IR Meeting

Ubiquitous Solution Company

KDDI CORPORATION

1st Quarter Financial Results of the Fiscal Year ending March 2006

July 25, 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. 1Q/FY2006.3 - Financial Results Highlights

1 Consolidated basis

- Despite continued strong sales in “au” Business, operating revenues declined by 0.8% yoy and operating income decreased by 1.9% due to transfer of PHS Business in 2004.

2 “au” Business

- Operating revenue increased by 10.2% and operating income rose by 16.4% yoy.
- Total subs topped 20 million (on June 7).
- Steady growth in Chaku-uta Full™; total downloads topped 10 million (on June 15).
- Share of “au” total subs at 22.8% at end-June, with continued increase in share of net adds in 1Q (53.8%) .
- No. of WIN subs continues to increase, totaling 4.32 million at end-June, of which 83% of users sign up for flat-rate plan.

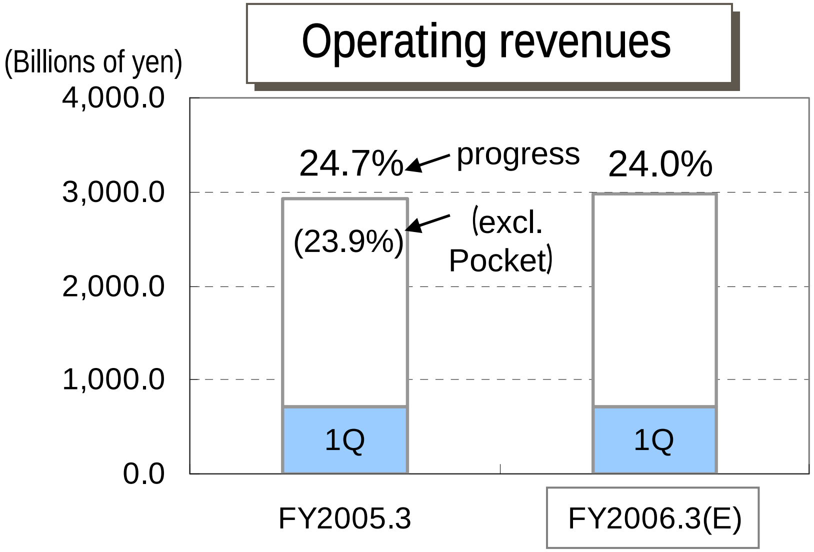
3 Fixed-line Business (Formerly BBC & Solutions Business)

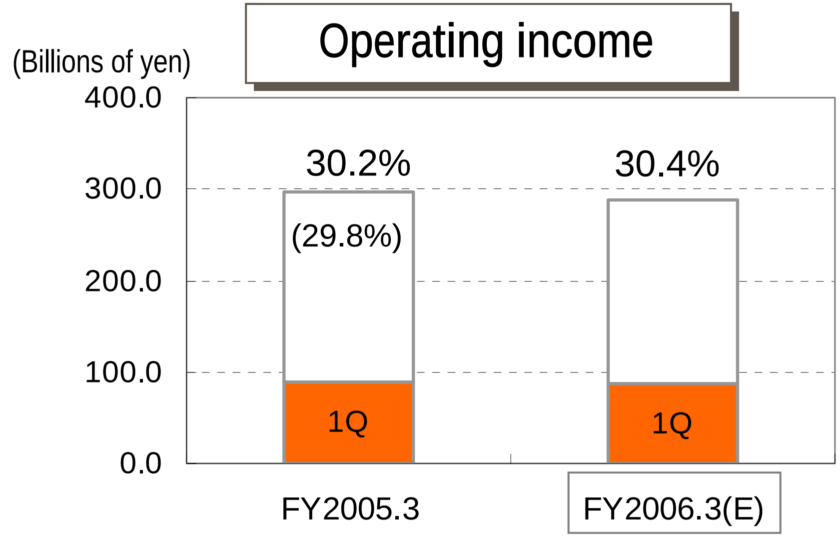
- Operating income amounted to ▲¥11.6 billion due to expanded sales of Metal Plus.
- Progress of Metal Plus subscriptions was slightly slow to the full-year target due to delayed expansion of sales area; activated lines totaled 0.41 million at end-June (incl. those not yet activated: 0.92 million).

4 TU-KA Business

- Expanded sales of simple handset “TU-KA S” among seniors.

2. Consolidated Financial Results





(Billions of yen)

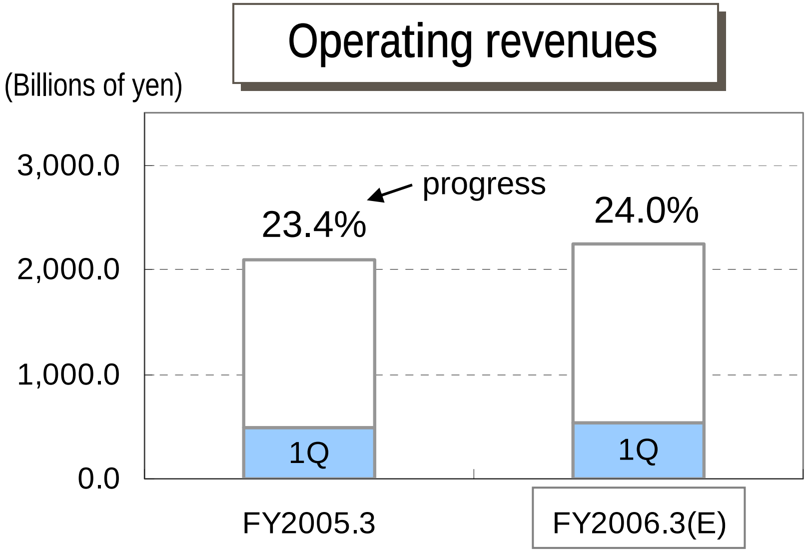
	FY2005.3		FY2006.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	720.1	2,920.0	714.3	-0.8%	24.0%	2,976.0
Operating income	89.6	296.2	87.8	-1.9%	30.4%	289.0
Operating margin	*12.4%*	*10.1%*	*12.3%*	-	-	*9.7%*
Ordinary income	87.2	286.3	88.0	0.9%	30.6%	287.0
Net income	51.7	200.6	52.6	1.8%	-	187.0
Free Cash Flow	32.9	402.2	24.2	-26.3%	-	43.0
EBITDA	183.2	664.3	174.1	-4.9%	27.1%	643.0
EBITDA margin	*25.4%*	*22.7%*	*24.4%*	-	-	*21.6%*

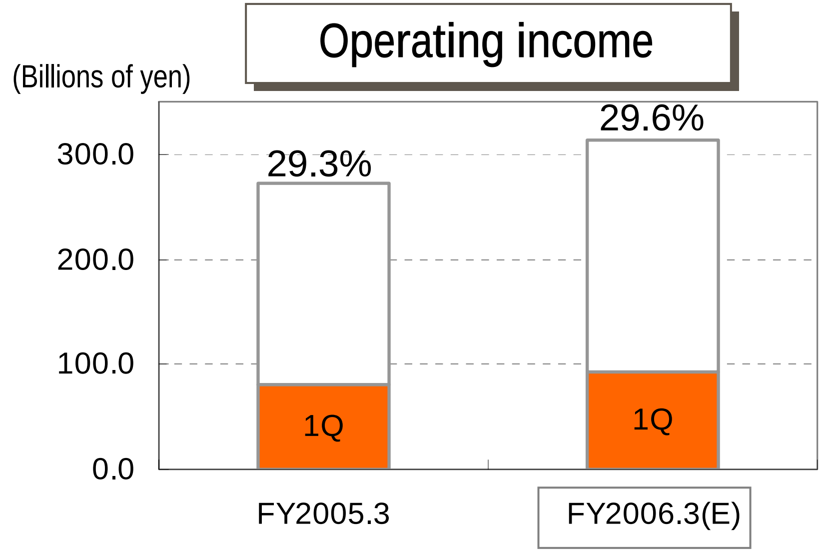
(ref.) Results excluding Pocket

FY2005.3	FY2006.3(E)
1Q	yoy
675.9	5.7%
86.8	1.2%
12.8%	-
84.6	4.0%
49.8	5.6%
20.8	16.3%
170.9	1.9%
25.3%	-

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

3. “au” Business





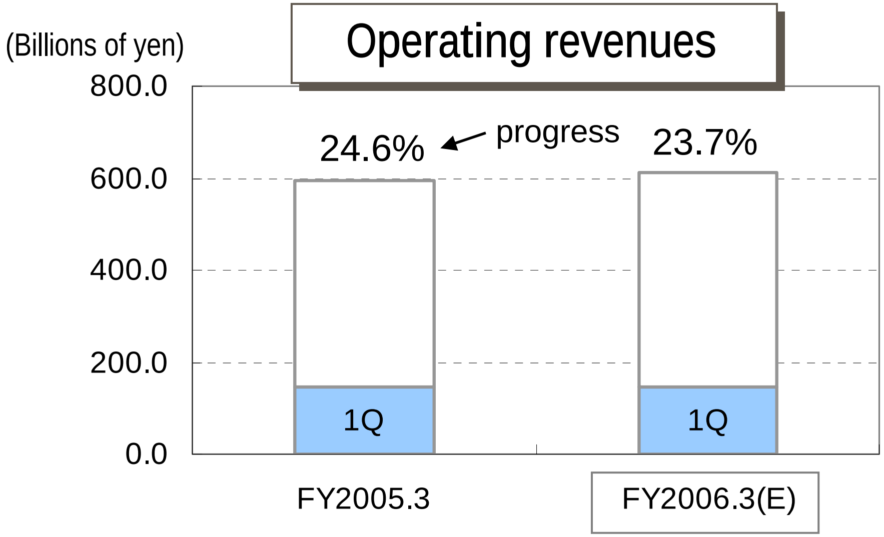
(Billions of yen)

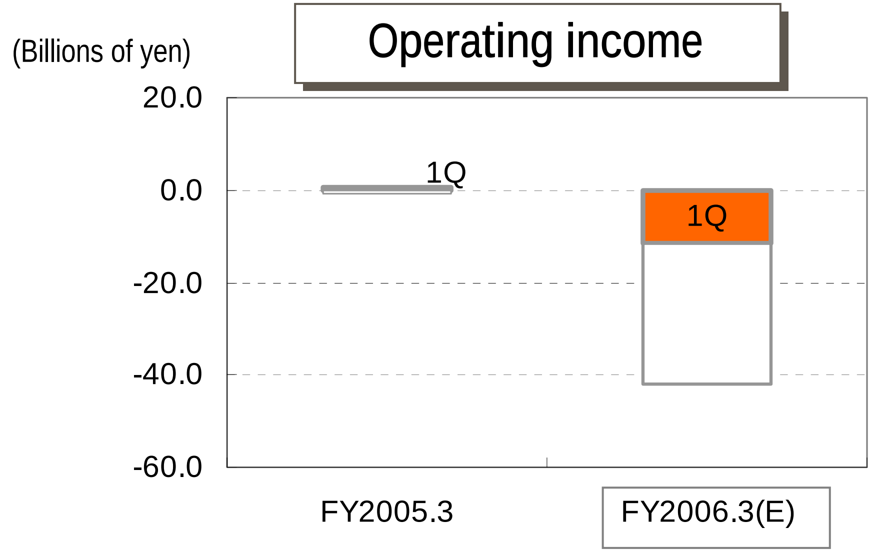
	FY2005.3		FY2006.3(E)		
	1Q		1Q	progress	
Operating revenues	489.6	2,092.7	539.5	24.0%	2,245.0
Operating income	80.0	273.1	93.1	29.6%	314.0
Operating margin	*16.3%*	*13.1%*	*17.3%*	-	*14.0%*
Ordinary income	79.1	269.9	93.3	29.8%	313.0
Net income	46.6	161.2	54.6	-	186.0
Free Cash Flow	2.5	132.6	17.6	-	119.0
EBITDA	130.6	481.4	147.4	28.1%	524.0
EBITDA margin	*26.7%*	*23.0%*	*27.3%*	-	*23.3%*

	FY2005.3		FY2006.3(E)	
	1Q		1Q	
Subs ('000)	17,591	19,542	20,123	21,540
of module-type	393	487	527	610
WIN(EV-DO)	573	3,252	4,319	7,660
1X	14,131	14,683	14,404	-
cdmaOne	2,887	1,608	1,400	-
ARPU (yen)	7,260	7,170	7,050	6,810
Voice	5,540	5,430	5,240	5,020
Data	1,720	1,740	1,810	1,790

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

4. Fixed-line Business





Progress is not available as full-year figures are negative.

(Billions of yen)

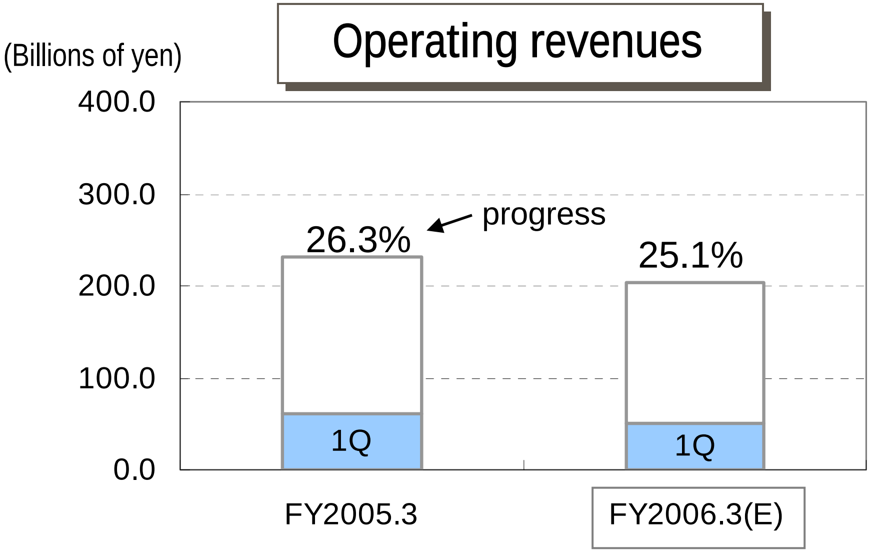
	FY2005.3		FY2006.3(E)		
	1Q		1Q	progress	
Operating revenues	146.8	596.0	145.0	23.7%	612.0
Operating income	0.6	-0.3	-11.6	-	-42.0
Operating margin	*0.4%*	*-0.1%*	*-8.0%*	-	*-6.9%*
Ordinary income	0.9	-0.4	-10.5	-	-43.0
Net income	0.7	-4.4	-4.9	-	-22.0
Free Cash Flow	7.6	-3.1	-3.8	-	-114.0
EBITDA	20.9	87.5	9.0	15.2%	59.0
EBITDA margin	*14.2%*	*14.7%*	*6.2%*	-	*9.6%*

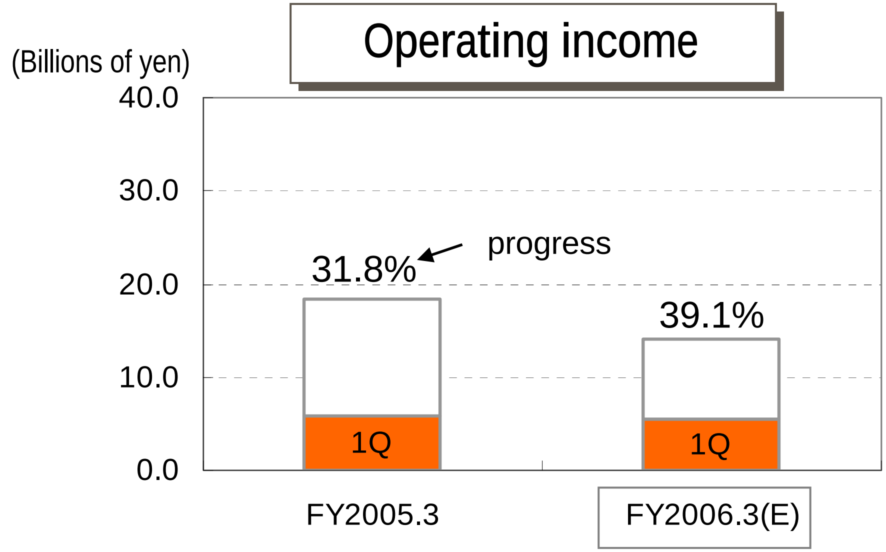
	FY2005.3		FY2006.3(E)	
	1Q		1Q	
DION subs('000) (Note1)	2,760	2,885	2,870	2,880
of ADSL	1,251	1,494	1,494	1,500
FTTH subs('000)	43	91	118	180
of Hikari Plus	28	79	112	-
Metal Plus subs('000)	0	41	(Note2) 408	2,200

Note 1: DION subs of Hikari Plus are included in the number of DION subs from end-March 2005.

Note 2: No. of Metal Plus line subscriptions (incl. those not yet activated) at end-June 2005 was 919,000.

5. TU-KA Business



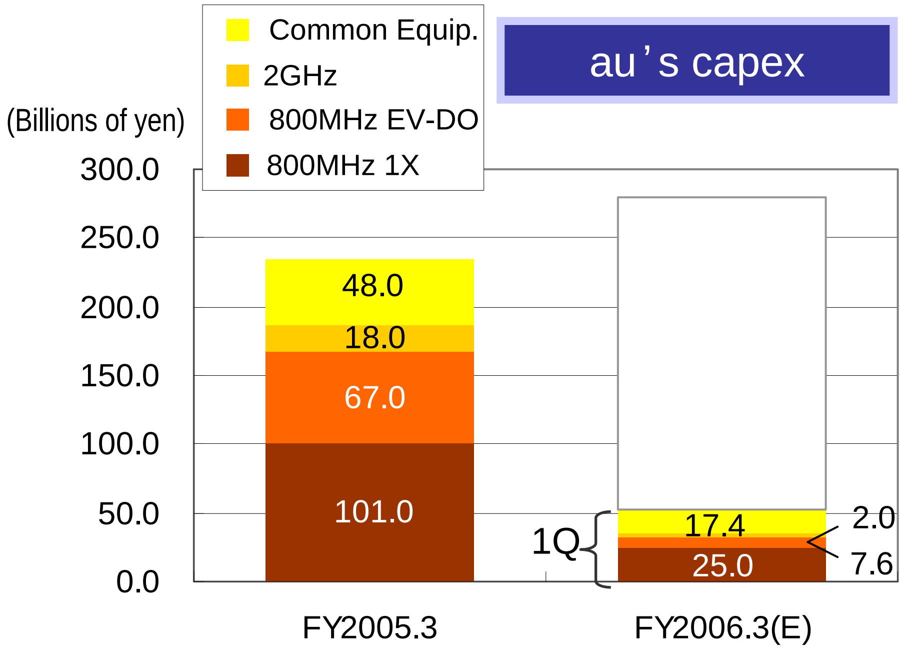


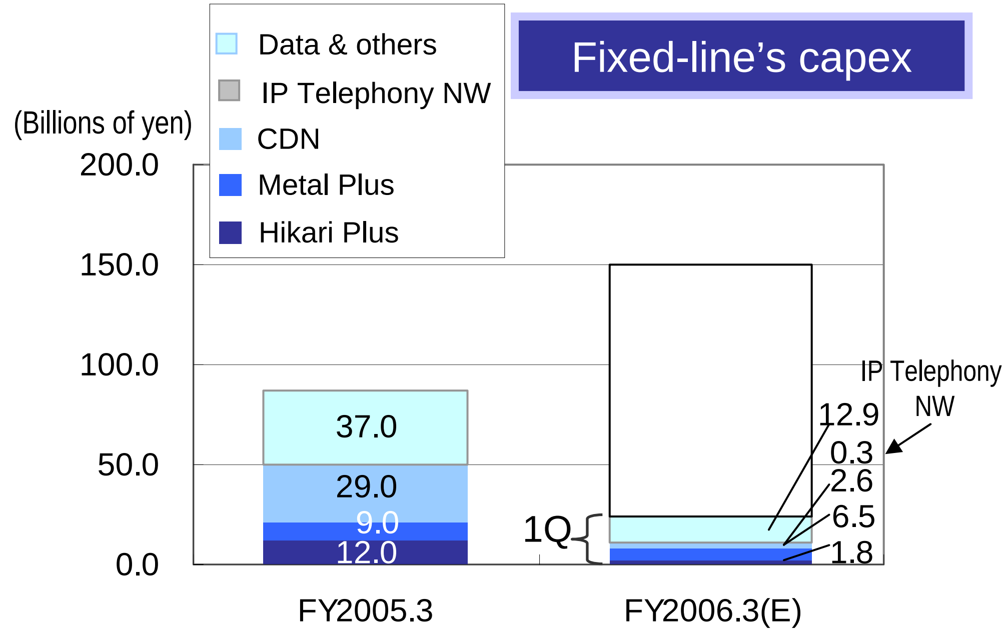
(Billions of yen)

	FY2005.3		FY2006.3(E)		
	1Q		1Q	progress	
Operating revenues	60.9	231.4	51.3	25.1%	204.0
Operating income	5.9	18.4	5.5	39.1%	14.0
Operating margin	*9.6%*	*8.0%*	*10.7%*	-	*6.9%*
Ordinary income	4.9	15.2	5.0	38.1%	13.0
Net income	3.0	10.5	3.1	-	8.0
Free Cash Flow	11.2	58.1	9.2	-	41.0
EBITDA	17.9	66.8	16.0	29.7%	54.0
EBITDA margin	*29.4%*	*28.9%*	*31.2%*	-	*26.5%*

	FY2005.3		FY2006.3(E)	
	1Q		1Q	
Subs ('000)	3,606	3,590	3,557	3,490
ARPU (yen)	4,690	4,470	4,100	4,040

6. Capital Expenditures and others





(Billions of yen)

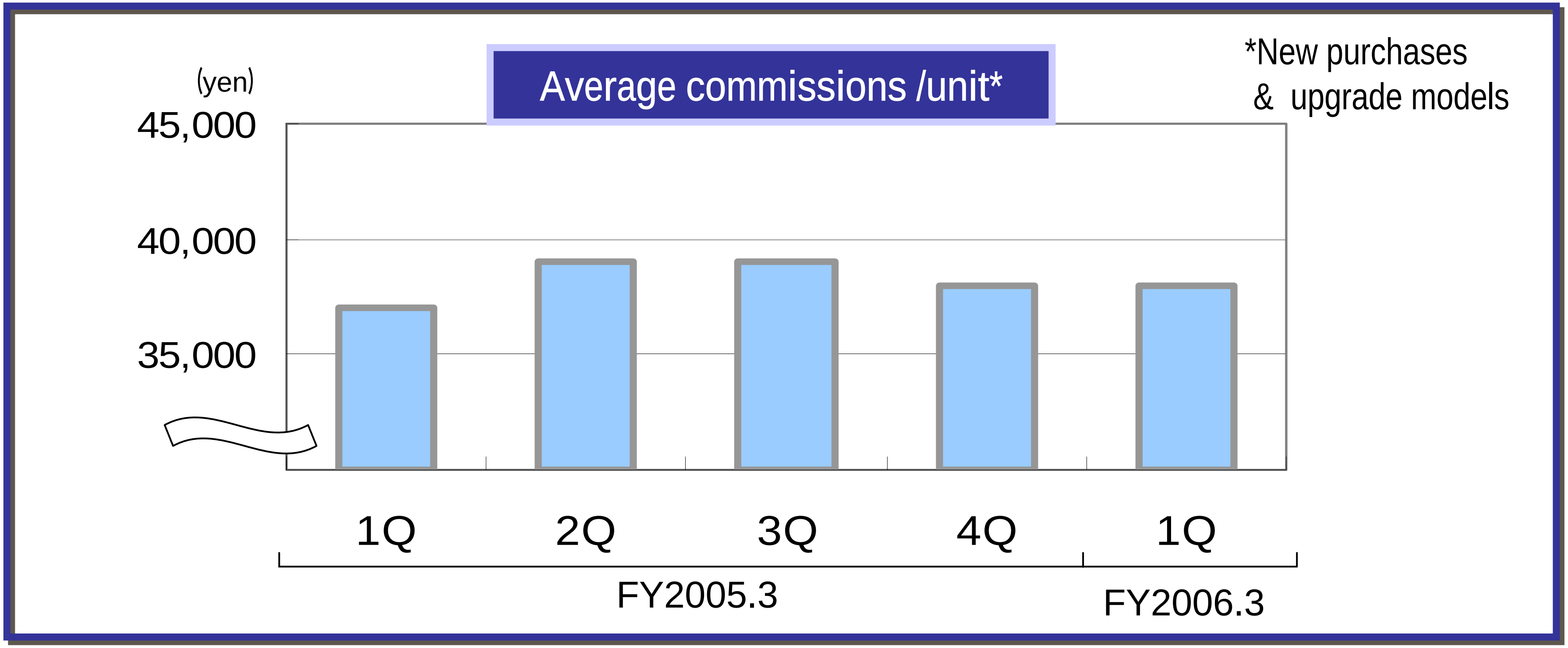
		FY2005.3		FY2006.3(E)		
		1Q		1Q	Progress	
CAPEX (Cash basis)	Consolidated	42.1	342.4	77.7	17.7%	440.0
	au	26.6	233.5	52.0	18.6%	280.0
	Fixed-line	9.3	86.6	24.1	16.1%	150.0
	TU-KA	2.0	7.7	0.5	12.6%	4.0
Depreciation	Consolidated	92.0	349.9	84.5	25.2%	335.0
	au	50.1	201.7	53.2	26.5%	201.0
	Fixed-line	19.8	78.7	19.9	21.7%	92.0
	TU-KA	11.6	46.6	10.4	26.7%	39.0

Segment Discussions

“au” Business	
	Fixed-line Business

“au” Business

1.1. Sales Commissions

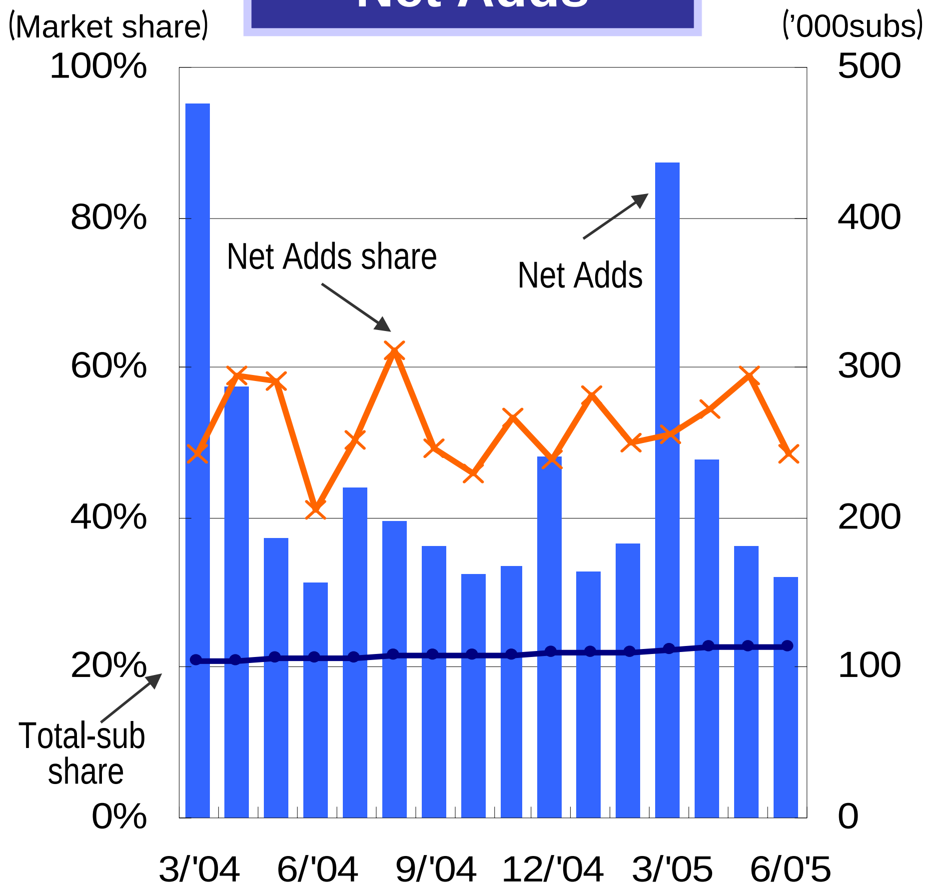


	FY2005.3					FY2006.3(E)	
	1Q	2Q	3Q	4Q		1Q	
Sales commissions (Billions of yen)	94.0	114.0	112.0	124.0	444.0	102.0	457.0
Average commissions/unit (yen)	37,000	39,000	39,000	38,000	38,000	38,000	38,000
Number of units sold ('000 units)	2,550	2,930	2,870	3,230	11,590	2,700	12,100

“au” Business

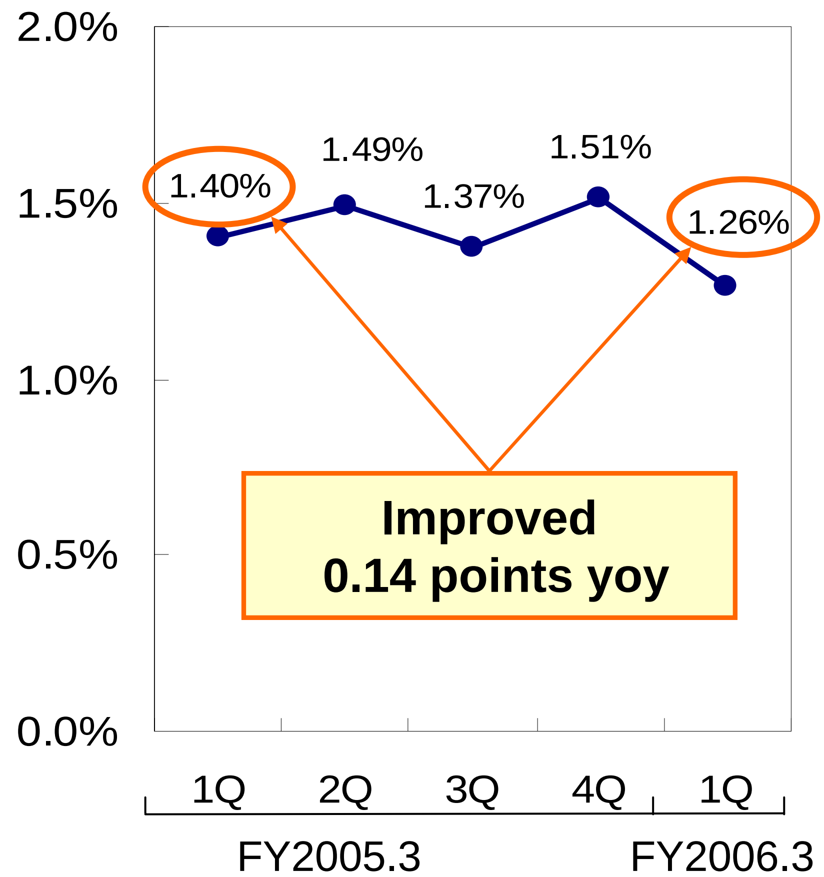
1.2. Net Adds & Churn Rate

Net Adds



Share of :	full-year/FY2005.3	1Q/FY2006.3
Net Adds	<50.4%>	<53.8%>
Total subs	<22.5%>	<22.8%>

Churn Rate

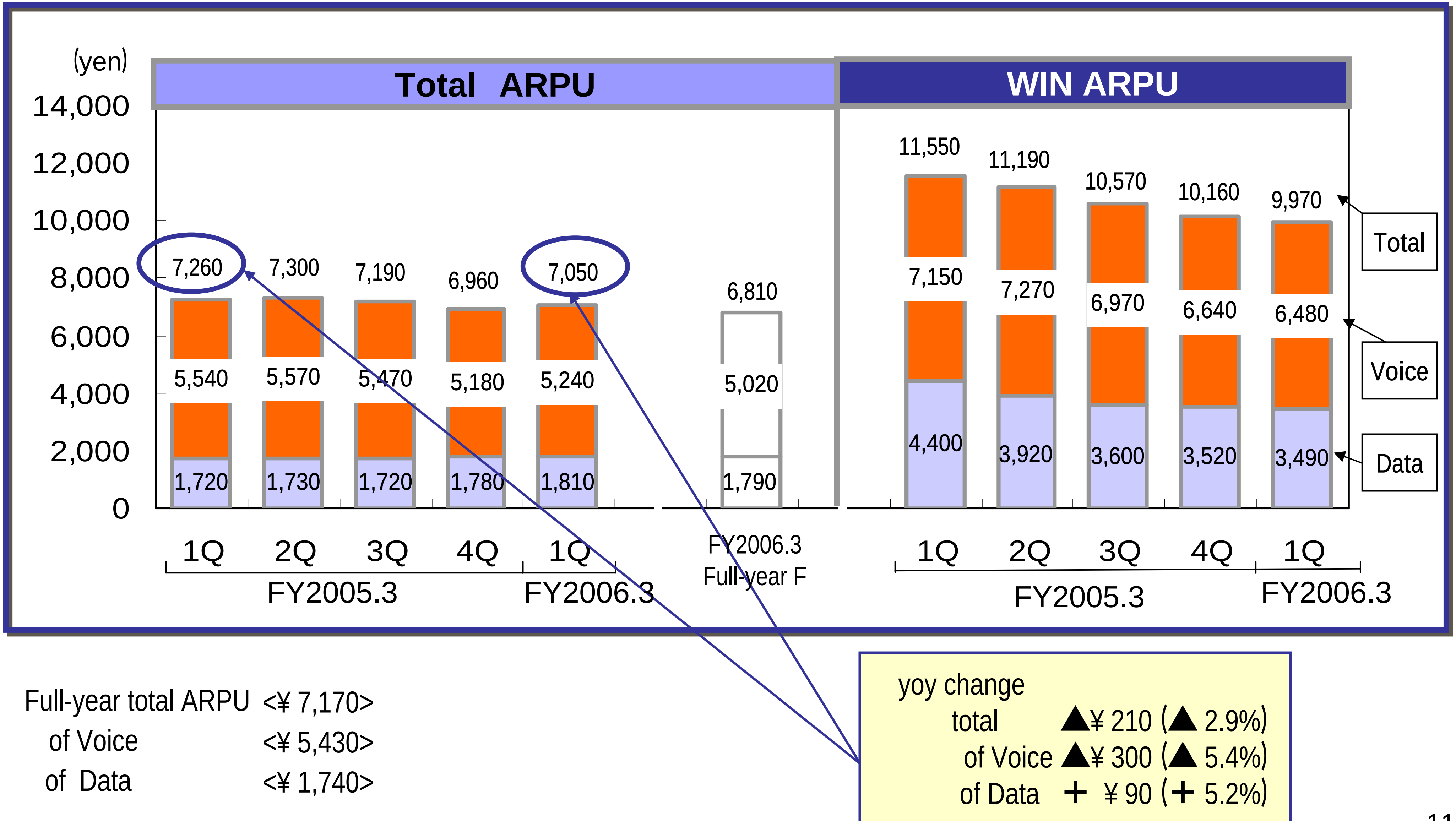


Full-year <1.44%>

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

“au” Business

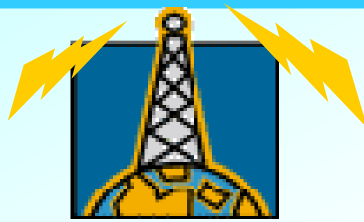
1.3. Trend of ARPU



Full-year total ARPU <¥ 7,170>
of Voice <¥ 5,430>
of Data <¥ 1,740>

2. Measures to Expand Sales of WIN

Infrastructure



- Planned EV-DO service coverage
  End-Sept. 2005: 99.9% nationwide
- EV-DO Rev.A: commercial launch planned during CY2006

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

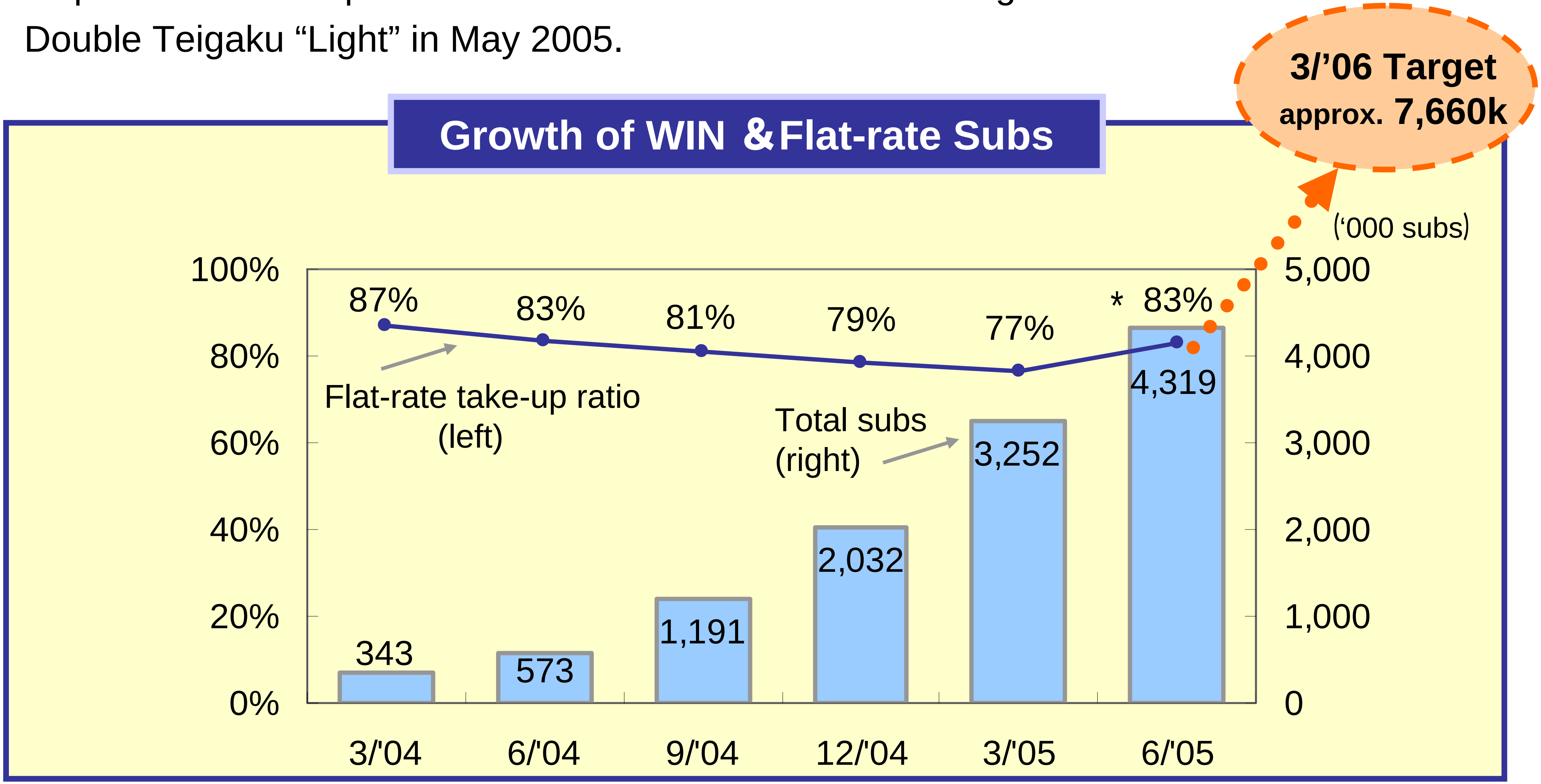
- Late Nov. 2004~: EZ Chaku Uta Full™
- Mid-June 2005~: EZ-TV
- Sept. 2005 planned: EZ FeliCa
  (in all WIN handsets after FY2006)

Note: PCSV stands for PC site viewer.

“au” Business

3. Update on WIN(1)

■ Expanded flat-rate plan to even wider customer base through commencement of Double Teigaku “Light” in May 2005.

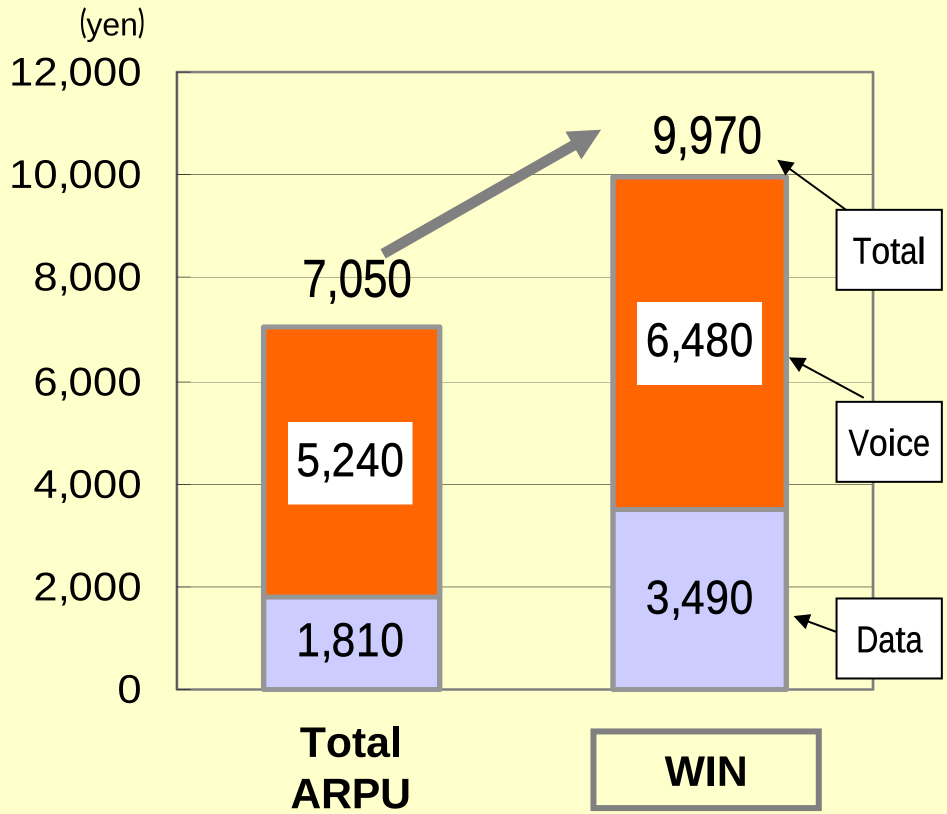


Note: Flat-rate take-up ratio at end-June includes Double Teigaku “Light ” subs in line with the launch of service in May 2005. Former Packet-Discount WIN subs, who were automatically shifted into Double Teigaku “Light” after May 2005, account for 6% at end-March 2005.

3. Update on WIN (2)

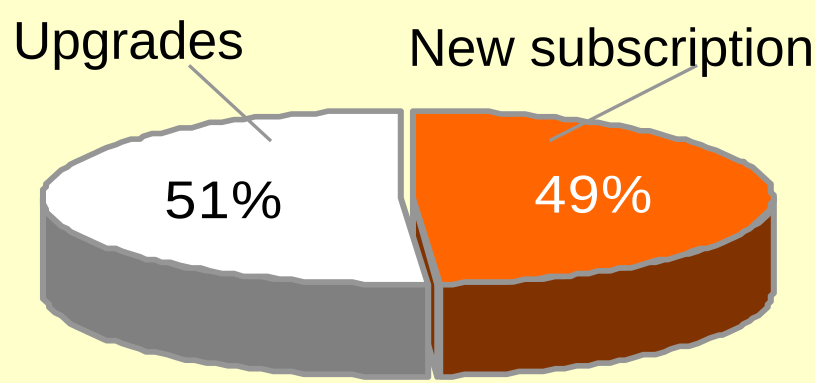
■ WIN has continued to capture high-end users from other companies with proportion of new subscriptions at around half.

ARPU



Note: ARPU of 1Q/FY06.3.

Breakdown of WIN Subs



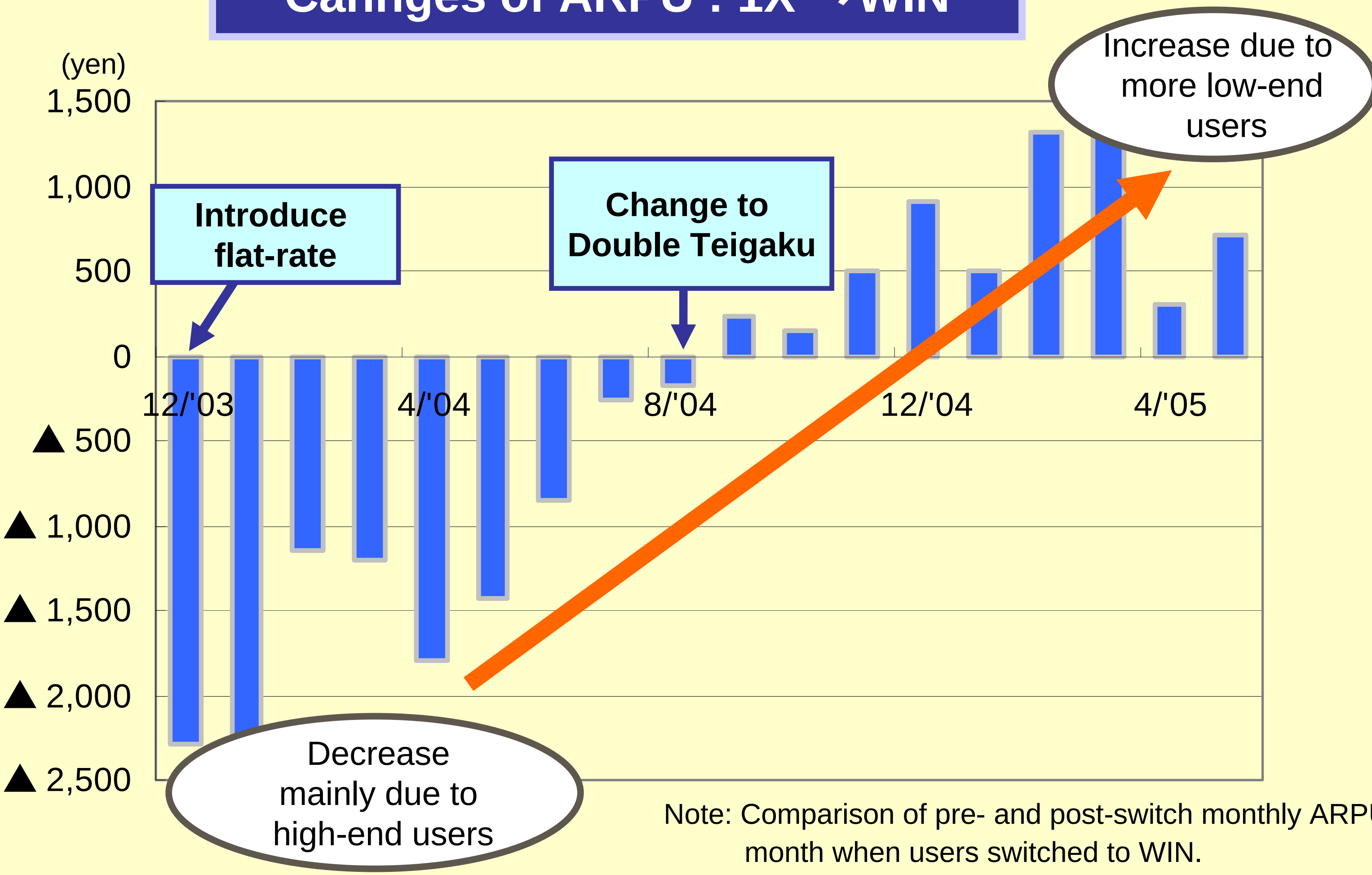
Note: Percentage of the simple total of subs who sign up in 1Q/FY06.3.

“au” Business

3. 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 plan) was introduced.

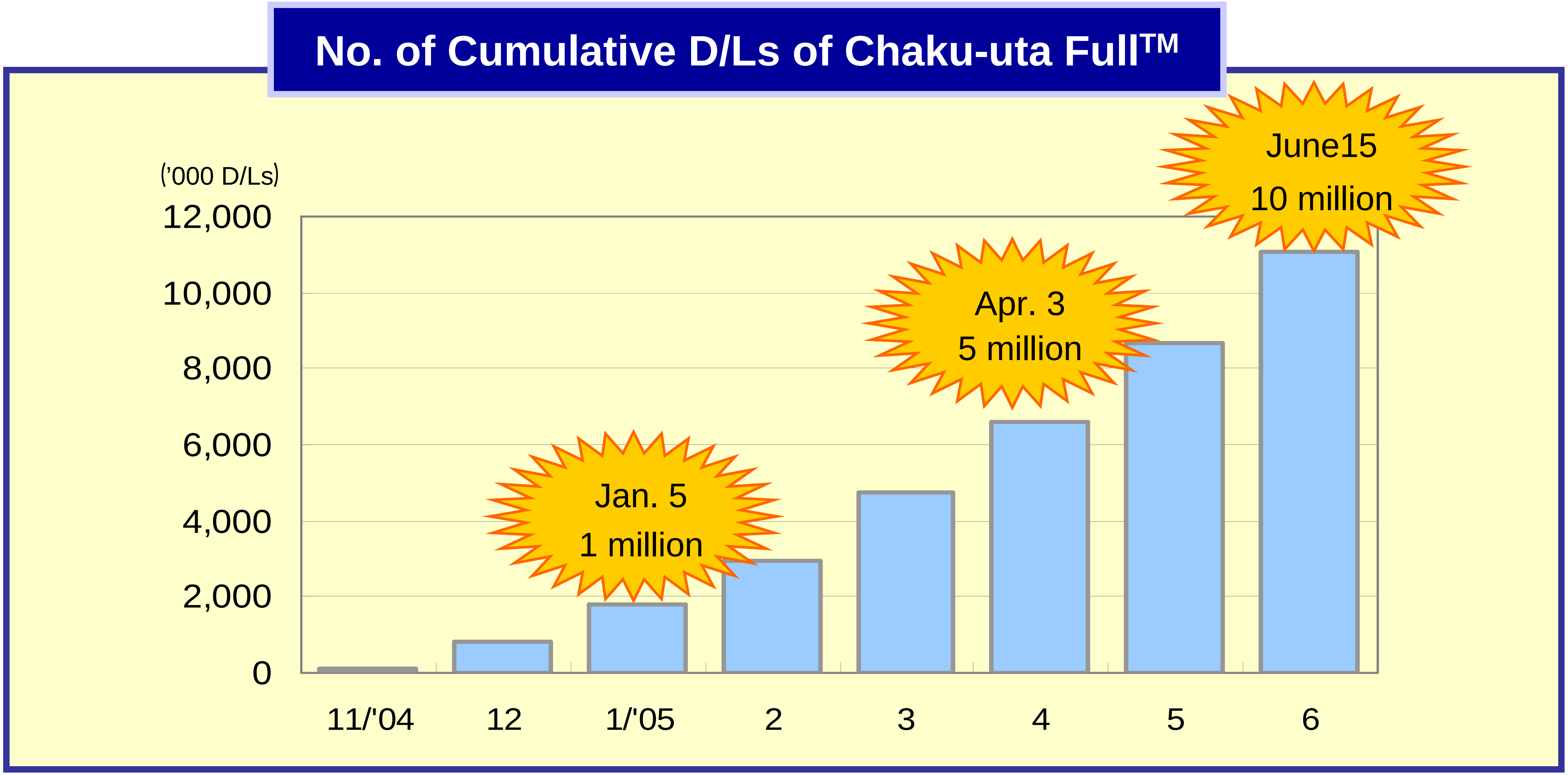
Cahnges of ARPU : 1X →WIN



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

4. Provision of Attractive Content (1)

■ Steady growth in Chaku-uta Full™; total downloads topped 10 million on June 15.

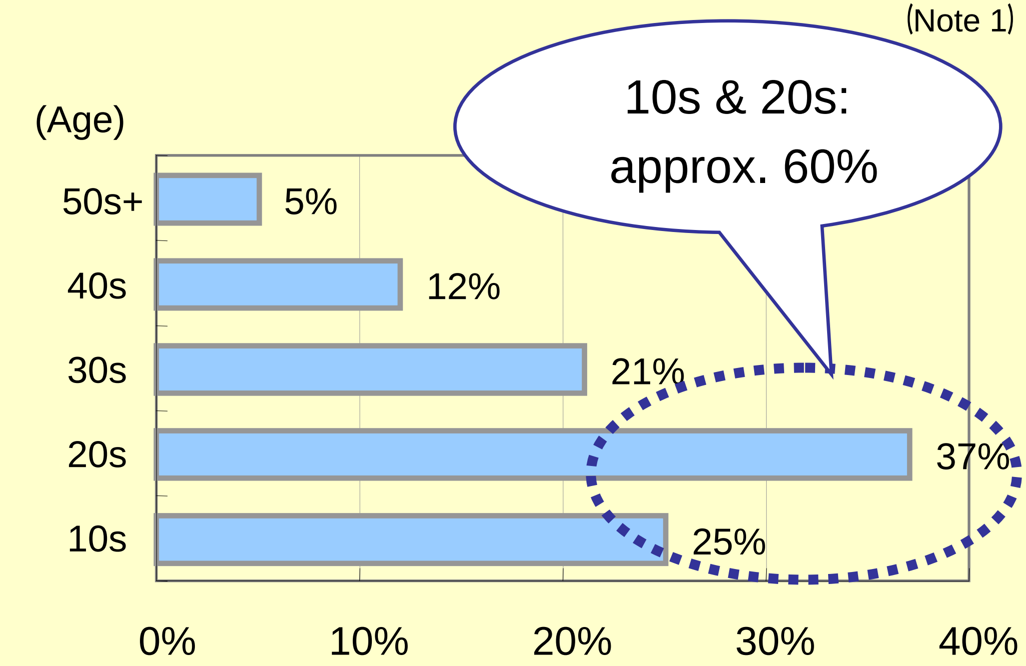


4. Provision of Attractive Content (2)

■ Promote churn-in to "au" and increased data ARPU through rich downloadable content such as Chaku-uta Full™, which is popular among younger agegroups.

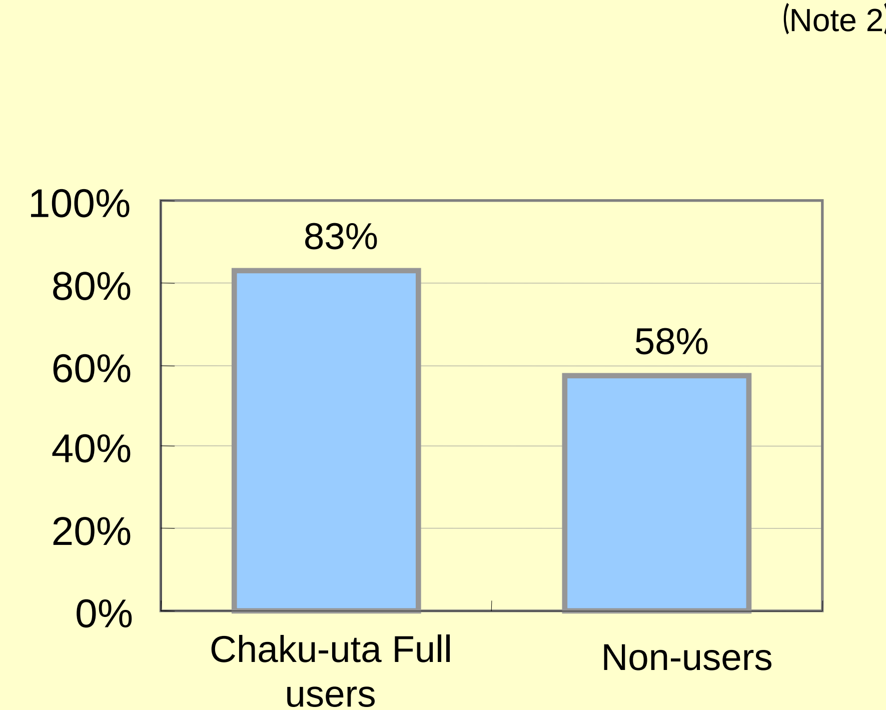
Breakdown of Chaku-uta Full™ Subs

(Note 1)



Subs Using Upper Limit of Double Teigaku

(Note 2)



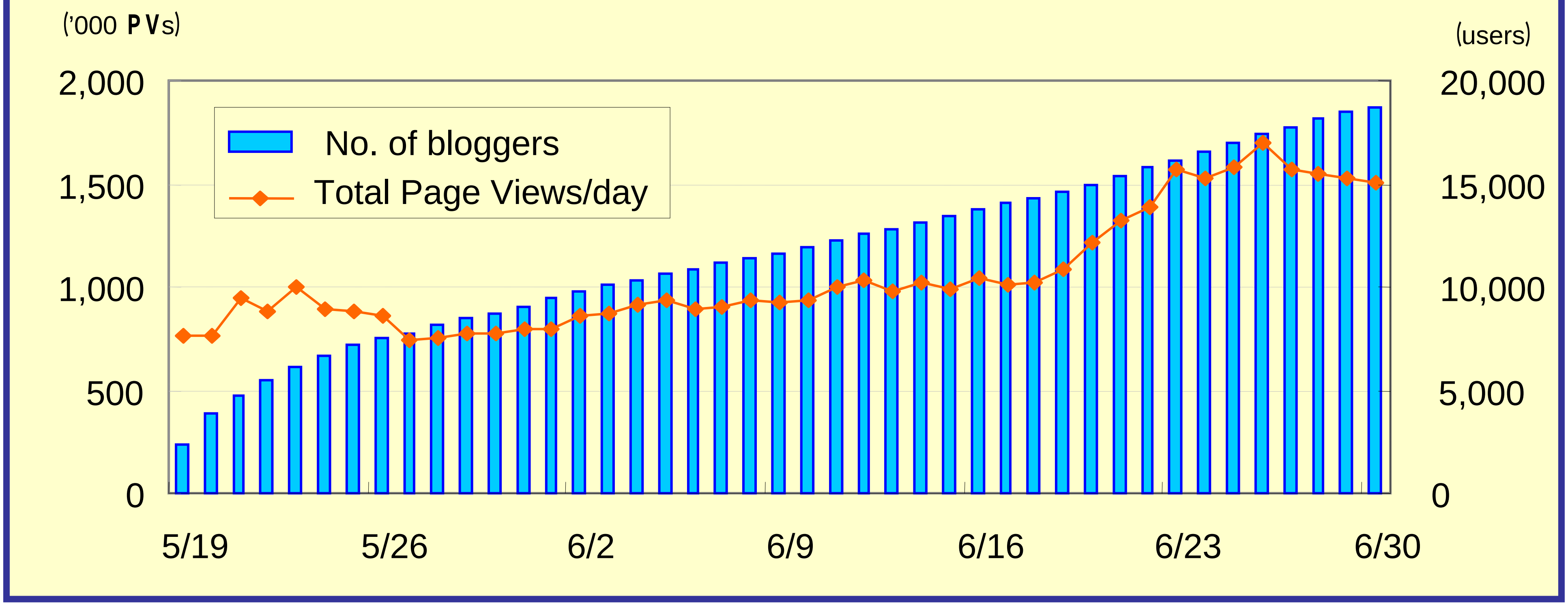
Note 1: June 2005 results.

Note 2: May 2005 results for Double Teigaku subs who have Chaku-uta Full compatible handsets.

4. Provision of Attractive Content (3)

■ Commenced DUOBLOG on May 19; the number of bloggers is on the rise, reaching 19,000 users on a cumulative basis at end-June.

Growth of DUOBLOG

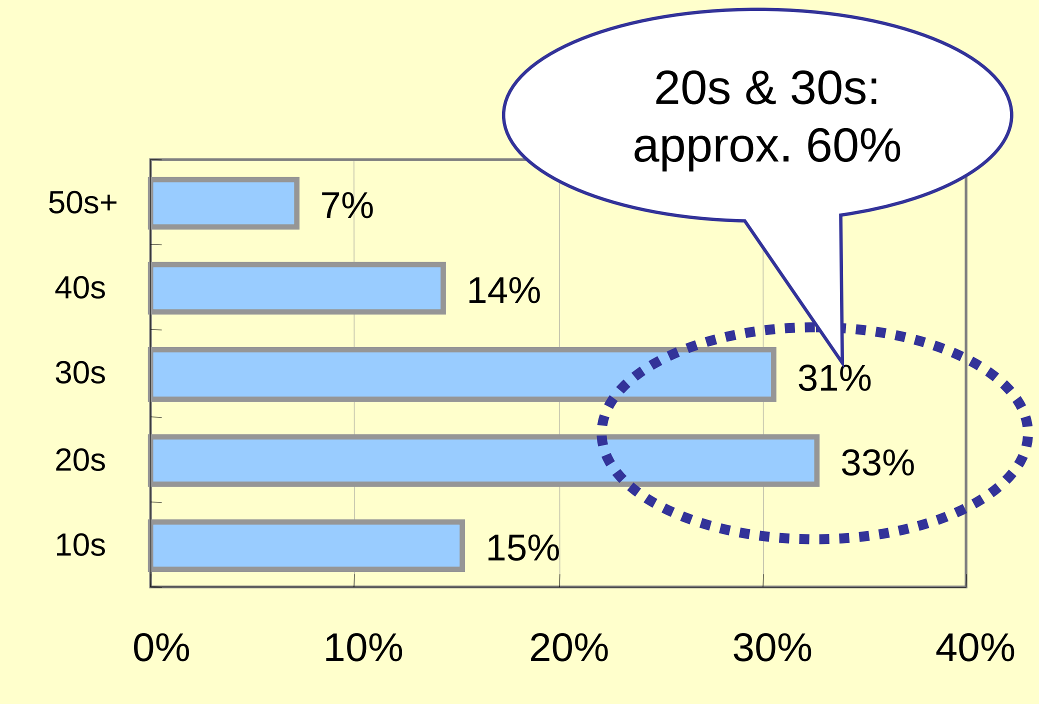


4. Provision of Attractive Content (4)

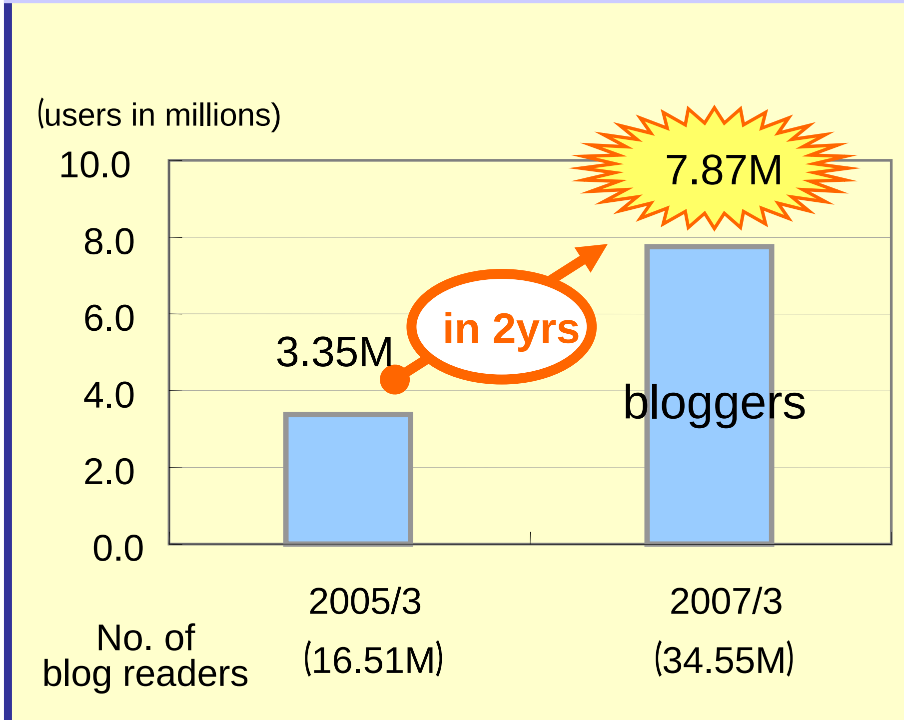
CDMA 1X WIN au by KDDI

■ Increase chance of contact with mobile phones among larger agegroups and boost data ARPU by enhancing communication-oriented content such as blog.

DUOBLOG Readers (Note 1)



Blog Market Forecast (Note 2)

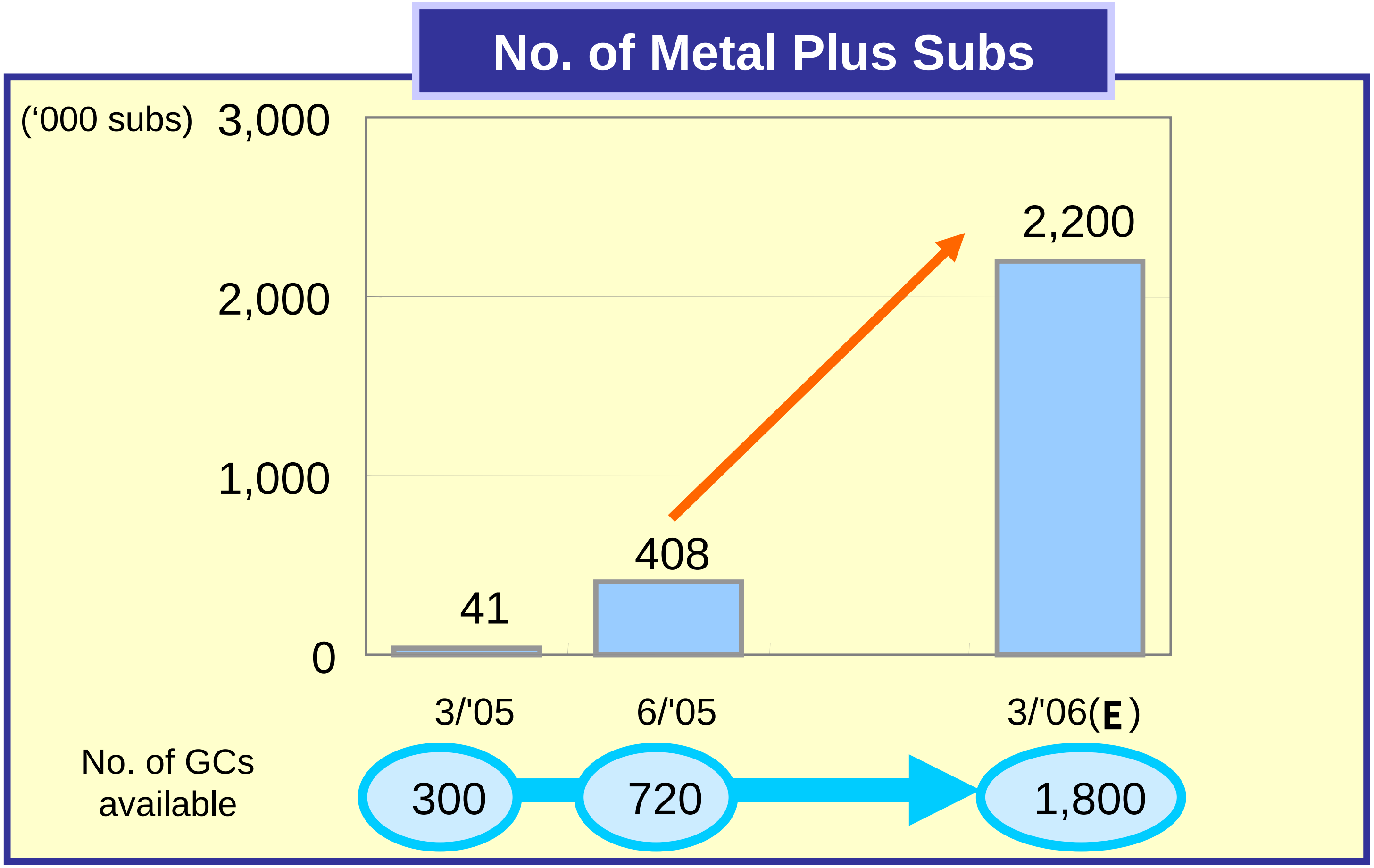


Note 1: Results during May 19 - June 12, 2005 (based on unique users).
Note 2: Source: "Analysis on Current Status and Forecast on Blogs/SNS" issued by MIC on May 17, 2005. (SNS: Social Networking Service).

Fixed-line Business

Sales of Metal Plus During Launch Period

■ Progress of Metal Plus subscriptions was slightly slow to the full-year target due to delayed expansion of sales area; plan to accelerate no. of activated lines by increasing area coverage going forward.



Note: No. of Metal Plus line subscriptions (incl. those not yet activated) at end-June 2005 was 919,000.

Appendix

EZ FeliCa

“Ultra 3G” Plan

EZ FeliCa Compatible Handsets

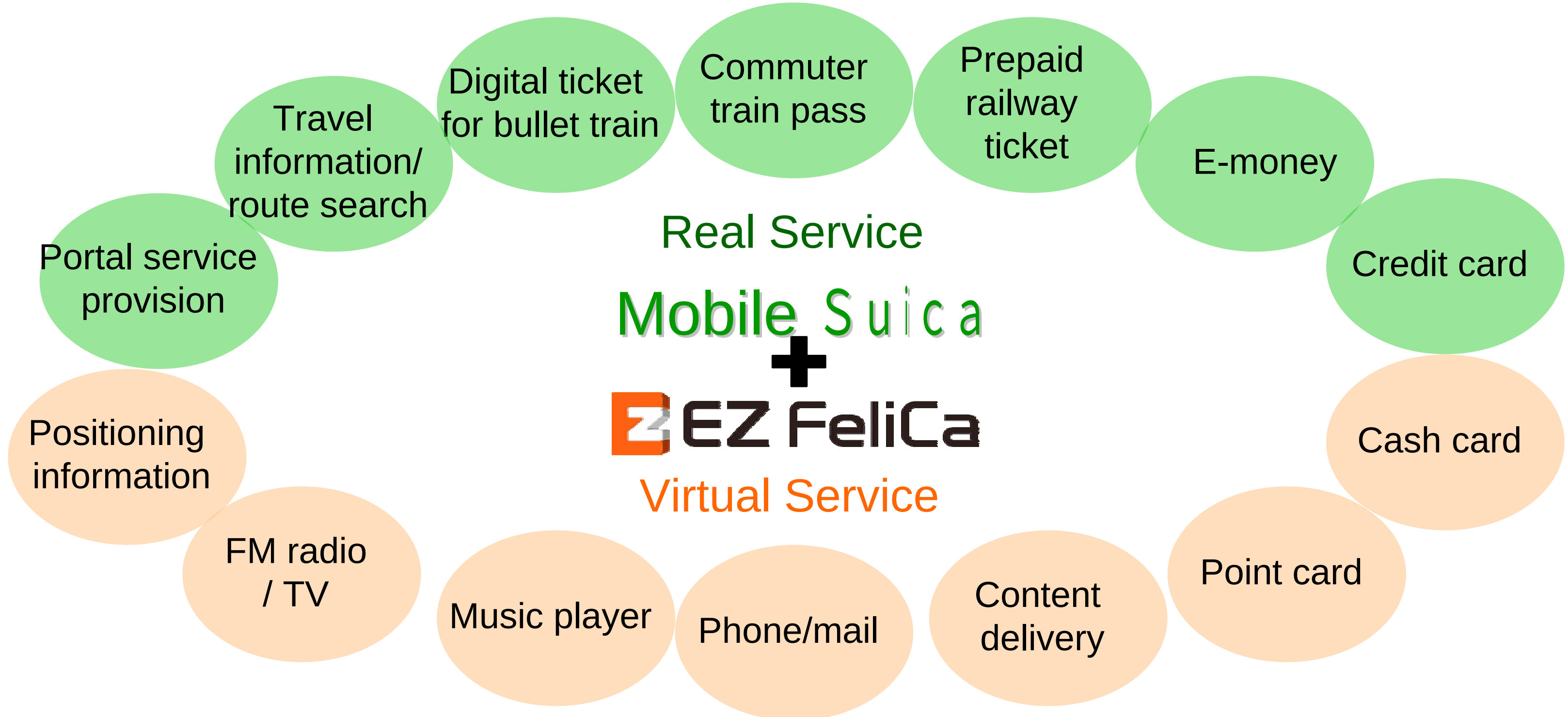
in January 2006

aim to begin mobile Ｓｕｉｃａ service

First, introduce two EZ FeliCa compatible mobile phones from September 2005

Gradual Expansion

Creating Infrastructure for New Information Society

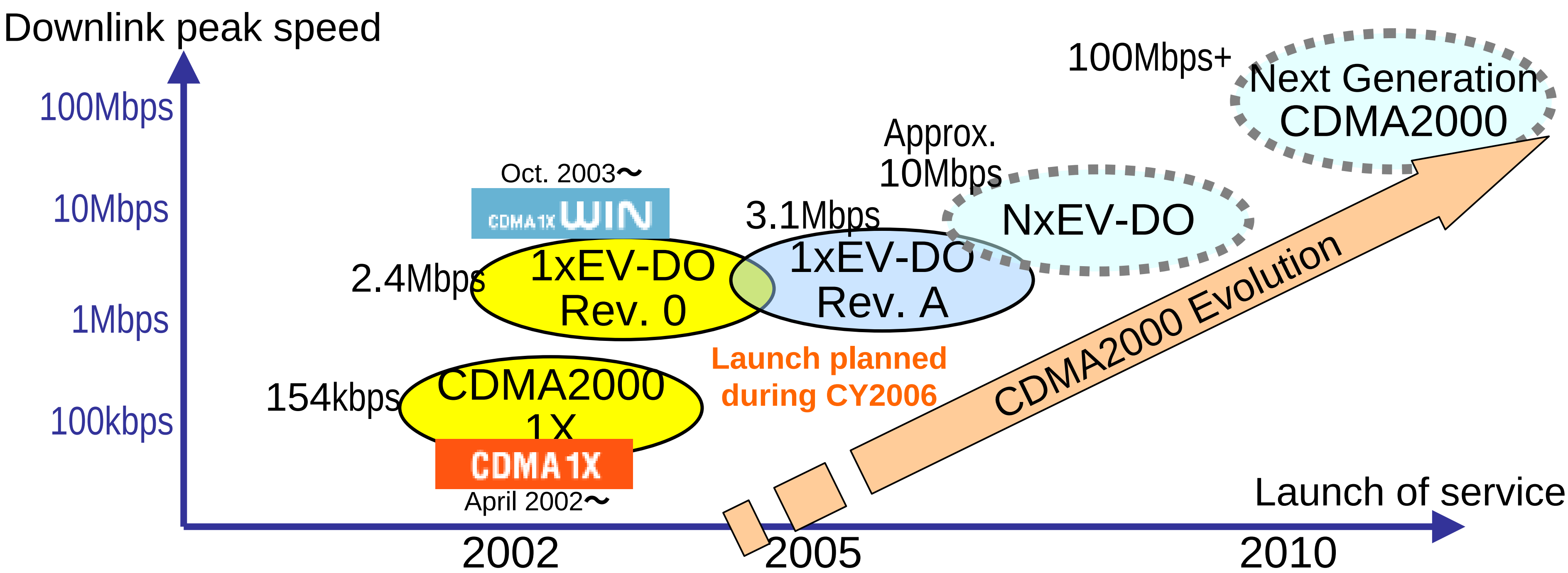


Creating infrastructure for a new information society that links virtual and real life through Mobile Suica

Promotion of Personal Gateway

"Ultra 3G"

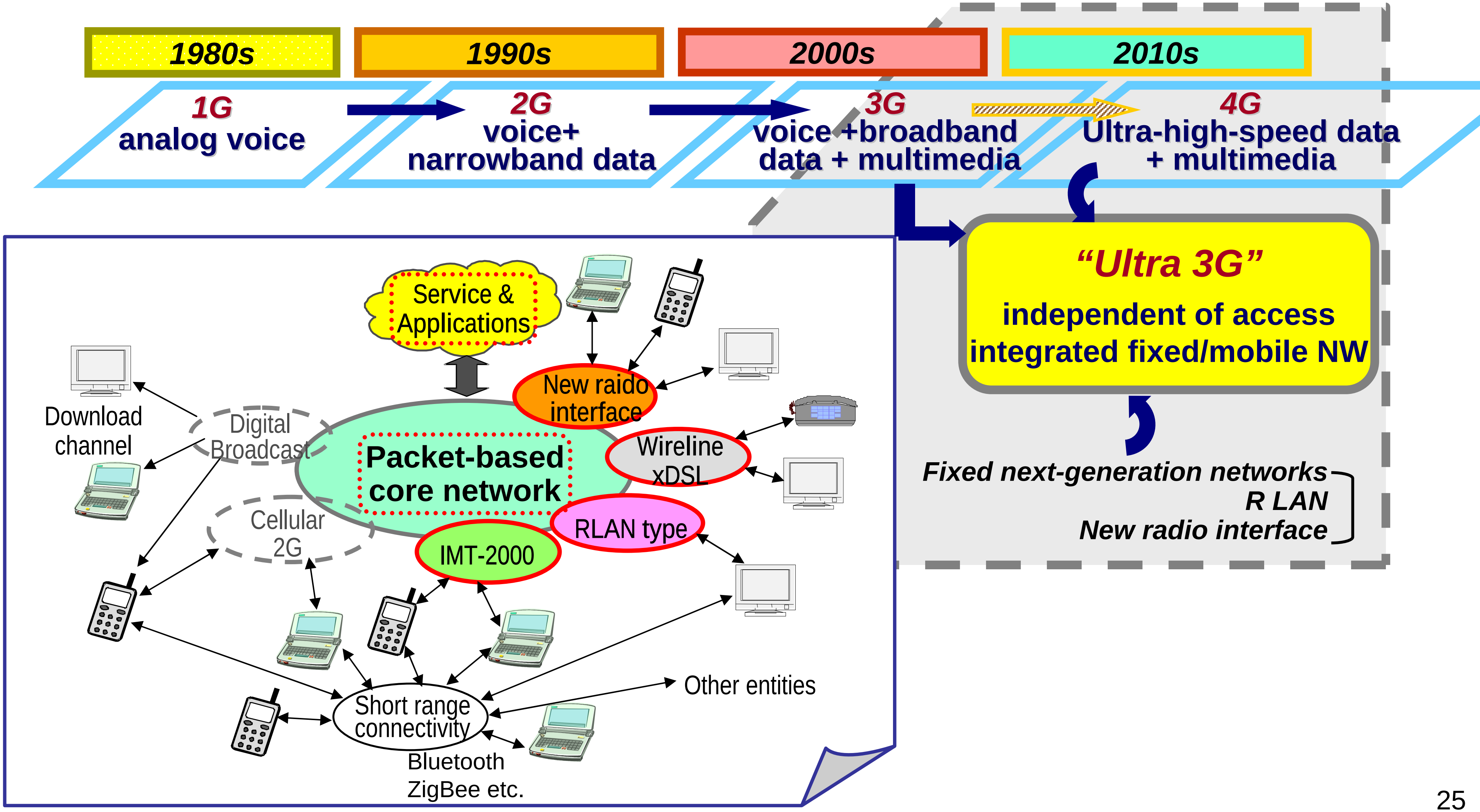
Evolution of au/KDDI 3G Systems



		Current 1xEV-DO (Rev. 0)	1xEV-DO Rev. A
Peak speed	**Downlink**	2.4Mbps	3.1Mbps
	Uplink	154kbps	1.8Mbps
QoS (Quality of Service)		Strive for top quality in all packets, irrespective of service type	Priority control of packets possible for respective service type
Applied fields		High-speed data download	Bi-directional realtime transmission

“Ultra 3G” Plan

■ The “ultra 3G” concept envisages fixed-mobile convergence, including 4G mobile systems.



Ubiquitous Solution Company

KDDI