

# 1. 1Q/FY2007.3 - Financial Results Highlights

## 1 Consolidated basis

- Operating revenues rose by +11.8% yoy and operating income was up +38.8%, as continued strong Mobile Business (“au” + TU-KA) absorbed loss in Fixed-line Business amid expansion of new services.

## 2 Mobile Business (“au” + TU-KA)

- Operating revenue increased by +8.8% and operating income rose by +31.4% yoy.
- Share of total subs at 27.9% (“au”: 25.4%, TU-KA: 2.5%) at end-June with continued strong share of net adds for 1Q at 48.1% (“au”: 85.1%; TU-KA: -37.0%).
- No. of “au” WIN subs continues to increase, totaling 9.46 million at end-June, of which 80% have signed up for flat-rate plan.
- Promoted smooth migration of TU-KA users to “au” allowing same phone numbers; total who switched at 390 thousand in 1Q, making aggregate total of 1,090 thousand.
- Created Mobile Net Bank Establishment Investigation Corporation with Bank of Tokyo-Mitsubishi UFJ.
- Formed alliance with Google.

## 3 Fixed-line Business

- Operating revenue rose by 23.3% yoy due to expanded sales of Metal Plus and others. Operating loss was reduced to ¥9.9B.
- Number of activated lines of Metal Plus increased to 2.22 million at end-June.
- Started integrated FTTH service with TEPCO under the new brand “Hikari one” in June.
- Agreed to form joint venture with BT (on global outsourcing services).

## 4 Work out company-wide measures to prevent a recurrence of similar incidents against the leak of DION customer information.