This translation is to be used solely as reference and only the Japanese original texts of the Statements Summary have legal effect and the consolidated financial statements in this release are unaudited.

Financial Statements Summary for the Year Ended March 31, 2010

April 23, 2010

Company Name	**KDDI CORPORATION**		
Stock Listing	Tokyo Stock Exchange-First Section	Code No.	9433
Representative	Tadashi Onodera, President and Chairman	URL	http://www.kddi.com

Scheduled date for annual meeting of shareholders June 17, 2010

Scheduled date for filing of full-year report June 18, 2010

Scheduled date for dividend payment June 18, 2010

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

1. Consolidated Financial Results for the Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(1) Consolidated Results of Operation

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

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Year ended March 31, 2010	3,442,146	(1.6)	443,862	0.1	422,870	(4.0)	212,764	(4.5)
Year ended March 31, 2009	3,497,509	(2.7)	443,207	10.7	440,455	8.0	222,736	2.3

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income Margin
	Yen	Yen	%	%	%
Year ended March 31, 2010	47,768.01	-	11.0	11.7	12.9
Year ended March 31, 2009	49,973.11	-	12.6	14.0	12.7

(Reference) Equity in net income of affiliates As of March 31, 2010 : (9,968 million yen) As of March 31, 2009 : (2,248 million yen)

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of March 31, 2010	3,819,536	2,078,450	52.8	453,003.09
As of March 31, 2009	3,429,132	1,881,329	53.7	413,339.32

(Reference) Shareholder's Equity As of March 31, 2010 : 2,017,726 million yen As of March 31, 2009 : 1,841,060 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Year ended March 31, 2010	739,991	(924,441)	149,238	165,476
Year ended March 31, 2009	712,230	(775,470)	191,490	200,310

2. Dividends

	Dividends per Share					Total Dividends for the Year	Payout Ratio	Ratio of Dividends to Shareholders' Equity
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total			
	Yen	Yen	Yen	Yen	Yen		%	%
Year ended March 31, 2009	-	5,500.00	-	5,500.00	11,000.00	49,014	22.0	2.8
Year ended March 31, 2010	-	6,500.00	-	6,500.00	13,000.00	57,903	27.2	3.0
Fiscal Year ending March 31, 2011 (forecast)	-	6,500.00	-	6,500.00	13,000.00		24.1	

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2011 (April 1,2010 - March 31, 2011)

(Percentage represents comparison to previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
		%		%		%		%	Yen
Entire Fiscal Year	3,440,000	(0.1)	445,000	0.3	420,000	(0.7)	240,000	12.8	53,882.78

Forecast of consolidated business results for the first six months of the year is not prepared.

4. Other

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) : None

(2) Changes in significant accounting policies, procedures and presentation in consolidated financial statements (Items to be disclosed in "Significant Changes in the Basis of Presenting Consolidated Financial Statements")

1) Changes resulting from the revision of the accounting standards and other regulations: Yes

2) Others: Yes

Note: Please refer to page 26 "Basis of Presenting Consolidated Financial Statements" and page 27 "Changes in Significant Accounting Policies" for details.

(3) Numbers of Outstanding Shares (common shares)

1) Number of shares outstanding (inclusive of treasury stock)	As of March 31, 2010	4,484,818
	As of March 31, 2009	4,484,818
2) Number of treasury stock	As of March 31, 2010	30,705
	As of March 31, 2009	30,705

Note: Please refer to page 57 "Per Share Information" for the number of stock as the basis of per share consolidated net income.

(Reference) Summary of Non-Consolidated Financial Results and Financial Position

1. Non-consolidated Financial Results for the Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(1) Non-consolidated Results of Operation (Percentage represents comparison change to the corresponding previous quarterly period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Year ended March 31, 2010	3,211,347	(2.9)	414,075	(3.3)	410,485	(5.1)	214,650	(5.3)
Year ended March 31, 2009	3,307,007	(4.3)	428,117	13.4	432,602	11.7	226,739	4.9

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2010	48,191.55	-
Year ended March 31, 2009	50,871.27	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of March 31, 2010	3,666,458	1,995,296	54.4	447,636.02
As of March 31, 2009	3,319,977	1,822,149	54.9	408,871.10

(Reference) Shareholder's Equity As of March 31, 2010: 1,993,821 million yen As of March 31, 2009: 1,821,158 million yen

Explanation for Appropriate Use of Forecasts and Other Notes

The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI and certain assumptions which are regarded as legitimate. Large discrepancies may be seen in the actual results due to various factors. Please refer to page 9 "4. Outlook for the Year Ending March 31, 2011" under "Qualitative Information / Financial Statements, Etc." for the assumptions used and other notes.

1. Qualitative Information / Financial Statements, Etc.

(1) Analysis on Consolidated Operating Results

1. Results Overview

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	3,497,509	3,442,146	(55,362)	(1.6)
Operating Expenses	3,054,301	2,998,284	(56,017)	(1.8)
Operating Income	443,207	443,862	654	0.1
Non-operating Income (Expense)	(2,752)	(20,991)	(18,239)	-
Ordinary Income	440,455	422,870	(17,584)	(4.0)
Extraordinary Profit (Loss)	(45,592)	(54,244)	(8,652)	-
Income before Income Taxes and Minority Interests	394,862	368,626	(26,236)	(6.6)
Income Taxes	170,323	150,209	(20,114)	(11.8)
Minority Interests	1,803	5,652	3,849	213.5
Net Income	222,736	212,764	(9,971)	(4.5)

Operating revenues in the year ended March 31, 2010 amounted to ¥3,442,146 million, down 1.6% year on year. Contributing factors included the decrease in ARPU (Average Revenue per Unit) due to the increased uptake of “Simple Course” in the Mobile Business. However, operating expenses declined due to decreases in sales commissions and handsets procurement cost in the Mobile Business, recovery in operating loss in the Fixed-line Business and other factors. This resulted in the same level of operating income compared to the year ended March 31, 2009, amounting to ¥443,862 million, up 0.1% year on year. Ordinary income fell 4.0% year on year to ¥422,870 million due to the increase in loss in investment on equity-method affiliates.

Net income was down 4.5% year on year to ¥212,764 million. This was due to the post of extraordinary loss including ¥48,056 million of business restructuring expenses for the streamlining of network in the Fixed-line Business and other factors.

Overview of Economic Conditions

In economies worldwide, which had seen financial uncertainty originating in the United States undermine the real economy, steady recovery among emerging nations proved insufficient to drive recovery among developed nations. Therefore, trends in the United States and Europe require ongoing monitoring.

Japan showed signs of a pickup in exports and production thanks to overseas demand, while the benefits of government stimulus measures became evident in some sectors of consumer spending. However, the employment market and personal income levels remained unfavorable. Consequently, overseas economic trends and the benefits of government stimulus measures in Japan will require careful ongoing monitoring.

Industry Trends

In the mobile communications market, competition for customers is intensifying further in areas such as provision of inexpensive pricing plans, handset variety, and provision of music, video, e-books and other content services. In the fixed-line market, meanwhile, the expansion of broadband services, centered around FTTH, is accompanied by an ongoing convergence between fixed-line and mobile communications, as well as between communications and broadcasting. As a result, competition between services is entering a new phase.

KDDI's Position

In the Mobile Business, KDDI worked to enhance its services targeting individual and corporate clients in order to meet diversifying customer needs by developing and launching enhanced lineup of handsets and accessories, including the new "iida" brand launched in April 2009 as well as devising and offering new pricing plans.

In the Fixed-line Business, KDDI worked to enhance ease-of-use for its services and expand access lines, particularly FTTH services, while offering more solutions services for corporate clients. The Company also strove to bolster its systems for supporting corporate clients’ international business development by increasing its overseas locations.

2. Results by Business Segment

The consolidated financial results of the KDDI Group for the year ended March 31, 2010 in each business segment are as follows;

Note 1: Results Summary

(Amount unit: Millions of yen)

		Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)	Increase (Decrease) %
Mobile Business					
	Operating revenues	2,719,211	2,650,135	(69,075)	(2.5)
	Operating expenses	2,217,750	2,166,393	(51,357)	(2.3)
	Operating income	501,461	483,742	(17,718)	(3.5)
Fixed-line Business					
	Operating revenues	848,712	839,178	(9,534)	(1.1)
	Operating expenses	905,271	883,395	(21,876)	(2.4)
	Operating income	(56,559)	(44,217)	12,342	-
Other Business					
	Operating revenues	72,776	112,247	39,470	54.2
	Operating expenses	75,253	108,741	33,488	44.5
	Operating income	(2,476)	3,505	5,981	-

Note 2: Total Subscriptions

(Unit : Thousand line)

		As of March 31, 2009	As of March 31, 2010	Increase (Decrease)	Increase (Decrease) %
au[1]		30,843	31,872	1,029	3.3
	CDMA 1X WIN	22,722	26,174	3,452	15.2
FTTH		1,099	1,513	414	37.7
Metal-plus		3,130	2,852	(278)	(8.9)
Cable-plus phone		604	960	356	58.9
CATV[2]		722	972	250	34.6
Fixed access lines[3]		5,342	5,944	602	11.3

Note 1: Inclusive of module-type contracts

Note 2: Number of households which subscribe any of broadcast, internet or telephone service

Note 3: Total access lines of FTTH, Metal-plus phone, Cable-plus phone and CATV excluding crossover.

Mobile Business

Operating revenues in the year ended March 31, 2010 amounted to ¥2,650,135 million, down 2.5% year on year. Contributing factors included the decrease in ARPU (Average Revenue per Unit) due to the increased uptake of "Simple Course" in the Mobile Business

Although operating expenses declined due to decreases in unit amount of sales commissions for the handset upgrade and handsets procurement cost, operating income decreased 3.5% year on year to ¥483,742 million.

Key Topics

< Overall >

- The number of au mobile phone subscriptions was 31.872 million as of March 31, 2010.
- J.D. Power Asia Pacific, Inc., conducted a "J.D.Power Asia Pacific 2009 Japan Mobile Phone Service Satisfaction Study[SM 1]," which ranked au highest in overall customer satisfaction among mobile phone service providers for the fourth consecutive year.

  Note 1: J.D. Power Asia Pacific 2006–2009 Japan Mobile Phone Service Satisfaction study[SM]
  Studies based on responses from 7,500 residents of Japan that use mobile phone services.
  www.jdpower.co.jp
  (Until 2007, the studies were based on responses from users of mobile phone services from all regions of Japan except Okinawa prefecture.)

- On December 3, 2009, KDDI began operating an au mobile phone base station equipped with "tribrid[1]" power control technology that utilizes power from solar electric generation system and linked charged storage batteries, and takes advantage of off-peak and commercial-use electricity. This technology is expected to reduce commercial power consumption by KDDI and associated CO_2 emissions by between 20 to 30%[2]. The first of these base stations is installed in the city of Niigata, Japan, with plans to extend

Going forward, the Company is committed to pursuing a variety of eco-awareness activities to fulfill its important responsibility as a global corporation to promote measures to protect the natural environment.

Note 1: In the various areas of industrial technology, in contrast to “hybrid,” which typically refers to the joining of two different technologies, the term “tribrid” describes the integration of three types of technology.

Note 2: Calculation based on test results by KDDI.

- On March 1, 2010, five companies that provide mobile phone or PHS services and are members of the Telecommunications Carriers Association, NTT DoCoMo, Inc., SOFTBANK MOBILE Corp., WILLCOM, Inc., EMOBILE Ltd., and KDDI, began providing an “cross-carrier single search service” that enables searches throughout the message boards that the carriers already provide for use at times of disaster.

< Mobile Handsets >

- Under the au brand, KDDI offered a diverse product lineup catering to a range of lifestyles.
  During the year ended March 31, 2010, KDDI launched 21 handsets (compared with 36 handsets in the previous fiscal year). Those new products included models with advance functions, such as “AQUOS SHOT,” the “EXILIM” series, “Mobile Hi-Vision CAM Wooo,” and “BRAVIA® Phone U1;” “biblio,” which is optimized for reading; waterproof models such as “Sportio water beat,” suitable for those participating sports; “SOLAR PHONE,” chargeable by solar power; the “G’zOne” series etc., and “URBANO BARONE,” which appeals to adult users; the easy-to-use, simple-style “Simple Phone” series; and for children “mamorino,” which has been approved as a recommended product of the National Congress of Parents and Teachers Association of Japan.
- Under the “iida” brand, which KDDI launched in April 2009, during the fiscal year KDDI launched 8 types of handsets, comprising “G9;” “lotta.” Also under the “iida” brand, KDDI launched a varied range of 21 “LIFESTYLE PRODUCTS” that help create and complement lifestyles.
- For the first time, targeting consumers, KDDI plans to launch “IS01” smart book incorporating Android™ and Windows® phone “IS02” from June 2010. Also, plans call for the launch of the digital photo frame “PHOTO-U SP01.”

< Pricing Plans >

- KDDI launched the "Double-Teigaku-Super Light" packet flat-rate service from August 1, 2009, starting at ¥390 per month (tax inclusive). From August 10, the company also launched the "Call Designation Flat Rate" discount service, which allows users to designate up to three au mobile phone numbers for 24-hour free calls, also for ¥390 per month.
  This allows users with low packet thresholds to make use of EZweb, e-mail and other packet services.
- KDDI took steps to make its international calling services even more convenient for customers by additionally applying free calling credits for “au International Call Service” calling charges from September 1, 2009, as well as for “GLOBAL PASSPORT” calling and packet transmission charges from December 1, 2009.
- From November 9, 2009, the Company starts offering new price plans “Plan E Simple” and “Plan E,” nicknamed as “GAN-GAN Mail.” Combined with the “EZ WIN Course,” subscribers can send/receive e-mails from au mobile phone for free no matter with whom or whether it has attachment file such as picture or video or not.

< Corporate Services>

- February 16, 2010, saw the launch of “E08T,” the first “GLOBAL PASSPORT” GSM-enabled and CDMA-enabled mobile phone for corporate customers. Customers can use “E08T” in 194 countries and regions, including countries with strong business-use demand such as the United States, China, and Hong Kong.
- The extension service for businesses “KDDI Business Call Direct” won the top prize in the “MM Research Institute Award 2009,[1]” in the next-generation network products and services category of the fixed mobile convergence (FMC) services field.

  Note 1: A specialist in research and analysis of the IT market, MM Research Institute, Ltd., presents the “MM Research Institute Award” in recognition of companies actively developing new products and new markets in the IT field. MM Research Institute established the award in 2004 and presented it for the sixth time in 2010.
- In the “MCPC award 2010[1]” the Police Integrated information Tool (PIT) system of the Okayama Prefecture police headquarters won the grand prix as well as earning the Minister of Internal Affairs and Communications Award and the “Mobile Public Award.” KDDI’s au-based mobile solutions for customers have claimed grand prix awards for five consecutive years.

Note 1: The "MCPC award 2010" gathers candidates from a wide range of actual projects and awards companies, organizations, or local governments that have achieved noteworthy success in increasing operational efficiency, reducing cost, or improving business results through the introduction of mobile computing.

- In the "ASP / SaaS[1] / ICT Outsourcing Awards 2010[2]" the Business Port Support Program earned the grand prix in the PaaS[1] field.

Note 1: SaaS: Software as a Service PaaS: Platform as a Service

Note 2: "ASP / SaaS / ICT Outsourcing Awards 2010," recognizes overall ICT services in Japan that realize the best ASP / SaaS / ICT outsourcing beneficial to society by using networks that provide applications or content.

Note 1: Wooo is a registered trademark of Hitachi Consumer Electronics Co., Ltd.

Note 2: AQUOS SHOT is a registered trademark of Sharp Corporation

Note 3: EXILIM and G'zOne is a registered trademark of Casio Computer Co, Ltd.

Note 4: BRAVIA is a registered trademark of Sony Corporation

Note 5: Android is a registered trademark of Google Inc.

Note 6: Windows is a registered trademark of Microsoft Corporation in the United States, Japan, and other countries.

Fixed-line Business

Operating revenues in the Fixed-line Business for the year ended March 31, 2010 amounted to ¥839,178 million, 1.1% decrease year on year, mainly due to decline in voice service revenue of KDDI, although increase of revenues from FTTH service expansion by KDDI and Chubu Telecommunications Company, Inc. and increased number of CATV stations which belong to Japan Cablenet Group, a consolidated subsidiary of KDDI. Operating expenses declined mainly due to lower access charges for services and communication facility fee, the Fixed-line Business posted an operating loss of ¥44,217 million, showed ¥12,342 million recovery year on year.

Key Topics

< Overall >

- The number of FTTH service subscriptions, consisting of "au HIKARI[1]" and services of consolidated subsidiaries (Chubu Telecommunications Co., Inc.'s "Commuf@-hikari", Okinawa Cellular Telephone Company's "au HIKARI Chura" and Okinawa Telecommunication Network Co., Inc.'s "Hikarifuru") reached 1.513 million as of March 31, 2010.

  Note 1: The name of the "HIKARI-one" service was changed to "au HIKARI" on January 1, 2010.

- As of March 31, 2010, the number of "Metal-plus" subscriptions totaled 2.852 million.
- "Cable-plus phone" saw steady expansion of the alliance with cable television companies, which reached 95 companies and 0.96 million subscriptions as of March 31, 2010.
- Consolidated subsidiary JCN Group, which oversees 18 cable companies primarily in the Tokyo metropolitan area, counted 0.972 million cable television subscriptions as of March 31, 2010.
- On November 1, 2009, construction was completed linking Unity, a trans-Pacific submarine fiber-optic cable system between Japan and the United States, with the KDDI Chikura Cable Landing Station (Chiba Prefecture, Japan) located on the Japanese coast. The project is being promoted jointly by Bharti Airtel, Global Transit, Google, Pacnet, SingTel, and KDDI. Operation of Unity, which directly connects the United States and Japan through a 9,600 km submarine fiber-optic cable, has started on March 30, 2010 and will help raise KDDI's profile as a telecommunications hub for Japan.
- KDDI announced it would cease providing services that enable customers making international calls to connect directly to operators, "International Operator-Assisted Calls," "Japan Direct," and "International Wireless Calls," on March 31, 2010. However, in light of an overall consideration of opinions regarding the provision of those services, KDDI has decided to continue the services from April 1, 2010, onward.

< Pricing Plans >

- On November 10, 2009, KDDI launched the "au Collective Line" service, which enables NTT telephone line subscribers to call from au mobile phones to their homes or from their homes to mobile phones or fixed-line phones at discounted calling charges. That service together with the "au Collective Talk" service enable customers anywhere in Japan to take advantage of KDDI's call services and their highly competitive calling charges.

WiMAX-enabled PCs from March 1, 2010. By using “WiMAX Course” and au mobile phones as a package and subscribing to the “KDDI Collective Billing Service,” customers can benefit from even lower monthly billings.

< Consumer Services >

- KDDI began providing the “au HIKARI Condo Mini Giga” service, a low-cost FTTH service comparable to ADSL with maximum speeds of 1 Gbps both up and down for customers in low-rise multi-unit housing in Japan’s Kanto region from January 6, 2010.
- From January 6, 2010, the “au HIKARI Home” FTTH service was extended to Tochigi and Miyagi prefectures. On the same date, KDDI expanded the service area in the Hokkaido region. Also, KDDI began the “au HIKARI Home” FTTH service in Ishikawa prefecture on April 1, 2010. As a result, “au HIKARI Home” is now available in Hokkaido, in Miyagi Prefecture in the Tohoku region, in Ishikawa Prefecture in the Hokuriku region, and in eight prefectures[1] in Japan’s Kanto region.

  Note 1: Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma, and Yamanashi
- On January 1, 2010, KDDI changed the name of its “HIKARI-one” FTTH service to “au HIKARI.” As it develops the “au one” portal site and the “au Collective Talk” and the “au Collective Line” services, KDDI will continue active efforts to strengthen linkage between its fixed-line communications and mobile communications services.
- Okinawa Telecommunication Network Co., Inc. (OTNet) became a consolidated subsidiary of Okinawa Cellular Telephone Company (OCT) in January 2010. OCT started offering “au HIKARI Chura”, a bundled service comprising high-speed Internet, telephone and television (provided by KDDI), in Okinawa Prefecture via fiber-optic lines in March 2010.

< Corporate Services >

- J.D. Power Asia Pacific, Inc., conducted a “J.D.Power Asia Pacific 2009 Japan Network Service Satisfaction Study[SM] <Large Enterprise Market>,[1]” which ranked KDDI’s network service as the number one service.

  Note 1: J.D. Power Asia Pacific 2009 Japan Network Service Satisfaction Study <Large Enterprise Market>[SM] Study based on 620 responses from 436 companies with 1,000 employees or more about telecommunications carriers providing network services. (Collected responses about up to 2 carriers per 1 company) www.jdpower.co.jp
- The Company has established KDDI SHANGHAI CORPORATION, which began business on October 15, 2009.
  On December 1, 2009, KDDI acquired stake in Hong Kong-based systems integration and digital media services provider DMX Technologies Group Limited and made DMX a consolidated subsidiary of KDDI. With this expansion, KDDI has bolstered the infrastructure of its solutions business in Asia and advances into several new business domains, including digital media and security solutions. At the same time, KDDI is taking steps to reinforce its structure for assisting customers by enhancing its network of bases overseas.
- In data center operations that KDDI develops under the TELEHOUSE brand, KDDI opened and launched services at a data center, TELEHOUSE CAPE TOWN on December 2, 2009. This facility is the first data center that a Japanese telecommunications carrier has opened in Africa. Further, KDDI is working to grow the TELEHOUSE brand by opening new data centers and launching services at TELEHOUSE JOHANNESBURG in the Republic of South Africa on March 24, 2010, TELEHOUSE LONDON Docklands WEST in the United Kingdom on March 31, 2010.
- In relation to investment in Bangladeshi ISP BRAC BD Mail Networks Limited (bracNet), KDDI concluded an agreement with operating holding company gNet DEFTA Development Holding, LLC—which was established by DEFTA Partners, a major shareholder of bracNet—BRAC and bracNet and completed the investment on January 7, 2010. KDDI will continue collaborating with DEFTA Partners as a strategic partner in the promotion of new business in developing countries.
- KDDI’s wholly owned subsidiary KDDI America, Inc., concluded an agreement on January 19, 2010, with the U.S. MVNO (Mobile Virtual Network Operator) Locus Telecommunications, Inc., and on January 21, 2010, with the U.S. MVNO Total Call International, Inc., on KDDI America’s investment in these companies. KDDI America made both companies consolidated subsidiaries by acquiring 51% of each company’s issued shares. The Group will use those investments to participate in the mobile phone market comprising immigrants in the United States, which is a growing market, and to further expand KDDI’s global operational base.

Other Business

Operating revenues in the Other Business segment for the year ended March 31, 2010 increased 54.2% year on year to ¥112,247 million. Operating income increased ¥5,981 million to ¥3,505 million mainly due to the improvement in the revenues from call center business and content business..

3. Status of major affiliates

UQ Communications Inc. (UQ), an equity method affiliate of KDDI, started "UQ WiMAX" services in Tokyo's 23 wards, in Yokohama, and in parts of Kawasaki in February 2009. On July 1, 2009 it expanded the service area beyond the Tokyo metropolitan area to include Nagoya, Osaka, Kyoto, and Kobe and launched commercial services. Subsequently, by the end of the March 2010, UQ expanded its service area to provide services in all government-ordinance-designated cities and prefectural capitals.

Jibun Bank Corporation, an equity method affiliate of KDDI, started services in July 2008. Since then the bank has steadily increased its lineup of service offerings, adding insurance products as well as foreign currency accounts since April 2009. Also, "Mobile Suica" is added to the line-up of chargeable electronic money account from Jibun Bank account in addition to "Edy." Both the number of bank accounts and the balance of deposits are growing firmly, and the bank is looking toward expanding its customer base and achieving early profitability.

Note: "Edy" is the brand of a prepaid-type electronic money service managed by bitWallet, Inc.

Note: "Suica" and "Mobile Suica" are the registered trademarks of East Japan Railway Company.

KDDI assumed an ownership interest (30.9% stake) in Jupiter Telecommunications Co., Ltd. ("J:COM") for ¥361,655 million, from the Liberty Global, Inc. Group by acquiring the entire ownership interests in Liberty Global Japan II, LLC, Liberty Japan, LLC and Liberty Jupiter, LLC, and, on February 19, 2010 and J:COM became an equity-method affiliate of KDDI.

J:COM and KDDI will form a strategic partnership and work to develop the cable television industry while striving to enable the KDDI Group as a comprehensive telecommunications carrier to provide its wide range of attractive services to cable television customers. Further, collaborating with J:COM's existing shareholders, KDDI will support efforts to enhance J:COM's corporate value.

Note: Calculated based on total number of voting rights excluding J:COM treasury shares as of March 31, 2010.

4. Outlook for the Year Ending March 31, 2011

The consolidated financial results outlook of the KDDI Group for the year ending March 31, 2011 is as follows;

(Amount unit: Millions of yen)

	Year ended March 31, 2010	Forecast, year ending March 31, 2011	Increase (Decrease)	Increase (Decrease) %
Operating revenues	3,442,146	3,440,000	(2,146)	(0.1)
Operating income	443,862	445,000	1,137	0.3
Ordinary income	442,870	420,000	(2,870)	(0.7)
Net income	212,764	240,000	27,235	12.8

In the Mobile Business, although KDDI will work to further expand its customer base, overall revenues are expected to decline due to more take-up of “Simple course.” In the Fixed-line Business, revenues are expected to increase thanks to an increase in overseas subsidiaries included within the scope of consolidation. However, operating revenues are expected to edge down year on year, to ¥3,440,000 million.

Regarding operating expenses, although the Mobile Business will likely see higher costs accompanying promotion of transfer to tri-band compatible handsets in response to the reorganization of the 800MHz band, KDDI will work to curb overall operating expenses to counteract the decline in operating revenues through streamlining of networks in the Fixed-line Business and other measures. As a result, KDDI expects operating income of ¥445,000 million and ordinary income of ¥420,000 million, both of which are at the same level as in the year ended March 31, 2010

Further, KDDI expects net income will increase 12.8% year on year, to ¥240,000 million, due to a decrease in extraordinary loss.

Because forecasting for the period is difficult due to volatile conditions in the telecommunications market related to competition among carriers, KDDI has not prepared a forecast of consolidated business results for the first six months of the fiscal year.

(2) Analysis on Consolidated Financial Position

1. Consolidated Financial Position

	Year ended March 31, 2009	Year ended March 31, 2010	Increase (Decrease)
Total assets	¥3,429,132M	¥3,819,536M	¥390,404M
Shareholder’s equity	¥1,841,060M	¥2,017,726M	¥176,666M
Equity ratio	53.7%	52.8%	(0.9%)
Net assets per share	¥413,339.32	¥453,003.09	¥39,663.77
Interest-bearing debt	¥874,951M	¥1,096,778M	¥221,826M

Consolidated total assets as of March 31, 2010 amounted to ¥3,819,536 million, an increase of ¥390,404 million from March 31, 2009. This increase was primarily attributable to factors such as increase in stocks of subsidiaries and affiliates due to the acquisition of Jupiter Telecommunications Co., Ltd. shares by assuming ownership of interests in intermediary companies. .
Total liabilities amounted to ¥1,741,086 million, an increase of ¥193,282 million from March 31, 2009. The major factors contributing to this increase were increases in repayment of long-term loans payable and bonds.
Net assets increased to ¥2,078,450 million mainly due to an increase in retained earnings.
As a result of these factors, the shareholders' equity ratio declined from 53.7% to 52.8%.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31 2009	Year ended March 31, 2010	Increase (Decrease)
Net cash provided by (used in) operating activities	712,230	739,991	27,760
Net cash provided by (used in) investing activities	(775,470)	(924,441)	(148,970)
Free cash flows	(63,239)	(184,449)	(121,209)
Net cash provided by (used in) financing activities	191,490	149,238	(42,251)
Effect of exchange rate change on cash and cash equivalents	(3,485)	377	3,862
Net increase (decrease) in cash and cash equivalents	124,764	(34,833)	(159,598)
Cash and cash equivalents at beginning of period	75,545	200,310	124,764
Cash and cash equivalents at end of period	200,310	165,476	(34,833)

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 ¥739,991 million. This includes ¥368,626 million of income before income taxes and minority interests, ¥460,939 million of depreciation, ¥40,656 million of business restructuring expenses and ¥197,950 million of income taxes paid etc.

Investing activities used net cash of ¥924,441 million. This includes ¥393,667 million for purchase of property, plant and equipment, ¥100,874 million of purchase of intangible assets and ¥362,534 million for the expense for the acquisition of the ownership interests in three intermediary holding companies in order to assume the equity participation relationship with Jupiter Telecommunications Co., Ltd.

Financing activities provided net cash of ¥149,238 million mainly due to the proceeds from issuance of bonds and proceeds from long-term loans payable etc.

3. Cash Flows Indicators

	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010
Shareholder's equity ratio	51.8%	54.1%	58.5%	53.7%	52.8%
Market equity ratio	109.9%	149.8%	94.4%	60.0%	56.4%
Debt repayment period (year)	1.3	0.8	1.0	1.2	1.5
Interest coverage ratio	35.2	59.4	52.7	60.6	59.7

Note:

- Equity ratio: (Total net assets – Stock acquisition rights – Minority interests) / Total assets
- Market equity ratio: Market capitalization / Total assets
- Debt repayment period: Interest bearing debt / Cash flows from operating activities
- Interest coverage ratio: Cash flows from operating activities / Interest payments
    - Market capitalization is calculated by multiplying the closing stock price at fiscal year-end by the number of shares outstanding (not including treasury stock)
    - Cash flows from operating activities in consolidated statements of cash flows are used for operating cash flows
    - Figures for interest-bearing debt cover the amounts of loans and bonds that are recognized in consolidated balance sheets and liabilities upon which interest is paid. Further, regarding interest payments, the amount of interest expenses paid in consolidated statements of cash flows is used.

(3) Profit Distribution

Regarding the return of profits to shareholders as one of the priorities of its business management, the Company has a basic policy of continuing to pay stable dividends while maintaining financial soundness.

Regarding dividend payments for the year ended March 31, 2010, the Company has already paid an interim cash dividend of ¥6,500 per share, including ¥1,000 commemorative dividend for the Company's 25th anniversary since the establishment. In order to express gratitude to its shareholders for their constant support, and in light of an overall consideration of business development aimed at improving future business results, the Company plans to pay an increased year-end cash dividend of ¥6,500 per share.

Further, for the year ending March 31, 2011, the Company plans to pay out ¥6,500 per share for both interim and year-end cash dividend, making the full-year amount ¥13,000 per share.

Going forward, the Company will work to increase the consolidated payout ratio to 25% - 30% range while considering investment for the sustainable growth remains.

(4) Business Risks

As KDDI Group pursues its business, there are various risks involved. The Group takes every effort to reduce these risks by preventing and hedging them.

However, there are various uncertainties which could have negative impacts on the Group's brand image, liability, financial position and/or earnings performance such as;

- subscription growth trends out of line with the Group expectations due to competition, rival technologies and rapid market shifts
- breach of obligations regarding communications security and protection of customer privacy
- revision or repeal of laws and ordinances governing telecommunications, together with related government policies
- general legal and regulatory, litigation and patents, personnel retention and training, retirement benefits, asset-impairment accounting, telecommunications sector consolidation and business restructuring in the KDDI Group

2. The KDDI Group

The KDDI Group comprises the Company, 97 consolidated subsidiaries (Japan: 38 companies, overseas: 59 companies), and 21 affiliates (Japan: 17 companies, overseas: 4 companies). The Group's main business lines are the Mobile Business, which provides "au" mobile phone services, and the Fixed-line Business, which provides domestic and international telecommunications services and Internet services. Affiliates include 18 equity-method affiliates (Japan: 15 companies, overseas: 3 companies).

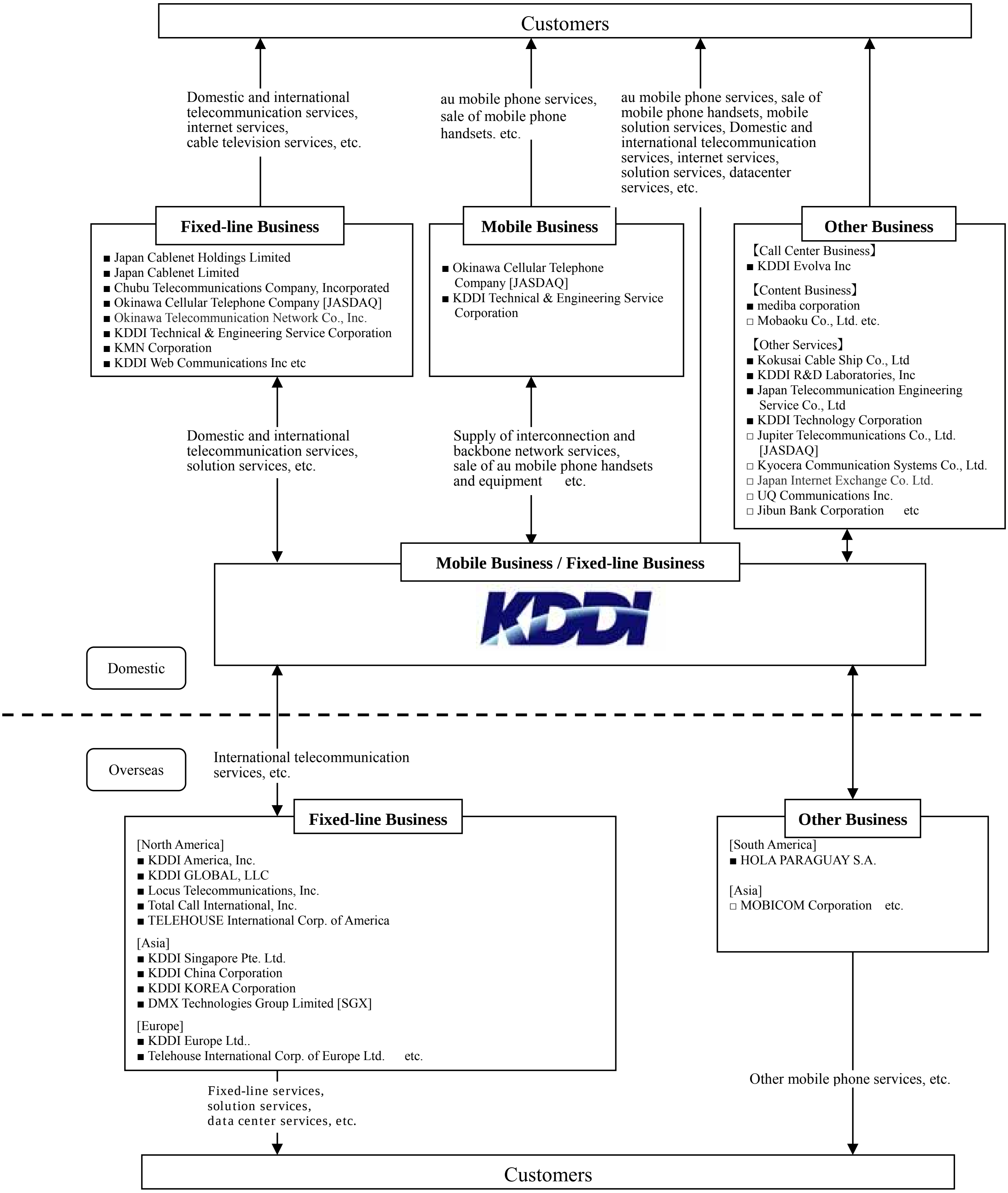
On December 2009, KDDI acquired stake of DMX Technologies Group Limited (DMX) by subscribing to new shares, and DMX and its 18 subsidiaries became consolidated subsidiaries of KDDI.

On February 2010, KDDI assumed an ownership interest in Jupiter Telecommunications Co., Ltd. ("J:COM") by acquiring the entire ownership interests in three intermediate companies (Liberty Global Japan II, LLC, Liberty Japan, LLC, Liberty Jupiter, LLC) which Liberty Global, Inc., Group owns, and J:COM became an equity-method affiliate of KDDI.

The status of subsidiaries and affiliates in the KDDI Group and their relationships with different business segments are as shown below.

Business	Principal services	Major consolidated subsidiaries and affiliates	
Mobile Business	au mobile phone services, sale of mobile phone handsets, etc.	domestic	KDDI Corporation ■ Okinawa Cellular Telephone Company [JASDAQ] ■ KDDI Technical & Engineering Service Corporation
Fixed-line Business	Domestic and international telecommunication services, internet services, solution services, data center services, cable television services, etc.	domestic	KDDI Corporation ■ Japan Cablenet Holdings Limited ■ Japan Cablenet Limited ■ Chubu Telecommunications Company, Incorporated ■ Okinawa Cellular Telephone Company [JASDAQ] ■ Okinawa Telecommunication Network Co., Inc. ■ KDDI Technical & Engineering Service Corporation ■ KMN Corporation ■ KDDI Web Communications Inc. , etc.
		overseas	■ KDDI America, Inc. ■ KDDI GLOBAL, LLC ■ Locus Telecommunications, Inc. ■ Total Call International, Inc. ■ KDDI Europe Ltd. ■ KDDI Singapore Pte. Ltd. ■ KDDI China Corporation ■ KDDI KOREA Corporation ■ Telehouse International Corp. of Europe Ltd. ■ TELEHOUSE International Corp. of America ■ DMX Technologies Group Limited [SGX] etc.
Other Business	Call center business	domestic	■ KDDI Evolva Inc., etc.
	Content business	domestic	■ mediba corporation □ Mobaoku Co., Ltd. etc.
	Other mobile phone services, other services	domestic	■ Kokusai Cable Ship Co., Ltd ■ KDDI R&D Laboratories, Inc. ■ Japan Telecommunication Engineering Service Co., Ltd. ■ KDDI Technology Corporation □ Jupiter Telecommunications Co., Ltd. [JASDAQ] □ Kyocera Communication Systems Co., Ltd. □ Japan Internet Exchange Co. Ltd. □ UQ Communications Inc. □ Jibun Bank Corporation etc.
		overseas	■ HOLA PARAGUAY S.A. □ MOBICOM Corporation etc.

Note; ■: consolidated subsidiaries □: equity-method affiliate



Note: ■: consolidated subsidiaries □: equity-method affiliate

3. Management Policy

(1) Basic Management Policies

- KDDI will actively develop and construct telecommunications environments in order to realize a "Ubiquitous Network Society" and aims to become a Ubiquitous Solution Company that provides high-value-added solutions which are safe and afford outstanding convenience.

- KDDI will advance total customer satisfaction (TCS) initiatives that will heighten the level of satisfaction among all stakeholders.

- KDDI will emphasize cash flows and work to become a company that is attractive to its shareholders and other investors.

(2) Medium-to-long-term Strategies, Targeted Management Benchmarks and Tasks to Be Tackled

- KDDI will respond rapidly to changes in the conditions faced by all of its companies while strengthening its business foundations with a view to sustainable growth.

- KDDI will seek the No.1 ranking in customer satisfaction in every service area and take on the challenge of creating new value.

- KDDI will provide high-value-added telecommunications services that anticipate customer needs and create new business areas based on leading-edge network services and service development capabilities as well as world-class capabilities in technology and research and development and thereby become a Ubiquitous Solution Company that emphasizes "Strategy and Speed" as key words in the operation of its businesses.

- KDDI will promote Fixed Mobile & Broadcast Convergence (FMBC) in non-infrastructure-related areas such as customer support, services, and content and in infrastructure-related areas such as basic infrastructure for telecommunications and handsets.

- KDDI will work to establish an even sounder financial position by making efficient capital investments and reducing various expenses rigorously.

- KDDI will actively implement activities to preserve the environment—including energy saving, resource saving, recycling, and green purchasing—in order to emphasize harmony with the global environment and create a rich society that is fully in accord with human nature.

- KDDI will actively contribute to the development of a rich communications-based society in adherence with the overriding goal of its corporate social responsibility initiatives, which seek to support social and economic activities in all areas by providing secure and convenient telecommunications services.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery [4]	2,510,708	2,555,068
Accumulated depreciation	(1,793,195)	(1,868,476)
Machinery, net	717,513	686,592
Antenna facilities	482,368	540,760
Accumulated depreciation	(196,393)	(214,507)
Antenna facilities, net	285,974	326,252
Local line facilities [4]	316,431	343,466
Accumulated depreciation	(195,788)	(213,418)
Local line facilities, net	120,642	130,047
Long-distance line facilities	140,954	111,269
Accumulated depreciation	(102,402)	(95,601)
Long-distance line facilities, net	38,552	15,667
Engineering facilities [4]	77,366	68,921
Accumulated depreciation	(36,584)	(35,567)
Engineering facilities, net	40,782	33,353
Submarine line facilities [4]	73,080	71,640
Accumulated depreciation	(54,742)	(59,558)
Submarine line facilities, net	18,337	12,081
Buildings [4]	418,086	425,283
Accumulated depreciation	(190,408)	(198,272)
Buildings, net	227,678	227,011
Structures	73,317	77,486
Accumulated depreciation	(43,345)	(45,728)
Structures, net	29,972	31,757
Land	240,895	240,746
Construction in progress	111,723	84,087
Other tangible Assets [4]	115,685	114,617
Accumulated depreciation	(71,563)	(74,544)
Other intangible assets, net	44,121	40,073
Total property, plant and equipment [1]	1,876,195	1,827,672
Intangible assets		
Right of using facilities	6,920	7,368
Software	223,190	221,785
Goodwill	24,371	24,411
Other intangible assets	7,971	8,445
Total intangible assets	262,454	262,010
Total noncurrent assets-telecommunications business	2,138,649	2,089,683

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	159,003	210,500
Accumulated depreciation	(83,137)	(97,125)
Property, plant and equipment, net	75,866	113,374
Total property, plant and equipment [1]	75,866	113,374
Intangible assets		
Total intangible assets	49,606	60,733
Total noncurrent assets-incidental business	125,472	174,108
Investments and other assets		
Investment securities [4]	40,566	93,057
Stocks of subsidiaries and affiliates [2]	23,961	372,167
Investments in capital of subsidiaries and affiliates [2]	169	182
Long-term prepaid expenses	77,584	79,878
Deferred tax assets	111,400	100,392
Lease and guarantee deposits	39,623	38,380
Other investment and other assets [4]	12,609	10,882
Allowance for doubtful accounts	(11,143)	(8,576)
Total investments and other assets	294,772	686,367
Total noncurrent assets	2,558,894	2,950,158
Current assets		
Cash and deposits [4]	94,242	96,863
Notes and accounts receivable-trade [4]	476,633	536,309
Accounts receivable-other	36,762	44,515
Short-term investment securities	106,964	70,000
Supplies [4]	77,394	49,249
Deferred tax assets	72,001	67,398
Other current assets [4]	20,673	18,751
Allowance for doubtful accounts	(14,433)	(13,709)
Total current assets	870,237	869,378
Total assets	3,429,132	3,819,536

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Liabilities		
Noncurrent liabilities		
Bonds payable [4]	307,753	374,968
Long-term loans payable [4]	418,084	497,775
Provision for retirement benefits	17,839	18,542
Provision for point card certificates	62,655	78,693
Other noncurrent liabilities	31,355	34,178
Total noncurrent liabilities	837,688	1,004,159
Current liabilities		
Current portion of noncurrent liabilities [4]	60,710	111,941
Notes and accounts payable-trade	61,837	66,553
Short-term loans payable [4]	80,951	101,166
Accounts payable-other	265,578	250,517
Accrued expenses	12,918	16,150
Income taxes payable	117,887	67,856
Advances received	70,292	74,608
Provision for bonuses	18,583	18,975
Other current liabilities	21,355	29,156
Total current liabilities	710,115	736,927
Total liabilities	1,547,803	1,741,086
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	367,091	367,091
Retained earnings	1,347,637	1,506,951
Treasury stock	(25,244)	(25,244)
Total shareholders' equity	1,831,336	1,990,650
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18,529	34,326
Foreign currency translation adjustment	(8,805)	(7,250)
Total valuation and translation adjustments	9,723	27,076
Subscription rights to shares	991	1,606
Minority interests	39,278	59,117
Total net assets	1,881,329	2,078,450
Total liabilities and net assets	3,429,132	3,819,536

(2) Consolidated Statements of Income

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Operating income and loss from telecommunications		
Operating revenue		
Total operation revenue	2,720,674	2,606,165
Operating expenses		
Business expenses	705,926	702,116
Operating expenses	388	291
Facilities maintenance expenses	231,530	227,852
Common expenses	2,643	1,733
Administrative expenses	111,864	111,285
Experiment and research expenses	9,671	9,937
Depreciation	417,805	440,290
Noncurrent assets retirement cost	32,238	26,933
Communication facility fee	433,938	402,030
Taxes and dues	43,263	39,918
Total operation expenses [1]	1,989,270	1,962,389
Net operating income from telecommunication	731,404	643,775
Operating income and loss from incidental business		
Operating revenue	776,834	835,981
Operating expenses [1]	1,065,031	1,035,895
Net operating income (loss) from incidental business	(288,196)	(199,913)
Operating income	443,207	443,862
Non-operating income		
Interest income	1,036	484
Dividends income	-	1,100
Gain on bad debts recovered	270	-
Gain on investments in silent partnership	7,211	897
Miscellaneous income	9,998	5,615
Total non-operating income	18,517	8,098
Non-operating expenses		
Interest expenses	11,960	12,688
Equity in losses of affiliates	2,248	9,968
Miscellaneous expenses	7,060	6,433
Total non-operating expenses	21,269	29,090
Ordinary income	440,455	422,870
Extraordinary income		
Gain on sales of noncurrent assets [2]	776	515
Gain on sales of subsidiaries and affiliates' stocks	-	1,014
Dividends due to liquidation of silent partnership contr	36,283	-
Reversal of allowance for doubtful accounts	-	5,309
Total extraordinary income	37,060	6,839
Extraordinary loss		
Loss on sales of noncurrent assets [3]	238	-
Impairment loss [4]	68,046	10,734
Loss on retirement of noncurrent assets [5]	9,098	-
Loss on valuation of investment securities	5,269	2,291
Business restructuring expenses [6]	-	48,056
Total extraordinary losses	82,652	61,083

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Income before income taxes and minority interests	394,862	368,626
Income taxes-current	200,895	148,310
Income taxes-deferred	(30,572)	1,898
Total income taxes	170,323	150,209
Minority interests in income	1,803	5,652
Net income	222,736	212,764

(3) Consolidated Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Shareholders' equity		
Capital stock		
Balance at the end of precious period	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Balance at the end of precious period	367,266	367,091
Changes of items during the period		
Disposal of treasury stock	(174)	-
Retirement of treasury stock	(0)	-
Total changes of items during the period	(175)	-
Balance at the end of current period	367,091	367,091
Retained earnings		
Balance at the end of precious period	1,173,826	1,347,637
Effect of changes in accounting policies applied to foreign subsidiar	131	-
Changes of items during the period		
Dividends from surplus	(49,057)	(53,449)
Net income	222,736	212,764
Total changes of items during the period	173,678	159,314
Balance at the end of current period	1,347,637	1,506,951
Treasury stock		
Balance at the end of precious period	(20,625)	(25,244)
Changes of items during the period		
Purchase of treasury stock	(5,259)	-
Disposal of treasury stock	640	-
Retirement of treasury stock	0	-
Total changes of items during the period	(4,619)	-
Balance at the end of current period	(25,244)	(25,244)
Total shareholders' equity		
Balance at the end of precious period	1,662,319	1,831,336
Effect of changes in accounting policies applied to foreign subsidiar	131	-
Changes of items during the period		
Dividends from surplus	(49,057)	(53,449)
Net income	222,736	212,764
Purchase of treasury stock	(5,259)	-
Disposal of treasury stock	465	-
Total changes of items during the period	168,884	159,314
Balance at the end of current period	1,831,336	1,990,650

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Valuation and translation adjustment		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	18,570	18,529
Changes of items during the period		
Net changes of items other than shareholders' equity	(41)	15,797
Total changes of items during the period	(41)	15,797
Balance at the end of current period	18,529	34,326
Foreign currency translation adjustment		
Balance at the end of previous period	2,443	(8,805)
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,248)	1,554
Total changes of items during the period	(11,248)	1,554
Balance at the end of current period	(8,805)	(7,250)
Total valuation and translation adjustments		
Balance at the end of previous period	21,014	9,723
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,290)	17,352
Total changes of items during the period	(11,290)	17,352
Balance at the end of current period	9,723	27,076
Subscription rights to shares		
Balance at the end of previous period	494	991
Changes of items durint the period		
Net changes of items other than shareholders' equity	496	615
Total changes of items during the period	496	615
Balance at the end of current period	991	1,606
Minority interests		
Balance at the end of previous period	31,902	39,278
Changes of items durint the period		
Net changes of items other than shareholders' equity	7,375	19,839
Total changes of items during the period	7,375	19,839
Balance at the end of current period	39,278	59,117
Total net assets		
Balance at the end of previous period	1,715,730	1,881,329
Effect of changes in accounting policies applie to foreign subsidiaries	131	-
Changes of items durint the period		
Dividends from surplus	(49,057)	(53,449)
Net incaome	222,736	212,764
Purchase of treasury stock	(5,259)	-
Disposal of treasury stock	465	-
Net changes of items other than shareholders' equity	(3,418)	37,807
Total changes of items during the period	165,466	197,121
Balance at the end of current period	1,881,329	2,078,450

(4) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	394,862	368,626
Depreciation and amortization	434,623	460,939
Impairment loss	68,046	10,734
Amortization of goodwill and negative goodwill	9,735	9,039
Loss (gain) on sales of noncurrent assets	(513)	(485)
Loss on retirement of noncurrent assets	26,199	22,450
Business restructuring expenses	-	40,656
Dividends due to liquidation of silent partnership contract	(36,283)	-
Increase (decrease) in allowance for doubtful accounts	1,438	(3,746)
Increase (decrease) in provision for retirement benefits	(773)	3
Interest and dividends income	(2,495)	(1,585)
Interest expenses	11,960	12,688
Equity in (earnings) losses of affiliates	2,248	9,968
Loss (gain) on valuation of investment securities	5,269	2,291
Increase (decrease) in provision for point card certificates	19,600	16,046
Decrease (increase) in prepaid pension costs	47	3,910
Decrease (increase) in notes and accounts receivable-trade	(60,918)	(46,412)
Decrease (increase) in inventories	(13,108)	29,431
Increase (decrease) in notes and accounts payable-trade	(13,950)	1,215
Increase (decrease) in accounts payable-other	19,337	(3,203)
Increase (decrease) in accrued expenses	1,033	1,326
Increase (decrease) in advances received	10,616	5,891
Other, net	4,338	6,896
Subtotal	881,315	946,684
Interest and dividends income received	4,339	3,642
Interest expenses paid	(11,747)	(12,385)
Income taxes paid	(161,676)	(197,950)
Net cash provided by (used in) operating activities	712,230	739,991
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(466,268)	(393,667)
Purchase of trust beneficiary right [3]	(207,057)	-
Proceeds from sales of property, plant and equipment	1,489	602
Purchase of intangible assets	(81,711)	(100,874)
Purchase of investment securities	(100)	(672)
Proceeds from sales of investment securities	130	747
Purchase of stocks of subsidiaries and affiliates	(5,227)	(23,784)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation [2]	(36,027)	(387,258)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	-	2,563
Proceeds from repayment of investment and dividends due to liquidation of silent partnership contract	45,283	-
Purchase of long-term prepaid expenses	(26,289)	(23,937)
Other, net	308	1,839
Net cash provided by (used in) investing activities	(775,470)	(924,441)

(Amount Unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	76,629	18,965
Proceeds from long-term loans payable	170,000	99,500
Repayment of long-term loans payable	(79,048)	(41,166)
Proceeds from issuance of bonds	120,000	150,000
Redemption of bonds	(40,000)	(19,800)
Purchase of treasury stock	(5,259)	-
Cash dividends paid	(49,057)	(53,447)
Cash dividends paid to minority shareholders	(948)	(1,042)
Other, net	(824)	(3,769)
Net cash provided by (used in) financing activities	191,490	149,238
Effect of exchange rate change on cash and cash equivalents	(3,485)	377
Net increase (decrease) in cash and cash equivalents	124,764	(34,833)
Cash and cash equivalents at beginning of period	75,545	200,310
Cash and cash equivalents at end of period [1]	200,310	165,476

(5) Going Concern Assumption

None

(6) Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation
   a) Number of consolidated subsidiaries: 97

   b) Major consolidated subsidiaries:
   Okinawa Cellular Telephone Company, KDDI Technical & Engineering Service Corporation, KDDI Evolva Inc, Japan Cablenet Limited, Chubu Telecommunications Company, Incorporated, Okinawa Telecommunication Network Co., Inc., KMN Corporation, KDDI R&D Laboratories, Inc., HOLA PARAGUAY S.A., KDDI America Inc., Locus Telecommunications, Inc., Total Call International, Inc., KDDI Europe Ltd.., TELEHOUSE International Corp. of America,, Telehouse International Corp. of Europe Ltd., DMX Technologies Group Limited

   (Added) ・ 36 companies due to stock acquisition
   JCN KANTO LIMITED, Kawagoe Cable Vision Co., Ltd., DMX Technologies Group Limited and its 18 subsidiaries, ,Okinawa Telecommunication Network Co., Inc., Cable Television Adachi, Corp., KDDI International Holdings, LLC, KDDI International Holdings 2, LLC, KDDI International Holdings 3, LLC, KDDI Global Media, LP, Locus Telecommunications, Inc. and its 6 subsidiaries and Total Call International, Inc. and its 1 subsidiary

   ・ 3 companies due to new establishment
   KDDI Shanghai Corporation, Broadband Access Exchange Planning Inc., KDDI Overseas Holdings B.V.

   (Removed) ・ 2 companies due to merger
   Network Support Service Company, Incorporated:
   merged by Chubu Telecommunications Company, Incorporated
   KDDI KOREA Corporation:
   merged by Prism Communications Corporation
   (Prism Communications Corporation changed the name to KDDI KOREA Corporation.)

   c) Special purpose companies

   1) Overview of special purpose companies and transactions made through such companies

   The Company securitized its properties in order to improve its financial position by reducing interest-bearing debt. This securitization is conducted using special purpose companies ("SPCs"), a particular type of limited liability company.
   For the securitization, the Company transfers its real estate properties to a SPCs, which procures funds from debt using these assets as collateral. The Company then receives these funds as proceeds from sale.
   After securitization, the same properties are leased back to the Company. Since all investments in the SPCs by anonymous associations are expected to be collected, as of March 31, 2010, we have determined that there is no possibility of incurring future losses.
   As of March 31, 2010, there is one SPC with a transaction balance. Total assets in this SPC, as of its most recent closing date, amounted to ¥9,694 million, with total liabilities of ¥9,001 million.
   Neither the Company nor any of its consolidated subsidiaries has made investments that confer voting rights in this SPC, and no directors or employees have been dispatched to it.

2) Transaction amounts with SPCs during the year ended March 31, 2010

(Amount unit: Millions of yen)

	Major transaction amounts for the year ended March 31, 2010 and balance as of March 31, 2010	Major income and loss	
		Items	Amounts
Transferred properties [1]	14,547	-	-
Long-term accounts receivable	600	-	-
Investments by anonymous association [2]	727	Dividend	897
Lease transaction	-	Lease payments	1,668

Note 1: Transaction amounts related to the transferred properties are represented as the transfer price at the time of the transfer.

Note 2: Transaction amounts related to the investments made by the anonymous association are represented as the amounts invested as of March 31, 2010.

2. Equity-method affiliate

a) Number of equity-method affiliate: 18

b) Major equity-method affiliate

Jupiter Telecommunications Co., Ltd., Kyocera Communication Systems Co., Ltd., Japan Internet Exchange Co. Ltd., UQ Communications Inc., Jibun Bank Corporation, Mobaoku Co., Ltd., MOBICOM Corporation

(Added)
- 2 companies due to stock acquisition
  Jupiter Telecommunications Co., Ltd., BRAC BD Mail Networks Limited
- 1 company due to new establishment
  Mobile General Insurance Planning Co., Ltd.

c) Non-equity-method affiliates (CJSC Vostoktelecom etc.) are not included within the scope of the equity method because they are small companies and their net incomes and retained earnings (the amounts equivalent to the Company’s interest in the companies) do not significantly affect consolidated financial statements.

d) For equity-method companies with the fiscal year end that differ from the consolidated fiscal year end, the financial statements for the fiscal year of each company are used.

3. Fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year end of 58 companies, including KDDI America Inc, KDDI Europe Ltd., is December 31 of each year. For the preparation of consolidated financial statements, the Company uses financial statements as of December 31 and makes adjustments as necessary for consolidation in relation to significant transactions occurring between this date and the consolidated settlement date. The fiscal year end of Total Call International, Inc., which is newly consolidated is April 30.

4. Accounting policies

a) Valuation standards and methods for major assets

1) Securities

Other securities

a): Other securities for which market quotations are available are stated at fair value prevailing at the balance sheet date with unrealized gains and losses, directly included in net assets. The cost of securities sold is determined by the movig-average method.

b): Other securities for which market quotations are not available are valued at cost mainly determined by the moving-average method.

2) Inventories

Supplies

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

b) Depreciation and amortization for major assets

1) Property, plant and equipment other than leased assets

The Company: Machinery: declining-balance method
Property, plant and equipment other than machinery: straight-line method

Consolidated subsidiaries: Mainly straight-line method

Useful life of principle assets is as follows:

Machinery: 9 years

Local line facilities, Long-distance line facilities, Engineering facilities, Submarine line facilities and Buildings: 5 to 38 years

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

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

3) Leased assets

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

The Company continued to apply the method for ordinary operating lease transactions to financial leases that do not transfer ownership rights that started before March 31, 2008.

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

c) Deferred assets

Bond issuance expenses: Entire amount of expenses is fully charged at time of expenditure.

d) Significant allowances

1) Allowance for doubtful accounts

To prepare for uncollectible credits, general allowance is recorded based on the actual bad debt ratio, and specific allowance is recorded based on the amount deemed to the uncollectible considering the collectibility.

2) Provision for retirement benefits

The amount for employee retirement benefits at March 31, 2010 is based on the estimated value of benefit obligations, plan assets and retirement benefit trust assets at March 31, 2010.

Prior service cost is amortized on a straight-line basis over the average remaining service life of employees (14 years) in the year in which it arises and unrecognized actuarial differences are amortized on a straight-line basis over the average remaining service life of employees (14 years) from the year following that in which they arise.

(Change in accounting policy)

From the year ended March 31, 2010, KDDI adopted Partial Amendments to Accounting Standards for Retirement Benefits (Part 3) (ASBJ Statement No. 19) (July 31, 2008).

This does not affect operating income, ordinary income, income before income taxes and minority interests, or net income.

3) Provision for point card certificates

In order to prepare for the future cost generating from the utilization of points that customers have earned under the point services such as “au Point Program,” based on its past experience, the Company reserves an amount considered appropriate to cover possible utilization of the points during or after the next consolidated fiscal year.

4) Allowance for bonuses

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

e) Foreign currency transaction

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

All assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Revenues and expenses for the year are translated into Japanese yen at the average exchange rate during the year and translation adjustments are included in “Foreign currency translation adjustments” and “Minority interests” of “Net assets.”

f) Significant hedge transactions

1) Hedge accounting method

Mainly deferral hedge accounting is applied. Further, for interest rate swaps special treatment is applied in cases that meet the necessary requirements for special treatment.

2) Hedge instruments and hedged items

Hedge instruments….Interest rate swaps
Hedged items….Loans

3) Hedge policy

Interest rate fluctuation risk is hedged mainly based on the Company's management policy for derivative transactions, the "internal management and operational policy for interest rate swaps etc."

4) Evaluation of hedge effectiveness

Evaluation of hedge effectiveness is based on the fluctuation amounts of two items through comparison of the cumulative total fluctuations of cash flows of hedged items and market fluctuations and the cumulative total fluctuations cash flows of hedge instruments and market fluctuations each quarter.
However, evaluation of hedge effectiveness is not conducted for interest rate swaps that meet the requirements for special treatment.

g) Others
Accounting method for consumption taxes
Consumption taxes are accounted for using the net method of reporting.

5. Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are evaluated by the fair market value method.

6. Amortization of goodwill

Goodwill and negative goodwill are amortized under the straight-line method over a period of 5 to 20 years. However, minimal amounts of goodwill or negative goodwill are recognized as expenses or gains for the year ended March 31, 2010.

7. Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term highly liquid investments with a maturity of three months or less at the time of purchase and which bear lower risks from fluctuations in value.

(7) Changes in Significant Accounting Policies

(Change in accounting standard for completed construction and completed construction cost)

The Company previously applied the completed-construction accounting standard for recognizing revenues associated with construction contracts. However, from April 1, 2009 the Company has applied the "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, December 27, 2007) and the "Implementation Guidance on the Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, December 27, 2007). As a result, the percentage-of-completion method (cost-comparison method using primarily estimate of construction progress) is applied for construction contracts for which construction started in the year ended March 31, 2010 and for which the progress of the construction by March 31, 2010 is deemed certain to be achieved. The completed-contract method is applied to other construction contracts.

This change has minor impact on the consolidated financial statements.

(Changes in presentation)

（Consolidated statements of income）

1. Because the significance of the amount has increased, "Dividends income," which was included in "Miscellaneous income" in the year ended March 31, 2009, is presented as a separate item from the year ended March 31, 2010. Further, "Dividends income" included in "Miscellaneous income" in the year ended March 31, 2009 was ¥1,458 million.
2. Because the significance of the amount is negligible, "Gain on bad debts recovered," which was presented as a separate item in the year ended March 31, 2009, is included in "Miscellaneous income" from the year ended March 31, 2010. Further, "Gain on bad debts recovered" included in "Miscellaneous income" in the year ended March 31, 2010, is ¥292 million.

(Additional information)

(Equity participation in Jupiter Telecommunications Co., Ltd.)

On February 19, 2010, based on the sales and purchase agreement between KDDI and Liberty Global Inc. (LGI) Group dated January 25, 2010 and its amendment agreement dated February 12, 2010, KDDI acquired the entire ownership interests in three intermediary holding companies (Liberty Global Japan II, LLC, Liberty Japan, LLC and Liberty Jupiter, LLC) which LGI Group owns.

KDDI acquired an ownership interest in Jupiter Telecommunications Co., Ltd. (“J:COM”), from LGI Group and J:COM became an equity-method affiliate of KDDI.

The overview of this arrangement is as follows.

Note: After the acquisition, Liberty Global Japan II, LLC, Liberty Japan LLC and Liberty Jupiter LLC changed the company name to KDDI International Holdings, LLC, KDDI International Holdings 2 and LLC, KDDI International Holdings 3.

1. Reason for the acquisition

J:COM, which was established in 1995, is the largest Multiple System Operator (“MSO”) in Japan, and operates cable television business and program supply business in Japan. KDDI group operates its CATV business through its MSO subsidiary, Japan Cablenet Limited, and is collaborating with cable TV providers nationwide by offering its services such as the Cable-plus phone service. KDDI therefore has a strong interest in a potential collaboration with J:COM.

The transaction will facilitate KDDI’s efforts to both establish a strategic partnership with J:COM, which has a total of 3.27 million subscribing households (as of December 31, 2009), and contribute to the development of the CATV industry in Japan,. Further, KDDI aims to provide CATV customers with value added services, including FMBC (Fixed Mobile and Broadcasting Convergence) as a comprehensive telecommunications carrier.

2. Name of the seller

(1) Name	LGI International, Inc.	LGJ Holdings LLC
(2) Major business areas	Holding company	
(3) Relationship	There is not any relationship to be disclosed.	

3. Overview of target entities

(1) Name	Liberty Global Japan II, LLC	Liberty Japan, LLC	Liberty Jupiter, LLC
(2) Major business areas	Holding company		
(3) Capital stock	No capital stock since these are U.S. LLCs.		
(4) Net assets	USD 97M	USD 1,403M	USD 190M
(5) Total assets	USD 114M	USD 1,555M	USD 191M

Overview of J:COM

(1) Name	Jupiter Telecommunications Co., Ltd.
(2) Major business areas	CATV operation and telecommunication business through management of CATV operators / Program supplying business for CATV operators and digital satellite broadcast
(3) Capital stock	¥117,242 million
(4) Listed stock exchange	JASDAQ Stock Exchange (listed in March 2005)
(5) Number of shares issued	6,940,110

(From J:COM 16th annual securities report, as of December 31, 2009)

4. Change in ownership and transaction amounts

	Liberty Global Japan II, LLC	Liberty Japan, LLC	Liberty Jupiter, LLC
Ownership interests prior to the transaction	0%	0%	0%
Change in ownership interests	100%	100%	100%
Transaction amounts	¥35,387M	¥287,849M	¥38,418M
Ownership interests post transaction	100%	100%	100%

Note: Description of changes in the number of shares held is omitted since the acquired entities are U.S. LLCs.

Note: Above transaction value does not include the administration fee for the transaction.

Holding structure after KDDI Group's equity participation in J:COM

	Item in the consolidated balance sheet of KDDI	Number of J:COM shares	Voting rights ratio[1]
Shares	Stocks of subsidiaries and affiliates	2,133,797	30.9%
Shares which will be sold by trust bank[2][3]	Investment securities	305,810	-
Shares in management trust account[3]	Stocks of subsidiaries and affiliates	152,904	-
Total		2,592,511	30.9%

Note 1: Based on the total number of voting rights as of March 31, 2010, excluding treasury shares of J:COM.

Note 2: Regarding 305,810 J:COM shares which Super Media Japan, LP ("SM"), wholly owned together by Liberty Japan, LLC and Liberty Jupiter, LLC, held, and 152,904 J:COM shares which Liberty Global Japan II, LLC ("LGJII") held were entrusted with trust bank by trust agreement which became effective prior to KDDI's acquisition, SM and LGJII are unable to exercise the voting rights (or directing the trust bank to exercise the voting rights) in connection with the entrusted shares. Therefore, KDDI will not be involved in any voting exercise in connection with the entrusted J:COM shares.

Note 3: Pursuant to the trust agreement which became effective prior to KDDI's acquisition, KDDI will not be involved in any voting exercise.

5. Funding for the transaction

Funds in hand and loans, etc.

(8) Notes for Consolidated Financial Statements

Consolidated financial statements of KDDI are prepared under the "Regulations concerning the terms, forms and preparation methods for quarterly consolidated financial statements" (Ministry of Finance Ordinance No. 28, 1976, herein after "Regulations for consolidated financial statements"), and in accordance with these regulations and the "Rules for telecommunications business accounting" (Ministry of Posts and Telecommunications Ordinance No. 26, 1985).
The consolidated financial statements for the year ended March 31, 2009 were prepared under the pre-revision Regulations for consolidated financial statements and Rules for telecommunications business accounting. The consolidated financial statements for the year ended March 31, 2010 are prepared under the revised Regulations for consolidated financial statements and Rules for telecommunications business accounting.

(Consolidated Balance Sheets)

As of March 31, 2009	As of March 31, 2010
Note 1 Reduction entry amount of noncurrent assets Reduction entry amount due to contribution for construction ¥85M (cumulative total) ¥18,342M	Note 1 Reduction entry amount of noncurrent assets Reduction entry amount due to contribution for construction ¥7M (cumulative total) ¥17,334M
2 Notes relating to affiliates The amounts that relate to subsidiaries and affiliates and that are included in respective items are as follows. Stocks of subsidiaries and affiliates ¥23,961M (of which investment in jointly controlled entities) ¥519M Investments in capital of subsidiaries and affiliates ¥169M	2 Notes relating to affiliates The amounts that relate to subsidiaries and affiliates and that are included in respective items are as follows. Stocks of subsidiaries and affiliates ¥372,167M (of which investment in jointly controlled entities) ¥568M Investments in capital of subsidiaries and affiliates ¥182M
3 Contingent liabilities (1) Guarantor liabilities, etc [As a guarantor for office lease contract of:] KDDI America, Inc. etc. ¥459M (liabilities denominated in foreign currencies included) US$4M [As a guarantor for loans of:] Kita Cable Network, Inc. ¥328M (2) Contingent liabilities existing in cable system supply contract ¥4,958M (liabilities denominated in foreign currencies included) US$50M (3) Contingent liabilities resulting from the liquidation of Minex Corporation ¥566M (liabilities denominated in foreign currencies included) US$5M	3 Contingent liabilities (1) Guarantor liabilities, etc [As a guarantor for office lease contract of:] KDDI America, Inc. etc. ¥355M (liabilities denominated in foreign currencies included) US$3M [As a guarantor for loans of:] UQ Communications Inc. ¥30,608M (2) Contingent liabilities existing in cable system supply contract ¥4,652M (liabilities denominated in foreign currencies included) US$50M (3) Contingent liabilities resulting from the liquidation of Minex Corporation ¥536M (liabilities denominated in foreign currencies included) US5M
4 Assets pledged as collateral and liabilities with collateral: -	4 Assets pledged as collateral and liabilities with collateral: Assets pledged as collateral (Consolidated subsidiaries) Machinery ¥735M Local line facilities ¥684M Engineering facilities ¥20M Submarine line facilities ¥13M Buildings ¥216M Other tangible assets ¥193M Investment securities ¥220M Other investments and other assets ¥119M Cash and deposits ¥466M Notes and accounts receivable-trade ¥994M Supplies ¥70M

	Other current assets ¥12M Total (assets denominated in foreign currencies included) ¥3,748M US$21M Corresponding liabilites Long-term loans payable ¥2,388M Current portion of noncurrent liabilities ¥476M Short-term loans payable ¥727M Total (liabilities denominated in foreign currencies included) ¥3,592M US$14M
In compliance with the provisions of Article 4 of the Supplementary Provisions to the Law Concerning the Rationalization of Regulations in the Telecommuni- cations Field, the total assets of the Company have been pledged as general collateral for corporate bonds issued. Bonds ¥20,000M Current portion of noncurrent liabilities ¥19,800M	（KDDI） In compliance with the provisions of Article 4 of the Supplementary Provisions to the Law Concerning the Rationalization of Regulations in the Telecommuni- cations Field, the total assets of the Company have been pledged as general collateral for corporate bonds issued. Bonds ¥20,000M

(Consolidated Statements of Income)

As of March 31, 2009	As of March 31, 2010

As of March 31, 2009

Note 1 Operating expenses include research and development expenses of ¥26,963 million.

2 Gain on sales of noncurrent assets is gain on sales of real estate of ¥553 million, which accompanied sales of idle land, and gain on sales of other facilities of ¥223 million.

3 Loss on sales of noncurrent assets is loss on sales of ¥95 million, which accompanied sales of submarine line facilities, and loss on sales of other facilities of ¥142 million.

4 In the year ended March 31, 2009, the Group mainly recognized impairment loss for the following assets and asset groups.

Location	Usage for	Item	Impairment loss amount
KDDI Corporation equipment for the existing 800MHz band (Tokyo, Nagoya, Osaka, etc.)	Telecommunications business	Machinery etc.	¥43,539M
KDDI Corporation HIKARI-one Home 100 facilities (Tokyo etc.)	Telecommunications business	Local line facilities, Machinery, Building etc.	¥18,518M

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

During the year ended March 31, 2009, equipment for the existing 800MHz band, which will no longer being used from July 2012 as a result of the reorganization of frequencies, was reclassified into a new asset group independent from similar asset groups. The reclassification was made because a revenue management structure for cash flow generated from this equipment, established in response to the downward trend in subscribers with mobile phone handsets that utilize this equipment, made it possible to calculate the revenue balance.

The book value for the asset group for the existing 800MHz band equipment, due to a decrease in the number of handsets that use the existing 800MHz band, and the downward trend in equipment capacity utilization, has been written down to the recoverable amount. The amount of this write-down was included in extraordinary loss, amounting to ¥43,539 million.

This consists of ¥43,340 million for machinery and ¥198 million for others.

During the year ended March 31, 2009, equipment for the “HIKARI-one Home 100” service was reclassified into a new asset group independent from similar asset groups. The

As of March 31, 2010

Note 1 Operating expenses include research and development expenses of ¥30,987 million.

2 Gain on sales of noncurrent assets is gain on sales of real estate of ¥221 million, which accompanied sales of land etc, and gain on sales of other facilities of ¥293 million.

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4 In the year ended March 31, 2010, the Group mainly recognized impairment loss for the following assets and asset groups.

Location	Usage for	Item	Impairment loss amount
KDDI Corporation Domestic transmission line facilities Idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, Engineering facilities etc.	¥10,323M

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

As a result, in the year ended March 31, 2010, for domestic transmission system with declining utilization rates and idle assets, including a certain portion of the above mentioned domestic transmission system, the book value has been reduced to recoverable value. The said reduction is recognized as impairment loss of ¥10,323 million in extraordinary loss.

This consists of ¥5,275 million for local line facilities, ¥3,586 million for engineering facilities and ¥1,460 million for others.

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

In addition, impairment loss of ¥411 million on business assets in certain subsidiaries was recognized in extraordinary loss.

This consists of ¥215 million for machinery, ¥101 million for software and ¥94 million for others.

reclassification was made because a revenue management structure for cash flow generated from the equipment, established in response to the downward trend in the number of subscribers, made it possible to calculate the revenue balance.

The book value for the asset group for “HIKARI-one Home 100” equipment, due to the decrease in product attractiveness and subscriber numbers following the launch of the “Giga Value Plan”, has been written down to the recoverable amount. The amount of this write-down was included in extraordinary loss, amounting to ¥18,518 million.

This consists of ¥13,511 million for local line facilities, ¥3,513 million for machinery, ¥690 million for buildings and ¥803 million for others.

The recoverable value for the asset group is calculated by estimating the value in use, and applying a discount rate of 2.30% to future cash flow.

The book value for idle assets, including a portion of the domestic transmission system, has been written down to the recoverable amount. The amount of this write-down was included in extraordinary loss, amounting to ¥1,645 million.

This consists of ¥577 million for construction in process, ¥416 million for engineering facilities, ¥305 million for machinery and ¥344 million for others.

The recoverable amount for this asset group is estimated based on the net sales price. The calculation of market value is based on appraised value and other factors, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

An impairment loss of ¥4,343 million on business assets in certain subsidiaries was also included in extraordinary loss.

This consists of ¥1,772 million for machinery, ¥744 million for local line facilities, ¥477 million for buildings, ¥304 million for software, ¥200 million for land and ¥845 million for others.

5 The noncurrent assets retirement cost includes ¥9,098 million disposal cost of noncurrent assets for “HIKARI-one Home 100” equipment.

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Business restructuring expenses include ¥32,832 million of impairment loss regarding network streamlining (combining and disposal of low-use facilities) and ¥15,224 million for loss on retirement of noncurrent assets in Fixed-line Business.

Details of impairment loss are as follows.

Location	Usage for	Item	Impairment loss amount
KDDI Corporation Domestic line facilities etc. (Tokyo, etc.)	Telecommunications business	Long-distance line facilities, Local line facilities, Machinery, Submarine line facilities etc.	¥32,832M

For domestic transmission lines assets for which utilization rates declined due to network streamlining (combining and disposal of low-use

		facilities) in Fixed-line Business, the book value was reduced to recoverable value and said reduction is recognized as impairment loss of ¥32,832 million in business restructuring expenses (extraordinary loss). This consists of ¥14,830 million for long-distance line facilities, ¥7,965 million for local line facilities, ¥6,500 million for machinery, ¥3,145 million for submarine line facilities and ¥390 million for others. Further, the recoverable amount for the said assets is estimated based on the net selling price. However appraised value of these assets is set at ¥0 as these are difficult to sell or convert to other uses. Loss on retirement of noncurrent assets consists of ¥3,888 million for machinery, ¥1,694 million for engineering facilities, ¥2,240 million for other noncurrent assets and ¥7,400 for disposal cost, etc.

(Consolidated Statements of Changes in Net Assets)

For the year ended March 31, 2009

1. Total number and type of shares outstanding and total number and type of treasury stock

	As of March 31, 2008	Increase during the year ended March 31, 2009	Decrease during the year ended March 31, 2009	As of March 31, 2009
Shares outstanding				
Common stock	4,484,818.86	-	0.86	4,484,818
Total	4,484,818.86	-	0.86	4,484,818
Treasury stock				
Common stock	23,032.89	8,405.36	733.25	30,705
Total	23,032.89	8,405.36	733.25	30,705

The increase in treasury stock by 8,405.36 common stock is due to the purchase of odd-lot shares. Further, among the decrease in the number of shares, a decrease of 732.39 shares is due to sales of odd-lot shares, and a decrease of 0.86 shares is due to the retirement of odd-lot shares of shares outstanding and treasury stock.

2. Subscription warrants and own share option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2009
			As of March 31, 2008	Increase during the year ended March 31, 2009	Decrease during the year ended March 31, 2009	As of March 31, 2009	
KDDI (parent company)	Subscription warrants as stock options	-					¥991M
Total		-					¥991M

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 19, 2008 Annual meeting of shareholders	Common stock	¥24,539M	¥5,500	March 31, 2008	June 20, 2008
October 22, 2008 Meeting of the Board of Directors	Common stock	¥24,517M	¥5,500	September 30, 2008	November 28, 2008

(2) Approval of dividends payments for which the record date is in the fiscal year under review and the effective date is in the following fiscal year is planned as follows

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 18, 2009 Annual meeting of shareholders	Common stock	¥24,497M	Retained earnings	¥5,500	March 31, 2009	June 19, 2009

For the year ended March 31, 2010

1. Total number and type of shares outstanding and total number and type of treasury stock

	As of March 31, 2009	Increase during the year ended March 31, 2010	Decrease during the year ended March 31, 2010	As of March 31, 2010
Shares outstanding				
Common stock	4,484,818	-	-	4,484,818
Total	4,484,818	-	-	4,484,818
Treasury stock				
Common stock	30,705	-	-	30,705
Total	30,705	-	-	30,705

2. Subscription warrants and own share option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2010
			As of March 31, 2009	Increase during the year ended March 31, 2010	Decrease during the year ended March 31, 2010	As of March 31, 2010	
KDDI (parent company)	Subscription warrants as stock options	-					¥1,475M
Consolidated subsidiaries	Subscription warrants as stock options	-					¥131M
Total		-					¥1,606M

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 18, 2009 Annual meeting of shareholders	Common stock	¥24,497M	¥5,500	March 31, 2009	June 19, 2009
October 23, 2009 Meeting of the Board of Directors	Common stock	¥28,951M	¥6,500	September 30, 2009	November 20, 2009

As to the resolution as of October 23, 2009, dividend per share includes ¥1,000 commemorative dividend..

(2) Approval of dividends payments for which the record date is in the fiscal year under review and the effective date is in the following fiscal year is planned as follows

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 17, 2010 Annual meeting of shareholders	Common stock	¥28,951M	Retained earnings	¥6,500	March 31, 2010	June 18, 2010

(Consolidated Statement of Cash Flows)

<table>
<tr><th>Year ended March 31, 2009</th><th>Year ended March 31, 2010</th></tr>
<tr><td>
Note 1 Relationship between balance of cash and cash equivalents and items presented in consolidated balance sheets as of March 31, 2009
Cash and deposits account ¥94,242M
Securities account ¥106,964M
Total ¥201,206M
Time deposit with terms exceeding 3 months (¥896M)
Cash and cash equivalents ¥200,310M

2 Assets and liabilities of newly consolidated subsidiaries
Chubu Telecommunications Co., Inc. (hereafter “CTC”) has been newly consolidated due to the acquisition of shares. Accordingly, the following shows the breakdown of assets and liabilities that existed at the time of consolidation, and the relationship between the acquisition cost of the shares and the expense (net amount) required for the acquisition of the subsidiary.
Noncurrent assets ¥90,236M
Current assets ¥6,974M
Goodwill ¥4,162M
Noncurrent liabilities (¥40,532M)
Current liabilities (¥15,247M)
Minority interests (¥8,080M)
Acquisition cost ¥37,512M
Temporary payment related to acquisition of CTC’s shares (¥434M)
Cash and cash equivalents of CTC (¥1,049M)
Net acquisition cost ¥36,027M

3 As regards the acquired trust beneficiary right, the ownership of entrusted assets that extinguished accompanying the ending of real estate trust contracts was transferred to the Company. The following acquired assets were recorded in the consolidated balance sheets as machinery, net (¥259 million), buildings, net (¥17,214 million), structures, net (¥43 million), land (¥189,276 million) and other tangible assets, net (¥114 million) within noncurrent assets-telecommunications business, and property, plant and equipment of incidental business facilities (¥148 million).

4 Assets and liabilities related to finance lease transactions newly recognized in the year ended March 31, 2009, were ¥9,799 million and ¥10,860 million respectively.
</td><td>
Note 1 Relationship between balance of cash and cash equivalents and items presented in consolidated balance sheets as of March 31, 2009
Cash and deposits account ¥96,863M
Securities account ¥70,000M
Total ¥166,863M
Time deposit with terms exceeding 3 month and deposits with collateral (¥1,386M)
Cash and cash equivalents ¥165,476M

2 Assets and liabilities of newly consolidated subsidiaries
Liberty Global Japan II, LLC, Liberty Japan, LLC, and Liberty Jupiter, LLC, have been newly consolidated due to the acquisition of shares. Accordingly, the following shows the breakdown of assets and liabilities that existed at the time of consolidation, and the relationship between acquisition cost of the ownership of interest in three companies and the expense (net amount) required for the acquisition of the subsidiaries.
Noncurrent assets ¥363,106M
Noncurrent liabilities (¥335M)
Current liabilities (¥227M)
Acquisition costs ¥362,543M
Temporary payment related to acquisition (¥8M)
Net acquisition cost ¥362,534M

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4 Assets and liabilities related to finance lease transactions newly recognized in the year ended March 31, 2010, were ¥8,111 million and ¥9,164 million respectively.
</td></tr>
</table>

(Segment Information)

[Business segment information]

For the year ended March 31, 2009

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Total	Elimination and corporate	Consoli-dation
I. Sales and Operating Income (Loss)						
Sales						
(1) Outside sales	2,708,005	759,313	30,190	3,497,509	-	3,497,509
(2) Intersegment sales	11,206	89,398	42,586	143,191	(143,191)	-
Total	2,719,211	848,712	72,776	3,640,700	(143,191)	3,497,509
Operating expenses	2,217,750	905,271	75,253	3,198,275	(143,973)	3,054,301
Operating income (loss)	501,461	(56,559)	(2,476)	442,425	782	443,207
II. Identifiable Assets, Depreciation, Impairment Losses and Capital Expenditures						
Identifiable assets	1,974,648	938,401	43,773	2,956,823	472,308	3,429,132
Depreciation	305,306	127,855	2,439	435,601	(978)	434,623
Impairment losses	43,614	21,928	2,496	68,040	6	68,046
Capital Expenditures	445,846	134,223	1,813	581,884	222,756	804,641

Note 1: Business segments and principal services/operations of each segment

Business Segment	Principal Services/Operations
Mobile Business	Mobile phone services, sales of mobile phone handsets, mobile solutions services
Fixed-line Business	Local, long-distance, and international telecommunications services, internet services, solutions services, data center services, cable television services
Other Business	Call center business, content business, research and advanced development, and other mobile phone services, etc.

Note 2: Depreciation and capital expenditures include long-term prepaid expenses and depreciation related to these expenses.

Note 3: In Assets, the value of company-wide assets included in the “Elimination and Corporate” category is ¥642,075 million. The majority of these assets are surplus funds provided to companies, long-term investments, and assets related to administrative divisions. Trust beneficiary rights acquired during the year ended March 31, 2009 were eliminated with the termination of real estate trust contracts. Ownership of assets held in trust has been transferred to the Company and so became its assets, which have been included as company-wide assets related to administrative divisions.

Note 4: For depreciation related to Companywide assets, amounts allocated to each segment are ¥7,766 million for the Fixed-line Business and ¥6,548 million for the Mobile Business.

Note 5: Change in accounting policy

As noted in “4. Accounting policies” of “(6) Basis of Presenting Consolidated Financial Statements” under “4. Consolidated Financial Statements,” from the year ended March 31, 2009, the Company changed its accounting method for depreciation of material depreciable assets. As a result of this change, the depreciation cost in the Mobile Business increased ¥59,765 million for the year ended March 31, 2009, while operating income decreased by the equal amount.

Note 6: Change in period of useful life

As noted in “4. Accounting policies” of “(6) Basis of Presenting Consolidated Financial Statements” under “4. Consolidated Financial Statements,” from the year ended March 31, 2009, the Company has extended the useful life of assets. As a result of this change, the depreciation cost decreased ¥44,464 million in the Mobile Business, and ¥14,075 million in the Fixed-line Business, with operating income in both segments increasing by the equal amount.

Note 7: Change in business segments

The cable television business, other fixed-line services, other data center services, and related services, which used to have been classified in the Other segment, have been switched to the Fixed-line segment.

Note: other fixed-line services / other data center services: Overseas Fixed-line Business

The KDDI Group has clarified the strategies and scope of the Fixed-line Business. In Japan, amid a competitive business environment where broadband accounts for a growing portion of the fixed-line communications market, the Group will develop the access line business, including "Metal-plus", FTTH and cable television, to seek stable expansion of the customer base. In the Overseas Fixed-line Business, the Group will seek growth in overseas businesses by providing global ICT (Information and Communication Technology) solutions, with the global data center TELEHOUSE as the central company. In line with these measures, the Group has revised the scope of the previous Fixed-line Business, and from the three months ended June 30, 2008 has adopted profitability management in accordance with internal controls and these business strategies. From the standpoint of disclosures well business segments have been reorganized to match the categories adopted for internal controls, and so provide for more accurate disclosure of the Group's business operations.

The information for each of the business segments for the year ended March 31, 2008 when the business segmentation and asset distribution method before the reclassification is as follows.

For the year ended March 31, 2008

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Total	Elimination and corporate	Consoli-dation
I. Sales and Operating Income (Loss)						
Sales						
(1) Outside sales	2,851,679	718,348	26,256	3,596,284	-	3,596,284
(2) Intersegment sales	10,919	80,660	39,861	131,441	(131,441)	-
Total	2,862,598	799,008	66,118	3,727,725	(131,441)	3,596,284
Operating expenses	2,407,554	857,007	63,611	3,328,175	(132,342)	3,195,832
Operating income (loss)	455,043	(57,999)	2,506	399,551	900	400,451
II. Identifiable Assets, Depreciation, Impairment Losses and Capital Expenditures						
Identifiable assets	1,780,758	878,265	44,429	2,703,453	175,821	2,879,274
Depreciation	228,045	122,305	1,495	351,847	(578)	351,269
Impairment losses	466	18,627	2,260	21,354	(124)	21,229
Capital Expenditures	373,343	103,021	3,924	480,289	13,380	493,669

Business segments and principal services/operations of each segment

Business Segment	Principal Services/Operations
Mobile Business	Mobile phone services, sales of mobile phone handsets, mobile solutions services
Fixed-line Business	Local, long-distance, and international telecommunications services, internet services, solutions services, data center services, cable television services
Other Business	Call center business, content business, research and advanced development, and other mobile phone services, etc.

For the year ended March 31, 2010

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Total	Elimination and corporate	Consoli-dation
I. Sales and Operating Income (Loss)						
Sales						
(1) Outside sales	2,637,806	751,195	53,144	3,442,146	-	3,442,146
(2) Intersegment sales	12,329	87,982	59,102	159,413	(159,413)	-
Total	2,650,135	839,178	112,247	3,601,560	(159,413)	3,442,146
Operating expenses	2,166,393	883,395	108,741	3,158,529	(160,245)	2,998,284
Operating income (loss)	483,742	(44,217)	3,505	443,030	831	443,862
II. Identifiable Assets, Depreciation, Impairment Losses and Capital Expenditures						
Identifiable assets	1,987,650	990,747	57,041	3,035,439	784,097	3,819,536
Depreciation	327,984	131,754	2,266	462,004	(1,065)	460,939
Impairment losses	77	43,324	163	43,565	1	43,567
Capital Expenditures	375,877	142,368	2,900	521,145	10,991	532,137

Note 1: Business segments and principal services/operations of each segment

Business Segment	Principal Services/Operations
Mobile Business	Mobile phone services, sales of mobile phone handsets, mobile solutions services
Fixed-line Business	Local, long-distance, and international telecommunications services, internet services, solutions services, data center services, cable television services
Other Business	Call center business, content business, research and advanced development, and other mobile phone services, etc.

Note 2: Depreciation and capital expenditures include long-term prepaid expenses and depreciation related to these expenses.

Note 3: Impairment loss in Fixed-line Business includes ¥32,832 million of business restructuring expenses regarding network streamlining (combining and disposal of low-use facilities) in Fixed-line Business.

Note 4: In Assets, the value of company-wide assets included in the “Elimination and Corporate” category is ¥945,975 million. The majority of these assets are surplus funds provided to companies, long-term investments, and assets related to administrative divisions.
Further, in accordance with the acquisition of entire ownership of interest in intermediary holding companies which Liberty Global Inc. group owns, the ownership interest (stocks of subsidiaries and affiliates) of Jupiter Telecommunications Co., Ltd. was increased.

Note 5: For depreciation related to Companywide assets, amounts allocated to each segment are ¥8,614 million for the Mobile Business and ¥7,218 million for the Fixed-line Business.

[Geographic segment information]

For the year ended March 31, 2009 and the year ended March 31, 2010, information by geographic segment is not shown since total sales and total assets in Japan accounted for over 90% of total sales and total assets in all business segments.

[Net sales from overseas operations]

For the year ended March 31, 2009 and the year ended March 31, 2010, net sales from overseas operations are not shown since they account for less than 10% of consolidated net sales.

(Lease Payment)

As a lessee

Year ended March 31, 2009	Year ended March 31, 2010
Finance leases No significant items to be reported. Operating leases No significant items to be reported.	Finance leases No significant items to be reported. Operating leases No significant items to be reported.

As a lessor

Year ended March 31, 2009	Year ended March 31, 2010
Finance leases No significant items to be reported.	Finance leases No significant items to be reported.

(Related Party Transaction)

For the year ended March 31, 2009 and the year ended March 31, 2010

None

(Income Taxes)

Year ended March 31, 2009		Year ended March 31, 2010	
1. Significant components of deferred tax assets and liabilities		1. Significant components of deferred tax assets and liabilities	
	(Amount unit: Millions of yen)		(Amount unit: Millions of yen)
Deferred tax assets		Deferred tax assets	
Depreciation and amortization	45,199	Depreciation and amortization	47,567
Allowance for doubtful accounts	12,989	Allowance for doubtful accounts	12,097
Disposal of fixed assets	2,060	Disposal of fixed assets	20,213
Inventory write down	6,742	Inventory write down	5,381
Impairment loss	44,081	Impairment loss	28,400
Reserve for retirement benefits	1,314	Reserve for retirement benefits	2,814
Allowance for bonus payment	8,081	Allowance for bonus payment	8,141
Accrued expenses	9,087	Accrued expenses	3,448
Net operating loss carried forward	396	Net operating loss carried forward	4,321
Unrealized profits	2,352	Unrealized profits	2,484
Reserve for point service program	25,427	Reserve for point service program	31,940
Accrued enterprise taxes	9,944	Accrued enterprise taxes	5,656
Advances received	23,989	Advances received	25,425
Assets adjustment account	9,476	Assets adjustment account	4,738
Other	8,736	Other	8,544
Gross deferred tax assets	209,881	Gross deferred tax assets	211,177
Valuation allowance	(14,190)	Valuation allowance	(14,981)
Net deferred tax assets	195,690	Net deferred tax assets	196,195
Deferred tax liabilities		Deferred tax liabilities	
Special depreciation reserve	(1,370)	Special depreciation reserve	(1,340)
Net unrealized gains on securities	(12,644)	Net unrealized gains on securities	(20,478)
Retained earnings for overseas affiliates	(1,228)	Retained earnings for overseas affiliates	(905)
Other	(2,272)	Other	(6,821)
Total deferred tax liabilities	(17,515)	Total deferred tax liabilities	(29,545)
Net deferred tax assets	178,175	Net deferred tax assets	166,650
2. Summary of significant differences between the statutory tax rate and the Company's effective tax rate		2. Summary of significant differences between the statutory tax rate and the Company's effective tax rate	
	%		
Effective statutory tax rate	40.6	Note omitted because the difference between the statutory tax rate and the Company's effective tax rate is less than 5% of the statutory tax rate	
Adjustments:			
Permanently non-deductible items including entertainment expenses	0.2		
Inhabitant tax on per capita levy	0.1		
Tax credit for strengthening information base	(0.1)		
Tax credit for research and development expenses	(0.2)		
Goodwill amortization	0.9		
Effect of equity-method investment income	0.2		
Reserve for loss brought forward	(0.1)		
Non-taxable dividend income	0.3		
Valuation allowance	1.6		
Reversal of reserve for tax	0.2		
Other	(0.6)		
Actual tax rate	43.1		

(Financial Instruments)

For the year ended March 31, 2010

1. Status of financial instruments

(1) Policy for measures relating to financial instruments

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

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

Trade receivables—trade notes and accounts receivable and other accounts receivable—are exposed to credit risk in relation to customers and trading partners. For such risk, pursuant to criteria for managing credit exposure, the Group has systems enabling the management of due dates and balances of each customer and trading partner as well as the analysis of credit status.

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

Deposits and guarantee money are primarily deposits and guarantee money pursuant to lease contracts for telecommunications base stations, and the Group conducts ledger management for these items.

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

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

In order to conduct derivative transactions, based on their company's internal regulations and regulations stipulating associated details, finance or accounting divisions must receive approval from those with final-approval authority as stipulated by authority-related regulations through consultation via an internal memo for each derivative transaction and only conduct transactions with financial institutions with high credit ratings.

In addition, such current liabilities as trade payables are exposed to liquidity risk at time of settlement. However, the Group reduces that risk by having each company review fund-raising plans every month.

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

The market values of financial products include prices based on market prices, or, if there are no market prices, they include reasonably estimated prices. Because estimations of the said prices incorporate fluctuating factors, applying different assumptions can in some cases change the said prices.

2. Market value of financial instruments

Amounts recognized in the consolidated balance sheet, market values, and the differences between them on March 31, 2010, are as shown below. Moreover, items for which it is extremely difficulty to determine market values are not included in the following table (see (note 2)).

(Amount unit: Millions of yen)

	Book value	Market value	Difference
1) Cash and deposits	96,863	96,863	-
2) Notes and accounts receivable-trade	536,309		
Allowance for doubtful accounts	(13,706)		
	522,602	522,602	-
3) Securities (negotiable deposit)	70,000	70,000	-
4) Accounts receivable-other	44,515	44,515	-
5) Investment securities			
Other securities	89,675	89,675	-
6) Stocks of subsidiaries and affiliates	337,356	246,963	(90,393)
7) Lease and guarantee deposits	432	510	78
Total assets	1,161,446	1,071,131	(90,315)
8) Notes and accounts payable-trade	66,553	66,553	-
9) Short-term loans payable	101,166	101,166	-
10) Accounts payable-other	250,517	250,517	-
11) Accrued expenses	16,150	16,150	-
12) Income taxes payable	67,856	67,856	-
13) Bonds payable[ii]	457,966	468,202	10,235
14) Long-term loans payable[ii]	522,228	527,804	5,575
Total liabilities	1,482,440	1,498,251	15,811

i): Allowance for doubtful accounts recognized in notes and accounts receivable-trade is offset.

ii): Bonds and long-term loans payable included in current portion of noncurrent liabilities are included.

Note 1: Calculation of the market value of financial instruments and items relating to short-term investment securities and derivative transactions

1) Cash and deposits, 2) Notes and accounts receivable-trade, 3) Securities (negotiable deposit),
4) Accounts receivable-other

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

5) Investment securities, 6) Stock of subsidiaries and affiliates

In relation to the market value of investment securities, for shares the market prices of exchanges are used.
Further, for information on investment securities categorized according to holding purpose, please see the note “Quoted securities.”

7) Lease and guarantee deposits

These are lease and guarantee deposits that have market prices and fixed memberships and repayment periods. The market values of lease and guarantee deposits is estimated using reasonable discount rates. However, because market values are almost equivalent to book values, the relevant book values are used.

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

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

13) Bonds payable, 14) Long-term loans payable

The market value of bonds payable is calculated based on trading reference data.
The market value of long-term loans payable is calculated by applying a discount rate to the total of

principal and interest. That discount rate is based on the assumed interest rate if a similar new loan was entered into. Because long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically, their market values are almost the same as their book values, the relevant book values are used.

Note 2: Financial instruments for which it is extremely difficulty to determine market value

(Amount unit: Millions of yen)

	Book value
Investment securities Unlisted equity securities	3,382
Stocks of subsidiaries and affiliates Unlisted equity securities	34,810
Investments in capital of subsidiaries and affiliates	182
Lease and guarantee deposits	37,948

Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, they are not included in the chart above.

Note 3: Planned redemption amounts after the balance sheet date for monetary assets and short-term investment securities with monetary assets and maturity dates

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	96,863	-
Notes and accounts receivable-trade	503,737	32,572
Securities (negotiable deposit)	70,000	-
Accounts receivable-other	41,838	2,677
Total	712,438	35,250

Note 4: Planned repayment amounts after the balance sheet date for bonds payable, long-term loans payable

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	83,000	375,000
Long-term loans payable	24,453	497,775
Total	107,453	872,775

(Additional information)

From the year ended March 31, 2010, KDDI adopted Accounting Standard for Financial Instruments (ASBJ Statement No.10) (March 10, 2008) and Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No.19) (March 10, 2008)

(Securities)

For the year ended March 31, 2009

1. Bonds intended to be held to maturity that have market value as of March 31, 2009

   No items to be reported.

2. Other securities that have market value as of March 31, 2009

(Amount unit: Millions of yen)

	Acquisition cost	Book value	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost Stock	2,652	34,243	31,591
Securities for which book value of consolidated balance sheets does not exceed acquisition cost Stock	1,496	1,086	(409)
Total	4,148	35,330	31,182

3. Other securities sold during the year ended March 31, 2009

(Amount unit: Millions of yen)

Amount of sale	Total gain on sale	Total loss on sale
39	20	7

4. Type and book value of securities that do not have market value (as of March 31, 2009)

(Amount unit: Millions of yen)

	Book value
Other securities	
Unlisted equity securities	5,236
Negotiable deposit	49,000
Commercial papers	57,964
Total	112,200

5. Scheduled redemption amount after March 31, 2010 for other securities with maturity date and bonds intended to be held to maturity.

   None

For the year ended March 31, 2010

1. Bonds intended to be held to maturity

   None

2. Other securities

(Amount unit: Millions of yen)

	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost			
Stock	87,195	29,116	58,079
Bonds payable	897	891	5
Other	551	534	16
Subtotal	88,644	30,542	58,101
Securities for which book value of consolidated balance sheets does not exceed acquisition cost			
Stock	4,170	4,489	(319)
Negotiable deposit	70,000	70,000	-
Other	243	264	(20)
Subtotal	74,413	74,753	(340)
Total	163,057	105,296	57,761

3. Other securities sold during the year ended March 31, 2010

(Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	1,207	1,014	-

4. Impairment of investment securities

For the year ended March 31, 2010, KDDI recognized an impairment of ¥2,291 million on investment securities (other securities).

Further, regarding impairment treatment, for securities for which market value at the end of the period had dropped markedly in comparison to acquisition cost, impairment treatment was undertaken for the amount recognized as required in light of the possibility of recovery.

(Derivatives)

1. Items relating to the derivative transactions

Year ended March 31, 2009	Year ended March 31, 2010
1. Policy for measures for transactions Regarding derivatives transactions, the Group adheres to the fundamental principle of limiting transactions to those actually required and never conducting speculative transactions for trading profit. 2. Transactions details and purpose Interest rate swap transactions The Group uses derivatives transactions to reduce fluctuation risk for interest payable on interest-bearing debt. For derivatives transactions, the Group applies hedge accounting, which is summarized below. Hedge accounting method Mainly deferral hedge accounting is applied. Further, for interest rate swaps special treatment is applied in cases that meet the necessary requirements for special treatment. Hedge instruments and hedged items Hedge instruments: Interest rate swaps Hedged items: Loans Hedge policy Interest rate fluctuation risk is hedged mainly based on the Company's management policy for derivative transactions, the "internal management and operational policy for interest rate swaps etc." Evaluation of hedge effectiveness Evaluation of hedge effectiveness is based on the fluctuation amounts of two items through comparison of the cumulative total fluctuations of cash flows of hedged items and market fluctuations and the cumulative total fluctuations cash flows of hedge instruments and market fluctuations each quarter. However, evaluation of hedge effectiveness is not conducted for interest rate swaps that meet the requirements for special treatment. 3. Details of risk related to transactions 1) Market risk The Group conducts derivative transactions with a view to reducing the risks associated with assets and liabilities recognized in its consolidated balance sheet. Interest transactions include interest rate fluctuation risk. 2) Credit risk Credit risk due to the contractual nonperformance by counterparties is considered to be almost nonexistent because the counterparties to the Group's derivatives transactions are financial institutions with high creditworthiness.	No change from the year ended March 31, 2009.

4. Risk management system for transactions The finance or accounting divisions of respective companies implement and control derivatives transactions in the Group, based on their company's internal regulations and regulations stipulating associated details. Further, for implementation, based on respective companies' internal regulations, approval must be received from those with final-approval authority as stipulated by authority-related regulations of respective companies through consultation via an internal memo for each derivative transaction. 5. Supplementary explanation of "Market value of transactions" 1) Transactions for which hedge accounting is applied are excluded from disclosure. 2) Because the "contract amounts etc." of swap transactions are ultimately only notional contract amounts for respective transactions, the said amounts do not represent the market risk or credit risk associated with respective transactions.	

2. Market value of transactions

For the year ended March 31, 2009

None

For the year ended March 31, 2010

No significant items to be reported.

(Retirement Benefits)

Year ended March 31, 2009	Year ended March 31, 2010
1. Overview of the retirement benefit plan The Company and its subsidiaries have retirement benefit plans that consist of defined benefit pension plan, a retirement lump-sum plan and a retirement benefit trust scheme.	1. Overview of the retirement benefit plan The Company and its subsidiaries have retirement benefit plans that consist of defined benefit pension plan, a retirement lump-sum plan and a retirement benefit trust scheme. Further, certain subsidiaries have defined contribution pension plans or association-establishment-type employees' pension funds.
2. Reserve for retirement benefits (Amount unit: Millions of yen) 1) Projected benefit obligations (290,774) 2) Plan assets 209,081 3) Retirement benefit trust 8,079 4) Unaccumulated retirement benefit obligation (73,613) 5) Unrecognized prior service cost (2,648) 6) Unrecognized actuarial differences 80,994 7) Prepaid pension cost (22,571) 8) Reserve for retirement benefits (17,839) Note: Certain consolidated subsidiaries use simplified methods to calculate retirement benefits and pension obligations.	2. Reserve for retirement benefits (Amount unit: Millions of yen) 1) Projected benefit obligations (296,049) 2) Plan assets 239,593 3) Retirement benefit trust 8,161 4) Unaccumulated retirement benefit obligation (48,295) 5) Unrecognized prior service cost (1,740) 6) Unrecognized actuarial differences 50,144 7) Prepaid pension cost (18,653) 8) Reserve for retirement benefits (18,542) Note: Certain consolidated subsidiaries use simplified methods to calculate retirement benefits and pension obligations.
3. Net pension expenses (Amount unit: Millions of yen) 1) Service cost 10,246 2) Interest cost 5,678 3) Expected return on plan assets (5,090) 4) Amortization of prior service cost (474) 5) Amortization of actuarial differences 5,139 6) Net pension cost 15,500 Note: The retirement benefits expenses for subsidiaries using simplified methods are recognized in "1). Service cost."	3. Net pension expenses (Amount unit: Millions of yen) 1) Service cost 10,744 2) Interest cost 5,798 3) Expected return on plan assets (4,181) 4) Amortization of difference due to change of accounting method 13 5) Amortization of prior service cost (1,022) 6) Amortization of actuarial differences 8,710 7) Net pension cost 20,063 Note: The retirement benefits expenses for subsidiaries using simplified methods are recognized in "1). Service cost."
4. Assumptions used in calculation of reserve for retirement benefits etc. 1) Discount rate 2.0% 2) Expected rate of return on plan assets 2.0% Expected rate of return concerning retirement benefit trust 0% 3) Method of attributing the projected benefits to periods of services: Straight-line basis 4) Amortization of prior service cost: 14 years 5) Amortization of actuarial differences: 14 years from the year following that in which they arise	4. Assumptions used in calculation of reserve for retirement benefits etc. 1) Discount rate 2.0% 2) Expected rate of return on plan assets 2.0% Expected rate of return concerning retirement benefit trust 0% 3) Method of attributing the projected benefits to periods of services: Straight-line basis 4) Amortization of prior service cost: 14 years 5) Amortization of actuarial differences: 14 years from the year following that in which they arise
	5. Multi-employer pension plans Certain subsidiaries belong to the ITOCHU Union Pension Fund, which is a multi-employer pension plan. Contributions to the said pension plan are recognized as net pension cost. 1) Items relating to overall status of pension plan reserves (as of March 31, 2009)

		(Amount unit: Millions of yen)
		Plan assets 45,584
		Benefit obligation based on pension plan finance calculation 70,099
		Balance (24,514)
		2) Percentage of total pension plan accounted for by contributions from KDDI Group 0.17%
		3) Supplementary explanation The principle factors relating to the balance in 1) above are, based on pension plan finance calculation, prior service cost of ¥7,864 million and deficiency carried forward of ¥16,650 million. For the said pension plan, prior service cost is amortized through amortization of principal and interest using the straight-line method over a period of 19 years and one month (as of March 31, 2009). Further, the percentage in 2) above does not match the actual percentage shouldered by the KDDI Group.

(Stock Options)

For the year ended March 31, 2009

1. Deals and scale of the stock option granted and changes in the scale

(1) Details of the stock option granted

		August 2006 5th Stock Option	August 2007 6th Stock Option	August 2008 7th Stock Option
Category and number of grantees				
Members of the Board		7	8	8
Vice Presidents		21	19	18
Executive Directors		26	25	29
Employees		2,713	2,794	2,896
Directors of wholly owned subsidiaries		10	10	5
Type and number of stock granted		Common stock 4,439	Common stock 5,008	Common stock 5,106
Date of grant		August 9, 2006	August 10, 2007	August 8, 2008
Vesting conditions		1) The grantee of stock options must be, at the time of exercise of options, a director, vice president, executive director, senior advisor, auditor or employee of the Company and/or its subsidiaries. However, when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, it will be permitted for the grantee to exercise these options within six months from the start of the applicable period or resignation or retirement, whichever is later, provided the exercise period is not exceeded. 2) In the event of the death of a stock option grantee, his or her heirs may, within six months from the date of death (until the expiration of the exercise period), exercise the options for up to the maximum number of shares of stock available as of the time of death. 3) In special cases where it is permitted by the Company's Stock Option Committee, the grantee of stock options may exercise their options under conditions different from those described in 1) and 2). 4) Other conditions are set forth in the contract concerning the grant of subscription warrants made between the Company and the grantee of stock options, based on the resolution of the meeting of the Board of Directors.		
Vesting period	From	August 9, 2006	August 10, 2007	August 8, 2008
	To	September 30, 2008	September 30, 2009	September 30, 2010
Exercise period	From	October 1, 2008	October 1, 2009	October 1, 2010
	To	September 30, 2010	September 30, 2011	September 30, 2012

Stock options have been converted into equivalent numbers of shares and presented accordingly.

(2) Scale of stock options and changes in the scale

The following lists the number of shares calculated for the number of stock options that existed in the year ended March 31, 2009

1) Number of stock options

	August 2006 5th Stock Option	August 2007 6th Stock Option	August 2008 7th Stock Option
Before vested			
Beginning of period	4,335	4,964	-
Granted	-	-	5,106
Forfeited	17	69	57
Vested	4,318	-	-
Unvested	-	4,895	5,049
After vested			
Beginning of period	-	-	-
Vested	4,318	-	-
Exercised	-	-	-
Expired	223	-	-
Exercisable	4,095	-	-

2) Unit value

	August 2006 5th Stock Option	August 2007 6th Stock Option	August 2008 7th Stock Option
Exercise price	¥775,000	¥879,000	¥649,000
Average share price at exercise	-	-	-
Fair value unit price (Date of grant)	¥103,462	¥100,549	¥106,718

2. Method for calculating fair value of stock options

The estimation method for calculating fair value of stock option granted in the year ended March 31, 2009 is as follows.

1) Estimation method Black-Scholes model

2) Primary base values and estimation method

	August 2008 7th Stock Option
Volatility of share prices [1]	26.937%
Forecasted remaining period [2]	3 years
Expected dividend [3]	¥9,333 per share
Risk-free interest rate [4]	0.812%

Note 1: Calculation is based on actual stock prices over three years (August 2005 to August 2008).
Note 2: Because it is difficult to make a rational estimate due to a lack of accumulated data, the value is estimated on the assumption that the exercise of stock options is carried out in the middle of the stock option rights exercise period.
Note 3: This is based on actual dividend payments during the past three fiscal years (FY2005.3 to FY 2008.3)
Note 4: This is the rate of return for government bonds for the period corresponding to the forecasted remaining period.

3. Method of estimating number of options vested

The number of options vested was calculated by estimating the number of expirations due to unvested options, based on the retirement rate in the year ended March 31, 2009.

4. Impact on consolidated financial statements

Operating expenses for telecommunication business ¥480 million (sales expenses ¥229 million, administrative expenses ¥177 million, others ¥73 million)

Cost of sales of terminal equipment and other ¥15 million

For the year ended March 31, 2010

1. Deals and scale of the stock option granted and changes in the scale

(1) Details of the stock option granted

Company name	KDDI Corporation		
	August 2006 5th Stock Option	August 2007 6th Stock Option	August 2008 7th Stock Option
Category and number of grantees Members of the Board Vice Presidents Executive Directors Employees Directors of wholly owned subsidiaries	 7 21 26 2,713 10	 8 19 25 2,794 10	 8 18 29 2,896 5
Type and number of stock granted	Common stock 4,439	Common stock 5,008	Common stock 5,106
Date of grant	August 9, 2006	August 10, 2007	August 8, 2008
Vesting conditions	1) The grantee of stock options must be, at the time of exercise of options, a director, vice president, executive director, senior advisor, auditor or employee of the Company and/or its subsidiaries. However, when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, it will be permitted for the grantee to exercise these options within six months from the start of the applicable period or resignation or retirement, whichever is later, provided the exercise period is not exceeded. 2) In the event of the death of a stock option grantee, his or her heirs may, within six months from the date of death (until the expiration of the exercise period), exercise the options for up to the maximum number of shares of stock available as of the time of death. 3) In special cases where it is permitted by the Company's Stock Option Committee, the grantee of stock options may exercise their options under conditions different from those described in 1) and 2). 4) Other conditions are set forth in the contract concerning the grant of subscription warrants made between the Company and the grantee of stock options, based on the resolution of the meeting of the Board of Directors.		
Vesting period From To	August 9, 2006 September 30, 2008	August 10, 2007 September 30, 2009	August 8, 2008 September 30, 2010
Exercise period From To	October 1, 2008 September 30, 2010	October 1, 2009 September 30, 2011	October 1, 2010 September 30, 2012

Company name		KDDI Corporation
		August 2009 8th Stock Option
Category and number of grantees Members of the Board Vice Presidents Executive Directors Employees Directors of wholly owned subsidiaries		 7 18 32 2,951 7
Type and number of stock granted		Common stock 5,189
Date of grant		August 10, 2009
Vesting conditions		1) The grantee of stock options must be, at the time of exercise of options, a director, vice president, executive director, senior advisor, auditor or employee of the Company and/or its subsidiaries. However, when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, it will be permitted for the grantee to exercise these options within six months from the start of the applicable_period or resignation or retirement, whichever is later, provided the exercise period is not exceeded. 2) In the event of the death of a stock option grantee, his or her heirs may, within six months from the date of death (until the expiration of the exercise period), exercise the options for up to the maximum number of shares of stock available as of the time of death. 3) In special cases where it is permitted by the Company's Stock Option Committee, the grantee of stock options may exercise their options under conditions different from those described in 1) and 2).
Vesting period	From To	August 10, 2009 September 30, 2011
Exercise period	From To	October 1, 2011 September 30, 2013

Company name		DMX Technologies Group Limited		
		October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Category and number of grantees Members of the Board Employees		 5 56	 4 113	 6 57
Type and number of stock granted		Common stock 10,220,000	Common stock 18,000,000	Common stock 20,000,000
Date of grant		October 3, 2003	April 25, 2008	November 28, 2008
Vesting conditions		1) Based on the condition of being a director or employee of DMX Technology Group Limited or its group, rights of 50% are vested one year and two years respectively after the date of grant. 2) Other conditions are pursuant to the stock acquisition rights regulations of DMX Technologies Group Limited.		
Vesting period	From To	There are no regulations concerning vesting periods.		
Exercise period	From To	October 2, 2004 May 26, 2013	April 24, 2009 April 26, 2018	November 27, 2009 November 28, 2018

Note: Stock options have been converted into equivalent numbers of shares and presented accordingly.

(2) Scale of stock options and changes in the scale
The following lists the number of shares calculated for the number of stock options that existed in ther year ended March 31, 2010

1) Number of stock options

Company name	KDDI Corporation			
	August 2006 5th Stock Option	August 2007 6th Stock Option	August 2008 7th Stock Option	August 2009 8th Stock Option
Before vested				
Beginning of period	-	4,895	5,049	-
Granted	-	-	-	5,189
Forfeited	-	13	17	11
Vested	-	4,882	-	-
Unvested	-	-	5,032	5,178
After vested				
Beginning of period	4,095	-	-	-
Vested	-	4,882	-	-
Exercised	-	-	-	-
Expired	112	168	-	-
Exercisable	3,983	4,714	-	-

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Before vested			
Beginning of period	-	9,959,790	10,000,000
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
Unvested	-	9,959,790	10,000,000
After vested			
Beginning of period	3,305,544	2,572,790	10,000,000
Vested	-	-	-
Exercised	-	-	-
Expired	-	-	-
Exercisable	3,305,544	2,572,790	10,000,000

Note: Regarding the chart for DMX Technologies Group Limited, which was consolidated during the year ended March 31, 2010, numbers in the "Beginning of period" show the balance at the time of consolidation.

2) Unit value

Company name	KDDI Corporation			
	August 2006 5th Stock Option	August 2007 6th Stock Option	August 2008 7th Stock Option	August 2009 8th Stock Option
Exercise price	¥775,000	¥879,000	¥649,000	¥539,000
Average share price at exercise	-	-	-	-
Fair value unit price (Date of grant)	103,462	¥100,549	¥106,718	¥111,281

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Exercise price	SGD 0.6778	SGD 0.2260	SGD 0.0930
Average share price at exercise	-	-	-
Fair value unit price (Date of grant)	SGD 0.7900	SGD 0.2500	SGD 0.0900

2. Method for calculating fair value of stock options

The estimation method for calculating fair value of stock option granted in the year ended March 31, 2009 is as follows.

1) Estimation method Black-Scholes model

2) Primary base values and estimation method

	August 2009 8th Stock Option
Volatility of share prices [1]	34.378%
Forecasted remaining period [2]	3 years
Expected dividend [3]	¥10,333 per share
Risk-free interest rate [4]	0.431%

Note 1: Calculation is based on actual stock prices over three years (August 2007 to August 2009).

Note 2: Because it is difficult to make a rational estimate due to a lack of accumulated data, the value is estimated on the assumption that the exercise of stock options is carried out in the middle of the stock option rights exercise period.

Note 3: This is based on actual dividend payments during the past three fiscal years (FY2006.3 to FY 2009.3)

Note 4: This is the rate of return for government bonds for the period corresponding to the forecasted remaining period.

3. Method of estimating number of options vested

The number of options vested was calculated by estimating the number of expirations due to unvested options, based on the retirement rate in the year ended March 31, 2010.

4. Impact on consolidated financial statements

Operating expenses for telecommunication business ¥523 million (sales expenses ¥251 million, administrative expenses ¥197 million, others ¥75 million)

Cost of sales of terminal equipment and other ¥12 million

(Business Combination)

For the year ended March 31, 2009

No significant items to be reported.

For the year ended March 31, 2010

No significant items to be reported.

(Estate Leases)

For the year ended March 31, 2010

No significant items to be reported.

(Additional information)

From the year ended March 31, 2010, KDDI adopted Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Statement No.20) (November 28, 2008) and Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (ASBJ Guidance No.23) (November 28, 2008).

(Per Share Information)

	Year ended March 31, 2009	Year ended March 31, 2010
Net assets per share	¥413,339.32	¥453,003.09
Net income per share	¥49,973.11	¥47,768.01
Diluted net income per share	Not given as the Company has no potential stocks with dilution effect	Not given as the Company has no potential stocks with dilution effect

Note: The following shows the basis of calculating net income per share.

	Year ended March 31, 2009	Year ended March 31, 2010
Net income per share for the fiscal year		
Net income for the fiscal year	¥222,736M	¥212,764M
Monetary value not related to common stockholders	-	-
Net income related to common stock	¥222,736M	¥212,764M
Number of weighted average common shares outstanding during the fiscal year	4,457,117	4,454,113
Diluted net income per share		
Adjustment of net income for the fiscal year	-	-
Increase in number of shares of common stock (subscription warrants)	-	-
Overview of potential stock not included in calculation of diluted net income per share because the stock have no dilution effect	Three types of subscription warrant (14,039 subscription warrants). An overview of the subscription warrants is given in “Stock Options, (8) Notes for consolidated financial statements, 4. Consolidated financial statements.”	Four types of subscription warrant (18,907 subscription warrants). An overview of the subscription warrants is given in “Stock Options, (8) Notes for consolidated financial statements, 4. Consolidated financial statements.”

5. Financial Statements

(1) Balance Sheets

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery	2,450,940	2,491,607
Accumulated depreciation	(1,754,868)	(1,826,000)
Machinery, net	696,071	665,607
Antenna facilities	475,147	532,915
Accumulated depreciation	(194,034)	(211,792)
Antenna facilities, net	281,113	321,122
Terminal facilities	14,396	13,415
Accumulated depreciation	(8,825)	(8,920)
Terminal facilities, net	5,571	4,494
Local line facilities	173,846	183,719
Accumulated depreciation	(110,968)	(117,044)
Local line facilities, net	62,877	66,674
Long-distance line facilities	137,474	107,820
Accumulated depreciation	(99,381)	(92,496)
Long-distance line facilities, net	38,093	15,324
Engineering facilities	74,662	66,141
Accumulated depreciation	(35,744)	(34,660)
Engineering facilities, net	38,918	31,480
Submarine line facilities	77,327	73,576
Accumulated depreciation	(57,441)	(60,647)
Submarine line facilities, net	19,885	12,929
Buildings	399,022	405,913
Accumulated depreciation	(181,858)	(189,010)
Buildings, net	217,164	216,902
Structures	70,397	74,324
Accumulated depreciation	(41,230)	(43,328)
Structures, net	29,166	30,996
Machinary and equipment	13,153	11,769
Accumulated depreciation	(11,225)	(10,560)
Machinary and equipment, net	1,927	1,209
Vehicles	520	678
Accumulated depreciation	(322)	(408)
Vehicles, net	197	270
Tools, furniture and fixtures	74,844	73,738
Accumulated depreciation	(44,864)	(46,239)
Tools, furnitures and fixtures, net	29,979	27,499
Land	240,047	239,897
Lease assets	3,730	4,567
Accumulated depreciation	(410)	(1,428)
Lease assets, net	3,320	3,139
Construction in progress	109,098	81,238
Total property, plant and equipment	1,773,432	1,718,785

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Intangible assets		
Right of using submarine line facilities	3,733	4,250
Right of using facilities	6,785	7,222
Software	222,397	220,778
Goodwill	21,042	16,612
Patent right	3	2
Leasehold right	1,422	1,422
Other intangible assets	2,316	2,272
Total intangible assets	257,700	252,562
Total noncurrent assets-telecommunications business	2,031,133	1,971,347
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	14,812	14,370
Accumulated depreciation	(7,989)	(8,688)
Property, plant and equipment, net	6,823	5,681
Total property, plant and equipment	6,823	5,681
Intangible assets		
Total intangible assets	6,447	5,667
Total noncurrent assets-incidental business	13,270	11,349
Investments and other assets		
Investment securities	40,423	57,774
Stocks of subsidiaries and affiliates	142,528	178,126
Investments in capital	829	903
Investments in capital of subsidiaries and affiliates	1,331	364,146
Long-term loans receivable	214	211
Long-term loans receivable from subsidiaries and affiliates	6,650	73,868
Long-term prepaid expenses	77,690	79,688
Deferred tax assets	104,975	99,256
Lease and guarantee deposits	37,425	-
Other investment and other assets	10,947	44,851
Allowance for doubtful accounts	(10,853)	(8,307)
Total investments and other assets	412,160	890,519
Total noncurrent assets	2,456,564	2,873,216
Current assets		
Cash and deposits	80,434	62,573
Notes receivable-trade	25	6
Accounts receivable-trade	451,627	486,975
Accounts receivable-other	33,229	40,310
Short-term investment securities	106,964	70,000
Supplies	74,380	45,497
Advance payments-trade	3,108	-
Prepaid expenses	11,372	10,408
Deferred tax assets	68,675	63,003
Short-term loans receivable to subsidiaries and affiliates	44,617	23,965
Other current assets	2,877	2,952
Allowance for doubtful accounts	(13,900)	(12,452)
Total current assets	863,412	793,241
Total assets	3,319,977	3,666,458

(Amount Unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Liabilities		
Noncurrent liabilities		
Bonds payable	307,953	374,968
Long-term loans payable	398,789	482,885
Lease obligations	2,507	2,094
Provision for retirement benefits	15,794	15,584
Provision for point card certificates	61,136	76,934
Provision for warranties for completed construction	4,597	5,540
Other noncurrent liabilities	12,171	11,790
Total noncurrent liabilities	802,948	969,798
Current liabilities		
Current portion of noncurrent liabilities	49,761	98,402
Accounts payable-trade	51,947	54,270
Short-term loans payable	112,653	136,764
Lease obligations	989	1,204
Accounts payable-other	263,937	240,234
Accrued expenses	5,107	5,336
Income taxes payable	111,766	61,430
Advances received	66,803	69,895
Deposits received	16,353	18,656
Provision for bonuses	15,454	15,101
Provision for directors' bonuses	104	66
Total current liabilities	694,878	701,363
Total liabilities	1,497,827	1,671,162
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus		
Legal capital surplus	305,676	305,676
Other capital surplus	61,415	61,415
Total capital surpluses	367,091	367,091
Retained earnings		
Legal retained earnings	11,752	11,752
Other retained earnings		
Reserve for special depreciation	723	417
General reserve	1,054,633	1,232,933
Retained earnings brought forward	251,830	235,037
Total earned surpluses	1,318,939	1,480,140
Treasury stock	(25,244)	(25,244)
Total shareholders' equity	1,802,638	1,963,839
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18,519	29,981
Total valuation and translation adjustments	18,519	29,981
Subscription rights to shares	991	1,475
Total net assets	1,822,149	1,995,296
Total liabilities and net assets	3,319,977	3,666,458

(2) Statements of Income

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Operating income and loss from telecommunications		
Operating revenue		
Total operation revenue	2,627,677	2,509,640
Operating expenses		
Business expenses	646,035	636,678
Operating expenses	402	285
Facilities maintenance expenses	222,544	216,073
Common expenses	2,656	1,761
Administrative expenses	111,340	108,555
Experiment and research expenses	10,223	11,008
Depreciation	398,106	422,117
Noncurrent assets retirement cost	30,716	26,713
Communication facility fee	452,094	419,111
Taxes and dues	41,021	38,116
Total operation expenses	1,915,142	1,880,423
Net operating income from telecommunication	712,535	629,216
Operating income and loss from incidental business		
Operating revenue	679,329	701,707
Operating expenses	963,748	916,848
Net operating income (loss) from incidental business	(284,418)	(215,140)
Operating income	428,117	414,075
Non-operating income		
Interest income	862	1,118
Interest on securities	562	311
Dividends income	4,596	4,485
Gain on investments in silent partnership	7,211	-
Miscellaneous income	7,620	5,871
Total non-operating income	20,853	11,787
Non-operating expenses		
Interest expenses	6,401	6,691
Interest on bonds	4,737	5,435
Miscellaneous expenses	5,229	3,251
Total non-operating expenses	16,368	15,378
Ordinary income	432,602	410,485
Extraordinary income		
Gain on sales of noncurrent assets	776	527
Gain on sales of investment securities	-	1,014
Gain on extinguishment of tie-in shares	175	-
Dividends due to liquidation of silent partnership contr	36,283	-
Reversal of allowance for doubtful accounts	-	5,309
Total extraordinary income	37,236	6,851

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Extraordinary loss		
Loss on sales of noncurrent assets	229	-
Impairment loss	62,722	10,323
Loss on retirement of noncurrent assets	9,098	-
Loss on valuation of investment securities	5,262	2,291
Loss on valuation of stocks of subsidiaries and affiliate	4,319	-
Business restructuring expenses	-	48,585
Total extraordinary losses	81,632	61,200
Income before income taxes	388,206	356,136
Income taxes-current	191,223	137,930
Income taxes-deferred	(29,756)	3,555
Total income taxes	161,467	141,485
Net income	226,739	214,650

(3) Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Shareholders' equity		
Capital stock		
Balance at the end of precious period	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Legal capital surplus		
Balance at the end of precious period	305,676	305,676
Balance at the end of current period	305,676	305,676
Other capital surplus		
Balance at the end of precious period	61,590	61,415
Changes of items during the period		
Disposal of treasury stock	(174)	-
Retirement of treasury stock	(0)	-
Total changes of items during the period	(175)	-
Balance at the end of current period	61,415	61,415
Retained earnings		
Legal retained earnings		
Balance at the end of precious period	11,752	11,752
Balance at the end of current period	11,752	11,752
Other retained earnings		
Reserve for special depreciation		
Balance at the end of precious period	1,160	723
Changes of items during the period		
Reversal of reserve for special depreciation	(437)	(305)
Total changes of items during the period	(437)	(305)
Balance at the end of current period	723	417
General reserve		
Balance at the end of precious period	889,633	1,054,633
Changes of items during the period		
Provision of general reserve	165,000	178,300
Total changes of items during the period	165,000	178,300
Balance at the end of current period	1,054,633	1,232,933
Retained earnings brought forward		
Balance at the end of precious period	238,710	251,830
Changes of items during the period		
Dividends from surplus	(49,057)	(53,449)
Reversal of reserve for special depreciation	437	305
Provision of general reserve	(165,000)	(178,300)
Net income	226,739	214,650
Total changes of items during the period	13,119	(16,793)
Balance at the end of current period	251,830	235,037
Treasury stock		
Balance at the end of precious period	(20,625)	(25,244)
Changes of items during the period		
Purchase of treasury stock	(5,259)	-
Disposal of treasury stock	640	-
Retirement of treasury stock	0	-
Total changes of items during the period	(4,619)	-
Balance at the end of current period	(25,244)	(25,244)

(Amount unit: Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Total shareholders' equity		
Balance at the end of precious period	1,629,750	1,802,638
Changes of items during the period		
Dividends from surplus	(49,057)	(53,449)
Net income	226,739	214,650
Purchase of treasury stock	(5,259)	-
Disposal of treasury stock	465	-
Total changes of items during the period	172,887	161,201
Balance at the end of current period	1,802,638	1,963,839
Valuation and translation adjustment		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	18,563	18,519
Changes of items during the period		
Net changes of items other than shareholders' equity	(44)	11,462
Total changes of items during the period	(44)	11,462
Balance at the end of current period	18,519	29,981
Subscription rights to shares		
Balance at the end of previous period	494	991
Changes of items durint the period		
Net changes of items other than shareholders' equity	496	484
Total changes of items during the period	496	484
Balance at the end of current period	991	1,475
Total net assets		
Balance at the end of previous period	1,648,808	1,822,149
Changes of items durint the period		
Dividends from surplus	(49,057)	(53,449)
Net incaome	226,739	214,650
Purchase of treasury stock	(5,259)	-
Disposal of treasury stock	465	-
Net changes of items other than shareholders' equity	452	11,946
Total changes of items during the period	173,340	173,147
Balance at the end of current period	1,822,149	1,995,296

(4) Going Concern Assumption

None

(Reference)

Consolidated Statements of Income (Three Months Ended March 31, 2010)

(Amount unit: Millions of yen)

	Three months ended March 31, 2009	Three months ended March 31, 2010
Operating income and loss from telecommunications		
Operating revenue		
Total operation revenue	655,440	618,963
Operating expenses		
Business expenses	188,636	178,905
Operating expenses	88	102
Facilities maintenance expenses	61,807	59,965
Common expenses	693	396
Administrative expenses	34,783	28,221
Experiment and research expenses	3,489	3,548
Depreciation	127,552	116,116
Noncurrent assets retirement cost	13,832	10,276
Communication facility fee	94,931	83,344
Taxes and dues	12,114	12,403
Total operation expenses	537,928	493,281
Net operating income from telecommunication	117,511	125,682
Operating income and loss from incidental business		
Operating revenue	212,370	237,875
Operating expenses	293,405	296,508
Net operating income (loss) from incidental business	(81,035)	(58,632)
Operating income	36,476	67,049
Non-operating income		
Interest income	275	106
Gain on bad debts recovered	53	-
Gain on investments in silent partnership	823	897
Miscellaneous income	3,186	1,595
Total non-operating income	4,337	2,600
Non-operating expenses		
Interest expenses	2,996	3,192
Equity in losses of affiliates	920	3,462
Miscellaneous expenses	2,261	2,951
Total non-operating expenses	6,177	9,606
Ordinary income	34,636	60,043

(Amount unit: Millions of yen)

	Three months ended March 31, 2009	Three months ended March 31, 2010
Extraordinary income		
Gain on sales of noncurrent assets	167	245
Gain on sales of investment securities	-	473
Reversal of allowance for doubtful accounts	-	0
Total extraordinary income	167	718
Extraordinary loss		
Loss on sales of noncurrent assets	106	-
Impairment loss	67,097	10,734
Loss on retirement of noncurrent assets	9,098	-
Loss on valuation of investment securities	3,976	2,087
Business restructuring expenses	-	45,746
Total extraordinary losses	80,278	58,568
Income (loss) before income taxes and minority interests	(45,473)	2,194
Income taxes-current	14,724	17,555
Income taxes-deferred	(28,425)	(16,905)
Total income taxes	(13,701)	650
Minority interests in income	(586)	1,425
Net income (loss)	(31,186)	118