

Ubiquitous Solution Company


KDDI CORPORATION



Interim Financial Results of the Fiscal Year ending March 2004

October 30, 2003

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. Interim Financial Results Highlights

- 1** On a consolidated basis, operating income jumped up 164.8%, while operating revenues slid down 0.5% year-on-year, as strong “au” Business covered decreased revenues in BBC & Solution Business
- 2** Reduced debts steadily to ¥1,298.5B (by ¥198.5B from the end of March 2003)
- 3** “au” Business
 - ▶ Operating revenues increased 7.2%, operating income up 901.9% yoy.
 - ▶ Achieved largest share of net adds (1H average: 41.3%)
 - ▶ CDMA2000 1x subscribers surpassed 10M subs
- 4** BBC & Solution Business
 - ▶ Operating income reduced 72.2% yoy due to voice revenue reductions & ¥5.9B additional access charges based on the retroactive settlement system
- 5** TUKA Business & Pocket Business
 - ▶ Made good progress in income and FCF amid net decrease in subscribers

1.2. FY2004.3 Full-year Forecasts Revised Up

1 Company revised up consolidated FY2004.3 operating revenues & income forecasts on October 7, against May's initial forecast, thanks to strong "au" figures that made up for additional ACs on retroactive settlement.

▶ Operating Revenues : ¥2,780.0B → ¥2,820.0B (up ¥40.0B)
Operating Income : ¥ 216.0B → ¥ 255.0B (up ¥39.0B)

▶ Main reasons for upward modifications

✓ Increased "au" revenues due to upward changes in KPI

— ARPU : ¥ 7,140 → ¥7,320 (up ¥180)

— Ending subs : 15,900K → 16,550K (up 650K)

✓ Increased expenses

— Factored in ¥13.0 B additional ACs on retroactive settlement
(¥6.7B in H1, ¥ 6.3B in H2)

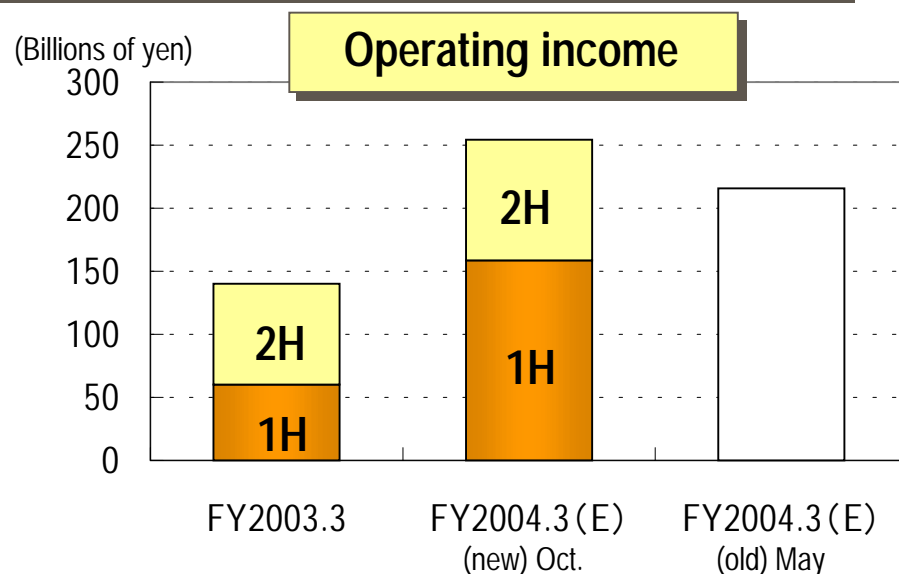
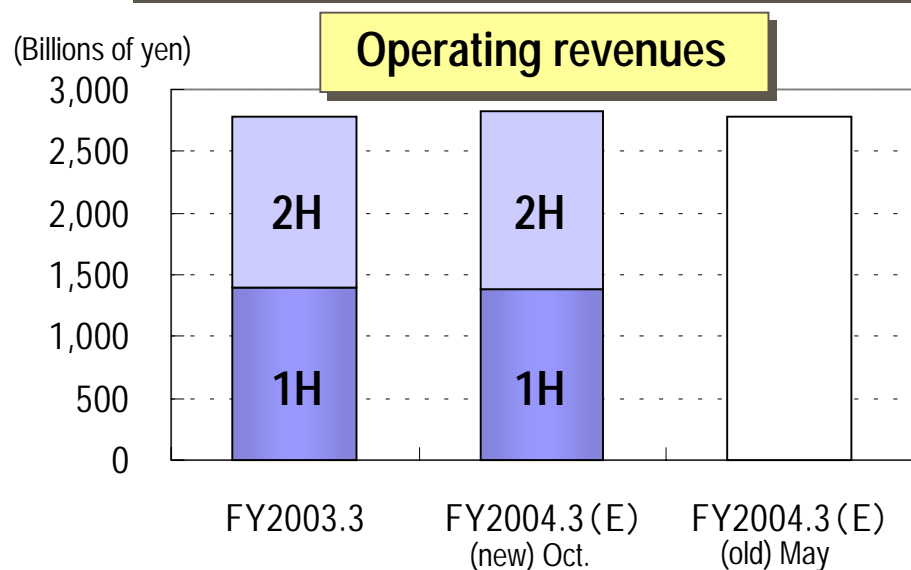
2 CAPEX guidance revised down : ¥338.0B → ¥300.0B (down ¥ 38.0B)
after review of investment needs.

3 FCF forecasts revised up : ¥ 244.0B → ¥ 321.0B (up ¥77.0B) due to
increase in operating income & decrease in CAPEX.

1.3. Agenda in the 2nd Half

- 1 Build up brand strength and enhance customer satisfaction for sustainable growth
- 2 Steadily reduce debts to the target of ¥1,000B by the end of March 2005
- 3 “au” Business:
 - ▶ Reinforce product competitiveness in 3G market by enhancing **1x** brand & launching WIN(EV-DO)
- 4 BBC & Solution Business
 - ▶ Consumer: Strengthen ADSL marketing & Hikari Plus(FTTH) roll-out (in October).
 - ▶ Corporate: Expand mobile solutions sales
- 5 TUKA Business & Pocket Business:
 - ▶ TUKA Business : Maintain current sub base by retention efforts
 - ▶ Pocket Business : Maintain current sub base by enhanced corporate-focused sales forces & more reliable AirH” service

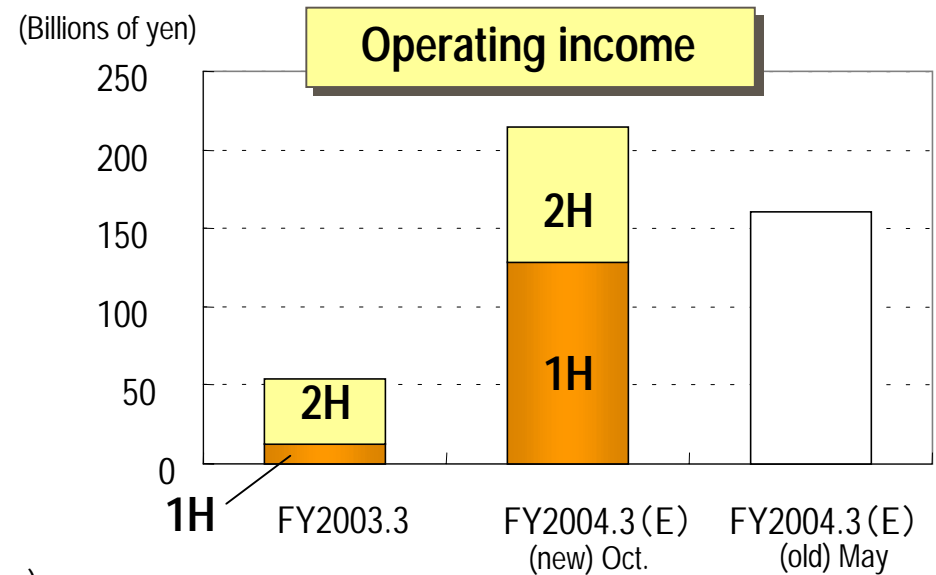
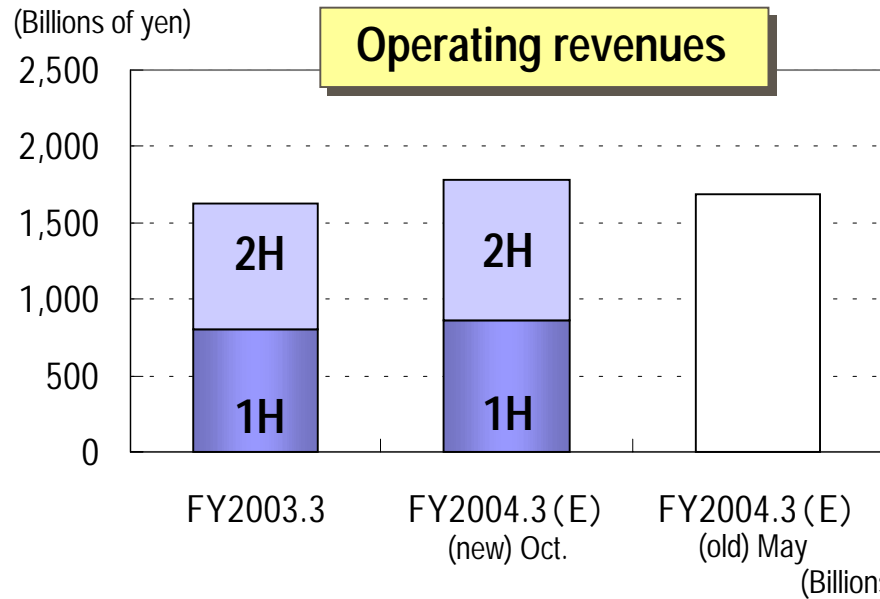
2. Consolidated Financial Results



(Billions of yen)

	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
Operating revenues	1,393.2	2,785.3	1,386.6	2,820.0	2,780.0
Operating income	59.8	140.7	158.2	255.0	216.0
<i>Operating margin</i>	4.3%	5.0%	11.4%	9.0%	7.8%
Ordinary income	42.4	113.2	148.2	240.0	195.0
Net income	20.4	57.4	85.9	95.0	71.0
Free Cash Flow	80.9	305.3	246.8	321.0	244.0
EBITDA	257.5	563.5	349.4	649.0	630.0
<i>EBITDA margin</i>	18.5%	20.2%	25.2%	23.0%	22.7%

3. "au" Business

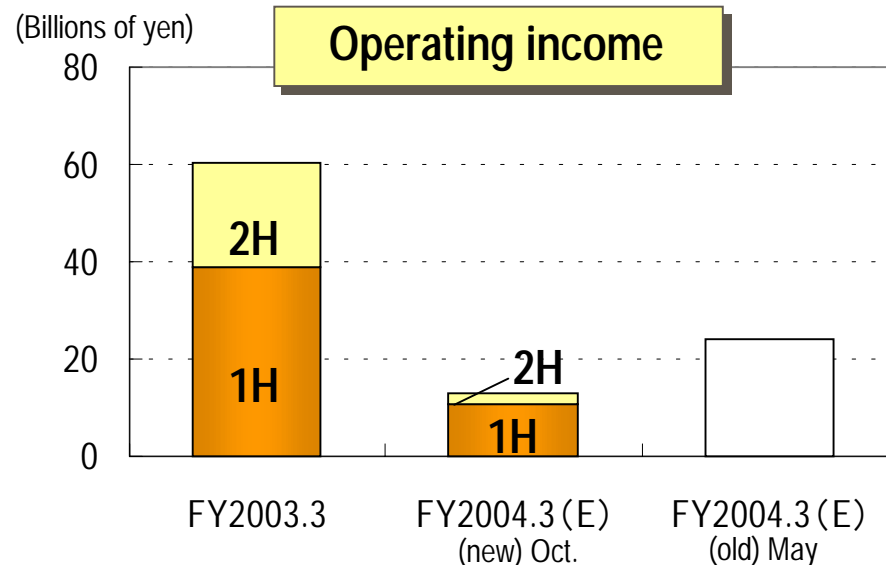
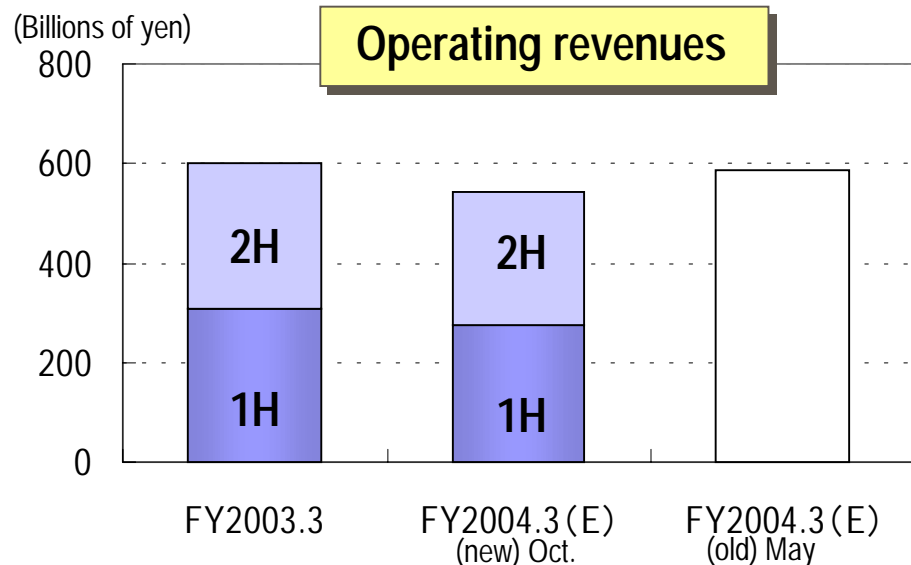


	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
Operating revenues	806.5	1,626.3	864.7	1,782.0	1,686.0
Operating income	12.9	53.8	128.9	214.0	161.0
<i>Operating margin</i>	1.6%	3.3%	14.9%	12.0%	9.5%
Ordinary income	6.1	41.8	123.0	204.0	150.0
Net income	1.2	21.0	70.5	117.0	84.0
Free Cash Flow	40.1	96.6	131.9	198.0	138.0
EBITDA	104.2	245.1	222.1	409.0	368.0
<i>EBITDA margin</i>	12.9%	15.1%	25.7%	23.0%	21.8%

	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
Subs ('000)	13,054	14,049	15,263	16,550	15,900
module-type	-	-	292	330	550
1x	2,652	6,806	10,203	-	-
cdmaOne	9,955	7,208	5,059	-	-
PDC	447	35	-	-	-
ARPU (yen)	7,610	7,570	7,510	7,320	7,140
Voice	6,420	6,280	5,920	5,650	5,610
Data	1,190	1,290	-	-	1,530

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

4. BBC & Solution Business

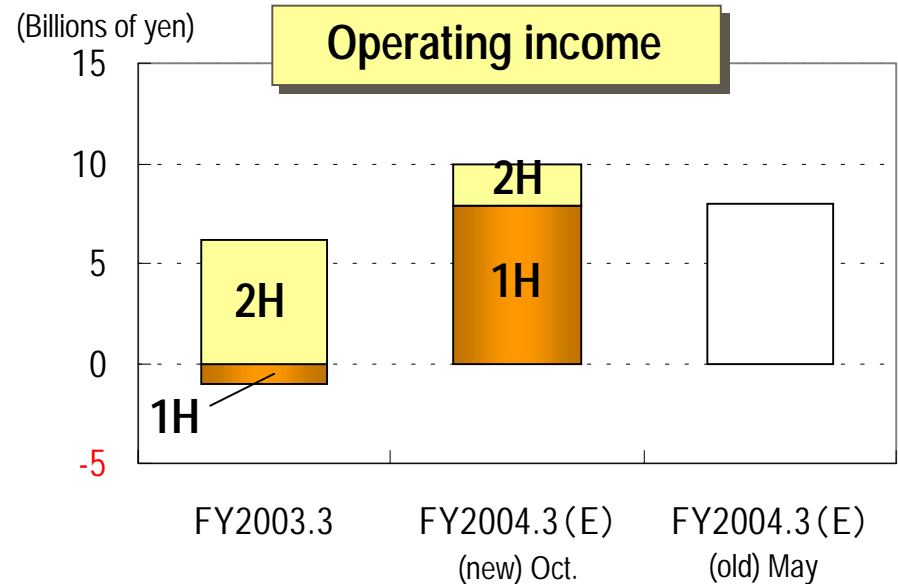
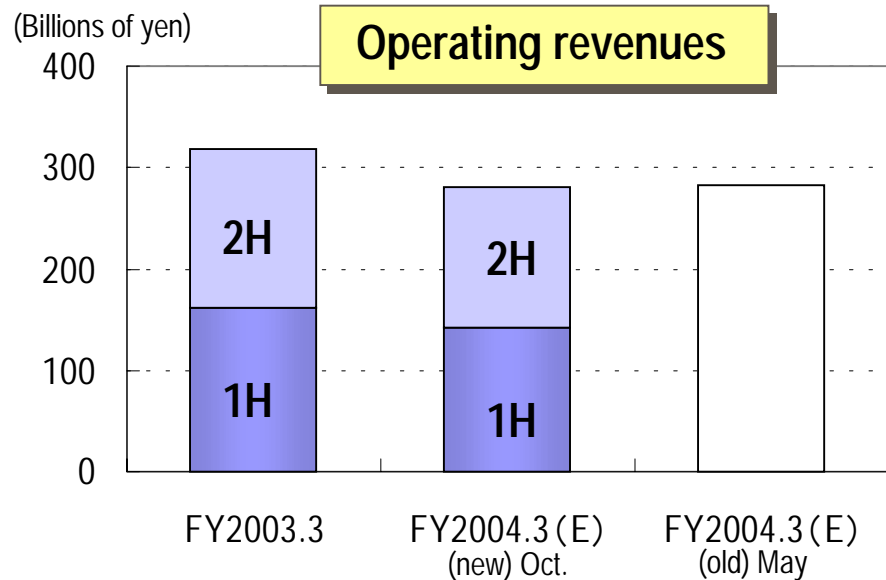


(Billions of yen)

	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
Operating revenues	308.5	601.9	275.4	544.0	586.0
Operating income	38.8	60.3	10.8	11.0	24.0
<i>Operating margin</i>	12.6%	10.0%	3.9%	2.0%	4.1%
Ordinary income	37.8	60.4	10.3	10.0	21.0
Net income	21.0	32.3	5.2	-37.0	-32.0
Free Cash Flow	31.2	116.9	39.0	27.0	25.0
EBITDA	89.8	176.8	58.2	108.0	128.0
<i>EBITDA margin</i>	29.1%	29.4%	21.1%	19.9%	21.8%

	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
DION ('000)	2,270	2,373	2,489	2,600	2,750
ADSL	265	498	777	1,200	1,200

5. TUKA Business

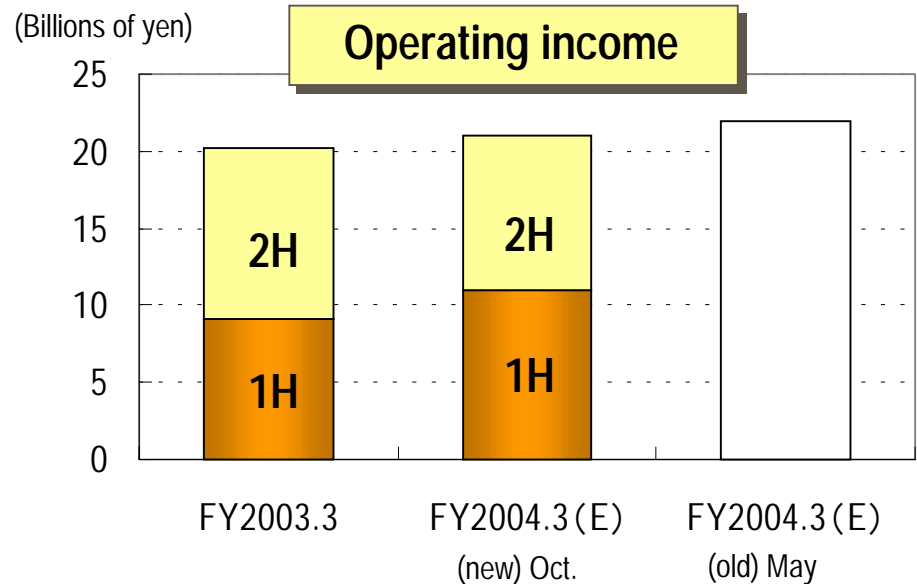
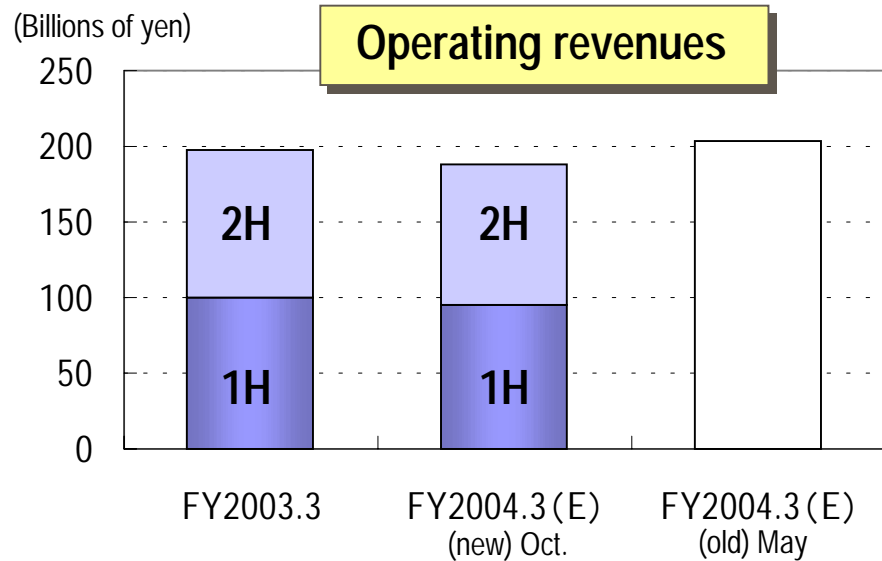


(Billions of yen)

	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
Operating revenues	162.0	318.1	141.8	281.0	283.0
Operating income	-1.0	6.2	7.9	10.0	8.0
<i>Operating margin</i>	<i>-0.6%</i>	<i>1.9%</i>	<i>5.6%</i>	<i>3.6%</i>	<i>2.8%</i>
Ordinary income	-4.4	0.1	5.7	6.0	4.0
Net income	-7.1	-3.2	4.9	5.0	2.0
Free Cash Flow	21.5	52.1	27.2	44.0	39.0
EBITDA	29.0	66.5	35.8	66.0	64.0
<i>EBITDA margin</i>	<i>17.9%</i>	<i>20.9%</i>	<i>25.2%</i>	<i>23.5%</i>	<i>22.6%</i>

	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
Subs ('000)	3,864	3,783	3,699	3,700	3,750
ARPU (yen)	5,370	5,330	5,100	5,050	5,030

6. Pocket Business



(Billions of yen)

	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
Operating revenues	100.3	197.6	95.7	188.0	203.0
Operating income	9.1	20.3	11.0	21.0	22.0
<i>Operating margin</i>	<i>9.1%</i>	<i>10.3%</i>	<i>11.5%</i>	<i>11.2%</i>	<i>10.8%</i>
Ordinary income	7.7	17.7	10.1	19.0	19.0
Net income	7.0	17.0	10.3	20.0	20.0
Free Cash Flow	14.4	43.0	25.2	43.0	43.0
EBITDA	30.1	62.2	31.1	61.0	62.0
<i>EBITDA margin</i>	<i>30.0%</i>	<i>31.5%</i>	<i>32.5%</i>	<i>32.4%</i>	<i>30.5%</i>

	FY2003.3		FY2004.3(E)		FY2004.3(E)
	1H		1H	(new) Oct.	(old) May
Subs ('000)	2,953	2,975	2,938	2,950	3,100
Air H"	568	765	890	1,000	1,150
ARPU (yen)	5,080	5,010	4,840	4,680	4,780

7. Capital Expenditures and others

- Made execution of capital expenditures at a low rate in H1 as a result of scrutiny
- Implemented a further reduction of debts by ¥198.5B from March 31 level.

(Billions of yen)

		FY2003.3		FY2004.3 (E)		FY2004.3(E) (old) May
		1H		1H	(new) Oct.	
CAPEX (Cash basis)	Consolidated	126.3	246.2	73.8	300.0	338.0
	au	82.7	167.3	41.2	184.0	190.0
	BBC & Solution	19.3	40.8	17.1	66.0	83.0
	TUKA	9.4	16.2	5.5	19.0	24.0
	Pocket	7.5	11.7	4.0	16.0	16.0
Depreciation	Consolidated	192.7	389.0	183.3	371.0	387.0
	au	89.3	176.0	91.0	184.0	192.0
	BBC & Solution	49.7	105.4	43.6	89.0	92.0
	TUKA	29.8	60.0	26.8	54.0	55.5
	Pocket	19.5	39.6	19.4	39.0	39.0
Debts	Consolidated	1,675.3	1,497.0	1,298.5	1,187.0	1,270.0
	au, BBC & Solution	1,043.4	937.2	797.8	716.0	785.0
	TUKA	348.4	317.8	290.6	272.0	280.0
	Pocket	211.4	182.7	156.8	140.0	143.0
Debt/EBITDA multiple		—	2.7	—	1.8	2.0

Segment Discussions & Strategies

**KDDI-wide
Measures**

"au" Business

**BBC & Solution
Business**

**TUKA Business &
Pocket Business**

1. KDDI's Responsibility to Society

Seeking Total Customer Satisfaction



2. Responses to Regulatory Environments

Increased Access Charges

■ Situation

In April 2003, MPHPT approved NTT East & West interconnection charge agreements that provide increased FY2004.3 & 2005.3 ZC AC and extra charges when actual traffic volume decreased more than 15%.

■ Responses & Implications

Filed administrative suit in July 2003 and currently in litigation; extra charges already factored in the revised full-year forecasts.

L-M Price-setting Rights

■ Situation

In June 2003, MPHPT announced its decision allowing intermediate carriers to set price for their L-M (Land to Mobile) calls.

■ Responses & Implications

Gradual transition expected (mobile segment charges to be still temporarily set by mobile operators); adverse effect on business performance expected to be absorbed with business expansion.

Open-up of Fiber Optics

■ Situation

Wider range of services offered via fiber optics as access lines including FTTH along with development of broadband.

■ Responses & Implications

Designated service providers, NTT East & West, should maintain their fiber optics open for inexpensive broadband services. Condos currently targeted for FTTH business.

Mobile Number Portability (MNP)

■ Situation

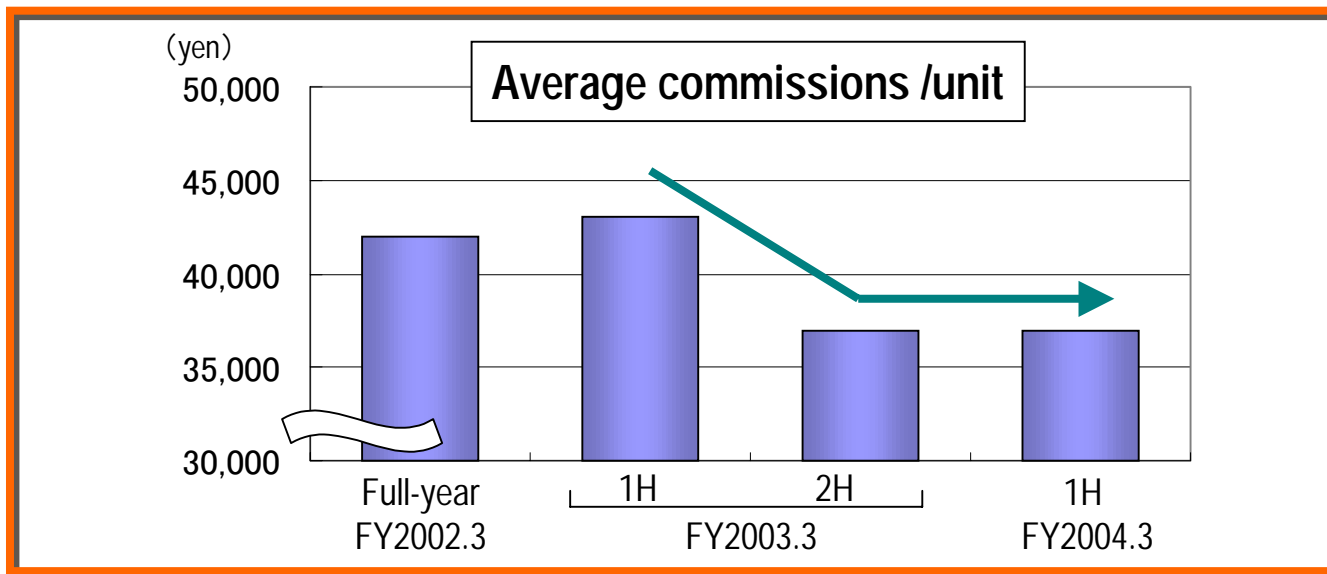
An MPHPT study group established in June 2002 announced in September 2003 it would examine whether to introduce MNP by evaluating user needs

■ Responses & Implications

Positively study introduction of MNP for the benefit of customers and should consider customer needs and cost-effectiveness because of heavy capex expected.

1.1. Sales Commissions

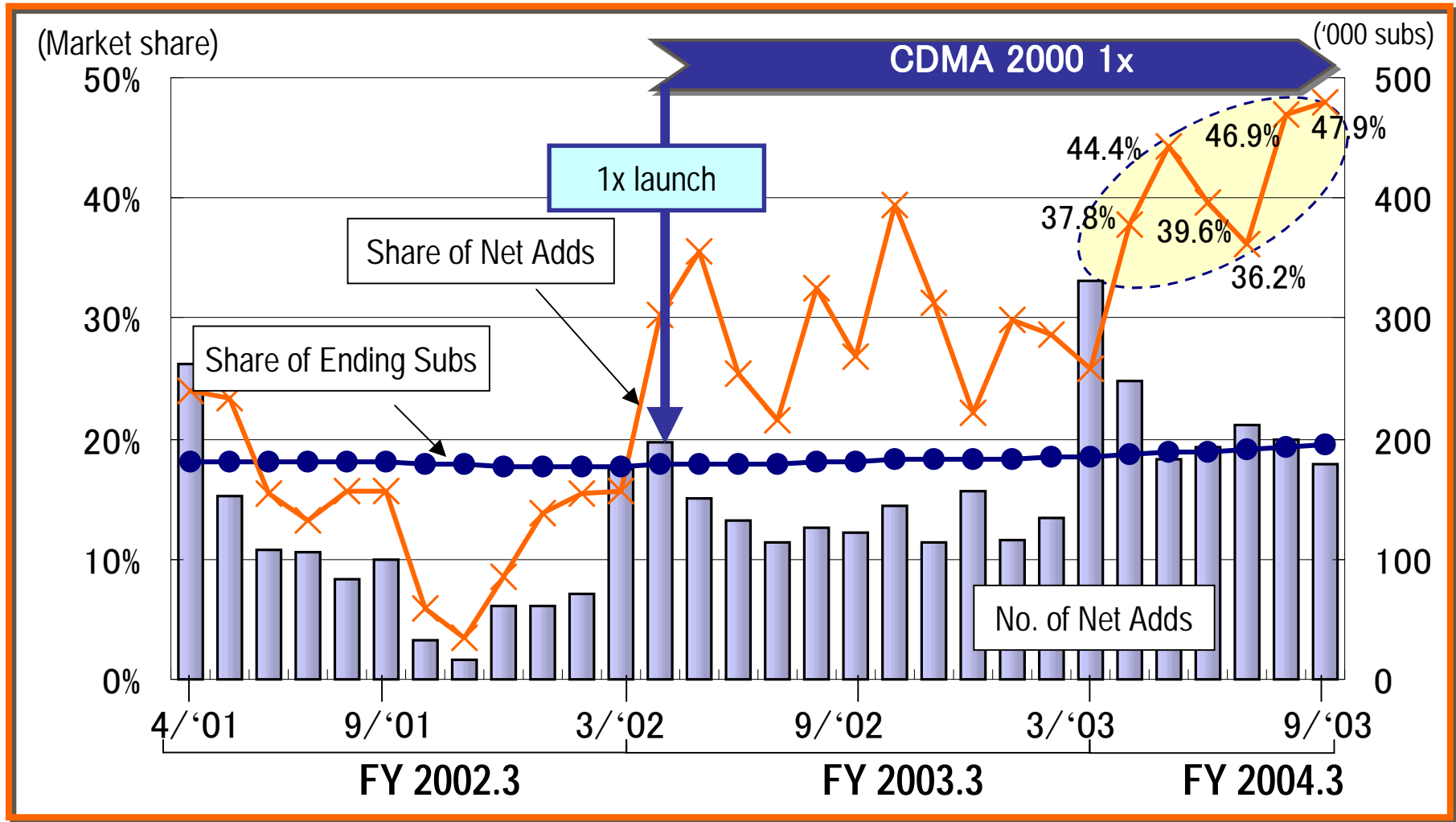
【Sales Commissions】(New purchases, switch models)



	FY 2002.3	FY 2003.3		FY 2004.3 (E)				FY2004.3(E) (old) May
		1H	2H	1Q	2Q	1H	(new) Oct.	
Sales commissions (Billions of yen)	365.0	405.0				370.0		320.0
Average commissions/unit (yen)	42,000	40,000				36,000		36,000
Number of units sold ('000 units)	8,700	10,100				10,200		9,000
		219.0	186.0	90.0	90.0	180.0		
		43,000	37,000	37,000	36,000	37,000		
		5,100	5,000	2,410	2,490	4,900		

1.2. Trend for Net Additions

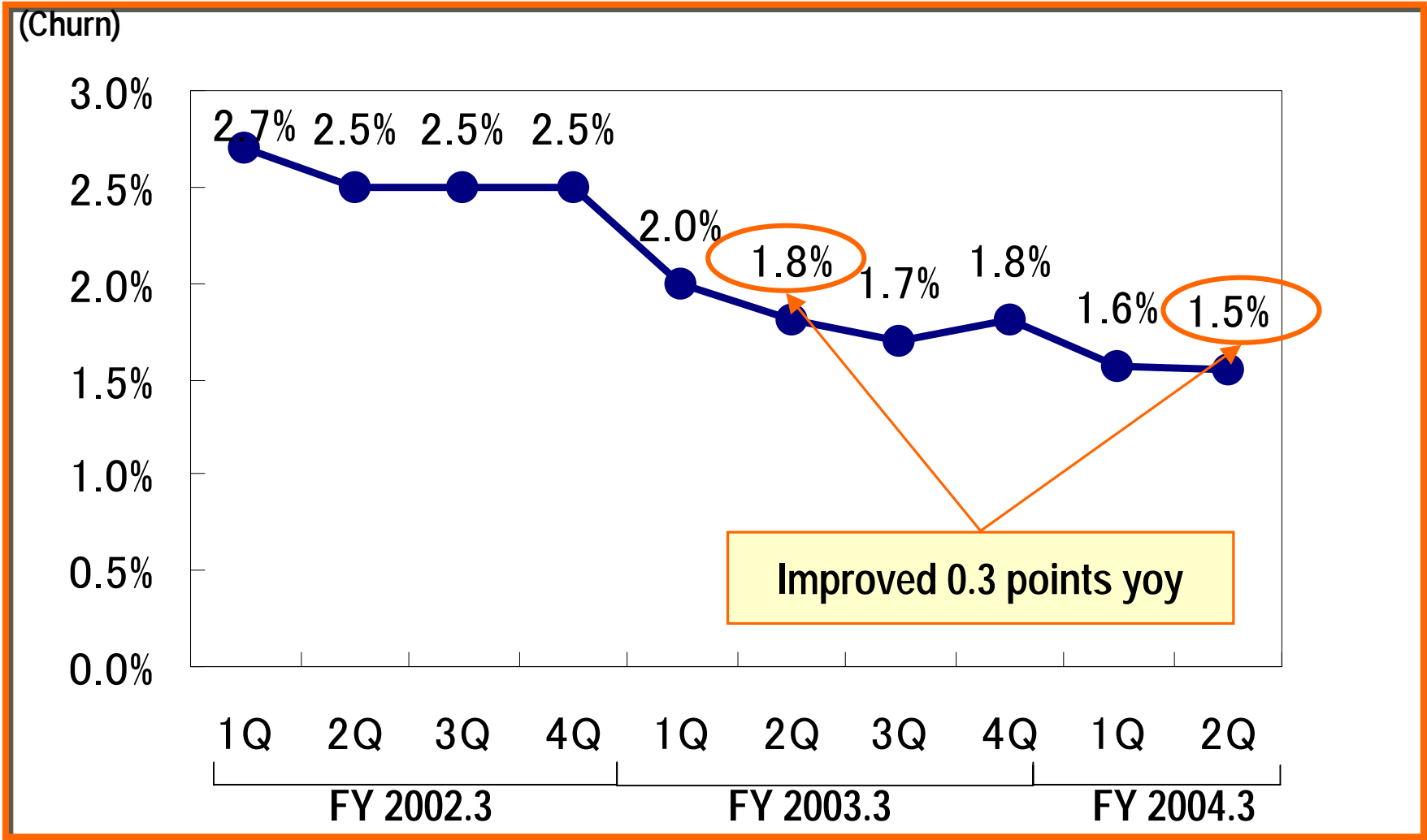
■ Achieved top share of Net Adds in H1 with September-ending subs at 15.26M



Market share of Net Adds /Ending subs:	Full-year/FY2002.3	Full-year/FY2003.3	1H /FY2004.3
	<15.0% / 17.7%>	<28.1% / 18.6%>	<41.3%/19.4%>

1.3. Reduction of Churn

■ Reduced Churn rate through brand and product competitiveness



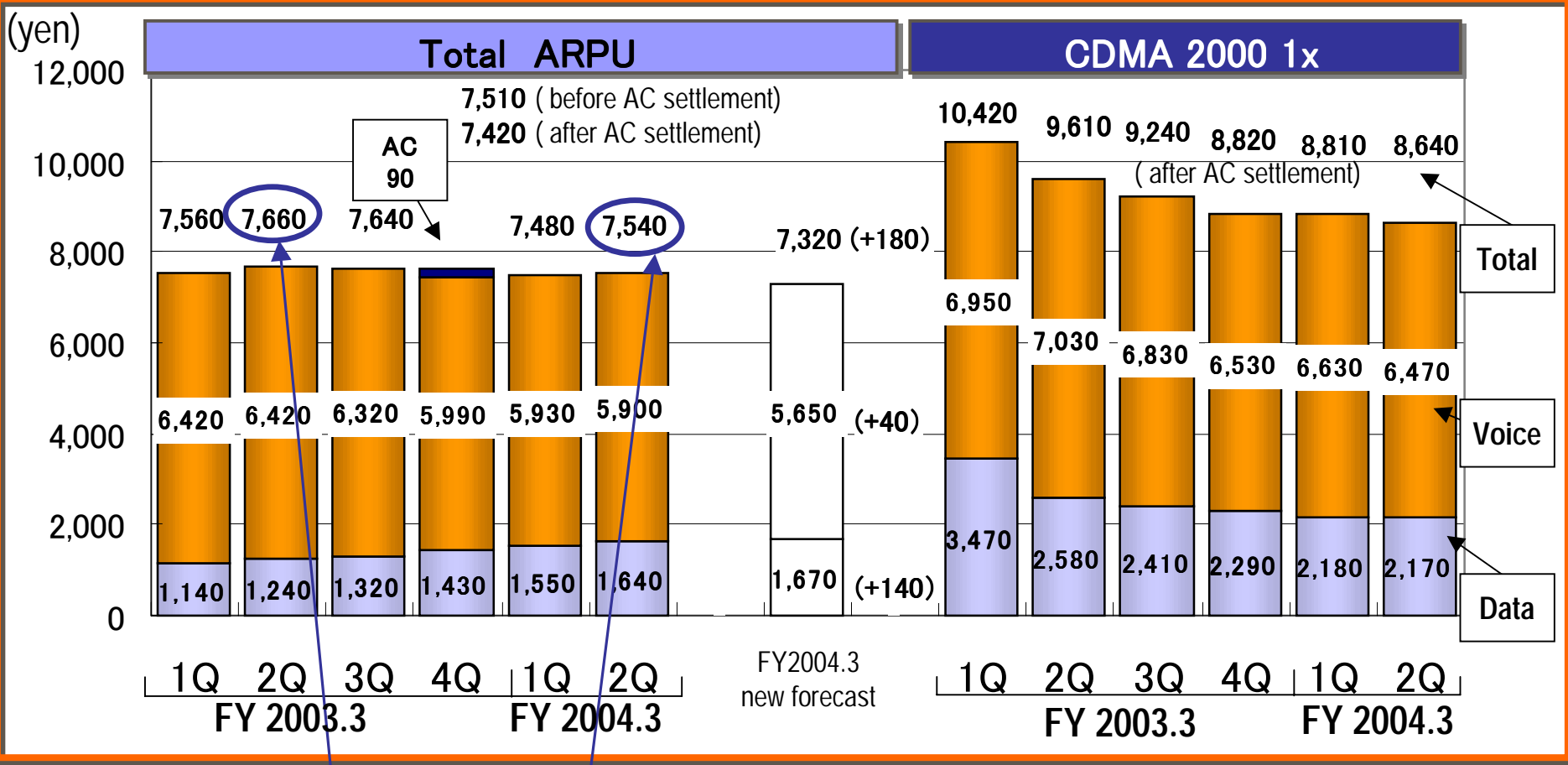
Full-year/FY2002.3
<2.6%>

Full-year/FY2003.3
<1.8%>

1H /FY2004.3
<1.6%>

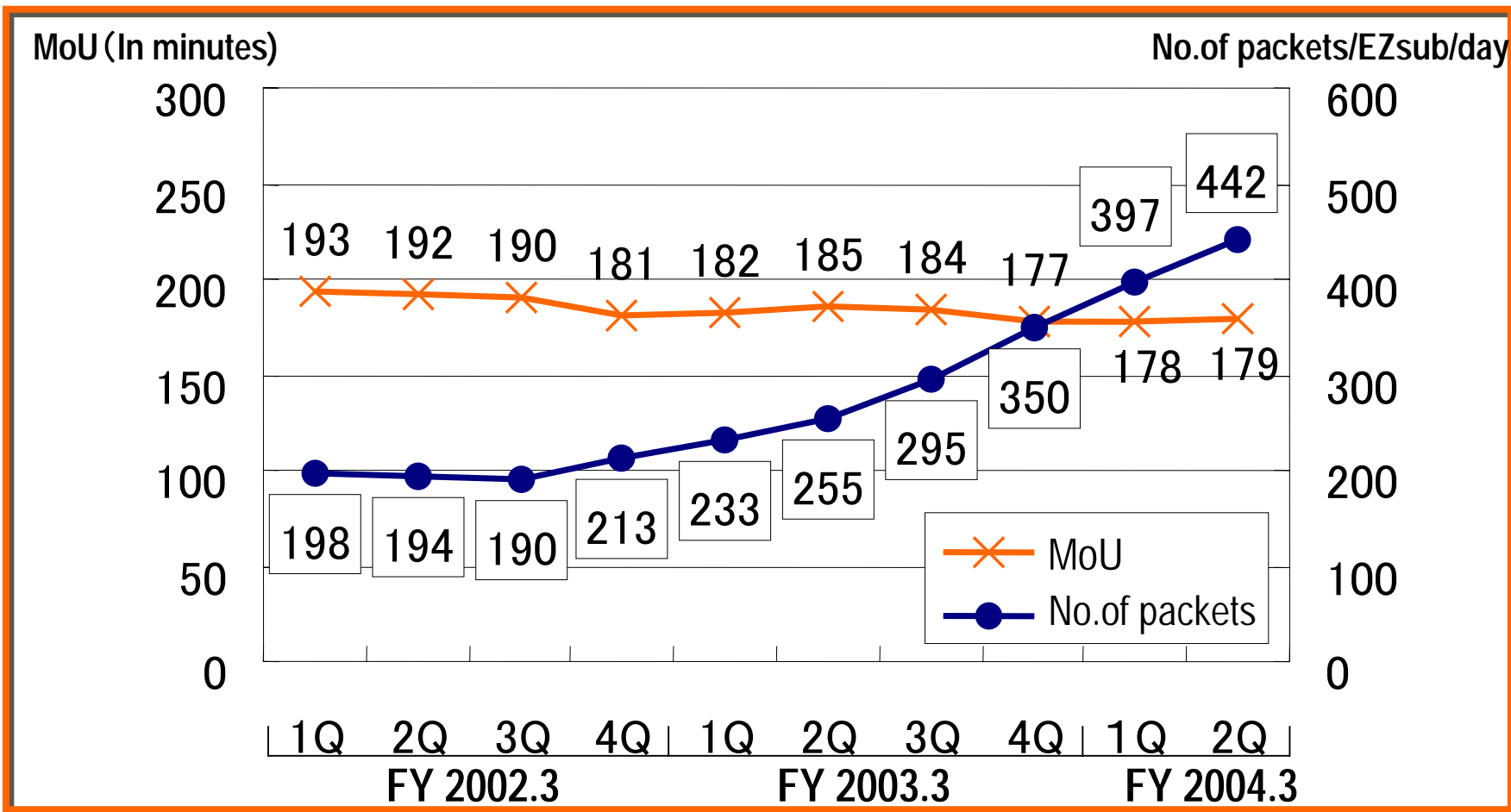
1.4. Trend for ARPU

■ ARPU is likely to have bottomed out. Full-year forecast revised up from ¥7,140 to ¥7,320.



1.5. MoU & Packet Usage

- MoU is likely to be stabilized
- Number of packets is still on the rise



Full-year/FY2002.3

Full-year/FY2003.3

1H /FY2004.3

< MoU >

< 189mins >

< 182mins >

< 178mins >

< No. of packets >

< 202 >

< 286 >

< 420 >

2. “au” Marketing Strategy in H2

More competitive edge in 3G market by reinforcing 1x competitiveness and launching WIN(EV-DO)

**Expand
customer base**

- Reinforce marketing channels
- Enhance in-store sales
- Reinforce retention

Maintain ARPU

- Attract high ARPU customers
- Promote data transmissions
- Launch WIN(EV-DO) successfully

**Reduce
sales expenses**

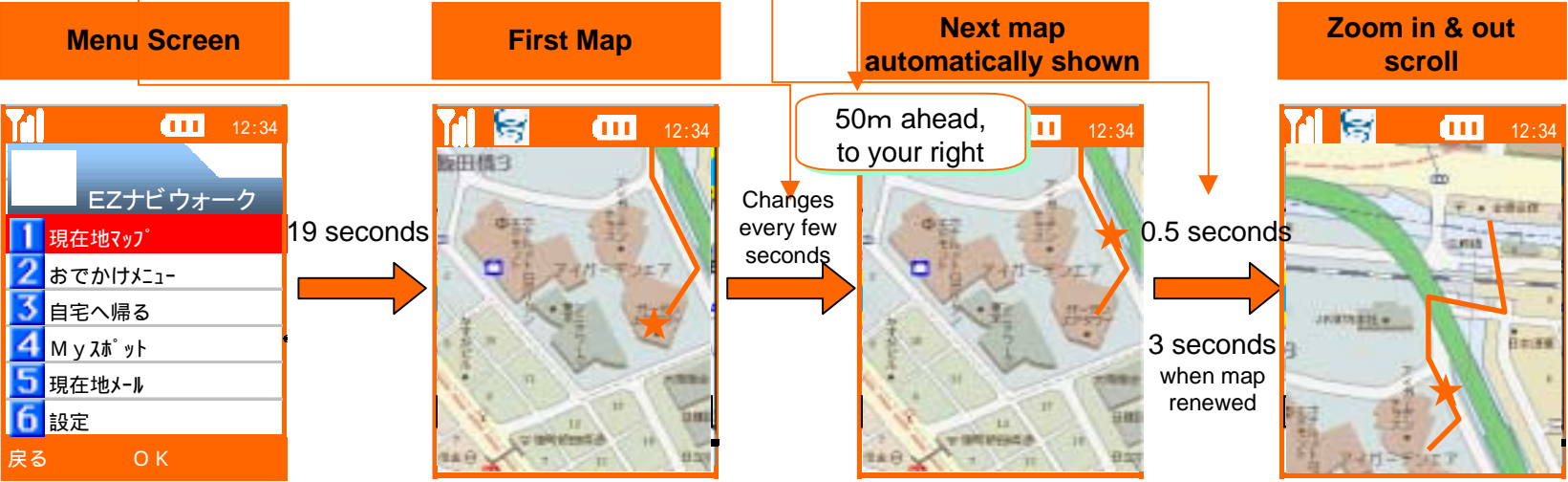
- Stabilize sales commissions
- Ensure strict inventory control

Turn the momentum in H1 into sustainable growth

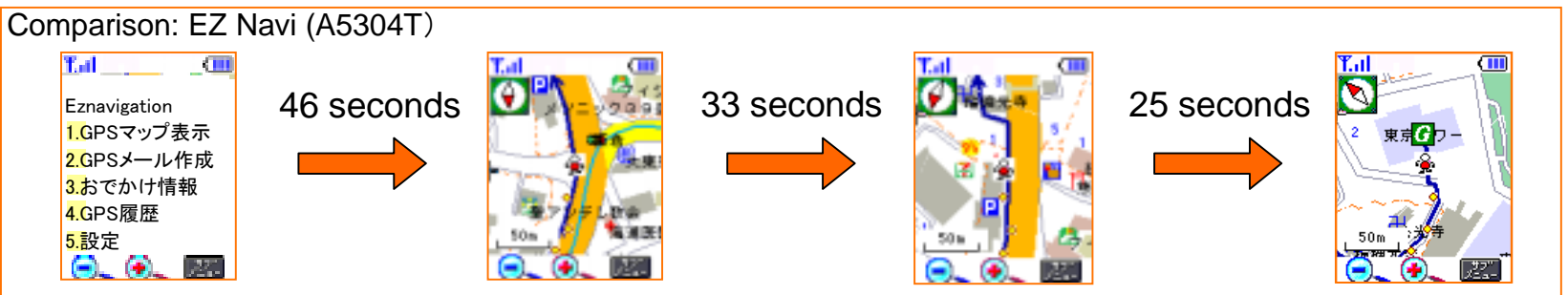
3. Enhanced 1x Products (1) EZ Navi Walk

Guides you to your destination like a car navigation system.
Maps automatically change as your position alters.

- Maps changes as you move
- Voice guidance, text & vibration icons
- Runs & maps quickly
- QVGA LCD maps
- Low cost with GPS & vector maps



Seconds measured with A5501T, subject to data reception



3. Enhanced 1x Products (2) FM Radio Tuner

Closely working with “Chaku-Uta”, Keitai plays music for you

World
first!

New interactive features: FM radio + mobile phone

- Shows “Now on Air” information & clips.
- Shows program guides.
- Sends requests to stations.
- Shares content with EZ “Chaku-Uta™” etc.
*Ring-tone vocal songs



(FM Radio Tuner Screen)

● Allied with 53 FM stations.

● To be launched with a fall/winter 2003 model.
Plans to offer more radio tuner-equipped models.

3. Enhanced 1x Products (3) 1x Fall/Winter 2003 Model Rollouts

All Keitai come with “Chaku-Uta,” high-end video recorder & QVGA LCD



end Oct.

A5501T



early Jan.

A5502K



early Dec.

A5503SA



early Dec.

A5403CA



early Dec.

A5404S

A5501T: **EZ Navi Walk**, photo/video TV, mega pixel CCD camera, **BREW**

A5502K: **EZ Navi Walk**, digital-camera shape (2.4 inch QVGA LCD & mega pixel cameras), **BREW**

A5503SA: **EZ Navi Walk**, first FM-radio tuner with stereo speakers, 20mm thin body, **BREW**

A5403CA: **2 mega-pixel CCD camera with auto-focus functionality**, Exif Print & Print Image Matching II, JAVA

A5404S: **Mobile video recorder & player**, 20mm ϕ speaker, mega pixel, JAVA

3. Enhanced 1x Products (3) 1x Fall/Winter 2003 Model Rollouts

“au design project” models: square, thin handsets with high functionality & usability (“Chaku-Uta,” camera, video recorder, BREW)

(INFOBAR)



early Nov.

BUILDING



early Nov.

NISHIKIGOI



early Nov.

ICHIMATSU

4. WIN Strategy (EV-DO) (1) Summary



We Innovate the Next.

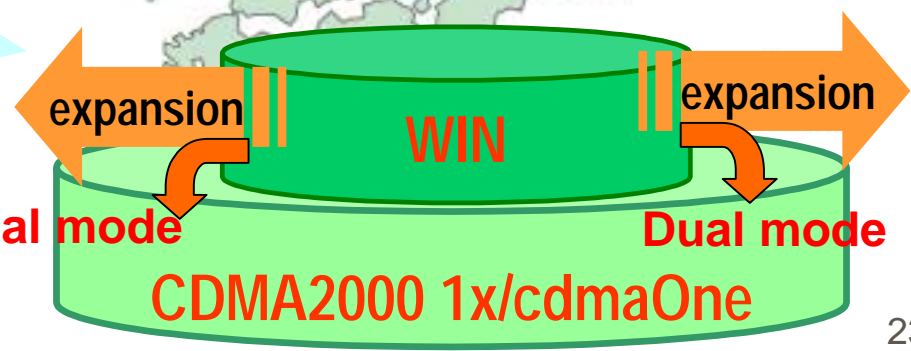
- High speed
- Large volume
- Flat rate

with flat-rate and innovative services available with flat &/lower rate



Launch nationwide service
scheduled roll-out: November 28,2003

Service coverage	
2003/11	•Tokyo,Osaka Nagoya 70% coverage
2004/3	•Tokyo, Osaka Nagoya 80% •Other areas 60% incl. Major cities -----> Nation 70% coverage
2004/2H	•Nation 90% coverage
Further expansion planned	



4. WIN Strategy (EV-DO) (1) Summary

Broadband on mobile = Mobile ADSL


High speed

- 2.4 Mbps, best-effort**
 - average 600~800 kbps throughput
- Highly efficient data-only transmission**
 - simple networking structure
 - efficient transmission by use of scheduling function
- Evolution of existing technologies**
 - minimal investments by shared use of equipment
 - minimal impact of product development

Rich content
Large volume

- Unique New services**
 -  **EZ Channel**
 - Live Camera Video Transmission**
- Enhanced 3G services**
 -  **EZ Movie**
 - Movie-mail**

EZ Flat
Flat rate

¥4,200/month  **Unlimited use of EZweb & E-mail for flat fees**

EZ Channel: “Mobile TV”-like Services

- ◆ Users pre-select & register for up to 3 programs (**max. 3MB/program**).
- ◆ Using off-peak times (late night/early morning),
- ◆ EZ Channel automatically transmits and stores the programmes every week
- ◆ **and thereby provides the latest information all the time**

Music

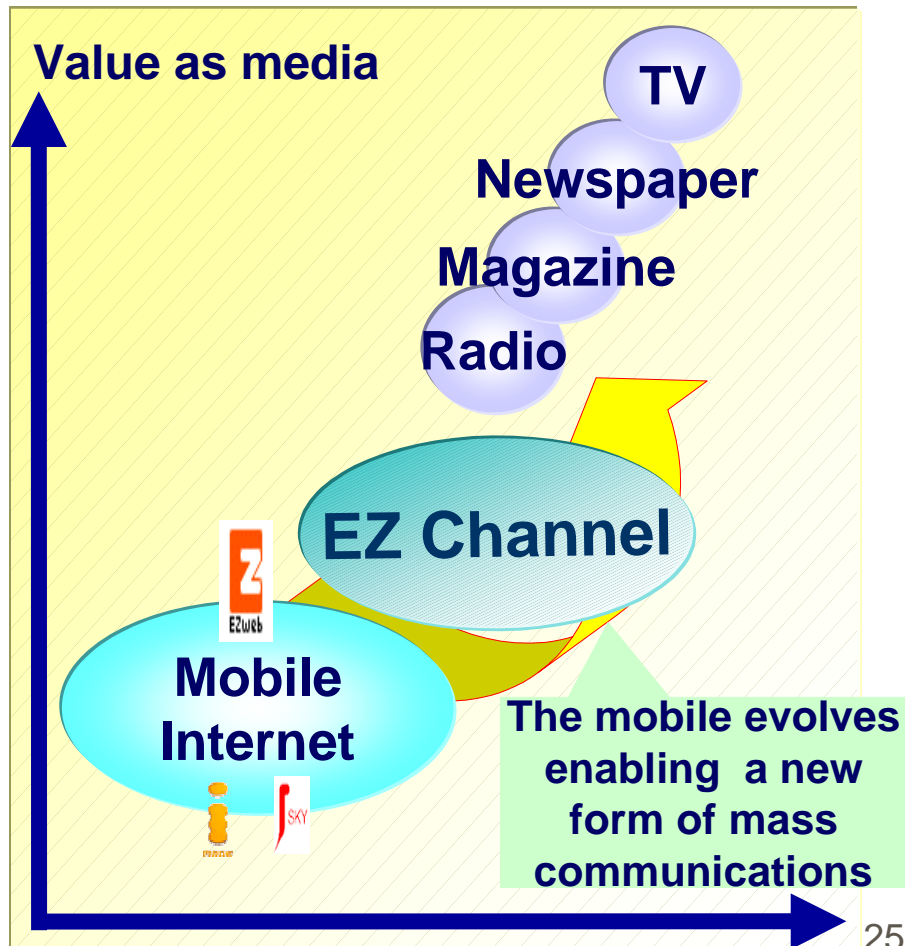
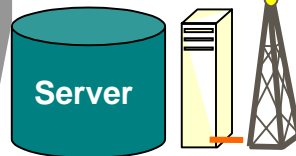
News

Movies

Broadcasting

e-learning

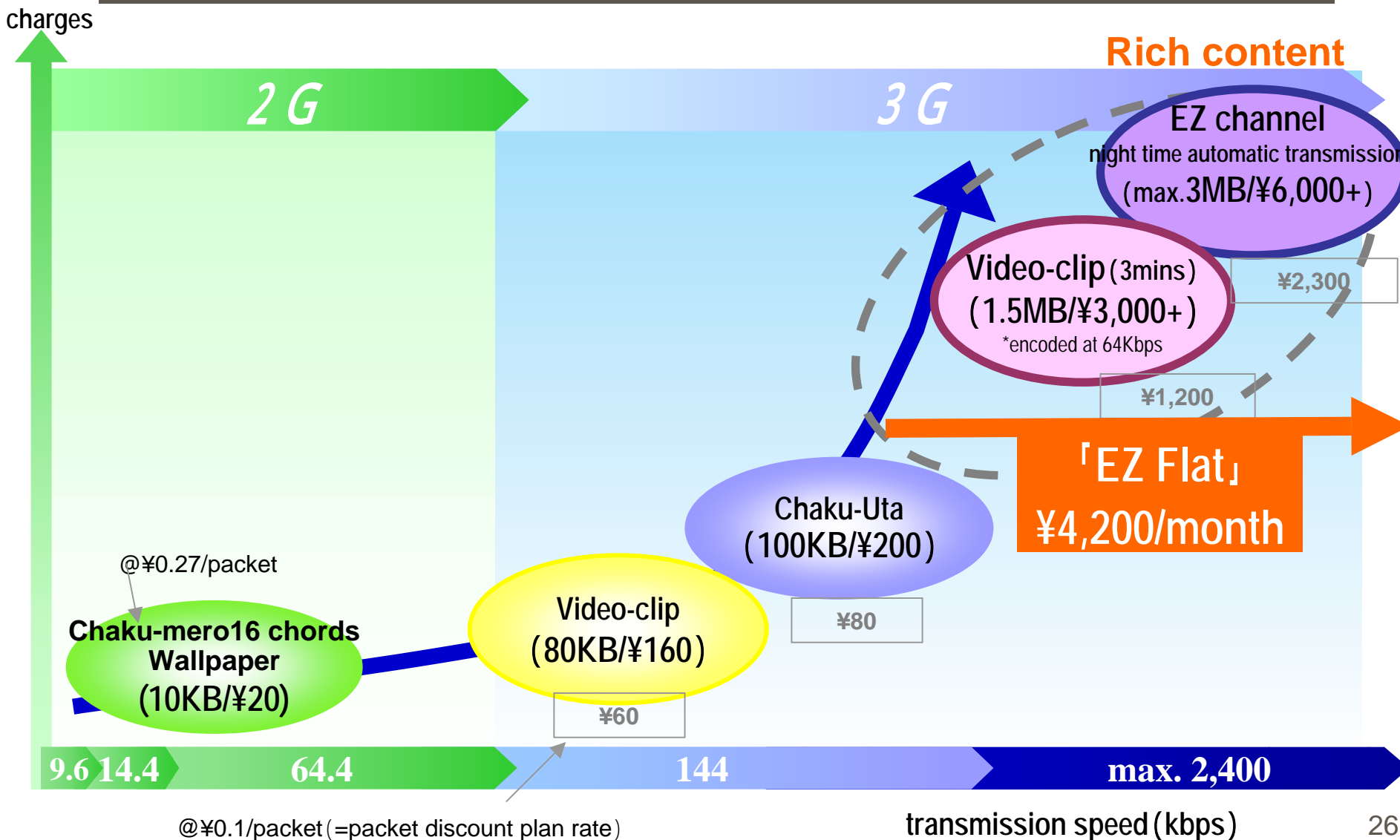
Other Channels



4. WIN Strategy (EV-DO) (3) Strategic Pricing



Significantly lower packet fee achieved through efficient capex



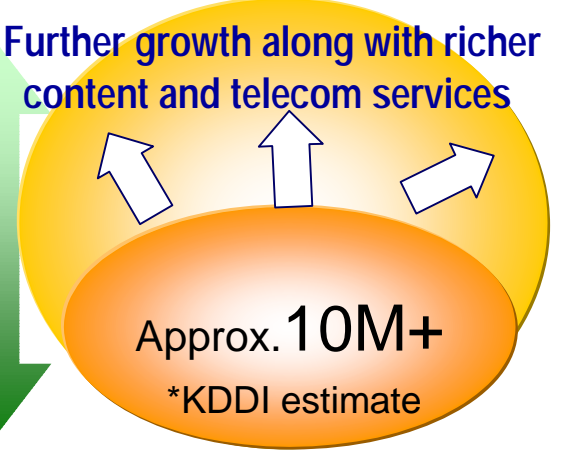
Data tariff

Accelerate churn-ins with price-setting focused on high-end data users

Handset- type

	CDMA 1X	CDMA 1X WIN	Other 3G Operator(cf.)
Charge by use	0.27yen/packet	0.2yen/packet	0.2yen/packet
Small package	Packet Discount	Packet Discount WIN	Pack20
Basic charges (bundled packets)	1,200yen/mo (8,000 packets)	1,200yen/mo (12,000 packets)	2,000yen/mo (20,000 packets)
unit price	0.1yen/packet	0.1yen/packet	0.1yen/packet
Middle package	Middle-pack	EZ Flat ¥4,200/month	Pack40
Basic charges (bundled packets)	2,400yen/mo (37,037 packets)		4,000yen/mo (80,000 packets)
unit price	0.065yen/packet*		0.05yen/packet
Large package	Super-pack		Pack80
Basic charges (bundled packets)	8,500yen/mo (166,667 packets)		8,000yen/mo (400,000 packets)
unit price	0.051yen/packet*		0.02yen/packet

How many mobile users spend ¥4,000/month or more on packets ?



Note : * packet rate for bundled. @¥0.081 for Middle-pack, @¥0.054 for Super-pack for additional packet usage.

4. WIN Strategy (EV-DO) (3) Strategic Pricing

Voice tariff

Drastic changes in voice tariff

Handset- type

	CDMA 1X			WIN
XSmall	Daytime	Light	Economy	SS
Basic charges (max. bundled mins)	4,000yen/mo (0min)	3,480yen/mo (10mins)	3,980yen/mo (50mins)	3,900yen/mo (25mins)
unit price	10yen/30sec	10yen/10sec	10yen/15sec	20yen/30sec
Small	Off-time			S
Basic charges (max. bundled mins)	4,900yen/mo (121mins)			4,900yen/mo (65mins)
unit price	50yen/60sec			16yen/30sec
Middle		Standard		M
Basic charges (max. bundled mins)		7,500yen/mo (150mins)		6,900yen/mo (150mins)
unit price		10yen/20sec		14yen/30sec
Large		Business		L
Basic charges (max. bundled mins)		12,500yen/mo (420mins)		10,000yen/mo (275mins)
unit price		10yen/30sec		12yen/30sec

WIN differs from 1x;

- 1 Apply uniform tariff nationwide
- 2 Charge calls every 30 sec. regardless of destination, time & distance
- 3 Changed discount-rates for yearly contracts
1st yr: 15% off, 6th yr. & after 20% off
(cf. 1x: 1st yr: ¥500 off, 4th yr & after max. 35% off)
- 4 Not apply Student-Discount Plan
-currently applied to 1x/95B voice-
(Family, Designated, “au”-home discount plans are available.)

4. WIN Strategy (EV-DO) (4) Terminals



5. Strengthening the CDMA Camp

Promote CDMA

Expand Global Roaming

Build Common Platform

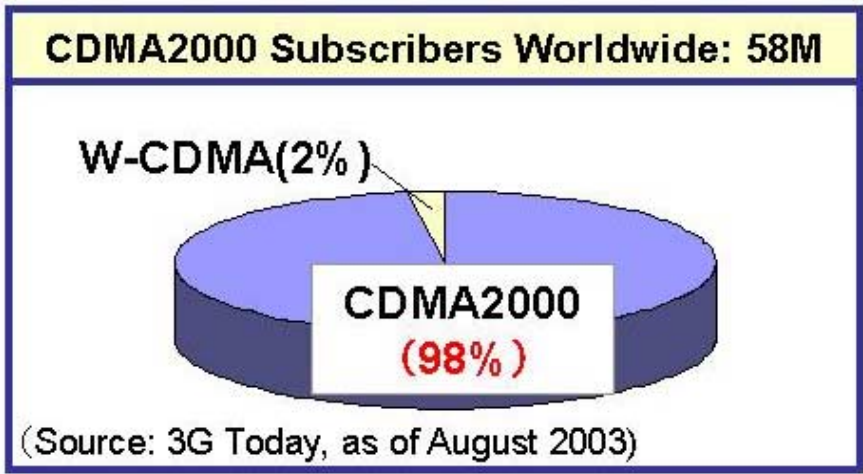
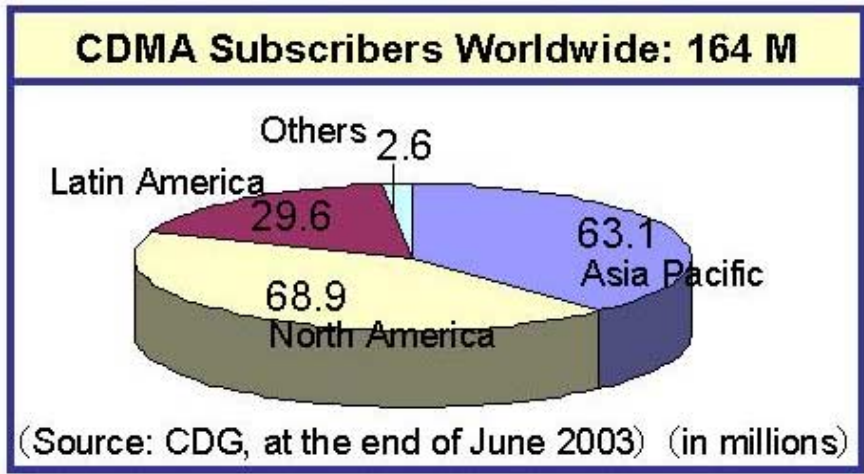
Strengthening Alliance among CDMA Operators



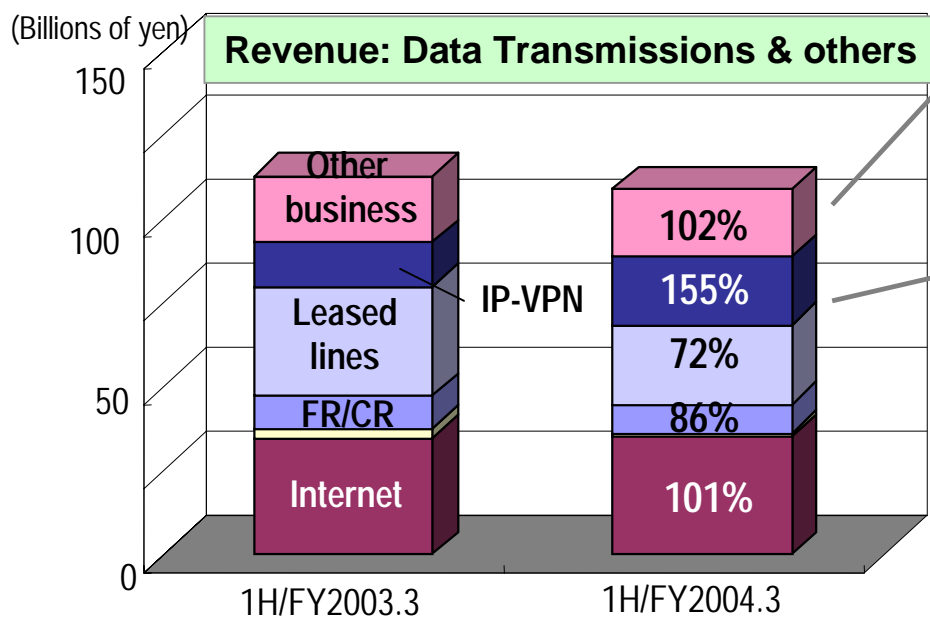
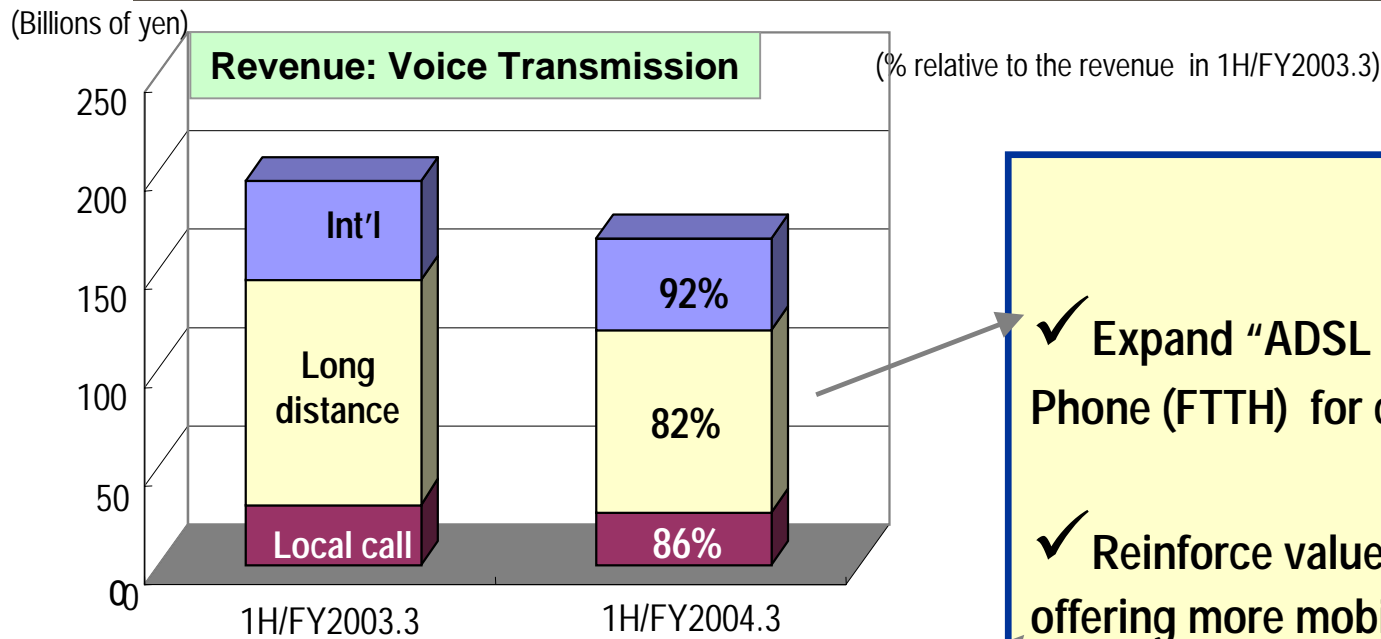
KDDI awarded
gpsOne system
contract with
Hutchison CAT in
Thailand

“CDMA Operators Summit”

(2nd meeting held in Oct. 2003 in Japan, with 17 companies from 11 economies)



1. Measures to be implemented



- ✓ Expand "ADSL +VoIP" and Hikari Plus Phone (FTTH) for consumer market.
 - ✓ Reinforce value-added business by offering more mobile solutions.
 - ✓ Expand growing services including IP-VPN to make up for decrease in leased lines & FR/CR sales.
- Note: IP-VPN market share (36% at the end of March 2003)

2.1. KDDI Hikari Plus Summary (FTTH) (1)

KDDI 光プラス (Hikari Plus)

Offer high-quality “phone”, “internet”, “TV program & video-delivery” services at reasonable price based on the infrastructure made up of “optic fiber access” and KDDI’s newly constructed CDN (contents delivery network).

光プラス 電話
(Hikari Plus Phone)

光プラス ネット
(Hikari Plus Net)

光プラス TV
(Hikari Plus TV)

You used to...

sign up for contracts by medium & service



(Broadband)
(pay-TV, movies, games, education, etc.)

with telecom
¥1,750 (monthly basic charges)
+ per-call fees

with ISP
¥4,000

with CATV/CS
¥3,000 to ¥4,000



Going forward, you can...

bundle 3 services

@ ¥6,950



2.1. KDDI Hikari Plus Summary (FTTH) (2)

● Roll-out Plan

	FY2004.3	FY2005.3	FY2006.3 & beyond
Service coverage			
Target	Large condos	Mid-size condos	Small condos, flats, single-units

● Basic Monthly Charges

		For condominiums	
		Type V	Type E
Single service	Phone	¥1,980	¥1,980
	Net	¥3,900	¥3,500
Combination	Phone+Net	¥4,550	¥4,150
	Phone+TV	¥4,880	¥4,480
	Net+TV	¥6,300	¥5,900
	Phone+Net+TV	¥6,950	¥6,550

* Type V:VDSL, Type E: Ethernet

*The charges for VDSL modem/STB are included.

*The above fee applies only if 16 or more contracts are expected to be signed by the residents in the same building.

*Free of charge campaign continues until the end of December 2003 for one time charges.

● One Time Charges

	For condominiums	
	Type V	Type E
Registration fee	¥3,000	¥3,000
Initial fee	¥17,000	¥15,000

*One registration fee is enough when you sign up for combination.

*Customers in single-units are dealt with separately. Phone service alone are not offered. (Additional ¥5,800/month each on tariff applied for Type E with 16 or more contracts, initial fee:¥30,000, registration fee:¥3,000)

2.2. KDDI Hikari Plus Competitive Edge (FTTH) (1)



Benefit

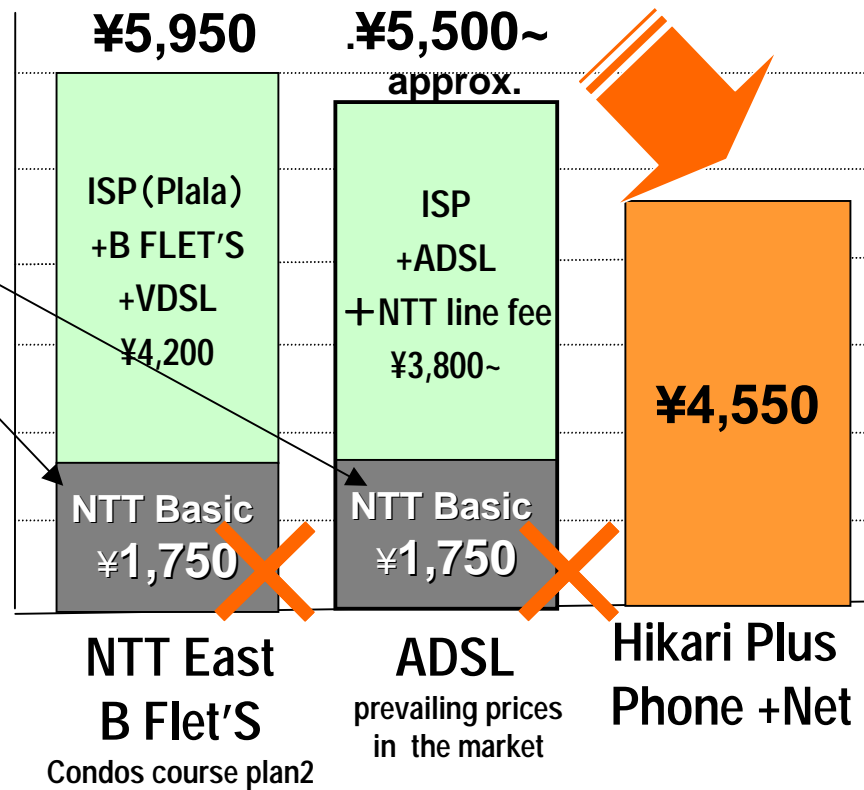
- ✓ Same basic level of functionality available with normal phone lines
 - No number change required
 - Calls to emergency numbers & mobile*/PHS*available (Note)
- ✓ ¥8/3 mins for calls nationwide
- ✓ No NTT basic monthly charge(¥1,750)



Benefit

- ✓ Max 1Gbps large-capacity optic fiber access
- ✓ Max 70Mbps on premises
- ✓ Stable high-speed performance regardless of distance to NTT local stations
- ✓ Reliable customer support acquired through DION service

● Price comparison



Note : Items marked * will be available beginning on November 1, 2003

2.2. KDDI Hikari Plus Competitive Edge (FTTH) (2)



Benefits (scheduled for as early as Dec.)

Enjoy TV with additional ¥ 2,400 fee

Multi-channel Broadcasting

Enjoy multi-channel broadcasting, 28 channels in total!

*up to 25 channels included in basic monthly charges



VOD

View more than 2,000 movies (e.g. Hollywood movies & anime) on demand, that is, anytime you like!



Karaoke

Favorite karaoke tunes, including the latest hits!

*optional services



STB

No need to change your TV set at home

*STB: Set Top Box

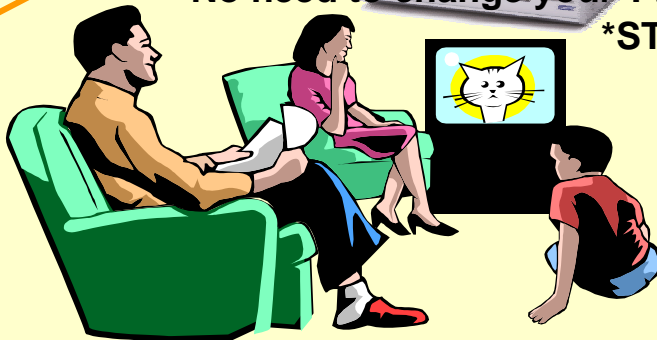
Check TV listing, view promotional, & buy videos

au by KDDI



Mobile

Coordination



Hikari Plus TV Subscriber Home



PC

Buy & view videos from your PC!

3. Promote FMC Services

Because we have both Fixed & Mobile operations

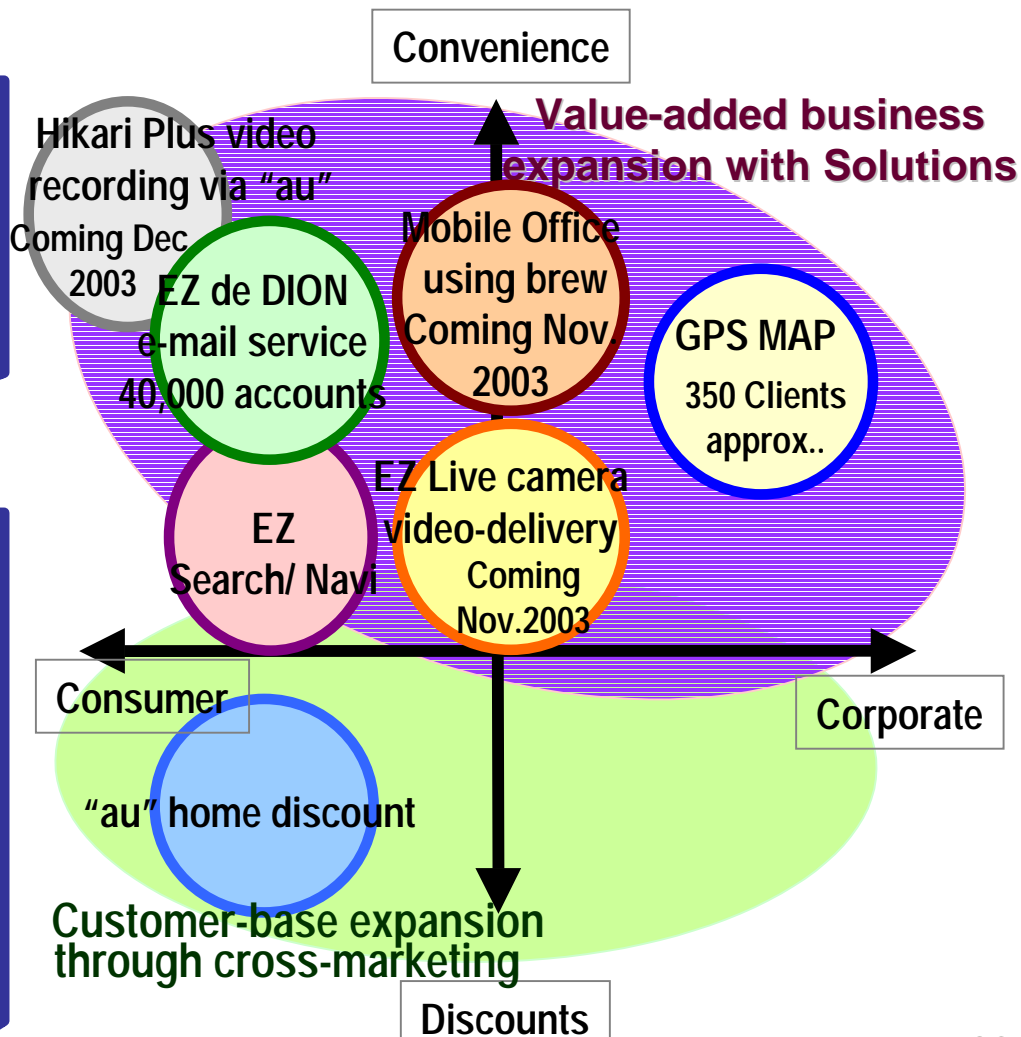
*FMC: Fixed Mobile Convergence

We can make single-billing for Fixed & Mobile

- ✓ Offer single-billing service for corporate users upon request (discounts given)

You can share contents for Fixed & Mobile

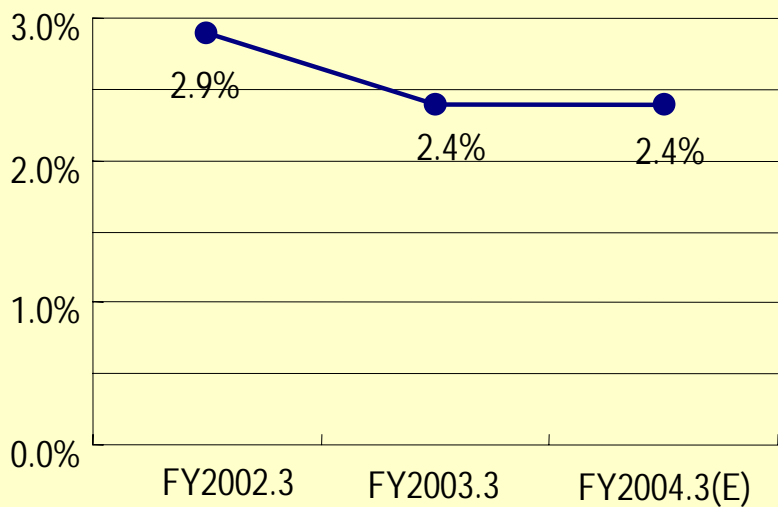
- ✓ Customers can enjoy contents over both Fixed & Mobile NW.
- ✓ CP can offer same contents for both Fixed & Mobile businesses.
- ✓ KDDI can save costs for collecting contents and expect concentration of attractive contents.



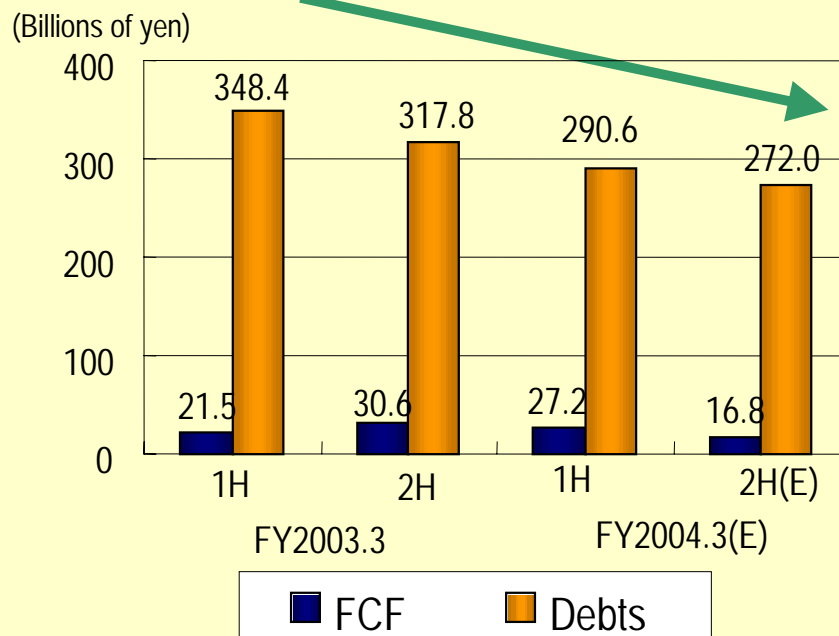
1. TUKA: 2G Specialization Strategy

- More profits & cash flows than the forecast at the beginning of the year
- Push forward with “simple campaign”
 - User-friendly, easy-to-use handsets & pricing

Churn-rate Trends



Debt reduction advances steadily

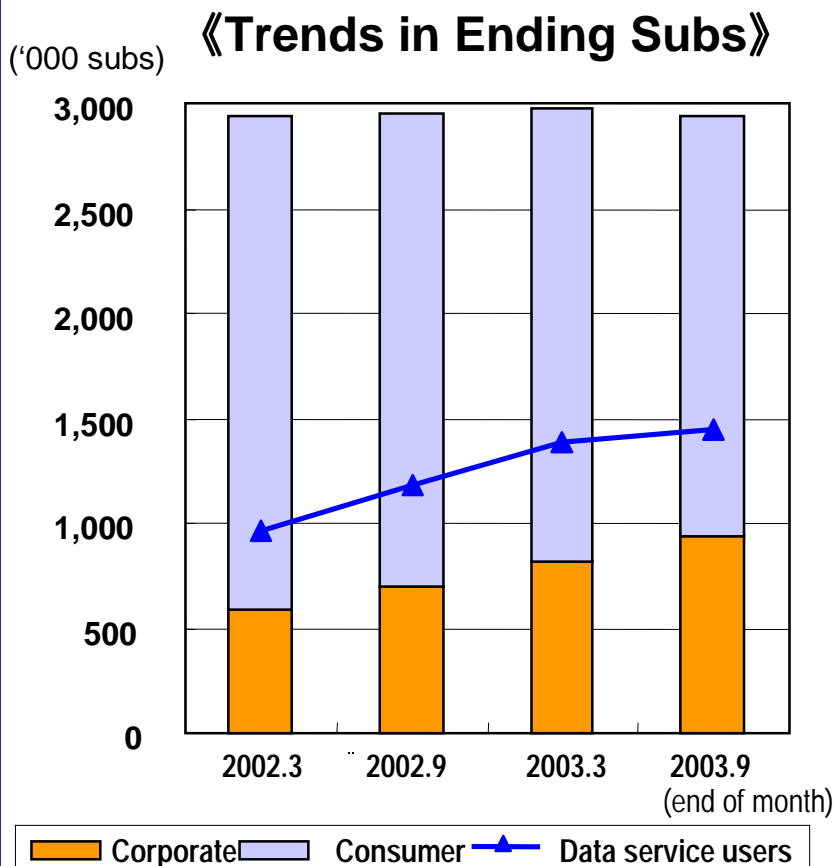


2. Pocket: Data Specialization Strategy

- Corporate users are on a steady increase
- ⇒ AirH” achieved the top share in the corporate data (mobile intranet) market
- Enhanced corporate-focused sales forces & more reliable AirH” service

Comparison on data-card type

No cannibalization expected for WIN & AirH” as each focuses on different segment



	CDMA 1X WIN	Air-H”
Transmission Speed	Downlink max.2.4Mbps	Downlink max.32Kbps max.128Kbps as option (256Kbps under consideration)
Monthly Charges	Charge by use*	Full flat-rate
	>Packet Discount WIN Middle 4,000yen(@0.025yen/packet) >Packet Discount WIN Super 7,500yen(@0.015yen/packet) -1,500yen basic charge required on above charges	4,930yen(incl.basic charge) (in case of yearly contact applied) additional 3,500yen required for Option128
Type of use	For those who emphasize quick D/L of large volume data at high speed and high-speed transmissions on the move	For those who care for always- on mobile environment at flat- rate rather than speed

*WIN's EZ Flat rate does not apply to connections to PCs.

Ubiquitous Solution Company

