



KDDI CORPORATION

Financial Results for the 1st Quarter
of the Fiscal Year Ending March 2012

July 25, 2011

President

Takashi Tanaka

1

Financial Results for 1Q/FY2012.3

2

Measures for 1Q/FY2012.3

Appendix

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.

- Consolidated results: Operating revenues kept the same level, operating income rose 8.4% yoy.

➢ Consolidated operating income: ¥140.1B (+8.4% yoy)
 Mobile Business: ¥121.7B (-8.7%) / Fixed-line Business: ¥16.5B (+¥21.9B^{Note})

- “Reconstruction of foundational business” steadily advancing.

(1) Recover au’s momentum: 4 KPI steadily improved, data ARPU rise actualized.

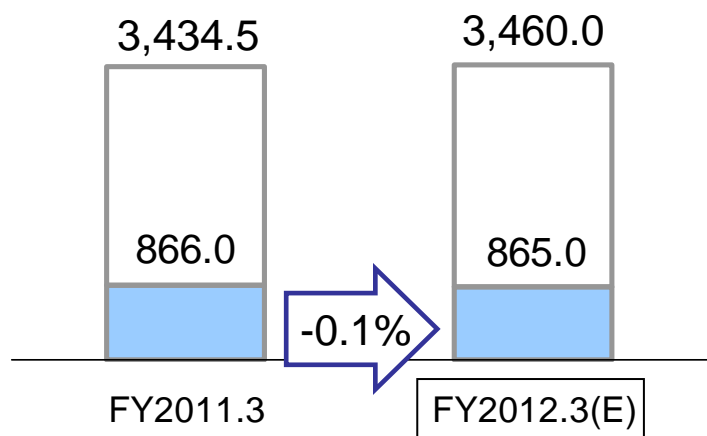
Churn Rate	0.66%	Improved 0.09 points yoy.
MNP	-67k	Improved 28k from 4Q/FY2011.3
Net Addition Share (au+UQ WiMAX)	29.8%	Increased 2.5 points from 4Q/FY2011.3
Data ARPU	¥2,400	Increased ¥100, up 4.3% yoy.

(2) Fixed-line Business: While FTTH net additions on recovery, adhered to increase in operating revenues and income.

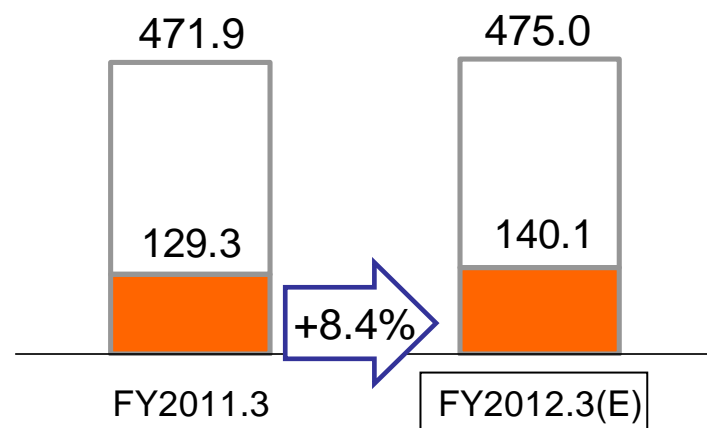
FTTH Net Additions	87k	Improved 19k from 4Q/FY2011.3
--------------------	-----	-------------------------------

- Smartphone sales was 0.66 million units.

Operating Revenues (Billions of yen)



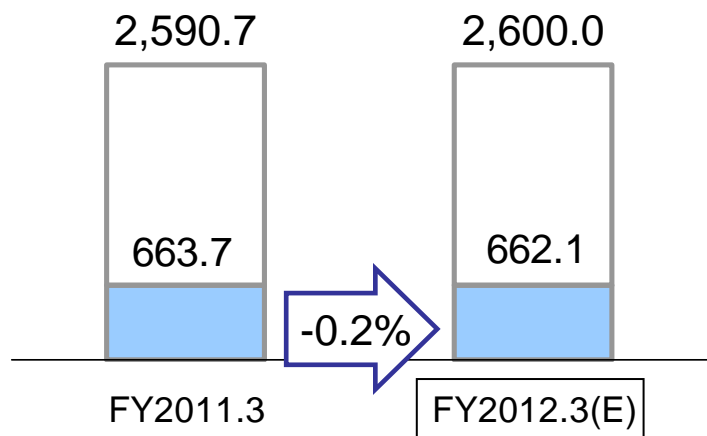
Operating Income (Billions of yen)



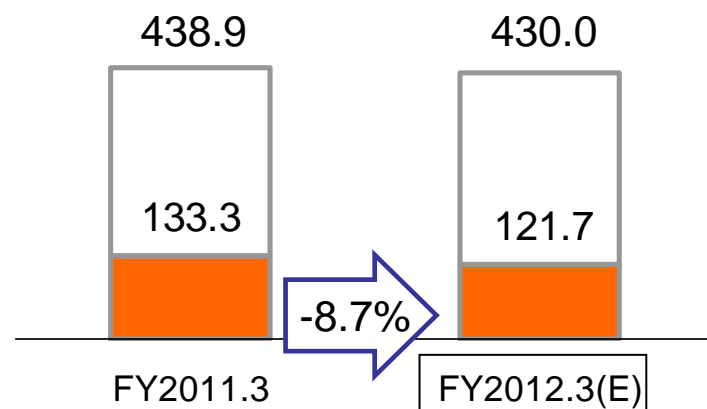
(Billions of yen)

	FY2011.3		FY2012.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	866.0	3,434.5	865.0	-0.1%	25.0%	3,460.0
Operating income	129.3	471.9	140.1	+8.4%	29.5%	475.0
<i>Operating margin</i>	14.9%	13.7%	16.2%	-	-	13.7%
Ordinary income	122.6	440.7	132.4	+8.1%	29.4%	450.0
Net income	71.9	255.1	71.9	+0.0%	28.8%	250.0
EBITDA	236.6	936.3	242.2	+2.3%	26.2%	923.0
<i>EBITDA margin</i>	27.3%	27.3%	28.0%	-	-	26.7%
Free Cash Flow	-1.2	276.8	67.2	-	-	330.0
CAPEX (Cash basis)	110.4	443.7	76.9	-30.4%	16.7%	460.0

Operating Revenues (Billions of yen)



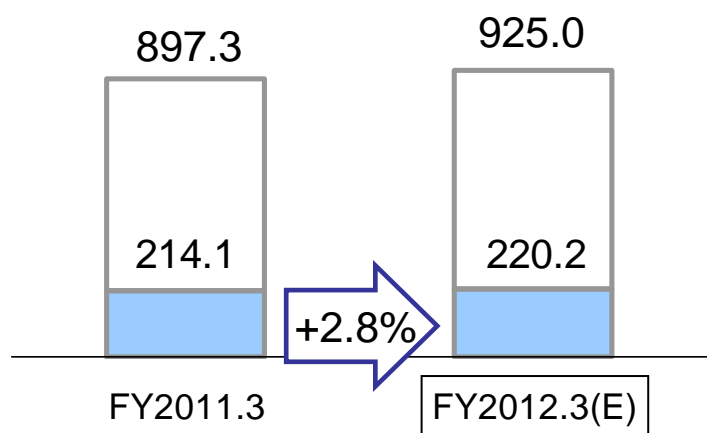
Operating Income (Billions of yen)



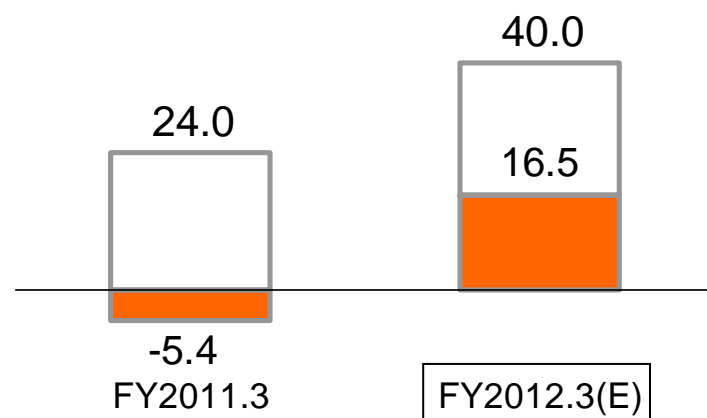
(Billions of yen)

	FY2011.3		FY2012.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	663.7	2,590.7	662.1	-0.2%	25.5%	2,600.0
Operating income	133.3	438.9	121.7	-8.7%	28.3%	430.0
<i>Operating margin</i>	20.1%	16.9%	18.4%	-	-	16.5%
Ordinary income	131.6	429.9	119.7	-9.1%	28.4%	422.0
Net income	75.1	214.0	66.2	-11.7%	27.6%	240.0
EBITDA	209.8	774.4	195.6	-6.8%	25.9%	754.0
<i>EBITDA margin</i>	31.6%	29.9%	29.5%	-	-	29.0%
Free Cash Flow	18.1	244.8	43.2	-	-	270.0
CAPEX (Cash basis)	79.3	338.7	49.3	-37.8%	14.7%	335.0

Operating Revenues (Billions of yen)



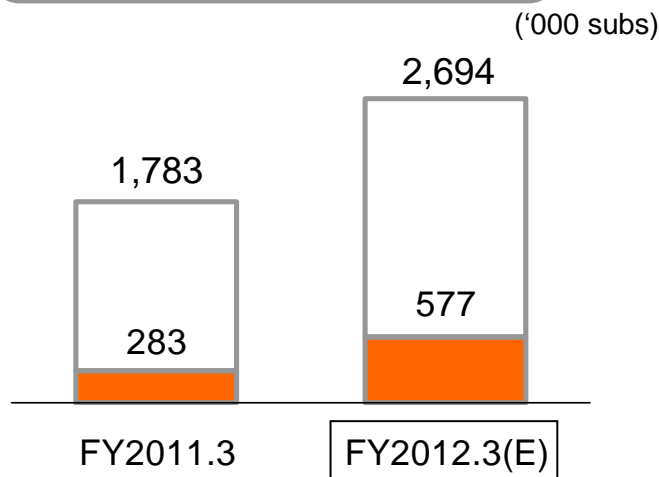
Operating Income (Billions of yen)



(Billions of yen)

	FY2011.3		FY2012.3(E)			
	1Q		1Q	yoy	progress	
Operating revenues	214.1	897.3	220.2	+2.8%	23.8%	925.0
Operating income	-5.4	24.0	16.5	-	41.3%	40.0
<i>Operating margin</i>	-2.5%	2.7%	7.5%	-	-	4.3%
Ordinary income	-8.3	7.8	12.0	-	-	23.0
Net income	-2.1	39.7	5.7	-	-	8.0
EBITDA	25.3	151.6	44.4	+75.4%	27.4%	162.0
<i>EBITDA margin</i>	11.8%	16.9%	20.2%	-	-	17.5%
Free Cash Flow	-19.4	35.1	27.4	-	-	58.0
CAPEX (Cash basis)	30.7	103.1	26.9	-12.3%	22.1%	122.0

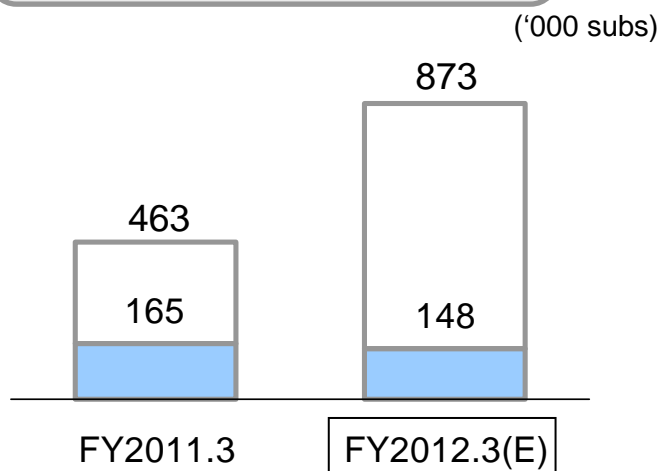
Net Adds (au+UQ WiMAX)



(‘000 subs)

Mobile Business	FY2011.3		FY2012.3 (E)		Net adds 1Q/FY2012.3
	1Q		1Q		
"au" Total	32,091	32,999	33,352	34,500	353
of module-type	1,134	1,494	1,588	1,800	94
WIN(EV-DO)	27,147	29,633	30,629	33,000	996
1X	4,734	3,221	2,600	-	-621
cdmaOne	211	146	124	-	-22
UQ WiMAX	214	807	1,030	2,000	224
au + UQ WiMAX	32,305	33,806	34,382	36,500	577

Net Adds (Fixed access lines)



(‘000 subs)

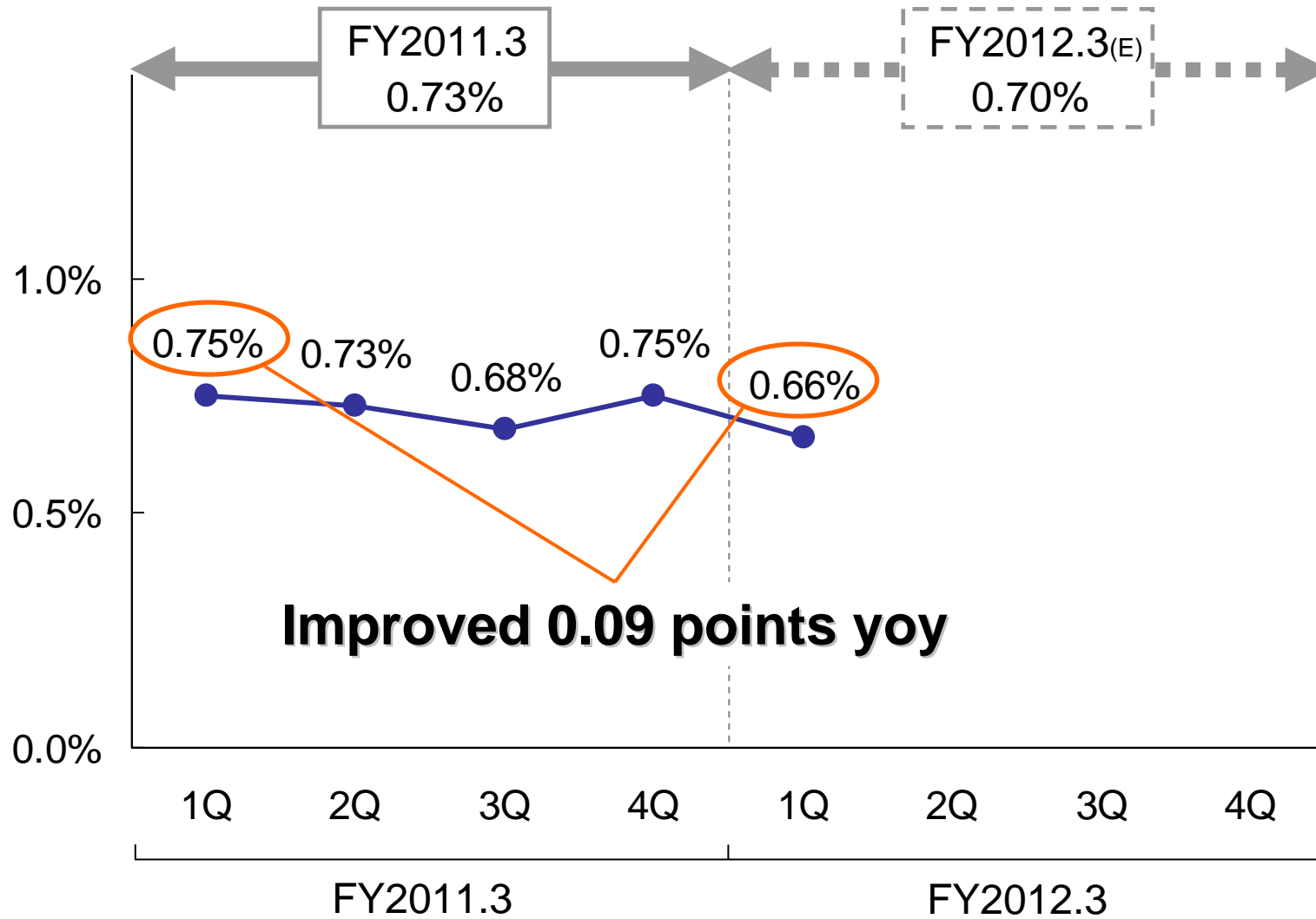
Fixed-line Business	FY2011.3		FY2012.3 (E)		Net adds 1Q/FY2012.3
	1Q		1Q		
FTTH	1,637	1,901	1,987	2,400	87
Metal-plus	2,775	2,543	2,465	2,130	-79
Cable-plus phone ^{Note1}	1,062	1,341	1,486	2,160	146
CATV ^{Note2}	1,019	1,088	1,106	1,130	18
Fixed access lines ^{Note3}	6,109	6,407	6,555	7,280	148

Note1: Includes wholesale to "J:COM PHONE Plus" from FY2012.3.

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

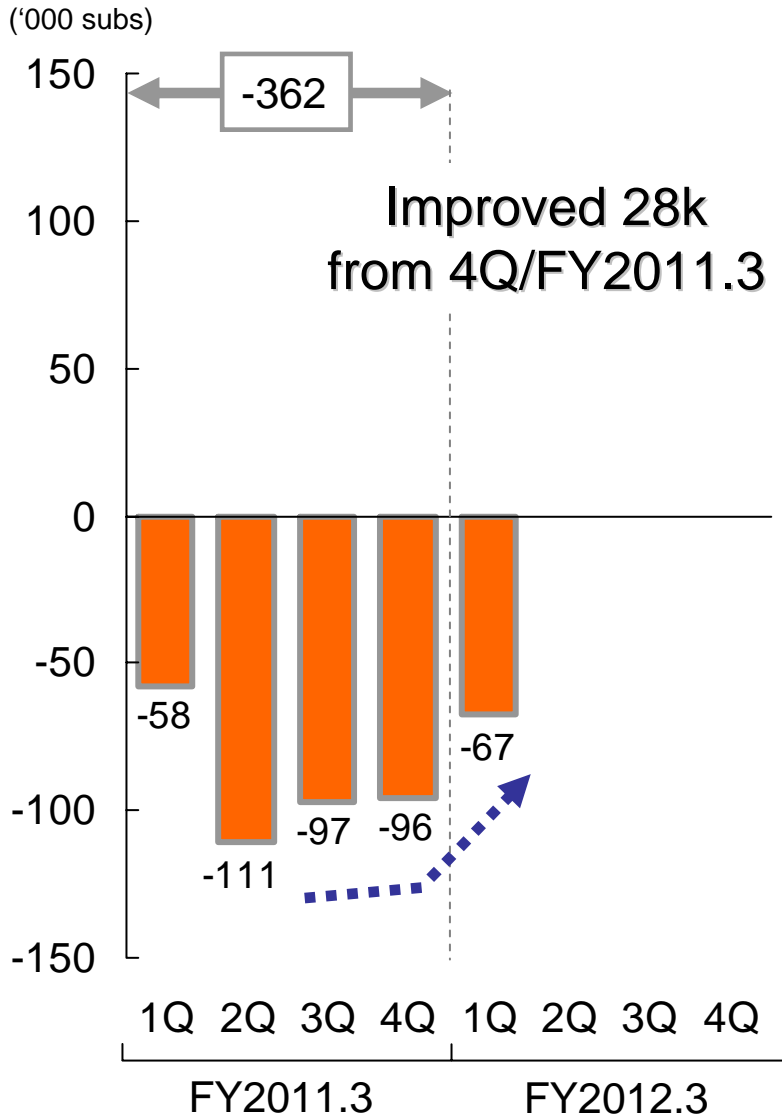
Note3: Fixed access lines are FTTH, direct-revenue telephony (Metal-plus, Cable-plus phone), and CATV subs.

The number excludes crossover subs.

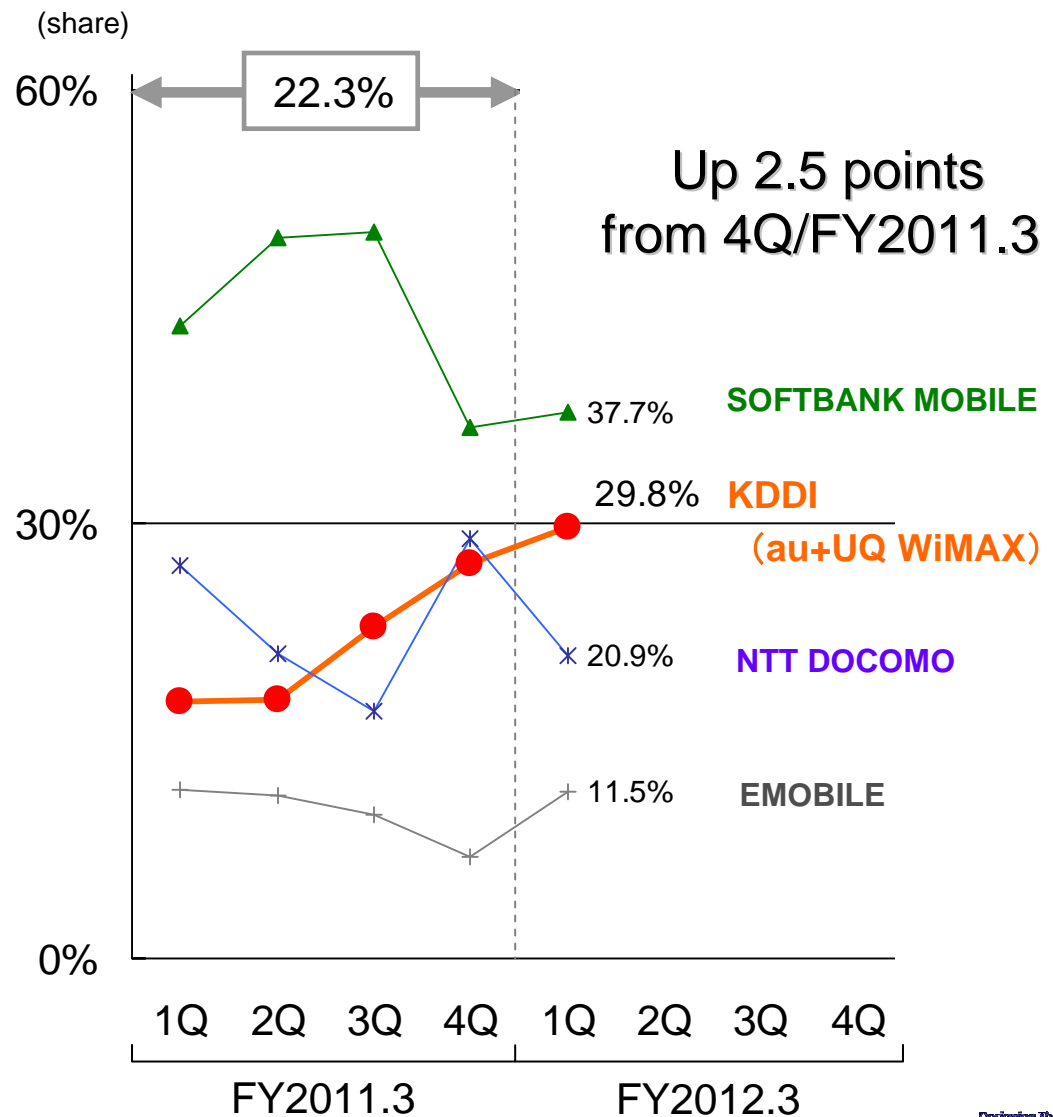


Note: au churn rate is calculated for ordinary handsets which exclude module-type terminals.

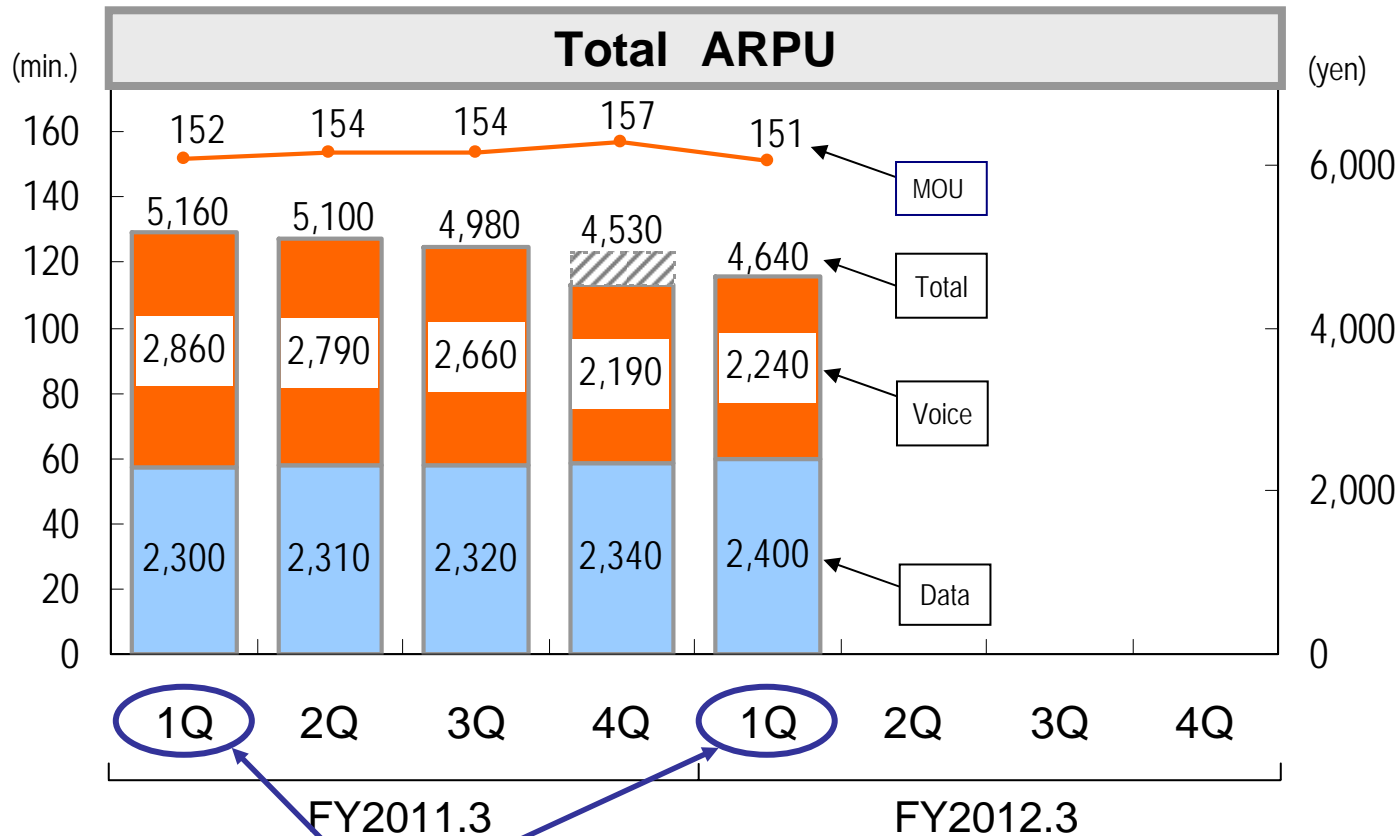
MNP (au)



Net Addition Share (au + UQ WiMAX)




* Net addition share is created by KDDI using data from Telecommunication Carriers Association's website.



yoy	
Total ARPU	▲¥ 520 (▲10.1%)
of Voice	▲¥ 620 (▲21.7%)
of Data	+ ¥100 (+ 4.3%)

Full-year	FY2011.3	FY2012.3(E)	Year-to-year comparison
Total ARPU	¥4,940	¥4,540	▲¥400 (▲8.1%)
of Voice	¥2,620	¥2,000	▲¥620 (▲23.7%)
of Data	¥2,320	¥2,540	+¥220 (+9.5%)

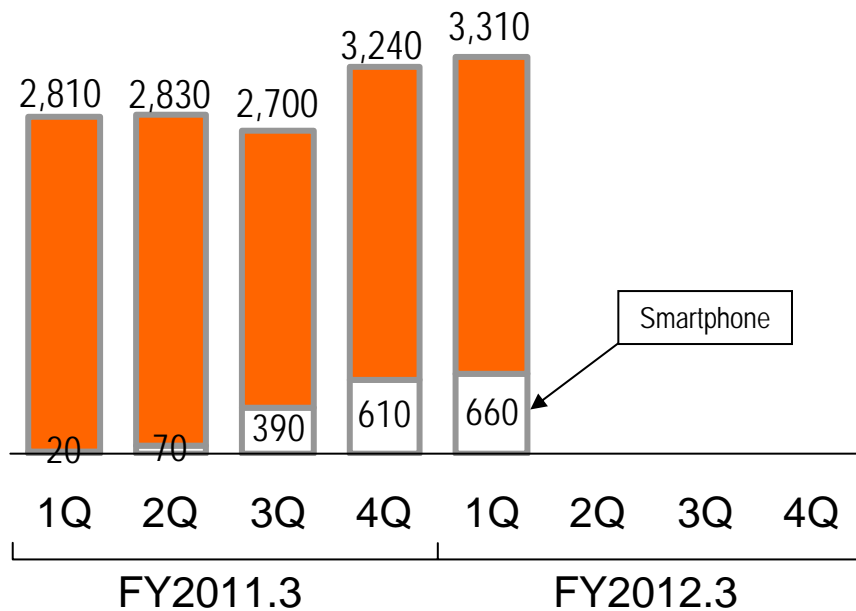
Note: The  portion of FY2011.3 4Q was negative due to the settlement of access charges among carriers.

KPI (5) -Number of au Units Sold / au Sales Commissions

10

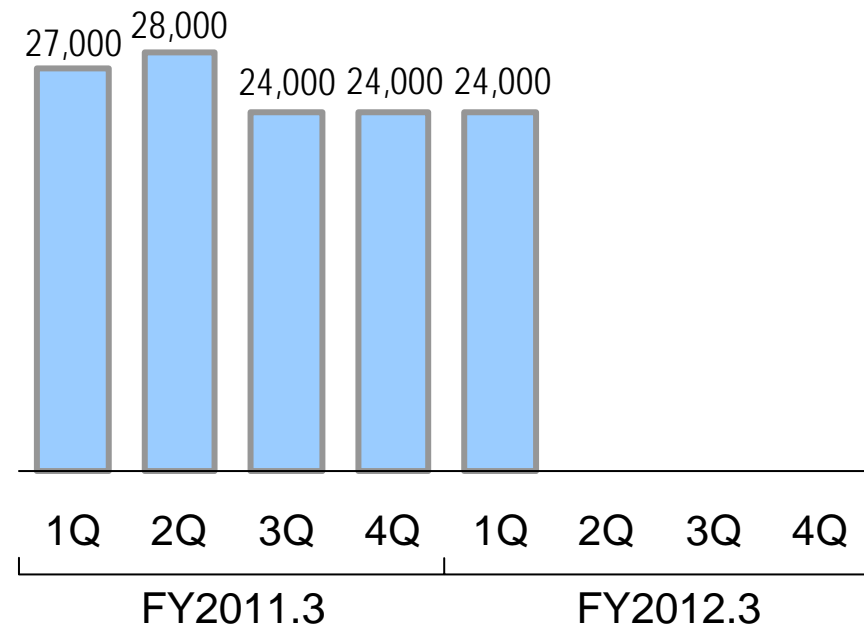
Number of Units Sold

('000 units)



Average Commissions / Unit

(yen)



	FY2011.3					FY2012.3(E)	
	1Q	2Q	3Q	4Q		1Q	
Total sales commissions (Billions of yen)	76.0	80.0	65.0	78.0	299.0	78.0	266.0
Average commissions / unit (yen)	27,000	28,000	24,000	24,000	26,000	24,000	22,000
Number of units sold ('000 units)	2,810	2,830	2,700	3,240	11,570	3,310	12,100
Of smartphone ('000 units)	20	70	390	610	1,090	660	4,000

1

Financial Results for 1Q/FY2012.3

2

Measures for 1Q/FY2012.3

Appendix

■ Mobile Business: Full-fledge shift to smartphones

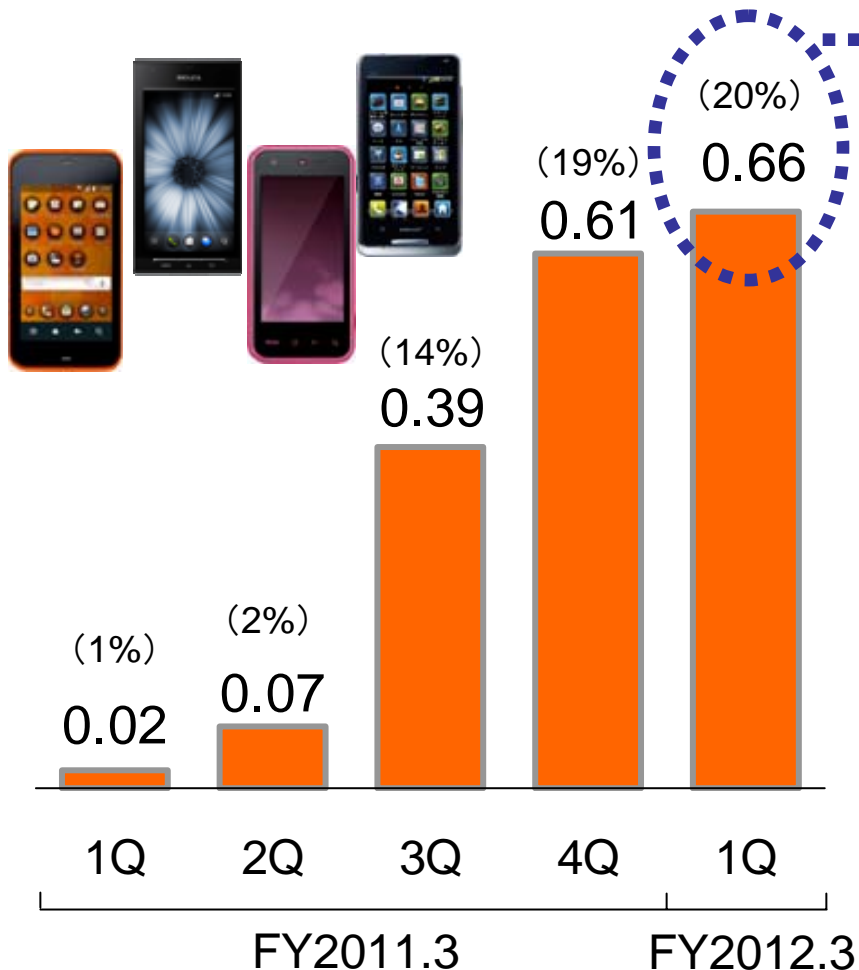
1	Expansion of Smartphone Lineup	<ul style="list-style-type: none"> ● Released summer models incl. au-only models from late June. ● Launched “HTC EVO WiMAX ISW11HT” with WiMAX function.
	Strengthening Apps	<ul style="list-style-type: none"> ● Built cooperative relationship with Facebook. ● Started “LISMO unlimited”, a cloud-type music distribution. ● Prepared support system for apps developers “KDDI Labo”
2	Realization of 3M Strategy	<ul style="list-style-type: none"> ● Full-fledged development of Wi-Fi. ● Expansion of settlement platform.
3	Reorganization of 800MHz Band	<ul style="list-style-type: none"> ● Stead transfer of 1.17M from handsets not compatible with new 800MHz band (ex. non-triband) handsets to compatible handsets ● No. of handsets not compatible with new 800MHz band was 3.23M as of June 30, 2011.

■ Fixed-line Business: Promote measures to bolster both revenues and profits

4	Expanding FTTH Customer Base	<ul style="list-style-type: none"> ● Expand “au HIKARI Home” service areas.
5	Reduction of NW Costs	<ul style="list-style-type: none"> ● Cost reduction in 1Q/FY2012.3: ¥3.7B.

Sales of smartphone in 1Q/FY2012.3 were 0.66 million units.

Sales of Smartphone (Million units)



■ 1Q/FY2012.3

Secure sales units that surpass 4Q/FY2011.3 spring sales competition

- Sales lineup as 4Q/FY2011.3, excluding “HTC EVO WiMAX ISW11HT”
- Summer models released from June 24, 2011

■ After 2Q/FY2012.3

Accelerate smartphone sales using lineup expansion as an opportunity

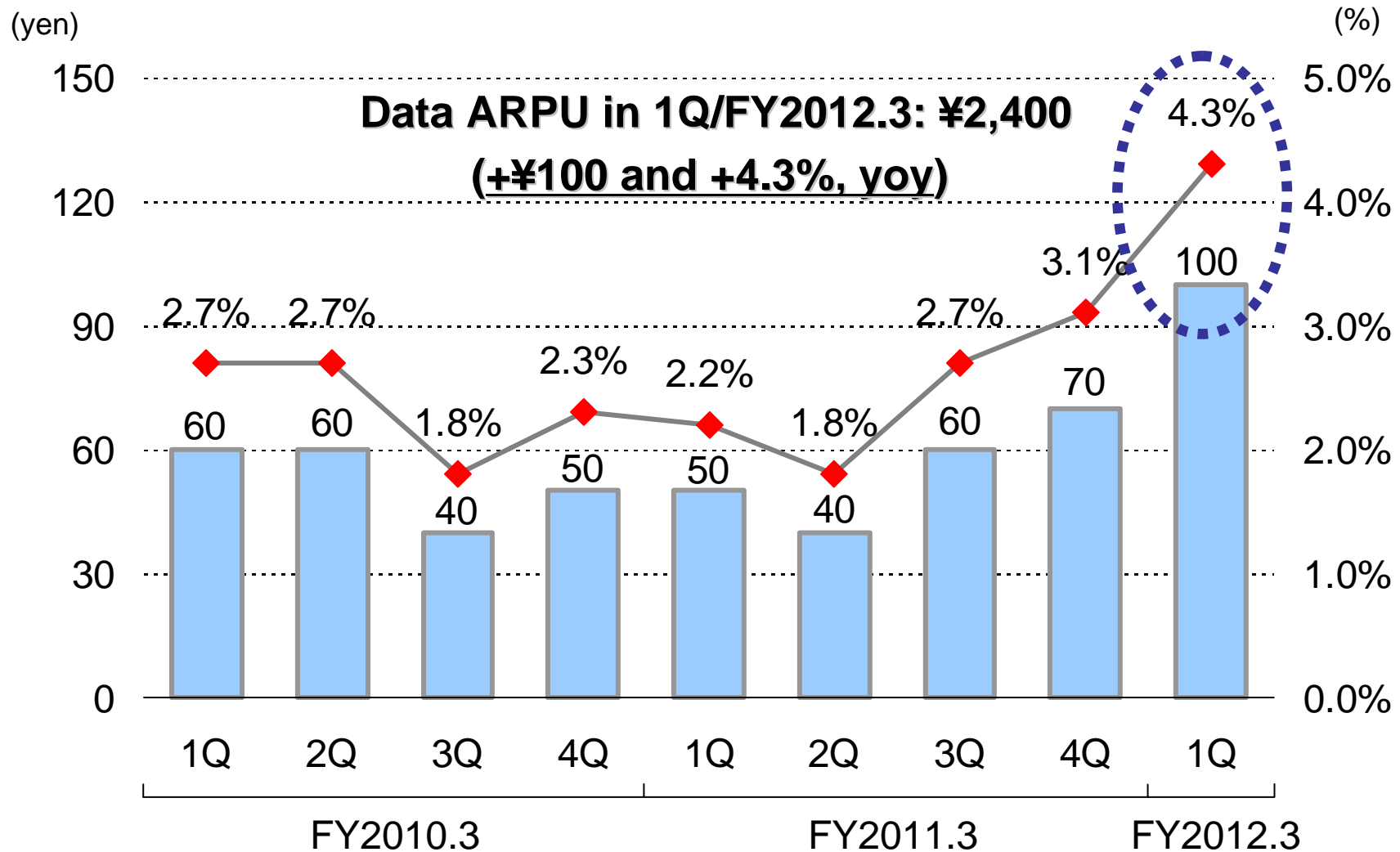
- Sales ratio of smartphone increase after release of summer models

* () is the percentage of smartphone sales of all terminal sales.

Data ARPU rise became apparent as smartphone sales expanded.

YOY Increase / Rise Ratio

■ Increase (Left axis) —◆— Rise ratio (Right axis)



Develop various lineup incl. models unique to au to expand customer base

WiMAX, Tethering compatible



HTC EVO WiMAX ISW11HT

Design



I N F O B A R

A01

10 keys



AQUOS PHONE IS11SH

3D compatible



AQUOS PHONE IS12SH

Water, dust-proof



G'z One IS11CA

Full keyboard



REGZA Phone IS11T

au's first Xperia™



XPERIA acro IS11S
by Sony Ericsson

Simple



MIRACH IS11PT by PANTECH

"AQUOS" and "AQUOS PHONE" are registered trademarks or trademarks of Sharp Corporation. * "G'z One" is a registered trademark of CASIO COMPUTER CO., LTD. *"REGZA" and "REGZA Phone" are registered trademarks of TOSHIBA Corporation. **"Xperia" is registered trademark or a trademark of Sony Ericsson Mobile Communications AB. **"MIRACH" is a registered trademark or a trademark of Pantech Wireless Japan Inc.



"HTC EVO WiMAX ISW11HT" (hereafter: HTC EVO) highly acclaimed by users



High-speed Smartphone

- WiMAX usage available with ¥525 ^{Note}
- No speed limit when using WiMAX

Standard Tethering Function

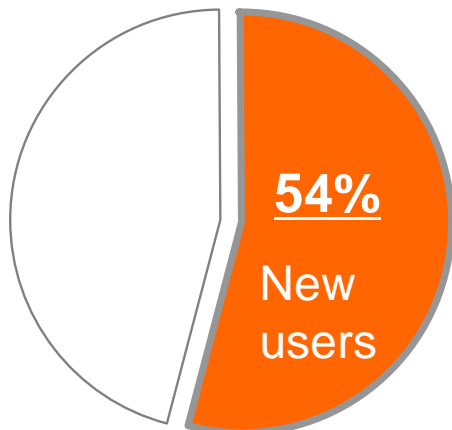
- Max of 8 devices can be connected when used as a mobile Wi-Fi router

Provide Best Connection Environment

- Users can switch between 3G/WiMAX/Wi-Fi

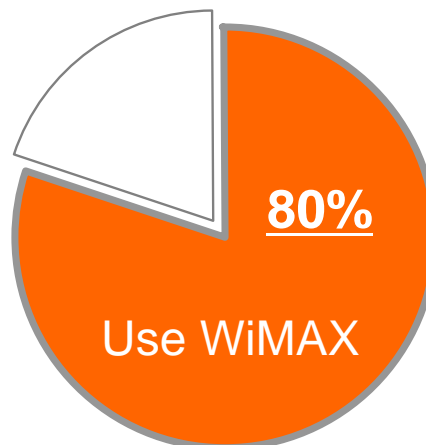
Note: Unnecessary in the month when user did not use the WiMAX function.
Free of charge campaign until August 2011 usage.

High new users ratio



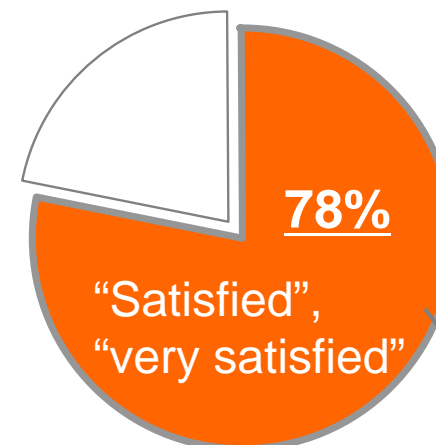
Of "HTC EVO" sales in 1Q

High WiMAX usage ratio



Of "HTC EVO" users as of June 30

High satisfaction level



Top 2 of seven levels

Research by KDDI

Introduced a model with good design and innovative UI to expand user base

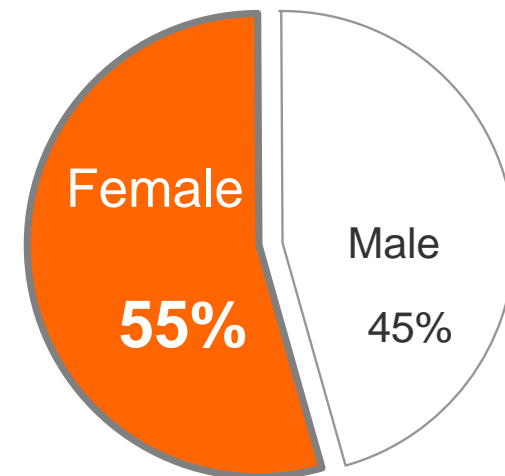
I N F O B A R A01

Launched
June 30



Distinctive feature seen
at early sales stage

High appeal to
female customers



Subject: Users who made a purchase
between June 30 and July 14, 2011.

- Succeed INFOBAR style
(tile-type keys / multi-colors)
- Comfortable usage
(simple vertical scroll UI)
- Standard functions in Japan

Proactively strengthen apps to promote au appeal and content usage

■ Obtain competitive apps



Collaboration with Facebook (1st attempt)

- ✓ Strengthen collaboration with social address book (jibe)
- ✓ Feature special widget for “INFOBAR A01”
- ✓ Collaboration of Facebook and au service

■ Start music distribution service

LISMO unlimited

powered by 
“RecoChoku”

Started June 15



Clouding × Subscription

- ✓ No limit for ¥1,480/month.
- ✓ Approx. 1M tracks mainly of western music.

-Use platform of “KKBOX”



-Collaborate with “RecoChoku”



■ Supporting app developers

(Launch incubation program)

Support app development

Promotion

Management support for start-up

Overseas development



* “RecoChoku” and “” are registered trademarks of RecoChoku Co., Ltd. *All prices include tax.

Full fledged development of Wi-Fi to realize "Multi-network"



au Wi-Fi SPOT

Launched June 30

Target by March 31, 2012

"100k spots"



Special App "Connection tool for au Wi-Fi"

Featured on all au smartphones released after June^{Note1}

- 3G⇔Wi-Fi automatic switching
- Easy setting (no need to input ID or PW)



Tap the widget

Connection completed!

- High security applied
- Monthly fee: Free^{Note2}

Promote data offloading by solving usage obstacles

Note1: Planned to make "Xperia acro IS11S" compatible with the service in the future. Note2: Subscribers of "IS Flat," or "Plan F(IS) Simple / Plan F(IS)" applicable. * Not available at some spots of UQ Wi-Fi.

Expand settlement platform to realize "Multi-use"

Secure New Settlement Method

Advance into Real Market



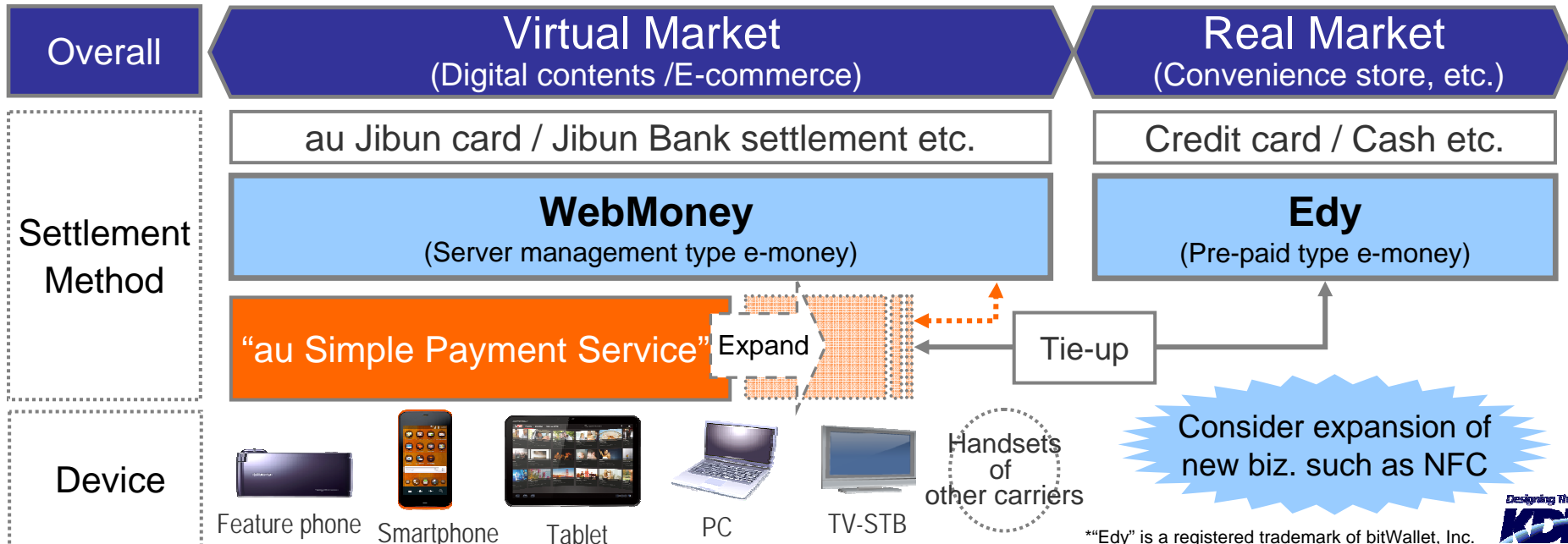
Making WebMoney Corporation into subsidiary (July 2011)

- Planned to become wholly owned subsidiary: ¥19.7B(E)
- High share in online game and SNS markets



Collaboration with Rakuten, Inc. / Edy

- Adopt "au Simple Payment Service" at "Rakuten Ichiba"
- Charge Edy with "au Simple Payment Service" (1st in the industry)



**"Edy" is a registered trademark of bitWallet, Inc.

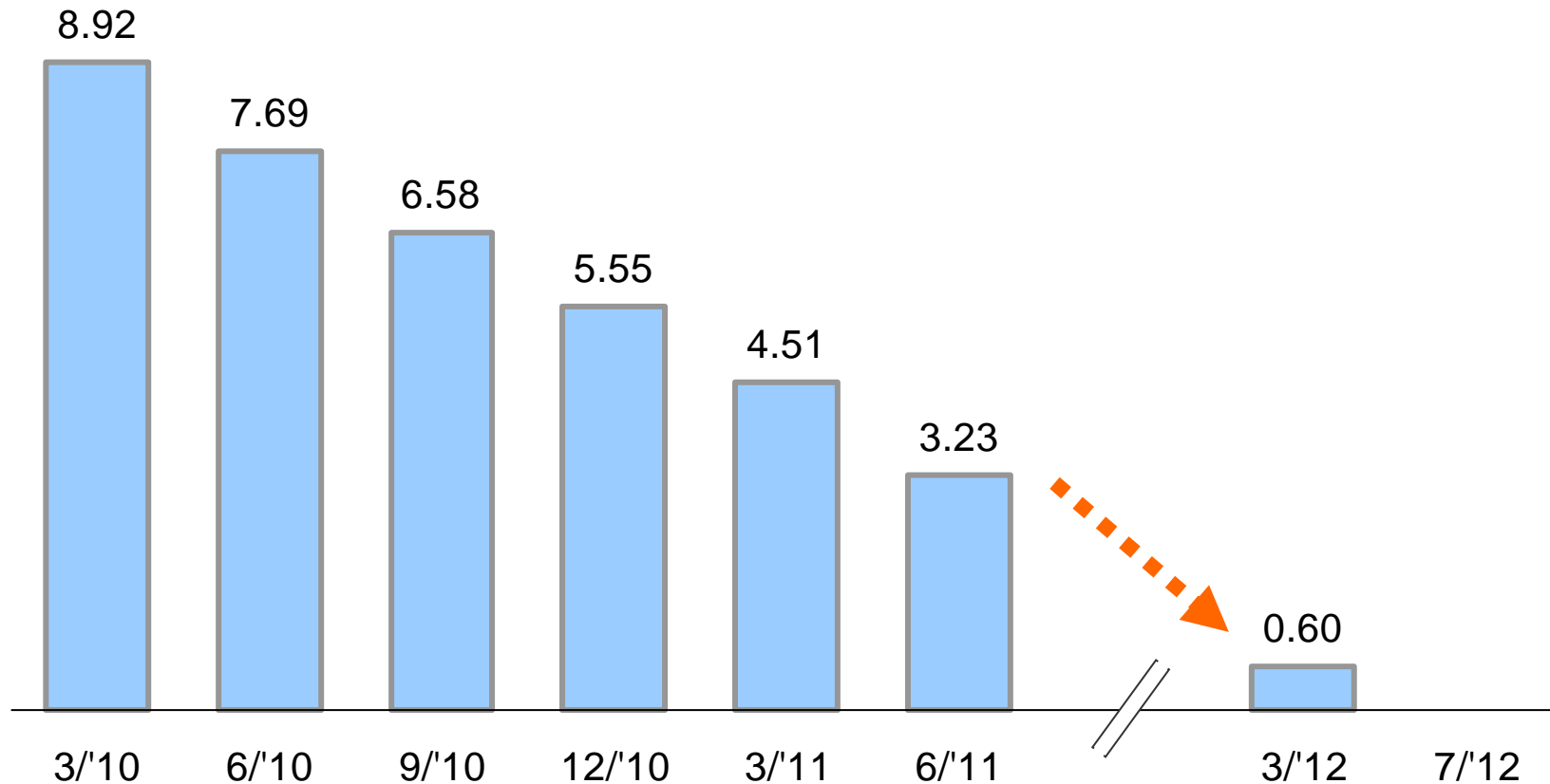


Reorganization of 800MHz Band

Transfer to models compatible with new 800MHz band was 1.17M in 1Q/FY2012.3.

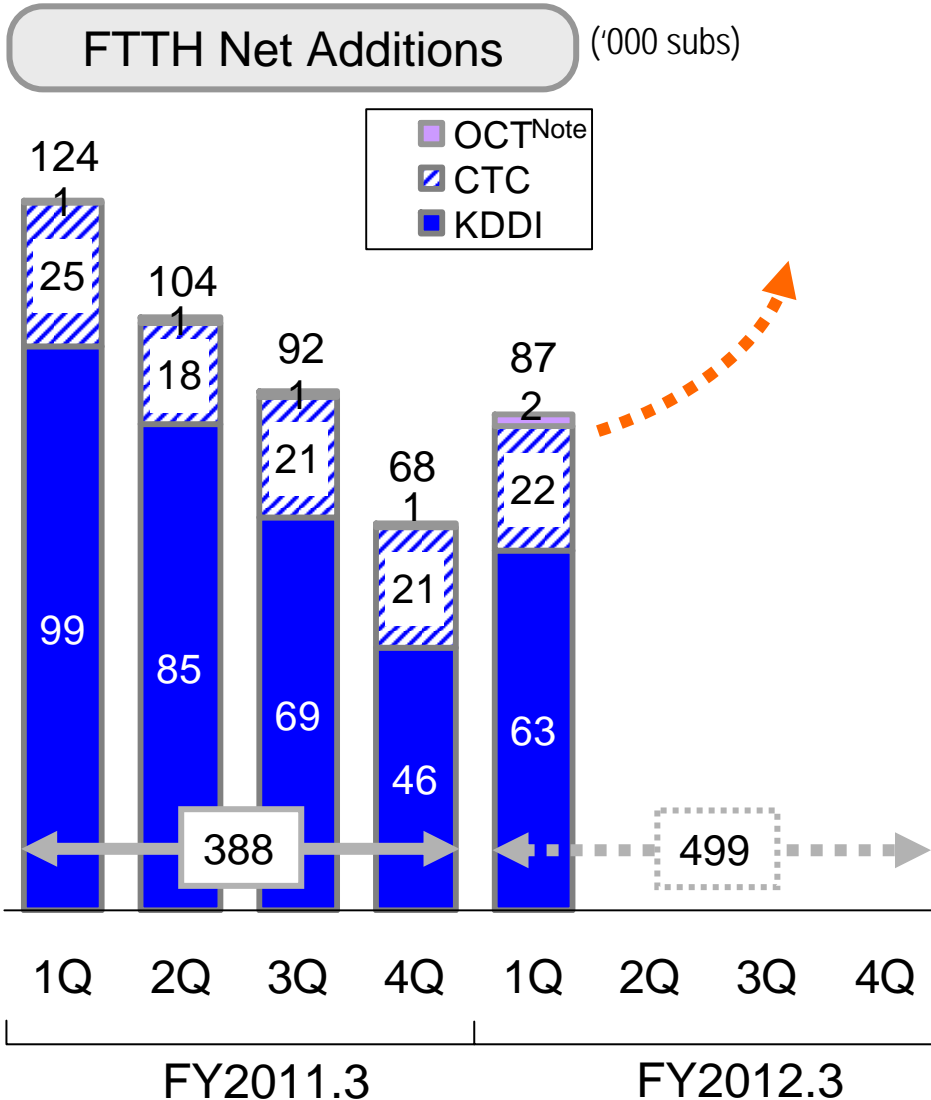
No. of handset units not compatible with new 800MHz band^{Note} (Million units)

* The number excludes module-type terminals.



Note: We have changed expression from “non-triband” to “not compatible with new 800MHz.”

Net additions of FTTH subs in 1Q/FY2012.3 were 87k



Major topics in 1Q/FY2012.3

Sales and construction suspended for about 1 month due to the earthquake (=decline in new subscription)
 ⇒ On recovery track after June

Measures after 2Q/FY2012.3

Further strengthen sales system

-Strengthen sales of “au HIKARI Home” into Kanto region

Expanding “au HIKARI Home” service areas

- 24 prefectures after July

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



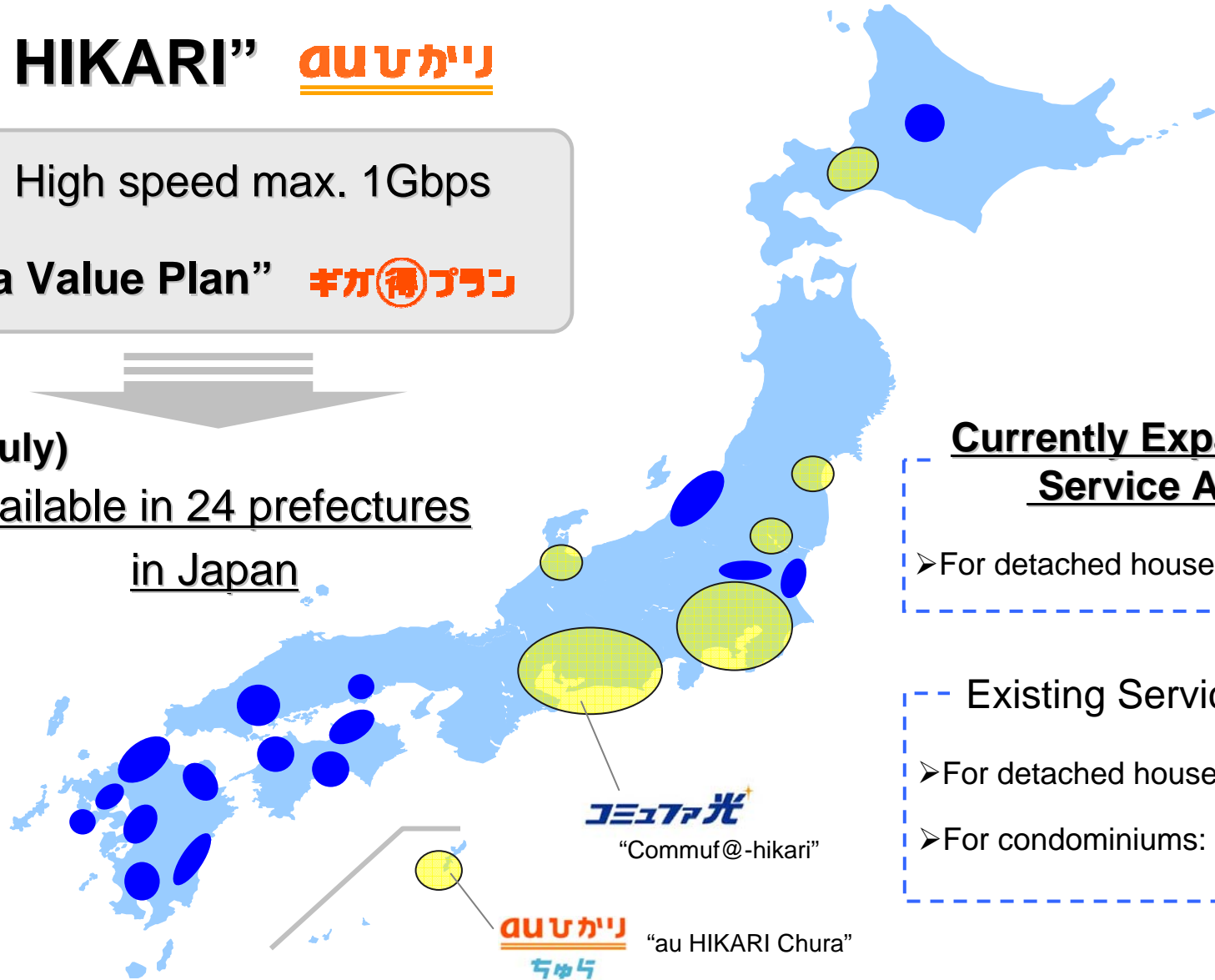
Expanding “au HIKARI Home” service areas

“au HIKARI” **auひかり**

Uplink High speed max. 1Gbps
Downlink

“Giga Value Plan” **ギガ得プラン**

(after July)
Available in 24 prefectures
in Japan



Currently Expanding Service Area

➤ For detached houses:

Existing Service Area

➤ For detached houses:

➤ For condominiums: Nationwide

コミュファ光

“Commuf@-hikari”

auひかり
ちゅら

“au HIKARI Chura”

Tie-up Campaign with “STUDIO GHIBLI”

24

Campaign period: From July 1 to August 31



© 2011 Chizuru Takahashi, Tetsuro Sayama, GNDHDDT

“From Up On Poppy Hill” (“Kokuriko-zaka kara”)

コクリコ坂から × KDDI

➤ TVCM message

“I want to tell my thoughts to you”

KDDI wants to send the following messages, which are the very nature of communication, to people in Japan through “Kokurikozaka Kara,” a movie that expresses the messages in its story.

“Importance of people facing each other”

“People’s motivation to send messages”

- The first mobile trailer distribution in Ghibli’s history, etc.
- Develop common events in collaboration with Yokohama City, where the story takes place.

1

Financial Results for 1Q/FY2012.3

2

Measures for 1Q/FY2012.3

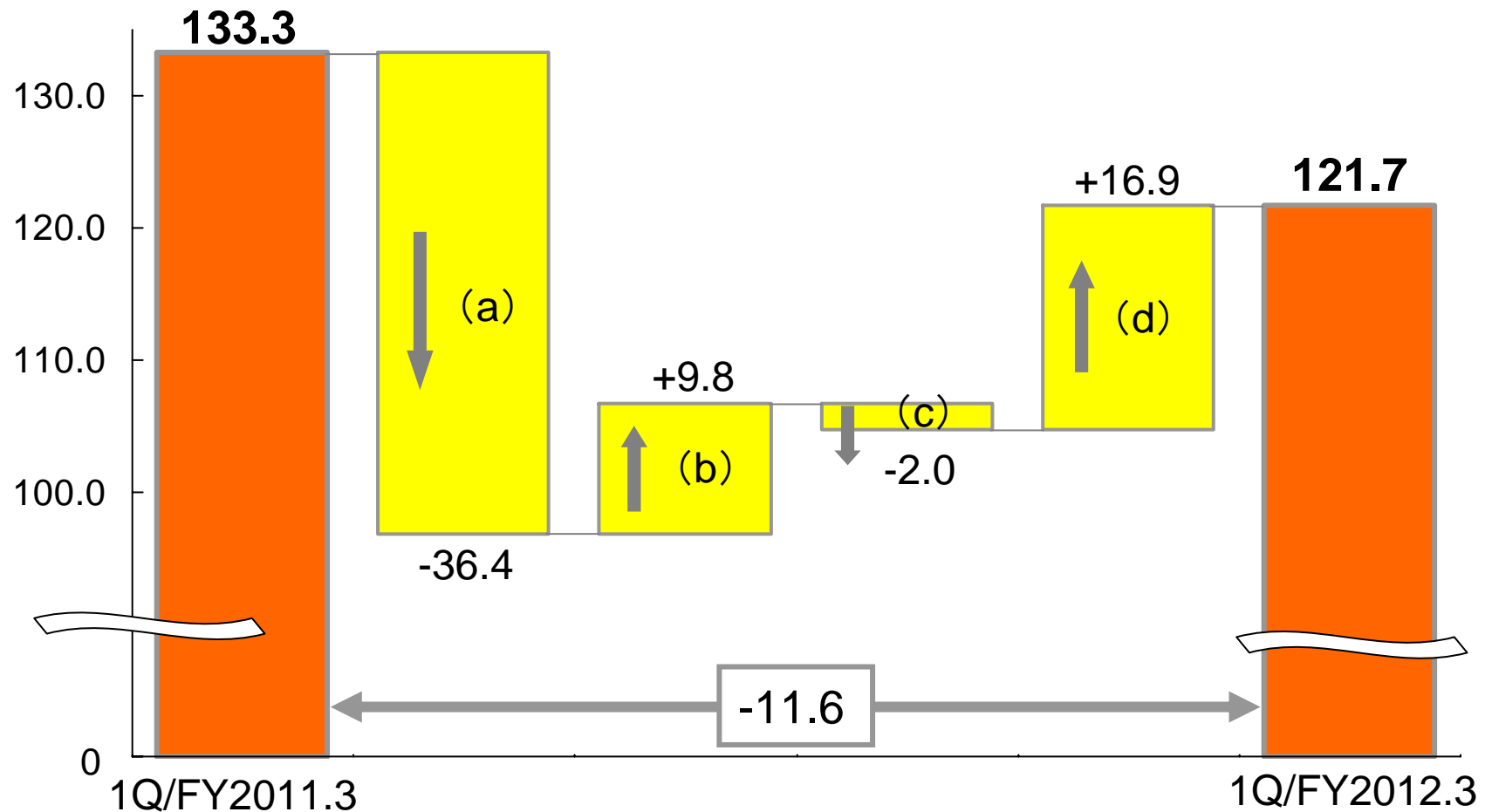
Appendix

Mobile Business Operating Income

Factor for Change (year-on-year)

- Operating income
- (a) Revenues from telecommunication business
- (b) NW-related expenses^{Note}
- (c) Sales commissions
- (d) Others

(Billions of yen)

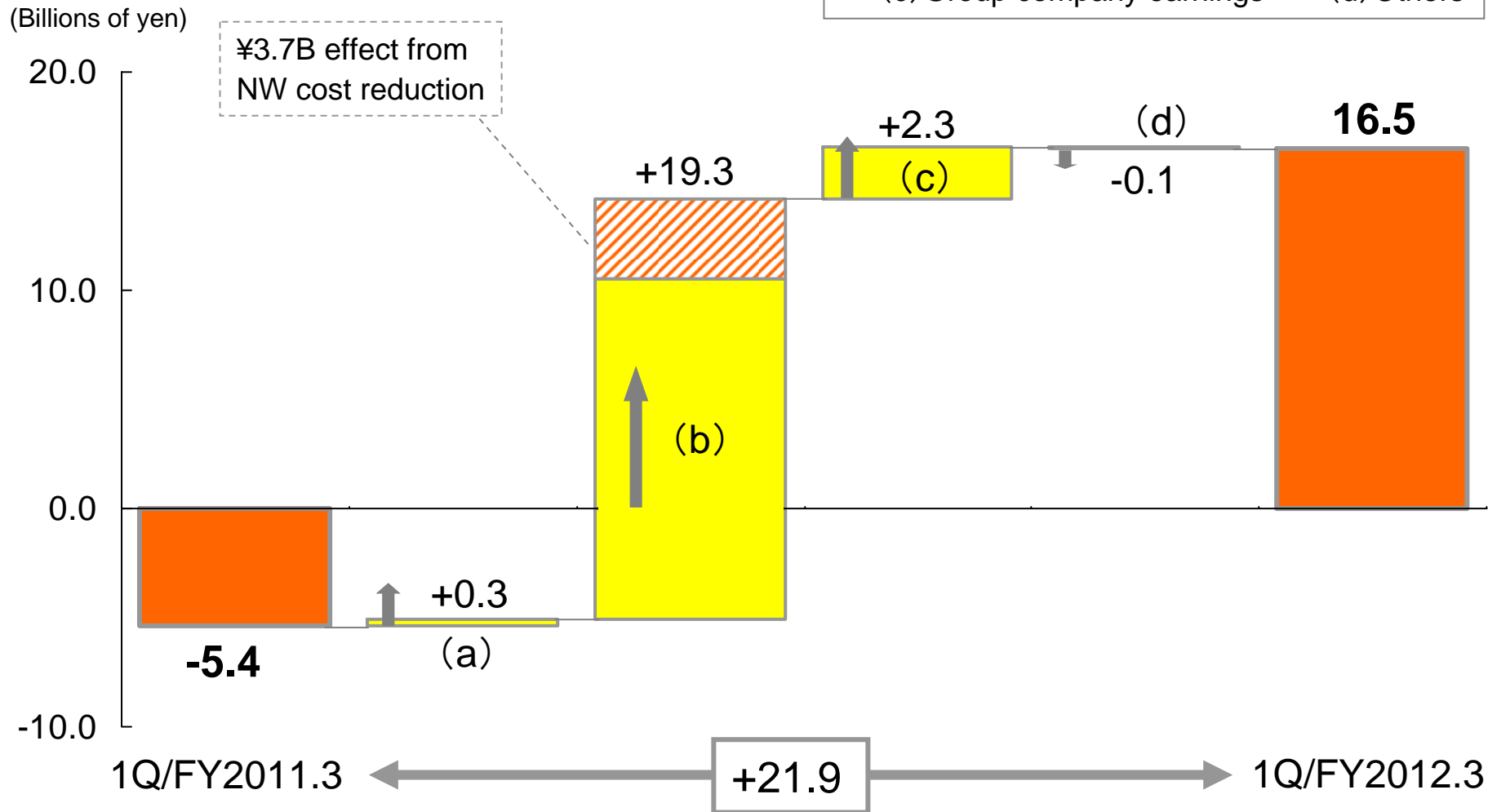


Note: Depreciation + noncurrent assets retirement cost + communication facility fee (including access charge for services).

Fixed-line Business Operating Income

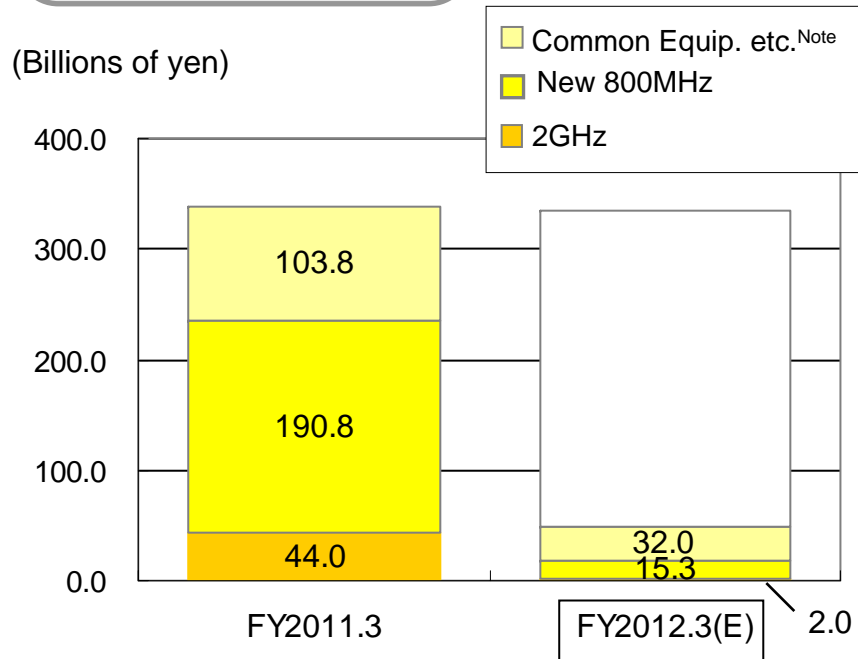
Factor for Change (year-on-year)

- Operating income
- (a) Parent company operating revenues
- (b) Parent company operating expenses
- (c) Group company earnings^{Note}
- (d) Others

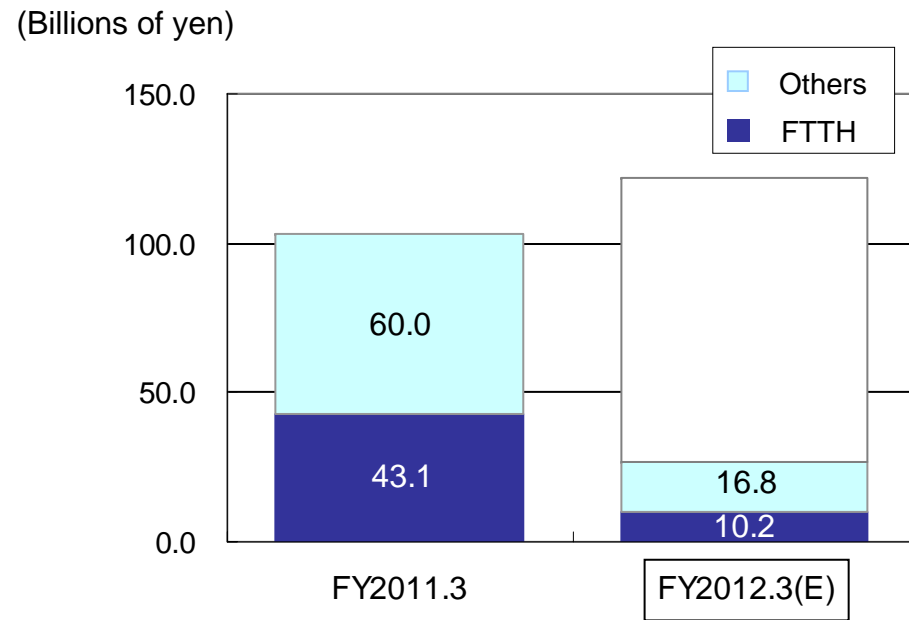


Note: CTC, JCN and overseas subsidiaries

Mobile CAPEX



Fixed-line CAPEX



(Billions of yen)

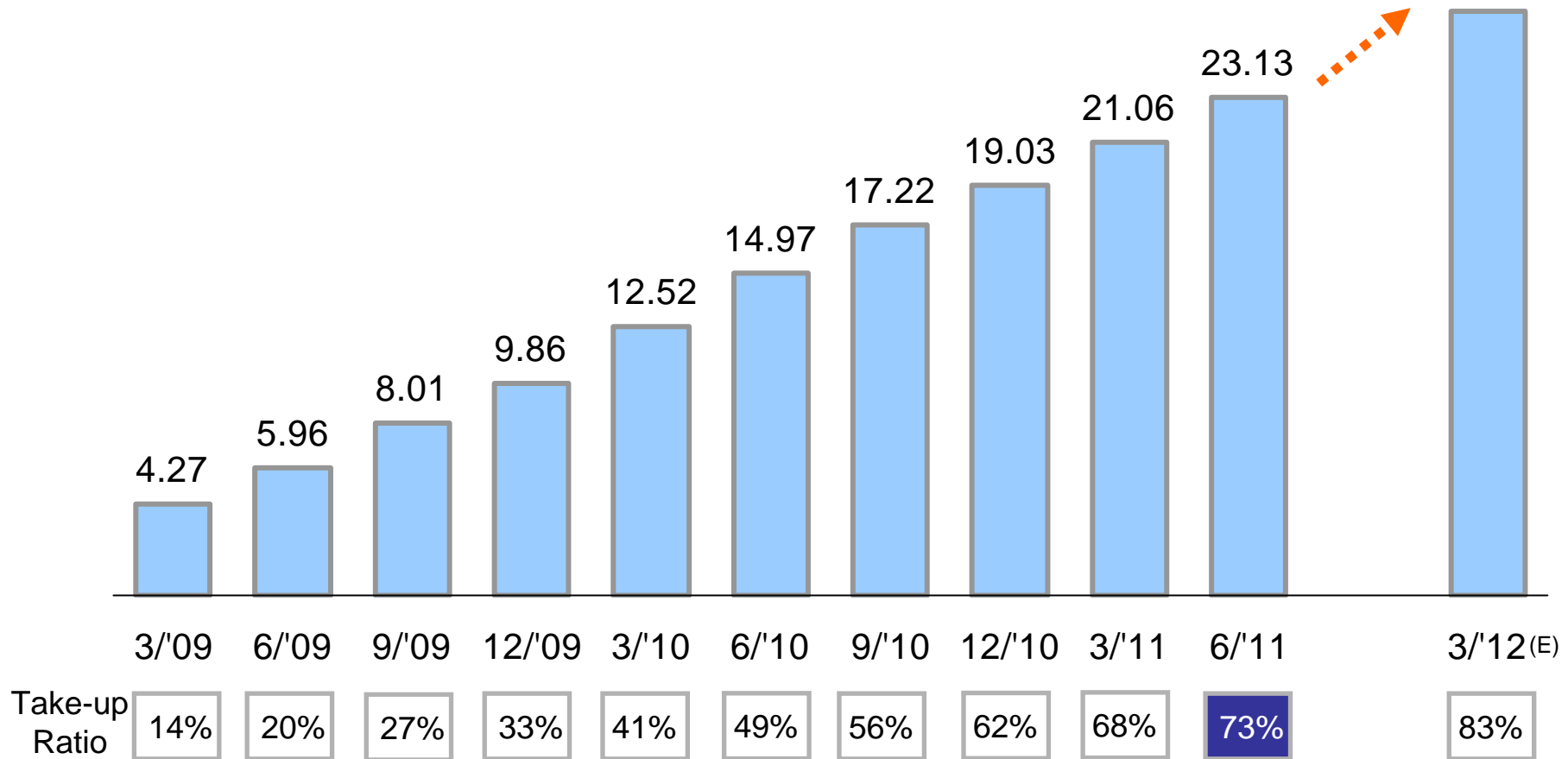
		FY2011.3		FY2012.3(E)			
		1Q		1Q	yoy	progress	
CAPEX (Cash basis)	Consolidated	110.4	443.7	76.9	-30.4%	16.7%	460.0
	Mobile	79.3	338.7	49.3	-37.8%	14.7%	335.0
	Fixed-line	30.7	103.1	26.9	-12.3%	22.1%	122.0

Note: Common Equip. etc. for FY2011.3 include ¥1.2B for "800MHz 1X / EV-DO."

"Simple Course" - Number of Subs and Take-up Ratio

23.13M subs as of June 30, 2011, making cumulative take-up ratio of 73%^{Note}

(Million subs)



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

Designing The Future
KDDI