

SHAPING THE NEW KDDI

We Must Have the Courage to Change KDDI

October 2010 marked the 10th anniversary of KDDI's establishment through the merger of DDI CORPORATION, KDD Corporation, and IDO CORPORATION. We owe our success over the past decade to the unwavering support of our stakeholders. I thank you sincerely for remaining with us during this time.

I would like to express my sincere condolences for those who lost their lives in the Great East Japan Earthquake and send my heartfelt sympathy to everyone in the stricken area.

Our mission as a telecommunications company is to provide consistently high-quality services via a reliable network. Accordingly, we have worked tirelessly to restore communications services in the disaster-afflicted region, and we will continue putting forth every effort to facilitate a swift recovery.

KDDI's operating environment is changing, marked by a transformation in the nature of competition for services. Characterizing this shift are mobile devices, including smart phones and tablet terminals, and content, such as music and video, which connect organically with various networks such as FTTH.

Amid these changes, KDDI recorded lower consolidated operating revenues for the year ended March 31, 2011, but we succeeded in achieving increase in operating income for the 10th consecutive year.

In the Mobile Business, voice ARPU declined as customers shifted to "Simple course" pricing. Temporary costs stemming from the reorganization of the 800MHz frequency also contributed to lower operating revenues and income in this segment.

We achieved a long-time goal for the Fixed-line Business, as this segment delivered positive operating income for the first time in seven years. This performance led us to surpass our initial operating income target of ¥10 billion by a large margin.

During the year ending March 31, 2012, we face a number of immediate issues, such as regaining momentum in the Mobile Business and setting in place a model to bolster revenues and income in the Fixed-line Business. We have the courage to change, and are moving forward with enthusiasm as we resolve these issues and move on to shape the new KDDI.

KDDI's three business visions are: "More Connected!," "More Global!," and "More Diverse Values!." We will keep these concepts firmly in mind as we introduce sweeping changes to our business model.

I ask for ongoing support from our stakeholders as we take on these challenges.

July 2011



Takashi Tanaka

KDDI Corporation President

Career Summary

- Dec 2010** President
- Jun 2010** 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

