



3:00 P.M. JST, July 28, 2006  
NTT DoCoMo, Inc.

## Earnings Release for the Three Months Ended June 30, 2006

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Consolidated financial results of NTT DoCoMo, Inc. and its subsidiaries (collectively “we” or “DoCoMo”) for the three months ended June 30, 2006 (April 1, 2006 to June 30, 2006), are summarized as follows.

### << Highlights of Financial Results >>

- For the three months ended June 30, 2006, operating revenues were ¥1,218.6 billion (up 2.7% compared to the same period of the prior year), operating income was ¥272.7 billion (down 5.2% compared to the same period of the prior year), income before income taxes was ¥274.4 billion (down 22.4% compared to the same period of the prior year) and net income was ¥163.5 billion (down 21.3% compared to the same period of the prior year).
- Earnings per share were ¥ 3,684.23 and EBITDA margin\* was 36.5%, down 1.8 points compared to the same period of the prior year.

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Notes:

1. Consolidated financial statements in this release are unaudited.
2. Amounts in this release are rounded off.

\* EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10(e) of Regulation S-K and may not be comparable to similarly titled measures used by other companies. For an explanation of our definition of EBITDA, see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on page 16.

<< Comment from Masao Nakamura, President and CEO >>

In the first quarter of the fiscal year ending March 31, 2007, we achieved solid results in our business operations. Our cellular churn rate was 0.64%, 0.16 points lower compared to the same period of the prior year, and we secured the largest market share of net additional subscribers, owing to the addition of new models to our handset lineup and the brisk growth of “pake-hodai” flat-rate subscribers after making more billing plans available to subscribers earlier this year. We have also moved forward in migrating existing subscribers to the FOMA network, successfully growing the number of FOMA subscribers to more than half of our total cellular subscribers. As a consequence, operating income for the first quarter reached ¥272.7 billion, making a favorable progress toward our full-year forecast.

In view of the scheduled introduction of Mobile Number Portability system this fall, we will continue our endeavors to reinforce our overall competitiveness by improving every aspect of our business, including our billing plans, handsets lineup, network quality and after-sales support. As for the services we offer, following the launch of the “Chaku-Uta Full”, full music track downloading service in June, we plan to start a new service dubbed “Music Channel”—a service that allows users to download music programs of high sound quality—in conjunction with the introduction of High Speed Downlink Packet Access (HSDPA) this summer, in an effort to enrich our music-related offerings. We also plan to respond proactively to users’ growing needs for search engines of information sites.

The subscriber base of “DCMX” credit payment service, commenced in the first quarter, already exceeded 300,000 as of June 30, 2006, delivering tangible results toward our goal to create new revenue sources. The uptake of “i-channel” service has also grown remarkably, acquiring over 4.0 million subscribers in 10 months after its service launch. We aim to boost the usage of subscribers even further by promoting various services such as “i-channel” going forward.

In order to react swiftly to the changes in our business environment, we, as always, will strive to respond earnestly to customers’ voices, strengthen our competitiveness by enhancing existing services and introducing attractive new services, and thereby solidify our business foundation.

<< Operating Results and Financial Position >>

<Results of operations>

	Billions of yen				
	(UNAUDITED) Three months ended June 30, 2006	(UNAUDITED) Three months ended June 30, 2005	Increase (Decrease)		Year ended March 31, 2006
Operating revenues	¥ 1,218.6	¥ 1,187.1	¥ 31.5	2.7%	¥ 4,765.9
Operating expenses	945.8	899.5	46.4	5.2	3,933.2
Operating income	272.7	287.6	(14.9)	(5.2)	832.6
Other income (expense)	1.7	65.8	(64.2)	(97.5)	119.7
Income before income taxes	274.4	353.4	(79.0)	(22.4)	952.3
Income taxes	110.7	144.8	(34.1)	(23.5)	341.4
Equity in net income (losses) of affiliates	(0.1)	(0.8)	0.6	83.3	(0.4)
Minority interests in consolidated subsidiaries	(0.0)	0.0	(0.0)	—	(0.1)
Net income	¥ 163.5	¥ 207.9	¥ (44.3)	(21.3)%	¥ 610.5

## 1. Business Overview

- (1) Operating revenues totaled ¥1,218.6 billion (up 2.7% compared to the same period of the prior year).
- Cellular (FOMA+mova) services revenues increased to ¥1,065.4 billion (up 3.5% compared to the same period of the prior year). Despite the negative impact on revenues from our strategic billing arrangements, the acquisition of new subscribers and lowered churn rate, which resulted from our continued implementation of customer-oriented operations, delivered positive impacts on our operating revenues.
  - Voice revenues from FOMA services increased to ¥409.2 billion (up 78.9% compared to the same period of the prior year) and packet communications revenues from FOMA services increased to ¥215.0 billion (up 83.9% compared to the same period of the prior year) owing to a significant increase in the number of FOMA services subscribers to 26.22 million (up 91.2% compared to the same period of the prior year), which resulted from the release of new handsets such as the “FOMA902i/702i” series, further enhancement of our network quality, and increase in the number of billing plans that can be combined with “pake-hodai”, our flat-rate packet billing plan for unlimited i-mode usage.
  - Equipment sales totaled ¥123.6 billion (down 2.9% compared to the same period of the prior year). While the number of handset sold increased due to steady migration of subscribers from mova to FOMA services, the amount accounted for as sales revenue per handset decreased.

<Breakdown of operating revenues>

	Billions of yen				
	(UNAUDITED) Three months ended June 30, 2006	(UNAUDITED) Three months ended June 30, 2005		Increase (Decrease)	
Wireless services	¥ 1,094.9	¥ 1,059.8	¥ 35.2	3.3%	
Cellular (FOMA+mova) services revenues	1,065.4	1,029.0	36.4	3.5	
- Voice revenues	764.1	761.7	2.4	0.3	
Including: FOMA services	409.2	228.8	180.5	78.9	
- Packet communications revenues	301.4	267.3	34.1	12.7	
Including: FOMA services	215.0	116.9	98.1	83.9	
PHS services revenues	7.0	12.4	(5.5)	(44.0)	
Other revenues	22.5	18.3	4.2	23.1	
Equipment sales	123.6	127.3	(3.7)	(2.9)	
<b>Total operating revenues</b>	<b>¥ 1,218.6</b>	<b>¥ 1,187.1</b>	<b>¥ 31.5</b>	<b>2.7%</b>	

Notes:

- Cellular (FOMA+mova) services revenues reflect the impact of including the portion of “Nikagetsu Kurikoshi” (2-months carry over) allowances that are projected to expire.
- Voice revenues include data communications revenues through circuit switching system.

- (2) Operating expenses were ¥945.8 billion (up 5.2% compared to the same period of the prior year).
- Personnel expenses were ¥62.9 billion (up 1.4% compared to the same period of the prior year). The number of employees as of June 30, 2006 was 22,217.
  - Non-personnel expenses increased to ¥609.3 billion (up 7.6% compared to the same period of the prior year) mainly due to an increase in cost of equipment sold, reflecting the increased number of handsets sold, and an increase in our after-sales service expenses, such as provision of free-of-charge battery packs and warranty services for handsets.
  - Depreciation and amortization increased by 2.3% to ¥169.3 billion compared to the same period of the prior year due to an increase in capital expenditures for reinforcement of our FOMA network.

&lt;Breakdown of operating expenses&gt;

	Billions of yen				
	(UNAUDITED) Three months ended June 30, 2006		(UNAUDITED) Three months ended June 30, 2005		Increase (Decrease)
Personnel expenses	¥	62.9	¥	62.0	¥ 0.9 1.4%
Non-personnel expenses		609.3		566.2	43.1 7.6
Depreciation and amortization		169.3		165.5	3.8 2.3
Loss on disposal of property, plant and equipment and intangible assets		4.3		2.8	1.5 52.2
Communication network charges		90.7		93.7	(3.0) (3.2)
Taxes and public dues		9.3		9.2	0.1 1.2
<b>Total operating expenses</b>	<b>¥</b>	<b>945.8</b>	<b>¥</b>	<b>899.5</b>	<b>¥ 46.4 5.2%</b>

Notes:

For the period starting from April 1, 2006, the amount of impairment loss related to PHS assets, which was separately stated in the past, is included in "Depreciation and amortization". As the result thereof, certain reclassifications are made to the operating results for the three months ended June 30, 2005.

(3) Operating income decreased to ¥272.7 billion (down 5.2% compared to the same period of the prior year). Income before income taxes decreased to ¥274.4 billion (down 22.4% compared to the same period of the prior year), due to the impact of a gain on sale of Hutchison 3G UK Holdings Limited shares (¥62.0 billion) recorded in the same period of the prior year.

(4) Net income was ¥163.5 billion (down 21.3% compared to the same period of the prior year).

## 2. Segment Information

### (1) Mobile phone business

Operating revenues were ¥1,202.5 billion and operating income was ¥278.9 billion.

- Cellular (FOMA) services

- Beginning in May 2006, we released our high-end models, the "FOMA 902iS" series handsets, all of which are equipped with a pre-installed application software for our "DCMX" mobile credit service, enhanced security and music player function. We also launched optional services to the compatible handsets including; "Data Security Services" which enable subscribers to store their phonebook list on DoCoMo's network, "Omakase Lock" which enables users to lock their lost handsets by remote control through our call center or website, "Chaku-moji" which enables a caller to transmit a message that is displayed on the receiver's screen until the call is answered, and "Chaku-Uta Full" which enables users to download full music tracks from i-mode sites. In June 2006, we also released the "FOMA SO902iWP+", the first waterproof handset for FOMA. In May 2006, we released our standard model the "FOMA SO702i", which is a compact handset with changeable front and rear covers. In June we released the "FOMA D702iBCL", a camera-less handset for corporate users. Beginning in April 2006, we released a simple and compact handset series called "SIMPURE", which are equipped with basic features and compatible with our international roaming-out service "WORLD WING". The number of FOMA services subscribers increased steadily and reached 26.22 million as of June 30, 2006.

- Voice ARPU, packet ARPU and aggregate ARPU of cellular (FOMA) services were ¥5,420, ¥2,880 and ¥8,300, respectively.

- Cellular (mova) services

- In April 2006, we released the "mova P506iC II" which is compatible with "Osaifu-Keitai"\*. Due to continuous progress in the migration of subscribers from mova services to FOMA services, the number of mova subscribers decreased to 25.46 million as of June 30, 2006.

- Voice ARPU, i-mode ARPU and aggregate ARPU of cellular (mova) services were ¥4,460, ¥1,080 and ¥5,540, respectively.

\* "Osai-fu-Keitai" refers to mobile phones equipped with a contactless IC card, as well as the useful function and services enabled by the IC card. With this function, a mobile phone can be utilized as electronic money, a credit card, an electronic ticket, a membership card, an airline ticket, among other things.

- The aggregate number of FOMA and mova services subscribers increased to 51.67 million. In June 2006, FOMA service surpassed mova service in the number of subscribers.
  - Voice ARPU, packet ARPU and aggregate ARPU of cellular (FOMA+mova) services were ¥4,930, ¥1,970 and ¥6,900, respectively.
  - Churn rate for cellular (FOMA+mova) services for the three months ended June 30, 2006 was 0.64%, a decrease of 0.16 points compared to the same period of the prior year.
- i-mode services
    - The number of subscribers using i-mode-FeliCa compatible handsets reached approximately 13.80 million as of June 30, 2006. The total number of i-mode services subscribers reached 46.82 million as of June 30, 2006.
    - As for the global development, in June 2006, we agreed with Hutchison Telephone Company Limited (HTCL), a mobile operator in Hong Kong, that HTCL will introduce i-mode services in Hong Kong and Macau. The i-mode services are rolled out in 15 countries and areas including Japan as of June 30, 2006, and the number of i-mode services subscribers of all foreign carriers increased steadily.
  - International services
    - In June 2006, we lowered our tariffs and handset rental fees for "WORLD WALKER", our international roaming-out service for mova users, and integrated the service brand name to "WORLD WING", the service brand name for our international roaming-out service for FOMA users. As of June 30, 2006, we expanded the service area of international roaming-out services for voice calls and SMS to 136 countries and areas; for packet communications to 77 countries and areas; and for videophone calls to 25 countries and areas.

Note:

ARPU: Average monthly revenue per unit

Average monthly revenue per unit, or ARPU, is used to measure average monthly operating revenues attributable to designated services on a per user basis. ARPU is calculated by dividing various revenue items included in operating revenues from our wireless services, such as monthly charges, voice transmission charges and packet transmission charges, from designated services which are incurred consistently each month, by number of active subscribers to the relevant services. Accordingly, the calculation of ARPU excludes revenues that are not representative of monthly average usage such as activation fees. We believe that our ARPU figures provide useful information to analyze the average usage of our subscribers and the impacts of changes in our billing arrangements. The revenue items included in the numerators of our ARPU figures are based on our U.S. GAAP results of operations. This definition applies to all ARPU figures hereinafter. See page 15 for the details of the calculation methods.

<Number of subscribers by services>	Thousand subscribers			
	June 30, 2006	March 31, 2006	Increase (Decrease)	
Cellular (FOMA) services	26,217	23,463	2,753	11.7%
Cellular (mova) services	25,456	27,680	(2,225)	(8.0)
i-mode services	46,823	46,360	463	1.0

Note:

Number of i-mode subscribers as of June 30, 2006 = Cellular (FOMA) i-mode subscribers (25,511 thousand) +  
Cellular (mova) i-mode subscribers (21,312 thousand)  
Number of i-mode subscribers as of March 31, 2006 = Cellular (FOMA) i-mode subscribers (22,914 thousand) +  
Cellular (mova) i-mode subscribers (23,446 thousand)

<Operating results>	Billions of yen			
	(UNAUDITED) Three months ended June 30, 2006	(UNAUDITED) Three months ended June 30, 2005	Increase (Decrease)	
Mobile phone business operating revenues	¥ 1,202.5	¥ 1,166.3	¥ 36.2	3.1%
Mobile phone business operating income	278.9	288.9	(10.0)	(3.5)

## (2) PHS business

Operating revenues were ¥7.1 billion and operating loss was ¥2.3 billion.

- In January 2006, we decided to terminate our PHS services during the three months ending December 31, 2007. We are continuously engaged in the campaign for migration of current PHS subscribers to FOMA services.
- PHS ARPU was ¥3,170.

Note:

See page 15 for the details of the ARPU calculation methods.

<Number of subscribers>	Thousand subscribers		
	June 30, 2006	March 31, 2006	Increase (Decrease)
PHS services	679	771	(92) (11.9)%

  

<Operating results>	Billions of yen		
	(UNAUDITED) Three months ended June 30, 2006	(UNAUDITED) Three months ended June 30, 2005	Increase (Decrease)
PHS business operating revenues	¥ 7.1	¥ 12.9	¥ (5.9) (45.4)%
PHS business operating income (loss)	(2.3)	(0.9)	(1.4) (162.8)

## (3) Miscellaneous businesses

Operating revenues were ¥9.0 billion and operating loss was ¥3.9 billion.

- In order to further promote convenience of our “Osaifu-Keitai” handsets, we launched “DCMX” consumer credit services via the “iD” platform, which we established for mobile credit transactions. In April 2006, we first launched “DCMX mini”, which offers a monthly credit line of ¥10,000 with simple application procedures on i-mode. In May 2006, we launched “DCMX”, which allows users a higher credit line. With “DCMX” service, members can earn “DoCoMo points” based on their credit usage and apply for revolving or installment payment. The number of “DCMX” and “DCMX mini” members surpassed 300,000 as of June 30, 2006. We will continue to increase the number of shops and other sites equipped with “iD” compatible readers/writers.
- In our public wireless LAN service, the number of our domestic hot spots increased to 1,284 as of June 30, 2006.
- In April 2005, we decided to terminate Quickcast services on March 31, 2007.

<Operating results>	Billions of yen		
	(UNAUDITED) Three months ended June 30, 2006	(UNAUDITED) Three months ended June 30, 2005	Increase (Decrease)
Miscellaneous businesses operating revenues	¥ 9.0	¥ 7.9	¥ 1.1 14.4%
Miscellaneous businesses operating income (loss)	(3.9)	(0.4)	(3.5) (793.6)

### 3. Capital Expenditures

Total capital expenditures were ¥214.7 billion.

- For reinforcement of our competitiveness prior to the introduction of the Mobile Number Portability, we expanded the coverage areas of FOMA services, improved network quality, and reinforced our FOMA network to meet the increase in traffic demand. We also continued our efforts to make capital expenditures more efficient and less costly by saving on equipment purchase costs and improving our design and construction process. Total capital expenditures during the three months ended June 30, 2006 increased by 1.9% compared to the same period of the prior year.

<Breakdown of capital expenditures>	Billions of yen			
	<b>(UNAUDITED)</b>		<b>(UNAUDITED)</b>	
	<b>Three months ended June 30, 2006</b>	Three months ended June 30, 2005	Increase (Decrease)	
Mobile phone business	¥ 187.3	¥ 185.5	¥ 1.9	1.0%
PHS business	0.2	0.2	(0.0)	(7.0)
Other (including information systems)	27.1	25.0	2.1	8.3
Total capital expenditures	¥ 214.7	¥ 210.7	¥ 4.0	1.9%

#### 4. Cash Flow Conditions

- Net cash provided by operating activities was ¥98.4 billion (down 69.9% compared to the same period of the prior year). Net cash provided by operating activities decreased mainly owing to an increase in the payment of income taxes to ¥218.6 billion from ¥56.2 billion in the same period of the prior year, when deferred tax assets from the impairment of our investment in AT&T Wireless Services, Inc. were realized.
- Net cash used in investing activities was ¥264.6 billion (up 87.4% compared to the same period of the prior year). Net cash used in investing activities increased mainly due to increases in acquisitions of property, plant and equipment and non-current investments, and decreases in inflow of cash from sales of non-current investments and net-inflow of cash from investments with original maturities of longer than 3 months for cash management purpose.
- Net cash used in financing activities was ¥282.4 billion (up 314.7% compared to the same period of the prior year). Net cash used in financing activities increased mainly due to increases in repayments of outstanding debt, repurchasing of our own stock, and payment of dividend. We repurchased ¥50.0 billion of our own stock in the stock market during the three months ended June 30, 2006.
- Free cash flows were negative ¥166.2 billion. Free cash flows excluding changes in investments for cash management purpose were negative ¥165.9 billion.

<Statements of cash flows>	Billions of yen			
	<b>(UNAUDITED)</b>		<b>(UNAUDITED)</b>	
	<b>Three months ended June 30, 2006</b>	Three months ended June 30, 2005	Increase (Decrease)	
Net cash provided by operating activities	¥ 98.4	¥ 326.3	¥ (228.0)	(69.9)%
Net cash used in investing activities	(264.6)	(141.2)	(123.4)	(87.4)
Net cash used in financing activities	(282.4)	(68.1)	(214.3)	(314.7)
Free cash flows	(166.2)	185.2	(351.4)	—
Free cash flows excluding changes in investments for cash management purpose *	(165.9)	135.2	(301.0)	—

  

<Financial measures>	Billions of yen			
	<b>(UNAUDITED)</b>		<b>(UNAUDITED)</b>	
	<b>Three months ended June 30, 2006</b>	Three months ended June 30, 2005	Increase (Decrease)	
Equity ratio	67.5%	64.9%	2.6 points	
Debt ratio	13.8	19.0	(5.2)	

Notes:

- Free cash flows = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities
- Changes in investments for cash management purpose = Changes by purchase, redemption and disposal of financial instruments with original maturities of longer than 3 months for cash management purpose
- Equity ratio = Shareholders' equity / Total assets
- Debt ratio = Interest bearing liabilities / (Shareholders' equity + Interest bearing liabilities)

\* See the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on page 16.

The names of companies, products and services shown in this Earnings Release are registered trade marks or trade marks of the respective related companies.

# Consolidated Financial Statements

For the Three Months Ended June 30, 2006

July 28, 2006  
[U.S. GAAP]



Name of registrant: **NTT DoCoMo, Inc.**  
 Code No.: 9437  
 Stock exchange on which the Company's shares are listed: Tokyo Stock Exchange-First Section  
 (URL <http://www.nttdocomo.co.jp/>)  
 Representative: Masao Nakamura, Representative Director, President and Chief Executive Officer  
 Contact: Masahiko Yamada, Senior Manager, General Affairs Department / TEL +81-3-5156-1111

## 1. Notes Related to the Preparation of the Consolidated Financial Statements

- (1) Adoption of simplified accounting methods: No  
 (2) Difference in the method of accounting recognition from the most recent fiscal year: No  
 (3) Change of reporting entities  
 Number of consolidated companies added: 1                      Number of consolidated companies removed: 0  
 Number of companies on equity method added: 0                      Number of companies on equity method removed: 0

## 2. Consolidated Financial Results for the Three Months Ended June 30, 2006 (April 1, 2006 - June 30, 2006)

### (1) Consolidated Results of Operations

Amounts are rounded off to the nearest 1 million yen.

(Millions of yen, except per share amounts)

	Operating Revenues		Operating Income		Income before Income Taxes		Net Income	
Three months ended June 30, 2006	1,218,560	2.7%	272,727	(5.2)%	274,383	(22.4)%	163,512	(21.3)%
Three months ended June 30, 2005	1,187,082	(2.8)%	287,614	4.0%	353,426	27.6%	207,860	22.0%
Year ended March 31, 2006	4,765,872		832,639		952,303		610,481	

	Basic Earnings per Share	Diluted Earnings per Share
Three months ended June 30, 2006	3,684.23 (yen)	3,684.23 (yen)
Three months ended June 30, 2005	4,495.01 (yen)	4,495.01 (yen)
Year ended March 31, 2006	13,491.28 (yen)	13,491.28 (yen)

Notes: 1. The weighted average number of shares outstanding: For the three months ended June 30, 2006: 44,381,601 shares  
 For the three months ended June 30, 2005: 46,242,384 shares  
 For the fiscal year ended March 31, 2006: 45,250,031 shares

2. Percentage for operating revenues, operating income, income before income taxes and net income in the above tables represents changes compared to the corresponding previous period.

### (2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Shareholders' Equity	Equity Ratio (Ratio of Shareholders' Equity to Total Assets)	Shareholders' Equity per Share
June 30, 2006	6,022,271	4,065,546	67.5%	91,999.59(yen)
June 30, 2005	6,212,590	4,029,498	64.9%	87,275.57(yen)
March 31, 2006	6,365,257	4,052,017	63.7%	91,109.33(yen)

Note: The number of shares outstanding as of June 30, 2006 and 2005, and March 31, 2006 were 44,190,915, 46,169,825 and 44,474,227, respectively.

### (3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Three months ended June 30, 2006	98,381	(264,584)	(282,441)	391,992
Three months ended June 30, 2005	326,334	(141,159)	(68,100)	890,676
Year ended March 31, 2006	1,610,941	(951,077)	(590,621)	840,724

## 3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2007 (April 1, 2006 - March 31, 2007)

(Millions of yen)

	Operating Revenues	Income before Income Taxes	Net Income
Year ending March 31, 2007	4,838,000	815,000	488,000

(Reference) Expected Earnings per Share: 10,972.65 yen

- Notes: 1. There has been no change in our forecasts for the fiscal year ending March 31, 2007 since we announced the forecasts on April 28, 2006.  
 2. With regard to the above forecasts, please refer to page 17.

\* Consolidated financial statements are unaudited.



## &lt;&lt; Consolidated Financial Statements &gt;&gt;

## 1. Consolidated Balance Sheets

	Millions of yen				
	(UNAUDITED) June 30, 2006	(UNAUDITED) June 30, 2005	Increase (Decrease)		March 31, 2006
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	¥ 391,992	¥ 890,676	¥ (498,684)	(56.0)%	¥ 840,724
Short-term investments	151,747	150,017	1,730	1.2	51,237
Accounts receivable	612,228	613,723	(1,495)	(0.2)	609,837
Allowance for doubtful accounts	(14,258)	(16,279)	2,021	12.4	(14,740)
Inventories	252,098	167,874	84,224	50.2	229,523
Deferred tax assets	95,773	97,641	(1,868)	(1.9)	111,795
Income taxes receivable	20,189	92,869	(72,680)	(78.3)	-
Prepaid expenses and other current assets	128,636	156,538	(27,902)	(17.8)	98,382
Total current assets	1,638,405	2,153,059	(514,654)	(23.9)	1,926,758
<b>Property, plant and equipment:</b>					
Wireless telecommunications equipment	4,824,010	4,473,715	350,295	7.8	4,743,136
Buildings and structures	744,284	701,240	43,044	6.1	736,660
Tools, furniture and fixtures	616,688	592,854	23,834	4.0	610,759
Land	198,128	196,361	1,767	0.9	197,896
Construction in progress	174,381	167,804	6,577	3.9	134,240
Accumulated depreciation and amortization	(3,743,584)	(3,410,284)	(333,300)	(9.8)	(3,645,237)
Total property, plant and equipment, net	2,813,907	2,721,690	92,217	3.4	2,777,454
<b>Non-current investments and other assets:</b>					
Investments in affiliates	177,207	41,084	136,123	331.3	174,121
Marketable securities and other investments	300,150	226,082	74,068	32.8	357,824
Intangible assets, net	550,412	539,270	11,142	2.1	546,304
Goodwill	141,055	140,176	879	0.6	141,094
Other assets	214,129	217,218	(3,089)	(1.4)	264,982
Deferred tax assets	187,006	174,011	12,995	7.5	176,720
Total non-current investments and other assets	1,569,959	1,337,841	232,118	17.4	1,661,045
<b>Total assets</b>	<b>¥ 6,022,271</b>	<b>¥ 6,212,590</b>	<b>¥ (190,319)</b>	<b>(3.1)%</b>	<b>¥ 6,365,257</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities:</b>					
Current portion of long-term debt	¥ 149,607	¥ 288,794	¥ (139,187)	(48.2)%	¥ 193,723
Short-term borrowings	160	-	160	-	152
Accounts payable, trade	715,526	651,060	64,466	9.9	808,136
Accrued payroll	28,053	27,060	993	3.7	41,799
Accrued interest	1,044	1,637	(593)	(36.2)	1,264
Accrued income taxes	69,747	71,633	(1,886)	(2.6)	168,587
Other current liabilities	141,599	159,964	(18,365)	(11.5)	154,638
Total current liabilities	1,105,736	1,200,148	(94,412)	(7.9)	1,368,299
<b>Long-term liabilities:</b>					
Long-term debt (exclusive of current portion)	500,300	657,978	(157,678)	(24.0)	598,530
Liability for employees' retirement benefits	137,344	140,911	(3,567)	(2.5)	135,511
Other long-term liabilities	212,218	183,111	29,107	15.9	209,780
Total long-term liabilities	849,862	982,000	(132,138)	(13.5)	943,821
<b>Total liabilities</b>	<b>1,955,598</b>	<b>2,182,148</b>	<b>(226,550)</b>	<b>(10.4)</b>	<b>2,312,120</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>1,127</b>	<b>944</b>	<b>183</b>	<b>19.4</b>	<b>1,120</b>
<b>Shareholders' equity:</b>					
Common stock	949,680	949,680	-	-	949,680
Additional paid-in capital	1,311,013	1,311,013	-	-	1,311,013
Retained earnings	2,287,302	2,261,994	25,308	1.1	2,212,739
Accumulated other comprehensive income	15,745	34,504	(18,759)	(54.4)	26,781
Treasury stock, at cost	(498,194)	(527,693)	29,499	5.6	(448,196)
<b>Total shareholders' equity</b>	<b>4,065,546</b>	<b>4,029,498</b>	<b>36,048</b>	<b>0.9</b>	<b>4,052,017</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 6,022,271</b>	<b>¥ 6,212,590</b>	<b>¥ (190,319)</b>	<b>(3.1)%</b>	<b>¥ 6,365,257</b>

## 2. Consolidated Statements of Income and Comprehensive Income

	Millions of yen				
	(UNAUDITED) Three months ended June 30, 2006	(UNAUDITED) Three months ended June 30, 2005	Increase (Decrease)		Year ended March 31, 2006
<b>Operating revenues:</b>					
Wireless services	¥ 1,094,933	¥ 1,059,768	¥ 35,165	3.3%	¥ 4,295,856
Equipment sales	123,627	127,314	(3,687)	(2.9)	470,016
Total operating revenues	1,218,560	1,187,082	31,478	2.7	4,765,872
<b>Operating expenses:</b>					
Cost of services (exclusive of items shown separately below)	170,022	166,179	3,843	2.3	746,099
Cost of equipment sold (exclusive of items shown separately below)	300,667	264,471	36,196	13.7	1,113,464
Depreciation and amortization	169,288	165,484	3,804	2.3	738,137
Selling, general and administrative	305,856	303,334	2,522	0.8	1,335,533
Total operating expenses	945,833	899,468	46,365	5.2	3,933,233
<b>Operating income</b>	<b>272,727</b>	<b>287,614</b>	<b>(14,887)</b>	<b>(5.2)</b>	<b>832,639</b>
<b>Other income (expense):</b>					
Interest expense	(1,438)	(2,203)	765	34.7	(8,420)
Interest income	267	2,339	(2,072)	(88.6)	4,659
Gain on sale of affiliate shares	—	61,962	(61,962)	(100.0)	61,962
Gain on sale of other investments	3	—	3	—	40,088
Other, net	2,824	3,714	(890)	(24.0)	21,375
Total other income (expense)	1,656	65,812	(64,156)	(97.5)	119,664
<b>Income before income taxes</b>	<b>274,383</b>	<b>353,426</b>	<b>(79,043)</b>	<b>(22.4)</b>	<b>952,303</b>
<b>Income taxes</b>	<b>110,736</b>	<b>144,820</b>	<b>(34,084)</b>	<b>(23.5)</b>	<b>341,382</b>
<b>Equity in net income (losses) of affiliates</b>	<b>(126)</b>	<b>(754)</b>	<b>628</b>	<b>83.3</b>	<b>(364)</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>(9)</b>	<b>8</b>	<b>(17)</b>	<b>—</b>	<b>(76)</b>
<b>Net income</b>	<b>¥ 163,512</b>	<b>¥ 207,860</b>	<b>¥ (44,348)</b>	<b>(21.3)%</b>	<b>¥ 610,481</b>
<b>Other comprehensive income (loss):</b>					
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	(10,852)	(2,312)	(8,540)	(369.4)	7,662
Net revaluation of financial instruments, net of applicable taxes	(98)	192	(290)	—	121
Foreign currency translation adjustment, net of applicable taxes	(205)	(21,055)	20,850	99.0	(42,597)
Minimum pension liability adjustment, net of applicable taxes	119	70	49	70.0	3,986
<b>Comprehensive income</b>	<b>¥ 152,476</b>	<b>¥ 184,755</b>	<b>¥ (32,279)</b>	<b>(17.5)%</b>	<b>¥ 579,653</b>
<b>PER SHARE DATA</b>					
Weighted average common shares outstanding					
— basic and diluted (shares)	44,381,601	46,242,384	(1,860,783)	(4.0)	45,250,031
Basic and diluted earnings per share (Yen)	¥ 3,684.23	¥ 4,495.01	¥ (810.78)	(18.0)%	¥ 13,491.28

### 3. Consolidated Statements of Shareholders' Equity

	Millions of yen				
	(UNAUDITED) Three months ended June 30, 2006	(UNAUDITED) Three months ended June 30, 2005	Increase (Decrease)		Year ended March 31, 2006
<b>Common stock:</b>					
At beginning of period	¥ 949,680	¥ 949,680	¥ —	—%	¥ 949,680
At end of period	949,680	949,680	—	—	949,680
<b>Additional paid-in capital:</b>					
At beginning of period	1,311,013	1,311,013	—	—	1,311,013
At end of period	1,311,013	1,311,013	—	—	1,311,013
<b>Retained earnings:</b>					
At beginning of period	2,212,739	2,100,407	112,332	5.3	2,100,407
Cash dividends	(88,949)	(46,273)	(42,676)	(92.2)	(135,490)
Retirement of treasury stock	—	—	—	—	(362,659)
Net income	163,512	207,860	(44,348)	(21.3)	610,481
At end of period	2,287,302	2,261,994	25,308	1.1	2,212,739
<b>Accumulated other comprehensive income:</b>					
At beginning of period	26,781	57,609	(30,828)	(53.5)	57,609
Unrealized holding gains (losses) on available-for-sale securities	(10,852)	(2,312)	(8,540)	(369.4)	7,662
Net revaluation of financial instruments	(98)	192	(290)	—	121
Foreign currency translation adjustment	(205)	(21,055)	20,850	99.0	(42,597)
Minimum pension liability adjustment	119	70	49	70.0	3,986
At end of period	15,745	34,504	(18,759)	(54.4)	26,781
<b>Treasury stock, at cost:</b>					
At beginning of period	(448,196)	(510,777)	62,581	12.3	(510,777)
Purchase of treasury stock	(49,998)	(16,916)	(33,082)	(195.6)	(300,078)
Retirement of treasury stock	—	—	—	—	362,659
At end of period	(498,194)	(527,693)	29,499	5.6	(448,196)
<b>Total shareholders' equity</b>	<b>¥ 4,065,546</b>	<b>¥ 4,029,498</b>	<b>¥36,048</b>	<b>0.9%</b>	<b>¥ 4,052,017</b>

#### 4. Consolidated Statements of Cash Flows

	Millions of yen		
	(UNAUDITED) Three months ended June 30, 2006	(UNAUDITED) Three months ended June 30, 2005	Year ended March 31, 2006
<b>I Cash flows from operating activities:</b>			
1. Net income	¥ 163,512	¥ 207,860	¥ 610,481
2. Adjustments to reconcile net income to net cash provided by operating activities--			
(1) Depreciation and amortization	169,288	165,484	738,137
(2) Deferred taxes	12,253	73,707	49,101
(3) Loss on sale or disposal of property, plant and equipment	2,981	1,868	36,000
(4) Gain on sale of affiliate shares	—	(61,962)	(61,962)
(5) Gain on sale of other investments	(3)	—	(40,088)
(6) Expense associated with sale of other investments	—	—	14,062
(7) Equity in net losses (income) of affiliates	(189)	810	(1,289)
(8) Minority interests in consolidated subsidiaries	9	(8)	76
(9) Changes in assets and liabilities:			
(Increase) decrease in accounts receivable, trade	(2,391)	16,150	21,345
Decrease in allowance for doubtful accounts	(482)	(1,197)	(3,623)
Increase in inventories	(22,575)	(11,448)	(73,094)
(Increase) decrease in income taxes receivable	(20,189)	—	92,869
(Increase) decrease in prepaid expenses and other current assets	(30,242)	(42,125)	16,323
(Decrease) increase in accounts payable, trade	(58,341)	(53,023)	45,108
(Decrease) increase in accrued income taxes	(98,840)	14,190	111,141
(Decrease) increase in other current liabilities	(13,039)	23,076	17,641
Increase (decrease) in liability for employees' retirement benefits	1,833	2,237	(3,378)
Increase in other long-term liabilities	4,419	682	24,725
Other, net	(9,623)	(9,967)	17,366
Net cash provided by operating activities	98,381	326,334	1,610,941
<b>II Cash flows from investing activities:</b>			
1. Purchases of property, plant and equipment	(185,941)	(166,682)	(638,590)
2. Purchases of intangible and other assets	(63,391)	(49,133)	(195,277)
3. Purchases of non-current investments	(15,017)	(41)	(292,556)
4. Proceeds from sale of non-current investments	36	23,870	25,142
5. Purchases of short-term investments	(762)	—	(252,474)
6. Redemption of short-term investments	411	100,000	501,433
7. Collection of loan advances	—	228	229
8. Long-term bailment for consumption to a related party	—	(50,000)	(100,000)
9. Other, net	80	599	1,016
Net cash used in investing activities	(264,584)	(141,159)	(951,077)
<b>III Cash flows from financing activities:</b>			
1. Repayment of long-term debt	(142,316)	(3,826)	(150,304)
2. Proceeds from short-term borrowings	160	19,500	27,002
3. Repayment of short-term borrowings	(152)	(19,500)	(27,010)
4. Principal payments under capital lease obligations	(1,185)	(1,084)	(4,740)
5. Payments to acquire treasury stock	(49,998)	(16,916)	(300,078)
6. Dividends paid	(88,949)	(46,273)	(135,490)
7. Other, net	(1)	(1)	(1)
Net cash used in financing activities	(282,441)	(68,100)	(590,621)
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	(88)	3,649	1,529
<b>V Net increase (decrease) in cash and cash equivalents</b>	(448,732)	120,724	70,772
<b>VI Cash and cash equivalents at beginning of period</b>	840,724	769,952	769,952
<b>VII Cash and cash equivalents at end of period</b>	¥ 391,992	¥ 890,676	¥ 840,724
<b>Supplemental disclosures of cash flow information:</b>			
<b>Cash received during the year for</b>			
Income taxes	¥ 5	¥ 1	¥ 93,103
<b>Cash paid during the period for:</b>			
Interest	1,659	2,076	8,666
Income taxes	218,557	56,223	182,914
<b>Non-cash investing and financing activities:</b>			
Retirement of treasury stock	—	—	362,659

## Notes to Unaudited Consolidated Financial Statements

The accompanying unaudited consolidated financial statements of NTT DoCoMo, Inc. and its subsidiaries (collectively "DoCoMo") has been prepared in accordance with accounting principles generally accepted in the United States of America.

The followings are explanations regarding the adoption of new accounting standards in the three months ended June 30, 2006 and the summary of revenue recognition.

### 1. Adoption of new accounting standards

#### Inventory Pricing

Effective April 1, 2006, DoCoMo adopted Statement of Financial Accounting Standards ("SFAS") No. 151, "Inventory Costs -an amendment of Accounting Research Bulletin ("ARB") No. 43, Chapter 4" issued by the Financial Accounting Standards Board ("FASB"). SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing", to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). ARB No. 43, Chapter 4 previously stated that such costs might be so abnormal as to require treatment as current period charges. SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal". In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The adoption of SFAS No. 151 did not have any impact on DoCoMo's results of operations and financial position.

#### Exchanges of Non-monetary Assets

Effective April 1, 2006, DoCoMo adopted SFAS No. 153, "Exchanges of Non-monetary Assets -an amendment of Accounting Principles Board ("APB") Opinion No. 29" issued by the FASB. The amendment eliminates the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. The adoption of SFAS No. 153 did not have any impact on DoCoMo's results of operations and financial position.

#### Accounting Changes and Error Corrections

Effective April 1, 2006, DoCoMo adopted SFAS No. 154, "Accounting Changes and Error Corrections -a replacement of APB Opinion No.20 and the FASB statement No.3" issued by the FASB. SFAS No. 154 replaces APB Opinion No. 20 ("APB No. 20"), "Accounting Changes", and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements", and changes the requirements for the accounting for and reporting of a change in accounting principle. APB No. 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS No. 154 requires retrospective application to prior periods' financial statements of changes in accounting principle. The adoption of SFAS No. 154 did not have any impact on DoCoMo's results of operations and financial position. DoCoMo will continue to apply the requirements of SFAS No. 154 to any future accounting changes and error corrections.

### 2. Summary of revenue recognition

Base monthly service charges and airtime charges are recognized as revenues as service is provided to the subscribers. DoCoMo's monthly rate plans for cellular (FOMA and mova) services generally include a certain amount of allowances (free minutes and/or packets), and the used amount of the allowances is subtracted from total usage in calculating the airtime revenue from a subscriber for the month. Prior to November 2003, the total amount of the base monthly charges was recognized as revenues in the month they were charged as the subscribers could not carry over the unused allowances to the following months. In November 2003, DoCoMo introduced a billing arrangement, called "Nikagetsu Kurikoshi" (two-month carry over), in which the unused allowances are automatically carried over up to the following two months. In addition, DoCoMo introduced an arrangement which enables the unused allowances offered in and after December 2004 that have been carried over for two months to be automatically used to cover the airtime and/or packet fees exceeding the allowances of the other lines in the "Family Discount" group, a discount billing arrangement for families with between two and ten DoCoMo subscriptions. Until the year ended March 31, 2006, DoCoMo had deferred revenues based on the portion of all unused allowances at the end of the period. The deferred revenues are recognized as revenues as

the subscribers make calls or data communications, similar to the way airtime revenues are recognized, or as the allowance expires. As DoCoMo developed sufficient empirical evidence to reasonably estimate the portion of allowance that will be forfeited as unused, DoCoMo started to recognize the revenue attributable to such forfeited allowances ratably as the remaining allowances are utilized, effective April 1, 2006. The effect of this accounting change was not material for DoCoMo's results of operations and financial position.

Certain commissions paid to purchasers (primarily agent resellers) are recognized as a reduction of revenue upon delivery of the equipment to the purchasers (primarily agent resellers) in accordance with Emerging Issues Task Force Issue No. 01-09, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)".

Non-recurring upfront fees such as activation fees are deferred and recognized as revenues over the estimated average period of the customer relationship for each service. The related direct costs are deferred only to the extent of the upfront fee amount and are amortized over the same period.

## Operation Data for 1st Quarter of FY2006

Full-year forecasts:  
As announced at Apr. 28,

			【Ref.】 Fiscal 2005 (Ended Mar. 31, 2006) Full-year results	【Ref.】 First Quarter (Apr.-Jun.2005) Results	Fiscal 2006 First Quarter (Apr.-Jun.2006) Results	【Ref.】 Fiscal 2006 (Ending Mar. 31, 2007) Full-year forecasts
<b>Cellular</b>						
Subscribers	thousands		51,144	49,430	<b>51,672</b>	52,900
FOMA	thousands		23,463	13,710	<b>26,217</b>	35,000
mova	thousands		27,680	35,719	<b>25,456</b>	17,900
Market share (1) (2)	%		55.7	56.1	<b>55.6</b>	-
Net increase from previous period (2)	thousands		2,319	605	<b>529</b>	1,756
FOMA (2)	thousands		11,963	2,210	<b>2,753</b>	11,537
mova (2)	thousands		-9,644	-1,605	<b>-2,225</b>	-9,780
Aggregate ARPU (FOMA+mova) (3)	yen/month/contract		6,910	6,940	<b>6,900</b>	6,690
Voice ARPU (4)	yen/month/contract		5,030	5,120	<b>4,930</b>	4,760
Packet ARPU	yen/month/contract		1,880	1,820	<b>1,970</b>	1,930
i-mode ARPU	yen/month/contract		1,870	1,810	<b>1,950</b>	1,910
ARPU generated purely from i-mode (FOMA+mova) (3)	yen/month/contract		2,040	1,990	<b>2,120</b>	2,070
Aggregate ARPU (FOMA) (3)	yen/month/contract		8,700	9,090	<b>8,300</b>	7,790
Voice ARPU (4)	yen/month/contract		5,680	5,990	<b>5,420</b>	5,090
Packet ARPU	yen/month/contract		3,020	3,100	<b>2,880</b>	2,700
i-mode ARPU	yen/month/contract		2,980	3,070	<b>2,840</b>	2,660
ARPU generated purely from i-mode (FOMA) (3)	yen/month/contract		3,040	3,110	<b>2,910</b>	2,740
Aggregate ARPU (mova) (3)	yen/month/contract		5,970	6,190	<b>5,540</b>	5,240
Voice ARPU (4)	yen/month/contract		4,680	4,820	<b>4,460</b>	4,320
i-mode ARPU	yen/month/contract		1,290	1,370	<b>1,080</b>	920
ARPU generated purely from i-mode (mova) (3)	yen/month/contract		1,460	1,550	<b>1,260</b>	1,080
MOU (FOMA+mova) (3) (5)	minute/month/contract		149	149	<b>145</b>	-
MOU (FOMA) (3) (5)	minute/month/contract		202	214	<b>181</b>	-
MOU (mova) (3) (5)	minute/month/contract		122	126	<b>110</b>	-
Churn Rate (2)	%		0.77	0.80	<b>0.64</b>	-
<b>i-mode</b>						
Subscribers	thousands		46,360	44,659	<b>46,823</b>	47,900
FOMA	thousands		22,914	13,514	<b>25,511</b>	-
i-appi™ compatible (6)	thousands		36,058	31,330	<b>37,314</b>	-
i-mode Subscription Rate (2)	%		90.6	90.3	<b>90.6</b>	90.5
Net increase from previous period	thousands		2,339	638	<b>463</b>	1,540
i-Menu Sites (FOMA)(7)	sites		6,028	5,082	<b>6,590</b>	-
i-Menu Sites (mova)(7)	sites		5,043	4,681	<b>5,158</b>	-
Access Percentage by Content Category						
Ringing tone/Screen	%		21	24	<b>16</b>	-
Game/Horoscope	%		24	22	<b>24</b>	-
Entertainment Information	%		27	27	<b>32</b>	-
Information	%		12	12	<b>10</b>	-
Database	%		5	5	<b>6</b>	-
Transaction	%		11	10	<b>12</b>	-
Percentage of Packets Transmitted						
Web	%		96	96	<b>97</b>	-
Mail	%		4	4	<b>3</b>	-
<b>PHS</b>						
Subscribers	thousands		771	1,150	<b>679</b>	320
Market Share (1)	%		16.4	25.7	<b>14.2</b>	-
Net increase from previous period	thousands		-543	-164	<b>-92</b>	-451
ARPU (4)	yen/month/contract		3,280	3,320	<b>3,170</b>	-
MOU (5) (8)	minute/month/contract		72	74	<b>62</b>	-
Data transmission rate (time) (8)(9)	%		76.2	75.8	<b>76.7</b>	-
Churn Rate	%		4.64	4.83	<b>4.28</b>	-
<b>Others</b>						
Prepaid Subscribers (10)	thousands		53	68	<b>49</b>	-
Communication Module Service Subscribers (10)	thousands		665	582	<b>733</b>	990
FOMA Ubiquitous plan (11)	thousands		1	-	<b>40</b>	-
DoPa Single Service (12)	thousands		665	582	<b>693</b>	-

\* International service-related revenues, which had not been included in previous reports, have been included in the ARPU data calculation from the fiscal year ended Mar. 31, 2006, due to its growing contribution to total revenues.

【Notes associated with the above-mentioned change】

\* International service-related ARPU included in the ARPU results for FY2005 and forecasts for FY2006, are as below:

	FY 2005 (Ended Mar. 31, 2006) Full-year results	First Quarter (Apr.-Jun. 2005) Results	FY2006 First Quarter (Apr.-Jun. 2006) Results	FY 2006 (Ending Mar. 31, 2007) Full-year forecasts
Aggregate ARPU (FOMA+mova)	40yen	30yen	50yen	60yen
Aggregate ARPU (FOMA)	70yen	60yen	70yen	80yen
Aggregate ARPU (mova)	30yen	20yen	20yen	40yen

\* Please refer to the attached sheet (P.15) for an explanation of the methods used to calculate ARPU, and the number of active subscribers used in calculating ARPU, MOU and Churn Rate.

(1) Source for other cellular telecommunications operators: Data announced by Telecommunications Carriers Association

(2) Data are calculated including Communication Module Service subscribers.

(3) Data are calculated excluding Communication Module Services-related revenues and Communication Module Services subscribers.

(4) Inclusive of circuit-switched data communications

(5) MOU (Minutes of Usage): Average communication time per one month per one user

(6) Sum of FOMA handsets and mova handsets

(7) The number of i-menu Sites charged per view are added to the existing number of i-menu Sites charged with fixed monthly fee.

(8) Not inclusive of data communication time via @FreeD service

(9) Percentage of data traffic to total outbound call time

(10) Included in total cellular subscribers

(11) Included in FOMA subscribers

(12) Included in mova subscribers

## ARPU Calculation Methods

**1. ARPU (Average monthly revenue per unit)<sup>\*1</sup>****i) ARPU (FOMA + mova)**

Aggregate ARPU (FOMA+mova)=Voice ARPU (FOMA+mova) + Packet ARPU (FOMA+mova)

Voice ARPU (FOMA+mova) : Voice ARPU (FOMA+mova) Related Revenues (monthly charges, voice transmission charges) / No. of active cellular phone subscribers (FOMA+mova)

Packet ARPU (FOMA+mova) : {Packet ARPU (FOMA) Related Revenues (monthly charges, packet transmission charges)+ i-mode ARPU (mova) Related Revenues (monthly charges, packet transmission charges)}/ No. of active cellular phone subscribers (FOMA+mova)

i-mode ARPU (FOMA+mova)<sup>\*2</sup> : i-mode ARPU (FOMA+mova) Related Revenues (monthly charges, packet transmission charges) / No. of active cellular phone subscribers (FOMA+mova)

ARPU generated purely from i-mode (FOMA+mova)<sup>\*3</sup> : i-mode ARPU (FOMA+mova) Related Revenues (monthly charges, packet transmission charges) / No. of active i-mode subscribers (FOMA+mova)

**ii) ARPU (FOMA)**

Aggregate ARPU (FOMA)=Voice ARPU (FOMA) + Packet ARPU (FOMA)

Voice ARPU (FOMA) : Voice ARPU (FOMA) Related Revenues (monthly charges, voice transmission charges) / No. of active cellular phone subscribers (FOMA)

Packet ARPU (FOMA) : Packet ARPU (FOMA) Related Revenues (monthly charges, packet transmission charges) / No. of active cellular phone subscribers (FOMA)

i-mode ARPU<sup>\*2</sup> (FOMA) : i-mode ARPU (FOMA) Related Revenues (monthly charges, packet transmission charges) / No. of active cellular phone subscribers (FOMA)

ARPU generated purely from i-mode (FOMA)<sup>\*3</sup> : i-mode ARPU (FOMA) Related Revenues (monthly charges, packet transmission charges) / No. of active i-mode subscribers (FOMA)

**iii) ARPU (mova)**

Aggregate ARPU (mova)=Voice ARPU (mova) + i-mode ARPU (mova)

Voice ARPU (mova) : Voice ARPU (mova) Related Revenues (monthly charges, voice transmission charges) / No. of active cellular phone subscribers (mova)

i-mode ARPU (mova)<sup>\*2</sup> : i-mode ARPU (mova) Related Revenues (monthly charges, packet transmission charges) / No. of active cellular phone subscribers (mova)

ARPU generated purely from i-mode (mova)<sup>\*3</sup> : i-mode ARPU (mova) Related Revenues (monthly charges, packet transmission charges) / No. of active i-mode subscribers (mova)

**iv) ARPU (PHS)**

ARPU (PHS) : ARPU (PHS) Related Revenues (monthly charges, voice transmission charges) / No. of active PHS subscribers

**2. Active Subscribers Calculation Methods**

No. of active subscribers used in ARPU/MOU/Churn Rate calculations are sum of No. of active subscribers<sup>\*4</sup> for each month.

\*1 Communication Module service subscribers and the revenues thereof are not included in the ARPU and MOU calculations.

\*2 The denominator used in calculating i-mode ARPU (FOMA+mova, FOMA, mova) is the aggregate number of cellular subscribers to each service (FOMA+mova, FOMA, mova, respectively), regardless of whether i-mode service is activated or not.

\*3 ARPU generated purely from i-mode (FOMA+mova, FOMA, mova) is calculated using only the number of active i-mode subscribers as a denominator.

\*4 active subscribers = (No. of subscribers at the end of previous month + No. of subscribers at the end of current month) / 2



## (APPENDIX 3)

**Reconciliations of the Disclosed Non-GAAP Financial Measures to  
the Most Directly Comparable GAAP Financial Measures**

**1. EBITDA and EBITDA margin**

	Billions of yen	
	Three months ended June 30, 2006	Three months ended June 30, 2005
<b>a. EBITDA</b>	¥ 445.0	¥ 455.0
Depreciation and amortization	(169.3)	(165.5)
Losses on sale or disposal of property, plant and equipment	(3.0)	(1.9)
Operating income	272.7	287.6
Other income (expense)	1.7	65.8
Income taxes	(110.7)	(144.8)
Equity in net income (losses) of affiliates	(0.1)	(0.8)
Minority interests in consolidated subsidiaries	(0.0)	0.0
<b>b. Net income</b>	<b>163.5</b>	207.9
<b>c. Total operating revenues</b>	<b>1,218.6</b>	1,187.1
<b>EBITDA margin (=a/c)</b>	<b>36.5%</b>	38.3%
<b>Net income margin (=b/c)</b>	<b>13.4%</b>	17.5%

Note: EBITDA and EBITDA margin, as we use them, are different from EBITDA as used in Item 10(e) of regulation S-K and may not be comparable to similarly titled measures used by other companies.

**2. Free cash flows excluding changes in investments for cash management purpose**

	Billions of yen	
	Three months ended June 30, 2006	Three months ended June 30, 2005
<b>Free cash flows excluding changes in investments for cash management purpose</b>	¥ ( 165.9)	¥ 135.2
Changes in investments for cash management purpose	(0.4)	50.0
<b>Free cash flows</b>	<b>(166.2)</b>	185.2
Net cash used in investing activities	(264.6)	(141.2)
Net cash provided by operating activities	98.4	326.3

Note: Changes in investments for cash management purpose were derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purpose with original maturities of longer than three months.

### **Special Note Regarding Forward-Looking Statements**

This Earnings Release contains forward-looking statements such as forecasts of results of operations, management strategies, objectives and plans, forecasts of operational data such as expected number of subscribers, and expected dividend payments. All forward-looking statements that are not historical facts are based on management's current plans, expectations, assumptions and estimates based on the information currently available. Some of the projected numbers in this report were derived using certain assumptions that are indispensable for making such projections in addition to historical facts. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those contained in or suggested by any forward-looking statement. Potential risks and uncertainties include, without limitation, the following:

- As competition in the market is expected to become more fierce due to changes in the business environment caused by the introduction of Mobile Number Portability and new market entrants, competition from other cellular service providers or other technologies could limit our acquisition of new subscribers, retention of existing subscribers and average revenue per unit (ARPU), or may lead to an increase in our costs and expenses.
- The new services and usage patterns introduced by our corporate group may not develop as planned, which could limit our growth.
- The introduction or change of various laws or regulations or the application of such laws and regulations to our corporate group may adversely affect our financial condition and results of operations.
- Limitations in the amount of frequency spectrum or facilities made available to us could negatively affect our ability to maintain and improve our service quality and level of customer satisfaction.
- The W-CDMA technology that we use for our 3G system and/or mobile multimedia services may not be introduced by other overseas operators, which could limit our ability to offer international services to our subscribers.
- Our domestic and international investments, alliances and collaborations may not produce the returns or provide the opportunities we expect.
- As electronic payment capability and many other new features are built into our cellular phones, and services of parties other than those belonging to our corporate group are provided through our cellular handsets, potential problems resulting from malfunctions, defects, or missing of handsets or imperfection of services provided by such other parties may arise, which could have an adverse effect on our financial condition and results of operations.
- Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.
- Inadequate handling of subscriber information by our corporate group or contractors may adversely affect our credibility or corporate image.
- Owners of intellectual property rights that are essential for our business execution may not grant us the right to license or otherwise use such intellectual property rights on acceptable terms or at all, which may limit our ability to offer certain technologies, products and/or services, and we may also be held liable for damage compensation if we infringe the intellectual property rights of others.
- Earthquakes, power shortages, malfunctioning of equipment, and software bugs, computer viruses, cyber attacks, hacking, unauthorized access and other problems could cause systems failures in the networks required for the provision of service, disrupting our ability to offer services to our subscribers and may adversely affect our credibility or corporate image.
- Concerns about wireless telecommunications health risks may adversely affect our financial condition and results of operations.
- Our parent company, Nippon Telegraph and Telephone Corporation (NTT), could exercise influence that may not be in the interests of our other shareholders.