KDDI

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

Financial Statements Summary for the Nine Months Ended December 31, 2010 [Japan GAAP]

January 24, 2011

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

Scheduled date for filing of quarterly report: January 31, 2011
Scheduled date for dividend payment: —
Quarterly earnings supplementary explanatory documents: Yes
Quarterly earnings presentation: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2010 (April 1, 2010 – December 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	
		%		%		%		%
Nine months ended December 31, 2010	2,571,856	(0.5)	372,050	(1.3)	349,672	(3.6)	202,641	(4.7)
Nine months ended December 31, 2009	2,585,307	(1.7)	376,812	(7.4)	362,826	(10.6)	212,645	(16.3)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2010	45,715.52	—
Nine months ended December 31, 2009	47,741.41	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of December 31, 2010	3,741,567	2,126,689	55.1	482,831.85
As of March 31, 2010	3,819,536	2,078,450	52.8	453,003.09

(Reference) Shareholder's Equity As of December 31, 2010: 2,060,979 million yen As of March 31, 2010: 2,017,726 million yen

2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	—	6,500.00	—	6,500.00	13,000.00
Year ending March 31, 2011	—	6,500.00	—		
Year ending March 31, 2011 (forecast)				6,500.00	13,000.00

Note: Changes in forecasts during the three months ended December 31, 2010: None

3. Consolidated Financial Results Forecast for 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	56,225.52

Note: Changes in forecasts during the three months ended December 31, 2010: None

4. Other (Please refer to P.9 “Others” for details.)

(1) Changes in significant consolidated subsidiaries during the nine months ended December 31, 2010 : None

(2) Application of accounting methods which are simplified or exceptional for quarterly consolidated financial statements : Yes

(3) Changes in significant accounting policies, procedures and presentation

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

2) Others : None

Note: Items to be disclosed in “Significant Changes in the Basis of Presenting Quarterly Consolidated Financial Statements”

(4) Numbers of Outstanding Shares (common shares)

1) Number of shares outstanding (inclusive of treasury stock)	As of December 31, 2010	4,484,818
	As of March 31,2010	4,484,818
2) Number of treasury stock	As of December 31, 2010	216,294
	As of March 31,2010	30,705
3) Number of weighted average common shares outstanding (cumulative for all quarters)	For the nine months ended December 31, 2010	4,432,668
	For the nine months ended December 31, 2009	4,454,113

Indication of quarterly review procedure implementation status

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

Explanation for Appropriate Use of Forecasts and Other Notes

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 P.8 “Qualitative Information on Consolidated Operating Results Forecast” of the Attachment for the assumptions used and other notes.

【the Attachment】

Index of the Attachment

* KDDI Corporation holds an earnings presentation for investors as below. Documents distributed at the presentation are scheduled to be posted on our website at the same time as the release of the financial statements summary. Videos and main Q&As are planned to be posted immediately after the presentation.

  - Monday, January 24, 2011- Earnings presentation for institutional investors and analysts

* In addition to the above earnings presentation, KDDI Corporation holds conferences on its business and results for individual investors. Please check our website for the schedule and details.

1. Qualitative Information / Consolidated Financial Statements, etc.
(1) Qualitative Information on Consolidated Operating Results

1) Results Overview

For the nine months ended December 31, 2010 (Amount unit: Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	2,585,307	2,571,856	(13,451)	(0.5)
Operating Expenses	2,208,494	2,199,806	(8,688)	(0.4)
Operating Income	376,812	372,050	(4,762)	(1.3)
Non-operating Income (Expense)	(13,986)	(22,377)	(8,391)	－
Ordinary Income	362,826	349,672	(13,153)	(3.6)
Extraordinary Profit (Loss)	3,605	5,930	2,325	64.5
Income before Income Taxes and Minority Interests	366,432	355,603	(10,828)	(3.0)
Income Taxes	149,558	146,890	(2,668)	(1.8)
Income before Minority Interests	－	208,713	－	－
Minority Interests in Income	4,227	6,071	1,843	43.6
Net Income	212,645	202,641	(10,003)	(4.7)

For the three months ended December 31, 2010 (Amount unit: Millions of yen)

	Three months ended December 31, 2009	Three months ended December 31, 2010	Increase (Decrease)	Increase (Decrease)%
Operating Revenues	862,220	853,418	(8,801)	(1.0)
Operating Expenses	736,390	729,224	(7,166)	(1.0)
Operating Income	125,829	124,194	(1,635)	(1.3)
Non-operating Income (Expense)	(4,514)	(8,563)	(4,049)	－
Ordinary Income	121,315	115,630	(5,684)	(4.7)
Extraordinary Profit (Loss)	(2,055)	554	2,609	－
Income before Income Taxes and Minority Interests	119,260	116,185	(3,074)	(2.6)
Income Taxes	50,391	48,363	(2,027)	(4.0)
Income before Minority Interests	－	67,822	－	－
Minority Interests in Income	1,515	2,154	639	42.2
Net Income	67,353	65,667	(1,686)	(2.5)

Operating revenues in the nine months ended December 31, 2010 amounted to ¥2,571,856 million, down 0.5% year on year, mainly due to the decline in voice ARPU (Average Revenue per Unit) in the Mobile Business, despite the increase in revenues in the Fixed-line Business, brought by rise in revenues of group companies. Despite the decline in operating expenses in the Fixed-line Business, operating income dropped 1.3% year on year to ¥372,050million. Ordinary income declined 3.6 % year on year, to ¥349,672 million. Net income was down 4.7% year on year, to ¥202,641 million.

Operating revenues in the three months ended December 31, 2010 amounted to ¥853,418 million, down 1.0% year on year. Contributing factors included the decline in voice ARPU in the Mobile Business.

Operating expenses declined year on year as a result of decreased operating expenses of KDDI Corporation in the Fixed-line Business. However, Operating income decreased 1.3% year on year to ¥124,194 million, ordinary income decreased 4.7% year on year to ¥115,630 million, and net income was down 2.5% year on year to ¥65,667 million.

Overview of Economic Conditions

The global economy has shown a slow recovery led by fiscal policies including expansion of government spending and tax reduction. However, risks for stagnation of economic recovery and influences from the change in fiscal policies of nations are anticipated due to credit crunches and continuation of high unemployment rate.

Increases in Japanese export and production have lost momentum. Growth effects brought by economic stimulus packages such as the government subsidies for purchase of fuel-efficient vehicles and electricity -efficient consumer electronics disappeared. In addition, rush in purchase before the termination of such stimulus packages brought drop in consumer spending. Such factors led stagnation of Japanese economy, which had shown the sign of recovery.

Industry Trends

In the mobile telecommunications market, competitions for customers is intensifying further in such areas as handset variety including smartphones, tablet-type terminals and ebooks terminals, as well as provisions of music, video, ebooks, and other contents services. In the fixed-line market, the expansion of broadband services centered on FTTH is accompanied by an ongoing convergence of fixed-line and mobile telecommunication, as well as telecommunications and broadcasting. As a result, competition of services is entering a new phase.

KDDI's Position

In the Mobile Business, KDDI Corporation and its group companies (hereafter: “the Group”) worked to enhance services targeting individual and corporate clients in order to meet diversifying customer needs by developing and launching an enhanced lineup of terminals, including smartphones, digital photo frames, ebooks terminals and mobile Wi-Fi routers, as well as formulating and offering new pricing plans.
In the Fixed-line Business, the Group worked to enhance ease of use for its services and expand access lines centering on FTTH. The Group has offered more solutions services for corporate clients, while striving to bolster its systems that support corporate clients’ business development by increasing its overseas locations. Moreover, the Group also promoted partnership with many companies in various areas in both Mobile Business and Fixed-line Business.

2) Results by Business Segment

- **Results Summary**

For the nine months ended December 31, 2010 (Amount unit: Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010	Increase (Decrease)	Increase (Decrease) %
Mobile Business				
Operating Revenues	2,001,379	1,952,327	(49,052)	(2.5)
Operating Expenses	1,593,468	1,592,724	(744)	(0.0)
Operating Income	407,911	359,603	(48,308)	(11.8)
Fixed-line Business				
Operating Revenues	623,759	660,032	36,273	5.8
Operating Expenses	658,551	653,193	(5,357)	(0.8)
Operating Income (Loss)	(34,791)	6,838	41,630	—
Other Business				
Operating Revenues	75,093	84,044	8,951	11.9
Operating Expenses	71,992	78,716	6,724	9.3
Operating Income	3,100	5,328	2,227	71.8

For the three months ended December 31, 2010 (Amount unit: Millions of yen)

	Three months ended December 31, 2009	Three months ended December 31, 2010	Increase (Decrease)	Increase (Decrease) %
Mobile Business				
Operating Revenues	663,505	647,171	(16,333)	(2.5)
Operating Expenses	527,628	535,233	7,605	1.4
Operating Income	135,876	111,937	(23,939)	(17.6)
Fixed-line Business				
Operating Revenues	208,905	221,548	12,642	6.1
Operating Expenses	221,379	211,040	(10,338)	(4.7)
Operating Income (Loss)	(12,473)	10,507	22,981	—
Other Business				
Operating Revenues	32,410	26,566	(5,844)	(18.0)
Operating Expenses	30,241	24,841	(5,400)	(17.9)
Operating Income	2,169	1,725	(444)	(20.5)

Note: From the three months ended June 30, 2010, the Group began applying the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17 of March 27, 2009) and "Guidance on Accounting Standard for Segment Information Disclosures" (ASBJ Guidance No. 20 of March 21, 2008). We have conducted comparisons with the previous year as the impact on the Group's consolidated financial statements for the three months ended on December 31, 2010, as a result of this change was negligible.

- Total Subscriptions

(Unit : Thousand line)

	As of December 31, 2009	As of December 31, 2010	Increase (Decrease)	Increase (Decrease) %
au[1]	31,393	32,527	1,134	3.6
CDMA 1X WIN	25,149	28,716	3,567	14.2
(Ref.) UQ WiMAX	64	524	460	718.8
FTTH	1,426	1,833	407	28.5
Metal-plus	2,927	2,622	(305)	(10.4)
Cable-plus phone	871	1,250	379	43.5
CATV[2]	913	1,065	152	16.6
Fixed access lines[3]	5,813	6,326	513	8.8

Notes: 1. Inclusive of module-type contracts
2. Number of households with at least one contract via broadcasting, internet, or telephone
3. Total access lines of FTTH, direct-revenue telephony (Metal-plus, Cable-plus phone), and CATV subs. excluding crossover.

Mobile Business

Operating revenues for the nine months ended December 31, 2010 amounted to ¥1,952,327 million, down 2.5% year on year. Contributing factors include the decrease in voice ARPU (Average Revenue per Unit) caused by the uptake of the Simple Course. Even though average cost of sales commission per terminal reduced, increase in the number of terminal sales made the overall operating expense to remain the same, and operating income decreased 11.8% year on year to ¥359,603 million.
Operating revenues for the three months ended December 31, 2010 amounted to ¥647,171 million, down 2.5% year on year. Contributing factors included the decrease in voice ARPU caused by the uptake of the Simple Course. Even though average cost of sales commission per terminal reduced, increase in the number of terminal sales made the overall operating expense to increase slightly, and operating income decreased 17.6% year on year to ¥111,937 million.

Overall

- The number of "au" mobile phone subscriptions was 32.527 million as of December 31, 2010.
- The Group adopted "EV-DO Multi-Carrier" as the data communication infrastructure for au mobile phones and introduced "WIN HIGH SPEED," the expanded system that allows 9.2 Mbps downlink and 5.5 Mbps uplink speed at maximum from November 5, 2010. [1] Compared to the current "EV-DO Rev.A," where one mobile phone uses one carrier, the speed triples at maximum [1] [2].

[1] Applicable in the areas that support 9.2Mbps downlink (5.5Mbps uplink) speed at maximum. It is the best effort method service. The speed mentioned is the maximum speed by technical standard and does not show the actual usage speed. The speed may slow down significantly depending on the communication environment and traffic status.

[2] "EV-DO Rev.A" 3.1Mbps downlink/1.8Mbps uplink speed maximum.
"WIN HIGH SPEED" 9.2Mbps downlink/5.5Mbps uplink speed maximum.

Mobile Terminals

- Under the "au" brand, the Group released "IS03," a smartphone featuring Android™ 2.1 OS that encompasses functions of smartphones and existent Japanese mobile phones simultaneously, on November 26, 2010[1], and "SIRIUS α IS06," a global standard model featuring the latest Android™ OS 2.2, or "Froyo," on December 23, 2010.
  The Group plans to launch "REGZA Phone IS04," a water-proof model that features standard functions common in Japan and high-quality videos, and "IS05," a handy-size model for female users featuring communication functions.
  As for existent au mobile phone models, the Group released "EXILIM-Keitai CA006," "G'zOne TYPE-X," "AQUOS SHOT SH010," "BRAVIA® Phone S005," "T005," "SH009," "URBANO MOND," and "K006 without camera."
  The Group plans to release six models; "Cyber-shot™ phone S006," "Simple Phone K008," "T006," "SH011,"

"K007," "PT002." As in the case of 2010 summer models, all the models are water-proof.

Note: Update to Android™2.2 is planned in spring, 2011.

- Under the "iida" brand, the Group launched "X-RAY" and three items of "LIFESTYLE PRODUCTS" for "X-RAY," produced by popular designer Tokujin Yoshioka.
  The Group plans to introduce "G11," a succeeding model of "G9" and five items of "LIFESTYLE PRODUCTS."
  The Group also announced three concept models created in collaboration with an internationally popular Italian design company "ALESSI."
- The Group released "biblio Leaf SP02," a model specialized for downloading, storing and reading ebooks, on December 25, 2010, and "Wi-Fi WALKER DATA05," the first au mobile router, on December 10, 2010. The Group also introduced "NEX-fi," a mobile wireless LAN Terminal by Ideacross Inc. on December 23, 2010. In addition, "TW317A7," an 11.6-inch slate PC featuring Windows® 7 Home Premium and 2GB memory by Onkyo Corporation, was introduced to be used along with "DATA01" and "Wi-Fi WALKER DATA05." Both "NEX-fi" and "TW317A7" can be purchased at au shops and PiPit.

Pricing Plans

- The Group introduced "IS Flat," a new packet flat-rate service that allows customers to enjoy web services available with smartphones more reasonably and "Maitsuki Discount (monthly discount)," a service where a fixed amount of discount is subtracted from monthly charge to allow customers to purchase smartphones at a reasonable price, on November 26, 2010.
- The Group introduced "biblio Leaf Plan," a packet flat-rate service that allows users to search and download e-book contents for "biblio Leaf SP02" at a basic fee without worrying about additional charges on December 25, 2010.
- The Group introduced "Global data communication card Rental service," which offers a flat-rate service combining a rental service of a communication device and a packet flat-rate service to allow users casually adopt data communications overseas on October 13, 2010. The pricing starts from 980 yen per day. [1]

  [1] For a USB model.

Corporate Services

- KDDI Corporation and Skype™ announced a strategic alliance that will integrate Skype™ across the Group's services on October 18, 2010. The two parties will offer Skype™ on the Group's various services in addition to its "au" mobile phones.
  "Skype™ | au," an application that allows voice calls and instant messaging on au smartphones featuring Android™ OS, has been offered from November 26, 2010. "Skype™ | au," uses au's mobile phone network, enabling customers to enjoy stable voice calls with Skype users around the world with the quality and easy usage of mobile phones. The application will be available for au mobile phones featuring BREW® from 2011 to expand the range of the service.
- The Group and Jibe Mobile K.K. launched Social Address Book Service "jibe" for au smartphone on November 26, 2010. "jibe" is an application which brings 16 services and media sites into one platform, such as SNS, Blogs, and Gourmet search services.
- Applications for Android™ smartphones under au brand expanded largely from late November, 2010. Contents common in au mobile phones such as "LISMO" music service, "au Smart Sports" sports support service, "au one GREE" mobile SNS service, and "au one Brand Garden" fashion online shopping site became available at Android™ smartphones.
- "LISMO Book Store," ebooks distribution service for "biblio Leaf SP02" became available from December 25, 2010.

Others

- On December 1, 2010, the Group opened "au NAGOYA," the first flagship shop that allows users to experience the latest products and services at a showroom and offers proposals for products and services, applications and registrations of services.
- As a part of full-fledged entry to mobile the data communication market, KDDI Corporation obtained 52.4% of Wire and Wireless Co., Ltd. (hereafter: "Wi2") shares by subscribing to an allocation of new shares to a third party on October 22, 2010, to strengthen Wi-Fi business, making Wi2 into a consolidated subsidiary. Wi2 is involved in constructing a Wi-Fi environment to allow a wide range of customers use various Wi-Fi mounted devices by tying up with different partners. KDDI Corporation and Wi2 intend to provide a comfortable wireless broadband environment and create new broadband service to further enrich customers' lifestyles.
- KDDI Corporation signed a definitive agreement to acquire KKBOX Inc. (hereafter: "KKBOX"), the digital music subscription service provider in Taiwan, from Skysoft Inc. which currently owns 100% share of the company on December 15, 2010. KDDI Corporation purchased 76.0% shareholdings in KKBOX on

December 27, 2010, and KKBOX became a consolidated subsidiary of the Group. Through this acquisition, the Group aims to provide new contents service for smartphone users by utilizing the service delivery platform and know-how of KKBOX. The Group also intends to enter into the Chinese market through the business platform already established by KKBOX in the region.

Main Services in the Fourth Quarter and Beyond

- The Group plans to introduce “SMT-i9100,” a tablet type internet terminal with Wi-Fi function to be used at home and outside, after late February, 2011. “SMT-i9100” features the latest Android™ OS 2.2 to allow users enjoy Flash® contents just like a PC.
- The Group plans to introduce “Kaigai Double-Teigaku,” a flat-rate packet service, to allow customers comfortably use au mobile phones and smartphones that involve large data communication in foreign countries starting March, 2011.

Fixed-line Business

Operating revenues for the nine months ended December 31, 2010 amounted to ¥660,032 million, 5.8% increase year on year, due to the increase in revenues of group companies, which offset the decline in voice revenue of KDDI Corporation. The decline in operating expenses of KDDI Corporation led the Fixed-line Business to post an operating profit of ¥6,838 million, showing turnaround from operating loss.

Operating revenues for the three months ended December 31, 2010 amounted to ¥221,548 million, 6.1% increase year on year, due to the increase in revenues of group companies, which offset the decline in voice revenue of KDDI Corporation. The decline in operating expenses of KDDI Corporation led the Fixed-line Business to post an operating profit of ¥10,507 million.

Overall

- The number of FTTH service subscriptions, consisting of “au HIKARI” 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 1.833 million as of December 31, 2010. (Subscription of “Commuf@-hikari” topped 0.4 million on November 9, 2010.)
- As of December 31, 2010, the number of “Metal-plus” subscriptions totaled 2.622 million.
- For “Cable-plus phone,” alliances with cable television companies grew steadily, reaching 103 companies and its subscriptions expanded to 1.250 million as of December 31, 2010.
- Consolidated subsidiary JCN Group, which oversees 19 cable companies primarily in the Tokyo metropolitan area, had 1.065 million cable television subscriptions as of December 31, 2010.

Consumer Services

- The Group began offering a rental service of “Power Line Communication Modem,” a hybrid type home wired LAN modem to customers of “au HIKARI” and “au HIKARI Chura” on November 24, 2010. The service allows users to easily build a high-speed communication environment by using power outlet and TV outlet (TV coaxial outlet) instead of running LAN cables around the house.
- The Group began offering 3D contents for “MOVIE SPLASH VOD service,” which is provided by “Video Channel Service” of “au HIKARI,” and by cable television stations under alliance on November 1, 2010, to allow users to enjoy more entertaining videos. The Group intends to offer various 3D contents including music, entertainment and TV star programs.

Corporate Services

- J.D Power Asia Pacific, Inc., conducted a “J.D.Power Asia Pacific 2010 Japan Network Service Satisfaction Study℠ <Large Enterprise Market>,” which ranked KDDI Corporation’s network service as the number one service for two consecutive years. Of five factors including “customer correspondence by sales representatives,” “network construction process,” “trouble shooting at the time of system failure and trouble” “service contents/quality,” and “cost,” KDDI Corporation won number one position for four factors. Chubu Telecommunications Co., Inc., a Group subsidiary, has won number one position for all five factors of <Small and Medium Business Market> in the same study, obtaining the top position in overall satisfaction ranking of the same study for five consecutive years since 2006.

Main Services in the Fourth Quarter and Beyond

・ KDDI Corporation will start offering “KDDI Flexible Service,” a next-generation service with high quality and high reliability to corporate customers from April 1, 2011. KDDI Corporation will start accepting registrations for the service from February 1, 2011. The service realizes to avoid delay in the entire network by combining the best transmission paths. Various menus such as multiplex access options that enable integration of communication with multiple areas will also be available.

Other Business

Operating revenues for the nine months ended December 31, 2010 increased 11.9% year on year to ¥84,044 million. Operating income increased 71.8% year on year to ¥5,328 million.
Operating revenues for the three months ended December 31, 2010 decreased 18.0% year on year to ¥26,566 million. Operating income decreased 20.5% year on year to ¥1,725 million.

3) Status of Major Affiliates

UQ Communications Inc. (hereafter: “UQ”), an equity method affiliate of the Group, has recorded 524,400 subscriptions and 13,014 base stations as of December 31, 2010.
To respond to customers’ request to use the service at a more reasonable price for longer term, the company started offering new pricing plan “UQ Flat Yearly Passport” from November 16, 2010.
“UQ Flat Yearly Passport” is a plan where customers pay a monthly flat fee of 3,880 yen (including tax) with a contract term of at least one year subscription. The service suits customers who use fast-speed mobile internet frequently and continuously to enjoy mobile broadband world including videos, music and games.

Jibun Bank Corporation (hereafter: “Jibun Bank”), an equity method affiliate of the Group, has renewed “Jibun loan” card loan service on October 12, 2010, to allow customers without an account at Jibun Bank to apply and receive loans. Foreign currency deposit service via PCs started from November 14, 2010, to allow customers to make transactions for 24 hours by principle to best suit customers’ usage conditions. Banking services for smartphones and a Jibun Bank application for IS03 were offered from December 16, 2010. Jibun Bank aims to make further efforts to expand its services to improve customer convenience.

KDDI Corporation and Microfinance International Corporation (hereafter: “MFIC”), a US financial solution provider, agreed on a partnership involving KDDI Corporation's US$22.05 million investment in MFIC to support its global expansion. Through the investment on December 8, 2010, KDDI Corporation obtained 22.9% of MFIC’s preferred shares (with an agreement of 20% voting rights) by subscribing for an allocation of new shares to a third party. Under the alliance, the Group's subsidiary Locus Telecommunications Inc. launched a new service in the U.S. to allow customers to send money overseas using a multi-purpose calling card in January 2011.

Notes:
1. “Android” is a trademark of Google Inc.
2. “REGZA” is a registered trademark of Toshiba Corporation.
3. “EXILIM-Keitai” and “G’zOne” are registered trademarks of Casio Computer Co., Ltd.
4. “AQUOS SHOT” is a registered trademark of Sharp Corporation.
5. “BRAVIA” and “Cyber-shot” are registered trademarks of Sony Corporation.
6. “Windows®” is a trademark or a registered trademark of Microsoft Corporation in the United States, Japan and other countries.
7. Skype is a trademark of Skype Limited.
8. “BREW®” and trademarks associated with BREW® are trademarks or registered trademarks of QUALCOMM Incorporated.
9. “Wi-Fi” is a registered trademark of Wi-Fi Alliance®.
10. “Flash®” is a trademark or a registered trademark of Adobe Systems Incorporated in the United States and other countries.
11. WiMAX is a registered trademark of WiMAX Forum.

(2) Qualitative Information on Consolidated Financial Position

1) Financial Condition

Consolidated total assets as of December 31, 2010 stood at ¥3,741,567 million, a decrease of ¥77,968 million from March 31, 2010. This decrease was primarily attributable to factors such as decreases in noncurrent assets in telecommunication business and short-term investment securities.

Total liabilities amounted to ¥1,614,878 million, a decline of ¥126,207 million from March 31, 2010. Major factors contributing to this decline were decreases in short-term loans payable and accounts payable-other.

An increase in retained earnings and a decline in purchase of own shares resulted net asset to amount to ¥2,126,689 million.

As a result, the shareholders' equity ratio rose from 52.8% as of March 31, 2010, to 55.1%.

2) Cash Flow Conditions

The following describes the cash flow situation for the nine months ended December 31, 2010.

(Amount unit: Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010	Increase (Decrease)
Net cash provided by (used in) operating activities	548,878	534,470	(14,408)
Net cash provided by (used in) investing activities	(417,216)	(312,925)	104,290
Free cash flows	131,662	221,545	89,882
Net cash provided by (used in) financing activities	(106,313)	(270,792)	(164,478)
Effect of exchange rate change on cash and cash equivalents	139	(1,937)	(2,077)
Net increase (decrease) in cash and cash equivalents	25,489	(51,184)	(76,673)
Cash and cash equivalents at beginning of period	200,310	165,476	(34,833)
Cash and cash equivalents at end of period	225,800	114,292	(111,507)

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 ¥534,470 million largely due to ¥355,603 million of income before income taxes and minority interests, ¥330,942 million of depreciation and amortization, and ¥143,912 million of income taxes paid.

Investing activities used net cash of ¥312,925 million mainly due to ¥244,387 million in payments for purchase of property, plant and equipment and ¥59,262 million in payments for purchase of intangible assets.

Financial activities used net cash of ¥270,792 million largely due to ¥50,000 million in proceeds from long-term loans, ¥99,547 million in payments to short-term loans and ¥89,059 million in purchase of own shares.

As a result, total amount of net cash and cash equivalents as of December 31, 2010, decreased ¥ 51,184 million from March 31, 2010, to ¥ 114,292 million.

(3) Qualitative Information on Consolidated Operating Results Forecast

1. Outlook for the Fiscal Year Ending March 31, 2011

Overview

- The Group is strengthening its business foundation to by responding the rapid changes in its operating environment in order to achieve sustainable growth.
- The Group will strive to be No.1 in customer satisfaction in all services and tackle the challenge of new value creation.
- The Group, by promoting more assertively total customer satisfaction (TCS) activities in order to raise satisfaction among all stakeholders, will endeavor to boost corporate value further and strengthen its brand competitiveness.
- Regarding information security, the Group will pursue extensive information management and compliance, and promote adoption of a more robust risk management structure.
- With an emphasis on harmony with the natural environment, the Group will contribute to the creation of

a more humane and prosperous society through vigorous environmental conservation activities, including energy and resource conservation, recycling, and ‘green’ purchasing.
- The Group has positioned support for all socioeconomic activities through the provision of safe and secure information and communications services as the principle underlying its CSR activities, and will work from this vantage to actively contribute to a prosperous communications society.

Mobile Business

In a bid to lift the level of customer satisfaction even higher, the Group will take steps to expand its business domains while pushing to strengthen overall product appeal and deliver a more secure mobile environment than ever before. To this end, the Group will develop and offer a lineup of various terminals including smartphones with standard functions common in Japan to strengthen communication function, data telecommunication terminals, tablet-type terminals, and Wi-Fi routers, as well as advanced new services and new contents that match customers’ diverse needs.
With respect to corporate clients, the Group will develop and provide converged services of the areas of mobile and fixed-line telecommunications, and other offerings, in an effort to improve customer convenience.

Fixed-line Business

Along with efforts to promote sales of the “au HIKARI”, “au HIKARI Chura” and “Commuf@-hikari” FTTH services, the Group will seek ties with cable television companies with the goal of expanding its access lines, including for “Cable-plus phone” and cable television services.
With respect to corporate clients, the Group, guided by the slogan “Maximize Your Corporate Strength,” will assist clients in developing their businesses anywhere in the world using data centers as a core leverage point to offer services that encompass everything from network lines and IT equipment to sophisticated operation and maintenance services.

Full-Year Results

The estimated consolidated financial results for the year ending March 2011 for full-year basis disclosed in the Financial Statements Summary for the year ended March 2010 were as follows; Operating Revenues: ¥3,440,000 million, Operating Income: ¥445,000 million, Ordinary Income: ¥420,000 million, Net Income: ¥240,000 million. There is no change to these figures.

2. Business Risks

As the 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 Group

2. Others

(1) Changes in Significant Consolidated Subsidiaries

None

(2) Application of Accounting Methods which are Simplified or Exceptional for Consolidated Financial Statements

1) Simplified accounting methods

i. Valuation of inventories

The Group omits physical stocktaking of inventories and calculated inventories as of December 31, 2010 by a reasonable method based on the actual inventories as of September 30, 2010.

ii. Calculation of depreciation expense for noncurrent asset

The depreciation expense for noncurrent assets that are depreciated by the declining-balance method is calculated by proportionally allocating the depreciation expense for the consolidated fiscal year.

iii. Calculation of income taxes, deferred tax assets and deferred tax liabilities

The collectability of deferred tax assets is determined based on the future earnings projections and tax planning used in the previous fiscal year, when the business environment and temporary differences are not considered to have changed significantly from the end of the previous fiscal year.

2) Exceptional accounting method for quarterly consolidated financial statements

None

(3) Outline of Changes in Significant Accounting Policies, Procedures and Presentation

1. Changes in accounting standard

1) Application of “Accounting Standard for Equity Method of Accounting for Investment” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

From the first quarter of the fiscal year ending March 31, 2011, the Group applies the “Accounting Standard for Equity Method of Accounting for Investment” (Accounting Standards Board of Japan [ASBJ] Statement No. 16 of March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24 of March 10, 2008).

There is no impact on the Group’s consolidated financial statements for quarter as a result of this change.

2) Application of “Accounting Standard for Asset Retirement Obligations”

From the first quarter of the fiscal year ending March 31, 2011, the Group applies the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 of March 31, 2008).

There is no significant impact on the Group’s consolidated financial statements for the quarter as a result of this change.

3) Application of “Accounting Standard for Business Combinations” and others

From the first quarter of the fiscal year ending March 31, 2011, the Group began applying the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23 of December 26, 2008), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of December 26, 2008), the “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 of December 26, 2008), and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 of December 26, 2008).

2. Changes in presentation

Based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the Group applies the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009). As a result, “Income before minority interests” is included in the consolidated financial statements for the nine months ended December 31, 2010 and the three months ended December 31, 2010.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of December 31, 2010	As of March 31, 2010
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery, net	672,159	686,592
Antenna facilities, net	349,382	326,252
Local line facilities, net	140,123	130,047
Long-distance line facilities, net	12,782	15,667
Engineering facilities, net	32,129	33,353
Submarine line facilities, net	10,292	12,081
Buildings, net	218,200	227,011
Structures, net	32,379	31,757
Land	242,207	240,746
Construction in progress	61,995	84,087
Other tangible assets, net	35,259	40,073
Total property, plant and equipment	1,806,911	1,827,672
Intangible assets		
Right of using facilities	8,466	7,368
Software	202,684	221,785
Goodwill	20,321	24,411
Other intangible assets	8,219	8,445
Total intangible assets	239,691	262,010
Total noncurrent assets-telecommunications business	2,046,603	2,089,683
Incidental business facilities		
Property, plant and equipment	115,010	113,374
Intangible assets	63,805	60,733
Total noncurrent assets-incidental business	178,816	174,108
Investments and other assets		
Investment securities	69,900	93,057
Stocks of subsidiaries and affiliates	361,826	372,167
Investments in capital of subsidiaries and affiliates	167	182
Long-term prepaid expenses	81,114	79,878
Deferred tax assets	96,538	100,392
Lease and guarantee deposits	36,485	38,380
Other investment and other assets	10,932	10,882
Allowance for doubtful accounts	(8,524)	(8,576)
Total investments and other assets	648,440	686,367
Total noncurrent assets	2,873,860	2,950,158
Current assets		
Cash and deposits	90,060	96,863
Notes and accounts receivable-trade	548,269	536,309
Accounts receivable-other	28,739	44,515
Short-term investment securities	26,000	70,000
Supplies	86,866	49,249
Deferred tax assets	50,610	67,398
Other current assets	50,456	18,751
Allowance for doubtful accounts	(13,295)	(13,709)
Total current assets	867,707	869,378
Total assets	3,741,567	3,819,536

(Amount unit: Millions of yen)

	As of December 31, 2010	As of March 31, 2010
Liabilities		
Noncurrent liabilities		
Bonds payable	414,976	374,968
Long-term loans payable	498,945	497,775
Provision for retirement benefits	19,114	18,542
Provision for point card certificates	83,644	78,693
Other noncurrent liabilities	38,170	34,178
Total noncurrent liabilities	1,054,851	1,004,159
Current liabilities		
Current portion of noncurrent liabilities	61,777	111,941
Notes and accounts payable-trade	117,580	66,553
Short-term loans payable	1,489	101,166
Accounts payable-other	201,906	250,517
Accrued expenses	17,285	16,150
Income taxes payable	43,515	67,856
Advances received	73,901	74,608
Provision for bonuses	9,714	18,975
Other current liabilities	32,856	29,156
Total current liabilities	560,026	736,927
Total liabilities	1,614,878	1,741,086
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	367,091	367,091
Retained earnings	1,651,690	1,506,951
Treasury stock	(114,304)	(25,244)
Total shareholders' equity	2,046,329	1,990,650
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	26,348	34,326
Deferred gains or losses on hedges	(33)	—
Foreign currency translation adjustment	(11,664)	(7,250)
Total valuation and translation adjustments	14,649	27,076
Subscription rights to shares	1,471	1,606
Minority interests	64,238	59,117
Total net assets	2,126,689	2,078,450
Total liabilities and net assets	3,741,567	3,819,536

(2) Consolidated Statements of Income (Nine Months)

(Amount unit: Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	1,987,201	1,898,492
Operating expenses		
Business expenses	523,210	487,426
Operating expenses	189	86
Facilities maintenance expenses	167,886	225,079
Common expenses	1,336	1,744
Administrative expenses	83,064	51,562
Experiment and research expenses	6,388	5,263
Depreciation	324,174	312,208
Noncurrent assets retirement cost	16,656	10,281
Communication facility fee	318,685	300,002
Taxes and dues	27,515	27,853
Total operating expenses	1,469,107	1,421,507
Net operating income from telecommunication	518,093	476,985
Operating income and loss from incidental business		
Operating revenue	598,106	673,363
Operating expenses	739,386	778,298
Net operating loss from incidental business	(141,280)	(104,935)
Operating income	376,812	372,050
Non-operating income		
Interest income	377	461
Miscellaneous income	5,411	6,138
Total non-operating income	5,789	6,600
Non-operating expenses		
Interest expenses	9,495	10,773
Equity in losses of affiliates	6,505	12,713
Miscellaneous expenses	3,773	5,491
Total non-operating expenses	19,775	28,978
Ordinary income	362,826	349,672
Extraordinary income		
Gain on sales of noncurrent assets	269	1,187
Gain on sales of investment securities	541	5,617
Gain on negative goodwill	—	364
Reversal of allowance for doubtful accounts	5,309	—
Gain on reversal of subscription rights to shares	—	426
Total extraordinary income	6,120	7,595
Extraordinary loss		
Loss on valuation of investment securities	204	368
Loss on sales of stocks of subsidiaries and affiliates	—	176
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1,120
Business restructuring expenses	2,310	—
Total extraordinary losses	2,514	1,665
Income before income taxes and minority interests	366,432	355,603
Income taxes-current	130,754	120,618

(Amount unit: Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Income taxes-deferred	18,804	26,272
Total income taxes	149,558	146,890
Income before minority interests	—	208,713
Minority interests in income	4,227	6,071
Net income	212,645	202,641

Consolidated Statements of Income (Three Months)

(Amount unit: Millions of yen)

	Three months ended December 31, 2009	Three months ended December 31, 2010
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	656,250	623,130
Operating expenses		
Business expenses	168,924	158,922
Operating expenses	44	16
Facilities maintenance expenses	55,398	72,691
Common expenses	449	622
Administrative expenses	27,234	16,716
Experiment and research expenses	2,742	2,185
Depreciation	112,089	107,888
Noncurrent assets retirement cost	8,075	4,729
Communication facility fee	106,963	97,101
Taxes and dues	12,819	12,806
Total operating expenses	494,743	473,679
Net operating income from telecommunication	161,506	149,451
Operating income and loss from incidental business		
Operating revenue	205,969	230,287
Operating expenses	241,646	255,544
Net operating loss from incidental business	(35,676)	(25,256)
Operating income	125,829	124,194
Non-operating income		
Interest income	93	187
Miscellaneous income	2,229	1,843
Total non-operating income	2,323	2,030
Non-operating expenses		
Interest expenses	3,092	3,472
Equity in losses of affiliates	2,867	5,124
Miscellaneous expenses	878	1,997
Total non-operating expenses	6,838	10,594
Ordinary income	121,315	115,630
Extraordinary income		
Gain on sales of noncurrent assets	37	183
Gain on sales of investment securities	221	0
Gain on negative goodwill	—	364
Reversal of allowance for doubtful accounts	0	—
Gain on reversal of subscription rights to shares	—	2
Total extraordinary income	258	549
Extraordinary loss		
Loss on valuation of investment securities	3	(4)
Business restructuring expenses	2,310	—
Total extraordinary losses	2,313	(4)
Income before income taxes and minority interests	119,260	116,185
Income taxes-current	48,793	34,980
Income taxes-deferred	1,597	13,382
Total income taxes	50,391	48,363
Income before minority interests	—	67,822
Minority interests in income	1,515	2,154
Net income	67,353	65,667

(3) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	366,432	355,603
Depreciation and amortization	339,420	330,942
Amortization of goodwill and negative goodwill	8,112	8,530
Loss (gain) on sales of noncurrent assets	(250)	(1,179)
Loss on retirement of noncurrent assets	13,282	7,145
Business restructuring expenses	1,905	—
Increase (decrease) in allowance for doubtful accounts	(4,289)	(299)
Increase (decrease) in provision for retirement benefits	599	482
Interest and dividends income	(1,472)	(1,767)
Interest expenses	9,495	10,773
Equity in (earnings) losses of affiliates	6,505	12,713
Loss (gain) on sales of investment securities	(541)	(5,679)
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	176
Loss (gain) on valuation of investment securities	204	368
Increase (decrease) in provision for point card certificates	12,869	4,944
Decrease (increase) in prepaid pension costs	2,930	1,191
Decrease (increase) in notes and accounts receivable-trade	(26,463)	1,687
Decrease (increase) in inventories	19,755	(37,868)
Increase (decrease) in notes and accounts payable-trade	34,115	50,991
Increase (decrease) in accounts payable-other	(20,809)	(30,086)
Increase (decrease) in accrued expenses	1,909	1,354
Increase (decrease) in advances received	6,225	812
Other, net	(17,546)	(26,225)
Subtotal	752,392	684,613
Interest and dividends income received	3,117	4,443
Interest expenses paid	(9,033)	(10,674)
Income taxes paid	(197,596)	(143,912)
Net cash provided by (used in) operating activities	548,878	534,470
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(279,264)	(244,387)
Proceeds from sales of property, plant and equipment	312	1,262
Purchase of intangible assets	(85,141)	(59,262)
Purchase of investment securities	(280)	(861)
Proceeds from sales of investment securities	744	15,811
Purchase of stocks of subsidiaries and affiliates	(22,818)	(3,578)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(17,090)	(5,339)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	2,202	—
Payments for sales of investments in subsidiaries and affiliates resulting in change in scope of consolidation	—	(904)
Purchase of long-term prepaid expenses	(17,293)	(15,900)
Other, net	1,413	234
Net cash provided by (used in) investing activities	(417,216)	(312,925)

(Amount unit: Millions of yen)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(80,616)	(99,547)
Proceeds from long-term loans payable	29,500	50,000
Repayment of long-term loans payable	(28,930)	(17,020)
Proceeds from issuance of bonds	50,000	40,000
Redemption of bonds	(19,800)	(83,000)
Purchase of treasury stock	—	(89,059)
Cash dividends paid	(52,968)	(57,414)
Cash dividends paid to minority shareholders	(1,038)	(1,081)
Proceeds from stock issuance to minority shareholders	—	979
Other, net	(2,460)	(14,648)
Net cash provided by (used in) financing activities	(106,313)	(270,792)
Effect of exchange rate change on cash and cash equivalents	139	(1,937)
Net increase (decrease) in cash and cash equivalents	25,489	(51,184)
Cash and cash equivalents at beginning of period	200,310	165,476
Cash and cash equivalents at end of period	225,800	114,292

(4) Going Concern Assumption

None

(5) Segment Information

[Business segment information]

For the three months ended December 31, 2009 (October 1, 2009 to December 31, 2009)

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Total	Elimination and Corporate	Consoli-dation
Sales and Operating Income (Loss)						
Sales						
1) Outside Sales	659,966	187,711	14,542	862,220	—	862,220
2) Intersegment Sales	3,538	21,194	17,868	42,601	(42,601)	—
Total	663,505	208,905	32,410	904,821	(42,601)	862,220
Operating Expenses	527,628	221,379	30,241	779,249	(42,858)	736,390
Operating Income (Loss)	135,876	(12,473)	2,169	125,572	257	125,829

For the nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Total	Elimination and Corporate	Consoli-dation
Sales and Operating Income (Loss)						
Sales						
1) Outside Sales	1,991,220	559,481	34,605	2,585,307	—	2,585,307
2) Intersegment Sales	10,159	64,277	40,488	114,924	(114,924)	—
Total	2,001,379	623,759	75,093	2,700,232	(114,924)	2,585,307
Operating Expenses	1,593,468	658,551	71,992	2,324,011	(115,517)	2,208,494
Operating Income (Loss)	407,911	(34,791)	3,100	376,220	592	376,812

Note: 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.

[Geographic segment information]

For the three months ended December 31, 2009 (October 1, 2009 to December 31, 2009) and the nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

Information by geographic segment is not shown since net sales in Japan accounted for over 90% of total net sales in all business segments.

[Net sales from overseas operations]

For the three months ended December 31, 2009 (October 1, 2009 to December 31, 2009) and the nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

Net sales from overseas operations are not shown since they account for less than 10% of consolidated net sales.

Additional Information

From the three months ended June 30, 2010, the Group applies the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Statement No. 17 of March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 of March 21, 2009).

1. Outline of business segments reported

The business segments the Group reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors, etc. to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

As the Group is a comprehensive telecommunications company combining mobile and fixed-line communications in a single company, its business segments reported comprise of the "Mobile Business" and the "Fixed-line Business."

The Mobile Business provides mobile services (voice and data service), sales of mobile phone handsets and content and other services. The Fixed-Line Business provides various fixed-line communications services, including broadband services centering in FTTH and CATV access lines, long distance and international telecommunications services. In addition, the Group offers data center services and various ICT solutions services outside of Japan.

2. Information on sales and income (loss) by business segment reported

For the nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)

(Amount unit: Millions of yen)

	Business segments reported			Other Business [1]	Total	Adjustment [2]	Consolidated Statements of Income [3]
	Mobile Business	Fixed-line Business	Subtotal				
Sales							
Outside Sales	1,944,355	591,392	2,535,748	36,107	2,571,856	—	2,571,856
Intersegment Sales or Transfer	7,971	68,639	76,611	47,937	124,548	(124,548)	—
Total	1,952,327	660,032	2,612,359	84,044	2,696,404	(124,548)	2,571,856
Operating Income	359,603	6,838	366,441	5,328	371,770	280	372,050

For the three months ended December 31, 2010 (October 1, 2010 to December 31, 2010)

(Amount unit: Millions of yen)

	Business segments reported			Other Business [1]	Total	Adjustment [2]	Consolidated Statements of Income [3]
	Mobile Business	Fixed-line Business	Subtotal				
Sales							
Outside Sales	644,426	197,785	842,211	11,207	853,418	—	853,418
Intersegment Sales or Transfer	2,745	23,763	26,508	15,359	41,867	(41,867)	—
Total	647,171	221,548	868,719	26,566	895,286	(41,867)	853,418
Operating Income	111,937	10,507	122,445	1,725	124,170	24	124,194

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

3. Information concerning impairment loss from noncurrent assets, goodwill and other items by business segment

(Material impairment loss from noncurrent assets)

None

(Material changes in goodwill)

None

(Material profit from negative goodwill)

None

(6) Material Changes in Shareholders' Equity

KDDI purchased 185,589 shares of treasury stock at 89,059 million yen for the three months ended December 31, 2010, according to the board of directors meeting decision on October 22, 2010. As of December 31, 2010, KDDI possessed 216,294 shares of treasury stock, or 114,304 million yen.