

1.1. Financial Results Highlights (1-3Q/9 months ended Dec. 2005)

1 Consolidated basis

- Operating revenues rose by 1.6% yoy and operating income was up by 6.2%, as strong Mobile Business (“au” + TU-KA) absorbed declined revenues in Fixed-line Business.

2 Mobile Business (“au” + TU-KA)

- Operating revenue increased by 7.5% and operating income rose by 30.7% yoy.
- Share of total subs at 27.4% (“au”: 23.9%, TU-KA: 3.5%) at end-December with top share of net adds for nine-month period at 49.2% (“au”: 63.8%, TU-KA: -14.6%).
- No. of WIN subs continues to increase, totaling 6.75 million at end-December, 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 350,000 in 3Q.

3 Fixed-line Business

- Operating income amounted to -¥43.8 billion due to expanded sales of Metal Plus.
- Accelerated number of activated lines of Metal Plus in 3Q in line with expanded service area, reaching 1.17 million at end-December.
- Merger with POWEREDCOM (Jan. 1).

4 Other

- Set up Consumer / Solutions Business Sector to promote FMC (Dec. 1).

1.2. Full-Year Outlook for FY 2006.3 (1)

Previous	Latest Forecast	(Change)
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- 1** On a consolidated basis, company forecasts factor in effects of TU-KA users' migration to "au" by keeping same phone numbers and merger with POWEREDCOM.

Operating income in line with initial forecast as strong Mobile Business covers declined earnings in Fixed-line Business due to a delayed activation of Metal Plus lines.

- ▶ Operating revenue: ¥2,976.0B ¥3,041.0B (up ¥ 65.0B)
- Operating income: ¥ 289.0B ¥ 289.0B (¥ - B)
 - Mobile Business : (up ¥21.0B)
 - Fixed-line Business : (down ¥21.0B)

▶ Main reasons

- ✓"au" ARPU : ¥6,810 ¥7,000 (up ¥190)
- ✓Mobile Business total subs: 25.03 million 25.28 million (up 0.25 million)
- ✓TU-KA migrants keeping same numbers: n.a. 0.7 million (up 0.7 million)
- ✓Metal Plus total subs: 2.2 million 1.7million (down 0.5 million)

1.2. Full-Year Outlook for FY 2006.3 (2)

Previous Latest Forecast (Change)

2 No change to net income forecast at ¥187.0B as income tax savings due to merger with POWEREDCOM covers impairment loss on TU-KA PDC equipment etc.

▶ Main reasons

✓ Impairment loss on PDC equipment : Approx. ¥ 90.0B

✓ Impairment loss on fixed domestic networks (information BOX cables) etc. : Approx. ¥ 10.0B

After tax effect (40%) : Approx. ¥ 60.0B

✓ Tax savings for income tax and income taxes-deferred
due to merger with POWEREDCOM : Approx. ¥ 60.0B

Note: Continue TU-KA handset sales for the time being. When to terminate PDC system is to be decided upon progress of customer shift to “au”.

3 No change to capital expenditure forecast at ¥440.0B.