

**Press Conference Announcing the Results**  
**for the First Nine Months of the Fiscal Year Ending Mar. 31, 2008**  
**(Minutes)**

Date: January 29, 2008 (Tuesday), 15:00-16:00

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**[Comments by Masao Nakamura, President and CEO]**

For the first nine months of the fiscal year ending Mar. 31, 2008, the Company posted a decline in both revenues and income compared to the same period of the previous fiscal year: operating revenues and operating income were 3,522 billion yen (down 2.1% year-on-year) and 625 billion yen (down 7.7% year-on-year), respectively. The progress of operating income vis-à-vis our full-year guidance was 80.1%. While operating income for the first nine months of the fiscal year ending Mar. 31, 2008 decreased by 51.9 billion yen compared to the same period of last fiscal year, this was more or less in line with our projections.

Operating revenues for the first nine months of the fiscal year ending Mar. 31, 2008, were 75 billion yen lower compared to the same period of last fiscal year. This is primarily because the revenues for the same period of last fiscal year were impacted by the irregular factor of the accounting change to initially recognize as revenues the unused portion of "Nikagetsu Kurikoshi" (two-month carry-over) allowances of 26.7 billion yen, and due to the expanded uptake of the various new discount services, such as the "Fami-wari MAX 50" plan introduced in August 2007.

Operating expenses dropped 23.1 billion yen compared to the same period of last fiscal year. Non-personnel expenses decreased by 44.8 billion yen, owing mainly to the introduction of new handset purchase methods, the rise in the percentage of 70X series handsets to total handsets sold, and the reduction in distributor commissions and cost of equipment sold. Depreciation/amortization, on the other hand, increased 20.6 billion yen year-on-year due partly to the impact of the change in depreciation method of 12 billion yen.

With respect to our operational performance, cellular ARPU for the third quarter of the fiscal year ending Mar. 31, 2008 decreased 5.7% year-on-year to 6,290 yen. Voice ARPU dropped 12.2% over the same period of the previous fiscal year to 4,090 yen, due primarily to the launch of "Fami-wari MAX 50" and other new discount services, while packet ARPU posted a strong growth of 9.5% year-on-year to 2,200 yen.

We have achieved favorable progress in migrating subscribers to the FOMA network. Currently, FOMA subscriptions account for more than 79% of our total cellular subscriptions, and the number is expected to reach over 80% by the end of March 2008.

Our cellular churn rate for the third quarter of the fiscal year ending Mar. 31, 2008 was 0.74%. After launching the new discount services in August 2007, the churn rate has dropped to 0.7-0.8%, which makes us believe the new discount services are beginning to deliver the results we had expected. The churn rate is expected to decline even further as the adoption of new purchase methods becomes more widespread among our customers.

Our market share of new additions for the third quarter of the fiscal year ending Mar. 31, 2008 was

18.9%. The number for the month of December 2007 improved to 26%, owing to the introduction of the new handset purchase methods and the release of the latest 905i series phones in late November 2007.

As for the discount services launched in August 2007, their combined subscriptions reached 17.6 million, or 33% of our total cellular subscriptions as of Dec. 31, 2007, continuing to grow at a pace faster than expected after we revised their projected subscriptions as of Mar. 31, 2008 upwards to 19 million, which was announced together with our financial results for the first half of the fiscal year ending Mar. 31, 2008 in October 2007. Though we have not made any changes to the revised forecast this time, the combined subscription count as of Mar. 31, 2008, is likely to top 20 million.

The new discount services offer users a 50% discount on their basic monthly fees immediately, conditioned upon a two-year subscription contract. This, however, raised many concerns among customers regarding the lack of benefits for long-term users. We therefore decided to revamp our DoCoMo Premier Club point program to allow customers to accrue greater points the longer they use our services, which will take effect from April 2008.

With respect to the new handset purchase methods, 94% of the customers who purchased a handset using the new purchase methods chose the Value Course. The number of Value Plan subscriptions topped 2 million as of Jan. 15, 2008, which we believe demonstrates that the new handset purchase methods have been widely recognized and accepted favorably by our customers.

The latest 905i series handsets, which were released in time for winter holiday sales as "ALL-IN" global phones embedded with a wide range of advanced features, have been enjoying a very good reputation. We are sorry to have inconvenienced some customers due to the lack of sufficient supply of some models. It may take a little more time to solve this problem.

From late January, we also plan to release a total of 13 different models in the 705i series, which were designed based on the concept of "Smart, Slim, Surprise". We hope these handsets will also gain the acceptance of a broad range of customers.

As part of our spring campaign, we are planning to offer a 10,000 yen cash reimbursement to newly joining users of age 22 or under.

As for our flat-rate services, the total number of "Pake-hodai" subscriptions grew to nearly 12 million as a result of our efforts to enrich our service offerings through, among other things, the addition of "i-channel" and video services. The user base of "i-channel" service also rose to over 15 million. These services are considered to have contributed to boosting our packet ARPU.

Packet ARPU has been growing steadily. One of the factors behind this growth is the increase in the number of "Pake-hodai" subscriptions. To give an example, our survey on some user samples revealed a trend in which many of our volume-based users—whose average packet ARPU was approximately 3,000 yen one year before switching to the flat-rate package—migrated to the 3,900 yen flat-rate "Pake-hodai" service as their packet usage grew. As a consequence, the packet ARPU of those users who have switched to "pake-hodai" increased by approximately 30% compared to one year before the migration. This, we believe, is one of the factors behind the growth in packet ARPU.

Furthermore, the 905i phones support HSDPA connections as a standard feature. The number of

"Pake-hodai full" subscriptions has increased in line with the growth in the user base of HSDPA-enabled handsets. In fact, the number of net additional "Pake-hodai full" subscriptions for December 2007 was two times higher than its monthly average up to the previous month, which may be an indication that more users are beginning to use "Pake-hodai full" because of the availability of higher transmission speeds.

Concerning our credit business, the combined number of DCMX subscriptions reached 4.66 million as of Dec. 31, 2007, growing steadily toward our fiscal year-end target of 5 million. The number of ID payment terminals installed has also increased to 240,000 units, making progress as planned.

On Jan. 24, 2008, we announced our business tie-up with Google. The principal areas of cooperation under this alliance include (1) the deployment of new search services, (2) preloading various Google applications, such as Google Map, etc., on i-mode handsets, and (3) joint studies for the commercial introduction of Android on DoCoMo's handsets. Through these initiatives, we intend to further facilitate the extension of Internet into the mobile space.

In the area of international businesses, the usage of international services has expanded thanks to the growing uptake of roaming-enabled handsets. International services revenues posted a year-on-year growth of 37% during the first three quarters of the fiscal year ending Mar. 31, 2008. Because the 905i series handsets carry GSM roaming as a standard feature, we expect the roaming usage will grow going forward, particularly in markets like China and the USA.

With respect to FOMA's network coverage, the cumulative capital expenditures for the first three quarters of the fiscal year ending Mar. 31, 2008 was 488.2 billion yen, down 28.1% year-on-year. The progress vis-à-vis its full-year guidance was more or less in line with our business plan, at 64.4% as of Dec. 31, 2007.

The population coverage of HSDPA service reached 96% as of Dec. 31, 2007. This is expected to improve to 97% by Mar. 31, 2008, with which we will nearly complete the area coverage expansion of HSDPA service.

As part of our FOMA network roll-out efforts, we are currently working meticulously to improve its quality. For instance, we have installed base stations for lower floors and boosters in order to eliminate dead spots in downtowns where buildings stand close to each other or in lower floors or underground areas of buildings. We have also endeavored to improve our area coverage so that users can comfortably access our service on the move, e.g., on highways or in trains.

Generally, connection difficulties are reported at the turn of the year due to a concentration of "Happy New Year" calls. This year, we successfully reduced the time duration and areas subject to outbound call restrictions, which we believe provides proof that our network quality has been improving gradually.

#### **[Questions and Answers]**

Q1: Please give us your comments on your financial results for the three-month period of the third quarter of the fiscal year ending Mar. 31, 2008.

A1: This fiscal year, we expect more income will be generated in the second half compared to last fiscal year.

Operating income for the third quarter of the fiscal year ending Mar. 31, 2008 was approximately 50 billion yen higher compared to the same three-month period of last fiscal year, which was almost in line with our projections.

Q2: Operating expenses decreased by 23.1 billion yen year-on-year. Can you give us a breakdown of this decline, indicating the concrete amount of reductions in distributor commissions and cost of equipment sold, respectively, achieved through the introduction of new handset purchase methods?

A2: Distributor commissions incurred during the third quarter of the fiscal year ending Mar. 31, 2008 were approximately 320 billion yen, which was approximately 49.1 billion lower compared to the same period of last fiscal year. Cost of equipment sold for the third quarter of the fiscal year ending Mar. 31, 2008 was approximately 870 billion yen. Because the number for the same period of last fiscal year was approximately 892 billion yen, we saved some 22 billion yen in the cost of equipment sold. On the other hand, other non-personnel expenses increased by approximately 30 billion yen year-on-year. Accordingly, total operating expenses decreased by 23.1 billion yen from the same period of last fiscal year.

Q3: Was such impact of new handset purchase methods on distributor commissions in line with your projections? Please also comment on the future outlook.

A3: If asked whether the reduction in distributor commissions achieved in the third quarter of the fiscal year ending Mar. 31, 2008 was within the range of our expectations, I would say it ended up more or less in line with our expectations. However, there is a need to observe the trend over a longer period to determine its overall impact.

To comment on the future trend of distributor commissions, so far, the primary role of distributors was to "sell" products. Going forward, however, I believe it will become more important to have distributors serve as a provider of after-sales support and consultation services to customers. We will therefore change the way distributor commissions are provided in such a manner that will allow us to place greater importance on these support activities carried out by DoCoMo shops.

Q4: Please explain the size of cash flow impact resulting from the introduction of installment payment schemes for the third quarter and full year of the fiscal year ending Mar. 31, 2008, respectively.

A4: The impact of installment payments appears on our cash flows one month after the sale of the handset. The installment payment system was introduced in late November 2007, so its impact on our cash flows as of the end of the third quarter of the fiscal year ending Mar. 31, 2008 was negligible. For the full year, however, because the number of users choosing to spread out their handset payment in installments has been growing at a pace twice as fast as our earlier projections, its impact on our cash flows as of Mar. 31, 2008 may grow to some 100 billion yen.

Q5: You have not changed your full-year results forecasts. Given that the progress of operating income for the first three quarter of the fiscal year ending Mar. 31, 2008 vis-à-vis its full-year guidance was high, do you foresee any possibility that operating income may end up higher than your forecast?

A5: Operating income for the full year of the fiscal year ending Mar. 31, 2008 is estimated to be 780 billion

yen. We believe we are now within the range to achieve this target, though the actual result may vary depending on our performance during the important fiscal year-end sales period in March.

Q6: Please comment on your impression concerning your sales performance during the winter holidays and the outlook for the spring sales period.

A6: Our 905i series phones recorded brisk sales during the winter holiday sales period in December last year.

I was pleased to see customers queuing in front of stores, and sensed customers' good response to the new products. But, to be honest, we had not expected this high sales volume, which resulted in a shortage of handsets in some regions, and I am very sorry to have inconvenienced our customers. The delay in handset supply is likely to continue until early February.

Spring is a very important opportunity for selling handsets to new subscribers, as it coincides with the timing of enrollment to high schools, etc. This time, we will ensure that we have plenty of 905i series phones in our inventory, and will release new 705i series models one after another, to be well prepared for the high-sales season. We will also try to strengthen our sales by leveraging the cash-back initiatives that we announced today. However, the competitive environment is expected to become even harsher due to the offensive of other carriers.

Q7: You mentioned that the 905i series phones have been reporting very brisk sales. How will the strong sales performance as compared to the previous fiscal year impact your financial results?

A7: The sales of 905i series have so far been very brisk, selling 1 million units by the middle of December 2007, and over 2 million units by the middle of January 2008. It is complicated to analyze the impact of the higher-than-expected sales on our income because our expenses have been declining due to the reduction in the amount of distributor commission per unit, achieved through the introduction of new handset purchase methods, but on the other hand, growth in the number of total handsets sold has the effect of increasing expenses. It is therefore difficult to determine its impact on our income before observing our sales performance in the spring.

In addition, while the total number of handsets sold was high, when we look at its breakdown, replacements by existing customers accounted for a larger proportion than handsets sold to new customers. It is therefore necessary to take a long-term perspective when making an assessment on the degree to which the new handset purchase methods contribute to acquiring net additional subscriptions.

Q8: You mentioned that, of the total 905i handsets sold, replacements accounted for a larger proportion than new customers. What are your views on this outcome?

A8: When we sell the 905i series phones, we also promote new discount services (such as "Fami-wari MAX 50", etc.), which requires customers to commit to a certain usage period. Therefore, even if replacements accounted for a greater proportion, it is still a positive outcome. The 905i series handsets enjoy a good reputation because all functions currently conceivable are built in as standard capabilities, and also due to the technical innovations that made them on par with mova handsets in terms of size, design, thickness and weight, which enabled us to respond to the different needs of each customer. After many years of struggling with development, I believe W-CDMA handsets are now nearing perfection, thanks to the ingenuity and endeavors of cellular phone manufacturers.

Q9: How much further do you think your churn rate will decline in the future as a result of wider acceptance of the new purchase methods?

A9: One of the largest changes brought about by the introduction of the new handset purchase methods is the elimination of the gap in the market prices between new and replacement phones. In the past, we heard voices from some of our existing customers questioning why new customers were able to buy a handset for cheaper than long-term users. With the launch of the new purchase methods, we have resolved this issue to some extent, and we believe that it will have the effect of reducing the churn rate. Although I cannot provide a concrete figure, we consider churn rate to be an important indicator from the standpoint of valuing existing customers.

Q10: How do you evaluate Softbank Mobile's "White Gakuwari" plan? How do you think it will impact the industry's handset sales this spring?

A10: Spring is the season when we can acquire the largest number of fresh customers, so I believe each carrier regards it an important opportunity. "White Gakuwari", in my view, is not all that neat in that it is a time-limited offer, but it will likely have an impact on spring sales in its own way. DoCoMo plans to carry out a cash-back campaign to customers aged 22 or under and their family members as part of our initiatives planned for this spring.

Q11: What are your views on the possibility of collaborating with other brands or offering luxury handsets like Softbank Mobile?

A11: DoCoMo has already released handsets in collaboration with other brands, such as "amadana", and offered handsets in special colors through Internet sales to cater to customers' diversifying tastes. We currently do not have any plans to release expensive handsets in the order of tens of millions of yen like those of Softbank Mobile, but we would like to facilitate the diversification of handsets tailored to customer demands through various collaborations.

Q12: From the standpoint of a carrier, what are your views concerning the desirable state of the cellular phone manufacturing sector? Please also comment on your impression of Apple's iPhone.

A12: Today, quite a large number of manufacturers are producing cellular phones; there are 11 Japanese vendors including Sony Ericsson, and many foreign vendors, including those supplying handsets to DoCoMo, such as Motorola, LG and Samsung. Now that the total number of cellular phone users in Japan has exceeded 100 million, they cannot expect sales to expand in Japan over the long term. How the cellular phone manufacturing industry should look like will therefore be an important topic for the future.

I am strongly interested in iPhone. The technical foundation for building 3G phones is already well established, which has enabled the production of handsets and devices of various forms. As exemplified by iPhone, I believe the focus of development will shift to the ease of use or appearance of the handset going forward. I guess both Japanese and global vendors will pursue iPhone-like devices in the future.

Q13: What kind of privileges do you plan to offer to long-term users or other core customers?

A13: Following the launch of the new discount services, we have been aware of the need to address the issue of the privileges offered to long-term users. As a first step, we decided to revamp our royalty point program so that longer term users are able to earn higher points, but we must continue to make readjustments on various fronts going forward. How we can reward our valued long-term customers will be an important point when implementing such privilege programs.

Q14: Please explain your views on the provision of filtering services to under-aged users, and its impact on revenues.

A14: In providing filtering services, we must first consider the impact on the youth. Because troubles relating to dating sites and other harmful information have already been reported, as an emergency measure, we have decided to introduce a filtering service by setting up a whitelist-based "Kid's i-mode" filter. Starting February this year, we altered the subscription acceptance procedures for minor users. Under the new procedures, filtering service will be provided on a default basis to all under-aged users, unless agreed to otherwise by their parents or guardians. However, we also believe that there might be demands among minor users for accessing particular information sites for purposes relating to their activities at school or in communities. We therefore think we need to realize a whitelist-based filtering service which allows the user to select accessible sites based on the consent of their parents or guardians. I cannot rule out the possibility of filtering services putting downside pressure on our revenues because the packet usage of junior or senior high school students is generally high, although it is difficult to predict how many parents or guardians will agree (to remove the filtering capability).

Q15: As the growth of this industry began to level off, each carrier implemented various pricing measures that resulted in a war of attrition. What are your views on these circumstances?

A15: The price competition has certainly intensified. However, the cellular phone business is comprised of various elements, including network, services, prices and handsets, etc., and I believe that no one can afford to lapse in any one of them in this industry. For this reason, we need to take up the challenge to brush up every aspect of our offerings, including after-sales support, and always try new possibilities as we move ahead.