

# 1.1. Financial Results Highlights for 1H/FY2007.3

## 1 Consolidated basis

- Operating revenues rose by +9.3% yoy and operating income was up +37.7%, 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 +5.7% and operating income rose by +23.9% yoy.
- Share of total subs at 28.1% (“au”: 26.1%, Tu-Ka: 2.0%) at end-Sept. with top share of net adds for 1H at 47.7% (“au”: 88.4%, Tu-Ka: -40.7%).
- No. of “au” WIN subs continues to increase, totaling 10.77 million at end-Sept., of which 79% 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 750 thousand in 1H, making aggregate total of 1,460 thousand.
- 14-Autumn/Winter models are on sale/upcoming toward MNP (Mobile Number Portability).
- No. of searches increased in line with introduction of Google search engine; advertising sales up around 30% \* due to search-related ads (AdWords) and others.

(Note) June 2006 compared with August 2006 result after introduction of Google.

## 3 Fixed-line Business

- Operating revenue rose by 26.6% yoy due to expanded sales of METAL PLUS and merger with POWEREDCOM. Operating loss was reduced by ¥12.7B to ¥16.8B.
- Number of activated lines of METAL PLUS increased to 2.44 million at end-Sept.
- Started integrated FTTH service with TEPCO under the new brand “HIKARI-one” in June. Both companies also agreed to integrate FTTH business (on Oct.12).