IR Meeting

Ubiquitous Solution Company

KDDI CORPORATION

Financial Results of the Fiscal Year ended March 2005

April 28, 2005

Tadashi Onodera
President

The figures included in the following brief, including the business performance target and the target for the number of subscribers are all projected data based on the information currently available to the KDDI Group, and are subject to variable factors such as economic conditions, a competitive environment and the future prospects for newly introduced services.

Accordingly, please be advised that the actual results of business performance or of the number of subscribers may differ substantially from the projections described here.

1.1. FY 2005.3 Financial Highlights

1 Consolidated basis

- Operating revenues increased by 2.6% yoy and operating income was up 1.4% as strong "au" Business absorbed decreased revenues in Fixed-line Business and other segments
- Interest-bearing debt decreased to ¥864.6B (end-March)

2 "au" Business

- Operating revenue climbed 14.2% and operating income rose by 14.0% yoy
- Steady growth in Chaku-uta Full™; total downloads topped 5 million (on April 3)
- Achieved largest share of net adds for second consecutive year (50.4%) and continued to expand No. of WIN subs, reaching 3.25 million at end-March.

3 Fixed-line Business (Formerly BBC & Solutions Business)

- Despite growth in internet-based services, which narrowed decrease in revenues, sales of Metal Plus expanded, thereby pushing down operating income to ▲¥0.3B

4 TU-KA Business

- Expanded sales of simple handset "TU-KA S" among seniors

5 Business Reorganization

- Transferred PHS Business (Oct. 2004) and made 3 TU-KA companies into wholly-owned subsidiaries (end-March 2005)
- Reorganization of subsidiaries: Established KDDI Evolva (telemarketing, etc.), KNSL (fixed-line telecom) and KDDI Technical Engineering Service (Operation & Maintenance)

1.2. Full-Year Forecasts for FY 2006.3

FY2005.3 Result → FY2006.3 Forecast (Change)

1 On a consolidated basis, Company forecasts an increase in operating revenues and a slight decrease in operating income, based on projected double-digit growth (15%) of ¥40.9 billion in "au" Business, which will almost cover an expected ¥41.7 billion decrease of OP through expanded sales of Metal Plus in Fixed-line Business.

- Operating revenues: ¥2,920.0B → ¥2,976.0B (up ¥56.0B)
  Operating income : ¥296.2B → ¥289.0B (down ¥7.2B)

(Reference) Results excluding Pocket
up ¥142.8B
down ¥1.7B

- Principal Factors

✓au ARPU	: ¥7,170	→	¥6,810	(down ¥360)
Cumulative subs	: 19,540k	→	21,540k	(up 2,000k)
✓Metal Plus cumulative subs	: 40k	→	2,200k	(up 2,160k)

2 Capex forecast at ¥440.0B (up ¥97.6B) due to enhanced "au" coverage and increased capex of 2GHz and wider coverage for Metal Plus

3 FCF guidance at ¥43.0B (down ¥359.2B) due to increased capex(¥97.6B) and disappeared prior year's effect of ¥203.7B for divestiture of PHS Biz. and 1H result of Pocket.

Note: All figures are on a consolidated basis except those where segments are referred.

1.3. FY 2006.3 Challenges

1 Secure new customers to strengthen business foundations and drive sustainable growth

- Build up brand strength, enhance customer satisfaction and ensure compliance
- Develop FMC (Fixed & Mobile Convergence) services by exploiting KDDI's competitive advantages

2 "au" Business:

- Increase product attractiveness by pursuing uniqueness ;enhance EZ Chaku Uta Full^{TM} etc.
- Leverage strength of EV-DO network to expand sales of WIN's flat-rate services to wide range of users
- Mobile Solutions: Enhance product development capability and promote sales along with solutions

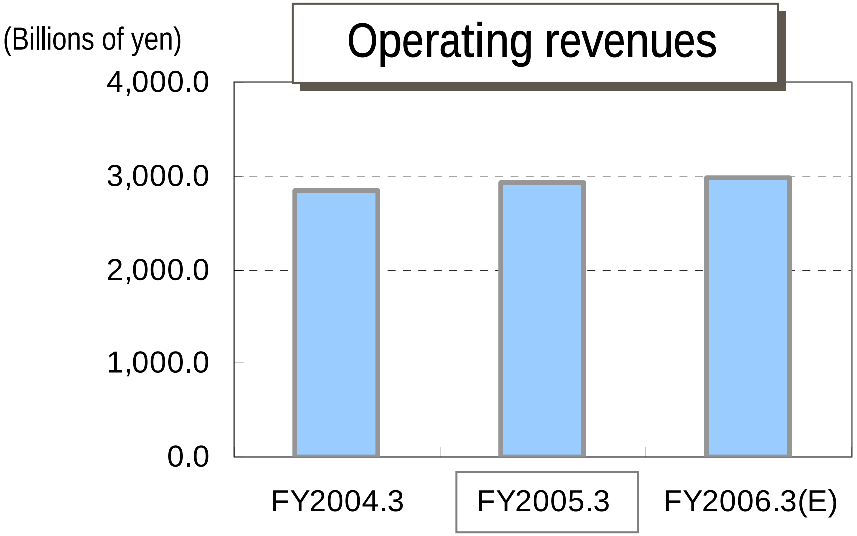
3 Fixed-line Business (Formerly BBC & Solutions Business)

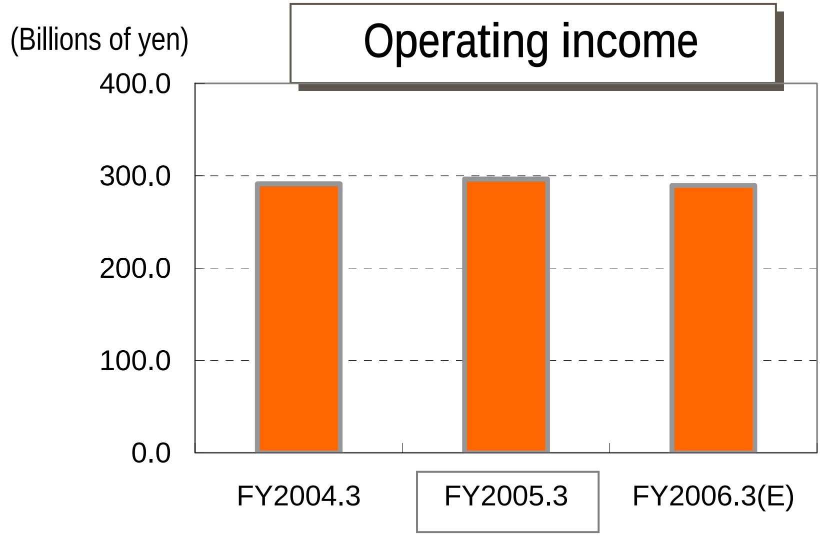
- Expand sales of direct access services, led by Metal Plus, to rebuild Fixed-line Business

4 TU-KA Business

- Establish stable customer base by focusing on seniors

2. Consolidated Financial Results





(Billions of yen)

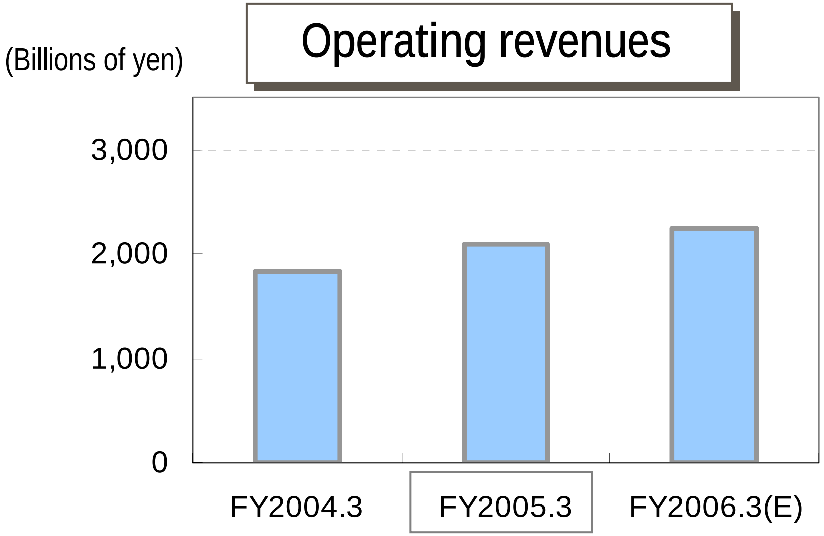
	FY2004.3	FY2005.3		FY2006.3(E)	
			yoy		yoy
Operating revenues	2,846.1	2,920.0	2.6%	2,976.0	1.9%
Operating income	292.1	296.2	1.4%	289.0	-2.4%
Operating margin	*10.3%*	*10.1%*	-	*9.7%*	-
Ordinary income	274.5	286.3	4.3%	287.0	0.2%
Net income	117.0	200.6	71.4%	187.0	-6.8%
Free Cash Flow	404.2	402.2	-0.5%	43.0	-89.3%
EBITDA	688.0	664.3	-3.5%	643.0	-3.2%
EBITDA margin	*24.2%*	*22.7%*	-	*21.6%*	-

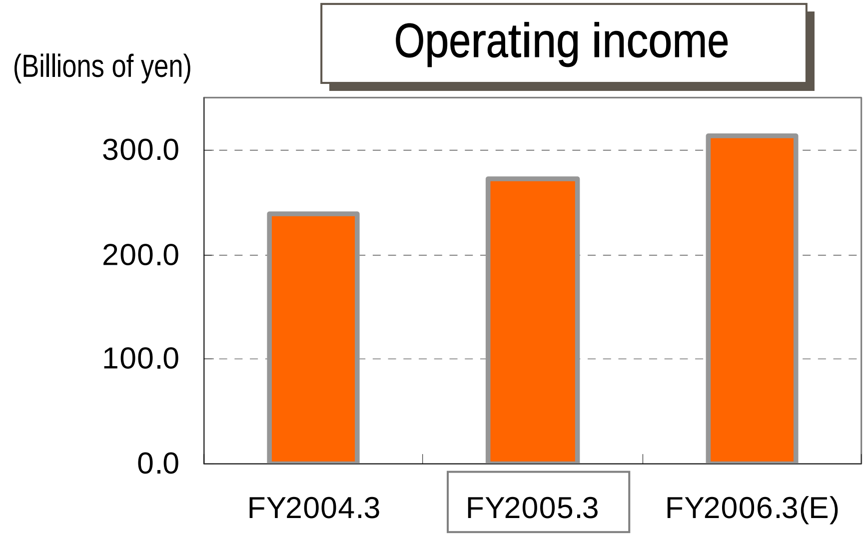
(ref.) Results excluding Pocket

FY2005.3	FY2006.3(E)	
		yoy
2,833.2		5.0%
290.7		-0.6%
10.3%		-
281.4		2.0%
169.0		10.7%
198.5		-78.3%
639.6		0.5%
22.6%		-

Note: For FY 2005.3 results excluding Pocket, 1H results and effect of divestiture of PHS Business have been deducted from the consolidated figures.

3. “au” Business





(Billions of yen)

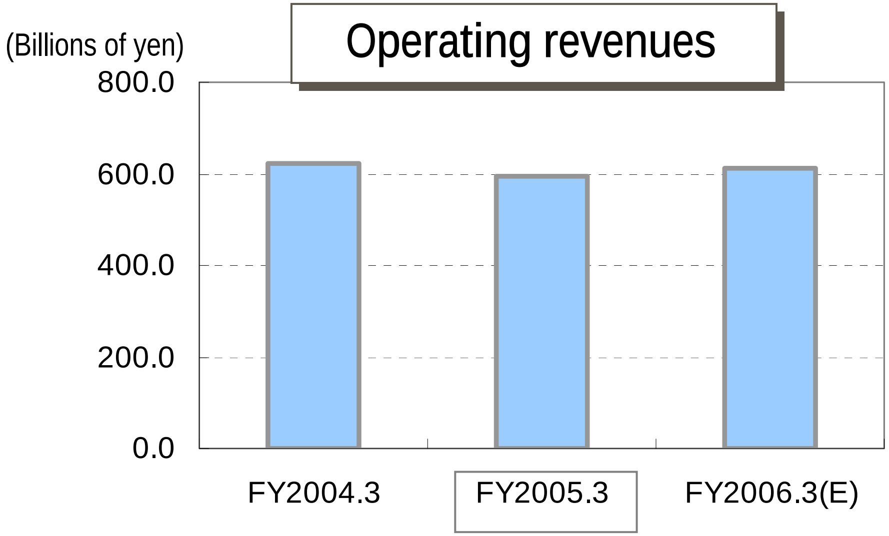
	FY2004.3	FY2005.3	FY2006.3(E)
Operating revenues	1,831.8	2,092.7	2,245.0
Operating income	239.5	273.1	314.0
Operating margin	*13.1%*	*13.1%*	*14.0%*
Ordinary income	229.1	269.9	313.0
Net income	130.0	161.2	186.0
Free Cash Flow	207.3	132.6	119.0
EBITDA	437.7	481.4	524.0
EBITDA margin	*23.9%*	*23.0%*	*23.3%*

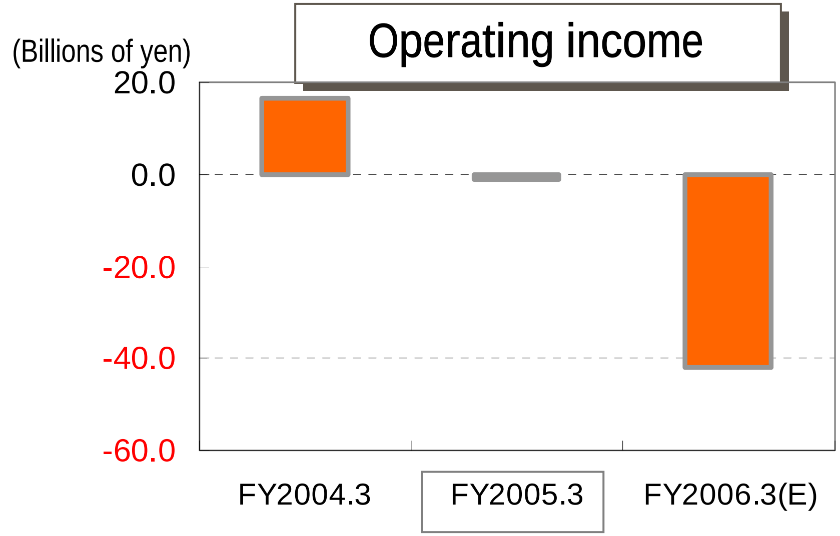
	FY2004.3	FY2005.3	FY2006.3(E)
Subs ('000)	16,959	19,542	21,540
of module-type	361	487	610
WIN(EV-DO)	343	3,252	7,660
1X	13,166	14,683	-
cdmaOne	3,450	1,608	-
ARPU （yen）	7,440	7,170	6,810
Voice	5,800	5,430	5,020
Data	1,640	1,740	1,790

Note 1. ARPU is calculated for ordinary handsets which exclude module-type terminals.

Note 2. To be consistent with segmentation used in IR presentations and financial statements, KDDI has made double-ledger for the sales and cost of sales of transactions between “au” and Fixed-line business segments at KDDI principle only, which used to be cancelled out. This change has no effect on operating income. Figures for FY 2004.3 have also been stated this way for the purpose of comparison.

4. Fixed-line Business





(Billions of yen)

	FY2004.3	FY2005.3	FY2006.3(E)
Operating revenues	623.1	596.0	612.0
Operating income	16.4	-0.3	-42.0
Operating margin	*2.6%*	*-0.1%*	*-6.9%*
Ordinary income	15.9	-0.4	-43.0
Net income	-29.9	-4.4	-22.0
Free Cash Flow	68.6	-3.1	-114.0
EBITDA	112.2	87.5	59.0
EBITDA margin	*18.0%*	*14.7%*	*9.6%*

	FY2004.3	FY2005.3	FY2006.3(E)
DION subs('000) (Note1)	2,687	2,885	2,880
of ADSL	1,109	1,494	1,500
FTTH subs('000)	23	91	180
of Hikari Plus	9	79	-
Metal Plus subs('000)	0	(Note2) 41	2,200

Note 1: DION subs of Hikari Plus have been included in the number of DION subs from FY 2005.3.

Note 2: No. of Metal Plus line subscriptions (incl. those not yet activated) at end-March 2005 was 417,000.

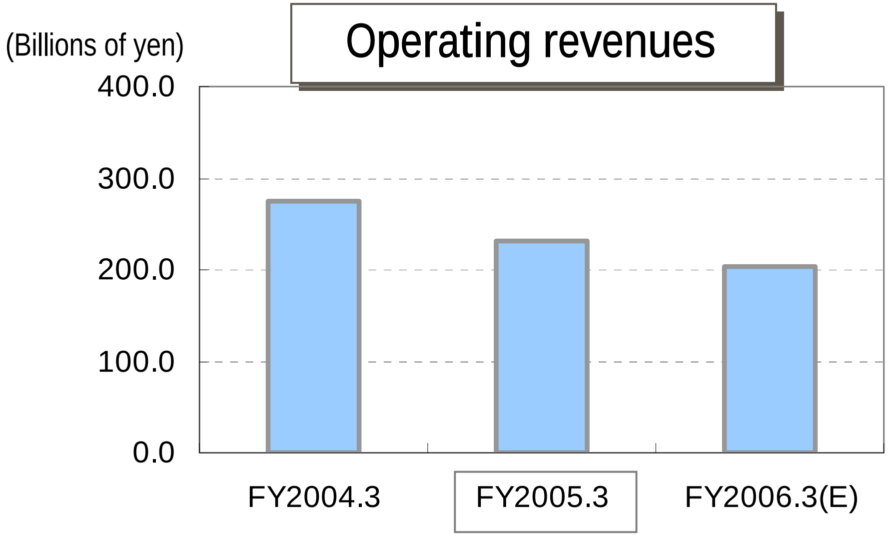
Note 3: Refer page 5 note (2).

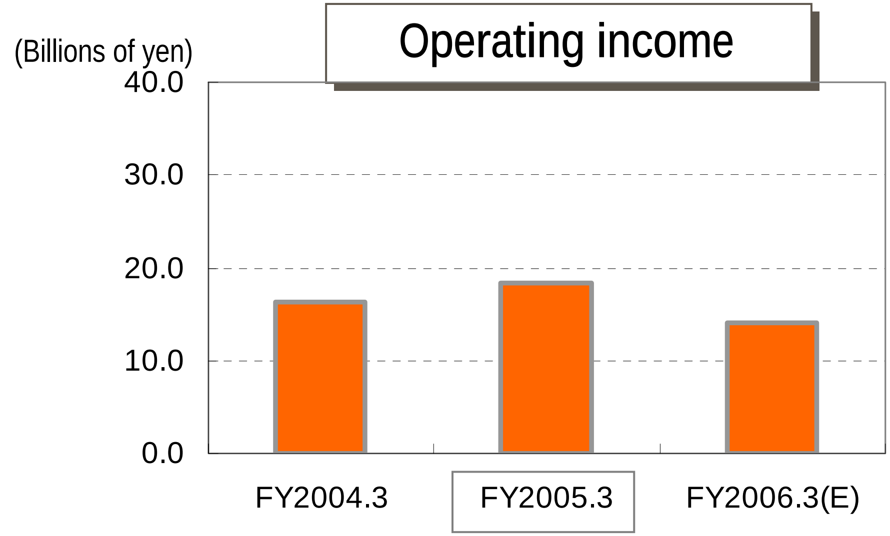
4. Fixed-line Business

■ Expand sales of direct access services, led by Metal Plus, to rebuild Fixed-line Business.

	FY05.3	FY06.3(E)	Change	main reasons
Revenues	¥596.0B	¥612.0B	+ ¥16.0B	Sales outside the group approx.＋¥5.0B ・Voice ：＋ ¥0.8B ・Data Comm. ：＋ ¥1.1B ・KNSL/Other ：＋ ¥ 3.0B 【incl.】 Metal Plus ：＋ ¥47.0B Sales within the group approx.＋¥11.0B
Operating Expenses	¥596.3B	¥654.0B	+ ¥57.7B	・Telecom facility Chg.： ＋ ¥21.0B ・Depreciation ： ＋¥13.0B ・Others ： ＋¥24.0B
Operating Income	▲ ¥0.3B	▲ ¥42.0B	▲ ¥41.7B	

5. TU-KA Business





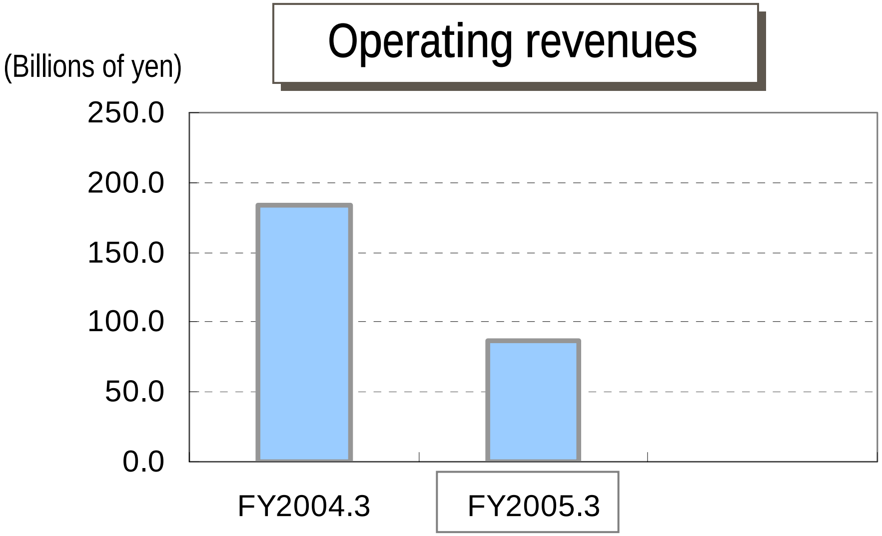
(Billions of yen)

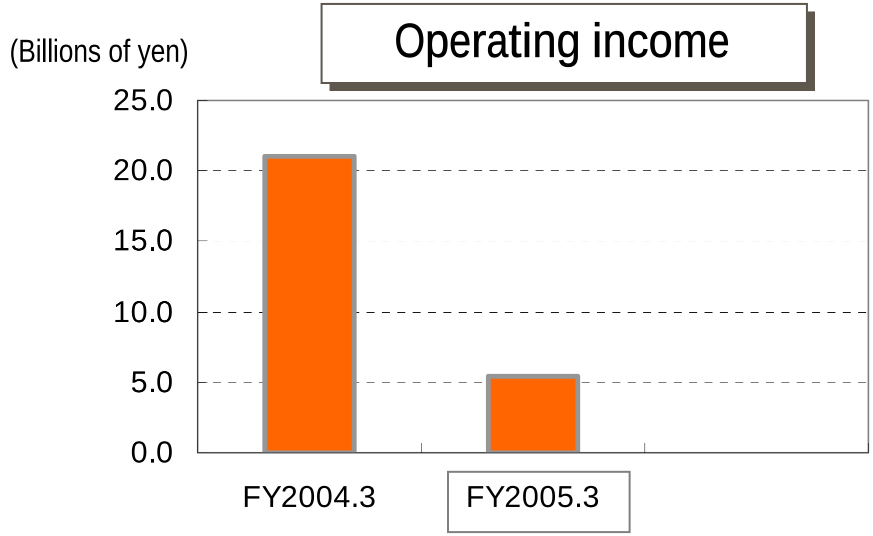
	FY2004.3	FY2005.3	FY2006.3(E)
Operating revenues	274.3	231.4	204.0
Operating income	16.3	18.4	14.0
Operating margin	*5.9%*	*8.0%*	*6.9%*
Ordinary income	11.4	15.2	13.0
Net income	8.0	10.5	8.0
Free Cash Flow	55.0	58.1	41.0
EBITDA	72.1	66.8	54.0
EBITDA margin	*26.3%*	*28.9%*	*26.5%*

	FY2004.3	FY2005.3	FY2006.3(E)
Subs ('000)	3,632	3,590	3,490
ARPU (yen)	5,020	4,470	4,040

Note: To be consistent with segmentation used in IR presentations and financial statements, we have changed for a simple sum of results for each individual TU-KA company to fully consolidated figures. Figures for FY 2004.3 have also been stated this way for the purpose of comparison.

6. Pocket Business





(Billions of yen)

	FY2004.3	FY2005.3 1H	FY2006.3(E)
Operating revenues	184.0	86.9	-
Operating income	21.1	5.5	-
Operating margin	*11.5%*	*6.3%*	-
Ordinary income	19.0	4.9	-
Net income	19.1	4.0	-
Free Cash Flow	47.2	20.9	-
EBITDA	61.3	24.6	-
EBITDA margin	*33.3%*	*28.3%*	-

	FY2004.3	FY2005.3 1H	FY2006.3(E)
Subs ('000)	2,897	2,926	-
of Air H"	990	1,101	-
ARPU (yen)	4,750	4,430	-

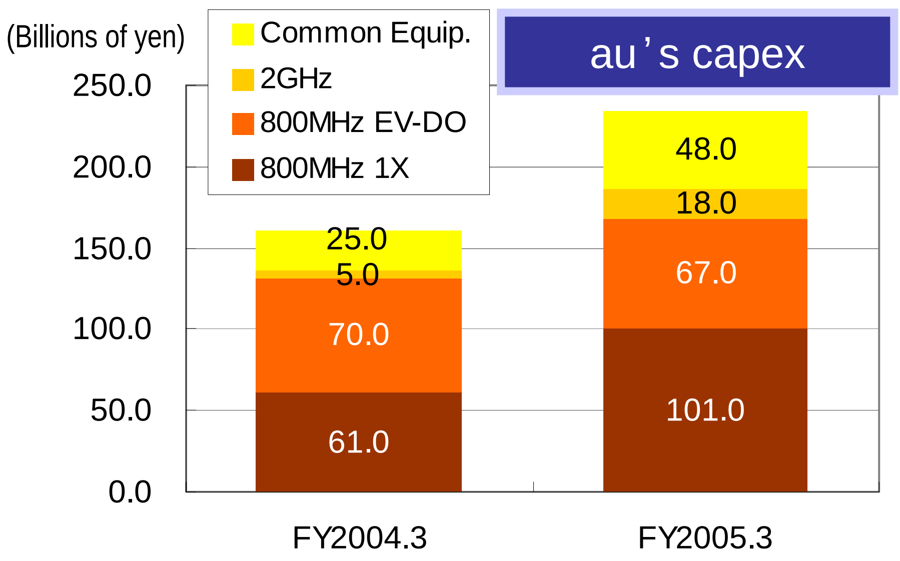
Note: Pocket Business has only 1H results for FY2005.3 due to the divestiture in October.

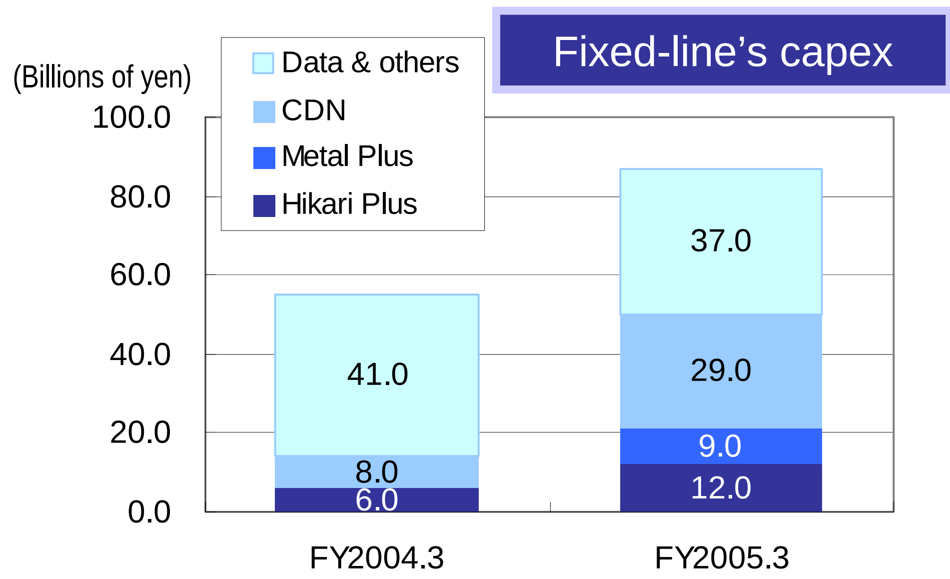
7. Capital Expenditures and others

(Billions of yen)

		FY2004.3	FY2005.3	FY2006.3 (E)
CAPEX (Cash basis)	Consolidated	253.3	342.4	440.0
	au	161.2	233.5	280.0
	Fixed-line	55.1	86.6	150.0
	TU-KA	14.7	7.7	4.0
	Pocket (ref.) (Note)	12.9	5.0	-
Depreciation	Consolidated	365.7	349.9	335.0
	au	184.9	201.7	201.0
	Fixed-line	83.9	78.7	92.0
	TU-KA	53.8	46.6	39.0
	Pocket (ref.) (Note)	38.7	18.7	-
Debts	Consolidated	1,179.8	864.6	-
Debt / EBITDA multiple		1.7	1.3	-
Debt / Equity ratio		1.17	0.74	-

Note: Pocket Business has only 1H results for FY2005.3 due to the divestiture in October.





Segment Discussions & Strategies

KDDI-wide Measures	“au” Business
Fixed-line Business	TU-KA Business

1. Toward Sustainable Growth (1)

From a period of strengthening management foundations
to a period of expanded customer base aimed at future profit growth

Beginning of a new stage

Keywords	“Selection and concentration” to strengthen management foundations	“Strategy and Speed” to drive sustainable growth
Strengthen Operating Foundations	Concentrate resources into “au” Business	Increase net adds share of “au” Expand Metal/Hikari Plus sales
Purpose of FCF	Reduce interest-bearing debt	Make proactive capex Enhance shareholder return

1. Toward Sustainable Growth (2)

Strengthen Operating Foundations

Aim to expand customer base by increasing sales of direct access services, led by Metal Plus and by enhancing "au"s net adds share

Assumed industry topics and KDDI initiatives

FY05

◆ Direct Access Services Begin in Earnest

Aggressively expand sales of Metal Plus as opportunities to rebuild Fixed-line Biz.

FY06

◆ Introduction of MNP

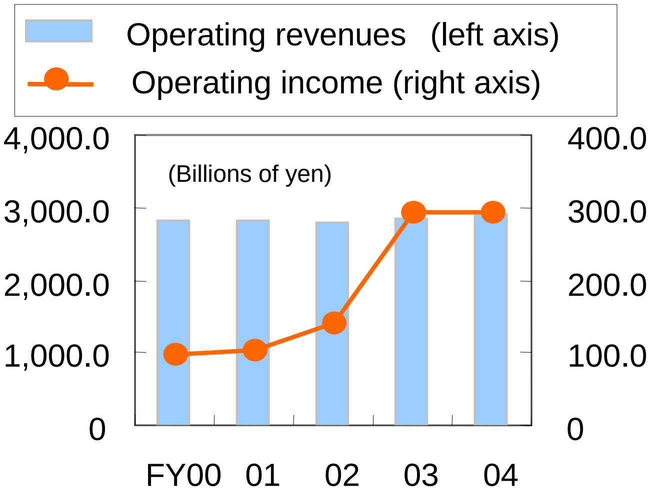
Use MNP as opportunities to boost share of net adds for "au" as a challenger

FY07

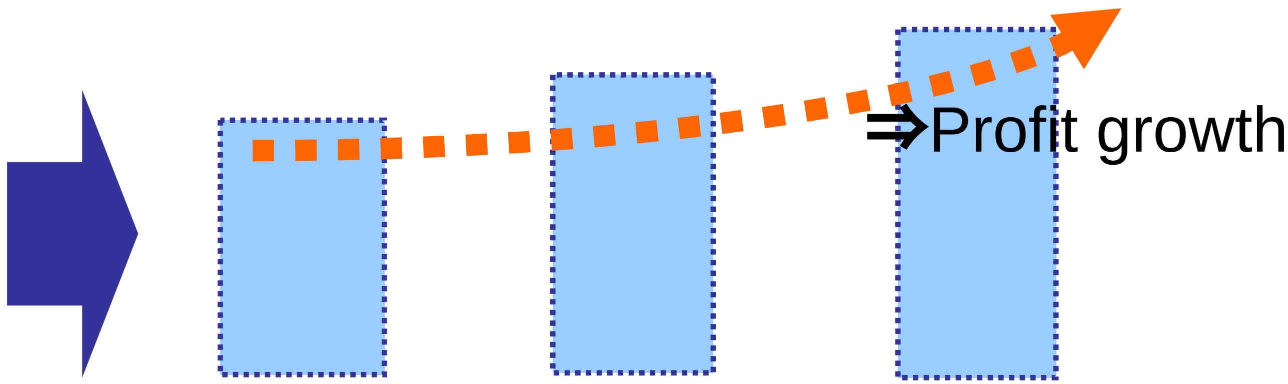
◆ 3G New Entrants

Respond to the possible changes with total product attractiveness and brand strength enhanced through initiatives for MNP

1. Toward Sustainable Growth (3)



Aiming for top-line growth first of all



	FY05	FY06	FY07
au	*Increase profit of "au"*	*Boost market share through MNP*	*Contribution by increased market share in prior year given intensifying competition*
Fixed-line	*Aggressively expand sales of Metal Plus*	*Sales contribution by Metal Plus*	

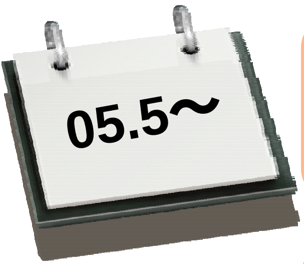
Cause of rising costs

1. Toward Sustainable Growth (4)

Develop FMC

Aim for solid customer base by implementing FMC measures step by step so KDDI can penetrate every household

Differentiation through FMC
(Fixed & Mobile Convergence)



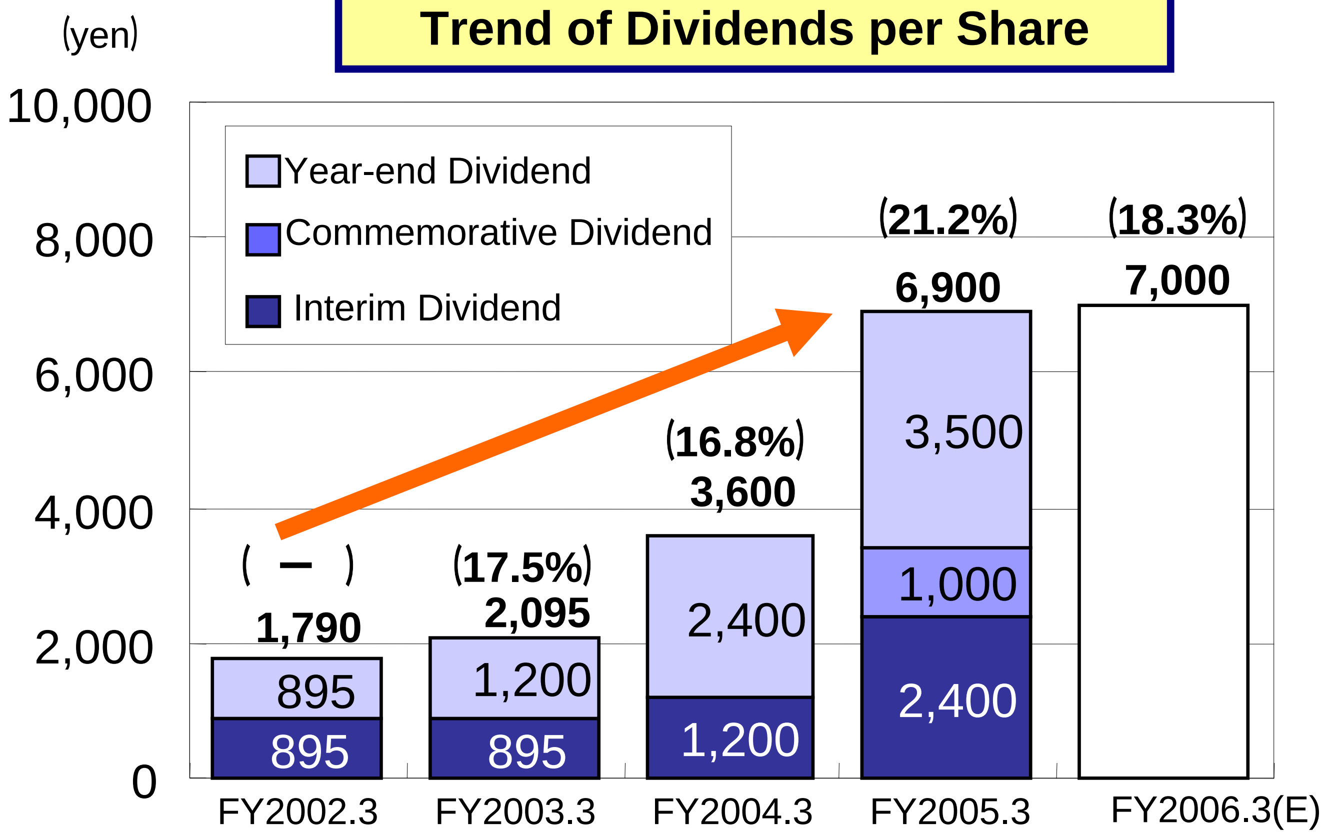
	Step 1	Fixed-line/mobile combined bill, cross-selling
(Under review)	Step 2	Bundle fixed-line/mobile charges etc.
(Under review)	Step 3	Develop new services such as fixed-line/mobile integrated terminal

2. Shareholder Returns

Return to shareholders

- Achieved a 20% payout ratio target in FY2005.3. (no consolidated basis)
- Maintain stable dividend payment with due considerations for investment for future growth.

Trend of Dividends per Share



Note: ( ) refers to payout ratio. FY2002.3 posted net loss, therefore, shown as (ー).

3. Response to Regulatory Environments

Review of Universal Service Charge System

■Situation
MIC is promoting a review of universal service charge system and plans to release a report around Oct. 2005.

■Responses & Implications
System revision expected to drive technological innovation and service diversification. Possible effects include an imposition of Universal Service System through reduction in costs not dependent on traffic volume in line with a review of interconnection charges and lower basic phone charges for users of NTT East/NTT West

Mobile Number Portability (MNP)

■Situation
In May 2004, MIC announced guidelines to introduce MNP. MNP is expected to be implemented by all mobile carriers by the earliest date possible in FY2006.

■Responses & Implications
Detailed specifications on how to actualize the system and allocate costs will be decided going forward. KDDI plans to comply with the introduction by the target date.

Open-up of Fiber Optics

■Situation
Wider range of services offered via fiber optics, including FTTH, as access lines along with development of broadband. No. of FTTH subs is approx. 2.0 million as of September 2004.

■Responses & Implications
Designated service providers, NTT East/NTT West, should maintain their fiber optics open for inexpensive broadband services. KDDI will advance FTTH biz for the merit of convenience for customers.

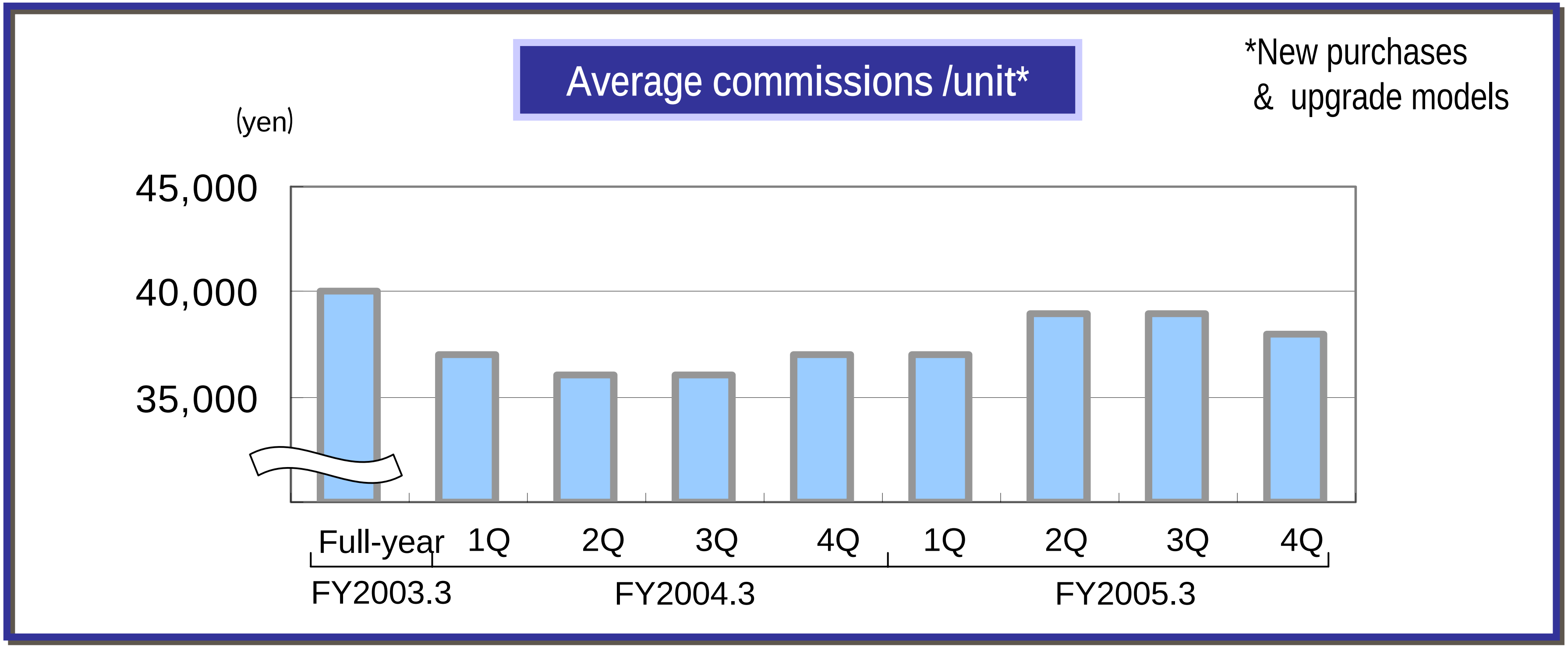
New 3G Market Entry

■Situation
In Sept. 2004, MIC announced 1.7GHz & 2GHz are to be allocated to new entries in the immediate future. In Feb. 2005, it announced a policy for IMT-2000 frequency allocation in the 800MHz frequency band.

■Responses & Implications
KDDI will maintain competitive advantage in service offerings even as new companies enter the market and will actively cooperate with the government for the reallocation of 800MHz frequency band.

“au” Business

1.1. Sales Commissions

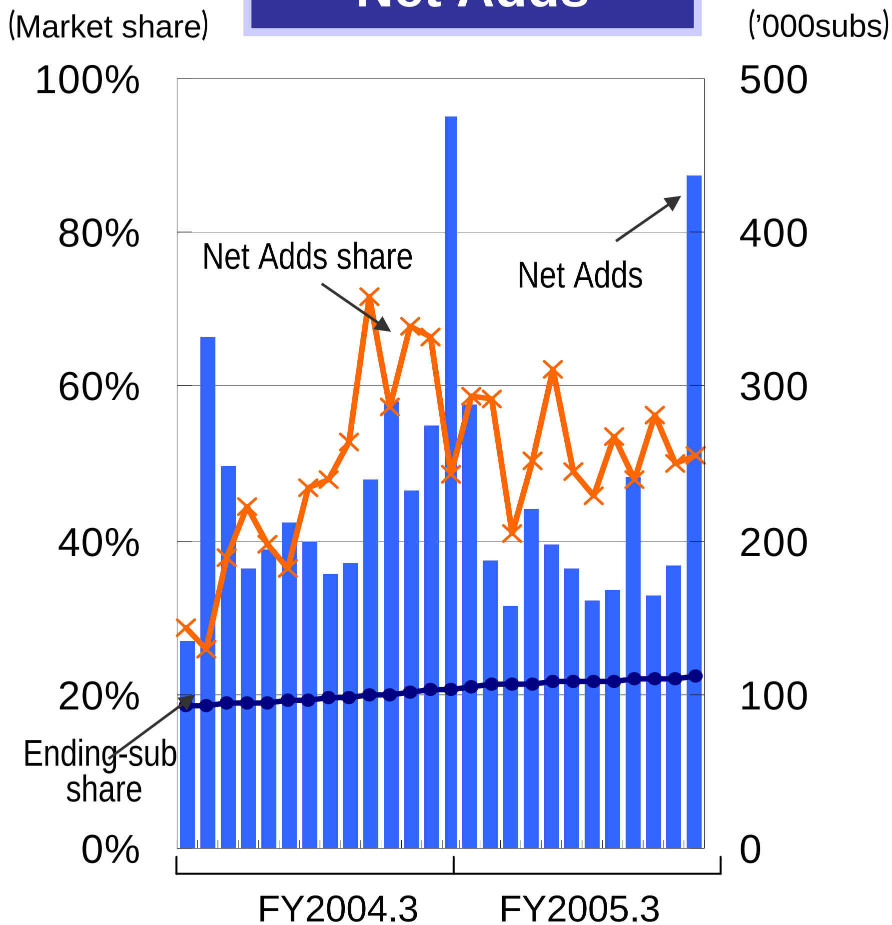


	FY2003.3	FY2004.3					FY2005.3					FY2006.3(E)
		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		
Sales commissions (Billions of yen)	405.0	90.0	90.0	92.0	112.0	384.0	94.0	114.0	112.0	124.0	444.0	457.0
Average commissions/unit (yen)	40,000	37,000	36,000	36,000	37,000	36,000	37,000	39,000	39,000	38,000	38,000	38,000
Number of units sold (‘000 units)	10,100	2,410	2,490	2,590	3,070	10,570	2,550	2,930	2,870	3,230	11,590	12,100

“au” Business

1.2. Net Adds & Churn Rate

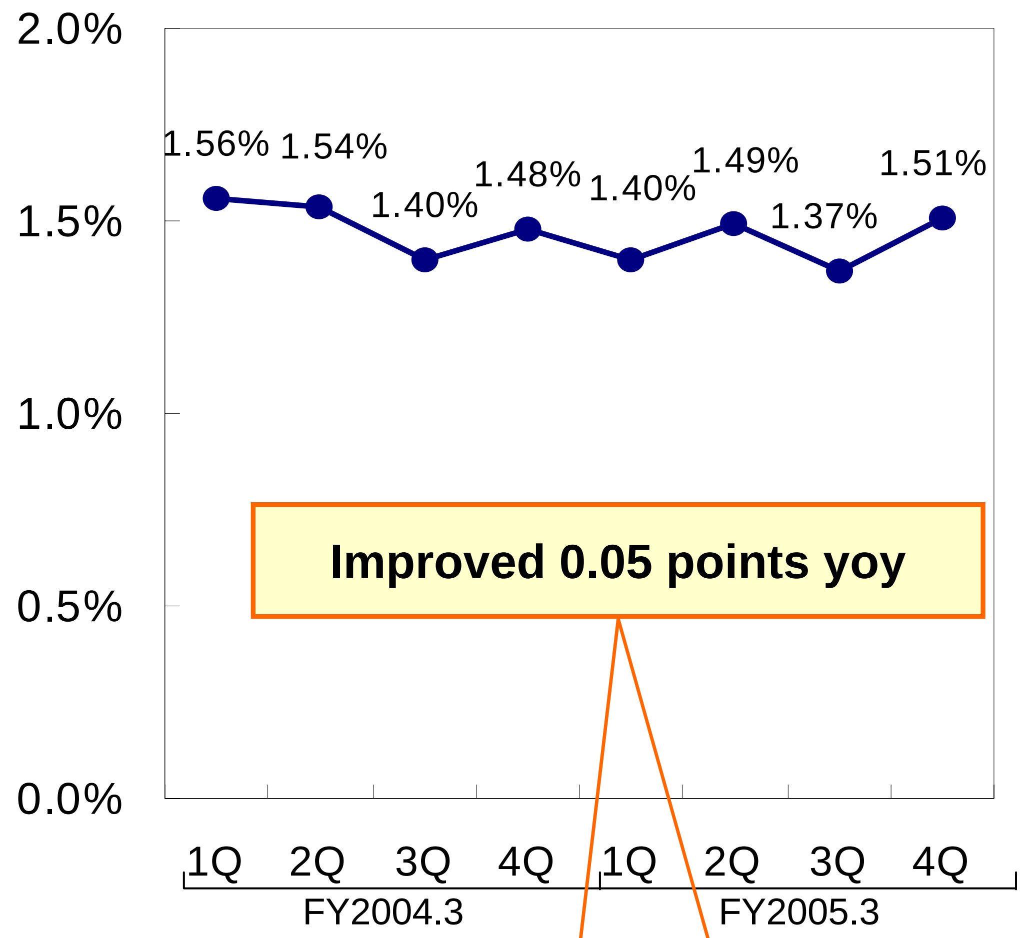
Net Adds



Share of :

	FY2004.3	FY2005.3
Net Adds	<49.6%>	<50.4%>
Ending subs	<20.8%>	<22.5%>

Churn Rate

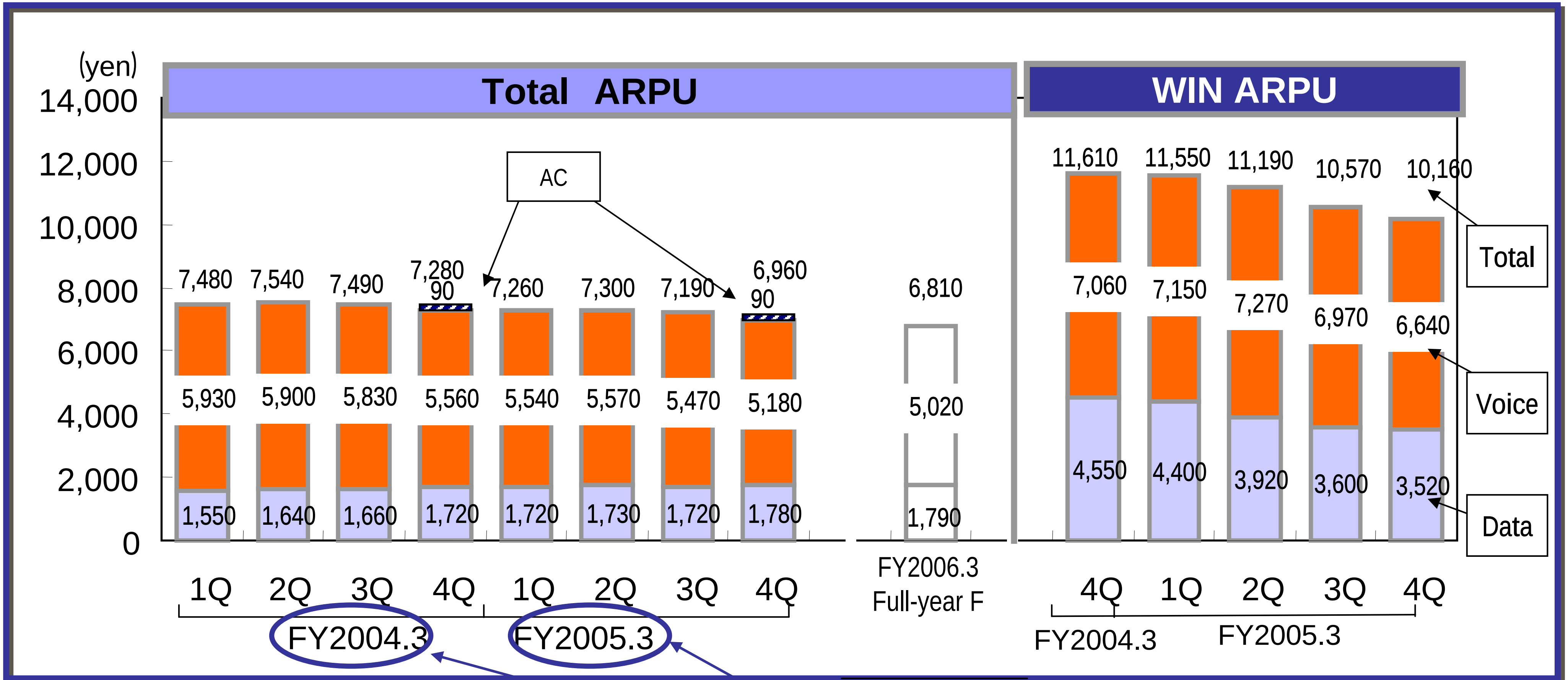


Full-year <1.49%> <1.44%>

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

“au” Business

1.3. Trend of ARPU



	FY2004.3	FY2005.3
Full-year total ARPU	<7,440円>	<7,170円>
of Voice	<5,800円>	<5,430円>
of Data	<1,640円>	<1,740円>

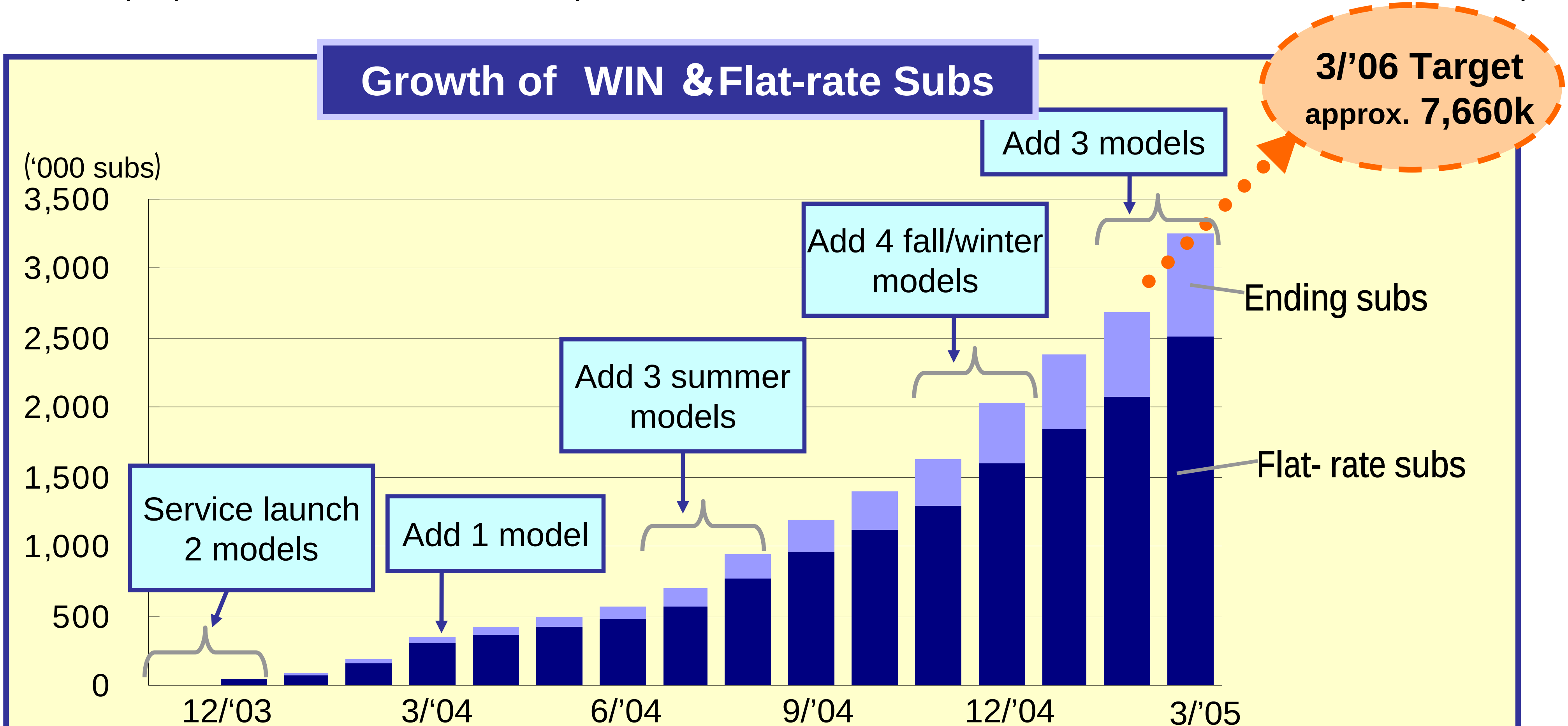
yoy charge

total	▲¥270	(▲ 3.6%)
of Voice	▲¥370	(▲ 6.4%)
of Data	＋¥100	(＋6.1%)

Note 1: 4Q ARPUs are those after the settlement of AC (Access Charges).
Note 2: WIN ARPU is calculated on customers in one full month of operations.

2. Update on WIN(1)

- No. of WIN sub additions has accelerated since increased sales in summer 2004, reaching 3.25 million at end-March.
- Sales proportion of WIN handsets expected to rise to around half in FY 2006.3 due to enhanced lineup.

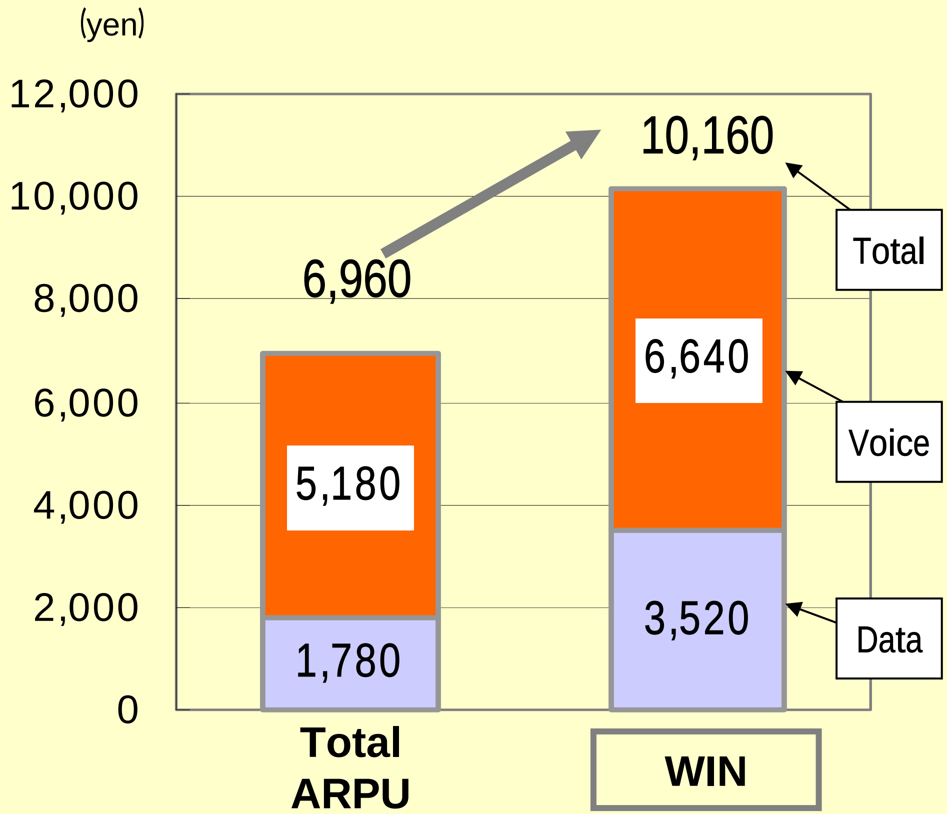


Ending subs (flat-rate sub ratio)	3/'04	6/'04	9/'04	12/'04	3/'05
	343 (87%)	573 (83%)	1,191 (81%)	2,032 (79%)	3,252 (77%)

2. Update on WIN (2)

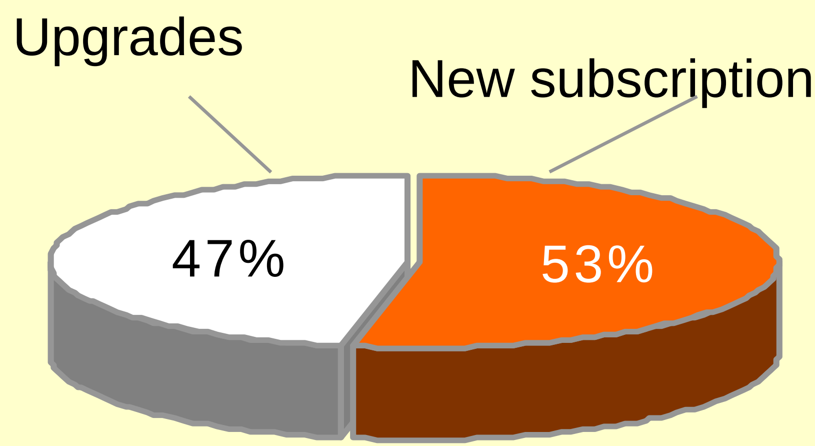
■ WIN has continued to capture high-end users from other companies with proportion of new subscriptions at around half.

ARPU



Note: ARPU of 4Q/FY05.3.

Breakdown of WIN Subs



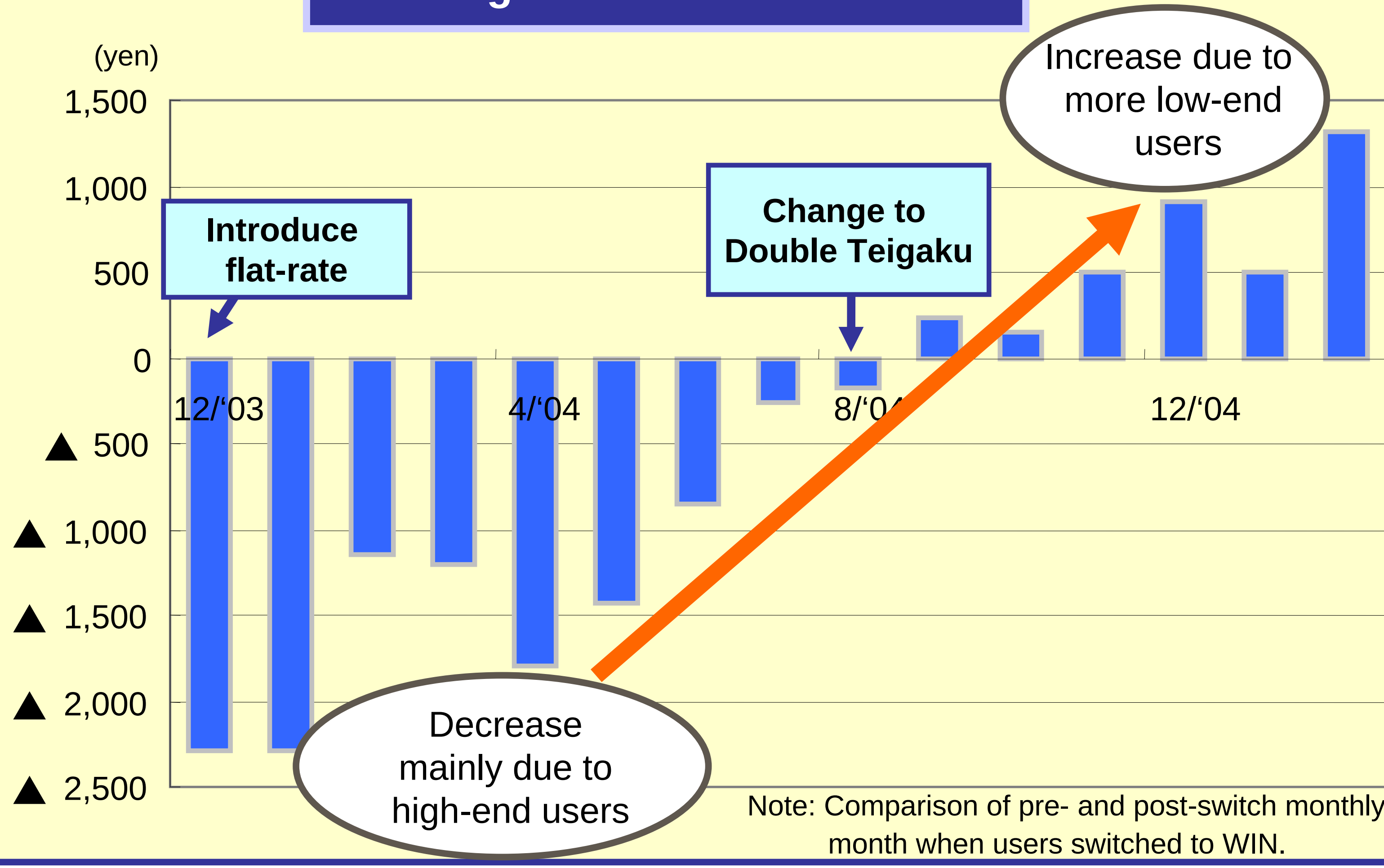
Note: Percentage of the simple total of subs who sign up in 4Q/FY05.3.

"au" Business

2. Update on WIN (3)

■ During launching period, WIN had a negative effect with data high-end users shifting to flat-rate but post-switched ARPU turns to be on a upward trend since DoubleTeigaku (Two-tiered flat-rate) was introduced.

Changes of ARPU : 1X→WIN



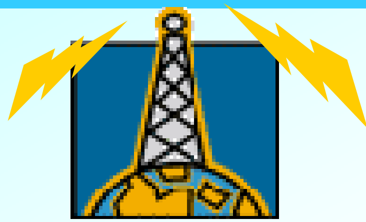
Note: Comparison of pre- and post-switch monthly ARPU for the month when users switched to WIN.

“au” Business

3. Measures to Expand Sales of WIN

CDMA 1X WIN au by KDDI

Infrastructure



- Planned EV-DO service coverage
  End-Sept. 2005: 99.9% nationwide
- **EV-DO Rev.A:under commercial development**

Handsets

Expanded lineup

More WIN models in the total lineup

Broadband keitai

CDMA 1X WIN

Charges

August 1, 2004~	(Double Teigaku) ダブル定額
May 1, 2005~	**Double Teigaku Light**
〃 ~	**PCSV flat-rate**

Content & Applications

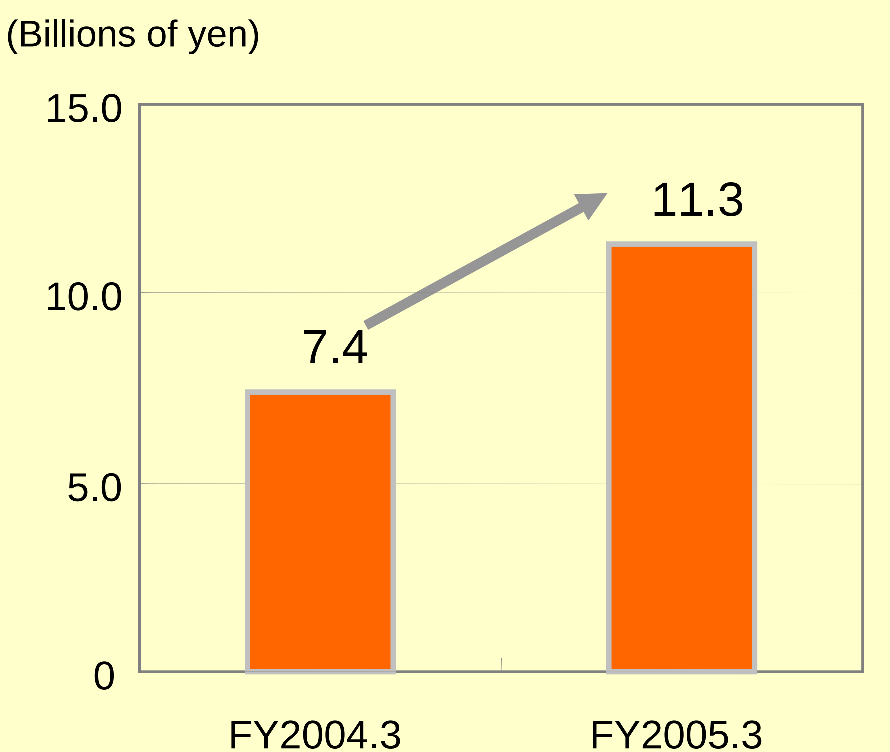
- **Late Nov. 2004~: EZ Chaku Uta Full™**
- **Fall 2005~: Introduce FeliCa**
  (in all WIN handsets after FY2006)
- **FY2005~: Strengthen broadcast links**

Note: PCSV stands for PC site viewer.

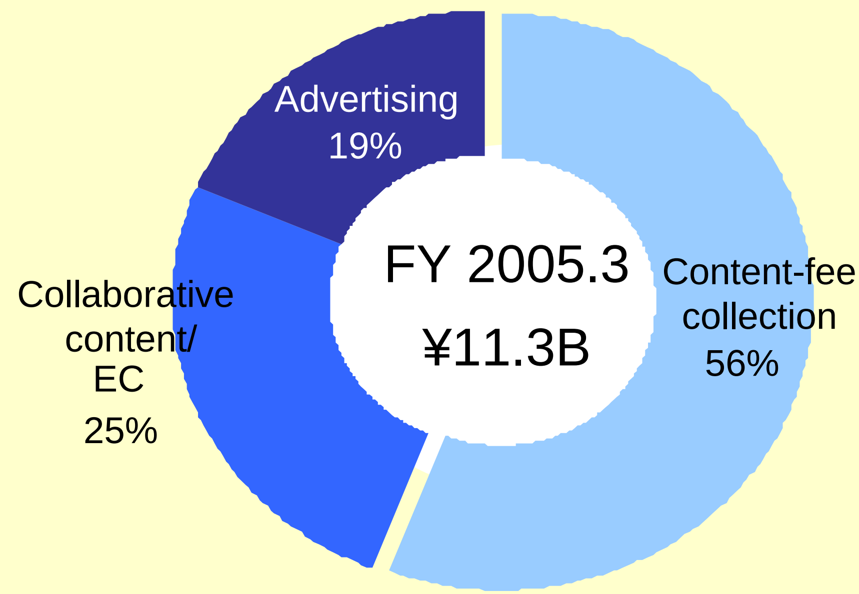
4. Boost Sales from Content/Media Biz. (1)

- Steady growth in sales of Content/Media Business, exceeding ¥10.0B in FY 2005.3
- Shift from focus on content-fee collection and aim for growth in new areas including collaborative content, EC(e-commerce) and advertising businesses.

Sales of Content/Media Biz



Sales Breakdown

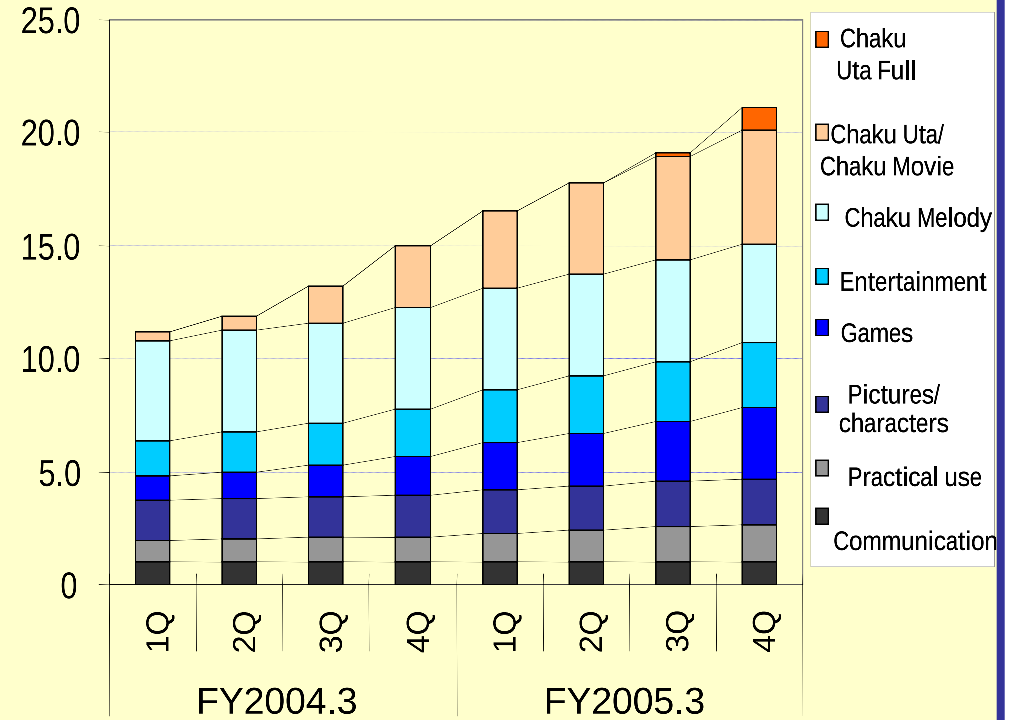


"au" Business

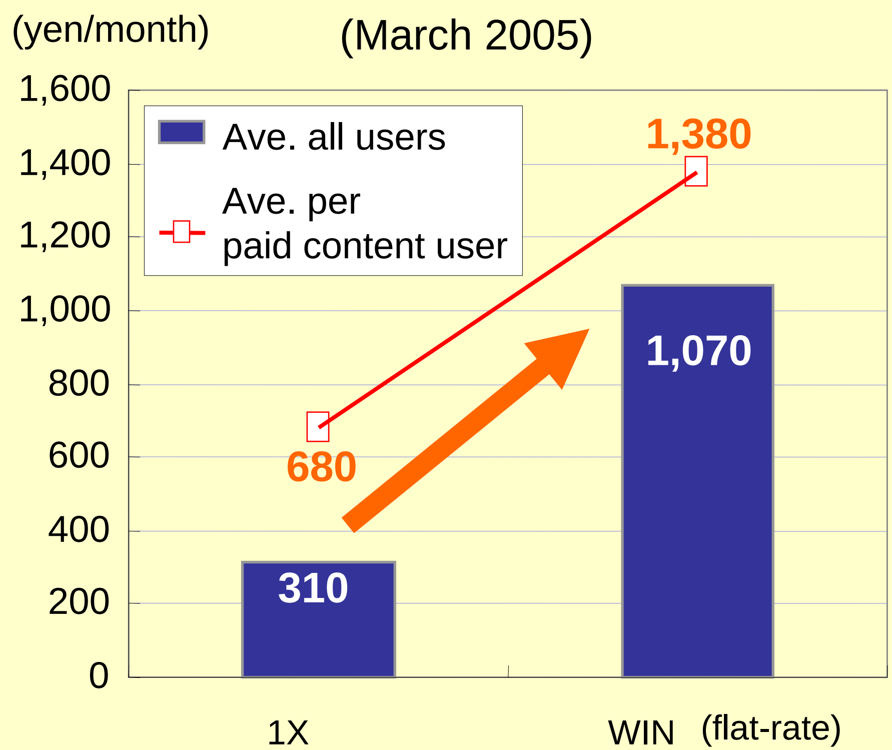
4. Boost Sales from Content/Media Biz. (2)

- Expand use of rich content such as music and e-books made possible with WIN
- Paid-content spending (content ARPU) for WIN users is over three times that of 1X users

Use of Paid-Content by Genre



Paid-Content Spending/User

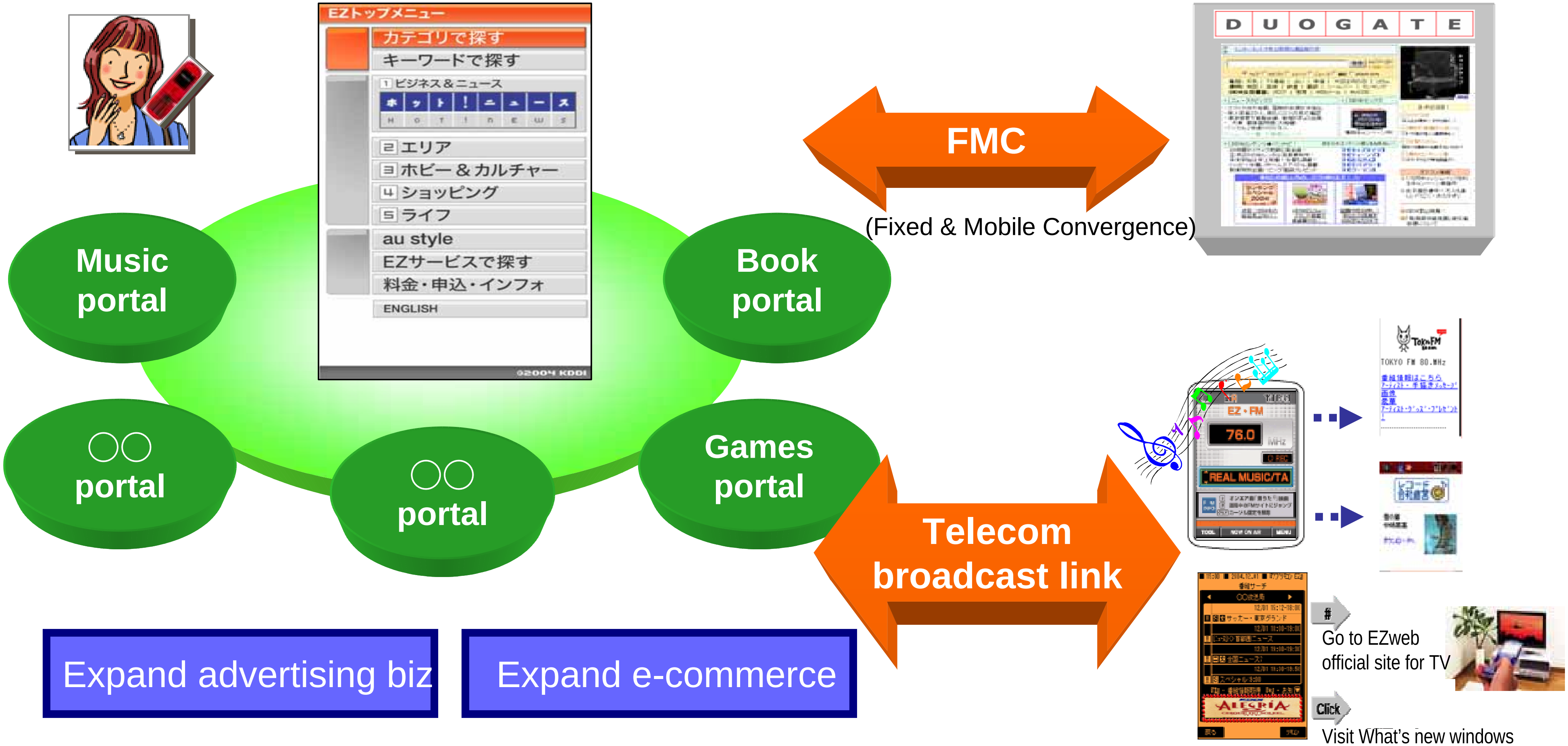


Note: Paid-content sales go to content service providers of which KDDI receives less than 10% of total as commission for fee-collection.

4. Boost Sales from Content/Media Biz. (3)

CDMA 1X WIN au by KDDI

- Promote return visit within portal by constructing portals for different genres.
- Increase media value on mobile phones by advancing FMC portal and telecom broadcast links.

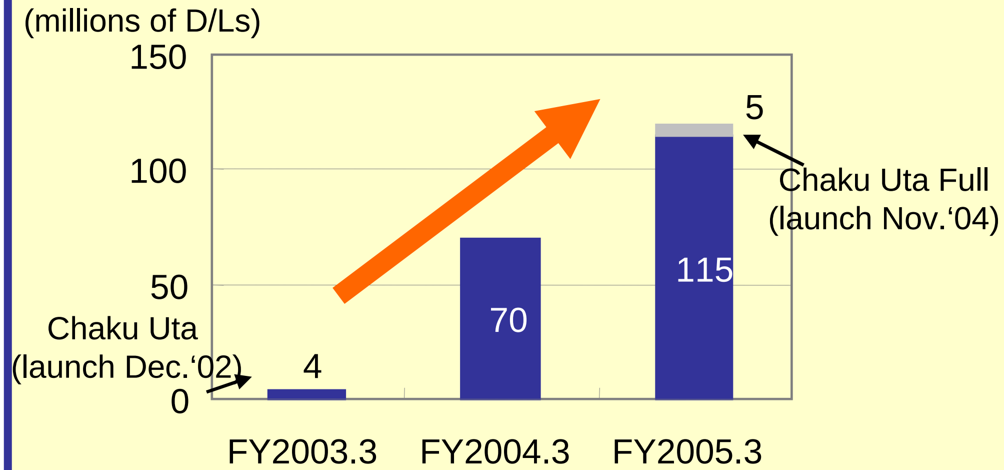


4. Boost Sales from Content/Media Biz. (4)

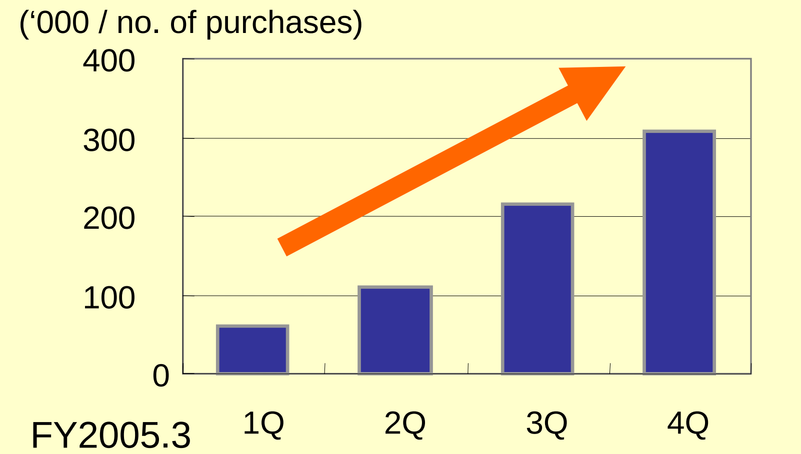
To purchase of real goods (CDs)

From expanded sales of digital content

Chaku Uta & Chaku Uta Full

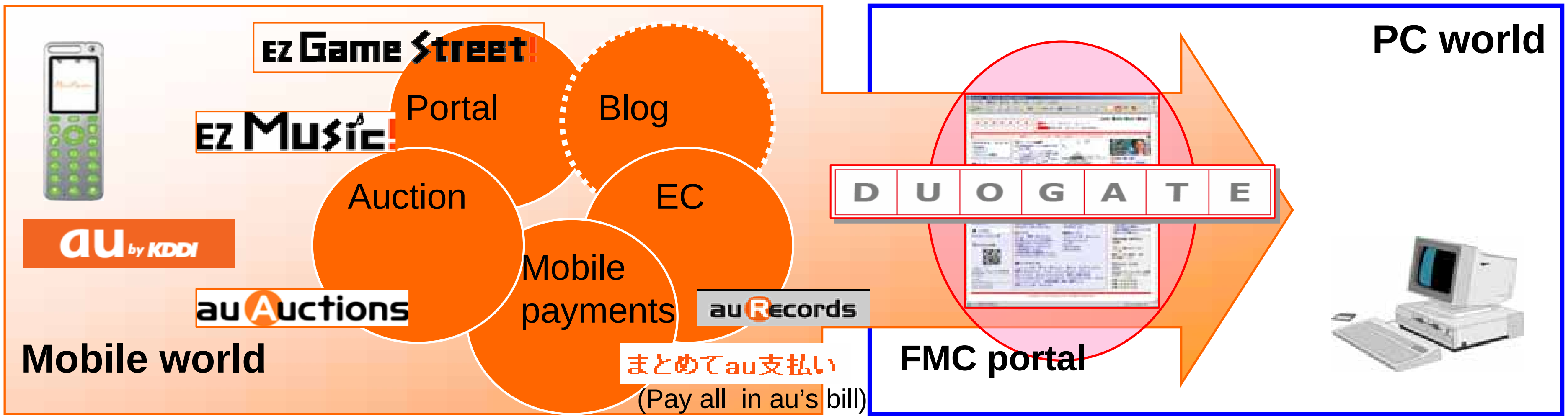


E-Books

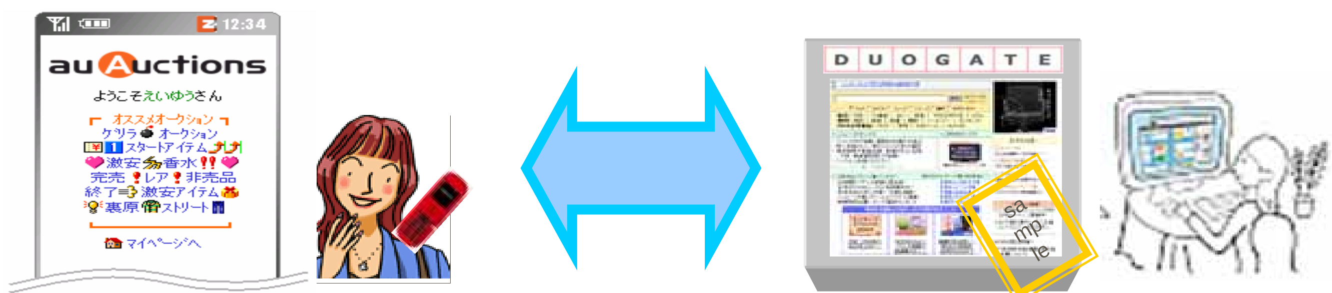


4. Boost Sales from Content/Media Biz. (5)

■ Create easy-to-use portals and FMC portals by leveraging strengths of mobile phones (mobility, convenience, secure payment etc.) and strengths of PCs (home-use, large screen etc.)



(Example) Confirm product on PC’s large screen and take part in auction via mobile phone.



5. Measures to Reduce Handset Costs

Handset Cost Reduction

- Select handset functions specific to target market
- Standardize software and hardware between handset suppliers

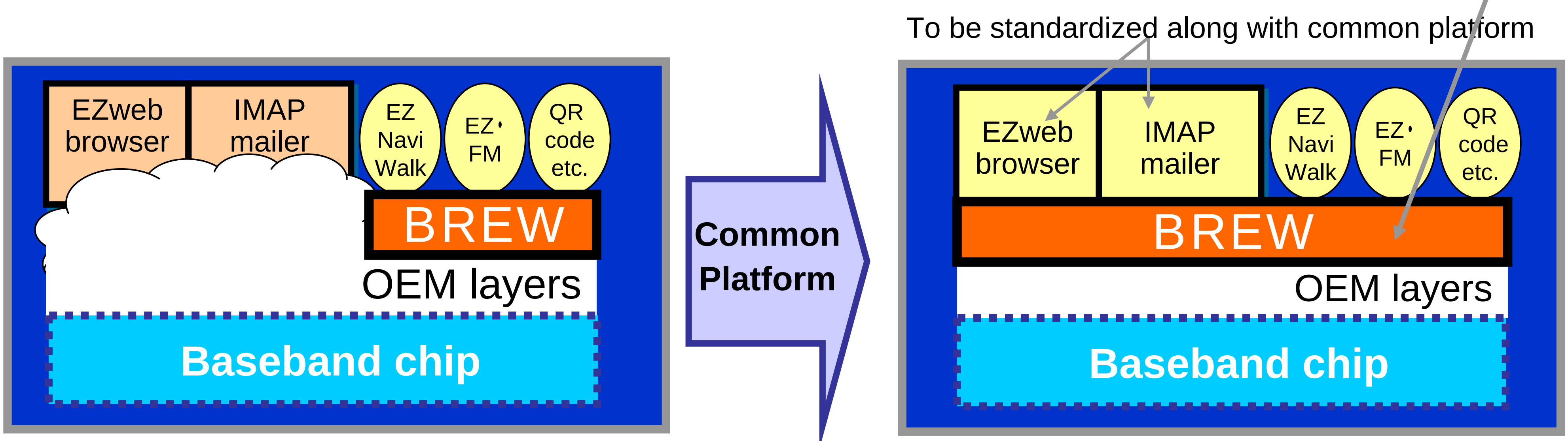
■ Example of Development Cost Reduction

Standardize Software Platforms via BREW

- Reduce verification time in handset development
- Reduce application development time for application vendors
- Enable swift development of attractive services

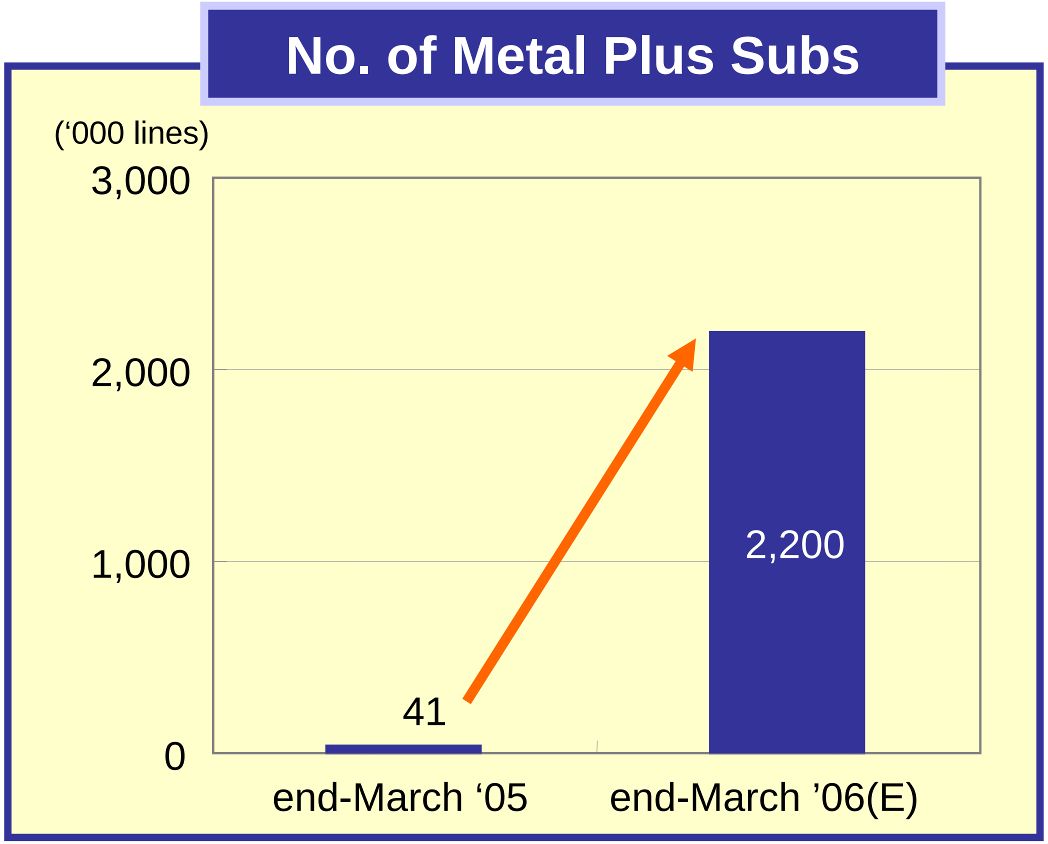
-To be cmpatible with WIN 05 Summer Models by 2 suppliers

- To be followed by all suppliers in FY06



1. Sales of Metal Plus During Launch Period

- Sales during launch period progressed as expected in consumer sector while saw wait and see attitude among corporate customers as Metal Plus is new service.
- Aim for 2.2M activated lines by end of FY 2006.3 through expanded service area.
- Achieve differentiation and greater customer convenience by combining fixed-line and mobile phone bills.



Note: No. of Metal Plus line subscriptions (incl. those not yet activated) at end-March 2005 was 417,000.

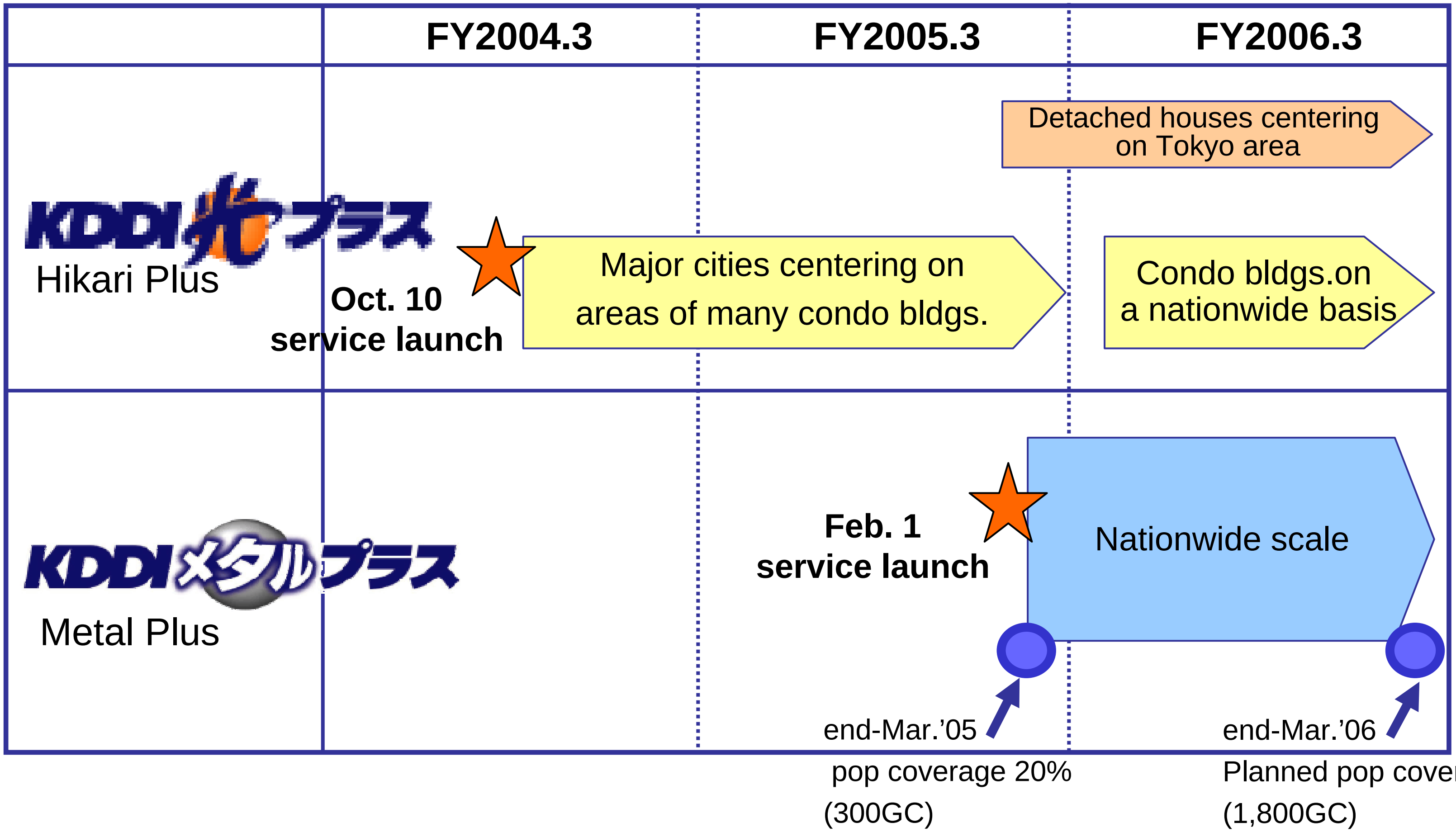
Fixed-line Business

2. Development Plans for Hikari/Metal Plus (1)

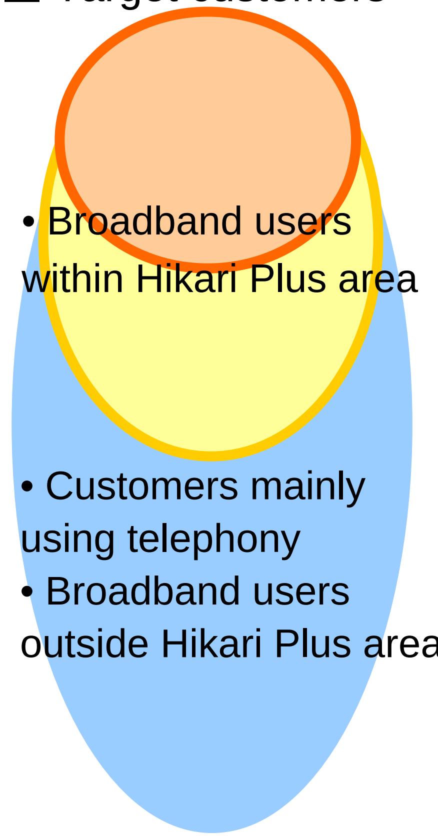
■ Roll-out Plans

– Expand sales of direct access services centering on Metal Plus in FY 2006.3.

– Roll-out Hikari Plus flexibly in line with customer take-ups in the FTTH market.

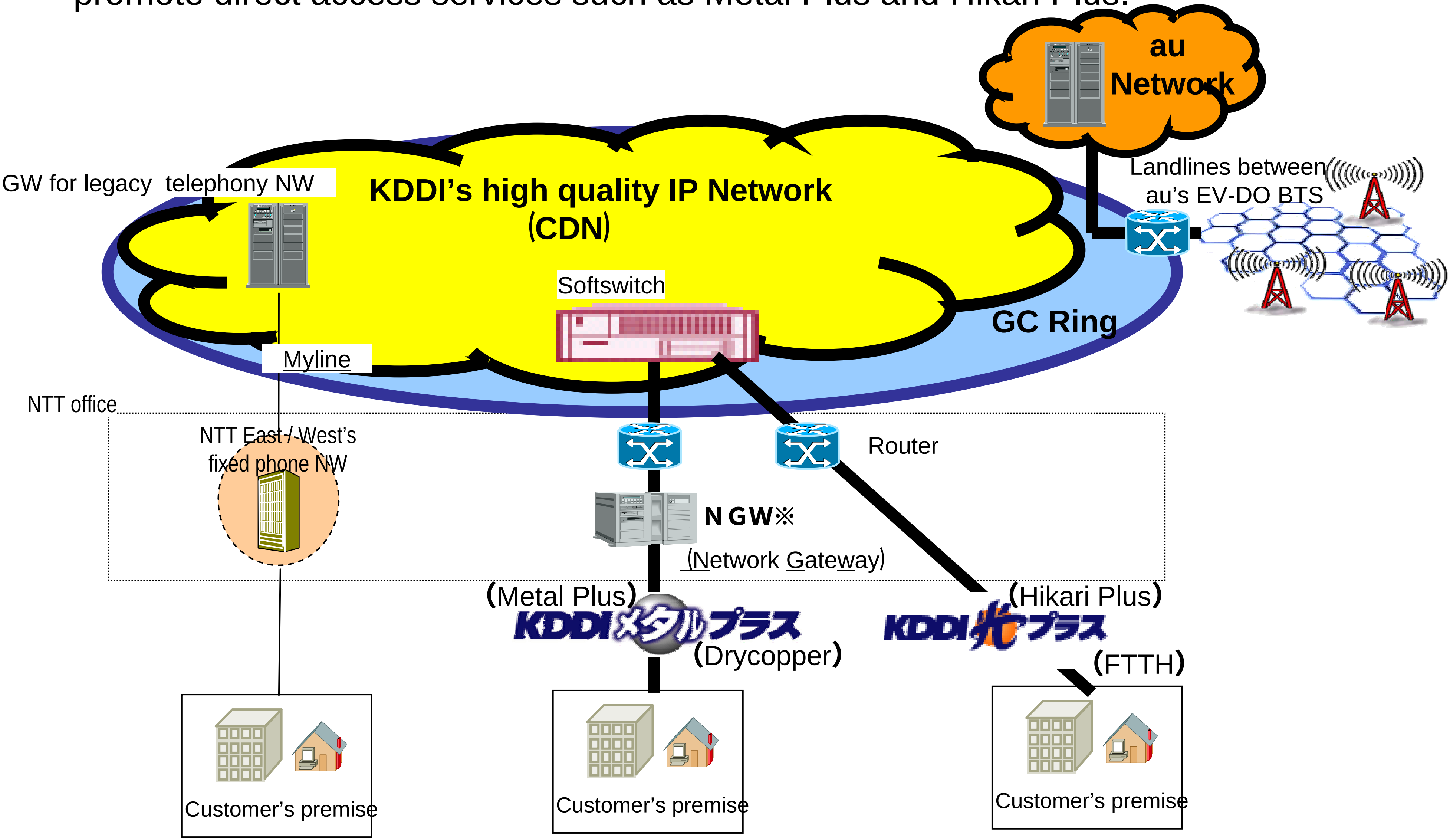


■ Target customers



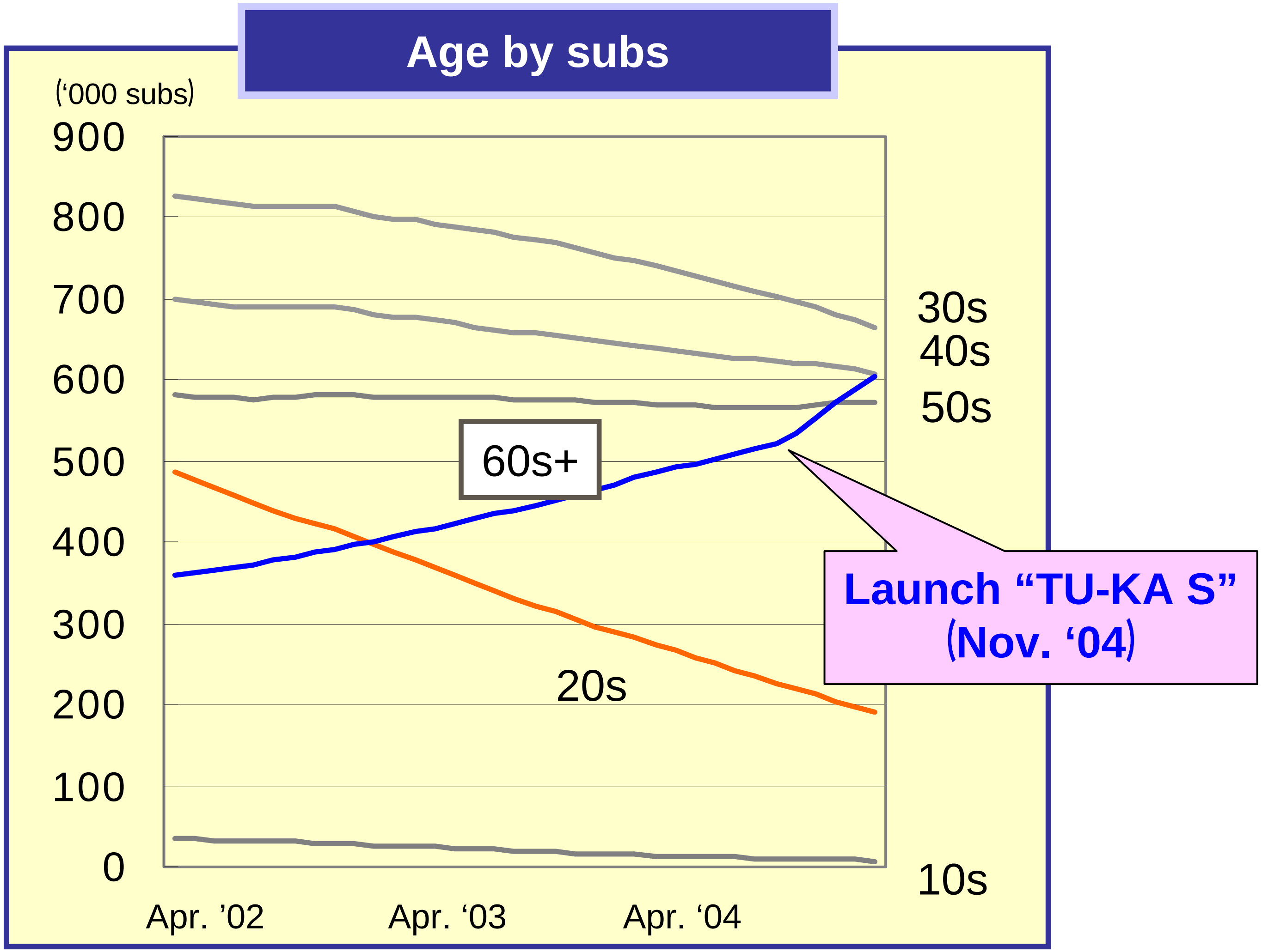
2. Development Plans for Hikari/Metal Plus (2)

■ Expand CDN (Contents Delivery Network) and GC rings as common backbone to promote direct access services such as Metal Plus and Hikari Plus.



2G Specialization Strategy

■ Establish stable customer base by focusing on seniors



Note: Subs referred here are post-paid users.

Ubiquitous Solution Company

KDDI