



Ubiquitous Solution Company

KDDI CORPORATION

Financial Results for the 1st Quarter
of the Fiscal Year Ending March 2010

July 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. 1st Quarter – Financial Results Highlights

1 Consolidated basis

- Operating revenues declined 1.9% yoy. Operating income rose 14.0%.
On-track performance: 30.2% of full-year's operating income forecast.

2 Mobile Business

- Although operating revenues declined 2.4%, operating income increased 9.6% yoy.
- No. of "au" subs at end-June was 31.00M with a cumulative share at 28.6%.
- Handset no. of unit sold declined 23% yoy to 2.21M.
- No. of handset units in inventory at end-June declined to 1.13M.
- In April, launched the new "iida" brand as a development and expansion of the "au design project".

3 Fixed-line Business

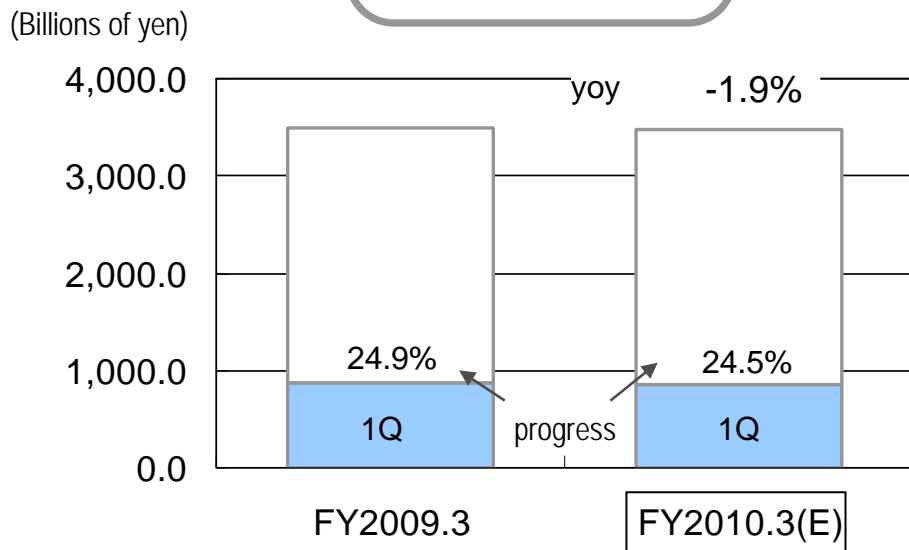
- Operating revenues were on a par with the previous year, while operating loss improved by ¥4.2B to ¥10.7B.
- At end-June, no. of fixed access lines was 5.59M^{Note}. Within this, no. of FTTH subs rose to 1.21M.

4 FMBC

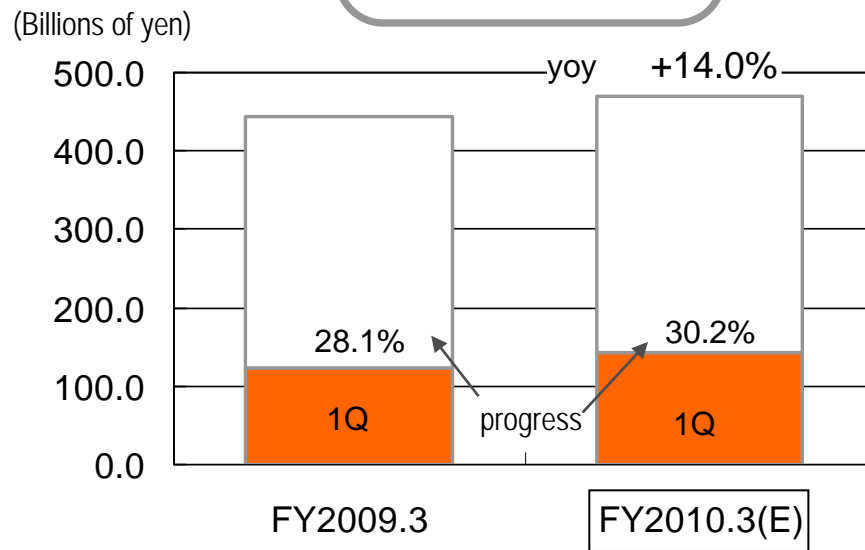
- In April began providing "KDDI Business Call Direct", a flat-rate voice FMC service for corporate clients that makes use of internal extensions.

2. Consolidated Financial Results

Operating revenues



Operating income



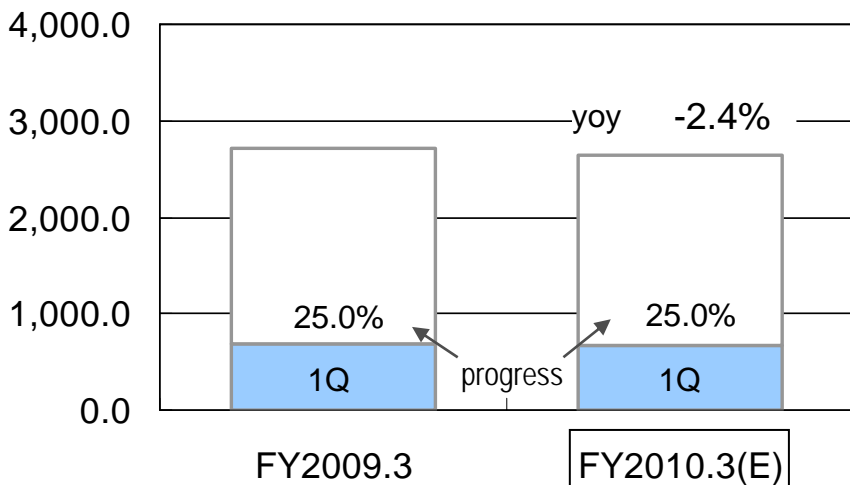
(Billions of yen)

	FY2009.3		FY2010.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	870.5	3,497.5	853.7	-1.9%	24.5%	3,480.0
Operating income	124.4	443.2	141.8	+14.0%	30.2%	470.0
<i>Operating margin</i>	14.3%	12.7%	16.6%	-	-	13.5%
Ordinary income	124.8	440.5	138.4	+10.9%	30.8%	450.0
Net income	72.5	222.7	86.4	+19.3%	33.9%	255.0
Free Cash Flow	-74.9	-63.2	-76.5	-	-	67.0
EBITDA	223.4	904.0	252.3	+13.0%	26.3%	960.0
<i>EBITDA margin</i>	25.7%	25.8%	29.6%	-	-	27.6%

3. Mobile Business

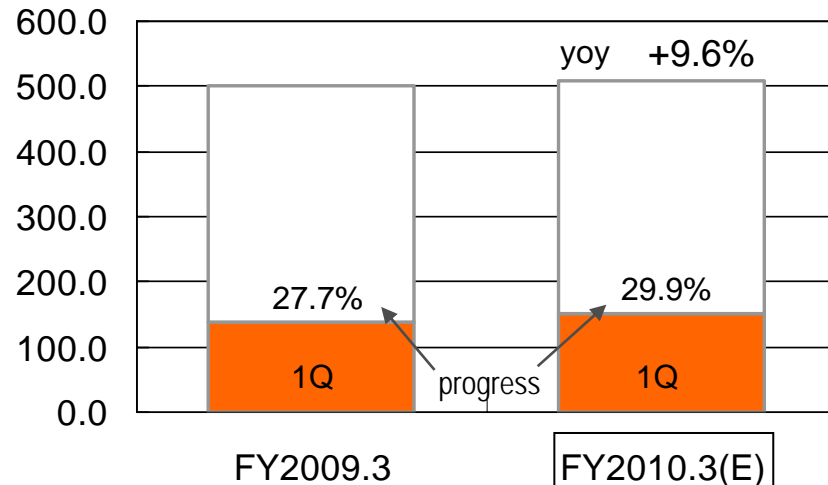
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)



(Billions of yen)

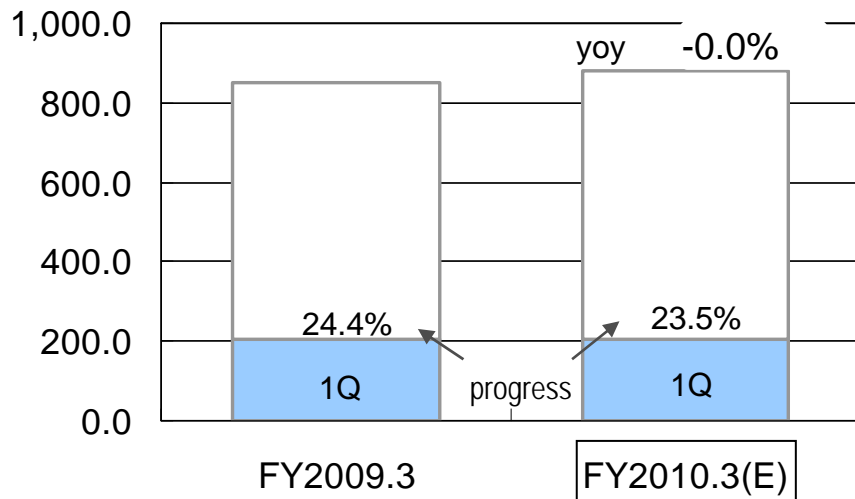
	FY2009.3		FY2010.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	679.8	2,719.2	663.2	-2.4%	25.0%	2,650.0
Operating income	139.2	501.5	152.5	+9.6%	29.9%	510.0
Operating margin	20.5%	18.4%	23.0%	-	-	19.2%
Ordinary income	141.3	509.1	154.8	+9.6%	30.1%	515.0
Net income	82.8	273.1	95.9	+15.8%	31.8%	302.0
Free Cash Flow	-16.5	180.0	-25.2	-	-	158.0
EBITDA	205.1	821.9	230.1	+12.2%	26.9%	856.0
EBITDA margin	30.2%	30.2%	34.7%	-	-	32.3%

	FY2009.3		FY2010.3(E)	
	(' 000)		1Q	1Q
Total Subs	30,305	30,843	30,996	31,600
of module-type	841	923	960	1,000
WIN(EV-DO)	20,473	22,722	23,440	26,700
1X	9,444	7,805	7,257	-
cdmaOne	389	316	299	-

4. Fixed-line Business

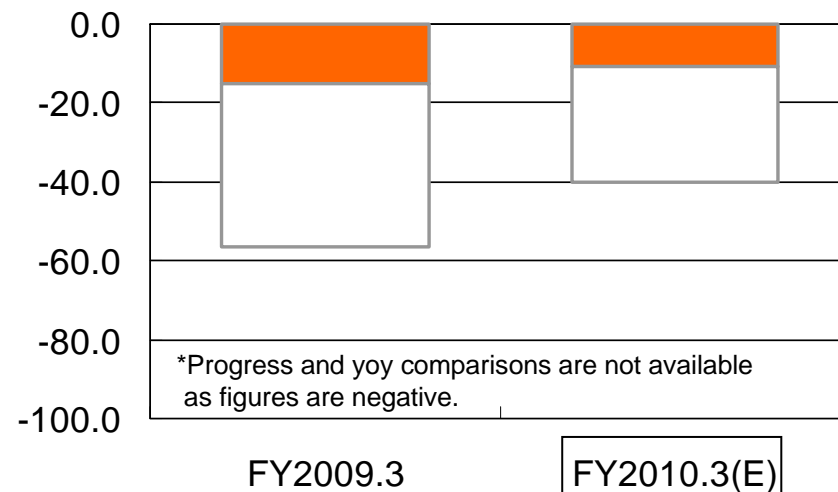
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)



(Billions of yen)

	FY2009.3		FY2010.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	207.2	848.7	207.2	-0.0%	23.5%	880.0
Operating income	-14.9	-56.6	-10.7	-	-	-40.0
Operating margin	-7.2%	-6.7%	-5.2%	-	-	-4.5%
Ordinary income	-15.8	-61.6	-13.0	-	-	-53.0
Net income	-9.8	-43.1	-6.4	-	-	-32.0
Free Cash Flow	-53.1	-40.7	-36.7	-	-	-78.0
EBITDA	17.8	82.3	21.9	+23.2%	21.5%	102.0
EBITDA margin	8.6%	9.7%	10.6%	-	-	11.6%

Subs	FY2009.3		FY2010.3(E)	
	('000)		1Q	
ADSL	1,347	1,224	1,181	1,080
FTTH	916	1,099	1,211	1,520
Metal-plus	Note1	3,269	3,130	3,065
Cable-plus phone		355	604	697
CATV	Note2	683	722	882

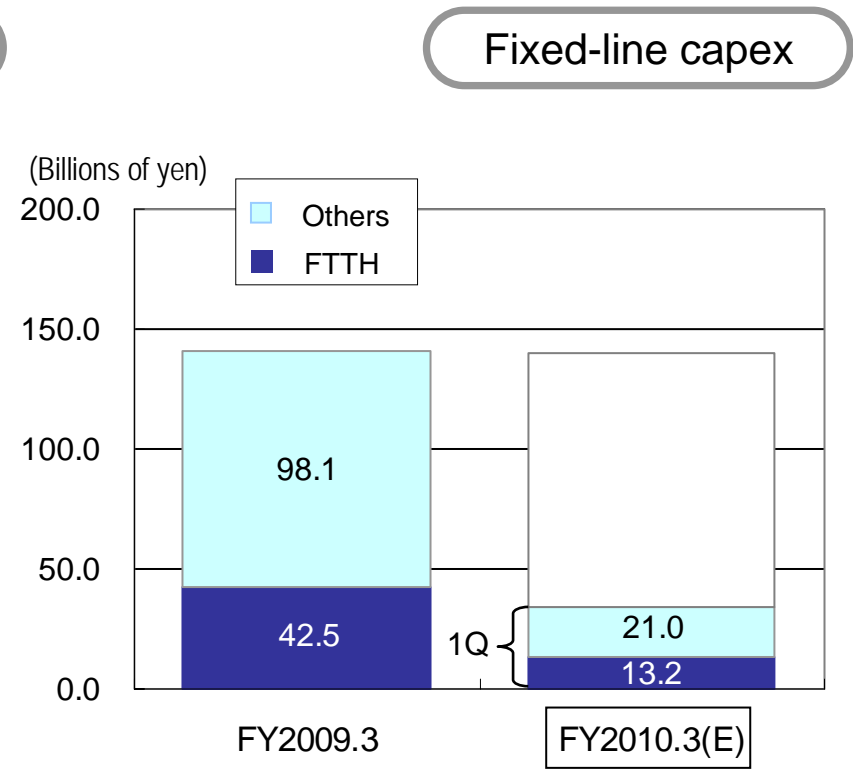
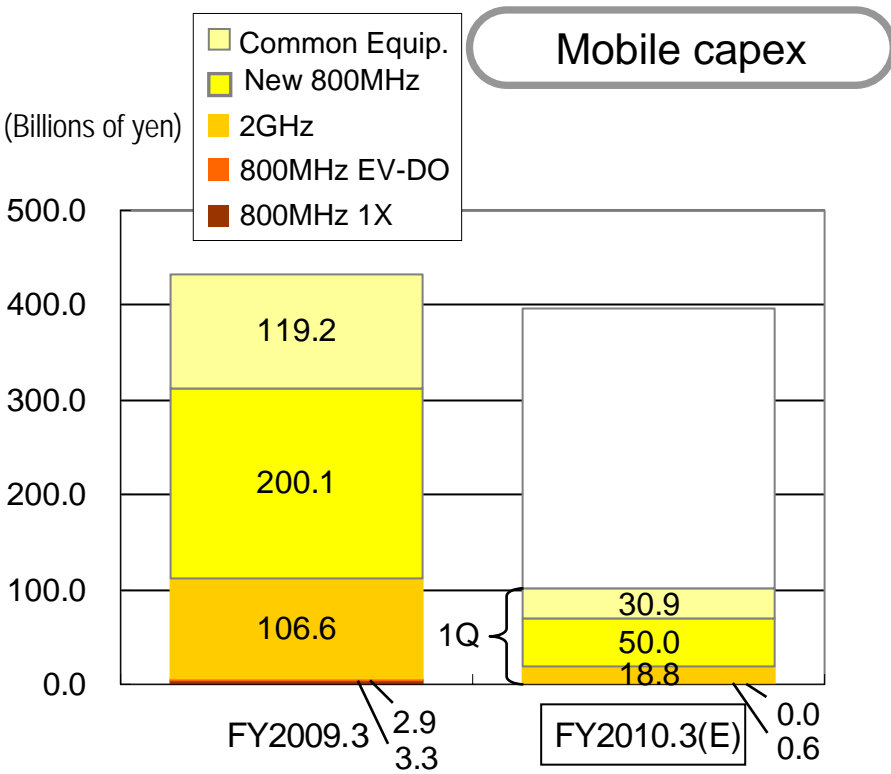
Fixed access lines	FY2009.3		FY2010.3(E)	
	('000)		1Q	
	5,082	5,342	5,587	5,950

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

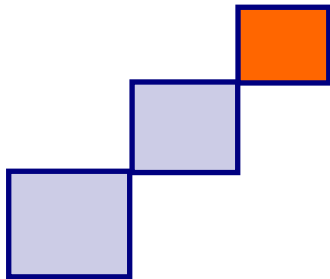


(Billions of yen)

		FY2009.3		FY2010.3(E)			
		1Q		1Q	yoy	progress	
Capex (Cash basis)	Consolidated	130.0	575.1	135.2	+4.0%	25.0%	540.0
	Mobile	96.0	432.1	100.4	+4.6%	25.3%	397.0
	Fixed-line	32.9	140.6	34.2	+4.0%	24.5%	140.0

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

Segment Discussions



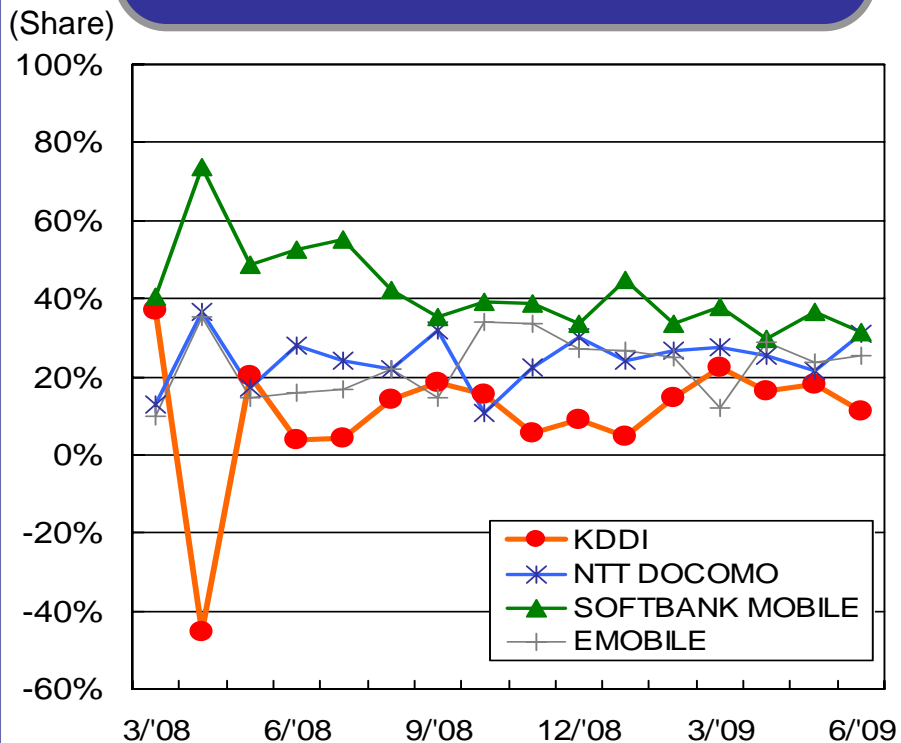
Mobile Business

Fixed-line Business

1.1. Net Additions

- Net additions of subs in 1Q/FY2010.3 was 153k with a share of 15.3%
- Net additions of high-ARPU mobile Internet subs was 129k with a share of 31.3%.

On a Total Sub Basis



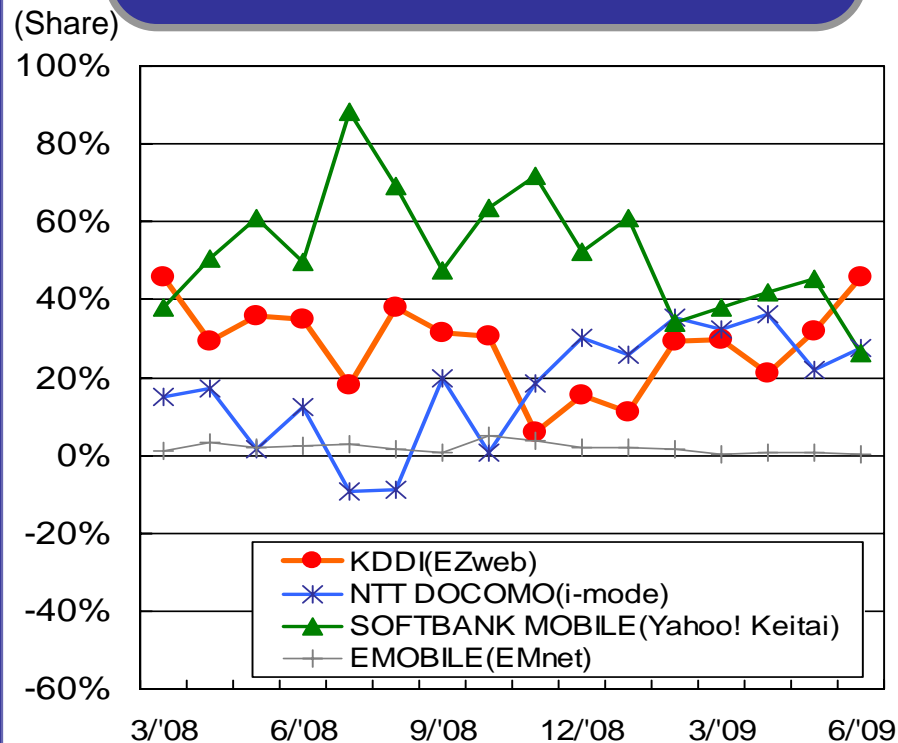
Full-year / FY2009.3

504k subs / 10.6%

1Q / FY2010.3

153k subs / 15.3%

On a Mobile Internet Sub Basis



Full-year / FY2009.3

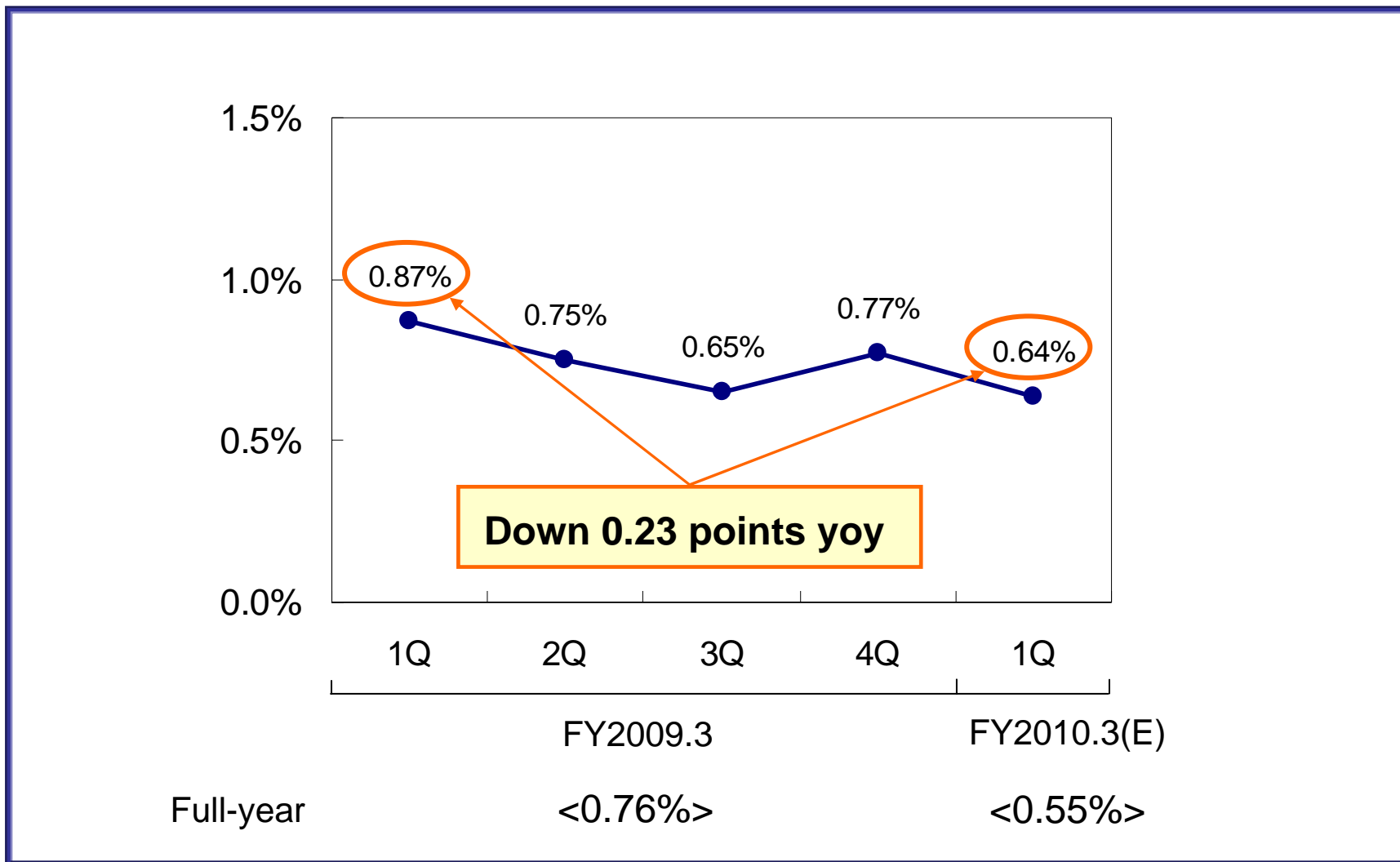
678k subs / 27.1%

1Q / FY2010.3

129k subs / 31.3%

1.2. Churn Rate

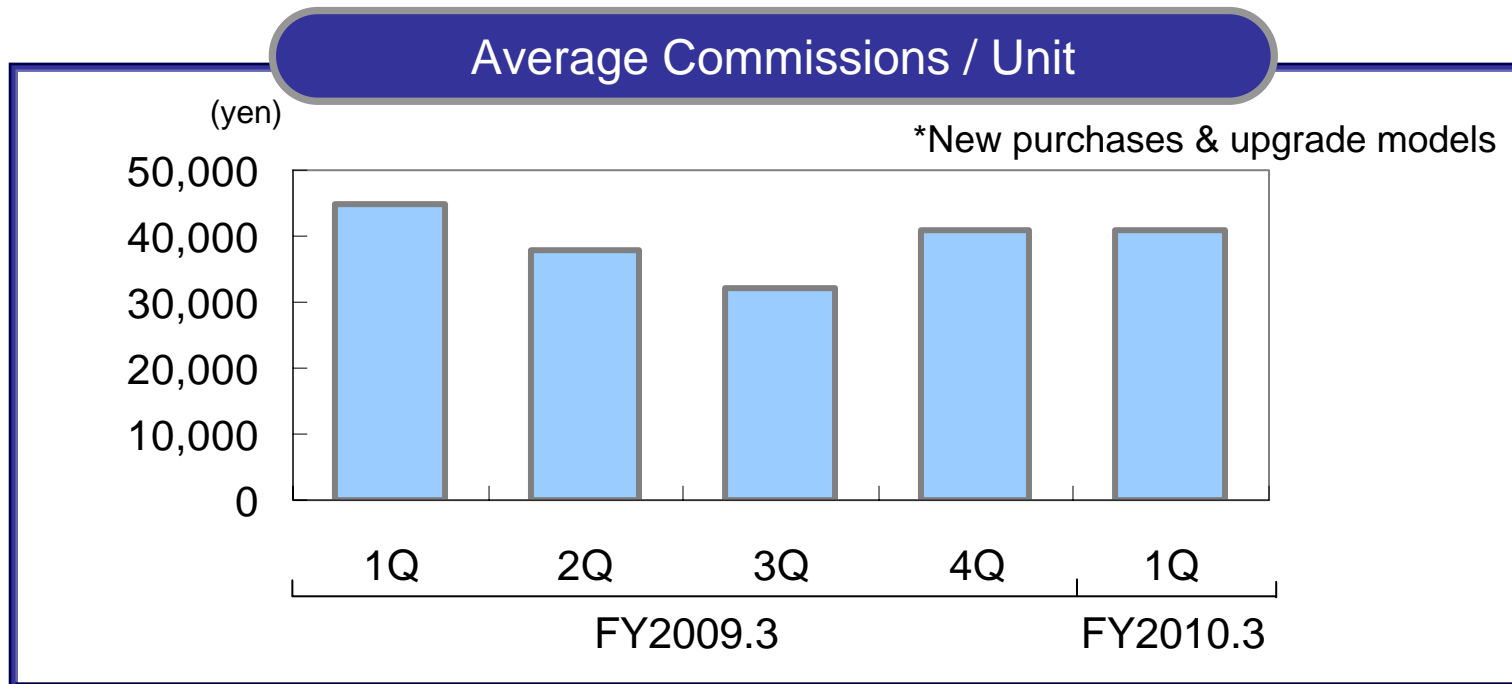
■ Churn rate in 1Q was 0.64%, down 0.23 points yoy.



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

1.3. Sales Commissions

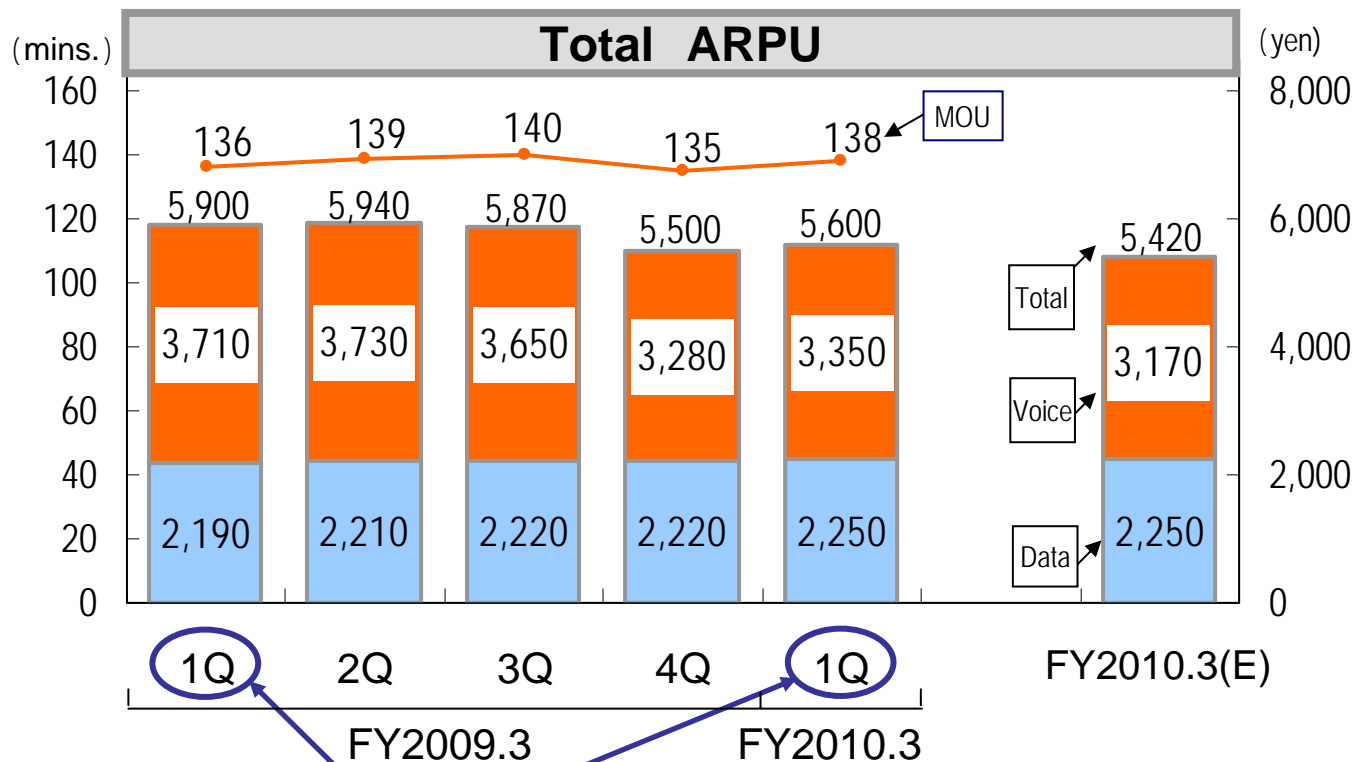
- Average sales commissions in 1Q was ¥41,000.



	FY2009.3					FY2010.3(E)	
	1Q	2Q	3Q	4Q		1Q	
Total sales commissions (Billions of yen)	129.0	104.0	79.0	114.0	425.0	90.0	361.0
Average commissions / unit (yen)	45,000	38,000	32,000	41,000	39,000	41,000	36,000
Number of units sold ('000 units)	2,860	2,700	2,450	2,800	10,810	2,210	10,000

1.4. ARPU

■ In 1Q, ARPU remained firm at ¥5,600.



yoy	
Total ARPU	¥300 (5.1%)
of Voice	¥360 (9.7%)
of Data	+ ¥60 (+ 2.7%)

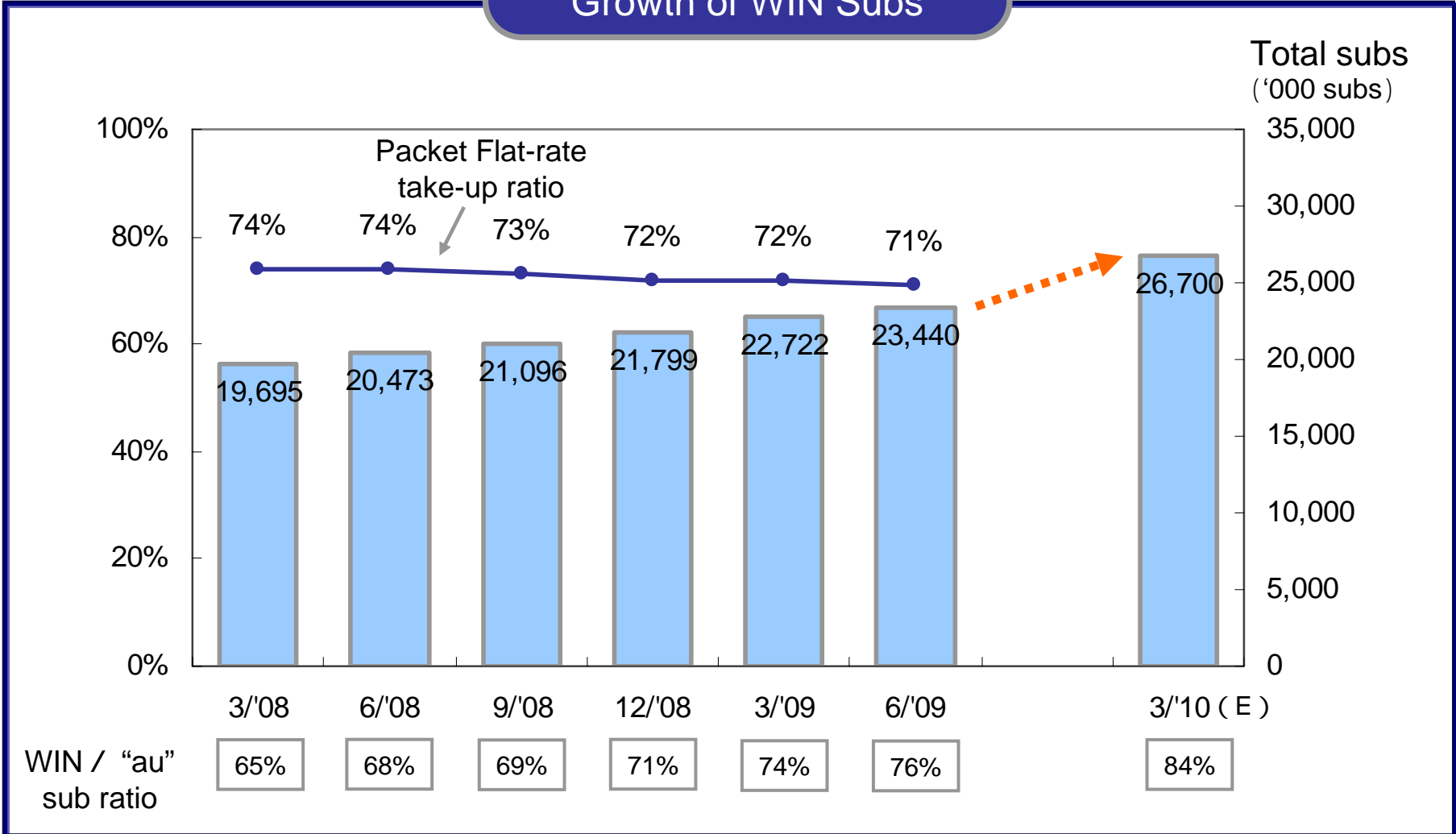
Full-year	FY2009.3	FY2010.3(E)
Total ARPU	¥5,800	¥5,420
of Voice	¥3,590	¥3,170
of Data	¥2,210	¥2,250

1.5. Update on WIN

- 76% of “au” users are with WIN at end-June, of which as high as 71% of customers sign up for Packet Flat-rate plans.

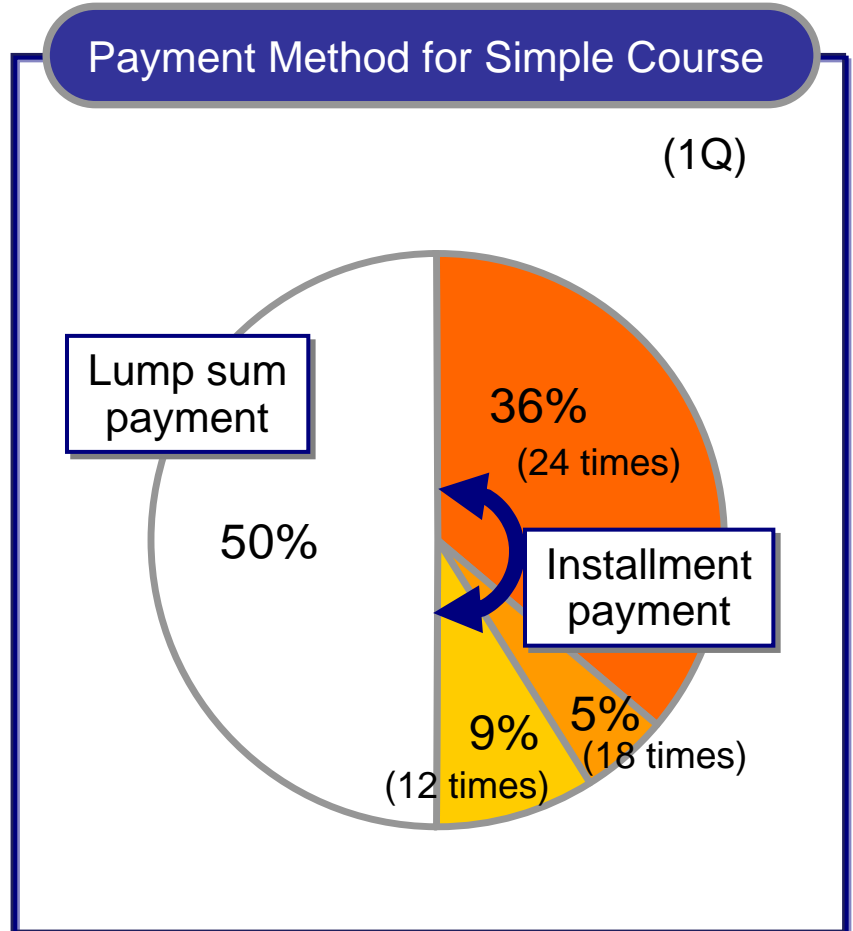
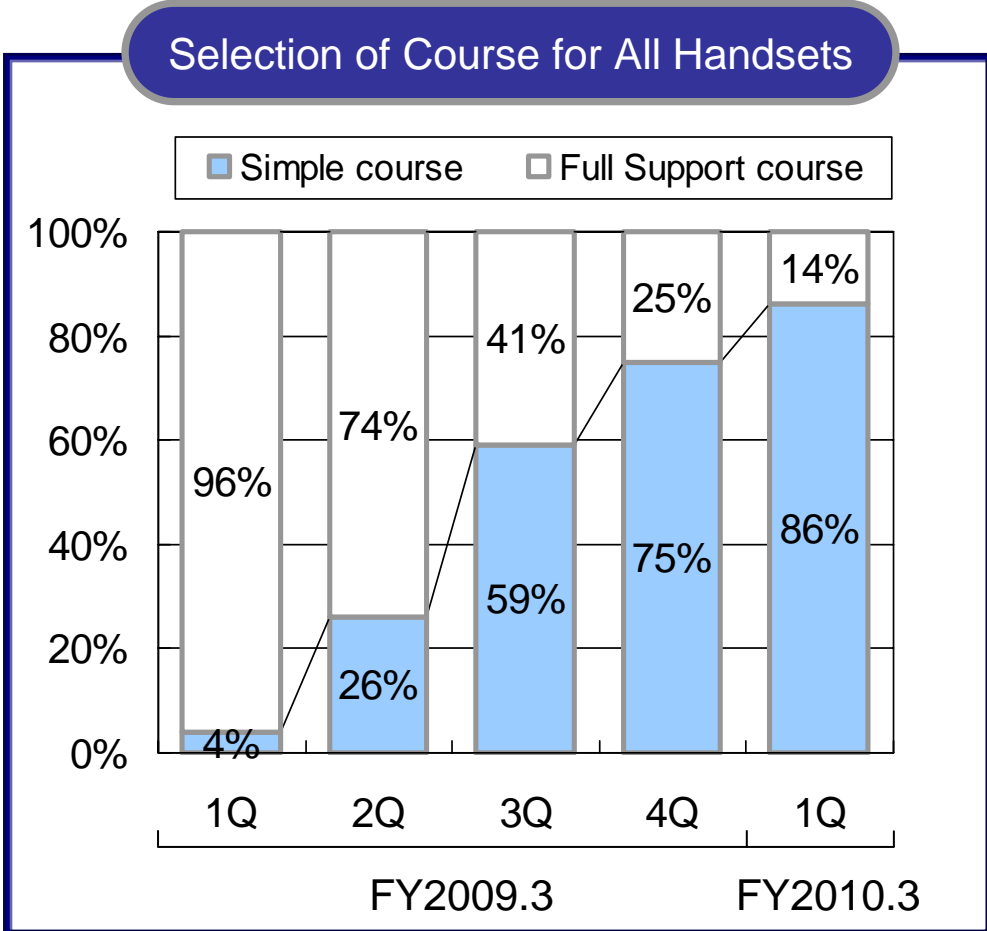


Growth of WIN Subs



1.6. "au Purchase Program"

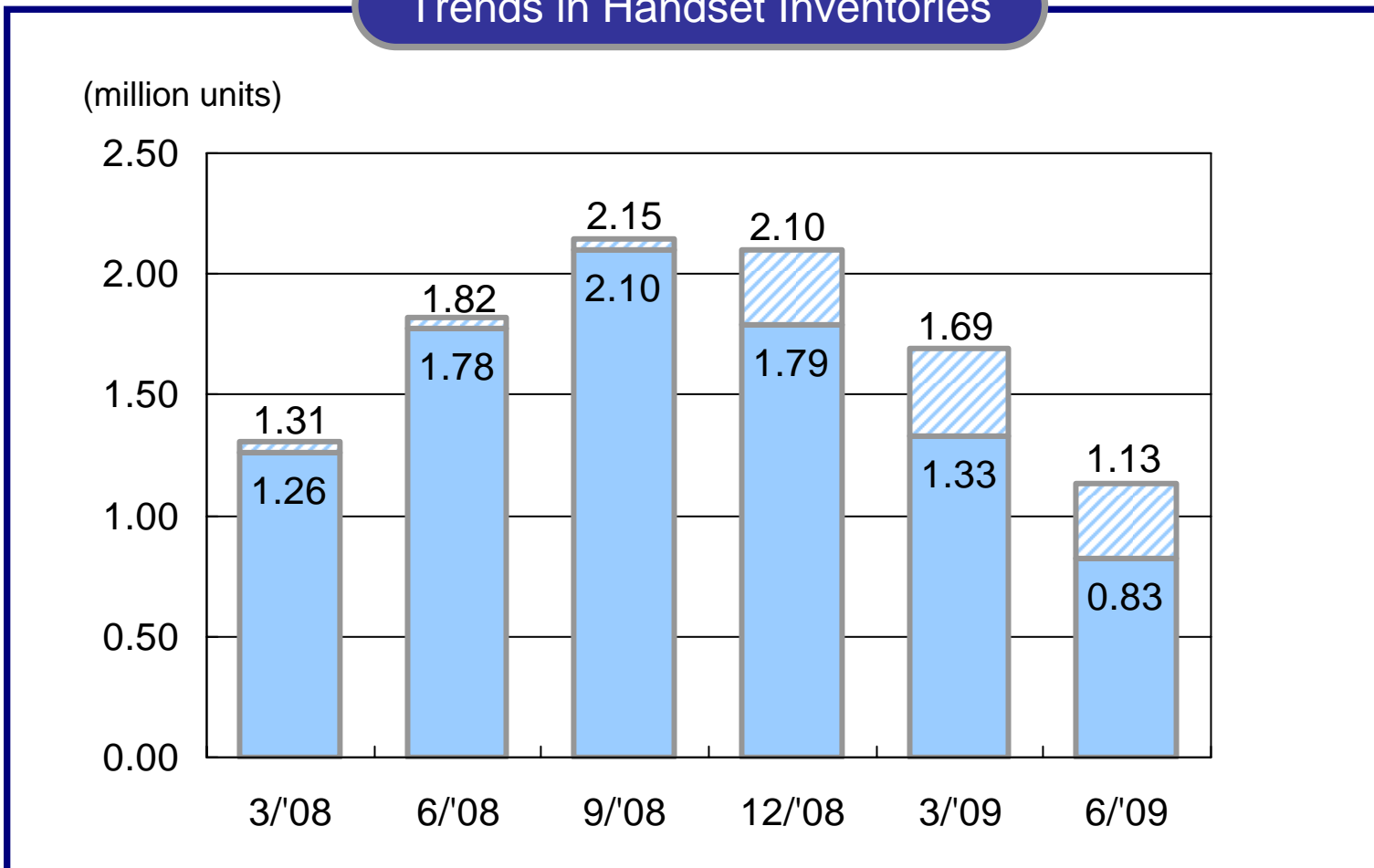
- The ratio of "Simple course" adoption to the total no. of units sold rose to 86% in 1Q.
- Among customers who selected the "Simple course", the installment payment rate was 50% in 1Q.



2. Handset Inventories

- No. of handset in inventory at end-June declined to 1.13M, including 0.30M already written-off.

Trends in Handset Inventories



Note: Diagonal line represents the number of handsets already written-off. Figures inside the graph indicate inventories excluding written-off units.

3. All-Round Product Competitiveness

- KDDI will promote handset competitiveness and general product appeal.

Handsets

- Develop the new “iida” brand, which emphasizes design
- Provide handsets linked to services



Charges

- Introduce two monthly flat-rate plans for ¥390 (incl. tax) (From August)

“Call Designation Flat Rate”

指定通話定額

<For voice>

“Double-Teigaku-Super Light”

ダブル定額 スーパーライト

<For data>

Service / Content

- Expand service offerings in the growing E-Books market
- Services linked with media

“EZ Book”

EZブック

Book Player

(Provide E-Books viewer)

“EZ News EX”

EZニュースEX

Network

- Certification received for special designated base stations to introduce the 3.9G mobile system “LTE”
- Provide Wi-Fi (From June)

4. Handsets

- Produce and design customers' lifestyles through the new "iida" brand handsets and accessories.
- Summer 2009 "au" models optimized for books, sports and movies. Work to reduce overall procurement cost by balancing total lineup throughout the year.

Functional Approach

Aesthetic Approach

au brand (09 summer model)

Strategic model

Book Sports Movie



A full selection of handsets to meet individual lifestyles



Waterproofing, toughness, slimness, etc.

Emphasize advanced functions

Emphasize lifestyle

Emphasize price

Handsets



G9



misora

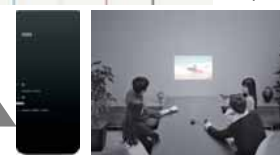


Art Editions YAYOI KUSAMA

Accessories



AC Adapter (AO/SHIRO/MOMO/CHA)



MOBILE PICO PROJECTOR

Emphasize aesthetics

5. Charges

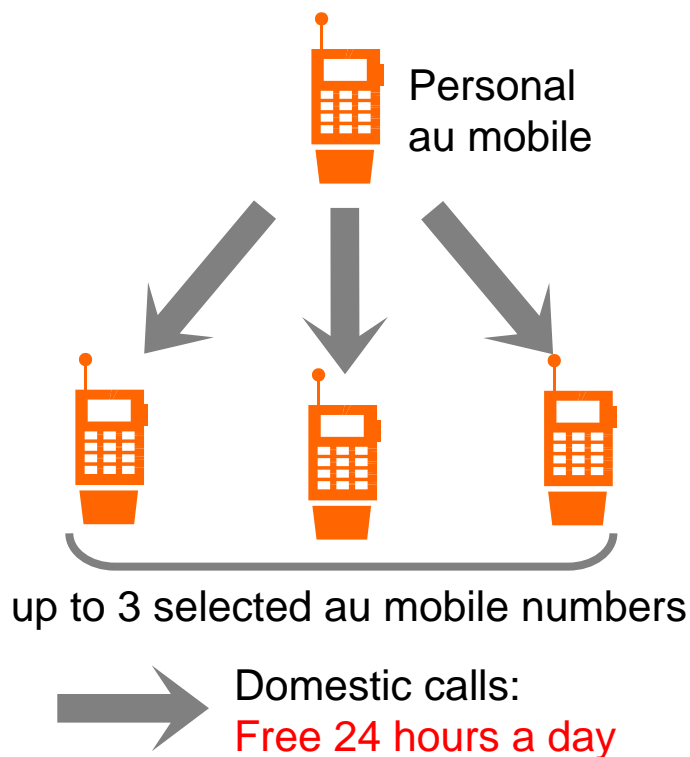
■ KDDI will further expand the customer base with two easy-to-understand flat-rate plans.

“Call Designation Flat Rate”

指定通話定額

Flat monthly rate: ¥390 (incl. tax)

(Available from August 2009)

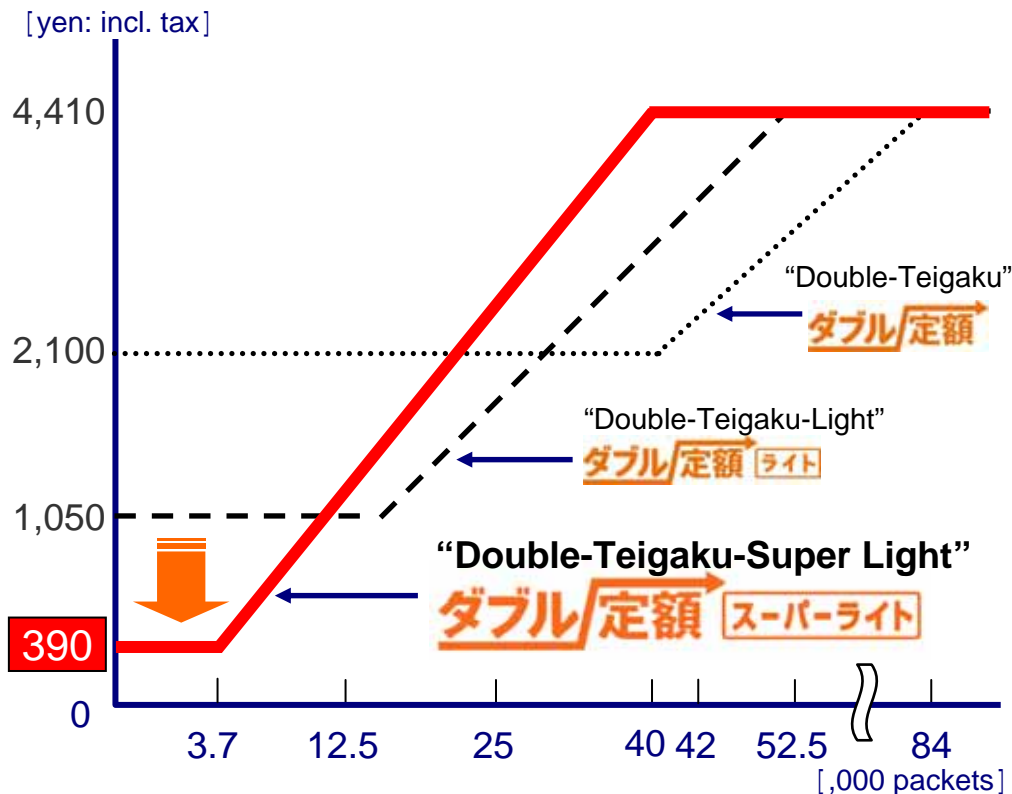


“Double-Teigaku-Super Light”

ダブル定額 スーパーライト

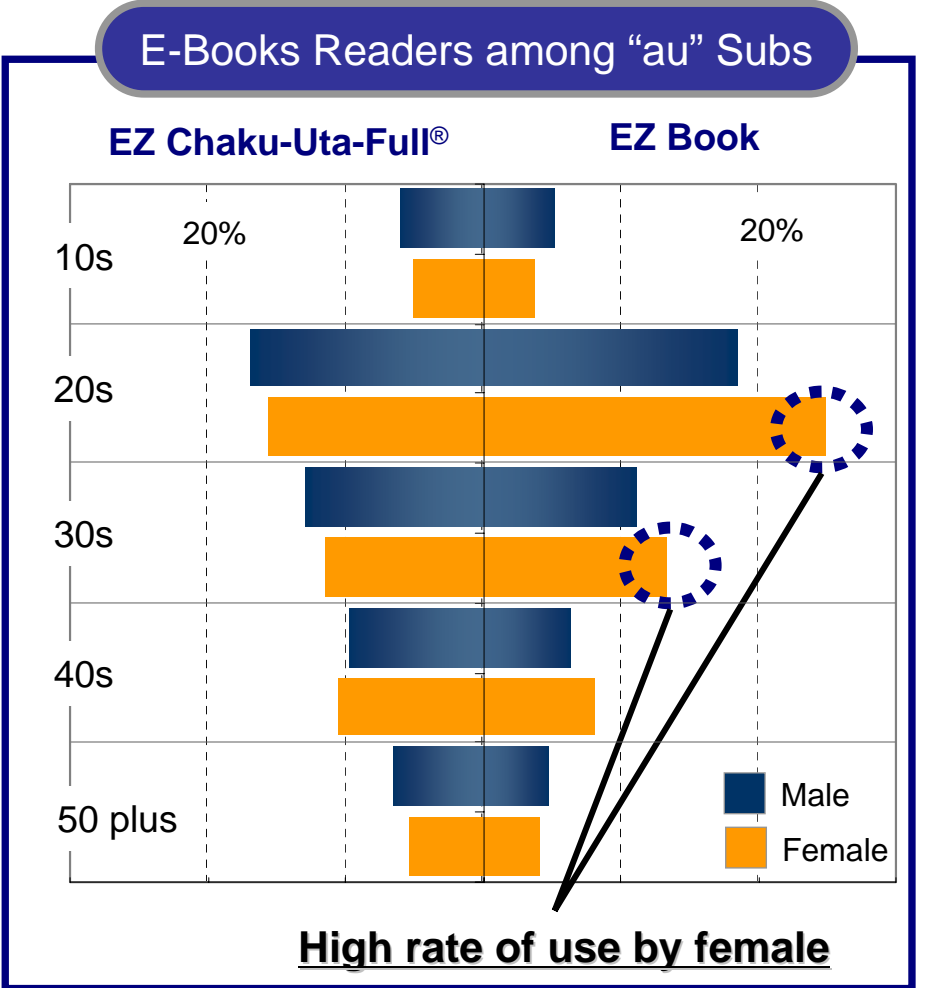
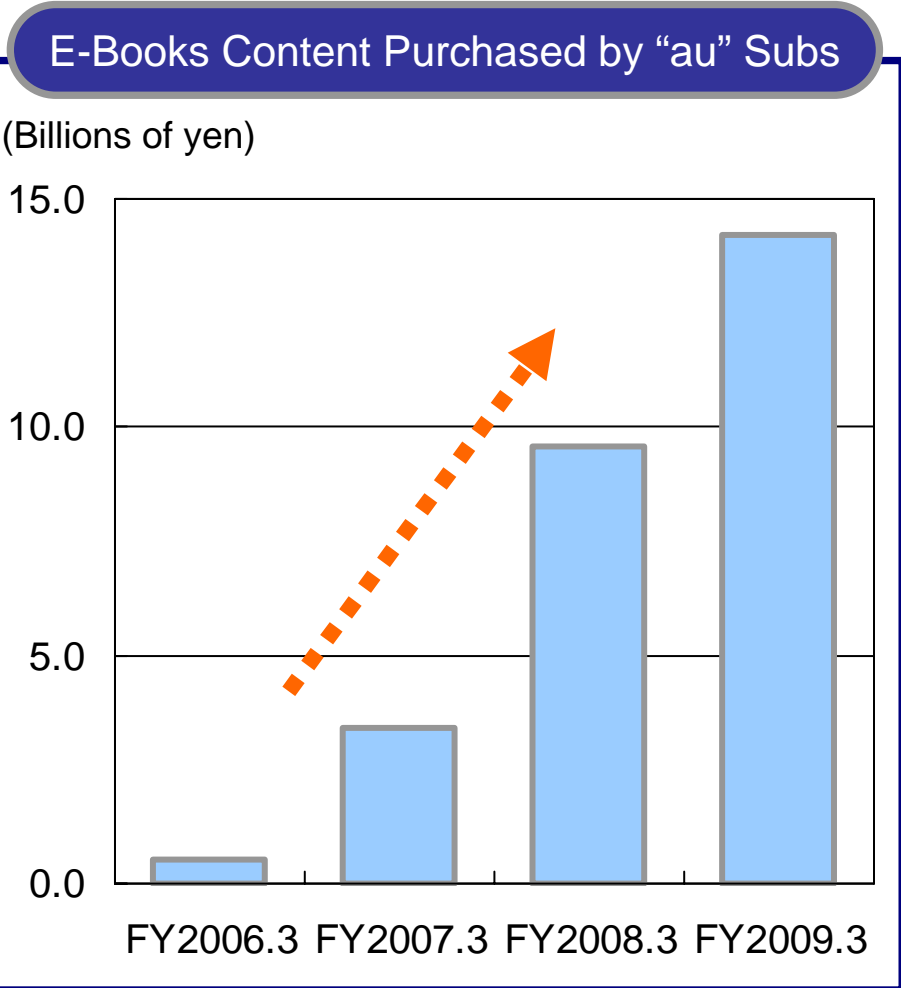
Flat monthly rate: ¥390 (incl. tax)

(Available from August 2009)



6.1. Expansion in Use of Content ~E-Books~

- E-Books purchased by au subs totaled ¥15.0B, jumped from ¥0.5B of 3 years ago.
- Increase handsets with the “Book Player” E-Book viewer to expand E-Books use.



Note: The distribution of the user (reader) base was extracted from mainly consumer use in the single month of May 2009.

6.2. Expansion in Use of Content

~Media
Collaboration~

Mobile
Business

- Launched more-up-to-date news bulletin service “EZ News EX” in collaboration with TV Asahi Corporation and The Asahi Shimbun Company.
- Increase income opportunities by providing new information distribution services to diverse users.

“EZ News EX”



- ✓ Monthly fee : ¥262 (incl. tax)
- ✓ Date of launch : June 11, 2009
- ✓ Compatible models : “biblio”, “T002”
(As of end-June) and more to come

4 key added values

Ultra Quick Delivery

24-hour, same timing as TV breaking news

User-Friendly

Multicast distribution eliminates packet transmission

Rich Information

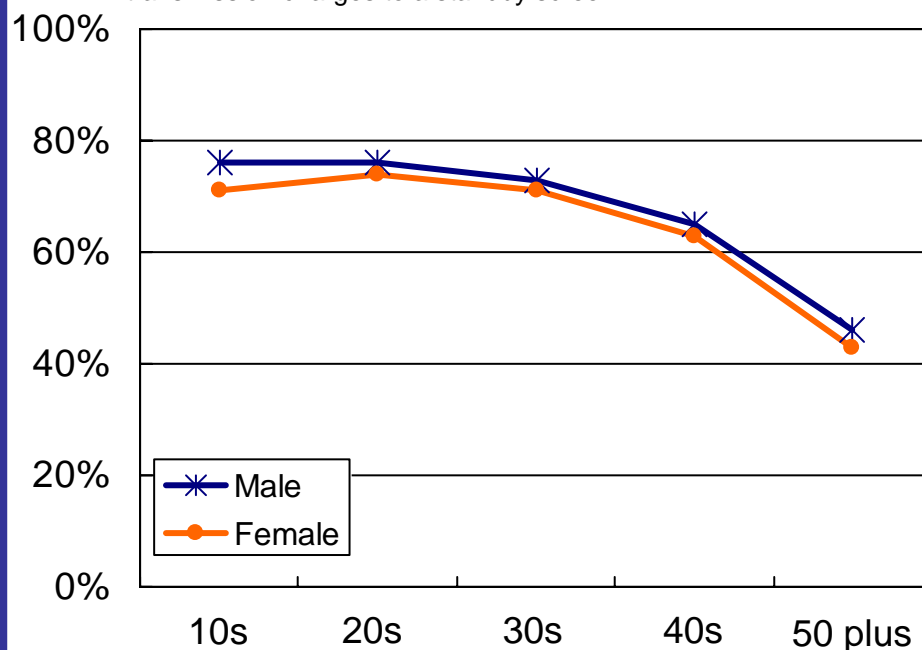
Over 200 news stories daily, delivered every 30 minutes

Personalized

Content tailored to interests, preference, and region

Browsing Rate of “EZ NewsFlash” Note

* “EZ News Flash” is a media-type information distribution service that delivers the latest news and weather information free of service and transmission charges to a standby screen.



High browsing rates regardless of age and gender

Note: This data is calculated based on data from a sample of 10% of applicable handset owners, primarily individual consumers, for June 2009. Browsing rates represents unique distributions divided by the number of unique users.

7.1. LTE Deployment Plan (application base to MIC)

- Aim the nationwide LTE based service at the early stage.
 96.5% population coverage ratio by the end of FY2015.3 is expected.
- Introduce LTE to 10MHz bandwidth of the 1.5GHz and the new 800MHz band to enhance frequency effectiveness and promote the mobile broadband services.

Development Schedule

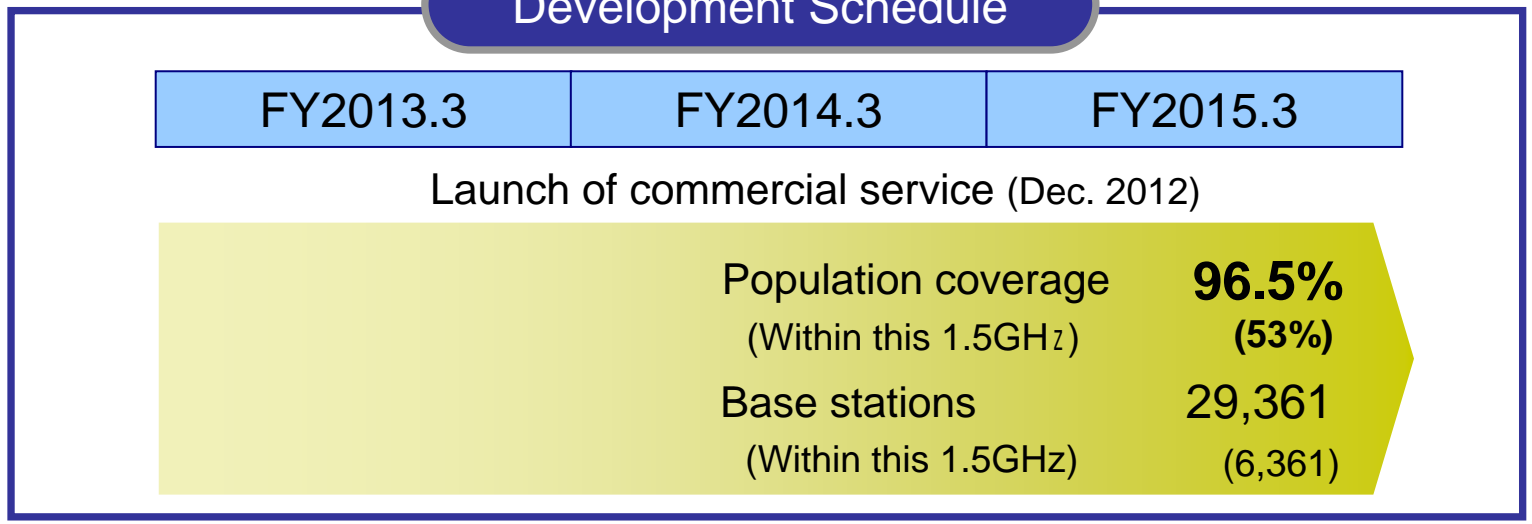
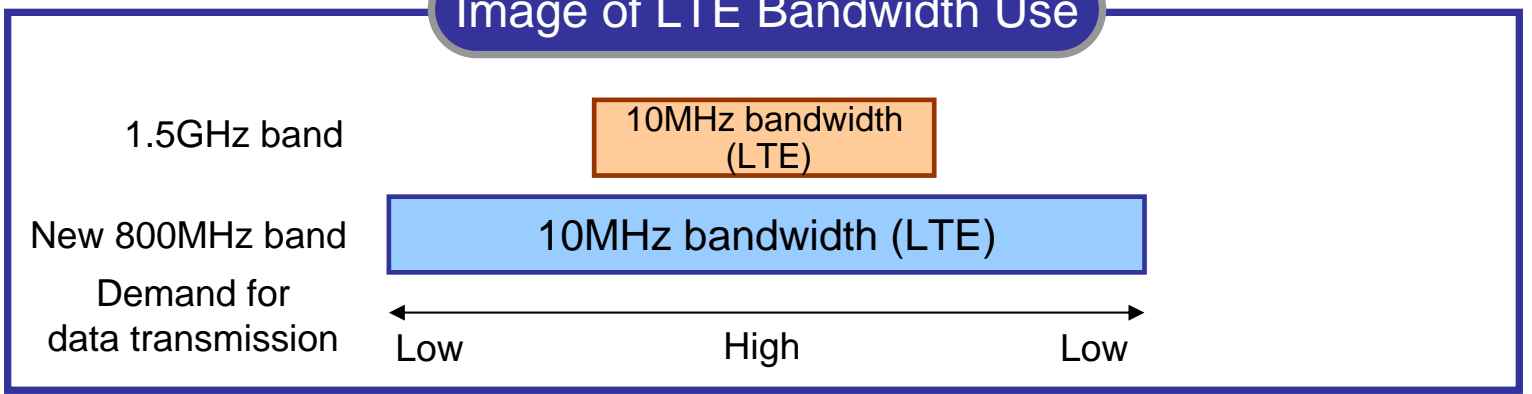


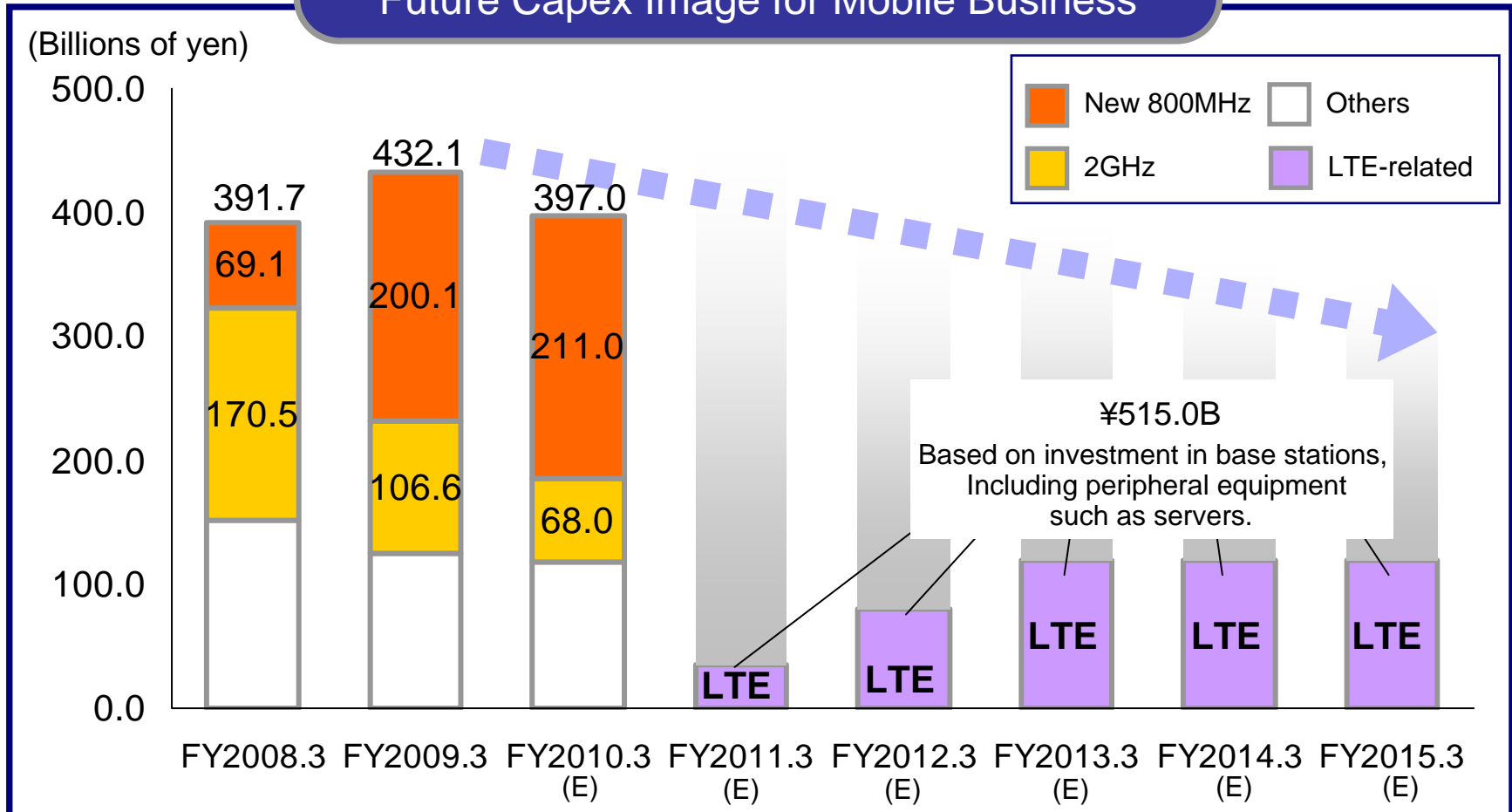
Image of LTE Bandwidth Use



7.2. LTE Capex (application base to MIC)

- In the 5 years from FY2011.3, a cumulative total of ¥515.0B is estimated, including peripheral equipment such as servers.
- Capex for the Mobile Business overall peaked out in FY2009.3.

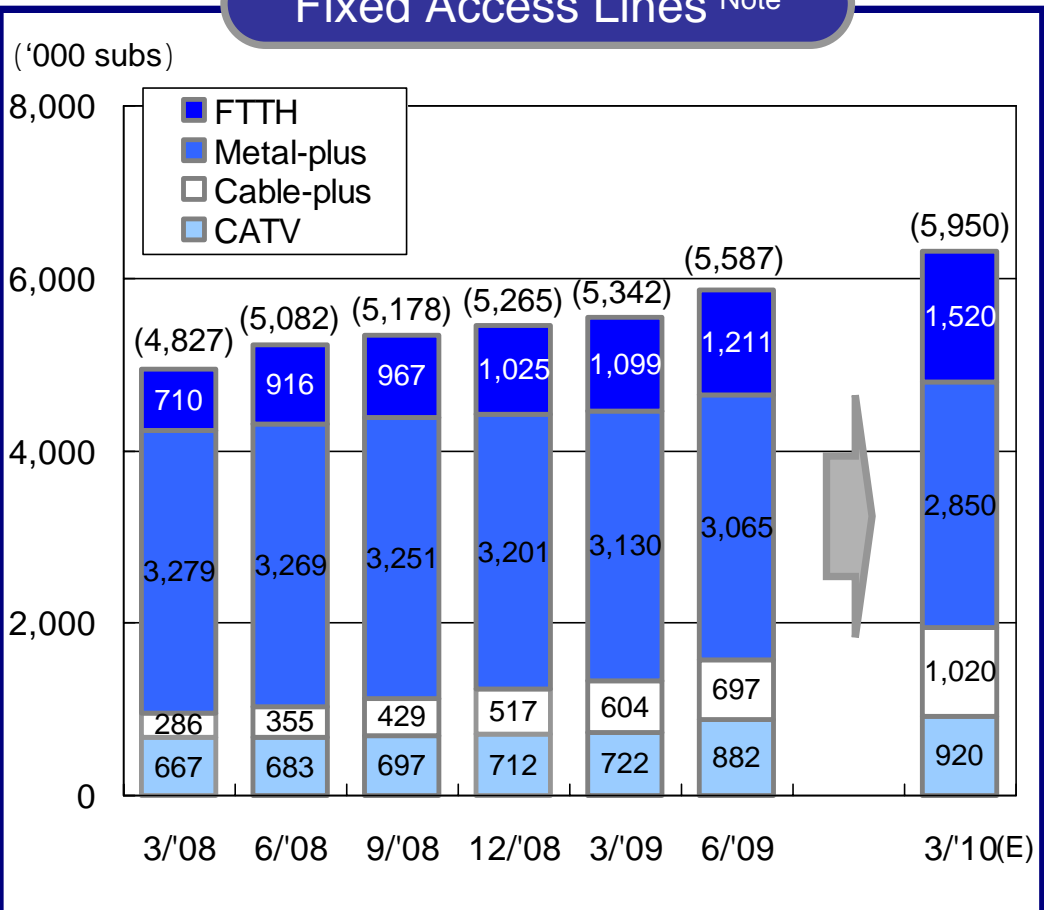
Future Capex Image for Mobile Business



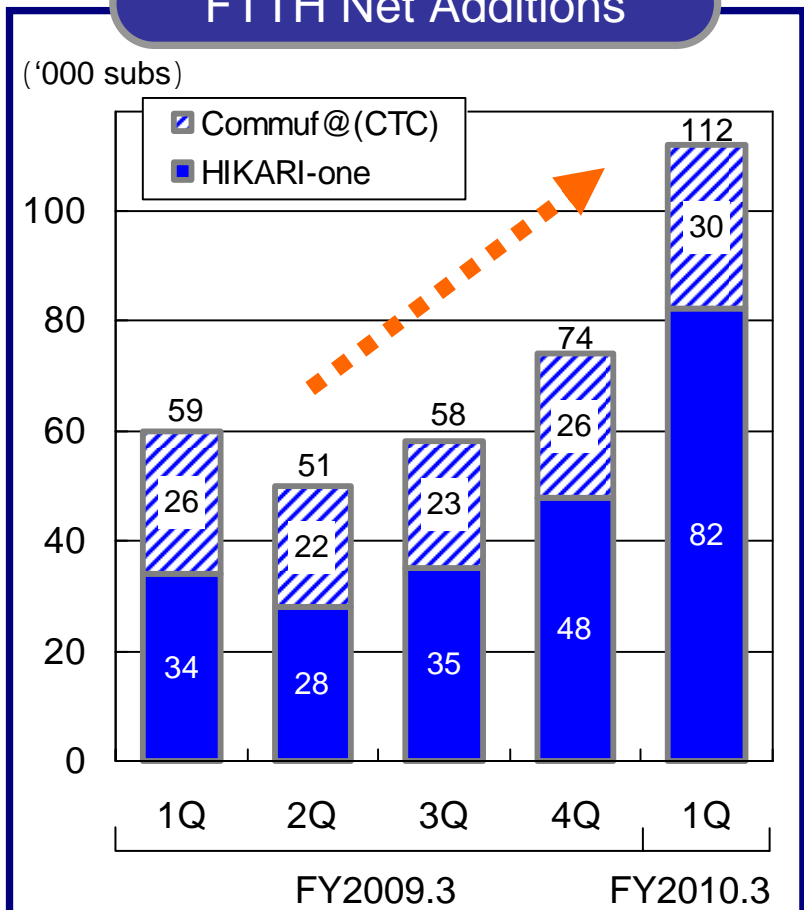
1. Fixed Access Lines

- At end-June, no. of fixed access lines was 5.59M.
- Net additions of FTTH on a quarterly basis topped 100k subs for the first time. Progress toward the actual goal of 1.52M subs for FY2010.3 is on track at 27%.

Fixed Access Lines Note



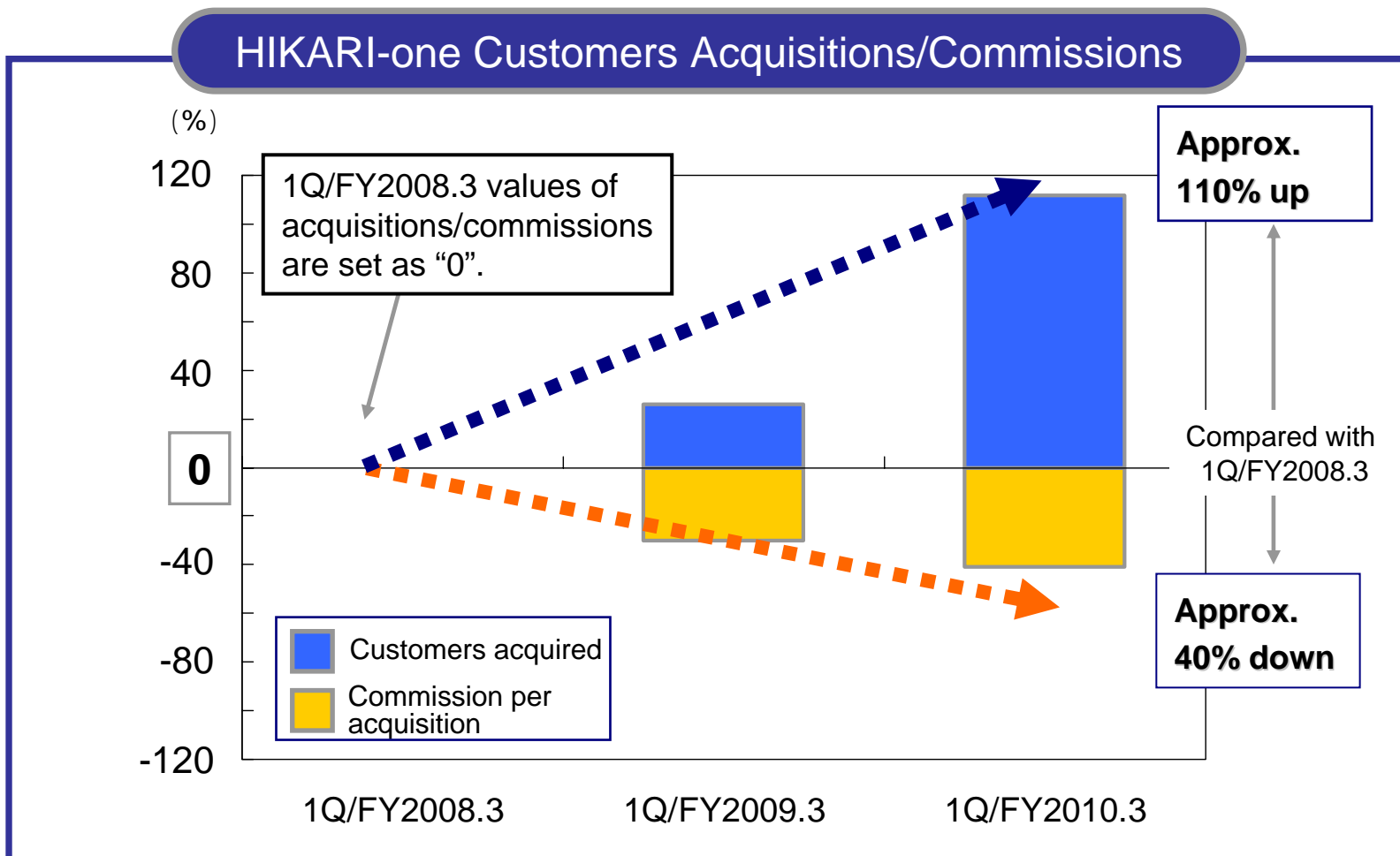
FTTH Net Additions



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

2. FTTH

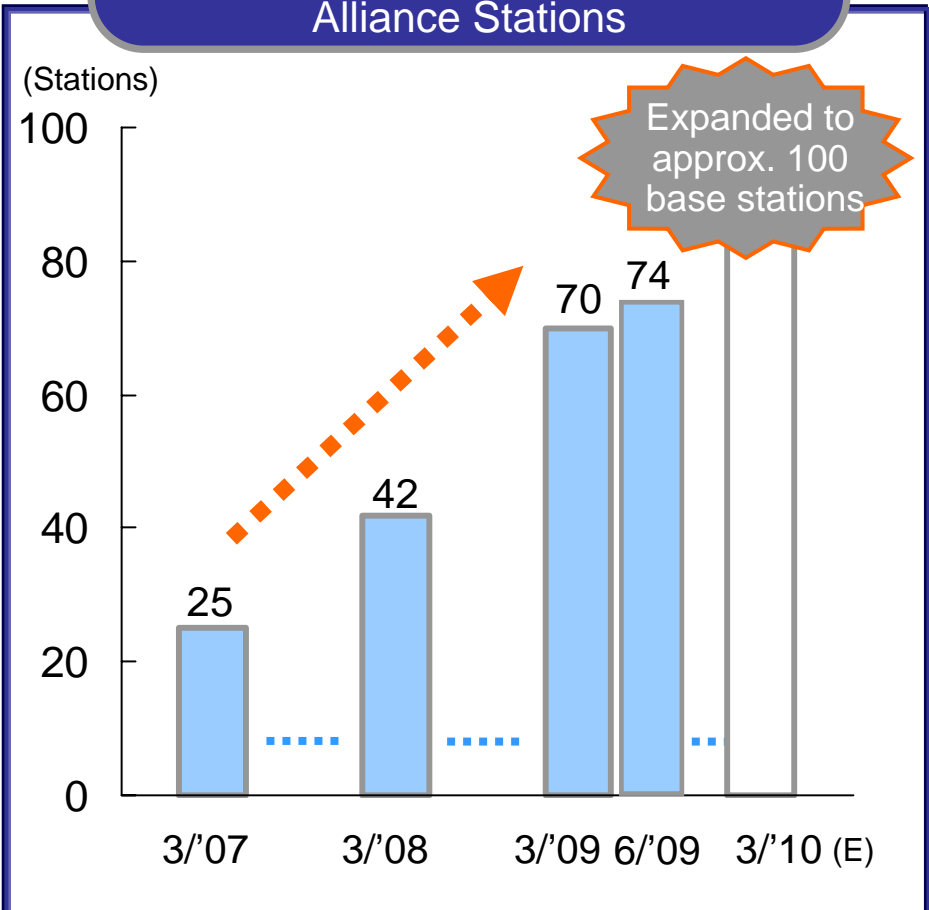
- Partly thanks to introduction of the “Giga Value Plan,” HIKARI-one customer acquisition numbers grew steadily.
- Boosted by efficient sales system, commission per acquisition have decreased by approx. 40% from 1Q/FY2008.3.



3. Cable-plus phone

- Promoted expansion of alliance cable stations for Cable-plus phone service. 74 stations are in alliance as of end-June 2009.
- Sales for FY2009.3 grew to ¥11.2B, contributing to Fixed-line Business sales.

Expansion of Cable-plus phone Alliance Stations



Trend of Sales

