Ubiquitous Solution Company

KDDI CORPORATION

Financial Results of the Fiscal Year ended March 2003

May 8, 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.

Highlights

Review of FY 2003.3: Achieved certain positive results as the new KDDI

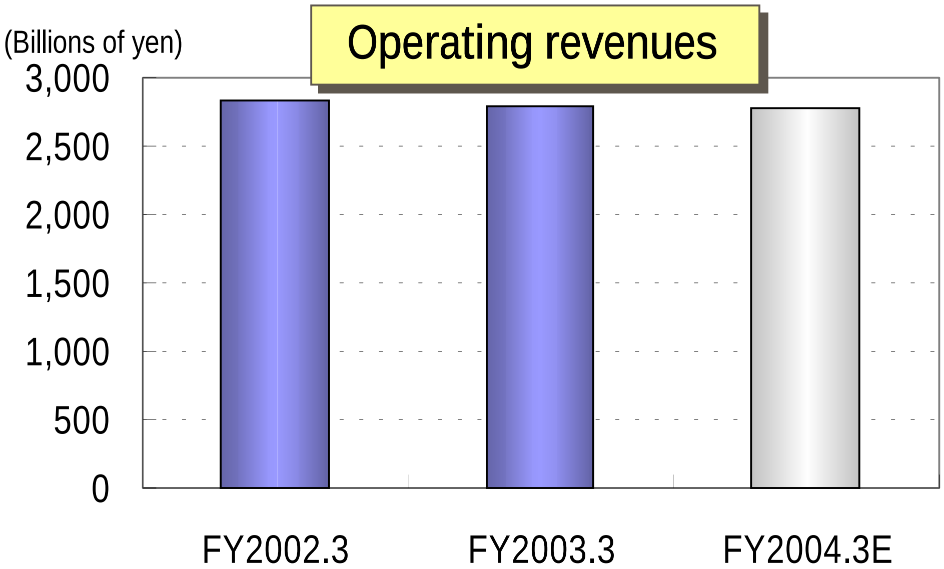
1. Achieved an increase in both revenues and incomes against the Feb. 2003 forecast.
2. Reduced debts to ¥1,497B as scheduled.
3. Increased the year-end dividend payment from previous ¥895 to ¥1,200, bringing the full year total to ¥2,095, per share.
4. “au” Business: successfully launched CDMA2000 1x, and almost achieved the target of 7M subs set at the beginning of the year.
   - Closed down PDC services at the end of March as scheduled, and successfully specialized in CDMA.
   - Achieved 1.83M net additions in excess of the Feb. 2003 forecast.
5. BBC & Solution Business: propped up the financial results in both incomes and FCF.

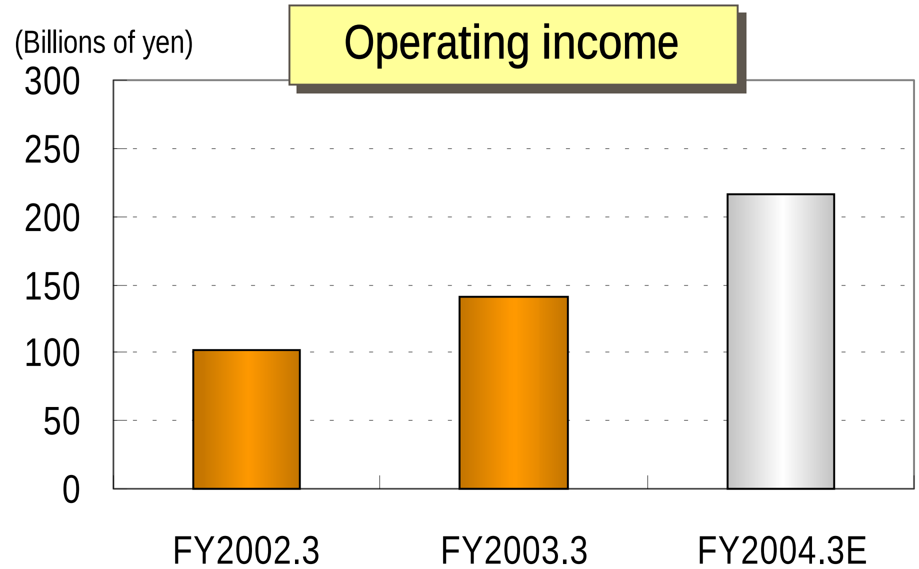
Agenda for FY 2004.3: Toward the further expansion of new profit-earning business fields

1. Build up brand strength through improvement in customer satisfaction.
2. Reduce total debts further to ¥1,000B target set for March 2005 based upon a sustainable increase of profit.
3. Introduce strategically and develop next generation products including 1x EV-DO and Broadband with concerted efforts.
4. Plan a lump-sum disposal of the microwave systems (¥77.5B) as a part of the restructuring program of inactive assets.

Note: BBC is an abbreviation for BroadBand Consumers, and is equivalent to the former NW.

Consolidated Financial Results

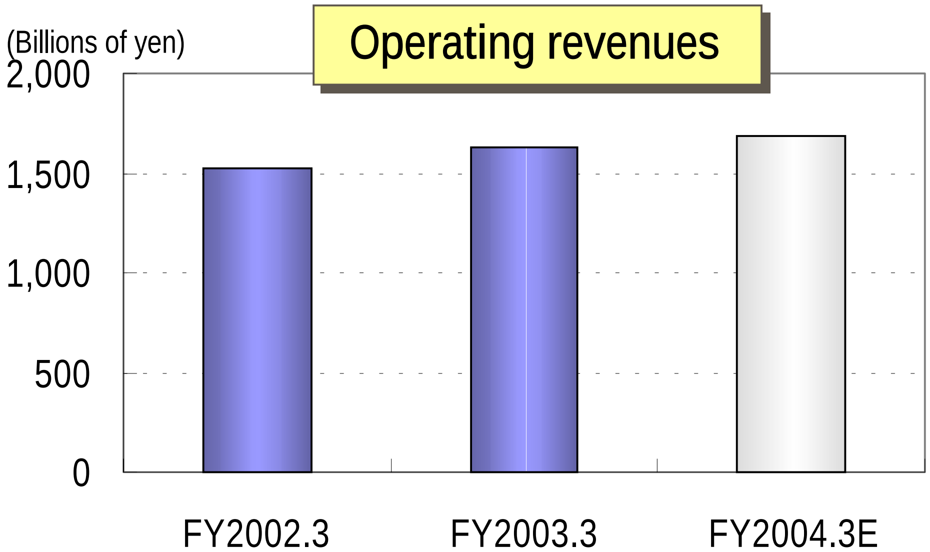


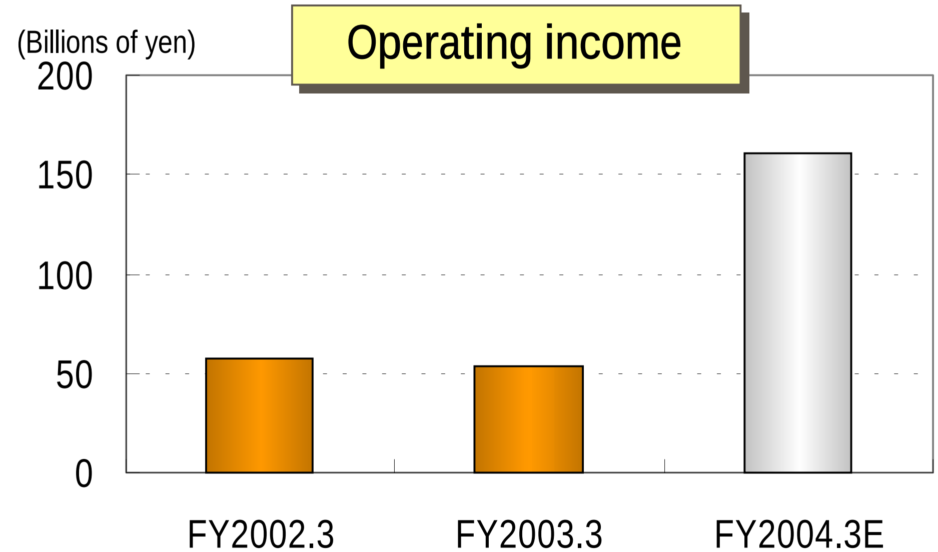


(Billions of yen)

	FY2002.3	FY2003.3	FY2004.3E
Operating revenues	2,833.8	2,785.3	2,780.0
Operating income	102.3	140.7	216.0
Operating margin	*3.6%*	*5.0%*	*7.8%*
Ordinary income	78.8	113.2	195.0
Net income	13.0	57.4	71.0
Free Cash Flow	290.6	305.3	244.0
EBITDA	544.8	563.5	630.0
EBITDA margin	*19.2%*	*20.2%*	*22.7%*

“au” Business





(Billions of yen)

	FY2002.3	FY2003.3	FY2004.3E
Operating revenues	1,524.6	1,626.3	1,686.0
Operating income	57.4	53.8	161.0
Operating margin	*3.8%*	*3.3%*	*9.5%*
Ordinary income	53.0	41.8	150.0
Net income	-58.7	21.0	84.0
Free Cash Flow	15.6	96.6	138.0
EBITDA	269.1	245.1	368.0
EBITDA margin	*17.7%*	*15.1%*	*21.8%*

	FY2002.3	FY2003.3	FY2004.3E
Subs ('000)	12,214	14,049	15,900
module-type terminals	-	-	550
1x	-	6,806	-
cdmaOne		7,208	-
PDC	1,392	35	-
ARPU (yen)	8,080	7,570	7,140
Voice	7,190	6,400	5,610
Data	890	1,170	1,530

Note: ARPU is calculated for ordinary handsets which exclude module-type terminals. Definition for the breakdown of ARPU is changed as from FY 2004.3. ARPU for FY 2004.3 is shown on the new definition. Refer to pages 19-20 for details.

"au" Business

~Notes~

① 【Sales commission】 (New purchases, switch models)

			FY 2002.3	FY 2003.3	FY 2004.3E
Sales commission (Billions of yen)			365.0	405.0	320.0
	Average commission/unit (yen)	1H	-	43,000	-
		2H	-	37,000	-
		Full-year	42,000	40,000	36,000
Number of units sold ('000 of units)			8,700	10,100	9,000

② 【PDC related expenses】

■Since the PDC service was discontinued in March 2003, there are no PDC expenses incurred going forward.

Temporary expenses (Billions of yen) (Billions of yen)

			FY 2002.3	FY 2003.3	2 year total
	System retirement expenses (EL)		134.0		134.0
	Removal-related expenses (OE)	Lease cancellation		10.2	10.2
		Removal work allowance		9.4	9.4
		System retirement		4.0	4.0
		Running cost allowance		3.8	3.8
		Total		27.4	27.4
	Additional expenses for disconnecting measures (OE)			28.2	28.2
	Total		134.0	55.6	189.6

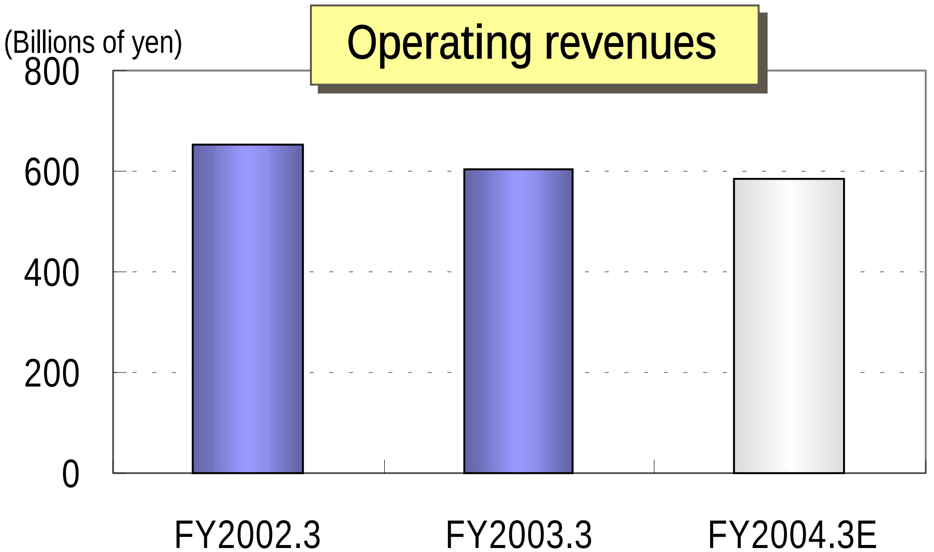
Reduction of depreciation attributable to the lump-sum retirement of PDC systems :FY2002.3 =\- 5B,FY2003.3 =\- 43.2B.

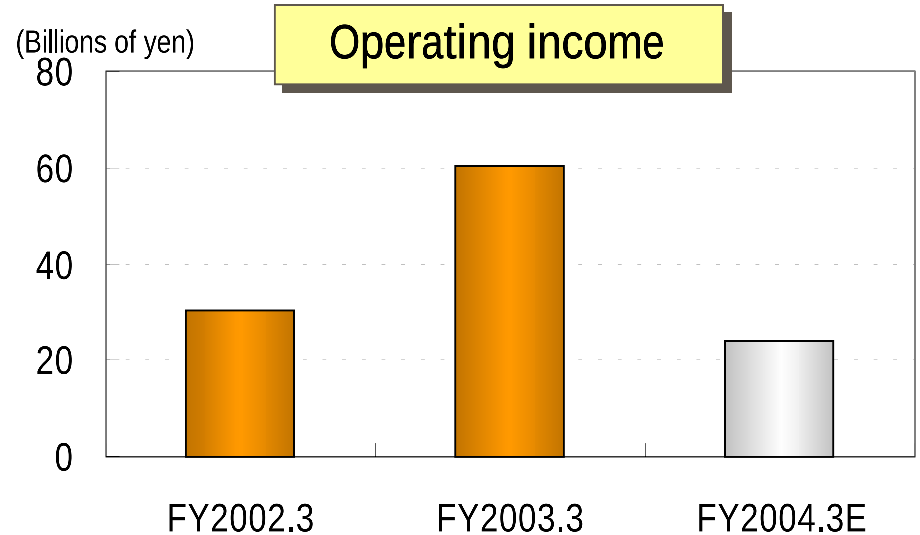
Running cost (Billions of yen)

	FY 2002.3	FY 2003.3
Communications equipment rental cost (OE)	26.2	24.0

(OE):Operating expense, (EL):Extraordinary loss

BBC & Solution Business





(Billions of yen)

	FY2002.3	FY2003.3	FY2004.3E
Operating revenues	651.9	601.9	586.0
Operating income	30.5	60.3	24.0
Operating margin	*4.7%*	*10.0%*	*4.1%*
Ordinary income	24.9	60.4	21.0
Net income	4.1	32.3	-32.0
Free Cash Flow	55.5	116.9	25.0
EBITDA	157.5	176.8	128.0
EBITDA margin	*24.2%*	*29.4%*	*21.8%*

	FY2002.3	FY2003.3	FY2004.3E
DION ('000)	2,150	2,373	2,750
ADSL	130	498	1,200

Note: BBC is an abbreviation for BroadBand Consumers, and is equivalent to the former NW.

BBC & Solution Business

~Notes~

① 【Additional depreciation】

■Additional depreciation of some inactive assets

(Billions of yen)

	FY 2003.3	FY 2004.3E
Additional depreciation of discontinued cables (OE)	5.0	3.1
Fixed asset retirement costs (OE)	11.4	10.9
Total	16.4	14.0

② 【Microwave system related expenses】

■All microwave systems are scheduled to be disposed of during FY2004.3.

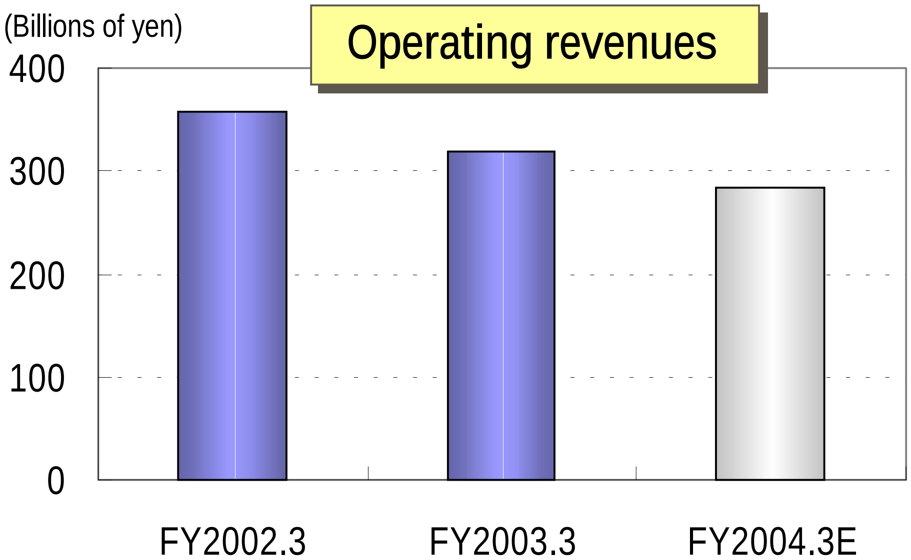
(Billions of yen)

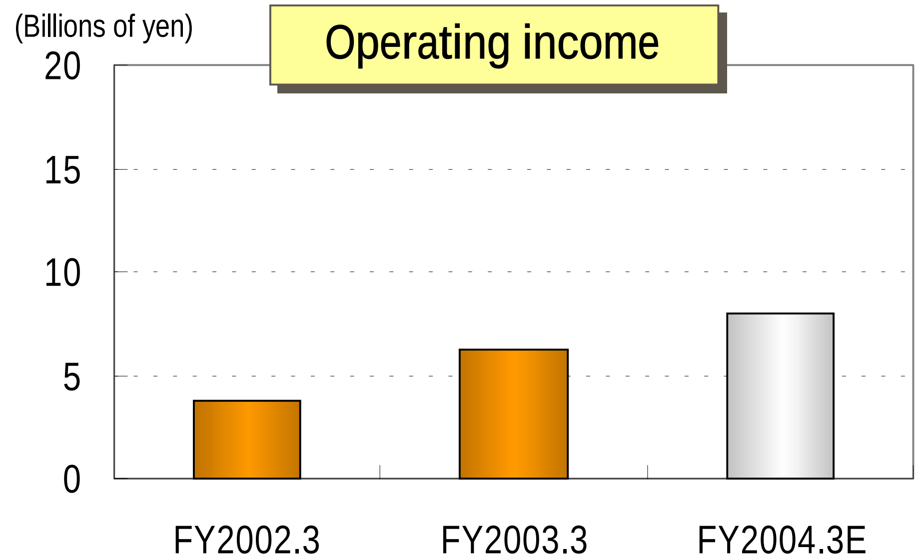
	FY 2003.3	FY 2004.3E
System retirement expenses (EL)	-	61.7
Removal work expenses (EL)	-	15.8
Total	-	77.5

Reduction of estimated depreciation attributable to the lump-sum retirement of microwave systems :FY2003.3 =\\- 1.7B.

(OE) :Operating expense, (EL) :Extraordinary loss

TUKA Business



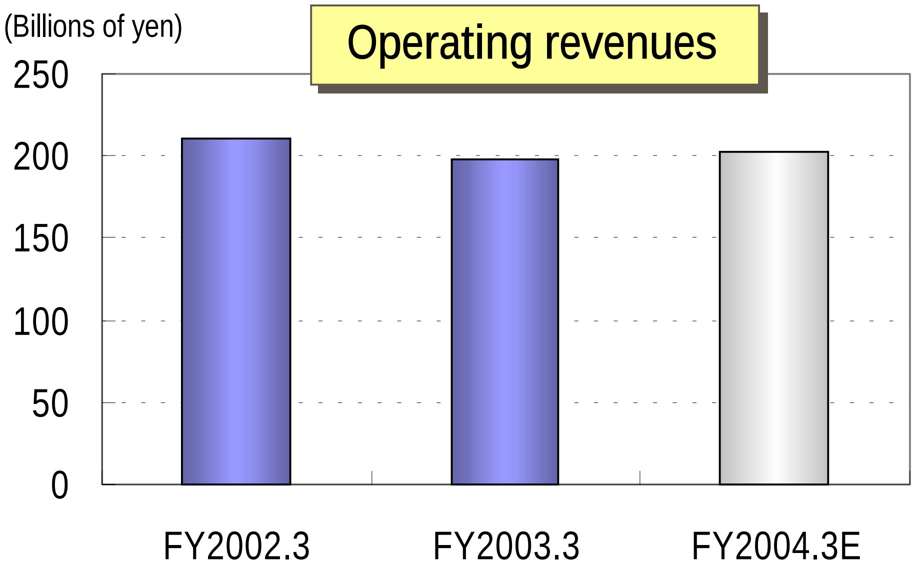


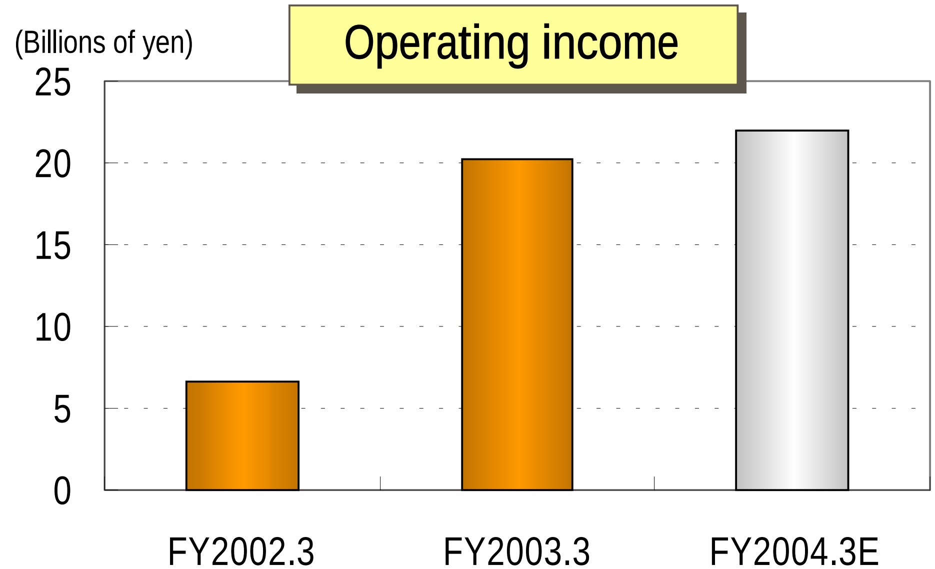
(Billions of yen)

	FY2002.3	FY2003.3	FY2004.3E
Operating revenues	358.3	318.1	283.0
Operating income	3.8	6.2	8.0
Operating margin	*1.1%*	*1.9%*	*2.8%*
Ordinary income	-2.2	0.1	4.0
Net income	-3.3	-3.2	2.0
Free Cash Flow	14.8	52.1	39.0
EBITDA	63.4	66.5	64.0
EBITDA margin	*17.7%*	*20.9%*	*22.6%*

	FY2002.3	FY2003.3	FY2004.3E
Subs ('000)	3,891	3,783	3,750
ARPU (yen)	5,790	5,330	5,030

Pocket Business





(Billions of yen)

	FY2002.3	FY2003.3	FY2004.3E
Operating revenues	211.0	197.6	203.0
Operating income	6.7	20.3	22.0
Operating margin	*3.2%*	*10.3%*	*10.8%*
Ordinary income	3.0	17.7	19.0
Net income	14.7	17.0	20.0
Free Cash Flow	14.4	43.0	43.0
EBITDA	47.5	62.2	62.0
EBITDA margin	*22.5%*	*31.5%*	*30.5%*

	FY2002.3	FY2003.3	FY2004.3E
Subs ('000)	2,942	2,975	3,100
Air H"	334	765	1,150
ARPU (yen)	5,330	5,010	4,780

Capital Expenditures and others

■ Make capital expenditures required for future growth in a concentrated and selective manner in FY 2004.3.

■ Implement a further reduction of debts toward the target of ¥1,000B set for March 2005.

(Billions of yen)

		FY2002.3	FY2003.3	FY2004.3E
CAPEX (Cash basis)	Consolidated	374.5	246.2	338.0
	au	226.4	167.3	190.0
	BBC & Solution	86.4	40.8	83.0
	TUKA	39.2	16.2	24.0
	Pocket	17.1	11.7	16.0
Depreciation	Consolidated	424.0	389.0	387.0
	au	199.4	176.0	192.0
	BBC & Solution	122.9	105.4	92.0
	TUKA	59.2	60.0	55.5
	Pocket	38.9	39.6	39.0
Debts	Consolidated	1,746.8	1,497.0	1,270.0
	au, BBC & Solution	1,066.5	937.2	785.0
	TUKA	370.7	317.8	280.0
	Pocket	225.7	182.7	143.0
Debt/EBITDA multiple		3.2	2.7	2.0

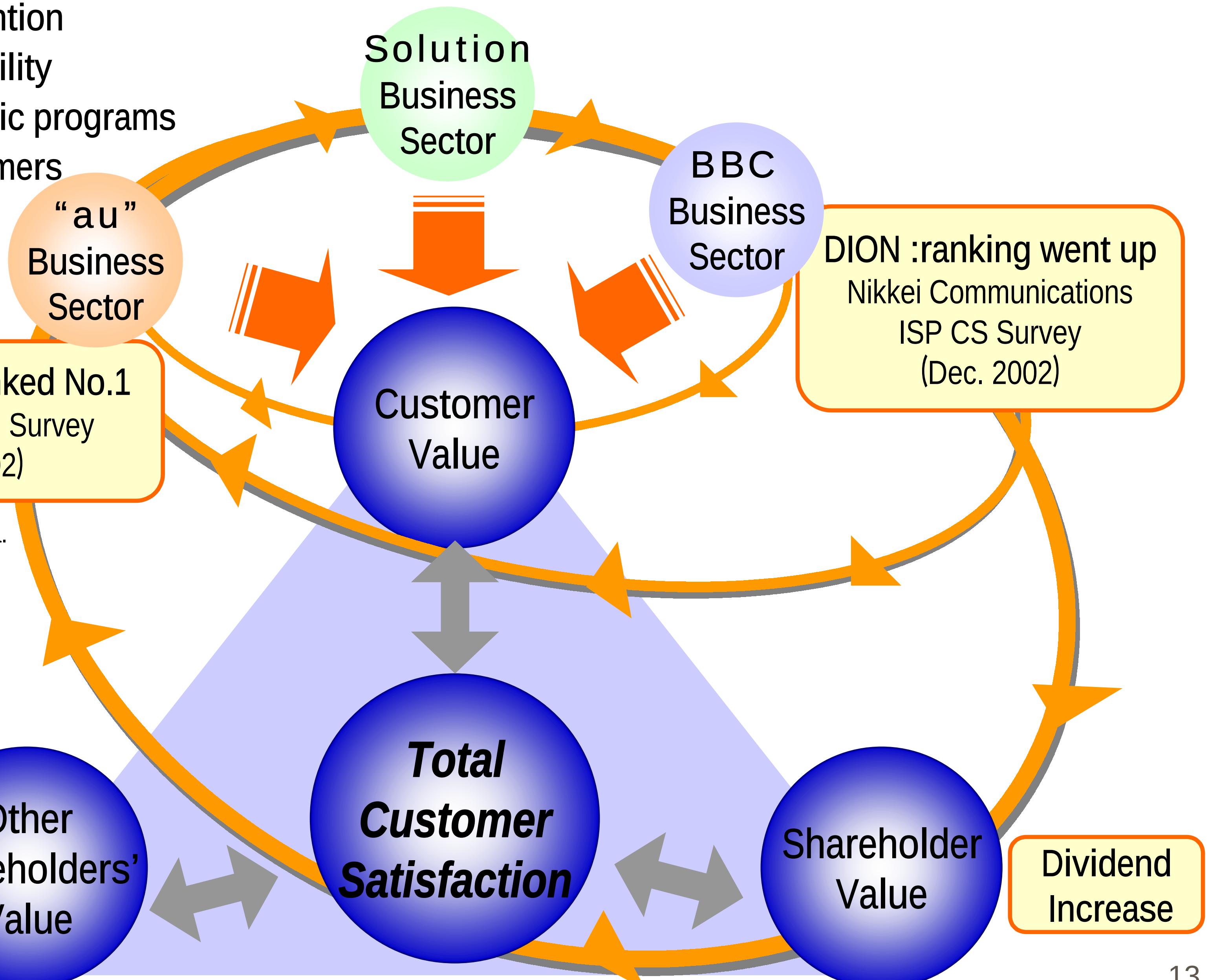
Segment Discussions & Strategies

Structural Reform	"au" Business
BBC & Solution Business	TUKA Business & Pocket Business

Structural Reform (CS improvement)

Enhance Brand Strength through TCS

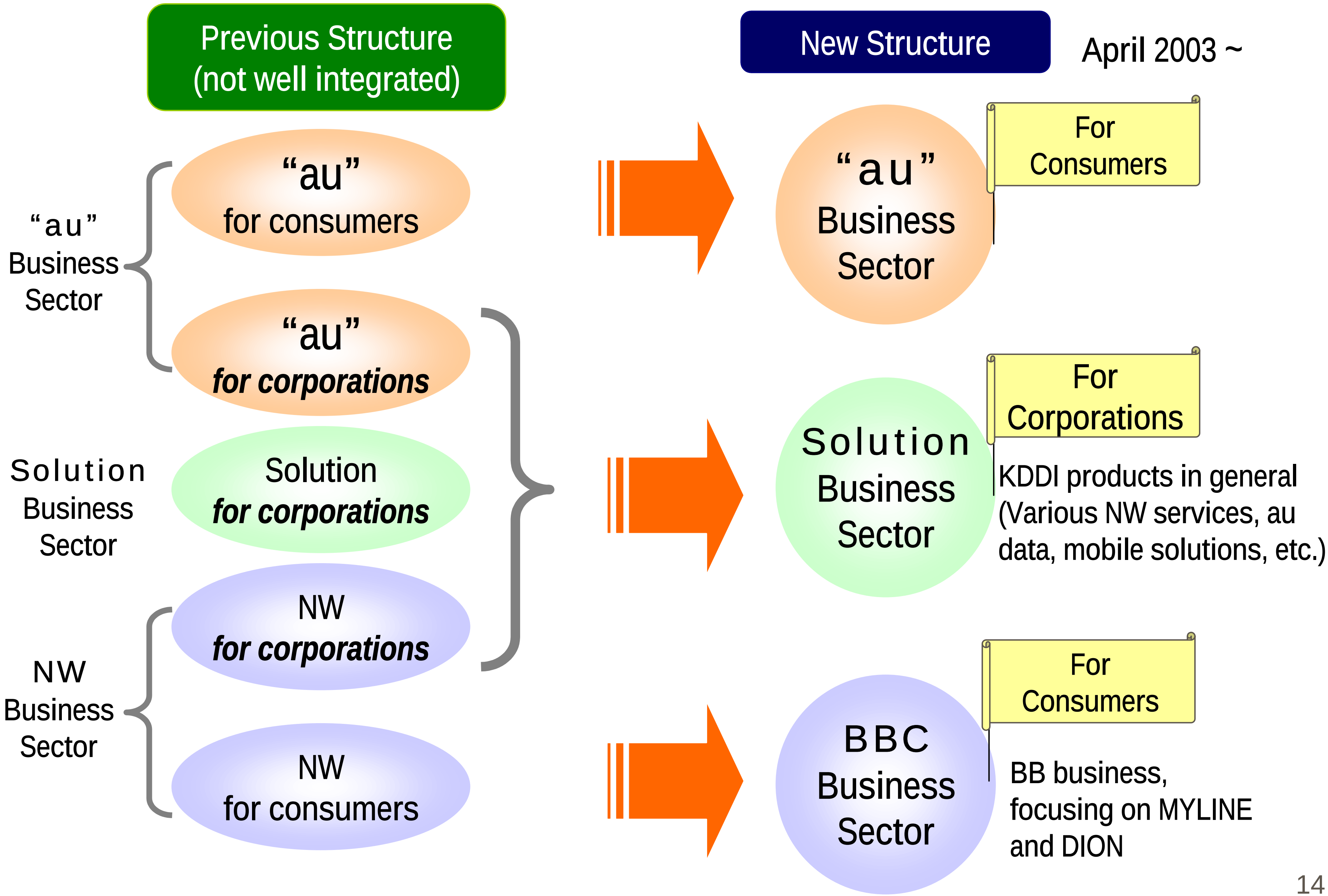
- Reinforce retention
- Focus on usability
- Develop specific programs for loyal customers



*Kanto includes Tokyo area.

Structural Reform
(Change of Org.)

Customer-Oriented Sales and Marketing Structures



Review & Agenda

Review of FY 2003.3: Steadily achieved the target set at the beginning of the year

1. Successfully launched CDMA2000 1x and almost achieved the target of 7M subs set at the beginning of the year.
2. Closed down PDC services at the end of March as scheduled, and successfully focused on CDMA.
3. Increased market share through reinforced product competitiveness. Market share of net additions reached 28.1%.
4. Reduced sales commission taking an opportunity to launch CDMA2000 1x.

Agenda for FY 2004.3: Reinforce the brand competitiveness in the 3G market

1. Launch 1x EV-DO in a smooth and high-impact manner to cope with the full-fledged development of 3G market.
2. Accelerate churn-ins of high-end customers based upon reinforced product competitiveness.
3. Shift to a highly-profitable business structure through stabilization of sales commission.

"au" Marketing Strategy

Enhance Total Customer Satisfaction

Reinforce product competitiveness

- Focus on usability
- Launch high-end 1x handsets
- Launch 3G application & contents in a timely manner

Improve ARPU

- Capture high ARPU customers
- Launch 1x EV-DO smoothly
- Enhance the quality of 1x further as a voice infrastructure

Reinforce mkt.strength & reduce churn

- Build up 3G brand base
- Enhance customer care by reinforcement of shops & outlets
- Improve CS through retention measures

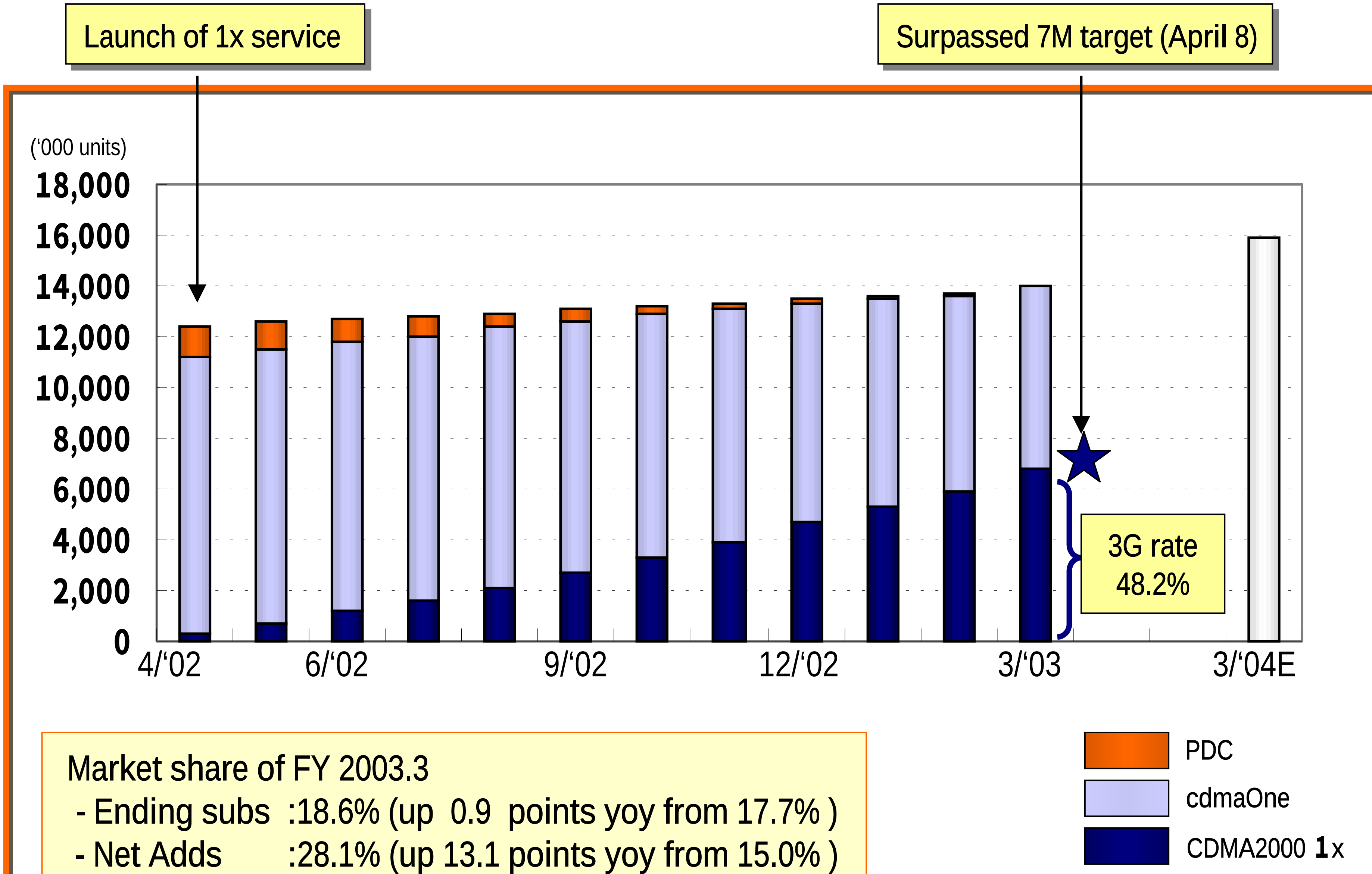
Reinforce cost competitiveness

- Price strategy on handsets
- Stabilize sales commission
- Lower data costs by launch of 1x EV-DO

Realize high profits through establishing solid brand base in the 3G market

“au” Business

Trend for Subscribers

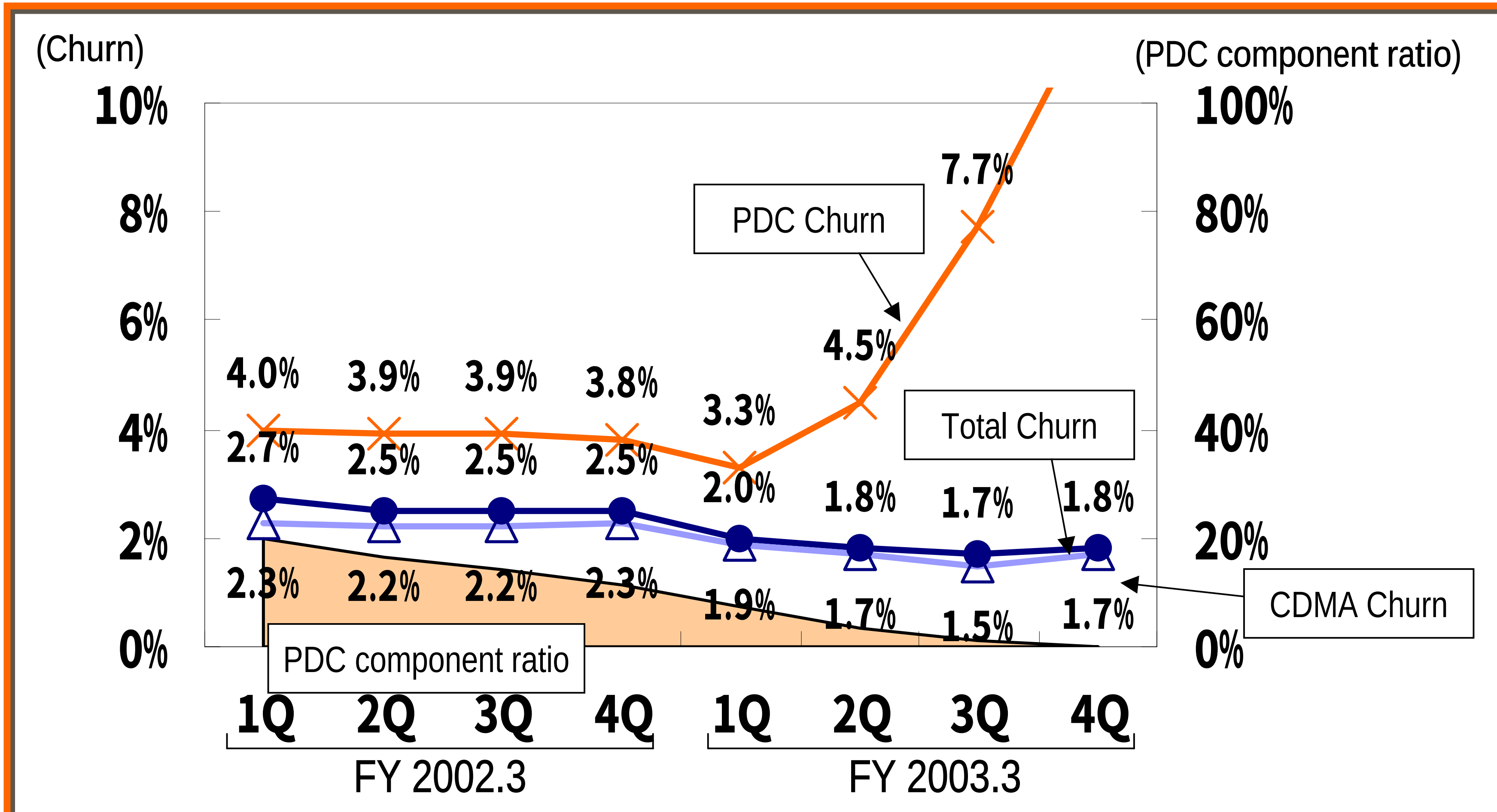


Market share of FY 2003.3

- Ending subs :18.6% (up 0.9 points yoy from 17.7%)
- Net Adds :28.1% (up 13.1 points yoy from 15.0%)

Reduction of Churn

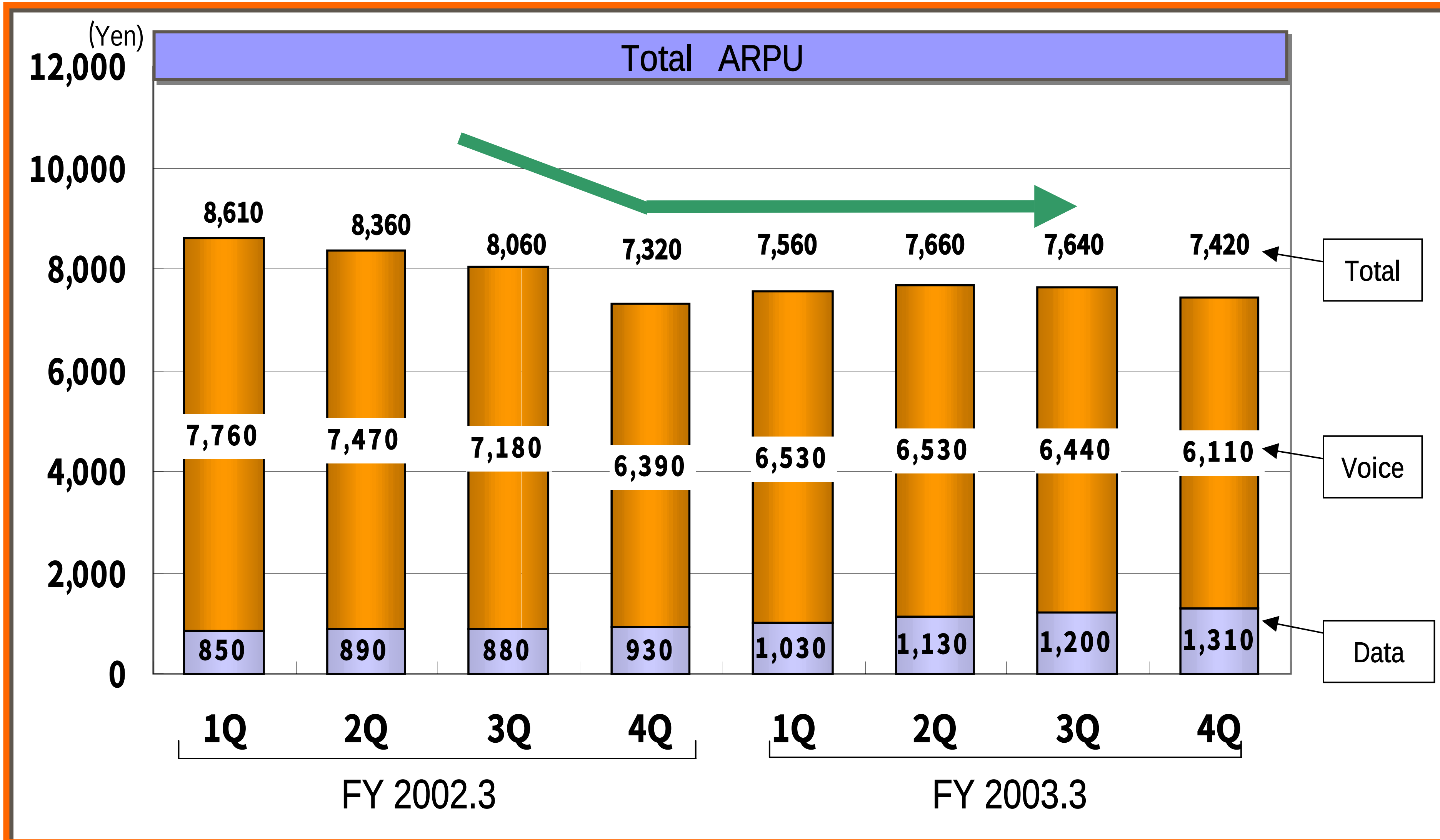
■ Churn rate reduction enhanced through brand and product competitiveness



Full-year Churn <Total：2.6%、CDMA：2.3%> <Total：1.8%、CDMA：1.7%>

“au” Business

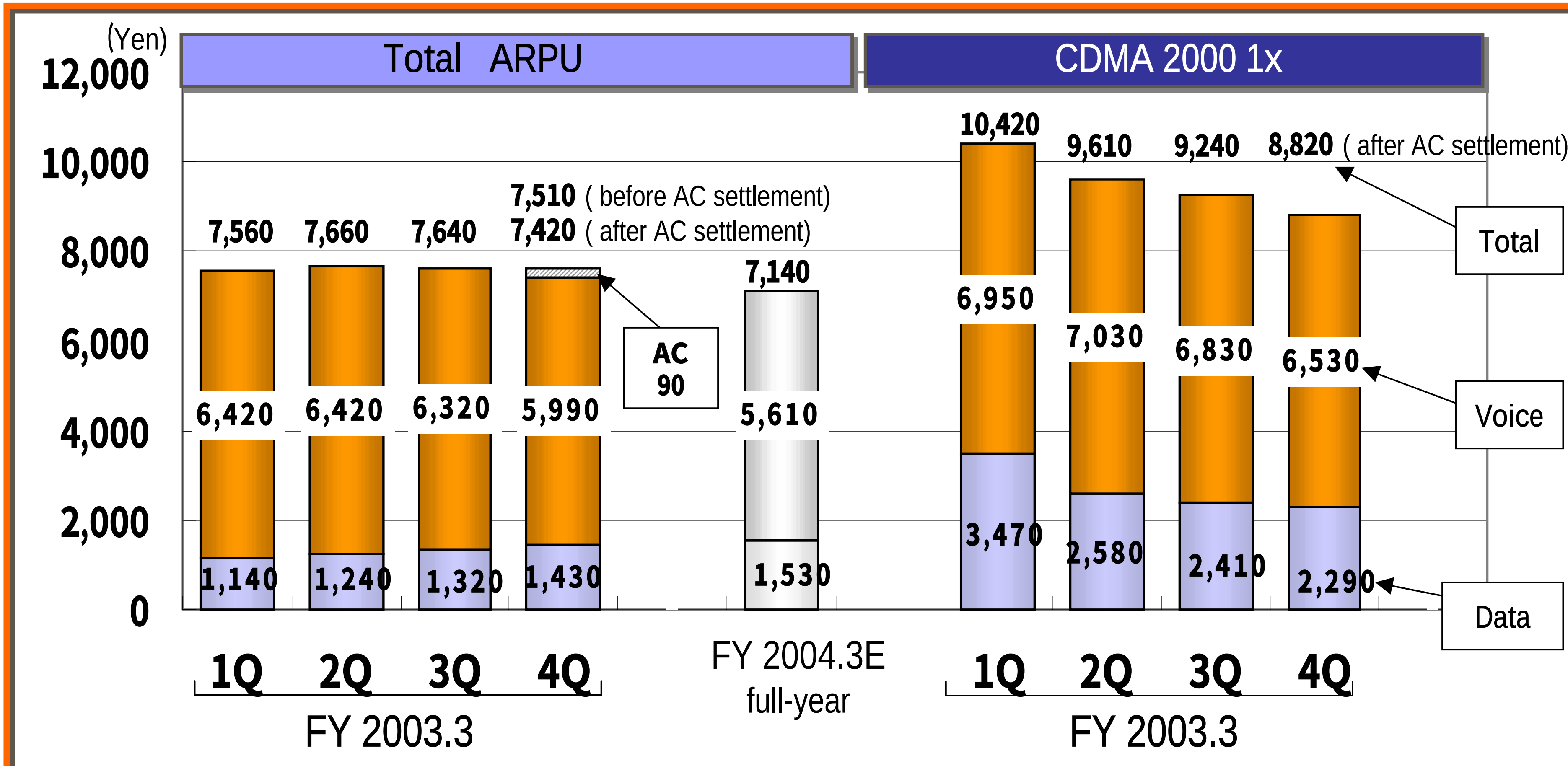
Trend for ARPU (1)



Note: Figures in the graph are given with previous definition. 4Q ARPUs were those after settlement of access charges.

“au” Business

Trend for ARPU (2) ~ New Definition~



Full-year Total ARPU

	Prev. Def.	New Def.
Total :	7,570	7,570
Voice :	6,400	6,280
Data :	1,170	1,290

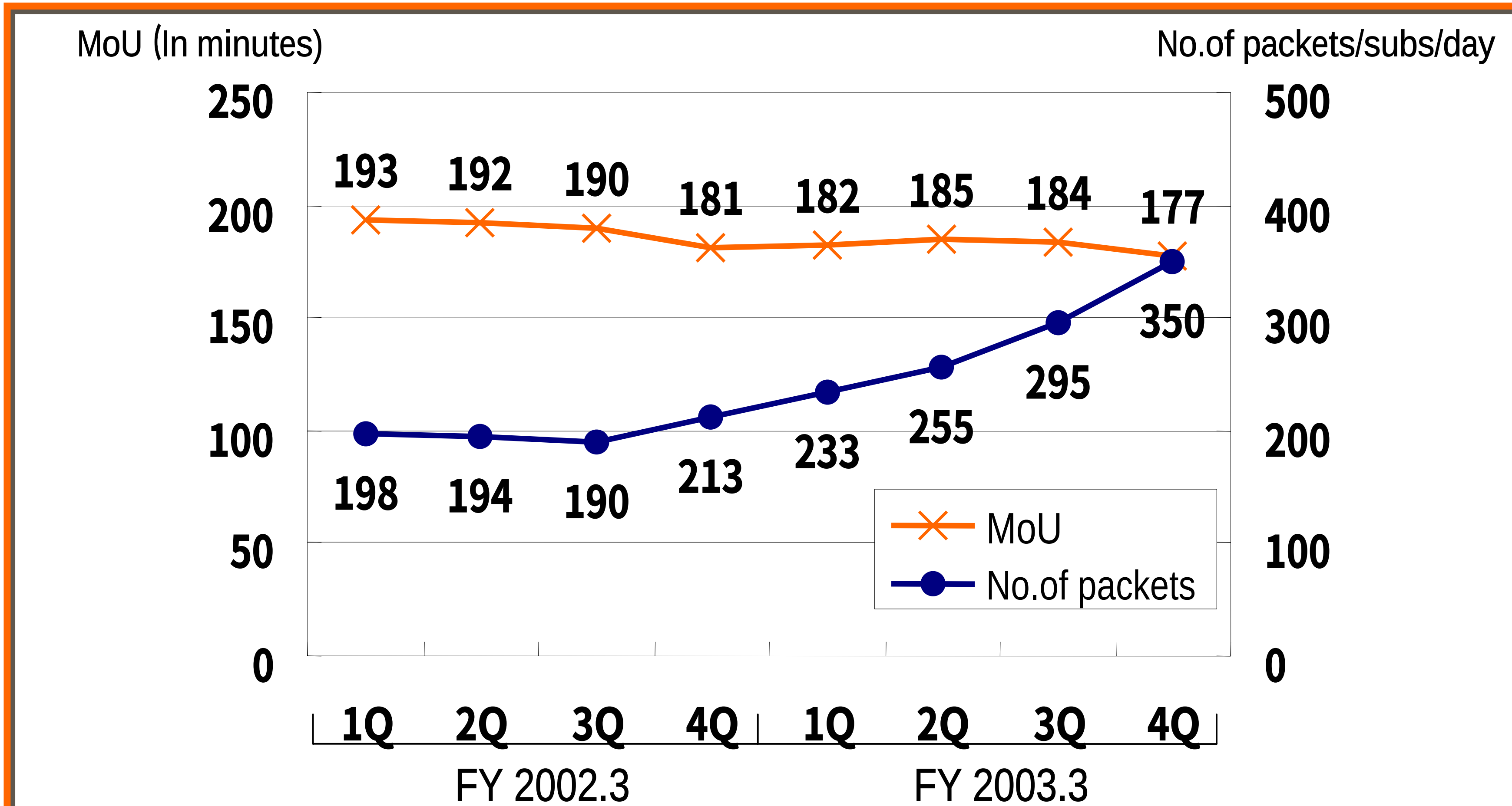
* Figures in the graph are given with new definition.

** AC: Access Charges

Note: Definition of the breakdown of ARPU was changed into the same way with other operators on the occasion of the integration of au systems. While data usage within the free package included in basic charges used to be classified into voice ARPU, it is reclassified into data ARPU as from FY 2004.3.

Growth in Data Usage (1)

- MoU tend to decline gradually
- Number of packets is on the rise following a launch of CDMA 2000 1x



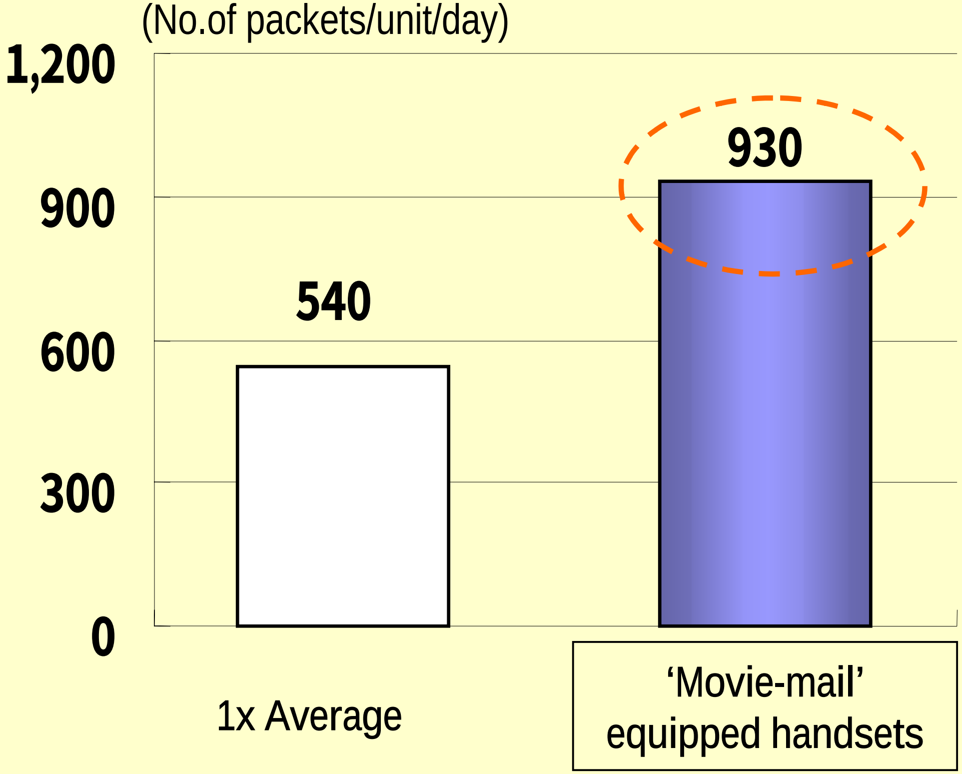
Full-year	<MoU: 189mins >	<MoU: 182mins >
	<No. of packets: 202 >	<No. of packets: 286 >

“au” Business

Growth in Data Usage (2)

- Number of packets of ‘movie-mail’ equipped handsets tends to surpass 1x average.
- Number of “Chaku-Uta” downloads makes good progress.

Number of Packets of ‘movie-mail’ equipped handsets



(March 2003 Actual Results)

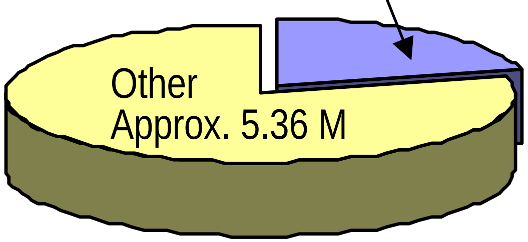
Results of “Chaku-Uta” downloads

Approx.
1.8 M times/month

(March 2003 Results)

Breakdown of 1x Terminals

‘Movie-mail’ equipped handsets:
Approx. 1.44 M (=21%)



(As of the end of March 2003)

Strengthen No.1 Position in 3G with 1x EV-DO

BBC & Solution Business

Review & Agenda

Review of FY 2003.3: Prepared for a launch of new businesses

1. Propped up the financial results in both incomes and FCF.
2. Improved customer satisfaction of DION/ADSL users.
3. Launched FMC services such as GPSMAP, Telematics and BREW.
4. Carried out trial operations of VoIP and FTTH.
5. Formed Mega Consortium.

Agenda for FY 2004.3: Build up a business model for new businesses

1. Further expanding Broadband business (ADSL / FTTH).
2. Expand sales of mobile solutions with a focus on BREW and 1x EV-DO, and of solutions for corporations.
3. Secure profits of existing businesses under a drastic change of profit structures in telecom business.

BBC & Solution Business Strategies

Enhance Total Customer Satisfaction

Deal with Broadband
- Make a full-fledged start of FTTH
- Reinforce sales of ADSL services
- Develop and offer Broadband contents

Secure profits from existing businesses
- Enhance customer-oriented sales forces
- Dispose of microwave systems

Expand business fields through collaboration
- Telematics
- Mega Consortium

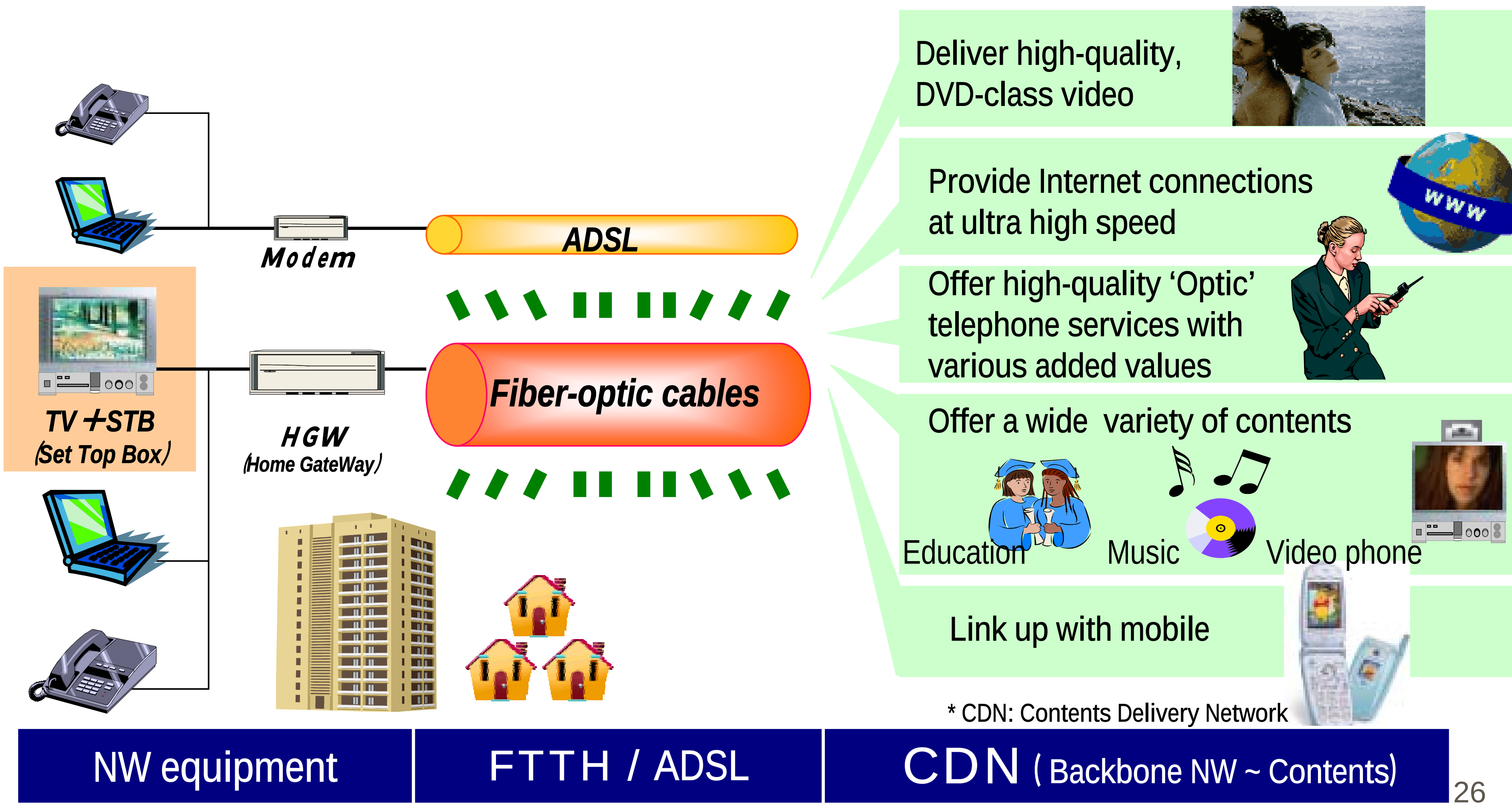
Promote aggressively mobile solutions
- GPSMAP
- Communication module
- BREW

Build up new core businesses to deal with the change of profit structure

BBC & Solution Business

Offer Fulfilled Broadband Services

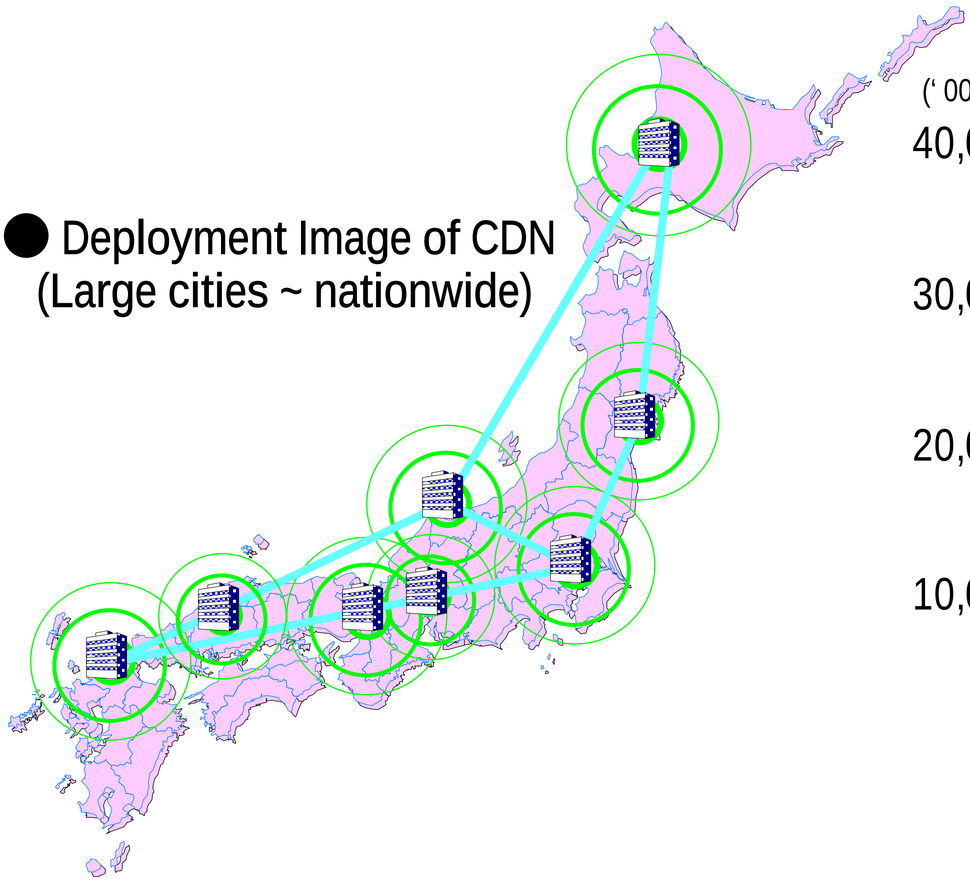
- Deliver video contents for TV through STB as a prime service in Broadband using FTTH.
- Appeal to users taking advantage of a wide variety of services at a reasonable price using fiber optics.
- Offer high-quality and high-security services consistently ranging from NW through in-house equip.



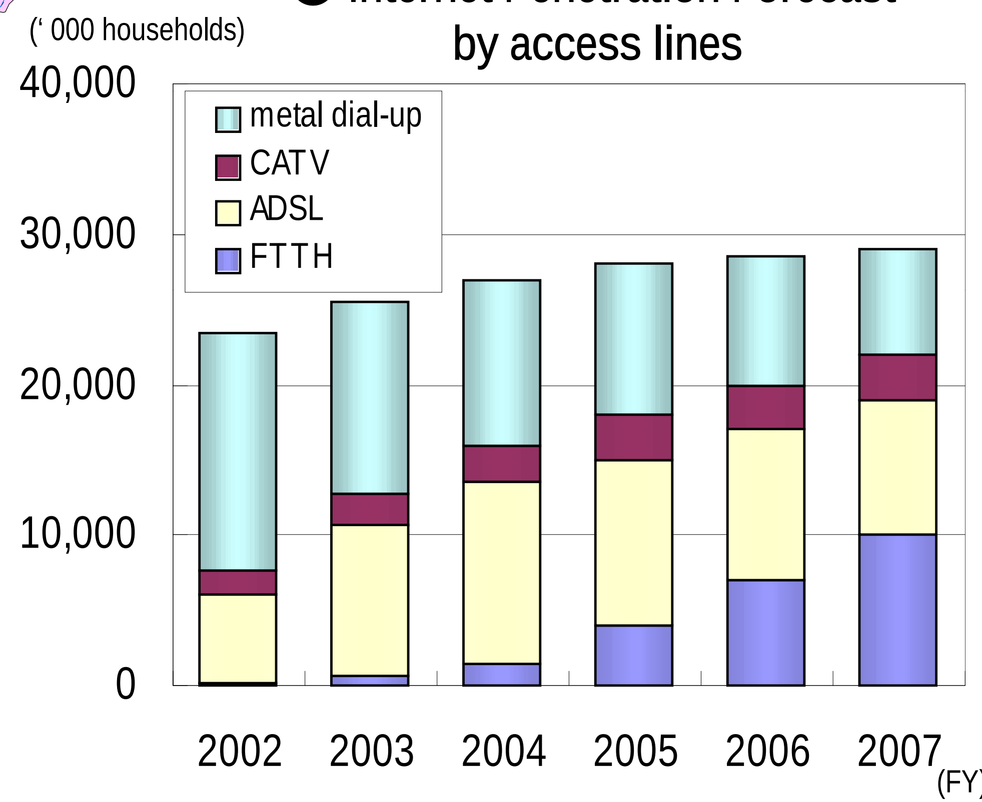
Deployment Schedule of FTTH

- Launch services in 3Q/2003, focusing on large cities.
- Make ¥ 120B Capital expenditures for the nationwide deployment of CDN and in-house equip. for the coming 5 years.
- Set a target for ¥ 250B sales and 3M contracts with households at the end of FY2007.

● Deployment Image of CDN (Large cities ~ nationwide)



● Internet Penetration Forecast by access lines



Source: KDDI forecasts

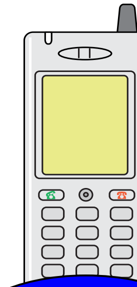
BBC & Solution Business

Favorable Sales of GPSMAP

Only with mobile phones and PCs, “GPSMAP” contributes to increase efficiencies and enhance services in various business fields

Customers at the office, etc.

GPSMAP Center



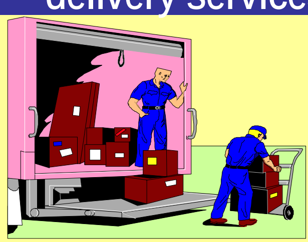
GPS mobile phones

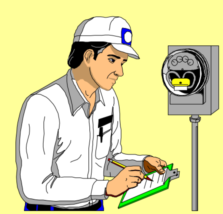
No. of customers won over six months since October 2002

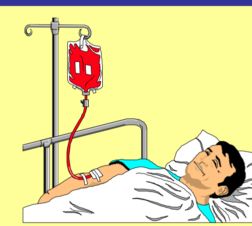
Approx. 200 companies

<By purpose of use>

21%	37%	9%	33%
Door-to-door delivery services	Route sales	Maintenance services	Other



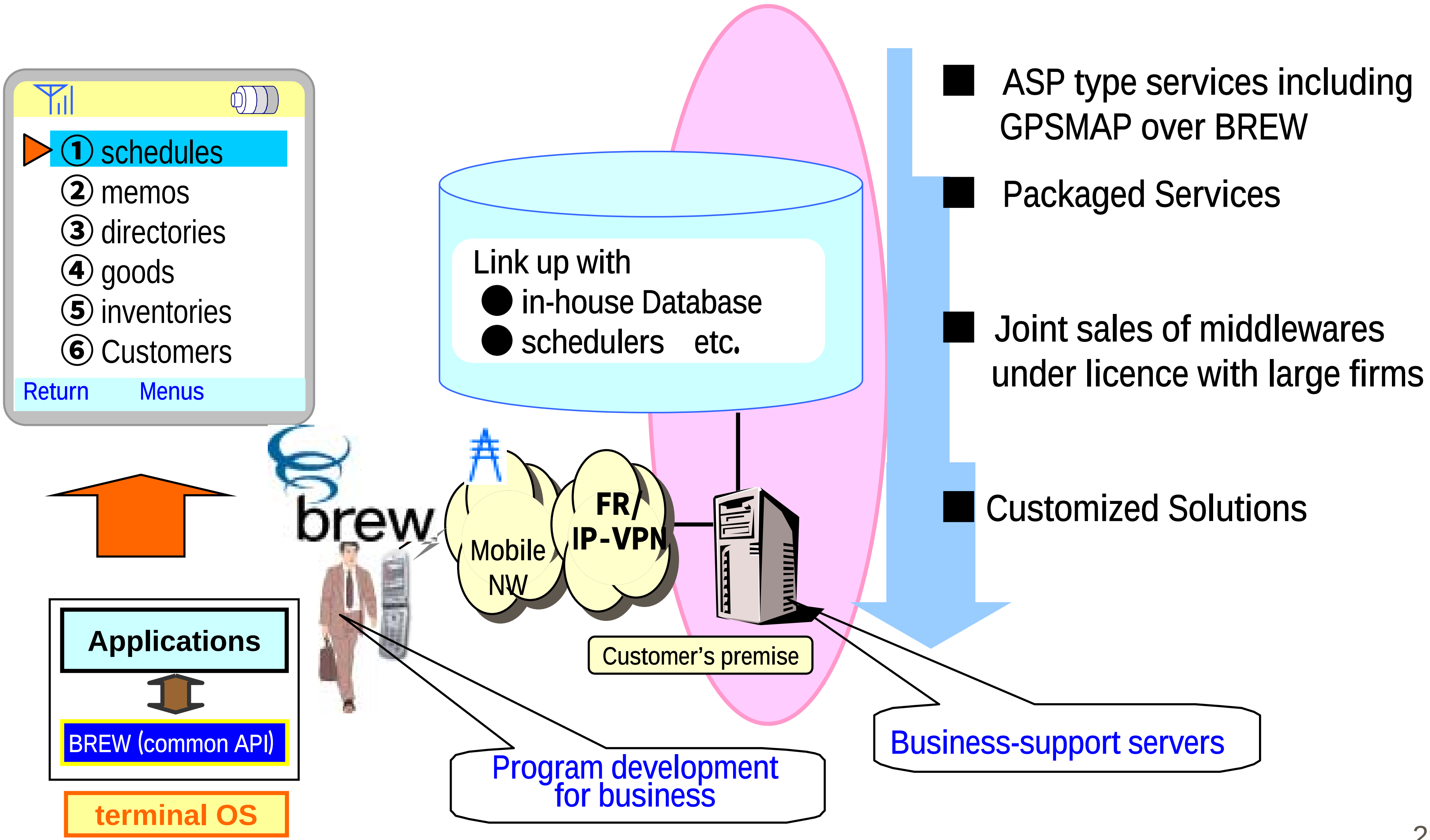




Note: Other use includes part-timer management, news gatherings, medical nursing cares, security services and temporary staffing services.

Mobile Solutions using BREW

BREW makes possible what is impossible over JAVA platforms at higher speeds and with less power consumption.



Review & Agenda

Review of FY 2003.3: Increased FCF through improved management

■ TUKA

1. Changed marketing strategy to deter churns from winning new customers at high acquisition costs.
2. Reduced procurement costs of handsets by shifting to those with simple functions and narrowing the variations down.

■ Pocket

1. Achieved net additions favored by an increase of data service users.
2. Posted record-high profits and FCF as a conversion to data services successfully got on track.

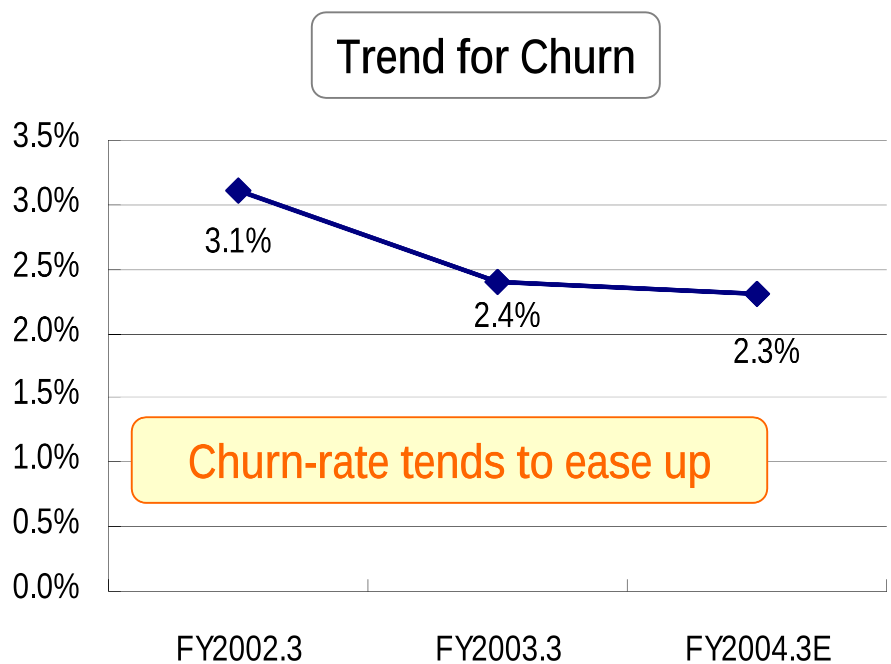
Agenda for FY 2004.3: Improve profitability further through focus strategies

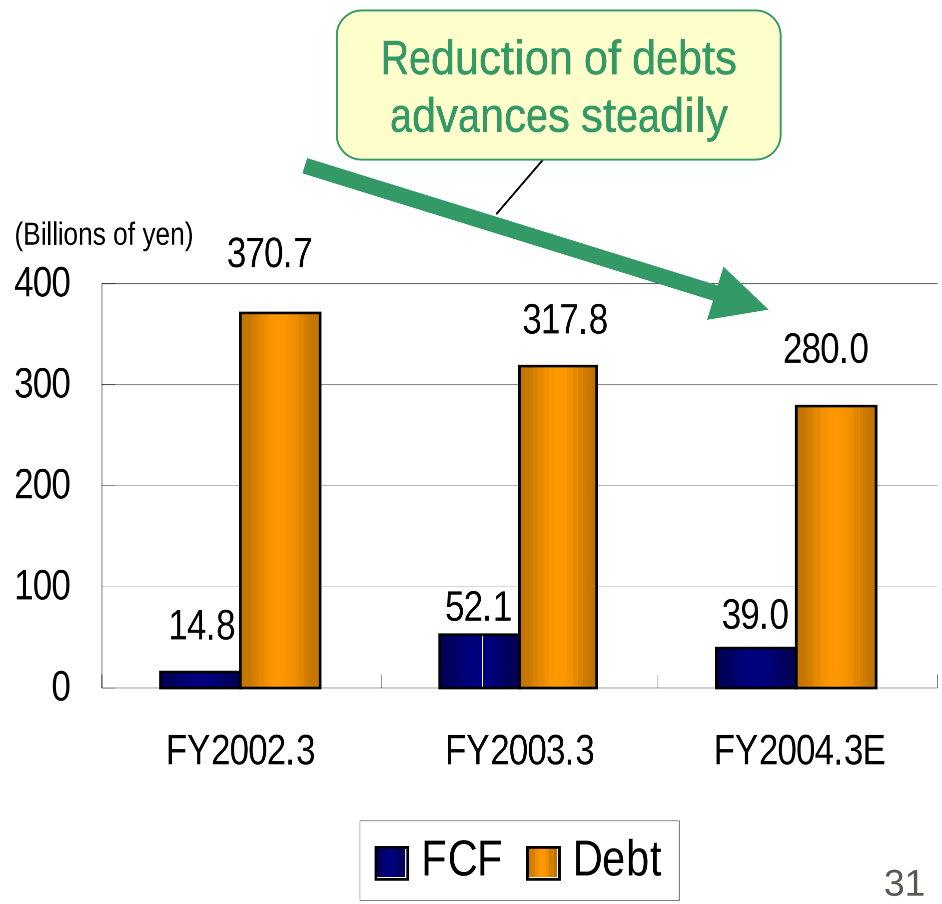
■ TUKA business, secure customer base through specialization strategy in 2G (= enhancing retention)

■ For Pocket business, acquire new customers through specialization strategy in data

TUKA: Specialization Strategy in 2G

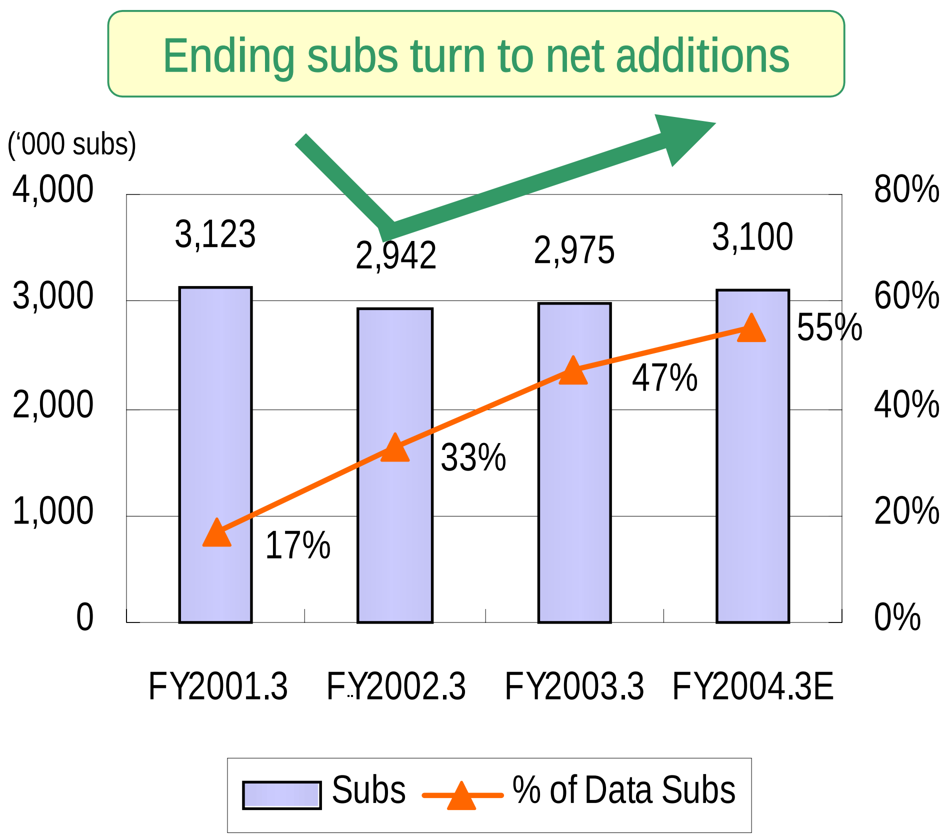
- Appeal to customers with features of "easy to use" and "simple"
- Offer services at a reasonable price focusing on voice and mail

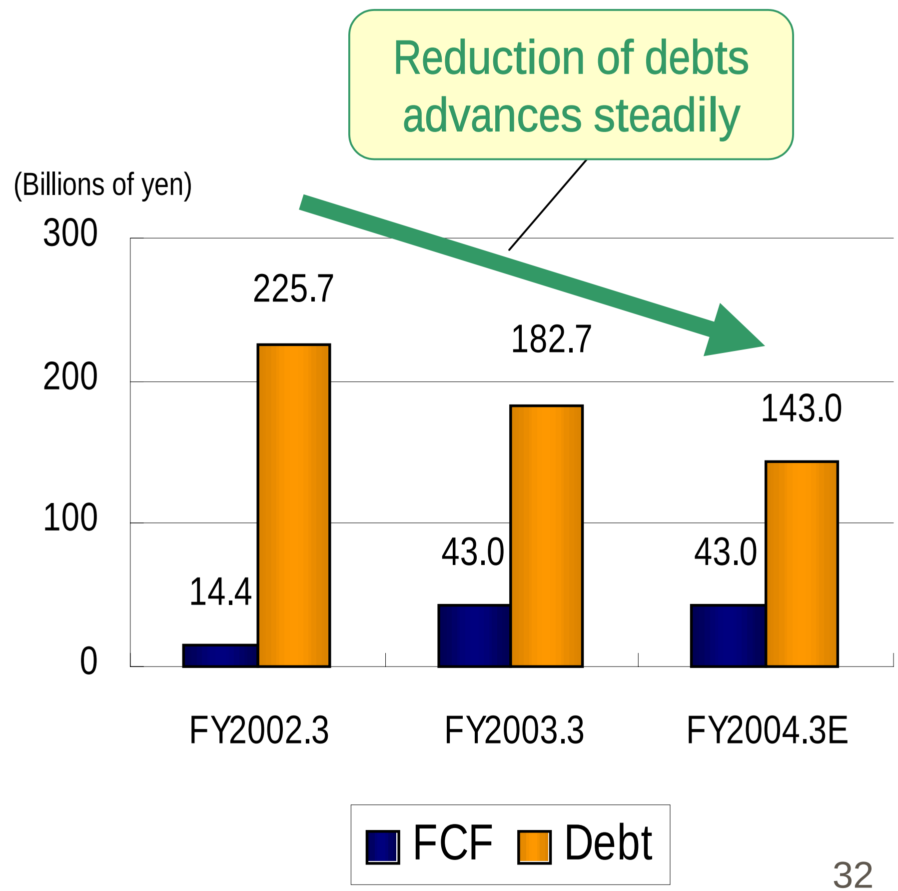




Pocket: Data Specialization Strategy

- Focus on the mobile-data market that has a great growth potential
- Enhance the uniqueness and technological edge of PHS service, and improve further the marketability of Air H" to cope with the new entry of competitors.





Ubiquitous Solution Company