KDDI
Mid-Term Management Plan - 2002

March 15, 2002

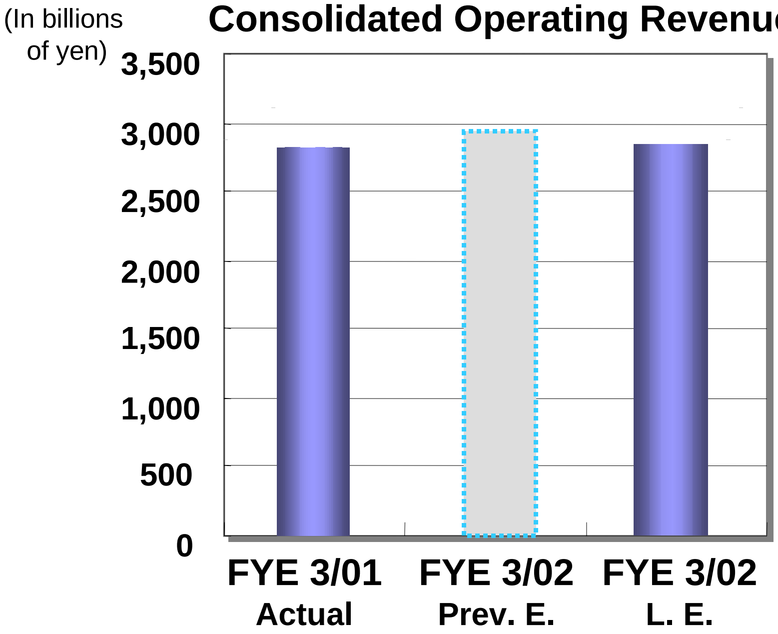
KDDI Corporation

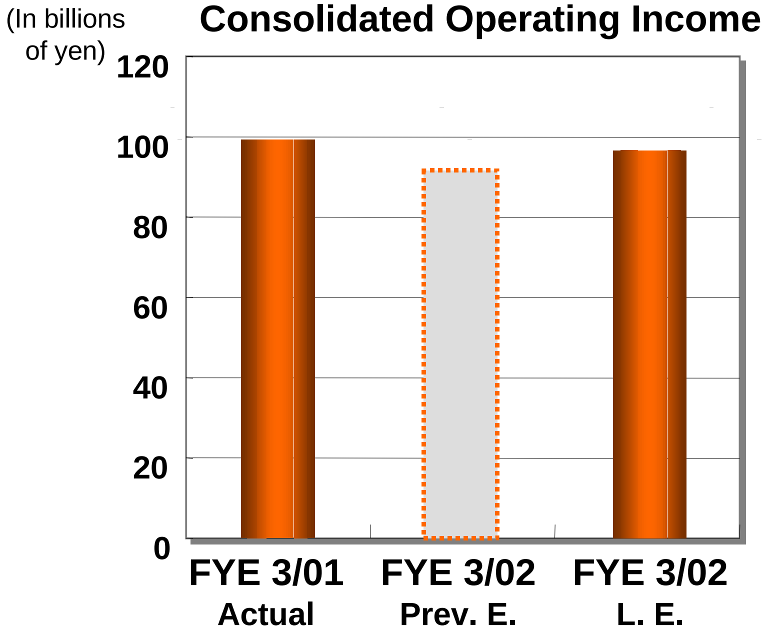
Tadashi Onodera
President

All the projection data included in this presentation material is based upon information currently available to KDDI group which could be affected by uncertain elements such as economic conditions, competitive environment or the success or failure of newly introduced services.

Accordingly, please be advised that actual business performance and the number of subscribers could differ materially from the projection listed here.

Latest Estimate of Financial Results - Consolidated Basis
FY ending March 31, 2002

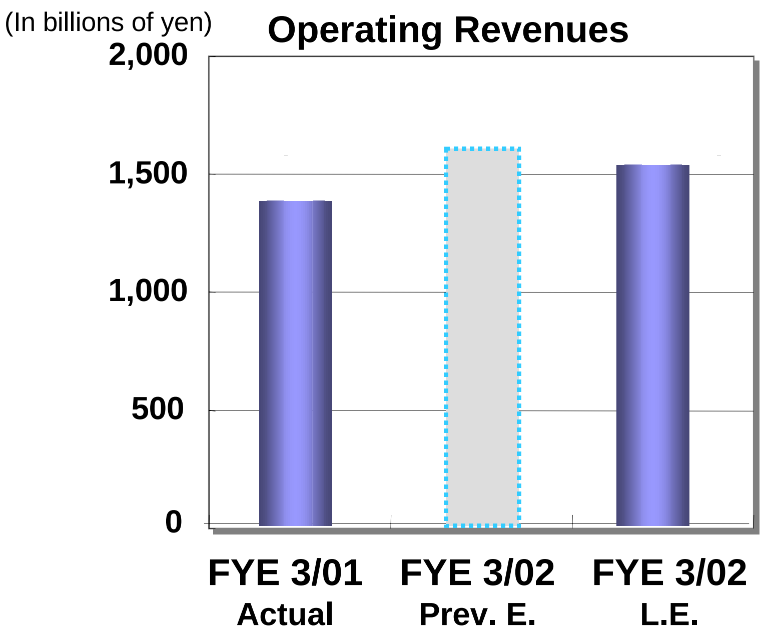


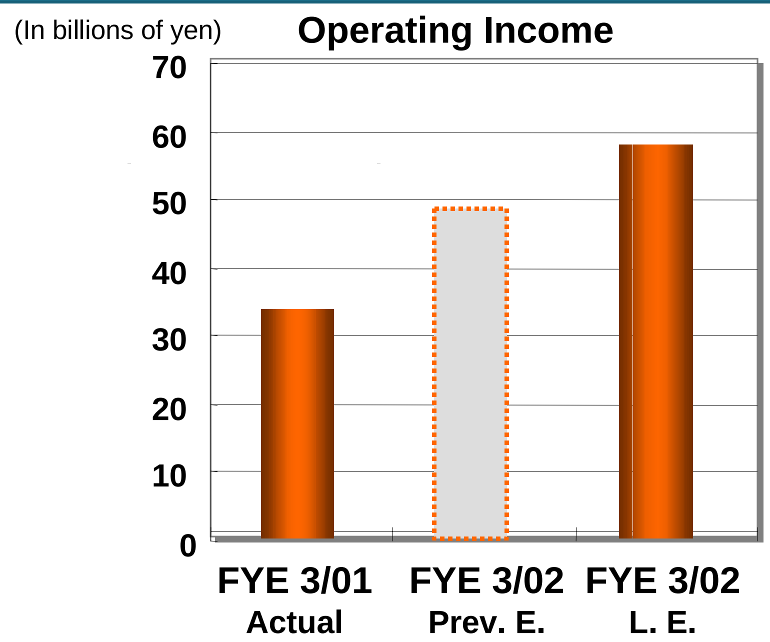


(In billions of yen)	FYE 3/01 Actual	FYE 3/02 Prev.E.	FYE 3/02 L.E.
Operating Revenues	2,816.4	2,936.0	2,847.0
Operating Income	98.8	92.0	96.0
Ordinary Income	59.6	70.0	73.0
Net Income	21.7	63.0	6.0
FCF	-170.0	240.0	255.0
EBITDA	513.9	542.0	532.0
EBITDA Margin	18.2%	18.5%	18.7%

Note: FYE 3/01 figures are on the total of 3 companies, DDI,KDD and IDO

Latest Estimate of Financial Results - “au” Business
FY ending March 31, 2002

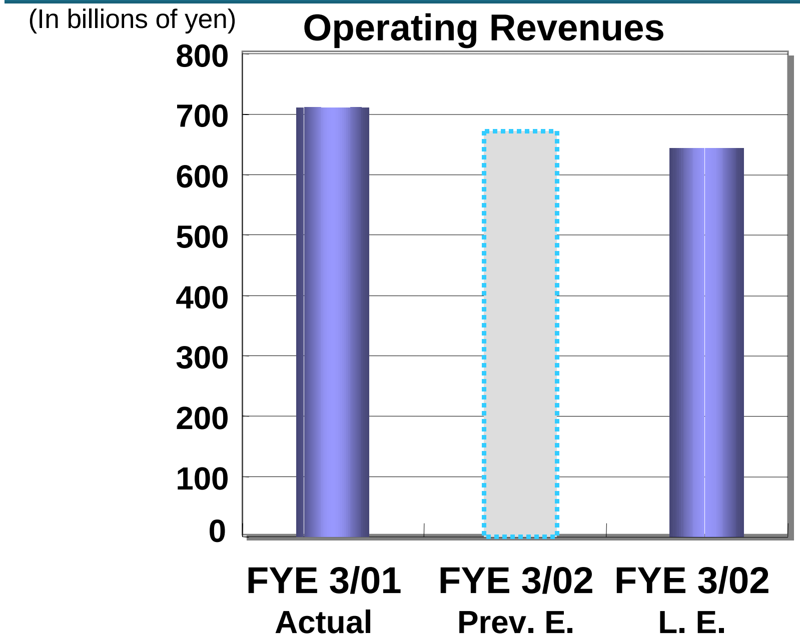


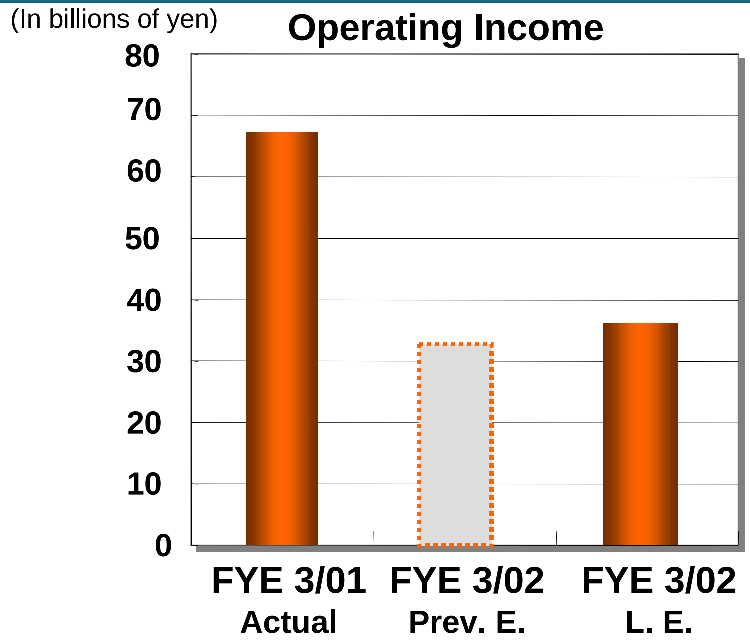


(In billions of yen)	FYE 3/01 Actual	FYE 3/02 Prev. E.	FYE 3/02 L. E.
Operating Revenues	1,373.4	1,592.0	1,528.0
Operating Income	33.4	48.0	59.0
Ordinary Income	20.2	43.0	54.0
Net Income	6.9	24.0	-53.0
FCF	-124.4	-3.0	-7.0
EBITDA	216.6	271.0	272.0
EBITDA Margin	15.8%	17.0%	17.8%

Latest Estimate of Financial Results - NW & Solution Business

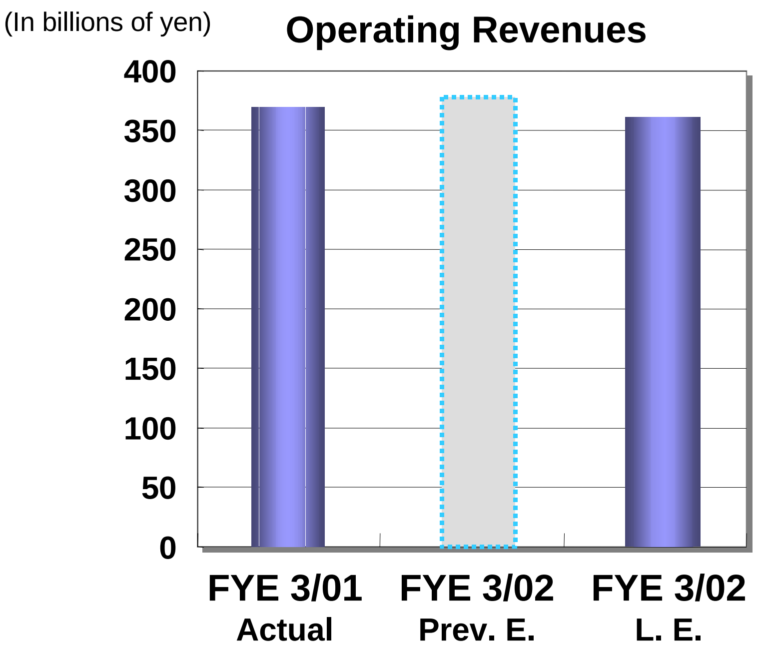
FY ending March 31, 2002

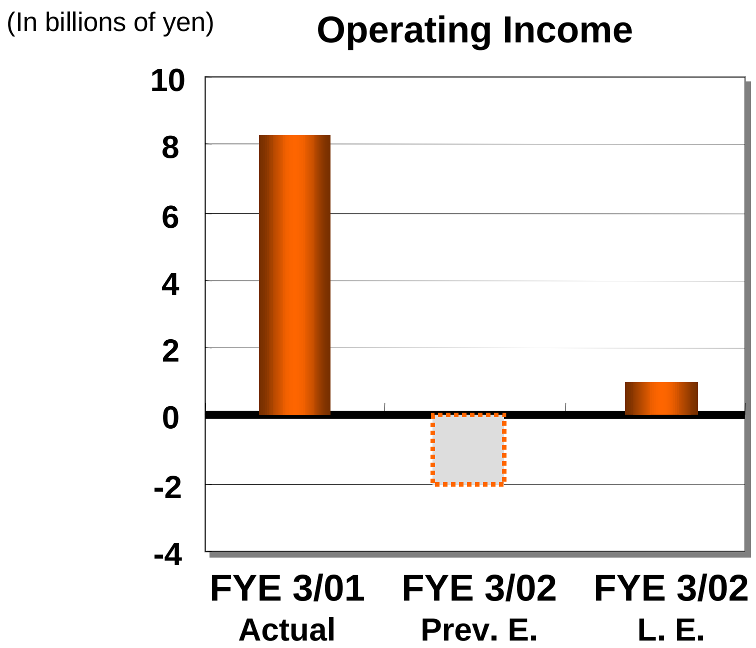




(In billions of yen)	FYE 3/01 Actual	FYE 3/02 Prev. E.	FYE 3/02 L. E.
Operating Revenues	711.5	672.0	643.0
Operating Income	67.5	33.0	36.0
Ordinary Income	67.0	25.0	28.0
Net Income	38.4	10.0	6.0
FCF	-20.9	40.0	57.0
EBITDA	203.0	156.7	149.0
EBITDA Margin	28.5%	23.3%	23.2%

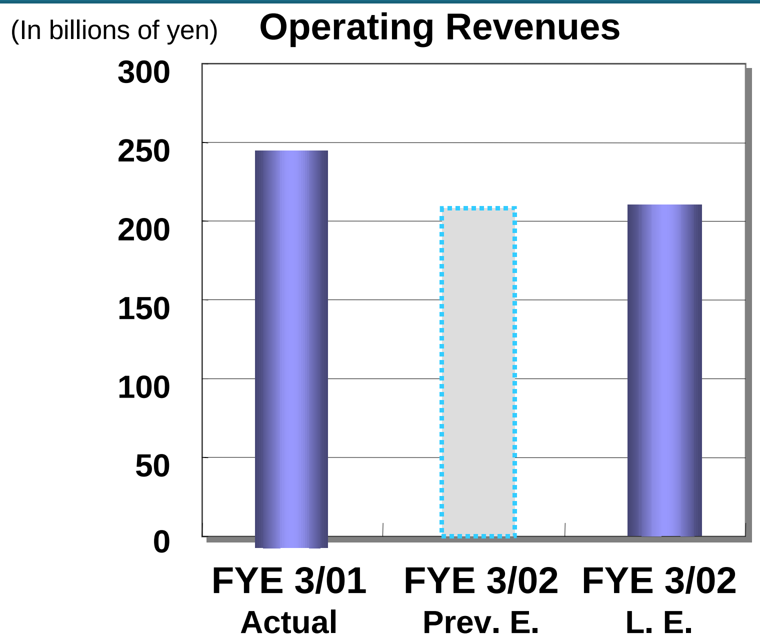
Latest Estimate of Financial Results – TuKa Business
FY ending March 31, 2002

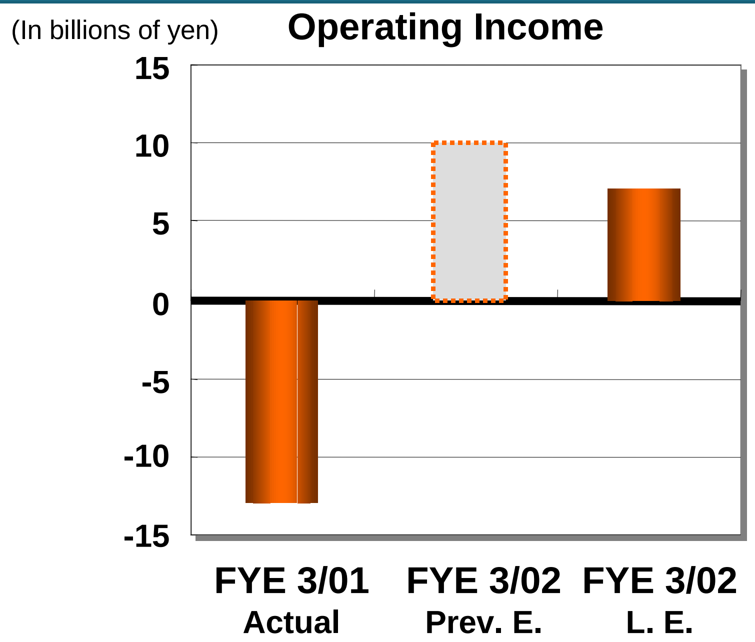




(In billions of yen)	FYE 3/01 Actual	FYE 3/02 Prev. E.	FYE 3/02 L. E.
Operating Revenues	369.0	378.0	360.0
Operating Income	8.3	- 2.0	1.0
Ordinary Income	3.8	- 8.0	- 5.0
Net Income	2.2	- 4.0	- 6.0
FCF	-80.9	10.0	12.0
EBITDA	58.3	58.0	61.0
EBITDA Margin	15.8%	15.3%	16.9%

Latest Estimate of Financial Results – PHS Business
FY ending March 31, 2002





(In billions of yen)	FYE 3/01 Actual	FYE 3/02 Prev. E.	FYE 3/02 L. E.
Operating Revenues	251.9	208.0	211.0
Operating Income	- 12.9	10.0	7.0
Ordinary Income	- 17.7	6.0	3.0
Net Income	- 18.2	1.0	10.0
FCF	11.8	8.0	12.0
EBITDA	49.8	48.6	46.0
EBITDA Margin	19.8%	23.4%	21.8%

Structural Rationalization Cost and Principal Management Index - FY ending March 31, 2002

■ Structural Rationalization Cost – FY ending March 31, 2002

(In billions of yen)	FYE 3/02 Prev. E.	FYE 3/02 L. E.	
Extraordinary Income	140	145	
Extraordinary Loss	100	202	
“au”	40	150	Lump sum disposal lossf of “au” PDC
NW & IP	30	17	Disposal loss of NW equipment
Others	30	35	

■ Principal Management Index – FY ending March 31, 2002

(In billions of yen)	FYE 3/02 Prev. E.	FYE 3/02 L. E.
Interest-bearing debt	1,800	1,791
FCF	240	255
Capital Expenditure	421	408
Depreciation	440	429

Subscribers (‘000)	“au”	12,220	12,150
	TuKa	4,030	3,890
	PHS	2,800	2,950

Mid-Term Management Plan - 2002

Structural Rationalization Plan

- **Concentrate on CDMA**
  - FYE 3/02 e — ¥134 billion: Lump sum disposal of “au” PDC
  - FYE 3/03 ~ — ¥22 billion per annum: Cost reduction (e.g. communication facility use fees etc, excluding depreciation cost)
- **Realization of the effects of merger**
  - FYE 3/02 e — ¥72 billion: Cost reduction (e.g. enhanced purchasing)
  - FYE 3/03 ~ — ¥32 billion per annum: Cost reduction (Overall effects of integration)
- **Stabilization of financial base**
  - FYE 3/05 — ¥1 trillion: Target to control interest-bearing debt

Mid-Term Management Strategy

- “au” business strategy
- NW & Solution business strategy
- TuKa & PHS business strategy

Structural Rationalization

Effects of Concentration on CDMA (1): Increase of Profitability

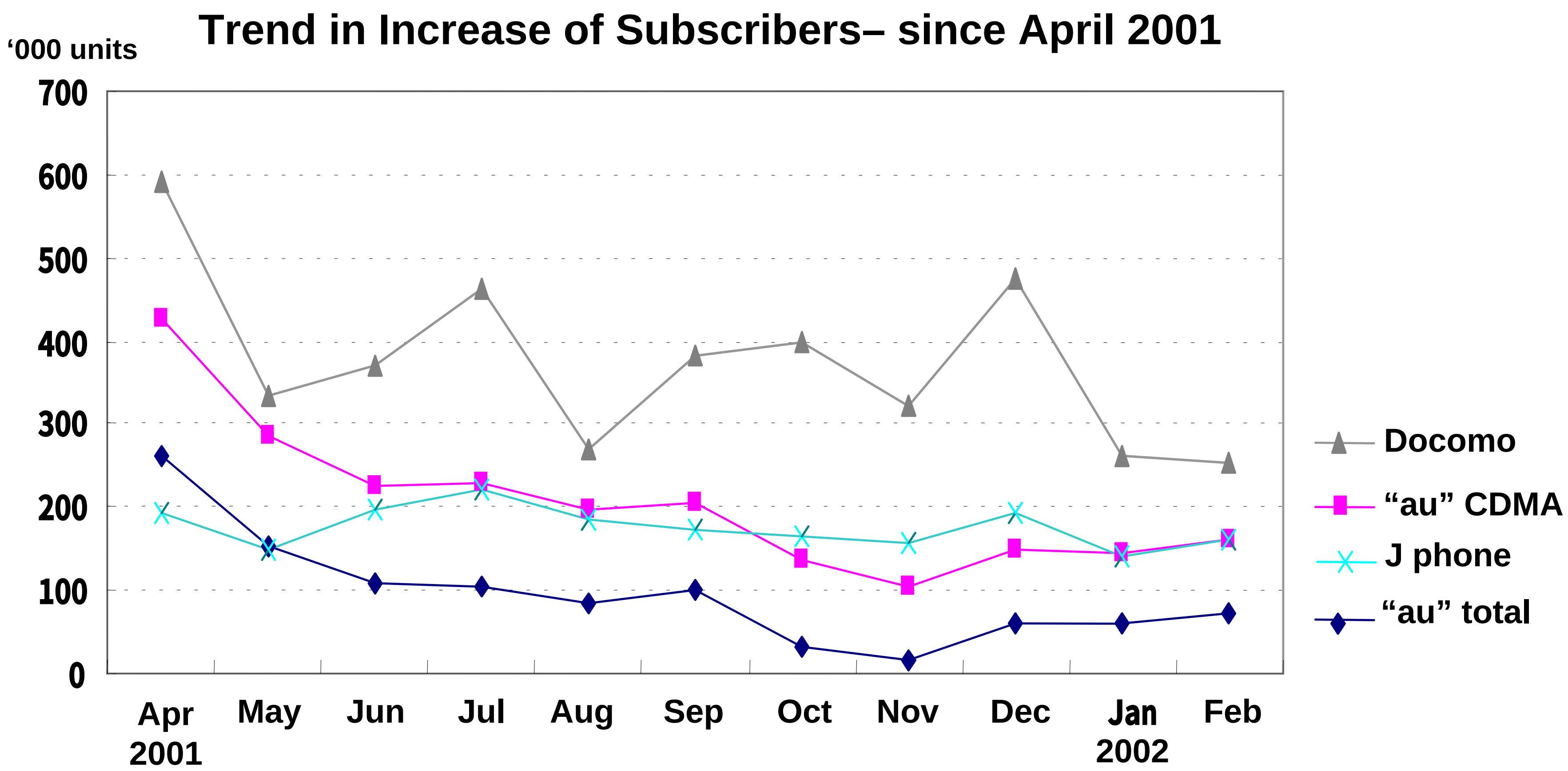
FYE 3/02 "au" Business Profitability by System

(In billions of yen)

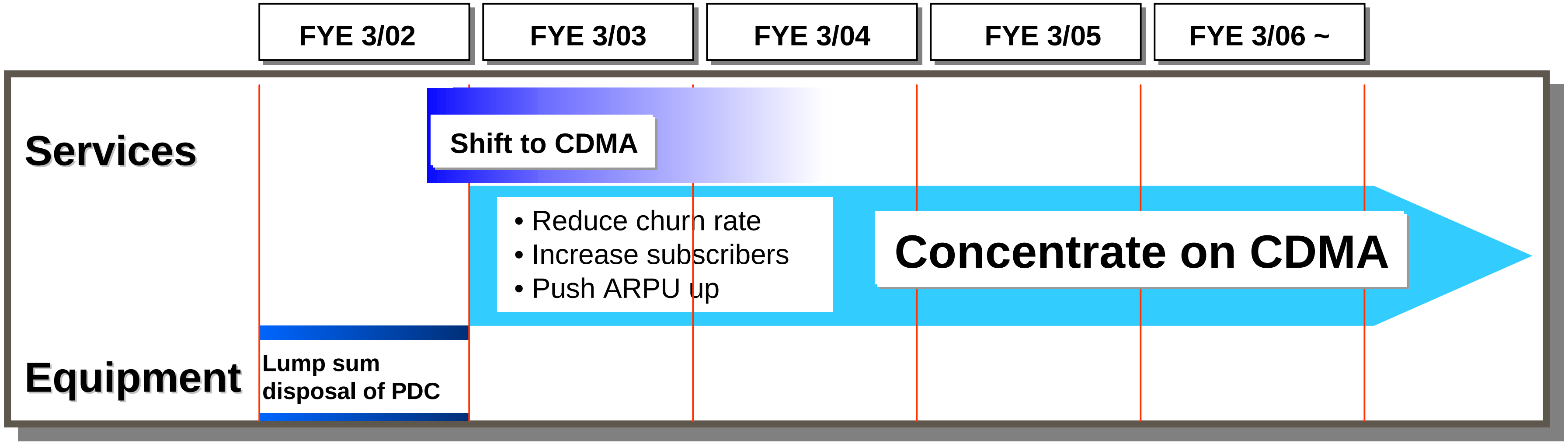
CDMA	Operating Revenues	1,370
	Operating Income	87
	Operating Income margin	6.4%
PDC	Operating Revenues	157
	Operating Income	- 28
	Operating Income margin	- 17.8%
"au" Total	Operating Revenues	1,528
	Operating Income	59
	Operating Income margin	3.9%

Double the margin through concentration on CDMA

Effects of Concentration on CDMA (2): Increase of Subscribers



Effects of Concentration on CDMA (3): Reduction of Cost



Reduction of depreciation cost

	FYE 3/02	FYE 3/03	FYE 3/04	FYE 3/05	FYE 3/06 ~	Total
Lump sum disposal	134 (Extraord. loss)					134
Reduction	- 5	- 44	- 33	- 16	- 36	- 134

Reduction of cost other than depreciation

Reduction of communication facility use fees etc. (vs. average year)	¥- 22 bil.
One-time shifting cost (FYE 3/03)	¥30 bil.

In addition to the reduction of depreciation, such cost as the lease line charge and maintenance expenses for PDC are subject to further reduction.

Effects of Merger: Enhanced Purchasing and Integration Effects

1. Cost reduction through enhanced purchasing (Merger effects already realized this FY)

Increased volume and spec standardization as a result of the merger	• Increased volume of orders for equipment/terminal device • Cost reduction through spec standardization (e.g. construction works of base stations) • Cost reduction through more detailed cost analysis	¥72 billion per annum (vs. estimate and previous year price)

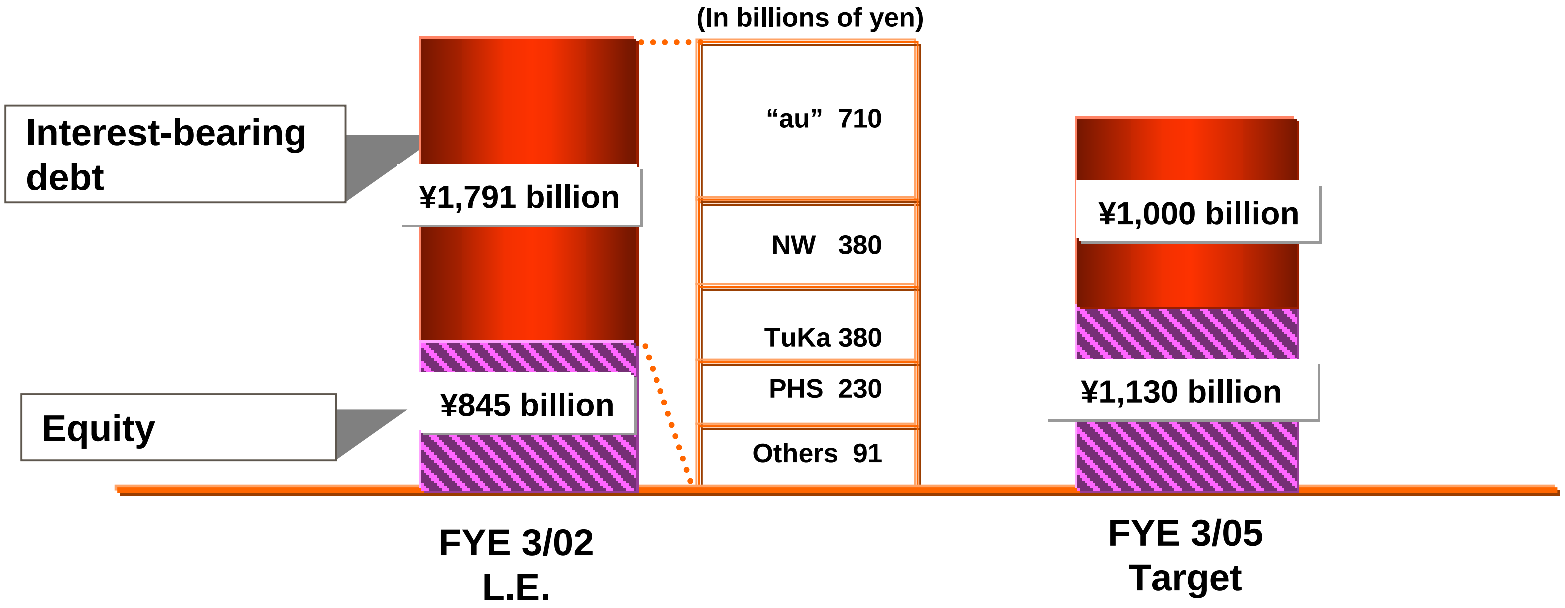
Purchasing shall be further enhanced after next FY so as to achieve continued cost reduction.

2. Cost reduction through integration (Merger effects to be realized after next FY.)

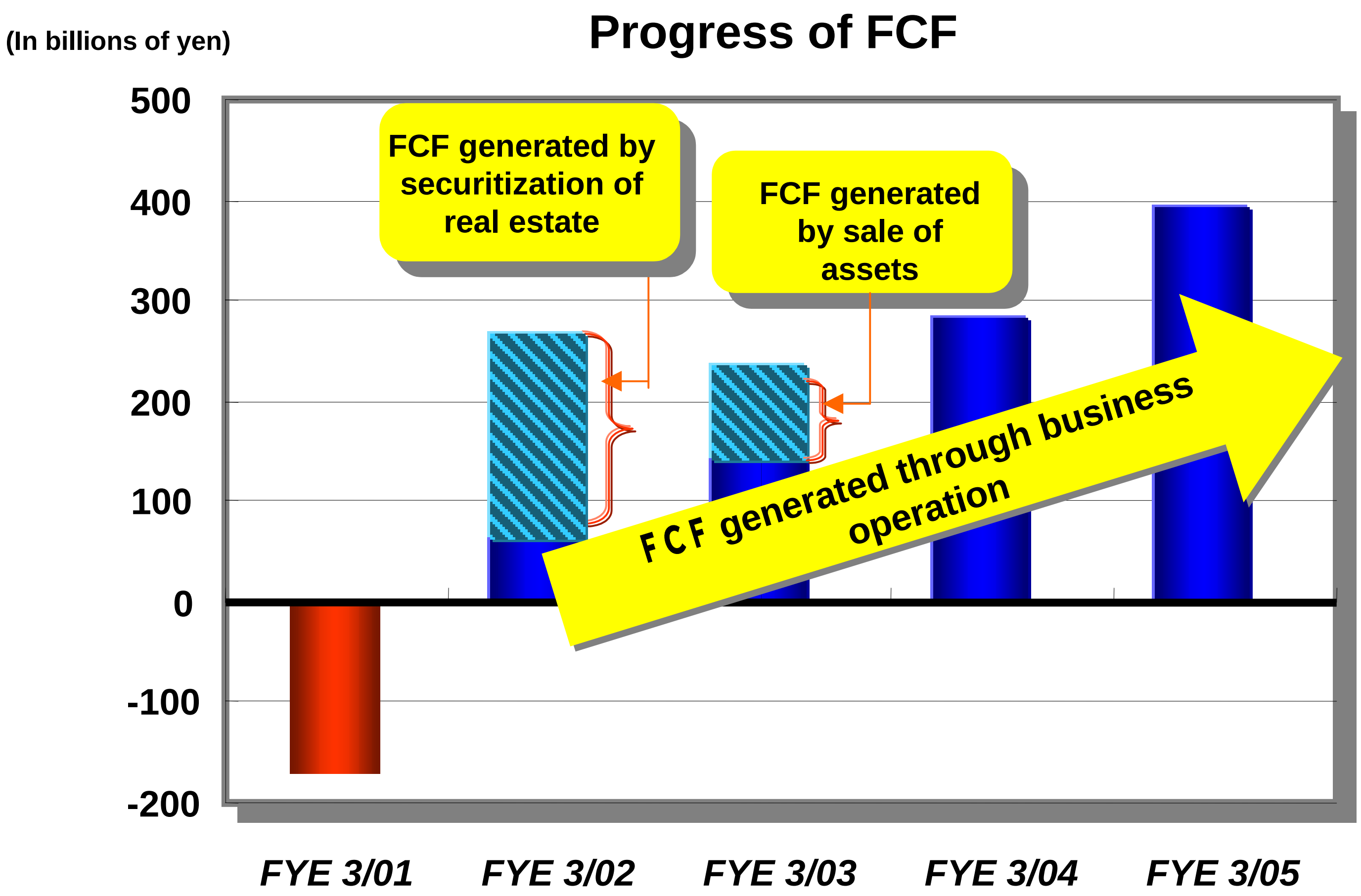
Integration of information systems	NW system: 3 systems → 1 system "au" system: 9 systems → 1 system	¥3 billion per annum ¥16 billion per annum
Integration of NW switching units	61 units → Reduce by half	¥3 billion per annum
Integration of customer centers	Reduce number of offices	¥10 billion per annum
	Total cost reduction through integration	¥32 billion per annum (vs. average year)

Improvement of Debt to Debt + Equity Ratio

- Reduce interest-bearing debt to ¥1,000 billion by FYE 3/05 to stabilize financial base.
- Reduce debt /debt + equity ratio from estimated 68% in FYE 3/02 to 47% in FYE 3/05.



Growth of FCF Generated through the Business Operation

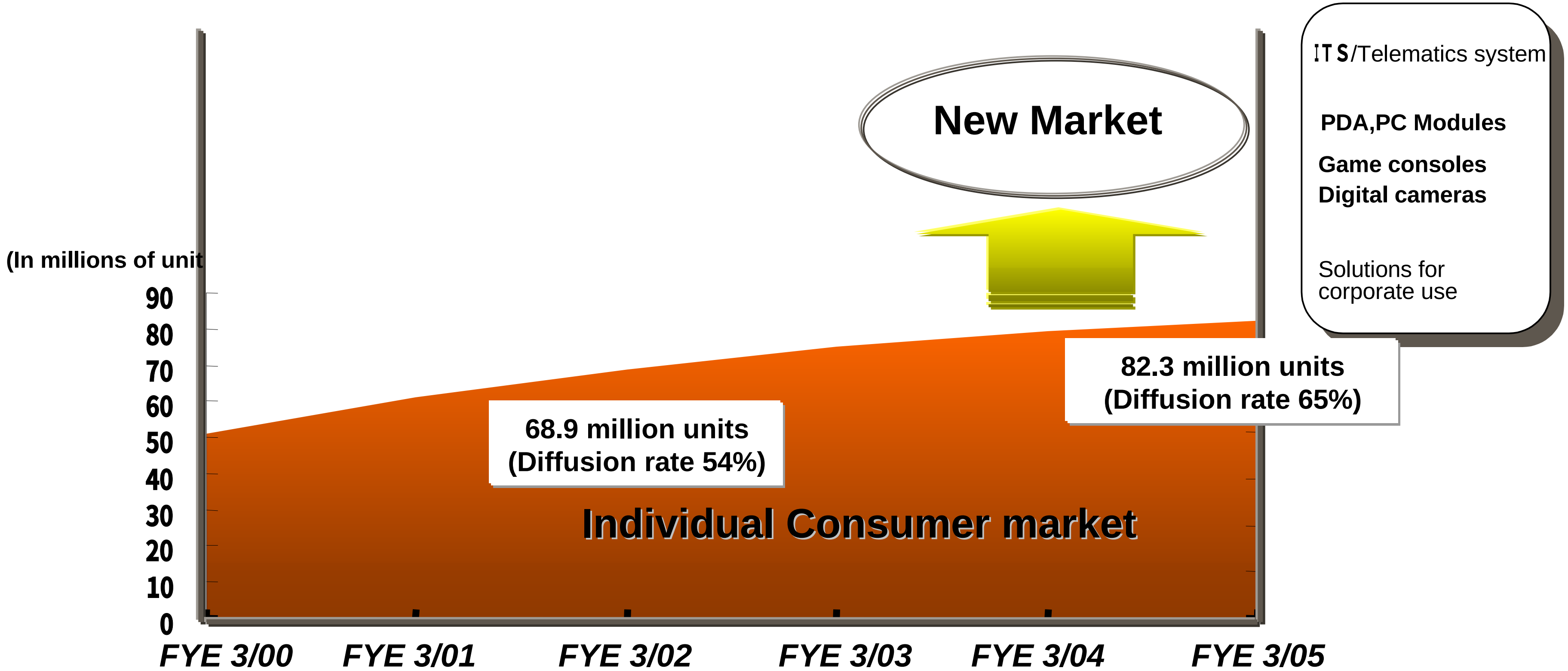


Note: FYE 3/01 figures are on the total of 3 companies, DDI,KDD and IDO

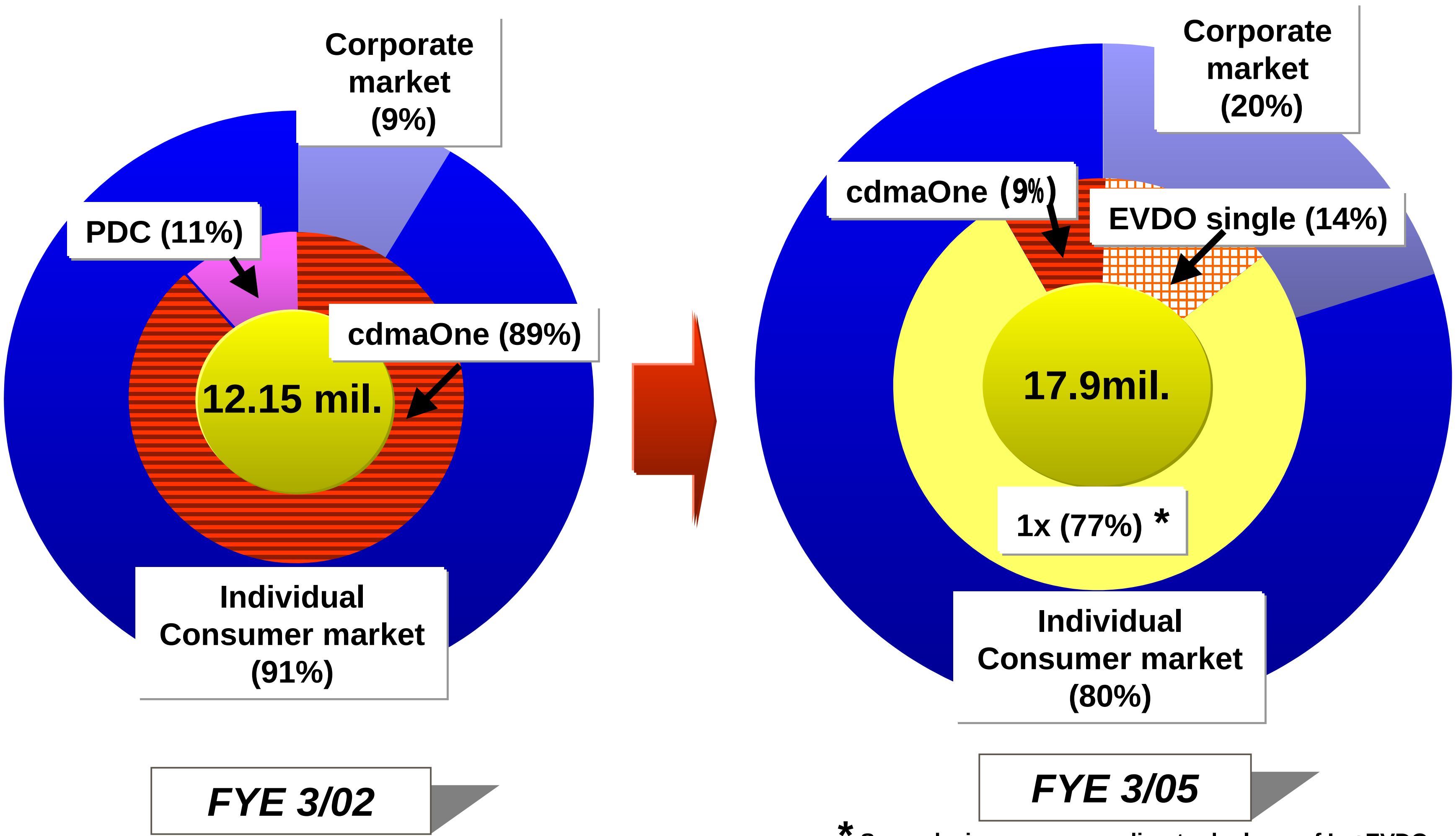
Mid-Term Management Strategy

Forecast of Mobile Phone Market

	FYE 3/01	FYE 3/03	FYE 3/05
Diffusion rate of internet – wired and mobile total --	55%	71%	80%
Diffusion rate of PC's (Percentage of mobile phone users making use of PC's)	36% (48%)	48% (57%)	64% (86%)
Diffusion rate of automotive navigation system	10%	13%	20%

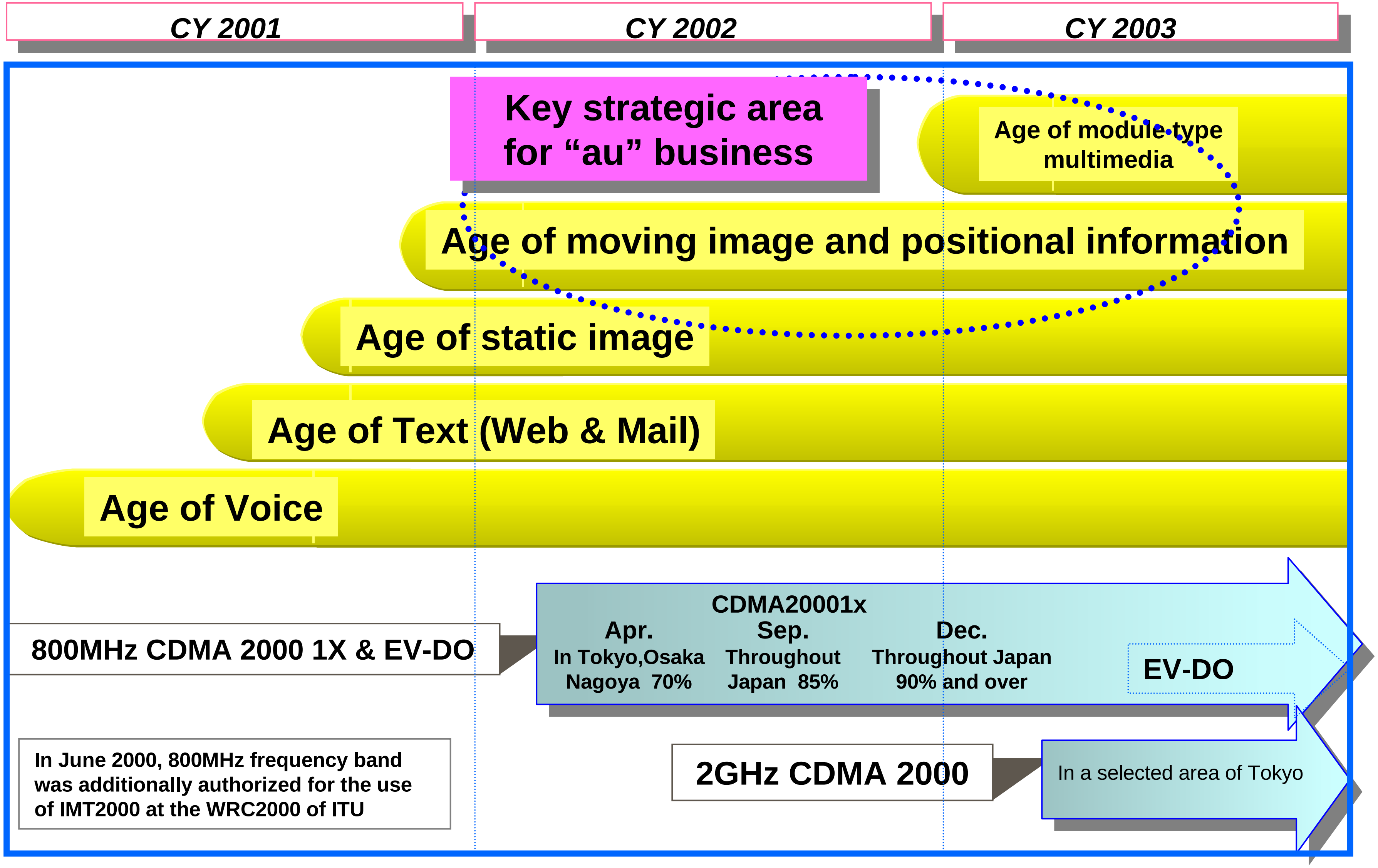


"au" Promotion Plan: Reinforce the Approach to Corporate Market



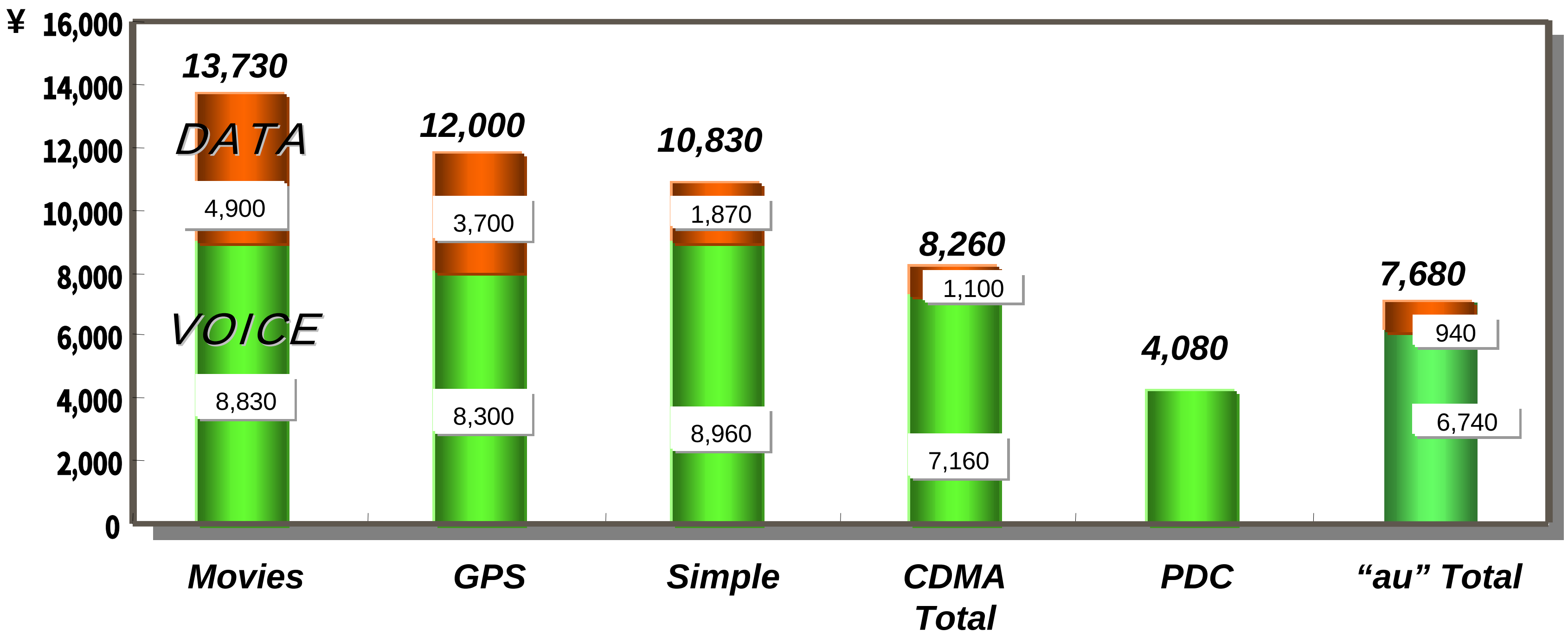
* Some devices corresponding to dual use of I x+EVDO are included in the category of 1x

Evolution of Mobile Phone



ARPU of Next Generation Mobile Phone

ARPU (Actual results in January 2002)

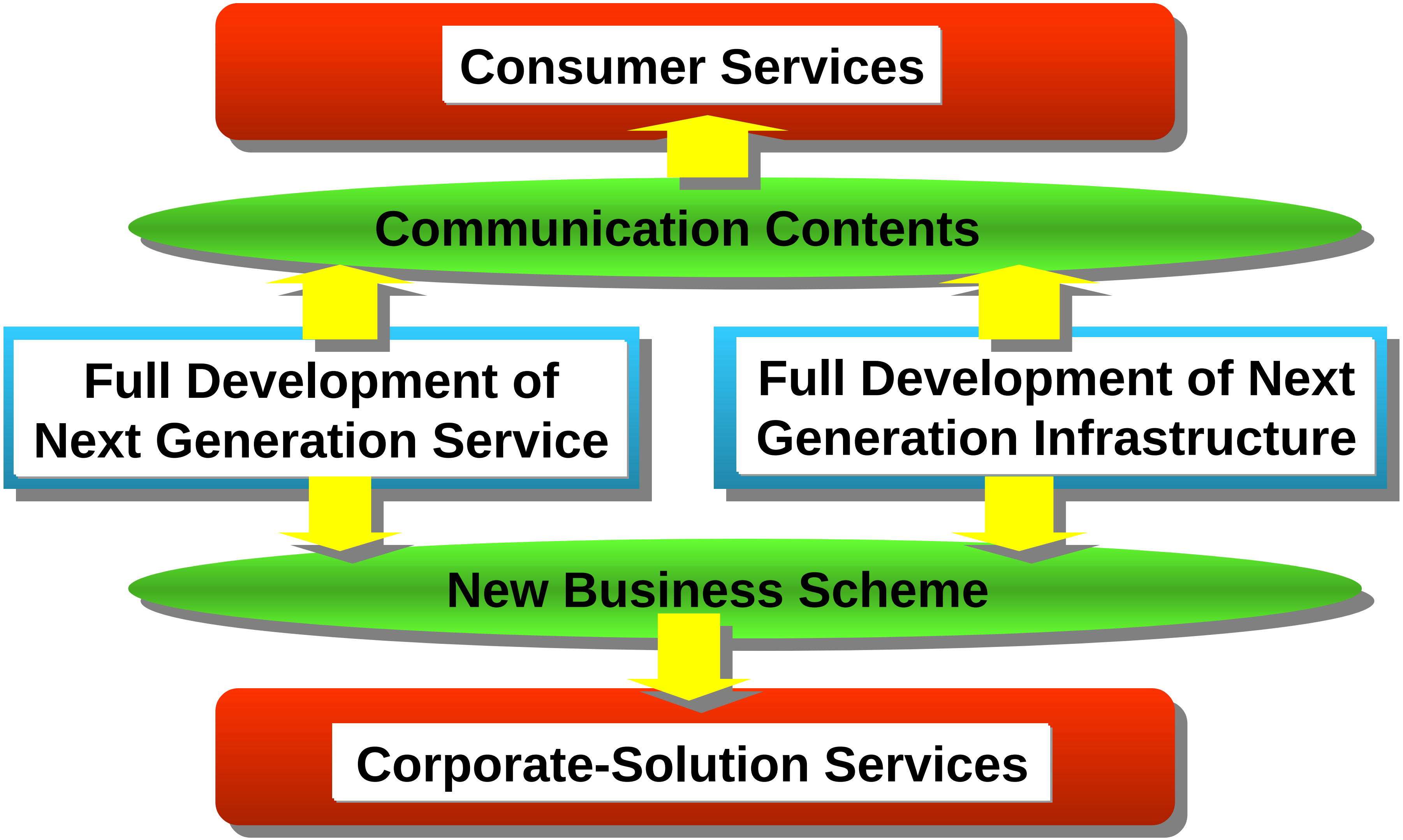


1.4%	1.4%	1.0%	86.7%	13.3%	11.96 mil.

Percentage to total CDMA

Percentage to total "au"

Marketing Deployment after 1x

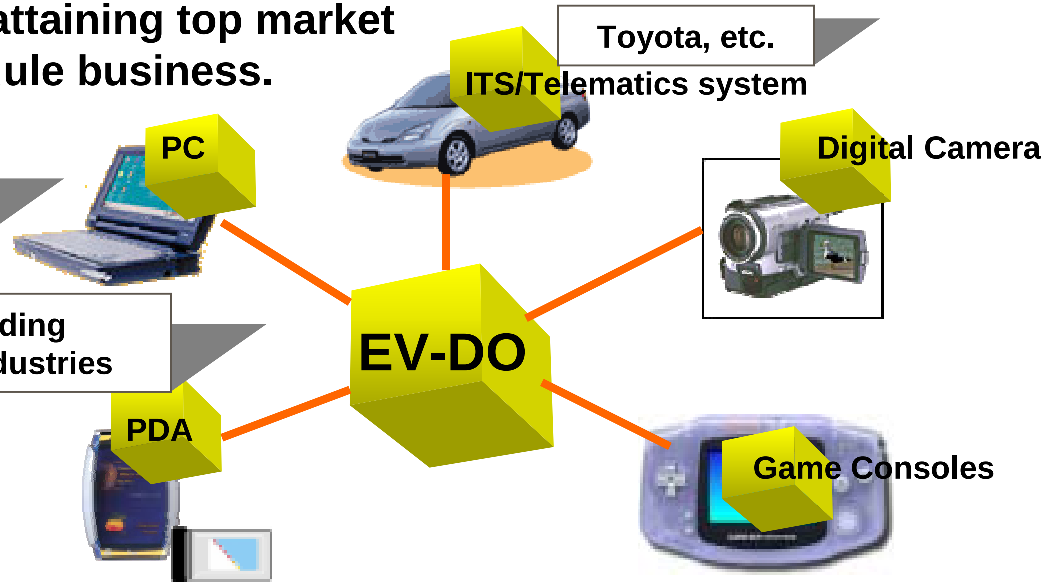


CDMA 2000 1X EV-DO: Module Type Multimedia

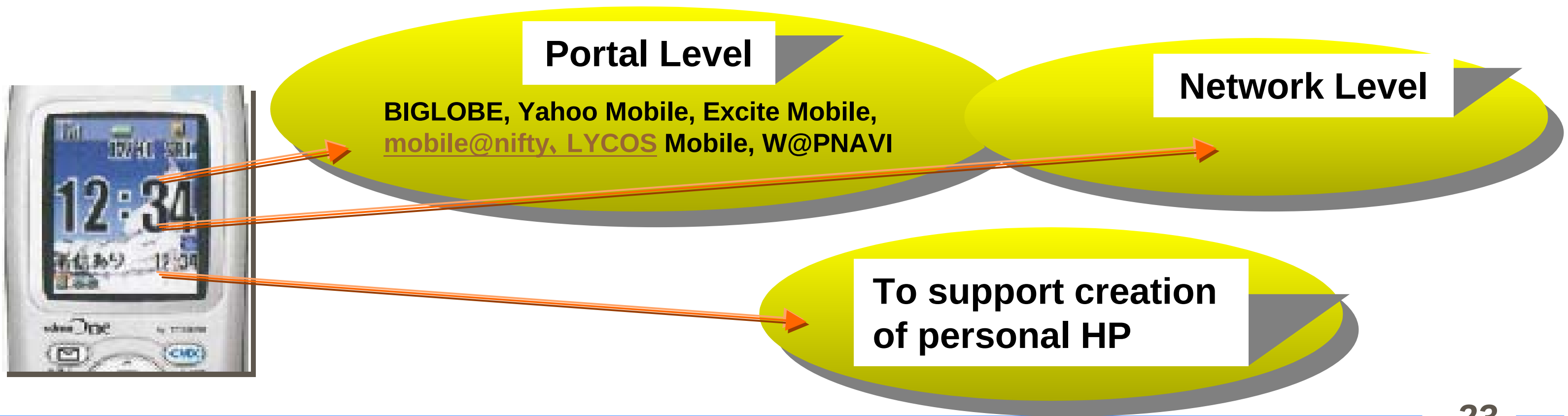
■ To set a goal of attaining top market share in the module business.

Module type business

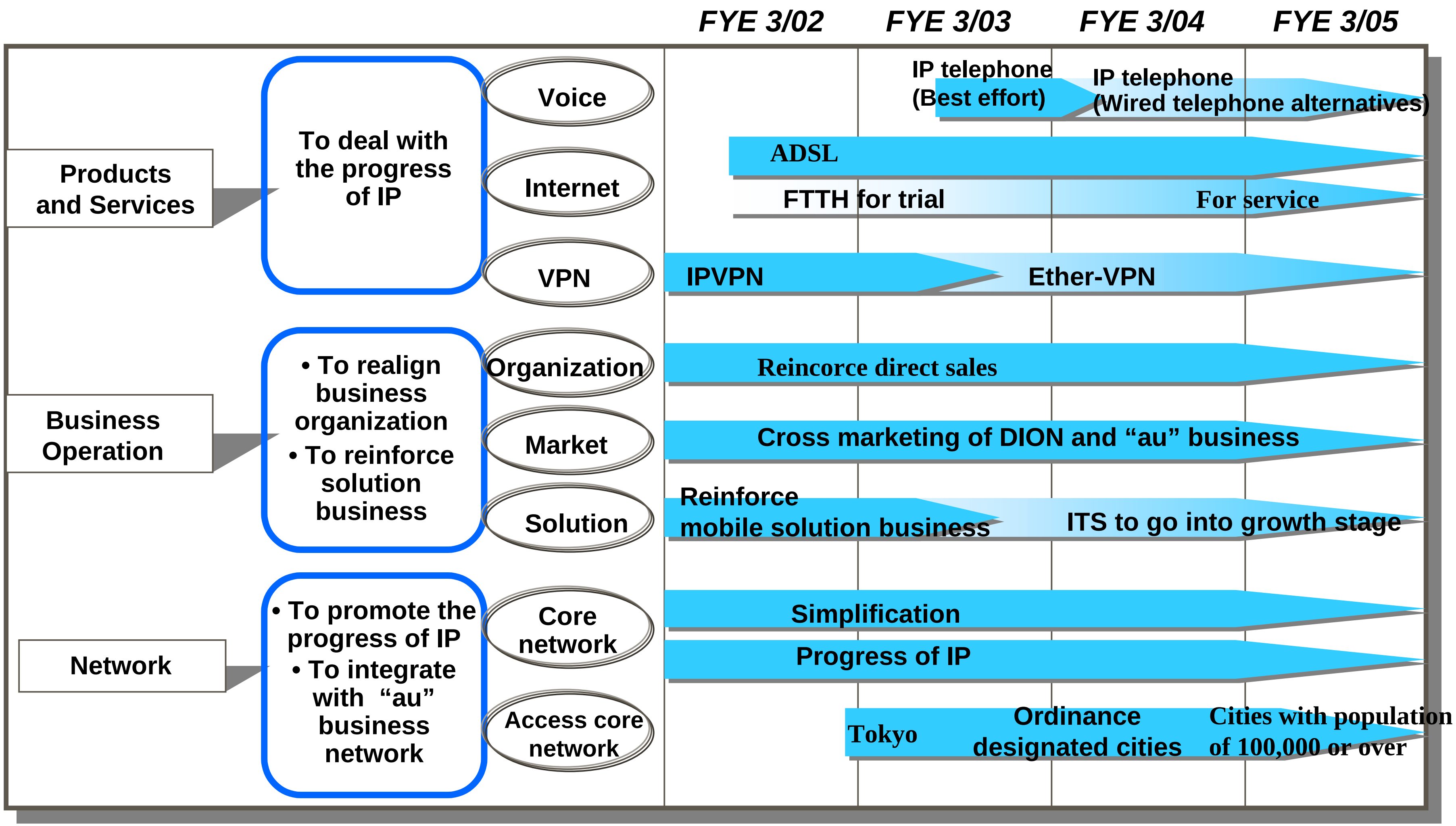
To cooperate with leading companies in various industries



■ To promote open-door principle on EZ web

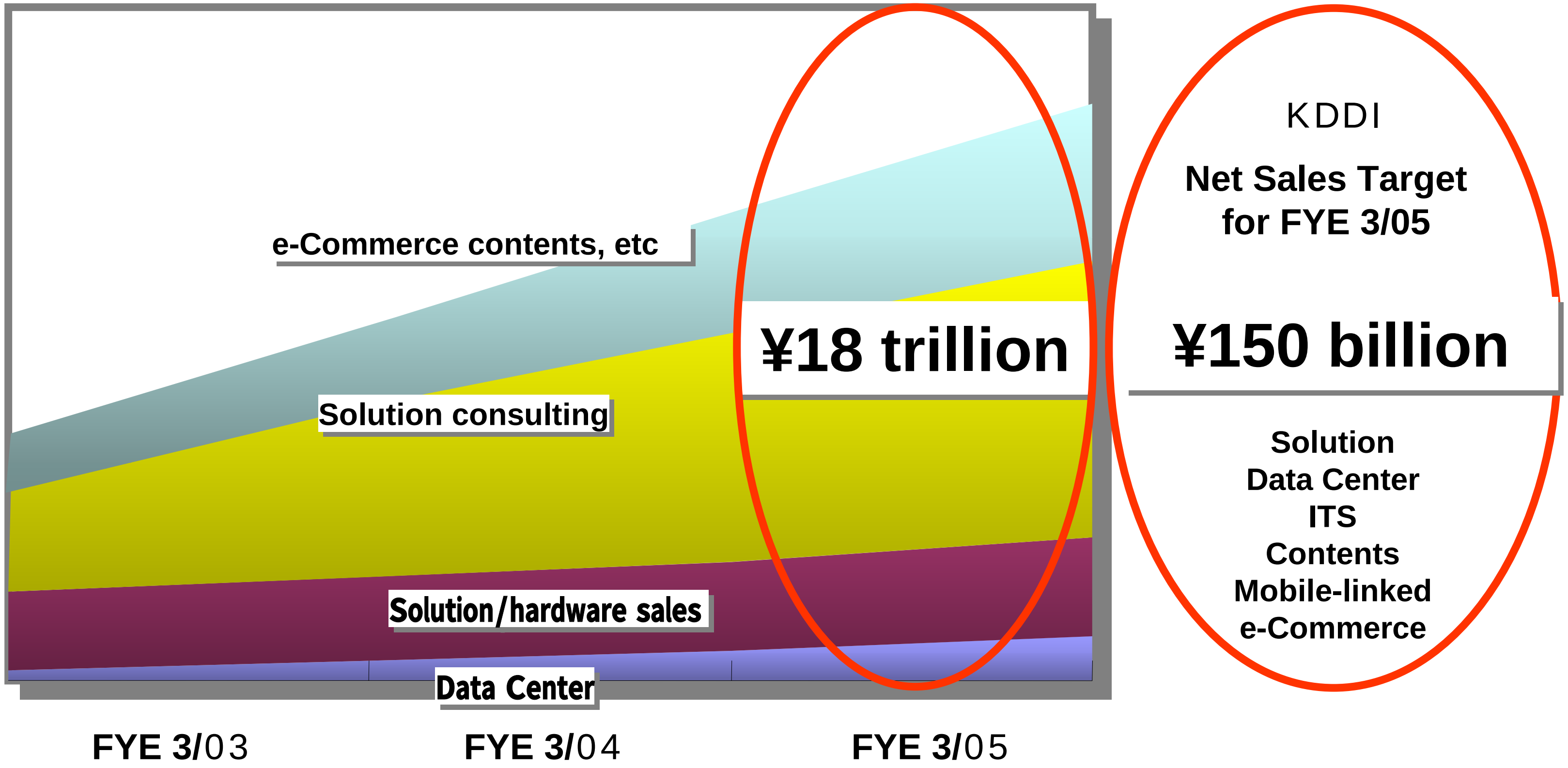


NW & Solution Business



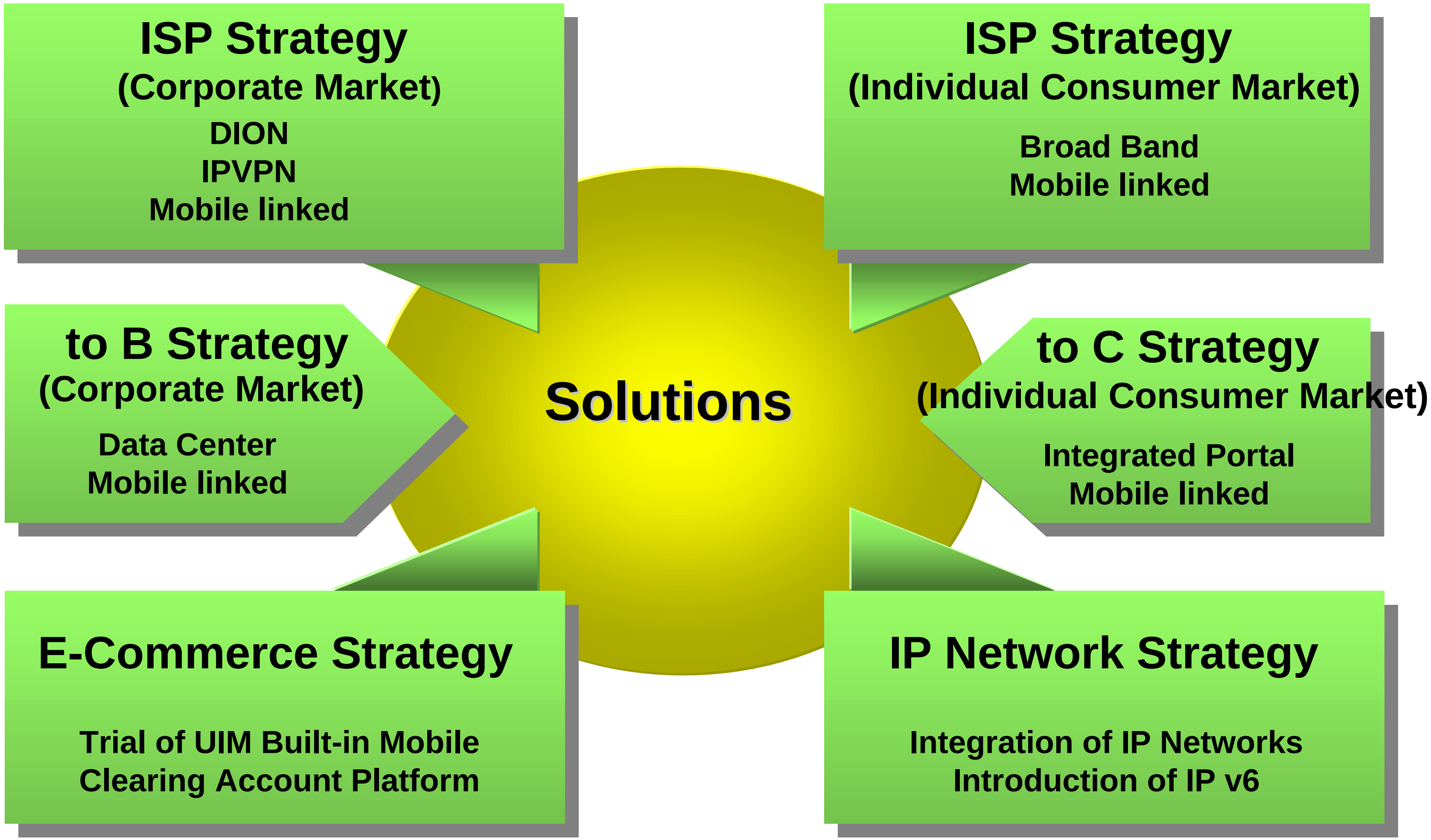
Sales Target of Solution Business

The "Solution Business Sector" was newly set up by integrating the solution related business function and the contents related service development function of the IP Business Sector, NW Business Sector and "au" Business Sector as of March 1, 2002.



Note: The above forecast of the Company is based upon the various forecasts of several think-tank agencies.

Expansion of Markets through Solutions



TuKa & PHS Business

- Specific Segment Limited Strategy
- Thorough Control on Investment through Efficiency
- **FCF Focused Management**

TuKa Business

Focus on voice & mail users

Under rejuvenated management since October 2001

Take measures to reduce churnrate of users through targeting

Attain surplus in FCF starting this FY

PHS Business

Focus on data terminal

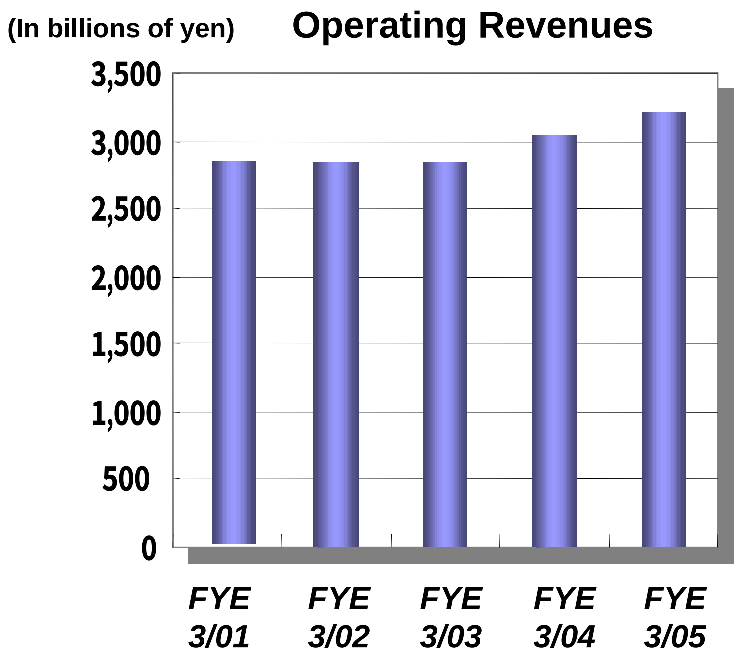
Concentrate resources in Tokyo, Osaka, Nagoya area

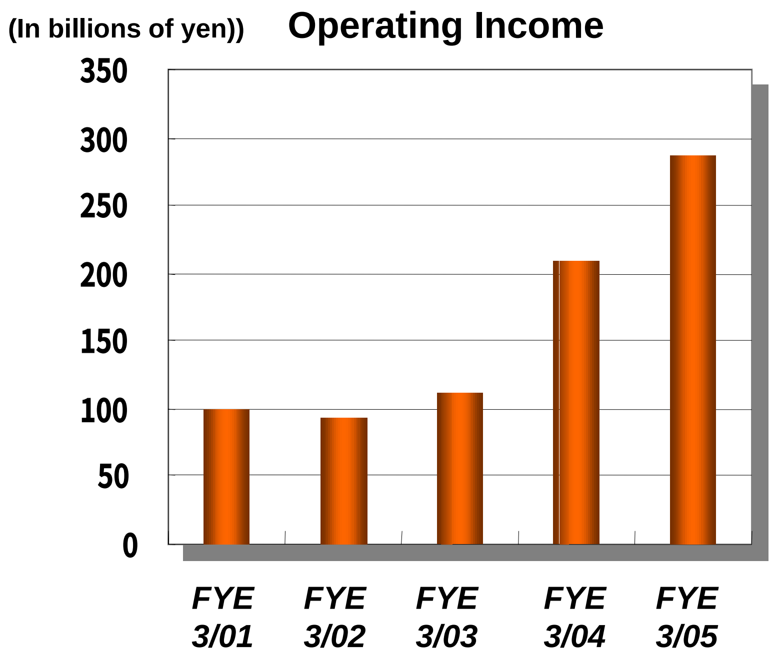
Set target ratio of accumulated data terminal at 60% to 70%

Increase FCF further

Aim at Making a Contribution in Maximizing FCF of KDDI Group

Financial Target – Consolidated Basis

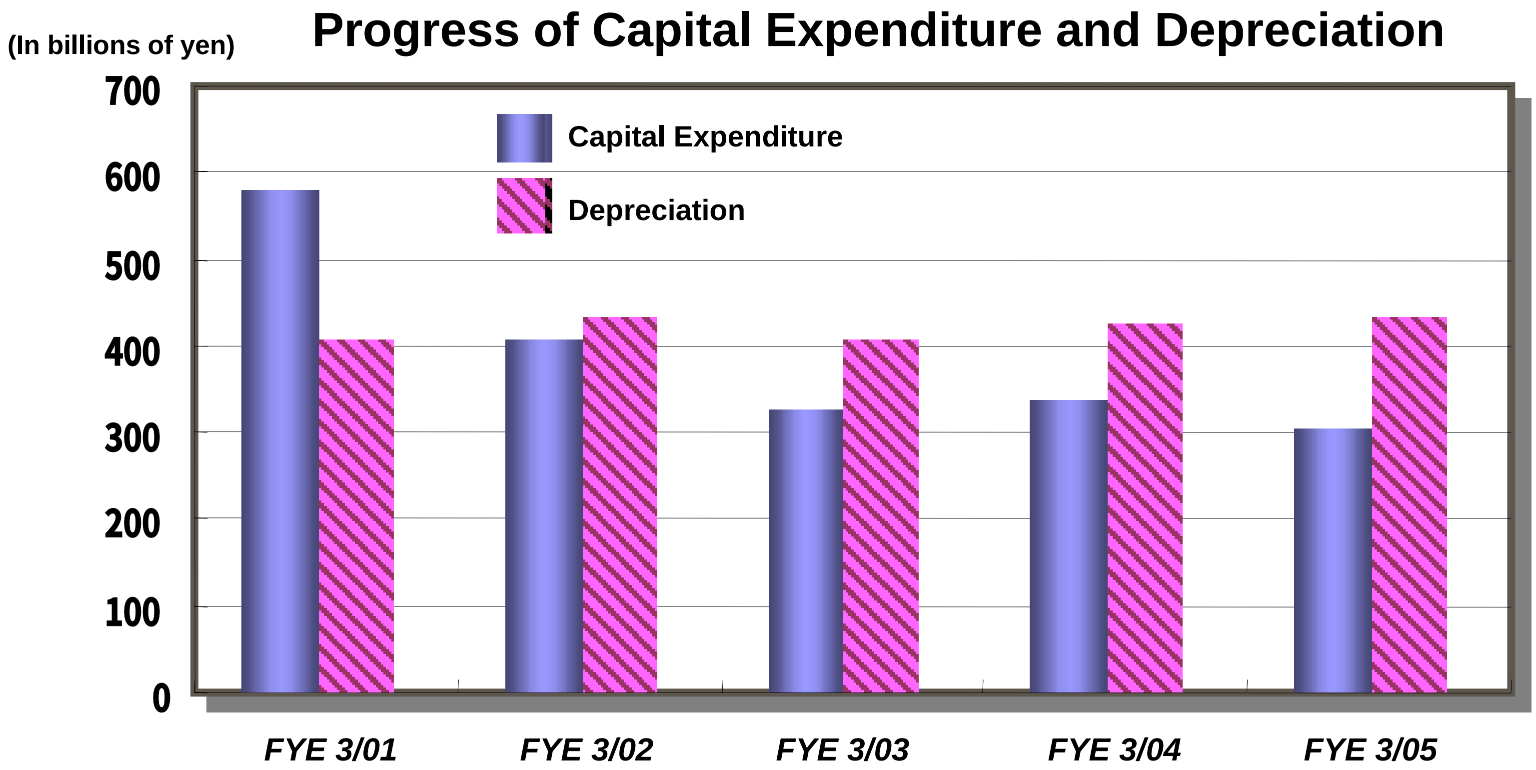




(In billions of yen)	FYE 3/01	FYE 3/02	FYE 3/03	FYE 3/04	FYE 3/05
Operating Revenues	2,816.4	2,847.0	2,860.0	3,000.0	3,200.0
Operating Income	98.8	96.0	110.0	210.0	290.0
Operating Income to Revenues Ratio	3.5%	3.4%	3.9%	7.0%	9.0%
Ordinary Income	59.6	73.0	85.0	190.0	270.0
EBITDA	513.9	532.0	540.0	650.0	740.0
EBITDA Margin	18.2%	18.7%	18.9%	21.7%	23.1%

Note: FYE 3/01 figures are on the total of 3 companies, DDI,KDD and IDO

Capital Expenditure Plan - Consolidated Basis



(In billions of yen)	FYE 3/01	FYE 3/02	FYE 3/03	FYE 3/04	FYE 3/05
Capital Expenditure	560.0	408.0	330.0	340.0	310.0
Depreciation	407.6	429.0	410.0	420.0	430.0

Note: FYE 3/01 figures are on the total of 3 companies, DDI,KDD and IDO