera, President and Chairman

We have a range of response measures for natural disasters, in recognition of the increasing use of mobile phones in emergencies, as they are an extremely efficient means of communication. In particular, we have power-generation vehicles ready around the country to go where needed to deal with the single biggest issue, power cuts. We also have base stations for a real-time transmission of mobile phone calls using satellites, as well as mobile real-time relay stations. By maximizing our use of these measures, I believe we can ensure early restoration of services even under disaster conditions. With regard to the ability of mobile phone base stations themselves to resist earthquakes and high winds, even in the Great Hanshin-Awaji Earthquake and Niigata Prefecture Chuetsu Earthquake, as well as the recent Iwate-Miyagi Nairiku Earthquake, there was not a single instance of a mobile phone base station or tower collapsing.

Turning to used mobile phone recovery, we are taking aggressive measures in this area, recovering not only handsets themselves, but also instruction manuals. KDDI is not alone in dealing with this issue—all players in the industry cooperate on recovery. We have arranged for used mobile phones under KDDI brands to be disposed of at phone stores of other companies, and we offer the same service to customers of other companies. However, recovery rates for mobile phones have fallen slightly from earlier levels due to the increasingly sophisticated built-in functionality of handsets. I would strongly urge customers to take mobile phones to phone stores for disposal when they no longer needed.

With regard to the question of finding easy ways of recovering rare metals from handsets, we will launch discussions with handset manufacturers.

Concerning radio waves, the World Health Organization has already set standards in this area, and you may be assured that we have mechanisms that ensure that wave radiation is well within WHO standards for mobile phone handsets.

With regard to the question of different radio waves interfering with each other, I would also ask you to rest assured that handsets and base stations are designed in such a way as to ensure full conformity with standards, which are geared to final total output.

Q10

Regarding disposal of fractional shares

A10

Response by: Tadashi Onodera, President and Chairman

We have two methods for dealing with fractional shares. One is selling them on the market and then dividing up the proceeds equally among shareholders with such odd lots, and the other is buying up all the shares at market prices and adding them to treasury stock. With the upcoming abolition of fractional shares, we are taking measures

to reduce direct exposure to market price influence so we can add fractional shares to treasury stock after acquiring them using own capital. We are also thinking of offering treasury stock as stock options to employees and executives of the Company, or as compensation to our partners in the merger and other organizational overhauls.

Q11

Regarding candidates for appointment as new auditors

A11

Response by: Tadashi Onodera, President and Chairman

Each candidate auditor has been selected on the basis of his experience and insight as an auditor. We will seek the esteemed opinions of our shareholders, and refer to them in electing auditors in the future.

Q12

Regarding measures to improve the Fixed Line Communications business

A12

Response by: Tadashi Onodera, President and Chairman

We have a range of policies to encourage customers of NTT to switch to us. We will continue marketing activities to win fixed-line customers in the future.

Q13

Regarding the Company's handling of customers

A13

Response by: Tadashi Onodera, President and Chairman

If any customer has had experience of being badly treated by KDDI, then I offer my profound apologies. We will make every effort in future to ensure that we are able to respond with a due sense of responsibility when such problems arise.

Q14

Regarding financial results meetings for individual investors

A14

Response by: Tadashi Onodera, President and Chairman

We organize meetings for individual investors using live webcasts and other methods.

Q15

Regarding the incident in which an English notice regarding TU-KA services was wrongly posted.

A15

Response by: Tadashi Onodera, President and Chairman

We were unable to carrying out adequate checking in this case and will draw the due lessons from this incident.

Q16

Regarding the responsibilities and duties of Vice Chairman, Sadanori Amano

A16

Response by: Tadashi Onodera, President and Chairman

I have asked Sadanori Amano as vice chairman and representative director to take over some of my duties. He is also in charge of internal risk management.

Q17

Regarding the termination of TU-KA services

A17

Response by: Makoto Takahashi, Associate Senior Vice President, Member of the Board

TU-KA services were terminated at the end of March 2008. After the merger with TU-KA, we decided to transfer TU-KA services to au after an overall consideration of market trends and business developments. The termination of TU-KA services took approximately 15 months, and we have encouraged migration to au through a range of PR measures including direct mailing, notices in newspapers and television commercials.

With regard to prepaid services under TU-KA, it will not be possible to offer the same kind of e-mail service as can be used under au's prepaid services, but I think all other services should be compatible with au. Particularly as rates were relatively low, we felt it necessary to terminate prepaid services at the end of March. Though e-mail services cannot be used under au's prepaid services, we provide e-mail services tailored to the needs of senior citizens and children.

Q18

Regarding measures in Challenge 2010 to create new corporate value and encourage green purchasing

A18

Response by: Tadashi Onodera, President and Chairman

In addition to the mobile phone and fixed line services that we offered today, we will provide and develop services that create new corporate value for customers. One example of this is mobile phone services that did not exist before, such as those offered by Jibun Bank. And for customers in the corporate customer segment who are not satisfied with the services available today, creating new value means mainly winning over such customers through new value.

We have already made progress with green purchasing and similar initiatives, and will continue to conduct our business in an environment-friendly way.