Financial Review from the CFO

Operating Revenues

In fiscal 2012, against a background characterized by the uptake of smartphones, DOCOMO faced continued fierce competition with other domestic mobile communications operators. In this setting, we worked to strengthen our competitiveness by providing products and services that leverage our distinctive strengths, working to expand into new business fields, and implementing structural reforms. Consequently, operating revenues in fiscal 2012 were up ¥230.1 billion (5.4%) year on year, to ¥4,470.1 billion.

In mobile services[1], packet revenues rose ¥109.3 billion (6.1%), due to growth in the number of smartphone users and in the number of LTE *Xi* subscribers. However, voice revenues were down ¥267.3 billion (17.3%), due to expansion of the Monthly Support[2] discount program, which had the effect of decreasing revenues by ¥198.0 billion, and to a decline in billable minutes of use (MOU). Consequently, total mobile services revenues were down ¥158.0 billion (4.8%), to ¥3,168.5 billion.

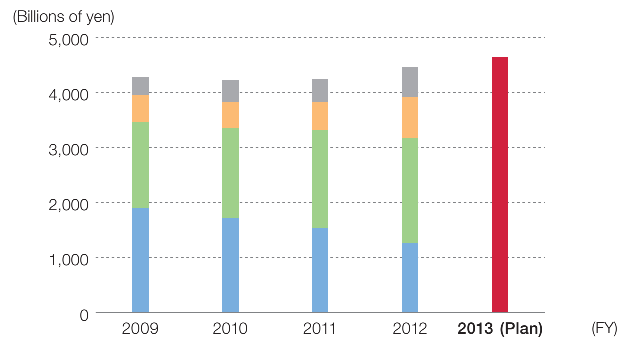
Equipment sales revenues rose ¥259.2 billion (52.0%), to ¥758.1 billion, due to increases in the wholesale price per unit and in the number of units sold at the wholesale level. Also, due to DOCOMO's steady expansion of new fields of business, other operating revenues rose ¥128.9 billion (31.1%), to ¥543.6 billion.

Operating Expenses and Operating Income

Operating expenses were up ¥267.4 billion (7.9%), to ¥3,632.9 billion. This rise was principally attributable to an increase of ¥95.6 billion in equipment sales expenses, and to a rise of ¥132.4 billion in other expenses, due in part to expansion in new business fields. The rise in selling expenses reflected increased agent reseller commissions and higher costs of equipment sold, which resulted from increases in the purchase price per handset and in the number of handsets sold.

Consequently, operating income was down ¥37.3 billion (4.3%), to ¥837.2 billion. For profitability, our objective is to maintain an EBITDA margin of at least 35%. In fiscal 2012, EBITDA was down ¥14.0 billion, to ¥1,569.3 billion, and the EBITDA margin decreased 2.2 points, to 35.1%.

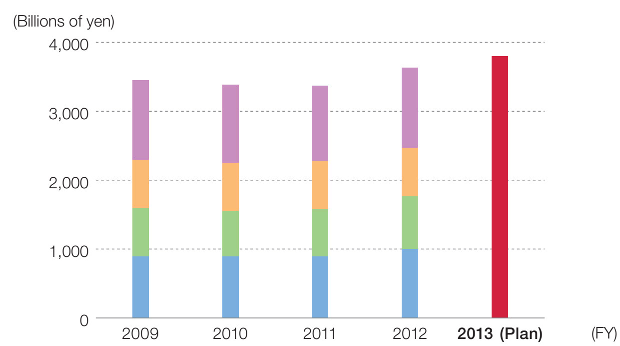
Operating Revenues



Mobile communications services voice revenues
Mobile communications services packet communications revenues*
Equipment sales Other operating revenues*

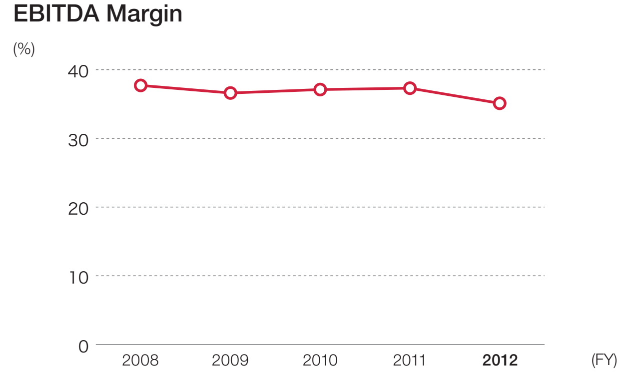
* With the introduction of other operating revenues in the fiscal year ended March 31, 2013, some elements (revenues from content and other services) previously included in packet communications revenues for the fiscal years ended March 31, 2010 to 2012 have been retroactively reclassified into other operating revenues.

Operating Expenses



Cost of services Cost of equipment sold Depreciation and amortization
Selling, general and administrative

EBITDA Margin



1. With the expansion of initiatives regarding the new business fields, presentation methods of operating revenues in the consolidated statements of income of the fiscal years ended March 31, 2012 and 2013 have been changed. Some elements which were included in the conventional "Wireless services" have been reclassified into "Other operating revenues," and the title "Wireless services" has been changed to "Mobile communications services."
2. A billing plan system under which the amount of the Monthly Support discount, in accordance with the handset model used by the customer, is deducted from the customer's charges.

Kazuto Tsubouchi
Senior Executive Vice President,
Chief Financial Officer

Financial Position

Total assets at the end of fiscal 2012 were up ¥280.7 billion (4.0%) from the previous year-end, to ¥7,228.8 billion. Non-current investments and other assets rose, due in part to an increase in marketable securities and other investments.

As a result of declines in current liabilities and long-term liabilities, total liabilities at the end of fiscal 2012 were down ¥80.2 billion (4.4%), to ¥1,759.2 billion. This amount included interest-bearing liabilities of ¥253.8 billion, a decrease of ¥2.9 billion (1.1%).

With consideration for increasing capital efficiency, we have positioned ROCE as an important management indicator. Accordingly, we will strive to achieve ROCE of at least 20%. In fiscal 2012, ROCE before tax effect was down 1.3 points, to 15.2%, and ROCE after tax effect was down 0.4 points, to 9.4%.

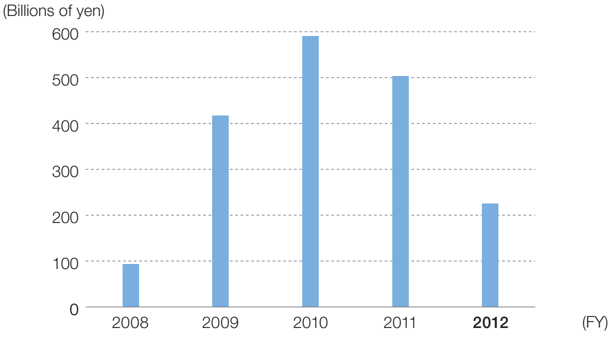
DOCOMO's long-term debt obligations have been rated AA by Standard and Poor's and Aa2 by Moody's, reflecting the positive evaluation of DOCOMO's stability, which is one of the highest among the world's telecommunications operators.

Cash Flows

Net cash provided by operating activities declined ¥178.2 billion (16.0%), to ¥932.4 billion. This decline was principally attributable to an increase in fund-provision in relation to installment receivable for subscribers' handset purchases under the installment method. Net cash used in investing activities decreased ¥272.7 billion (28.0%), to ¥701.9 billion. This decline was mainly due to a decrease in purchases of short-term investments of more than three months for cash management purposes. Net cash used in financing activities was down ¥117.6 billion (31.1%), to ¥261.0 billion. This decline was primarily attributable to a decrease in repayment of long-term debt of ¥89.7 billion.

Free cash flow[3] in fiscal 2012 was down ¥277.9 billion (55.2%), to ¥225.6 billion.

Free Cash Flow



Outlook for Fiscal 2013

In fiscal 2013, we are forecasting year-on-year increases in operating revenues and operating income.

The Monthly Support discount program will have the effect of decreasing revenues, but we will strive to accelerate sales of popular smartphones and to increase packet revenues and equipment sales revenues through the "concentration" of initiatives in handsets, networks, and services.

In addition, due to progress in new business fields, such as growth in *dmarket*, we are forecasting an increase in other operating revenues. Overall, we will aim for operating revenues of ¥4,640.0 billion, an increase of ¥169.9 billion.

Operating expenses are expected to increase due to a rise in cost of equipment sold driven by the growth in smartphone sales and to advances in new business fields. However, we will work to make further progress in improving cost efficiency through structural reforms. We are forecasting operating expenses of ¥3,800.0 billion, an increase of ¥167.1 billion year on year. Accordingly, we will aim for operating income of ¥840.0 billion, an increase of ¥2.8 billion year on year.

3. The calculation of free cash flows excludes the effects of uncollected revenues due to bank holidays at the end of the period; uncollected amounts of transferred receivables of telephone charges to NTT FINANCE CORPORATION; and changes in investment derived from purchases, redemption at maturity and disposals of financial instruments held for cash management purposes with original maturities of longer than three months.

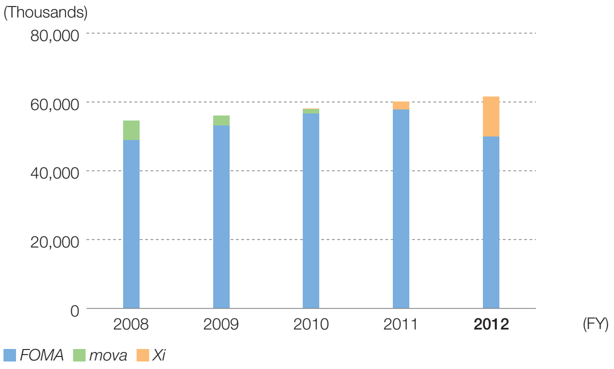
Management Indicators in Fiscal 2012

Number of Subscriptions

In fiscal 2012, DOCOMO continued working to increase its base of smartphone users, centered on growth in LTE *Xi* service. As of the end of fiscal 2012, our mobile phone subscriptions were 61.54 million, up 1.41 million from the previous year-end. This total included about 18.70 million smartphone users, an increase of 87% from the previous year-end.

The number of LTE *Xi* service subscriptions grew rapidly, rising to 11.57 million at year-end, 5.2 times the year-earlier level. Moreover, the total number of *Xi* subscriptions had surpassed 12 million by April 20, 2013. DOCOMO is making steady progress in building a smartphone user base for future growth.

Number of Subscriptions

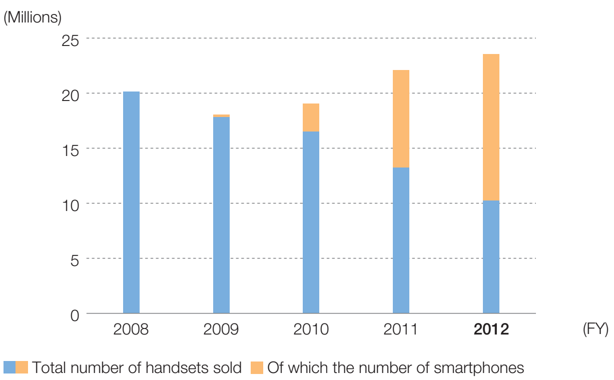


Handset Sales

In fiscal 2012, we followed a sales strategy of thoroughly focusing on the appeal of competitive handsets centered on smartphones. The *Xperia*™ *Z*, a recommended model that was put on sale in February 2013, recorded shipments of about 630,000 units in the first 2.5 months after its release. In addition, it was highly evaluated and was the No. 1 mobile phone at mass retailers for six consecutive weeks. Based on these results, we will continue to streamline the handsets that we offer in the future.

Further, we launched a low-cost, flat-rate packet communications plan for light users of smartphones. We also implemented handset discount campaigns for families, students, and long-time subscribers. These initiatives were successful, and unit sales of smartphones in the year under review were up 50.7%, to 13.29 million units.

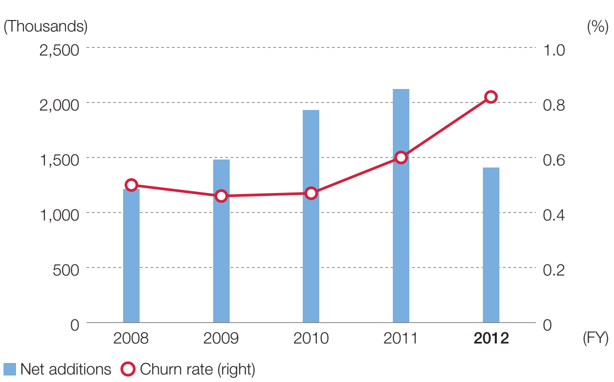
Total Number of Handsets Sold



MNP and Net Additions

Although smartphone sales recorded favorable growth, our churn rate for fiscal 2012 rose 0.22 points, to 0.82%. Competitors released new versions of popular models and offered discount packages combining mobile and fixed-line services, and as a consequence MNP outflow increased in fiscal 2012. Our recommended models, which we selected as highly competitive, were favorably evaluated. As a result, MNP inflow increased from the fourth quarter of the fiscal year. Nonetheless, net additions were 1.4 million, less than the target set at the beginning of the fiscal year.

Net Additions / Churn Rate



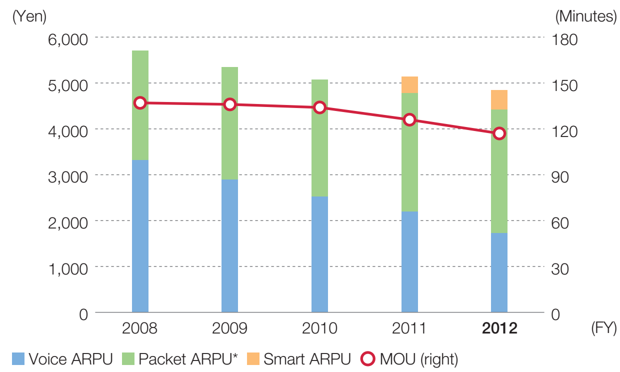
ARPU and MOU

In fiscal 2012, Packet ARPU and Smart ARPU were not enough to cover the decline in Voice ARPU, and as a result Aggregate ARPU declined 5.8%, to ¥4,840. Smart ARPU, which is a component of Aggregate ARPU, was established as an indicator of revenue in new business fields. Smart ARPU recorded favorable growth, rising 20.0% year on year, to ¥420. In addition, Packet ARPU was up 3.9%, to ¥2,690. However, Voice ARPU was down 21.4%, to ¥1,730. This decline was attributable to an increase in the number of VOIP users due to the uptake of smartphones and to changes in the way customers use their phones, specifically a shift from voice communications to data communications.

In fiscal 2012, the Monthly Support discount had the effect of reducing Aggregate ARPU by ¥340, an increase of ¥60 from fiscal 2011. This was attributable to the plan, which was introduced in fiscal 2011, being available for a maximum of 24 months and to growth in the number of users.

MOU continued to decline, decreasing 7.1%, to 117 minutes.

ARPU / MOU



* Packet ARPU for fiscal 2008 to 2010 includes the amount of Smart ARPU.

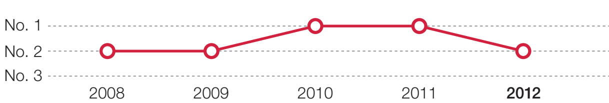
Customer Satisfaction

Through the expansion of the LTE *Xi* service area and the enhancement of cloud services, such as *dmenu* and *dmarket*, DOCOMO is aiming to provide products and services that leverage its distinctive strengths. On the other hand, we recognize that customer satisfaction has been significantly impacted by such issues as the occurrence of service interruptions and declines in LTE *Xi* throughput, and we are working to thoroughly resolve these issues.

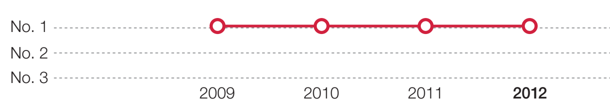
In fiscal 2012, we continued to register MNP outflow. In addition, in J.D. Power Asia Pacific's survey of customer satisfaction with mobile phone services[4], we had held the number one position for two consecutive years. However, we were not number one in the year under review. We are taking these issues seriously, and we have positioned increasing customer satisfaction as a high priority. Specifically, we have established the Companywide Customer Satisfaction Improvement Project Team. We are taking a thorough approach to meeting customer needs in all areas, including handsets, communications quality, and services (see pages 22–25).

In a survey of business customer satisfaction with mobile phone / PHS services[5], also conducted by J.D. Power Asia Pacific, DOCOMO was rated number one for the fourth consecutive year, and we will continue working to improve service quality.

J.D. Power Asia Pacific
2012 Japan Mobile Phone Service Study



J.D. Power Asia Pacific
2012 Japan Business Mobile Phone Service Satisfaction Study

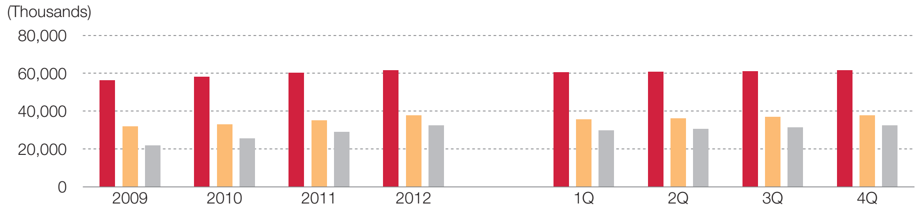


4. 2012 Japan Mobile Phone Service Study.℠ J.D. Power Asia Pacific 2008–2012. Study based on a total of 31,200 responses from mobile phone subscribers in Japan. japan.jdpower.com
5. 2012 Japan Business Mobile Phone Service Satisfaction Study.℠ J.D. Power Asia Pacific 2009–2012. Based on a 2012 survey regarding providers of mobile phone / PHS services, which had a total of 3,646 responses from 2,764 companies with 100 or more employees (up to two responses from one company about firms who provide mobile phone / PHS services).

Operating Data

Number of Subscriptions

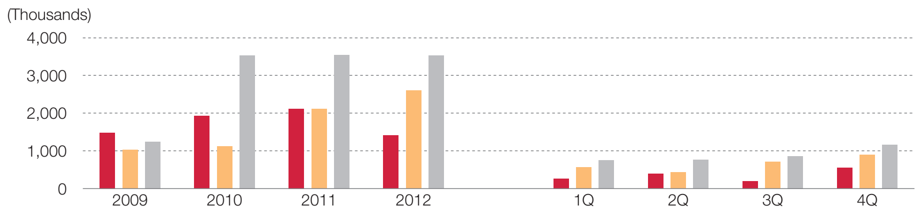
(Fiscal year / quarterly data)
Source: Telecommunications Carriers Association



(Thousands)	2009	2010	2011	2012	1Q	2Q	3Q	4Q
DOCOMO	**56,082.1**	**58,009.8**	**60,129.5**	**61,536.0**	**60,395.7**	**60,786.6**	**60,988.1**	**61,536.0**
Market share of subscriptions[1]	**51.1%**	**49.8%**	**48.4%**	**46.7%**	**48.0%**	**47.7%**	**47.2%**	**46.7%**
au	31,872.4	32,999.0	35,109.1	37,709.3	35,675.1	36,110.4	36,817.2	37,709.3
SoftBank Mobile	21,876.6	25,408.7	28,949.0	32,479.6	29,702.1	30,461.2	31,322.0	32,479.6

Net Additions

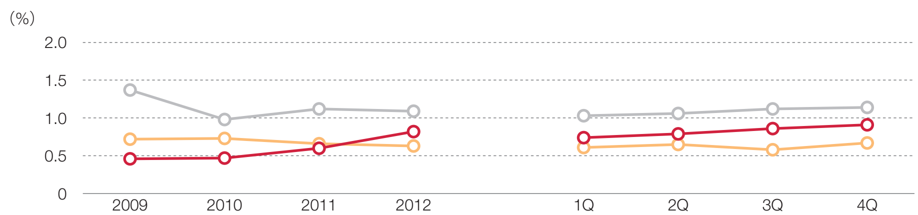
(Fiscal year / quarterly data)
Source: Telecommunications Carriers Association



(Thousands)	2009	2010	2011	2012	1Q	2Q	3Q	4Q
DOCOMO	**1,481.5**	**1,927.5**	**2,119.6**	**1,406.5**	**266.2**	**390.9**	**201.5**	**547.9**
au	1,029.7	1,126.6	2,109.8	2,600.2	566.0	435.3	706.8	892.1
SoftBank Mobile	1,243.7	3,532.1	3,540.3	3,530.6	753.1	759.1	860.8	1,157.6

Churn Rate

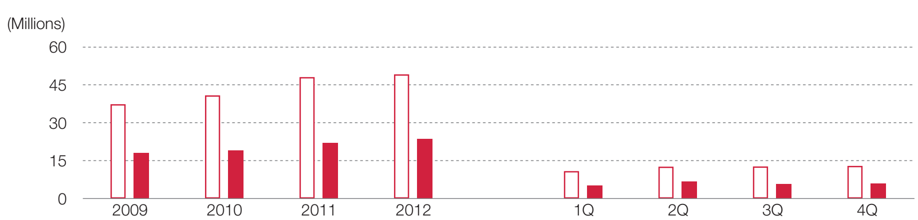
(Fiscal year / quarterly data)
Source: Public sources from each company



	2009	2010	2011	2012	1Q	2Q	3Q	4Q
DOCOMO	**0.46%**	**0.47%**	**0.60%**	**0.82%**	**0.74%**	**0.79%**	**0.86%**	**0.91%**
au	0.72%	0.73%	0.66%	0.63%	0.61%	0.65%	0.58%	0.67%
SoftBank Mobile	1.37%	0.98%	1.12%	1.09%	1.03%	1.06%	1.12%	1.14%

Number of Handsets Sold

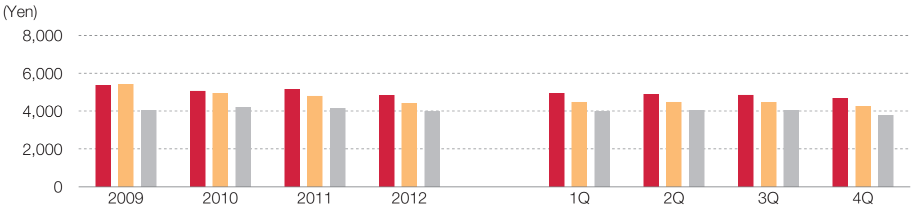
(Fiscal year / quarterly data)
Source: Public sources from each company



(Millions)	2009	2010	2011	2012	1Q	2Q	3Q	4Q
Total Sales for the Entire Market[1] (DOCOMO+ au+SoftBank Mobile)	37.37	40.87	48.10	49.19	10.88	12.64	12.72	12.95
DOCOMO	**18.04**	**19.06**	**22.09**	**23.55**	**5.17**	**6.67**	**5.73**	**5.99**

Aggregate ARPU[3]

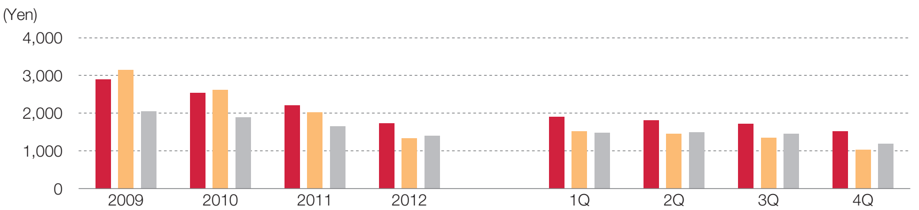
(Fiscal year / quarterly data)
Source: Public sources from each company



(Yen)	2009	2010	2011	2012	1Q	2Q	3Q	4Q
DOCOMO	**5,350**	**5,070**	**5,140**	**4,840**	**4,930**	**4,870**	**4,850**	**4,670**
au[2]	5,410	4,940	4,790	4,430	4,490	4,480	4,460	4,280
SoftBank Mobile	4,070	4,210	4,150	3,990	4,020	4,070	4,050	3,800

Voice ARPU

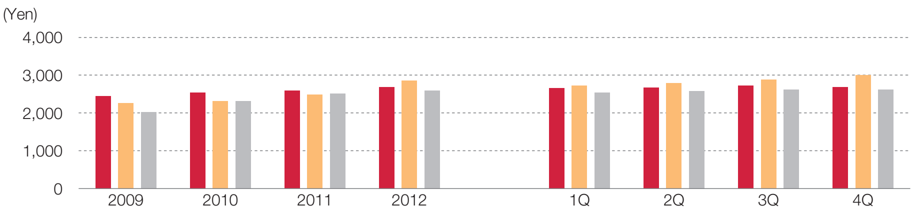
(Fiscal year / quarterly data)
Source: Public sources from each company



(Yen)	2009	2010	2011	2012	1Q	2Q	3Q	4Q
DOCOMO	**2,900**	**2,530**	**2,200**	**1,730**	**1,900**	**1,810**	**1,710**	**1,520**
au[2]	3,150	2,620	2,020	1,330	1,520	1,450	1,340	1,030
SoftBank Mobile	2,050	1,890	1,650	1,400	1,480	1,490	1,450	1,190

Packet ARPU[3, 4]

(Fiscal year / quarterly data)
Source: Public sources from each company



(Yen)	2009	2010	2011	2012	1Q	2Q	3Q	4Q
DOCOMO	**2,450**	**2,540**	**2,590**	**2,690**	**2,660**	**2,670**	**2,720**	**2,690**
au[2]	2,260	2,320	2,510	2,850	2,720	2,790	2,880	3,000
SoftBank Mobile	2,020	2,310	2,510	2,590	2,540	2,580	2,610	2,620

DOCOMO's Definition and Calculation Methods of ARPU and MOU

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 mobile communications services and a part of other operating revenues by the number of active subscriptions to our wireless services in the relevant periods. 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 Use): Average monthly communication time per subscription.

ARPU Calculation Methods

Aggregate ARPU = Voice ARPU + Packet ARPU + Smart ARPU

* Voice ARPU: Voice ARPU Related Revenues (basic monthly charges, voice communication charges) / No. of active subscriptions
* Packet ARPU: Packet ARPU Related Revenues (basic monthly charges, packet communication charges) / No. of active subscriptions
* Smart ARPU: A part of other operating revenues (revenues from content, collection of charges, mobile phone insurance service, advertising, and others) / No. of active subscriptions

Active Subscriptions Calculation Method

Sum of 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) during the relevant period.

Note: Subscriptions and revenues for Communication Module Services and Phone Number Storage and Mail Address Storage services are not included in the ARPU and MOU calculations.

1. Figures do not include EMOBILE
2. Personal segment and Value segment
3. With the introduction of Smart ARPU in fiscal 2012, Aggregate ARPU of fiscal years 2011 and 2012 contains Smart ARPU. In addition, some elements (revenues from content, etc.) included in conventional Packet ARPU of fiscal years 2011 and 2012 have been retroactively reclassified into Smart ARPU.
4. Specific names might differ by company.

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