



# **NTT DoCoMo, Inc.**

**Results for the First Six Months of the Fiscal Year  
Ending Mar. 31, 2007  
Oct. 27, 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, 2006, 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 Half Results Highlights

## FY2006 1H Financial Results

US GAAP

	2005/4-9 (1H) (1)	2006/4-9 (1H) (2)	Changes (1) → (2)	2007/3 (Full-year forecast) (3) Revised	Progress to forecast (2)/(3)
Operating revenues (Billions of yen)	2,373.5	2,383.4	9.9	4,799	49.7%
Cellular Services Revenues (Billions of yen)	2,085.6	2,112.4	26.8	4,174	50.6%
Operating Income (Billions of yen)	558.4	516.9	-41.5	810	63.8%
Income before Income Taxes (Billions of yen)	633.1	520.3	-112.8	815	63.8%
Net Income (Billions of yen)	385.3	309.8	-75.5	488	63.5%
EBITDA* (Billions of yen)	905.5	878.8	-26.7	1,601	54.9%
EBITDA Margin* (%)	38.2	36.9	-1.3	33.4	-
Adjusted Free Cash Flow* (Billions of yen)	360.2	-48.4	-408.6	290	-

◆ Consolidated financial statements in this document are unaudited.

◆ Adjusted free cash flows exclude the effects of uncollected revenues due to bank holidays at the end of the fiscal year, and changes in investment 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 34 and the IR page of our web site, [www.nttdocomo.co.jp](http://www.nttdocomo.co.jp)

■ **Operating Income: 516.9 billion yen**  
(Down 41.5 billion year-on-year)  
(Progress to full-year forecast: 63.8%)

■ **Operating Revenues: Up 9.9 billion yen year-on-year**

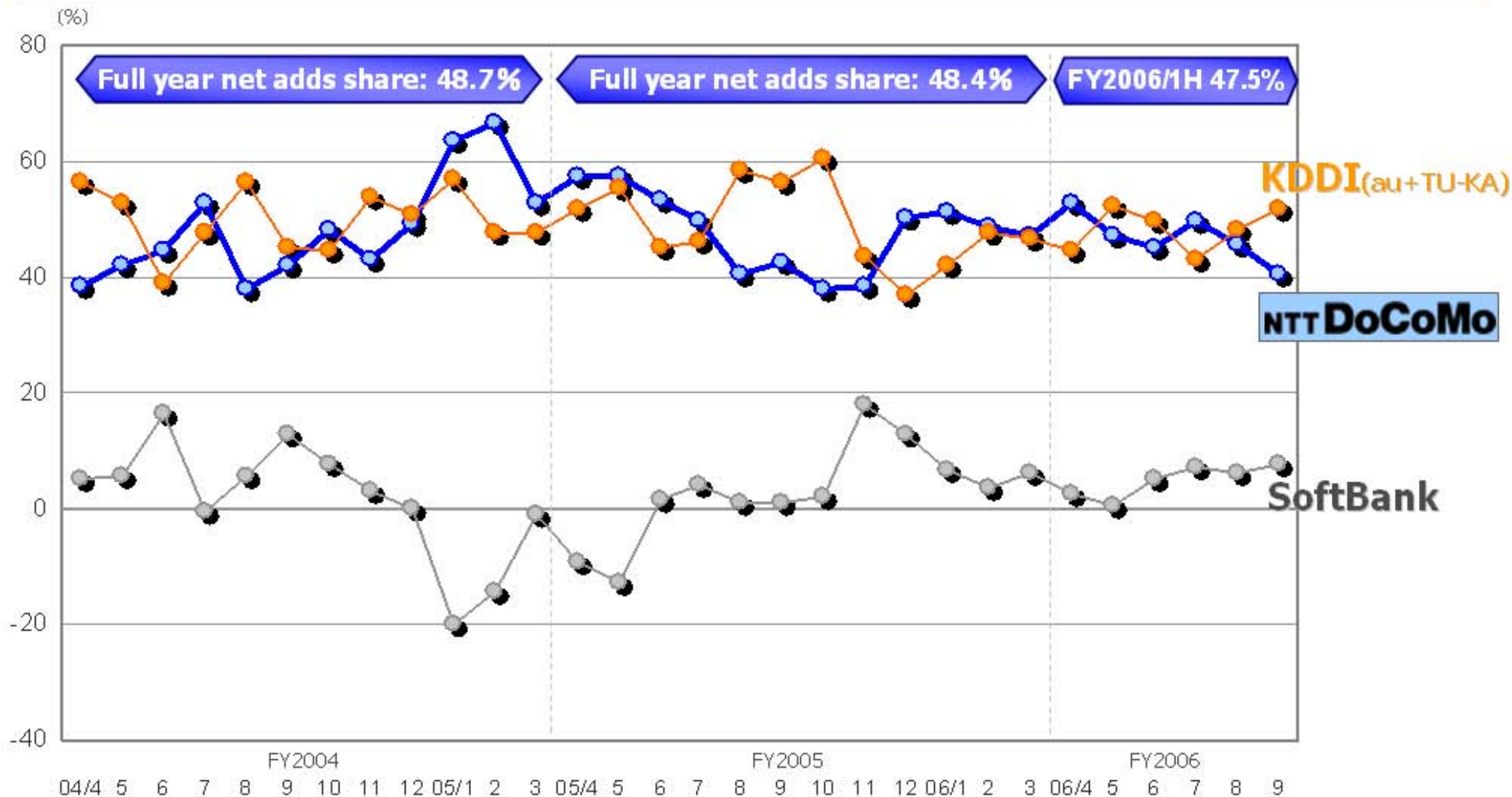
- Cellular services revenues grew by 26.8 billion yen  
(Inclusive of the impact of including in revenues the portion of “Nikagetsu Kurikoshi” (2-month carry over) allowances that are projected to expire)

■ **Operating Expenses: Up 51.4 billion yen year-on-year**

- Cost of equipment sold rose 40.8 billion yen, due to the growth in the percentage of FOMA handsets to total handsets sold.

# Monthly Market Share of Net Additions

- DoCoMo's market share of net additions in FY2006/1H: 47.5%



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



# Successful Reduction of Churn Rate

- Successfully maintained churn rate at a record low level of 0.60% in FY2006/2Q



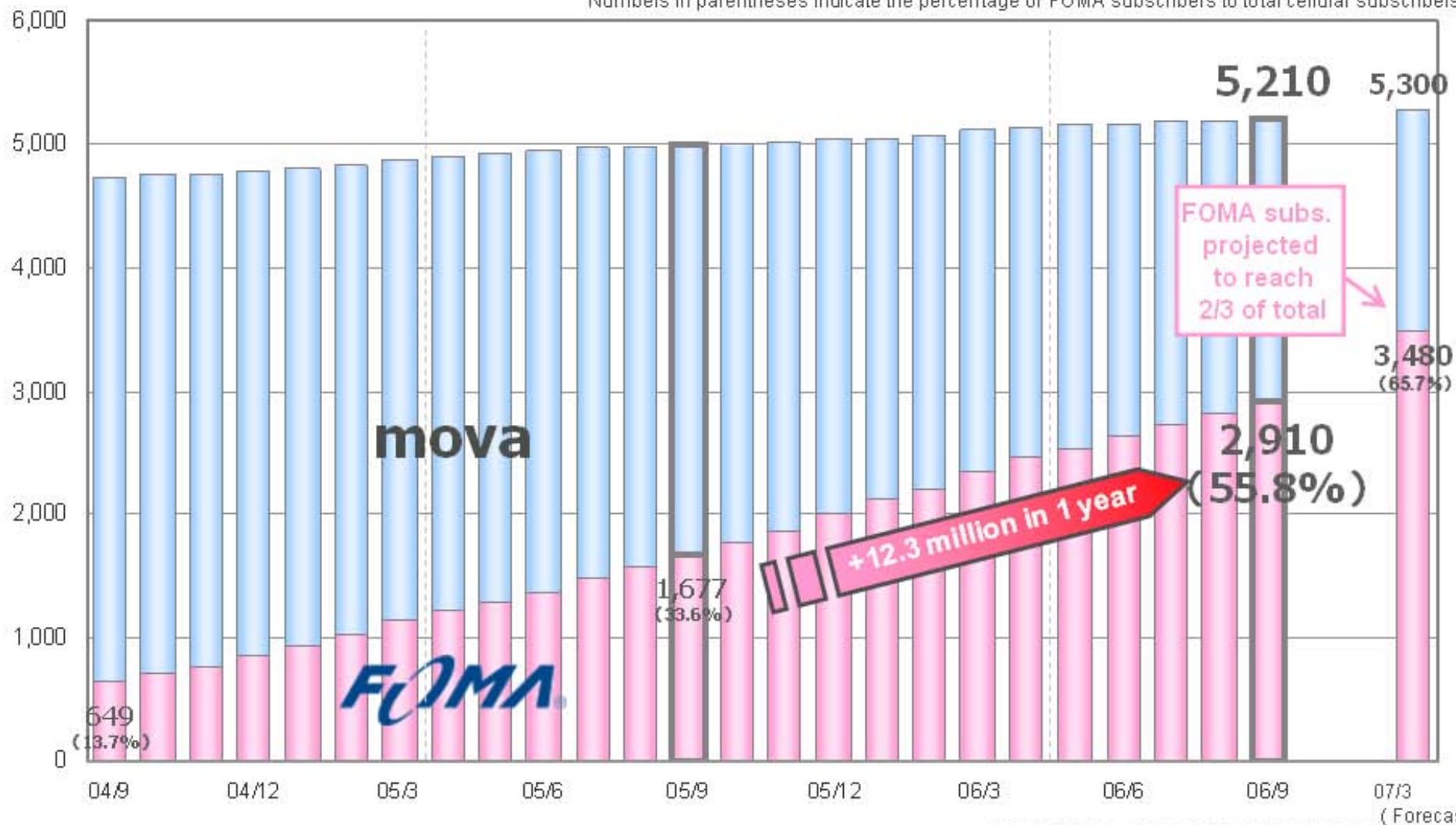
# Subscriber Migration to FOMA

- Total FOMA subs as of Sept. 30, 2006: 29.1 million (55.8% of total)
- Growing FOMA subs continues to boost data ARPU

(10,000 subscribers)

◆ Inclusive of Communication Module Service subscribers

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



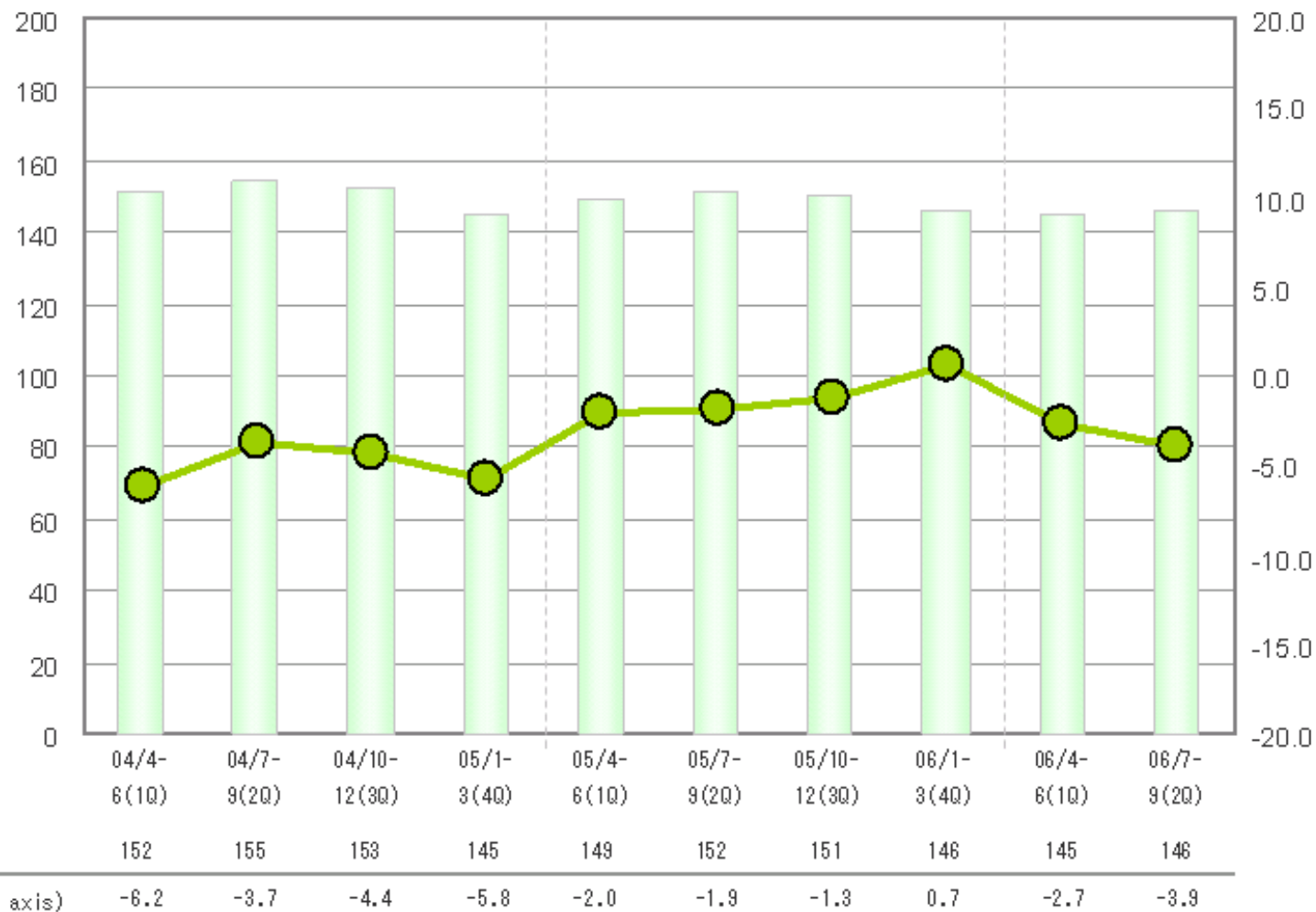


# Cellular (FOMA+mov) MOU

- MOU for FY2006/2Q was 146 minutes (Down -3.9% year-on-year)

(Minutes)

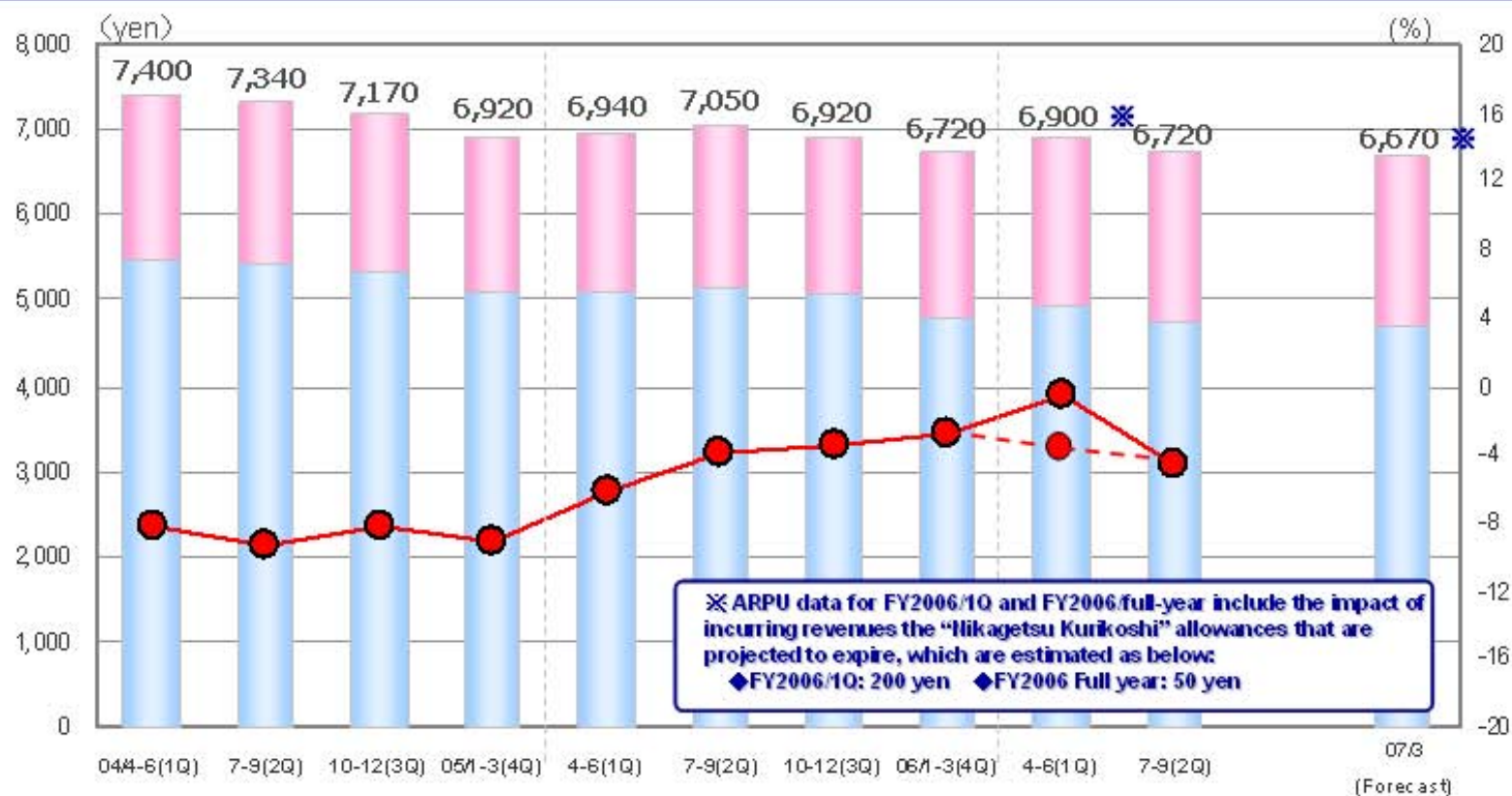
(%)



◆ For an explanation of MOU, see Slide 33 of this document, "Definition and Calculation Methods of MOU and ARPU".

# Cellular (FOMA+movA) ARPU

- ARPU for FY2006/2Q was 6,720 yen (Down 4.7% year-on-year)



Packet ARPU (left axis)	1,950	1,900	1,820	1,830	1,820	1,880	1,880	1,940	1,970	1,980	1,970
(Incl. i-mode ARPU)	1,940	1,890	1,810	1,820	1,810	1,870	1,860	1,920	1,950	1,960	1,950
Voice ARPU (left axis)	5,450	5,440	5,350	5,090	5,120	5,170	5,040	4,780	4,930	4,740	4,700
International service ARPU	20 (Excl.)	20 (Excl.)	30 (Excl.)	30 (Excl.)	30 (Incl.)	40 (Incl.)	40 (Incl.)	40 (Incl.)	50 (Incl.)	50 (Incl.)	60 (Incl.)
YOY changes in aggregate ARPU (right axis)	-8.2	-9.3	-8.3	-9.1	-6.2	-4	-3.5	-2.9	-0.6	-4.7	-
YOY changes in aggregate ARPU (Excluding the impact of incurring 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 33 of this document, "Definition and Calculation Methods of MOU and ARPU".

# Actions Implemented in FY2006/1H

## Network

**Expanded FOMA coverage to a level superior to mova's**

- FOMA base stations added in FY2006/1H
  - Outdoor: +5,300 BSs
  - Indoor: +1,700 systems

## Handsets

**Released 19 new FOMA models to enrich product lineup**

- 902iS Series: 8 models
- 702iS Series: 7 models
- SIMPURE Series: 2 models
- Concept Models: 2 models

## Services

- Launched "DCMX" credit service
- Significantly reinforced music-related services
- Expanded uptake of "i-channel" service
- Launched "i-mode search" service  
(Oct. 5, 06)

## Billing Plans

**Growing acceptance of various billing plans**

- pake-houdai: 7.82 mil subs (subscription rate 27%)
- Family discount: subscription rate 70%
- Ichinen discount\*: subscription rate 87%

\*Inclusive of New Ichinen discount





# FY2006 Business Outlook and Planned Actions

## FY2006 Results Forecasts (Revised)

US GAAP

	2007/3 (Full year) Initial forecast (1) (Announced Apr. 28, 2006)	2007/3 (Full year) Revised (2)	Changes (1) → (2)
Operating Revenues (Billions of yen)	4,838	4,799	-39
Cellular services revenues (Billions of yen)	4,176	4,174	-2
Operating Income (Billions of yen)	810	810	±0

## Highlights of Revisions

- **Operating revenues : 4,799 billion yen (Down 39 billion from initial guidance)**
  - Revised equipment sales revenues in view of reduction in the number of handsets sold (Down 33 billion yen)
- **Operating expenses : 3,989 billion yen (Down 39 billion from initial guidance)**
  - Revised revenue-linked expenses due to reduction in no. of handsets sold (Down 23 billion yen)
  - Cut communication network charges by improving the efficiency of circuit utilization and other non-personnel expenses (Down 16 billion yen)



# 13 Strengthen Core Business Even Further (1) Products -1-

- Flagship 903i series, "the premium", featuring wide array of full-spec capabilities  
~To offer the most entertaining, useful and enjoyable handset series

## 903i Series



〈F903i〉



〈D903i〉



〈P903i〉



〈N903i〉



〈SH903i〉



〈SO903i〉

### Entertainment Gear

#### Music



- All 903i models are compatible with Chaku-Uta Full ®
- Napster™-enabled (5 models)  
(D903i/F903i/SH903i/D903iTV/F903iX HIGH-SPEED)

#### Game

- Powerful "Mega Games", with expanded program size of up to 1MB



©2006 Sony Computer Entertainment, Inc. All rights reserved. "Mega Games" is a registered trademark of Sony Computer Entertainment, Inc. "Chaku-Uta Full" is a registered trademark of Sony Computer Entertainment, Inc. "Mega Games" is a registered trademark of Sony Computer Entertainment, Inc. "Chaku-Uta Full" is a registered trademark of Sony Computer Entertainment, Inc.

### Life Kit

#### "Osaifu Keitai" e-wallet

- Chip capacity expanded by 3-fold compared to former models

#### Security

- "Keitai-Osagashi" handset search service



#### GPS/Navigation

- Navigation apps preinstalled in all models

### Communication Tool

#### International Services

- Increased 3G roaming enabled models (+6 models)

#### Mail

- Over 240 Deco-Mail icons preinstalled
- Up to 2MB data attachable

#### New Contents

- "Kisekai Tool", "Machi-chara"

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

\* Napster ™ is a trademark of Napster, LLC in the United States and other countries.



- Added more variety to handset lineup, e.g. HSDPA and one-segment broadcast phones
- Plan to release over 20 new models in FY2006/2H, to offer the widest variety of handsets in our history

## HSDPA

The most powerful handset incorporating state-of-the-art technologies



〈F903iX HIGH-SPEED〉



〈P903iX HIGH-SPEED〉

### Full-spec music phone

- ◇ Built-in music player compatible with Windows Media® Audio

### Multi-rich contents phone

- ◇ Windows Media Video-enabled

- ◇ Large capacity i-motion (10MB)
- ◇ 2 Music Channel podcasts programmable for automatic downloading



## One-segment TV phone

Most powerful TV phone lineup comprising models featuring Japan's slimmest, longest playback hours, and largest screen size



〈D903iTV〉

Japan's slimmest TV phone  
19.8mm



〈P903iTV〉

Longest playback hours in Japan  
5-hour continuous viewing



〈SH903iTV〉

Japan's largest 3.0-inch wide LCD  
(As of Oct. 12, 2006: DoCoMo survey)

## OTHERS

Int'l roaming-enabled

WORLD WING.



〈SIMPURE L1〉

Lightest FOMA model



〈SIMPURE N1〉

Int'l roaming-enabled

WORLD WING.



〈M702iG〉



- Uptake of “Chaku-Uta Full ®”, “Music Channel” services have grown favorably
- Aim to create a new music environment with “Napster™”, which offers unlimited access to music for a flat rate

## Music Services

### ■ Music service usage

#### ◆ Chaku-Uta Full®

◇ Usage rate\*: **Approx. 40%**

◇ Average downloads:  
**4.4 songs/month**  
(For Sept. 2006)

\*Usage rate: No. of users/No. of compatible handset subscribers



#### ◆ “Music Channel”

◇ No. of “Music Channel” subs: **14,800**  
(As of Oct. 19, 2006)

◇ Subscription rate: **Approx. 30%**  
(For Sept. 2006)

\* Subscription rate: No. of Music Channel subs/No. of compatible handset users



### ■ “Napster™” for unlimited access to music at flat-rate

DoCoMo phones allow users to carry music after transferring from PCs

■ Over 1.5 million foreign and Japanese songs

■ Unlimited access for a flat monthly  
rate of 1,980 yen (tax included)

■ More compatible models to be added in the future

【Compatible models: F903i, D903i, SH903i, F902iS, D903iTV, F903iX HIGH-SPEED】



- The newly launched i-mode search capability has contributed to boost usage
- Further enriched safe and secure “Anshin” services leveraging advanced security techniques

## Search Service

### ■ Launched i-mode search (Oct. 5)

- ◆ In addition to official site search, 13 other search sites are made available



※Japanese syllabary order

Study to expand into new business domains  
linked with search function, e.g.,  
advertisement, sale promotion, etc.

## “Anshin” Services

### ■ Advanced security features

あんしん↑  
DoCoMo

#### “Keitai-Osagashi” handset search service



Supported by:  
903i (6 models)  
All GPS-enabled handsets

Enables to locate lost  
handset from PC using GPS

#### ANSHIN-KEY



Handset is automatically locked  
when separated by a certain  
distance from the ANSHIN KEY  
carried by user

P903i

Biometric  
authentication

9 models

Voice  
authentication

D903i  
D903iTV

Fingerprint  
authentication

F903i  
F903iX HIGH-SPEED

Facial  
authentication

H903i  
P903i  
SH903i  
P903iX HIGH-SPEED  
P903iTV



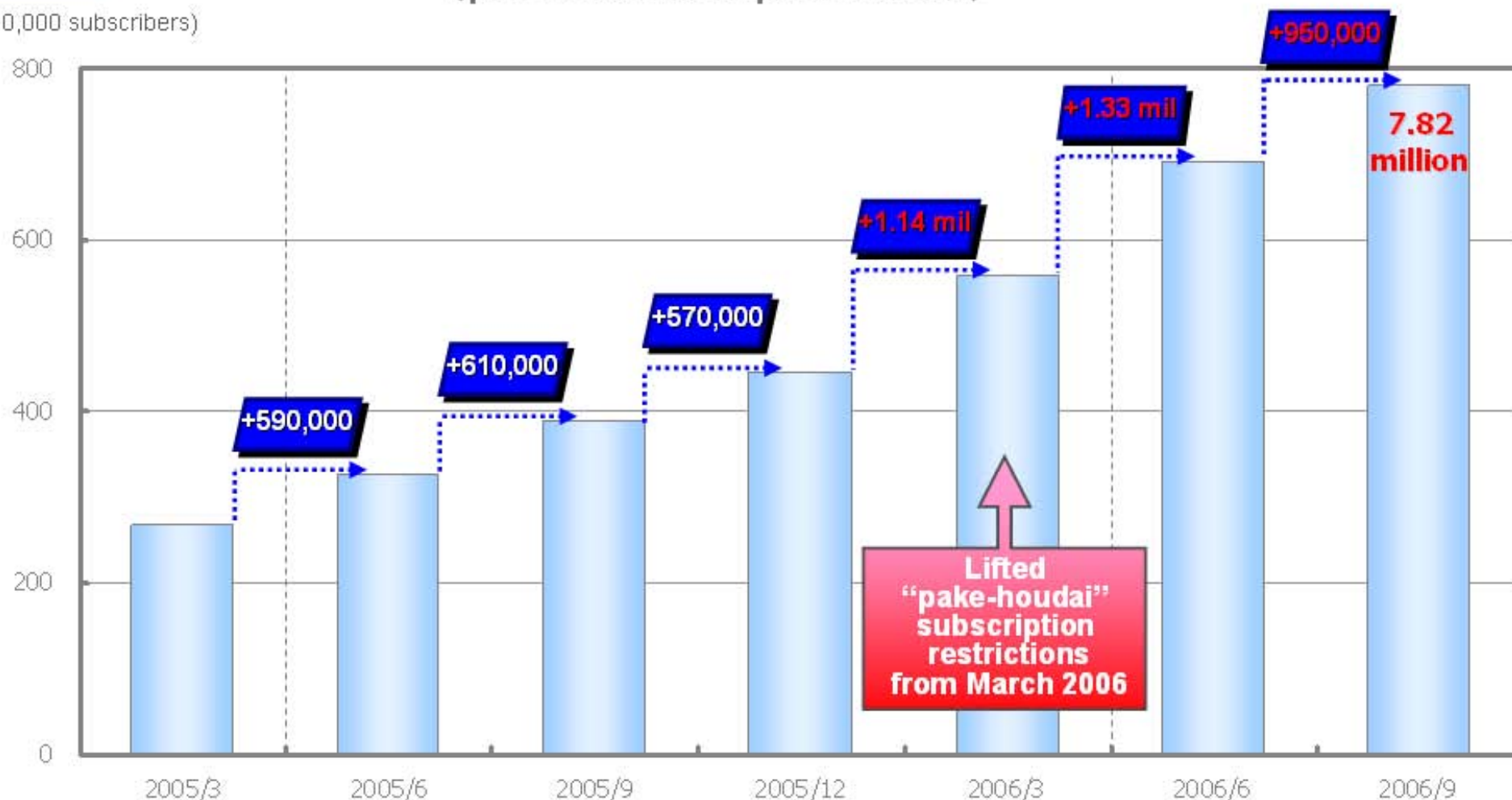
# 17 Strengthen Core Business Even Further (3) Billing Plans

- The growth of “pake-hodai” flat-rate subscribers accelerated after lifting the subscription restrictions.

**pake-hodai** Packet Flat-Rate Service

As of Sept. 30, 2006 **7.82 million subscribers**  
(pake-houdai subscription rate: 27%)

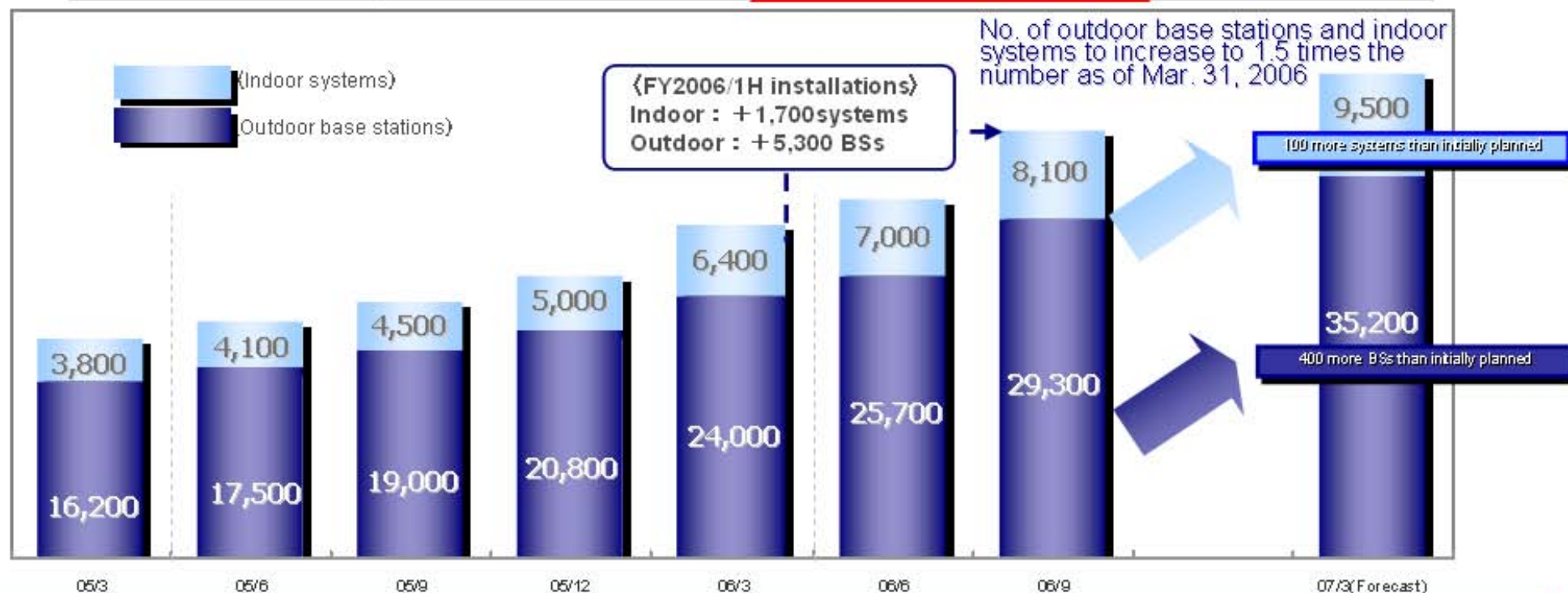
(10,000 subscribers)



# 18 Strengthen Core Business Even Further (4) Network

- Aim to create a network that is “most connectible” and “at higher speeds”.  
⇒ Expand FOMA coverage to a level superior to movi's.  
HSDPA coverage to be expanded to major cities nationwide from Oct. 2006.

	2007/3 (Full year) Initial forecast (1) (Announced Apr. 28, 2006)	2007/3 (Full year) Revised Forecast (2) (Announced Oct. 27, 2006)	Changes (1)→(2)
<b>CAPEX</b> (Billions of yen)	905.0	916.0	+11.0



- Reflected the requests gathered in “We value your comments on FOMA quality” campaign  
⇒ Meticulous FOMA coverage construction
- Completed FOMA roll-out in all JR stations, universities and highway parking areas ,etc. nationwide in October 2006.

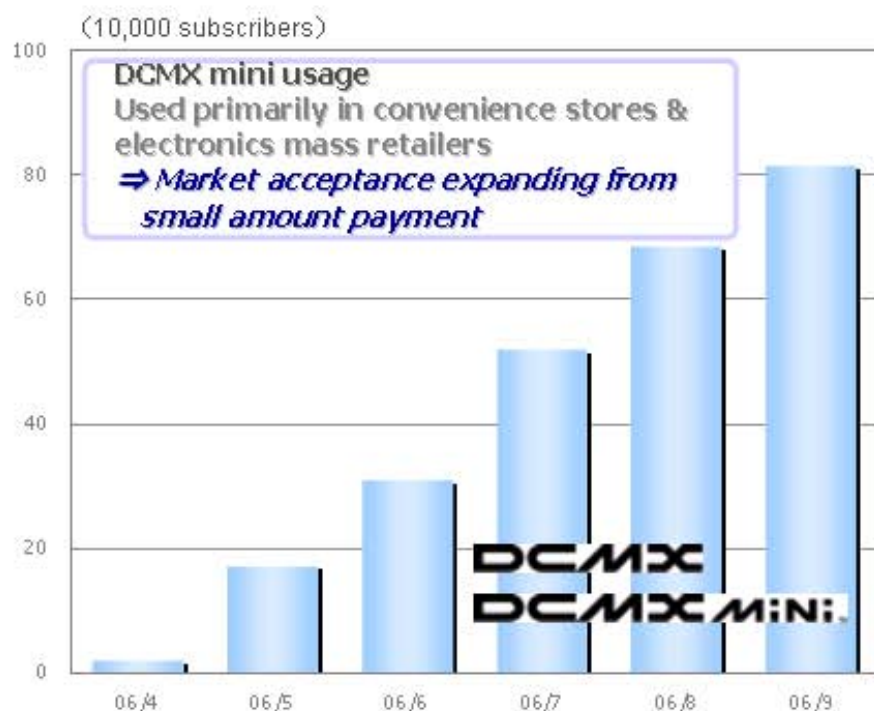


# Create New Revenue Sources (1) Credit Business -1-

- DCMX subscribers topped 900,000. User base of “Osaifu Keitaï” e-wallet (i-mode FeliCa) phones exceeded 16 million.
- Expanded alliances to enlarge mobile credit payment market.

## ◇ DCMX subscribers (DCMX, DCMX mini)

As of Oct. 22, 2006 **Over 900,000**



User base of “Osaifu Keitaï” e-wallet phones:

**16 million**

(As of Sept. 30, 2006)



Projected user count  
as of Mar. 31, 2007

**20 million**

## ◇ Alliances to promote credit business

**Companies providing “iD” service (As of Sept. 30, 2006)**

- Sumitomo Mitsui Card and 42 JVA member companies

**AEON Credit Service to launch “iD”**

- From Nov. 1, 2006
- Affiliated cards, e.g., SATY and VIVRE cards, to be covered in future



**UC Card started “iD” service at merchants**

- From Oct. 20, 2006
- Payment by “iD” is now possible at “Tokyo Dome Spa LaQua”



**Further expansion of mobile credit market**



- Measures aimed at accelerating the uptake of mobile credit service have made favorable progress

**No. of iD payment terminals installed**

As of Sept. 30, 2006 : Approx. 60,000

As of Mar. 31, 2007 : Approx. 150,000 (planned)

【Ref】 No. of terminals decided to be installed: Approx. 350,000

## ◇Actions to proliferate mobile credit service

### Growth of merchants

#### Retail outlets supporting "iD" to expand further

• AEON



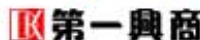
• am/pm



• Circle K Sunkus



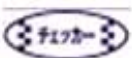
• DAIICHIKOSHO



• TOWER RECORDS



• Checker Cab  
(Checker Taxi)



• Tokyo Dome  
Spa LaQua



• Tokyo Radio Taxi Assn.  
(Tokyo Musen Taxi)



• Coca-Cola (Japan)



• Family Mart



• REINS International  
(Gyu-Kaku/DNYASAI/DOMA-DOMA, etc.)



• LAWSON



\* Names of companies are listed in Japanese alphabetical order

Note) Above lists the principal companies/outlets where "iD" payment is already supported or planned to be supported in the future

### Common payment terminal

Common terminal for "Suica" "Edy"  
"QUICPay" and "iD"

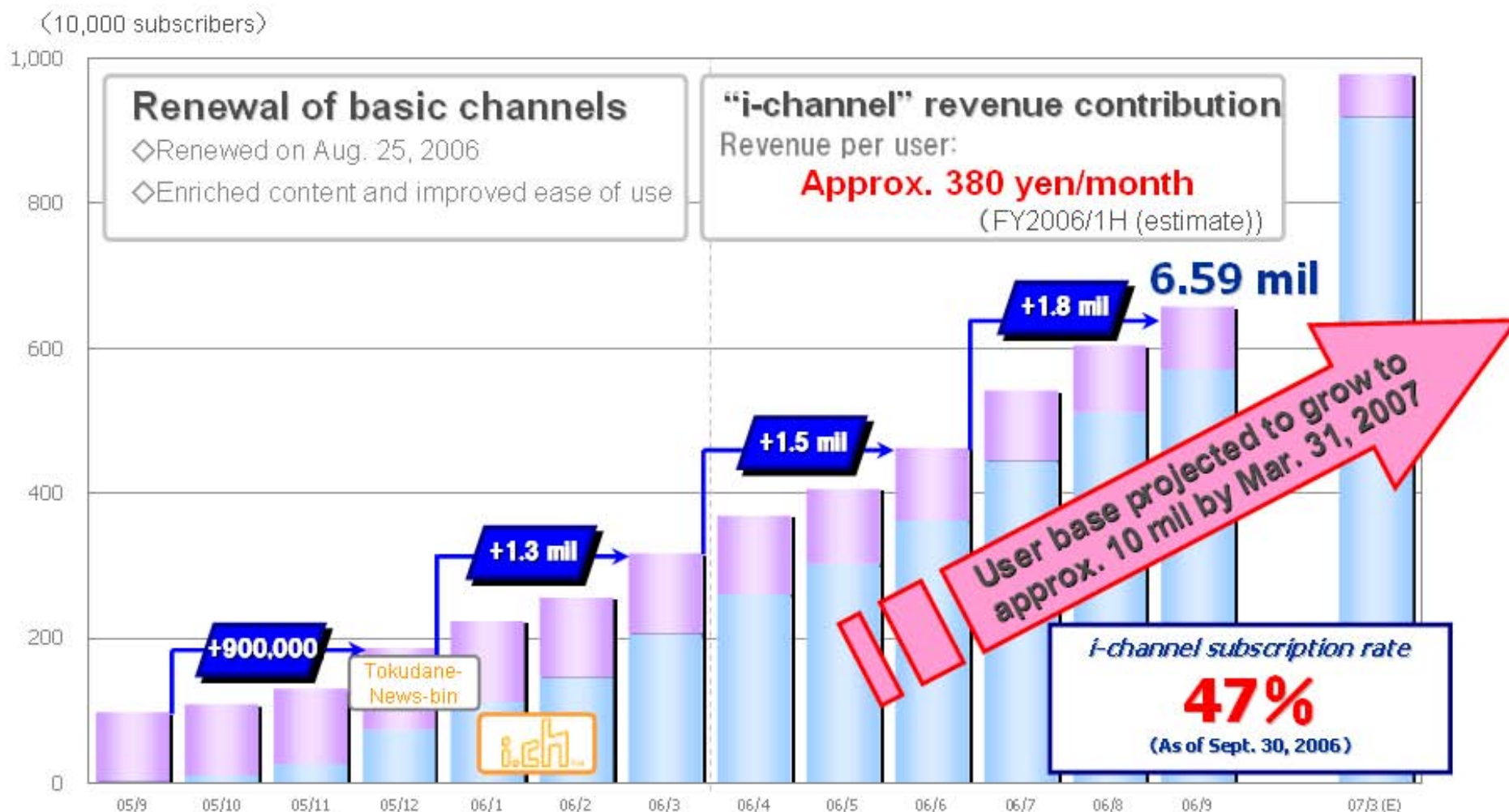


Plan to start operating common infrastructure around Jan. 2007

# Create New Revenue Sources (2) Boost Usage

- Combined subscriber base of push information delivery service ("i-channel" + "Tokudane-News-bin") topped 6 million, contributing to the increase of data ARPU

## Push information delivery service



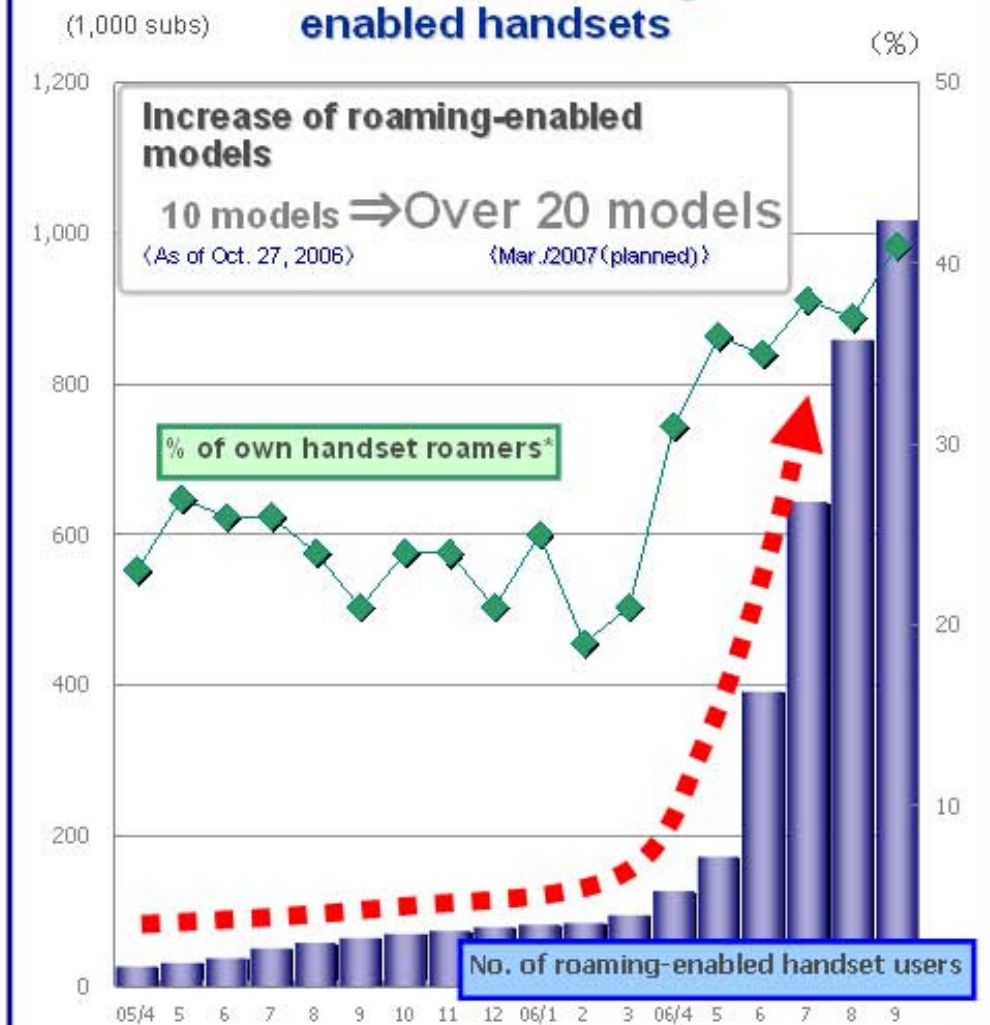
\* "i-channel" subscription rate: No. of "i-channel" subscribers / Total users of compatible handset



# Create New Revenue Sources (3) International Services

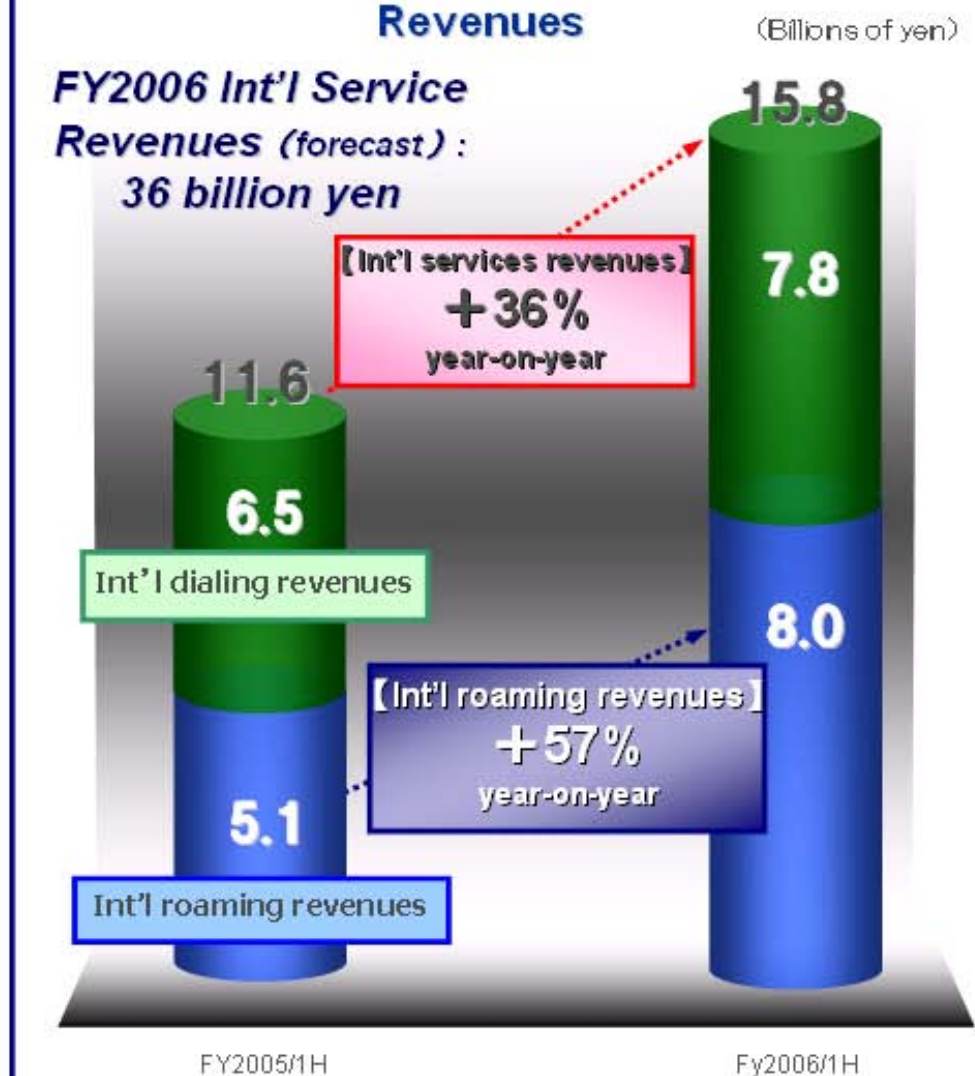
- User base of roaming-enabled handsets topped 1 million.
- International roaming revenues grew sharply, by 57% year-on-year in FY2006/1H.

## User base of roaming-enabled handsets



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

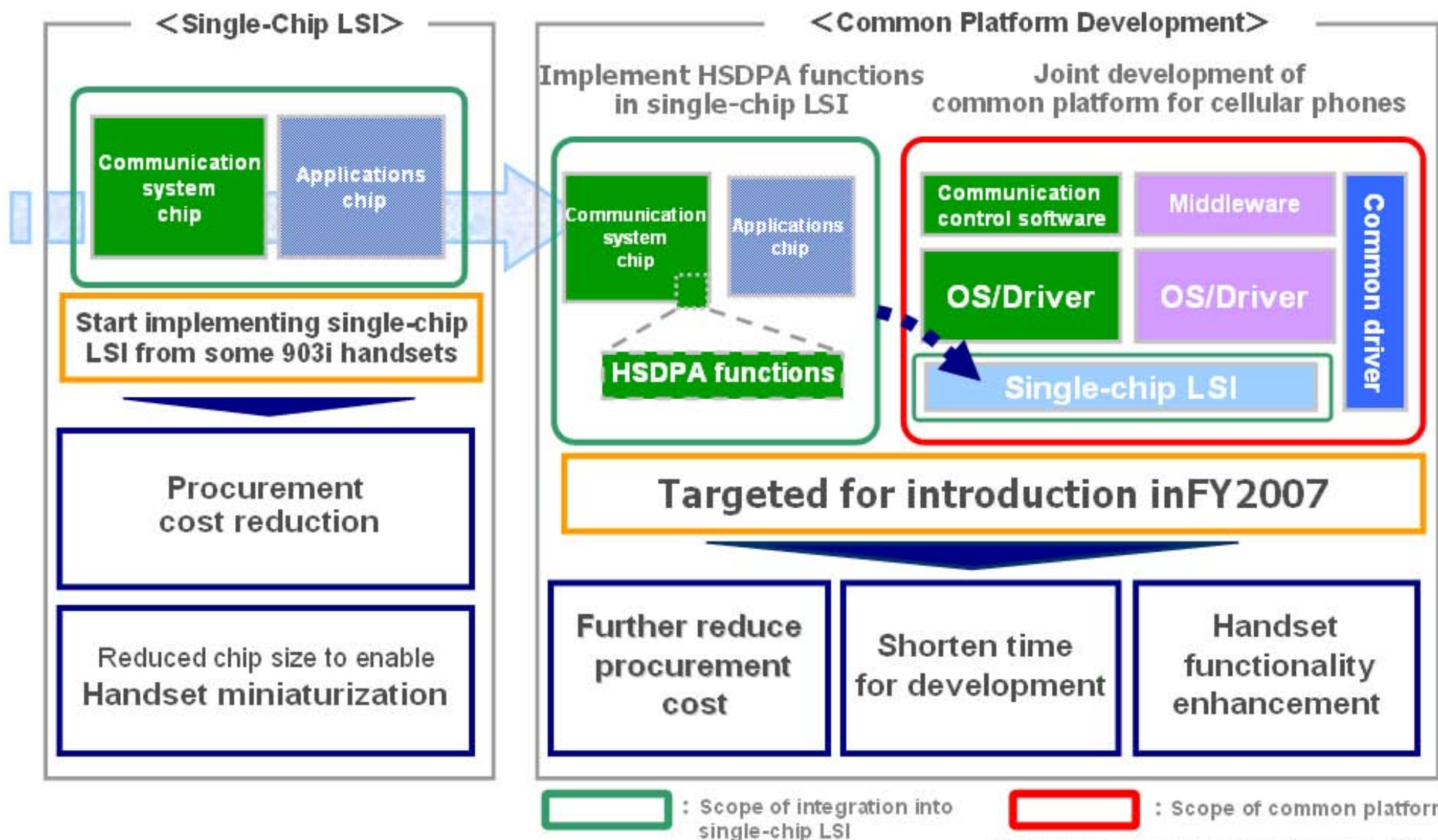
## International Services Revenues





# Cost Reduction

- Lower procurement costs by integrating communications capabilities/ applications into a single chip.
- Strengthen price/service competitiveness even further through platform development





# Appendices

# Operating Revenues

US GAAP

**FY2006 full year  
Operating Revenues  
(revised forecast)**

◆ **Compared to  
initial guidance**

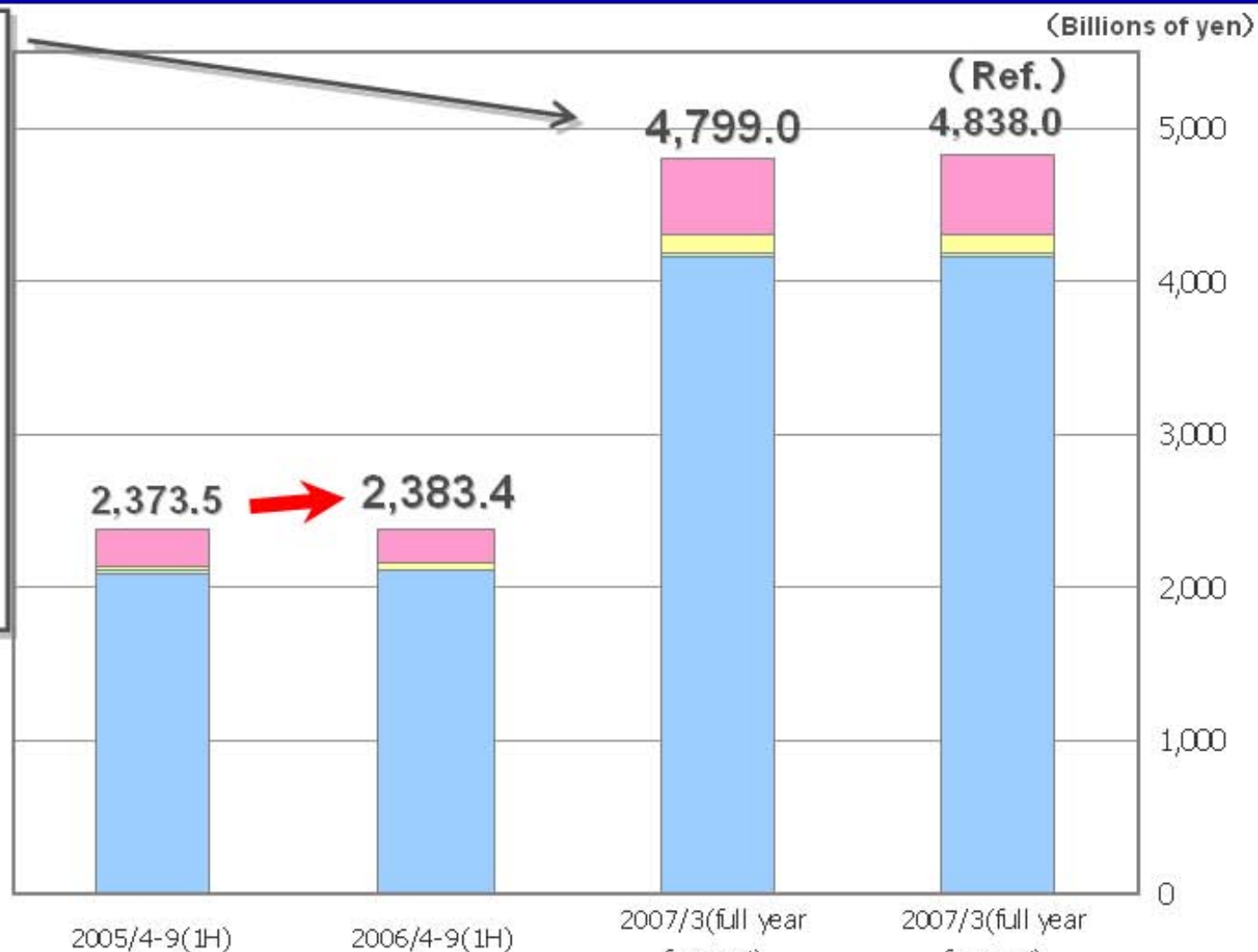
**-0.8%**

(Cellular services revenues)

**compared to initial forecast -0.0%**

(Equipment sales revenues)

**compared to initial forecast -6.3%**



(Billions of yen)

Equipment sales	222.5	209.1	494.0	527.0
Other revenues	42.2	48.8	109.0	114.0
PHS revenues	23.2	13.0	22.0	21.0
Cellular services revenues (voice, packet)	2,085.6	2,112.4	4,174.0	4,176.0

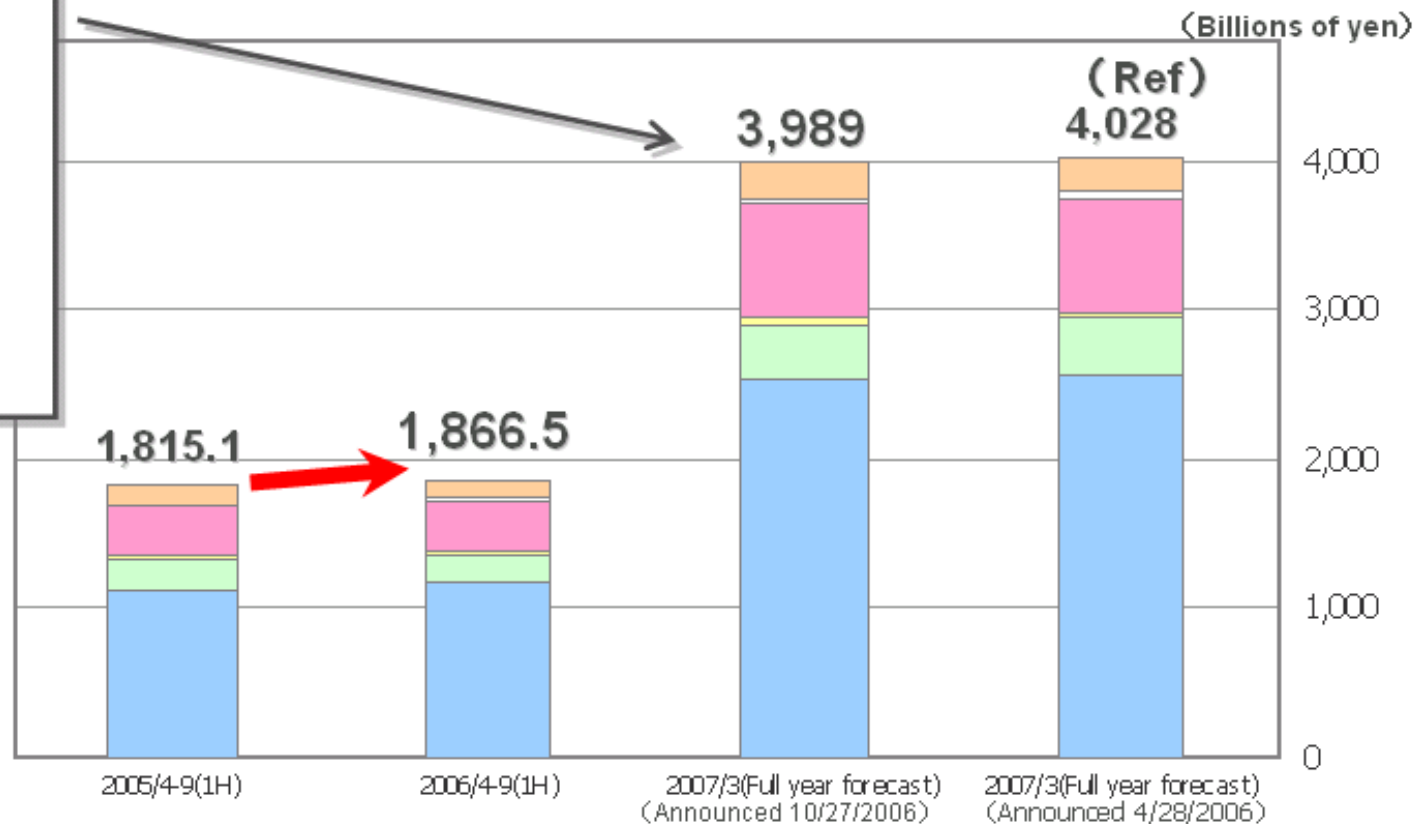
◆ "Quickcast revenues" are included in "Other revenues". "International services revenues" are included in "Cellular services revenues".



# Operating Expenses

US GAAP

**FY2006 full year  
Operating Expenses  
(Revised forecast)**  
◆ Compared to initial  
guidance  
**-1.0%**



(Billions of yen)	2005/4-9(1H)	2006/4-9(1H)	2007/3(Full year forecast) (Announced 10/27/2006)	2007/3(Full year forecast) (Announced 4/28/2006)
Personnel expenses	122.7	124.5	253.0	252.0
Taxes and public duties	18.6	18.3	36.0	37.0
Depreciation and amortization	339.5	347.7	746.0	753.0
Loss on disposal of property, plant and equipment and intangible assets	11.8	18.1	59.0	52.0
Communication network charges	186.9	178.9	359.0	370.0
Non-personnel expenses	1,135.5	1,179.0	2,536.0	2,564.0
(Incl.) Revenue-linked expenses *	820.8	849.5	1803.0	1,826.0
(Incl.) Other non-personnel expenses	314.6	329.5	733.0	738.0

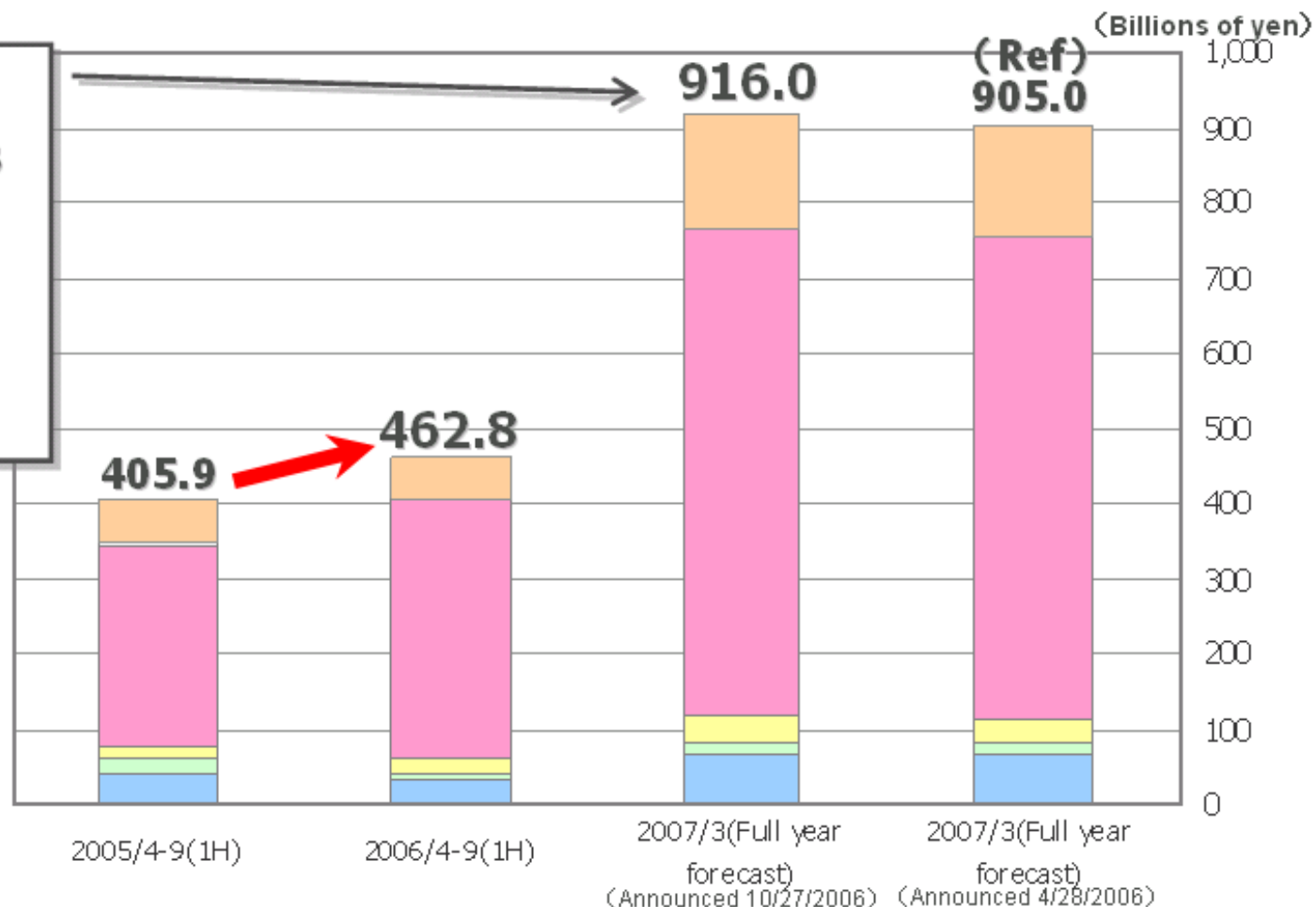
\* Revenue-linked expenses: cost of equipment sold + distributor commissions + cost of DoCoMo Point Service

◆ 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

## FY2006 full year Capital Expenditures (Revised forecast)

◆ Compared to initial  
guidance  
**+1.2%**



(Billions of yen)

Other (Information systems, etc.)	59.6	55.9	152.0	150.0
PHS business	0.4	0.7	1.0	1.0
Mobile phone business (FOMA)	270.9	345.3	645.0	639.0
Mobile phone business (i-mode, etc.)	15.5	17.9	34.0	32.0
Mobile phone business (mova)	20.5	12.0	18.0	17.0
Mobile phone business (transmission line)	39.0	31.0	66.0	66.0

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

## Operational Results

				2005/4-9 (1H) (1)	2006/4-9 (1H) (2)	Changes (1) →(2)	2007/3 (Full year forecast) Announced 10/27/2006
Cellular Phone	No. of Subscribers (1,000)			49,904	52,103	+4.4%	53,000
	mova			33,134	23,004	-30.6%	18,200
	FOMA			16,770	29,098	+73.5%	34,800
	i-mode			45,139	47,186	+4.5%	47,900
	Communication Module Service			609	799	+31.2%	990
	Market share (%)			56.0	55.5	-0.5 points	-
	Handsets sold (1,000)  (including handsets sold without involving sales by DoCoMo)	mova	New	1,609	558	-65.3%	-
			Replace	2,794	808	-71.1%	-
		FOMA	New	1,976	2,355	+19.2%	-
			Migration from mova	4,165	4,422	+6.2%	-
Other*			1,362	3,678	+170.0%	-	
Churn rate (%)			0.81	0.62	-0.19 points	-	
PHS	No. of Subscribers (1,000)			987	606	-38.6%	390
	ARPU (yen)			3,310	3,130	-5.4%	-
	MOU (minutes)			73	61	-16.4%	-

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

◆ Communication Module Service subscribers are included in the number 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 33 of this document, "Definition and Calculation Method of MOU and ARPU".

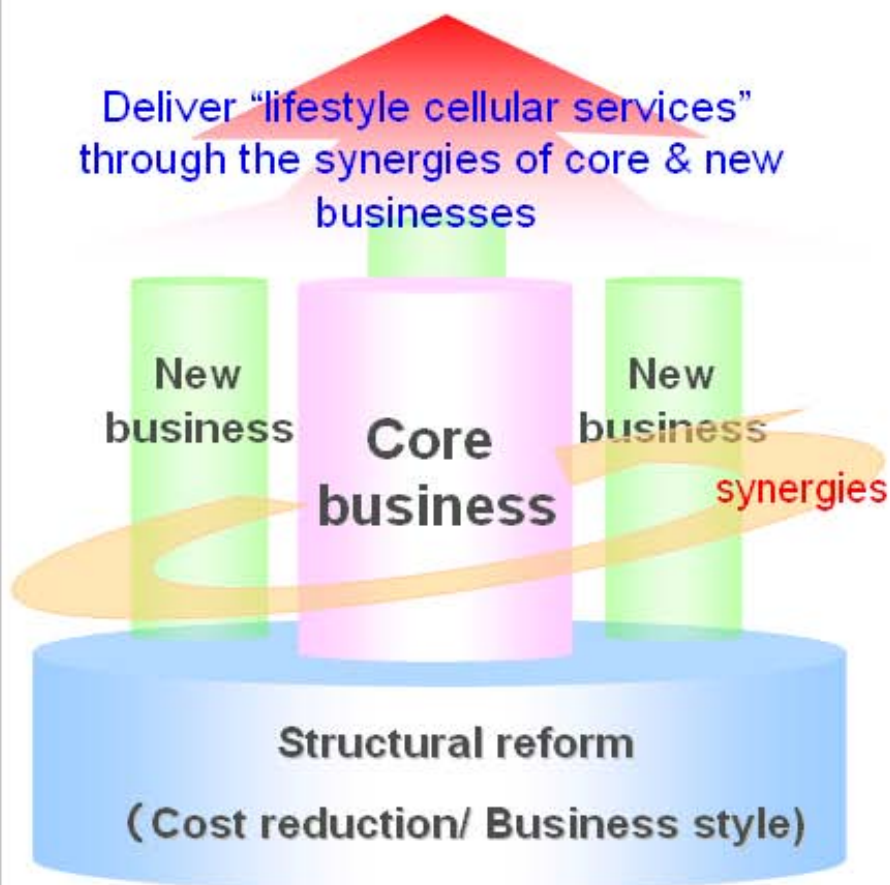


# Middle-Term Business Directions

- Facilitate business structural reform, to transform cellular into a “lifestyle infrastructure” through the synergies of core and new businesses
- Deliver “cellular services useful for everyday life and business” to offer innovative & secure solutions

From “telecommunications infrastructure”  
to “lifestyle infrastructure”

Deliver “lifestyle cellular services”  
through the synergies of core & new  
businesses



Directions of service development:  
“innovative” “safe & secure”

## Innovative

- FeliCa services
  - Payment, mobile credit
  - Commuter pass (Mobile Suica)
- New communication services
  - PushTalk
  - i-channel
- Music services
  - TV radio
  - AV
- Broadcast-linked
- Video distribution/ Videophone
- Corporate services
- International services
- Fuel cell

## Safe & Secure

- Children safety protection
  - Kid's PHONE
  - imadoco search
- Personal data protection
  - Remote lock
  - Data security
- Disaster communication
  - i-mode disaster message board
- NW quality enhancement
- Handset troubleshoot
  - Over-the-air download
- Spam countermeasures
- Premier Club
  - Free handset repair
  - Free extra battery pack service



# Create New Revenue Sources

Accelerate cellular service's transformation into a "lifestyle infrastructure" leveraging the synergies of core and new businesses

⇒ Achieve "third growth" after first and second phases of growth led by telecommunications/IT infrastructure businesses

## (1) Payment/Commerce

-Sumitomo Mitsui Card  
-UC Card

-am/pm  
-Lawson

-AEON\*  
-FamilyMart\*  
-East Japan Railway (LLP)

## (2) Broadcast

-Fuji television  
-Nippon television(LLP)

## (3) Content / Internet business

-Rakuten Auction  
-CA Mobile  
-Tower Records

## (4) Global business

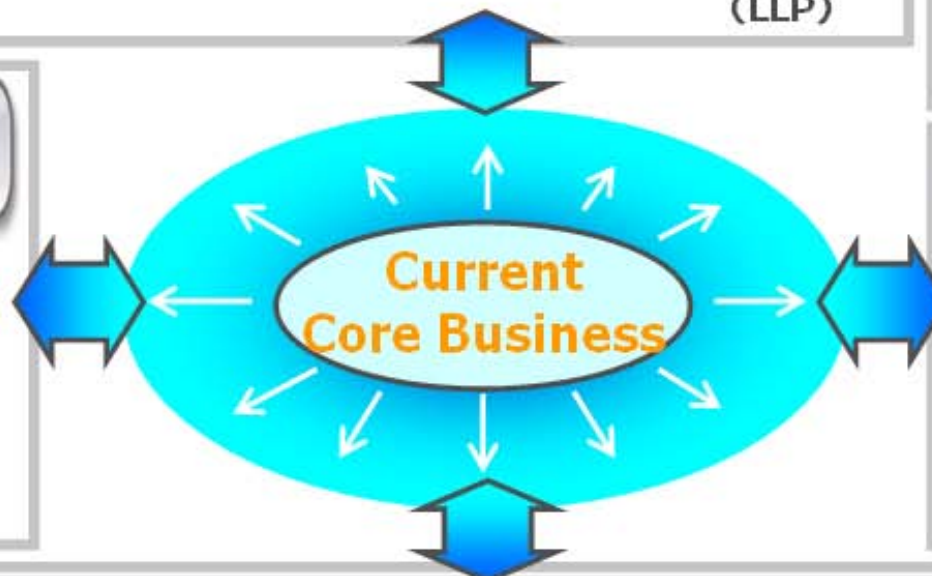
-KT Freetel  
-Guam Cellular  
Guam Wireless  
-PLDT  
※ Asia Pacific Mobile Alliance  
(tentative name)

## (5) Mobile-related peripheral business

•ACCESS  
•Aplix

•Renesas Technology\*  
•Texas Instruments\*

•FueTrek  
•AQUA FAIRY





# Enriched FOMA Handset Lineup

Prepared a lineup of handsets offering enhanced competitiveness in every aspect

FY2006 FIRST HALF

FY2006 SECOND HALF AND BEYOND

90X Series

2006/5

902iS

2006/8

N902iX

2006/7

702iS

2006/8

SO902iWP  
(water proof)

Raku Raku  
Phone III

HTC

BlackBerry

903i

903iX  
HIGH-SPEED

M702iG

M702iS

703i

SIMPURE

Concept Models

(Terrestrial digital TV-enabled model  
/ Universal design etc)

Concept phones

Breakdown of  
FOMA Handsets Sold

FY2005/1H

70X series

90X series

FY2006/1H

- Flagship model offering full-spec features (903i series)
- HSDPA phones (903iX HIGH-SPEED)
- One-segment TV phones featuring slimmest size, longest playback hours and largest screen in Japan (903iTV series)



# 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 14th ordinary general shareholder mtg	400	333.2 (83.3%)	2.2	1.98 (90.0%)
Repurchase authorized at 15th ordinary general shareholder mtg	250	40 (As of Sept. 30, 2006)	1.4	0.23 (As of Sept. 30, 2006)

# 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			
	Year ending March 31, 2007 (Forecasts)	Yearended March 31, 2006	Six months ended March 31, 2006	Six months ended March 31, 2005
a. EBITDA	¥ 1,601.0	¥ 1,606.8	¥ 878.8	¥ 905.5
Depreciation and amortization	(746.0)	(738.1)	(347.7)	(339.5)
Losses on sale or disposal of property, plant and equipment	(45.0)	(36.0)	(14.2)	(7.6)
Operating income	810.0	832.6	516.9	558.4
Other income (expense)	5.0	119.7	3.4	74.7
Income taxes	(327.0)	(341.4)	(210.5)	(246.7)
Equity in net losses of affiliates	-	(0.4)	0.1	(1.1)
Minority interests in earnings of consolidated subsidiaries	-	(0.1)	(0.0)	0.0
b. Net income	488.0	610.5	309.8	385.3
c. Total operating revenues	4,799.0	4,765.9	2,383.4	2,373.5
EBITDA margin (=a/c)	33.4%	33.7%	36.9%	38.2%
Net income margin (=b/c)	10.2%	12.8%	13.0%	16.2%

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			
	Year ending March 31, 2007 (Forecasts)	Yearended March 31, 2006	Six months ended March 31, 2006	Six months ended March 31, 2005
Free cash flows excluding changes in investments for cash management purpose	¥ 290.0	¥ 510.9	(¥ 48.4)	¥ 360.2
Irregular factors (1)	(220.0)	-	(222.0)	-
Changes of investments for cash management purpose (2)	-	149.0	(0.7)	(100.0)
Free cash flows	70.0	659.9	(271.1)	260.2
Net cash used in investing activities	(943.0)	(951.1)	(530.1)	(598.7)
Net cash provided by operating activities	1,013.0	1,610.9	259.0	858.9

Note: (1) Irregular factors represent the effects of uncollected revenues due to a bank holiday at the end of the fiscal period.

(2) 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. Net cash used in



