



Ubiquitous Solution Company

KDDI CORPORATION

Financial Results for the 3rd Quarter
of the Fiscal Year Ending March 2011

January 24, 2011

President
Takashi Tanaka

The figures included in the following brief, including the business performance target and the target for the number of subscribers are all projected data based on the information currently available to the KDDI Group, and are subject to variable factors such as economic conditions, a competitive environment and the future prospects for newly introduced services.

Accordingly, please be advised that the actual results of business performance or of the number of subscribers may differ substantially from the projections described here.

1. Financial Results Highlights (1-3Q/9 months ended Dec. 2010)

1 Consolidated basis

- Operating revenues declined 0.5% yoy. Operating income declined 1.3% yoy.
On-track performance: 83.6% of full-year's operating income forecast.

2 Mobile Business

- Operating revenues declined 2.5% yoy. Operating income declined 11.8% yoy.
- Number of "au" subscription as of December 31, 2010 was 32.53M, with a cumulative share of 27.8%.^{Note1}
- Number of non-triband handset units was 5.55M as of December 31, 2010.
- Launched "IS03" with standard functions in Japan on November 26, 2010 and introduced a new pricing plan "IS Flat," and "Maitsuki Discount" (monthly discount of basic fees).
- Smartphone sales were 0.39M units^{Note2} in 3Q. "IS03" proved a favorable launch.

3 Fixed-line Business

- Operating revenues increased 5.8% yoy. Accomplished a turnaround in operating profit, which posted ¥6.8B, showing a major recovery of ¥41.6B yoy.
- Fixed access line subscription counted 6.33M as of December 31, 2010. Of which, FTTH subscription rose to 1.83M.

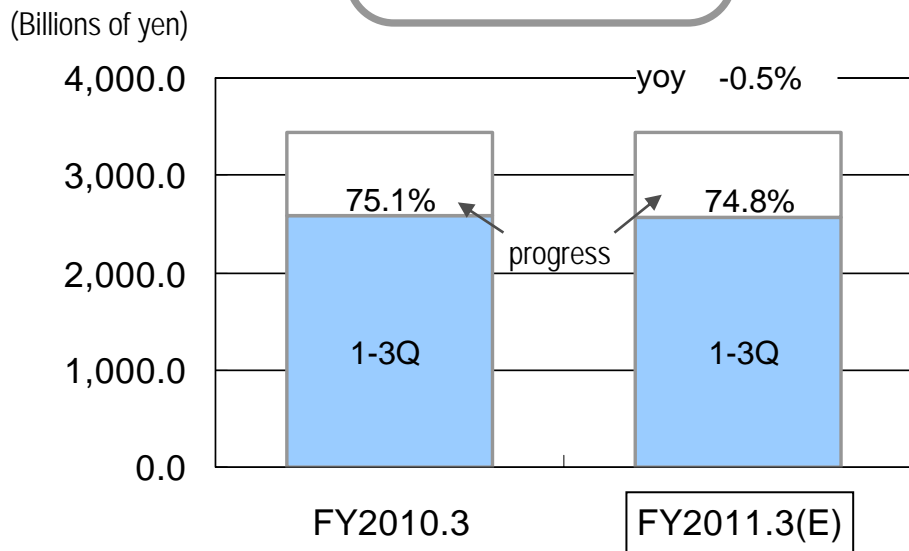
4 Completed purchase of own shares on January 18, 2011. (208,271 shares / Total of ¥100.0B)

Note1: Of the market consisting of four companies including KDDI(au), NTT DOCOMO, SOFTBANK MOBILE, and EMOBILE.

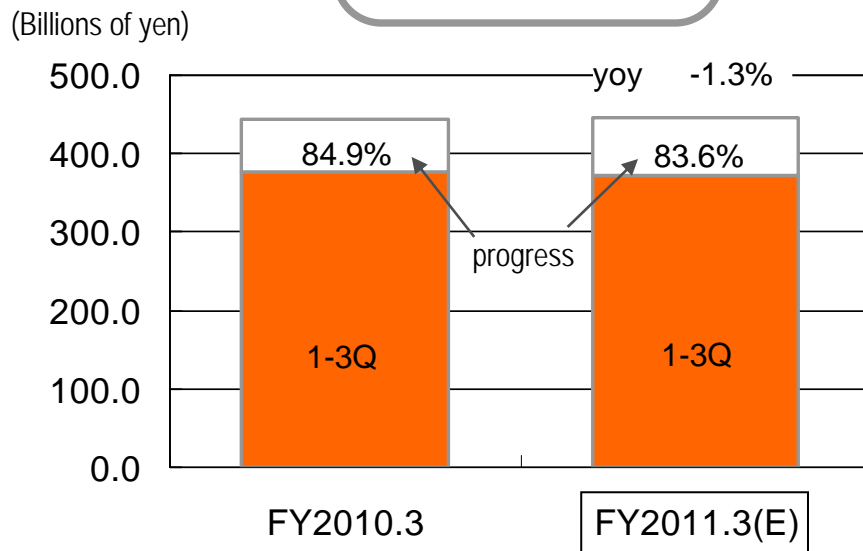
Note2: Total units of "IS series" sold between October 1, 2010 and December 31, 2010.

2. Consolidated Financial Results

Operating revenues



Operating income

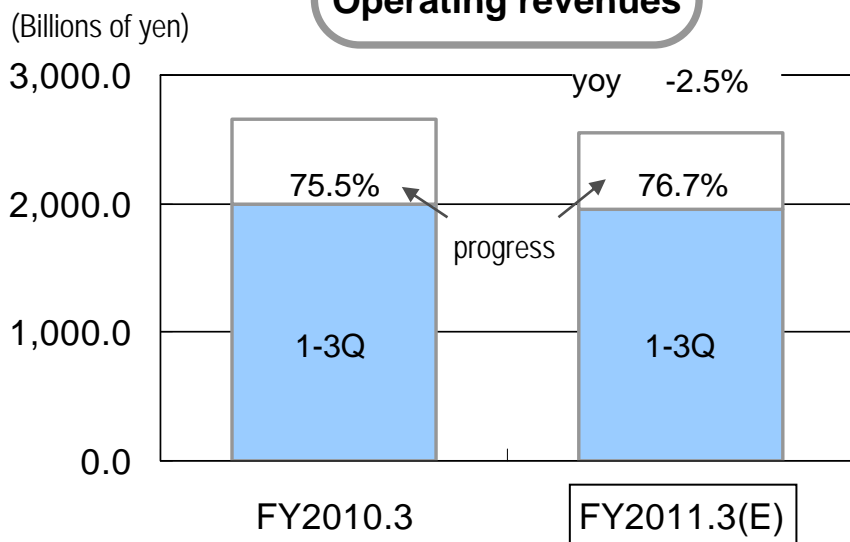


(Billions of yen)

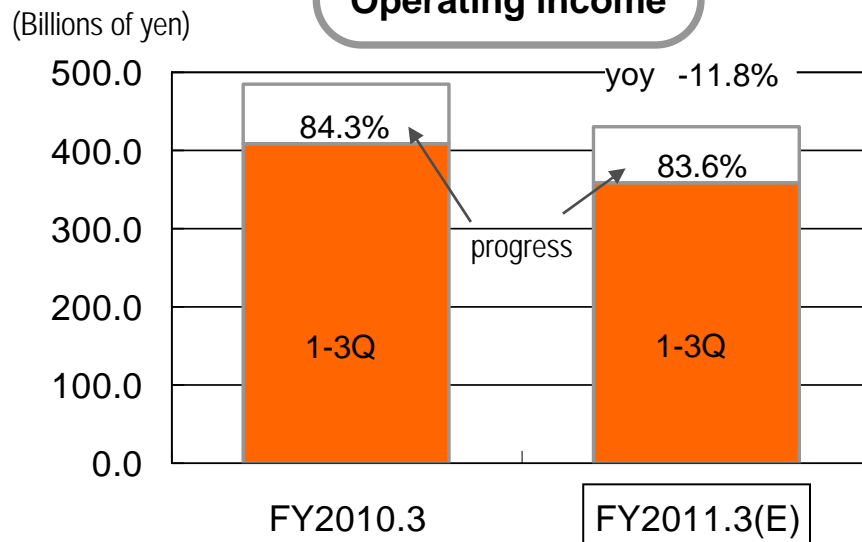
	FY2010.3		FY2011.3(E)			
	1-3Q		1-3Q	yoy	progress	
Operating revenues	2,585.3	3,442.1	2,571.9	-0.5%	74.8%	3,440.0
Operating income	376.8	443.9	372.1	-1.3%	83.6%	445.0
<i>Operating margin</i>	14.6%	12.9%	14.5%	-	-	12.9%
Ordinary income	362.8	422.9	349.7	-3.6%	83.3%	420.0
Net income	212.6	212.8	202.6	-4.7%	84.4%	240.0
Free Cash Flow	131.7	-184.4	221.5	-	-	230.0
EBITDA	729.5	927.3	710.1	-2.7%	78.0%	910.0
<i>EBITDA margin</i>	28.2%	26.9%	27.6%	-	-	26.5%

3. Mobile Business

Operating revenues



Operating income



(Billions of yen)

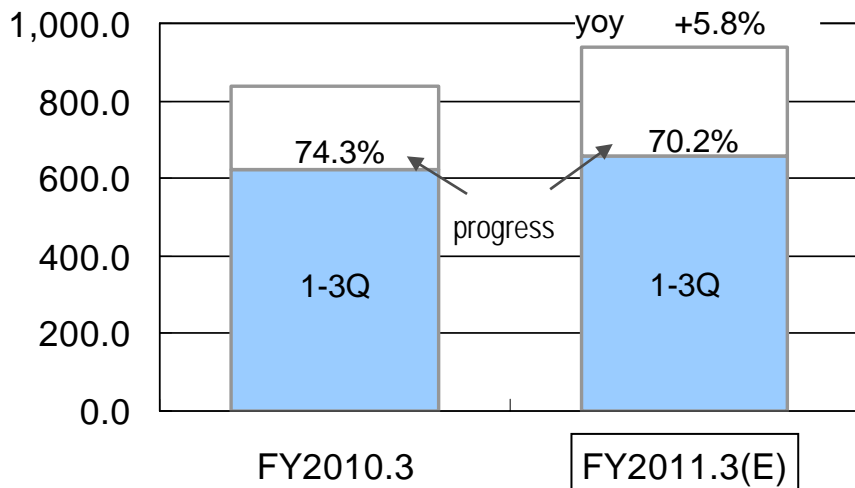
	FY2010.3		FY2011.3(E)			
	1-3Q		1-3Q	yoy	progress	
Operating revenues	2,001.4	2,650.1	1,952.3	-2.5%	76.7%	2,545.0
Operating income	407.9	483.7	359.6	-11.8%	83.6%	430.0
<i>Operating margin</i>	20.4%	18.3%	18.4%	-	-	16.9%
Ordinary income ^{Note}	413.7	490.6	353.1	-14.6%	85.1%	415.0
Net income	247.4	293.2	203.5	-17.8%	86.6%	235.0
Free Cash Flow	200.2	276.5	206.6	-	-	235.0
EBITDA	657.5	826.8	602.5	-8.4%	78.8%	765.0
<i>EBITDA margin</i>	32.9%	31.2%	30.9%	-	-	30.1%

Subs	FY2010.3		FY2011.3(E)	
	(' 000)		3Q	3Q
"au" Total	31,393	31,872	32,527	32,800
of module-type	1,033	1,085	1,353	1,300
WIN(EV-DO)	25,149	26,174	28,716	29,900
1X	5,974	5,451	3,649	-
cdmaOne	271	247	162	-
UQ WiMAX	64	150	524	800
(Ref.) au + UQ WiMAX	31,457	32,023	33,052	33,600

4. Fixed-line Business

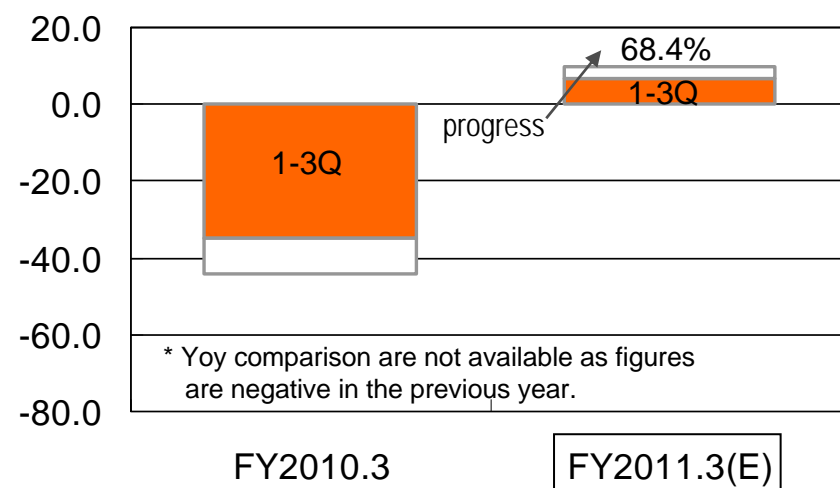
Operating revenues

(Billions of yen)



Operating income

(Billions of yen)



(Billions of yen)

	FY2010.3		FY2011.3(E)			
	1-3Q	3Q	1-3Q	yoy	progress	
Operating revenues	623.8	839.2	660.0	+5.8%	70.2%	940.0
Operating income	-34.8	-44.2	6.8	-	68.4%	10.0
Operating margin	-5.6%	-5.3%	1.0%	-	-	1.1%
Ordinary income ^{Note4}	-44.4	-56.8	-5.0	-	-	0.0
Net income	-27.9	-68.4	-1.4	-	-	0.0
Free Cash Flow	-45.4	-75.7	16.2	-	-	0.0
EBITDA	67.3	94.7	101.4	+50.5%	72.4%	140.0
EBITDA margin	10.8%	11.3%	15.4%	-	-	14.9%

Subs	FY2010.3		FY2011.3(E)		
	(' 000)	3Q	3Q	3Q	
ADSL		1,027	1,031	880	840
FTTH		1,426	1,513	1,833	2,040
Metal-plus ^{Note1}		2,927	2,852	2,622	2,570
Cable-plus phone		871	960	1,250	1,280
CATV ^{Note2}		913	972	1,065	1,040
Fixed access lines ^{Note3}		5,813	5,944	6,326	6,480

Note1 : Including ADSL one (ADSL used over Metal-plus).

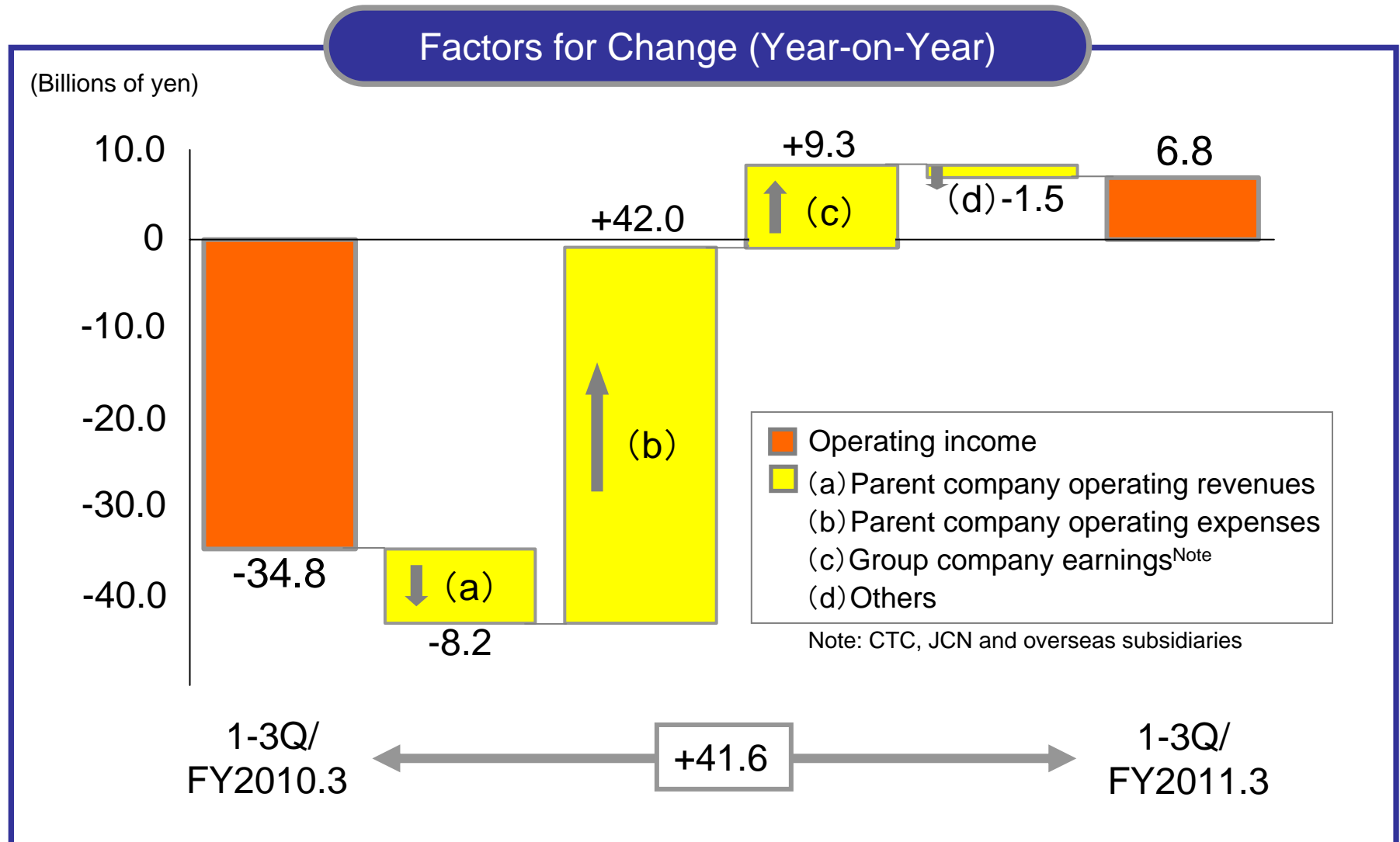
Note2: CATV subs include number of households with at least one contract of broadcasting, internet, or telephone.

Note3: Fixed access lines are FTTH, direct-revenue telephony (Metal-plus, Cable-plus phone), and CATV subs. The number excludes crossover subs.

Note4: For FY2011.3 and its expected figures, equity-method investment income/loss, which used to be excluded from segment, is allocated to each segment.

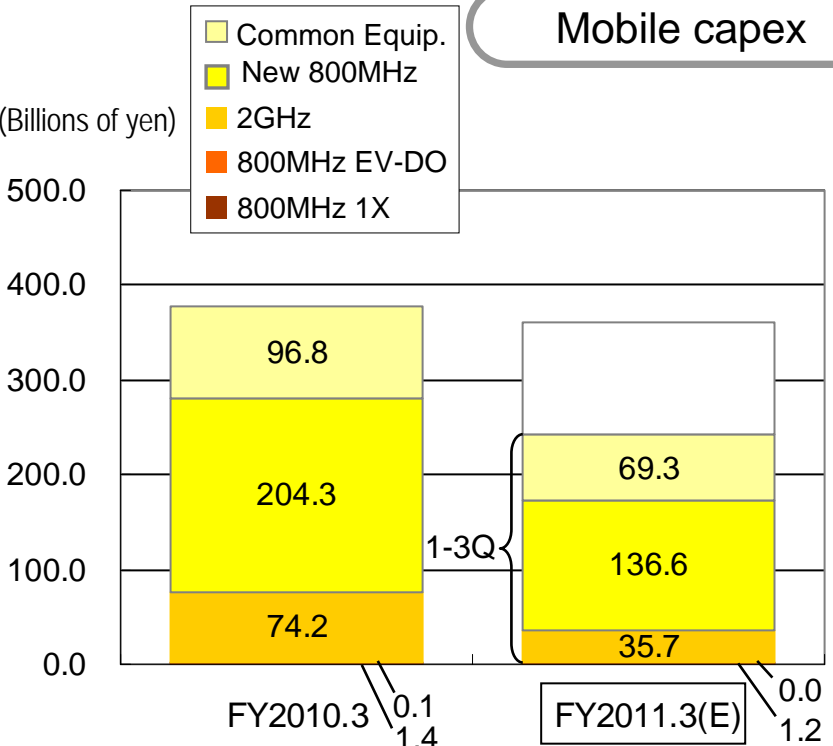
(Ref.) Fixed-line Business Operating Income

■ Accomplished a turnaround in operating profit, posting ¥6.8B in 1-3Q/FY2011.3.

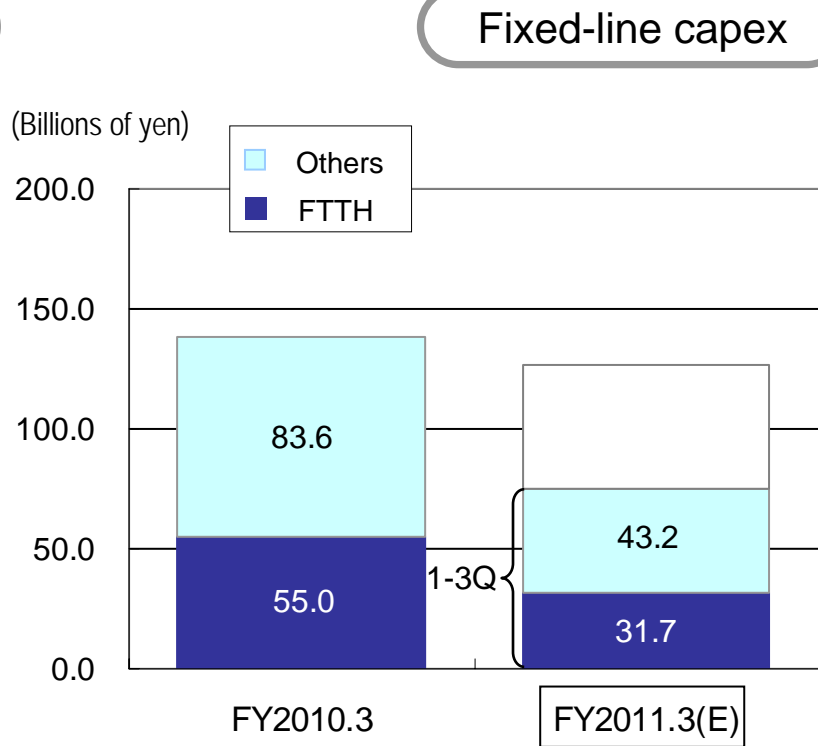


5. Capital Expenditures

Mobile capex



Fixed-line capex



(Billions of yen)

		FY2010.3		FY2011.3(E)			
		1-3Q		1-3Q	yoy	progress	
Capex (Cash basis)	Consolidated	380.6	518.0	319.2	-16.1%	65.2%	490.0
	Mobile	280.6	376.8	242.7	-13.5%	67.4%	360.0
	Fixed-line	98.3	138.7	75.0	-23.7%	59.0%	127.0

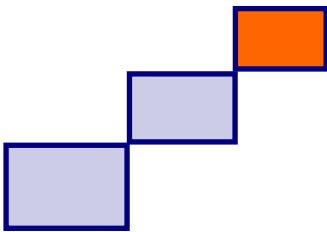
6. Results of Share Buyback

(Ref.) Resolution at the board of members meeting on Oct. 22, 2010

Type of shares acquired	Shares of common stock	Shares of common stock
Total number of shares acquired	208,271 shares	Up to 230,000 shares
Total amount of purchase	99,999,873,000 yen	Up to 100.0 billion yen
Period of purchase ^{Note}	From November 5, 2010 to January 18, 2011	From October 25, 2010 to March 31, 2011

➤ Possession of own shares as of January 18, 2011.

- Total shares outstanding: 4,484,818 shares
- Of which, own shares: 238,976 shares (Ratio of shares outstanding: 5.32%)

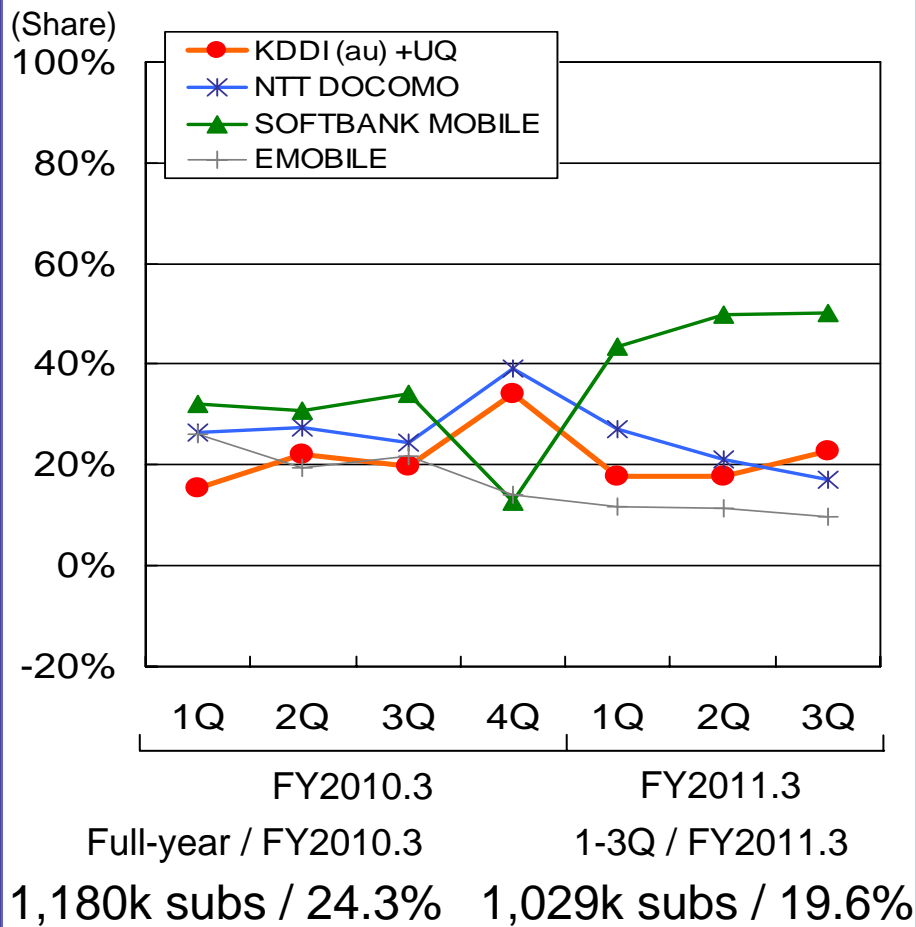


Status of Key Performance Indicators

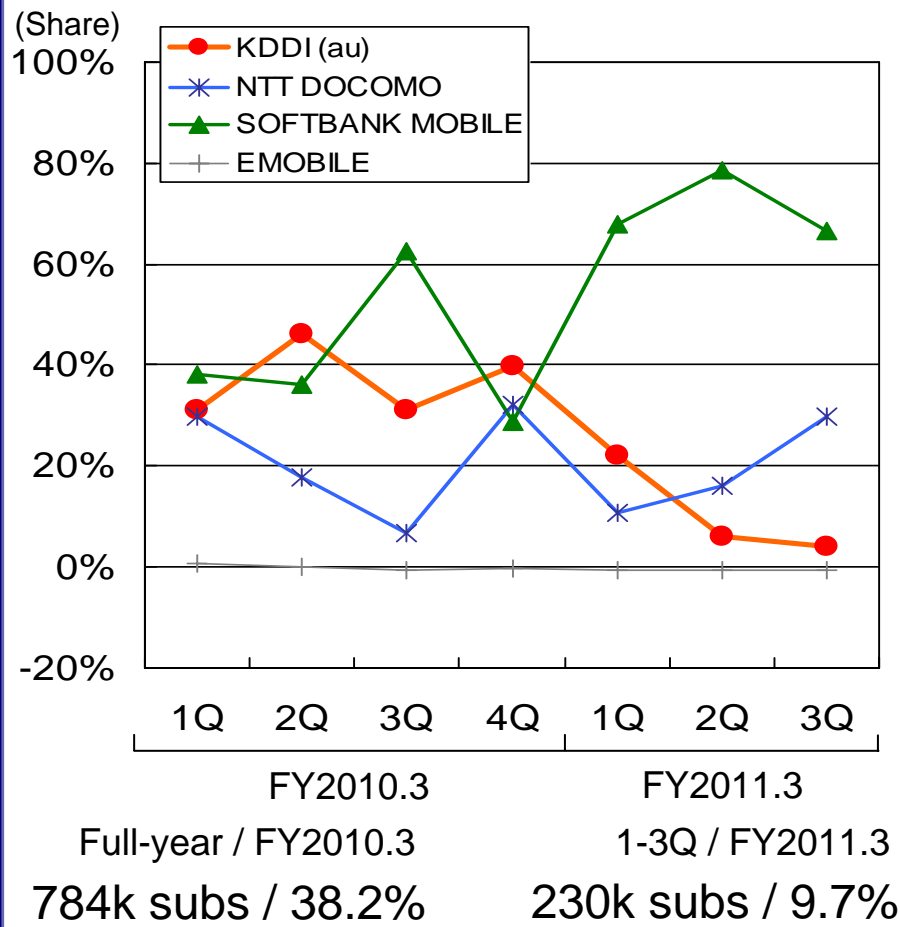
1. Net Additions

- Net additions of subs incl. UQ in 1-3Q/FY2011.3 were 1,029k with a share of 19.6%.
- Net additions of mobile Internet subs were 230k with a share of 9.7%.

On Total Sub Basis ^{Note} (including BWA)



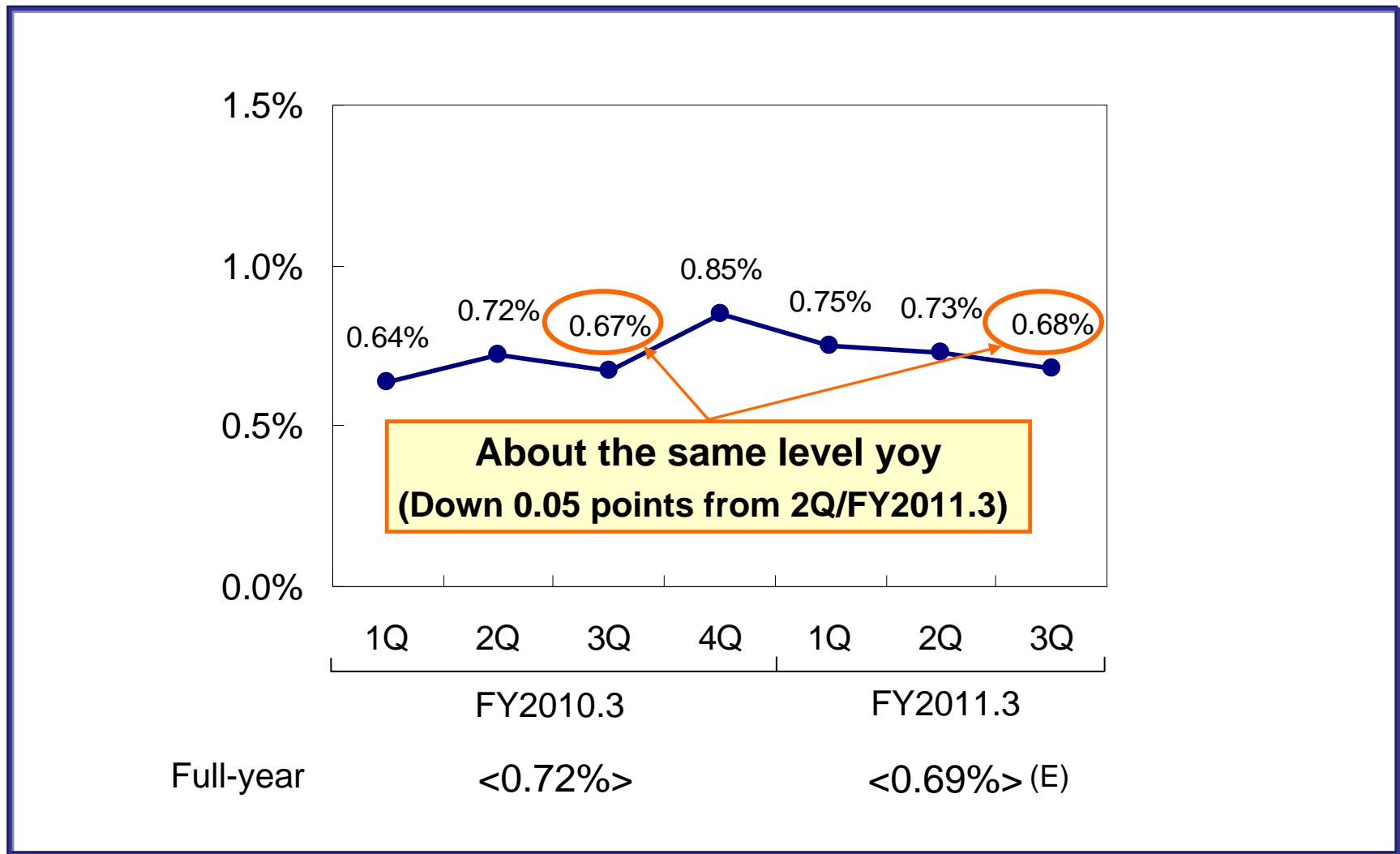
On Mobile Internet Sub Basis



Note: The number includes mobile handsets, smartphones, data and module-type terminals. BWA: Broadband Wireless Access
 Source: Telecommunications Carriers Association's website.

2. Churn Rate

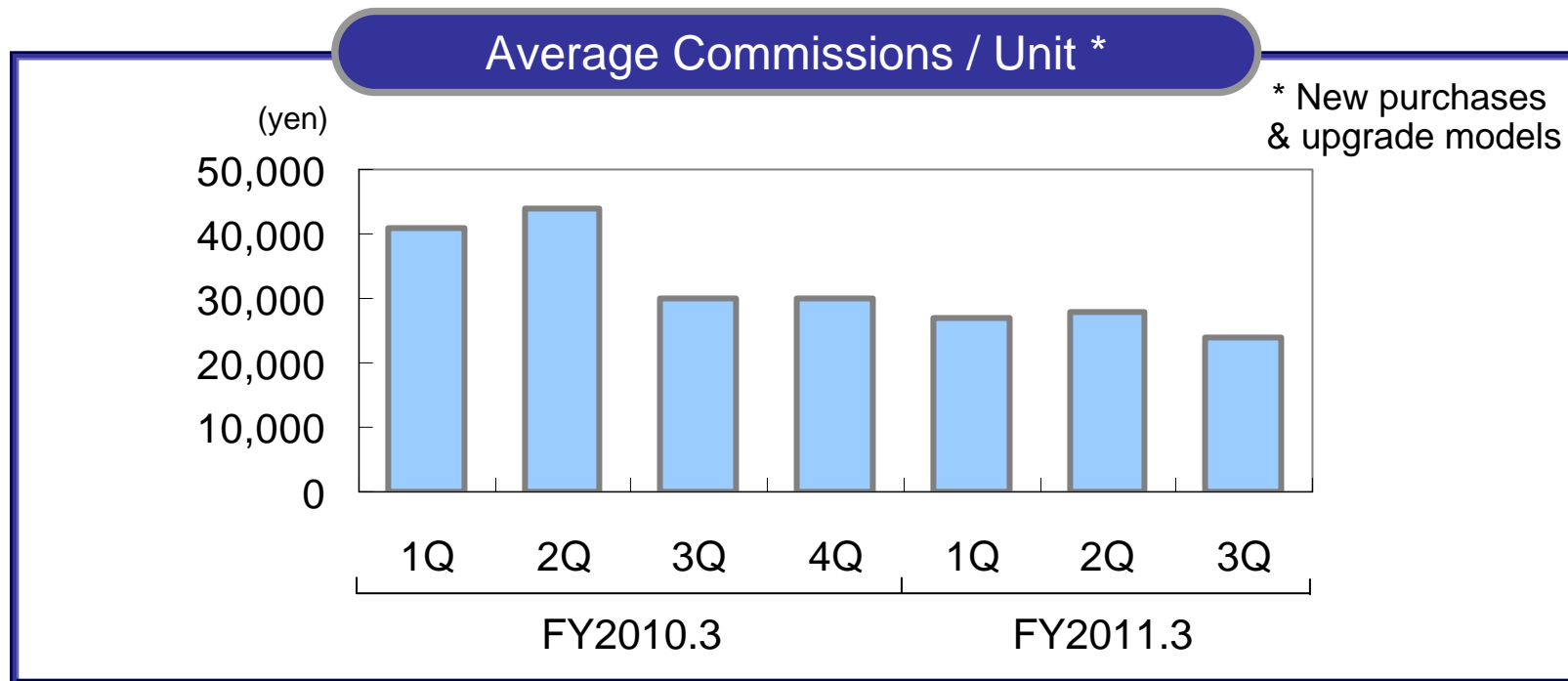
■ Churn rate in 3Q was 0.68%.



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

3. Sales Commissions

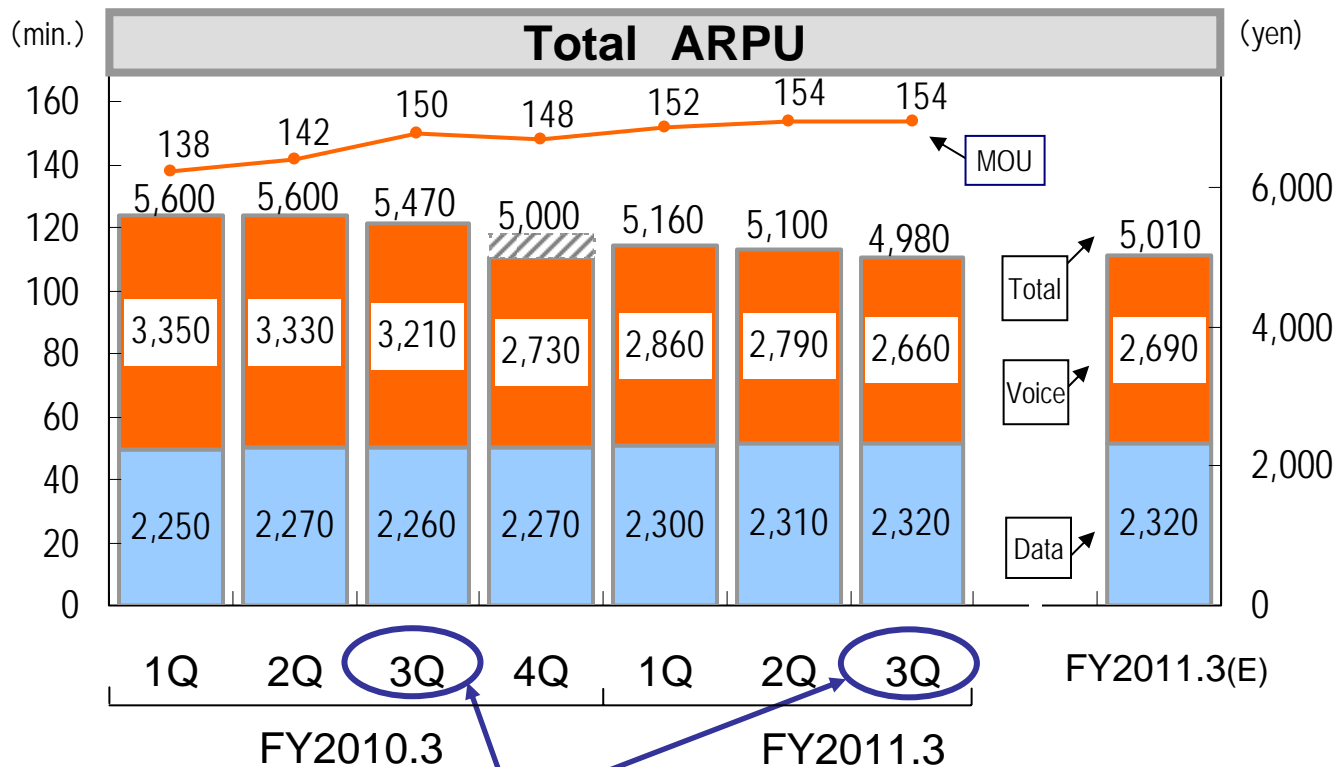
■ Average sales commissions in 3Q was ¥24,000.



	FY2010.3				FY2011.3(E)				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Total sales commissions (Billions of yen)	90.0	112.0	71.0	93.0	365.0	76.0	80.0	65.0	303.0
Average commissions / unit (yen)	41,000	44,000	30,000	30,000	36,000	27,000	28,000	24,000	29,000
Number of units sold ('000 units)	2,210	2,560	2,330	3,100	10,200	2,810	2,830	2,700	10,600


4. ARPU

■ Total ARPU in 3Q dropped 9.0% yoy to ¥4,980.



yoy	
Total ARPU	▲ ¥490 (▲ 9.0%)
of Voice	▲ ¥550 (▲ 17.1%)
of Data	+ ¥60 (+ 2.7%)

Full-year	FY2010.3	FY2011.3(E)
Total ARPU	¥5,410	¥5,010
of Voice	¥3,150	¥2,690
of Data	¥2,260	¥2,320

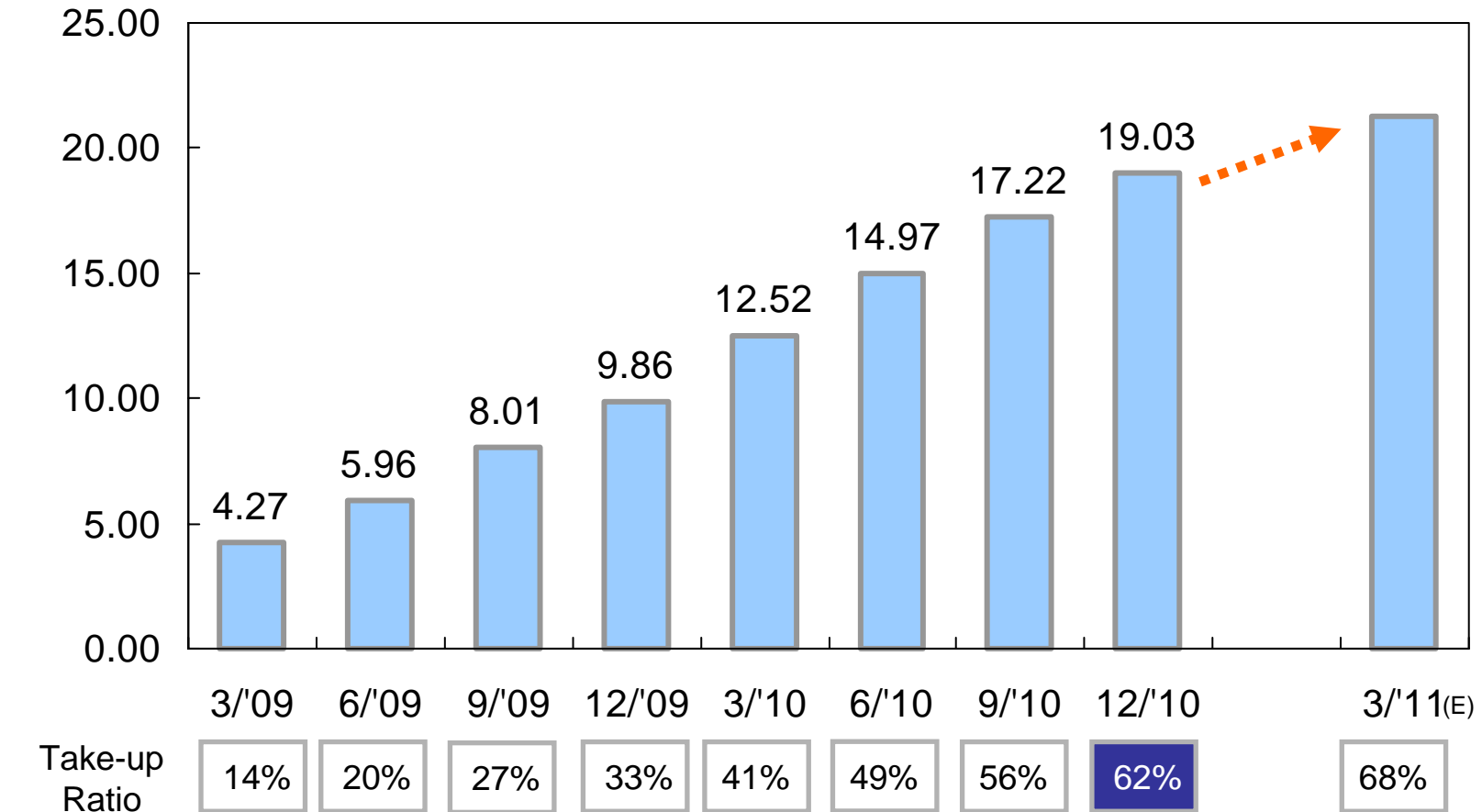
Note: The  portion of FY2010.3 4Q was negative due to the settlement of access charges among carriers.

5. " Simple Course "

■ 19.03M subs as of December 31, 2010, making cumulative take-up ratio of 62%^{Note.}

Number of Subs and Take-up Ratio

(Million subs)

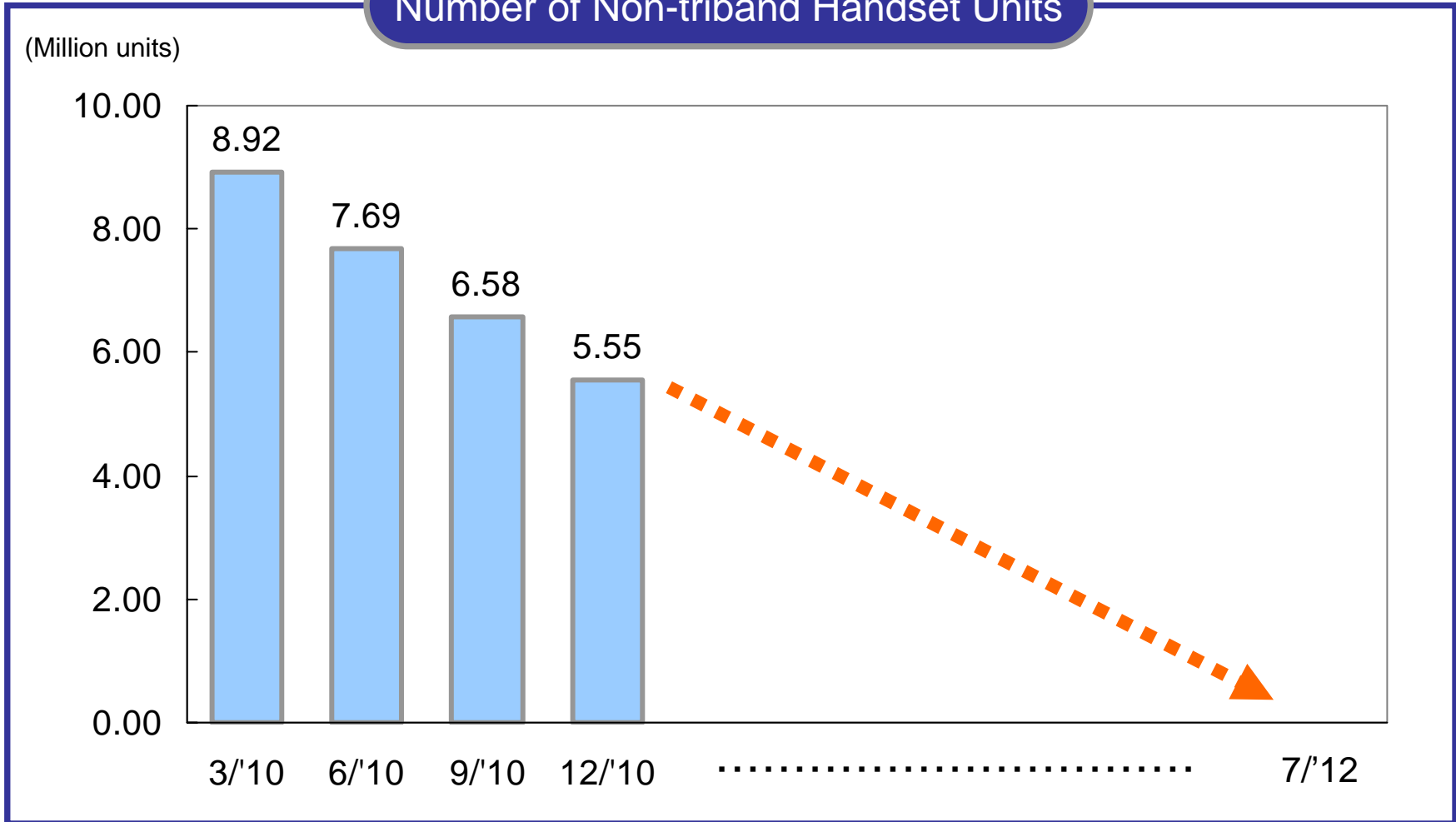


Note: Module-type and pre-paid contract are excluded from take-up ratio calculation.

6. Reorganization of 800MHz Band

- Transfer from non-triband handset units to triband handset units was 2.74M in 1-3Q/ FY2011.3. Non-triband handset units totaled 5.55M as of December 31, 2010.

Number of Non-triband Handset Units

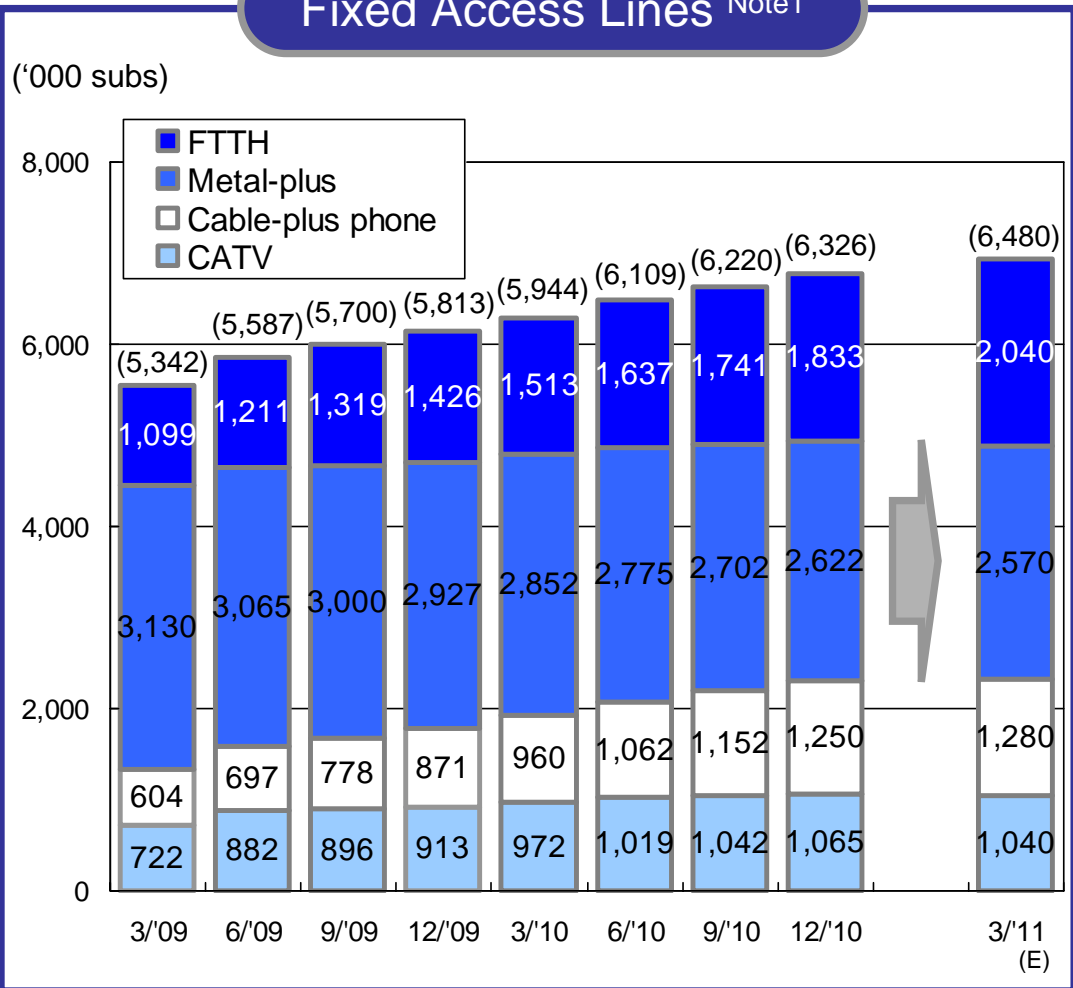


Note: The number excludes module-type terminals.

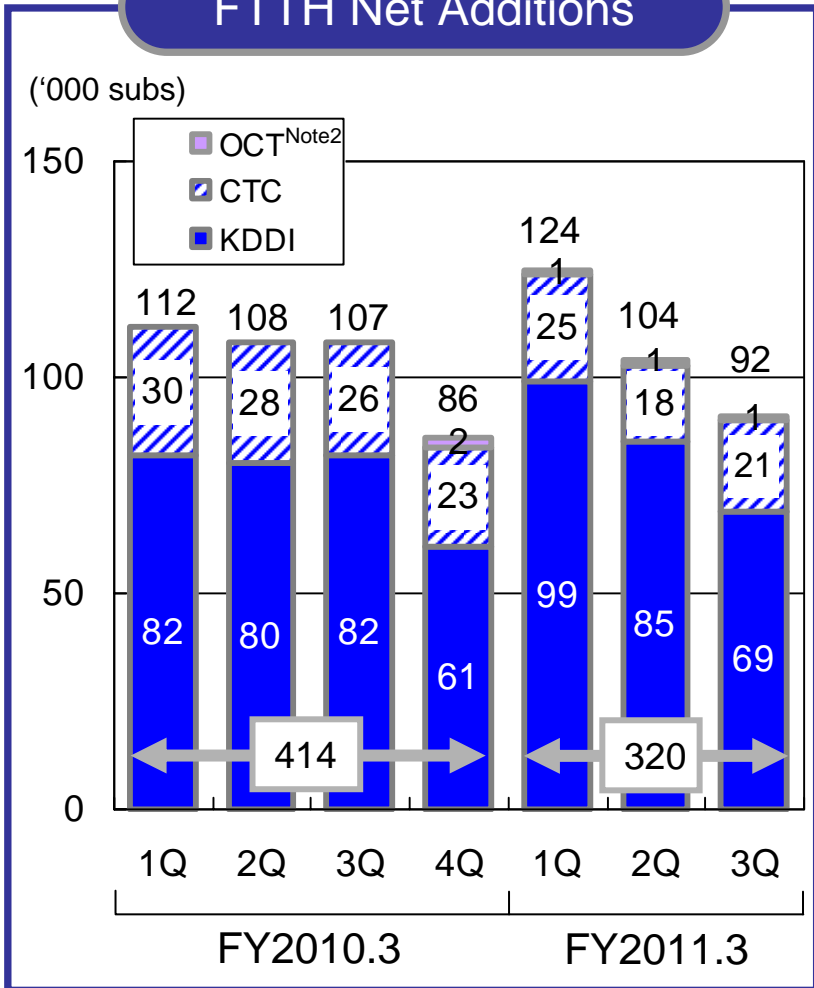
7. Fixed Access Lines

- Number of fixed access lines was 6.33M as of December 31, 2010.
- Net additions of FTTH subscription were 320k in 1-3Q/FY2011.3.

Fixed Access Lines Note1

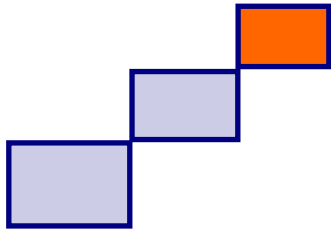


FTTH Net Additions



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

Note2: Okinawa Cellular Telephone Company. Subs of Okinawa Telecommunication Network Co., Inc. included.



Smartphone -Initial Trend of "IS03"

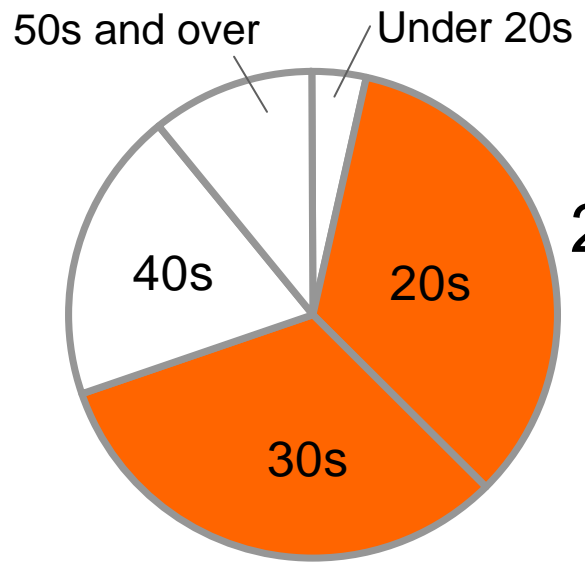
ebooks

1. Smartphone (1)

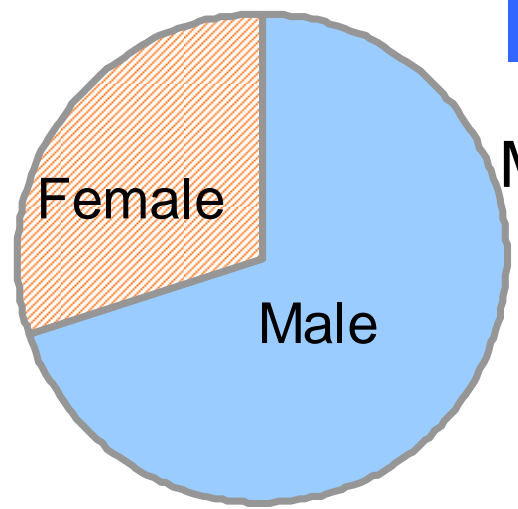


- Launched “IS03” which encompasses standard functions in Japan such as “Osaifu-Keitai®.” (November 26, 2010)
- Aim for smartphone usage by wider age groups and female customers by launching various models including “REGZA Phone IS04,” a water-proof model with a high-quality screen, “IS05,” a compact model, and “SIRIUS α IS06,” a global model released on Dec. 23, 2010, by the end of Mar. 2011.

Initial trend of “IS03”^{Note}



Age



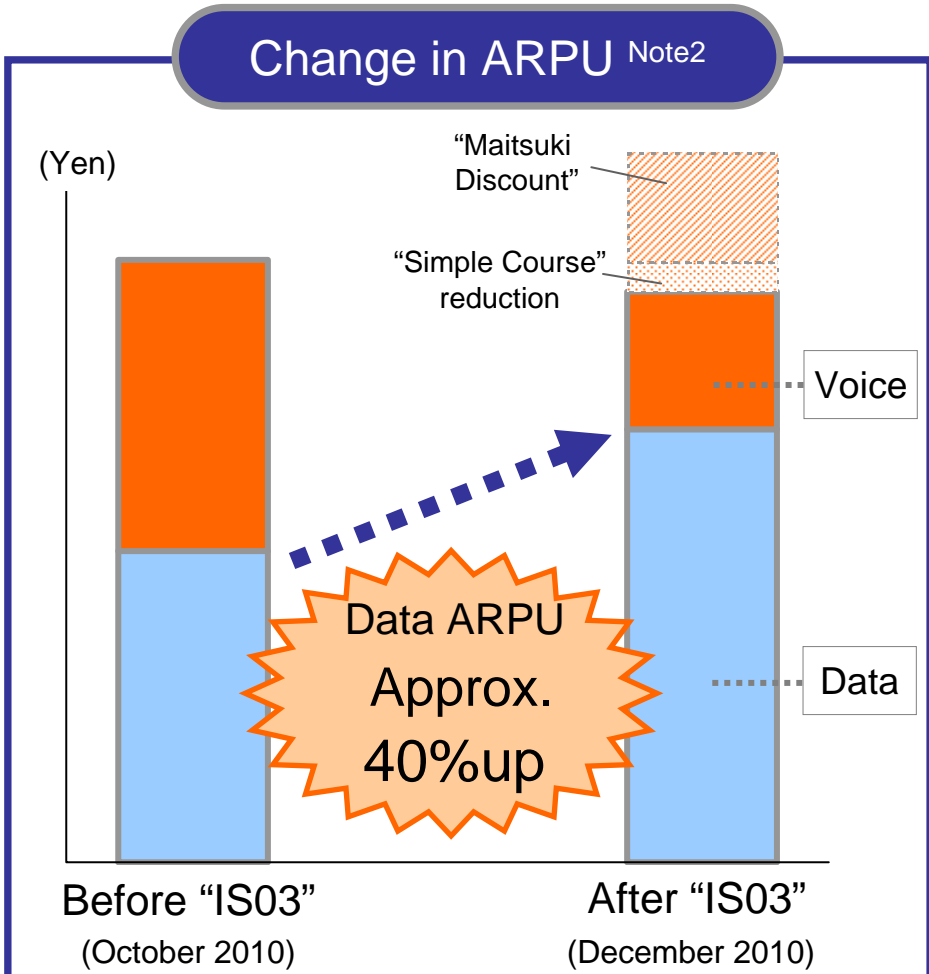
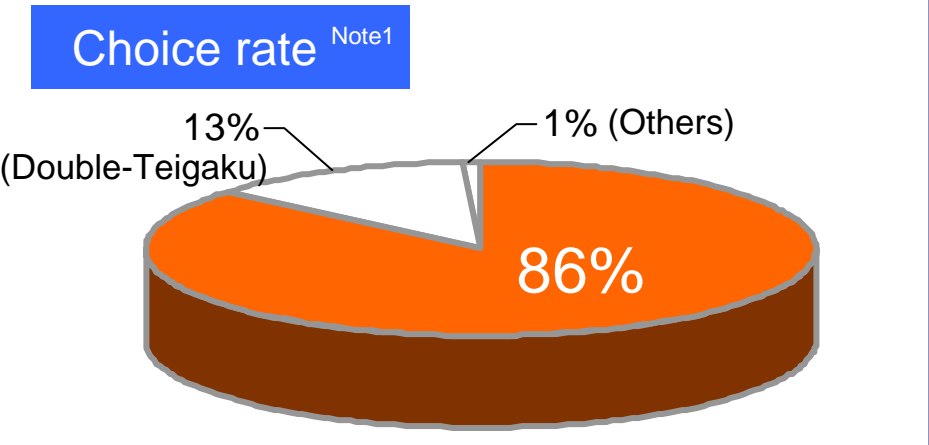
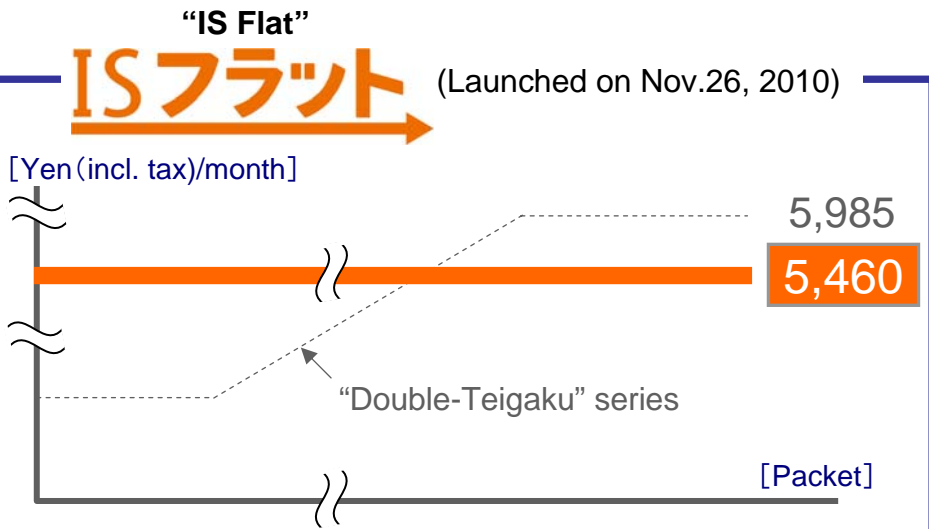
Gender

Male : Female
 7 : 3

Note: Properties of users who purchased “IS03” between Nov. 26, 2010 and Dec. 31, 2010, excluding corporate contracts. * “Google,” “Google” logo, and “Android™” are a registered trademark or a trademark of Google Inc. * “Osaifu-Keitai” is a registered trademark of NTT DOCOMO, Inc. * “REGZA” is a registered trademark of Toshiba Corporation.

1. Smartphone (2)

- 86% of “IS03” users choose “IS Flat.”
- Data ARPU of users who changed the model to “IS03” increased largely, offsetting decrease in voice ARPU from “Maitzuki Discount” and others.



Note1: Choice of users who purchased “IS03” between Nov. 26 and Dec. 31, 2010.

Note2: Monthly ARPU of users who changed the models to “IS03” between Nov. 26 and Nov. 30, 2010.

1. Smartphone (3)

- “au one Market” has expanded faster than original plan of 1,800 apps by Mar. 31, 2011.
- Approx. 80% of “IS03” users obtained au one-ID needed to download apps.
Apps unique in au such as “Skype™ | au” and “jibe” show steady rise in registration.



au one Market

1,814 apps

* As of Dec. 31, 2010

Ranking of Popular Apps ^{Note}

○ “au” only /collaborative content

*Period: From Nov. 26, 2010 to Dec. 31, 2010

- 1. LISMO!
- 2. Skype™ | au
- 3. Sekai Camera for Android
- 4. aFlashlight
- 5. au one News EX
- 6. Norikae Annai (train schedule)
- 7. au one GREE
- 8. RecoChoku app (music)
- 9. Kisekae touch™ (User Interface)
- 10. Weathernews Touch



Downloaded by approx. 30% of “IS03” users

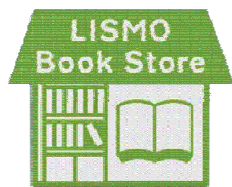


Approx. 25% of “IS03” users have become members

Note: By the number of clicks of links including “free button” and “download button” in the detail page of each application at “au one Market” by “IS03” users. Because “jibe” has been preinstalled on “IS03,” registration is possible without downloading and hence is not included in the ranking. * “Skype” and its logo are trademarks of Skype Limited. 20
* “Sekai Camera” is a registered trademark of Tonchidot Corporation. * “Kisekae touch™” is a trademark of Acrodea, Inc.

2. ebooks

- Creation of new usage situations combining telecommunication in the publishing area by introducing multi-device terminals.
- Cooperating with booklista Co., Ltd., which creates common distribution platform to expand the contents.



LISMO Book Store

Adopted by multi-devices



Smartphones

Planned to become compatible in April 2011



Released Dec. 25, 2010

biblio Leaf SP02

ebook reader

A thought bubble containing the following features:

- Uses au networks, wireless LAN
- Adopted e-paper (energy conserving, better for eyes)
- Can store approx. 3,000 books
- ¥525 monthly fee

Designing The Future
KDDI