

Announcement of Quarterly Data for Competition in the Telecommunications Sector

(2nd Quarter of 2006 (ending in late September))

Since 2003 the Ministry of Internal Affairs and Communications (MIC) has performed competitive assessments of the telecommunications sector. As part of this effort, MIC announces quarterly data regarding competition which it gathers from service providers. Share data, etc. for the 2nd quarter of 2006 (ending in late September) has been compiled, and a summary is now publicly available.

Main Points

1 Fixed-line Communications

(1) NTT East and West hold a 90.9% share (down 0.7% from the previous quarter) of subscriber telephone contracts (combining NTT subscription telephones, IP-based fixed-line telephones, 0ABJ-IP telephones, and CATV telephones).

(2) Of the total number of IP telephone numbers in use, Softbank BB had 37.2% (down 2.6% from the previous quarter), NTT Communications had 24.8% (down 0.1% from the previous quarter) and NTT East and West had 15.2% (up 3.6% from the previous quarter)

Also, NTT East and West's share of 0AB – J numbers was 73.2% (up 4.2% compared to the previous quarter), exceeding 70% for the first time.

2 Mobile Communications

For mobile phone and PHS contracts, the NTT Docomo Group held a 53.4% share (down 0.2% from the previous quarter), the au Group held a 26.8% share (up 0.2% from the previous quarter), and Softbank Mobile held a 15.5% share (down 0.1% from the previous quarter). PHS made up a 4.3% share (up 0.1% from the previous quarter). Of the top three mobile phone companies, the au Group's share showed continued growth.

3 Internet Connections

(1) For DSL contracts (nationwide), 38.8% were with NTT East and West (down 0.4% from the previous quarter) while 35.7% were with BB Technology (up 0.6% from the previous quarter).

(2) For FTTH (optical fiber) contracts, NTT East and West had a 66.0% share (up 1.4% from the previous quarter – a continuance of its upward trend), power company-related providers had a 15.0% share (down 0.6% from the previous quarter), and USEN had a 7.3% share (down 0.7% from the previous quarter).

For FTTH aimed at residential housing and businesses, NTT East and West had a 76.0% share (up 1.0% from the previous quarter), and power company-related providers had a 20.9% share (down 0.8% from the previous quarter). For FTTH aimed at collective housing, NTT East and West had a 52.6% share (up 2.0% from the previous quarter) and USEN had a 16.0% share (down 1.5% from the previous quarter).

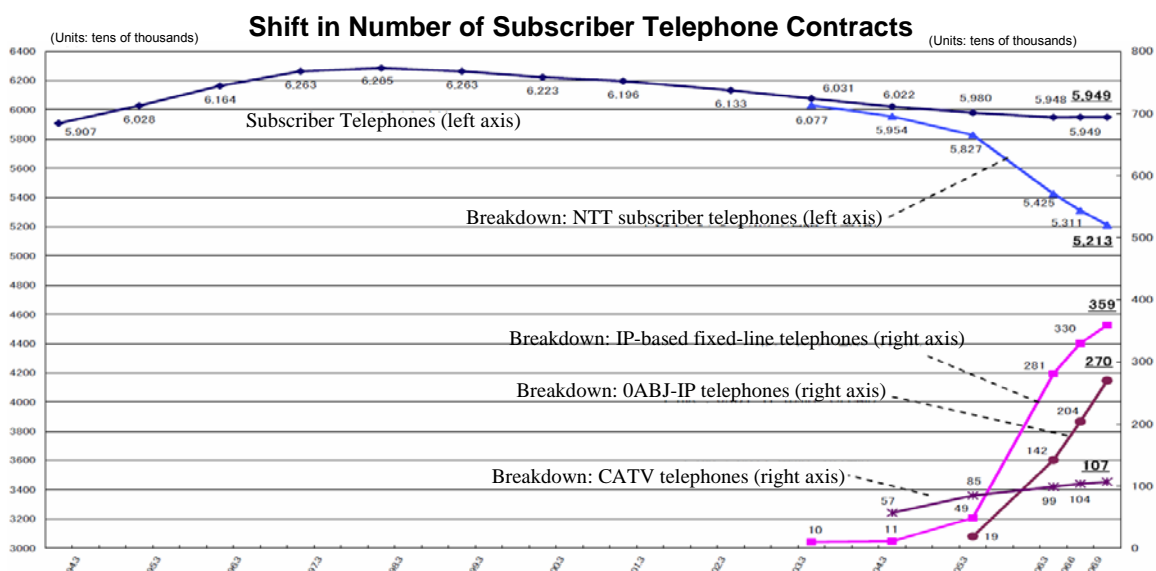
4 Corporate Networks

The total number of contracts for new-type WAN service included 6.41 million lines (a 6.8% increase over the previous quarter) of which the NTT Group’s total share was 69.1% (up 0.4% over the previous quarter – a slight but continued upward trend).

1 Fixed-line Communications

(1) Subscriber Telephones

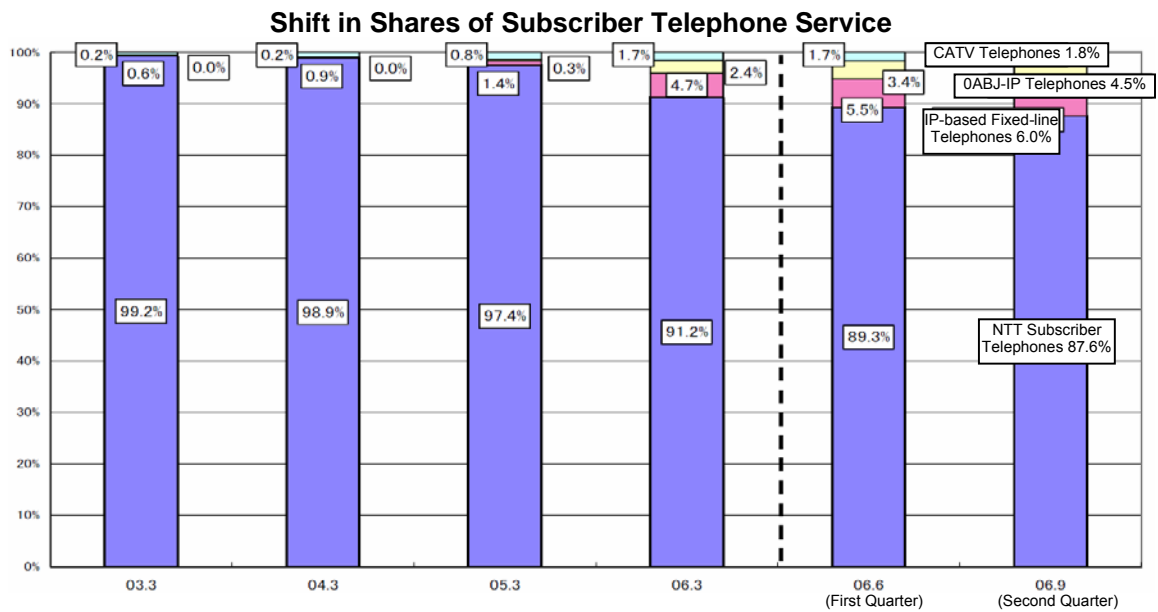
- The number of subscriber telephones (total NTT subscriber telephones, IP-based fixed-line telephones, 0ABJ-IP telephones, and CATV telephones) was 59.49 million at the end of September 2006. While NTT subscriber telephones decreased greatly, IP-based fixed-line telephones and 0ABJ-IP telephones increased dramatically with 3.59 million IP-based fixed-line telephones (an 8.8% increase over the previous quarter) and 2.70 million 0ABJ-IP telephones (a 32.4% increase over the previous quarter).
- The share of total subscriber telephone contracts held by NTT East and West was 90.9% at the end of September 2006 (NTT East Japan was 45.2%, and NTT West Japan 45.7%: a 0.7% decrease from the previous quarter).



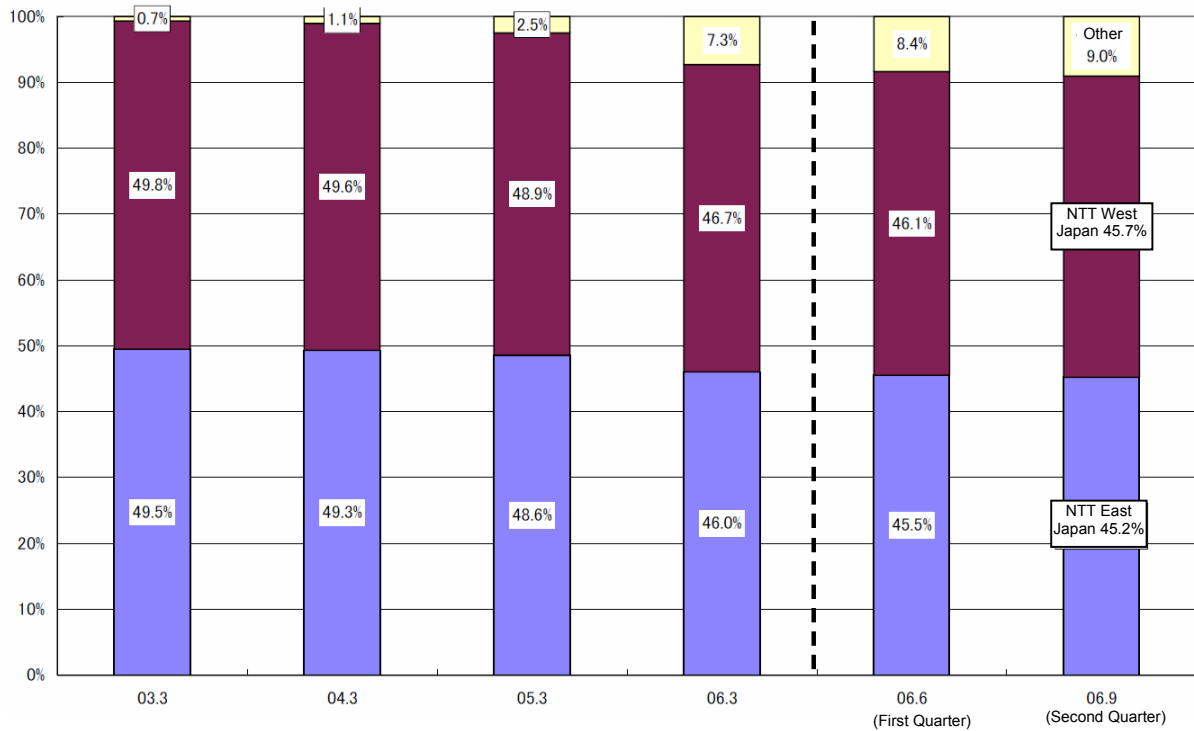
Note 1: “Subscriber Telephones” refers to NTT subscriber telephones (including ISDN), IP-based fixed-line telephones (total direct subscriber, new-style, and ISDN IP-based fixed-line telephones), 0ABJ-IP telephones, and CATV telephones.

Note 2: The number of 0ABJ-IP telephone contracts is considered equivalent to the number of 0ABJ-IP telephone numbers in use.

* Note that 0ABJ-IP telephones are included with subscriber telephones due to their high substitutability in place of NTT subscriber telephones, etc.; however, they are reincluded as IP telephones from P.3 onwards.



Shift in Number of Subscriber Telephone Contracts held by NTT East and West

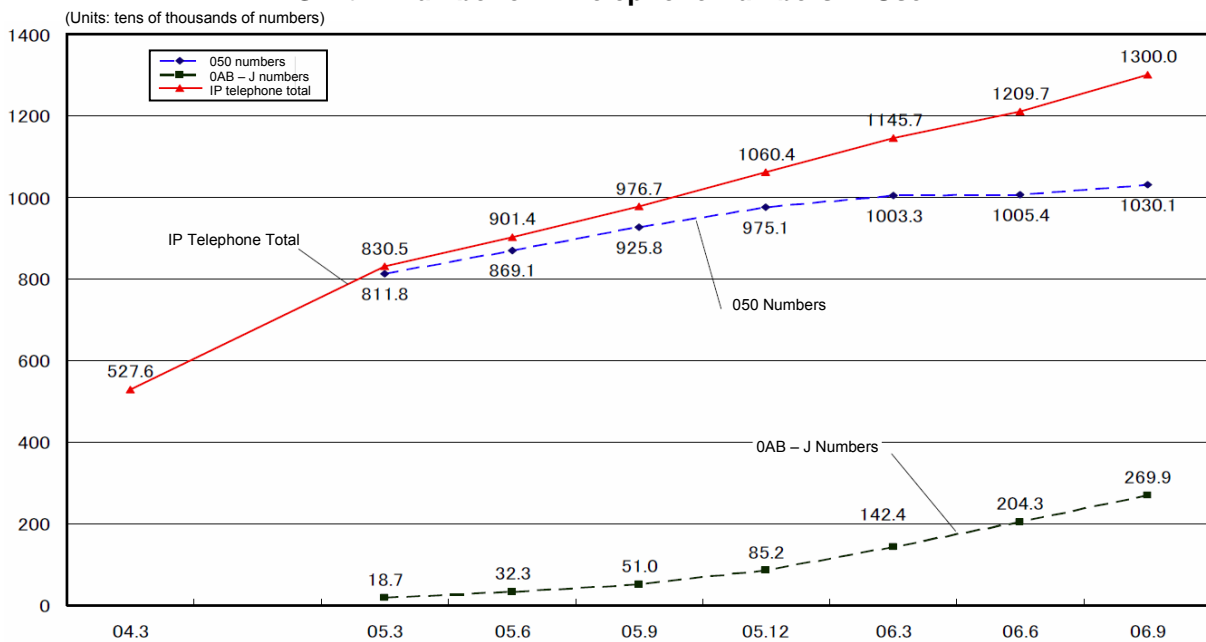


Note: NTT East and West's share represents the total for NTT subscriber telephones (including ISDN) and OABJ-IP telephones.

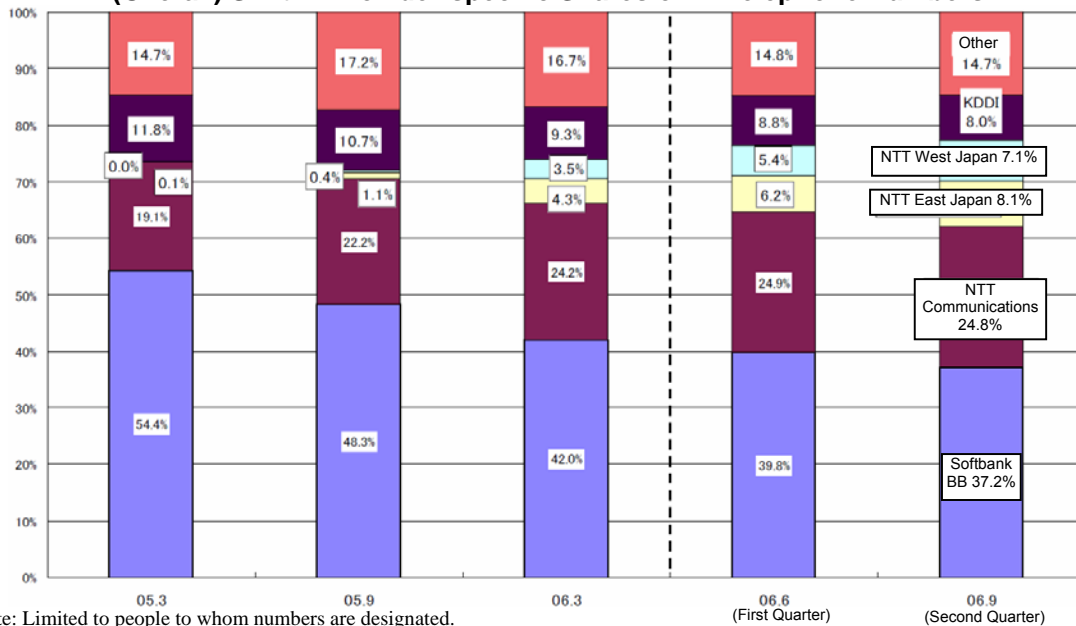
(2) IP Telephones

- The number of IP telephone numbers in use at the end of September 2006 showed was 13 million (a 7.5% increase over the previous quarter), and the number of 0AB – J numbers in use was 2.7 million (a 32.4% increase over the previous quarter). Both continued to show a trend towards expansion.
- Of the total share for IP telephones at the end of September 2006, Softbank BB held 37.2% (down 2.6% from the previous quarter), NTT Communications held 24.8% (down 0.1% from the previous quarter), and NTT East and West held 15.2% (up 3.6% from the previous quarter).
- The share of 0AB – J numbers held by NTT East and West at the end of September 2006 was 73.2% (NTT East Japan held 38.8%, and NTT West Japan held 34.4%: a 4.2% increase over the previous quarter).

Shift in Number of IP Telephone Numbers in Use

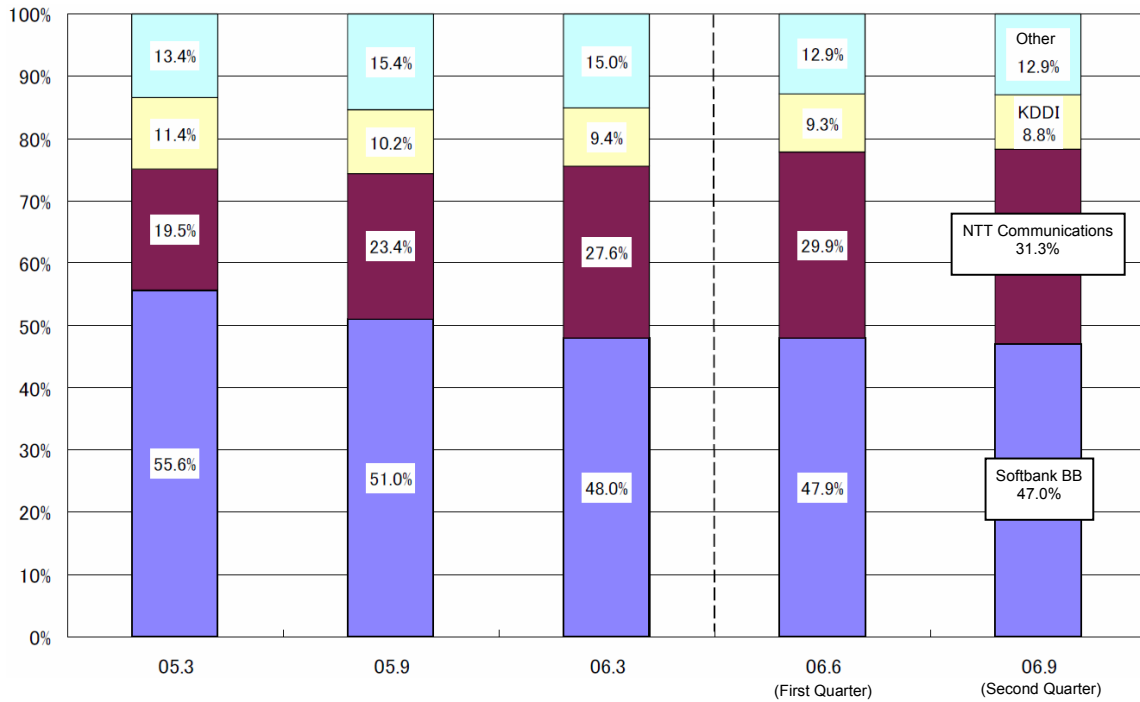


(Overall) Shift in Provider-specific Shares of IP Telephone Numbers



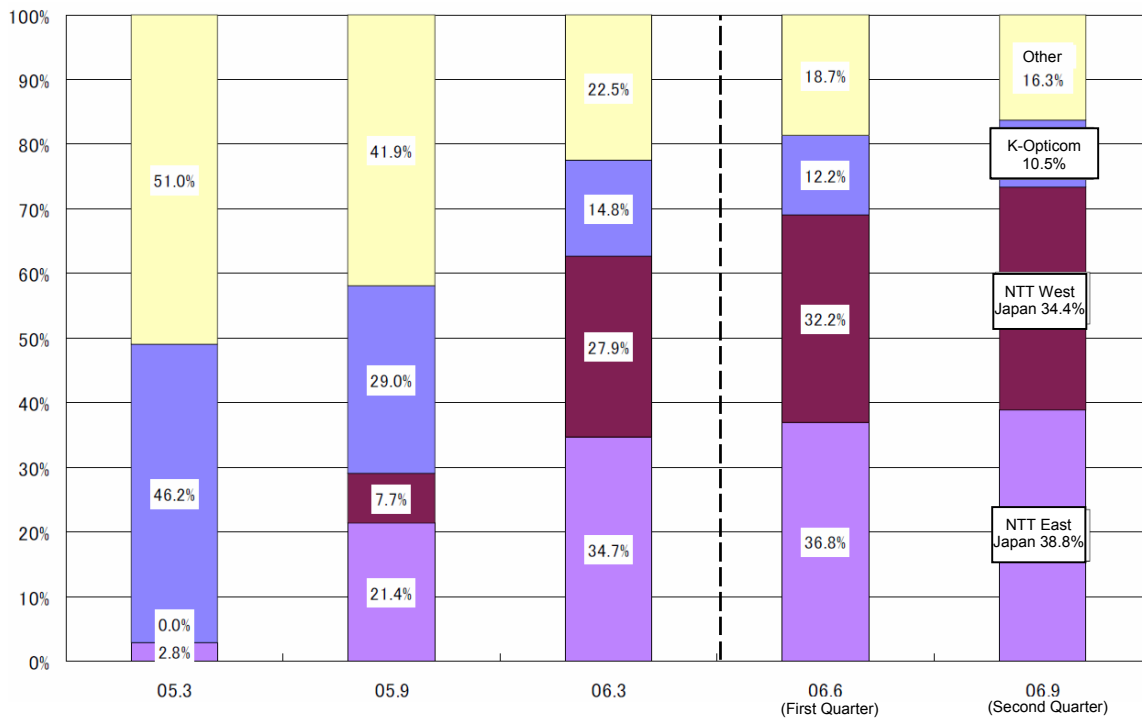
Note: Limited to provider to whom numbers are designated.

Shift in Provider-specific Shares of IP Telephone Numbers (050 Numbers)



Note: Limited to people to whom numbers are designated.

Shift in Provider-specific Shares of IP Telephone Numbers (0AB – J Numbers)

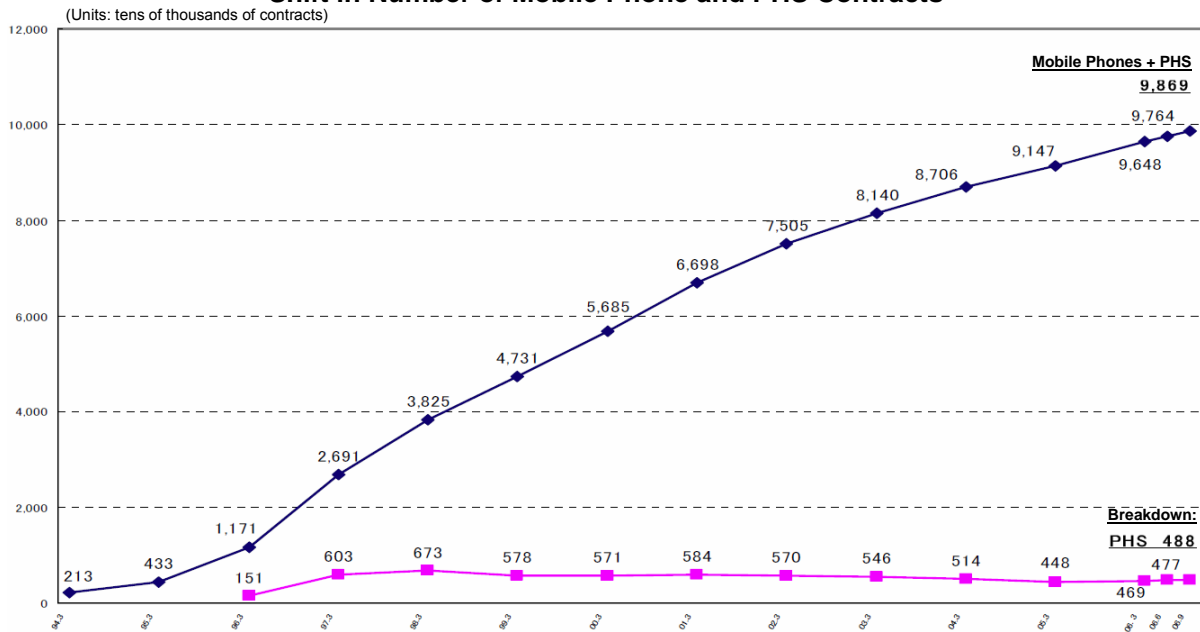


Note: Limited to people to whom numbers are designated.

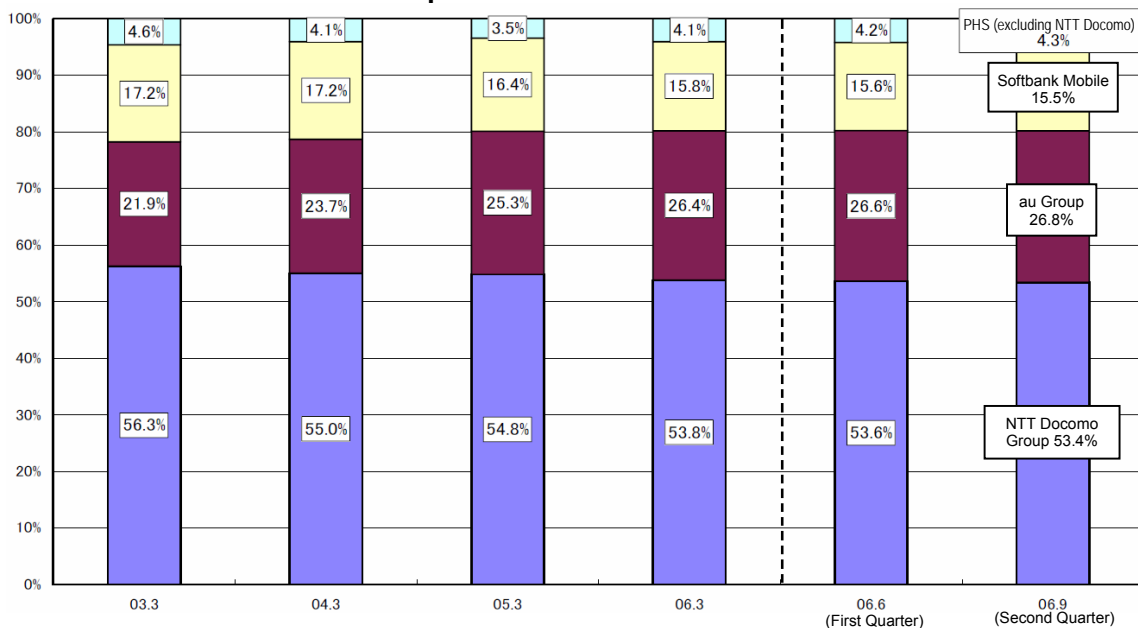
2 Mobile Communications

- The total number of contracts for mobile phones and PHS was 98.69 million: a 1.1% increase over the previous quarter, but a continued narrowing of the margin of increase. PHS grew by 110,000 to 4.88 million: a 2.3% increase over the previous quarter, but a leveling out of its margin of increase.
- The NTT Docomo Group's share was 53.4% (a 0.2% decrease from the previous quarter); the au Group's share was 26.8% (a 0.2% increase over the previous quarter), and Softbank Mobile's share was 15.5% (a 0.1% decrease from the previous quarter). Of the top three companies, only the au Group showed a continued increase.

Shift in Number of Mobile Phone and PHS Contracts



Shift in Provider-specific Shares of Mobile Phones and PHS



Note 1: The Tu-Ka Group merged with KDDI (au Group) on October 1, 2005.

Note 2: Softbank Mobile data up through the end of September 2006 is Vodafone data.

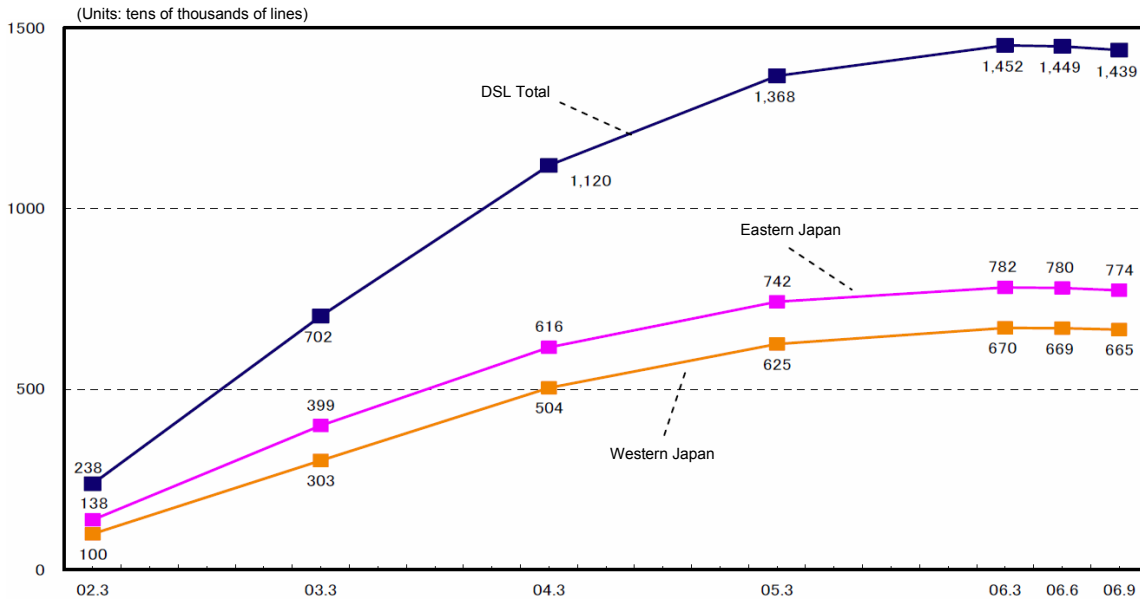
(from materials produced by the Ministry of Internal Affairs and Communications and the Telecommunications Carriers Association)

3 Internet Connections

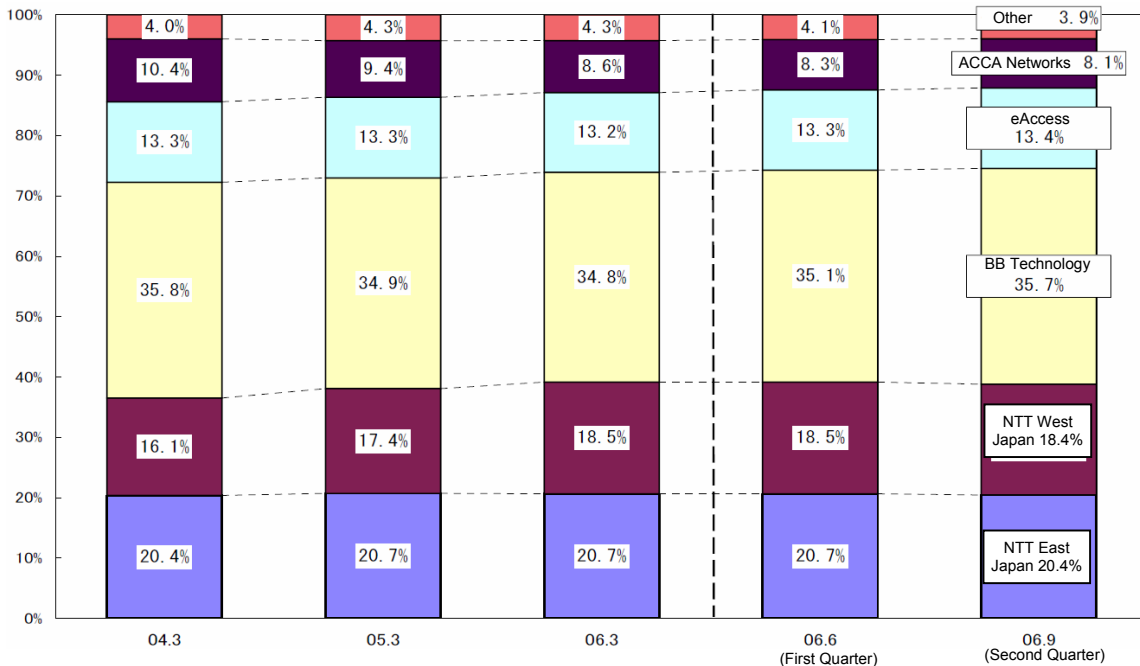
(1) DSL

- The number of DSL contracts at the end of September 2006 was 14.39 million: a 0.7% decrease from the previous quarter, and also a consecutive decrease from the decrease of the previous quarter.
- Nationally, DSL contracts were down, with NTT East and West holding a 38.8% share (NTT East Japan was 20.4%, and NTT West Japan was 18.4%: a 0.4% decrease from the previous quarter). BB Technology's share, however, was up 0.6% from the previous quarter at 35.7%, and eAccess' share was up 0.1% from the previous quarter at 13.4%.

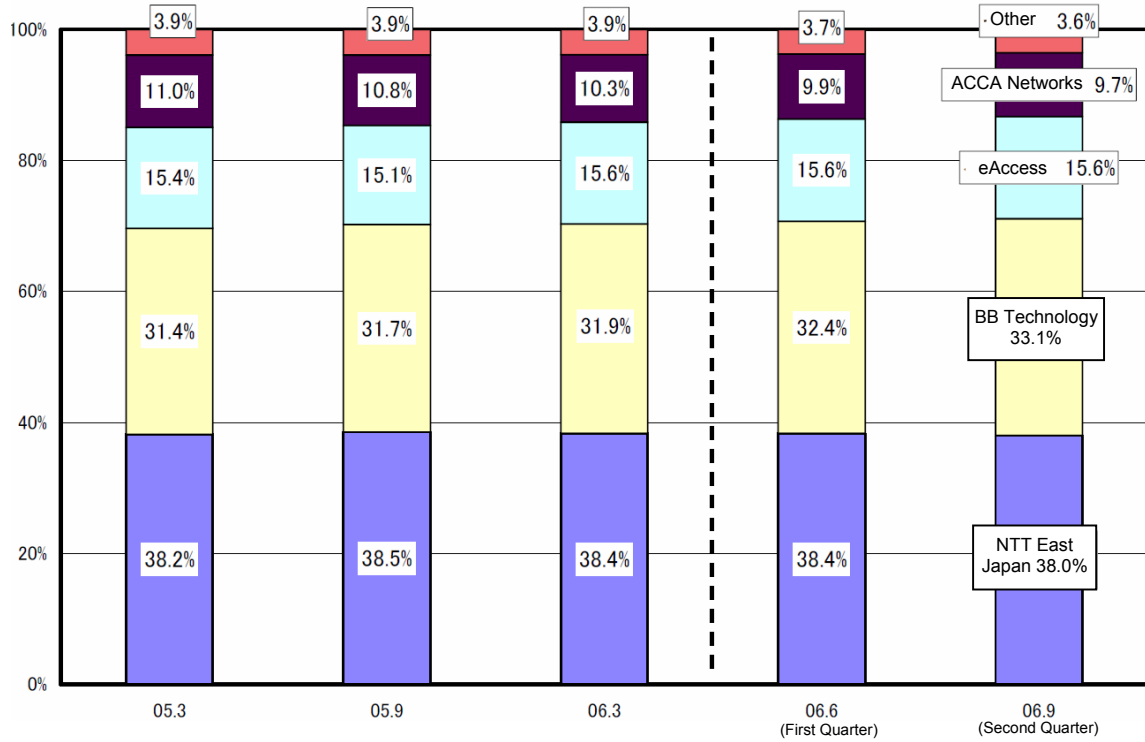
Shift in Number of DSL Contracts



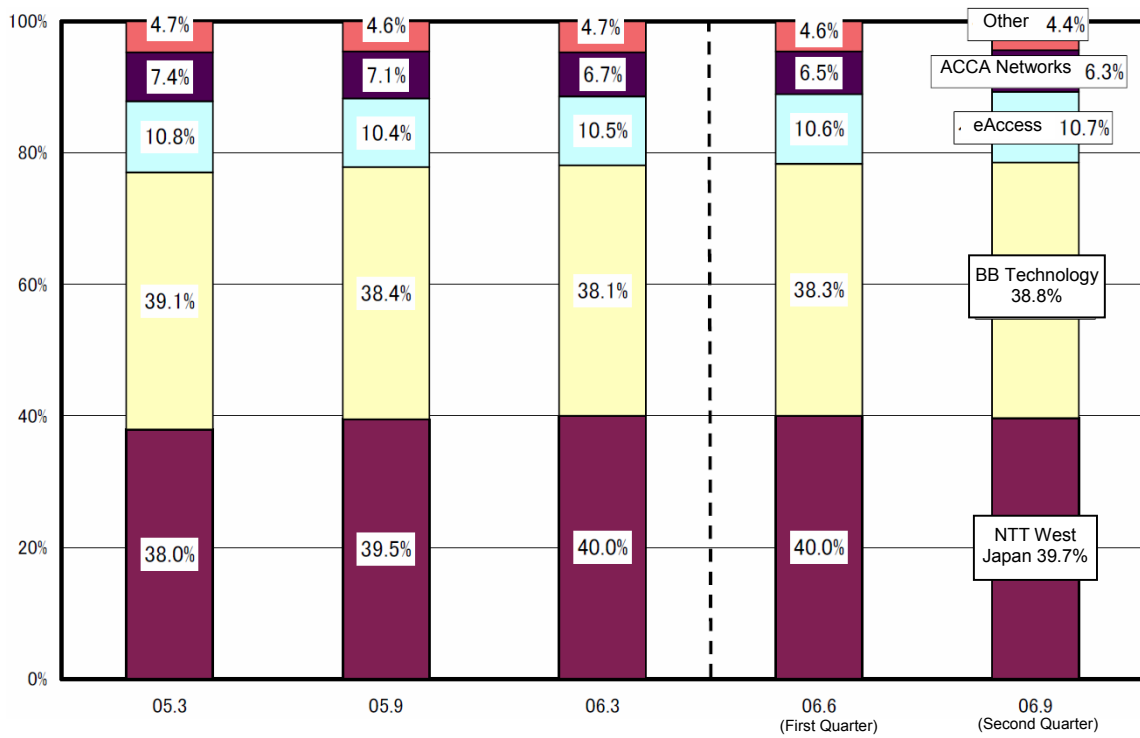
(National) Shift in Provider-specific Shares of DSL Contracts



Shift in Provider-specific Shares of DSL Contracts (Eastern Japan)



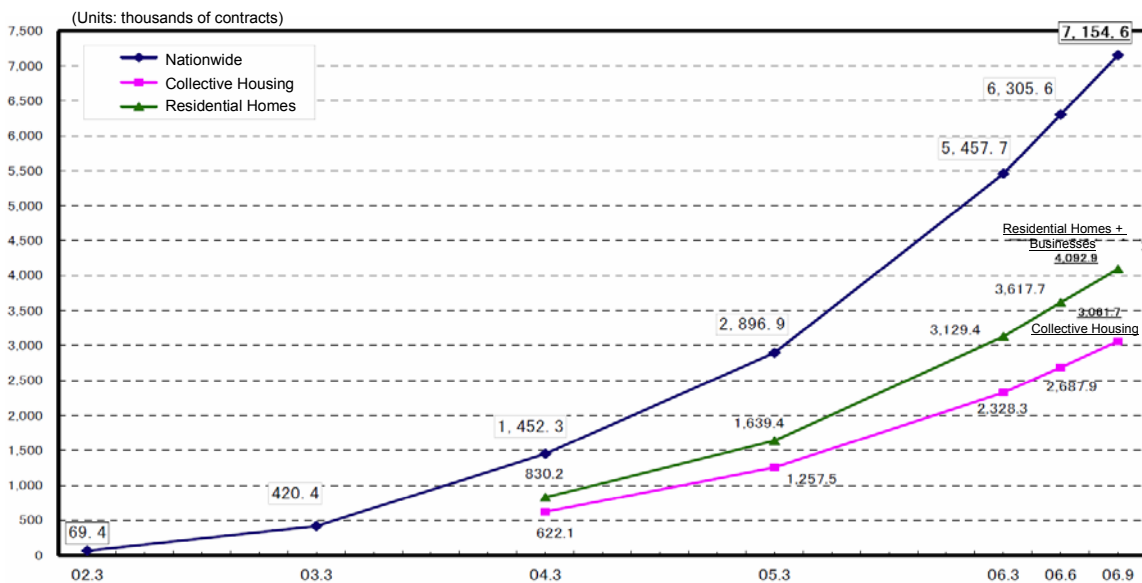
Shift in Provider-specific Shares of DSL Contracts (Western Japan)



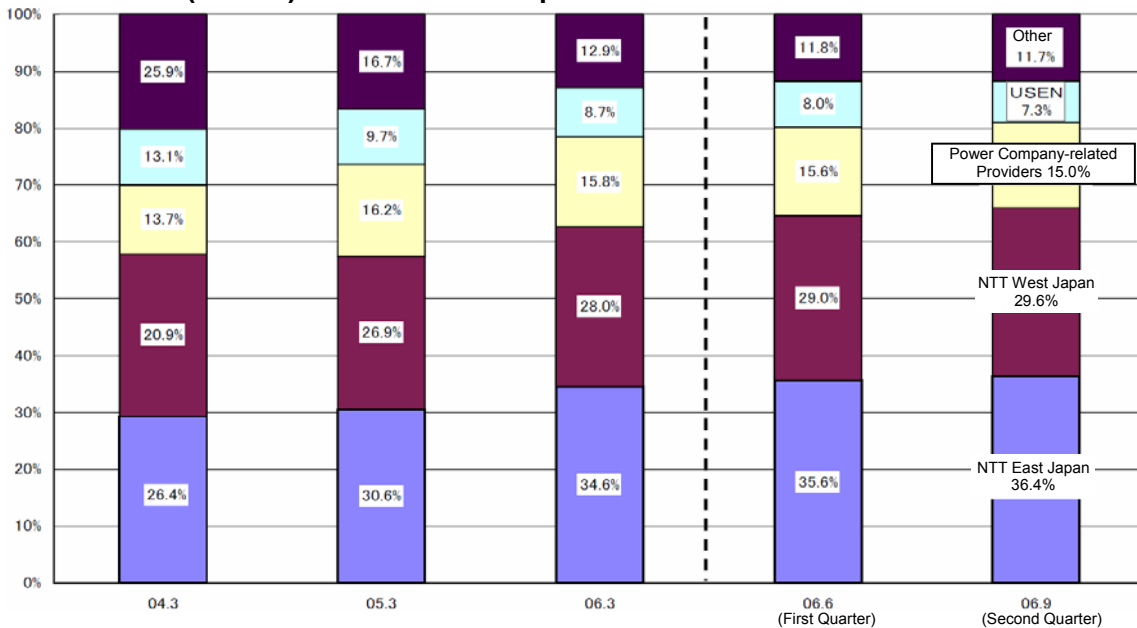
(2) FTTH (Optical Fiber)

- The number of FTTH contracts at the end of September 2006 was 7.155 million (up 13.5% from the previous quarter).
- Overall, NTT East and West's share was 66.0% (NTT East Japan was 36.4%, and NTT West Japan was 29.6%: up 1.4% from the previous quarter), while power company-related providers' share was 15.0% (down 0.6% from the previous quarter) and USEN's share was 7.3% (down 0.7% from the previous quarter).
- The share of FTTH for residential homes and businesses was 76.0% for NTT East and West (NTT East Japan was 38.4%, and NTT West Japan was 37.6%: up 1.0% from the previous quarter) and for collective housing was 52.6% (NTT East Japan was 33.8%, and NTT West Japan was 18.8%: up 2.0% from the previous quarter). Both NTT East and West's share increased, and this increase was most noticeable in FTTH for collective housing.

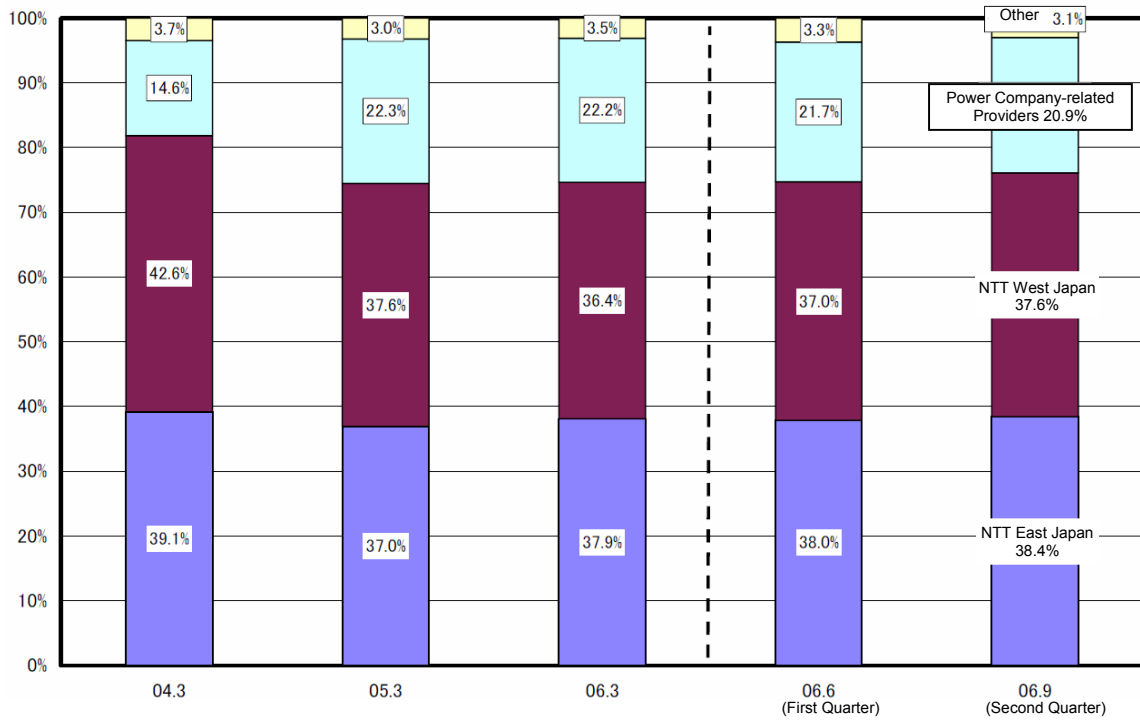
Shift in Number of FTTH Contracts



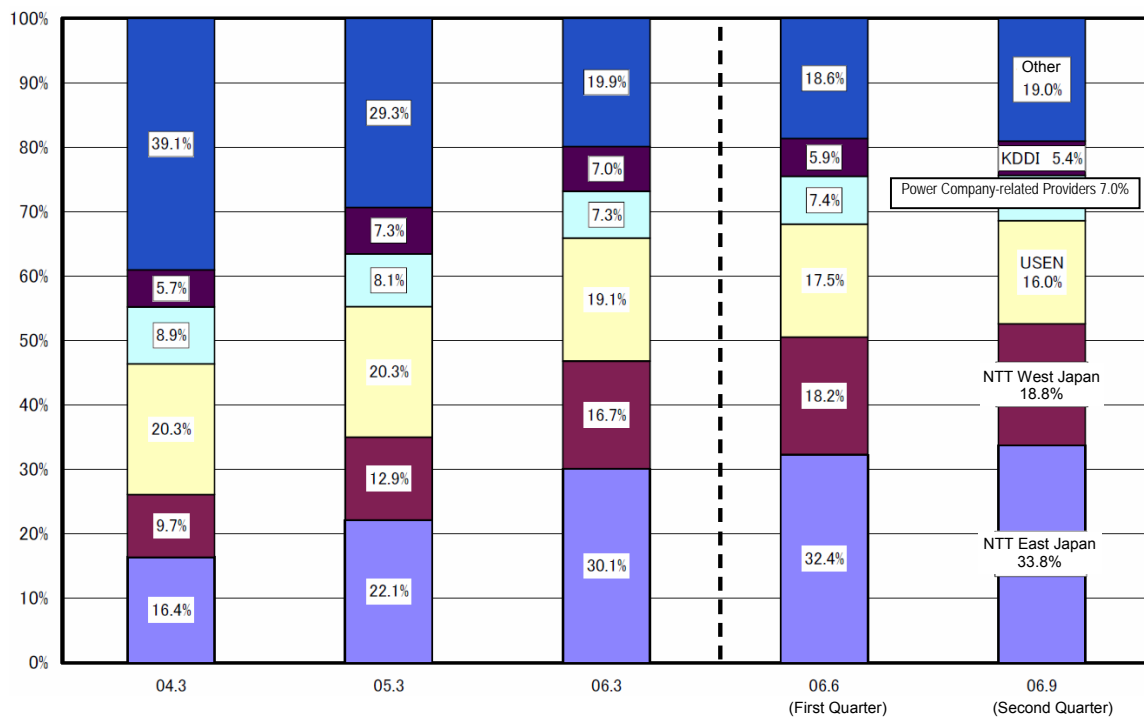
(Overall) Shift in Provider-specific Shares of FTTH Contracts



Shift in Provider-specific Shares of FTTH Contracts (Residential Housing and Businesses)

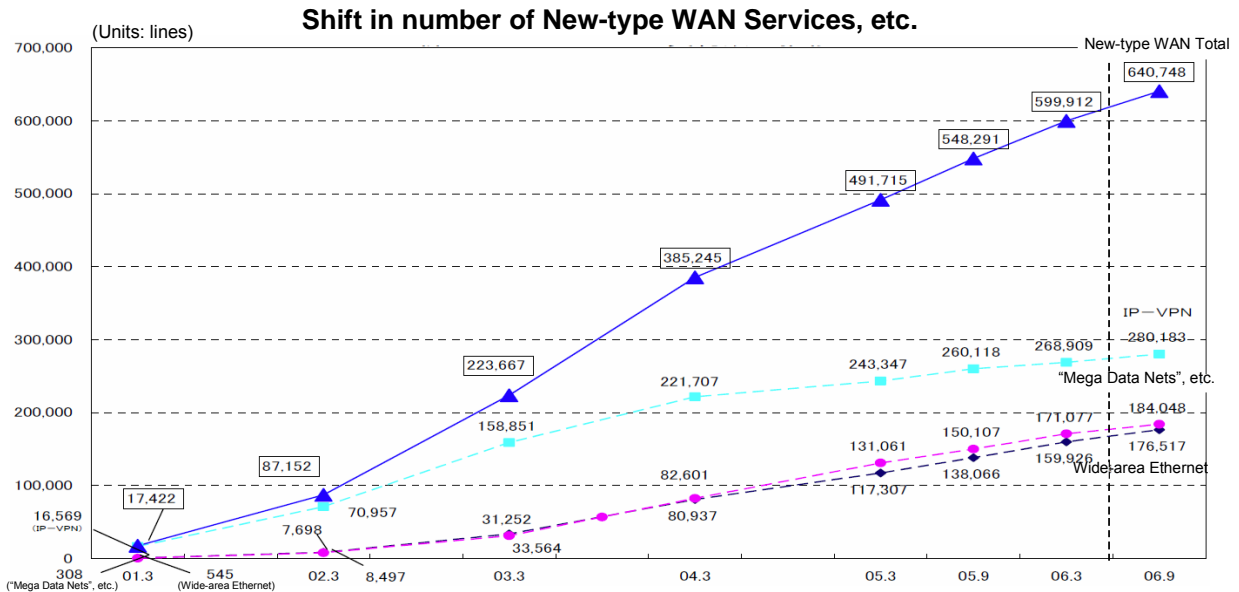


Shift in Provider-specific Shares of FTTH Contracts (Collective Housing)



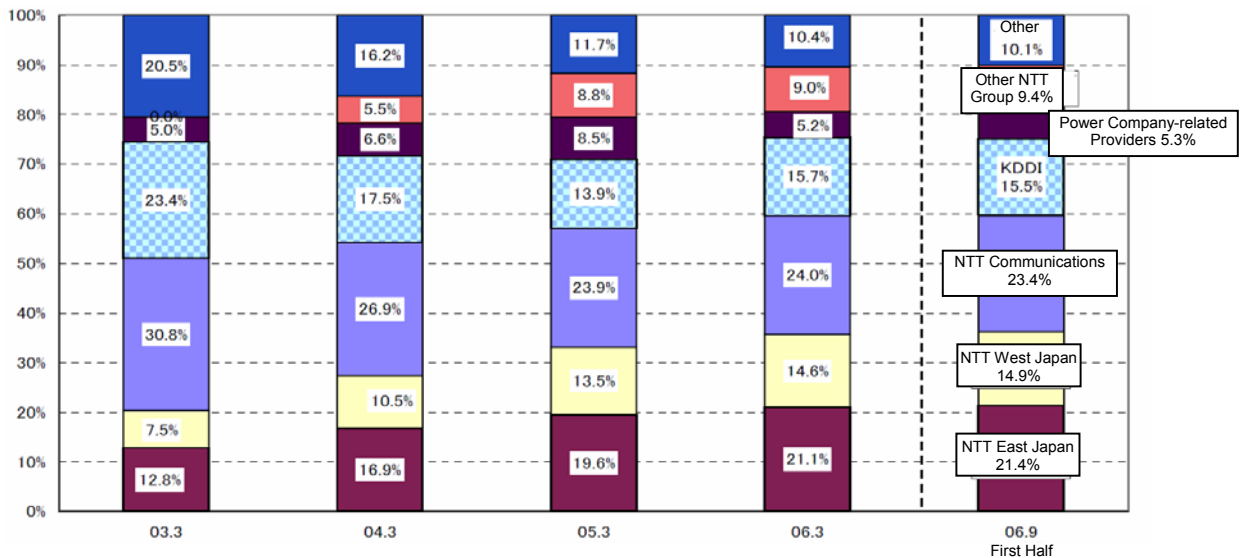
4 Corporate Network Services

- The total number of contracts for new-type WAN services at the end of September 2006 included 6.41 million lines (a 6.8% increase over the previous quarter). Wide-area Ethernet increased by 17,000 (up 10.4% from the previous quarter), and “Mega Data Nets”, etc. increased by 13,000 (up 7.6% from the previous quarter). At the same time IP-VPN increased by 11,000 (up 4.2% from the previous quarter).
- NTT East and West’s share was 36.3% (up 0.6% from the previous quarter), and NTT Communications’ share was 23.4% (up 0.6% from the previous quarter). The NTT Group’s overall share was 69.1% (up 0.4% from the previous quarter, and continuing its upward trend).



Note 1: “New-type WAN Services” includes IP-VPN service, Wide-Area Ethernet service, and “Mega Data Nets”, etc.
 Note 2: The international contract portion for all three services is not included in the total number of contracts.

Shift in Provider-specific Shares of New-type WAN Service Terminal Lines



Legend: ■ NTT East Japan / ■ NTT West Japan / ■ NTT Communications / ■ KDDI (from March 2006 includes the former Poweredcom) / ■ Power Company-related Providers (prior to March 2005 includes the former Poweredcom) / ■ Other NTT Group / ■ Other

Note: Share data for KDDI at the end of March 2006 includes the share data of the former Poweredcom, with which it merged in October 2005.