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 Three Months Ended June 30, 2009

July 23rd, 2009

Company Name	**KDDI CORPORATION**		
Stock Listing	Tokyo Stock Exchange-First Section		
Code No.	9433	URL	http://www.kddi.com
Representative	Tadashi Onodera, President and Chairman		
Scheduled date for filing of quarterly report		July 31, 2009	
Scheduled date for dividend payment		-	

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2009 (April 1, 2009 – June 30, 2009)

(1) Consolidated Results of Operation

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

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Three months ended June 30, 2009	853,729	(1.9)	141,826	14.0	138,447	10.9	86,417	19.3
Three months ended June 30, 2008	870,520	-	124,373	-	124,826	-	72,455	-

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2009	19,401.68	-
Three months ended June 30, 2008	16,244.12	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of June 30, 2009	3,365,197	1,950,710	56.7	428,683.48
As of March 31, 2009	3,429,132	1,881,329	53.7	413,339.32

(Reference) Shareholder's Equity As of June 30, 2009 : 1,909,404 million yen As of March 31, 2009 : 1,841,060 million yen

2. Dividends

	Dividends per Share				
Date of Record	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2009	-	5,500.00	-	5,500.00	11,000.00
Fiscal Year ending March 31, 2010	-				
Fiscal Year ending March 31, 2010 (forecast)		5,500.00		5,500.00	11,000.00

3. Consolidated Financial Results Forecast for FY Ending March 31, 2010 (April 1,2009 – March 31, 2010)

(Percentage represents comparison to previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
		%		%		%		%	Yen
Six months ending September 30, 2009	-	-	-	-	-	-	-	-	-
Entire Fiscal Year	3,480,000	(0.5)	470,000	6.0	450,000	2.2	255,000	14.5	57,250.46

Note: Changes in forecasts during the three months ended June 30,2009 : None
The company has not prepared consolidated business forecasts for the first six months of the fiscal year.

4. Other

(1) Changes in significant consolidated subsidiaries during the three months ended June 30, 2009 (which resulted in changes in scope of consolidation) : None

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

Note: Please refer to page 10 “4. Others” under “Qualitative Information / Financial Statements, Etc.” for details.

(3) Changes in significant accounting policies, procedures and presentation in quarterly consolidated financial statements (Items to be disclosed in “Significant Changes in the Basis of Presenting Quarterly Consolidated Financial Statements”)

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

2) Others : None

Note: Please refer to page 10 “4. Others” under “Qualitative Information / Financial Statements, Etc.” for details.

(4) Numbers of Outstanding Shares (common shares)

1) Number of shares outstanding (inclusive of treasury stock)	As of June 30, 2009	4,484,818
	As of March 31,2009	4,484,818
2) Number of treasury stock	As of June 30, 2009	30,705
	As of March 31,2009	30,705
3) Number of weighted average common shares outstanding (cumulative for all quarters)	For the three months ended June 30, 2009	4,454,113
	For the three months ended June 30, 2008	4,460,426

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 “3. Qualitative Information on Consolidated Operating Results Forecast, (1) Outlook for the Fiscal Year Ending March 31, 2010” under “Qualitative Information / Financial Statements, Etc.” for the assumptions used and other notes.

Qualitative Information / Financial Statements, Etc.

1. Qualitative Information on Consolidated Operating Results

The financial position and operation performance of KDDI Group for the three months ended June 30, 2009 (April 1, 2009 – June 30, 2009) is as follows;

(1) Results Overview

(1st Quarter Results, Consolidated) (Amount Unit: Millions of yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009	Increase (Decrease)	Increase (Decrease)
				%
Operating Revenues	870,520	853,729	(16,790)	(1.9)
Operating Expenses	746,146	711,903	(34,243)	(4.6)
Operating Income	124,373	141,826	17,452	14.0
Non-operating Income (Expense)	453	(3,379)	(3,832)	-
Ordinary Income	124,826	138,447	13,620	10.9
Extraordinary Profit (Loss)	(351)	5,626	5,978	-
Income before Income Taxes and Minority Interests	124,475	144,073	19,598	15.7
Income Taxes	51,451	56,427	4,975	9.7
Minority Interests	567	1,228	661	116.4
Net Income	72,455	86,417	13,961	19.3

Operating revenues for the three months ended June 30, 2009 declined 1.9% to ¥853,729 million mainly due to lower operating revenues in the Mobile Business, reflecting the increased prevalence of low-priced tariff plans offered in response to customer needs. However, operating income increased 14.0% year on year to ¥141,826 million as operating expenses in the Mobile Business decreased mainly due to declines in sales commissions and the cost of sales for mobile handsets. Ordinary income rose 10.9% year on year to ¥138,447 million, and net income increased 19.3% to ¥86,417 million.

Overview of Economic Conditions

The global economy, which had begun to see impacts on the real economy from the financial uncertainty that began in the United States, has bottomed out as a result of the policy coordination of various governments. It appears now that the worst of the crisis is behind us.
In Japan, although employment conditions remained serious, the underlying uncertainty is easing, with slower declines in certain areas of individual consumption as fiscal stimulus measures to generate an economic boost take effect. Production and exports are also rallying, following inventory adjustments.

Industry Trends

In the mobile communications market, pricing plans that separate tariffs from handset prices are now mainstream, with higher handset prices and multi-year contract services becoming increasingly common. Due to these developments, as well as the deterioration in underlying business sentiment, handset sales once again fell significantly year on year, continuing the trend from the previous year. At the same time, competition for customers intensified further in areas such as provision of inexpensive pricing plans, handset variety, and provision of music, video, and other content services. In the fixed-line market, meanwhile, the operating environment is undergoing rapid change. Along with the expansion of broadband services, there is 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 develop a wide variety of handsets, including the new “iida” brand, to meet diversifying customer needs. The Company also worked to enhance its service offerings, including provision of new content.
In the Fixed-line Business, KDDI worked to enhance ease-of-use for its services and expand access lines, particularly FTTH services, while expanding solutions services for corporate clients.

(2) Results by Business Segment

The consolidated financial results of the KDDI Group for the three months ended June 30, 2009 in each business segment are as follows;

1) Results Summary

(1st Quarter Results, Consolidated) (Amount Unit: Millions of yen)

		Three months ended June 30, 2008	Three months ended June 30, 2009	Increase (Decrease)	Increase (Decrease)
Mobile Business					%
	Operating Revenues	679,762	663,181	(16,581)	(2.4)
	Operating Expenses	540,608	510,637	(29,971)	(5.5)
	Operating Income	139,154	152,544	13,390	9.6
Fixed-line Business					
	Operating Revenues	207,236	207,167	(68)	(0.0)
	Operating Expenses	222,112	217,885	(4,226)	(1.9)
	Operating Income	(14,875)	(10,717)	4,158	-
Other Business					
	Operating Revenues	15,288	19,063	3,774	24.7
	Operating Expenses	15,482	19,111	3,629	23.4
	Operating Income	(193)	(48)	145	-

2) Total Subscriptions

(Unit : Thousand line)

		As of June 30, 2008	As of June 30, 2009	Increase (Decrease)	Increase (Decrease)
au[1]		30,305	30,996	691	2.3
	CDMA 1X WIN	20,473	23,440	2,967	14.5
FTTH		916	1,211	295	32.2
Metal-plus		3,269	3,065	(204)	(6.2)
Cable-plus phone		355	697	342	96.3
CATV[2]		683	882	199	29.1
Fixed access lines[3]		5,082	5,587	505	9.9

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 Mobile Business for the three months ended June 30, 2009 decreased 2.4% to ¥663,181 million. The main causes were lower revenue in the telecommunications business mainly due to the increased prevalence of low-priced tariff plans, and decreased revenue from handset sales resulting from a fall in handset unit sales. However, sales commissions and the cost of sales for mobile handsets also decreased, both as a result of fewer handset unit sales. As a result of these and other factors, operating expenses decreased, and operating income increased 9.6% year on year to ¥152,544 million.

Key Topics

< Overall >

- The number of au mobile phone subscriptions was 30.996 million as of June 30, 2009.

< Mobile Handsets >

- KDDI established the new “iida” brand, a development and expansion of the "au design project," featuring mobile phones and accessories created in collaboration with guest designers to reflect customers' lifestyles.

- The first “iida” model features a sophisticated design by Ichiro Iwasaki, combining the high-quality feel of an instrument with practical usability. Launched on April 17, 2009, the “G9” is Global Passport enabled. Also released were the “MOBILE PICO PROJECTOR,” equipped with a micro projector that lets users share 1seg broadcasts or pictures from their camera phone with those around them, and five different AC adapters designed to complement home decor.

- Since May 29, 2009 a total of 13 new models have been released, including eight models designed to blend seamlessly into customer lifestyles, four “iida” brand models, and the “E06SH” model for corporate clients.
  The new models include the “biblio”, optimized for reading with a high-capacity 7GB data folder and a 3.5 inch widescreen touch-enabled VGA++[1] LCD display, the compact, water-resistant and suitable-for-sports “Sportio water beat,” and the “SOLAR PHONE SH002,” the world's first[2] waterproof solar-powered phone. The Company also launched the “Mobile Hi-Vision CAM Wooo,” the first[3] mobile phone in Japan capable of recording and playing back true high-definition video; as well as the waterproof, Global Passport-enabled “T002;” the “G'zOne CA002, “latest of the “G'zOne” "tough phone" series; the stylish and slim 1seg-enabled “K002;” and the “Simple Phone K003,” which is designed to offer multi-functionality and ease of operability alongside a sophisticated design. These new offerings add to the broad lineup of handset models from which customers can choose.
  Under the “iida” brand, KDDI has released the “misora,” a casual, easy-to-hold, simple-to-use design. From the summer of 2009, the Company will release a series of three models by internationally acclaimed avant-garde artist Yayoi Kusama.

  Note 1 480×960 pixel resolution
  Note 2 ROA Group research (as of March 2009)
  Note 3 Manufacturer research (as of May 2009)
  Other Notes Wooo is a registered trademark of Hitachi, Ltd.
  G'zOne is a registered trademark of Casio Computer Co., Ltd.

< Content Services >

- In conjunction with the release of the new "au" mobile phone lineup, KDDI has enhanced its content provision with the new "Book Player"[1] electronic book viewer, which makes it easier and more convenient than ever to use the "EZ Book" e-book service. The Company also began providing Fitness[2] for "au Smart Sports," which allows users to practice 100 different types of exercise at any time, and Golf[3], which offers lessons and content suggestions geared toward individual goals.
  In addition, from June 10, 2009 KDDI began offering "EZ News EX," a new media information service that delivers the latest news and information to the user's handset. Through an alliance among KDDI, TV Asahi, and the Asahi Shimbun newspaper, "EZ News EX" simultaneously distributes news and information from a wide range of genres via BCMCS[4] (multicast) so that users can view a large amount of information in a timely manner.

  Note 1/2 /3 Available only via selected mobile phone handset models.
  Note 4 BCMCS: Broadcast/Multicast Services. This function enables distribution of content to multiple customers over a single wireless channel.

< Corporate Services>

- In order to meet the increasingly diverse needs of corporate clients, on April 28, 2009 the Company launched sales of the “E05SH,” a waterproof model equipped with security functions, and SDIO[1] card compatibility to enable use of PHS and Wi-Fi-based extension services.

  Note 1 SDIO Card: Secure Digital Input/Output Card, an expanded card that can be used in the same card slot as SD Memory Cards.

- The “E30HT,” KDDI's first smartphone, went on sale on May 1, 2009. This model offers maximum downlink speed of 3.1Mbps and uplink speeds of up to 1.8Mbps, as well as data deletion via remote operation. The model comes equipped with many useful business functions, including applications that can connect to up to five wireless LAN devices, such as PCs.

- In May 2009 KDDI began offering the "au.NET Business Discount" service for clients with 30 or more au mobile phone subscriptions under one corporate name. This discount program allows clients to use the au.Net Internet connection service without a provider contract, which normally costs ¥945 (tax inclusive) per month for ¥315 (tax inclusive) per month. The au.Net service enables users to use their PacketWIN/PacketOne compatible handsets as a tether to connect a computer, PDA, or other device to the Internet via the PacketWIN/PacketOne network.

- The “KDDI Business Call Direct” won the MM Research Institute Award 2009 Grand Prize in the FMC Service Category of the Next Generation Network Products and Services Division. This product is designed for calls using extension numbers between users under the same corporate plan.

< Key Services in the Second Quarter and Beyond >

- KDDI and consolidated subsidiary OKINAWA CELLULAR TELEPHONE COMPANY will launch the "Double-Teigaku-Super-Light" packet flat-rate service from August 1, 2009, starting at ¥390 per month (tax inclusive). From August 10, the two companies will also launch 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.
- On July 1, 2009, as a MVNO of UQ Communications Inc., KDDI began offering a mobile WiMAX Internet service for corporate clients that leverages the communications speed and the convenience of anytime connectivity without the need for dial-up that WiMAX affords.

Fixed-line Business

Operating revenues in the Fixed-line Business for the three months ended June 30, 2009 amounted to ¥207,167 million, largely unchanged from the corresponding previous quarterly period. Operating expenses declined mainly due to lower access charges for services. The Fixed-line Business posted an operating loss of ¥10,717 million, down ¥4,158 million.

Key Topics

< Overall >

- The number of FTTH service subscriptions, consisting of “HIKARI-one” and consolidated subsidiary Chubu Telecommunications Co., Inc.’s “Commuf@-hikari” service, reached 1.211 million as of June 30, 2009.
- As of June 30, 2009, the number of “Metal-plus” subscriptions totaled 3.065 million.
- “Cable-plus phone” saw steady expansion of the alliance with cable television companies, which reached 74 companies and 0.697 million subscriptions as of June 30, 2009.
- Consolidated subsidiary JCN Group, which oversees 17 cable companies primarily in the Tokyo metropolitan area, counted 0.882 million cable television subscriptions as of June 30, 2009.

< International Telephony Services >

- From June 1, 2009, “001” was added to the list of “au International Call Service” pre-fix numbers, allowing users to easily make international calls from au mobile phones without pre-registration. In conjunction, KDDI has changed the charge unit for calls from 20 seconds to 60 seconds, and made the fee structure the same as when using “001 KOKUSAI MOBILE TALK.” Calling charges have also been reduced for the most frequent international call destinations from Japan: the United States, the Philippines, and Thailand.
- On June 2, 2009, KDDI announced that an incident took place in which sales campaign emails addresses to customers who applied for “001 KOKUSAI MOBILE TALK” service via the Company’s international telephone service website included the private addresses of other subscribers. This incident was happened due to an operation error during transmission, and KDDI would like to apologize for the considerable inconvenience and concern that this regrettable incident caused for its customers. As a telecommunications company responsible for the personal information of a large number of customers, KDDI has long taken extensive steps to safeguard personal information. The Company has launched an in-depth investigation into the factors that led to this incident, and is strengthening its information management framework and repeating thorough employee education in this area to prevent the recurrence of such problems in the future.

< Corporate Services >

- On June 30, 2009, KDDI began providing a “High-speed Ethernet Leased Circuit Service,” a leased circuit, point-to-point service that connects a site in Japan and one in the United States via an Ethernet interface. To meet clients’ bandwidth needs, this service can readily deliver speeds of 155Mbps, 300Mbps, 450Mbps, 620Mbps, 750Mbps, 900Mbps, and 1Gbps. This wide range of bandwidths allows clients to choose the connection speeds that will enable them to build the optimal network environment for their interface provided to customers stays the same regardless of the bandwidth.

- On June 5, 2009, the Company began offering the "KDDI Cloud Server Service," a next-generation IT platform containing key applications for the cloud computing[1] environment devised by TELEHOUSE in Japan.
  This service constructs a virtual private data center and virtual systems utilizing a PaaS[2] solution within a KDDI data center in Japan. Clients can individually select the functions they wish to use, making it possible to quickly and flexibly expand or minimize complex systems.

  Note 1 This term refers to an information service available through a group of Internet-connected servers. While often considered the same as a Web service or SaaS, cloud computing has gained notable attention for its use in information system construction.

  Note 2 Short for "Platform as a Service. In contrast to SaaS, in which networks are used to provide individual services, "PaaS refers to the provision via networks of a package of related services (Platform: includes multiple functions and development environments and others).,.

- On June 8, 2009, KDDI began offering its "Advanced Data Center Services" at TELEHOUSE Tokyo Mejirozaka opened in November 2008. On July 1, the Company opened TELEHOUSE Tokyo Iidabashi as a new TELEHOUSE base in the heart of Tokyo offering rack collocation service and "Advanced Data Center Services." With these openings, TELEHOUSE now has 9 bases in Tokyo and 20 nationwide.

- In a move to develop the ICT business in South Korea more efficiently, KDDI Korea Corporation (KDDI Korea) merged with Prism Communications Co. (Prism) on June 1, 2009, with Prism as the surviving company. The new company was renamed KDDI Korea Corporation. This merger will provide South Korean companies and non-Japanese global corporations, with one-stop access to global networks, overseas regional networks, and overseas data centers offered by the KDDI Group worldwide. The Japanese companies, meanwhile, will gain greater local access than before to networks in South Korea, allowing them to receive powerful ICT support.

Other Business

Operating revenues in the Other Business segment for the three months ended June 30, 2009 increased 24.7% to ¥19,063 million. However, operating expenses increased 23.4% to ¥19,111 million, and the Other Business segment posted an operating loss of ¥48 million, an improvement of ¥145 million.

UQ Communications Inc. was established through investment by KDDI, Intel Capital Corporation, East Japan Railway Company, Kyocera Corporation, Daiwa Securities Group Inc. and The Bank of Tokyo-Mitsubishi UFJ Ltd. In February 2009, UQ began "UQ WiMAX" services in Tokyo's 23 wards, in Yokohama, and in parts of Kawasaki. 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.

Jibun Bank was established with equity investments from KDDI Corporation and the Bank of Tokyo-Mitsubishi UFJ, Ltd. Since commencing services in July 2008, the company has steadily increased its lineup of service offerings, adding car insurance in April 2009, foreign currency accounts in May, and medical and cancer insurance in June.

2. Qualitative Information on Consolidated Financial Position

The financial position and operation performance of KDDI Group for the three months ended June 30, 2009 (April 1, 2009 – June 30, 2009) is as follows;
Consolidated total assets as of June 30, 2009 amounted to ¥3,365,197 million, a decrease of ¥63,935 million from March 31, 2009. Total liabilities amounted to ¥1,414,486 million, a decline of ¥133,316 million, mainly due to a decrease in accrued income taxes. Net assets increased ¥69,381 million to ¥1,950,710 million mainly due to an increase in retained earnings. As a result of these factors, the shareholders' equity ratio rose from 53.7% to 56.7%.

The following describes the cash flow situation.

During the three months ended June 30, 2009, operating activities provided net cash of ¥90,963 million, down ¥4,107 million from the corresponding previous quarterly period. The decline was primarily as a result of an increase in income taxes paid.
Investing activities used net cash of ¥167,493 million, down ¥2,477 million. The main outlays were payments for the acquisition of property, plant and equipment and intangible assets, and for making an equity investment in UQ Communications Inc.
As a result, free cash flows decreased ¥1,630 million to minus ¥76,529 million.
Financing activities used net cash of ¥5,503 million, down ¥81,103 million from the corresponding previous quarterly period mainly due to the repayment of short-term loans.
As a result of the above, cash and cash equivalents as of June 30, 2009 was ¥118,800 million, down ¥81,510 million from the end of the previous fiscal year.

Note Free cash flows are calculated as the sum of “cash flows from operating activities” and “cash flows from investing activities.”

3. Qualitative Information on Consolidated Operating Results Forecast

(1) Outlook for the Fiscal Year Ending March 31, 2010

Overview

- KDDI is strengthening its business foundation to by responding the rapid changes in its operating environment in order to achieve sustainable growth.
- The Company will strive to be No. 1 in customer satisfaction in all services and tackle the challenge of new value creation.
- KDDI, 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 Company 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, KDDI 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.
- KDDI 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, KDDI will push to strengthen overall product appeal and deliver a more secure mobile environment than ever before by developing and offering attractive handsets, new services, and new content that match customers’ diverse needs. At the same time, the Company will take steps to expand its business domains.

Fixed-Line Business

Along with efforts to promote sales of the “HIKARI-one” and “Commuf@-hikari” FTTH services, KDDI 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, KDDI, 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 FY ending March 2010 for full-year basis disclosed in the Financial Statements Summary for FY ended March 2009 were as follows; Operating Revenues: ¥3,480,000 million, Operating Income: ¥470,000 million, Ordinary Income: ¥450,000 million, Net Income: ¥255,000 million. There is no change to these figures.

The Company has not prepared consolidated business forecasts for the first six months of the fiscal year ending March 31, 2010 because the rapidly changing operating environment, characterized by competition among telecommunication carriers, means it is difficult to make forecasts for this period.

(2) 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

4. Others

(1) Changes in significant consolidated subsidiaries during the three months ended June 30, 2009 (which resulted in changes in scope of consolidation)

None

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

1) Simplified accounting methods

Valuation of inventories

The Company omitted physical stocktaking of inventories for the three months ended June 30, 2009 and calculated inventories as of June 30, 2009 by a reasonable method based on the actual inventories at the end of the previous fiscal year.

Calculation of depreciation expense for fixed assets

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

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) Changes in significant accounting policies, procedures and presentation in quarterly consolidated financial statements

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 is applied for construction contracts for which construction started in the first quarter and for which the construction in progress by the end of the quarter is deemed certain to be achieved. The completed-contract method is applied to other construction contracts.

This change had no impact on the quarterly consolidated financial statements.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Amount Unit :Millions of yen)

	As of June 30, 2009	As of March 31, 2009
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery, net	716,768	717,513
Antenna facilities, net	294,798	285,974
Local line facilities, net	125,187	120,642
Long-distance line facilities, net	36,698	38,552
Engineering facilities, net	40,368	40,782
Submarine line facilities, net	17,026	18,337
Buildings, net	228,294	227,678
Structures, net	30,313	29,972
Land	240,818	240,895
Construction in progress	103,929	111,723
Other intangible assets, net	43,370	44,121
Total property, plant and equipment [1]	1,877,572	1,876,195
Intangible assets		
Right of using facilities	7,192	6,920
Software	221,531	223,190
Goodwill	23,055	24,371
Other intangible assets	7,829	7,971
Total intangible assets	259,609	262,454
Total noncurrent assets-telecommunications business	2,137,182	2,138,649
Incidental business facilities		
Property, plant and equipment [1]	88,531	75,866
Intangible assets	58,940	49,606
Total noncurrent assets-incidental business	147,471	125,472
Investments and other assets		
Investment securities	48,930	40,566
Stocks of subsidiaries and affiliates	36,077	23,961
Investments in capital of subsidiaries and affiliates	189	169
Long-term prepaid expenses	78,317	77,584
Deferred tax assets	100,803	111,400
Lease and guarantee deposits	39,639	39,623
Other investment and other assets	8,892	12,609
Allowance for doubtful accounts	(7,481)	(11,143)
Total investments and other assets	305,369	294,772
Total noncurrent assets	2,590,023	2,558,894
Current assets		
Cash and deposits	94,771	94,242
Notes and accounts receivable-trade	484,981	476,633
Accounts receivable-other	20,697	36,762
Short-term investment securities	24,994	106,964
Supplies	58,292	77,394
Prepaid expenses	38,129	—

(Amount Unit :Millions of yen)

	As of June 30, 2009	As of March 31, 2009
Deferred tax assets	58,185	72,001
Other current assets	8,009	20,673
Allowance for doubtful accounts	(12,887)	(14,433)
Total current assets	775,173	870,237
Total assets	3,365,197	3,429,132
Liabilities		
Noncurrent liabilities		
Bonds payable [3]	357,956	307,753
Long-term loans payable	445,803	418,084
Provision for retirement benefits	18,560	17,839
Provision for point card certificates	67,452	62,655
Other noncurrent liabilities	29,756	31,355
Total noncurrent liabilities	919,530	837,688
Current liabilities		
Current portion of noncurrent liabilities [3]	40,574	60,710
Notes and accounts payable-trade	42,918	61,837
Short-term loans payable	46,474	80,951
Accounts payable-other	200,077	265,578
Accrued expenses	14,751	12,918
Income taxes payable	39,940	117,887
Advances received	73,549	70,292
Provision for bonuses	7,966	18,583
Other current liabilities	28,703	21,355
Total current liabilities	494,956	710,115
Total liabilities	1,414,486	1,547,803
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	367,091	367,091
Retained earnings	1,409,556	1,347,637
Treasury stock	(25,244)	(25,244)
Total shareholders' equity	1,893,255	1,831,336
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	23,436	18,529
Foreign currency translation adjustment	(7,287)	(8,805)
Total valuation and translation adjustments	16,148	9,723
Subscription rights to shares	1,081	991
Minority interests	40,224	39,278
Total net assets	1,950,710	1,881,329
Total liabilities and net assets	3,365,197	3,429,132

(2) Consolidated statements of income

(Amount Unit :Millions of yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009
Operating income and loss from telecommunications		
Operating revenue		
Total operation revenue	685,209	665,733
Operating expenses		
Business expenses	168,917	169,175
Operating expenses	97	75
Facilities maintenance expenses	56,011	56,007
Common expenses	587	429
Administrative expenses	24,495	27,208
Experiment and research expenses	1,587	1,310
Depreciation	90,311	103,290
Noncurrent assets retirement cost	6,066	3,497
Communication facility fee	112,960	105,244
Taxes and dues	7,621	7,818
Total operation expenses	468,656	474,058
Net operating income from telecommunication	216,552	191,674
Operating income and loss from incidental business		
Operating revenue	185,311	187,996
Operating expenses	277,490	237,844
Net operating loss from incidental business	(92,178)	(49,848)
Operating income	124,373	141,826
Non-operating income		
Interest income	188	166
Dividends income	—	603
Equity in earnings of affiliates	22	—
Foreign exchange gains	—	895
Gain on bad debts recovered	86	—
Gain on investments in silent partnership	1,445	—
Miscellaneous income	2,784	1,347
Total non-operating income	4,527	3,012
Non-operating expenses		
Interest expenses	2,745	3,129
Equity in losses of affiliates	—	1,690
Miscellaneous expenses	1,328	1,570
Total non-operating expenses	4,073	6,391
Ordinary income	124,826	138,447
Extraordinary income		
Gain on sales of investment securities	—	317
Reversal of allowance for doubtful accounts	—	5,309
Total extraordinary income	—	5,626
Extraordinary loss		
Loss on valuation of investment securities	351	—
Total extraordinary losses	351	—
Income before income taxes and minority interests	124,475	144,073
Income taxes-current	46,168	39,351

(Amount Unit :Millions of yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009
Income taxes-deferred	5,282	17,075
Total income taxes	51,451	56,427
Minority interests in income	567	1,228
Net income	72,455	86,417

(3) Consolidated statements of cash flows

(Amount Unit :Millions of yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	124,475	144,073
Depreciation and amortization	94,309	108,434
Amortization of goodwill and negative goodwill	2,433	2,717
Loss (gain) on sales of noncurrent assets	93	(65)
Loss on retirement of noncurrent assets	4,705	2,064
Increase (decrease) in allowance for doubtful accounts	128	(5,238)
Increase (decrease) in provision for retirement benefits	(14)	223
Interest and dividends income	(830)	(770)
Interest expenses	2,745	3,129
Equity in (earnings) losses of affiliates	(22)	1,690
Loss (gain) on sales of investment securities	8	(317)
Loss (gain) on valuation of investment securities	351	—
Increase (decrease) in provision for point card certificates	5,688	4,799
Decrease (increase) in prepaid pension costs	718	1,034
Decrease (increase) in notes and accounts receivable-trade	21,762	13,454
Decrease (increase) in inventories	(21,611)	19,160
Increase (decrease) in notes and accounts payable-trade	(8,442)	(19,892)
Increase (decrease) in accounts payable-other	(33,504)	(43,972)
Increase (decrease) in accrued expenses	(1,786)	725
Increase (decrease) in advances received	6,354	3,470
Other, net	(24,897)	(27,137)
Subtotal	172,667	207,584
Interest and dividends income received	1,272	1,546
Interest expenses paid	(2,044)	(2,481)
Income taxes paid	(76,823)	(115,686)
Net cash provided by (used in) operating activities	95,071	90,963
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(104,214)	(102,353)
Proceeds from sales of property, plant and equipment	305	75
Purchase of intangible assets	(21,294)	(26,262)
Purchase of investment securities	(1)	—
Proceeds from sales of investment securities	69	400
Purchase of stocks of subsidiaries and affiliates	(5,003)	(15,233)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(36,027)	(17,090)
Purchase of long-term prepaid expenses	(4,300)	(7,160)
Other, net	496	131
Net cash provided by (used in) investing activities	(169,970)	(167,493)

(Amount Unit :Millions of yen)

	Three months ended June 30, 2008	Three months ended June 30, 2009
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	32,031	(34,552)
Proceeds from long-term loans payable	30,000	29,500
Repayment of long-term loans payable	(30,372)	(5,358)
Proceeds from issuance of bonds	70,000	50,000
Redemption of bonds	—	(19,800)
Purchase of treasury stock	(1,609)	—
Cash dividends paid	(23,979)	(24,035)
Cash dividends paid to minority shareholders	(463)	(530)
Other, net	(5)	(726)
Net cash provided by (used in) financing activities	75,600	(5,503)
Effect of exchange rate change on cash and cash equivalents	(1,852)	523
Net increase (decrease) in cash and cash equivalents	(1,151)	(81,510)
Cash and cash equivalents at beginning of period	75,545	200,310
Cash and cash equivalents at end of period [Note]	74,394	118,800

(4) Note for the assumption of going concern

None

(5) Segment information

[Business segment information]

For the three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

(Unit Amount :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	676,963	187,523	6,033	870,520	-	870,520
2) Intersegment sales	2,799	19,712	9,255	31,767	(31,767)	-
Total	679,762	207,236	15,288	902,288	(31,767)	870,520
Operating expenses	540,608	222,112	15,482	778,202	(32,055)	746,146
Operating income (loss)	139,154	(14,875)	(193)	124,085	288	124,373

For the three months ended June 30, 2009 (April 1, 2009 to June 30, 2009)

(Unit Amount :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	660,033	185,954	7,742	853,729	-	853,729
2) Intersegment sales	3,148	21,213	11,321	35,683	(35,683)	-
Total	663,181	207,167	19,063	889,413	(35,683)	853,729
Operating expenses	510,637	217,885	19,111	747,634	(35,730)	711,903
Operating income (loss)	152,544	(10,717)	(48)	141,779	47	141,826

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, etc.
Fixed-line Business	Local, long-distance, and international telecommunications services, internet services, solutions services, data center services, cable television services, etc.
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 June 30, 2008 (April 1, 2008 to June 30, 2008) and the three months ended June 30, 2009 (April 1, 2009 to June 30, 2009)

Information by geographic segment is not shown because 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 June 30, 2008 (April 1, 2008 to June 30, 2008) and the three months ended June 30, 2009 (April 1, 2009 to June 30, 2009)

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

(6) Material changes in shareholders' equity

None

6. Other Information

Notes

Quarterly consolidated financial statements are prepared under the "Regulations concerning the terms, forms and preparation methods for quarterly consolidated financial statements" (Rule No. 64 of the Cabinet Office, Government of Japan of 2007, herein after "Regulations for quarterly consolidated financial statements"), and in accordance with these regulations and the "Rules for telecommunications business accounting" (Ministerial Ordinance of Ministry of Posts and Telecommunications No. 26 of 1985).
The consolidated financial statements for the three months ended June 30, 2008 (April 1, 2008 to June 30, 2008) were prepared under the pre-revision Regulations for quarterly consolidated financial statements and Rules for telecommunications business accounting. The consolidated financial statements for the three months ended June 30, 2009 (April 1, 2009 to June 30, 2009) are prepared under the revised Regulations for quarterly consolidated financial statements and Rules for telecommunications business accounting.

(Related to Consolidated Balance Sheets)

As of June 30, 2009			As of March 31, 2009		
Note 1	The accumulated depreciation on property, plant and equipment was ¥2,840,832 million.		Note 1	The accumulated depreciation on property, plant and equipment was ¥2,767,559 million.	
2	Contingent liabilities		2	Contingent liabilities	
	(1) Guarantor liabilities, etc			(1) Guarantor liabilities, etc	
	[As a guarantor for office lease contract of:]			[As a guarantor for office lease contract of:]	
	KDDI America, Inc. etc.	¥428M		KDDI America, Inc. etc.	¥459M
	(liabilities denominated in foreign currencies included)	US$4M		(liabilities denominated in foreign currencies included)	US$4M
	[As a guarantor for loans of:]			[As a guarantor for loans of:]	
	Kita Cable Network, Inc.	¥309M		Kita Cable Network, Inc.	¥328M
	(2) Contingent liabilities existing in cable system supply contract	¥4,800M		(2) Contingent liabilities existing in cable system supply contract	¥4,958M
	(liabilities denominated in foreign currencies included)	US$50M		(liabilities denominated in foreign currencies included)	US$50M
	(3) Contingent liabilities resulting from the liquidation of Minex Corporation	¥554M		(3) Contingent liabilities resulting from the liquidation of Minex Corporation	¥566M
	(liabilities denominated in foreign currencies included)	US$5M		(liabilities denominated in foreign currencies included)	US$5M
3	Assets pledged as collateral and liabilities with collateral: In compliance with the provisions of Article 4 of the Supplementary Provisions to the Law Concerning the Rationalization of Regulations in the Telecommunications Field, the total assets of the Company have been pledged as general collateral for corporate bonds issued.		3	Assets pledged as collateral and liabilities with collateral: In compliance with the provisions of Article 4 of the Supplementary Provisions to the Law Concerning the Rationalization of Regulations in the Telecommunications Field, the total assets of the Company have been pledged as general collateral for corporate bonds issued.	
	Bonds	¥20,000M		Bonds	¥20,000M
				Current portion of noncurrent liabilities	¥19,800M

(Related to Consolidated Statement of Cash Flows)

Three months ended June 30, 2008			Three months ended June 30, 2009		
Note	Relationship between quarter-end balance of cash and cash equivalents and items presented in quarterly consolidated balance sheets as of June 30, 2008		Note	Relationship between quarter-end balance of cash and cash equivalents and items presented in quarterly consolidated balance sheets as of June 30, 2009	
	Cash and deposits account	¥75,375M		Cash and deposits account	¥94,771M
	Securities account	¥298M		Securities account	¥24,994M
	Total	¥75,673M		Total	¥119,765M
	Certificates of Deposit with terms exceeding 3 month	(¥1,278M)		Certificates of Deposit with terms exceeding 3 month	(¥965M)
	Cash and cash equivalents	¥74,394M		Cash and cash equivalents	¥118,800M

(Related to per Share Information)

1. Net assets per share

As of June 30, 2009		As of March 31, 2009	
Net assets per share	¥428,683.48	Net assets per share	¥413,339.32

2. Net income per share etc.

Three months ended June 30, 2008	Three months ended June 30, 2009
Net income per share ¥16,244.12 Diluted net income per share is not given as the Company has no potential stocks with dilution effect.	Net income per share ¥19,401.68 Diluted net income per share is not given as the Company has no potential stocks with dilution effect.

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

	Three months ended June 30, 2008	Three months ended June 30, 2009
Net income per share for the quarter		
Net income for the quarter (millions of yen)	72,455	86,417
Amount not belonging to common shareholders (millions of yen)	-	-
Net income for the quarter related to common stock (millions of yen)	72,455	86,417
Number of weighted average common shares outstanding during the quarter	4,460,426	4,454,113
Overview of potential stock not included in calculation of diluted net income per share because the stock have no dilution effect, despite material changes since the end of the previous fiscal year.	-	-