Annual Report 2008

Year Ended March 31, 2008

NTT docomo

Strengthening Ties

Our New Direction

Strengthening Ties

Our New Direction

DOCOMO'S NEW BRAND STATEMENT

We want to open the door to the future,
and connect you to people
in exciting new ways.

By getting to know you as an individual,
and understanding your aspirations..

Our goal is to deliver personalized services,
designed to meet your communication needs..

And to serve and support you in all that you do,
so you can discover the unlimited potential
that makes your dreams come true.

The key that opens the door to the future is in your hand.

Unlimited potential, in your hand

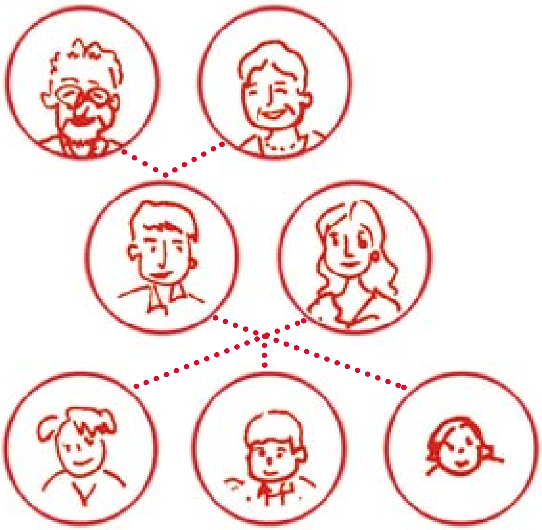
Unless specifically stated otherwise, information in this annual report is as of July 2008.
As used in this annual report, references to "DOCOMO", "the company", "we", "our" , "our group" and "us" are to NTT DOCOMO, Inc. and its consolidated subsidiaries except as the context otherwise requires.

DEFINITION OF TERMS
"Fiscal 2007" refers to our fiscal year ended March 31, 2008, and other fiscal years are referred to in a corresponding manner.

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

1. As competition in the market becomes more fierce due to changes in the business environment caused by 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, and retention of existing subscribers, or may lead to diminishing ARPU or an increase in our costs and expenses.
2. Current and new services, usage patterns, and sales schemes introduced by our corporate group may not develop as planned, which could affect our financial condition and 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, 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.

Contents



President and Chief Executive Officer
Ryuji Yamada

To Our Shareholders

We will further strengthen ties with our customers by taking their viewpoint, accurately grasping their needs, and providing tangible value that will satisfy every customer. This is the course that DOCOMO will follow to achieve new growth.

I would like to thank our shareholders and investors for their understanding and support of the Company.

At the Ordinary General Meeting of Shareholders' and Board of Directors' meeting held on June 20, 2008, I was appointed as President and Chief Executive Officer. Accepting this tremendous responsibility, I will utilize my experience to promote progress for our Company and our industry.

Japan's mobile phone market has moved from an expansionary phase to a mature phase. Accordingly, DOCOMO is taking steps to implement reform in order to achieve sustained growth in the years ahead. I have been appointed president at a significant turning point, and will do my utmost with a strong resolve. That pledge is embodied in the New DOCOMO Commitments, which we announced in April 2008. Specifically, the commitments describe how we will further strengthen ties with our customers by taking their viewpoint, accurately grasping their needs, and providing tangible value that will satisfy every customer.

Further, mobile phones are transcending the boundaries among products and services and integration with those products and services is driving further advances. In this environment, we will seek to open up new possibilities in the mobile world by demonstrating leadership through continual innovation. By providing distinctive services that meet customer needs, we will help our customers to enjoy their lives even more.

To truly understand feedback from customers, it is extremely important that we focus on the "front lines" where we are in direct contact with our customers. I am a strong believer in taking the initiative to get out of the office and onto the front lines, and am resolved to personally confirm the situation in the field and lead DOCOMO forward.

With more than 100 million subscriptions, the mobile phone market presents limited opportunities for the acquisition of new subscriptions. However, mobile phones, which have already become indispensable parts of the daily lives of huge numbers of customers, have substantial potential to transcend their conventional boundaries and make further advances. Our base of 53 million customers gives us a strong platform to rapidly deliver advances in mobile phones and realize growth for DOCOMO. Accordingly, at this point we need to do our utmost to deliver on the promises that we made in the New DOCOMO Commitments, so that we will be a company that is trusted and loved deeply by our customers over a long period of time. Everyone in the Company is working together to carry out these initiatives and thereby open up a new growth path for the new DOCOMO.

I would like to ask for the continued support and understanding of our shareholders and investors.

July 2008

R. Yamada

President and Chief Executive Officer
Ryuji Yamada

Financial Highlights (U.S. GAAP)

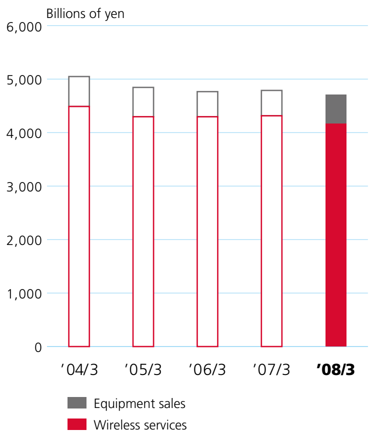
NTT DOCOMO, INC. AND SUBSIDIARIES
Years ended March 31

	Millions of yen (excluding per share data)					Millions of U.S. dollars[1] (excluding per share data)
	2004	2005	2006	2007	**2008**	**2008**
Operating results						
Operating revenues	¥5,048,065	¥4,844,610	¥4,765,872	¥4,788,093	¥4,711,827	$47,189
Wireless services	4,487,912	4,296,537	4,295,856	4,314,140	4,165,234	41,715
Equipment sales	560,153	548,073	470,016	473,953	546,593	5,474
Operating income	1,102,918	784,166	832,639	773,524	808,312	8,095
Net income	650,007	747,564	610,481	457,278	491,202	4,919
Financial position						
Total assets	¥6,262,266	¥6,136,521	¥6,365,257	¥6,116,215	¥6,210,834	$62,202
Total debt[2]	1,091,596	948,523	792,405	602,965	478,464	4,792
Total shareholders' equity	3,704,695	3,907,932	4,052,017	4,161,303	4,276,496	42,829
Cash flows						
Net cash provided by operating activities	¥1,710,243	¥1,181,585	¥1,610,941	¥ 980,598	¥1,560,140	$15,625
Net cash used in investing activities	(847,309)	(578,329)	(951,077)	(947,651)	(758,849)	(7,600)
Adjusted free cash flows (excluding irregular factors and changes in investments for cash management purposes)[3, 4]	862,934	1,003,583	510,905	192,237	442,410	4,431
Other financial data						
Capital expenditures[5]	¥ 805,482	¥ 861,517	¥ 887,113	¥ 934,423	¥ 758,743	$ 7,599
Financial ratios[6]						
Operating income margin	21.8%	16.2%	17.5%	16.2%	17.2%	
EBITDA margin[7]	36.8%	33.6%	33.7%	32.9%	34.8%	
ROCE[8]	22.9%	16.2%	17.2%	16.1%	17.0%	
Equity ratio	59.2%	63.7%	63.7%	68.0%	68.9%	
Debt ratio[9]	22.8%	19.5%	16.4%	12.7%	10.1%	
Per share data[10] **(Yen and U.S. dollars)**						
Basic and diluted earnings per share	¥13,099	¥15,771	¥13,491	¥10,396	¥ 11,391	$ 114.08
Shareholders' equity per share	76,234	84,455	91,109	95,457	100,321	1,004.72
Cash dividends declared per share[11]	1,500	2,000	4,000	4,000	4,800	48.07

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 31, 2008, which was ¥99.85 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 purposes 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 127.
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
EBITDA margin = EBITDA / Total operating revenues. For the reconciliations of these Non-GAAP financial measures, see page 127.
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 Cash dividends declared per share are presented in the fiscal year to which each record date for the dividends belongs.

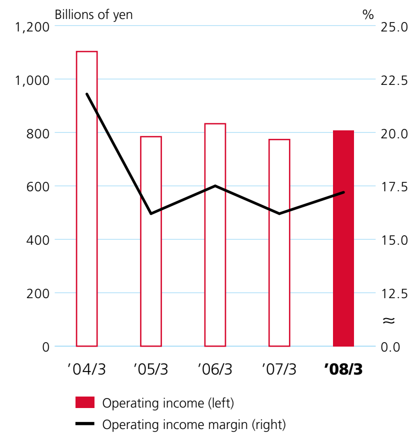
Operating Revenues

Years ended March 31



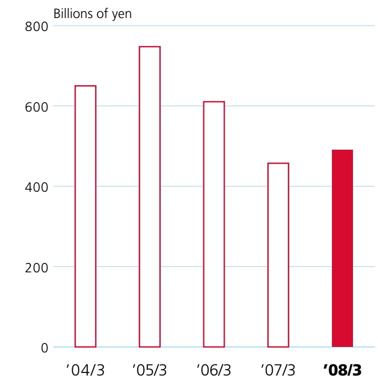
Operating Income and Operating Income Margin

Years ended March 31



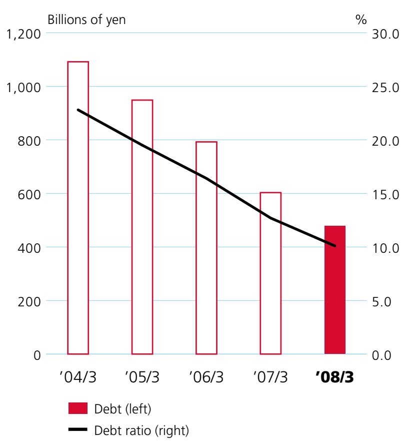
Net Income

Years ended March 31



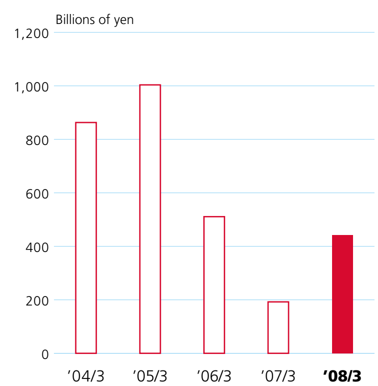
Debt and Debt Ratio

Years ended March 31



Adjusted Free Cash Flows*

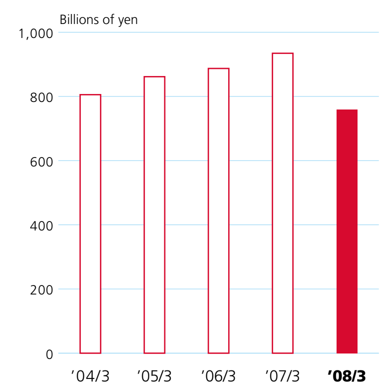
Years ended March 31



* Excluding irregular factors and changes in investments for cash management purposes.

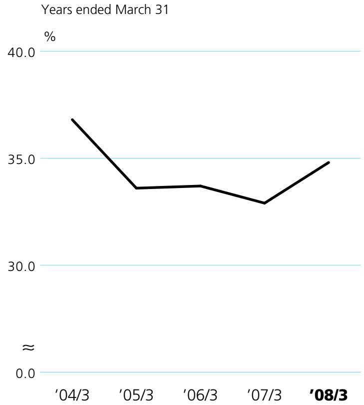
Capital Expenditures

Years ended March 31



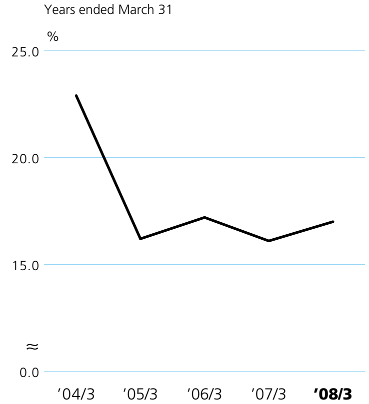
EBITDA Margin

Years ended March 31



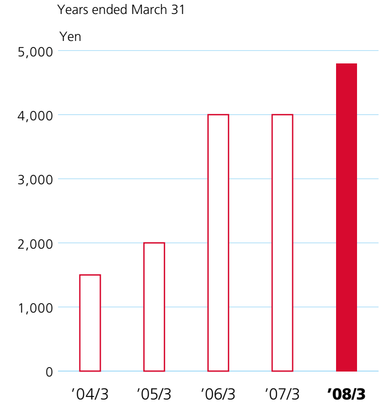
ROCE

Years ended March 31



Dividends per Share*

Years ended March 31



* Dividends in the fiscal year to which each record date for the dividends belongs.

Market Data and DOCOMO's Operation Data

NTT DOCOMO, INC. AND SUBSIDIARIES
Years ended March 31

	2004	2005	2006	2007	2008
Market Data					
Mobile phone penetration rate[1]	64.1%	68.1%	71.9%	75.7%	80.4%
Total number of mobile phone subscriptions (thousands)[1]	81,921	86,998	91,792	96,718	102,725
DOCOMO's Operation Data					
Market share of total mobile phone subscriptions[2]	56.6%	56.1%	55.7%	54.4%	52.0%
Total number of mobile phone subscriptions (thousands)					
FOMA + mova	46,328	48,825	51,144	52,621	53,388
FOMA[3]	3,045	11,501	23,463	35,529	43,949
mova	43,283	37,324	27,680	17,092	9,438
i-mode[4]	41,077	44,021	46,360	47,574	47,993
Market share of net additions[2]	36.5%	48.7%	48.4%	30.0%	12.8%
Churn rate[5]	1.21%	1.01%	0.77%	0.78%	0.80%
The number of handsets (*FOMA + mova*) sold (thousands)[6]	27,427	26,564	25,029	26,046	25,739
Aggregate ARPU (yen)[7]	7,890	7,200	6,910	6,700	6,360
Voice ARPU (yen)[8]	5,920	5,330	5,030	4,690	4,160
Packet ARPU (yen)	1,970	1,870	1,880	2,010	2,200
MOU (minutes)[7]	159	151	149	144	138
The number of *Pake-hodai* subscriptions (ten thousands)[9]	—	268	559	956	1,274
The number of *i-channel* subscriptions (ten thousands)	—	—	207	1,058	1,565
The number of *DCMX* members (ten thousands)[10]	—	—	—	209	564

Please refer to "DOCOMO's Definition and Calculation Methods of ARPU and MOU" on page 56 for the definition of and the method used to calculate ARPU and MOU, and an explanation of the number of active subscriptions used to calculate these figures.

1 Sources: Statistics Bureau, Ministry of Internal Affairs and Communications / Telecommunications Carriers Association
2 Source: Telecommunications Carriers Association
3 From March 3, 2008 onward, another *FOMA* subscription is prerequisite for the application of *2in1* in principle, and those *FOMA* subscriptions are included in the number of *FOMA* subscribers.
4 Sum of *FOMA* subscriptions and *mova* subscriptions
5 Data is calculated including Communication Module Services subscriptions.
6 Sum of new subscriptions of *FOMA* and *mova*, change of subscriptions from *mova* to *FOMA*, change of handsets from *FOMA* to *FOMA*, and change of handsets from *mova* to *mova*.
7 Data is calculated excluding Communication Module Services-related revenues and Communication Module Services subscriptions.
8 Inclusive of circuit-switched data communications
9 Sum of *Pake-hodai* subscriptions and *Pake-hodai Full* subscriptions
10 Inclusive of *DCMX mini* subscriptions

Special Feature

DOCOMO's Strategies
Part 1 Changing Business Environment

Whenever, wherever, and whoever.
Mobile phones have brought about major changes in how people communicate and have made daily lives more comfortable, pleasant, and convenient.
The mobile phone market, in which DOCOMO has played a pioneering role, has reached a significant turning point.

Changing Business Environment

Japan's mobile phone market has continued to mature, with the total number of subscriptions surpassing 100 million. While competition to acquire subscriptions has intensified, the diversification of consumer values and lifestyles has generated a variety of growth opportunities.

■ Japan's Mature Mobile Phone Market Against a background of DOCOMO's October 1993 elimination of subscription deposits and the 1994 liberalization of handset sales, Japan's mobile phone market has recorded rapid growth. After we launched the *i-mode* Internet connection service in 1999, new demand was generated in the form of data communications.

Subsequently, the market continued to expand even as it showed signs of maturing. In December 2007, the total number of subscriptions passed 100 million and the penetration rate reached approximately 80%. These milestones are emblematic of the full-scale maturation of Japan's mobile phone market. In the future, the rate of growth in subscriptions is expected to decelerate further.

■ Handset Sales Model in the Market Expansion Phase Reached Its Limit In the market expansion phase, when the number of subscriptions showed substantial growth, mobile phone operators paid handset sales incentives to agent resellers, thereby reducing handset costs for customers and fostering the acquisition of subscriptions. Handset sales incentives were subsequently recovered from subscribers' voice and data communications charges.

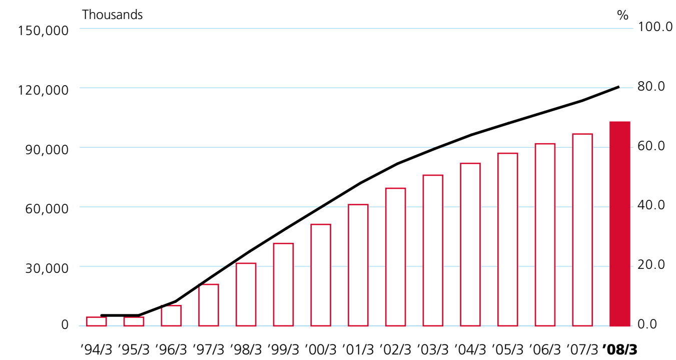
This model is practical if the market continues to grow. In the market expansion phase, for mobile phone operators, handset sales were linked to the acquisition of new customers, and therefore a business model based on handset sales incentives served as a driver of growth. Also, rapid growth in the customer base promoted price reductions from handset manufacturers who enjoyed economies of scale, and further spurred mobile phone penetration.

However, in a mature market, that expansion phase business model presents a variety of problems. With growth in the number of new subscriptions sluggish and replacement taking on the principal role, handset sales are no longer directly linked to expansion in the customer base for mobile phone operators. This means that the business model based on handset sales incentives has broken down. Handset sales have already been delinked from new customer acquisition, and accompanied by an increase in handset replacement, the burden of handset sales incentives has put pressure on the profitability of mobile phone operators.

Also, the system of recovering handset sales incentives from the voice and data communications charges paid by subscribers fostered a sense of unfairness among subscribers in terms of handset replacement frequency. The expense of the handset sales incentives for subscribers who changed handsets in short periods of time was funded, in part, from the voice and data communications charges of subscribers who used the same handset for long periods of time. This issue became a topic of discussion as a social problem.

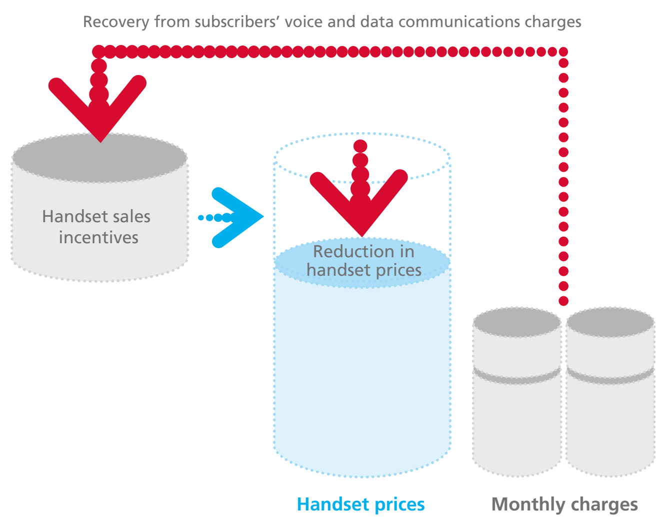
Total Number of Subscriptions and Penetration Rate

Years ended March 31



Sources: Statistics Bureau, Ministry of Internal Affairs and Communications / Telecommunications Carriers Association

Former Handset Sales Model



■ Intensified Competition for Subscriptions In recent years, rate competition among mobile phone operators has intensified and ARPU[1] is declining. In the market expansion phase, declines in ARPU were offset with the acquisition of new subscriptions, and growth in revenue was maintained. Currently, however, with no expectation of substantial growth in the number of new subscriptions, it is difficult to sustain this model.

The competition among mobile phone operators for market share, which has intensified since the introduction of Mobile Number Portability[2] in October 2006, has had a further influence on the revenue structure. With each mobile phone operator implementing distinctive strategies, such as low price strategies for both handsets and communications charges, or strategies targeting the stimulation of demand for second handsets, the competition for market share has intensified. DOCOMO, with the largest share in the industry, has been most heavily affected by this competitive landscape.

1 Average monthly Revenue Per Unit
2 System enabling subscribers to change to another mobile phone operator while maintaining their previous telephone numbers.

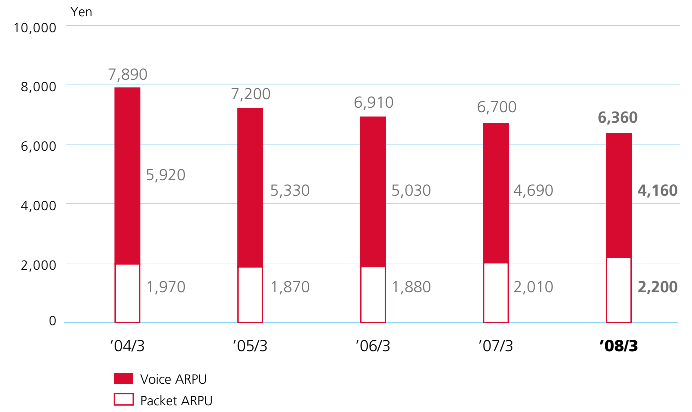
■ Diversifying Usage Patterns Against a background of diversified lifestyles, more-advanced handsets, and enhanced content, the ways in which people use mobile phones are diversifying. This trend is a noteworthy aspect of mobile Internet usage.

Starting with DOCOMO's *i-mode* service, the world of mobile internet services has advanced rapidly, and with the penetration of 3G mobile phones that make possible faster data transmission, that development is accelerating. According to the Ministry of Internal Affairs and Communications' "Communications Usage Trends Survey 2007," against a background characterized by such factors as increased communications speeds, there has been rapid growth in the use of such devices as mobile phones by individuals accessing the Internet.

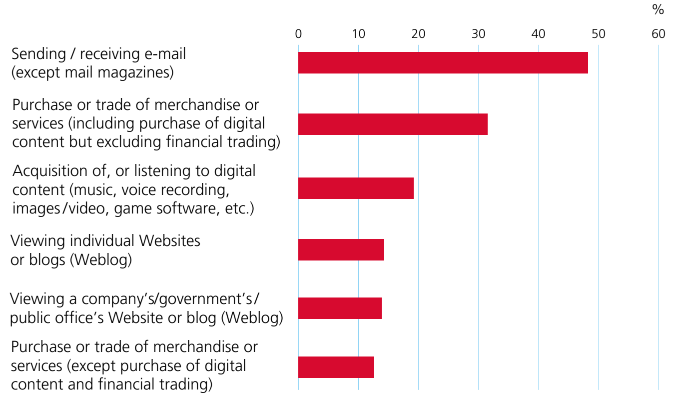
Looking at the purpose of use, in addition to such typical functions as e-mail and Web browsing, higher rankings have been reported for "acquisition of, or listening to digital content," such as music and videos, and "purchase or trade of merchandise or services." Based on DOCOMO's operating data, a distinctive feature of usage trends in recent years has been a marked increase in data traffic due to video viewing on mobile phones.

DOCOMO's ARPU (*FOMA* + *mova*)

Years ended March 31

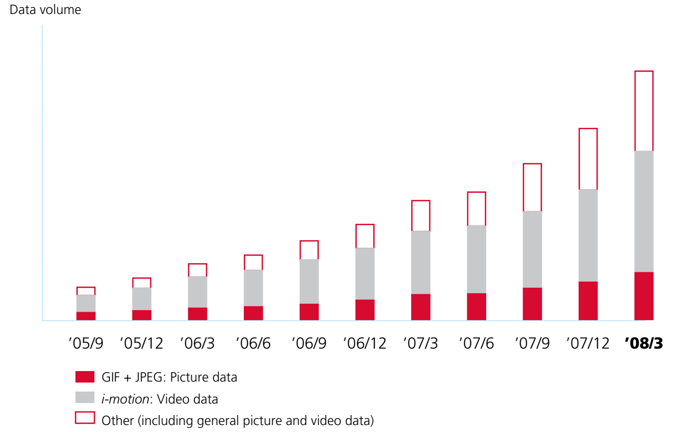


Purpose of Internet Usage (Individuals) (Multiple choices allowed)*



* The top five answers were excerpted from the complete list.
Source: Ministry of Internal Affairs and Communications, *Communications Usage Trend Survey* in 2007

Data Traffic (*FOMA*)



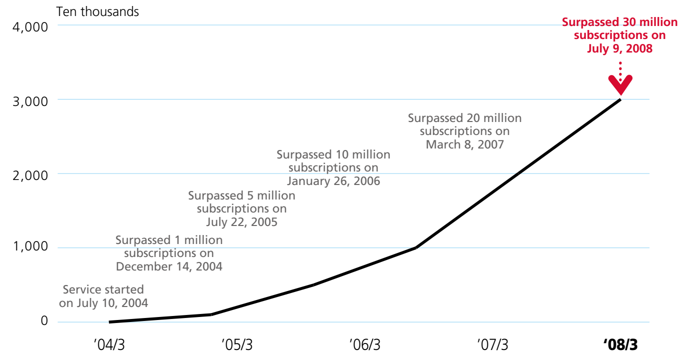
Also, even in areas other than the Internet, the ways in which mobile phones are used is expanding. Since they began in 2006, One-Seg broadcasts, which are terrestrial digital TV broadcasts for mobile phones and other devices, have advanced the penetration of compatible handsets. In April 2008, simultaneous broadcasting regulations[3] were abolished, and in the future the launch of content optimized for mobile phones is anticipated. This has the potential to create new business opportunities.

In addition, mobile phones are being used in a variety of ways in accordance with people's lifestyles, such as alarm clocks, schedulers, room entry/exit control systems, and GPS-based navigation. *Osaifu-Keitai*, a mobile phone based settlement function using credit or prepaid electronic money, is rapidly becoming a part of people's lifestyles as the availability of compatible handsets and payment terminals expands.

3 Systems for the simultaneous broadcast, by a single broadcaster, of the same content over multiple media, such as digital broadcasts, analog broadcasts, TV, and radio.

Penetration of *Osaifu-Keitai* Compatible Handsets

Years ended March 31

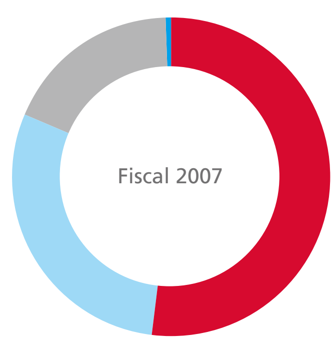


■ DOCOMO's Strategies DOCOMO has opened up the market as an industry pioneer. The results it has achieved, a comfortable usage environment, and the ability to innovate that launched pioneering, unique services, have earned the support of a wide range of subscribers. As a result, we have built a strong position, with a customer base of 53 million subscribers and a mobile phone market share of 52.0% as of the end of March 2008.

This position means that in the current market environment DOCOMO must follow strategies that are clearly different from those of other operators. With limited room for the acquisition of new subscriptions, other operators have room to grow by taking market share from their competitors, including DOCOMO. On the other hand, it is possible that DOCOMO, with its large market share, would foster price competition and shrink the mobile phone market if it follows a strategy of taking market share from other operators.

What strategies does DOCOMO need to implement? The answer is provided in the next chapter, "Part 2 Strategic Direction."

Share of Mobile Phone Subscriptions



DOCOMO	**52.0%**
KDDI (au + Tu-ka)	29.5%
SoftBank	18.1%
EMOBILE	0.4%

Source: Telecommunications Carriers Association

Special Feature

DOCOMO's Strategies
Part 2 Strategic Direction

With the mobile phone market facing a major turning point, DOCOMO has changed course and set a new strategic direction. We will get to know our 53 million customers as individuals, and build relationships with them. One by one. And we will make steady progress along that new course by strengthening ties among people and lifestyles.

Strategic Direction

We have made a major change in our strategic direction toward a focus on the establishment of long-term relationships with existing subscribers to realize our vision of being a "Relation Service Company" that strengthens ties among people and lifestyles.

NEW STRATEGIES

Shift to strategic focus on existing subscribers

We have made a major shift from a strategy with a focus on acquisition of new customers in the market expansion phase to a strategy, suitable for a mature market, with a focus on the length and depth of existing subscriber relationships, thereby increasing brand loyalty and securing a stable revenue foundation. Leveraging our base of 53 million existing subscribers, we intend to take advantage of growth opportunities in fields other than traditional mobile phone operations to diversify our revenue sources. This is DOCOMO's answer to the question "What strategy should the market leader follow in a mature market?"

We have already begun to take strides toward the establishment of a business system suitable for the pursuit of that strategy.

MARKETING TO INCREASE BRAND LOYALTY

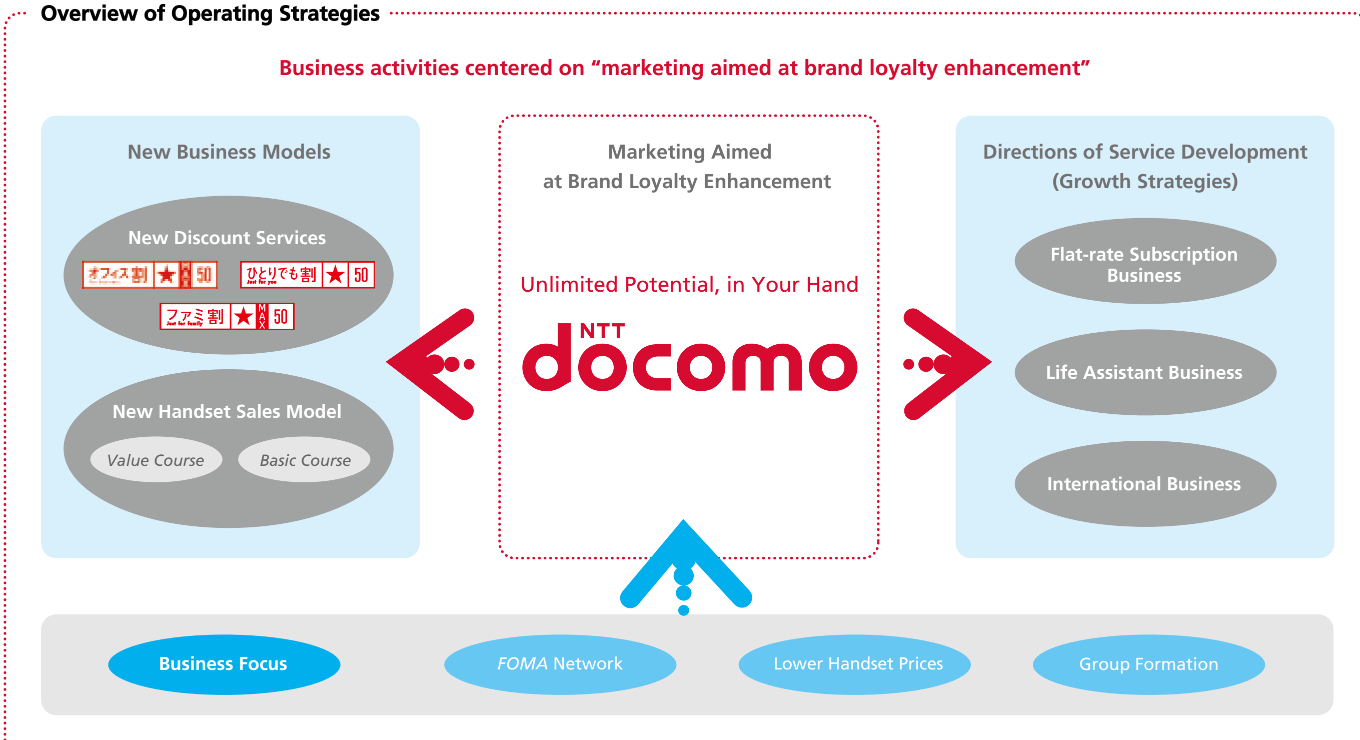
Shift to differentiation based on service rather than functionality

With a mobile phone penetration rate of about 80%, the current mobile phone market presents diverse customer needs. Because mobile phone functionality has advanced, nearly all mobile phones meet customers' basic needs. In this type of market, aiming for differentiation based solely on technology and functionality is difficult, and it is important to accurately provide the value that customers demand.

Based on this understanding, DOCOMO has formulated a new marketing strategy suitable for its new business environment. Our vision is to be a "Relation Service Company," that is, a service company that strengthens ties among people and lifestyles. This expresses DOCOMO's approach, which is based on the fundamental policy of pursuing hospitality as a service company rather than being limited to operating as a traditional mobile phone operator.

DOCOMO, based on its new marketing strategy, intends to accurately track the value demanded by customers, and build a system to provide it, thereby increasing the satisfaction of existing customers and building long-term relationships with them.

Overview of Operating Strategies



BUSINESS MODEL SUITABLE FOR A MATURE MARKET

Reinforcing business foundation through longer-term contracts and improved cost structure

DOCOMO has introduced a new business model, centered on new discount services launched in August 2007 and a new handset sales model commenced in November 2007.

The new discount services, including *Fami-wari Max 50*, are based on the precondition that customers will subscribe for two years. These services offer discounts of 50% on basic monthly charges, without regard to how long customers have subscribed in the past . The purpose is to build long-term relationships with customers and to stabilize the business foundation by preventing lost revenue from lost customers.

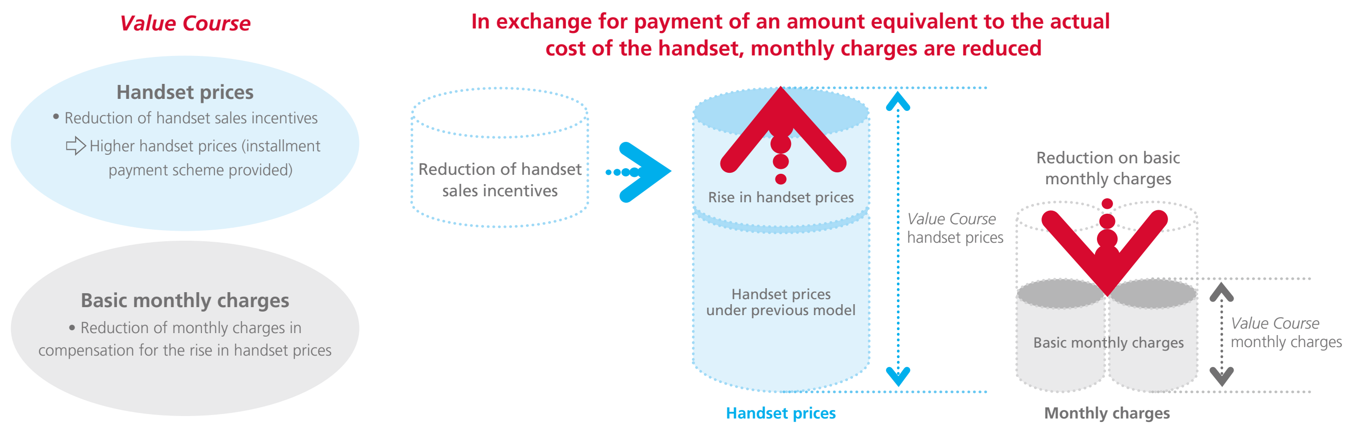
For the new *Value Course* handset sales model, we reevaluated the expanding-market business model, under which the major part of the cost of handsets to the customers was handled through handset sales incentives. Under the new model, the customers pay an amount equivalent to the actual cost of the handset.

Accompanying this change, the system of recovering handset sales incentives through voice and data communications charges became unnecessary, so for subscribers who take advantage of the *Value Course*, an amount corresponding to the handset sales incentive is discounted from their monthly charges. Also, with the objective of lightening the burden borne by subscribers accompanying the increase in handset prices, under the *Value Course* customers can choose to pay for the handset in 12 or 24 installments.

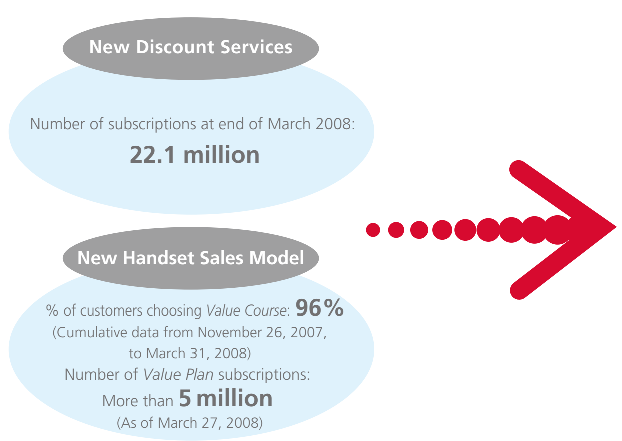
As a result, the burden of mobile phone handset sales has been significantly lessened, and DOCOMO's cost structure has been transitioned to a format more suitable for a mature market.

At the end of March 2008, the number of subscriptions to the new discount service had reached 22.1 million, with 96% of those who purchase handsets choosing the *Value Course*. The new business model has earned the support of customers and is making favorable progress. This is demonstrated by the declining churn rate.

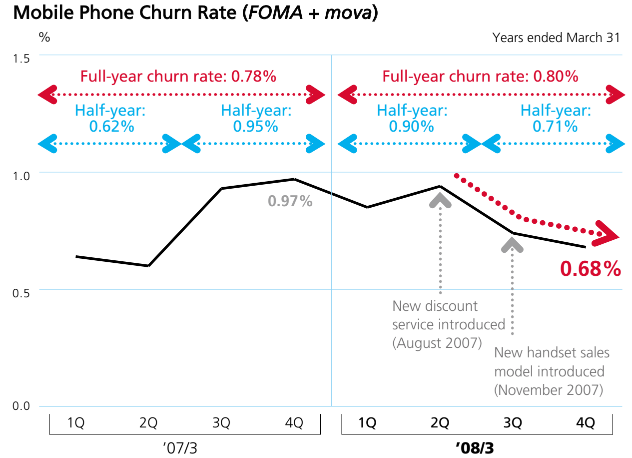
New Two-Pronged Business Model – New Handset Sales Model and New Discount Services



New Discount Services and New Handset Sales Model Are Steadily Earning the Support of Subscribers



Mobile Phone Churn Rate (*FOMA* + *mova*)



PURSUING NEW GROWTH OPPORTUNITIES

From communications infrastructure to "Lifestyle Infrastructure"

DOCOMO, on a foundation of relationships of trust with customers, intends to build a strong customer base and at the same time reduce handset procurement costs and increase the efficiency of organizational and administrative systems, thereby building a more solid platform for operational activities. In addition, by transitioning mobile phones from a communications infrastructure to a "Lifestyle Infrastructure," we will pursue new revenue opportunities targeting further growth.

This growth strategy will leverage a strong customer base to develop closer ties between mobile phones and lifestyles. It draws on DOCOMO's ability to coordinate mobile phones, networks, applications, and content on a foundation of world-class R&D capabilities.

Accordingly, DOCOMO intends to develop three fields of businesses:

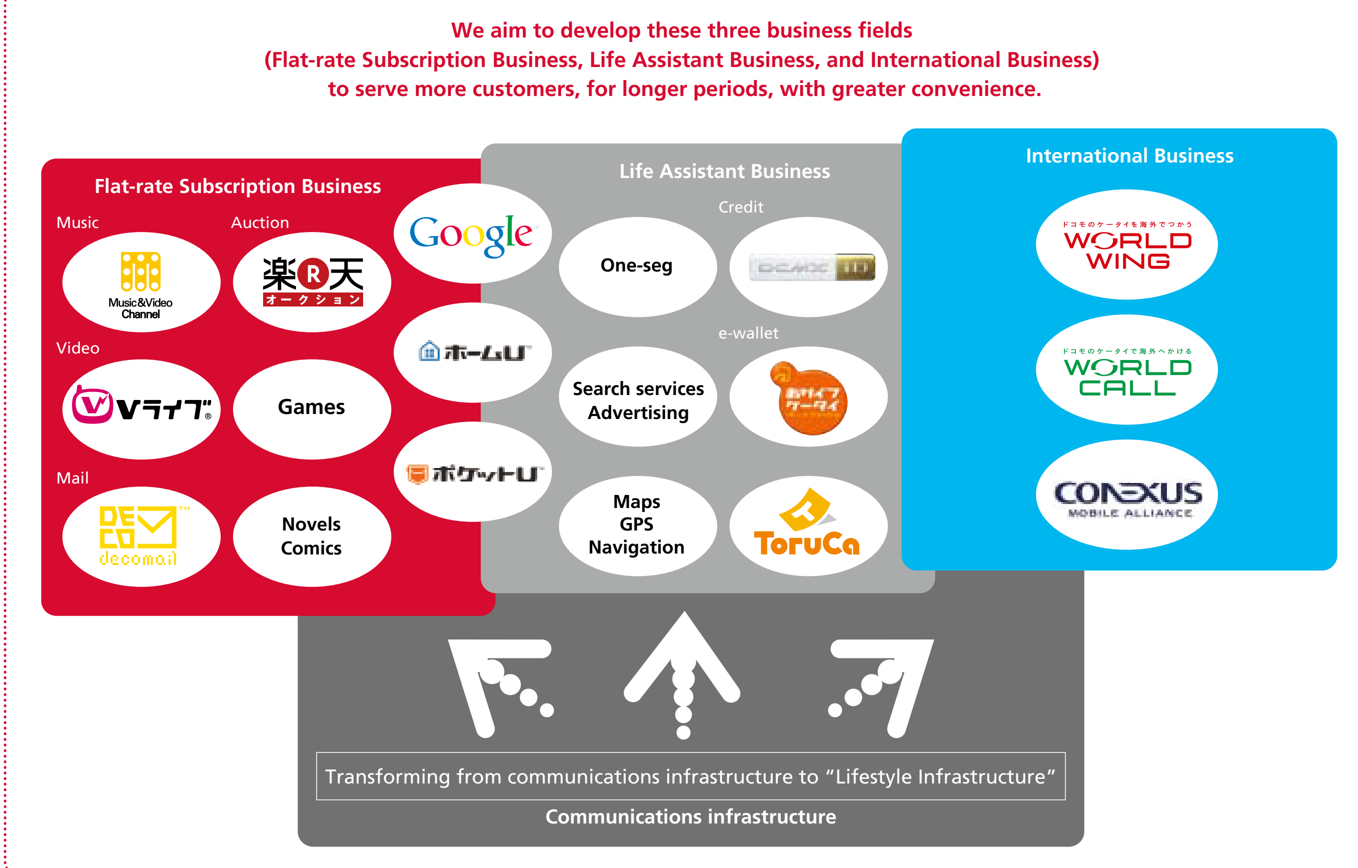
(1) Flat-rate subscription business, where a wide range of customers use appealing services and content and we strive to expand flat-rate revenues.

(2) Life assistant business, where we advance the role played by mobile phones in subscribers' daily lives and seek new sources of revenue in non-traffic fields, such as the credit business.

(3) International business, where we seek overseas revenue opportunities through international roaming services and investments in and alliances with overseas partners.

In these three fields of businesses, we intend to develop and provide new services based on customer needs. By cultivating new sources of revenue that do not depend on traffic revenues, which have been the principal source of revenues, we will strive to diversify our revenue structure.

Service Direction



FLAT-RATE SUBSCRIPTION BUSINESS

Promote *i-mode* usage among a broad range of customers and develop new sources of revenue

The number of *i-mode* subscriptions had reached about 90% of all subscriptions as of the end of March 2008. With full browsers, music, and enriched content, such as video and games, an environment for the enjoyment of the mobile Internet is steadily taking shape. On the other hand, there are many subscribers whose usage is limited to voice communications and e-mail. The flat-rate subscription business entails the provision of value, in exchange for a flat-rate fee, that meets the needs of a wide range of customers, including such subscribers, through the diversification of services and content that can be used on a mobile phone. This business is designed to secure new sources of revenue.

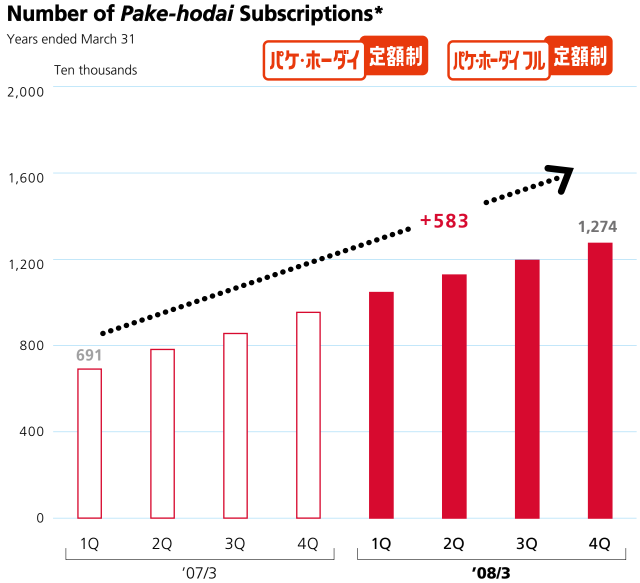
Subscribers who use data communications services include those who want to use the services comfortably without worrying about usage fees. *Pake-hodai* is a flat rate packet service that we are promoting to meet these types of needs. This service offers unlimited use of *i-mode* and e-mail for ¥3,900 a month[1]. The service lineup has been successfully expanded, and as of the end of March 2008, the number of subscriptions had reached about 12.74 million. Since its introduction in June 2004, it has made favorable progress among customers.

i-channel, which is a framework for promoting packet usage and subscriptions to more advanced services, such as *Pake-hodai*, serves to attract customers among whom *i-mode* usage was low to the world of the Internet with low monthly charges of ¥150 and push-type information distribution. This service has earned support for its ease-of-use by subscribers and for its distribution of information convenient for their daily lives. Since it was introduced in September 2005, in just two and a half years, it has shown dramatic growth, with more than 15.65 million subscriptions.

Furthermore, targeting the full-fledged diffusion of video services, we will promote video content services, such as the *Music & Video Channel*, and work to expand flat-rate subscription revenues. Moreover, in June 2008, in conjunction with the launch of the *FOMA 906i* series, we commenced new services that enabled new methods of using mobile phones for a flat-rate. *Pocket-U* enables customers to access their home PCs while outside their homes, and *Home-U* provides high speed wireless communications and IP telephony services using the home wireless LAN environment. The revenue foundation for the flat-rate subscription business is expected to expand further in the future.

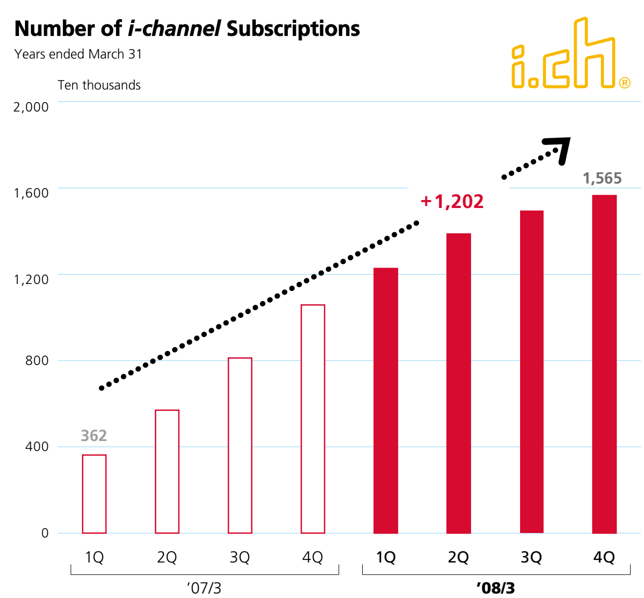
1 ¥4,095, including consumption tax.

Number of *Pake-hodai* Subscriptions*



* Total for *Pake-hodai* and *Pake-hodai Full*

Number of *i-channel* Subscriptions



LIFE ASSISTANT BUSINESS

Creating a revenue structure that does not depend on traffic revenues

The life assistant business is oriented toward the provision of services that make customers' daily lives more comfortable. The goals are to generate synergies with the core business of mobile phone operations by locking in existing subscribers and acquiring new subscribers and to establish sources of revenue other than traffic revenues.

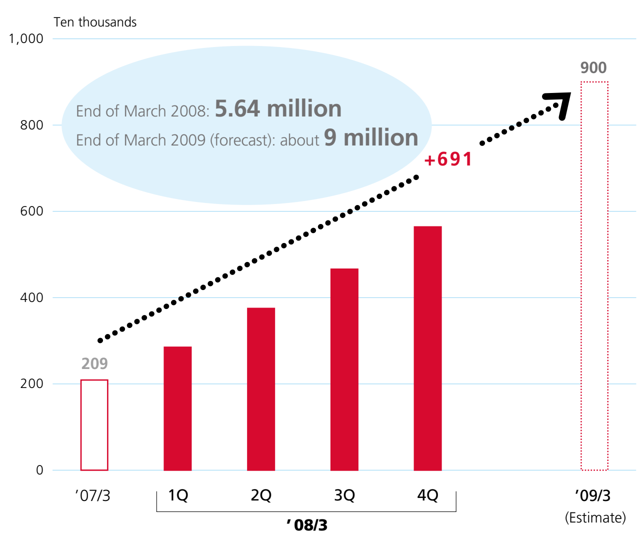
A particular focus is strengthening the credit business using contactless IC card functions for settlement. Credit cards already constitute a massive market in Japan of about ¥30 trillion. Considering that the percentage of consumer spending accounted for by credit cards is low in comparison with that in the U.S. and other countries, we believe that the latent growth potential is high. We have decided to target the market for small cash payments, which has a scale of about ¥60 trillion. Using mobile phones, which are increasingly linked closely to subscriber lifestyles, and the Company's customer base as tools, we are working to promote the use of mobile phones for credit payments and to cultivate non-traffic revenues, such as those from commissions.

In 2004, we started the *Osaifu-Keitai* service, which uses contactless IC cards installed in mobile phones. In 2005, the *iD* credit business platform, which enables mobile-phone-based credit services from each credit card company, was commenced. In 2006, we introduced a credit card that we issued ourselves, *DCMX*. Currently, to further reinforce our foothold for strategic development, through alliances with a variety of companies in the retail and other industries, we are working to expand installations of *iD* payment terminals and to increase the convenience of credit services.

In working to generate synergies with our core business of mobile phone operations, we intend to provide high value-added services that take full advantage of the "mobility" of mobile phones, thereby pursuing customer convenience. The *i-area* service is one example. In accordance with customer position information, this service provides area-specific information, such as more accurate weather reports, map information, nearby transportation information, and store information. Furthermore, we are also considering the introduction of new services that leverage position information and activity history, such as services that suggest possible activities for customers and advertising businesses that are linked to position information. DOCOMO will continually work to differentiate its services centered on customer lifestyles.

Number of *DCMX* Members

Years ended March 31



INTERNATIONAL BUSINESS

Seeking Additional Sources of Revenue Overseas

DOCOMO is promoting and working to expand its international business in three areas–international services for travelers/visitors, enterprise solutions, and overseas business deployment, mainly in the Asia-Pacific region.

In regard to international services for overseas travelers/visitors, until now, against a background of different communications standards and a shortage of compatible handsets, the environment for the provision of services meeting customer needs was not sufficiently developed. By adding international roaming compatible handsets and expanding roaming areas through international business collaborations, we will work to remove the factors that had impeded the use of international roaming and to grow our international business.

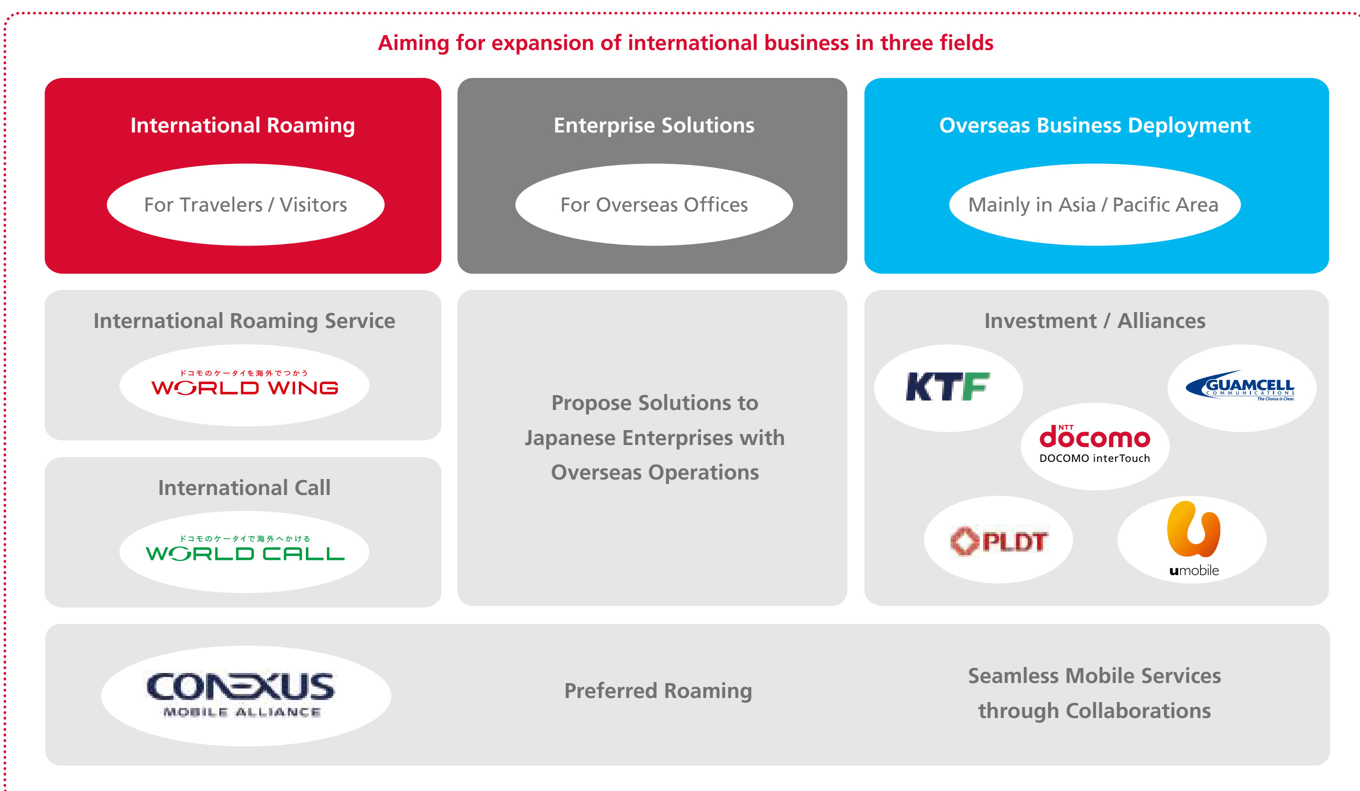
In 2007, the number of Japanese who traveled overseas was near a record high, about 17.3 million[2]. In the future, as members of the baby boom generation begin to retire in full force, overseas travel demand is expected to remain strong. For some time, many overseas travelers have wanted to use the same mobile phone overseas that they use at home. DOCOMO, in addition to 3G roaming compatible handsets using W-CDMA, also intends to expand handsets compatible with GSM, which is used in Europe and North America. At the same time, through alliances with overseas carriers, we intend to expand roaming areas, thereby meeting these subscriber needs and further increasing the convenience of international services.

Enterprise solutions for multinational corporations are also a growth field. Leveraging our strengths in the domestic corporate market, with Japanese enterprises that are advancing overseas as the principal customer target, we intend to propose seamless solutions that cover domestic and overseas bases while at the same time working together with overseas operators that participate in the Conexus Mobile Alliance. In this way, we intend to create new sources of revenues such as those from solution or consulting businesses.

In the Asia-Pacific region, there is substantial personal and economic interaction with Japan. Through investments in and alliances with local operators, we intend to smoothly advance the preparation of a seamless usage environment. At the same time, DOCOMO intends to establish a foothold that it can utilize to benefit from the region's growth through both higher corporate values for the companies that we invest in and the receipt of revenues in the form of dividends.

International service revenues in fiscal 2007 were up 35%, to approximately ¥46 billion. The scale of revenues from international business as a whole, including dividends and equity in earnings from companies in which we have invested, doubled from the previous fiscal year, to approximately ¥80 billion. In fiscal 2008, we will further accelerate these initiatives, and we are forecasting growth in international services revenues to approximately ¥56 billion, and in revenues from international business overall to approximately ¥100 billion.

2 Source: Immigration Bureau of Japan, Ministry of Justice



Interview with the CEO

>> AN INTERVIEW WITH RYUJI YAMADA, DOCOMO'S NEW PRESIDENT AND CEO, ABOUT THE COMPANY'S NEW STRATEGY

Q&A

President and Chief Executive Officer
Ryuji Yamada

Change and Challenge –
DOCOMO is changing through its new business strategy. As the new president, my responsibility is to ensure the realization of the New DOCOMO Commitments, our vision for transformation, which spells out how we will ascertain the needs of each of our 53 million customers and precisely meet their expectations. Moreover, we will leverage DOCOMO's innovativeness and aggressively take on the challenge of creating new value.

New DOCOMO Commitments – Our Vision for Transformation –

1. We will re-build our brand and strengthen our ties with our customers
2. We will seek and value the voice of our customers and become a company that exceeds their expectations
3. We will continue to drive innovations, and aspire to become a corporation that is admired by the world
4. We will enrich our organization with diverse and active talents who seek a common goal and dream

Management Policy

Q

DOCOMO has reviewed the business model that it followed since the Company's establishment. Last year, the Company introduced a new business model, and in April 2008 DOCOMO announced a new brand strategy. Would you explain the background and purpose of these initiatives?

A

We have changed from a business model appropriate to an expanding market, which emphasized the acquisition of new subscribers, to one more suited to a mature market, which places greater importance on deepening relationships with existing customers. We believe this change to be an essential step if we are to achieve sustained growth in the years ahead.

In the past, the growth of mobile phone operators was due in large part to gains in revenue that stemmed from the acquisition of new customers. Until recently, we have recorded expenses reaching hundreds of billions of yen a year in order to offer discounts on mobile phone handsets sold in stores. This strategy made sense during the market expansion phase.

Currently, however, in a mature market, growth achieved through the acquisition of new subscriptions has reached its limit. Also, the subscriptions that will be newly acquired in the future will be those who do not make very frequent use of their mobile phones. Accordingly, our previous approach of emphasizing the acquisition of new subscriptions is no longer appropriate for the current market environment.

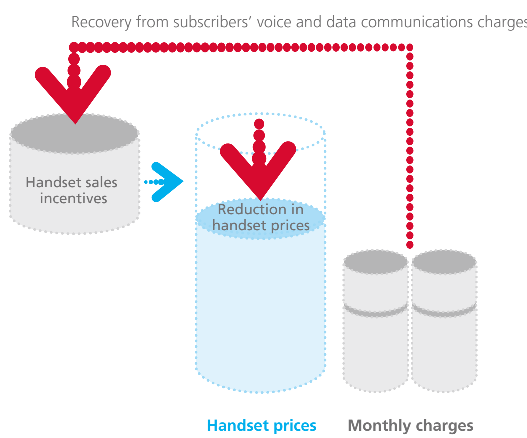
Based on this analysis, DOCOMO has reviewed its marketing strategy from the ground up and redefined each of its business domains, target-customer segments, and market positioning. We thoroughly considered a number of questions. To achieve sustained growth, what kind of company do we have to be? Who are our most important customers? And what kind of value will we provide to them?

As a result, we determined that DOCOMO's path to growth lies in building long-term relationships with existing customers and strengthening our ties with their daily lives. We have shifted our strategic focus from acquiring new customers to bolstering our relationships with existing customers.

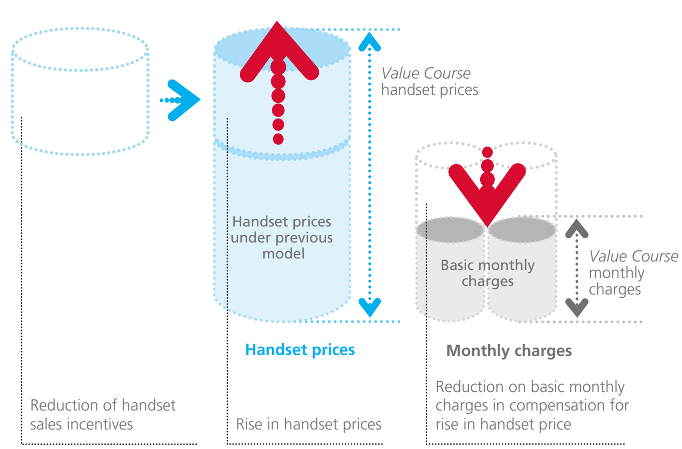
Specific steps taken to implement this strategy include the introduction of two new systems. One is new discount services that offer reduced basic charges in exchange for two-year commitments. This system will play a key role in promoting longer relationships with customers. The second is a new handset sales model. This is a revision of the handset sales model that DOCOMO had followed since its establishment. Under the previous model, which emphasized the acquisition of new customers, DOCOMO was responsible for a portion of the handset cost.

Further, in April 2008, we announced the New DOCOMO Commitments. These commitments embody our strong resolve to changes under our new strategy. In order to be a company that is the continual, preferred choice of its customers and is loved by its customers, we believe that we must steadily take the steps needed to fulfill each of the promises described in the commitments. The renewal of our brand image is not simply a change of our logo. Rather, it reflects our commitment to fundamentally reevaluating our business methods, from the ground up, in response to changes in our market environment. I am doing my utmost based on the conviction that the future of DOCOMO will be determined by the success or failure of our new business strategy.

Former Handset Sales Model



Value Course **– New Handset Sales Model**



Q

Would you discuss the progress made after the introduction of the new business model? Looking at the net increase in subscriptions, it would seem that the results might not be satisfactory. What are your thoughts on this situation?

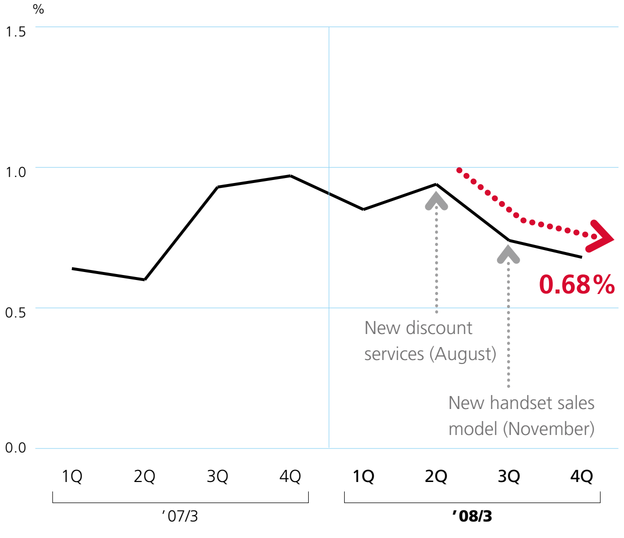
A

We are steadily starting to see the positive effects of the introduction of the new business model in the form of a lower churn rate.

First, one thing that I would like to make clear is that in the current, mature market environment, the influence on the Company's business of the net additions in subscriptions is less than it used to be. As I mentioned, there is a limit to the scale of new markets that we can open up. In addition, we believe that the mobile phone usage frequency of newly acquired subscribers will be comparatively low, and as a result the influence on the Company's business of new subscriber acquisition will not be that large. Consequently, in the current market environment, churn rate is more meaningful than net additions in subscriptions. This is because churn rate indicates the extent to which we have satisfied our existing customers and established good relationships with them.

Churn Rate Has Declined Dramatically since the Introduction of the New Business Model

Years ended March 31



Since the introduction of the new business model, the churn rate of DOCOMO subscribers has steadily declined. In the fourth quarter of fiscal 2007, from January to March 2008, the churn rate fell to 0.68%, and it has declined further since April 2008. The new business model is steadily showing results. More than anything else, I want people to understand that the primary purpose of the new business model is to extend the length of time that DOCOMO's 53 million existing customers use our services.

Maximizing customer satisfaction and inducing customers to use our services longer and more frequently will increase the value of our brand over the medium to long term. And that, I believe, will help us to acquire new customers who are not currently using DOCOMO. Accordingly, we first have to do our utmost to ensure that we are loved deeply by our existing customers.

Q

What impact do you think the introduction of the new business model will have on DOCOMO's profitability?

A

The new handset sales model will have the effect of temporarily increasing profits. We expect that effect to peak in fiscal 2008. The adverse effect of the new discount services, meanwhile, will grow as the cumulative number of subscriptions increases, but the rate of that growth will gradually decline.

First, I will explain the effects of the new handset sales model, one of the two pillars of the new business model. *Value Course*, the new handset sales model, includes two elements that will have an impact on profit levels, and these two elements will offset each other in terms of DOCOMO's profits. First, profit will be increased by a reduction in the handset sales incentives that we previously paid to sales agents when handsets were sold. When a customer shifts from the previous handset sales model to the new handset sales model, we will not pay the handset sales incentive to the sales agent, so there will be a temporary increase in operating income during the period in which the customer purchases the handset. Second, profit will be decreased by the application of the *Value Plan*, under which customers who purchase the handset at the proper price pay lower basic charges.

In fiscal 2008, we expect the greatest shift from the previous handset sales model to the new handset sales model, and consequently the new handset sales model's contribution to increased profits will also peak in that fiscal year. From fiscal 2009, accompanying the penetration of the new handset sales model, the number of customers switching from the previous handset sales model to the new handset sales model will decline, and as a result the temporary profit increase stemming from the reduction in handset sales incentives is expected to weaken.

Next, I will explain the effects of the new discount services. We believe that the new discount services, such as *Fami-wari MAX 50*, launched in August 2008, will have a substantial impact on our profit level in fiscal 2008. Then, in fiscal 2009 and thereafter, the cumulative number of subscriptions to the new discount services will increase, but due to the penetration of those services, the rate of that increase will decline. In addition, due to an increase in the number of subscriptions for contracts of 10 years or more, who receive a 50% discount on basic charges even if they do not opt for a new discount service, the rate of growth in the influence of the new discount services is expected to gradually decline.

Q

Moving on to the Company's management structure, could you please explain in more detail the purpose of integrating the eight regional subsidiaries into NTT DOCOMO, INC.?

A

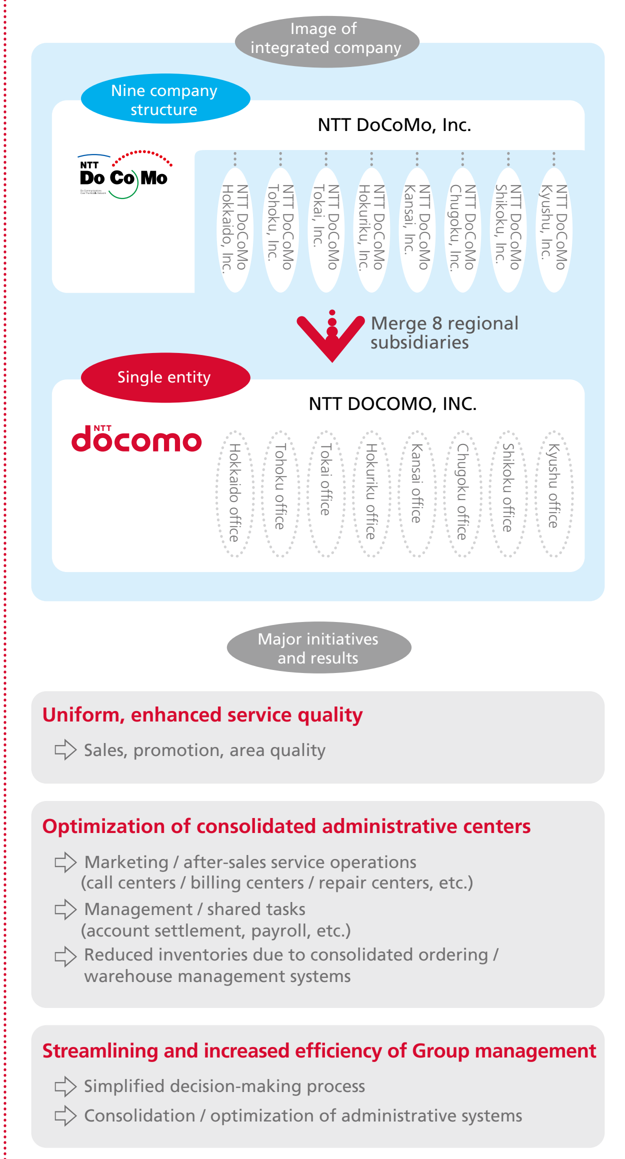
Our goals are to enhance customer service and increase management efficiency.

When Japan's mobile phone market was rapidly expanding, we maintained a business structure of nine companies because that structure was suitable for implementing sales initiatives and developing service areas in accordance with the situation in each region. However, as the market has matured, the competitive environment has changed. In this setting, to meet the expectations of customers and shareholders, it became necessary to enrich customer service, implement faster decision-making, and increase management efficiency. Accordingly, in July 2008 we integrated the eight regional companies into NTT DOCOMO, Inc.

From the viewpoint of increased management efficiency, we can reduce costs and implement faster decision-making through such measures as consolidation of service centers, such as call centers, and administrative departments, which had previously been handled separately by each company, and streamline the decision-making process, which had become complicated.

The integration also has considerable significance from the viewpoint of the branding strategy that I mentioned. The new, integrated DOCOMO, through such measures as optimizing workforce allocation, can bolster all of its customer contact points. At the same time, by reevaluating such elements as sales, promotions, area expansion, and after-sales services, which were previously handled at the regional level, we can now ensure uniform service quality. The brand is DOCOMO's identity as well as a promise of the value and quality that we will deliver to customers. We believe that integrating into a single company and working to standardize service quality throughout the country will be a vital part of our new strategy.

Group Formation



Q

In a mature market the prospects for DOCOMO's revenue growth are unclear, so the relative importance of reducing costs has increased. What is DOCOMO doing to cut costs?

A

We intend to increase profitability by pushing forward with thorough cost management, such as reducing costs related to communications network construction and reducing handset sales incentives paid to sales agents.

Depreciation and amortization in fiscal 2007 was ¥776.4 billion, about 20% of our total operating expenses. This demonstrates the significant share of our operating expenses that are related to network maintenance and construction. Accordingly, we intend to reduce costs related to communications networks through steady, continued implementation of such initiatives as shifting to IP networks, bringing base station circuits in-house, reducing procurement costs, and streamlining design and construction. Further, by fiscal 2006 we were able to predominantly complete the geographical expansion of *FOMA* area coverage. As a result, we anticipate that we will be able to maintain the recent declining trend in capital expenditures. Capital expenditures in fiscal 2007 totaled ¥758.7 billion, a decline of ¥175.7 billion from the previous fiscal year's total of ¥934.4 billion, and we are forecasting a further decrease to ¥719.0 billion in fiscal 2008. When I was Senior Executive Vice President, I was the leader of a project to reduce network costs, and for fiscal 2007 we were able to reduce circuit costs per base station by 25% year-on-year. We will continue to focus our energies on reducing costs in this area because it has a major impact on DOCOMO's profitability.

The expense of offering discounts on handset retail prices, which will reach hundreds of billions of yen, also constitutes a major element of DOCOMO's total operating expenses. As I mentioned, through the introduction of the new handset sales model we have revised the previous system under which we were responsible for a portion of the cost of handsets purchased by customers. As a result, in the future, we expect the customer handset-upgrade cycle to lengthen and the number of handsets sold to decline. Accordingly, we believe that expenses associated with discounts on handset retail prices will decline. There was a concern that a sudden rise in handset prices when the new handset sales model was introduced could cause turmoil in the market. Consequently, we continue to subsidize customer handset purchases to a certain extent in the form of the *Direct-wari* discount, although we are considering the discontinuation of this discount in the future. We believe that these initiatives will make a major contribution to profitability in the years ahead.

Q
What are DOCOMO's strengths that will support its growth in the future?

A
Our competitive advantage in networks will play an important role in future business development. High-quality networks are a prerequisite for the provision of services to customers and are the foundation for our growth-oriented initiatives. The construction of these networks requires substantial amounts of time and money, so we believe that they will be a source of competitive advantage over the medium to long term.

I would like to stress that our fundamental policy is to increase customer satisfaction by precisely meeting customer needs. The construction of high-quality networks is not, itself, a business goal; rather, I think that it is a necessary condition for meeting subscriber needs. For example, customers increasingly want to enjoy video content in the mobile environment. To meet this customer demand we need to have network facilities that can handle explosive growth in traffic. In conjunction with the introduction of the *FOMA 906i* series handsets, we began developing services targeting the full-scale penetration of video content, and our strength in networks is already starting to be manifested in the services that we provide.

Mobile phones will continue to advance. In addition to advances in mobile phones themselves, through innovation, the wide-ranging integration of mobile phones and a variety of other stuff such as electronic devices will drive the introduction of new services, making people's lives more convenient and comfortable. DOCOMO is working to realize further growth by pushing mobile phones beyond the limits of "phones," and providing new value and convenience to meet the needs of customers. To that end, it is essential that we achieve further gains in the speed and capabilities of our networks.

In next-generation mobile phones, Super 3G (LTE), which incorporates enhancements to the W-CDMA protocol that DOCOMO uses in 3G, is becoming mainstream technology around the world. DOCOMO is making strong progress toward the completion of Super 3G (LTE) development in 2009. Because DOCOMO played a leading role in deciding Super 3G international standard specifications, we have cultivated a high degree of expertise in Super 3G and are proud to be a global leader in this new technology. In service business development, while carefully tracking demand trends, we will be able to share a portion of existing W-CDMA facilities when we build Super 3G networks. As a result, we will be able to hold down capital expenditures. Also, because we can respond flexibly, using Super 3G in areas with high levels of demand for high-speed communications and W-CDMA in other areas, we can build cost-effective networks.

Building a competitive advantage in networks will require substantial amounts of time and money. With an eye to the future, DOCOMO is continuing to implement initiatives targeting the ongoing construction of high-quality networks. I believe that we can secure a competitive advantage that will be difficult for competitors to duplicate, and, over the medium to long term, maintain our competitive superiority through such means as differentiation of our services.

Shareholder Return

Q

Please explain DOCOMO's policy on shareholder return.

A

Our fundamental policy for shareholder return is to maintain stable dividend payments while flexibly repurchasing shares.

We believe that returning profits to shareholders is one of our most important management issues. 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 will also maintain a flexible share repurchase policy that takes into account our operating environment and market conditions. DOCOMO intends to hold the repurchased shares as treasury stock and, in principle, to limit the amount of treasury stock to approximately 5% of total issued shares. We plan to continue the policy under which holdings in excess of this level will be retired at the end of the fiscal year.

In fiscal 2007, in accordance with a resolution of the General Meeting of Shareholders, the Company repurchased 965,666 shares of its own common stock at a total cost of ¥173.0 billion. At the end of March 2008, we retired the treasury stock that exceeded 5% of total issued shares, or 1,010,000 shares representing 2.2% of the total number of outstanding shares prior to the retirement.

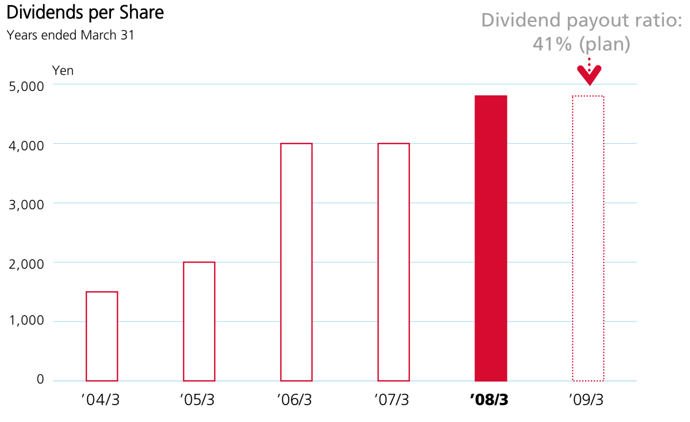
In fiscal 2007, we paid dividends of ¥4,800 per share, for a consolidated dividend payout ratio of 42.1%. We are planning to maintain dividend payments of ¥4,800 per share in the current fiscal year. At the general meeting of shareholders held in June 2008, DOCOMO's shareholders approved the acquisition of an aggregate total of up to 900,000 shares at an aggregate cost of up to ¥150.0 billion.

In the future, we will continue to provide a return to shareholders in accordance with our consolidated results, our financial position, and market trends, as well as the opinions of our shareholders and other factors, while considering the balance between dividends and share repurchases.

Shareholder Return

Fiscal 2008 (plan)
- Per-share cash dividends: ¥4,800
- Acquisition of treasury stock: Framework approved at the General Meeting of Shareholders: up to 900,000 shares, up to ¥150.0 billion

Dividends per Share
Years ended March 31



Special Feature

DOCOMO's Strategies
Part 3 The Mobile Phones of the Future

Unlimited Potential, in Your Hand

This brand slogan expresses our determination to continue to provide the value that people desire through small mobile phone handsets that fit in the palm of your hand. We are making steady progress toward the realization of that goal. To create the future. Of communication. And of DOCOMO.

The Mobile Phones of the Future

By envisioning the future, for people and their lifestyles, and the role that will likely be played by mobile phones in those lifestyles, and then by turning that vision into reality, we will make steady progress on the path toward new growth.

■ The Currents of Change Seized by DOCOMO With a constant focus on the future of lifestyles and mobile phones, DOCOMO is preparing for the future. How will society and lifestyles change in the years ahead? DOCOMO believes those changes can be expressed in the word "integration."

Currently, in the field of electronic equipment, functions are being consolidated in ways that transcend the traditional boundaries between industries. Consider video-game consoles. Many of the video-game consoles that have been introduced in recent years include communications functions, and the ways in which these video-game consoles are utilized are continually expanding. They are already used not only for online games but also for Internet access and to search for location-related information using wireless communications. DOCOMO believes that in the future, with many of electronic equipment having communications functions, the walls separating products and industries will be eliminated, and increasing levels of integration will lead to the creation of new value.

We also see another major current of change: personalization. In recent years, TV tuners with new functions have been introduced. From past behaviors, these tuners learn individual preferences and make suggestions that are personalized to the tastes of each user. This trend is likely to accelerate further in the years ahead.

■ The Future of Mobile Phones as Envisioned by DOCOMO In the midst of these changes, what advances will we see in mobile phones? How will they be used? The mobile phones of the future will not be limited to the structure of today. They will be integrated with markets that in the past have been regarded as separate, such as broadcasting and consumer electronics. To an increasing degree, they will be personalized to match each person's lifestyle. This is what we see in the years ahead. And this is the world we portray on our Website, on the page entitled: "A mobile life in the near future envisioned by DOCOMO." Perhaps the lifestyles portrayed there will not be realized until the distant future. Nonetheless, we have formulated clear strategies for the realization of that future, and we are making steady progress in preparing for it. In this chapter, we will introduce specific initiatives together with several examples of how we envision the mobile life of the future.

The Road to Hokusai's Waterfall

Mobile Life Story

Source: DOCOMO Website "A mobile life in the near future envisioned by DOCOMO"
http://www.nttdocomo.co.jp/english/corporate/future/

THE FUTURE OF MOBILE COMMUNICATIONS AS WE ENVISION IT

Case 1

The areas and scenarios in which mobile phones can be used have continued to expand. Functions have been further improved, and all necessary lifestyle functions are concentrated into mobile phones.

If this type of world materializes, mobile phones will bring immeasurable convenience to people's lives. One possibility, for example, will be the increased convenience of mobile phones for shopping. Mobile phones are already used to make payments when shopping, and in the future, rather than paying at the register, consumers will be able to pay by simply walking through a specialized gate. The mobile phone will communicate with the gate, and payment will be completed with the credit card function on the mobile phone. Also, mobile phones with identity confirmation functions could be used for security checks at offices or airports, and a mobile phone could be used to link back to electronic devices in the home.

For DOCOMO, this continual expansion of mobile phone functionality, and the increasingly strong position of mobile phones as essential items in daily life, are linked to the establishment of deeper relationships with individual customers. And that means the generation of substantial synergies between mobile phones and peripheral businesses, which we believe will lead to major gains in revenue in the non-traffic fields that DOCOMO is promoting. Currently, the transition to mobile phones as "Lifestyle Infrastructure," which DOCOMO is advancing, comprises initiatives targeting the establishment of the backbone for the realization of that future.

We are also steadily advancing the development of the social infrastructure for the expansion of mobile phone applications. One recent example is the strengthening of services and content through investments in and alliances with TV stations and content companies. Another is the increase in the number of locations in which *Osaifu-Keitai* payment terminals have been installed, which was achieved through alliances with companies such as railroad companies, major convenience stores, and supermarkets.

Step by step, we are steadily establishing a foundation for the realization of the world that we envision.

Through IC tags with communications functions applied to a wide range of items, wearable terminals communicate with traceability systems. Product manufacturing history can be confirmed anytime, anywhere. Shoppers have only to walk through a specialized gate – the mobile phone communicates with the gate and payment is completed.
From Mobile Life Story

Identity can be confirmed when gate sensors detect individual information. Through communication with office information systems, various office information is distributed through wearable terminals.
From Mobile Life Story

THE FUTURE OF MOBILE COMMUNICATIONS AS WE ENVISION IT

Case 2

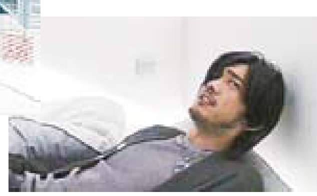
Mobile phones, serving as mediators between information obtained on the Internet and its use in the real world, create unprecedented new services, thereby making lives more comfortable. The "mobility" of mobile phones is the source of new services and business value.

Rather than people adjusting to machines, machines will adjust to individual lifestyles and take appropriate action. DOCOMO believes that mobile phones can make this world a reality. For example, based on a customer's past activities, preferences, and location, mobile phones will be able to provide information and services appropriate for that specific person. One day, for the first time in ages you get out of work on time. On the way home, you flip open your mobile phone, and it gives you exactly the information that you need to relax and rejuvenate. Wherever you are, you will be provided with suggestions that are specific to that area and meet your preferences. We believe that in this way, entirely new services will be created, and people's lifestyles will be made more convenient and comfortable.

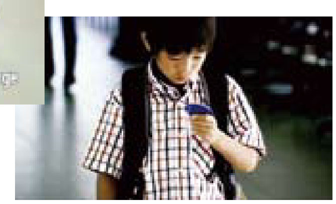
If this type of world is realized, then we can generate new revenue opportunities through the greater range of ways in which mobile phones are used, the creation of new value, and the realization of innovation.

To realize services, an integrated approach is needed, from the development of mobile phones with service-appropriate interfaces and functions to networks and content. We can bring together that integrated value chain and exert our influence. We are already steadily preparing for the realization of the world discussed above in accordance with the Ministry of Economy, Trade and Industry's Information Grand Voyage.

Step by step, we are steadily establishing a foundation for the realization of the world that we envision.

A wearable terminal connects at regular intervals with the hospital. Vital signs like blood pressure and temperature can be monitored remotely, and doctors can also provide teleconsultation and prescribe medicine.
From Mobile Life Story

With artificial intelligence and GPS capability, the concierge will provide guidance and monitoring, so children can travel safely alone.
From The Road to Hokusai's Waterfall

■ Network Evolution – The Foundation for the Mobile Phones of the Future Currently, DOCOMO is working to bolster its networks to accommodate recent gains in communication speeds and enriched video and other content. We are undertaking these initiatives from a long-term viewpoint for the purpose of meeting emerging needs for a higher speed, more comfortable network environment in the process of creating the unprecedented world discussed above.

DOCOMO is working to promote the adoption of Super 3G (LTE) and the fourth generation network IMT-Advanced (4G), next-generation specifications. If these specifications are adopted, then the mobile phone future that we envision will get close to reality.

■ DOCOMO's Growth Path Is the Creation of the Future of Mobile Phones and Lifestyles We have discussed the future that we envision for mobile phones and lifestyles, but we believe that, rather than being driven by technology, it will be led by the needs of people. With the lifestyles of people as our starting point, we will uncover emerging needs and give them shape. This is DOCOMO's approach to realizing the future that we envision. And this is the course that we will follow in the years ahead. DOCOMO has a solid foundation – a vision and strategy, an advanced technical platform that backs up strategic implementation, a strong financial position, and a large customer base – to create the future of mobile phones and lifestyles. Our 53 million customer base drives the penetration of new services and is a source of our ability to foster major social change. To make this substantial competitive edge even stronger, we will thoroughly increase the satisfaction of each individual customer.

Review of Operations

DOCOMO strives to provide leading-edge functionality that adds convenience to people's daily lives, enriched content that fits diverse customer lifestyles, and high-quality networks that provide a comfortable usage environment. By soliciting and incorporating feedback from customers and providing value that exceeds expectations, we will further enhance the DOCOMO brand.

Review of Operations

>> STRATEGIES AND INITIATIVES BY BUSINESS FIELD

	Basic Policy
SERVICES / CONTENT	Increase revenue and profit by soliciting customers for the *Pake-hodai* flat-rate packet billing plan and promote the retention of existing customers and the acquisition of new subscribers by providing enriched content and highly convenient services.
HANDSETS	Work to improve product competitiveness and profitability by taking steps to enhance our lineup of handsets to meet diverse customer needs and continuing to reduce handset costs.
NETWORK	Improve *FOMA* coverage area quality and heighten our ability to handle increased data-communications traffic.
RATE STRUCTURE AND AFTER-SALES SERVICE	Offer billing plans that will foster long-term relationships with customers and strive to enhance after-sales services to further improve customer satisfaction.
INTERNATIONAL	Increase revenues from international services by expanding the lineup of roaming-compatible handsets and increasing roaming areas. Secure growth opportunities through strategic investments and alliances.
NEW BUSINESS	Establish a revenue structure that is not dependent on traffic revenues by diversifying revenue sources, centered on the credit card business, through investments in and alliances with companies in other industries.
RESEARCH & DEVELOPMENT	Focus on the development of highly convenient services linking networks and handsets and of original technologies that will support the provision of appealing handsets.

Major Initiatives in Fiscal 2007	Key Strategies for Fiscal 2008
■ The number of *Pake-hodai* subscriptions increased by approximately 3.18 million year-on-year, to 12.74 million. ■ The number of *i-channel* subscribers increased by approximately 5.07 million year-on-year, to 15.65 million. ■ Launched the *2in1* service. ■ Took steps to expand rich content, such as enhancing the *Music & Video Channel* service.	■ Increase the number of subscriptions to the *Pake-hodai* and *i-channel* services by stimulating data communications demand. ■ Provide new services offering heightened convenience, such as the *Pocket-U* and *Home-U* shared services with home electronic equipment, such as PCs.
■ Launched 47 models in total; 19 new models in the *FOMA 9* series, 21 models in the *FOMA 7* series, and 7 models in other series. ■ Launched *FOMA 905i* series handsets equipped with cutting-edge functions, such as international roaming, One-Seg, and HSDPA (*FOMA High-speed*). ■ Launched *FOMA 705i* series, handsets offering slim bodies, unique designs, and a range of the latest functions.	■ Enhance our lineup of handsets to meet diverse customer needs. ■ Further open up the data communications market with abundant video services and content-compatible handsets. ■ Encourage our *mova* subscribers to migrate to *FOMA* services by offering inexpensive *FOMA* models.
■ Focused efforts on improving *FOMA* coverage area quality. Reached 42,700 outdoor base stations and 15,100 indoor systems. ■ Expanded HSDPA (*FOMA High-speed*) area. Achieved a population coverage ratio of 98%. ■ Realized improved network reliability through rigorous data traffic management.	■ Continue to improve the quality of *FOMA* area coverage. ■ Further expand HSDPA area and achieve a population coverage ratio of 100%. ■ Respond to increasing data communications traffic and higher communication speeds.
■ Introduced billing plans that encourage long-term contracts, such as the *Fami-wari Max 50* and *Value Plan*. ■ Announced that domestic calls to family members would be made free for *FOMA* customers that subscribe *Fami-wari Max 50*. ■ Implemented measures to enhance after-sales services, such as upgrades to the *DOCOMO Premier Club* point program.	■ Focus on achieving longer contract periods by promoting subscriptions to the *Fami-wari Max 50* and *Value Plan*. ■ Rigorously review the business management structure to provide a foothold for the integration of the eight regional subsidiaries into NTT DoCoMo, Inc. ■ Strengthen back-up systems for customer support, such as support system for the DOCOMO shops, to further increase customer satisfaction.
■ Expanded lineup of handsets compatible with the *World Wing* international roaming service. ■ Further expanded roaming areas. ■ Introduced new data roaming service plan as one of the initiatives of the Conexus Mobile Alliance. ■ Invested in Malaysian telecommunications operator U Mobile Sdh Bhd. ■ Made additional investment in Philippines telecommunications operator Philippine Long Distance Telephone Company.	■ Promote our international roaming services and usage by using the opportunity presented by the Beijing Olympics. ■ Focus on increasing revenues from international services by expanding the international roaming coverage area and enhancing the lineup of roaming compatible handsets, providing highly convenient services, and strengthening services for corporate customers. ■ Pursue growth opportunities through investments and alliances, particularly in the Asia and Pacific regions.
■ Made progress in strategic alliances with companies such as major Japanese retail companies to expand the domestic *Osaifu-Keitai* usage environment. ■ Number of *DCMX* members reached 5.64 million. ■ Moved forward with installation of *iD* payment terminals. Increased the number of installed payment terminals to 300,000 at year-end.	■ Further expand the *Osaifu-Keitai* usage environment and promote its popularization by bolstering alliances with partner companies. ■ Work to achieve planned targets of 9 million members to the *DCMX* mobile credit service and 400,000 installed *iD* payment terminals. ■ Continue investigation of business development utilizing One-Seg broadcasts.
■ Implemented field testing for the Super 3G (LTE) system, and successfully achieved a download packet transmission rate of 250 Mbps. ■ Developed Femto cell BTS ultra-small base station enabling coverage of areas that are difficult to reach. ■ Developed the Lifestyle Support Recommendation System.	■ Continue Super 3G (LTE) field tests, aiming to complete development during 2009. ■ Continue initiatives toward the international standardization of the fourth generation communication platform, IMT-Advanced (4G).

>> OVERVIEW

DOCOMO has introduced a new business model that fits the maturing Japanese mobile phone market, and we are making steady progress with the implementation of this model. Moreover, we have carried out initiatives targeting the promotion of data communications usage and the popularization of *Osaifu-Keitai*, paving the way for sustained growth.

*For a more detailed analysis of business results in fiscal 2007, see the Operating and Financial Review and Prospects from page 60 to page 80.

■ Fiscal 2007 Overview Operating revenues totaled ¥4,711.8 billion, down 1.6%, or ¥76.3 billion, year-on-year, and operating expenses were ¥3,903.5 billion, down 2.8%, or ¥111.1 billion, year-on-year. As a result, in fiscal 2007, operating income increased by ¥34.8 billion, or 4.5%, to ¥808.3 billion, and the operating income margin rose 1.0 percentage points, to 17.2%. The breakdown of operating revenues and expenses is shown on the right.

■ Operating Revenues An increase in packet communications revenues was offset by a decline in voice revenues, and as a result, wireless services revenues decreased by ¥148.9 billion, or 3.5%, to ¥4,165.2 billion. Packet communications revenues increased by ¥131.6 billion, or 10.6%, with support from growth in packet ARPU. However, voice revenues decreased to ¥2,645.1 billion, down 10.0%, or ¥295.3 billion, year-on-year, due principally to broad user acceptance of new discount services introduced in August 2007 and to the impact of a change in the previous year in the method of making estimates regarding revenue recognition of the portion of *Nikagetsu Kurikoshi* (Two-Month Carryover) allowances that are estimated to expire.

Equipment sales totaled ¥546.6 billion, up 15.3%, or ¥72.6 billion, year-on-year due to the introduction of a new handset sales model called *Value Course* in November 2007, which more than offset a decrease in the number of handsets sold.

■ Operating Expenses Depreciation and amortization increased to ¥776.4 billion, up 4.2% or ¥31.1 billion year-on-year, following intensive capital expenditures for expansion of *FOMA* coverage areas in the prior fiscal year.

Non-personnel expenses decreased to ¥2,434.4 billion, down 4.5%, or ¥114.9 billion, year-on-year. In addition to a decrease in the number of handsets sold, reduced procurement costs per handset and the introduction of the new handset sales model resulted in decreases in cost of equipment sold and commissions paid to sales agents.

Personnel expenses were ¥233.4 billion, down 8.2%, or ¥20.9 billion, year-on-year, due to the transfer of substitutional obligation and related plan assets to the government by NTT Employee's Pension Fund. The transfer resulted in a settlement gain, which was recognized as a decrease in personnel expenses.

Operating Revenues
Years ended March 31

Billions of yen

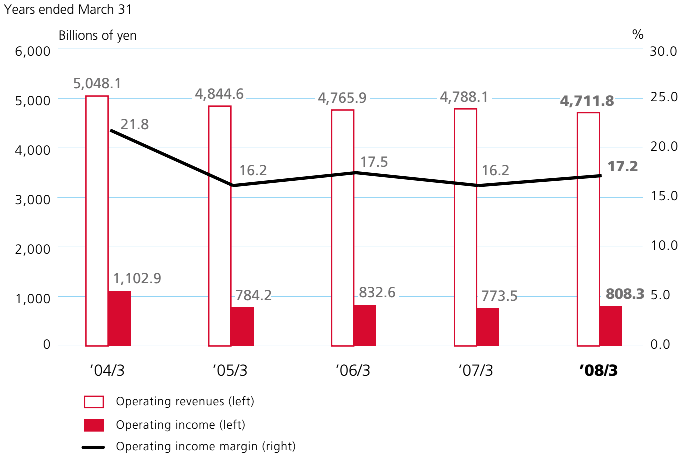
	2007	2008	Increase (Decrease)
Wireless services	4,314.1	4,165.2	(3.5)%
Cellular services revenues	4,182.6	4,019.0	(3.9)%
Voice revenues	2,940.4	2,645.1	(10.0)%
of which: *FOMA* services	1,793.0	2,084.3	16.2%
Packet communications services	1,242.2	1,373.9	10.6%
of which: *FOMA* services	971.9	1,254.6	29.1%
PHS services revenues	23.0	9.5	(58.8)%
Other revenues	108.5	136.8	26.0%
Equipment sales	474.0	546.6	15.3%
Total operating revenues	4,788.1	4,711.8	(1.6)%

Operating Expenses
Years ended March 31

Billions of yen

	2007	2008	Increase (Decrease)
Personnel expenses	254.3	233.4	(8.2)%
Non-personnel expenses	2,549.3	2,434.4	(4.5)%
Depreciation and amortization	745.3	776.4	4.2%
Loss on disposal of property, plant and equipment and intangible assets	73.1	75.4	3.1%
Communication network charges	356.1	345.1	(3.1)%
Taxes and public dues	36.4	38.8	6.5%
Total operating expenses	4,014.6	3,903.5	(2.8)%

Operating Revenues, Operating Income and Operating Income Margin
Years ended March 31



■ Mobile Phone Business

Number of subscriptions and churn rate

The aggregate number of cellular (*FOMA* + *mova*) service subscriptions rose by 0.77 million from a year earlier, to 53.39 million as of March 31, 2008. The number of *FOMA* subscriptions increased by 8.42 million, to 43.95 million at the end of the fiscal year, as a result of the migration of subscribers from the *mova* service.

The churn rate for the fiscal year increased by 0.02 percentage points, to 0.80%, due to the influence of Mobile Number Portability (MNP), but we nonetheless maintained the lowest churn rate in the Japanese cellular market. In particular, following the introduction of new discount services and new billing plans, the trend improved markedly. The trends in number of subscriptions and churn rate are shown in the graphs to the right.

Penetration of new discount services and *Value Course* handset purchase model

New discount services, such as *Fami-wari MAX 50* and *Hitoridemo Discount 50*, which were launched in August 2007, surpassed 22 million subscriptions by the end of March 2008. Moreover, the *Value Course* new handset sales model, which was introduced in November 2007 in conjunction with the launch of the *FOMA 905i* series handsets, exceeded 5 million subscriptions by the end of the fiscal year. The new business model that was introduced by DOCOMO in the fiscal year ended March 2008 is making rapid gains. The trends in the number of subscriptions to new discount services and to *Value Course* are shown in the graphs to the right.

ARPU

The aggregate ARPU (*FOMA* + *mova*) of cellular service decreased by ¥340, to ¥6,360. The packet ARPU rose ¥190 from a year earlier, while the voice ARPU declined ¥530. The decline of the voice ARPU was due in part to the introduction of new discount services, such as *Fami-wari MAX 50*, and to the continuation of the long-term downward trend in MOU (minutes of usage). Initiatives to increase ARPU made steady progress. The number of subscriptions to the *Pake-hodai* flat-rate billing plan increased by approximately 3.18 million, to 12.74 million, and the number of subscriptions to the *i-channel* service rose by approximately 5.07 million, to 15.65 million. The breakdown of ARPU changes by service is shown on the right:

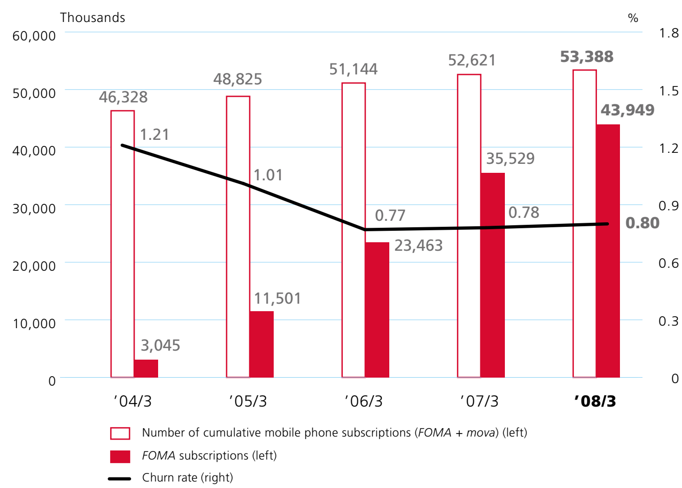
■ PHS and Miscellaneous Businesses

In our PHS Business, operating revenues totaled ¥10.0 billion, down 57.5%, or ¥13.5 billion, and operating loss was ¥30.0 billion, compared with ¥15.4 billion a year earlier. We terminated our PHS services on January 7, 2008.

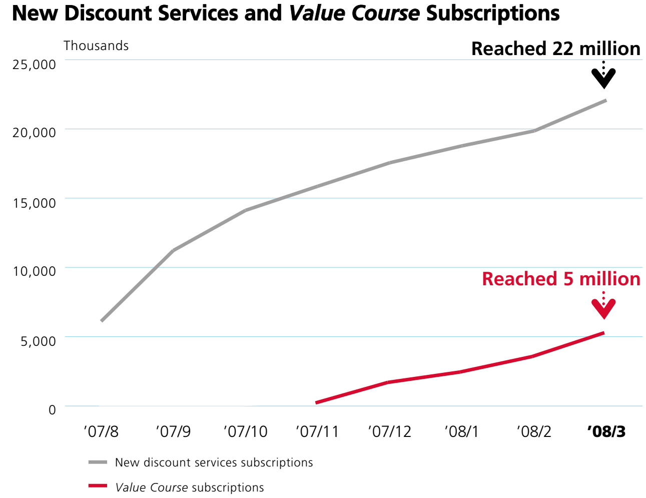
In miscellaneous businesses, operating revenues totaled ¥54.7 billion, up 19.6%, or ¥9.0 billion, and operating loss was ¥19.9 billion, compared with ¥14.8 billion a year earlier. The number of members for *DCMX* mobile credit services has exceeded plans by a substantial margin, reaching 5.64 million, and the number of installed *iD* payment terminals also exceeded plans, surpassing 300,000.

Number of Cumulative Mobile Phone Subscriptions (*FOMA*+*mova*), *FOMA* Subscriptions, and Churn Rate

Years ended March 31



New Discount Services and *Value Course* Subscriptions



ARPU

Years ended March 31

Yen

	2007	2008	1Q	2Q	3Q	4Q
Aggregate ARPU (*FOMA* + *mova*)	6,700	6,360	6,560	6,550	6,290	6,050
Voice ARPU	4,690	4,160	4,440	4,340	4,090	3,780
Packet ARPU	2,010	2,200	2,120	2,210	2,200	2,270

>> SERVICES / CONTENT

DOCOMO aims to increase revenue by enhancing user convenience and promoting packet usage through provision of services and content that meet the diverse needs of customers.

■ Major Initiatives during Fiscal 2007

Enhancing services and content to increase packet usage

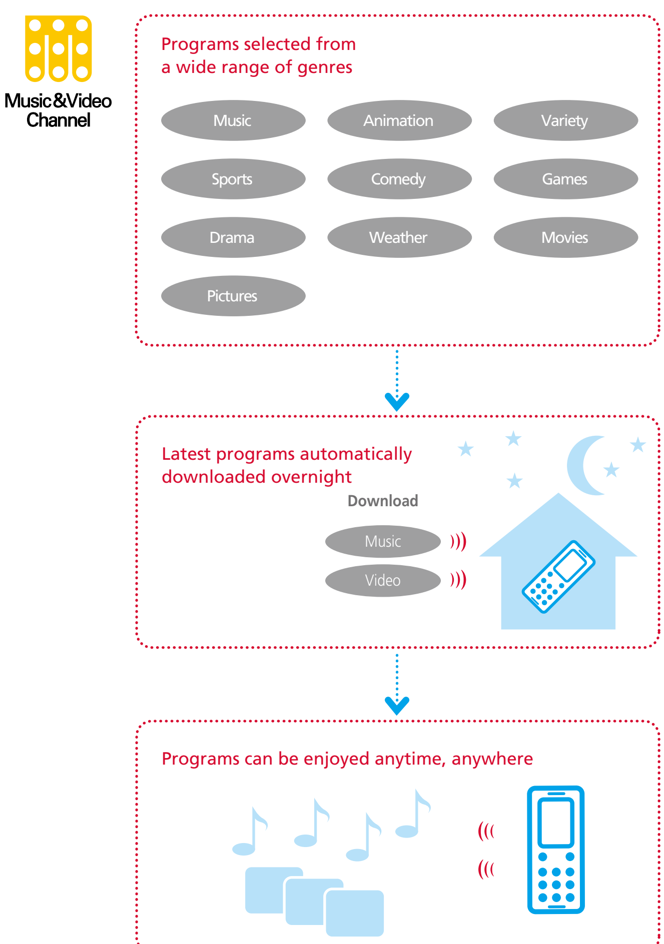
The number of subscriptions to *Pake-hodai*, which enables subscribers to enjoy unlimited *i-mode* access without having to worry about how much it is going to cost, totaled 12.74 million at the end of March 2008.

The *i-channel* service is a convenient and easy-to-use information push-delivery service that automatically delivers the latest news, weather reports, and other useful daily information. It is expanding our base of customers for packet services, and we are making strong progress in developing it into a source of revenue. Since the service was introduced in September 2005, the number of subscriptions has grown dramatically, reaching 15.65 million at the end of March 2008.

The Company has also been pushing ahead with initiatives to enhance rich content, including music- and video-related content, which are linked to increased packet usage. In May 2007, we launched the *Uta-hodai* service, which offers music downloads for a flat rate. Timed to coincide with the November 2007 launch of the *FOMA 905i* series handsets, we also significantly upgraded the content available to customers of the *Music & Video Channel*. Subscribers can select programs that they like from a wide variety of high-quality offerings in 100 different channels, such as music, drama, animation, movies, and comedy, and programs can be automatically downloaded overnight. The convenience of this service has been highly evaluated, and the number of subscriptions is increasing steadily.

We have also been working to further enhance the convenience of our *i-mode* service. For example, in March 2008 we launched *i-mode.net*, which enables subscribers to access their *i-mode* e-mail from their PCs.

Music & Video Channel



Topic

AGREEMENT REACHED WITH GOOGLE FOR A BUSINESS TIE-UP FOR MOBILE INTERNET SERVICES

In January 2008, DOCOMO and Google Inc. agreed on a business tie-up covering a range of areas, including the implementation of search services and search-linked advertising and the provision of applications. Both companies are pushing forward with specific tie-up initiatives. In April 2008, we upgraded our *iMenu* service, and as a result of our alliance with Google we added the Google search function to the *iMenu* top-screen to maximize user convenience. In addition to the search results generated from conventional *i-mode* menu sites, the service can now also display results from general sites for mobile phone users and from sites for PCs. In these ways, the search service has been enhanced and, at the same time, we commenced search-linked advertising through Google's advertising distribution platform. In the future, we intend to investigate the *i-mode* compatibility of applications and the continued enhancement of *i-mode*, including applications on handsets for the use of Google services, such as Google Maps, and the commercialization of Google's Android mobile phone software platform for our handsets.

Strengthening highly convenient services

We continued to improve our services in accordance with the concepts of safety and security. In October 2007, we commenced the *imadoco kantan search* service, which enables subscribers to search for someone using GPS and base stations and confirm their location on a map. Further, in December 2007 we launched the *Area Mail* Disaster Information service. This service makes it possible for subscribers to receive emergency warnings and disaster information, such as the earthquake early warnings issued by the Japan Meteorological Agency, without being affected by network congestion. In addition, we took steps to strengthen our spam countermeasures, including the provision of the *Simple Mail Settings* function.

In addition, in response to customer needs for separate mobile phone numbers and e-mail addresses, we commenced the *2in1* service in conjunction with the launch of the *FOMA 904i* series in May 2007. This service allows users to have the functionality of two handsets in one–with two telephone numbers, e-mail addresses, and phone books on a single handset. Its convenience has earned it strong support, and by the end of March 2008 we had acquired 240,000 subscribers. Against a backdrop of rising consumer demand for the ability to separate phone functions according to the setting in which the subscribers use their phones, we expect this service will continue to grow in popularity.

■ Policies Going Forward

We intend to incorporate feedback from customers, provide services with enhanced convenience and respond to diversifying customer values. In these ways, we will promote packet usage. Specifically, with the May 2008 announcement of the latest *FOMA 906i* series handset dubbed the *All Round Video Mobile Phone*, we bolstered handset functionality targeting the full-fledged adoption of video services. Moving forward, we will roll out fresh initiatives to enhance our services, such as launching a new lifestyle support service and introducing a service to further increase compatibility and connectivity between mobiles phones and PCs.

Topic

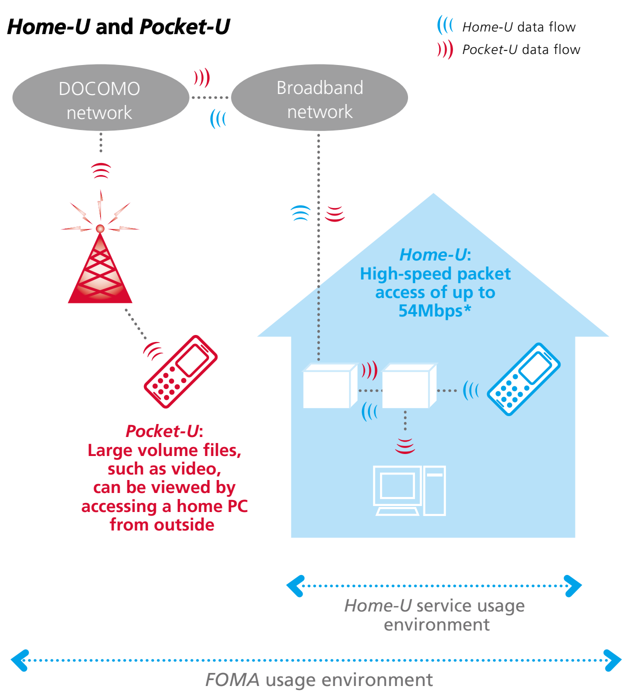
LAUNCHING *HOME-U* AND *POCKET-U* SERVICES TO PROVIDE NEW WAYS TO USE MOBILE PHONES

Mobile phones, which are commonly used while outside, have also become personal tools that are routinely used even while at home. Accordingly, we are providing the *Home-U* and *Pocket-U* services, which increase convenience in customers' home areas.

Home-U, a service that enables, high-speed, large-volume packet communications in the home area, as well as reasonably priced voice communications, was launched in June 2008. We expect this to result in increased subscriber convenience in the home area and distribution of the load on the DOCOMO network due to the use of customers' broadband circuits. In the future, we will work to increase customer convenience. We are considering the provision of area-linked services that provide automatic distribution of the latest information when a subscriber enters their home area and the utilization of Femto cell BTS.

Pocket-U was introduced in June 2008 as a service that enables subscribers to use their mobile phones to listen to or view content on their home PCs – such as videos, music, photos or documents – while they are away from home. Subscribers are able to listen to music while commuting to work or school, watch home videos while on break or waiting for someone and look at photos taken on a digital camera on their mobile phones. This service makes it possible to easily use the content on your home personal computer at any time and any place. In the future, so that *Pocket-U* can be used more comfortably and conveniently, through new software versions, we intend to add various functions and will strive to increase customer convenience.

Home-U* and *Pocket-U



Voice communication charges with non *Home-U* mobile phone or other phone: 30% discount from *FOMA* voice communication charges
Voice communication charges between *Home-U* subscribers: Free, 24 hours

>> HANDSETS

We always take the customer's point of view as we strive to provide attractive handsets suited to diverse customer needs while taking steps to reduce handset costs. In this way, we endeavor to improve product competitiveness and profitability.

■ Major Initiatives during Fiscal 2007

Enhancing our lineup of handsets to meet a broad range of customer needs

We are enhancing our lineup of handsets to meet the various needs of our diverse customer base. In fiscal 2007, we introduced a total of 47 new models: 19 in the *FOMA 9* series, 21 in the *FOMA 7* series, and 7 in other series, including the *Raku Raku PHONE* series.

> *FOMA 9* Series

The *FOMA 9* series handsets are DOCOMO's flagship handsets intended for high-end users, and each handset is equipped with cutting-edge functions.

The *FOMA 904i* series, introduced in May 2007, is available for our *2in1* service, which enables users to choose between two different phone numbers and e-mail addresses according to the person they are communicating with.

The *FOMA 905i* series, released in November 2007, is compatible with W-CDMA, the international standard third-generation telecommunications systems, and also with GSM, the second-generation mobile communication system that can be used in many countries. As a result, they offer improved international roaming functionality. In addition, almost all of the handsets in the series come with nearly all of the latest state-of-the-art functions installed, such as HSDPA (*FOMA High-speed*), the *Osaifu-Keitai* service, and One-Seg. Despite their advanced functionality, they are the same size and weight as conventional mobile phones, and they have been highly evaluated since their launch.

Moreover, the distinctive product strengths of the *FOMA 905i* series are helping to ensure a smooth introduction of our new handset sales model, which was introduced when the series was launched, and to accelerate the transition to our new business model.

> *FOMA 7* Series

The focus in the *FOMA 7* series is on a wide range of choices to meet the needs of customers who emphasize design and price over the latest functions.

We launched the *FOMA 704i* series in July 2007 and the *FOMA 705i* series in January 2008. We provided a distinctive lineup that matches diverse user lifestyles by offering functions to meet each subscriber's specific needs, while differentiating the series from other products through appealing design and reasonable pricing.

> Other Series

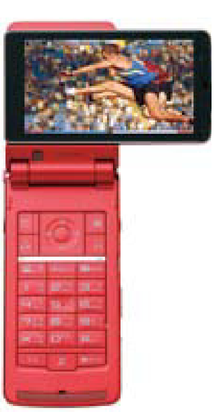
We introduced the latest models in the *Raku Raku PHONE* series, which is popular among middle-aged and older users for its ease-of-use and large, easy-to-read screen and buttons, and the latest models in the child-friendly *Kids' PHONE* series, which features functions such as a protection alarm and GPS to enable parents to locate their children.

N705i

P905i

■ Policies Going Forward Because the handset upgrade cycle for customers is expected to lengthen, we believe that it is essential to provide customers with handsets that are tailored to their lifestyles and preferences with enhanced levels of precision. Accordingly, to promote our video services, in May 2008 we announced 8 models in the *FOMA 906i* series that feature strengthened video-related functionality. We also announced 11 models in the *FOMA 706i* series, each offering a slim and sophisticated design with a diverse range of features, such as One-Seg, waterproof, and health management functionality.

We intend to phase out *mova*, our second-generation mobile phone service, within a few years. Therefore, we think it is essential to provide customers currently using the *mova* service with a wide choice of *FOMA* compatible handsets to ensure their smooth migration to the *FOMA* service. Accordingly, we will continue working to enhance our handset lineup.



F906i

SH706iw

Topic

INITIATIVES TO REDUCE HANDSET PROCUREMENT COSTS

Constituting roughly 30% of our operating expenses, handset procurement costs substantially affect not only profitability but also the price competitiveness of products. Therefore, we consider the challenge of reducing these costs to be a key strategic issue.

We are constantly striving to reduce total handset procurement costs in response to the constant upward pressure on handset procurement costs against a backdrop of the widespread adoption of handsets with state-of-the-art functionality.

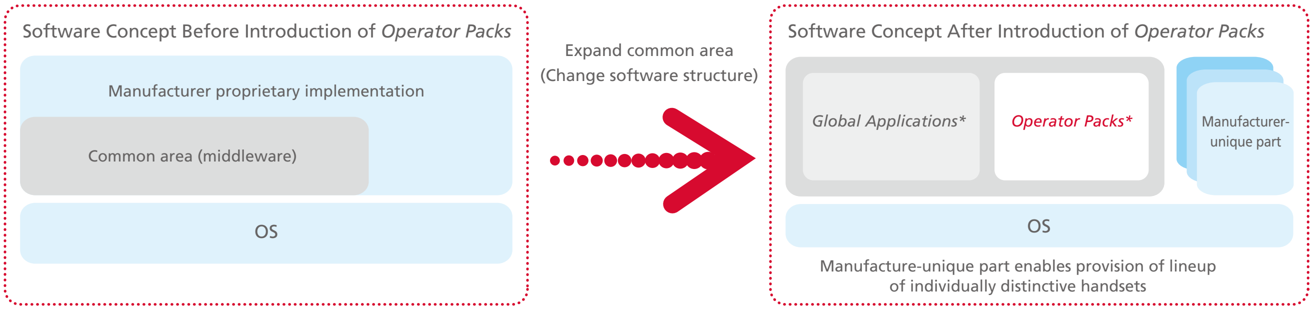
Specifically, we launched the *FOMA 7* series targeting customers who prioritize attributes such as design and price. Intended to optimize our product mix, the handsets in the series offer individuality in such areas as design, while maintaining economical prices as a result of their streamlined functions.

Next, we have been advancing single-chip solutions. In recent years, due to such factors as heightened handset functionality and the resulting increased power consumption, advanced ICs have had to meet increasingly advanced specifications. As a result, the development cost of advanced ICs has been rising each year. In response, we developed single-chip advanced ICs together with partners, such as Renesas Technology Corp., and have been progressively installing these ICs since fiscal 2006.

We are also working to heighten software development efficiency and promote standardization. In operating systems, we adopted Linux and the Symbian software platforms from the *FOMA 903i* series, supporting increased efficiency for handset manufacturers software development activities. In middleware, we intend to carry out initiatives to separate global application software, which can be used throughout the world by most mobile phone operators, from exclusive operator packs.

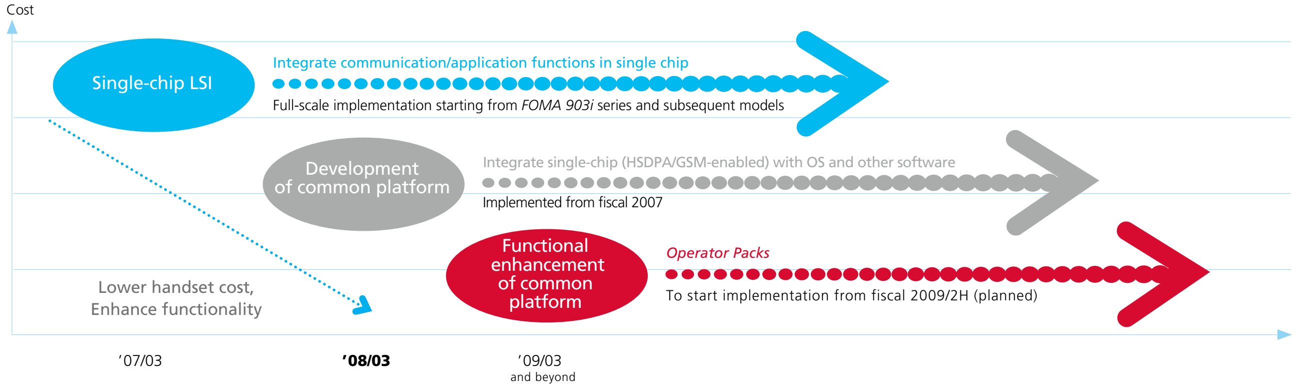
Through standardization of software development, *Global Applications* help reduce software development costs. Meanwhile, by providing *Operator Packs* – operator packs as DOCOMO exclusive application sets – we help manufacturers to reduce handset development costs as a whole. As a result, manufacturers are encouraged to provide handsets for DOCOMO. In addition, by leaving room for handset manufacturers to leverage their particular strengths, we have enabled them to focus their efforts on developing attractive products. We plan to install *Operator Packs* – packaged application sets exclusive to DOCOMO–on our handsets in stages from the second half of fiscal 2009.

Operator Packs (conceptual)



* *Global Applications*: Standard applications that can be used globally
Operator Packs: Suite of DOCOMO-specific applications

Actions for Cost Reduction



>> NETWORK

To achieve a communications infrastructure that can be used comfortably by customers, we are undertaking initiatives to improve the quality of our *FOMA* area coverage and to respond to increases in data traffic in the future.

■ Major Initiatives during Fiscal 2007

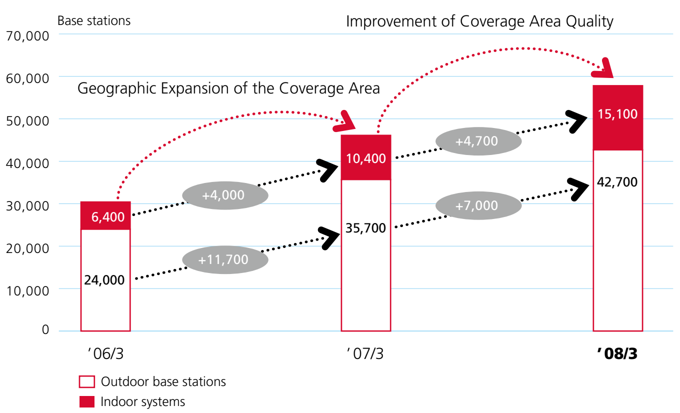
Steadily improving the quality of our *FOMA* area coverage

As we had already achieved a population coverage ratio* of 100% by the end of March 2007, we had predominantly completed the geographic expansion of our *FOMA* area coverage during the previous fiscal year. Therefore, for fiscal 2007, we concentrated on improving the quality of our *FOMA* area coverage. Initiatives included installing indoor systems in the lower floors of buildings in commercial districts and underground areas. In addition to expressways and railways, we also implemented area improvement initiatives with consideration for pedestrian flow, and we focused on bolstering our ability to respond to expanding data communication traffic. In addition, we continued to work on network controls, such as congestion countermeasures. As a result, at the end of March 2008, we had increased the number of outdoor base stations by 19.6% year-on-year, to 42,700, while the number of indoor systems had grown 45.2%, to 15,100.

* The population coverage ratio: Number of city halls and town and village offices where communication using a DOCOMO mobile phone is possible / Number of city or town government facilities.

FOMA Coverage: No. of Outdoor Base Stations and Indoor Systems Installed

Years ended March 31



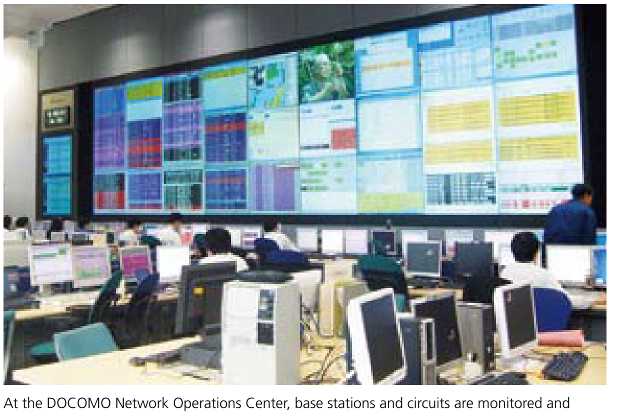
Steadily creating communication networks to support evolving high-speed data communication services

During fiscal 2007, we focused on expanding the area covered by our HSDPA (*FOMA High Speed*) network. Consequently, we increased our *FOMA High-speed* population coverage ratio to 98% by the end of March 2008, compared with 81% at the end of the previous fiscal year.

Since the launch of the *FOMA 905i* series handsets, which include the *FOMA High-speed* data communication function, the burden on our communications networks from data communications traffic has steadily increased. In addition to upgrading our *i-mode* server, we have created and are continually strengthening our broadband IP router network, achieved by combining an IP router with optical transmission. In this way, we are bolstering our network infrastructure to increase its capability of effectively transmitting large data packages.

Realizing heightened network reliability through data traffic management

We monitor the status of our countrywide communication networks and facilities 24 hours a day, and have created systems capable of responding immediately to data traffic congestion, network trouble, and natural disasters. Moreover, in order to deal with the enormous volume of data traffic, which, at this point, normally totals 75,000 server accesses per second, or approximately 6.5 billion per day, we have the i-Mode Center, which is one of the largest systems in the world utilizing the most up-to-date open architecture. Also, we respond to such societal problems as spam e-mail. In this way, we aim to create a communications infrastructure that can be used comfortably while employing strategies to improve the quality of our area coverage.



At the DOCOMO Network Operations Center, base stations and circuits are monitored and controlled 24 hours a day, 365 days a year.

Policies Going Forward The creation of high-quality networks is both a foundation for our business development and an element that differentiates our services from those of other companies. For DOCOMO, which has the largest customer base among Japanese cellular companies, the provision of a comfortable communications environment that lets people connect anytime, anywhere, and with anyone is also one of our social responsibilities. In the future, we intend to continue to improve *FOMA* area network quality. At the same time, in preparation for the full-scale penetration of video services, we intend to respond to increased data communications traffic and to higher communications speeds, the foundation for video and other large-volume content, by further strengthening our network, which is the backbone of all of our services.

Topic

OUR RESPONSE TO THE NIIGATA EARTHQUAKE

10:13 a.m., July 16, 2007. That was when Niigata Prefecture was hit by an enormous earthquake, registering a magnitude of 6.8. Following the earthquake, some media reported on the earthquake-resistance of DOCOMO's communication networks.

The background to this strength can be traced back to approximately three years ago to the lessons we learned following another major earthquake in the same region. The impact of the earthquake on our communication networks was substantial, resulting in serious data traffic congestion affecting our base stations and switching equipment, and forcing us to temporarily suspend base station services due to power cuts and other factors.

Taking into account this experience, in preparation for a large-scale disaster, we are working to create communications networks capable of withstanding disasters and to increase the security and reliability of our networks in accordance with our Three Principles of Disaster Damage Prevention.

Restoration of base stations through mobile power generation vehicles

Three Principles of Disaster Damage Prevention

Enhance System Reliability

Increase reliability through backup facilities and circuits
- For relay transmission routes (middle distance transmission routes), use multiple routes, two routes, and loops.
- Use redundant transmission facilities.

Strengthen facilities themselves; reinforce earthquake resistance of structures and towers
- Strengthen earthquake resistance of equipment.
- Use underground tunnels for cables.
- Put communications cables underground.

Ensure Essential Communications
- Provide priority phone service to disaster response agencies during disasters.
- Control the network efficiently.
- Lend mobile phones to local authorities, etc., during disasters.

Rapidly Restore Communications Services

Tangible countermeasures
- Deploy mobile base-station vehicles.
- Deploy mobile power-generation vehicles.
- Prepare materials for rapid restoration.

Intangible countermeasures
- Prepare response manuals for disasters.
- Plan for disaster response headquarters and other institutional arrangements.
- Conduct disaster response drills, etc.

>> RATE STRUCTURE AND AFTER-SALES SERVICE

We place top priority on building long-term relationships with our customers and establishing an environment that encourages them to subscribe to our highly convenient services for extended periods of time. To those ends, we are introducing and enhancing a range of billing plans and services.

■ Major Initiatives during Fiscal 2007

Stepping up measures to encourage long-term subscriptions

In fiscal 2007, we launched a number of billing plans that are designed to encourage customers to maintain subscriptions for long periods of time. In August 2007, for example, we introduced new discount services, such as *Fami-wari MAX 50*, a plan that offers a discount of 50% on basic monthly charges on the precondition of a two-year continuous subscription. In November 2007, we introduced the *Value Course*, a new handset sales model that includes *Value Plan*, a billing plan that offers a discount of ¥1,680 on basic monthly charges. In April 2008, for *FOMA* subscribers to *Fami-wari MAX 50*, we made domestic voice calls among family group members free of charge 24 hours a day.

Moreover, we took steps to enhance our services in order to ensure that our customers can use our mobile phone handsets with peace of mind for long periods of time. We are working to enhance our after-sales services. In November 2007, we enhanced our after-sales services with the launch of *Keitai Anshin Pack*, a package of existing services that is highly effective in the event that a mobile phone is lost or stolen. These services include *Omakase-Lock*, which offers remote locking of a mobile phone that has been lost, and *Keitai Osagashi*, which confirms the approximate location of a mobile phone.

In November 2007, we also announced an upgrade of the point program, which is effective from April 2008. The changes were designed to enhance the satisfaction of long-term customers. For example, the length of continuous usage will be added to the criteria that are used to determine the point acquisition rate.

DOCOMO is committed to being a company that earns a broad range of support from its customers by continually implementing initiatives to enhance customer satisfaction. We believe that these initiatives will not only stabilize the customer base but also raise the value of the DOCOMO brand and bolster our competitiveness over the medium to long term.

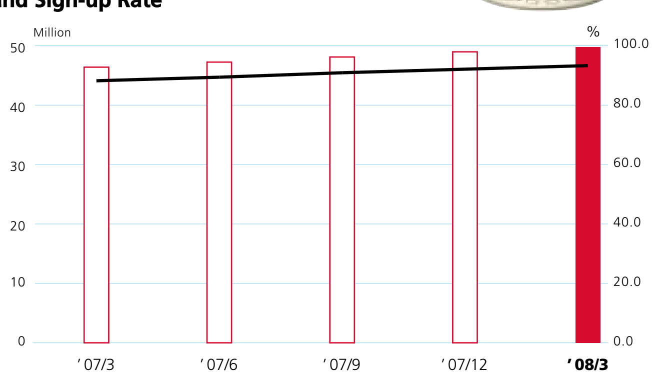
■ Policies Going Forward By promoting new discount services, such as *Fami-wari MAX 50*, we intend to further foster longer relationships with our customers. On the other hand, we intend to also further enhance the environment so that customers can use DOCOMO services with peace of mind for long periods of time. In October 2008, we plan to launch a new service for *DOCOMO Premier Club's Premier Stage* members. Under the new service, these members will be provided free battery packs if they continue to use the same *FOMA* handset for more than one year. We will also take steps to provide meticulous service to further enhance customers satisfaction, such as strengthening the support system for DOCOMO shops and information centers, which are key contact points for our customers. In these ways, we will work to strengthen our ties with customers.

Topic

INITIATIVES FOR IMPROVING COVERAGE AREA QUALITY IN RESPONSE TO CUSTOMER FEEDBACK

In April 2008, we renewed the DOCOMO brand and announced the New DOCOMO Commitments – Our Vision for Transformation, which heralds our commitment to strengthening ties with customers. As one specific initiative that is based on this new vision, we promise to quickly visit customers who have problems in getting mobile phone connections. In these ways, we have prepared a system for instituting area improvements in response to customer feedback and clearly outlined our customer-focused approach.

Number of *DOCOMO Premier Club* Members and Sign-up Rate



DOCOMO Premier Club Structure

Stage Determination Criteria: Usage Period		Average Monthly Usage (cumulative annual stage points)	Stage	No. of points per ¥100 of usage fees
More than or equal to **10** years	or	monthly average of more than ¥20,900 (2,500 or more annual stage points)	プレミアステージ	**5** points
More than or equal to **8** years	or	monthly average of more than ¥12,500 (1,500 or more annual stage points)	3rd ステージ	**4** points
More than or equal to **5** years	or	monthly average of more than ¥8,400 (1,000 or more annual stage points)	2nd ステージ	**3** points
Less than **5** years	and	monthly average of more than ¥8,400 (less than 1,000 annual stage points)	1st ステージ	**2** points

* For members with usage of 10 years or more and 2,500 or more annual stage points, 7 points are received for each ¥100 of usage fees.

>> INTERNATIONAL

DOCOMO is growing revenues from international services by expanding its lineup of roaming compatible handsets and increasing the span of countries and areas where international roaming services are available. In addition, we are cultivating new sources of revenue through strategic investments and alliances.

■ Major Initiatives during Fiscal 2007

Steadily increasing revenues from international services

In November 2007, we commenced sales of the *FOMA 905i* series. Almost all of the handsets in the series are compatible with W-CDMA, the international standard for third-generation 3G mobile services, and also with the GSM second-generation mobile communication system that is used in more than 100 countries throughout the world, including North America and Europe. In addition, all handsets in the *FOMA 705i* series, launched in January 2008, are compatible with W-CDMA international roaming. We also launched the *Raku Raku PHONE PREMIUM*, the newest handset in the *Raku Raku PHONE* series, which is popular with middle-aged and elderly customers and is the first handset in the series that is *WORLD WING* compatible. In this way, we took steps to meet the international mobile communication needs of middle-aged and elderly customers, who account for about one-third* of all Japanese people traveling abroad.

In regard to international roaming services, our roaming areas already covered many of the common destinations of Japanese travelers. Through new roaming contracts concluded with overseas mobile phone operators, we have further enhanced our area coverage.

The Conexus Mobile Alliance was formed in 2006 by DOCOMO and other mobile phone operators in the Asia-Pacific region. The alliance has taken steps to increase customer convenience in the region, such as jointly starting a new service. This is an example of how we have worked to enhance customer service in this region.

In addition to strengthening the foundations of these services, in fiscal 2007 we also targeted the creation of highly profitable services. To that end, we took aggressive steps to reduce the cost of providing international roaming and international communication services.

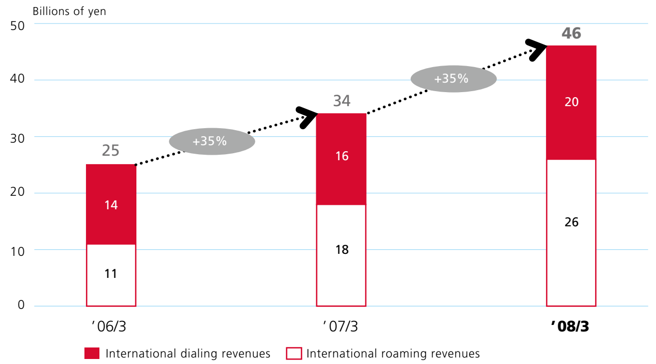
We are investing in and creating alliances with mobile operators in the Asia-Pacific region to develop a seamless usage environment and to cultivate new revenue streams. For example, since January 2007, we have invested a total of ¥98.9 billion in the Philippines telecommunications operator, Philippine Long Distance Telephone Company. Also, we have invested ¥11.0 billion in U Mobile Sdn Bhd. of Malaysia.

During fiscal 2007, we recorded steady growth in the number of subscribers using our international roaming services and in the percentage of own-handset roamers. Revenues from international services increased 35% year-on-year, to approximately ¥46 billion.

* Source: Immigration Bureau of Japan, Ministry of Justice

International Services Revenues

Years ended March 31



■ Policies Going Forward

DOCOMO's *iD* mobile credit platform has been available in Guam from July 2008, marking the first time that one of Japan's contactless IC electronic money systems has been available overseas. As a result, with international roaming capable *Osaifu-Keitai*, a single handset can be used overseas for phone calls, data transmissions, and payments for purchases, offering substantially enhanced convenience. DOCOMO intends to continue to accelerate these types of initiatives, expanding international roaming services and further increasing the added value of our handsets.

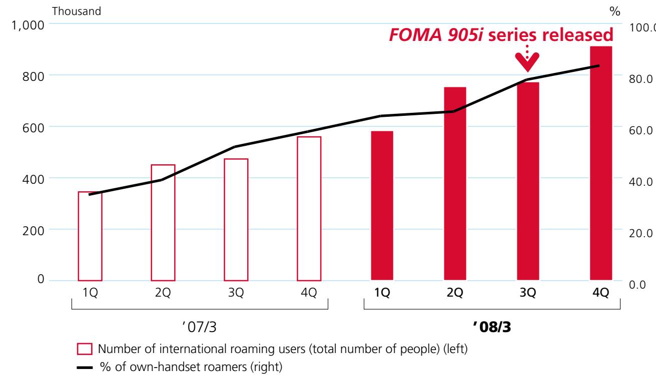
Topic

INCREASED REVENUES FROM INTERNATIONAL ROAMING THROUGH THE LAUNCH OF THE *FOMA 905i* SERIES

Not only are practically all of the handsets in the *FOMA 905i* series W-CDMA and GSM international-roaming compatible, they also come with a range of highly useful applications that can be used when traveling overseas, such as a translation application. The popularity of these handsets is reflected in the increased number of subscribers who use them for international roaming and in the growing percentage of own-handset roamers. The *FOMA 905i* series has made a significant contribution to increased revenues from international roaming.

Number of International Roaming Users and % of Own-handset Roamers

Years ended March 31



>> NEW BUSINESS

Against the backdrop of its dominant customer base, DOCOMO is aiming to create a business model that is not dependent on traffic revenues by diversifying its sources of revenues in fields that can be expected to offer synergies with its core mobile communications business.

■ Major Initiatives during Fiscal 2007

Building the foundation for the diversification of revenue sources

Osaifu-Ketai mobile phones with contactless IC cards play a central role in our efforts to develop non-traffic businesses. We expect credit services that utilize mobile phones to be a central pillar of our revenue diversification, and accordingly we are actively promoting the widespread use of mobile phone credit.

In fiscal 2007, we worked to expand the network of stores where our mobile credit services could be used by developing our alliances with major domestic retail companies, such as FamilyMart Co., Ltd., Aeon Co., Ltd, and McDonald's Holdings Company (Japan), Ltd. As a result, at the end of March 2008, the number of installed *iD* payment terminals was approximately 300,000, doubled the number of 150,000 a year earlier.

Due to these convenience-enhancing initiatives and to an increase in the number of mobile credit compatible handsets, the number of members in DOCOMO's *DCMX* mobile credit service has increased. In the approximately two years since the service was introduced, the number of *DCMX* members has reached about 5.64 million, compared with approximately 2.09 million members at the end of the previous fiscal year. Of that total, approximately 4.78 million members, or about 85%, utilize *DCMX mini*, which can be used as *Osaifu-Keitai*. Against a backdrop of steady growth in the number of members, we are continuing to expand the number of *DCMX* transactions and the transaction volume.

Moreover, in collaboration with Fuji Television Network, Inc., Nippon Television Network Corporation and KADOKAWA GROUP HOLDINGS, INC., we are moving ahead with preparations for a new business leveraging One-Seg. A certain amount of time will be required before a full-fledged service is launched, but we are presently working with our partner companies to explore a range of possibilities.

■ Policies Going Forward In the credit business, we will continue to enhance our lineup of handsets that are compatible with mobile credit services and expand the network of payment terminals. Integrating our in-house credit business related functions in the reorganization in July 2008, we will further strengthen our mobile credit business management systems. Under the new system, we will strive to reach approximately 9 million *DCMX* members and 400,000 installed *iD* payment terminals by the end of March 2009. In addition, we intend to make steady progress by researching growth possibilities in new fields, such as as One-Seg.

Topic

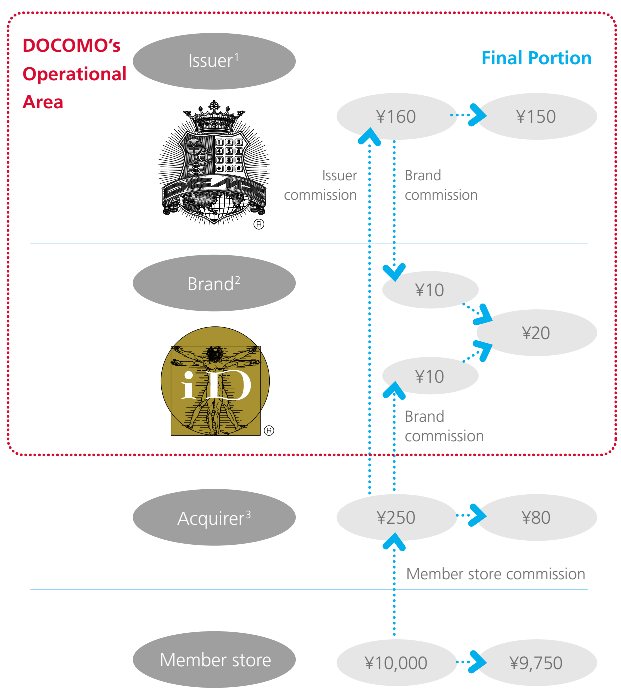
MOBILE CREDIT SERVICE BUSINESS MODEL

The *iD* credit brand, launched in December 2005, has provided an open platform on which credit companies can provide unique mobile credit services. As a result, we have secured a new revenue source in the form of brand commission fees, and *iD* has also contributed to the rapid penetration of *Osaifu-Ketai*. The *DCMX* mobile credit service was launched by DOCOMO on the *iD* platform in April 2006. In addition to brand commission fees from *iD*, *DCMX* enables DOCOMO to earn such revenues as issuer commissions and interest revenues from member users. *DCMX* is a core service in DOCOMO's strategic pursuit of diversified revenue streams.

Flow of Funds

Example: Customer spends ¥10,000

(The figures used are examples and may differ from actual figures.)



1 Company handling credit card issuance operations

2 Company handling specification formulation and maintenance for settlement platform

3 Company handling member store acquisition

>> R&D AND INTELLECTUAL PROPERTY

The introduction of the world's first W-CDMA network. The creation of the *i-mode* service. The launch of *Osaifu-Keitai*. DOCOMO's R&D accomplishments have widened the scope of possibilities in mobile communications.

Research and Development

■ Basic R&D Policies and Structures DOCOMO's R&D activities extend over a wide range of areas, from increasing our competitiveness to basic research focused on future developments in the telecommunications industry. We have built an R&D system that covers all aspects of mobile communication systems, from networks to handsets. This facilitates coordinated R&D in networks and handsets in line with our operational strategies in each of these fields. As a result, we are developing original technologies linked to the provision of highly convenient and attractive handsets and services that will be closely linked to both infrastructure and handsets.

Our R&D activities are principally conducted at our domestic DOCOMO R&D Center and at three overseas facilities. The DOCOMO R&D Center at the Yokosuka Research Park (YRP), which is our core R&D facility, conducts original research in a wide range of mobile communications fields. In addition, to establish new research fields through integration with other fields, the center actively collaborates on joint research projects with other R&D institutes and university laboratories. In addition, our research centers in the U.S., Germany, and China enable us to keep up to date with the latest international trends in leading-edge technologies and to work towards the standardization of mobile communications systems.

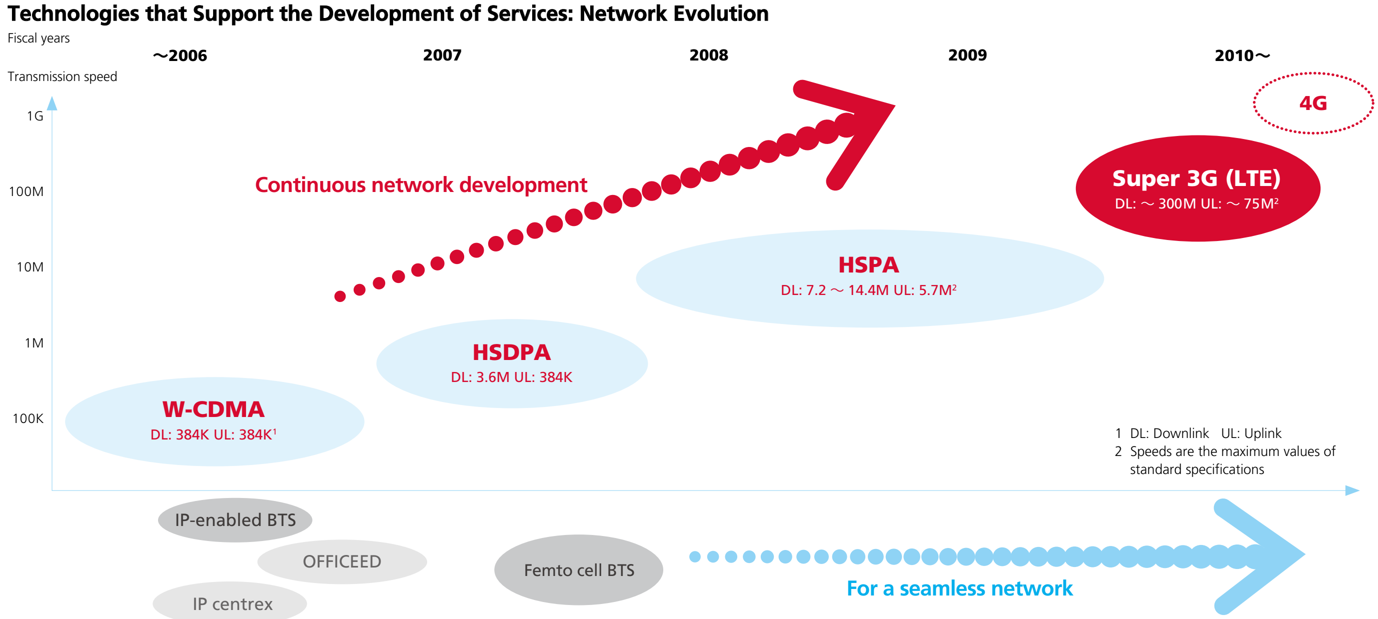
■ Major R&D Initiatives and Accomplishments in Fiscal 2007 To prepare for the high-speed communication networks of the future, in July 2007 we began indoor testing of Super 3G (LTE) targeting confirmation of basic functionality and system optimization. In addition, from the end of February 2008 we commenced outdoor tests of a Super 3G system and successfully achieved a downlink transmission rate of 250Mbps. We will continue tests targeting the commercial launch of a Super 3G service, and we will endeavor to complete the development of a commercial Super 3G system during 2009.

As part of our efforts to further improve area quality, we developed an ultra-small base station, known as the Femto cell BTS, to facilitate coverage of areas not readily reached by radio waves, such as inside homes and stores. Through the use of the Femto cell BTS, we expect to be able to provide low-cost area coverage, and to further improve *FOMA* indoor area quality, we plan to progressively develop this technology.

Initiatives promoting the transition to Lifestyle Infrastructure include the commencement of development testing of new sampling advertising methods using One-Seg, conducted in collaboration with Nippon Television Network Corporation. Another initiative has been the development of the Lifestyle Support Recommendation System, which utilizes the activities recorded in subscribers' mobile phone schedulers to automatically provide information that is useful throughout their daily lives.

In fiscal 2007, our R&D expenses were ¥100.0 billion, about the same as the previous year's level of ¥99.3 billion.

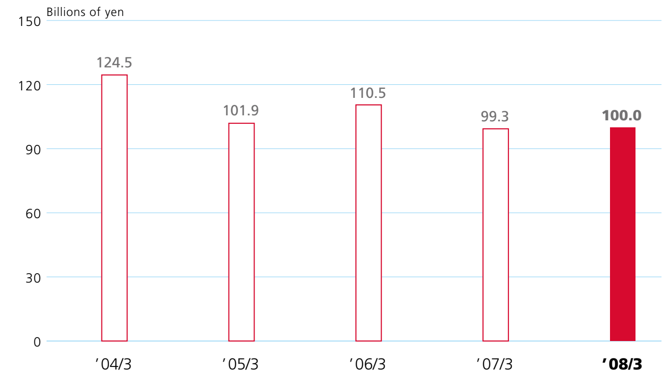
Technologies that Support the Development of Services: Network Evolution



1 DL: Downlink UL: Uplink
2 Speeds are the maximum values of standard specifications

Research and Development Expenses

Years ended March 31



Topic

DOCOMO SUCCESSFULLY DEMONSTRATES THE WORLD'S FIRST MOLECULAR DELIVERY SYSTEM FOR MOLECULAR COMMUNICATION

DOCOMO has successfully demonstrated the world's first molecular delivery system for molecular communication in experiments carried out jointly with Professor Kazuo Sudo of the Department of Life Sciences, the University of Tokyo, and Associate Professor Shoji Takeuchi of the Institute of Industrial Science, the University of Tokyo. Molecular communication is a new communication paradigm in which molecules are used as a communication medium. By combining communications technology and biochemistry, molecular communication can transmit information about the biochemical conditions of living organisms, such as excitement, emotion, stress, or disease, a task that has previously been difficult. The commercialization of this technology may make it possible to diagnose diseases or identify stress by directly analyzing biomolecules in a drop of sweat or blood using a mobile phone equipped with a biochip. The system could be used, for example, for remote health checks or preventive medicine.

Intellectual Property

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

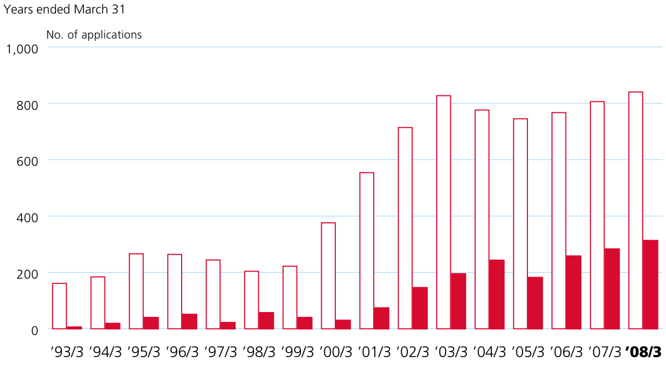
Strengthening Intellectual Property In fiscal 2007, DOCOMO submitted approximately 840 patent applications in Japan and approximately 300 patent applications overseas. Since fiscal 2004, we have submitted a steadily growing number of patent applications each year in Japan and overseas centered on technologies for which we are conducting research and development, including technologies to make networks faster, such as Super 3G (LTE) and IMT-Advanced (4G), and to support new services.

In fiscal 2007, we secured approximately 350 patent registrations in Japan and approximately 1,100 overseas. Also, accompanying the confirmation of the specifications for Super 3G, we expect the number of our Super 3G-related patent registrations to increase in Japan and overseas. In the future, we will continue to bolster our intellectual property and thereby boost our competitiveness in Japan and overseas.

Strengthening Risk Management To prevent the occurrence of violations of other companies' intellectual property rights, DOCOMO works in coordination with the R&D and business departments to implement seamless patent clearance activities from service planning to service introduction, thereby preventing patent or trademark violations. Whenever we receive a warning, the Intellectual Property Department acts as a consultation center 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 strengthening measures to prevent leaks of intellectual property, such as technical know-how acquired in joint R&D with other companies. We are also avoiding the risk of violation of copyrights and trademarks through educational activities and training within the Company.

Number of Patent Applications

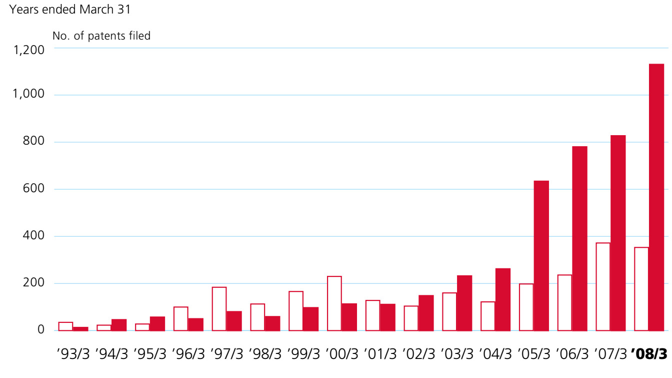
Years ended March 31



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

Number of Patents Filed

Years ended March 31



* Foreign patents are recorded by country.

Targeting Sustained Growth

As it conducts its business activities, DOCOMO maintains close relationships with an extremely broad range of stakeholders. Our mission is to faithfully meet the expectations of those stakeholders. In that way, we build and maintain close relationships with all stakeholders, which in turn support sustained growth for DOCOMO.

Corporate Governance

We will strive to achieve transparent, sound management and prompt decisions as we build an effective corporate governance system, thereby enhancing our corporate value.

■ Basic Policy Recognizing the importance of having effective corporate governance 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. This also allows us to improve our communications with shareholders to achieve the goal of ensuring promptness, transparency, and soundness in our business management.

■ Overview of DOCOMO's Governance System For the governance of our business operations, we have adopted a Board of Directors/Corporate Auditors system. There are two key reasons for the adoption of this system. First, we believe that directors should be involved in the decision-making process pertaining to important Company matters in order to facilitate business management from the customer's perspective. Second, we believe that, to ensure sound and efficient business execution, it is desirable to establish a structure in which Board members, assigned the responsibility for business execution, supervise each other, and corporate auditors including external auditors audit business management.

To further strengthen business execution and to enhance management supervision, we introduced the corporate officer system and transferred a portion of business execution authority from the Board to the representative directors, corporate officers, and other executives. We believe this allows flexible business execution by the responsible corporate officers. To enhance the management supervision function by bolstering the effectiveness of the mutual supervision of Board members in business execution, more than half of Board members are assigned the responsibility of serving concurrently as corporate officers. One member of the Board of Directors is an external director (an employee of our parent company, NTT Corporation).

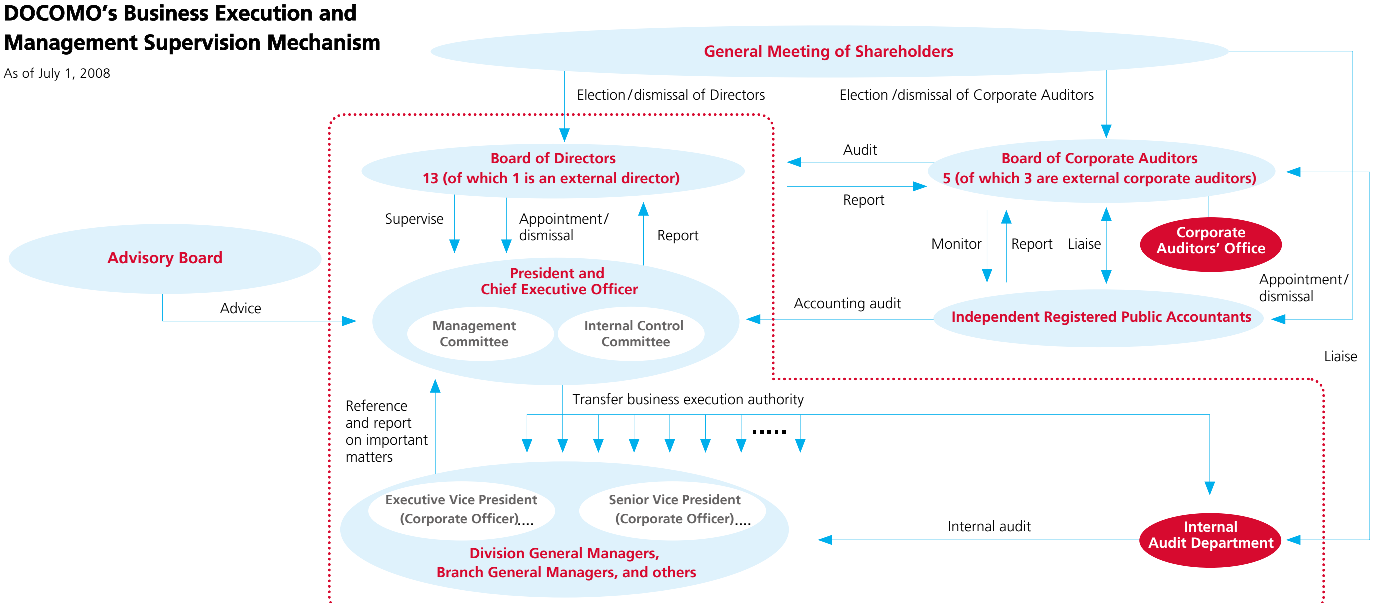
Our business execution and management supervision system is shown below.

■ Business Execution and Management Supervision The Board of Directors has 13 members, including one external director. In principle, the board has regular meetings once a month, and extraordinary meetings are convened if necessary. In this way, decisions are made on important business matters, status reports are received as needed from Board members assigned the responsibility for business execution, and management supervision is implemented. We have established the Management Committee, which includes representative directors, executive vice presidents, and full-time corporate auditors. In principle, the committee has regular meetings once a week, and extraordinary meetings are convened if necessary. In this way, we support flexible, rapid decision-making on important matters related to business execution.

■ 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. Corporate auditors ensure the effectiveness of audits by collaborating and exchanging information on audit plans and results with the Internal Audit Office, an independent unit established to perform internal audits of the Company, and our registered public accountants on a regular basis. Furthermore, corporate

DOCOMO's Business Execution and Management Supervision Mechanism

As of July 1, 2008



auditors reinforce audit systems by improving the communication with corporate auditors of the Company's 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 suggestions obtained from them are reflected in our management.

■ Internal Auditing The Internal Auditing Department, which is independent from other business execution, tests and evaluates the effectiveness, efficiency, and status of regulatory compliance in each of the divisions and branches of the Company's headquarters. This process is conducted in accordance with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. Accordingly, we conduct internal auditing to improve internal control.

■ Investor Relations Activities We are aggressively implementing investor relations (IR) activities to facilitate close communications with shareholders and investors. Our efforts to achieve transparency in management include timely and fair disclosure of management information, which is enabled by developing disclosure controls and procedures. We are also working to create opportunities for direct communication between our top management and investors through opportunities such as presentations for institutional investors in Japan and overseas and IR 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. In addition to 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.

Message

Message From External Corporate Auditor

Corporate Auditor
Takaaki Wakasugi

Co-director, Mitsui Life Financial Research Center, Stephen M. Ross School of Business at University of Michigan

Director and General Manager, Japan Corporate Governance Research Institute, Inc.

Professor of Finance, School of Business Administration, Tokyo Keizai University

Professor Emeritus, University of Tokyo

The Responsibilities of External Corporate Auditors

I would like DOCOMO to be a "good company" that seeks profits in a sound manner. It is the responsibility of directors and corporate auditors to enhance corporate value, and this is the same for external corporate auditors as it is for other management team members.

However, DOCOMO is a special company that its parent company, Nippon Telegraph and Telephone Corporation (NTT) owns approximately 60% stake, and that situation implies an important role for an external corporate auditor. It is possible that NTT demands DOCOMO operate in a way that gives priority to the interests of the NTT Group. When there is a potential conflict between the interests of the parent company and other shareholders, an important issue is how to secure the interests of stakeholders other than the parent company. I would like to provide DOCOMO management with frank suggestions from the viewpoint of all shareholders.

DOCOMO's Corporate Culture

DOCOMO has a democratic corporate culture that permits the exchange of straightforward opinions. Japanese companies' board of directors meetings are sometimes said to be formalities, but DOCOMO's board of directors meetings have comparatively active discussions, with sound decision-making conducted following proper deliberation.

DOCOMO's Corporate Governance

Coporate governance is ensuring good management from the viewpoint of shareholders. Of course, the overwhelming presence of the parent company affects DOCOMO's corporate governance, but, on the other hand, the intensely competitive environment promotes stronger governance by management.

Also, from the viewpoint of internal control, DOCOMO is an exceptional company. The use of IT is an effective means of spreading internal control, and in its internal administrative tasks DOCOMO has advanced the use of IT to a high level, and that contributes to making DOCOMO's internal control effective. Also, a system for the rapid discovery of problematic behavior by employees and for the correction of any problems before they become serious is functioning effectively.

DOCOMO's Challenges Related to Corporate Governance

For DOCOMO, which has an exceptionally influential parent company, there are extremely difficult aspects to governance. In a service business environment, competent managers and a system that motivates the managers are essential, but the degree of freedom that DOCOMO has in regard to the treatment and compensation of directors and corporate auditors seems to me to be limited. In ensuring the effective functioning of governance in this situation, it is important that all directors are conscious of the interests of the shareholders as a whole, that there are clear performance objectives, and that there is a system for assigning responsibility for achieving those objectives.

I would like to continue to serve the Company to review management from the viewpoint of achieving management that pursues continual enhancement of corporate value.

Internal Control

■ Basic Frameworks for Internal Control and Fiscal 2007 Activities

We employ the COSO Framework for the design, operation, and evaluation of our internal control system. Also, we established the Internal Control Committee to enhance the internal control system in a Company-wide manner, evaluate its effectiveness, and make any necessary improvements.

For DOCOMO groupwide matters that require strict management, such as information security control, all Group companies implement audits using standardized audit items, and to enhance the quality of internal auditing, we conduct internal auditing reviews of Group companies.

The full-fledged entry into new fields of business has led to changes in business risks. In response, from fiscal 2007 we are implementing audits that take into account risks inherent to credit business operations.

Risk Management We strive to strengthen risk management with the basic policy of identifying and responding to business risk as early as possible. Specifically, we have formulated Risk Management Principles, and in accordance with those principles, the Internal Control Committee periodically takes steps to identify business risks, designate risks that require Company-wide management, and formulate management policies for those identified risks. In addition, through standing committees, we have a system to monitor identified risks, to prevent risk events from occurring, and to take rapid countermeasures in the event that they do occur.

Ethics and 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 effectiveness, we set up a compliance promotion system centered on Compliance Promotion Committees, chaired by the presidents and other executives 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 addition, all Divisions have employees with responsibility for compliance promotion, and at least once a year we implement employee education and training in ethics and legal compliance related to the work of each department. In fiscal 2007, we continued to implement initiatives to enhance awareness of compliance on a Company-wide basis, such as compliance video training over the Company's intranet, which was conducted four times.

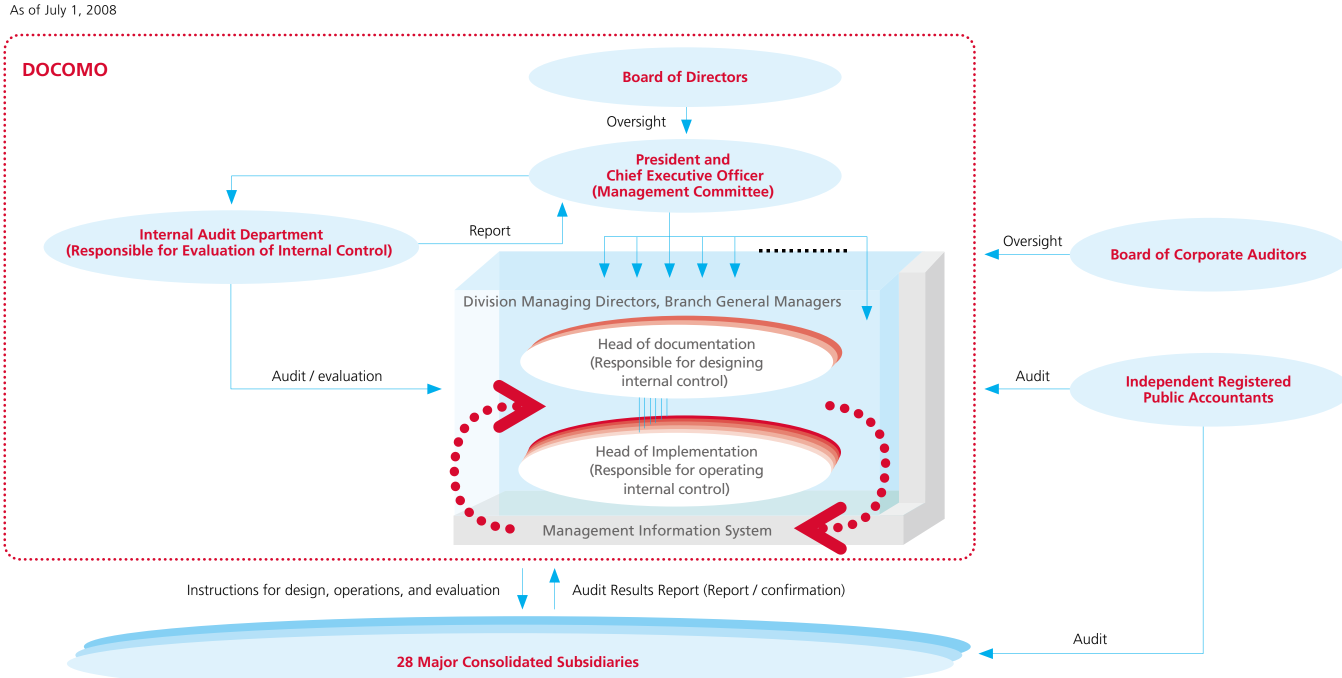
Ensuring Reliability of Financial Reporting (Responding to the SOX Act)
In fiscal 2007, to meet the requirements of Section 404 of the SOX Act that management evaluate the effectiveness of a company's internal control over financial reporting, we evaluated the Company and 36 of its major consolidated subsidiaries (28 in the fiscal 2008, due to the consolidation of regional subsidiaries into the parent company), and concluded that internal control over financial reporting was effective.

■ 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 administrative departments (including the preparation and improvement of internal 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) and to the management and supervision of companies handling work under outsourcing arrangements.

SOX Act, Section 404 Organization Chart

As of July 1, 2008



The DOCOMO Group's Corporate Social Responsibility (CSR) Activities

Connecting people with each other and opening up the door to the future. That is the mission of DOCOMO, which endeavors to be a "Relation Service Company." DOCOMO's corporate philosophy is to create a new world of communications culture and that approach is the foundation of our CSR activities.

■ DOCOMO's CSR Activities and Corporate Strategies In April 2008, we announced the New DOCOMO Commitments: Our Vision for Transformation, which will reinforce our ties with our customers. These commitments incorporate stronger ties with each customer. This is DOCOMO's fundamental approach to CSR – sincere face-to-face interaction with individual customers. We aim to contribute to society by carrying out our business activities with integrity.

CSR Message of NTT DOCOMO

We connect people to people, and people to their world. We open the door to the future.

**Any time, any place, we connect people to people, and people to the future.
That is our mission at DOCOMO, in our aim to be a "Relation Service Company."
We listen to each individual customer and to society.
We innovate toward the future.
We create abundance and convenience in life and culture.
We address issues of the global environment
and society, as part of our commitment to contribute
to sustainable development of the society.**

■ Key Initiatives in DOCOMO's CSR Activities DOCOMO's CSR activities include initiatives to realize a secure, safe mobile society, diverse responses to earthquakes and other natural disasters, and actions against global environmental concerns. In addition, we are implementing a range of initiatives in focused areas, such as the provision of products and services that are easy to use for all customers (advancing universal design).

■ For A Safer and More Secure Mobile Society In recent years, the number of children with mobile phones, including elementary and junior high school students, has been increasing, and these phones offer the convenience of enabling communications with family members at any time and of protecting children's safety. On the other hand, there has also been an increase in cases of children accessing harmful information and becoming involved in problems. In consideration of this situation, we are implementing educational and other activities. For example, to realize a secure, safe mobile society, we held approximately 2,400 sessions of the "Mobile Phone Safety Program" nationwide during fiscal 2007. In addition, we strengthened links with local governments and with the police. Furthermore, in addition to efforts to increase awareness about the *Harmful Access Blocking* service, from February 2008, the service has been made the default setting for new subscriptions for minors, unless parents indicate that it is not necessary. Also, for existing subscribers who are less than 18 years old, the blocking service is planned to be activated unless parents explicitly express that the service is unnecessary.

Mobile Phone Safety Program

■ Wide-ranging Disaster Countermeasures It is during times of disaster that the greatest demands are made on the stability and reliability of a communications network.

DOCOMO is devoted to the establishment of a highly safe and highly reliable communications network that supports mobile phone connections even in times of disaster, such as earthquakes. We decided on the Three Principles of Disaster Damage Prevention, and we have been acting on them: 1. Enhance System Reliability, 2. Ensure Important Communications, and 3. Rapidly Restore Communications Services. Specifically, we equipped mobile base-station vehicles with satellite circuits and built a system to more rapidly secure communications in affected areas. Also, we are working to minimize the influence of a disaster on our operations. For example, we have formulated the Business Continuity Plan. This plan comprises measures that will help each organizational unit in the DOCOMO Group to continue operations and to rebuild quickly.

■ Global Environmental Conservation Initiatives To minimize the environmental burden of our business activities, we are implementing multifaceted environmental conservation initiatives. In June 2007, we formulated the DOCOMO Global Environmental Charter, which has three fundamental elements: 1. Conduct Business with the Environment in Mind, 2. Strengthen Environmental Management, and 3. Promote Environmental Communication. The entire Group is working together to implement an array of environmental conservation initiatives.

DOCOMO's emissions of CO_2 and other greenhouse gases are growing each year, driven by growth in the number of mobile phone contracts and the installation of additional network facilities in response to customer needs. Electricity accounts for about 88% of our greenhouse gas emissions, and accordingly we are taking steps to reduce energy consumption in network facilities, such as the introduction of optical fiber connection base stations, high-efficiency electrical power supply equipment, and high- efficiency air-conditioning systems.

We are also aggressively implementing recycling of mobile phones in order to effectively utilize these valuable resources. We are strengthening our customer awareness and PR campaigns and, in response to customers who have cooperated, we are directing a portion of the revenue from recycling to overseas reforestation efforts.

In fiscal 2007, we expanded our recycling bases, installing recycling boxes in six mass appliance retailers and 50 convenience stores.

■ Promoting Universal Design Products and Services DOCOMO uses the term *Hearty Style* for its universal design initiatives, which make products and services easy to use for all customers. In 2007, to expand universal design products, we formulated the Universal Design Guidelines, developed mobile phones that are easy for all customers to use, and introduced the *Hearty Discount*. In addition, we offered seminars for people with disabilities on the use of mobile phones. Moreover, we took steps to make DOCOMO shops barrier-free, and we introduced sign-language-support videophones for customers with hearing disabilities. Our universal design initiatives have been highly evaluated, and in December 2007 we were awarded the Prime Minister's Prize at the 2007 Barrier-Free Contributor's Awards.

Barrier-free layouts are built into DOCOMO shops

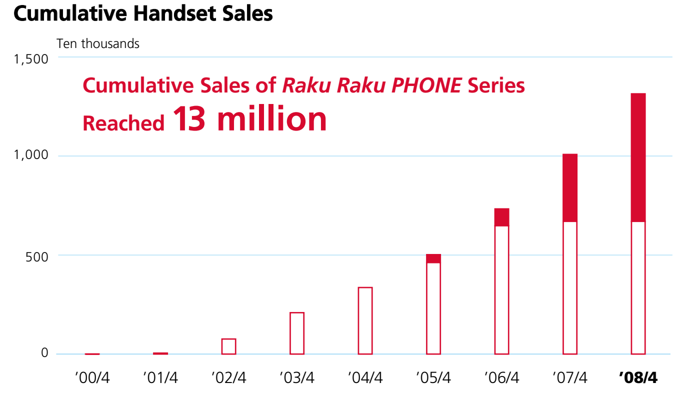
Sign-language-support videophones

Column

Raku Raku PHONE Series

Available since 1999, the *Raku Raku PHONE* series has earned broad support as a mobile phone that is easy for anyone to use. Nine models are available, including both *FOMA* and *mova* models, and sales are growing, especially among seniors. Cumulative handset sales surpassed 10 million in April 2007 and 13 million in April 2008. The *Raku Raku PHONE IV*, with GPS functions, was launched in August 2007. When the one-touch buzzer installed on the phone is used, *Ima-doko Search* subscribers, such as family members, can be notified of the user's location. Basic functions have been enhanced, such as *Yukkuri Voice*, which enables the speed of the other party's voice to be reduced, and *Super Hakkiri Voice*, which automatically increases the volume of the other party's voice if it is low. Through these initiatives, we have improved usability and developed new subscribers among senior citizens, a customer segment in which mobile phone penetration had previously been relatively low.

Cumulative Handset Sales



A Strong Financial Base Supporting Corporate Strategies

A sound financial position is one of DOCOMO's competitive advantages. A strong financial position supports sustained growth by facilitating a stable supply of low-cost funds needed for business activities and by enabling the pursuit of diverse growth opportunities.

■ Basic Policy The domestic mobile phone market is mature. In this setting, to secure continued competitive advantages and achieve sustained growth in the years ahead, we are reinvesting the funds that are steadily generated by the mobile phone business into mobile phone network facilities. By building a high-quality communications network and responding to steadily growing demand for data communications, we are working to further enhance our competitiveness.

In the use of free cash flows, we have given the highest priority to investment in growth opportunities, such as in peripheral businesses from which synergies with the mobile phone business can be expected as well as international services. Our basic policy is to pursue the optimal balance between providing a return to shareholders and maintaining a strong financial position, while monitoring changes in the operating environment and capital markets.

■ Initiatives Targeting Further Gains in Competitiveness To enhance competitiveness, in the past we directed capital investment toward the expansion of *FOMA* service area coverage, and that investment has achieved a greater level of coverage. Accordingly, we have shifted our investment emphasis to service area quality enhancement measures, such as area tuning and installation of indoor systems, in the year under review. In addition, we invested in expanding HSDPA (high-speed downlink packet access) areas and in responding to increased data volume accompanying the penetration of our flat-rate billing services. Overall, capital expenditure in fiscal 2007 declined 18.8% year on year, to ¥758.7 billion. In fiscal 2008, we plan to curb network-related investment while continuing to focus our investment on the enhancement of service area quality. We expect capital expenditure to decline 5.2% in fiscal 2008, to ¥719.0 billion.

■ Financial Policies for the Development of New Businesses We have positioned investment in growth opportunities to create new sources of revenue as our highest priority for the use of free cash flows. In implementing strategic alliances, we choose the optimal format from a broad range of possibilities, including equity investment, while considering the strategic importance of each alliance to our operations and the funding needs of the partners.

In fiscal 2007, with the objectives of enhancing the *Osaifu-Keitai* usage environment and developing *Osaifu-Keitai*-linked services, we entered into a capital tie-up and strategic alliance with FamilyMart Co., Ltd., and established a joint venture with McDonald's Holdings Company (Japan), Ltd. Also, targeting the development of a mapping application for mobile phones and the provision of new services based on the combination of mobile phone location information and a cartographic database, we entered into a business and capital alliance with ZENRIN DataCom Co., Ltd.

Investments in international services included the provision of funding as one part of a cooperative venture with AT&T Mobility, LLC, of the U.S., targeting the construction of a W-CDMA network covering the U.S. state of Hawaii. Moreover, we made an additional investment in the Philippines telecommunications operator, Philippine Long Distance Telephone Company, and, in cooperation with KT Freetel Co., Ltd. of South Korea, we invested in U Mobile Sdn. Bhd. of Malaysia. In these ways, we enhanced our seamless mobile-use environment and paved the way for incorporating the growth of Southeast Asian countries.

■ Shareholder Return Initiatives We recognize that providing returns to our shareholders is one of management's highest priorities. In determining the level of shareholder return, we take into account the level of cash flows, the consolidated results, and the consolidated dividend payout ratio as well as the need to strengthen our financial position and maintain adequate internal reserves. We intend to provide a shareholder return by continuing to flexibly repurchase our shares and to pay dividends in accordance with the principle of stable dividend payments.

The Company paid a total annual dividend of ¥4,800 per share for fiscal 2007, comprising an interim dividend of ¥2,400 per share and a year-end dividend of ¥2,400 per share. In fiscal 2007, we repurchased ¥173.0 billion worth of shares (approximately 970,000 shares) based on a resolution of the Ordinary General Meeting of Shareholders. In addition, we repurchased ¥50 billion worth of shares (approximately 310,000 shares) from April 1, 2008 to the end of June 2008. Furthermore, the Ordinary General Meeting of Shareholders, which was held in June 2008, approved our repurchase of up to ¥150.0 billion worth of shares (900,000 shares) within a period of one year, beginning from the date following the close of the Ordinary General Meeting of Shareholders. The Company intends to hold the repurchased shares as treasury stock and, in principle, to limit the amount of such treasury stock to approximately 5% of total issued shares. Holdings in excess of this level will be retired at the end of the fiscal year. In fiscal 2007, the Company retired 1.01 million shares at the end of the fiscal year (about 2.2% of the total shares issued prior to the retirement).

■ Initiatives to Strengthen Financial Position We are reducing total debt to ensure capacity for future financing, while considering the balance between the reduction of total debt and the reduction in shareholders' equity stemming from the provision of returns to shareholders. Consolidated debt declined by ¥124.5 billion, from ¥603.0 billion at the end of March 2007 to ¥478.5 billion at the end of March 2008. In May 2007, our long-term issue and issuer credit ratings were raised to AA by Standard & Poor's. Also, we maintain an Aa1 rating assigned by Moody's. Accordingly, among telecommunications companies around the world, we continue to maintain one of the highest credit ratings.

Board of Directors and Corporate Auditors

As of June 23, 2008

From left
Senior Executive Vice President
Masatoshi Suzuki
President and Chief Executive Officer
Ryuji Yamada
Senior Executive Vice President
Kiyoyuki Tsujimura
Senior Executive Vice President
Hiroshi Matsui

President and Chief Executive Officer
Ryuji Yamada[1]

Senior Executive Vice Presidents
Kiyoyuki Tsujimura[1]
Masatoshi Suzuki[1]
Hiroshi Matsui[1]

Executive Vice Presidents
Harunari Futatsugi
Bunya Kumagai
Kazuto Tsubouchi (Chief Financial Officer)
Kaoru Kato
Mitsunobu Komori

Senior Vice Presidents
Takashi Tanaka
Katsuhiro Nakamura

Corporate Advisor and Member of the Board
Masao Nakamura

Member of the Board
Hiroshi Tsujigami[2]

Full-time Corporate Auditors
Haruo Imai[3]
Kenichi Aoki
Shunichi Tamari
Kyouichi Yoshizawa[3]

Corporate Auditor
Takaaki Wakasugi[3]

1 Representative Directors
2 External director pursuant to Article 2, Paragraph 15 of the Japanese Corporate Law
3 External corporate auditors pursuant to Article 2, Paragraph 16 of the Japanese Corporate Law

In Figures

>> DOCOMO IN THE MOBILE COMMUNICATIONS INDUSTRY

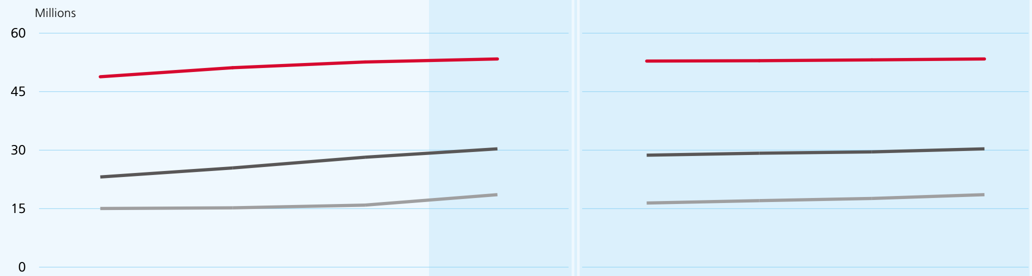
In Figures

>> DOCOMO IN THE MOBILE COMMUNICATIONS INDUSTRY

Number of Subscriptions by Operator

(Fiscal year/quarterly data)

Fiscal years ended March 31



(Thousands)	2005	2006	2007	2008	1Q	2Q	3Q	4Q
DOCOMO	48,824.9	51,143.6	52,621.1	53,387.7	52,845.7	52,941.7	53,150.5	53,387.7
KDDI (au + Tu-ka)	23,132.0	25,438.5	28,188.3	30,339.1	28,709.4	29,217.1	29,554.8	30,339.1
SoftBank Mobile*	15,040.7	15,209.9	15,908.5	18,586.2	16,440.5	17,052.5	17,613.5	18,586.2

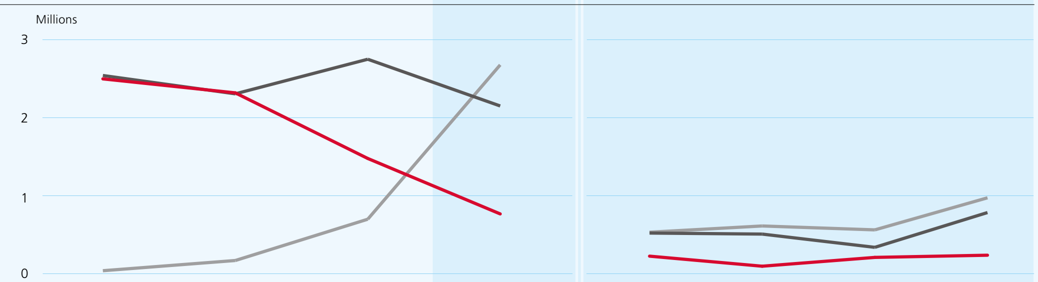
Source: Telecommunications Carriers Association

* Formerly Vodafone, through the fiscal year ended March 31, 2006

Net Addition by Operator

(Fiscal year/quarterly data)

Fiscal years ended March 31



(Thousands)	2005	2006	2007	2008	1Q	2Q	3Q	4Q
DOCOMO	2,496.8	2,318.7	1,477.5	766.6	224.6	96.0	208.8	237.2
KDDI (au + Tu-ka)	2,541.4	2,306.5	2,749.8	2,150.8	521.1	507.7	337.7	784.3
SoftBank Mobile*	38.3	169.2	698.6	2,677.7	532.0	612.0	561.0	972.7

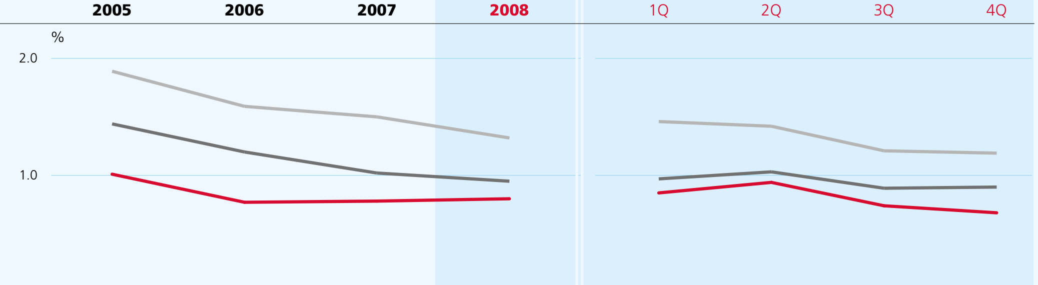
Source: Telecommunications Carriers Association

* Formerly Vodafone, through the fiscal year ended March 31, 2006

Churn Rate by Operator

(Fiscal year/quarterly data)

Fiscal years ended March 31



	2005	2006	2007	2008	1Q	2Q	3Q	4Q
DOCOMO	1.01%	0.77%	0.78%	0.80%	0.85%	0.94%	0.74%	0.68%
KDDI (au)	1.44%	1.20%	1.02%	0.95%	0.97%	1.03%	0.89%	0.90%
SoftBank Mobile*	1.89%	1.59%	1.50%	1.32%	1.46%	1.42%	1.21%	1.19%

Source: Public sources from each company

* Formerly Vodafone, through the fiscal year ended March 31, 2006

Aggregate ARPU by Operator

(Fiscal year/quarterly data)

Fiscal years ended March 31

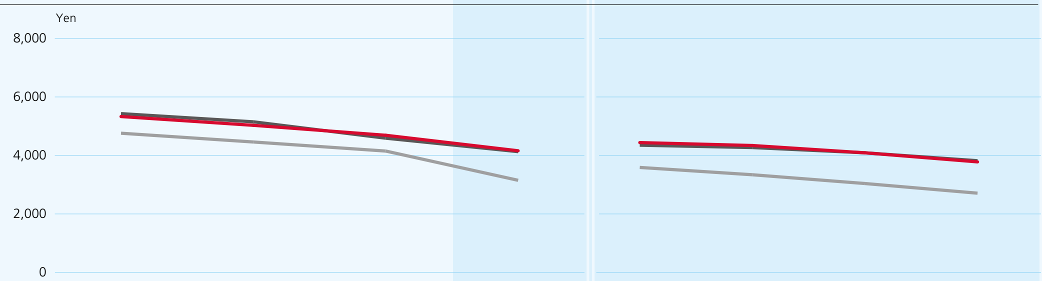
(Yen)	2005	2006	2007	2008	1Q	2Q	3Q	4Q
DOCOMO	7,200	6,910	6,700	6,360	6,560	6,550	6,290	6,050
KDDI (au)	7,170	7,040	6,610	6,260	6,430	6,400	6,230	5,990
SoftBank Mobile*	6,080	5,810	5,510	4,650	5,000	4,800	4,520	4,310

Source: Public sources from each company
* Formerly Vodafone, through the fiscal year ended March 31, 2006

Voice ARPU by Operator

(Fiscal year/quarterly data)

Fiscal years ended March 31



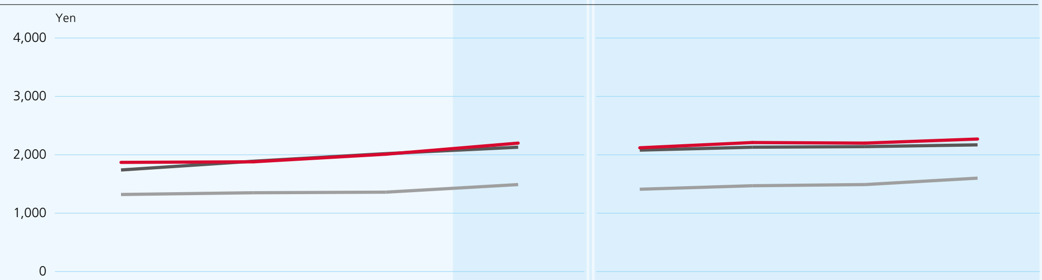
(Yen)	2005	2006	2007	2008	1Q	2Q	3Q	4Q
DOCOMO	5,330	5,030	4,690	4,160	4,440	4,340	4,090	3,780
KDDI (au)	5,430	5,150	4,590	4,130	4,350	4,270	4,090	3,820
SoftBank Mobile*	4,760	4,460	4,150	3,150	3,590	3,340	3,040	2,710

Source: Public sources from each company
* Formerly Vodafone, through the fiscal year ended March 31, 2006

Packet ARPU** by Operator

(Fiscal year/quarterly data)

Fiscal years ended March 31



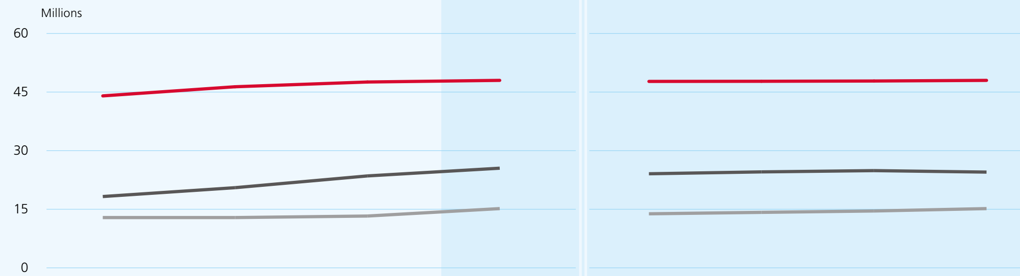
(Yen)	2005	2006	2007	2008	1Q	2Q	3Q	4Q
DOCOMO	1,870	1,880	2,010	2,200	2,120	2,210	2,200	2,270
KDDI (au)	1,740	1,890	2,020	2,130	2,080	2,130	2,140	2,170
SoftBank Mobile*	1,320	1,350	1,360	1,490	1,410	1,470	1,490	1,600

Source: Public sources from each company
* Formerly Vodafone, through the fiscal year ended March 31, 2006
** Specific names might differ by company.

Number of Internet Service Subscriptions by Operator

(Fiscal year/quarterly data)

Fiscal years ended March 31



(Thousands)

	2005	2006	2007	2008	1Q	2Q	3Q	4Q
DOCOMO	44,021	46,360	47,574	47,993	47,725	47,759	47,831	47,993
KDDI (au + Tu-ka)	18,259	20,523	23,533	25,512	24,086	24,567	24,891	25,512
SoftBank Mobile*	12,874	12,875	13,265	15,171	13,838	14,207	14,562	15,171

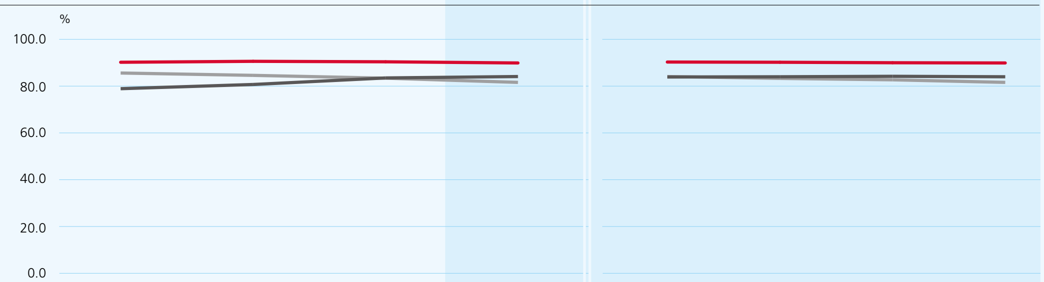
Source: Telecommunications Carriers Association

* Formerly Vodafone, through the fiscal year ended March 31, 2006

Internet Service Subscription Rate by Operator

(Fiscal year/quarterly data)

Fiscal years ended March 31



	2005	2006	2007	2008	1Q	2Q	3Q	4Q
DOCOMO	90.2%	90.6%	90.4%	89.9%	90.3%	90.2%	90.0%	89.9%
KDDI (au + Tu-ka)	78.9%	80.7%	83.5%	84.1%	83.9%	84.1%	84.2%	84.1%
SoftBank Mobile*	85.6%	84.6%	83.4%	81.6%	84.2%	83.3%	82.7%	81.6%

Source: Telecommunications Carriers Association

* Formerly Vodafone, through the fiscal year ended March 31, 2006

DOCOMO's Definition and Calculation Methods of ARPU and MOU**

1. Definition of 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 subscription basis. ARPU is calculated by dividing various revenue items included in operating revenues from our wireless services, such as monthly charges, voice communication charges and packet communication charges, from designated services which are incurred consistently each month, by the number of active subscriptions 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 per subscription 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 monthly communication time per subscription.

2. ARPU Calculation Methods

 ARPU: Aggregate ARPU = Voice ARPU+Packet ARPU

 ... Voice ARPU: Voice ARPU Related Revenues (monthly charges, voice communication charges) / No. of active cellular phone subscriptions

 ... Packet ARPU: {Packet ARPU Related Revenues (monthly charges, packet communication charges)+ *i-mode* ARPU Related Revenues (monthly charges, packet communication charges)}/ No. of active cellular phone subscriptions

3. Active Subscriptions Calculation Methods

 No. of active subscriptions used in ARPU/MOU/Churn Rate calculations is as follows:

 No. of active subscriptions for each month: (No. of subscriptions at the end of previous month + No. of subscriptions at the end of current month) / 2

 No. of active subscriptions for full-year results/forecasts: Sum of No. of active subscriptions for each month from April to March

* Communication module service subscriptions and the revenues thereof are not included in the ARPU and MOU calculations.

** Definitions of ARPU, MOU, etc., might be different from those used by other companies.

Financial Section

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)
	2004	2005	2006	2007	**2008**	**2008**
Operating Results						
Operating revenues	¥5,048,065	¥4,844,610	¥4,765,872	¥4,788,093	¥4,711,827	$ 47,189
Wireless services	4,487,912	4,296,537	4,295,856	4,314,140	4,165,234	41,715
Equipment sales	560,153	548,073	470,016	473,953	546,593	5,474
Operating income	1,102,918	784,166	832,639	773,524	808,312	8,095
Other income (expense)	(1,795)	504,055	119,664	(581)	(7,624)	(76)
Income before income taxes, equity in net income (losses) of affiliates and minority interests	1,101,123	1,288,221	952,303	772,943	800,688	8,019
Net income	¥ 650,007	¥ 747,564	¥ 610,481	¥ 457,278	¥ 491,202	$ 4,919
Per Share Data[2] (Yen and U.S. dollars)						
Basic and diluted earnings per share	¥ 13,099	¥ 15,771	¥ 13,491	¥ 10,396	¥ 11,391	$ 114.08
Shareholders' equity per share	76,234	84,455	91,109	95,457	100,321	1,004.72
Cash dividends declared per share[3]	1,500	2,000	4,000	4,000	4,800	48.07

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 31, 2008, which was ¥99.85 to U.S.$1.00.
2 In the calculation of per share data, treasury stock is not included in the number of shares outstanding during or at the end of the year.
3 Cash dividends declared per share are presented in the fiscal year to which each record date for the dividends belongs.

	Millions of yen (unless otherwise specified)					Millions of U.S. dollars[1]
	2004	2005	2006	2007	**2008**	**2008**
Financial Position						
Total assets	¥6,262,266	¥6,136,521	¥6,365,257	¥6,116,215	¥6,210,834	$62,202
Total debt[4]	1,091,596	948,523	792,405	602,965	478,464	4,792
Total shareholders' equity	3,704,695	3,907,932	4,052,017	4,161,303	4,276,496	42,829
Cash Flows						
Net cash provided by operating activities	¥1,710,243	¥1,181,585	¥1,610,941	¥ 980,598	¥1,560,140	$15,625
Net cash used in investing activities	(847,309)	(578,329)	(951,077)	(947,651)	(758,849)	(7,600)
Free cash flows[5]	862,934	603,256	659,864	32,947	801,291	8,025
Adjusted free cash flows (excluding irregular factors and changes in investments for cash management purposes)[6]	862,934	1,003,583	510,905	192,237	442,410	4,431
Other Financial Data						
EBITDA[7]	¥1,858,920	¥1,625,661	¥1,606,776	¥1,574,570	¥1,639,096	$16,416
Capital expenditures[8]	805,482	861,517	887,113	934,423	758,743	7,599
Research and development expenses	124,514	101,945	110,509	99,315	100,035	1,002
Financial Ratios[9]						
Operating income margin	21.8%	16.2%	17.5%	16.2%	17.2%	
EBITDA margin[7]	36.8%	33.6%	33.7%	32.9%	34.8%	
ROE	18.1%	19.6%	15.3%	11.1%	11.6%	
ROCE[10]	22.9%	16.2%	17.2%	16.1%	17.0%	
Equity ratio	59.2%	63.7%	63.7%	68.0%	68.9%	
Debt ratio[11]	22.8%	19.5%	16.4%	12.7%	10.1%	

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 purposes 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 127.
7 EBITDA = Operating income + Depreciation and amortization + Losses on sale or disposal of property, plant and equipment.
EBITDA margin = EBITDA / Total operating revenues. For the reconciliations of these Non-GAAP financial measures, see page 127.
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 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.

We will discuss the following matters in this section:

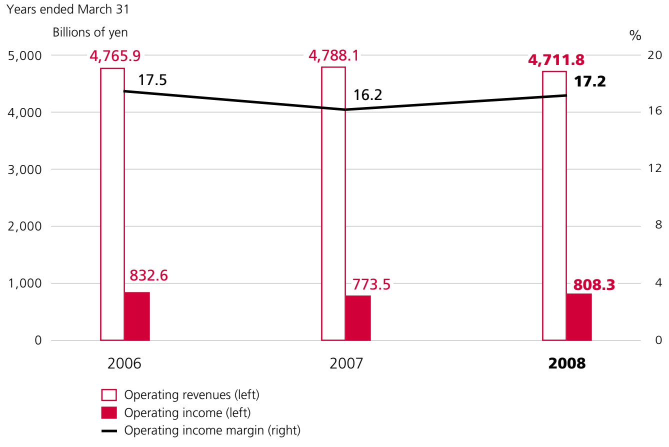
A. Operating Results

Our Business

We are the largest cellular network operator in Japan in terms of both revenues and number of subscriptions. As of March 31, 2008, we had approximately 53.39 million subscriptions, which represented 52.0% 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 exchange 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 wireless LAN services nationwide, a mobile credit payment platform and mobile credit payment services.

Operating Revenues, Operating Income and Operating Income Margin

Years ended March 31



We have 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 duplicate 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.

Trends in the Mobile Communications Industry in Japan

According to a release from the Telecommunications Carriers Association, the mobile communications market in Japan saw a 5.64 million net increase in cellular and PHS subscriptions for the year ended March 31, 2008. As of March 31, 2008, the total number of wireless subscriptions including cellular and PHS reached 107.34 million and the market penetration rate reached 84.0%. The annual growth rate of cellular subscriptions rebounded to 6.2% for the year ended March 31, 2008 after a continued decline from 5.5% to 5.4% for the years ended March 31, 2006 and 2007, respectively. However, given the maturity of the market and the declining population trend, we expect that the growth rate of cellular subscriptions in Japan will be limited in the future.

As of March 31, 2008, 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 manufacturers to develop handsets compatible with the specifications of their wireless services and then sell them primarily to agent resellers, who in turn sell such handsets to the subscribers. As for cellular services, since the year 2001, when we first launched "FOMA" services, 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, 2008, the number of 3G service subscriptions in Japan reached 88.06 million, which represented 85.7% 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:

- Offering of free voice calls among family members under the same discount account with the same operators, free voice calls among subscribers under the same corporate subscription account with the same operators, introduction of new discount programs to cut basic monthly charges by half upon commitment of long-term subscriptions;
- Introduction of new sales methods such as installment sales for handsets;
- Launching of new services such as providing mobile credit payment services, music downloading, video downloading, news casting, web-browsing filtering, location information services and high-speed data transmission;
- Equipping new handsets with various new functions including a TV tuner, radio tuner, music player, video player, contact-less IC (Integrated Circuit) chip capability, GPS (Global Positioning System), enlarged memory capability, compatibility with GSM network or security function; and
- Partnering with entities of different industries including retail, manufacturing and financial institutions.

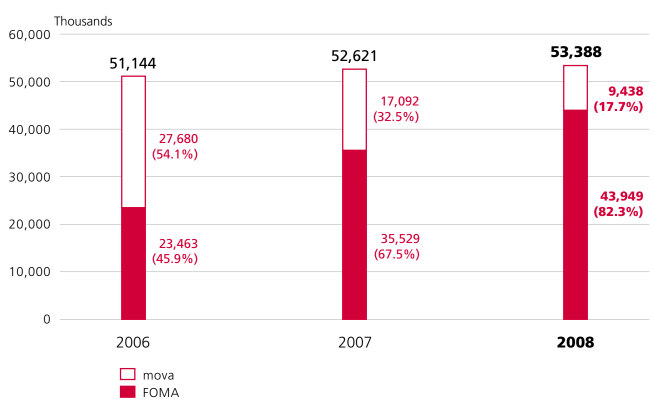
Recently, domestic deregulation of the industry has accelerated competition among cellular network operators, who have already implemented discounts in their service charges. Mobile Number Portability, which enables subscribers to switch subscriptions from one operator to another without changing their telephone number, was introduced in October 2006. In September 2007, the Mobile Business Study Group, which was appointed by the Ministry of Internal Affairs and Communications, concluded a report in which it proposed certain actions to be taken by regulatory authorities including (1) reformation on methods of cellular handset sales, (2) promotion of new MVNO entrants to the market and (3) development of the market environment to invigorate the mobile business. The implementation of these proposals by the regulatory authorities is expected to change revenue structures and business models of incumbent cellular network operators including us.

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 is applied to the mobile communications field, we expect that it will have a material impact on the current revenue structure of the 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 common contents or e-mail accounts 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. Digital terrestrial TV broadcasting dedicated to mobile terminals, which was launched in April 2006, has already been included in many cellular handsets 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 has been standardized by the Institute of Electrical and Electronic Engineers in the United States. In Japan, two network operators were licensed to operate a 2.5GHz wide-band wireless broadband system in December 2007 and have started preparing for future commercial service launches.

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.

Number of Cellular Subscriptions

Years ended March 31



Operating Strategies

We recognize that the cellular market in Japan has already entered into a phase of saturation as total cellular subscription exceeded 100 million in December 2007. In a phase of saturation, it is necessary to attract subscribers of competitors as it is difficult to rely on those who have not owned a cellular phone as a driving force of acquisition of new subscriptions. It is also indispensable to minimize the loss of subscriptions to competitors subsequent to intensified competition. As a market leader, we have put a top priority on the retention of our current subscriptions.

During a phase of market growth, it was a common practice for network operators including us to pay sales commissions, including handset sales incentives, to agent resellers and later recover such initial expenditures through future service charges collected from their subscribers. It was a business model where sales of handsets and of network services were vertically integrated. As the agent resellers applied the handset sales incentive to discount for handset sales, inexpensive discounted handsets contributed to the penetration of cellular subscription and growth of the market. Now that the market has entered into a phase of saturation, however, it has been often pointed out that such business model lacked transparency on the cost allocation of handset and network services, brought about unfairness on cost allocation among subscribers dependent on the duration of subscriptions and put downward pressure on the operating income of network operators.

In order to respond to such changes in the market environment, we abolished handset sales incentives and introduced new handset sales methods and discounted billing plans in November 2007. "Value Course" is a new handset sales method, where purchase of a handset not discounted by the handset sales incentive awards the subscriber with a subscription to a billing plan with discounted basic monthly charges called "Value Plan". Payment in installments is available for purchase of a handset in this "Value Course". If a subscriber chooses to make installment payments, under agreements entered into among the subscriber, the agent reseller and us, we provide financing by paying for the purchased handset to the agent resellers and include the installment charge for the purchased handset in the monthly bill for network usage for the installment payment term. Because equipment sales are recognized upon delivery of handsets to agent resellers, the advance payment for the purchased handset to agent resellers and the subsequent cash collection of the installment receivable for the purchased handset from subscribers do not have an impact on our equipment sales. While we introduced another handset sale method called "Basic Course", where a subscriber purchases a handset discounted by our direct subsidy and undiscounted billing plans are applied, we intend to put more emphasis on the promotion of "Value Course". "Value Course" and "Basic Course" are applied to handsets released after November 2007. In August and September 2007, we also introduced new discount programs called "Fami-wari MAX 50", "Hitoridemo Discount 50" and "Office Discount MAX 50", all of which discount basic monthly charges by half upon the commitment of a two-year subscription. We expect to realize the extension of subscriptions of current subscribers and a continued decline in our churn rate through these new handset sale methods and new discount programs. Please refer to "B. Liquidity and Capital Resources" for the impact of the introduction of "Value Course" on our financial position.

Operating Trends

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

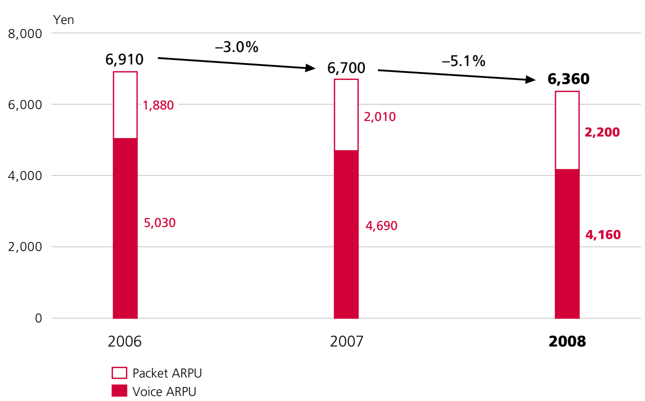
Revenues

Wireless Services

We earn our wireless services revenues primarily from basic monthly charges, calling 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, the second generation "mova" services and other services. FOMA's packet transmission technology allows our subscribers to transmit 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, 2008, the number of FOMA subscriptions reached 43.95 million or 82.3% of our total number of cellular subscriptions, the largest number of 3G subscriptions among cellular operators in Japan. Cellular services revenues include voice revenues and packet communications revenues. Voice revenues are derived from a combination of basic monthly charges for service and additional calling charges depending on connection time. Our packet communications revenues, which are currently dominated by i-mode revenues, accounted for a greater portion of our wireless services revenues for the year ended March 31, 2008, representing 33.0% of wireless services revenues, as compared to 28.8% and 26.1% for the years ended March 31, 2007 and 2006, respectively. As a result of the continued migration of mova subscribers to FOMA services, the portion of FOMA packet communications revenues increased to 91.3% of the total packet communications revenues for the year ended March 31, 2008 from 78.2% and 54.8% for the years ended March 31, 2007 and 2006, respectively.

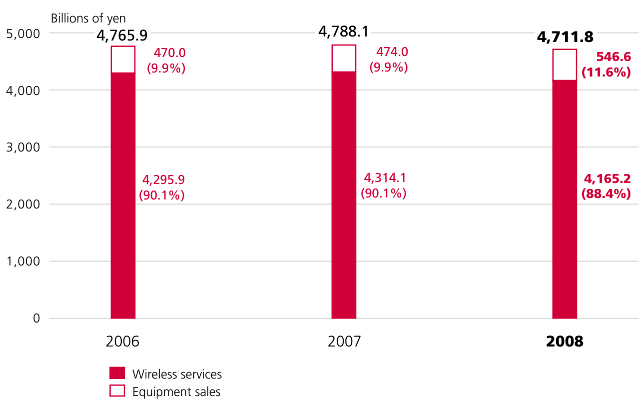
Aggregate ARPU (FOMA+mova)

Years ended March 31



Operating Revenues

Years ended March 31



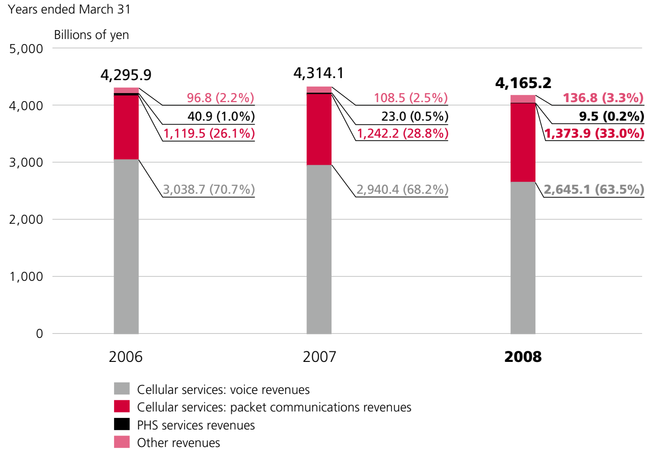
Our top operational priorities include maintaining our current subscribers and the level of our average monthly revenue per unit ("ARPU") despite the increasingly competitive market environment in which we are operating, including the introduction of Mobile Number Portability. Our cellular services revenues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

Our number of subscriptions continues to grow while the growth rate of subscriptions has declined. Our subscription churn rate, or contract termination rate, is an important performance indicator for us to achieve retention of our current subscriptions. 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, 2008, we introduced the previously mentioned "Value Course", new discount programs such as "Fami-wari MAX 50", "Hitoridemo Discount 50" and "Office Discount MAX 50", expanded HSDPA (High-Speed Downlink Packet Access) data transmission service areas, released attractive FOMA handsets and expanded FOMA service area coverage. For the year ended March 31, 2008, 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, calling 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 gradual increase in the discount rate of basic monthly charges according to an increase in the number of years of subscriptions under long-term subscription discount and a decrease in MOU (Minutes of usage, which is the average communication time per month per subscription). The shrinking trend of ARPU also resulted from an increase in the number of subscribers who subscribe to discount programs newly introduced for the retention of subscriptions. In order to boost ARPU, we have been actively involved in the promotion of "Pake-hodai", our optional packet flat-rate service for unlimited i-mode usage and "i-channel", a convenient and easy-to-use information push-delivery optional service. 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 downloading of music or video-clip. We achieved a slight increase in the cellular services revenues from the prior fiscal year owing to a slower decline in ARPU for the year ended March 31, 2006. For the year ended March 31, 2007, although the decline in ARPU continued, growth in the number of subscriptions, combined with our recognition as revenue of the portion of "Nikagetsu Kurikoshi" (2 month carry-over) allowance that is projected to expire, resulted in an increase in cellular services revenues. Cellular services revenues declined again during the year ended March 31, 2008 due to the penetration of discount programs newly introduced for subscriber retention purposes. 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 the continued penetration of new discount programs, and thus cellular services revenues will consequently decline for the year ending March 31, 2009. We intend to achieve sustainable growth by increasing revenues from non-traffic business while we maintain the current level of revenues through marketing activities with more focus on brand loyalty in the cellular business.

Revenues from Wireless Services

Years ended March 31



Equipment Sales

We collaborate with handset manufacturers to develop handsets compatible with our cellular services, purchase the handsets from those handset manufacturers and then sell those handsets to our subscribers through agent resellers. 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.

Revenues from equipment sales, primarily sales of handsets and other telecommunications equipment to agent resellers, accounted for 11.6% of total operating revenues for the year ended March 31, 2008. We adopted Emerging Issues Task Force ("EITF") Issue No. 01-9, "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 incentives, as a reduction in equipment sales revenues and selling, general and administrative expenses. As a result, structurally, the cost of equipment sold has exceeded equipment sales revenues, and thus the sale of an extra handset has had a negative impact on our operating income. During the year ended March 31, 2008, as both the number of handsets sold to agent resellers and revenues per handset declined, equipment sales before the deduction of sales commissions to agent resellers decreased. However, due to a decrease in handset sales incentives to be deducted from gross equipment sales subsequent to the introduction of "Value Course", equipment sales after the deduction of sales commissions to agent resellers increased. We expect that, for the year ending March 31, 2009, a combination of an increase in the number of handsets sold to agent resellers and a continued decrease in handset sales incentives subsequent to the introduction of "Value Course" will result in a significant increase in the equipment sales. The number of handsets sold to agent resellers is expected to increase in response to diversified demand from subscribers. Because the trend of handset sales is closely interrelated with the cost of handsets sold, you should also refer hereafter to the "Cost of Equipment Sold" section 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 diversification of revenue sources. The most significant is 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. We launched a credit card brand called "iD" for card issuers in December 2005 and "DCMX" credit issuing services via the "iD" platform in April 2006. For the year ended March 31, 2008, 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 DCMX subscriptions reached 5.64 million while the number of "iD" compatible reader/writers installed reached 300,000 as of March 31, 2008.

We also collaborated with Google, Inc. to upgrade portal functions of i-mode so that a cellular phone will become a powerful advertisement medium.

Although contribution from the credit service business and advertisement business to our results of operations have not yet become material, we will continue to be engaged in accelerating the development of these businesses.

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 20.8% of our total operating expenses for the year ended March 31, 2008. Communication network charges, which we pay for the usage of other operators' networks or for access charges, occupy the largest part of cost of services, accounting for 42.5% 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 for the year ended March 31, 2008 as well due mainly 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 for the year ending March 31, 2009.

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 to agent resellers and the purchase price per handset. Cost of equipment sold represented 29.5% of our operating expenses for the year ended March 31, 2008. Although the purchase price per handset has increased in recent years due to the increase in sales of more sophisticated FOMA handsets in the migration of mova subscribers to FOMA services, the purchase price per handset decreased for the year ended March 31, 2008. The decline in the purchase price per handset was due to a decrease in the number of "FOMA 9 series" handsets sold, which are equipped with most advanced functions, and an increase in the number of less expensive "FOMA 7 series" handsets sold, which feature a sophisticated balance between unique designs and functionalities. The total number of handsets sold decreased slightly because an increase in the number of FOMA handsets sold was more than offset by a decrease in the number of mova handsets sold as a result of the continued migration of subscribers from mova services to FOMA services. As a result, cost of equipment sold decreased from the prior fiscal year. For the year ending March 31, 2009, we expect that the level of the purchase price per handset will be the same while a decrease in the number of mova handsets sold will be more than offset by an increase in the number of FOMA handsets sold. As a result, we expect that cost of equipment sold will increase for the year ending March 31, 2009.

We have taken some measures to control the cost of equipment sold. We have saved on FOMA handset development cost by introducing a single-chip LSI and common platforms for the handset operating system. We will provide packaged software dedicated to our handsets to handset manufacturers to facilitate development of FOMA handsets as well. We also aim to procure at lower costs FOMA models such as the "FOMA 7 series", which would match the purpose and usage volume of various subscribers, and to increase sales of such FOMA models. We are also engaged in a campaign to slow down the handset upgrading cycle by introducing "Value Course" or 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. Finally, we are planning to centralize our inventory management to optimize the level of equipment inventories subsequent to our merger with our regional subsidiaries.

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 19.9% of our operating expenses for the year ended March 31, 2008. In order to respond attentively to demand from our subscribers, we actively invested in the FOMA services network during the year ended March 31, 2008. Our investments in the FOMA network included:

- further enhancement of FOMA network quality;
- buildup of FOMA network capacity in response to an increase in data traffic following the penetration of our packet flat-rate service for unlimited i-mode usage; and
- further expansion of HSDPA service coverage.

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, 2008 increased from the prior fiscal year. As we have been involved with cost saving efforts such as economized procurement, design and installment of low-cost devices and improvements in construction processes, depreciation and amortization are expected to decrease for the year ending March 31, 2009. As for our capital expenditures, please refer to "Capital Expenditures" in this section.

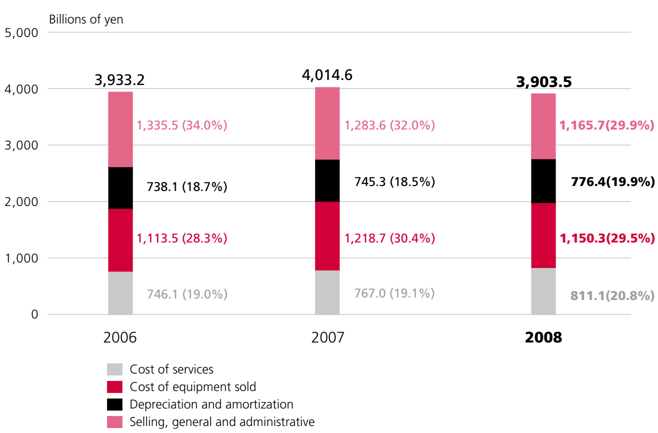
Selling, General and Administrative Expenses

Selling, general and administrative expenses represented 29.9% of our total operating expenses for the year ended March 31, 2008. 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 was sales commissions paid to agent resellers. The main components of the sales commissions 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 provide subsidies directly to our subscribers in the form of a discount to the handset price to be purchased subject to competition in the market. As already discussed in the "Operating Strategies" section, we abolished handset sales incentives, which were paid to agent resellers depending on the type of handset a subscriber purchased. Sales commissions differ from region to region due to such factors as the competitive and economic environments in the various regions.

We applied EITF 01-9 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 introduction of "Value Course", sales commissions, both before and after the deduction of certain sales commissions to agent resellers, decreased for the year ended March 31, 2008 compared with the prior fiscal year. For the year ending March 31, 2009, we expect that the gross and net amount of sales commissions will continue to decrease due to the further penetration of "Value Course."

Operating Expenses

Years ended March 31



Operating Income

For the year ended March 31, 2008, a decrease in wireless services revenues, due mainly to penetration of newly introduced discount programs, exceeded an increase in equipment sales, which resulted in a decrease in operating revenues. On the other hand, a decrease in operating expenses due to a decrease in sales commissions subsequent to the introduction of "Value Course" exceeded the decrease in operating revenues. As a result, operating income increased. The factors contributing to the increase in operating income are summarized as follows:

- cellular services revenues decreased due to a gradual increase in the discount rate of basic monthly charges according to an increase in the number of years of subscriptions under long-term subscription discount, penetration of discount programs newly introduced for subscriber retention purposes and a decrease in MOU in addition to the adverse impact of changes in estimates during the prior year regarding initially recognizing as revenues the portion of "Nikagetsu Kurikoshi (2 month carry-over)" allowances that are estimated to expire;
- a decrease in both the number of handsets sold to agent resellers and revenues per handset was more than offset by a decrease in sales commissions to be deducted from gross equipment sales. As a result, net equipment sales increased from the prior fiscal year. However, operating revenues still decreased as the increase in net equipment sales was not sufficient to cover the decrease in cellular services revenues; and
- a combination of a decrease in sales commissions subsequent to the introduction of "Value Course" and a decrease in cost of equipment sold due to a decline in the purchase price per handset and in the number of handsets sold contributed to a decrease in operating expenses, which more than offset the decrease in operating revenues and resulted in an increase in operating income.

The market environment has become increasingly competitive after the introduction of Mobile Number Portability. Under our renewed corporate brand, we will be engaged in the promotion of new business models such as "Value Course" and the provision of various services as a life-style infrastructure through marketing activities with a focus on brand loyalty. We expect both operating revenues and operating income to increase for the year ending March 31, 2009 for the following reasons:

- we expect cellular services revenues to decrease because a decline in ARPU caused by penetration of "Value Plan", for which the basic monthly charge is discounted, penetration of discount programs newly introduced for subscriber retention purposes and negative impact of the provision of free domestic voice calls among subscribers registered in the same "Fami-wari MAX 50" account will more than offset the positive effect of our acquisition of new subscriptions;
- we expect that an increase in the number of handsets sold to agent resellers and a continued decrease in sales commissions subsequent to the introduction of "Value Course" will contribute to an increase in equipment sales, which will more than offset the decrease in cellular services revenues and result in an increase in operating revenues; and
- we expect that a continued decrease in sales commissions will be offset by an increase in expenses related to retention of current subscribers, resulting in a slight increase in operating expenses. We expect the net of the increases in operating revenues and operating expenses to be an increase in operating income.

As a life-style infrastructure, we seek to diversify revenue sources in three business domains as follows:

- promotion of optional flat rate-billing plans or flat-rate value added services including "Pake-hodai", an optional packet flat-rate service for unlimited i-mode usage, "i-channel", a convenient and easy-to-use information push-delivery service and "Music & Video Channel", a music and video downloading service;
- accelerated development of non-traffic businesses including the acquisition of DCMX subscriptions and promotion of credit usage; and
- promotion of usage of international calls and international roaming services, and growth through investment and partnership in Asia-Pacific regions.

We seek to reduce costs by:

- reduction of sales commissions through further penetration of "Value Course";
- saving on the development cost of FOMA handsets through provision of packaged software dedicated to our handsets to handset manufacturers; and
- administrative optimization and efficient inventory management through the merger with our regional subsidiaries.

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. In accordance with U.S. GAAP, the investment is accounted for under the equity method and recognized under "Investments in affiliates" in our consolidated balance sheets when our equity in the investee's issued and outstanding capital is between 20% and 50% or we are able to exercise significant influence over the investee. In accordance with equity method accounting, we include equity in net income or losses of affiliates in our consolidated income. Where our equity in the investee's issued and outstanding capital is less than 20%, we include the investment as "Marketable securities and other investments" in 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 the past, 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 relevant years. It is possible that we could experience similar impairments with respect to our investments in affiliates and marketable securities and other investments again in the future. Please refer to "—Critical Accounting Policies—Impairment of investments". We may also experience material gains or losses on the sale of our investments. As of March 31, 2008, the total carrying value of our investments in affiliates was ¥349.5 billion, while the total carrying value for investments in marketable equity securities and equity securities accounted for under the cost method was ¥187.3 billion.

Operating Results for the Year Ended March 31, 2008

The following discussion includes analysis of our operating results for the year ended March 31, 2008. The tables below describe selected operating data and income statement data:

Key Performance Indicators

	Years ended March 31			
	2007	**2008**	Increase (Decrease)	Change (%)
Cellular				
Subscriptions (thousands)	52,621	53,388	767	1.5%
FOMA services (thousands)	35,529	43,949	8,420	23.7%
mova services (thousands)	17,092	9,438	(7,653)	(44.8)%
i-mode services (thousands)	47,574	47,993	419	0.9%
Market Share (%) [1,2]	54.4	52.0	(2.4)	—
Aggregate ARPU (FOMA+mova) (yen/month/contract) [3]	6,700	6,360	(340)	(5.1)%
Voice ARPU (yen/month/contract) [4]	4,690	4,160	(530)	(11.3)%
Packet ARPU (yen/month/contract)	2,010	2,200	190	9.5%
MOU (FOMA+mova) (minutes/month/contract) [3,5]	144	138	(6)	(4.2)%
Churn Rate (%) [2]	0.78	0.80	0.02	—

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			
	2007	2008	Increase (Decrease)	Change (%)
Operating revenues:				
Wireless services	¥4,314,140	¥4,165,234	¥(148,906)	(3.5)%
Cellular services revenues	4,182,609	4,018,988	(163,621)	(3.9)%
–Voice revenues [6]	2,940,364	2,645,096	(295,268)	(10.0)%
Including: FOMA services	1,793,037	2,084,263	291,226	16.2%
–Packet communications revenues	1,242,245	1,373,892	131,647	10.6%
Including: FOMA services	971,946	1,254,648	282,702	29.1%
PHS services revenues	23,002	9,472	(13,530)	(58.8)%
Other revenues	108,529	136,774	28,245	26.0%
Equipment sales	473,953	546,593	72,640	15.3%
Total operating revenues	4,788,093	4,711,827	(76,266)	(1.6)%
Operating expenses				
Cost of services	766,960	811,133	44,173	5.8%
Cost of equipment sold	1,218,694	1,150,261	(68,433)	(5.6)%
Depreciation and amortization	745,338	776,425	31,087	4.2%
Selling, general and administrative	1,283,577	1,165,696	(117,881)	(9.2)%
Total operating expense	4,014,569	3,903,515	(111,054)	(2.8)%
Operating income	773,524	808,312	34,788	4.5%
Other income (expense)	(581)	(7,624)	(7,043)	—
Income before income taxes, equity in net income (losses) of affiliates and minority interests:	772,943	800,688	27,745	3.6%
Income taxes	313,679	322,955	9,276	3.0%
Income before equity in net income (losses) of affiliates and minority interests:	459,264	477,733	18,469	4.0%
Equity in net income (losses) of affiliates (net of applicable taxes)	(1,941)	13,553	15,494	—
Minority interests	(45)	(84)	(39)	(86.7)%
Net income	¥ 457,278	¥ 491,202	¥ 33,924	7.4%

6 Inclusive of circuit switched data communications.

Analysis of Operating Results for the Year Ended March 31, 2008 and Comparison with the Prior Fiscal Year

As of March 31, 2008, the number of our cellular (FOMA+mova) subscriptions reached 53.39 million and increased by 0.77 million (1.5%) from 52.62 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 8.42 million (23.7%) to 43.95 million as of March 31, 2008 from 35.53 million at the end of the prior fiscal year. The ratio of FOMA subscriptions to the total cellular subscriptions reached 82.3% as of March 31, 2008. On the other hand, the number of mova subscriptions, which has decreased since the year ended March 31, 2004, decreased by 7.65 million (44.8%) to 9.44 million as of March 31, 2008 from 17.09 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 2.4 point to 52.0% as of March 31, 2008 from 54.4% as of the end of the prior fiscal year. The number of i-mode subscriptions increased by 0.42 million (0.9%) to 47.99 million as of March 31, 2008 from 47.57 million at the end of the prior fiscal year.

Aggregate ARPU of cellular (FOMA+mova) service decreased by ¥340 (5.1%) to ¥6,360 for the year ended March 31, 2008 from ¥6,700 in the prior fiscal year. Voice ARPU decreased by ¥530 (11.3%) to ¥ 4,160 for the year ended March 31, 2008 from ¥4,690 in the prior fiscal year. This decrease in voice ARPU was due to a gradual increase in the discount rate of basic monthly charges according to an increase in the number of years of subscriptions under long-term subscription discount, a decrease in MOU and an increase in the number of subscribers who subscribe to discount programs newly introduced for the retention of subscriptions. Packet ARPU increased by ¥190 (9.5%) to ¥2,200 for the year ended March 31, 2008 from ¥2,010 in the prior fiscal year. This increase in packet ARPU was due to penetration of services such as "i-channel", which promote i-mode usage and of an optional packet flat-rate service for unlimited i-mode usage. The MOU (FOMA+mova) decreased by 6 minutes (4.2%) to 138 minutes from 144 minutes in the prior fiscal year.

Our churn rate for cellular subscriptions was 0.80% and 0.78% for the years ended March 31, 2008 and 2007, respectively. The churn rate increased by 0.02 point due to Mobile Number Portability. Although the churn rate for the six months ended September 30, 2007 rose to 0.90%, the introduction of new discount programs including "Fami-wari MAX 50", "Hitoridemo Discount 50" and "Office Discount MAX 50" in August and September 2007 and of "Value Course" in November 2007 helped lower the churn rate to 0.71% for the six months ended March 31, 2008. We believe that, due to various factors, such as the implementation of competitive billing arrangements, customer confidence in our network and services and the introduction of new services, our churn rate was lower than that of other operators. However, no assurance can be given that our churn rate will decline or remain low.

During the year ended March 31, 2008, we implemented various measures with focus on benefit for our subscribers, such as the introduction of "Value Course" and "Value Plan", new discount programs such as "Fami-wari MAX 50", "Hitoridemo Discount 50" and "Office Discount MAX 50", expansion of HSDPA services areas, releases of attractive FOMA handsets and the expansion of FOMA coverage areas, both indoors and outdoors.

Operating revenues decreased by ¥76.3 billion (1.6%) to ¥4,711.8 billion for the year ended March 31, 2008 from ¥4,788.1 billion in the prior fiscal year. Wireless services revenues decreased by ¥148.9 billion (3.5%) to ¥4,165.2 billion from ¥4,314.1 billion in the prior fiscal year. As a result, wireless services accounted for 88.4% of operating revenues for the year ended March 31, 2008, decreasing from 90.1% in the prior fiscal year. The decrease in wireless services revenues resulted from a decrease in cellular services revenues, especially voice revenues, and in PHS services revenues due to our termination of PHS services in January 2008. The decrease in cellular services revenues was a net of a decrease in voice revenues by ¥295.3 billion (10.0%) to ¥2,645.1 billion from ¥2,940.4 billion in the prior fiscal year, and an increase in packet communications revenues by ¥131.6 billion (10.6%) to ¥1,373.9 billion from ¥1,242.2 billion in the prior fiscal year. The factors for the decrease in cellular services revenues and the increase in packet communications revenues were already discussed in the analysis of changes in ARPU. The decrease in cellular services revenues was due partially to the adverse impact of changes in estimates during the prior fiscal year regarding initially recognizing as revenues the portion of "Nikagetsu Kurikoshi (2 month carry-over)" allowances that are estimated to expire. Voice revenues from FOMA services increased by ¥291.2 billion (16.2%) to ¥2,084.3 billion from ¥1,793.0 billion in the prior fiscal year and packet communications revenues also increased by ¥282.7 billion (29.1%) to ¥1,254.6 billion from ¥971.9 billion in the prior fiscal year. The revenues from PHS services decreased by ¥13.5 billion (58.8 %) to ¥9.5 billion from ¥23.0 billion in the prior fiscal year and represented 0.2% of total wireless services revenues. Equipment sales increased by ¥72.6 billion (15.3%) to ¥546.6 billion for the year ended March 31, 2008 from ¥474.0 billion in the prior fiscal year because of a decrease in sales commissions to be deducted from gross equipment sales due to the introduction of "Value Course".

Operating expenses decreased by ¥111.1 billion (2.8%) to ¥3,903.5 billion for the year ended March 31, 2008 from ¥4,014.6 billion in the prior fiscal year. This decrease resulted mainly from a decrease in selling, general and administrative expenses, by ¥117.9 billion (9.2%) to ¥1,165.7 billion for the year ended March 31, 2008 from ¥1,283.6 billion for the prior fiscal year, due to the decrease in sales commissions subsequent to the introduction of "Value Course". As the NTT Corporate Defined Benefit Pension Plan ("NTT CDBP") transferred its substitutional obligation and related plan assets of the National Welfare Pension Plan to the government in February 2008, the aggregate amount of ¥24.7 billion was recognized as a decrease in operating expenses. Cost of services increased by ¥44.2 billion (5.8%) to ¥811.1 billion for the year ended March 31, 2008 from ¥767.0 billion in the prior fiscal year due to an increased number of FOMA base stations installed. Depreciation and amortization increased by ¥31.1 billion (4.2%) to ¥776.4 billion for the year ended March 31, 2008 from ¥745.3 billion in the prior fiscal year, reflecting intensive capital expenditures on the FOMA network in prior fiscal years.

The operating income margin improved to 17.2% for the year ended March 31, 2008 from 16.2% for the prior fiscal year. The decrease in cost of equipment sold due to the decrease in the number of handsets sold and the decrease in selling, general and administrative expenses contributed to this improvement.

As a result of the foregoing, our operating income increased by ¥34.8 billion (4.5%) to ¥808.3 billion for the year ended March 31, 2008 from ¥773.5 billion for 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 ¥7.6 billion as other expenses for the year ended March 31, 2008. Other expenses increased by ¥7.0 billion from ¥0.6 billion for the year ended March 31, 2007.

Income before income taxes, equity in net income of affiliates and minority interests increased by ¥27.7 billion (3.6%) to ¥800.7 billion for the year ended March 31, 2008 from ¥772.9 billion for the prior fiscal year.

Income taxes were ¥323.0 billion for the year ended March 31, 2008 and ¥313.7 billion in the prior fiscal year, representing effective tax rates of approximately 40.3% and 40.6%, respectively. We are subject to income taxes imposed by various taxing authorities 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 years ended March 31, 2008 and 2007. 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 could deduct a certain amount of investments in IT systems for two years effective April 1, 2006 ("IT infrastructure tax incentive"). The difference between our effective tax rate and statutory tax rate for the year ended March 31, 2008 and 2007 arose primarily from such special tax allowances.

Equity in net income of affiliates (net of applicable taxes) was ¥13.6 billion for the year ended March 31, 2008 compared to net losses of ¥1.9 billion for the prior fiscal year, due to the application of the equity method to our investment in Philippine Long Distance Telephone Company, a telecommunications operator in the Philippines.

As a result of the foregoing, we recorded net income of ¥491.2 billion for the year ended March 31, 2008, an increase of ¥33.9 billion (7.4%) from ¥457.3 billion for the prior fiscal year.

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 services revenues	4,158,134	4,182,609	24,475	0.6%
–Voice revenues [1]	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	738,137	745,338	7,201	1.0%
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) [2]	119,664	(581)	(120,245)	—
Income before income taxes, equity in net losses of affiliates and minority interests:	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:	610,921	459,264	(151,657)	(24.8)%
Equity in net losses of affiliates (net of applicable taxes)	(364)	(1,941)	(1,577)	(433.2)%
Minority interests	(76)	(45)	31	40.8%
Net Income	¥ 610,481	¥ 457,278	¥(153,203)	(25.1)%

1 Inclusive of circuit switched data communications.
2 Inclusive of an aggregate gain on sales of Hutchison 3G UK Holdings Limited ("H3G UK") and KPN Mobile N.V. ("KPN Mobile") shares of ¥101,992 million for 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. 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. 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 (3.0%) to ¥6,700 for the year ended March 31, 2007 from ¥6,910 in the prior fiscal year. While voice ARPU decreased by ¥340 (6.8%) to ¥4,690 for the year ended March 31, 2007 from ¥5,030 in the prior fiscal year, packet ARPU increased by ¥130 (6.9%) to ¥2,010 for the year ended March 31, 2007 from ¥1,880 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 the number of subscribers who subscribe to discount programs and the increase in the number of FOMA billing plans that can be combined with our packet flat-rate service for unlimited i-mode usage. The MOU (FOMA+mova) decreased by 5 minutes (3.4%) to 144 minutes from 149 minutes in the prior fiscal year.

Our churn rate for cellular subscriptions was 0.78% and 0.77% for the years ended March 31, 2007 and 2006, respectively. The churn rate increased by 0.01 point due to the introduction of Mobile Number Portability. The churn rate after the introduction of 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 Mobile Number Portability over the number of subscribers who switched to us had an adverse impact on our net additional subscriptions, we evaluated the overall impact of Mobile Number Portability on our results of operations and financial position as limited during the year ended March 31, 2007.

For 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 handsets and the expansion of FOMA coverage areas, 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.

Operating revenues increased by ¥22.2 billion (0.5%) to ¥4,788.1 billion for the year ended March 31, 2007 from ¥4,765.9 billion in the prior fiscal year. Wireless services revenues increased by ¥18.3 billion (0.4%) to ¥4,314.1 billion from ¥4,295.9 billion in the prior fiscal year. As a result, wireless services accounted for 90.1% of operating revenues for 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 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" (2 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 (3.2%) to ¥2,940.4 billion from ¥3,038.7 billion in the prior fiscal year, and an increase in packet communications revenues, by ¥122.8 billion (11.0%) to ¥1,242.2 billion from ¥1,119.5 billion 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 packet flat-rate service 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 (53.3%) to ¥1,793.0 billion from ¥1,169.9 billion in the prior fiscal year and packet communications revenues also increased by ¥358.6 billion (58.5%) to ¥971.9 billion from ¥613.3 billion in the prior fiscal year. PHS services revenues decreased by ¥17.9 billion (43.8 %) to ¥23.0 billion from ¥40.9 billion in the prior fiscal year and represented 0.5% of total wireless services revenues. Equipment sales increased by ¥3.9 billion (0.8%) to ¥474.0 billion for the year ended March 31, 2007 from ¥470.0 billion in the prior fiscal year because of the increase in the number of handsets sold after the introduction of Mobile Number Portability.

Operating expenses increased by ¥81.3 billion (2.1%) to ¥4,014.6 billion for the year ended March 31, 2007 from ¥3,933.2 billion in the prior fiscal year. This increase resulted mainly from an increase in cost of equipment sold, by ¥105.2 billion (9.5%) to ¥1,218.7 billion for the year ended March 31, 2007 from ¥1,113.5 billion for the prior fiscal year, due to the increase in the number of handsets sold after the introduction of Mobile Number Portability. Cost of services increased by ¥20.9 billion (2.8%) to ¥767.0 billion for the year ended March 31, 2007 from ¥746.1 billion in the prior fiscal year due to an increased number of FOMA base stations installed. Depreciation and amortization increased by ¥7.2 billion (1.0%) to ¥745.3 billion for the year ended March 31, 2007 from ¥738.1 billion in the prior fiscal year, reflecting active capital expenditures on the FOMA network in recent years.

The operating income margin decreased to 16.2% for the year ended March 31, 2007 from 17.5% in the prior fiscal year. The lower operating margin resulted mainly from the increase in cost of equipment sold after the introduction of Mobile Number Portability.

As a result of the foregoing, our operating income decreased by ¥59.1 billion (7.1%) to ¥773.5 billion for the year ended March 31, 2007 from ¥832.6 billion 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 as other expense for the year ended March 31, 2007. Due to an adverse impact of the aggregate gains of ¥102.0 billion 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 from other income of ¥119.7 billion for the year ended March 31, 2006.

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

Income taxes were ¥313.7 billion for the year ended March 31, 2007 and ¥341.4 billion in the prior fiscal year, representing effective tax rates of approximately 40.6% and 35.9%, respectively. The statutory tax rate was approximately 40.9% for the years ended March 31, 2007 and 2006. In addition to the R&D investment tax incentive, the Japanese government introduced an arrangement where we could 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") as well as the IT infrastructure tax incentive. The difference between our effective tax rate and statutory tax rate for the year ended March 31, 2006 arose primarily from such special tax allowances. For 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 (net of applicable taxes) increased to ¥1.9 billion for the year ended March 31, 2007 from ¥0.4 billion for the prior fiscal year.

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

Segment Information

General

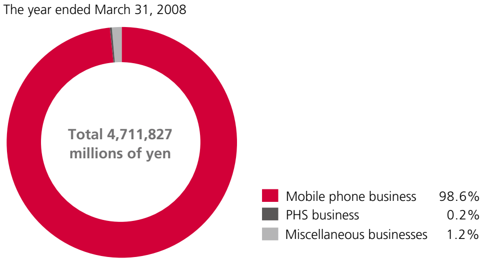
Our business consists of three reportable segments: mobile phone business, PHS business and miscellaneous businesses. Our management monitors and evaluates the performance of our segments based on the information that follows, as derived from our management reports.

Our mobile phone business segment includes:

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

Operating Revenues by Segment

The year ended March 31, 2008



Our PHS business segment includes PHS service and the related equipment sales. Our miscellaneous businesses segment includes credit services, public wireless LAN services and other miscellaneous services, the aggregate revenues or assets of which are not significant in amount.

Mobile Phone Business Segment

For the year ended March 31, 2008, operating revenues from our mobile phone business segment decreased by ¥71.7 billion (1.5 %) to ¥4,647.1 billion from ¥4,718.9 billion in the prior fiscal year. Cellular services revenues, which are revenues from voice and packet communications of mobile phone services, decreased by ¥163.6 billion (3.9%) to ¥4,019.0 billion from ¥4,182.6 billion in the prior fiscal year. Equipment sales revenues increased for the year ended March 31, 2008 from the prior fiscal year as the sales commissions to be deducted from gross equipment sales decreased due to the introduction of "Value Course". Revenues from our mobile phone business segment represented 98.6% and 98.5% of total operating revenues for the years ended March 31, 2008 and 2007, respectively. Operating expenses in our mobile phone business segment decreased by ¥126.3 billion (3.2%) to ¥3,788.9 billion from ¥3,915.2 billion in the prior fiscal year. As a result, operating income from our mobile phone business segment increased by ¥54.5 billion (6.8%) to ¥858.2 billion from ¥803.7 billion in the prior fiscal year. Analysis of the changes in revenues and expenses of our mobile phone business segment is also presented in "Operating Strategies", "Operating Trends" and "Operating Results for the year ended March 31, 2008", which were discussed above.

PHS Business Segment

Considering the outlook for our PHS business, we terminated the PHS services effective January 7, 2008. We were engaged in a campaign to encourage PHS subscribers to migrate to FOMA services until the termination of the services. Operating revenues in the PHS business segment decreased by ¥13.5 billion (57.5%) to ¥10.0 billion for the year ended March 31, 2008 from ¥23.4 billion in the prior fiscal year. Revenues from our PHS business segment represented 0.2% and 0.5% of total operating revenues for the years ended March 31, 2008 and 2007, respectively. Operating expenses in the PHS business segment increased by ¥1.1 billion (2.8%) to ¥39.9 billion from ¥38.8 billion in the prior fiscal year. As a result, operating loss in the PHS business segment for the year ended March 31, 2008 increased to ¥30.0 billion from ¥15.4 billion in the prior fiscal year.

Miscellaneous Businesses Segment

Operating revenues from our miscellaneous businesses increased by ¥9.0 billion (19.6%) to ¥54.7 billion for the year ended March 31, 2008, which represented 1.2% of total operating revenues, from ¥45.8 billion 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 high-speed internet connection services for hotel facilities. Operating expenses from our miscellaneous businesses increased by ¥14.1 billion (23.3%) to ¥74.7 billion from ¥60.6 billion in the prior fiscal year. The increase was mainly due to an increase in expenses related to our credit services. As a result, operating loss from our miscellaneous businesses worsened to ¥19.9 billion from ¥14.8 billion in the prior fiscal year.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued FASB Statement of Financial Accounting Standards ("SFAS") No. 141 (revised 2007) "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R requires an acquirer in a business combination to generally recognize and measure all the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values as of acquisition date. SFAS No. 141R also requires the acquirer to recognize and measure as goodwill the excess of consideration transferred plus the fair value of any noncontrolling interest in the acquiree at acquisition date over the fair value of the identifiable net assets acquired. The excess of the fair value of the identifiable net assets acquired over consideration transferred plus the fair value of any noncontrolling interest in the acquiree at acquisition date is required to be recognized and measured as a gain from a bargain purchase. SFAS No. 141R is effective for business combination transactions for which the acquisition date is on or after the fiscal years beginning on or after December 15, 2008. The impact of the adoption of SFAS No. 141R will depend on future business combination transactions.

In December 2007, the FASB issued SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB (Accounting Research Bulletin) No. 51". SFAS No. 160 requires that the noncontrolling interest held by parties other than the parent be clearly identified, labeled and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. SFAS No. 160 also requires changes in parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted as equity transactions. SFAS No. 160 is effective for fiscal years and interim periods within those fiscal years beginning on or after December 15, 2008. We currently expect that the impact of the adoption of SFAS No. 160 on our result of operations and financial position will be immaterial.

In March 2008, the FASB issued SFAS No. 161 "Disclosures about Derivative Instruments and Hedging Activities – an amendment of SFAS No. 133." SFAS No. 161 requires entities with derivative instruments to disclose information that should enable financial statement users to understand how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. We are currently evaluating the impact of adoption of SFAS No. 161 on our results of operations and financial position.

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 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 business, our internal-use software and our other intangible assets are recorded in our financial statements at acquisition or development cost and 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 for the years ended March 31, 2008, 2007 and 2006 were ¥776.4 billion, ¥745.3 billion and ¥738.1 billion, respectively. We determine the useful lives of our assets at the time the assets are acquired and base our determinations on expected usage, 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 from 8 to 16 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 usage 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 competitive technologies and services;
- significant underperformance of expected or historical cash flows;
- significant or continuing decline in subscriptions;
- changes in the manner of usage 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 carrying value of the assets exceeds the sum of the expected undiscounted future net cash flows, 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.

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 ¥349.5 billion, while the total carrying value for investments in marketable equity securities and equity securities accounted for under the cost method was ¥187.3 billion as of March 31, 2008. 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 continued 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 results of operations and financial position of the investee, changes in technology, capital expenditures, market growth and share, discount factors and terminal values.

In the event we determine as a result of such evaluations that there are other than temporary declines in value of investment below its carrying value, we record an impairment charge. Such write-down to fair value establishes a new cost basis in the carrying amount of the investment. The impairment charge of investment in affiliates is included in "Equity in losses of affiliates" while the impairment charge of marketable securities or equity securities under the cost method is reflected in "Other income (expense)" in our consolidated statements of income and comprehensive income. During the year ended March 31, 2006, we determined that there was no other than temporary declines in the values of our investee affiliates. For the year ended March 31, 2008 and 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. For the years ended March 31, 2008, 2007 and 2006, 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 under 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 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 based on 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.

Pension Liabilities

We sponsor a non-contributory defined benefit pension plan which covers almost all of our employees. We also participate in the NTT CDBP, a contributory defined benefit welfare pension plan sponsored by NTT group.

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 rate 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 applied in determination of the projected benefit obligations as of March 31, 2008 and 2007, and expected long-term rates of return on plan assets for the years ended March 31, 2008 and 2007 were as follows:

	Years ended March 31	
	2007	**2008**
Non-contributory defined benefit pension plan		
Discount rate	2.2%	2.3%
Expected long-term rate of return on plan assets	2.5%	2.5%
Actual return on plan assets	Approximately 3%	Approximately (9)%
NTT CDBP		
Discount rate	2.2%	2.3%
Expected long-term rate of return on plan assets	2.5%	2.5%
Actual return on plan assets	Approximately 3%	Approximately (5)%

The amount of projected benefit obligations of our non-contributory defined benefit pension plan as of March 31, 2008 and 2007 was ¥182.2 billion and ¥183.0 billion, respectively. The amount of projected benefit obligations of the NTT CDBP as of March 31, 2008 and 2007, based on actuarial computations which covered only DOCOMO employees' participation, was ¥78.3 billion and ¥131.4 billion, respectively. The amount is subject to a substantial change due to differences in actual performance or changes in assumptions. In conjunction with the differences between estimates and the actual benefit obligations, net losses in excess of 10% of the greater of the projected benefit obligation or the fair value of plan assets are amortized from "Accumulated other comprehensive income" 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 CDBP as of March 31, 2008 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	(11.6) / 12.5	0.3 / (0.2)	7.0 / (7.5)
0.5% increase/decrease in expected long-term rate of return on plan assets	—	(0.4) / 0.4	—
NTT CDBP			
0.5% increase/decrease in discount rate	(8.6) / 9.7	0.3 / (0.3)	5.3 / (5.9)
0.5% increase/decrease in expected long-term rate of return on plan assets	—	(0.4) / 0.5	—

Please also refer to Note 16 "Employees' retirement benefits" to our consolidated financial statements for further discussion.

Revenue Recognition

We defer upfront activation fees and recognize them as revenues over the expected term of a subscription. Related direct cost 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, related direct cost and the estimated length of the subscription period over which such fees and cost are amortized. Factors that affect our estimate of the subscription period over which such fees and cost are amortized include subscriber churn rate and newly introduced or anticipated competitive products, services and technology. The current amortization periods are based on an analysis of historical trends and our experiences. For the years ended March 31, 2008, 2007 and 2006, we recognized as revenues deferred activation fees of ¥38.2 billion, ¥45.2 billion and ¥54.6 billion, respectively, as well as corresponding amounts of related deferred cost. As of March 31, 2008, remaining unrecognized deferred activation fees were ¥103.7 billion.

B. Liquidity and Capital Resources

Cash Requirements

As discussed in "Operational Strategies" section of "A. Operating Results", we introduced a new handset sales method called "Value Course" in November 2007. Under "Value Course", if a subscriber chooses to pay for a handset in installments, we pay for the purchased handset to agent resellers and then charge the installment receivable for the handset in the monthly bill to the subscriber for the installment payment term. Thus, the advance payment for the purchased handset to the agent reseller is likely to have an impact on our cash flow and liquidity. Our cash requirements for the year ending March 31, 2009 include cash needed to pay for the purchased handsets to the agent resellers, to expand our FOMA infrastructure, to invest in other facilities, to make repayments for interest bearing liabilities and other contractual obligations and to pay for strategic investments, acquisitions, joint ventures or other investments. We believe that cash generated from our operating activities, future borrowings from banks and other financial institutions or future offerings of equity or debt securities in the capital markets will provide sufficient financial resources to meet our currently anticipated capital and other expenditure requirements and to satisfy our debt service requirements. When we determine the necessity for external financing, we take into consideration the amount of cash demand, timing of payments, available reserves of cash and cash equivalents and expected cash flows from operations. If we determine that demand for cash exceeds the amount of available reserves of cash and cash equivalents and expected cash flows from operations, we plan on obtaining external financing through borrowing or the issuance of debt or equity securities. Additional debt, equity or other financing may be required if we underestimate our capital or other expenditure requirements, or overestimate our future cash flows. There can be no assurance that such external financing will be available on commercially acceptable terms or in a timely manner.

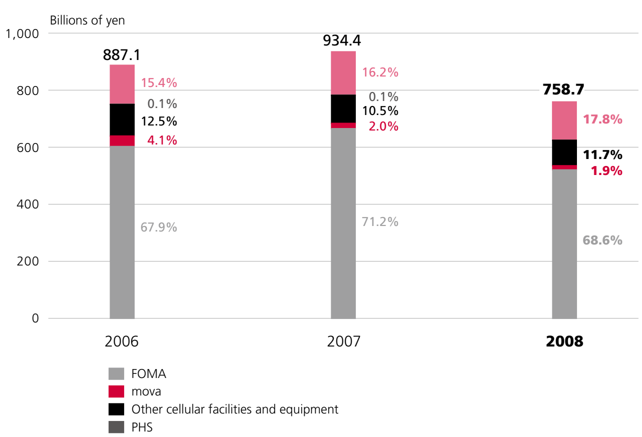
Capital Expenditures

The wireless telecommunications industry is highly capital intensive because significant capital expenditures are required for the construction of wireless telecommunications network. 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 for the year ended March 31, 2008 decreased from the prior fiscal year. The intensive capital expenditures for expansion of the FOMA network to prepare for Mobile Number Portability already hit its peak during the prior fiscal year. During the year ended March 31, 2008, we added approximately 7,000 outdoor base stations for our FOMA services for an aggregate of approximately 42,700 installed base stations as of March 31, 2008. We also promoted the installment of indoor systems for our FOMA services to complete coverage of approximately 15,100 facilities as of March 31, 2008. 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.

Capital Expenditures

Years ended March 31



Total capital expenditures for the years ended March 31, 2008, 2007 and 2006 were ¥758.7 billion, ¥934.4 billion and ¥887.1 billion, respectively. For the year ended March 31, 2008, 68.6% of capital expenditures were used for construction of the FOMA network, 1.9% for construction of the second generation mova network, 11.7% for other cellular facilities and equipment and 17.8% for general capital expenditures such as an internal IT system. By comparison, in the prior fiscal year, 71.2% of capital expenditures were used for construction of the FOMA network, 2.0% for the 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.

For the year ending March 31, 2009, we expect total capital expenditures to be ¥719.0 billion, of which approximately 65.6% will be for the FOMA network, 1.1% for the mova network, 12.0% for other cellular facilities and equipment and 21.3% for general capital expenditures. We intend to attentively respond to various demands from our subscribers and increase their convenience by further improving the quality of our FOMA network quality and managing sudden increases in packet traffic with the expansion of the HSDPA network.

We currently expect that capital expenditures for the next 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 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 cost 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 network to meet demand.

Long-term Debt and Other Contractual Obligations

As of March 31, 2008, we had ¥476.8 billion in outstanding long-term debt including the current maturities, primarily in corporate bonds and loans from financial institutions, compared to ¥602.9 billion as of the end of the prior fiscal year. We did not implement any long-term financing in the years ended March 31, 2008, 2007, or 2006, during which we repaid ¥131.0 billion, ¥193.7 billion and ¥150.3 billion of long-term debt, respectively.

Of our long-term debt outstanding as of March 31, 2008, ¥95.2 billion, including current portion, was indebtedness to financial institutions. The indebtedness consisted of debts denominated in Japanese yen, US dollar and Singapore dollar mainly with fixed interest rates, of which the weighted average was 1.2%, 6.4% and 4.7% per annum, respectively. The term of maturities was from the year ending March 31, 2009 through 2013. As of March 31, 2008, we also had ¥381.5 billion in bonds due from the year ending March 31, 2009 to 2012 with a weighted average coupon rate of 1.4%.

We carefully consider terms and conditions of corporate bonds and loans from financial institutions to avoid an excessive concentration of our repayment or redemption obligations.

On June 11, 2008, we issued unsecured domestic corporate bonds in the amount of ¥80.0 billion, of which the coupon rate is 1.96%, and the redemption will be due during the year ending March 31, 2019. We intend to assign cash raised through this issuance of corporate bonds mainly to the repayment of long-term debt obligations.

As of March 31, 2008, 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	1 year or less	1-3 years	4-5 years	After 5 years
Long-Term Debt					
Bonds	¥381,511	¥ 49,200	¥163,845	¥168,466	¥ —
Loans	95,241	26,462	46,037	22,742	—
Capital Leases	8,284	3,036	3,923	1,264	61
Operating Leases	22,629	2,152	3,391	2,848	14,238
Other Contractual Obligations	118,695	118,695	—	—	—
Total	¥626,360	¥199,545	¥217,196	¥195,320	¥14,299

* 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, 2008, we had committed ¥51.7 billion for property, plant and equipment, ¥22.0 billion for inventories and ¥44.9 billion for other purchase commitments.

In addition to our existing commitments, we expect to make significant capital expenditures on an ongoing basis for our FOMA network and for other purposes. Also, we consider potential opportunities for entry to new areas of business, merger and acquisitions, establishment of joint ventures, strategic 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, 2008, 2007 and 2006:

	Millions of yen Years ended March 31		
	2006	2007	**2008**
Net cash provided by operating activities	¥1,610,941	¥ 980,598	¥1,560,140
Net cash used in investing activities	(951,077)	(947,651)	(758,849)
Net cash used in financing activities	(590,621)	(531,481)	(497,475)
Net increase (decrease) in cash and cash equivalents	70,772	(497,662)	303,843
Cash and cash equivalents at beginning of year	769,952	840,724	343,062
Cash and cash equivalents at end of year	¥ 840,724	¥ 343,062	¥ 646,905

Analysis of Cash Flows for the Year Ended March 31, 2008 and Comparison with the Prior Fiscal Year

For the year ended March 31, 2008, our net cash provided by operating activities was ¥1,560.1 billion, an increase by ¥579.5 billion (59.1%) from ¥980.6 billion in the prior fiscal year. Net cash provided by operating activities increased due mainly to the following;

- a decrease in the net payment of income taxes by ¥179.2 billion, where the payment of income taxes decreased to ¥ 200.1 billion from ¥359.9 billion in the prior fiscal year and the collection of income taxes receivable increased to ¥20.3 billion from ¥0.9 billion in the prior fiscal year, after deferred tax asset from the impairment of our investment in H3G UK was realized; and
- as banks were closed on the last day of March 2007, cash in the amount of ¥210.0 billion including cellular revenues, which would have been received by March 31, 2007, was actually received in April 2007.

Net cash used in investing activities for the year ended March 31, 2008 was ¥758.8 billion, the main components of which included expenditures of ¥765.3 billion for purchases of tangible and intangible assets and of ¥124.3 billion for strategic investments, and net proceeds of ¥148.9 billion 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 ¥188.8 billion (19.9%) from ¥947.7 billion used in the prior fiscal year. The decrease in the net cash used consisted mainly of the following:

- expenditures for purchases of tangible and intangible assets decreased to ¥765.3 billion from ¥948.7 billion in the prior fiscal year;
- net proceeds from redemption of long-term investments and changes in investments with original maturities of more than three months for cash management purposes increased to ¥148.9 billion from ¥50.7 billion in the prior fiscal year; and
- purchases of non-current investments increased to ¥124.3 billion from ¥41.9 billion in the prior fiscal year.

During the year ended March 31, 2008, in order to respond attentively to diverse demand from our subscribers, we invested in telecommunications facilities and equipment to expand the network coverage of HSDPA services and to enhance FOMA network reliability and capacity against the growth of traffic demand.

Net cash used in financing activities for the year ended March 31, 2008 was ¥497.5 billion, primarily from the repayment of ¥131.0 billion for long-term debt, dividend payments of ¥190.5 billion and payments of ¥173.0 billion for acquisition of treasury stock. The net amount of cash used decreased by ¥34.0 billion (6.4%) from ¥531.5 billion in the prior fiscal year. The decrease in net cash used in financing activities was due primarily to the following:

- a decrease in the repayment of long-term debt to ¥131.0 billion from ¥193.7 billion in the prior fiscal year;
- an increase in dividend payments to ¥190.5 billion from ¥176.9 billion in the prior fiscal year; and
- an increase in payments to acquire treasury stock to ¥173.0 billion from ¥157.2 billion in the prior fiscal year.

Cash and cash equivalents as of March 31, 2008 amounted to ¥646.9 billion, representing an increase by ¥303.8 billion (88.6%) from ¥343.1 billion as of the end of the prior fiscal year. The balance of investments with original maturities of longer than three months, which were made to manage a part of our cash efficiently, was ¥52.2 billion and ¥200.5 billion as of March 31, 2008 and 2007, respectively.

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, a decrease by ¥630.3 billion (39.1%) from ¥1,610.9 billion 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 from ¥182.9 billion and a decrease in the collection of income taxes receivable to ¥0.9 billion from ¥93.1 billion in the prior fiscal year, when deferred tax asset from the impairment of our investment in AT&T Wireless Services, Inc. was realized; and
- because the bank was closed on the last day of March 2007, which fell on a weekend, our cash reception of ¥210.0 billion including cellular revenues was deferred to the following month.

Net cash used in investing activities was ¥947.7 billion, which consisted mainly of expenditures of ¥948.7 billion for purchases of tangible and intangible assets and of ¥41.9 billion for strategic investments, offset by proceeds of ¥50.7 billion 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 (0.4%) from ¥951.1 billion used in the prior fiscal year. The slight decrease in the net cash used consisted mainly of the following:

- expenditures for purchases of tangible and intangible assets increased to ¥948.7 billion from ¥833.9 billion 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 from ¥149.0 billion in the prior fiscal year, and
- purchases of non-current investments decreased to ¥41.9 billion from ¥292.6 billion in the prior fiscal year.

During the year ended March 31, 2007, in order to prepare for the introduction of 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, primarily from the repayment of ¥193.7 billion for long-term debt, dividend payments of ¥176.9 billion and payments of ¥157.2 billion for the acquisition of treasury stock. The net amount of cash used decreased ¥59.1 billion (10.0%) from ¥590.6 billion 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 from ¥150.3 billion in the prior fiscal year;
- an increase in dividend payments to ¥176.9 billion from ¥135.5 billion in the prior fiscal year; and
- a decrease in payments to acquire treasury stock to ¥157.2 billion from ¥300.1 billion in the prior fiscal year.

Cash and cash equivalents as of March 31, 2007 amounted to ¥343.1 billion, representing a decrease by ¥497.7 billion (59.2%) from ¥840.7 billion 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 ¥200.5 billion and ¥251.0 billion as of March 31, 2007 and 2006, respectively.

Prospect of Cash Flows for the Year Ending March 31, 2009

As for our sources of cash for the year ending March 31, 2009, we currently expect our net cash flows from operating activities to decrease significantly from the prior fiscal year because of an increase in installment receivable due to penetration of “Value Course” and an increase in payment for income taxes. We currently anticipate that the trend of decreasing cash flows from operating activities will be temporary.

Our net cash flow used in investing activities for the year ending March 31, 2009 is expected to decrease because of a decrease in our capital expenditures to approximately ¥719.0 billion from ¥758.7 billion for the year ended March 31, 2008.

C. Research and Development

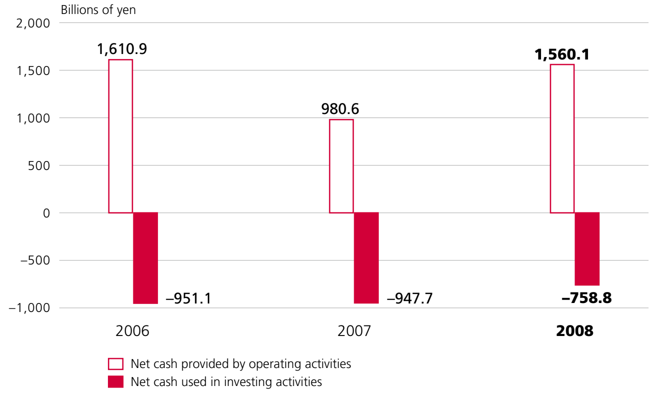
Our research and development activities embrace three key efforts: development of new products and services such as handsets and applications for 3G systems, development of infrastructure and compatible handsets featuring what is called “Super 3G” or “3.9G” technology, and research and development related to fourth-generation systems. Research and development expenditures are charged to expenses as incurred. We spent ¥100.0 billion, ¥99.3 billion and ¥110.5 billion as research and development expenses for the years ended March 31, 2008, 2007 and 2006, respectively.

D. Trend Information

The Japanese cellular phone market is undergoing changes brought about by factors such as a higher cellular phone penetration rate, diversification of customer needs, introduction of Mobile Number Portability and market entry by new competitors. In this environment, with operators taking measures such as the enhancement of handset lineups and the introduction of value-added services and lower billing plans, we expect that competition will become increasingly fierce.

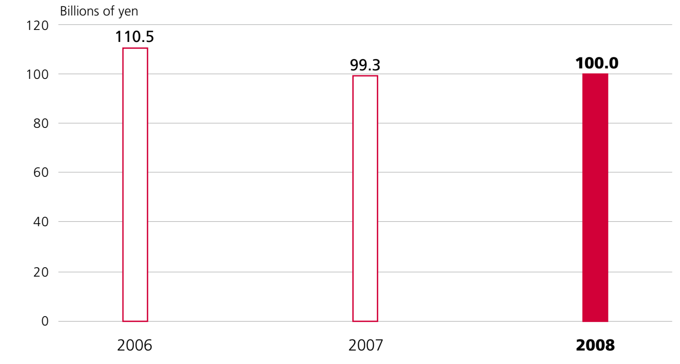
Cash Flows

Years ended March 31



Research and Development Expenses

Years ended March 31



In the year ending March 31, 2009, we expect that our operating revenues and operating income will increase in comparison with the prior fiscal year based on the following trends in our business:

- While we anticipate that an increase in new subscriptions will be limited due to the high cellular phone penetration rate, we expect to acquire a higher net increase in the number of subscriptions in the year ending March 31, 2009 compared to that in the year ended March 31, 2008, by taking measures such as lowering the churn rate through our marketing aimed at upgrading brand loyalty and improving the satisfaction of current subscribers. Furthermore, we expect the proportion of FOMA subscriptions to increase to approximately 90% of our total cellular subscriptions due to ongoing migration of our mova subscribers to FOMA services;
- Aggregate ARPU (FOMA+mova) and voice ARPU (FOMA+mova) each decreased while packet ARPU (FOMA+mova) increased in the year ended March 31, 2008, as compared to the prior fiscal year. We expect these trends to continue in the year ending March 31, 2009, primarily as a result of the penetration of the discount programs implemented in prior years to strengthen our competitiveness and the effects of a decrease in revenue in conjunction with the introduction of the "Value Plan". The "Value Plan" provides discounted basic monthly charges in exchange for the subscriber's payment for the handset price not discounted by handset sales incentives. With regards to the packet ARPU, the increase is due primarily to the uptrend in billed amounts in conjunction with the migration from mova to FOMA and the increase in subscriptions to our optional packet flat-rate service for unlimited i-mode usage;
- With regard to equipment sales, in the fiscal year ended March 31, 2008, the number of handsets sold to sales agents and handset costs declined compared to the previous fiscal year, but with the introduction of the "Value Course" in November 2007, handset sales incentives which are deducted from equipment sales were reduced, and after deduction of sales commission to agent resellers, equipment sales increased over the previous fiscal year. In the fiscal year ending March 31, 2009, we expect an increase in the number of handsets sold wholesale to agent resellers is expected, and combined with further market penetration by the "Value Course", we expect this increase to lead to a decline of handset sales incentives which are deducted from equipment sales, and we expect equipment sales after deduction of sales commission to agent resellers to increase significantly over the previous fiscal year.
- Due to the above, we expect operating income for the fiscal year ending March 31, 2009 to increase over the previous fiscal year. Despite a decrease in cellular services revenues resulting from the decrease in aggregate ARPU exceeding the effects of increased revenue in conjunction with subscriber growth, we expect that this decrease will be more than offset by the increase in equipment sales.
- We expect SG&A expenses, network cost (telecommunication facility use charges, depreciation and amortization cost, loss on sale or disposal of fixed assets) and other operating expenses for the fiscal year ending March 31, 2009, to remain at the same level as the previous fiscal year. While we expect measures implemented to improve the satisfaction of current subscribers (including CI changes through revamping of the corporate brand and the merger with the regional DOCOMO companies) to lead to an increase in general expenses, this increase will be offset by a decrease in sales commissions through market penetration of the "Value Course" and greater efficiency and lower costs in capital investment.

We expect net income for the year ending March 31, 2009 to increase in comparison with the prior fiscal year based on the above trends in our business.

It should be noted that with the "Value Course" introduced in November 2007, sales commissions, which in the past were applied at the time of sale, will be reduced. However, in the accompanying "Value Plan", the discount on basic monthly charges will be applied into the future, which will result in an impermanent contribution to increased revenues. We expect that this effect will be greatest in the fiscal year ending March 31, 2009 when this sales model will penetrate the market, and in the fiscal year ending March 2010 and beyond, this effect will decline.

Risk Factors

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 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, and retention of existing subscribers, or may lead to diminishing ARPU or 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 new installment sale methods for handsets. There are also providers that now offer or may in the future offer services such as combined billing, aggregated point programs, and services offering free calls between fixed-line and cellular phones 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 network operators in Japan such as saturation in the Japanese cellular market, changes to business and market structures due to the entry of new competitors in the market, including MVNOs*, changes in the regulatory environment, and 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, in order to capture new subscriptions and maintain existing subscriptions, we may need to incur higher than expected costs. 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 that enables subscribers with full-browser handsets to view not only i-mode but also PC websites and video for a flat monthly rate, the introduction in August 2007 of "Fami-wari MAX 50" and "Hitoridemo Discount 50," which give a uniform 50% discount on basic monthly charges, regardless of length of continuous service, and the introduction in April 2008 of a new rate plan that allows users in the same "Family Discount" group to make free domestic calls to each other 24 hours a day. 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.

*MVNO: Mobile Virtual Network Operator, a business that borrows the wireless communication infrastructure of other companies to provide services.

Current and new services, usage patterns, and sales schemes introduced by our corporate group may not develop as planned, which could affect our financial condition and 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 install 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 and installment sale and other methods 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 Wideband Code Division Multiple Access, or 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 some segments of telecommunication 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 SIM* unlocking regulations;
- Fair competition measures to promote new entry by MVNOs
- Introduction of new measures to promote competition based on a review of the designated telecommunications facilities system (dominant carrier regulation); and
- Other measures including competition safeguard measures directed toward us, NTT East and NTT West 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.

* SIM: Subscriber Identity Module. An IC card inserted into a handset on which subscriber information is recorded, used to identify user.

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 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.

One example is unsolicited bulk e-mail sent through our e-mail services, including i-mode service and short mail. 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. 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, 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. Further, from the perspective of encouraging sound development of the Internet society, we have introduced a filtering service that limits access to harmful web sites that can have a negative impact on minors. However, with regard to this service, there has been a wide range of debate, involving MIC, Internet content providers, and others, and the matter has become a social issue. 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, 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, 2008, NTT owned 64.8% 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, 2007 and 2008

	Millions of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 343,062	¥ 646,905	$ 6,478,768
Short-term investments			
Third parties	100,543	2,208	22,113
Related parties	50,000	50,000	500,751
Accounts receivable			
Third parties	844,305	671,417	6,724,257
Related parties	28,018	15,256	152,789
Sub-total	872,323	686,673	6,877,046
Less: Allowance for doubtful accounts	(13,178)	(15,037)	(150,596)
Total accounts receivable, net	859,145	671,636	6,726,450
Inventories	145,892	146,584	1,468,042
Deferred tax assets	94,868	108,037	1,081,993
Prepaid expenses and other current assets			
Third parties	132,959	136,395	1,365,999
Related parties	5,444	6,015	60,240
Total current assets	1,731,913	1,767,780	17,704,356
Property, plant and equipment:			
Wireless telecommunications equipment	5,149,132	5,346,486	53,545,178
Buildings and structures	778,638	797,904	7,991,027
Tools, furniture and fixtures	613,945	536,718	5,375,243
Land	199,007	198,958	1,992,569
Construction in progress	114,292	128,042	1,282,343
Sub-total	6,855,014	7,008,108	70,186,360
Accumulated depreciation and amortization	(3,954,361)	(4,173,501)	(41,797,707)
Total property, plant and equipment, net	2,900,653	2,834,607	28,388,653
Non-current investments and other assets:			
Investments in affiliates	176,376	349,488	3,500,130
Marketable securities and other investments	261,456	187,361	1,876,425
Intangible assets, net	551,029	555,259	5,560,931
Goodwill	147,821	158,889	1,591,277
Other assets			
Third parties	157,656	222,225	2,225,588
Related parties	61,615	11,822	118,398
Deferred tax assets	127,696	123,403	1,235,884
Total non-current investments and other assets	1,483,649	1,608,447	16,108,633
Total assets	¥ 6,116,215	¥ 6,210,834	$ 62,201,642

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	¥ 131,005	¥ 75,662	$ 757,757
Short-term borrowings	102	1,712	17,146
Accounts payable, trade			
Third parties	666,829	626,992	6,279,339
Related parties	94,279	90,461	905,969
Accrued payroll	46,584	53,538	536,184
Accrued interest	809	710	7,111
Accrued income taxes	68,408	203,645	2,039,509
Other current liabilities			
Third parties	152,843	179,513	1,797,827
Related parties	2,066	2,082	20,851
Total current liabilities	1,162,925	1,234,315	12,361,693
Long-term liabilities:			
Long-term debt (exclusive of current portion)	471,858	401,090	4,016,925
Liability for employees' retirement benefits	135,890	116,888	1,170,636
Other long-term liabilities			
Third parties	179,699	177,002	1,772,679
Related parties	3,376	3,755	37,606
Total long-term liabilities	790,823	698,735	6,997,846
Total liabilities	1,953,748	1,933,050	19,359,539
Minority interests	1,164	1,288	12,899
Shareholders' equity:			
Common stock, without a stated value –			
Authorized –188,130,000 shares and 188,130,000 shares at March 31, 2007 and 2008, respectively			
Issued –45,880,000 and 44,870,000 shares at March 31, 2007 and 2008, respectively			
Outstanding –43,593,644 and 42,627,927 shares at March 31, 2007 and 2008, respectively	949,680	949,680	9,511,067
Additional paid-in capital	1,135,958	948,571	9,499,960
Retained earnings	2,493,155	2,793,814	27,980,110
Accumulated other comprehensive income	12,874	410	4,106
Treasury stock, 2,286,356 and 2,242,073 shares at March 31, 2007 and 2008, at cost, respectively	(430,364)	(415,979)	(4,166,039)
Total shareholders' equity	4,161,303	4,276,496	42,829,204
Commitments and contingencies			
Total liabilities, minority interests and shareholders' equity	¥6,116,215	¥6,210,834	$62,201,642

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, 2006, 2007 and 2008

	Millions of yen			Thousands of U.S. dollars
	2006	2007	**2008**	**2008**
Operating revenues:				
Wireless services				
Third parties	¥ 4,242,230	¥ 4,259,951	¥ 4,107,844	$41,140,151
Related parties	53,626	54,189	57,390	574,762
Equipment sales				
Third parties	462,490	465,924	538,195	5,390,035
Related parties	7,526	8,029	8,398	84,106
Total operating revenues	4,765,872	4,788,093	4,711,827	47,189,054
Operating expenses:				
Cost of services (exclusive of items shown separately below)				
Third parties	462,852	498,852	561,763	5,626,069
Related parties	283,247	268,108	249,370	2,497,446
Cost of equipment sold (exclusive of items shown separately below)	1,113,464	1,218,694	1,150,261	11,519,890
Depreciation and amortization	738,137	745,338	776,425	7,775,914
Selling, general and administrative				
Third parties	1,179,252	1,121,374	1,025,812	10,273,530
Related parties	156,281	162,203	139,884	1,400,942
Total operating expenses	3,933,233	4,014,569	3,903,515	39,093,791
Operating income	832,639	773,524	808,312	8,095,263
Other income (expense):				
Interest expense	(8,420)	(5,749)	(4,556)	(45,629)
Interest income	4,659	1,459	2,487	24,907
Gain on sale of affiliate shares	61,962	—	333	3,335
Gain (loss) on sale of other investments	40,088	(113)	(2)	(20)
Other, net	21,375	3,822	(5,886)	(58,948)
Total other income (expense)	119,664	(581)	(7,624)	(76,355)
Income before income taxes, equity in net income (losses) of affiliates and minority interests	952,303	772,943	800,688	8,018,908
Income taxes:				
Current	293,707	237,734	334,462	3,349,644
Deferred	47,675	75,945	(11,507)	(115,243)
Total income taxes	341,382	313,679	322,955	3,234,401
Income before equity in net income (losses) of affiliates and minority interests	610,921	459,264	477,733	4,784,507
Equity in net income (losses) of affiliates, net of applicable taxes	(364)	(1,941)	13,553	135,733
Minority interests	(76)	(45)	(84)	(841)
Net income	¥ 610,481	¥ 457,278	¥ 491,202	$ 4,919,399
Other comprehensive income (loss):				
Unrealized holding gains (losses) on available-for-sale securities, net of applicable taxes	10,000	(15,364)	(16,762)	(167,872)
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	(2,338)	(399)	431	4,317
Net revaluation of financial instruments, net of applicable taxes	369	832	(525)	(5,258)
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	(248)	(798)	658	6,590
Foreign currency translation adjustment, net of applicable taxes	5,433	1,103	7,299	73,100
Less: Reclassification of realized gains and losses, net of applicable taxes included in net income	(48,030)	—	(127)	(1,272)
Pension liability adjustment, net of applicable taxes:				
Actuarial gains (losses) arising during period, net	—	—	(4,909)	(49,164)
Less: Amortization of prior service cost	—	—	(1,338)	(13,400)
Less: Amortization of actuarial gains and losses	—	—	502	5,027
Less: Amortization of transition obligation	—	—	75	751
Less: Reclassification of actuarial gains and losses due to transfer of the substitutional portion to the government	—	—	2,232	22,354
Minimum pension liability adjustment, net of applicable taxes	3,986	5,562	—	—
Comprehensive income	¥ 579,653	¥ 448,214	¥ 478,738	$ 4,794,572
Per share data:				
Weighted average common shares outstanding – Basic and Diluted (shares)	45,250,031	43,985,082	43,120,586	43,120,586
Basic and diluted earnings per share (Yen and U.S. dollars)	¥ 13,491.28	¥ 10,396.21	¥ 11,391.36	$ 114.08

See accompanying notes to consolidated financial statements.

Consolidated Financial Statements

>> CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

NTT DOCOMO, INC. AND SUBSIDIARIES
Years ended March 31, 2006, 2007 and 2008

	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, 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 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 per share)					(176,862)			(176,862)
Net income					457,278			457,278
Unrealized holding 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
Purchase of treasury stock		965,717					(173,002)	(173,002)
Retirement of treasury stock	(1,010,000)	(1,010,000)		(187,387)			187,387	—
Cash dividends declared and paid (¥4,400 per share)					(190,543)			(190,543)
Net income					491,202			491,202
Unrealized holding losses on available-for-sale securities						(16,331)		(16,331)
Net revaluation of financial instruments						133		133
Foreign currency translation adjustment						7,172		7,172
Pension liability adjustment:								
Actuarial gains (losses) arising during period, net						(4,909)		(4,909)
Less: Amortization of prior service cost						(1,338)		(1,338)
Less: Amortization of actuarial gains and losses						502		502
Less: Amortization of transition obligation						75		75
Less: Reclassification of actuarial gains and losses due to transfer of the substitutional portion to the government						2,232		2,232
Balance at March 31, 2008	44,870,000	2,242,073	¥949,680	¥ 948,571	¥2,793,814	¥ 410	¥(415,979)	¥4,276,496

	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, 2007	$9,511,067	$11,376,645	$24,969,003	$ 128,933	$(4,310,105)	$41,675,543
Purchase of treasury stock					(1,732,619)	(1,732,619)
Retirement of treasury stock		(1,876,685)			1,876,685	—
Cash dividends declared and paid (¥4,400 per share)			(1,908,292)			(1,908,292)
Net income			4,919,399			4,919,399
Unrealized holding losses on available-for-sale securities				(163,555)		(163,555)
Net revaluation of financial instruments				1,332		1,332
Foreign currency translation adjustment				71,828		71,828
Pension liability adjustment:						
Actuarial gains (losses) arising during period, net				(49,164)		(49,164)
Less: Amortization of prior service cost				(13,400)		(13,400)
Less: Amortization of actuarial gains and losses				5,027		5,027
Less: Amortization of transition obligation				751		751
Less: Reclassification of actuarial gains and losses due to transfer of the substitutional portion to the government				22,354		22,354
Balance at March 31, 2008	$9,511,067	$ 9,499,960	$27,980,110	$ 4,106	$(4,166,039)	$42,829,204

See accompanying notes to consolidated financial statements.

Consolidated Financial Statements

>> CONSOLIDATED STATEMENTS OF CASH FLOWS

NTT DOCOMO, INC. AND SUBSIDIARIES
Years ended March 31, 2006, 2007 and 2008

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Cash flows from operating activities:				
Net income	¥ 610,481	¥ 457,278	¥ 491,202	$ 4,919,399
Adjustments to reconcile net income to net cash provided by operating activities –				
Depreciation and amortization	738,137	745,338	776,425	7,775,914
Deferred taxes	49,101	74,987	(2,471)	(24,747)
Loss on sale or disposal of property, plant and equipment	36,000	55,708	54,359	544,406
Gain on sale of affiliate shares	(61,962)	—	(333)	(3,335)
(Gain) loss on sale of other investments	(40,088)	113	2	20
Expense associated with sale of other investments	14,062	—	—	—
Equity in net (income) losses of affiliates	(1,289)	2,791	(22,810)	(228,443)
Dividends from affiliates	1,034	1,258	15,349	153,721
Minority interests	76	45	84	841
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	21,345	(262,032)	187,434	1,877,156
(Decrease) increase in allowance for doubtful accounts	(3,623)	(1,600)	1,803	18,057
(Increase) decrease in inventories	(73,094)	83,716	(10)	(100)
Decrease (increase) in income taxes receivable	92,869	(20,261)	20,261	202,914
Decrease (increase) in prepaid expenses and other current assets	16,323	(18,993)	(16,085)	(161,091)
Increase (decrease) in accounts payable, trade	45,108	(42,013)	(50,477)	(505,528)
Increase (decrease) in accrued income taxes	111,141	(100,197)	134,912	1,351,147
Increase in other current liabilities	17,641	534	6,206	62,153
(Decrease) increase in liability for employees' retirement benefits	(3,378)	379	(19,002)	(190,306)
Increase (decrease) in other long-term liabilities	24,725	(26,241)	8,780	87,932
Other, net	16,332	29,788	(25,489)	(255,273)
Net cash provided by operating activities	1,610,941	980,598	1,560,140	15,624,837
Cash flows from investing activities:				
Purchases of property, plant and equipment	(638,590)	(735,650)	(548,517)	(5,493,410)
Purchases of intangible and other assets	(195,277)	(213,075)	(216,816)	(2,171,417)
Purchases of non-current investments	(292,556)	(41,876)	(124,312)	(1,244,987)
Proceeds from sale and redemption of non-current investments	25,142	50,594	101,341	1,014,932
Acquisitions of subsidiaries, net of cash acquired	—	(8,392)	(14,797)	(148,192)
Purchases of short-term investments	(252,474)	(3,557)	(6,562)	(65,719)
Redemption of short-term investments	501,433	4,267	5,443	54,512
Long-term bailment for consumption to a related party	(100,000)	—	—	—
Proceeds from redemption of long-term bailment for consumption to a related party	—	—	50,000	500,751
Other, net	1,245	38	(4,629)	(46,360)
Net cash used in investing activities	(951,077)	(947,651)	(758,849)	(7,599,890)
Cash flows from financing activities:				
Repayment of long-term debt	(150,304)	(193,723)	(131,005)	(1,312,018)
Proceeds from short-term borrowings	27,002	18,400	15,249	152,719
Repayment of short-term borrowings	(27,010)	(18,450)	(15,351)	(153,741)
Principal payments under capital lease obligations	(4,740)	(3,621)	(2,821)	(28,252)
Payments to acquire treasury stock	(300,078)	(157,223)	(173,002)	(1,732,619)
Dividends paid	(135,490)	(176,862)	(190,543)	(1,908,292)
Other, net	(1)	(2)	(2)	(20)
Net cash used in financing activities	(590,621)	(531,481)	(497,475)	(4,982,223)
Effect of exchange rate changes on cash and cash equivalents	1,529	872	27	270
Net increase (decrease) in cash and cash equivalents	70,772	(497,662)	303,843	3,042,994
Cash and cash equivalents at beginning of year	769,952	840,724	343,062	3,435,774
Cash and cash equivalents at end of year	¥ 840,724	¥ 343,062	¥ 646,905	$ 6,478,768
Supplemental disclosures of cash flow information:				
Cash received during the year for:				
Income taxes	¥ 93,103	¥ 925	¥ 20,346	$ 203,766
Cash paid during the year for:				
Interest, net of amount capitalized	8,666	6,203	4,656	46,630
Income taxes	182,914	359,861	200,079	2,003,796
Non-cash investing and financing activities:				
Assets acquired through capital lease obligations	5,038	3,530	2,579	25,829
Retirement of treasury stock	362,659	175,055	187,387	1,876,685

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

NTT DOCOMO, INC. AND SUBSIDIARIES

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, 33.71% of which is owned by the Japanese government, owns 61.60% of DOCOMO's issued stock and 64.84% of DOCOMO's voting stock outstanding as of March 31, 2008.

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) 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 subscribers.

DOCOMO terminated Personal Handyphone System ("PHS") services on January 7, 2008.

2. Summary of significant accounting and reporting policies:

DOCOMO maintains its books and records and prepares its 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 are prepared in accordance with U.S. GAAP and, therefore, reflect certain adjustments to DOCOMO's books and records.

(1) Adoption of a new accounting standard

Accounting for Uncertainty in Income Taxes

Effective April 1, 2007, DOCOMO applied Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 48 "Accounting for Uncertainty in Income Taxes – an interpretation of Statement of Financial Accounting Standards ("SFAS") No. 109". 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. The initial application of FIN 48 did not have a material impact on DOCOMO's results of operations and financial position.

(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 are eliminated in consolidation.

DOCOMO applies FIN No. 46 (revised 2003) "Consolidation of Variable Interest Entities - an interpretation of Accounting Research Bulletin ("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, 2006, 2007 and 2008, 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 consolidated 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 consolidated 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 3 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 3 months at the date of purchase and remaining maturities of 1 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, 2006, 2007 and 2008 resulting in losses totaling ¥18,883 million, ¥21,353 million and ¥16,946 million ($169,715 thousand), respectively, which were 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 leases 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	8 to 16 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, 2006, 2007 and 2008 was ¥554,158 million, ¥553,510 million, and ¥579,101 million ($5,799,710 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.

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 carrying 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 3 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. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other than temporary, DOCOMO considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee and the general market condition in the geographic area or industry the investee operates in.

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 3 months or less at the date of purchase are recorded as "Cash and cash equivalents", while those with original maturities of longer than 3 months at the date of purchase and remaining maturities of 1 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, 2006, 2007 and 2008.

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 investor level goodwill related to the 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. However, (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 Accounting Principles Board 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 1 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 other 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 and losses which offset transaction gains and 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, No. 149 and No. 155. 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 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—

Effective March 31, 2007, in accordance with SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of SFAS No. 87, 88, 106, and 132R", DOCOMO recognizes the funded status of its benefit plan, measured as the difference between the plan assets at fair value and the benefit obligation, in the consolidated balance sheets. Changes in the funded status are recognized as changes in comprehensive income (loss) during the fiscal period in which such changes occur.

Pension benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Prior service cost and net losses in excess of 10% of the greater of the projected benefit obligation or the fair value of plan assets, both of which are included in "Accumulated other comprehensive income", are amortized over the expected average remaining service period of employees on a straight-line basis.

Revenue recognition—

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

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 basic monthly charges, airtime charges and fees for activation.

Basic 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. DOCOMO introduced a billing arrangement, called "Nikagetsu Kurikoshi" (2 month carry-over), in which the unused allowances are automatically carried over up to the following 2 months. In addition, DOCOMO then introduced an arrangement which enables the unused allowances that were carried over for 2 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 2 and 10 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.

Equipment sales are recognized as revenues when equipment is accepted by the agent resellers and all inventory risk is transferred from DOCOMO. Certain commissions paid to agent resellers are recognized as a reduction of revenue upon delivery of the equipment to such agent resellers in accordance with Emerging Issues Task Force ("EITF") Issue No. 01-9 "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)".

Effective November 2007, DOCOMO introduced a new handset sales scheme which enables subscribers to select installment payments over a period of 12 or 24 months. When installment payments are selected, under agreements entered into among DOCOMO, subscribers and agent resellers, DOCOMO provides financing by providing funds for the purchase of the handset by the subscribers. DOCOMO then includes current installments for the receivable for purchased handset with basic monthly charges and airtime charges for the installment payment term. Because equipment sales are recognized upon delivery of handsets to agent resellers, the advance payment for the purchased handset to agent resellers and subsequent cash collection of the installment receivable for the purchased handset from subscribers do not have an impact on our equipment sales. The portion of installment receivable for the purchased handset which was expected to be collected within 1 year or less as of the date of the consolidated balance sheets was recorded as "Accounts receivable" and the other portion of installment receivable was recorded as "Other assets" in the consolidated balance sheets, respectively. The aggregate carrying amount of the installment receivable for handsets, which was recorded as "Accounts receivable" and "Other assets" as of March 31, 2008 was ¥111,789 million ($1,119,569 thousand) and ¥59,036 million ($591,247 thousand), respectively.

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

Deferred revenue and deferred charges as of March 31, 2007 and 2008 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Current deferred revenue	¥105,506	¥106,348	$1,065,078
Long-term deferred revenue	76,499	76,654	767,692
Current deferred charges	35,142	27,031	270,716
Long-term deferred charges	76,499	76,654	767,692

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 for the year ended March 31, 2006, 2007 and 2008, 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.

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 income (expense)" in the accompanying consolidated statements of income and comprehensive income.

(3) Recent accounting pronouncements—
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 and interim periods within those fiscal years. DOCOMO currently estimates that the impact of adoption of SFAS No. 157 on its result of operations and financial position will be immaterial.

In February 2007, FASB issued SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of SFAS No. 115". SFAS No. 159 gives entities the irrevocable option to measure most financial assets and liabilities at fair value that are not currently required to be measured at fair value. Subsequent changes in fair value for designated items will be required to be reported in earnings in the current period. SFAS No. 159 also establishes presentation and disclosure requirements for similar types of assets and liabilities measured at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. DOCOMO did not elect the fair value option as of the beginning of the fiscal year ending March 31, 2009.

In December 2007, FASB issued SFAS No. 141 (revised 2007) "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R requires an acquirer in a business combination to generally recognize and measure all the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at their fair values as of acquisition date. SFAS No. 141R also requires the acquirer to recognize and measure as goodwill the excess of consideration transferred plus the fair value of any noncontrolling interest in the acquiree at acquisition date over the fair value of the identifiable net assets acquired. The excess of the fair value of the identifiable net assets acquired over consideration transferred plus the fair value of any noncontrolling interest in the acquiree at acquisition date is required to be recognized and measured as a gain from a bargain purchase. SFAS No. 141R is effective for business combination transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The impact of the adoption of SFAS No. 141R will depend on future business combinations transactions.

In December 2007, FASB issued SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No.51". SFAS No. 160 requires noncontrolling interest held by parties other than the parent be clearly identified, labeled and presented in the consolidated statement of financial position within equity, but separate from the parent's equity. SFAS No. 160 also requires changes in parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted as equity transactions. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008 and interim periods within those years. DOCOMO currently estimates that the impact of the adoption of SFAS No. 160 on its result of operations and financial position will be immaterial.

In March 2008, FASB issued SFAS No. 161 "Disclosures about Derivative Instruments and Hedging Activities – an amendment of SFAS No. 133." SFAS No. 161 requires entities with derivative instruments to disclose information that should enable financial statement users to understand how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. DOCOMO is currently evaluating the impact of adoption of SFAS No. 161 on its results of operations and financial position.

(4) Reclassifications—

Certain reclassifications are made to the prior years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2008.

3. Convenient translations:

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 31, 2008, which was ¥99.85 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, 2007 and 2008 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Cash	¥173,067	¥306,905	$3,073,661
Certificates of deposit	150,000	280,000	2,804,206
Bailment for consumption	—	50,000	500,751
Other	19,995	10,000	100,150
Total	¥343,062	¥646,905	$6,478,768

Information regarding "Bailment for consumption" is disclosed in Note 14.

5. Inventories:

Inventories as of March 31, 2007 and 2008 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Telecommunications equipment to be sold	¥144,292	¥145,086	$1,453,039
Materials and supplies	306	306	3,065
Other	1,294	1,192	11,938
Total	¥145,892	¥146,584	$1,468,042

6. Investments in affiliates:

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, including reclassification of foreign currency translation of ¥38,174 million, in the consolidated statement of income and comprehensive income for the year ended March 31, 2006.

Sumitomo Mitsui Card Co., Ltd.—

DOCOMO held 34% of outstanding common shares, which were acquired for ¥98,713 million, of Sumitomo Mitsui Card Co., Ltd. ("Sumitomo Mitsui Card") and accounted for the investment by the equity method as of March 31, 2007 and 2008. DOCOMO entered into an agreement with 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 that DOCOMO would form a capital alliance with Sumitomo Mitsui Card.

Philippine Long Distance Telephone Company—

As of March 31, 2008, DOCOMO held approximately 14% of outstanding common shares, which were acquired for ¥151,156 million, of Philippine Long Distance Telephone Company (PLDT), a telecommunication operator in the Philippines. PLDT is a public company listed on the Philippine Stock Exchange and the New York Stock Exchange. On March 14, 2006, DOCOMO acquired approximately 7% of PLDT's outstanding common shares for ¥52,213 million from NTT Communications Corporation ("NTT Com"), a subsidiary of NTT and accounted for the investment under the cost method. From March 2007 to February 2008, DOCOMO additionally acquired approximately 7% of equity interest and outstanding common shares of PLDT for ¥98,943 million ($990,916 thousand) in the market. Together with the PLDT common shares continued to be held by NTT Com, on a consolidated basis NTT held approximately 21% of the total outstanding common shares of PLDT.

In accordance with the agreement entered into between PLDT and its major shareholders, including NTT Com and DOCOMO, DOCOMO has the right to exercise the entire 21% voting rights associated with the ownership interest collectively held by DOCOMO and NTT Com. As DOCOMO obtained the ability to exercise significant influence over PLDT, DOCOMO has reclassified PLDT as an affiliate and accounted for the investment by applying the equity method during the year ended March 31, 2008. The prior period financial statements have not been retroactively adjusted because the impact of retroactively adjusting the investment, results of operations and net equity of DOCOMO to reflect the application of the equity method accounting is not material to the prior or current period financial statements presented. DOCOMO is currently in the process of evaluation of fair value of tangible, intangible and other assets and liabilities of PLDT with an independent third party appraiser in order to recognize and account for DOCOMO's share of identifiable intangible assets and embedded goodwill of its investment in equity in PLDT. The purchase price allocation is preliminary and will be complete within the year ending March 31, 2009. The carrying amount of our investment in PLDT and the amount of "Equity in net income (loss) of affiliates" may be adjusted upon the completion of the evaluation. DOCOMO's carrying amount of its investment in PLDT was ¥165,099 million ($1,653,470 thousand) as of March 31, 2008 and the aggregate market price of the PLDT shares owned by DOCOMO was ¥180,014 million ($1,802,844 thousand).

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 no other than temporary declines in the values of its investee affiliates during the year ended March 31, 2006. During the year ended March 31, 2007 and 2008, 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 income (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, 2008 to equal or exceed the related carrying values.

All of the investments except PLDT, which are accounted for on the equity method, are privately held companies as of March 31, 2008.

DOCOMO's share of undistributed earnings of affiliates included in consolidated retained earnings was ¥3,363 million, ¥4,239 million and ¥8,469 million ($84,817 thousand) as of March 31, 2006, 2007 and 2008, respectively. Dividends received from affiliates were ¥1,034 million, ¥1,258 million and ¥15,349 million ($153,721 thousand) for the years ended March 31, 2006, 2007 and 2008, 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, 2007 and 2008 was greater by ¥86,183 million and ¥216,024 million ($2,163,485 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.

7. Marketable securities and other investments:

"Marketable securities and other investments" as of March 31, 2007 and 2008 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Marketable securities:			
Available-for-sale	¥268,528	¥158,108	$1,583,455
Other investments	92,853	29,253	292,970
Sub-total	¥361,381	¥187,361	$1,876,425
Less: Available-for-sale securities classified as "Short-term investments "	(99,925)	—	—
Marketable securities and other investments (Non-current)	¥261,456	¥187,361	$1,876,425

Maturities of debt securities classified as available-for-sale as of March 31, 2007 and 2008 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	2007		2008		2008	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Due within 1 year	¥99,925	¥99,925	—	—	—	—
Due after 1 year through 5 years	5	5	¥5	¥5	$50	$50
Due after 5 years through 10 years	—	—	—	—	—	—
Due after 10 years	—	—	—	—	—	—
Total	¥99,930	¥99,930	¥5	¥5	$50	$50

The aggregate cost, gross unrealized holding gains and losses and fair value by type of "Marketable securities and other investments" as of March 31, 2007 and 2008 were as follows:

	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

	Millions of yen			
	2008			
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	¥162,504	¥17,403	¥21,804	¥158,103
Debt securities	5	0	—	5

	Thousands of U.S. dollars			
	2008			
	Cost / Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Available-for-sale:				
Equity securities	$1,627,481	$174,292	$218,368	$1,583,405
Debt securities	50	0	—	50

The proceeds and gross realized gains (losses) from the sale of available-for-sale securities and other investments for the years ended March 31, 2006, 2007 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	**2008**	**2008**
Proceeds	¥14,902	¥ 448	¥896	$8,973
Gross realized gains	40,454	314	748	7,491
Gross realized losses	—	(118)	(2)	(20)

On October 24, 2005, DOCOMO dissolved its capital alliance with KPN Mobile N.V. (“KPN Mobile”). 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) to DOCOMO.

As a result of the agreement, DOCOMO recognized a gain on the transfer of these KPN Mobile shares of ¥40,030 million, which included the reclassification of related foreign currency translation gains of ¥25,635 million, in the consolidated statement of income and comprehensive income under the line item “Gain (loss) on sale of other investments” for the year ended March 31, 2006. DOCOMO also recognized a non-cash expense of ¥14,062 million 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 available-for-sale securities and cost method investments included in other investments as of March 31, 2007 and 2008, 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					
	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

	Millions of yen					
	2008					
	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	¥97,739	¥20,122	¥2,783	¥1,682	¥100,522	¥21,804
Debt securities	—	—	—	—	—	—
Cost method investments	7	20	184	162	191	182

	Thousands of U.S. dollars					
	2008					
	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	$978,858	$201,523	$27,872	$16,845	$1,006,730	$218,368
Debt securities	—	—	—	—	—	—
Cost method investments	70	201	1,843	1,622	1,913	1,823

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. DOCOMO believes that it is not practicable to estimate reasonable fair value. Accordingly, these investments are carried at cost.

Restricted stock, for which sales are restricted by contractual requirements with third parties, was accounted for as cost method investments, while the marketable equity securities for which sales are restricted for remaining terms of 1 year or less were accounted for as available-for-sale securities.

Shares of PLDT, which were accounted for as restricted stock of ¥59,734 million as of March 31, 2007, were accounted for by the equity method and recorded as "Investments in affiliates" in the consolidated balance sheets as of March 31, 2008. The prior period financial statements have not been retroactively adjusted because the impact of retroactively adjusting the investment, results of operations and net equity of DOCOMO to reflect the application of the equity method accounting is not material to the prior or current period financial statements presented.

The aggregate carrying amount of restricted stock as of March 31, 2007 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Restricted stock	¥68,658	—	—

DOCOMO believes that it was not practicable to estimate reasonable fair values for investments in such restricted stock, which has quoted market prices, due to the difficulty in taking into consideration the restriction of sales by contract in valuation.

The aggregate market price of the equivalent amount of unrestricted stock as of March 31, 2007 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Aggregate market price of the equivalent amount of unrestricted stock	¥96,680	—	—

The aggregate carrying amount of cost method investments included in other investments and the aggregate carrying amount of investments whose fair values were not evaluated for impairment, as their fair value was 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 these investments as of March 31, 2007 and 2008 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Cost method investments included in other investments	¥92,818	¥29,209	$292,529
Including: Investments whose fair values were not evaluated for impairment	86,119	26,383	264,226

Because of its excessive costs, DOCOMO believed that it was not practicable to estimate fair value of investments whose fair values were not evaluated for impairment.

The amount of other than temporary impairment of marketable securities and other investments is disclosed in Note 13.

8. 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, 2007 and 2008 were as follows:

	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

	Millions of yen		
		2008	
	Mobile phone business	Miscellaneous businesses	Consolidated
Balance at beginning of year	¥140,165	¥ 7,656	¥147,821
Goodwill acquired during the year	—	11,662	11,662
Foreign currency translation adjustment	(275)	(319)	(594)
Balance at end of year	¥139,890	¥18,999	¥158,889

	Thousands of U.S. dollars		
		2008	
	Mobile phone business	Miscellaneous businesses	Consolidated
Balance at beginning of year	$1,403,756	$ 76,675	$1,480,431
Goodwill acquired during the year	—	116,795	116,795
Foreign currency translation adjustment	(2,754)	(3,195)	(5,949)
Balance at end of year	$1,401,002	$190,275	$1,591,277

Information regarding business segments is discussed in Note 15.

Other intangible assets—

The following tables display the major components of DOCOMO's intangible assets, all of which are subject to amortization, as of March 31, 2007 and 2008.

	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

	Millions of yen		
	2008		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Software for telecommunications network	¥ 623,107	¥ 400,032	¥223,075
Internal-use software	876,792	617,071	259,721
Software acquired to be used in the manufacture of handsets	89,560	40,480	49,080
Customer related assets	50,949	45,996	4,953
Rights to use telecommunications facilities of wireline operators	19,151	9,145	10,006
Other	11,300	2,876	8,424
Total	¥1,670,859	¥1,115,600	¥555,259

	Thousands of U.S. dollars		
	2008		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Software for telecommunications network	$ 6,240,431	$ 4,006,330	$2,234,101
Internal-use software	8,781,092	6,179,980	2,601,112
Software acquired to be used in the manufacture of handsets	896,945	405,408	491,537
Customer related assets	510,255	460,651	49,604
Rights to use telecommunications facilities of wireline operators	191,798	91,588	100,210
Other	113,170	28,803	84,367
Total	$16,733,691	$11,172,760	$5,560,931

The amount of amortizable intangible assets acquired during the year ended March 31, 2008 was ¥200,966 million ($2,012,679 thousand), main components of which were software for telecommunications network in amount of ¥82,365 million ($824,887 thousand) and internal-use software in amount of ¥102,825 million ($1,029,795 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, 2006, 2007 and 2008 was ¥183,979 million, ¥191,828 million and ¥197,324 million ($1,976,204 thousand), respectively. Estimated amortization of intangible assets for fiscal years ending March 31, 2009, 2010, 2011, 2012 and 2013 is ¥184,278 million, ¥143,860 million, ¥107,695 million, ¥64,907 million, and ¥23,340 million, respectively. The weighted-average amortization period of the intangible assets acquired during the year ended March 31, 2008 is 5.1 years.

9. Other assets:

Other assets as of March 31, 2007 and 2008 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Deposits	¥ 73,504	¥ 74,672	$ 747,841
Deferred customer activation costs	76,499	76,654	767,692
Long-term bailment for consumption to a related party	50,000	—	—
Installment receivables for handsets (non-current), net of allowance for doubtful accounts of ¥1,464 ($14,662 thousand) in 2008	—	57,572	576,585
Other	19,268	25,149	251,868
Total	¥219,271	¥234,047	$2,343,986

Information regarding "Long-term bailment for consumption to a related party" is disclosed in Note 14.
Information regarding installment receivables for handsets is disclosed in Note 2 "Revenue recognition".

10. Short-term borrowings and long-term debt:

DOCOMO's debt obligations are denominated in Japanese yen, U.S. dollars and Singapore dollars.

Short-term borrowings, excluding the current portion of long-term debt as of March 31, 2007 and 2008 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Short-term borrowings denominated in Japanese Yen:			
Unsecured short-term loans from financial institutions	¥102	—	—
(Year ended March 31, 2007 - weighted-average interest of 1.3% per annum)			
Short-term borrowings denominated in U.S. dollars:			
Unsecured short-term loans from financial institutions	—	¥1,712	$17,146
(Year ended March 31, 2008 - weighted-average interest of 6.3% per annum)			
Total short-term borrowings	¥102	¥1,712	$17,146

Long-term debt as of March 31, 2007 and 2008 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Debt denominated in Japanese Yen:			
Unsecured corporate bonds	¥ 477,058	¥381,511	$3,820,841
(Year ended March 31, 2007 - interest rates per annum : 0.7%-1.6%, due : 2008-2012)			
(Year ended March 31, 2008 - interest rates per annum : 1.0%-1.6%, due : 2009-2012)			
Unsecured indebtedness to financial institutions	114,000	93,055	931,948
(Year ended March 31, 2007 - interest rates per annum : 0.8%-1.5%, due : 2008-2013)			
(Year ended March 31, 2008 - interest rates per annum : 0.8%-2.5%, due : 2009-2013)			
Debt denominated in U.S. dollars:			
Unsecured corporate bonds	11,805	—	—
(Year ended March 31, 2007 - interest rate per annum : 3.5%, due : 2008)			
Unsecured indebtedness to financial institutions	—	1,712	17,146
(Year ended March 31, 2008 - interest rate per annum : 6.4%, due : 2013)			
Debt denominated in Singapore dollars:			
Unsecured indebtedness to financial institutions	—	474	4,747
(Year ended March 31, 2008 - interest rate per annum : 4.7%, due : 2012)			
Sub-total	¥ 602,863	¥476,752	$4,774,682
Less: Current portion	(131,005)	(75,662)	(757,757)
Total long-term debt	¥ 471,858	¥401,090	$4,016,925

Interest rates on DOCOMO's borrowings are mainly 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 19. Interest costs related specifically to short-term borrowings and long-term debt for the years ended March 31, 2006, 2007 and 2008 totaled ¥8,065 million, ¥5,453 million and ¥5,882 million ($58,908 thousand), respectively.

DOCOMO filed a shelf registration for issuance of up to ¥1,000,000 million of domestic corporate bonds in Japan during a 2-year period started April 3, 2006. DOCOMO did not issue any domestic corporate bonds under this registration.

DOCOMO also filed a shelf registration for issuance of up to ¥1,000,000 million of domestic corporate bonds in Japan during a 2-year period started April 3, 2008.

On June 11, 2008, DOCOMO issued domestic corporate straight bonds as follows:

Series 15 NTT DOCOMO Unsecured Straight Bonds	
Date of payment	June 11, 2008
Issue amount	¥80,000 million ($801,202 thousand)
Issue price	¥99.93 per ¥100
Interest rate	1.96% per annum
Date of maturity	June 20, 2018
Use of proceeds	Repayment of outstanding debt, Redemption of outstanding corporate bonds, Capital expenditures, Investments, Loans, and Working capital

The amount of unused portion of a shelf registration after the issuance was ¥920,000 million.

The aggregate amounts of annual maturities of long-term debt as of March 31, 2008, before consideration of the subsequent issuance of domestic corporate bonds were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 75,662	$ 757,756
2010	29,018	290,616
2011	180,864	1,811,357
2012	174,781	1,750,436
2013	16,427	164,517
Thereafter	—	—
Total	¥476,752	$4,774,682

11. 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, 2008 was ¥1,277,120 million ($12,790,386 thousand) and was included in "Additional paid-in capital" and "Retained earnings".

In the general meeting of shareholders held on June 20, 2008, the shareholders approved cash dividends of ¥102,307 million or ¥2,400 per share, payable to shareholders recorded as of March 31, 2008, which were declared by the board of directors on April 25, 2008.

Issued shares and treasury stock—

The changes in the number of issued shares and treasury stock for the years ended March 31, 2006, 2007 and 2008 are summarized as follows, where fractional shares are rounded off:

	Number of issued shares	Number of treasury stock
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
Acquisition of treasury stock based on the resolution by the general meeting of shareholders	—	965,666
Acquisition of fractional shares	—	51
Retirement of treasury stock	(1,010,000)	(1,010,000)
As of March 31, 2008	44,870,000	2,242,073

DOCOMO had no issued shares other than share of its common stock.

In order to improve capital efficiency and to implement flexible capital policies in accordance with the business environment, the general meetings of shareholders approved stock repurchase plans as follows:

Date of the general meeting of shareholders	Term of repurchase	Approved maximum number of treasury stock to be repurchased (Shares)	Approved maximum budget for share repurchase (Millions of yen)
June 18, 2004	June 18, 2004 - June 21, 2005	2,500,000	¥600,000
June 21, 2005	June 21, 2005 - June 20, 2006	2,200,000	400,000
June 20, 2006	June 20, 2006 - June 19, 2007	1,400,000	250,000
June 19, 2007	**June 20, 2007 - June 19, 2008**	1,000,000	200,000
June 20, 2008	**June 21, 2008 - June 20, 2009**	900,000	150,000

Aggregate number and price of shares repurchased for the year ended March 31, 2006, 2007 and 2008 were as follows:

Year ended March 31,	Shares	Millions of yen
2006	1,797,981	¥300,078
2007	880,583	157,223
2008	965,717	173,002

Year ended March 31,	Shares	Thousands of U.S. dollars
2008	965,717	$1,732,619

Out of the total shares repurchased, 1,506,000 shares were purchased from NTT during the year ended March 31, 2006. No shares were purchased from NTT during the years ended March 31, 2007 and 2008.

Based on the resolution of the board of directors, DOCOMO retired its own shares held as treasury stock. The number and aggregate amount of purchase price of treasury stock retired were as follows:

Date of the board of directors	Shares	Millions of yen
March 28, 2006	1,890,000	¥362,659
March 28, 2007	930,000	175,055
March 28, 2008	1,010,000	187,387

Date of the board of directors	Shares	Thousands of U.S. dollars
March 28, 2008	1,010,000	$1,876,685

As a result of the share retirement, "Retained earnings" were decreased by ¥362,659 million 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.

As a result of the share retirements, "Additional paid-in capital" was decreased by ¥175,055 million and ¥187,387 million ($1,876,685 thousand) and the number of authorized common stock was not changed during the years ended March 31, 2007 and 2008, respectively.

In May 2008, based on a resolution of the board of directors on March 28, 2008, DOCOMO repurchased total of 311,322 shares of its common stock for ¥49,997 million ($500,721 thousand) in the stock market.

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 curency translation adjustment	Pension liability adjustment	Mimimum pension liability adjustment	Accumulated other comprehensive income
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	—	—	—	¥ (8,324)	3,481	(4,843)
As of March 31, 2007	¥ 13,829	¥ (58)	¥ 7,427	¥ (8,324)	—	¥ 12,874
2008 change	(16,331)	133	7,172	(3,438)	—	(12,464)
As of March 31, 2008	¥ (2,502)	¥ 75	¥ 14,599	¥(11,762)	—	¥ 410

	Thousands of U.S. dollars					
	Unrealized holding gains (losses) on available-for-sale securities	Net revaluation of financial instruments	Foreign curency translation adjustment	Pension liability adjustment	Mimimum pension liability adjustment	Accumulated other comprehensive income
As of March 31, 2007	$138,498	$ (581)	$ 74,381	$ (83,365)	—	$ 128,933
2008 change	(163,555)	1,332	71,828	(34,432)	—	(124,827)
As of March 31, 2008	$ (25,057)	$ 751	$146,209	$ (117,797)	—	$ 4,106

The amount of taxes applied to the items in "Accumulated other comprehensive income" is described in Note 17.

12. 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 ¥110,509 million, ¥99,315 million and ¥100,035 million ($1,001,853 thousand) for the years ended March 31, 2006, 2007 and 2008, respectively.

Advertising expenses

Expenditures for advertising are also expensed as incurred. Such expenditures are included in "Selling, general and administrative" expenses and amounted to ¥52,610 million, ¥53,126 million and ¥55,357 million ($554,402 thousand) for the years ended March 31, 2006, 2007 and 2008, respectively.

13. 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, 2006, 2007 and 2008 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	**2008**	**2008**
Net realized gains on marketable securities	¥ 366	¥ 309	¥ 748	$ 7,491
Other than temporary impairment of marketable securities and other investments	(251)	(8,086)	(11,418)	(114,352)
Foreign exchange gains (losses), net	8,072	281	(1,609)	(16,114)
Rental revenue received	2,525	2,407	2,256	22,594
Dividends income	4,446	7,203	3,310	33,150
Penalties and compensation for damages	3,279	2,000	2,193	21,963
Other, net	2,938	(292)	(1,366)	(13,680)
Total	¥21,375	¥ 3,822	¥ (5,886)	$ (58,948)

14. 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) 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, 2006, 2007 and 2008, DOCOMO purchased capital equipment from NTT Group companies in amount of ¥71,897 million, ¥103,728 million and ¥78,112 million ($782,293 thousand), respectively.

DOCOMO has entered into contracts of bailment of cash for consumption with NTT FINANCE CORPORATION ("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, 2008. 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 ¥100,000 million as of March 31, 2007. The assets related to the contracts were recorded as "Short-term investments" of ¥50,000 million and "Other assets" of ¥50,000 million in 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 with the average interest rate of 0.2% per annum as of March 31, 2007.

The balance of bailment was ¥100,000 million ($1,001,502 thousand) as of March 31, 2008. The assets related to the contracts were recorded as "Cash and cash equivalents" of ¥50,000 million ($500,751 thousand) and "Short-term investments" of ¥50,000 million ($500,751 thousand) in the consolidated balance sheets as of March 31, 2008. The contracts had remaining terms to maturity ranging from 1 month to 3 months with the average interest rate of 0.4% per annum as of March 31, 2008.

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 and 2008 was ¥25,178 million and ¥51,243 million ($513,200 thousand), respectively. The recorded amount of interest income derived from the contracts was ¥95 million, ¥269 million and ¥388 million ($3,886 thousand) for the years ended March 31, 2006, 2007 and 2008, respectively.

15. 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 terminated its PHS services on January 7, 2008. 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 identifies 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 management 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 primarily include 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 based on the proportionate 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, 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	¥ 5,054	¥ 3,734	—	¥ 738,137
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	¥ 3,230	¥ 6,838	—	¥ 745,338
Capital expenditures	¥ 781,548	¥ 1,195	—	¥151,680	¥ 934,423

	Millions of yen				
Year ended March 31, 2008	Mobile phone business	PHS business	Miscellaneous businesses	Corporate	Consolidated
Operating revenues	¥4,647,132	¥ 9,953	¥ 54,742	—	¥4,711,827
Operating expenses	3,788,943	39,912	74,660	—	3,903,515
Operating income (loss)	¥ 858,189	¥(29,959)	¥(19,918)	—	¥ 808,312
Total assets	¥4,838,663	¥ 19,664	¥ 80,668	¥1,271,839	¥6,210,834
Depreciation and amortization	¥ 767,481	¥ 1,601	¥ 7,343	—	¥ 776,425
Capital expenditures	¥ 623,975	¥ 244	—	¥ 134,524	¥ 758,743

	Thousands of U.S. dollars				
Year ended March 31, 2008	Mobile phone business	PHS business	Miscellaneous businesses	Corporate	Consolidated
Operating revenues	$46,541,132	$ 99,680	$ 548,242	—	$47,189,054
Operating expenses	37,946,350	399,720	747,721	—	39,093,791
Operating income (loss)	$ 8,594,782	$(300,040)	$(199,479)	—	$ 8,095,263
Total assets	$48,459,319	$ 196,935	$ 807,892	$12,737,496	$62,201,642
Depreciation and amortization	$ 7,686,340	$ 16,034	$ 73,540	—	$ 7,775,914
Capital expenditures	$ 6,249,124	$ 2,443	—	$ 1,347,261	$ 7,598,828

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

There were no sales and operating revenue from transactions with a single external customer amounting to 10% or more of DOCOMO's revenues for the years ended March 31, 2006, 2007 and 2008.

Revenues from external customers for each similar product and service were presented as follows:

	Millions of yen			Thousands of U.S. dollars
Year ended March 31	2006	2007	**2008**	**2008**
Operating Revenues :				
Wireless services	¥4,295,856	¥4,314,140	¥4,165,234	$41,714,913
Cellular services revenues	4,158,134	4,182,609	4,018,988	40,250,255
– Voice revenues	3,038,654	2,940,364	2,645,096	26,490,696
Including: FOMA services	1,169,947	1,793,037	2,084,263	20,873,941
– Packet communications revenues	1,119,480	1,242,245	1,373,892	13,759,559
Including: FOMA services	613,310	971,946	1,254,648	12,565,328
PHS services revenues	40,943	23,002	9,472	94,863
Other revenues	96,779	108,529	136,774	1,369,795
Equipment sales	470,016	473,953	546,593	5,474,141
Total operating revenues	¥4,765,872	¥4,788,093	¥4,711,827	$47,189,054

16. 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 plans ("Defined benefit pension plans") sponsored by DOCOMO.

The following table presents reconciliations of the changes in the Defined benefit pension plans' projected benefit obligations and fair value of plan assets for the years ended March 31, 2007 and 2008. DOCOMO uses a measurement date of March 31 for its Defined benefit pension plans.

	Millions of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Change in benefit obligations:			
Projected benefit obligation, beginning of year	¥188,856	¥ 183,004	$ 1,832,789
Service cost	10,219	9,521	95,353
Interest cost	3,654	3,889	38,948
Benefit payments	(9,737)	(10,471)	(104,867)
Plan amendment	(465)	—	—
Transfer of liability from defined benefit pension plans of the NTT group	160	281	2,815
Actuarial gain	(9,683)	(3,996)	(40,020)
Projected benefit obligation, end of year	¥183,004	¥ 182,228	$ 1,825,018
Change in fair value of plan assets:			
Fair value of plan assets, beginning of year	¥ 79,266	¥ 85,207	$ 853,350
Actual return on plan assets	3,096	(7,870)	(78,818)
Employer contributions	4,470	3,980	39,860
Benefit payments	(1,661)	(1,838)	(18,408)
Transfer of plan assets from defined benefit pension plans of the NTT group	36	65	651
Fair value of plan assets, end of year	¥ 85,207	¥ 79,544	$ 796,635
At March 31:			
Funded status	¥ (97,797)	¥(102,684)	$(1,028,383)

The following table provides the amounts recognized in DOCOMO's consolidated balance sheets as of March 31, 2007 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Liability for employees' retirement benefits	¥(98,621)	¥(102,912)	$(1,030,666)
Prepaid pension cost	824	228	2,283
Net amount recognized	¥(97,797)	¥(102,684)	$(1,028,383)

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

Items recognized in "Accumulated other comprehensive income" as of March 31, 2007 and 2008 were summarized in the following table:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Actuarial gains (losses), net	¥(28,737)	¥(33,921)	$(339,720)
Prior service cost	20,239	18,332	183,595
Transition obligation	(1,439)	(1,312)	(13,140)
Total	¥ (9,937)	¥(16,901)	$(169,265)

The accumulated benefit obligation for the Defined benefit pension plans was ¥176,586 million and ¥176,476 million ($1,767,411 thousand) as of March 31, 2007 and 2008, 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, 2007 and 2008 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Plans with projected benefit obligation in excess of plan assets			
Projected benefit obligation	¥178,323	¥177,963	$1,782,303
Fair value of plan assets	79,702	75,051	751,637
Plans with accumulated benefit obligation in excess of plan assets			
Accumulated benefit obligation	¥171,549	¥172,239	$1,724,977
Fair value of plan assets	79,313	75,051	751,637

The net periodic pension cost for the Defined benefit pension plans for the years ended March 31, 2006, 2007 and 2008 included the following components:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Service cost	¥ 9,879	¥10,219	¥ 9,521	$ 95,353
Interest cost on projected benefit obligation	3,493	3,654	3,889	38,948
Expected return on plan assets	(1,640)	(2,028)	(2,144)	(21,472)
Amortization of prior service cost	(1,861)	(1,907)	(1,907)	(19,099)
Amortization of actuarial gains and losses	2,018	1,600	834	8,353
Amortization of transition obligation	132	127	127	1,272
Net periodic pension cost	¥12,021	¥11,665	¥10,320	$103,355

Other changes in plan assets and benefit obligations of the Defined benefit pension plans recognized in "Accumulated other comprehensive income" for the years ended March 31, 2006, 2007 and 2008 included the following components:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Other changes in plan assets and benefit obligations recognized in "Accumulated other comprehensive income":				
Adjustment to minimum pension liability	¥(4,564)	¥ (8,778)	—	—
Actuarial (gains) losses arising during period, net	—	28,737	¥ 6,018	$ 60,270
Prior service cost arising during period	—	(20,239)	—	—
Transition obligation arising during period	—	1,439	—	—
Amortization of prior service cost	—	—	1,907	19,099
Amortization of actuarial gains and losses	—	—	(834)	(8,353)
Amortization of transition obligation	—	—	(127)	(1,272)
Elimination of minimum pension liability	—	(5,206)	—	—
Total recognized in "Accumulated other comprehensive income"	¥(4,564)	¥ (4,047)	¥ 6,964	$ 69,744
Total recognized in net periodic pension cost and "Accumulated other comprehensive income"	¥ 7,457	¥ 7,618	¥17,284	$173,099

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, 2009 is ¥1,192 million, ¥127 million and ¥(1,907) million, respectively.

The assumptions used in determination of the pension plans' projected benefit obligations as of March 31, 2007 and 2008 were as follows:

	2007	2008
Discount rate	2.2%	2.3%
Long-term rate of salary increases	2.1	2.2

The assumptions used in determination of the net periodic pension cost for the years ended March 31, 2006, 2007 and 2008 were as follows:

	2006	2007	2008
Discount rate	2.0%	2.0%	2.2%
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 Defined benefit pension plans as of March 31, 2007 and 2008 by asset category were as follows:

	2007	2008
Domestic bonds	32.8%	42.6%
Domestic stock	23.8	23.0
Foreign stock	14.8	13.8
Foreign bonds	18.3	10.7
Other	10.3	9.9
Total	100.0%	100.0%

The Defined benefit pension plans' policy toward plan asset 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 2008 was: domestic bonds, 45.0%; domestic stock, 25.0%; foreign stock, 15.0%; foreign bonds, 10.0%; and other financial instruments 5.0%.

As of March 31, 2007 and 2008, domestic stock owned by the Defined benefit pension plans as its plan asset included common stock of NTT and the NTT group companies listed in Japan including DOCOMO in amount of ¥666 million (0.8% of total plan assets) and ¥479 million ($4,797 thousand, 0.6% of total plan assets), respectively.

Occasionally, employees of the NTT group companies transfer to DOCOMO. Upon such transfer, the NTT group companies transfer 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 the NTT group companies to DOCOMO, included in the above table which presents reconciliations of the changes in the Defined benefit pension plans' projected benefit obligations and fair value of plan assets, represents cash paid by the NTT group companies to DOCOMO, which has not been invested in plan assets.

DOCOMO expects to contribute ¥2,747 million to the Defined benefit pension plans in the year ending March 31, 2009.

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

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥13,365	$133,851
2010	12,164	121,823
2011	11,701	117,186
2012	11,435	114,522
2013	11,176	111,928
2014–2018	65,981	660,801

Social welfare pension scheme and NTT Kigyou-Nenkin-Kikin (NTT Corporate Defined Benefit Pension Plan) —

DOCOMO participates in the national welfare pension plan ("National Plan") and a contributory defined benefit pension plan sponsored by the NTT group (NTT Kigyou-Nenkin-Kikin or NTT Corporate Defined Benefit Pension Plan, "NTT CDBP"). 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 provide contributions to such plan every year. The National Plan is considered a multi-employer plan as defined by SFAS No. 87 "Employers' Accounting for Pensions" and contributions to such plan are recognized as expenses. The total amount of contributions by DOCOMO was ¥12,787 million, ¥13,108 million and ¥13,369 million ($133,891 thousand) for the years ended March 31, 2006, 2007 and 2008, respectively.

Both NTT Group, including DOCOMO and its employees provide contributions to the NTT CDBP to supplement the pension benefits to which the employees are entitled under the National Plan. The NTT CDBP is regulated under the Defined-Benefit Corporate Pension Law. The NTT CDBP is considered a defined benefit pension plan as defined by SFAS No. 87. The participation by DOCOMO and its subsidiaries in the NTT CDBP is accounted for as a single employer plan. The number of DOCOMO's employees covered by the NTT CDBP represented approximately 10.5% of the total members as of both March 31, 2007 and 2008.

In June 2003, under the Defined-Benefit Corporate Pension Law, NTT Kosei-Nenkin-Kikin or NTT Employee's Pension Fund ("NTT Plan"), which was the antecedent of the NTT CDBP, applied to the Japanese government for permission for the NTT Plan to be released from the future obligations 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 government for permission for the NTT Plan to be released from the substitutional portion of the past obligations in April 2007, and the application was approved in July 2007. As a result, the participants of the NTT Plan were transferred to the NTT CDBP.

In February 2008, the NTT CDBP transferred the remaining substitutional obligation and related plan assets, determined pursuant to the government formula, of the pension fund to the government agency. In accordance with EITF Issue No.03-2, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities", DOCOMO accounted for the entire transfer process as a single settlement event upon completion of the transfer. The net amount of actuarial gains and losses proportionate to the substitutional portion immediately prior to the transfer, which was ¥3,892 million ($38,978 thousand), and the excess of projected benefit obligation over the accumulated benefit obligation, which was ¥4,395 million ($44,016 thousand), were netted and recognized as settlement gain of ¥503 million ($5,038 thousand) from the transaction. The net of the obligation settled and the assets transferred to the government was recognized as a gain on subsidy from the government of ¥24,199 million ($242,353 thousand). As a result of recording the settlement gain and governmental subsidy as reduction of "Selling, general and administrative", the aggregate amount of ¥24,702 million ($247,391 thousand) was recognized as decrease in operating expenses in the consolidated statements of income and comprehensive income for the year ended March 31, 2008. A "Decrease in liability for employees' retirement benefits" of ¥19,002 million ($190,306 thousand) recognized in the consolidated statements of cash flows for the year ended March 31, 2008 was net of a decrease of ¥24,702 million ($247,391 thousand) in liability for employees' retirement benefits due to gain on transfer of substitutional portion and an increase of ¥5,700 million ($57,085 thousand) in liability for employees' retirement benefits which was derived from other factors.

The following table presents reconciliations of the changes in the NTT CDBP's projected benefit obligation and fair value of plan assets for the years ended March 31, 2007 and 2008. The amount in the table is based on actuarial computations which covered only DOCOMO employees' participation in the NTT CDBP. The funded status was recognized as "Liability for employees' retirement benefits" in the consolidated balance sheets as of March 31, 2007 and 2008.

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Change in benefit obligations:			
Projected benefit obligation, beginning of year	¥132,031	¥131,405	$1,316,024
Service cost	3,440	3,244	32,489
Interest cost	2,619	2,872	28,763
Benefit payments	(1,272)	(1,123)	(11,247)
Internal adjustment due to transfer of employees within the NTT group	(438)	(413)	(4,136)
Actuarial gain	(4,975)	(2,412)	(24,156)
Transfer of the substitutional portion to the government	—	(55,288)	(553,711)
Projected benefit obligation, end of year	¥131,405	¥ 78,285	$ 784,026
Change in fair value of plan assets:			
Fair value of plan assets, beginning of year	¥ 90,262	¥ 94,136	$ 942,774
Actual return on plan assets	3,697	(3,122)	(31,267)
Employer contributions	1,240	954	9,554
Employee contributions	522	452	4,527
Benefit payments	(1,272)	(1,123)	(11,247)
Internal adjustment due to transfer of employees within the NTT group	(313)	(294)	(2,944)
Transfer of the substitutional portion to the government	—	(26,694)	(267,341)
Fair value of plan assets, end of year	¥ 94,136	¥ 64,309	$ 644,056
At March 31:			
Funded status	¥ (37,269)	¥ (13,976)	$ (139,970)

Items recognized in "Accumulated other comprehensive income", based on actuarial computations which covered only DOCOMO employees' participation in the NTT CDBP, were summarized in the following table:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Actuarial gains (losses), net	¥(6,080)	¥(5,221)	$(52,288)
Prior service cost	2,497	2,140	21,432
Total	¥(3,583)	¥(3,081)	$(30,856)

The accumulated benefit obligation regarding DOCOMO employees for the NTT CDBP based on actuarial computations which covered only DOCOMO employees' participation was ¥109,680 million and ¥61,864 million ($619,569 thousand) at March 31, 2007 and 2008, 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, 2007 and 2008 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Plans with projected benefit obligation in excess of plan assets			
Projected benefit obligation	¥131,405	¥78,285	$784,026
Fair value of plan assets	94,136	64,309	644,056
Plans with accumulated benefit obligation in excess of plan assets			
Accumulated benefit obligation	¥109,680	¥19,518	$195,473
Fair value of plan assets	94,136	16,803	168,282

The net periodic pension cost related to the NTT CDBP based on actuarial computations which covered only DOCOMO employees' participation for the years ended March 31, 2006, 2007 and 2008, included the following components:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Service cost	¥ 3,626	¥ 3,440	¥ 3,244	$ 32,489
Interest cost on projected benefit obligation	2,580	2,619	2,872	28,763
Expected return on plan assets	(1,970)	(2,254)	(2,339)	(23,425)
Amortization of prior service cost	(357)	(357)	(357)	(3,575)
Amortization of actuarial gains and losses	1,956	362	16	160
Contribution from employees	(532)	(522)	(452)	(4,527)
Net periodic pension cost	¥ 5,303	¥ 3,288	¥ 2,984	$ 29,885
Gain on transfer of substitutional portion of pension liabilities	—	—	(24,702)	(247,391)
Total	¥ 5,303	¥ 3,288	¥(21,718)	$(217,506)

Other changes in plan assets and benefit obligations of the NTT CDBP based on actuarial computations which covered only DOCOMO employees' participation recognized in "Accumulated other comprehensive income" for the years ended March 31, 2006, 2007 and 2008 included the following components:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Other changes in plan assets and benefit obligations recognized in "Accumulated other comprehensive income":				
Adjustment to minimum pension liability	¥(2,132)	¥ (600)	—	—
Actuarial (gains) losses arising during period, net	—	6,080	¥ 3,049	$ 30,536
Prior service cost arising during period	—	(2,497)	—	—
Amortization of prior service cost	—	—	357	3,575
Amortization of actuarial gains and losses	—	—	(16)	(160)
Reclassification of actuarial gains and losses due to transfer of the substitutional portion to the government	—	—	(3,892)	(38,978)
Elimination of minimum pension liability	—	(311)	—	—
Total recognized in "Accumulated other comprehensive income"	¥(2,132)	¥ 2,672	¥ (502)	$ (5,027)
Total recognized in net periodic pension cost, gain on transfer of substitutional portion of pension liabilities and "Accumulated other comprehensive income"	¥ 3,171	¥ 5,960	¥(22,220)	$(222,533)

The amount of actuarial losses and prior service cost, which are expected to be amortized and reclassified from "Accumulated other comprehensive income" to net periodic pension cost during the year ending March 31, 2009 is ¥97 million and ¥(357) million, respectively.

The assumptions used in determination of the NTT CDBP's projected benefit obligations, based on actuarial computations which covered only DOCOMO employees' participation in the NTT CDBP, as of March 31, 2007 and 2008 were as follows:

	2007	2008
Discount rate	2.2%	2.3%
Long-term rate of salary increases	2.6	2.6

The assumptions used in determination of the net periodic pension cost, based on actuarial computations which covered only DOCOMO employees' participation in the NTT CDBP, for the years ended March 31, 2006, 2007 and 2008 were as follows:

	2006	2007	2008
Discount rate	2.0%	2.0%	2.2%
Long-term rate of salary increases	2.6	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 CDBP 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 CDBP as of March 31, 2007 and 2008 by asset category were as follows:

	2007	**2008**
Domestic bonds	49.6%	58.2%
Domestic stock	17.9	17.4
Foreign stock	11.4	10.4
Foreign bonds	14.2	8.1
Other	6.9	5.9
Total	100.0%	100.0%

The NTT CDBP's policy toward plan asset 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 CDBP selects various investments and takes into consideration their expected returns and risks and the correlation among the investments. The NTT CDBP 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 CDBP will review the asset allocation as necessary. The target ratio in March 2008 was: domestic bonds, 60.8%; domestic stock, 18.2%; foreign stock, 10.5%; foreign bonds, 7.7%; and other financial instruments 2.8%. As of March 31, 2007 and 2008, domestic stock owned by the NTT CDBP as its plan asset included common stock of NTT and the NTT group companies including DOCOMO in the amount of ¥9,548 million (0.7% of total plan assets) and ¥4,744 million ($47,511 thousand, 0.5% of total plan assets), respectively.

DOCOMO expects to contribute ¥799 million to the NTT CDBP in the year ending March 31, 2009.

The benefit payments, which reflect expected future service under the NTT CDBP, 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
2009	¥ 981	$ 9,825
2010	1,323	13,250
2011	1,497	14,992
2012	1,672	16,745
2013	1,852	18,548
2014–2018	11,729	117,466

17. Income taxes:

Total income taxes for the years ended March 31, 2006, 2007 and 2008 were computed as follows:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	2008	2008
Income from continuing operations before equity in net income (losses) of affiliates and minority interest	¥341,382	¥313,679	¥322,955	$3,234,401
Equity in net income (losses) of affiliates	1,653	(850)	9,257	92,709
Other comprehensive income (loss):				
Unrealized holding gains (losses) on available-for-sale securities	6,927	(10,586)	(11,668)	(116,855)
Less: Reclassification of realized gains and losses included in net income	(1,618)	(276)	299	2,994
Net revaluation of financial instruments	256	576	(363)	(3,635)
Less: Reclassification of realized gains and losses included in net income	(172)	(552)	455	4,557
Foreign currency translation adjustment	(234)	76	6,634	66,440
Less: Reclassification of realized gains and losses included in net income	(15,779)	—	(88)	(881)
Adjustment to initially apply SFAS No. 158	—	(3,395)	—	—
Pension liability adjustment:				
Actuarial gains (losses) arising during period, net	—	—	(3,513)	(35,183)
Less: Amortization of prior service cost	—	—	(926)	(9,274)
Less: Amortization of actuarial gains and losses	—	—	348	3,486
Less: Amortization of transition obligation	—	—	52	521
Less: Reclassification of actuarial gains and losses due to transfer of the substitutional portion to the government	—	—	1,660	16,624
Minimum pension liability adjustment	2,758	3,849	—	—
Total income taxes	¥335,173	¥302,521	¥325,102	$3,255,904

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

For the years ended March 31, 2006, 2007 and 2008, 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, 2006, 2007 and 2008. The effective income tax rate for the years ended March 31, 2006, 2007 and 2008 was 35.9%, 40.6% and 40.3%, respectively.

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

	2006	2007	2008
Statutory income tax rate	40.9%	40.9%	40.9%
Expenses not deductible for tax purposes	0.2	0.2	0.3
Tax credit for special tax treatment such as R&D investment tax incentive, IT investment promotion tax incentive and IT infrastructure tax incentive	(2.6)	(0.9)	(0.8)
Changes in valuation allowance	(0.9)	—	—
Other	(1.7)	0.4	(0.1)
Effective income tax rate	35.9%	40.6%	40.3%

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 as of March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Deferred tax assets:			
Property, plant and equipment and intangible assets principally due to differences in depreciation and amortization	¥ 45,139	¥ 48,618	$ 486,911
Liability for employees' retirement benefits	54,329	46,965	470,356
Reserve for point loyalty programs	42,397	46,004	460,731
Deferred revenues regarding "Nikagetsu Kurikoshi" (2 month carry-over)	28,779	32,441	324,897
Accrued enterprise tax	6,244	16,594	166,189
Compensated absences	9,276	12,455	124,737
Accrued commissions to agent resellers	23,293	9,343	93,570
Marketable securities and other investments	3,604	7,873	78,848
Accrued bonus	7,006	6,897	69,074
Inventories	14,861	5,428	54,362
Unrealized holding losses on available–for-sale securities	—	1,746	17,486
Other	10,571	12,435	124,537
Total deferred tax assets	¥245,499	¥246,799	$2,471,698
Deferred tax liabilities:			
Foreign currency translation adjustment	128	6,674	66,840
Property, plant and equipment due to differences in capitalized interest	1,738	2,343	23,465
Investment in affiliates	438	2,292	22,955
Intangible assets (principally customer related assets)	5,499	2,026	20,291
Unrealized holding gains on available-for-sale securities	9,623	—	—
Other	7,436	3,551	35,563
Total deferred tax liabilities	¥ 24,862	¥ 16,886	$ 169,114
Net deferred tax assets	¥220,637	¥229,913	$2,302,584

The components of net deferred tax assets included in the consolidated balance sheets as of March 31, 2007 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2008	2008
Deferred tax assets (current assets)	¥ 94,868	¥108,037	$1,081,993
Deferred tax assets (non-current investments and other assets)	127,696	123,403	1,235,884
Other current liabilities	(7)	—	—
Other long-term liabilities	(1,920)	(1,527)	(15,293)
Total	¥220,637	¥229,913	$2,302,584

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. 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.

Effective April 1, 2007, DOCOMO applied the provisions of FIN 48, which, among other things, requires applying a "more-likely-than-not" threshold to the recognition and derecognizing of tax positions. As of the date of the application of FIN 48 DOCOMO had no material unrecognized tax benefit which would favorably affect the effective income tax rate in future periods and does not believe that there will be any significant increases or decreases within the next 12 months. DOCOMO has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of income and comprehensive income. No interest or penalties have been accrued at the date of application.

DOCOMO mainly files income tax returns in Japan. According to the Japanese tax law, the statute of limitation is 5 years (i.e. the years ended March 31, 2003 to 2007) in the case of underreporting of the taxable income. In addition, the statute of limitations is 7 years (i.e. the years ended March 31, 2001 to 2007) in the case of amendment of net operating losses and tax evasion. The Company and its major domestic subsidiaries are no longer subject to regular income tax examination by the tax authority before the year ended March 31, 2007. In the case of transfer pricing, the statute of limitations is 6 years (i.e. the years ended March 31, 2002 to 2007).

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.

18. Commitments and contingencies:

Leases—

DOCOMO leases certain facilities and equipment in the normal course of business under capital leases or operating leases.

Assets covered under capital leases at March 31, 2007 and 2008 were as follows:

Class of property	Millions of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Tools, furniture and fixtures	¥12,016	¥11,699	$117,166
Software	875	409	4,096
Sub-total	12,891	12,108	121,262
Less: Accumulated depreciation and amortization	(7,143)	(7,833)	(78,448)
Total	¥ 5,748	¥ 4,275	$ 42,814

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, 2008 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 3,036	$ 30,405
2010	2,332	23,355
2011	1,591	15,934
2012	882	8,833
2013	382	3,826
Thereafter	61	611
Total minimum lease payments	8,284	82,964
Less—Amount representing interest	(506)	(5,067)
Present value of net minimum lease payments	7,778	77,897
Less—Amounts representing estimated executory costs	(1,031)	(10,326)
Net minimum lease payments	6,747	67,571
Less—Current obligation	(2,422)	(24,256)
Long-term capital lease obligations	¥ 4,325	$ 43,315

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 as of March 31, 2008 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 2,152	$ 21,553
2010	1,870	18,728
2011	1,521	15,233
2012	1,424	14,261
2013	1,424	14,261
Thereafter	14,238	142,594
Total minimum future rentals	¥22,629	$226,630

The following schedule shows total rental expense for all operating leases for the years indicated except those with terms of 1 month or less that were not renewed:

	Millions of yen			Thousands of U.S. dollars
	2006	2007	**2008**	**2008**
Minimum rentals	¥64,323	¥67,897	¥70,673	$707,792

Litigation—

As of March 31, 2008, DOCOMO had no litigation or claims outstanding, pending or threatened against which in the opinion of management would have a materially 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, 2008 amounted to ¥51,746 million ($518,237 thousand) (of which ¥3,632 million ($36,375 thousand) are with related parties) for property, plant and equipment, ¥22,029 million ($220,621 thousand) (of which none are with related parties) for inventories and ¥44,920 million ($449,875 thousand) (of which ¥849 million ($8,503 thousand) are with related parties) for the other purchase commitments.

Guarantees—

DOCOMO applied 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 subscribers, related parties, foreign wireless telecommunications service providers and other business partners. While the most of guarantees provided for subscribers 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 subscribers 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 claimed 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, 2008.

19. Financial instruments:

(1) 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 sets and follows internal regulations that establish conditions to enter into derivative contracts and procedures of approving and monitoring such contracts.

(2) Fair value of financial instruments

Short-term financial instruments –

All cash and short-term investments, current receivables, current payables and certain other short-term financial instruments are short-term in nature. Therefore their carrying amounts approximate fair values except the items separately referred below.

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, 2007 and 2008 were as follows:

Millions of yen				Thousands of U.S. dollars	
2007		**2008**		**2008**	
Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
¥602,863	¥606,910	¥476,752	¥481,832	$4,774,682	$4,825,558

Interest rate swap agreements –

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). DOCOMO designated this derivative as a fair value hedge utilizing the short-cut method in SFAS No. 133, which permits an assumption of no ineffectiveness if these and other criteria are met. The offset to the change in fair value of the interest rate swap was reflected in the balance of the hedged instrument within "Long-term debt" in the consolidated balance sheets and interest expense was adjusted to include the effects of payments made and received under the swap.

The table below shows the contract amount and fair value of the interest rate swap agreement as of March 31, 2007 and 2008:

			Millions of yen	
Contract Term (in the year ended/ending March 31,)	Weighted average rate per annum		2007	
	Receive fixed	Pay floating	Contract amount	Fair value
2004–2012	1.5%	0.9%	¥235,800	¥858

			Millions of yen		Thousands of U.S. dollars	
Contract Term (in the year ended/ending March 31,)	Weighted average rate per annum		**2008**		**2008**	
	Receive fixed	Pay floating	Contract amount	Fair value	Contract amount	Fair value
2004–2012	1.5%	1.2%	¥235,800	¥3,511	$2,361,542	$35,163

The interest rate swap agreements have remaining terms to maturity ranging from 3 years to 3 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 as of March 31, 2007 and 2008.

Foreign currency swap agreement—

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 qualified as a cash flow hedge instrument for accounting purposes and all the essential terms of the currency swap and the hedged item are identical, there was no ineffective portion to the hedge. The gain or loss from the fluctuation in the fair value of the swap transaction was recorded as "Accumulated other comprehensive income". The amount recorded as "Accumulated other comprehensive income" was reclassified as gain or loss when the offsetting gain or loss derived from the hedged item was recorded in the accompanying consolidated statements of income and comprehensive income.

For the year ended March 31, 2006, ¥1,262 million of loss from currency translation and ¥28 million of interest expense in the consolidated statements of income and comprehensive income were reclassified, and ¥92 million 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 of loss from currency translation and ¥30 million of interest expense in the consolidated statements of income and comprehensive income were reclassified, and ¥58 million 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.

In March 2008, DOCOMO redeemed the $100 million unsecured corporate bonds hedged by the contract. As a result of the redemption, ¥1,114 million ($11,157 thousand) related to the hedged transaction recorded as "Net revaluation of financial instruments" included in "Accumulated other comprehensive income" in the consolidated balance sheets was reclassified to ¥1,462 million ($14,642 thousand) of currency transaction loss and ¥348 million ($3,485 thousand) of deduction of interest expense in the consolidated statements of income and comprehensive income for the year ended March 31, 2008.

The table below shows the contract amount and fair value of the derivative financial instrument as of March 31, 2007 and 2008:

Millions of yen				Thousands of U.S. dollars	
2007		**2008**		**2008**	
Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
¥10,485	¥1,251	—	—	—	—

Foreign exchange forward contracts—

DOCOMO has foreign exchange forward contracts to hedge currency exchange risk associated with foreign currency assets and liabilities.

The table below shows the contract amount and fair value of foreign exchange forward contracts as of March 31, 2007 and 2008:

Millions of yen				Thousands of U.S. dollars	
2007		**2008**		**2008**	
Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
¥938	¥4	¥4,731	¥(16)	$47,381	$(160)

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 and 2008.

Other—

Information regarding "Investments in affiliates", "Marketable securities and other investments" and contracts of bailment of cash for consumption with related party is disclosed in Notes 6, 7 and 14, respectively.

(3) Concentrations of risk—

As of March 31, 2008, 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 results of operations.

20. Subsequent event:

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

Financial Statement Schedule

NTT DOCOMO, INC. AND SUBSIDIARIES
Years ended March 31, 2006, 2007 and 2008

Schedule – Valuation and Qualifying Accounts

	Millions of yen			
	Balance at beginning of year	Additions	Deductions*	Balance at end of year
2006				
Allowance for doubtful accounts	¥18,359	¥ 9,919	¥(13,538)	¥14,740
2007				
Allowance for doubtful accounts	¥14,740	¥ 8,654	¥(10,216)	¥13,178
2008				
Allowance for doubtful accounts	¥13,178	¥12,107	¥ (8,784)	¥16,501

	Thousands of U.S. dollars			
	Balance at beginning of year	Additions	Deductions*	Balance at end of year
2008				
Allowance for doubtful accounts	$131,978	$121,252	$(87,972)	$165,258

* Amounts written off.

	Millions of yen			
	Balance at beginning of year	Additions	Deductions	Balance at end of year
2006				
Valuation allowances—Deferred tax assets	¥23,436	—	¥(23,436)	—
2007				
Valuation allowances—Deferred tax assets	—	—	—	—
2008				
Valuation allowances—Deferred tax assets	—	—	—	—

	Thousands of U.S. dollars			
	Balance at Beginning of Year	Additions	Deductions	Balance at end of year
2008				
Valuation allowances—Deferred tax assets	—	—	—	—

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 internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. 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 standards generally accepted in the United States.

Because of its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of internal control 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.

The management of the Company 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, the management concluded that the Company's internal control over financial reporting was effective as of March 31, 2008.

KPMG AZSA & Co., the independent registered public accounting firm that has audited the Company's consolidated financial statements for the year ended March 31, 2008 has issued an attestation report on the Company's internal control over financial reporting as of March 31, 2008.

Date: June 20, 2008

Ryuji Yamada

Ryuji Yamada
President and Chief Executive Officer

Kazuto Tsubouchi
Executive Vice President and
Chief Financial Officer

KPMG

Report of Independent Registered Public Accounting Firm

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

We have audited the internal control over financial reporting of NTT DoCoMo, Inc. and subsidiaries (the "Company") as of March 31, 2008, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company'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, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on 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, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2008, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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, 2007 and 2008, 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, 2008, and our report dated June 20, 2008 expressed an unqualified opinion on those consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 20, 2008

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

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 (the "Company") as of March 31, 2007 and 2008, 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, 2008. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule 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, 2007 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2008, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

The accompanying consolidated financial statements as of and for the year ended March 31, 2008 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 Company's internal control over financial reporting as of March 31, 2008, 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 20, 2008 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG AZSA & Co.

Tokyo, Japan
June 20, 2008

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

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

NTT DOCOMO, INC. AND SUBSIDIARIES

Year ended March 31, 2008

EBITDA and EBITDA margin

	Millions of yen				
Year ended March 31,	2004	2005	2006	2007	**2008**
a. EBITDA	¥1,858,920	¥1,625,661	¥1,606,776	¥1,574,570	¥1,639,096
Depreciation and amortization	(720,997)	(795,822)	(738,137)	(745,338)	(776,425)
Loss on sale or disposal of property, plant and equipment	(35,005)	(45,673)	(36,000)	(55,708)	(54,359)
Operating income	1,102,918	784,166	832,639	773,524	808,312
Other incme (expense)	(1,795)	504,055	119,664	(581)	(7,624)
Income taxes	(429,116)	(527,711)	(341,382)	(313,679)	(322,955)
Equity in net income (losses) of affiliates, net of applicable taxes	(21,960)	(12,886)	(364)	(1,941)	13,553
Minority interests	(40)	(60)	(76)	(45)	(84)
b. Net income	650,007	747,564	610,481	457,278	491,202
c. Total operating revenues	5,048,065	4,844,610	4,765,872	4,788,093	4,711,827
EBITDA margin (=a/c)	36.8%	33.6%	33.7%	32.9%	34.8%
Net income margin (=b/c)	12.9%	15.4%	12.8%	9.6%	10.4%

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 similarly titaled 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,	2004	2005	2006	2007	**2008**
Adjusted free cash flows (excluding irregular factors and changes in investments for cash management purpose)	¥ 862,934	¥1,003,583	¥ 510,905	¥ 192,237	¥ 442,410
Irregular factors [1]	—	—	—	(210,000)	210,000
Changes in investments for cash management purpose [2]	—	(400,327)	148,959	50,710	148,881
Free cash flows	862,934	603,256	659,864	32,947	801,291
Net cash used in investing activities	(847,309)	(578,329)	(951,077)	(947,651)	(758,849)
Net cash provided by operating activities	1,710,243	1,181,585	1,610,941	980,598	1,560,140

1 Irregular factors represent the effects of uncollected revenues due to back closure at the end of periods.

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

Organization

NTT DOCOMO, INC.
As of July 1, 2008

- **Board of Directors**
  - **President and CEO**
    - R&D Center
      - Research Laboratories
      - R&D Strategy Department
      - Communication Device Development Department
      - Service & Solution Development Department
      - Core Network Development Department
      - Radio Access Network Development Department
      - R&D General Affairs Department
    - Strategic Marketing Department
    - Customer Satisfaction Department
    - Product Department
    - Consumer Services Department
    - Frontier Services Department
    - Ubiquitous Services Department
    - Network Department
    - Wireless Technology Standardization Department
    - Services Platform Department
    - Radio Access Network Engineering Department
    - Core Network Engineering Department
    - Network Technical Support & Operations Center
    - Service Quality Management Department
    - Advertising & Promotion Department
    - Sales Promotion Department
    - Front Support Center
    - Customer Service Department
    - Billing Service Department
    - Corporate Marketing Division
      - Corporate Marketing Department I
      - Corporate Marketing Department II
      - Solution Business Department
      - Corporate Marketing Strategy Department
    - Global Business Division
    - Credit Card Business Division
    - Information Systems Department
    - Procurement and Supply Department
    - Corporate Strategy & Planning Department
    - Business Alliance Department
    - Human Resources Management Department
    - General Affairs Department
    - Accounts and Finance Department
    - Intellectual Property Department
    - Legal Department
    - Internal Audit Department
    - Information Security Department
    - Public Relations Department
    - Corporate Citizenship Department
    - Investor Relations Department
    - Mobile Society Research Institute
    - Branches: Marunouchi, Shinjuku, Shibuya, Tama, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi, Gunma, Yamanashi, Nagano, Niigata
    - Regional Offices: Hokkaido, Tohoku, Tokai, Hokuriku, Kansai, Chugoku, Shikoku, Kyushu

Corporate Auditor's Office

Corporate Auditors — **Board of Corporate Auditors**

Overseas Bases / Subsidiaries and Affiliates

As of July 1, 2008

Overseas Bases

Name		Main Line(s) of Business
DoCoMo Europe Limited	London	Development of DOCOMO's integrated overseas strategy in Europe
DoCoMo i-mode Europe B.V.	Amsterdam	Support of overseas expansion of *i-mode* in Europe
NTT DoCoMo USA, Inc. New York Head Office	New York	Development of DOCOMO's integrated overseas strategy in the United States
NTT DoCoMo USA, Inc. Washington D.C. Division	Washington D.C.	Surveys on regulations in the United States
NTT DoCoMo USA, Inc. Hawaii Office	Hawaii	Management of the DOCOMO WORLD Counter Hawaii
NTT DoCoMo, Inc. Paris Representative Office	Paris	Research into regulations, markets, etc., in Europe
NTT DoCoMo, Inc. Beijing Representative Office	Beijing	Liaison with the Chinese Government and related agencies Collection of data concerning China's mobile communications
NTT DoCoMo, Inc. Shanghai Representative Office	Shanghai	Collection of data concerning opportunities for new business in China
NTT DoCoMo, Inc. Singapore Representative Office	Singapore	Collection of data concerning mobile communications in seven ASEAN countries (Singapore, Indonesia, Thailand, Philippines, Malaysia, Brunei, and Myanmar) and India
NTT DoCoMo, Inc. Hanoi Representative Office	Hanoi	Collection of data concerning mobile communications in three ASEAN countries (Vietnam, Laos and Cambodia)
NTT DoCoMo, Inc. Philippine Branch	Manila	Advisory activities for PLDT and SMART
都客夢(上海)通信技術有限公司 DOCOMO China Co., Ltd.	Shanghai	Provision of mobile solutions and other services for companies in China.
Research & Development		
DoCoMo Communications Laboratories USA, Inc.	California	Research focused on next-generation Internet technology Proposals and research concerning international standardization
DoCoMo Capital, Inc.	California	Search for and investment in venture companies with innovative state-of-the-art technology applicable to mobile communications services
DoCoMo Communications Laboratories Europe GmbH	Munich	Research focused on next-generation platform technology Participation in research/standardization projects in Europe
都科摩(北京)通信技術研究中心有限公司 DoCoMo Beijing Communications Laboratories Co., Ltd.	Beijing	Research into cutting-edge wireless technology aimed at the next generation of mobile communications Participation in standardization activities in China

Subsidiaries and Affiliates

Name	Voting Right Ownership	Main Line(s) of Business
Service subsidiaries: 28		
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 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
DoCoMo Sentsu, Inc.	100.00%	Sale, installation and maintenance of maritime satellite mobile phones and aircraft phones
20 other companies		
Other subsidiaries: 93		
e Engineering Inc.	100.00%	Support for maintenance of communication facilities of DOCOMO
Business Expert Inc.	100.00%	Support for billing services of DOCOMO
D2 Communications Inc.	51.00%	Management and posting of advertisements on *i-mode* Website
DoCoMo.com, Inc.	100.00%	Consulting service for information providers on mobile Internet
NIPPON DATA COM Co., Ltd.	66.24%	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 Europe B.V.	100.00%	Support for *i-mode* overseas development in Europe
DOCOMO interTouch Pte. Ltd.	100.00%	Holding company for corporate group that provides high-speed Internet connection services and video distribution services for hotels worldwide
Guam Cellular & Paging	100.00%	Mobile phone business and miscellaneous businesses in Guam and the Commonwealth of Northern Mariana Islands
Mobile Innovation Company Limited	74.88%	Vehicle traffic control operations in Thailand
80 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
Philippine Long Distance Telephone Company	14.22%	Fixed-line communications operations in the Philippines
8 other companies		

Corporate Data

As of March 31, 2008

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.

101 Park Avenue, 41st F1. New York, NY 10178

Tel: +1 212 994 7222

Common Stock

¥949,679,500,000

Date of Establishment

August 1991

Number of Employees (consolidated)

22,100

Independent Certified Public Accountants

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

IR Contact

IR Division

Tel: +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/

Stock Information

As of March 31, 2008

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Tel: +81 3 3212 1211

Depositary for American Depositary Receipts ("ADRs")

(As of July 1, 2008)
The Bank of New York Mellon Corporation
101 Barclay Street, New York, NY 10286, U.S.A.
U.S. Callers: (888) BNY ADRS
Non-U.S. Callers: +1 866 239 0235

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)

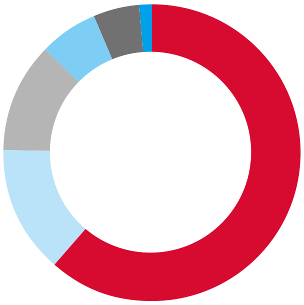
Number of Shares

Authorized: 188,130,000
Issued: 44,870,000

Number of Shareholders

340,517

Distribution of Ownership among Shareholders



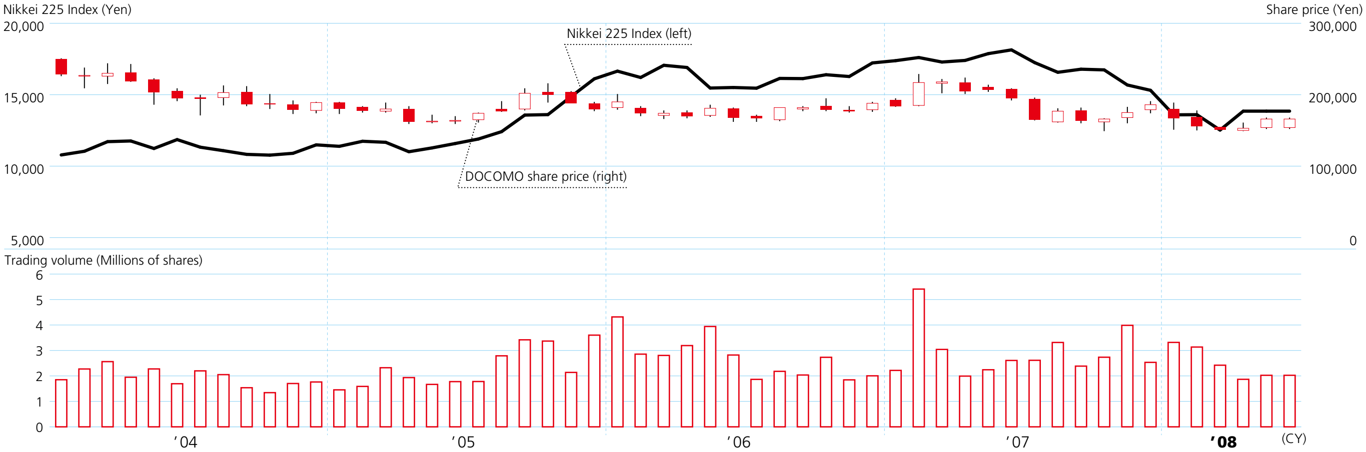
NTT	61.60%
Foreign Corporations	13.92%
Financial Institutions	11.82%
Individuals and Others	6.48%
Treasury Stock	5.00%
Other Corporations (excluding NTT)	1.18%

Major Shareholders

	Number of shares held	Percentage of total issued shares (%)
Nippon Telegraph and Telephone Corporation	27,640,000	61.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,223,754	2.73
Japan Trustee Services Bank, Ltd. (Trust Account)	1,218,530	2.72
State Street Bank and Trust Company 505103	321,120	0.72
Hero & Co.	314,377	0.70
Japan Trustee Services Bank, Ltd. (Trust Account 4)	221,195	0.49
State Street Bank and Trust Company	212,583	0.47
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	200,140	0.45
JPMorgan Chase Bank 380055	192,347	0.43
Mellon Bank NA as Agent for its Client Mellon Omnibus US Pension	191,174	0.43
Total	31,735,220	70.73

Note: Treasury stocks are not included in the above list

Stock Performance of 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.

NTT DOCOMO, INC.

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