This translation is to be used solely as a reference and the consolidated financial statements in this release are unaudited.

Financial Statements Summary for the Nine Months ended December 31, 2014 [Japan GAAP]

January 30, 2015

Company name	**KDDI CORPORATION**		
Stock exchange listing	Tokyo First Section		
Securities code	9433	URL	http://www.kddi.com
Representative	Takashi Tanaka, President		

Quarterly statement filing date (as planned): February 4, 2015

Dividend payable date (as planned): -

Supplemental material of quarterly results: Yes

Convening briefing of quarterly results: Yes (for institutional investors and analysts)

(Amount Unit : Millions of yen, unless otherwise stated)
(Amounts are rounded down to nearest million yen)

1. Consolidated Financial Results for the Nine Months ended December 31, 2014 (April 1, 2014 to December 31, 2014)

(1) Consolidated Operating Results

(Percentage represents comparison change to the corresponding previous quarterly period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Nine months ended December 31, 2014	3,351,924	5.4	585,021	9.7	593,102	10.1	350,971	30.6
Nine months ended December 31, 2013	3,179,899	17.3	533,248	34.8	538,591	36.7	268,653	49.0

Note: Comprehensive Income
Nine months ended December 31, 2014: 384,742 million yen; 21.0% Nine months ended December 31, 2013: 317,881 million yen; 73.2%

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2014	420.34	-
Nine months ended December 31, 2013	336.28	-

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio
			%
As of December 31, 2014	5,219,284	3,166,108	56.5
As of March 31, 2014	4,945,756	2,916,989	55.1

Reference: Shareholder's Equity As of December 31, 2014: 2,948,520 million yen As of March 31, 2014: 2,723,391 million yen

2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	-	60.00	-	70.00	130.00
Year ending March 31, 2015	-	80.00	-		
Year ending March 31, 2015 (forecast)				80.00	160.00

Notes: Changes in the latest forecasts released: None

3. Consolidated Financial Results Forecast for Year ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(Percentage represents comparison to previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
		%		%		%		%	Yen
Entire Fiscal Year	4,600,000	6.1	730,000	10.1	735,000	10.9	424,000	31.7	507.80

Notes: Changes in the latest forecasts released: None

KDDI Corporation resolved at a meeting of the Board of Directors held on January 30, 2015, that the common stock will be split 3 for 1 with an effective date of April 1, 2015. In the indicated consolidated financial results forecasts for the year ending March 31, 2015, net income per share does not take this 1:3 stock split into account. If adjusted to reflect the number of shares after the stock split, net income per share will be equivalent to 169.27 yen.

Notes

(1) Changes in significant consolidated subsidiaries during the nine months ended December 31, 2014 : Yes
Number of subsidiaries excluded from the scope of consolidation：one company
JAPAN CABLENET LIMITED

Note: Please refer to page 16 “2. Notes Regarding Summary Information (Notes). (1) Changes in significant consolidated subsidiaries during the nine months ended December 31, 2014”.

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statements : None

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations : Yes
2) Other changes in accounting policies : None
3) Changes in accounting estimates : None
4) Restatement of corrections : None

Note: Please refer to page 16 “2. Notes Regarding Summary Information (Notes). (2) Changes in accounting policies, accounting estimates and restatement of corrections”.

(4) Numbers of Outstanding Shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of December 31, 2014	896,963,600
	As of March 31, 2014	896,963,600
2) Number of treasury stock	As of December 31, 2014	61,984,948
	As of March 31, 2014	61,984,948
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the nine months ended December 31, 2014	834,978,652
	For the nine months ended December 31, 2013	798,906,013

Indication of Quarterly Review Procedure Implementation Status

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this report.

Explanation for Appropriate Use of Forecasts and Other Notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI Corporation (hereafter: the “Company”) and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.15 “1. Qualitative Information / Consolidated Financial Statements, etc. (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results” under [the Attachment] for the assumptions used and other notes.

2. The Company resolved at a meeting of the Board of Directors held on January 30, 2015, that the common stock will be split 3 for 1 with an effective date of April 1, 2015. Please refer to relevant items in the forecasts for financial results and dividends in the fiscal year ending March 31, 2015.
Note: Year-end dividends will be paid on the basis of the number of shares prior to the implementation of the stock split.

3. The Company holds a convening briefing of quarterly results for institutional investors and analysts on Friday, January 30, 2015. Documents distributed at the briefing are scheduled to be posted on our website at the same time as the release of the financial statements summary. Videos and main Q&As are planned to be posted immediately after the briefing.
In addition to the above convening briefing, the Company holds conferences on its business and results for individual investors. Please check our website for the schedule and details.

[Attachments]

Index of Attachments

Glossary

ARPU	ARPU is an abbreviation for Average Revenue Per Unit. Indicates monthly revenue per subscriber. Calculated for both voice and data services.
CA	CA is an abbreviation for Carrier Aggregation. With "LTE-Advanced," a next-generation communications technology, CA makes simultaneous use of multiple bandwidths, aggregating them to conduct data communication, thereby increasing the maximum downlink communication speed. Using multiple frequency ranges in different propagation environments has the benefits of augmenting communications quality and dispersing the load efficiently across multiple frequencies.
CATV	Cable television (CATV) is refers to service involving the distribution of television programs over cables (coaxial and optical fiber) laid by cable television companies. In addition to terrestrial television stations' channels, numerous pay channels are broadcast in this manner. CATV is also offered in apartment complexes and as a service solution in areas with poor reception. In addition to television broadcasts, CATV cables can be used for Internet and telephone services.
FTTH	FTTH is an abbreviation for Fiber to the Home. This method provides access via optical fiber from the telecommunications carrier's facilities to a subscriber's home. Although "home" originally referred to an individual's private dwelling, FTTH is also used in a general sense to indicate access via optical fiber.
ICT	ICT is an abbreviation for Information and Communication Technology. Whereas the use of "IT" was common in the past, as the Internet has become more ubiquitous use of the term "ICT" has grown to express the extensive added value that has resulted through the connection not only of computer systems but also a variety of other systems into communications networks.
LTE	LTE, an abbreviation for Long Term Evolution, is a technology for wireless telecommunications. Enabling the sophisticated development of third-generation mobile phone data communications, LTE wireless communications technology is positioned as 3.9G, as it immediately precedes the next-generation communication standard, IMT-Advanced. However, in December 2010 the International Telecommunication Union (ITU) began generally recognizing LTE as 4G, so telecommunications providers in Europe, the United States and other countries began referring to LTE services as 4G.
MNP	MNP is an abbreviation for Mobile Number Portability. This refers to the system whereby subscribers can keep the same phone number when switching to a different telecommunications carriers.
MVNO	MVNO is an abbreviation for Mobile Virtual Network Operator. An MVNO is an operator that provides services via wireless communications infrastructure borrowed from other telecommunications carriers.
VoLTE	VoLTE, an abbreviation for Voice over LTE, is a voice communication technology that uses the LTE high-speed communications standard. Using LTE enables clear, easy-to-hear voice communication. In addition, the technology allows simultaneous voice and data communication, so the customer can browse the Web and send and receive e-mail while talking on the phone.
WiMAX 2+	WiMAX 2+ is a broadband wireless access (BWA) service provided by UQ Communications Inc. By using bandwidth more efficiently than conventional mobile WiMAX, WiMAX 2+ enables higher communication speeds, using the 20MHz band in the 2.6GHz frequency to achieve maximum downlink speeds of 110Mbps and uplink speeds of up to 10Mbps. From spring of 2015, we plan to launch a service that will enable maximum uplink speeds of 220Mbps by using CA, which aggregates two 20MHz bands in the 2.6GHz frequency. The service is also compatible with the "TD-LTE" format.

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation on Financial Results

1) Results Overview

Industry Trends

The Japanese telecommunications market is shifting from conventional mobile handsets to "smart devices," such as smartphones and tablets. Furthermore, communications networks are becoming faster with the use of LTE. On the other hand, those services and handsets appear ever more similar.

Given the increasing prevalence of smartphones, telecommunications carriers are introducing diverse new rate plans to meet customer needs. Meanwhile, MVNO operators are entering the market. In this sense, the competitive environment for mobile telecommunications is entering a new phase, in which carriers will cultivate the group of people they believe are likely to make the transition to smartphones.

The competitive environment for the telecommunications market as a whole is expected to change further. For example, the NTT Group has announced a shift to "wholesaling fiber access service." On this basis, the group has begun offering "discounts on bundled sets of fixed-line and mobile services," MVNO is expected to grow more prevalent, and moves toward the unlocking of SIM cards are gaining ground.

KDDI's Position

- Aiming to move to a new growth stage, the Company is working to expand its communications and value-added revenues. To achieve this outcome, we are boosting our "distinctively au" credentials on various fronts, including networks, terminals, services, support, and usage fees. By emphasizing differentiation, the Company aims to respond to changes in the competitive environment. In addition to expansion in the Japanese market, we are taking on new growth opportunities in the global arena.
- The Company's core LTE network boasts a population coverage ratio of more than 99%[*1] and an LTE retention rate higher than 99.9%[*2], realizing broad area coverage and easy connectivity. In May 2014, the Company introduced carrier aggregation (hereafter: "CA") for "LTE-Advanced," the next-generation high-speed LTE communications standard, enabling downlink communication speeds of up to 150Mbps[*3]. Since the introduction of CA, we have rapidly increased the number of base stations capable of a maximum downlink speed of 150Mbps. These base stations exceeded 20,000 nationwide as of the end of December 2014. With the exception of some models, starting with summer 2014 models smartphones and tablets have been compatible[*4] both with CA and "WiMAX 2+," which allows a maximum downlink speed of 110Mbps[*3]. In addition, on December 12, 2014, we launched a next-generation voice calling service, "au VoLTE," which utilizes the 4G LTE network.
- To meet diverse customer needs, on August 13, 2014, the Company introduced the new "Unlimited Voice & Data Freedom" rate plan. This plan allows customers to select a flat-rate plan that combines their selection of any one of six data quantities for domestic flat-rate voice plans and a flat-rate service for data communications. On December 18, 2014, we also began offering "Data Gift," becoming the first Japanese telecommunications carrier to offer the gifting of data volume to family members.
- One new growth opportunity is "au WALLET," which we introduced on May 21, 2014. The cumulative number of applications for "au WALLET cards" issued is rising steadily. In addition, we began issuing the "au WALLET credit card" on October 28, 2014. Going forward, the Company will cultivate cooperation with numerous partners to create a new "economic zone" based on "au WALLET" That combines access to the Internet and physical worlds. Also, we unveiled the "Syn." concept, which constitutes a plan to create new mobile Internet experiences.
- In global business, on July 16, 2014, we decided to take part in a telecommunications business in the Republic of the Union of Myanmar (hereafter: "Myanmar"), and at present, we are moving forward with efforts to raise the communications quality of mobile phone services in the country's principal cities and promoting the sale of SIM cards. The Company looks forward to contributing the experience and technological expertise it has accumulated as a comprehensive telecommunications carrier in Japan and overseas toward the development of Myanmar's economy and industry, as well as to the lives of the country's citizens.
- Reflecting its positive evaluation of one of our CSR themes, "initiatives to conserve the global environment," the Development Bank of Japan Inc. accorded us its top "A" level in its "DBJ Environmental Ratings[*5]," making us the first telecommunications carrier to earn this rating level.

*1 Calculated on the basis of national census survey information dividing the nation into 500m sections. If coverage is possible in more than 50% of the locations within that grid square, the square is considered to be covered.

*2 Based on data the Company manages itself, the Company calculates the LTE retention rate as the percentage of communications that end without having been handed down from LTE to 3G (managed data from all base stations). The Company's 800MHz LTE-compatible models are used in calculating the LTE retention rate.

*3 The speeds mentioned are the maximum speeds by technical standards and do not represent actual usage speeds. Even within the areas mentioned, the speed may slow down significantly depending on the usage environment and traffic status. This is a best-effort service.

*4 Excludes certain models. Models compatible with CA and "WiMAX 2+" can be used in certain areas.

*5 This rating system, developed by the Development Bank of Japan Inc. (DBJ), scores companies on their level of environmental management. Companies that score highly receive an "environmental rating" that gives them access to a menu of preferential financing conditions.

Financial Results

For the nine months ended December 31, 2014

(Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	3,179,899	3,351,924	172,024	5.4
Operating Expenses	2,646,650	2,766,902	120,251	4.5
Operating Income	533,248	585,021	51,772	9.7
Non-operating Income (Expenses)	5,342	8,081	2,738	51.2
Ordinary Income	538,591	593,102	54,511	10.1
Extraordinary Income (Expenses)	(32,110)	808	32,918	-
Income before Income Taxes and Minority Interests	506,481	593,911	87,429	17.3
Total Income Taxes	212,011	217,199	5,187	2.4
Income before Minority Interests	294,469	376,711	82,242	27.9
Minority Interests in Income	25,815	25,740	(75)	(0.3)
Net Income	268,653	350,971	82,317	30.6

During the nine months ended December 31, 2014, operating revenues rose 5.4%, to ¥3,351,924 million, as an increase in au subscriptions and a rise in the smartphone penetration rate boosted data communications revenues, revenues from terminal sales increased, and revenues from overseas subsidiaries expanded.

Operating expenses rose 4.5% year on year, to ¥2,766,902 million, due to such factors as increases in terminal procurement expenses, the communication facility fee and higher depreciation and amortization in line with the expansion of LTE facilities, although sales commissions decreased.

As a result, operating income grew 9.7% year on year, to ¥585,021 million.

Affected by such factors as higher operating income and foreign exchange gains, ordinary income increased 10.1% year on year, to ¥593,102 million.

Net income rose 30.6%, to ¥350,971 million as ordinary income rose and the extraordinary loss decreased.

- Subscriptions of Major Services

Cumulative subscriptions	Unit	Year ended March 31, 2014				Year ending March 31, 2015		
		As of 1Q	As of 2Q	As of 3Q	As of 4Q	As of 1Q	As of 2Q	As of 3Q
au subscriptions	(Thousand)	38,378	39,045	39,617	40,522	41,016	41,596	42，378
(Ref.) UQ WiMAX	(Thousand)	4,222	4,275	4,157	4,014	4,153	5,124	7，153
FTTH subscriptions	(Thousand)	2,997	3,092	3,165	3,236	3,240	3,344	3，412
Cable-plus phone Subscriptions *1	(Thousand)	3,040	3,202	3,362	3,494	3,638	3,778	3，925
CATV subscriptions *2	(Thousand)	4,956	4,980	5,011	4,996	5,021	5,031	5,048

*1 Inclusive of J:COM PHONE Plus

*2 Total Number of Subscribing Households (Number of households with at least one contract via broadcasting, internet or telephone)

[Reference]

・For “Cable-plus phone,” alliances with cable television companies grew steadily, reaching 118 CATV companies, 213 channels as of December 31, 2014.

・With regard to consolidated subsidiaries handling the cable television business, as of December 31, 2014, the J:COM Group provides cable television via 74 channels in the Sapporo, Sendai, Kanto, Kansai, and Kyushu areas, and offers high-speed Internet connectivity, telephone, and other service.

2) Results by Business Segment

Personal Services

The Personal Services segment provides mobile and fixed-line communications services for individual customers. In addition to providing mobile communications services, chiefly under the “au” brand, and selling mobile handsets, in fixed-line communications, our services include in-home Internet, telephone, and video channel (TV services). In addition to these convenient FTTH services, which are branded “au HIKARI,” we provide CATV and other services.

During the fiscal year ending March 31, 2015, we plan to increase the number of customers using our “au 4G LTE” service by bolstering our lineup of terminals compatible with CA and “WiMAX 2+” and promoting “au VoLTE.” We also plan to boost sales of mobile, FTTH, and CATV services by leveraging “au Smart Value” based on our “3M Strategy” and increase our number of allied companies. Furthermore, by providing the “au WALLET” service that combines the Internet and physical worlds we will expand our service offerings and endeavor to offer customers services that are more convenient and reliable.

Operating performance in the Personal Services segment for the nine months ended December 31, 2014 is described below.

Results

For the nine months ended December 31, 2014 (Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	2,489,638	2,598,272	108,633	4.4
Operating Expenses	2,084,248	2,136,193	51,945	2.5
Operating Income	405,389	462,078	56,688	14.0

During the nine months ended December 31, 2014, operating revenues rose 4.4%, to ¥2,598,272 million, as an increase in au subscriptions and a rise in the smartphone penetration rate boosted data communications revenues and revenues from terminal sales expanded.

Operating expenses rose 2.5%, to ¥2,136,193 million, due to such factors as increases in terminal procurement expenses, the communication facility fee and higher depreciation and amortization in line with the expansion of LTE facilities, although sales commissions decreased.

As a result, operating income expanded 14.0% year on year, to ¥462,078 million.

Overview of Operations

<The “3M Strategy” and Other Key Initiatives>

au Smart Value

As of December 31, 2014, the number of au subscriptions numbered 8.52 million, and households using this service came to 4.27 million. In addition, the number of “au Smart Value” allied companies increased steadily. As of December 31, 2014, this number was 7 companies for FTTH (including the company) and 136 CATV companies, 230 channels (including 24 CATV companies, 24 channels allied with STNet, Incorporated).

<Trends in Principal Performance Indicators>

[Mobile]

au Net Additions

During the third quarter, au net additions* totaled 635,000 subscriptions.

The primary reason was the low trend in churn rate, in addition to increase the number of new smartphone subscriptions by “au Smart Value.”

* New subscribers minus churn

au Churn Rate

During the third quarter, we maintained a low churn rate, at 0.66%.

au ARPU

au ARPU in the third quarter was up ¥10 year on year, to ¥4,250, maintaining the positive momentum gained after reversing its downward trend in the fourth quarter of the preceding fiscal year.

・Voice ARPU was down ¥110 year on year, to ¥1,840. Main reasons for this decline were a shift to new-rate plans and to the reduction of access charges.

・Data ARPU was up ¥220 year on year, to ¥3,460. The primary factor was an ongoing increase in smartphone subscriptions, which deliver high data ARPU.

・The amount of discount applied was ¥1,050, up ¥100 year on year. This rise was attributable mainly to higher discounts in line with increased penetration of smartphones and "au Smart Value."

au Handset Sales

During the third quarter, au handset sales were 2.72 million.

[Fixed Line]
FTTH Subscriptions

As of December 31, 2014, the number of FTTH subscriptions increased by 174,000 from March 31, 2014, to 3.36 million. This rise was attributable mainly to new subscriptions acquired when customers subscribed to "au Smart Value," as well as the impact of lower churn.

< Main Services >

・During the third quarter, the Company commenced "au VoLTE" services and launched two handsets compatible with "au VoLTE" as well as CA and "WiMAX 2+." These moves represent stepped-up efforts to ensure high-quality voice communications, as well as high-speed and reliable data communications. Furthermore, we launched the "Fx0," the world's first* smartphone with the high-end Firefox OS, and enhanced our lineup with such models as the "iPad Air 2/iPad mini 3," two AndroidTM smartphone models, one AndroidTM tablet, and an au feature phone.
Since 2010, we have provided the "au Femtocell" as a tool for improving reception in the home. In conjunction with the launch of our "au VoLTE" services, we began offering "au Femtocell (VoLTE)." We will begin matching this tool with customers' communication environments, thereby improving their home reception and optimizing these environments.

・On October 1, 2014, we established KDDI PRECEDE CORPORATION to operate all shops throughout Japan that the KDDI Group manages directly. The new company will seek to understand customers' increasingly diverse needs for products and services such as smartphones, tablets, and FTTH and offer optimized proposals that address these needs. Beyond directly operated shops, we will deploy such proposals to all au shops. We aim to further augment customer satisfaction as a result.

・On December 18, 2014, we began offering the "dejira app" In addition to enabling au smartphone customers to check their data usage volume in real time, the app provides easy access to "Data Charge" and "Data Gifting" services.

・Through a CATV company tie-up, on December 1, 2014, the Company began offering the "Life Safety Service," aimed at making customers' lives safer and more secure. Service options include the "Home Plan" for round-the-clock emergency response during everyday life and the "Bicycle Plan." The second plan involves supplemental insurance through au Insurance Company, Limited, to provide road service cover for bicycles in the event of an accident eligible for reparations. Applications can be submitted via allied CATV operators.

* As of December 2014. According to research by Mozilla Corporation.

<Reference> Business data (Personal)

[**Mobile**]

Cumulative subscriptions		Unit	Year ended March 31, 2014					Year ending March 31, 2015		
			As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q	As of 2 Q	As of 3 Q
au subscriptions		(Thousand)	32,717	33,206	33,582	34,131	-	34,498	34,955	35,590
au smartvalue	**au subscriptions**	(Thousand)	4,630	5,400	6,110	7,050	-	7,590	8,160	8,520
	Households *1	(Thousand)	2,490	2,860	3,210	3,580	-	3,840	4,130	4,270

Indicators *2	Unit	Year ended March 31, 2014					Year ending March 31, 2015		
		1 Q	2 Q	3 Q	4 Q	Fiscal year	1 Q	2 Q	3 Q
au ARPU	(Yen)	4,150	4,220	4,240	4,160	4,200	4,220	4,280	4,250
Voice ARPU	(Yen)	1,930	1,960	1,950	1,820	1,920	1,840	1,870	1,840
Data ARPU	(Yen)	3,120	3,190	3,240	3,320	3,220	3,410	3,450	3,460
Amount of discount applied	(Yen)	(900)	(930)	(950)	(980)	(940)	(1,030)	(1,040)	(1,050)
au Churn rate	(%)	0.54	0.65	0.67	1.18	0.76	0.54	0.63	0.66
au handset sales *3	(Thousand)	2,290	2,520	2,690	3,230	10,750	1,830	2,430	2,720
of smartphone	(Thousand)	1,820	1,980	2,120	2,630	8,550	1,380	1,930	2,300
au handset shipments*4	(Thousand)	2,120	2,410	3,070	2,930	10,540	1,660	2,250	3,020

[Fixed Line]

Cumulative subscriptions	Unit	Year ended March 31, 2014					Year ending March 31, 2015		
		As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q	As of 2 Q	As of 3 Q
FTTH subscriptions*5	(Thousand)	2,950	3,045	3,117	3,188	-	3,221	3,296	3,362
Cable-plus phone Subscriptions*6	(Thousand)	3,040	3,202	3,362	3,494	-	3,638	3,778	3,925
CATV subscriptions*7	(Thousand)	4,956	4,980	5,011	4,996	-	5,021	5,031	5,048

*1.Total of the Companies and affiliated fixed-line companies

*2.The definitions of au ARPU, au churn rate, unit au handset sales, and au handset shipments have been revised, effective from the fiscal year ending March 31, 2015.
Figures for the fiscal year ended March 31, 2014, have been adjusted in accordance with the new definitions.
Items calculated: [Before revision] Cumulative mobile subscriptions, excluding tablets and modules
[After revision] Cumulative mobile subscriptions, excluding data-only terminals, tablets, and modules

*3.Number of units sold to users (new + upgrade)

*4.Number of units shipped to retailers from the company

*5.The total for “au HIKARI” (excluding “au HIKARI Business”), “Commufa-hikari,” “au HIKARI Chura,” and “Hikarifuru”

*6. Inclusive of J:COM PHONE Plus

*7. Total Number of Subscribing Households (Number of households with at least one contract via broadcasting, internet or telephone)

Value Services

In the Value Services segment, the Company provides individual customers with content, settlement and other services. This segment also works to reinforce multi-device and multi-network initiatives, developing an environment in which customers can use value-added services more conveniently.
During the fiscal year ending March 31, 2015, we expect to cultivate a new value chain that will emerge via the convergence of the Internet and physical worlds through links between “au Smart Pass” and “au WALLET,” thereby contributing to the expansion of value-added revenues.
Operating performance in the Value Services segment for the nine months ended December 31, 2014 is described below.

Results

For the nine months ended December 31, 2014 (Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	154,406	177,285	22,879	14.8
Operating Expenses	113,495	133,020	19,525	17.2
Operating Income	40,911	44,265	3,353	8.2

During the nine months ended December 31, 2014, operating revenues rose 14.8% year on year, to ¥177,285 million, buoyed by higher smartphone penetration rate, which drove increases in “au Smart Pass” revenues, growth in “au Simple Payment” commission revenues, and a rise in revenue thanks to the business launch of KDDI Financial Service Corporation (hereafter, “KFS”)
Operating expenses grew 17.2%, to ¥133,020 million, stemming from higher app procurement expenses as we worked to enhance “au Smart Pass” services, and increased costs associated with the rise in KFS revenues.
As a result, operating income rose 8.2%, to ¥44,265 million.

Overview of Operations

<The “3M Strategy” and Other Key Initiatives>

au Smart Pass

As of December 31, 2014, “au Smart Pass” members numbered 12.05 million, an increase of 1.80 million from March 31, 2014.
During the third quarter, on October 2, 2014, the Company began providing au customers with a premium function using technology offered through a strategic alliance with Lookout, Inc., of the United States. This function allows operators at the KDDI Customer Center to act on the customer’s behalf to locate[*1] and place a remote lock[*2] on a smartphone that has been lost.
On October 21, 2014, we launched the “au Game” service for “au Smart Pass,” containing a lineup of game titles popular among smartphone users. By providing “au Smart Pass” members with unlimited game access to around 500 apps and free WALLET points corresponding to 10% of games when purchased via item billing[*3], we are creating opportunities for customers to enjoy smartphone games.

*1 Certain conditions may lower the provision of location searches, rendering a search impossible.
*2 Provided only for Android™ devices.
*3 Free gifts are available with certain games provided via item billing.

Increasing ties with “au WALLET”

To make “au WALLET” use more advantageous to customers and make shopping more enjoyable, we are forging increasing ties with various companies as “Point-up Stores.”
As of December 31, 2014, the number of “Point-up Stores” amounted to approximately 23,000 shops operated by 25 companies.
During the third quarter, we forged tie-ups with community-based partner corporations, and “York Benimaru”,

a supermarket operating in the Tohoku and Kita-Kanto area; “York Mart”, which operates in the Minami-Kanto area; and “Sunshine”, which operates primarily in Kochi Prefecture, joined our “Point-up Store” lineup.
We plan to continue entering agreements with companies operating chain stores throughout Japan, as well as entering into additional tie-ups with community-based partner corporations.

<Trends in Principal Performance Indicators>

Value ARPU

During the third quarter, Value ARPU was up ¥20 year on year, to ¥320.
The main factor behind this increase was the steady increase in the number of members to “au Smart Pass.”

< Main Services >

On October 16, 2014, we unveiled the “Syn.” concept, which seeks to create new mobile Internet experiences. In an era of widespread smartphone usage, the “Syn.” concept aims to add value to the smartphone experience by establishing a decentralized web portal in which all of the services function as entrances. The concept aims to increase the value of the mobile Internet by enabling users to discover new services, and by establishing connections between the various services that encourage even further discovery of new services.

To realize this concept, we established the “Syn.alliance” federation, comprising 11 leading Internet service providers operating across numerous genres and boasting more than 41 million* monthly users. KDDI is providing support through investment funds and other means to the following “Syn.alliance” member companies: AppBroadCast Co., Ltd., Jorte Inc., Natasha, Inc., nanapi Inc., VASILY, Inc., Bitcellar, Inc., and LUXA, Inc.

As first-round “Syn.” services, on October 16, 2014, we set up a common side menu through which “Syn.alliance” members offer 13 services (including apps and Web services). Users can navigate seamlessly among services through this side menu, the “Syn.menu.” We also launched “Syn.ad” as a new advertising menu that displays within the “Syn.menu.”

* The total number of unique monthly users of Syn.alliance members’ services (smartphones only)
(Total includes customers using the services of multiple members)

<Reference> Business data (Value)

Cumulative subscriptions	Unit	Year ended March 31, 2014					Year ending March 31, 2015		
		As of 1 Q	As of 2 Q	As of 3 Q	As of 4 Q	Fiscal year	As of 1 Q	As of 2 Q	As of 3 Q
au Smart Pass subscriptions	(Thousand)	6,820	7,990	8,880	10,250	-	10,700	11,400	12,050

Indicators	Unit	Year ended March 31, 2014					Year ending March 31, 2015		
		1 Q	2 Q	3 Q	4 Q	Fiscal year	1 Q	2Q	3Q
Value ARPU*	(Yen)	270	290	300	350	300	300	310	320

* Value ARPU= Value services segment revenues of "in-house and cooperative services + settlement commissions + advertising"
The definition of Value ARPU has been revised, effective from the fiscal year ending March 31, 2015.
Figures for the fiscal year ended March 31, 2014, have been adjusted in accordance with the new definitions.
Items calculated: [Before revision] Cumulative mobile subscriptions, excluding tablets and modules
[After revision] Cumulative mobile subscriptions, excluding data-only terminals, tablets, and modules

Business Services

In the Business Services segment, we provide a cloud solution that seamlessly utilizes networks and applications across smartphones, tablets and other mobile devices, to a wide range of corporate customers, from small and medium-sized to large companies. For small and medium-sized corporate customers, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP, also provides a regional support network offering close contact throughout Japan.

In the current fiscal year, we proactively promoted a corporate "3M Strategy" in an effort to expand our customer base. Specifically, we focused on expanding services for small and medium-sized corporate customers and reinforcing our sales structure. In addition, we are expanding our service offerings to meet the myriad needs of corporate customers who are advancing overseas.
Operating performance in the Business Services segment for the nine months ended December 31, 2014 is described below.

Results

For the nine months ended December 31, 2014 (Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	490,899	492,810	1,911	0.4
Operating Expenses	418,491	431,866	13,375	3.2
Operating Income	72,408	60,944	(11,463)	(15.8)

During the nine months ended December 31, 2014, operating revenues rose 0.4% year on year, to ¥492,810 million. Although fixed-line and mobile communications revenues decreased, solution sales such as cloud-related businesses and IT outsourcing rose, as did revenue from terminal sales.
Operating expenses increased 3.2%, to ¥431,866 million, as terminal procurement expenses and cost of solution sales rose.
Operating income accordingly fell 15.8%, to ¥60,944 million.

Overview of Operations

< Main Services >

・On October 23, 2014, we launched the "KDDI Analytics Suite with MicroStrategy," a cloud service that accelerates the use and application of corporate customers' big data, together with MicroStrategy Japan Inc. This service allows customers to use and apply big data to safely and securely add new value to businesses in a short period of time without requiring customers to install specialized new equipment, expediting managerial decision-making and contributing to gains in corporate competitiveness.

・On December 2, 2014, the Company entered a capital alliance with LANCERS, INC., a leader in crowdsourcing*, to expand business support offerings for small and medium-sized enterprises. Going forward, we aim to jointly develop crowdsourcing services to address needs resulting from IT personnel shortages at small and medium-sized companies.

* A Web-based service that matches companies wishing to outsource work with individuals seeking to take on such work.

Global Services

The Global Services segment offers the one-stop provision of ICT solutions to corporate customers, centered on our “TELEHOUSE” data centers. In addition, the KDDI Group (hereafter: the “Companies”) is working aggressively to expand consumer businesses, such as MVNO operations in the United States and the mobile phone business in emerging countries. Furthermore, we provide a voice business to more than 600 telecommunications carriers around the world.
During the current fiscal year, as one of the Company’s pillars of growth we will leverage the expertise we have cultivated in Japan and overseas to augment our operations by accelerating our expansion of both the ICT and consumer businesses.
Operating performance in the Global Services segment for the nine months ended December 31, 2014 is described below.

Results

For the nine months ended December 31, 2014 (Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	189,159	214,997	25,838	13.7
Operating Expenses	180,840	205,443	24,602	13.6
Operating Income	8,318	9,554	1,235	14.9

During the nine months ended December 31, 2014, operating revenues grew 13.7% year on year, to ¥214,997 million. This rise stemmed from higher revenues from the MVNO business of Locus Telecommunications, Inc., and the data center business of TELEHOUSE International Corporation of Europe Ltd.
Operating expenses increased 13.6% year on year, to ¥205,443 million, as the rise in revenues was accompanied by increased communication facility fees to overseas telecommunications carriers.
As a result, operating income increased 14.9%, to ¥9,554 million.

Overview of Operations

< Global Strategy Initiatives>

・On July 16, 2014, the Company’s consolidated subsidiary, KDDI Summit Global Myanmar Co., Ltd. (hereafter, “KSGM”), has commenced joint business with Myanma Posts & Telecommunications (hereafter, “MPT”) on July 16, 2014. In the aim of achieving “Japanese quality” levels and heightening customer satisfaction, KSGM intends to enhance communication quality by augmenting networks and boost customer support through call center expansion. Taking this opportunity to develop the new brand, the companies are expanding the sales network. In November 14, 2014, the first shop operated directly by MPT opened within the Yangon General Post Office, as a step toward creating a structure to offer services to a greater number of customers.
Furthermore, as a result of initiatives including various campaigns and events, sales of SIM card sales have exceeded 5 million over a four-month period.
Going forward, KSGM intends to introduce various measures conceived from a customer standpoint, thereby pleasing its customers and becoming a best-in-class telecommunications operator.

3) Status of Major Affiliates

<UQ Communications Inc.>

On October 31, 2013, UQ Communications Inc., an equity-method affiliate of the Company, began providing the "WiMAX 2+" ultrahigh-speed mobile broadband service, which provides downlink speeds of up to 110Mbps[*1]. As of September 30, 2014, the service area had been expanded to encompass all 47 of Japan's prefectures, and further progress was made during the third quarter.

In December 2014, the company received the number one overall customer satisfaction rating in the "Fiscal 2015 Oricon Customer Satisfaction Ranking™ (Mobile Data Communications Ranking Division)" and the "RBB Today Mobile Award 2014 Carrier Division (Data Communications)." Already having received the No. 1 customer service ranking in the "Japan Mobile Data Service Satisfaction Survey[SM*2]," conducted by J.D. Power Asia Pacific Inc., this marks the second consecutive year the company has topped all three rankings for customer satisfaction in mobile data communications.

UQ Communications Inc., by further making effective use of the continuous 50MHz frequency range and introducing new technology, aims to achieve downlink speeds of up to 220Mbps[*1] for "WiMAX 2+," and we launched compatible terminals on January 30, 2015.

A new rate plan, "UQ Flat 2+ Giga-hodai," which is scheduled for launch on February 20, 2015, aims to provide optimal mobile data communication services befitting the full-fledged cloud era.

*1 The speeds mentioned are maximum speeds according to technical standards and do not indicate actual usage speeds. Even within high-maximum speed service areas, speeds may slow down significantly depending on the usage environment and traffic status. This is a best-effort method service.

*2 Source: "J.D. Power Asia Pacific 2013–2014 Japan Mobile Service Satisfaction Survey[SM]." Data for the 2014 survey is based on responses from 3,500 individual users of specialized data devices.

<Jibun Bank Corporation >

On October 13, 2014, Jibun Bank Corporation, an equity-method affiliate of the company, began offering preferential interest rates on fixed-term yen deposits through "Premium Bank for au," a tie-up with KDDI and Okinawa Cellular Telephone Company.

"Premium Bank for au" is a program that offers a number of convenient financial services. For example, the program waives ATM and fund transfer fees and offers preferential interest rates. Since the program's inauguration on May 21, 2014, Jibun Bank's number of accounts has approximately quadrupled, to 1.8 million, and the bank has earned a solid reputation with numerous au customers.

* Figure indicates a year-on-year increase in the number of new account applications between May 21 and September 20, 2014.

Notes: 1 The service name "4G LTE" conforms to the statement of the International Telecommunication Union (ITU) that has approved LTE to be called "4G."
2 "Firefox" is a trademark or registered trademark of Mozilla Foundation in the United States and other countries.
3 "iPad" is a trademark registered by Apple Inc. in the United States and other countries.
4 "Android" is a trademark or a registered trademark of Google Inc.
5 Other company and product names are registered trademarks or trademarks of their respective companies.

(2) Explanation on Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2014	As of December 31, 2014	Increase (Decrease)	Increase (Decrease)%
Noncurrent assets	3,400,157	3,556,925	156,767	4.6
Current assets	1,545,599	1,662,358	116,759	7.6
Total assets	4,945,756	5,219,284	273,527	5.5
Noncurrent liabilities	979,830	1,028,493	48,662	5.0
Current liabilities	1,048,936	1,024,682	(24,254)	(2.3)
Total liabilities	2,028,767	2,053,175	24,408	1.2
Total net assets	2,916,989	3,166,108	249,118	8.5

(Assets)

Total assets amounted to ¥5,219,284 million as of December 31, 2014, up ¥273,527 million from their level on March 31, 2014. The rise was attributable to higher noncurrent assets in the telecommunications business, long-term loans receivable from subsidiaries and affiliates, and notes and accounts receivable-trade.

(Liabilities)

Total liabilities amounted to ¥2,053,175 million as of December 31, 2014, up ¥24,408 million from March 31, 2014, due to an increase in long-term loans payable, although income taxes payable decreased.

(Net Assets)

Net assets amounted to ¥3,166,108 million, due to increased retained earnings.

As a result, the shareholders’ equity ratio increased from 55.1% as of March 31, 2014, to 56.5%.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014	Increase (Decrease)
Net cash provided by (used in) operating activities	579,102	681,659	102,556
Net cash provided by (used in) investing activities	(347,157)	(581,294)	(234,137)
Free cash flows(Note)	231,945	100,364	(131,580)
Net cash provided by (used in) financing activities	(114,722)	(113,430)	1,292
Effect of exchange rate change on cash and cash equivalents	2,535	1,213	(1,322)
Net increase (decrease) in cash and cash equivalents	119,757	(11,852)	(131,610)
Cash and cash equivalents at beginning of period	87,288	212,530	125,241
Increase in cash and cash equivalents resulting from merger	569	-	(569)
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	(2,966)	(2,966)
Cash and cash equivalents at end of period	207,616	197,711	(9,904)

Note 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 ¥681,659 million. This includes ¥593,911 million of income before income taxes and minority interests, ¥366,140 million of depreciation and amortization, and ¥234,366 million of income taxes paid.

Investing activities used net cash of ¥581,294 million. This includes ¥320,447 million of purchase of property, plant and equipment, ¥102,944 million for purchase of intangible assets, ¥60,300 million for payments of long-term loans receivable from subsidiaries and affiliates, and ¥44,683 million for the purchase of long-term prepaid expenses.

Financial activities used net cash of ¥113,430 million. This includes ¥152,000 million for proceeds from long-term loans payable, ¥124,665 million in cash dividends paid, ¥95,000 million for the redemption of bonds, and ¥45,450 million for repayment of long-term loans payable.

As a result, total cash and cash equivalents as of December 31, 2014, decreased ¥14,818 million from March 31, 2014, to ¥197,711 million.

(3) Explanation Regarding Future Forecast Information of Consolidated Financial Results

The estimated consolidated financial results for the year ending March 31, 2015 for full-year basis disclosed in the Financial Statements Summary for the year ended March 31, 2014 (disclosed on April 30, 2014) were as follows;

Operating Revenues: ¥4,600,000 million, Operating Income: ¥730,000 million, Ordinary Income: ¥735,000 million, Net Income: ¥424,000 million. There is no change to these figures.

2. Notes Regarding Summary Information (Notes)

(1) Changes in significant consolidated subsidiaries during the nine months ended December 31, 2014

During the three months ended June 30, 2014, the Company's subsidiary JAPAN CABLENET LIMITED underwent an absorption-type merger with another subsidiary, Jupiter Telecommunications Co., Ltd., and was extinguished.

Excluded one company: JAPAN CABLENET LIMITED

(2) Changes in accounting policies, accounting estimates and restatement of corrections

(Changes in accounting policies)

(Adoption of accounting standard for retirement benefits)

Concerning the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Implementation Guidance for the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), the Company has applied the text in Paragraph 35 of the Accounting Standard for Retirement Benefits and the text in Paragraph 67 of the "Implementation Guidance for the Accounting Standard for Retirement Benefits" from the first quarter of the fiscal year under review, revising its method of calculating retirement benefit obligations and prior service costs. The method of attributing expected benefit has been changed from a straight-line basis to a benefit formula basis. Also, the method of determining the discount rate has been changed from one of using as the basis for calculation the yield on Japanese government bonds for a number of years corresponding to the average remaining service period to a method based on the use of multiple corporate bond yields set for each expected retirement benefit period.

Regarding the application of the Accounting Standard for Retirement Benefits, in accordance with the transitional treatment stipulated in paragraph 37, from the beginning of the nine months period ended December 31, 2014, under review the amount of change resulting from the method of calculating retirement benefit obligations and prior service costs is added to or deducted from retained earnings.

As a result, net defined benefit asset declined ¥11,210 million at the beginning of the nine month period ended December 31, 2014, under review, net defined benefit liability increased ¥1,336 million, and retained earnings decreased ¥8,270 million. Furthermore, operating income, ordinary income, and income before income taxes and minority interests increased ¥1,086 million.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery, net	650,596	697,550
Antenna facilities, net	342,372	354,943
Local line facilities, net	120,662	119,752
Long-distance line facilities, net	4,582	5,783
Engineering facilities, net	23,451	22,468
Submarine line facilities, net	3,157	2,543
Buildings, net	162,437	156,674
Structures, net	26,065	25,397
Land	247,865	247,819
Construction in progress	156,710	162,746
Other tangible assets, net	26,831	27,121
Total property, plant and equipment	1,764,732	1,822,801
Intangible assets		
Right of using facilities	11,164	12,607
Software	157,035	190,969
Goodwill	21,047	19,026
Other intangible assets	8,671	8,230
Total intangible assets	197,918	230,833
Total noncurrent assets-telecommunications business	1,962,650	2,053,635
Incidental business facilities		
Property, plant and equipment	373,276	370,706
Intangible assets	545,200	534,918
Total noncurrent assets-incidental business	918,476	905,625
Investments and other assets		
Investment securities	91,509	96,552
Stocks of subsidiaries and affiliates	41,480	57,573
Investments in capital of subsidiaries and affiliates	274	281
Long-term loans receivable from subsidiaries and affiliates	-	60,300
Long-term prepaid expenses	245,184	250,733
Net defined benefit asset	20,103	12,299
Deferred tax assets	79,314	78,823
Other investment and other assets	50,739	50,332
Allowance for doubtful accounts	(9,575)	(9,231)
Total investments and other assets	519,029	597,664
Total noncurrent assets	3,400,157	3,556,925
Current assets		
Cash and deposits	222,050	206,644
Notes and accounts receivable-trade	1,094,919	1,178,743
Accounts receivable-other	68,297	80,056
Short-term investment securities	273	286
Supplies	86,060	95,169
Deferred tax assets	51,352	37,611
Other current assets	44,177	85,593
Allowance for doubtful accounts	(21,532)	(21,476)
Total current assets	1,545,599	1,662,358
Total assets	4,945,756	5,219,284

(Amount unit: Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Liabilities		
Noncurrent liabilities		
Bonds payable	204,998	215,000
Long-term loans payable	518,697	579,152
Net defined benefit liability	17,339	15,935
Provision for point service program	76,338	78,316
Other noncurrent liabilities	162,455	140,089
Total noncurrent liabilities	979,830	1,028,493
Current liabilities		
Current portion of noncurrent liabilities	233,466	206,210
Notes and accounts payable-trade	87,232	116,862
Short-term loans payable	95,255	82,467
Accounts payable-other	349,011	387,017
Accrued expenses	26,732	28,250
Income taxes payable	125,364	95,976
Advances received	55,254	44,855
Provision for bonuses	28,771	10,853
Other current liabilities	47,848	52,187
Total current liabilities	1,048,936	1,024,682
Total liabilities	2,028,767	2,053,175
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	385,942	385,942
Retained earnings	2,291,730	2,509,183
Treasury stock	(161,821)	(161,821)
Total shareholders' equity	2,657,702	2,875,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,731	49,226
Deferred gains or losses on hedges	(1,584)	(1,370)
Foreign currency translation adjustment	15,189	17,664
Remeasurements of defined benefit plans	6,352	7,843
Total accumulated other comprehensive income	65,688	73,364
Subscription rights to shares	39	34
Minority interests	193,558	217,553
Total net assets	2,916,989	3,166,108
Total liabilities and net assets	4,945,756	5,219,284

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Income)

(Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	1,941,210	2,022,655
Operating expenses		
Business expenses	490,957	520,005
Operating expenses	30	31
Facilities maintenance expenses	192,125	198,650
Common expenses	1,936	1,728
Administrative expenses	60,926	58,264
Experiment and research expenses	4,826	4,528
Depreciation	266,731	282,579
Noncurrent assets retirement cost	18,330	17,723
Communication facility fee	276,219	290,695
Taxes and dues	32,919	30,899
Total operating expenses	1,345,002	1,405,107
Net operating income from telecommunications	596,208	617,548
Operating income and loss from incidental business		
Operating revenue	1,238,688	1,329,268
Operating expenses	1,301,647	1,361,795
Net operating loss from incidental business	(62,959)	(32,526)
Operating income	533,248	585,021
Non-operating income		
Interest income	575	605
Dividends income	1,821	1,821
Equity in earnings of affiliates	4,505	4,334
Foreign exchange gains	5,113	6,331
Miscellaneous income	7,664	6,755
Total non-operating income	19,680	19,849
Non-operating expenses		
Interest expenses	8,818	9,113
Miscellaneous expenses	5,519	2,655
Total non-operating expenses	14,338	11,768
Ordinary income	538,591	593,102
Extraordinary income		
Gain on sales of noncurrent assets	-	145
Gain on sales of investment securities	6,864	4,918
Gain on sales of subsidiaries and affiliates' stocks	-	1,156
Gain on change in equity	-	3,596
Contribution for construction	568	-
Total extraordinary income	7,432	9,816
Extraordinary loss		
Loss on sales of noncurrent assets	295	311
Impairment loss[1]	-	5,844
Loss on retirement of noncurrent assets[2]	-	2,853
Loss on valuation of investment securities	221	-
Loss on step acquisitions	38,457	-
Reduction entry of contribution for construction	567	-
Total extraordinary losses	39,542	9,008
Income before income taxes and minority interests	506,481	593,911

Income taxes-current	181,107	195,796
Income taxes for prior periods[3]	-	6,876
Income taxes-deferred	30,904	14,527
Total income taxes	212,011	217,199
Income before minority interests	294,469	376,711
Minority interests in income	25,815	25,740
Net income	268,653	350,971

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Comprehensive Income)

(Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	294,469	376,711
Other comprehensive income		
Valuation difference on available-for-sale securities	9,093	1,761
Deferred gains or losses on hedges	206	(139)
Foreign currency translation adjustment	14,446	2,265
Remeasurements of defined benefit plans, net of tax	-	1,500
Share of other comprehensive income of associates accounted for using equity method	(335)	2,642
Total other comprehensive income	23,411	8,031
Comprehensive income	317,881	384,742
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	289,342	358,647
Comprehensive income attributable to minority interests	28,539	26,095

(3) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	506,481	593,911
Depreciation and amortization	347,428	366,140
Impairment loss	-	5,844
Amortization of goodwill	21,590	20,219
Loss (gain) on sales of noncurrent assets	281	162
Loss on retirement of noncurrent assets	16,075	14,595
Loss on step acquisitions	38,457	-
Increase (decrease) in allowance for doubtful accounts	(1,518)	(191)
Increase (decrease) in provision for retirement benefits	3,708	-
Decrease (increase) in net defined benefit asset	-	7,804
Increase (decrease) in net defined benefit liability	-	(1,404)
Interest and dividends income	(2,397)	(2,427)
Interest expenses	8,863	9,113
Equity in (earnings) losses of affiliates	(4,505)	(4,334)
Loss (gain) on sales of investment securities	(6,882)	(4,918)
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	(1,156)
Loss (gain) on valuation of investment securities	221	19
Increase (decrease) in provision for point service program	(9,642)	(5,525)
Decrease (increase) in prepaid pension costs	2,982	-
Decrease (increase) in notes and accounts receivable-trade	(49,164)	(101,966)
Decrease (increase) in inventories	(36,422)	(11,375)
Increase (decrease) in notes and accounts payable-trade	46,608	31,270
Increase (decrease) in accounts payable-other	(51,588)	53,228
Increase (decrease) in accrued expenses	(1,112)	832
Increase (decrease) in advances received	(10,184)	(13,826)
Other, net	(37,825)	(37,368)
Subtotal	781,458	918,645
Interest and dividends income received	4,048	5,496
Interest expenses paid	(9,528)	(8,116)
Income taxes paid	(196,876)	(234,366)
Net cash provided by (used in) operating activities	579,102	681,659
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(281,392)	(320,447)
Proceeds from sales of property, plant and equipment	264	1,010
Purchase of intangible assets	(47,505)	(102,944)
Purchase of investment securities	(3,667)	(3,272)
Proceeds from sales of investment securities	17,021	5,528
Purchase of stocks of subsidiaries and affiliates	(6,227)	(27,343)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(18,913)	(7,210)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	16,271	-
Proceeds from sales of stocks of subsidiaries and affiliates	18,818	1,403
Purchase of long-term prepaid expenses	(43,001)	(44,683)
Payments for transfer of business	-	(6,000)
Net decrease (increase) in short-term loans receivable from subsidiaries and affiliates	-	(18,229)
Payments of long-term loans receivable from subsidiaries and affiliates	-	(60,300)
Other, net	1,176	1,193
Net cash provided by (used in) investing activities	(347,157)	(581,294)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(128,965)	(12,832)
Proceeds from long-term loans payable	310,000	152,000
Repayment of long-term loans payable	(132,992)	(45,450)
Proceeds from issuance of bonds	30,000	30,000
Redemption of bonds	(90,000)	(95,000)
Purchase of treasury stock	(17)	-
Cash dividends paid	(85,314)	(124,665)
Cash dividends paid to minority shareholders	(1,648)	(6,792)
Proceeds from stock issuance to minority shareholders	18	7,029
Other, net	(15,803)	(17,719)
Net cash provided by (used in) financing activities	(114,722)	(113,430)
Effect of exchange rate change on cash and cash equivalents	2,535	1,213
Net increase (decrease) in cash and cash equivalents	119,757	(11,852)
Cash and cash equivalents at beginning of period	87,288	212,530
Increase in cash and cash equivalents resulting from merger	569	-
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	(2,966)
Cash and cash equivalents at end of period	207,616	197,711

(4) Notes Regarding Consolidated Financial Statements

(Going Concern Assumption)

None

(Consolidated Statements of Income)

*1 Impairment loss

The Companies mainly recognized impairment loss for the following assets and asset group.

For the nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)

Location	Usage for	Type	Impairment loss amount
The Company The 2GHz band idle assets (Tokyo, etc.)	Telecommunications business	Machinery, Antenna facilities	¥5,774M

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

During the three months ended September 30, 2014, the Companies drew up a plan to shift the 2GHz band to LTE broadband in order to reinforce its competitiveness in mobile communications services, rendering certain facilities non-performing. Facilities not part of this conversion were determined to be idle assets that were expected to have no future value. The book value of these assets was reduced to their recoverable value. This ¥5,774 million decrease, an impairment loss, was recorded as an extraordinary loss. This amount consists of ¥4,550 million for machinery and ¥1,224 million for antenna facilities.

Further, the recoverable value of these assets is estimated based on their net selling price. Because these assets are difficult to convert to other uses, the net selling price is set at ¥0.

In addition, an impairment loss of ¥69 million was recorded for certain subsidiaries.

*2 Loss on retirement of noncurrent assets

For the nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)

The loss on the retirement of noncurrent assets amounted to ¥2,853 million, principally involving disposal costs on equipment related to the Metal-plus telephone service.

*3 Income taxes for prior periods

(Reassessment of excessive depreciation on steel towers used for the telecommunications business)

On June 25, 2014, the Company received a notice of correction from the Tokyo Regional Taxation Bureau involving a discrepancy in the useful life of the steel towers used for the telecommunications business over the five fiscal years ended March 31, 2009 through 2013.

Objecting to this correction, on December 10, 2014, the Company submitted an application for review to the National Tax Tribunal.

This notice of correction corresponds to additional taxes of ¥6,876 million, including income tax, residence tax, business tax, and other ancillary taxes. This amount has been included on the consolidated statements of income for the nine months ended December 31, 2014, as “income taxes for prior periods.”

Due to the application of tax-effect accounting, the Company has posted income taxes-deferred of ¥5,650 million in accordance with the above-stated excessive depreciation.

(Material Changes in Shareholders' Equity)

None

(Segment Information, etc.)

(Segment Information)

Ⅰ For the nine months ended December 31, 2013 (April 1, 2013 to December 31, 2013)

1. Information on sales and income (loss) by reportable business segment

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consolidation (Note 3)
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside Sales	2,431,239	118,951	434,090	163,238	3,147,520	32,378	3,179,899	-	3,179,899
Intersegment Sales or Transfer	58,398	35,454	56,809	25,921	176,583	69,652	246,236	(246,236)	-
Total	2,489,638	154,406	490,899	189,159	3,324,104	102,031	3,426,135	(246,236)	3,179,899
Segment Income	405,389	40,911	72,408	8,318	527,027	6,520	533,548	(299)	533,248

Notes: 1. The "Other" category incorporates operations not included in reportable business segments, including equipment construction and maintenance, call center business, research and technological development, and other operations.
2. Adjustment of segment income refers to elimination of intersegment transactions.
3. Operating income is adjusted on operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets, goodwill and other items by reportable business segment

(Material impairment loss on noncurrent assets)

No significant items to be reported.

(Material changes in goodwill)

No significant items to be reported.

(Material profit from negative goodwill)

No significant items to be reported.

Ⅱ For the nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)

1. Information on sales and income (loss) by reportable business segment

(Amount unit: Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Elimination and Corporate (Note 2)	Consoli-dation (Note 3)
	Personal Services	Value Services	Business Services	Global Services	Subtotal				
Sales									
Outside Sales	2,535,539	132,236	432,474	190,561	3,290,811	61,112	3,351,924	-	3,351,924
Intersegment Sales or Transfer	62,732	45,049	60,336	24,436	192,554	72,094	264,648	(264,648)	-
Total	2,598,272	177,285	492,810	214,997	3,483,366	133,206	3,616,572	(264,648)	3,351,924
Segment Income	462,078	44,265	60,944	9,554	576,841	8,733	585,575	(553)	585,021

Notes: 1. The "Other" category incorporates operations not included in reportable business segments, including equipment construction and maintenance, call center business, research and technological development, and other operations.
2. Adjustment of segment income refers to elimination of intersegment transactions.
3. Operating income is adjusted on operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets, goodwill and other items by reportable business segment

(Material impairment loss on noncurrent assets)

No significant items to be reported.

(Material changes in goodwill)

No significant items to be reported.

(Material profit from negative goodwill)

No significant items to be reported.

(Significant Subsequent Event)

(Notice Concerning Stock Split)

At the meeting of the Board of Directors held on January 30, 2015, the Company resolved to conduct a stock split. The details are as follows.

1. Purpose of Stock Split

The stock split will be 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 Stock Split

(1) Method of stock split

The stock split shall have a record date of Tuesday, March 31, 2015 and shall involve the splitting of common stocks held by shareholders whose names are recorded in the latest Registry of Shareholders on the record date at a ratio of 1:3.

(2) Number of increase in shares by stock split

1) Total number of issued shares before stock split 896,963,600 shares
2) Number of increase in shares by stock split 1,793,927,200 shares
3) Total number of issued shares after stock split 2,690,890,800 shares
4) Total number of authorized shares after stock split 4,200,000,000 shares

(3) Schedule of stock split

1) Public notice date of the record date Monday, March 16, 2015
2) Record date Tuesday, March 31, 2015
3) Effective date Wednesday, April 1, 2015

3. Others

(1) Changes in capital

The stock split will not result in changes in capital.

(2) Dividend

As the effective date of the stock split will be April 1, 2015, dividends for the fiscal year ending March 31, 2015—which have a record date of March 31, 2015—will be based on the number of shares prior to the stock split. The Company's forecast of a year-end dividend of ¥80.00 per share for the fiscal year ending March 31, 2015, remains unchanged.

(3) Per share information

Per share information based on the assumption that this stock split had been implemented at the beginning of the previous consolidation fiscal year is presented as follows for the previous period and the period under review.

Net income per share
Nine months ended December 31, 2013 ¥112.09
Nine months ended December 31, 2014 ¥140.11