

November 8, 2005

KDDI Corp.
Tokyo Electric Power Co.
POWEREDCOM Inc.

Conclusion of Merger Agreement between KDDI and POWEREDCOM

Tokyo, November 8, 2005 — KDDI Corp. (represented by President and Chairman Tadashi Onodera, hereinafter referred to as "KDDI") and POWEREDCOM Inc. (represented by President and CEO Shigeru Nakane, hereinafter referred to as "POWEREDCOM ") which is one of the Tokyo Electric Power Co.'s group companies (represented by President Tsunehisa Katsumata, hereinafter referred to as "TEPCO") have agreed at their board meetings today to sign an agreement on the merger between KDDI and POWEREDCOM based upon the basic agreement announced on October 13, 2005.

1. Outline of Merger

(1) Schedule of Merger

Meeting of board of directors to authorize the basic agreement:

October 13, 2005

Conclusion of the basic agreement:

October 13, 2005

Meeting of board of directors to authorize the merger agreement:

November 8, 2005

Conclusion of the merger agreement:

November 8, 2005

General shareholders meeting to authorize the merger agreement (POWEREDCOM):

November 24, 2005 (scheduled)

* As this merger comes under the short-form merger stipulated by Article 413.3.1 of Commercial Law, KDDI as the merging company does not hold a general meeting of shareholders for authorization of the merger agreement.

Date of the merger:

January 1, 2006 (scheduled)

Date of registration of the merger:

January 4, 2006 (scheduled)

If uncontrollable circumstances should happen in the process of proceeding with procedures from now on, the above-mentioned scheduled may be changed upon consultation by the three parties concerned.

(2) Form of Merger

As for the merger between KDDI and POWEREDCOM, KDDI will be the existing company.

(3) Merger Ratio

Company name	KDDI	POWEREDCOM
Merger ratio	1	0.0320

- Share exchange ratios

For a share of POWEREDCOM, 0.0320 shares of KDDI will be allocated, while no allocation will be made for 9,897.34 shares of POWEREDCOM which KDDI holds as well as for POWEREDCOM's treasury stocks.

- Method and basis for calculation of share exchange ratios

Calculation of the equity value of each company was commissioned to the third parties, Mizuho Securities Co.,Ltd by KDDI and Nikko Citigroup Limited by POWEREDCOM.

Mizuho and Nikko Citigroup performed an analysis of the market stock price method, the discounted cash flow method, the market stock price method and other appropriate methods. KDDI and POWEREDCOM determined the equity values, with the results submitted thereafter.

KDDI received a fairness opinion from Mizuho and POWEREDCOM from Nikko Citigroup respectively from a financial viewpoint. The above share exchange ratio, however, may be reviewed upon consultation of the two companies if significant changes occur to the conditions for the basis of calculation.

- Number of new shares to be issued upon merger

Common stock: 186,376.48 shares (planned)

Date of Stock Allocated : February 20, 2006 (scheduled)

Date of Beginning for Dividend Receivable: October 1, 2005 (scheduled)

(4) There will be no merger subsidy to be paid.

(5) Others

After the merger, one managing officer is scheduled to be assigned to KDDI from POWEREDCOM (on the day of the merger). One member of the board is scheduled to be sent to KDDI from TEPCO (at the time of the general meeting of stockholders in 2006).

The stocks of the subsidiaries, etc. owned by POWEREDCOM (Dream Train Internet Inc., Familynet Japan Corp., Fusion Communications Corp. and At Tokyo Corp.) are scheduled to be transferred by the day of the merger to TEPCO based upon synergy and affinity of electric power peripheral service with consumer business of TEPCO's group companies.

2. Status after merger

- (1) Company name: KDDI Corporation
- (2) Line of business: Telecommunications business
- (3) Principal Office: 3-2, Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo
- (4) Representative: President & Chairman, Tadashi Onodera
- (5) Capital stock: 141,851 million yen
- (6) Total Assets: 2,595.2 billion yen

(Totals assets are calculated based upon those of KDDI and POWEREDCOM as of September 30, 2005 and Tu-KA three companies KDDI absorbed as of October 1, 2005).

- (7) Accounting period: March 31
- (8) Financial outlook after merger:

Financial outlook and organizations and other details are to be announced as soon as decided based upon the outcome of the merger preparation committee.

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