

NTT DOCOMO INC  
Form 6-K  
May 01, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934**

For the month of May 2006.

Commission File Number: 001-31221

Total number of pages: 89

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**NTT DoCoMo, Inc.**

(Translation of registrant's name into English)

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Sanno Park Tower 11-1, Nagata-cho 2-chome

Chiyoda-ku, Tokyo 100-6150

Japan

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

**Form 20-F**  **Form 40-F**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

*Note:* Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

*Note:* Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

**Yes**  **No**

If **Yes** is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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Information furnished in this form:

1. Earnings release dated April 28, 2006 announcing the company's results for the year ended March 31, 2006.
2. Materials presented in conjunction with the earnings release dated April 28, 2006 announcing the company's results for the year ended March 31, 2006.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NTT DoCoMo, Inc.

Date: May 1, 2006

By:

/s/ YOSHIKIYO SAKAI  
**Yoshikiyo Sakai**

**Head of Investor Relations**

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3:00 P.M. JST, April 28, 2006

NTT DoCoMo, Inc.

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**Earnings Release for the Fiscal Year Ended March 31, 2006**

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Consolidated financial results of NTT DoCoMo, Inc. (the Company) and its subsidiaries (collectively we or DoCoMo) for the fiscal year ended March 31, 2006, are summarized as follows.

<< Highlights of Financial Results >>

For the fiscal year ended March 31, 2006, operating revenues were ¥4,765.9 billion (down 1.6% year-on-year), operating income was ¥832.6 billion (up 6.2% year-on-year), income before income taxes was ¥952.3 billion (down 26.1% year-on-year) and net income was ¥610.5 billion (down 18.3% year-on-year).

Earnings per share were ¥13,491.28 and EBITDA margin\* was 33.7% (up 0.1 points year-on-year), and ROCE\* was 17.2% (up 1.0 point year-on-year).

Operating revenues, operating income, income before income taxes and net income for the fiscal year ending March 31, 2007, are estimated to be ¥4,838.0 billion (up 1.5% year-on-year), ¥810.0 billion (down 2.7% year-on-year), ¥815.0 billion (down 14.4% year-on-year) and ¥488.0 billion (down 20.1% year-on-year), respectively.

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Notes:

1. Consolidated financial statements for the fiscal year ended March 31, 2006, in this release are unaudited.
2. Amounts in this release are rounded, excluding non-consolidated financial statements, where amounts are truncated.
3. With regard to the assumptions and other related matters concerning the forecasts of consolidated financial results for the fiscal year ending March 31, 2007, please refer to pages 9 and 10.

\* 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. 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 44. See page 44 for the definition of ROCE.

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The customer-oriented management policy that we have been using since June 2004, when I assumed my current post as CEO, began to deliver visible results during the fiscal year ended March 31, 2006. Our cellular churn rate improved, dropping 0.24 points from the previous fiscal year to 0.77%, and we had the largest market share of net additional subscribers during the fiscal year ended March 31, 2006. With the brisk sales of our latest FOMA 902i/702i series handsets and the Kids PHONE designed to offer peace of mind for parents by increasing the safety of children, we are making favorable progress in the migration of subscribers to the FOMA network. As a consequence, operating income for the fiscal year ended March 31, 2006 grew to ¥832.6 billion, up ¥48.5 billion year-on-year, beating our original guidance of ¥830.0 billion.

Going forward, we will strive to reinforce our core business more than ever by taking comprehensive measures to improve our offerings, including the enhancement of our handset lineup, improvement of network quality, providing customer-oriented billing plans, and reinforcement of after-sales support. At the same time, to promote sustainable growth for the future, we will seek new revenue sources by entering the credit payment business a market with great prospects for future growth, especially in the area of small amount transactions, expanding international service revenues by adding more roaming destinations and compatible handset models, and further growing i-mode revenues leveraging i-channel and other services. The credit payment service, in particular, is expected to accelerate our efforts to transform cellular services into a lifestyle infrastructure. As a first step toward this goal, we recently commenced the DCMX mini consumer credit service, which offers a monthly credit line of ¥10,000. Users can use this service easily by applying through an i-mode site. In May 2006, we plan to start receiving applications for another new credit service, dubbed DCMX, which can offer higher credit lines, to provide mobile phone-based credit payment services on a full scale basis.

Although the business environment surrounding us is subject to constant change, we will always place customers at the center of our considerations, endeavor to improve every aspect of our services and aim to solidify our business foundation thereby.

<< Business Results and Financial Position >>

<Results of operations>	Billions of yen			
	(UNAUDITED)			
	Year ended March 31, 2006	Year ended March 31, 2005	Increase (Decrease)	
Operating revenues	¥ 4,765.9	¥ 4,844.6	¥ (78.7)	(1.6%)
Operating expenses	3,933.2	4,060.4	(127.2)	(3.1)
Operating income	832.6	784.2	48.5	6.2
Other income (expense)	119.7	504.1	(384.4)	(76.3)
Income before income taxes	952.3	1,288.2	(335.9)	(26.1)
Income taxes	341.4	527.7	(186.3)	(35.3)
Equity in net losses of affiliates	(0.4)	(12.9)	12.5	
Minority interests in consolidated subsidiaries	(0.1)	(0.1)	(0.0)	

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Net income	¥ <b>610.5</b>	¥ 747.6	¥ (137.1)	(18.3%)
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**Table of Contents****1. Business Overview**

- (1) Operating revenues totaled ¥4,765.9 billion (down 1.6% year-on-year).

Cellular (FOMA+mova) services revenues increased to ¥4,158.1 billion (up 0.3% year-on-year). Although we had a decline in ARPU resulting from the amendment of our billing plans, cellular (FOMA+mova) services revenues increased due to the acquisition of new subscribers and lowered churn rate driven by our customer-oriented measures such as reinforcement of handset lineup and services, improvement of network quality, and further improvement of after-sales services.

Voice revenues from FOMA services increased to ¥1,169.9 billion (up 127.3% year-on-year) and packet communications revenues from FOMA services increased to ¥613.3 billion (up 135.3% year-on-year) owing to a significant increase in the number of FOMA services subscribers to 23.46 million (up 104.0% year-on-year), which resulted from improvement of network quality and strong sales of new handsets such as the 902i and 702i series and the Kids PHONE designed for children's safety.

Although the sales of handsets related to the migration of subscribers from mova services to FOMA services were continuously strong, revenues from equipment sales decreased to ¥470.0 billion (down 14.2% year-on-year) due to a decrease in the total number of handsets sold.

Billions of yen				
(UNAUDITED)				
	Year ended	Year ended	Increase	
	March 31, 2006	March 31, 2005	(Decrease)	
Wireless services	¥ 4,295.9	¥ 4,296.5	¥ (0.7)	(0.0%)
Cellular (FOMA+mova) services revenues (i)	4,158.1	4,147.0	11.2	0.3
- Voice revenues (ii)	3,038.7	3,086.3	(47.6)	(1.5)
Including: FOMA services	1,169.9	514.7	655.2	127.3
- Packet communications revenues	1,119.5	1,060.7	58.8	5.5
Including: FOMA services	613.3	260.7	352.6	135.3
PHS services revenues	40.9	60.3	(19.3)	(32.1)
Other revenues (i)	96.8	89.3	7.5	8.4
Equipment sales	470.0	548.1	(78.1)	(14.2)
<b>Total operating revenues</b>	<b>¥ 4,765.9</b>	<b>¥ 4,844.6</b>	<b>¥ (78.7)</b>	<b>(1.6%)</b>

Notes:

- (i) For periods beginning after March 31, 2005, Quickcast services revenues, which were presented separately in the past, are included in Other revenues, and international services revenues, which were previously included in Other revenues, are included in Cellular (FOMA+mova) services revenues and the results for the year ended March 31, 2005 are restated to confirm to the presentation for the year ended March 31, 2006. However, international services revenues



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related to FOMA services are not included in FOMA services revenues for the year ended March 31, 2005 because such information was not previously maintained.

(ii) Voice revenues include data communications revenues through circuit switching system.

(2) Operating expenses were ¥3,933.2 billion (down 3.1% year-on-year).

Personnel expenses decreased to ¥250.3 billion (down 0.5% year-on-year). The number of employees was 21,646 as of March 31, 2006.

Non-personnel expenses decreased to ¥2,484.8 billion (down 2.1% year-on-year) due to a decrease in equipment-sales-related expenses, such as commissions paid to agents, reflecting a decrease in the number of handsets sold.

Depreciation and amortization expenses increased by 0.2% year-on-year to ¥737.1 billion due to the effect of shortened useful lives of assets associated with the renewal of IT systems.

Impairment loss decreased to ¥1.1 billion (down 98.2% year-on-year), which represents the minimum maintenance capital expenditures made during the year ended March 31, 2006 for our PHS services, following our write-down of the entire carrying value of the assets related to our PHS business during the year ended March 31, 2005. We plan to terminate our PHS business during the three months ending December 31, 2007.

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Billions of yen				
(UNAUDITED)				
	Year ended	Year ended	Increase	
	March 31, 2006	March 31, 2005	(Decrease)	
<Breakdown of operating expenses>				
Personnel expenses	¥ 250.3	¥ 251.4	¥ (1.1)	(0.5%)
Non-personnel expenses	2,484.8	2,539.2	(54.4)	(2.1)
Depreciation and amortization	737.1	735.4	1.6	0.2
Impairment loss	1.1	60.4	(59.3)	(98.2)
Loss on disposal of property, plant and equipment and intangible assets	54.7	65.5	(10.8)	(16.4)
Communication network charges	368.5	372.4	(3.9)	(1.1)
Taxes and public dues	36.7	36.1	0.7	1.9
<b>Total operating expenses</b>	<b>¥ 3,933.2</b>	<b>¥ 4,060.4</b>	<b>¥ (127.2)</b>	<b>(3.1%)</b>

- (3) Operating income increased to ¥832.6 billion (up 6.2% year-on-year). Income before income taxes decreased by 26.1% year-on-year to ¥952.3 billion mainly due to the fact that gains on sale of Hutchison 3G UK Holdings Limited shares (¥62.0 billion) and of KPN Mobile N.V. shares (¥40.0 billion) during the year ended March 31, 2006 were less than the gain on sale of AT&T Wireless Services, Inc. ( AT&T Wireless ) shares of ¥501.8 billion during the year ended March 31, 2005.
- (4) Net income was ¥610.5 billion (down 18.3% year-on-year).

**2. Segment Information**

- (1) Mobile phone business

Operating revenues were ¥4,683.0 billion and operating income was ¥844.4 billion.

## Cellular (FOMA) services

In and after November 2005, we released the FOMA 902i series handsets as our high-end models, which are compatible with the PushTalk, walkie-talkie-style communication service that allows multiple users to speak simultaneously. We also released the FOMA 702i series handsets, which feature attractive designs by collaborations with creators, in and after February 2006 as our standard models. To meet diversified needs of customers, we enhanced our handset lineup by releasing the FOMA P901iTV handset, with which users can watch the newly launched digital terrestrial broadcastings for mobile phones and terminals; the Kids PHONE FOMA SA800i, which is equipped with security alarm and global positioning system (GPS) function under the concept of children's safety and ease of use; and an ecological handset, FOMA N701iECO, using bioplastic reinforced with kenaf fiber in March 2006. Beginning March 1, 2006, all new FOMA billing plans offer the option of unlimited i-mode packet communications for a flat monthly rate named pake-hodai. The number of FOMA services subscribers surpassed 20 million in December 2005 and increased to 23.46 million as of March 31, 2006.

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Voice ARPU, packet ARPU and aggregate ARPU of cellular (FOMA) services were ¥5,680, ¥3,020 and ¥8,700, respectively.

### Cellular (mova) services

We released the mova N506iS II handset, which focuses on ease of use and viewability, and enables users to talk and to browse i-mode sites and e-mails with the clamshell body closed. Due to continuous progress in the migration of subscribers from mova services to FOMA services, the number of mova services subscribers decreased to 27.68 million as of March 31, 2006.

Voice ARPU, i-mode ARPU and aggregate ARPU of cellular (mova) services were ¥4,680, ¥1,290 and ¥5,970, respectively.

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In both FOMA and mova services, we launched new simpler and easier-to-understand billing plans, and upgraded the Ichinen Discount by providing our long-term subscribers with further discount rates in November 2005. Starting December 1, 2005, we enhanced the existing Family Discount by launching the Fami-wari Wide discount plan for qualified subscribers. We also introduced the Fami-wari Wide Limit plan, which limits calling and packet communications charges at a value set in advance by a subscriber in March 2006. In addition, we launched various initiatives aimed at enhancing the convenience for our customers, including the launch of a service which allows our new subscribers to choose the last four digits of their phone numbers in February 2006. The aggregate number of the FOMA and mova services subscribers surpassed 50 million in November 2005 and increased to 51.14 million as of March 31, 2006.

Voice ARPU, packet ARPU and aggregate ARPU of cellular (FOMA+mova) services were ¥5,030, ¥1,880 and ¥6,910, respectively.

Churn rate for cellular (FOMA+mova) services for the three months ended March 31, 2006 and the year ended March 31, 2006 was 0.75% and 0.77%, improvement of 0.21 points and 0.24 points compared to the same periods of the prior fiscal year, respectively.

## i-mode services

In September 2005, we launched the i-channel service, which automatically pushes various latest information such as news and weather forecasts to a compatible handset's standby screen as scrolling ticker, and the number of the subscribers surpassed 2 million in March 2006. Toward promotion of Osaifu-Keitai\* usage, we launched the new iD credit card brand for card issuers, which enables a user to make speedy payments, simply by holding the handset against dedicated reader/writers at stores, in December 2005. Furthermore, we agreed with our strategic partners to introduce iD credit card payment service in places such as convenience stores and taxis. The number of subscribers using i-mode-FeliCa compatible handsets surpassed 10 million in January 2006 and reached 11.80 million as of March 31, 2006. The number of i-mode services subscribers reached 46.36 million as of March 31, 2006.

As for global development, starting from May 2005, the eight overseas i-mode alliance carriers jointly procure i-mode compatible GSM handsets to lower procurement costs. As of March 31, 2006, i-mode services have been rolled out in 15 countries and areas including Japan, and the aggregate number of cellular service subscribers of all the carriers which participate in the i-mode service alliance exceeded 250 million.

\* *Osaifu-Keitai* refers to mobile phones equipped with a contactless IC chip, as well as the useful function and services enabled by the IC chip. With this function, a mobile phone can be utilized as an electronic wallet, a credit card, an electronic ticket, a membership card, an airline ticket, and more.

## International services

To further improve the convenience of our subscribers, we allow our customers to apply allowances, which are included in charges such as the base monthly charge, toward international services charges from June 1, 2005. We reduced charges for an international dialing service, WORLD CALL, and extended the Yu Yu Call discounts, which provide subscribers with discounted charges for calls to designated numbers, to include the international dialing charges beginning March 1, 2006. In July 2005, we launched an international multimedia messaging service (MMS) which enables i-mode users to exchange text messages with images with MMS users of foreign carriers, and we also established the first overseas service counter, DoCoMo WORLD COUNTER, in Hawaii. As of March 31, 2006, we expanded the service area of international roaming-out services for voice calls and Short Messaging Service (SMS) to 132 countries and areas; for packet communications to 69 countries and areas; and for videophone calls to 23 countries and areas.

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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 regarding the average usage of our subscribers. 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 43 for the details of the calculation methods.

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<Number of subscribers by services>	Thousand subscribers			
			Increase	
	March 31, 2006	March 31, 2005	(Decrease)	
Cellular (FOMA) services	23,463	11,501	11,963	104.0%
Cellular (mova) services	27,680	37,324	(9,644)	(25.8)
i-mode services	46,360	44,021	2,339	5.3

Note:

- (i) 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)
- (ii) Number of i-mode subscribers as of March 31, 2005 = Cellular (FOMA) i-mode subscribers (11,353 thousand) + Cellular (mova) i-mode subscribers (32,667 thousand)

<Operating results>	Billions of yen			
	(UNAUDITED)			
	Year ended	Year ended		Increase
	March 31, 2006	March 31, 2005	(Decrease)	
Mobile phone business operating revenues	¥ 4,683.0	¥ 4,755.8	¥ (72.8)	(1.5%)
Mobile phone business operating income	844.4	875.4	(30.9)	(3.5)

Note:

For periods beginning after March 31, 2005, international services, which were previously included in Miscellaneous businesses, are included in Mobile phone business. As a result thereof, certain reclassifications are made to the operating results for the year ended March 31, 2005.

- (2) PHS business

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Operating revenues were ¥41.7 billion and operating loss was ¥9.5 billion.

In order to concentrate our business resources on FOMA services, we ceased accepting new PHS subscriptions on April 30, 2005 and plan to terminate PHS services during the three months ending December 31, 2007. The actual date of the termination will be determined while monitoring the usage trends of the current subscribers.

PHS ARPU was ¥3,280.

Note:

See page 43 for the details of the ARPU calculation methods.

<Number of subscribers>	Thousand subscribers			
	March 31, 2006	March 31, 2005	Increase (Decrease)	
PHS services	771	1,314	(543)	(41.3%)

  

<Operating results>	Billions of yen			
	(UNAUDITED)			
	Year ended	Year ended		Increase (Decrease)
	March 31, 2006	March 31, 2005	Increase (Decrease)	
PHS business operating revenues	¥ 41.7	¥ 63.1	¥ (21.4)	(33.8%)
PHS business operating loss	(9.5)	(85.9)	76.4	

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## (3) Miscellaneous businesses

Operating revenues were ¥41.1 billion and operating loss was ¥2.3 billion.

For our public wireless LAN service, in addition to our Mzone service, we launched a plan named U public wireless LAN course as a part of mopera U service, our internet access service for FOMA subscribers, in June 2005. In July 2005 and March 2006, in the aim to economically and efficiently roll out wireless LAN areas, we entered into agreements with Nippon Telegraph and Telephone East Corporation and three other companies, pursuant to which NTT Broadband Platform, Inc. undertake the ownership and operation of the shared wireless LAN base stations. In February 2006, we additionally began to support IEEE802.11a/g standards, which offer high-speed data communications up to 54Mbps. As of March 31, 2006, the number of our domestic hot spots increased to 1,057.

In April 2005, considering the continuous decline in the number of Quickcast services subscribers, we decided to terminate the services on March 31, 2007.

<Operating results>	Billions of yen			
	(UNAUDITED)			
	Year ended March 31, 2006	Year ended March 31, 2005	Increase (Decrease)	
Miscellaneous businesses operating revenues	¥ 41.1	¥ 25.7	¥ 15.4	60.0%
Miscellaneous businesses operating loss	(2.3)	(5.3)	3.0	

Note:

For periods beginning after March 31, 2005, Quickcast business, which was presented separately in past releases, is included in Miscellaneous businesses. As a result thereof, certain reclassifications are made to the operating results for the year ended March 31, 2005.

**3. Capital Expenditures**

Total capital expenditures were ¥887.1 billion.



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We expanded the coverage areas of FOMA services, including a rollout of FOMA Plus Area, which enables calls in mountainous areas, where previously FOMA handsets could not make connections; improved network quality; reinforced our FOMA network to meet the increase in demand; and constructed networks and equipment to provide new services, such as our PushTalk and i-channel. On the other hand, we continued our efforts to make capital expenditures more efficient and less costly by saving on equipment purchase costs and improving the design and construction process. Total capital expenditures during the year ended March 31, 2006 increased by 3.0% year-on-year due to the accelerated roll out of FOMA base stations for reinforcement of our competitiveness prior to the introduction of the mobile number portability system.

<Breakdown of capital expenditures>	Billions of yen			
	(UNAUDITED)			
	Year ended			
	March 31, 2006	Year ended March 31, 2005	Increase (Decrease)	
	¥	¥	¥	%
Mobile phone business	¥ 749.5	¥ 696.6	¥ 52.8	7.6%
PHS business	1.1	4.8	(3.8)	(77.9)
Other (including information systems)	136.6	160.0	(23.5)	(14.7)
<b>Total capital expenditures</b>	<b>¥ 887.1</b>	<b>¥ 861.5</b>	<b>¥ 25.6</b>	<b>3.0%</b>

Note:

For periods beginning after March 31, 2005, capital expenditures for Quickcast business, which were presented separately in past releases, are included in Other (including information systems). As a result thereof, certain reclassifications are made to the capital expenditures for the year ended March 31, 2005.

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Net cash provided by operating activities was ¥1,610.9 billion (up 36.3% year-on-year). Net cash provided by operating activities increased mainly owing to a decrease in the payment of income taxes, which was ¥541.7 billion in the prior fiscal year, to ¥182.9 billion and refund of income taxes of ¥93.1 billion. The decrease in the income tax payment and the refund of income taxes were mainly due to realization of deferred tax assets from the impairment of our investment in AT&T Wireless in connection with the sale of our AT&T Wireless shares in the prior fiscal year.

Net cash used in investing activities increased to ¥951.1 billion (up 64.5% year-on-year). Proceeds from the sale of non-current investments, which were ¥725.9 billion in the prior year, when we sold AT&T Wireless shares, decreased to ¥25.1 billion. In addition, purchases of non-current investments increased to ¥292.6 billion resulting from our investments in companies such as Sumitomo Mitsui Card Company, Limited and KT Freetel Co., Ltd. Changes in investments for cash management purposes, which were outflows of ¥400.3 billion in the prior fiscal year, were inflows of ¥149.0 billion.

Net cash used in financing activities was ¥590.6 billion (down 12.1% year-on-year). Net cash used in financing activities decreased mainly due to a decrease in payments to acquire treasury stock.

Free cash flows were ¥659.9 billion (up 9.4% year-on-year). Free cash flows excluding changes in investments for cash management purposes\* were ¥510.9 billion (down 49.1% year-on-year).

Market equity ratio\* declined due to a decrease in the market value of total share capital. Our debt ratio, debt payout period and interest coverage ratio improved mainly from an increase in shareholders' equity, a decrease in interest bearing liabilities and an increase in net cash provided by operating activities.

Billions of yen				
<Statements of cash flows>				
(UNAUDITED)				
	Year ended	Year ended	Increase	
	March 31, 2006	March 31, 2005	(Decrease)	
Net cash provided by operating activities	¥ 1,610.9	¥ 1,181.6	¥ 429.4	36.3%
Net cash used in investing activities	(951.1)	(578.3)	(372.7)	
Net cash used in financing activities	(590.6)	(672.0)	81.4	
Free cash flows	659.9	603.3	56.6	9.4
Adjusted free cash flows*	510.9	1,003.6	(492.7)	(49.1)
<Financial measures>				
	Year ended	Year ended	Increase	
	March 31, 2006	March 31, 2005	(Decrease)	
Equity ratio	63.7%	63.7%	(0.0 points)	
Market equity ratio*	128.0%	142.8%	(14.8 points)	
Debt ratio	16.4%	19.5%	(3.1 points)	
Debt payout period (years)	0.5	0.8	(0.3)	
Interest coverage ratio	185.9	114.5	71.4	

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Notes:

Free cash flows = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities

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

Changes in investments for cash management purposes = Changes by purchases, redemptions and disposal of financial instruments for cash management purposes with original maturities of longer than 3 months.

Equity ratio = Shareholders' equity / Total assets

Market equity ratio\* = Market value of total share capital / Total assets

Debt ratio = Interest bearing liabilities / (Shareholders' equity + Interest bearing liabilities)

Debt payout period (years) = Interest bearing liabilities / Net cash provided by (used in) operating activities

Interest coverage ratio = Net cash provided by (used in) operating activities / Interest expense\*\*

\*\* Interest expense is cash interest paid, which is disclosed in Supplemental disclosures of cash flow information for consolidated statements of cash flows on page 20.

\* See the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on page 44.

**5. Profit Distribution**

The Company plans to pay the total dividend of ¥4,000 per share (including ¥2,000 interim dividend) for the year ended March 31, 2006.

**Table of Contents**<<Prospects for the Fiscal Year Ending March 31, 2007>>

Competition in the Japanese cellular phone market is expected to become increasingly fierce in the future, with the introduction of mobile number portability and market entry by new entrants scheduled for this fiscal year ending March 31, 2007 in addition to the increase of cellular phone penetration rates and diversifying user needs.

Under these market conditions, while the downtrend in our average revenue per unit (ARPU) is projected to continue, we are expecting an increase in operating revenues for the fiscal year ending March 31, 2007 due mainly to the growth in our cellular subscriber base, and equipment sales revenues, which we plan to achieve by reinforcing our comprehensive service offerings from a customer-centric viewpoint. Operating income, on the other hand, is expected to decline because of a projected increase in equipment-sales-related expenses resulting from the progress in the migration of subscribers to the FOMA network, and growth in network-related capital expenditures aimed at strengthening our competitiveness.

Against this backdrop, we will strive even harder to strengthen our core business, and at the same time, work to create new revenue sources by linking our cellular phones with the services provided by related external partners, such as our new credit payment service DCMX provided via our iD platform, with the goal to transform cellular phones into convenient multifunctional tools for everyday life and business.

We will also continue our efforts to enhance the efficiency of our operations by reviewing our business process to solidify our managerial foundation, and try to maximize our enterprise value thereby.

	Billions of yen			
	Year ending March 31, 2007	Year ended March 31, 2006		Increase (Decrease)
		(Forecasts)	(Actual results)	
		¥	¥	¥
Operating revenues	¥ 4,838.0	¥ 4,765.9	¥ 72.1	1.5%
Operating income	810.0	832.6	(22.6)	(2.7%)
Income before income taxes	815.0	952.3	(137.3)	(14.4%)
Net income	488.0	610.5	(122.5)	(20.1%)
Capital expenditures	905.0	887.1	17.9	2.0%
Adjusted free cash flows *	280.0	510.9	(230.9)	(45.2%)
EBITDA *	1,601.0	1,606.8	(5.8)	(0.4%)
EBITDA margin *	33.1%	33.7%		(0.6points)
ROCE *	16.5%	17.2%		(0.7points)
ROCE after tax effect *	9.8%	10.1%		(0.3points)

\* See the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on Page 44.

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The financial forecasts for the year ending March 31, 2007, were based on the forecasts of the following operation data.

	March 31, 2007	March 31, 2006	Increase	
	(Forecasts)	(Actual results)	(Decrease)	
Number of cellular (FOMA) services subscribers (thousands)	35,000	23,463	11,537	49.2%
Number of cellular (mova) services subscribers (thousands)	17,900	27,680	(9,780)	(35.3)
Number of i-mode subscribers (thousands)	47,900	46,360	1,540	3.3
Number of PHS subscribers (thousands)	320	771	(451)	(58.5)
Aggregate ARPU* (cellular (FOMA+mova) services)	¥ 6,690	¥ 6,910	¥ (220)	(3.2)
Voice ARPU	4,760	5,030	(270)	(5.4)
Packet ARPU	1,930	1,880	50	2.7

Notes:

Number of i-mode subscribers includes numbers of cellular (FOMA) and cellular (mova) i-mode subscribers.

\* See page 43 for the details of ARPU calculation methods.

The Company expects to pay a total annual dividend of ¥4,000 per share for the year ending March 31, 2007, consisting of an interim dividend of ¥2,000 per share and a year-end dividend of ¥2,000 per share.

\* 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. For an explanation of our definition of EBITDA, EBITDA margin, free cash flows, adjusted free cash flows, ROCE and ROCE after tax effect, see the reconciliations to the most directly comparable financial measures calculated and presented in accordance with GAAP on the page 44.

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**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.

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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.

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Kids PHONE , FOMA , mova , i-channel , i-mode , DCMX , Quickcast , PushTalk , pake-hodai , Fami-wari Wide , Fami-wari W  
Osaifu-Keitai , iD , WORLD CALL , Yu Yu Call , WORLD WING , Mzone , and mopera U are trademarks or registered trademarks of N  
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**Consolidated Financial Statements**

For the Fiscal Year Ended March 31, 2006

April 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  
 Address of principal executive office: Tokyo, Japan  
 (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  
 Date of the meeting of the Board of Directors for approval of the consolidated financial statements: April 28, 2006  
 Name of Parent Company: Nippon Telegraph and Telephone Corporation (Code No. 9432)  
 Percentage of ownership interest in NTT DoCoMo, Inc. held by parent company: 62.2%  
 Adoption of US GAAP: Yes

**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2006 (April 1, 2005 - March 31, 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 Taxes		Income before Income Taxes	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Year ended March 31, 2006	4,765,872	(1.6%)	832,639	6.2%	952,303	(26.1%)		
Year ended March 31, 2005	4,844,610	(4.0%)	784,166	(28.9%)	1,288,221	17.0%		

  

	Net Income		Basic Earnings per Share		Diluted Earnings per Share		ROE	ROA	Income before Income Taxes Margin
	Amount	Ratio	per Share	(yen)	per Share	(yen)	(Ratio of Net Income to Shareholders Equity)	(Ratio of Income before Income Taxes to Total Assets)	(Ratio of Income before Income Taxes to Operating Revenues)
Year ended March 31, 2006	610,481	(18.3%)	13,491.28	(yen)	13,491.28	(yen)	15.3%	15.2%	20.0%
Year ended March 31, 2005	747,564	15.0%	15,771.01	(yen)	15,771.01	(yen)	19.6%	20.8%	26.6%

Notes: 1. Equity in net losses of affiliated companies: For the fiscal year ended March 31, 2006: (364) million yen



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For the fiscal year ended March 31, 2005: (12,886) million yen

2. Change in accounting policy: Yes (Reclassification of segment information)
3. The weighted average number of shares outstanding: For the fiscal year ended March 31, 2006: 45,250,031 shares  
For the fiscal year ended March 31, 2005: 47,401,154 shares
4. Percentages for operating revenues, operating income, income before income taxes and net income in the above tables represent year-on-year changes.

### (2) Consolidated Financial Position

(Millions of yen, except per share amounts)

	Equity Ratio			
	Total Assets	Shareholders Equity	(Ratio of Shareholders Equity to Total Assets)	Shareholders Equity per Share
March 31, 2006	6,365,257	4,052,017	63.7%	91,109.33 (yen)
March 31, 2005	6,136,521	3,907,932	63.7%	84,455.27 (yen)

Note: The number of shares outstanding as of March 31, 2006, and 2005, were 44,474,227 shares and 46,272,208 shares, 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 Fiscal Year End
Year ended March 31, 2006	1,610,941	(951,077)	(590,621)	840,724
Year ended March 31, 2005	1,181,585	(578,329)	(672,039)	769,952

### (4) Number of consolidated companies and companies accounted for using the equity method

The number of consolidated subsidiaries: 99  
The number of unconsolidated subsidiaries accounted for using the equity method: 0  
The number of affiliated companies accounted for using the equity method: 13

### (5) Change of reporting entities

The number of consolidated companies added: 14    The number of consolidated companies removed: 3  
The number of companies on equity method added: 7    The number of companies on equity method removed: 9

Note: Six companies which were accounted for using the equity method in previous fiscal year are consolidated from this fiscal year.

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

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(Millions of yen)

	Income before		
	Operating Revenues	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

Note: With regard to the above forecasts, please refer to pages 9 and 10.

\* Consolidated financial statements are unaudited.

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<< Condition of the Corporate Group >>

NTT DoCoMo, Inc. primarily engages in mobile telecommunications services as a member of the NTT group, with Nippon Telegraph and Telephone Corporation ( NTT ) as the holding company.

The Company, its 99 subsidiaries and 13 affiliates constitute the NTT DoCoMo group ( DoCoMo group ), the largest mobile telecommunications services provider in Japan.

The business segments of the DoCoMo group and the corporate position of each group company are as follows.

[Business Segment Information]

<u>Business</u>	<u>Main service lines</u>
Mobile phone business	Cellular (FOMA) services, cellular (mova) services, packet communications services, international services, satellite mobile communications services, and sales of handsets and equipment for each service
PHS business	PHS services and sales of PHS handsets and equipment
Miscellaneous businesses	Wireless LAN services, radio paging (Quickcast) service and other miscellaneous businesses

Notes

- (i) For periods beginning after March 31, 2005, Quickcast business is included in miscellaneous businesses, and international businesses, which were previously included in miscellaneous businesses, are reclassified into mobile phone business.
- (ii) Quickcast services will be terminated on March 31, 2007, and we plan to terminate PHS services by the third quarter of fiscal 2007.

[Position of Each Group Company]

- (1) The Company engages in Mobile phone, PHS and other businesses in the Kanto-Koshinetsu region of Japan. The Company also provides nationwide services such as satellite mobile communications. The Company is solely responsible for DoCoMo group's overall research and development activities in the area of mobile telecommunications business as well as the development of services and information processing systems. The Company provides the results of such research and development to its eight regional subsidiaries, each of which operates in one of eight regions in Japan ( DoCoMo Regional Subsidiaries ).

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- (2) Each of the DoCoMo Regional Subsidiaries engages in Mobile phone (excluding satellite mobile communications services), PHS and other businesses in their respective regions.
- (3) Twenty-nine other subsidiaries of the Company, each of which is entrusted with certain services by the Company and/or DoCoMo Regional Subsidiaries, operate independently to maximize their expertise and efficiency. They are entrusted with part of the services provided by, or give assistance to, the Company and DoCoMo Regional Subsidiaries.
- (4) There are 62 other subsidiaries and 13 affiliates, including, among others, some overseas units established for the purpose of global expansion of the third-generation mobile communications system based on W-CDMA, and joint ventures set up to launch new business operations.

The following chart summarizes the above.

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**<< Management Policies >>**

**1. Basic Management Policies**

Under the corporate philosophy of creating a new world of communications culture, DoCoMo aims to contribute to the realization of a rich and vigorous society by reinforcing its core business with a focus on popularizing FOMA services, and promoting mobile multimedia services by offering services that are useful for customers' daily lives and businesses. It also seeks to maximize its corporate value in order to be greatly trusted and highly valued by its shareholders and customers.

**2. Medium- and Long-Term Management Strategies**

The competition amongst carriers in the Japanese mobile communications market is expected to intensify even further due to increases in the market penetration rate, diversification of customer needs and the introduction of mobile number portability and market entry by new entrants during the this fiscal year. Under these circumstances, we plan to run our business focusing on the following three goals; (1) strengthen our core business even further, (2) create new revenue channels, and (3) facilitate cost reduction.

(1) Strengthening our core business

We aim to react swiftly and adequately to the diversifying needs of customers, and improve every aspect of our offerings, including our handsets, services, billing plans, service area quality and after-sales support to reinforce our comprehensive strength.

(2) Creation of new revenue sources

We will strive to expand our business domains pursuing the three key growth strategies of multimedia, ubiquity and globalization. Specifically, to further expand the use of i-mode and FOMA services, which enable the transmission of large amounts of data at high speeds, we plan to add more handsets tailored to users' needs in our product lineup, and work to develop and provide a wide array of sophisticated non-voice services, including visual communications and video/text delivery services.

Around the summer of this year, we plan to launch a new High-Speed Downlink Packet Access (HSDPA) system to provide new services leveraging the higher packet transmission speeds offered by this system, in an effort to boost the usage of our cellular phones. We will also work to link our services with those offered by our partner companies through an active use of external interface capabilities embedded in cellular handsets, such as contactless IC chips, bar codes and infrared data transmission, with the goal to create new businesses which generate income independently of traffic income. Furthermore, as the arena of competition in mobile communications business expands to a global scale, we intend to enhance users' convenience and increase our revenue opportunities by further enlarging the i-mode alliance and offering W-CDMA-based global handsets. Also, in view of global competition, we will widely look into opportunities for revenue growth, including the possibility of making investments in or forming alliances with not only telecommunications carriers, but also enterprises owning promising technologies as well as companies engaged in mobile communications-related peripheral businesses, while taking into consideration the overall synergies projected from such alliances.

(3) Efforts toward cost reduction

We will work to improve the efficiency of our operations by further cutting handset procurement and network costs, and making a more efficient allocation of sales commissions.

To keep abreast with and react dynamically to the intensified competition and changes in the market, we plan to advance our cellular services placing customers in the center of our strategies to provide innovative solutions that can contribute to our users' safety and security, as part of our continual efforts to transform cellular phones into convenient tools for everyday life and business.

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### **3. Basic Policies for Profit Distribution**

Believing that providing adequate returns to shareholders is one of the most important issues in corporate management, the Company plans to pay dividends by taking into account its consolidated results and operating environment based on the principle of stable dividend payments, while at the same time striving to strengthen its financial position and secure internal reserves. The Company will also continue to take a flexible approach regarding share repurchases in order to plow back profits to shareholders. The Company intends to keep the repurchased shares as treasury shares and in principle to limit the amount of such treasury shares to approximately 5% of its total issued shares, and will consider retiring any treasury shares held in excess of this limit around the end of the fiscal year or at other appropriate times. During the fiscal year ended March 31, 2006, based on an authorization by a resolution adopted at the Ordinary General Meetings of Shareholders, the Company repurchased 1,797,977 shares of its own common stock at an aggregate price of ¥300.1 billion, and cancelled 1,890,000 shares (or approximately 3.9% of total issued shares prior to cancellation) on March 31, 2006.

In addition, the Company will allocate internal reserves to active research and development efforts, capital expenditures and other investments in response to the rapidly changing market environment. The Company will endeavor to boost its corporate value by introducing new technologies, offering new services and expanding its global businesses through alliances with new partners.

No changes are planned for our dividend payment methods even after the enforcement of the new corporation law in Japan in May 2006: we plan to pay dividends twice a year, as interim and year-end dividends.

### **4. Target Management Indicators**

Now that the Japanese mobile telecommunications market has entered a period of stable growth, DoCoMo regards EBITDA margin\* as an important management indicator, from the aspect of profitability, to further enhance its management effectiveness. DoCoMo also considers ROCE\* an important management indicator in terms of efficiency in its invested capital (shareholders' equity + interest bearing liabilities). DoCoMo will make its utmost efforts to achieve an EBITDA margin\* of at least 35% and an ROCE\* of at least 20% as its medium-term targets and attempt to maximize its corporate value.

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Notes:

EBITDA margin\* = EBITDA\* / Operating revenues

EBITDA\* = Operating income + Depreciation and amortization + Losses on sale or disposal of property, plant and equipment + Impairment loss

ROCE\* = Operating income / (Shareholders' equity + Interest bearing liabilities)

Shareholders' equity and interest bearing liabilities are the average of the amounts as of March 31, 2005 and March 31, 2006

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\* 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. 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 44.



See page 44 for the definition of ROCE.

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**5. Relationship with the Parent Company**

(1) Trade Name of the Parent Company, etc.

(As of March 31, 2006)

Parent company	Parent company's ownership of voting rights	Securities exchanges where shares issued by the parent company are listed
Nippon Telegraph and Telephone Corporation	62.2%	Tokyo Stock Exchange, Inc. (First Section)
		Osaka Stock Exchange, Co. Ltd. (First Section)
		Nagoya Stock Exchange, Inc. (First Section)
		Fukuoka Stock Exchange
		Sapporo Stock Exchange
		New York Stock Exchange
		London Stock Exchange

(2) Positions of Listed Companies in the Corporate Group Led by the Parent Company

The corporate group led by our parent company, NTT, operates a wide array of telecommunications services, including local, long-distance, international, and mobile and data telecommunications services.

The Company operates independently within the NTT group, mainly in the field of mobile telecommunications. NTT, which currently owns 62.2% of the voting rights of the Company, can influence the managerial decisions of the Company by exercising its directorship rights as majority shareholder, although we conduct our day-to-day operations independently of NTT, based on our own decisions with our own managerial responsibility.

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The Company and NTT concluded a contract for basic research and development conducted by NTT. Under the agreement, NTT offers services and benefits to the Company concerning basic research and development, and the Company pays compensation to NTT for such services and benefits. The Company and NTT also entered into a contract regarding group management and operations run by NTT. Under the agreement, NTT provides services and benefits regarding group management and operations to DoCoMo group, and the Company pays compensation to NTT for such services and benefits.

- (3) See page 24 for the Company's transactions with NTT group companies

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**6. Corporate Social Responsibility (CSR)**

Due to the wide adoption and advancement of mobile communications services, cellular phones have become indispensable tools for people's daily activities. The rapid growth in its uptake, on the other hand, has also caused some negative social problems, such as unwanted bulk emails and crimes involving the use of cellular handsets. Meanwhile, people's concerns against earthquakes and other natural disasters as well as global environment have heightened in the recent years.

To address these issues, we have worked to improve the reliability of our communications facilities and network and reinforced countermeasures against disasters, strongly aware of our mission to fulfill our corporate social responsibility (CSR). As a part of our measures to tackle social problems resulting from the use of cellular phones, we have continuously worked to prevent unsolicited bulk emails, and responded to the issues addressed in the surveys and research programs conducted by the Mobile Society Research Institute. In addition, we have actively promoted various environmental conservation and social contribution activities on a continual basis, including the collection and recycling of used mobile phone handsets and accessories, saving on paper resources by offering an e-billing service which provides customers' bills through our website or by e-mail message, the DoCoMo Woods' forestation campaign, and encouraging our employees to take part in various community works as volunteers.

At DoCoMo group, we believe that it is our social mission to help shape a safer and more peaceful world. To realize this goal, we set forth DoCoMo *Anshin* Mission during the fiscal year ended March 31, 2006, under which the whole corporate group implemented various measures and promoted technical innovations in a comprehensive and unified approach.

The concrete actions undertaken under DoCoMo *Anshin* Mission include the following:

Introduced a mechanism to prevent mail-based spoofing, and reinforced measures against unwanted bulk emails by allowing the combined use of i-mode's selective mail reception and selective mail rejection functions.

Held approximately 600 sessions of DoCoMo *Keitai* Safety School seminars in elementary, junior and senior high schools and local communities nationwide to provide children with tips on safe and proper phone usage manners.

Released FOMA SA800i Kids PHONE equipped with various safety functions so that parents can allow children to carry mobile phones with less concerns. At the same time, launched imadoco search locating service and Kids i-menu featuring content designed specifically for children.

To assist handicapped users to more actively participate in social activities, eliminated the handling charges previously required for Hearty Discount service subscribers when changing handset models or service contracts.

Released environment-friendly handset made of bio-plastic, FOMA N701iECO, as a part of our environment conservation initiatives.

To improve the convenience of i-mode Disaster Message Board Service, enabled users to register and confirm messages without the need to pay for packet communication charges. Also, added registered mail transmission function, which sends the message posted on the Message Board to pre-designated mail addresses, and enabled users to access and confirm the registered messages from abroad via i-mode.



**Table of Contents**<< Consolidated Financial Statements >>**1. Consolidated Balance Sheets**

	Millions of yen				
	(UNAUDITED)				Increase
	March 31, 2006		March 31, 2005		(Decrease)
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	¥ 840,724		¥ 769,952		¥ 70,772
Short-term investments	51,237		250,017		(198,780)
Accounts receivable, net	595,097		612,397		(17,300)
Inventories	229,523		156,426		73,097
Deferred tax assets	111,795		145,395		(33,600)
Tax refunds receivable			92,869		(92,869)
Prepaid expenses and other current assets	98,382		114,638		(16,256)
<b>Total current assets</b>	<b>1,926,758</b>	<b>30.3%</b>	2,141,694	34.9%	(214,936)
<b>Property, plant and equipment:</b>					
Wireless telecommunications equipment	4,743,136		4,392,477		350,659
Buildings and structures	736,660		696,002		40,658
Tools, furniture and fixtures	610,759		589,302		21,457
Land	197,896		196,062		1,834
Construction in progress	134,240		103,648		30,592
Accumulated depreciation	(3,645,237)		(3,295,062)		(350,175)
<b>Total property, plant and equipment, net</b>	<b>2,777,454</b>	<b>43.6%</b>	2,682,429	43.7%	95,025
<b>Non-current investments and other assets:</b>					
Investments in affiliates	174,121		48,040		126,081
Marketable securities and other investments	357,824		243,062		114,762
Intangible assets, net	546,304		535,795		10,509
Goodwill	141,094		140,097		997
Other assets	264,982		164,323		100,659
Deferred tax assets	176,720		181,081		(4,361)
<b>Total non-current investments and other assets</b>	<b>1,661,045</b>	<b>26.1%</b>	1,312,398	21.4%	348,647
<b>Total assets</b>	<b>¥ 6,365,257</b>	<b>100.0%</b>	¥ 6,136,521	100.0%	¥ 228,736
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities:</b>					
Current portion of long-term debt	¥ 193,723		¥ 150,304		¥ 43,419
Short-term borrowings	152				152
Accounts payable, trade	808,136		706,088		102,048
Accrued payroll	41,799		41,851		(52)
Accrued interest	1,264		1,510		(246)
Accrued taxes on income	168,587		57,443		111,144
Other current liabilities	154,638		136,901		17,737

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Total current liabilities	<b>1,368,299</b>	<b>21.5%</b>	1,094,097	17.8%	274,202
<b>Long-term liabilities:</b>					
Long-term debt	<b>598,530</b>		798,219		(199,689)
Employee benefits	<b>135,511</b>		138,674		(3,163)
Other long-term liabilities	<b>209,780</b>		197,478		12,302
Total long-term liabilities	<b>943,821</b>	<b>14.8%</b>	1,134,371	18.5%	(190,550)
<b>Total liabilities</b>	<b>2,312,120</b>	<b>36.3%</b>	2,228,468	36.3%	83,652
<b>Minority interests in consolidated subsidiaries</b>	<b>1,120</b>	<b>0.0%</b>	121	0.0%	999
<b>Shareholders equity:</b>					
Common stock	<b>949,680</b>		949,680		
Additional paid-in capital	<b>1,311,013</b>		1,311,013		
Retained earnings	<b>2,212,739</b>		2,100,407		112,332
Accumulated other comprehensive income	<b>26,781</b>		57,609		(30,828)
Treasury stock, at cost	<b>(448,196)</b>		(510,777)		62,581
<b>Total shareholders equity</b>	<b>4,052,017</b>	<b>63.7%</b>	3,907,932	63.7%	144,085
<b>Total liabilities and shareholders equity</b>	<b>¥ 6,365,257</b>	<b>100.0%</b>	¥ 6,136,521	100.0%	¥ 228,736

**Table of Contents****2. Consolidated Statements of Income and Comprehensive Income**

	Millions of yen				
	(UNAUDITED) Year ended March 31, 2006		Year ended March 31, 2005		Increase (Decrease)
<b>Operating revenues:</b>					
Wireless services	¥ 4,295,856		¥ 4,296,537		¥ (681)
Equipment sales	470,016		548,073		(78,057)
Total operating revenues	4,765,872	100.0%	4,844,610	100.0%	(78,738)
<b>Operating expenses:</b>					
Cost of services (exclusive of items shown separately below)	746,099		740,423		5,676
Cost of equipment sold (exclusive of items shown separately below)	1,113,464		1,122,443		(8,979)
Depreciation and amortization	737,066		735,423		1,643
Impairment loss	1,071		60,399		(59,328)
Selling, general and administrative	1,335,533		1,401,756		(66,223)
Total operating expenses	3,933,233	82.5%	4,060,444	83.8%	(127,211)
<b>Operating income</b>	<b>832,639</b>	<b>17.5%</b>	<b>784,166</b>	<b>16.2%</b>	<b>48,473</b>
<b>Other income (expense):</b>					
Interest expense	(8,420)		(9,858)		1,438
Interest income	4,659		1,957		2,702
Gain on sale of affiliate shares	61,962		501,781		(439,819)
Gain on sale of other investments	40,088				40,088
Other, net	21,375		10,175		11,200
Total other income (expense)	119,664	2.5%	504,055	10.4%	(384,391)
<b>Income before income taxes</b>	<b>952,303</b>	<b>20.0%</b>	<b>1,288,221</b>	<b>26.6%</b>	<b>(335,918)</b>
<b>Income taxes:</b>					
Current	293,707		192,124		101,583
Deferred	47,675		335,587		(287,912)
Total income taxes	341,382	7.2%	527,711	10.9%	(186,329)
<b>Equity in net losses of affiliates</b>	<b>(364)</b>	<b>(0.0%)</b>	<b>(12,886)</b>	<b>(0.3%)</b>	<b>12,522</b>
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>(76)</b>	<b>(0.0%)</b>	<b>(60)</b>	<b>(0.0%)</b>	<b>(16)</b>
<b>Net Income</b>	<b>¥ 610,481</b>	<b>12.8%</b>	<b>¥ 747,564</b>	<b>15.4%</b>	<b>¥ (137,083)</b>
<b>Other comprehensive income (loss):</b>					
Unrealized holding gains on available-for-sale securities	7,662		9,220		(1,558)
Net revaluation of financial instruments	121		(367)		488
Foreign currency translation adjustment	(42,597)		(32,670)		(9,927)
Minimum pension liability adjustment	3,986		71		3,915
<b>Comprehensive income:</b>	<b>¥ 579,653</b>	<b>12.2%</b>	<b>¥ 723,818</b>	<b>14.9%</b>	<b>¥ (144,165)</b>
<b>PER SHARE DATA</b>					
Weighted average common shares outstanding basic and diluted (shares)	45,250,031		47,401,154		(2,151,123)



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Basic and diluted earnings per share (yen)	<u>¥ 13,491.28</u>	<u>¥ 15,771.01</u>	<u>¥ (2,279.73)</u>
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**Table of Contents****3. Consolidated Statements of Shareholders' Equity**

	Millions of yen		
	(UNAUDITED) Year ended March 31, 2006	Year ended March 31, 2005	Increase (Decrease)
<b>Common stock:</b>			
At beginning of year	¥ 949,680	¥ 949,680	¥
At end of year	949,680	949,680	
<b>Additional paid-in capital:</b>			
At beginning of year	1,311,013	1,311,013	
At end of year	1,311,013	1,311,013	
<b>Retained earnings:</b>			
At beginning of year	2,100,407	1,759,548	340,859
Cash dividends	(135,490)	(95,334)	(40,156)
Retirement of treasury stock	(362,659)	(311,371)	(51,288)
Net income	610,481	747,564	(137,083)
At end of year	2,212,739	2,100,407	112,332
<b>Accumulated other comprehensive income:</b>			
At beginning of year	57,609	81,355	(23,746)
Unrealized holding gains on available-for-sale securities	7,662	9,220	(1,558)
Net revaluation of financial instruments	121	(367)	488
Foreign currency translation adjustment	(42,597)	(32,670)	(9,927)
Minimum pension liability adjustment	3,986	71	3,915
At end of year	26,781	57,609	(30,828)
<b>Treasury stock, at cost:</b>			
At beginning of year	(510,777)	(396,901)	(113,876)
Purchase of treasury stock	(300,078)	(425,247)	125,169
Retirement of treasury stock	362,659	311,371	51,288
At end of year	(448,196)	(510,777)	62,581
<b>Total shareholders' equity</b>	<b>¥ 4,052,017</b>	<b>¥ 3,907,932</b>	<b>¥ 144,085</b>

**Table of Contents****4. Consolidated Statements of Cash Flows**

	Millions of yen	
	(UNAUDITED) Year ended	Year ended
	March 31, 2006	March 31, 2005
<b>I Cash flows from operating activities:</b>		
1. Net income	¥ 610,481	¥ 747,564
2. Adjustments to reconcile net income to net cash provided by operating activities		
(1) Depreciation and amortization	737,066	735,423
(2) Impairment loss	1,071	60,399
(3) Deferred taxes	49,101	334,095
(4) Loss on sale or disposal of property, plant and equipment	36,000	45,673
(5) Gain on sale of affiliate shares	(61,962)	(501,781)
(6) Gain on sale of other investments	(40,088)	
(7) Expense associated with sale of other investments	14,062	
(8) Equity in net (gains) losses of affiliates	(1,289)	14,378
(9) Minority interests in earnings of consolidated subsidiaries	76	60
(10) Changes in current assets and liabilities:		
Decrease in accounts receivable, trade, net	17,722	4,090
Increase in inventories	(73,094)	(29,157)
Decrease (increase) in tax refunds receivable	92,869	(92,869)
Increase in accounts payable, trade	45,108	89,464
Increase (decrease) in accrued taxes on income	111,141	(260,585)
Increase in other current liabilities	17,641	12,531
(Decrease) increase in liability for employee benefits	(3,378)	4,720
Increase in other long-term liabilities	24,725	1,295
Other, net	33,689	16,285
Net cash provided by operating activities	<u>1,610,941</u>	<u>1,181,585</u>
<b>II Cash flows from investing activities:</b>		
1. Purchases of property, plant and equipment	(638,590)	(668,413)
2. Purchases of intangible and other assets	(195,277)	(242,668)
3. Purchases of non-current investments	(292,556)	(176,017)
4. Proceeds from sale of non-current investments	25,142	725,905
5. Purchase of short-term investments	(252,474)	(361,297)
6. Redemption of short-term investments	501,433	111,521
7. Collection of loan advances	229	40,015
8. Long-term bailment for consumption to a related party	(100,000)	
9. Other, net	1,016	(7,375)
Net cash used in investing activities	<u>(951,077)</u>	<u>(578,329)</u>
<b>III Cash flows from financing activities:</b>		
1. Repayment of long-term debt	(150,304)	(146,709)
2. Proceeds from short-term borrowings	27,002	87,500
3. Repayment of short-term borrowings	(27,010)	(87,500)
4. Principal payments under capital lease obligations	(4,740)	(4,748)
5. Payments to acquire treasury stock	(300,078)	(425,247)
6. Dividends paid	(135,490)	(95,334)
7. Other, net	(1)	(1)

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Net cash used in financing activities	(590,621)	(672,039)
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,529</b>	<b>705</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>70,772</b>	<b>(68,078)</b>
<b>VI Cash and cash equivalents at beginning of year</b>	<b>769,952</b>	<b>838,030</b>
<b>VII Cash and cash equivalents at end of year</b>	<b>¥ 840,724</b>	<b>¥ 769,952</b>
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash received during the year for:</b>		
Tax refunds	¥ 93,103	¥ 7
<b>Cash paid during the year for:</b>		
Interest	8,666	10,323
Income taxes	182,914	541,684
<b>Non-cash investing and financing activities:</b>		
Acquisition of shares from sale of an investment		16,711
Assets acquired through capital lease obligations	5,038	4,411
Retirement of treasury stock	362,659	311,371

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### **Notes to Unaudited Consolidated Financial Statements**

The accompanying unaudited consolidated financial information 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 ( U.S. GAAP ).

#### **1. Summary of significant accounting and reporting policies:**

##### **(1) Significant accounting policies**

###### **Use of estimates**

The preparation of DoCoMo's consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, as well as the reported amounts of revenues and expenses. Actual results could differ from those estimates.

###### **Inventories**

Inventories are stated at the lower of cost or market. The cost of equipment sold is determined by the first-in, first-out method.

###### **Property, plant and equipment**

Property, plant and equipment is stated at cost and includes capitalized interest expense incurred during construction periods. It is depreciated over the estimated useful lives of respective assets using the declining-balance method with the exception of buildings that are depreciated using the straight-line method.

###### **Investments in affiliates**

The equity method of accounting is applied for investments in affiliates where DoCoMo owns an aggregate interest of 20% to 50% and/or is able to exercise significant influence over the affiliate.

DoCoMo evaluates the recoverability of the carrying value of its investments in affiliates, which includes investor level goodwill, when there are indicators that a decline in value below its carrying amount may be other than temporary. In the event of a determination that a decline in value is other than temporary, the amount of the loss is recognized in earnings, and a new cost basis in the investment is established.

**Marketable securities**

DoCoMo accounts for its marketable securities in accordance with Statement of Financial Accounting Standards ( SFAS ) No. 115, Accounting for Certain Investments in Debt and Equity Securities.

**Goodwill and other intangible assets**

DoCoMo accounts for goodwill and other intangible assets in accordance with SFAS No. 142, Goodwill and Other Intangible Assets, SFAS No. 86, Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed, and American Institute of Certified Public Accountants (AICPA) Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.

**Impairment of long-lived assets**

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, DoCoMo's long-lived assets other than goodwill, including property, plant and equipment, software and other intangibles, are reviewed for impairment, and if the asset is determined to be impaired, the amount of the loss is recognized.

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### **Hedging activities**

DoCoMo accounts for derivative instruments in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 138 and No. 149.

### **Employee benefit plans**

Pension benefits earned during the fiscal year, as well as interest on projected benefit obligations, are accrued currently. Prior service costs and credits resulting from changes in plan benefits are amortized over the average remaining service period of the employees expected to receive the benefits.

### **Revenue recognition**

Base monthly 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. DoCoMo also introduced a new 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 discounted billing arrangement for families with two to ten DoCoMo subscriptions. With the introduction of these new billing arrangements, DoCoMo has deferred revenues based on the portion of unused allowances that are estimated to be utilized prior to expiration. As DoCoMo does not have sufficient empirical evidence to reasonably estimate such amounts, DoCoMo currently defers all revenues corresponding to unused allowances. The deferred revenues are recognized as revenues as the subscribers make calls or data communications, similar to the way airtime revenues are recognized.

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 No. 01-09 ( EITF 01-09 ), Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products).

Upfront 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 also deferred to the extent of the related upfront fee amount and are amortized over the same periods.

### **Income taxes**

Income taxes are accounted for under the asset and liability method.

**(2) Reclassifications**

Certain reclassifications have been made to the prior periods consolidated financial statements to conform to the presentation used for the year ended March 31, 2006.



**Table of Contents****2. Business segments:**

Segment information for the years ended March 31, 2006 and 2005 are as follows:

Year ended March 31, 2006	Millions of yen				
	Mobile phone	PHS	Miscellaneous	Corporate	Consolidated
	business	business	businesses		
Operating revenues	¥ 4,683,002	¥ 41,741	¥ 41,129	¥	¥ 4,765,872
Operating expenses	3,838,567	51,210	43,456		3,933,233
Operating income (loss)	¥ 844,435	¥ (9,469)	¥ (2,327)	¥	¥ 832,639
Assets	¥ 4,782,740	¥ 34,414	¥ 23,241	¥ 1,524,862	¥ 6,365,257
Depreciation and amortization	¥ 729,349	¥ 3,983	¥ 3,734	¥	¥ 737,066
Capital expenditures	¥ 749,456	¥ 1,071	¥	¥ 136,586	¥ 887,113

Year ended March 31, 2005	Millions of yen				
	Mobile phone	PHS	Miscellaneous	Corporate	Consolidated
	business	business	businesses		
Operating revenues	¥ 4,755,815	¥ 63,095	¥ 25,700	¥	¥ 4,844,610
Operating expenses	3,880,433	148,976	31,035		4,060,444
Operating income (loss)	¥ 875,382	¥ (85,881)	¥ (5,335)	¥	¥ 784,166
Assets	¥ 4,755,598	¥ 50,907	¥ 17,728	¥ 1,312,288	¥ 6,136,521
Depreciation and amortization	¥ 705,806	¥ 22,996	¥ 6,621	¥	¥ 735,423
Capital expenditures	¥ 696,638	¥ 4,840	¥	¥ 160,039	¥ 861,517

The Corporate column in the tables is not an operating segment but is included to reflect the recorded amounts of common assets which cannot be allocated to any business segment. Capital expenditures in the Corporate column include expenditures in miscellaneous businesses and certain expenditures related to the buildings for telecommunications purposes and common facilities, which are not allocated to each segment.

Effective from the year ended March 31, 2006, DoCoMo partly changed its segment configuration as described as follows: Quickcast business, which was presented separately in the past, is reclassified to Miscellaneous businesses, and international dialing and roaming services, which

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were previously classified as Miscellaneous businesses, are reclassified to Mobile phone business. As a result of these reclassifications, the segment results for the year ended March 31, 2005 are restated to conform to the presentation for the year ended March 31, 2006.

DoCoMo does not disclose geographical segments, since operating revenues generated outside Japan are immaterial.

DoCoMo evaluates the recoverability of long-lived assets in accordance with SFAS No. 144. Because DoCoMo estimated that future net cash flows from PHS business would be negative, DoCoMo wrote-down the entire carrying value of long-lived assets related to the PHS business during the year ended March 31, 2005. As a result, DoCoMo recognized a non-cash impairment loss of long-lived assets of ¥60,399 million, which was recorded in operating expenses of PHS business segment, for the year ended March 31, 2005. DoCoMo also wrote-down the entire carrying value of long-lived assets related to the PHS business which DoCoMo acquired during the year ended March 31, 2006. Therefore, DoCoMo recognized an impairment loss of long-lived assets of ¥1,071 million, which was recorded in the operating expenses of the PHS business segment for the year ended March 31, 2006.

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**3. Related party transactions:**

DoCoMo is majority-owned by NTT, which is a holding company for more than 400 companies comprising the NTT group. During the years ended March 31, 2006 and 2005, DoCoMo purchased capital equipment from NTT group companies in the amount of ¥71,897 million and ¥71,896 million, respectively.

During the year ended March 31, 2006, DoCoMo entered into contracts of bailment of cash for consumption with NTT Leasing Co., Ltd. ( NTT Leasing ), and deposited ¥120,000 million for cash management purposes. Under the contracts, funds are bailed to the bailee which can consume the funds at its discretion and the bailor can withdraw the funds upon its demand. As of March 31, 2006, the assets related to the contracts of bailment of cash for consumption were recorded as cash and cash equivalents of ¥20,000 million and other assets of ¥100,000 million on the consolidated balance sheets. NTT and its subsidiaries owned all voting interests in NTT Leasing and DoCoMo owned 4.2% voting interests in it as of March 31, 2006, and accordingly, NTT Leasing is a related party of DoCoMo. The recorded amount of interest income derived from the contracts is ¥95 million for the year ended March 31, 2006.

On March 14, 2006, DoCoMo acquired 12,633,486 shares of Philippine Long Distance Telephone Company ( PLDT ), a telecommunication carrier in Philippine, which represented approximately 7% of PLDT 's issued shares, for ¥52,103 million from NTT Communications Corporation, a subsidiary of NTT.

DoCoMo entered into cost-sharing and construction and maintenance contracts with Japan Mobile Communications Infrastructure Association, chairman of which was one of DoCoMo 's directors through June 21, 2005. The contracts were entered into on terms similar to those made with third parties. Income from such contracts was ¥217 million and ¥14,797 million for the years ended March 31, 2006 (from April 1 to June 21, 2005) and 2005, respectively.

**Table of Contents****4. Deferred tax:**

Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Significant components of deferred tax assets and liabilities at March 31, 2006 and 2005 are as follows:

	Millions of yen	
	Year ended	Year ended
	March 31, 2006	March 31, 2005
Deferred tax assets:		
Investments in affiliates	¥ 64,809	¥ 91,750
Liability for employee benefits	54,497	53,641
Property, plant and equipment and intangible assets principally due to differences in depreciation	46,752	50,343
Reserve for point loyalty programs	45,824	39,015
Deferred revenues regarding Nikagetsu Kurikoshi	34,639	24,849
Accrued commissions to agent resellers	23,439	26,436
Accrued enterprise tax	18,058	2,571
Inventories	9,562	2,520
Compensated absences	7,980	7,845
Accrued bonus	6,497	6,370
Loss carryforwards		74,643
Tax credit carryforwards		23,526
Other	17,266	12,403
Subtotal gross deferred tax assets	¥ 329,323	¥ 415,912
Less valuation allowance		(23,436)
Total gross deferred tax assets	¥ 329,323	¥ 392,476
Deferred tax liabilities:		
Unrealized holding gains on available-for-sale securities	20,485	15,176
Intangible assets (principally customer related assets)	8,972	12,445
Property, plant and equipment due to differences in capitalized interest	2,223	2,944
Foreign currency translation adjustment	52	16,064
Enterprise tax refunds receivable		8,627
Other	12,163	10,744
Total gross deferred tax liabilities	¥ 43,895	¥ 66,000
Net deferred tax assets	¥ 285,428	¥ 326,476

Substantially all income or loss before income taxes, and income tax expenses or benefit are domestic. DoCoMo is subject to a number of different taxes, based on income, with an aggregate statutory income tax rate of approximately 40.9% and 40.9% for the years ended March 31, 2006 and 2005, respectively. The effective income tax rate for the years ended March 31, 2006 and 2005 was approximately 35.9%, and 41.0% respectively. The difference between the effective income tax rate and the statutory income tax rate for the year ended March 31, 2006 is principally related to a decrease in valuation allowance, which lowered the effective tax rate by 2.5 points.



**Table of Contents****5. Marketable securities and other investments:**

Marketable securities and other investments as of March 31, 2006 and 2005 comprised the following:

	Millions of yen	
	March 31, 2006	March 31, 2005
Marketable securities:		
Available-for-sale	¥ 249,943	¥ 223,107
Held-to-maturity		7
Other investments	157,866	19,955
<b>Total</b>	<b>¥ 407,809</b>	<b>¥ 243,069</b>

Debt securities, which were classified as current assets because the maturities at the end of fiscal years were one year or less, were included in the above table in addition to marketable securities recorded as a non-current item. Marketable securities and other investments, on the consolidated balance sheets.

DoCoMo had no debt securities classified as held to maturities at March 31, 2006.

Maturities of debt securities classified as available for sale at March 31, 2006 are as follows:

	Millions of yen	
	March 31, 2006	
	Carrying amounts	Fair value
Due within 1 year	¥ 49,985	¥ 49,985
Due after 1 year through 5 years	99,800	99,800
Due after 5 years through 10 years		
Due after 10 years		
<b>Total</b>	<b>¥ 149,785</b>	<b>¥ 149,785</b>

Actual maturities may differ from contractual maturities because some issuers have the right to call or prepay obligations.



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The aggregate fair value, gross unrealized holding gains and losses and cost by type of marketable security at March 31, 2006 and 2005 are as follows:

Millions of yen				
March 31, 2006				
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	¥ 52,784	¥ 47,685	¥ 311	¥ 100,158
Debt securities	150,290		505	149,785
Held-to-maturity:				
Debt securities				

Millions of yen				
March 31, 2005				
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	¥ 37,782	¥ 35,087	¥ 327	¥ 72,542
Debt securities	150,509	56		150,565
Held-to-maturity:				
Debt securities	7	0		7

The proceeds and gross realized gains and losses from the sale of available-for-sale securities and other investments are as follows:

Millions of yen			
	Year ended	Year ended	
	March 31, 2006	March 31, 2005	
Proceeds	¥ 14,902	¥ 27,046	
Gross realized gains	40,454	17	
Gross realized losses		(1,118)	

Other investments include long-term investments in various privately held companies and restricted stocks. The aggregate carrying amounts of DoCoMo's cost method investments included in other investments totaled ¥157,843 million and ¥15,954 million at March 31, 2006 and 2005, respectively.





**Table of Contents****6. Employee benefits:**

DoCoMo participates in a contributory defined benefit welfare pension plan sponsored by the NTT group. The number of DoCoMo's employees covered by the contributory plan represented approximately 10.4% and 10.2% of the total members covered by such plan as of March 31, 2006 and 2005, respectively. The amount of expense allocated in DoCoMo's consolidated statements of income and comprehensive income related to the contributory plan for the years ended March 31, 2006 and 2005 was ¥5,303 million and ¥5,719 million, respectively. The liability for employees' benefits covered by such contributory plan was ¥32,674 million and ¥31,026 million as of March 31, 2006 and 2005, respectively. Such amounts were allocated by NTT and are based on actuarial calculations related to the covered employees of DoCoMo.

DoCoMo also sponsors non-contributory defined benefit pension plans covering substantially all employees. Based on the plans, employees whose services with DoCoMo are terminated are normally entitled to lump-sum severance payments and pension payments. The following tables present the non-contributory pension plans' projected benefit obligations and fair value of plan assets at March 31, 2006 and 2005:

	Millions of yen	
	March 31, 2006	March 31, 2005
Projected benefit obligation, end of year	¥ 188,856	¥ 179,392
Fair value of plan assets, end of year	79,266	64,770
Funded status	¥ (109,590)	¥ (114,622)
Unrecognized net losses	41,089	48,149
Unrecognized transition obligation	1,565	1,697
Unrecognized prior service cost	(21,682)	(23,597)
Net amount recognized	¥ (88,618)	¥ (88,373)

The following table provides the amounts recognized in DoCoMo's consolidated balance sheets:

	Millions of yen	
	March 31, 2006	March 31, 2005
Liability for employees' retirement benefits	¥ (102,837)	¥ (107,648)
Prepaid pension cost	113	58
Intangible assets	122	669
Accumulated other comprehensive income	13,984	18,548
Net amount recognized	¥ (88,618)	¥ (88,373)
Liability for employees' retirement benefits covered by the NTT group contributory defined benefit welfare pension plan	¥ (32,674)	¥ (31,026)

Total liability for employees' retirement benefits	<u>¥(135,511)</u>	<u>¥ (138,674)</u>
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The charges to income for the non-contributory pension plans for the years ended March 31, 2006 and 2005 included the following components:

	Millions of yen	
	Year ended	Year ended
	March 31, 2006	March 31, 2005
Service cost	¥ 9,879	¥ 9,683
Interest cost on projected benefit obligation	3,493	3,358
Expected return on plan assets	(1,640)	(1,497)
Amortization of prior service cost	(1,861)	(1,815)
Amortization of actuarial loss	2,018	2,187
Amortization of transition obligation	132	89
<b>Net pension cost</b>	<b>¥ 12,021</b>	<b>¥ 12,005</b>

The assumptions used in determination of the non-contributory pension plans projected benefit obligations at March 31, 2006 and 2005 are as follows:

	March 31, 2006	March 31, 2005
Discount rate	2.0%	2.0%
Long-term rate of salary increases	2.1%	2.1%

The assumptions used in determination of the net pension costs for the years ended March 31, 2006 and 2005 are as follows:

	Year ended	Year ended
	March 31, 2006	March 31, 2005
Discount rate	2.0%	2.0%
Long-term rate of salary increases	2.1%	2.1%
Long-term rate of return on funded assets	2.5%	2.5%

**7. Other footnotes to unaudited financial statements:****Share repurchase and retirement**

On June 18, 2004, the shareholders meeting approved a stock repurchase plan under which DoCoMo could repurchase up to 2,500,000 shares at an aggregate amount not to exceed ¥600,000 million in order to improve capital efficiency and to implement flexible capital policies in accordance with the business environment. On June 21, 2005, the shareholders meeting also approved a stock repurchase plan under which DoCoMo may repurchase up to 2,200,000 shares at an aggregate amount not to exceed ¥400,000 million.

Also, DoCoMo repurchased its fractional shares.

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Class, aggregate number and price of shares repurchased for the year ended March 31, 2006, were as follows:

Class of shares repurchased:	Shares of common stock of the Company
Aggregate number of shares repurchased:	1,797,981 shares  (3.69% of the outstanding shares at the date of the general shareholders meeting held in 2005)
Aggregate price of shares repurchased:	¥300,078 million

Based on the resolution of the board of directors on March 28, 2006, DoCoMo retired 1,890,000 of its own shares (purchase price: ¥362,659 million).

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**Non-consolidated Financial Statements**  
For the Fiscal Year Ended March 31, 2006

April 28, 2006  
[Japanese 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  
Address of principal executive office: Tokyo, Japan  
(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

Date of the meeting of the Board of Directors for approval of the non-consolidated financial statements: April 28, 2006  
Date of scheduled payment of dividends: June 21, 2006  
Adoption of the Unit Share System: No  
Interim dividends plan: Yes  
Date of the general meeting of shareholders for approval of the non-consolidated financial statements: June 20, 2006

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2006 (April 1, 2005 - March 31, 2006)**

## (1) Non-consolidated Results of Operations

Amounts are truncated to nearest 1 million yen.

	(Millions of yen, except per share amounts)					
	Operating Revenues		Operating Income		Recurring Profit	
Year ended March 31, 2006	2,554,026	(0.7%)	379,017	(7.2%)	525,742	17.9%
Year ended March 31, 2005	2,571,211	(2.4%)	408,252	(22.6%)	445,952	(16.4%)

  

	ROE		ROA		Recurring Profit Margin	
	(Ratio of Earnings to Net Income)		(Ratio of Earnings to Total Assets)		(Ratio of Recurring Profit to Operating Revenues)	
	Net Income	Earnings per Share	Net Income to Shareholders	Recurring Profit to Total Assets	Recurring Profit to Operating Revenues	
Year ended March 31, 2006	412,566	9,115.17(yen)	17.7%	11.8%		20.6%
Year ended March 31, 2005	503,218	10,613.51(yen)	21.5%	10.0%		17.3%

Notes: 1. Weighted average number of shares outstanding: For the year ended March 31, 2006: 45,250,031 shares  
For the year ended March 31, 2005: 47,401,154 shares

2. Change in accounting policy: No

3. Percentages for operating revenues, operating income, recurring profit and net income in the above table represent year-on-year changes.

(Yen, except Total Dividends for the Year)

(2) Dividends

	Total Dividends per Share			Total Dividends for the Year	Payout Ratio	Ratio of Dividends to Shareholders Equity
	Interim Dividends per Share	Year-End Dividends per Share	Year-End Dividends per Share			
Year ended March 31, 2006	4,000.00	2,000.00	2,000.00	178,165(million yen)	43.9%	7.7%
Year ended March 31, 2005	2,000.00	1,000.00	1,000.00	93,010(million yen)	18.8%	4.0%

(Millions of yen, except per share amounts)

(3) Non-consolidated Financial Position

	Equity Ratio			
	Total Assets	Shareholders Equity	(Ratio of Shareholders Equity to Total Assets)	Shareholders Equity per Share
March 31, 2006	4,515,663	2,323,036	51.4%	52,230.97(yen)
March 31, 2005	4,419,525	2,336,614	52.9%	50,494.41(yen)

Notes: Number of shares outstanding at end of year: March 31, 2006: 44,474,227 shares March 31, 2005: 46,272,208 shares  
 Number of treasury shares: March 31, 2006: 2,335,772 shares March 31, 2005: 2,427,792 shares

2. Non-consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2007 (April 1, 2006 - March 31, 2007)

(Millions of yen, except per share amounts)

	Total Dividends per Share					
	Operating Revenues	Recurring Profit	Net Income	Interim Dividends per Share	Year-End Dividends per Share	
Year ending March 31, 2007	2,608,000	688,000	545,000	2,000(yen)	2,000(yen)	4,000(yen)

(Reference) Expected Earnings per Share: 12,254.29 yen

Note: With regard to the assumptions and other related matters concerning the above estimated results, please refer to page 10.

**Table of Contents**<< Non-consolidated Financial Statements >>**1. Non-consolidated Balance Sheets**

	Millions of yen			
	(UNAUDITED) March 31, 2006	March 31, 2005	Increase (Decrease)	
<b>ASSETS</b>				
<b>Non-current assets:</b>				
<b>Non-current assets for telecommunication businesses</b>				
<b>Property, plant and equipment</b>	¥ 1,108,407	¥ 1,128,130	¥ (19,723)	
Machinery and equipment	440,939	463,752	(22,812)	
Antenna facilities	139,329	135,135	4,193	
Satellite mobile communications facilities	5,945	7,681	(1,736)	
Telecommunications line facilities	1,572	1,089	483	
Pipe and hand holes	1,636	1,238	397	
Buildings	226,617	237,006	(10,388)	
Structures	20,338	19,790	548	
Other machinery and equipment	8,564	11,277	(2,712)	
Vehicles	201	288	(86)	
Tools, furniture and fixtures	112,299	124,000	(11,701)	
Land	101,030	101,152	(122)	
Construction in progress	49,931	25,717	24,213	
<b>Intangible assets</b>	495,466	478,658	16,807	
Rights to use utility facilities	1,713	1,311	401	
Computer software	426,910	420,374	6,535	
Patents	25	150	(125)	
Leasehold rights	4,276	3,607	669	
Other intangible assets	62,540	53,214	9,326	
Total non-current assets for telecommunication businesses	1,603,873	1,606,788	(2,915)	
<b>Investment and other assets</b>				
Investment securities	360,242	222,576	137,666	
Investment in affiliated companies	660,310	591,070	69,240	
Long-term prepaid expenses	3,695	2,510	1,184	
Deferred tax assets	113,460	114,899	(1,439)	
Long-term bailment	100,000		100,000	
Other investments and other assets	38,951	37,750	1,201	
Allowance for doubtful accounts	(237)	(189)	(47)	
Total investment and other assets	1,276,423	968,617	307,805	
Total non-current assets	2,880,296	63.8% 2,575,406	58.3%	304,890
<b>Current assets:</b>				
Cash and bank deposits	780,558	981,159	(200,600)	
Notes receivable	25	6	18	
Accounts receivable, trade	331,924	347,877	(15,953)	
Accounts receivable, other	267,443	323,287	(55,843)	
Securities	49,985		49,985	
Inventories and supplies	135,309	84,065	51,243	
Advances	1,774	3,722	(1,947)	
Prepaid expenses	7,088	5,440	1,647	



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Deferred tax assets	41,356		82,628		(41,272)
Short-term loans			20,750		(20,750)
Other current assets	25,578		2,405		23,172
Allowance for doubtful accounts	(5,678)		(7,226)		1,548
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total current assets	1,635,366	36.2%	1,844,118	41.7%	(208,751)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<b>¥ 4,515,663</b>	<b>100.0%</b>	<b>¥ 4,419,525</b>	<b>100.0%</b>	<b>¥ 96,138</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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	Millions of yen				
	(UNAUDITED)				Increase
	March 31, 2006		March 31, 2005		(Decrease)
<b>LIABILITIES</b>					
<b>Long-term liabilities:</b>					
Bonds	¥ 486,685		¥ 615,885		¥ (129,200)
Long-term borrowings	114,000		175,000		(61,000)
Liability for employees' retirement benefits	56,975		60,889		(3,914)
Reserve for directors' and corporate auditors' retirement benefits	373		495		(122)
Reserve for point loyalty programs	44,406		36,024		8,381
Provision for loss on PHS business	2,435		20,355		(17,920)
Other long-term liabilities	3,558		19,197		(15,639)
<b>Total long-term liabilities</b>	<b>708,433</b>	<b>15.7%</b>	<b>927,848</b>	<b>21.0%</b>	<b>(219,415)</b>
<b>Current liabilities:</b>					
Current portion of long-term borrowings	190,200		136,000		54,200
Accounts payable, trade	356,051		272,813		83,237
Accounts payable, other	246,962		223,324		23,637
Accrued expenses	6,384		6,074		309
Accrued taxes on income	47,932		920		47,011
Advances received	13,714		10,298		3,415
Deposits received	581,828		458,935		122,893
Other current liabilities	41,119		46,694		(5,574)
<b>Total current liabilities</b>	<b>1,484,193</b>	<b>32.9%</b>	<b>1,155,061</b>	<b>26.1%</b>	<b>329,131</b>
<b>Total liabilities</b>	<b>¥ 2,192,627</b>	<b>48.6%</b>	<b>¥ 2,082,910</b>	<b>47.1%</b>	<b>¥ 109,716</b>
<b>SHAREHOLDERS' EQUITY</b>					
Common stock	¥ 949,679	21.0%	¥ 949,679	21.5%	¥
Capital surplus					
Additional paid-in capital	292,385		292,385		
Other paid-in capital	971,190		971,190		
<b>Total capital surplus</b>	<b>1,263,575</b>	<b>28.0%</b>	<b>1,263,575</b>	<b>28.6%</b>	
Earned surplus					
Legal reserve	4,099		4,099		
Voluntary reserve	372,862		367,925		4,937
Unappropriated retained earnings	155,060		245,706		(90,645)
<b>Total earned surplus</b>	<b>532,023</b>	<b>11.8%</b>	<b>617,732</b>	<b>14.0%</b>	<b>(85,708)</b>
Net unrealized holding gains on securities	25,952	0.5%	16,403	0.4%	9,549
Treasury stock	(448,195)	(9.9%)	(510,776)	(11.6%)	62,580
<b>Total shareholders' equity</b>	<b>¥ 2,323,036</b>	<b>51.4%</b>	<b>¥ 2,336,614</b>	<b>52.9%</b>	<b>¥ (13,577)</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 4,515,663</b>	<b>100.0%</b>	<b>¥ 4,419,525</b>	<b>100.0%</b>	<b>¥ 96,138</b>

**Table of Contents****2. Non-consolidated Statements of Income**

	Millions of yen				
	(UNAUDITED) Year ended		Year ended		Increase (Decrease)
	March 31, 2006		March 31, 2005		
<b>Recurring profits and losses:</b>					
<b>Operating revenues and expenses</b>					
<b>Telecommunication businesses</b>					
Operating revenues	¥ 2,020,226	79.1%	¥ 2,034,124	79.1%	¥ (13,898)
Voice transmission services	1,290,626		1,329,689		(39,062)
Data transmission services	480,951		454,773		26,177
Other	248,648		249,661		(1,013)
Operating expenses	1,651,354	64.7%	1,634,338	63.6%	17,016
Business expenses	995,808		982,284		13,524
Administrative expenses	50,947		55,790		(4,842)
Depreciation	398,569		376,939		21,629
Loss on disposal of property, plant and equipment and intangible assets	22,086		28,162		(6,075)
Communication network charges	166,434		175,909		(9,474)
Taxes and public dues	17,507		15,252		2,254
<b>Operating income from telecommunication businesses</b>	<b>368,871</b>	<b>14.4%</b>	<b>399,786</b>	<b>15.5%</b>	<b>(30,914)</b>
<b>Supplementary businesses</b>					
Operating revenues	533,800	20.9%	537,086	20.9%	(3,286)
Operating expenses	523,654	20.5%	528,620	20.5%	(4,965)
<b>Operating income from supplementary businesses</b>	<b>10,145</b>	<b>0.4%</b>	<b>8,466</b>	<b>0.4%</b>	<b>1,679</b>
<b>Total operating income</b>	<b>¥ 379,017</b>	<b>14.8%</b>	<b>¥ 408,252</b>	<b>15.9%</b>	<b>¥ (29,235)</b>
<b>Non-Operating revenues and expenses</b>					
Non-operating revenues	178,926	7.0%	55,798	2.1%	123,127
Interest income and discounts	4,265		1,822		2,442
Interest income-securities	230		42		188
Dividend income	156,431		43,605		112,825
Foreign exchange gains			3,888		(3,888)
Lease and rental income			1,719		(1,719)
Miscellaneous income	17,999		4,720		13,278
Non-operating expenses	32,201	1.2%	18,099	0.7%	14,102
Interest expense and discounts	1,914		2,154		(239)
Interest expense-bonds	5,877		6,624		(746)
Loss on write-off of inventories	22,418		6,117		16,301
Impairment of investment securities			694		(694)
Miscellaneous expenses	1,990		2,509		(518)
<b>Recurring profit</b>	<b>¥ 525,742</b>	<b>20.6%</b>	<b>¥ 445,952</b>	<b>17.3%</b>	<b>¥ 79,790</b>
<b>Special profits and losses:</b>					
Special profits			431,700	16.8%	(431,700)
Gain on liquidation of a subsidiary			431,700		(431,700)
Special losses			36,323	1.4%	(36,323)
Provision for loss on PHS business			20,355		(20,355)
Write-downs of investments in affiliated companies			15,967		(15,967)
<b>Income before income taxes</b>	<b>525,742</b>	<b>20.6%</b>	<b>841,329</b>	<b>32.7%</b>	<b>(315,586)</b>

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Income taxes-current	77,000	3.0%	61	0.0%	76,938
Income taxes-deferred	36,176	1.4%	338,049	13.1%	(301,872)
<b>Net income</b>	<b>¥ 412,566</b>	<b>16.2%</b>	<b>¥ 503,218</b>	<b>19.6%</b>	<b>¥ (90,652)</b>
Retained earnings brought forward	194,371		100,596		93,774
Retirement of treasury stock	362,658		311,371		51,287
Interim dividends	89,217		46,737		42,479
Unappropriated retained earnings	¥ 155,060		¥ 245,706		¥ (90,645)

Note: The denominator used to calculate the percentage figures is the aggregate amount of operating revenues from telecommunication businesses and supplementary businesses.

**Table of Contents****3. Proposal for Appropriation of Retained Earnings**

	Millions of yen	
	Year ended	Year ended
	March 31, 2006	March 31, 2005
Unappropriated retained earnings	¥ 155,060	¥ 245,706
Reversal of appropriation for accelerated depreciation on tax	4,876	2,981
Sub-total	159,937	248,688
The above shall be appropriated as follows:		
Cash dividends	88,948	46,272
	[¥2,000 per share]	[¥1,000 per share]
Bonuses to directors and corporate auditors	104	126
[(including) Bonuses to corporate auditors]	[19]	[23]
Appropriation for accelerated depreciation on tax	6,502	7,918
Retained earnings carried forward	¥ 64,382	¥ 194,371

## Notes:

On November 22, 2005, DoCoMo paid ¥89,217 million (¥2,000 per share) as an interim dividend.

Appropriation for accelerated depreciation on tax is based on the Special Taxation Measures Law of Japan.

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**Accounting Basis for the Non-Consolidated Financial Statements**

**Basis of Presentation:**

The accompanying unaudited non-consolidated financial statements of NTT DoCoMo, Inc. ( the Company ) have been prepared in accordance with accounting principles generally accepted in Japan.

1. Depreciation and amortization of non-current assets

(1) Property, plant and equipment

Depreciation of property, plant and equipment is computed by the declining balance method with the exception of buildings, which are depreciated on a straight-line basis.

(2) Intangible assets

Intangible assets are amortized on a straight-line basis.

Internal use software is amortized over the estimated useful lives (5 years or less) on a straight-line basis.

2. Valuation of securities

(1) Investments in subsidiaries and affiliates are stated at cost, which is determined by the moving average method.

(2) Available-for-sale securities whose fair value is readily determinable are stated at fair value as of the end of the fiscal year with unrealized holding gains and losses, net of applicable deferred tax assets/liabilities. The unrealized gains and losses are not reflected in earnings, but directly reported as a separate component of shareholders' equity. The cost of securities sold is determined by the moving-average method with the exception of the cost of debt securities sold, which are determined by the first-in, first-out method.

(3) Available-for-sale securities whose fair value is not readily determinable are stated at moving-average cost.

3. Derivative instruments

Derivative instruments are stated at fair value as of the end of the fiscal year.

4. Inventories

Inventories are stated at cost. The cost of terminal equipment to be sold is determined by the first-in, first-out method. The cost of other inventories is determined by the specific identification method.

5. Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Japanese yen at the current spot rate at the end of the fiscal year and the resulting translation gains or losses are included in net income.

6. Allowance for doubtful accounts, liability for employees' retirement benefits, reserve for directors' and corporate auditors' retirement benefits, reserve for point loyalty programs and provision for loss on PHS business

(1) Allowance for doubtful accounts

The Company provides for doubtful accounts principally in an amount computed based on the historical bad debt ratio during a certain reference period plus the estimated uncollectable amount based on the analysis of certain individual accounts, including claims in bankruptcy.

(2) Liability for employees' retirement benefits

In order to provide for employees' retirement benefits, the Company accrues the liability as of the end of the fiscal year in an amount calculated based on the estimated projected benefit obligation and plan assets at the end of the fiscal year.

Actuarial losses (gains) are recognized as incurred at the end of the fiscal year.

Prior service cost is amortized on a straight-line basis over the average remaining service periods of employees at the time of recognition.

(Change in Accounting Policy)

Effective from the year ended March 31, 2006, the Company adopted Amendment of Accounting Standards for Retirement Benefits (Accounting Standard No. 3, which was issued on March 16, 2005) and Application Guidance on Amendment of Accounting Standards for Retirement Benefits (Accounting Standard Application Guidance No. 7, which was issued on March 16, 2005). As a result of the adoption, operating income, recurring profit and income before income taxes increased by ¥3,653 million compared with those accounted for under the previous method for the year ended March 31, 2006.



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- (3) Reserve for directors and corporate auditors retirement benefits

The Company allocates the amount necessary for payment as of the end of the fiscal year based on our internal regulations, so as to prepare for the payment of retirement benefits to directors and corporate auditors.

- (4) Reserve for point loyalty programs

The costs of awards under the point loyalty programs called DoCoMo Point Service and DoCoMo Premium Club that are reasonably estimated to be redeemed by the customers in the future based on historical data are accounted for as reserve for point loyalty programs.

- (5) Provision for loss on PHS business

In order to provide for the loss resulting from PHS business, the Company makes necessary provision for the estimated future loss.

7. Leases

Finance leases other than those deemed to transfer ownership of properties to lessees are not capitalized and are accounted for in a similar manner as operating leases.

8. Hedge accounting

- (1) Hedge accounting

Japanese GAAP provides for two general accounting methods for hedging financial instruments. One method is to recognize the changes in fair value of a hedging instrument in net income in the period of the change as gain or loss together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The other method is to defer the gain or loss over the period of the hedging contract together with offsetting loss or gain deferral of the hedged items. The Company has adopted the latter accounting method.

However, when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged items.

In addition, when a foreign currency swap contract meets certain conditions, it is accounted for in the following manner:

- (i) The difference between the Japanese yen nominal amounts of the foreign currency swap contract translated using the spot rate at the transaction date of the hedged item and the spot rate at the date of inception of the contract, if any, is recognized in the

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non-consolidated statement of income in the period which includes the inception date of the contract; and

- (ii) The discount or premium on the contract (for instance, the difference between the Japanese yen amounts of the contract translated using the contracted forward rate and the spot rate at the date of inception of the contract) is recognized over the term of the contract.

### (2) Hedging instruments and hedged items

#### Hedging instruments:

Interest rate swap contracts  
Foreign currency swap contracts

#### Hedged items:

Corporate bonds  
Bonds in foreign currency

### (3) Hedging policy

The Company uses financial instruments to hedge risks such as market fluctuation risks in accordance with its internal policies and procedures.

### (4) Assessment method of hedge effectiveness

The Company periodically evaluates hedge effectiveness by comparing cumulative changes in cash flows from hedged items or changes in fair value of hedged items, and the corresponding changes in the hedging instruments. However, the Company automatically assumes that the hedge will be highly effective at achieving offsetting changes in cash flows or in fair value for any transaction where important terms and conditions are identical between hedging instruments and hedged items.

## 9. Consumption tax

Consumption tax is separately accounted for by excluding it from each transaction amount.

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### **Change in Accounting Policy**

Accounting standards for impairment of long-lived assets

Effective from the year ended March 31, 2006, the Company adopted the accounting standards for impairment of long-lived assets, Statement of Opinion on Establishment of Accounting Standards for Impairment of Long-lived Assets (issued by Business Accounting Council on August 9, 2002) and Application Guidance on Accounting Standards for Impairment of Long-lived Assets (Accounting Standard Application Guidance No. 6, which was issued on October 31, 2003). The adoption of these standards had no impact on income before income taxes for the year ended March 31, 2006.

The accumulated impairment losses were directly deducted from the amounts of related assets.

### **Changes in Presentation**

(Non-consolidated Balance Sheets)

Short-term loans, which was individually stated in the non-consolidated balance sheets as of March 31, 2005, was immaterial in the amount and included in Other current assets as of March 31, 2006.

The amount of short-term loans, which was included in Other current assets, was ¥4,000 million as of March 31, 2006.

(Non-consolidated Statements of Income)

Foreign exchange gains and Lease and rental income, which were individually stated in the non-consolidated statements of income for the year ended March 31, 2005, were immaterial in the amounts and included in Miscellaneous income for the year ended March 31, 2006.

The amount of foreign exchange gains and lease and rental income, which was included in Miscellaneous income, was ¥5,914 million and ¥1,834 million for the year ended March 31, 2006, respectively.

Impairment of investment securities, which was individually stated in the non-consolidated statements of income for the year ended March 31, 2005, was immaterial in the amount and included in Miscellaneous expenses for the year ended March 31, 2006.

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The amount of impairment of investment securities, which was included in Miscellaneous expenses, was ¥246 million for the year ended March 31, 2006.

**Table of Contents****Notes to Non-consolidated Balance Sheets:**

1. Non-current assets for telecommunication businesses include those used in supplementary businesses, because these amounts are not significant.
2. Accumulated depreciation of property, plant and equipment

	Millions of yen	
	March 31, 2006	March 31, 2005
Accumulated depreciation	¥ 1,603,315	¥ 1,448,357

3. Assets or liabilities due from or to subsidiaries and affiliates, the amounts of which exceed one percent of total assets or total liabilities and shareholders' equity of the Company, are as follows:

	Millions of yen	
	March 31, 2006	March 31, 2005
Accounts receivable, trade	¥ 82,978	¥ 81,509
Accounts receivable, other	241,594	198,426
Accounts payable, other	66,123	53,423
Deposits receive	581,182	456,562

4. Common stock

	Shares	
	March 31, 2006	March 31, 2005
Authorized	188,130,000	190,020,000
Issued	46,810,000	48,700,000

As a result of the retirement of treasury stock, authorized common stock and issued common stock both decreased by 1,890,000 from March 31, 2005 to March 31, 2006.

5. Share repurchase

The treasury stock the Company had at March 31, 2006 and 2005 amounted to 2,335,772.84 shares and 2,427,792.17 shares, respectively.

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6. Net unrealized holding gains on marketable securities as of March 31, 2006 and 2005 as stipulated in Paragraph 3 of Article 124 of the Enforce Regulations of the Commercial Code of Japan was ¥25,952 million and ¥16,403 million, respectively.

### 7. Guarantee

The Company provides a counter indemnity of a performance guarantee up to HK\$24,099 thousand (¥364 million) guaranteeing performance by Hutchison Telephone Company Limited, an affiliate of the Company, with respect to certain contracts or obligations owed to its governmental authorities in relation to its business. The Company had HK\$488 thousand (¥7 million) and HK\$919 thousand indemnity outstanding as of March 31, 2006 and 2005, respectively.

**Table of Contents****Notes to Non-consolidated Statements of Income:**

1. The total amounts of research and development expenses included in operating expenses of telecommunication businesses and supplementary businesses are as follows:

<b>Year ended March 31, 2006</b>	<b>¥ 109,270 million</b>	Year ended March 31, 2005	¥ 101,560 million
----------------------------------	--------------------------	---------------------------	-------------------

2. Non-operating revenues from affiliated companies, the amounts of which exceed ten percent of total non-operating revenues of the Company, are as follows:

	Millions of yen	
	Year ended March 31, 2006	Year ended March 31, 2005
Dividends received from affiliated companies	¥ 152,006	¥ 42,967

3. Impairment loss

The Company recorded an impairment loss on the following asset group for the year ended March 31, 2006.

(1) Place:	Operating area of the Company (Kanto Koshinetsu region*)
(2) Purpose of use:	PHS related assets
(3) Types of assets:	Machinery and equipment, antenna facilities and intangible assets such as telecommunication software

The Company groups Mobile phone business and PHS business as major minimal units which are individual sources of cash flows.

As the Company determined to terminate PHS services during the three months ending December 31, 2007 and estimated that future cash flows from the PHS business would be negative, the Company wrote-down the entire carrying value of its long-lived assets related to the PHS business, resulting in an impairment loss of ¥19,749 million for the year ended March 31, 2006.

The impairment loss consists of machinery and equipment of ¥12,647 million, antenna facilities of ¥2,320 million, intangible assets such as telecommunication software of ¥3,601 million and other assets of ¥1,180 million.

Because the amount of the impairment loss equaled to the amount of income from the reversal of Provision for loss on PHS business on long-lived assets, the amounts were netted and the Company did not present an impairment loss on the non-consolidated statements of income for the year ended March 31, 2006.

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As a result, the impairment had no impact on income before income taxes for the year ended March 31, 2006 on the non-consolidated statements of income.

\* Kanto Koshinetsu region consists of Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi, Gunma, Yamanashi, Nagano and Niigata.

### **Marketable Securities:**

For the years ended March 31, 2006 and 2005, there were no subsidiaries and affiliates shares directly owned by the Company that had readily determinable market value.



**Table of Contents****Income tax accounting:**

1. Significant components of deferred tax assets and liabilities at March 31, 2006 and 2005 are as follows:

	<u>Millions of yen</u>	
	<u>March 31, 2006</u>	
<b>Deferred tax assets:</b>		
Write-down of investments in affiliated companies	¥	78,076
Liability for employees' retirement benefits		22,366
Depreciation and amortization		22,207
Reserve for point loyalty programs		18,042
Nikagetsu Kurikoshi service		14,887
Write-off of inventories		9,498
Accrued enterprise tax		9,060
Other		15,657
		<u>          </u>
Subtotal gross deferred tax assets	¥	189,795
Less valuation allowance		(5,934)
		<u>          </u>
Total gross deferred tax assets	¥	183,861
		<u>          </u>
<b>Deferred tax liabilities:</b>		
Other securities due to differences in revaluation	¥	(17,760)
Appropriation for accelerated depreciation on tax		(11,283)
		<u>          </u>
Total gross deferred tax liabilities	¥	(29,044)
		<u>          </u>
Net deferred tax assets	¥	154,816
		<u>          </u>
		<u>          </u>
	<u>Millions of yen</u>	
	<u>March 31, 2005</u>	
<b>Deferred tax assets:</b>		
Write-down of investments in affiliated companies	¥	78,629
Loss carryforwards		73,867
Liability for employees' retirement benefits		23,766
Tax credit carryforwards		23,526
Depreciation and amortization		21,581
Reserve for point loyalty programs		14,636
Nikagetsu Kurikoshi service		10,402
Provision for loss on PHS business		8,270
Write-off of inventories		2,467
Other		5,449
		<u>          </u>
Subtotal gross deferred tax assets	¥	262,598

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Less valuation allowance		(35,116)
		<hr/>
Total gross deferred tax assets	¥	227,481
		<hr/>
Deferred tax liabilities:		
Other securities due to differences in revaluation	¥	(11,225)
Appropriation for accelerated depreciation on tax		(10,171)
Enterprise tax refunds receivable		(8,556)
		<hr/>
Total gross deferred tax liabilities	¥	(29,953)
		<hr/>
Net deferred tax assets	¥	197,528
		<hr/>

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2. Significant components of the difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2006 were as follows:

	<b>March 31, 2006</b>
Statutory income tax rate	<b>40.6%</b>
Adjustment:	
Income not taxable, such as dividends received	<b>(11.8%)</b>
Decrease in valuation allowance	<b>(5.6%)</b>
Tax credits concerning research and development	<b>(1.0%)</b>
Tax credits concerning IT investment promotion tax system	<b>(0.8%)</b>
Other	<b>0.1%</b>
Effective income tax rate	<b>21.5%</b>

The Company omitted to state the components of the difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2005, because the difference was less than 5% of the statutory income tax rate and was immaterial.

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<< Change of Board of Directors >>

The change of the board of directors, if any, will be decided at the board meeting to be held in May 2006, which is planned to be made public thereafter.

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(APPENDIX 1)

**Operation Data for FY2005**

		[Ref.]						[Ref.]
		Fiscal 2004 (Ended Mar. 31, 2005)	Fiscal 2005 (Ended Mar. 31, 2006)	[Ref.]	[Ref.]	[Ref.]	Fourth Quarter (Jan.-Mar. 2006)	Fiscal 2006 (Ending Mar. 31, 2007)
		Full-year result	Full-year result	First Quarter (Apr.-Jun. 2005) Results	Second Quarter (Jul.-Sep. 2005) Results	Third Quarter (Oct.-Dec. 2005) Results	Results	Full-year forecast
<b>Cellular</b>								
Subscribers	thousands	48,825	<b>51,144</b>	49,430	49,904	50,366	<b>51,144</b>	<b>52,900</b>
FOMA	thousands	11,501	<b>23,463</b>	13,710	16,770	20,129	<b>23,463</b>	<b>35,000</b>
mova	thousands	37,324	<b>27,680</b>	35,719	33,134	30,237	<b>27,680</b>	<b>17,900</b>
Market share <sup>(1) (2)</sup>	%	56.1	<b>55.7</b>	56.1	56.0	55.9	<b>55.7</b>	
Net increase from previous period <sup>(2)</sup>	thousands	2,497	<b>2,319</b>	605	475	462	<b>778</b>	<b>1,756</b>
FOMA <sup>(2)</sup>	thousands	8,456	<b>11,963</b>	2,210	3,060	3,359	<b>3,335</b>	<b>11,537</b>
mova <sup>(2)</sup>	thousands	-5,959	<b>-9,644</b>	-1,605	-2,585	-2,897	<b>-2,557</b>	<b>-9,780</b>
Aggregate ARPU (FOMA+mova) <sup>(3)</sup>	yen/month/contract	7,200	<b>6,910</b>	6,940	7,050	6,920	<b>6,720</b>	<b>6,690</b>
Voice ARPU <sup>(4)</sup>	yen/month/contract	5,330	<b>5,030</b>	5,120	5,170	5,040	<b>4,780</b>	<b>4,760</b>
Packet ARPU	yen/month/contract	1,870	<b>1,880</b>	1,820	1,880	1,880	<b>1,940</b>	<b>1,930</b>
i-mode ARPU	yen/month/contract	1,870	<b>1,870</b>	1,810	1,870	1,860	<b>1,920</b>	<b>1,910</b>
ARPU generated purely from i-mode (FOMA+mova) <sup>(3)</sup>	yen/month/contract	2,060	<b>2,040</b>	1,990	2,050	2,030	<b>2,090</b>	<b>2,070</b>
Aggregate ARPU (FOMA) <sup>(3)</sup>	yen/month/contract	9,650	<b>8,700</b>	9,090	9,050	8,650	<b>8,260</b>	<b>7,790</b>
Voice ARPU <sup>(4)</sup>	yen/month/contract	6,380	<b>5,680</b>	5,990	5,970	5,660	<b>5,330</b>	<b>5,090</b>
Packet ARPU	yen/month/contract	3,270	<b>3,020</b>	3,100	3,080	2,990	<b>2,930</b>	<b>2,700</b>
i-mode ARPU	yen/month/contract	3,220	<b>2,980</b>	3,070	3,050	2,960	<b>2,910</b>	<b>2,660</b>
ARPU generated purely from i-mode (FOMA) <sup>(3)</sup>	yen/month/contract	3,260	<b>3,040</b>	3,110	3,100	3,020	<b>2,970</b>	<b>2,740</b>
Aggregate ARPU (mova) <sup>(3)</sup>	yen/month/contract	6,800	<b>5,970</b>	6,190	6,140	5,910	<b>5,540</b>	<b>5,240</b>
Voice ARPU <sup>(4)</sup>	yen/month/contract	5,160	<b>4,680</b>	4,820	4,810	4,680	<b>4,370</b>	<b>4,320</b>
i-mode ARPU	yen/month/contract	1,640	<b>1,290</b>	1,370	1,330	1,230	<b>1,170</b>	<b>920</b>
ARPU generated purely from i-mode (mova) <sup>(3)</sup>	yen/month/contract	1,850	<b>1,460</b>	1,550	1,510	1,400	<b>1,340</b>	<b>1,080</b>
MOU (FOMA+mova) <sup>(3) (5)</sup>	minute/month/contract	151	<b>149</b>	149	152	151	<b>146</b>	
MOU (FOMA) <sup>(3) (5)</sup>	minute/month/contract	229	<b>202</b>	214	211	201	<b>188</b>	
MOU (mova) <sup>(3) (5)</sup>	minute/month/contract	138	<b>122</b>	126	125	122	<b>113</b>	
Churn Rate <sup>(2)</sup>	%	1.01	<b>0.77</b>	0.80	0.81	0.72	<b>0.75</b>	

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<b><i>i-mode</i></b>								
Subscribers	thousands	44,021	<b>46,360</b>	44,659	45,139	45,616	<b>46,360</b>	<b>47,900</b>
FOMA	thousands	11,353	<b>22,914</b>	13,514	16,464	19,715	<b>22,914</b>	
i-appli™ compatible <sup>(6)</sup>	thousands	29,989	<b>36,058</b>	31,330	32,799	34,346	<b>36,058</b>	
<b><i>i-mode</i></b>								
Subscription Rate <sup>(2)</sup>	%	90.2	<b>90.6</b>	90.3	90.5	90.6	<b>90.6</b>	<b>90.5</b>
Net increase from previous period	thousands	2,944	<b>2,339</b>	638	481	477	<b>744</b>	<b>1,540</b>
i-Menu Sites (FOMA) <sup>(7)</sup>	sites	4,830	<b>6,028</b>	5,082	5,316	5,844	<b>6,028</b>	
i-Menu Sites (mova) <sup>(7)</sup>	sites	4,594	<b>5,043</b>	4,681	4,799	4,995	<b>5,043</b>	
<b>Access Percentage by Content Category</b>								
Ringtone/Screen	%	30	<b>21</b>	24	23	20	<b>18</b>	
Game/Horoscope	%	22	<b>24</b>	22	21	25	<b>26</b>	
Entertainment								
Information	%	24	<b>27</b>	27	27	27	<b>28</b>	
Information	%	12	<b>12</b>	12	14	12	<b>9</b>	
Database	%	4	<b>5</b>	5	5	5	<b>6</b>	
Transaction	%	8	<b>11</b>	10	10	11	<b>13</b>	
Independent Sites <sup>(8)</sup>	sites	85,013	<b>93,507</b>	87,372	89,367	91,137	<b>93,507</b>	
<b>Percentage of Packets Transmitted</b>								
Web	%	94	<b>96</b>	96	96	97	<b>97</b>	
Mail	%	6	<b>4</b>	4	4	3	<b>3</b>	
<b><i>PHS</i></b>								
Subscribers	thousands	1,314	<b>771</b>	1,150	987	882	<b>771</b>	<b>320</b>
Market Share <sup>(1)</sup>	%	29.4	<b>16.4</b>	25.7	22.0	19.3	<b>16.4</b>	
Net increase from previous period	thousands	-278	<b>-543</b>	-164	-163	-105	<b>-111</b>	<b>-451</b>
ARPU <sup>(4)</sup>	yen/month/contract	3,360	<b>3,280</b>	3,320	3,290	3,270	<b>3,230</b>	
MOU <sup>(5)(9)</sup>	minute/month/contract	82	<b>72</b>	74	71	70	<b>68</b>	
Data transmission rate (time) <sup>(9)(10)</sup>	%	74.7	<b>76.2</b>	75.8	75.9	76.5	<b>77.2</b>	
Churn Rate	%	3.23	<b>4.64</b>	4.83	5.20	3.82	<b>4.54</b>	
<b><i>Others</i></b>								
Prepaid Subscribers <sup>(11)</sup>	thousands	76	<b>53</b>	68	61	57	<b>53</b>	
<b>Communication Module Services</b>								
Subscribers <sup>(11)</sup>	thousands	544	<b>665</b>	582	609	634	<b>665</b>	<b>990</b>
FOMA Ubiquitous plan <sup>(12)</sup>	thousands		<b>1</b>				<b>1</b>	
DoPa Single Service <sup>(13)</sup>	thousands	544	<b>665</b>	582	609	634	<b>665</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]

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

	<b>FY2005</b> (Ended Mar. 31, 2006) Full-year results	<b>First Quarter</b> (Apr.-Jun. 2005) Results	<b>Second Quarter</b> (Jul.-Sep. 2005) Results	<b>Third Quarter</b> (Oct.-Dec. 2005) Results	<b>Fourth Quarter</b> (Jan.-Mar. 2006) Results	<b>FY2006</b> (Ending Mar. 31, 2007) Full-year forecasts
Aggregate ARPU (FOMA+mova)	40 yen	30 yen	40 yen	40 yen	40 yen	60 yen
Aggregate ARPU (FOMA)	70 yen	60 yen	70 yen	70 yen	70 yen	80 yen
Aggregate ARPU (mova)	30 yen	20 yen	30 yen	30 yen	20 yen	40 yen

ARPU data in our reports prior to fiscal year 2005 do not include International service-related revenues. ARPU generated from International services, derived from the revenues thereof, for the relevant periods are as below:

	<b>FY2004</b> (Ended Mar. 31, 2005) Full-year result
Aggregate ARPU (FOMA+mova)	20 yen

\* Please refer to the attached sheet (P.43) 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) Data on independent sites are from OH!NEW? by Digital Street Inc.

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

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

(11) Included in total cellular subscribers.

(12) Included in FOMA subscribers.

(13) Included in mova subscribers.



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(APPENDIX 2)

ARPU Calculation Methods

***1. ARPU (Average monthly revenue per unit)\*1***

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) \*2 : 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) \*3 : 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)

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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.

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

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(APPENDIX 3)

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

The reconciliations for the year ending March 31, 2007 (forecasts) are provided to the extent available without unreasonable efforts.

**1. EBITDA and EBITDA margin**

	Billions of yen		
	Year ending March 31, 2007 (Forecasts)	Year ended March 31, 2006	Year ended March 31, 2005
<b>a. EBITDA</b>	¥ 1,601.0	¥ 1,606.8	¥ 1,625.7
Depreciation and amortization	(753.0)	(737.1)	(735.4)
Losses on sale or disposal of property, plant and equipment	(38.0)	(36.0)	(45.7)
Impairment loss		(1.1)	(60.4)
Operating income	810.0	832.6	784.2
Other income (expense)	5.0	119.7	504.1
Income taxes	(327.0)	(341.4)	(527.7)
Equity in net losses of affiliates		(0.4)	(12.9)
Minority interests in earnings of consolidated subsidiaries		(0.1)	(0.1)
<b>b. Net income</b>	488.0	610.5	747.6
<b>c. Total operating revenues</b>	4,838.0	4,765.9	4,844.6
<b>EBITDA margin (=a/c)</b>	33.1%	33.7%	33.6%
<b>Net income margin (=b/c)</b>	10.1%	12.8%	15.4%

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. ROCE after tax effect

	Billions of yen		
	Year ending March 31, 2007 (Forecasts)	Year ended March 31, 2006	Year ended March 31, 2005
	¥	¥	¥
a. Operating income	810.0	832.6	784.2
b. Operating income after tax effect {=a*(1-effective tax rate)} (effective tax rate:40.9%)	478.7	492.1	463.4
c. Capital employed	4,902.7	4,850.4	4,826.4
ROCE before tax effect (=a/c)	16.5%	17.2%	16.2%
<b>ROCE after tax effect (=b/c)</b>	<b>9.8%</b>	<b>10.1%</b>	<b>9.6%</b>

Notes: Capital employed = Two period ends average of (Shareholders' equity + Interest bearing liabilities)

Interest bearing liabilities = Current portion of long-term debt + Short-term borrowings + Long-term debt

**3. Adjusted free cash flows**

	Billions of yen		
	Year ending March 31, 2007 (Forecasts)	Year ended March 31, 2006	Year ended March 31, 2005
<b>Adjusted free cash flows</b>	¥ 280.0	¥ 510.9	¥ 1,003.6
Irregular factors (1)	(220.0)		
Changes of investments for cash management purposes (2)		149.0	(400.3)
<b>Free cash flows</b>	60.0	659.9	603.3
Net cash used in investing activities	(928.0)	(951.1)	(578.3)
Net cash provided by operating activities	988.0	1,610.9	1,181.6

Note: (1) Irregular factors represent the effects of uncollected revenues due to a bank holiday at the end of the fiscal year.  
(2) Changes in investments 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. Changes in investments for cash management purposes for the year ending March 31, 2007 is not forecasted due to difficulties in forecasting the effect.

**4. Market equity ratio**

	Billions of yen		
	Year ending March 31, 2007 (Forecasts)	Year ended March 31, 2006	Year ended March 31, 2005
a. Shareholders' equity		¥ 4,052.0	¥ 3,907.9
b. Market value of total share capital		8,144.9	8,766.0
c. Total assets		6,365.3	6,136.5
Equity ratio (=a/c)		63.7%	63.7%
<b>Market equity ratio (=b/c)</b>		<b>128.0%</b>	142.8%

Note: Market equity ratio for the year ending March 31, 2007 is not forecasted because it is difficult to estimate the market value of total share capital in the future.



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(APPENDIX 4)

**Summary of the Company and Regional Subsidiaries (Japanese GAAP)**

	Billions of yen			
	Operating revenues	Operating income	Recurring profit	Net income
NTT DoCoMo Hokkaido, Inc.	¥ 219.9	¥ 27.9	¥ 28.1	¥ 16.7
NTT DoCoMo Tohoku, Inc.	353.0	54.8	55.0	32.8
<b>NTT DoCoMo, Inc.</b>	<b>2,554.0</b>	<b>379.0</b>	<b>525.7</b>	<b>412.5</b>
NTT DoCoMo Tokai, Inc.	592.3	88.7	89.0	53.2
NTT DoCoMo Hokuriku, Inc.	118.0	14.6	14.7	8.7
NTT DoCoMo Kansai, Inc.	867.6	128.8	127.9	75.8
NTT DoCoMo Chugoku, Inc.	303.3	48.8	49.2	29.3
NTT DoCoMo Shikoku, Inc.	173.5	23.0	22.9	13.6
NTT DoCoMo Kyushu, Inc.	609.5	84.6	85.1	50.6



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NTT DoCoMo, Inc.  
Results for the Fiscal Year  
Ended March 31, 2006  
April 28, 2006  
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1

Results for FY2005

2005|APRIL

to 2006|MARCH

1

SLIDE No.

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 for growth in the Japanese credit card business and DoCoMo's credit business, and management 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 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,  
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).  
Forward-Looking Statements





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3  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
3  
SLIDE No.  
FY2005 Results Highlights and FY2006 Results Forecasts  
US GAAP  
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  
ended  
March  
31,  
2006  
and  
2005.

-  
Changes  
in  
investments  
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  
these  
numbers,  
see  
the  
reconciliations

to  
the  
most  
directly  
comparable  
financial  
measures  
calculated  
and  
presented  
in  
accordance

with  
GAAP

on  
Slide

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and the IR page of our web site, [www.nttdocomo.co.jp](http://www.nttdocomo.co.jp).

-49.1

%

+0.1

points

-1.2 %

-18.3 %

-26.1 %

+6.2 %

+0.3 %

-1.6 %

Changes

(1)

(2)

-0.6 points

33.1

33.7

33.6  
 EBITDA  
 Margin  
 (%)  
 \*  
 -45.2 %  
 280.0  
 510.9  
 1,003.6  
 Adjusted Free Cash Flows  
 (Billions of yen)  
 \*  
 +0.4 %  
 4,176.0  
 4,158.1  
 4,147.0  
 Cellular Services Revenues  
 (Billions of yen)  
 Changes  
 (2)  
 (3)  
 2007/3 E  
 (Full Year)  
 (3)  
 2006/3  
 (Full Year) (2)  
 2005/3  
 (Full Year)  
 (1)  
 1,601.0  
 488.0  
 815.0  
 810.0  
 4,838.0  
 -14.4 %  
 952.3  
 1,288.2  
 Income before income taxes  
 (Billions of yen)  
 -2.7 %  
 832.6  
 784.2  
 Operating Income  
 (Billions of yen)  
 +1.5 %  
 4,765.9  
 4,844.6  
 Operating Revenues  
 (Billions of yen)  
 -0.4 %

1,606.8

1,625.7

EBITDA

(Billions of yen)

\*

-20.1 %

610.5

747.6

Net Income

(Billions of yen)

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4  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
4  
SLIDE No.  
FY2005 Financial Results Highlights  
Operating Income:  
Grew to 832.6  
billion yen, up 48.5 billion yen year-on-year  
(Forecast: 830 billion yen)  
Operating Revenues:  
Decreased 78.7 billion yen year-on-year

-  
Cellular services revenues increased 11.2 billion yen  
-  
Equipment sales revenues decreased 78.1 billion yen,  
due mainly to a reduction in no. of handsets sold  
Operating Expenses:  
Down 127.2 billion yen year-on-year  
-  
Equipment sales-related expenses\*  
decreased 68 billion  
yen, due mainly to a reduction in no. of handsets sold  
-  
Negative impact of 60.4  
billion yen from write-off of  
PHS assets incurred in FY2004  
\* Equipment sales-related expenses = Cost of equipment + Distributor commissions

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5  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
5  
SLIDE No.  
FY2006 Results Forecast Highlights  
Operating Income:  
810 billion yen (down 23 billion YOY)  
Operating Revenues:  
4,838 billion yen (up 72 billion YOY)  
-  
Cellular services revenues expected to increase by approx. 18 billion yen,



due mainly to subscriber growth offsetting decline in ARPU resulting from rate reductions.

-

Equipment sales revenues projected to increase by approx. 57 billion yen, due to growth in total no. of handsets sold, and increase in FOMA s percentage to total handset sales.

Operating Expenses:

4,028 billion yen (up 95 billion YOY)

-

Equipment sales-related expenses projected to increase by approx. 58 billion yen, due to growth in no. of handsets sold, and increase in FOMA s percentage to total handset sales.

-

Depreciation & amortization expected to increase by approx. 16 billion yen, due to FOMA coverage expansion, etc.

(Billions of yen)

4,765.9

4,838.0

3,933.2

4,028.0

832.6

810.0

0

1,000

2,000

3,000

4,000

5,000

06/3

(Full year)

07/3(

Full year E)

06/3

(Full year)

07/3(Full year E)

06/3

(Full year)

07/3

(Full year E)

Operating Revenues

Operating Expenses

Operating Income

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6  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
6  
SLIDE No.  
0.50  
0.60  
0.70  
0.80  
0.90  
1.00  
1.10

1.20  
1.30  
1.40  
03/4-6(1Q)  
7-9(2Q)  
10-12(3Q)  
04/1-3(4Q)  
04/4-6(1Q)  
7-9(2Q)  
10-12(3Q)  
05/1-3(4Q)  
05/4-6(1Q)  
7-9(2Q)  
10-12(3Q)  
06/1-3(4Q)  
Lower Churn Rate  
Down  
0.21  
points  
Successfully  
maintained  
churn  
rate  
low,  
at  
0.75%  
in  
FY2005/4Q  
Inclusive of Communication Module Service subscribers  
(%)  
FY2003  
FY2004  
FY2005  
Full-year churn rate: 1.21%  
Full-year churn rate: 1.01%  
Full-year churn rate: 0.77%  
0.75  
0.96

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7  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
7  
SLIDE No.  
Monthly Market Share of Net Additions  
-40.0  
-20.0  
0.0  
20.0  
40.0  
60.0

80.0  
03/4  
5  
6  
7  
8  
9  
10  
11  
1204/1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
1205/1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
1  
2  
3  
(%)  
KDDI(au+TU-KA)  
Vodafone  
Source of data used in calculation : Telecommunications Carriers Association (TCA)  
FY2003  
FY2004  
FY2005  
DoCoMo  
acquired **No.1**  
market share of net additions in  
FY2005 at 48.4%  
Market share of  
net adds in FY2005: 48.4%

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8  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
8  
SLIDE No.  
Subscriber Migration from mova  
to FOMA  
0  
10  
20  
30  
40

50

60

03/3

03/6

03/9

03/12

04/3

04/6

04/9

04/12

05/3

05/6

05/9

05/12

06/3

07/3

(

E

)

(million subscribers)

mova

51.14

No. of FOMA subs: 23.46 million (45.9% of total cellular subs) as of 06/3/31

projected 35 million (66.2% of total cellular subs) as of 07/3/31

52.9

Inclusive of Communication Module Service subscribers

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

Migration to

FOMA is

expected to peak

FY2005:

+11.96 million

FY2006(E):

+11.54 million

FY2006

(E)

FY2005

FOMA

is

2/3

of total

35.0

(66.2%)

23.46

(45.9%)

3.05

(6.6%)

0.33

(0.7%)

11.50

(23.6%)



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9  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
9  
SLIDE No.  
0  
20  
40  
60  
80  
100  
120

140  
160  
-7.0  
-6.0  
-5.0  
-4.0  
-3.0  
-2.0  
-1.0  
0.0  
1.0

MOU

(  
Left axis  
)

152  
155  
153  
145  
149  
152  
151  
146

Year-on-year decline in MOU (%) (right axis)

-6.2  
-3.7  
-4.4  
-5.8  
-2.0  
-1.9  
-1.3  
0.7

04/4-6(1Q)  
04/7-9(2Q)  
04/10-12(3Q)  
05/1-3(4Q)  
05/4-6(1Q)  
05/7-9(2Q)  
05/10-12(3Q)  
06/1-3(4Q)

(%)

(Minutes)

Cellular (FOMA+mova) MOU

For an explanation of MOU, see Slide 36 of this document, Definition and Calculation Methods of MOU and ARPU .

-  
Year-on-year decline in MOU has shown a constant slowdown in FY2005

-  
MOU for FY2005/4Q recovered to a level comparable to FY2004/4Q

Full-year MOU: 151 min  
(Down 5.0% YOY)

Full-year MOU: 149 min  
(Down 1.3% YOY)

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10  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
10  
SLIDE No.  
(%)  
(Yen)  
7,400  
7,340  
7,170  
6,920  
6,940

6,910

Cellular (FOMA+mova) ARPU

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

contributions to total revenues.

For an explanation of ARPU, see Slide 36 of this document, Definition and Calculation Methods of MOU and ARPU .

7,050

6,920

6,690

-

Year-on-year decline in aggregate ARPU has slowed constantly in FY2005

-

Aggregate ARPU for FY2006 is estimated at 6,690 yen (down 3.2% year-on-year)

factoring in the impact from lifting pake-houdai

subscription restrictions

Full-year aggregate ARPU: 7,200 yen

(Down 8.7% YOY)

Full-year aggregate ARPU : 6,910 yen

(Down 4.0% YOY)

6,720

0

1,000

2,000  
3,000  
4,000  
5,000  
6,000  
7,000  
8,000  
-10.0  
-9.0  
-8.0  
-7.0  
-6.0  
-5.0  
-4.0  
-3.0  
-2.0

Packet ARPU (left axis)

1,950  
1,900  
1,820  
1,830  
1,820  
1,880  
1,880  
1,940  
1,880  
1,930

(Incl.) i-mode ARPU

1,940  
1,890  
1,810  
1,820  
1,810  
1,870  
1,860  
1,920  
1,870  
1,910

Voice ARPU (left axis)

5,450  
5,440  
5,350  
5,090  
5,120  
5,170  
5,040  
4,780  
5,030  
4,760

International service ARPU

20 (excl.)

20(excl.)

30(excl.)

30(excl.)

30(incl.)

40(incl.)

40(incl.)

40(incl.)

40(incl.)

60(incl.)

YOY decline in aggregate ARPU (%) (right axis)

-8.2

-9.3

-8.3

-9.1

-6.2

-4.0

-3.5

-2.9

-4.0

-3.2

04/4-6(1Q)

04/7-9(2Q)

04/10-12(3Q)

05/1-3(4Q)

05/4-6(1Q)

05/7-9(2Q)

05/10-12(3Q)

06/1-3(4Q)

06/3(Full year)07/3(Full year E)

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Business Strategies for FY2006

\*  
\*  
\*  
\*  
\*  
\*\  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*



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12  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
12  
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Three Main Pillars of Business Operation in FY2006  
Strengthen  
Core Business  
Even Further  
Create  
New Revenue  
Sources

Facilitate  
Cost  
Reduction

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13  
SLIDE No.  
Strengthen Core Business Even Further (1)  
Pricing  
Measures  
Reinforce DoCoMo's  
competitiveness through customer-oriented  
billing plans  
0

5  
10  
15  
20  
2005/12  
2006/3  
20%  
25%  
30%  
35%  
40%  
New Billing Plan  
subscribers  
\*  
New Billing Plan  
subscription rate:  
No. of New Billing Plan  
subs/DoCoMo s  
total cellular subs (excl. Communication Module Service subs)  
11.28  
18.86  
As of Mar. 31, 2006  
18.86  
mil subs  
( New Billing Plan subscription rate: 37%)  
New Billing Plan  
subscription rate \*(right axis)  
\*  
pake-houdai  
subscription rate: No. of pake-houdai  
subs/Total no. of FOMA subs  
0  
1  
2  
3  
4  
5  
6  
2005/3  
2005/6  
2005/9  
2005/12  
2006/3  
0%  
5%  
10%  
15%  
20%  
25%  
30%

pake-houdai  
subscribers  
(million subs)  
pake-houdai  
subscription rate\*  
(right axis)  
5.59  
As of Mar. 31, 2006  
5.59 mil subs  
( pake-houdai  
subscription rate: 24%)  
Lifted pake-houdai  
subscription  
restrictions from  
March 2006  
Packet Flat-Rate  
Service  
pake-houdai  
Subscriber  
(left axis)  
Subscriber  
(left axis)  
(Subscription rate: %)  
Excl)  
Approx. 0.4 mil  
applications  
(million subs)  
(Subscription rate: %)

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14  
Results for FY2005  
2005|APRIL  
to 2006|MARCH  
14  
SLIDE No.