

Message to Shareholders and Investors



Five Consecutive Years of Growth in Revenue and Profits Aiming for Sustainable Growth through “Quantitative Expansion” and “Qualitative Enhancement”

In the fiscal year ended March 2008, KDDI recorded an increase in consolidated revenue and profits for the fifth consecutive year, and increased the dividend paid to shareholders for the sixth year in a row. I believe our operating results were solid amid the tough business environment resulting from the entrance of new players in the communications industry and intensifying price competition.

In particular, our Mobile Business was a driver of overall performance, as evidenced by the fact that the number of cumulative au subscribers reached our longstanding target of 30 million.

However, while further growth in demand is expected from corporate clients in the mobile market, a gradual dip in growth is forecast in the maturing consumer market. This will lead to an even more competitive business environment. Given this, in order to ensure a competitive position we must continually develop and offer services that will satisfy customers, and we will therefore strive to boost customer satisfaction.

Meanwhile, in the Fixed-line Business, as the core service transitions from conventional communications services to IP communications, making physical distance irrelevant, it is important to proceed with direct-access business where we offer access lines by ourselves. To accomplish this, we will redouble our efforts in the access lines business in order to secure a new source of revenues.

In addition, we will gear up our initiatives in the high value-added businesses that we propose to customers for new value creation, centered on information communications.

Through these efforts we will strive to earn unparalleled customer satisfaction in all services, one of the objectives of our “Challenge 2010” medium-term business target. As we aim for sustainable growth that balances “quantitative expansion” and “qualitative enhancement”, we will increase corporate value, win our customers’ increased trust, and better meet their needs. We look forward to your continued support.

July 2008



Tadashi Onodera
President and Chairman