

Report Summary for 3rd Quarter, Fiscal Year Ending March 2012
[Japanese GAAP] (Consolidated)

January 25, 2012

Company Name: Okinawa Cellular Telephone Company

Stock Listing: Osaka SE

Code No. : 9436

 URL: http://www.au.kddi.com/okinawa_cellular/index.html

President : Hiroshi Kitagawa

For Inquiries : Hiroki Kuniyoshi, Manager, Corporate Management Department

Tel: (098) 860-3608

Date on which the quarterly report is to be submitted : February 1, 2012

Date of Commencement of Dividend Payment: —

Preparation of additional explanatory materials related to the quarterly financial statements: Yes

Quarterly results briefing session: Yes

(Figures rounded off to nearest million yen.)

1. Consolidated Financial Results for 3rd Quarter, FY Ending March 2012 (Apr. 1, 2011 – Dec. 31, 2011)

(1) Consolidated Results of Operation (percentage shows increase/decrease from the same quarter of the previous fiscal year)

	Operating Revenues		Operating Income		Recurring Profits		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
3 rd Quarter, FY ending Mar. 2012	36,681	3.7	6,672	(4.0)	6,688	(4.1)	4,124	(7.8)
3 rd Quarter, FY ended Mar. 2011	35,355	—	6,950	—	6,975	—	4,472	—

 (Reference) Comprehensive income : 3rd Quarter, FY ending Mar. 2012: 4,209 million yen (−6.6%)

 3rd Quarter, FY ended Mar. 2011: 4,505 million yen (−%)

	Net Income Per Share	Diluted Net Income Per Share
	yen	yen
3 rd Quarter, FY ending Mar. 2012	15,083.30	—
3 rd Quarter, FY ended Mar. 2011	16,356.68	—

(Note) As consolidated financial statements have been prepared for the first time starting 1Q of FY 2011, the rate of year-on-year increase/decrease for 3Q of FY 2011 have not been indicated.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Capital adequacy ratio
	million yen	million yen	%
3 rd Quarter, FY ending Mar. 2012	58,942	47,701	79.2
FY ended Mar. 2011	57,926	45,597	77.0

 (Reference) Capital adequacy : 3rd Quarter, FY ending Mar. 2012 : 46,656 million yen FY ended Mar. 2011 : 44,629 million yen

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year End	Entire FY
	yen	yen	yen	yen	yen
FY ended Mar. 2011	—	3,750.00	—	3,850.00	7,600.00
FY ending Mar. 2012	—	3,850.00	—		
FY ending Mar. 2012 (Project)				3,850.00	7,700.00

(Note) Revision made to recently announced dividend forecast: None

3. Consolidated Financial Results Forecast for FY Ending March 2012 (Apr. 1, 2011 – Mar. 31, 2012)

(Percentage shows increase/decrease from previous term)

	Operating Revenues		Operating Income		Recurring Profits		Net Income		Net Income Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Entire FY	49,000	4.6	7,700	(10.5)	7,700	(10.7)	4,600	(7.6)	16,823.93

(Note 1) Revision made to recently announced business performance forecast: Yes

4. Other

- (1) Significant changes to subsidiary companies during this cumulative quarterly consolidated accounting term (specific changes to subsidiary companies with a change in the scope of consolidation): None
New (- company) (Name:) Removed (- companies) (Name:)
- (2) Application of special accounting practices to consolidated quarterly financial statements: None
- (3) Changes to accounting policy, or changes to estimates or restatements due to accounting issues
- 1) Changes to accounting policy due to a revision in accounting standards etc.: None
 - 2) Changes to accounting policy due to reasons other than point 1): None
 - 3) Changes to estimates due to accounting issues: None
 - 4) Restatements: None
- (4) Number of shares issued (common stock)
- 1) Outstanding shares at end of term (including treasury shares)
Third quarter of FY ending March 2012: 273,420 shares, FY ended March 2011: 273,420 shares
 - 2) Number of treasury shares at end of term
Third quarter of FY ending March 2012 – shares, FY ended March 2011 – shares
 - 3) Average shares during the term (cumulative for all quarters)
Third quarter of FY ending March 2012: 273,420 shares, Third quarter of FY ended March 2011: 273,420 shares

※ Notice Related to the Status of Implementation of Quarterly Review Procedures

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Act, but at the time of disclosure of these quarterly financial statements, we have not completed the review process for the quarterly consolidated financial statements.

※ Appropriate Use of Business Forecasts, and Other Notes of Special Interest

Business performance forecasts for FY12, ending March 2012, have changed from those published in the "Report Summary for 3rd Quarter, Fiscal Year Ending March 2012 (Consolidated)" (dated 21 October, 2011).

Details regarding future prospects, such as the business performance outlook, offered in this document, are based on information available to the company at the present time, and certain assumptions deemed to be reasonable. The actual results may differ materially from the projections depending on various factors. For more information on the assumptions on which the forecasts are based and for points to note in putting such forecasts to use, please see section "(3) Qualitative Information on Consolidated Operating Results Forecast " on page 10.

1. Qualitative Information on 3rd Quarter

(1) Qualitative Information on Consolidated Operating Results

1) Business Results and Other Overviews

Although the Japanese economy is still facing difficulties in the wake of the Great East Japan Earthquake, but continues to show some signs of recovery.

In Okinawa prefecture, our area of operation, the prefectural economy, centered on personal consumption and tourism, is gradually recovering as the economic impact of the earthquake eases.

In the meantime, there has been a clear shift from conventional mobile handsets to smartphones in the mobile communications business. All companies, including ours, are enhancing their sales of smartphones, and competition between providers is intensifying.

Furthermore, in the fixed-line communications business, the expansion of broadband services has led to tie-ins not just with conventional fixed-line phones, but with image distribution services and mobile phone services. We have also seen a trend towards competitive pricing, and the business environment continues to change rapidly.

Against this backdrop, our operating results for the whole group at the end of 3Q of the March 2012 period (1 April 2011 to 31 December 2011) are as follows:

	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2010 – Dec. 31, 2010)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2011 – Dec. 31, 2011)	Increase/ Decrease	the rate of change
Operating Revenues (thousand yen)	35,355,295	36,681,006	1,325,711	3.7%
Operating expenses (thousand yen)	28,404,547	30,008,091	1,603,543	5.6%
Operating Income (thousand yen)	6,950,747	6,672,915	(277,832)	(4.0) %
Recurring Profits (thousand yen)	6,975,311	6,688,122	(287,188)	(4.1) %
Net Income (thousand yen)	4,472,242	4,124,074	(348,167)	(7.8) %

Despite a decline in revenues due to the decrease in ARPU[1], operating revenues in the cumulative 3Q consolidated accounting term increased by 1,325,711 thousand yen (3.7% increase) compared with the previous period to 36,681,006 thousand yen thanks to an even greater increase in revenues resulting from an increase in the number of handsets shipped and an expansion of our client base for “au HIKARI Chura.”

Operating expenditure also increased by 1,603,543 thousand yen (5.6% increase) year-on-year to 30,008,091 thousand yen due to an increase in the cost of goods sold and sales commissions as well as sales-related expenditure for “au HIKARI Chura.”

As a result of the above, operating income decreased by 277,832 thousand yen (4.0% decrease) compared with the previous term to 6,672,915 thousand yen, while recurring profits decreased by 287,188 thousand yen (4.1% decrease) compared with the previous term to 6,688,122 thousand yen, and net income for the quarter decreased by 348,167 thousand yen (7.8% decrease) compared with the previous term to 4,124,074 thousand yen.

[1] ARPU (Average Revenue Per Unit): the average monthly income derived from each contract, calculated on the basis of both voice and data services.

2) Business-Wise Performance

Business-wise performances for the 3rd Quarter, Current Fiscal Year are as follows:

	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2010 – Dec. 31, 2010)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2011 – Dec. 31, 2011)	Increase/ Decrease	the rate of change
Mobile Telecommunications Business				
Operating Revenues (thousand yen)	33,868,144	34,950,412	1,082,298	3.2%
Operating expenses (thousand yen)	26,723,827	28,086,857	1,363,029	5.1%
Operating Income (thousand yen)	7,144,286	6,863,555	(280,731)	(3.9) %
Fixed-Line Telecommunications Business				
Operating Revenues (thousand yen)	1,939,762	2,256,593	316,831	16.3%
Operating expenses (thousand yen)	2,073,343	2,400,353	327,010	15.8%
Operating Income (thousand yen)	(133,581)	(143,759)	(10,178)	—
Other Businesses				
Operating Revenues (thousand yen)	1,879	6,557	4,678	248.9%
Operating expenses (thousand yen)	61,920	53,565	(8,354)	(13.5) %
Operating Income (thousand yen)	(60,041)	(47,008)	13,033	—

<<Mobile Telecommunications Business>>

With operating revenues, despite a decline in revenues due to the decrease in ARPU by 7.7% year-on-year amid greater penetration of inexpensive price plans and discount services in response to diversifying customer needs, operating revenues in the cumulative 3Q consolidated accounting term increased by 1,082,298 thousand yen (3.2% increase) year-on-year to 34,950,412 thousand yen, thanks to an even greater increase in revenues resulting from a 5.1% year-on-year increase in the total number of subscriptions and a 17.8% year-on-year increase in the number of handsets shipped as a result of an increase in the handset upgrade rate.

Despite a decrease in communication facility usage charges as providers lower their access charges, and in lower communication operating charges as a result of the launch of “WEB de Seikyu-sho” online billing statements, operating expenditure increased by 1,363,029 thousand yen (5.1% increase) year-on-year to 28,086,857 thousand yen owing to an increase in cost of goods sold and sales commissions as a result of an increase in the number of handsets shipped, as well as higher data facility usage charges and transmission line usage charges resulting from an increase in data traffic.

As a result of the above, operating income decreased by 280,731 thousand yen (3.9% decrease) compared with the previous term to 6,863,555 thousand yen.

In terms of capital investment, we carried out new and additional construction to the wireless base stations with the frequency realignment, resulting in the total capital investment during the cumulative 3Q consolidated accounting term to 4,028,916 thousand yen.

< Number of subscribers / handsets shipped >

	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2010 – Dec. 31, 2010)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2011 – Dec. 31, 2011)	Increase/ Decrease	the rate of change
Net additions	10,700	16,900	6,200	57.3%
Total subscribers	512,000	538,000	26,000	5.1%
CDMA 1X WIN	463,200	526,300	63,100	13.6%
Number of handsets shipped	138,800	163,500	24,700	17.8%

Note 1) Net increase in subscriptions and the total number of subscriptions include subscriptions to communication module services as well.

Note 2) Net increase in subscriptions and the total number of subscriptions have been rounded off to the nearest hundred.

Note 3) The number of handsets shipped has been rounded off to the nearest hundred.

< Churn rate, Model change rate, ARPU >

	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2010 – Dec. 31, 2010)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2011 – Dec. 31, 2011)	Increase/ Decrease	the rate of change
Churn rate [2] (%)	0.48	0.45	(0.03) point	
Model change rate [3] (%)	2.36	2.64	0.28 point	
Total ARPU (yen)	5,617	5,185	(432)	(7.7) %
Voice ARPU (yen)	3,529	2,931	(598)	(16.9) %
Data ARPU (yen)	2,088	2,254	166	8.0%

[2] Churn rate: the total number of cancellations during the relevant period divided by the total number of subscribers at the end of the previous month of the same period.

[3] Model change rate: the total number of upgrades during the relevant period divided by the total number of subscribers at the end of the previous month of the same period.

Business performance during the current quarter: a fuller lineup of au mobile handsets and relevant services, and the improvement of network quality, resulted in the total number of subscriptions increasing by 26,000 (5.1% increase) to 538,000 subscriptions year-on-year.

The churn rate decreased by 0.03 point year-on-year to 0.45%, due to a decrease in customer migration to other carriers, despite greater fluidity in the market amid more intense competition among providers.

The handset upgrade rate increased by 0.28 points year-on-year to 2.64% as a result of migrations to mobile handsets compatible with the frequency realignment as well as our enhanced lineup of smartphones.

ARPU decreased by 432 yen (7.7% decrease) year-on-year to 5,185 yen. Voice ARPU decreased by 598 yen (16.9% decrease) year on year to 2,931 yen, with major factors including the impact of reductions in connection charges and an increase in the component ratio of Simple Plans with low monthly basic charges, along with an increase in the “monthly discounts” in which basic charges are discounted by a certain amount each month depending on the handset. Data ARPU increased by 166 yen (8.0% increase) year-on-year to 2,254 yen thanks to the increase in the number of smartphone subscribers and the increase in the subscription ratios of the Packet Communication Flat Rate service.

<Main Topics of Mobile Telecommunications Business > (October 1, 2011 – December 31, 2011)

(au product lineup)

•Smartphones

We launched seven models of smartphones, including “DIGNO ISW11K”, a WiMAX[4]-equipped waterproof smartphone with Osaifu-Keitai®[5], infrared, “Sugu-moji (Instant Text)”, in-camera and other features in a slim design that measures just 8.7mm thick; “ARROWS Z ISW11F”, a waterproof, dustproof smartphone with WiMAX, a dual-core CPU and a 4.3-inch high-resolution display; “MEDIAS® BR IS11N[6]”, a compact-sized waterproof, dustproof smartphone with seven colors of twinkling lights; and “AQUOS PHONE IS14SH[7]”, a sliding smartphone with a keypad.

•iPhone

We launched sales of the “iPhone 4S[8]”. Thanks to our 3G network, users can enjoy the amazing features of the “iPhone 4S” anytime, anywhere without stress.

•au mobile phones

We launched two new models: the “URBANO AFFARE”, a waterproof phone with a sophisticated design that prioritizes ease of use, and “F001”, a waterproof, dustproof phone with a 13 megapixel camera equipped with high-speed continuous shooting that can be activated in as little as half a second.

•Data handsets

We launched the “Wi-Fi WALKER DATA08W”, a mobile router that supports both WiMAX and 3G and can automatically switch between the two services depending on your usage area.

(Charges and Discounts)

- We started the "WIN Single-Teigaku WiMAX (Simple)", which enhances our already wide 3G service area with support for download speeds of up to 40Mbps within the WiMAX service area at a monthly rate of 5,460 yen. We also began providing the "WIN Single-Teigaku (WiMAX) Cost-Saving Discount", a discount of 1,050 yen per month from monthly charges for up to 25 months (including first month of contract) with purchase of an eligible device.

(New Services)

- We launched “Anshin Security Pack”, a total-support service for smartphones to give customers peace of mind.

[4] "WiMAX" is a trademark or registered trademark of WiMAX Forum.

[5] “Osaifu-Keitai” is a registered trademark of NTT DOCOMO, INC.

[6] "MEDIAS" is a trademark or registered trademark of NEC CASIO Mobile Communications, Ltd.

[7] “AQUOS” and “AQUOS PHONE” are the trademarks or registered trademarks of Sharp Corporation.

[8] "iPhone" is a trademark of Apple Inc. The "iPhone" trademark is used under license from Aiphone Co., Ltd.

<<Fixed-Line Telecommunications Business>>

Operating revenues in the cumulative 3Q consolidated accounting term increased by 316,831 thousand yen (16.3% increase) year-on-year to 2,256,593 thousand yen thanks to the expansion of “au HIKARI Chura” customer base.

Operating expenditure rose by 327,010 thousand yen (15.8% increase) year-on-year to 2,400,353 thousand yen due to operating systems enhancement and an increase in expenditure associated with sales resulting from an increase in new subscribers. The overall result was an operating loss of 143,759 thousand yen.

In terms of capital investment we expanded the optical infrastructure for “au HIKARI Chura” etc., resulting in a total capital investment during the cumulative 3Q consolidated accounting term of 880,063 thousand yen.

< Number of subscribers >

	3 rd Quarter, Previous Fiscal Year (As of Dec.31, 2010)	3 rd Quarter, Current Fiscal Year (As of Dec.31, 2011)	Increase/ Decrease	the rate of change
FTTH total subscribers	5,200	11,900	6,700	127.6%

Note 1) The number of subscribers has been rounded off to the nearest hundred.

Note 2) The number of FTTH subscriptions includes both subscriptions to “au HIKARI Chura” and subscriptions to “Hikarifuru.”

< au HIKARI Chura >

	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2010 – Dec. 31, 2010)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2011 – Dec. 31, 2011)	Increase/ Decrease	the rate of change
Net additions	3,300	6,200	2,900	85.9%
Home	2,500	4,100	1,700	68.0%
Apartment	900	2,100	1,200	136.0%
Total subscribers	3,500	11,100	7,600	219.0%
Home	2,500	7,600	5,100	202.1%
Apartment	900	3,400	2,500	264.4%
Churn rate (%)	0.42	0.69	0.27 point	—
Home	0.38	0.59	0.21 point	—
Apartment	0.52	0.93	0.41 point	—
ARPU (yen)	5,052	4,937	(115)	(2.3) %
Home	5,657	5,577	(80)	(1.4) %
Apartment	3,537	3,423	(114)	(3.2) %

Note 1) Of the FTTH services, the situation with regards to “au HIKARI Chura” is presented here.

Note 2) Net increase in subscriptions and the total number of subscriptions have been rounded off to the nearest hundred.

<Main Topics of Fixed-Line Telecommunications Business > (October 1, 2011 – December 31, 2011)

- We began providing the "au HIKARI Chura" service in selected regions of Uruma City, Okinawa Prefecture (Gushikawa, Kawata, Suzaki, Maehara, Enobi, and Konbu).

(2) Qualitative Information of the Company's Financial Status

1) Consolidated Financial Position

< Assets, Liabilities, and Net Assets >

	Previous Fiscal Year (As of March 31, 2011)	3 rd Quarter Closing, Current Fiscal Year (As of Dec.31, 2011)	Increase/ Decrease	the rate of change
Total Assets (thousand yen)	57,926,857	58,942,998	1,016,140	1.8%
Total Liabilities (thousand yen)	12,329,354	11,241,146	(1,088,207)	(8.8) %
Interest-bearing Liabilities (thousand yen)	2,680,639	2,370,667	(309,971)	(11.6) %
Total Net Assets (thousand yen)	45,597,503	47,701,851	2,104,347	4.6 %
Capital adequacy ratio (%)	77.0%	79.2 %	2.2 point	

Despite a decrease in short-term loans to related companies, assets at the end of the cumulative 3Q consolidated accounting term increased by 1,016,140 thousand yen (1.8% increase) year-on-year to 58,942,998 thousand yen compared with the end of the previous consolidated accounting period as a result of an increase in tangible fixed assets due to capital investment and in accounts receivable due to the installment-based sale of mobile phones.

Liabilities decreased 1,088,207 thousand yen (8.8% decrease) year-on-year to 11,241,146 thousand yen compared with the end of the previous consolidated accounting period due to a decrease in long-term loans, accounts payable-others and income taxes payable, despite an increase in accounts payable-trade.

Despite the payment of dividends, net assets at the end of the current consolidated accounting period increased 2,104,347 thousand yen (4.6% increase) to 47,701,851 thousand yen compared with at the end of the previous consolidated accounting period due to an increase in earnings retained, as the group posted a net profit for the quarter.

As a result of all the above, the capital adequacy ratio increased from 77.0% as of the end of the previous consolidated accounting period to 79.2%.

2) Cash flows

	3 rd Quarter, Previous Fiscal Year (Apr. 1, 2010 - Dec. 31, 2010)	3 rd Quarter, Current Fiscal Year (Apr. 1, 2011 - Dec. 31, 2011)	Increase/ Decrease
Cash Flows from Operating Activities (thousand yen)	6,578,455	6,301,534	(276,921)
Cash Flows from Investing Activities (thousand yen)	(4,960,214)	(3,558,224)	1,401,989
Cash Flows from Financing Activities (thousand yen)	(2,357,725)	(2,411,932)	(54,207)
Net decrease in Cash and Cash Equivalents (thousand yen)	(739,483)	331,377	1,070,860
Cash and Cash Equivalents at Beginning of Period (thousand yen)	2,643,667	1,760,900	(882,766)
Cash and Cash Equivalents at End of Period (thousand yen)	1,904,183	2,092,278	188,094
Free Cash Flow (thousand yen)	1,618,241	2,743,309	1,125,068

Note) Free cash flow is the total of "Cash flows from operating activities" and "Cash flows from investment activities."

Cash and cash-equivalents as of the end of the current consolidated for 3rd Quarter were 2,092,278 thousand yen, while free cash flow amounted to 2,743,309 thousand yen. The various cash flows during the current consolidated 3rd Quarter were as follows:

(Cash flows from operating activities)

Cash flows from operating activities posted a 276,921 thousand yen decrease in income compared with the previous cumulative 3Q consolidated accounting term to 6,301,534 thousand yen owing to a decrease in net profits for the quarter before taxes and other adjustments and an increase in notes and accounts receivable as well as an increase in the amount of corporate taxes, etc., paid, despite a decrease in inventory.

(Cash flows from investing activities)

Cash flows from investing activities resulted in a decrease in expenditure by 1,401,989 thousand yen compared with the previous cumulative 3Q consolidated accounting term to an expenditure of 3,558,224 thousand yen, due to the increase in income through the recovery of short-term loans to KDDI Corporation and decrease in expenditures from the acquisition of tangible fixed assets.

(Cash flows from financing activities)

Cash flows from financing activities resulted in an increase in expenditure by 54,207 thousand yen compared with the cumulative 3Q consolidated accounting term for the previous year to 2,411,932 thousand yen as a result of an increase in the payment of dividends.

(3) Qualitative Information on Consolidated Operating Results Forecast

We have revised (see below) our consolidated business performance forecasts for the entire year FY12 (April 1, 2011 to March 31, 2012), which was published on October 21, 2011 in our “Report Summary for 2nd Quarter, Fiscal Year Ending March 2012 (Consolidated),” based on recent business performance trends..

<<Consolidation>>

<Summary of Consolidated Business Performance Forecasts>

	Last published forecast (Announced October 21, 2011) (A)	Current revised forecast (B)	Increase/Decrease (B - A)	the rate of change	(For reference) Previous FY results
Operating Revenues (million yen)	46,900	49,000	2,100	4.5%	46,837
Operating Expenses (million yen)	38,400	41,300	2,900	7.6%	38,238
Operating Income (million yen)	8,500	7,700	(800)	(9.4)%	8,599
Recurring Profits (million yen)	8,500	7,700	(800)	(9.4)%	8,624
Net Income (million yen)	5,400	4,600	(800)	(14.8)%	4,978

Operating revenues were revised upward from previous projections by 2,100 million yen (4.5% increase) to 49,000 million yen owing to a projected increase in the number of handsets shipped and a higher-than-expected number of new subscriptions and handset upgrades thanks to enhancement of our smartphone lineup and services in our mobile communications business.

With regard to operating expenditure, the cost of goods sold is expected to increase with an increase in the number of handsets shipped in the mobile telecommunications business, and so are the sales commissions to our distributing agents. We, therefore, expect to revise our previous forecast taking into account the 2,900 million yen increase (7.6% increase) in operating expenditure to 41,300 million yen.

As a result of the above, we have revised our consolidated financial statements for the current term in terms of the following: a decrease in operating profits by 800 million yen (9.4% decrease) to 7,700 million yen, a decrease in recurring profits by 800 million yen (9.4% decrease) to 7,700 million yen, and a decrease in net profits for the term by 800 million yen (14.8% decrease) to 4,600 million yen.

Individual performance forecasts for the coming term are as follows:

<<Mobile Telecommunications Business>>

< Number of subscribers / handsets shipped >

	Last published forecast (Announced October 21, 2011) (A)	Current revised forecast (B)	Increase/Decrease (B - A)	the rate of change	(For reference) Previous FY results
Net additions	17,000	25,500	8,500	50.0%	19,900
Total subscribers	538,100	546,600	8,500	1.6%	521,100
Number of handsets shipped	173,000	217,500	44,500	25.7%	194,600

Note 1) Net increase in subscriptions and the total number of subscriptions include subscriptions to communication module services as well.

Note 2) Net increase in subscriptions and the number of subscriptions have been rounded off to the nearest hundred.

Note 3) The number of handsets shipped has been rounded off to the nearest hundred.

<Churn rate, Model change rate, ARPU>

	Last published forecast (Announced October 21, 2011) (A)	Current revised forecast (B)	Increase/Decrease (B - A)	the rate of change	(For reference) Previous FY results
Churn rate (%)	0.45	0.45	—	—	0.48
Model change rate (%)	2.07	2.65	0.58 point	—	2.46
Total ARPU (yen)	5,150	5,080	(70)	(1.4)%	5,448
VoiceARPU(yen)	2,890	2,800	(90)	(3.1)%	3,343
Data ARPU(yen)	2,260	2,280	20	0.9%	2,105

<<Fixed-Line Telecommunications Business>>

< Number of subscribers >

	Last published forecast (Announced October 21, 2011) (A)	Current revised forecast (B)	Increase/Decrease (B - A)	the rate of change	(For reference) Previous FY results
FTTH total subscribers	15,800	14,000	(1,800)	(11.4)%	6,300

Note 1) The number of subscribers has been rounded off to the nearest hundred.

Note 2) The number of FTTH subscriptions includes both subscriptions to “au HIKARI Chura” and subscriptions to “Hikarifuru.”

In the coming months, if a change in economic conditions, business competition, the success or failure of new services, and other uncertain factors liable to affect business performance arise, we will consider timely revision of our business forecasts.

(4) Risks of businesses

We would like to state, however, there are various risks involved in our business pursuits. Although we do make thorough efforts, first to prevent these risks from arising, and second to mitigate their effects by dispersal, many uncertainties still exist that may adversely affect our financial status or business performance.

These include: the fact that we may not be able to maintain/expand demand and subscription numbers for our services as much as we expect to in the face of competition from other carriers or other technologies; the fact that trade secrets, personal information, or customer information may leak out accidentally, or our services may be halted due to natural disasters, accidents or power supply restriction; whether the suspension of services due to accidents, natural disasters such as earthquakes, tsunamis, typhoons, and floods, and so on can be prevented; the fact that changes in telecommunications-related legislations, rules and regulations, government policy-making, public regulations, or lawsuits may bite into our profits; the fact that we may not be able to procure appropriate and adequate human resources to meet future needs; the fact the telecommunications industry may undergo a reshuffling, that we may be faced with impairment accounting, that our parent company, KDDI Corporation, may use influence that could adversely affect profits of other shareholders; and so on.