

Business Review for Fiscal year 1998 (April 1, 1998- March 31, 1999)-Consolidated

Toward the end of fiscal year 1998, due to various monetary and fiscal measures implemented by the Japanese government, there were several indications that the deterioration of the Japanese economy had halted. Nevertheless, the overall economy has not yet seen a full recovery based on personal spending hovering at low levels and enterprises slashing their capital investment.

Despite this backdrop, the mobile communications market in Japan was continued to experience a stable expansion. The total number of mobile communications subscriber including cellular phone and PHS (Personal Handyphone System) users was approximately 47 million at the end of March 1999. The net growth of cellular phone subscriber during this period was approximately 10 million.

To meet such a growing demand for mobile communications and increase the capacity of available mobile telephone numbers, the numbering scheme for mobile phones (including cellular phones and PHS) was switched to an 11-digit system from a 10-digit scheme on January 1, 1999.

In line with the rapid penetration of the Internet, an increasing number of users is seeking complete mobile multimedia services to be able to transmit and receive data and images in a mobile environment. Service competition has intensified to respond to such demand, while the globalization trend in the market has become even more evident.

Under such circumstances, the PHS business operated formerly by NTT Central Personal Communications Network, Inc. and eight other regional PHS operating companies was transferred to NTT DoCoMo and its eight regional operating companies ("DoCoMo"). The merger of the PHS business enabled DoCoMo to provide a comprehensive set of mobile communications services. A number of other business measures were undertaken to increase our ability to meet rapid changes in the market environment. These measures include among others the introduction of various types of services and tariff plans, developing and launching of new services to cater to mobile multimedia needs, and the introduction of international telephone service.

At the same time, DoCoMo has endeavored to enhance the quality of mobile

communications services to meet the diverse demands from subscribers. For instance, DoCoMo introduced smaller and lighter cellular handsets with advanced features, and also introduced various types of tariff plans, such as “Ohanashi Plus-S, M, and L”, while continuing to implement tariff cuts on various other tariff plans. These factors helped to increase DoCoMo’s total cellular subscribers to 23.8 million as of March 31, 1999, with more than 30% growth compared to the end of last fiscal year.

As a part of DoCoMo’s commitment to offer complete mobile multimedia services DoCoMo introduced “i-mode” service, which connects users to various types of on-line services including mobile banking, and “mopera” service, which provides users with access to the Internet and mobile information. In addition, research and development for W-CDMA (Wideband Code Division Multiple Access) technology was promoted as part of DoCoMo’s efforts for establishing the international standard for the next-generation mobile communications system, which enables the transmission of large-volume data and full-motion video. Joint trials, and other technical cooperation and alliances have been initiated with carriers at home and abroad.

With respect to our capital expenditures, to meet a rapid increase in the demand for cellular phones, active measures were taken to build an infrastructure for the future, which includes the installation of new facilities and equipment to maintain and improve the communication quality. In addition, with understanding and cooperation of subscribers, DoCoMo continued to shift from analog cellular systems to digital cellular systems. At the end of March 1999, DoCoMo terminated its analog service, which will allow DoCoMo to use the limited spectrum resources more efficiently.

As a result of the foregoing, NTT DoCoMo and its 30 subscribers (“DoCoMo Group”)’s consolidated operating revenue for fiscal year 1998 was 3,118 billion yen (up 18.7% year on year), consolidated recurring profit 350 billion yen (up 12.4%), and consolidated net income 204 billion yen (up 69.8%).

DoCoMo plans to reduce monthly charges for its cellular services on June 1, 1999, and introduce new tariff plans on July 1, 1999 after filing with MPT. These introductions have already been accounted for in its forecasts.

Countermeasures for Year 2000 Problem

1. Countermeasures Implemented

(1) DoCoMo's Commitments

As a mobile communications carrier, DoCoMo Group regards the Year 2000 Problem as one of the priority areas to be addressed in order to ensure the continuing provision of mobile communications services that allow users to communicate at any place and anytime according to their respective needs.

(2) Organizational Structure to Deal with the Year 2000 Problem

Countermeasures for the Year 2000 Problem have been implemented since 1995 as part of the regular functional upgrade on the software and facilities of DoCoMo's communications systems and support systems.

To ensure that all the software and facilities, including systems developed internally, operating systems and package software on general-purpose work stations, and equipment with built-in microprocessors, are covered comprehensively, are Year 2000 compliant and are free of Year 2000 bugs, the "Y2K Countermeasure Project" was established in March 1999. The project, headed by NTT DoCoMo ("the company")'s Senior Executive Vice President with Senior Managers of related departments as project committee members, has been implementing specific measures to locate and solve any potential bugs.

(3) Progress of Measures Undertaken

The systems to be checked are classified into two major types; the communications systems, which process information on a real-time basis and do not store date information, and the support systems, for which date information is critical. In addition to these, there are other facilities with built-in microprocessors.

Below shows how these systems are classified specifically.

Communications System	Systems used for mobile communications services, e.g., cellular handsets, radio base station equipment, transmission equipment, switches
Support System	Systems to support communications services, e.g., supervisory systems, billing systems, customer information systems.
Facilities	Electric power facilities air conditioning facilities, communication-related facilities, etc.

As to all of these systems above, verification through internal tests or by the manufacturers is expected to be completed by June 1999.

So far, countermeasures for the Year 2000 Problem have been implemented at the same time as when the postal code structure was changed into seven digits, when the mobile phone numbers were modified to 11 digits, and when new functions were provided to the subscribers.

Telecommunications services provided to subscribers via the interconnection with other carriers and processing that requires the connection of multiple systems will be verified as part of the interconnection tests planned by the Telecommunication Carriers Association or bankers associations. As to the connection between DoCoMo's billing system regarding cellular services and convenience stores, the interconnection test has been made.

2. Expenses for the Year 2000 Problem

The total expenses that will be required for DoCoMo Group to tackle the Year 2000 Problem are estimated to be approximately 920 million yen. This amount represents only the costs that were clearly identified as necessary to work specifically on Year 2000 Problem since fiscal year 1998. For instance, some measures for the Year 2000 Problem were implemented in conjunction with the change of mobile phone numbers into 11-digits as aforesaid, however, such costs are not included in this cost estimation.

The amount already spent on the Year 2000 Problem during fiscal year 1998 was approximately 320 million yen.

3. Contingency Plan

DoCoMo Group constantly compiles manuals, which are used as guidelines in case of disasters and to recover its systems in case of disruptions. Recognizing the importance and the peculiarity of the Year 2000 Problem, DoCoMo is currently drafting a "Contingency Plan" as a safeguard for potential emergencies. The plan is based on the "model" and "guidelines" prepared by the Telecommunication Carriers Association, and is slated for completion by the end of June.

4. Others

DoCoMo's actions and the measures implemented for its products have been

included as part of NTT DoCoMo's web site (<http://www.nttdocomo.com>).

NTT MOBILE COMMUNICATIONS NETWORK, INC.
CONSOLIDATED SUMMARY BALANCE SHEETS
(Based on Japanese Accounting Principles)
March 31, 1999 and 1998

	Millions of yen		
	March 31, 1999	March 31, 1998	Increase/ (Decrease)
<u>ASSETS</u>			
FIXED ASSETS	2,157,713	1,656,660	501,052
CURRENT ASSETS	<u>1,173,424</u>	<u>637,062</u>	
			<u>536,361</u>
TOTAL ASSETS	<u>3,331,137</u>	<u>2,293,723</u>	<u>1,037,414</u>
<u>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</u>			
LIABILITIES:			
LONG-TERM LIABILITIES:			
Long-term debt	835,294	1,007,953	(172,658)
Employees' retirement benefits	82,576	65,444	17,132
Allowance for investment losses	-	95,303	(95,303)
Other long-term liabilities	<u>1,805</u>	<u>3,014</u>	(1,209)
Total long-term liabilities	919,676	1,171,716	(252,040)
CURRENT LIABILITIES:			
Current portion of long-term debt and short-term borrowings	207,194	365,146	(157,952)
Accounts payable	407,850	340,894	66,956
Accrued income taxes	38,366	143,012	(104,646)
Other current liabilities	<u>22,960</u>	<u>33,671</u>	(10,711)
Total current liabilities	676,371	882,724	(206,352)
TOTAL LIABILITIES	1,596,048	2,054,441	(458,392)
MINORITY INTEREST	36,576	18,781	17,794
SHAREHOLDERS' EQUITY:			
Common stock	474,499	15,882	458,617
Additional paid-in capital	817,205	522	816,682
Retained earnings	<u>406,807</u>	<u>204,095</u>	<u>202,712</u>
TOTAL SHAREHOLDERS' EQUITY	<u>1,698,512</u>	<u>220,499</u>	<u>1,478,012</u>
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	<u>3,331,137</u>	<u>2,293,723</u>	<u>1,037,414</u>

Note: Amounts are truncated.

NTT MOBILE COMMUNICATIONS NETWORK, INC.
CONSOLIDATED SUMMARY STATEMENTS OF INCOME
(Based on Japanese Accounting Principles)
Years Ended March 31, 1999 and 1998

	Millions of yen		
	Year Ended March 31, 1999	Year Ended March 31, 1998	Increase / (Decrease)
OPERATING REVENUES	¥3,118,398	¥2,626,119	¥ 492,278
OPERATING EXPENSES	<u>2,609,849</u>	<u>2,253,403</u>	<u>356,446</u>
OPERATING INCOME	508,548	372,716	135,832
NON-OPERATING REVENUES	8,203	2,353	5,849
NON-OPERATING EXPENSES	<u>166,406</u>	<u>63,429</u>	<u>102,976</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	350,346	311,640	38,705
INCOME TAXES	120,732	147,199	(26,467)
DEFERRED INCOME TAXES	6,381	(9,045)	15,426
MINORITY INTEREST	18,417	8,224	10,192
AMORTIZATION OF CONSOLIDATED GOODWILL	-	14	(14)
EQUITY IN LOSS OF AFFILIATED COMPANIES	<u>-</u>	<u>44,619</u>	<u>(44,619)</u>
NET INCOME	<u>¥ 204,815</u>	<u>¥ 120,627</u>	<u>¥ 84,187</u>

Notes 1: Amounts are truncated.

2: In accordance with the revision of related accounting rules in Japan, equity in loss of affiliated companies (which amounted to ¥68,113 million) is included in "Non-operating expenses" and enterprise tax (which amounted to ¥26,205 million) is included in "Income Taxes" since the year ended March 31, 1999.

Until the year ended March 31, 1998, enterprise tax was included in "Operating expenses".

The following breakdowns of operating revenues and expenses may not necessarily be consistent with the breakdowns of operating revenues and expenses disclosed in NTT DoCoMo's annual securities report under the Securities and Exchange Law or those disclosed in its annual report in English.

Revenues :

	100 Millions of yen		
	<u>Year Ended</u>	<u>Year Ended</u>	<u>Increase /</u>
	<u>March 31, 1999</u>	<u>March 31, 1998</u>	<u>(Decrease)</u>
<u>OPERATING REVENUES</u>	¥ 31,183	¥ 26,261	¥ 4,922
Operating revenue from telecommunication businesses	25,259	20,902	4,357
Voice transmission services	24,477	19,521	4,955
Cellular services	23,804	19,289	4,515
PHS services	301	-	301
Data transmission services	686	1,292	(605)
Packet services	2	0	2
Paging services	683	1,291	(608)
Other services	95	88	7
Operating revenue from other businesses	5,924	5,358	565
<u>NON-OPERATING REVENUES</u>	82	23	58
Interest and dividend income	29	4	25
<u>TOTAL REVENUES</u>	31,266	26,284	4,981

Notes 1: Amounts are truncated.

2: Operating revenues are divided into subdivisions in accordance with Telecommunication Business Law. Operating revenues for previous fiscal year is readjusted based on this new classification.

Expenses :

	100 Millions of yen		
	<u>Year Ended</u>	<u>Year Ended</u>	<u>Increase /</u>
	<u>March 31, 1999</u>	<u>March 31, 1998</u>	<u>(Decrease)</u>
<u>OPERATING EXPENSES</u>	¥ 26,098	¥ 22,534	¥ 3,564
Personnel expenses	1,365	1,090	275
Non-personnel expenses	16,743	14,346	2,397
Depreciation and amortization	4,482	3,650	831

	March 31, 1999	Millions of yen March 31, 1998	Increase / (Decrease)
<u>ASSETS</u>			
FIXED ASSETS	¥1,406,894	¥ 847,962	¥ 558,931
CURRENT ASSETS	<u>1,012,141</u>	<u>457,813</u>	<u>554,327</u>
TOTAL ASSETS	¥2,419,035	¥1,305,776	¥1,113,259
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
LIABILITIES:			
LONG-TERM LIABILITIES:			
Long-term debt	¥ 410,952	¥ 484,769	¥(73,816)
Employees' retirement benefits	33,424	26,046	7,378
Other long-term liabilities	<u>627</u>	<u>32,990</u>	(32,363)
Total long-term liabilities	445,004	543,806	(98,801)
CURRENT LIABILITIES:			
Current portion of long-term debt and short-term borrowings	59,366	220,557	(161,190)
Accounts payable	322,387	284,160	38,227
Accrued income taxes	9,547	69,539	(59,991)
Other current liabilities	<u>105,358</u>	<u>76,352</u>	29,005
Total current liabilities	496,660	650,609	(153,948)
TOTAL LIABILITIES	941,665	1,194,415	(252,750)
SHAREHOLDERS' EQUITY:			
Common stock	474,499	15,882	458,617
Additional paid-in capital	817,205	522	816,682
Retained earnings	<u>185,666</u>	<u>94,956</u>	<u>90,709</u>
TOTAL SHAREHOLDERS' EQUITY	1,477,370		

NTT MOBILE COMMUNICATIONS NETWORK, INC.
NON-CONSOLIDATED SUMMARY STATEMENTS OF INCOME
(Based on Japanese Accounting Principles)
Years ended March 31, 1999 and 1998

	Millions of yen		
	Year Ended March 31, 1999	Year Ended March 31, 1998	Increase / (Decrease)
OPERATING REVENUES	¥1,485,728	¥1,275,955	¥ 209,773
OPERATING EXPENSES	<u>1,251,697</u>	<u>1,093,967</u>	<u>157,730</u>
OPERATING INCOME	234,030	181,987	52,042
NON-OPERATING REVENUES	6,627	2,635	3,991
NON-OPERATING EXPENSES	<u>69,327</u>	<u>31,489</u>	<u>37,837</u>
RECURRING PROFIT	171,330	153,133	18,197
SPECIAL LOSSES	<u>24,295</u>	<u>39,389</u>	<u>(15,094)</u>
INCOME BEFORE INCOME TAXES	147,034	113,743	33,291
INCOME TAXES	<u>54,600</u>	<u>70,800</u>	<u>(16,200)</u>
NET INCOME	<u>¥ 92,434</u>	<u>¥ 42,943</u>	<u>¥ 49,491</u>

Notes : 1: Amounts are truncated.

2: In accordance with the revision of related accounting rules in Japan, enterprise tax (which amounted to ¥12,200 million) is included in "Income Taxes" since the year ended March 31, 1999.

Until the year ended March 31, 1998, enterprise tax was included in "Operating expenses".

**THE BREAKDOWNS OF REVENUES AND EXPENSES
NON-CONSOLIDATED BASIS**

The following breakdowns of operating revenues and expenses may not necessarily be consistent with the breakdowns of operating revenues and expenses disclosed in NTT DoCoMo's annual securities report under the Securities and Exchange Law or those disclosed in its annual report in English.

Revenues :

	100 Millions of yen		
	<u>Year Ended</u>	<u>Year Ended</u>	<u>Increase /</u>
	<u>March 31, 1999</u>	<u>March 31, 1998</u>	<u>(Decrease)</u>
<u>OPERATING REVENUES</u>	¥ 14,857	¥ 12,759	¥ 2,097
Operating revenue from telecommunication businesses	12,221	10,176	2,045
Voice transmission services	10,991	8,783	2,208
Cellular services	10,627	8,581	2,046
PHS services	120	-	120
Data transmission services	266	509	(242)
Packet services	2	0	2
Paging services	264	509	(244)
Other services	962	883	79
Operating revenue from other businesses	2,636	2,583	52
<u>NON-OPERATING REVENUES</u>	66	26	39
Interest and dividend income	40	12	27
<u>TOTAL REVENUES</u>	14,923	12,785	2,137

Notes 1: Amounts are truncated.

2: Operating revenues are divided into subdivisions in accordance with Telecommunication Business Law. Operating revenues for previous fiscal year is readjusted based on this new classification.

Expenses :

	100 Millions of yen		
	<u>Year Ended</u>	<u>Year Ended</u>	<u>Increase /</u>
	<u>March 31, 1999</u>	<u>March 31, 1998</u>	<u>(Decrease)</u>
<u>OPERATING EXPENSES</u>	¥ 12,516	¥ 10,939	¥ 1,577
Personnel expenses	445	357	87
Non-personnel expenses	7,923	7,089	834
Depreciation and amortization	2,360	1,756	604
Loss on disposal of property and equipment	209	178	30
Communication network charges	1,499	1,303	195
Taxes and public dues	78	254	(175)
<u>NON-OPERATING EXPENSES</u>	693	314	378
Share issuance cost	387	-	387
Loss on write-off of inventories	80	131	(50)
Interest expenses	167	173	(5)
<u>TOTAL EXPENSES</u>	13,210	11,254	1,955

Notes 1: Amounts are truncated.

2: In accordance with the revision of related accounting rules in Japan, enterprise tax (which amounted to ¥12,200 million) is excluded from "Taxes and public dues" since the year ended March 31, 1999. Until the year ended March 31, 1998, enterprise tax was included in "Operating expenses".

NTT MOBILE COMMUNICATIONS NETWORK, INC.
ESTIMATED RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2000

CONSOLIDATED

(100 Millions of yen)

	Fiscal Year Ending March 31, 2000	Fiscal Year Ended March 31, 1999	Increase / (Decrease)	% change
OPERATING REVENUES	35,990	31,183	4,806	15.4%
OPERATING INCOME	4,680	5,085	(405)	(8.0%)
RECURRING PROFIT	4,370	3,503	866	24.7%
NET INCOME	2,140	2,048	91	4.5%

NON-CONSOLIDATED

(100 Millions of yen)

	Fiscal Year Ending March 31, 2000	Fiscal Year Ended March 31, 1999	Increase / (Decrease)	% change
OPERATING REVENUES	17,170	14,857	2,312	15.6%
OPERATING INCOME	1,960	2,340	(380)	(16.3%)
RECURRING PROFIT	1,820	1,713	106	6.2%
NET INCOME	990	924	65	7.1%

Cautionary Statement for Projections

These estimates are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. Actual financial results may differ materially depending on a number of factors including, without limitation, NTT DoCoMo's ability to continue to attract subscribers to its services and to win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology, and subjective and changing consumer preferences.

APPENDIX 1

1. NUMBER OF SUBSCRIBERS (Consolidated)

(Thousands)

	As of March 31, 1999	As of March 31, 1998	Increase / (Decrease)	% change
CELLULAR	23,897	17,984	5,913	32.9%
PAGING	2,111	3,908	(1,797)	(46.0%)
PHS	1,348	1,906	(558)	(29.3%)

2. CAPITAL EXPENDITURES (Total of 9 DoCoMo Companies)

(Billions of yen)

	Year Ended March 31, 1999	Year Ended March 31, 1998	Increase / (Decrease)	% change
CAPITAL EXPENDITURES	¥ 845	¥ 728	¥ 117	16.1%

3. INTEREST BEARING LIABILITIES (Consolidated)

(Billions of yen)

	Year Ended March 31, 1999	Year Ended March 31, 1998	Increase / (Decrease)	% change
INTEREST BEARING LIABILITIES	¥ 1,042	¥ 1,373	¥(330)	(24.1%)

Selected Financial Data & Ratios (Consolidated)

Indicators	March 31,1999	March 31,1998	Increase / (Decrease)	March 31,2000 (Forecast)
Return on Assets (ROA)	12.5%	15.2%	<i>(2.7)Percentage</i>	12.8%
Recurring Profit Margin	11.2%	11.9%	<i>(0.7)Percentage</i>	12.1%
Return on Capital Employed (ROCE)	23.5%	25.7%	<i>(2.2)Percentage</i>	17.1%
Return on Equity (ROE)	21.3%	74.8%	<i>(53.5)Percentage</i>	11.9%
Debt Ratio	38.0%	86.2%	<i>(48.2)Percentage</i>	30.5%
Equity Ratio	51.0%	9.6%	<i>41.4Percentage</i>	54.3%
EBITDA (100 millions of yen)	¥9,995	¥8,159	¥1,836	¥10,600
EBITDA Margin	32.1%	31.1%	<i>1.0Percentage</i>	29.4%

Notes :1 These estimates are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. Actual financial results may differ materially depending on a number of factors including, without limitation, NTT DoCoMo's ability to continue to attract subscribers to its services and to win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology, and subjective and changing consumer preferences.

2 The projected amounts for the year ending March 31, 2000 are computed on certain assumptions derived from currently available sources. In accordance with the revision of related accounting rules in Japan, equity in loss of affiliated companies is included in "Non-operating expenses" and enterprise tax is included in "Income Taxes" since the year ended March 31, 1999.

3 ROA = Recurring Profit / Total Assets * Balance Sheet items are the average of 2 fiscal year ends

4 ROCE = Operating Profit / (Shareholders' Equity + Interest Bearing Liabilities) * Balance Sheet items are the average of 2 fiscal year ends.

5 ROE = Net Profit / Shareholders' Equity * Balance Sheet items are the average of 2 fiscal year ends.

6 Debt Ratio = Interest Bearing Liabilities / (Interest Bearing Liabilities + Shareholders' Equity)

7 Equity Ratio = Shareholders' Equity / Total Assets

8 EBITDA refers to operating income before deducting depreciation and amortization expenses and losses on disposal of property and equipment. EBITDA Margin refers to EBITDA divided by total operating revenues.