

Ubiquitous Solution Company

KDDI CORPORATION



**Financial Results for the 1st Quarter
of the Fiscal Year Ending March 2008**

July 23, 2007

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. 1st Quarter - Financial Results Highlights

1 Consolidated basis

- Operating revenues rose by +5.7% yoy and operating income was up +15.6%, as strong Mobile Business (“au”+ Tu-Ka) absorbed loss of Fixed-line Business which is in the middle of new service expansion.

2 Mobile Business (“au”+ Tu-Ka)

- Operating revenues increased by +5.5% and operating income rose by +16.7% yoy.
- Share of total subs at 29.3% (“au”: 28.7%, Tu-Ka: 0.6%) at end-June with share of net adds*1 for 1Q at 38.9% (“au”: 59.3%, Tu-Ka: -20.3%).
- Favorable progress in MNP*2 with net additions by MNP at 192k (“au”: 200k, Tu-Ka: -9k).
- No. of “au” WIN subs is steadily increasing, totaling 15.75M at end-June, of which 77% of users sign up for Packet Flat-rate plans.
- Plan to terminate Tu-Ka service at end-March 2008 based upon a smooth user-migration to “au” keeping the same phone number; total who switched at 0.17M in 1Q, making aggregate total of 2.30M (since Oct. 2005).

3 Fixed-line Business

- Operating revenues was almost flat yoy and operating loss was ¥13.1B.
- No. of KDDI METAL PLUS subs hit the three million mark (3.01M) at end-June.
No. of HIKARI-one (FTTH) subs increased to 0.64M.

4 JCN Group was consolidated on June 27th.

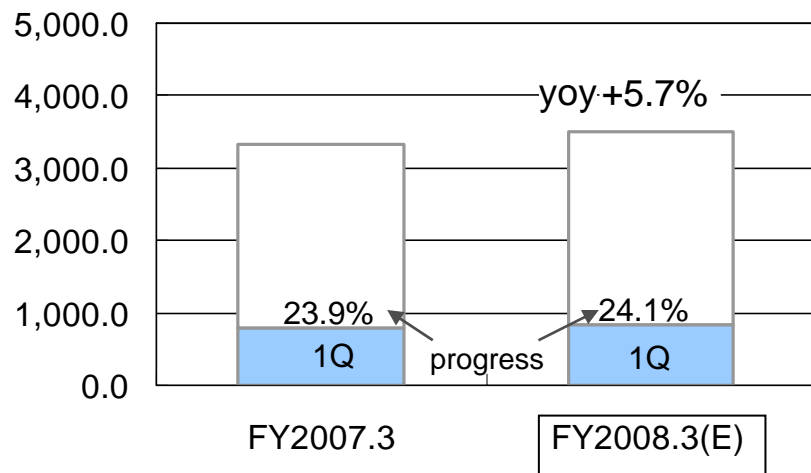
*1: Share includes EMOBILE.

*2: MNP (Mobile Number Portability)

2. Consolidated Financial Results

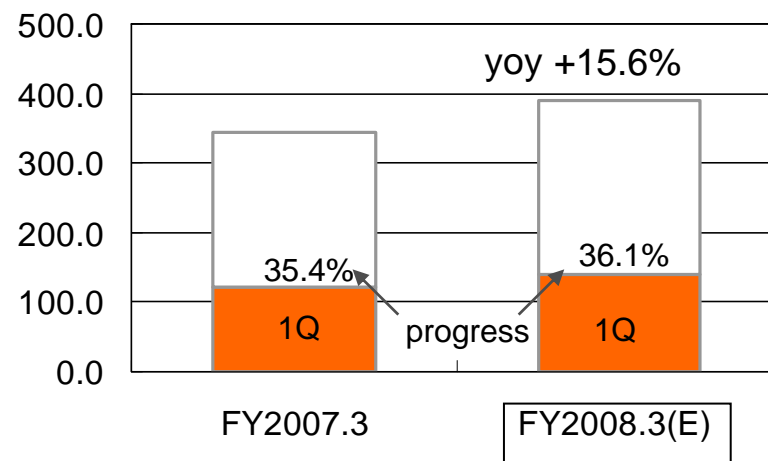
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)

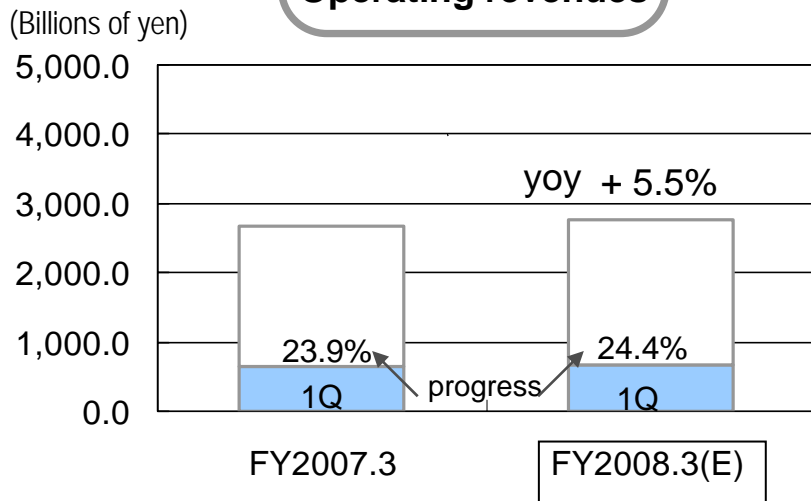


(Billions of yen)

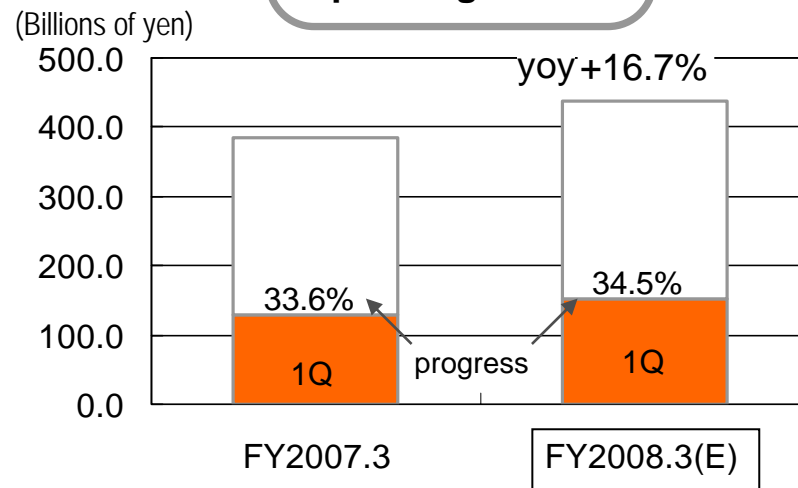
	FY2007.3		FY2008.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	798.4	3,335.3	844.1	5.7%	24.1%	3,500.0
Operating income	121.9	344.7	140.9	15.6%	36.1%	390.0
<i>Operating margin</i>	15.3%	10.3%	16.7%	-	-	11.1%
Ordinary income	122.4	350.9	142.7	16.6%	36.6%	390.0
Net income	75.6	186.7	82.5	9.0%	37.5%	220.0
Free Cash Flow	48.0	296.5	-60.5	-	-	2.0
EBITDA	201.7	691.7	225.3	11.7%	29.3%	770.0
<i>EBITDA margin</i>	25.3%	20.7%	26.7%	-	-	22.0%

3. Mobile Business/ "au"+Tu-Ka(PDC)

Operating revenues



Operating income



(Billions of yen)

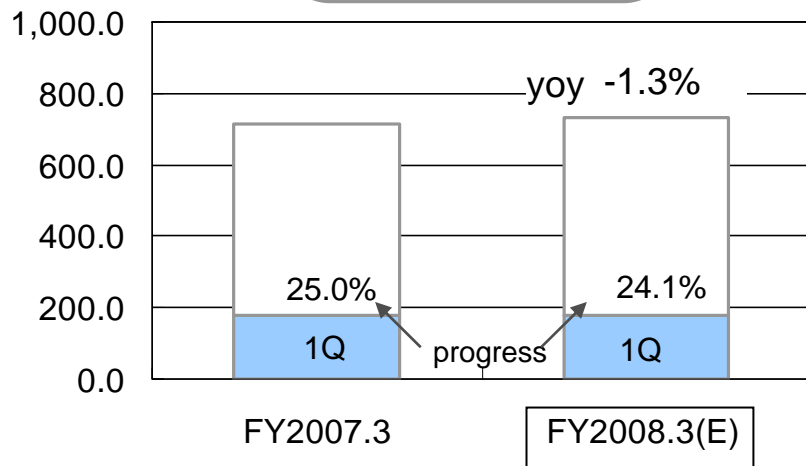
	FY2007.3		FY2008.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	639.8	2,677.4	674.8	5.5%	24.4%	2,763.0
"au"	614.0	2,610.6	670.0	9.1%	24.3%	2,756.0
Tu-Ka	25.8	66.8	4.8	-81.3%	69.1%	7.0
Operating income	129.7	385.7	151.3	16.7%	34.5%	438.0
<i>Operating margin</i>	20.3%	14.4%	22.4%	-	-	15.9%
Ordinary income	130.0	393.5	153.2	17.8%	34.6%	443.0
Net income	77.9	209.5	88.2	13.2%	34.9%	253.0
Free Cash Flow	49.6	294.8	-28.6	-	-	126.0
EBITDA	176.8	598.1	207.2	17.1%	30.4%	681.0
<i>EBITDA margin</i>	27.6%	22.3%	30.7%	-	-	24.6%

	FY2007.3		FY2008.3(E)	
	1Q		1Q	
Total Subs	25,957	28,188	28,709	30,000
of module-type	607	699	736	740
"au" total	23,616	27,317	28,110	30,000
WIN(EV-DO)	9,460	14,549	15,753	18,750
1X	13,367	12,170	11,805	-
cdmaOne	789	597	552	-
Tu-Ka(PDC)	2,341	872	600	0

4. Fixed-line Business

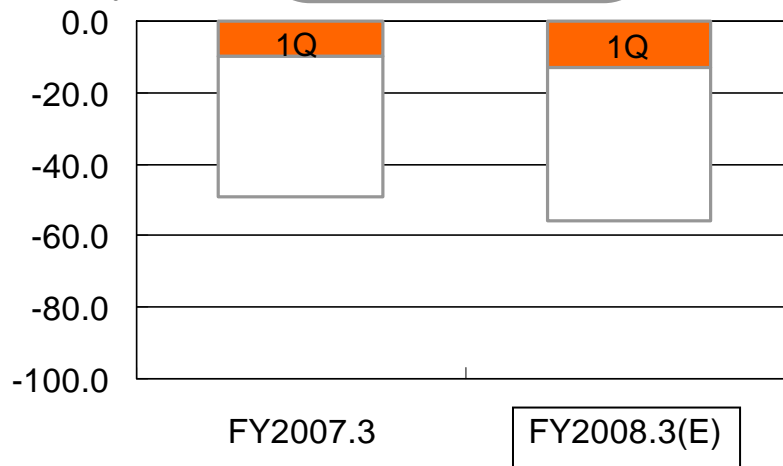
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)



* yoy comparison are not available as figures are negative.

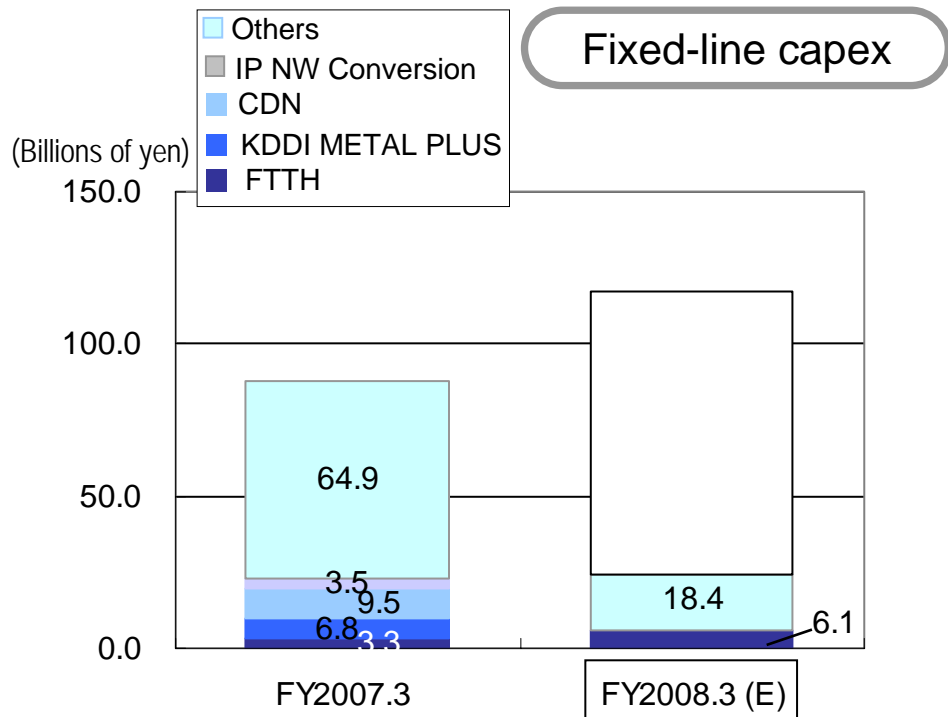
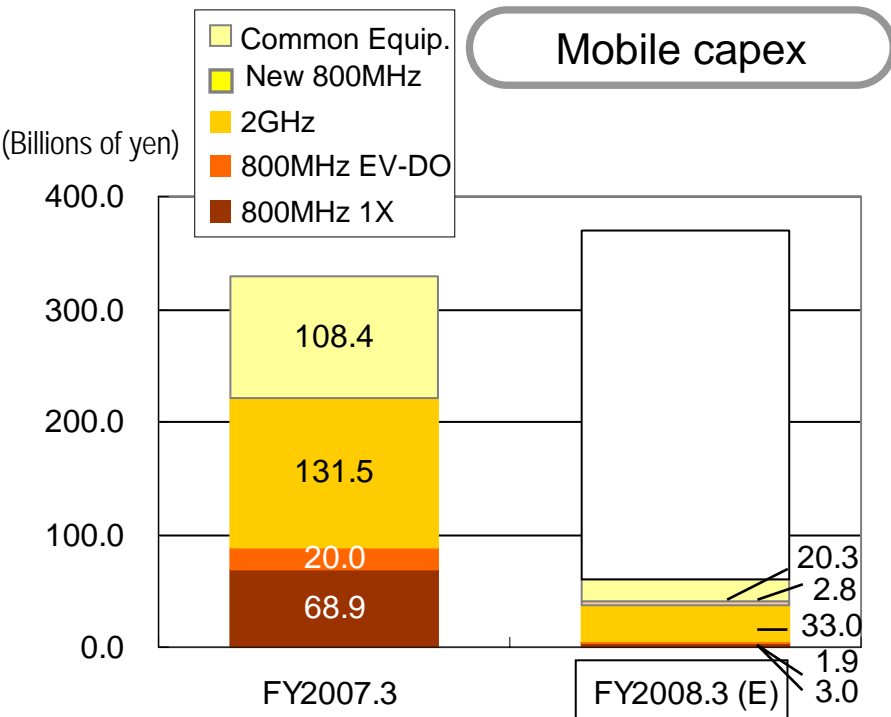
(Billions of yen)

	FY2007.3		FY2008.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	178.8	714.4	176.5	-1.3%	24.1%	733.0
Operating income	-9.9	-49.0	-13.1	-	-	-56.0
<i>Operating margin</i>	-5.5%	-6.9%	-7.4%	-	-	-7.6%
Ordinary income	-9.7	-47.2	-12.8	-	-	-60.0
Net income	-4.1	-23.4	-7.4	-	-	-35.0
Free Cash Flow	3.0	6.3	-8.5	-	-	-95.0
EBITDA	21.8	80.9	15.3	-29.8%	20.9%	73.0
<i>EBITDA margin</i>	12.2%	11.3%	8.7%	-	-	10.0%

Subs	('000)	FY2007.3		FY2008.3(E)	
		1Q		1Q	
ADSL		1,555	1,512	1,495	1,500
HIKARI-one (FTTH)		181	* 592	635	900
KDDI METAL PLUS		2,223	2,813	3,010	3,200

Note: HIKARI-one (FTTH) subs include former TEPCO Hikari subs from March 2007.

5. Capital Expenditures



Note: Items other than FTTH are included in "Others" in FY2008.3.

(Billions of yen)

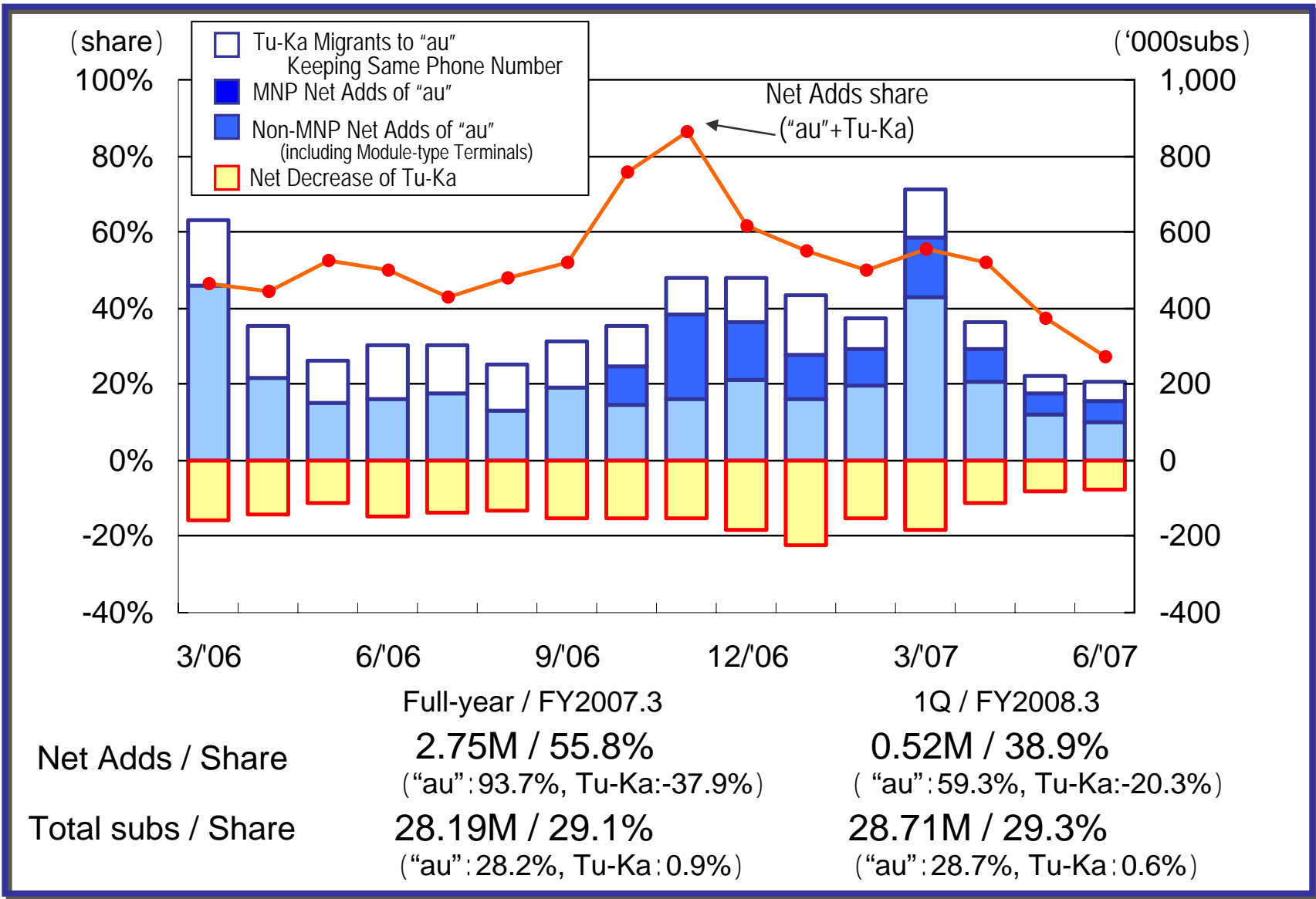
		FY2007.3		FY2008.3 (E)			
		1Q		1Q	yoy	progress	
CAPEX (Cash basis)	Consolidated	75.0	438.5	88.8	18.4%	17.8%	500.0
	Mobile	51.4	328.9	61.0	18.7%	16.5%	370.0
	Fixed-line	18.4	88.0	24.5	33.3%	21.0%	117.0

Segment Discussions

Mobile Business
"au" / Tu-Ka (PDC)

Fixed-line Business

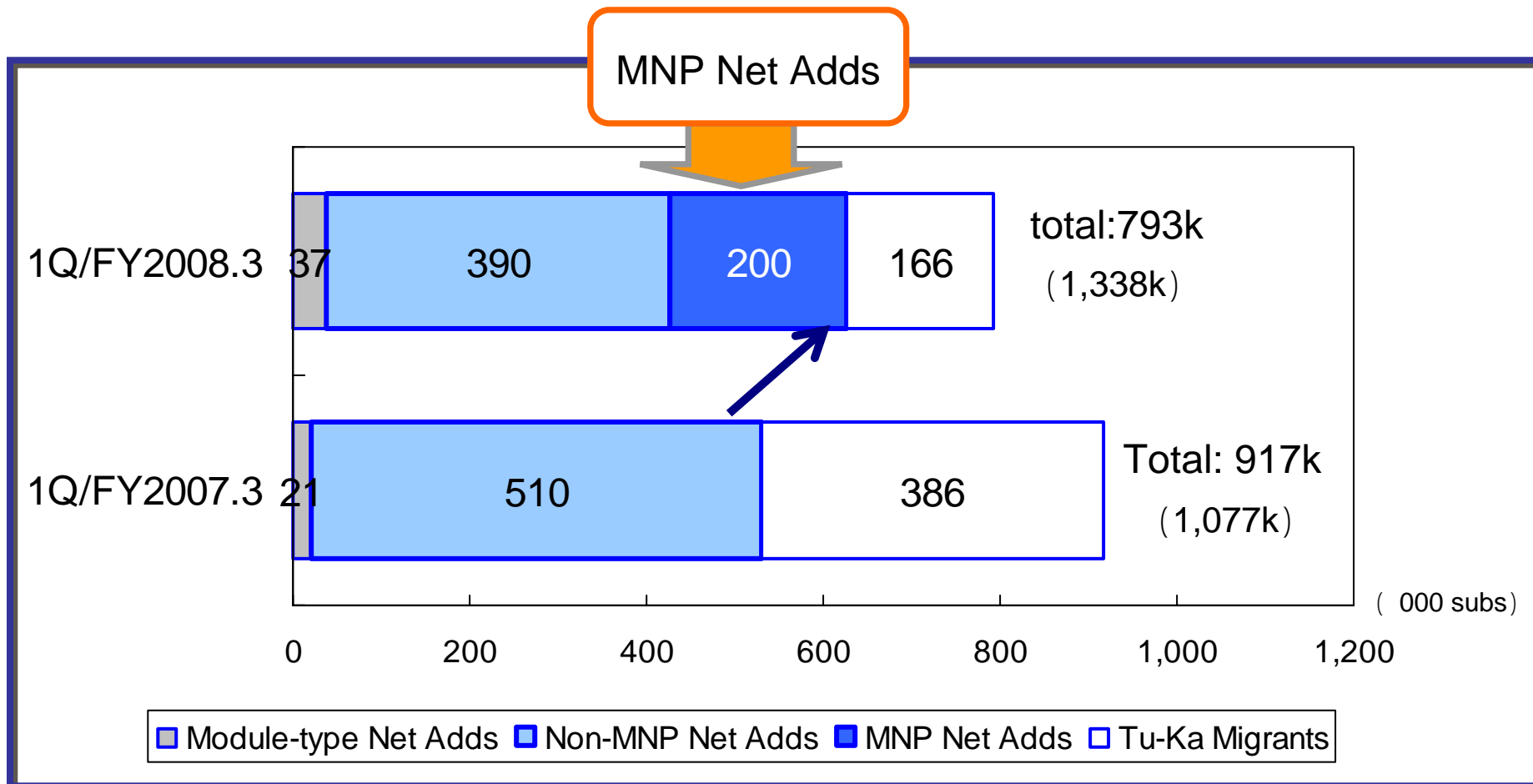
1.1. Net Additions of KDDI("au" + Tu-Ka)



Note: The graph of the net adds share excludes EMOBILE and the quarterly share includes it, as its number was disclosed on a quarterly basis.

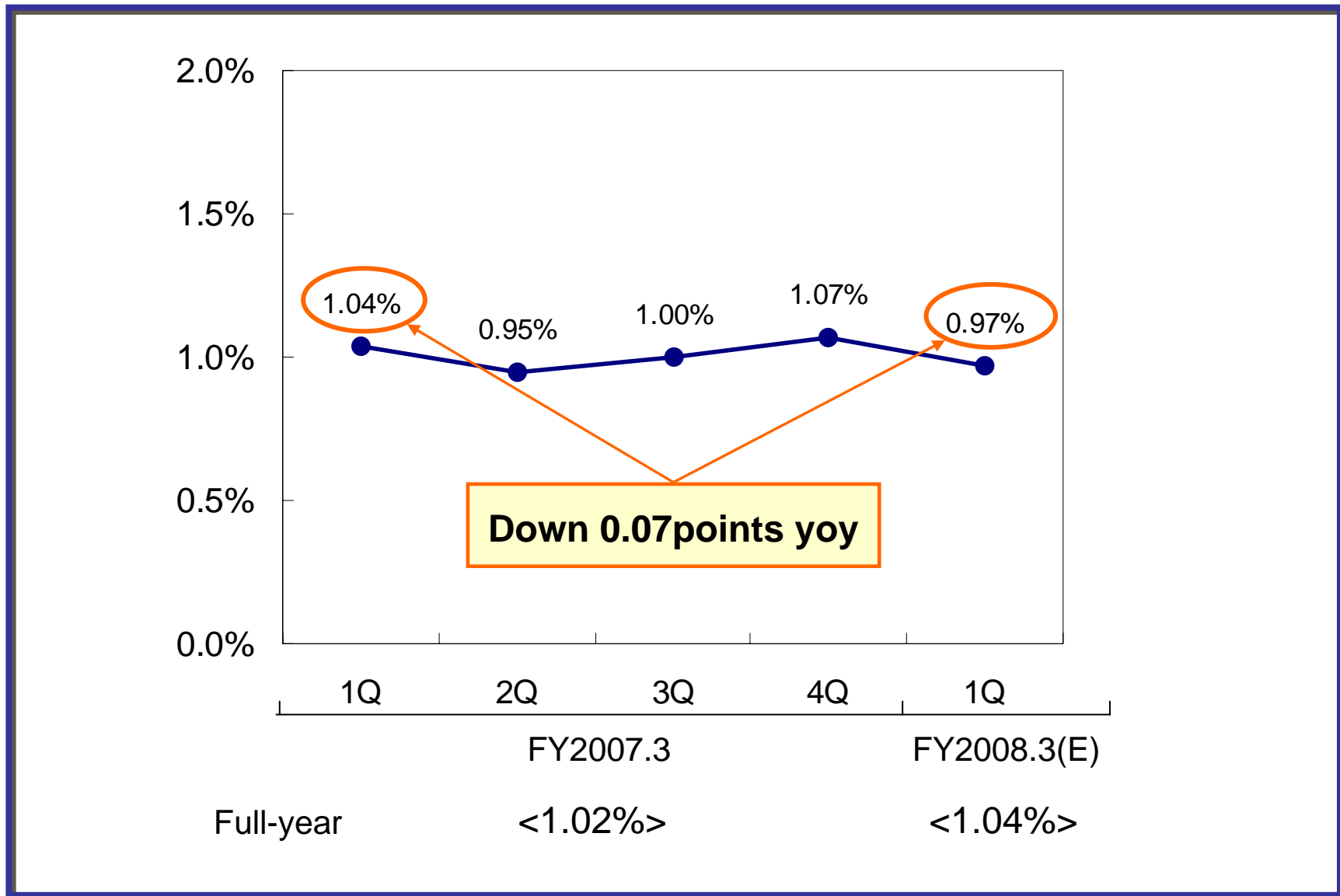
1.2. Breakdown "au" Net Additions (yoy)

- Total MNP net additions (since Oct. 24, 2006) hit the one million mark in June 2007 (KDDI:+1,008k, "au":+1,054k, Tu-Ka:-46k).
- On a basis that excludes Tu-Ka migrants to "au", the MNP-related net additions contributed to the year-on-year net additions.



Note: () refers to net adds in the Japanese market.

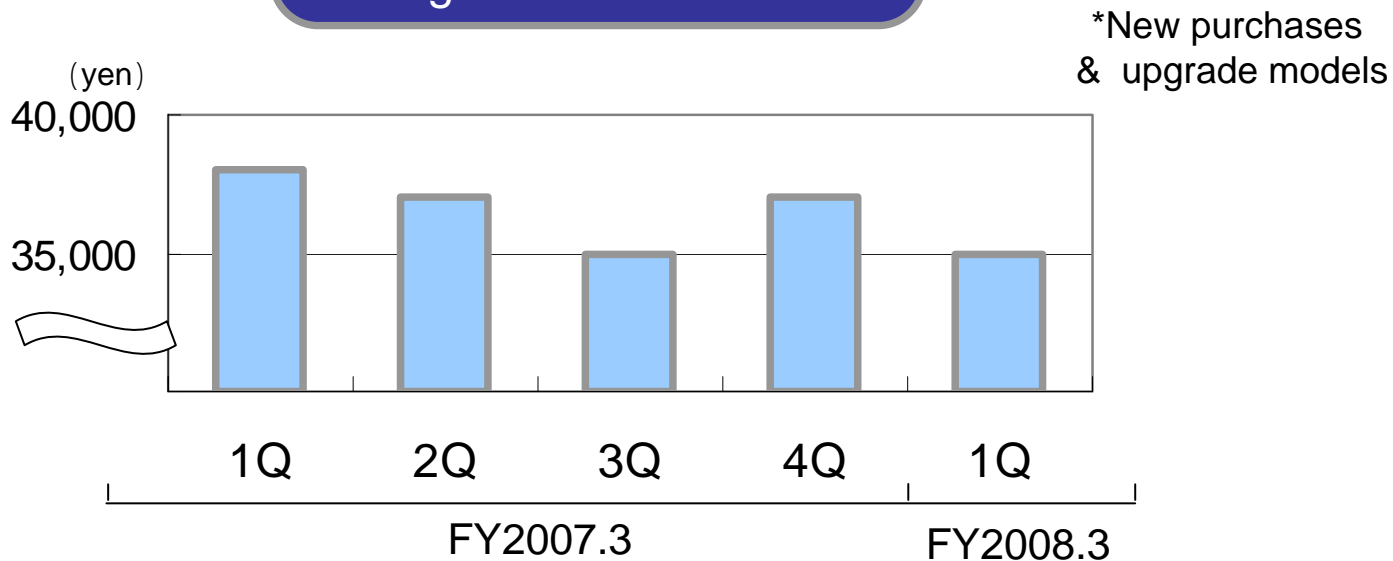
1.3. "au" Churn Rate



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

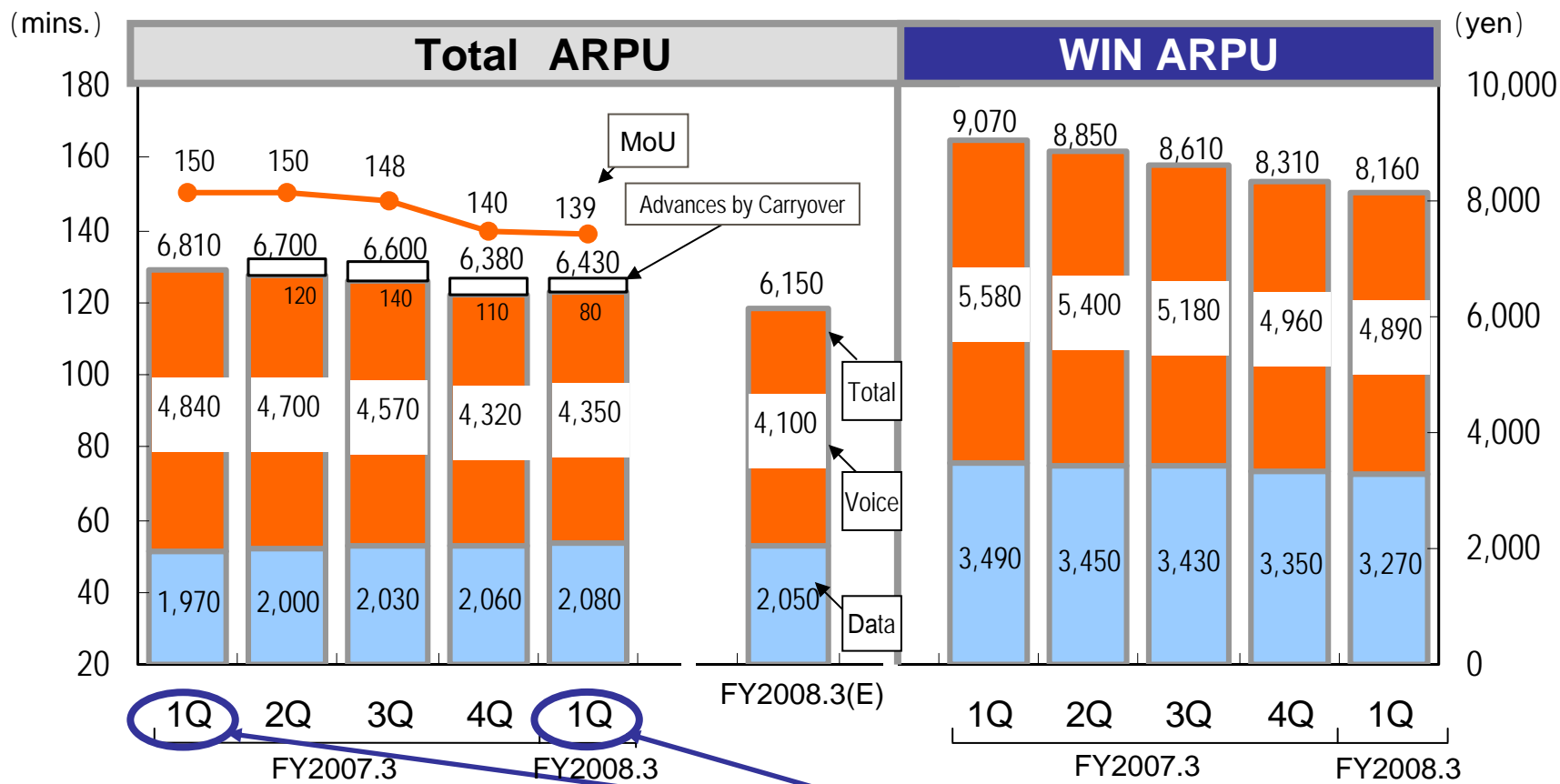
1.4. "au" Sales Commissions

Average commissions /unit*



	FY2007.3				FY2008.3(E)		
	1Q	2Q	3Q	4Q	1Q		
Sales commissions (Billions of yen)	124.0	129.0	145.0	170.0	568.0	124.0	565.0
Average commissions/unit (yen)	38,000	37,000	35,000	37,000	37,000	35,000	36,000
Number of units sold ('000 units)	3,270	3,520	4,110	4,650	15,550	3,530	15,700

1.5. Trend of "au" ARPU



Full-year	FY2007.3	FY2008.3(E)
Total ARPU	¥ 6,610	¥ 6,150
of Voice	¥ 4,590	¥ 4,100
of Data	¥ 2,020	¥ 2,050

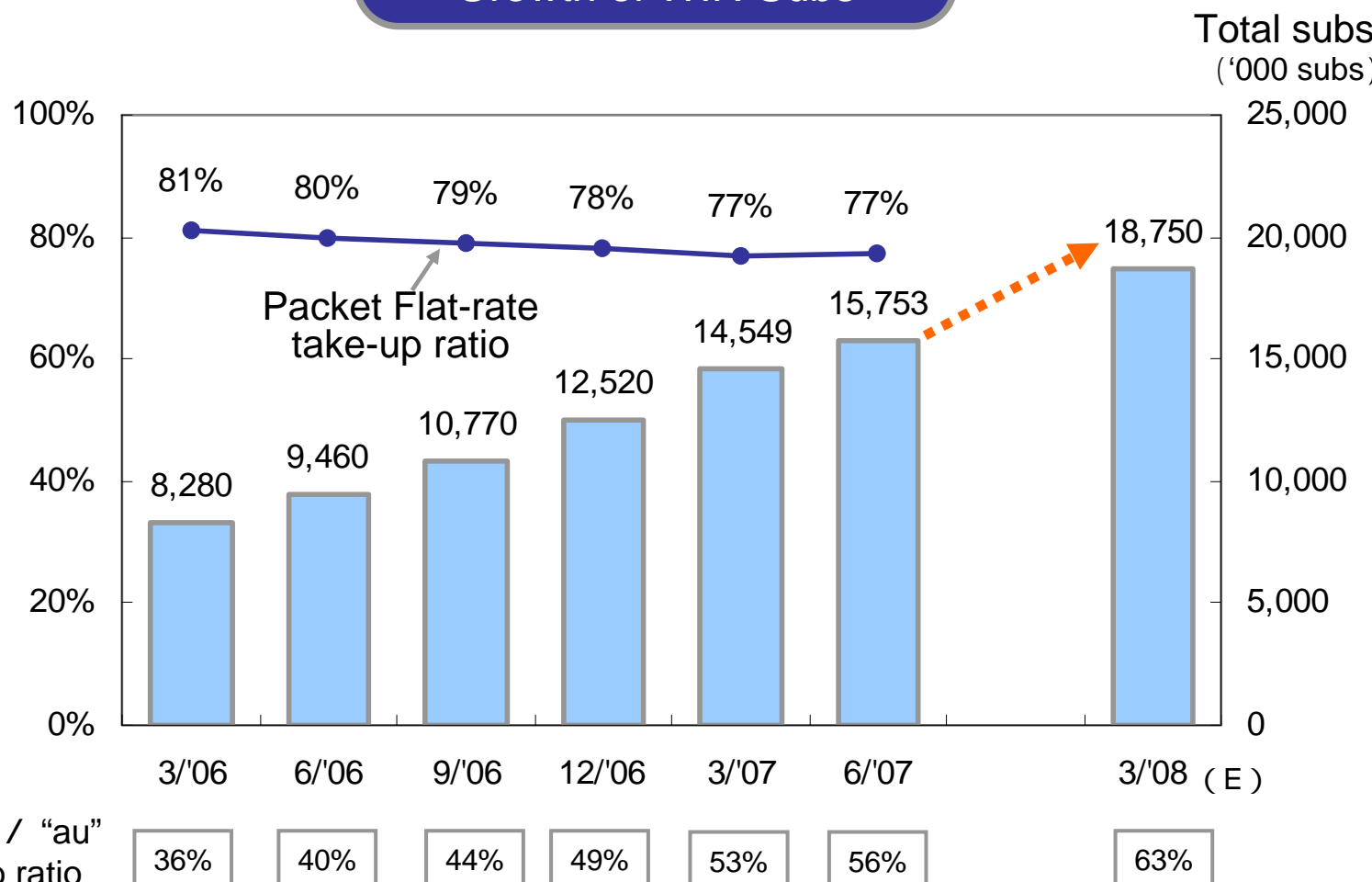
yoy change	
Total ARPU	¥ 380 (5.6%)
of Voice	¥490 (10.1%)
of Data	+ ¥ 110 (+ 5.6%)

1.6. Update on WIN



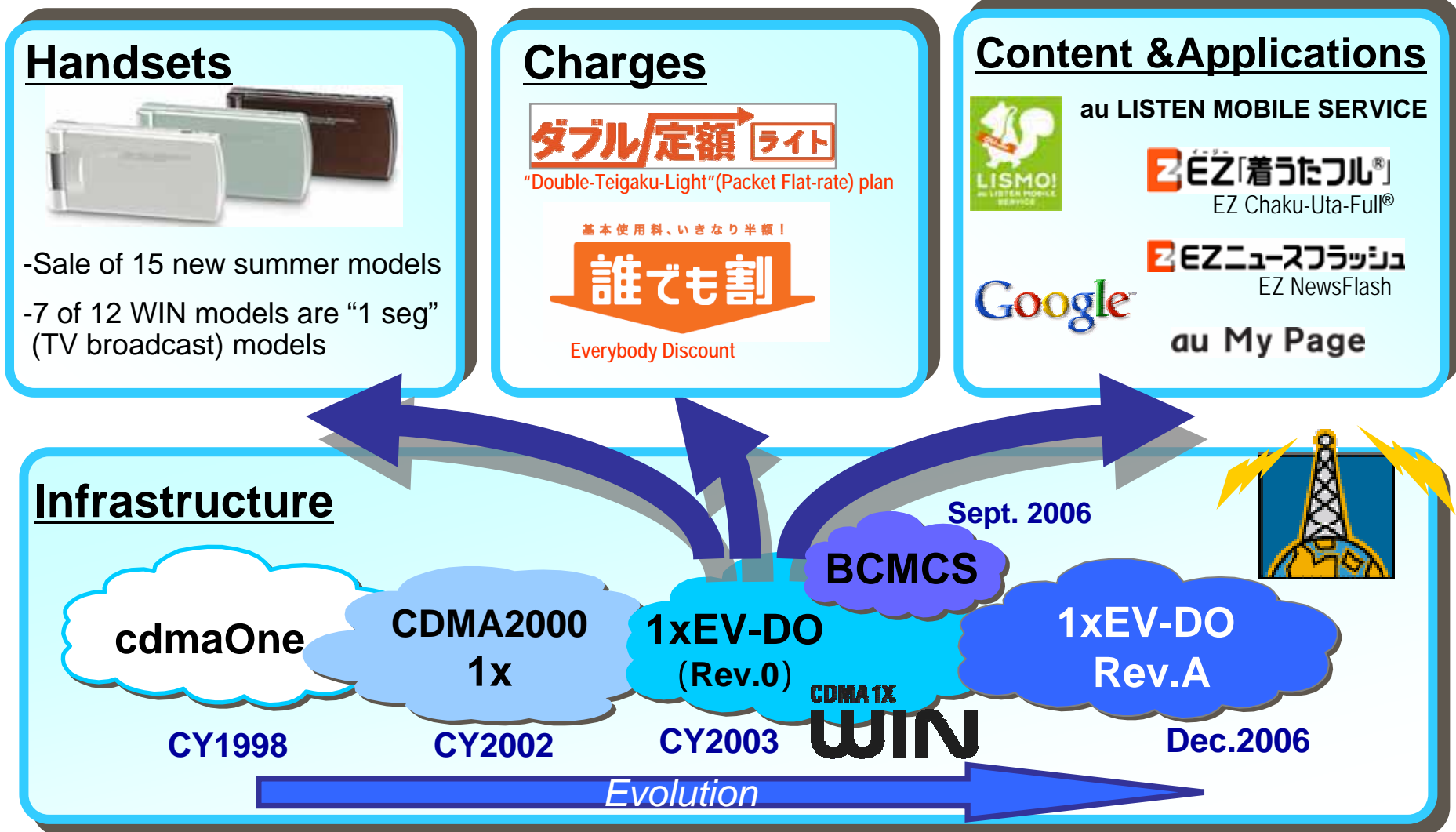
56% of "au" users are with WIN at end-June, of which as high as 77% of customers sign up for Packet Flat-rate plans.

Growth of WIN Subs



2. Boost All-Round Product Attractiveness

Promote differentiation by leveraging competitive advantage in infrastructure to boost all-round product attractiveness in terms of handsets, charges and content.



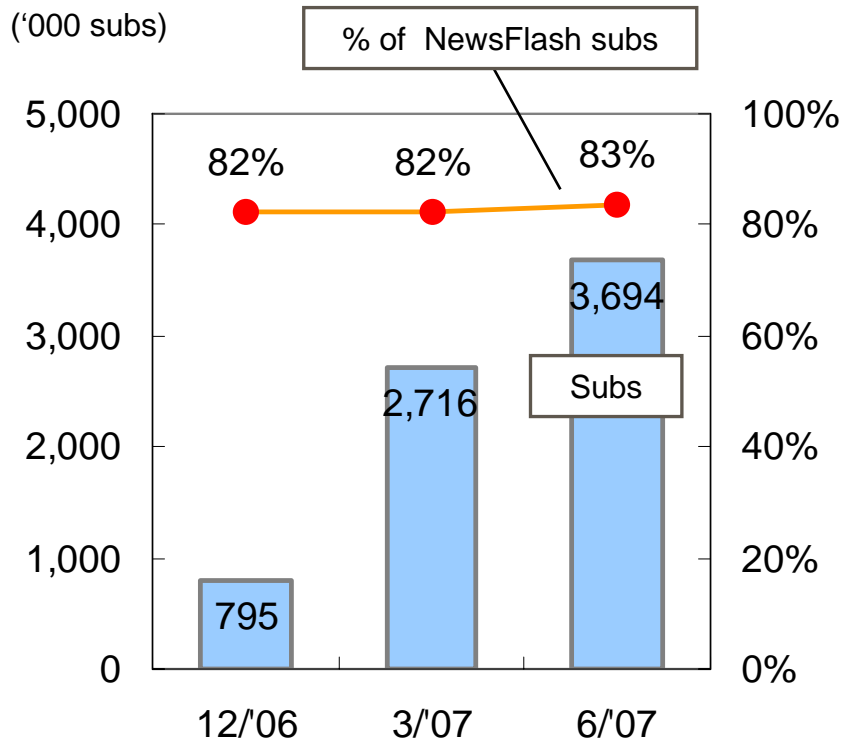
3. Expand Use of Content

"EZ NewsFlash" started in September 2006 based upon BCMCS* and its subscriber number increased to 3.69M with registration rate of 83% at end-June.

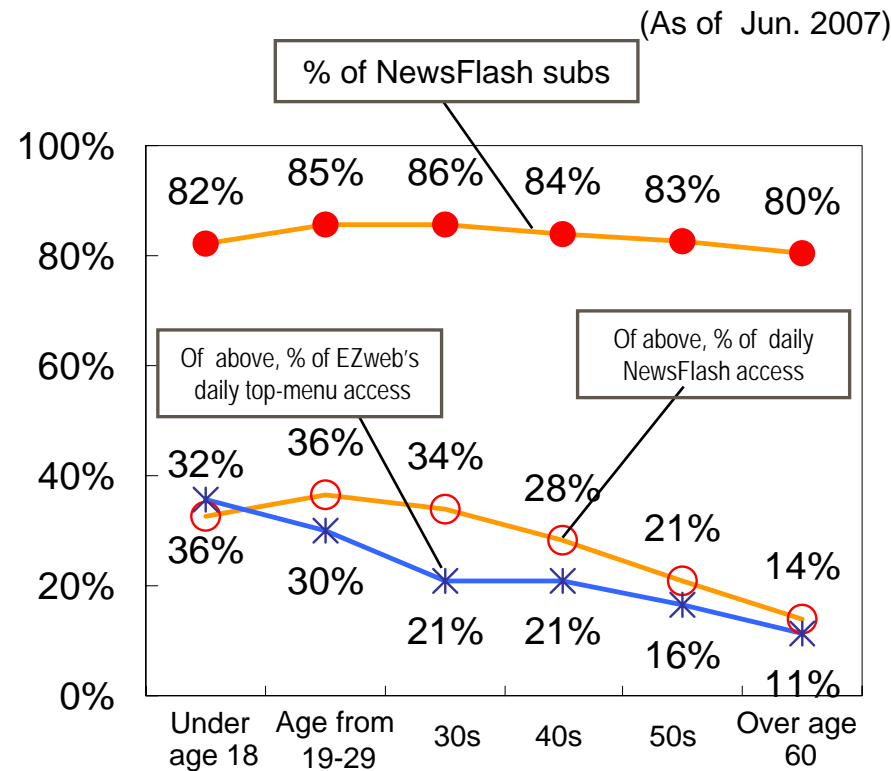
*Broadcast Multicast Service

The percentage of registration with "EZ NewsFlash" is at a high 80%, irrespective of age groups.

Growth of "EZ NewsFlash" Subs



"EZ NewsFlash" Subs by Age

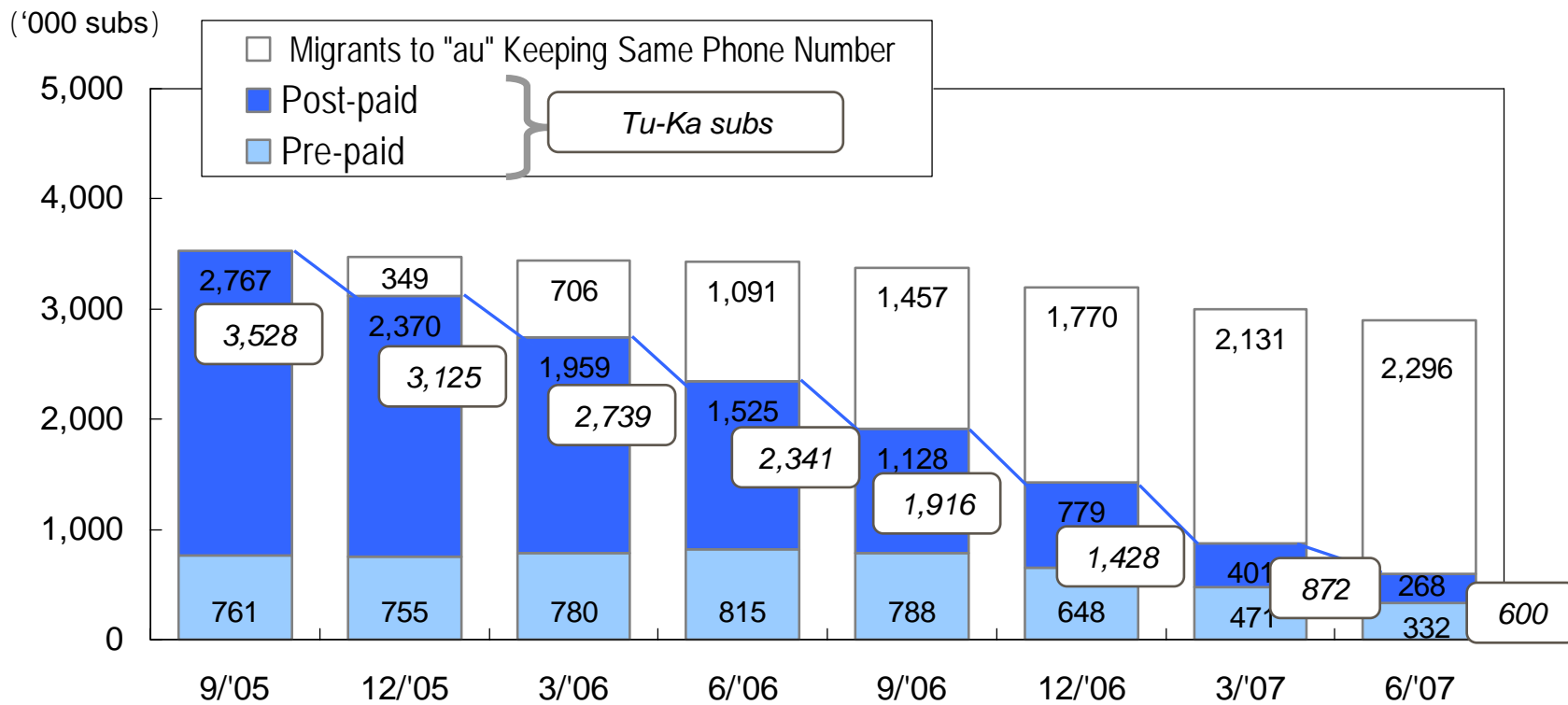


Note: Each percentage of registration is a ratio to the holders of "EZ NewsFlash" compatible terminals who have EZweb contracts.

4. Termination of Tu-Ka Service

Plan to terminate Tu-Ka service at end-March 2008 based upon a smooth user-migration to “au” keeping the same phone number; total who switched at 0.17M in 1Q, making aggregate total of 2.30M (since Oct. 2005).

Tu-Ka Total Subs

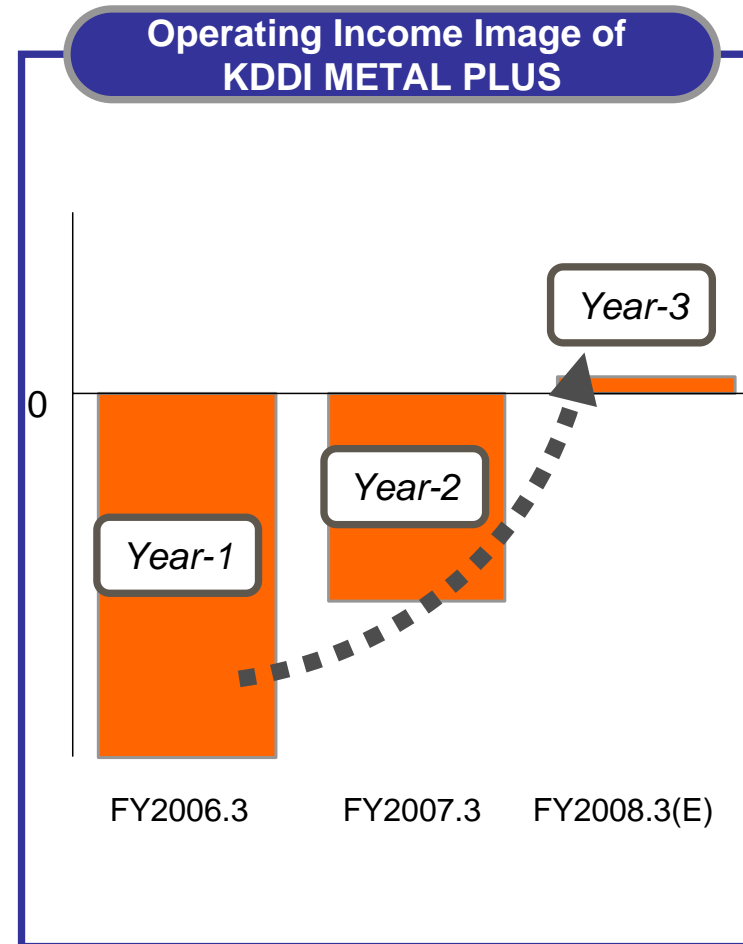
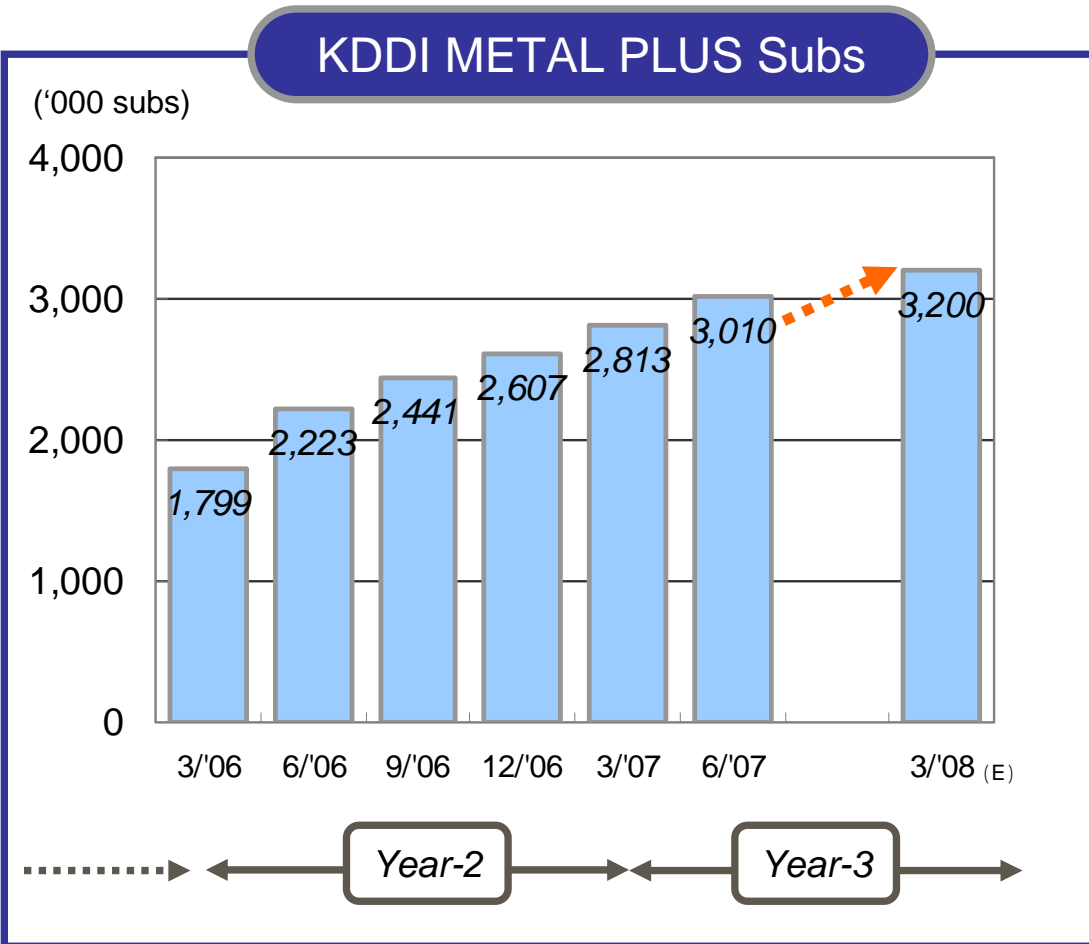


1. KDDI METAL PLUS



Fixed-line
Business

No. of KDDI METAL PLUS subs hit the three million mark (3.01M) at end-June.



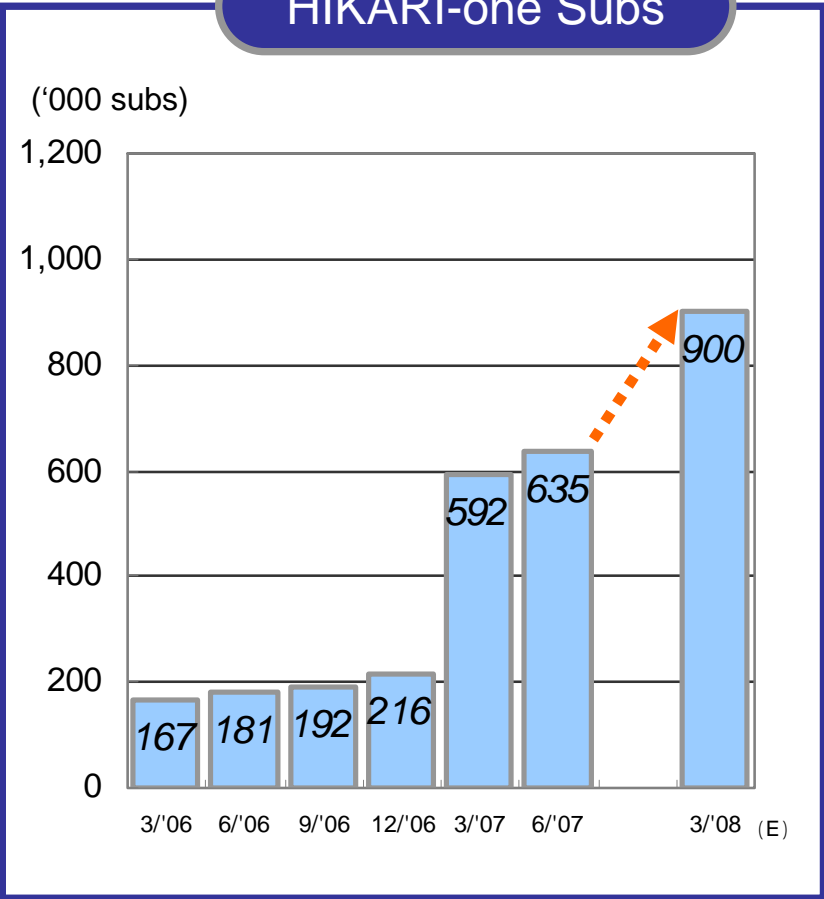
2. HIKARI-one (FTTH)



No. of HIKARI-one (FTTH) subs increased to 0.64M at end-June.

Project operating loss to bottom out in FY2006.3, in Fixed-line Business, even taking into account integration of TEPCO's FTTH business.

HIKARI-one Subs



Operating Income Image for Fixed-line Biz

