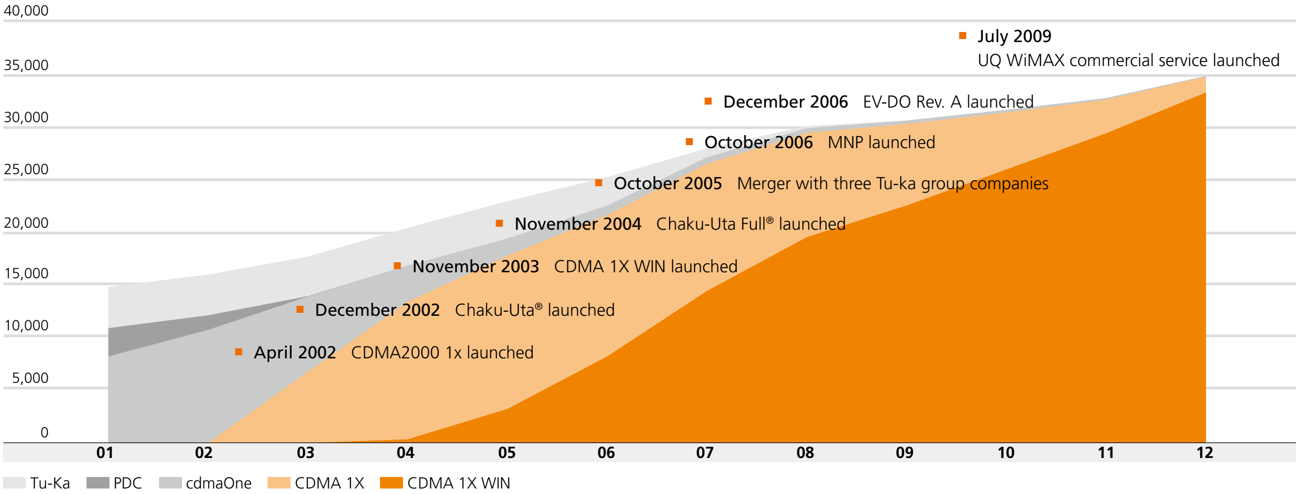
Consolidated Financial Highlights

Consolidated Operating Results (Years ended March 31)

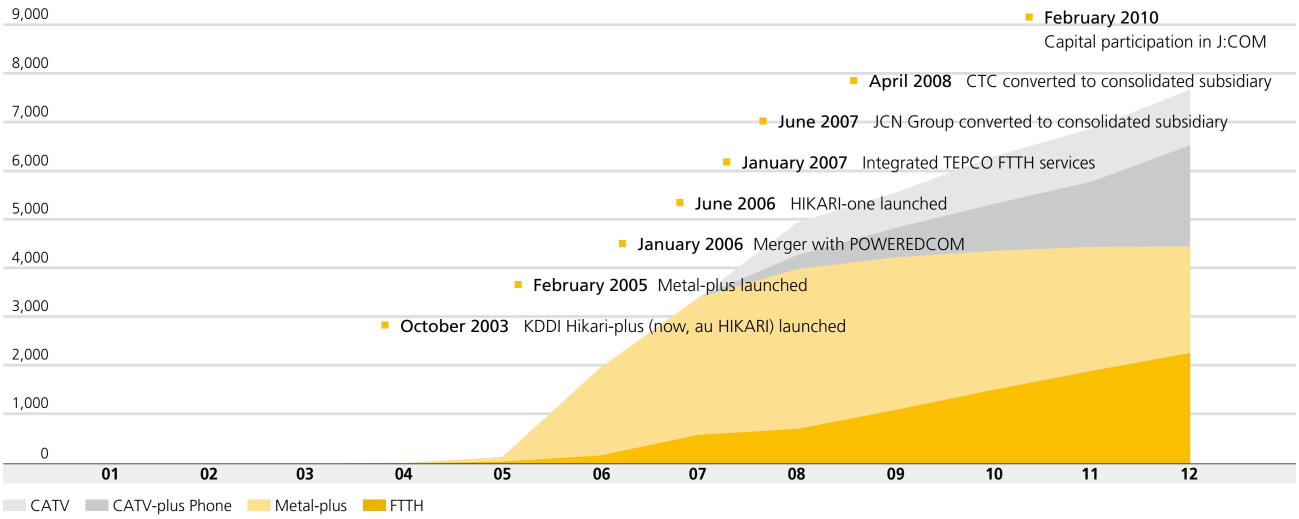
Mobile Business Number of Cumulative Subscribers

('000 subs)



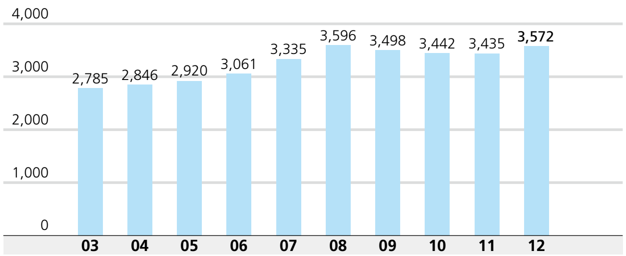
Fixed-line Business Number of Cumulative Subscribers

('000 subs)



Operating Revenues

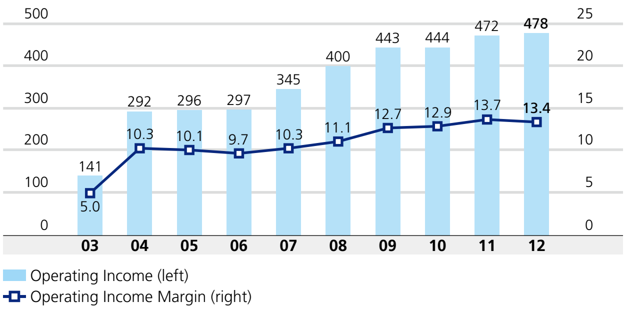
(Billions of yen)



Operating Income/Operating Income Margin

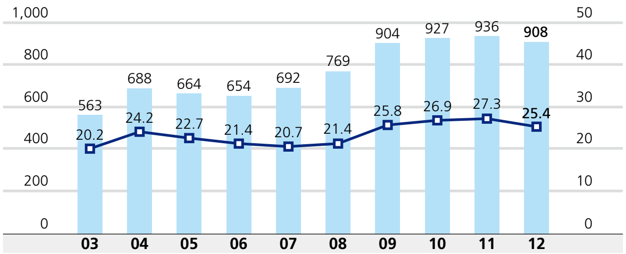
(Billions of yen)

(%)



EBITDA/EBITDA Margin

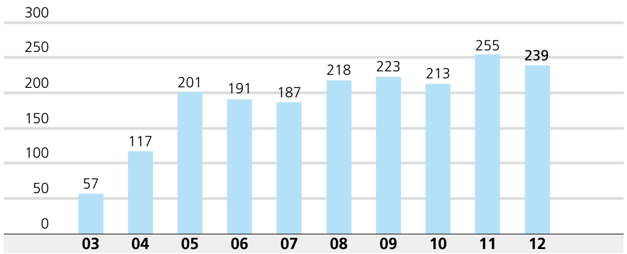
(Billions of yen) (%)



EBITDA (left)
EBITDA Margin (right)

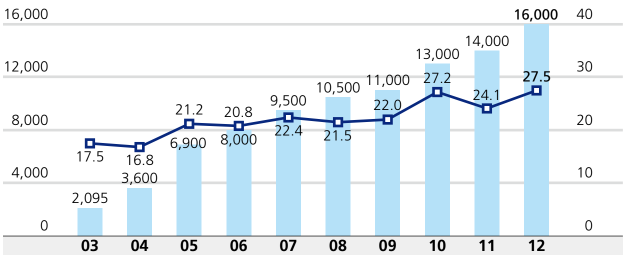
Net Income

(Billions of yen)



Dividends per Share/Dividend Payout Ratio*

(Yen) (%)

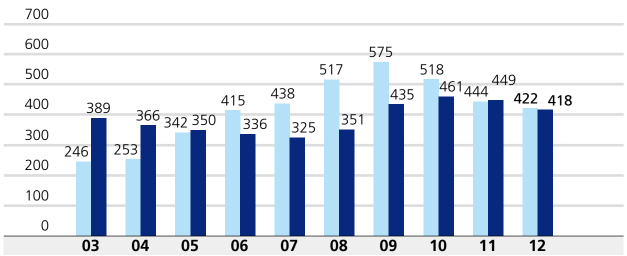


Dividends per Share (left)
Dividend Payout Ratio (right)

* Figures for the year ended March 31, 2006, and earlier are presented on a non-consolidated basis; figures for the year ended March 31, 2007, onward are presented on a consolidated basis.

Capital Expenditures/Depreciation

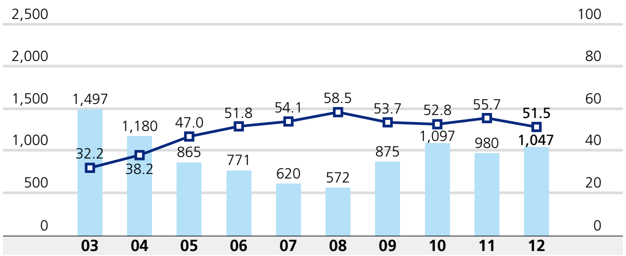
(Billions of yen)



Capital Expenditures
Depreciation

Interest-bearning Debt/Equity Ratio

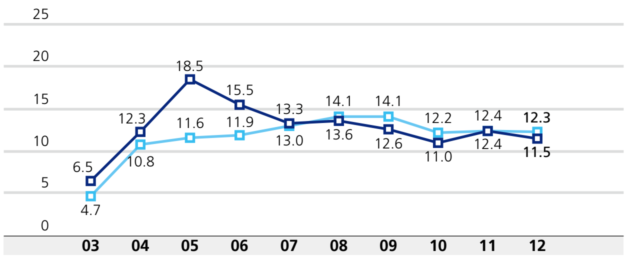
(Billions of yen) (%)



Interest-bearning Debt (left)
Equity Ratio (right)

Return on Equity (ROE)/Return on Assets (ROA)

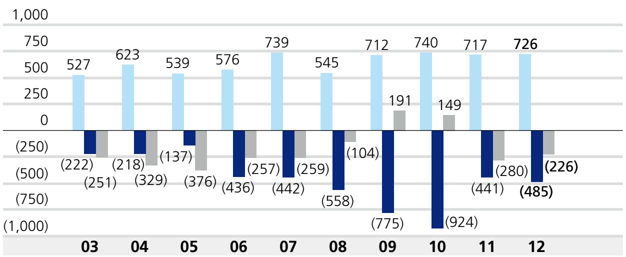
(%)



ROE
ROA

Cash Flows

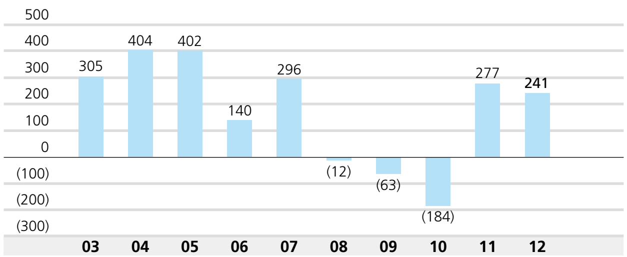
(Billions of yen)



Net Cash Provided by (Used in) Operating Activities
Net Cash Provided by (Used in) Investing Activities
Net Cash Provided by (Used in) Financing Activities

Free Cash Flows*

(Billions of yen)



* Net Cash Provided by (Used in) Operating Activities + Net Cash Provided by (Used in) Investing Activities

Five-year Summary (Years ended March 31)

Consolidated	2008	2009	2010	2011	Millions of yen 2012	Millions of U.S dollars* 2012
Operating Revenues	¥3,596,284	¥3,497,509	¥3,442,147	¥3,434,546	¥3,572,098	$43,461
Telecommunications business	2,749,897	2,720,675	2,606,165	2,489,403	2,394,136	29,129
Other business	846,387	776,834	835,982	945,143	1,177,962	14,332
Operating Income	400,452	443,207	443,862	471,912	477,648	5,812
Net Income	217,786	222,736	212,764	255,122	238,605	2,903
EBITDA	769,209	904,030	927,253	936,315	908,499	11,054
Operating Income Margin	11.1%	12.7%	12.9%	13.7%	13.4%	13.4%
EBITDA Margin	21.4%	25.8%	26.9%	27.3%	25.4%	25.4%
Total Assets	2,879,275	3,429,133	3,819,537	3,778,918	4,004,009	48,716
Interest-bearing Debt	571,945	874,951	1,096,778	979,630	1,046,754	12,736
Total Net Assets	1,715,731	1,881,329	2,078,451	2,171,839	2,128,625	25,899
Net Cash Provided by (Used in) Operating Activities	545,234	712,231	739,992	717,354	725,886	8,832
Net Cash Provided by (Used in) Investing Activities	(557,688)	(775,470)	(924,442)	(440,546)	(484,507)	(5,895)
Free Cash Flows	(12,454)	(63,240)	(184,450)	276,808	241,379	2,937
Net Cash Provided by (Used in) Financing Activities	(104,410)	191,490	149,239	(279,998)	(225,931)	(2,749)
Per Share Data (yen and U.S. dollars):						
Net Income	48,810	49,973	47,768	58,150	58,116	707
Diluted Net Income	48,807	—	—	—	56,669	689
Cash Dividends	10,500	11,000	13,000	14,000	16,000	195
Total Net Assets	377,278	413,339	453,003	495,386	539,207	6,560

* U.S. dollar amounts are translated into yen, for convenience only, at the rate of ¥82.19 = U.S. $1 on March 31, 2012.

Selected Financial Indicators	2008	2009	2010	2011	2012
Equity Ratio (%)	58.5	53.7	52.8	55.7	51.5
D/E Ratio (times)	0.34	0.48	0.54	0.47	0.51
ROE (%)	13.6	12.6	11.0	12.4	11.5
ROA (%)	14.1	14.1	12.2	12.4	12.3
Total Assets Turnover Ratio (times)	1.3	1.1	0.9	0.9	0.9
Shareholders' Equity Turnover Ratio (times)	2.2	2.0	1.8	1.7	1.7
Current Ratio (%)	107.4	122.5	118.0	153.5	135.2
Fixed Assets to Equity (%)	132.3	139.0	146.2	135.3	139.1
Fixed Assets to Long-term Capital (%)	99.4	95.5	97.6	91.7	92.6
Liquidity In-hand (times)	0.3	0.7	0.6	0.6	0.6
Interest Coverage Ratio (times)	52.7	60.6	59.7	51.1	56.3
Dividend Payout Ratio (%)	21.5	22.0	27.2	24.1	27.5

Equity ratio = Shareholders' equity (end of fiscal year) ÷ total assets (end of fiscal year)
D/E ratio = Interest-bearing debt (end of fiscal year) ÷ shareholders' equity (end of fiscal year)
ROE = Net income ÷ average shareholders' equity over fiscal year
ROA = Operating income ÷ average total assets over fiscal year
Total assets turnover ratio = Operating revenues ÷ average total assets over fiscal year
Shareholders' equity turnover ratio = Operating revenues ÷ average shareholders' equity over fiscal year
Current ratio = Current assets (end of fiscal year) ÷ current liabilities (end of fiscal year)
Fixed assets to equity = Fixed assets (end of fiscal year) ÷ total shareholders' equity (end of fiscal year)
Fixed assets to long-term capital = Fixed assets (end of fiscal year) ÷ (total shareholders' equity (end of fiscal year) + non-current liabilities (end of fiscal year))
Liquidity in-hand = Liquidity in-hand (cash + marketable securities among the current assets) ÷ (operating revenues ÷ 12)
Interest coverage ratio = Operating cash flows ÷ interest payments
Dividend payout ratio = Annual dividend amounts ÷ net income
Note: Shareholders' equity = Net assets – subscription rights to shares – minority Interests

Segment Data (Years ended March 31)

Mobile Business	2008	2009	2010	2011	2012 (Millions of yen)	2012 (Millions of U.S dollars*)
Operating Revenues	¥2,862,599	¥2,719,211	¥2,650,135	¥2,590,725	¥2,727,012	$33,179
Sales outside the group	2,851,679	2,708,005	2,637,806	2,582,366	2,716,864	33,056
Telecommunications business	2,149,208	2,100,289	2,004,921	1,880,301	1,778,088	21,634
Other business	702,471	607,716	632,886	702,066	938,776	11,422
Sales within the group	10,920	11,206	12,329	8,358	10,148	123
Operating Income	455,044	501,461	483,742	438,886	419,191	5,100
Net Income	266,472	273,120	293,175	214,038	225,743	2,747
Free Cash Flows	82,414	179,968	276,493	244,833	200,235	2,436
EBITDA	692,239	821,881	826,834	774,390	731,678	8,902
Operating Income Margin	15.9%	18.4%	18.3%	16.9%	15.4%	15.4%
EBITDA Margin	24.2%	30.2%	31.2%	29.9%	26.8%	26.8%

Explained on P.40 "Overview of Operations"

Fixed-line Business	2008	2009	2010	2011	2012	2012
Operating Revenues	¥718,646	¥848,712	¥839,178	¥897,251	¥915,536	$11,139
Sales outside the group	629,647	759,313	751,196	803,590	818,696	9,961
Telecommunications business	565,331	618,972	600,135	608,590	616,048	7,495
Other business	64,316	140,341	151,060	195,000	202,648	2,466
Sales within the group	88,999	89,399	87,982	93,662	96,840	1,178
Operating Income (Loss)	(64,668)	(56,560)	(44,217)	23,989	53,432	650
Net Income (Loss)	(51,731)	(43,072)	(68,383)	39,721	14,150	172
Free Cash Flows	(53,897)	(40,744)	(75,673)	35,136	42,532	517
EBITDA	58,129	82,301	94,669	151,586	170,393	2,073
Operating Income Margin	(9.0%)	(6.7%)	(5.3%)	2.7%	5.8%	5.8%
EBITDA Margin	8.1%	9.7%	11.3%	16.9%	18.6%	18.6%

Explained on P.44 "Overview of Operations"

Other Business	2008	2009	2010	2011	2012	2012
Operating Revenues	¥167,159	¥72,777	¥112,247	¥114,327	¥106,874	$1,300
Sales outside the group	114,958	30,191	53,145	48,590	36,538	445
Sales within the group	52,201	42,586	59,102	65,737	70,336	856
Operating Income(loss)	9,015	(2,476)	3,506	8,530	4,299	52
NetIncome(loss)	1,247	(3,543)	1,234	2,304	(281)	(3)
Operating Income Margin	5.4%	(3.4%)	3.1%	7.5%	4.0%	4.0%

Performance Analysis for FY2012.3

Analysis of Statements of Income

Operating Revenues

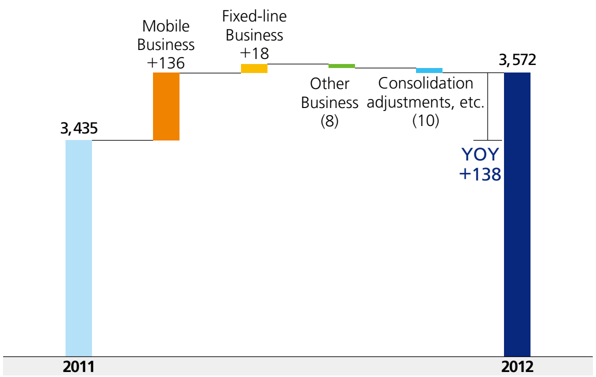
(Billions of yen)

Year on Year

4.0% up

¥3,572.1 billion

During the year ended March 31, 2012, operating revenues rose ¥137.6 billion. In the Mobile Business, voice ARPU decreased, leading to lower revenues, which was offset by an increase in revenues stemming from a greater number of au handsets sold. In the Fixed-line Business, the number of FTTH subscribers increased, and revenues from Group companies expanded.



(Years ended March 31)

Operating Income

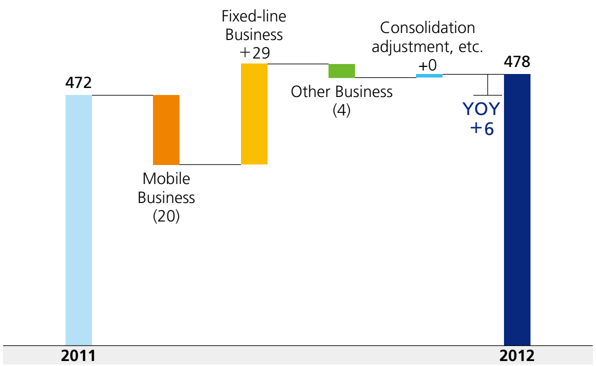
(Billions of yen)

Year on Year

1.2% up

¥477.6 billion

Operating income grew ¥5.7 billion during the year ended March 31, 2012. Income in the Mobile Business declined, owing to such factors as a rise in the cost of sales for mobile handsets accompanying a major increase in the number of au handsets sold. The Fixed-line Business compensated for this situation with sharply higher operating income, with income growing as a result of successful cost-cutting measures, such as network streamlining, combined with higher income from Group companies.



(Years ended March 31)

Net Income

Year on Year

6.5% down

¥238.6 billion

Net income was down ¥16.5 billion in the year ended March 31, 2012. In the preceding fiscal year, income taxes declined due a loss on liquidation of intermediary holding companies that possessed shares in Jupiter Telecommunications Co., Ltd. (J:COM). In addition to the absence of this factor during the year under review, income taxes rose as we reduced deferred tax assets in accordance with revisions to the tax code.

Cash Dividends

Year on Year

¥2,000 up

¥16,000

For the year ended March 31, 2012, we awarded cash dividends per share of ¥7,500 as an interim dividend and ¥8,500 as a year-end dividend, totaling ¥16,000. This figure was up ¥2,000 from the previous year's dividend level, and amounted to a consolidated payout ratio of 27.5%. We are steadily raising dividends in line with our shareholder return policy, which is to achieve a consolidated payout ratio of between 25% and 30%.

Analysis of Balance Sheets

Total Assets

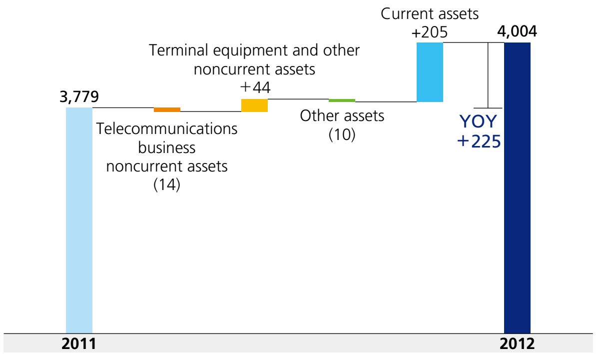
(Billions of yen)

Year on Year

¥225.1 billion up

¥4,004 billion

As of March 31, 2012, total assets were up ¥225.1 billion compared with one year earlier. Cash and deposits decreased during the year, owing to a reversal of deferred tax assets in conjunction with a reduction in the corporate tax rate and acquisition of own shares, as well as the acquisition of shares in affiliated companies. However, installment accounts receivable on au mobile phone handsets rose.



(Years ended March 31)

Net Assets

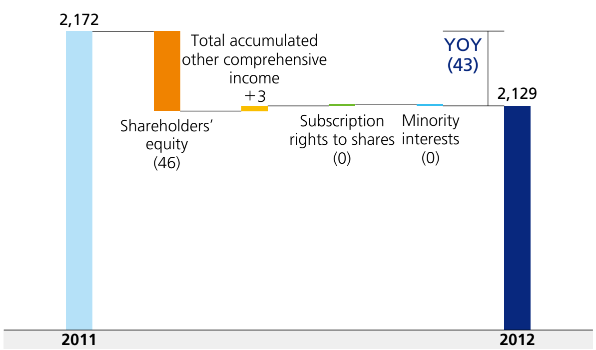
(Billions of yen)

Year on Year

¥43.2 billion down

¥2,128.6 billion

Net assets were down ¥43.2 billion as of March 31, 2012, compared with one year earlier. Although retained earnings expanded, net assets were affected by our acquisition of our own shares in November 2011 (reducing net assets ¥221.0 billion).



(Years ended March 31)

Interest-bearing Debt

Year on Year

¥67.1 billion up

¥1,046.8 billion

During the year ended March 31, 2012, interest-bearing debt increased ¥67.1 billion. Although we progressed with the redemption of long-term loans payable, interest-bearing debt grew due to the ¥200.9 billion impact of an issue of convertible bonds with stock acquisition rights.

These convertible bonds with stock acquisition rights carry no interest, but they are included in total interest-bearing debt as of March 31, 2012.

D/E Ratio

Year on Year

0.04 pt up

0.51 times

D/E ratio was up 0.04 percentage point as of March 31, 2012. Debt increased owing to our issue of convertible bonds with stock acquisition rights. However, net assets decreased as a result of our share buyback.

Capital Expenditures and Cash Flows

Capital Expenditures

Mobile Business
Year on Year
¥34.5 billion down

¥304.2 billion

Fixed-line Business
Year on Year
¥12.5 billion up

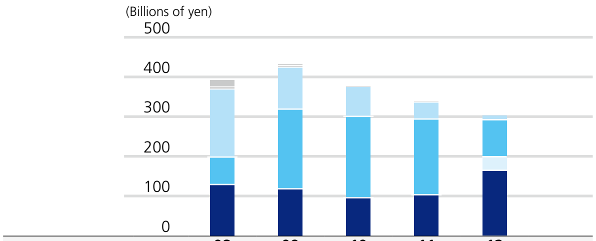
¥115.6 billion

Capital expenditures during the year ended March 31, 2012, amounted to ¥421.6 billion, down ¥22.1 billion from the preceding fiscal year, owing to delays in construction as a result of the Great East Japan Earthquake and lower unit investment costs stemming from our efforts to curtail costs.

In the Mobile Business, we augmented base stations and other equipment to enhance product appeal, expand our service area, and raise communication quality. LTE-related investment was up during the year, but by siting base stations more efficiency, we reduced capital expenditures in this segment 10.2% year on year, to ¥304.2 billion.

In the Fixed-line Business, we made investments related to the FTTH business, as well as to expand overseas data centers. During the year, expenditures increased in line with a rise in FTTH subscriptions. We also invested in communication infrastructure, such as transmission circuits and base station facilities, to increase capacity. Consequently, segment capital expenditures rose 12.1%, to ¥115.6 billion.

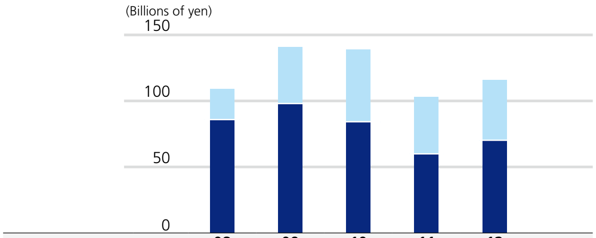
Mobile Business



	08	09	10	11	12
800MHz 1X	17	3	1	1	0
800MHz EV-DO	6	3	0	0	0
2GHz	171	107	74	44	11
New 800MHz (excluding LTE)	69	200	204	191	93
LTE	—	—	—	—	34
Common Equipment	129	119	97	103	165
Total	392	432	377	339	304

(Years ended March 31)

Fixed-line Business



	08	09	10	11	12
FTTH	23	43	55	43	46
Other	86	98	84	60	70
Total	110	141	139	103	116

(Years ended March 31)

Cash Flows

Free Cash Flow
Year on Year
¥35.4 billion down

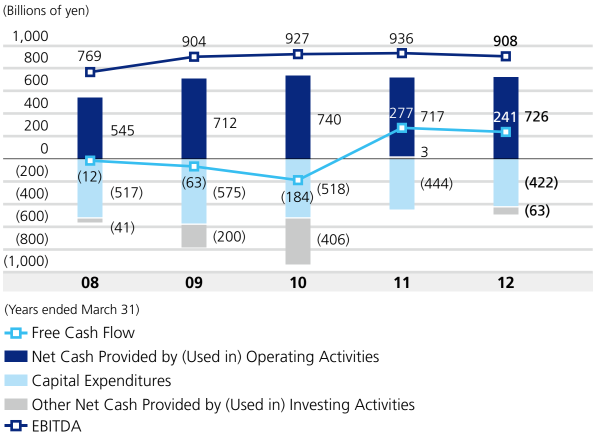
¥241.4 billion

Net cash provided by operating activities during the year ended March 31, 2012, came to ¥725.8 billion, owing to a decrease in the loss on liquidation of intermediary holding companies that possessed shares in J:COM.

Net cash used in investing activities totaled ¥484.5 billion. Although capital expenditures were down ¥22.1 billion compared with the preceding fiscal year, outflows increased for the acquisition of shares in subsidiaries and affiliated companies.

As a result of the above-mentioned factors, free cash flow was ¥241.4 billion.

Free Cash Flow



Mobile Business

Explained on P.40 "Overview of Operations"

Overview of Operations in the Year Ended March 31, 2012

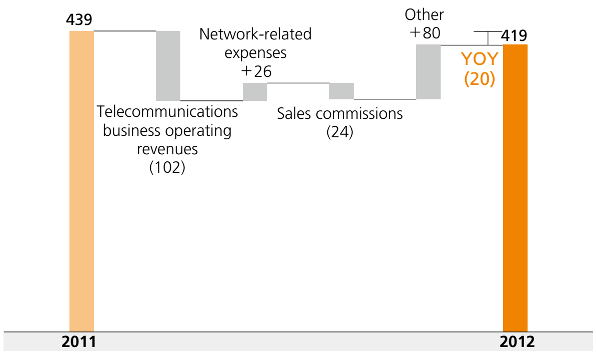
In the Mobile Business, which centers on the "au" brand, KDDI provides mobile phone services, sells mobile phone handsets, provides content, and offers mobile solutions services targeting corporate customers.

During the year ended March 31, 2012, operating revenues increased 5.3%, to ¥2,727.0 billion. This result reflected an increase in the number of handsets sold, which offset lower revenues due to voice ARPU, stemming from the introduction of the "Maitsuki Discount" and "Simple Course" pricing.

In line with the increase in handset sales, cost of sales for mobile handsets and other related expenses rose. Consequently, operating income decreased 4.5%, to ¥419.2 billion.

Factors Affecting Operating Income

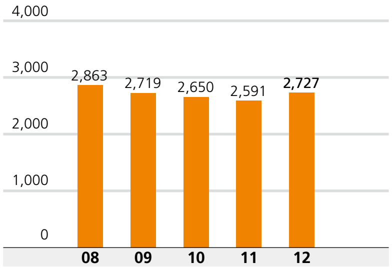
(Billions of yen)



(Years ended March 31)

Operating Revenues

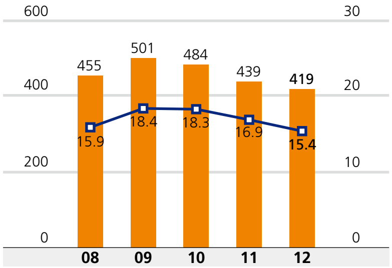
(Billions of yen)



(Years ended March 31)

Operating Income/ Operating Income Margin

(Billions of yen) (%)

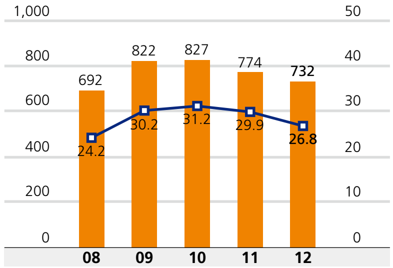


(Years ended March 31)

Operating Income (left)
Operating Income Margin (right)

EBITDA/EBITDA Margin

(Billions of yen) (%)



(Years ended March 31)

EBITDA (left)
EBITDA Margin (right)

Subscriptions/Churn Rate

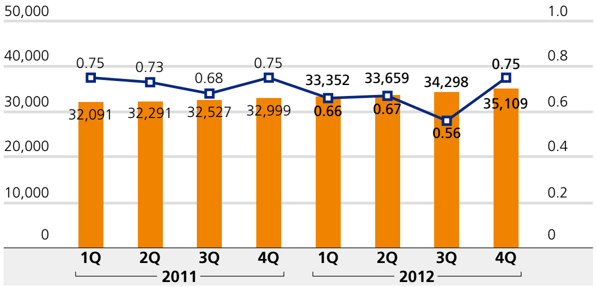
Net additions during the year numbered 2.11 million subscriptions, outpacing our initial expectations of 1.5 million subscriptions by more than 610,000. Accordingly, the number of total subscribers as of March 31, 2012, was 35.11 million, up 6.4% year on year and accounting for a cumulative share of 28.3%*.

During the third quarter of the year, our churn rate hit a record low of 0.56%. We attribute this achievement to higher retention due to the expansion of our Android™ smartphone lineup and the sale of "iPhone 4S" handsets.

For the full year, the churn rate improved significantly, falling 0.07 points, to 0.66%.

* Based on the three-company total for NTT DOCOMO, SOFTBANK MOBILE, and KDDI

('000 subs) (%)



(Years ended March 31)

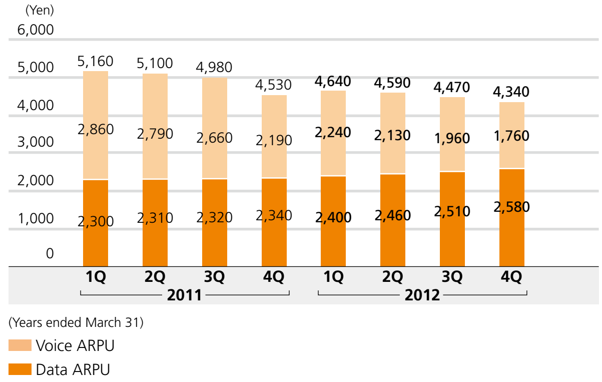
Total Subscriptions at the end of each quarter (left)
Chun Rate (right)

ARPU

ARPU decreased 8.7% in the year ended March 31, 2012, to ¥4,510.

Voice ARPU was down 22.9% year on year, to ¥2,020, owing to the increasing shift toward "Simple Course" pricing and the popularity of "Maitsuki Discount," as well as the effects of access charge revisions.

Data ARPU grew 7.3%, to ¥2,490, thanks to an increase in smartphone use, among other factors.

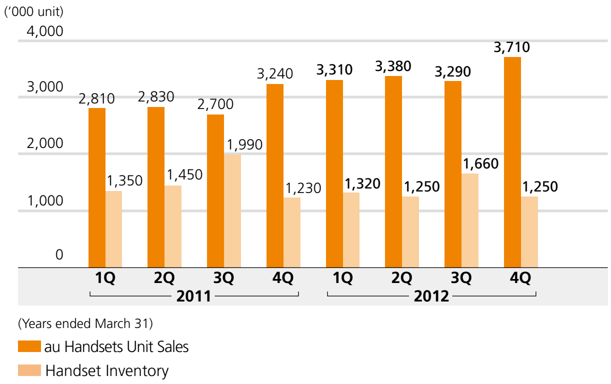


Handset Unit Sales/Inventory

Total unit sales in the year ended March 2012 increased 18.3% year on year to 13.69 million units as enhanced smartphone lineup attracted more new contract and replacement sales than in the previous year.

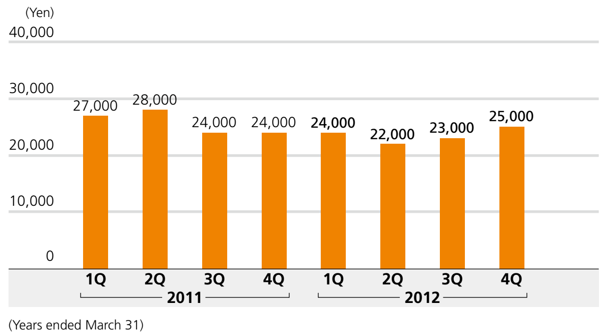
Handset inventory as of March 31, 2012, was 1.25 million, up 1.7% from a year earlier. This figure includes 50,000 units already written off.

KDDI writes off and disposes of handsets to clear excess inventories down to a reasonable level. Its write-offs and disposal of excess inventories led KDDI to post write-off/disposal losses for the year totaling ¥1.8 billion.



Sales Commissions

Strengthened mobile number portability (MNP) initiatives during the year were a positive factor for sales commissions. However, the overall effect was diminished by our introduction of "Maitsuki Discount" pricing, in which we lower voice charges for up to 24 months, effectively reducing smartphone sales prices. As a result, average sales commissions were down 7.7% from the previous year, to ¥24,000.



Fixed-line Business

Explain on P.44 "Overview of Operations"

Overview of Operations in the Year Ended March 31, 2012

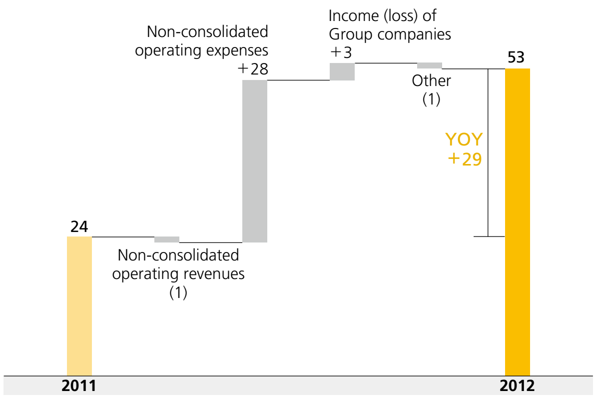
The Fixed-line Business involves a broad range of operations for the KDDI Group, including FTTH and CATV broadband services, domestic and international telecommunications services, and corporate services such as data center and ICT solutions services.

Internet revenues increased thanks to our promotion of the FTTH business, but revenues from "My Line" and other legacy voice services declined. KDDI's revenues on a non-consolidated basis were down, but CTC, JCN, and overseas subsidiaries posted an increase in revenues. As a result, operating revenues during the year ended March 31, 2012, were up 2.0% year on year, to ¥915.5 billion.

Operating income, meanwhile, rose 222%, to ¥53.4 billion. We reduced KDDI's costs on a non-consolidated basis through efforts centered on network streamlining, and other Group companies delivered higher income.

Factors Affecting Operating Income

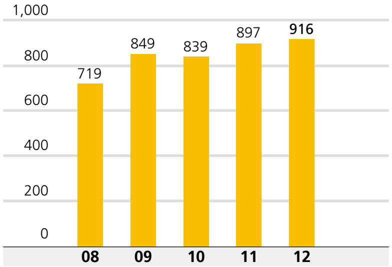
(Billions of yen)



(Years ended March 31)

Operating Revenues

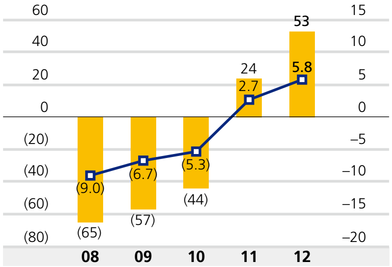
(Billions of yen)



(Years ended March 31)

Operating Income (Loss) / Operating Income (Loss) Margin

(Billions of yen) (%)



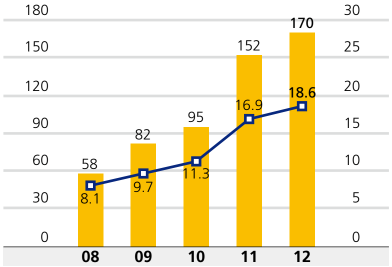
(Years ended March 31)

Operating Income (Loss) (left)

Operating Income (Loss) Margin (right)

EBITDA/EBITDA Margin

(Billions of yen) (%)



(Years ended March 31)

EBITDA (left)

EBITDA Margin (right)

Other Business

Overview of Operations in the Year Ended March 31, 2012

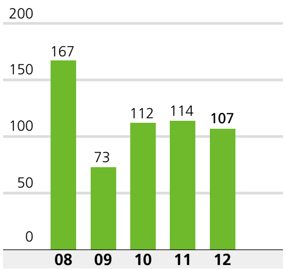
We are aggressively strengthening our other businesses, concentrating on fields slated for future growth, in order to boost the overall competitiveness of the KDDI Group.

During the year ended March 31, 2012, operating revenues fell 6.5%, to ¥106.9 billion, affected by a decline in construction business at KDDI Technical & Engineering Service Corporation*. Operating income dropped 49.6%, to ¥4.3 billion.

* As of April 1, 2012, the company's name changed to KDDI Engineering Corporation.

Operating Revenues

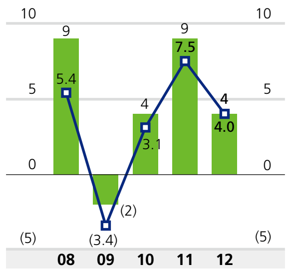
(Billions of yen)



(Years ended March 31)

Operating Income (Loss)/ Operating Income (Loss) Margin

(Billions of yen) (%)



(Years ended March 31)

Operating Income (Loss) (left)

Operating Income (Loss) Margin (right)

FAQ about Operating and Financial Results

Years ended March 31

For the convenience of shareholders and investors, we have assembled the below summary of frequently asked questions (FAQ). We hope the readers will find this information useful.

QUESTION 1

During the year ended March 31, 2012, your decline in ARPU was larger than that of other companies. Why was this? Also, what is your forecast for ARPU, which continues on a downward trend?

We lagged behind other companies in the introduction of "Simple Plan" pricing, which was the primary reason why the decline in our ARPU in this year was greater than the declines seen by other companies. However, the take-up ratio on this plan was 85% as of March 31, 2012, and is expected to peak at 90%. Therefore, we do not anticipate any major decrease in ARPU going forward.

Meanwhile, the market experienced a rapid shift toward smartphones in the year ended March 31, 2012, so we anticipate an increase in data ARPU of ¥380 (15%) in the year ending March 31, 2013. We aim to turn around our ARPU figures this fiscal year.

au ARPU Breakdown (Yen)

	①2011	②2012	Difference (②-①)
ARPU	4,940	4,510	(430)
Voice ARPU	2,620	2,020	(600)
Data ARPU	2,320	2,490	+170

QUESTION 2

When buying back the shares that Tokyo Electric Power Company, Incorporated (TEPCO) held in KDDI, you chose to raise funds by issuing convertible bonds with stock acquisition rights. Why did you select this approach?

When buying back the 357,541 shares sold by TEPCO—our third-largest shareholder—we took a number of methods into consideration.

We were attempting to address several issues, such as avoiding the market impact of the sudden influx of a large number of shares and expanding our investor base with the aim of boosting the liquidity of KDDI shares and of optimal share price configuration. We selected the method of issuing moving strike recapitalization corporate bonds as one that would satisfy all these conditions at once. By simultaneously issuing convertible bonds with stock acquisition rights and acquiring of treasury stock, we were able to set a low conversion price. When the shares are converted, we can allocate the shares that we acquired using the funds raised through the bond issue. This should prevent stock price dilution and help to expand our investor base.

As a result of this scheme, the difference in the effect resulting from the number of shares that KDDI acquired and the conversion of 100% of the bonds is as if KDDI had acquired an amount of its own shares worth approximately ¥40.0 billion(note).

Acquisition of treasury stock	Issuance of euro yen convertible bonds
Total acquisition amount: **¥221.0 billion** Unit acquisition price: ¥521,000	Total issue amount: **¥200.0 billion** (four years) Coupon : 0% Conversion price : ¥573,100 (10% increase) 120% call option/soft mandatory option
Shares acquired: 424,126	Maximum number of dilutive shares: 348,979*

* Number of shares resulting from conversion of all stock acquisition rights = ¥200.0 billion / ¥573,100 per share

Equivalent to 75,147 shares
(Shares acquired–Maximum number of dilutive shares) Aquisition

(Note: Effect is the acquisition of 75,147 shares x ¥521,000 per share = Approximately ¥40.0 billion)

QUESTION 3

What are the assumptions behind your operating income forecast for the year ending March 31, 2013?

Personal Services

In mobile, the "Maitsuki Discount" will have the effect of lowering ARPU. Also, revenues from handset sales is expected to drop, as the number of handsets we sell will decline after the switch away from handsets that are not compatible with the new 800MHz bandwidth has run its course. Therefore, we expect operating revenues to decline. However, costs should fall substantially after the shift is completed. On the fixed-lined end, we anticipate higher revenues as the number of FTTH subscribers increases. These are the factors behind our forecast of a 6.6% year-on-year increase in operating income.

Value Services

We anticipate a 1.3% year-on-year increase in operating income. We expect to incur up-front costs related to the launch of "au Smart Pass," but look forward to an increase in income from subsidiaries, including WebMoney Corporation and mediba Inc.

Business Services

Revenues from handset sales is likely to increase in line with growing sales of smartphones, but sales of base station lines for the personal services is expected to drop as base stations supporting the former 800MHz bandwidth go offline. Consequently, for this segment we expect operating income to decline 5.3% year-on-year.

Global Services

In the year ended March 31, 2012, we acquired CDNetworks and TELEHOUSE Deutschland GmbH. Our forecast of a 40.6% increase in operating income for this segment is based on the contributions of these newly consolidated subsidiaries.

Operating Income

(Billions of yen)

	2012	Forecast for 2013		
			Difference	YOY change
Consolidated	477.6	500.0	+22.4	+4.7%
Personal Services	347.2	370.0	+22.8	+6.6%
Value Services	44.4	45.0	+0.6	+1.3%
Business Services	75.0	71.0	(4.0)	(5.3)%
Global Services	4.3	6.0	+1.7	+40.6%

QUESTION 4

What will be your future level of capital expenditures?

Consolidated capital expenditures peaked in the fiscal year ended March 2009. Capital expenditures for reorganization of the 800MHz bandwidth, which has accounted for most capital expenditures in the mobile communications business, is scheduled to be completed in the year ending March 2013.

From the year ending March 2013, capital expenditures for LTE services scheduled to be started in 2012 will begin in earnest, and spending will be needed in response to greatly increasing mobile data traffic in tandem with the rapid shift to smartphones. Looking ahead, the Company plans to keep consolidated capital expenditures around the ¥450 billion level planned for the year ending March 2013 over the medium term through more efficient capital investment underpinned by Multi-network strategies and proactive mobile data offloading.

Capital Expenditures

(Billions of yen)

	2009	2010	2011	2012	Forecast for 2013
Consolidated	575.1	518.0	443.7	421.6	450.0
Mobile Business	432.1	376.8	338.7	304.2	350.0
Fixed-line Business	140.6	138.7	103.1	115.6	99.0

QUESTION 5

What is your forecast for equity-method investment income in the year ending March 31, 2013, including UQ, Jibun Bank, and J:COM?

For the year ended March 31, 2012, we recorded ¥13.0 billion in equity in loss of affiliates in relation to UQ Communications Inc., as well as a loss of ¥5.2 billion for Jibun Bank. We expect performance to improve significantly at these two companies during the year ending March 31, 2013, and forecast profits at both.

Operating results at J:COM are robust, but we posted a loss of ¥2.5 billion, owing to the effect of ¥14.7 billion in amortization of goodwill.

Equity in Net Income (Loss) of Affiliates Breakdown

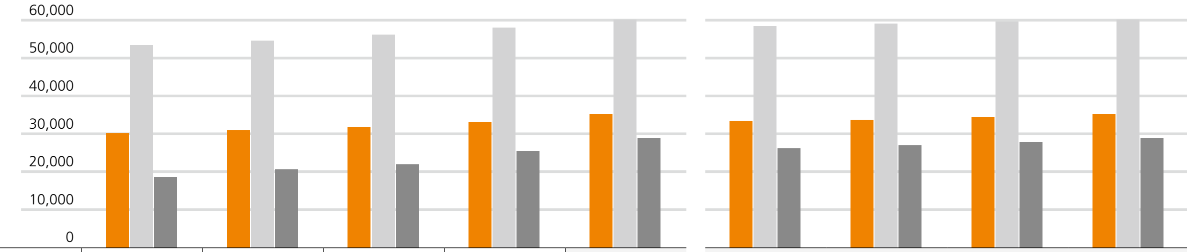
(Billions of yen)

	Equity ratio	①2011	②2012	Difference (②-①)
UQ Communications	32.3%	(16.8)	(13.0)	+3.8
Jibun Bank	50.0%	(3.0)	(5.2)	(2.2)
Jupiter Telecommunications	33.0%	(1.4)	(2.5)	(1.1)
Other	—	1.3	2.4	+1.1
Total	—	(19.9)	(18.3)	+1.7

Market Overview

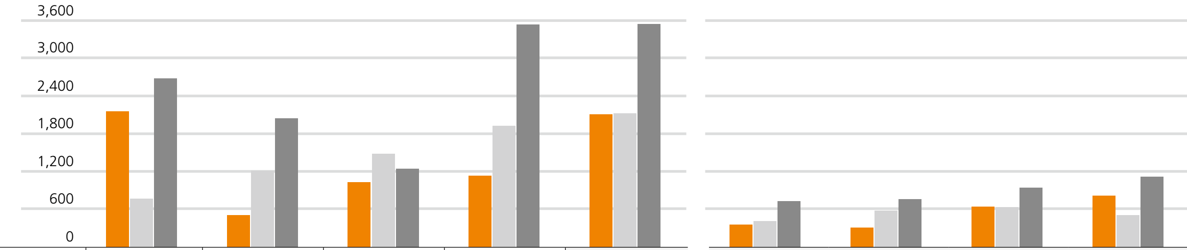
Mobile Communications Market Data (Years ended March 31)

Number of Total Subscribers



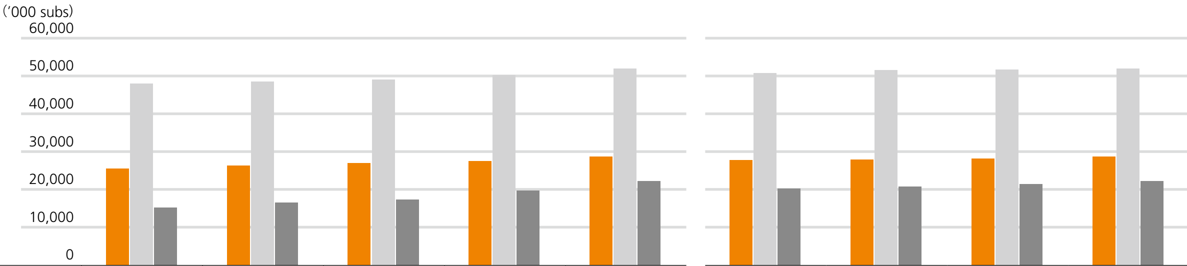
	2008	2009	2010	2011	**2012**	2012 1Q	2012 2Q	2012 3Q	2012 4Q
au + Tu-Ka	30,339	30,843	31,872	32,999	**35,109**	**33,352**	**33,659**	**34,298**	**35,109**
NTT DOCOMO	53,388	54,601	56,082	58,010	60,130	58,415	58,993	59,624	60,130
SOFTBANK MOBILE	18,586	20,633	21,877	25,409	28,949	26,139	26,898	27,835	28,949
Total	102,313	106,076	109,831	116,418	124,188	117,906	119,550	121,758	124,188

Net Additions



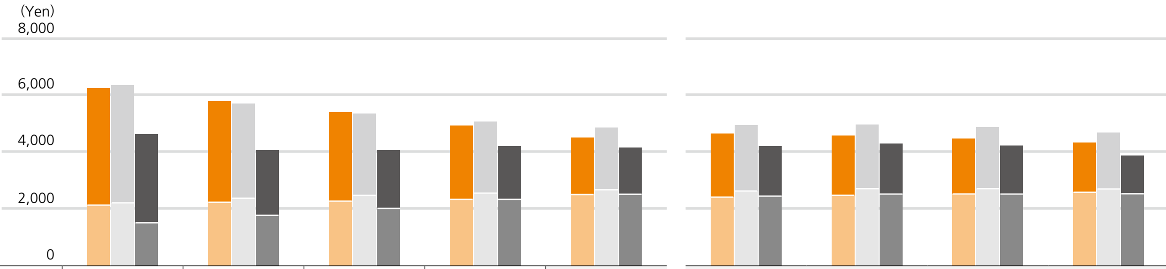
	2008	2009	2010	2011	**2012**	2012 1Q	2012 2Q	2012 3Q	2012 4Q
au + Tu-Ka	2,151	504	1,030	1,127	**2,110**	**353**	**306**	**639**	**811**
NTT DOCOMO	767	1,213	1,481	1,928	2,120	405	578	631	505
SOFTBANK MOBILE	2,678	2,047	1,244	3,532	3,540	730	760	937	1,114
Total	5,595	3,763	3,755	6,586	7,770	1,488	1,645	2,207	2,430

Number of Subscribers for Mobile Internet Connection Service



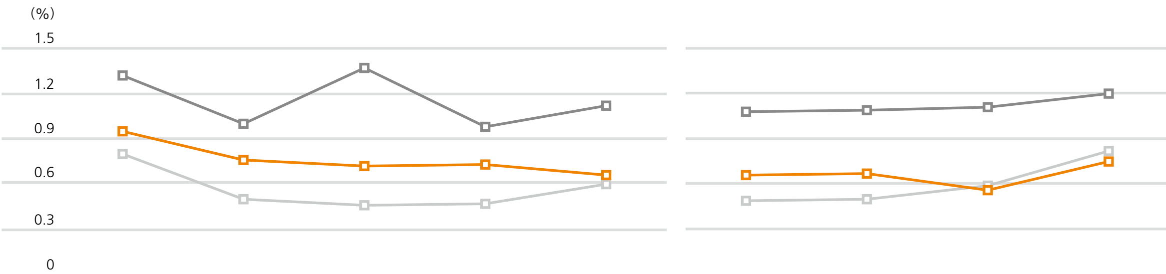
	2008	2009	2010	2011	**2012**	2012 1Q	2012 2Q	2012 3Q	2012 4Q
au + Tu-Ka	25,512	26,190	26,974	27,489	**28,577**	**27,684**	**27,777**	**28,078**	**28,577**
NTT DOCOMO	47,993	48,474	48,992	50,235	51,908	50,746	51,558	51,709	51,908
SOFTBANK MOBILE	15,171	16,465	17,218	19,615	22,216	20,219	20,673	21,334	22,216
Total	88,676	91,129	93,184	97,339	102,701	98,650	100,008	101,120	102,701

ARPU (Average Revenue per Unit)



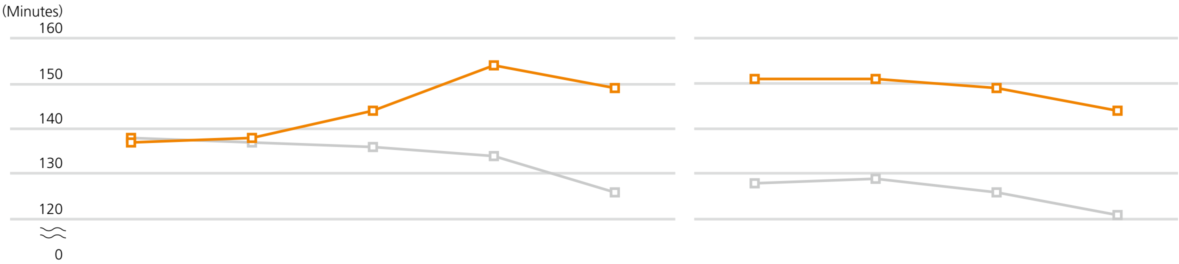
	2008	2009	2010	2011	2012	2012 1Q	2012 2Q	2012 3Q	2012 4Q
au	6,260	5,800	5,410	4,940	**4,510**	**4,640**	**4,590**	**4,470**	**4,340**
Voice ARPU	4,130	3,590	3,150	2,620	**2,020**	**2,240**	**2,130**	**1,960**	**1,760**
Data ARPU	2,130	2,210	2,260	2,320	**2,490**	**2,400**	**2,460**	**2,510**	**2,580**
Tu-Ka	1,750	—	—	—	—	—	—	—	—
NTT DOCOMO	6,360	5,710	5,350	5,070	4,870	4,960	4,970	4,880	4,680
Voice ARPU	4,160	3,330	2,900	2,530	2,200	2,340	2,280	2,190	1,980
Data ARPU	2,200	2,380	2,450	2,540	2,670	2,620	2,690	2,690	2,700
SOFTBANK MOBILE	4,650	4,070	4,070	4,210	4,150	4,210	4,310	4,230	3,890
Voice ARPU	3,150	2,320	2,050	1,890	1,650	1,780	1,780	1,700	1,350
Data ARPU	1,490	1,740	2,020	2,310	2,510	2,440	2,520	2,530	2,530

Churn Rate



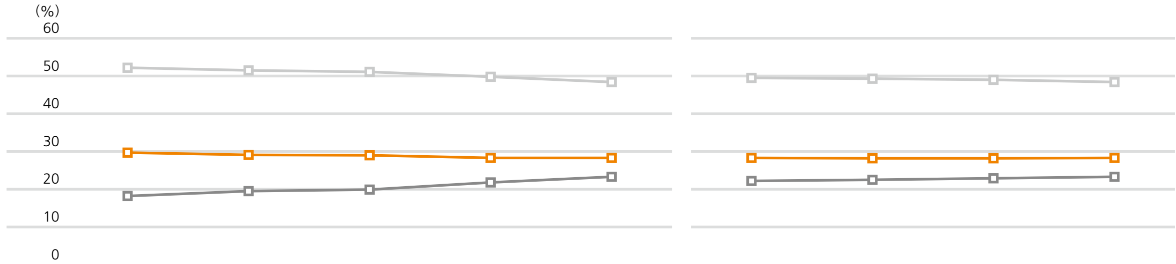
	2008	2009	2010	2011	2012	2012 1Q	2012 2Q	2012 3Q	2012 4Q
au	0.95	0.76	0.72	0.73	**0.66**	**0.66**	**0.67**	**0.56**	**0.75**
Tu-Ka	10.20	—	—	—	—	—	—	—	—
NTT DOCOMO	0.80	0.50	0.46	0.47	0.60	0.49	0.50	0.59	0.82
SOFTBANK MOBILE	1.32	1.00	1.37	0.98	1.12	1.08	1.09	1.11	1.20

MOU (Minutes of Use)



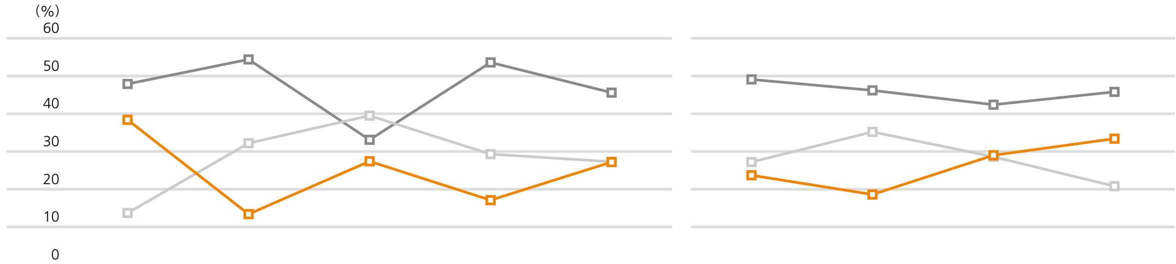
	2008	2009	2010	2011	2012	2012 1Q	2012 2Q	2012 3Q	2012 4Q
au	137	138	144	154	**149**	**151**	**151**	**149**	**144**
Tu-Ka	35	—	—	—	—	—	—	—	—
NTT DOCOMO	138	137	136	134	126	128	129	126	121
SOFTBANK MOBILE	—	—	—	—	—	—	—	—	—

Share of Cumulative Subscriptions*



	2008	2009	2010	2011	2012	2012 1Q	2012 2Q	2012 3Q	2012 4Q
au + Tu-Ka	29.7	29.1	29.0	28.3	**28.3**	**28.3**	**28.2**	**28.2**	**28.3**
NTT DOCOMO	52.2	51.5	51.1	49.8	48.4	49.5	49.3	49.0	48.4
SOFTBANK MOBILE	18.2	19.5	19.9	21.8	23.3	22.2	22.5	22.9	23.3

Share of Net Additions*

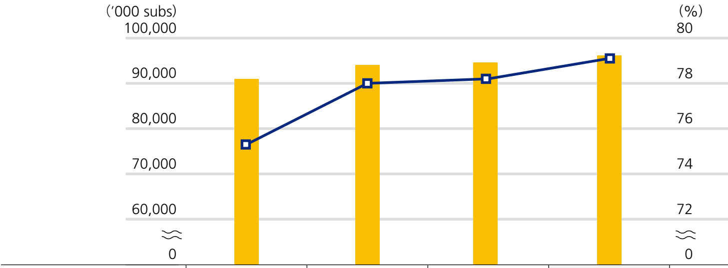


	2008	2009	2010	2011	2012	2012 1Q	2012 2Q	2012 3Q	2012 4Q
au + Tu-Ka	38.4	13.4	27.4	17.1	**27.2**	**23.7**	**18.6**	**29.0**	**33.4**
NTT DOCOMO	13.7	32.2	39.5	29.3	27.3	27.2	35.2	28.6	20.8
SOFTBANK MOBILE	47.9	54.4	33.1	53.6	45.6	49.1	46.2	42.4	45.8

* Based on the three-company total for NTT DOCOMO, SOFTBANK MOBILE, and KDDI

Fixed-line Communications Market Data (Years ended March 31)

Number of Internet Subscriptions

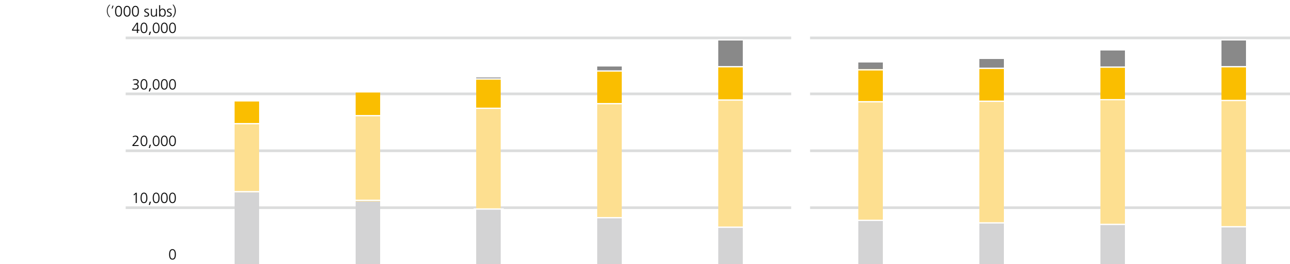


	2008	2009	2010	**2011**
Total Subscriptions in Japan	90,910	94,080	94,620	96,100
Penetration Rate	75.3	78.0	78.2	79.1

(Years ended December 31)

Source: Ministry of Internal Affairs and Communications

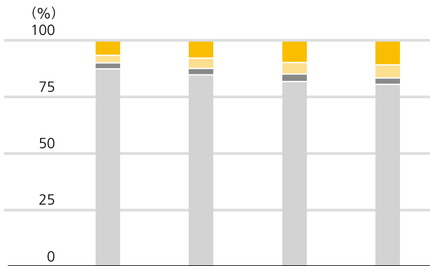
Number of Broadband Subscriptions



	2008	2009	2010	2011	**2012**	2012 1Q	2012 2Q	2012 3Q	2012 4Q
ADSL Subscriptions	12,711	11,184	9,735	8,201	6,705	7,789	7,412	7,058	6,705
FTTH Subscriptions	12,155	15,021	17,802	20,218	22,303	20,931	21,430	21,899	22,303
CATV Subscriptions	3,872	4,110	5,314	5,674	5,909	5,734	5,779	5,909	5,909
Other	13	20	165	847	4,611	1,168	1,643	2,845	4,611
Total	28,750	30,335	33,016	34,940	39,528	35,622	36,264	37,711	39,528

Source: Ministry of Internal Affairs and Communications

Market Share of Myline by Operator



	2010				2011				**2012**			
	Local	In-prefecture long-distance	Out-of-prefecture long-distance	International	Local	In-prefecture long-distance	Out-of-prefecture long-distance	International	Local	In-prefecture long-distance	Out-of-prefecture long-distance	International
KDDI	7.1%	8.7%	10.4%	12.1%	6.9%	8.4%	10.0%	11.5%	**6.9%**	**8.3%**	**9.9%**	**11.3%**
SOFTBANK TELECOM	3.6%	4.8%	5.7%	6.3%	3.3%	4.4%	5.2%	5.8%	3.2%	4.3%	5.0%	5.6%
Other Companies Total	3.0%	3.4%	4.2%	3.4%	2.7%	2.9%	3.6%	2.9%	2.5%	2.7%	3.3%	2.7%
NTT	86.3%	83.1%	79.7%	78.2%	87.1%	84.3%	81.2%	79.8%	87.4%	84.7%	81.8%	80.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Myline Carriers Association

Mobile Business

In the Mobile Business, which centers on the "au" brand, KDDI provides mobile communications services, sells mobile communications devices, provides content, and offers mobile solutions services targeting corporate customers.

Networks

Data Offloading

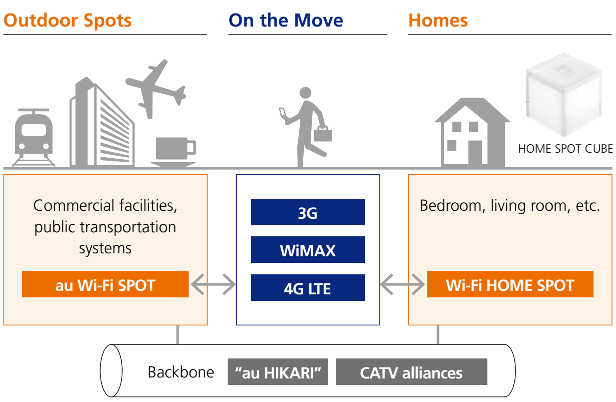
As one of our outdoor data offloading measures, in June 2011 we launched "au Wi-Fi SPOT," a simple public wireless LAN service that is available free of charge to au smartphone users. We are steadily expanding the number of connections in places where people tend to congregate, concentrating on terminal stations and nearby cafes. As of March 31, 2012, we had set up 100,000 such spots throughout Japan.

As a measure to promote data offloading measures in the home, we encourage users to use smartphones while taking advantage of a combination of fixed-line and Wi-Fi services. To that end, we introduced the "HOME SPOT CUBE" Wi-Fi router. This device sets Wi-Fi at the touch of a button. By March 31, 2012, we had put in place 350,000 of these units for au smartphone customers.

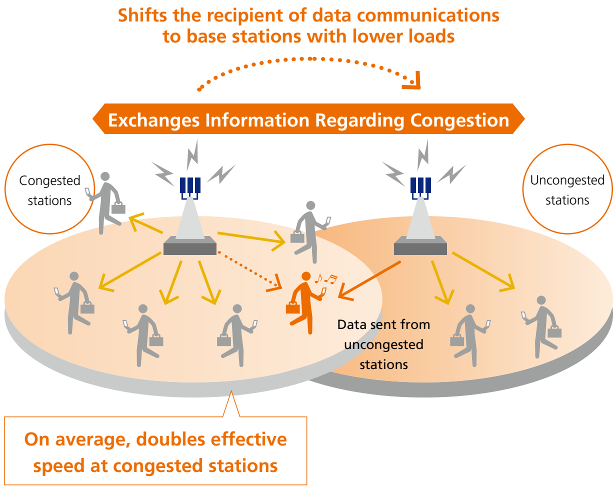
EV-DO Advanced

In April 2012, we took the industry lead in introducing "EV-DO Advanced," a technology that helps to alleviate congestion at au mobile phone base stations. This technology monitors base station congestion in real time, redirecting au mobile phones using base stations that are congested to those in nearby areas where availability is higher. This approach increases data traffic handling capacity to around 1.5 times its previous level, and customers in congested areas experience effective communication speeds that are nearly twice as fast as before.

Smart Network



EV-DO Advanced



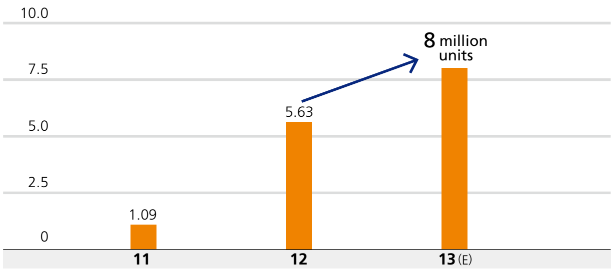
Handsets

Smartphones

In the year ended March 31, 2012, we addressed the priority issue of recovering au momentum and enhancing our shift toward smartphones. We created a lineup of models featuring specifications optimized to meet a host of customer demands. These included handsets designed to accentuate au's distinctiveness, high-speed communication models with on-board WiMAX to enable tethering, handsets equipped with functions that are standard in Japan, and models with Windows® installed. We also began offering the "iPhone 4S" in October 2011, and in January 2012 we added the "GALAXY SII WiMAX" to the au lineup. These additions created the industry's most extensive handset lineup.

Unit sales of smartphones in the year ended March 31, 2012, surged by 4.54 million units, to 5.63 million units. Furthermore, we forecast smartphone sales of 8 million units for the year ending March 31, 2013.

Smartphone Unit Sales



(Years ended March 31)

Smartphone Lineup

Year ended March 31, 2011	First half of year ended March 31, 2012	Second half of year ended March 31, 2012	
Sale of 6 models	Sale of 9 models	Sale of 7 models (fall/winter)	Sale of 6 models (spring)

* Excluding "iPhone 4S"

Full-fledged Entry into The Smartphone Market

Diverse Lineup of Models to Increase User-base
Models compatible with "+WiMAX," distinctive au designs, models for Windows® and with functions standard in Japan, waterproof models, models that allow tethering, others

Note: Excluding smart phones for corporate customers

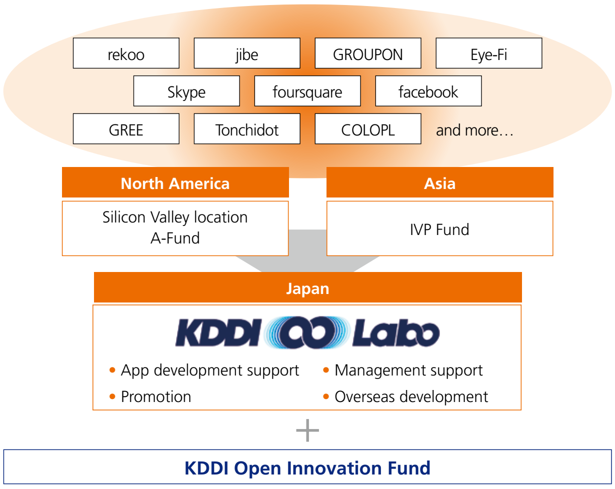
Content

Strategy to Enhance and Differentiate Smartphone-compatible Applications

As of March , 2012, the number of apps came to 7,300 at our "au Market for smartphone apps.

To invigorate the market for Android™ apps, KDDI is making an effort to take advantage of early tie-up opportunities with venture companies in Japan and overseas. In April 2011, we invested in A-FUND, L.P., and in August 2010 we established "KDDI ∞ Labo." Furthermore, in February 2012 we began providing support venture bisunesses via the "KDDI Open Innovation Fund," our first corporate venture fund. Through these initiatives, we will bolster au product strength and appeal.

Enhancing Open Applications



Billing platforms

Expanding "au Kantan Kessai" (Easy Payment) services

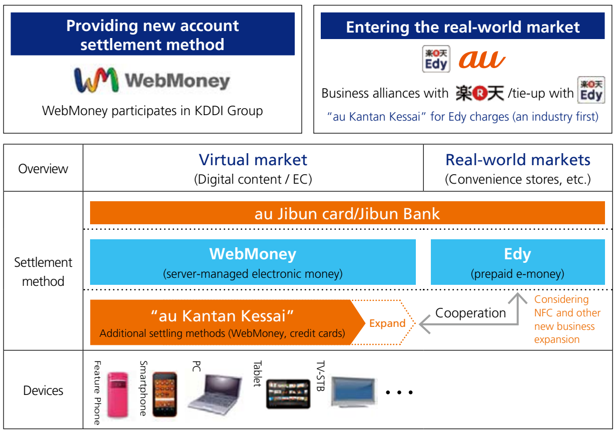
"au Kantan Kessai" services were introduced for Rakuten Ichiba in October 2011, "Yahoo! Shopping" in November, and "Nissei Online" in January 2012.

More ways for settling accounts

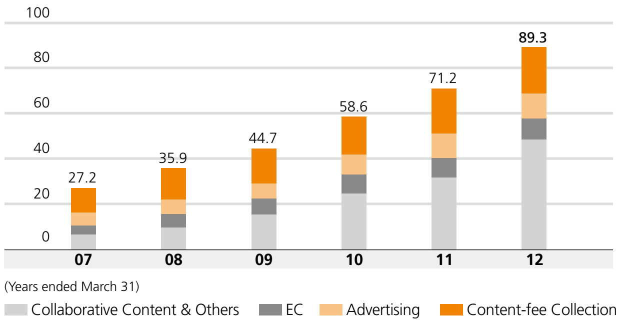
In January 2012, new ways for settling "au Kantan Kessai" were added through "WebMoney*" and credit cards (VISA, Master, JCB). Users with charges on "au Kantan Kessai" that exceed total limits can settle their accounts using "WebMoney" services or their credit cards for "au Market" and some other services.

* A server-managed electronic money offered by WebMoney Corporation, which became a consolidated subsidiary in October 2011.

Expanding Billing Platforms



Content/Media Business Sales



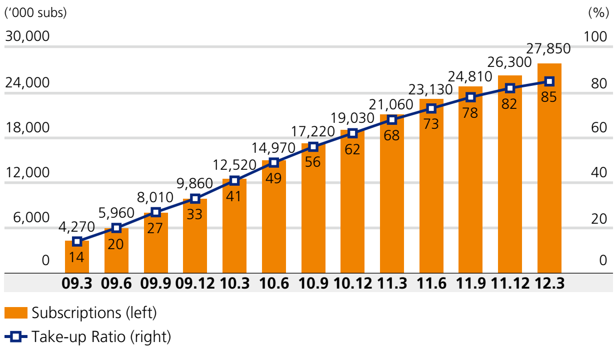
Charges

In September 2011, we launched a new fee plan called "Plan Z Simple," which allows users in Japan to call other au mobile phones within Japan for free between the hours of 1 am and 9 pm for a monthly basic usage fee of ¥980 (including tax.)

The take-up ratio for the "Simple Course" among all au subscribers (excluding modules and prepaid phones) was 85% as of March 31, 2012.

As the number of customers applying for our other "Full Support Course" fell off as a result, we stopped accepting new applications for this course on September 30, 2011.

Simple Course Subscriptions and Take-up Ratio



Corporate

Mobile Business

As growth in the consumer market is easing, KDDI is mounting proactive initiatives in its Mobile Business targeting the corporate market, which is slated for expansion.

As corporate awareness of business continuity plans (BCPs) rises, we anticipate an increase in latent demand for smart devices that are set up for remote access. In addition to meeting conventional demand for mobile handsets for employees working outside their companies, we are stepping up our solutions for smart devices aimed at internal employees, as well.

Specifically, we extended our handset lineup by starting to offer the "iPhone 4S" and created added value by offering the "KDDI Knowledge Suite" of business applications. We upgraded our security management service through "KDDI 3LM Security," enhancing the user environment to provide better peace of mind to our customers. By also contributing to the business efficiency of our corporate customers, we aim to boost our share of the corporate smartphone market.

FMC

As a corporate solution, in April 2012 KDDI began offering "Smart Value for Business" as a solution for corporate customers. This service is a package of three items: "au HIKARI Business," our first FTTH service for corporate customers; au smartphones; and the "Basic Pack" of business-optimized cloud apps. Augmenting KDDI's traditional strength in providing solutions for corporations, we expect the new offering to expand our customer base among small and medium-sized companies.

Overview of "Smart Value" for Business

WiMAX

UQ Communications Inc. has expanded its operations steadily since commencing commercial service in July 2009. Helped partly by increased sales of "+WiMAX" compatible smartphones, cumulative subscriptions reached 2 million in February 2012. The company's target is to reach 3.4 million subscribers by March 31, 2013.

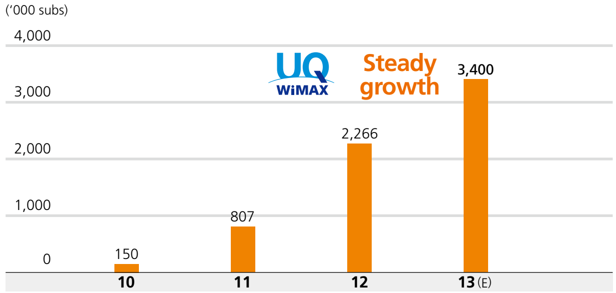
As subscriber numbers are rising favorably and capital expenditures to provide service in its area are nearly complete, the company plans to move into the black on a single-year operating basis in the year ending March 31, 2013. Furthermore, the company expects to erase its accumulated losses by the year ending March 31, 2016.

Contributing to Data Offloading

Smartphone proliferation is causing data traffic volumes to balloon, a situation that calls for speedy solutions on the part of telecommunications carriers. KDDI positions WiMAX as an important data offloading method. This service serves as a means of network connection for smartphones compatible with "+WiMAX" and as a backhaul circuit for "au Wi-Fi SPOTs."

Going forward, KDDI and UQ Communications will forge even stronger links in order to augment the KDDI Group's competitive position in multi-network structures.

WiMAX Cumulation Subscriptions



(Years ended March 31)

Fixed-line Business

The Fixed-line Business involves a broad range of operations for the KDDI Group, including FTTH and CATV broadband services, domestic and international telecommunications services, and corporate services such as data center and ICT solutions services.

Access Line Business

In addition to their conventional role in providing broadband services, the importance of role played by the access lines that KDDI possesses in offloading mobile data traffic is rising.

As of March 31, 2012, KDDI Group access lines—including FTTH, CATV, Metal-plus, and other lines—numbered 7,118,000. Furthermore, our household coverage ratio via broadband circuits that support "au Smart Value" services for using au smartphones at special rates had risen to 73% as of March 31, 2012.

FTTH

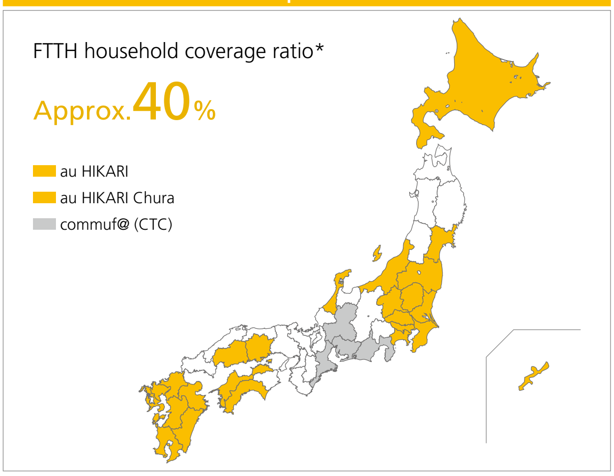
The KDDI Group's number of FTTH subscriptions had reached 2.27 million as of March 31, 2012, up 370,000 from one year earlier. During the year ended March 31, 2012, this business generated revenues of ¥121.8 billion, up 21.9%, and ARPU was up ¥70 year on year, to ¥4,430. This area clearly serves as a pillar of revenues and profits for the Fixed-line Business.

Expanding the Service Area and Augmenting Our Service Menu

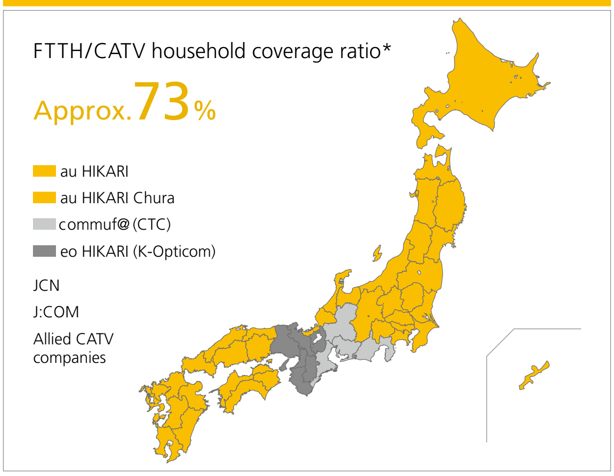
Targeting individual homes, we offer the fiber-optic service "au HIKARI Home" for which the service area had expanded to include 36 Japanese prefectures as of March 31, 2012. "au HIKARI Home" offers high-speed Internet service with maximum uplink and downlink speeds of 1Gbps, telephone, and television connections. Pricing centers on the "Giga Value Plan," a system under which subscribers sign up for two-year contracts and pay a special monthly service fee.

Expanding au Smart Value Broadband Circuits to Nationwide FTTH/CATV

Sep. 2011



Mar. 2012



* House hold coverage ratio in detached house provision area.

CATV

KDDI is pursuing alliances with CATV operators in order to secure a fixed-line telephone access network that does not rely on NTT.

In addition to consolidated subsidiary JCN and affiliated company J:COM, in July 2011 KDDI invested in Community Network Center Incorporated (CNCI), which controls eight CATV operators in the Tokai region. These developments boosted the KDDI Group's CATV customer base, which includes the total subscriber bases of JCN, J:COM, and CNCI, to 5.29 million households.

"Cable-plus phone" and "J:COM PHONE Plus" allow CATV operators to provide telephone services using their coaxial cable networks and KDDI's backbone network. CATV companies providing these services numbered 168 as of March 31, 2012, reaching a total of 2 million lines.

Creating Synergy through the Alliance with J:COM

Through our alliance with J:COM, we are working toward business synergy in a number of areas. In addition to J:COM x au cross-selling, we are unifying VOD content procurement at J:COM and shifting the backbone circuits that link J:COM's service area over to KDDI's integrated IP core network. In the year ended March 31, 2012, J:COM stations began providing "J:COM PHONE Plus," with subscription result surpassing our initial expectations.

Global ICT

Japanese businesses are growing ever more global, and overseas production and sales ratios are on the rise. To support the overseas shift of our customers' businesses, we provide services to meet a host of ICT needs, including the configuration, operation and maintenance of telecommunication networks. To support this business, we have a global structure spanning 98 locations, in 59 cities in 26 countries (as of March 31, 2012).

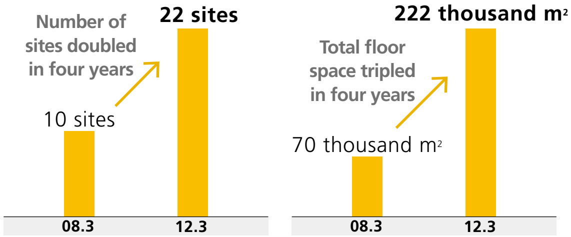
Our data center business, which houses customer network equipment, is developing its data center brand under the name of "TELEHOUSE," ensuring that clients can be confident in using its high-specification data center services both in Japan and overseas. Expanding these businesses further, in December 2011 we opened TELEHOUSE HONG KONG CCC, followed by TELEHOUSE FRANKFURT in January 2012.

As a result of this expansion, data centers, primarily being developed under the TELEHOUSE brand, are now in operation in 22 sites, in 14 cities within 11 regions. Total floor space amounted to approximately 222,000 square meters as of March 31, 2012.

Going forward, using data centers as our core we will continue to leverage the KDDI Group's strength as a global organization to provide integrated services that deliver high added value.

Proactive Overseas Development of the Data Center Business

TELEHOUSE (22 sites, 14 cities, 11 regions)



TELEHOUSE FRANKFURT

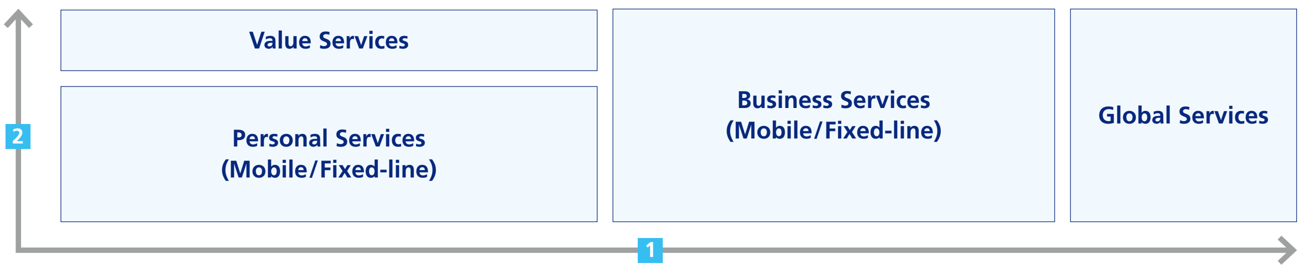
TELEHOUSE HONG KONG CCC

New Segment Overview

Until now, KDDI has segmented its operations into the Mobile Business and the Fixed-line Business. From the year ending March 2013, we have realigned these reportable segments into new segments based on management resource allocation and financial results evaluation in accordance with the management approach.

New Segment Concept

1 Expand communications services customer base
2 Expand content distribution/settlement services on a foundation of communications infrastructure/customer base



Operating Performance by New Segment

* The figures for FY2012.3 presented here have been adjusted in line with the change in segments from FY2013.3.
* From the forecast FY2013.3, amortization of goodwill is included in the calculation of EBITDA.

Personal Services

(Billions of yen)

	FY2012.3	FY2013.3 (E)	
			YOY
Operating revenues	2,799.6	2,760.0	(1.4)%
Operating income	347.2	370.0	+6.6%
EBITDA	713.1	767.0	+7.6%

Through "au Smart Value" we are cross-selling among our customer bases for au smartphones and FTTH/CATV. Through these efforts, we will expand the number of au subscribers and households that use the service, reduce our churn rate, and recover au ARPU, thereby achieving increases in revenues and income alike.

Forecast for the Year Ending March 31, 2013
▶ **Revenues Down, Income Up**

In the mobile arena, we expect ARPU to decline, owing to the impact of the "Maitsuki Discount" and other factors. Also, revenues from handset sales is expected to drop, as the number of handsets we sell will decline after the switch away from handsets that are not compatible with the new 800MHz bandwidth has run its course. However, costs should fall substantially after the shift is complete. On the fixed-lined end, we anticipate higher revenues as the number of FTTH subscribers increases. Accordingly, we expect income to increase.

Value Services

(Billions of yen)

	FY2012.3	FY2013.3 (E)	
			YOY
Operating revenues	136.4	164.0	+20.2%
Operating income	44.4	45.0	+1.3%
EBITDA	51.1	57.0	+11.6%

We aim to put in place "au Smart Pass" subscriber agreements with around 80% of customers who use compatible smartphones. This will increase our points of contact with customers, enable services on Multi-device and Multi-network, and allow us to continue developing cloud-based content services.

In addition, by expanding our billing platform and cultivating venture companies we aim to create new and distinctively "au" services and value. Through "au Smart Pass" up-selling, we expect to maximize our value-added sales per customer.

Forecast for the Year Ending March 31, 2013
▶ **Revenues Up, Income Up**

We expect to incur up-front costs related to the launch of "au Smart Pass," but look forward to an increase in income from subsidiaries, including WebMoney and mediba. As a result, we expect revenues and income to increase.

Comparison of New and Previous Segments

Previous	New	Business activities	Sales ratio* for FY2012.3
Mobile	Personal Services	Provision of communications services for households and individuals	71%
	Value Services	Provision of content and settlement services for households and individuals	4%
Fixed-line	Business Services	Provision of communications and solution/cloud services for companies	16%
	Global Services	Provision of communications and solution/cloud services for companies and individuals overseas	5%
Other	Other	Communications facility construction as well as maintenance, call centers, R&D, etc.	4%

* Calculated based on the simple sum of the sales for each segment =100%.

Business Services

(Billions of yen)

	FY2012.3	FY2013.3 (E)	
			YOY
Operating revenues	636.0	630.0	(0.9)%
Operating income	75.0	71.0	(5.3)%
EBITDA	123.1	122.0	(0.9)%

To large corporate customers, we will offer seamless integrated cloud solutions, spanning smartphones and tablet devices, networks, data centers, and apps.

For small and medium-sized businesses, we expect to increase our number of customers through the "Smart Value for Business" service for corporate customers, which we began providing in April 2012.

Forecast for the Year Ending March 31, 2013
▶ Revenues Down, Income Down

During the year, we expect revenues and income to decline as the result of a one-off factor, as au (Personal) base stations supporting the former 800MHz bandwidth go offline.

Global Services

(Billions of yen)

	FY2012.3	FY2013.3 (E)	
			YOY
Operating revenues	171.6	195.0	+13.6%
Operating income	4.3	6.0	+40.6%
EBITDA	13.7	19.0	+38.6%

With our TELEHOUSE data centers at the core, we will leverage overall Group strength including subsidiaries such as CDNetworks and DMX to offer one-stop, optimized, high-value-added ICT solutions to our customers. We are also mounting proactive efforts to augment our global consumer business, such as by expanding our Internet business in emerging markets and by entering the mobile phone businesses targeting immigrants in the United States.

Forecast for the Year Ending March 31, 2013
▶ Revenues Up, Income Up

We anticipate increases in revenues and income, owing to the contributions of newly consolidated subsidiaries that we acquired in the preceding fiscal year.

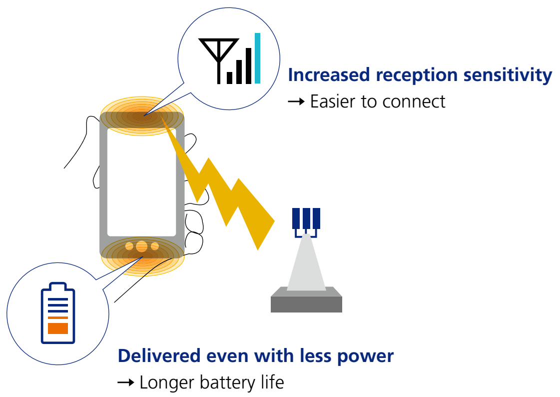
Reserch and Development

KDDI's growth strategy, the "3M Strategy," aims to realize a worldin which customers are provided with a host of content and services, whenever and wherever they want, over optimal networks and on their devices of choice.

In KDDI R&D Laboratories, our main research arm, We conduct leading-edge research to provide stress-free, safe and secure communications environments. We strive to provide services that customers can use with peace of mind in their daily lives, whether related to the environment or health. Furthermore, through our development we endeavor to deliver new and diverse value, and we conduct basic research that is designed to open up a future of exciting new possibilities.

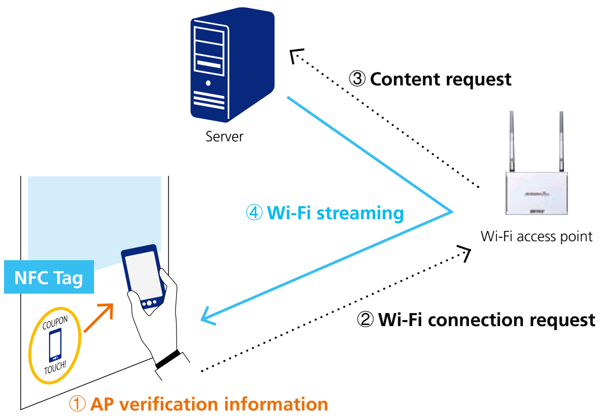
Handset with MIMO Antenna Response Control

The newest LTE mobile handsets employ multiple antennas for high-speed transmission (MIMO transmission), but when holding these handsets, the hand tends to interfere with the internal antennas. To address this issue, we have contrived a MIMO antenna response control technology that reduces this effect, and incorporated it into an LTE test model. This technology helps to achieve stable, high-speed transmission, while reducing power consumption, thereby extending wait-time battery life.



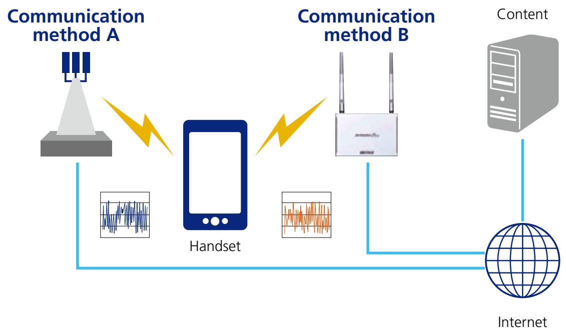
NFC x Wi-Fi System for Transmitting Linked Information

Using near-field communication (NFC) as an interface for contactless IC cards, we have developed this system to operate via Wi-Fi (wireless LAN) and easily access coupons, text data, video, music and other content on a smartphone. This system allows a high volume of data to be accessed, simply by holding a smartphone near an NFC tag.



Wireless Technology for Link Aggregation

The recent popularity of smartphones has brought about a surge in communications traffic, causing throughput and communication speeds to decrease. In response, we have developed handset technology that enables stable, high-speed communications by simultaneously making use of multiple wireless formats, including wireless LANs. Requiring no base station upgrades, this technology can be easily installed as a smartphone application.



Cyberbullying Initiatives

We have developed a tool that helps educators to protect students from cyberbullying at school over the Internet. The tool analyzes profile sites and other sites that are popular among junior and senior high school students and determines personal relations among students. This process provides information to help educators provide appropriate direction to students.