BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 12A-1168T

IN THE MATTER OF THE APPLICATION OF TOTAL CALL MOBILE, INC. FOR LIMITED DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER

STIPULATION AND SETTLEMENT AGREEMENT

Total Call Mobile, Inc. ("Total Call" or the "Company"), Trial Staff of the Public Utilities Commission of the State of Colorado ("Staff"), and the Colorado Office of Consumer Counsel ("OCC") (collectively the "Stipulating Parties" or the "Parties"), through their undersigned counsel, enter into this Stipulation and Settlement Agreement ("Stipulation" or "Stipulation and Settlement") regarding the Application filed by Total Call in the instant docket. The Parties submit this Stipulation for approval by the Colorado Public Utilities Commission (the "Commission" or the "PUC") pursuant to the Commission's Rules of Practice and Procedure, 4 CCR 723-1-1407 and 1408.

PRELIMINARY STATEMENT

1. On May 8, 1997, the Federal Communications Commission ("FCC") issued its Universal Service Report and Order, 12 FCC Rcd. 8776 (1997) ("Universal Service Order") implementing the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the "Federal Act"). The FCC provided further guidance on Eligible Telecommunications Carrier ("ETC") designation in its ETC Report and Order issued March 17, 2005, Federal-State Joint Board on Universal Service, Report and Order, 20 FCC Rcd. 6371, 6384 (2005).

2. The Universal Service Order provides that where states certify ETCs, such as is the case in Colorado, only ETCs designated by a state public utilities commission ("State Commission") shall receive federal universal service support. Under 47 U.S.C. § 214(e), a State

Commission shall, upon its own motion or upon request, designate a common carrier that meets the requirements set forth by the FCC as an ETC for a service area designated by the State Commission. The FCC defines a service area as a geographic area established by a State Commission for the purpose of determining universal service obligations and support mechanisms.

3. To be designated as a federal ETC under the Federal Act, a carrier must: (1) be a common carrier; (2) demonstrate an intent and ability to provision the supported services set forth in 47 C.F.R. § 54.101(a) throughout its designated service areas; and (3) demonstrate an intent and ability to advertise its universal service offerings and the charges therefor, using media of general distribution. 47 U.S.C. § 214(e); Universal Service Order, 12 FCC Rcd. at 8791.

4. The FCC's supported services, as set forth in 47 C.F.R. § 54.101(a), and which were revised on December 23, 2011, are:

a. voice grade access to the public switched telephone network or its functional equivalent;

b. minutes of use for local service without additional charge to the end user;

c. access to emergency services; and

d. toll limitation for qualifying low-income consumers.

5. On February 6, 2012, the FCC issued a Report and Order and Further Notice of Proposed Rulemaking, ("Lifeline Reform Order")[1], in which it issued blanket forbearance from the facilities-based requirement to all carriers that were seeking limited ETC designation for the

[1] *See* In the Matter of Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability through Digital Literacy Training, WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket 12-23, Report and Order and Further Notice of Proposed Rulemaking, 27 FCC Rcd. 6656 (FCC rel. Feb. 6, 2012) (Lifeline Reform Order).

purpose of offering Lifeline service only.[2] Lifeline-only ETCs are now subject to the following conditions:

a. provide Lifeline subscribers with 911/E911 access, regardless of activation status and availability of minutes;

b. provide E911-compliant handsets and replace noncompliant handsets at no additional charge; and

c. file a compliance plan with the FCC for approval that includes the procedures to enroll a subscriber in Lifeline service and for reimbursement for that subscriber, sample marketing materials, materials on initial and ongoing certification, how the carrier will offer service, the geographic areas in which it will offer service, and a detailed description of its Lifeline service plans including the rates, number of minutes and types of plans available to Lifeline subscribers.

6. In addition, the Lifeline Reform Order eliminated Link Up support for all ETCs serving non-Tribal lands.[3]

7. The Lifeline Reform Order further requires that a carrier seeking ETC designation for the purpose of offering Lifeline-only must demonstrate its technical and financial capacity to provide the supported services.[4]

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[2] *Id.* at ¶ 496.
[3] *Id.* at ¶ 245.
[4] *Id.* at ¶ 388.

8. This Commission has adopted its own rules for implementing 47 U.S.C. Section 214(e)(1)-(2) of the Federal Act which appear at 4 CCR 723-2-2180 through 2191, which rules are consistent with Section 214(e) and the FCC's rules.

9. On November 7, 2012, Total Call filed an Application ("Application") seeking designation as an ETC for the limited purpose of receiving universal service support for low-income subscribers in Colorado, Docket Number 12A-1168T. Total Call sought ETC designation for the limited purpose of offering Lifeline service to consumers who reside in the geographic service area where its underlying carrier, Sprint PCS ("Sprint"), provides coverage in the State of Colorado. Pursuant to discussions with the Commission Staff and the OCC, however, the Parties have agreed that Total Call will also seek, through this Stipulation, ETC designation for the limited purpose of offering Lifeline service to consumers who reside in the geographic services areas served by other underlying carriers contingent upon Total Call's entering into agreements with such underlying carriers to resell their services in the respective services areas and upon providing notice to the Commission at that time. A list of ILEC wire centers that comprise the current requested Total Call's service area, as well as those Total Call intends to negotiate agreements with other underlying carriers to provide resold services, is shown on Attachments 1, 2 and 3 to this Stipulation.

10. The Parties engaged in settlement discussions regarding issues raised by Total Call's Application.

11. The Parties have now reached agreement on the issues raised in this docket, as is set forth herein. This Stipulation is entered into for the purpose of avoiding the costs and risks of litigation. The Parties agree this Stipulation shall only bind the parties hereto and shall not

legally bind the Parties with respect to other applications and proceedings before the Commission other than in a subsequent proceeding to enforce the terms of this Stipulation.

AGREEMENT

WHEREFORE, based on their review of all testimony and exhibits submitted and upon their settlement discussions, the Parties hereby stipulate and agree as follows:

1. Total Call is currently a beneficial user of the Sprint PCS network, and intends to reach agreements with other wireless carriers networks to become a beneficial user of such networks.

2. Attachments 1, 2, and 3 to this Stipulation are a list of the wire centers where Total Call will offer Lifeline service throughout each entire wire center. Attachment 1 is the area where Total Call is currently able to offer Lifeline service through its underlying carrier, Sprint. Attachments 2 and 3 are the areas which Total Call is seeking designation under this Stipulation and Settlement to offer Lifeline service throughout each entire wire center contingent upon Total Call's entering into agreements with such underlying carriers and upon providing notice of such to the Commission in this docket. Total Call will provide service throughout the entirety of all wire centers listed in Attachment 1, and assuming agreements are entered into with other wireless carriers as discussed above, will also provide service throughout the entirety of all wire centers listed in Attachments 2 and 3 via resale of the respective underlying carriers that provide service in such wire centers. If and when Total Call finalizes such agreements with the underlying carriers that service the wire centers listed in Attachments 2 and 3, Total Call will provide notice to the Commission of the respective agreements and upon such notice, the Commission will automatically extend Total Call's limited designation as an ETC to those areas by adding the relevant wire centers to the Company's service area in Colorado. Total Call will

not assess roaming charges to any Lifeline subscribers for use within any of the wire centers listed in Attachments 1, 2 or 3 (note that use and service within the wire centers listed in Attachments 2 and 3 are contingent upon Total Call's securing of agreements with the underlying carriers that service those wire centers). Roaming is not allowed by Total Call in areas that are not covered by a wire center in which Total Call's underlying carriers provide service.

3. Total Call will advertise the availability of the supported services throughout its designated service areas using media of general distribution pursuant to 47 U.S.C. § 214(3)(1)(B) in a manner that is designed to reach those likely to qualify for such services. Total Call intends to use media such as newspapers of general circulation, radio, and television. In light of these obligations and the fact that Total Call does not maintain or produce a White Pages directory, the Parties agree that Total Call should be granted a permanent waiver of the portion of 4 CCR 723-2-2187 ("Rule 2187") (d)(VII) regarding the placing of consumer guide pages in the "White Pages" directory within the ETC service area as requested by Total Call.

4. Total Call seeks ETC designation for the limited purpose of providing universal service low-income Lifeline service in Colorado. Total Call is neither seeking Federal universal service high-cost support ("USF") nor Colorado high cost support mechanism ("CHCSM") in its service area.

5. Because Total Call does not seek high cost USF or CHCSM support, and for other reasons set forth in Total Call's Motion for Waiver of Certain Rules,[5] the Parties agree that it would be in the public interest and consistent with the Lifeline Reform Order[6] for Total Call to be granted a full waiver of Rule 2187(f)(II) (F), (G), (H) and (K) through (N), which would

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[5] Filed concurrently with Total Call' Application, November 7, 2012.

[6] The Lifeline Reform Order streamlined the reporting requirements for ETCs designated by the FCC and an ETC applicant is no longer required to submit a five-year network improvement plan.

otherwise require the submission of detailed information about network expansion plans paid for by high cost funds in areas where Total Call has been designated an ETC, a Colorado-specific trial balance, and a build-out plan showing Total Call's intended use of high cost funds. As to duration, the Parties agree that this waiver be in effect until either (1) Total Call provides services solely on its own network, (2) this Commission modifies Rule 2187(f)(II)(F), (G), (H) and (K) through (L) or (3) the FCC modifies its blanket forbearance of the "own facilities" requirement. The Parties also agree that the waiver of the Colorado-specific trial balance requirement in Rule 2187(f)(II)(N) should be permanent. Finally, for the reasons noted above, the Parties agree that a full waiver of Rule 2187(d)(XIII) regarding a build-out plan for universal service is warranted and should be permanently granted.

6. Total Call hereby requests a full waiver of Rule 2187(F)(II)(A) and states that the recent changes to the Lifeline program eliminated the reporting of unfulfilled requests.

7. Total Call hereby requests partial waiver of Rule 2187(F)(II)(O) that requires affidavit language concerning receipt of high cost support. Because Total Call is not seeking high cost support from the USF or CHCSM support, the Parties agree that it would be in the public interest and consistent with the Lifeline Reform Order reporting requirements to not require Total Call to attest the purposes of High Cost Support when it will not receive any such support. The Parties agree the Commission should grant this partial waiver and that Total Call will submit an affidavit attesting that all other required information provided in its annual filing is true and correct.

8. Total Call requested a waiver of Rule 2187(f)(II)(M), in its 1st amendment to application, that requires a copy of cost study, or in the alternative, copy of the line count filing made to the FCC and USAC Administrator. These filings are required for the use of high cost

funds. Total Call is not seeking high cost support, and a full waiver of the cost study or line count filing is warranted and should be permanently granted.

9. Although Total Call requested a waiver of Rule 2187(f)(II)(C) detailing outages, because Total Call is a reseller, they have agreed to record keeping and reporting of outages as described in Attachment 2(G)(4) to this Stipulation.

10. Total Call should also be granted full variance of Rule 2187(d)(III) that requires a proposed ETC to describe in its application the service area in which the Applicant seeks designation as an ETC by metes and bounds. As to duration, the Parties request that this variance be for the filing of this Application only since the metes and bounds description is information to be included in an application when filed. Sprint's and the other wireless carrier physical networks do not precisely correlate with a metes and bounds description as required by Rule 2187(d)(III). However, a list of the wire centers in Colorado where Total Call has shown an intent and ability to offer the supported services once designated as an ETC throughout the service area set forth on Attachments 1, 2 and 3.

11. Total Call anticipates entering into a wholesale agreement with other wireless carriers that would further expand their wire center coverage. Total Call agrees to notify the Commission in this docket with the additional wire center coverage shown in Attachment 2 and 3 once the wholesale agreements are finalized.

12. Total Call's Lifeline program furthers the statutory goal that basic service be available and affordable to all citizens of the state of Colorado.

13. Total Call's Lifeline product offering provides an additional choice of another provider offering Lifeline service for low-income consumers, which is a significant benefit for those consumers and is in the public interest.

14. The Parties stipulate and agree that Total Call has shown good cause that its Lifeline Basic Universal Service ("LBUS") offering as described in Attachment 4 meets all applicable state and federal requirements, that Total Call's ETC designation for Colorado low-income universal service purposes will serve the public interest, convenience and necessity, that Total Call does not receive high cost USF support in Colorado, and that Total Call's advertising adequately informs potential subscribers of the availability of Total Call's Lifeline service throughout its proposed ETC service area, and recommend that the Commission grant a full waiver of Rules 2187 (d)(III) and (f)(II)(F), (G), (H) and (K) through (N).

Federal ETC Designation For the Limited Purpose of Offering Lifeline

15. Total Call is a commercial mobile radio service ("CMRS") provider and a common carrier as defined by 47 U.S.C. § 153(10) and 47 C.F.R. § 20.9(a)(7).

16. Total Call has been granted ETC status to offer Lifeline wireless services in Kansas, Maine, Maryland, Michigan, Nevada, Texas and West Virginia, currently has applications for ETC designation pending with Arizona, Arkansas, California, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Minnesota, Missouri, Nebraska, New Jersey, North Dakota, Ohio, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Washington, Wisconsin and Wyoming. Total Call is awaiting designation as an ETC by the FCC in the states of Alabama, Connecticut, Delaware, District of Columbia, Florida, New Hampshire, New York, North Carolina, Tennessee, and Virginia.

17. Total Call has not been subject to any enforcement action at the FCC or in any state. No ETC designations held by Total Call have been rescinded, revoked, or terminated by the FCC or by any state regulatory agency. Total Call has operated in the United States since 2006 and has significant experience in providing high-quality telecommunications services. It

obtains the majority of its revenue from selling low-cost prepaid telephone services on a nationwide basis. Total Call also has the financial support of its parent company, KDDI of America, which is a subsidiary of KDDI of Japan, the second largest carrier in Japan. Total Call will not need to rely exclusively on federal USF support and will not need, and does not seek, Colorado high cost funds to provide the proposed wireless services.

18. Total Call provides each of the supported services set forth in 47 C.F.R. § 54.101(a) and has shown an intent and ability to offer those services once designated an ETC throughout the areas set forth on Attachments 1, 2, and 3 of this Stipulation.

19. Total Call will offer four LBUS Plans to eligible non-tribal Lifeline subscribers. The Parties have agreed that other Lifeline plans as described in its Application on page 4 or in FCC Compliance Plan on page 6 attached as Exhibit 5 to Total Call's Application with fewer than 250 free minutes per month (i.e. the 150 minute plan) will not be offered in Colorado. Total Call's LBUS plans described in Attachment 4 comply with Rule 2187(d)(XII); which includes free 250 minutes that do not rollover, as well as additional airtime minute packages that can exceed 950 minutes. Total Call's LBUS plans are consistent with other previously-designated ETC Lifeline-only carriers in Colorado. Total Call's Lifeline plans are available for enrollment via Total Call's website (www.totalcallmobile.com) and through Total Call's subscriber service department.

20. Total Call agrees to work with the Colorado Department of Human Services ("CDHS") regarding certification and verification of the eligibility of Lifeline subscribers. It is understood that Total Call, as a prepaid provider, will not be required to obtain or retain social security numbers of subscribers. However, in compliance with Lifeline Reform Order, Total Call will obtain and retain the last four digits of the social security number of its subscribers.

21. Total Call's LBUS plans are not offered on a distance sensitive basis and there is no additional charge for toll minutes of use. As such, toll limitation is not a concern because of the prepaid nature of this Lifeline plan. Prepaid offerings, by their very construct, act as a toll limitation mechanism; therefore, Total Call will not seek reimbursement for toll limitation.

22. The Lifeline Reform Order further requires each applicant seeking ETC designation to submit to the FCC for approval a Compliance Plan that contains the information as outlined in Section 5.c of the Preliminary Statement above.

23. On May 14, 2012, Total Call submitted a Revised Compliance Plan for FCC approval in WC Docket No. 09-197 and WC Docket No. 11-42. The Revised Compliance Plan details the verification, certification, and other anti-fraud measures Total Call will take to comply with state and federal requirements and to ensure that Lifeline support is provided only to consumers who are truly eligible. The FCC approved Total Call's Compliance Plan in its *Lifeline Reform Order* on May 25, 2012. Since it has been found to meet all of the FCC's aforementioned criteria, Total Call is entitled to the FCC's blanket forbearance from the "own facilities" requirement. Total Call's approved Revised Compliance Plan is attached as Exhibit 5 to Total Call's Application and to this Stipulation as Attachment 6.

24. The Parties stipulate and agree that with the incorporation of the agreed upon terms and conditions in Attachment 5, designating Total Call as an ETC in the study areas and wire centers set forth in Attachment 1, and contingent upon notice from Total Call in the wire centers listed in Attachments 2 and 3 serves the public interest, convenience and necessity, as required by 47 U.S.C. § 214(e)(2) and §§ 40-15-101, 40-15-501, and 40-15-502, C.R.S. The Parties further stipulate and agree that the areas shown in Attachments 1, 2 and 3 should be approved as Total Call's designated service area (subject to the conditions set forth in Paragraph

2 above) and that Total Call shall use a Lifeline Certification Form as set forth in Exhibit 1 to Total Call' approved Compliance Plan (attached hereto as Attachment 6) unless a different form is required by the Commission or CDHS in the future.

25. Without waiving any of its positions stated in this proceeding, Total Call has entered into this Stipulation with Staff and the OCC to settle this matter. The Parties have agreed to the LBUS Plans described in Attachment 4. Nothing in this Stipulation shall prohibit Total Call the flexibility to offer new service plans to eligible consumers or to permit eligible consumers to apply their Lifeline discount to bundled service plans or plans containing optional calling features. In the event Total Call offers new expanded service plans or bundled service plans in the future, these plans will be referred to herein as "Lifeline" plans. Further, the Parties stipulate and agree that Total Call shall provide its LBUS plans and any future Lifeline plans pursuant to this Stipulation (including Attachments 1 through 5). The following requirements shall apply:

A. If Total Call desires to (1) modify its existing LBUS Plans, (2) add a new Lifeline plan, (3) modify a Lifeline plan, (4) modify its Terms and Conditions, or (5) modify its Operating Procedures, (each, a "Modification"), then Total Call shall first provide the other Parties thirty-days advance written notice of the proposed Modification. If none of the Parties objects within the thirty-day notice period (the "Notice Period"), then Total Call' proposed Modification will go into effect upon the expiration of the Notice Period. However, if one or more of the Parties objects in writing to the proposed Modification and indicates to Total Call during the Notice Period that the Modification may be contrary to the public interest or disadvantageous to subscribers, then Total Call shall file an application with the Commission and obtain the Commission's approval before implementing the proposed Modification. Total Call shall also maintain Colorado-specific information on its "Terms and Conditions of Service" page on its website (www.totalcallmobile.com) that will provide interested persons with notice of any proposed modifications to its LBUS plan or any additional Lifeline plans offered to eligible subscribers.

B. If Total Call has failed to comply with paragraph A above and has implemented a Modification to the LBUS plans or any additional Lifeline plans without following the procedures described above, then upon appropriate pleading, or upon its own motion, the Commission may investigate any unnoticed or unauthorized change to Total Call's LBUS or Lifeline Plan Description, Terms and Conditions and Operating Procedures. In any such investigation, Total Call agrees to respond to requests for information from the Commission Staff. However, nothing in this Stipulation shall be construed as a waiver of any rights Total Call may have to object to such requests for information, seek to limit disclosure of privileged information, or seek to declare information as confidential. After notice to Total Call and a subsequent investigation, the Commission may find that a change is not consistent with Total Call's ETC status or results in a universal service Lifeline offering that is not eligible for universal service Lifeline funding. If Total Call does not thereafter make such changes as are necessary to bring its Lifeline offering into compliance with such requirements, Total Call understands that the Commission may revoke Total Call's ETC status.

C. The Parties agree that the Commission has authority to enforce compliance with this Stipulation pursuant to its terms and pursuant to Rule 2187 and, consistent with this Paragraph, may exercise its audit powers derived from Section 40-15-107, C.R.S., with respect to the LBUS plans or the Total Call's ETC status. Consistent with this authority, for changes to any additional Lifeline plans or implementation of new Lifeline plans, other than the LBUS Plans, Staff may investigate and obtain any necessary data through the Commission's audit powers once Staff is notified of changes. This process should work in the same manner that occurs when Staff reviews tariff filings. Staff will work cooperatively with Total Call to obtain information in order to assess whether the changes are in the public interest or may otherwise impact Total Call's eligibility to receive Lifeline funding. The investigation should be completed within the 30-day period between the notification of proposed change and Total Call's implementation of the change if the Parties reach an agreement. Total Call may not implement the proposed change if the investigation has not been completed. If there is disagreement between Staff and Total Call, any Party, or any interested person, may file a formal complaint with, or seek a declaratory ruling from the Commission. Total Call will have an opportunity to contest a Staff position that a change is not consistent with Total Call's ETC status or results in a universal service Lifeline offering that is not eligible for universal service Lifeline funding by filing (1) an application to change its LBUS Plans, or (2) a request for declaratory ruling and in each case an evidentiary hearing may be held. Finally, with regard to Lifeline plans other than the LBUS Plans, Staff may notify the FCC and Universal Service Administrator Company ("USAC") if it believes the Lifeline offering is not eligible for funding.

D. The Parties acknowledge that because Total Call is using the network of its underlying carrier, Sprint PCS (and other underlying carriers upon reaching an agreement with such carriers), throughout its designated service area, that no notice to Public Safety Answering Points ("PSAPs") is required.

E. The Parties agree that Total Call shall remit and pay the prepaid wireless E911 charge of one and four-tenths percent, as specified in C.R.S § 29-11-102.5, of $0.18 on its LBUS Plan #1 based on a value of $12.75 per month in Colorado. In the event the number of free minutes associated with the LBUS Plan #1 changes as discussed above, or with any new Lifeline Plans, the value for purposes of calculating the E911 charge shall be modified proportionately. The Parties further agree that Total Call shall remit and pay the prepaid wireless E911 charge of one and four-tenths percent of the price of each retail transaction associated with the purchase of LBUS Plans #2, #3, #4, additional minutes or data plans from Lifeline subscribers as required by C.R.S § 29-11-102.5. In the event C.R.S § 29-11-102.5 is amended to change the E911 charge, Total Call shall pay the E911 charge at the amended rate and in the same manner as its wireless Lifeline competitors. Total Call will also pay the prepaid wireless E911 charge on all prepaid and or/replenishment voice minutes sold independently of the LBUS plan as required by C.R.S. § 29-11-102.5. For prepaid minutes bundled with text messages or other services sold directly through Total Call, Total Call will pay the prepaid wireless E911 charge on the full amount of the retail transaction as required by C.R.S. § 29-11-102.5. In the event that Total Call develops a system to separate out the voice minute charges from non-voice charges at the point of sale, Total Call shall notify the Commission at least 30 days in advance of its intent to pay the prepaid wireless E911 charge only on voice minutes when bundled with text messages or other services.

F. The Parties agree that Total Call shall remit and pay the Colorado High Cost charge, at the rate then in effect, on all intrastate retail voice minute revenues (calculated based on the safe harbor percentage established by the FCC then in effect, currently 62.9 percent intrastate) from voice minutes above the free voice minutes (*e.g.* above the 250 free minutes in its LBUS Plans).

G. The Parties agree that Total Call provides all its subscribers with the ability to make and receive interexchange or toll calls through interconnection arrangements made by Total Call or its underlying providers.

H. Total Call commits to provide service throughout its designated service area as listed in Attachments 1, 2 and 3 (subject to the conditions set forth in Paragraph 2 above) of this Settlement to all subscribers making a reasonable request for service, subject to handset availability. Total Call certifies that it will provide service on a timely basis and that it will comply with the service requirements applicable to the support that it receives pursuant to 47 C.F.R. § 54.202(a)(1)(i).

I. Before offering Lifeline service in Colorado, Total Call will include its Colorado-specific information on the "Terms and Conditions of Service" page of its web site (www.totalcallmobile.com) where its Colorado offering is described, and the Commission's contact information as listed in Attachment 5 to the Stipulation for any unresolved subscriber questions or complaints.

J. To the extent the Commission subsequently adopts rules of general applicability to Lifeline ETCs that are inconsistent with some or all these provisions A through I, the provisions in the Commission's Lifeline ETC rules shall control.

GENERAL PROVISIONS

1. Without waiving any of its positions stated in this case, Total Call desires to end further uncertainty in this Docket by entering this Stipulation. Accordingly, the Parties hereby agree to be bound to the terms of this Stipulation. The Parties recognize and acknowledge that should the Commission or the FCC determine a change in the particular regulatory treatment applicable to wireless ETC designees, in further rulemakings or otherwise, any such lawful and applicable determinations would apply to Total Call.

2. This Stipulation is a settlement of disputed and compromised claims and accordingly, this Stipulation is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Stipulation.

3. All witnesses of the Parties will support all aspects of the Stipulation embodied in this document in any hearing conducted to determine whether the Commission should approve this Stipulation. Each Party also agrees that, except as expressly provided in this Stipulation, it will take no action in any administrative or judicial proceeding which would have the effect, directly or indirectly, of contravening the provisions of this Stipulation. Without prejudice to the foregoing, the Parties expressly reserve the right to advocate positions different from those stated

in this Stipulation in any proceeding other than one necessary to obtain approval of, or enforce this Stipulation or a Commission order approving this Stipulation. Nothing in this Stipulation shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Stipulation.

4. This Stipulation shall not become effective until the Commission issues a final order approving the Stipulation, which order does not contain any modification of the terms and conditions of this Stipulation that is unacceptable to any of the Parties to the Stipulation. In the event the Commission modifies this Stipulation in a manner unacceptable to any Party hereto, that Party may withdraw from the Stipulation and shall so notify the Commission and the other Parties to the Stipulation in writing within ten (10) days of the date of the Commission order. In the event a Party exercises its right to withdraw from the Stipulation, this Stipulation shall be null and void and of no effect in this or any other proceedings.

5. In the event this Stipulation becomes null and void or in the event the Commission does not approve this Stipulation, this Stipulation, as well as the negotiation undertaken in conjunction with the Stipulation, shall not be admissible into evidence in these or any other proceedings.

6. The Parties state that they have reached this Stipulation by means of a negotiated process that is in the public interest, and that the results reflected in this Stipulation are just, reasonable and in the public interest. Approval by the Commission of this Stipulation shall constitute a determination that the Stipulation represents a just, equitable, and reasonable resolution of all issues which were or could have been contested by the Parties with respect to the Total Call Application.

7. This Stipulation is an integrated agreement that may not be altered by the unilateral determination of any Party.

8. This Stipulation may be executed in separate counterparts, including facsimile. The counterparts taken together shall constitute the Stipulation. The Parties represent that the signatories, except Counsel for Staff of the Commission, to the Stipulation have full authority to bind their respective parties to the terms of the Stipulation.

WHEREFORE, the Parties respectfully submit this Stipulation for approval by the Commission and request that the Commission grant such approval.

Dated this 22nd day of March, 2013.

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LIST OF ATTACHMENTS

Attachment 1:	Total Call's Colorado designated service area with underlying provider Sprint PCS.
Attachment 2:	Total Call's Colorado designated service area contingent upon resale agreement with underlying provider Verizon Wireless
Attachment 3:	Total Call's Colorado designated service area contingent upon resale agreements with other underlying wireless providers.
Attachment 4:	Total Call's Initial Lifeline Offering
Attachment 5:	Operating Procedures
Attachment 6:	Total Call's FCC-Approved Revised Compliance Plan and Public Notice

Total Call Mobile, Inc. ETC Designation - Lifeline Only
Service Area (Sprint)

	Clli	Central Office Name	Underlying Provider
1	MNZNCOXC	Manzanola	CenturyTel of Eagle
2	PCFRCOXC	Rocky Ford (Zone 1)	CenturyTel of Eagle
3	ECKRCO	Eckert	Delta County Telecommunications Inc.
4	AFACCOMA	Air Force Academy	Qwest Corporation
5	ENWDCOAB	Aberdeen	Qwest Corporation
6	ARVDCOMA	ARVADA	Qwest Corporation
7	AURRCOMA	AURORA	Qwest Corporation
8	AURRCOMB	MONAGHAN	Qwest Corporation
9	BLDRCOGB	GUNBARREL	Qwest Corporation
10	BRFDCOMA	BROOMFIELD	Qwest Corporation
11	CLSPCOEA	COLO SPRINGS EAST	Qwest Corporation
12	CFTNCONM	CLIFTON	Qwest Corporation
13	DNVRCOCH	CAPITOL HILL	Qwest Corporation
14	DNVRCOCP	CURTIS PARK	Qwest Corporation
15	DNVRCOCW	COTTONWOOD	Qwest Corporation
16	DNVRCODC	DRY CREEK	Qwest Corporation
17	DNVRCOEA	DENVER EAST	Qwest Corporation
18	DNVRCOMA	DENVER MAIN	Qwest Corporation
19	DNVRCOMB	MONTEBELLO	Qwest Corporation
20	DNVRCONE	DENVER NORTHEAST	Qwest Corporation
21	DNVRCONO	DENVER NORTH	Qwest Corporation
22	DNVRCOOU	DENVER INT'L AIRPORT	Qwest Corporation
23	DNVRCOSE	DENVER SOUTHEAST	Qwest Corporation
24	DNVRCOSH	SMOKY HILL	Qwest Corporation
25	DNVRCOSL	SULLIVAN	Qwest Corporation
26	DNVRCOSO	DENVER SOUTH	Qwest Corporation
27	DNVRCOSW	DENVER SOUTHWEST	Qwest Corporation
28	DNVRCOWS	DENVER WEST	Qwest Corporation
29	ENWDCOMA	ENGLEWOOD	Qwest Corporation
30	ERIECOMA	ERIE	Qwest Corporation
31	FONTCOMA	FOUNTAIN	Qwest Corporation
32	FRDRCOMA	FREDERICK	Qwest Corporation
33	FTLPCOMA	FT LUPTON	Qwest Corporation
34	CLSPCO32	GATEHOUSE	Qwest Corporation
35	GLCRCOMA	GILCREST	Qwest Corporation
36	HLRSCOMA	HILLROSE	Qwest Corporation
37	LTTNCOHL	HIGHLANDS RANCH	Qwest Corporation
38	HDSNCOMA	HUDSON	Qwest Corporation
39	JHMLCOMA	JOHNSTOWN-MILLIKEN	Qwest Corporation
40	LKWDCOMA	LAKEWOOD	Qwest Corporation
41	LNMTCOMA	LONGMONT	Qwest Corporation
42	LTTNCOMA	LITTLETON	Qwest Corporation
43	MEADCOMA	MEAD	Qwest Corporation
44	NGLNCOMA	NORTHGLENN	Qwest Corporation
45	NIWTCOMA	NIWOT	Qwest Corporation
46	PRKRCOMA	PARKER	Qwest Corporation

Total Call Mobile, Inc. ETC Designation - Lifeline Only
Service Area (Sprint)

	Clli	Central Office Name	Underlying Provider
47	GRELCOJC	PARKVIEW	Qwest Corporation
48	CLSPCOPV	PIKEVIEW	Qwest Corporation
49	PTVLCOMA	PLATTEVILLE	Qwest Corporation
50	PUBLCO06	PUEBLO WEST	Qwest Corporation
51	PUBLCOMA	PUEBLO MAIN	Qwest Corporation
52	SCRTCOMA	SECURITY	Qwest Corporation
53	PUBLCOSU	SUNSET	Qwest Corporation
54	TEMACOMA	TABLE MESA	Qwest Corporation
55	WMNSCOMA	WESTMINISTER	Qwest Corporation

Total Call Mobile, Inc. ETC Designation - Lifeline Only Service Area (Verizon)			
	Clli	Central Office Name	Underlying Provider
1	AGATCOXC	Agate	Agate
2	SIMLCOXC	Simla	Big Sandy
3	BYRSCOXCDS0	Byers	Bijou
4	DRTRCOXCRS1	Deer Trail	Bijou
5	AKRONCOXC	Akron	CenturyTel of Eagle
6	CHRWCOXC	Cheraw	CenturyTel of Eagle
7	IGNCCOXC	Ignacio	CenturyTel of Eagle
8	LAVTCOXC	Leveta	CenturyTel of Eagle
9	MESACOXC	Mesa	CenturyTel of Eagle
10	WILYCOXC	Wiley	CenturyTel of Eagle
11	CRESCOXC	Crestone	Columbine
12	MOSCCOXC	Mosca	Columbine
13	CDRDCOXCRS0	Cedaredge	Delta County
14	ARRBCOXC	Arriba	Eastern Slope
15	BNNTCOXCDS0	Bennett	Eastern Slope
16	HUGOCOXCDS0	Eads	Eastern Slope
17	HUGOCOXC	Hugo	Eastern Slope
18	HUGOCOXCDS0	Kit Carson	Eastern Slope
19	WDRWCOXC	Woodrow	Eastern Slope
20	CROKCOXC	Crook	Haxtun
21	FLNGCOXC	Fleming	Haxtun
22	HAXTCOXC	Haxtun	Haxtun
23	CMRNCOXCDS0	Arrowhead	Nucla
24	NUNNCOXCDS0	Nunn	Nunn
25	HLYKCOXC	Holyoke	Phillips County
26	ANTNCOXC	Anton	Plains
27	COPECOXC	Cope	Plains
28	ECKLCOXC	Eckley	Plains
29	KIRKCOXC	Kirk	Plains
30	RGGNCOXCDS0	Roggen	Roggen
31	STBGCOXCDS0	Strasburg	Strasburg
32	WGNSCOXCDS1	Briggsdale	Wiggins
33	WGNXCOXC	Wiggins	Wiggins
34	WLRDCOXC	Willard	Willard
35	AGLRCOMA	AGUILAR	Qwest Corporation
36	AULTCOMA	AULT	Qwest Corporation
37	AVONCOMA	AVON	Qwest Corporation
38	AVDLCOMA	AVONDALE	Qwest Corporation
39	BITNCOMA	BRIGHTON	Qwest Corporation
40	BLDRCOMA	BOULDER	Qwest Corporation
41	BLFSCOMA	BLACK FOREST	Qwest Corporation
42	BRRGCOMA	BRECKENRIDGE	Qwest Corporation
43	BRSHCOMA	BRUSH	Qwest Corporation
44	BRTHCOMA	BERTHOUD	Qwest Corporation
45	CLHNCOMA	CALHAN	Qwest Corporation
46	CSRKCONM	CASTLE ROCK	Qwest Corporation

Total Call Mobile, Inc. ETC Designation - Lifeline Only Service Area (Verizon)			
	Clli	Central Office Name	Underlying Provider
47	CNCYCOMA	CENTRAL CITY	Qwest Corporation
48	CCCNCOMA	COAL CREEK CANYON	Qwest Corporation
49	CLSPCOMA	COLO SPRINGS MAIN	Qwest Corporation
50	DNVRCOCL	COLUMBINE	Qwest Corporation
51	CPMTCOMA	COPPER MOUNTAIN	Qwest Corporation
52	DELTCOMA	DELTA	Qwest Corporation
53	EATNCOMA	EATON	Qwest Corporation
54	ELZBCO01	ELIZABETH	Qwest Corporation
55	EVRGCOMA	EVERGREEN	Qwest Corporation
56	FRSCCOMA	FRISCO	Qwest Corporation
57	FTMRCOMA	FT MORGAN	Qwest Corporation
58	GLDNCOMA	GOLDEN	Qwest Corporation
59	GMFLCOMA	GREEN MOUNTAIN FALLS	Qwest Corporation
60	GRELCOMA	GREELEY	Qwest Corporation
61	FTCLCOHM	HARMONY	Qwest Corporation
62	IDSPCOMA	IDAHO SPRNGS	Qwest Corporation
63	JLBGCOMA	JULESBURG	Qwest Corporation
64	KNBGCOMA	KEENESBURG	Qwest Corporation
65	LRKSCONM	LARKSPUR	Qwest Corporation
66	LSLLCOMA	LA SALLE	Qwest Corporation
67	LIMNCOMA	LIMON	Qwest Corporation
68	LKMTCOMA	LOOKOUT MOUNTAIN	Qwest Corporation
69	MNSPCOMA	MANITOU SPRINGS	Qwest Corporation
70	MNMTCOMA	MONUMENT	Qwest Corporation
71	MRSNCOMA	MORRISON	Qwest Corporation
72	NDLDCOMA	NEDERLAND	Qwest Corporation
73	OLTHCOMA	OLATHE	Qwest Corporation
74	OVIDCOMA	OVID	Qwest Corporation
75	PLSDCOMA	PALISADE	Qwest Corporation
76	PNRSCOMA	PENROSE	Qwest Corporation
77	PYTNCOMA	PEYTON	Qwest Corporation
78	CLSPCOSM	STRATMOOR	Qwest Corporation
79	TLRDCOMA	TELLURIDE	Qwest Corporation
80	VAILCOMA	VAIL	Qwest Corporation
81	VNLDCOMA	VINELAND	Qwest Corporation
82	WGTNCOMA	WELLINGTON	Qwest Corporation
83	WLDACOMA	WELDONA	Qwest Corporation
84	WNDSCOMA	WINDSOR	Qwest Corporation

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Attachment 3

	Total Call Mobile, Inc. ETC Designation - Lifeline Only Service Area (Commnet, Union Wireless, Viaero, Strata Wireless)			
	Clli	Central Office Name	Underlying Carrier	Underlying Provider
1	BASNCOXC	Branson	Commnet	CenturyTel of Eagle
2	BRGRCOXC	Bristol-Granada	Commnet	CenturyTel of Eagle
3	CAMPCOXC	Campo	Commnet	CenturyTel of Eagle
4	CNTRCOXC	Center	Commnet	CenturyTel of Eagle
5	CREDCOXC	Creede	Commnet	CenturyTel of Eagle
6	HLLYCOXC	Holly	Commnet	CenturyTel of Eagle
7	HWRDCOXC	Howard	Commnet	CenturyTel of Eagle
8	GRNRCOXC	Gardner	Commnet	CenturyTel of Eagle
9	LJNTCOMA	Lajunta (Zone 1)	Commnet	CenturyTel of Eagle
10	LAMRCOXC	Lamar (Zone 1)	Commnet	CenturyTel of Eagle
11	LSANCOXC	Las Animas (Zone 1)	Commnet	CenturyTel of Eagle
12	MNSSCOXC	Manassa	Commnet	CenturyTel of Eagle
13	SNLSCOXC	San Luis	Commnet	CenturyTel of Eagle
14	SGCHCOXC	Saquache	Commnet	CenturyTel of Eagle
15	SPFDCOXC	Springfield	Commnet	CenturyTel of Eagle
16	TWBTCOXC	Two Buttes	Commnet	CenturyTel of Eagle
17	WCLFCOXC	Westcliffe	Commnet	CenturyTel of Eagle
18	WSTNCOXC	Weston	Commnet	CenturyTel of Eagle
19	WLSHCOXC	Walsh	Commnet	CenturyTel of Eagle
20	WLDNCOXC	Walden	Union Wireless	CenturyTel of Eagle
21	BLNCCOXC	Blanca	Commnet	Blanca Telephone
22	BELHCOXCDS0	Beulah	Commnet	Pine Drive Telephone
23	CLCYCOXC	Colorado City	Commnet	Rye Telephone
24	KIMCOXC	Kim	Commnet	Rye Telephone
25	RYECOXC	Rye	Commnet	Rye Telephone
26	CACYCOMA	CANON CITY	Commnet	Qwest
27	DLNRCOMA	DEL NORTE	Commnet	Qwest
28	FLRNCOMA	FLORENCE	Commnet	Qwest
29	MTVSCOMA	MONTE VISTA	Commnet	Qwest
30	SFRKCOMA	SOUTHFORK	Commnet	Qwest
31	TRNDCOMA	TRINIDAD	Commnet	Qwest
32	WLBGCOMA	WALSENBURG	Commnet	Qwest
33	ALMSCOMA	ALAMOSA	Viaero Wireless	Qwest
34	FWLRCOXC	Fowler	Viaero Wireless	CenturyTel of Eagle
35	ORWYCOXC	Ordway	Viaero Wireless	CenturyTel of Eagle
36	OTISCOXC	Otis	Viaero Wireless	CenturyTel of Eagle
37	YUMACOXC	Yuma	Viaero Wireless	CenturyTel of Eagle
38	PETZCOXCDS1	Peetz	Viaero Wireless	Peetz
39	CRAGCOMA	CRAIG	Union Wireless	Qwest
40	FRSRCOMA	FRASER	Union Wireless	Qwest
41	FRUTCOMA	FRUITA	Union Wireless	Qwest
42	FTCLCOMA	FT COLLINS	Union Wireless	Qwest
43	GRNBCOMA	GRANBY	Union Wireless	Qwest
44	HSSPCOMA	HOT SULPHUR SPRINGS	Union Wireless	Qwest
45	KRNGCOMA	KREMMLING	Union Wireless	Qwest
46	PACHCO01	PARACHUTE	Union Wireless	Qwest

Total Call Mobile, Inc. ETC Designation - Lifeline Only Service Area (Commnet, Union Wireless, Viaero, Strata Wireless)				
	Clli	Central Office Name	Underlying Carrier	Underlying Provider
47	DNSRCOXC	Dinosaur	Strata Wireless	CenturyTel of Eagle
48	RNGLCOXC	Rangely	Strata Wireless	CenturyTel of Eagle
49	MEKRCOMA	MEEKER	Strata Wireless	Qwest
50	HYDNCOMA	HAYDEN	Strata Wireless	Qwest
51	OKCKCOMA	OAK CREEK	Strata Wireless	Qwest

LIFELINE BASIC UNIVERSAL SERVICE OFFERING OF TOTAL CALL MOBILE, INC.

The following contains a detailed description of Total Call Mobile, Inc.'s ("Total Call") Lifeline Basic Universal Service ("LBUS") initial offering in Colorado.

A. TOTAL CALL LBUS OFFERINGS

Total Call LBUS Offerings includes the following services required under 47 C.F.R. § 54.101(a) and 4 CCR 723-2-2308(a):

1. Access to Public Switched Telephone Network and Local Usage. Total Call service includes voice grade access to the public switched telephone network or its functional equivalent and minutes of use for local service without additional charge to the end user.

2. Access to Emergency Service. Subscribers of Total Call LBUS Offerings will be able to reach a public safety answering point by dialing "911" regardless of activation status. Total Call will provide its Lifeline subscribers with 911 and E911 compliant handsets and replace non-compliant handsets at no additional charge.

3. Toll Limitation. Total Call's LBUS plans are not offered on a distance-sensitive basis and minutes are not charged separately for local or domestic long distance services. Prepaid offerings, by their very construct, act as a toll limitation mechanism.

4. Lifeline Services. Qualified low income subscribers shall receive the equivalent value of $9.25 per month (250 free voice minutes or a $10 discount on retail plans).[1]

5. Hearing Impaired. Total Call will make available services for the hearing impaired. Subscribers may contact Total Call for more information.

[1] Nothing in this Paragraph A(4) shall modify Total Call agreement in the Stipulation to remit and pay the prepaid wireless E911 charges as set forth in the Stipulation and Settlement and required by C.R.S § 29-11-102.5.

B. ADDITIONAL SERVICES WHICH ARE INCLUDED IN TOTAL CALL LBUS OFFERING

1. Free Handset to each qualifying subscriber
2. Free Voicemail[2]
3. Free Call Waiting
4. Free Caller ID
5. Free subscriber service calls by calling #611 from a Total Call handset
6. Free calls to 911 emergency services
7. Domestic long distance calls at no additional charge per minute

C. THE PRICING FOR TOTAL CALL LBUS OFFERINGS

Total Call will flow through $9.25, which includes the federal subsidy, in the form of 250 free minutes to Lifeline customer for LBUS Plan #1 or a $10.00 price reduction for LBUS Plans #2, 3, and 4.

1. Retail calling plans are pay-in-advance offerings and do not require the customer to sign a contract.

2. Long distance calls are provided at no additional charge (other than minutes used) for calls made within the United States.

3. Federal and state universal service assessments are imposed separately. The Parties agree that Total Call shall remit and pay the Colorado High Cost charge, at the rate then in effect, on all intrastate retail voice minute revenues (calculated based on the safe harbor percentage established by the FCC then in effect, currently 62.9 percent intrastate) from voice minutes above the free voice minutes (*e.g.* 250 free minutes).

4. Subscribers will not be required to pay an activation fee.

5. Subscribers will not be charged a fee for a replacement phone if the free phone it receives does not work within the first 60 days from first use. To return a phone to Total Call, Subscribers will be responsible for paying shipping costs to send the non-working phone to Total Call. If Total Call determines that the phone is not functional due to no fault of the Subscriber, Total Call will provide a basic Lifeline handset as a replacement phone to the Subscriber, and pay all shipping costs to send such phone back to the Subscriber. Subscribers may also choose to upgrade their handset from the basic Lifeline model(s) by paying an additional fee to Total Call.

[2] Calls placed to Voicemail count against the voice minutes provided by the plan.

6. Roaming is blocked on Total Call LBUS plans in areas where coverage is not available from Total Call's underlying carriers, so Lifeline customers do not incur unexpected roaming charges.

D. THE AREAS IN WHICH TOTAL CALL LBUS OFFERINGS ARE AVAILABLE, AND THE CORRESPONDING LOCAL CALLING AREAS

Total Call LBUS Offerings are available to customers within the wire centers in which Total Call has been designated as an ETC. Total Call shall not offer its LBUS plans in wire centers other than those listed in Attachments 1, 2 and 3 to the Stipulation and shall file an application with the Commission if it expands its footprint to wire centers not listed in Attachments 1, 2 and 3.

E. TOTAL CALL LBUS PLANS

Total Call shall provide the following LBUS plans to eligible Lifeline subscribers. Unused minutes or domestic Short Message Service ("SMS") text messages do not carry over to the following month except in the event of a service interruption as described in Attachment 5, ¶ G3.

250 Free Minute Plan (non-rollover) (LBUS Plan #1)
Minutes are "anytime" minutes and can be used for domestic calls, including local or intrastate/interstate long distance calls. SMS text messaging is available at a rate of one text per minute of airtime. Additional usage is $0.10 per minute and $0.05 per text message (which must be purchased by Subscribers prior to incurring such additional usage).

1,000 Talk & 1,000 Text (LBUS Plan #2)
Monthly retail plan is $29.99 per month and a $10.00 discount will apply, resulting in $19.99 charge to the Lifeline customer. Minutes expire at the end of each 30-day cycle, whether the subscriber uses the airtime minutes or not.

Unlimited Talk & Text (LBUS Plan #3)
Monthly retail plan is $39.99 per month and a $10.00 discount will apply, resulting in $29.99 charge to the Lifeline customer. This plan provides for unlimited local and domestic long distance calling and unlimited text messaging for thirty calendar days.

Unlimited Talk, Text & Data (LBUS Plan #4)
Monthly retail plan is $49.99 per month and a $10.00 discount will apply, resulting in $39.99 charge to the Lifeline customer. This plan provides for unlimited local and domestic long distance calling, unlimited text messaging and unlimited data for thirty calendar days.

Customers will be eligible to upgrade from LBUS Plan #1 to LBUS Plans #2, #3 or #4 by contacting Total Call at least 24 hours in advance of their monthly service renewal date, requesting such upgrade and paying the associated monthly service fee.

In order for the customer to continue to receive his or her designated monthly allotment provided with LBUS Plans #2, #3 or #4, the customer will be required to prepay the monthly service fee at least 24 hours in advance of their monthly service renewal date. In the event that prepayment of the monthly service fee is not received by the close of business on the day prior to the customer's monthly service renewal date, the Lifeline Plan will automatically default to the no-cost Lifeline Plan #1. Customers may reinstate Lifeline Plans #2, #3, or #4 for the following month by making payment of the service fee at least 24 hours in advance of the following month's service renewal date. In the event a customer's Lifeline service defaults to Lifeline Plan #1 and the customer chooses not to reinstate another Lifeline Plan, the customer will be subject to the federal rules related to non-usage for prepaid service as defined in Total Call's FCC Compliance Plan.

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Attachment 5

OPERATING PROCEDURES APPLICABLE TO LIFELINE BASIC UNIVERSAL SERVICE OFFERING OF TOTAL CALL MOBILE, INC.

A. ACCESS TO RECORDS.

All records required by these procedures pertaining to Total Call Mobile, Inc.'s ("Total Call") Lifeline Basic Universal Service ("LBUS") offering shall be made available to the Commission or its authorized representatives, on a confidential basis, as appropriate, at any time upon request.

B. RETENTION OF RECORDS.

Unless otherwise authorized by the Colorado Public Utilities Commission ("Commission"), all records required by these procedures pertaining to Total Calls' Lifeline offering shall be preserved for the period of time specified by Rule 4 CCR 723-2-2005 of the Rules Regulating Telecommunications Providers, Services, and Products, but in no event less than a minimum of 24 months after the date of entry of the record or for any longer period of time specified by FCC rule or order or Commission rule, whichever is longer.

C. SERVICE AREA.

Attachments 1, 2 and 3 (subject to the conditions set forth in Paragraph 2 of Settlement) to the Stipulation depict the non-rural wire centers where Total Call is designated for ETC status. Attachment 1 depicts the current wire centers that Total Call is designated for ETC status and Attachments 2 and 3 depicts those wire centers where Total Call will be designated as an ETC upon notification to the Commission that Total Call has reached an agreement with the underlying carriers that provide coverage in such wire centers to resell the services of such underlying carriers.

D. RECORDS OF COMPLAINTS.

1. Total Call shall maintain an accurate record of all oral and written complaints made by its subscribers regarding its service, or rates and charges. This record shall include the name and address of the subscriber or complainant, the time, date and nature of the complaint, the action taken to clear trouble, and the date and time of trouble clearance.

2. The record of complaints shall be categorized to indicate to Total Call and to the Commission whether any particular subscriber encounters the same difficulties frequently, in terms of complaints per month, including subscriber trouble reports, whether a large number or percentage of all complaints from different subscribers arise from the same irregularity in service, with 5 percent or more of all complaints over a three month period being considered significant, or whether some phase of the construction, equipment, maintenance or operation are causing the complaints.

3. For any unresolved complaints or subscriber questions, Total Call shall direct its personnel engaged in initial contact with an applicant or a subscriber in which dissatisfaction with the decision or explanation by the personnel is expressed, to inform the subscriber of the right to have the problem considered and acted upon by another consumer representative or supervisory personnel of Total Call. If the applicant or subscriber continues to express dissatisfaction after the supervisory personnel have addressed the problem, Total Call shall further direct the supervisory personnel to provide the complainant that they may contact the External Affairs Section of the Commission at Colorado Public Utilities Commission, Consumer Affairs, 1560 Broadway, Suite 250, Denver Colorado 80202, Phone 303-894¬2070 or 800-456-0858, fax number 303-894-2532 or by e-mail to dora_puc_complaints@state.co.us for further review of an unresolved problem. Total Call shall post on its website the contact information of the External Affairs Section of the Commission.

E. DESIGNATED SERVICE AREA.

Total Call shall file an application with the Commission for expansion of its ETC designation service area if it increases its service area beyond the boundaries of the non-rural ILEC wire centers listed in Attachment 1, 2 and 3 to this Stipulation. Absent authorization from the Commission, Total Call shall not serve eligible Lifeline subscribers in the portions of those wire centers beyond those listed in Attachments 1, 2 and 3.

F. HELD SERVICE APPLICATIONS.

1. During periods of time, if any, when Total Call may not be able to supply service to subscribers in Total Call' Designated Service Area, described in Paragraph E above, within ten calendar days of the date of approval of their eligibility by the Colorado Department of Human Services ("CDHS"), Total Call shall keep a record for its Designated Service Area showing the name and address of each applicant for service, the date of application, the class type and grade of service applied for, together with the reason for the delay in providing the service to the applicant, and the expected date of service.

2. All subscribers who have not been delivered a telephone and assigned a telephone number within ten calendar days of the date of approval of their eligibility by the CDHS shall be provided a written or email notice by Total Call, stating the order number assigned by Total Call to the application for service, the general status of the order, and a phone number to call with questions. This notice shall be postmarked or sent via email on or before the 15th day after the date of approval of their eligibility by the CDHS.

3. Under circumstances where the period to provide Lifeline service exceeds 30 calendar days after the approval of the subscriber eligibility by the CDHS, Total Call shall file a letter with the Commission stating the circumstances causing the delay, explaining whether such circumstances are beyond Total Call's control, and providing an estimate of the time necessary to provide service. This letter shall be filed with the Director by the last business day of the following month.

G. <u>SERVICE INTERRUPTIONS.</u>

General

1. Service is interrupted when it becomes unusable to the subscriber or when the subscriber is unable to transmit or receive calls due to the failure of a component of the network furnished by Total Call or provided through resale.

2. An interruption period begins when the subscriber reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

Reestablishing Service

3. Total Call will make all reasonable efforts to prevent interruptions of service that are within its control and, when interruptions do occur, reestablish service with the shortest possible delay. Total Call will make attempts to resolve emergencies at all hours, consistent with the bona fide needs of subscribers and the personal safety of Total Call' employees. In almost all cases, Total Call will take all commercially reasonable steps to reestablish service within 24 hours. If unusual repairs are required, or other factors will prevent the prompt reestablishment of service, Total Call will make reasonable efforts to contact the subscriber. In the event a Lifeline subscriber in Colorado experiences a service interruption caused by a failure of equipment under Total Call's control or under the control of Total Call's underlying facilities-based carrier, Sprint and/or other wireless carriers, for a time period that meets or exceeds eight or more hours during a continuous 24-hour period as stated in Rule 2304(b)(IV), Total Call will extend that subscriber's service for the 30-day period in which the interruption occurred day for day for a period of time equal to the loss of service for any minutes remaining at the end of the 30-day period on its LBUS plans and any additional minutes included as part of Total Call's LBUS plan.

Record Keeping and Reports

4. Total Call shall keep records regarding outages that it has knowledge of as described in Rule 2187(f)(II)(C). Total Call shall inform subscribers of the potential of future service unavailability when Total Call is experiencing or is forecasting potential service unavailability in specific areas for purposes other than outages due to routine maintenance. Services are generally available twenty-four (24) hours per day, seven (7) days per week. Total Call will make reasonable arrangements to resolve emergencies resulting from failures of service, unusual and prolonged increases in traffic, illness of personnel, fire, storm or other acts of God, and inform its employees as to procedures to be followed in the event of such emergencies in order to prevent or minimize interruptions or impairment of telecommunications service. Reports including the detailed information described in Rule 2187(f)(II)(C) shall be filed with the Commission as part of Total Call's ETC annual report, as required by Rule 2187(f)(II)(C).

H. ADVERTISING.

Total Call shall submit annual reports describing advertising materials in use in Colorado to the Commission Staff and OCC as described and required by Rule 2187(f)(II)(I).

I. NETWORK REQUIREMENTS.

Intra-LATA Interexchange Toll Dialing Pattern. Total Call will comply with all NANP dialing pattern requirements.

J. REPORTING REQUIREMENTS.

Total Call shall file the following reports with the Commission:

1. Copies of all Lifeline-related filings submitted to Federal Communications Commission (FCC) or Universal Service Administrator Company (USAC). Total Call shall file copies of all Lifeline-related FCC forms submitted to the FCC or USAC, including Form 497, with the Commission promptly after those filings occur at the FCC or USAC.

2. Annual ETC Certification. Total Call will file an annual certification that it is able to function in emergency situations, is complying with applicable service quality standards and the consumer protection rules, e.g., the CTIA consumer code for wireless service. This certification shall be filed with Total Call's annual report as required by Rule 2187(f)(II)(D) and (E).

   Quarterly Report. Total Call shall submit a quarterly report to the Commission, on a confidential basis, that will include subscriber-specific data, including subscriber name, address, and zip code, for:

a. Lifeline subscribers receiving two or more Lifeline subsidies per household in that same month from Total Call,

b. New Lifeline subscribers enrolled in Total Call's Lifeline service,

c. Lifeline subscribers removed from Lifeline service due to non-usage, and

d. Lifeline subscribers removed from Lifeline service due to ineligibility through the annual re-certification process.

K. LIFELINE NON-USAGE POLICY AND INELIGIBILITY NOTICE.

1. Total Call will identify Lifeline subscribers who have not used Total Call's Lifeline service for 60 consecutive days in accordance with Total Call's FCC Compliance Plan (p. 19-20) and will de-enroll such subscribers from Lifeline service, deactivate such accounts and cease to claim Lifeline reimbursement for such subscribers. Non-usage is determined as follows:

   a. After 60 consecutive days of non-use, Total Call contacts the subscriber, either by phone, text, email, or written notification, asking the subscriber to provide confirmation that the subscriber wishes to retain his or her Lifeline service within 30 days from the date of the notice. Subscribers are informed that failure to provide such confirmation will result in de-enrollment from the Lifeline program.

   b. If the subscriber does not respond to the notice as provided above, the subscriber is de-enrolled from the Lifeline program and Total Call does not request further Lifeline reimbursement for the subscriber from USAC or any state Universal Service Fund Administrator. Total Call will report annually to the Federal Communications Commission the number of subscribers de-enrolled for non-usage by month.

   c. During the entire 60 day period, Total Call's Lifeline subscriber's service remains active and is not suspended. In the event the subscriber's service is deactivated for non-usage as described above, access to 911 emergency services remains intact as required by the FCC's existing public safety rules and guidelines.

   d. Lifeline subscribers can "use" the service by: (1) completing an outbound call; (2) purchasing minutes from Total Call to add to the subscriber's plan; (3) answering an incoming call from a party other than Total Call; or (4) responding to a direct contact from

Total Call confirming that the subscriber wants to continue receiving the service.

2. The subscriber shall be notified in writing of Total Call's intention to discontinue Lifeline services due to the Lifeline subscriber no longer meeting the qualification criteria upon notification from CDHS. Any notice shall clearly state that the subscriber contact CDHS registration system to verify eligibility. Total Call will not seek Lifeline reimbursement from USAC upon notice from CDHS that the subscriber is no longer eligible unless the subscriber confirms eligibility with CDHS.

L. CTIA CODE OF CONDUCT.

Total Call shall comply with the principles, disclosures, and practices for wireless service provided to consumers in the Cellular Telecommunications and Internet Association's (CTIA) Consumer Code for Wireless Service. Such Code can be found at: http://files.ctia.org/pdf/The_Code.pdf.

M. SUBSCRIBER ELIGIBILITY.

1. Subscriber eligibility shall be established pursuant to a CDHS certification process and as modified by the Colorado General Assembly. Upon initial application for Total Call's Lifeline service, the subscriber must certify by his or her signature under penalty of perjury that he or she will receive Lifeline supported services only from Total Call and, to the best of his/her knowledge, no one else in his/her household is receiving Lifeline-supported service.

    a. Total Call shall require each eligible Lifeline consumer to self-certify under penalty of perjury at the time of enrollment and annually thereafter that his or her household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service;

    b. Total Call shall require each eligible Lifeline consumer at the time of application to initial on the certification form that to the best of his or her knowledge that he or she is not receiving Lifeline-supported service from any other Lifeline provider and to ensure the consumer understands that "Lifeline-supported service" is a federal subsidy and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;

    c. Lifeline service is a non-transferable benefit and the Lifeline subscriber may not transfer his or her benefit to any other person;

d. If the Lifeline subscriber moves to a new address, he or she will provide that new address to Total Call within 30 days;

e. If the Lifeline subscriber provided a temporary residential address to Total Call, he or she will be required to verify his or her temporary residential address every 90 days;[1] and,

f. The Lifeline subscriber will notify Total Call within 30 days if he or she is no longer eligible for receiving Lifeline benefits; the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.

2. Total Call shall file a copy of state-specific subscriber data, including name and address of Lifeline subscribers, to USAC, upon request, and to this Commission for the purpose of determining whether an existing Lifeline subscriber receives Lifeline service from another carrier.

3. Total Call shall immediately investigate any notification from the Commission, CDHS or USAC regarding any Lifeline subscriber receiving duplicate subsidy from another carrier or from Total Call. If it is determined that the Lifeline subscriber is receiving a duplicate subsidy, Total Call will work with the other carrier(s) to notify the subscriber of the duplicate accounts and work with the subscriber to choose only one provider of Lifeline service. Total Call shall also abide by any rules of the FCC and work with USAC and the Commission Staff to rectify any duplicate accounts. In the event the subscriber selects a carrier other than Total Call to provide Lifeline service, Total Call shall promptly remove the subscriber's Lifeline service and remove the subscriber from any USAC reimbursement.

4. Total Call shall deal directly with the subscriber and CDHS to certify and verify the subscriber's Lifeline eligibility on an annual basis.

5. Total Call shall explain in prominent, plain, easily comprehensible language to all new and potential subscribers that no consumer is permitted to receive more than one Lifeline subsidy.

6. Total Call shall ensure that all marketing materials for the service make clear that it is a Lifeline-supported service.

7. Total Call shall promptly de-enroll any subscriber whom Total Call determines is no longer eligible for Lifeline service or when Total Call is notified by CDHS that the subscriber is no longer eligible for Lifeline

[1] Total Call will comply with the temporary address rule if and when it becomes effective; as of the date of this Stipulation, this requirement has not been approved pursuant to the Paperwork Reduction Act.

service. Total Call shall promptly remove a subscriber's Lifeline service and remove the subscriber from any USAC reimbursement.

N. 911 CALLING.

1. Total Call shall provide access to 911 service. If service is disconnected or minutes are depleted, subscribers may still make 911 calls and calls to the subscriber service department number (611).

2. Total Call shall remit the appropriate wireless E911 charges in accordance with the Stipulation and Settlement and C.R.S. § 29-11-102.5(3) and provide a copy to the Commission Staff of the amount remitted at the time the payment is made. Parties agree that Total Call will separately identify the imputed amount of E911 charge on free minutes and the amount remitted on retail transactions.

O. SUBSCRIBER SERVICE ACCESS.

Subscribers will be provided a toll-free method to access Total Call' subscriber service department, available at a minimum from 8am - 5pm CST Monday through Friday by dialing #611 from a Total Call handset, and online at (www.totalcallmobile.com). Subscribers may obtain directory assistance by dialing 411 from a Total Call handset (use of directory assistance, however, will incur usage of available minutes).

P. LIMITATIONS OF LIABILITY.

Because Total Call has no control of the content of communications transmitted over its network, and because of the possibility of errors incident to the provision and use of its services, services furnished by Total Call are subject to the terms, conditions and limitations specified herein and in Total Call' Terms and Conditions of Service available at (www.totalcallmobile.com).

Q. SUBSCRIBER DISCONNECTION.

1. Total Call shall not deny or discontinue service to a subscriber without prior written notice of at least 15 days ("written notice" or "in writing" as used in this Section shall mean a message sent to the subscriber as a SMS or "text" message or in letter form printed in English and Spanish per 4 CCR 723-2- 2303(d)(II)) except for the following reasons:

   a. If a condition immediately dangerous or hazardous to life, physical safety, or property exists; or

   b. Upon order by any court, the Commission, or any other duly authorized public authority; or

c. For a violation of Total Call's terms and conditions or Commission rule that may adversely affect the safety of any person or the integrity of Total Call's service; or

d. If service was obtained fraudulently or without the authorization of the provider or is being used for, or suspected of being used for, fraudulent purposes; or

e. Obtaining service by subterfuge that includes, but is not restricted to, an application for service at a location in the name of another party.

2. If Total Call disconnects service to a Lifeline subscriber for any reasons stated above, Total Call will immediately cease seeking reimbursement from the Lifeline universal service fund for that subscriber.

PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: http://www.fcc.gov
TTY: 1-888-835-5322

DA 12-828
Release Date: May 25, 2012

WIRELINE COMPETITION BUREAU APPROVES THE COMPLIANCE PLANS OF AMERICAN BROADBAND & TELECOMMUNICATIONS, BUDGET PREPAY, CONSUMER CELLULAR, GLOBAL CONNECTION, TERRACOM AND TOTAL CALL

WC Docket Nos. 09-197 and 11-42

The Wireline Competition Bureau (Bureau) approves compliance plans of six telecommunications carriers: American Broadband & Telecommunications; Budget Prepay, Inc.; Consumer Cellular, Inc.; Global Connection, Inc. of America; TerraCom, Inc.: and Total Call Mobile, Inc. filed pursuant to the *Lifeline Reform Order* as a condition of obtaining forbearance from the facilities requirement of the Communications Act of 1934, as amended (the Act), for the provision of Lifeline service.[1]

The Act provides that in order to be designated as an eligible telecommunications carrier for the purpose of universal service support, a carrier must "offer the services that are supported by Federal universal service support mechanisms . . . either using its own facilities or a combination of its own facilities and resale of another carrier's services . . . ."[2] The Commission recently amended its rules to define voice telephony as the supported service and removed directory assistance and operator services, among other things, from the list of supported services.[3] As a result of these amendments, many Lifeline-only ETCs that previously met the facilities requirement by relying on operator services, directory assistance or other previously supported services no longer meet the facilities requirement of the Act.[4] In the *Lifeline Reform Order*, the Commission found that a grant of blanket forbearance of the facilities

[1] *See Lifeline and Link Up Reform and Modernization et al*, WC Docket No.11-42 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, at paras. 379-380 (rel. Feb. 6, 2012) (*Lifeline Reform Order*). A list of the compliance plans approved through this Public Notice can be found in the Appendix to this Public Notice.

[2] 47 U.S.C. § 214(e)(1)(A).

[3] *See Connect America Fund*, WC Docket No. 10-90 *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17692-93, paras. 77-78, 80 (2011) (*USF/ICC Transformation Order*); *pets. for review pending sub nom. In re: FCC 11-161*, No. 11-9900 (10th Cir. filed Dec. 8, 2011); *Connect America Fund*, WC Docket No. 10-90 *et al.*, Order on Reconsideration, 26 FCC Rcd 17633, 17634-35, para. 4 (2011) (*USF/ICC Transformation Order on Reconsideration*).

[4] *See Lifeline Reform Order*, FCC 12-11, at para. 366, App. A; *USF/ICC Transformation Order on Reconsideration* at para. 4. Some ETCs have included language in their compliance plans indicating that they have facilities or plan to acquire facilities in the future. *See, e.g.*, Budget PrePay, Inc. Petition for Designation as an Eligible Telecommunications Carrier, WC Docket Nos. 09-197 and 11-42, Compliance Plan of Budget PrePay, Inc. at 3 n. 6 (filed May 1, 2012). To the extent ETCs seek to avail themselves of the conditional forbearance relief established in the *Lifeline Reform Order*, we presume they lack facilities to provide the supported service under section 54.101 and 54.401 of the Commission's rules. *See* 47 C.F.R. §§ 54.101 and 54.401. Such ETCs must comply with the compliance plan approved herein in each state or territory where they are designated as an ETC, regardless of their claim of facilities for other purposes, such as eligibility for state universal service funding.

requirement, subject to certain public safety and compliance obligations, is appropriate for carriers seeking to provide Lifeline-only service.[5] Therefore, in the *Lifeline Reform Order*, the Commission conditionally granted forbearance from the Act's facilities requirement to all telecommunications carriers seeking Lifeline-only ETC designation, subject to the following conditions: (1) compliance with certain 911 and enhanced 911 (E911) public safety requirements; and (2) Bureau approval of a compliance plan providing specific information regarding the carrier and its service offerings and outlining the measures the carrier will take to implement the obligations contained in the *Order*.[6]

The Bureau has reviewed the compliance plans listed in the Appendix for conformance with the *Lifeline Reform Order*, and now approves those six compliance plans.[7]

Filings, including the Compliance Plans identified in the Appendix, and comments are available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 448-5563, or via email www.bcpiweb.com.

People with Disabilities: To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at (202) 418-7400 or TTY (202) 418-0484.

For further information, please contact Divya Shenoy, Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-7400 or TTY (202) 418-0484.

- FCC -

[5] *See Lifeline Reform Order*, FCC 12-11 at paras. 368-381.

[6] *See id.* at paras. 373 and 389. Subsequently, the Bureau provided guidance for carriers submitting compliance plans pursuant to the *Lifeline Reform Order*. *Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order*, WC Docket Nos. 09-197 and 11-42, Public Notice, 27 FCC Rcd 2186 (Wireline Comp. Bur. 2012).

[7] The Commission has not acted on any pending ETC petitions filed by these carriers, and this Public Notice only approves the compliance plans of the carriers listed above. While these compliance plans contain information on each carrier's Lifeline offering, we leave it to the designating authority to determine whether or not the carrier's Lifeline offerings are sufficient to serve consumers. *See Lifeline Reform Order*, FCC 12-11 at paras. 50 and 387.

Appendix

Petitioner	Compliance Plans As Captioned by Petitioner	Date of Filing	Docket Numbers
American Broadband & Telecommunications	American Broadband & Telecommunications Revised Compliance Plan	April 27, 2012	09-197; 11-42
Budget PrePay, Inc.	Compliance Plan of Budget PrePay, Inc.	May 1, 2012	09-197; 11-42
Consumer Cellular, Inc.	Consumer Cellular Amended Revised Compliance Plan	April 18, 2012	09-197; 11-42
Global Connection, Inc. of America	Global Connection Inc. of America Compliance Plan	April 30, 2012	09-197; 11-42
TerraCom, Inc.	TerraCom, Inc. Second Revised Blanket Forbearance Compliance Plan	May 1, 2012	09-197; 11-42
Total Call Mobile, Inc.	Total Call, Inc. Revised Compliance Plan	May 17, 2012	09-197; 11-42

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May 14, 2012

BY ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: Total Call Mobile, Inc., WC Docket Nos. 09-197 and 11-42

Dear Secretary Dortch:

On March 16, 2012, Total Call Mobile, Inc. ("TCM"), by its attorneys, submitted a Compliance Plan to the Federal Communications Commission ("Commission" or "FCC") in accordance with the Commission's February 6, 2012 Lifeline and Link Up Reform and Modernization *et al.* Report and Order. Attached to the Compliance Plan, as Exhibit B, was a sample of TCM's Application Form ("Form") for its Lifeline services.

TCM has continued to refine its plans for providing Lifeline services. In addition, through discussions of its Compliance Plan with Commission staff, TCM has identified additional revisions which will help clarify its compliance with the requirements in the *Lifeline Reform Order*. Accordingly, TCM hereby submits a revised Compliance Plan demonstrating its compliance with applicable FCC Lifeline rules. This plan supplements, restates and replaces the Compliance Plan submitted on March 16, 2012.

For the staff's convenience, TCM describes the principal changes to the plan below. The Revised Compliance Plan:

- Clarifies the procedures used by TCM personnel to verify Lifeline service applicant eligibility (see pp. 5-7);

- Provides further explanation of the technical and financial capabilities of TCM, of its parent, Total Call International, Inc., and of the majority owner of TCI, KDDI of America (see pp. 21-23 and Exh. A);

- Inserts Exhibits A and B and re-labels the remaining exhibits accordingly;

- Revises the Model Application Form (now Exhibit D) to clarify eligibility for large households under income-based eligibility, to add a check-box for applicants residing at an address occupied by multiple households, and to amend and clarify customer certifications;

- Adds a copy of an internal verification form that will be used by TCM to record the type of documentation used to verify customer eligibility (see Exhibit B);

- Makes minor clarifications throughout (see pp. 1, 6-7, 14, 18, 22-23)

In addition, on February 29, 2012,[1] the Wireline Competition Bureau provided guidance on the compliance plans that must be submitted to the Bureau by carriers seeking to avail themselves of the Commission's conditional grant of forbearance in the *Lifeline Reform Order*. The guidance summarized the elements that non-facilities based Lifeline-only ETCs must include within their compliance plans. For ease of review, Total Call Mobile also attaches to this letter an index identifying the sections in its Compliance Plan that address each of the items listed in the Bureau *Public Notice*. This index follows the organization of the *Public Notice*, at page 3.

TCM requests that the Commission expeditiously approve this Compliance Plan in order to permit it to begin serving Lifeline customers on a non-facilities basis in its ETC states as soon as possible.

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1 Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the *Lifeline Reform Order*, WC Docket Nos. 09-197, 11-42, DA 12-314 (rel. Feb. 29, 2012).

Please contact the undersigned at (202) 342-8612 if you have any questions.

Respectfully submitted,

Steven A. Augustino

Counsel to Total Call Mobile, Inc.

Attachments

cc: Garnet Hanly, FCC (via e-mail)
Divya S. Shenoy, FCC (via e-mail)
Charles Tyler, FCC (via e-mail)
Best Copy and Printing, Inc. (via e-mail)

Compliance Plan Index

By *Public Notice* dated February 29, 2012,[1] the Wireline Competition Bureau provided guidance on the compliance plans that must be submitted to the Bureau by carriers seeking to avail themselves of the Commission's conditional grant of forbearance in the *Lifeline Reform Order*. The guidance summarized the elements that non-facilities based Lifeline-only ETCs must include within their compliance plans. For ease of review, Total Call Mobile hereby provides an index identifying the sections in its Compliance Plan that address each of the items listed in the Bureau *Public Notice*. This index follows the organization of the *Public Notice*, at page 3.

1. Information about the carrier and the Lifeline plans it intends to offer

Requirement	Page number in Compliance Plan
(a) names and identifiers used by the carrier, its holding company and affiliates	fn 1
(b) detailed information demonstrating that the carrier is financially and technically capable of providing the supported Lifeline service in compliance with the Commission's rules	pp. 21-23
(c) detailed information, including geographic locations, of the carrier's current service offerings if the carrier currently offers service	p. 22 (non-Lifeline services)
(d) the terms and conditions of each Lifeline service plan offering, including rates, the number of minutes provided, and additional charges, if any, for toll calls	pp. 21, 23-24, Exhibits E-G.
(e) all other certifications required under newly amended section 54.202 of the Commission's rules	pp. 23-24

2. Compliance with subscriber eligibility rules

Requirement	Page number in Compliance Plan
all of the consumer eligibility, consumer enrollment, and re-certification procedures, as required by Section VI and Appendix C of the *Lifeline Reform Order*	pp. 4-13 (initial enrollment) pp. 13-14 (verification/re-certification) pp. 14-15 (non-usage policy) pp. 16-17 (one per household rule)
a copy of the carrier's certification form	Exhibit D

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1 Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the *Lifeline Reform Order*, WC Docket Nos. 09-197, 11-42, DA 12-314 (rel. Feb. 29, 2012).

3. Compliance with 911/E911 rules

Requirement	Page number in Compliance Plan
A detailed explanation of how the carrier will comply with the forbearance conditions relating to public safety and 911/E911 access	pp. 3-4

4. Compliance with marketing and disclosure rules

Requirement	Page number in Compliance Plan
A detailed explanation of how the carrier will comply with the Commission's marketing and disclosure requirements for participation in the Lifeline program	pp. 17-18 Exhibit D (certification form) Exhibit E (sample brochure)

5. Compliance with waste, fraud and abuse protections

Requirement	Page number in Compliance Plan
A detailed explanation of the carrier's procedures and efforts to prevent waste, fraud and abuse in connection with Lifeline funds	pp. 4-13 (initial enrollment) pp. 15-18 (additional protections)
procedures the carrier has in place to prevent duplicate Lifeline subsidies within its own subscriber base	pp. 15-17
procedures the carrier undertakes to de-enroll subscribers receiving more than one Lifeline subsidy per household	pp. 16-17. See also, application and certification forms (#2, above) and marketing methods (#4, above)
information regarding the carrier's toll limitation service, if applicable	not applicable (see p. 24)
information regarding the carrier's non-usage policy, if applicable	pp. 14-15

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Telecommunications Carrier Eligibility to Receive Universal Service Support	)	WC Docket No. 09-197
Lifeline and LinkUp Reform and Modernization	)	WC Docket No. 11-42
Total Call Mobile, Inc. (Compliance Plan)	)	

TOTAL CALL MOBILE, INC.'S REVISED COMPLIANCE PLAN

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Counsel to Total Call Mobile, Inc.

May 14, 2012

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Lifeline and LinkUp Reform and Modernization	)	WC Docket No. 11-42
Total Call Mobile, Inc. (Compliance Plan)	)	

TOTAL CALL MOBILE, INC.'S REVISED COMPLIANCE PLAN

On May 25, 2011, Total Call Mobile, Inc. ("TCM" or "Company")[1] filed a Petition for Forbearance ("Petition") requesting the Commission forbear from enforcement of section 214(e)(1)(A) of the Communications Act of 1934, as amended, 47 U.S.C. § 214(e)(1)(A), which requires eligible telecommunications carriers ("ETCs") to use their own facilities to provide services supported by the Universal Service Fund ("USF").

On February 6, 2012, the Federal Communications Commission ("FCC" or "Commission") granted TCM's Petition for Forbearance, conditioned on fulfillment of the

[1] The Company hereby also reports its corporate and trade names, along with its holding company, operating companies and affiliates as follows: Total Call International is the parent of Total Call Mobile; KDDI of America is the majority owner of Total Call International; Locus Telecommunications and KDDI Global are affiliates of Total Call International. A copy of KDDI Corporation's "Financial Statements Summary for the Year ended March 31, 2012 [Japan GAAP]" and biographies for all of the Executive Board Directors showing KDDI's technical and financial capabilities is attached hereto as Exhibit A.

obligations detailed in the *Lifeline Reform Order*,[2] which also required each carrier to submit to the Commission for approval a Compliance Plan outlining the measures it will take to implement the conditions imposed by the Commission in its *Lifeline Reform Order*.

The Company will comply fully with all conditions set forth in the *Lifeline Reform Order*, as well as with the Commission's Lifeline rules and policies more generally.[3] Company will comply with 911 requirements as described below in its Compliance Plan. Company also will implement the foregoing objectives and the other objectives described in the *Lifeline Reform Order*. Specifically, this Compliance Plan: (1) describes the specific measures that the Company will take to implement the obligations contained in the *Lifeline Reform Order*, including the procedures the Company follows in enrolling a subscriber in Lifeline and submitting for reimbursement for that subscriber from the Fund; (2) describes the materials related to initial and ongoing certifications and the sample marketing materials; and (3) provides a detailed description of how the Company offers Lifeline services, the geographic areas in which it offers services, and a detailed description of the Company's Lifeline service plan offerings.

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2 *See Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training,* WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report And Order and Further Notice of Proposed Rulemaking, FCC 12-11, ¶¶ 521, 523 (Feb. 6, 2012) ("*Lifeline Reform Order*"). TCM herein submits the information required by the Compliance Plan Public Notice. *See Wireline Competition Bureau Provides Guidance for the Submission of Compliance Plans Pursuant to the Lifeline Reform Order*, WC Docket Nos. 09-197, 11-42, Public Notice, DA 12-314 (rel. Feb. 29, 2012).

3 In addition, this Compliance Plan is consistent with the compliance plan filed by Cricket Communications, Inc. *See* Notice of *Ex Parte* Communication of Cricket Communications, Inc., WC Docket No. 09-197 (Sept. 23, 2011) ("Cricket Compliance Plan"). The Wireline Competition Bureau approved the Cricket Compliance Plan on February 7, 2012. *See Telecommunications Carriers Eligible for Universal Service Support, Cricket Communications, Inc. Petition for Forbearance*, WC Docket No. 09-197, Order, DA 12-158 (Feb. 7, 2012).

I. TOTAL CALL MOBILE'S COMPLIANCE PLAN

A. Total Call Mobile's Access to 911 and E911 Services

Pursuant to the *Lifeline Reform Order*, forbearance is conditioned upon Company (1) providing its Lifeline subscribers with 911 and E911 access, regardless of activation status and availability of minutes; and (2) providing its Lifeline subscribers with E911-compliant handsets and replacing, at no additional charge to the subscriber, noncompliant handsets of Lifeline-eligible subscribers who obtain Lifeline-supported services.[4] Company will comply with these conditions upon initiation of its Lifeline service.

Company will provide its Lifeline customers with access to 911 and E911 services immediately upon activation of service. The Commission and consumers are hereby assured that all Company customers will have available access to emergency calling services at the time that the handset is activated, and that such 911 and E911 access will be available from Company handsets, even if the account associated with the handset has no minutes remaining.

The Company's existing practices currently provide access to 911 and E911 services for all customers. Company uses Sprint as its underlying network provider/carrier. Sprint routes 911 calls from Company's customers in the same manner as 911 calls from Sprint's own retail customers. To the extent that Sprint is certified in a given PSAP territory, this 911 capability will function the same for Company. Company (via Sprint) also currently enables 911 emergency calling services for all properly activated handsets regardless of whether the account associated with the handset is active, suspended or terminated. Finally, the Company (via Sprint) transmits all 911 calls initiated from any of its handsets even if the account associated with the handset has no remaining minutes.

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[4] *See Lifeline Reform Order*, ¶ 373.

Company will ensure that all handsets used in connection with the Lifeline service offering are E911-compliant. In point of fact, Company's phones have always been and will continue to be 911 and E911-compliant. Company uses phones that have been through a stringent certification process with Sprint, which, among other things, ensures that the handset models used meet all 911 and E911 requirements. As a result, any customer that qualifies for and elects Lifeline service will already have a 911/E911-compliant handset, which will be confirmed at the time of enrollment in the Lifeline program. Any new customer that qualifies for and enrolls in the Lifeline program is assured of receiving a 911/E911-compliant handset as well, free of charge.

B. Procedures To Enroll A Subscriber in Lifeline

1. Policy

The Company will comply with the uniform eligibility criteria established in new section 54.409 of the Commission's rules (when it becomes effective on June 1, 2012), as well as any additional certification and verification requirements for Lifeline eligibility in states where the Company is designated as an ETC. In states where there are no state-imposed requirements, the Company will comply with the certification and verification procedures in effect in that state as reflected on the website of the Universal Service Administration Company ("USAC").[5] For any states that do not have established rules of procedure in place, the Company will comply with the certification and verification procedures in effect in that state as reflected in the *Lifeline Reform Order* and the rules.

All subscribers will be required to demonstrate eligibility based at least on: (1) household income at or below 135% of the Federal Poverty Guidelines for a household of that

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[5] *See* Cricket Compliance Plan at 3.

size; or (2) the household's participation in one of the federal assistance programs listed in new section 54.409(a)(2) and 54.409(a)(3) of the Commission's rules. In addition, through the certification requirements described below, Company will confirm that the subscriber is not already receiving a Lifeline service and no one else in the subscriber's household is subscribed to a Lifeline service.

2. Eligibility Determination

If Company cannot determine a prospective subscriber's eligibility for Lifeline by accessing income databases or program eligibility databases, Company's employees or agents ("Company personnel") will review documentation establishing eligibility pursuant to the Lifeline rules.[6] All personnel who interact with actual or prospective customers will be trained to assist Lifeline applicants in determining whether they are eligible to participate based on the federal and state-specific income-based and/or program-based criteria. These personnel will be trained to answer questions about Lifeline eligibility, and will review required documentation to determine whether it satisfies the *Lifeline Reform Order* and state-specific eligibility requirements using state-specific checklists.[7]

Proof of Eligibility. Company personnel will be trained on acceptable documentation required to establish income-based and program-based eligibility.[8] Acceptable documentation of program eligibility includes: (1) the current or prior year's statement of benefits from a qualifying state or federal program; (2) a notice letter of participation in a qualifying state or federal program; (3) program participation documents (*e.g.*, the consumer's Supplemental Nutrition Assistance Program (SNAP) electronic benefit transfer card or Medicaid

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6 *See Lifeline Reform Order*, ¶ 100; 47 C.F.R. §§ 54.410(b)(1)(i)(B), 54.410(c)(1)(i)(B); Cricket Compliance Plan at 4.

7 *See* Cricket Compliance Plan at 6.

8 *See Lifeline Reform Order*, ¶ 101.

participation card (or copy thereof)); or (4) another official document evidencing the consumer's participation in a qualifying state or federal program.[9]

Acceptable documentation of income eligibility includes the prior year's state or federal tax return, current income statement from an employer or paycheck stub, a Social Security statement of benefits, a Veterans Administration statement of benefits, a retirement/pension statement of benefits, an Unemployment/Workmen's Compensation statement of benefits, federal notice letter of participation in General Assistance, or a divorce decree, child support award, or other official document containing income information for at least three months time.[10]

Company personnel will examine supporting documentation for each Lifeline applicant, and will record the type of documentation used to satisfy the income- or program-based criteria.[11] As specified in FCC rules, the Company will <u>not</u> retain a copy of the documentation reviewed.[12] However, for audit and recordkeeping purposes, the Company will record eligibility verification information on a separate form. This "Company-only" form will be completed by Total Call Mobile personnel, who will be trained to complete the form, indicating what proof of eligibility was reviewed, and retain the form for each applicant determined to be eligible for service. The separate form is attached hereto as Exhibit B.

Where the Company personnel conclude that proffered documentation is insufficient to establish such eligibility, the Company will deny the associated application and

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9 *Id.* and 47 C.F.R. § 54.410(c)(1)(i)(B).

10 *See Lifeline Reform Order*, ¶101; 47 C.F.R. § 54.410.(b)(1)(i)(B).

11 *See Lifeline Reform Order*, ¶101; 47 C.F.R. §§ 54.410(b)(1)(iii), 54.410(c)(1)(iii).

12 *See Lifeline Reform Order*, ¶101; 47 C.F.R. §§ 54.410(b)(1)(ii), 54.410(c)(1)(ii).

inform the applicant of the reason for such rejection.[13] In the event that Company personnel cannot ascertain whether documentation of a specific type is sufficient to establish an applicant's eligibility, the matter will be escalated to supervisory personnel.[14] In addition, as described in Section I.B.3, below, subscribers will complete certification forms that, among other things, demonstrate the subscriber's eligibility to receive Lifeline support.

De-Enrollment for Ineligibility. If Company has a reasonable basis to believe that one of its Lifeline subscribers no longer meets the eligibility criteria, Company will notify the subscriber of impending termination in writing and in compliance with any applicable state dispute resolution procedures applicable to Lifeline termination, and give the subscriber 30 days to demonstrate continued eligibility.[15] A demonstration of eligibility must comply with the annual verification procedures below and found in new rule section 54.410(f), including the submission of a certification form.

3. Subscriber Certifications for Enrollment

The Company will implement certification policies and procedures that enable consumers to demonstrate their eligibility for Lifeline assistance to Company personnel as detailed in the *Lifeline Reform Order*, together with any additional state certification requirements.[16] The Company shares the Commission's concern about abuse of the Lifeline program and is thus committed to the safeguards stated herein, with the belief that these

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13 *See* Cricket Compliance Plan at 6.

14 *See* Cricket Compliance Plan at 6.

15 *See Lifeline Reform Order*, ¶ 143; 47 C.F.R. § 54.405(e)(1).

16 *Lifeline Reform Order*, ¶ 61; 47 C.F.R. § 54.410(a).

procedures will prevent the Company's customers from engaging in such abuse of the program, inadvertently or intentionally.[17]

TCM will implement certification procedures that require consumers to demonstrate their eligibility for Lifeline assistance. Customers will be able to sign up for Lifeline assistance by contacting TCM via telephone, facsimile, or the internet. Company personnel will verbally explain the eligibility criteria to consumers when they are enrolling in person or over the phone.[18] At the point of sale, consumers will be provided with printed information describing TCM's Lifeline program in detail, including federal and state specific eligibility requirements, and instructions for enrolling, a description of the one-per-household rule and a copy of USAC's printed material describing the one-per-household rule.[19] These materials (like all Lifeline marketing materials) also will clearly identify supported plans as "Lifeline" plans, consistent with TCM's current practice and policies. Consumers will be directed to a toll-free telephone number and to TCM's website, which will contain a link to information regarding the Company's Lifeline service plan, including a detailed description of the program, rates, and federal and state-specific eligibility criteria.

TCM will have direct contact with all customers applying for participation in the Lifeline program either by mail or by phone and all marketing materials will include TCM's customer service number. Retailers and distributors will be able to assist customers in completing applications but will provide TCM's customer service number for further questions and assistance. Retailers or customers will then directly send the applications and supporting

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17 *See* Cricket Compliance Plan at 3.

18 *See Lifeline Reform Order*, ¶ 123.

19 *See Lifeline Reform Order*, ¶79.

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documents to TCM. Retailers will not retain any copies of the customer application or supporting documentation, and company personnel will review and process all applications.

4. Call Center Procedures

Consumers will be directed to call a toll-free number to complete an application over the phone. The application will then be mailed to the customer for signature under penalty of perjury and for the submission of supporting documentation. The signed application and support documentation must be mailed to the address provided by the Company (or, if available to the consumer, returned by facsimile or electronic transmission). Processing of consumers' applications, including review of all application forms and relevant documentation will be performed under TCM's supervision by managers thoroughly trained in the requirements of the Lifeline program. TCM will ensure that all required documentation is taken care of properly by using federal and state-specific compliance checklists.

TCM will emphasize the "one Lifeline phone per household" restriction during the initial interview with the potential customer when they call into the call center. The call center introduction script substantially in the form TCM would use is attached as Exhibit C.

5. In-Person Sales Efforts

TCM will promote its Lifeline services through many channels. One sales channel will be in-person sales events staffed by TCM representatives or agents. At these events, customers will be allowed to sign up, in-person, for Lifeline service. TCM representatives or agents, fully trained in Lifeline requirements, will conduct an interview, ensuring that the potential customer does not already receive a Lifeline subsidy. Documentation proving eligibility for the program will also be collected and an application will be completed by the customer. Only after completing all required eligibility verification will TCM issue phones to the customer.

At retail outlets where trained TCM representatives or agents are not present, customers will not have access to Lifeline services (or receive a Lifeline handset) at the retail location. Instead, customers will be directed via print ads and information brochures to contact TCM directly, and to submit the Lifeline service application directly to TCM. Through TCM's certification procedures, the company would verify that the individual qualifies for a Lifeline plan (*i.e.* that there is no duplication, and that the individual qualifies by virtue of participation in an eligible state or federal low income program). Only after the customer is verified as qualifying to receive Lifeline will the phone be provided to the customer via mail or subsequent pickup.

6. Applications, Information and Disclosures

Every applicant will be required to complete an application/certification process containing disclosures, and collecting certain information and certifications as discussed below.[20]

Disclosures. TCM's application and certification process will include the following disclosures: (1) Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program; (2) only one Lifeline service is available per household; (3) a household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses; (4) a household is not permitted to receive Lifeline benefits from multiple providers; (5) violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the applicant's de-enrollment

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20 *See* Model Application/Certification Form (Maryland), included as Exhibit D. *See* Compliance Plan Public Notice at 3.

from the program; and (6) Lifeline is a non-transferable benefit and the applicant may not transfer his or her benefit to any other person.[21]

Applicants will also be informed that (1) the service is a Lifeline service, (2) Lifeline is a government assistance program, and (3) only eligible consumers may enroll in the program.[22]

In addition, Company will notify the applicant that the prepaid service must be personally activated by the subscriber and the service will be deactivated and the subscriber de-enrolled if the subscriber does not use the service for 60 days.[23]

Information Collection. TCM will also collect the following information from the applicant in the application/certification process: (1) the applicant's full name;[24] (2) the applicant's full residential address (P.O. Box is not sufficient[25]); (3) whether the applicant's residential address is permanent or temporary; (4) billing address will not be requested as the service will be on TCM's prepaid platform (i.e. there will be no bill sent); (5) the applicant's date of birth; (6) the last four digits of the applicant's Social Security number; (7) if the applicant is seeking to qualify for Lifeline under the program-based criteria, the name of the qualifying assistance program from which the applicant, his or her dependents, or his or her household receives benefits;[26] and (8) if the applicant is seeking to qualify for Lifeline under the income-based criterion, the number of individuals in his or her household.[27]

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21 *See Lifeline Reform Order*, ¶ 121; 47 C.F.R. § 54.410(d)(1).

22 *See* 47 C.F.R. § 54.405(c).

23 *See Lifeline Reform Order*, ¶ 114.

24 *See* Cricket Compliance Plan at 4.

25 *See Lifeline Reform Order*, ¶ 87.

26 *See* Cricket Compliance Plan at 4.

27 *See* 47 C.F.R. § 54.410(d)(2). *See* Cricket Compliance Plan at 4.

Applicant Certification. Consistent with new rule section 54.410(d)(3), TCM will require the applicant to certify, under penalty of perjury, in writing or by electronic signature or interactive voice response recording,[28] the following:

1. the applicant meets the income-based or program-based eligibility criteria for receiving Lifeline;

2. the applicant will notify the Company immediately, and, in any event, within a maximum of 30 days, if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the applicant no longer meets the income-based or program-based criteria for receiving Lifeline support, if the applicant is receiving more than one Lifeline benefit, or if another member of the applicant's household is receiving a Lifeline benefit;

3. if the applicant moves to a new address, he or she will provide that new address to the Company within 30 days;

4. if the applicant provided a temporary residential address to the Company, the applicant will be required to verify his or her temporary residential address every 90 days;

5. the applicant's household will receive only one Lifeline service and, to the best of the applicant's knowledge, the applicant's household is not already receiving a Lifeline service;[29]

6. the information contained in the applicant's certification form is true and correct to the best of the applicant's knowledge;

7. the applicant acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and

8. the applicant acknowledges that the applicant may be required to re-certify his or her continued eligibility for Lifeline at any time, and the applicant's failure to re-certify as to the applicant' s continued eligibility will result in de-enrollment and the termination of the applicant's Lifeline benefits pursuant to the de-enrollment policy included below and in the Commission's rules.

Applicants will also be required to certify under penalty of perjury that they are head of their household and receive Lifeline-supported service only from TCM. Penalties for

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28 *See Lifeline Reform Order*. ¶¶ 168-69; 47 C.F.R. § 54.419.

29 *See* Cricket Compliance Plan at 4.

perjury will be clearly stated on the certification form.[30] This will be accomplished by a certification form substantially similar in format to the Model Application/Certification Form (Maryland), included as Exhibit D. Customers will be required to sign and date this statement.

In addition, the applicant will be required to authorize TCM to access any records required to verify the applicant's statements in the application/certification process and to confirm the applicant's eligibility for the Company Lifeline credit.[31] The applicant must also authorize TCM to release any records required for the administration of the Company Lifeline credit program, including to USAC to be used in an Lifeline program eligibility database.[32]

C. <u>Annual Verification Procedures</u>

TCM will annually re-certify all subscribers by querying the appropriate eligibility databases (when it becomes available) or, if no eligibility database is available, by obtaining a signed certification from each subscriber consistent with the certification requirements above and new section 54.410(d) of the rules. This certification will include a confirmation that the applicant's household will receive only one Lifeline service and, to the best of the subscriber's knowledge, the subscriber's household is receiving no more than one Lifeline service.[33] Company will notify each participating Lifeline customer prior to his or her service anniversary date that he or she must confirm his or her continued eligibility in accordance with the applicable requirements.[34] Further, the verification materials will inform the subscriber that

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30 *See* Cricket Compliance Plan at 5.

31 *See* Cricket Compliance Plan at 5.

32 *See* 47 C.F.R. § 54.404(b)(9). The application/certification form will also describe the information that will be transmitted, that the information is being transmitted to USAC to ensure the proper administration of the Lifeline program and that failure to provide consent will result in the applicant being denied the Lifeline service. *See id. See also* Cricket Compliance Plan at 5.

33 *See Lifeline Reform Order*, ¶ 120 and Cricket Compliance Plan at 8.

34 See Cricket Compliance Plan at 8.

he or she is being contacted to re-certify his or her continuing eligibility for Lifeline and if the subscriber fails to respond, he or she will be de-enrolled in the program.[35]

2012 Verification. Company will re-certify (if applicable) the eligibility of each of its existing subscribers as of June 1, 2012 on a rolling basis by the end of 2012 and report the results to USAC by January 31, 2013.[36] Company will contact its subscribers via text message to their Lifeline supported telephone, or by mail, phone, email or other Internet communication. The notice will explain the actions the customer must take to retain Lifeline benefits, when Lifeline benefits may be terminated, and how to contact the Company.

Verification De-Enrollment. Company will give subscribers 30 days to respond to the annual verification inquiry. Company will de-enroll subscribers that do not respond to the annual verification or fail to provide the required certification.[37] If the subscriber does not respond, the Company will send a separate written notice explaining that failure to respond within 30 days will result in the subscriber's de-enrollment from the Lifeline program. If the subscriber does not respond within 30 days, Company will de-enroll the subscriber within five business days thereafter.

D. Activation and Non-Usage

Each subscriber activates the service by placing a call to TCM. Company will not consider a prepaid subscriber activated, and will not seek reimbursement for Lifeline for that subscriber, until the subscriber places this call demonstrating usage of the phone.[38] In addition, after service activation, Company will provide a de-enrollment notice to subscribers that have

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35 *See Lifeline Reform Order*, ¶ 145.

36 *See Lifeline Reform Order*, ¶ 130.

37 *See Lifeline Reform Order*, ¶ 142; 47 C.F.R. § 54.54.405(e)(4).

38 *See Lifeline Reform Order*, ¶ 257; 47 C.F.R. § 54.407(c)(1).

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not used their service for 60 days. After 60 days of non-use, Company will provide notice to the subscriber that failure to use the Lifeline service within a 30-day notice period will result in de-enrollment.[39] For these purposes, subscribers will be considered to "use" the service by: (1) completing an outbound; (2) purchasing minutes from Company to add to the subscriber's plan; (3) answering an incoming call from a party other than Company; or responding to a direct contact from Company and confirming that the subscriber wants to continue receiving the service.[40]

If the subscriber does not respond to the notice, the subscriber will be de-enrolled and Company will not request further Lifeline reimbursement for the subscriber. Company will report annually to the Commission the number of subscribers de-enrolled for non-usage by month.[41]

E. Additional Measures to Prevent Waste, Fraud and Abuse

To supplement its verification and certification procedures, and to better ensure that customers understand the Lifeline service restrictions with respect to duplicates, the Company will implement measures and procedures to prevent duplicate Lifeline benefits being awarded to the same household. These measures entail additional emphasis in written disclosures as well as live due diligence.[42]

In addition to checking the national database when it becomes available, Company personnel will emphasize the "one Lifeline phone per household" restriction in their

39 *See Lifeline Reform Order*, ¶ 257; 47 C.F.R. § 54.405(e)(3). *See* Cricket Compliance Plan at 2 (stating that it did not need to implement a non-usage policy because it offered only plans with unlimited local and long distance calling).

40 *See Lifeline Reform Order*, ¶ 261; 47 C.F.R. § 54.407(c)(2).

41 *See Lifeline Reform Order*, ¶ 257; 47 C.F.R. § 54.405(e)(3).

42 *See* Cricket Compliance Plan at 9.

direct sales contacts with potential customers.[43] Training materials will include a discussion of the limitation to one Lifeline phone per household, and the need to ensure that the customer is informed of this restriction.[44]

Database. When the National Lifeline Accountability Database ("National Database") becomes available, Company will comply with the requirements of new rule section 54.404. Company will query the National Database to determine whether a prospective subscriber is currently receiving a Lifeline service from another ETC and whether anyone else living at the prospective subscriber's residential address is currently receiving Lifeline service.[45]

One-Per-Household. Company will implement the requirements of the *Lifeline Reform Order* to ensure that it provides only one Lifeline benefit per household[46] through the use of its application and certification forms discussed above, internal database checks and its marketing materials discussed below. Upon receiving an application for Company's Lifeline service, Company will search its own internal records to ensure that it does not already provide Lifeline-supported service to someone at the same residential address.[47] If it does discover

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43 *See* Cricket Compliance Plan at 6, 9.

44 *Id.*

45 *See Lifeline Reform Order*, ¶ 203. Company will also transmit to the National Database the information required for each new and existing Lifeline subscriber. *See Lifeline Reform Order*, ¶¶ 189-195; 47 C.F.R. § 54.404(b)(6). Further, Company will update each subscriber's information in the National Database within ten business days of any change, except for de-enrollment, which will be transmitted within one business day. *See* 47 C.F.R. § 54.404(b)(8),(10).

46 A "household" is any individual or group of individuals who are living together at the same address as one economic unit. A household may include related and unrelated persons. An "economic unit" consists of all adult individuals contributing to and sharing in the income and expenses of a household. An adult is any person eighteen years or older. If an adult has no or minimal income, and lives with someone who provides financial support to him/her, both people shall be considered part of the same household. Children under the age of eighteen living with their parents or guardians are considered to be part of the same household as their parents or guardians. *See Lifeline Reform Order*, ¶ 74; 47 C.F.R. § 54.400(h).

47 *See Lifeline Reform Order*, ¶ 78 and *See* Cricket Compliance Plan at 7.

duplicate service at an address, Company will require the applicant to complete and submit a written USAC document containing the following: (1) an explanation of the Commission's one-per-household rule; (2) a check box that an applicant can mark to indicate that he or she lives at an address occupied by multiple households; (3) a space for the applicant to certify that he or she shares an address with other adults who do not contribute income to the applicant's household and share in the household's expenses or benefit from the applicant's income, pursuant to the Commission's definition; and (4) the penalty for a consumer's failure to make the required one-per-household certification (*i.e.*, de-enrollment).[48] Further, if a subscriber provides a temporary address on his or her application/certification form collected as described above, Company will verify with the subscriber every 90 days that the subscriber continues to rely on that address.[49]

Finally, Company personnel will inform each Lifeline applicant that he or she may be receiving Lifeline support under another name, and will facilitate the applicant's understanding of what constitutes "Lifeline-supported services." The Company personnel will also assist the applicant in determining if he or she is already benefiting from Lifeline support, by identifying the leading Lifeline offerings in the relevant market by brand name.[50]

<u>Marketing Materials</u>. Within the deadline provided in the *Lifeline Reform Order*, TCM will include the following information regarding its Lifeline service on all marketing materials describing the service: (1) it is a Lifeline service,[51] (2) Lifeline is a government assistance program, (3) the service is non-transferable, (4) only eligible consumers may enroll in the program, (5) the program is limited to one discount per household, consisting of either one

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48 *Id.*

49 *See Lifeline Reform Order*, ¶ 89.

50 *See* Cricket Compliance Plan at 7.

51 *See* Cricket Compliance Plan at 4.

wireline or one wireless service; (6) what documentation is necessary for enrollment;[52] (7) TCM's name as the ETC; and (8) consumers who willfully make a false statement in order to obtain the Lifeline benefit can be punished by fine or imprisonment or can be barred from the program.[53] These statements will be included in all print, audio video and web materials (including social networking media) used to describe or enroll customers in Company's Lifeline service offering, as well as Company's application forms and certification forms.[54] This specifically includes Company's website (totalcallmobile.com/lifeline).[55] A sample of Company's Lifeline marketing materials is included as Exhibit E.

F. Company Reimbursements From the Fund

To ensure that the Company does not seek reimbursement from the Fund without a subscriber's consent, Company will certify, as part of each reimbursement request, that it is in compliance with all of the Commission's Lifeline rules and, to the extent required, has obtained valid certification and verification forms from each of the subscribers for whom it is seeking reimbursement.[56] Company will verify customers as described in the Compliance Plan before submitting requests for reimbursement for service provided to the subscriber. In addition, Company will keep accurate records as directed by USAC[57] and as required by new section 54.417 of the Commission's rules.

Further the Company will submit its FCC Forms 497 on the eighth day of each month in order to be reimbursed the same month, and inform USAC, to the extent necessary, to

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52 *See* Cricket Compliance Plan at 4.

53 *See Lifeline Reform Order*, ¶ 275; 47 C.F.R. § 54.405(c).

54 *Id.*

55 *Id.*

56 *See Lifeline Reform Order*, ¶ 128; 47 C.F.R. § 54.407(d).

57 *See id.*

reimburse it for actual claims rather than projected claims over the course of more than one month.[58]

G. Annual Company Certifications

Company will submit an annual certification to USAC, signed by a Company officer under penalty of perjury, that Company: (1) has policies and procedures in place to review consumers' documentation of income- and program-based eligibility and ensure that its Lifeline subscribers are eligible to receive Lifeline services;[59] (2) is in compliance with all federal Lifeline certification procedures;[60] and (3) has obtained a valid certification form for each subscriber for whom the carrier seeks Lifeline reimbursement.[61]

In addition, Company will provide the results of its annual re-certifications/verifications on an annual basis to the Commission, USAC and the applicable state commission as appropriate.[62] Further, as discussed above, Company will report annually to the Commission the number of subscribers de-enrolled for non-usage by month.[63]

The Company will also annually report to the Commission, USAC and relevant state commissions as appropriate, the company name, names of the company's holding company, operating companies and affiliates, and any branding (such as a "dba" or brand designation) as well as relevant universal service identifiers for each entity by Study Area Code.[64] Company will report annually information regarding the terms and conditions of its Lifeline plans for voice

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58 *See Lifeline Reform Order*, ¶¶ 302-306.

59 *See Lifeline Reform Order*, ¶ 126; 47 C.F.R. § 54.416(a)(1).

60 *See Lifeline Reform Order*, ¶ 127; 47 C.F.R. § 54.416(a)(2).

61 *See* 47 C.F.R. § 54.416(a)(3).

62 *See Lifeline Reform Order*, ¶¶ 132,148; 47 C.F.R. § 54.416(b).

63 *See Lifeline Reform Order*, ¶ 257; 47 C.F.R. § 54.405(e)(3).

64 *See Lifeline Reform Order*, ¶¶ 296, 390; 47 C.F.R. § 54.422(a).

telephony service offered specifically for low income consumers during the previous year, including the number of minutes provided and whether there are additional charges to the consumer for service, including minutes of use and/or toll calls.[65] Finally, Company will annually provide detailed information regarding service outages in the previous year, the number of complaints received and certification of compliance with applicable service quality standards and consumer protection rules, as well as a certification that Company is able to function in emergency situations.[66]

H. Cooperation with State and Federal Regulators

The Company will cooperate with federal and state regulators to prevent waste, fraud and abuse. More specifically, the Company will:

- Make available state-specific subscriber data, including the names and addresses of Lifeline subscribers, to USAC and to each state public utilities commission where the Company operates for the purpose of determining whether an existing Lifeline subscriber receives Lifeline service from another carrier;[67]
- Assist the Commission, USAC, state commissions, and other ETCs in resolving instances of duplicative enrollment by Lifeline subscribers, including by providing to USAC and/or any state commission, upon request, the necessary information to detect and resolve duplicative Lifeline claims;
- Promptly investigate any notification that it receives from the Commission, USAC, or a state commission to the effect that one of its customers already receives Lifeline services from another carrier; and
- Immediately de-enroll any subscriber whom the Company has a reasonable basis to believe[68] is receiving Lifeline-supported service from another ETC or is no longer eligible – whether or not such information is provided by the Commission, USAC, or a state commission.[69]

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65 *See Lifeline Reform Order*, ¶ 390; 47 C.F.R. § 54.422(b)(5).

66 *See Lifeline Reform Order*, ¶ 389; 47 C.F.R. § 54.422(b)(1)-(4).

67 The Company anticipates that the need to provide such information will sunset following the implementation of the national duplicates database.

68 *See* 47 C.F.R. § 54.405(e)(1).

69 *See* Cricket Compliance Plan at 10.

II. DESCRIPTION OF LIFELINE SERVICE OFFERINGS

Company will offer its Lifeline service in the states where it is designated as an ETC and throughout the coverage area of its underlying provider Sprint. The Company's Lifeline offering, as described in Exhibit F, will allow customers to choose from the following options: (1) 150 minutes (including select international destinations as described in Exhibit G) per month at no charge; (2) 250 minutes (domestic only) per month at no charge; or (3) a discount off of TCM's 30-day Unlimited Talk & Text plan or TCM's 30-day Unlimited Talk, Text, & Data plan. Additional plan details are described on the sample advertisement at Exhibit E and in Exhibit F. Lifeline customers can also purchase additional bundles of minutes and service (*i.e.* if they run out of minutes or if they want to make international calls) by purchasing TCM's refill cards online, via the customer service line, at a Western Union location, and at stores that carry TCM prepaid refills.

In addition to free or discounted voice services, Company's Lifeline plan will include a free handset (with an option to buy an upgrade) and custom calling features at no charge, including Caller ID and Voicemail. All plans include domestic long-distance at no extra per minute charge. Calls to customer service and 911 emergency services are always free, regardless of service activation or availability of minutes.

III. DEMONSTRATION OF FINANCIAL AND TECHNICAL CAPABILITIES AND CERTIFICATIONS REQUIRED FOR ETC DESIGNATION[70]

Financial and Technical Capabilities. Revised Commission rule 54.202(a)(4), 47 C.F.R. 54.202(a)(4), requires carriers petitioning for ETC designation to demonstrate financial

[70] *See* Compliance Plan Public Notice at 3.

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and technical capability to comply with the Commission's Lifeline service requirements.[71] The Compliance Plan Public Notice requires that a carrier's compliance plan also include this demonstration. Among the factors the Commission will consider are: a carrier's prior offering of service to non-Lifeline subscribers, the length of time the carrier has been in business, whether the carrier relies exclusively on Lifeline reimbursement to operate; whether the carrier receives revenues from other sources and whether the carrier has been the subject of an enforcement action or ETC revocation proceeding. This section summarizes TCM's financial and technical capabilities to provide the service.

TCM provides affordable prepaid mobile phone service, including calling and text messaging, along with user-friendly handsets and high quality customer service. The majority of TCM's products and plans are specially geared toward serving lower income communities, and its service models and pricing plans reflect this mission. TCM offers nationwide non-Lifeline prepaid services as an MVNO using the Sprint network. In addition, TCM is applying for certification as an ETC with the FCC (for Alabama, Connecticut, Delaware, the District of Columbia, Florida, New Hampshire, New York, North Carolina, Tennessee, and Virginia), Arkansas, California, Louisiana, Michigan, Nevada, and West Virginia. TCM received ETC approval in Maryland on December 23, 2011.[72]

TCM is the wholly-owned subsidiary of Total Call International ("TCI"), a national prepaid telecommunications services provider. TCI provides international prepaid calling cards, which are often used by low income or unbanked consumers, many of whom are members of ethnic communities. TCI has been providing telecommunications services to

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71 *See Lifeline Reform Order*, ¶¶ 387-388 (revising Commission rule 54.202(a)(4)).

72 The Arkansas PSC initially granted TCM's application, but on March 22, 2012, the PSC issued a stay and remand in light of the *Lifeline Reform Order*.

customers for over 10 years. TCI, in turn, is majority owned by KDDI America, a subsidiary of Japan's second largest telecommunications carrier (KDDI Corporation). KDDI Corporation and its affiliates provide mobile services (voice and data) and fixed line services (broadband, domestic and international telecommunications and data center services) in Japan and globally. KDDI's technical and financial capabilities are further described in Exhibit A.

TCM will benefit from the experience of its parent entities in its provision of ETC services. TCM also will benefit from TCI's knowledge of low income markets when conducting outreach to eligible consumers. During the past 10 years, TCM and TCI have provided telecommunications services to non-Lifeline customers and, consequently, TCM has not and will not be relying exclusively on Lifeline reimbursement for the Company's operating revenues. TCM receives revenues from these prepaid wireless services and also has access to the financial resources of its parent company. The Company has not been the subject of any enforcement actions by the FCC nor has it been subject to any ETC revocation proceedings.

<u>Service Requirements Applicable to Company's Support</u>. The Compliance Plan Public Notice requires carriers to include "certifications required under newly amended section 54.202 of the Commission's rules."[73] Company certifies that it will comply with the service requirements applicable to the support the Company receives.[74] TCM provides all of the telecommunications service supported by the Lifeline program and will make the services available to all qualified consumers throughout the states in which it is designated as an ETC.[75] TCM's services include voice telephony services that provide voice grade access to the public

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73 Compliance Plan Public Notice at 3.

74 47 C.F.R. § 54.202(a)(1).

75 In addition to voice telephony services, TCM's services include the nine features, *i.e.*, dual tone multi-frequency signaling, single party service and access to operator services, *etc.* previously identified in Commission rule 54.101(a).

switched network or its functional equivalent. Further, TCM's service offerings provide its customers with minutes of use for local service at no charge to the customer. The Company will offer a set number of minutes of local exchange service free of charge to its subscribers and will abide by any Commission-required minimum usage amounts. TCM's Lifeline offering will allow customers to choose from the following options: (1) 150 minutes (including select international destinations as described in Exhibit G) per month at no charge; (2) 250 minutes (domestic only) per month at no charge; or (3) a discount off of TCM's 30-day Unlimited Talk & Text plan or TCM's 30-day Unlimited Talk, Text, & Data plan. Additional plan details are described on the sample advertisement attached as E and in F. Lifeline customers can also purchase additional bundles of minutes and service (*i.e.* if they run out of minutes or if they want to make international calls) by purchasing TCM's refill cards online, via the customer service line, at a Western Union location, and at stores that carry TCM prepaid refills.

The Company also will provide access to emergency services provided by local government or public safety officials, including 911 and E911 where available and will comply with any Commission requirements regarding E911-compatible handsets. As discussed above, TCM will comply with the Commission's forbearance grant conditions relating to the provision of 911 and E911 services and handsets.

Finally, toll limitation services do not apply because TCM, like most wireless carriers, does not differentiate domestic long distance toll usage from local usage and all usage is paid for in advance. Pursuant to the *Lifeline Reform Order*, subscribers to such services are not considered to have voluntarily elected to receive TLS.[76]

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[76] *See Lifeline Reform Order*, ¶ 230.

IV. CONCLUSION

TCM submits that its Compliance Plan fully satisfies the conditions set forth in the Commission's *Lifeline Reform Order*, the Compliance Plan Public Notice and the Lifeline rules. Accordingly, the Company respectfully requests that the Commission expeditiously approve its Compliance Plan.

Respectfully submitted,

Steven A. Augustino
Denise N. Smith
Kelley Drye & Warren, LLP
3050 K Street, NW
Suite 400
Washington, D.C. 20007
(202) 342-8400

Counsel to Total Call Mobile, Inc.

May 14, 2012

EXHIBIT A

KDDI Corporation

Financial Statements and Management Biographies

Designing The Future KDDI Corporate Information

Management Policy

Tadashi Onodera

Tadashi Onodera
Chairman

[Date of Birth]
February 3, 1948

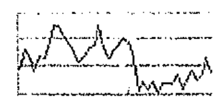
Dec. 2010	Chairman
Jun. 2005	President and Chairman
Jun. 2001	President
Jun. 1997	Executive Vice President, Member of the Board
Jun. 1995	Associate Senior Vice President, Member of the Board
Jun. 1989	Member of the Board

Return to Executive M

Stock Quotes (20 mi

7/May
TSE

Last 509,000
Change -5,000



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Management Policy

Kanichiro Aritomi

Kanichiro Aritomi
Vice Chairman

[Date of Birth]
October 12, 1947

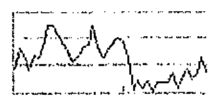
Jun. 2010	Vice Chairman
Aug. 2009	Special Adviser
Jul. 2007	President, the Foundation for MultiMedia Communications

Return to Executive M

Stock Quotes (20 mi

7/May
TSE

Last	509,000
Change	-5,000



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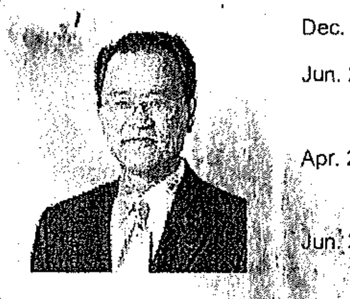
Designing The Future
KDDI Corporate Information

Management Policy

Takashi Tanaka



Takashi Tanaka
President

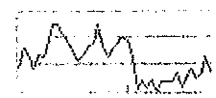
[Date of Birth]
February 26, 1957

Dec. 2010	President
Jun. 2010	Senior Vice President, Solution Business, Consumer Business, and Product Development Sector, Member of the Board
Apr. 2010	Associate Senior Vice President, Solution Business, Consumer Business, and Product Development Sector, Member of the Board
Jun. 2007	Associate Senior Vice President, General Manager, Solution Business Sector, Member of the Board

Return to Executive M

Stock Quotes (20 mi
7/May
TSE

Last 509,000
Change -5,000



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Management Policy

Hirofumi Morozumi

Hirofumi Morozumi
Executive Vice President
Member of the Board

[Date of Birth]
May 2, 1956

Jun. 2010	Executive Vice President, General Manager, Corporate Sector, Member of the Board
Apr. 2010	Senior Vice President, General Manager, Corporate Sector, Member of the Board
Mar. 2010	Director of Jupiter Telecommunications Co., Ltd.
Jun. 2007	Senior Vice President, Corporate Administration and Human Resources, Corporate Strategy, Member of the Board
Jun. 2003	Associate Senior Vice President, Member of the Board
Apr. 2003	Associate Senior Vice President
Jun. 2001	Vice President
Jun. 1995	Member of the Board

Management

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Stock Quotes (20 mi

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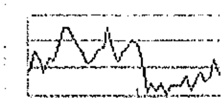

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Management Policy

Makoto Takahashi

Makoto Takahashi
Senior Vice President
Member of the Board

[Date of Birth]
October 24, 1961

Apr. 2011	Senior Vice President, General Manager, Business Development Sector, Member of the Board
Jun. 2010	Senior Vice President, General Manager, Group Strategy Sector, Member of the Board
Apr. 2010	Associate Senior Vice President, General Manager, Group Strategy Sector, Member of the Board
Mar. 2010	Director of Jupiter Telecommunications Co., Ltd.
Jun. 2007	Associate Senior Vice President, General Manager, Consumer Business Sector, Member of the Board

Return to Executive M

Stock Quotes (20 mi

7/May
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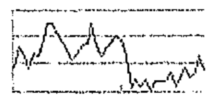
Last 509,000
Change -5,000



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Designing The Future KDDI Corporate Information

Management Policy

Yoshiharu Shimatani

Yoshiharu Shimatani
Senior Vice President
Member of the Board

[Date of Birth]
October 28, 1950

Jun. 2011	Senior Vice President, General Manager, Technology Sector, Member of the Board
Apr. 2010	Associate Senior Vice President, General Manager, Technology Sector, Member of the Board
Jun. 2009	Associate Senior Vice President, Technology Officer, Member of the Board

Return to Executive M

Stock Quotes (20 mi

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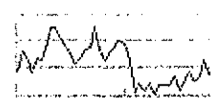
Change -5,000



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KDDI Corporate Information

Management Policy

Yuzo Ishikawa

Yuzo Ishikawa
Senior Vice President
Member of the Board

[Date of Birth]
October 19, 1956

Apr. 2012	Senior Vice President,Consumer Business, Solution Business,Global Business and Product Sector,Member of the Board
Oct. 2011	Senior Vice President, Consumer Business, Business Development, Solution Business,Global Business and Product Sector,Member of the Board
Jun. 2011	Senior Vice President, Consumer Business, Solution Business, Global Business and Product Sector, Member of the Board
Jun. 2010	Associate Senior Vice President, General Manager, Solution Business Sector, Member of the Board
Jun. 2001	Vice President
Jun. 2000	Member of the Board

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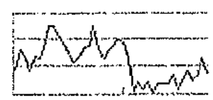

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Corporate Information

Management Policy

Masahiro Inoue

Masahiro Inoue
Associate Senior Vice President
Member of the Board

[Date of Birth]
November 7, 1952

Apr. 2011	Associate Senior Vice President, Associate General Manager, Technology Sector, (Engineerning and Operations), Member of the Board
Jun. 2010	Associate Senior Vice President, General Manager, Mobile Technology Sector, Member of the Board

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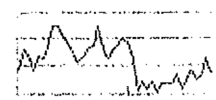

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Hideo Yuasa

Management

Return to Executive M

Apr. 2011	Preseident, CHUBU TELECOMMUNICATION CO., INC.
Jun. 2010	Associate Senior Vice President, General Manager, Consumer Business Sector, Member of the Board
Apr. 2010	Vice President, General Manager, Consumer Business Sector

Hideo Yuasa
Associate Senior Vice President
Member of the Board

[Date of Birth]
August 3, 1955

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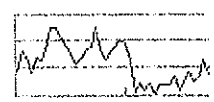
Change -5,000



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Management Policy

Hiromu Naratani

Hiromu Naratani
Associate Senior Vice President
Member of the Board

[Date of Birth]
February 6, 1952

Apr. 2011	Associate Senior Vice President, General Manager, Corporate Communications Sector, Member of the Board
Jun. 2010	Associate Senior Vice President, General Manager, Corporate Communications & Marketing Sector, Member of the Board
Apr. 2010	Vice President, General Manager, Corporate Communications & Marketing Sector

Management

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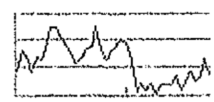

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This translation is to be used solely as a reference and the consolidated financial statements in this release are unaudited.

Financial Statements Summary for the Year ended March 31, 2012 [Japan GAAP]

Company Name	KDDI CORPORATION		April 25, 2012
Stock Listing	Tokyo Stock Exchange-First Section	Code No.	9433
Representative	Takashi Tanaka, President	URL	http://www.kddi.com

Scheduled date for annual meeting of shareholders: June 20, 2012
Scheduled date for filing of full-year report: June 21, 2012
Scheduled date for dividend payment: June 21, 2012
Earnings supplementary explanatory documents for the fiscal year: Yes
Earnings presentation for the fiscal year: 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 Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(1) Consolidated Results of Operation

• Percentage represents comparison change to the corresponding previous fiscal year •

	Operating Revenues	%	Operating Income	%	Ordinary Income	%	Net Income	%
Year ended March 31, 2012	3,572,098	4.0	477,647	1.2	451,178	2.4	238,604	(6.5)
Year ended March 31, 2011	3,434,545	(0.2)	471,911	6.3	440,676	4.2	255,122	19.9

(Note) Consolidated Statements of Comprehensive Income
Year ended March 31, 2012 : 249,510 million yen; (0.5)% Year ended March 31, 2011 : 250,829 million yen; 6.1%

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Return on Assets	Operating Income Margin
	Yen	Yen	%	%	%
Year ended March 31, 2012	58,115.98	56,668.91	11.5	11.6	13.4
Year ended March 31, 2011	58,149.78	-	12.4	11.6	13.7

(Reference) Equity in net income of affiliates Year ended March 31, 2012: (18,297) million yen/Year ended March 31, 2011: (19,948) million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of March 31, 2012	4,004,009	2,128,624	51.5	539,206.73
As of March 31, 2011	3,778,918	2,171,839	55.7	495,386.23

(Reference) Shareholder's Equity As of March 31, 2012 : 2,060,746 million yen/As of March 31, 2011 : 2,103,331 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Year ended March 31, 2012	725,886	(484,507)	(225,931)	174,191
Year ended March 31, 2011	717,353	(440,545)	(279,998)	159,869

2. Dividends

	Dividends per Share					Total Dividends for the Year	Payout Ratio	Ratio of Dividends to Shareholders' Equity
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total			
	Yen	Yen	Yen	Yen	Yen		%	%
Year ended March 31, 2011	-	6,500.00	-	7,500.00	14,000.00	60,795	24.1	3.0
Year ended March 31, 2012	-	7,500.00	-	8,500.00	16,000.00	64,328	27.5	3.1
Year ending March 31, 2013 (forecast)	-	8,500.00	-	8,500.00	17,000.00		26.0	

3. Consolidated Financial Results Forecast for the Year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

• Percentage represents comparison to previous fiscal year •

	Operating Revenues	%	Operating Income	%	Ordinary Income	%	Net Income	%	Net Income per Share
									Yen
Entire Fiscal Year	3,580,000	0.2	500,000	4.7	490,000	8.6	250,000	4.8	65,414.00

1. Forecast of consolidated business results for the six months ending September 30, 2012 is not prepared
2. Net income per share in the consolidated financial results forecasts for the year ending March 31, 2013 does not take the stock split into account. For further information, please see "Explanation for Appropriate Use of Forecasts and Other Notes."

4. Other

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

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

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

Note: Please refer to page 25 "Basis of Presenting Consolidated Financial Statements" and page 28 "Changes in Significant Accounting Policies" and "Changes in Accounting Estimates" for details.

(3) Numbers of Outstanding Shares (common shares)

1) Number of shares outstanding (inclusive of treasury stock)	As of March 31, 2012	4,484,818
	As of March 31, 2011	4,484,818
2) Number of treasury stock	As of March 31, 2012	663,006
	As of March 31, 2011	238,976
3) Number of weighted average common shares outstanding (cumulative for all quarters)	For the year ended March 31, 2012	4,105,665
	For the year ended March 31, 2011	4,387,331

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

(Reference) Summary of KDDI Corporation's Financial Results and Financial Position

1. KDDI Corporation's Financial Results for the Year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(1) KDDI Corporation's Results of Operation

• Percentage represents comparison change to the corresponding previous fiscal year• •

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
Year ended March 31, 2012	3,273,536	4.3	432,440	1.0	434,575	2.8	249,836	(2.7)
Year ended March 31, 2011	3,138,742	(2.3)	428,269	3.4	422,929	3.0	256,823	19.6

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended March 31, 2012	60,851.69	59,337.05
Year ended March 31, 2011	58,537.60	-

(2) KDDI Corporation's Financial Position

	Total Assets	Net Assets	Equity Ratio	Total Net Assets per Share
			%	Yen
As of March 31, 2012	3,851,891	2,064,847	53.6	540,008.17
As of March 31, 2011	3,644,330	2,092,818	57.4	492,577.91

(Reference) Shareholder's Equity As of March 31, 2012: 2,063,809 million yen As of March 31, 2011: 2,091,407 million yen

Indication of audit procedure implementation status

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

Explanation for Appropriate Use of Forecasts and Other Notes

1. Forecast of Results

The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI corporation (hereafter: the "Company") and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to page 8 "Outlook for the Year ending March 31, 2013" under • the Attachment• • for the assumptions used and other notes.

2. Forecasts for financial results and dividends after the stock split

The Company resolved at a meeting of the Board of Directors held on April 25, 2012, that the common stock will be split 100 for 1, and the trading unit of the stock will be 100 shares with an effective date of October 1, 2012. Accompanying this change, the forecasts for financial results and dividends in the fiscal year ending March 31, 2013 are as follows.

(1) Consolidated Business Results Forecast for the Year ending March 31, 2013

Year ending March 31, 2013 ¥654.14

(2) Dividends forecast for the Year ending March 31, 2013

Six months ending September 30, 2012 ¥8,500.00[Note1]

Year ending March 31, 2013 ¥85.00[Note2]

Note 1: Interim dividends will be paid on the basis of the number of shares prior to the implementation of the stock split.

Note 2: Dividends after the implementation of the stock split, if adjusted to reflect the number of shares prior to the stock split, will be equivalent to ¥8,500.00 per share.

【the Attachment】

* The Company 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.
  - Wednesday, April 25, 2012- Earnings presentation for institutional investors and analysts

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

1. Qualitative Information / Financial Statements, etc.

(1) Analysis on Consolidated Operating Results

1. Results Overview

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)	Increase (Decrease) %
Operating Revenues	3,434,545	3,572,098	137,552	4.0
Operating Expenses	2,962,634	3,094,450	131,815	4.4
Operating Income	471,911	477,647	5,736	1.2
Non-operating Income (Expense)	(31,234)	(26,469)	4,765	-
Ordinary Income	440,676	451,178	10,501	2.4
Extraordinary Profit (Loss)	(95,416)	3,241	98,658	-
Income before Income Taxes and Minority Interests	345,259	454,419	109,159	31.6
Income Taxes	81,237	207,560	126,323	155.5
Income before Minority Interests	264,022	246,858	(17,163)	(6.5)
Minority Interests	8,900	8,254	(646)	(7.3)
Net Income	255,122	238,604	(16,517)	(6.5)

Operating revenues for the year ended March 31, 2012 amounted to ¥3,572,098 million, 4.0% increase year on year, mainly due to the increase in revenues brought by the increase in the number of terminal sales in the Mobile Business, and the increase in revenues of group companies in the Fixed-line Business, despite the decline in voice ARPU (Average Revenue per Unit) in the Mobile Business.

In profits, the decline the Mobile Business was offset by the substantial gain in the Fixed-line Business. Operating income was up 1.2% year on year to ¥477,647 million, and ordinary income was up 2.4% year on year to ¥451,178 million. In extraordinary income and loss, there was a substantial improvement due to a decline in impairment losses and a reversal of the provision for loss on the Great East Japan Earthquake. However, corporate taxes for the year ended March 31, 2011 declined due to a loss on liquidation of four intermediary holding companies that possessed shares of Jupiter Telecommunications Co., Ltd. In addition, in the fiscal year under review, income taxes increased due to the reversal of deferred tax assets accompanying a reduction in the corporation tax rate. As a result, net income was down 6.5% year on year to ¥238,604 million.

Overview of Economic Conditions

The debt problems in Europe continue to be a major risk factor for the global economy, and in the Euro zone, the unemployment rate is rising and banks are reluctant to lend. In addition, countries are stepping up budget cuts. As a result, the pace of the recovery in the global economy is clearly decelerating. On the other hand, in the U.S., the employment environment has improved, and monetary easing measures are gradually taking effect. Business conditions are expected to follow a moderate recovery trend. Also, in emerging economies, business conditions seem to be steadily improving as concerns about inflation subside, monetary easing measures take effect, and internal demand increases.

In Japan, the economy has not been expanding, but moving forward a moderate recovery is expected to continue for some time, with support from reconstruction-related demand and a range of policy measures, such as subsidies for environmentally-friendly cars. Nonetheless, issues requiring ongoing attention include downside risks in the economy, such as electricity shortages and increases in the price of crude oil, as well as trends in the global economy.

Industry Trends

In the mobile communications market, competition for customers is intensifying as pricing plans become more affordable; the use of smartphones increases; the range of tablets and other devices diversifies; and content services expand, centered on music, videos, and ebooks. In the fixed-line communications market, progress is being made by services combining fixed-line and mobile and by the integration of telecommunications and broadcasting. As a result, competition between services is entering a new phase.

KDDI's Position

The Company steadily implemented its medium to long term strategies-the 3M Strategy and the Global Strategy-targeting the realization of the three business vision: "More Connected" "More Diverse Values" "More Global." 3M stands for Multi-network, Multi-device, and Multi-use. Our growth strategy calls for the establishment of an environment that seamlessly provides a variety of content and services to customers through an optimal network that can be used anytime and anywhere, with a variety of devices, including smartphones and tablets.

In January 2012, we announced the Smart Passport Concept, which is phase 1 of the 3M strategy. This concept has three key factors. The first is "au Smartvalue," an FMC discount service that we offer in cooperation with FTTH/CATV companies. The second is "au Smart Pass," which offers packages of more than 500 applications and cloud services. The third is "au ID," which enables the seamless use of those services on multiple devices. The Smart Passport Concept is aimed at maximizing Value ARPU by expanding FTTH sales, targeting smartphone subscriptions through linked acquisition in the household, and promoting the use of cloud-based content services. In the future, the Company will further advance the Smart Passport Concept, and in accordance with a new slogan—New Freedom.—we will provide customers with new value that realizes 3M.

In the Mobile Business, we have implemented a variety of initiatives to expand our customer base. We strengthened our lineup of handsets, including smartphone models not available from other companies. We also took steps to enhance our applications and content, such as establishing a cooperation agreement with Facebook Inc. and strengthening our LISMO service. Additionally, to respond to rapidly growing data traffic, we bolstered our network by expanding the "au Wi-Fi SPOT" public wireless LAN service. We also began to provide the "Wi-Fi HOME SPOT (CUBE)," a router for use in the home, and we introduced "EV-DO Advanced" to increase communications quality in congested areas. In this way, we continued to focus on both strengthening our network and reducing our costs.

In the Fixed-line Business, we worked to expand access lines, centered on FTTH services. For corporate clients, we strove to reinforce our ability to support corporate clients' international business development by making effective use of our overseas locations. We also took steps to enhance our solutions services.

In both businesses, we sought to forge partnerships with numerous companies in a variety of fields.

2. Results by Business Segment

Note 1: Results Summary

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)	Increase (Decrease) %
Mobile Business				
Operating revenues	2,590,724	2,727,012	136,287	5.3
Operating expenses	2,151,838	2,307,821	155,982	7.2
Operating income	438,885	419,190	(19,695)	(4.5)
Fixed-line Business				
Operating revenues	897,251	915,536	18,284	2.0
Operating expenses	873,262	862,104	(11,157)	(1.3)
Operating income	23,989	53,431	29,442	122.7
Other Business				
Operating revenues	114,326	106,873	(7,452)	(6.5)
Operating expenses	105,797	102,575	(3,222)	(3.0)
Operating income	8,529	4,298	(4,230)	(49.6)

Note 2: Subscriptions of Major Services (Unit : Thousand line)

	As of March 31, 2011	As of March 31, 2012	Increase (Decrease)	Increase (Decrease) %
au[1]	32,999	35,109	2,110	6.4
CDMA 1X WIN	29,633	33,539	3,906	13.2
(Ref.) UQ WiMAX	807	2,266	1,459	180.8
FTTH	1,901	2,268	367	19.3
Metal-plus	2,543	2,189	(354)	(13.9)
Cable-plus phone	1,341	2,074	733	54.7
CATV[2]	1,088	1,142	54	5.0
Fixed access lines[3]	6,407	7,118	711	11.1

Notes: 1. Inclusive of module-type contracts
2. Inclusive of wholesales to "J:COM PHONE Plus" from the fiscal year ending March 31, 2012
3. Number of households with at least one contract via broadcasting, internet, or telephone
4. Total access lines of FTTH, direct-revenue telephony (Metal-plus, Cable-plus phone), and CATV subs, excluding crossover.

Mobile Business

Operating revenues for the year ended March 31, 2012 amounted to ¥2,727,012 million, 5.3% increase year on year. Contributing factors include the increase in revenue brought by the increase in the number of terminal sales, despite the decline in voice ARPU caused by the uptake of the Maitsuki Discount (Monthly discount) and Simple Course. Operating income amounted ¥419,190 million, down 4.5% year on year, due to the increase in handsets procurement cost that led the rise in operating expenses.

<Overall>

- The number of "au" mobile phone subscriptions was 35.109 million as of March 31, 2012.
- On January 16, 2012, in conjunction with the rollout of the new au slogan—New Freedom.—we introduced a new au brand mark.
- On March 1, 2012, we began to offer au Smart Pass and au Smartvalue.
  "au Smart Pass" offers unlimited use of more than 500 applications as well as coupon and point services, storage of photos and videos, and security and support, all for ¥390 per month (including tax). Everyone, from experienced smartphone users to beginners, can securely and freely enjoy their favorite applications and services with "au Smart Pass," and by March 27 the number of members had surpassed 500,000.
  "au Smartvalue" is a service that combines mobile and fixed-line communications. With a subscription to a designated fixed-line communications service (FTTH, CATV), customers can receive a discount of ¥1,480 (tax included)* on their monthly smartphone usage charges for up to two years. This service is available to subscribers to a designated fixed-line communications service and their family members who reside in the same household. * After 2 years, the discount will be ¥980.
- Accompanying the reorganization of the 800MHz bandwidth, which is used by au mobile phones, the provision of service for models that are not compatible with the new 800MHz bandwidth will end on July 22, 2012. Special options have been made available to eligible customers who upgrade their handsets, such as special prices, including models that are eligible for free upgrades. We have also continued to implement activities to publicize this issue. As a result, we have made favorable progress in encouraging customers to upgrade.

<Mobile Terminals>

- On October 14, 2011, the Companies began offering the "iPhone 4S" (made by Apple Inc.). You can use iPhone 4S on the Companies' 3G network, so you can enjoy the incredible features of iPhone 4S anywhere, anytime.
- We launched a total of 24 new Android™ smartphones. These included the INFOBAR series as well as high-speed communications models with WiMAX and tethering capability and waterproof models.
- In feature phones, we launched 13 new models. These included models that can be easily used even by people who are not skilled in the use of mechanical devices and waterproof models that feature a sophisticated design and a focus on ease of use.
- We also launched a total of 8 other communications devices (tablets, mobile Wi-Fi routers, etc.).
- In handset accessories, in collaboration with "NAVA," a leading Italian stationery maker, in October 2011 we began sales of "iida & NAVA" smartphone accessories. In January 2012, we launched the "au + 1 collection" of official au accessories, which features a large number of items, centered on original products available only from au. The "au +1 collection" will be available at au shops, and au points can be used for payment.

<Products released for the year ended March 31, 2012>

Smartphones	iPhone	"iPhone 4S"
	IS Series	"INFOBAR A01," "INFOBAR C01," "GALAXY S II WiMAX ISW11SC," "OptimusX IS11LG," "MOTOROLA PHOTON ISW11M," "DIGNO ISW11K," etc. "Windows Phone IS12T"
Feature phones	au	"Simple Phone K010," "Mi-Look," "URBANO AFFARE"
Other communication devices		"MOTOROLA XOOM™ Wi-Fi TBi11M," "PHOTO-U2 SP03," "Wi-Fi WALKER DATA08W," "ETBW11AA"
Accessories	INFOBAR	"Accessories for INFOBAR A01/C01"
	Collaboration with brands	"iida & NAVA" series
	Others	"au + 1 collection" series

<Pricing Plans>

- On September 1, 2011, we began providing two new au mobile phone pricing plans, "Plan W simple" and "Plan W," for customers who place frequent international calls. In addition, we made calls inside Japan between au mobile phones free of charge (except between 9pm and 1am) and made all C-mail within Japan free of charge, the first time this has been done for au mobile phones.
  On the same day, the Companies made it possible to place international calls from au mobile phones by dialing the "010" prefix.
- The Companies launched a new pricing plan, "Plan Z Simple," on September 28, 2011. "Plan Z Simple" allows users in Japan to call other au mobile phones within Japan for free between the hours of 1am and 9pm for a basic monthly rate of ¥980 (including tax)*. Also, domestic C-mail messages between au mobile phone users are always free, 24 hours a day.
  * Under "Everybody Discount" contract
- On December 1, 2011, the Companies began to offer "WIN Single Flat WiMAX (Simple)," a new rate plan that can be used with a downlink speed of up to 40Mbps. In addition to the conventional 3G wide service areas, this service can also be used in WiMAX service areas. If customers subscribe to this service when purchasing a compatible device (DATA08W, DATA01), they are eligible for the "WIN Single Flat Cost-Saving Discount," under which the service is available for ¥4,410 per month (tax included)* for up to 25 months.
  * When applying for "Everybody Discount Single" or "WIN Single Set Discount."

<Consumer Services>

- We began to offer the "Guarantee Security Pack," which provides total security and safety support for Android™ smartphones, on November 18, 2011. In this way, we provide a package of services: remote locking in the event a smartphone is lost, "Virus Buster Mobile for au," which protects handsets from harmful sites and applications, and "Remote Support," which offers remote operation and setting by operators. We are the first domestic mobile telecommunications company to introduce remote support for Android™ smartphones.
- From March 1, 2012, we significantly improved the existing au mobile phone point service, the "au Point Program." Through this upgrade, we have expanded the ways in which members can use points earned under the "au Point Program." For example, points can be used to make purchases of goods from a variety of shopping sites or content. In addition, we changed the requirements for earning points.

<Corporate Services>

- The Company entered a business alliance with Branddialog, Inc., on August 2, 2011, to launch the "KDDI Knowledge Suite." As the Company's first service for its proprietary "KDDI MULTI CLOUD" service, the "KDDI Knowledge Suite" is a highly convenient business application that links groupware with sales support and customer management, which enables workers to operate more efficiently by allowing them to use schedules and telephone memos even when away from their desks.
- On November 22, 2011, we began to offer "KDDI 3LM Security," a security management service developed by Three Laws of Mobility, Inc. This service, which is available for corporate customers using au Android™ devices, features robust security functions that were not previously available at the application level.

<Others>

- The Companies launched the "au Wi-Fi SPOT" public wireless LAN service on June 30, 2011, and by the end of March 2012, the number of spots available with this service had surpassed 100,000.
  Customers who subscribe to the "IS Flat" or to "Plan F (IS) Simple/Plan F (IS)" can use this service from au smartphones at no additional charge, and this service is used by a large number of customers. We have implemented a variety of measures to increase convenience for our customers. We are providing services in cooperation with convenience stores for the distribution of a wide range of information and content. We have also enhanced service to enable the use of another Wi-Fi compatible device in addition to the smartphone, such as a PC or a tablet, at no charge. In addition, we have taken steps to expand our coverage area in Japan and include such locations as moving buses, railroad stations, airports, and restaurants. We are also providing international roaming service in more than 100 countries and regions overseas, such as in North America, Asia, and Europe.
  Furthermore, in February 2012, we commenced rentals of "Wi-Fi HOME SPOT (CUBE)," an indoor wireless LAN service that offers high-speed wireless LAN communications in the home. "Wi-Fi HOME

SPOT" is a home-use wireless LAN router than can be connected to home broadband circuits. One special feature is that the Wi-Fi can be initialized for use with an au smartphone just by pressing a single button. In addition, other Wi-Fi compatible devices, such as PCs and game machines, can also be easily used. In the future, we will work to expand our wireless LAN services, under the name "au Wi-Fi," which will cover both "Wi-Fi HOME SPOT" and "au Wi-Fi SPOT."

- From late January 2012, we began to roll out mobile NFC* (Type A/B) service in stages. As a result, the use of NFC services with mobile phones became possible for the first time in Japan. NFC-enabled mobile phones can be used for settlement services; coupon, membership card, and other services; and information acquisition and exchange. Furthermore, they can be used overseas as well, such as for shopping and transportation related functions.
  * Near field communication: ISO international standard for near field wireless communications. Compatible with Type A/B and FeliCa®. Contactless IC card functions, reader/writer functions, inter-device communications functions, etc., can be used.
- "Emergency Report Mail" delivers emergency messages to au mobile phones in specified areas. From January 31, 2012, in cooperation with national and municipal entities, we began to provide "disaster and evacuation information," to provide notifications, such as various warnings and evacuation information related to disasters. From March 30, 2012, we began to provide the "tsunami warnings" announced by the Japan Meteorological Agency.
  From spring 2012, we will offer the "Disaster Voice Delivery Service" for IS03 and later Android™ smartphones. Even when voice networks are congested and it is difficult to make a phone call, this service will be able to deliver voice messages about personal safety and related topics. In addition to the "Disaster Message Board" service, the "au Disaster Countermeasure" application has been available since December 23, 2011. In this way, we are providing "security and safety" to customers using au Android™ smartphones.
- On February 1, 2012, the Company established the KDDI Open Innovation Fund, a corporate venture capital fund that will support promising startup companies. (Plans call for a total investment in the fund of ¥5.0 billion.) Through the fund, the Company will invest in promising startup companies in Japan and overseas. In addition, through cooperative activities, the Company will support service development, provide cloud computing and other platforms, and cooperate in promotional initiatives. In this way, the Company will foster the development of high-quality applications and services and, in conjunction with the "KDDI ∞ Labo" incubation program, support the growth of startup companies.
  Furthermore, the innovative applications and services that are developed through this fund will be provided through "au Smart Pass." In this way, the Company will provide customers with new experiences and value that realize the 3M strategy.

Fixed-line Business

Operating revenues in the year ended March 31, 2012 amounted to ¥915,536 million, 2.0% increase year on year, due to the increase in operating revenues of group companies, which offset the decline in voice revenue of the Company. Operating income amounted to ¥53,431 million, 122.7% increase sharply year on year, due to the decrease in operating expenses of the Company as a result of network streamlining conducted in the Fixed-line Business.

< 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 2.268 million as of March 31, 2012.
- As of March 31, 2012, the number of "Metal-plus" subscriptions totaled 2.189 million.
- For "Cable-plus phone," alliances with cable television companies grew steadily, reaching 118 companies and its subscriptions expanded to 2.074 million as of March 31, 2012.
- Consolidated subsidiary JCN Group, which oversees 18 cable companies primarily in the Tokyo metropolitan area, had 1.142 million cable television subscriptions as of March 31, 2012.

< Consumer Services >

- "au HIKARI Home," a FTTH service for detached houses, expanded its service areas to Hokkaido, Tohoku, Chugoku, Shikoku, Kyushu region, the service started from June 1, 2011. On February 14, 2012, we began to provide customers who newly apply for "au HIKARI Home" with the "Aterm BL900HW," a new home gateway with built-in high-speed wireless LAN functionality and a maximum speed of 450 Mbps (theoretical speed), the highest in Japan.

- On September 1, 2011, the Company began offering the "Guarantee Total Support" service, which provides customers using our "au one net" Internet connectivity service with support from expert operators for various problems related to Internet use. Specialized operators use the telephone and remote operations to provide "Guarantee Total Support," which can be added to the "au one net" support service to help resolve issues involving Internet network equipment connectivity, settings and methods of use. On November 24, 2011, we began to offer "Guarantee Net Security." The "Guarantee Net Security" is a comprehensive security service that offers abundant security functions at an economical price. These functions include virus and spyware countermeasures as well as phishing scam countermeasures and web filtering that limits access to harmful web sites.
- From February 14, 2012, as an au HIKARI telephone added-value service, we began to provide the "Telephone Option Pack," which offers customers a bundle of convenient services, such as caller ID and call forwarding, at a package price.

< Corporate Services >

- The Company have started "KDDI MULTI CLOUD," a new brand for corporate customers on June 28, 2011. Through this service, we integrate smart devices and applications seamlessly with "high quality" and "highly credible" networks and data centers as foundation to provide simple solutions and offer best working environment to corporate customers.
- On September 13, 2011, the Company and its subsidiary KDDI Web Communications Inc. participated in Google's new "Getting Japanese Business Online" as a business partner in Japan. Aimed at promoting ICT use among small and medium-sized Japanese businesses, the project supports the creation and operation of websites for small and medium-sized businesses and promotes the use of IT in business. In conjunction with "KDDI Matomete Office," a membership program that supports the establishment of office IT environments, we will strongly support small and medium-sized businesses.
- In October 2011, the Company acquired 85.5% of the common stock of CDNetworks Co., Ltd., of South Korea, which became a consolidated subsidiary of the Company. CDNetworks is a provider of content delivery network (CDN)[Note] services in the global market. In addition to adding CDN services to our service lineup, we will also pursue synergies from this acquisition, such as network and facility cost reductions. In addition, as a result of this acquisition, on February 1, 2012, we began to provide "KDDI Global Content Accelerator," a CDN service that accelerates the performance and dramatically increases the reliability and scalability of web sites and web applications.

  Note: CDN services realize acceleration of Internet communications through temporary caching and delivery of content using servers that are located closer to end users.
- From December 2011, we began offering service at the "TELEHOUSE HONG KONG CCC," a large-scale data center in Hong Kong that has a total floorspace of 36,000 square meters and meets the TELEHOUSE global standard. From January 2012, we also began offering service at the "TELEHOUSE FRANKFURT," a data center in Frankfurt, Germany that has a total floorspace of 67,000 square meters. With the opening of these data centers, we have 22 overseas TELEHOUSE data centers in 11 regions and 14 cities.

Other Business

Operating revenue for the year ended March 31, 2012 decreased 6.5% year on year to ¥106,873 million. Operating income decreased 49.6% year on year to 4,298 million.

3. Status of major affiliates

UQ Communications Inc. (hereafter: "UQ"), an equity method affiliate of the Company, has recorded 2,265,700 subscriptions (topped 2 million subscriptions on February 26, 2012) and 19,714 base stations as of March 31, 2012.

The service area included 100 million people as of January 24, 2012. Moreover, it has been extended to include Tokyo subways and the areas alongside principal railroad lines throughout the country, including the Tokyo metropolitan area, Chubu, and Kansai, so that WiMAX services can be used in stations and on trains. Also, we are working to increase convenience with WiMAX on smartphones, tablets, and other devices.

In April 2011, Jupiter Telecommunications Co., Ltd. (hereafter: "J:COM"), an equity method affiliate, began rolling out J:COM PHONE Plus, which uses the Company's telecommunication networks and J:COM's cable TV networks, in J:COM's service areas. From March 15, 2012, in stages, the backbone circuits linking the service areas of J:COM, which has operations in the five major metropolitan areas in Japan, will be migrated to our consolidated IP core network, thereby strengthening and increasing the reliability of J:COM's network. First, we will start from the Sapporo-Tokyo, and then in stages we will move on to other areas. In this way, within 2012, about 70% of traffic will be migrated, and plans call for the migration to be completed in 2013.

The accounts of Jibun Bank Corporation (hereafter: "Jibun Bank"), an equity method affiliate of the Company, numbered 1.36 million accounts, 160,000 accounts more from March 31, 2011, and 349.7 billion yen in deposits, 126.3 billion yen more from March 31, 2011.
From July 2011, Jibun Bank increased customer convenience by enabling the use of a service for real-time settlement from Jibun Bank accounts, the "Jibun Bank Payment service," through "au one toto." Targeting individual customers, on October 11, 2011, the bank also began offering RMB-denominated foreign currency deposits via the Internet.

au Insurance Company, Limited (hereafter: "au Insurance"), established by the Company and Aioi Nissay Dowa Insurance Co., Ltd. through joint investment started its services on May 25, 2011.
In addition to offering the "My Smart Insurance (Standard Accidental Insurance)" including "¥100 Bicycle Plan" and "Leisure Plan," from November 29, 2011, au Insurance began to offer "My Smart Insurance world (Overseas Travel Insurance)," for a premium of ¥500 per day.

Notes:
1. "Smart Value" is a registered trademark of Energy Management Corporation.
2. "Wi-Fi" is a registered trademark of Wi-Fi Alliance®.
3. iPhone is a trademark of Apple Inc. The trademark 'iPhone' is used with a license from Aiphone K.K.
4. "Android" and "Google" are trademarks or registered trademarks of Google Inc.
5. WiMAX is a trademark or a registered trademark of WiMAX Forum.
4. "GALAXY S" is a trademark or a registered trademark of SAMSUNG ELECTRONICS Co., Ltd.
5. MOTOROLA PHOTON and MOTOROLA XOOM are registered trademarks of Motorola Trademark Holdings, LLC.
6. "DIGNO" is a registered trademark of Kyocera Corporation.
8. "Windows® Phone" is a trademark or a registered trademark of Microsoft Corporation.
9. "Felica" is a registered trademark of Sony Corporation.
10. "Felica" is a contactless IC card technology developed by Sony Corporation.
11. Aterm is a registered trademark of NEC Corporation.

4. Outlook for the Year ending March 31, 2013

The consolidated financial results outlook of the Companies for the year ending March 31, 2013 is as follows;

(Amount unit: Millions of yen)

	Year ended March 31, 2012	Forecast, year ending March 31, 2013	Increase (Decrease)	Increase (Decrease) %
Operating revenues	3,572,098	3,580,000	7,901	0.2
Operating income	477,647	500,000	22,352	4.7
Ordinary income	451,178	490,000	38,821	8.6
Net income	238,604	250,000	11,395	4.8

In operating revenues, lower unit sales of handsets had the effect of decreasing revenues, but the launch of au Smartvalue and au Smart Pass expanded the customer base, which had the effect of increasing revenues. Consequently, operating revenues are forecast to increase to ¥3,580,000 million on a consolidated basis.

In operating expenses, the Company is forecasting a decline in sales promotion costs due to lower unit sales of handsets. As a result, the Company is forecasting an increase in operating income, to ¥500,000 million. In ordinary income, the Company anticipates improvement in equity in profit/loss of affiliates and is forecasting an increase in ordinary income, to ¥490,000 million.

In net income, the Company anticipates impairment loss on facilities with low utilization and special losses on about ¥80,000 million in communications facilities that the Company is considering disposing of. Nonetheless, the Company is forecasting an increase in net income, to ¥250,000.

Because forecasting for the period is difficult due to volatile conditions in the telecommunications market related to competition among carriers, the Company has not prepared a forecast of consolidated business results for the six months ending September 30, 2012.

(2) Analysis on Consolidated Financial Position

1. Consolidated Financial Position

	Year ended March 31, 2011	Year ended March 31, 2012	Increase (Decrease)
Total assets	¥3,778,918M	¥4,004,009M	¥225,090M
Shareholder's equity	¥2,103,331M	¥2,060,746M	(¥42,584M)
Equity ratio	55.7%	51.5%	(4.2%)
Net assets per share	¥495,386.23	¥539,206.73	¥43,820.50
Interest-bearing debt	¥979,629M	¥1,046,754M	¥67,124M

Consolidated total assets as of March 31, 2012 amounted to ¥4,004,009 million, an increase of ¥225,090 million from March 31, 2011. This increase was primarily attributable to factors such as increase in accounts receivable-trade.

Total liabilities amounted to ¥1,875,384 million, an increase of ¥268,305 million from March 31, 2011. The major factors contributing to this increase were issuance of convertible bond-type bonds with subscription rights to shares.

As a result of these factors, the shareholders' equity ratio decline from 55.7% to 51.5%.

Interest-bearing debt as of March 31, 2012 included ¥200,916 million of convertible bond-type bonds with subscription rights to shares issued for the year ended March 31, 2012.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31 2011	Year ended March 31, 2012	Increase (Decrease)
Net cash provided by (used in) operating activities	717,353	725,886	8,532
Net cash provided by (used in) investing activities	(440,545)	(484,507)	(43,961)
Free cash flows	276,807	241,379	(35,428)
Net cash provided by (used in) financing activities	(279,998)	(225,931)	54,067
Effect of exchange rate change on cash and cash equivalents	(2,416)	(1,125)	1,291
Net increase (decrease) in cash and cash equivalents	(5,607)	14,322	19,929
Cash and cash equivalents at beginning of period	165,476	159,869	(5,607)
Cash and cash equivalents at end of period	159,869	174,191	14,322

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 ¥725,886 million largely due to ¥454,419 million of income before income taxes and minority interests, ¥417,886 million of depreciation, ¥207,033 million of increase in notes and accounts receivable-trade, ¥62,003 million of increase in accounts payable-other, ¥23,441 million of increase in notes and accounts payable-trade, ¥88,625 million of income taxes paid, and ¥33,386 million of income taxes refund, etc.

Investing activities used net cash of ¥484,507 million mainly due to ¥318,870 million for purchase of property, plant and equipment, ¥75,914 million for purchase of intangible assets, and ¥57,530 million for purchase of stocks of subsidiaries and affiliates, etc.

Financing activities provided net cash of ¥225,931 million. This includes ¥201,000 million for proceeds from issuance of convertible bond-type bonds with subscription rights to shares, ¥220,969 million for purchase of treasury stock, and ¥133,750 million for repayment of long-term loans payable, and ¥63,689 million for cash dividends paid.

The sum of cash flows from operating and investing activities showed a net outflow of ¥241,379 million, down ¥35,428 million year on year.

As a result, total amount of net cash and cash equivalents as of March 31, 2012, increased ¥14,322 million from March 31, 2011, to ¥174,191 million.

3. Cash Flows Indicators

	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012
Shareholder's equity ratio	58.5%	53.7%	52.8%	55.7%	51.5%
Market equity ratio	94.4%	60.0%	56.4%	57.9%	51.2%
Debt repayment period (year)	1.0	1.2	1.5	1.4	1.4
Interest coverage ratio	52.7	60.6	59.7	51.1	56.3

Note:

- Equity ratio: (Total net assets – Stock acquisition rights – Minority interests) / Total assets
- Market equity ratio: Market capitalization / Total assets
- Debt repayment period: Interest bearing debt / Cash flows
- Interest coverage ratio: Cash flows / Interest payments

- Market capitalization is calculated by multiplying the closing stock price at fiscal year-end by the number of shares outstanding (not including treasury stock).
- Cash flows from operating activities in consolidated statements of cash flows are used for operating cash flows.
- Figures for interest-bearing debt cover the amounts of loans and bonds that are recognized in consolidated balance sheets and liabilities upon which interest is paid. Further, regarding interest payments, the amount of interest expenses paid in consolidated statements of cash flows is used.

(3) Profit Distribution

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

Regarding dividend payments for the year ended March 31, 2012, the Company has already paid an interim cash dividend of ¥7,500 per share. In order to express gratitude to its shareholders for their constant support, and in light of an overall consideration of business development aimed at improving future business results, the Company plans to pay an increased year-end cash dividend of ¥8,500 per share, up ¥1,000 year on year.

Further, for the year ending March 31, 2013, the Company plans to pay out ¥8,500 per share for both interim and year-end cash dividend, making the full-year amount ¥17,000 per share.

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

(4) Business Risks

As the Companies pursue its business, there are various risks involved. The Companies take every effort to reduce these risks by preventing and hedging them.

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

- subscription growth trends out of line with the Companies expectations due to competition, rival technologies and rapid market shifts
- breach of obligations regarding communications security and protection of customer privacy
- natural disasters and accidents including earthquake, tsunami, typhoon, etc.
- 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 Companies

2. The Group

The Group comprises the Company, 118 consolidated subsidiaries (Japan: 44 companies, overseas: 74 companies), and 24 affiliates (Japan: 15 companies, overseas: 9 companies). The Group's main business lines are the Mobile Business, which provides mobile communication services, sales of mobile terminals, and content business, etc., and the Fixed-line Business, which provides broadband services, domestic and international telecommunications services, data center services, and ICT solution services, etc. Affiliates include 21 equity-method affiliates (Japan: 14 companies, overseas: 7 companies).

The status of the Company, consolidated subsidiaries and affiliates within the Companies business and their relationships with segments are as shown below.

<Mobile Business>

Principal services	Major consolidated subsidiaries and affiliates	
Mobile communication services (voice and data), sales of mobile terminals, contest business	domestic	The Company ■ Okinawa Cellular Telephone Company [JASDAQ] ■ KDDI Technical & Engineering Service Corporation* ■ Wire and Wireless Co., Ltd. ■ WebMoney Corporation ■ mediba corporation □ UQ Communications Inc. □ Mobaoku Co., Ltd. etc.
	overseas	■ KKBOX, Inc.

<Fixed-line Business>

Principal services	Major consolidated subsidiaries and affiliates	
Broadband services (FTTH services and cable television services, etc.), domestic and international telecommunications services, data center services, and ICT solution services	domestic	The Company ■ Japan Cablenet Holdings Limited ■ Japan Cablenet Limited ■ Chubu Telecommunications Company, Incorporated ■ Okinawa Cellular Telephone Company [JASDAQ] ■ Okinawa Telecommunication Network Co., Inc. ■ KDDI Technical & Engineering Service Corporation* ■ KDDI Web Communications Inc. □ Jupiter Telecommunications Co., Ltd. [JASDAQ] etc.
	overseas	■ KDDI America, Inc. ■ KDDI GLOBAL, LLC ■ KDDI Europe Ltd. ■ KDDI Singapore Pte. Ltd. ■ KDDI China Corporation ■ KDDI KOREA Corporation ■ Telehouse International Corp. of Europe Ltd. ■ TELEHOUSE International Corp. of America ■ DMX Technologies Group Limited [SGX] etc.

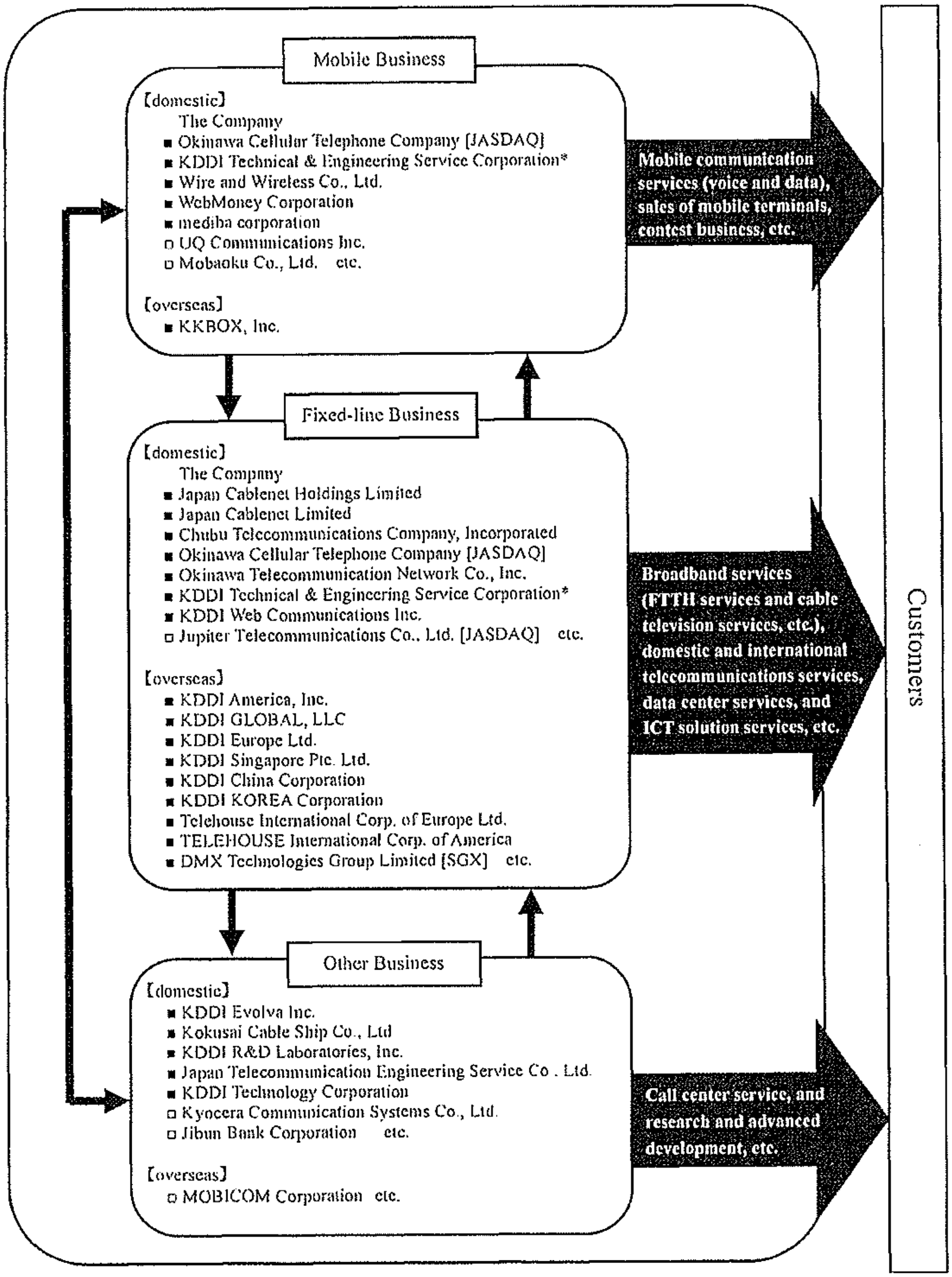
<Others>

Principal services	Major consolidated subsidiaries and affiliates	
Call center service, and research and advanced development	domestic	■ KDDI Evolva Inc. ■ Kokusai Cable Ship Co., Ltd ■ KDDI R&D Laboratories, Inc. ■ Japan Telecommunication Engineering Service Co., Ltd. ■ KDDI Technology Corporation □ Kyocera Communication Systems Co., Ltd. □ Jibun Bank Corporation etc.
	overseas	□ MOBICOM Corporation etc.

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

* KDDI Technical & Engineering Service Corporation changed its name to KDDI Engineering Corporation on April 1, 2012.

Business schematic diagram of corporate groups are shown as below.



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

* KDDI Technical & Engineering Service Corporation changed its name to KDDI Engineering Corporation on April 1, 2012.

3. Management Policy

(1) Basic Management Policies

- We aim to become a company that can provide excitement, safety, happiness and smiles of gratitude to people in the world by offering highly credible networks and value-added products and services.
- The Companies will advance total customer satisfaction (TCS) initiatives that will heighten the level of satisfaction among all stakeholders.
- The Companies will emphasize cash flows and work to become a company that is attractive to its shareholders and other investors.
- The Companies will work to establish an even sounder financial position by making efficient capital investments and reducing various expenses rigorously.
- To step up information security, we are working to ensure thorough information management and compliance and reinforcing our risk management structure.
- The Companies will actively implement activities to preserve the environment—including energy saving, resource saving, recycling, and green purchasing—in order to emphasize harmony with the global environment and create a rich society that is fully in accord with human nature.
- The Companies will actively contribute to the development of a rich communications-based society in adherence with the overriding goal of its corporate social responsibility initiatives, which seek to support social and economic activities in all areas by providing secure and convenient telecommunications services.

(2) Medium-to Long-term Management Strategies, Targeted Management Indicators, and Important Issues

We will promote our mission as a telecommunication company that supports a lifeline through construction of telecommunication infrastructure network that can be recovered in case of major natural disasters, and creation of BCP upon the experiences of the Great East Japan Earthquake.

In regard to five major accidents occurring in the period from April 2011 to February 2012, the Company has been directed by the Ministry of Internal Affairs and Communications and by a MIC liaison committee to rapidly formulate rigorous countermeasures, including recurrence prevention countermeasures, and to report on the results of their implementation and future initiatives. The Company established an investigative committee, which is led by the president, and targeting the prevention of a recurrence, implemented a complete overhaul, formulated improvement measures, and implemented them.
The Company expresses its sincere apologies for causing trouble and concern for customers and related parties as a result of this series of accidents, and to provide a comfortable communications environment for customers, the Company will continue to implement countermeasures to further increase reliability.

The Companies have formalized "three commitments" to respond quickly to changes in the operating environment, while at the same time growing sustainably and taking the lead in meeting emerging needs.

- **"More connected"** -- We will aim to achieve multi-network connectivity by organically linking networks owned by the Companies, including mobile phone, FTTH, CATV and WiMAX networks, and various devices. We will also provide a high-speed communication environment and attractive content optimized for multi-device access. At the same time, the Company will enable multi-use services tailored to individual customer preferences, thereby making ourselves "more connected" to customer.

- **"More diverse values"** -- The ongoing proliferation of Internet technologies, led by IP connectivity, are spawning ICT needs in a broadening host of fields, including medicine, health, education, government and the environment. By taking a more active part in various corporate initiatives and lifestyle aspects, the Companies offer further value to customers.

- **"More global"** -- Overseas, many countries are experiencing robust economic growth. Meanwhile, Internet diffusion in numerous emerging markets continues to lag. The Companies are working to meet the needs of markets around the world by developing communication-related businesses tailored to individual countries' cultural and socioeconomic conditions, and is working toward global information and telecommunication technology (ICT) and building communication environments to this end.

To realize these visions, we will advance the full-scale implementation of the 3M strategy (Multi-network, Multi-device, Multi-use), which will enable customers to select a device the meets their own preferences and to enjoy a variety of content through an optimal network that can be used anytime and anywhere.

Under the Smart Passport Concept, which is phase 1 of the 3M Strategy, "au Smart Pass" and "au Smartvalue" were launched in March 2012 and have earned the satisfaction of many customers. Targeting increases in customer value by leveraging the 3M strategy as one of our strengths, in the future we will continue to enhance networks, handsets, and service.

In addition, from the year ending March 31, 2013, the segments have been reorganized from the previous categories of Mobile Business and Fixed-line Business. The four new segments have been determined in accordance with the management approach, reflecting the units for which management resources are allocated and financial results are evaluated.

< Personal Services >

With the Smart Passport Concept as its core strategy, through "au Smartvalue" the segment will work to expand sales of the Companies' FTTH services—"au HIKARI," "Commuf@-hikari," and "au HIKARI Chura." In addition, the segment will strengthen its relationships with CATV companies and electric-power related communications companies. The segment will also work to expand the au customer base, achieve gains in revenues and profits, and maximize the number of FMC IDs* x FMC ARPU.
Moving forward, the segment will work to develop an extensive handset lineup, including smartphones with communications functions that have been enhanced, such as through the addition of functions that are standard in Japan; high-speed smartphones utilizing au + WiMAX; Wi-Fi routers and other data communications devices; and tablets. In addition, the segment will work to develop and provide innovative new services and new content and work to expand service areas and further increase communications quality. The segment will also strive to provide a comfortable communications environment, at higher speeds than were previously possible, through the introduction of LTE.

* Number of IDs for subscribers to both fixed-line and mobile.

< Value Services >

The Value Services segment will continue to provide cloud-based content services, centered on entertainment services. These will be linked with "au Smart Pass," for multiple devices and multiple operating systems.
At the same time, by establishing a service platform, moving toward more open services, and nurturing startup companies, the segment will work to increase the appeal of these services and achieve linked acquisitions of service subscriptions. In this way, the segment will strive to maximize Value ARPU.

< Business Services >

The Business Services segment will develop the "KDDI MULTI CLOUD" brand for corporate customers, provide cloud solutions that seamlessly integrate across the range from smartphones and tablets to networks, data centers, and applications, and propose work style reforms to customers. In addition, through the provision of "Smartvalue for Business," 3M services for small and medium-sized companies, the segment will strive to increase the number of KDDI customers.

< Global Services >

In addition to expanding "TELEHOUSE" data centers, the Global Services segment will strengthen its system for the one-stop provision to customers of optimal, high-value-added ICT solutions through the utilization of the services of consolidated subsidiaries CDNetworks and DMX. In addition, the segment will work to expand its customer base, including non-Japanese companies. In addition, the segment will also work aggressively to expand consumer businesses, such as Internet broadband operations in emerging countries and MVNO operations in the U.S.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery[4]	2,653,301	2,755,669
Accumulated depreciation	(2,024,885)	(2,174,551)
Machinery, net	628,415	581,117
Antenna facilities	593,481	623,595
Accumulated depreciation	(240,019)	(275,285)
Antenna facilities, net	353,461	348,310
Local line facilities[4]	354,061	376,392
Accumulated depreciation	(228,849)	(245,619)
Local line facilities, net	125,212	130,772
Long-distance line facilities	106,804	104,491
Accumulated depreciation	(96,802)	(99,010)
Long-distance line facilities, net	10,002	5,480
Engineering facilities[4]	64,175	64,422
Accumulated depreciation	(36,977)	(38,692)
Engineering facilities, net	27,198	25,730
Submarine line facilities[4]	55,103	52,390
Accumulated depreciation	(45,567)	(45,870)
Submarine line facilities, net	9,536	6,519
Buildings[4]	421,992	426,503
Accumulated depreciation	(207,774)	(221,118)
Buildings, net	214,217	205,384
Structures	79,377	80,587
Accumulated depreciation	(46,931)	(49,599)
Structures, net	32,446	30,987
Land	242,197	249,239
Construction in progress	75,236	132,822
Other tangible Assets[4]	116,963	123,860
Accumulated depreciation	(82,776)	(92,270)
Other tangible assets, net	34,187	31,589
Total property, plant and equipment[1]	1,752,112	1,747,955
Intangible assets		
Right of using facilities	9,120	10,577
Software	191,719	175,084
Goodwill	17,563	22,331
Other intangible assets	10,223	10,369
Total intangible assets	228,626	218,361
Total noncurrent assets-telecommunications business	1,980,738	1,966,317
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	231,868	259,155
Accumulated depreciation	(111,158)	(123,384)
Property, plant and equipment, net	120,709	135,770
Total property, plant and equipment[1]	120,709	135,770

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Intangible assets		
Total intangible assets[1]	62,301	91,664
Total noncurrent assets-incidental business	183,010	227,435
Investments and other assets		
Investment securities[4]	73,898	86,614
Stocks of subsidiaries and affiliates[2]	356,887	351,815
Investments in capital of subsidiaries and affiliates[2]	182	185
Long-term prepaid expenses	82,240	91,272
Deferred tax assets	128,686	104,829
Other investment and other assets[4]	49,278	47,777
Allowance for doubtful accounts	(8,103)	(9,120)
Total investments and other assets	683,069	673,373
Total noncurrent assets	2,846,819	2,867,126
Current assets		
Cash and deposits[4]	136,921	100,037
Notes and accounts receivable-trade[4]	573,508	760,890
Accounts receivable-other	68,190	66,286
Short-term investment securities	25,201	80,188
Supplies[4]	58,352	65,232
Deferred tax assets	64,079	57,781
Other current assets[4]	19,612	21,427
Allowance for doubtful accounts	(13,767)	(14,960)
Total current assets	932,098	1,136,882
Total assets	3,778,918	4,004,009
Liabilities		
Noncurrent liabilities		
Bonds payable[4]	414,978	349,991
Convertible bond-type bonds with subscription rights to shares	-	200,916
Long-term loans payable[4]	414,187	301,286
Provision for retirement benefits	18,656	18,743
Provision for point card certificates	85,197	91,453
Other noncurrent liabilities	66,780	72,342
Total noncurrent liabilities	999,800	1,034,733
Current liabilities		
Current portion of noncurrent liabilities[4]	138,799	184,112
Notes and accounts payable-trade[4]	65,598	90,661
Short-term loans payable[4]	1,304	1,486
Accounts payable-other	192,402	273,119
Accrued expenses	14,253	20,370
Income taxes payable	57,764	149,773
Advances received	72,437	63,937
Provision for bonuses	19,519	20,077
Provision for loss on the Great East Japan Earthquake	16,282	1,992
Other current liabilities	28,913	35,119
Total current liabilities	607,278	840,650
Total liabilities	1,607,078	1,875,384

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus	367,091	367,104
Retained earnings	1,704,170	1,879,087
Treasury stock	(125,244)	(346,163)
Total shareholders' equity	2,087,869	2,041,879
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,612	36,442
Deferred gains or losses on hedges	32	(676)
Foreign currency translation adjustment	(13,182)	(16,899)
Total accumulated other comprehensive income	15,461	18,866
Subscription rights to shares	1,504	1,128
Minority interests	67,002	66,749
Total net assets	2,171,839	2,128,624
Total liabilities and net assets	3,778,918	4,004,009

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Income)

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	2,489,403	2,394,135
Operating expenses		
Business expenses	653,017	667,748
Operating expenses	117	51
Facilities maintenance expenses	305,697	301,304
Common expenses	2,297	2,605
Administrative expenses	70,927	71,210
Experiment and research expenses	8,866	7,676
Depreciation	423,447	389,007
Noncurrent assets retirement cost	18,540	16,226
Communication facility fee	362,480	347,227
Taxes and dues	39,500	41,731
Total operating expenses[1]	1,884,891	1,844,791
Net operating income from telecommunication	604,511	549,344
Operating income and loss from incidental business		
Operating revenue	945,142	1,177,962
Operating expenses[1]	1,077,742	1,249,658
Net operating loss from incidental business	(132,599)	(71,696)
Operating income	471,911	477,647
Non-operating income		
Interest income	640	965
Dividends income	1,527	1,719
Gain on investments in silent partnership	978	654
Miscellaneous income	6,888	9,975
Total non-operating income	10,034	13,315
Non-operating expenses		
Interest expenses	14,160	12,891
Equity in losses of affiliates	19,948	18,297
Miscellaneous expenses	7,159	8,595
Total non-operating expenses	41,269	39,785
Ordinary income	440,676	451,178
Extraordinary income		
Gain on sales of noncurrent assets[2]	1,314	170
Gain on sales of investment securities	5,618	137
Gain on negative goodwill	534	235
Gain on reversal of subscription rights to shares	450	493
Gain on transfer from business divestitures	-	3,615
Dividends due to liquidation of silent partnership contract	-	6,976
Reversal of provision for loss on the Great East Japan Earthquake	-	6,814
Total extraordinary income	7,918	18,442

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Extraordinary loss		
Loss on sales of noncurrent assets [3]	-	676
Impairment loss[3]	52,141	9,946
Loss on retirement of noncurrent assets[5]	31,816	-
Loss on valuation of investment securities	368	504
Loss on sales of stocks of subsidiaries and affiliates	176	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,242	-
Loss on the Great East Japan Earthquake[6]	17,590	4,073
Total extraordinary losses	103,335	15,201
Income before income taxes and minority interests	345,259	454,419
Income taxes-current	102,617	177,278
Income taxes-deferred	(21,380)	30,282
Total income taxes	81,237	207,560
Income before minority interests	264,022	246,858
Minority interests in income	8,900	8,254
Net income	255,122	238,604

(2) Consolidated Statements of (Comprehensive) Income

(Consolidated Statements of Comprehensive Income)

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Income before minority interests	264,022	246,858
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,678)	7,190
Foreign currency translation adjustment	(7,496)	(3,640)
Share of other comprehensive income of associates accounted for using equity method	(17)	(898)
Total other comprehensive income[2]	(13,192)	2,651
Comprehensive income[1]	250,829	249,510
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	243,508	242,009
Comprehensive income attributable to minority interests	7,321	7,500

(3) Consolidated Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Capital stock		
Balance at the end of previous period	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Balance at the end of previous period	367,091	367,091
Changes of items during the period		
Disposal of treasury stock	-	12
Total changes of items during the period	-	12
Balance at the end of current period	367,091	367,104
Retained earnings		
Balance at the end of previous period	1,506,951	1,704,170
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	255,122	238,604
Total changes of items during the period	197,218	174,917
Balance at the end of current period	1,704,170	1,879,087
Treasury stock		
Balance at the end of previous period	(25,244)	(125,244)
Changes of items during the period		
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	50
Total changes of items during the period	(99,999)	(220,919)
Balance at the end of current period	(125,244)	(346,163)
Total shareholders' equity		
Balance at the end of previous period	1,990,650	2,087,869
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	255,122	238,604
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	62
Total changes of items during the period	97,218	(45,989)
Balance at the end of current period	2,087,869	2,041,879

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	34,326	28,612
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,714)	7,830
Total changes of items during the period	(5,714)	7,830
Balance at the end of current period	28,612	36,442
Deferred gains or losses on hedges		
Balance at the end of previous period	-	32
Changes of items during the period		
Net changes of items other than shareholders' equity	32	(708)
Total changes of items during the period	32	(708)
Balance at the end of current period	32	(676)
Foreign currency translation adjustment		
Balance at the end of previous period	(7,250)	(13,182)
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,932)	(3,716)
Total changes of items during the period	(5,932)	(3,716)
Balance at the end of current period	(13,182)	(16,899)
Total accumulated other comprehensive income		
Balance at the end of previous period	27,076	15,461
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,614)	3,404
Total changes of items during the period	(11,614)	3,404
Balance at the end of current period	15,461	18,866
Subscription rights to shares		
Balance at the end of previous period	1,606	1,504
Changes of items during the period		
Net changes of items other than shareholders' equity	(101)	(376)
Total changes of items during the period	(101)	(376)
Balance at the end of current period	1,504	1,128
Minority interests		
Balance at the end of previous period	59,117	67,002
Changes of items during the period		
Net changes of items other than shareholders' equity	7,885	(253)
Total changes of items during the period	7,885	(253)
Balance at the end of current period	67,002	66,749
Total net assets		
Balance at the end of previous period	2,078,450	2,171,839
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	255,122	238,604
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	62
Net changes of items other than shareholders' equity	(3,830)	2,775
Total changes of items during the period	93,388	(43,214)
Balance at the end of current period	2,171,839	2,128,624

(4) Consolidated Statements of Cash Flows

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	345,259	454,419
Depreciation and amortization	449,318	417,886
Impairment loss	52,141	9,946
Amortization of goodwill	11,373	14,275
Gain on negative goodwill	(534)	(235)
Loss (gain) on sales of noncurrent assets	(1,280)	506
Loss on retirement of noncurrent assets	15,467	12,964
Increase (decrease) in provision for loss on the Great East Japan Earthquake	16,282	(14,290)
Gain on transfer from business divestitures	-	(3,615)
Dividends due to liquidation of silent partnership contract	-	(6,976)
Increase (decrease) in allowance for doubtful accounts	(246)	1,494
Increase (decrease) in provision for retirement benefits	40	(36)
Interest and dividends income	(2,167)	(2,685)
Interest expenses	14,160	12,891
Equity in (earnings) losses of affiliates	19,948	18,297
Loss (gain) on sales of stocks of subsidiaries and affiliates	176	-
Loss (gain) on valuation of investment securities	368	511
Increase (decrease) in provision for point card certificates	6,504	6,255
Decrease (increase) in prepaid pension costs	1,586	1,738
Decrease (increase) in prepaid expenses	(1,639)	(4,734)
Decrease (increase) in notes and accounts receivable-trade	(31,577)	(207,033)
Decrease (increase) in inventories	(9,344)	(6,945)
Increase (decrease) in notes and accounts payable-trade	(754)	23,441
Increase (decrease) in accounts payable-other	(12,131)	62,003
Increase (decrease) in accrued expenses	(799)	5,014
Increase (decrease) in advances received	(238)	(10,356)
Other, net	(4,210)	508
Subtotal	867,701	785,247
Interest and dividends income received	7,578	8,761
Interest expenses paid	(14,049)	(12,882)
Income taxes paid	(143,876)	(88,625)
Income taxes refund	-	33,386
Net cash provided by (used in) operating activities	717,353	725,886

(Amount Unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment[3]	(346,112)	(318,870)
Purchase of trust beneficiary right	-	(14,993)
Proceeds from sales of property, plant and equipment	1,535	530
Purchase of intangible assets	(76,045)	(75,914)
Purchase of investment securities	(1,417)	(1,961)
Proceeds from sales of investment securities	15,789	3,424
Payments for business divestitures	-	(1,000)
Purchase of stocks of subsidiaries and affiliates	(3,890)	(25,741)
Purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(5,398)	(31,788)
Proceeds from purchase of investments in subsidiaries and affiliates resulting in change in scope of consolidation	-	831
Payments for sales of investments in subsidiaries and affiliates resulting in change in scope of consolidation	(904)	-
Proceeds from repayment of investment and dividends due to liquidation of silent partnership contract	-	7,703
Purchase of long-term prepaid expenses	(22,398)	(26,801)
Other, net	(1,705)	74
Net cash provided by (used in) investing activities	(440,545)	(484,507)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(99,714)	(1,019)
Proceeds from long-term loans payable	50,000	-
Repayment of long-term loans payable	(24,753)	(133,750)
Proceeds from issuance of bonds	40,000	-
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	-	201,000
Redemption of bonds	(83,000)	-
Purchase of treasury stock	(99,999)	(220,969)
Cash dividends paid	(57,903)	(63,689)
Cash dividends paid to minority shareholders	(1,083)	(1,192)
Proceeds from stock issuance to minority shareholders	1,867	10
Other, net	(5,411)	(6,320)
Net cash provided by (used in) financing activities	(279,998)	(225,931)
Effect of exchange rate change on cash and cash equivalents	(2,416)	(1,125)
Net increase (decrease) in cash and cash equivalents	(5,607)	14,322
Cash and cash equivalents at beginning of period[1]	165,476	159,869
Cash and cash equivalents at end of period[1]	159,869	174,191

(5) Going Concern Assumption

None

(6) Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

a) Number of consolidated subsidiaries: 118

b) Major consolidated subsidiaries:
Okinawa Cellular Telephone Company, KDDI Technical & Engineering Service Corporation*, KDDI Evolva Inc. Japan Cablenet Limited, Chubu Telecommunications Co., Inc., KDDI R&D Laboratories, Inc., KDDI AMERICA Inc., KDDI Europe Ltd., TELEHOUSE International Corp. of America Ltd., Telehouse International Corp. of Europe Ltd., KDDI China Corporation, DMX Technologies Group Limited, KDDI KOREA Corporation, KDDI Singapore Pte Ltd.

*KDDI Technical & Engineering Service Corporation••changed its name to KDDI Engineering Corporation on April 1, 2012.

(Added) •• 16 companies due to stock acquisition
HKCOLO. NET Limited, WebMoney Corporation, Evolva Business Support Inc., Nobot Inc., CDNetworks Co., Ltd. and its 9 subsidiaries, Telehouse Deutschland GmbH, Kleyer Real Estate
•• 1 company due to additional purchase of owned shares
Japan Internet Exchange Co., Ltd.
•• 3 companies due to new establishment
KKBOX International Limited, TELEHOUSE BEIJING BDA Co., Ltd, KDDI Open Innovation Fund L.P.

(Removed) •• 5 companies due to liquidation
KDDI International Holdings, LLC, KDDI International Holdings2, LLC, KDDI International Holdings3, LLC, KDDI Global Media, LP, MediaFLO Broadcast Planning Incorporated
•• 2 companies due to merger
Kawagoe Cable Vision Co., Ltd.: merged by JCN KANTO LIMITED
KMN Corporation: merged by CABLE TELTVISION TOKYO, LTD.

c) Special purpose companies

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

The Company has securitized real estate in order to improve its financial position by reducing interest-bearing debt. This securitization was conducted using special purpose companies ("SPCs"), a particular type of limited liability company.
In this securitization, the Company leased back the real estate that was transferred.
As of November 30, 2011, the Company acquired beneficial interest in trust on land, buildings, etc., from Aobadai Estate Y.K., which is a special purpose company. Accompanying this acquisition, the anonymous association contract as the operator of the related SPC was terminated, and the Company, which was an investor in this association, received dividends accompanying the termination of the anonymous association contract. The investment in the anonymous association was settled in December 2011.

2) Transaction amounts with SPCs during the year ended March 31, 2012

(Amount unit: Millions of yen)

	Major transaction amounts for the year ended March 31, 2012 and balance as of March 31, 2012	Major income and loss	
		Items	Amounts
Acquired properties[1]	14,993	-	-
Long-term accounts receivable	-	-	-
Investments by anonymous association	-	Dividend Dividends due to liquidation of silent partnership contract	654 6,976
Lease transaction	-	Lease payments[2]	1,112

Note 1: Transaction amounts related to the acquired properties are represented as the acquisition cost.
Note 2: The Company paid rent from April 1, 2011 to November 30, 2011 for the year ended March 31, 2012.

2. Equity method affiliate

a) Number of equity method affiliate: 21

b) Major equity method affiliates
Jupiter Telecommunications Co., Ltd., Kyocera Communication Systems Co., Ltd., UQ Communications Inc., TEPCO OPTICAL NETWORK ENGINEERING INC., Jibun Bank Corporation, Mobaoku Co., Ltd., MOBICOM Corporation

(Added) • • 2 companies due to stock acquisition
Branddialog, Inc., Alliance Internet Co., Ltd.

(Removed) • • 1 company due to additional purchase, resulting in subsidiary
Japan Internet Exchange Co., Ltd.

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

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

3. Fiscal year of consolidated subsidiaries

Among consolidated subsidiaries, the fiscal year end of 74 companies, including KDDI AMERICA Inc, KDDI Europe Ltd., is December 31 of each year. For the preparation of consolidated financial statements, the Company uses financial statements as of December 31 and makes adjustments as necessary for consolidation in relation to significant transactions during their year-end date and the consolidated year-end date.

4. Accounting policies

a) Valuation standards and methods for major assets

1) Securities

Bonds intended to be held to maturity: amortized cost method (straight-line method)
Other securities

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

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

2) Inventories

Supplies

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

b) Depreciation and amortization for major assets

1) Property, plant and equipment other than leased assets

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

Consolidated subsidiaries: Mainly straight-line method

Useful life of principle assets is as follows:

Machinery: 9 years

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

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

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

3) Leased assets

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

Finance leases other than those, which are deemed to transfer the ownership rights of the leased assets to the lessees, that started before March 31, 2008, are accounted for by a method similar to that applicable to ordinary operating leases.

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

c) Deferred assets

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

d) Significant allowances

1) Allowance for doubtful accounts

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

2) Provision for retirement benefits

The amount for employee retirement benefits at March 31, 2011 is based on the estimated value of benefit obligations, plan assets and retirement benefit trust assets at March 31, 2011.

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

3) Provision for point card certificates

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

4) Allowance for bonuses

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

5) Impairment loss on the Great East Japan Earthquake

Amount for recovery of assets damaged by the Great East Japan Earthquake that occurred on March 11, 2011 has been estimated.

e) Foreign currency transaction
All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.
All assets and liabilities of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Revenues and expenses for the year are translated into Japanese yen at the average exchange rate during the year and translation adjustments are included in "Foreign currency translation adjustments" and "Minority interests" of "Net assets."

f) Amortization of goodwill
Goodwill is amortized under the straight-line method over a period of 5 to 20 years. However, minimal amounts of goodwill is recognized as expenses or gains for the year ended March 31, 2012.

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

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

(7) Changes in Accounting Policies

From the year ended March 31, 2012, we have applied the "Accounting Standard for Earning Per Share" (Accounting Standards Board of Japan [ASBJ] Statement No.2 of June 30, 2010), the "Guidance on Accounting Standard for Earning Per Share" (ASBJ Guidance No.4 of June 30, 2010), and the "Practical Solution on Accounting for Earnings Per Share" (ASBJ PITF No.9 of June 30, 2010).
To calculate diluted net income per share, we have changed the method to include potential services offered by the employees in the fair valuation of stock options of payment when exercising the right regarding stock options whose rights are secured after certain period of employment.
Information about the influence of this change is included in the "Per Share Information" section.

(8) Changes in Presentation

(Consolidated Balance Sheets)
"Income taxes receivable" listed in the year ended March 31, 2011 has been included in "Accounts receivable-other" as it has become less significant from the year ended March 31, 2012.
As a result, ¥32,703 million that was recorded as income taxes receivable on the consolidated balance sheets in the previous fiscal year has been included in accounts receivable-other.

(9) Changes in Accounting Estimates

Since August 2006, the Company and Okinawa Cellular Telephone Company have offered a service enables users to carry-over unused talk time. The service allows a specified amount of the free talk time that is included in the basic monthly rate to be carried-over indefinitely.
The Company and Okinawa Cellular Telephone Company have estimated the amount of each month's unused free talk time that is expected to be used in the future, deferred the recognition of that amount as revenue, and recorded that amount in the advances received account. However, from this consolidated fiscal year, a sufficient quantity of historical results for the estimation of the amount of unused free talk time that is expected to lapse in the future has been accumulated, and more detailed estimates of that amount have become possible. Accordingly, the amount of unused free talk time that is expected to lapse in the future is deducted from the amount of deferred revenue.
As a result, from this fiscal year, this change has had the effect of increasing revenues from telecommunications business, operating income, ordinary income, and net income by ¥10,361 million.

(10) Additional Information

(Application of the "Accounting Standard for Accounting Changes and Error Corrections" and others)
For the accounting changes and error corrections made in after the beginning of the year ending March 31, 2012, we have applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 of December 4, 2009).

(11) Notes for Consolidated Financial Statements

Consolidated financial statements of the Company are prepared under the "Regulations concerning the terms, forms and preparation methods for quarterly consolidated financial statements" (Ministry of Finance Ordinance No. 28, 1976, herein after "Regulations for consolidated financial statements"), and in accordance with these regulations and the "Rules for telecommunications business accounting" (Ministry of Posts and Telecommunications Ordinance No. 26, 1985).

(Consolidated Balance Sheets)

Note 1: Reduction entry amount of noncurrent assets

	As of March 31, 2011	As of March 31, 2012
Reduction entry amount due to contribution for construction	¥1,217M	¥158M
(cumulative total)	¥18,116M	¥16,862M

Note 2: Notes relating to affiliates

The amounts that relate to subsidiaries and affiliates and that are included in respective items are as follows.

	As of March 31, 2011	As of March 31, 2012
Stocks of subsidiaries and affiliates	¥356,887M	¥351,815M
(of which investment in jointly controlled entities)	¥659M	¥687M
Investments in capital of subsidiaries and affiliates	¥182M	¥185M

Note 3: Contingent liabilities

	As of March 31, 2011	As of March 31, 2012
(1) Guarantor liabilities, etc.		
[As a guarantor for loan of:]		
UQ Communications Inc. and others	¥118,873M	¥156,935M
(liabilities denominated in foreign currencies included)	-	KW2,000M
(2) Contingent liabilities existing in cable system supply contract	¥4,157M	¥4,109M
(liabilities denominated in foreign currencies included)	US$50M	US$50M
(3) Contingent liabilities resulting from the liquidation of Minex	¥479M	¥377M
Corp. (liabilities denominated in foreign currencies included)	US$5M	US$4M
(4) Contingent liabilities for notes receivable-trade discounted	-	¥297M
(liabilities denominated in foreign currencies included)	-	US$3M

Note 4: Assets pledged as collateral and liabilities with collateral:

(The Company)

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.

	As of March 31, 2011	As of March 31, 2012
Bonds	¥20,000M	¥20,000M

(Consolidated subsidiaries)

In accordance with Article 14, Paragraph 1 of the Act on Settlement of Funds, assets held in trust as security deposits are as follows.

	As of March 31, 2011	As of March 31, 2012
Investment securities	-	¥3,005M
Cash and deposits	-	¥2,000M

Assets pledged as collateral

	As of March 31, 2011	As of March 31, 2012
Machinery	¥535M	¥387M
Local line facilities	¥470M	¥319M
Engineering facilities	¥19M	¥18M
Submarine line facilities	¥10M	¥6M
Buildings	¥189M	¥164M
Other tangible assets	¥112M	¥76M
Investment securities	¥571M	¥694M
Other investments and other assets	¥92M	¥171M
Cash and deposits	-	¥877M
Short-term investment securities	¥201M	¥188M
Total	¥2,203M	¥2,904M
(assets denominated in foreign currencies included)	US$10M	US$11M

Corresponding liabilities

Long-term loans payable	¥1,599M	¥1,224M
Current portion of noncurrent liabilities	¥450M	¥372M
Notes and accounts payable-trade	¥6M	¥32M
Short-term loans payable	¥1,304M	¥1,485M
Total	¥3,360M	¥3,114M
(liabilities denominated in foreign currencies included)	US$17M	US$20M

(Consolidated Statements of Income)

Note 1: Operating expenses include research and development expenses

Year ended March 31, 2011	Year ended March 31, 2012
¥33,263M	¥32,855M

Note 2: Gain on sales of noncurrent assets

	Year ended March 31, 2011	Year ended March 31, 2012
Gain on sales of real estate which accompanied sales of idle land	¥1,105M	¥62M
Gain on sales of other facilities	¥209M	¥107M
Total	¥1,314M	¥170M

Note 3: Gain on reversal of provision for loss on the Great East Japan Earthquake

Due to reevaluation, etc., of the details and scope of repairs accompanying the progress of on-site investigations and restoration work on the disaster-stricken region, this estimate has been changed, and the provision has been reversed in the amount of ¥6,814 million.

Note 4: Loss on sales of noncurrent assets

	Year ended March 31, 2011	Year ended March 31, 2012
Loss on disposal of real estate accompanying disposal of land, etc.	-	¥597M
Loss on disposal of other facilities, etc.	-	¥79M
Total	-	¥676M

Note 5: Impairment loss

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

For the year ended March 31, 2011

Location	Usage for	Type	Impairment loss amount
The Company, etc. Facility used for current 800MHz band (Tokyo, Nagoya, Osaka, etc.)	Telecommunications business	Machinery, etc.	¥13,079M
The Company Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, Engineering facilities, etc.	¥17,471M
The Company Facility used for legacy service (Tokyo, etc.)	Telecommunications business	Machinery, local line facilities, etc.	¥21,209M

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

The use of the facility for current 800MHz band will be discontinued from July 2012 due to a reorganization of frequencies, while transfer of mobile handsets to new frequency band is being promoted. Recognizing the downward trend in subscribers using handsets compatible with such equipments, the book value of those assets was written down to the amount deemed recoverable, resulting in an extraordinary loss on asset impairment of ¥13,079 million. Of which, ¥12,373 million comes from machineries and ¥705 million from others.
The recoverable value of these assets for the Companies was estimated based on the usage value, and calculated based on a future cash flow discount rate of 5.54%.

In the year ended March 31, 2011, for domestic transmission system with declining utilization rates and idle assets, the book value has been reduced to recoverable value. The said reduction is recognized as impairment loss of ¥17,471 million in extraordinary loss. This consists of ¥10,687 million for local line facilities, ¥4,485 million for engineering facilities and ¥2,298 million for others.
Further, the recoverable amount for the said assets is estimated based on the net selling price. The calculation of

market value is based on appraised value and other factors, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

Due to the worsening market environment and the downward trend in the subscribers of a part of legacy services in the Fixed-line Business during the year ended March 31, 2011, the Company set up a cash management system for cash flows generated by such equipment, and pooled those assets into an independent asset grouping.
Recognizing the worsening market environment and the downward trend in the subscribers, the book value of those assets was written down to the amount deemed recoverable, resulting in an extraordinary loss on asset impairment of ¥21,209 million. Of which, ¥10,468 million comes for machineries, ¥7,753 million for local line facilities, and ¥2,987 million for others.
In addition, impairment loss of ¥380 million on business assets in certain subsidiaries was recognized in extraordinary loss. This consists of ¥95 million for long-distance line facilities, ¥84 million for buildings, ¥79 million for machinery, ¥77 million for local line facilities, and ¥44 million for others.

For the year ended March 31, 2012

Location	Usage for	Type	Impairment loss amount
The Company Domestic transmission line facilities, idle assets, etc. (Tokyo, etc.)	Telecommunications business	Local line facilities, Long-distance line facilities, etc.	¥8,515M

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

In the year ended March 31, 2012, for domestic transmission system with declining utilization rates and idle assets, the book value has been reduced to recoverable value. The said reduction is recognized as impairment loss of ¥8,515 million in extraordinary loss. This consists of ¥4,454 million for local line facilities, ¥1,940 million for long-distance line facilities and ¥2,119 million for others.
Further, the recoverable amount for the said assets is estimated based on the net selling price. The calculation of market value is based on appraised value and other factors, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

In addition, impairment loss of ¥1,431 million on business assets in certain subsidiaries was recognized in extraordinary loss.

Note 6: Loss on retirement of noncurrent assets

	Year ended March 31, 2011	Year ended March 31, 2012
Facility used for current 800MHz band	¥28,383M	-
Facility used for legacy service	¥3,256M	-
Others	¥176M	-
Total	¥31,816M	-

Note 7: Loss on the Great East Japan Earthquake

For the year ended March 31, 2011

It is for recovery of assets damaged by the Tohoku Region Pacific Coast Earthquake that occurred on March 11, 2011. It includes loss and recovery cost of au base stations, domestic cable and others, support cost to agencies, and other recovery costs. It includes ¥16,282 million in transfer for losses on the Great East Japan Earthquake.

For the year ended March 31, 2012

It includes cost of handset replacement of victims and other recovery cost of the Great East Japan Earthquake on March 31, 2011.

(Consolidated Statements of Comprehensive Income)
For the year ended March 31, 2012

Amount of recycling and amount of income tax effect associated with other comprehensive income

Valuation difference on available-for-sale securities	
Amount recognized in the period under review	¥6,846M
Amount of recycling	¥449M
··Before income tax effect adjustment	¥7,295M
··Amount of income tax effect	(¥104M)
··Valuation difference on available-for-sale securities	¥7,190M
Foreign currency translation adjustment	
Amount recognized in the period under review	(¥3,640M)
Amount of recycling	-
··Before income tax effect adjustment	(¥3,640M)
··Amount of income tax effect	-
··Foreign currency translation adjustment	(¥3,640M)
Share of other comprehensive income of associates accounted for using equity method	
Amount recognized in the period under review	(¥1,118M)
Amount of recycling	¥219M
Share of other comprehensive income of associates accounted for using equity method	(¥898M)
· · · Total other comprehensive income	¥2,651M

(Consolidated Statements of Changes in Net Assets)
For the year ended March 31, 2011

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

	As of March 31, 2010	Increase during the year ended March 31, 2011	Decrease during the year ended March 31, 2011	As of March 31, 2011
Shares outstanding				
Common stock	4,484,818	-	-	4,484,818
Total	4,484,818	-	-	4,484,818
Treasury stock				
Common stock[Note]	30,705	208,271	-	238,976
Total	30,705	208,271	-	238,976

Note: The increase of 208,271 shares in the Company's holdings of its own shares of common stock resulted from the Company's acquisition of its own shares in accordance with a resolution at a meeting of the Board of Directors held on October 22, 2010.

2. Subscription warrants and own share option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2011
			As of March 31, 2010	Increase during the year ended March 31, 2011	Decrease during the year ended March 31, 2011	As of March 31, 2011	
The Company (parent company)	Subscription warrants as stock options	-					¥1,410M
Consolidated subsidiaries	Subscription warrants as stock options	-					¥94M
Total		-					¥1,504M

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 17, 2010 Annual meeting of shareholders	Common stock	¥28,951M	¥6,500	March 31, 2010	June 18, 2010
October 22, 2010 Meeting of the Board of Directors	Common stock	¥28,951M	¥6,500	September 30, 2010	November 19, 2010

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

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 16, 2011 Annual meeting of shareholders	Common stock	¥31,843M	Retained earnings	¥7,500	March 31, 2011	June 17, 2011

For the year ended March 31, 2012

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

	As of March 31, 2011	Increase during the year ended March 31, 2012	Decrease during the year ended March 31, 2012	As of March 31, 2012
Shares outstanding				
Common stock	4,484,818	-	-	4,484,818
Total	4,484,818	-	-	4,484,818
Treasury stock				
Common stock	238,976	424,126	96	663,006
Total	238,976	424,126	96	663,006

Note 1: The increase of 424,126 shares in the Company's holdings of its own shares of common stock resulted from the Company's acquisition of its treasury stock in accordance with a resolution at a meeting of the Board of Directors held on November 28, 2011.

2: The decrease of 96 shares in the Company's holdings of its own shares of common stock resulted from the exercise of stock options.

2. Subscription warrants and own stock option

	Breakdown of subscription warrants	Types of shares subject to subscription warrants	Number of shares subject to subscription warrants				Balance as of March 31, 2012
			As of March 31, 2011	Increase during the year ended March 31, 2012	Decrease during the year ended March 31, 2012	As of March 31, 2012	
The Company (parent company)	Subscription warrants as stock options	-	-				¥1,037M
	Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)[Note]	Common stock	-	348,979 shares Upper limit	-	348,979 shares Upper limit	-
Consolidated subsidiaries	Subscription warrants as stock options	-	-				¥90M
Total		-	-	-	-	-	¥1,128M

Note: Convertible bonds due 2015 convertible bond-type bonds with subscription rights to shares (Issued on December 14, 2011)

1. The number of shares reserved for subscription warrants is the number of shares that would be needed in the event that stock options were exercised.
2. The increase in the number of shares is due to issuance.

3. Dividends

(1) Cash dividends payments

Resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date
June 16, 2011 Annual meeting of shareholders	Common stock	¥31,843M	¥7,500	March 31, 2011	June 17, 2011
October 24, 2011 Meeting of the Board of Directors	Common stock	¥31,843M	¥7,500	September 30, 2011	November 21, 2011

(2) Approval of dividends payments for which the record date is in the fiscal year under review and the

effective date is in the following fiscal year is planned as follows

Resolution	Type of shares	Total dividends	Dividend resource	Dividends per share	Record date	Effective date
June 20, 2012 Annual meeting of shareholders	Common stock	¥32,485M	Retained earnings	¥8,500	March 31, 2012	June 21, 2012

(Consolidated Statement of Cash Flows)

Note 1: Relationship between balance of cash and cash equivalents and items presented in consolidated balance sheet

	Year ended March 31, 2011	Year ended March 31, 2012
Cash and deposits account	¥136,921M	¥100,037M
Securities account	¥25,201M	¥80,188M
Total	¥162,123M	¥180,225M
Time deposit with terms exceeding 3 months and deposits with collateral	(¥2,253M)	(¥6,033M)
Cash and cash equivalents	¥159,869M	¥174,191M

Note 2: Major assets and liabilities of company that became a consolidated subsidiary through the acquisition of shares

For the year ended March 31, 2011

No significant items to be reported.

For the year ended March 31, 2012

The breakdown of assets and liabilities at the point when consolidation was initiated due to the consolidation of WebMoney Corporation as a result of the acquisition of shares, and the relationship between the amount of the acquisition of shares and the expenditures for the purpose of the acquisition (net amount), are as follows.

Current assets	¥17,901M
Noncurrent assets	¥3,401M
Goodwill	¥16,344M
Current liabilities	(¥18,208M)
Minority interests	(¥86M)
Amount of the acquisition of shares of WebMoney Corporation	¥19,352M
Cash and case equivalents of WebMoney Corporation	(¥8,440M)
Expenditures for the purpose of the acquisition of WebMoney Corporation	¥10,912M

Note 3: In regard to the acquired beneficial interest in trust, accompanying the termination of the real estate investment trust contract, the ownership of the assets that had been held in trust were transferred to the Company.

These acquired assets were recorded as follows in the noncurrent assets-telecommunications business section of the consolidated balance sheets-machinery: ¥1,065 million; buildings: ¥6,125 million; structures: ¥97 million; land: ¥7,697 million; other tangible assets: ¥8 million.

Note 4: Details of major non-cash transactions

Amount of assets and liabilities related to finance lease transactions

	Year ended March 31, 2011	Year ended March 31, 2012
Assets related to finance lease transaction	¥5,672M	¥5,170M
Liabilities related to finance lease transaction	¥5,959M	¥5,642M

(Segment Information)

[Segment Information]

1. Outline of business segments reported

The business segments the Companies 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 evaluate regularly in determining how to allocate resources and assess their business performance.
As the Companies 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 Companies offers data center services and various ICT solutions services outside of Japan.

2. Method of calculating sales and income (loss), identifiable assets, and other items by business segment reported
Accounting method for business segment reported is the same as presentations on "Basis of Presenting Consolidated Financial Statements."
Income by business segments reported are calculated based on operating income.
Intersegment sales are calculated based on third-party trading prices.

3. Information on sales and income (loss), identifiable assets, and other items by business segment reported

For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Subtotal	Others[1]	Total	Elimination and corporate[2]	Consolidation
Sales							
Outside sales	2,582,366	803,589	3,385,956	48,589	3,434,545	-	3,434,545
Intersegment sales	8,358	93,661	102,019	65,736	167,756	(167,756)	-
Total	2,590,724	897,251	3,487,975	114,326	3,602,302	(167,756)	3,434,545
Income by business segment	438,885	23,989	462,875	8,529	471,404	506	471,911
Identifiable assets by business segment	2,024,393	1,278,619	3,303,012	65,813	3,368,825	410,092	3,778,918
Other items							
Depreciation[3, 4]	324,486	124,100	448,587	1,359	449,947	(628)	449,318
Amortization of goodwill	115	11,255	11,371	2	11,373	-	11,373
Investment to equity-method affiliates	2,192	336,520	338,712	18,168	356,880	-	356,880
Increase of property, plant and equipment and intangible assets[4]	324,248	99,550	423,799	1,215	425,015	6,532	431,548

Notes: 1. The "Others" category incorporates operations not included in business segments reported, including call center business, research and technological development, and other operations.

2.

(1) Adjustment of segment income (loss) refers to elimination of intersegment transactions.

(2) Adjustments of segment assets worth ¥410,092 million include company-wide assets of ¥568,260 million and eliminations of presenting company, etc. obligations and eliminations of inter-segment transactions of (¥152,663 million). The majority of these assets are surplus funds provided to companies, long-term investments and assets related to administrative divisions.

(3) Increase of property, plant and equipment and intangible assets is ¥6,532 million mainly from increase in assets

related to management and common systems.

3. For depreciation related to company-wide assets, amounts allocated to each reported segment are ¥9,474 million for the Mobile Business and ¥6,788 million for the Fixed-line Business.

4. This includes long-term prepaid expenses.

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Subtotal	Others[1]	Total	Elimination and corporate[2]	Consolidation
Sales							
Outside sales	2,716,864	818,696	3,535,560	36,537	3,572,098	-	3,572,098
Intersegment sales	10,147	96,840	106,987	70,336	177,324	(177,324)	-
Total	2,727,012	915,536	3,642,548	106,873	3,749,422	(177,324)	3,572,098
Income by business segment	419,190	53,431	472,622	4,298	476,921	726	477,647
Identifiable assets by business segment	2,253,980	1,326,507	3,580,487	71,676	3,652,164	351,844	4,004,009
Other items							
Depreciation[3,4]	302,880	113,715	416,596	1,669	418,265	(379)	417,886
Amortization of goodwill	2,629	11,422	14,051	223	14,275	-	14,275
Investment to equity-method affiliates	2,527	329,323	331,851	19,969	351,820	-	351,820
Increase of property, plant and equipment and intangible assets[4]	252,853	124,160	377,014	2,422	379,436	8,242	387,679

Notes: 1. The "Others" category incorporates operations not included in business segments reported, including call center business, research and technological development, and other operations.

2.

(1) Adjustment of segment income (loss) refers to elimination of intersegment transactions.

(2) Adjustments of segment assets worth ¥351,844 million include company-wide assets of ¥515,165 million and eliminations of presenting company, etc. obligations and eliminations of inter-segment transactions of (¥163,320 million). The majority of these assets are surplus funds provided to companies, long-term investments and assets related to administrative divisions.

(3) Increase of property, plant and equipment and intangible assets is ¥8,242 million mainly from increase in assets related to management and common systems.

3. For depreciation related to company-wide assets, amounts allocated to each reported segment are ¥7,729 million for the Mobile Business and ¥6,106 million for the Fixed-line Business.

4. This includes long-term prepaid expenses

(Relative information)

For the year ended March 31, 2011

1. Products and services information

2. Geographic segment information

1) Sales

Sales information by geographic segment is not shown since outside sales in Japan accounted for over 90% of operating revenue on the consolidated statements of income.

2) Property, plant and equipment

Property, plant and equipment information by geographic segment is not shown since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major clients

Information by major clients is not shown since outside sales for major clients accounted for less 10% of operating revenue on the consolidated statements of income.

For the year ended March 31, 2012

1. Products and services information

2. Geographic segment information

1) Sales

Sales information by geographic segment is not shown since outside sales in Japan accounted for over 90% of operating revenue on the consolidated statements of income.

2) Property, plant and equipment

Property, plant and equipment information by geographic segment is not shown since property, plant and equipment in Japan accounted for over 90% of property, plant and equipment on the consolidated balance sheets.

3. Information by major clients

Information by major clients is not shown since outside sales for major clients accounted for less 10% of operating revenue on the consolidated statements of income.

(Information on impairment loss in noncurrent assets by business segment)

For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Corporate	Consolidation
Impairment Loss	13,060	38,923	125	30	52,141

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Corporate	Consolidation
Impairment Loss	5	9,941	-	-	9,946

(Information on amortization of goodwill and unamortized balance by business segment)

For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Consolidation
Amortization of goodwill	115	11,255	2	11,373
Balance at end of period	4,249	60,363	-	64,612

For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Mobile Business	Fixed-line Business	Other Business	Consolidation
Amortization of goodwill	2,629	11,422	223	14,275
Balance at end of period	19,485	72,415	-	91,901

(Information on negative goodwill by business segment)

For the year ended March 31, 2011 and the year ended March 31, 2012

No significant items to be reported.

(Lease Payment)

(As a lessee)

For the year ended March 31, 2011 and the year ended March 31, 2012

1. Finance leases

No significant items to be reported.

2. Operating leases

No significant items to be reported.

(As a lessor)

For the year ended March 31, 2011 and the year ended March 31, 2012

Finance leases

No significant items to be reported.

(Related Party Transaction)

Transactions with related party

Transactions with the Company and related party

Affiliates of the Company

For the year ended March 31, 2011

(Amount unit: Millions of yen)

Type	Company Name	Head Office	Capital Stock	Percentage for Possession of Voting Rights	Relationship with Related Party	Contents of Transaction	Amount for Trans-action	Title of Account	Amount as of March 31, 2011
Equity-method Affiliate	UQ Communi-cations Inc	Minato-ku, Tokyo	23,925	Possession Direct 32.3%	Debit guarantee of loans	Debit guarantee Note	118,700	-	-
						Receiving warrantee fee	262	Accounts receivable-other	89

Terms and conditions and policies for terms and conditions

Note: Guarantee amounts for bank borrowings as of year end are shown in the transaction column.

For the year ended March 31, 2012

(Amount unit: Millions of yen)

Type	Company Name	Head Office	Capital Stock	Percentage for Possession of Voting Rights	Relationship with Related Party	Contents of Transaction	Amount for Trans-action	Title of Account	Amount as of March 31, 2012
Equity-method Affiliate	UQ Communi-cations Inc.	Minato-ku, Tokyo	23,925	Possession Direct 32.3%	Debit guarantee of loans	Debit guarantee Note	156,700	-	-
						Receiving warrantee fee	495	Accounts receivable-other	132

Terms and conditions and policies for terms and conditions

Note: Guarantee amounts for bank borrowings as of year end are shown in the transaction column.

(Income Taxes)

1. Significant components of deferred tax assets and liabilities (Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Deferred tax assets		
Depreciation and amortization	73,268	41,103
Allowance for doubtful accounts	10,532	9,526
Disposal of fixed assets	1,877	2,253
Inventory write down	2,527	1,267
Impairment loss	40,353	44,622
Reserve for retirement benefits	4,120	4,356
Allowance for bonus payment	8,567	8,313
Accrued expenses	2,954	3,007
Net operating loss carried forward	13,186	2,945
Unrealized profits	2,347	2,352
Reserve for point service program	34,578	34,700
Accrued enterprise taxes	665	10,807
Advances received	24,142	20,230
Provision for loss on the Great East Japan Earthquake	5,936	758
Other	10,693	10,471
Gross deferred tax assets	235,750	196,715
Valuation allowance	(17,830)	(8,055)
Net deferred tax assets	217,919	188,660
(Deferred tax liabilities)		
Special depreciation reserve	(1,093)	(1,696)
Net unrealized gains on securities	(19,594)	(19,659)
Retained earnings for overseas affiliates	(1,270)	(1,446)
Accrued enterprise taxes receivable	(1,957)	-
Gain on transfer from business divestitures	-	(1,692)
Other	(2,360)	(4,019)
Total deferred tax liabilities	(26,276)	(28,513)
Net deferred tax assets	191,643	160,146

2. Summary of significant differences between the statutory tax rate and the Company's effective tax rate

	As of March 31, 2011	As of March 31, 2012
Effective statutory tax rate	40.6%	40.6%
Adjustments:		
Permanently non-deductible items including dividend income	0.2	0.1
Inhabitant tax on per capita levy	0.1	0.1
Tax credit for research and development expenses	(0.3)	(0.2)
Amortization of goodwill	1.3	1.2
Effect of equity-method investment income	2.3	1.6
Permanently non-deductible items including dividend income	(0.1)	(0.2)
Reserve for loss brought forward Valuation allowance	(1.0)	(0.1)
Valuation allowance	(1.9)	(1.3)
Effects of tax rate differences for subsidiaries	(1.9)	(0.2)
Reversal of reserve for tax	0.4	0.3
Liquidation of subsidiaries	(15.7)	-
Effect of share exchange	-	3.3
Other	(0.5)	0.5
Actual tax rate	23.5	45.7

3. Impact from the change in the corporation tax rate, etc.

Due to the promulgation on December 2, 2011, of The Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Law No. 114 of 2011), and The

Act on Special Measures for Securing the Financial Resources to Implement the Restoration from the Tohoku Earthquake(Law No.117 of 2011). for fiscal years beginning on or after April 1. 2012. the corporation tax rate has been reduced and a special reconstruction corporation tax has been instituted. As a result, the effective statutory tax rate used to measure deferred tax assets and liabilities has been changed from the previous 40.6% to 38.0% for temporary differences expected to be eliminated during the period from the fiscal year beginning on April 1. 2012 to the fiscal year beginning on April 1. 2014, and to 35.6% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2015.

As a result of this tax rate change the amount of deferred tax assets (net of the amount of deferred tax liabilities) decreased by ¥12,006 million, valuation difference on available for-sale securities increased by ¥2,762 million, and income taxes-deferred increased by ¥14,769 million.

(Financial Instruments)

1. Status of financial instruments

(1) Policy for measures relating to financial instruments

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

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

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

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

Almost all trade payables—trade notes and accounts payable, other accounts payable, and accrued expenses—have payment due dates within one year.

Those trade payables are exposed to liquidity risk at time of settlement. However, the Companies reduce that risk by having each company review fund-raising plans every month.

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

In transaction-related market risk, the Group's derivative transactions have the objective of avoiding risks associated with assets and liabilities on the consolidated balance sheets. With interest rate transactions, there is a risk of interest rate fluctuations.

Moreover, in regard to credit risk, the counterparties to the Group's derivatives transactions are financial institutions with high degrees of creditworthiness. and accordingly the credit risk of nonfulfillment by a counterparty is considered to be close to zero.

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

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

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

2. Market value of financial instruments

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

For the year ended March 31, 2011 (Amount unit: Millions of yen)

	Book value	Market value	Difference
1) Cash and deposits	136,921	136,921	-
2) Notes and accounts receivable-trade	573,508		
Allowance for doubtful accounts[i]	(13,767)		
	559,740	559,740	-
3) Accounts receivable-other	68,190	68,190	-
4) Short-term investment securities	25,201	25,201	-
5) Investment securities			
Other securities	69,722	69,722	-
6) Stocks of subsidiaries and affiliates	332,560	186,823	(145,736)
Total assets	1,192,337	1,046,600	(145,736)
7) Notes and accounts payable-trade	65,598	65,598	-
8) Short-term loans payable	1,304	1,304	-
9) Accounts payable-other	192,402	192,402	-
10) Accrued expenses	14,253	14,253	-
11) Income taxes payable	57,764	57,764	-
12) Bonds payable[ii]	414,978	424,976	9,997
13) Long-term loans payable[ii]	547,436	551,396	3,960
Total liabilities	1,293,739	1,307,696	13,957

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

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

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

1) Cash and deposits, 2) Notes and accounts receivable-trade, 3) Accounts receivable-other, 4) Short-term investment securities

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

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

In relation to the market value of investment securities, for shares the market prices of exchanges are used.

Further, for information on investment securities categorized according to holding purpose, please see the note "Securities."

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

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

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

The market value of bonds payable is calculated based on trading reference data.

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

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

(Amount unit: Millions of yen)

	Book value
Investment securities Unlisted equity securities	4,176
Stocks of subsidiaries and affiliates Unlisted equity securities	24,327
Investments in capital of subsidiaries and affiliates	182

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

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

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	136,921	-
Notes and accounts receivable-trade	532,505	41,002
Accounts receivable-other	68,030	158
Securities	25,201	-
Total	762,659	41,161

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

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	-	415,000
Long-term loans payable	133,248	414,187
Total	133,248	829,187

For the year ended March 31, 2012 (Amount unit: Millions of yen)

		Book value	Market value	Difference
1)	Cash and deposits	100,037	100,037	-
2)	Notes and accounts receivable-trade	760,890		
	Allowance for doubtful accounts[i]	(14,960)		
		745,929	745,929	-
3)	Accounts receivable-other	66,286	66,286	-
4)	Short-term investment securities	80,188	80,188	-
5)	Investment securities			
	Bonds intended to be held to maturity	3,005	3,137	132
	Other securities	72,374	72,374	-
6)	Stocks of subsidiaries and affiliates	326,297	189,567	(136,729)
Total assets		1,394,118	1,257,521	(136,597)
7)	Notes and accounts payable-trade	90,661	90,661	-
8)	Short-term loans payable	1,486	1,486	-
9)	Accounts payable-other	273,119	273,119	-
10)	Accrued expenses	20,370	20,370	-
11)	Income taxes payable	149,773	149,773	-
12)	Bonds payable	414,988	427,727	12,738
13)	Convertible bond-type bonds with subscription rights to shares	200,916	214,500	13,583
14)	Long-term loans payable[ii]	414,163	419,340	5,176
Total liabilities		1,565,480	1,596,979	31,498

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

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

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

1) Cash and deposits, 2) Notes and accounts receivable-trade, 3) Accounts receivable-other, 4) Short-term investment securities

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

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

In relation to the market value of investment securities, for shares the market prices of exchanges are used.

Further, for information on investment securities categorized according to holding purpose, please see the note "Securities."

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

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

12) Bonds payable, 13) Convertible bond-type bonds with subscription rights to shares, 14) Long-term loans payable

The market value of bonds payable and convertible bond-type bonds with subscription rights to shares are calculated based on trading reference data.
The market value of long-term loans payable is calculated by applying a discount rate to the total of principal and interest. That discount rate is based on the assumed interest rate if a similar new loan was entered into. Because long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically, their market values are almost the same as their book values, the relevant book values are used.

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

(Amount unit: Millions of yen)

	Book value
Investment securities Unlisted equity securities	11,234
Stocks of subsidiaries and affiliates Unlisted equity securities	25,517
Investments in capital of subsidiaries and affiliates	185

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

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

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Cash and deposits	100,037	-
Notes and accounts receivable-trade	653,343	107,546
Accounts receivable-other	66,281	5
Securities	80,000	-
Investment securities	-	3,005
Total	899,662	110,557

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

(Amount unit: Millions of yen)

	Within 1 year	Over 1 year
Bonds payable	65,000	350,000
Convertible bond-type bonds with subscription rights to shares	-	200,000
Long-term loans payable	112,877	301,286
Total	177,877	851,286

(Securities)

1. Bonds intended to be held to maturity
   For the year ended March 31, 2011
   None

   For the year ended March 31, 2012

(Amount unit: Millions of yen)

	Types	Book value	Actual values	Unrealized Gain/loss
Bonds for which market value exceeds book value on consolidated balance sheets	(1)National bonds and local bonds, etc.	3,005	3,137	(132)
	(2)Bonds payable	-	-	-
	(3)Others	-	-	-
	Subtotal	3,005	3,137	(132)
Bonds for which market value does not exceed book value on consolidated balance sheets	(1)National bonds and local bonds, etc.	-	-	-
	(2)Bonds payable	-	-	-
	(3)Others	-	-	-
	Subtotal	-	-	-
Total		3,005	3,137	(132)

2. Other securities
   For the year ended March 31, 2011

(Amount unit: Millions of yen)

	Types	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost	(1)Stock	52,495	3,376	49,118
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	250	228	21
	Subtotal	52,745	3,604	49,140
Securities for which book value of consolidated balance sheets does not exceed acquisition cost	(1)Stock	17,017	17,857	(839)
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	25,000	25,000	-
	(3)Others	160	174	(13)
	Subtotal	42,178	43,032	(853)
Total		94,923	46,636	48,287

Note: Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, unlisted equity securities (Consolidation ¥4,176 million• • is not included in the chart above.

For the year ended March 31, 2012 (Amount unit: Millions of yen)

	Types	Book value	Acquisition cost	Unrealized Gain/loss
Securities for which book value of consolidated balance sheets exceeds acquisition cost	(1)Stock	71,627	3,509	68,117
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	39	34	4
	Subtotal	71,666	3,544	68,122
Securities for which book value of consolidated balance sheets does not exceed acquisition cost	(1)Stock	852	2,770	(1,917)
	(2)Bonds			
	i National bonds and local bonds, etc.	-	-	-
	ii Bonds payable	-	-	-
	iii Others	-	-	-
	(3)Others	80,042	80,046	(4)
	Subtotal	80,895	82,817	(1,921)
Total		152,562	86,361	66,200

Note: Because it is recognized that these do not have market values and that the market values are extremely difficult to determine, unlisted equity securities (Consolidation ¥11,234 million• • is not included in the chart above.

3. Other securities sold

For the year ended March 31, 2011 (Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	15,717	5,690	-

For the year ended March 31, 2012 (Amount unit: Millions of yen)

Type	Amount of sale	Total gain on sale	Total loss on sale
Stock	3,986	137	89

4. Impairment of investment securities

For the year ended March 31, 2011, the Companies recognized an impairment of ¥368 million on investment securities (other securities). For the year ended March 31, 2012, the Companies recognized an impairment of ¥509 million on investment securities (other securities).

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

(Derivatives)

Market value of transactions

For the year ended March 31, 2011 and the year ended March 31, 2012

No significant items to be reported.

(Stock Options)

For the year ended March 31, 2011

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

(1) Details of the stock option granted

Company name	KDDI Corporation		
	August 2007 6th Stock Option	August 2008 7th Stock Option	August 2009 8th Stock Option
Category and number of grantees Members of the Board Vice Presidents Executive Directors Employees Directors of wholly owned subsidiaries	 8 19 25 2,794 10	 8 18 29 2,896 5	 7 18 32 2,951 7
Type and number of stock granted	Common stock 5,008	Common stock 5,106	Common stock 5,189
Date of grant	August 10, 2007	August 8, 2008	August 10, 2009
Vesting conditions	1) The grantee of stock options must be, at the time of exercise of options, a director, vice president, executive director, senior advisor, auditor or employee of the Company and/or its subsidiaries. However, when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, it will be permitted for the grantee to exercise these options within six months from the start of the applicable period or resignation or retirement, whichever is later, provided the exercise period is not exceeded. 2) In the event of the death of a stock option grantee, his or her heirs may, within six months from the date of death (until the expiration of the exercise period), exercise the options for up to the maximum number of shares of stock available as of the time of death. 3) In special cases where it is permitted by the Company's Stock Option Committee, the grantee of stock options may exercise their options under conditions different from those described in 1) and 2). 4) Other conditions are set forth in the contract concerning the grant of subscription warrants made between the Company and the grantee of stock options, based on the resolution of the meeting of the Board of Directors.		1) The grantee of stock options must be, at the time of exercise of options, a director, vice president, executive director, senior advisor, auditor or employee of the Company and/or its subsidiaries. However, when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, it will be permitted for the grantee to exercise these options within six months from the start of the applicable period or resignation or retirement, whichever is later, provided the exercise period is not exceeded. 2) In the event of the death of a stock option grantee, his or her heirs may, within six months from the date of death (until the expiration of the exercise period), exercise the options for up to the maximum number of shares of stock available as of the time of death. 3) In special cases where it is permitted by the Company's Stock Option Committee, the grantee of stock options may exercise their options under conditions different from those described in 1) and 2).
Vesting period From To	August 10, 2007 September 30, 2009	August 8, 2008 September 30, 2010	August 10, 2009 September 30, 2011
Exercise period From To	October 1, 2009 September 30, 2011	October 1, 2010 September 30, 2012	October 1, 2011 September 30, 2013

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

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

Company name		Wire and Wireless Co., Ltd.
		December 2010 1st Stock Option
Category and number of grantees Members of the Board Employees Shareholders		 2 20 2
Type and number of stock granted		Common stock 2,200
Date of grant		December 1, 2010
Vesting conditions		(1) In the event that the party to whom new share subscription rights have been allocated (hereinafter, "Grantee of New Share Subscription Rights") is a director or employee of Party A, said party must also hold a position as director, auditor or employee of Party A or its subsidiary at the time these rights are exercised. However, this restriction is lifted when there are appropriate grounds, such as resignation due to completion of term of office or reaching the age of retirement, upon approval by the Board of Directors of Party A. (2) In the event of Party B's death in the period during which these new share acquisition rights may be exercised, his or her heirs may not exercise these new share subscription rights. However, this restriction is lifted if the heirs have received Board of Directors approval in advance of their attempt to exercise new share subscription rights. (3) These new share subscription rights may not be transferred, pledged or otherwise disposed of. (4) Conditions for applying tax exemption measures under Article 29-2 of the Act on Special Measures Concerning Taxation to new share subscription rights received are as follows. (i) The total amount paid in exchange for the exercise of new share subscription rights may not exceed ¥12 million during a one-year period. (ii) Shares acquired in exchange for the exercise of new share subscription rights shall be recorded via Party A in the transfer account ledger (the transfer account ledger legally prescribed for the transfer of bonds, shares, etc.; the same applies below) of the financial instruments business operator specified by Party A or the legally prescribed financial institution (hereinafter, "Specified Financial Instruments Business Operator"), or such recording shall be received or held in trust at the sales office or business office of the Specified Financial Instruments Business Operator or similar or the shares shall be held in trust.
Vesting period	From To	There are no regulations concerning vesting periods.
Exercise period	From To	December 1, 2011 October 29, 2019

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

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

The following lists the number of shares calculated for the number of stock options that existed in the year ended March 31, 2012

1) Number of stock options

Company name	KDDI Corporation		
	August 2007 6th Stock Option	August 2008 7th Stock Option	August 2009 8th Stock Option
Before vested			
Beginning of period	-	-	5,146
Granted	-	-	-
Forfeited	-	-	19
Vested	-	-	5,127
Unvested	-	-	-
After vested			
Beginning of period	4,558	4,805	-
Vested	-	-	5,127
Exercised	-	2	94
Expired	4,558	145	173
Exercisable	-	4,658	4,860

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Before vested			
Beginning of period	-	-	-
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
Unvested	-	-	-
After vested			
Beginning of period	3,305,544	3,906,858	16,930,000
Vested	-	-	-
Exercised	-	10,000	1,710,000
Expired	-	-	-
Exercisable	3,305,544	3,896,858	15,220,000

Company name	Wire and Wireless Co., Ltd.
	December 2010 1st Stock Option
Before vested	
Beginning of period	1,402
Granted	-
Forfeited	45
Vested	-
Unvested	1,357
After vested	
Beginning of period	-
Vested	-
Exercised	-
Expired	-
Exercisable	-

2) Unit value

Company name	KDDI Corporation		
	August 2007 6th Stock Option	August 2008 7th Stock Option	August 2009 8th Stock Option
Exercise price	¥879,000	¥649,000	¥539,000
Average share price at exercise	-	¥481,500	¥529,500
Fair value unit price (Date of grant)	¥100,549	¥106,718	¥111,281

Company name	DMX Technologies Group Limited		
	October 2003 Stock Option	April 2008 Stock Option	November 2008 Stock Option
Exercise price	SGD 0.6778	SGD 0.2260	SGD 0.0930
Average share price at exercise	-	SGD 0.3150	SGD 0.3150
Fair value unit price (Date of grant)	SGD 0.7900	SGD 0.2500	SGD 0.0900

Company name	Wire and Wireless Co., Ltd.
	December 2010 1st Stock Option
Exercise price	24,000
Average share price at exercise	-
Fair value unit price (Date of grant)	-

2. Method of estimating reasonable price for share options
Consolidated subsidiary Wire & Wireless Co., Ltd., is an unlisted company, and consequently the reasonable price of the December 2011 No. 1 share options of Wire & Wireless is calculated by estimating the intrinsic value. The stock valuation method that is the basis of this intrinsic value estimate is a method in which decisions are made with reference to the price calculated in accordance with the discounted cash flow method. The total intrinsic value at the end of the consolidated fiscal year, with calculations based on the intrinsic value of the share options, is ¥0.

3. Method of estimating number of options vested
The number of options vested was calculated by estimating the number of expirations due to unvested options, based on the retirement rate in the year ended March 31, 2012.

4. Amount and classification of expenses

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating loss from telecommunications		
Business expenses	156	51
Administrative expenses	109	41
Others	105	33
Total	371	126
Operating loss from incidental business	31	5
Total	31	5
Amount of expenses	402	131

5. Amount recorded as income from the nullification of rights following non-exercise

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Gain on reversal of subscription rights to shares	450	493

(Business Combination)
For the year ended March 31, 2012
Business Combination due to acquisition

1. Overview of business combination

(1) Name of acquired company	WebMoney Corporation
(2) Business activities of acquired company	Issuance and sale of server-managed electronic money
(3) Main reason for the business combination	Targeting the realization of multiple uses under the 3M strategy (Multi-Use, Multi-Network, Multi-Device), the Company acquired shares of WebMoney and made it a consolidated subsidiary in order to enhance the settlement platform.
(4) Date of business combination	July 19, 2011 (Date of commencement of TOB settlement)
(5) Legal form of business combination	Acquisition of shares
(6) Name of company after business combination	WebMoney Corporation
(7) % of voting rights acquired	97.2%
(8) Main factors in determination of acquirer ••	Because the type of consideration was cash, the Company, which provided the cash, was determined to be the acquirer.

••

2. Period for which the acquired company's results are included in the consolidated statements of income under review
July 1, 2011, was deemed to be the acquisition date, and accordingly results for the period from July 1, 2011, to March 31, 2012, were included.
••

3. Acquired company acquisition cost: amount and breakdown

Consideration for acquisition	¥19,103M
Costs directly incurred for acquisition	¥248M
Acquisition cost	¥19,352M

••

4. Amount of goodwill recognized, basis for recognition of goodwill, method and period for amortization of goodwill

(1) Amount of goodwill	¥16,344M
(2) Basis for recognition of goodwill ••••••	Additional future earnings capacity expected as a result of future operational development by the acquired company.
(3) Method and period for amortization of goodwill	Straight-line amortization over a period of 13 years.

5. Amounts and breakdown for assets acquired and liabilities assumed in the business combination

Noncurrent assets	¥3,401M
Current assets	¥17,901M
Total assets	¥21,302M
Current liabilities	¥18,208M
Total liabilities	¥18,208M

6. Approximate amount of the effect on the consolidated statements of income for the fiscal year assuming that the business combination had been completed at the beginning of the fiscal year.
The approximate amount of the effect has been omitted because it is not material.

(Asset Retirement Obligations)
For the year ended March 31, 2011 and the year ended March 31, 2012
No significant items to be reported.

(Estate Leases)
For the year ended March 31, 2011 and the year ended March 31, 2012
No significant items to be reported.

(Per Share Information, etc.)

[Per share information]

	Year ended March 31, 2011	Year ended March 31, 2012
Net assets per share	¥495,386.23	¥539,206.73
Net income per share	¥58,149.78	¥58,115.98
Diluted net income per share	Not given as the Company has no potential stocks with dilution effect	¥56,668.91

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

	Year ended March 31, 2011	Year ended March 31, 2012
Net income per share		
Net income for the fiscal year	¥255,122M	¥238.604M
Monetary value not related to common stockholders	-	-
Net income related to common stock	¥255,122M	¥238,604M
Number of weighted average common shares outstanding during the fiscal year (shares)	4,387,331	4,105,665
Diluted Net Income per Share		
Adjustment of net income for the fiscal year	-	(¥49M)
Amortization of bond premium (after deduction of an amount equivalent to tax)*	-	(¥49M)
Increase in number of shares of common stock	-	103,967
(subscription warrants)	-	37
(Convertible bond-type bonds with subscription rights to shares)	-	103,930
Overview of potential stock not included in calculation of diluted net income per share because the stock have no dilution effect	Three types of subscription warrant -August 2007, 6th Stock Option (4,558 subscription warrants) -August 2008, 7th Stock Option (4,805 subscription warrants) -August 2009, 8th Stock Option (5,146 subscription warrants)	One type of subscription warrant -August 2008, 7th Stock Option (4,658 subscription warrants)

* This is the amount of amortization for the fiscal year (after deducting an amount equivalent to tax) of the premium resulting from the issuance of the bonds at an amount higher than the face amount.

(Changes in Accounting Policies)

From the year ended March 31, 2012, we have applied the "Accounting Standard for Earning Per Share" (Accounting Standards Board of Japan [ASBJ] Statement No.2 of June 30, 2010), the "Guidance on Accounting Standard for Earning Per Share" (ASBJ Guidance No.4 of June 30, 2010), and the "Practical Solution on Accounting for Earnings Per Share" (ASBJ PITF No.9 of June 30, 2010).

To calculate diluted net income per share, we have changed the method to include potential services offered by the employees in the fair valuation of stock options of payment when exercising the right regarding stock options whose rights are secured after certain period of employment.

If this accounting standard, etc., had not been applied, there would be no impact on the calculation of net assets per share, net income per share, and diluted net income per share in the previous consolidated fiscal year.

(Significant Subsequent Event)

(Notice Concerning Share Split and Adoption of Share-Trading-Unit System)

The Company resolved at the meeting of the Board of Directors held on April 25, 2012 concerning share split and adoption of share-trading-unit system. The details are as follows.

1. Purpose of Share Split, Adoption of Share-Trading-Unit System, and Partial Changes to Articles of Incorporation

   Taking into consideration the intent of the "Action Plan for Consolidating Trading Units" that was announced by all domestic stock exchanges of Japan in November 2007, the Company will conduct a 1:100 share split and adopt a share-trading-unit system to contribute towards improving the convenience and liquidity of the securities market that the Company's stock is listed. Please note that the number of investment units will not actually change following the implementation of the share split and the adoption of the share-trading-unit system.

2. Share Split

   (1) Method of share split

   The share split shall have a record date of Sunday, September 30, 2012 (because this date falls on a holiday, for all practical purposes the date in substance is Friday, September 28, 2012) and shall involve the splitting of common shares held by shareholders whose names appear or are recorded in the latest Registry of Shareholders on the record date at a ratio of 1:100.

   (2) Number of increase in shares by share split

   Number of increase in shares by share split shall be 99 times the final total number of issued shares on Sunday, September 30, 2012. The numbers of shares presented below are based on the total number of issued shares on Wednesday, April 25, 2012.

1) Total number of issued shares before share split	4,484,818 shares
2) Number of increase in shares by share split	443,996,982 shares
3) Total number of issued shares after share split	448,481,800 shares
4) Total number of authorized shares after share split	700,000,000 shares

   (3) Schedule of share split

   1) Public notice date of the record date Friday, September 14, 2012

   2) Record date Sunday, September 30, 2012

   * For all practical purposes the record date in substance is Friday, September 28, 2012.

   3) Effective date Monday, October 1, 2012

3. Adoption of Share-Trading-Unit System

   (1) Number of shares in newly established share-trading unit

   The adoption of the share-trading-unit system shall take effect on the effective date stated in "2. Share Split" above and the number of shares to constitute a share-trading unit shall be 100 shares.

   (2) Schedule for establishment of the new system

   Effective date Monday, October 1, 2012

   Note: Effective September 26, 2012, the share-trading unit for the Company's shares shall be changed to 100 shares on the securities exchange.

4. Others

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

Total net assets per share	
As of March 31, 2011	¥4,953.86
As of March 31, 2012	¥5,392.07
Net income per share	
As of March 31, 2011	¥581.50
As of March 31, 2012	¥581.16
Diluted net income per share	
As of March 31, 2011	-
As of March 31, 2012	¥566.69

5. Financial Statements

(1) Balance Sheets

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Assets		
Noncurrent assets		
Noncurrent assets-telecommunications business		
Property, plant and equipment		
Machinery	2,592,394	2,693,628
Accumulated depreciation	(1,983,895)	(2,131,133)
Machinery, net	608,498	562,495
Antenna facilities	584,749	613,706
Accumulated depreciation	(236,886)	(271,568)
Antenna facilities, net	347,863	342,137
Terminal facilities	12,548	11,121
Accumulated depreciation	(9,461)	(8,297)
Terminal facilities, net	3,086	2,824
Local line facilities	182,499	191,884
Accumulated depreciation	(123,650)	(130,713)
Local line facilities, net	58,849	61,171
Long-distance line facilities	103,369	101,058
Accumulated depreciation	(93,627)	(95,773)
Long-distance line facilities, net	9,741	5,284
Engineering facilities	61,319	61,479
Accumulated depreciation	(35,977)	(37,595)
Engineering facilities, net	25,341	23,883
Submarine line facilities	57,041	54,328
Accumulated depreciation	(46,747)	(47,138)
Submarine line facilities, net	10,294	7,190
Buildings	402,291	406,580
Accumulated depreciation	(197,927)	(210,573)
Buildings, net	204,363	196,007
Structures	76,907	78,068
Accumulated depreciation	(45,099)	(47,704)
Structures, net	31,807	30,364
Machinary and equipment	11,654	11,635
Accumulated depreciation	(11,000)	(11,341)
Machinary and equipment, net	654	293
Vehicles	1,054	1,054
Accumulated depreciation	(550)	(694)
Vehicles, net	503	360
Tools, furniture and fixtures	75,721	79,216
Accumulated depreciation	(51,912)	(57,660)
Tools, furnitures and fixtures, net	23,809	21,556
Land	239,900	246,942
Lease assets	4,829	4,829
Accumulated depreciation	(2,623)	(3,833)
Lease assets, net	2,206	996
Construction in progress	71,097	126,237
Total property, plant and equipment	1,638,018	1,627,746

(Amount unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Intangible assets		
Right of using submarine line facilities	4,543	4,949
Right of using facilities	8,988	10,457
Software	190,819	173,835
Goodwill	12,182	7,752
Patent right	1	1
Leasehold right	1,420	1,426
Other intangible assets	2,348	2,297
Total intangible assets	220,304	200,720
Total noncurrent assets-telecommunications business	1,858,323	1,828,467
Incidental business facilities		
Property, plant and equipment		
Property, plant and equipment	14,700	25,102
Accumulated depreciation	(9,316)	(10,180)
Property, plant and equipment, net	5,384	14,921
Total property, plant and equipment	5,384	14,921
Intangible assets		
Total intangible assets	7,076	10,629
Total noncurrent assets-incidental business	12,461	25,551
Investments and other assets		
Investment securities	72,948	82,939
Stocks of subsidiaries and affiliates	524,429	590,620
Investments in capital	1,025	434
Investments in capital of subsidiaries and affiliates	1,658	5,659
Long-term loans receivable	210	208
Long-term loans receivable from subsidiaries and affiliates	68,462	44,270
Long-term prepaid expenses	81,447	90,208
Deferred tax assets	123,832	99,064
Other investment and other assets	41,560	40,576
Allowance for doubtful accounts	(7,765)	(8,772)
Total investments and other assets	907,810	945,210
Total noncurrent assets	2,778,595	2,799,229
Current assets		
Cash and deposits	112,633	55,257
Notes receivable-trade	29	30
Accounts receivable-trade	527,560	707,175
Accounts receivable-other	26,661	39,677
Income taxes receivable	32,691	-
Short-term investment securities	25,000	80,000
Supplies	54,100	61,018
Prepaid expenses	11,060	12,253
Deferred tax assets	54,703	50,986
Short-term loans receivable to subsidiaries and affiliates	30,643	56,073
Other current assets	3,343	3,454
Allowance for doubtful accounts	(12,693)	(13,266)
Total current assets	865,735	1,052,662
Total assets	3,644,330	3,851,891

(Amount Unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Liabilities		
Noncurrent liabilities		
Bonds payable	414,978	349,991
Convertible bond-type bonds with subscription rights to shares	-	200,916
Long-term loans payable	407,311	297,517
Lease obligations	1,046	206
Provision for retirement benefits	15,697	15,571
Provision for point card certificates	83,446	89,677
Provision for warranties for completed construction	3,732	2,569
Asset retirement obligations	1,955	1,865
Other noncurrent liabilities	35,907	33,652
Total noncurrent liabilities	964,075	991,967
Current liabilities		
Current portion of noncurrent liabilities	125,574	174,791
Accounts payable-trade	53,813	75,500
Short-term loans payable	46,222	56,393
Lease obligations	1,270	839
Accounts payable-other	235,182	245,587
Accrued expenses	5,377	5,877
Income taxes payable	143	140,858
Advances received	67,539	59,321
Deposits received	19,238	17,200
Provision for bonuses	15,509	15,651
Provision for directors' bonuses	86	135
Asset retirement obligations	1,206	925
Provision for loss on the Great East Japan Earthquake	16,270	1,992
Total current liabilities	587,436	795,076
Total liabilities	1,551,512	1,787,043
Net assets		
Shareholders' equity		
Capital stock	141,851	141,851
Capital surplus		
Legal capital surplus	305,676	305,676
Other capital surplus	61,415	61,427
Total capital surpluses	367,091	367,104
Retained earnings		
Legal retained earnings	11,752	11,752
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	579	627
Reserve for special depreciation	228	1,080
General reserve	1,381,033	1,570,933
Retained earnings brought forward	285,467	280,815
Total retained earnings	1,679,061	1,865,210
Treasury stock	(125,244)	(346,163)
Total shareholders' equity	2,062,760	2,028,002

(Amount Unit: Millions of yen)

	As of March 31, 2011	As of March 31, 2012
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	28,647	35,807
Total valuation and translation adjustments	28,647	35,807
Subscription rights to shares	1,410	1,037
Total net assets	2,092,818	2,064,847
Total liabilities and net assets	3,644,330	3,851,891

(2) Statements of Income

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating income and loss from telecommunications		
Operating revenue		
Total operating revenue	2,371,432	2,278,652
Operating expenses		
Business expenses	573,806	595,968
Operating expenses	107	43
Facilities maintenance expenses	288,932	288,280
Common expenses	2,234	2,617
Administrative expenses	67,620	67,381
Experiment and research expenses	9,277	8,080
Depreciation	403,696	368,569
Noncurrent assets retirement cost	21,867	15,369
Communication facility fee	388,035	374,044
Taxes and dues	37,622	39,827
Total operation expenses	1,793,198	1,760,183
Net operating income from telecommunication	578,233	518,469
Operating income and loss from incidental business		
Operating revenue	767,310	994,883
Operating expenses	917,274	1,080,912
Net operating loss from incidental business	(149,964)	(86,029)
Operating income	428,269	432,440
Non-operating income		
Interest income	1,619	1,770
Interest on securities	111	170
Dividends income	3,964	9,792
Miscellaneous income	6,353	8,010
Total non-operating income	12,049	19,743
Non-operating expenses		
Interest expenses	7,314	6,626
Interest on bonds	6,374	6,005
Miscellaneous expenses	3,701	4,976
Total non-operating expenses	17,390	17,608
Ordinary income	422,929	434,575
Extraordinary income		
Gain on sales of noncurrent assets	1,313	171
Gain on sales of investment securities	-	137
Gain on sales of subsidiaries and affiliates' stocks	190	-
Gain on sales of subsidiaries and affiliates' stocks	364	123
Gain on reversal of subscription rights to shares	450	493
Gain on stock exchange	-	4,909
Dividends due to liquidation of silent partnership contract	-	6,976
Gain on Provision for loss on the Great East Japan Earthquake	-	6,814
Total extraordinary income	2,318	19,627

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Extraordinary loss		
Loss on sales of noncurrent assets	-	657
Impairment loss	51,565	8,515
Loss on retirement of noncurrent assets	31,054	-
Loss on valuation of investment securities	368	469
Loss on sales of stocks of subsidiaries and affiliates	815	-
Loss on liquidation of subsidiaries	40,858	-
Loss on adjustment for changes of accounting standard for ass	1,120	-
Loss on the Great East Japan Earthquake	17,557	4,049
Total extraordinary losses	143,341	13,692
Income before income taxes	281,906	440,510
Income taxes-current	40,434	162,284
Income taxes-deferred	(15,351)	28,389
Total income taxes	25,082	190,673
Net income	256,823	249,836

(3) Statements of Changes in Net Assets

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Capital stock		
Balance at the end of previous period	141,851	141,851
Balance at the end of current period	141,851	141,851
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	305,676	305,676
Balance at the end of current period	305,676	305,676
Other capital surplus		
Balance at the end of previous period	61,415	61,415
Disposal of treasury stock	-	12
Total changes of items during the period	-	12
Balance at the end of current period	61,415	61,427
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	11,752	11,752
Balance at the end of current period	11,752	11,752
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	-	579
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent ass	579	48
Total changes of items during the period	579	48
Balance at the end of current period	579	627
Reserve for special depreciation		
Balance at the end of previous period	417	228
Changes of items during the period		977
Reversal of reserve for special depreciation	(189)	(125)
Total changes of items during the period	(189)	852
Balance at the end of current period	228	1,080
General reserve		
Balance at the end of previous period	1,232,933	1,381,033
Changes of items during the period		
Provision of general reserve	148,100	189,900
Total changes of items during the period	148,100	189,900
Balance at the end of current period	1,381,033	1,570,933
Retained earnings brought forward		
Balance at the end of previous period	235,037	285,467
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Provision of reserve for special depreciation	-	(977)
Reversal of reserve for special depreciation	189	125
Provision of reserve for advanced depreciation of noncurrent assets	(579)	(48)
Provision of general reserve	(148,100)	(189,900)
Net income	256,823	249,836

(Amount unit: Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Total changes of items during the period	50,430	(4,652)
Balance at the end of current period	285,467	280,815
Treasury stock		
Balance at the end of previous period	(25,244)	(125,244)
Changes of items during the period		
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	50
Total changes of items during the period	(99,999)	(220,919)
Balance at the end of current period	(125,244)	(346,163)
Total shareholders' equity		
Balance at the end of previous period	1,963,839	2,062,760
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	256,823	249,836
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	62
Total changes of items during the period	98,920	(34,758)
Balance at the end of current period	2,062,760	2,028,002
Valuation and translation adjustment		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	29,981	28,647
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,333)	7,159
Total changes of items during the period	(1,333)	7,159
Balance at the end of current period	28,647	35,807
Subscription rights to shares		
Balance at the end of previous period	1,475	1,410
Changes of items during the period		
Net changes of items other than shareholders' equity	(64)	(372)
Total changes of items during the period	(64)	(372)
Balance at the end of current period	1,410	1,037
Total net assets		
Balance at the end of previous period	1,995,296	2,092,818
Changes of items during the period		
Dividends from surplus	(57,903)	(63,687)
Net income	256,823	249,836
Purchase of treasury stock	(99,999)	(220,969)
Disposal of treasury stock	-	62
Net changes of items other than shareholders' equity	(1,398)	6,787
Total changes of items during the period	97,521	(27,970)
Balance at the end of current period	2,092,818	2,064,847

EXHIBIT B

Total Call Mobile

Lifeline Program Verification Form

(Internal Use Only)

App ID #: ____________________

Total Call mobile

LIFELINE PROGRAM VERIFICATION FORM
INTERNAL USE ONLY

Complete and store this form for all Lifeline applications received by Total Call Mobile ("TCM"). Fill in the information below based upon the application identified above. To qualify for Lifeline service from TCM, an applicant must meet the requirements under either Section 1 (Income-Based Eligibility) or Section 2 (Program-Based Eligibility) below.

1. INCOME-BASED ELIGIBILITY

a) Household Members: ______________ (fill in based on response in #3 of application)
b) Maximum Annual Household Income: $ ______________ (fill in based on response in #3 of application)
c) Customer Annual Household Income: $ ______________ (fill in based on response in #3 of application)
d) Documents reviewed (check all applicable)

- ☐ Divorce Decree / Child Support Documents
- ☐ Pay stubs (most recent three consecutive months)
- ☐ Retirement / Pension Benefits Statements
- ☐ Social Security Benefits Statements
- ☐ Unemployment / Worker's Compensation Benefits Statements
- ☐ Veterans Administration Benefits Statements
- ☐ W2 Statements

e) Based on my review of the documentation provided by the applicant, the applicant is:

__ Approved (i.e. the documentation indicates that the applicant earns less than the Maximum Annual Household Income threshold indicated above)
__ Denied (i.e. the documentation indicates that the applicant earns more than the Maximum Annual Household Income threshold indicated above)

2. PROGRAM-BASED ELIGIBILITY

a) Applicant indicated that the applicant is enrolled in the following programs that are eligible for Lifeline participation (must choose at least 1)

- ☐ Federal Public Housing / Section 8
- ☐ Food Supplement Program/ Food Stamps
- ☐ Low Income Home Energy Assistance Program
- ☐ Medicaid / Medical Assistance
- ☐ National School Lunch Program (free program only)
- ☐ Temporary Assistance for Needy Families
- ☐ Other State Program (list state and program name)
  State: ______________ Program: ______________

b) Documents reviewed (must choose at least 1)

- ☐ Notice letter of participation
- ☐ Program participation card / document
- ☐ Prior year's statement of benefits
- ☐ Other official document evidencing participation:
  ____

c) Based on my review of the documentation provided by the applicant, the applicant is:

__ Approved (i.e. applicant has provided adequate evidence of enrollment in at least one of the programs listed in Section 2(a))

__ Denied (i.e. applicant has NOT provided adequate evidence of enrollment in one of the programs listed in Section 2(a))

3. Certification of Approval or Denial

In approving or denying the application identified above, I hereby certify that I reviewed the eligibility documentation provided by the applicant. If the applicant is approved, I certify that I have checked TCM's database to confirm no prior or duplicate approvals exist for this individual applicant or this applicant's household.

Signature: ____________________ Date: ______________
Print Name: ____________________

Based on the foregoing, the applicant was:

__ Approved for participation in the TCM Lifeline Program
Approval letter sent: ______________ By: ______________
__ Denied for participation in the TCM Lifeline Program
Denial letter sent: ______________ By: ______________

Complete and store this form for all Lifeline applications received by Total Call Mobile ("TCM"). Fill in the information below based upon the application identified above. To qualify for Lifeline service from TCM, an applicant must meet the requirements under either Section 1 (Income-Based Eligibility) or Section 2 (Program-Based Eligibility) below.

1. Income-Based Eligibility

a) Household Members: ________________ (fill in based on response in #3 of application)
b) Maximum Annual Household Income: $____________ (fill in based on response in #3 of application)
c) Customer Annual Household Income: $____________________ (fill in based on response in #3 of application)
d) Documents reviewed (check all applicable):

(choices listed here)

e) Based on my review of the documentation provided by the applicant, the applicant is:

__ Approved (i.e. the documentation indicates that the applicant earns less than the Maximum Annual Household Income threshold indicated above)
__ Denied (i.e. the documentation indicates that the applicant earns more than the Maximum Annual Household Income threshold indicated above)

2. Program-Based Eligibility

a) Applicant indicated that applicant is enrolled in the following programs that are eligible for Lifeline participation (must choose at least 1):

(choices listed here)

b) Documents reviewed (must choose at least 1):

(choices listed here)

c) Based on my review of the documentation provided by the applicant, the applicant is:

__ Approved (i.e. applicant has provided adequate evidence of enrollment in at least one of the programs listed in Section 2(a))
__ Denied (i.e. applicant has NOT provided adequate evidence of enrollment in one of the programs listed in Section 2(a))

3. Certification of Approval or Denial
In approving or denying the application identified above, I hereby certify that I reviewed the eligibility documentation provided by the applicant. If the applicant is approved, I certify that I have checked TCM's database to confirm no prior or duplicate approvals exist for this individual applicant or this applicant's household.

Signature: ____________________________ Date: ______________________
Print Name: ___________________________

Based on the foregoing, the applicant was:

__ Approved for participation in the TCM Lifeline Program
Approval letter sent: _____________ By: ______________
__ Denied for participation in the TCM Lifeline Program
Denial letter sent: ________________ By: ______________

EXHIBIT C

Total Call Mobile

Customer Service Script

Total Call Mobile - Customer Service Script

Greeting: "Thank you for calling Total Call Mobile. This is (Representative Name). May I please have your name and the state you are calling from?"
** Representative "Are you calling about a new application or to check the status of a previous application?"**

- **Make sure state is an approved state**
  If not ** Representative - "I am sorry, we are not currently providing service in your state. You can go to www.usac.org/li to find a provider in your state. Click on the Low Income Households section and then click on find a service provider in your state**
- **If status of application:** **Representative - "May I please have your address?"**
  - ✓ locate application
  - ✓ double check address (make sure the address is valid and correct)
  - ✓ relate the status to customer
  - ✓ note the contact on the account
- **If new application:** **Representative - "Great! Thank you for calling Total Call Mobile."** and perform the following validations.
  a) "Are you the head of household?" If not then, "We can only provide service to the head of household. Please have the head of household call us and we'd be happy to sign them up." If yes, go to (b).
  b) "Do you currently have wireless or home phone service?" If no, skip the remaining questions and process application.
  c) (if yes) "Is that a subsidized service or do you pay full price?"
  d) (if subsidized) "Is this phone under the Lifeline program? The Lifeline program is only available for one phone per household." If yes go to (e), if they don't know go to (f), if no, go to (g).
  e) "We cannot provide you with a second Lifeline phone. If there is a problem with that service or you want to be on our service, you must first disconnect your service with your other provider and then call back to establish service with us."
  f) "Can I ask who your provider is?" Check against the larger Lifeline providers (Exhibit D, updated from time-to-time).
  g) (if not subsidized) "Can I ask who your provider is?" Check against the larger Lifeline providers (Exhibit C, updated from time-to-time).

If it is evident that they don't already have Lifeline service then proceed for the application.

EXHIBIT D

Model Application/Certification Form (Maryland)

Channel ID: ____________________
(If Applicable)

Total Call mobile™

LIFELINE PROGRAM FOR THE STATE OF MARYLAND

To apply for Lifeline through Total Call Mobile, please complete this form and submit it to the address at the bottom of the form. For more information or assistance, call 1-800-661-7391. ***When you submit this application, you must include the supporting documentation indicated below. Supporting documentation will not be returned.***

1. CUSTOMER INFORMATION

First Name: ____________________ Last Name: ____________________

Home Address: ____________________ City: __________ State: __________ Zip Code: __________
(P.O. Box NOT sufficient)

Home Address: ☐ Permanent ☐ Temporary Date of Birth (MM/DD/YYYY): ____________________

Billing Address, if different from above: ____________________ City: __________ State: __________ Zip Code: __________
(P.O. Box IS sufficient)

Last 4 Digits of SSN: ____________________ Public Aid Case Number (if applicable): ____________________

Phone Number: (____) - ____ - ____________ E-mail: ____________________

2. PROGRAM-BASED ELIGIBILITY

To qualify for Lifeline, you must complete either this Section or Section #3 below. Check all program(s) that the person in Section #1 is enrolled in. ***If you are qualifying for Lifeline under this Section (i.e. by being enrolled in at least one of the following programs), you must provide current proof of program participation with this application.*** If any member of your household is a National School Lunch participant, you can check the box for that program.

- ☐ Electric Universal Service Program
- ☐ Federal Public Housing / Section 8
- ☐ Food Supplement Program/ Food Stamps
- ☐ Low Income Home Energy Assistance Program
- ☐ Maryland Energy Assistance Program
- ☐ Medicaid / Medical Assistance
- ☐ National School Lunch Program (free program only)
- ☐ Public Assistance to Adults
- ☐ Supplemental Security Income
- ☐ Temporary Assistance for Needy Families
- ☐ Temporary Cash Assistance
- ☐ Temporary Disability Assistance Program

3. INCOME-BASED ELIGIBILITY

To qualify for Lifeline, you must complete either this Section or Section #2 above. To qualify based upon your household income, the income of all your household members must be less than the amount indicated in the table below. If your household size is greater than 8, the maximum annual household income to qualify for Lifeline is the income indicated for 8 household members plus $5,157 for each additional household member.

Household Members: *(check the box which applies)*	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	☐ 6	☐ 7	☐ 8	___ Specify
Maximum Annual Household Income:	$14,702	$19,859	$25,016	$30,173	$35,330	$40,487	$45,644	$50,801	$_________
Customer Annual Household Income: $ _________									

If you qualify for Lifeline under this Section, attach the prior year's state or federal tax return for each household member or your most recent statements of income from the following sources:

- Divorce Decree / Child Support Documents
- Paystubs (most recent three consecutive months)
- Retirement / Pension Benefit Statements
- Social Security Benefits Statements
- Unemployment / Workers' Compensation Benefits Statements
- Veterans Administration Benefits Statements
- W2 Statements

Continued on Next Page

4. LIFELINE PLAN SELECTION

Please check the box for the monthly plan that you would like to sign up for (you may change your plan at the end of any month by calling 1-800-661-7391):

☐ PLAN 1 (150 minutes including select international calls for free)

☐ PLAN 2 (250 domestic minutes for free)

☐ PLAN 3 Unlimited Talk & Text for $26.49 (regularly $39.99)

☐ PLAN 4 Unlimited Talk, Text & Data for $36.49 (regularly $49.99)

5. MULTIPLE HOUSEHOLDS AT THE SAME ADDRESS

☐ If you reside at an address occupied by multiple households, including adults who do not contribute income to your household and/or share in your household's expenses, please contact Total Call Mobile and you will be provided an additional form to complete. I certify that I reside at an address occupied by multiple households and have completed an additional form.

6. ACTIVATION AND USAGE REQUIREMENTS

Total Call Mobile Lifeline Plans are a prepaid service. When you receive your phone, contact Total Call Mobile at 611 to activate. To keep your account active, you must use your Lifeline service at least once during any 60 day period by completing an outbound call, purchasing additional minutes, answering an in-bound call from someone other than Total Call Mobile, or by responding to a direct contact from Total Call Mobile confirming that you want to continue receiving Lifeline service with Total Call Mobile. If your service goes unused for 60 days, you will no longer be eligible for Lifeline benefits and your service will be suspended (allowing only 911 calls and calls to customer service) subject to a 30-day cure period during which you can contact Total Call Mobile to confirm that you want to continue receiving Lifeline service from Total Call Mobile.

By signing and initialing each box below, I affirm that the information contained on this form is true and correct under penalty of perjury:

7. SIGNATURE ________________________ Date: ________________________

(Required)

______ The information contained within this enrollment form is true and correct. I further acknowledge that Lifeline is a federal benefit program and that providing false or fraudulent statements or documentation in order to receive Lifeline is punishable by law, including fines, imprisonment, de-enrollment, or being barred from the Lifeline program.

______ I meet the income-based or program-based eligibility criteria for receiving Lifeline service and have provided documentation of eligibility as required by this enrollment form.

______ I understand that Lifeline is only available for one landline or one wireless phone per household (not both); a violation of this requirement would constitute a violation of law and would result in my de-enrollment from the Lifeline program.

______ My household is not already receiving Lifeline service from another company. I certify that I am the head of my household and understand that, for the purposes of the Lifeline program, a household is an individual or group of individuals who live together at the same address and share the same income and expenses.

______ I understand that I may be required to verify my continued eligibility for the Lifeline program at any time and that failure to do so will result in de-enrollment.

______ The address listed in this form is my primary residence, not a second home or a business. If I move to a new address, I will notify Total Call Mobile within 30 days. If I checked "Temporary" address in Section 1 above, I acknowledge that I must recertify my address every 90 days.

______ I will notify Total Call Mobile within 30 days if for any reason I no longer satisfy the criteria for receiving Lifeline including, as relevant, if I no longer meet the income-based or program-based criteria, I begin receiving more than one Lifeline benefit, or another member of my household starts receiving a Lifeline benefit. I understand that I may be subject to penalties if I fail to follow this requirement.

______ I authorize Total Call Mobile to access my records in order to verify eligibility as required by federal or state agencies. I understand that my information (specifically, my full name, address, date of birth and the last four digits of my social security number) will be transmitted to administrators managing state and/or federal databases.

______ Lifeline is not transferable. I will only use this phone for my family's own use and will not resell it, or give it to others.

______ In addition, I acknowledge that Lifeline enrollment may be terminated by Total Call Mobile in the event that federal or state Lifeline Programs are changed or terminated, if I no longer qualify for Lifeline, If Total Call Mobile discontinues its Lifeline participation, if I do not use the Lifeline phone for 60 days, or if I breach the terms and conditions at totalcallmobile.com/lifeline.

Please mail this application, with supporting documentation to:

Total Call Mobile, Lifeline Program

1411 W. 190th Street, Suite 700, Gardena, CA 90248

EXHIBIT E

Sample Lifeline Brochure

Total Call mobile

Free Mobile Phone and Free Service

Through the government-supported Lifeline program, you may qualify for free service. See inside for details. This is a state of Maryland brochure.

Lifeline Plans

For more information or to sign up, call 1-800-661-7391.

If you qualify for the Lifeline program in the state of Maryland, you can choose from the Lifeline Plans below. All of Total Call Mobile's Lifeline Plans have the following features:

- A free phone (provided by Total Call Mobile). Call customer service for upgrade options.
- Free customer service calls.
- Free voicemail and caller id.
- Free 911 and balance inquiry calls.
- For additional minutes, text messages, or international calls, load an "Anytime Plan" refill as described on the back of this brochure or call customer service.

Plan 1: 150 minutes per month (for domestic & select international calls)

- 150 minutes per month (for domestic & select international calls) at no cost to you.
- Plan minutes expire after 30 days.
- Additional minutes are $0.10 per minute.
- Text messages are $0.05 per text.
- For details on select international calls that have no extra charges, see the back of this brochure.

Plan 2: 250 minutes per month (for domestic calls)

- 250 minutes per month (for domestic calls) at no cost to you.
- Plan minutes expire after 30 days.
- Additional minutes are $0.10 per minute.
- Text messages are $0.05 per text.
- No international calls are included in this plan.

Plan 3: Discounted Plans (discount varies by state)

- You can purchase the Unlimited Talk & Text plan for $26.49 (regularly $39.99 for 30 days) or the Unlimited Talk, Text & Data plan for $36.49 (regularly $49.99 for 30 days). For plan details, see the back of this brochure. Please call customer service for additional information or to select this option.
- No international calls are included in these plans.

Lifeline Eligibility

Eligibility criteria varies by state. For the state of Maryland, you are eligible for Lifeline if you participate in one of these programs:

Electric Universal Service Program	National School Lunch Program (free program only)
Federal Public Housing / Section 8	Public Assistance to Adults
Food Supplement Program / Food Stamps	Supplemental Security Income
Low Income Home Energy Assistance Program	Temporary Assistance for Needy Families Program
Maryland Energy Assistance Program	Temporary Cash Assistance
Medicaid / Medical Assistance	Temporary Disability Assistance Program

You also qualify for Lifeline in the state of Maryland, if your income is less than 135% of the Federal Poverty Guidelines.

Number in Household	Household Annual Income
1	$14,702
2	$19,859
3	$25,016
4	$30,173

For details or to determine if you qualify, call us at 1-800-661-7391. Only one person per household may sign up for Lifeline. If your Lifeline Plan is not used for sixty (60) days, it will be terminated.

Lifeline Terms & Conditions

Comprehensive terms and conditions for the Total Call Mobile ("TCM") Lifeline Plans are available at www.totalcallmobile.com. All terms and conditions of service as described herein and on the reverse of this brochure apply to services provided under the Lifeline Plans. Customers understand and agree that by signing up for a Lifeline Plan with Total Call Mobile, they may not have a Lifeline plan with any other carrier (wireless or landline) and further agree to comply with any documentation or verification necessary to confirm that they qualify for Lifeline. In addition, Customer acknowledges that Lifeline Plan enrollment may be terminated at anytime by TCM in the event that the federal or state Lifeline Programs are changed or terminated, if Customer no longer qualifies for Lifeline, if TCM discontinues its Lifeline Plans, or if Customer breaches the terms and conditions. TCM, at its sole discretion, will determine whether or not a Customer is eligible for a Lifeline Plan. To remain qualified for a Lifeline Plan, Customer must successfully complete an annual verification. If Customer fails to complete annual verification within sixty (60) days of the required verification date, Customer will be de-enrolled from the Lifeline Plan. Customer agrees not to give away, resell, or offer to resell the TCM Lifeline phone or service. TCM Lifeline Plans are supported by the government assistance "Lifeline" program. Proof of eligibility is required, such as eligible program card or statement of benefits. If you willfully make false statements in order to obtain a TCM Lifeline Plan, you can be punished by fine or imprisonment or can be barred from the program.

International Texting & Calling

Call worldwide with Total Call Mobile by dialing 011 and the destination. On the Anytime Plan and Lifeline Plan 1, there is no extra charge to call certain cities in the countries listed below. Call 1-800-661-7391 for international rates on other plans or to other destinations. To make international calls, you must have Anytime Plan balance. Also, standard text message rates apply to messages sent worldwide.

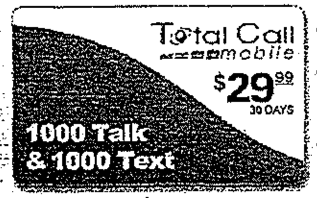
Argentina	Hungary	Singapore
Australia	India	South Korea
Austria	Ireland	Spain
Brazil	Israel	Sweden
Canada	Italy	Switzerland
China	Mexico	Taiwan
Cyprus	Netherlands	Thailand
Denmark	New Zealand	United Kingdom
France	Norway	US Guam
Germany	Peru	US Puerto Rico
Greece	Poland	US Saipan
Hong Kong	Portugal	US Virgin Island

Non-Lifeline Plans

Anytime Plan

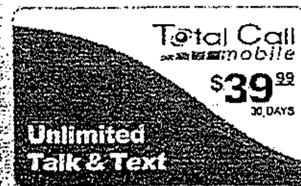
- 10¢ per minute
- 5¢ per text
- Available at $5, $10 or $20
- Good for 90 Days

1000 Talk & 1000 Text



- 1000 minutes
- 1000 text messages
- Good for 30 days

Unlimited Talk & Text



- Unlimited talk & text
- Good for 30 days

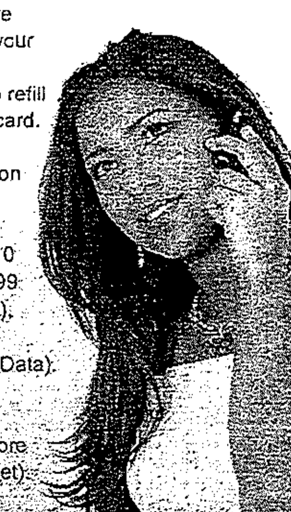
Unlimited Talk, Text & Data

- Unlimited talk, text & data
- $12.99 for 7 days
- $24.99 for 15 days
- $49.99 for 30 days

All plans include voicemail, caller ID, and domestic long distance. For more information, call 1-800-661-7391 or visit www.totalcallmobile.com.

Refill Options

1. Buy refills from the store where you purchased your handset.
2. Call 1-800-661-7391 to refill by credit card or debit card.
3. Visit a Western Union "prepaid service" location and enter "totalcall" in Box 1 of the prepaid services form. Enter $10 or $20 (Anytime), $29.99 (1000 Talk & 1000 Text), or $24.99 or $49.99 (Unlimited Talk, Text & Data). For locations, call 1-800-325-6000.
4. Visit your local e-pin store (wireless store or market).



Service Terms & Conditions

Comprehensive terms and conditions are available at www.totalcallmobile.com. Total Call Mobile ("TCM") service is for personal use within the United States. "Unlimited" does not mean unreasonable use. Unreasonable use includes but is not limited to conference calling, monitoring services, abnormally large data transmissions, broadcast, telemarketing, autodialed calls, commercial uses, an abnormally high number of calls/messages or abnormally long calls, tethering to another device for data transmission, or any other usage that interferes with TCM service/network resources. Data is only available with select handsets. TCM data plans may not be used with smart phones/PDA devices unless the plan is explicitly identified for such devices. International calls are charged at the applicable rate plus air time. Advertised international rates and "Free international Locations" do not apply to calls made to foreign mobile phones or to off network/special locations and in some instances may be higher. The "Free International Locations" promotion only applies when using the Anytime Plan (i.e. 10¢ per minute) or Lifeline Plan 1 (i.e. 150 minutes). Otherwise these locations cost 2¢ per minute plus airtime. TCM reserves the right to limit picture message size at any time. Government tal taxes and fees will be charged where applicable. Plans, rates and fees are subject to change without notice. For more information, current rates, and a complete list of the "Free International Locations", please call 1-800-661-7391 or visit our website. The rates herein are valid as of January 31, 2012. TCM marks contained herein are trademarks of Total Call Mobile, Inc., and/or its affiliated companies. All copy in this brochure is copyright protected under applicable law. TCM reserves all rights with regard to TCM intellectual property.

EXHIBIT F

Lifeline Service Offering

Service Offering

TCM's Lifeline offering proposes to give eligible customers three Lifeline Plan choices:

Option 1: Lifeline 150 Minute Plan*
150 anytime minutes per month
(additional usage priced at 10 cent minutes, texts are 5 cents per text message)
Net cost to Lifeline customer: $0 (free)

*This package includes:

- Free handset
- Free Voicemail and Caller-ID
- Free calls to Customer Service
- Free calls to 911 emergency services
- Free balance inquiries
- No additional charge for international calling to the 250 locations listed on Exhibit E (i.e. only the standard per minute rate applies)
- International calls to other destinations require additional funds based on call destination

Option 2: Lifeline 250 Minute Plan*
250 anytime minutes per month
(additional usage priced at 10 cent minutes, texts are 5 cents per text message)
Net cost to Lifeline customer: $0 (free)

*This package includes:

- Free handset
- Free Voicemail and Caller-ID
- Free calls to Customer Service
- Free calls to 911 emergency services
- Free balance inquiries
- International calls require additional funds based on call destination.

Option 3: Lifeline Credit - Discount Plan*
Lifeline eligible customers may choose the 30-day Unlimited Talk & Text plan or the 30-day Unlimited Talk, Text & Data at a discount off of retail. Said discount will differ based on the customer's state (ranging from $10 - $20). Additional details regarding TCM's plans can be found at www.totalcallmobile.com/rateplans_monthly.aspx.

*This package includes:

- Free handset
- Free Voicemail and Caller-ID
- Free calls to Customer Service
- Free calls to 911 emergency services
- Free balance inquiries

EXHIBIT G

Lifeline 150 Minute Plan
Free International Calling Destinations

Free International Calling Destinations on the Lifeline 150 Minute Plan (Certain special or off-network locations may be excluded from the Free International Calling Destinations; (calls to landline phones only unless explicitly indicated otherwise)

List includes over 250 locations worldwide and 30 countries. Locations are subject to change from time to time. Please visit totalcallmobile.com for an updated list.

Featured Countries

Argentina
Argentina-Buenos Aires
Argentina-Cordoba
Argentina-Mendoza
Argentina-Rosario
Australia
Australia-Melbourne
Austria
Brazil
Brazil-Belo Horizonte
Brazil-Campinas
Brazil-Rio de Janeiro
Brazil-Sao Paolo
Canada
China
China-Beijing
China-Cellular
China-Guangzhou
China-Shanghai
Cyprus
Denmark
France
France-Paris
Germany
Greece
Greece-Athens
Hong Kong
Hong Kong-Cellular
Hungary
Hungary-Budapest
India
India-Ahmedabad
India-Bangalore
India-Bombay
India-Calcutta
India-Cellular
India-Hyderbad
India-Madras
India-New Delhi
India-Pune
India-Punjab
Ireland
Israel
Italy
Mexico (city list which follows)
Netherlands
Netherlands-Amsterdam
New Zealand
Norway
Peru
Peru-Lima
Poland
Poland-Warsaw
Portugal
Singapore
Singapore-Cellular
South Korea
South Korea-Seoul
Spain
Sweden
Switzerland
Taiwan
Taiwan-Taipei
Thailand
Thailand-Bangkok
Thailand-Cellular
United Kingdom
US Guam
US Puerto Rico
US Saipan
US Virgin Islands

Free International Calling Destinations on the Lifeline 150 Minute Plan (continued)

<u>Mexico City List</u>

Guadalajara	Ciudad Constitucion	Heroica Ciudad de Ures
Ciudad de Mexico	Ciudad Cuauhtemoc	Hidalgo
Monterrey	Ciudad del Carmen	Huatabampo
Acaponeta	Ciudad Delicias	Huetamo
Acapulco	Ciudad Guzman	Huimanguiillo
Actopan	Ciudad Hidalgo	Huitzuco
Agua Prieta	Ciudad Juarez	Iguala
Aguascalientes	Ciudad Lazaro Cardenas	Irapuato
Allende	Ciudad Mante	Ixtapan de la Sal
Apatzingan	Ciudad Obregon	Ixtlan del Rio
Apizaco	Ciudad Sahagun	Izucar de Matamoros
Arcelia	Ciudad Valles	Jalapa
Atlacomulco	Ciudad Victoria	Jalpa
Atliaca/Tixtla	Coatzacoalcos	Jerez de Garcia Salinas
Atlixco	Colima	Jojutla
Autlan	Cordoba	Juchitan
Bahia de Huatulco	Cosamaloapan	La Barca
Cabo San Lucas	Cozumel	La Paz
Caborca	Cuautla	La Piedad
Cadereyta Jimenez	Cuernavaca	Lago de Moreno
Campeche	Culiacan	Leon
Cananea	Durnago	Lerdo de Tejada
Cancun	Encarnacion de Diaz	Lerma
Celaya	Ensenda	Linares
Cerralvo	Estación Manuel	Los Mochis
Cheumal	Fresnillo	Los Reyes
Chihuahua	General Tapia	Magdelena
Chilapa	Guamuchil	Manuel
Chilpancingo	Guanajuato	Manuel Ojinaga
Cintalapa de Figueroa	Guasave	Manzanillo
Ciudad Acuna	Guaymas	Martinez de la Torre
Ciudad Altamirano	Guerrero Negro/Santa Rosa	Matamoros
Ciudad Camargo B	Hermosillo	Matehuala

Free International Calling Destinations on the Lifeline 150 Minute Plan (continued)

Mexico City List (continued)

Mazatlan
Merida
Mexicali
Minatitlan
Monclova
Moelia
Moroleon
Nacozari de Garcia
Navojoa
Nogales
Nuevo Casas Grandes
Nuevo Laredo
Oaxaca de Juarez
Ocotlan
Ometepec
Orizaba
Pachuca
Palenque
Parral
Parras de la Fuente
Patzcuaro
Penjamo
Petatlan
Piedras Negras
Playas de Rosarito
Poza Rica de Hgo
Puebla
Puerto Penasco
Puerto Vallarta
Puruandiro
Queretaro
Quimichis/Tecuala
Reynosa
Rio Grande
Rio Verde
Sabinas
Sahuayo
Salamanca
Saltillo
Salvatierra
San Andres Tuxtla
San Cristobal de las Casas
San Fernando
San Jose de Gracia
San Jual del Rio
San Luis de La Paz
San Luis Potosi
San Luis Rio Colorado
San Martin Pachivia/Teloloapa
San Miguel de Allende
San Quintin
Santa Ana
Santa Rosalia de Camargo
Santiago Ixcuintla
Santiago Papasquiaro
Santiago Tianguistenco
Silao
Tala
Tampico
Tapachula
Taxco
Tecate
Tecoman
Tecpan de Galeana
Tehuacan
Tenancingo
Tenango del Aire/Tlalmanalco
Tepatitlan
Tepic
Tequila
Texcoco
Teziutlan
Ticul
Tijuana
Tizayuca
Tizimin
Tlapa de Comonfort/
Alcozauca de Gro.
Tlaxcala
Toluca
Torreon
Tula
Tulancingo
Tuxpan
Tuxtepec
Tuxtla Guttierez
Uruapan
Valle de Bravo
Veracruz
Villa Flores
Villahermosa
Yurecuaro
Zacapu
Zacatecas
Zamora
Zihuatanejo
Zinapecuaro
Zitacuaro
Zumpango

CERTIFICATE OF SERVICE

This is to certify that on this 22nd day of March 2013, I have duly served the within **STIPULATION AND SETTLEMENT AGREEMENT, and ATTACHMENTS 1 THROUGH 6,** upon all parties herein via the Commission's E-Filing system to:

Anne Botterud	Anne.botterud@state.co.us	Trial Staff
Todd Lundy	Todd.Lundy@state.co.us	Commission Counsel
William Levis	William.levis@state.co.us	OCC
John T. Scott	John.T.Scott@state.co.us	Trial Staff
Susan Travis	Susan.Travis@state.co.us	Trial Staff
Harry DiDomenico	Harry.DiDomenico@state.co.us	Advisory Staff
Greg Bunker	Gregory.Bunker@state.co.us	OCC
Thomas Dixon	Thomas.Dixon@state.co.us	OCC
Robert Yap	roberty@totalcallusa.com	Total Call Mobile,Inc.

_______*/s/ Amy Inagaki*_________