



Ubiquitous Solution Company

KDDI CORPORATION

Financial Results for the 3rd Quarter
of the Fiscal Year Ending March 2009

January 23, 2009

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. Financial Results Highlights (1-3Q/9 months ended Dec. 2008)

1 Consolidated basis

- Operating revenues declined 0.3% and operating income increased +9.6% yoy.
On-track performance: 91.8% of full-year's operating income forecast.
- Posted ¥36.3B as extraordinary profit from dividends due to liquidation of silent partnership contract following buy-back of 4 buildings (located in Tokyo, etc.) for ¥207.1B.

2 Mobile Business

- Although operating revenues declined 2.4%, operating income increased +7.6% yoy.
- No. of "au" subs at end-December was 30.55M with a cumulative share at 28.9%.

3 Fixed-line Business

- Operating revenues up +18.9%, impacted partly by changes to segment's scope.
Operating loss was ¥36.4B.
- At end-December, no. of fixed access lines was 5.27M. ^{Note}
- Launched "Giga Value Plan" for "HIKARI-one Home" in Kanto and Sapporo areas on October 1, 2008.

- Launched "au BOX" service offering users convenient access to music and video on November 1, 2008.

1.2. Full-year Outlook for FY 2009.3

Previous	Latest Forecast (Change)
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- 1** On a consolidated basis, operating revenues forecast to be lower than initial forecast due to a decline in handset unit sales expected for the Mobile Business.
 Operating income forecast is unchanged since operating costs such as handset procurement costs are expected to decrease.

▶ Operating revenues	: ¥3,700.0B	¥3,500.0B (200.0B)*
Operating income	: ¥443.0B	¥443.0B (-)

* Change of the expected ¥200.0B decline in operating revenues is all in the Mobile Business.

▶ Main reason

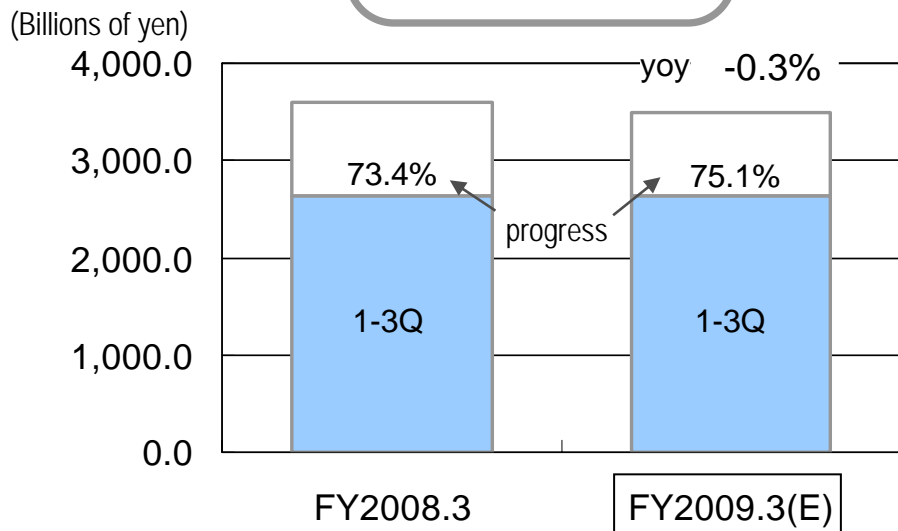
- “au” handset no. of unit sold	: 14.40M	10.90M (3.50M)
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- 2** Despite extraordinary loss expected in 4Q due to impairment of domestic transmission facilities, etc., extraordinary profit posted in 3Q following buy-back of 4 buildings should absorb loss, resulting in an unchanged net income forecast of ¥250.0B.

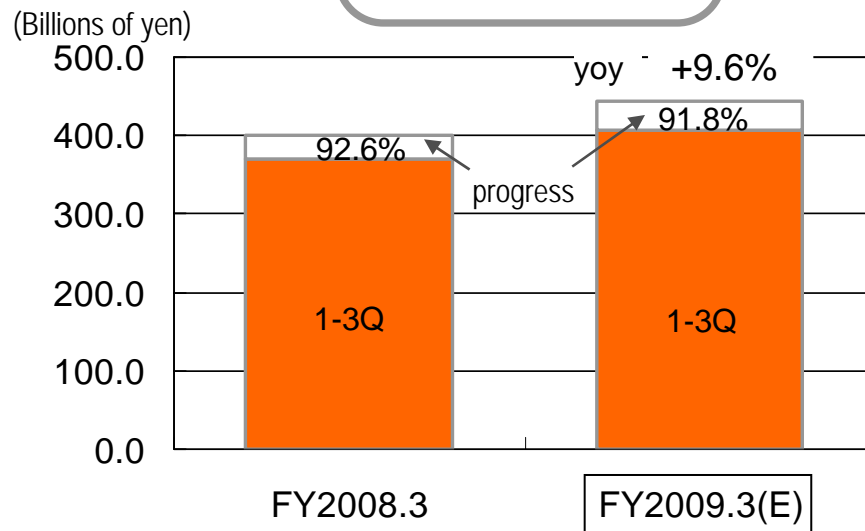
- 3** Capex forecast remains unchanged at ¥590.0B.

2. Consolidated Financial Results

Operating revenues



Operating income



(Billions of yen)

	FY2008.3		FY2009.3(E)				FY2009.3
	1-3Q	Full Year	1-3Q	yoy	progress	Latest F	Previous F
Operating revenues	2,638.7	3,596.3	2,629.7	-0.3%	75.1%	3,500.0	3,700.0
Operating income	371.0	400.5	406.7	+9.6%	91.8%	443.0	443.0
Operating margin	14.1%	11.1%	15.5%	-	-	12.7%	12.0%
Ordinary income	375.5	407.9	405.8	+8.1%	92.2%	440.0	440.0
Net income	214.8	217.8	253.9	+18.2%	101.6%	250.0	250.0
Free Cash Flow	94.6	-12.5	-71.7	-	-	-164.0	-224.0
EBITDA	639.9	769.2	722.9	+13.0%	82.0%	881.0	881.0
EBITDA margin	24.3%	21.4%	27.5%	-	-	25.2%	23.8%

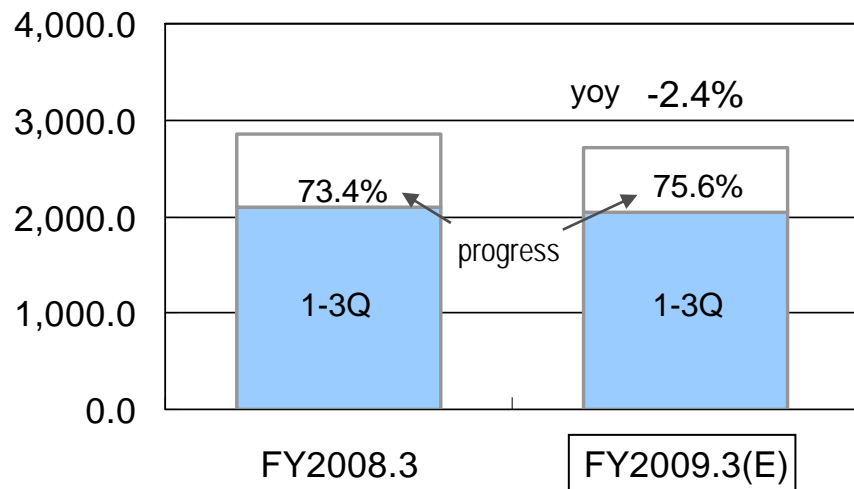
Note

Note: Initial forecast on April 24, 2008: -¥17.0B. Changed to -¥224.0B due to impact of buy-back of 4 buildings.

3. Mobile Business

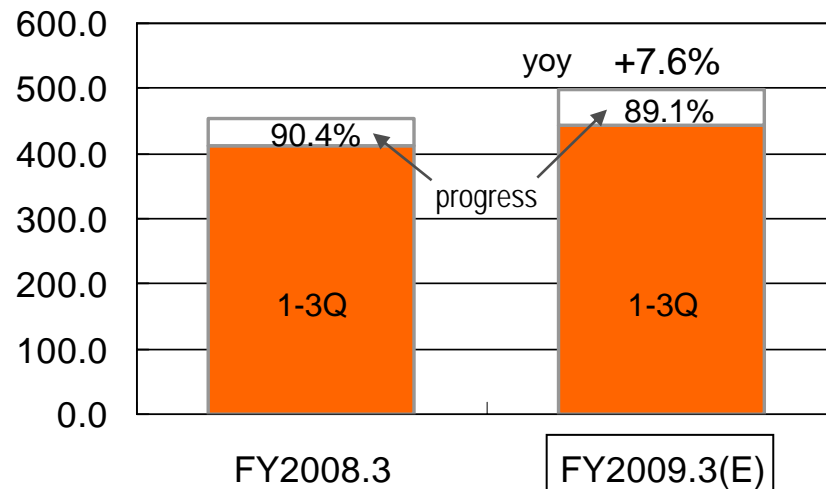
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)



(Billions of yen)

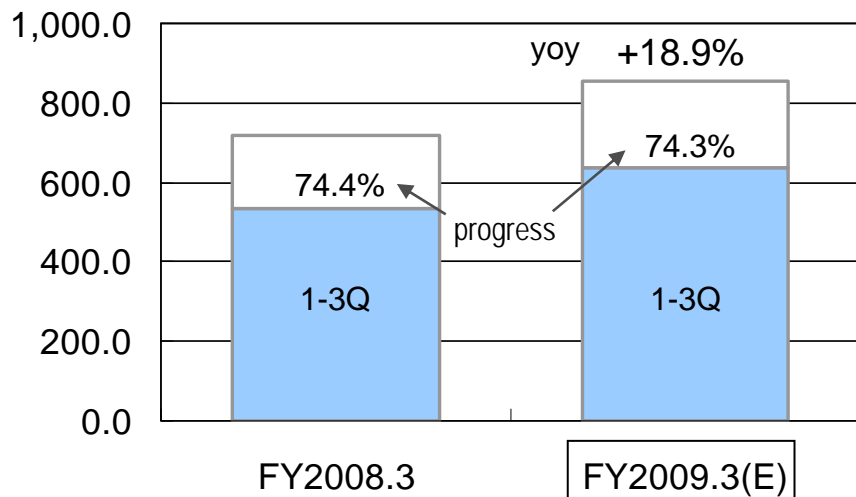
	FY2008.3		FY2009.3(E)				FY2009.3 Previous F
	1-3Q	Full Year	1-3Q	yoy	progress	Latest F	
Operating revenues	2,100.4	2,862.6	2,049.5	-2.4%	75.6%	2,711.0	2,911.0
"au"	2,090.3	2,851.7	2,049.5	-2.0%	75.6%	2,711.0	2,911.0
Tu-Ka	10.1	10.9	-	-	-	-	-
Operating income	411.4	455.0	442.6	+7.6%	89.1%	497.0	497.0
<i>Operating margin</i>	19.6%	15.9%	21.6%	-	-	18.3%	17.1%
Ordinary income	417.2	463.5	448.9	+7.6%	89.2%	503.0	503.0
Net income	242.4	266.5	267.7	+10.4%	91.7%	292.0	292.0
Free Cash Flow	154.0	82.4	143.0	-	-	127.0	127.0
EBITDA	584.2	692.2	657.7	+12.6%	82.8%	794.0	794.0
<i>EBITDA margin</i>	27.8%	24.2%	32.1%	-	-	29.3%	27.3%

	FY2008.3		FY2009.3(E)	
	3Q	Full Year	3Q	Full Year
Total Subs	29,555	30,339	30,550	31,600
of module-type	801	814	910	1,000
"au" total	29,196	30,105	30,550	31,600
WIN(EV-DO)	18,126	19,695	21,799	24,000
1X	10,613	9,993	8,405	-
cdmaOne	456	417	347	-
Tu-Ka(PDC)	359	234	0	0

4. Fixed-line Business

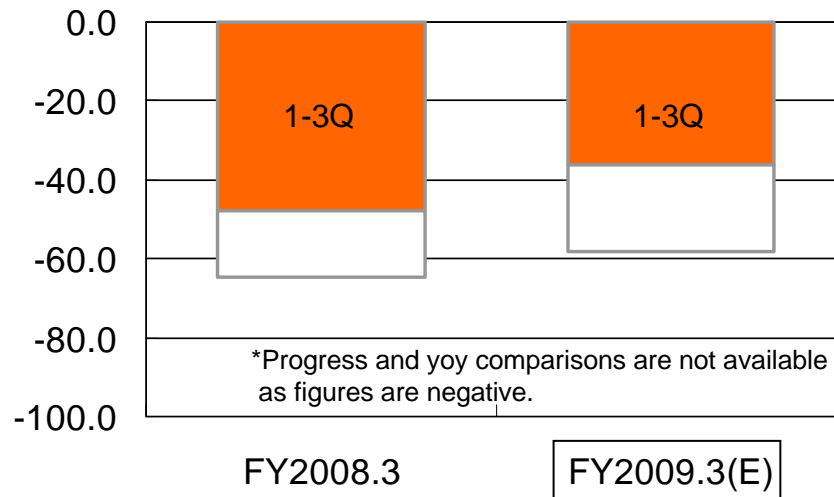
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)



(Billions of yen)

	FY2008.3		FY2009.3(E)			
	1-3Q		1-3Q	yoy	progress	
Operating revenues	534.3	718.6	635.3	+18.9%	74.3%	855.0
Operating income	-47.8	-64.7	-36.4	-	-	-58.0
Operating margin	-8.9%	-9.0%	-5.7%	-	-	-6.8%
Ordinary income	-47.4	-64.8	-39.6	-	-	-62.0
Net income	-30.0	-51.7	-10.6	-	-	-38.0
Free Cash Flow	-26.6	-53.9	-8.4	-	-	-117.0
EBITDA	42.7	58.1	63.6	+48.8%	78.5%	81.0
EBITDA margin	8.0%	8.1%	10.0%	-	-	9.5%

Subs	FY2008.3		FY2009.3(E)	
	(' 000)		3Q	
ADSL	1,437	1,396	1,265	1,280
FTTH	698	710	1,025	1,140
Metal-plus ^{Note1}	3,271	3,279	3,201	3,080
Cable-plus phone	-	286	517	580
CATV ^{Note2}	-	667	712	700
Fixed access lines ^{Note3}	-	4,827	5,265	5,300

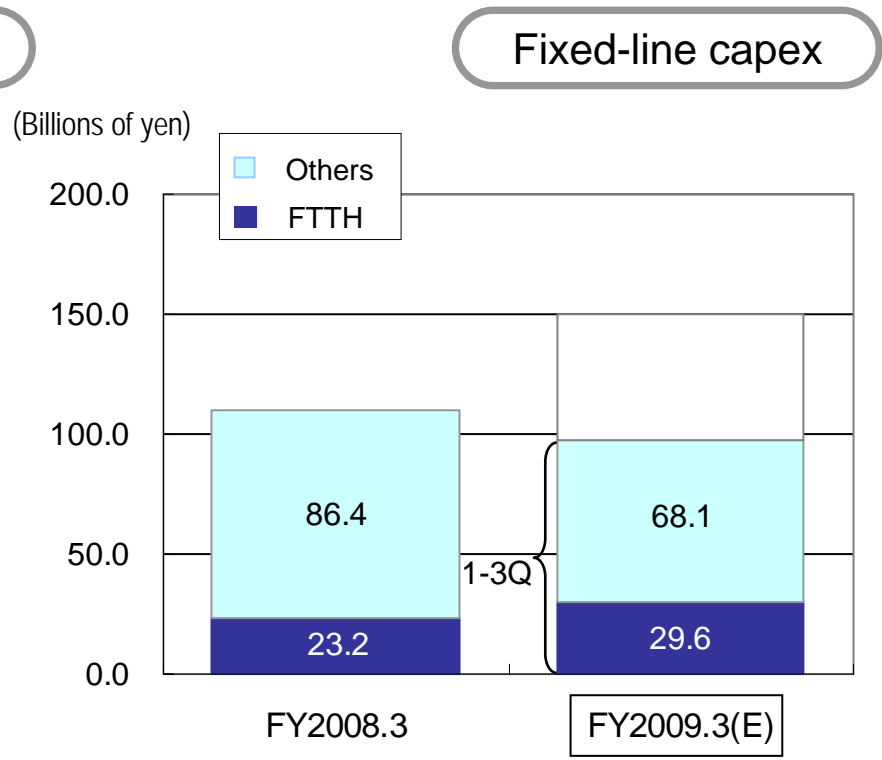
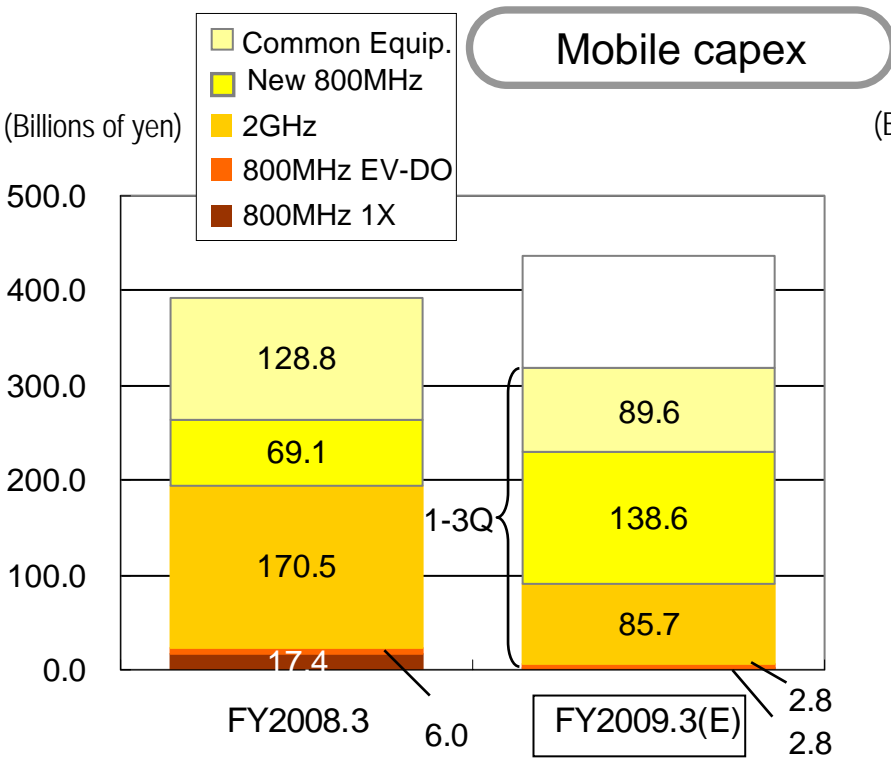
Note 1 : Including ADSL one (ADSL used over Metal-plus).

Note 2: CATV subs include number of households with at least one contract via broadcasting, internet, or telephone.

Note 3: Fixed access lines are FTTH, direct-revenue telephony (Metal-plus, Cable-plus phone) and CATV subs and the number excludes crossover subs.

Note 4: The FY2009.3 figures include CTC as a subsidiary as well as JCN Group and overseas network subsidiaries included up till FY2008.3 in the Other Business segment.

5. Capital Expenditures



(Billions of yen)

		FY2008.3		FY2009.3(E)			
		1-3Q		1-3Q	yoy	progress	
CAPEX (Cash basis)	Consolidated	318.3	517.0	419.0	+31.6%	71.0%	590.0
	Mobile	236.7	391.7	319.5	+34.9%	73.3%	436.0
	Fixed-line	70.6	109.6	97.7	+38.4%	65.1%	150.0

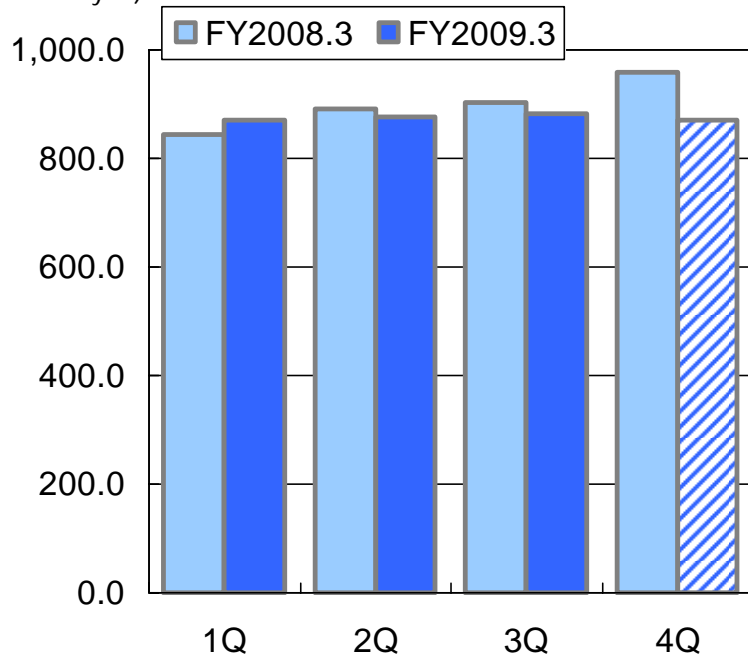
Note: Excludes ¥207.1B cost for buy-back of 4 buildings.

(Reference) Quarterly Performance

- Full-year operating income expected to increase +10.6% yoy.

Consolidated Sales

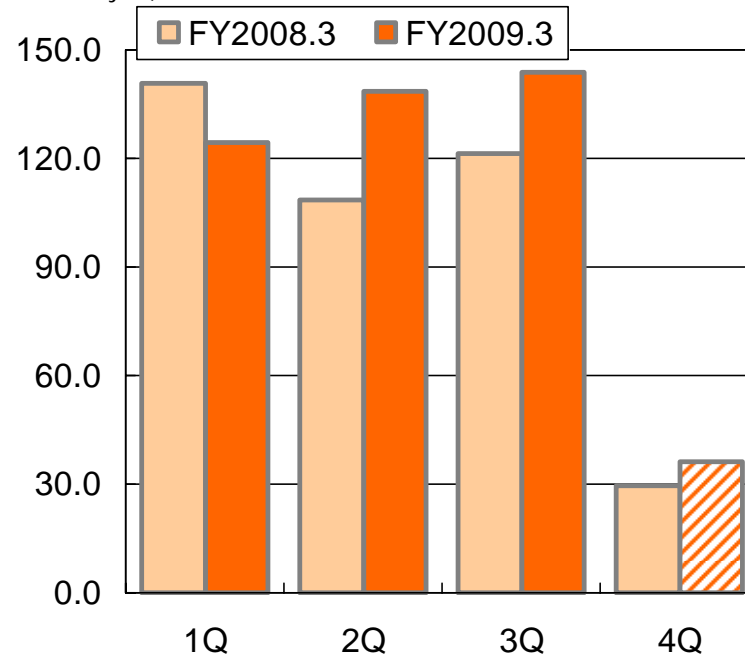
(Billions of yen)



	FY2008.3	FY2009.3	yoy
1-3Q	¥2,638.7B	¥2,629.7B	-0.3%
Full-year	¥3,596.3B	¥3,500.0B (E)	-2.7%

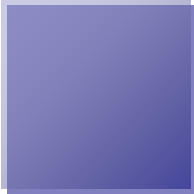
Consolidated OP

(Billions of yen)



	FY2008.3	FY2009.3	yoy
1-3Q	¥371.0B	¥406.7B	+9.6%
Full-year	¥400.5B	¥443.0B (E)	+10.6%

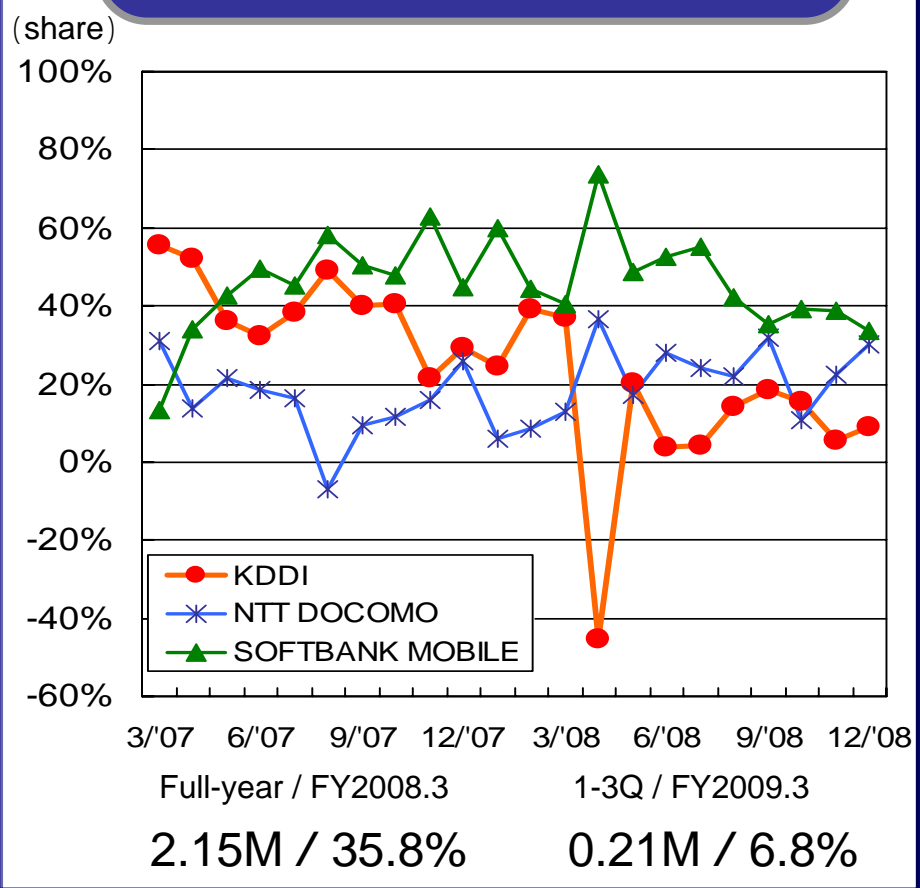
Segment Discussions

-  **Mobile Business**
-  **Fixed-line Business**
-  **FMBC**

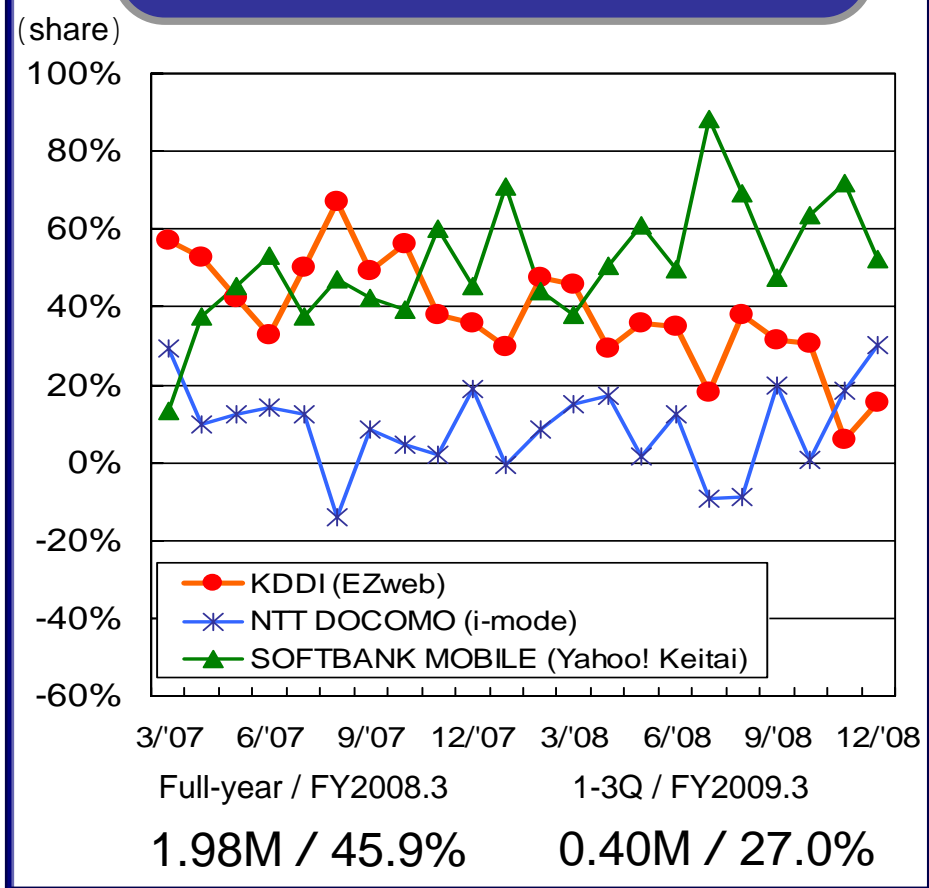
1.1. Net Additions Share of KDDI

■ KDDI makes a steady progress relatively in terms of net additions of mobile internet subs whose ARPU is high. Total KDDI subs at end-December: 30.55M, a share of 28.9%.

On a Total Sub basis



On a Mobile Internet Sub basis

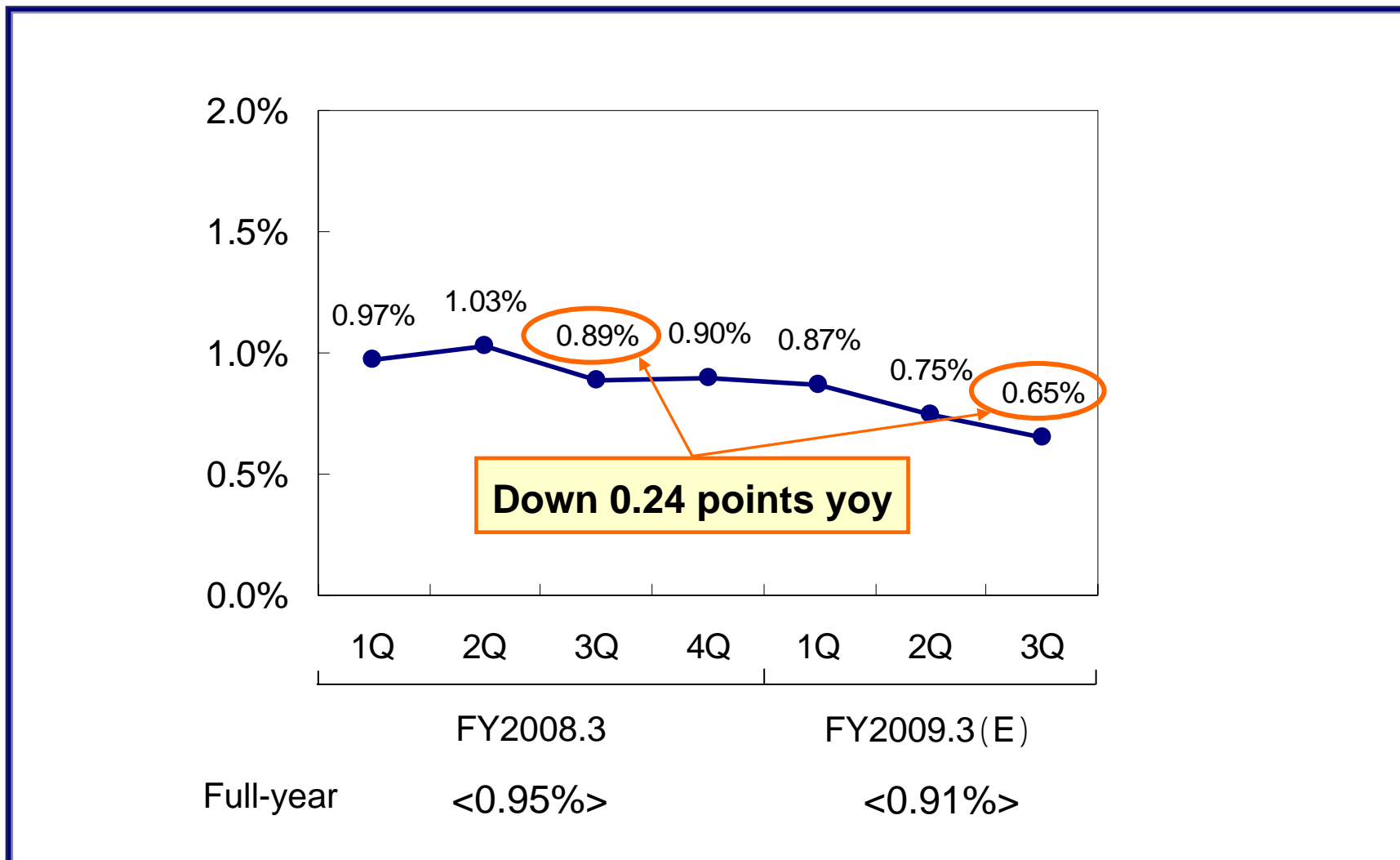


Note1: KDDI' share was reflected in the graphs as a total of "au" and Tu-Ka until April 2008 upon the termination Tu-Ka service at end-March 2008.

Note2: Above graphs exclude EMOBILE's share on a total sub basis until Dec. 2007 and on a mobile internet sub basis until Feb. 2008.

1.2. "au" Churn Rate

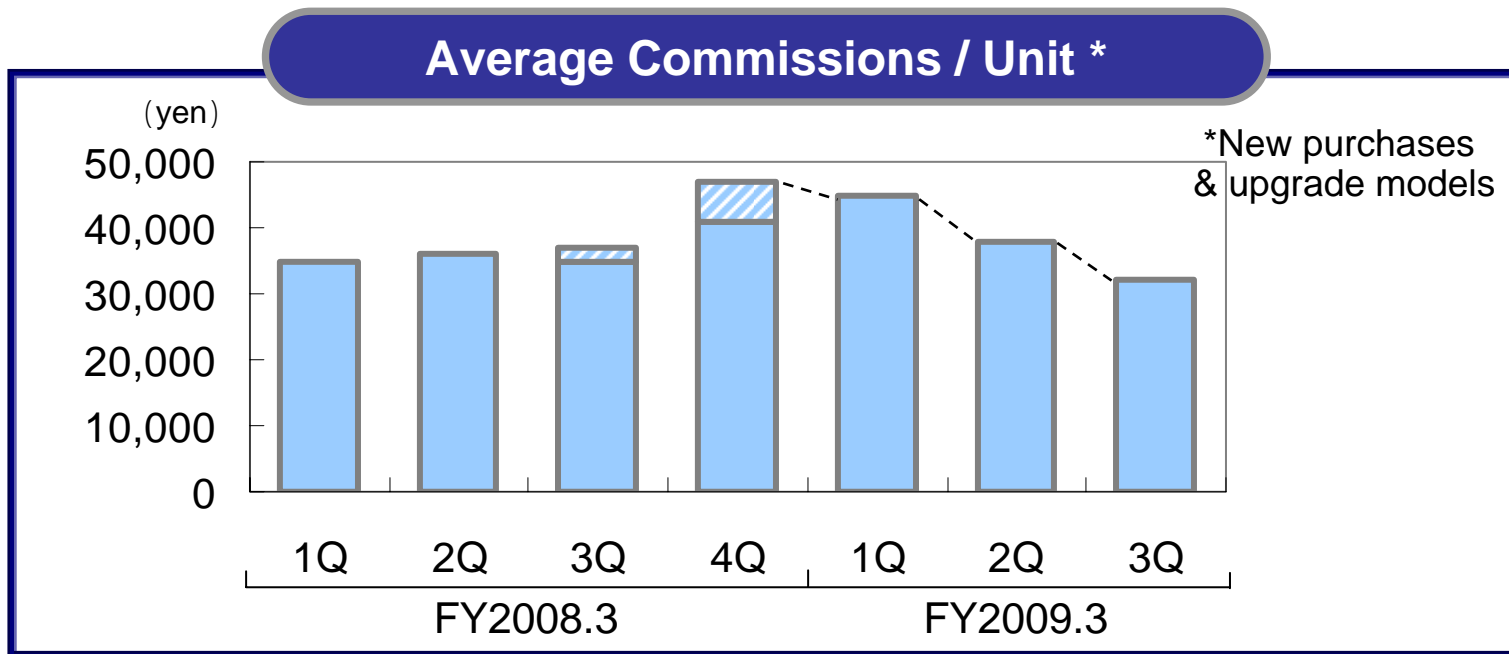
- Churn rate in 3Q was 0.65%, down 0.24 points yoy.



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

1.3. "au" Sales Commissions

■ Average sales commissions in 3Q was ¥32,000.

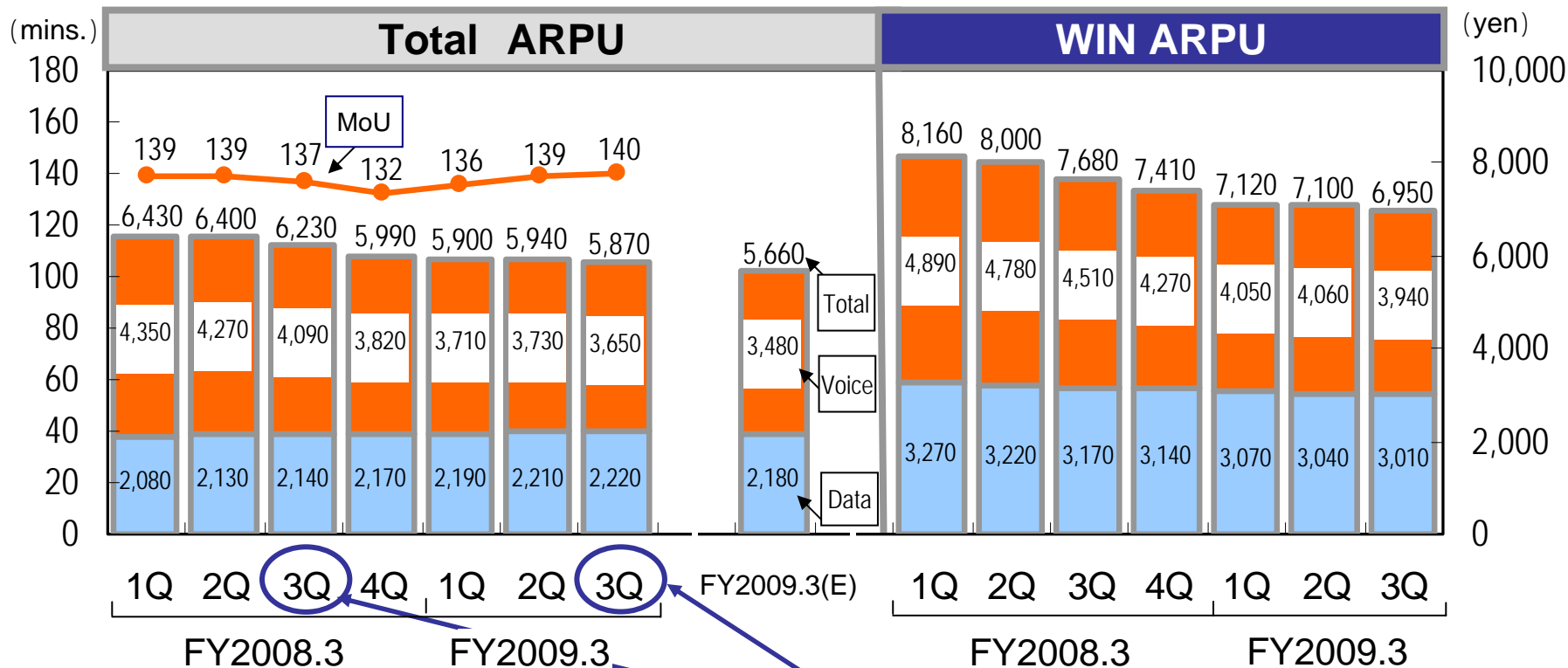


	FY2008.3				Total	FY2009.3(E)				FY2009.3 Previous F
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	Latest F	
Total sales commissions (Billions of yen)	124.0	149.0	130.0	183.0	586.0	129.0	104.0	79.0	-	-
Average commissions / unit (yen)	35,000	36,000	35,000	41,000	37,000	45,000	38,000	32,000	-	-
Number of units sold ('000 units)	3,530	4,080	3,700	4,510	15,820	2,860	2,700	2,450	10,900	14,400

Note: Beginning from 3Q / FY2008.3, when the "au Purchase Program" was introduced, average commissions per unit was calculated after deducting the increase in gross profit margin attributable to handset sales (shaded portion), but beginning from FY2009.3, the basis of calculation is without the deduction step.

1.4. Trend of "au" ARPU

■ Data ARPU continuously shows a steady increase.



Full-year	FY2008.3	FY2009.3(E)
Total ARPU	¥6,260	¥5,660
of Voice	¥4,130	¥3,480
of Data	¥2,130	¥2,180

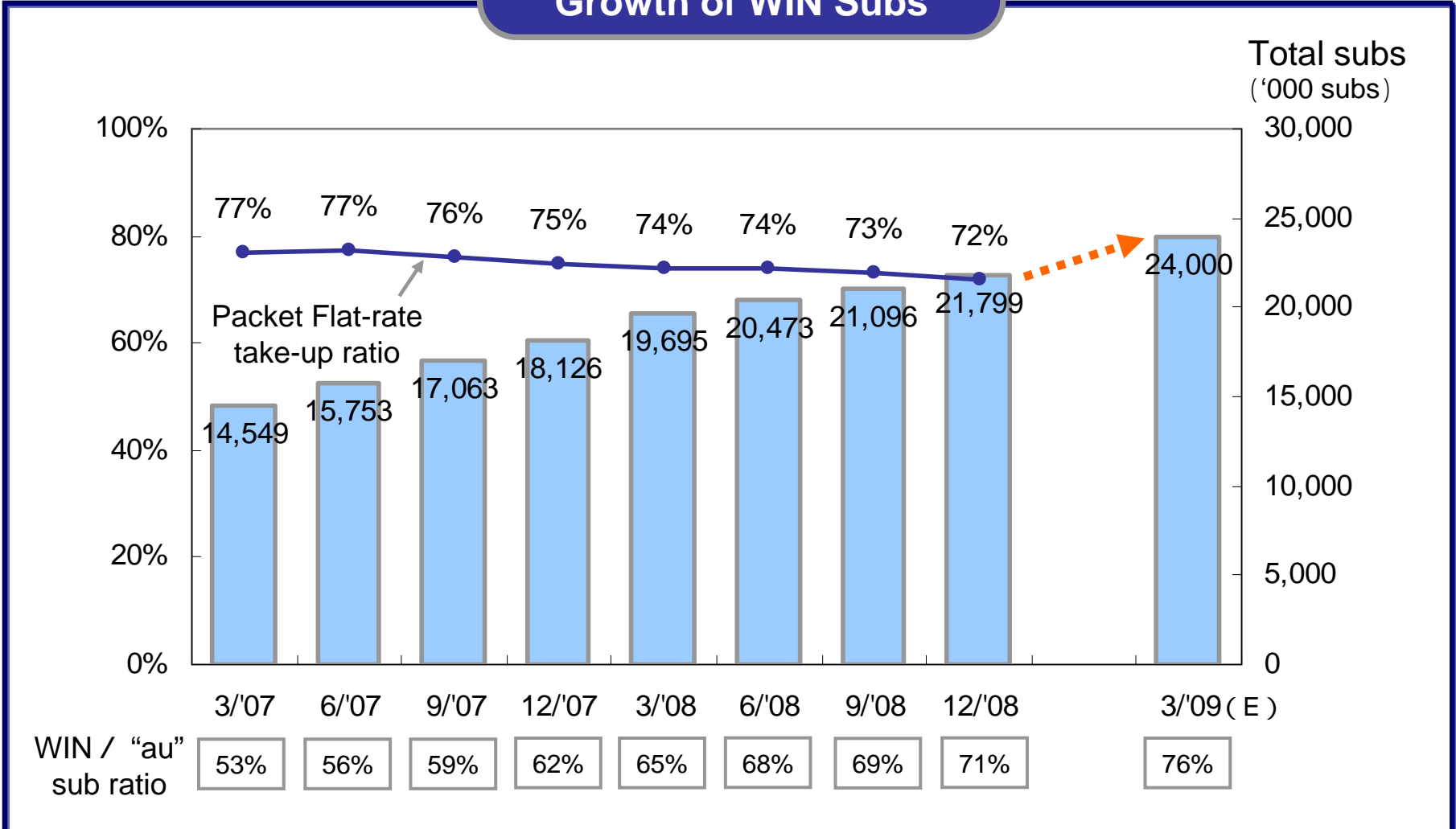
yoy change	
Total ARPU	¥360 (5.8%)
of Voice	¥440 (10.8%)
of Data	+ ¥80 (+ 3.7%)

1.5. Update on WIN

- 71% of “au” users are with WIN at end-Sep., of which as high as 72% of customers sign up for Packet Flat-rate plans.



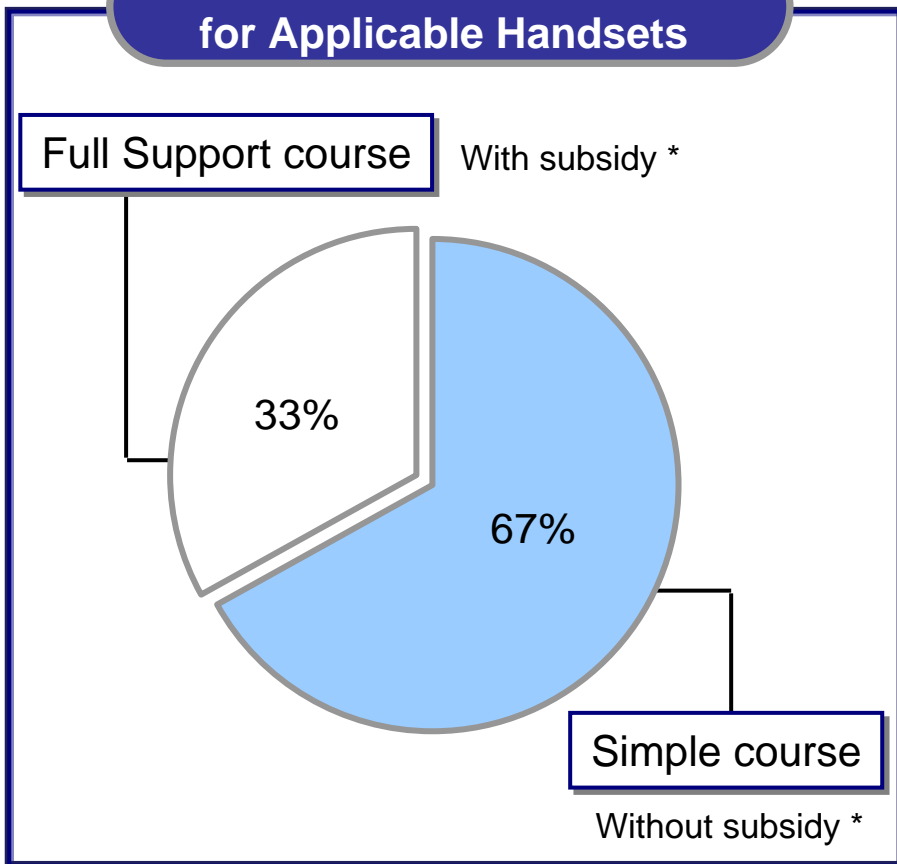
Growth of WIN Subs



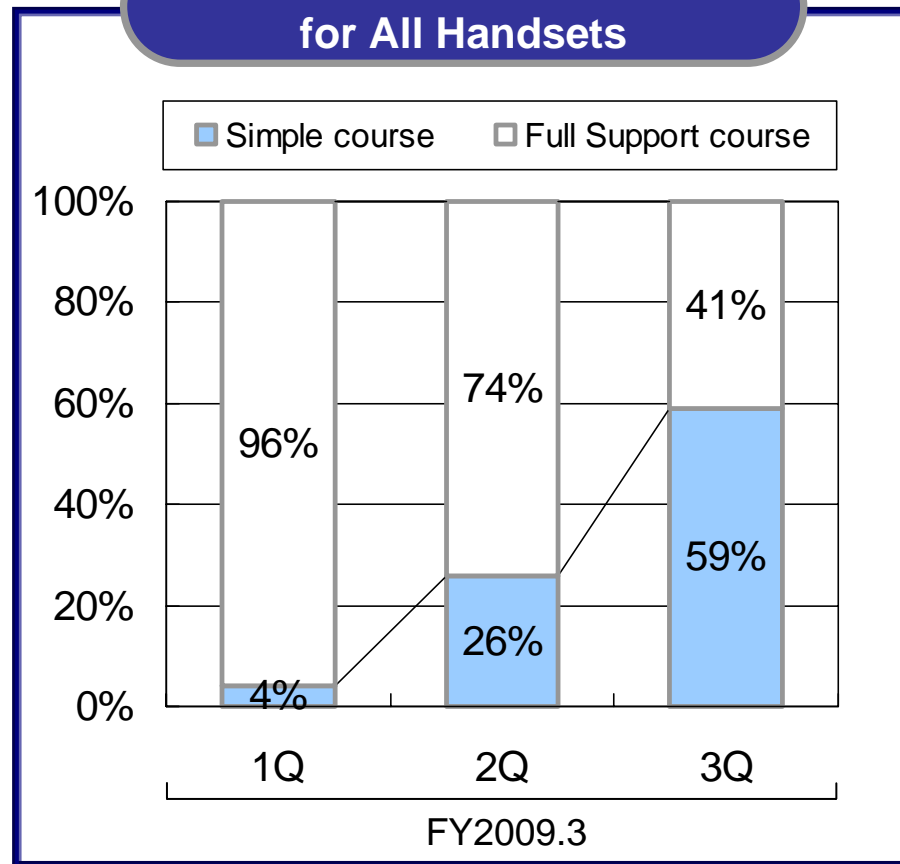
2. "au Purchase Program"

- In 3Q, 67% of customers with applicable handsets selected the Simple course.
- Simple course is steadily gaining ground, selected by 59% of all customers purchasing handsets in 3Q.

Selection of Course for Applicable Handsets



Selection of Course for All Handsets



Note: Applicable to W61S handsets and handsets launched since the release of summer 2008 models sold between October. 1 and December. 31, 2008.

3. Decline in Handset Unit Sales

- Since April 2008, no. of handsets sold has declined dramatically, with a corresponding increase in handset units in inventory. Therefore, adjust the no. of orders for 2008 autumn/winter models according to the changing sales situation.
- In 1-3Q for FY2009.3, ¥11.9B in handset inventory write-downs was booked.

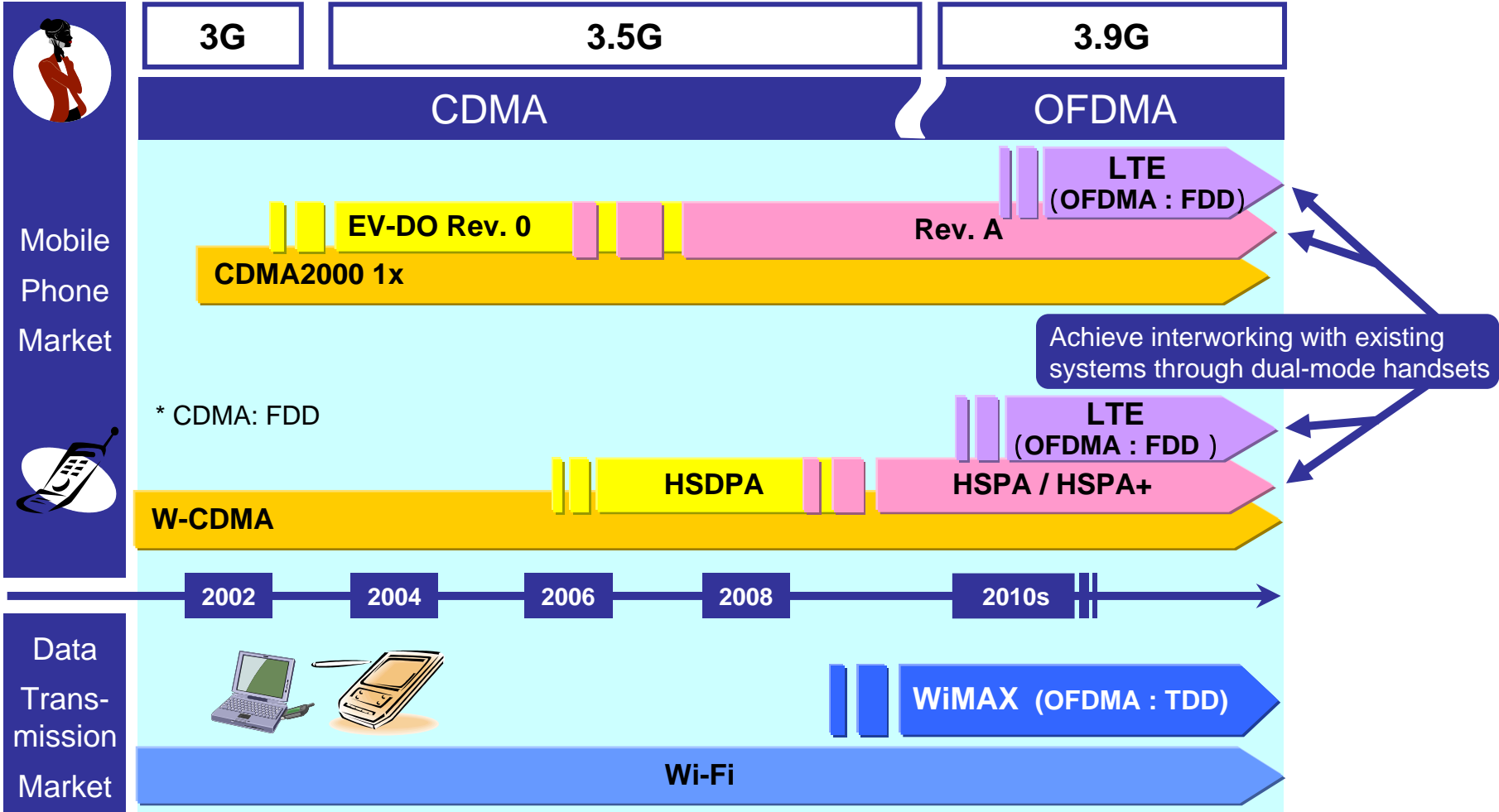
		<u>FY2008.3</u>		<u>FY2009.3</u>	<u>Year-on-year</u>
No. of handset units sold	(1-3Q)	11.32M	➔	8.00M	Down by 29%
No. of handset units in inventory ^{Note}	(As of end-Dec. 2008)	1.30M	➔	2.10M	+0.80M
Handset inventory write-downs	(1-3Q)	¥1.5B	➔	¥11.9B	+ ¥10.4B

Measures Leading up to Fiscal Year-End

- ✓ In the lead-up to spring, the peak sales season, focus on sales while controlling sales commissions.
- ✓ Continue to adjust no. of orders for 2009 spring models according to the changing sales situation.

4. Next-Generation System (3.9G)

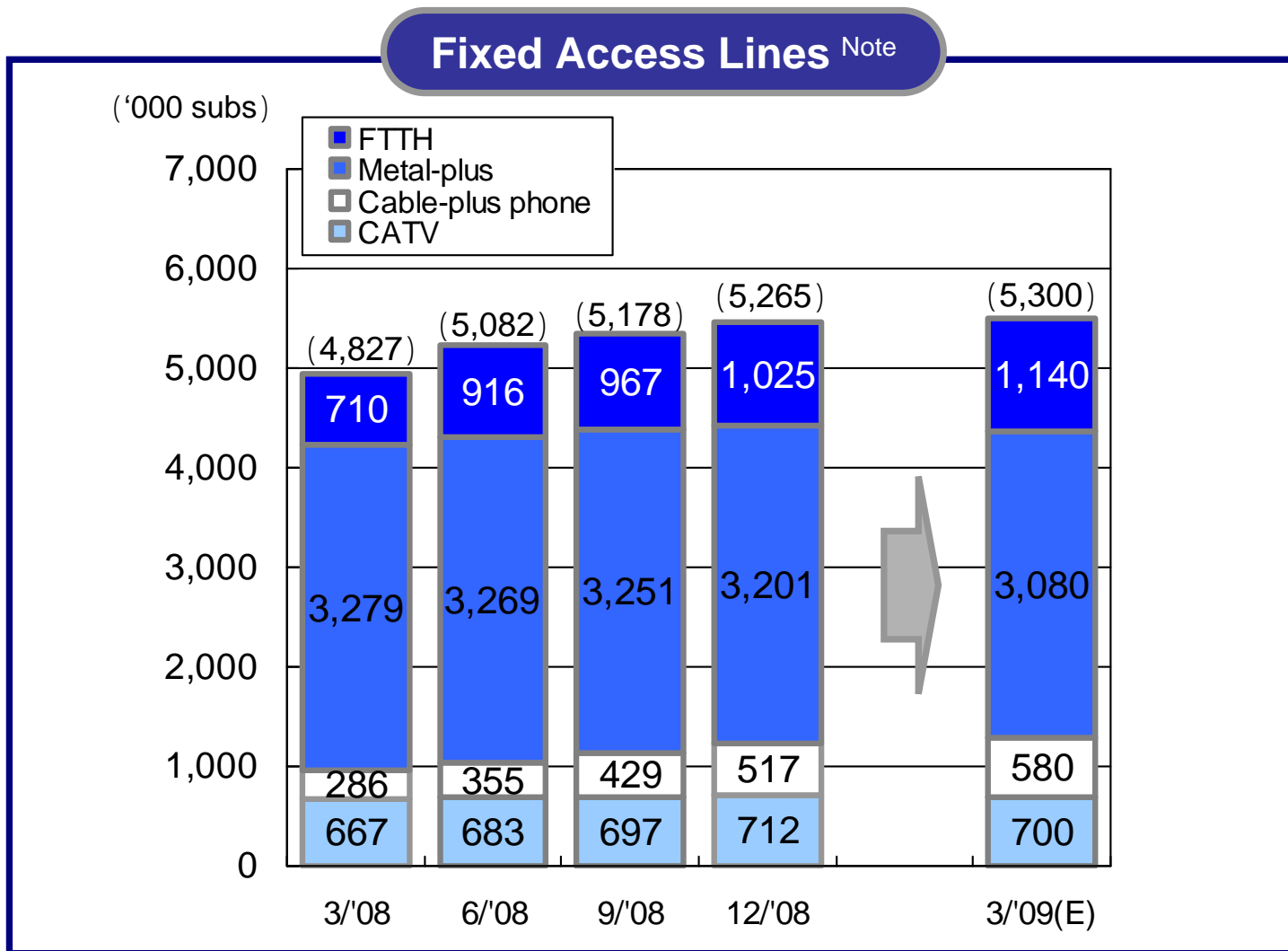
- KDDI has decided to introduce LTE in light of international trends, the cost-savings, versatility and future prospects it offers. LTE is expected to contribute to improved frequency usage and reduced unit costs per bit.



Note: LTE: Long Term Evolution, OFDMA: Orthogonal Frequency Division Multiple Access
Interworking: Seamless handover to other systems.

1. Fixed Access Lines

■ At end-December, no. of fixed access lines was 5.27M.



Note: () shows total subs of access lines excluding crossover subs.

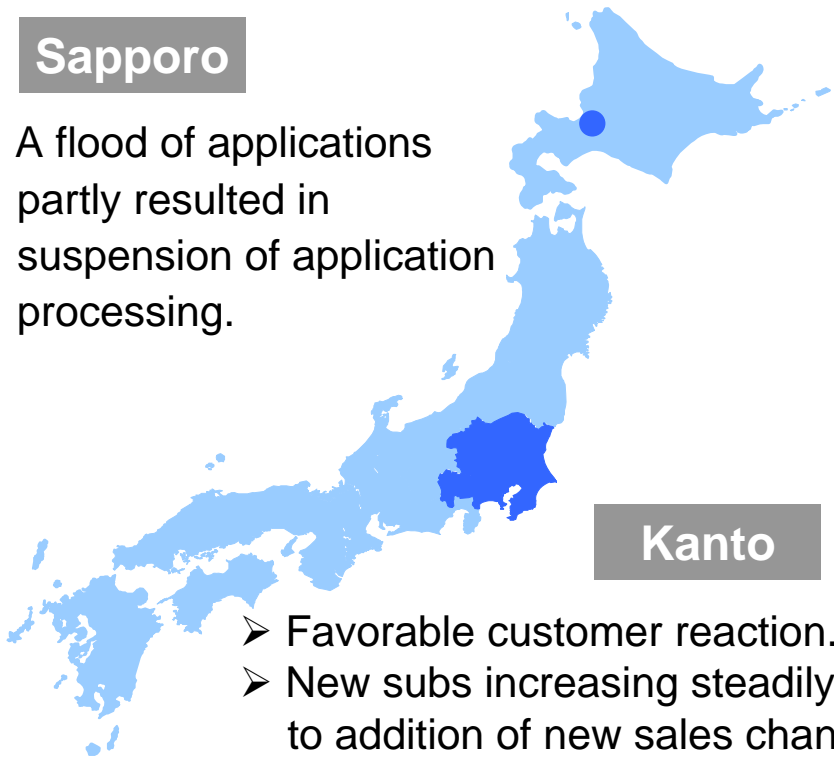
2. Initial Progress of "Giga Value Plan"

- Favorable customer reaction to "Giga Value Plan" for "HIKARI-one Home."
 In Sapporo particularly, a flood of applications partly resulted in suspension of application processing.
- New subs for HIKARI-one as a whole shows signs of steady increase since launch of "Giga Value Plan".

Initial Progress by Region

Sapporo

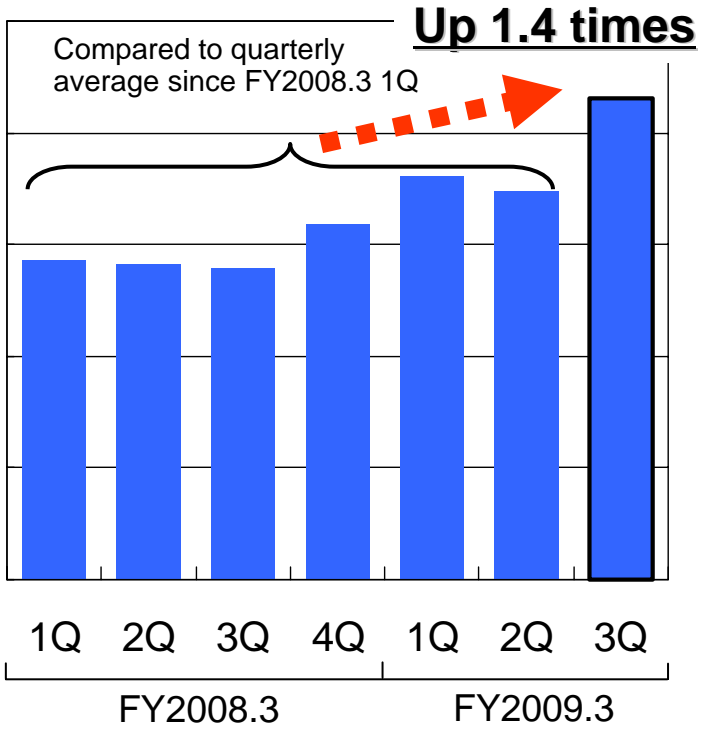
- A flood of applications partly resulted in suspension of application processing.



Kanto

- Favorable customer reaction.
- New subs increasing steadily thanks to addition of new sales channels.

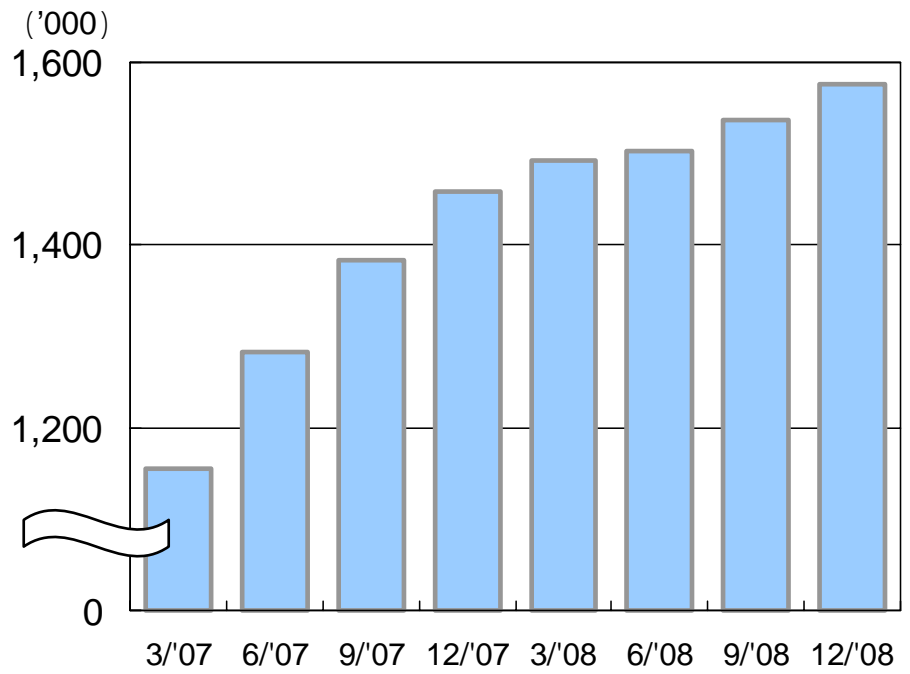
New Subs to HIKARI-one



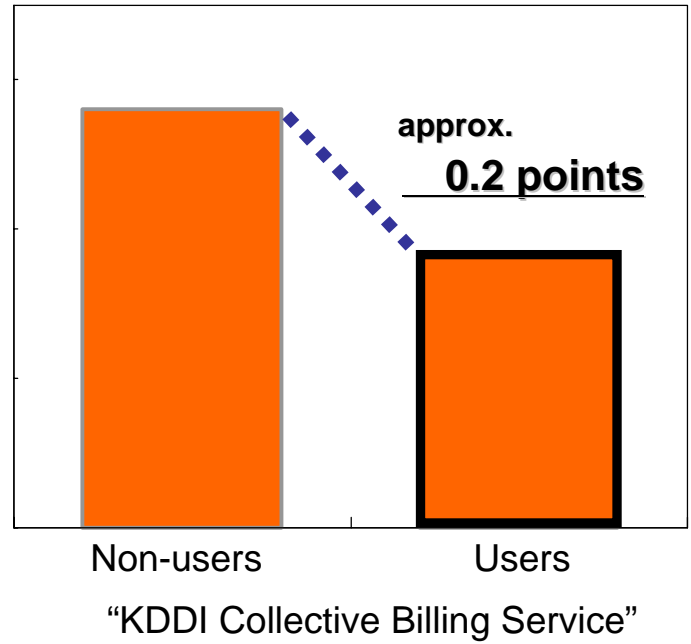
1. "KDDI Collective Billing Service"

- Success of "au Collective Talk" service, launched in August 1, 2008, contributed to a steady increase in bills issued through "KDDI Collective Billing Service" to 1.58M in December 2008.
- KDDI further promotes the billing service among customers since "au" churn rate of "KDDI Collective Billing Service" users is approx. 0.2 points lower than non-users.

Bills Issued through "KDDI Collective Billing Service"

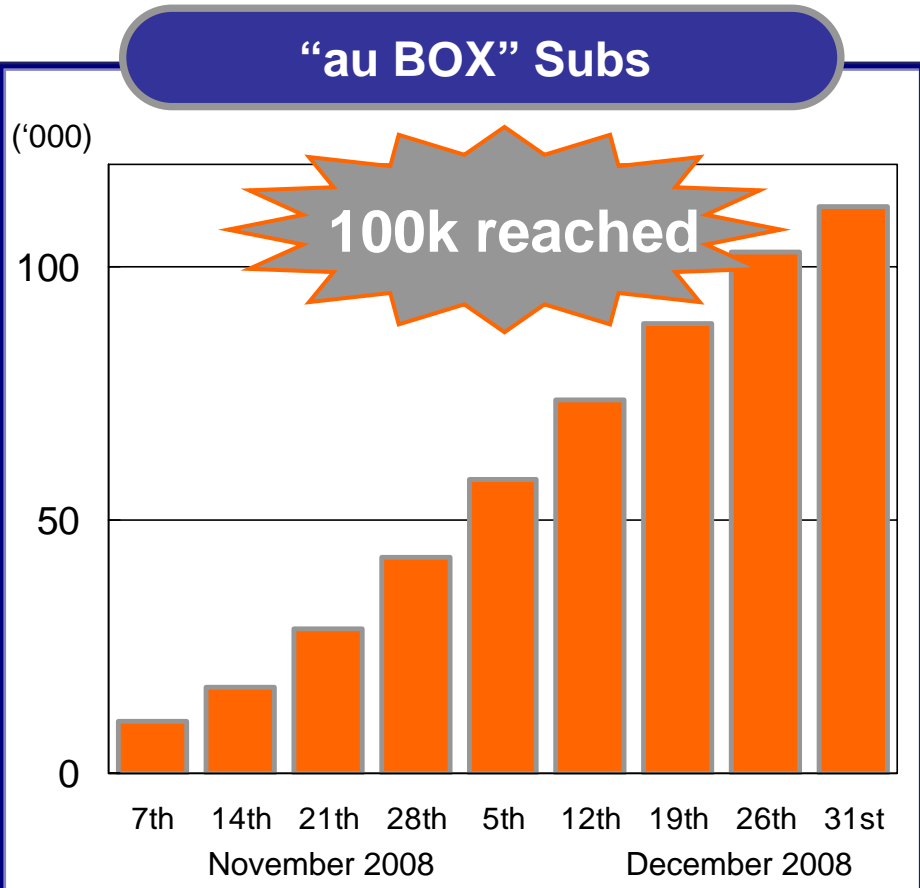


"au" Churn Rate Note

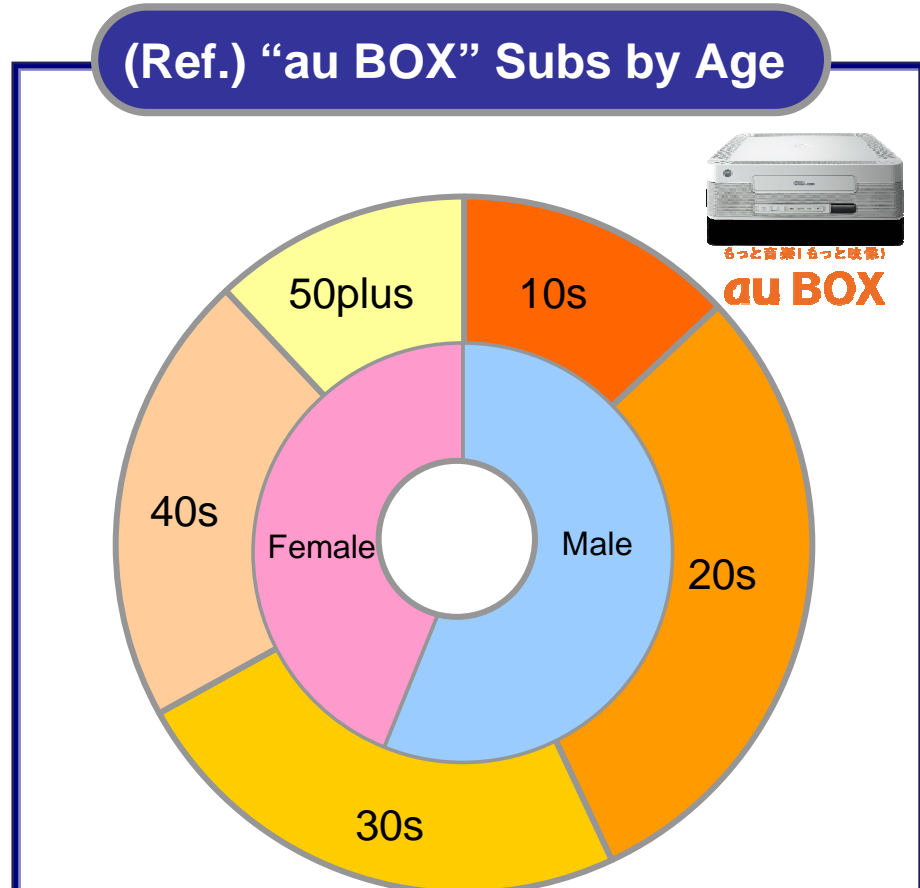


2. Initial Progress of "au BOX"

- "au BOX" service is expanding steadily, having reached the 100k subs mark during the 2nd month after launch (on December 26, 2008).
- Reaching beyond its key teenage market, the service has attracted subs from a wide age-range.



Note: The graph above shows the cumulative weekly growth in no. of subs.



Note: As of end-December 2008.

Designing The Future
KDDI