NOTICE OF THE 29TH ANNUAL SHAREHOLDERS MEETING

KDDI Corporation

TABLE OF CONTENTS

The "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" are provided to shareholders on the Company's Web site (http://www.kddi.com/english/corporate/ir/shareholder/meeting/20130619/index.html), pursuant to the provisions of laws and regulations as well as Article 17 of the Company's Articles of Incorporation. The "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" are part of the Consolidated Financial Statements and the Non-Consolidated Financial Statements that were audited by Audit & Supervisory Board Members and Accounting Auditors in preparing the Reports of Audit.

MESSAGE FROM THE PRESIDENT

To our shareholders,
Firstly, we would like to thank our shareholders for the continued interest and support for our company.
We enclose a copy of the KDDI Group's notice of the 29th Annual Shareholders Meeting. We hope you will find the booklet informative and helpful.

We have been working on Total Customer Satisfaction (TCS) activities to increase overall satisfaction of all of our stakeholders. As part of such efforts, we have changed the layout of this notice of the 29th Annual Shareholders Meeting, from this year, to help you gain a better understanding of our businesses.

In addition, right after the annual shareholders meeting, we will deliver you a new shareholder letter that introduces you to our latest news and other information geared toward you our shareholders to create better communication between us.

We will continue to advance the 3M Strategy ("Multi-Network," "Multi-Device" and "Multi-Use") as well as the Global Strategy reflecting the ever-evolving telecommunication industry. By so doing, we will provide our customers with services and values that satisfy them through an optimal network available anytime and anywhere, aiming to become a company that can deliver inspiration, security, happiness and smiles of gratitude to people around the world.

Once again, we would like to thank all our shareholders for the continuous support and confidence in our company.

Sincerely,

Takashi Tanaka
President

TSE Code: 9433
May 28, 2013

To our shareholders:

KDDI Corporation
10-10, Iidabashi 3-chome, Chiyoda-ku, Tokyo
(Headquarters: 3-2, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo)
Takashi Tanaka, President

NOTICE OF THE 29TH ANNUAL SHAREHOLDERS MEETING

You are cordially invited to attend the 29th Annual Shareholders Meeting of KDDI Corporation ("the Company") to be held as stated below.

If you are unable to attend the meeting, you may exercise your voting rights by mail or via the Internet. After reviewing the attached Reference Documents for the Shareholders Meeting, indicate your approval or disapproval of the proposals on the enclosed Exercise of Voting Rights form and return it to the Company to arrive **no later than 5:30 p.m. on Tuesday, June 18, 2013,** or vote at the Exercise of Voting Rights Web site (http://www.evote.jp/).

1. Date and Time: Wednesday, June 19, 2013, at 10:00 a.m. Reception for attendees begins at 9:00 a.m.

2. Place: Shinagawa Prince Hotel, Annex Tower, 5F, "Prince Hall"
10-30, Takanawa 4-chome, Minato-ku, Tokyo

3. Agenda:

Matters to be reported:
1. Business Report and Consolidated Financial Statements for the 29th fiscal year from April 1, 2012 to March 31, 2013 and Reports of Audit on the Consolidated Financial Statements by Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 29th fiscal year from April 1, 2012 to March 31, 2013

Matters to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Partial Changes to Articles of Incorporation
Proposal 3: Election of 12 Directors

[The Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and Audit Reports to be attached to this Notice appear on pages 11 through 48.]

4. Other matters concerning the Meeting:
Please refer to the Guide to the Exercise of Voting Rights on the following pages.

- Attendees are kindly requested to submit their Exercise of Voting Rights form to the receptionist on the day of the meeting.
- Of the documents attached to the Notice of the 29th Annual Shareholders Meeting, the "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" are provided to shareholders on the Company's Web site (http://www.kddi.com/english/corporate/ir/shareholder/meeting/20130619/index.html), pursuant to the provisions of laws and regulations as well as Article 17 of the Company's Articles of Incorporation. The "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" are part of the Consolidated Financial Statements and the Non-Consolidated Financial Statements that were audited by Audit & Supervisory Board Members and Accounting Auditors in preparing the Reports of Audit.
- Any amendments to the Reference Documents for the Shareholders Meeting, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements will be disclosed on the Company's Web site (http://www.kddi.com/english/index.html).

Guide to the Exercise of Voting Rights

* Please note that the Exercise of Voting Rights Web site, the QR-Code and the phone number for inquiries are available in Japanese language only.

Voting rights at the shareholders meeting are principal rights of shareholders. Please exercise your voting rights after reviewing the Reference Documents for the Shareholders Meeting listed on pages 6 through 10. You may exercise your voting rights by one of the following three methods.

1. By attending the shareholders' meeting

Please fill out your Exercise of Voting Rights form and submit it to the receptionist of the meeting. (A personal seal will not be required.)

Date and Time:	Wednesday, June 19, 2013, at 10:00 a.m. Reception for attendees begins at 9:00 a.m.
Place:	Shinagawa Prince Hotel, Annex Tower, 5F, "Prince Hall" 10-30, Takanawa 4-chome, Minato-ku, Tokyo

2. By submitting Exercise of Voting Rights form by mail

Please indicate your approval or disapproval to each of the proposals and post it to the Company without postage stamp.

Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 18, 2013

3. By exercising voting rights via the Internet

Please read the detailed instructions on the following page.

Exercise due date: No later than 5:30 p.m. on Tuesday, June 18, 2013

[For Institutional investors]

Provided that an application to use the platform has been submitted beforehand, institutional investors may use the electronic platform for exercising voting rights operated by ICJ, Inc.

<How to exercise voting rights via the Internet>

Exercise due date: No later than 5:30 p.m. on Tuesday, June 18, 2013

1 Please access the Exercise of Voting Rights Web site (http://www.evote.jp/) designated by the Company.

2 You will be required to enter the log-in ID and temporary password shown on your Exercise of Voting Rights form.

3 Please change the assigned temporary password to a new one you selected and exercise your voting rights following the on-screen instructions.

* If you have exercised your voting rights both by submitting the Exercise of Voting Rights form by mail and via the Internet, those exercised via the Internet will be taken as valid.
* If you have exercised your voting rights multiple times on the Internet, only the final vote will be taken as valid.
* The Exercise of Voting Rights Web site may be disabled by certain Internet settings, or by the service to which you are subscribed or the model of the device you use to access the Web site.
* The costs incurred when accessing the Exercise of Voting Rights Web site, including Internet access fees and communication expenses will be the responsibility of the shareholder.
* Shareholders may receive the Notice of the Shareholders Meeting by e-mail, beginning with the next meeting, by taking the necessary procedure on the Exercise of Voting Rights Web site with a personal computer or a smartphone. (Mobile phone address for text messages cannot be designated as the e-mail address for receiving the notice.)

For inquiries about the system or other matters, please contact:

Please use the contact number below if you have any difficulties when voting by the Internet using a personal computer, smartphone or cellular phone.

Securities Business Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Phone: (0120) 173-027 (Toll Free)
Available from Mondays to Fridays (excluding holidays) 9:00 a.m. to 9:00 p.m.

Reference Documents for the Shareholders Meeting

Proposals and References

Proposal 1: Appropriation of Surplus

Details pertaining to the appropriation of surplus are as follows.

(1) Matters relating to year-end dividends

The Company recognizes that the distribution of profits to shareholders is a major managerial issue and makes it a basic policy to maintain a sound financial position and the stable payment of dividends. With this policy, the Company intended to increase the consolidated payout ratio to the 25–30% range.

Regarding the year-end dividends for the fiscal year under review, we propose to increase it by ¥10 per share (this value takes into account the 1:100 share split conducted on October 1, 2012) from the previous year-end dividends, to express our appreciation to shareholders for their continuous support as well as the need to expand our businesses to enhance business performance in the future.

Going forward, the Company will work to increase the consolidated payout ratio to more than 30% while considering investment for sustainable growth.

i. Type of dividends
Cash

ii. Dividend amount to be allocated
Per share of common stock: ¥95.00
Total dividends: ¥36,310,178,000

iii. Effective date of dividends from surplus
June 20, 2013

(2) Other matters relating to the appropriation of surplus

We propose the following internal reserves to strengthen the management foundation in preparation for the aggressive development of operations in the future.

Item and amount of increase in surplus:
General reserve: ¥151,700,000,000
Item and amount of decrease in surplus:
Retained earnings brought forward: ¥151,700,000,000

Proposal 2: Partial Changes to Articles of Incorporation

This proposal partially amends the current Articles of Incorporation. The reason for the proposal and description of the changes are as follows.

(1) Reason for Proposal

The partial changes will be made to add power generation business and management and operation of such business, as well as business related to supply, sale, etc. of electricity, to the business purpose listed in Article 2 in the current Articles of Incorporation of the Company in order to prepare for our future business development.

(2) Description of Changes

The changes are as follows.

(Changes are underlined.)

Present	Proposed articles
Chapter 1 General Provisions Article 1. (Details omitted) Article 2. (Purpose) The purpose of the Company shall be to engage in the following businesses: (1) to (30) (Details omitted) (Newly established) (31) All business that are incidental to or related to those mentioned in the preceding items, and other necessary business to achieve the purpose for each of the foregoing items. (The rest omitted)	Chapter 1 General Provisions Article 1. (Not changed) Article 2. (Purpose) The purpose of the Company shall be to engage in the following businesses: (1) to (30) (Not changed) (31) Power generation business and management and operation of such business, as well as business related to supply, sale, etc. of electricity; and (32) All business that are incidental to or related to those mentioned in the preceding items, and other necessary business to achieve the purpose for each of the foregoing items. (The rest omitted)

Proposal 3: Election of 12 Directors

The term of office of all 12 Directors will expire at the conclusion of this Annual Shareholders Meeting. Therefore, we propose that 12 Directors be elected.
The candidates for Directors are as follows.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held
1	Tadashi Onodera (February 3, 1948)	June 1989: Director June 1995: Associate Senior Vice President, Director June 1997: Executive Vice President, Director June 2001: President June 2005: President and Chairman December 2010: Chairman (Current position)	40,000 shares
2	Takashi Tanaka (February 26, 1957)	June 2007: Associate Senior Vice President, Director June 2010: Senior Vice President, Director December 2010: President (Current position)	6,100 shares
3	Hirofumi Morozumi (May 2, 1956)	June 1995: Director June 2001: Vice President April 2003: Associate Senior Vice President June 2003: Associate Senior Vice President, Director June 2007: Senior Vice President, Director March 2010: Director of Jupiter Telecommunications Co., Ltd. (Current position) April 2010: General Manager, Corporate Sector (Current position) June 2010: Executive Vice President, Director (Current position)	4,600 shares
4	Makoto Takahashi (October 24, 1961)	June 2007: Associate Senior Vice President, Director March 2010: Director of Jupiter Telecommunications Co., Ltd. (Current position) June 2010: Senior Vice President, Director (Current position) April 2011: General Manager, Business Development Sector (Current position)	3,400 shares
5	Yoshiharu Shimatani (October 28, 1950)	June 2009: Associate Senior Vice President, Director April 2011: General Manager, Technology Sector (Current position) June 2011: Senior Vice President, Director (Current position)	2,700 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held
6	Yuzo Ishikawa (October 19, 1956)	June 2000: Director June 2001: Vice President June 2010: Associate Senior Vice President, Director June 2011: Senior Vice President, Director (Current position) April 2012: General Manager, Consumer Business, Solution Business, Global Business and Product Sector (Current position)	4,900 shares
7	Masahiro Inoue (November 7, 1952)	June 2010: Associate Senior Vice President, Director (Current position) April 2011: General Manager, Technology Sector (Engineering and Operations) (Current position)	1,800 shares
8	Hideo Yuasa (August 3, 1955)	June 2010: Associate Senior Vice President, Director (Current position) April 2011: President, Chubu Telecommunications Co., Inc. (Current position)	1,700 shares
9	Tsutomu Fukuzaki (January 23, 1953) (New appointment)	October 2006: Vice President April 2012: Associate Senior Vice President, General Manager, Consumer Sales Division (Current position)	1,300 shares
10	Hidehiko Tajima (February 3, 1954) (New appointment)	April 2010: Vice President April 2013: Associate Senior Vice President, General Manager, Global Consumer Business Division, Global Business Sector (Current position)	600 shares
11	Tetsuo Kuba (February 2, 1954) (New appointment)	June 1982: Joined KYOCERA Corporation June 2003: Executive Officer of KYOCERA Corporation June 2005: Managing Executive Officer of KYOCERA Corporation April 2007: Senior Managing Executive Officer of KYOCERA Corporation June 2008: Director and Senior Managing Executive Officer of KYOCERA Corporation April 2009: President and Representative Director, President and Executive Officer of KYOCERA Corporation April 2013: Chairman of the Board and Representative Director of KYOCERA Corporation (Current position)	500 shares

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held
12	Nobuyori Kodaira (March 18, 1949) (New appointment)	April 1972: Joined Ministry of International Trade and Industry July 2004: Director-General, Agency for Natural Resources and Energy July 2006: Retired from Director-General, Agency for Natural Resources and Energy August 2008: Advisor of Toyota Motor Corporation June 2009: Managing Officer of Toyota Motor Corporation June 2010: Senior Managing Director of Toyota Motor Corporation June 2011: Director and Senior Managing Officer of Toyota Motor Corporation June 2012: Executive Vice President of Toyota Motor Corporation (Current position)	0 shares

Notes: 1. The following candidates for Directors have special interests in the Company.
- Hideo Yuasa is the President of Chubu Telecommunications Co., Inc., which is in a competitive relationship with the Company in the telecommunications industry and has business transactions with the Company.
- Tetsuo Kuba is the Chairman of the Board and Representative Director of KYOCERA Corporation, which has business transactions with the Company.
- Nobuyori Kodaira is the Executive Vice President of Toyota Motor Corporation, which has business transactions with the Company.

2. There are no special interests between the Company and the candidates other than those mentioned above.
3. Tadashi Onodera will take the office of Outside Director of KYOCERA Corporation as of the day of the Ordinary General Meeting of Shareholders of KYOCERA Corporation, which is planned to be held in June 2013.
4. Tetsuo Kuba and Nobuyori Kodaira are candidates for Outside Directors.
5. The candidates for Outside Directors are nominated due to their abundant experience in business management and their ability to bring a wide range of insights to the supervision of the Company’s business activities.
6. We will enter into contracts for Limitation of Liability with Outside Directors to the effect that the extent of liability for damage as provided for in Article 423, Paragraph 1 of the Companies Act shall be limited to the amount prescribed in laws and regulations pursuant to Article 427, Paragraph 1 of the Act.
7. The numbers of Company Shares Held by the candidates for Directors stated above are the numbers that were held as of March 31, 2013.

Thank you for your attention

(Documents Appended to the Notice of the 29th Annual Shareholders Meeting)
BUSINESS REPORT
(April 1, 2012 to March 31, 2013)

1. Current Status of the Corporate Group

(1) Business Developments and Results

1) Overall Conditions

	Previous fiscal year (April 1, 2011- March 31, 2012)	Fiscal year under review (April 1, 2012- March 31, 2013)	Year-on-year change	
	Amount	Amount	Amount	Percentage
	Million yen	Million yen	Million yen	%
Operating revenue	3,572,098	3,662,288	90,190	2.5
Operating income	477,647	512,669	35,021	7.3
Ordinary income	451,178	514,421	63,242	14.0
Net income	238,604	241,469	2,864	1.2

The KDDI Group reported operating revenue growth for the fiscal year ended March 31, 2013. This was mainly due to increases in revenues from the sales of terminal devices along with the release of LTE-compatible handsets, the data communication charges in line with the shift to smartphones, and the FTTH services such as “au HIKARI.” These increases offset a decrease in revenue from au communication charges mainly due to the “Maitsuki Discount (Monthly Discount)” and other discount services.

Operating income increased because the increase in operating revenues covered for the increase in operating expenses, which mainly increased due to communication facility fees, such as for WiMAX lines, in line with data offloading measures, as well as handset procurement costs that rose in tandem with expanded revenues from terminal sales.

Ordinary income and net income also rose as a result of improved revenues from equity-method affiliates UQ Communications Inc. and Jibun Bank Corporation, which offset the extraordinary loss (impairment loss and loss on retirement of noncurrent assets) due to the discontinuation of the former 800MHz frequency facilities.

[Overview of Economic Conditions]

The global economy is expected to have moved out of deceleration and into a phase of gradual recovery, with fears that the European financial crisis would grow increasingly serious having abated, as well as relatively robust U.S. employment indicators and solid improvements in the country's housing markets, combined with the pace of growth reviving in China. Central banks are supporting economic activities through aggressive monetary easing measures; however, political problems and other global economic trends still require ongoing monitoring.

The change of administration in Japan is fanning expectations of monetary easing, providing an environment that encourages adjustments to the high yen and promoting higher share prices. Improved consumer sentiment and other recent signs point to growing anticipation that the country will shrug off deflation and move toward economic growth.

[Industry Trends]

The mobile communications market has been experiencing further intensifying competition; while mobile devices including smartphones and tablets are increasingly popular and diversified. Mobile phone carriers are forced to take steps to expand their customer base by offering a wider range of content services such as music, video clips and ebooks, and by promoting various pricing campaigns. Furthermore, the competitive environment is changing due to the allocation of new frequencies in response to the growing mobile data traffic resulted from the increasing use of smartphones. Also, a full-fledged competition has commenced in relation to the next-generation LTE (Long Term Evolution) standard for high-speed communications.

Meanwhile, the fixed-line communications market is entering a new phase of competition; carriers are now offering their services by combining fixed-line and mobile communications services and also integrating telecommunications and broadcasting services.

[Position of KDDI]

- We have been steadily implementing the 3M Strategy and the Global Strategy, the medium- to long-term strategies aiming to realize our three business visions of "More Connected," "More Diverse Values," and "More Global."

  The 3M strategy, in which 3M stands for Multi-Network, Multi-Device and Multi-Use, is a business growth strategy that sets out our goal of establishing an environment that enables our customers to seamlessly use various content and services with a range of devices including smartphones and tablets through an optimal network available anytime and anywhere.

- As of March 31, 2013, the number of au subscribers using "au Smart Value," a core service under the 3M Strategy, topped 3.86 million, the number of households using the service 2.12 million, while the number of "au Smart Pass" members reached 5.74 million. Taking advantage of our competitive edge in owning both mobile and fixed-line networks, we will promote the 3M Strategy even more aggressively.

- In September 2012, we began providing the "4G LTE" service, which meets the next-generation LTE standard for high-speed communications and enables high-speed mobile data communications. We are steadily expanding the coverage of service areas and increasing the number of subscribers.

- In October 2012, the Company and Sumitomo Corporation concluded a shareholders agreement regarding the joint operation of Jupiter Telecommunications Co., Ltd. The Company had conducted a tender offer since February 2013 for all common shares and share options issued by Jupiter Telecommunications, jointly with a company of which the same number of voting rights are owned by Sumitomo Corporation and the Company. The tender offer completed in April 2013, and consequently Jupiter Telecommunications became a consolidated subsidiary of the Company.

New segment classification

Starting from the fiscal year under review, we have adopted four new business segments reclassified in accordance with the customer categories. We will actively promote the 3M Strategy aiming to increase the number of subscribers in the "Personal Services" segment, our main driving force, and expand added values in the "Value Services" segment.

2) Business Conditions

Our business conditions by segment are as follows:

Personal Services	**<Principal Services>** For households and individuals / Providing communications services, mobile handset sales, etc.		
	Operating Revenue	¥2,837,964 million	(increased 1.4% year on year)
	Operating Income	¥378,603 million	(increased 9.0% year on year)

The segment achieved operating revenue growth for the fiscal year under review. This was mainly due to increases in revenues from the sale of terminal devices along with the release of LTE-compatible handsets, the data communication charges in line with the shift to smartphones, and the FTTH services such as “au HIKARI.” These increases offset a decrease in revenue from au communication charges mainly due to the “Maitsuki Discount (Monthly Discount)” and other discount services. Operating income increased because the increase in operating revenues covered for the increase in operating expenses, which mainly increased due to communication facility fees, such as for WiMAX lines, in line with data offloading measures, as well as handset procurement costs that rose in tandem with expanded revenues from terminal sales.

Major topics

Steady advancement in the 3M strategy

- The number of “au Smart Value” allied grew steadily, reaching 5 FTTH companies (including the Company), 106 CATV companies and 189 channels (including 22 CATV companies, 22 channels allied with STNet, Incorporated) as of March 31, 2013.
- We have introduced a number of attractive models offering ultrahigh-speed data communications, including eleven models of “4G LTE” smartphones, such as “INFOBAR A02,” from the popular “INFOBAR” series, as well as the “iPhone 5,” and three models of “4G LTE” tablets.
- In November 2012, we began offering “Smart TV Box,” a set-top box for cable television networks, as “JCN Smart TV” by JAPAN CABLENET LIMITED. In February 2013, we launched a compact “Smart TV Stick” box that allows customers to enjoy Android™ applications on their home televisions. We also began offering “Remote TV,” which enables customers to view television programs recorded using a Blu-ray Disc™ recorder anywhere and at any time via smartphones and tablets.

Expansion of service areas

- We have aggressively expanded the coverage of service areas for “4G LTE” since its launch to more than 90% of domestic subway stations that our customers use frequently, all Tokyo Metro lines (except a certain zone) and all zones of Toei Subway lines. In addition, we continued to expand the coverage of “au Wi-Fi SPOT” that offers a public wireless LAN service so that customers can enjoy convenient Internet access free of charge even out of their offices.

No.1 in customer satisfaction

- J.D. Power Asia Pacific, Inc. conducted the “J.D. Power Asia Pacific 2012 Japan Mobile Phone Service Satisfaction Study^{SM},” which ranked the highest in overall customer satisfaction among mobile phone service providers. We remain committed to enhancing the satisfaction of numerous customers by providing even better products and services.

  Source: J.D. Power Asia Pacific 2012 Japan Mobile Phone Service Satisfaction Study^{SM} based on a total of 31,200 responses from mobile phone subscribers in Japan. (japan.jdpower.com)

No.1 in net MNP increase

- In March 2013, we have achieved the highest number of net additions in mobile number portability (MNP) for 18 consecutive months. For the fiscal year under review, the number of net additions due to MNP totaled 1.01 million subscribers, a historic high for the industry.

Value Services	**<Principal Services>** For households and individuals / Providing content and settlement services, etc.		
	Operating Revenue	¥141,898 million	(increased 4.0% year on year)
	Operating Income	¥41,887 million	(decreased 5.7% year on year)

Operating revenue for the fiscal year under review increased due to increases in revenues from “au Smart Pass” in tandem with its increased members as well as from the au Simple Payment Service resulting from the shift to smartphones. Operating income fell due to an increase in operating expenses reflecting content procurement costs and other up-front expenditures to attract “au Smart Pass” members.

Major topics

Steady growth in “au ID” and “au Smart Pass”

- In October 2012, the registered number of “au ID,” a common ID that enables customers to use “au Smart Pass” and other various contents and services, exceeded 10 million.
- The number of “au Smart Pass” members reached 5.74 million as of March 31, 2013. We also started offering Web services adding to applications that enables “au Smart Pass” access via iPhones.
- In December 2012, we launched the “Book Pass” service for au smartphones, allowing users’ unlimited instant access to e-books for ¥590 per month (including tax).
- We started offering our popular services on iPhones and iPads such as “Uta Pass,” “Video Pass,” “Book Pass,” “LISMO WAVE,” “au Smart Sports Run&Walk,” and “au Smart Sports Fitness.”
- We believe that steady advancements in “au ID” and “au Smart Pass” services suggest the existence of increasing customers who use various contents via multi-devices such as smartphones, televisions, personal computers and tablets in line with the expansion of the smartphone market.

Business Services	**<Principal Services>** For companies / Providing communications services, mobile handset sales, data center services, ICT solution/cloud services, etc.		
	Operating Revenue	¥638,337 million	(increased 0.4% year on year)
	Operating Income	¥79,830 million	(decreased 6.4% year on year)

The segment achieved revenue and profit growth for the fiscal year under review, mainly due to an increase in revenue from the sale of mobile terminals for corporate customers. Operating income increased mainly due to the decreases in operating expenses, such as sales commission and outsourcing expenses, offsetting an increase in operating expenses such as handset procurement costs, which rose in tandem with expanded revenues from terminal sales.

Major topics

“4G LTE” for corporate customers

- We launched two data-communication devices “Wi-Fi WALKER LTE” and “USB STICK LTE” in November 2012 for corporate customers, offering a high-quality, ultrahigh-speed “4G LTE” service with maximum downlink speeds of 75Mbps.

“Smart Value for Business”

- We began a new service “Smart Value for Business” in April 2012, offering a discount on usage charges of au smartphones for customers who signed up for “Basic Pack,” a business application package, as well as a designated fixed-line communication service. This enables the customers to access to necessary business information for their convenience at office or elsewhere, thus improving their business efficiency.

Cloud-based infrastructure service with various options

- We launched the “KDDI Cloud Platform Service” in July 2012, a new cloud-based infrastructure service that enables customers to use public and private clouds depending on their purposes. We also offer increased options for server structure, reflecting a broad range of customer needs.

Global Services	<Principal Services> For companies and individuals overseas / Providing communications services, data center services, ICT solution/cloud services, etc.		
	Operating Revenue	¥207,301 million	(increased 20.8% year on year)
	Operating Income	¥7,829 million	(decreased 83.4% year on year)

Both operating revenue and income for the fiscal year under review increased due to increases in revenues from CDNetworks Co., Ltd., which became a consolidated subsidiary in the previous fiscal year, as well as from overseas subsidiaries such as Locus Telecommunications, Inc. and DMX Technologies Group Limited.

Major topics

Expanding data center business "TELEHOUSE"

- We are proactively expanding the number of the locations of "TELEHOUSE," our data center that is highly appreciated by customers around the world for its reliability and quality services. During the fiscal year under review, we launched the data center operations in Russia and Beijing, China (the second site in Beijing). This will make the total floor space of TELEHOUSE in three major cities in Greater China (Beijing, Hong Kong and Shanghai) the largest among those of foreign companies. Through these efforts, in addition to TELEHOUSE customers in Europe and the U.S., we will continue to respond to tremendous needs for data centers in Asia.

Establishing KDDI Myanmar Business Center

- In January 2013, we established "KDDI Myanmar," an overseas affiliate company in Myanmar. In addition, in April 2013, we commenced operations at the "KDDI Myanmar Business Center." Although Myanmar is experiencing a growing influx of foreign companies, there is currently a lack of offices that are adequately equipped for business in Yangon. The new center provides office space with IT infrastructure and maintenance/operation services, thereby supporting customers' efforts to rapidly launch businesses in Myanmar.

Starting call center operations in Southeast Asia

- KDDI Singapore Pte Ltd aims to support Japanese companies in expanding their businesses in the Southeast Asia region by partnering with KDDI Evolva Inc., which has an expertise in call center operations. The companies commenced a "local call center development/consigned operations service" in Thailand in March 2013 and gradually plan to expand their operations to India, Singapore, Malaysia, the Philippines, Indonesia, Australia, Vietnam and Myanmar.

<Subscriptions>

(Unit: Thousand line)

	26th fiscal year (FY2010.3)	27th fiscal year (FY2011.3)	28th fiscal year (FY2012.3)	29th fiscal year (FY2013.3)
Mobile communications cumulative subscriptions				
au	31,872	32,999	35,109	37,709
Fixed-line communications cumulative subscriptions				
FTTH	1,513	1,901	2,268	2,870
Metal-plus	2,852	2,543	2,189	1,854
Cable-plus phone	960	1,341	2,074	2,851
CATV	972	1,088	1,142	1,238
Total fixed access lines*	5,944	6,407	7,118	8,157

* Total fixed access lines, which consists of FTTH, Metal-plus, Cable-plus phone and CATV, excluding crossover.

3) Major Equity-method Affiliates

UQ Communications Inc.	UQ Communications Inc. reached 4.08 million subscribers as of March 31, 2013. The company became profitable on a monthly basis in July 2012, and achieved profitability on an annual basis for the first time in the fiscal year ended March 31, 2013. The coverage of service areas has been steadily expanded so that subscribers can use WiMAX services at stations and within train cars. This expansion includes subways and the country's major railway routes focusing on the metropolitan areas of Tokyo, Chubu, and Kansai.
Jibun Bank Corporation	Jibun Bank Corporation had a total of 1.5 million accounts as of the end of the current fiscal year (up 140,000 accounts from the end of the previous fiscal year) and a total of ¥565.8 billion deposits (up ¥216.1 billion). The bank began handling structured deposits and providing the "Quick Account Setup App" for smartphones. In addition, the bank expanded its foreign currency deposit services by adding four currencies of the Brazilian real, the South Korean won, the South African rand and the New Zealand dollar.

- "iPhone" and "iPad" are registered trademarks or trademarks of Apple Inc.
- The trademark 'iPhone' is used with a license from Aiphone K.K.
- "Android" is a trademark or a registered trademark of Google Inc.
- "Blu-ray Disc™" is a trademark of Blu-ray Disc Association.
- "Wi-Fi" is a registered trademark of Wi-Fi Alliance®.
- "WiMAX" is a trademark or a registered trademark of WiMAX Forum.

(2) Issues Facing the Corporate Group

[Overview of the Communication Disruptions and Responsive Measures]

First, we sincerely apologize for any inconvenience and concern caused by the following communication disruptions that required a certain period of time for recovery.

We will make the utmost efforts to provide our customers with reliable services. To this end, we will endeavor to eliminate human errors during work processes, thoroughly inspect relevant facilities and those surrounding them before problems occur, and facilitate swift recovery in case of system failures.

Date of communication disruptions	December 31, 2012, and January 2, 2013
Overview	Malfunction of the Company's communications equipment (network equipment) resulted in au data packet communications services for 4G LTE compatible mobile phones being inaccessible throughout Japan
Cause	Equipment configuration error and human error
Response	Modified timer for signal control facilities, took measures to prevent timer from over elapsing, fixed issues with software, reconfigured systems, revised response procedures, established alarm response manuals, and implemented response training

Date of communication disruptions	From April 16 to April 19, 2013
Overview	Certain customers using real time email transmission settings as part of au's mobile phone services experienced difficulties or were unable to properly use email functions
Cause	Command input error due to problems with a manual (lack of prior verification testing), lack of preparation to respond to hardware malfunctions (one system) and resulting disruptions, and insufficient consideration for email server restart procedures
Response	Rechecked manuals, comprehensively inspected rehearsal processes, analyzed causes of hardware malfunctions and established preventive measures for them, established procedures for responding to resulting disruptions, and implemented various measures including revising early response procedures in consideration of disk processing capabilities

* The above two disruptions are not related with each other.

[Major Initiatives for the Fiscal Year Ending March 31, 2014]

We have formulated the following “Three Commitments,” our business visions to achieve sustainable growth and lead a new era of telecommunications while swiftly responding to changes in the business environment surrounding our Group.

“More Connected”	We aim to make ourselves “more connected” to our customers by establishing Multi-Network connectivity that organically links networks owned by the Group, providing a Multi-Device access to a high-speed communication environment and attractive contents, and offering Multi-Use services tailored to individual customer preferences.
“More Diverse Values”	We aim to offer diverse values to our customers by actively engaging in various corporate activities and lifestyle aspects in information and telecommunication technology (ICT)-related areas including medicine, health, education, the government and the environment.
“More Global”	We aim to actively promote the establishment of ICT environments in countries around the world, by globally advancing communication-related businesses and exploring new markets according to their cultural and socio-economic conditions.

To realize these visions, we will advance the full-scale implementation of the 3M Strategy and the Global Strategy.

The initiatives planned for the fiscal year ending March 31, 2014 by segment are as follows:

Personal Services	The segment aims to expand the au customer base and ensure gains in both revenues and profits by, with a focus on the “au Smart Value” service, increasing sales of FTTH services, further strengthening relationships with CATV companies including the newly consolidated subsidiary Jupiter Telecommunications and electric-power-related communications companies.
Value Services	The segment aims to maximize value-added Average Revenue per Unit (ARPU) and broaden the customer network, by continuously offering cloud-based content services linked with “au Smart Pass” for multiple devices and operating systems.
Business Services	The segment aims to expand its customer base by establishing the sales framework of “KDDI MATOMETE OFFICE CORPORATION” to provide support for small- and medium-sized corporate customers, while offering “Smart Value for Business,” a 3M service for corporate customers.
Global Services	The segment aims to further enhance its business operations by expanding “TELEHOUSE” data centers, promoting the Internet broadband business in emerging countries, and strengthening the consumer businesses such as a mobile network resale business in the U.S.

(Business objectives for the next three years)

In addition, the Group will seek further opportunities for business growth through the promotion and advancement of “3M Strategy” and the expansion of “Global Strategy,” thus leading the way into the new era that moved into a new stage.

As our challenges in the new stage over the coming three years, we will strengthen our efforts to maintain steady profit growth and ensure a fair return of profits to our shareholders.

Profit growth	Double-digit growth in consolidated operating income in each of the fiscal years
	Strong growth in net earnings per share
Return of profits to shareholders	Steady increase in a consolidated payout ratio aimed at the ratio of over 30%
	Continued examination on the acquisition of treasury stock as one of management options

(3) Changes in Assets and Profit and Loss

1) Changes in Assets and Profit and Loss of the Corporate Group

(millions of yen unless otherwise indicated)

	26th fiscal year (FY2010.3)	27th fiscal year (FY2011.3)	28th fiscal year (FY2012.3)	29th fiscal year (FY2013.3)
Operating revenue	3,442,146	3,434,545	3,572,098	3,662,288
Telecommunications business	2,606,165	2,489,403	2,394,135	2,432,726
Incidental business	835,981	945,142	1,177,962	1,229,562
Operating income	443,862	471,911	477,647	512,669
Ordinary income	422,870	440,676	451,178	514,421
Net income	212,764	255,122	238,604	241,469
Net income per share (yen)	238.84	290.75	290.58	315.90
Total assets	3,819,536	3,778,918	4,004,009	4,084,999
Liabilities	1,741,086	1,607,078	1,875,384	1,761,635
Net assets	2,078,450	2,171,839	2,128,624	2,323,363

* Net income per share presented above shows values that have been calculated as if the share splits conducted on October 1, 2012 and April 1, 2013 were conducted at the beginning of the 26th fiscal year.

2) Changes in Assets and Profit and Loss of the Company

(millions of yen unless otherwise indicated)

	26th fiscal year (FY2010.3)	27th fiscal year (FY2011.3)	28th fiscal year (FY2012.3)	29th fiscal year (FY2013.3)
Operating revenue	3,211,347	3,138,742	3,273,536	3,366,079
Telecommunications business	2,509,640	2,371,432	2,278,652	2,332,637
Incidental business	701,707	767,310	994,883	1,033,441
Operating income	414,075	428,269	432,440	465,145
Ordinary income	410,485	422,929	434,575	472,883
Net income	214,650	256,823	249,836	231,348
Net income per share (yen)	240.96	292.69	304.26	302.66
Total assets	3,666,458	3,644,330	3,851,891	3,910,233
Liabilities	1,671,162	1,551,512	1,787,043	1,678,657
Net assets	1,995,296	2,092,818	2,064,847	2,231,575

* Net income per share presented above shows values that have been calculated as if the share splits conducted on October 1, 2012 and April 1, 2013 were conducted at the beginning of the 26th fiscal year.

(4) Financing Activities of the Corporate Group

During the fiscal year under review, we borrowed long- and short-term loans from financial institutions totaling ¥111,000 million to be used as a part of funds for the redemption of bonds, loan repayments and capital investments.

(5) Capital Investments of the Corporate Group

During the fiscal year under review, the Group efficiently carried out capital investments for the purpose of providing services that satisfy customers and improving reliability.

The total amount of capital investments in telecommunications facilities completed and used for businesses of the Group during the fiscal year under review was ¥478,208 million.

Our principal capital investments are as follows:

1) Mobile-related facilities

The Group carried out capital investments in construction of new and additional wireless base stations and switching equipment due to the introduction of LTE services and increased data traffic.

2) Fixed-line-related facilities

The Group carried out capital investments in construction of new and additional optical fiber infrastructures for FTTH services including "au HIKARI."

(6) Principal Businesses of the Corporate Group (As of March 31, 2013)

The Group is comprised of the Company, 128 consolidated subsidiaries and 23 affiliates. From the fiscal year under review, the Group reclassified its business segments, changing from the Mobile Business and the Fixed-line Business segments to segments based on service and customer attributes. The principal service of each segment is as follows.

Business segment	Principal service	
Personal Services	For households and individuals	Providing communications services, mobile handset sales, etc.
Value Services	For households and individuals	Providing content and settlement services, etc.
Business Services	For companies	Providing communications services, mobile handset sales, data center services, ICT solution/cloud services, etc.
Global Services	For companies and individuals overseas	Providing communications services, data center services, ICT solution/cloud services, etc.

(7) **Offices of the Company** (As of March 31, 2013)

(Head office)	Headquarters (Tokyo)
(Regional offices)	Hokkaido (Hokkaido), Tohoku (Miyagi), Kita-Kanto (Saitama), Minami-Kanto (Kanagawa), Chubu (Aichi), Hokuriku (Ishikawa), Kansai (Osaka), Chugoku (Hiroshima), Shikoku (Kagawa), Kyushu (Fukuoka)
(Branch offices, etc.)	20 branch offices, 94 branches, 5 customer service centers, etc.
(Technical centers, etc.)	22 technical centers and engineering support centers 3 cable landing stations, 1 satellite earth station, 1 transmitting station
(Overseas offices)	Geneva, Beijing, Shanghai

(8) Principal Subsidiaries (As of March 31, 2013)

1) Businesses in Principal Subsidiaries

Company name	Location	Capital	Ratio of capital contribution	Principal business
Okinawa Cellular Telephone Company	Okinawa	Million yen 1,414	% 51.5	au mobile communication services
KDDI Engineering Corporation	Tokyo	1,500	100.0	Construction, maintenance and operation support for communications facilities
KDDI Evolva Inc.	Tokyo	588	100.0	Call center outsourcing service and temporary staff service
Japan Cablenet Limited	Tokyo	34,872	(99.5)	Operation and management of cable TV companies
Chubu Telecommunications Co., Inc.	Aichi	38,816	80.5	Fixed-line telecommunications services in Chubu region
KDDI R&D Laboratories Inc.	Saitama	2,283	91.7	Technological research and product development relating to information communications
KDDI America, Inc.	USA	Thousand US$ 84,400	100.0	Telecommunications services in the US
KDDI Europe Limited	UK	Thousand STG£ 42,512	(100.0)	Telecommunications services in Europe
TELEHOUSE International Corporation of America	USA	Thousand US$ 4	(70.8)	Data center services in the US
TELEHOUSE International Corporation of Europe Ltd	UK	Thousand STG£ 47,167	(86.8)	Data center services in Europe
KDDI China Corporation	China	Thousand RMB 13,446	85.1	Sales, maintenance and operation of telecommunications equipment in China
DMX Technologies Group Limited	Bermuda	Thousand US$ 58,205	51.5	System integration services in China, Hong Kong and other areas
KDDI Korea Corporation	Korea	Thousand W 16,425,005	82.4	Telecommunications services in Korea
KDDI Singapore Pte Ltd	Singapore	Thousand S$ 10,254	100.0	Telecommunications services in Singapore

Note: The figures in brackets indicate the ratios of capital contribution that include the ownership by subsidiaries.

2) Results of Business Combinations

There are 128 consolidated subsidiaries, including the 14 principal subsidiaries presented above, and 21 equity-method affiliates.

Consolidated operating revenue for the fiscal year under review was up 2.5% year on year to ¥3,662,288 million, and consolidated net income increased 1.2% year on year to ¥241,469 million.

(9) Employees (As of March 31, 2013)

1) Employees of the Corporate Group

Business segment	No. of employees
Personal Services	8,051
Value Services	912
Business Services	4,541
Global Services	3,147
Others	3,587
Total	20,238

2) Employees of the Company

No. of employees	Year-on-year increase	Average age	Average length of service
11,231	37	41.1	16.5 years

Note: No. of employees does not include 1,921 employees seconded to subsidiaries, etc.

(10) Principal Lenders (As of March 31, 2013)

Creditor	Loans outstanding
	Millions of yen
Development Bank of Japan, Inc.	62,517
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	43,000
Mizuho Corporate Bank, Ltd.	40,000
Mitsubishi UFJ Trust and Banking Corporation	25,000
Sumitomo Mitsui Trust Bank, Limited	21,000

2. Shares (As of March 31, 2013)

On October 1, 2012, the Company conducted a 1:100 share split and adopted a share-trading-unit system in which one share-trading unit of stock is 100 shares.

(1) Total Number of Authorized Shares 700,000,000 shares

Note: As a result of the share split on October 1, 2012, total number of authorized shares increased by 693,000,000 shares.

(2) Total Number of Issued Shares

448,481,800 shares
(including 66,269,400 shares of treasury stock)

Note: As a result of the share split on October 1, 2012, total number of issued shares increased by 443,996,982 shares.

(3) Number of Shareholders

59,596
(decrease of 3,670 from the previous year-end)

(4) Principal Shareholders

Name	Number of shares held	Shareholding ratio
	shares	%
KYOCERA Corporation	57,267,700	14.98
Toyota Motor Corporation	49,748,800	13.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,187,500	5.80
Japan Trustee Services Bank, Ltd. (Trust Account)	18,635,082	4.87
State Street Bank & Trust Company	14,912,488	3.90
State Street Bank & Trust Company 505223	7,016,095	1.83
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	4,557,683	1.19
CITIBANK, N.A. -NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	4,283,226	1.12
State Street Bank & Trust Company 505225	3,943,921	1.03
SSBT OD05 OMNIBUS ACCOUNT -TREATY CLIENTS	3,482,600	0.91

Note: Although the Company holds 66,269,400 shares of treasury stock, it is excluded from the list of principal shareholders presented above. The shareholding ratio is calculated after deducting shares of treasury stock.

3. Directors and Audit & Supervisory Board Members

(1) Names and Other Details of Directors and Audit & Supervisory Board Members

(As of March 31, 2013)

Position	Name	Responsibilities in the Company and important concurrent positions
Chairman	Tadashi Onodera	
Vice Chairman	Kanichiro Aritomi	
President	Takashi Tanaka	
Executive Vice President, Director	Hirofumi Morozumi	General Manager, Corporate Sector Director of Jupiter Telecommunications Co., Ltd.
Senior Vice President, Director	Makoto Takahashi	General Manager, Business Development Sector Director of Jupiter Telecommunications Co., Ltd.
Senior Vice President, Director	Yoshiharu Shimatani	General Manager, Technology Sector
Senior Vice President, Director	Yuzo Ishikawa	Consumer Business, Solution Business, Global Business and Product Sector
Associate Senior Vice President, Director	Masahiro Inoue	Associate General Manager, Technology Sector Engineering and Operations
Associate Senior Vice President, Director	Hideo Yuasa	President, Chubu Telecommunication Co., Inc.
Associate Senior Vice President, Director	Hiromu Naratani	General Manager, Corporate & Marketing Communications Sector
Director	Makoto Kawamura	Chairman of the Board and Representative Director of KYOCERA Corporation
Director	Shinichi Sasaki	Executive Vice President and Representative Director of Toyota Motor Corporation
Full-time Audit & Supervisory Board Member	Masataka Iki	
Full-time Audit & Supervisory Board Member	Yoshinari Sanpei	
* Full-time Audit & Supervisory Board Member	Takeshi Abe	
* Audit & Supervisory Board Member	Kishichiro Amae	
* Audit & Supervisory Board Member	Yukihisa Hirano	Outside Director of BROTHER INDUSTRIES, LTD. Chief Executive Advisor of Central Japan International Airport Company, Limited

Notes:
1. Audit & Supervisory Board Members with * are new Audit & Supervisory Board Members elected at the 28th Annual Shareholders Meeting held on June 20, 2012.
2. Full-time Audit & Supervisory Board Member Masayuki Yoshinaga and Audit & Supervisory Board Member Yoshihiko Nishikawa retired as of the conclusion of the 28th Annual Shareholders Meeting held on June 20, 2012.
3. Directors Makoto Kawamura and Shinichi Sasaki are Outside Directors.
4. Each one of full-time Audit & Supervisory Board Member Takeshi Abe, Audit & Supervisory Board Member Kishichiro Amae and Yukihisa Hirano is an independent director/auditor pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

(2) Remunerations to Directors and Audit & Supervisory Board Members

1) Amounts of Remunerations to Directors and Audit & Supervisory Board Members

		No. of Directors/Audit & Supervisory Board Members	Remuneration
			Millions of yen
Directors	Outside Directors	2	20
	Others	10	556
Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	6	39
	Others	2	47

Notes: 1. The above-stated remuneration for Audit & Supervisory Board Members includes amounts for three Outside Audit & Supervisory Board Members which retired at the conclusion of the 28th Annual Shareholders Meeting, held on June 20, 2012.

2. The maximum fixed remuneration for Directors was set at ¥40 million by a resolution of the 17th Annual Shareholders Meeting held on June 26, 2001. This does not include employee salaries for Directors who concurrently serve as employees. Furthermore, Directors may receive additional annual remuneration up to ¥40 million in the form of stock acquisition rights issued as stock options, as decided by a resolution of the 22nd Annual Shareholders Meeting held on June 15, 2006.

3. The maximum annual remuneration for Audit & Supervisory Board Members was set at ¥100 million by a resolution of the 28th Annual Shareholders Meeting held on June 20, 2012. This amount was calculated based on the Company’s fiscal year.

4. Remuneration amounts for Directors include variable performance-based bonuses up to 0.1% of consolidated net income for the fiscal year under review, as determined by a resolution of the 27th Annual Shareholders Meeting held on June 16, 2011.
Ten Directors (excluding Outside Directors): ¥153.44 million

5. In addition to the above, the settlement payment of retirement allowance to Directors in connection with the abolishment of the executive retirement bonus system was determined at the 20th Annual Shareholders Meeting held on June 24, 2004.

2) Policy on Decision of Content of Remunerations

The policy on decision of the content of remunerations for Directors and Audit & Supervisory Board Members are determined as follows.

a. Policy on remuneration for Directors
Remuneration for Directors consists of fixed-amount salaries and executive bonuses taking into consideration their role and responsibility to improve the Group’s business performance every fiscal year as well as to enhance its corporate value over the mid-to-long term. Fixed-amount salaries are determined based on their professional ranking and the management environment, while executive bonuses are determined based on the business results of the KDDI Group and Directors’ responsible departments, as well as their individual performance during the fiscal year. In addition, these bonuses are given under the variable performance based compensation scheme up to 0.1% of consolidated net income of the relevant fiscal year, in order to clarify the management responsibility of Directors and provide incentives to boost their motivation to achieve higher business performance. This variable range was determined taking into consideration their role and responsibility towards the Group’s goal of achieving sustainable growth and leading a new era of telecommunications while promptly responding to changes in the operating environment.

b. Policy on remuneration for Audit & Supervisory Board Members
Remuneration for Audit & Supervisory Board Members is based on discussions with Audit & Supervisory Board Members and is only a fixed-amount salary that is not linked to the business results of the Company.

(3) Outside Directors and Outside Audit & Supervisory Board Members

1) Important Concurrent Positions at Other Entities and the Relationship between the Company and Those Entities

- Director Makoto Kawamura is the Chairman of the Board and Representative Director of KYOCERA Corporation. KYOCERA Corporation has business transactions with the Company.
- Director Shinichi Sasaki is the Executive Vice President and Representative Director of Toyota Motor Corporation. Toyota Motor Corporation has business transactions with the Company.
- Audit & Supervisory Board Member Yukihisa Hirano is the Outside Director of BROTHER INDUSTRIES, LTD. and Chief Executive Advisor of Central Japan International Airport Company, Limited. Both BROTHER INDUSTRIES, LTD. and Central Japan International Airport Company, Limited have business transactions with the Company.

2) Principal Activities during the Fiscal Year Under Review

a. Attendance at meetings of the Board of Directors and meetings of the Audit & Supervisory Board

(Directors)

- In his post as Director, Makoto Kawamura attended six of the nine meetings of the Board of Directors.
- In his post as Director, Shinichi Sasaki attended seven of the nine meetings of the Board of Directors.

(Audit & Supervisory Board Members)

- In his post as Audit & Supervisory Board Member, Takeshi Abe attended eight of the eight meetings of the Board of Directors and seven of the seven meetings of the Audit & Supervisory Board.
- In his post as Audit & Supervisory Board Member, Kishichiro Amae attended eight of the eight meetings of the Board of Directors and seven of the seven meetings of the Audit & Supervisory Board.
- In his post as Audit & Supervisory Board Member, Yukihisa Hirano attended eight of the eight meetings of the Board of Directors and seven of the seven meetings of the Audit & Supervisory Board.

* The attendance record of the Audit & Supervisory Board Members began after their appointment as new Audit & Supervisory Board Members at the 28th Annual Shareholders Meeting held on June 20, 2012.

b. The Outside Directors attended meetings of the Board of Directors as indicated above. At these meetings, they provided their viewpoints by voicing opinions based on their expertise and experience, asking questions to clarify points, etc.

The Outside Audit & Supervisory Board Members attended meetings of the Board of Directors and the Audit & Supervisory Board as indicated above. At these meetings, they provided their viewpoints by voicing opinions based on their expertise and experience, asking questions to clarify points, etc.

3) Outline of Contracts for Limitation of Liability

Under the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded contracts for Limitation of Liability between each of the Outside Directors and Outside Audit & Supervisory Board Members as provided for in Article 423, Paragraph 1 of the Companies Act.

The maximum amount of the liability for damage based on said contracts is the amount prescribed in laws and regulations.

4. Subscription Rights To Shares Issued by the Company

(1) Subscription Rights To Shares Held by Officers of the Company as of March 31, 2013

[Based on a resolution of the Board of Directors at a meeting held on July 23, 2009]

1) Number of Subscription Rights To Shares — 40 units
2) Type and Number of Shares to be Issued Upon Exercise of Subscription Rights To Shares — 4,000 shares of common stock (100 shares per subscription right to shares)
3) Issue Price of Subscription Rights To Shares — ¥111,281 per unit
4) Exercise Price of Subscription Rights To Shares — ¥539,000 per unit
5) Exercise Period of Subscription Rights To Shares — October 1, 2011 to September 30, 2013
6) Conditions to Exercise Subscription Rights To Shares
   (i) Holders of subscription rights to shares must be directors, officers, advisors, Audit & Supervisory Board Members or employees of the Company or subsidiaries of the Company, etc. at the time such rights are exercised. However, in cases where holders of subscription rights to shares retire due to expiration of their respective terms of office, reaching the mandatory retirement age, or other such legitimate reasons, within the exercise period of subscription rights to shares, the exercise of subscription rights to shares will be permitted provided they are exercised within six months from the start of the relevant period or the retirement date, whichever is later.
   (ii)In cases where holders of subscription rights to shares die, the exercise of subscription rights to shares by their heirs will be permitted up to the maximum number of shares that the original holders could exercise at the time of death provided they are exercised within six months of death (and on or before the last day of the exercise period of subscription rights to shares).
   (iii)Holders of subscription rights to shares may exercise their rights under conditions other than (i) and (ii) above in cases that are specially recognized by the Stock Option Committee of the Company.s
7) Subscription Rights To Shares Held by Directors and Audit & Supervisory Board Members of the Company

	No. of subscription rights to shares	No. of holders
Directors (excluding Outside Directors)	40	3
Outside Directors	-	-
Audit & Supervisory Board Members	-	-

(2) Other Subscription Rights To Shares

Outline of the convertible bonds with subscription rights to shares issued by the Company is as follows.

Title (Date of issuance)	Number of subscription rights to shares	Type and number of shares to be issued upon exercise	Amount to be paid in upon exercise	Conversion price	Exercise period	Outstanding balance
Convertible bonds due 2015 with subscription rights to shares (December 14, 2011)	20,000	Common stock of the Company Quotient of the total face value of the bonds divided by the conversion price	No charge	¥5,731	December 28, 2011 - November 30, 2015	¥200.6 billion

5. Accounting Auditor

(1) Name of Accounting Auditor

Category	Name	Remarks
Accounting auditor	PricewaterhouseCoopers Kyoto	Appointed on June 20, 2007

(2) Remunerations Paid to Accounting Auditor

Name	1) Amount of remunerations to be paid to accounting auditor for the fiscal year under review	2) Total amount of money and other economic benefits to be paid by the Company and its subsidiaries
	Millions of yen	Millions of yen
PricewaterhouseCoopers Kyoto	362	685

Note: In the audit agreement between the Company and accounting auditor, the amount of remunerations for audit under the Companies Act is not clearly distinguished from remunerations under the Financial Instruments and Exchange Act. Therefore, the amount described in 1) above is the total of these two kinds of amounts.

(3) Non-audit Services

The Company commissions and pays compensation for financial surveys, etc. to PricewaterhouseCoopers Kyoto.

(4) Policy on Decision to Dismiss or not Reappoint Accounting Auditor

When the Audit & Supervisory Board of the Company has judged that there are reasons for dismissal as provided for in Article 340, Paragraph 1 of the Companies Act, and recognized that the conduct of proper audits is difficult because of the occurrence of events, etc. that damage the eligibility and independence of accounting auditor, the Audit & Supervisory Board, based on the Audit & Supervisory Board's Rules, shall request that the Board of Directors submit a supplementary proposal for the "Dismissal of Accounting Auditor" or "Non-reappointment of Accounting Auditor" to a shareholders meeting, and the Board of Directors shall deliberate such requests.
Alternatively, when the Board of Directors has recognized that the conduct of proper audits is difficult because of the occurrence of events, etc. that damage the eligibility and independence of accounting auditor, the Board of Directors shall, after obtaining the consent of the Audit & Supervisory Board, submit a proposal for the "Dismissal of Accounting Auditor" or "Non-reappointment of Accounting Auditor" to a shareholders meeting.

(5) Outline of Contracts for Limitation of Liability

The Company has not concluded the contract between the accounting auditor under the provisions of Article 427, Paragraph 1 of the Companies Act.

(6) Audits of Financial Statements of the Company's Subsidiaries by Certified Public Accountants or Audit Corporations Other Than the Accounting Auditor of the Company

Overseas subsidiaries of the Company are audited by audit corporations or certified public accountants other than the accounting auditor of the Company.

6. Systems for Ensuring the Appropriate Business Operations

The Basic Policy for Constructing an Internal Control System of the Company established in accordance with Article 362, Paragraph 5 of the Companies Act, which was resolved at a meeting of the Board of Directors, is as follows.
Based on this resolution, the Company aims to ensure the fair, transparent and efficient execution of its corporate duties and aims to improve its corporate quality and maintain an effective system for internal controls.

[Corporate Governance]

1. The Board of Directors

(1) The Board of Directors is composed of both internal and outside Directors, who determine important legal matters as stipulated by laws and regulations based on the Board of Directors Rules and agenda standards. In addition, the Board of Directors oversees the competent execution of business duties by the Directors themselves.
(2) Information pertaining to the execution of business duties by the Directors must be stored and managed appropriately in accordance with internal rules.

2. System for executing business operations

The Executive Officers' System aims to clarify both the delegation of authority and responsibility system, as well as ensure that operations are executed effectively and efficiently.
The Corporate Management Committee, which is composed of Directors and Executive Officers, shall discuss and determine important matters pertaining to the execution of operations, as well as discussing and determining the Board of Directors agenda items, based on the Corporate Management Committee rules.

3. System for ensuring the effective execution of business duties by Audit & Supervisory Board Members

(1) Audit & Supervisory Board Members shall attend the meetings of the Board of Directors, and additionally, may attend the principle internal meetings of the Company.
(2) Directors and Internal Auditing Division aim to collaborate with Audit & Supervisory Board Members by providing timely and appropriate information necessary for them to execute their business duties, as well as by exchanging opinions and ideas.
(3) Audit & Supervisory Board Member's Office is established to support the business duties of the Audit & Supervisory Board Members, and the opinion of the Audit & Supervisory Board Member must be sought in determining personnel matters relating to employees engaged therein.

[Compliance]

1. All Directors and employees should continuously maintain high ethical standards in accordance with the basic principles set forth in the "KDDI Action Guideline," which should be complied with, and aim to execute their business duties properly.
Furthermore, firm measures should be taken against antisocial forces, and efforts should be made to sever all such relationships.

2. The Company shall aim to ensure compliance is maintained by linking appropriately with the following types of organizational systems.

(1) Each KDDI Group company shall make efforts to promptly identify and resolve any serious violation of laws and regulations or other compliance-related matters or incidents, at KDDI Group company meetings pertaining to business ethics.
(2) The Company shall aim to appropriately operate a compliance-related internal reporting system established both internally and externally to the company.
(3) The Company shall strive to improve the understanding and awareness of compliance through both internal and external training and internal enhancement activities.

[Risk Management for Achieving Business Objectives Fairly and Efficiently]

All divisions and their Directors and employees shall cooperate based on various meetings participated in by Directors, as well as the Risk Management Division which regularly identifies and uniformly manages risk information. The KDDI Group's risk should be managed appropriately in accordance with internal rules, and efforts should be made to achieve business objectives fairly and efficiently.
Execution of these efforts shall be led by the person responsible for internal control in each division, and they shall be promoted autonomously.

1. Risk management system

(1) The Company shall stringently conduct business risk analyses and business activity prioritization and

appropriately formulate business strategies and business plans at meetings pertaining to business strategy, with the objective of continuous growth for the KDDI Group. To achieve this, business risk should be monitored monthly at meetings pertaining to performance management, and this performance should be managed thoroughly.

(2) The Company shall regard all its stakeholders as customers, and all Directors and employees should become involved in efforts towards TCS (Total Customer Satisfaction) activities that aim to improve the level of satisfaction. To promote this, efforts should also be made at meetings pertaining to TCS to evaluate and improve TCS activities, and to respond promptly and appropriately to customer demands and complaints.
In addition, the various laws and regulations regarding product safety should be complied with, in order to provide customers with stable, safe, high-quality products and services. Information about products and services should be provided in an easy-to-understand format and indicated appropriately, so that customers can select and use the most appropriate product and/or service.
The whole company shall make efforts to gain support and trust for all KDDI Group activities, improve customer satisfaction, and strengthen and expand the company's customer base.

(3) The Company shall strive to further enhance the Group's PR and IR activities, ensuring the transparency of KDDI Group management and gaining the understanding and trust of all its stakeholders. The KDDI Group's business risk shall be fairly identified and disclosed in a timely and appropriate manner at meetings pertaining to information disclosure. In addition, CSR reports shall be created and disclosed, centering on those divisions promoting CSR, for matters pertaining to the KDDI Group's social responsibilities, including its environmental efforts and contributions to society.

(4) The Company shall examine measures for minimizing the risk of business interruptions as much as possible, and shall formulate a Business Continuity Plan (BCP), in order to respond to events which could have serious and long-term effects on corporate business.

2. System for promoting enhancement of the quality of business operations

(1) In accordance with the internal control reporting system based on the Financial Instruments and Exchange Act, the Company shall implement documentation, assessment and improvement of the state of company-wide internal control and of important business processes on a consolidated basis, with the aim of further improving the reliability of financial reporting.

(2) The Company shall aim to maintain and enhance the systems necessary to improve the quality of the business operations of the KDDI Group, including enhancement of the effectiveness and efficiency of business operations and appropriate acquisition, safekeeping and disposal of assets.

3. System as a telecommunications carrier

(1) Protecting the privacy of communications
Protecting the privacy of communications is at the very root of the KDDI Group's corporate management, and the Group will abide by this.

(2) Information security
The Company aims to manage the company's total information assets, including preventing leaks of customer information and cyber-terrorism of networks for telecommunications services, by formulating measures at meetings pertaining to information security to ensure this security in cooperation with the Directors and employees.

(3) Recovering networks and services in times of disaster
In order to minimize as much as possible the risk of a termination or interruption to telecommunications services in the event that a major accident, obstruction or large-scale disaster occurs, measures will be implemented to improve network reliability and prevent the halting of services.
In order to facilitate a prompt recovery in times of emergency or disaster, a Disaster Response Headquarters shall be established as expeditiously as possible.

[Internal Audits]

Internal audits are conducted for all aspects of business of the KDDI Group, and the adequacy and effectiveness of the internal control system is verified regularly. The results of internal audits are reported to the President with added suggestions for points that can be improved or revised, and a report is also made to the Audit & Supervisory Board Members.

[Systems for Ensuring Appropriate Business Operations of the Corporate Group]

The Company aims to further establish and maintain group management systems, as well as provide support and management for the construction of internal control systems for each Group company and support the efficient and appropriate operation of these systems, thus ensuring appropriate business operations across the entire KDDI Group.

Consolidated Financial Statements

Consolidated Balance Sheets

(Unit: Millions of yen)

Account item	As of March 31, 2013		(Reference) As of March 31, 2012		Account item	As of March 31, 2013		(Reference) As of March 31, 2012	
(Assets)					(Liabilities)				
I Noncurrent assets		2,834,129		2,867,126					
A Noncurrent assets-									
telecommunications business		1,877,799		1,966,317	I Noncurrent liabilities		884,439		1,034,733
(1) Property, plant and equipment*		1,667,538		1,747,955	1 Bonds payable		259,997		349,991
1 Machinery	2,720,146		2,755,669		2 Convertible bond-type bonds				
Accumulated depreciation	2,128,510	591,635	2,174,551	581,117	with subscription rights to				
2 Antenna facilities	627,774		623,595		shares		200,666		200,916
Accumulated depreciation	294,753	333,020	275,285	348,310	3 Long-term loans payable		244,727		301,286
3 Local line facilities	390,884		376,392		4 Provision for retirement				
Accumulated depreciation	262,959	127,925	245,619	130,772	benefits		13,509		18,743
4 Long-distance line facilities	103,350		104,491		5 Provision for point card				
Accumulated depreciation	99,312	4,037	99,010	5,480	certificates		91,582		91,453
5 Engineering facilities	64,789		64,422		6 Other noncurrent liabilities		73,955		72,342
Accumulated depreciation	40,359	24,429	38,692	25,730					
6 Submarine line facilities	51,590		52,390						
Accumulated depreciation	46,465	5,124	45,870	6,519	II Current liabilities		877,195		840,650
7 Buildings	385,585		426,503		1 Current portion of noncurrent				
Accumulated depreciation	223,139	162,446	221,118	205,384	liabilities		176,436		184,112
8 Structures	80,155		80,587		2 Notes and accounts				
Accumulated depreciation	52,288	27,867	49,599	30,987	payable-trade		82,753		90,661
9 Land		247,892		249,239	3 Short-term loans payable		88,256		1,486
10 Construction in progress		116,760		132,822	4 Accounts payable-other		287,084		273,119
11 Other tangible assets*	113,083		123,860		5 Accrued expenses		22,999		20,370
Accumulated depreciation	86,685	26,397	92,270	31,589	6 Income taxes payable		104,773		149,773
(2) Intangible assets		210,260		218,361	7 Advances received		62,807		63,937
1 Right of using facilities		10,141		10,577	8 Provision for bonuses		20,765		20,077
2 Software		172,510		175,084	9 Provision for loss on the Great				
3 Goodwill		19,580		22,331	East Japan Earthquake		49		1,992
4 Other intangible assets		8,027		10,369	10 Other current liabilities		31,269		35,119
					Total liabilities		1,761,635		1,875,384

* As for the depreciable items of property, plant and equipment, the figure in the accumulated depreciation row in the left column indicates the accumulated depreciation amount, and the same in the right column indicates the amount of each item after deducting the accumulated depreciation.

(Unit: Millions of yen)

Account item	As of March 31, 2013		(Reference) As of March 31, 2012		Account item	As of March 31, 2013		(Reference) As of March 31, 2012	
B Incidental business facilities		256,233		227,435	(Net assets)				
(1) Property, plant and equipment*	307,827		259,155						
Accumulated depreciation	145,407	162,419	123,384	135,770					
(2) Intangible assets		93,813		91,664	I Shareholders' equity		2,218,581		2,041,879
C Investments and other assets		700,097		673,373	1 Capital stock		141,851		141,851
1 Investment securities		81,787		86,614	2 Capital surplus		367,144		367,104
2 Stocks of subsidiaries and affiliates		348,169		351,815	3 Retained earnings		2,055,586		1,879,087
					4 Treasury stock		(346,001)		(346,163)
3 Investments in capital of subsidiaries and affiliates		219		185					
4 Long-term prepaid expenses		118,863		91,272	II Accumulated other comprehensive income		31,213		18,866
5 Deferred tax assets		114,577		104,829					
6 Other investments and other assets		47,497		47,777	1 Valuation difference on available-for-sale securities		38,882		36,442
Allowance for doubtful accounts		(11,015)		(9,120)	2 Deferred gains or losses on hedges		(1,598)		(676)
II Current assets		1,250,869		1,136,882					
1 Cash and deposits		96,952		100,037	3 Foreign currency translation adjustment		(6,070)		(16,899)
2 Notes and accounts receivable-trade		971,244		760,890					
3 Accounts receivable-other		61,477		66,286	III Subscription rights to shares		574		1,128
4 Short-term investment securities		231		80,188					
5 Supplies		56,942		65,232	IV Minority interests		72,994		66,749
6 Deferred tax assets		58,768		57,781					
7 Other current assets		25,524		21,427					
Allowance for doubtful accounts		(20,271)		(14,960)	Total net assets		2,323,363		2,128,624
Total assets		4,084,999		4,004,009	**Total liabilities and net assets**		4,084,999		4,004,009

* As for the depreciable items of property, plant and equipment, the figure in the accumulated depreciation row in the left column indicates the accumulated depreciation amount, and the same in the right column indicates the amount of each item after deducting the accumulated depreciation.

Consolidated Statements of Income

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2013	(Reference) The fiscal year ended March 31, 2012
I Operating income and loss from telecommunications		
(1) Operating revenue	2,432,726	2,394,135
(2) Operating expenses	1,840,571	1,844,791
1 Business expenses	671,839	667,748
2 Operating expenses	43	51
3 Facilities maintenance expenses	269,984	301,304
4 Common expenses	2,445	2,605
5 Administrative expenses	76,020	71,210
6 Experiment and research expenses	6,311	7,676
7 Depreciation	371,965	389,007
8 Noncurrent assets retirement cost	24,534	16,226
9 Communication facility fee	374,824	347,227
10 Taxes and dues	42,602	41,731
Net operating income from telecommunication	592,154	549,344
II Operating income and loss from incidental business		
(1) Operating revenue	1,229,562	1,177,962
(2) Operating expenses	1,309,047	1,249,658
Net operating income (loss) from incidental business	(79,485)	(71,696)
Operating income	512,669	477,647
III Non-operating income	20,992	13,315
1 Interest income	775	965
2 Dividends income	1,987	1,719
3 Equity in earnings of affiliates	3,898	–
4 Foreign exchange gains	3,376	–
5 Gain on investments in silent partnership	–	654
6 Miscellaneous income	10,954	9,975
IV Non-operating expenses	19,240	39,785
1 Interest expenses	11,117	12,891
2 Equity in losses of affiliates	–	18,297
3 Compensation expenses	2,002	735
4 Miscellaneous expenses	6,119	7,860
Ordinary income	514,421	451,178
V Extraordinary income	2,150	18,442
1 Gain on sales of noncurrent assets	588	170
2 Gain on sales of investment securities	1,050	137
3 Gain on negative goodwill	–	235
4 Gain on reversal of subscription rights to shares	512	493
5 Gain on transfer from business divestitures	–	3,615
6 Dividends due to liquidation of silent partnership contract	–	6,976
7 Reversal of provision for loss on the Great East Japan Earthquake	–	6,814

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2013	(Reference) The fiscal year ended March 31, 2012
VI Extraordinary loss	104,860	15,201
1 Loss on sales of noncurrent assets	1,078	676
2 Impairment loss	80,549	9,946
3 Loss on retirement of noncurrent assets	22,712	–
4 Loss on valuation of investment securities	519	504
5 Loss on the Great East Japan Earthquake	–	4,073
Income before income taxes and minority interests	411,711	454,419
Income taxes-current	173,408	177,278
Income taxes-deferred	(11,160)	30,282
Income before minority interests	249,464	246,858
Minority interests in income	7,994	8,254
Net income	241,469	238,604

Consolidated Statements of Changes in Net Assets

The fiscal year ended March 31, 2013

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of current period	141,851	367,104	1,879,087	(346,163)	2,041,879
Changes of items during the fiscal year					
Dividends from surplus			(64,970)		(64,970)
Net income			241,469		241,469
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		40		164	204
Net changes of items other than shareholders' equity					–
Total changes of items during the fiscal year	–	40	176,498	162	176,701
Balance at the end of current period	141,851	367,144	2,055,586	(346,001)	2,218,581

(Unit: Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of current period	36,442	(676)	(16,899)	18,866	1,128	66,749	2,128,624
Changes of items during the fiscal year							
Dividends from surplus				–			(64,970)
Net income				–			241,469
Purchase of treasury stock				–			(2)
Disposal of treasury stock				–			204
Net changes of items other than shareholders' equity	2,439	(921)	10,828	12,346	(554)	6,245	18,037
Total changes of items during the fiscal year	2,439	(921)	10,828	12,346	(554)	6,245	194,738
Balance at the end of current period	38,882	(1,598)	(6,070)	31,213	574	72,994	2,323,363

(Reference) The fiscal year ended March 31, 2012

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of current period	141,851	367,091	1,704,170	(125,244)	2,087,869
Changes of items during the fiscal year					
Dividends from surplus			(63,687)		(63,687)
Net income			238,604		238,604
Purchase of treasury stock				(220,969)	(220,969)
Disposal of treasury stock		12		50	62
Net changes of items other than shareholders' equity					–
Total changes of items during the fiscal year	–	12	174,917	(220,919)	(45,989)
Balance at the end of current period	141,851	367,104	1,879,087	(346,163)	2,041,879

(Unit: Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of current period	28,612	32	(13,182)	15,461	1,504	67,002	2,171,839
Changes of items during the fiscal year							
Dividends from surplus				–			(63,687)
Net income				–			238,604
Purchase of treasury stock				–			(220,969)
Disposal of treasury stock				–			62
Net changes of items other than shareholders' equity	7,830	(708)	(3,716)	3,404	(376)	(253)	2,775
Total changes of items during the fiscal year	7,830	(708)	(3,716)	3,404	(376)	(253)	(43,214)
Balance at the end of current period	36,442	(676)	(16,899)	18,866	1,128	66,749	2,128,624

(Note) Amounts of items listed in the consolidated financial statements and others are rounded down to the nearest million yen.

(Reference)

Consolidated Statements of Cash Flows (Summary)

(Unit: Millions of yen)

Item	The fiscal year ended March 31, 2013	The fiscal year ended March 31, 2012
Net cash provided by (used in) operating activities	523,908	725,886
Net cash provided by (used in) investing activities	(472,992)	(484,507)
Free cash flow *	50,915	241,379
Net cash provided by (used in) financing activities	(140,249)	(225,931)
Effect of exchange rate change on cash and cash equivalents	2,430	(1,125)
Net increase (decrease) in cash and cash equivalents	(86,903)	14,322
Cash and cash equivalents at the beginning of the fiscal year	174,191	159,869
Cash and cash equivalents at the end of the fiscal year	87,288	174,191

* Free cash flows are calculated as the sum of “net cash provided by (used in) operating activities” and “net cash provided by (used in) investing activities.”

Operating activities provided net cash of ¥523,908 million due to ¥411,711 million of income before income taxes and minority interests, ¥406,726 million of depreciation, ¥199,531 million of increase in notes and accounts receivable-trade, and ¥218,357 million of income taxes paid etc.
Investing activities used net cash of ¥472,992 million mainly due to ¥322,816 million for purchase of property, plant and equipment, ¥92,955 million for purchase of intangible assets, and ¥51,321 million for purchase of long-term prepaid expenses, etc.
Financing activities used net cash of ¥140,249 million. This includes ¥112,959 million for repayment of long-term loans payable, ¥65,000 million for redemption of bonds, and ¥64,973 million for cash dividends paid, etc.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(Unit: Millions of yen)

Account item	As of March 31, 2013		(Reference) As of March 31, 2012		Account item	As of March 31, 2013		(Reference) As of March 31, 2012	
(Assets)					(Liabilities)				
I Noncurrent assets		2,744,131		2,799,229					
A Noncurrent assets-									
telecommunications business		1,734,761		1,828,467					
(1) Property, plant and equipment*		1,544,444		1,627,746	I Noncurrent liabilities		842,592		991,967
1 Machinery	2,634,085		2,693,628		1 Bonds payable		259,997		349,991
Accumulated depreciation	2,060,461	573,624	2,131,133	562,495	2 Convertible bond-type bonds				
2 Antenna facilities	617,247		613,706		with subscription rights to				
Accumulated depreciation	290,162	327,085	271,568	342,137	shares		200,666		200,916
3 Terminal facilities	10,433		11,121		3 Long-term loans payable		242,648		297,517
Accumulated depreciation	7,921	2,511	8,297	2,824	4 Lease obligations		92		206
4 Local line facilities	192,808		191,884		5 Provision for retirement				
Accumulated depreciation	137,603	55,205	130,713	61,171	benefits		10,355		15,571
5 Long-distance line facilities	99,953		101,058		6 Provision for point card				
Accumulated depreciation	96,066	3,887	95,773	5,284	certificates		89,970		89,677
6 Engineering facilities	61,778		61,479		7 Provision for warranties for				
Accumulated depreciation	39,162	22,615	37,595	23,883	completed construction		5,409		2,569
7 Submarine line facilities	53,527		54,328		8 Asset retirement obligations		2,445		1,865
Accumulated depreciation	47,808	5,718	47,138	7,190	9 Other noncurrent liabilities		31,007		33,652
8 Buildings	366,255		406,580						
Accumulated depreciation	212,143	154,111	210,573	196,007					
9 Structures	77,461		78,068						
Accumulated depreciation	50,168	27,293	47,704	30,364	II Current liabilities		836,064		795,076
10 Machinery and equipment	7,355		11,635		1 Current portion of noncurrent				
Accumulated depreciation	7,161	193	11,341	293	liabilities		168,868		174,791
11 Vehicles	1,097		1,054		2 Accounts payable-trade		66,151		75,500
Accumulated depreciation	816	281	694	360	3 Short-term loans payable		147,315		56,393
12 Tools, furniture and fixtures	76,206		79,216		4 Lease obligations		207		839
Accumulated depreciation	58,873	17,333	57,660	21,556	5 Accounts payable-other		266,537		245,587
13 Land		245,595		246,942	6 Accrued expenses		6,409		5,877
14 Lease assets	1,147		4,829		7 Income taxes payable		92,683		140,858
Accumulated depreciation	862	285	3,833	996	8 Advances received		57,705		59,321
15 Construction in progress		108,702		126,237	9 Deposits received		13,548		17,200
(2) Intangible assets		190,317		200,720	10 Provision for bonuses		16,180		15,651
1 Right of using submarine					11 Provision for directors'				
line facilities		3,403		4,949	bonuses		158		135
2 Right of using facilities		10,022		10,457	12 Provision for loss on the				
3 Software		170,510		173,835	Great East Japan Earthquake		49		1,992
4 Goodwill		3,322		7,752	13 Asset retirement obligations		248		925
5 Patent right		0		1					
6 Leasehold right		1,426		1,426					
7 Other intangible assets		1,630		2,297					
					Total liabilities		1,678,657		1,787,043

* As for the depreciable items of property, plant and equipment, the figure in the accumulated depreciation row in the left column indicates the accumulated depreciation amount, and the same in the right column indicates the amount of each item after deducting the accumulated depreciation.

(Unit: Millions of yen)

Account item	As of March 31, 2013		(Reference) As of March 31, 2012	
B Incidental business facilities		36,325		25,551
(1) Property, plant and equipment*	35,388		25,102	
Accumulated depreciation	11,538	23,849	10,180	14,921
(2) Intangible assets		12,475		10,629
C Investments and other assets		973,044		945,210
1 Investment securities		76,230		82,939
2 Stocks of subsidiaries and affiliates		602,083		590,620
3 Investments in capital		252		434
4 Investments in capital of subsidiaries and affiliates		8,380		5,659
5 Long-term loans receivable		7		208
6 Long-term loans receivable from subsidiaries and affiliates		28,033		44,270
7 Long-term prepaid expenses		116,479		90,208
8 Deferred tax assets		110,938		99,064
9 Other investments and other assets		41,266		40,576
Allowance for doubtful accounts		(10,627)		(8,772)
II Current assets		1,166,101		1,052,662
1 Cash and deposits		52,840		55,257
2 Notes receivable-trade		22		30
3 Accounts receivable-trade		901,468		707,175
4 Accounts receivable-other		38,057		39,677
5 Short-term investment securities		–		80,000
6 Supplies		50,663		61,018
7 Prepaid expenses		11,516		12,253
8 Deferred tax assets		52,091		50,986
9 Short-term loans receivable from subsidiaries and affiliates		71,244		56,073
10 Other current assets		6,777		3,454
Allowance for doubtful accounts		(18,581)		(13,266)
Total assets		3,910,233		3,851,891

Account item	As of March 31, 2013		(Reference) As of March 31, 2012	
(Net assets)				
I Shareholders' equity		2,194,582		2,028,002
1 Capital stock		141,851		141,851
2 Capital surplus		367,144		367,104
(1) Legal capital surplus	305,676		305,676	
(2) Other capital surplus	61,468		61,427	
3 Retained earnings		2,031,587		1,865,210
(1) Legal retained earnings	11,752		11,752	
(2) Other retained earnings				
Reserve for advanced depreciation of noncurrent assets	627		627	
Reserve for special depreciation	981		1,080	
General reserve	1,754,233		1,570,933	
Retained earnings brought forward	263,992		280,815	
4 Treasury stock		(346,001)		(346,163)
II Valuation and translation adjustments		36,502		35,807
1 Valuation difference on available-for-sale securities		36,502		35,807
III Subscription rights to shares		490		1,037
Total net assets		2,231,575		2,064,847
Total liabilities and net assets		3,910,233		3,851,891

* As for the depreciable items of property, plant and equipment, the figure in the accumulated depreciation row in the left column indicates the accumulated depreciation amount, and the same in the right column indicates the amount of each item after deducting the accumulated depreciation.

Non-Consolidated Statements of Income

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2013	(Reference) The fiscal year ended March 31, 2012
I Operating income and loss from telecommunications		
(1) Operating revenue	2,332,637	2,278,652
(2) Operating expenses	1,770,627	1,760,183
1 Business expenses	613,781	595,968
2 Operating expenses	57	43
3 Facilities maintenance expenses	258,915	288,280
4 Common expenses	2,435	2,617
5 Administrative expenses	70,579	67,381
6 Experiment and research expenses	6,629	8,080
7 Depreciation	349,997	368,569
8 Noncurrent assets retirement cost	23,537	15,369
9 Communication facility fee	404,077	374,044
10 Taxes and dues	40,615	39,827
Net operating income from telecommunications	562,010	518,469
II Operating income and loss from incidental business		
(1) Operating revenue	1,033,441	994,883
(2) Operating expenses	1,130,305	1,080,912
Net operating income (loss) from incidental business	(96,864)	(86,029)
Operating income	465,145	432,440
III Non-operating income	24,194	19,743
1 Interest income	1,566	1,770
2 Interest on securities	35	170
3 Dividends income	11,944	9,792
4 Foreign exchange gains	3,390	–
5 Miscellaneous income	7,257	8,010
IV Non-operating expenses	16,456	17,608
1 Interest expenses	5,321	6,626
2 Interest on bonds	5,709	6,005
3 Compensation expenses	2,002	735
4 Miscellaneous expenses	3,422	4,240
Ordinary income	472,883	434,575
V Extraordinary income	2,100	19,627
1 Gain on sales of noncurrent assets	581	171
2 Gain on sales of investment securities	1,006	137
3 Gain on negative goodwill	–	123
4 Gain on reversal of subscription rights to shares	512	493
5 Gain on share exchanges	–	4,909
6 Dividends due to liquidation of silent partnership contract	–	6,976
7 Gain on reversal of provision for loss on the Great East Japan Earthquake	–	6,814

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2013	(Reference) The fiscal year ended March 31, 2012
VI Extraordinary loss	102,479	13,692
1 Loss on sales of noncurrent assets	1,060	657
2 Impairment loss	77,577	8,515
3 Loss on retirement of noncurrent assets	21,661	–
4 Loss on valuation of investment securities	517	469
5 Loss on valuation of stocks of subsidiaries and affiliates	1,662	–
6 Loss on the Great East Japan Earthquake	–	4,049
Income before income taxes	372,505	440,510
Income taxes-current	154,550	162,284
Income taxes-deferred	(13,393)	28,389
Net income	231,348	249,836

Non-Consolidated Statements of Changes in Net Assets

The fiscal year ended March 31, 2013

(Unit: Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Reserve for advanced depreciation of noncurrent assets	Reserve for special depreciation	General reserve	Retained earnings brought forward
Balance at the beginning of current period	141,851	305,676	61,427	11,752	627	1,080	1,570,933	280,815
Changes of items during the fiscal year								
Dividends from surplus								(64,970)
Reversal of reserve for special depreciation						(99)		99
Provision of general reserve							183,300	(183,300)
Net income								231,348
Purchase of treasury stock								
Disposal of treasury stock			40					
Net changes of items other than shareholders' equity								
Total changes of items during the fiscal year	—	—	40	—	—	(99)	183,300	(16,823)
Balance at the end of current period	141,851	305,676	61,468	11,752	627	981	1,754,233	263,992

(Unit: Millions of yen)

	Shareholders' equity		Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(346,163)	2,028,002	35,807	1,037	2,064,847
Changes of items during the fiscal year					
Dividends from surplus		(64,970)			(64,970)
Reserve for special depreciation		—			—
Provision of general reserve		—			—
Net income		231,348			231,348
Purchase of treasury stock	(2)	(2)			(2)
Disposal of treasury stock	164	204			204
Net changes of items other than shareholders' equity		—	695	(547)	147
Total changes of items during the fiscal year	162	166,580	695	(547)	166,728
Balance at the end of current period	(346,001)	2,194,582	36,502	490	2,231,575

(Reference) The fiscal year ended March 31, 2012

(Unit: Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Reserve for advanced depreciation of noncurrent assets	Reserve for special depreciation	General reserve	Retained earnings brought forward
Balance at the beginning of current period	141,851	305,676	61,415	11,752	579	228	1,381,033	285,467
Changes of items during the fiscal year								
Dividends from surplus								(63,687)
Reserve for special depreciation						977		(977)
Reversal of reserve for special depreciation						(125)		125
Provision of reserve for advanced depreciation of noncurrent assets					48			(48)
Provision of general reserve							189,900	(189,900)
Net income								249,836
Purchase of treasury stock								
Disposal of treasury stock			12					
Net changes of items other than shareholders' equity								
Total changes of items during the fiscal year	–	–	12	–	48	852	189,900	(4,652)
Balance at the end of current period	141,851	305,676	61,427	11,752	627	1,080	1,570,933	280,815

(Unit: Millions of yen)

	Shareholders' equity		Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at the beginning of current period	(125,244)	2,062,760	28,647	1,410	2,092,818
Changes of items during the fiscal year					
Dividends from surplus		(63,687)			(63,687)
Reserve for special depreciation		–			–
Reversal of reserve for special depreciation		–			–
Provision of reserve for advanced depreciation of noncurrent assets		–			–
Provision of general reserve		–			–
Net income		249,836			249,836
Purchase of treasury stock	(220,969)	(220,969)			(220,969)
Disposal of treasury stock	50	62			62
Net changes of items other than shareholders' equity		–	7,159	(372)	6,787
Total changes of items during the fiscal year	(220,919)	(34,758)	7,159	(372)	(27,970)
Balance at the end of current period	(346,163)	2,028,002	35,807	1,037	2,064,847

(Note) Amounts of items listed in the consolidated financial statements and others are rounded down to the nearest million yen.

Independent Auditor’s Report (Consolidated)

Independent Auditors’ Report
(English Translation)

April 24, 2013

To the Board of Directors of
KDDI Corporation

PricewaterhouseCoopers Kyoto
Yukihiro Matsunaga, CPA
Designated and Engagement Partner
Yasushi Kouzu, CPA
Designated and Engagement Partner
Minamoto Nakamura, CPA
Designated and Engagement Partner

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act of Japan, the consolidated financial statements of KDDI Corporation (“the Company”) and its subsidiaries which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net equity and the notes to the consolidated financial statements for the 29th fiscal year from April 1, 2012 to March 31, 2013.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with accounting principles generally accepted in Japan. This responsibility includes implementing and maintaining internal control deemed necessary by management relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers the Company’s internal control relevant to the preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2013 and the consolidated results for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter
As stated in (Acquisition of shares of Jupiter Telecommunications Co., Ltd.) in (Notes on significant subsequent events), the Company made an additional purchase of shares of Jupiter Telecommunications Co., Ltd. through public tender on April 17, 2013, and Jupiter Telecommunications Co., Ltd. was converted to a consolidated subsidiary of the Company as of that date in accordance with effective control standards.
This matter has no material impact on our opinion.

Other Matters
We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notice to Readers:

The original consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net equity and the notes to the consolidated financial statements are written in Japanese.

Independent Auditor's Report (Non-Consolidated)

Independent Auditors' Report
(English Translation)

April 24, 2013

To the Board of Directors of
KDDI Corporation

PricewaterhouseCoopers Kyoto
Yukihiro Matsunaga, CPA
Designated and Engagement Partner
Yasushi Kouzu, CPA
Designated and Engagement Partner
Minamoto Nakamura, CPA
Designated and Engagement Partner

We have audited, pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, the financial statements of KDDI Corporation ("the Company") which consist of the balance sheet, the statement of income, the statement of changes in net equity, the notes to the financial statements and the supplementary schedules thereof for the 29th fiscal year from April 1, 2012 to March 31, 2013.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of the financial statements and supplementary schedules thereof that give a true and fair view in accordance with accounting principles generally accepted in Japan. This responsibility includes implementing and maintaining internal control deemed necessary by management relevant to the preparation and fair presentation of the financial statements and supplementary schedules thereof that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements and supplementary schedules thereof based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and supplementary schedules thereof are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and supplementary schedules thereof. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and supplementary schedules thereof, whether due to fraud or error. In making those risk assessment, the auditor considers the Company's internal control relevant to the preparation of the financial statements and supplementary schedules thereof that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and supplementary schedules thereof.
We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

Opinion
In our opinion, the financial statements and supplementary schedules thereof present fairly, in all material respects, financial position of the Company as of March 31, 2013 and the results for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter
As stated in (Acquisition of shares of Jupiter Telecommunications Co., Ltd.) in (Notes on significant subsequent events), the Company made an additional purchase of shares of Jupiter Telecommunications Co., Ltd. through public tender on April 17, 2013, and Jupiter Telecommunications Co., Ltd. was converted to a consolidated subsidiary of the Company as of that date in accordance with effective control standards.
This matter has no material impact on our opinion.

Other Matters
We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notice to Readers:

The original financial statements, which consist of the balance sheet, the statement of income, the statement of changes in net equity, the notes to the financial statements and the supplementary schedules thereof are written in Japanese.

Audit & Supervisory Board's Report

Audit & Supervisory Board's Report

The Audit & Supervisory Board of KDDI Corporation ("the Company") hereby submits its audit report regarding the performance of duties of the Directors during the 29th fiscal year from April 1, 2012 to March 31, 2013, which has been prepared through discussions based on the audit reports prepared by each of the Audit & Supervisory Board Members.

1. Audit Method and Details by Audit & Supervisory Board Members and the Audit & Supervisory Board
   The Audit & Supervisory Board has established audit policies, plans and other matters for the fiscal year under review, received reports from each Audit & Supervisory Board Member about the status of implementation and results of audits as well as reports from the Directors and Accounting Auditors about the status of execution of their duties, and requested them to provide explanation when needed.
   In accordance with the "Internal Auditing Rules" established by the Audit & Supervisory Board as well as the audit policies and plans for the fiscal year under review, each Audit & Supervisory Board Member has closely communicated with Directors, relevant personnel of the Internal Audit Department and other employees in order to collect necessary information and improve the auditing environment. The Audit & Supervisory Board Members have also attended the Board of Directors meetings and other important meetings, received reports from the Directors and employees about the status of execution of their duties, and requested them to provide explanation when needed. The Audit & Supervisory Board Members have reviewed important authorized documents and examined the status of business operations and financial position of the Company and its principle offices.
   In addition, with respect to the Company's internal control system established in accordance with Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as a system to "ensure the compliance of execution of duties by Directors with laws and regulations and the Articles of Incorporation" and to "ensure compliance of the execution of business operations by a corporation" as described in the Business Report, the Audit & Supervisory Board has received reports on a regular basis about the resolutions of the Board of Directors regarding the improvement of the internal control system as well as its structure and implementation status, and requested explanation and provided advice when needed.
   Furthermore, the Audit & Supervisory Board has received reports from the Directors and the PricewaterhouseCoopers Kyoto about the evaluation and the status of audits of internal control over financial reporting, and requested them to provide explanation when needed.
   The Audit & Supervisory Board has closely communicated and exchanged information with the Directors and Audit & Supervisory Board Members of the Company's subsidiaries, and received reports from them about the status of their business operations. In the manner explained above, the Audit & Supervisory Board has examined the Business Report and the supplementary schedules prepared for the fiscal year under review.
   The Audit & Supervisory Board has supervised and verified whether the Accounting Auditors maintain their independence and performed appropriate audits, by receiving reports from them on the status of execution of their duties and requesting them to provide explanation when needed. In addition, the Audit & Supervisory Board has received confirmation from the Accounting Auditors that the "systems necessary to ensure that duties are executed properly" (matters set forth in each item of Article 131 of the Ordinance on Accounting of Companies) had been developed in accordance with the "Quality Control Standards for Auditing" (Business Accounting Council; October 28, 2005) and other standards, and requested them to provide explanation when needed.
   Based on the above method, the Audit & Supervisory Board has examined the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the notes to the non-consolidated financial statements) and the supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements) for the fiscal year under review.

2. Audit Results
   (1) Audit results regarding the Business Report and the supplementary schedules
      a. In our opinion, the Business Report and the supplementary schedules fairly represent the Company's conditions in accordance with applicable laws and regulations and the Articles of Incorporation.
      b. We found no evidence of wrongful action or material violation of laws and regulations or the Articles of Incorporation by any of Directors of the Company in executing their duties.
      c. In our opinion, the resolutions of the Board of Directors regarding the Company's internal control system are fair and reasonable. We found no issues or concerns regarding the reports on the internal control system described in the Business Report as well as the status of execution of duties by the Directors.
      d. We have confirmed that, as stated in the Business Report, the Company has responded to a number of communications disruptions by investigating their causes and implementing measures to prevent their reoccurrence, and is working to regain the trust of customers. The Audit & Supervisory Board will continue monitoring the progress made in implementing these measures.
   (2) Audit results regarding the non-consolidated financial statements and the supplementary schedules
   In our opinion, the audit method employed and the results reported by PricewaterhouseCoopers Kyoto are fair and reasonable.
   (3) Audit results regarding the consolidated financial statements
   In our opinion, the audit method employed and the results reported by PricewaterhouseCoopers Kyoto are fair and reasonable.

April 30, 2013

Full-time Audit & Supervisory Board Member, Masataka Iki
Full-time Audit & Supervisory Board Member, Yoshinari Sanpei
Full-time Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member), Takeshi Abe
Outside Audit & Supervisory Board Member, Kishichiro Amae
Outside Audit & Supervisory Board Member, Yukihisa Hirano

Notice to Readers:

The original financial statements, which consist of the balance sheet, the statement of income, the statement of changes in net equity, the notes to the financial statements and the supplementary schedules, and the original consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net equity and the notes to the consolidated financial statements thereof are written in Japanese.

To Shareholders

Internet Disclosure of the Notice of Convocation of the 29th Annual Shareholders Meeting

Notes for Consolidated Financial Statements
Notes for Non-Consolidated Financial Statements
(from April 1, 2012 to March 31, 2013)

KDDI Corporation

In accordance with the applicable laws and regulations, and the provisions of Article 17 of the Company's Articles of Incorporation, the aforesaid information is deemed to have been provided to the shareholders by being available at the Company's following website: (http://www.kddi.com/english/corporate/ir/shareholder/meeting/20130619/index.html).

"Notes for Consolidated Financial Statements" and "Notes for Non-Consolidated Financial Statements" are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by Audit & Supervisory Board Members and Accounting Auditor in the preparation of the Report of Independent Auditors.

Notes for Consolidated Financial Statements

(Important Items That Form the Basis of Preparing Consolidated Financial Statements, etc.)

1. Scope of consolidation
   (1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries of KDDI Corporation ("the Company")
   - Number of consolidated subsidiaries: 128
   - Principal consolidated subsidiaries:
     Okinawa Cellular Telephone Company, KDDI Engineering Corporation, KDDI Evolva Inc, Japan Cablenet Limited, Chubu Telecommunications Co., Inc., KDDI R&D Laboratories, Inc., KDDI America, Inc., KDDI Europe Limited, TELEHOUSE International Corporation of America, TELEHOUSE International Corporation of Europe Ltd, KDDI China Corporation, DMX Technologies Group Limited, KDDI Korea Corporation, KDDI Singapore Pte Ltd

2. Application of equity method
   (1) Numbers of non-consolidated subsidiaries and affiliates accounted for by the equity method and names of principal affiliates
   - Number of affiliates accounted for by the equity method: 21
   - Principal affiliates:
     Jupiter Telecommunications Co., Ltd.*, Kyocera Communication Systems Co., Ltd., UQ Communications Inc., Jibun Bank Corporation, Mobaoku Co., Ltd., MOBICOM Corporation
     *Jupiter Telecommunications Co., Ltd. became consolidated subsidiary on April 17, 2013.

   (2) Names, etc. of non-consolidated subsidiaries and affiliates not accounted for by the equity method

(Affiliates)	• Principal affiliate:	CJSC Vostoktelecom
	• Reasons for not being accounted for by the equity method:	Because of its small scale of business, the net income/loss and retained earnings (the amounts equivalent to the Company's interest in the companies) of the above company did not significantly affect the consolidated financial statements under review.

   (3) Special note in regard to procedures for applying the equity method
   For non-consolidated subsidiaries and affiliates accounted for by the equity method whose fiscal year ends differ from that of the consolidated fiscal year under review, their financial statements with such year ends were used for the consolidated financial statements under review.

3. Changes in the scope of consolidation and the scope of application of the equity method
   (1) Scope of consolidation

(Newly added)	• 10 companies due to new establishment KKBOX Beijing Co., Ltd, CDN Europe Co., Ltd., KKBOX Technologies Limited., KKBOX Japan LLC, TELEHOUSE Shanghai Corporation, KDDI MATOMETE OFFICE KANSAI CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI Myanmar Co., Ltd. • 2 companies due to stock acquisition Kumagaya Cable Television, Beijing KKBar Co., Ltd. • 1 company due to acquisition of additional shares Kita Cable Network, Inc.
(Removed)	• 5 companies due to liquidation Packet Systems Pte. Ltd., Mrasu Inc., CDNetworks Europe SARL, Nettasking Technology (BVI) Limited, Panther Express Corp. • 1 company due to sale of shares LTI Cosmetics, Inc.

(2) Scope of application of the equity method

(Newly added)
- 2 companies due to new establishment
  NJ Corporation, Kagoshima Mega Solar Power Corporation

(Removed)
- 1 company due to becoming a consolidated subsidiary as a result of acquisition of additional shares
  Kita Cable Network, Inc.
- 1 company due to decline of substantial influence
  EBS, Inc.

4. Fiscal years of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year end of 78 companies, including KDDI America, Inc, KDDI Europe Limited, is December 31 of each year. For the preparation of consolidated financial statements, the Company uses their financial statements as of December 31 and makes adjustments as necessary for consolidation in relation to significant transactions during the period between their year-end date and the Company's consolidated year-end date.

5. Accounting policies

(1) Valuation standards and methods for major assets

1) Short-term investment securities
- Bonds intended to be held to maturity: amortized cost method (straight-line method)
- Available-for-sale securities
  - a): Available-for-sale securities for which market quotations are available are stated at fair value prevailing at the balance sheet date. Unrealized gains and losses are directly included in net assets. The cost of securities sold is determined by the moving-average method.
  - b): Available-for-sale securities for which market quotations are not available are valued at cost mainly determined by the moving-average method.

2) Inventories

Supplies

Stated at cost determined by the moving-average method (the method of write-downs based on the decrease in profitability is applied in order to calculate the inventory value on the balance sheet).

(2) Depreciation and amortization of major assets

1) Property, plant and equipment other than lease assets

The Company: Machinery: mainly declining-balance method

Property, plant and equipment other than machinery: straight-line method

Consolidated subsidiaries: mainly straight-line method

Useful lives of major assets are as follows:

Machinery: 9 years

Antenna facilities, local line facilities, long-distance line facilities, engineering facilities, buildings, and structures: 5 to 21 years

2) Intangible assets other than leased assets: straight-line method

Software for internal use is amortized under the straight-line method over the expected useful lives (5 years).

3) Lease assets

Lease assets under financial lease transactions that do not transfer ownership rights of the assets to the lessees are depreciated and amortized under the straight-line method based on the lease term as the useful life and residual value of zero.

Of finance lease transactions that do not transfer the ownership rights of the assets to the lessees, the lease transactions whose inception date is on or before March 31, 2008 are continuously accounted for by a method similar to that applicable to ordinary operating leases transactions.

4) Long-term prepaid expenses: straight-line method

(3) Principle for calculation of significant allowances

1) Allowance for doubtful accounts
To prepare for uncollectible credits, general allowance is recorded based on the actual bad debt ratio, and allowance for specific doubtful accounts is recorded based on the amount deemed to be uncollectible considering the individual collectability.

2) Provision for retirement benefits
To prepare for the retirement of employees, the Company records the amount to be accrued as of March 31, 2013 based on projected benefit obligations, estimated value of plan assets and retirement benefit trust assets as of March 31, 2013.
Prior service cost is amortized on a straight-line basis over the average remaining service period of employees (14 years) in the year in which it arises and unrecognized actuarial differences are amortized on a straight-line basis over the average remaining service period of employees (14 years) from the year following that in which they arise.

3) Provision for point card certificates
In order to prepare for the future cost generated from the utilization of points that customers have earned under the point services such as "au Point Program," the Company records based on its past experience the amount considered to be appropriate to cover future utilization of the points during or after the next fiscal year.

4) Provision for bonuses
To allow for the payment of bonuses to employees, the Company records the estimated amounts of bonuses to be paid based on the internal standards.

5) Provision for loss on the Great East Japan Earthquake
The estimated amount for recovery of assets damaged by the Great East Japan Earthquake that occurred on March 11, 2011 is recorded.

(4) Other important matters for the basis of preparing consolidated financial statements

1) Accounting method for deferred assets
Bond issuance cost: recorded as expenses when incurred

2) Standards for foreign currency translation of important foreign currency-denominated assets and liabilities
All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the balance sheet date. Gains and losses on such foreign spot exchanges are included in income or loss for the fiscal year under review. All assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the spot exchange rates prevailing at the balance sheet date. Revenues and expenses for the year are translated into Japanese yen at the average exchange rate during the fiscal year under review, and translation adjustments are included in "Foreign currency translation adjustment" and "Minority interests" under "Net assets."

3) Amortization method and term for goodwill
Goodwill is amortized under the straight-line method over a period of 5 to 20 years.
However, small amounts of goodwill incurred during the fiscal year under review are recognized as expenses for the fiscal year.

4) Accounting method for consumption taxes
Consumption taxes are accounted for using the net method of reporting.
Non-deductible consumption taxes relating to assets are accounted for as an expense in the fiscal year under review.

6. Application of the Rules for Telecommunications Business Accounting
Consolidated financial statements of the Company are prepared based on the "Company Calculation Rules" (Ordinance of the Ministry of Justice No. 13 of February 7, 2006), and in accordance with these regulations and the "Rules for Telecommunications Business Accounting" (Ordinance of Ministry of Posts and Telecommunications No. 26 of 1985).

(Changes in Accounting Policies)

(Change in Depreciation)

In accordance with revisions to the Corporation Tax Act, the Company has revised its method of accounting for depreciation for property, plant and equipment acquired on or after April 1, 2012, in accordance with the post-revision Corporation Tax Act, from the fiscal year under review.

The impact of this change on income for the fiscal year under review was insignificant.

(Changes in Presentation)

(Consolidated Statements of Income)

"Compensation expenses," which was recorded as "Miscellaneous expenses" under "Non-operating expenses" in the previous fiscal year, is presented as a separate item as it has become more significant from the fiscal year under review.

(Consolidated Balance Sheets)

1. Assets pledged as collateral

Assets pledged as collateral and secured liabilities:

Machinery	¥279 million
Local line facilities	¥214 million
Engineering facilities	¥16 million
Submarine line facilities	¥4 million
Buildings	¥144 million
Other tangible assets	¥45 million
Investment securities	¥672 million
Stocks of subsidiaries and affiliates (Note)	¥767 million
Other investments and other assets	¥28 million
Cash and deposits	¥162 million
Short-term investment securities	¥231 million
Total	¥2,566 million

(assets denominated in foreign currencies included: US$10 million)

Corresponding liabilities:

Long-term loans payable	¥894 million
Current portion of noncurrent liabilities	¥332 million
Notes and accounts payable- trade	¥164 million
Short-term loans payable	¥1,256 million
Total	¥2,648 million

(liabilities denominated in foreign currencies included: US$14 million)

Note: Shares in equity-method affiliate Kagoshima Mega Solar Power Corporation was provided as collateral on bank borrowings by that company. As of March 31, 2013, the Company had no corresponding liabilities.

In compliance with Article 4 of the Supplementary Provisions to the "Law Concerning the Rationalization of Regulations in the Telecommunications Field," the total assets of the Company have been pledged as general collateral for the corporate bonds issued.

Bonds	¥20,000 million

In accordance with Article 14, Paragraph 1 of the Act on Settlement of Funds, assets held in trust as security deposits are as follows.

Investment securities	¥3,004 million
Cash and deposits	¥2,300 million

2. Contingent liabilities

(1) Guarantor for loans	¥157,962 million
(2) Contingent liabilities for cable system supply contract	¥4,702 million

3. Reduction entry amount of noncurrent assets

Reduction entry amount attributable to aid for construction cost	¥2 million
(cumulative total	¥17,909 million)

(Consolidated Statements of Changes in Net Assets)

1. Shares outstanding and treasury stock

(Unit: Shares)

	As of April 1, 2012	Increase during the fiscal year ended March 31, 2013	Decrease during the fiscal year ended March 31, 2013	As of March 31, 2013
Shares outstanding				
Common stock	4,484,818	443,996,982	–	448,481,800
Total	4,484,818	443,996,982	–	448,481,800
Treasury stock				
Common stock	663,006	65,637,894	31,500	66,269,400
Total	663,006	65,637,894	31,500	66,269,400

(The reason of the above changes)

Breakdown of increased outstanding shares is shown as below.

• The increase resulted from a 1:100 share split on common stock (effective date: October 1, 2012). 443,996,982 shares

Breakdown of increased/decreased treasury stock is shown as below.

• The increase resulted from a 1:100 share split on common stock (effective date: October 1, 2012). 65,637,594 shares

• In addition, the increase resulted from the Company's purchase of shares less than one unit. 300 shares

• The decrease resulted from the exercise of stock options. 31,500 shares

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 20, 2012 Annual shareholders meeting	Common stock	¥32,485 million	¥8,500	March 31, 2012	June 21, 2012
October 24, 2012 Meeting of the Board of Directors	Common stock	¥32,485 million	¥8,500	September 30, 2012	November 20, 2012
Total		¥64,970 million			

(2) Dividends payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

As a proposal of the annual shareholders meeting to be held on June 19, 2013, the Company has proposed the following matters regarding dividends of common stock.

1) Total dividends ¥36,310 million
2) Dividends per share ¥95
3) Record date March 31, 2013
4) Effective date June 20, 2013

The dividends shall be paid from retained earnings.

3. Class and number of shares subject to subscription rights (excluding those whose exercise period has not yet commenced) at the end of the fiscal year under review

Common stock 35,338,823 shares*

* The figure includes the subscription rights on 34,897,923 shares (upper limit) attached to the convertible bond-type bonds.

(Financial Instruments)

1. Status of financial instruments

(1) Policy relating to financial instruments

In light of plans for capital investments primarily for conducting telecommunications business, the KDDI Group raises the funds it requires through bank loans and bonds issuance. The Group manages temporary fund surpluses through financial assets that have high levels of safety. Further, the Group raises short-term working capital through bank loans. Regarding derivatives policy, the Group adheres to the fundamental principle of limiting transactions to those actually required and never conducting speculative transactions for trading profit.

(2) Details of financial instruments, associated risk, and risk management system

Trade receivables such as notes and accounts receivable-trade and accounts receivable-other are exposed to credit risk in relation to customers and trading partners. For such risk, the Group has established a system that manages the due dates and balances of each customer and trading partner as well as conducts analysis of their credit status, based on the criteria of each of the Group's companies for managing credit exposure.

The Group is exposed to market price fluctuation risk in relation to investment securities. However, those are primarily the shares of companies with which the Group has operational relationships, and periodic analysis of market values is reported to the Board of Directors.

Almost all trade payables such as notes and accounts payable-trade, accounts payable-other, accrued expenses and income taxes payable have payment due dates within one year. Those trade payables are exposed to liquidity risk at the time of settlement. However, the Group reduces that risk by having each company review fund-raising plans every month.

Among loans payable, short-term loans payable are primarily for fund raising related to sales transactions, and long-term loans payable are primarily for fund raising related to capital investments and other investments and financing. Loans payable with variable interest rates are exposed to interest rate fluctuation risk. However, to reduce fluctuation risk for interest payable and fix interest expenses when it enters into long-term loans at variable interest rates, based on the premise that requirements for special treatment of interest rate swaps are met in relation to evaluation of the effectiveness of hedges, the Group uses interest rate swap transactions as a hedging method on an individual contract basis in principle.

As for the market risk pertaining to transactions, the Group uses derivative transactions for the purpose of avoiding risks existing in assets and liabilities on the consolidated balance sheets, and interest transactions bear interest rate fluctuation risk.

Furthermore, the Group determines that there is small credit risk resulting from default of contracts with financial institutions because the Group's derivative transactions are conducted with the financial institutions with high credit ratings.

Based on the internal rules and their supplemental provisions of each company of the Group, derivative transactions shall be conducted between the finance/accounting divisions and the financial institutions with high credit ratings, subject to obtaining approval for each derivative transaction by authorized persons stipulated in the relevant authorization rules.

(3) Supplementary explanation of items relating to the market value of financial instruments

The market values of financial instruments include prices based on market prices, or reasonably estimated prices if there are no market prices. Since the calculation of market values involves fluctuating factors, these values are subject to change when different assumptions are used.

2. Market value of financial instruments

Amounts recognized in the consolidated balance sheet, market values, and the differences between them as of March 31, 2013, are as shown below. Items for which it is extremely difficult to determine market values are not included in the following table (see Note 2).

(Unit: Millions of yen)

	Book value	Market value	Difference
1) Cash and deposits	96,952	96,952	–
2) Notes and accounts receivable-trade	971,244		
Allowance for doubtful accounts *1	(20,271)		
	950,972	950,972	–
3) Accounts receivable-other	61,477	61,477	–
4) Short-term investment securities	231	231	–
5) Investment securities			
Bonds intended to be held to maturity	3,004	3,216	211
Available-for-sale securities	66,441	66,441	–
6) Stocks of subsidiaries and affiliates	319,807	282,407	(37,400)
Total assets	1,498,888	1,461,699	(37,189)
7) Notes and accounts payable-trade	82,753	82,753	–
8) Short-term loans payable	88,256	88,256	–
9) Accounts payable-other	287,084	287,084	–
10) Accrued expenses	22,999	22,999	–
11) Income taxes payable	104,773	104,773	–
12) Bonds payable *2	349,996	363,243	13,247
13) Convertible bond-type bonds with subscription rights to shares	200,666	271,960	71,293
14) Long-term loans payable *2	325,453	330,411	4,958
Total liabilities	1,461,985	1,551,483	89,498

*1: Allowance for doubtful accounts relating to 2) Notes and accounts receivable-trade is deducted.

*2: This includes bonds payable and long-term loans payable under current portion of noncurrent liabilities.

Note 1: Method for calculation of the market value of financial instruments, and notes to short-term investment securities

1) Cash and deposits, 2) Notes and accounts receivable-trade, 3) Accounts receivable-other, and 4) Short-term investment securities

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the book values are used. Further, because the credit risk is extremely difficult to determine on an individual basis for notes and accounts receivable-trade, allowance for doubtful accounts is regarded as credit risk and the market value is calculated accordingly.

5) Investment securities and 6) Stocks of subsidiaries and affiliates

With respect to the market values, the market prices at the stock exchanges are used.

7) Notes and accounts payable-trade, 8) Short-term loans payable, 9) Accounts payable-other, 10) Accrued expenses, and 11) Income taxes payable

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the book values are used.

12) Bonds payable, 13) Convertible bond-type bonds with subscription rights to shares, and 14) Long-term loans payable

The market values of bonds payable and convertible bond-type bonds with subscription rights to shares are calculated based on a market price. The market value of long-term loans payable is calculated by applying a discount rate based on the assumed interest rate if a new loan contract was entered into for the same amount as the total of principal and interest. However, long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically, and their market values are almost the same as their book values; therefore, the book values are used.

Note 2: Financial instruments of which it is extremely difficult to determine market value

(Unit: Millions of yen)

	Book value
Investment securities Unlisted equity securities	12,340
Stocks of subsidiaries and affiliates Unlisted equity securities	28,361
Investments in capital of subsidiaries and affiliates	219

Because their market values are not available and extremely difficult to determine, they are not included in the above table.

(Per Share Information)

1. Net assets per share ¥2,943.12
2. Net income per share ¥315.90

The Company conducted a 1:100 share split on common stock with an effective date of October 1, 2012. The Company also conducted a 1:2 share split on common stock with an effective date of April 1, 2013. Net assets per share and net income per share have been calculated as if the share split was conducted at the beginning of the fiscal year under review.

(Significant Subsequent Event)

(Notice Concerning Share Split)

Based on the Board of Director’s resolution which was held on January 28, 2013, the Company conducted a share split with an effective date of April 1, 2013.

1. Purpose of share split

The share split has been conducted with the aim of increasing the liquidity of the Company’s stock and expanding its investor base by reducing the price of share-trading units.

2. Outline of share split

(1) Method of share split

The share split had a record date of Sunday, March 31, 2013 (because this date fell on a holiday, for all practical purposes the date in substance was Friday, March 29, 2013) and involved the splitting of common stock held by shareholders whose names appeared or were recorded in the latest Registry of Shareholders on the record date at a ratio of 1:2.

(2) Number of increase in shares by share split

1) Total number of issued shares before share split	448,481,800 shares
2) Number of increase in shares by share split	448,481,800 shares
3) Total number of issued shares after share split	896,963,600 shares
4) Total number of authorized shares after share split	1,400,000,000 shares

(3) Schedule of share split

1) Public notice date of the record date	Thursday, March 14, 2013
2) Record date	Sunday, March 31, 2013
3) Effective date	Monday, April 1, 2013

3. Others

(1) Changes in capital

The share split did not result in changes in capital.

(2) Share information

Information on the impact of this share split is included in the “Per Share Information” section.

(Acquisition of Jupiter Telecommunications Co., Ltd. Shares)

On April 17, 2013, the Company acquired through public tender an additional 644,115 shares in Jupiter Telecommunications Co., Ltd. (hereafter, "J:COM"). As a result, the Company's ownership of J:COM amounted to 2,777,912 shares(Note), and voting rights came to 40.47%. In accordance with effective control standards, J:COM was converted to a consolidated subsidiary as of that date.

Note: The Company also owns an additional 152,904 shares in J:COM, which are entrusted for a securities custodial trust. As the trust agreement precludes the Company from exercising voting rights on these shares, they are not included in the share numbers stated above.

1. Overview of business combination

(1) Name of acquired company

Name	Jupiter Telecommunications Co., Ltd.
Business activities	Cable TV broadcast and telecommunications business through supervision and operation of cable TV stations; supervision of programming business for Cable TV stations and digital satellite broadcasters etc.
Operating revenues (Note) Net income attributable to J:COM shareholders Total J:COM shareholders' equity Total assets	¥376,835 million ¥41,623 million ¥454,547 million ¥812,030 million

Note: As of December 31, 2012 (J:COM annual securities report (the 19th period))
J:COM prepares consolidated financial statements based on accounting principles generally accepted in the United States of America.

(2) Main reason for the business combination
The Company acquired additional shares in J:COM and converted this company to a consolidated subsidiary considering for a potential business combination with consolidated subsidiary Japan Cablenet Limited, thereby expanding the customer base of the cable TV business, and integrating J:COM's media business with the Company's telecommunications business. These approaches are in line with efforts to increase synergies under the Company's growth strategy, the "3M Strategy."

(3) Date of business combination
April 17, 2013 (date of commencement of TOB settlement)

(4) Legal form of business combination
Acquisition of shares

(5) Name of company after business combination
Jupiter Telecommunications Co., Ltd.

(6) % of voting rights acquired

Voting rights held immediately before the business combination	31.08%
Additional voting rights acquired on the day of the business combination	9.38%
Voting rights after the acquisition	40.47%

NJ Corporation (the Company's equity-method affiliate), in which the Company and Sumitomo Corporation hold the same number of voting rights, acquired 553,679 shares (voting rights of 8.09%) through this tender offer. Accordingly, the Company holds 4.05% of the voting rights indirectly through NJ Corporation.

(7) Main factors in determination of acquirer
Because the type of consideration was cash, the Company, which provided the cash, was determined to be the acquirer.

2. Breakdown of acquisition cost of the acquired company

(1) Consideration for acquisition
¥341,683 million (Reference) NJ Corporation ¥68,338 million

(2) Costs directly incurred for acquisition
Unconfirmed

(Other Notes)

(Consolidated Statements of Income)

1. Gain on sales of noncurrent assets ¥588 million
   Gain on sales of noncurrent assets consists of gain on sales of real estate of ¥324 million due to the sale of land, etc. and gain on sales of other facilities of ¥263 million.

2. Loss on sales of noncurrent assets ¥1,078 million
   Loss on sales of noncurrent assets consists of loss on sales of real estate of ¥1,050 million due to the sale of land, etc. and loss on sales of other facilities of ¥27 million.

3. Impairment loss ¥80,549 million
   During the fiscal year under review, the KDDI Group recorded impairment loss mainly on the following assets and asset groups.

(Unit: Millions of yen)

Location	Purpose of use	Item	Impairment loss
KDDI Corporation etc. Former 800MHz frequency idle facilities (Tokyo, Nagoya, Osaka etc.)	Telecommunications business	Buildings, antenna facilities, machinery, etc.	68,890
KDDI Corporation Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, right of using submarine line facilities, long-distance line facilities, etc.	10,038

The KDDI Group calculates impairment losses by grouping assets based on minimum units that have identifiable cash flows essentially independent from the cash flows of other assets or asset groups.

During the fiscal year under review, the KDDI Group discontinued the use of former 800MHz frequency facilities in July 2012 in line with the reorganization of frequencies and drew up a plan for conversion to other frequencies on the shared portion of these facilities.
Facilities not part of this conversion were determined to be idle assets that were expected to have no future value. The KDDI Group reduced their book values to recoverable values. This reduction is recognized as impairment loss of ¥68,890 million under extraordinary loss, consisting of ¥29,456 million for buildings, ¥17,964 million for antenna facilities, ¥17,953 million for machinery and ¥3,516 million for others.
Further, the recoverable values for the said assets are estimated based on the net selling price. The calculation of market value is based on reasonable estimate, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

During the fiscal year under review, for assets with declining utilization rates including some domestic transmission lines as well as idle assets, the KDDI Group reduced their book values to recoverable values. This reduction is recognized as impairment loss of ¥10,038 million under extraordinary loss, consisting of ¥6,212 million for local line facilities, ¥1,105 million for right of using submarine line facilities, ¥899 million for long-distance line facilities and ¥1,820 million for others.
Further, the recoverable values for the said assets are estimated based on the net selling price. The calculation of market value is based on appraised values and other factors. The value of assets that are difficult to sell or convert to other uses is set at ¥0.

In addition, the KDDI Group also recorded impairment loss of ¥1,619 million on business assets in some of its subsidiaries, consisting of ¥1,049 million for machinery, ¥230 million for local line facilities and ¥339 million for others.

4. Loss on retirement of noncurrent assets ¥22,712 million
   Loss on retirement of noncurrent assets consists of disposal cost of ¥19,857 million and retirement cost of ¥1,870 million, both of which are due to the disposal of the former 800MHz frequency idle facilities, and other costs of ¥985 million.

(Accounting Standards and Other Regulations to Be Applied)

Announcement of “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012)

1. Overview
   From the perspective of improving financial reporting and in light of global trends, the Accounting Standard and the Guidance have been revised with a focus on the accounting treatment for unrecognized actuarial differences and unrecognized prior service costs, the calculation method for retirement benefit obligations and service costs, and the enhancement of disclosure. The Accounting Standard and the Guidance will be applied only to the consolidated financial statements for the moment.

2. Application schedule
   The Accounting Standard and the Guidance are scheduled to be applied from the end of the fiscal year beginning on or after April 1, 2014. The amendment of attribution period definition of the estimated amount of retirement benefits is scheduled to be applied from the start of the fiscal year beginning on or after April 1, 2015.

3. Effect of application of accounting standards and other regulations
   The effect of the application of this Accounting Standard and Guidance on the consolidated financial statements is currently being estimated.

Note: Amounts of items listed in the consolidated financial statements and others are rounded down to the nearest million yen.

Notes for Non-Consolidated Financial Statements

(Significant Accounting Policies)

1. Valuation standards and methods for major assets
   (1) Short-term investment securities
   Stocks of subsidiaries and affiliates
   Valued at cost determined by the moving-average method
   Available-for-sale securities
   Available-for-sale securities for which market quotations are available are stated at fair value prevailing at the balance sheet date. Unrealized gains and losses are directly included in net assets. The cost of securities sold is determined by the moving-average method.
   Available-for-sale securities for which market quotations are not available are valued at cost determined by the moving-average method.
   (2) Inventories
   Supplies
   Stated at cost determined by the moving-average method (the method of write-downs based on the decrease in profitability is applied in order to calculate the inventory value on the balance sheet).

2. Depreciation and amortization of noncurrent assets
   Property, plant and equipment other than lease assets
   Machinery: mainly declining-balance method
   Property, plant and equipment other than machinery: straight-line method
   Useful lives of major assets are as follows:
   Machinery: 9 years
   Antenna facilities, local line facilities, long-distance line facilities, buildings, structures, and tools, furniture and fixtures: 5 to 21 years
   Intangible assets: straight-line method
   Software for internal use is amortized under the straight-line method over the expected useful lives (5 years).
   Lease assets
   Lease assets under financial lease transactions that do not transfer ownership rights of the assets to the lessees are depreciated and amortized under the straight-line method based on the lease term as the useful life and residual value of zero.
   Of finance lease transactions that do not transfer the ownership rights of the assets to the lessees, the lease transactions whose inception date is on or before March 31, 2008 are continuously accounted for by a method similar to that applicable to ordinary operating leases.
   Long-term prepaid expenses: straight-line method

3. Principle for calculation of allowances
   Allowance for doubtful accounts
   To prepare for uncollectible credits, general allowance is recorded based on the actual bad debt ratio, and allowance for specific doubtful accounts is recorded based on the amount deemed to be uncollectible considering the individual collectability.
   Provision for retirement benefits
   To prepare for the retirement of employees, the Company records the amount to be accrued as of March 31, 2013 based on projected benefit obligations, estimated value of plan assets and retirement benefit trust assets as of March 31, 2013.
   Prior service cost is amortized on a straight-line basis over the average remaining service period of employees (14 years) in the year in which it arises and unrecognized actuarial differences are amortized on a straight-line basis over the average remaining service period of employees (14 years) from the year following that in which they arise.
   Provision for point card certificates
   In order to prepare for the future cost generated from the utilization of points that customers have earned under the point services such as “au Point Program,” the Company records based on its past experience the amount considered to be appropriate to cover future utilization of the points during or after the next fiscal year.

Provision for warranties for completed construction

To prepare for the cost of a guarantee against defects pertaining to construction work for a submarine cable system for which delivery has been completed, a provision is recorded based on an estimate of a warranty without charge during the term of the guarantee.

Provision for bonuses

To allow for the payment of bonuses to employees, the Company records the estimated amounts of bonuses to be paid based on the internal standards.

Provision for directors' bonuses

To allow for the payment of bonuses to board members, the Company records the estimated amounts of bonuses to be paid.

Provision for loss on the Great East Japan Earthquake

The estimated amount for recovery of assets damaged by the Great East Japan Earthquake that occurred on March 11, 2011 is recorded.

4. Other important matters for the basis of preparing non-consolidated financial statements

(1) Accounting method for deferred assets

Bond issuance cost: recorded as expenses when incurred

(2) Accounting method for consumption taxes

Consumption taxes are accounted for using the net method of reporting.

Non-deductible consumption taxes relating to assets are accounted for as an expense in the fiscal year under review.

(Changes in Accounting Policies)

(Change in Depreciation)

In accordance with revisions to the Corporation Tax Act, the Company has revised its method of accounting for depreciation for property, plant and equipment acquired on or after April 1, 2012, in accordance with the post-revision Corporation Tax Act, from the fiscal year under review.

The impact of this change on income for the fiscal year under review was insignificant.

(Changes in Presentation)

(Non-Consolidated Statements of Income)

"Compensation expenses," which was recorded as "Miscellaneous expenses" under "Non-operating expenses" in the previous fiscal year, is presented as a separate item as it has become more significant from the fiscal year under review.

(Non-Consolidated Balance Sheets)

1. Assets pledged as collateral

(1) Assets pledged as collateral are as follows:

Stocks of subsidiaries and affiliates	¥767 million

Note: Shares in equity-method affiliate Kagoshima Mega Solar Power Corporation was provided as collateral on bank borrowings by that company. As of March 31, 2013, the Company had no corresponding liabilities.

(2) In compliance with Article 4 of the Supplementary Provisions to the "Law Concerning the Rationalization of Regulations in the Telecommunications Field," the total assets of the Company have been pledged as general collateral for the corporate bonds issued.

Bond	¥20,000 million

2. Contingent liabilities, etc.

(1) Guarantor for loans	¥157,841 million
(2) Management support promise note for loans	¥856 million
(3) Guarantor for office lease contract	¥6,521 million
(4) Contingent liabilities for cable system supply contract	¥4,702 million

3. Monetary claims and monetary liabilities to subsidiaries and affiliates

Long-term monetary claims	¥28,033 million
Short-term monetary claims	¥83,758 million
Long-term monetary liabilities	¥367 million
Short-term monetary liabilities	¥83,997 million

4. Reduction entry amount of noncurrent assets

Reduction entry amount attributable to aid for construction cost	¥– million
(cumulative total	¥16,011 million)

5. Total committed lines of credit and loans receivables outstanding
The Company provides financial assistance to and deposits surplus funds among its subsidiaries and affiliates in order to carry out efficient financing and management of funds within the Group. The total committed lines of credit and loans receivables outstanding in these activities are as follows.

Total committed lines of credit	¥50,463 million
Loans receivables outstanding	¥40,401 million
Remaining portion of credit line	¥10,062 million

The above activities are implemented taking into consideration the financial positions and fund raising status of the subsidiaries and affiliates.

(Non-Consolidated Statements of Income)

1. Transactions with subsidiaries and affiliates

Operating income from subsidiaries and affiliates	¥137,285 million
Operating expenses to subsidiaries and affiliates	¥252,293 million
Non-operating transactions with subsidiaries and affiliates	¥12,592 million

2. Gain on sales of noncurrent assets ¥581 million
Gain on sales of noncurrent assets consists of gain on sales of real estate of ¥324 million due to the sale of land, etc. and gain on sales of other facilities of ¥256 million.

3. Loss on sales of noncurrent assets ¥1,060 million
Loss on sales of noncurrent assets consists of loss on sales of real estate of ¥1,050 million due to the sale of land, etc. and loss on sales of other facilities of ¥9 million.

4. Impairment loss ¥77,577 million
During the fiscal year under review, the Company recorded impairment loss mainly on the following assets and asset groups.

(Unit: Millions of yen)

Location	Purpose of use	Item	Impairment loss
Former 800MHz frequency idle facilities (Tokyo, Nagoya, Osaka etc.)	Telecommunications business	Buildings, antenna facilities, machinery, etc.	67,538
Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, right of using submarine line facilities, long-distance line facilities, etc.	10,038

The Company calculates impairment losses by grouping assets based on minimum units that have identifiable cash flows essentially independent from the cash flows of other assets or asset groups.

During the fiscal year under review, the Company discontinued the use of former 800MHz frequency facilities in July 2012 in line with the reorganization of frequencies and drew up a plan for conversion to other frequencies on the shared portion of these facilities.
Facilities not part of this conversion were determined to be idle assets that were expected to have no future value. The Company reduced their book values to recoverable values. This reduction is recognized as impairment loss of ¥67,538 million under extraordinary loss, consisting of ¥28,914 million for buildings, ¥17,583 million for antenna facilities, ¥17,565 million for machinery and ¥3,474 million for others.

Further, the recoverable amount for the said assets is estimated based on the net selling price. The calculation of market value is based on reasonable estimate, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

During the fiscal year under review, for assets with declining utilization rates including some domestic transmission lines as well as idle assets, the Company reduced their book values to recoverable values. This reduction is recognized as impairment loss of ¥10,038 million under extraordinary loss, consisting of ¥6,212 million for local line facilities, ¥1,105 million for right of using submarine line facilities, ¥899 million for long-distance line facilities and ¥1,820 million for others.
Further, the recoverable values for the said assets are estimated based on the net selling price. The calculation of market value is based on appraised values and other factors. The value of assets that are difficult to sell or convert to other uses is set at ¥0.

5. Loss on retirement of noncurrent assets ¥21,661 million
Loss on retirement of noncurrent assets consists of disposal cost of ¥19,784 million and retirement cost of ¥1,870 million, both of which are due to the disposal of the former 800MHz frequency idle facilities, and other costs of ¥6 million.

(Non-Consolidated Statements of Changes in Net Assets)

1. Shares outstanding and treasury stock

(Unit: Shares)

	As of April 1, 2012	Increase during the fiscal year ended March 31, 2013	Decrease during the fiscal year ended March 31, 2013	As of March 31, 2013
Shares outstanding				
Common stock	4,484,818	443,996,982	–	448,481,800
Total	4,484,818	443,996,982	–	448,481,800
Treasury stock				
Common stock	663,006	65,637,894	31,500	66,269,400
Total	663,006	65,637,894	31,500	66,269,400

(The reason of the above changes)
Breakdown of increased outstanding shares is shown as below.
• The increase resulted from a 1:100 share split on common stock (effective date: October 1, 2012). 443,996,982 shares
Breakdown of increased/decreased treasury stock is shown as below.
• The increase resulted from a 1:100 share split on common stock (effective date: October 1, 2012). 65,637,594 shares
• In addition, the increase resulted from the Company’s purchase of shares less than one unit. 300 shares
• The decrease resulted from the exercise of stock options. 31,500 shares

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 20, 2012 Annual shareholders meeting	Common stock	¥32,485 million	¥8,500	March 31, 2012	June 21, 2012
October 24, 2012 Meeting of the Board of Directors	Common stock	¥32,485 million	¥8,500	September 30, 2012	November 20, 2012
Total		¥64,970 million			

(2) Dividends payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

As a proposal of the annual shareholders meeting to be held on June 19, 2013, the Company has proposed the following matters regarding dividends of common stock.

1) Total dividends	¥36,310 million
2) Dividends per share	¥95
3) Record date	March 31, 2013
4) Effective date	June 20, 2013

The dividends shall be paid from retained earnings.

3. Class and number of shares subject to subscription rights (excluding those whose exercise period has not yet commenced) at the end of the fiscal year under review

Common stock 35,338,823 shares*

* The figure includes the subscription rights on 34,897,923 shares (upper limit) attached to the convertible bond-type bonds.

(Tax Effect Accounting)

Significant components of deferred tax assets and liabilities

(Unit: Millions of yen)

Deferred tax assets:	Provision for retirement benefits	2,164
	Provision for bonuses	6,884
	Excess amount of allowance for doubtful accounts, etc.	15,146
	Provision for point card certificates	34,092
	Denial of accrued expenses	3,767
	Excess amount of depreciation and amortization	37,335
	Denial of loss on retirement of noncurrent assets	1,822
	Denial of loss on valuation of inventories	2,402
	Accrued enterprise taxes	6,744
	Denial of impairment loss	59,407
	Denial of advances received	19,439
	Loss on valuation of investment securities	1,832
	Provision for loss on the Great East Japan Earthquake	20
	Other	955
	Deferred tax assets subtotal	192,017
	Valuation allowance	(6,648)
Total deferred tax assets		185,368
Deferred tax liabilities:	Reserve for special depreciation	(568)
	Valuation difference on available-for-sale securities	(20,077)
	Gain on share exchanges	(1,692)
Total deferred tax liabilities		(22,338)
Net deferred tax assets		163,029

(Noncurrent Assets Used under Leases)

Of finance lease transactions that do not transfer the ownership rights of the assets to the lessees, the lease transactions whose inception date is on or before March 31, 2008 are accounted for by a method similar to that applicable to ordinary operating lease transactions.

1. Lease payments and depreciation equivalent

Lease payments	¥2 million
Depreciation equivalent	¥2 million

2. Method of calculating depreciation equivalent
   Lease assets are depreciated and amortized under the straight-line method based on the lease term as the useful life and residual value of zero.

(Financial Instruments)

1. Status of financial instruments
   (1) Policy relating to financial instruments
   In light of plans for capital investments primarily for conducting telecommunications business, the Company raises the funds it requires through bank loans and bonds issuance. The Company manages temporary fund surpluses through financial assets that have high levels of safety. Further, the Company raises short-term working capital through bank loans. Regarding derivatives policy, the Company adheres to the fundamental principle of limiting transactions to those actually required and never conducting speculative transactions for trading profit.
   (2) Details of financial instruments, associated risk, and risk management system
   Trade receivables such as notes and accounts receivable-trade and accounts receivable-other are exposed to credit risk in relation to customers and trading partners. For such risk, the Company has established a system that manages the due dates and balances of each customer and trading partner as well as conducts analysis of their credit status, based on the Company's criteria for managing credit exposure.
   The Company is exposed to market price fluctuation risk in relation to investment securities. However, those are primarily the shares of companies with which the Company has operational relationships, and periodic analysis of market values is reported to the Board of Directors.
   Almost all trade payables such as notes and accounts payable-trade, accounts payable-other, accrued expenses and income taxes payable have payment due dates within one year. Those trade payables are exposed to liquidity risk at the time of settlement. However, the Company reduces that risk by reviewing fund-raising plans every month.
   Among loans payable, short-term loans payable are primarily for fund raising related to sales transactions, and long-term loans payable are primarily for fund raising related to capital investments and other investments and financing. Loans payable with variable interest rates are exposed to interest rate fluctuation risk. However, to reduce fluctuation risk for interest payable and fix interest expenses when it enters into long-term loans at variable interest rates, based on the premise that requirements for special treatment of interest rate swaps are met in relation to evaluation of the effectiveness of hedges, the Company uses interest rate swap transactions as a hedging method on an individual contract basis in principle.
   As for the market risk pertaining to transactions, the Company uses derivative transactions for the purpose of avoiding risks existing in assets and liabilities on the non-consolidated balance sheets, and interest transactions bear interest rate fluctuation risk.
   Furthermore, the Company determines that there is small credit risk resulting from default of contracts with financial institutions because the Company's derivative transactions are conducted with the financial institutions with high credit ratings.
   Based on the internal rules and their supplemental provisions of the Company, derivative transactions shall be conducted between the finance/accounting divisions and the financial institutions with high credit ratings, subject to obtaining approval for each derivative transaction by authorized persons stipulated in the relevant authorization rules.
   (3) Supplementary explanation of items relating to the market value of financial instruments
   The market values of financial instruments include prices based on market prices, or reasonably estimated prices if there are no market prices. Since the calculation of market values involves fluctuating factors, these values are subject to change when different assumptions are used.

2. Market value of financial instruments
   Amounts recognized in the non-consolidated balance sheet, market values, and the differences between them as of March 31, 2013 are as shown below. Items for which it is extremely difficult to determine market values are not included in the following table (see Note 2).

(Unit: Millions of yen)

		Book value	Market value	Difference
1)	Cash and deposits	52,840	52,840	–
2)	Accounts receivable-trade	901,468		
	Allowance for doubtful accounts *1	(18,581)		
		882,887	882,887	–
3)	Accounts receivable-other	38,057	38,057	–
4)	Investment securities Available-for-sale securities	66,191	66,191	–
5)	Short-term loans receivable from subsidiaries and affiliates *2	40,401	40,401	–
6)	Stocks of subsidiaries and affiliates	349,198	326,474	(22,724)
7)	Long-term loans receivable from subsidiaries and affiliates *3	58,877	59,691	814
Total assets		1,488,453	1,466,543	(21,909)
8)	Accounts payable-trade	66,151	66,151	–
9)	Short-term loans payable	147,315	147,315	–
10)	Accounts payable-other	266,537	266,537	–
11)	Accrued expenses	6,409	6,409	–
12)	Income taxes payable	92,683	92,683	–
13)	Deposits received	13,548	13,548	–
14)	Bonds payable *4	349,996	363,243	13,247
15)	Convertible bond-type bonds with subscription rights to shares	200,666	271,960	71,293
16)	Long-term loans payable *4	321,517	326,450	4,933
Total liabilities		1,464,827	1,554,300	89,473

*1. Allowance for doubtful accounts relating to 2) Accounts receivable-trade is deducted.

*2. This excludes the current portion of long-term loans receivable from subsidiaries and affiliates under current assets.

*3. This includes the current portion of long-term loans receivable from subsidiaries and affiliates under current assets.

*4. This includes the current portion of bonds payable and long-term loans payable under noncurrent liabilities.

Note 1: Method for calculation of the market value of financial instruments, and notes to short-term investment securities

1) Cash and deposits, 2) Accounts receivable-trade, 3) Accounts receivable-other, and 5) Short-term loans receivable from subsidiaries and affiliates

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the book values are used. Further, because the credit risk is extremely difficult to determine on an individual basis for accounts receivable-trade, allowance for doubtful accounts is regarded as credit risk and the market value is calculated accordingly.

4) Investment securities and 6) Stocks of subsidiaries and affiliates

With respect to the market values, the market prices at the stock exchanges are used.

7) Long-term loans receivable from subsidiaries and affiliates

The market value of long-term loans receivable from subsidiaries and affiliates is calculated by applying a discount rate based on the assumed interest rate if a new loan contract was entered into for the same amount as the total of principal and interest.

8) Accounts payable-trade, 9) Short-term loans payable, 10) Accounts payable-other, 11) Accrued expenses, 12) Income taxes payable, and 13) Deposits received

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the book values are used.

14) Bonds payable, 15) Convertible bond-type bonds with subscription rights to shares, and 16) Long-term loans payable

The market values of bonds payable and convertible bond-type bonds with subscription rights to shares are calculated based on a market price. The market value of long-term loans payable is calculated by applying a discount rate based on the assumed interest rate if a new loan contract was entered into for the same amount as the total of principal and interest. However, long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically and their market values are almost the same as their book values; therefore, the book values are used.

Note 2: Financial instruments of which it is extremely difficult to determine market value

(Unit: Millions of yen)

	Book value
Investment securities Unlisted equity securities	10,038
Stocks of subsidiaries and affiliates Unlisted equity securities	252,884
Investments in capital of subsidiaries and affiliates	8,380

Because their market values are not available and extremely difficult to determine, they are not included in the above table.

(Equity in net income (losses) of affiliates and others)

Amount of investments in affiliates	¥390,057 million
Amount of investments in affiliates based on equity method	¥348,345 million
Amount of equity in net income of affiliates based on equity method	¥3,898 million

(Transactions with Related Parties)

Subsidiaries and affiliates, etc.

(Unit: Millions of yen)

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Subsidiary	Japan Cablenet Limited	Chuo-ku, Tokyo	34,872	Operation support for CATV companies	Possession Direct 28.5 % Indirect 70.9 %
Affiliate	UQ Communications Inc.	Minato-ku, Tokyo	23,925	Wireless broadband services	Possession Direct 32.3 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2013
Financial support Sharing of concurrent positions by board members	Lending of loans (Note 1)	(4,450)	Long-term loans receivable from subsidiaries and affiliates	5,000
			Short-term loans receivable from subsidiaries and affiliates	29,700
	Receiving of interests	275	Accounts receivable-other	5
Debt guarantee of loans Sharing of concurrent positions by board members	Debt guarantee (Note 2)	157,800	–	–
	Receiving of guarantee fee	328	Accounts receivable-other	79

Terms and conditions of transactions, and policies on such terms and conditions

Note 1: For the lending of loans to Japan Cablenet Limited, loan periods are determined based on the nature of the company's funding requirements, and interest rates are reasonably determined based on the loan periods considering market interest rates.
The Company does not receive any collateral or the like because the lending is carried out for the purpose of efficient management of funds within the Group.

Note 2: The debt guarantee for UQ Communications Inc. is to guarantee their bank borrowings, and the amount shown in "Amounts of Transaction" is the outstanding balance as of the fiscal year end.

(Per Share Information)

1. Net assets per share ¥2,918.65
2. Net income per share ¥302.66

The Company conducted a 1:100 share split on common stock with an effective date of October 1, 2012. The Company also conducted a 1:2 share split on common stock with an effective date of April 1, 2013. Net assets per share and net income per share have been calculated as if the share split was conducted at the beginning of the fiscal year under review.

(Significant Subsequent Event)

(Notice Concerning Share Split)

Based on the Board of Director's resolution which was held on January 28, 2013, the Company conducted a share split with an effective date of April 1, 2013.

1. Purpose of share split

The share split has been conducted with the aim of increasing the liquidity of the Company's stock and expanding its investor base by reducing the price of share-trading units.

2. Outline of share split

(1) Method of share split

The share split had a record date of Sunday, March 31, 2013 (because this date fell on a holiday, for all practical purposes the date in substance was Friday, March 29, 2013) and involved the splitting of common stock held by shareholders whose names appeared or were recorded in the latest Registry of Shareholders on the record date at a ratio of 1:2.

(2) Number of increase in shares by share split

1) Total number of issued shares before share split	448,481,800 shares
2) Number of increase in shares by share split	448,481,800 shares
3) Total number of issued shares after share split	896,963,600 shares
4) Total number of authorized shares after share split	1,400,000,000 shares

(3) Schedule of share split

1) Public notice date of the record date	Thursday, March 14, 2013
2) Record date	Sunday, March 31, 2013

* For all practical purposes the record date in substance was Friday, March 29, 2013.

3) Effective date	Monday, April 1, 2013

3. Others

(1) Changes in capital

The share split did not result in changes in capital.

(2) Share information

Information on the impact of this share split is included in the “Per Share Information” section.

(Acquisition of Jupiter Telecommunications Co., Ltd. Shares)

On April 17, 2013, the Company acquired through public tender an additional 644,115 shares in Jupiter Telecommunications Co., Ltd. (hereafter, “J:COM”). As a result, the Company’s ownership of J:COM amounted to 2,777,912 shares(Note), and voting rights came to 40.47%. In accordance with effective control standards, J:COM was converted to a consolidated subsidiary as of that date.

Note: The Company also owns an additional 152,904 shares in J:COM, which are entrusted for a securities custodial trust. As the trust agreement precludes the Company from exercising voting rights on these shares, they are not included in the share numbers stated above.

1. Overview of business combination

(1) Name of acquired company

Name	Jupiter Telecommunications Co., Ltd.
Business activities	Cable TV broadcast and telecommunications business through supervision and operation of cable TV stations; supervision of programming business for Cable TV stations and digital satellite broadcasters etc.
Operating revenues(Note)	¥376,835 million
Net income attributable to J:COM shareholders	¥41,623 million
Total J:COM shareholders’ equity	¥454,547 million
Total assets	¥812,030 million

Note: As of December 31, 2012 (J:COM annual securities report (the 19th period))
J:COM prepares consolidated financial statements based on accounting principles generally accepted in the United States of America.

(2) Main reason for the business combination

The Company acquired additional shares in J:COM and converted this company to a consolidated subsidiary considering for a potential business combination with consolidated subsidiary Japan Cablenet Limited, thereby expanding the customer base of the cable TV business, and integrating J:COM’s media business with the Company’s telecommunications business. These approaches are in line with efforts to increase synergies under the Company’s growth strategy, the “3M Strategy.”

(3) Date of business combination

April 17, 2013 (date of commencement of TOB settlement)

(4) Legal form of business combination
Acquisition of shares

(5) Name of company after business combination
Jupiter Telecommunications Co., Ltd.

(6) % of voting rights acquired

Voting rights held immediately before the business combination	31.08%
Additional voting rights acquired on the day of the business combination	9.38%
Voting rights after the acquisition	40.47%

NJ Corporation (the Company's equity-method affiliate), in which the Company and Sumitomo Corporation hold the same number of voting rights, acquired 553,679 shares (voting rights of 8.09%) through this tender offer. Accordingly, the Company holds 4.05% of the voting rights indirectly through NJ Corporation.

(7) Main factors in determination of acquirer
Because the type of consideration was cash, the Company, which provided the cash, was determined to be the acquirer.

2. Breakdown of acquisition cost of the acquired company
(1) Consideration for acquisition
¥79,226 million (additional acquisition) (Reference) NJ Corporation ¥68,338 million
(2) Costs directly incurred for acquisition
Unconfirmed

(Application of Restrictions on Maximum Dividend Payments)

The Company is subject to restrictions on maximum dividend payments.

Note: Amounts of items listed in the non-consolidated financial statements and others are rounded down to the nearest million yen.