

1.1. Financial Results Highlights (1-3Q/9 months ended Dec. 2006)

1 Consolidated basis

- Operating revenues rose by +10.4% yoy and operating income was up +22.7%, as strong Mobile Business (“au” + Tu-Ka) absorbed loss of Fixed-line Business in the middle of expanding new services.

2 Mobile Business (“au” + Tu-Ka)

- Operating revenue increased by +7.1% and operating income rose by +12.1% yoy.
- Share of total subs at 28.7% (“au”: 27.2%, Tu-Ka: 1.5%) at end-Dec. with top share of net adds for 3Q at 73.3% (“au”: 116.8%, Tu-Ka: -43.5%).
- Had a good head start in MNP with net additions through MNP at 465k (“au”: 484k, Tu-Ka: -19k).
- No. of “au” WIN subs continues to increase, totaling 12.52M at end-Dec., of which 78% of users have signed up for packet flat-rate plans.
- Plan to terminate Tu-Ka service at end-March 2008 based upon a smooth user-migration to “au” keeping same phone number; total who switched at 310k in 3Q, making aggregate total of 1,770k (since Oct. 2005) .

3 Fixed-line Business

- Operating revenue rose by +23.1% yoy due to expanded sales of METAL PLUS and merger with POWEREDCOM. Operating loss was reduced by ¥18.3B to ¥25.5B.
- No. of METAL PLUS subs increased to 2.61M at end-Dec. with an upturn in voice sales.
- Completed integration of TEPCO’s FTTH business (on Jan. 1, 2007)