

1.1. Financial Results Highlights for FY2006.3

1 Consolidated basis

- Operating revenues rose by +4.8% yoy and operating income was up +0.1%, as strong Mobile Business (“au” + TU-KA) absorbed increased loss of Fixed-line Business in the middle of expanding new services.

2 Mobile Business (“au” + TU-KA)

- Operating revenue increased by +8.6% and operating income rose by +21.3% yoy.
- Share of total subs at 27.7% (“au”: 24.7%, TU-KA: 3.0%) at end-March with strong share of net adds for full-year at 48.1% (“au”: 65.8%, TU-KA: -17.7%).
- No. of “au” WIN subs continues to increase, totaling 8.28 million at end-March, of which 81% of users have signed up for flat-rate plan.
- Promoted smooth migration of TU-KA users to “au” allowing same phone numbers; total who switched at 710 thousand in 2H.

3 Fixed-line Business

- Operating income amounted to ¥61.3B due to expanded sales of Metal Plus.
- Accelerated number of activated lines of Metal Plus in 2H in line with expanded service area, reaching 1.8 million at end-March.
- Strengthened business foundations such as agreement on comprehensive alliance with Tokyo Electric Power Co.(TEPCO) in telecom business and merger with POWEREDCOM.

4 Other (Net income)

- Recorded extraordinary loss of ¥115.7B including impairment loss on TU-KA PDC equipment (¥104.3B). The impact on net income was absorbed by loss carryforward and others due to merger with POWEREDCOM.