Press Conference Announcing the Results for the First Six Months of Fiscal Year Ending March 31, 2008 (Minutes)

Date: October 26, 2007 (Friday), 15: 00-16:00

[Comments by Mr. Nakamura, President & CEO]

For the first six 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 2,325.1 billion yen (down 2.4% year-on-year) and 408.5 billion yen (down 21% year-on-year), respectively. The progress of operating income for FY2007/1H vis-à-vis our full-year guidance was 52.4%. Although the operating income for FY2007/1H decreased by 108.4 billion yen compared to the same period of last fiscal year, as I mentioned at the time of our first quarter results announcement on July 27, 2007, this was more or less in line with our projections.

Operating revenues for the first six month of the fiscal year ending Mar. 31, 2008, were 58.3 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 was impacted by the irregular factor of the accounting change to initially recognize as revenues the unused "*Nikagetsu Kurikoshi*" (two-month carry-over) allowances of 29.3 billion yen, and because cellular services revenues declined owing to the introduction of "Fami-wari MAX 50" and other new discount packages.

Operating expenses, on the other hand, grew by 50.1 billion yen from the same period of last fiscal year. The principal factors behind this increase include the growth in depreciation/amortization, which was caused by the increase in capital expenditures during the last fiscal year and the changes in depreciation method introduced in line with the tax system reform. The new rules allow us to depreciate the entire amount of applicable assets without having to maintain a residual value of 5%, and the impact from this change was approximately 8 billion yen. In addition, we saw a growth in other expenses resulting from the increase in the number of base stations operated and the front-loaded execution of planned advertisements.

With respect to our operational performance, the cellular ARPU for the second quarter of FY2007 decreased 2.5% year-on-year to 6,550 yen. Voice ARPU dropped 8.4% over the same period of the previous fiscal year to 4,340 yen, due mainly to the launch of "Fami-wari MAX 50" and other new discount services in August 2007. Packet ARPU, on the other hand, rose 11.6% year-on-year to 2,210 yen.

We have been making steadfast progress in migrating subscribers to the FOMA network. As of Sept. 30, 2007, the number of FOMA subscriptions reached over 40 million, accounting for more than

75% of our total cellular subscriptions, and it is expected to grow to over 80% of the total by the end of March 2008.

The churn rate for the second quarter of FY2007 was 0.94%. This higher-than-expected churn rate has affected our market share of net additions.

Our market share of net additions for the second quarter of FY2007 was 7.9%. The market conditions remain severe following the launch of Mobile Number Portability. In November 2007, we plan to release our latest 905i series handsets that offer significantly upgraded functions, and simultaneously introduce new sales schemes, through which we aim to improve our churn rate and recover our market share of net additions. The number of "2in1" service subscriptions reached approximately 150,000 as of Sept. 30, 2007.

In view of the impact of the introduction of new sales schemes and other factors, we partly revised our full-year forecasts for the fiscal year ending Mar. 31, 2008.

The full-year operating income guidance remains unchanged from the initial target of 780 billion yen. Due to the popularity of "Fami-wari MAX 50" and other new discount plans, we have raised the estimated negative revenue impact from the new discounts by 20 billion yen from our initial projections. This increase, however, will likely be offset by the introduction of new handset sales schemes, which is expected to reduce our distributor commissions by 20 billion yen.

Furthermore, we plan to absorb the reduction in revenues caused by the slower-than-expected growth of net additions through cost-cutting efforts and the proceeds from the return of the proxy portion of employees' pension fund payments ("Daiko Henjo").

From here, I will explain the actions planned for the future.

The combined subscription base of "Fami-wari MAX 50" and other new discount services launched in August 2007 exceeded 11 million, or approximately 21% of our total subscriptions, as of Sept. 30, 2007, growing at a pace faster than expected. In our initial projections, we estimated the combined subscription count as of Mar. 31, 2008, to be 12 million, but because the number as of Oct. 24, 2007, already exceeded this fiscal year-end target at 13.1 million, we decided to revise the projected subscription count as of Mar. 31, 2008, upwards to 19 million. Accordingly, the estimated negative impact to our full-year revenues from the introduction of these new discount services was also revised upwards from previously 40 billion yen to 60 billion yen. The churn rate for September and October 2007 has declined compared to the performance up to August 2007, which makes us believe the new discount services are gradually delivering results.

Next, I will explain the new handset sales schemes. In our traditional approach, we have subsidized the handsets through sales incentives to offer them at affordable prices to our customers. This system was suitable for increasing the uptake of cellular phones and propelled the expansion of the market. However, now that the cellular penetration has already grown to a high level, this system has recently been criticized for issues such as the "sense of unfairness" felt amongst users and "lack of transparency" in prices. To address these issues, we believed it was necessary to introduce new sales schemes that will allow us to adequately respond to the changes in the circumstances.

This time, we will introduce two new schemes, Value Course and Basic Course, which will be applied to the 905i series handsets that are planned to go on sale on Nov. 26, 2007, and all subsequent models.

The Value Course is the so-called separation model, which eliminates handset sales incentives. Subscribers purchasing a handset under this scheme are required to shoulder the full price of the handset determined based on its procurement cost, but in return, they are entitled to receive a uniform discount of 1,680 yen on their basic monthly charges. We will simultaneously introduce an installment payment system, to allow customers to spread out the handset payment to reduce the initial cost burden. For example, the basic monthly charge of subscribers choosing "Plan SS Value Plan" will be reduced to 1,050 yen if they combine it with "Fami-wari MAX 50". Because this new billing plan also offers free communication allowances worth 1,050 yen as in the conventional "Plan SS" package, I believe this is a good buy for users.

The Basic Course is more similar to the traditional incentive-based sales scheme: it provides customers with a 15,750 yen discount on the handset price to lower their initial cost burden, provided they sign contracts with minimum terms of handset use of at least two years, but their basic monthly fees remain unchanged from those of the traditional sales scheme.

To give you more details on the Value Course, this scheme provides subscribers with discounts on their basic monthly charges in lieu of eliminating handset sales incentives. The handset prices under the "Value Course" will therefore become higher than those of the conventional system, but the discounts on monthly charges will continue even after subscribers complete the installment payments of the handset, thus users who use the same handset over a longer period are able to enjoy greater benefits.

The Value Course also comes with three additional special limited-time offers. First, we plan to give a 8,400 yen discount on the handset retail price to subscribers purchasing a new 905i series phone. Secondly, customers who sign up for the Value Course will receive an additional discount of 2,100 yen on their basic monthly charges for up to three months. When these discounts are included, the monthly charges of users choosing "Type SS Value Plan", for instance, will be reduced to 0 yen for up to three months, and they will still be able to enjoy free communication allowances worth 1,050 yen a month. The third special offer is free insurance on lost or damaged handsets for up to three months, including free delivery of replacement phones, which was designed to respond to the need for insurance in the event of misplacement or malfunction of a handset after the purchase.

With the new sales schemes and the new discount services, we will launch two initiatives that are expected to greatly transform our conventional business model, as they will introduce time-binding contracts for the use of handset and network services, respectively. By offering these two as a set, we intend to build a new relationship with our customers.

The two new concepts are understood to be "two wheels of a bicycle" which we believe will allow us to shift from the "new subscriber acquisition model" of the market expansion phase to a "retention model" suited for a mature market.

With respect to our flat-rate business, the number of "pake-hodai" service subscriptions has increased steadily to approximately 11.3 million. The number of "i-channel" subscribers has also grown to approximately 13.9 million as of Sept. 30, 2007, making contributions to boosting our ARPU.

We expanded our flat-rate service menu by launching two new PC-based mobile data access services on Oct. 22, 2007. The "Flat-rate data plan HIGH-SPEED", which offers unlimited data access at speeds up to 3.6Mbps, is based on a two-tier pricing structure starting from 4,200 yen per month and then rises on a pay-as-you-go basis to up to 10,500 yen per month. We also started another flat-rate plan that offers unlimited data access at speeds up to 64Kbps for 4,200 yen per month as an alternative service for the users of our existing PHS-based flat-rate data plan, "@FreeD".

As for our credit business, the uptake of "DCMX" credit payment service has accelerated, and its subscriber count grew to over 3.7 million as of Sept. 30, 2007. We revised the projected number of "DCMX" subscribers as of Mar. 31, 2008, upwards from previously 4 million to 5 million.

In the area of international businesses, the user base of international roaming-enabled handsets topped 10 million, and the percentage of own-handset roamers, who bring and use their own handset abroad, grew to 70% of total roaming service users. International services revenues for the first half of FY2007 increased 38% compared to the same period of last fiscal year.

The new 905i series handset planned for release in November will offer 3G/GSM roaming capability as a standard feature, allowing users to utilize international roaming services in markets where there are no 3G but GSM coverage, such as China and the USA, which we believe will further boost international roaming usage.

With respect to the FOMA network roll-out, we revised our full-year capital expenditures forecast to 758 billion yen, up 8 billion yen from our original guidance. This fiscal year, we have been working primarily on FOMA's network quality improvement through area tuning and capacity buildup.

We have decided to revise the full-year capital expenditures forecast because we brought forward some of the planned coverage improvement works, and because of the additional capital requirements to prepare for the 2008 G8 Summit in Lake Toya. Meanwhile, the population coverage of our HSDPA network reached 89% as of Sept. 30, 2007, and is planned to expand to 95% by Mar. 31, 2008.

Our handset procurement costs have decreased steadily because the proportion of handsets which are relatively less expensive compared to the 9-series out of total handsets sold has been rising. In the second quarter of FY2007, the 7-series phones and other handsets accounted for nearly 50% of the total handsets sold.

Finally, I will comment on the restructuring plan of NTT DoCoMo Group. Currently, we operate a nationwide business with a total of nine companies, i.e., NTT DoCoMo, Inc. and its eight regional subsidiaries. We plan to integrate the eight regional subsidiaries with NTT DoCoMo, Inc. to consolidate our nationwide business operations under a single entity. The reorganization is scheduled to be completed sometime during the second quarter of the fiscal year ending Mar. 31, 2009. Through this reorganization, we intend to further improve our customer services, and at the same time, enhance the speed and efficiency of our group management.

[Questions and Answers]

Q: What percentage of your customers is expected to choose the Value Course and Basic Course, respectively, in your estimates? Do you have plans to allow customers to select the Value Course on occasions other than at the time of handset purchase?

A: We will place a stronger emphasis on the Value Course and aim to have at least 50% of customers choose the Value Course. The selection, of course, is up to the customers, but we designed the Value Course to make it easier for customers to switch to it through the various attractive offers. For the time being, we intend to offer the Value Course only in combination with the purchase of a handset. In the future, however, we may study the possibility of separating the Value Course from the purchase of handset, but this is not planned at the moment.

Q: At what price will you market your handsets under the Value Course? Also, who will determine the installment prices, DoCoMo or its distributors?

A: I cannot give a general answer regarding the retail prices of handsets, because they will vary depending on the procurement cost of each handset model. Because of the way that our new sales schemes are designed—in which the handset sales incentives are eliminated—the retail prices are expected to rise, but this increase will be returned to customers in other ways, such as the discounts on basic monthly charges and other special offers. On a net basis, therefore, the total amount paid by customers will be almost the same as the amount they pay under the conventional system, if they use the same handset for approximately two years.

The installment prices will be determined by DoCoMo. Because the unit cost varies among different handset models, the installment prices will be determined based on the cost of each model.

Q: How can users use DoCoMo Points, if they want to pay the handset price in a one-time lump-sum payment or in installments?

A: The points users have accrued up to the time of purchase can be used to make a one-time lump-sum payment, or if users wish to spread out the payment, they can be used to make a down payment, if any, and use the remaining points for the monthly installments until all points are consumed. At the time of the launch of the new sales schemes, we cannot allow those users who have chosen the installment scheme to use DoCoMo Points to pay the remaining balance of installments when they replace the handset, because this requires a modification of our internal system. However, we intend to enable this as soon as the system upgrade is completed. We do not allow users to use DoCoMo Points to pay the cancellation charges required for the cancellation of the phone contract.

Q: Are users allowed to use DoCoMo Points to pay the cancellation charges for the Basic Course?

A: No. When users wish to cancel the phone contract itself, DoCoMo Points cannot be used to pay the applicable cancellation charges.

Q: Do you plan to review your point system in conjunction with the introduction of the new sales schemes?

A: We have not changed the point system this time around. However, we are studying the privileges to be offered to long-term users.

Q: How long do you think the average usage period of handsets would be extended with the introduction of the new sales schemes? To what extent do you think the number of handsets sold will be reduced as a result of increasing handset retail prices?

A: Under the Value Course, users will be able to enjoy greater benefits the longer they use the same handset because the discounts on basic monthly charges will continue even after two years. We believe this will motivate customers to use the same handset for a longer period than before. We believe the new sales schemes will generally serve to reduce the total number of handsets sold, but we do not think it will decline significantly. In our current projections, we do not foresee a huge reduction of over 10% from the current level.

Q: Currently, there is a general perception in the market that DoCoMo's handsets are expensive. What do you plan to solicit interest with the introduction of the new sales schemes?

A: Certainly, our handsets are perceived to be expensive. However, we will allow users to pay the handset prices in installments under the new scheme, which will significantly reduce the initial cost burden for the purchase of a handset. At the same time, we will also provide a discount of 1,680 yen on the basic monthly charges, so we expect customers' resistance to paying tens of thousands of yen for a handset can be alleviated.

Q: Please explain the basis of calculation you used to decide the amount of monthly fee discounts under the Value Course and the handset discounts under the Basic Course. In particular, how did you arrive at the amount of handset discount for the Basic Course, in view of the fact that KDDI offers a discount of 21,000 yen under a similar scheme?

A: Although we cannot comment on the detailed basis of calculation, the Value Course is basically designed taking into consideration the discussions of the Study Group on Mobile Business to provide more benefits to customers who use the same handset over a longer period. Also, because we intend to more strongly promote the Value Course, the benefits and discounts offered under the Value Course are differentiated from those of the Basic Course. The differential of handset discounts between us and KDDI of 15,750 yen and 21,000 yen is a manifestation of our emphasis on the Value Course.

Q: Why have you decided to promote the Value Course more strongly than the Basic Course?

A: We believe it is about time for us to make a transition from the sales scheme designed for the market expansion phase. As it was discussed at the Study Group on Mobile Business, under the conventional sales system, users felt a "sense of unfairness" because those who frequently replace handsets were able to enjoy greater benefits at the expense of those who used the same handset over a longer period, and a "lack of transparency" because the communication charges remained unchanged even after the handset sales incentives were recovered. We aim to eliminate these issues by placing a stronger emphasis on the Value Course.

Q: After you introduce the new sales schemes, do you plan to change your handset lineup strategy, for example, by adding more simplified and inexpensive models?

A: The introduction of the new sales schemes will increase the retail prices of our handsets because the conventional sales incentives will be eliminated. It will thus become increasingly important to cut the procurement costs so as to offer handsets at affordable prices to our customers.

Q: Please give us your prediction concerning the amount of distributor commission (subscriber acquisition cost) following the introduction of the new sales schemes.

A: Under the conventional sales scheme, commissions were used by distributors to finance the discounts on handset. However, the actual amount of discounts provided was decided at the discretion of distributors, and they were able to increase their profits by selling the handsets at higher prices.

After the new sales schemes are introduced, in addition to the discounts provided by distributors, direct discounts offered by DoCoMo will also become available, which I believe will change the positioning of handset discounts and distributor commissions. While we cannot comment on the concrete amount of commissions, because it will be affected by how the new sales schemes will be accepted by the users, I believe it will generally decrease going forward.

Q: Please explain how the new sales schemes will impact your financial results for the second half of FY2007.

A: When the effects of the introduction of the new sales schemes such as the impact on distributor commissions and special limited-time offers are taken into account, we believe they will have in total, a positive impact of 20 billion yen to our financial results for the second half of FY2007.

Q: I believe you position FOMA 9-series and 7-series handsets as high-functionality phones and relatively less expensive models, respectively. Which of these do you plan to promote more strongly in the future?

A: Because the raw price of handsets without sales incentives will become visible in the future, I believe customers will buy a handset after carefully comparing the price and the features they require.

We will continue to exert efforts to promote the 9-series handsets because they offer all of our state-of-the-art technologies. However, our second-generation (mova) subscribers, who account for a quarter of our total cellular users, may prefer simpler handsets such as the 7-series. We will therefore try to strike a good balance between these two handset series; we do not intend to prioritize one over the other, as we plan to offer a rich handset lineup to cater to the diverse needs of customers on a continual basis.

Q : You have been promoting the "DoCoMo 2.0" campaign quite extensively. How do you evaluate its effectiveness?

A: "DoCoMo 2.0" campaign was effective in that it disseminated a message both internally and externally that DoCoMo will take up the challenge to try new possibilities to move "one step ahead". The advertisements were also well received by our customers.

Q: How is the uptake of flat-rate plans for PC-based mobile data access growing? Why did you decide to launch this type of service, because it has been considered difficult for you to provide flat-rate mobile access via PCs, given its traffic burden on the network?

A: Although I cannot give you a concrete number, the subscriptions of PC-based flat-rate mobile data access services have not grown significantly yet, because they were launched only recently on Oct. 22, 2007. Currently, we restrict the delivery of large-capacity content such as video in our PC-based flat-rate data services because of their huge load on the network, and offer only what we can at the moment.

Q: You have not changed the full-year operating income target from your original forecast. Wasn't this because of the irregular gains from the return of the proxy portion of employees' pension funds payment (Daiko Henjo), which is expected to amount to 25 billion yen?

A: Daiko Henjo is estimated to positively affect our operating income by 25 billion yen, but we are expecting negative impacts on the other hand. For instance, in accordance with the revisions of the taxation system, we have changed our depreciation method to depreciate the entire amount of assets without keeping a 5% residual value as in the previous accounting system. This will have a negative impact of approximately 17 billion yen on our income. On a net basis, these systematic changes are estimated have a positive impact of approximately 8 billion yen.

Q: How much cost-reduction can you expect from the reorganization of your corporate group structure from next fiscal year onwards?

A: We intend to implement the restructuring in two phases. In the first phase, we intend to integrate the eight regional subsidiaries with NTT DoCoMo, Inc., which we plan to complete sometime in the second quarter of next fiscal year. Through this integration into a single entity, we believe we can streamline our indirect operations, and thus transfer the human resources to sales and other units that have direct contact with customers. We also plan to review our call center and billing center operations, which are currently conducted independently by each regional company, from the viewpoint of standardizing our service quality.

Then in the second phase in the following 12 month period, we would like to reexamine the broader corporate group structure, including our direct subsidiaries such as DoCoMo Engineering, Inc. and DoCoMo Service, Inc., and their respective regional subsidiaries in the nine regions. As we plan to proceed with the reorganization first with the regional subsidiaries of NTT DoCoMo, Inc., and following that study the group formation to include other affiliates in the second step, we may not be able to expect significant cost reduction effects during the next fiscal year, but we believe they will become apparent in subsequent years.

Q: Your share price has been declining constantly, at one point dipping below your post-IPO all-time low. What do you think about your sluggish share price performance?

A: We feel sorry to our shareholders about our share price performance. Although there might be various factors affecting our share price, we believe it is a reflection that our business performance has been severely evaluated by the market. We are committed to doing our utmost to improve our business performance, and thereby bolster our share price.