NTT DoCoMo

Annual Report 2007

Year Ended March 31, 2007

From "Communication" to "Lifestyle"

NTT DoCoMo, INC.
ANNUAL REPORT 2007
YEAR ENDED MARCH 31, 2007

CONTENTS

Unless specifically stated otherwise, information in this annual report is as of July 2007.

As used in this annual report, references to "DoCoMo", "the company", "we", "our" , "our group" and "us" are to NTT DoCoMo, Inc. and its consolidated subsidiaries except as the context otherwise requires.

DEFINITION OF TERMS

"Fiscal 2006" refers to our fiscal year ended March 31, 2007, and other fiscal years are referred to in a corresponding manner.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report 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:

1. As competition in the market becomes more fierce due to changes in the business environment caused by the Mobile Number Portability, new market entrants, competition from other cellular service providers or other technologies, and other factors, could limit our acquisition of new subscribers, retention of existing subscribers and ARPU, or may lead to an increase in our costs and expenses.
2. The new services and usage patterns introduced by our corporate group may not develop as planned, which could limit our growth.
3. The introduction or change of various laws or regulations or the application of such laws and regulations to our corporate group could restrict our business operations, which may adversely affect our financial condition and results of operations.
4. 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.
5. 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.
6. Our domestic and international investments, alliances and collaborations may not produce the returns or provide the opportunities we expect.
7. 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 loss 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.
8. Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.
9. Inadequate handling of confidential business information including personal information by our corporate group, contractors and other factors, may adversely affect our credibility or corporate image.
10. 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.
11. 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.
12. Concerns about wireless telecommunications health risks may adversely affect our financial condition and results of operations.
13. Our parent company, Nippon Telegraph and Telephone Corporation (NTT), could exercise influence that may not be in the interests of our other shareholders.

Our actual results could be materially different from and worse than as described in the forward-looking statements. Important risks and factors that could cause our actual results to be materially different from as described in the forward-looking statements are set forth in Item 3.D. and elsewhere in this annual report.

HISTORY OF DoCoMo

('06/10) Mobile Number Portability (MNP) system began
('06/08) HSDPA compatible handsets released
('06/04) Mobile credit service"DCMX" launched

('05/12) iD service launched

('04/07) "Osaifu-Keitai" service launched

('03/06) "World Wing" service launched

('01/10) "FOMA" service launched

('99/02) "i-mode" service launched

('98/09) "WORLD CALL" service launched

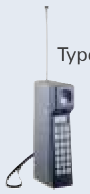
('97/06) Short-mail service launched

('93/03) Digital mova service launched
('93/03) Voice Mail service launched

('91/04) Analog mova service launched

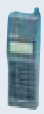
Type 100

Type 803

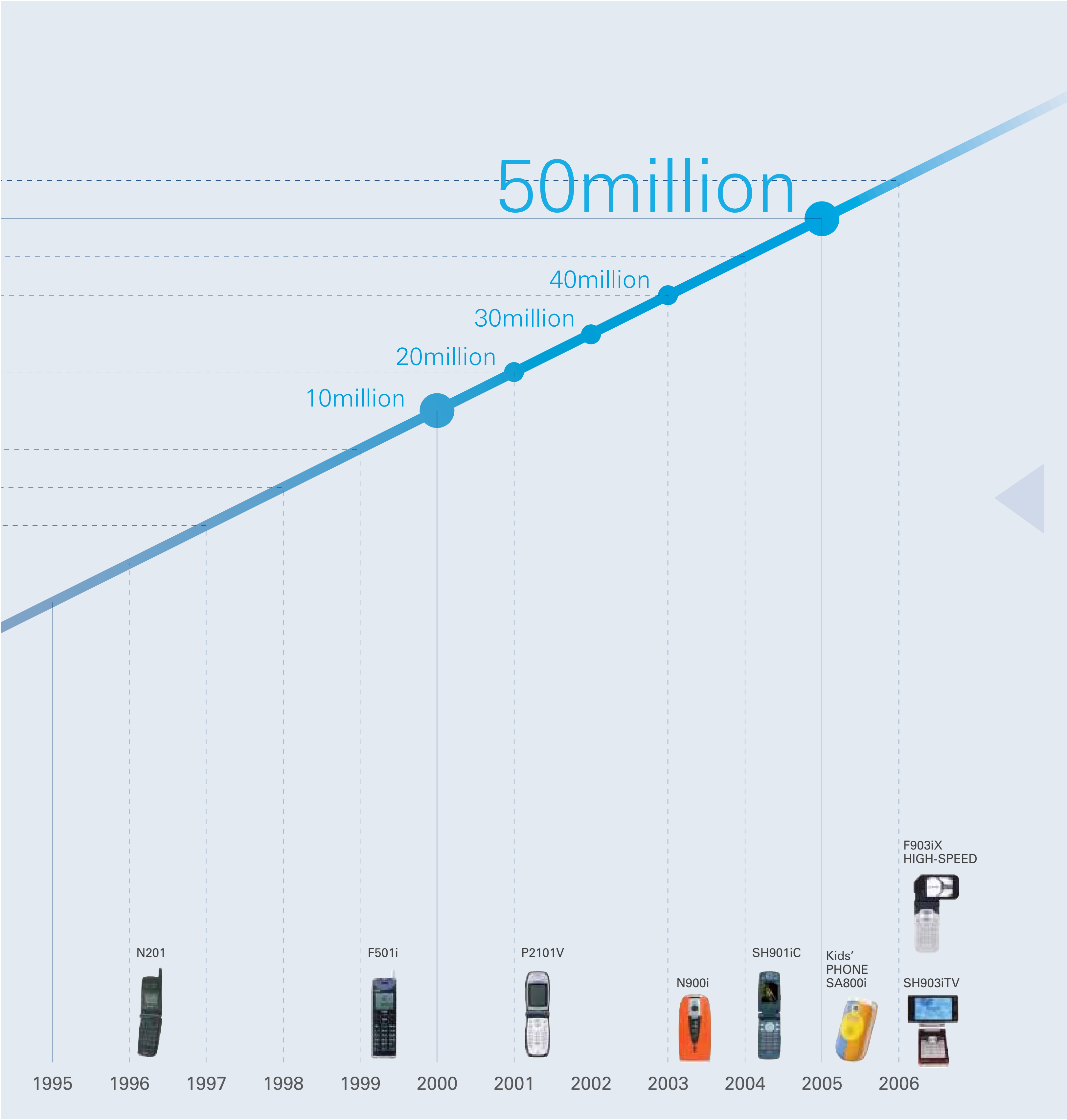


mova D

Digital mova P



1979 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994

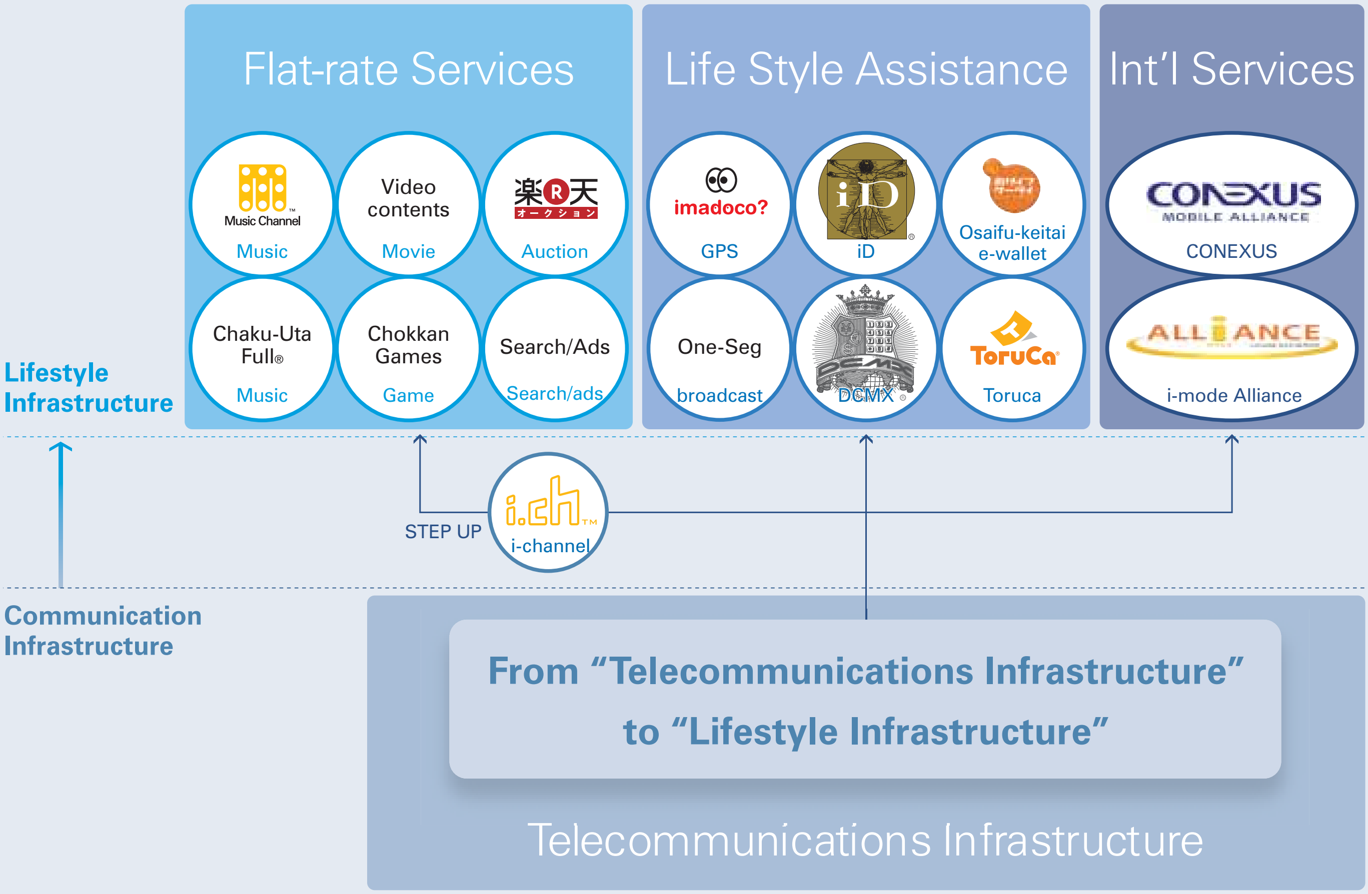

50million
40million
30million
20million
10million
N201
F501i
P2101V
N900i
SH901iC
Kids' PHONE SA800i
F903iX HIGH-SPEED
SH903iTV
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006

From “Communication” to “Lifestyle”

Send e-mails and make phone calls, set your alarm clock, check the news or play games—all on one device.

The mobile phone has become an indispensable part of peaple’s live, a tool you use from the time you wake up until the time you go to bed at night. Now almost everyone carries one, and it is the closest piece of the “communications infrastructure” for most people. We are moving forward to provide services that are even further tailored to people’s lives.

DoCoMo is striving to transform mobile phones into a part of users’ “lifestyle infrastructure” by providing lifestyle assistance services such as electronic money, credit card and ticket functions, and services including audio and video clip downloads and search functions that can be used with flat-rate packet billing plans, international services that have become even more accessible and other services.



FINANCIAL HIGHLIGHT (U.S. GAAP)

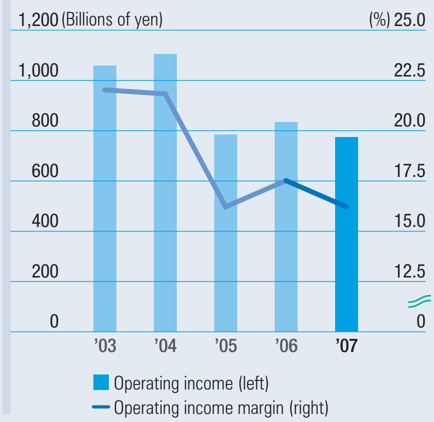
NTT DOCOMO, INC. AND SUBSIDIARIES
YEARS ENDED MARCH 31

	Millions of yen (excluding per share data)					Millions of U.S. dollars*1 (excluding per share data)
	2003	2004	2005	2006	2007	2007
Operating Results						
Operating revenues	¥4,809,088	¥5,048,065	¥4,844,610	¥4,765,872	¥4,788,093	$40,729
Wireless services	4,350,861	4,487,912	4,296,537	4,295,856	4,314,140	36,697
Equipment sales	458,227	560,153	548,073	470,016	473,953	4,032
Operating income	1,056,719	1,102,918	784,166	832,639	773,524	6,580
Net income	212,491	650,007	747,564	610,481	457,278	3,890
Financial Position						
Total assets	¥6,058,007	¥6,262,266	¥6,136,521	¥6,365,257	¥6,116,215	$52,026
Total debt*2	1,348,368	1,091,596	948,523	792,405	602,965	5,129
Total shareholders equity	3,475,514	3,704,695	3,907,932	4,052,017	4,161,303	35,397
Cash Flows						
Net cash provided by operating activities	¥1,584,610	¥1,710,243	¥1,181,585	¥1,610,941	¥ 980,598	$ 8,341
Net cash used in investing activities	(871,430)	(847,309)	(578,329)	(951,077)	(947,651)	(8,061)
Adjusted free cash flows (excluding irregular factors and changes in investments for cash management purposes)*3 *4	468,915	862,934	1,003,583	510,905	192,237	1,635
Other Financial Data						
Capital expenditures*5	¥ 853,956	¥ 805,482	¥ 861,517	¥ 887,113	¥ 934,423	$ 7,948
Financial Ratios*6						
Operating income margin	22.0%	21.8%	16.2%	17.5%	16.2%	
EBITDA margin*7	38.2%	36.8%	33.6%	33.7%	32.9%	
ROCE*8	22.1%	22.9%	16.2%	17.2%	16.1%	
Equity ratio	57.4%	59.2%	63.7%	63.7%	68.0%	
Debt ratio*9	28.0%	22.8%	19.5%	16.4%	12.7%	
Per Share Data*10 (Yen and U.S. dollars)						
Basic and diluted earnings per share	¥ 4,254	¥ 13,099	¥ 15,771	¥ 13,491	¥ 10,396	$ 88.43
Shareholders' equity per share	69,274	76,234	84,455	91,109	95,457	811.99
Dividends declared and paid per share*11	200	1,000	2,000	3,000	4,000	34.03

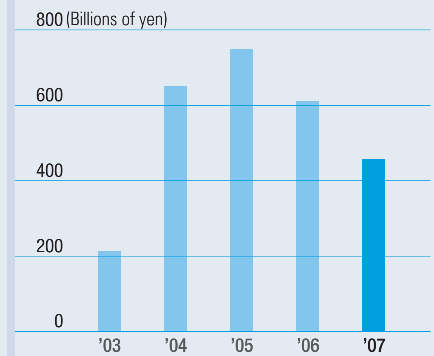
1. Translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers by using the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 30, 2007, which was ¥117.56 to U.S.$1.00.
2. Total debt = Short-term borrowings + Current portion of long-term debt + Long-term debt
3. Free cash flows = Net cash provided by operating activities + Net cash used in investing activities.
4. Irregular factors represent the effects of uncollected revenues due to bank closure at the end of periods. Changes in investments for cash management purpose were derived from purchases, redemption at maturity and sales of financial instruments held for cash management purposes with original maturities of longer than three months. For the reconciliations of these Non-GAAP financial measures, see page 110.
5. Capital expenditures are calculated on an accrual basis for the purchases of property, plant and equipment, and intangible and other assets.
6. ROCE ratios are calculated using the simple average of the applicable year-end balance sheet figures.
7. EBITDA = Operating income + Depreciation and amortization + Losses on sale or disposal of property, plant and equipment + Impairment loss
   EBITDA margin = EBITDA / Total Operating revenues. For the reconciliations of these Non-GAAP financial measures, see page 110.
8. ROCE (Return on capital employed) = Operating income / (Shareholders' equity + Total debt)
9. Debt ratio = Total debt / (Shareholders' equity + Total debt)
10. In the calculation of per share data, treasury stocks are not included in the number of shares outstanding during or at the end of the year.
11. The dividends declared and paid per share are presented in the year they were paid.

Operating revenues

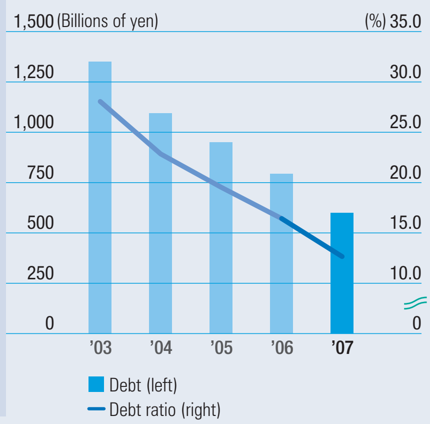
Operating income and Operating income margin



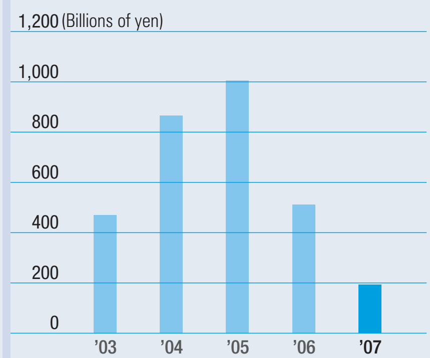
Net income



Debt and Debt ratio

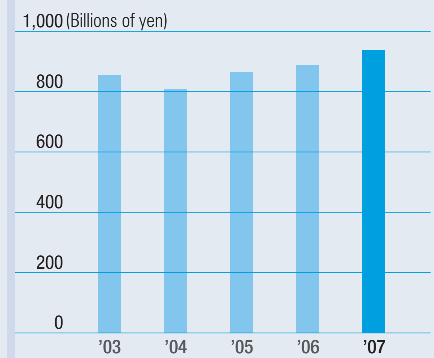


Adjusted free cash flows*

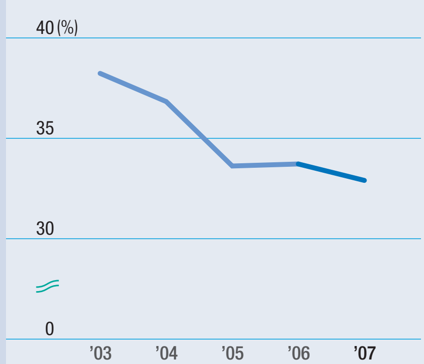


* excluding irregular factors and changes in investments for cash management purpose

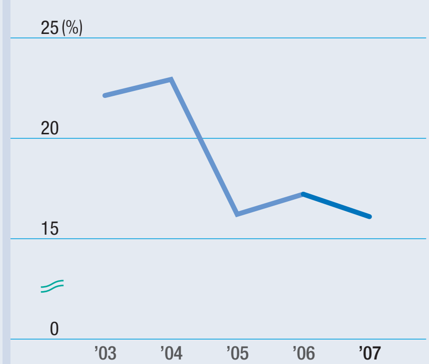
Capital expenditures



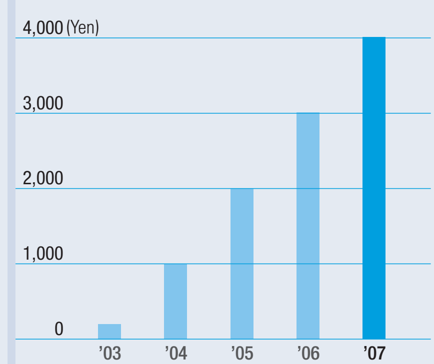
EBITDA margin



ROCE



Dividends per share*



* Dividends in the year of actual payment

THE NEW WORLD THAT

"We will transform mobile phones from 'communications infrastructure' to 'lifestyle infrastructure.'"
—The statement we made at the time of the launch of "Osaifu-Keitai" service is becoming a reality.

As of March 2007, we have approximately 20.8 million subscribers with Osaifu-Keitai compatible handsets, 2 million mobile credit service "DCMX" subscribers, and more than 10 million subscribers to "i-Channel", which automatically delivers and displays the latest information such as news in streaming text on a stand-by screen. These services are still expanding steadily.

In this section, we present various scenes from the daily lives of users that lie are behind these performance figures.

DoCoMo CREATES

"Osaifu-Keitai" combines a number of functions in a single mobile phone handset, from employee security cards, to air travel tickets and other tickets, to office and home keys. It can thus truly be used in place of a wallet. One example is the "Mobile Suica" service for East Japan Railway Corporation, in which by downloading a dedicated i-appli and registering as a member, you can use your mobile phone as a commuter pass, pay fare differences, and purchase goods in station buildings and shops just by swiping your phone. From March 18, 2007, it can now also be used on other railway, subway and bus lines in the Tokyo metropolitan area, and the number of users is increasing even further.

No need to stand in line (to buy

Osaifu-Keitai

tickets) 07:30a.m.

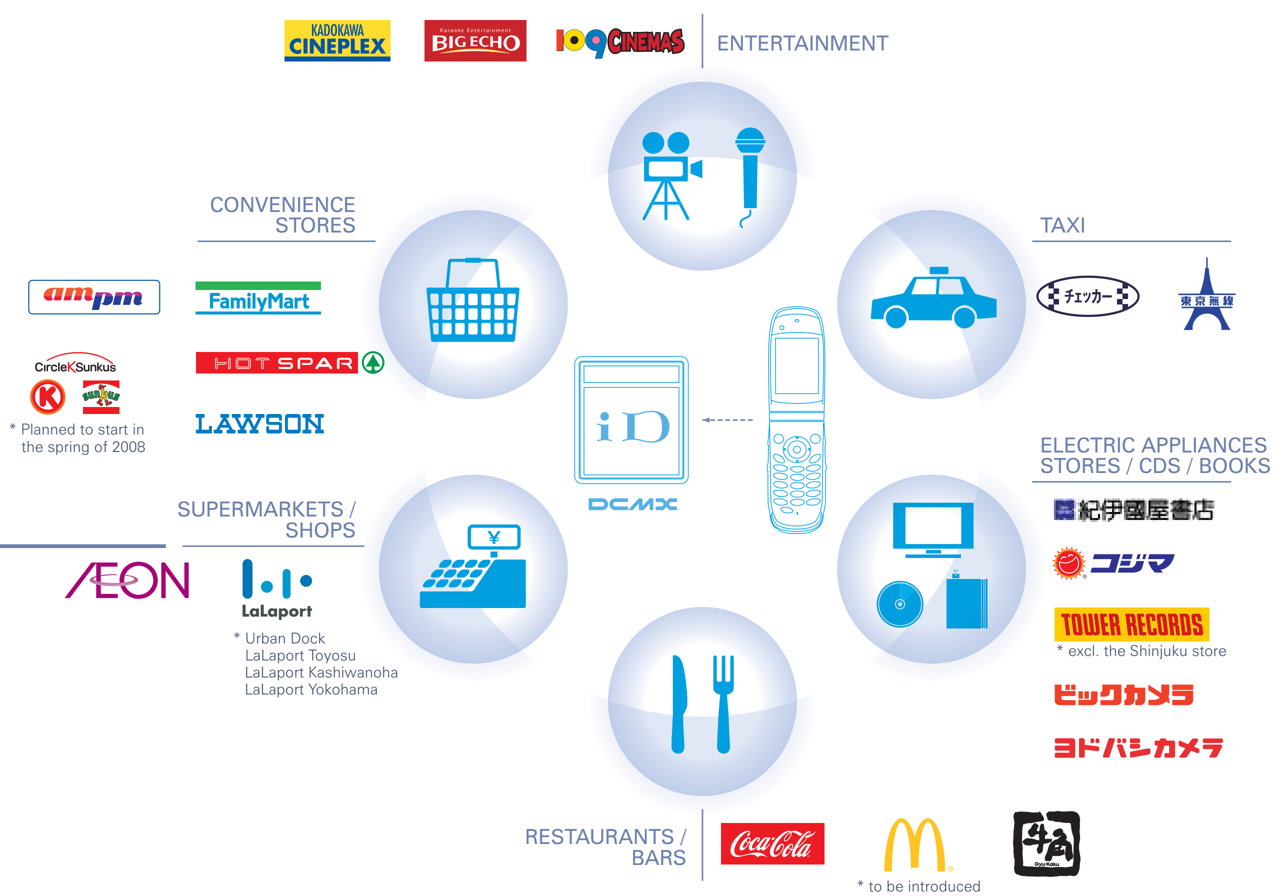

10:30a.m.

"There are so many places where I need to use change — at convenience stores, supermarkets, fast food restaurants and taxis — and it takes a while to pay." Using DoCoMo's mobile credit service "DCMX", all you have to do to pay is swipe your mobile phone. It's secure, no signature is necessary, and since it is a credit card there is no worry about insufficient funds.

The service is becoming even more convenient with the introduction of the service at a series of stores from fiscal 2006, including three major convenience store chains, McDonald's (planned) and Aeon stores, the largest supermarket operator in Japan.

Leave your wallet at home

iD / DCMX



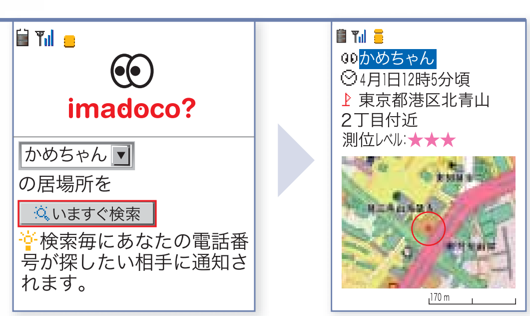
A variety of services using GPS technology are being offered.

"I want my mobile phone to guide me to my destination."

"I want to know the location of someone who is important to me."

11:45a.m.

Imadoco Search



You can confirm the location of your children.

GPS Navigation

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ZENRIN Map＋Navi

Wherever you want to go, the mobile phone becomes your navigator and guides you.

Feel at ease wherever you are

Location Information Services

“She should be home by now, where is she?” —When your child does not return home at the usual time, you’ll feel more peace of mind if you have “Imadoco Search” to immediately confirm your child’s location. The Kids’ PHONE will automatically send an e-mail to inform you of your child’s location, in conjunction with its use as a crime protection alarm. It can even inform you of your child’s whereabouts when the power is turned off.

Other services which serve to bring peace of mind to you include the GPS service “GPS Navigation”, which is useful for helping you get to your destination, and the “Keitai Osagashi” service, which can find the approximate location of your handset via a PC in the event the handset is misplaced.

"I only use my mobile phone for conversations and e-mail." —"i-channel" is very popular even with people who make this statement, as it can show the latest news with a telop text on the standby screen, and provide even more detailed news with just a touch of a button. We have improved handsets to enable users to access PC websites through the "i-mode" full-browser and enhanced our site search service. Customers who are used to PCs will feel at ease using these services.

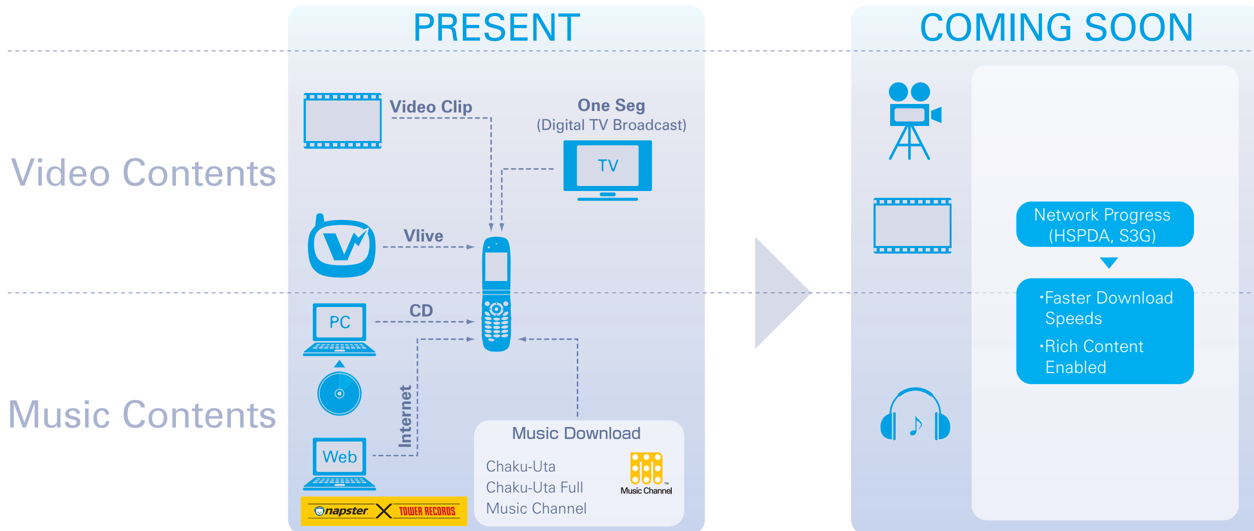
i-mode's rich lineup and continued development will assist our customers in realizing more convenient and enjoyable lives.

Information at the tip of your

i-channel® & Browsing

fingers | 02:45p.m.

04:20p.m. It's like



* Using FOMA Videophone functions, a variety of content distributed by content providers can be enjoyed.

a portable entertainment unit

Music & Video

In addition to popular “One Seg*1” function of our mobile phones which enables users to watch TV on mobile phones, we offer a Video Clip service for users to watch streaming video such as movie trailers, promotional videos and cartoons. Which includes over 3,000 titles.

Music content is provided through “Music Channel”, which automatically delivers your favorite music programs, and two flat-rate services, “Uta-hodai *2” and “Chaku-Uta full*3” ,which features an increasing library of songs.

DoCoMo will continue our efforts to improve handsets, services and our network concurrently, and aims to provide the most enjoyable mobile phone service possible.

*1 Launched in April 2006, a terrestrial TV broadcasting service dedicated to mobile terminals.
*2 Packet transmission fees are incurred upon each use.
*3 Launched in June 2006, a service which enables subscribers to download entire songs.

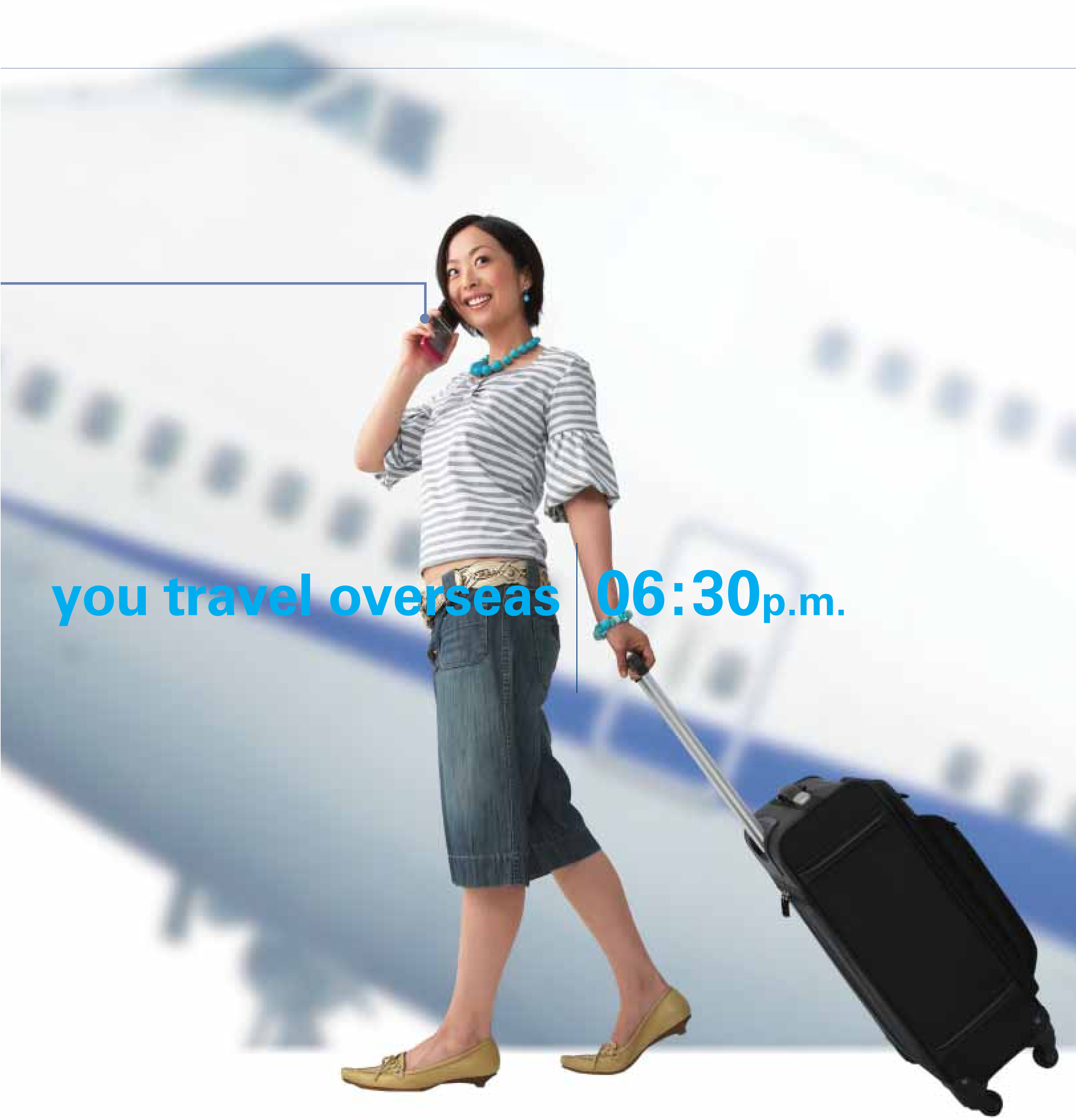
Take your handset with you anytime

WORLD WING

"I want to share my thoughts and impressions from my overseas trip with my family in Japan right away;" "I suddenly needed to get in touch while on an overseas business trip;" "If only I could use the same mobile phone I always use, in the same way I always use it" — DoCoMo is extending its "World Wing" international roaming service around the world in order to enable users to connect anywhere, anytime.

The service coverage area*[1] includes 99.8% of the destinations that Japanese tourists typically visit. Users can use the same telephone number and e-mail address as in Japan, and can use free minutes in their domestic plans*[2]. The number of users subscribed to the service is growing rapidly.

*1 Services offered and the number of countries and regions covered as of March 31, 2007: Voice, SMS (Short Message Service): 151, i-mode: 97, TV phone: 34
*2 Pake-hodai and Free minutes included in FOMA Data Plan services are not applicable.



you travel overseas 06:30p.m.

TO OUR SHAREHOLDERS (CEO'S MESSAGE)

Masao Nakamura
President and Chief Executive Officer

We at NTT DoCoMo have developed the mobile phone from a device dedicated solely to voice communications, to one that has truly become a part of the "IT infrastructure" by enabling users to use e-mail and the Internet with the i-mode function. Now, as the mobile phone has become something people keep nearby constantly, 24 hours per day, we are proceeding to transform mobile phones into a "lifestyle infrastructure" with services that are increasingly essential to people's daily lives.

The mobile phone is already starting to become a part of our lifestyle infrastructure. One example of that is the "Osaifu-Keitai*", the number of enabled handsets for which has exceeded 20 million as of March 2007. In particular, the "iD" and "DCMX" mobile phone credit services, which can be used with Osaifu-Keitai handsets, also have been launched. In addition, many of the services which have previously only been available on PCs yet which have become essential in daily life, such as information search and music/video downloading functions, are now available on mobile phones. In order to provide an environment for our customers to use these services without concern for packet fees, we offer flat-rate billing plans, and as of May 2007, we exceeded 10 million flat-rate subscriptions. We anticipate gaining more subscribers to flat-rate plans in the future, and we will continue to develop new services while enriching the user environment.

Competition is intensifying in the Japanese mobile phone industry with new participants entering and the start of Mobile Number Portability (MNP). We at NTT DoCoMo will strive to constantly develop new services, not simply to match the competition but to keep our mobile phones one step ahead. We aim to live up to the high expectations for DoCoMo and the future of the mobile phone.

M. Nakamura

July 2007
Masao Nakamura
President and Chief Executive Officer

* A service that utilizes the FeliCa no-touch IC chip in enabled handsets to allow such functions as tickets and commuter passes for mass transit, electronic money, credit cards, club memberships and point cards.

Q1. Please tell us about your business performance in fiscal 2006.

A1. The results were an increase in revenues but a decrease in income. Nevertheless, we have established our business foundation for future development, including the migration to FOMA, for which our results exceeded our initial forecasts.

MNP was introduced in fiscal 2006, and while the cellular churn rate for the period increased slightly to 0.78% from the previous year (0.77%), the number of handsets sold increased to approximately 26 million from approximately 25 million in the previous year, due to an active mobile phone market overall. Under these circumstances, operating revenues increased by 0.5% from the previous year to ¥4,788.1 billion, but due to an increase in costs of equipment sold, operating income decreased by 7.1% from the previous year to ¥773.5 billion.

Although these results reflect a short-term decline in income, we have established the foundation for our business in the future through a smooth migration from mova to FOMA and by obtaining 700,000 more FOMA subscriptions than we had expected for the period.

Q2. How have you dealt with the impact of the introduction of MNP?

A2. While transfers of customers due to MNP were fewer than we had anticipated, we need to work on improving our image and our promotional activities related to our rates and network.

The net transfers of subscriptions due to the introduction of MNP in October 2006 were approximately 630,000 transfers as of the end of March 2007. Fewer customers utilized MNP than we had anticipated however, and the number of people utilizing MNP is declining gradually. Furthermore, the number of additional new subscriptions with customers that did not utilize MNP increased steadily, and the total net increase of subscribers in fiscal 2006 was approximately 1.48 million.

We believe that customers that transferred out were not satisfied with our rates and network. Nevertheless, we are confident that even at the present levels our rates are competitive with those of other companies, provided customers select the optimal rate plan. However, it seems that customers have been influenced by the impression that DoCoMo's rates are high. Similarly regarding our network, it seems that the impression formed during the initial period of FOMA services that it is "hard to find a connection" remains, despite our efforts to improve the network by considerably expanding FOMA's coverage.

We will work to improve our approach to customers through a variety of strategies, including promotions to eliminate the image that DoCoMo's rates are higher and to promote the variety of our discount services. At the same time, we plan to further improve our network and constantly respond to new demands based on an understanding of the customers' point of view.

Q3. What business operations do you plan for fiscal 2007 and beyond?

A3. From now on we will offer new value in mobile phones with the mindset that we must stay "one step ahead," and strive to transform mobile phones into "lifestyle methods."

In fiscal 2007 and beyond we will move past the previous competition-oriented phase to directly take up the challenge of exploring new genres, developing cutting-edge handsets and providing a comfortable user environment. We intend to provide new value with mobile phones, ever conscious of the need to stay one step ahead. One of DoCoMo's strengths is its ability to link handsets, networks and applications together based on its own R&D capabilities. We will continue to develop services capitalizing on that strength and make every effort to strengthen our core business and reduce costs.

We plan to transform mobile phones into "lifestyle methods"—in other words, multifunctional tools that are even more useful in users' everyday lives through lifestyle assistance services such as iD and DCMX based on Osaifu-Keitai technologies, along with music and video services expanded in tandem with flat-rate services, and expanded international services.

Q4. There are concerns that growth has peaked, so how will you increase sales in the future?

A4. We aim for new growth by focusing on increasing subscription revenues* based on the spread of flat-rate services and developing non-traffic businesses, including the credit business, as well as by increasing international services.

The penetration rate of mobile phones in Japan is already at 75%, and our company alone exceeded 52 million subscribers as of March 2007. However, many of those customers are still using only voice communication and e-mail. We believe we can increase sales by offering customers, including those just described, a variety of mobile phone services.

The spread of flat-rate services is closely linked to increased use of various services. By subscribing to flat-rate services, customers can use a variety of services without being concerned about packet fees. In fact, even among customers who have not used many such services, increasing number customers are now subscribing to flat-rate plans to use services without being concerned about the frequency of their monthly use. The entry of these customers into flat-rate plans raises packet ARPU. Furthermore, we believe that accelerating network

speeds and providing rich music and video content will improve sales through an increase in the use of content and subscription revenues.

In addition, we are moving forward with our non-traffic businesses that do not rely on voice or data traffic revenues. The credit business is one example, and as of the end of March 2007, we attained 2 million subscriptions for the mobile credit service DCMX and more than 150,000 iD payment terminals (reader/writers) are in place. Fiscal 2007 will be an important year since this credit service will be come available in most major convenience stores and large supermarkets, and we expect an expansion to 4 million subscriptions for DCMX and 250,000 iD reader/writers to be put in place by the end of that fiscal year. In addition to the credit business, we are working to pioneer businesses in peripheral fields to assist users' lifestyles through the offering of handset functions such as GPS, "Osaifu-Keitai" and "ToruCa**".

We expect another pillar for new growth to be international services, where we expect early growth in sales. The increased sale of handsets with roaming capabilities means that more people are using their own handsets for communication while overseas, and in fiscal 2006, international service revenues grew by 36% to about ¥34.0 billion. We anticipate continuing growth in international services as we intend to include roaming as a standard function in our major handset lines in the future.

* Revenues from services where subscribers pay a flat fee.
** A function that allows the download of coupons by holding the mobile phone up to a reader/writer terminal.

Q5. Please discuss your efforts to reduce costs and your projections for the future.

A5. We are seeing real results in cost reduction, particularly for costs related to the network and handsets.

DoCoMo's major costs are those related to building and maintaining the network and for the procurement and sales of handsets, and we anticipate that both of these will decline in the future.

Regarding the network, we are working to further reduce costs by converting our network into an IP-based network and by taking the base station network in-house. At the same time, we are introducing economical new equipment, reducing the costs of parts procurement and improving design and installation methods. As for capital expenditure, we expect a decline this year from ¥934.4 billion in fiscal 2006, as our efforts shift from horizontal coverage expansion to handling of a higher speed, larger volume network to accompany diversifying services and the spread of flat-rate services, and to further improvements of area coverage. We expect that capital expenditure in fiscal 2007 will decrease by ¥184.4 billion from the previous year to ¥750.0 billion.

In the past, handset costs tended to increase with the ratio of FOMA sales. However, since the FOMA sales ratio exceeded 90% in fiscal 2006, we can expect to restrain the increase in handset costs as there is now little room left for an increase of that ratio. In addition, we plan to reduce manufacturing costs by combining telecommunications LSI and application LSI in a single chip, in addition to controlling software development and testing costs by introducing a common platform. Furthermore, the ratio of sales of less expensive handsets has increased as a result of greatly improving the features of the "7 series", which is less expensive than the "9 series", by emphasizing their appealing features, including FOMA handset functions, thinness and design. We are also seeing a reduction in handset procurement costs due to the improved product mix.

Q6. Please explain your policy on returning profits to shareholders.

A6. We will increase our dividend to ¥4,800 per share in fiscal 2007, and will repurchase shares as well.

DoCoMo's management believes that returning profits to shareholders is one of the most important management issues, and we have based our policies on the two elements of payment of dividends and repurchase of shares.

In fiscal 2007, we are planning to increase dividends by 20% to ¥4,800 per share for the period, placing even more importance on dividends. We project that the dividend payout ratio will be 44% as a result. In addition, the general meeting of shareholders in June 2007 approved a framework for the repurchase of shares of up to ¥200 billion, or up to 1 million shares, and we plan to repurchase shares within that framework in fiscal 2007.

Meanwhile, we believe it is important to invest for further growth in order to meet the expectations of our shareholders. It is our strong belief that our responsibility is to maximize our corporate value while balancing the return of profits and investment for growth.

I would like to thank shareholders for your continued understanding and support.

OVERVIEW OF OPERATIONS

DoCoMo plans to keep "one step ahead" with its mobile phone services. Through handsets with high-speed communication, video and global capability as standard features; strengthening a various range of content such as videos and games, that can be enjoyed on the flat-rate packet billing platform, eliminating without concern for packet fees; a network that users can comfortably make use of, with high speed and large volume capability, and high coverage area quality — In fiscal 2006 we solidified that foundation even further.

In this section we explain the actions we took to further strengthen our overall capability, such as (1) expansion of the coverage of FOMA services, (2) upgrade of network quality, (3) establishment of billing arrangements that satisfy our customers, such as the enhancement of our flat-rate services, (4) enrichment of our handset functions and lineup, and (5) R&D activities using the strength of our company, and the ability to conduct development in all of these areas in a coordinated manner.

Operating Revenues and Operating Income (Loss) by Business Segment

		Millions of yen		
		FY 2004	FY 2005	FY 2006
Mobile Phone Business	Operating revenues	4,755,815	4,683,002	4,718,875
	Operating income (loss)	875,382	844,435	803,671
PHS Business	Operating revenues	63,095	41,741	23,429
	Operating income (loss)	(85,881)	(9,469)	(15,383)
Miscellaneous Businesses	Operating revenues	25,700	41,129	45,789
	Operating income (loss)	(5,335)	(2,327)	(14,764)

* Due to a partial review of segment classifications carried out in FY2005, we have adjusted the figures for results in FY2004.
• Quickcast business which was recorded separately has been incorporated in Miscellaneous Businesses.
• International Services have been reclassified from Miscellaneous Businesses to the Mobile Phone Business.

1. Mobile Phone Business

(1) Fiscal 2006 Overview

Overall Conditions

The mobile phone business generated operating revenues of ¥4,718.9 billion (up 0.8% year-on-year) and operating income of ¥803.7 billion (down 4.8% year-on-year) in fiscal 2006.

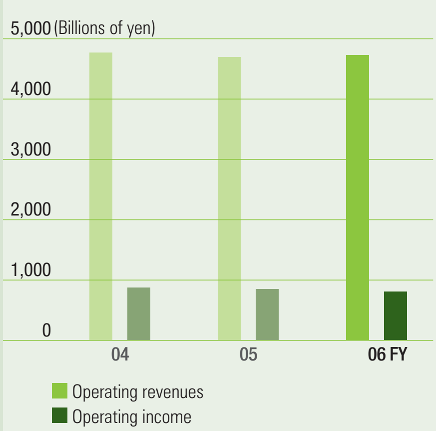
While our strategic billing arrangements introduced in the past had a negative effect, efforts to strengthen the business overall were successful, and even after the introduction of MNP, the churn rate was maintained at a low level (0.78% for the entire year).

The average revenue per unit (ARPU) of voice services (FOMA+mova) continued its downward trend, falling 6.8% to ¥4,690. Meanwhile, while there was an increase in the user base of flat-rate packet billing plans, increased users of push type information distribution services such as "i-channel" and migration to FOMA increased packet ARPU (FOMA+mova) 6.9% to ¥2,010, and overall ARPU (FOMA+mova) decreased 3.0% to ¥6,700.

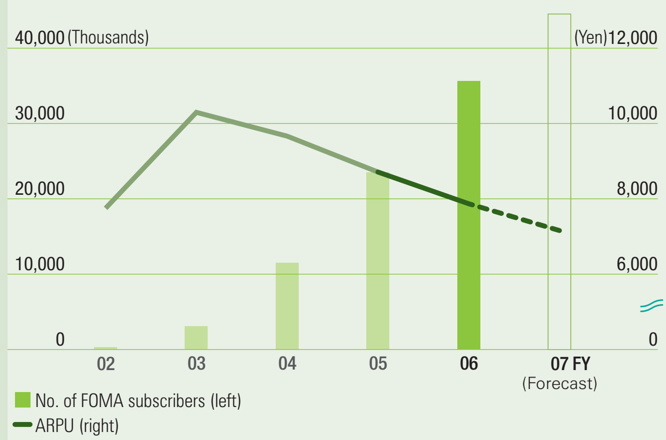
Cellular (FOMA) services

As a result of efforts such as the upgrade of FOMA network quality and the launch of the "FOMA 903i / 703i" series handsets, the number of subscribers at the end of March 2007 increased 51.4% year-on-year to 35.53 million subscribers, accounting for 67.5% of mobile phone subscribers at DoCoMo. Accordingly, revenues increased substantially with voice revenues rising 53.3% year-on-year to ¥1,793 billion, and packet communication revenues rising 58.5% year-on-year to ¥971.9 billion.

Operating Revenues and Operating Income (Loss) for the Mobile Phone Business



Change in the Number of FOMA Subscribers and ARPU



* International services revenues have been included in the ARPU data calculations from FY2005 in view of their growing contribution to total revenues. For details, please see page 46.

However, voice ARPU for the full year of fiscal 2006 was ¥5,070, and packet ARPU was ¥2,790 so that aggregate ARPU decreased 9.7% year-on-year to ¥7,860.

Cellular (mova) services

Along with the migration to FOMA services, the number of mova service subscribers decreased 38.3% to 17.09 million as of March 31, 2007. For fiscal 2006, voice ARPU for mova services was ¥4,190, i-mode ARPU was ¥990, and aggregate ARPU declined 13.2% year-on-year to ¥5,180.

“i-mode” services

Improvements in search services in fiscal 2006 and the favorable reputation of the “i-channel” service, which was launched in September 2005 (10.58 million subscribers as of March 31, 2007), contributed to an increase in the number of subscribers by 2.6% year-on-year to 47.57 million.

(2) Forecast for Fiscal 2007

We expect our aggregate number of cellular (FOMA+mova) service subscribers to rise 2.4% year-on-year to 53.89 million by the end of fiscal 2007.

DoCoMo continues to strive to increase the number of subscribers by emphasizing the importance of customers and increasing our overall capabilities, but we assume that the slow downward trend in ARPU will continue and expect that operating revenues will decline 1.3% year-on-year to ¥4,728 billion. However, we anticipate that the number of handsets sold and procurement costs will decline and that capital investment to expand the FOMA service area has peaked, resulting in the decline of capital investment, which we expect will result in an increase in operating income of 0.8% year-on-year to ¥780 billion.

2. PHS Business

Operating revenues in fiscal 2006 declined 43.9% year-on-year to ¥23.4 billion, with an operating loss of ¥15.4 billion. We ceased accepting new PHS subscriptions as of April 30, 2005, and we decided in April 2007 to terminate PHS service as of January 7, 2008.

We are continuously engaged in a campaign to encourage current PHS subscribers to migrate to FOMA services.

3. Miscellaneous Businesses

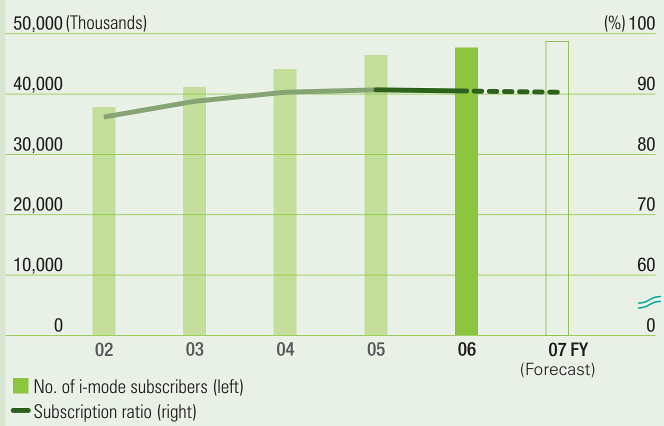
In fiscal 2006, miscellaneous businesses generated operating revenues of ¥45.8 billion (up 11.3% year-on-year) with an operating loss of ¥14.8 billion*. In addition to increasing revenues through the launch of “Business mopera IP Centrex**”, we expect to expand revenues through the development and sales of system solutions utilizing mobile technology.

Furthermore, we terminated our Quickcast service as of March 31, 2007.

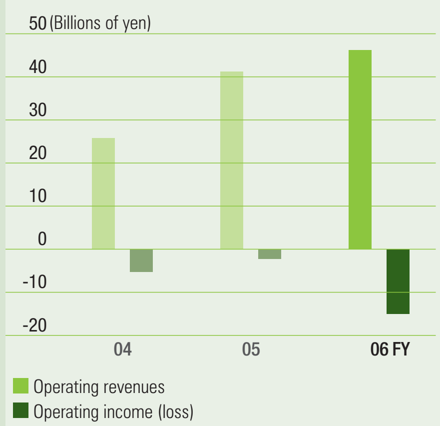
* Please refer to page 33 for more information regarding the progress of Osaifu-Keitai, iD, and DCMX services.

** The service enables our corporate customers to make outbound calls or call extension numbers via IP Centrex devices on our network with a FOMA/wireless LAN compatible handset.

Change in the Number of i-mode Subscribers and the Subscription Ratio



Operating Revenues and Operating Income (Loss) in the Miscellaneous Businesses



In fiscal 2006, when MNP was launched, DoCoMo strengthened its efforts to expand the coverage of FOMA service to enhance the quality of our communication services and to respond to increasing traffic, with the goal of being the number one in mobile phone connectivity.

1. Expansion of FOMA Coverage

In fiscal 2006, DoCoMo actively worked to expand FOMA's coverage in order to increase its competitiveness in preparation for the introduction of MNP. As of the end of March 2007, DoCoMo was able to cover an area larger than initially planned, through 35,700 outdoor base stations (an increase of 11,700 base stations from the end of March 2006) and 10,400 indoor systems (an increase of 4,000 systems in the same period).

Achieving greater area coverage than "mova"

As of the end of March 2007, DoCoMo has achieved a nationwide population coverage ratio* of 100% for the FOMA network. DoCoMo has achieved a greater level of coverage for FOMA than that for mova (digital), which was launched in 1993 by DoCoMo, having enhanced FOMA coverage in all JR Group railway stations, Michi-no-eki (roadside stations), and public service areas for automobiles, educational institutes (universities, junior colleges, technical colleges, and high schools) nationwide.

* The population coverage ratio: Number of city halls, and town and village offices where a DoCoMo mobile phone can be connected / Number of city or town government facilities.

Incorporating customers' requests in our coverage improvement efforts

DoCoMo strives to improve coverage area quality based on customer feedback and on daily surveys of quality of radio reception. Customers' comments are collected through call centers, DoCoMo shops and the DoCoMo website. Since DoCoMo opened a dedicated customer comment website in June 2006, it has collected approximately 106,000* opinions and requests from customers via the site. Most of these pertained to indoor use, and in response to these kinds of customer comments DoCoMo is continuously working to improve coverage area quality. As a result, DoCoMo has received 4,300 positive responses, including comments such as, "Network quality has improved."

* As of the end of March 2007, the number of comments received at NTT DoCoMo in a non-consolidated basis.

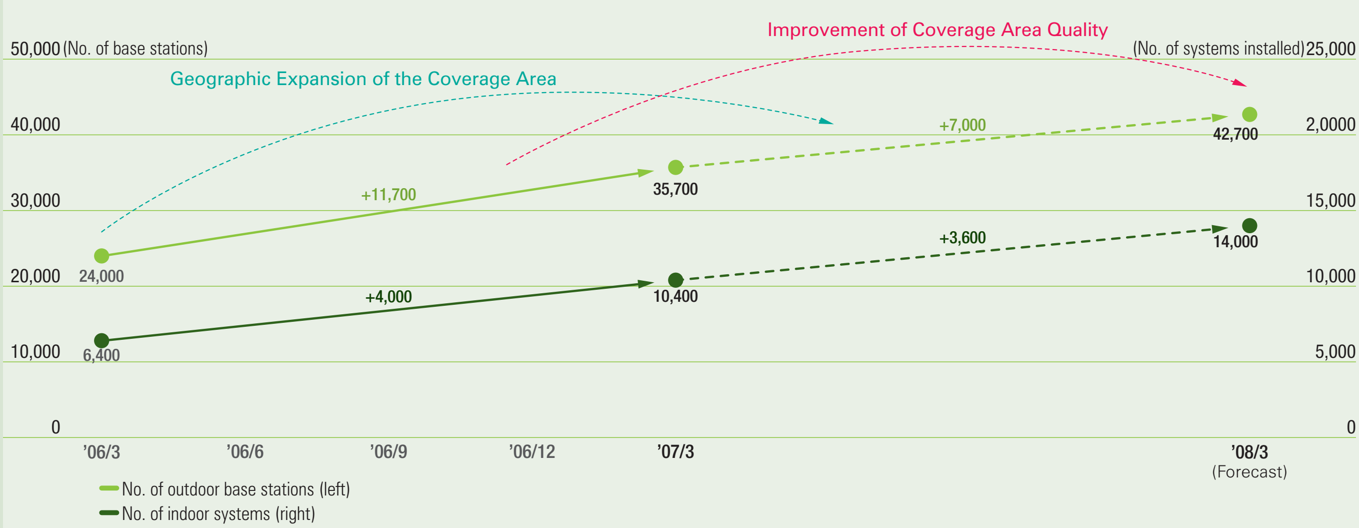
2. Building infrastructure to provide new services

DoCoMo concentrated on expanding its coverage in fiscal 2006, but in fiscal 2007 it will make qualitative improvements to further strengthen its response to customers' requests. DoCoMo will also concentrate on building an infrastructure to allow customers to utilize its high-speed large-volume data services smoothly as demand continues to grow in response to the spread of flat-rate packet billing plans.

Strengthening facilities to respond to increasing data volume

In order to meet the jump in data transmission volume

FOMA COVERAGE: No. of Outdoor BTSs* and Indoor Systems Installed



* BTSs: Base Transceiver Stations

since the introduction of flat-rate packet billing plans, DoCoMo has increased the number of "i-mode" servers and at the same time has further advanced the introduction of new types of base stations capable of responding to a variety of frequencies. Furthermore, DoCoMo is already introducing an IP router network for its backbone network that has greater cost efficiency and that can handle high-speed, large-volume data transmissions.

Expanding HSDPA as the foundation for providing advanced services

"HSDPA (FOMA high-speed area)", which DoCoMo deployed in August 2006, is technology with a transmission speed (maximum 3.6Mbps) that is approximately 10 times as fast as the existing FOMA. HSDPA will serve as the foundation for the provision of high value services such as video download. The coverage area for HSDPA in March 2007 had a population coverage ratio of 80%, and DoCoMo plans to expand it to 90% by March 2008.

Improving Coverage Area Quality by Four Ways

Improve quality (area depth)	Optimize coverage areas
Improve signal reception within the area Expand indoor use by improving signal reception Actively introduce dedicated indoor use base stations Increase the coverage ratio of facilities Increase coverage in underground shopping areas, high-rise condominiums and shopping malls	Adjust existing base station signals Prevent wave interference by adjusting base station frequency range Adjust antenna and base station configuration Select antenna and base station configurations that are appropriate for their locations
Volume measures	**Further expand areas (area breadth)**
Ensure traffic by increasing equipment installation Increase the number of channels Disperse outdoor area traffic with dedicated indoor use base stations Ensure capacity with new frequency bands	Increase the area coverage ratio Expand the coverage area geographically Increase coverage ratio of leisure areas Increase coverage at hot springs, ski resorts, leisure facilities, and golf courses

"Feel the Connection!" Comments from Customers*

Sagamihara, Kanagawa Prefecture

"I changed from mova to FOMA, and now I can have conversations even indoors."

Fujisawa, Kanagawa Prefecture

"The last time I reported there were certain rooms that were out of the service area. Then, at some point, reception was up to three antenna bars** in those rooms. I haven't changed my handset but I think antennas have increased. Thank you."

** "Antenna bars" are shown on the handset screen to show network connection strength, with three bars being the highest.

Hodogaya-ku, Yokohama, Kanagawa Prefecture

"I have been using your service for more than 10 years, since mova, and I can finally use it without being cut off. Thank you."

Matsudo, Chiba Prefecture

"JR's Shinyahashira station was a dead space where I couldn't make phone calls or get email, but after making numerous requests in the "Tell us! FOMA signal condition" program, my reception is up to 3 bars! This is thanks to DoCoMo. I really thank you!"

Gyoda, Saitama Prefecture

"The signal condition has improved rapidly since April. Also, the FOMA battery lasts about twice as long. When I had mova it would cut off intermittently, and so it wasn't useful, but with FOMA I can finally have a continuous conversation. I feel like the quality has gone up remarkably. I am grateful for DoCoMo's efforts in this respect."

Namegata, Ibaraki Prefecture

"When I came back from a trip I was surprised to find that an area where there had been no service before now had a 3-bar signal! Thank you."

* Customers' comments, presented uncut and unedited.

Improving area coverage quality incorporating customers' requests

Hiroshi Kobayashi
Senior Manager
Radio Access Network Engineering Department, Network Division
NTT DoCoMo, Inc.

The big issue in fiscal 2006 pertaining to the FOMA coverage was to improve area coverage quality based on comments from customers. DoCoMo has reviewed its cost structure for coverage improvements in order to efficiently respond to more customer requests, and by introducing more economical base stations, it has built a more efficient network. DoCoMo has received comments from customers recognizing its improvement, such as, "Network quality has improved", and in the future we would like to respond to even more customer requests.

While DoCoMo has further expanded its handset lineups to meet the diverse needs of a broad range of customers, we are striving to improve profitability by reducing costs related to handset development and procurement.

1. DoCoMo's handset lineup

DoCoMo released a total of 48 models of new FOMA handsets in fiscal 2006.

9 series

DoCoMo's high-end models, FOMA 9 series, are equipped with state-of-the-art technology. First we introduced the 902iS series, which focused on music functions, followed by the 903i series, which features a full range of service capabilities including entertainment (music, Mega i-appli, One-Seg, etc.) and security (bio-identification, handset search service, etc.) in addition to navigational capability with a GPS function.

In addition, the FOMA 904i series, released in May 2007, offers a variety of functions such as the "2 in 1" service that combines the capabilities of two handsets in a single unit, "Chokkan Games" which are played using intuitive motion like tilting or waving the handset, and "Uta-hodai" service, which provides downloading of full music tracks for a flat monthly fee.

7 series

DoCoMo released the 703i series following the FOMA702i S series. The FOMA 703i series features advanced design, which is represented by the N703iμ and P703iμ models, the slimmest clam-shell type 3G handset in the world. In addition, certain models have increased functionality, with five models in the series having "Osaifu-keitai" functionality and seven models having "Chaku-Uta Full" capability.

SIMPURE series

In the SIMPURE series, which features compact sizes and simple function, DoCoMo has released the compact and light N[1] handset with basic functions and the more advanced L[1] and L[2] handsets that are capable of 3G/GSM roaming.

Concept Models

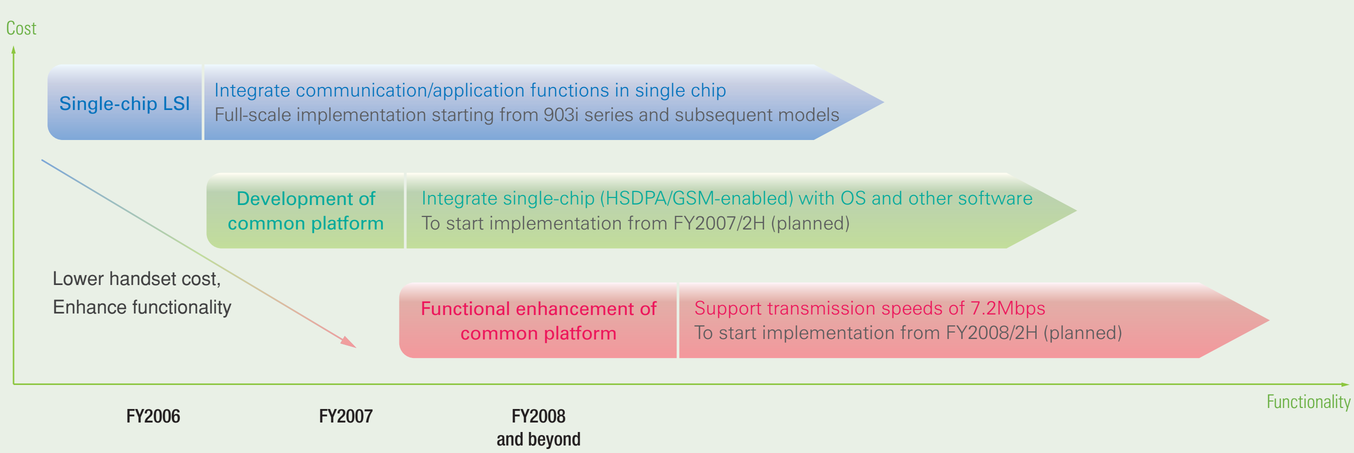
The "Raku Raku Phone" series has gained support among middle-aged and older users, with large and easy-to-read buttons, one-touch dialing and voice activated functions. Its cumulative sales exceeded 10 million handsets in April 2007. In addition, we have released the "Kids' PHONE" series with functions for the protection of children, and have released the FOMA D800iDS with dual screen, on which users can change the operating method to a touch panel for stylus input allowing them to choose the type of operation they prefer.

2. Looking towards the future

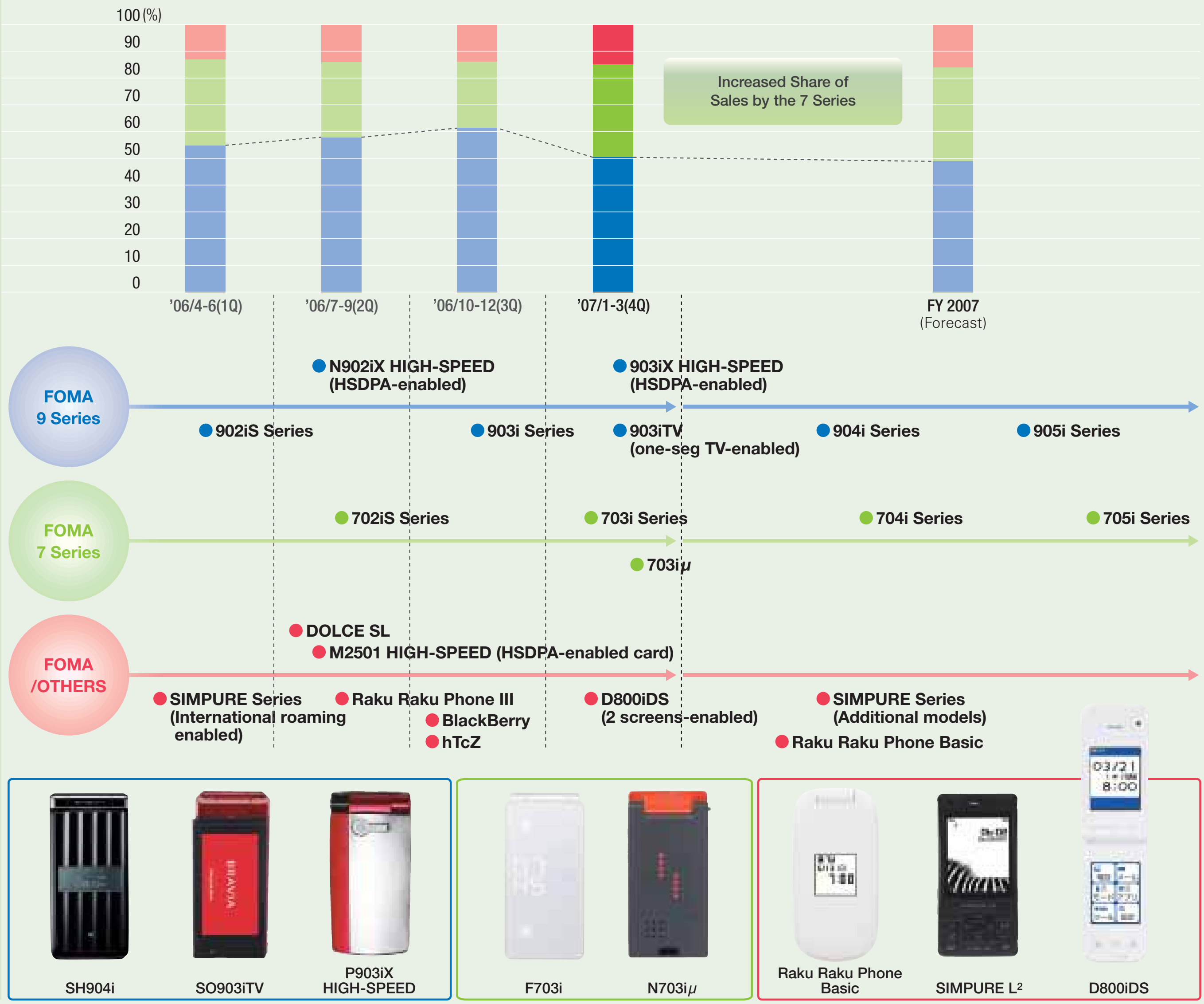
DoCoMo will further enrich our product lineup in fiscal 2007 by introducing as early as possible, state-of-the-art technologies in the 9 series that will appeal to those who seek innovation, equipping the 7 series with modern functions, services and designs that match user preferences, and continuing to pursue simplicity in the SIMPURE series.

DoCoMo has been working to reduce handset procurement costs, including (1) promoting a one-chip LSI through joint development with Renesas Technology Corporation and other companies, (2) improving efficiency and promoting common use in software development by using Linux and Symbian platforms, and (3) improving the product mix through sales of the 7 series and the SIMPURE series. In fiscal 2006, we were able to reduce the costs and shorten the term for handset development by equipping some of the FOMA 903i series handsets with one-chip LSIs. We will continue these types of efforts to reduce the costs of handsets in fiscal 2007.

Actions for Cost Reduction



Ratio of Handset Sales by Series, and Handset Lineup



Delivering to customers the feeling of satisfaction and surprise with cutting-edge features

Yoshiaki Hiramatsu
Manager
Product Department, Products & Services Division
NTT DoCoMo, Inc.

DoCoMo is taking one stop ahead after another, offering mobile phones that have functions such as music, "One-Seg" digital terrestrial TV broadcasting service, GPS, HSDPA, "2 in 1", and "Chokkan (intuitive) games." We are also preparing a lineup with features such as, compact design, waterproofing, and senior-friendly features to meet a variety of lifestyle needs. We are working hard to appeal to and satisfy all age groups.

In the futurel, we would like to keep one step ahead in terms of technology, functions, and design, and deliver satisfaction to all our users.

While flat-rate packet billing plans have become more widespread, DoCoMo aims to increase packet usage among low traffic users (“light users”) and is focusing its efforts on developing services that will increase demand and ensure revenues.

1. Content and progress of services

(1) Expansion of PUSH-type information distribution service

DoCoMo started offering “i-channel” in September 2005 to increase utilization among light users and it has grown at a much faster pace than we anticipated.

Most customers like the convenience of automatic delivery of the latest news and the user-friendliness of being able to obtain more detailed information with one touch of a button. The number of subscribers increased to 10.58 million by the end of March 2007. In the future, in addition to increasing the number of subscribers, we aim to further increase “i-mode” revenues by promoting usage of “Okonomi Channel” among this base of customers and by leading them to IP sites.

(2) Solid expansion of music services

DoCoMo introduced the music-related service “Chaku-Uta Full*” in fiscal 2006, and by the end of the fiscal year, average monthly download per user was 5 songs. With regard to “Music Channel**”, the number of subscribers is growing steadily along with the sale of an increased number of service-compatible handsets.

In Octover 2006, we released several FOMA compatible with “Napster”, the first PC flat-rate music downloading service in Japan. In addition, we launched the “FOMA 904i” series handsets which supported the flat-rate mobile phone music downloading service “Uta-hodai” in May 2007. In this manner we are working to further improve our services.

* Started in June 2006, a service where users can download entire songs to their mobile phones.

** Started in August 2006, this service downloads up to one hour of a music channel automatically during the night.

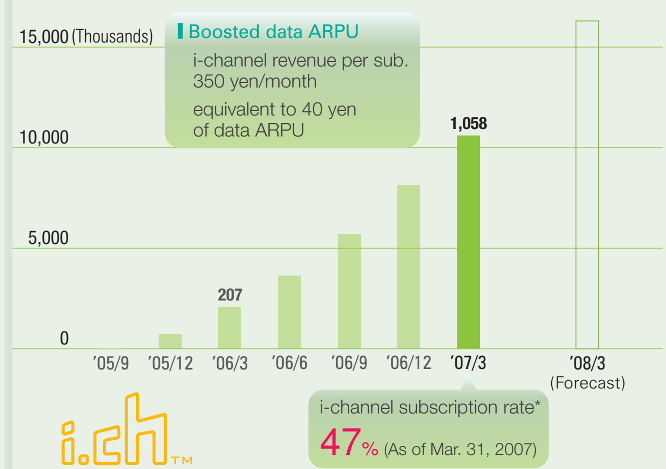
(3) Search service

In October 2006, DoCoMo teamed up with 13 search sites to offer and added to our i-mode range of services the “i-mode search service”, a service that allows users to search non-i-mode menu sites as well as i-mode menu sites by keywords. In addition, we introduced search-related advertising in May 2007 to contribute to revenues.

2. Direction of future service offerings

DoCoMo intends to not just respond to diversifying customer needs, but to also stimulate further demand by developing and providing new services a need of the industry.

Number of “i-channel” Subscribers



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

We want to provide service that is convenient and attractive.

Hiroshi Tawarayama
Multimedia Services Department, Products & Services Division
NTT DoCoMo, Inc.

We take into account user preferences for contents and design, usability of, handset functions, and other factors in our production of the “i-channel” service. We strive to satisfy as many customers as possible with our i-channel service over the long term by re-launching the service annually. The success of the i-channel is the result of these efforts, and we continue to focus on providing convenient and attractive services based on an accurate understanding of our customers’ needs.

DoCoMo is expanding its international services in order to improve convenience for customers and increase revenues. Revenues from international services in fiscal 2006 grew significantly, by 36% year-on-year, to ¥34 billion due to the expansion of roaming areas and the introduction of roaming-compatible handsets.

1. Enhancement of International Services

As of the end of March 2007, the number of countries and areas where international roaming services were available expanded to 151 for voice calls and SMS*, 97 for packet communications services, and 34 for videophone calls. In particular, voice calls and SMS coverage expanded to 99.8% of the popular destinations for Japanese tourists. In addition to increasing the number of "9 series" handsets compatible with "WORLD WING," we started to offer overseas support services such as indemnification for a lost rental handsets during a trip, shipment of replacement handsets, and partially toll-free call support for users that are overseas.

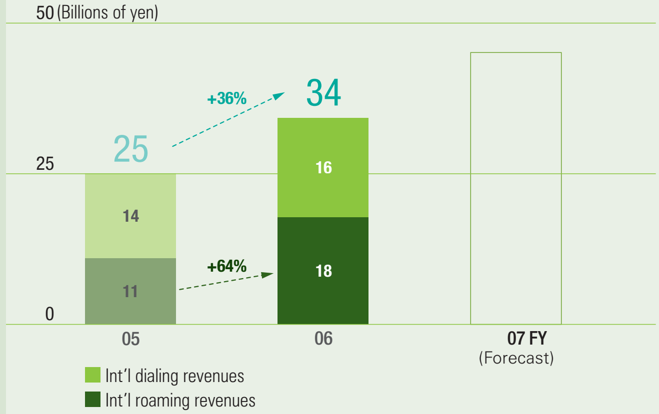
* SMS: Short Message Service

2. Improving Customer Convenience through Investments and Alliances

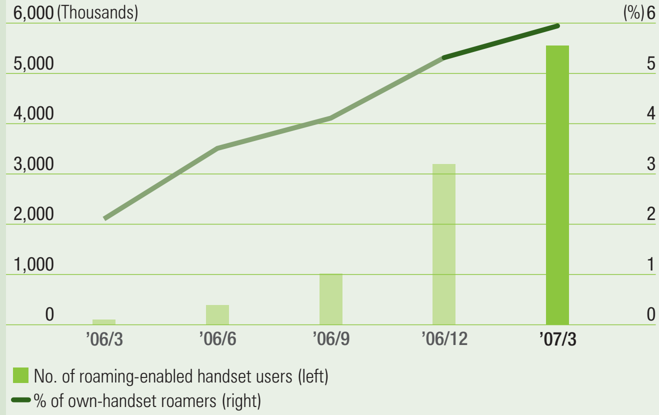
DoCoMo is striving to expand its international roaming coverage area by promoting W-CDMA services through telecommunication operators overseas in which we have invested. KT Freetel Company Limited, a Korean operator in which we invested in December 2005, completed the nationwide introduction of W-CDMA in March 2007. Guam Cellular & Paging (Guam and Saipan), which we acquired in December 2006, also plans to launch W-CDMA services gradually after fiscal 2008. In addition, with the aim of cooperating to enhance international roaming services and corporate services, DoCoMo joined the "Conexus Mobile Alliance*" in December 2006 with seven other Asian mobile operators.

* The alliance was formed with 6 operators excluding DoCoMo in April 2006. In December 2006, one more operator joined, for a total of seven, and the official name of the alliance was decided.

International Services Revenues



% of own-handset roamers*



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

Providing even more reliable and convenient international services

Mamiyo Adachi
Assistant Manager
Global Service Department, Global Business Division
NTT DoCoMo, Inc.

Going forward, international roaming will be a standard feature of our mobile phones. With this feature, people will be able to use their own mobile phones around the world, and overseas mobile phone services will become more convenient. We also intend to expand usage of Videophone calls and high-speed data transmission overseas.

As we expand our international roaming coverage areas and strengthen "i-mode" content, DoCoMo plans to continue to strengthen alliances with telecommunications operators overseas and to provide ever more reliable and convenient international services.

RATE STRUCTURE AND AFTER-SALES SERVICE

To encourage our customers to use a variety of content and services without concern for packet fees and to continue to use DoCoMo for a long period of time, we have launched attractive billing plans such as flat-rate plans, and we are promoting after-sales services such as DoCoMo Premier Club.

1. Further Enhancent of billing arrangements

Completing the flat-rate billing services

As of March 31, 2007, the number of subscribers for “pake-hodai”, our optional flat-rate packet billing plan for unlimited “i-mode” usage for FOMA services (including pake-hodai full), increased to 9.56 million (an increase of 71% year-on-year) which constituted 27% of FOMA subscribers. This is due to the extension in March 2006 of in services for which there are flat-rate plans available, and the increased usage of services as a result of more comprehensive service menus, including the addition of “i-channel” service and music-related services.

With an eye towards the upcoming full-fledged introduction of HSDPA and more comprehensive music and video content DoCoMo is working to establish a more comprehensive flat-rate billing plan in order to enable customers to use richer content without concern for packet fees. For instance, in addition to the full browser flat-rate plan “pake-hodai full” that was introduced in March 2007, the smart phone flat-rate plan “Biz-hodai” was introduced in April 2007. Moreover, we decided to implement a packet flat-rate billing plan* for connection PCs in the fall of 2007.

* Limited to 64 Kbps.

Future Developments

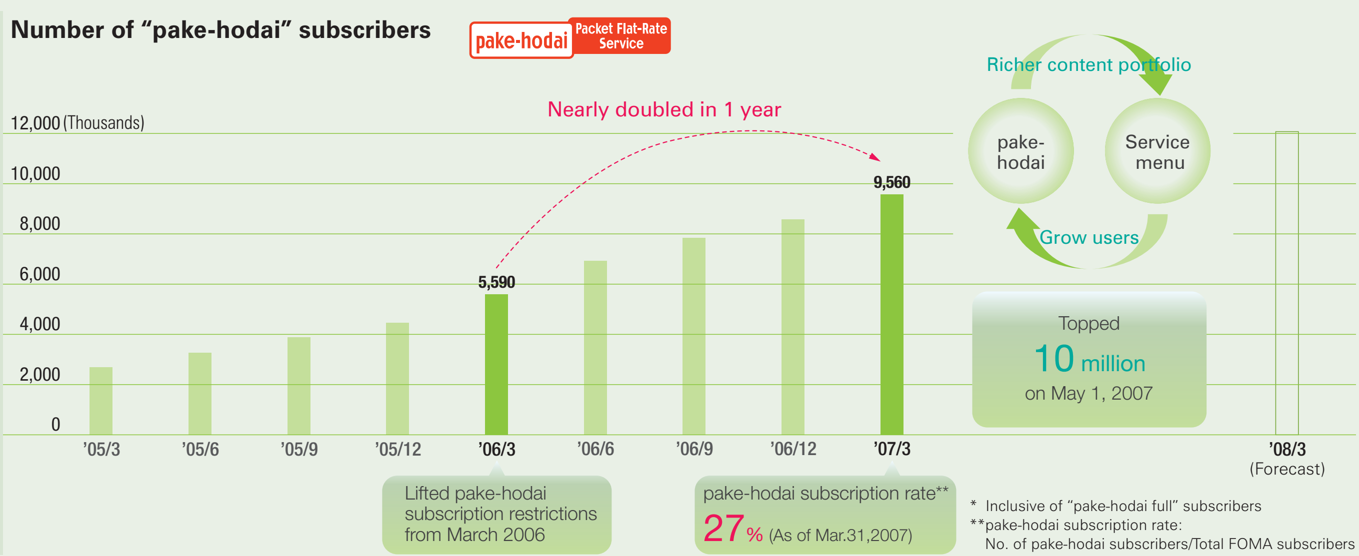
We plan to expand rich content such as video and music to increase usage among light usage customers and therefore create an increase in revenues in the future. At the same time, we intend to promote the further expansion of pake-hodai subscriptions. In addition, we plan to establish an environment in which customers can use full browser content without concern for packet fees by offering pake-hodai full and Biz-hodai.

2. Preferential Services for “DoCoMo Premier Club” Members

In addition to special services for club members such as free repair service and complimentary battery packs for handsets and the “Handset Replacement and Delivery Service”, we are also making greater efforts to offer various preferential services to members of the DoCoMo Premier Club through affiliated shops. We plan to also offer a bonus point service giving 2 to 5 times more points than the regular point system, depending on the usage amount.

Number of DoCoMo Premier Club members and sign-up rate

Number of “pake-hodai” subscribers



* Inclusive of “pake-hodai full” subscribers
**pake-hodai subscription rate:
No. of pake-hodai subscribers/Total FOMA subscribers

DoCoMo aims to establish a new business model which does not rely on traffic revenues by providing users with services that will transform mobile phones into an essential part of users' daily and business life ("lifestyle infrastructure" strategy).

1. Promotion of the Fast Growing Credit Business

Credit in small-amount payment market* is an area where we expect growth in the future. The number of "Osaifu-Keitai" compatible handsets grew to approximately 20.8 million as of March 31, 2007, and the combined user base of mobile credit services "DCMX" and "DCMX mini" has grown steadily to more than 2 million in approximately one year after their launch, and has entered a significant growth phase.

One factor driving this is that the number of installed "iD" payment terminals (reader/writers) increased to about 150,000 as of March 31, 2007. We aim to have about 4 million DCMX subscriptions and 250,000 iD reader/writers by the end of fiscal year 2007. To that end, iD reader/writers were installed in all "Lawson" and "am/pm" chain convenience stores nationwide during fiscal 2006, and installment in all "FamilyMart" and McDonald's stores, as well as introduction of internet settlement functions, are planned to be completed during fiscal 2007.

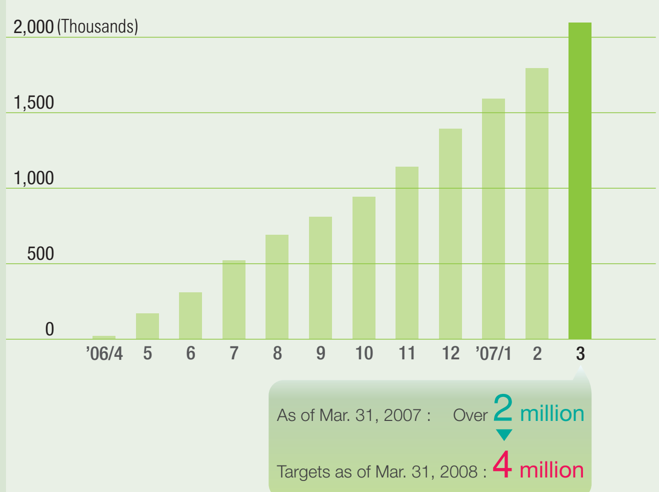
* Settlement market of ¥3,000 or less, which is expected to have a market size of about ¥57 trillion.

2. Efforts in Broadcasting and Video Content

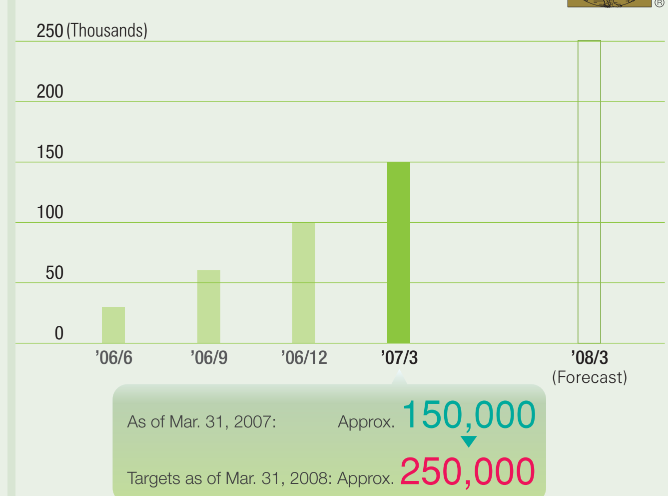
DoCoMo is working on services that link Osaifu-Keitai services and broadcasting related with the launch of "One-Seg*" service, and is investing in the creation of TV programs, movies and other content with an eye towards the development of mobile content in cooperation with Fuji Television Network, Inc., Nippon Television Network Corporation and Kadokawa Group Holdings, Inc.

* One-segment terrestrial digital broadcasting for mobile units such as mobile phones, begun in April 2006.

Number of DCMX members



Number of installed iD payment terminals



Our mobile services are completely changing the customs of payment in Japan

Manabu Moriya
Director, Head of Credit Business, Multimedia Services Department, Products & Services Division
NTT DoCoMo, Inc.

I think the introduction of DoCoMo's mobile credit service set the stage for electronic money settlement to grow rapidly in Japan. Already the number of places where iD can be used has outstripped the number of other electronic money facilities, and combined with the increase in subscriptions for Osaifu-Keitai, memberships and transactions are both growing solidly. iD can be used without concern for the balance and points and mileage can be earned with use just as with credit cards. We are already at the stage of asking what other services we can provide users and member shops beyond simple transaction settlement. DoCoMo's credit service will continue to make further progress as we draw out more of the advantages that only mobile phones can offer; for example, as a marketing tool in combination with "ToruCa*", or as a means of putting credit card billing details on the Web.

* The function that enables users to download promotional coupons and store information onto mobile phones.

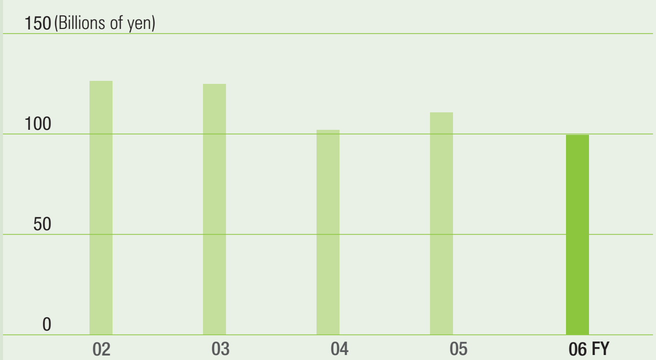
From the improvement of our competitiveness in our current business to basic research for the future of the mobile communications industry, we are advancing R&D in a variety of fields.

1. R&D Structure

DoCoMo's R&D is characterized by development of services to provide high-level functions that closely link both infrastructure (wireless and networks) and handsets.

Our R&D expenditures were ¥99.3 billion in fiscal 2006 and emphasized three areas: (1) enhancing FOMA service, (2) transitioning to IP-based networks and high-function "i-mode" services, and (3) fundamental research for mobile communications of the future. DoCoMo's R&D organization consists of the NTT DoCoMo R&D Center, seven research and development departments, and three overseas research laboratories.

Research and Development Expenses



2. R&D to Increase Competitiveness

We aim to increase our competitiveness through our "lifestyle infrastructure," strategy, and to this end we actively promote R&D in a variety of technologies that can be used in mobile phones. One example of that R&D is the development of Music OFDM* technology in April 2006. OFDM technology, which is used in wireless transmissions, is applied to the field of music. For example, a website URL for a TV or radio program can be embedded in the sound of a broadcast, enabling the audience to receive the URL in their mobile phones and access the website.

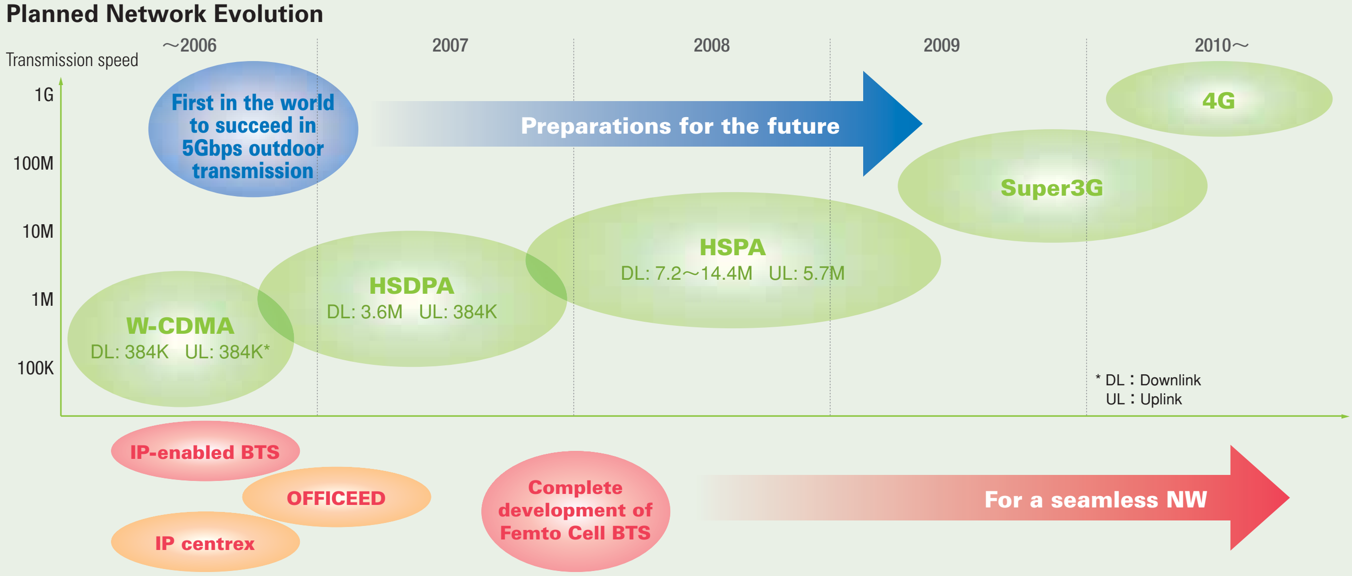
* OFDM (Orthogonal Frequency Division Multiplexing): a method to transmit information at high speeds by improving the efficiency of frequency division by using multiple closely spaced carrier waves.

3. Major R&D Accomplishments in Fiscal 2006

We made progress in R&D, particularly related to networks, in fiscal 2006.

While we have been working on developing faster HSUPA, in addition to handsets and base stations that can handle Japan's first HSDPA service, we began development of "Super 3G" to achieve even faster communications in the future. In December 2006, we conducted outdoor tests of fourth generation mobile communications (4G) systems, and successfully achieved the world's first maximum download packet signal transmission of 5Gbps.

Planned Network Evolution



BUSINESS BASE OF DoCoMo AND OUTLINE OF CSR

"One step ahead." In order to support our mobile phone business, in which we change yesterday's "cutting edge" into today's "common sense," DoCoMo is moving to further strengthen its business foundation.

A financial strategy that is a foundation for strengthening facilities to achieve a pleasant user environment; a governance system which supports both sound management and prompt management decision making that can respond quickly to the ever-changing business environment; compliance and CSR efforts which enable the company to exist sustainably by obtaining trust and understanding from society – in this section we report on the details of the programs which support DoCoMo's business.

1. Investment in the Core Business (Mobile Phone Business)

Capital expenditure increased by 5.3% over the previous fiscal year to ¥934.4 billion in fiscal 2006 as a result of active investment in preparation for the implementation of Mobile Number Portability (MNP). In particular, the investment was related to the FOMA network and included (1) expanding coverage areas, (2) accelerating communications speeds, (3) improving network quality based on customers' requests, and (4) responding to increased volumes of data communications that accompany the spread of flat-rate services.

Due to our determination that the investment which was focused on expanding coverage areas has almost achieved its goals, we plan to shift our business focus to area tuning and responding to increased data volume. Therefore, we expect the fiscal 2006 capital expenditure amount related to networks to fall and the capital expenditure amount to decrease by 19.7% to ¥750.0 billion in fiscal 2007.

2. Investment for generating new sources of revenue

In fiscal 2006 we continued to actively invest to generate new sources of revenue. In order to strengthen our competitiveness in the video content market for mobile phones, we entered into business cooperation with Kadokawa Group Holdings, Inc. and Nippon Television Network Corporation. In addition, we made an additional investment in Philippine Long Distance Telephone Company (PLDT) to develop i-mode services and services using Wideband Code Division Multiple Access (W-CDMA) technologies.

DoCoMo intends to establish new sources of revenues through the investment in growth businesses in fiscal 2007 and beyond to maximize the value of the corporation.

3. Returns to Shareholders

In fiscal 2006 we maintained the annual dividend from the previous fiscal year at ¥4,000 per share, and in fiscal 2007 we plan to increase the dividend by 20% to ¥4,800 per share. In the future we intend to continue to pay a stable dividend, taking into account consolidated results and the consolidated dividend payout ratio, and at the same time, strengthening our work on financial position and maintaining adequate internal reserves.

We intend to consider a flexible plan for share repurchases in order to return profits to our shareholders. In fiscal 2006 we repurchased ¥157.2 billion worth of shares* (approximately 880,000 shares) based on a resolution of the Ordinary General Meeting of Shareholders. In addition, we repurchased ¥73.0 billion worth of shares* (approximately 350,000 shares) from April 1, 2007 to the end of June 2007. Furthermore, the Ordinary General Meeting of Shareholders, which was held in June 2007, approved our repurchase of up to ¥200.0 billion worth of shares (approximately 1.0 million shares) within a period of one year, beginning the date following the close of the Ordinary General Meeting of Shareholders. In principle, we intend to limit the amount of our treasury stock to approximately 5% of the total stock issued and cancel treasury stock held in excess of this limit. Based on this principle, we cancelled 930,000 shares on March 30, 2007.

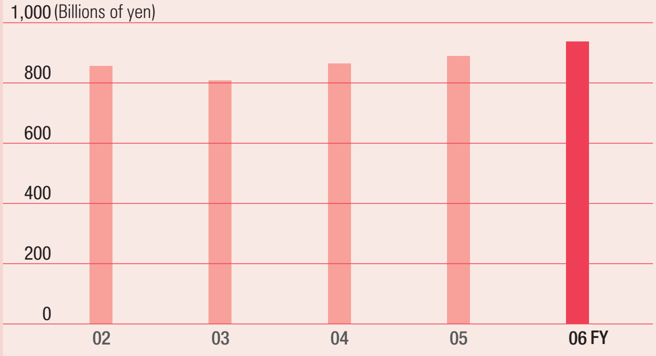
We recognize that providing returns to our shareholders is one of management's highest priories. We intend to continue to flexibly repurchase our shares and to pay dividends based on the principle of stable dividend payments.

* Aggregate number of shares repurchased from April 1, 2006 to March 31, 2007.

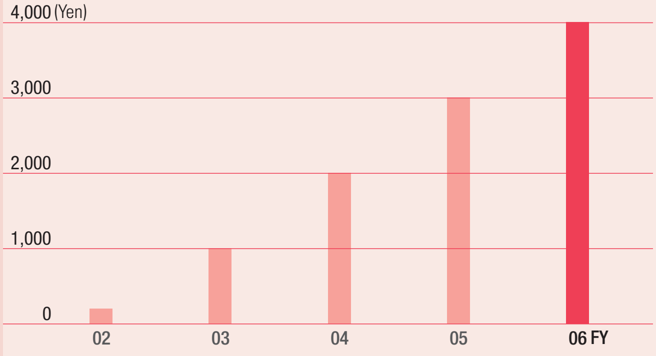
4. Strengthening the Financial Position

We are reducing total debt to secure flexibility for future financing, while considering the balance between the reduction of total debt and the reduction in shareholders' equity due to share repurchases. We have reduced consolidated interest-bearing debt by ¥189.4 billion, from ¥792.4 billion at the end of March 2006 to ¥603.0 billion at the end of March 2007.

Capital Expenditures



Dividends per share*



* Dividends in the year of actual payment

1. DoCoMo's Intellectual Property Activities and Policies

Our basic policy for intellectual property activities is to build, manage and utilize strategic and effective intellectual property portfolios, and to avoid infringement on the intellectual property rights of other companies. We aim to enhance the comprehensive strength of our intellectual property through cooperation with the R&D departments and business departments by effectively managing the overall process of applying, obtaining, managing and utilizing patents and trademarks, as well as by implementing measures to avoid infringing on other companies' rights.

2. Strengthening Intellectual Property

Status of Patents

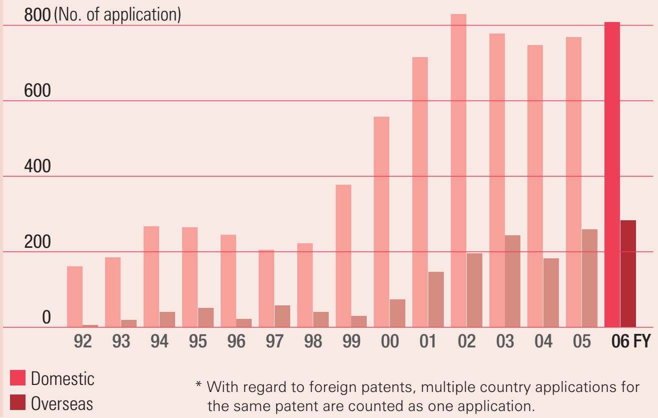
In fiscal 2006, DoCoMo submitted approximately 800 patent applications in Japan and approximately 280 patent applications overseas. The patent applications submitted in Japan centered on technologies where we are promoting research and development like Super 3G and 4G system, and new services. We have consistently submitted over 700 applications each year since fiscal 2002. Meanwhile, reflecting the strengthening of our international competitiveness and globalizing technology, we maintained the same level of patent applications overseas as in fiscal 2005.

The number of patent registrations also rose steadily, with approximately 370 registrations in Japan in fiscal 2006, and approximately 830 patent registrations overseas. The number of registrations has risen particularly overseas, and according to the Intellectual Property Owners Association (IPO) in the U.S. we ranked 138th out of the top 300 companies in terms of patents registered in fiscal 2006, a big improvement from 223rd in fiscal 2005.

3. Strengthening Risk Management

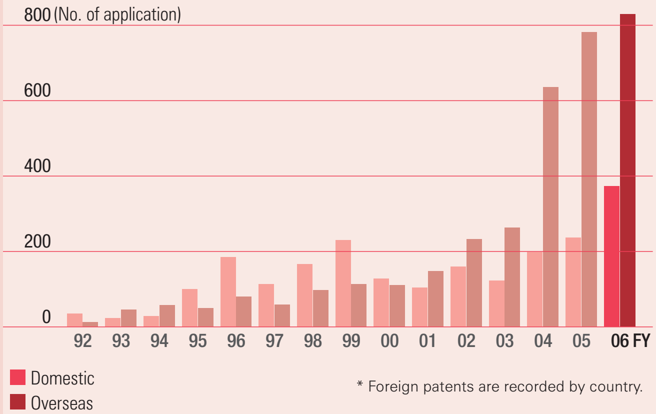
To prevent the occurrence of violation of other companies' intellectual property rights, DoCoMo conducts patent and trademark research in coordination with our R&D and business departments before introducing services. Whenever we receive a warning, the Intellectual Property Department acts as a consultation window for the entire Company, and responds in close cooperation with related departments (technical departments, business departments and legal departments) and with lawyers and patent attorneys to respond quickly and accurately. In addition, we are also strengthening measures to prevent intellectual property, such as technical know-how acquired in joint R&D with other companies, from leaking. We are also avoiding the risk of violation of copyrights and trademarks through educational activities and training within the Company.

Trends in the Number of Patent Applications (Consolidated Basis)



* With regard to foreign patents, multiple country applications for the same patent are counted as one application.

Trends in the Number of Patents Filed (Consolidated Basis)



* Foreign patents are recorded by country.

NTT DoCoMo is making progress in corporate social responsibility (CSR) activities. We make every effort to ensure that people can use mobile phones safely and with peace of mind. We also engage in activities to reduce harmful effects on the environment that are associated with our business activities. Efforts are also being made in building lasting relationships of trust with all stakeholders and making contributions to society in a variety of ways.

Tackling Mobile Phone-Related Social Issues

- We are improving security-related services and features (including "Data Security Service", "Omakase-Lock", and "Keitai Osagashi" Service).
- We provide a filtering service, the Harmful Access Blocking Service, to block access to harmful websites.
- We sell "Kids' PHONE" handsets that have crime prevention alarms built in.
- We held approximately 1,400 sessions of "DoCoMo Keitai Safety School which included children's guardians so that children can learn to use mobile phones safely.

Actions for Disaster Damage Prevention

- We are expanding the functions of the "i-mode Disaster Message Board Service", and have started an e-mail service to forward requests from safety personnel to victims to request registration (April 2007).
- We started the operation of a separate control system for voice calls and packet communications on our FOMA network (August 2006).
- We have introduced an "Emergency Information Location Notification" function, which informs emergency organizations of the location of the caller when an emergency call is made from a mobile phone.

Business Continuity Plan (BCP)

- We are implementing countermeasures and systems, as a mobile phone operator, to ensure that our communications network functions during disasters in accordance with the Disaster Measures Basic Law and related laws. In addition, every organization of the DoCoMo Group will strive to ensure the sustainability of key operations.

Universal Design

- We are promoting a universal design and service for our mobile phone business in handsets, customer service, and services through the "Hearty Style" effort ("Raku Raku Phone", Bone Conduction Transceiver Microphone, etc.).

Global Enviromental Conservation Initiatives

- We are working actively to collect used mobile phone handsets while taking into consideration the protection of personal information.
- We are using supplementary cooling devices and highly efficient circulating devices along with co-generation systems (CGS) to facilitate energy savings at our communication facilities.

Activities to Gain Trust and Understanding from All Stakeholders

- Customers: We are strengthening the provision of customer service.
- Shareholders and investors: We provide appropriate and timely disclosure of corporate information along with IR activities.
- Employees: We are establishing a diversity management, personnel and training system.
- Business partners: We conduct periodic meetings to exchange information in addition to training and other programs.

Social Contribution Activities

- We conduct mobile phone seminars for the elderly and disabled.
- We initiated the DoCoMo Woods (Reforestation Campaign) project.
- We established the Mobile Communication Fund (MCF), an NPO, in July 2002. This fund provides support for education in the field of mobile communications; grants for overseas students from all Asian nations and regions to study in Japan; social welfare; and aid to citizens' groups.

* The activities described above are a small part of DoCoMo's CSR activities. Please refer to the CSR Report 2007 and our website (www.nttdocomo.com/about/csr/index.html) for more information on our CSR philosophy and activities.

Three principles for Disaster Damage Prevention

• Enhancement of System Reliability:
To ensure that our mobile communications systems function properly in the event of disaster, we have reinforced our facilities and equipment by applying earthquake resistant reinforcement. We have also made efforts to enhance the reliability of our networks by providing backups to our facilities and circuits through the use of multiple/dual routes or loop structure in our relay transmission lines, using redundant configurations in our communication facilities or installing them in dispersed locations.

• Securing Important Communications:
We have established a priority telephone system allowing institutions engaged in disaster damage prevention activities to use our circuits with higher priority in the event of disaster, while maintaining efficient network control.

• Early Recovery of Communication Services
With the goal of recovering mobile communications services at the earliest possible time following a disaster, we have employed various measures, including the preparation of hardware such as the mobile base station equipment, mobile power supply vehicles and the restoration materials, as well as the preparation of software such as the creation of operation manuals for disaster situations, organizing "Disaster Management Headquarters" and conducting drills for disaster damage prevention.

Inclusion in SRI indices

NTT DoCoMo's CSR activities have been evaluated highly. We have been selected by the Morningstar Socially Responsible Investment Index and the FTSE4Good global index and our shares are included in numerous SRI (socially responsible investment) funds (as of August 2007).

1. Basic Frameworks for Internal Control and Fiscal 2006 Activities

We employ the COSO* Framework for the design, operation and evaluation of our internal control system, and in fiscal 2006 we implemented our response to the US Sarbanes-Oxley Act for corporate reform (hereinafter, the "SOX Act") and the Japanese Corporate Law based on that framework. We continue in our efforts to enhance our internal control system.

* COSO: Committee of Sponsoring Organizations of the Treadway Commission

(1) Risk Management

We strive to strengthen risk management with the basic policy of identifying and responding to business risk as early as possible. In fiscal 2006, we created guidelines to organize issues pertaining to risk systemization and examination in order to identify potential causes of business risks in all units within the company.

(2) Legal Compliance

Each of our employees is instructed to follow the "NTT DoCoMo Group Code of Ethics." Ensuring that activities are based on high ethical standards is the foundation of our compliance management. In addition, in order to increase its effectiveness, we set up a compliance promotion system centering on Compliance Promotion Committees, chaired by the presidents of each of the Group companies, and are building an information consultation system and an internal control system pertaining to compliance with ethics and laws.

In fiscal 2006, we conducted training at management and employee levels separately, and analyzed compliance risk in our business activities.

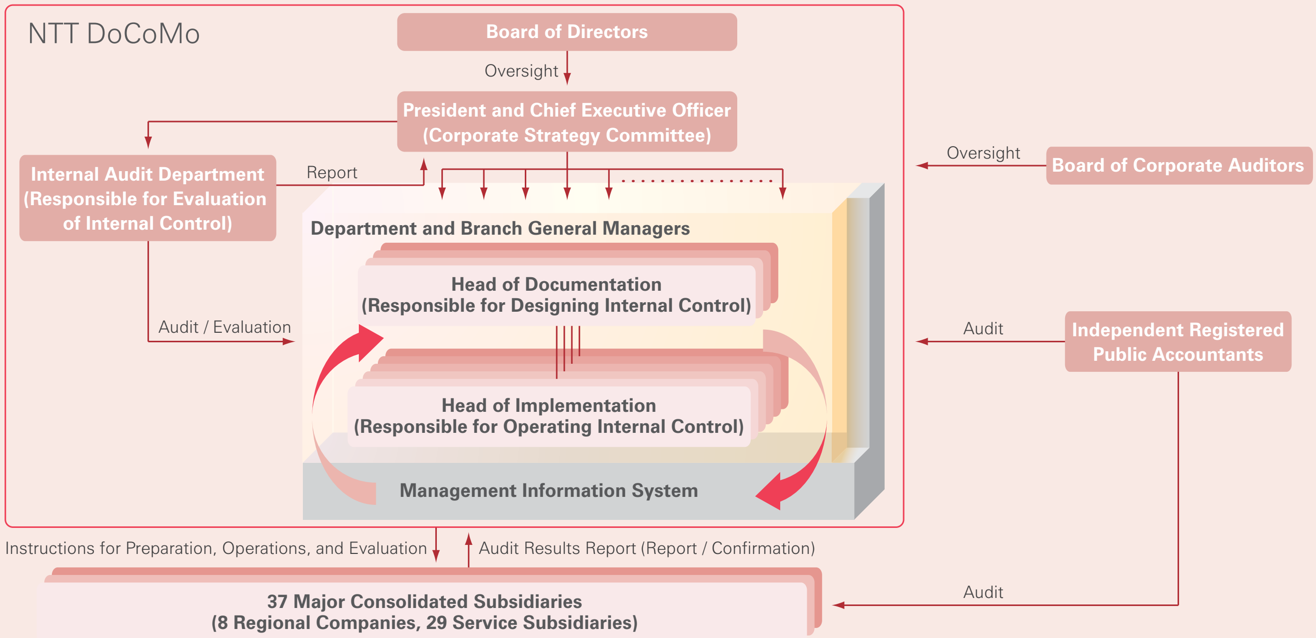
(3) Ensuring Reliability of Financial Reporting (Responding to the SOX Act)

We have made advance preparations company-wide, such as SOX Act project teams established in fiscal 2004, to respond to Section 404 of the SOX Act. In fiscal 2006, when the requirements under section 404 of the SOX Act requiring that management evaluate the effectiveness of a company's internal control over financial reporting became applicable to our Company, our management conducted such evaluations of our Company and 37 of our major consolidated subsidiaries, and concluded that their internal control over financial reporting was effective as of March 31, 2007.

2. Protection of Personal Information

We strive for the complete protection of personal information in all of our business processes under the supervision of the Chief Privacy Officer (CPO), from management departments (including the preparation and improvement of regulations and the strengthening of technical security checks by management) to branches (including the control of terminals that handle personal information and the education of employees), to the management and supervision of companies handling work under outsourcing arrangements.

SOX, Section 404 Organization Chart



CORPORATE GOVERNANCE

1. Overview of Management Structure

Basic Policy

Recognizing the importance of having an effective corporate governance structure to consistently enhance its corporate value, DoCoMo has been working to establish a governance system that allows us to make decisions without delay and to reinforce our audit and internal controls. Such structure also allows us to improve our communications with shareholders to achieve the goal of ensuring promptness, transparency and soundness in our business management.

Governance System

For the governance of our business operations, we have adopted a Board of Directors/Corporate Auditors system. Based on the belief that (i) directors should be involved in the decision-making process pertaining to important matters of the Company in order to facilitate business management based on our customers' perspective, and (ii) to ensure sound and efficient business execution, the Company believes it is desirable to establish a structure in which Board members assigned the responsibility for business execution can supervise each other, and business management by the Board of Directors can be audited by Corporate Auditors.

The corporate officer system that we have introduced allows even more agile business execution. More than half of the Board members are assigned the responsibility of serving concurrently as corporate officers, while at the same time we are strengthening the mutual supervision of Board members in business execution. One member of the Board of Directors is an outside director (an employee of our parent company, NTT).

Audit Structure

The Board of Corporate Auditors consists of five members, including three external auditors. The Board of Corporate Auditors typically has a meeting once a month to make decisions on audit policies, plans, methods and other important issues relating to the audit of the Company, as well as to report on the status of audits carried out. In addition, the Board of Corporate Auditors works to ensure the effectiveness of our audit system through close collaboration with the Internal Audit Department, an independent unit established to perform internal audits of the Company, our independent registered public accountants, and auditors of our subsidiaries.

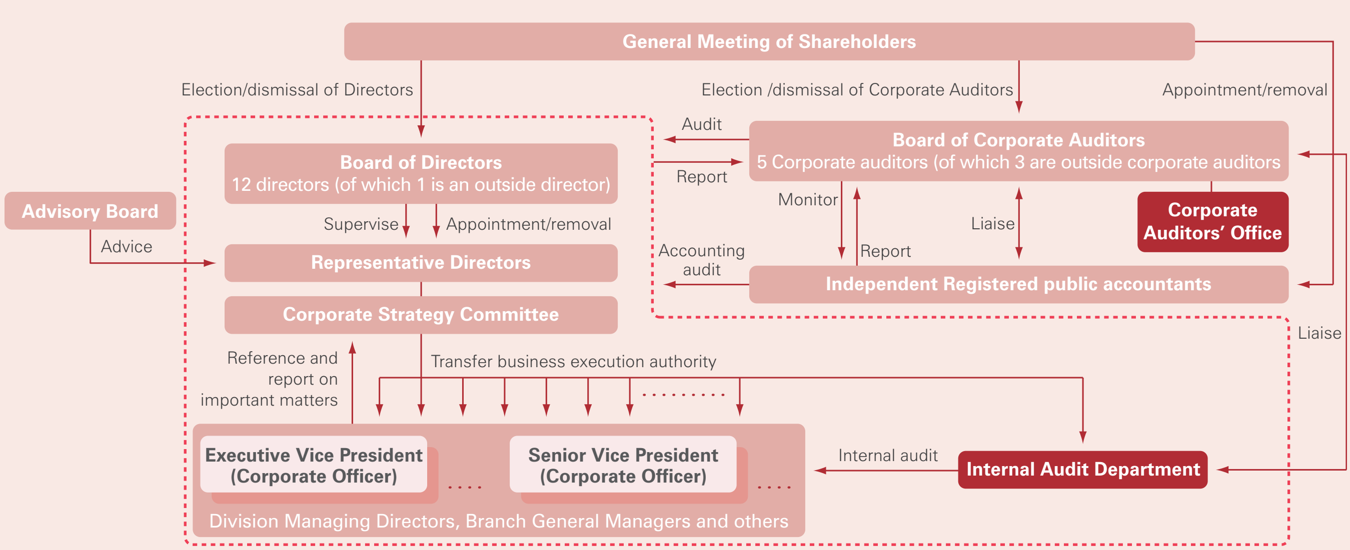
Advisory Board

To receive objective input pertaining to managerial challenges facing us from experts representing various fields, we set up Advisory Boards in Japan and the United States. The members of the two Advisory Boards are comprised of experts from various fields, and the advice and proposals obtained from them are reflected in our management.

2. Investor Relations (IR) Activities

Close communications with shareholders and investors is yet another area that we are strengthening in order to improve our corporate governance. Our efforts to achieve transparency in management include timely and appropriate disclosure of management information, which is enabled by developing disclosure controls and procedures. We are also working proactively to create opportunities for direct communications between our top management and investors through opportunities such as road shows for

DoCoMo's Business Execution and Management Supervision Mechanism



institutional investors in Japan and overseas and seminars targeted at individual investors. The opinions of shareholders and investors are duly considered in the management of the Company and are also widely shared internally to improve our services and operating results.

We are also putting efforts into disseminating IR information through the Internet. Aside from the provision of a variety of materials regarding our business operations and financial results, we are paying close attention to fair disclosure by offering live coverage of analyst meetings via our IR website as well as via our IR website for mobile phones, taking advantage of our strength as a mobile phone operator.

As a result of these efforts, we received the Disclosure Award for 2006, awarded by the Tokyo Stock Exchange.

Interview with Advisory Board (Fifth Council) member Yoshiharu Fukuhara

DoCoMo has established an Advisory Board comprised of experts from various fields in order to obtain advice and proposals on a continuing basis. Such input from experts greatly helps us work towards the benefit of our customers, shareholders and more broadly, society as a whole. The following is a record of an interview with the former Chairman of Shiseido Corporation, Yoshiharu Fukuhara, who has served as an Advisory Board member for three consecutive terms over six years.

Q1. Please tell us about the significance and activities of the Advisory Board.

The role of the Advisory Board is to provide advice from a third-party perspective and help management develop a broader view.

There is always a risk in corporations that the scope of management's view becomes narrower as they pursue business goals enthusiastically, derailing the business in the process. On the other hand, if there is a structure in place through which management regularly listens to advice from the outside, such as this Advisory Board, major managerial errors can be prevented to a great extent. That is the purpose of the Board I think.

The Advisory Board's member composition is a reflection of society and various matters are discussed comprehensively.

The Board's composition is very well balanced. It is composed of people from a variety of fields, making it like a miniature model of society. As a result, the discussions do not overlook important issues.

We have very active discussions. The launch of a disaster message board service and establishment of the Mobile Society Research Institute are just a few examples of our opinions being reflected in DoCoMo's managerial decision-making.

Q2. What do you think of the current DoCoMo management?

The most important thing is to conduct business from the customer's perspective in order to respond to the trust they have placed in us.

We discuss DoCoMo's managerial issues quite frequently with a view to serving a variety of stakeholders. However, I believe it is most important to take a good look at customers and that is what I always recommend.

There is no denying that DoCoMo's product development efforts until now have tended to place more emphasis on technology than customer's needs, and if competitors are winning support from customers, we must certainly learn the reason for such winning of support.

Look towards the next step and actively disseminate information

It goes without saying that the competitions that we are facing right now are important. At the same time, we must advance efforts that look into the next step to be taken, including research and development (R&D) and new business development, if we are to respond to the trust placed in us by our customers, who have subscribed to our services based on that trust, and the trust of society as a whole. We should also disseminate information more actively, letting people know of these activities. The fact that DoCoMo is steadily working towards the future gives its employees courage, and is linked above all else to the trust placed in us by our customers. Ultimately, it is these efforts that will have the effect of attracting shareholders as well.

BOARD OF DIRECTORS & CORPORATE AUDITORS

From left

Masayuki Hirata
Senior Executive Vice President

Masao Nakamura
President and Chief Executive Officer

Ryuji Yamada
Senior Executive Vice President

President and Chief Executive Officer	**Masao Nakamura**(1)
Senior Executive Vice Presidents	**Masayuki Hirata**(1) (Chief Financial Officer) **Ryuji Yamada**(1)
Executive Vice Presidents	**Takanori Utano*** (Chief Technical Officer) **Kiyoyuki Tsujimura*** **Harunari Futatsugi*** **Bunya Kumagai*** **Masatoshi Suzuki***
Senior Vice Presidents	**Noriaki Ito*** **Kazuto Tsubouchi*** **Takashi Tanaka***
Member of the Board	**Toshiki Nakayama**
Full-time Corporate Auditors	**Shinichi Nakatani** **Shoichi Matsuhashi** **Haruo Imai**(2) **Kyouichi Yoshizawa**(2)
Corporate Auditor	**Takaaki Wakasugi**(2)

(As of June 28 , 2007)

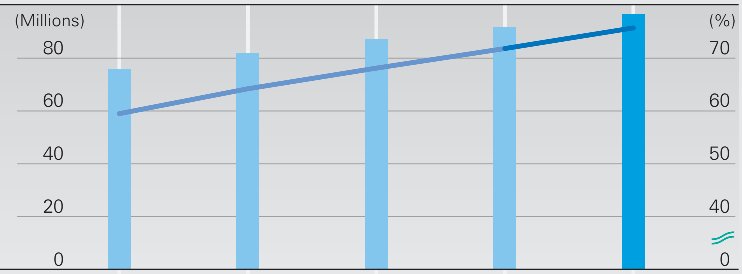
(1) Representative Director.
(2) Outside corporate auditor pursuant to Article 2, Paragraph 16 of the Japanese Corporation Law.
*Concurrently serve as a Corporate Officer.

DoCoMo IN FIGURES

In this section we present detailed business data and indices pertaining to DoCoMo's business condition and trends in the Japanese mobile phone industry, such as the number of subscribers for each mobile phone operator, in chronological order for the convenience of our readers.

I. PERFORMANCE OF DOCOMO IN THE MOBILE COMMUNICATIONS INDUSTRY

Cumulative Number of Subscribers and Penetration Rate in Japan

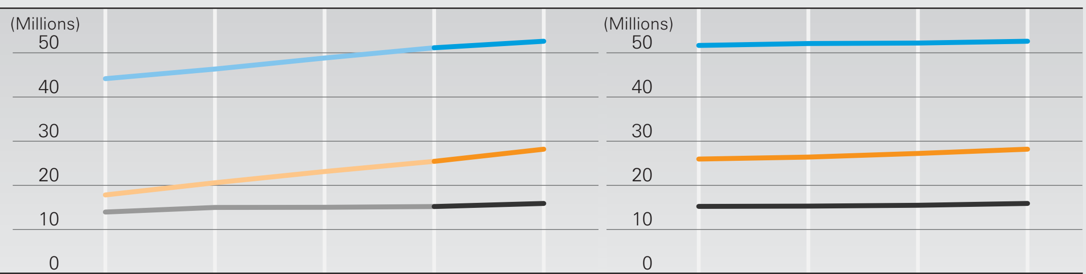


Figures for population of Japan are as of April 1st of each year, and those for total subscribers in Japan are as of March 31st of each fiscal year.

	2003	2004	2005	2006	2007
Population of Japan (Thousands)*	127,623	127,736	127,791	127,723	127,750
Total subscribers in Japan (Thousands)	75,944	81,921	86,998	91,792	96,718
Penetration rate (%)*	59.5%	64.1%	68.1%	71.9%	75.7%

Source: Statistics Bureau, Ministry of Internal Affairs and Communications (Population of Japan) / Telecommunications Carriers Association (Total mobile phone subscribers in Japan)
* Along with a revision in the population based on a population census, figures reported in previous annual reports have been revised.

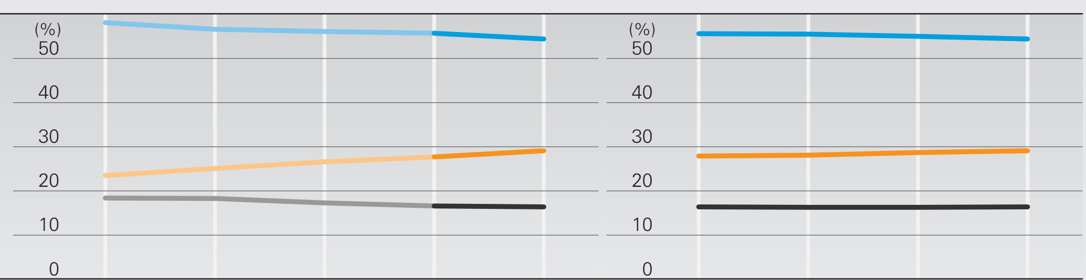
Number of Mobile Phone Subscribers, by Mobile Phone Operator
(Fiscal year/quarterly data)



Years ended March 31 (Thousands)	2003	2004	2005	2006	2007	2007 1Q	2007 2Q	2007 3Q	2007 4Q
NTT DoCoMo	44,148.5	46,328.1	48,824.9	51,143.6	52,621.1	51,672.2	52,102.9	52,213.8	52,621.1
FOMA	330.0	3,045.1	11,500.6	23,463.4	35,529.5	26,216.5	29,098.3	32,113.7	35,529.5
mova	43,818.6	43,283.0	37,324.3	27,680.2	17,091.6	25,455.7	23,004.5	20,100.1	17,091.6
KDDI	17,832.4	20,590.6	23,132.0	25,438.5	28,188.3	25,956.9	26,402.5	27,225.6	28,188.3
au	14,049.1	16,958.8	19,542.4	22,699.3	27,316.8	23,616.3	24,486.3	25,798.1	27,316.8
TU-KA	3,783.3	3,631.8	3,589.6	2,739.2	871.5	2,340.6	1,916.2	1,427.5	871.5
Soft Bank Mobile*	13,963.3	15,002.4	15,040.7	15,209.9	15,908.5	15,240.2	15,307.0	15,496.5	15,908.5

Source: Telecommunications Carriers Association
* Formerly Vodafone, through the March 2006 fiscal period.

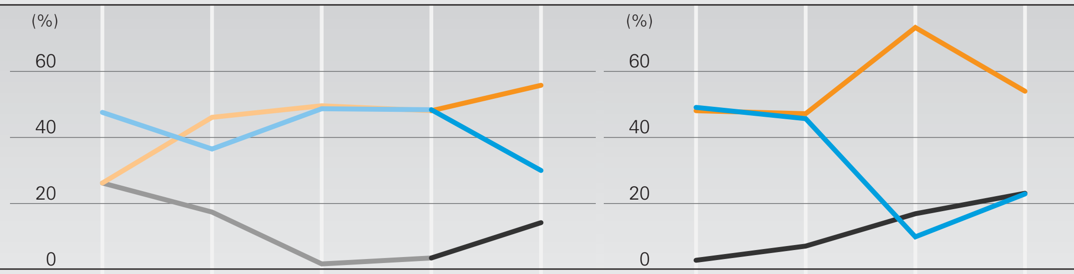
Market share of Total Mobile Phone Subscribers, by Mobile Phone Operator
(Fiscal year/quarterly data)



Years ended March 31	2003	2004	2005	2006	2007	2007 1Q	2007 2Q	2007 3Q	2007 4Q
NTT DoCoMo	58.1%	56.6%	56.1%	55.7%	54.4%	55.6%	55.5%	55.0%	54.4%
KDDI	23.5%	25.1%	26.6%	27.7%	29.1%	27.9%	28.1%	28.7%	29.1%
au	18.5%	20.7%	22.5%	24.7%	28.2%	25.4%	26.1%	27.2%	28.2%
TU-KA	5.0%	4.4%	4.1%	3.0%	0.9%	2.5%	2.0%	1.5%	0.9%
Soft Bank Mobile*	18.4%	18.3%	17.3%	16.6%	16.4%	16.4%	16.3%	16.3%	16.4%

Source: Telecommunications Carriers Association
* Formerly Vodafone, through the March 2006 fiscal period.

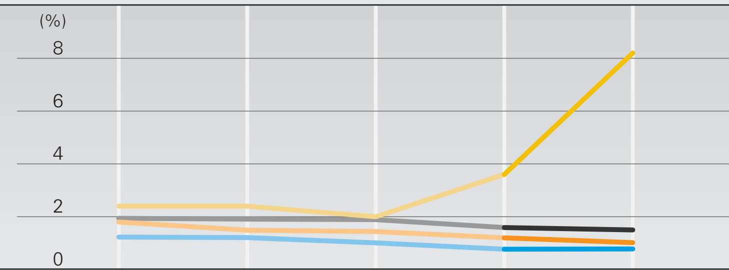
Market Share of Net Additions of Mobile Phone Subscribers, by Mobile Phone Operator
(Fiscal year/quarterly data)



Years ended March 31	2003	2004	2005	2006	2007	2007 1Q	2007 2Q	2007 3Q	2007 4Q
NTT DoCoMo	47.6%	36.5%	48.7%	48.4%	30.0%	49.1%	45.7%	9.9%	22.9%
KDDI	26.2%	46.1%	49.6%	48.1%	55.8%	48.1%	47.2%	73.3%	54.0%
au	27.8%	48.7%	50.4%	65.8%	93.7%	85.1%	92.2%	116.8%	85.2%
TU-KA	-1.6%	-2.5%	-0.8%	-17.7%	-37.9%	-37.0%	-45.0%	-43.5%	-31.2%
Soft Bank Mobile*	26.2%	17.4%	1.7%	3.5%	14.2%	2.8%	7.1%	16.9%	23.1%

Source: Telecommunications Carriers Association
* Formerly Vodafone, through the March 2006 fiscal period.

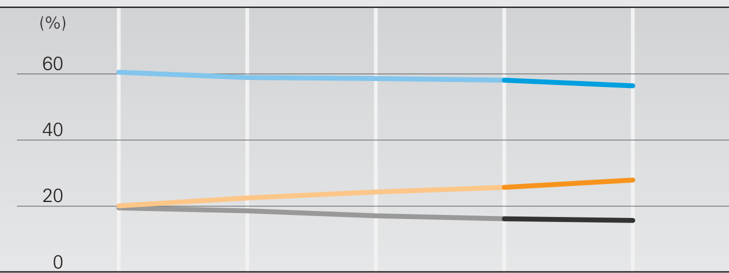
Churn Rate, by Operator
(Annual Data)



Years ended March 31	2003	2004	2005	2006	2007
NTT DoCoMo	1.23%	1.21%	1.01%	0.77%	0.78%
au	1.80%	1.49%	1.44%	1.20%	1.02%
TU-KA	2.40%	2.40%	2.00%	3.60%	8.20%
Soft Bank Mobile*	1.94%	1.91%	1.89%	1.59%	1.50%

Source: Each company's data
* Formerly Vodafone, through the March 2006 fiscal period.

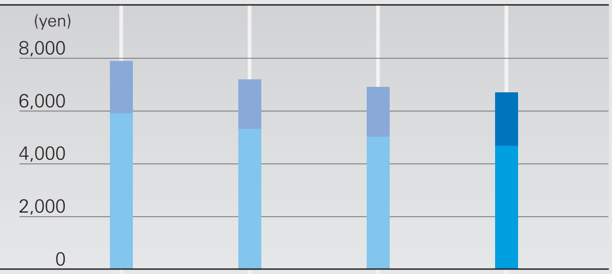
Competition in the Mobile Internet Service Market
(Annual Data)



Years ended March 31	2003	2004	2005	2006	2007
i-mode	60.5%	58.9%	58.6%	58.1%	56.4%
EZweb	20.1%	22.5%	24.3%	25.7%	27.9%
Yahoo! Keitai	19.5%*	18.6%**	17.1%**	16.2%**	15.7%

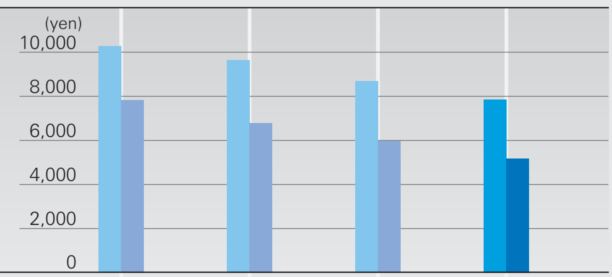
Source: Telecommunications Carriers Association
* Sales of handsets adopted to J-sky service
** Subscribers of vodafone live!

ARPU (FOMA + mova)
(Annual Data)



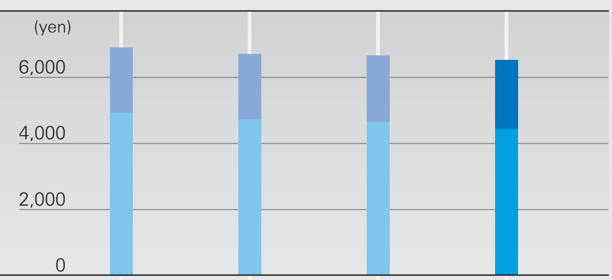
Years ended March 31	2004	2005	2006	2007
Aggregate ARPU (yen)	7,890	7,200	6,910	6,700
ARPU (yen) of international services*1	20 *2	20 *2	40 *3	50 *3
Voice ARPU (yen)	5,920	5,330	5,030	4,690
Packet ARPU (yen)	1,970	1,870	1,880	2,010
i-mode ARPU (yen)	1,970	1,870	1,870	1,990

ARPU (FOMA) and ARPU (mova)
(Annual Data)



Years ended March 31	2004	2005	2006	2007
FOMA aggregate ARPU (yen)	10,280	9,650	8,700	7,860
ARPU (yen) of international services*1	—	—	70 *3	80 *3
Voice ARPU (yen)	6,900	6,380	5,680	5,070
Packet ARPU (yen)	3,380	3,270	3,020	2,790
i-mode ARPU (yen)	3,240	3,220	2,980	2,750
mova aggregate ARPU (yen)	7,830	6,800	5,970	5,180
ARPU (yen) of international services*1	—	—	30 *3	20 *3
Voice ARPU (yen)	5,890	5,160	4,680	4,190
i-mode ARPU (yen)	1,940	1,640	1,290	990

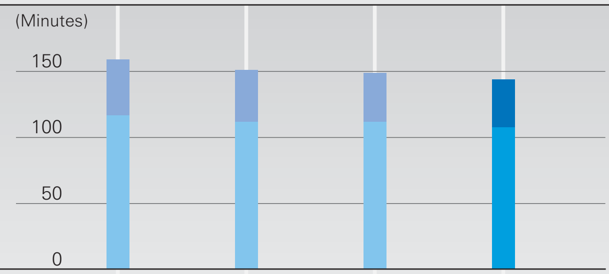
ARPU (FOMA + mova)
(Quarterly Data)



Year ended March 2007	1Q	2Q	3Q	4Q
Aggregate ARPU (yen)	6,900	6,720	6,670	6,530
(As above) ARPU (yen) of international services*1	50	50	50	60
Voice ARPU (yen)	4,930	4,740	4,660	4,450
Packet ARPU (yen)	1,970	1,980	2,010	2,080
i-mode ARPU (yen)	1,950	1,960	1,990	2,060

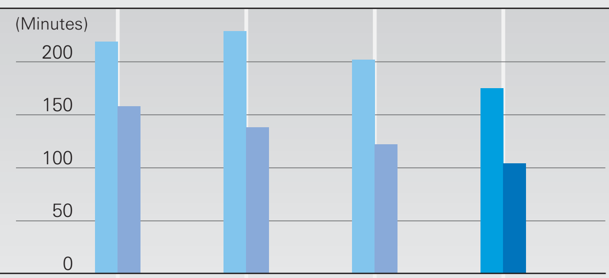
*1 International services revenues have been included in the ARPU data calculations from the fiscal year ended March 31, 2006, in view of their growing contribution to total revenues.
*2 Not included in Aggregate ARPU
*3 Included in Aggregate ARPU

MOU (FOMA + mova)
(Annual Data)



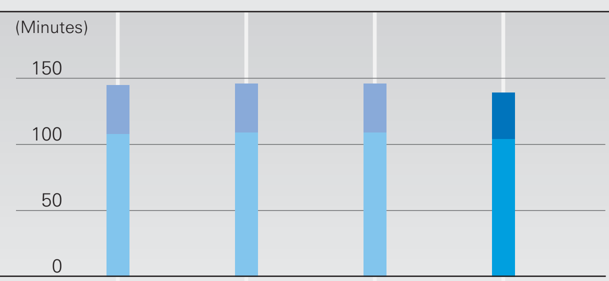
Years ended March 31	2004	2005	2006	2007
Total MOU (minutes)	159	151	149	**144**
Outbound (minutes)	117	112	112	**108**
Inbound (minutes)	42	39	37	**36**

MOU (FOMA) and MOU (mova)
(Annual Data)



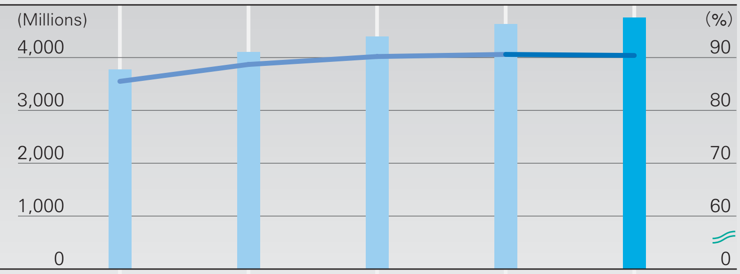
Years ended March 31	2004	2005	2006	2007
Total MOU for FOMA (minutes)	219	229	202	**175**
Outbound (minutes)	168	176	154	**132**
Inbound (minutes)	51	53	48	**43**
Total MOU for mova (minutes)	158	138	122	**104**
Outbound (minutes)	116	101	89	**76**
Inbound (minutes)	42	37	33	**28**

MOU (FOMA + mova)
(Quarterly Data)



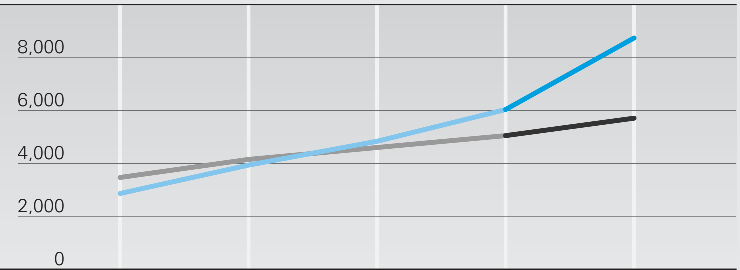
Year ended March 2007	1Q	2Q	3Q	4Q
Total MOU (minutes)	145	146	146	**139**
Outbound (minutes)	108	109	109	**104**
Inbound (minutes)	37	37	37	**35**

Data Related to i-mode Services
(Number of Subscribers and i-mode Subscribers Ratio, Annual Data)



Years ended March 31	2003	2004	2005	2006	2007
No. of total subscribers (Thousands)	44,149	46,328	48,825	51,144	52,621
No. of i-mode subscribers (Thousands)	37,758	41,077	44,021	46,360	47,574
i-mode subscribers ratio	85.5%	88.7%	90.2%	90.6%	90.4%

Data Related to i-mode Services
(Number of i-Menu Sites, Annual Data)



Years ended March 31	2003	2004	2005	2006	2007
i-Menu sites (FOMA)	2,857	3,930	4,830	6,028	8,735
i-Menu sites (mova)	3,462	4,144	4,594	5,043	5,702

* Beginning in fiscal year 2004 we have added the number of sites capable of handling the “individual payment collection” method to the number of sites capable of handling the traditional “monthly fixed payment collection” method.

Note 1. ARPU and MOU

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

(2) MOU (Minutes of usage): Average communication time per one month per one user

2. ARPU*[1] is calculated as follows:

(1) 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)

(2) Aggregate ARPU (FOMA)=Voice ARPU (FOMA) + Packet ARPU (FOMA)
Voice ARPU (FOMA):
Voice ARPU (FOMA) Related Revenues (monthly charges, voice transmission charges) / No. of active cellular phone subscribers (FOMA)
Packet ARPU (FOMA):
Packet ARPU (FOMA) Related Revenues (monthly charges, packet transmission charges) / No. of active cellular phone subscribers (FOMA)
i-mode ARPU (FOMA)*[2]:
i-mode ARPU (FOMA) Related Revenues (monthly charges, packet transmission charges) / No. of active cellular phone subscribers (FOMA)

(3) 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)*[2]:
i-mode ARPU (mova) Related Revenues (monthly charges, transmission charges) / No. of active cellular phone subscribers (mova)

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

3. Method for Calculating the Number of Active Subscribers

The method of calculating the number of active subscribers used in ARPU/MOU/churn rate calculations is as follows.
Sum of the No. of active subscribers [(No. of subscribers at the end of previous month + No. of subscribers at the end of current month)/2] 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.

FINANCIAL SECTION

We prepare consolidated financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

FINANCIAL SUMMARY (U.S. GAAP)

NTT DoCoMo, INC. AND SUBSIDIARIES
YEARS ENDED MARCH 31

	Millions of yen (excluding per share data)					Millions of U.S. dollars[1] (excluding per share data)
	2003	2004	2005	2006	2007	2007
Operating Results						
Operating revenues	¥ 4,809,088	¥ 5,048,065	¥ 4,844,610	¥ 4,765,872	¥ 4,788,093	$ 40,729
Wireless services	4,350,861	4,487,912	4,296,537	4,295,856	4,314,140	36,697
Equipment sales	458,227	560,153	548,073	470,016	473,953	4,032
Operating income	1,056,719	1,102,918	784,166	832,639	773,524	6,580
Other income (expense)	(13,751)	(1,795)	504,055	119,664	(581)	(5)
Income before income taxes, equity in net losses of affiliates, minority interests in earnings of consolidated subsidiaries and cumulative effect of accounting change	1,042,968	1,101,123	1,288,221	952,303	772,943	6,575
Net income	¥ 212,491	¥ 650,007	¥ 747,564	¥ 610,481	¥ 457,278	$ 3,890
Per Share Data[2] (Yen and U.S. dollars)						
Basic and diluted earnings per share	¥ 4,254	¥ 13,099	¥ 15,771	¥ 13,491	¥ 10,396	$ 88.43
Shareholders' equity per share	69,274	76,234	84,455	91,109	95,457	811.99
Dividends declared and paid per share[3]	200	1,000	2,000	3,000	4,000	34.03

(1) Translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers by using the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 30, 2007, which was ¥117.56 to U.S.$1.00.
(2) In the calculation of per share data, treasury stocks are not included in the number of shares outstanding during or at the end of the year.
(3) The dividends declared and paid per share are presented in the year they were paid.

	Millions of yen (unless otherwise specified)					Millions of U.S. dollars[1]
	2003	2004	2005	2006	2007	2007
Financial Position						
Total assets	¥ 6,058,007	¥ 6,262,266	¥ 6,136,521	¥ 6,365,257	**¥ 6,116,215**	**$ 52,026**
Total debt[4]	1,348,368	1,091,596	948,523	792,405	**602,965**	**5,129**
Total shareholders' equity	3,475,514	3,704,695	3,907,932	4,052,017	**4,161,303**	**35,397**
Cash Flows						
Net cash provided by operating activities	¥ 1,584,610	¥ 1,710,243	¥ 1,181,585	¥ 1,610,941	**¥ 980,598**	**$ 8,341**
Net cash used in investing activities	(871,430)	(847,309)	(578,329)	(951,077)	**(947,651)**	**(8,061)**
Free cash flows[5]	713,180	862,934	603,256	659,864	**32,947**	**280**
Adjusted free cash flows (excluding irregular factors and changes in investments for cash management purpose)[6]	468,915	862,934	1,003,583	510,905	**192,237**	**1,635**
Other Financial Data						
EBITDA[7]	¥ 1,836,264	¥ 1,858,920	¥ 1,625,661	¥ 1,606,776	**¥ 1,574,570**	**$ 13,394**
Capital expenditures[8]	853,956	805,482	861,517	887,113	**934,423**	**7,948**
Research and development expenses	126,229	124,514	101,945	110,509	**99,315**	**845**
Financial Ratios[9]						
Operating income margin	22.0%	21.8%	16.2%	17.5%	**16.2%**	
EBITDA margin[7]	38.2%	36.8%	33.6%	33.7%	**32.9%**	
ROE	6.3%	18.1%	19.6%	15.3%	**11.1%**	
ROCE[10]	22.1%	22.9%	16.2%	17.2%	**16.1%**	
Equity ratio	57.4%	59.2%	63.7%	63.7%	**68.0%**	
Debt ratio[11]	28.0%	22.8%	19.5%	16.4%	**12.7%**	

(4) Total debt = Short-term borrowings + Current portion of long-term debt + Long-term debt
(5) Free cash flows = Net cash provided by operating activities + Net cash used in investing activities.
(6) Irregular factors represent the effects of uncollected revenues due to bank closure at the end of periods. Changes in investments for cash management purpose were derived from purchases, redemption at maturity and sales of financial instruments held for cash management purpose with original maturities of longer than three months. For the reconciliations of these Non-GAAP financial measures, see page 110.
(7) EBITDA = Operating income + Depreciation and amortization + Losses on sale or disposal of property, plant and equipment + Impairment loss
EBITDA margin = EBITDA / Total Operating revenues. For the reconciliations of these Non-GAAP financial measures, see page 110.
(8) Capital expenditures are calculated on an accrual basis for the purchases of property, plant and equipment, and intangible and other assets.
(9) ROE and ROCE ratios are calculated using the simple average of the applicable year-end balance sheet figures.
(10) ROCE (Return on capital employed) = Operating income / (Shareholders' equity + Total debt)
(11) Debt ratio = Total debt / (Shareholders' equity + Total debt)

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements and the notes thereto included in this annual report.

This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under "Risk Factors" and elsewhere in this annual report.

As used in this annual report, reference to "DoCoMo", "the company", "we", "our", "our group" and "us" are NTT DoCoMo Inc. and its consolidated subsidiaries except as the context otherwise requires.

We will discuss the following matters in this section:

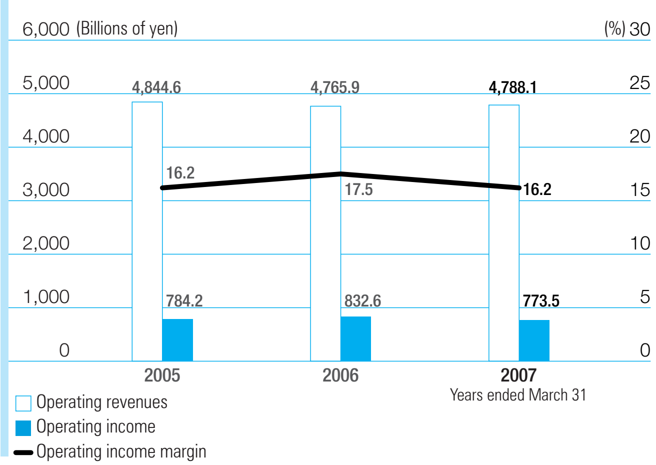
A. Operating Results

Our Business

We are the largest cellular network operator in Japan, in terms of both revenues and number of subscriptions. As of March 31, 2007, we had approximately 52.62 million subscriptions, which represented 54.4% of all cellular subscriptions in Japan. We earn revenues and generate cash primarily by offering a variety of wireless voice and data communications services and products. In cellular services, which account for the majority of our revenues, we provide voice communication services as well as "i-mode" services, which enable our subscribers to send and receive e-mails and to access various sources of information including the Internet via our nationwide packet communications network. In addition to cellular services, we presently provide Personal Handyphone System ("PHS") services and wireless LAN services nationwide. We also started to provide a mobile credit payment platform in December 2005 and mobile credit payment services in April 2006.

We have always been the market leader in the Japanese mobile communications industry as the demand for mobile communications has grown very rapidly. Now that a cellular phone has already become a part of daily life in Japan, it is difficult to replay the speedy growth we experienced in the first decade of our operations. However, in order to achieve sustainable growth and establish new sources of revenues, we are committed to upgrading our cellular communications services from a telecommunication infrastructure to a life-style infrastructure so that cellular services will be rooted even more deeply in the daily lives of our subscribers and further enrich their lives and businesses.

Operating Revenues & Operating Income



Trends in the Mobile Communications Industry in Japan

The mobile communications market in Japan saw a 5.21 million net increase in cellular and PHS subscriptions in the year ended March 31, 2007. As of March 31, 2007, the total number of subscriptions reached 101.70 million and the market penetration rate reached 79.6%. However, the annual growth rate of subscriptions has declined gradually from 6.2% to 5.5% to 5.4% in the years ended March 31, 2005, 2006, and 2007, respectively. Given the maturity of the market and the declining population trend, we expect that the growth rate of subscriptions in Japan will continue to decline in the future.

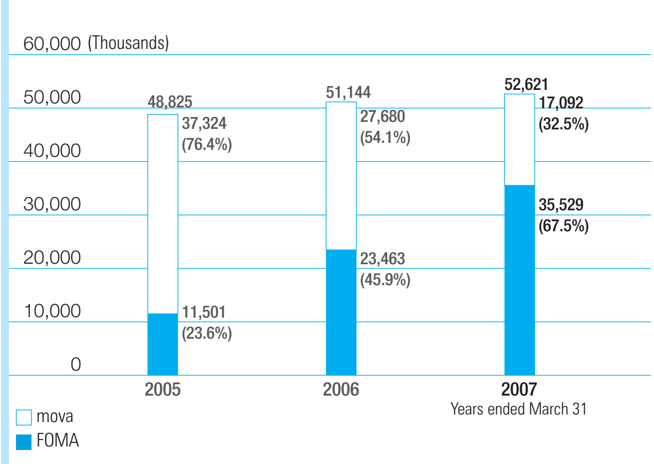
As of March 31, 2007, cellular services were provided by four network operators, including us, and their subsidiaries in Japan. In addition to providing cellular services, the network operators also collaborate with handset vendors to develop handsets compatible with the specifications of their wireless services and then sell them to subscribers through agent resellers. It has been common practice for the network operators to pay sales commissions to agent resellers and later recover the initial expenditures through future service charges collected from their new subscribers. As for cellular services, since the year 2001, when we first launched "FOMA" service, our third generation ("3G") cellular services based on W-CDMA technology, our competitors have followed us in the launch of their 3G services. The network operators have been in an intense competition in pursuit of the acquisition of new subscribers and the migration of their current subscribers to 3G services. As of March 31, 2007, the number of 3G service subscriptions in Japan reached 69.91 million, which represented 72.3% of the total number of cellular subscriptions.

Competition among the network operators in Japan has become more intense under present market conditions as the needs of subscribers diversify and growth in new subscriptions slows. The network operators in Japan have been eager to differentiate themselves as they pursue the acquisition of new subscriptions and encourage the migration of their current subscribers to 3G services. The differentiation efforts include:

- Launching of new services such as providing mobile credit payment services, music downloading, news casting, walkie-talkie, video-calling, net-auction, SNS (Social Networking Services), location information services and high-speed data transmission;
- Equipping new handsets with various new functions including a TV tuner, radio tuner, music player, two-dimensional bar-code reader, contact-less IC (Integrated Circuit) chip capability, GPS (Global Positioning System), full-browser or water-proof;
- Providing billing arrangements to attract or maintain subscribers, including flat rate for packet communications or flat rate for calls among subscribers of the same operator;
- Introduction of new sales methods such as installment sales for handsets and;
- Partnering with entities of different industries including retail, airlines, railways and financial institutions.

Recently, domestic deregulation of the industry has accelerated competition among cellular network operators, who have already implemented discounts in their service charges. The Mobile Number Portability, which enables subscribers to switch subscriptions from one operator to another without changing their telephone number, was introduced in October 2006. The Ministry of Internal Affairs and Communications approved allocations of radio spectrums for new entrants planning to launch cellular services in November 2005. One such entrant already launched its cellular services as of the end of March 2007.

Number of Cellular Phone Subscriptions



It is possible that innovations in Internet technology will have a material impact on the mobile communications industry as well. IP (Internet Protocol) phone, voice communications based on IP technology, is becoming a popular means of fixed line communications as a result of the penetration of local broadband access. If IP phone technology becomes popular in the mobile communications field, we expect that it will have a material impact on the current revenue structure of mobile communications industry. The penetration of local broadband access and cellular phones has produced an expectation for new services in the future, converging fixed and mobile communications. A "Fixed-Mobile Convergence" concept has already been partially realized when some network operators issued a single bill for both fixed and mobile subscriptions or others enable their subscribers to access to common contents via both a PC and a cellular phone. The demand for a seamless service between the fixed and mobile network and a common handset compatible with both fixed and mobile network service will possibly increase in the future. In April 2006, digital terrestrial TV broadcasting dedicated to mobile terminals was launched and is expected to be the first step in the future convergence of broadcasting and mobile communications. In the field of high-speed wireless networks, WiMAX is being standardized by the Institute of Electrical and Electronic Engineers in the United States. In Japan, some network operators and other entities have started or are preparing to start connection experiments to launch commercial WiMAX services in the future.

Thus, we expect that the competitive environment for the mobile communications market will become increasingly severe in the future due to market, regulatory and technology changes.

Operating Trends

This section describes our operating trends from the perspectives of revenues and expenses.

Revenues

Wireless services

We earn our wireless services revenues primarily from basic monthly charges, airtime charges for outgoing calls, revenues from incoming calls, including interconnection charges and charges for optional value-added services and features. Cellular services, which earn the majority of our overall revenues, consist of the third generation FOMA services and the second generation "mova" services. FOMA's packet transmission technology allows our subscribers to send and receive more packets per minute, and the per-packet charges for data communications of FOMA services are set lower than those of mova services. Because we believe that FOMA's advanced technological capability enables us to provide our subscribers with more convenient and competitive services, we aim to induce our mova subscribers to migrate to FOMA services as well as to acquire new FOMA subscriptions. As of March 31, 2007, the number of FOMA subscriptions reached 35.53 million or 67.5% of our total number of cellular subscriptions, the largest number of 3G subscriptions among cellular operators in Japan. Cellular (FOMA+mova) services revenues include voice revenues and packet communications revenues. Voice revenues are derived from a combination of basic monthly charges for service and additional airtime charges depending on the minutes of connection time. Our packet communications revenues, which are currently dominated by i-mode revenues, accounted for a greater portion of our wireless services revenues in the year ended March 31, 2007, representing 28.8% of wireless services revenues, as compared to 26.1% and 24.7% in the years ended March 31, 2006 and 2005, respectively. As a result of the continued migration of mova subscribers to FOMA services, the portion of FOMA packet communications revenues increased to 78.2% of the total packet communications revenues in the year ended March 31, 2007 from 54.8%

and 24.6% in the years ended March 31, 2006 and 2005, respectively.

Our top operational priorities include maintaining our current subscribers and the level of our average monthly revenue per unit ("ARPU") despite the increasingly competitive market environment in which we are operating, including the introduction of the Mobile Number Portability in the year ended March 31, 2007. Our cellular services revenues are essentially a function of our number of active subscriptions multiplied by ARPU.

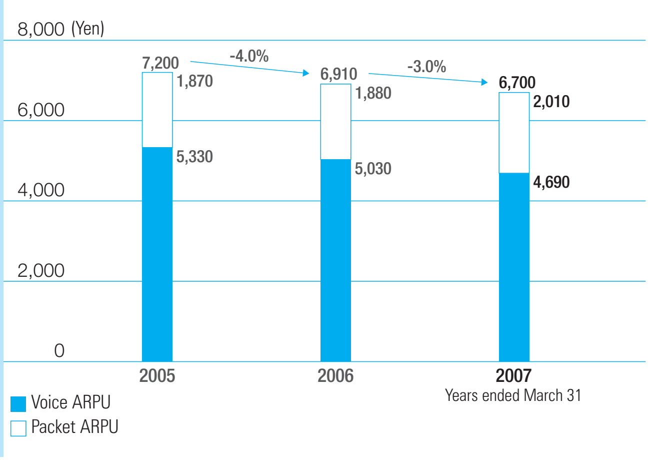
While the number of wireless subscriptions still continues to grow in Japan, its growth rate has slowed down. Our number of subscriptions also continues to grow while the growth rate of subscriptions has similarly declined. Our subscription churn rate, or contract termination rate, is an important performance indicator for us to achieve retention of our current subscribers. The churn rate has an impact on our number of subscriptions and in particular affects our number of net additional subscriptions for a given period. Efforts to reduce our churn rate through discount programs and other customer incentive programs can increase our revenues by increasing our number of net additional subscriptions, but they can also have an adverse impact on our revenues by decreasing the amount of revenues we are able to collect from each subscriber on average. In order to keep our churn rate low, we have focused on subscriber retention by implementing certain measures including offering discounts for long-term subscribers. During the year ended March 31, 2007, we introduced a new packet billing plan which enables subscribers to access internet websites in addition to i-mode sites at a flat-rate, launched HSDPA (High-Speed Downlink Packet Access) data transmission services, released attractive FOMA handsets, and expanded FOMA service area coverage. In the year ended March 31, 2007, we continued to release handsets such as "Kids' PHONE" designed specifically for children and "Raku Raku PHONE" universally designed for elderly users in an effort to pioneer such new market segments.

ARPU is calculated by dividing various revenue items included in operating revenues from our wireless services, such as basic monthly charges, airtime charges and packet communications charges, from designated services by the number of active subscriptions to the relevant services. ARPU is another important performance indicator for us to measure average monthly revenues per subscription. Accordingly, the calculation of ARPU excludes revenues that are not representative of monthly average usage such as subscription activation fees. We believe that our ARPU figures calculated in this way provide useful information to analyze the trend of monthly average usage of our subscribers over time and the impact of changes in our billing arrangements. The revenue items included in the numerators of our ARPU figures are based on our U.S. GAAP results of operations. ARPU (FOMA+mova) has fallen over the past few years, due to a decrease in MOU (Minutes of usage, which is the average communication time per month per subscription) following further penetration of cellular phones into lower usage subscriber segments and a large number of subscribers using i-mode services instead of voice calls. The shrinking trend of ARPU also resulted from our introduction of billing arrangements with reduced or flat rates intended to maintain our current subscribers, an increase in number of subscribers who subscribe to discount programs, and the increase in the number of FOMA billing plans that can be combined with our flat-rate packet billing plan for unlimited i-mode usage. In order to boost ARPU, we introduced services such as "i-channel", a convenient and easy-to-use information push-delivery service, and "Push Talk", a walkie-talkie style communication service, in the year ended March 31, 2006. We also introduced more handsets compatible with international roaming service in order to increase roaming revenues. Furthermore, we are promoting cellular usage other than voice calls such as video-calling or video-clip downloading. The decelerated growth rate of subscriptions did not cover the declines in ARPU in the year ended March 31, 2005, which resulted in a decrease in cellular services revenues. We achieved a slight increase in the cellular services revenues from the prior fiscal year owing to a slower decline in ARPU in the year ended March 31, 2006. In the year ended March 31, 2007, although the decline in ARPU continued, growth in the number of subscriptions, combined with our recognition as revenue the portion of "Nikagetsu Kurikoshi" (two-month carry over) allowance that are projected to expire, resulted in an increase in cellular services revenues. We expect that the positive effects of the moderate growth in the number of subscriptions will be more than offset by the negative effects from declines in ARPU, and thus cellular services revenues will consequently decline for the year ending March 31, 2008. We intend to achieve sustainable growth by establishing new sources of revenues as soon as possible while we maintain the current level of revenues by further strengthening our competitiveness in the cellular business.

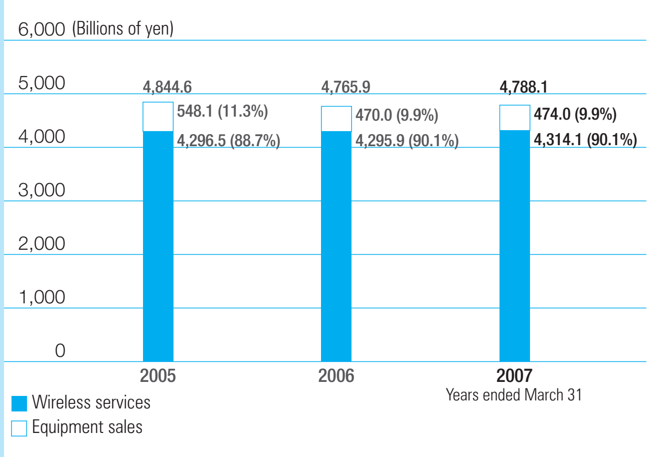
Equipment sales

We collaborate with handset vendors to develop handsets compatible

Aggregate ARPU (FOMA+mova)



Operating Revenues



with our cellular services, purchase the handsets from those handset vendors, and then sell those handsets to our subscribers through agent resellers. We also pay agent resellers sales commissions and later recover such expenditures through service charges paid by our subscribers.

We provide a wide variety of handsets to the market to answer diverse needs of our current and potential subscribers. The handset offering includes "FOMA 9 series", which are equipped with most advanced functions, and "FOMA 7 series" which feature a sophisticated balance between unique designs and functionalities. We also released "SIMPURE series", which feature limited functions and simple usability, for cost-conscious customers.

Revenues from equipment sales, primarily sales of handsets and other telecommunications equipment, accounted for 9.9% of total operating revenues for the year ended March 31, 2007. We adopted Emerging Issues Task Force ("EITF") Issue No. 01-09, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)," and therefore account for a portion of the sales commissions that we pay to agent resellers, the main component of which is handset sales incentive, as a reduction in equipment sales revenues and selling, general and administrative expenses. As a result, structurally, the cost of equipment sold exceeds equipment sales revenues, and thus the sale of an extra handset has a negative impact on our operating income. During the year ended March 31, 2007, as the migration of mova subscribers to more sophisticated FOMA services continued, revenue per handset before application of EITF 01-09 increased. However, revenue per handset after EITF 01-09 declined due to the increase of handset sales incentives to be deducted from the gross handset revenues. Due to the introduction of the Mobile Number Portability, increases in both the number of handsets sold and handset sales incentives resulted in a slight increase in equipment sales. We expect that, in the year ending March 31, 2008, both the number of handsets sold and handset sales incentives will decrease from the levels of those in the prior fiscal year as the demand for handsets derived from the Mobile Number Portability diminishes. The expected decline in the number of handsets sold is derived partly from the decline in the number of new subscriptions and partly from our campaign to slow down the handset upgrading cycle by providing members of "DoCoMo Premier Club" with free-of-charge battery packs and the extension of free warranty periods. Because the trend of handset sales is closely interrelated with the cost of handsets sold and sales commissions, you should also refer hereafter to the "Cost of Equipment Sold" and "Selling, General and Administrative Expenses" sections below.

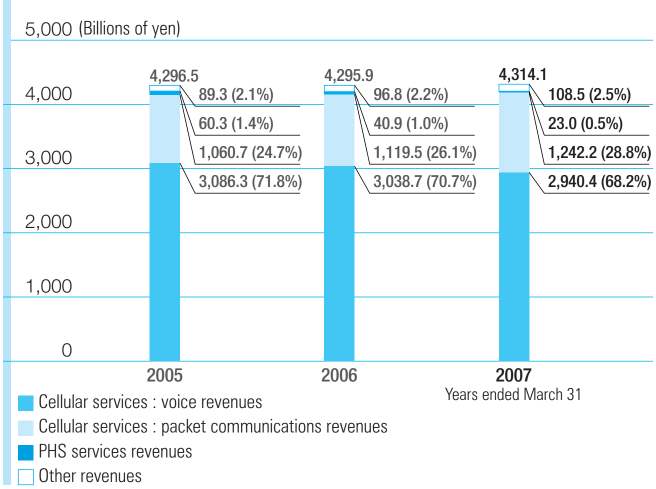
Expansion of our business domain

In addition to the further buildup of our competitiveness in the cellular business, we are actively involved in the expansion of our business domain. The most significant is the establishment of our "Osaifu-Keitai*", or mobile wallet, and the subsequent launch of our credit services business. We seek to reposition our cellular phones as tools more deeply rooted in the daily life of our subscribers by enabling transactional settlements through the use of cellular phones equipped with contact-less IC chips. In December 2005, we launched a credit card brand called "iD" for card issuers. Our strategic partnership with Sumitomo Mitsui Card Company, Limited enables a card holder to make a speedy payment just by placing our "Osaifu-Keitai" on dedicated reader/writers at stores. Another strategic partnership with East Japan Railway Company ("JR East") turns our "Osaifu-Keitai" into a railway ticket when "Osaifu-Keitai" becomes compatible with JR East's "Mobile Suica" service.

In April 2006, we launched our DCMX credit card issuing services via our "iD" platform as a prospective source of revenue from mobile credit transactions. For the year ended March 31, 2007, we were actively involved in the acquisition of DCMX subscriptions, promotion of credit usage, and expansion of stores equipped with iD readers/writers. We are confident that our mobile credit service is steadily penetrating the market as the number of subscribers who use an "Osaifu-Keitai" reached approximately 20.80 million while the number of DCMX subscriptions reached 2 million as of March 31, 2007. We believe that our mobile credit services, especially for small amount transactions, is a promising growth business given the comparatively lower penetration of credit card usage in Japan than in the United States and the convenience of using a cellular phone for purchases. The aim of our entry to the credit service market is to realize synergy with our cellular services such as retention of current subscribers and acquisition of new subscribers by upgrading a cellular phone as a tool more essential to a daily life, and to create a new mobile credit market in prospect of establishment of a new source of non-traffic revenues such as credit settlement commissions. While it may take some time for the business to grow as a steady and reliable source of revenues, we will continue to be engaged in establishing our mobile credit service business as soon as possible.

* "Osaifu-Keitai" refers to mobile phones equipped with a contact-less IC chip, as well as useful functions and services enabled by the IC chip. With these functions, a mobile phone can be utilized as an electronic wallet, a credit card, an electronic ticket, a membership card or an airline ticket, among other things.

Revenues from Wireless Services



Expenses

Cost of services

Cost of services represents the expenses we incur directly in connection with providing our subscribers with wireless communication services and includes the cost for usage of other operators' networks, maintenance of equipment or facilities, and payroll for employees dedicated to the operations and maintenance of our wireless services. Cost of services accounted for 19.1% of our total operating expenses in the year ended March 31, 2007. Communication network charges, which we pay for the use of other operators' networks or for access charges, occupy the largest part of cost of services, accounting for 46.4%, of the total. The amount of our communication network charges is dependent on the number of our base stations installed and rates set by the other operators. In recent years, our communication network charges have steadily declined as a result of our buildup of our own back-bone network to replace circuits leased from NTT. Communication network charges decreased in the year ended March 31, 2007 as well due to the discount in charges of NTT's leased circuits. We expect that the downward trend will continue and the communication network charges will decrease slightly in the year ending March 31, 2008.

Depreciation and amortization

We expense the acquisition cost of a fixed asset such as telecommunications equipment, a network facility, and software during its estimated useful life as depreciation and amortization. Depreciation and amortization accounted for 18.5% of our operating expenses in the year ended March 31, 2007. To prepare against the continued migration of mova subscribers to FOMA services and competitions under the Mobile Number Portability, we actively invested in the FOMA services network until the year ended March 31, 2007. Our investments in the FOMA network included:

- further expansion of both indoor and outdoor FOMA service coverage;
- network capacity buildup to respond to an increase in data-traffic following the expansion of our flat-rate packet billing plan for unlimited i-mode usage; and
- further enhancement of FOMA network quality including deployment of HSDPA services.

As a result of the above implementation, the network coverage of FOMA services reached a nationwide level and achieved a level which exceeds the coverage of mova services. The steady migration of mova subscribers to FOMA services boosted the ratio of FOMA subscriptions to the total cellular subscriptions to 67.5% as of March 31, 2007. Active capital expenditures in the FOMA network in recent years are followed by an upward trend in depreciation and amortization expenses. Depreciation and amortization expenses for the year ended March 31, 2007 increased from the prior fiscal year. Although we have been involved with cost saving efforts such as economized procurement, design and installment of low-cost devices, and improvements in construction processes, it may take more time for such efforts to create a material impact on our depreciation and amortization expenses. As a result, depreciation and amortization are expected to increase in the year ending March 31, 2008. As for our capital expenditures, please refer to "Capital Expenditures" in "B. Liquidity and Capital Resources".

Cost of equipment sold

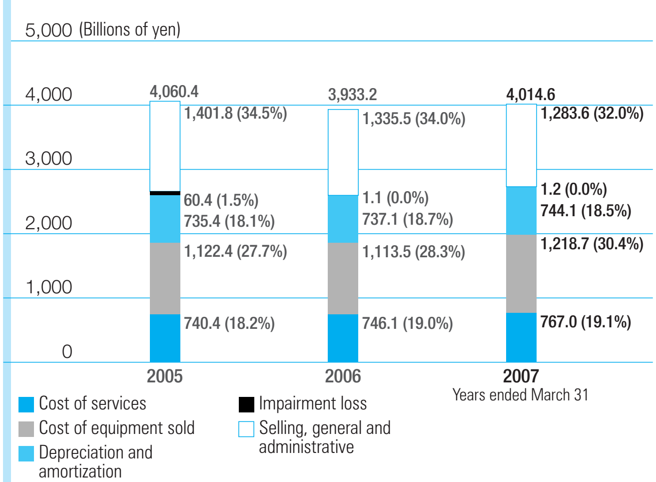
Cost of equipment sold arises mainly from our procurement of handsets for sale to our new or current subscribers, which is basically dependent on the number of handsets sold and the purchase price per handset. Cost of equipment sold represented 30.4% of our operating expenses in the year ended March 31, 2007. The purchase price per handset increased due to the increase in sales of more sophisticated FOMA handsets in the migration of mova subscribers to FOMA services. While the number of handsets sold had been in a downward trend for recent years, the number of handsets sold increased for the year ended March 31, 2007 due to the introduction of the Mobile Number Portability in October 2006. As a result, cost of equipment sold increased as well for the year ended March 31, 2007 from the prior fiscal year. For the year ending March 31, 2008, we expect as mentioned previously that the effect of the Mobile Number Portability, which stimulated demand for handsets, will diminish and the number of handset sold will decrease accordingly. As a result, we expect that cost of equipment sold will decrease for the year ending March 31, 2008.

We have taken some measures to control the trend of the increasing cost of equipment sold. We plan to save on FOMA handset development costs by introducing a single-chip LSI and common platforms for the handset operating system. We diversified handset vendors, including increasing procurement from overseas vendors, in order to promote competition among the vendors. We also aim to procure at lower costs FOMA models such as "FOMA 7 series" and "SIMPURE series", which would match the purpose and usage volume of various subscribers, and to increase sales of such FOMA models. We plan to pursue the possibility of joint procurement of 3G handsets with overseas network operators in the future. We are also engaged in a campaign to slow down the handset upgrading cycle by providing members of "DoCoMo Premier Club" with free-of-charge battery packs and the extension of free warranty periods in order to slash the cost of equipment sold and sales commissions to agent resellers, the latter of which is discussed hereinafter.

Selling, general and administrative expenses

Selling, general and administrative expenses represented 32.0% of our total operating expenses in the year ended March 31, 2007. The primary components included in our selling, general, and administrative expenses are expenses related to acquisition of new subscribers and retention of current subscribers, the most significant of which are sales commissions

Operating Expenses



paid to agent resellers. The main components of the sales commission that we pay to agents who sign up new subscribers are a closing commission for each new subscription and volume incentives that vary depending on the number of new subscriptions per agent per month. In addition, we pay agent resellers a commission in the form of handset sales incentives depending on the type of handset a subscriber purchases. Sales commission differs from region to region due to such factors as the competitive and economic environments in the various regions. The average sales commission we paid when acquiring a new subscriber who also purchased a handset and when upgrading a handset for a current subscriber and activating the handset was approximately 34,000 yen, 36,000 yen and 37,000 yen for the years ended March 31, 2005, 2006, and 2007, respectively. The increase in the average commission per subscription in the year ended March 31, 2007 from the prior fiscal year was mainly due to the increase in the percentage of FOMA handsets, for which the average commission per subscription was approximately 11,000 yen higher than that of mova handsets, among the total number of handsets sold. In the year ended March 31, 2007, the average commission paid for FOMA subscription acquisition or FOMA handset sales was virtually unchanged while average commission paid for mova subscription acquisition or mova handset sales decreased in comparison with the prior fiscal year. We applied EITF 01-09 and therefore a portion of the sales commissions paid to agent resellers, including handset sales incentives, is recognized as a deduction from equipment sales revenues and selling, general and administrative expenses. Due to the migration of mova subscribers to FOMA services, gross sales commission before application of EITF 01-09 increased in the year ended March 31, 2007 compared with the prior fiscal year. However, because the increase in handset sales incentives exceeded the increase in gross sales commissions, net sales commissions after application of EITF 01-09 decreased in the year ended March 31, 2007. For the year ending March 31, 2008, we plan to control the gross and net amount of sales commissions at a lower level than that of the prior fiscal year through our efforts such as efficient operations of our sales channels and increase in sales of “FOMA 7 series” and “SIMPURE series”, which incur comparatively inexpensive handset sales incentives when sold.

Operating Income

In the year ended March 31, 2007, because both wireless service revenues and equipment sales increased, operating revenues increased. The incremental increase in operating expenses exceeded the incremental increase in operating revenues mainly due to the increase in cost of equipment sold, which was derived from the increase in the number of handsets sold after the introduction of the Mobile Number Portability. As a result, operating income decreased. The factors contributing to the decrease in operating income were as follows:

- Although the decrease in ARPU caused by expansion of our rate discount programs continued, it was more than offset by the combination of the increase in our number of subscriptions as a consequence of new customer acquisitions, and the impact of recognition as revenues of the portion of “Nikagetsu Kurikoshi (two-month carry over) allowances that are projected to expire. As a result, cellular services revenues increased slightly; and
- With the increase in the number of handsets sold after the introduction of the Mobile Number Portability, increase in cost of equipment sold, which exceeded the combination of increase in equipment sales and decrease in sales commissions, had a negative impact on the balance related to handset sales. The excess of such negative impact over the increase in cellular services revenues resulted in a decrease in operating income.

We expect the year ending March 31, 2008 to be another year of involvement for sustainable growth in the future. Although the market environment has become increasingly competitive after the introduction of the Mobile Number Portability, we will be engaged in the establishment of new revenue sources such as the credit services business, while continuing to maintain and expand our subscriber base and revenues by providing further benefits to our subscribers. We expect operating revenues to decrease and operating income to increase slightly in the year ending March 31, 2008 for the following reasons:

- We expect cellular services revenues to decrease as the positive effect from our acquisition of new subscriptions will be more than offset by the decline in ARPU caused by the expansion of discount programs and penetration of the flat-rate billing plan for unlimited i-mode usage;
- Although the migration of mova subscribers to FOMA services will continue, we expect that the demand for switching subscriptions due to the Mobile Number Portability will diminish and that the number of handsets sold will decrease accordingly. We also expect that the balance related to handset sales will improve when a decrease in cost of equipment sold and in sales commissions exceeds a decrease in equipment sales; and
- We further expect that the above-mentioned improvement in the balance related to handset sales will more than offset the decrease in cellular services revenues

Under these circumstances, we seek to further reinforce our core cellular business, secure new sources of revenues and reduce costs, in order to achieve sustainable growth.

We seek to reinforce our core business, while implementing customer-oriented operations, and maintaining and reinforcing our competitiveness by:

- introducing subscriber-friendly billing plans and further improvement of after-sales services offered to our subscribers;
- releasing new handsets which respond to customers’ demands; and
- efficient expansion of network coverage, e.g., introducing more economical networking equipment.

We seek to secure new sources of revenues by:

- increasing non-traffic revenues by further acquisition of “DCMX”, our mobile credit services using “Osaifu-Keitai”, subscriptions and promotion of its usage;
- increasing packet communications revenues through introduction of new services which utilize high speed packet communication of HSDPA technology and promotion of services such as “i-channel”; and
- increasing international services revenues through upgrade of international calling and roaming services and compatible handsets.

We seek to reduce costs by:

- increasing sales of “FOMA 7 series” and “SIMPURE series”, which we expect will incur less cost of equipment sold and sales commissions;
- saving on the development cost of FOMA handsets by developing collective specifications on single-chip LSI and operating system platforms and economized procurement from overseas handset vendors; and
- reducing network costs through economized procurement, the design and installment of low-cost devices, and improvements in construction processes.

Other Income and Expenses

As part of our corporate strategy, we have made investments in foreign and domestic companies in businesses that complement our mobile communications business. Where our investment is relatively small as a percentage of the investee's issued and outstanding capital, we include the investment as "marketable securities and other investments" on our consolidated balance sheets. Our results of operations can be affected by impairments of such investments and losses and gains on the sale of such investments. In some cases, the size of our investment as a percentage of the investee's issued and outstanding capital or other indices of control make the investee our equity-method affiliate. We include equity in net gains or losses of affiliates in our consolidated income, but such amounts are not typically material to our consolidated net income. In the years ended March 31, 2002 and 2003, we experienced material impairments in the value of our investments in equity method affiliates that were included in equity in net losses of affiliates in our consolidated statements of income and comprehensive income for those years, and it is possible that we could experience material impairments with respect to our equity method investments again in the future. Please refer to "Impairment of Investments" in the "Critical Accounting Policies" section. We may also experience material gains or losses on the sale of our investments, as we did in the year ended March 31, 2006 with respect to our investments in Hutchison 3G UK Holdings Limited ("H3G UK") and KPN Mobile N.V. ("KPN Mobile"). Please refer to "Operating Results for the year ended March 31, 2006". As of March 31, 2007, the total carrying value of our investments in affiliates was 176.4 billion yen, while the total carrying value for investments in marketable equity securities and equity securities accounted for under the cost method was 261.4 billion yen.

Operating Results for the years ended March 31, 2007 and 2006

Operating Results for the year ended March 31, 2007

The following discussion includes analysis of our operating results for the year ended March 31, 2007. The tables below describe selected operating data and income statement data:

Key Performance Indicators

	Years ended March 31			
	2006	2007	Increase (Decrease)	Change (%)
Cellular				
Subscriptions (thousands)	51,144	52,621	1,477	2.9%
FOMA services (thousands)	23,463	35,529	12,066	51.4%
mova services (thousands)	27,680	17,092	(10,589)	(38.3)%
i-mode services (thousands)	46,360	47,574	1,214	2.6%
Market Share (%) (1)(2)	55.7	54.4	(1.3)	—
Aggregate ARPU (FOMA+mova) (yen/month/contract) (3)	6,910	6,700	(210)	(3.0)%
Voice ARPU (yen/month/contract) (4)	5,030	4,690	(340)	(6.8)%
Packet ARPU(yen/month/contract)	1,880	2,010	130	6.9%
MOU (FOMA+mova) (minutes/month/contract) (3)(5)	149	144	(5)	(3.4)%
Churn Rate (%) (2)	0.77	0.78	0.01	—

(1) Source for other cellular telecommunications operators: Data announced by Telecommunications Carriers Association
(2) Data calculated including Communication Module Service subscriptions.
(3) Data calculated excluding Communication Module Services-related revenues and Communication Module Services subscriptions.
(4) Inclusive of circuit switched data communications.
(5) MOU (Minutes of usage): Average communication time per month per subscription

Breakdown of Financial Information

	Millions of yen			
	Years ended March 31			
	2006	2007	Increase (Decrease)	Change (%)
Operating Revenues :				
Wireless services	¥ 4,295,856	¥ 4,314,140	¥ 18,284	0.4%
Cellular (FOMA+mova) services revenues	4,158,134	4,182,609	24,475	0.6%
- Voice revenues (6)	3,038,654	2,940,364	(98,290)	(3.2)%
Including: FOMA services	1,169,947	1,793,037	623,090	53.3%
- Packet communications revenues	1,119,480	1,242,245	122,765	11.0%
Including: FOMA services	613,310	971,946	358,636	58.5%
PHS services revenues	40,943	23,002	(17,941)	(43.8)%
Other revenues	96,779	108,529	11,750	12.1%
Equipment sales	470,016	473,953	3,937	0.8%
Total operating revenues	4,765,872	4,788,093	22,221	0.5%
Operating Expenses				
Cost of services	746,099	766,960	20,861	2.8%
Cost of equipment sold	1,113,464	1,218,694	105,230	9.5%
Depreciation and amortization	737,066	744,122	7,056	1.0%
Impairment loss	1,071	1,216	145	13.5%
Selling, general and administrative	1,335,533	1,283,577	(51,956)	(3.9)%
Total operating expense	3,933,233	4,014,569	81,336	2.1%
Operating Income	832,639	773,524	(59,115)	(7.1)%
Other Income (Expense) (7)	119,664	(581)	(120,245)	—
Income before income taxes, equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries:	952,303	772,943	(179,360)	(18.8)%
Income Taxes	341,382	313,679	(27,703)	(8.1)%
Income before equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries:	610,921	459,264	(151,657)	(24.8)%
Equity in net losses of affiliates	(364)	(1,941)	(1,577)	(433.2)%
Minority interests in earnings of consolidated subsidiaries	(76)	(45)	31	40.8%
Net Income	¥ 610,481	¥ 457,278	¥ (153,203)	(25.1)%

(6) Inclusive of circuit switched data communications.
(7) Inclusive of an aggregate gain on sales of H3G UK and KPN Mobile shares of 101,992 million yen in the year ended March 31, 2006.

Analysis of Operating Results for the year ended March 31, 2007 and Comparison with the Prior Fiscal Year

As of March 31, 2007, the number of our cellular (FOMA+mova) subscriptions reached 52.62 million and increased by 1.48 million (2.9%) from 51.14 million at the end of the prior fiscal year. We expect that the growth rate of our cellular subscriptions will decelerate in the future as the growth rate of cellular subscriptions declines due to the maturity of the market in Japan. The number of FOMA subscriptions increased by 12.07 million (51.4%) to 35.53 million as of March 31, 2007 from 23.46 million at the end of the prior fiscal year. On the other hand, the number of mova subscriptions, which has decreased since the year ended March 31, 2004, decreased by 10.59 million (38.3%) to 17.09 million as of March 31, 2007 from 27.68 million as of the end of the prior fiscal year. We expect that the migration of mova subscribers to FOMA services will continue hereafter. Our market share decreased by 1.3 point to 54.4% as of March 31, 2007 from 55.7% as of March 31, 2006. The number of i-mode subscriptions increased by 1.21 million (2.6%) to 47.57 million as of March 31, 2007 from 46.36 million at the end of the prior fiscal year.

Aggregate ARPU of cellular (FOMA+mova) service decreased by 210 yen (3.0%) to 6,700 yen in the year ended March 31, 2007 from 6,910 yen in the prior fiscal year. While voice ARPU decreased by 340 yen (6.8%) to 4,690 yen in the year ended March 31, 2007 from 5,030 yen in the prior fiscal year, packet ARPU increased by 130 yen (6.9%) to 2,010 yen in the year ended March 31, 2007 from 1,880 yen in the prior fiscal year. This trend was attributable to a decrease in MOU following further penetration of cellular phones into lower usage subscriber segments and a large number of subscribers using i-mode services instead of voice calls. The shrinking trend of ARPU also resulted from our introduction of billing arrangements with reduced or flat rates intended to maintain our current subscribers, an increase in number of subscribers who subscribe to discount programs, and the increase in the number of FOMA billing plans that can be combined with our flat-rate packet billing plan for unlimited i-mode usage. The MOU (FOMA+mova) decreased by 5 minutes to 144 minutes from 149 minutes in the prior fiscal year.

Our churn rate for cellular subscriptions was 0.77% and 0.78% in the years ended March 31, 2006 and 2007, respectively. The churn rate increased by 0.01 point due to the introduction of the Mobile Number Portability. The churn rate after the introduction of the Mobile Number Portability was at a higher level than that before its introduction. Although the excess of the number of our subscribers who switched their subscriptions to other network operators through the Mobile Number Portability over the number of subscribers who switched to us had an adverse impact on our net additional subscriptions, we have evaluated the overall impact of the Mobile Number Portability on our results of operations and financial position as limited during the year ended March 31, 2007. We believe that, due to various factors, such as the availability of i-mode, the implementation of competitive billing arrangements, customer confidence in our network and services and the introduction of new services, our churn rate has been lower than that of other operators. However, no assurance can be given that our churn rate will decline or remain low.

In the year ended March 31, 2007, we implemented various measures to retain and expand our subscriber base, such as the introduction of a new packet billing plan which enables subscribers to access internet websites in addition to i-mode sites or to browse video clips at a flat-rate, the launch of HSDPA services, releases of attractive FOMA series handset lineups and the expansion of FOMA coverage area, both indoors and outdoors. These measures resulted in the acquisition of new subscriptions and contributed to a net increase in the number of subscriptions. However, the downward trend of ARPU continued for the year ended March 31, 2007. We expect that the downward trend of ARPU will continue for the near term. We expect that these implementations will contribute to migrating current mova subscribers to and acquiring new subscriptions for our FOMA services, which in turn will promote packet usage, which we expect to have a positive effect on revenues from FOMA services in the future.

Operating revenues increased by 22.2 billion yen (0.5%) to 4,788.1 billion yen for the year ended March 31, 2007 from 4,765.9 billion yen in the prior fiscal year. Wireless services revenues increased by 18.3 billion yen (0.4%) to 4,314.1 billion yen from 4,295.9 billion yen in the prior fiscal year. As a result, wireless services accounted for 90.1% of operating revenues in the year ended March 31, 2007, maintaining the same level from the prior fiscal year. The increase in wireless services revenues resulted from the excess of the increase in cellular (FOMA+mova) services revenues and other revenues, the former of which was derived from an increase in the number of cellular subscriptions and our recognition as revenue of the portion of "Nikagetsu Kurikoshi" (two-month carry over) allowance that are projected to expire, over the decrease in revenues from PHS services, which we already decided to terminate. The increase in cellular services revenues was a net of a decrease in voice revenues, by 98.3 billion yen (3.2%) to 2,940.4 billion yen from 3,038.7 billion yen in the prior fiscal year, and an increase in packet communications revenues, by 122.8 billion yen (11.0%) to 1,242.2 billion yen from 1,119.5 billion yen in the prior fiscal year. This result demonstrated an increase in revenues from packet usage due to a large number of subscribers using i-mode services instead of voice calls, and penetration of our flat-rate packet billing plan for unlimited i-mode usage and services such as "i-channel", through which we intend to promote i-mode usage. Voice revenues from FOMA services increased by 623.1 billion yen (53.3%) to 1,793.0 billion yen from 1,169.9 billion yen in the prior fiscal year and packet communications revenues also increased by 358.6 billion yen (58.5%) to 971.9 billion yen, from 613.3 billion yen in the prior fiscal year. PHS services revenues decreased by 17.9 billion yen (43.8 %) to 23.0 billion from 40.9 billion yen in the prior fiscal year and represented 0.5% of total wireless services revenues. Equipment sales increased by 3.9 billion yen (0.8%) to 474.0 billion yen for the year ended March 31, 2007 from 470.0 billion yen in the prior fiscal year because of the increase in the number of handsets sold after the introduction of the Mobile Number Portability.

Operating expenses increased by 81.3 billion yen (2.1%) to 4,014.6 billion yen in the year ended March 31, 2007 from 3,933.2 billion yen in the prior fiscal year. This increase resulted mainly from an increase in cost of equipment sold, by 105.2 billion yen (9.5%) to 1,218.7 billion yen for the year ended March 31, 2007 from 1,113.5 billion yen for the prior fiscal year, due to the increase in the number of handsets sold after the introduction of the Mobile Number Portability. Cost of services increased by 20.9 billion yen (2.8%) to 767.0 billion yen for the year ended March 31, 2007 from 746.1 billion yen in the prior fiscal year, due to an increased number of FOMA base stations installed. Depreciation and amortization increased by 7.1 billion yen (1.0%) to 744.1 billion yen for the year ended March 31, 2007 from 737.1 billion yen in the prior fiscal year, reflecting active capital expenditures on the FOMA network in recent years.

The percentage of operating expenses to operating revenues increased to 83.8% in the year ended March 31, 2007 from 82.5% in the prior fiscal year. The escalation of this expense-to-revenue ratio resulted mainly from the increase in cost of equipment sold after the introduction of the Mobile Number Portability.

As a result of the foregoing, our operating income decreased by 59.1 billion yen (7.1%) to 773.5 billion yen in the year ended March 31, 2007 from 832.6 billion yen in the prior fiscal year.

Other income (or expense) includes items such as interest income, interest expense, gains and losses on sale of marketable securities and other investments, and foreign exchange gains and losses. We accounted for 0.6 billion yen as other expense in the year ended March 31, 2007. Due to an adverse impact of the aggregate gains of 102.0 billion yen on the sale of H3G UK shares and KPN Mobile shares during the year ended March 31, 2006, other income decreased by 120.2 billion yen from other income of 119.7 billion yen in the year ended March 31, 2006.

Income before income taxes, equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries decreased by 179.4 billion yen (18.8%) to 772.9 billion yen in the year ended March 31, 2007 from 952.3 billion yen in the prior fiscal year.

Income taxes were 313.7 billion yen in the year ended March 31, 2007 and 341.4 billion yen in the prior fiscal year, representing effective tax rates of approximately 40.6% and 35.9%, respectively. We are subject to a number of different taxes in Japan, including corporate income tax, corporate enterprise tax and corporate inhabitant income taxes, which, in the aggregate, amounted to a statutory tax rate of approximately 40.9% for the both years ended March 31, 2007 and 2006. The Japanese government introduced various special tax benefits, one of which enabled us to deduct from our taxable income a portion of investments in research and development ("R&D investment tax incentive"). The government also introduced an arrangement where we can deduct from taxable income the amount equivalent to 10% of acquisition cost of certain IT related assets up to the amount equivalent to 20% of corporate income tax for the three years started April 1, 2003 ("IT investment promotion tax incentive") and another arrangement where we can deduct a certain amount of investments in IT systems effective April 1, 2006 ("IT infrastructure tax incentive"). The difference between our effective tax rate and statutory tax rate in the year ended March 31, 2006 arose primarily from such special tax allowances. In the year ended March 31, 2006, our effective tax rate became lower than our statutory tax rate as we were able to realize the tax benefits of the special tax allowances generated during the year ended March 31, 2006, and a portion of those carried forward from the prior fiscal year which had previously been reserved. For the year ended March 31, 2007, the difference between the effective tax rate and the statutory tax rate shrunk due to the effect of expiration of the IT investment promotion tax incentive on March 31, 2006 and the limited tax benefit in amount derived from the IT infrastructure tax incentive.

Equity in net losses of affiliates increased to 1.9 billion yen for the year ended March 31, 2007 from 0.4 billion yen for the prior fiscal year.

As a result of the foregoing, we recorded net income of 457.3 billion yen in the year ended March 31, 2007, a decrease of 153.2 billion (25.1%) from 610.5 billion yen in the prior fiscal year.

Operating Results for the year ended March 31, 2006

The following discussion includes analysis of our operating results for the year ended March 31, 2006. The tables below describe selected operating data and income statement data:

Key Performance Indicators

	Years ended March 31			
	2005	2006	Increase (Decrease)	Change (%)
Cellular				
Subscriptions (thousands)	48,825	51,144	2,319	4.7%
FOMA services (thousands)	11,501	23,463	11,963	104.0%
mova services (thousands)	37,324	27,680	(9,644)	(25.8)%
i-mode services (thousands)	44,021	46,360	2,339	5.3%
Market Share (%) [(1)(2)]	56.1	55.7	(0.4)	—
Aggregate ARPU (FOMA+mova) (yen/month/contract) [(3) (4)]	7,200	6,910	(290)	(4.0)%
Voice ARPU (yen/month/contract) [(5)]	5,330	5,030	(300)	(5.6)%
Packet ARPU (yen/month/contract)	1,870	1,880	10	0.5%
MOU (FOMA+mova) (minutes/month/contract) [(3)(6)]	151	149	(2)	(1.3)%
Churn Rate (%) [(2)]	1.01	0.77	(0.24)	—

(1) Source for other cellular telecommunications operators: Data announced by Telecommunications Carriers Association
(2) Data are calculated including Communication Module Service subscriptions.
(3) Data are calculated excluding Communication Module Services-related revenues and Communication Module Services subscriptions.
(4) ARPU figures for the year ended March 31, 2006 include revenues from international services while those for the prior fiscal year do not. ARPU from international services for the year ended March 31, 2005 was 20 yen.
(5) Inclusive of circuit switched data communications.
(6) MOU (Minutes of usage): Average communication time per month per subscription

Breakdown of Financial Information

	Millions of yen			
	Years ended March 31			
	2005	2006	Increase (Decrease)	Change (%)
Operating Revenues :				
Wireless services	¥ 4,296,537	¥ 4,295,856	¥ (681)	(0.0)%
Cellular (FOMA+mova) services revenues (7)	4,146,973	4,158,134	11,161	0.3%
- Voice revenues (8)	3,086,275	3,038,654	(47,621)	(1.5)%
Including: FOMA services (9)	514,702	1,169,947	655,245	127.3%
- Packet communications revenues	1,060,698	1,119,480	58,782	5.5%
Including: FOMA services (9)	260,671	613,310	352,639	135.3%
PHS services revenues	60,288	40,943	(19,345)	(32.1)%
Other revenues	89,276	96,779	7,503	8.4%
Equipment sales	548,073	470,016	(78,057)	(14.2)%
Total operating revenues	4,844,610	4,765,872	(78,738)	(1.6)%
Operating Expenses				
Cost of services	740,423	746,099	5,676	0.8%
Cost of equipment sold	1,122,443	1,113,464	(8,979)	(0.8)%
Depreciation and amortization	735,423	737,066	1,643	0.2%
Impairment loss	60,399	1,071	(59,328)	(98.2)%
Selling, general and administrative	1,401,756	1,335,533	(66,223)	(4.7)%
Total operating expense	4,060,444	3,933,233	(127,211)	(3.1)%
Operating Income	784,166	832,639	48,473	6.2%
Other Income (Expense) (10)	504,055	119,664	(384,391)	(76.3)%
Income before income taxes, equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries:	1,288,221	952,303	(335,918)	(26.1)%
Income Taxes	527,711	341,382	(186,329)	(35.3)%
Income before equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries:	760,510	610,921	(149,589)	(19.7)%
Equity in net losses of affiliates (11)	(12,886)	(364)	12,522	—
Minority interests in earnings of consolidated subsidiaries	(60)	(76)	(16)	—
Net Income	¥ 747,564	¥ 610,481	¥ (137,083)	(18.3)%

(7) From the year started April 1, 2005, Quickcast services revenues, which had been presented separately in the past, were included in "Other revenues," and international services revenues, which had been previously included in "Other revenues," were included in "Cellular (FOMA+mova) services revenues". The results for the year ended March 31, 2005 were restated to conform to the presentation for the subsequent fiscal year. However, international services revenues related to FOMA services were not included in FOMA services revenues for the year ended March 31, 2005 because such information was not previously maintained.
(8) Inclusive of circuit switched data communications.
(9) The amount of "Voice revenues" and "Packet communications revenues" of FOMA services for the year ended March 31, 2006 without the above adjustments related to international services revenues was 1,156,414 million yen and 612,090 million yen, respectively.
(10) Inclusive of an aggregate gain on sales of H3G UK and KPN Mobile shares of 101,992 million yen, and a gain on sales of AT&T Wireless Services, Inc. ("AT&T Wireless") shares of 501,781 million yen in the years ended March 31, 2006 and 2005, respectively.
(11) Inclusive of impairment in investment in affiliates of 8,612 million yen in the year ended March 31, 2005.

Analysis of Operating Results for the year ended March 31, 2006 and Comparison with the Prior Fiscal Year

As of March 31, 2006, the number of our cellular (FOMA+mova) subscriptions reached 51.14 million and increased by 2.32 million (4.7%) from 48.82 million at the end of the prior fiscal year. We expect that the growth rate of our cellular subscriptions decelerate in the future as the growth rate of cellular subscriptions declines in Japan. The number of FOMA subscriptions increased by 11.96 million (104.0%) to 23.46 million as of March 31, 2006 from 11.50 million at the end of the prior fiscal year. On the other hand, the number of mova subscriptions, which has decreased since the year ended March 31, 2004, decreased by 9.64 million (25.8%) to 27.68 million as of March 31, 2006 from 37.32 million as of the end of prior fiscal year. Our market share decreased by 0.4 point to 55.7% as of March 31, 2006 from 56.1% as of the end of the prior fiscal year. The number of i-mode subscriptions increased by 2.34 million (5.3%) to 46.36 million as of March 31, 2006 from 44.02 million at the end of the prior fiscal year.

Aggregate ARPU of cellular (FOMA+mova) service decreased by 290 yen (4.0%) to 6,910 yen in the year ended March 31, 2006 from 7,200 yen in the prior fiscal year. While voice ARPU decreased by 300 yen (5.6%) to 5,030 yen in the year ended March 31, 2006 from 5,330 yen in the prior fiscal year, packet ARPU increased by 10 yen (0.5%) to 1,880 yen in the year ended March 31, 2006 from 1,870 yen in the prior fiscal year. This trend was attributable primarily to an increase in subscribers who subscribe to discount programs, further penetration of cellular phones into lower usage subscriber segments and a large number of subscribers using i-mode services instead of voice calls. The MOU (FOMA+mova) decreased by 2 minutes to 149 minutes from 151 minutes in the prior fiscal year.

Our churn rate for cellular subscriptions was 1.01% and 0.77% in the years ended March 31, 2005 and 2006, respectively.

In the year ended March 31, 2006, we implemented various measures to retain our subscribers, such as the introduction of simplified and easy to understand billing plans common to FOMA and mova services, the expansion of our "Family Discount" plan and our flat-rate billing plan for unlimited i-mode usage, upgrade of point loyalty programs, releases of attractive FOMA series handset lineups and the expansion of FOMA coverage area, both indoors and outdoors. These measures resulted in further decline of our low churn rate and contributed to net increase in the number of subscriptions. However, these measures have also had an adverse impact on ARPU.

Operating revenues decreased by 78.7 billion yen (1.6%) to 4,765.9 billion yen for the year ended March 31, 2006 from 4,844.6 billion yen in the prior fiscal year. While wireless service revenues maintained an equivalent level, at 4,295.9 billion yen from 4,296.5 billion yen in the prior fiscal year, equipment sales decreased by 78.1 billion yen (14.2%) to 470.0 billion yen from 548.1 billion yen in the prior fiscal year. As a result, wireless services accounted for 90.1% of operating revenues in the year ended March 31, 2006 compared to 88.7% in the prior fiscal year. Cellular (FOMA+mova) services revenues increased slightly from the prior fiscal year because the positive effect from the net increase in subscriptions exceeded the negative effect from the decline in ARPU. However, the decline in revenues from PHS services, which we already decided to terminate in the near term, offset the increased revenues from cellular (FOMA+mova) services, and kept total wireless services revenues at a level equivalent to that of the prior fiscal year. The slight increase in cellular service revenues was a combination of a decrease in voice revenues, by 47.6 billion yen (1.5%) to 3,038.7 billion yen from 3,086.3 billion yen in the prior fiscal year, and an increase in packet communications revenues, by 58.8 billion yen (5.5%) to 1,119.5 billion yen from 1,060.7 billion yen in the prior fiscal year. This result demonstrated an increase in revenues from packet usage due to a large number of subscribers using i-mode services instead of voice calls, and the introduction of new services such as "i-channel", through which we intend to promote i-mode usage. Voice revenues from FOMA services doubled to 1,169.9 billion yen, inclusive of international service revenues, from 514.7 billion yen in the prior fiscal year and packet communications revenues also more than doubled to 613.3 billion yen, inclusive of international service revenues, from 260.7 billion yen in the prior fiscal year. PHS services revenues decreased by 19.3 billion yen (32.1%) to 40.9 billion yen from 60.3 billion yen in the prior fiscal year and represented 1.0% of total wireless services revenues. Equipment sales decreased by 78.1 billion yen (14.2%) to 470.0 billion yen for the year ended March 31, 2006 from 548.1 billion yen in the prior fiscal year because of a decline in the number of handsets sold. We believe that the decline in the sales of handsets arose from the decrease in our number of newly acquired subscriptions, as well as from our campaign to slow down the handset upgrading cycle and to improve customer services such as providing members of "DoCoMo Premier Club" with free-of-charge battery packs.

Operating expenses decreased by 127.2 billion yen (3.1%) to 3,933.2 billion yen in the year ended March 31, 2006 from 4,060.4 billion yen in the prior fiscal year. This decrease resulted mainly from a decrease in selling, general and administrative expenses, including sales commissions, of 66.2 billion yen (4.7%) due to a decline in the number of handsets sold as well as the effect of an impairment loss, of 60.4 billion yen, of PHS related assets recorded in the prior fiscal year. Cost of services increased by 5.7 billion yen (0.8%), due to an increased number of cellular base stations installed. Depreciation and amortization increased by 1.6 billion yen (0.2%) to 737.1 billion yen for the year ended March 31, 2006 from 735.4 billion yen in the prior fiscal year owing to the effect of shortened useful lives of assets associated with the renewal of our internal IT systems.

The percentage of operating expenses to operating revenues improved to 82.5% in the year ended March 31, 2006 from 83.8% in the prior fiscal year. Although a decrease in equipment sales owing to a decline in the number of handsets sold exceeded the decrease in selling, general and administrative expenses, the effect of an impairment loss of PHS related assets recorded in the prior fiscal year contributed to the improvement in operating income margin.

As a result of the foregoing, our operating income increased by 48.5 billion yen (6.2%) to 832.6 billion yen in the year ended March 31, 2006 from 784.2 billion yen in the prior fiscal year.

Other income (or expense) includes items such as interest income, interest expense, gains and losses on sale of marketable securities and other investments, and foreign exchange gains and losses. We accounted for 119.7 billion yen as other income in the year ended March 31, 2006. In June 2005, we completed the sale of all of our 20% holding of H3G UK shares based on the Sales and Purchase Agreement signed with Hutchison Whampoa Limited ("HWL") in May 2004 and recorded "Gain on sale of affiliate shares" of 62.0 billion yen, including a reclassification of foreign currency translation of 38.2 billion yen. In October 2005, we also sold all of our 2.2% holding of KPN Mobile shares to Koninklijke KPN N.V. ("KPN"), its parent company, and recorded a gain on a sale of investment securities of 40.0 billion yen, including a foreign currency translation adjustment of 25.6 billion yen, as a gain on sale of other investments. As part of the sale of our remaining interest in KPN Mobile, we also recognized a non-cash charge of 14.1 billion yen to operating expenses for the excess of fair value of KPN Mobile shares over the actual amount of cash received which we regard as the consideration of the benefits from the arrangement. Other income in the year ended March 31, 2006 decreased by 384.4 billion yen (76.3%) from 504.1 billion yen in the prior fiscal year, during which we sold the shares of AT&T Wireless for 501.8 billion yen.

Income before income taxes, equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries decreased by 335.9 billion yen (26.1%) to 952.3 billion yen in the year ended March 31, 2006 from 1,288.2 billion yen in the prior fiscal year.

Income taxes were 341.4 billion yen in the year ended March 31, 2006 and 527.7 billion yen in the prior fiscal year, representing effective tax rates of approximately 35.9% and 41.0%, respectively. We are subject to a number of different taxes in Japan, including corporate income tax, enterprise tax and inhabitant income taxes, which, in the aggregate, amounted to a statutory tax rate of approximately 40.9% for both the years ended March 31, 2006 and 2005. The Japanese government introduced special tax allowances such as R&D investment tax incentive. The government also introduced IT investment promotion tax incentive for the three years started April 1, 2003. The difference between our effective tax rate and statutory tax rate arose primarily from such special tax allowances. The difference was limited in the year ended March 31, 2005, because of a decrease in our taxable income due to the tax loss generated by the realization of the impairment of our investment in AT&T Wireless. In the year ended March 31, 2006, our effective tax rate became lower than our statutory tax rate as we were able to realize the tax benefits of R&D investment tax incentive and IT investment promotion tax incentive generated during the year ended March 31, 2006, and a portion of those carried forward from the prior fiscal year which had previously been reserved.

Equity in net losses of affiliates decreased to 0.4 billion yen for the year ended March 31, 2006 from 12.9 billion yen for the prior fiscal year. We recorded an impairment charge of 8.6 billion yen, related to our evaluation of Hutchison Telephone Company Limited ("HTCL") for the year ended March 31, 2005.

As a result of the foregoing, we recorded net income of 610.5 billion yen in the year ended March 31, 2006, a decrease of 137.1 billion yen (18.3%) from 747.6 billion yen in the prior fiscal year.

Segment Information

General

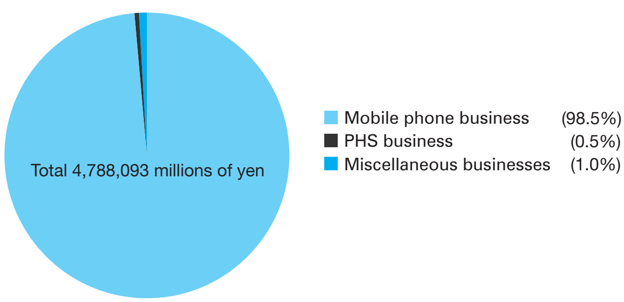
Our business consists of three reportable segments: mobile phone business, PHS business and miscellaneous businesses.

Our chief operating decision maker monitors and evaluates the performance of our segments based on the information that follows, as derived from our management reports.

Our mobile phone business segment includes:

- FOMA services;
- mova services;
- packet communications services;
- satellite mobile communications services;
- international services; and
- equipment sales related to these services.

Operating Revenues by Segment (the year ended March 31, 2007)



Our PHS business segment includes PHS service and the related equipment sales. Our miscellaneous businesses segment includes credit payment services, public wireless LAN services, Quickcast (paging) services and other miscellaneous services, the aggregate revenues or assets of which are not significant in amount. Effective from the year starting April 1, 2005, we partly changed our segment configuration as follows: "Quickcast business", which was presented separately in the past, is reclassified to "Miscellaneous businesses", and international services, which were previously classified as "Miscellaneous businesses", are reclassified to "Mobile phone business".

Mobile Phone Business Segment

In the year ended March 31, 2007, operating revenues from our mobile phone business segment increased by 35.9 billion yen (0.8%) to 4,718.9 billion yen from 4,683.0 billion yen in the prior fiscal year. Cellular (FOMA+mova) services revenues, which are revenues from voice and packet communications of mobile phone services, increased by 24.5 billion yen (0.6%) to 4,182.6 billion yen from 4,158.1 billion yen in the prior fiscal year. Equipment sales revenues increased for the year ended March 31, 2007 from the prior fiscal year as the number of handsets sold increased compared to the prior fiscal year. Revenues from our mobile phone business segment represented 98.2% and 98.5% of total operating revenues for the years ended March 31, 2006 and 2007, respectively. Operating expenses in our mobile phone business segment increased by 76.6 billion yen (2.0%) to 3,915.2 billion from 3,838.6 billion yen in the prior fiscal year. As a result, operating income from our mobile phone business segment decreased by 40.8 billion yen (4.8%) to 803.7 billion yen from 844.4 billion yen in the prior fiscal year. Analysis of the changes in revenues and expenses of our mobile phone business segment is also presented in "Operating Trends" and "Operating Results for the year ended March 31, 2007", which were discussed above.

PHS Business Segment

Considering the outlook for our PHS business, we ceased accepting new subscriptions for the PHS services at the end of April 2005. We also officially decided to terminate the PHS services effective January 7, 2008. The number of PHS services subscriptions as of March 31, 2007 was 453 thousand, decreased by 318 thousand (41.2%) from 771 thousand at the end of the prior fiscal year. Operating revenues in the PHS business segment decreased by 18.3 billion yen (43.9%) to 23.4 billion yen in the year ended March 31, 2007 from 41.7 billion yen in the prior fiscal year. Revenues from our PHS business segment represented 0.5% and 0.9% of total operating revenues in the years ended March 31, 2007 and 2006, respectively. Operating expenses in the PHS business segment decreased by 12.4 billion yen (24.2%) to 38.8 billion yen from 51.2 billion in the prior fiscal year. As a result, operating loss in the PHS business segment for the year ended March 31, 2007 increased to 15.4 billion yen from 9.5 billion yen in the prior fiscal year. The decrease in both operating revenues and operating expenses of our PHS business segment was primarily due to a decrease in the number of PHS subscriptions. We recorded an impairment of long-lived assets related to the PHS business that amounted to 60.4 billion yen in the year ended March 31, 2005, which was deducted from assets and recorded in operating expenses of the PHS business segment. In the years ended March 31, 2006 and 2007, we also recorded an impairment loss of 1.1 billion yen and 1.2 billion yen, respectively, which represented the minimum maintenance capital expenditures for our PHS services made during the relevant fiscal year.

Miscellaneous Businesses Segment

Operating revenues from our miscellaneous businesses increased by 4.7 billion yen (11.3%) to 45.8 billion yen in the year ended March 31, 2007, which represented 1.0% of total operating revenues, from 41.1 billion yen in the prior fiscal year. The increase was mainly due to an increase in revenues from businesses such as advertisement, development, sales and maintenance of IT systems, and staffing services. Operating expenses from our miscellaneous businesses increased by 17.1 billion yen (39.3%) to 60.6 billion yen from 43.5 billion yen in the prior fiscal year. The increase was mainly due to an increase in expenses related to our credit payment services. As a result, operating loss from our miscellaneous businesses worsened to 14.8 billion yen from 2.3 billion yen in the prior fiscal year. We terminated our Quickcast services on March 31, 2007.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation ("FIN") No. 48 "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement of Financial Accounting Standards ("SFAS") No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return as well as provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We currently estimate that the impact of the application of FIN 48 on our results of operations and financial position will be immaterial.

In September 2006, FASB issued SFAS No. 157 "Fair Value Measurements". SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Although the definition of fair value retains the exchange price notion in earlier definitions of fair value, SFAS No. 157 clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability in the market and emphasizes that fair value is a market-based measurement, not an entity-specific measurement. SFAS No. 157 also expands disclosures about the use of fair value to measure assets and liabilities subsequent to initial recognition through fair value hierarchy as a framework for measurement. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. We currently estimate that the impact of the adoption of SFAS No. 157 on our results of operations and financial position will be immaterial.

In September 2006, FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans". SFAS No. 158 amends the guidance in SFAS No. 87, "Employers' Accounting for Pensions", SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", and SFAS No. 132 (revised 2003), "Employer's Disclosures about Pensions and Other Postretirement Benefits". SFAS No. 158 requires an employer who sponsors defined benefit pension and other postretirement benefit plans to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, in the balance sheet. SFAS No. 158 also requires the employer to measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end, and to recognize subsequent changes in the funded status as a component of accumulated other comprehensive income in shareholders' equity. SFAS No. 158 is effective for fiscal years ended after December 15, 2006 and we adopted recognition and related disclosure provisions of SFAS No. 158 in the year ended March 31, 2007. The adoption of SFAS No. 158 did not have any impact on our results of operations. See Note 17 "Employees' retirement benefits" for further discussion.

Critical Accounting Policies

The preparation of our consolidated financial statements requires our management to make estimates about expected future cash flows and other matters that affect the amounts reported in our financial statements in accordance with accounting policies established by our management. Note 2 of the notes to our consolidated financial statements includes a summary of the significant accounting policies used in the preparation of our consolidated financial statements. Certain accounting policies are particularly sensitive because of their significance to our reported results and because of the possibility that future events may differ significantly from the conditions and assumptions underlying the estimates used and judgments relating thereto made by our management in preparing our financial statements. Our senior management has discussed the selection and development of the accounting estimates and the following disclosure regarding the critical accounting policies with our independent public accountants as well as our corporate auditors. The corporate auditors attend meetings of the Board of Directors and certain executive meetings to express their opinion and are under a statutory duty to oversee the administration of our affairs by our Directors and to examine our financial statements. Our critical accounting policies are as follows.

Useful Lives of Property, Plant and Equipment, Internal Use Software and Other Intangible Assets

The values of our property, plant and equipment, such as the base stations, antennas, switching centers and transmission lines used by our cellular and PHS businesses, our internal-use software and our other intangible assets are recorded in our financial statements at acquisition or development cost, and are depreciated or amortized over their estimated useful lives. We estimate the useful lives of property, plant and equipment, internal-use software and other intangible assets in order to determine the amount of depreciation and amortization expense to be recorded in each fiscal year. Our total depreciation and amortization expenses in the years ended March 31, 2005, 2006 and 2007 were 735.4 billion yen, 737.1 billion yen and 744.1 billion yen, respectively. We determine the useful lives of our assets at the time the assets are acquired and base our determinations on expected use, experience with similar assets, established laws and regulations as well as taking into account anticipated technological or other changes. The estimated useful lives of our wireless telecommunications equipment are generally set at 6 to 15 years. The estimated useful life of our internal-use software is set at 5 years. If technological or other changes occur more rapidly or in a different form than anticipated, or new laws or regulations are enacted, or the intended use changes, the useful lives assigned to these assets may need to be shortened, resulting in recognition of additional depreciation and amortization expenses or losses in future periods.

Impairment of Long-lived Assets

We perform an impairment review for our long-lived assets to be held and used, including fixed assets, such as our property, plant and equipment, and certain identifiable intangibles, such as software for telecommunications network, internal-use software, and rights to use telecommunications facilities of wire line network operators, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. This analysis is separate from our analysis of the useful lives of our assets, although it is affected by some similar factors. Factors that we consider important and that can trigger an impairment review include, but are not limited to, the following trends or conditions related to the business that utilizes a particular asset:

- significant decline in the market value of an asset;
- loss of operating cash flow in current period;
- introduction of competing technology and services;
- significant underperformance of expected or historical cash flows;
- significant or continuing decline in subscriptions;
- changes in the manner of use of an asset; and
- other negative industry or economic trends.

When we determine that the carrying amount of specific assets may not be recoverable based on the existence or occurrence of one or more of the above or other factors, we estimate the future cash inflows and outflows expected to be generated by the assets over their expected useful lives. We also estimate the sum of expected undiscounted future net cash flows based upon historical trends adjusted to reflect our best estimate of future market and operating conditions. If the sum of the expected undiscounted future net cash flows is less than the carrying value of the assets, we record an impairment loss based on the fair values of the assets. Such fair values may be based on established markets, independent appraisals and valuations or discounted cash flows. If actual market and operating conditions under which assets are used are less favorable or subscriber numbers are less than those projected by management, either of which results in loss of cash flows, additional impairment charges for assets not previously written-off may be required.

In the year ended March 31, 2005, because our forecast of net cash flows from our PHS business turned out to be negative, we recognized an impairment loss on PHS related long-lived assets, writing down all the assets totaling 60.4 billion yen. We recognized another impairment loss of 1.1 billion yen and 1.2 billion yen in the years ended March 31, 2006 and 2007, respectively, when we also wrote-down the entire carrying value of long-lived assets related to the PHS business which we acquired to minimally maintain the provision of PHS services during the relevant fiscal period.

Impairment of Investments

We have made investments in certain domestic and foreign entities. These investments are accounted for under either the equity method, cost adjusted for fair value method or cost method, as appropriate based on various conditions such as ownership percentages, exercisable influence over the investments and marketability of the investments. The total carrying value for the investments in affiliates was 176.4 billion yen, while the total carrying value for investments in marketable equity securities and equity securities accounted for under the cost method was 261.4 billion yen as of March 31, 2007. Equity method and cost method accounting require that we assess if a decline in value or an associated event regarding any such investment has occurred and, if so, whether such decline is other than temporary. We perform a review for impairment whenever events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable. Factors that we consider important and that can trigger an impairment review include, but are not limited to, the following:

- significant or continuing declines in the market values of the investee;
- loss of operating cash flow in current period;
- significant underperformance of historical cash flows of the investee;
- significant impairment losses or write-downs recorded by the investee;
- significant changes in the quoted market price of public investee affiliates;
- negative results of competitors of investee affiliates; and
- other negative industry or economic trends.

In performing our evaluations, we utilize various information including discounted cash flow valuations, independent valuations and, if available, quoted market values. Determination of recoverable amounts sometimes require estimates involving, among other things, results of operations and financial position of the investee, changes in technology, capital expenditures, market growth and share, discount factors and terminal values.

As a result of such evaluations, we determined that there were other than temporary declines in value, below its carrying value, of investment in HTCL, our investee affiliate, and recorded an impairment charge of 8.6 billion yen in the year ended March 31, 2005. Such write-down to fair value establishes a new cost basis in the carrying amount of the investment. The impairment charge is included in equity in losses of affiliates in our consolidated statements of income and comprehensive income. In the year ended March 31, 2006, we determined that there was no other than temporary declines in the values of our investee affiliates. In the year ended March 31, 2007, although we recorded impairment charges accompanying other than temporary declines in the values of certain investee affiliates, the impairment charges were immaterial in amount. In the years ended March 31, 2005, 2006 and 2007, we recorded impairment charges accompanying with other than temporary declines in the values of certain investments which were classified as marketable securities or equity securities using the cost method. However, the impairment charges did not have a material impact on our results of operations and financial position.

While we believe that the remaining carrying values of our affiliate investments are nearly equal to their fair value, circumstances in which the value of an investment is below its carrying amount or changes in the estimated realizable value can require additional impairment charges to be recognized in the future.

Deferred Tax Assets

We record deferred tax assets and liabilities using enacted tax rates for the estimated future tax effects of carry-forwards and temporary differences between the tax basis of an asset or liability and the amount reported in the balance sheet. In determining the amounts of the deferred tax assets or liabilities, we have to estimate the tax rates expected to be in effect during the carry-forward periods or when the temporary differences reverse. We recognize a valuation allowance against certain deferred tax assets when it is determined that it is more likely than not some or all of future tax benefits will not be realized. In determining the valuation allowance, we estimate expected future taxable income and the timing for claiming and realizing tax deductions, and assess available tax planning strategies. If we determine that future taxable income is lower than expected or that the tax planning strategies cannot be implemented as anticipated, the valuation allowance may need to be additionally recorded in the future in the period when such determination is made.

Assumptions for Actuarially Determined Pension Liabilities

We sponsor a non-contributory defined benefit pension plan which covers almost all of our employees. We also participate in a contributory defined benefit welfare pension plan sponsored by NTT group ("NTT Plan").

Calculation of the amount of pension cost and liabilities for retirement allowances requires us to make various judgments and assumptions including the discount rate, expected long-term rate of return on plan assets, long-term rate of salary increases and expected remaining service lives of our plan participants. We believe that the most significant of these assumptions in the calculations are the discount rates and the expected long-term rate of return on plan assets. We determine an appropriate discount rate based on current market interest rates on high-quality, fixed-rate debt securities that are currently available and expected to be available during the period to maturity of the pension benefits. In determining the expected long-term rate of return on plan assets, we consider the current and projected asset allocations, as well as expected long-term investment returns and risks for each category of the plan assets based on analysis of historical performances. The rates are reviewed annually, and we review our assumptions in a timely manner when an event occurs that would have significant influence on the rates or the investment environment changes dramatically.

The discount rates used in determination of the projected benefit obligations as of March 31, 2006 and 2007, and expected long-term rates of return on plan assets for the years ended March 31, 2006 and 2007 are as follows:

	Years ended March 31	
	2006	**2007**
Non-contributory defined benefit pension plan		
Discount rate	2.0%	**2.2%**
Expected long-term rate of return on plan assets	2.5%	**2.5%**
Actual return on plan assets	Approximately 17%	**Approximately 3%**
NTT Plan		
Discount rate	2.0%	**2.2%**
Expected long-term rate of return on plan assets	2.5%	**2.5%**
Actual return on plan assets	Approximately 14%	**Approximately 3%**

The amount of projected benefit obligations of our non-contributory defined benefit pension plan as of March 31, 2006 and 2007 was 188.9 billion yen and 183.0 billion yen, respectively. The amount of projected benefit obligations of the NTT Plan as of March 31, 2006 and 2007, based on actuarial computations which covered only DoCoMo employees' participation, was 132.0 billion yen and 131.4 billion yen, respectively. The amount is subject to a substantial change due to differences in actual experience or changes in assumptions. In conjunction with the differences between estimates and the actual benefit obligations, unrecognized net losses in excess of 10% of the greater of the projected benefit obligation or the fair value of plan assets are amortized over the expected average remaining service life of employees in accordance with U.S. GAAP.

The following table shows the sensitivity of our non-contributory defined benefit pension plan and the NTT Plan as of March 31, 2007 to the change in the discount rate or the expected long-term rate of return on plan assets, while holding other assumptions constant.

	Billions of yen		
Change in Assumptions	Change in projected benefit obligation	Change in pension cost, before applicable taxes	Accumulated other comprehensive income, net of applicable taxes
Non-contributory defined benefit pension plan			
0.5% increase/decrease in discount rate	(10.2) / 10.8	0.0 / 0.9	6.1 / (5.8)
0.5% increase/decrease in expected long-term rate of return on plan assets	—	(0.4) / 0.4	—
NTT Plan			
0.5% increase/decrease in discount rate	(17.6) / 20.4	0.1 / 0.6	10.5 / (11.7)
0.5% increase/decrease in expected long-term rate of return on plan assets	—	(0.5) / 0.4	—

Please also refer to Note 17 "Employees' retirement benefits" for further discussion.

Revenue Recognition

We defer upfront activation fees and recognize them as revenues over the expected term of a subscription. Related direct costs, to the extent of the activation fee amount, are also being deferred and amortized over the same period. While this policy does not have any material impact on our net income, the reported amounts of revenue and cost of services are affected by the level of activation fees and related direct costs and the estimated length of the subscription period over which such fees and costs are amortized. Factors that affect our estimate of the subscription period over which such fees and costs are amortized include subscriber churn rate and newly introduced or anticipated competing products, services and technology. The current amortization periods are based on an analysis of historical trends and our experiences. In the years ended March 31, 2005, 2006 and 2007, we recognized deferred activation fees of 58.9 billion yen, 54.6 billion yen and 45.2 billion yen, respectively, as well as corresponding amounts of related deferred costs. As of March 31, 2007, remaining unrecognized deferred activation fees were 111.6 billion yen.

B. Liquidity and Capital Resources

Cash Requirements

Our cash requirements for the year ending March 31, 2008 include money needed to expand our FOMA infrastructure around Japan, to invest in other facilities, and to make payments related to interest bearing liabilities and other contractual obligations. We believe that available reserves of our cash and cash equivalents, and expected cash from operations will provide sufficient financial resources to meet our currently anticipated capital and other expenditure requirements and to satisfy our debt service requirements. We also expect to obtain external financing, if necessary, for other opportunities, such as new business activities, acquisitions, joint ventures or other investments, through borrowing or the issuance of debt or equity securities. However, additional debt, equity or other financing may be required if we have underestimated our capital or other expenditure requirements, or overestimated our future cash flows. There can be no assurance that such financing will be available on commercially acceptable terms or in a timely manner.

Capital Expenditures

The wireless telecommunications industry is highly capital intensive because significant capital expenditures are required for the construction of wireless telecommunications networks. Our capital requirements for our networks are determined by the nature of facility or equipment, the timing of its installment, the nature and the area of coverage desired, the number of subscribers served in the area, and the expected volume of traffic. They are also influenced by the number of cells required in the service area, the number of radio channels in the cell and the switching equipment required. Capital expenditures are also required for information technology and servers for Internet-related services.

Our capital expenditures in the year ended March 31, 2007 increased from the prior fiscal year. We implemented various measures to enhance our competitiveness prior to the introduction of the Mobile Number Portability, which included further expansion of the coverage areas of FOMA services and buildup of FOMA network capacity to respond to the increase in traffic demand. Specifically, we added approximately 11,700 outdoor base stations for our FOMA services during the year ended March 31, 2007, for an aggregate of approximately 35,700 installed base stations as of March 31, 2007. We also promoted the installment of indoor systems for our FOMA services to complete coverage of approximately 10,400 facilities as of March 31, 2007. On the other hand, we were involved with cost saving efforts such as economized procurement, design and installment of low-cost devices, and improvements in construction processes.

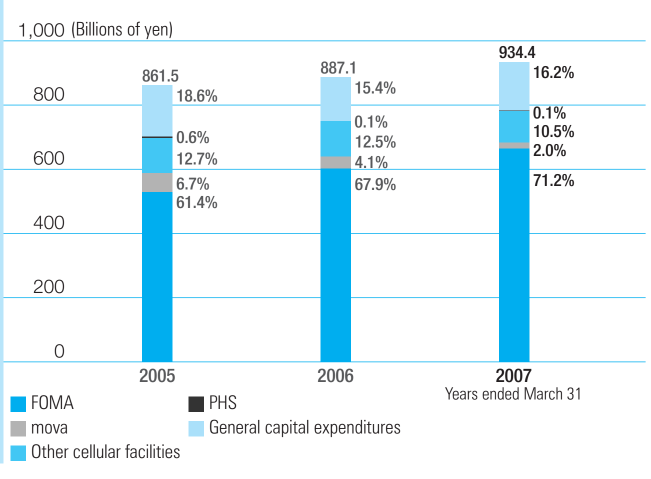
Total capital expenditures for the years ended March 31, 2005, 2006 and 2007 were 861.5 billion yen, 887.1 billion yen and 934.4 billion yen, respectively. In the year ended March 31, 2007, 71.2% of capital expenditures were used for construction of the FOMA network, 2.0% for construction of the second generation mova network, 10.5% for other cellular facilities and equipment, 0.1% for construction of the PHS network and 16.2% for general capital expenditures such as internal IT system. By comparison, in the prior fiscal year, 67.9% of capital expenditures were used for construction of the FOMA network, 4.1% for the mova network, 12.5% for other cellular facilities and equipment, 0.1% for construction of the PHS network and 15.4% for general capital expenditures.

In the year ending March 31, 2008, we expect total capital expenditures to be 750.0 billion yen, of which approximately 69.1% will be for the FOMA network, 1.1% for the mova network, 11.3% for other cellular facilities and equipment, 0.0% for the PHS network and 18.5% for general capital expenditures, which we expect to finance with our expected cash from operations and available cash reserves. Virtually all of these capital investments will take place in Japan. According to our current FOMA network construction schedule, we plan to shift our focus from coverage expansion to quality enhancement, including network quality improvement in response to requests from subscribers, increase in network capacity to answer an increase in data traffic demand and penetration of our flat-rate packet billing plan, and expansion of HSDPA service areas (to cover 90% of the population).

We currently expect that capital expenditures for the subsequent few fiscal years will be at a lower level primarily because capital expenditures related to expanding, maintaining and upgrading our FOMA network already peaked in the prior fiscal year resulting in an expected decrease in the subsequent fiscal years.

Our level of capital expenditures may vary significantly from expected levels for a number of reasons. Capital expenditures for expansion and enhancement of our existing cellular network may be influenced by the growth in subscriptions and traffic, which is difficult to predict with certainty, the ability to identify and procure suitably located base station sites on commercially reasonable terms, competitive environments in particular regions and other factors. The nature, scale and timing of capital expenditures to reinforce our 3G network may be materially different from our current plans due to demand for the services, delays in the construction of the network or in the introduction of services, and changes in the variable costs of components for the network. We expect that these capital expenditures will be affected by market demand for our mobile multimedia services, including i-mode, and other data transmission services, and by our schedule for ongoing expansion of the existing networks to meet demand.

Capital Expenditures



Long-Term Debt and Other Contractual Obligations

As of March 31, 2007, we had 602.9 billion yen in long-term debt, including current maturities, primarily in corporate bonds and loans from financial institutions, compared to 792.3 billion yen as of the end of the prior fiscal year. We did not implement any long-term financing in either of the years ended March 31, 2005, 2006, or 2007, during which we repaid 146.7 billion yen, 150.3 billion yen and 193.7 billion yen of long-term debt, respectively.

Of our long-term debt outstanding as of March 31, 2007, 114.0 billion yen, including current portion, was unsecured indebtedness to banks, insurance companies and other financial institutions at fixed interest rates of 0.8%-1.5% and with maturities currently from the year ending March 31, 2008 through 2013. As of March 31, 2007, we also had 488.9 billion yen in unsecured bonds due from the year ending March 31, 2008 to 2012 with coupon rates of 0.7%-3.5%. We have sought to level out our repayment requirements.

As of May 31, 2007, we and our long-term debt obligations were rated by rating agencies as shown in the table below. Such ratings were issued by the rating agencies upon our requests. On May 21, 2007, Standard & Poor's upgraded our long-term issue and issuer credit ratings from AA- to AA. Credit ratings reflect rating agencies' current opinions about our financial capability of meeting payment obligations of our debt in accordance with their terms. Rating agencies are able to upgrade, downgrade, reserve or withdraw their credit ratings on us anytime at their discretions. The rating is not a market rating or recommendation to buy, hold or sell our shares or any financial obligations of us.

Rating agencies	Type of rating	rating	Outlook
Moody's	Long Term Obligation Rating	Aa1	Stable
Standard & Poor's	Long-Term Issuer Credit Rating	AA	Stable
Standard & Poor's	Long-Term Issue Credit Rating	AA	—
Japan Credit Rating Agency Ltd.	Long-Term Senior Debt Rating	AAA	Stable
Rating and Investment Information, Inc	Issuer Rating	AA+	Stable

None of our debt obligations has ever had a clause in which a downgrade of our credit rating could lead to a change in a payment term of such an obligation so as to accelerate its maturity.

The following table summarizes our long-term debt, lease obligations and other contractual obligations (including current portion) over the next several years.

Long Term Debt, Lease Obligations and other Contractual Obligations

	Millions of yen				
	Payments Due by Period				
Category of Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-Term Debt					
Unsecured Bonds	¥ 488,863	¥ 110,005	¥ 49,200	¥ 329,658	¥ —
Unsecured Loans	114,000	21,000	55,000	23,000	15,000
Capital Leases	7,829	2,520	4,163	1,037	109
Operating Leases	24,538	2,356	3,672	2,848	15,662
Other Contractual Obligations	120,155	119,737	373	45	—
Total	¥ 755,385	¥ 255,618	¥ 112,408	¥ 356,588	¥ 30,771

* The amount of contractual obligations, which is immaterial in amount or of which the timing of payments are uncertain, is not included in "Other Contractual Obligations" in the above table.

"Other contractual obligations" principally consisted of commitments to purchase property and equipment for our cellular network, commitments to purchase inventories, mainly handsets, commitments to purchase services and commitments to acquire equity securities. As of March 31, 2007, we had committed 44.5 billion yen for property and equipment, 27.0 billion yen for inventories and 48.7 billion yen for other purchase commitments.

In addition to our existing commitments, we expect to make significant capital expenditures on an ongoing basis for our FOMA networks and for other purposes. Also, we consider potential opportunities to enter new areas of business, make acquisitions or enter into joint ventures, equity investments or other arrangements primarily in wireless communications businesses from time to time. Currently, we have no contingent liabilities related to litigation or guarantees that could have a materially adverse effect on our financial position.

Sources of Cash

The following table sets forth certain information about our cash flows during the years ended March 31, 2005, 2006 and 2007:

	Millions of yen		
	Years ended March 31		
	2005	2006	2007
Net cash provided by operating activities	¥ 1,181,585	¥ 1,610,941	**¥ 980,598**
Net cash used in investing activities	(578,329)	(951,077)	**(947,651)**
Net cash used in financing activities	(672,039)	(590,621)	**(531,481)**
Net increase (decrease) in cash and cash equivalents	(68,078)	70,772	**(497,662)**
Cash and cash equivalents at beginning of year	838,030	769,952	**840,724**
Cash and cash equivalents at end of year	¥ 769,952	¥ 840,724	**¥ 343,062**

Analysis of Cash Flows for the year ended March 31, 2007 and Comparison with the Prior Fiscal Year

For the year ended March 31, 2007, our net cash provided by operating activities was 980.6 billion yen, a decrease by 630.3 billion yen (39.1%) from 1,610.9 billion yen in the prior fiscal year. Net cash provided by operating activities decreased due mainly to the following;

- an increase in the payment of income taxes to 359.9 billion yen from 182.9 billion yen and a decrease in the collection of income taxes receivable to 0.9 billion yen from 93.1 billion yen in the prior fiscal year, when deferred tax assets from the impairment of our investment in AT&T Wireless were realized; and
- Because the bank was closed on the end of March, which fell on a weekend, our cash reception of 210.0 billion yen including cellular revenues was deferred to the following month.

Net cash used in investing activities was 947.7 billion yen, which consisted mainly of expenditures of 948.7 billion yen for purchases of fixed assets and of 41.9 billion yen for strategic investments, offset by proceeds of 50.7 billion yen mainly from redemption of long-term investments and changes in investments with original maturities of more than three months for cash management purposes. The net amount of cash used decreased by 3.4 billion yen (0.4%) from 951.1 billion yen used in the prior fiscal year. The slight decrease in the net cash used consisted mainly of the following:

- expenditures for purchases of fixed assets increased to 948.7 billion yen from 833.9 billion yen in the prior fiscal year;
- proceeds from redemption of long-term investments and changes in investments with original maturities of more than three months for cash management purposes decreased to 50.7 billion yen from 149.0 billion yen in the prior fiscal year, and
- purchases of non-current investments decreased to 41.9 billion yen from 292.6 billion yen in the prior fiscal year.

During the year ended March 31, 2007, in order to prepare for the introduction of the Mobile Number Portability, we actively invested in telecommunications facilities and equipment to expand the network coverage of FOMA services and to enhance its network reliability and capacity against the growth of traffic demand.

Net cash used in financing activities was 531.5 billion yen, primarily from the repayment of 193.7 billion yen for long-term debt, dividend payments of 176.9 billion yen and payments of 157.2 billion yen for the acquisition of treasury stock. The net amount of cash used decreased 59.1 billion yen (10.0%) from 590.6 billion yen in the prior fiscal year. The decrease in net cash used in financing activities was due primarily to the followings:

- an increase in the repayment for long-term debt to 193.7 billion yen from 150.3 billion yen in the prior fiscal year;
- an increase in our dividend payments to 176.9 billion yen from 135.5 billion yen in the prior fiscal year; and
- a decrease in payments to acquire treasury stock to 157.2 billion yen from 300.1 billion yen in the prior fiscal year.

Cash and cash equivalents as of March 31, 2007 amounted to 343.1 billion yen, representing a decrease by 497.7 billion yen (59.2%) from 840.7 billion yen as of the end of the prior fiscal year. The amount of investments with original maturities of longer than three months, which were made to manage a part of our cash efficiently, was 251.0 billion yen and 200.5 billion yen as of March 31, 2006 and 2007, respectively.

Analysis of Cash Flows for the year ended March 31, 2006 and Comparison With the Prior Fiscal Year

For the year ended March 31, 2006, our net cash provided by operating activities was 1,610.9 billion yen, an increase of 429.4 billion yen (36.3%) from 1,181.6 billion yen in the prior fiscal year. Net cash provided by operating activities increased primarily because of a decrease in the payment of income taxes to 182.9 billion yen from 541.7 billion yen in the prior fiscal year as well as a collection of income taxes receivable of 93.1 billion yen. The decrease in the payment of income taxes and the collection of income taxes receivable resulted from a decrease in our taxable income due to a decrease in our operating income and realization of deferred tax assets from the impairment of our investment in AT&T Wireless recorded in the years ended March 31, 2002 and 2003 after the sale of the relevant shares in the year ended March 31, 2005.

Net cash used in investing activities was 951.1 billion yen, after main items such as expenditures of 833.9 billion yen for acquisitions of fixed assets and of 292.6 billion yen for strategic investments, and revenue of 149.0 billion yen from changes in investments with original maturities of more than three months for cash management purposes. The net amount of cash used increased 372.7 billion yen (64.5%) from 578.3 billion yen used in the prior fiscal year. The increase in the net cash used derived mainly from the following:

- decrease in proceeds from the sale of non-current investments to 25.1 billion yen from 725.9 billion yen in the prior fiscal year, during which we sold AT&T Wireless shares;
- purchases of non-current investments amounted to 292.6 billion yen resulting from our investments in companies such as Sumitomo Mitsui Card Company, Limited, KT Freetel Co., Ltd., and Philippine Long Distance Telephone Company;
- changes in investments with original maturities of more than three months for cash management purposes provided cash of 149.0 billion yen while the same used cash of 400.3 billion yen in the prior fiscal year; and
- expenditures for acquisitions of fixed assets decreased to 833.9 billion yen from 911.1 billion yen in the prior fiscal year.

In the year ended March 31, 2006, we partnered with entities from various industries, including investments, with focus on “commercial transactions”, “broadcasting”, “contents services”, “global operations” and “advanced cellular technology”, all of which we believe are the keys for us to upgrade our cellular services to become a “life-style infrastructure”. We expect that these partnerships will enable us to expand our business to a domain familiar with cellular business, and to create new products and services which will benefit our subscribers as a “life-style infrastructure”, and to establish new revenue sources independent of traffic revenues.

Net cash used in financing activities was 590.6 billion yen, primarily from the repayment of 150.3 billion yen for long-term debt, dividend payments of 135.5 billion yen and payment of 300.1 billion yen for acquisition of treasury stock. The net amount of cash used decreased 81.4 billion yen (12.1%) from 672.0 billion yen in the prior fiscal year. The decrease in the net cash used in financing activities was due primarily to a decrease in the payments to acquire treasury stock to 300.1 billion yen from 425.2 billion yen in the prior fiscal year, while our dividend payments increased to 135.5 billion yen from 95.3 billion yen in the prior fiscal year.

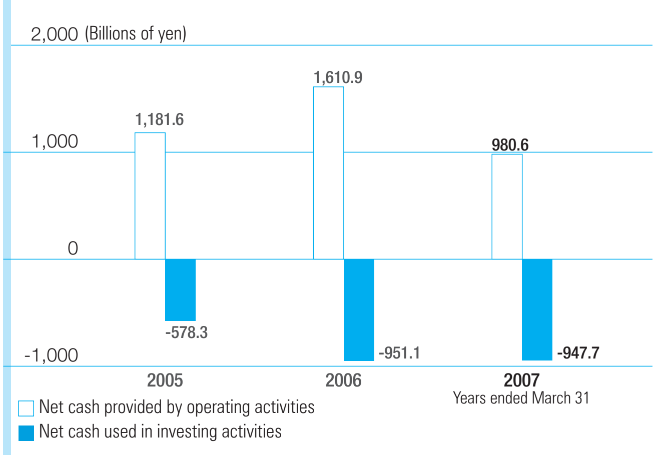
Cash and cash equivalents as of March 31, 2006, amounted to 840.7 billion yen, representing an increase of 70.8 billion yen from the amount at the end of the prior fiscal year. The amount of investments with original maturities of longer than three months, which were made to manage a part of our cash efficiently, was 400.6 billion yen and 251.0 billion yen as of March 31, 2005 and 2006, respectively.

Prospect of Cash Flows for the year ending March 31, 2008

As for our sources of cash for the year ending March 31, 2008, we currently expect our net cash flow from operating activities to increase from the prior fiscal year because of a decrease in income tax payments. The payment of income taxes is expected to decrease because deferred tax assets from the impairment of our investment in H3G UK, which were sold during the year ended March 31, 2006, were realized.

Our net cash flow used in investing activities for the year ending March 31, 2008 is expected to decrease because of a decrease in our capital expenditures to approximately 750.0 billion yen from 934.4 billion yen in the prior fiscal year.

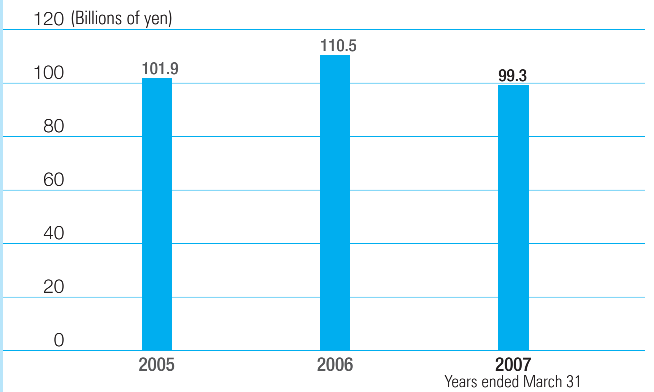
Cash Flows



C. Research and Development

Our research and development activities embrace three key efforts: development of new products and services such as handsets and applications for 3G systems, development of infrastructure and compatible handsets featuring what is called "Super 3G" or "3.9G" technology, and research and development related to fourth-generation systems. Research and development expenditures are charged to expenses as incurred. We spent 101.9 billion yen, 110.5 billion yen and 99.3 billion yen as research and development expenses in the years ended March 31, 2005, 2006 and 2007, respectively.

Research and Development Expenses



D. Trend Information

Competition in the Japanese cellular phone market is expected to become increasingly fierce, due to changes in the market such as the introduction of the Mobile Number Portability, market entry by new competitors, increase in the cellular phone penetration rate and the diversification of customer needs, as well as the fact that each carrier take such measures as the improvement of handset lineups and the introduction of value added services and lower billing plans.

In the year ending March 31, 2008, we expect that our operating revenues will decrease slightly, operating income will increase, in comparison with the prior fiscal year, based on the following trends in our business:

- our total number of subscriptions as of March 31, 2008 is expected to increase in comparison with the total number of subscriptions as of March 31, 2007, although we expect a lower annual growth rate as compared to the growth rate for the prior fiscal year. Further, we expect the proportion of FOMA subscriptions is expected to increase to approximately 80% of our total mobile phone subscribers with the ongoing migration of our mova subscribers to FOMA services;
- each of aggregate ARPU (FOMA+mova) and voice ARPU (FOMA+mova) decreased and packet ARPU (FOMA+mova) increased in the year ended March 31, 2007, as compared to the prior fiscal year. This trend is expected to continue in the year ending March 31, 2008, primarily as a result of the introduction of lower service charges and flat rate plans implemented in the prior years to strengthen our competitiveness and propel growth in the future, and with regards to the packet ARPU, it is primarily due to the uptrend in amount claimed generated from customers migrating from mova to FOMA; and
- operating expenses such as revenue-linked expenses and network costs (telecommunication facility usage fees, depreciation costs, and fixed asset disposal costs) in the year ending March 31, 2008 are expected to decrease compared to the year ended March 31, 2007, due to a decrease in revenue-linked expenses resulting from a decrease in equipment sales, handset procurement costs, and reduced capital expenditure associated with the expansion of FOMA network coverage;

We expect net income for the year ending March 31, 2008 will increase in comparison with the prior fiscal year, based on the above trends in our business.

Risks Relating to Our Business and the Japanese Wireless Telecommunications Industry

As competition in the market becomes more fierce due to changes in the business environment caused by the Mobile Number Portability, new market entrants, competition from other cellular service providers or other technologies, and other factors, could limit our acquisition of new subscriptions, retention of existing subscriptions and ARPU, or may lead to an increase in our costs and expenses.

Market changes such as the introduction of Mobile Number Portability (MNP) and the emergence of new service providers are resulting in increasing competition with other service providers in the telecommunications industry. For example, other mobile service providers have introduced new products and services including 3G handsets, music player handsets, music distribution services, and fixed-rate services for voice communications limited to specified recipients, e-mail and the like. There are also providers that now offer or may in the future offer services such as combined billing and aggregated point programs in conjunction with fixed-line communications, which may be more convenient for customers.

At the same time, there may be increased competition resulting from the introduction of other new services and technologies, especially low-priced and flat-rate services, fixed-line or mobile IP phones, high-speed fixed-line broadband Internet service and digital broadcasting, wireless LAN, and so on or an integration of the services.

In addition to competition from other service providers and technologies, there are other factors increasing competition among mobile communications providers in Japan such as saturation in the Japanese cellular market, the entry of new competitors in the market, changes to business and market structures, changes in the regulatory environment, an increased rate competition.

Under these circumstances, the number of net new subscriptions we acquire may continue to decline in the future and may not reach the number we expect. Also, in addition to difficulty acquiring new subscriptions, we may not be able to maintain existing subscriptions at expected levels due to increased competition among cellular service providers in the areas of rates and services. Furthermore, as a result of intense competition for acquisition of subscriptions, we may need to incur higher than expected costs such as distributor commissions and other expenses. In this fiercely competitive environment, in order to provide advanced services and increase convenience to our customers, we have made various rate revisions such as the introduction in June 2004 of "Pake-hodai", which is a flat-rate packet transmission service for FOMA i-mode, the introduction of a new unified rate plan for FOMA services and mova services in November 2005 that users find simple and easy to understand, the introduction in March 2006 of a new rate plan that enables users to apply Pake-hodai to all FOMA services, the introduction in March 2007 of "Pake-hodai Full", a service the enables subscribers with full-browser handsets to view not only i-mode but also PC websites and video for a flat monthly rate. However, we cannot be certain that these measures will enable us to acquire new and maintain existing subscribers. Furthermore, these rate revisions are expected to lead to a certain decline in ARPU, but if the trend of subscribers using "Family Discounts" and switching to flat-rate services increases more than we expect, our ARPU may decrease more than we expect, which may have a material adverse effect on our financial condition and results of operations.

The new services and usage patterns introduced by our corporate group may not develop as planned, which could limit our growth.

We view the expansion of AV traffic such as video phones using 3G handsets, the development and expansion of new services such as credit services useful in everyday life and business through i-mode FeliCa, and increased revenue through the expansion of data communications as important to our future growth. However, a number of uncertainties may arise to prevent the development of these services and constrain our growth. In particular, we cannot be certain that:

- We will be able to find the partners and content providers needed to provide the new services and forms of usage we are introducing and persuade a sufficient number of vendors and other establishments to use i-mode FeliCa readers;
- We will be able to provide planned new services and forms of usage as scheduled and keep costs needed for the deployment and expansion of such services within budget;
- The services we offer and plan to offer will be attractive to current and potential subscribers and there will be sufficient demand for such services;
- Manufacturers and content providers will create and offer products including handsets for our 3G system and handsets and programming for our 3G i-mode services at appropriate prices and on a timely basis;
- Our current and future data communications services including i-mode and other services will be attractive to existing and potential subscribers and achieve continued or new growth;
- Demand in the market for mobile handset functionality will be as we expect and as a result our handset procurement costs will be reduced; and
- We will be able to commence services with improved data communication speeds enabled by HSDPA (High Speed Downlink Packet Access, a high-speed packet transmission technology utilizing W-CDMA) technology planned.

If the development of our new services or forms of usage is limited, it may have a material effect on our financial condition and results of operations.

The introduction or change of various laws or regulations or the application of such laws and regulations to our corporate group could restrict our business operations, which may adversely affect our financial condition and results of operations.

The Japanese telecommunications industry has been undergoing regulatory reform in many areas including rate regulation. Because we operate on radio spectrum allocated by the Government, the mobile telecommunications industry in which we operate is particularly affected by the regulatory environment. Various governmental bodies have been recommending or considering changes that could affect the mobile telecommunications industry, and there may be continued reforms including the introduction or revision of laws or regulations that could have an adverse effect on us. These include:

- Revision of the spectrum allocation system such as reallocation of spectrum and introduction of an auction system;
- Measures to open up Internet platforms and segment platform functions such as authentication and payment collection to other operators;
- Rules that could require us to open our i-mode service to all content

providers and Internet service providers or that could prevent us from setting or collecting i-mode content fees or putting i-mode service on cellular phone handsets as an initial setting;
- Regulations to prohibit or restrict certain content or transactions or mobile Internet services such as i-mode;
- Measures which would introduce new costs such as the designation of mobile phone communications as a universal service and other changes to the current universal service fund system;
- Regulations to increase handset competition such as the abolishment of financial incentives for sales of mobile handsets and SIM(*1) regulations;
- Fair competition measures relating to MVNO(*2) such as the compulsory lease of networks;
- Introduction of new measures to promote competition based on a review of the designated telecommunications facilities system(dominant carrier regulation); and
- Other measures to enhance competition that would restrict our business operations in the telecommunications industry.

It is difficult to predict with certainty if any of the above changes will be proposed to the relevant laws and regulations and, if they are made, the extent to which our business will be affected. However, the implementation of one or more of the changes described above or other changes to laws and regulations could materially affect our financial condition and results of operations.

(*1) SIM: Subscriber Identity Module. An IC card inserted into a handset on which subscriber information is recorded, used to identify user.
(*2) MVNO: Mobile Virtual Network Operator, a business that borrows wireless communication licenses from other companies to provide services.

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.

One of the principal limitations on a cellular communication network's capacity is the available radio frequency spectrum it can use. We have limited spectrum and facilities available to us to provide our services. As a result, in certain parts of metropolitan Tokyo and Osaka, such as areas near major train stations, our cellular communication network operates at or near the maximum capacity of its available spectrum during peak periods, which may cause reduced service quality. In addition, the quality of the services we provide may also decrease due to the limited processing capacity of our base stations and switching facilities during peak usage periods if our subscription base dramatically increases or the volume of content such as images and music provided through our i-mode service significantly expands. Also, in relation to our 3G service, packet transmission flat fee service for 3G i-mode, and our flat-rate service that enables subscribers to view full-browser PC websites and video, an increase in the number of subscriptions and traffic volume of our subscribers may go substantially beyond our projections, we may not be able to process such traffic with our existing facilities and our quality of service may decline.

Furthermore, with an increasing number of subscriptions and traffic volume, our quality of service may decline if we cannot obtain the necessary allocation of spectrum from the Government for the smooth operation of our business.

We may not be able to avoid reduced quality of services despite our continued efforts to improve the efficiency of our use of spectrum through technology and to acquire new spectrum. If we are not able to successfully address such problems in a timely manner, we may experience constraints on the growth of our mobile communications services or lose subscribers to our competitors, which may materially affect our financial condition and results of operations.

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.

For our 3G system, we currently use Wideband Code Division Multiple Access, or W-CDMA, technology. W-CDMA technology is one of the global standards for cellular telecommunications technology approved by the International Telecommunications Union (ITU) as part of its efforts to standardize 3G cellular technology through the issuance of guidelines known as IMT-2000. We may be able to offer our services, such as global roaming, on a worldwide basis if enough other mobile operators adopt handsets and network facilities based on W-CDMA standard technology that is compatible with ours. We expect that the companies we have invested in overseas, our overseas strategic partners and many other mobile operators will adopt this technology.

Also, we have technology alliances with overseas operators in relation to i-mode services and we are aggressively promoting the spread and expansion of i-mode services by overseas operators.

However, if a sufficient number of other mobile operators do not adopt W-CDMA technology or there is a delay in the introduction of W-CDMA technology, we may not be able to offer global roaming services as expected and we may not be able to offer our subscribers the convenience of overseas service. Also, if adoption of W-CDMA technology abroad is not conducted sufficiently and the number of i-mode subscribers among our strategic partners and the usage of i-mode service by those subscribers does not increase sufficiently, we may not realize the benefits of economies of scale we currently expect in terms of purchasing network facilities and offering handsets and contents developed for our services at appropriate prices. Also, we cannot be sure that handset manufacturers or manufacturers of network equipment will be able to appropriately and promptly adjust their handsets and network equipment if we need to change the handsets or network we currently use due to a change in W-CDMA technology as a result of activities conducted by standard-setting organizations.

If W-CDMA technology and i-mode services do not develop as we expect and we are not able to improve the quality of our overseas services or enjoy the benefits of global economies of scale, this may have an adverse effect on our financial condition and results of operations.

Our domestic and international investments, alliances and collaborations may not produce the returns or provide the opportunities we expect.

One of the major components of our strategy is to increase our corporate value through domestic and overseas investments, alliances and collaborations. We have entered into alliances and collaborations with other companies and organizations overseas which we believe could help us achieve this objective. We are also promoting this strategy by investing, entering into alliances with and collaborating with domestic companies and investing in new business areas.

However, there can be no assurance that we will be able to maintain or enhance the value or performance of our past or future investments or that we will receive the returns or benefits we expect from these investments, alliances and collaborations. Our investments in new business areas outside of the mobile telecommunication business may be accompanied by challenges beyond our expectations, as we have little experience in such new areas of business.

In recent years, the companies in which we have invested have experienced a variety of negative developments, including severe competition, increased debt burdens, significant volatility in share prices and financial difficulties. To the extent that these investments are accounted for by the equity method and to the extent that the investee companies have net losses, our financial results will be adversely affected by our pro rata portion of these losses. If there is a loss in the value of our investment in any investee company and such loss in value is other than a temporary decline, we may be required to adjust the book value and recognize an impairment loss for such investment. Also, a business combination or other similar transaction involving any of our investee companies could require us to realize impairment loss for any decline in the value of investment in such investee company. In either event, our financial condition or results of operations could be materially adversely affected.

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 loss 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.

Various functions are mounted on the mobile handsets we provide, and if we cannot appropriately deal with technological problems that may arise with respect to current or future handsets or the malfunction, defect or loss of handsets, our credibility may decline and our corporate image may be damaged, leading to an increase in cancellations of subscription or an increase in expenses for indemnity payments to subscribers and our financial condition or results of operations may be affected. New issues may arise which are different from those related to mobile communications services which we have been providing, especially with i-mode handsets with FeliCa capabilities that can be used for electronic payment and credit transactions. Events that may lead to a decrease in our credibility and corporate image, or an increase in cancellations of subscriptions and indemnity payments for subscribers include the following:

- Breakdown, defect and malfunction of our handsets;
- Loss of information, e-money or points due to a breakdown of handsets or other factors;
- Illegal use of information, e-money, credit functions and points by third parties due to a loss or theft of handsets;
- Illegal access to and use of user records and balances accumulated on handsets by third-parties; and
- Inadequate and inappropriate management of e-money, credit functions or points by companies with which we make alliances or collaborate.

Social problems that could be caused by misuse or misunderstanding of our products and services may adversely affect our credibility or corporate image.

We may face an increase in cancellations of existing subscriber contracts and difficulty in acquiring new subscriptions due to decreased credibility of our products and services and damaged corporate image caused by inappropriate use of our products and services by unscrupulous subscribers.

Unsolicited bulk e-mail, for instance, is a problem for our i-mode service. Despite our extensive efforts to address this issue by protecting our subscribers from incurring any economic disadvantage caused by unsolicited bulk e-mails including notifying our subscribers via various brochures, providing unsolicited bulk e-mail filtering functions with our handsets and pursuing actions against companies which distribute large amounts of such unsolicited bulk e-mails, the problem has not yet been rooted out. Also, recently, a different kind of unsolicited bulk e-mail using “short-mail” and “SMS (short message service)” we provide in addition to i-mode, is becoming an issue. If our subscribers receive a large amount of unsolicited e-mail, it may cause a decrease in customer satisfaction and damage our corporate image, leading to a reduction in the number of i-mode subscriptions.

Mobile phones have been used in crimes such as the “it’s me” fraud, whereby callers request an emergency bank remittance pretending to be a relative. To combat these misuses of our services, we have introduced various measures such as more strict identification confirmation at points of purchase and ended new contracts for pre-paid mobile phones as of the end of March 2005 because pre-paid mobile phones are easier to use in criminal activities. However, in the event criminal usage increases, mobile phones may be regarded as a problem and lead to an increase in cancellation of contracts.

In addition, as our handsets and services become more sophisticated, new issues may arise when subscribers are charged fees for packet transmission at levels higher than they are aware of as a result of using handsets without fully recognizing over use of packet transmission in terms of frequency and volume. Also, inappropriate use of our mobile handsets with built-in cameras has become a social issue such as taking photos of an article from a magazine in a bookstore or taking pictures at art galleries and museums where photography is prohibited. Furthermore, there are issues concerning manners for phone usage in public places such as in trains and aircraft and the occurrence of car accidents caused by the use of mobile phones while driving. These issues may similarly damage our corporate image.

To date, we believe that we have properly addressed the social issues involving mobile phones. However, it is uncertain whether we will be able to continue addressing those issues appropriately in the future as well and if we fail to do so, we may experience an increase in cancellation of existing subscriber contracts or fail to acquire new subscribers as expected, and this may affect our financial condition and results of operations.

Inadequate handling of confidential business information including personal information by our corporate group, contractors and other factors, may adversely affect our credibility or corporate image.

In April 2005, the Law concerning the Protection of Personal Information (the “Personal Information Protection Law”) came into force and protection of personal information became an important issue at companies that handle personal information. We possess information on numerous subscribers in the telecommunications, credit, and other businesses, and to appropriately and promptly address the Personal Information Protection Law, we have set up an “information security department” to put in place comprehensive security management across the company such as thorough management of subscriber information, employee education, supervision of subcontractors and by strengthening technological security.

However, in the event an information leak occurs despite these security measures, our credibility may be significantly damaged and we may experience an increase in cancellation of subscriber contracts, an increase in indemnity costs and slower increase in additional subscriptions, and our financial condition and results of operations may be adversely affected.

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.

For the Group to carry out its business, it is necessary to obtain licenses and other rights to use the intellectual property rights of third parties. Currently, the group is obtaining licenses from the holders of the rights concerned by concluding license agreements. We will obtain the licenses from the holders of the rights concerned if others have the rights to those intellectual property rights which are necessary for us to operate our business in the future. However, if we cannot come to agreement with the holders of the rights concerned or mutual agreement concerning the granted rights cannot be maintained afterwards, there is a possibility that we will not be able to provide specific technologies, products or services of the group. Also, if the group receives claims of violation of intellectual property rights from others, we may be forced to expend considerable time and cost in reaching a resolution, and if such claims are recognized, we may be liable to pay damages for infringement of the rights concerned, which may adversely affect our financial condition and results of operations.

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.

We have built a nationwide network including base stations, antennas, switching centers and transmission lines and provide mobile communication service using this network. In order to operate our network systems in a safe and stable manner, we have various measures in place such as redundant systems. However, despite these measures, our system could fail for various reasons including hardware problems, network damage caused by earthquakes, power shortages, typhoons, floods, terrorism and similar phenomena and events. These system failures can require an extended time for repair and as a result, may lead to decreased revenues and increased repair costs, and our financial condition and results of operations may be adversely affected.

There have been instances in which millions of computers worldwide were infected by viruses through the Internet. Similar incidents could occur on our mobile communications network. If such a virus entered our network or handsets through such means as hacking, unauthorized access, or otherwise, our system could fail and our mobile phones become unusable. In such an instance, the credibility of our network and customer satisfaction could decrease significantly. Although we have enhanced our security systems to block unauthorized access and remote downloading in order to provide for unexpected events, such precautions may not make our system fully prepared for every event. In addition, our network could be affected by software bugs, incorrect equipment settings and human errors which are not the result of malfeasance, but also cause system failures or breakdowns.

In the event we are unable to properly respond to any such events, our credibility or corporate image may be reduced, and we may experience a decrease in revenues as well as significant repair costs, which may affect our financial condition and results of operations.

Concerns about wireless telecommunications health risks may adversely affect our financial condition and results of operations.

Media and other reports have suggested that electric wave emissions from wireless handsets and other wireless equipment may adversely affect the health of mobile phone users and others such as by causing cancer and vision loss and interfering with various electronic medical devices including hearing aids and pacemakers, and also may present increased health risks for users who are children. While these reports have not been conclusive, and although the findings in such reports are disputed, the actual or perceived risk of wireless telecommunications devices to the health of users could adversely affect us through increased cancellation by existing subscribers, reduced subscriber growth, reduced usage per subscriber or litigation, and may also potentially adversely affect our corporate image, financial condition and results of operations. The perceived risk of wireless devices may have been elevated by certain wireless carriers and handset manufactures affixing labels to their handsets showing levels of electric wave emissions or warnings about possible health risks. Research and studies are ongoing and we are actively attempting to confirm the safety of wireless telecommunications, but there can be no assurance that further research and studies will not demonstrate a relation between electric wave emissions and health problems.

Furthermore, although the electric wave emissions of our cellular handsets and base stations comply with the electromagnetic safety guidelines of Japan, including guidelines regarding the specific absorption rate of electric waves, and the International Commission on Non-Ionizing Radiation Protection, the guidelines of which are regarded as an international safety standard, the Electromagnetic Compatibility Conference of Japan has confirmed that some electronic medical devices are affected by the electromagnetic interference from cellular phones as well as other portable radio transmitters. As a result, Japan has adopted a policy to restrict the use of cellular services inside medical facilities. We are working to ensure that our subscribers are aware of these restrictions when using cellular phones. There is a possibility that modifications to regulations, new regulations or restrictions could limit our ability to expand our market or our subscription base or otherwise adversely affect us.

Our parent company, Nippon Telegraph and Telephone Corporation (NTT), could exercise influence that may not be in the interests of our other shareholders.

As of March 31, 2007, NTT owned 63.4% of our outstanding voting shares. While being subject to the conditions for fair competition established by the Ministry of Posts and Telecommunications ("MPT", currently the Ministry of Internal Affairs and Communications, or "MIC") in April 1992, NTT retains the right to control our management as a majority shareholder, including the right to appoint directors. Currently, although we conduct our day-to-day operations independently of NTT and its other subsidiaries, certain important matters are discussed with, or reported to, NTT. As such, NTT could take actions that are in its best interests, which may not be in the interests of our other shareholders.

CONSOLIDATED FINANCIAL STATEMENTS—
CONSOLIDATED BALANCE SHEETS

NTT DoCoMo, INC. AND SUBSIDIARIES
MARCH 31, 2006 AND 2007

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 840,724	¥ 343,062	$ 2,918,186
Short-term investments			
Third parties	51,237	100,543	855,248
Related parties	—	50,000	425,315
Accounts receivable			
Third parties	588,508	844,305	7,181,907
Related parties	21,329	28,018	238,330
Sub-total	609,837	872,323	7,420,237
Less: Allowance for doubtful accounts	(14,740)	(13,178)	(112,096)
Total accounts receivable, net	595,097	859,145	7,308,141
Inventories	229,523	145,892	1,241,000
Deferred tax assets	111,795	94,868	806,975
Prepaid expenses and other current assets			
Third parties	91,182	132,959	1,130,989
Related parties	7,200	5,444	46,308
Total current assets	1,926,758	1,731,913	14,732,162
Property, plant and equipment:			
Wireless telecommunications equipment	4,743,136	5,149,132	43,800,034
Buildings and structures	736,660	778,638	6,623,324
Tools, furniture and fixtures	610,759	613,945	5,222,397
Land	197,896	199,007	1,692,812
Construction in progress	134,240	114,292	972,202
Sub-total	6,422,691	6,855,014	58,310,769
Accumulated depreciation and amortization	(3,645,237)	(3,954,361)	(33,636,960)
Total property, plant and equipment, net	2,777,454	2,900,653	24,673,809
Non-current investments and other assets:			
Investments in affiliates	174,121	176,376	1,500,306
Marketable securities and other investments	357,824	261,456	2,224,022
Intangible assets, net	546,304	551,029	4,687,215
Goodwill	141,094	147,821	1,257,409
Other assets			
Third parties	157,272	157,656	1,341,069
Related parties	107,710	61,615	524,115
Deferred tax assets	176,720	127,696	1,086,220
Total non-current investments and other assets	1,661,045	1,483,649	12,620,356
Total assets	¥ 6,365,257	¥ 6,116,215	$ 52,026,327

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	¥ 193,723	¥ 131,005	$ 1,114,367
Short-term borrowings	152	102	868
Accounts payable, trade			
Third parties	726,608	666,829	5,672,244
Related parties	81,528	94,279	801,965
Accrued payroll	41,799	46,584	396,257
Accrued interest	1,264	809	6,881
Accrued income taxes	168,587	68,408	581,899
Other current liabilities			
Third parties	152,322	152,843	1,300,128
Related parties	2,316	2,066	17,574
Total current liabilities	1,368,299	1,162,925	9,892,183
Long-term liabilities:			
Long-term debt (exclusive of current portion)	598,530	471,858	4,013,763
Liability for employees' retirement benefits	135,511	135,890	1,155,920
Other long-term liabilities			
Third parties	206,675	179,699	1,528,573
Related parties	3,105	3,376	28,717
Total long-term liabilities	943,821	790,823	6,726,973
Total liabilities	2,312,120	1,953,748	16,619,156
Minority interests in consolidated subsidiaries	1,120	1,164	9,901
Shareholders' equity:			
Common stock, without a stated value –			
Authorized –188,130,000 shares and 188,130,000 shares at March 31, 2006 and 2007, respectively			
Issued –46,810,000 and 45,880,000 shares at March 31, 2006 and 2007, respectively			
Outstanding –44,474,227 and 43,593,644 shares at March 31, 2006 and 2007, respectively	949,680	949,680	8,078,258
Additional paid-in capital	1,311,013	1,135,958	9,662,793
Retained earnings	2,212,739	2,493,155	21,207,511
Accumulated other comprehensive income	26,781	12,874	109,511
Treasury stock, 2,335,773 and 2,286,356 shares at March 31, 2006 and 2007, at cost, respectively	(448,196)	(430,364)	(3,660,803)
Total shareholders' equity	4,052,017	4,161,303	35,397,270
Commitments and contingencies			
Total liabilities and shareholders' equity	¥ 6,365,257	¥ 6,116,215	$ 52,026,327

See accompanying notes to consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS—
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

NTT DoCoMo, INC. AND SUBSIDIARIES
YEARS ENDED MARCH 31, 2005, 2006 AND 2007

	Millions of yen			Thousands of U.S. dollars
	2005	2006	2007	2007
Operating revenues:				
Wireless services				
Third parties	¥ 4,259,354	¥ 4,242,230	¥ 4,259,951	$ 36,236,398
Related parties	37,183	53,626	54,189	460,948
Equipment sales				
Third parties	529,891	462,490	465,924	3,963,287
Related parties	18,182	7,526	8,029	68,297
Total operating revenues	4,844,610	4,765,872	4,788,093	40,728,930
Operating expenses:				
Cost of services (exclusive of items shown separately below)				
Third parties	463,899	462,852	498,852	4,243,382
Related parties	276,524	283,247	268,108	2,280,606
Cost of equipment sold (exclusive of items shown separately below)	1,122,443	1,113,464	1,218,694	10,366,570
Depreciation and amortization	735,423	737,066	744,122	6,329,721
Impairment loss	60,399	1,071	1,216	10,344
Selling, general and administrative				
Third parties	1,189,166	1,179,252	1,121,374	9,538,738
Related parties	212,590	156,281	162,203	1,379,746
Total operating expenses	4,060,444	3,933,233	4,014,569	34,149,107
Operating income	784,166	832,639	773,524	6,579,823
Other income (expense):				
Interest expense	(9,858)	(8,420)	(5,749)	(48,903)
Interest income	1,957	4,659	1,459	12,411
Gain on sale of affiliate shares	501,781	61,962	—	—
Gain on sale of other investments	—	40,088	5	43
Other, net	10,175	21,375	3,704	31,507
Total other income (expense)	504,055	119,664	(581)	(4,942)
Income before income taxes, equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries	1,288,221	952,303	772,943	6,574,881
Income taxes:				
Current	192,124	293,707	237,734	2,022,235
Deferred	335,587	47,675	75,945	646,011
Total income taxes	527,711	341,382	313,679	2,668,246
Income before equity in net losses of affiliates and minority interests in earnings of consolidated subsidiaries	760,510	610,921	459,264	3,906,635
Equity in net losses of affiliates (including impairment of investments in affiliates in 2005 and 2007)	(12,886)	(364)	(1,941)	(16,511)
Minority interests in earnings of consolidated subsidiaries	(60)	(76)	(45)	(383)
Net Income	¥ 747,564	¥ 610,481	¥ 457,278	$ 3,889,741
Other comprehensive income (loss):				
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	8,761	10,000	(15,364)	(130,691)
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	459	(2,338)	(399)	(3,394)
Net revaluation of financial instruments, net of applicable taxes	(213)	369	832	7,077
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	(154)	(248)	(798)	(6,788)
Foreign currency translation adjustment, net of applicable taxes	4,188	5,433	1,103	9,383
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	(36,858)	(48,030)	—	—
Minimum pension liability adjustment, net of applicable taxes	71	3,986	5,562	47,312
Comprehensive income	¥ 723,818	¥ 579,653	¥ 448,214	$ 3,812,640
Per share data:				
Weighted average common shares outstanding – Basic and Diluted (shares)	47,401,154	45,250,031	43,985,082	43,985,082
Basic and diluted earnings per share (Yen and U.S. dollars)	¥ 15,771.01	¥ 13,491.28	¥ 10,396.21	$ 88.43

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

NTT DoCoMo, INC. AND SUBSIDIARIES
YEARS ENDED MARCH 31, 2005, 2006 AND 2007

	Number of Shares		Millions of yen					
	Issued Common Stock	Treasury Stock	Common Stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Shareholders' Equity
Balance at March 31, 2004	50,180,000	1,583,636	¥ 949,680	¥ 1,311,013	¥ 1,759,548	¥ 81,355	¥ (396,901)	¥ 3,704,695
Purchase of treasury stock		2,324,156					(425,247)	(425,247)
Retirement of treasury stock	(1,480,000)	(1,480,000)			(311,371)		311,371	—
Cash dividends declared and paid (2,000 yen per share)					(95,334)			(95,334)
Net income					747,564			747,564
Unrealized holding gains on available-for-sale securities						9,220		9,220
Net revaluation of financial instruments						(367)		(367)
Foreign currency translation adjustment						(32,670)		(32,670)
Minimum pension liability adjustment						71		71
Balance at March 31, 2005	48,700,000	2,427,792	¥ 949,680	¥ 1,311,013	¥ 2,100,407	¥ 57,609	¥ (510,777)	¥ 3,907,932
Purchase of treasury stock		1,797,981					(300,078)	(300,078)
Retirement of treasury stock	(1,890,000)	(1,890,000)			(362,659)		362,659	—
Cash dividends declared and paid (3,000 yen per share)					(135,490)			(135,490)
Net income					610,481			610,481
Unrealized holding gains on available-for-sale securities						7,662		7,662
Net revaluation of financial instruments						121		121
Foreign currency translation adjustment						(42,597)		(42,597)
Minimum pension liability adjustment						3,986		3,986
Balance at March 31, 2006	46,810,000	2,335,773	¥ 949,680	¥ 1,311,013	¥ 2,212,739	¥ 26,781	¥ (448,196)	¥ 4,052,017
Purchase of treasury stock		880,583					(157,223)	(157,223)
Retirement of treasury stock	(930,000)	(930,000)		(175,055)			175,055	—
Cash dividends declared and paid (4,000 yen per share)					(176,862)			(176,862)
Net income					457,278			457,278
Unrealized holding gains (losses) on available-for-sale securities						(15,763)		(15,763)
Net revaluation of financial instruments						34		34
Foreign currency translation adjustment						1,103		1,103
Minimum pension liability adjustment						5,562		5,562
Adjustment to initially apply SFAS No. 158						(4,843)		(4,843)
Balance at March 31, 2007	**45,880,000**	**2,286,356**	**¥ 949,680**	**¥ 1,135,958**	**¥ 2,493,155**	**¥ 12,874**	**¥ (430,364)**	**¥ 4,161,303**

	Thousands of U.S. dollars					
	Common Stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Shareholders' Equity
Balance at March 31, 2006	$8,078,258	$11,151,862	$18,822,211	$227,808	$(3,812,487)	$ 34,467,652
Purchase of treasury stock					(1,337,385)	(1,337,385)
Retirement of treasury stock		(1,489,069)			1,489,069	—
Cash dividends declared and paid (4,000 yen per share)			(1,504,441)			(1,504,441)
Net income			3,889,741			3,889,741
Unrealized holding gains (losses) on available-for-sale securities				(134,085)		(134,085)
Net revaluation of financial instruments				289		289
Foreign currency translation adjustment				9,383		9,383
Minimum pension liability adjustment				47,312		47,312
Adjustment to initially apply SFAS No. 158				(41,196)		(41,196)
Balance at March 31, 2007	**$ 8,078,258**	**$ 9,662,793**	**$21,207,511**	**$109,511**	**$(3,660,803)**	**$35,397,270**

See accompanying notes to consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS—
CONSOLIDATED STATEMENTS OF CASH FLOWS

NTT DoCoMo, INC. AND SUBSIDIARIES
YEARS ENDED MARCH 31, 2005, 2006 AND 2007

	Millions of yen			Thousands of U.S. dollars
	2005	2006	2007	2007
Cash flows from operating activities:				
Net income	¥ 747,564	¥ 610,481	¥ 457,278	$ 3,889,741
Adjustments to reconcile net income to net cash provided by operating activities –				
Depreciation and amortization	735,423	737,066	744,122	6,329,721
Impairment loss	60,399	1,071	1,216	10,344
Deferred taxes	334,095	49,101	74,987	637,862
Loss on sale or disposal of property, plant and equipment	45,673	36,000	55,708	473,869
Gain on sale of affiliate shares	(501,781)	(61,962)	—	—
Gain on sale of other investments	—	(40,088)	(5)	(43)
Expense associated with sale of other investments	—	14,062	—	—
Equity in net losses (gains) of affiliates (including impairment of 8,612 million yen and 2,630 million yen (22,372 thousand dollar) in investments in affiliates in 2005 and 2007, respectively)	14,378	(1,289)	2,791	23,741
Minority interests in earnings of consolidated subsidiaries	60	76	45	383
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable, trade	8,731	21,345	(262,032)	(2,228,921)
(Decrease) in allowance for doubtful accounts	(4,641)	(3,623)	(1,600)	(13,610)
(Increase) decrease in inventories	(29,157)	(73,094)	83,716	712,113
(Increase) decrease in income taxes receivable	(92,869)	92,869	(20,261)	(172,346)
(Increase) decrease in prepaid expenses and other current assets	(3,205)	16,323	(18,993)	(161,560)
Increase (decrease) in accounts payable, trade	89,464	45,108	(42,013)	(357,375)
(Decrease) increase in accrued income taxes	(260,585)	111,141	(100,197)	(852,305)
Increase in other current liabilities	12,531	17,641	534	4,542
Increase (decrease) in liability for employees' retirement benefits	4,720	(3,378)	379	3,224
Increase (decrease) in other long-term liabilities	1,295	24,725	(26,241)	(223,214)
Other, net	19,490	17,366	31,164	265,090
Net cash provided by operating activities	1,181,585	1,610,941	980,598	8,341,256
Cash flows from investing activities:				
Purchases of property, plant and equipment	(668,413)	(638,590)	(735,650)	(6,257,656)
Purchases of intangible and other assets	(242,668)	(195,277)	(213,075)	(1,812,479)
Purchases of non-current investments	(176,017)	(292,556)	(41,876)	(356,210)
Proceeds from sale and redemption of non-current investments	725,905	25,142	50,594	430,368
Purchases of short-term investments	(361,297)	(252,474)	(3,557)	(30,257)
Redemption of short-term investments	111,521	501,433	4,267	36,297
Collection of loan advances	40,015	229	—	—
Long-term bailment for consumption to a related party	—	(100,000)	—	—
Other, net	(7,375)	1,016	(8,354)	(71,062)
Net cash used in investing activities	(578,329)	(951,077)	(947,651)	(8,060,999)
Cash flows from financing activities:				
Repayment of long-term debt	(146,709)	(150,304)	(193,723)	(1,647,865)
Proceeds from short-term borrowings	87,500	27,002	18,400	156,515
Repayment of short-term borrowings	(87,500)	(27,010)	(18,450)	(156,941)
Principal payments under capital lease obligations	(4,748)	(4,740)	(3,621)	(30,801)
Payments to acquire treasury stock	(425,247)	(300,078)	(157,223)	(1,337,385)
Dividends paid	(95,334)	(135,490)	(176,862)	(1,504,440)
Other, net	(1)	(1)	(2)	(17)
Net cash used in financing activities	(672,039)	(590,621)	(531,481)	(4,520,934)
Effect of exchange rate changes on cash and cash equivalents	705	1,529	872	7,417
Net increase (decrease) in cash and cash equivalents	(68,078)	70,772	(497,662)	(4,233,260)
Cash and cash equivalents at beginning of year	838,030	769,952	840,724	7,151,446
Cash and cash equivalents at end of year	¥ 769,952	¥ 840,724	¥ 343,062	$ 2,918,186
Supplemental disclosures of cash flow information:				
Cash received during the year for:				
Income taxes	¥ 7	¥ 93,103	¥ 925	$ 7,868
Cash paid during the year for:				
Interest	10,323	8,666	6,203	52,765
Income taxes	541,684	182,914	359,861	3,061,084
Non-cash investing and financing activities:				
Acquisition of shares from sale of an investment	16,711	—	—	—
Assets acquired through capital lease obligations	4,411	5,038	3,530	30,027
Retirement of treasury stock	311,371	362,659	175,055	1,489,069

See accompanying notes to consolidated financial statements.

1. Nature of Operations:

NTT DoCoMo, Inc. and subsidiaries (the "Company" or "DoCoMo") is a joint stock corporation that was incorporated under the laws of Japan in August 1991 as the wireless telecommunications arm of Nippon Telegraph and Telephone Corporation ("NTT"). NTT, 33.72% of which is owned by the Japanese government, owns 60.24% of DoCoMo's issued stock and 63.41% of DoCoMo's voting stock outstanding as of March 31, 2007.

DoCoMo provides its subscribers with wireless telecommunications services such as FOMA (3G wireless services), mova (2G wireless services), packet communications services (wireless data communications services using packet switching), Personal Handyphone System ("PHS") services (a wireless data and voice platform that enables customers to access the internet, as well as to make calls), and satellite mobile communications services, primarily on its own nationwide networks. In addition, DoCoMo sells handsets and related equipment primarily to agent resellers who in turn sell such equipment to end user customers.

DoCoMo terminated Quickcast (paging) services on March 31, 2007. In addition, DoCoMo had ceased accepting new subscriptions for PHS services since April 30, 2005 and decided to terminate PHS services effective January 7, 2008.

2. Summary of Significant Accounting and Reporting Policies:

DoCoMo maintains its books and records, and prepares statutory financial statements in conformity with the Japanese Telecommunications Business Law and the related accounting regulations and accounting principles generally accepted in Japan, which differ in certain respects from accounting principles generally accepted in the United States of America ("U.S. GAAP").

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and, therefore, reflect certain adjustments to DoCoMo's books and records.

(1) Adoption of New Accounting Standards

Inventory Pricing

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

Exchanges of Non-monetary Assets

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

Accounting Changes and Error Corrections

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

Accounting for Defined Benefit Pension and Other Postretirement Plans

Effective March 31, 2007, DoCoMo adopted recognition and related disclosure provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans". SFAS No. 158 amends the guidance in SFAS No. 87, "Employers' Accounting for Pensions", SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", and SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits". SFAS No. 158 requires an employer who sponsors defined benefit pension and other postretirement benefit plans to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, in the balance sheet. SFAS No. 158 also requires the employer to measure the fair value of plan assets and benefit obligations as of the date of the fiscal year end, and to recognize subsequent changes in the funded status as a component of accumulated other comprehensive income in shareholders' equity. The adoption of SFAS No. 158 did not have any impact on DoCoMo's results of operations. See Note 17 for further discussion.

(2) Significant Accounting Policies

Principles of Consolidation—

The consolidated financial statements include accounts of DoCoMo and its majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

DoCoMo applied the FASB Interpretation ("FIN") No. 46 (revised 2003), "Consolidation of Variable Interest Entities - an Interpretation of ARB No. 51" ("FIN 46R"). FIN 46R addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. For the years ended March 31, 2005, 2006 and 2007, DoCoMo had no variable interest entities to be consolidated or disclosed.

Use of estimates—

The preparation of DoCoMo's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. DoCoMo has identified the following areas where it believes estimates and assumptions are particularly critical to the financial statements. These are determination of useful lives of property, plant and equipment, internal use software and other intangible assets, impairment of long-lived assets, impairment of investments, realization of deferred tax assets, measurement of pension liabilities and revenue recognition.

Cash and Cash Equivalents—

DoCoMo considers cash in banks and short-term highly liquid investments with original maturities of three months or less at the date of purchase to be cash and cash equivalents.

Short-Term Investments—

The highly liquid investments, which have original maturities of longer than three months at the date of purchase and remaining maturities of one year or less at the end of fiscal year, are considered to be short-term investments.

Allowance for Doubtful Accounts—

The allowance for doubtful accounts is principally computed based on the historical bad debt experience plus the estimated uncollectible amount based on the analysis of certain individual accounts, including claims in bankruptcy.

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. Inventories consist primarily of handsets and accessories. DoCoMo evaluates its inventory for obsolescence on a periodic basis and records valuation adjustments as required. Due to the rapid technological changes associated with the wireless communications business, DoCoMo wrote down and disposed of obsolete handsets during the years ended March 31, 2005, 2006 and 2007 resulting in losses totaling 12,047 million yen, 18,883 million yen and 21,353 million yen ($181,635 thousand), respectively, which are included in "cost of equipment sold" in the accompanying consolidated statements of income and comprehensive income.

Property, Plant and Equipment—

Property, plant and equipment are stated at cost and include interest cost incurred during construction, as discussed below in "Capitalized interest". Property, plant and equipment under capital leases are stated at the present value of minimum lease payments. Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets with the exception of buildings, which are depreciated on a straight-line basis. Useful lives are determined at the time the asset is acquired and are based on its expected use, past experience with similar assets and anticipated technological or other changes. If technological or other changes occur more or less rapidly or in a different form than anticipated or the intended use changes, the useful lives assigned to these assets are adjusted as appropriate. Property, plant and equipment held under capital lease and leasehold improvements are amortized using either the straight-line method or the declining-balance method, depending on the type of the assets, over the shorter of the lease term or estimated useful life of the asset.

The estimated useful lives of major depreciable assets are as follows:

Major wireless telecommunications equipment	6 to 15 years
Steel towers and poles for antenna equipment	30 to 40 years
Reinforced concrete buildings	38 to 50 years
Tools, furniture and fixtures	4 to 15 years

Depreciation and amortization expense for the years ended March 31, 2005, 2006 and 2007 was 571,955 million yen, 553,087 million yen, and 552,294 million yen ($4,697,976 thousand), respectively.

When depreciable telecommunications equipment is retired or abandoned in the normal course of business, the amounts of such telecommunications equipment and its accumulated depreciation are deducted from the respective accounts. Any remaining balance is charged to expense immediately. DoCoMo accounts for legal or contractual obligations associated with the retirement of tangible long-lived assets in accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations". DoCoMo's asset retirement obligations subject to SFAS No. 143 primarily relate to its obligations to restore certain leased land and buildings used for DoCoMo's wireless telecommunications equipment to their original states. DoCoMo has determined the aggregate fair values of its asset retirement obligations do not have a material impact on DoCoMo's results of operations or financial position.

Expenditures for replacements and betterments are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Assets under construction are not depreciated until placed in service. The rental costs associated with ground or building operating leases that are incurred during a construction period are expensed.

Capitalized Interest—

DoCoMo capitalizes interest related to the construction of property, plant and equipment over the period of construction. DoCoMo also capitalizes interest associated with the development of internal-use software. DoCoMo amortizes such capitalized interest over the estimated useful lives of the related assets. There was no interest capitalized for the years ended March 31, 2005, 2006 and 2007.

Investments in Affiliates—

The equity method of accounting is applied to investments in affiliates where DoCoMo owns an aggregate of 20% to 50% and/or is able to exercise significant influence. Under the equity method of accounting, DoCoMo records its share of earnings and losses of the affiliate and adjusts its investment amount. For investments of less than 20%, DoCoMo periodically reviews the facts and circumstances related thereto to determine whether or not it can exercise significant influence over the operating and financial policies of the affiliate and, therefore should apply the equity method of accounting. For investees accounted for under the equity method whose fiscal year ends are December 31, DoCoMo records its share of income or losses of such investees with a three month lag in its consolidated statements of income and comprehensive income. 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 performing its evaluations, DoCoMo utilizes various information including cash flow projections, independent valuations and, as applicable, quoted market values to determine recoverable amounts and the length of time an investment's carrying value exceeds its estimated current recoverable amount. In the event of a determination that a decline in value is other than temporary, a charge to earnings is recorded for the loss, and a new cost basis in the investment is established.

Marketable Securities and Other Investments—

Marketable securities consist of debt and equity securities. DoCoMo accounts for such investments in debt and equity securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". Management determines the appropriate classification of its investment securities at the time of purchase. DoCoMo periodically reviews the carrying amounts of its marketable securities for impairments that are other than temporary. If this evaluation indicates that a decline in value is other than temporary, the security is written down to its estimated fair value.

Equity securities held by DoCoMo, whose fair values are readily determinable, are classified as available-for-sale. Available-for-sale equity securities are carried at fair value with unrealized holding gains or losses, net of applicable taxes, included as a component of "accumulated other comprehensive income" in shareholders' equity. Realized gains and losses are determined using the moving-average method and are reflected currently in earnings.

Debt securities held by DoCoMo, which DoCoMo has the positive intent and ability to hold to maturity, are classified as held-to-maturity, and the other debt securities that may be sold before maturity are classified as available-for-sale securities. Held-to-maturity debt securities are carried at amortized cost. Available-for-sale debt securities are carried at fair value with unrealized holding gains or losses, net of applicable taxes, included as a component of "accumulated other comprehensive income" in shareholders' equity. Realized gains and losses are determined using the first-in, first-out cost method and are reflected currently in earnings. Debt securities with original maturities of three months or less are recorded as "cash and cash equivalents", while those with original maturities of longer than three months at the date of purchase and remaining maturities of a year or less at the end of fiscal year are recorded as "short-term investments" in the consolidated balance sheets.

DoCoMo did not hold or transact any trading securities during the years ended March 31, 2005, 2006 and 2007.

Other investments include equity securities, whose fair values are not readily determinable, and equity securities for which sales are restricted by contractual requirements ("restricted stock"). Equity securities whose fair values are not readily determinable and restricted stock are carried at cost. Other than temporary declines in value are charged to earnings. Realized gains and losses are determined using the average cost method and are reflected currently in earnings.

Goodwill and Other Intangible Assets—

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Other intangible assets primarily consist of software for telecommunications network, internal-use software, software acquired to be used in manufacture of handsets, customer related assets and rights to use certain telecommunications facilities of wireline operators.

DoCoMo accounts for goodwill and other intangible assets in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets". Accordingly, DoCoMo does not amortize either goodwill, including embedded goodwill recognized following the acquisition of investments accounted for under the equity method, or other intangible assets acquired in a purchase business combination and determined to have an indefinite useful life, but instead, (1) goodwill, except those related to equity method investments, and (2) other intangible assets that have indefinite useful lives are tested for impairment at least annually. Intangible assets that have finite useful lives, consisting primarily of software for telecommunications network, internal-use software, software acquired to be used in manufacture of handsets, customer related assets and rights to use telecommunications facilities of wireline operators are amortized on a straight-line basis over their useful lives.

Goodwill related to equity method investments is tested for impairment as a part of the other than temporary impairment assessment of the equity method investment as a whole in accordance with APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock".

DoCoMo capitalizes the cost of internal-use software which has a useful life in excess of one year in accordance with 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". Subsequent costs for additions, modifications or upgrades to internal-use software are capitalized only to the extent that the software is able to perform a task it previously did not perform. Software acquired to be used in the manufacture of handsets is capitalized if the technological feasibility of the handset to be ultimately marketed has been established at the time of purchase in accordance with SFAS No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed". Software maintenance and training costs are expensed in the period in which they are incurred. Capitalized software costs are being amortized over a period of 5 years at maximum.

Customer related assets principally consist of contractual customer relationships in the mobile phone business that were recorded in connection with the acquisition of minority interests of the regional subsidiaries in November 2002 through the process of identifying separable intangible assets apart from goodwill. The customer related assets are amortized over 6 years, which is the expected term of subscription in mobile phone business.

Amounts capitalized related to rights to use certain telecommunications assets of wireline operators, primarily NTT, are amortized over 20 years.

Impairment of Long-Lived Assets—

DoCoMo's long-lived assets other than goodwill, such as property, plant and equipment, software and intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". Recoverability of assets to be held for use is evaluated by a comparison of the carrying amount of the asset with future undiscounted cash flows expected to be generated by the asset or asset group. If the asset (or asset group) is determined to be impaired, the loss recognized is the amount by which the carrying value of the asset (or asset group) exceeds its fair value as measured through various valuation techniques, including discounted cash flow models, quoted market value and third-party independent appraisals, as considered necessary.

Hedging Activities—

DoCoMo uses derivative financial instruments, including interest rate swap, foreign currency swap and foreign exchange forward contracts and non-derivative financial instruments in order to manage its exposure to fluctuations in interest rates and foreign exchange rates. DoCoMo does not hold or issue derivative financial instruments for trading purposes.

These financial instruments are effective in meeting the risk reduction objectives of DoCoMo by generating either transaction gains or losses which offset transaction gains or losses of the hedged items or cash flows which offset the cash flows related to the underlying position in respect of amount and timing.

DoCoMo accounts for derivative financial instruments and other hedging activities in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138 and No. 149. All derivative instruments are recorded on the consolidated balance sheets at fair value. The recorded fair values of derivative instruments represent the amounts that DoCoMo would receive or pay to terminate the contracts at each fiscal year end.

For derivative financial instruments that qualify as fair value hedge instruments, the changes in fair value of the derivative instruments are recognized currently in earnings, which offset the changes in fair value of the related hedged assets or liabilities that are also recognized in earnings of the period.

For derivative financial instruments that qualify as cash flow hedge instruments, the changes in fair value of the derivative instruments are initially recorded in "accumulated other comprehensive income" and reclassified into earnings when the relevant hedged transaction is realized.

For derivative financial instruments, as well as non-derivative financial instruments that qualify as hedging instruments for hedges of the foreign currency exposure of a net investment in a foreign operation, the changes in fair value of the derivative financial instruments and the foreign currency gains and loss on the non-derivative financial instruments are included in the "foreign currency translation adjustment" of "accumulated other comprehensive income".

For derivative financial instruments that do not qualify as hedging instruments, the changes in fair value of the derivative instruments are recognized currently in earnings.

DoCoMo discontinues hedge accounting when it is determined that the derivative or non-derivative instrument is no longer highly effective as a hedge or when DoCoMo decides to discontinue the hedging relationship.

Cash flows from derivative instruments are classified in the consolidated statements of cash flows under the same categories as the cash flows from the relevant assets, liabilities or anticipated transactions.

Employees' Retirement Benefit Plans—

Pension benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Unrecognized prior service cost and unrecognized net losses in excess of 10% of the greater of the projected benefit obligation or the fair value of plan assets are amortized over the expected average remaining service period of employees on a straight-line basis.

Revenue Recognition—

DoCoMo primarily generates its revenues from two sources—wireless services and equipment sales. These revenue sources are separate and distinct earnings processes. Wireless service is sold to the ultimate subscriber directly or through third-party retailers who act as agents, while equipment, including handsets, are sold principally to primary sales agents.

DoCoMo sets its wireless services rates in accordance with the Japanese Telecommunications Business Law and government guidelines, which currently allow wireless telecommunications operators to set their own tariffs without government approval. Wireless service revenues primarily consist of base monthly service charges, airtime charges and fees for activation.

Base monthly charges and airtime charges are recognized as revenues as service is provided to the subscribers. DoCoMo's monthly billing 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 had been 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 had introduced a billing arrangement, called "Nikagetsu Kurikoshi" (two-month carry over), in which the unused allowances are automatically carried over up to the following two months. In addition, DoCoMo had then introduced an arrangement which enables the unused allowances offered in and after December 2004 that was carried over for two months to be automatically used to cover the airtime and/or packet fees exceeding the allowances of the other subscriptions in the "Family Discount" group, a discount billing arrangement for families with between two and ten DoCoMo subscriptions. Until the year ended March 31, 2006, DoCoMo had deferred all the revenues based on the portion of unused allowances at the end of the period. The deferred revenues had been recognized as revenues as the subscribers make calls or data transmissions, similar to the way airtime revenues are recognized, or as allowance expires. As DoCoMo developed sufficient empirical evidence to reasonably estimate the portion of allowance that will be forfeited as unused, effective April 1, 2006, DoCoMo started to recognize the revenue attributable to such allowance ratably as the remaining allowances are utilized, in addition to the revenue recognized when subscribers make calls or utilize data transmissions. The effect of this accounting change was not material for DoCoMo's results of operations or financial position.

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

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

Deferred revenue and deferred charges as of March 31, 2006 and 2007 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Current deferred revenue	¥ 127,039	¥ 105,506	$ 897,465
Long-term deferred revenue	75,987	76,499	650,723
Current deferred charges	40,595	35,142	298,928
Long-term deferred charges	75,987	76,499	650,723

Current deferred revenue is included in "Other current liabilities" in the consolidated balance sheets.

Selling, General and Administrative Expenses—

Selling, general and administrative expenses primarily include commissions paid to sales agents, expenses associated with DoCoMo's customer loyalty programs, advertising expenses, as well as other expenses such as payroll and related benefit costs of personnel not directly involved in the operations and maintenance process. Commissions paid to sales agents represent the largest portion of selling, general and administrative expenses.

Income Taxes—

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Earnings Per Share—

Basic earnings per share include no dilution and are computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per share assume the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock. DoCoMo has no dilutive securities outstanding as of March 31, 2005, 2006 and 2007, and therefore there is no difference between basic and diluted earnings per share.

Foreign Currency Translation—

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at appropriate year-end current rates and all income and expense accounts are translated at rates that approximate those rates prevailing at the time of the transactions. The accompanying translation adjustments are included in "accumulated other comprehensive income".

Foreign currency receivables and payables of DoCoMo are translated at appropriate year-end current rates and the accompanying translation gains or losses are included in earnings currently.

DoCoMo transacts limited business in foreign currencies. The effects of exchange rate fluctuations from the initial transaction date to the settlement date are recorded as exchange gain or loss, which are included in "Other, net" of "other income (expense)" in the accompanying consolidated statements of income and comprehensive income.

(3) Recent Accounting Pronouncements—

In June 2006, FASB issued FIN No. 48 "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return as well as provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. DoCoMo currently estimates that the impact of the application of FIN 48 on its result of operations and financial position will be immaterial.

In September 2006, FASB issued SFAS No. 157 "Fair Value Measurements". SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Although the definition of fair value retains the exchange price notion in earlier definitions of fair value, SFAS No. 157 clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability in the market and emphasizes that fair value is a market-based measurement, rather than an entity-specific measurement. SFAS No. 157 also expands disclosures about the use of fair value to measure assets and liabilities subsequent to initial recognition through fair value hierarchy as a framework for measurement. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. DoCoMo currently estimates that the impact of the adoption of SFAS No. 157 on its result of operations and financial position will be immaterial.

(4) Reclassifications—

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2007.

3. U.S. Dollar Amounts:

The consolidated financial statements are stated in Japanese yen. Translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers by applying the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on March 30, 2007, which was 117.56 yen to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

4. Cash and Cash Equivalents:

Cash and cash equivalents as of March 31, 2006 and 2007 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Cash	¥ 410,724	¥ 173,067	$ 1,472,159
Certificates of deposit	410,000	150,000	1,275,944
Other	20,000	19,995	170,083
Total	¥ 840,724	¥ 343,062	$ 2,918,186

5. Inventories:

Inventories as of March 31, 2006 and 2007 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Telecommunications equipment to be sold	¥ 228,337	¥ 144,292	$ 1,227,390
Materials and supplies	393	306	2,603
Other	793	1,294	11,007
Total	¥ 229,523	¥ 145,892	$ 1,241,000

6. Impairment of Long-Lived Assets:

Impairment of PHS Business Assets—

As a result of the revised business outlook for its PHS business, DoCoMo evaluated the recoverability of its long-lived assets, including property, plant and equipment and rights to use telecommunications facilities of wireline operators, of its PHS business in accordance with SFAS No. 144 for the year ended March 31, 2005. To estimate the fair value of the long-lived assets related to PHS business, DoCoMo used future discounted cash flows expected to be generated by the relevant long-lived assets because of the absence of an observable market price. Because DoCoMo estimated that future cash flows from the PHS business would be negative, DoCoMo wrote-down the entire carrying value of its long-lived assets related to the PHS business, resulting in a non-cash impairment loss of 60,399 million yen. DoCoMo also wrote-down the entire carrying value of long-lived assets related to the PHS business which DoCoMo acquired and recognized an impairment loss of 1,071 million yen and 1,216 million yen ($10,344 thousand) for the year ended March 31, 2006 and 2007, respectively. The impairment losses are recorded in “Impairment loss” in the accompanying consolidated statements of income and comprehensive income.

7. Investments in Affiliates:

AT&T Wireless Services, Inc.—

In February 2004, AT&T Wireless Services, Inc. (“AT&T Wireless”), a wireless telecommunications service provider in the United States of America, entered into a merger agreement with Cingular Wireless LLC (“Cingular”), another wireless telecommunications service provider in the United States of America, and certain of its affiliates. Under the terms of the merger agreement, it was agreed that all the outstanding shares of common stock of AT&T wireless shall be converted into US$15 per share in cash. On October 26, 2004, pursuant to the merger agreement, the merger between AT&T Wireless and Cingular became effective. As a result, DoCoMo transferred all of its AT&T Wireless shares to Cingular, and DoCoMo received US$6,495 million (equivalent to approximately 699,514 million yen) in cash. DoCoMo ceased to account for AT&T Wireless under the equity method. DoCoMo recognized a gain of 501,781 million yen on the transaction and recorded as gain on sale of affiliate shares for the year ended March 31, 2005. The gain on sale of affiliate shares included reclassification of unrealized holding gains (losses) on available-for-sale securities of (144) million yen, net revaluation of financial instruments of 461 million yen and foreign currency translation adjustment of 64,564 million yen.

Hutchison 3G UK Holdings Limited—

On May 27, 2004, DoCoMo agreed to sell its entire shareholding in Hutchison 3G UK Holdings Limited (“H3G UK”) to Hutchison Whampoa Limited (“HWL”) for a total consideration of £120 million in a Sale and Purchase Agreement signed between DoCoMo and HWL. Under the terms of the agreement, DoCoMo were to receive payment in three installments, the final installment of which was expected to be made in December 2006, either in cash or in shares of Hutchison Telecommunications International Limited (“HTIL”), a subsidiary company of HWL. As a result of the agreement, DoCoMo waived certain of its minority shareholder’s rights, including voting rights and supervisory board representation. As DoCoMo no longer had the ability to exercise significant influence over H3G UK, DoCoMo ceased to account for its investment in H3G UK applying the equity method.

On October 15, 2004, DoCoMo received 187,966,653 shares of HTIL (equivalent to £80 million) as the first installment payment by HWL, which was reported as marketable securities and other investments, with a corresponding amount recorded as other long-term liabilities until such time that the transfer of H3G UK shares was completed. On May 9, 2005, DoCoMo received a notice from HWL that HWL intended to exercise its right to accelerate completion of the payment on June 23, 2005. Consequently, DoCoMo received £120 million in cash, and transferred the entire shareholding in HTIL to HWL. As a result of the transaction, DoCoMo recorded “Gain on sale of affiliate shares” of 61,962 million yen, including reclassification of foreign currency translation of 38,174 million yen, in the consolidated statement of income and comprehensive income for the year ended March 31, 2006.

As part of the Sale and Purchase Agreement, the £200 million shareholder loan provided by DoCoMo to H3G UK in May 2003 was transferred for value to Hutchison Europe Telecommunications S.à r.l., a HWL subsidiary company, on May 27, 2004 and the payment was completed.

Sumitomo Mitsui Card Co., Ltd.—

On April 27, 2005, DoCoMo entered into an agreement with Sumitomo Mitsui Card Co., Ltd. (“Sumitomo Mitsui Card”), Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation that DoCoMo and these companies would jointly promote the new credit transaction services which use mobile phones compatible with “Osaifu-Keitai” (wallet-phone) service and DoCoMo would form a capital alliance with Sumitomo Mitsui Card. Based on the agreement, on July 11, 2005, DoCoMo acquired 34% of Sumitomo Mitsui Card’s common shares for 98,000 million yen, including new shares issued by Sumitomo Mitsui Card. Upon the completion of this transaction, DoCoMo has accounted for its investment in Sumitomo Mitsui Card applying the equity method.

Impairment—

DoCoMo evaluates the recoverability of the carrying value of its investments in affiliates when there are indications that a decline in value below carrying amount may be other than temporary. As a result of such evaluations, DoCoMo determined that there was other than temporary decline in the value of its investment in Hutchison Telephone Company Limited, a wireless telecommunications service provider in Hong Kong, and recorded an impairment charge of 8,612 million yen for the year ended March 31, 2005. During the year ended March 31, 2006, DoCoMo determined that there was no other than temporary declines in the values of its investee affiliates. During the year ended March 31, 2007, DoCoMo recorded impairment charges for other than temporary declines in the values in certain investee affiliates that were immaterial in amount. The impairment charges are included in "equity in net losses of affiliates" in the accompanying statement of income and comprehensive income.

DoCoMo believes the estimated fair values of its investments in affiliates as of March 31, 2007 to equal or exceed the related carrying values.

All of the investments which are accounted for on the equity method are privately held companies as of March 31, 2007.

DoCoMo's share of undistributed earnings of affiliates included in consolidated retained earnings was 1,022 million yen, 3,363 million yen and 4,239 million yen ($36,058 thousand) as of March 31, 2005, 2006 and 2007, respectively. Dividends received from affiliates were 20 million yen, 1,034 million yen and 1,258 million yen ($10,701 thousand) for the years ended March 31, 2005, 2006 and 2007, respectively. DoCoMo does not have significant business transactions with its affiliates.

The total carrying value of DoCoMo's investments in affiliates in the accompanying consolidated balance sheets as of March 31, 2006 and 2007 was greater by 85,808 million yen and 86,183 million yen ($733,098 thousand), respectively than its aggregate underlying equity in net assets of such affiliates as of the date of the most recent available financial statements of the investees.

8. Marketable Securities and Other Investments:

Marketable securities and other investments as of March 31, 2006 and 2007 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Marketable securities:			
Available-for-sale	¥ 249,943	¥ 268,528	$ 2,284,178
Other investments	157,866	92,853	789,835
Sub-total	¥ 407,809	¥ 361,381	$ 3,074,013
Less:			
Available-for-sale securities classified as "Short-term investments"	¥ (49,985)	¥ (99,925)	$ (849,991)
Marketable securities and other investments (Non-current)	¥ 357,824	¥ 261,456	$ 2,224,022

Maturities of debt securities classified as available-for-sale as of March 31, 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2007		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Due within 1 year	¥ 99,925	¥ 99,925	$ 849,991	$ 849,991
Due after 1 year through 5 years	5	5	43	43
Due after 5 years through 10 years	—	—	—	—
Due after 10 years	—	—	—	—
Total	¥ 99,930	¥ 99,930	$ 850,034	$ 850,034

The aggregate cost, gross unrealized holding gains and losses and fair value by type of marketable security as of March 31, 2006 and 2007 are as follows:

	Millions of yen			
	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

	Millions of yen			
	2007			
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	¥ 147,998	¥ 21,585	¥ 985	¥ 168,598
Debt securities	100,076	0	146	99,930

	Thousands of U.S. dollars			
	2007			
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	$ 1,258,915	$ 183,608	$ 8,379	$ 1,434,144
Debt securities	851,276	0	1,242	850,034

The proceeds and gross realized gains (losses) from the sale of available-for-sale securities and other investments for the years ended March 31, 2005, 2006 and 2007 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2005	2006	2007	2007
Proceeds	¥ 27,046	¥ 14,902	¥ 448	$ 3,811
Gross realized gains	17	40,454	314	2,671
Gross realized losses	(1,118)	—	(118)	(1,004)

On October 24, 2005, DoCoMo dissolved its capital alliance with KPN Mobile N.V. ("KPN Mobile"). The i-mode license agreement between DoCoMo and KPN Mobile will be maintained.

Under the agreement, DoCoMo transferred all of its 2.16% holding of KPN Mobile shares to Koninklijke KPN N.V. ("KPN"), the parent company of KPN Mobile. KPN agreed to cooperate with DoCoMo in the smooth operation of the global i-mode alliance, through the use of KPN's i-mode-related patents and know-how, and paid cash of €5 million (equivalent to 692 million yen) to DoCoMo.

As a result of the agreement, DoCoMo recognized a gain on the transfer of these KPN Mobile shares of 40,030 million yen, which included the reclassification of related foreign currency translation gains of 25,635 million yen, in the consolidated statement of income and comprehensive income under the line item "Gain on sale of other investments" for the year ended March 31, 2006. DoCoMo also recognized a non-cash expense of 14,062 million yen in the consolidated statement of income and comprehensive income under the line item "Selling, general and administrative" and in the consolidated statement of cash flows under the line item "Expense associated with sale of other investments" at that time for the excess of the then fair value of KPN Mobile shares transferred over the actual cash received, which DoCoMo regarded as the consideration for the benefits from the arrangement, for the year ended March 31, 2006.

Gross unrealized holding losses on and fair value of marketable securities and cost method investments included in "other investments" as of March 31, 2006 and 2007, aggregated by investment category and length of time during which individual securities were in a continuous unrealized loss position were as follows:

	Millions of yen					
	2006					
	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
Available-for-sale:						
Equity securities	¥ 364	¥ 49	¥ 1,510	¥ 262	¥ 1,874	¥ 311
Debt securities	149,785	505	—	—	149,785	505
Cost method investments	—	—	48	89	48	89

	Millions of yen					
	2007					
	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
Available-for-sale:						
Equity securities	¥ 4,503	¥ 481	¥ 1,543	¥ 504	¥ 6,046	¥ 985
Debt securities	—	—	99,925	146	99,925	146
Cost method investments	345	261	32	105	377	366

	Thousands of U.S. dollars					
	2007					
	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
Available-for-sale:						
Equity securities	$ 38,304	$ 4,092	$ 13,125	$ 4,287	$ 51,429	$ 8,379
Debt securities	—	—	849,991	1,242	849,991	1,242
Cost method investments	2,935	2,220	272	893	3,207	3,113

Other investments include long-term investments in various privately held companies and restricted stock.

For long-term investments in various privately held companies for which there are no quoted market prices, the reasonable estimate of fair value could not be made without incurring excessive costs, and DoCoMo believes that it is not practicable to estimate the reasonable fair value. Accordingly, these investments are carried at cost.

DoCoMo holds equity securities for which sales are restricted by contractual requirements with third parties. As of March 31, 2007, the restricted stock held by DoCoMo included shares of Philippine Long Distance Telephone Company ("PLDT"), a telecommunication service provider in Philippines.

The aggregate carrying amount of the restricted stock, which was recorded as cost method investments, as of March 31, 2006 and 2007 was 136,147 million yen and 68,658 million yen ($584,025 thousand), respectively. DoCoMo believes that it was not practicable to estimate reasonable fair values for such investments in restricted stock, which has quoted market prices, because of the restriction of sales by contract. The aggregate market price of the equivalent amount of unrestricted stock was 144,987 million yen and 96,680 million yen ($822,389 thousand) as of March 31, 2006 and 2007, respectively. Equity securities with an aggregate carrying amount of 67,702 million yen ($575,893 thousand), which had been previously classified as cost method investments as of March 31, 2006, were classified as available-for-sale securities due to the lapse of restriction within one year as of March 31, 2007.

The aggregate carrying amounts of DoCoMo's cost method investments included in other investments totaled 157,843 million yen and 92,818 million yen ($789,537 thousand) as of March 31, 2006 and 2007, respectively. DoCoMo did not evaluate fair values of investments with an aggregate carrying amount of 152,902 million yen and 86,119 million yen ($732,554 thousand) for impairment as of March 31, 2006 and 2007, respectively, as their fair values were not available and it did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments. DoCoMo believed that it was not practicable to estimate their fair values because an estimate of fair value cannot be made without incurring excessive costs.

9. Goodwill and Other Intangible Assets:

Goodwill—

Majority of DoCoMo's goodwill was recognized when DoCoMo purchased all the remaining minority interests in its eight regional subsidiaries through share exchanges and made these subsidiaries wholly owned in November 2002.

The changes in the carrying amount of goodwill by business segment for the years ended March 31, 2006 and 2007 are as follows:

	Millions of yen		
	2006		
	Mobile phone business	Miscellaneous businesses	Consolidated
Balance at beginning of year	¥ 133,354	¥ 6,743	¥ 140,097
Goodwill acquired during the year	151	—	151
Foreign currency translation adjustment	—	846	846
Balance at end of year	¥ 133,505	¥ 7,589	¥ 141,094

	Millions of yen		
	2007		
	Mobile phone business	Miscellaneous businesses	Consolidated
Balance at beginning of year	¥ 133,505	¥ 7,589	¥ 141,094
Goodwill acquired during the year	6,660	—	6,660
Foreign currency translation adjustment	—	67	67
Balance at end of year	¥ 140,165	¥ 7,656	¥ 147,821

	Thousands of U.S. dollars		
	2007		
	Mobile phone business	Miscellaneous businesses	Consolidated
Balance at beginning of year	$ 1,135,633	$ 64,554	$ 1,200,187
Goodwill acquired during the year	56,652	—	56,652
Foreign currency translation adjustment	—	570	570
Balance at end of year	$ 1,192,285	$ 65,124	$ 1,257,409

Information regarding business segments is discussed in Note 16.

Other Intangible Assets—

The following table displays the major components of DoCoMo's intangible assets, all of which are subject to amortization, as of March 31, 2006 and 2007.

	Millions of yen		
	2006		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Software for telecommunications network	¥ 523,097	¥ 319,299	¥ 203,798
Internal-use software	743,449	493,270	250,179
Software acquired to be used in the manufacture of handsets	67,233	10,685	56,548
Customer related assets	50,949	29,013	21,936
Rights to use telecommunications facilities of wireline operators	14,301	7,186	7,115
Other	8,701	1,973	6,728
Total	¥ 1,407,730	¥ 861,426	¥ 546,304

	Millions of yen		
	2007		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Software for telecommunications network	¥ 562,107	¥ 346,472	¥ 215,635
Internal-use software	835,410	581,356	254,054
Software acquired to be used in the manufacture of handsets	76,304	24,241	52,063
Customer related assets	50,949	37,504	13,445
Rights to use telecommunications facilities of wireline operators	17,380	8,828	8,552
Other	9,727	2,447	7,280
Total	¥ 1,551,877	¥ 1,000,848	¥ 551,029

	Thousands of U.S. dollars		
	2007		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Software for telecommunications network	$ 4,781,448	$ 2,947,193	$ 1,834,255
Internal-use software	7,106,243	4,945,185	2,161,058
Software acquired to be used in the manufacture of handsets	649,064	206,201	442,863
Customer related assets	433,387	319,020	114,367
Rights to use telecommunications facilities of wireline operators	147,840	75,094	72,746
Other	82,741	20,815	61,926
Total	$ 13,200,723	$ 8,513,508	$ 4,687,215

As discussed in Note 6, DoCoMo recognized an impairment charge for its long-lived assets related to PHS business during the year ended March 31, 2005, 2006 and 2007. The amount of the reduction in net carrying amount of intangible assets related to software for telecommunications network and rights to use telecommunications facilities of wireline operators due to the impairment was 4,539 million yen and 16,089 million yen, respectively, during the year ended March 31, 2005.

The amount of amortizable intangible assets acquired during the year ended March 31, 2007 was 200,844 million yen ($1,708,438 thousand), main components of which were software for telecommunications network in amount of 82,566 million yen ($702,331 thousand) and internal-use software in amount of 98,370 million yen ($836,764 thousand). The weighted-average amortization period of such software for telecommunications network and internal-use software is 5.0 years and 4.8 years, respectively. Amortization of intangible assets for the years ended March 31, 2005, 2006 and 2007 was 163,468 million yen, 183,979 million yen and 191,828 million yen ($1,631,745 thousand), respectively. Estimated amortization of intangible assets for fiscal years ending March 31, 2008, 2009, 2010, 2011 and 2012 is 171,277 million yen, 143,481 million yen, 105,844 million yen, 70,460 million yen, and 31,445 million yen, respectively. The weighted-average amortization period of the intangible assets acquired during the year ended March 31, 2007 is 5.2 years.

10. Other Assets:

Other assets as of March 31, 2006 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Deposits	¥ 69,924	¥ 73,504	$ 625,247
Deferred customer activation costs	75,987	76,499	650,723
Long-term bailment for consumption to a related party	100,000	50,000	425,315
Other	19,071	19,268	163,899
Total	¥ 264,982	¥ 219,271	$ 1,865,184

Long-term bailment for consumption to a related party was related to contracts of bailment of cash for consumption into which DoCoMo entered with NTT FINANCE CORPORATION ("NTT FINANCE", formerly NTT Leasing Co., Ltd.), a related party of DoCoMo (see Note 15).

11. Short-Term Borrowings and Long-Term Debt:

DoCoMo's debt obligations are denominated in Japanese yen and U.S. dollars.

Short-term borrowings, excluding the current portion of long-term debt, as of March 31, 2006 and 2007 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Unsecured short-term bank loans in Japanese Yen bearing interest at a weighted average rate of 0.8% and 1.3% per annum for the year ended March 31, 2006 and 2007, respectively	¥ 152	¥ 102	$ 868

Long-term debt as of March 31, 2006 and 2007 was comprised of the following:

	Interest rates	Maturity dates year ending March 31,	Millions of yen		Thousands of U.S. dollars
			2006	2007	2007
Debt denominated in Japanese Yen:					
Unsecured corporate bonds	0.7% - 1.6%	2008 - 2012	¥ 601,983	¥ 477,058	$ 4,057,996
Unsecured indebtedness to banks, insurance companies and others	0.8% - 1.5%	2008 - 2013	178,523	114,000	969,717
Debt denominated in U.S. dollars:					
Unsecured corporate bonds	3.5%	2008	11,747	11,805	100,417
Sub-total			792,253	602,863	5,128,130
Less: Current portion			(193,723)	(131,005)	(1,114,367)
Total long-term debt			¥ 598,530	¥ 471,858	$ 4,013,763

Interest rates on DoCoMo's borrowings are fixed. DoCoMo uses interest rate swap transactions, under which DoCoMo receives fixed rate interest payments and pays floating rate interest payments, to hedge the changes in fair value of certain debt as a part of its asset-liability management (ALM). Information relating to interest rate swap contracts is disclosed in Note 20. Interest costs related specifically to short-term borrowings and long-term debt for the years ended March 31, 2005, 2006 and 2007 totaled 9,525 million yen, 8,065 million yen and 5,453 million yen ($46,385 thousand), respectively.

DoCoMo has a shelf registration for issuance of up to 1,000 billion yen of domestic corporate bonds in Japan during a two-year period started April 3, 2006. As of March 31, 2007, DoCoMo did not issue any domestic corporate bonds under this registration.

The aggregate amounts of annual maturities of long-term debt at March 31, 2007, were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2008	¥ 131,005	$ 1,114,367
2009	75,200	639,673
2010	29,000	246,683
2011	180,376	1,534,331
2012	172,282	1,465,482
Thereafter	15,000	127,594
Total	¥ 602,863	$ 5,128,130

12. Shareholders' equity:

Effective May 1, 2006, the Corporate Law of Japan provides that (i) dividends of earnings require approval at a general meeting of shareholders, (ii) interim cash dividends can be distributed upon the approval of the board of directors, if the Articles of Incorporation provide for such interim cash dividends, and (iii) an amount equal to at least 10% of decrease in retained earnings by dividends payment be appropriated from retained earnings to a legal reserve up to 25% of capital stock. The legal reserve is available for distribution upon approval of the shareholders.

The distributable amount, available for the payments of dividends to shareholders as of March 31, 2007 was 1,237,322 million yen ($10,525,026 thousand) and is included in "additional paid-in capital" and "retained earnings".

In the general meeting of shareholders held on June 19, 2007, the shareholders approved cash dividends of 87,187 million yen or 2,000 yen per share, payable to shareholders of record as of March 31, 2007, which were declared by the board of directors on April 27, 2007.

Outstanding shares and treasury stock—

The changes in the number of outstanding shares and treasury stock for the years ended March 31, 2005, 2006 and 2007 are summarized as follows, where fractional shares are rounded off:

DoCoMo had no outstanding shares other than share of its common stock.

	Number of outstanding shares	Number of treasury stock
As of March 31, 2004	50,180,000	1,583,636
Acquisition of treasury stock based on the resolution by the general meeting of shareholders	—	2,324,153
Acquisition of fractional shares	—	3
Retirement of treasury stock	(1,480,000)	(1,480,000)
As of March 31, 2005	48,700,000	2,427,792
Acquisition of treasury stock based on the resolution by the general meeting of shareholders	—	1,797,977
Acquisition of fractional shares	—	4
Retirement of treasury stock	(1,890,000)	(1,890,000)
As of March 31, 2006	46,810,000	2,335,773
Acquisition of treasury stock based on the resolution by the general meeting of shareholders	**—**	**880,578**
Acquisition of fractional shares	**—**	**5**
Retirement of treasury stock	**(930,000)**	**(930,000)**
As of March 31, 2007	**45,880,000**	**2,286,356**

In the general meetings of shareholders held on June 19, 2003 and June 18, 2004, the shareholders 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 yen until the end of the next general meeting of shareholders in order to improve capital efficiency and to implement flexible capital policies in accordance with the business environment. In the general meeting of shareholders held on June 21, 2005, the shareholders approved a stock repurchase plan under which DoCoMo could repurchase up to 2,200,000 additional shares at an aggregate amount not to exceed 400,000 million yen until the end of the next general meeting of shareholders. In the general meeting of shareholders held on June 20, 2006, the shareholders approved a stock repurchase plan under which DoCoMo could repurchase up to 1,400,000 shares at an aggregate amount not to exceed 250,000 million yen until the end of the next general meeting of shareholders.

Aggregate number and price of shares repurchased for the year ended March 31, 2005, were as follows:

Aggregate number of shares repurchased: 2,324,156 shares
Aggregate price of shares repurchased: 425,247 million yen

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

Aggregate number of shares repurchased: 1,797,981 shares
Aggregate price of shares repurchased: 300,078 million yen

Aggregate number and price of shares repurchased for the year ended March 31, 2007, were as follows:

Aggregate number of shares repurchased: 880,583 shares
Aggregate price of shares repurchased: 157,223 million yen ($1,337,385 thousand)

Of the total shares repurchased, 1,748,000 and 1,506,000 shares were purchased from NTT during the years ended March 31, 2005 and 2006, respectively. No shares were purchased from NTT during the year ended March 31, 2007.

Based on the resolution of the board of directors on March 28, 2006, DoCoMo retired 1,890,000 of its own shares held as treasury stock (purchase price: 362,659 million yen). As a result of the share retirement, retained earnings were decreased by 362,659 million yen and the number of authorized common stock decreased from 190,020,000 shares to 188,130,000 shares during the year ended March 31, 2006.

Based on the resolution of the board of directors on March 28, 2007, DoCoMo retired 930,000 of its own shares held as treasury stock (purchase price: 175,055 million yen ($1,489,069 thousand)). As a result of the share retirement, additional paid-in capital was decreased by 175,055 million yen ($1,489,069 thousand).

In May and June 2007, based on a resolution of the board of directors on March 28, 2007, DoCoMo repurchased total 350,379 shares of its common stock for 72,997 million yen ($620,934 thousand) in the stock market.

In the general meeting of shareholders held on June 19, 2007, the shareholders approved a stock repurchase plan under which DoCoMo may repurchase up to 1,000,000 shares at an aggregate amount not to exceed 200,000 million yen during the one year period starting from June 20, 2007, in order to improve capital efficiency and to implement flexible capital policies in accordance with the business environment.

Accumulated other comprehensive income:

The following table presents changes in accumulated other comprehensive income, net of applicable taxes:

	Millions of yen					
	Unrealized holding gains (losses) on available-for-sale securities	Net revaluation of financial instruments	Foreign currency translation adjustment	Minimum pension liability adjustment	Pension liability adjustment	Accumulated other comprehensive income
As of March 31, 2004	¥ 12,710	¥ 154	¥ 81,591	¥ (13,100)	¥ —	¥ 81,355
2005 change	9,220	(367)	(32,670)	71	—	(23,746)
As of March 31, 2005	¥ 21,930	¥ (213)	¥ 48,921	¥ (13,029)	¥ —	¥ 57,609
2006 change	7,662	121	(42,597)	3,986	—	(30,828)
As of March 31, 2006	¥ 29,592	¥ (92)	¥ 6,324	¥ (9,043)	¥ —	¥ 26,781
2007 change	(15,763)	34	1,103	5,562	—	(9,064)
Adjustment to initially apply SFAS No. 158	—	—	—	3,481	(8,324)	(4,843)
As of March 31, 2007	¥ 13,829	¥ (58)	¥ 7,427	¥ —	¥ (8,324)	¥ 12,874

	Thousands of U.S. dollars					
	Unrealized holding gains (losses) on available-for-sale securities	Net revaluation of financial instruments	Foreign currency translation adjustment	Minimum pension liability adjustment	Pension liability adjustment	Accumulated other comprehensive income
As of March 31, 2006	$ 251,719	$ (783)	$ 53,794	$ (76,922)	$ —	$ 227,808
2007 change	(134,085)	289	9,383	47,312	—	(77,101)
Adjustment to initially apply SFAS No. 158	—	—	—	29,610	(70,806)	(41,196)
As of March 31, 2007	$ 117,634	$ (494)	$ 63,177	$ —	$ (70,806)	$ 109,511

The amount of taxes applied to the items in accumulated other comprehensive income is described in Note 18.

13. Research and Development Expenses and Advertising Expenses:

Research and Development Expenses

Expenditures for research and development are charged to expense as incurred. Research and development expenses are included primarily in selling, general and administrative expenses and amounted to 101,945 million yen, 110,509 million yen and 99,315 million yen ($844,803 thousand) for the years ended March 31, 2005, 2006 and 2007, respectively.

Advertising Expenses

Expenditures for advertising are also expensed as incurred. Such expenditures are included in selling, general and administrative expenses and amounted to 57,773 million yen, 52,610 million yen and 53,126 million yen ($451,905 thousand) for the years ended March 31, 2005, 2006 and 2007, respectively.

14. Other Income (Expense):

Components of other income (expense) included in "other, net" in the consolidated statements of income and comprehensive income for the years ended March 31, 2005, 2006 and 2007 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2005	2006	2007	2007
Net realized gains (losses) on marketable securities	¥ (1,101)	¥ 366	¥ 309	$ 2,628
Foreign exchange gains, net	1,283	8,072	281	2,390
Rental revenue received	2,442	2,525	2,407	20,475
Dividends income	954	4,446	7,203	61,271
Penalties and compensation for damages	2,674	3,279	2,000	17,013
Other than temporary impairment of other investments	(699)	(150)	(8,086)	(68,782)
Other, net	4,622	2,837	(410)	(3,488)
Total	¥ 10,175	¥ 21,375	¥ 3,704	$ 31,507

15. Related Party Transactions:

As previously noted, DoCoMo is majority-owned by NTT, which is a holding company for more than 400 companies comprising the NTT group.

DoCoMo has entered into a number of different types of transactions with NTT, its other subsidiaries and its affiliated companies in the ordinary course of business. DoCoMo's transactions with NTT group companies include purchases of wireline telecommunications services (i.e. for DoCoMo's offices and operations facilities, including its PHS business) based on actual usage, leasing of various telecommunications facilities and sales of DoCoMo's various wireless communications services.

Receivables include primarily customer accounts receivables related to DoCoMo's sales of wireless communications services to customers, which NTT collects on behalf of DoCoMo. These sales are recorded as revenue from each third-party customer receiving the services and are not included in the amount of sales to related parties. During the years ended March 31, 2005, 2006 and 2007, DoCoMo purchased capital equipment from NTT Group companies in amount of 71,896 million yen, 71,897 million yen and 103,728 million yen ($882,341 thousand), respectively.

DoCoMo entered into cost-sharing and construction and maintenance contracts with Japan Mobile Communications Infrastructure Association (former In-Tunnel Cellular Association), chairman of which was also 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 14,797 million yen for the year ended March 31, 2005. Income from such contracts for the year ended March 31, 2006 (from April 1 to June 21, 2005) was 217 million yen.

DoCoMo has entered into contracts of bailment of cash for consumption with NTT FINANCE for cash management purposes. NTT and its subsidiaries collectively own all the voting interests in NTT FINANCE, of which DoCoMo owned 4.2% as of March 31, 2007. Accordingly, NTT FINANCE is a related party of DoCoMo. Under the terms of the contracts, funds are bailed to NTT FINANCE and DoCoMo can withdraw the funds upon its demand. The balance of bailment was 120,000 million yen as of March 31, 2006. The assets related to the contracts were recorded as "Cash and cash equivalents" of 20,000 million yen and "Other assets" of 100,000 million yen on the consolidated balance sheets as of March 31, 2006. The contracts had remaining terms to maturity ranging from 1 month to 2 years and 3 months at interest rates ranging from 0.1% to 0.2% as of March 31, 2006. The balance of bailment was 100,000 million yen ($850,629 thousand) as of March 31, 2007. The assets related to the contracts were recorded as "Short-term investments" of 50,000 million yen ($425,315 thousand) and "Other assets" of 50,000 million yen ($425,315 thousand) on the consolidated balance sheets as of March 31, 2007. The contracts had remaining terms to maturity ranging from 3 months to 1 year and 3 months at interest rates at 0.2% as of March 31, 2007. The fair values of the bailment contracts are not determinable as these contracts are with a related party and a secondary market for such contracts does not exist. There were no contracts of bailment expired during the year ended March 31, 2006. The average balance of the contracts of bailment expired during the year ended March 31, 2007 was 25,178 million yen ($214,171 thousand). The recorded amount of interest income derived from the contracts was 95 million yen and 269 million yen ($2,288 thousand) for the years ended March 31, 2006 and 2007, respectively.

On March 14, 2006, DoCoMo acquired 12,633,486 shares of PLDT, which amounted to approximately 7% of PLDT's issued shares, for 52,103 million yen from NTT Communications Corporation, a subsidiary of NTT.

16. Segment Reporting:

From a resource allocation perspective, DoCoMo views itself as having three primary business segments. The mobile phone business segment includes FOMA services, mova services, packet communications services, satellite mobile communications services, international services and the equipment sales related to these services. The PHS business segment includes PHS services and the related equipment sales for such service. DoCoMo ceased accepting new subscriptions for PHS services as of April 30, 2005 and decided to terminate PHS services effective January 7, 2008. In addition, DoCoMo recognized an impairment loss on long-lived assets related to PHS business for the years ended March 31, 2005, 2006 and 2007 (see Note 6). The miscellaneous business segment includes credit services, wireless LAN services, Quickcast (paging) services and other miscellaneous services, which in the aggregate are not significant in amount. DoCoMo terminated its Quickcast services on March 31, 2007. The "Corporate" column in the tables below is not an operating segment but is included to reflect the recorded amounts of common assets which cannot be allocated to any business segment.

DoCoMo identified its reportable segments based on the nature of services included, as well as the characteristics of the telecommunications networks used to provide those services. DoCoMo's chief operating decision maker monitors and evaluates the performance of its segments based on the information that follows as derived from the Company's management reports. Assets by segment are not included in the management reports, however, they are included herein only for the purpose of disclosure. Depreciation and amortization is shown separately, as well as included as part of operating expenses. Corporate assets include primarily cash, deposits, securities, loans and investments in affiliates. DoCoMo allocates common assets, such as buildings for telecommunications purposes and common facilities, on a systematic and rational basis. The assets are allocated proportionately based on the amount of network assets of each 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.

Segment information is prepared in accordance with U.S. GAAP.

	Millions of yen				
Year ended March 31, 2005	Mobile phone business	PHS business	Miscellaneous businesses	Corporate	Consolidated
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
Total 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

	Millions of yen				
Year ended March 31, 2006	Mobile phone business	PHS business	Miscellaneous businesses	Corporate	Consolidated
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
Total 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

	Millions of yen				
Year ended March 31, 2007	Mobile phone business	PHS business	Miscellaneous businesses	Corporate	Consolidated
Operating revenues	¥ 4,718,875	¥ 23,429	¥ 45,789	—	¥ 4,788,093
Operating expenses	3,915,204	38,812	60,553	—	4,014,569
Operating income (loss)	¥ 803,671	¥ (15,383)	¥ (14,764)	—	¥ 773,524
Total assets	¥ 5,067,348	¥ 25,212	¥ 40,213	¥ 983,442	¥ 6,116,215
Depreciation and amortization	¥ 735,270	¥ 2,014	¥ 6,838	—	¥ 744,122
Capital expenditures	¥ 781,548	¥ 1,195	—	¥ 151,680	¥ 934,423

	Thousands of U.S. dollars				
Year ended March 31, 2007	Mobile phone business	PHS business	Miscellaneous businesses	Corporate	Consolidated
Operating revenues	$ 40,140,141	$ 199,294	$ 389,495	—	$ 40,728,930
Operating expenses	33,303,879	330,146	515,082	—	34,149,107
Operating income (loss)	$ 6,836,262	$ (130,852)	$ (125,587)	—	$ 6,579,823
Total assets	$ 43,104,355	$ 214,461	$ 342,064	$ 8,365,447	$ 52,026,327
Depreciation and amortization	$ 6,254,423	$ 17,132	$ 58,166	—	$ 6,329,721
Capital expenditures	$ 6,648,077	$ 10,165	—	$ 1,290,235	$ 7,948,477

Effective from the year started April 1, 2005, DoCoMo partly changed its segment configuration as follows: "Quickcast business", which had been presented separately in the past, was reclassified to "Miscellaneous businesses", and international services, which had been previously classified as "Miscellaneous businesses", were 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 years ended March 31, 2006 and 2007.

DoCoMo does not disclose geographical segments, since the amount of operating revenues generated and long-lived assets owned outside Japan are immaterial.

There have been no sales and operating revenue from transactions with single external customer amounting to 10% or more of DoCoMo's revenues for the years ended March 31, 2005, 2006 and 2007.

Revenues from external customers for each similar product and service are presented as follows;

	Millions of yen			Thousands of U.S. dollars
Year ended March 31	2005	2006	2007	2007
Operating Revenues :				
Wireless services	¥ 4,296,537	¥ 4,295,856	¥ 4,314,140	$ 36,697,346
Cellular (FOMA+mova) services revenues	4,146,973	4,158,134	4,182,609	35,578,505
- Voice revenues	3,086,275	3,038,654	2,940,364	25,011,603
Including: FOMA services	514,702	1,169,947	1,793,037	15,252,101
- Packet communications revenues	1,060,698	1,119,480	1,242,245	10,566,902
Including: FOMA services	260,671	613,310	971,946	8,267,659
PHS services revenues	60,288	40,943	23,002	195,662
Other revenues	89,276	96,779	108,529	923,179
Equipment sales	548,073	470,016	473,953	4,031,584
Total operating revenues	¥ 4,844,610	¥ 4,765,872	¥ 4,788,093	$ 40,728,930

17. Employees' Retirement Benefits:

Severance Payments and Contract-Type Corporate Pension Plan—

Employees whose services with DoCoMo are terminated are normally entitled to lump-sum severance or retirement payments and pension benefits based on internal labor regulations, the amount of which is determined by a combination of factors such as the employee's salary eligibility, length of service and other conditions. The pension benefit is covered by the non-contributory defined benefit pension plan sponsored by DoCoMo.

Upon adoption of SFAS No. 158 as of March 31, 2007, DoCoMo recognized the funded status of the non-contributory defined benefit pension plans as a component of "accumulated other comprehensive income".

The incremental effect of adopting SFAS No. 158 on DoCoMo's financial position as of March 31, 2007 is summarized as follows:

	Millions of yen		
	Before adoption of SFAS No. 158	Adjustment to initially apply SFAS No. 158	After adoption of SFAS No. 158
Investments in affiliates	¥ 176,490	¥ (114)	¥ 176,376
Intangible assets	301	(301)	—
Other assets	156	668	824
Deferred tax assets	38,064	1,935	39,999
Total assets	¥ 215,011	¥ 2,188	¥ 217,199
Liability for employees' retirement benefits	¥ 93,524	¥ 5,097	¥ 98,621
Accumulated other comprehensive income (loss), net of applicable taxes	(3,226)	(2,909)	(6,135)
Total liabilities and shareholders' equity	¥ 90,298	¥ 2,188	¥ 92,486

	Thousands of U.S. dollars		
	Before adoption of SFAS No. 158	Adjustment to initially apply SFAS No. 158	After adoption of SFAS No. 158
Investments in affiliates	$ 1,501,276	$ (970)	$ 1,500,306
Intangible assets	2,560	(2,560)	—
Other assets	1,327	5,682	7,009
Deferred tax assets	323,784	16,460	340,244
Total assets	$ 1,828,947	$ 18,612	$ 1,847,559
Liability for employees' retirement benefits	$ 795,542	$ 43,357	$ 838,899
Accumulated other comprehensive income (loss), net of applicable taxes	(27,441)	(24,745)	(52,186)
Total liabilities and shareholders' equity	$ 768,101	$ 18,612	$ 786,713

The adoption of recognition and disclosure provisions of SFAS No. 158 had no effect on the results of operations.

The following table presents reconciliations of the changes in the non-contributory pension plans' projected benefit obligations and fair value of plan assets for the years ended March 31, 2006 and 2007. DoCoMo uses a measurement date of March 31 for its non-contributory pension plans.

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Change in benefit obligations:			
Projected benefit obligation, beginning of year	¥ 179,392	¥ 188,856	$ 1,606,464
Service cost	9,879	10,219	86,926
Interest cost	3,493	3,654	31,082
Benefit payments	(8,808)	(9,737)	(82,826)
Plan amendment	54	(465)	(3,955)
Transfer of liability from NTT non-contributory funded pension plan	252	160	1,361
Actuarial (gain) loss	4,594	(9,683)	(82,366)
Projected benefit obligation, end of year	¥ 188,856	¥ 183,004	$ 1,556,686
Change in fair value of plan assets:			
Fair value of plan assets, beginning of year	¥ 64,770	¥ 79,266	$ 674,260
Actual return on plan assets	11,063	3,096	26,336
Employer contributions	4,827	4,470	38,023
Benefits payments	(1,463)	(1,661)	(14,129)
Transfer of plan assets from NTT non-contributory funded pension plan	69	36	306
Fair value of plan assets, end of year	¥ 79,266	¥ 85,207	$ 724,796
At March 31:			
Funded status	¥ (109,590)	¥ (97,797)	$ (831,890)
Unrecognized net losses	41,089		
Unrecognized transition obligation	1,565		
Unrecognized prior service cost	¥ (21,682)		
Net amount recognized	¥ (88,618)		

The following table provides the amounts recognized in DoCoMo's consolidated balance sheets as of March 31, 2006 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Liability for employees' retirement benefits	¥ (102,837)	¥ (98,621)	$ (838,899)
Prepaid pension cost	113	824	7,009
Intangible assets	122	—	—
Accumulated other comprehensive income	13,984	—	—
Net amount recognized	¥ (88,618)	¥ (97,797)	$ (831,890)

Prepaid pension cost is included in "other assets" in the consolidated balance sheets.

Items recognized in "accumulated other comprehensive income" are summarized in the following table:

	Millions of yen	Thousands of U.S. dollars
	2007	2007
Actuarial gains or losses (net)	¥ (28,737)	$ (244,445)
Prior service costs	20,239	172,159
Transition obligation	(1,439)	(12,241)
Total	¥ (9,937)	$ (84,527)

The accumulated benefit obligation for the non-contributory pension plans was 181,801 million yen and 176,586 million yen ($1,502,093 thousand) as of March 31, 2006 and 2007, respectively.

The projected benefit obligation, the accumulated benefit obligation and the fair value of plan assets in the pension plans with the projected or accumulated benefit obligation in excess of the plan assets as of March 31, 2006 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Plans with projected benefit obligation in excess of plan assets			
Projected benefit obligation	¥ 187,753	¥ 178,323	$ 1,516,868
Fair value of plan assets	78,750	79,702	677,969
Plans with accumulated benefit obligation in excess of plan assets			
Accumulated benefit obligation	¥ 179,806	¥ 171,549	$ 1,459,246
Fair value of plan assets	77,806	79,313	674,660

The net periodic pension costs for the non-contributory pension plans for the years ended March 31, 2005, 2006 and 2007, included the following components:

	Millions of yen			Thousands of U.S. dollars
	2005	2006	2007	2007
Service cost	¥ 9,683	¥ 9,879	¥ 10,219	$ 86,926
Interest cost on projected benefit obligation	3,358	3,493	3,654	31,082
Expected return on plan assets	(1,497)	(1,640)	(2,028)	(17,251)
Amortization of prior service cost	(1,815)	(1,861)	(1,907)	(16,222)
Amortization of actuarial gains or losses (net)	2,187	2,018	1,600	13,610
Amortization of transition obligation	89	132	127	1,081
Net pension cost	¥ 12,005	¥ 12,021	¥ 11,665	$ 99,226

The amount of actuarial losses, unrecognized transition obligation and prior service cost, which are expected to be amortized and reclassified from "accumulated other comprehensive income" to net pension cost during the year ending March 31, 2008 is 834 million yen, 127 million yen and (1,907) million yen, respectively.

The assumptions used in determination of the pension plans' projected benefit obligations at March 31, 2006 and 2007 are as follows:

	2006	2007
Discount rate	2.0%	2.2%
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, 2005, 2006 and 2007 are as follows:

	2005	2006	2007
Discount rate	2.0%	2.0%	**2.0%**
Long-term rate of salary increases	2.1	2.1	**2.1**
Expected long-term rate of return on plan assets	2.5	2.5	**2.5**

In determining the expected long-term rate of return on plan assets, DoCoMo considers the current and projected asset allocations, as well as expected long-term investment returns and risks for each category of the plan assets based on analysis of historical results.

The weighted-average asset allocations of non-contributory pension plan at March 31, 2006 and 2007 by asset category are as follows:

	2006	2007
Domestic bonds	29.2%	**32.8%**
Domestic stock	27.2	**23.8**
Foreign bonds	16.2	**18.3**
Foreign stock	16.2	**14.8**
Other	11.2	**10.3**
Total	100.0%	**100.0%**

The non-contributory pension plan's policy toward plan assets management is formulated with the ultimate objective of ensuring the steady disbursement of pension benefits in future periods. The long-term objective of asset management, therefore, is to secure the total profits deemed necessary to ensure financial soundness of plan assets. To achieve this, DoCoMo selects various investments and takes into consideration their expected returns and risks and the correlation among the investments. DoCoMo then sets a target allocation ratio for the plan assets and endeavors to maintain that ratio. The target ratio is formulated from a mid- to long-term perspective and reviewed annually. In the event that the investment environment changes dramatically, DoCoMo will review the asset allocation as necessary. The target ratio in March 2007 is: domestic bonds, 30.0%; domestic stock, 25.0%; foreign bonds, 20.0%; foreign stock, 15.0%; and other financial instruments 10.0%.

As of March 31, 2006 and 2007, domestic stock owned by the non-contributory pension plan as its plan asset included common stock of NTT and its subsidiaries listed in Japan including DoCoMo in amount of 360 million yen (0.5% of total plan assets) and 666 million yen ($5,665 thousand, 0.8% of total plan assets), respectively.

Occasionally, employees of NTT transfer to DoCoMo. Upon such transfer, NTT transfers the relevant vested pension obligation for each employee, along with a corresponding amount of plan assets and cash. Therefore, the difference between the pension obligation and related plan assets transferred from NTT to DoCoMo, included in the above table which presents reconciliations of the changes in the non-contributory pension plans' projected benefit obligations and fair value of plan assets, represents cash paid by NTT to DoCoMo, which has not been invested in plan assets.

DoCoMo expects to contribute 4,476 million yen to the non-contributory pension plan in the year ending March 31, 2008.

The benefit payments, which reflect expected future service under the non-contributory pension plans, are expected to be as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008	**¥ 13,282**	**$ 112,981**
2009	**13,004**	**110,616**
2010	**11,897**	**101,199**
2011	**11,553**	**98,273**
2012	**10,656**	**90,643**
2013-2017	**62,533**	**531,924**

Social Welfare Pension Scheme and NTT Welfare Pension Fund—

DoCoMo participates in the national welfare pension plan ("National Plan") and a contributory defined benefit welfare pension plan sponsored by the NTT group ("NTT Plan"). The National Plan is a government-regulated social welfare pension plan under the Japanese Welfare Pension Insurance Law and both NTT Group and its employees have made contributions to such plan every year. The National Plan is considered as a multi-employer plan as defined by SFAS No. 87 and contributions are recognized as expenses when contributions are made to such plan. The total amount of contributions was 12,681 million yen, 12,787 million yen and 13,108 million yen ($111,501 thousand) for the years ended March 31, 2005, 2006 and 2007, respectively.

Both NTT Group including DoCoMo and its employees make contributions to the NTT Plan to supplement the pension benefits to which the employees are entitled under the National Plan. The NTT Plan is regulated under the Japanese Welfare Pension Insurance Law and covers a substitutional portion of the National Plan. The NTT Plan is considered a defined benefit pension plan as defined by SFAS No. 87 and accounts for items such as benefit obligations separately from the severance payment and contract-type corporate pension plan as previously described. The participation by DoCoMo and its subsidiary in the NTT Plan is accounted for as a single employer plan. The number of DoCoMo's employees covered by the NTT Plan represented approximately 10.4% and 10.5% of the total members covered by such plan as of March 31, 2006 and 2007, respectively.

DoCoMo adopted EITF Issue No. 03-02, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee

Pension Fund Liabilities." This issue provides a consensus that Japanese employers should account for the entire separation process as a single settlement event upon completion of the transfer to the Japanese government of the substitutional portion of the benefit obligations and related plan assets. Under the Law Concerning Defined-Benefit Corporate Pension Plans, the NTT Plan applied to the Japanese government for permission that the NTT Plan be released from future obligation to disburse the NTT Plan benefits covering the substitutional portion, and the application was approved in September 2003. The NTT Plan also applied to the Japanese government for permission to be released from the past obligation to disburse the NTT Plan benefits covering the substitutional portion on April 17, 2007. However, in accordance with EITF 03-02, no accounting should be recognized until the completion of the entire transfer. It is undetermined when the transfer of the benefit obligations and related plan assets will take place and what the net effect of settlement on DoCoMo's result of operations and financial position will be.

Upon adoption of SFAS No. 158 as of March 31, 2007, DoCoMo recognized the funded status of the NTT Plan, based on actuarial computations which covered only DoCoMo employees' participation, as a component of "other accumulated comprehensive income".

The incremental effect of adopting SFAS No. 158 on DoCoMo's financial position due to its participation in the NTT Plan as of March 31, 2007 is summarized as follows;

	Millions of yen		
	Before adoption of SFAS No. 158	Adjustment to initially apply SFAS No. 158	After adoption of SFAS No. 158
Deferred tax assets	¥ 13,904	¥ 1,338	¥ 15,242
Liability for employees' retirement benefits	¥ 33,997	¥ 3,272	¥ 37,269
Accumulated other comprehensive income (loss), net of applicable taxes	(255)	(1,934)	(2,189)
Total liabilities and shareholders' equity	¥ 33,742	¥ 1,338	¥ 35,080

	Thousands of U.S. dollars		
	Before adoption of SFAS No. 158	Adjustment to initially apply SFAS No. 158	After adoption of SFAS No. 158
Deferred tax assets	$ 118,272	$ 11,382	$ 129,654
Liability for employees' retirement benefits	$ 289,188	$ 27,833	$ 317,021
Accumulated other comprehensive income (loss), net of applicable taxes	(2,169)	(16,451)	(18,620)
Total liabilities and shareholders' equity	$ 287,019	$ 11,382	$ 298,401

The adoption of recognition and related disclosure provisions of SFAS No. 158 had no effect on the results of operations.

The following table presents reconciliations of the changes in the NTT Plan's projected benefit obligations and fair value of plan assets at March 31, 2006 and 2007. The amount in the table is based on actuarial computations which covered only DoCoMo employees' participation to the plan.

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Change in benefit obligations:			
Projected benefit obligation, beginning of year	¥ 127,680	¥ 132,031	$ 1,123,095
Service cost	3,626	3,440	29,262
Interest cost	2,580	2,619	22,278
Benefit payments	(1,189)	(1,272)	(10,820)
Internal adjustment due to transfer of employees based on actuarial computations which covered only DoCoMo employees' participation to the plan	(940)	(438)	(3,726)
Actuarial loss (gain)	274	(4,975)	(42,319)
Projected benefit obligation, end of year	¥ 132,031	¥ 131,405	$ 1,117,770
Change in fair value of plan assets:			
Fair value of plan assets, beginning of year	¥ 77,380	¥ 90,262	$ 767,795
Actual return on plan assets	12,956	3,697	31,448
Employer contributions	1,228	1,240	10,548
Employee contributions	532	522	4,440
Benefits payments	(1,189)	(1,272)	(10,820)
Internal adjustment due to transfer of employees based on actuarial computations which covered only DoCoMo employees' participation to the plan	(645)	(313)	(2,662)
Fair value of plan assets, end of year	¥ 90,262	¥ 94,136	$ 800,749
At March 31:			
Funded status	¥ (41,769)	¥ (37,269)	$ (317,021)
Unrecognized actuarial losses	12,860		
Unrecognized prior service cost	¥ (2,854)		
Net amount recognized	¥ (31,763)		

The following table provides the amounts recognized in DoCoMo's consolidated balance sheets as of March 31, 2006 and 2007, based on actuarial computations which covered only DoCoMo employees' participation to the plan:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Liability for employees' retirement benefits	¥ (32,674)	¥ (37,269)	$ (317,021)
Accumulated other comprehensive income	911	—	—
Net amount recognized	¥ (31,763)	¥ (37,269)	$ (317,021)

Items recognized in "accumulated other comprehensive income", based on actuarial computations which covered only DoCoMo employees' participation to the plan, are summarized in the following table:

	Millions of yen	Thousands of U.S. dollars
	2007	2007
Actuarial gains or losses (net)	¥ (6,080)	$ (51,718)
Prior service costs	2,497	21,240
Total	¥ (3,583)	$ (30,478)

The accumulated benefit obligation regarding DoCoMo employees for the NTT Plan based on actuarial computations which covered only DoCoMo employees' participation was 109,657 million yen and 109,680 million yen ($932,970 thousand) at March 31, 2006 and 2007, respectively.

The net periodic pension cost related to the NTT Plan based on actuarial computations which covered only DoCoMo employees' participation for the years ended March 31, 2005, 2006 and 2007, included the following components:

	Millions of yen			Thousands of U.S. dollars
	2005	2006	2007	2007
Service cost	¥ 3,724	¥ 3,626	¥ 3,440	$ 29,262
Interest cost on projected benefit obligation	2,353	2,580	2,619	22,278
Expected return on plan assets	(1,773)	(1,970)	(2,254)	(19,173)
Amortization of prior service cost	(357)	(357)	(357)	(3,037)
Amortization of actuarial gains or losses (net)	2,304	1,956	362	3,079
Contribution from employees	(532)	(532)	(522)	(4,440)
Net pension cost	¥ 5,719	¥ 5,303	¥ 3,288	$ 27,969

The amount of actuarial losses and prior service cost, which are expected to be amortized and reclassified from accumulated other comprehensive income to net pension cost during the year ending March 31, 2008 is 16 million yen and (357) million yen, respectively.

The assumptions used in determination of the pension plans' projected benefit obligations, based on actuarial computations which covered only DoCoMo employees' participation to the plan, as of March 31, 2006 and 2007 are as follows:

	2006	2007
Discount rate	2.0%	2.2%
Long-term rate of salary increases	2.6	2.6

The assumptions used in determination of the net pension costs, based on actuarial computations which covered only DoCoMo employees' participation to the plan, for the years ended March 31, 2005, 2006 and 2007 are as follows:

	2005	2006	2007
Discount rate	2.0%	2.0%	2.0%
Long-term rate of salary increases	2.2	2.6	2.6
Expected long-term rate of return on plan assets	2.5	2.5	2.5

In determining the expected long-term rate of return on plan assets, the NTT Plan considers the current and projected asset allocations, as well as expected long-term investment returns and risks for each category of the plan assets based on analysis of historical results.

The weighted-average asset allocations of the NTT Plan as of March 31, 2006 and 2007 by asset category are as follows:

	2006	2007
Domestic bonds	47.7%	**49.6%**
Domestic stock	20.0	**17.9**
Foreign bonds	13.0	**14.2**
Foreign stock	12.1	**11.4**
Other	7.2	**6.9**
Total	100.0%	**100.0%**

The NTT Plan's policy toward plan assets management is formulated with the ultimate objective of ensuring the steady disbursement of pension benefits in future periods. The long-term objective of asset management, therefore, is to secure the total profits deemed necessary to ensure financial soundness of plan assets. To achieve this, the NTT Plan selects various investments and takes into consideration their expected returns and risks and the correlation among the investments. The NTT Plan then sets a target allocation ratio for the plan assets and endeavors to maintain that ratio. The target ratio is formulated from a mid- to long-term perspective and reviewed annually. In the event that the investment environment changes dramatically, the NTT Plan will review the asset allocation as necessary. The target ratio in March 2007 is: domestic bonds, 30.0%; domestic stock, 25.0%; foreign bonds, 20.0%; foreign stock, 15.0%; and other financial instruments 10.0%. As of March 31, 2006 and 2007, domestic stock owned by the NTT Plan as its plan asset included common stock of NTT and its subsidiaries listed in Japan including DoCoMo in the amount of 5,842 million yen (0.4% of total plan assets) and 9,548 million yen ($81,218 thousand, 0.7% of total plan assets), respectively.

DoCoMo expects to contribute 1,208 million yen to the NTT Plan in the year ending March 31, 2008.

The benefit payments, which reflect expected future service under the NTT Plan, based on actuarial computations which covered only DoCoMo employees are expected to be as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008	**¥ 1,719**	**$ 14,622**
2009	**2,534**	**21,555**
2010	**3,129**	**26,616**
2011	**3,618**	**30,776**
2012	**4,127**	**35,105**
2013-2017	**28,219**	**240,039**

18. Income Taxes:

Total income taxes for the years ended March 31, 2005, 2006 and 2007 were allocated as follows:

	Millions of yen			Thousands of U.S. dollars
	2005	2006	2007	2007
Income from continuing operations before equity in net losses of affiliates and minority interest	¥ 527,711	¥ 341,382	¥ 313,679	$ 2,668,246
Equity in net losses of affiliates	(1,492)	1,653	(850)	(7,230)
Other comprehensive income (loss):				
Unrealized holding gains (losses) on available-for-sale securities	8,045	6,927	(10,586)	(90,048)
Less: Reclassification of realized gains and losses included in net income	259	(1,618)	(276)	(2,348)
Net revaluation of financial instruments	(148)	256	576	4,900
Less: Reclassification of realized gains and losses included in net income	(155)	(172)	(552)	(4,695)
Foreign currency translation adjustment	3,672	(234)	76	646
Less: Reclassification of realized gains and losses included in net income	(25,985)	(15,779)	—	—
Minimum pension liability adjustment	49	2,758	3,849	32,741
Adjustment to initially apply SFAS No. 158	—	—	(3,395)	(28,879)
Total income taxes	¥ 511,956	¥ 335,173	¥ 302,521	$ 2,573,333

Virtually all income or loss before income taxes and income tax expenses or benefits are domestic.

For the years ended March 31, 2005, 2006 and 2007, the Company and its domestic subsidiaries were subject to a National Corporate Tax of 30%, a Corporate Inhabitant Tax of approximately 6% and a deductible Corporate Enterprise Tax of approximately 8%. The rate of the Corporate Inhabitant Tax and Corporate Enterprise Tax differs subject to municipalities.

The aggregate statutory income tax rate was 40.9% all through the years ended March 31, 2005, 2006 and 2007. The effective income tax rate for the years ended March 31, 2005, 2006 and 2007 was 41.0%, 35.9% and 40.6%, respectively.

Reconciliation of the difference of the effective income tax rates of DoCoMo and the statutory tax rates are as follows:

	2005	2006	2007
Statutory income tax rate	40.9%	40.9%	40.9%
Expenses not deductible for tax purposes	0.2	0.2	0.2
Tax credit for special tax treatment such as R&D investment tax incentive, IT investment promotion tax incentive and IT infrastructure tax incentive	(1.9)	(2.6)	(0.9)
Changes in valuation allowance	1.8	(0.9)	—
Other	(0.0)	(1.7)	0.4
Effective income tax rate	41.0%	35.9%	40.6%

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 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Deferred tax assets:			
Investments in affiliates	¥ 64,809	¥ —	$ —
Liability for employees' retirement benefits	54,497	54,329	462,138
Property, plant and equipment and intangible assets due to differences in depreciation and amortization	46,752	45,139	383,966
Reserve for point loyalty programs	45,824	42,397	360,641
Deferred revenues regarding "Nikagetsu Kurikoshi" (two-month carry over)	34,639	28,779	244,803
Accrued commissions to agent resellers	23,439	23,293	198,137
Accrued enterprise tax	18,058	6,244	53,113
Inventories	9,562	14,861	126,412
Compensated absences	7,980	9,276	78,904
Accrued bonus	6,497	7,006	59,595
Other	17,266	14,175	120,577
Total deferred tax assets	¥ 329,323	¥ 245,499	$ 2,088,286
Deferred tax liabilities:			
Unrealized holding gains on available-for-sale securities	20,485	9,623	81,856
Intangible assets (principally customer related assets)	8,972	5,499	46,776
Property, plant and equipment due to differences in capitalized interest	2,223	1,738	14,784
Investment in affiliates	—	438	3,725
Foreign currency translation adjustment	52	128	1,089
Other	12,163	7,436	63,253
Total deferred tax liabilities	¥ 43,895	¥ 24,862	$ 211,483
Net deferred tax assets	¥ 285,428	¥ 220,637	$ 1,876,803

Net deferred tax assets at March 31, 2006 and 2007 are included in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2006	2007	2007
Deferred tax assets (current assets)	¥ 111,795	¥ 94,868	$ 806,975
Deferred tax assets (non-current investments and other assets)	176,720	127,696	1,086,220
Other current liabilities	—	(7)	(60)
Other long-term liabilities	(3,087)	(1,920)	(16,332)
Total	¥ 285,428	¥ 220,637	$ 1,876,803

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax carry-forwards become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. DoCoMo records a valuation allowance on deferred tax assets to reflect the expected future tax benefits to be realized if necessary. The net change in the total valuation allowance for the years ended March 31, 2006 was a decrease of 23,436 million yen. There was no change in the total valuation allowance for the year ended March 31, 2007. Management believes that the amount of the deferred tax assets is realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Other Taxes—

The consumption tax rate for all taxable goods and services, with minor exceptions, is 5 percent. Consumption tax payable or receivable is determined based on consumption taxes levied on operating revenues offset by consumption taxes directly incurred by the Company when purchasing goods and services.

19. Commitments and Contingencies:

Leases—

DoCoMo leases certain facilities and equipment in the normal course of business. Assets covered under capital leases at March 31, 2006 and 2007 are as follows:

	Millions of yen		Thousands of U.S. dollars
Class of property	2006	2007	2007
Tools, furniture and fixtures	¥ 12,433	¥ 12,016	$ 102,212
Software	1,118	875	7,443
	13,551	12,891	109,655
Accumulated depreciation and amortization	(7,698)	(7,143)	(60,761)
Total	¥ 5,853	¥ 5,748	$ 48,894

Tools, furniture and fixtures are classified as part of property, plant and equipment, while software is classified as part of intangible assets.

Future minimum lease payments by year under capital leases together with the present value of the net minimum lease payments as of March 31, 2007 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008	¥ 2,520	$ 21,436
2009	2,919	24,830
2010	1,244	10,582
2011	732	6,227
2012	305	2,594
Thereafter	109	927
Total minimum lease payments	7,829	66,596
Less—Amount representing interest	(295)	(2,510)
Present value of net minimum lease payments	7,534	64,086
Less—Amounts representing estimated executory costs	(382)	(3,249)
Net minimum lease payments	7,152	60,837
Less—Current obligation	(2,706)	(23,018)
Long-term capital lease obligations	¥ 4,446	$ 37,819

The above obligations are classified as part of other current and long-term liabilities as appropriate.

The minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year at March 31, 2007 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2008	¥ 2,356	$ 20,041
2009	2,248	19,122
2010	1,424	12,113
2011	1,424	12,113
2012	1,424	12,113
Thereafter	15,662	133,225
Total minimum future rentals	¥ 24,538	$ 208,727

The following schedule shows total rental expense for all operating leases for the years indicated except those with terms of one month or less that were not renewed:

	Millions of yen			Thousands of U.S. dollars
	2005	2006	2007	2007
Minimum rentals	¥ 67,078	¥ 64,323	¥ 67,897	$ 577,552

Litigation—

As of March 31, 2007, DoCoMo had no litigation or claims outstanding, pending or threatened against it, which in the opinion of management would have a material adverse effect on its results of operations or financial position.

Purchase Commitments—

DoCoMo has entered into various contracts for the purchase of property, plant and equipment, inventories (primarily handsets) and services and the acquisition of equity securities. Commitments outstanding as of March 31, 2007 amounted to 44,466 million yen ($378,241 thousand) (of which 1,684 million yen ($14,325 thousand) are with related parties) for property, plant and equipment, 26,971 million yen ($229,423 thousand) (of which none are with related parties) for inventories and 48,718 million yen ($414,410 thousand) (of which 1,337 million yen ($11,373 thousand) are with related parties) for the other purchase commitments.

Guarantees—

DoCoMo adopted FIN No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires that if a company issues or modifies a guarantee, the company must recognize an initial liability for the fair value of the obligations it has undertaken and must disclose that information in its financial statements.

DoCoMo enters into agreements in the normal course of business that provide guarantees for counterparties. These counterparties include customers, related parties, foreign wireless telecommunications service providers and other business partners. Although the most of guarantees provided for customers relate to product defects of cellular phone handsets sold by DoCoMo, DoCoMo is provided with similar guarantees by the handset vendors. Though the guarantees or indemnifications provided in other transactions than with the customers are different in each contract, the likelihood of almost all of the performance of these guarantees or indemnifications are remote and amount of payments DoCoMo could be required for is not specified in almost all of the contracts. Historically, DoCoMo has not made any significant guarantee or indemnification payments under such agreements. DoCoMo estimates the estimated fair value of the obligations related to these agreements is not significant. Accordingly, no liabilities were recognized for these obligations as of March 31, 2007.

20. Financial Instruments:

Risk Management—

The fair values for DoCoMo's assets and liabilities and DoCoMo's cash flows may be negatively impacted by fluctuations in interest rates and foreign exchange rates. To manage these risks, DoCoMo uses derivative financial instruments such as interest rate swaps, currency swaps and foreign exchange forward contracts, and also uses non-derivative financial instruments. The financial instruments are executed with creditworthy financial institutions, and DoCoMo management believes that there is little risk of default by these counterparties. DoCoMo has and follows internal regulations that establish conditions to enter into derivative contracts, and procedures of approving and monitoring such contracts.

DoCoMo uses interest rate swap transactions, under which DoCoMo receives fixed rate interest payments and pays floating rate interest payments, to hedge the changes in fair value of certain debt as a part of its asset-liability management (ALM).

In March 2003, DoCoMo issued $100 million unsecured corporate bonds in order to hedge a portion of its net investment in AT&T Wireless. This financial instrument was effective as a hedge against fluctuations in currency exchange rates. Translation gains or losses from this financial instrument, which offset translation gains or losses on the investment in AT&T Wireless, were recorded as "foreign currency translation adjustment" in "accumulated other comprehensive income". During the year ended March 31, 2005, DoCoMo also used foreign exchange forward contracts to hedge a portion of its net investment in AT&T Wireless. The corporate bond contracts and the foreign exchange forward contracts were effective as hedges against fluctuations of currency exchange rates. On October 26, 2004, as a result of the completion of the AT&T Wireless and Cingular merger, DoCoMo sold all its AT&T Wireless shares. As the hedged item no longer existed, these hedging instruments for the net investments in a foreign operation were reclassified into earnings for the year ended March 31, 2005, and DoCoMo recorded gains totaling 6,468 million yen as a part of gain on sale of affiliate shares, which was included in other income (expense), in the consolidated statements of income and comprehensive income for the year ended March 31, 2005.

In February 2005, DoCoMo entered into a currency swap contract to hedge currency exchange risk associated with the principal and interest payments of the $100 million unsecured corporate bonds. As this currency swap contract was qualified as a cash flow hedge instrument and all the essential terms of the currency swap and the hedged item are identical, there is no ineffective portion to the hedge. The gain or loss from the fluctuation in the fair value of the swap transaction is recorded as "accumulated other comprehensive income". The amount recorded as "accumulated other comprehensive income" will be reclassified as the gain or loss when the offsetting gain or loss derived from the hedged item is recorded in the accompanying consolidated statements of income and comprehensive income. For the year ended March 31, 2006, 1,262 million yen of loss from currency translation and 28 million yen of interest expense in the consolidated statements of income and comprehensive income were reclassified, and 92 million yen of loss, net of applicable taxes, was recorded as "net revaluation of financial instruments" included in "accumulated other comprehensive income" in the consolidated balance sheets as of March 31, 2006. For the year ended March 31, 2007, 1,320 million yen ($11,228 thousand) of loss from currency translation and 30 million yen ($255 thousand) of interest expense in the consolidated statements of income and comprehensive income were reclassified, and 58 million yen ($494 thousand) of loss, net of applicable taxes, was recorded as "net revaluation of financial instruments" included in "accumulated other comprehensive income" in the consolidated balance sheets as of March 31, 2007. The net revaluation of financial instruments is expected to be reclassified in to earnings by the repayment of the $100 million unsecured corporate bonds during the year ending March 31, 2008.

Fair Value of Financial Instruments—

All cash and short-term investments, current receivables, current payables, and certain other short-term financial instruments are short-term in nature, and therefore their carrying amount approximates fair values.

Information relating to investments in affiliates and marketable securities and other investments are disclosed in Notes 7, 8 and 10, respectively.

Information relating to contracts of bailment of cash for consumption with NTT FINANCE is disclosed in Note 15.

Long-Term Debt, Including Current Portion—

The fair value of long-term debt, including current portion, is estimated based on the discounted amounts of future cash flows using DoCoMo's current incremental borrowings rates for similar liabilities.

The carrying amount and the estimated fair value of long-term debt, including current portion as of March 31, 2006 and 2007 are as follows:

Millions of yen				Thousands of U.S. dollars	
2006		2007		2007	
Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
¥ 792,253	¥ 799,911	**¥ 602,863**	**¥ 606,910**	**$ 5,128,130**	**$ 5,162,555**

Foreign Currency Swap Agreement—

The table below shows the contract amount and fair value of the derivative financial instrument as of March 31, 2006 and 2007:

Millions of yen				Thousands of U.S. dollars	
2006		2007		2007	
Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
¥ 10,485	¥ 1,134	**¥ 10,485**	**¥ 1,251**	**$ 89,188**	**$ 10,641**

The foreign currency swap agreement has a remaining term to maturity of 1 year.

The fair value of a foreign currency swap was obtained from a counterparty financial institution and represented the amount that DoCoMo could have settled with the counterparty to terminate the swap outstanding at March 31, 2006 and 2007.

Interest Rate Swap Agreements—

The table below shows the contract amount and fair value of the interest rate swap agreement at March 31, 2006 and 2007:

			Millions of yen	
	Weighted average rate		2006	
Contract Term (in the year ended/ending March 31,)	Receive fixed	Pay floating	Contract amount	Fair value
2004-2012	1.5%	0.3%	¥ 235,800	¥ (3,417)

			Millions of yen		Thousands of U.S. dollars	
	Weighted average rate		2007		2007	
Contract Term (in the year ended/ending March 31,)	Receive fixed	Pay floating	Contract amount	Fair value	Contract amount	Fair value
2004-2012	**1.5%**	**0.9%**	**¥ 235,800**	**¥ 858**	**$ 2,005,784**	**$ 7,298**

The interest rate swap agreements have remaining terms to maturity ranging from 4 years to 4 years and 9 months.

The fair values of interest rate swaps were obtained from counterparty financial institutions and represent the amount that DoCoMo could have settled with the counterparties to terminate the swaps outstanding at March 31, 2006 and 2007.

Foreign Exchange Forward Contracts—

DoCoMo had no foreign exchange forward contracts outstanding as of March 31, 2006. The amount of foreign exchange forward contracts was 938 million yen ($7,979 thousand) with fair value of 4 million yen ($34 thousand) as of March 31, 2007.

The fair values of foreign exchange forward contracts were obtained from counterparty financial institutions and represent the amounts that DoCoMo could have settled with the counterparties to terminate the swaps outstanding as of March 31, 2007.

Concentrations of Risk—

As of March 31, 2007, DoCoMo did not have any significant concentration of business transacted with an individual counterparty or groups of counterparties that could, if suddenly eliminated, severely impact its operations.

21. Subsequent Event:

There were no significant subsequent events other than those described in other footnotes of this consolidated financial statements.

NTT DoCoMo

Management's Report on Internal Control Over Financial Reporting

The management of NTT DoCoMo, Inc. (the "company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. Internal control over financial reporting of the company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies and procedures may deteriorate.

Management evaluated the effectiveness of the company's internal control over financial reporting using the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that the company's internal control over financial reporting was effective as of March 31, 2007.

Management's assessment of the company's internal control over financial reporting as of March 31, 2007 has been audited by KPMG AZSA & Co., an independent registered public accounting firm, as stated in their report.

June 19, 2007

Masao Nakamura
President and Chief Executive Officer

Masayuki Hirata
Senior Executive Vice President and
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and the Shareholders
NTT DoCoMo, Inc.:

We have audited management's assessment, included in the accompanying management's report on internal control over financial reporting, that NTT DoCoMo, Inc. maintained effective internal control over financial reporting as of March 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). NTT DoCoMo, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that NTT DoCoMo, Inc. maintained effective internal control over financial reporting as of March 31, 2007, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, NTT DoCoMo, Inc. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of NTT DoCoMo, Inc. and subsidiaries as of March 31, 2006 and 2007, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2007, and our report dated June 19, 2007 expressed an unqualified opinion on those consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 19, 2007

KPMG

Report of Independent Registered Public Accounting Firm

The Board of Directors and the Shareholders
NTT DoCoMo, Inc.:

We have audited the accompanying consolidated balance sheets of NTT DoCoMo, Inc. and subsidiaries as of March 31, 2006 and 2007, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NTT DoCoMo, Inc. and subsidiaries as of March 31, 2006 and 2007, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2007, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements as of and for the year ended March 31, 2007 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into dollars on the basis set forth in Note 3 of the notes to the consolidated financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of NTT DoCoMo, Inc.'s internal control over financial reporting as of March 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 19, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG AZSA & Co.

Tokyo, Japan
June 19, 2007

RECONCILIATIONS OF THE DISCLOSED NON-GAAP FINANCIAL MEASURES TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

EBITDA and EBITDA margin

	Millions of yen				
	Year ended March 31,				
	2003	2004	2005	2006	**2007**
a.EBITDA	¥ 1,836,264	¥ 1,858,920	¥ 1,625,661	¥ 1,606,776	**¥ 1,574,570**
Depreciation and amortization	(749,197)	(720,997)	(735,423)	(737,066)	**(744,122)**
Losses on sale or disposal of property, plant and equipment	(30,348)	(35,005)	(45,673)	(36,000)	**(55,708)**
Impairment loss	—	—	(60,399)	(1,071)	**(1,216)**
Operating income	1,056,719	1,102,918	784,166	832,639	**773,524**
Other income (expense)	(13,751)	(1,795)	504,055	119,664	**(581)**
Income taxes	(454,487)	(429,116)	(527,711)	(341,382)	**(313,679)**
Equity in net losses of affiliates	(324,241)	(21,960)	(12,886)	(364)	**(1,941)**
Minority interests in earnings of consolidated subsidiaries	(16,033)	(40)	(60)	(76)	**(45)**
Cumulative effect of accounting change	(35,716)	—	—	—	**—**
b.Net income	212,491	650,007	747,564	610,481	**457,278**
c.Total operating revenues	4,809,088	5,048,065	4,844,610	4,765,872	**4,788,093**
EBITDA margin(=a/c)	38.2%	36.8%	33.6%	33.7%	**32.9%**
Net income margin (=b/c)	4.4%	12.9%	15.4%	12.8%	**9.6%**

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

Adjusted free cash flows (excluding irregular factors and changes in investments for cash management purpose)

	Millions of yen				
	Year ended March 31,				
	2003	2004	2005	2006	**2007**
Adjusted free cash flows (excluding irregular factors and changes in investments for cash management purpose)	¥ 468,915	¥ 862,934	¥ 1,003,583	¥ 510,905	**¥ 192,237**
Irregular factors (1)	244,000	—	—	—	**(210,000)**
Changes in investments for cash management purpose (2)	265	—	(400,327)	148,959	**50,710**
Free cash flows	713,180	862,934	603,256	659,864	**32,947**
Net cash used in investing activities	(871,430)	(847,309)	(578,329)	(951,077)	**(947,651)**
Net cash provided by operating activities	1,584,610	1,710,243	1,181,585	1,610,941	**980,598**

Notes : (1) Irregular factors represent the effects of uncollected revenues due to bank closure at the end of periods.
(2) Changes in investments for cash management purpose were derived from purchases, redemption at maturity and sales of financial instruments held for cash management purpose with original maturity of longer than three months.

ORGANIZATION

NTT DoCoMo, INC.

- Board of Directors
  - President and CEO
- Corporate Auditor's Office
- Corporate Auditors
- Board of Corporate Auditors

President and CEO

- Research and Development Division
  - R&D Strategy Department
  - Research Laboratories
  - Service & Solution Development Department
  - Core Network Development Department
  - Radio Access Network Development Department
  - Communication Device Development Department
  - R&D General Affairs Department
- Network Division
  - Network Planning Department
  - Radio Access Network Engineering Department
  - Core Network Engineering Department
  - Service Quality Management Department
  - Network Technical Support & Operations Center
  - Wireless Technology Standardization Department
- Global Business Division
  - Global Business Department
  - Global Service Department
- Products & Services Division
  - Product Department
  - Multimedia Services Department
  - Ubiquitous Services Department
  - Content & Customer Relations Department
  - Platform Department
  - DCMX Business Department
- Corporate Marketing Division
  - Corporate Marketing Department I
  - Corporate Marketing Department II
  - Solution Business Department
  - Corporate Marketing Strategy Department
- Marketing Division
  - Marketing Planning Department
  - PHS Business Department
  - Sales Promotion Department
  - Customer Service Department
  - Billing Service Department
- Corporate Branding Division
  - Corporate Branding Department
  - Customer Satisfaction Department
  - Advertisement Department
- Information Systems Department
- Procurement and Supply Department
- Mobile Society Research Institute
- Intellectual Property Department
- Public Relations Department
- Corporate Citizenship Department
- General Affairs Department
- Legal Department
- Human Resources Management Department
- Accounts and Finance Department
- Investor Relations Department
- Information Security Department
- Internal Audit Department
- Affiliated Companies Department
- Corporate Strategy & Planning Department
- Branches
  - Marunouchi, Shinjuku, Shibuya
  - Tama, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi, Gunma, Yamanashi, Nagano, Niigata

(As of August 1, 2007)

CORPORATE DATA

Company Name

NTT DoCoMo, Inc.

The name DoCoMo is derived from the first letters of the phrase "Do Communications Over the Mobile Network."

Address

Head Office:

11-1, Nagata-cho 2-chome, Chiyoda-ku,
Tokyo 100-6150, Japan
TEL: (03) 5156-1111

New York Head Office:

NTT DoCoMo USA, Inc.
461 Fifth Avenue, 24th Fl. New York, NY 10017
Phone: +1 212 994 7222

Common Stock

¥949,679,500,000 (As of March 31, 2007)

Date of Establishment

August 1991

Number of Employees (consolidated)

21,591 (As of March 31, 2007)

Independent Certified Public Accountants

KPMG AZSA & Co., an audit corporation incorporated under the Japanese Certified Public Accountants Law, the Japan member firm of KPMG International, a Swiss Cooperative

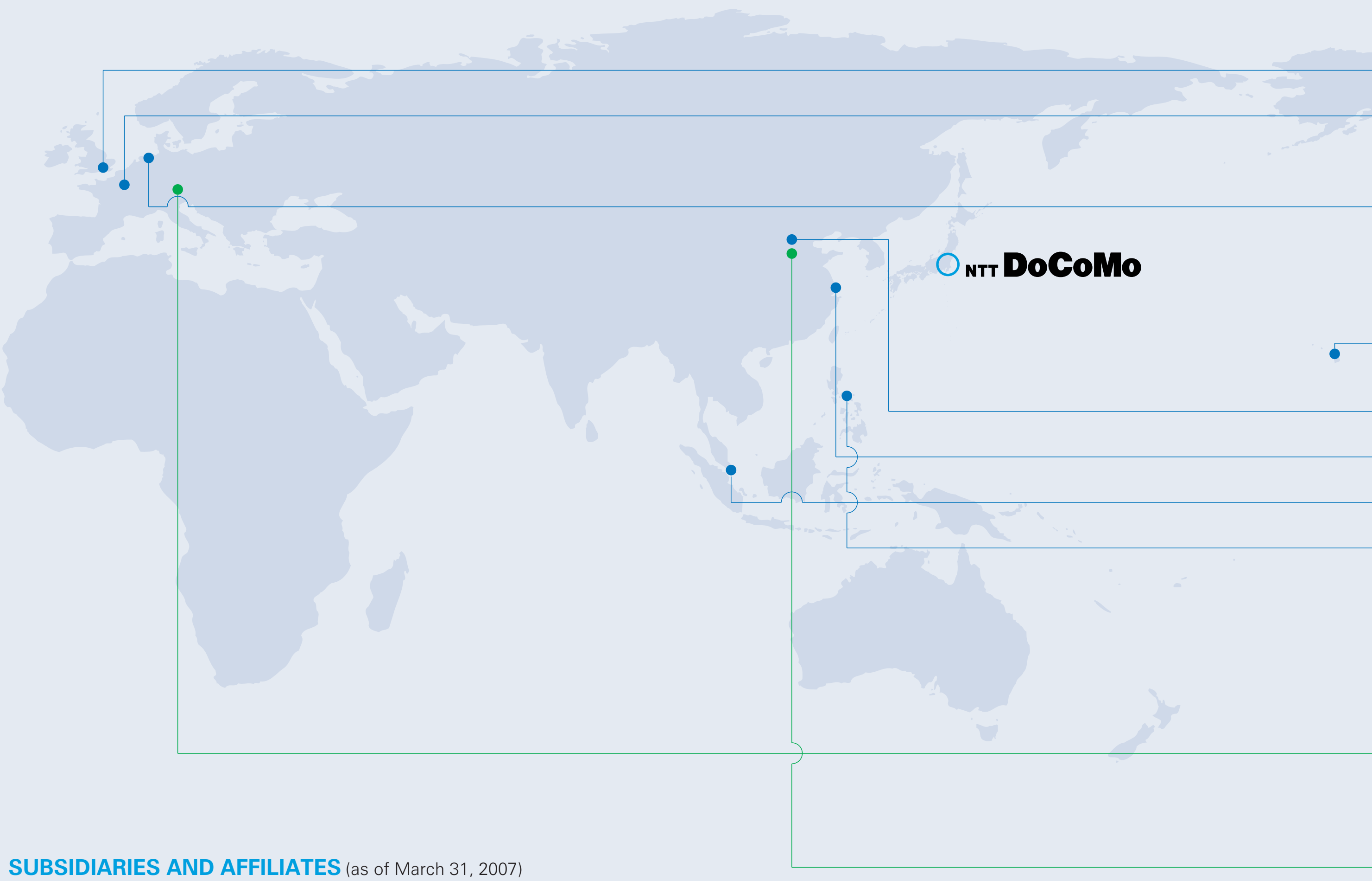
Contact IR

Phone: +81 3 5156 1111
FAX: +81 3 5156 0271
e-mail: ir@nttdocomo.co.jp
http://www.nttdocomo.co.jp/english/ir/

NTT DoCoMo, Inc. provides information on its own Website
URL:http://www.nttdocomo.com/

OVERSEAS BASES / SUBSIDIARIES AND AFFILIATES

(AS OF MARCH 31, 2007)



SUBSIDIARIES AND AFFILIATES (as of March 31, 2007)

Company	Voting Right Ownership	Main Line(s) of Business
DoCoMo Regional subsidiaries: 8		
NTT DoCoMo Hokkaido, Inc.	100.00%	Mobile Phone Business, PHS Business and Miscellaneous Businesses in Hokkaido Region
NTT DoCoMo Tohoku, Inc.	100.00%	Mobile Phone Business, PHS Business and Miscellaneous Businesses in Tohoku Region
NTT DoCoMo Tokai, Inc.	100.00%	Mobile Phone Business, PHS Business and Miscellaneous Businesses in Tokai Region
NTT DoCoMo Hokuriku, Inc.	100.00%	Mobile Phone Business, PHS Business and Miscellaneous Businesses in Hokuriku Region
NTT DoCoMo Kansai, Inc.	100.00%	Mobile Phone Business, PHS Business and Miscellaneous Businesses in Kansai Region
NTT DoCoMo Chugoku, Inc.	100.00%	Mobile Phone Business, PHS Business and Miscellaneous Businesses in Chugoku Region
NTT DoCoMo Shikoku, Inc.	100.00%	Mobile Phone Business, PHS Business and Miscellaneous Businesses in Shikoku Region
NTT DoCoMo Kyushu, Inc.	100.00%	Mobile Phone Business, PHS Business and Miscellaneous Businesses in Kyushu Region
Service subsidiaries: 29		
DoCoMo Service Inc.	100.00%	Support for billing services of mobile phones
DoCoMo Engineering Inc.	100.00%	Design, construction and maintenance of telecommunication facilities
DoCoMo Mobile Inc.	100.00%	Maintenance of cellular phone handsets and logistics operations
DoCoMo Support Inc.	100.00%	Operation of call centers and support for sales agents
DoCoMo Systems, Inc.	100.00%	Development and maintenance operations of internal information systems , sales of hardware relating to information systems
DoCoMo Sentsu, Inc.	100.00%	Sale, installation and maintenance of maritime satellite mobile phones and aircraft phones
DoCoMo Technology, Inc.	100.00%	Commissioned research and development on mobile communication from NTT DoCoMo
DoCoMo Business Net, Inc.	100.00%	Sales agent business and sales support operations

21 other service subsidiaries of the 8 DoCoMo regional subsidiaries

Overseas Bases

London	**DoCoMo Europe Limited** Development of DoCoMo's integrated overseas strategy in Europe
Paris	**DoCoMo Europe (France) S.A.S.** Surveys of regulations and markets, etc. in Europe
Paris	**DoCoMo i-mode Europe B.V. France Branch** i-mode alliance activities in overseas
Amsterdam	**DoCoMo i-mode Europe B.V.** Support of overseas expansion of i-mode in Europe
New York	**NTT DoCoMo USA, Inc. New York Head Office** Development of DoCoMo's integrated overseas strategy in the United States
Washington D.C.	**NTT DoCoMo USA, Inc. Washington D.C. Division** Surveys on regulations in the United States
Hawaii	**NTT DoCoMo USA, Inc. Hawaii Office** Management of the DoCoMo WORLD Counter Hawaii
Beijing	**NTT DoCoMo, Inc. Beijing Representative Office** Liaison with the Chinese Government and related agencies Collection of data concerning China's mobile communications
Shanghai	**NTT DoCoMo, Inc. Shanghai Representative Office** Collection of data concerning opportunities for new business in China
Singapore	**NTT DoCoMo, Inc. Singapore Representative Office** Collection of data concerning mobile communications in the 10 ASEAN countries and India
Philippine	**NTT DoCoMo, Inc. Philipine Branch** Advisory activities for PLDT and SMART

Research & Development

California	**DoCoMo Communications Laboratories USA, Inc.** Research focused on next-generation Internet technology Proposals and research concerning international standardization
California	**DoCoMo Capital, Inc.** Search for and investment in venture companies with innovative state-of-the-art technology applicable to mobile communications services
Munich	**DoCoMo Communications Laboratories Europe GmbH** Research focused on next-generation platform technology Participation in research/standardization projects in Europe
Beijing	**都科摩(北京)通信技術研究中心有限公司** **DoCoMo Beijing Communication Laboratories Co., Ltd** Research into cutting-edge wireless technology aimed at the next generation of mobile communications Participation in standardization activities in China

Company	Voting Right Ownership	Main Line(s) of Business
Other subsidiaries: 58		
e Engineering Inc.	100.00%	Support for maintenance of communication facilities of NTT DoCoMo
Business Expert Inc.	100.00%	Support for billing services of NTT DoCoMo
D2 Communications Inc.	51.00%	Management and posting of advertisements on i-mode web site
DoCoMo.com, Inc.	100.00%	Consulting service for information providers on mobile Internet
NIPPON DATA COM Co., Ltd.	66.21%	Information system operations and outsourcing operations
NTT DoCoMo USA,Inc.	100.00%	Support for DoCoMo's overseas deployment in the United States
DoCoMo Communications Laboratories Europe GmbH	100.00%	Research activities for next-generation platform technology based in Europe
DoCoMo Communications Laboratories USA,Inc.	100.00%	Research activities for next-generation Internet technology based in the United States
DoCoMo Europe Limited	100.00%	Support for DoCoMo's overseas development in Europe
DoCoMo i-mode Eurpe B.V.	100.00%	Support for i-mode overseas development in Europe
inter-touch (BVI) Limited	100.00%	Holding company for a corporate group providing high-speed Internet connection services for hotels worldwide
Guam Cellular & Paging	100.00%	Mobile Phone Business and Miscellaneous Businesses in Guam and the Commonwealth of Northern Mariana Islands
46 other companies		
Affiliates: 15		
Hutchison Telephone Company Limited	24.10%	Cellular operator in Hong Kong
Tower Records Japan Inc.	42.10%	Sales of music software, movie software and music-related products, etc.
NIPPON TELECOMMUNICATIONS NETWORK CO.,LTD	37.43%	Network service business
FeliCa Networks, Inc.	38.00%	Development and production/sales licensing of mobile FeliCa IC chip ; operation of mobile FeliCa service platform
Sumitomo Mitsui Card Co., Ltd.	34.00%	Credit card services
NTT Broadband Platform, Inc.	22.00%	Network service business via wireless network and sales of goods utilizing informations system
9 other companies		

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan
Phone: +81 3 3212 1211

Depositary for American Depositary Receipts ("ADRs")

The Bank of New York
101 Barclay Street, New York, NY 10286, U.S.A.
U.S. Callers: (888) BNY ADRS
Non-U.S. Callers: +1 212 815 3700

Stock Listings

Tokyo Stock Exchange, First Section
listed October 1998 (Code: 9437)
New York Stock Exchange
listed March 2002 (Symbol: DCM)
London Stock Exchange
listed March 2002 (Symbol: NDCM)

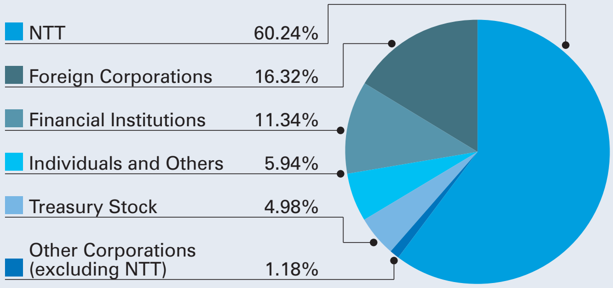
Number of Shares (As of March 31, 2007)

Authorized: 188,130,000
Issued: 45,880,000

Number of Shareholders (As of March 31, 2007)

326,839

Distribution of Ownership among Shareholders
(As of March 31, 2007)

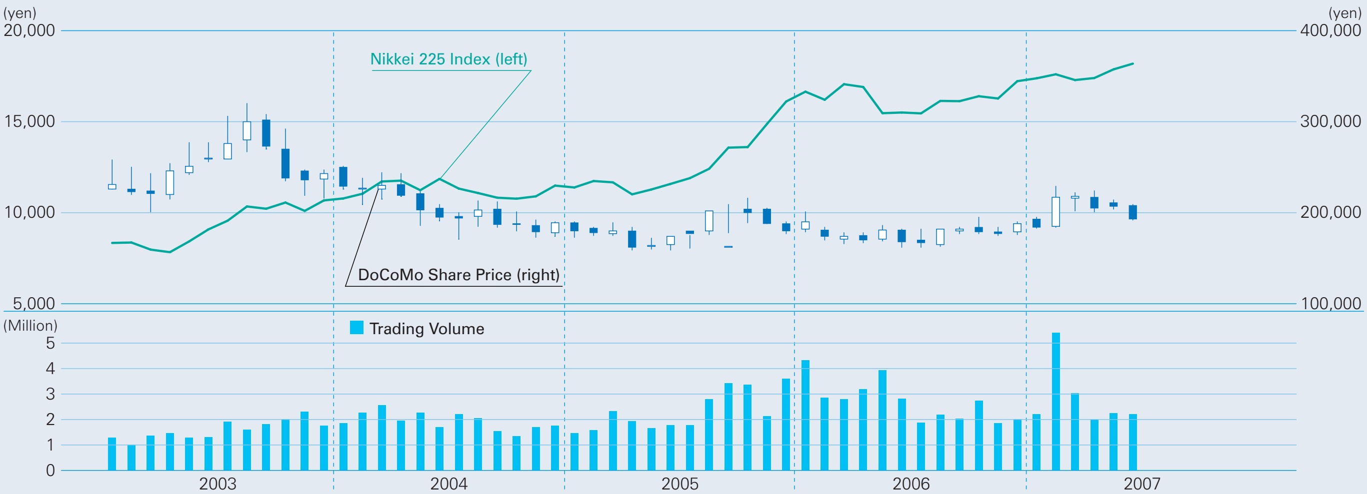


Major Shareholders (As of March 31, 2007)

	Number of Shares Held	Percentage of Total Issued Shares (%)
Nippon Telegraph and Telephone Corporation	27,640,000	60.24
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,273,584	2.78
Japan Trustee Services Bank, Ltd. (Trust Account)	1,016,986	2.22
Japan Trustee Services Bank, Ltd. (Trust Account 4)	368,353	0.80
State Street Bank and Trust Company	364,645	0.79
State Street Bank and Trust Company 505103	318,515	0.69
Hero & Co.	287,894	0.63
Nomura Securities Co.,Ltd.	263,481	0.57
Societe Generale Paris SGOP/DAI Paris 6z	247,534	0.54
Mitsubishi UFJ Trust and Banking Corporation (Trust Account)	162,806	0.35
Total	31,943,798	69.62

Note: Treasury stocks are not included in the above list

Stock Performance of NTT DoCoMo on the Tokyo Stock Exchange



* The figure for the Nikkei 225 Index is the closing price on the last trading day of each month.
* The share price has been adjusted to reflect the stock splits (five-for-one) that took effect in May 2002.

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NTT DoCoMo, Inc.

Printed in Japan