

November 27, 2007

KDDI Corporation

**KDDI Announces a Business Alliance With Little eArth Corporation Co., Ltd. (LAC)
to Provide Security Solutions and a Capital Alliance With LAC Holdings, Inc.**

KDDI Corporation (represented by President and Chairman Tadashi Onodera; hereinafter referred to as “KDDI”) is pleased to announce its basic agreement with Little eArth Corporation Co., Ltd. (represented by President Teruhiko Takanashi; hereinafter referred to as “LAC”) to form a business alliance in the security solutions market.

KDDI is also pleased to announce its plan to form a capital alliance with LAC Holdings, Inc. (represented by President Gen Mishiba; hereinafter referred to as “LAC HD”), acquiring the shares of LAC HD to increase the effectiveness of this business alliance.

1. Purpose of the Alliances

In corporate management, for internal controls and countermeasures against information leakage, the demand for security solutions has been increasing, and its importance has been growing.

Under this business environment, KDDI, who seeks further expansion of its solutions business for corporate clients, and LAC, one of the leading players in the information security market, will form a business alliance in the security solutions market to provide the best, custom security solutions for clients. At the same time, KDDI will form a capital alliance with LAC HD, the parent company of LAC, to make collaboration between the companies even stronger.

2. Details of Business and Capital Alliances

(1) Business Alliance

Through this business alliance in the security solutions market, KDDI and LAC will cooperate going forward to design and develop new joint-products and to establish a joint system for operations and maintenance/support.

To be more specific, incorporating JSOC*₁ security monitoring functions operated by LAC into KDDI’s network service (e.g., KDDI Powered Ethernet*₂, et. al.) will enable both parties to provide an unprecedentedly high operational level of intranet security. Both parties have immediately started joint sales and marketing programs.

*1 JSOC (Japan Security Operation Center) is one of the largest security monitoring centers in Japan, operated by LAC.

*2 KDDI Powered Ethernet is a wide area ethernet service that provides wide range mesh-type network on a one-stop basis from backbone network to access line.

(2) Capital Alliance

KDDI will acquire shares of LAC HD from its shareholders by a share transfer. Please see details below.

1 Date of capital alliance

November 28, 2007

2 Amount of acquisition price

Approx. 456 million yen

3 Number of shares to be acquired and equity ratio subsequent to acquisition

1,414,200 shares, 5.0001%

3. Outline of companies

(1) Corporate name	KDDI Corporation	LAC Holdings, Inc.	Little eArth Corporation Co., Ltd.(LAC)
(2) Representative	Tadashi Onodera President & Chairman	Gen Mishiba President	Teruhiko Takanashi President
(3) Head office	3-2, Nishishinjuku 2-chome, Shinjuku-ku, Tokyo	Shiodome City Center , 1-5-2, Higashi Shinbashi, Minato-ku, Tokyo	Shiodome City Center , 1-5-2, Higashi Shinbashi, Minato-ku, Tokyo
(4) Established	June 1, 1984	October 1, 2007	September 3, 1986
(5) Business description	Telecommunications business	Management of subsidiary and group company	SecureNet Service, Systems development and integration services
(6) Capital	141,851 million yen [as of October 1, 2007]	1,000 million yen [as of October 1, 2007]	1,159 million yen [as of October 1, 2007]
(7) Operating revenues	3,335,259 million yen [FY ended March 2007] * Consolidated base	22,319 million yen *note [FY ending March 2008[E]] * Consolidated base	6,454 million yen [FY ended December 2006]
(8) Employees	14,358 *KDDI Group Total [as of March 31, 2007]	1,252 * LAC Holdings Group Total * LAC Holdings only: 67 [as of October 1, 2007]	440 [as of October 1, 2007]
(9) Subsidiaries	Consolidated Subsidiaries:42 Affiliates:27	Little eArth Corporation Co., Ltd.[100%] A&I System Co., Ltd.[100%]	-

*note: 15-month operation of LAC is incorporated into a consolidated outlook due to the change in reporting period through the business integration.

4. The estimated outlook is as follows

For each company, there is little effect on their financial outlook