

1. 1Q/FY2006.3 - Financial Results Highlights

1 Consolidated basis

- ▶ Despite continued strong sales in “au” Business, operating revenues declined by 0.8% yoy and operating income decreased by 1.9% due to transfer of PHS Business in 2004.

2 “au” Business

- ▶ Operating revenue increased by 10.2% and operating income rose by 16.4% yoy.
- ▶ Total subs topped 20 million (on June 7).
- ▶ Steady growth in Chaku-uta Full™; total downloads topped 10 million (on June 15).
- ▶ Share of “au” total subs at 22.8% at end-June, with continued increase in share of net adds in 1Q (53.8%) .
- ▶ No. of WIN subs continues to increase, totaling 4.32 million at end-June, of which 83% of users sign up for flat-rate plan.

3 Fixed-line Business (Formerly BBC & Solutions Business)

- ▶ Operating income amounted to ¥11.6 billion due to expanded sales of Metal Plus.
- ▶ Progress of Metal Plus subscriptions was slightly slow to the full-year target due to delayed expansion of sales area; activated lines totaled 0.41 million at end-June (incl. those not yet activated: 0.92 million).

4 TU-KA Business

- ▶ Expanded sales of simple handset “TU-KA S” among seniors.