

A woman with her back to the camera is captured in mid-air, jumping joyfully on a sandy beach. She is wearing a light-colored, short-sleeved dress with horizontal stripes in shades of yellow, orange, and blue. Her arms are raised, and her hair is blowing in the wind. The background shows a clear blue sky, the ocean with gentle waves, and a bright sun low on the horizon, creating a warm, golden glow. The overall mood is one of freedom and happiness.

Ubiquitous Solution Company

Annual Report 2008

Results for the year ended March 31, 2008



The Challenge for New Value Creation

In April 2007, KDDI announced “Challenge 2010,” which detailing our medium-term business targets. Under “Challenge 2010,” KDDI will strive to have unparalleled customer satisfaction in all services and aim for sustainable growth through both “quantitative expansion” and “qualitative enhancement.”

In order to achieve sustainable growth, KDDI must not simply continue on the present course, but rather strive to create new value.

We hope that this report enables readers to gain a better understanding of KDDI’s businesses and recognize the company’s growth potential.

Disclaimer Regarding Forward-Looking Statements

Statements contained in this annual report concerning KDDI’s plans, strategies, beliefs, expectations or projections about the future, and other statements other than those of historical fact, are forward-looking statements based on management’s assumptions in light of information currently available and involve risks and uncertainties. Actual results may differ materially from these statements. Potential risks and uncertainties include, but are not limited to, domestic and overseas economic conditions; fluctuations in currency exchange rates, particularly those affecting the U.S. dollar, euro and other overseas currencies in which KDDI or KDDI Group companies do business; and the ability of KDDI and KDDI Group companies to continue developing and marketing services that enable them to secure new customers in the communications market—a market characterized by rapid technological advances, the steady introduction of new services and intense price competition.

Contents

02 Financial Highlights

04 Message to Shareholders and Investors

06 Interview with the President

Against the backdrop of an increasingly severe competitive environment, we have increased sales and profitability for five consecutive years. KDDI aims for sustainable growth through “quantitative expansion” and “qualitative enhancement.”



11 Special Feature: The Challenge for New Value Creation

KDDI is working to create new added-value businesses that utilize its strengths in mobile and fixed-line communications.

19 Overview of Operations

19 Business at a Glance

20 Mobile Business

34 Fixed-line Business

43 Other Business

45 Corporate Governance

60 Financial Section

96 Major Consolidated Subsidiaries

97 Corporate History

98 Stock Information

99 Corporate Overview