



Ubiquitous Solution Company

KDDI CORPORATION

Financial Results
of the Fiscal Year Ended March 2009

April 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 for FY2009.3

1 Consolidated basis

- Operating revenues declined 2.7% yoy, mainly due to a decrease in the number of handsets sold in the Mobile Business. Operating income rose 10.7%, in part due to decrease in sales commissions.
- Posted ¥37.1B as extraordinary profit mainly from dividends due to liquidation of silent partnership contract following buy-back of 4 buildings.
- Recorded an extraordinary loss of ¥82.7B including impairment of current 800 MHz facility and HIKARI-one Home 100 facility.

2 Mobile Business

- Although operating revenues declined 5.0%, operating income increased 10.2% yoy.
- No. of “au” subs at end-March was 30.84M with a cumulative share at 28.7%.
- No. of handsets sold was 10.81M declined 32% yoy. Recorded ¥25.7B in losses for write-off and disposal of handset inventory.

3 Fixed-line Business

- Operating revenues up 18.1%, impacted partly by changes to segment’s scope. Operating loss was ¥56.6B.
- At end-March, no. of fixed access lines was 5.34M.^{Note} Within this, no. of FTTH subs rose to 1.10 M.

4

- Jibun Bank Corporation started client service in July 2008.
- UQ Communications Inc. began Mobile WiMAX trial service in February 2009.

1.2. Full-Year Outlook for FY 2010.3

FY2009.3 Result	FY2010.3 Forecast (Change)
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1 On a consolidated basis, operating revenues forecast to decrease 0.5% while operating income is forecast to increase 6.0%.

- Mobile Business

Sales commissions are expected to decline as a result of the shift to the "Simple course."

- Fixed-line Business

Loss will continue in conjunction with aggressive sales expansion in the FTTH business.

➤ Operating revenues	¥3,497.5B	¥3,480.0B (¥17.5B / - 0.5% yoy)
Operating income	¥443.2B	¥470.0B (+	¥26.8B / +6.0% yoy)
Mobile Business	¥501.5B	¥510.0B (+	¥8.5B / +1.7% yoy)
Fixed-line Business	¥56.6B	¥40.0B (+	¥16.6B / -)
➤ Key performance index			
- "au" ARPU	¥5,800	¥ 5,420 (¥380)
- "au" total subs	30.84M	31.60M (+	0.76M)
- "au" handset no. of unit sold	10.81M	10.00M (0.81M)
- Fixed-access lines total subs	5.34M	5.95M (+	0.61M)
- FTTH total subs	1.10M	1.52M (+	0.42M)

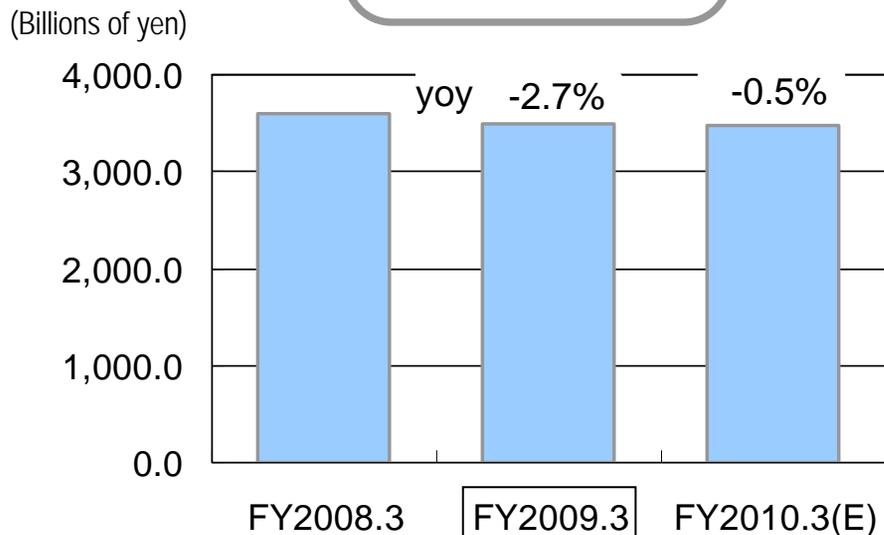
2 Forecast CAPEX at ¥540.0B (¥35.1B) due to investments in 2GHz and new 800MHz for mobile business.

1.3. FY2010.3 Challenges

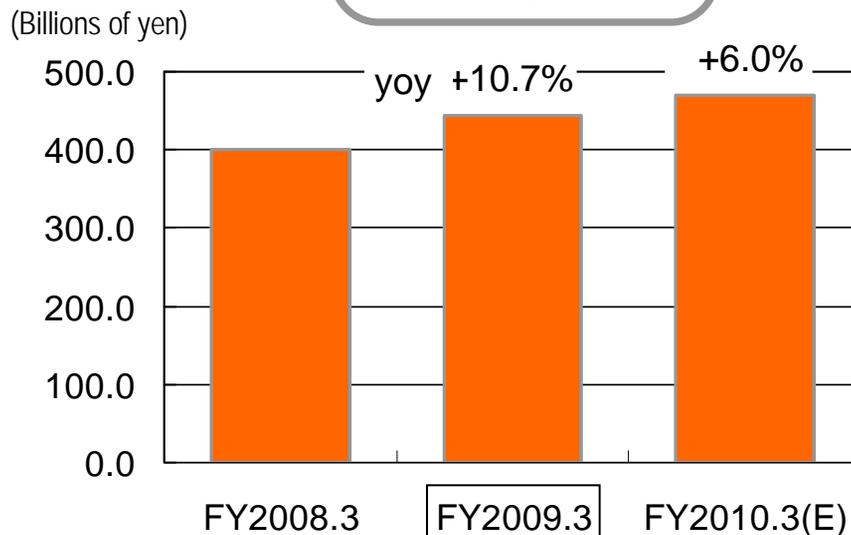
- 1** In response to major changes in the revenue structure, KDDI will work to enhance its business base by conducting a fundamental review of the cost structure on a Group-wide basis, and will implement initiatives directed toward the further development of the Group.
- 2** Mobile Business
 - Maintain No.1 ranking in customer satisfaction while realizing a good business cycle through the appropriate introduction of competitive products.
 - For corporate customers, provide new solutions leading to enhanced business efficiency of large corporations. In the small and medium-sized enterprises market, develop new customers and strengthen after-sales framework.
- 3** Fixed-line Business
 - Expand FTTH customer base and reduce fixed costs with a view to achieving profitability in the Fixed-line Business in FY2011.3.
 - For corporate customers, establish system to offer one-stop shopping for ICT^{Note1} solutions, combining fixed-line, mobile and global services.
- 4**
 - Develop and promote products and services for FMBC^{Note2}.
 - Enhance high value-added products and services of Jibun Bank Corporation available through mobile phones and grow the customer base.
 - Support the expansion of the mobile WiMAX service of UQ Communications Inc.

2. Consolidated Financial Results

Operating revenues



Operating income



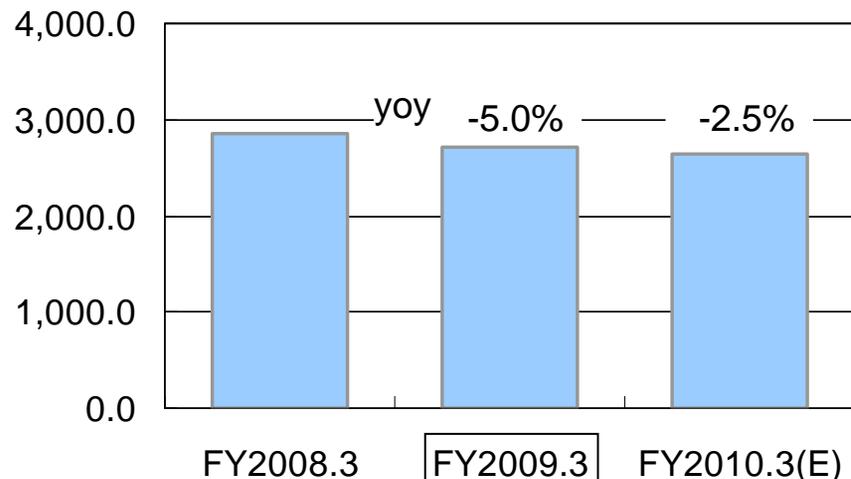
(Billions of yen)

	FY2008.3	FY2009.3		FY2010.3(E)	
			yoy		yoy
Operating revenues	3,596.3	3,497.5	-2.7%	3,480.0	-0.5%
Operating income	400.5	443.2	10.7%	470.0	6.0%
<i>Operating margin</i>	11.1%	12.7%	-	13.5%	-
Ordinary income	407.9	440.5	8.0%	450.0	2.2%
Net income	217.8	222.7	2.3%	255.0	14.5%
Free Cash Flow	-12.5	-63.2	-	67.0	-
EBITDA	769.2	904.0	17.5%	960.0	6.2%
<i>EBITDA margin</i>	21.4%	25.8%	-	27.6%	-

3. Mobile Business

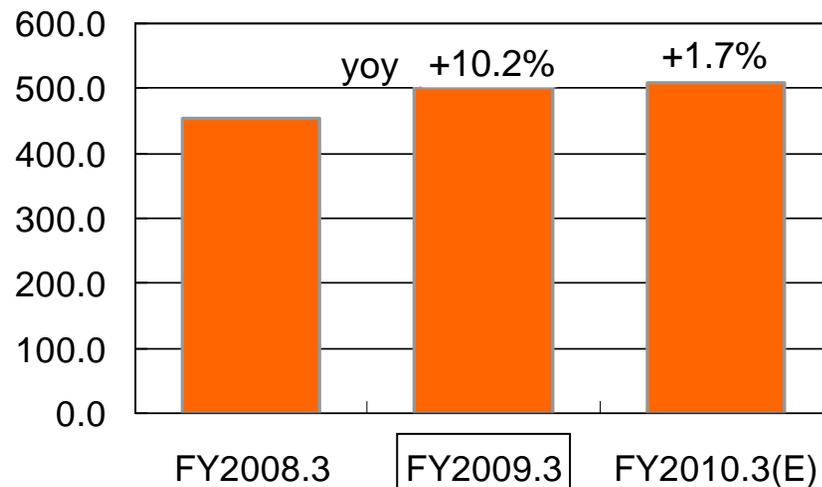
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)



(Billions of yen)

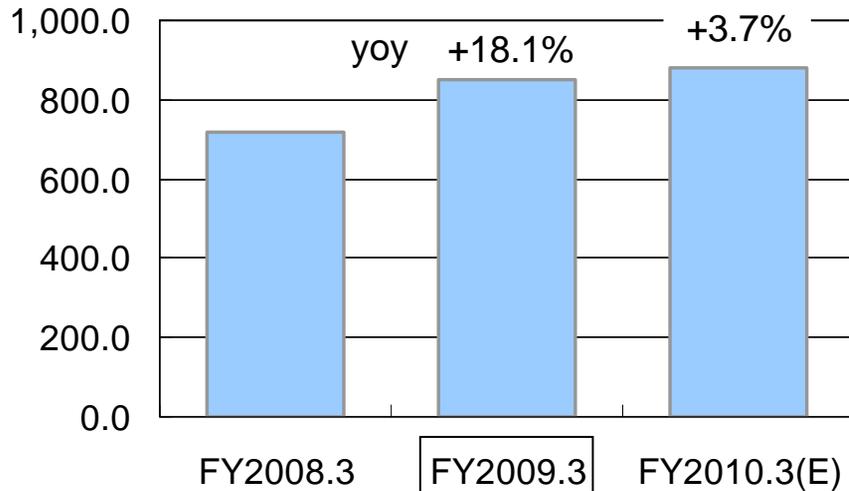
	FY2008.3	FY2009.3	FY2010.3(E)		
			yoy	yoy	
Operating revenues	2,862.6	2,719.2	-5.0%	2,650.0	-2.5%
"au"	2,851.7	2,719.2	-4.6%	2,650.0	-2.5%
Tu-Ka	10.9	-	-	-	-
Operating income	455.0	501.5	10.2%	510.0	1.7%
Operating margin	15.9%	18.4%	-	19.2%	-
Ordinary income	463.5	509.1	9.8%	515.0	1.2%
Net income	266.5	273.1	2.5%	302.0	10.6%
Free Cash Flow	82.4	180.0	118.4%	158.0	-12.2%
EBITDA	692.2	821.9	18.7%	856.0	4.2%
EBITDA margin	24.2%	30.2%	-	32.3%	-

	FY2008.3	FY2009.3	FY2010.3(E)
Total Subs	30,339	30,843	31,600
of module-type	814	923	1,000
"au" total	30,105	30,843	31,600
WIN(EV-DO)	19,695	22,722	26,700
1X	9,993	7,805	-
cdmaOne	417	316	-
Tu-Ka(PDC)	234	0	0

4. Fixed-line Business

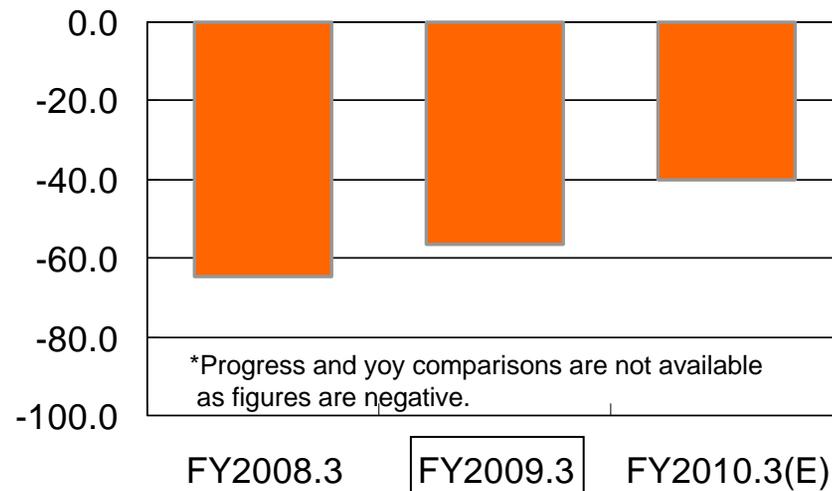
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)



(Billions of yen)

	FY2008.3	FY2009.3		FY2010.3(E)	
			yoy		yoy
Operating revenues	718.6	848.7	18.1%	880.0	3.7%
Operating income	-64.7	-56.6	-	-40.0	-
Operating margin	-9.0%	-6.7%	-	-4.5%	-
Ordinary income	-64.8	-61.6	-	-53.0	-
Net income	-51.7	-43.1	-	-32.0	-
Free Cash Flow	-53.9	-40.7	-	-78.0	-
EBITDA	58.1	82.3	41.6%	102.0	23.9%
EBITDA margin	8.1%	9.7%	-	11.6%	-

Subs	FY2008.3	FY2009.3	FY2010.3(E)
ADSL	1,396	1,224	1,080
FTTH	710	1,099	1,520
Metal-plus	3,279	3,130	2,850
Cable-plus phone	286	604	1,020
CATV	667	722	920

Fixed access lines	FY2008.3	FY2009.3	FY2010.3(E)
	4,827	5,342	5,950

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

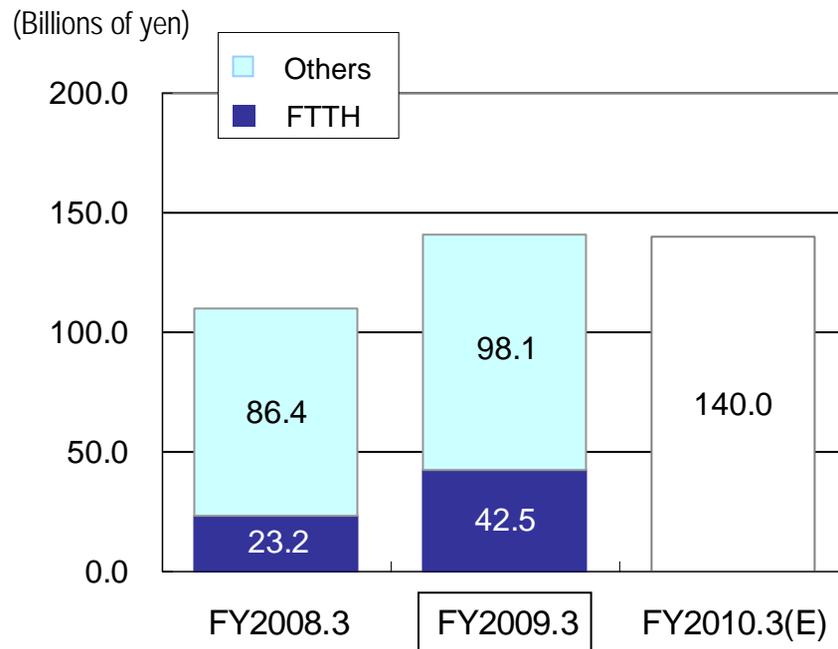
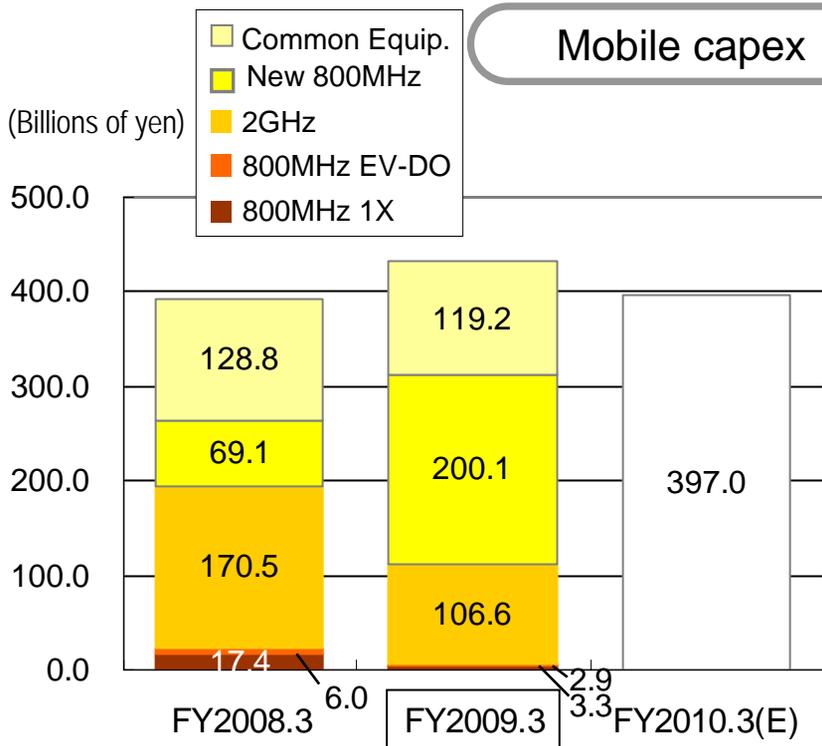
Note 2: CATV subs include number of households with at least one contract via broadcasting, internet, or telephone.

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

5. Capital Expenditures

Mobile capex

Fixed-line capex



(Billions of yen)

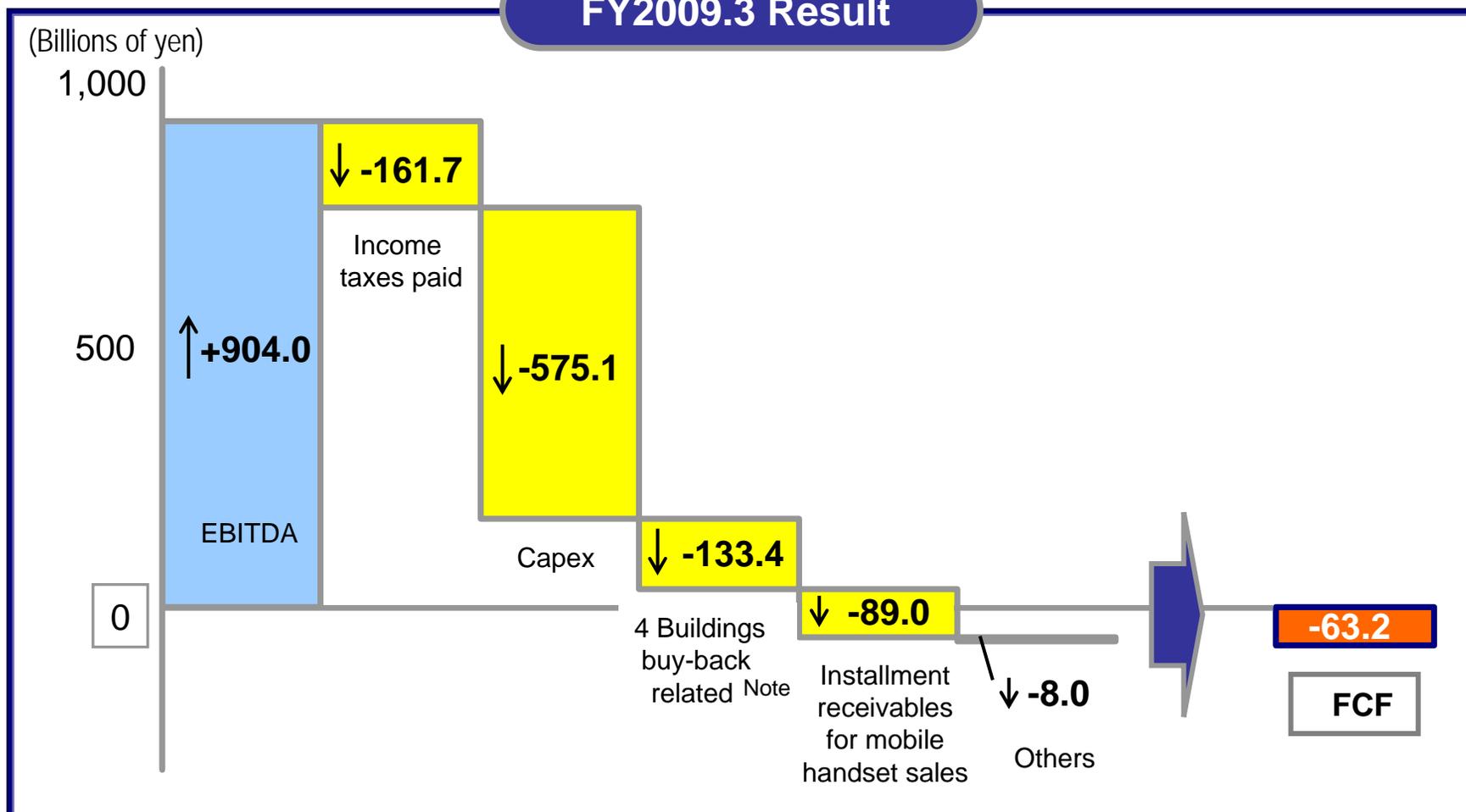
		FY2008.3	FY2009.3	FY2010.3(E)
			yoy	yoy
Capex (Cash basis)	Consolidated	517.0	575.1	11.2%
	Mobile	391.7	432.1	10.3%
	Fixed-line	109.6	140.6	28.2%

Note: Excludes ¥207.1B cost for buy-back of 4 buildings in FY2009.3.

6. Free Cash Flow

- Free cash flows for FY2009.3 were -¥63.2B, due in part to increased capex, buy-back of 4 buildings, and an increase in installment receivables associated with the introduction of an installment payment plan for mobile handsets at time of purchase.

FY2009.3 Result



Note: -¥133.4B = -¥207.1B(expenditure for buyback) + ¥73.6B(extraordinary profit from dividends due to liquidation of silent partnership contract)

Segment Discussions & Strategies



Mobile Business



Fixed-line Business



FMBC

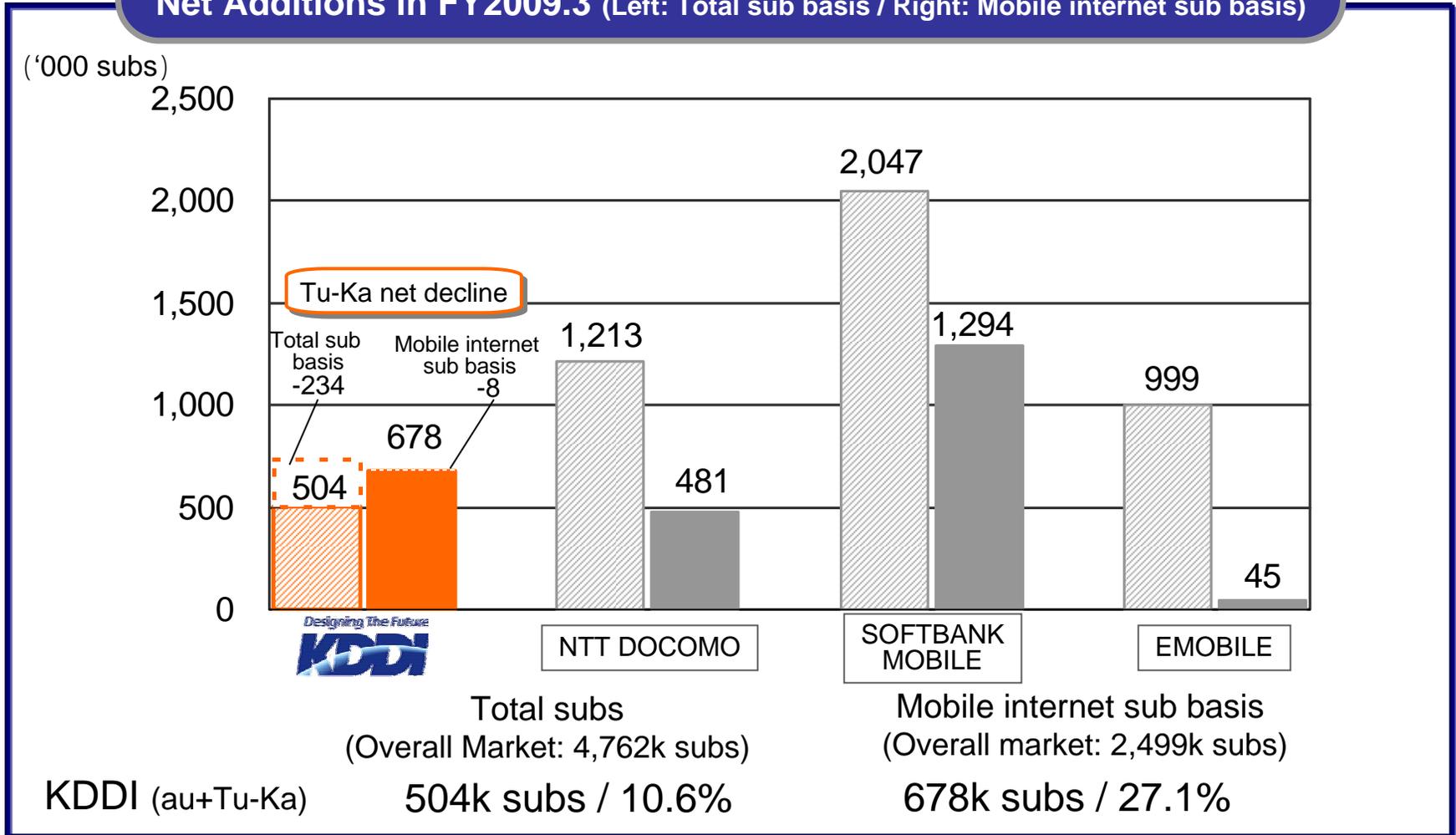


For sustainable growth

1.1. Net Additions of KDDI

- Net additions of subs in FY2009.3 was 504k with a share of 10.6%
- Net additions of high-ARPU mobile Internet subs was 678k with a share of 27.1%.

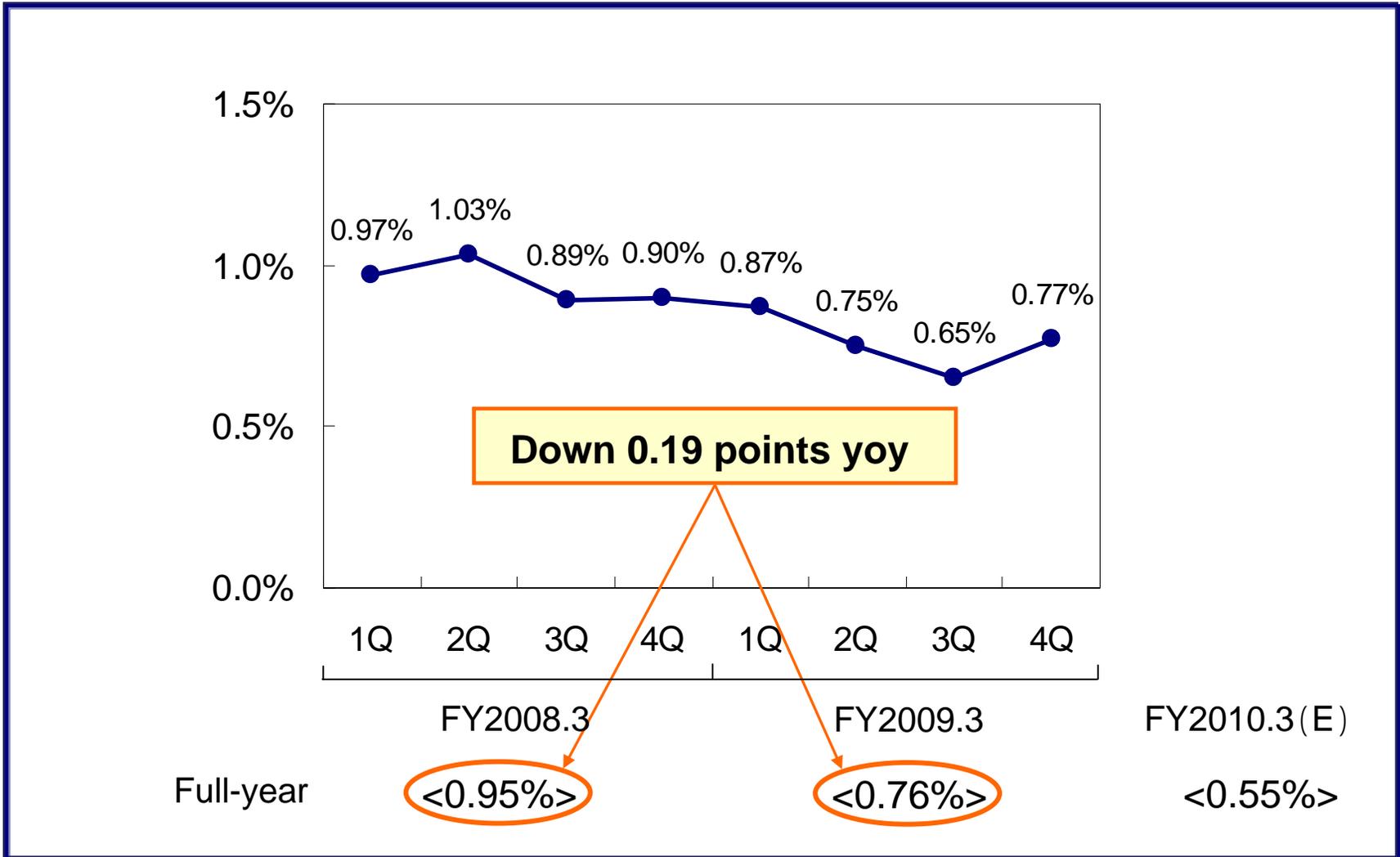
Net Additions in FY2009.3 (Left: Total sub basis / Right: Mobile internet sub basis)



Source: Telecommunications Carriers Association's website.

1.2. "au" Churn Rate

■ Churn rate in FY2009.3 was 0.76%, down 0.19 points yoy.

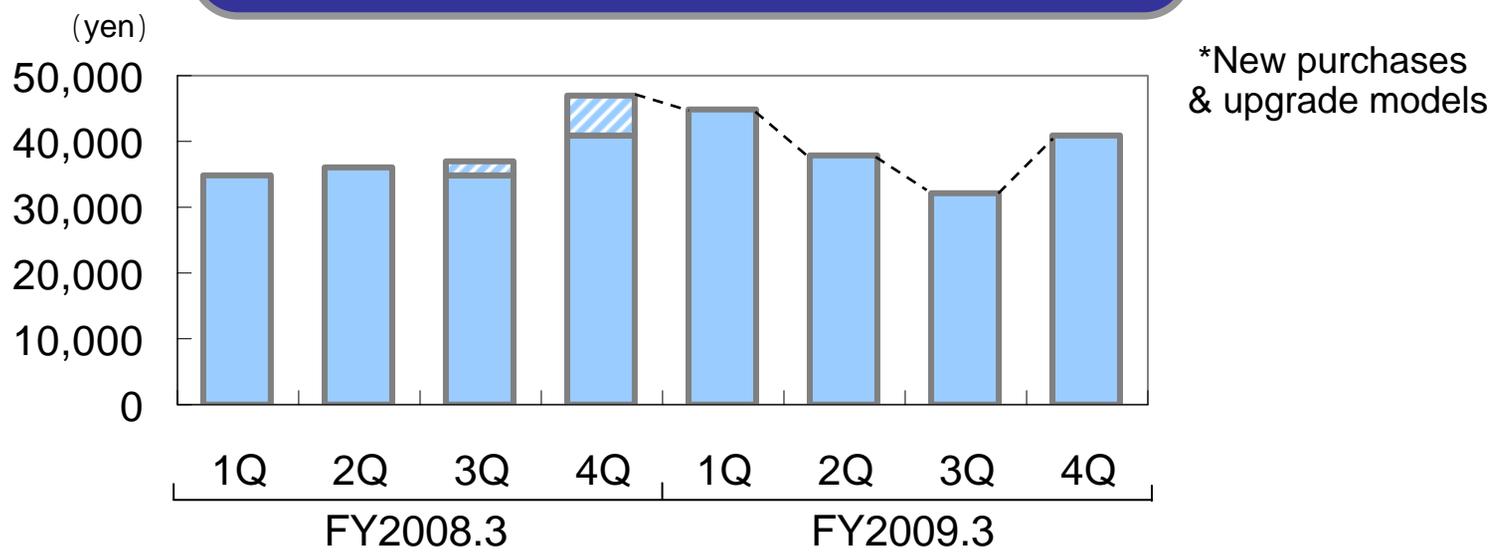


Note: Churn rate is calculated for ordinary handsets which exclude module-type terminals.

1.3. "au" Sales Commissions

■ Average sales commissions in FY2009.3 was ¥39,000.

Average Commissions / Unit *

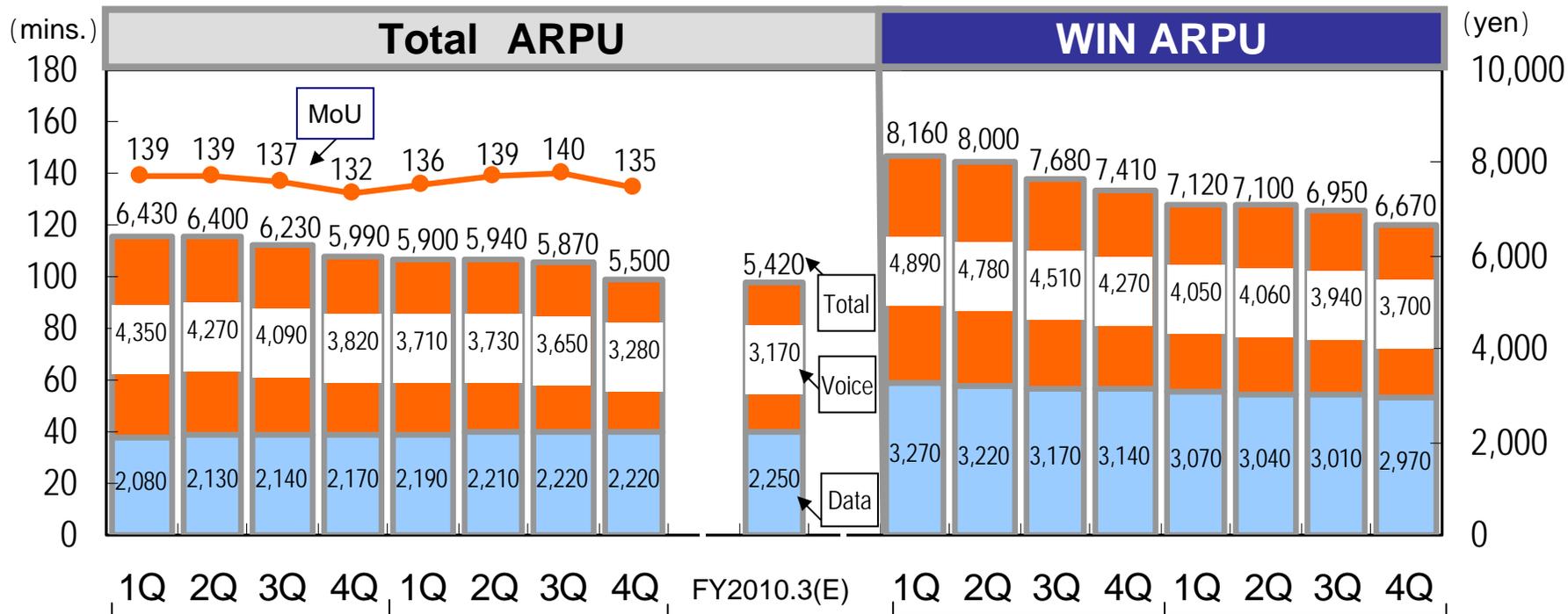


	FY2008.3					FY2009.3				FY2010.3 (E)	
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		
Total sales commissions (Billions of yen)	124.0	149.0	130.0	183.0	586.0	129.0	104.0	79.0	114.0	425.0	361.0
Average commissions / unit (yen)	35,000	36,000	35,000	41,000	37,000	45,000	38,000	32,000	41,000	39,000	36,000
Number of units sold ('000 units)	3,530	4,080	3,700	4,510	15,820	2,860	2,700	2,450	2,800	10,810	10,000

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

■ Total ARPU of FY2009.3 was ¥5,800 contributed by Data ARPU.



FY2008.3 FY2009.3

Full-year	FY2008.3	FY2009.3	FY2010.3(E)
Total ARPU	¥6,260	¥5,800	¥5,420
of Voice	¥4,130	¥3,590	¥3,170
of Data	¥2,130	¥2,210	¥2,250

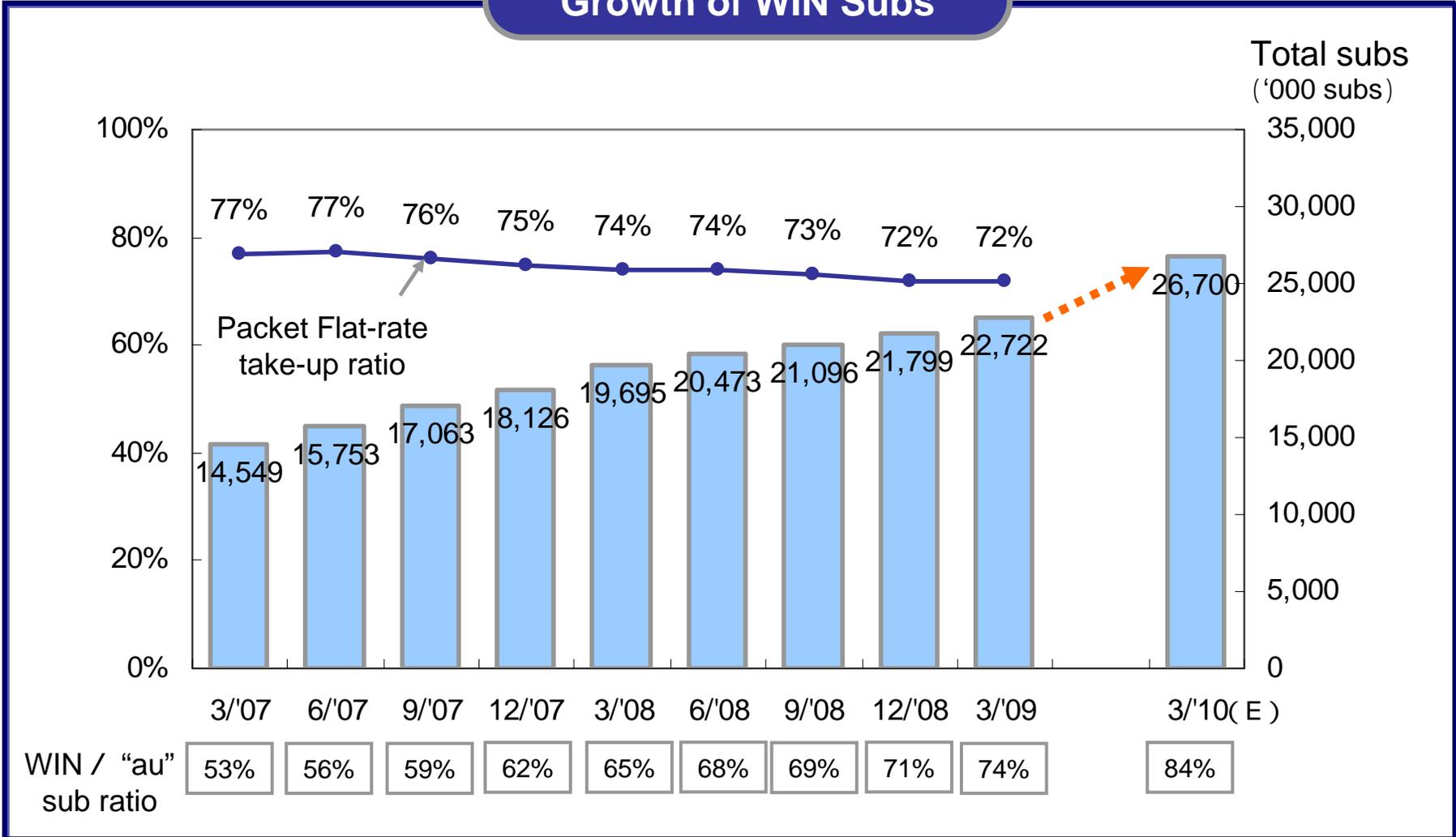
yoy	
Total ARPU	¥460 (7.3%)
of Voice	¥540 (13.1%)
of Data	+ ¥80 (+ 3.8%)

1.5. Update on WIN

- 74% of “au” users are with WIN at end-March, of which as high as 72% of customers sign up for Packet Flat-rate plans.



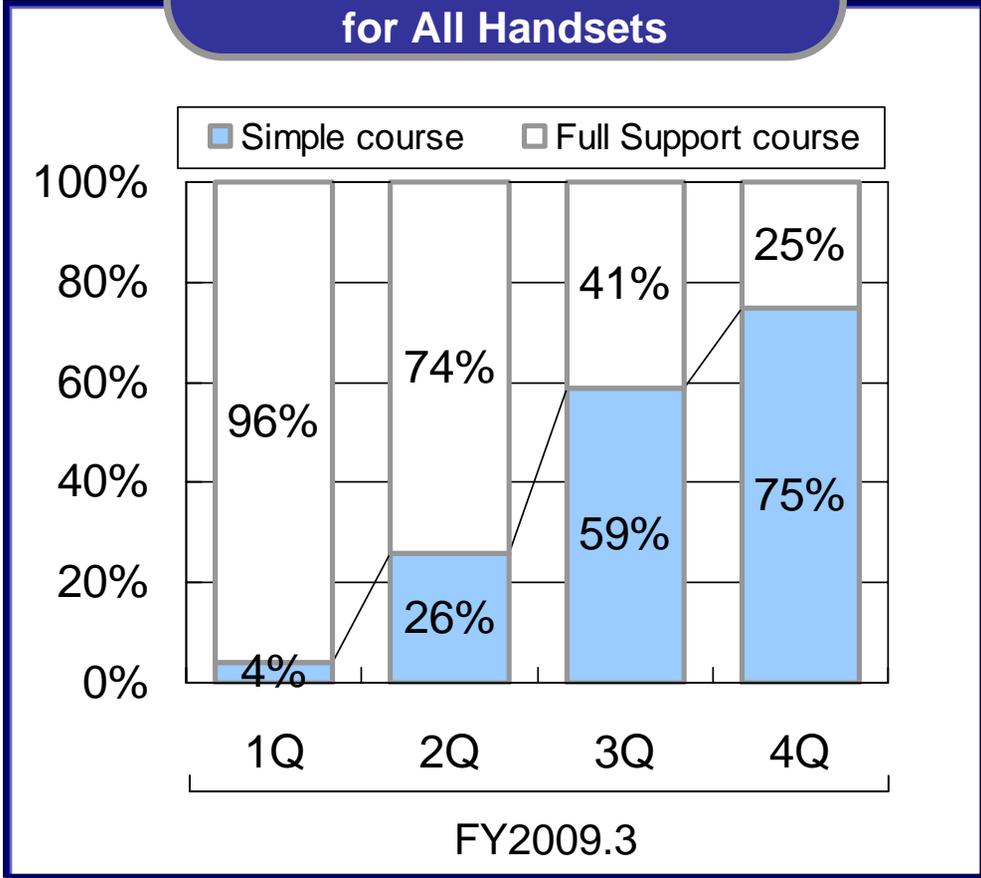
Growth of WIN Subs



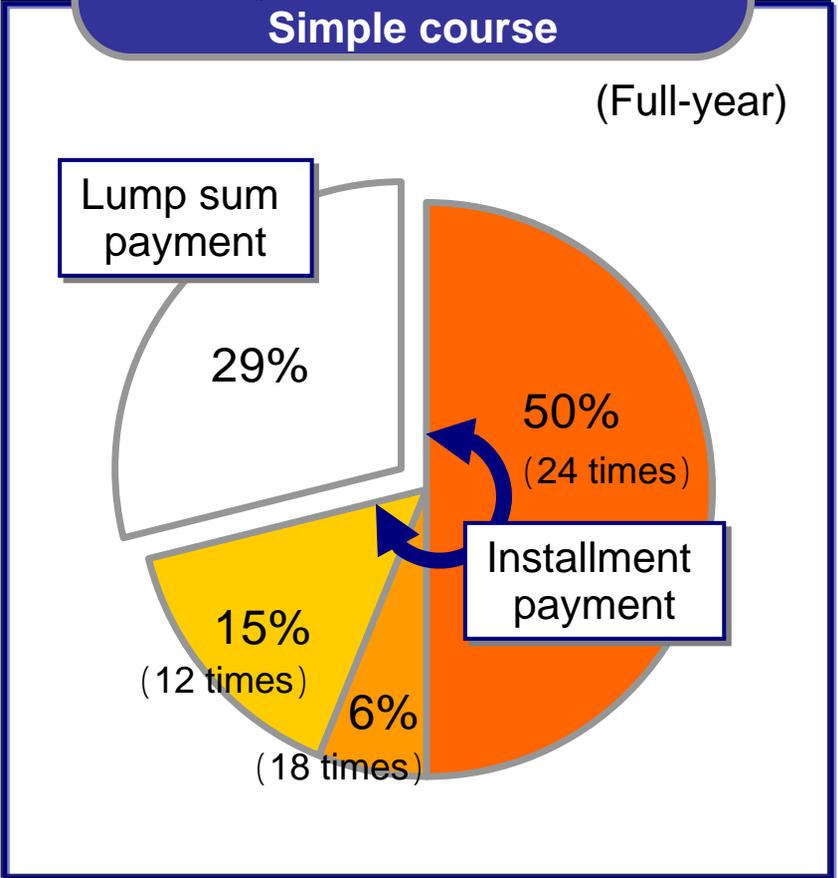
1.6. "au Purchase Program"

- The ratio of "Simple course" adoption to the total no. of units sold steadily rose to 75% in the 4Q, for 41% for the full-year.
- Among customers who selected the "Simple course," the installment payment rate was 71% for the full-year.

Selection of Course for All Handsets



Payment Method for Simple course



2. Decline in Handset unit needs

- Since FY2009.3 handset sales dropped sharply, with corresponding increase in inventory, which has considerably been dealt, and still is being dealt, by handset orders responding to the market conditions and the recording in losses for write-off and disposal of handset inventory.
- In FY2010.3, keep relevant inventory level while controlling sales commissions, focus on sales by strengthening product competitiveness through the introduction of handsets and services with features unique to KDDI.

		<u>FY2008.3</u>		<u>FY2009.3</u>	<u>Year-on-year</u>
No. of handset units sold	(Full-year)	15.82M	➔	10.81M	Down by 32%
No. of handset units in inventory	(As of end -March)	1.31M	➔	1.69M	+0.39M
	(Handsets already written-off)	(0.04M)		(0.36M)	(+0.32M)
Handset inventory write-off / disposal loss	(Full-year)	¥1.9B	➔	¥25.7B	+¥23.8B
	(Actual units)	(0.04M)		(0.65M)	(+0.61M)

3. All-Around Product Competitiveness

- In FY2009.3, introduced FMBC pricing scheme and a series of lifestyle-proposal services. Going forward, further strengthen all-around product competitiveness, including handset.

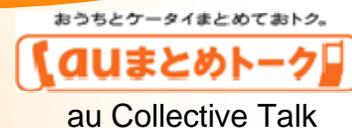
Handsets

Regenerate advanced features and enhance lineup (High-functionality, specialized services, customization)



Charges

Introduce fees linked to fixed-line service



Only from "KDDI"...

Service / Content

Promote new-lifestyle proposal



Network

Improve transmission quality by coverage area expansion maintenance



4. Attractive Handsets

- Aim to strengthen brand by launching new brand “iida” that expand and advance the au design project, and by further promoting the lifestyle strategy.
- Reduce handset procurement costs through a total balance of handset lineup including “iida”.

Functional approach

Strategic model

Strengthen continuity

Stick with “+ ” so that it comes to symbolize “au”'s strategic services



A full selection of handsets to meet individual lifestyles

Emphasize advanced functions

Emphasize lifestyle

Emphasize price

Aesthetic approach

New brand **iida**

NEW

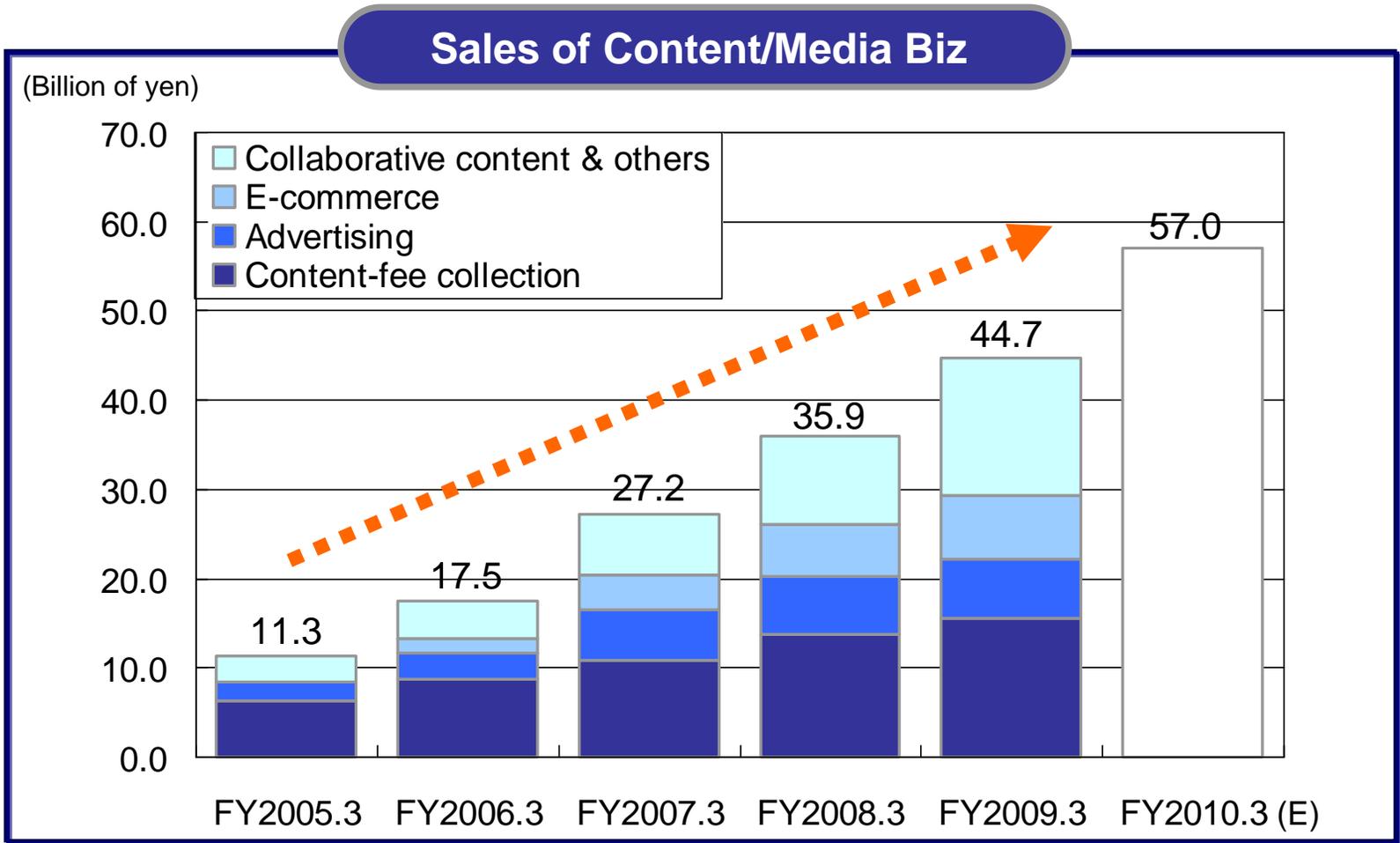
A brand aimed at customers who value a mobile phone's design and feel over functionality



Emphasize aesthetics

5. Sales Boost from Content/Media Biz.

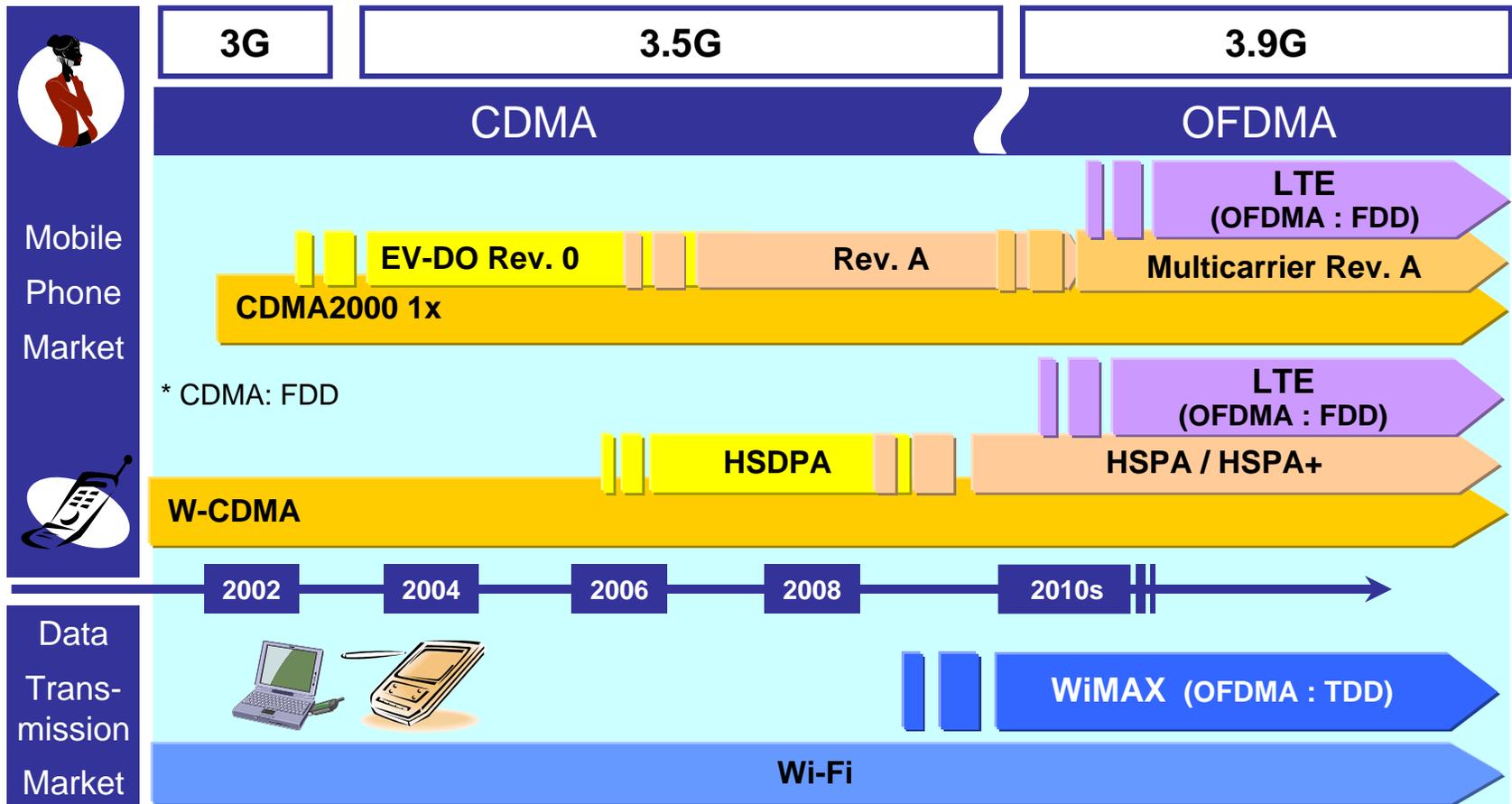
- Sales for the content and media business in FY2009.3 were up 25% yoy to ¥44.7 B. Accompanying the popularization of Packet Flat-rate plans, usage for digital content and e-commerce.



Note: The accounting method for advertising sales changed in FY2008.3 and FY2009.3.

6. Next-Generation System (3.9G)

- KDDI has decided to introduce LTE in light of international trends, cost-savings, versatility and future prospects it offers. LTE is expected to contribute to improved frequency usage and reduced unit costs per bit.
- As a supplementary measure until the rollout of LTE, the aggregated operation of multiple EV-DO rev. A carriers is under consideration.

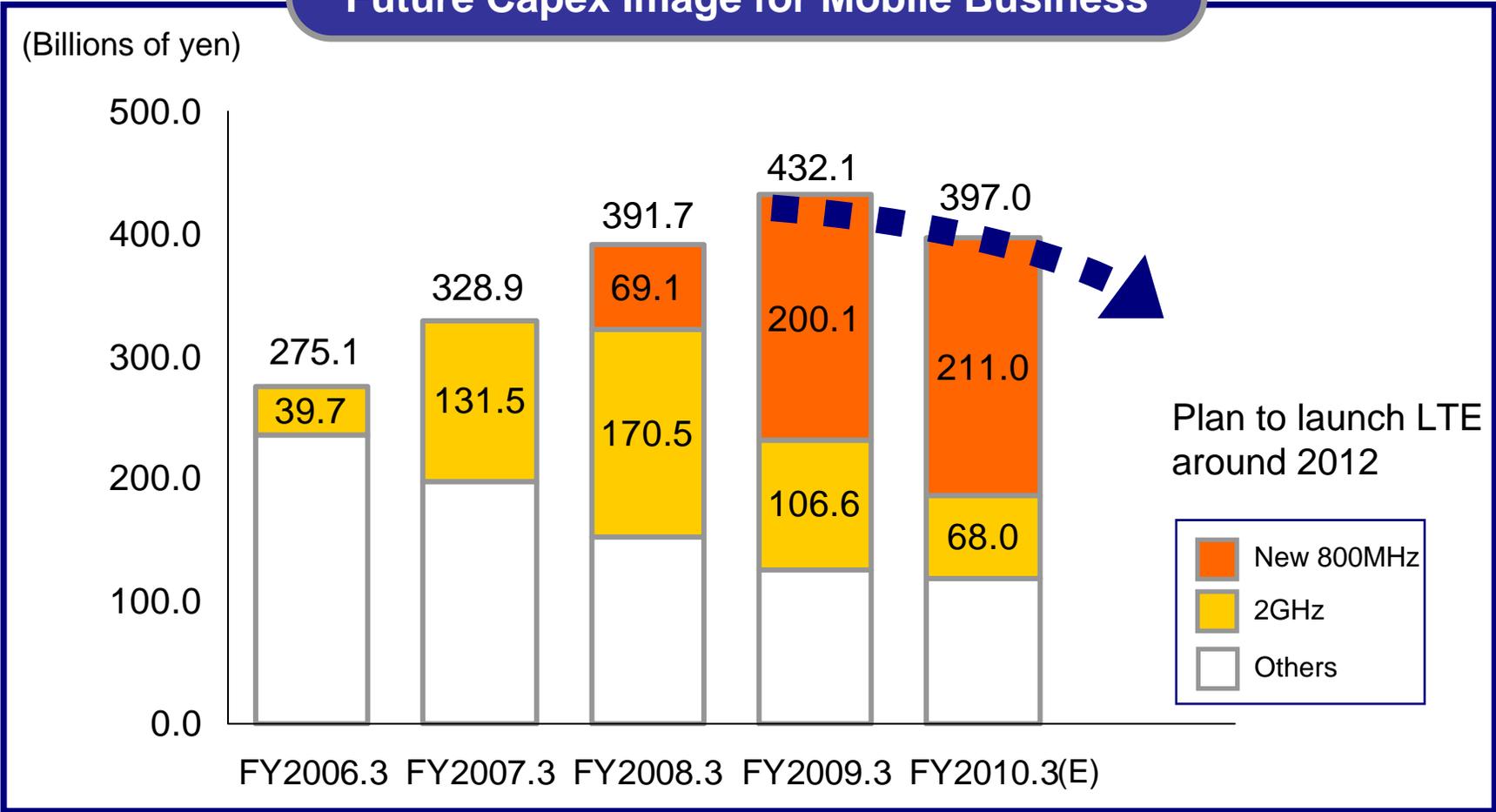


Note: LTE: Long Term Evolution, OFDMA: Orthogonal Frequency Division Multiple Access
 LTE achieves interworking with existing systems, realizing seamless handover to other systems, through the handset's dual-mode etc.

7. Mobile Business Capex

- The high level of capex, focused on adapting to the reorganization of the 800 MHz band, peaked in FY2009.3.
- In FY2010.3, the number of outdoor base stations is forecasted to increase, however, with less impact by reducing the unit cost.

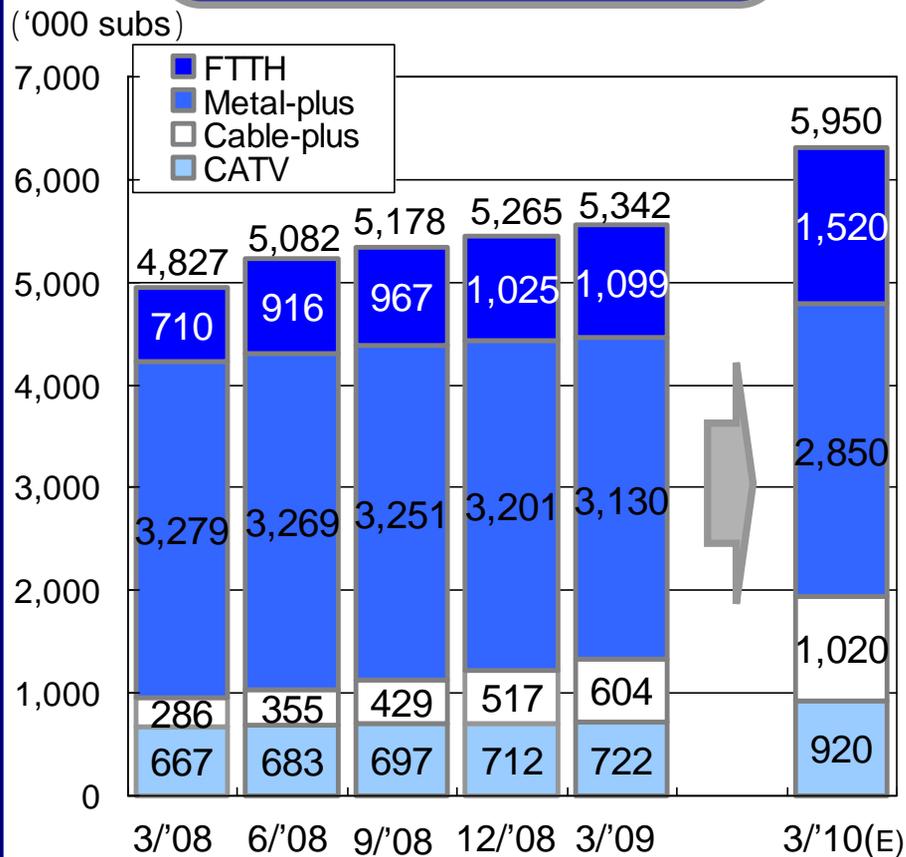
Future Capex Image for Mobile Business



1. Fixed Access Lines

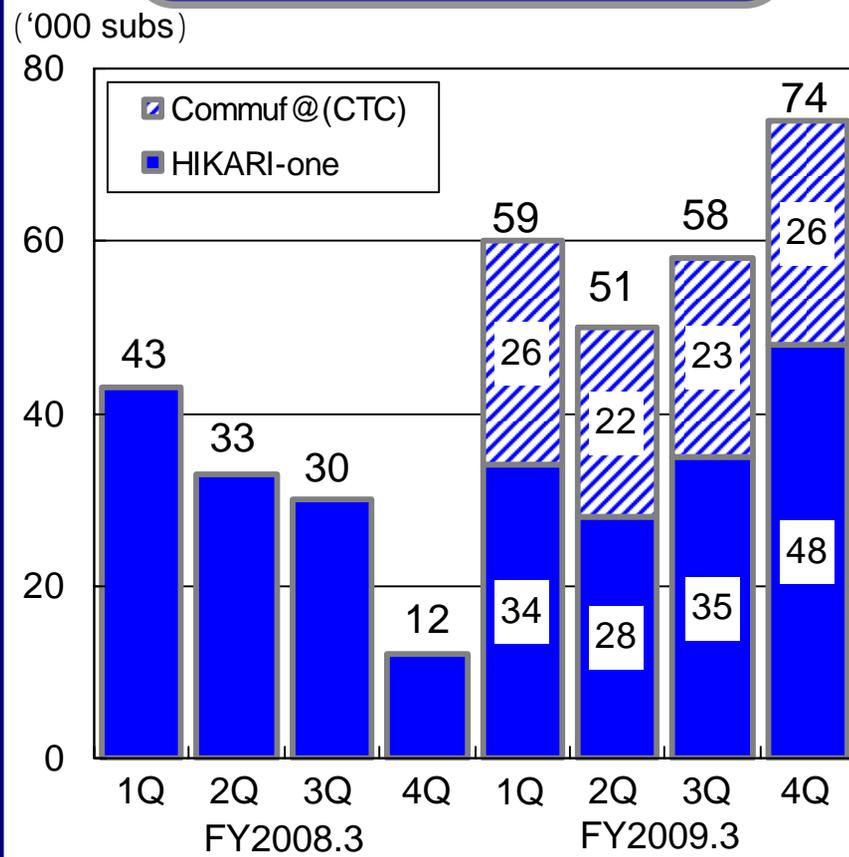
- At end-March, no. of fixed access lines was 5.34M.
- Net increase in FTTH subs has grown steadily with the addition of CTC as a consolidated subsidiary, the introduction of HIKARI-one Home "Giga Value Plan" from 3Q and the expansion of service to the Sapporo area.

Fixed Access Lines Note1



Note1: () shows total subs of access lines excluding crossover subs.

FTTH Net Additions Note2

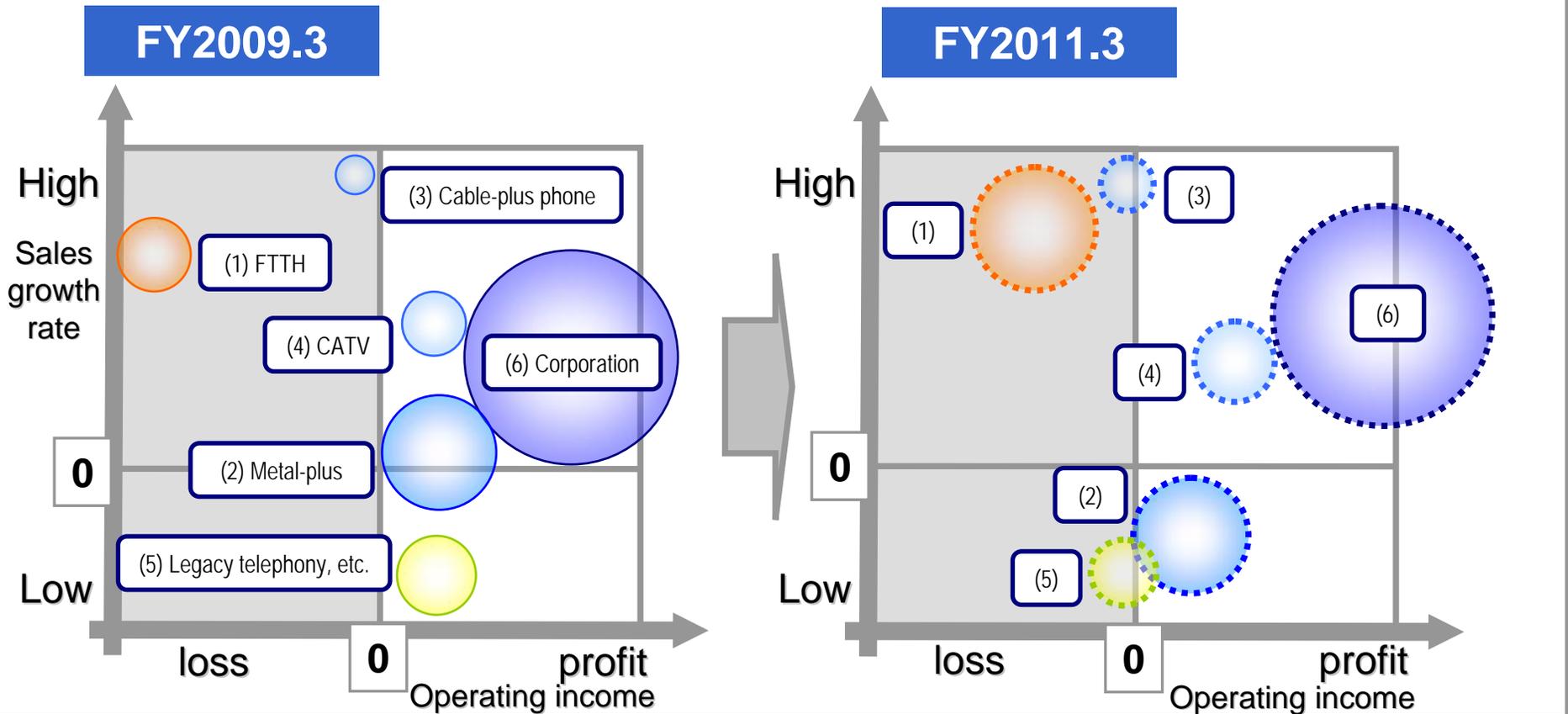


Note2: Net additions of Commuf@ (CTC) does not include the cumulative 147k subs as of end-March, 2008.

2. Turnaround of Fixed-line Business

- Aim at making a turnaround in Fixed-lined Business in FY2011.3, through lower loss of FTTH, which is currently a major loss-making service, and higher profit of other services.

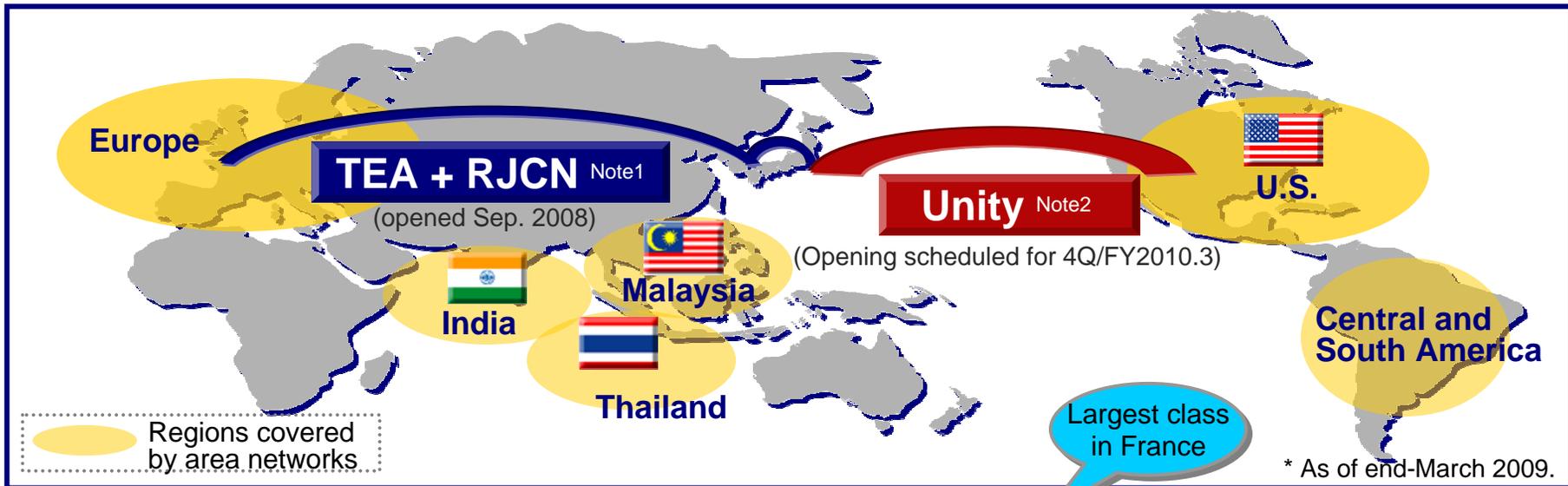
Fixed-line Business Portfolios



Note: The size of the circles show images on those of sales.

3. Enhancing Global ICT

- Strengthened framework for providing one-stop global ICT solutions through construction of huge capacity fiber-optic cables and expansion of regional networks throughout the world.
- While actively expanding data centers ( **TELEHOUSE**), enhanced support framework for customers' overseas operations in 48 cities worldwide (63 offices).



 **TELEHOUSE**
Invested ¥25.0B in data center business

October 2008
Singapore
(Newly established)



March 2009
Paris
(Newly established)



Spring 2010
London
(Newly established)
Under construction



Note1: Transit Europe Asia: A high-capacity multiplexing optic network owned by Rostelecom. Russia-Japan Cable Network: A Japanese-Russian seabed optic cable jointly constructed with Rostelecom. For TEA and RJCN, Japan and Europe have been seamlessly connected by the shortest route.

Note2: A seabed optic cable that connects Japan and the U.S.

1.1. FMBC Initiatives

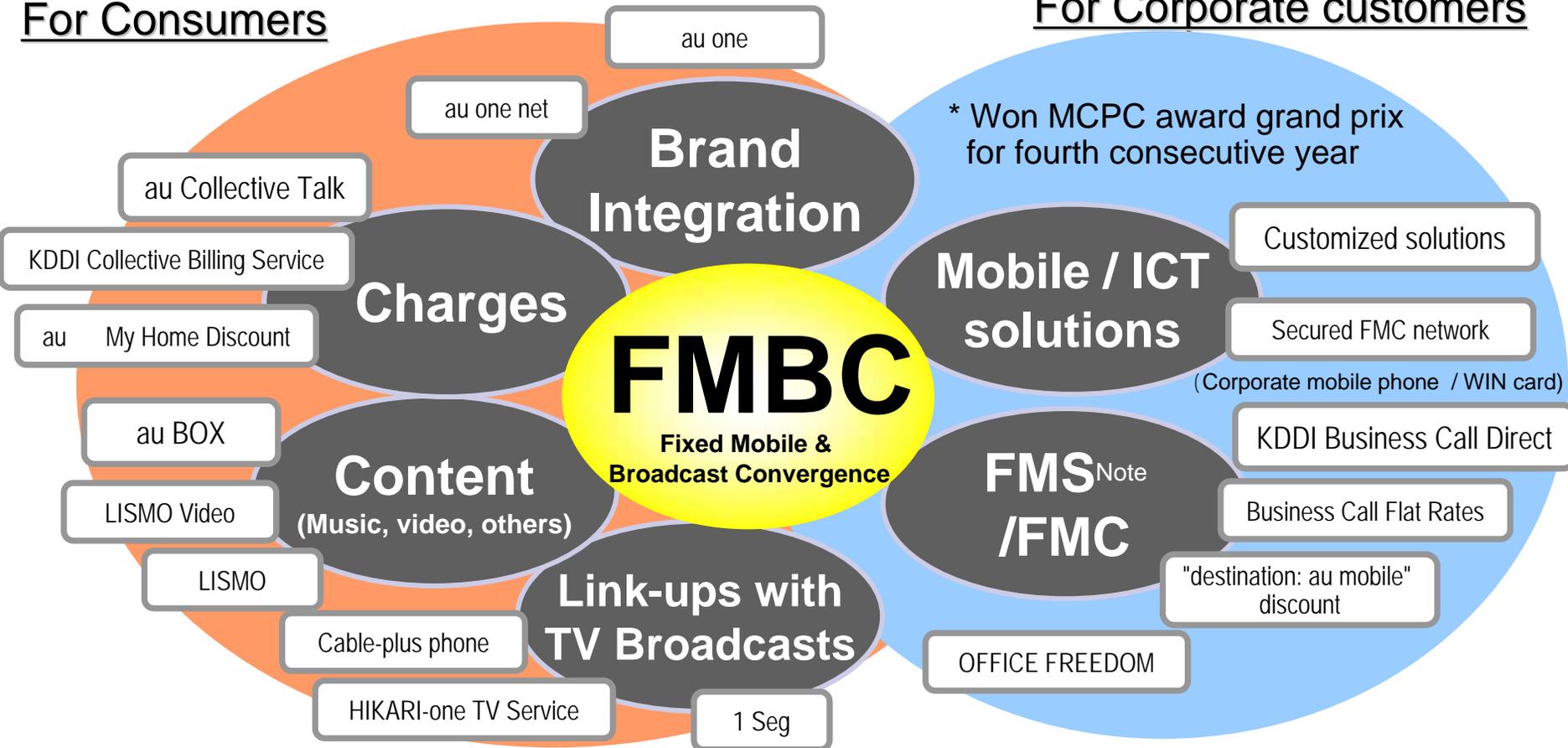
~Enhancing Product Competitiveness

FMBC

- For consumers: Leverage 30M strong "au" mobile customers and develop FMBC services by positioning "au" as the overall brand for KDDI consumer services.
- For corporate customers: Offer FMC services by adding mobile convenience to customer's ICT bases to contribute to maximizing their capabilities.

For Consumers

For Corporate customers

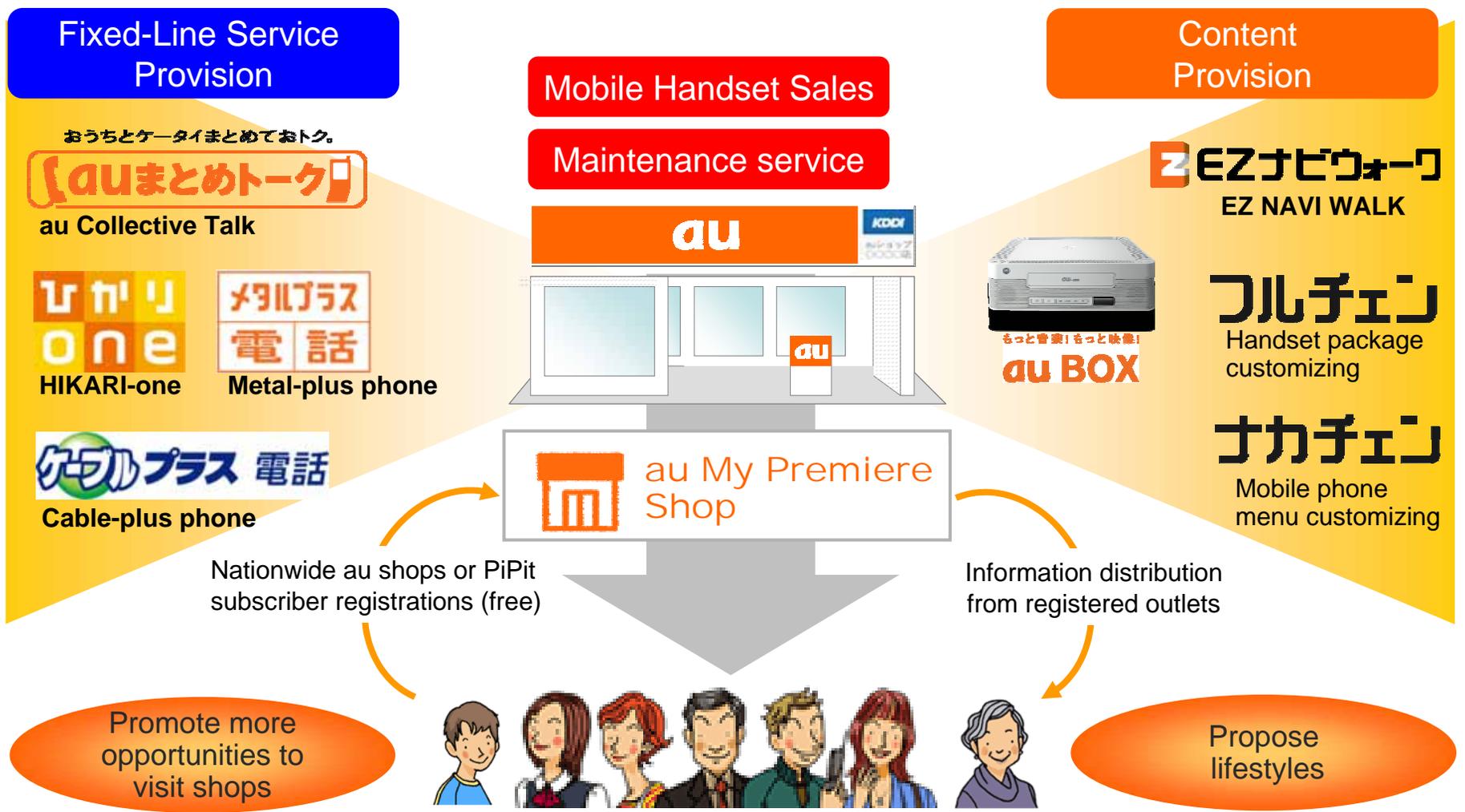


1.2. FMBC Initiatives

~Strengthening Sales Capabilities

FMBC

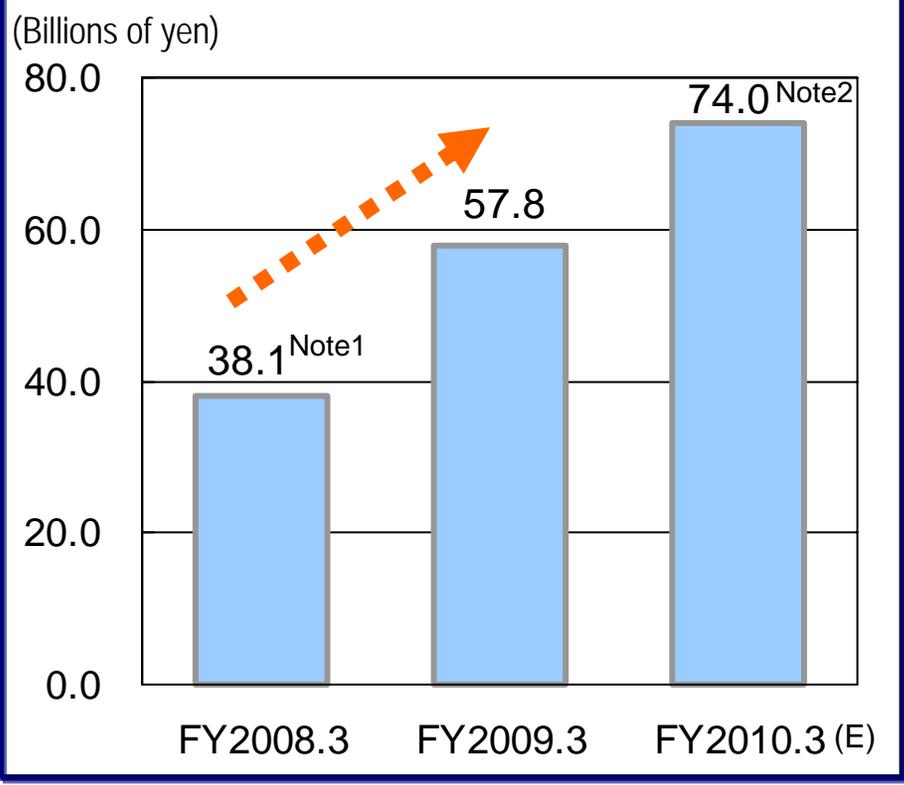
- Utilize au shops as a base for providing many goods and services, including mobile handset sales and after-sales service as well as fixed-line service and content provision, thereby promoting FMBC services.



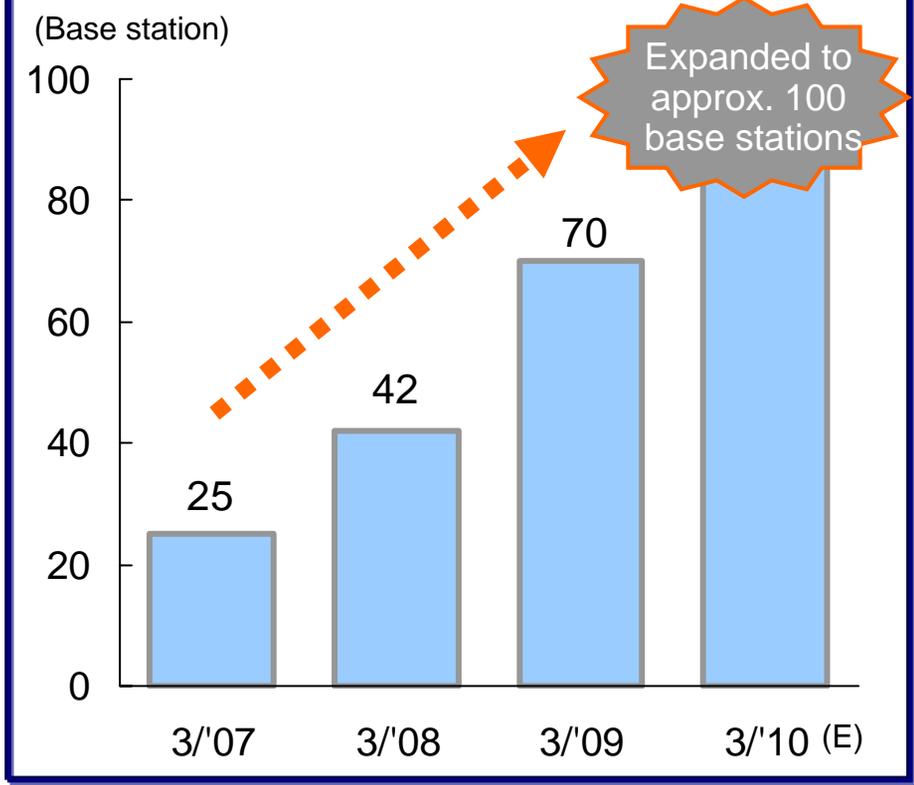
1.1. Initiatives in New Biz. Domains ~CATV

- Expanded JCN Group, focusing on the Tokyo-Metropolitan area, to ¥57.8B sales in FY2009.3.
- Promoted expansion of Cable-plus phone affiliated stations which support the triple play service of CATV operators.

Sales of JCN group



Expansion of Cable-plus phone affiliated stations



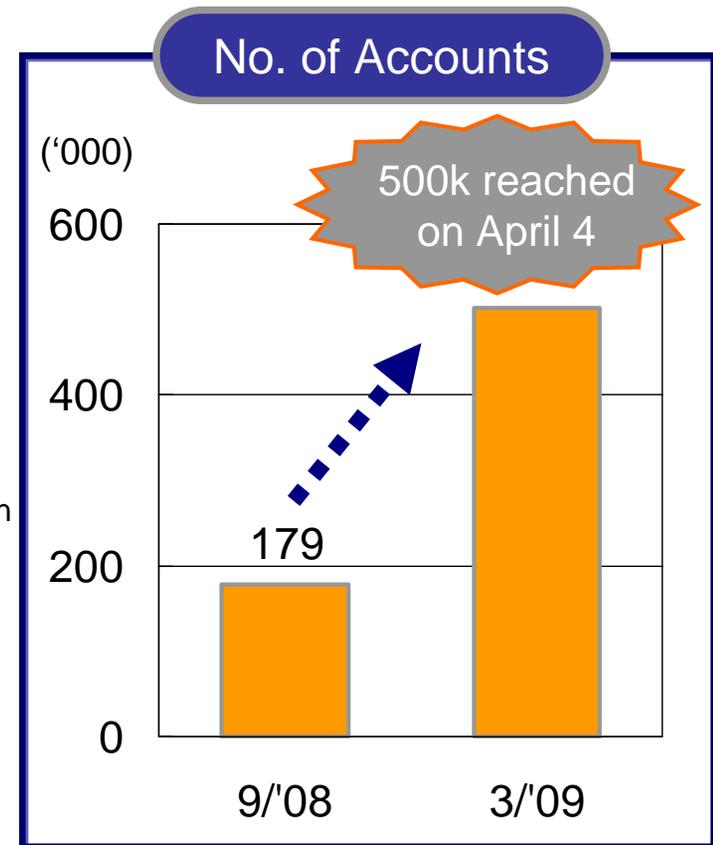
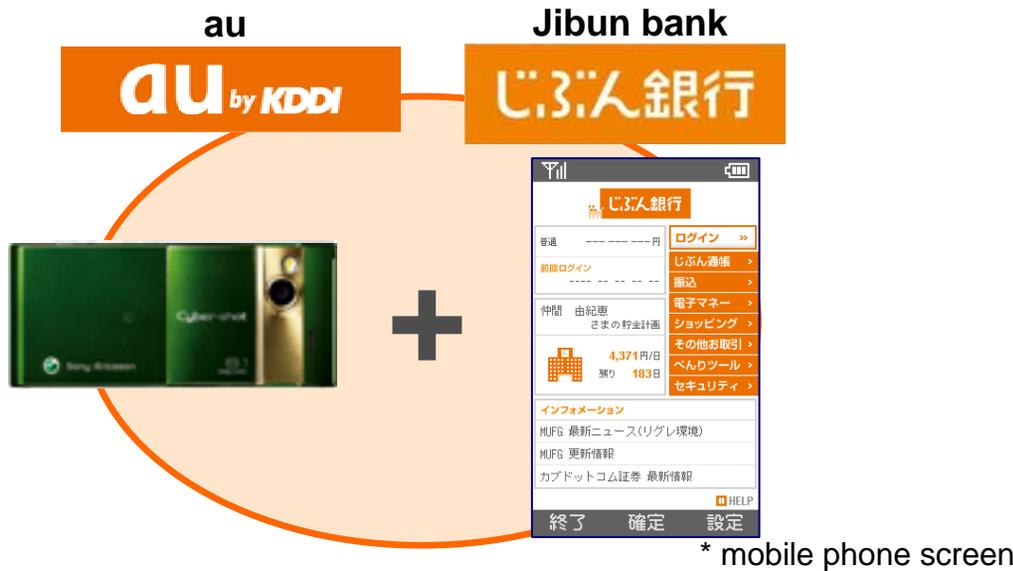
Note1: Sales for 9 months after becoming a consolidated subsidiary of KDDI.

Note2: Includes JCN KANTO and JCN Kawagoe, which became consolidated subsidiaries in April 2009 through acquisition of shares.

1.2. Initiatives in New Biz. Domains ~Jibun Bank

For sustainable growth

- In cooperation with “au,” Jibun Bank Corporation provides mobile phone-based banking rooted in customer lifestyles. The capability to easily and safely access financial services anytime, anywhere contributes to the growing appeal of “au.”
- No. of accounts has been increasing steadily, reached 500k on April 4.



Incorporated into main menu

Activate the Jibun Bank application from the main menu with one click

Functions linked to mobile phone

Loaded with unique functions like bank transfer by a mobile number

Security

Enhanced security via handset authentication + PIN number

1.3. Initiatives in New Biz. Domains

~Mobile
 WiMAX

For
 sustainable
 growth

- UQ Communications began trial service on February 26, 2009. Commercial-based service is scheduled to begin on July 1, 2009.
- Aims to create an open network at an early date, to achieve truly mobile broadband.

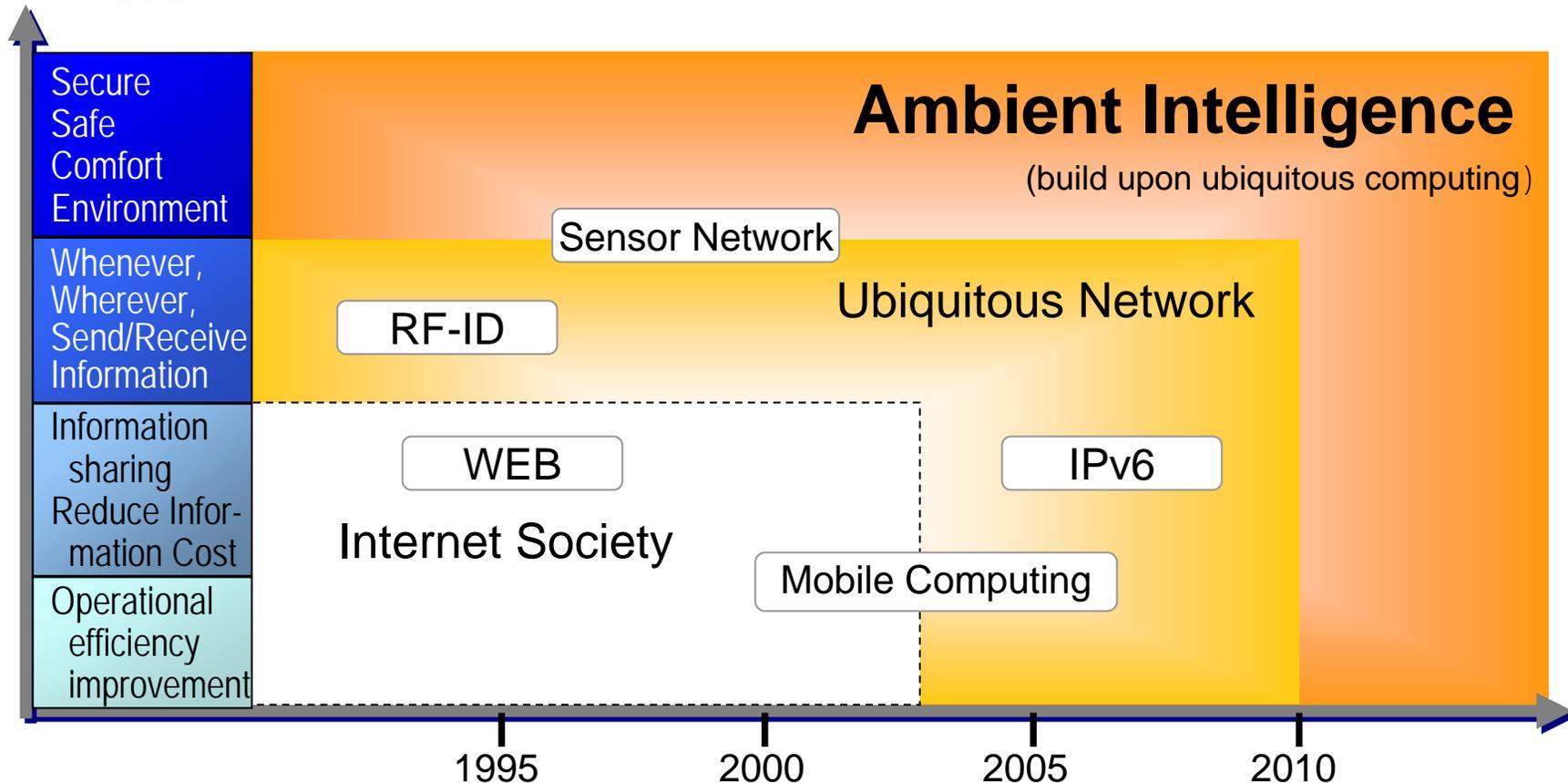
Business Strategy		Business plan		
Early-stage creation in nationwide	<ul style="list-style-type: none"> ➤ Accelerate construction of base stations 	Service area	(July 2009) Tokyo metropolitan area, Kyoto/Osaka/Kobe, Nagoya (March 31, 2010) Expand to government-designated nationwide (March 31, 2011) Expand to major cities nationwide (March 31, 2013) All areas nationwide (more than 90%)	
Leverage WiMAX's special features	<ul style="list-style-type: none"> ➤ Wi-Fi alliance ➤ WiMAX embedded PC ➤ International standards (low-cost) 		Estimated subs	Approx. 5.60M [end March 2014]
Pursue an open model	<ul style="list-style-type: none"> ➤ Create market for retail devices ➤ Collaboration with MVNO 		Estimated sales	Approx ¥145.0B [fiscal year March 2014]
Expand target market	<ul style="list-style-type: none"> ➤ From PC domain to non-PC domain 		Capital expenditures	Approx ¥144.0B [up to end-March 2014]

2.1. Society KDDI is Designing for ~ Ambient Intelligence

For sustainable growth

- The society that can achieve the service of “For now, Right here, Only you” comes upon the ubiquitous network. (= World of Ambient Intelligence)
- ICT aims to bring secure, safe, comfortable and green environment lifestyle into society to stimulate human creativity in the ambient intelligence.

ICT Role



2.2. Society KDDI is Designing for

~ Ambient Intelligence

For sustainable growth

- In the ambient intelligence, telecommunications companies are expected to create the use scene.
- KDDI proposes new values and lifestyles for the creation of the use scene, and expands the business opportunities.

Ubiquitous Network

Society has a capability to realize the benefits from ICT.

“Whenever, Wherever, Whoever”

(PULL TYPE)

User access to mobile network and broadband network by her / himself.

Upgrading of infrastructure

Realized Society

Concept

Use Case

Value Proposition

Ambient Intelligence

ICT melts in human life smoothly.

“For now, Right here, Only you”

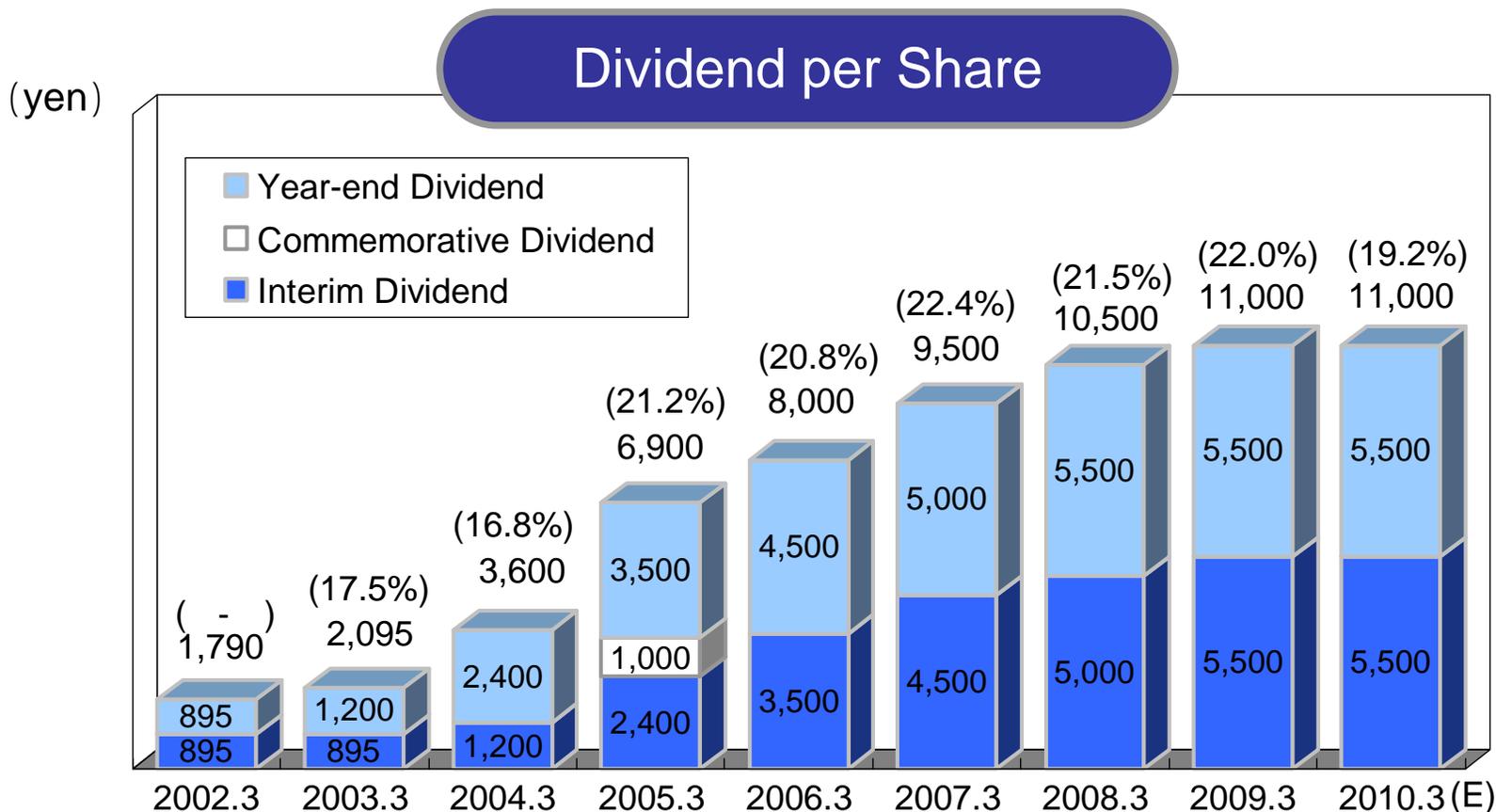
(PUSH TYPE)

ICT plays a part to achieve secure, safety and comfortable life without awareness of users.

Creating of the use scene

Shareholder Returns

- Maintain stable dividend – aim for consolidated payout ratio of 20% or more, taking investments for sustainable growth into consideration.



Note: () refers to payout ratio, which shows on a company basis until FY2006.3 and on a consolidated basis in FY2007.3 and onwards. FY2002.3 posted net loss, therefore, shown as (-).

