DDI CORPORATION

Annual Report 2000

Table of Contents

1 Selected Financial Data
2 To Our Shareholders
4 Topics
6 Merger Agreement and Its Synergy Effects
8 The Japanese Telecommunications Industry in the Fiscal Year Ended March 2000
12 DDI's Business Operations
14 DDI's Network Services
16 DDI's CELLULAR-PHONE Services
20 DDI's PHS Services
23 DDI's Overseas Mobile Services
24 Financial Highlights
26 Consolidated Balance Sheets
28 Consolidated Statements of Income
29 Consolidated Statements of Shareholders' Equity
30 Consolidated Statements of Cash Flows
31 Notes to Consolidated Financial Statements
43 Report of Independent Certified Public Accountants
44 Overview of the DDI Group
45 Corporate Data

Designing The Future

KDDI

DDI was established in June 1984 as Dai-ni Denden Planning Company. It changed its name to DDI Corporation in April 1985, as the liberalization of the telecommunications sector was taking place, and received permission to operate as a Type 1 Telecommunications Carrier in June 1985.

DDI began to provide leased circuit services in October 1986 and long-distance telephone services in September 1987, thus bringing competition to the Japanese telecommunications market, which had previously been monopolized by Nippon Telegraph and Telephone Corporation (NTT). The DDI Group subsequently expanded into cellular-phone services in 1989 and Personal Handy-phone System (PHS) services in 1995. The DDI Group will continue to expand its activities in the future as it evolves into an integrated telecommunications services provider.

Selected Financial Data

	Millions of yen				
Years ended March 31	**2000**	1999	1998	1997	1996
Consolidated statements of income:					
Total operating revenues	**¥1,525,953**	¥1,246,582	¥1,178,345	¥1,016,398	¥669,609
Operating income	**19,614**	69,874	79,611	46,194	82,895
Income (loss) before income taxes and minority interests	**(42,786)**	49,715	65,018	37,880	75,569
Net income (loss)	**(10,468)**	17,061	8,310	(26,161)	4,281
Consolidated balance sheets:					
Total assets	**1,999,008**	1,585,848	1,296,747	1,055,673	790,323
Total shareholders' equity	**228,574**	231,208	218,321	175,556	205,287
Interest-bearing debt	**1,433,128**	1,068,616	779,786	614,537	324,584
Per share data (yen):					
Net income (loss)	**¥ (4,603)**	¥ 7,501	¥ 3,807	¥ (12,031)	¥ 1,969
Cash dividends	**1,790**	1,790	1,790	1,790	1,380

Note: Interest-bearing debt consists of short-term loans, current portion of long-term loans, long-term loans, bonds and long-term accounts payable.

Chairman Jiro Ushio　*Founder and Chairman Emeritus* Kazuo Inamori　*President* Yusai Okuyama

Rely on a Top Provider for All of Your Telecommunications Needs

DDI looks to the future as a leader in the telecommunications field, and through its merger with IDO and KDD, DDI aims to be a world-class leader in the development of new technologies and services that meet the exacting demands of the modern mobile consumer.

The telecommunications industry has rapidly diversified and enhanced its services in the 15 years since deregulation of telecommunications businesses. Success in this sector depends on the ability to provide a comprehensive range of low-cost, high-quality services. Competition has escalated in response to recent developments, including the restructuring of Nippon Telegraph and Telephone (NTT) and a series of business mergers and business alliances involving both Japanese and foreign firms. The result is an increasingly demanding business environment.

In August 1999 the DDI Group adopted the "Mobile & IP" strategy, which gives priority to mobile communications and the Internet. We have since worked aggressively to develop our business activities in line with this approach. Efforts to strengthen our competitiveness in the area of network-related businesses include enhancements of DION, Internet connection service, and the reduction of international telephone charges. We also enhanced our cellular telephone activities through the nationwide introduction of cellular telephone services based on the new "cdmaOne" service, and the launch of the "EZweb" Internet connection service and the "PacketOne" packet communications service. In September 1999 we strengthened our sales structure by acquiring majority shareholdings in TU-KA Cellular Tokyo, Inc., TU-KA Cellular Tokai, Inc. and TU-KA Phone Kansai, Inc. Changes affecting the POCKET Telephone business include the reduction of charges for calls to cellular telephones, and the launch of the high-performance H" terminal. In January 2000 the nine POCKET TELEPHONE companies were merged into one company. Overseas, the dynamic development of our cellular-phone businesses in Brazil and Paraguay continued.

One of our goals was to restructure the Iridium business. However, it became difficult to continue with this activity due to changes in the mobile telecommunications market and other factors. For this reason, the DDI Group decided to withdraw from this area of activity as of March 2000.

Our determined efforts to ensure the successful implementation of the policies outlined above were reflected in a 22.4% increase in total operating revenues over the previous fiscal year, which amounted to ¥1,525,953 million. However, increased operating expenses and the cost of retiring analog facilities resulted in an operating loss of ¥5,271 million on our cellular telephone services. There was also a special loss resulting from our withdrawal from the Iridium operation. Unfortunately, this left a net loss of ¥10,468 million for fiscal year 2000.

Founder and Chairman Emeritus
Kazuo Inamori

Chairman
Jiro Ushio

President
Yusai Okuyama

TOPICS

The number of IP users has increased dramatically since April 1999. The number of people using the DION dial-up Internet service exceeded 1 million in June. The user base for *EZweb mobile Internet services* broke through the 2 million barrier in May and by July was above 3 million. The inclusion of people using the *P-mail DX mobile Internet service* via PHS units brings DDI's total Internet-related customer base to over 5 million, making it one of Japan's leading Internet service providers.

DDI will position cellular telephones as portals. Revenues are currently limited mainly to user charges and so forth, but in the future it will also be possible to earn revenues from advertisers. The benefits of this approach will be passed on to users through lower call charges.

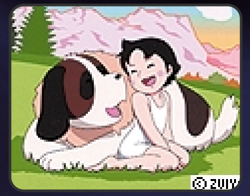
DDI, the DDI CELLULAR Group and IDO have introduced the "Global Passport" international roaming service. This allows the customer to use a single cdmaOne system unit throughout Japan and overseas. The first stage of the service was launched on April 21, with roaming services available in South Korea and Hong Kong, through DDI's business partner carriers, STI (South Korea) and Hutchison (Hong Kong). Services in the United States started in July, and services in Australia began in August, in time for the Sydney Olympics in September, through the roaming service partners Verizon Wireless (U.S.) and Telestra Corporation Limited (Australia). Other countries will be added progressively.

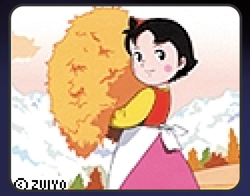
Configured with Color Contents Site for EZweb Service

A wide range of new content for mobile Internet service (EZweb), including the items shown below, will be added from July onwards.

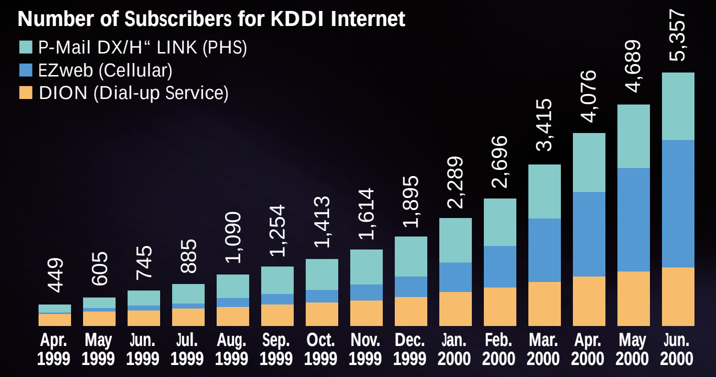
Content	Content Provider	Description
Machiuke Charagetter	Bandai Co., Ltd.	Users will be able to download various character images, including "Hello Kitty." Popular characters will appear one after another.
Itsumo Snoopy	NEC Interchannel Co., Ltd.	Visitors to this site can enjoy the "Peanuts" comic with Snoopy and Charlie Brown. By correctly answering a quiz, users can download illustrations.
Fubokai Yaro yo	Index Co., Ltd.	Users can develop an alter ego and pursue the careers they dreamed of as children. It is also possible to make new friends by talking with other users in the chat room.
Shin Yamagishi Shashinkan	KYOCERA Multimedia Corporation	Users can download pictures of pin-up idols taken by leading photographer Shin Yamagishi.
@Chaku Chara-Club	Cybird Co., Ltd.	Pictures of Lamb Chop, Casper, Heidi and other characters are available for downloading.
COJI-COJI Mail	Dentsu Kyushu Co., Ltd.	This greeting mail service allows users to send mail with Momoko Sakura's Coji Coji characters attached. It is also possible to download characters showing the date and day of the week.
EZ avexnet	Avex Network Co., Ltd	Visitors can download images of and call melodies by Avex-affiliated artists. The latest Avex information is also available, together with artists' discographies.
Mite Mite Paradise	DML Co., Ltd.	Users of this service can store albums of their own digital camera photos or pictures from the site's character park. Photos and images from albums can be swapped with friends or downloaded as wallpaper.

* DDI plans to add color content and cellular telephones with color support progressively.





Users of this service can store albums of their own digital camera photos or pictures.



Notes: EZweb includes CELLULAR, TU-KA and IDO.
DION includes KDD's Neweb.

Superiority of EZweb (cdmaOne)

Commencing of Services	April 1999
Members (July 2000)	(3,049,000)
Description Language	HDML:WAP
Communications Speed	14.4kbps/Packet
Per Packet Fee	¥0.27
Number of Official Sites	300 Entertainment: 280 Banking: 20
Number of Non-official Sites	250
Configured Terminals	10
Collecting Agency Service	DDI (March 1999) IDO (July 2000)
Color Screen Correspondence	July 2000
Adopted Regions of WAP	Europe, North America, Asia

The Merger of DDI and Two Major Japanese Telecom Firms Will Provide Incredible Synergistic Effects

Last December DDI, KDD and IDO reached basic agreement, as outlined below. In April 2000 the three companies signed a merger agreement on this basis.

(1) The new company will operate as an integrated information and telecommunications carrier providing seamless services in all areas of mobile, domestic and international telecommunications. The aim of the merger is to achieve synergies that will contribute to the effective and efficient provision of services, thereby leading to the creation of a force capable of competing with the NTT Group.

(2) The merger is seen as a way of expanding capital resources to support accelerated business expansion.

(3) Improved efficiency and competitiveness and an expansion of business will create a structure capable of providing advanced services and supporting aggressive marketing activities designed to win the support of customers, from individuals to mega corporations in Japan and overseas.

(4) Management resources will be concentrated into the post-merger company, and the work forces of the three companies will be integrated under a single business policy system. The aim is to create a powerful structure capable of competing with major carriers in Japan and overseas.

In addition to the prospect of increased competition, it will also be necessary to cope with changes in the market structure, including shifts from voice to data communications, and from fixed-line to mobile telecommunications. The provision of seamless services under the "Mobile & IP" strategy is an extremely important priority in this context. The three companies will use the merger as an opportunity to enhance their ability to adapt to this changing market environment by pooling their accumulated knowledge. The goals are to build and expand a global backbone by integrating domestic and overseas services, to provide seamless integrated mobile services throughout Japan, and to introduce next-generation mobile telecommunications technology aggressively.

Synergy Effects from Three-Company Merger

DDI, KDD and IDO have complementing facilities. The combination of DDI's wireless network with KDD's nationwide high-capacity fiber optic network will create Japan's biggest and most disaster-resistant network. In addition, KDD has an international reputation for advanced research, and it should be possible to achieve major synergy effects by applying that technology in mobile business operations of DDI and IDO. For example, the development of medical image data bases and ambulance video links will lead directly to actual business opportunities based on the cdmaOne and PHS technologies. In the past it has been difficult to differentiate services on the basis of content. However, KDD research is more advanced than that of DoCoMo or J-Phone and will contribute to future strategies based on content differentiation. DDI CELLULAR and IDO have complementing structures in terms of their service areas for mobile communication services. As a result of the merger, it is now possible to provide seamless nationwide services under a common brand, "au."

KDD's high profile will give the group access to major corporate users. It will give the group a competitive advantage in long-distance communications after the introduction of the preferred connection system.

The data centers currently operated by DDI and Kyocera will be merged with KDD's data center, creating the biggest facility of its type in Japan with total installation space of 11,000 m². Moreover, since KDD owns land in central Tokyo, it will also be possible to ensure operational safety from a maintenance perspective. Reliability, including maintenance, is a crucial requirement in the data center business. The KDDI Data Center will be among the best in Japan in terms of both quality and quantity.

Preferred Connection System

In May 2001 a preferred connection system will be introduced. By registering their preferred telephone company, users will be able to connect via that company automatically without first dialing the company's prefix (0077 for DDI). It will be possible to register preferences for local, prefectural long-distance, inter-prefecture long-distance and international carriers.

Overview of Merger Partners
(as of March 2000)

Trading name	DDI Corporation	KDD Corporation	IDO Corporation
Business Activities	Type 1 telecommunications carrier	Type 1 telecommunications carrier	Type 1 telecommunications carrier
Date of Establishment	June 1, 1984	March 24, 1953	March 9, 1987
Head Office	8, Ichiban-cho, Chiyoda-ku, Tokyo	3-2, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo	6, Rokuban-cho, Chiyoda-ku, Tokyo
Representative	Yusai Okuyama	Tadashi Nishimoto	Satoshi Nakagawa
Common Stock	¥72,635 million	¥61,777 million	¥68,740 million
(Par value)	¥5,000	¥500	¥50,000
Shareholders' Equity	¥287,996 million	¥424,112 million	¥18,871 million
Total Assets	¥813,889 million	¥943,884 million	¥507,657 million
Balance Date	March 31	March 31	March 31
Employees	2,586	5,289	1,019
Status of Shares			
Number of Authorized Shares	7,000,000	300,000,000	1,833,072
Number of Shares Issued and Outstanding	2,274,442	80,236,623	1,374,804
Number of Shareholders	45,909	50,137	48
Major Shareholders and Their Shareholdings			
	Kyocera Corporation 25.16%	**Postal Ministry Co-op. Assoc.** 8.79%	**Toyota Motor Corporation** 63.20%
	The Kogin Trust & Banking Co., Ltd. 4.16%	**Toyota Motor Corporation** 8.00%	**Tokyo Electric Power Co., Inc.** 11.70%
	The Chase Manhattan Bank N.A. London 3.71%	**NTT** 8.00%	**Chubu Electric Power Co., Inc.** 7.50%
	The Sumitomo Trust & Banking Co., Ltd. 2.62%	**Singapore Telecommunications Ltd.** 4.99%	**KDD** 2.0%

DDI Provides Superior Services through Innovative Technologies

The Japanese telecommunications industry has entered an era of fierce competition, amid the easing of regulations and the flurry of mergers and realignments. Competition is now focused more on "one-stop teleservice" than on price, and companies are vying to provide an array of convenient, new services as the use of the Internet and data communications continue to grow.

Subscriber Base

The rapid growth in the number of portable telephone subscribers was reflected in a decline in the number of fixed-line telephone subscribers. As of March 31, 2000, 51.139 million subscribers in Japan had portable telephone contracts. This represents an increase of 23.1% over the previous year's level. The number has consistently grown by over ten million in each of the past four years.

The number of subscribers to PHS services declined by 1.2% to 5.707 million as of March 31, 2000. However, recent figures indicate that the subscriber base is now growing, mainly because of the demand for data communications. The total percentage of the population with portable telephone or PHS connections has reached 47.4%.

As of September 1999, there were 57.29 million fixed-line telephone subscribers in Japan. This is 3.9% lower than at the same point in the previous year. However, Internet demand was reflected in a 64.9% increase in the number of fixed-line ISDN connections, which reached 5.14 million.

The number of Internet users in Japan is estimated to have reached 27.06 million at the end of March 2000, an increase of 59.7% over the previous year's figure. Internet connection ratios have reached 19.1% for households, 31.8% for small and medium-sized enterprises, and 88.6% for large corporations. These connection figures are indicative of major shifts toward mobile and data communications.

Traffic Trends

Traffic statistics for the year ended March 1999 show that there were 93,930 million calls from fixed-line telephones, a decline of 7.2% from the previous year's level. The number of calls from portable telephones increased by 43.3% to 25,020 million, while the total for PHS units was 25.2% higher at 4,840 million. Total call time was 5.0% higher at

Trends in Access Charges

Type	Fiscal Year Ended March 2000	Fiscal Year Ended March 1999	Fiscal Year Ended March 1998
ZC connection (telephone)	**¥1.24/call ¥0.0522/second ¥10.64/3 minutes**	¥1.27/call ¥0.0595/second ¥11.98/3 minutes	¥1.28/call ¥0.0647/second ¥12.92/3 minutes
ZC connection (ISDN)	**¥1.85/call ¥0.0616/second ¥12.94/3 minutes**	¥2.59/call ¥0.0847/second ¥17.84/3 minutes	¥3.67/call ¥0.1218/second ¥25.59/3 minutes
GC connection (telephone)	**¥1.03/call ¥0.0252/second ¥5.57/3 minutes**	¥0.99/call ¥0.0268/second ¥5.81/3 minutes	¥0.99/call ¥0.0289/second ¥6.19/3 minutes
PHS local communications	**¥1.65/call ¥0.0522/second ¥11.05/3 minutes**	¥1.66/call ¥0.0574/second ¥11.99/3 minutes	¥1.71/call ¥0.0633/second ¥13.10/3 minutes

5,080 million hours. Calls from subscriber telephones totaled 4,240 million hours, a year-on-year decline of 0.6%. Calls from portable telephones reached 720 million hours, an increase of 56.1%, while the total for PHS units increased by 7.1% to 110 million hours.

A feature of portable telephone and PHS call times is that the peaks occur late at night, at 11pm and 12 midnight. These traffic patterns are totally different from that for subscriber telephones, the peaks for which occur around 9am in the morning and 9pm in the evening.

Mobile Internet

Mobile Internet use is expanding rapidly in Japan, especially among users in their teens, twenties and thirties. Portable telephones and PHS telephones are being used not only for voice calls, but also for web browsing, data downloading, e-mail and other applications.

As of the end of June 2000, DDI had 4.12 million subscribers (cellular telephones: 2.69 million, PHS: 1.43 million), NTT DoCoMo 8.29 million, and J-phone 1.74 million. The total market now consists of 14.15 million subscribers. In May 2000 the number was 10.7 million, which means that there was an increase of 3.45 million subscribers in just one month. The sophistication of portable terminals is also rising, and there are now models with color LCD screens. Models with Java script capabilities and built-in digital cameras or audio devices for MP3 and other formats are also expected to appear on the market.

In addition to entertainment applications, such as chatrooms, bulletin boards and gourmet information, users also can access sites offering various services, including news and banking. Portable telephone carriers have established systems to collect charges, including fees for pay-per-view content.

NTT Access Charges

NTT access charges have been falling over the years. In the fiscal year ended March 31, 2000, local exchange (GC) connection charges were reduced by 4.13% compared with the previous fiscal year's level, while relay exchange (ZC) connection charges were cut by 11.18%. However, there has been no significant change in the local loop monopoly enjoyed by NTT's eastern and western companies. Debate is now focusing on the need for further reductions, in part as a way of boosting Internet demand in Japan.

Total Number of Portable-Phone Subscribers— All Carriers' and DDI Group

Total Number of PHS Subscribers— All Carriers' and DDI POCKET, Inc.

DDI'S BUSINESS OPERATIONS

A Full Range of Telecom Services through Advanced Technology—from DDI

As a premiere telecommunications provider, DDI offers a full range of technologies and services, from high-speed, fiber-optic transmission capabilities to cdmaOne, the convenient personal handy-phone and a variety of Internet and mobile telecommunications services. Count on DDI to provide all of the latest technologies and services for your mobile telecommunications needs.

NETWORK SERVICES 14

DDI's foundation is its digital microwave and optic fiber network connecting the entire nation of Japan and extending overseas. This network is rapidly evolving to accommodate the explosion in IP (Internet-related) traffic.

CELLULAR-PHONE SERVICES 16

Through rapid conversion to digital, now including the amazingly clear-sounding cdmaOne technology, DDI's CELLULAR-PHONE network has grown to serve almost nine million subscribers as it meets the growing needs of a mobile society.

PHS SERVICES 20

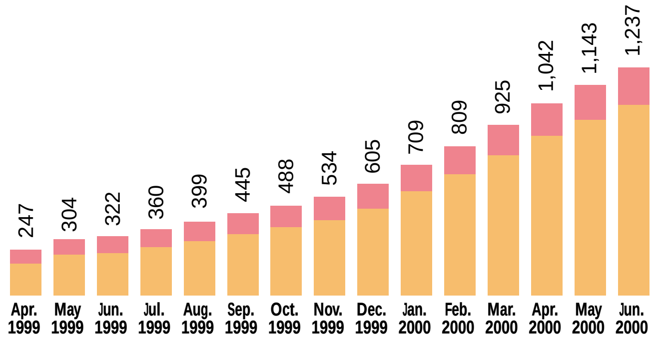
PHS (Personal Handy-phone System) technology offers a level of convenience and flexibility unprecedented in consumer personal mobile communications. New technologies are sweeping in a new era of smart, affordable voice and data communication.

OVERSEAS MOBILE SERVICES 23

Overseas business is a new strategic element of DDI's medium- to long-term growth. By partnering with local and international investors in new markets overseas, DDI is bringing global communications excellence to the world at large.

Guaranteed Excellence in Every Aspect of Telecommunications

As Japan's second largest telecommunications company, DDI has a vast network throughout Japan and fast connections for overseas telecommunications services. Making use of both digital microwave and optical fiber technologies, the Company is also a leader in providing an array of advanced Internet services as part of its comprehensive network.



Subscribers' Trend of DION (Dial-Up)

A key focus for network infrastructure development in fiscal 2000 was the development of group center (GC) connections to NTT local exchanges in order to reduce access charge costs. DDI also reduced its reliance on NTT-dependent networks by handling calls between fixed-line and cellular telephones within its own network structure through interconnections between its own network and those of eight CELLULAR companies and three TU-KA companies. To keep pace with the rapidly growing demand for data communications, DDI converted links between network centers to optical technology in readiness for the start of transmissions via the Japan Information Highway cable system. It also increased the capacity and quality of its network through the use of the "PC-1" submarine cable between Japan and the United States.

Voice Communication Services

DDI continued to strengthen the competitiveness of its existing services. For example, it introduced a new discount system, *Danzen Nenwari* (Ultra Annual Discount) for users of its long-distance and international telephone services. Call charges are discounted according to the length of time over which the customer has used these services. DDI also worked to make its popular international telephone services even more affordable and attractive by introducing discounts and other service enhancements, especially for the United States and other high-use regions.

Operating revenues from voice communication services increased by 8.9% over the level of the previous fiscal year to ¥246,829 million.

Digital Data Transmission Services

For its DION service, DDI is developing a range of charging options based on usage patterns. In fiscal 2000 it launched the new *Bari-Bari Course* for high-frequency Internet customers. Another important enhancement was the addition of *ATM Leased Circuit Services* to the access circuit to support high-speed, high-capacity data communications. For corporate users, DDI introduced Original Mail and Original Web, which provide users with e-mail and home page addresses and also allows them to create their own domain names. As part of its continuing efforts to accommodate demand growth, DDI also reduced charges and enhanced user convenience in the area of *Frame Relay Services*.

Operating revenues from digital data transmission services amounted to ¥30,535 million, an increase of 180.5% compared with the previous fiscal year's result.

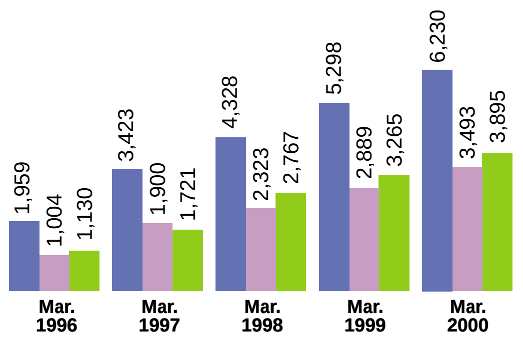
Leased Circuit Services

The ability to set charges flexibly is important in terms of meeting customer needs in the area of *Leased Circuit Services*. For this reason, DDI introduced end-to-end charging for its *Leased Circuit Services*. It also aggressively marketed *ATM Leased Circuit Services* and worked to enhance the economic attractiveness of its various network services.

Operating revenues from *Leased Circuit Services* increased by 239.3% over those of the previous fiscal year to ¥16,449 million.

cdmaOne—Voice Quality and Speed that You Just Would not Believe

DDI was instrumental in introducing cdmaOne cellular-phone services in Japan. The voice quality of cdmaOne is close to that of fixed-line telephones and it supports high capacity data transmission (64kbps). DDI's total cellular-phone network now comprises over nine million subscribers.



Growth in Subscribers among the DDI CELLULAR Group and Three TU-KA Cellular Telephone Companies and IDO
(Unit/Thousand)

- DDI CELLULAR Group
- TU-KA Cellular Group
- IDO

In April 1999 DDI introduced seamless nationwide services based on the cdmaOne system, which combines highly efficient frequency use with excellent voice quality and high-speed data communications. In January 2000 it further enhanced customer convenience by launching the *PacketOne Service*, which supports high-speed 64kbps data communications over the cdmaOne system. Charges are based on the volume of data transmitted. DDI also launched the Sell-Pre prepayment system for call charges, and EZweb, which allows users to access information content and send or receive e-mail without connecting their telephones to computers. EZweb employs the Wireless Application Protocol (WAP), an international industry standard for Internet access via cellular telephones. The content available via EZweb is continually expanding. The services that can be accessed include airline reservations and mobile banking. Customers can also download a huge range of information, content, including images and call melodies for their telephones. During the fiscal year ended March 31, 2000, DDI channeled considerable effort into the enhancement of this system to meet customer needs.

As a result, the number of subscribers registered with the eight CELLULAR TELEPHONE companies increased by 17.6% to 6,230,000. Operating revenues were 18.4% higher at ¥817,825 million compared with the previous fiscal year.

The merger has provided the framework for seamless nationwide mobile communications services.

After the merger with IDO, "au," which stands for "Access to You," will become the uniform brand name for the Mobile Communications business.

Cellular-phone Service Rate Chart (KANSAI CELLULAR)
(as of August 2000)

			Standard		Low Call	Set Plan		
Contract Business Handling Charge			¥2,700		¥2,700	¥2,700		
Basic Monthly Usage Charge (yen)			PDC ¥4,400 cdmaOne ¥4,600		PDC ¥3,400 cdmaOne ¥3,500	**Jumbo** – ¥8,900	**Plan-L** ¥5,700 ¥5,900	**Plan-S** ¥3,900 ¥4,000
Call Charge			**sec./¥10**	**yen/3 min.**	**yen/3 min.**	Up to ¥4,000 of free-minute* calls included in monthly charge ¥20/min Irrespective of calling time or distance	Up to ¥3,000 of free-minute* calls included in monthly charge ¥30/min Irrespective of calling time or distance	Up to ¥1,400 of free-minute* calls included in monthly charge ¥40/min Irrespective of calling time or distance
Cellular phone to cellular phone	Daytime on weekday	Inside own network	**18.0**	**100**	1.4 times Standard			
		Other area	**16.0**	**120**				
	Nighttime on weekday	Inside own network	**29.0**	**70**	Same as Standard			
		Other area	**26.5**	**70**				
	Daytime and nighttime on Sat., Sun. and holidays	Inside own network	**32.5**	**60**				
		Other area	**29.0**	**70**				
	Midnight, early morning	Inside own network	**45.0**	**40**				
		Other area	**40.0**	**50**				

***Free-minute rates shown in Set Plan are for cdmaOne.**

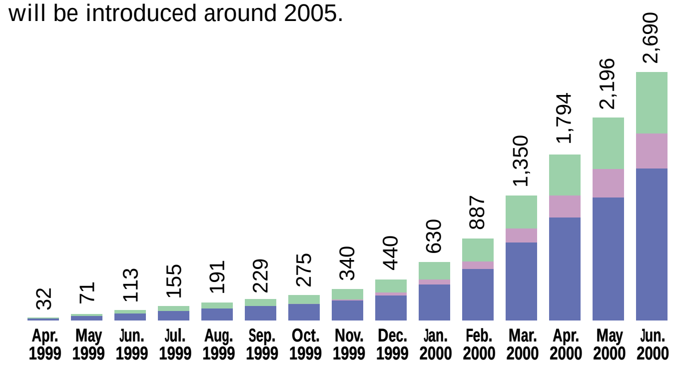
cdma2000 will change the world, and DDI will offer low-cost, high-speed access that will surpass anything offered by DoCoMo

Prior to the merger, the DDI CELLULAR Group and IDO adopted “au” as the integrated brand name for their cellular-phone services. The combined sales potential of DDI CELLULAR and IDO will be further strengthened through the cooperation of the Toyota sales network. An enhanced range of content will be offered under the “au” brand, including color-content games, music distribution and advertising services. With the support of Toyota, which is a major shareholder, the companies will also pursue a wireless multimedia strategy geared toward the promotion of an intelligent transportation system (ITS) based on flow of information among people, roads and vehicles.

Next-Generation Cellular Telephone System (IMT-2000)

DDI’s next-generation cellular telephone system will be based on the cdma2000 system, an American system based on the world standard. Specifically, the cdma2000 technology adopted by DDI is an enhanced version of cdmaOne with “1X” specifications. It will support communications at 144kbps, which is 2~10 times faster than existing cellular phones. Since the technological infrastructure is already in place, it will be possible to implement the new system in an extremely short period of time. By introducing cdma2000 over the existing nationwide network, DDI will be able to offer low-cost, high-speed services with wider coverage than DoCoMo from the outset. This is an important advantage.

The shift to cdmaOne “1X” will begin in major metropolitan areas during 2001. Nationwide coverage will be available by the end of 2002. High-capacity cdma2000 will be introduced around 2005.

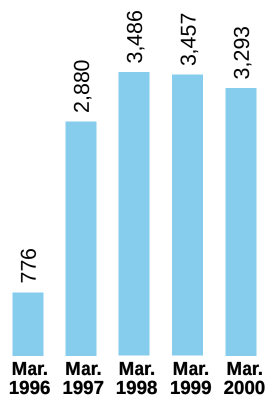


Growth in Subscribers of KDDI EZweb (DDI, TU-KA, IDO)
(Unit/Thousand)

IDO
TU-KA
DDI

DDI's Personal Handy-phone System: Fast, Easy-to-use Mobile Communications

DDI's Personal Handy-phone System is convenient and very affordable. It is an extremely useful alternative to cellular phones and provide not only great voice quality, but also high data transmission speeds and the capability to make telephone calls inside buildings or in underground malls. It's a popular choice for young people on the move.



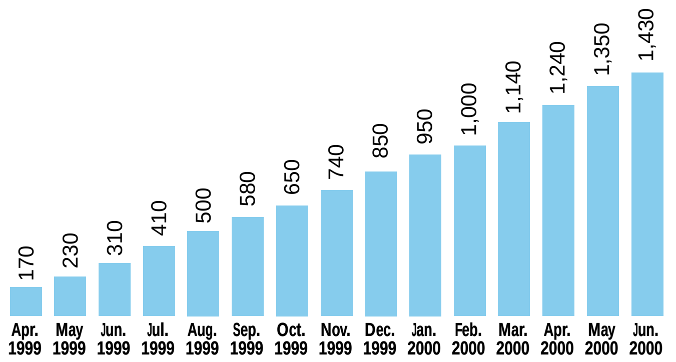
Subscribers of the DDI POCKET, Inc.
(Unit/Thousand)

DDI introduced new charge plans, *Super Pack S, Super Pack L* and *Nenkan Keiyaku Waribiki* (Annual Contract Discount), which allows customers to tailor service use to their specific circumstances. While promoting these new options to users, DDI also worked to reduce charges in step with the downward trend in the cost of cellular-phone services.

Another priority was the expansion of coverage. In addition, DDI introduced the new H" terminals, a PHS terminal with enhanced voice and data functions. Features of the new telephone include the twin-wave function, which improves connection stability and prevents voice calls from being dropped when the caller is in motion. Data-related features include support for 64kbps communications, as well as the ability to send and receive e-mail through the installed P-Mail DX (H" LINK) system.

In addition to its efforts to reduce charges, DDI also worked to encourage non-voice use of the POCKET telephone system by expanding the range of content available. Examples include the *Open Net Content Service*, which allows users to view Internet home pages, and the *Positioning Information Content Service*, which provides access to useful information based on longitude and latitude data from POCKET telephones with the P-Mail DX (H" LINK) feature.

DDI's Personal Handy-phone System provides enhanced voice and data functions, allowing users to view Internet homepages



Growth in Subscribers of P-Mail DX (H" LINK)
(Unit/Thousand)

In January 2000 the nine POCKET TELEPHONE companies were merged to form DDI POCKET, Inc. The purpose of the merger was to improve the speed and flexibility of decision-making and enhance services.

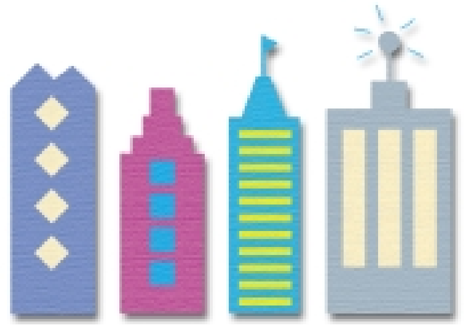
Despite the popularity of the H" telephone, the number of subscribers registered with DDI POCKET, Inc. declined by 4.7% below the level of the previous fiscal year to 3,293,000. Operating revenues were 15.3% down at ¥280,736 million.

PHS Charge Table (as of August 1999)

	Standard						Data Pack	Super Pack-S	Super Pack-L
Contract Business Handling Charge	¥2,700						¥2,700	¥2,700	
Monthly Charge	¥2,700						¥3,000	¥3,300	¥5,000
Call Charge	Daytime		Nighttime		Midnight		*1 Free Calls (data communications only) up to ¥1,200, 2 times Standard	*2 Up to ¥1,200 of free minutes is included in the monthly charge Over ¥1,200, 1.2 times Standard	*2 Up to ¥3,000 of free minutes is included in the monthly charge Over ¥3,000, 2 times Standard
	sec.	yen	sec.	yen	sec.	yen			
Local area	60	40	60	40	70	40			
adjacent, ~30km ~60km	45 26	50 80	45 30	50 70	60 45	40 50			
~100km	18	110	26	80	36	60			
~160km	15	130	20	100	26	80			
160km~	15	130	17	120	20	100			

*1. Free calls under the *Data Pack Plan* are limited to data communications (calls to providers, etc.). Data calls to H" POCKET telephones, cellular telephones and other carriers' PHS units are excluded. Mail and content services using the DX Center are also excluded.

*2. The free call service applies to call charges and charges for the use of added-function features, such as answering machine services. Information charges are not included.



DDI'S OVERSEAS MOBILE SERVICES

For the Best in Telecom Services Worldwide, DDI Provides the Answers to All of Your Needs

DDI has become very active in providing high-quality mobile telephone services overseas through strategic partnerships with international investors in markets abroad. The Company views such investments as an important element of its business growth over the medium and long term and will continue to develop its capabilities in overseas markets.

CELLULAR-PHONE Services in Brazil

GLOBAL TELECOM S.A. was established in December 1998 in response to buoyant demand for cellular-phone services in Brazil. Since then it has aggressively developed its business operations in the Brazilian states of Parana and Santa Catarina. Its marketing activities are based primarily on the high voice quality provided and low charges made possible by cdma technology.

As a result, the number of subscribers has risen faster than expected, reaching 161,000 as of December 31, 1999.

GLOBAL TELECOM S.A. has put down strong local roots and is working to contribute to the regional economy through its corporate activities. In fiscal 2001 it will introduce a number of new services, including access to Internet information services via cellular-phone terminals. Through enhancements such as these, the company aims to achieve further growth in its subscriber base.

CELLULAR-PHONE Services in Paraguay

DDI and its local partner TOYOTOSHI S.A., which is a leading Japanese-owned company in Paraguay, established HOLA PARAGUAY S.A. in September 1998. The new company launched cellular-phone services in the Paraguayan capital, Asunción, in May 1999.

HOLA PARAGUAY S.A. has adopted the GSM system, which is the most common system worldwide. Its goals are to attract a large subscriber base, to develop its telecommunications infrastructure, and to contribute to the vitality of the Paraguayan economy through its corporate activities.

Activities of Principal Consolidated Subsidiaries

(Millions of yen)

Years ended March 31		2000	1999	1998
DDI Corporation	Total operating revenues:	632,665	605,510	535,882
	Telecommunications business revenues:	293,813	242,434	273,093
	Voice communication	246,829	226,702	264,856
	Leased circuit	16,449	4,848	4,753
	Digital data transmission	30,535	10,884	3,484
	Sales of terminal equipment and other	338,852	363,076	262,789
	Operating income	62,273	34,788	44,111
	Income (loss) before income taxes and minority interests	(47,187)	33,648	43,849
	Net income (loss)	(27,509)	16,867	23,741
Eight CELLULAR TELEPHONE Companies	Total operating revenues:	817,825	690,606	598,166
	Voice communication	615,839	541,021	478,506
	Digital data transmission	1,660	22	—
	Sales of terminal equipment and other	200,326	149,563	119,660
	Operating income (loss)	(29,629)	30,338	51,402
	Income (loss) before income taxes and minority interests	(44,129)	21,546	44,290
	Net income (loss)	(43,317)	9,128	13,320
Three TU-KA TELEPHONE Companies	Total operating revenues:	356,687	—	—
	Voice communication	288,115	—	—
	Sales of terminal equipment and other	68,572	—	—
	Operating income	24,246	—	—
	Income before income taxes and minority interests	19,439	—	—
	Net income	14,479	—	—
PHS TELEPHONE Company	Total operating revenues:	280,736	331,300	319,695
	Voice communication	264,260	317,209	299,740
	Sales of terminal equipment and other	16,476	14,091	19,955
	Operating income (loss)	(18,640)	9,972	(10,906)
	Income (loss) before income taxes and minority interests	50,836	1,013	(18,106)
	Net income (loss)	49,087	942	(18,172)
NIPPON IRIDIUM	Total operating revenues:	960	571	—
	Voice communication	409	92	—
	Digital data transmission	17	2	—
	Sales of terminal equipment and other	534	477	—
	Operating (loss)	(3,424)	(2,835)	(893)
	(Loss) before income taxes and minority interests	(30,948)	(2,883)	(889)
	Net (loss)	(30,957)	(2,888)	(891)

IRIDIUM

A lack of growth in the number of subscribers and other factors created a difficult situation for the American Iridium Company, Iridium LLC, in which the DDI subsidiary NIPPON IRIDIUM (BERMUDA) LIMITED is a shareholder. Despite efforts to restructure the Iridium operation, the project became untenable in the face of dramatic market changes, including rapid improvements in the convenience of mobile communications services. The DDI Group therefore decided to terminate its involvement in the Iridium scheme, including overseas operations, in March 2000.

Iridium-related operating revenues to external customers increased 202.4% over the previous fiscal year's level to ¥754 million in the consolidated accounts for the year ended March 31, 2000. The operating loss increased by ¥589 million, compared with the previous fiscal year, to ¥3,424 million.

Consolidated Accounts

(Millions of yen)

Years ended March 31		2000	1999	1998
DDI Consolidated	Total operating revenues:	1,525,953	1,246,582	1,178,345
	Telecommunications business revenues:	1,275,349	1,084,547	1,038,335
	Voice communication	1,226,181	1,066,009	1,027,593
	Leased circuit	18,214	7,696	7,296
	Digital data transmission	30,954	10,842	3,446
	Sales of terminal equipment and other	250,604	162,035	140,010
	Operating income	19,614	69,874	79,611
	Income (loss) before income taxes and minority interests	(42,786)	49,715	65,018
	Net income (loss)	(10,468)	17,061	8,310

These figures have been adjusted to show the consolidated position. The sums of the figures shown on the left-hand page therefore do not match the consolidated figures.

Depreciation and Capital Expenditure

(Billions of yen)

Years ended March 31		2000	1999	1998
DDI Corporation	Depreciation	58.4	52.5	40.9
	Capital expenditure	100.3	66.5	93.5
Eight CELLULAR TELEPHONE Companies	Depreciation	139.5	108.2	90.1
	Capital expenditure	216.9	273.8	143.5
Three TU-KA TELEPHONE Companies	Depreciation	40.9	—	—
	Capital expenditure	57.4	—	—
PHS TELEPHONE Company	Depreciation	54.4	43.4	30.8
	Capital expenditure	47.3	61.1	99.6
NIPPON IRIDIUM	Depreciation	1.2	0.5	—
	Capital expenditure	0.2	5.5	—

The DDI Group states capital expenditure as the value of completed projects. This means that capital expenditure first appears in the accounts when services based on the facilities in question are initiated.

CONSOLIDATED BALANCE SHEETS

DDI Corporation and Consolidated Subsidiaries

	Millions of yen		Millions of U.S. dollars (Note 1)
Years ended March 31, 2000 and 1999	2000	1999	2000
ASSETS			
Current Assets:			
Cash and cash equivalents	¥ 78,300	¥ 138,376	$ 738
Accounts receivable	234,266	158,619	2,207
Allowance for doubtful accounts	(7,725)	(2,912)	(73)
Inventories	32,945	27,943	310
Deferred income taxes (Note 10)	29,235	—	275
Prepaid expenses and other current assets	12,299	9,514	116
Total Current Assets	379,320	331,540	3,573
Property, Plant and Equipment (Note 5):			
Telecommunications equipment	1,837,410	1,379,911	17,310
Buildings and structures	230,828	182,539	2,174
Machinery and tools	41,719	29,849	393
Land	53,052	47,655	500
Construction in progress	48,307	116,779	455
	2,211,316	1,756,733	20,832
Accumulated depreciation	(891,859)	(656,296)	(8,402)
Total Property, Plant and Equipment	1,319,457	1,100,437	12,430
Investments and Other Assets:			
Investments in securities (Note 4)	2,452	26,845	23
Deposits and guarantee money	25,238	18,604	238
Intangible assets	129,480	77,515	1,220
Goodwill	64,598	243	609
Deferred income taxes (Note 10)	9,289	—	87
Other assets	60,932	30,664	574
Total Investments and Other Assets	291,989	153,871	2,751
Translation Adjustments on Foreign Currency Financial Statements	8,242	—	78
Total Assets	¥1,999,008	¥1,585,848	$18,832

The accompanying notes are an integral part of these statements.

	Millions of yen		Millions of U.S. dollars (Note 1)
Years ended March 31, 2000 and 1999	2000	1999	2000
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term loans and current portion of long-term loans (Note 5)	¥ 300,832	¥ 255,754	$ 2,834
Accounts payable	231,987	188,795	2,185
Accrued income taxes	4,321	12,401	41
Accrued expenses	43,057	22,270	406
Allowance for bonuses	5,641	4,657	53
Other	9,827	1,334	93
Total Current Liabilities	595,665	485,211	5,612
Non-current Liabilities:			
Long-term loans (Note 5)	936,497	699,592	8,823
Bond (Note 5)	160,000	100,000	1,507
Other (Note 5)	34,092	15,840	321
Total Non-current Liabilities	1,130,589	815,432	10,651
Translation Adjustments on Foreign Currency Financial Statements	—	648	—
Total Liabilities	1,726,254	1,301,291	16,263
Minority Interests	44,180	53,349	416
Contingent Liabilities (Note 6)			
Shareholders' Equity (Note 3):			
Common stock, ¥5,000 par value:			
Authorized—7,000,000 shares			
Issued and outstanding 2,274,442 shares	72,635	72,635	684
Additional paid-in capital	87,920	87,920	828
Retained earnings	68,019	70,653	641
	228,574	231,208	2,153
Treasury stock, at cost	(0)	—	(0)
Total Shareholders' Equity	228,574	231,208	2,153
Total Liabilities and Shareholders' Equity	¥1,999,008	¥1,585,848	$18,832

Consolidated Statements of Income

DDI Corporation and Consolidated Subsidiaries

Years ended March 31, 2000 and 1999	Millions of yen 2000	Millions of yen 1999	Millions of U.S. dollars (Note 1) 2000
Operating Revenues:			
Voice communication revenues	**¥1,226,181**	¥1,066,009	**$11,551**
Digital data transmission service	**30,954**	10,842	**292**
Leased circuit revenues	**18,214**	7,696	**171**
Sales of terminal equipment and other	**250,604**	162,035	**2,361**
Total Operating Revenues	**1,525,953**	1,246,582	**14,375**
Operating Expenses:			
Sales expenses	**574,246**	434,278	**5,410**
Depreciation	**268,276**	199,029	**2,527**
Charges on use of telecommunication services of third party	**269,101**	288,252	**2,535**
Cost of sales of terminal equipment and other	**242,494**	152,326	**2,285**
Other	**152,222**	102,823	**1,434**
Total Operating Expenses	**1,506,339**	1,176,708	**14,191**
Operating Income	**19,614**	69,874	**184**
Other Expenses (income):			
Interest expense	**29,449**	22,709	**277**
Interest income	**(361)**	(919)	**(3)**
Bond issue cost	**310**	480	**3**
Equity in loss (income) of affiliates	**1,383**	(195)	**13**
Losses on disposal of property, plant and equipment	**—**	1,151	**—**
Loss on discontinuance of Iridium telecommunication services	**37,415**	—	**352**
Other, net	**(5,796)**	(3,067)	**(55)**
Total Other Expenses	**62,400**	20,159	**587**
Income (loss) before Income Taxes and Minority Interests	**(42,786)**	49,715	**(403)**
Income Taxes:			
Current	**6,035**	29,395	**57**
Deferred	**(24,245)**	—	**(228)**
Total Income Taxes	**(18,210)**	29,395	**(171)**
Minority Interests in Consolidated Subsidiaries	**(14,108)**	3,259	**(133)**
Net Income (loss)	**¥ (10,468)**	¥ 17,061	**$ (99)**

Per Share Data:	Yen 2000	Yen 1999	U.S. dollars (Note 1) 2000
Net income (loss)	**¥ (4,603)**	¥ 7,501	**$ (43.36)**
Cash dividends	**1,790**	1,790	**16.86**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

DDI Corporation and Consolidated Subsidiaries

Years ended March 31, 2000 and 1999	Thousands: Number of shares of common stock	Millions of yen: Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance, March 31, 1998	2,274	¥72,635	¥87,920	¥57,766	¥—
Net income for the year				17,061	
Cash dividends				(4,071)	
Directors' and corporate auditors' bonuses				(103)	
Balance, March 31, 1999	2,274	¥72,635	¥87,920	¥70,653	¥—
Prior years' tax effect				11,999	
Net loss for the year				(10,468)	
Cash dividends				(4,071)	
Directors' and corporate auditors' bonuses				(94)	
Net changes in treasury stock					(0)
Balance, March 31, 2000	**2,274**	**¥72,635**	**¥87,920**	**¥68,019**	**¥(0)**

Year ended March 31, 2000	Thousands: Number of shares of common stock	Millions of U.S. dollars (Note 1): Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance, March 31, 1999	2,274	$684	$828	$666	$—
Prior years' tax effect				113	
Net loss for the year				(99)	
Cash dividends				(38)	
Directors' and corporate auditors' bonuses				(1)	
Net changes in treasury stock					(0)
Balance, March 31, 2000	**2,274**	**$684**	**$828**	**$641**	**$(0)**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

DDI Corporation and Consolidated Subsidiaries

Years ended March 31, 2000 and 1999	Millions of yen 2000	Millions of yen 1999	Millions of U.S. dollars (Note 1) 2000
Cash Flows from Operating Activities:			
Income before income (loss) taxes and minority interests	**¥ (42,786)**	¥ 49,715	**$ (403)**
Adjustments for:			
Depreciation and amortization	**270,211**	199,287	**2,546**
Loss on disposal of property, plant and equipment	**32,093**	13,934	**302**
Provision for doubtful accounts	**152**	1,148	**1**
Interest and dividend income	**(362)**	(929)	**(3)**
Interest expenses	**29,449**	22,709	**278**
Equity in (income) loss of affiliates	**1,383**	(195)	**13**
Loss on discontinuance of Iridium telecommunication services	**33,641**	—	**317**
Changes in assets and liabilities:			
(Increase) decrease in trade receivables	**(17,729)**	8,437	**(167)**
(Increase) decrease in inventories	**9,691**	(2,931)	**91**
(Decrease) in notes and accounts payable	**(1,579)**	(2,608)	**(15)**
Increase in notes and accounts payable	**31,360**	21,660	**295**
Other, net	**502**	751	**5**
Subtotal	**346,026**	310,978	**3,260**
Interest and dividend income received	**359**	979	**3**
Interest expenses paid	**(25,126)**	(21,322)	**(237)**
Income taxes paid	**(17,162)**	(47,594)	**(161)**
Net cash provided by operating activities	**304,097**	243,041	**2,865**
Cash Flows from Investing Activities:			
Payments for purchase of property, plant and equipment	**(263,978)**	(355,398)	**(2,487)**
Payments for other intangible assets	**(57,700)**	(34,727)	**(543)**
Acquisition of investment securities	**(4,119)**	(444)	**(39)**
Payments for investment in affiliates	**(13,833)**	(14,890)	**(130)**
Acquisition of shares in subsidiaries newly consolidated	**(5,427)**	(1,540)	**(51)**
(Increase) in long-term prepayment	**(28,206)**	(3,691)	**(266)**
Other, net	**1,699**	281	**16**
Net cash used in investing activities	**(371,564)**	(410,409)	**(3,500)**
Cash Flows from Financing Activities:			
(Decrease) in short-term loans	**(26,106)**	(3,048)	**(246)**
Proceeds from issuance of long-term loans	**232,400**	337,595	**2,189**
Repayment of long-term loans	**(254,702)**	(158,795)	**(2,399)**
Proceeds from bond issue	**60,000**	100,000	**565**
Dividends paid	**(4,265)**	(4,363)	**(40)**
Other, net	**337**	(17)	**3**
Net cash provided by financing activities	**7,664**	271,372	**72**
Translation Adjustments on Cash and Cash Equivalents	**(273)**	(270)	**(3)**
Net Increase (decrease) in Cash and Cash Equivalents	**(60,076)**	103,734	**(566)**
Cash and Cash Equivalents at Beginning of Year	**138,376**	34,642	**1,304**
Cash and Cash Equivalents at End of Year	**¥ 78,300**	¥138,376	**$ 738**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

DDI Corporation and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements are prepared from the consolidated financial statements issued in Japan for domestic reporting purposes. DDI Corporation (the "Company") and its domestic subsidiaries maintain their accounts and records in accordance with the Japanese Commercial Code, and Japanese Telecommunications Business Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. Its foreign subsidiaries maintain their accounts in conformity with the generally accepted accounting principles and practices of each country of their domicile.

No harmonization of accounting principles employed by the Company and its consolidated subsidiaries has been made for the preparation of the accompanying consolidated financial statements.

The Company's year ended March 31, 2000 consolidated financial statements include 19 consolidated subsidiaries; eight companies of the DDI CELLULAR Group, three companies of the Tu-ka Group, DDI POCKET Inc., NIPPON IRIDIUM CORPORATION, NIPPON IRIDIUM (BERMUDA) LIMITED, DDI DO BRASIL LTDA., DDI ENGINEERING CORPORATION, DDI NETWORK SYSTEMS CORPORATION, HOLA PARAGUAY S.A., and DDI COMMUNICATIONS AMERICA CORPORATION. Five companies, comprising the KYOCERA DDI Institute of Future Telecommunication Inc., KYOCERA COMMUNICATION SYSTEMS Co., Ltd., GLOBAL TELECOM S.A., IRIDIUM SOUTH PACIFIC PTY LTD. and IRIDIUM SOUTHEAST ASIA CO., LTD. are accounted for by the equity method.

During the year ended March 31, 2000, certain changes in the scope have been incurred as follows:

Added:

(Consolidated)

TU-KA Cellular Tokyo, Inc.	increase in shareholding
TU-KA Cellular Tokai, Inc.	increase in shareholding
TU-KA Phone Kansai, Inc.	acquired
DDI NETWORK SYSTEMS CORPORATION	established

Removed:

(Consolidated)

DDI HOKKAIDO POCKET TELEPHONE, Inc.	merger
DDI TOHOKU POCKET TELEPHONE, Inc.	merger
DDI TOKAI POCKET TELEPHONE, Inc.	merger
DDI HOKURIKU POCKET TELEPHONE, Inc.	merger
DDI KANSAI POCKET TELEPHONE, Inc.	merger
DDI CHUGOKU POCKET TELEPHONE, Inc.	merger
DDI SHIKOKU POCKET TELEPHONE, Inc.	merger
DDI KYUSHU POCKET TELEPHONE, Inc.	merger

Above PHS telephone companies were merged to DDI TOKYO POCKET TELEPHONE, Inc. which changed its name to DDI POCKET Inc. on January 1, 2000.

(Equity Method)

TU-KA Cellular Tokyo, Inc.	increase in shareholding
TU-KA Cellular Tokai, Inc.	increase in shareholding

Consolidated statements of cash flows have been required to be prepared with effect for the year ended March 31, 2000, in accordance with a new accounting standard. This new standard specifies a format which differs from that used in earlier years, under the previous accounting practice, accordingly the consolidated statements of cash flows for the year ended March 31, 1999 has been restated by applying such new standards.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the readers, have been translated into United States dollars at the rate of ¥106.15 = US$1, the approximate exchange rate on March 31, 2000. These translations should not be construed as representations that the Japanese yen amounts actually are, have been or could be readily converted into U.S. dollars at this rate or any other rate.

2. Significant Accounting Policies

a. Basis of Consolidation and Accounting for Investments in Affiliated Companies

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries.

All significant inter-company transactions and accounts are eliminated.

Investments in affiliates are accounted for by the equity method, whereby a consolidated group includes in net income its share of the income or losses of these companies, and records its investments at cost adjusted for such share of income or losses.

b. Revenue Recognition

For telecommunications services, revenues are recorded on the basis of minutes of traffic processed and contracted fees earned. Revenues from sales of products and systems are recognized upon fulfillment of contractual obligations, which is generally upon shipment. Revenues from rentals and other services are recognized proportionately over the contract period or as services are performed.

c. Cash and Cash Equivalents

Cash and cash equivalents in the accompanying consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

d. Inventories

Inventories are stated at cost. Cost is determined by the average method for the Company, and by the moving average method for its subsidiaries.

e. Translation of Foreign Currency Items

Current receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at the balance sheet date, whereas non-current receivables and payables are translated at the exchange rates in effect when acquired or incurred. Receivables and payables denominated in foreign currencies that are hedged by forward exchange contracts are translated into yen at the contracted exchange rates. Gains or losses arising from translation of foreign currency receivables and payables are credited or charged to income.

f. Translation of Foreign Currency Financial Statements

Financial statements of companies denominated in foreign currencies were translated into yen by applying the "modified current rate method."

For conversion under this method, balance sheet items, as well as profit and loss items, recorded in connection with transactions with the parent company are applied at such exchange rates as those applied by the parent company; items in shareholders' equity are applied at the historical rates; all balance sheet items and profit and loss items other than those referred to above are applied at the year-end rate.

The resulting differences recorded in the statements of income are included in "Other, net" whereas such differences in the balance sheets are shown as "Translation Adjustments on Foreign Currency Financial Statements."

g. Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost. Those assets are depreciated over the estimated useful lives of the respective assets by applying the declining balance method to machinery and equipment held by the Company and all property, plant and equipment held by eight companies of the DDI CELLULAR Group and the straight-line method to other assets.

Interest incurred is not capitalized with respect to constructed assets.

h. Valuation of Securities

Securities listed on the stock exchanges are valued at the lower of cost or market, the cost being mainly determined by the average method.

i. Research and Development Costs and Computer Software

Disbursement for research and development activities are charged to income when incurred. Computer software for internal use included in intangible assets is amortized using the straight-line method over the estimated useful lives (five years) except if it contributes to the generation of income or to future cost savings.

Effective April 1, 1999, they adopted the Accounting Standards for Research and Development Costs, etc., which was issued by the Business Accounting Deliberation Council.

j. Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes.

In the year ended March 31, 2000, the Company and its subsidiaries adopted the deferred tax accounting method in accordance with the amended regulations for preparation of consolidated financial statements. Income taxes were determined using the assets and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements. The cumulative effect of adopting deferred tax accounting at April 1, 1999 was charged to retained earnings.

In the year ended March 31, 1999, income taxes of the Company and its domestic subsidiaries were provided for at an amount currently payable based on the tax returns filed with tax authorities.

k. Retirement and Severance Benefits and Pension Plan

Employees of the Company and most employees of domestic consolidated subsidiaries are covered by a non-contributory funded pension plan. Benefits under the plan are generally based on the current rate of base salary, length of service and certain other factors when the termination occurs.

l. Leases

Leases, other than those leases deemed to transfer the ownership of the leased assets to lessees, are accounted for as operating leases.

m. Other Assets

Goodwill is amortized over 5 and/or 20 years. Amortization of Goodwill is included in operating expenses in the accompanying consolidated financial statement.

n. New Share Issue Costs

New share issue costs are charged to income as incurred.

o. Bond Issue Costs

Bond issue costs are charged to income as incurred.

p. Net Income and Cash Dividends per Share

Net income per share and cash dividends per share are computed based on the weighted-average number of shares of common stock outstanding during each year. The amounts of cash dividends used for the above calculation are the total of interim cash dividends paid and dividends declared and paid during the respective periods.

3. Shareholders' Equity

The Japanese Commercial Code provides that an amount equal to at least 10 percent of cash dividends and other distributions from retained earnings paid by the parent company and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriation is required when the legal reserve equals 25 percent of their respective stated capital. This reserve amounted to ¥2,300 million ($22 million) and ¥1,886 million at March 31, 2000 and 1999, respectively. This reserve is not available for dividend payment but may be capitalized by resolution of the Board of Directors or used to reduce a deficit by approval of the shareholders.

Under the Commercial Code, the entire amount of the issue price of new shares is required to be accounted for as common stock, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of such new shares as additional paid-in capital. Also, an amount up to the excess of (i) the portion of the issue price of new shares accounted for as common stock over (ii) the sum of the par value of such new shares and additional paid-in capital may be distributed, by resolution of the Board of Directors, in the form of free share distributions to shareholders.

4. Market Value Information

At March 31, 2000, carrying amounts, market value and net unrealized gains of quoted securities were as follows:

2000	Millions of yen: Carrying amounts	Millions of yen: Market value	Millions of yen: Unrealized gain	Millions of U.S. dollars: Carrying amounts	Millions of U.S. dollars: Market value	Millions of U.S. dollars: Unrealized gain
Investments in securities:						
Market value available:						
Equity securities	¥ 243	¥6,930	¥6,687	$ 2	$65	$63
Bonds and debentures	1,612	1,628	16	15	15	0
	¥ 1,855	¥8,558	¥6,703	$ 17	$80	$63
Market value not available	597			6		
Total	¥ 2,452			$ 23		
Investments in and advances to affiliates:						
Market value not available	¥17,291			$163		

5. Short-Term Loans and Long-Term Debt

Represented as short-term loans in the accompanying consolidated balance sheets are short-term bank loans. The annual average interest rates applicable to short-term bank loans at March 31, 2000 was 1.03%

Long-term debt at March 31, 2000 consisted of the following:

	Millions of yen: 2000	Millions of yen: 1999	Millions of U.S. dollars: 2000
Domestic unsecured straight bonds due 2003 through 2007 at rates of 1.90% to 2.57% per annum	**¥ 160,000**	¥ 100,000	**$ 1,507**
Loans from banks:			
Secured loans, maturing through 2014 at average rates of 2.29% per annum	**1,183,245**	917,447	**11,147**
Other interest-bearing debt	**35,798**	13,270	**337**
	¥1,379,043	¥1,030,717	**$12,991**
Less, amount due within one year	**252,914**	218,289	**2,382**
	¥1,126,129	¥ 812,428	**$10,609**

Aggregate annual maturities of long-term debt subsequent to March 31, 2000 were as follows:

Year ending March 31	Millions of yen: 2000	Millions of U.S. dollars: 2000
2001	¥ 252,914	$ 2,382
2002	266,289	2,509
2003	286,094	2,695
2004	198,787	1,873
2005 and thereafter	374,959	3,532
	¥1,379,043	$12,991

At March 31, 2000, assets pledged as collateral for long-term loans were as follows:

	Millions of yen: 2000	Millions of U.S. dollars: 2000
Long-term loans	¥ 7,168	$ 67
Current portion of long-term loans	6,134	58
	¥13,302	$125
Mortgage on factory foundation	¥42,902	$404
Buildings	1,564	15
Land	1,709	16
	¥46,175	$435

6. Contingent Liabilities

At March 31, 2000 and 1999, the Company was contingently liable as:

	Millions of yen: 2000	Millions of yen: 1999	Millions of U.S. dollars: 2000
As a guarantor for loans of:			
Affiliated companies	**¥6,031**	¥167,179	**$56**
Other company	**—**	3,756	**—**
	¥6,031	¥170,935	**$56**

7. Lease Payment

The finance leases without transfer of ownership

Assumed amounts (inclusive of interest) of acquisition cost, accumulated depreciation and net book value at March 31, 2000 and 1999 were summarized as follows:

	Millions of yen		
2000	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	**¥28,826**	**¥16,020**	**¥12,806**
Other	**179**	**101**	**78**
	¥29,005	**¥16,121**	**¥12,884**

	Millions of yen		
1999	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	¥16,099	¥8,136	¥7,963
Other	125	56	69
	¥16,224	¥8,192	¥8,032

	Millions of U.S. dollars		
2000	Acquisition cost	Accumulated depreciation	Net book value
Tools, furniture and fixtures	**$271**	**$151**	**$120**
Other	**2**	**1**	**1**
	$273	**$152**	**$121**

Future lease payments were as follows as of March 31, 2000 and 1999

	Millions of yen		Millions of U.S. dollars
	2000	1999	**2000**
Within one year	**¥ 5,913**	¥3,339	**$ 56**
Over one year	**6,971**	4,693	**65**
	¥12,884	¥8,032	**$121**

Lease payments and assumed depreciation charges for the years ended March 31, 2000 and 1999

	Millions of yen		Millions of U.S. dollars
	2000	1999	**2000**
Lease payments	**¥ 6,311**	¥3,494	**$ 59**
Assumed depreciation charges	**6,311**	3,494	**59**

Depreciation charges were computed using the straight-line method over lease terms assuming no residual value.

Operating lease

Obligation under non-cancelable operating leases as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Millions of U.S. dollars
	2000	1999	**2000**
Due within one year	**¥ 325**	¥ 81	**$ 3**
Due after one year	**853**	362	**8**
Total	**¥1,178**	¥443	**$11**

8. Derivatives

For the purpose of minimizing risks of foreign exchange or interest rate fluctuations, the Company and its certain subsidiaries have entered into certain financial agreements.

Information of such financial arrangements outstanding as of March 31, 2000 were summarized as follows;

	Millions of yen			Millions of U.S. dollars		
2000	Notional amount	Market value	Unrealized loss	Notional amount	Market value	Unrealized loss
Forward exchange contracts (to buy U.S. dollars)	**¥ 185**	**¥ 175**	**¥ (10)**	**$ 2**	**$ 2**	**$(0)**
Currency swap contracts (to buy U.S. dollars)	**¥ 1,015**	**¥ 171**	**¥ 171**	**$ 10**	**$ 2**	**$2**
Interest-rate swap agreements:						
Fixed rate into variable-rate obligations	**¥ 8,000**	**¥ 270**	**¥ 270**	**$ 75**	**$ 3**	**$ 3**
Variable-rate into fixed-rate obligations	**¥155,151**	**¥(3,723)**	**¥(3,723)**	**$1,462**	**$(35)**	**$(35)**
Cap transactions	**¥ 500**	**¥ 0**	**¥ (3)**	**$ 4**	**$ 0**	**$ (0)**

9. Research and Development Costs

Disbursement for research and development charged to income for the year ended March 31, 2000 was ¥874 million ($8 million).

10. Income Taxes

The statutory tax rates used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2000 was 42.1%.

At March 31, 2000, significant components of deferred tax assets and liabilities were analyzed as follows:

	Millions of yen	Millions of U.S. dollars
	2000	
Deferred tax assets:		
Retirement costs of fixed assets	¥ 11,240	$ 106
Allowance for doubtful accounts	1,317	12
Inventory write down	2,164	20
Allowance for bonus payment	785	7
Accrued expenses	2,639	25
Net operating loss carried forward	96,117	906
Unrealized profits	8,253	78
Other	4,812	45
Gross deferred tax assets	¥127,327	$1,199
Valuation allowance	(87,942)	(828)
Net deferred tax assets	¥ 39,385	$ 371
Deferred tax liabilities:		
Tax allowance for acquisition of fixed assets	¥ (4)	$ (0)
Special depreciation reserve	(857)	(8)
Total deferred tax liabilities	¥ (861)	$ (8)
Net deferred tax assets	¥ 38,524	$ 363

11. Segment Information

Segment Information by Business Category

Year ended March 31	Millions of yen 2000							
	DDI	CELLULAR, TU-KA	PHS	IRIDIUM	Other	Total	Elimination	Consolidation
I Sales and Operating income (loss):								
Outside sales	¥259,898	¥ 987,284	¥277,728	¥ 754	¥ 289	¥1,525,953	¥ —	¥1,525,953
Inter-segment sales	372,767	2,490	3,008	206	2,865	381,336	(381,336)	—
Total	632,665	989,774	280,736	960	3,154	1,907,289	(381,336)	1,525,953
Operating expenses	570,392	1,011,377	299,377	4,384	3,763	1,889,293	(382,954)	1,506,339
Operating income (loss)	¥ 62,273	¥ (21,603)	¥ (18,641)	¥(3,424)	¥ (609)	¥ 17,996	¥ 1,618	¥ 19,614
II Identifiable assets, Depreciation and Capital expenditures:								
Identifiable assets	¥821,818	¥1,137,417	¥316,437	¥ 763	¥20,764	¥2,297,199	¥(298,191)	¥1,999,008
Depreciation	58,427	160,892	54,372	1,175	135	275,001	(6,554)	268,447
Capital expenditures	100,305	252,388	47,344	172	2,071	402,280	(7,116)	395,164

Year ended March 31	Millions of yen 1999							
	DDI	CELLULAR	PHS	IRIDIUM	Other	Total	Elimination	Consolidation
I Sales and Operating income (loss):								
Outside sales	¥236,487	¥680,256	¥329,489	¥ 249	¥ 101	¥1,246,582	¥ —	¥1,246,582
Inter-segment sales	369,023	3,498	1,811	322	979	375,633	(375,633)	—
Total	605,510	683,754	331,300	571	1,080	1,622,215	(375,633)	1,246,582
Operating expenses	570,722	653,417	321,328	3,406	1,218	1,550,091	(373,383)	1,176,708
Operating income (loss)	¥ 34,788	¥ 30,337	¥ 9,972	¥ (2,835)	¥ (138)	¥ 72,124	¥ (2,250)	¥ 69,874
II Identifiable assets, Depreciation and Capital expenditures:								
Identifiable assets	¥810,896	¥772,213	¥341,178	¥31,648	¥15,651	¥1,971,586	¥(385,738)	¥1,585,848
Depreciation	52,536	108,177	43,414	526	0	204,653	(5,477)	199,176
Capital expenditures	66,548	273,751	61,147	5,472	120	407,038	(11,672)	395,366

Year ended March 31	Millions of U.S. dollars 2000							
	DDI	CELLULAR, TU-KA	PHS	IRIDIUM	Other	Total	Elimination	Consolidation
I Sales and Operating income (loss):								
Outside sales	$2,448	$ 9,301	$2,616	$ 7	$ 3	$14,375	$ —	$14,375
Inter-segment sales	3,512	23	28	2	27	3,592	(3,592)	—
Total	5,960	9,324	2,644	9	30	17,967	(3,592)	14,375
Operating expenses	5,373	9,528	2,820	41	36	17,798	(3,607)	14,191
Operating income (loss)	$ 587	$ (204)	$ (176)	$ (32)	$ (6)	$ 169	$ 15	$ 184
II Identifiable assets, Depreciation and Capital expenditures:								
Identifiable assets	$7,742	$10,715	$2,981	$ 7	$196	$21,641	$(2,809)	$18,832
Depreciation	551	1,516	512	11	1	2,591	(62)	2,529
Capital expenditures	945	2,378	446	2	19	3,790	(67)	3,723

Note: Other represents maintenance of system and telecommunication of foreign country.

Information by geographic area and overseas sales are not shown since overseas sales were not material compared to consolidated net sales.

12. Related Party Transactions

Balance with Kyocera Leasing Co., Ltd., which is a fellow subsidiary, as of March 31, 2000, was as follows:

	Millions of yen	Millions of U.S. dollars
	2000	
Long-term loans	¥20,750	$195

13. Subsequent Events

a. The appropriation of retained earnings of the Company with respect to the year ended March 31, 2000, proposed by the Board of Directors and approved at the shareholders' meeting held on June 28, 2000, was as follows:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends (¥895 = US$8.43)	¥2,036	$19

b. On April 5, 2000, the Board of Directors determined that the Company will issue 123,448 shares as a private placement in the amount of ¥120,003 million ($1,131 million) to TOYOTA MOTOR CORPORATION.

c. On May 15, 2000, the Company concluded a merger agreement with KDD Corporation and IDO Corporation, to be effective on October 1, 2000.

Certain extraction from merger contracts and an overview of KDD Corporation and IDO Corporation are as follows:

① **Merger Method**
KDD and IDO will be merged to DDI.

② **Trading Name, etc.**
From the date of the merger, DDI will adopt the trading name "DDI Corporation." The logo will be "KDDI."

③ **New Share Issue to a Third Party**
By September 30, 2000, DDI will issue 123,448 shares of common stock with par value to TOYOTA MOTOR CORPORATION at ¥972,100 per share, and this new share issue will result in a capital increase of ¥60,001,900,400.

④ **Merger Ratios**
At the time of the merger, DDI will issue 1,345,260.60 shares with par value of ¥5,000 per share. These will be exchanged for KDD shares of par value ¥500 per share at the rate of 92.1 KDD shares per DDI share. DDI shares will be exchanged for IDO shares of par value ¥50,000 per share at the rate of 2.9 IDO shares per DDI share.

Summary of the financial position of KDD Corporation is as follows:

Consolidated Balance Sheets

Year ended March 31, 2000	Millions of yen
ASSETS	
Current Assets:	
Accounts receivable	¥ 165,905
Securities	210,604
Other	92,616
Total Current Assets	**469,125**
Property, Plant and Equipment:	
Telecommunications equipment	174,885
Buildings and structures	117,221
Other	179,171
Total Property, Plant and Equipment	**471,277**
Investments and Other Assets:	
Investments in securities	109,185
Intangible assets	63,474
Other	23,305
Total Investments and Other Assets	**195,964**
Deferred assets	353
Translation Adjustments on Foreign Currency Financial Statements	2,628
Total Assets	**¥1,139,347**

Year ended March 31, 2000	Millions of yen
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities:	
Short-term loans	¥ 46,190
Accounts payable	120,270
Other	121,669
Total Current Liabilities	**288,129**
Non-current Liabilities:	
Long-term loans	105,030
Bond	250,000
Other	67,929
Total Non-current Liabilities	**422,959**
Total Liabilities	**711,088**
Minority Interests	4,504
Shareholders' Equity:	
Common stock	61,777
Additional paid-in capital	38,244
Retained earnings	323,741
Treasury stock, at cost	(7)
Total Shareholders' Equity	**423,755**
Total Liabilities and Shareholders' Equity	**¥1,139,347**

Consolidated Statements of Income

Year ended March 31, 2000	Millions of yen
Total Operating Revenues	¥ 597,306
Operating Income	¥ 8,876
Net Income	¥ 7,310

Summary of the financial position of IDO Corporation is as follows:

Non-consolidated Balance Sheets

Year ended March 31, 2000	Millions of yen
ASSETS	
Current Assets:	
Cash and cash equivalents	¥ 11,748
Accounts receivable	89,509
Other	5,318
Total Current Assets	**106,575**
Property, Plant and Equipment:	
Telecommunications equipment	264,819
Buildings and structures	28,387
Construction in progress	25,189
Other	8,099
Total Property, Plant and Equipment	**326,494**
Investments and Other Assets:	
Intangible assets	45,350
Long-term prepaid expenses	16,425
Deposits and guarantee money	12,668
Other	145
Total Investments and Other Assets	**74,588**
Total Assets	**¥507,657**

Year ended March 31, 2000	Millions of yen
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities:	
Current portion of long-term loans	¥113,946
Accounts payable	97,399
Other	24,061
Total Current Liabilities	**235,406**
Non-current Liabilities:	
Long-term loans	238,327
Other	15,053
Total Non-current Liabilities	**253,380**
Total Liabilities	**488,786**
Shareholders' Equity:	
Common stock	68,740
Deficit	49,869
Total Shareholders' Equity	**18,871**
Total Liabilities and Shareholders' Equity	**¥507,657**

Non-consolidated Statements of Income

Year ended March 31, 2000	Millions of yen
Total Operating Revenues	**¥479,235**
Operating Income	**¥ 31,635**
Net (loss)	**¥ (994)**

Report of Independent Certified Public Accountants

The Board of Directors
DDI Corporation

We have audited the accompanying consolidated balance sheets of DDI Corporation and its subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of DDI Corporation and its subsidiaries as of March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

As described in Note 2. i. and j. to the accompanying consolidated financial statements, effective for the year ended March 31, 2000, DDI Corporation and its subsidiaries have adopted new Japanese accounting standards for preparation of consolidated financial statements, research and development costs and income taxes.

As described in Note 13. b. to the accompanying consolidated financial statements, on April 5, 2000, the Board of Directors determined that DDI Corporation will issue new shares as a private placement in the amount of ¥120,003 million.

Also as described in Note 13. c. to the accompanying consolidated financial statements, DDI Corporation concluded a merger agreement with KDD Corporation and IDO Corporation on May 15, 2000 to be effective on October 1, 2000.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

Chuo Aoyama Audit Corporation

Kyoto, Japan
June 28, 2000

Overview of the DDI Group

(as of March 31, 2000)

NETWORK SERVICES

	PAID-IN CAPITAL	DDI Ownership
DDI	¥72,634 million	
DDI COMMUNICATIONS AMERICA CORPORATION	U.S.$9,555thousand	100%

CELLULAR-PHONE SERVICES

	PAID-IN CAPITAL (Millions of yen)	DDI Ownership
KANSAI CELLULAR TELEPHONE Co.	2,000	64.8%
KYUSHU CELLULAR TELEPHONE Co.	1,000	63.5%
CHUGOKU CELLULAR TELEPHONE Co.	1,000	65.7%
TOHOKU CELLULAR TELEPHONE Co.	1,000	64.4%
HOKURIKU CELLULAR TELEPHONE Co.	750	63.3%
HOKKAIDO CELLULAR TELEPHONE Co.	750	63.2%
SHIKOKU CELLULAR TELEPHONE Co.	750	62.7%
OKINAWA CELLULAR TELEPHONE Co.	1,414	51.5%
TU-KA Cellular Tokyo, Inc.	6,000	53.2%
TU-KA Cellular Tokai, Inc.	3,000	53.7%
TU-KA Phone Kansai, Inc.	6,000	51.5%

PHS SERVICES

	PAID-IN CAPITAL (Millions of yen)	DDI Ownership
DDI POCKET, Inc.	75,251	80.8%

OVERSEAS COMMUNICATIONS SERVICES

	PAID-IN CAPITAL	DDI Ownership
	(Thousands of R$)	
DDI DO BRASIL LTDA.	314,372	100.0%
	(Thousands of GS)	
HOLA PARAGUAY S.A.	76,880,500	68.5%
	(Thousands of R$)	
GLOBAL TELECOM S.A.*	615,480	46.9%

OTHERS

	PAID-IN CAPITAL (Millions of yen)	DDI Ownership
KYOCERA DDI Institute of Future Telecommunication Inc.*	200	50.0%
KYOCERA COMMUNICATION SYSTEMS Co., Ltd.*	483	23.1%
DDI ENGINEERING CORPORATION	10	88.0%
DDI NETWORK SYSTEMS CORPORATION	10	85.0%

* accounted for using the equity method

<Notes>
DDI ownership % represents total of ownership % of the Company and its subsidiaries.

1. DDI's shareholding in DDI ENGINEERING CORPORATION includes 34.0% in shares indirectly owned through subsidiaries.
2. DDI owns shares in GLOBAL TELECOM S.A. indirectly through subsidiaries.
3. On April 5, 2000, DDI invested an additional R$107 million (¥9,030 million) in DDI DO BRASIL LTDA.
4. The DDI Group terminated its participation in the IRIDIUM scheme. Please refer to the Financial Highlights on page 25 for details.

Corporate Data

Directors and Auditors

(as of June 28, 2000)

Founder and Chairman Emeritus:

Kazuo Inamori

Chairman:

Jiro Ushio

President:

Yusai Okuyama

Director & Advisor:

Akira Hioki

Executive-Vice Presidents:

Tadashi Onodera
Chief Engineer, Senior General Manager, Mobile Communications Group, Finance and Financial Planning Group, and Information System Group

Haruo Taneno
Senior General Manager, Network Sales Group, DDI Group Business Planning Group and POCKET TELEPHONE Business Integrated Division

Senior Managing Directors:

Masahiro Yamamoto
Senior General Manager, Administration Group and Financial Planning Group

Masahiro Mino
President's Attache

Tsuneyoshi Narahara
Senior General Manager, International Group

Kiyohide Shirai
Deputy Senior General Manager, Administration Group and General Manager, Purchase Department

Managing Directors:

Ken Okada
President, DDI POCKET, Inc.

Ryuichi Kinoshita
Planning and Public Relations Group

Nobuhiko Nakano
Deputy Senior General Manager, Mobile Communications Group and General Manager, Planning and Marketing Department

Kaoru Tachibana
Senior General Manager, Engineering Group

Directors:

Hiroshi Sakai
Engineering Group, General Manager, Mobile Communications Engineering Department and Engineering Development Department

Toshiyuki Morita
General Manager, Finance and Accounting Department

Hirofumi Morozumi
General Manager, Financial Planning and Cost Control Department

Seiji Hamada
Engineering Group, General Manager, Network Systems Engineering Department

Kiyoshi Sato
Mobile Communications Group, General Manager, Planning and Marketing Department

Tadashi Kitasako
Sales Group, Branch Manager, Kansai Branch, Hokuriku Branch and Shikoku Branch

Hajime Nomura
International Group, General Manager, International Planning Development Division

Osamu Tateno
Senior General Manager, Sales Group

Yuji Tsuda
President, GLOBAL TELECOM S.A. and Executive-Vice President, DDI DO BRASIL LTDA.

Hiroshi Kitagawa
General Manager, Administration Group

Yuzo Ishikawa
Deputy Senior General Manager, Sales Group and General Manager, Planning and Marketing Department, Service Planning Department, Sales Control Department, ISP Planning Department and Sales Engineering Department

Makoto Iida

Norio Ohga

Yasuo Nishiguchi

Masahiro Umemura

Hisao Hisaki

Statutory Auditors:

Shigehiro Hozumi

Gentaro Sugita

Auditors:

Yoshiomi Matsumoto

Atsushi Mori

Article 15: (Names of Directors and Auditors to Take Office Pursuant to the Merger)
The new directors and auditors of DDI who will take office pursuant to the merger are as follows. These appointments will become effective as of the merger date.

Directors:

Shoichiro Toyoda

Tadashi Nishimoto

Masao Doi

Shinji Sakai

Kinji Iwasaki

Hiroshi Ohashi

Yasuo Hirata

Toshio Okihashi

Tadashi Kashiwamura

Yoshinori Nakagaki

Nariyoshi Tanaka

Ryoichi Shimojima

Seiichiro Oshima

Tsunekazu Matsudaira

Kazuyuki Tsukada

Akira Nishiumi

Nobuo Nezu

Hitomi Murakami

Akira Ito

Yasuhiko Ito

Tomoyoshi Kaneko

Noriyuki Kandori

Ikuyoshi Inoue

Auditors:

Toshiaki Terui

Osamu Ando

Hiroshi Okuda

DDI Organization Chart

(as of June 2000)

- Board of Directors
- Founder and Chairman Emeritus
- Chairman
- President
- Corporate Management Committee
- Board of Auditors
- Chief Engineer
  - **DDI Group Business Planning Group**
    - DDI Group Steering Committee
    - DDI Group Business Planning Department
  - Internal Audit Office
  - **Planning and Public Relations Group**
    - Planning Department
    - Public Relations Department
    - Advertising Department
  - **Finance and Financial Planning Group**
    - Financial Planning and Cost Control Department
    - Finance and Accounting Department
  - **Information System Group**
    - Information System Department
    - Mainstay System Integrated Department
  - **Administration Group**
    - Secretary Office
    - Administration Department
    - Personnel Department
    - Purchase Department
    - Investor Relations Office
    - Philosophy • Education Office
  - **International Group**
    - International Planning Development Division
    - Overseas Mobile Communication Business Development Division
  - **Sales Group**
    - Planning and Sales Department
    - Service Planning Department
    - Sales Control Department
    - ISP Planning Department
    - Sales Engineering Department
    - Sales Promotion Department
    - Tokyo Branch
    - South Kanto Branch
    - North Kanto Branch
    - Tohoku Branch
    - Hokkaido Branch
    - Tokai Branch
    - Hokuriku Branch
    - Kansai Branch
    - Chugoku Branch
    - Shikoku Branch
    - Kyushu Branch
  - **Engineering Group**
    - Engineering Planning Department
    - Network Systems Engineering Department
    - Mobile Communications Engineering Department
    - Engineering Development Department
    - Data Communications Engineering Department
    - Construction Engineering Department
    - Network Control Center
  - **Mobile Communications Group**
    - Planning Department
    - Products Planning Department
    - Sales Planning Department
    - Management Reform Office
    - Business Strategic Department
    - Cellular System Integrated Department
    - Marketing Department

Corporate Overview

(as of March 31, 2000)

Company name:
DDI CORPORATION

Founded:
June 1, 1984

Purpose of business:
(1) Telecommunications business as specified in the Telecommunications Business Law
(2) Development, manufacture, and sale of telecommunications-related equipment
(3) Development, production, and sale of telecommunications-related software
(4) All subsidiary business or business related to each of the above items

Location of headquarters:
8 Ichiban-cho, Chiyoda-ku, Tokyo, Japan

Places of business:
Headquarters
10 branch offices
46 sales offices
9 network centers

Paid-in capital:
¥72,634,926,000

Distribution of Shares

(as of March 31, 2000)

Total number of stocks issued: 7,000,000
Total number of stocks already issued: 2,274,442
Number of shareholders: 45,909

Major Shareholders

Name or Corporate Identity	Number of Shares Held	Proportion of Capital
KYOCERA CORPORATION	572,285	25.16%
THE KOGIN TRUST & BANKING Co., Ltd.	94,622	4.16%
THE CHASE MANHATTAN BANK N.A. LONDON	84,582	3.71%
THE SUMITOMO TRUST & BANKING COMPANY, LIMITED	59,748	2.62%
THE CHUO TRUST & BANKING COMPANY	39,426	1.73%
SECOM CO., LTD.	37,981	1.66%
THE MITSUBISHI TRUST and BANKING CORPORATION	36,694	1.61%

Distribution of shares

Financial institutions	633,718 (27.87%)
Securities firms	24,413 (1.07%)
Foreign corporations, etc.	504,082 (22.16%)
Individuals and other	108,949 (4.79%)
Other corporations	1,003,280 (44.11%)
Total shares already issued	2,274,442

Investor Information
(as of March 31, 2000)

1. Term end	March 31 of each year
2. Annual shareholders meeting	June of each year
3. Dividends	Dividends shall be paid to shareholders recorded in the list of shareholders as of the end of each term (including actual list of shareholders) and to initial shareholders recorded in the original stock register.
4. Interim dividends	When an interim dividend distribution is implemented by resolution of the Board of Directors, it shall be paid to shareholders recorded in the list of shareholders as of September 30 of each year (including actual list of shareholders) and to initial shareholders recorded in the original stock register.
5. Public notices appear in:	Nihon Keizai Shimbun, Tokyo edition
6. Transfer of stock title	(1) Agent for transfer of stock title: The Toyo Trust & Banking Co., Ltd. 1-4-3, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan Tel: (03) 5683-5111 (2) Title transfer processing center: The Toyo Trust & Banking Co., Ltd. Corporate Agency Department [Securities Department] 7-10-11 Higashi-Suna, Koto-ku, Tokyo 137-8081, Japan Tel: (03) 5683-5111 Home Page: http//www.toyotrustbank.co.jp (3) Broker: The Toyo Trust & Banking Co., Ltd. (all branches nationwide)

DDI CORPORATION

Investor Relations Office
KDDI Building, 3-2, Nishishinjuku 2-chome,
Shinjuku-ku, Tokyo 163-8003, Japan
Tel: (03) 3347-5711
Fax: (03) 3347-5845
E-mail: h-take@kddi.com
http: //www.kddi.com

This annual report is printed on recycled paper using soy-based inks certified by the American Soybean Association.

DDI

Printed in Japan