



**NTT DoCoMo, Inc.**  
**RESULTS FOR THE FIRST QUARTER**  
**OF THE FISCAL YEAR ENDING Mar. 31, 2007**  
**JULY 28, 2006**

# Forward-Looking Statements

*The forecasts presented herein are forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Act of 1934. Statements made in this presentation with respect to DoCoMo's plans, objectives, projected financials, operational figures, beliefs and other statements that are not historical facts are forward-looking statements about the future performance of DoCoMo which are based on management's expectations, assumptions, estimates, projections and beliefs in light of information currently available to it. These forward-looking statements, such as statements regarding the introduction of new products and services or termination or suspension of existing services, financial and operational forecasts, dividend payments, the growth of the Japanese cellular market and the ubiquitous services market, the growth of data usage, the growth of DoCoMo's cellular phone business, the migration of users to DoCoMo's 3G services and associated improvements in 3G services, improvements in 3G and 2G coverage area, the potential growth in the Japanese credit card business and DoCoMo's credit business, and managements goals are subject to various risks and uncertainties that could cause actual results to be materially different from and worse than as described in the forward-looking statements. Potential risks and uncertainties include, without limitation, 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 system 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, NTT, could exercise influence that may not be in the interests of our other shareholders.*

*Further information about the factors that could affect the company's results is included in "Item 3.D: Risk Factors" of its annual report on Form 20-F filed with the U.S. Securities and Exchange Commission on June 27, 2005, which is available in the investor relations section of the company's web page at [www.nttdocomo.com](http://www.nttdocomo.com) and also at the SEC's web site at [www.sec.gov](http://www.sec.gov).*



## **FY2006 First Quarter Results Highlights**

# FY2006 1Q Financial Results Highlights

US GAAP

	2005/4-6 (1Q) (1)	2006/4-6 (1Q) (2)	Changes (1)→(2)	2007/3 Full-Year Forecast (3)	Progress to Forecast (2)/(3)
<b>Operating Revenues</b> (Billions of Yen)	<b>1,187.1</b>	<b>1,218.6</b>	<b>+2.7 %</b>	<b>4,838.0</b>	<b>25.2 %</b>
Cellular Services Revenues (Billions of Yen)	<b>1,029.0</b>	<b>1,065.4</b>	<b>+3.5 %</b>	<b>4,176.0</b>	<b>25.5 %</b>
<b>Operating Income</b> (Billions of Yen)	<b>287.6</b>	<b>272.7</b>	<b>-5.2 %</b>	<b>810.0</b>	<b>33.7 %</b>
Income Before Income Taxes (Billions of Yen)	<b>353.4</b>	<b>274.4</b>	<b>-22.4 %</b>	<b>815.0</b>	<b>33.7 %</b>
<b>1Q/Full-year Net Income</b> (Billions of Yen)	<b>207.9</b>	<b>163.5</b>	<b>-21.3 %</b>	<b>488.0</b>	<b>33.5 %</b>
<b>EBITDA</b> (Billions of Yen) *	<b>455.0</b>	<b>445.0</b>	<b>-2.2 %</b>	<b>1,601.0</b>	<b>27.8 %</b>
<b>EBITDA Margin</b> (%) *	<b>38.3</b>	<b>36.5</b>	<b>-1.8 points</b>	<b>33.1</b>	—
<b>Adjusted Free Cash Flows</b> (Billions of Yen) †	<b>135.2</b>	<b>-165.9</b>	—	<b>280.0</b>	—

◆ Consolidated financial statements in this document are unaudited.

◆ Adjusted free cash flows exclude the effects of irregular factors and changes in investments for cash management purposes.

- Irregular Factors represent the effects of uncollected revenues due to bank holidays at the end of the fiscal year.

- Changes in investment for cash management purposes were derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

\*For an explanation of the calculation process of these numbers, see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on Slide 27 and the IR page of our web site, [www.nttdocomo.co.jp](http://www.nttdocomo.co.jp).

# FY2006 1Q Results Highlights

## Operating Revenues/Income/Expenses

### ■ **Operating Income: Down 14.9 billion year-on-year**

- Progress to FY2006 full-year forecast: 33.7%

### ■ **Operating Revenues: Up 31.5 billion year-on-year**

- Cellular services revenues grew 36.4 billion yen year-on-year.  
( Inclusive of the impact of including in revenues the portion of "Nikagetsu Kurikoshi" (2-month carry over) allowances that are projected to expire )

### ■ **Operating Expenses: Up 46.4 billion year-on-year**

- Equipment sales-related expenses increased 28.4 billion yen, due to growth in no. of handsets sold and percentage of FOMA handsets to total sales.

※Equipment sales-related expenses = Cost of equipment + Distributor commissions

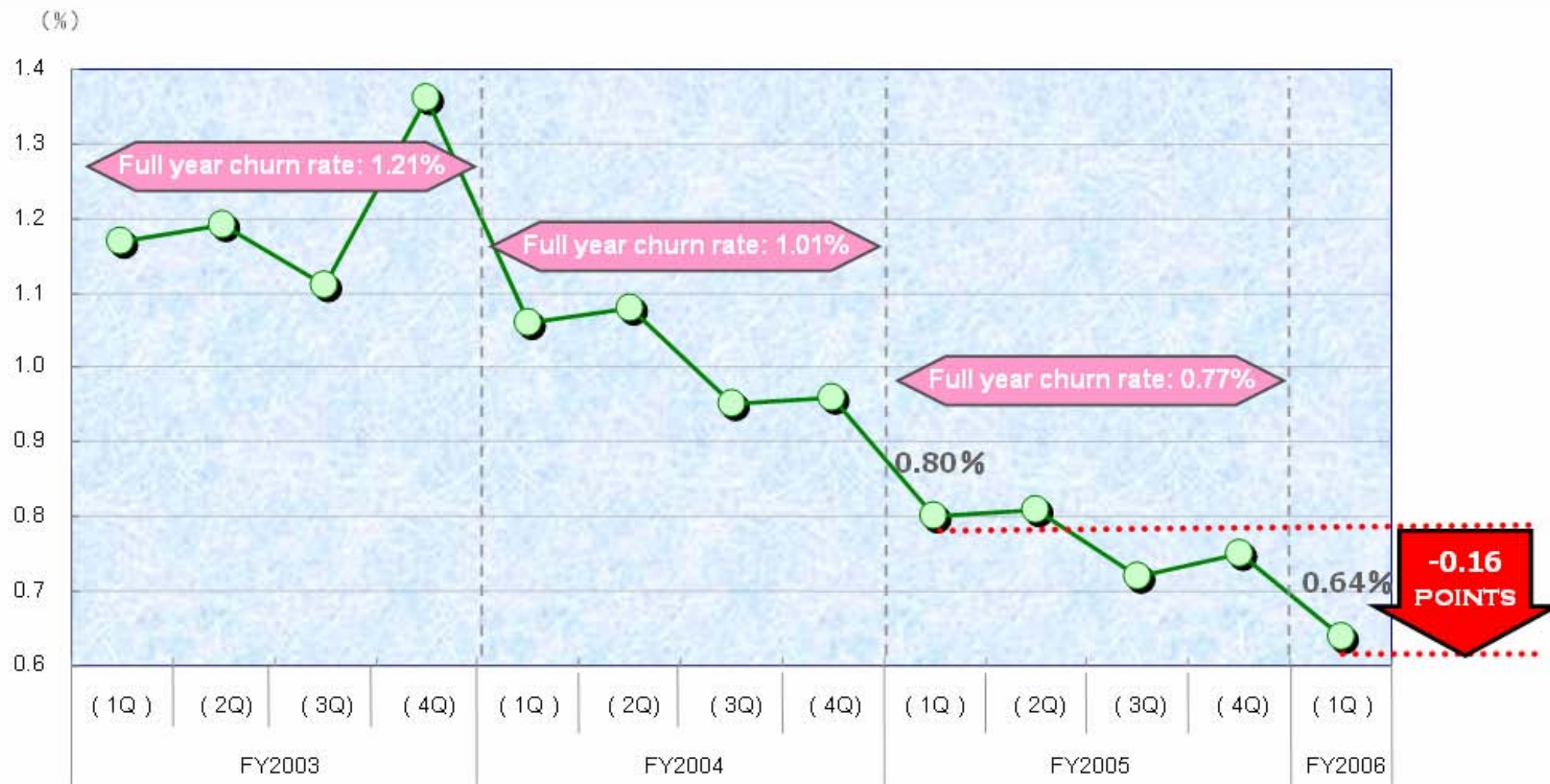
## Capital Expenditures

### ■ **Capital Expenditures: 215 billion yen**

- Progress to FY2006 full-year forecast: 23.7%

# Successful Reduction of Churn Rate

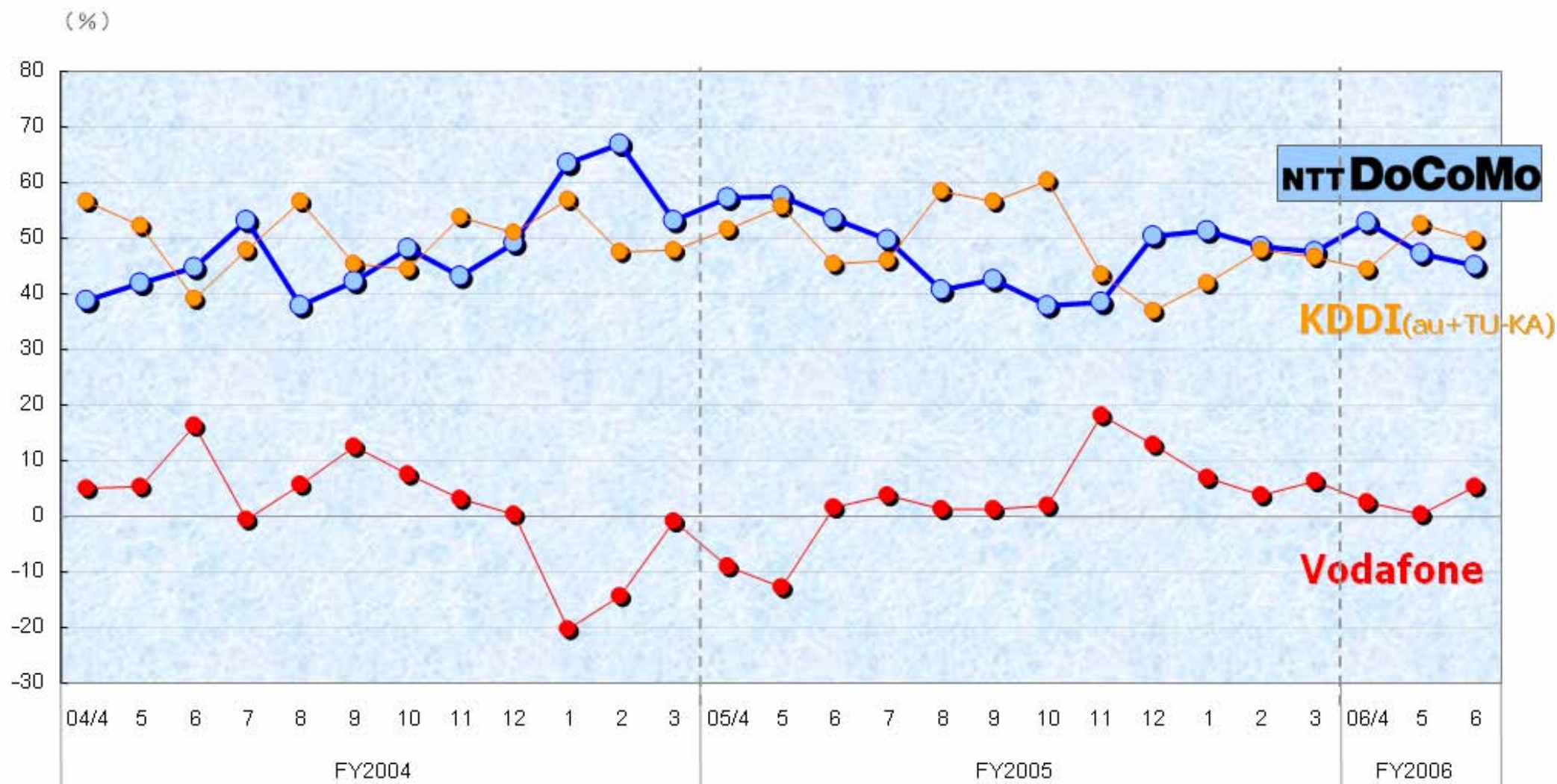
Successfully maintained low churn rate at **0.64%** in FY2006/1Q



◆ Inclusive of Communication Module Service subscribers

# Monthly Market Share of Net Additions

DoCoMo was **No.1** in market share of net additions in FY2006/1Q, acquiring **49.1%** of total.



◆ Source of data used in calculation: Telecommunications Carriers Association (TCA)

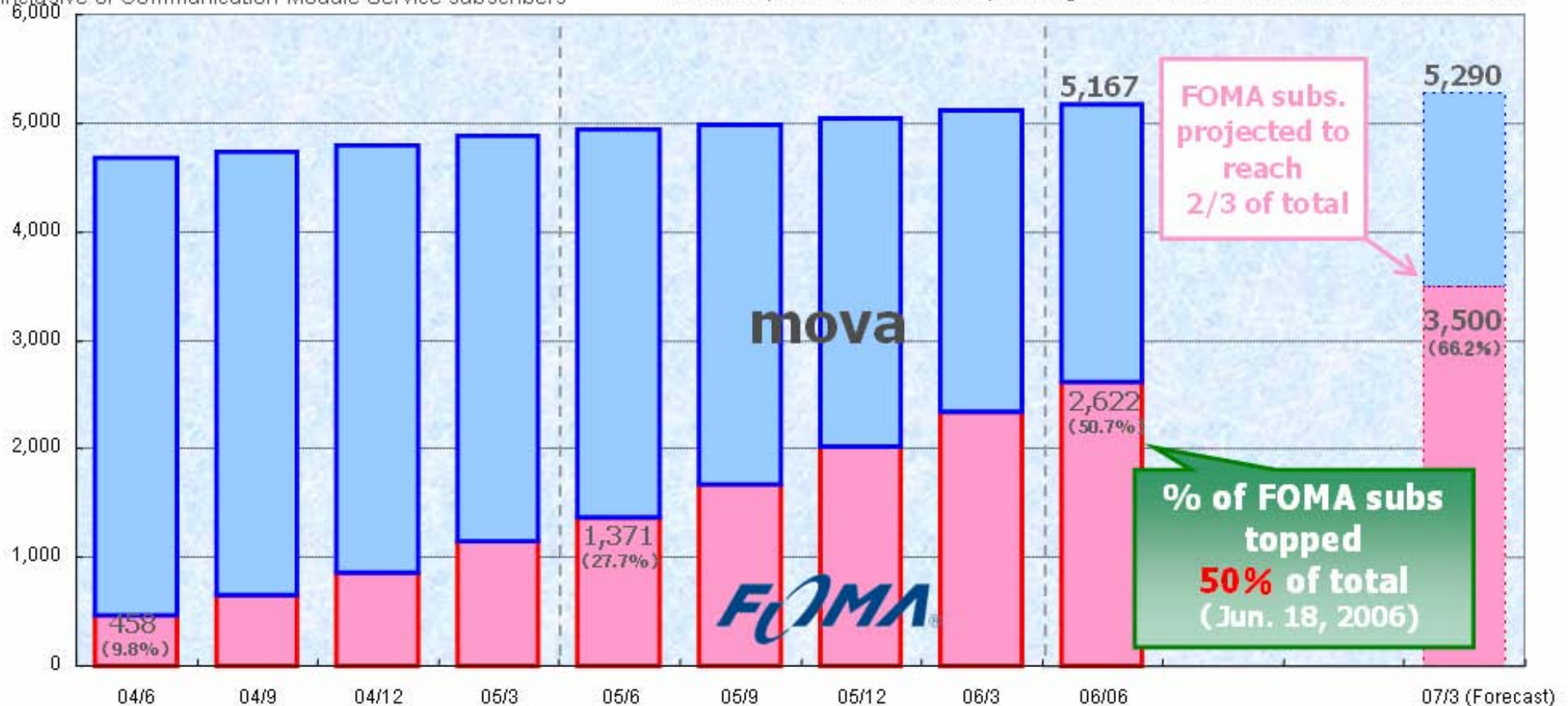
# Subscriber Migration to FOMA

**FOMA subscribers exceeded 50% of DoCoMo's total subscribers.**  
**(Total FOMA subs: 26.22 million, 50.7% of total (As of Jun. 30, 2006))**

(10,000 subscribers)

◆ Inclusive of Communication Module Service subscribers

Numbers in parentheses indicate the percentage of FOMA subscribers to total cellular subscribers



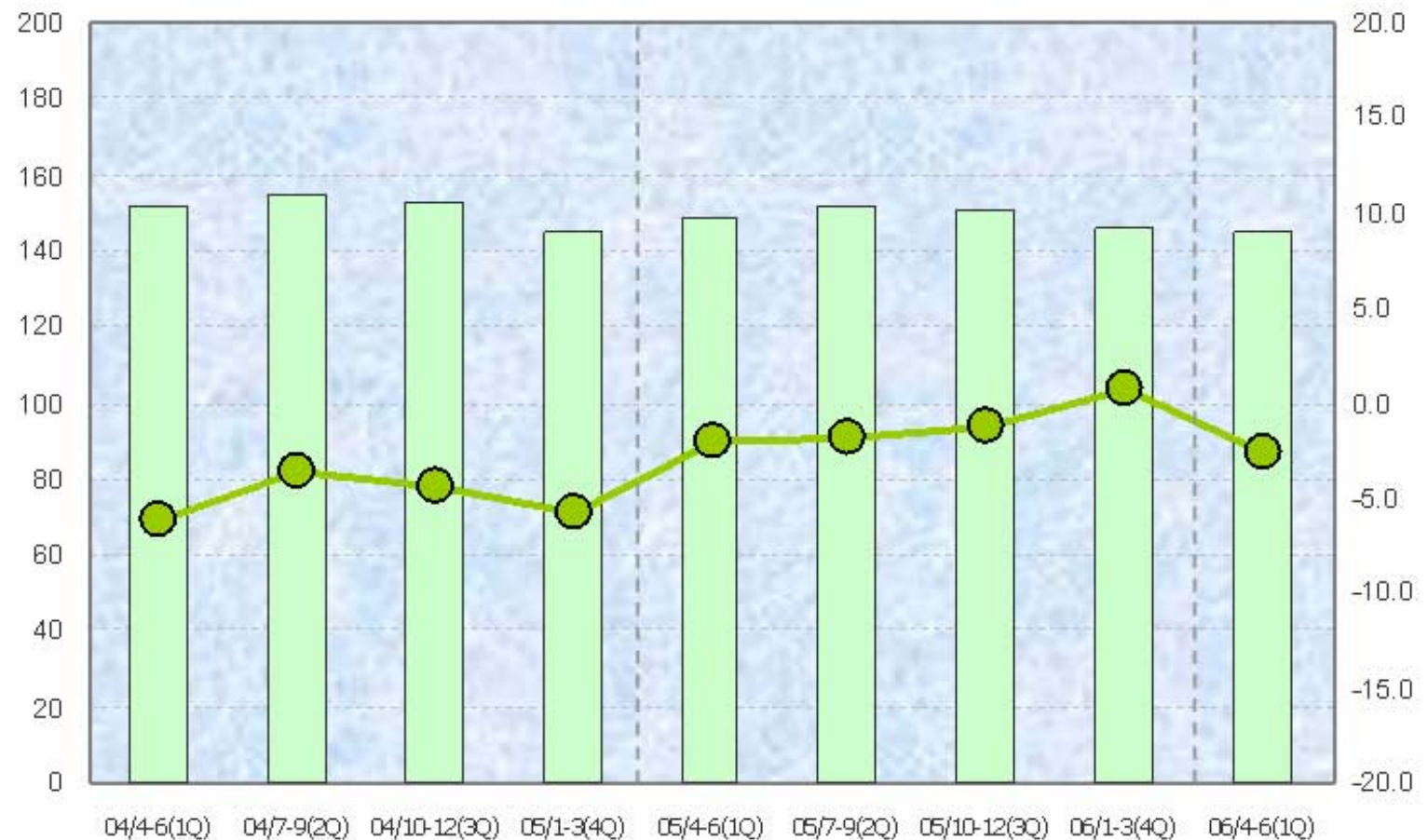


# Cellular (FOMA+mova) MOU

MOU for FY2006/1Q was **145** minutes (Down **-2.7%** year-on-year)

(Minutes)

(% )



MOU (Left axis)

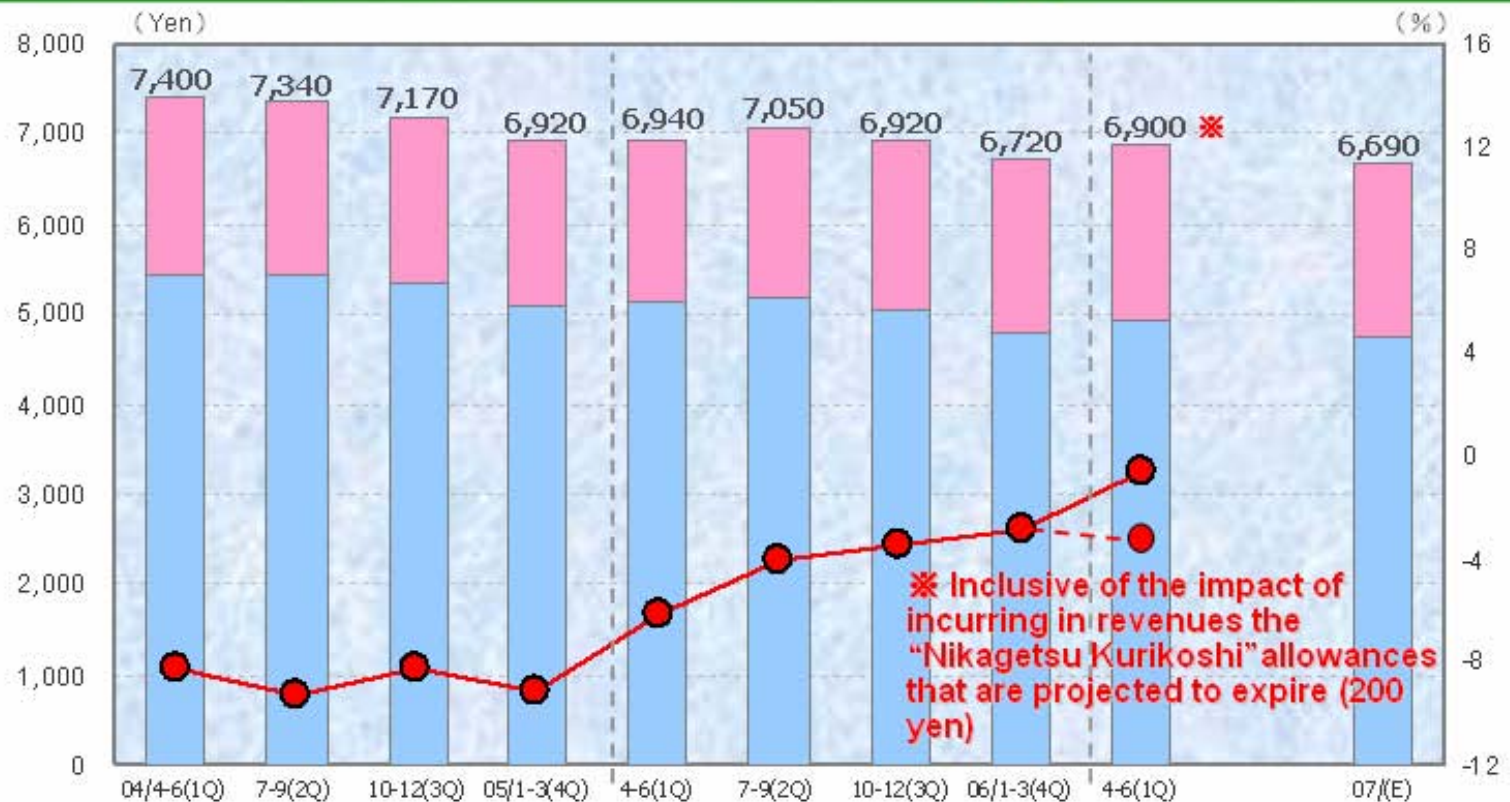
Year-on-year changes in MOU (Right axis)

◆ For an explanation of MOU, see Slide 26 of this document, "Definition and Calculation Methods of MOU and ARPU".

# Cellular (FOMA+mova) ARPU

**ARPU for FY2006/1Q was 6,900 yen (Down 0.6% year-on-year)**

**Impact from including in revenues the portion of "Nikagetsu Kurikoshi" (2-month carry over) allowances that are projected to expire : 200 yen**



Packet ARPU (Left axis)	1,950	1,900	1,820	1,830	1,820	1,880	1,880	1,940	1,970	1,930
(Incl.) i-mode ARPU	1940	1890	1810	1820	1,810	1,870	1,860	1,920	1950	1,910
Voice ARPU (Left axis)	5,450	5,440	5,350	5,090	5,120	5,170	5,040	4,780	4,930	4,760
International service ARPU	20(Excl.)	20(Excl.)	30(Excl.)	30(Excl.)	30(Incl.)	40(Incl.)	40(Incl.)	40(Incl.)	50(Incl.)	60(Incl.)
YOY decline in aggregate ARPU (right axis)	-8.2	-9.3	-8.3	-9.1	-6.2	-4	-3.5	-2.9	-0.6	-

--- Year-on-year changes in aggregate ARPU (Excluding the impact of incurring in revenues the portion of Nikagetsu Kurikoshi allowances that are projected to expire)

◆ International service-related revenues, which had not been included in previous reports, have been included in the ARPU data calculations from the fiscal year ended Mar. 31, 2006, in view of their growing contribution to total revenues.

◆ For an explanation of ARPU, see Slide 26 of this document, "Definition and Calculation Methods of MOU and ARPU".



## Principal Actions for FY2006

# 11 Strengthen Core Business Even Further (1) Pricing Measures

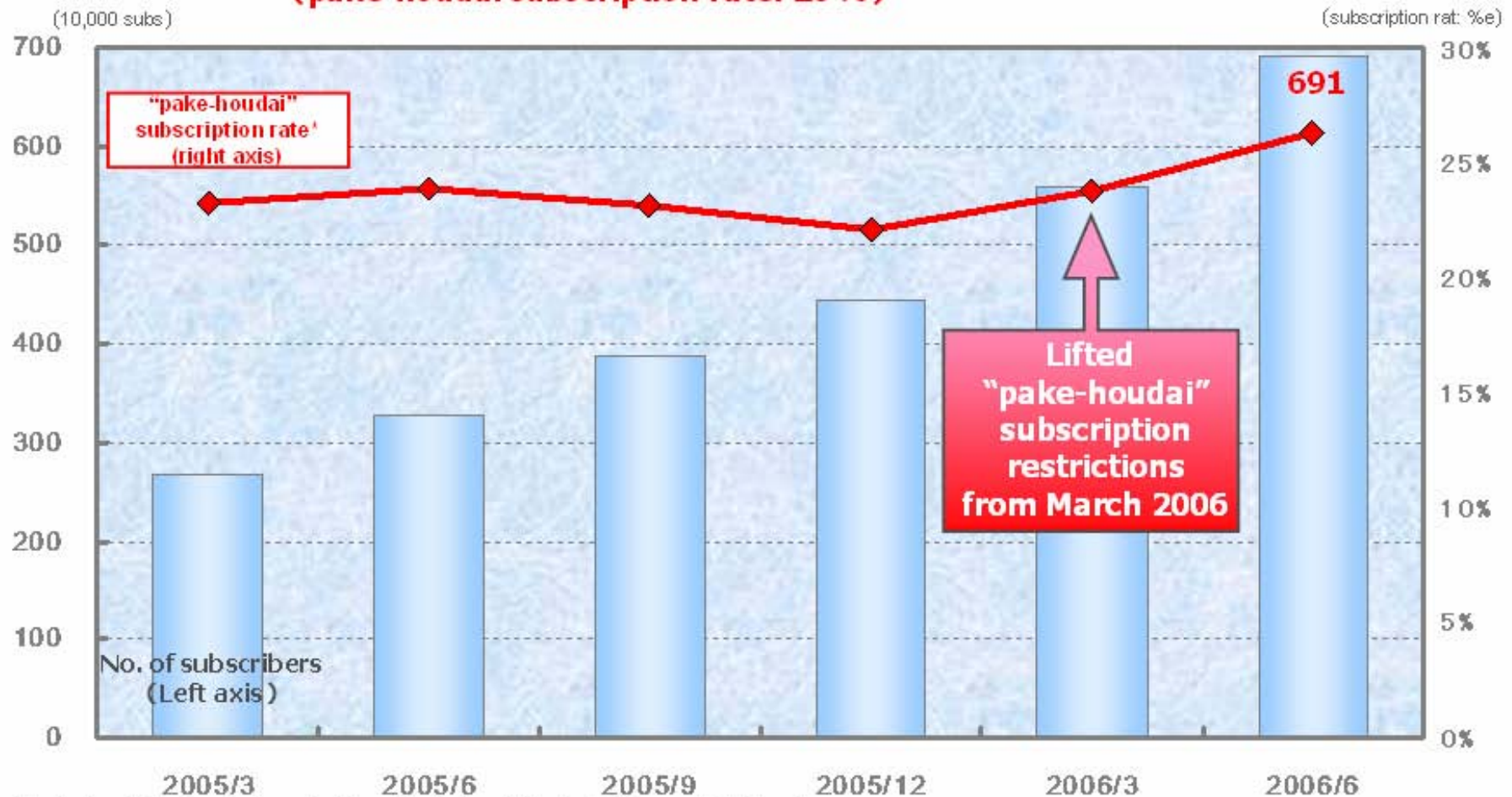
- The growth of “pake-houdai” subscribers accelerated after lifting the subscription restrictions.

パケ・ホーダイ 定額制

As of Jun. 30, 2006

**6.91 million**

(pake-houdai subscription rate: 26%)



\*\*"pake-houdai" subscription rate: No. of "pake-houdai" subs/Total no. of FOMA subs

# Strengthen Core Business Even Further (2) Products

Enriched product lineup, e.g., the “902iS” series equipped with more powerful credit payment/music capabilities, and the “702iS” series featuring unique and stylish designs, etc.

## 902iS series

## High-spec models



- Preinstalled with DCMX-appli
- Significantly enhanced music capabilities
- Powerful security features  
(Biometric authentication, “Omakase Lock”, etc.)

SAIWA  
DoCoMo

## 702iS series

new 7  
series  
debut!

## Unique and stylish designs



## Mobile devices for businesses

### Mobile solutions

Models “hTc Z” (HTC) and “Blackberry (RIM)  
planned for release



hTc Z

# 13 Strengthen Core Business Even Further (3) Music-related Services

Rich portfolio of music-related services, e.g., "Chaku-Uta Full", "music player" and "Music Channel", etc.

## Chaku-Uta Full® ※

### Downloading of full music tracks

"avex Chaku-Uta Full mu-mo"

"Reco-choku♪ Full" (Label Mobile, Inc.)



© LABEL MOBILE INC.

#### 【Compatible Models】



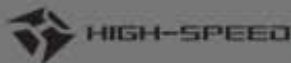
P902iS  
(Photo)

N902iX HIGH-SPEED  
(Planned for release)

P702iD  
(Planned for release)

\*More models to be added in the future

HSDPA



## Music Player

Downloading of music of choice from a rich variety of stores

- Long-hour playback
- Large external memory
- Compatible with a wide array of music stores

(Japan's first WMA-enabled phone (F902iS))

The new series are compatible with 17 sites of music stores



F902iS

\*No. of sites compatible with WMA and SD Audio (As of July 24, 2006)

## Music Channel

"Music Channel"—a new service leveraging higher data speeds

- Automatic download during night
- Long-hour playback/High quality sound
- Wide variety of music programs

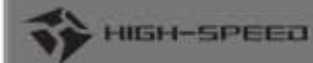


N902iX HIGH-SPEED



MusicChannel™

HSDPA



※ Chaku-Uta Full® is a registered trademark of Sony Computer Entertainment, Inc..

※ Windows Media® Audio is a registered trademark of Microsoft Corporation in the United States and other countries.

## Network

### 【Transmission speed】

**3.6M**bps (downlink)  
(Possible to upgrade to  
max. **14M**bps)

### 【POP coverage】

Mar. 31, 2007 : **70%**  
Mar. 31, 2008 : **over90%**

### 【Service launch】

Late Aug.2006 (Planned)

## Handsets

### 【Initially】

Plan to offer 2 models

**N902iX HIGH-SPEED / M2501 HIGH-SPEED**

### 【Future plans】

Add 2 more models around spring/2007

Embed HSPDA as a standard feature in  
future 90X series phones

## Services

*Provide services that leverage HSDPA's higher download speeds*

### 【Services uniquely available on mobile phones】

- "Music Channel"
- Large-capacity i-motion, etc.

### 【Broadband content originally developed for PCs】

- Animation
- Short films
- Music videos, etc.

Improve ease of search on i-menu/general sites by enabling keyword search, with the aim to reinforce DoCoMo's competitiveness and expand data revenues.

## Strengthen i-mode's search function (Planned for launch in Oct. 2006)

【Top page】

【Search results】

keyword search

検索結果  
「ドコモケ」を検索しました。  
全147件 1/30  
最初から検索する  
ジャンルで絞り込む

ドコモダケ  
新登場「ドコモケ」の  
秘密はココ...

【トップ】【一覧】

LOVEドコモ  
ドコモ大好きな人集まれ。  
待ち受け画像をぜひケー  
トして使って...

【トップ】【一覧】

WORLDドコモ  
ドコモの最新「ケ」登場。詳  
しい情報は「ドコモケ」に聞い  
てみよう...

【トップ】【一覧】

ドコモ  
曲名: ああ我が青春の劇  
歌手名: シュートドコモ  
ドレ構成曲: ...

【トップ】【一覧】

ドコモ128  
ドコモのゲームが取り放題。  
新作のゲームも追加されたよ  
。来月から...

【トップ】【一覧】

次ページ

再検索

以下はiメニュー以外で「ドコモケ」を以下の検索サイトで検索する

ABCサーチ  
EFGサーチ  
IJKLサーチ  
NOPQサーチ  
STUVサーチ  
その他の検索サイトへ

ご利用にあたって

### i Menu Site Search

- Improve ease of use of iMenu's **rich official sites**
- DoCoMo's proprietary search function

Genre  
narrow-down  
function

Intra-site  
search function

### Tie-ups for General Site Search

- Tie up with a wide range of search engines based on an **open model** to improve users' convenience

R25式 モバイル

Infoseek 楽R天

msn

STAR ROUTE

OH! NEW?

Google

CROOZ!

livedoor

Seafly

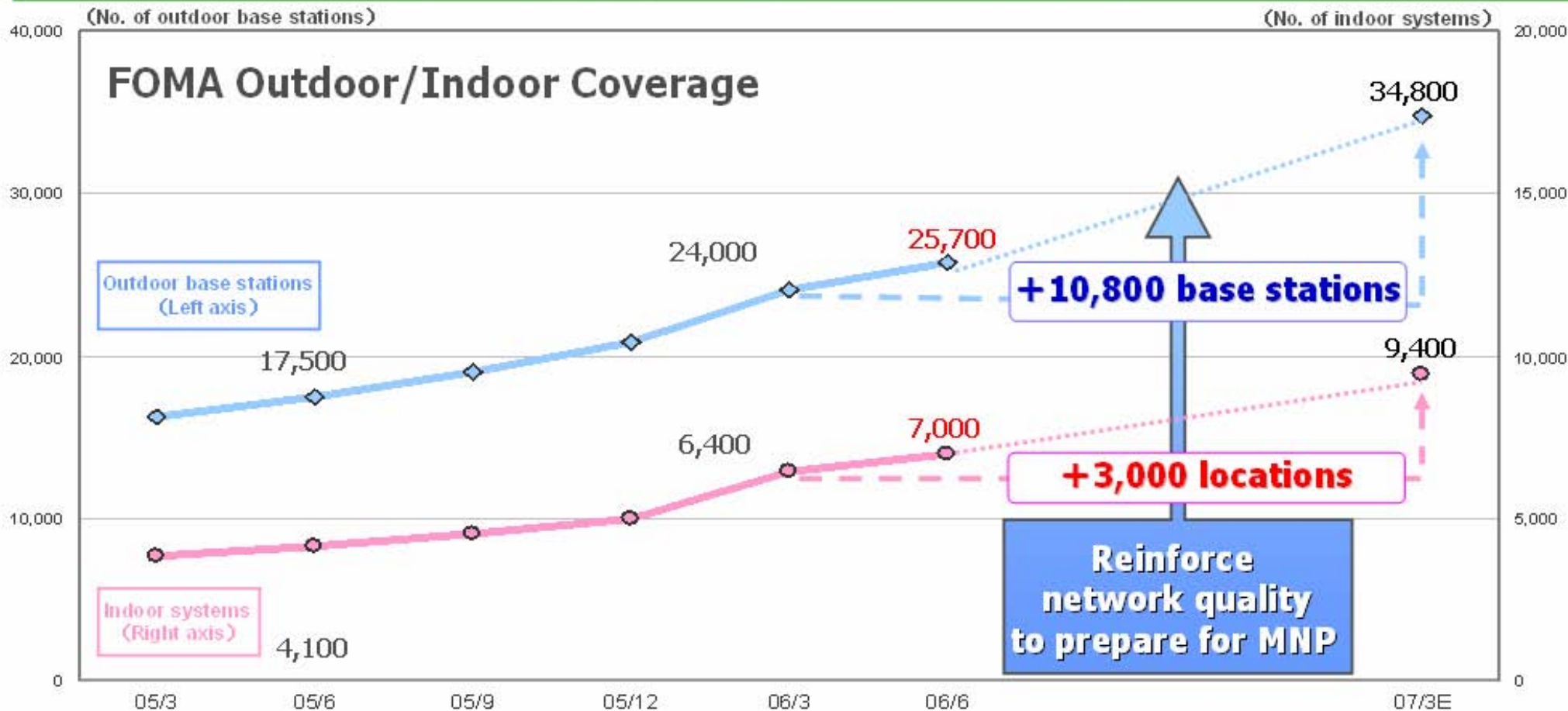
goo  
www.goo.ne.jp

\*Presented in  
Japanese  
kana order



# 16 Strengthen Core Business Even Further (6) Network

- Installed base stations at the fastest pace in our history, to build up competitiveness prior to MNP ⇒ No. of base stations as of Mar. 31, 2007 expected to increase to 1.5 times the number as of Mar. 31, 2006.



**Expand FOMA coverage to a level superior to mova's by 2006/fall**

- Comprehensive coverage in buildings/underground areas
- Plan to cover all JR stations/highway service areas/ "michi-no-eki" rest areas

**Area quality improvement catered to customer requests**

⇒ "We value your comments on FOMA quality" campaign\*, etc.

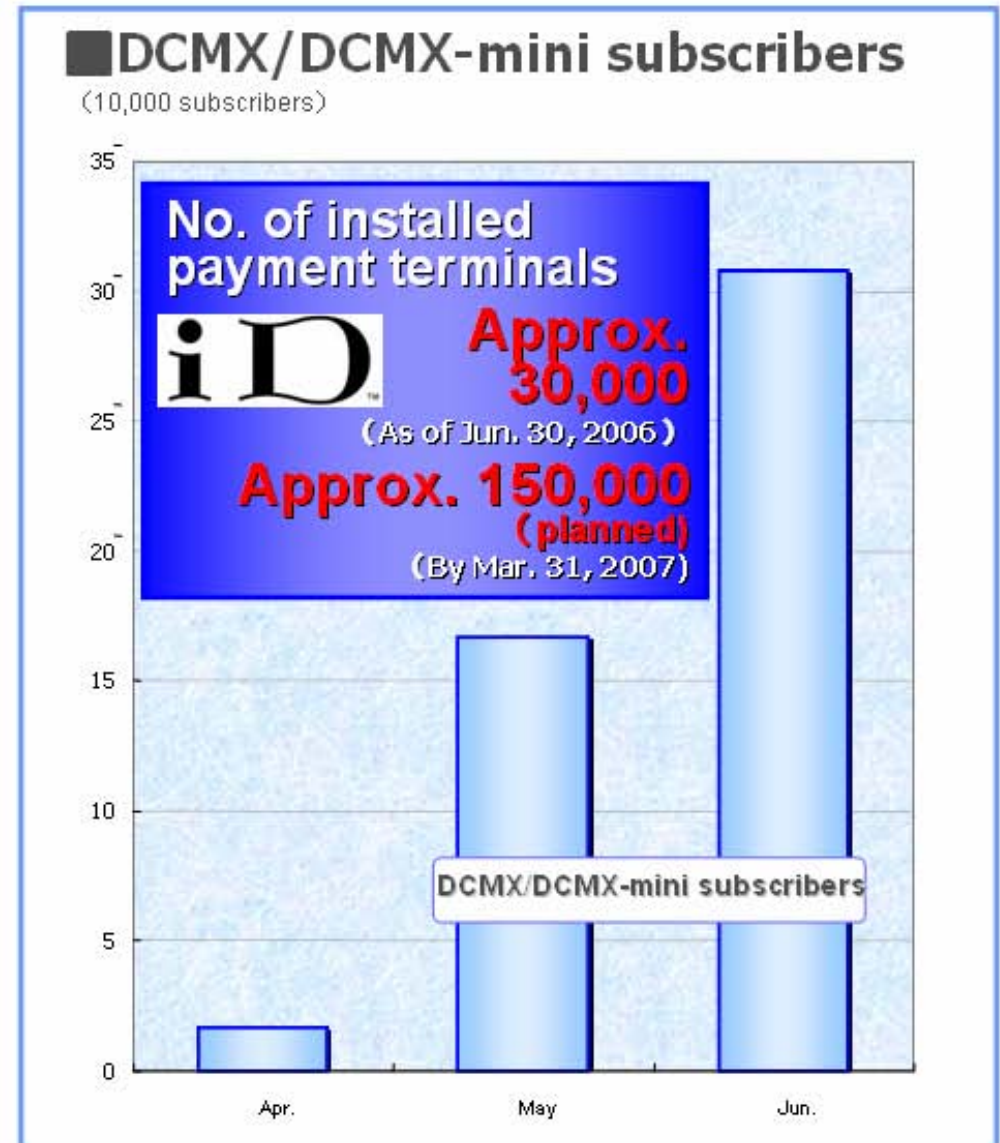
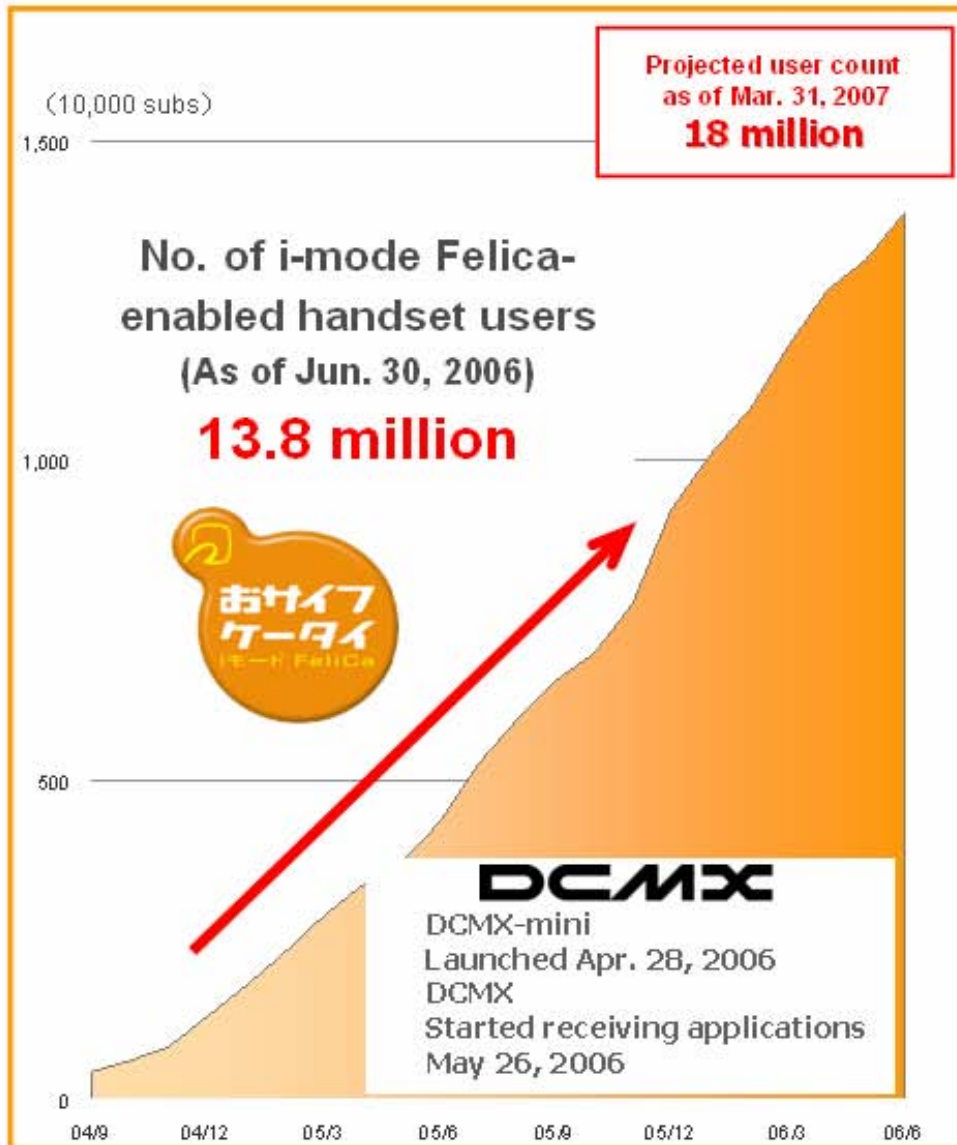
**Proactive PR campaigns**

⇒ "We'll increase FOMA antennas declaration"\*, etc.

\* Examples of measures implemented in Kanto-Koshinetsu region

# Create New Revenue Sources (1) Credit card Business

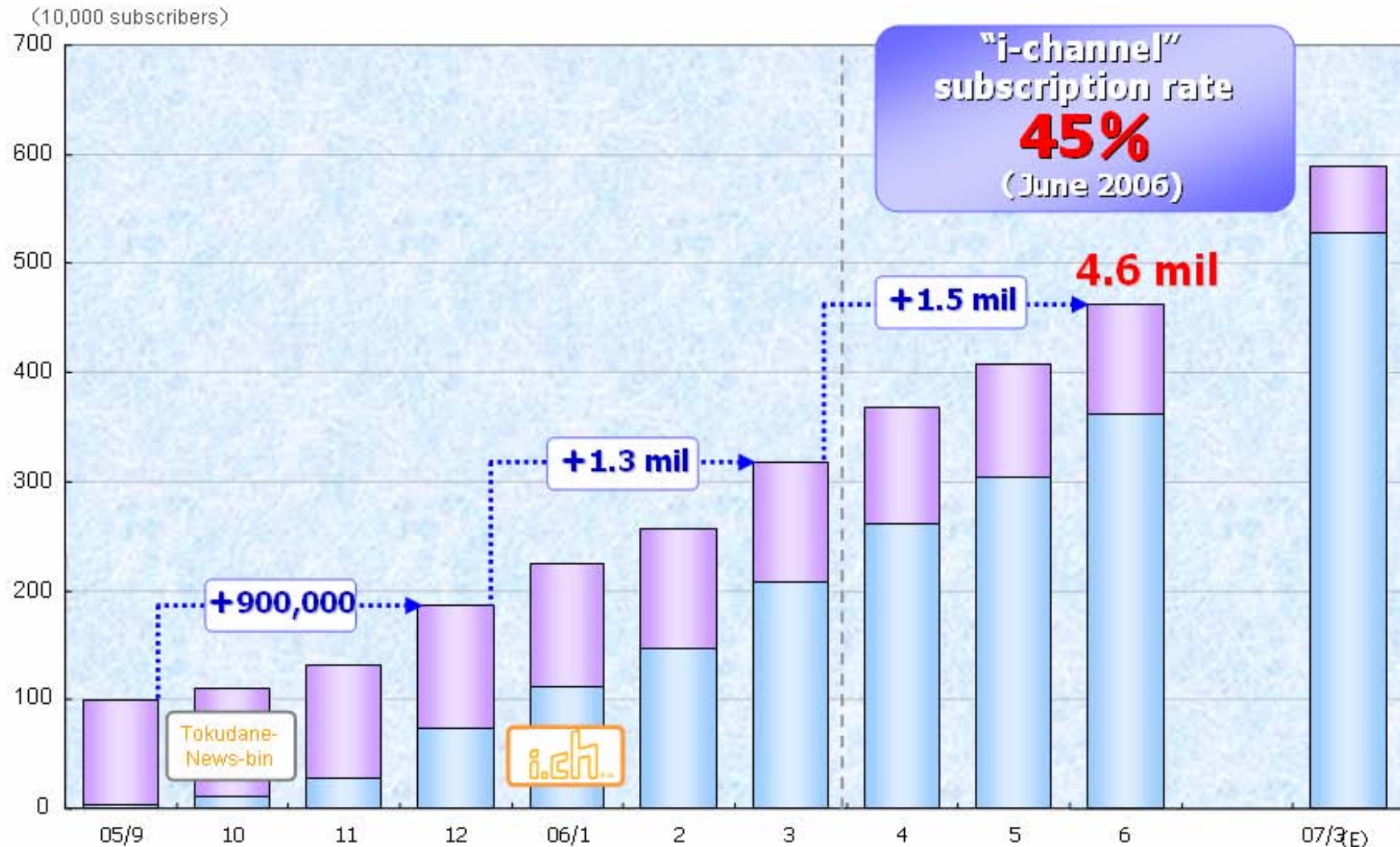
- “DCMX” made a favorable start, acquiring over **450,000** subs by late July 2006.
- “DCMX-mini” has been used primarily for small-amount purchases.



# 18 Create New Revenue Sources (2) Boost Usage

Uptake of push information delivery services ("i-channel"+"Tokudane-News-bin") has been growing at a rapid pace.

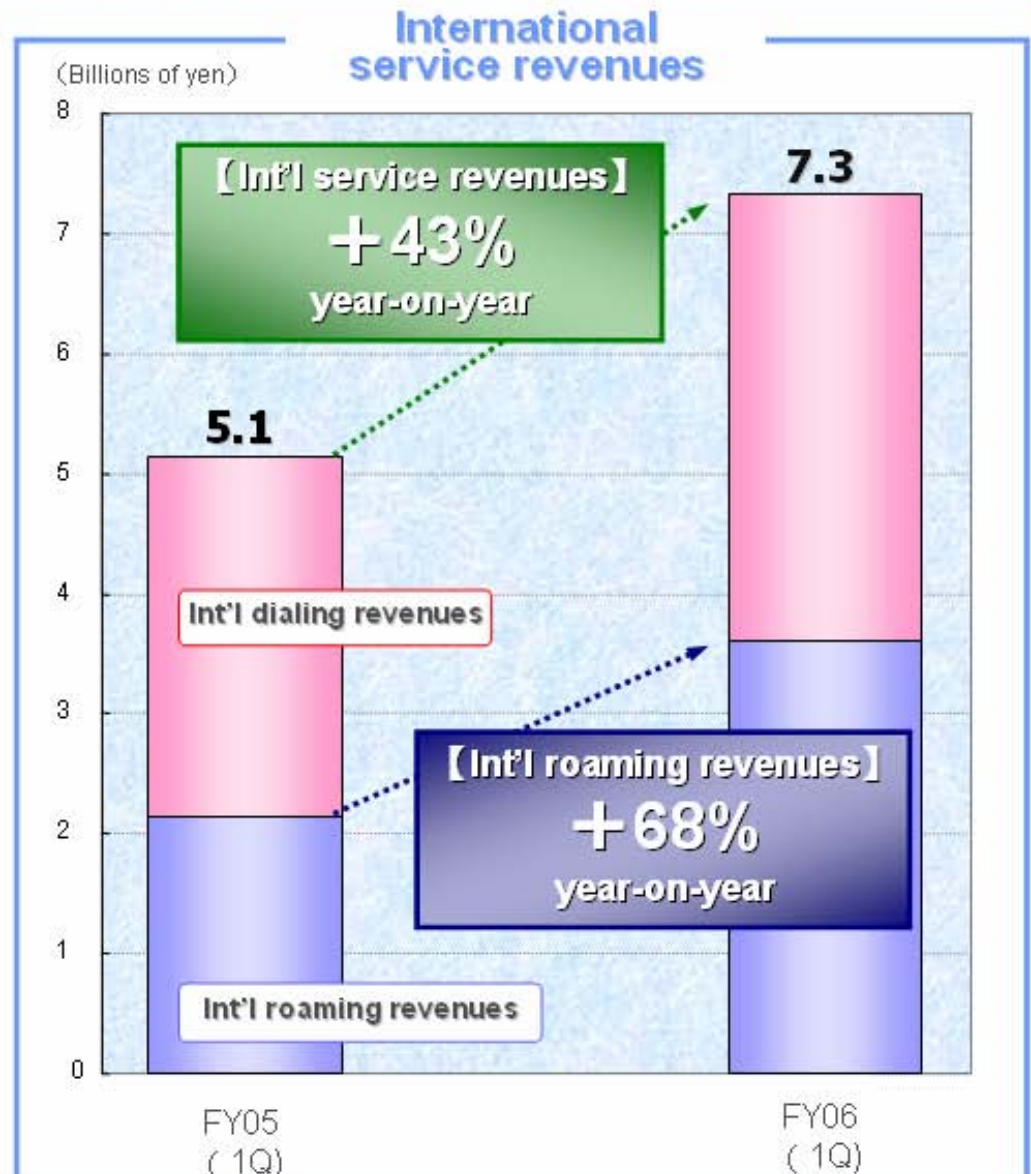
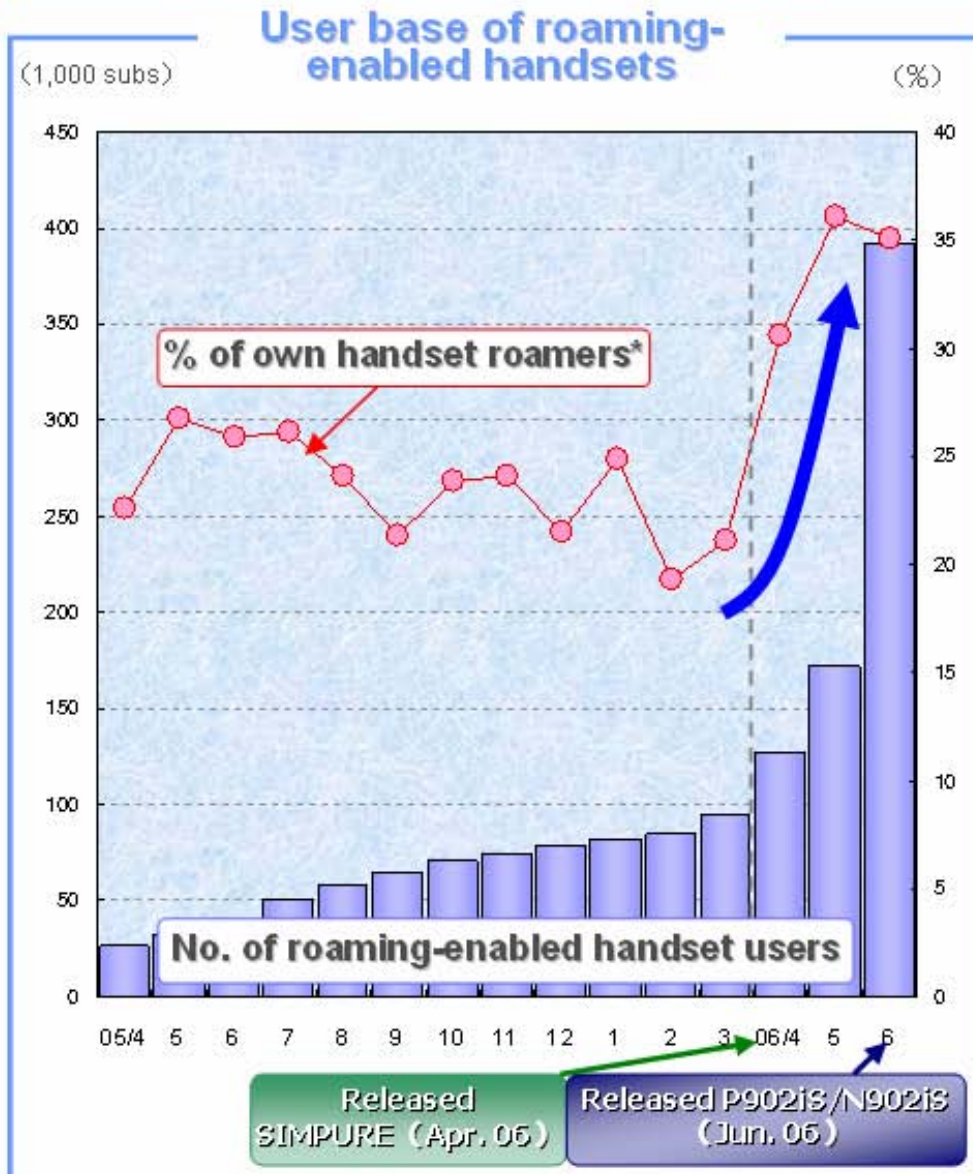
## Push info. delivery services



\* "i-channel" subscription rate: No. of "i-channel" subscribers/ Total users of compatible handsets

# 19 Create New Revenue Sources (3) International Services

- No. of roaming subscribers using their own handset has grown sharply after the release of "SIMPURE" and "902iS" models
- International service revenues posted favorable growth in FY2006/1Q (up 43% year-on-year)



\* % of own handset roamers: No. of "World Wing" roaming users using own handset/ Total roaming users

# Return to Shareholders

Returning profits to shareholders is considered one of the most important issues in our corporate agenda

## FY ending Mar. 31, 2007 (Planned)

### - Dividend per share: 4,000 yen

(Maintain the same dividend level as FY ended Mar. 31, 2006, when it was doubled from the previous fiscal year)

### - Repurchase of own shares:

**Study to repurchase up to 1.4 million shares for up to 250 billion yen**

(Treasury shares kept in excess of 5% of total issued shares are planned for cancellation once a year)

## 《Repurchase of own shares》

	Budget (Billions of yen)		No. of shares repurchased (million shares)	
	Max. authorized	Actual amount spent	Max. authorized	Actual no. of shares repurchased
Repurchase authorized at 13th ordinary general shareholder meeting	600	433.7 (72.3%)	2.5	2.38 (95.3%)
Repurchase authorized at 14th ordinary general shareholder meeting	400	333.2 (83.3%)	2.2	1.98 (90.0%)
Ref) Repurchase authorized at ordinary 15th general shareholder meeting	250	—	1.4	—

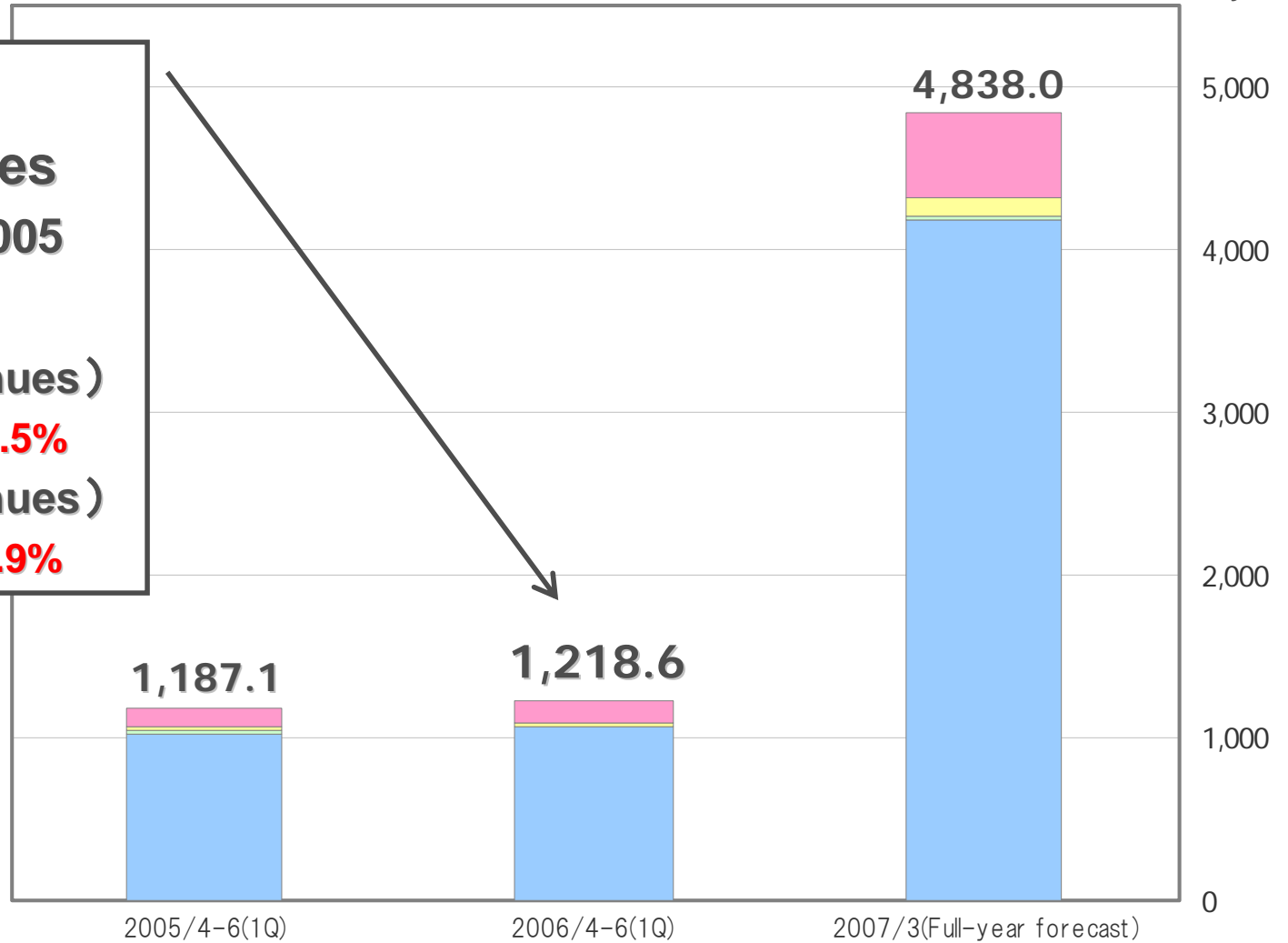


# Appendices

# Operating Revenues

(billions of yen)

**FY2006 1Q**  
**Operating revenues**  
**◆ compared to FY2005**  
**+2.7%**  
**(Cellular services revenues)**  
**Compared to FY2005 +3.5%**  
**(Equipment sales revenues)**  
**Compared to FY2005 -2.9%**



(billions of Yen)	2005/4-6(1Q)	2006/4-6(1Q)	2007/3(Full-year forecast)
Equipment sales	127.3	123.6	527.0
Other revenues	18.3	22.5	114.0
PHS revenues	12.4	7.0	21.0
Cellular services revenues (voice, packet)	1,029.0	1,065.4	4,176.0

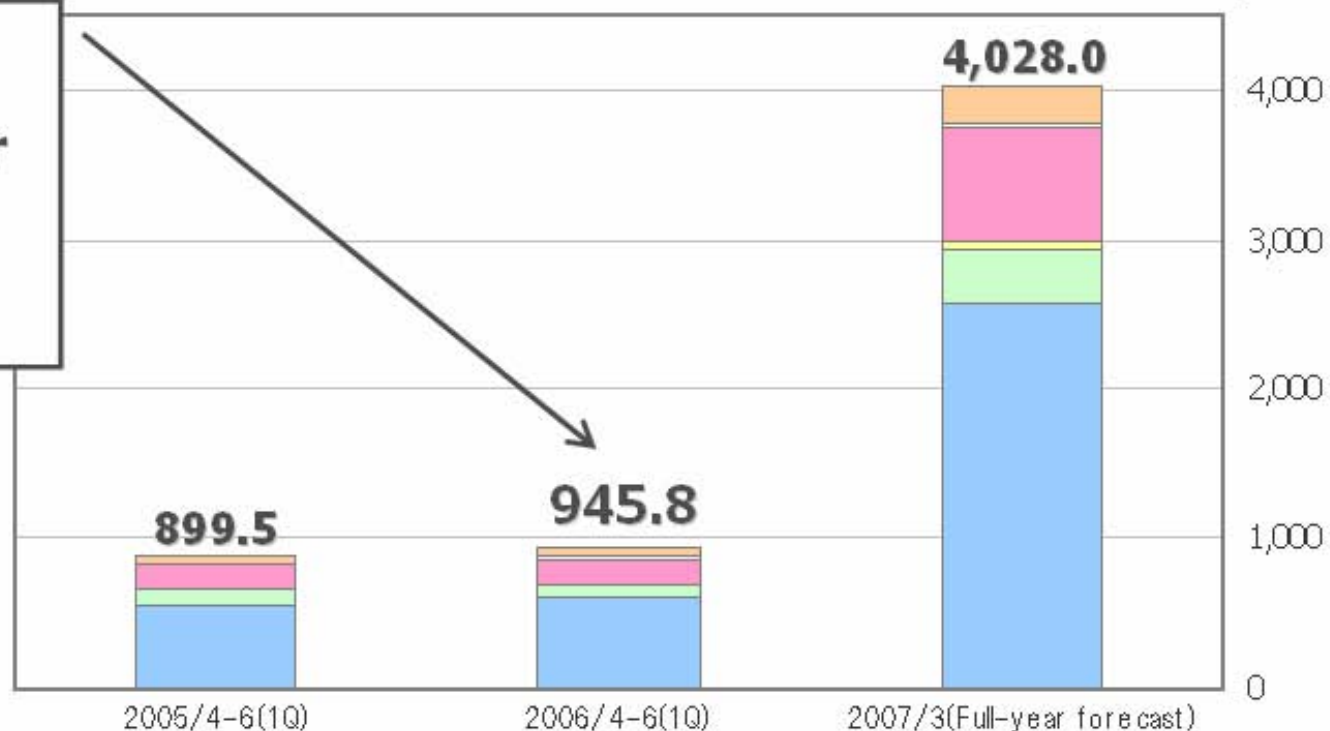
◆ "Quickcast revenues" are included in "Other revenues". "International services revenues" are included in "Cellular services revenues".

# Operating Expenses

US GAAP

(billions of yen)

**FY2006 1Q**  
**Operating expenses for**  
**◆ Compared to FY2005**  
**+5.2%**



(billions of yen)

■ Personnel expenses	62.0	62.9	252.0
□ Taxes and public dues	9.2	9.3	37.0
■ Depreciation and amortization	165.5	169.3	753.0
■ Loss on disposal of property, plant and equipment and intangible assets	2.8	4.3	52.0
■ Communication network charges	93.7	90.7	370.0
■ Non-personnel expenses	566.2	609.3	2,564.0
(incl) Revenue-linked expenses*	411.8	447.1	1,826.0
(incl) Other non-personnel expenses	154.4	162.3	738.0

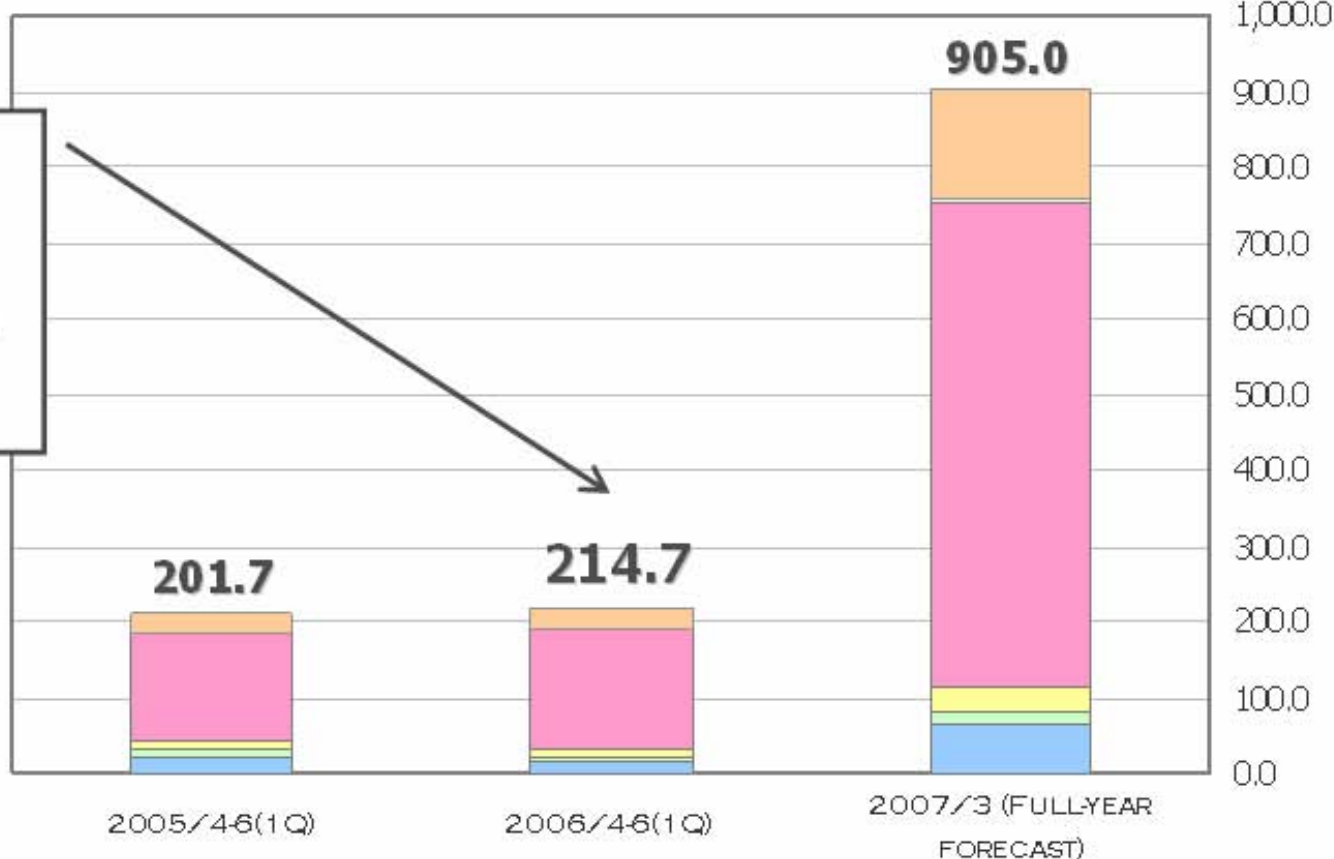
\*Revenue-linked expenses: cost of equipment sold + distributor commissions+ cost of DoCoMo Point Service

◆ Impairment loss from the disposal of PHS assets, which had been stated individually in "impairment loss" in previous reports, has been included in "depreciation and amortization" from FY2006/1 Q.



# Capital Expenditures

(billions of yen)



(billions of yen)

	2005/4-6(1Q)	2006/4-6(1Q)	2007/3 (FULL-YEAR FORECAST)
OTHER (INFORMATION SYSTEMS, ETC.)	25.0	27.1	150.0
PHS BUSINESS	0.2	0.2	1.0
MOBILE PHONE BUSINESS (FOMA)	142.2	156.4	639.0
MOBILE PHONE BUSINESS (I-MODE, ETC.)	9.6	9.4	32.0
MOBILE PHONE BUSINESS (MOVA)	10.9	6.5	17.0
MOBILE PHONE BUSINESS (TRANSMISSION LINE)	22.9	15.1	66.0

◆ "Quickcast business" is included in "Other (information systems, etc.)"

## Operational Results

			2005/4-6 (1Q) (1)	2006/4-6 (1Q) (2)	Changes (1) →(2)	2007/3 (Full-year forecast)	
Cellular phone	No. of Subscribers (1,000)		49,430	51,672	4.5 %	52,900	
	mova		35,719	25,456	-28.7 %	17,900	
	FOMA		13,710	26,217	91.2 %	35,000	
	i-mode		44,659	46,823	4.8 %	47,900	
	Communication Module Service		582	733	25.9%	990	
	Market share (%)		56.1	55.6	-0.5 points	-	
	Handsets sold (1,000) (Including handsets sold without involving sales by DoCoMo)	mova	New	945	345	-63.5 %	-
			Replace	1,525	468	-69.3 %	-
		FOMA	New	898	1,190	32.5 %	-
			Migration from mova	1,701	2,117	24.5 %	-
Other*			514	1,583	208.0 %	-	
Churn rate		0.80	0.64	-0.16 points	-		
PHS	No. of subscribers (1,000)		1,150	679	-41.0 %	320	
	ARPU (yen)		3,320	3,170	-4.5 %	-	
	MOU (minutes)		74	62	-16.2 %	-	

\*Other includes purchase of additional handsets by existing FOMA subscribers.

◆Communication Module Service subscribers are included in the no. of cellular subscribers to align the calculation method of subscribers with other cellular phone carriers.

(Market share, the no. of handsets sold and churn rate are calculated inclusive of Communication Module Service subscribers).

◆ For an explanation of MOU and ARPU, see Slide 26 of this document, "Definition and Calculation Method of MOU and ARPU".

# 26 Definition and Calculation Methods of MOU and ARPU

◆ **MOU (Minutes of usage) : Average communication time per one month per one user.**

◆ **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.

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

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

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

◆ **Number of active subscribers used in ARPU and MOU calculations are as follows:**

◇ Quarterly data: sum of "No. of active subscribers in each month"\* of the current quarter

◇ Half-year data: sum of "No. of active subscribers in each month"\* of the current half

◇ Full-year data: sum of "No. of active subscribers in each month"\* of the current fiscal year

\* "No. of active subscribers in each month": (No. of subs at end of previous month+No. of subs at end of current month)/2

※ The revenues and no. of subscribers of Communication Module Service are not included in the above calculation of ARPU and MOU.

# Reconciliation 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>	<b>¥ 445.0</b>	¥ 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 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 defined 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>	<b>(¥ 165.9)</b>	¥ 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.

